

ATTACHMENT A

Local Economic Indicators

The following indicators provide information on current local economic activity compared to prior years and state/national trends. Trends in the data assist in generating projections for general purpose revenue such as property tax, sales tax, and transient occupancy tax.

- A. Bay Area Consumer Price Index
- B. First-Time Buyer Housing Affordability Index
- C. Median Home Price and Home Sales
- D. Prop. 8 Assessed Value Restorations
- E. Combined Secured and Unsecured Property Tax Roll Value
- F. Property Reassessment and Assessment Appeals Filings
- G. Building Permits Issued
- H. Office Space Availability
- I. San Francisco International Airport – Total Passengers
- J. Unemployment Rate
- K. Per Capita Personal Income

A. Bay Area Consumer Price Index

The Consumer Price Index (CPI) measures the change in the price of goods over time. The change in the index is referred to as the rate of inflation, and is used in assumptions for calculating future costs. The CPI for all urban consumers, all items in 2017 increased 3.4 percent in the Bay Area, 2.5 percent in California, and 1.8 percent in the United States. The Bay Area CPI is forecasted to increase 3.1 percent in 2018 and 3.2 percent in each of the three following fiscal years.

CPI Fiscal Year Averages	Bay Area ¹ % Change	California % Change	USA % Change
2021*	3.2	2.9	2.2
2020*	3.2	2.9	2.2
2019*	3.2	2.9	2.2
2018*	3.1	3.1	2.1
2017	3.4	2.5	1.8
2016	2.8	2.0	0.7
2015	2.7	1.5	0.7
2014	2.4	1.4	1.6
2013	2.6	2.1	1.7
2012	2.8	2.4	2.9
2011	1.7	1.7	2.0
2010	1.2	0.7	1.0
2009	1.8	1.3	1.4
2008	3.2	3.4	3.7
2007	3.3	3.4	2.6
2006	2.7	4.2	3.8

¹ Bay Area (San Francisco CMSA) includes the counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Santa Cruz, Solano and Sonoma.

*Forecasts: CA Department of Finance

Sources:

California Department of Finance <http://www.dof.ca.gov>

Bureau of Labor Statistics <http://www.bls.gov>

B. First-Time Buyer Housing Affordability Index

The First-Time Buyer Housing Affordability Index shows the percentage of households that can afford to purchase an entry-level single-family home (defined as 85 percent of the median home price, with a 10 percent down payment), and is a fundamental measure of the health of the economy and the housing market. Housing prices continue to be unaffordable for the large majority of households in San Mateo County and other Bay Area counties. The percentage of first-time buyers who could afford to purchase an entry-level home in San Mateo County in the third quarter of 2017 was 25 percent, down from 29 percent in the third quarter of 2016. San Mateo County is second only to San Francisco (24 percent) with the lowest percent of housing affordability for first-time buyers. From 2016 to 2017, the Affordability Index decreased from 46 to 41 percent for the Bay Area, and from 50 to 47 percent for California as a whole. The percent of all households that could afford to purchase a median-priced single-family home in San Mateo County (measured by the Traditional Housing Affordability Index) was even lower, at 15 percent for the third quarter of 2017.

<i>First-Time Buyer Housing Affordability Index</i> Region/State/County	<i>3rd Quarter</i> 2014	<i>3rd Quarter</i> 2015	<i>3rd Quarter</i> 2016	<i>3rd Quarter</i> 2017
California	52%	51%	50%	47%
United States	75%	74%	73%	71%
SF Bay Area	45%	41%	46%	41%
Sacramento	69%	66%	64%	61%
Santa Clara	44%	40%	41%	33%
Monterey	50%	51%	46%	41%
Alameda	44%	41%	44%	38%
Contra Costa	43%	40%	57%	53%
San Francisco	29%	24%	26%	24%
Marin	29%	37%	34%	32%
San Mateo County	34%	27%	29%	25%

Source: CA Association of Realtors, www.car.org

C. Median Home Price and Home Sales

The number of homes sold in the Bay Area decreased by 3.9 percent between December 2016 and December 2017. Change in home sales volumes varied significantly across Bay Area counties, from a decrease of 21.1 percent in San Francisco to an increase of four percent in Napa County. In San Mateo County, sales were flat, with nearly the same number of homes sold in December 2017 as in December 2016.

Despite the decrease in home sales volumes in some counties, the median home price increased in every Bay Area county over this period, ranging from a 5.1 percent increase in Solano County to a 24.2 percent increase in Santa Clara County. San Mateo County's median home price increased 19.1 percent, to \$1.2 million. Overall, Bay Area median home prices increased by 12 percent from December 2016 to December 2017.

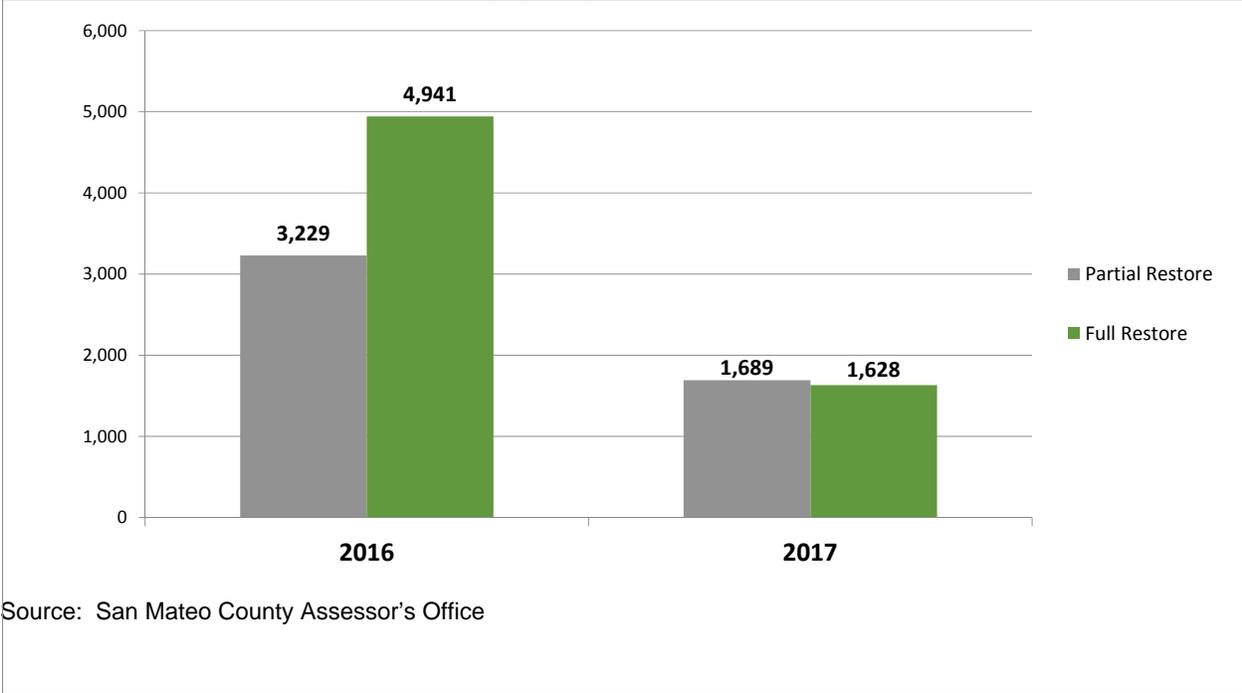
	<i>Homes Sold Dec. 2016</i>	<i>Homes Sold Dec. 2017</i>	<i>Homes Sold % Change</i>	<i>Median Price Dec. 2016</i>	<i>Median Price Dec. 2017</i>	<i>Median Price % Change</i>
Bay Area	7,104	6,825	-3.9%	\$669,000	\$750,000	12.1%
Alameda	1,554	1,537	-1.1%	\$675,000	\$760,000	12.6%
Contra Costa	1,437	1,360	-5.4%	\$504,250	\$550,000	9.1%
Santa Clara	1,603	1,520	-5.2%	\$805,000	\$1,000,000	24.2%
San Mateo	547	548	0.2%	\$1,008,000	\$1,200,500	19.1%
San Francisco	541	427	-21.1%	\$1,100,500	\$1,174,000	6.7%
Marin	244	221	-9.4%	\$857,500	\$950,000	10.8%
Napa	124	129	4.0%	\$560,000	\$632,500	12.9%
Solano	591	612	3.6%	\$390,000	\$410,000	5.1%
Sonoma	463	471	1.7%	\$526,250	\$615,000	16.9%

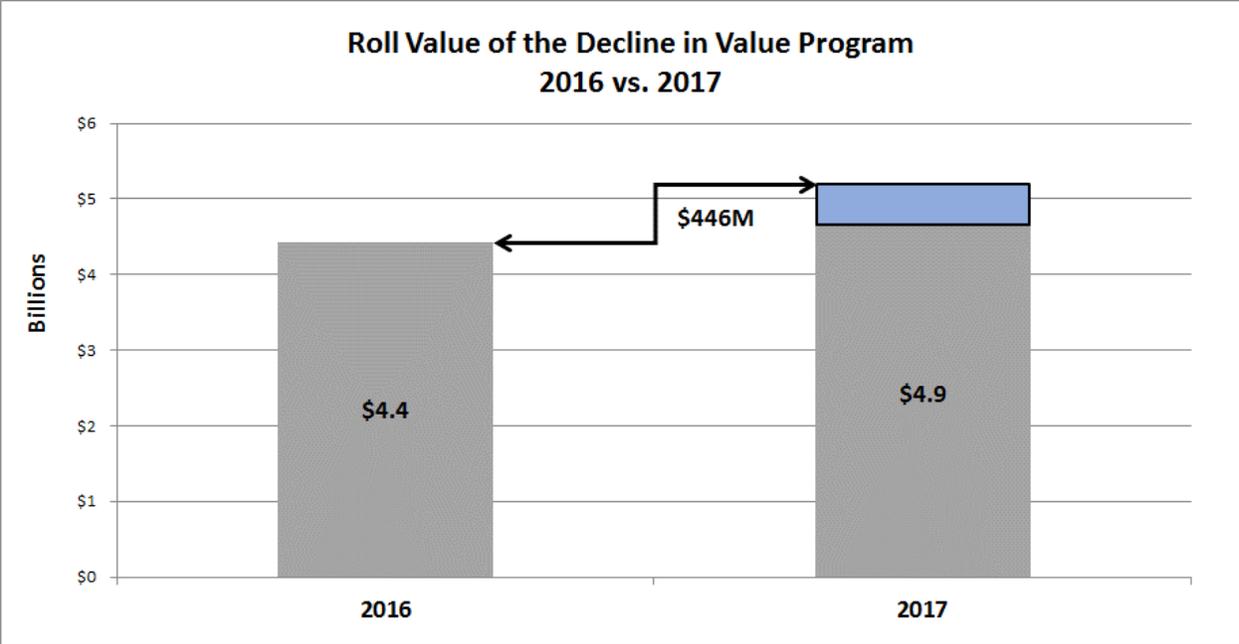
Source: CoreLogic Data Briefs, <https://www.corelogic.com/downloadable-docs/dq-news/dq-news-data-briefs/san-francisco-bay-area-december-2017-home-sales.pdf>

D. Prop. 8 Assessed Value Restorations

During FY 2016-17, the Assessor's Office reviewed approximately 3,840 parcels in the decline in value program. Of this amount, 1,689 parcels were partially restored and 1,628 parcels were fully restored. The remaining parcels that were reviewed either had values that did not increase or were new to the Prop. 8 program. The partial and fully restored parcels resulted in a net increase of \$484 million in restored value to the FY 2017-18 tax roll.

**Number of Parcels Restored
2016 - 2017**

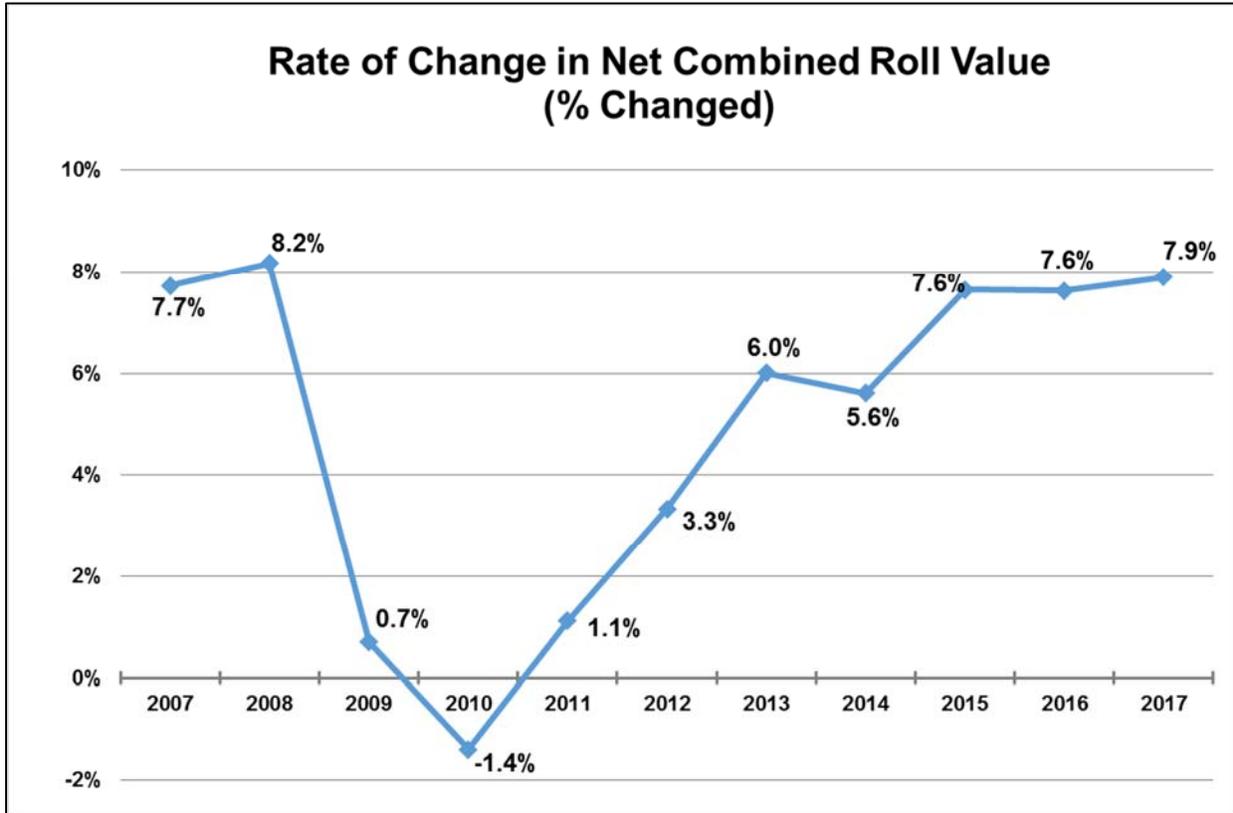




Source: San Mateo County Assessor's Office

E. Combined Secured and Unsecured Property Tax Roll Value

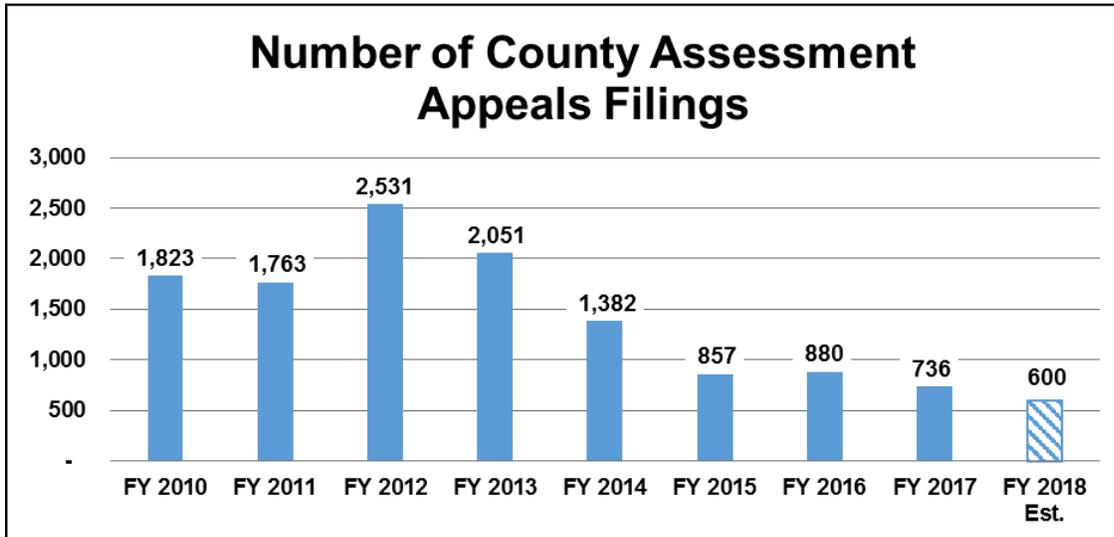
There were 236,583 assessment parcels and accounts for 2017 for a Total Local Roll of \$206 billion, representing an increase of 7.9 percent from 2016.



Source: San Mateo County Assessor's Office

F. Property Reassessment and Assessment Appeals Filings

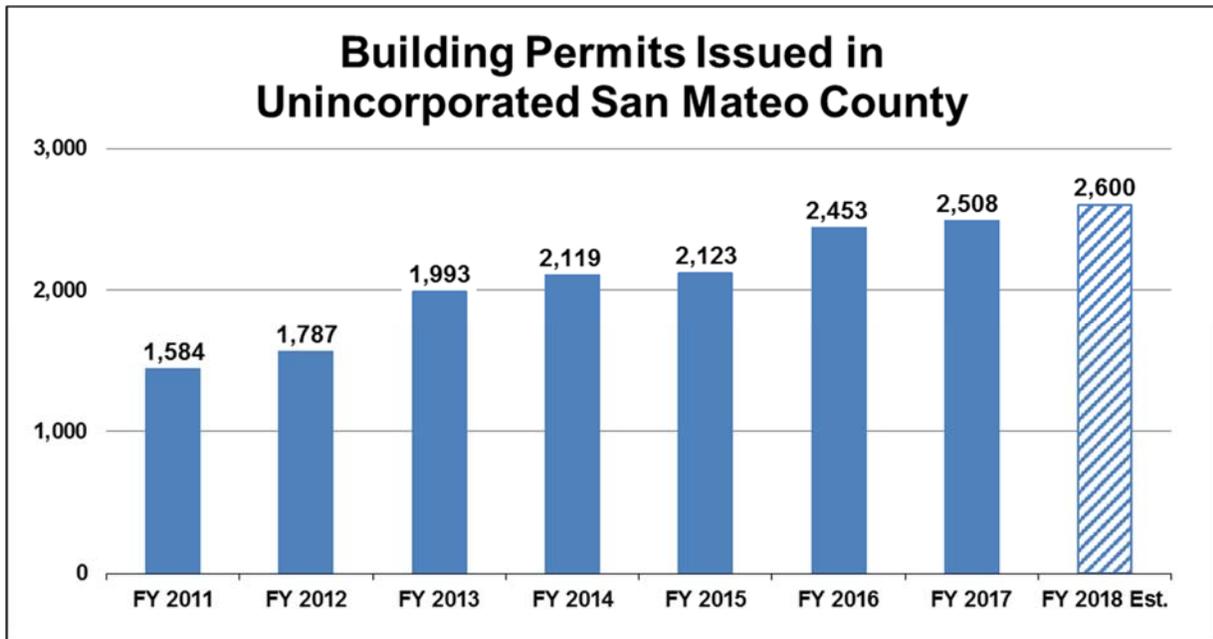
According to the County's Assessment Appeals Board, there were 736 new assessment appeals filings in FY 2016-17, which was a 16.4 percent decrease from FY 2015-16. It is estimated that 600 appeals will be filed in FY 2017-18.



Source: San Mateo County Assessment Appeals Board

G. Building Permits Issued

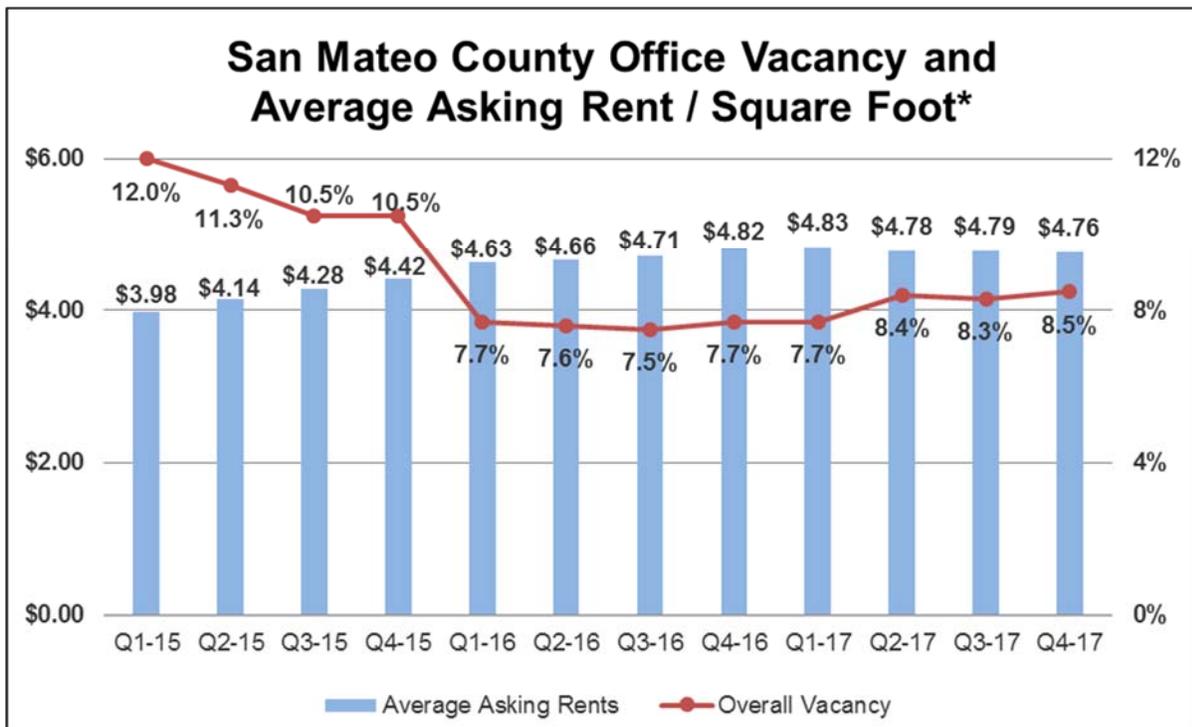
The number of building permits issued for unincorporated San Mateo County by the Planning and Building Department has increased every fiscal year since FY 2010-11. The Departments estimates it will issue 2,600 building permits for Unincorporated San Mateo County in FY 2017-18.



Source: San Mateo County Planning and Building Department

H. Office Space Availability

The overall vacancy rate for office space in San Mateo County decreased from 12 percent in Q1-2015 to below 8 percent in 2016, rising to 8.5 percent in Q4-17. While demand for office space in San Mateo County remains strong, vacancy rates have begun to increase from 2016 levels due to a large number of development projects recently completed and in the pipeline. Along with the increase in vacancy rates in 2017, average asking rents per square foot have begun to taper off. After rising steadily over the previous two years, rents declined slightly from \$4.83 in Q1-17 to \$4.76 in Q4-17.



*Average asking rate includes utilities, maintenance, insurance, and all other expenses related to occupancy
Source: Cushman and Wakefield

I. San Francisco Airport – Total Passengers

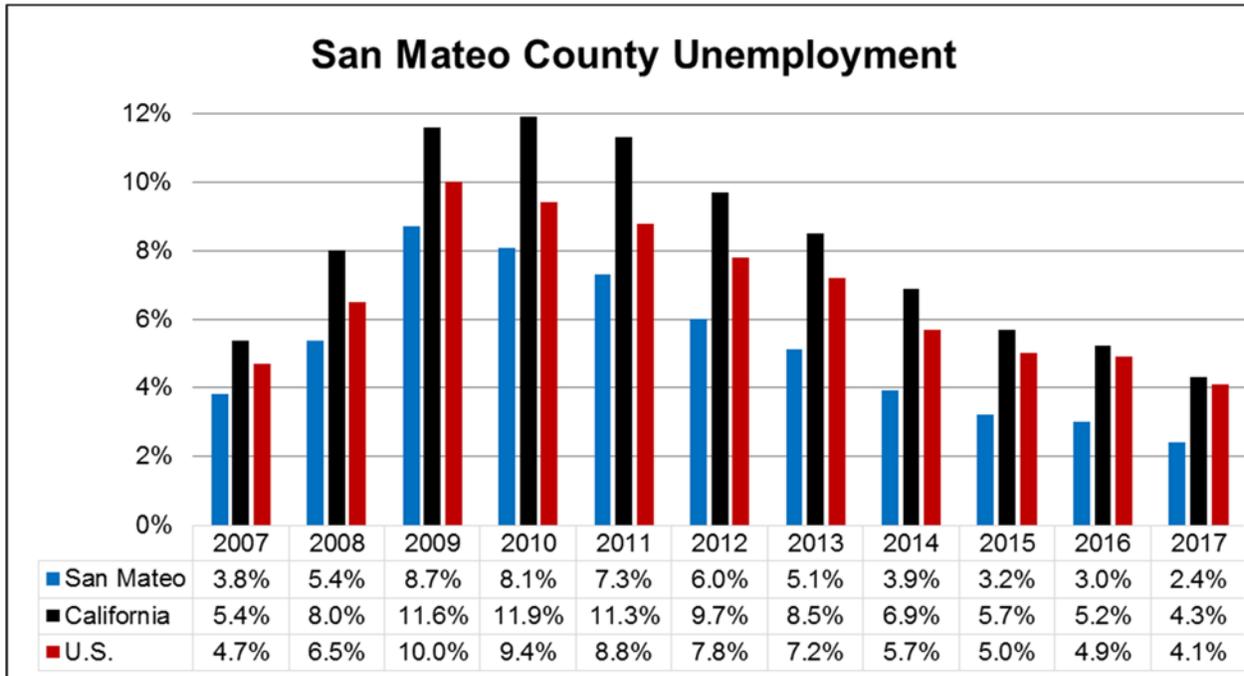
A significant portion of the County’s unsecured property tax and sales tax revenues come from businesses at San Francisco International Airport, so it is important to monitor patterns in airport activity. The overall trend in passenger activity has increased since March 2012.



Source: San Francisco International Airport: <http://www.flysfo.com/media/facts-statistics/air-traffic-statistics/2017>

J. Unemployment Rate

Monthly unemployment rates at the local, state, and national levels are down from last year. San Mateo County unemployment, measured in October of each year, is down from 3.0 percent in 2016 to 2.4 percent in 2017. San Mateo County continues to have the lowest unemployment rate of all counties in California.



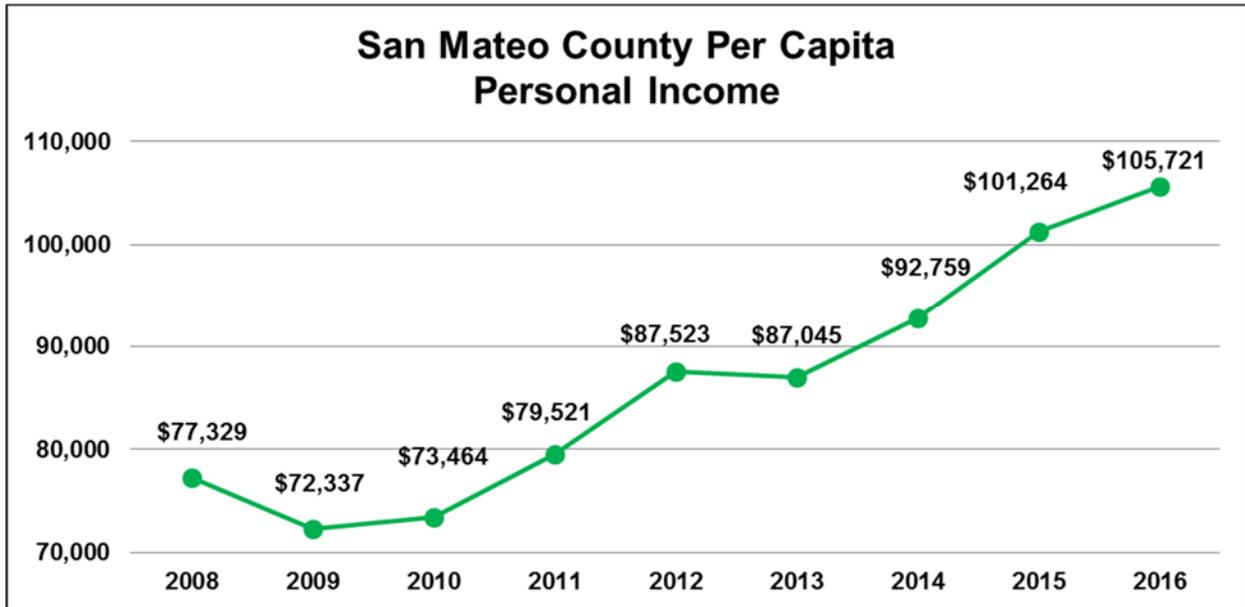
Note: Unemployment rates measured in October of each year, not seasonally adjusted

Source: California Employment Development Department, Local Area Unemployment Statistics: <https://data.edd.ca.gov/Labor-Force-and-Unemployment-Rates/Local-Area-Unemployment-Statistics-LAUS-e6gw-qvii>

Bureau of Labor Statistics: <https://data.bls.gov/timeseries/LNS14000000>

K. San Mateo County Per Capita Personal Income

In San Mateo County, personal income increased from \$101,264 per capita in 2015 to \$105,721 per capita in 2016. Personal income is reported in current dollars (no adjustment is made for price changes). Data for 2017 is not yet available.



Source: Bureau of Economic Analysis: <http://bea.gov/>