

MEMO

From: Miriam Chion, ABAG Interim Director of Planning & Research
To: Regional Planning Committee
Subject: BACEI – Bay Area Economic Assessment
Date: August 1, 2012

The Bay Area Council Economic Institute is conducting an economic assessment of the Bay Area. As we move into the implementation stage of the Sustainable Communities Strategy, this work will be used to support the development of policies and programs for Plan Bay Area. Early findings include:

- The Bay Area has a diverse economy with concentrations in high-skilled, high-value added industries including professional and technical services, health care, information services, as well as often overlooked sectors including manufacturing and wine production. Bay Area job growth will continue to outpace California and the U.S. in the future due to the continued concentration of industries located here.
- More than half, or 55%, of all jobs are created by newly founded businesses, 43% from existing business expansion, and only 2% by businesses relocating to the Bay Area.
- The Bay Area is highly educated with 42% of the labor force possessing four-year degrees, compared to only 28% nationwide. This educated workforce tends to cluster near job centers, where housing costs are highest, including San Francisco, portions of the East Bay, and Santa Clara County. These high-cost, job-rich areas also contain concentrations of lower income communities
- Despite the recession, 28% of Bay Area businesses surveyed reported growing over the last three years, while 45% remained stable and only 25% declined. Fifty-six percent reported that the Bay Area was either an excellent or good place to do businesses although the regulatory environment was perceived less favorably. However, 62% reported difficulty in meeting workforce needs.

Recommended Action

This is an Information Item. No action is required.

Next Steps

ABAG and MTC will work with the BACEI to develop Plan Bay Area recommendations with the business community, community groups, and local jurisdictions. Additional outreach and analysis of small businesses and low and moderate income communities is pending, with the final Bay Area Economic Assessment planned for release on September 6th.