



***Press Release***

*Office of Economic Development*

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## **Economic Indicators Reveal San Jose Metro Area Facing Positive Growth**

*Population growth and hot rental market provide signals that innovation and creativity are breeding opportunity*

**SAN JOSE, CALIF.** — (August 30, 2007) — The City of San Jose, America's 10<sup>th</sup> largest city, released today its quarterly *Economic Indicators Report*. Developed by the San Jose Office of Economic Development, the report—a snapshot of key economic base statistics, including population growth and change and San Jose national rankings—revealed a significant growth in new Asian residents and an historically low three percent rental vacancy rate. Other findings included continued strong job growth with the addition of more than 60,000 jobs (San Jose MSA) since 2003. These job gains were reflected throughout different sectors, including education and health services, computer and communications hardware and innovation services.

According to Mayor Chuck Reed, the findings demonstrate that the City's and the region's innovation and entrepreneurial spirit are helping to fuel a regional renaissance. "San Jose is creating a vibrant city center, investing in neighborhoods and housing, and encouraging companies to locate and grow here. The positive findings from the most recent *Economic Indicators Report* prove that we are developing an environment that helps fuel creativity and opportunity," Reed said.

The return of jobs to San Jose is reflected in the lower commercial vacancy rates. In Q2 2007, manufacturing and industrial vacancy levels hit 2.9 percent, compared to 4.6 percent during the same period in 2006. Additionally, competition for office space is increasing as vacancy rates continue to decline from 13.3 percent in Q2 2006 to 10.1 percent Q2 2007. San Jose also

continues to see a steady decline in R&D vacancy rates—from 22.1 percent in Q2 2006 to 20.5 percent in Q2 2007.

“We see strong opportunity for both start-ups and global companies in fulfilling their needs for world-class R&D space as we help further development and build-out to best suit a company’s strategic focus and help them meet their marketplace needs—particularly through the *North San Jose’s Vision 2030* plan,” said Paul Krutko, chief development officer, City of San Jose. *North San Jose’s Vision 2030* is a larger development strategy that evolves North San Jose from a traditional industrial park to a multi-faceted innovation district, involving the ability for businesses to densify their operations, upgrading of transportation systems, traffic and pedestrian circulation, creation of opportunities for more San Jose jobs and construction of more homes near those jobs.

The report also revealed a jump in hotel occupancy, from 59 percent Q2 2006 to 62 percent Q2 2007, and a rise in air passenger levels at Mineta International Airport, from 800,100 per month Q1 2007 to 937,000 per month Q2 2007.

“As a gateway to the Bay and the coast, San Jose’s central location makes us a gateway to business and leisure experiences for visitors from around the world. These figures show how our strategic geographic position—combined with business growth and signature events that drive visitors, such as the San Jose Grand Prix—helps provide further robustness to our economy,” Krutko said.

Diversity continues to play a large part in the overall population growth for San Jose. The San Jose Metro Area saw the largest influx of Asians of any region in the U.S. With more than 26,000 new residents, 17,000 locating to the area were of Asian descent, based upon the most recent U.S. Census data (2005-2006). The San Jose Metro area with an Asian population of 556,000, ranks second to Los Angeles as having the highest concentration of Asians in the U.S. and also has the highest population of Asians of any city in San Francisco Bay Area. “We anticipated that our Asian population growth would remain steady as it has been in the past. But, this is not the case: it has grown significantly, even during the downturn. The latest report demonstrates how San Jose, as a large international city, continues to attract talent from all over the globe to drive advancements that change the world,” Krutko said.

The largest migration of new residents to San Jose came from San Francisco—with 9,900 people making the move in 2006.

The growth of jobs and the population has also had an impact on rental vacancy rates. For the first time since 2001, rental vacancy rates have fallen to 2.7 percent. The industry norm, reflective of a healthy rental market is typically 5 percent. “Demand for housing will continue to

be a challenge as San Jose continues to rebound from the effects of the dot com years,” Krutko said.

The report also revealed how San Jose ranks in key growth and amenities categories:

- Lowest Retail Vacancy in the U.S. (#2)
- Leader in Nanotechnology (#1)
- A Top Five City for CleanTech (#2)
- On-Time Bay Area Leader for Flight Departures and Arrivals (#1)
- Top Ten Walking City (#8)

The *Economic Indicators Report* is available at

[www.sjeconomy.com/publications/oedpubs/aug07.pdf](http://www.sjeconomy.com/publications/oedpubs/aug07.pdf).

### **About the City of San Jose’s Office of Economic Development**

The City of San Jose's Office of Economic Development (OED) is committed to a vital, competitive San Jose economy that increases prosperity for people and companies and enhances City revenues. The Office guides the City's economic strategy, provides assistance for business success, helps connect employers with trained workers, and provides art and cultural resources to our community. For more information, please visit, [www.sjeconomy.com](http://www.sjeconomy.com).

### **About the City of San Jose**

From its founding in 1777 as California's first city, San Jose has been a leader, driven by its spirit of innovation. Today, San Jose stands as the largest city in Northern California and the Capital of Silicon Valley—the world's leading center of innovation. The city, the 10<sup>th</sup> largest in the U.S., is committed to remaining a top-ranked place to do business, work, live, play and learn. For more information, visit, [www.sanjoseca.gov](http://www.sanjoseca.gov).

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