

2015 Economic Outlook

January 16, 2015



SAN DIEGO
REGIONAL
EDC



○ ABOUT EDC



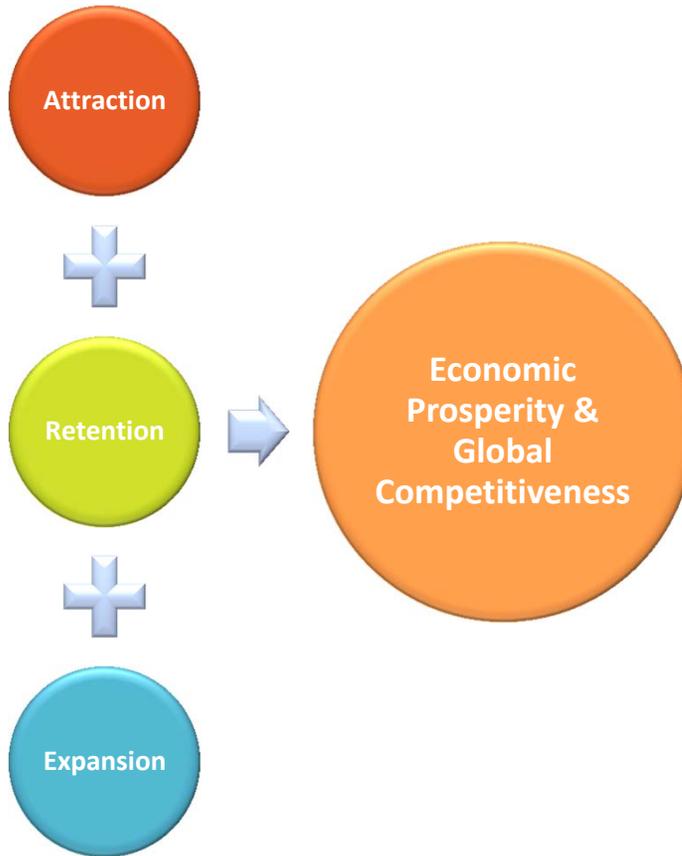
WHO WE ARE

Mission: San Diego Regional Economic Development Corporation's mission is to maximize the region's economic prosperity and global competitiveness.

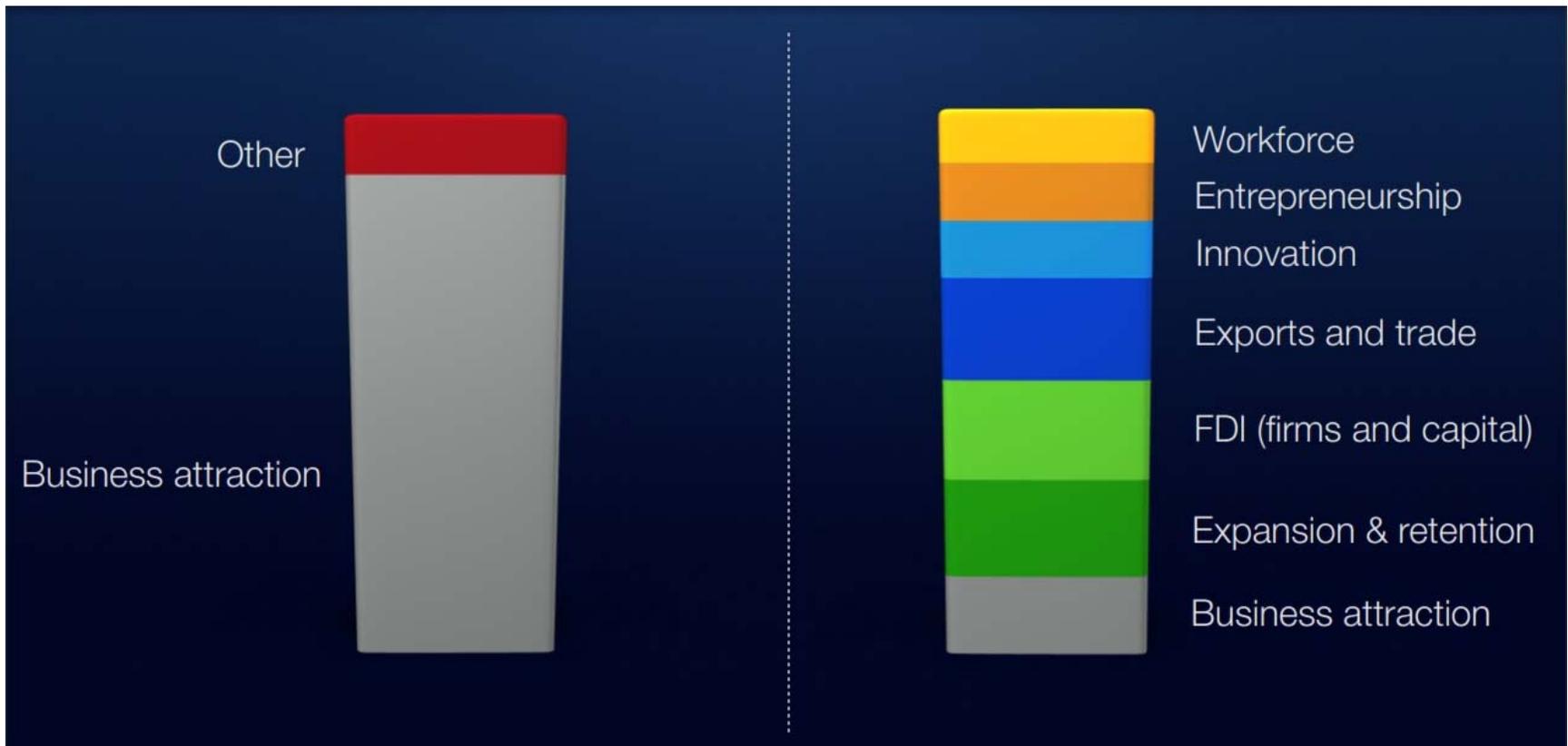
Vision: The San Diego Region will be a pillar of the global economy and a magnet for investment, talent and innovation.

Values: Collaboration, Integrity, Accountability, Innovation, Vision

WHAT WE DO



STRATEGIC SHIFT



○ KEY FACTS

ABOUT THE REGION



- The Cali Baja Bi-National Mega-Region includes **San Diego County, Imperial County and Baja California**
- **6.5 million people** live in the Mega-Region
- In the next 40 years, San Diego County's population is expected to **grow by 1.5M**
- **2 major international airports, 3 land ports of entry & 2 major seaports**





KEY FACTS



ECONOMIC	Unemployment Rate	Gross Domestic Product	Export Value	Patents per 1,000 Workers	Annual Total VC Dollars Received
	<p>5.8 percent</p> <p>Rank: 17th (Nov)</p>	<p>\$197.9 billion</p> <p>Rank: 16th (2013)</p>	<p>\$17.9 billion</p> <p>Rank: 15th (2013)</p>	<p>2.3 patents</p> <p>Rank: 2nd (2011)</p>	<p>\$757.7 million</p> <p>Rank: 10th (2013)</p>

Bureau of Labor Statistics

Bureau of Economic Analysis

International Trade Administration

Brookings Institution; USPTO

PriceWaterhouseCoopers

QUALITY OF LIFE	Per Capita Income	Foreclosure Rate	Median Home Price	Mean Travel Time to Work	Sunshine Hours
	<p>\$49.7 thousand</p> <p>Rank: 11th (2012)</p>	<p>2.05 per 10k homes</p> <p>Rank: 4th (May)</p>	<p>\$517.8 thousand</p> <p>Rank: 2nd (Q3 '14)</p>	<p>24.9 minutes</p> <p>Rank: 1st (2013)</p>	<p>3,055 hours</p> <p>Rank: 4th</p>

Bureau of Economic Analysis

Zillow.com

National Association of Realtors

US Census Bureau

National Climatic Data Center





KEY FACTS



DEMOGRAPHIC	Population Metro	Median Age	% Population Age 18-34	% of Population Born Outside of US	Median Household Income
	3M+ 3,211,252	35.1 years old	27.3 percent	23.7 percent	\$61.4 thousand
	Rank: 17th (2013)	Rank: 5th (2013)	Rank: 1st (2013)	Rank: 5th (2013)	Rank: 9th (2013)

US Census Bureau

TALENT	% Population w/ Bachelor's Degree or Higher	% Population w/ Advanced Degree or Higher	% Population w/ Ph.D or Higher	% College Grads w/ Science or Engineering Majors	% of Population Multi-Lingual English-Speaking Residents
	34.6 percent	13.4 percent	1.9 percent	39.9 percent	21.8 percent
	Rank: 13th (2013)	Rank: 10th (2013)	Rank: 5th (2013)	Rank: 2nd (2013)	Rank: 6th (2013)

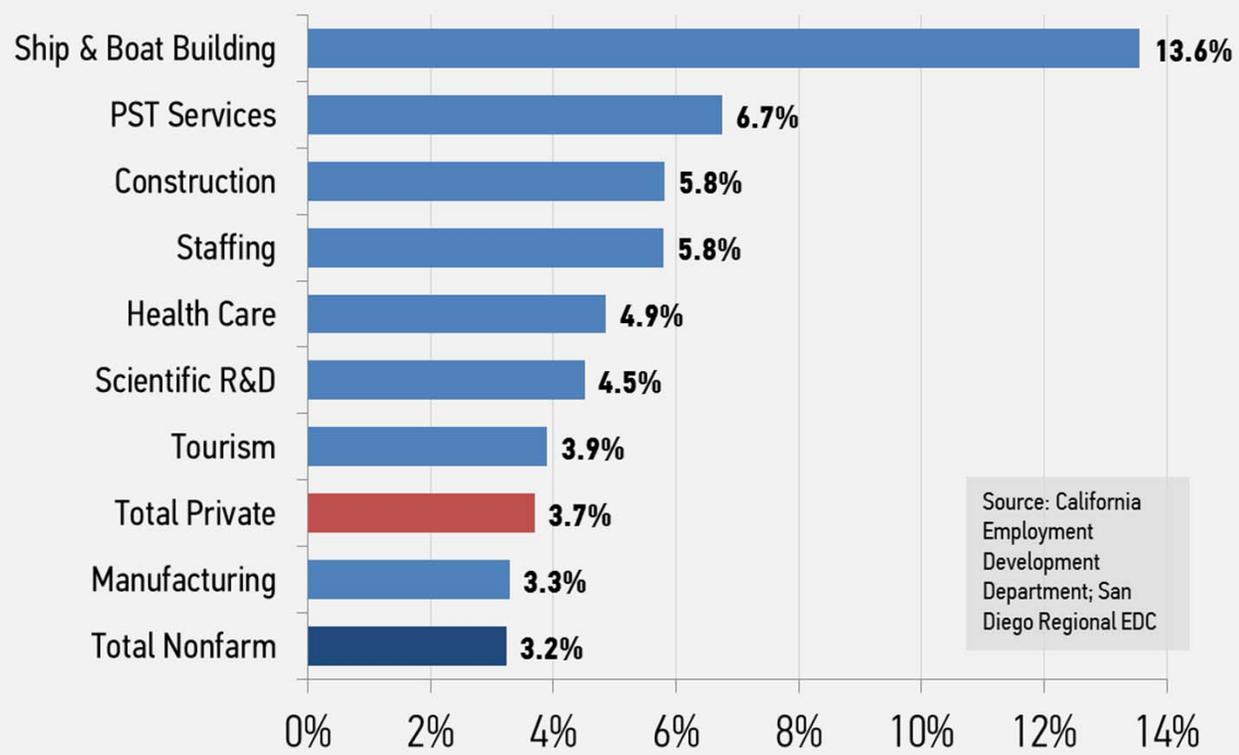
Note: STEM calculation changed from US Census Bureau 2012. See XLS for details.





KEY TRENDS

Annual Percentage Growth in Employment in San Diego County, Select Growth Sectors (11/2013 to 11/2014)

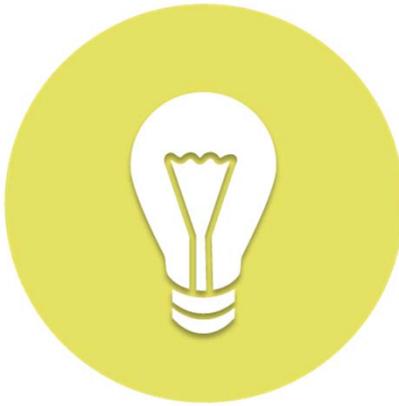


Source: California Employment Development Department; San Diego Regional EDC

○ OUR ECONOMY



OUR ECONOMY





INNOVATION



Anchored by Cleantech, Defense, ICT, Life Sciences and Maritime Clusters

San Diego's Innovation Economy is more than **7,300** companies strong and employs more than **175,000** people

San Diego is home to **6** universities and **80** research institutes with more than **500** research scientists

The region hosts more than **16** incubators, accelerators and co-working environments



TOURISM



San Diego's Tourism Economy employs 165,900 people

More than 33 million people visited the region annually, with more than 16 million staying overnight

Visitors spend about \$8.4 billion with an estimated economic impact of \$18.7 billion

San Diego Convention Center events attracted more than 524,000 people, 75 out-of-town conventions and trade shows and generated \$560 in direct spending



MILITARY



San Diego is home to the largest concentration of military in the world.

The federal military directly employs more than **107,000** and military and defense impacts more than **310,000** of the region's jobs.

The region's military and defense presence impacts about one fifth of the region's economic activity.

Sequestration poses an immediate threat to this sector of the economy, with nearly **10** percent of the jobs at stake.

○ CHALLENGES AND ADVANTAGES



PEERS

Primary

- Austin
- Boston
- Chicago
- Denver
- Philadelphia
- Portland
- Seattle

Secondary

- New York
- Los Angeles
- San Francisco
- Washington DC

COST CHALLENGE



Relative high costs present challenges for retaining our workforce and attracting new business

COST OF LIVING

New York	216.7
San Francisco	164.0
Washington DC	140.1
Los Angeles	136.4
Boston	132.5
San Diego	132.3
Philadelphia	119.6
Seattle	119.1
Portland	111.3
Denver	103.2
Austin	95.5

COST OF DOING BUSINESS

San Francisco	106.6
LA	105.1
Portland	102.3
New York	101.3
San Diego	101
Dallas	98.6
Miami	92.8
Seattle	92.6
DC	92.4
Boston	91.9
Atlanta	86.7

Source: U.S. Census Bureau

Source: KPMG; Competitive Alternatives

HOUSING AFFORDABILITY



A lack of affordable housing options remains a talent retention issue

LEAST

New York	82
Anaheim	86
San Jose	86
San Francisco	92
San Diego	101
Los Angeles	103
Boston	141
Seattle	149
Portland	167
Denver	170

MODERATE

Austin	202
Philadelphia	203
Baltimore	220
Chicago	225
Houston	225
Orlando	229
Charlotte	230
Phoenix	231
Dallas	237
Las Vegas	242

MOST

Indianapolis	271
Kansas City	272
Jacksonville	276
Buffalo	282
Columbus, OH	286
Saint Louis	292
Cincinnati	299
Cleveland	315
Atlanta	352
Detroit	571

National Association of REALTORS

TALENT ADVANTAGE



SD is one of the youngest and most diverse regions in the US.

%POP 18-34	
San Diego (#1)	27.3%
Los Angeles	25.6%
San Antonio	24.9%
Riverside	24.8%
Boston	24.7%
Seattle	24.7%
Washington DC	24.7%
Houston	24.6%
Denver	24.2%
Dallas	24.0%

%POP FOREIGN-BORN	
Miami	38.8%
Los Angeles	33.4%
San Francisco	29.7%
New York	28.5%
San Diego (#5)	23.7%
Houston	22.6%
Washington DC	22.0%
Riverside	21.3%
Chicago	17.8%
Dallas	17.5%

Source: U.S. Census Bureau

TALENT ADVANTAGE



Our population is one of the most educated, particularly in the STEM fields

%POP DOCTORATE

Washington DC	3.0%
Boston	2.9%
San Francisco	2.6%
Baltimore	1.9%
San Diego (#5)	1.9%
Philadelphia	1.7%
Seattle	1.7%
Portland	1.6%
New York	1.5%
Minneapolis	1.5%

%DEGREE HOLDERS w/ STEM

Houston	40.6%
San Diego (#2)	39.9%
San Francisco	39.7%
Seattle	39.6%
Baltimore	39.2%
Detroit	38.1%
Boston	37.9%
Portland	36.5%
Philadelphia	36.4%
Pittsburgh	36.1%

Source: U.S. Census Bureau

TALENT ADVANTAGE



San Diego excels in science and engineering talent, better than average in computer science/mathematics

% Workforce in STEM occupations, selected peers

Region	Comp/Math	Sciences	Engineering	STEM
Austin	5.9%	0.9%	3.0%	9.8%
Denver	4.6%	1.1%	2.5%	8.2%
Portland	3.4%	1.0%	3.0%	7.4%
San Diego	3.5%	1.9%	3.1%	8.5%
Seattle	7.0%	1.1%	3.1%	11.3%
USA	2.8%	0.9%	1.8%	5.4%

Source: BLS



TALENT ADVANTAGE

San Diego STEM employees are generally paid higher than their peers in other metros

Median wages in STEM occupations, selected peers

Region	Comp/Math	Sciences	Engineering
Austin	\$ 76,910	\$ 53,330	\$ 75,520
Denver	\$ 82,430	\$ 63,660	\$ 80,650
Portland	\$ 76,280	\$ 65,030	\$ 74,900
San Diego	\$ 85,070	\$ 70,550	\$ 85,380
Seattle	\$ 101,780	\$ 65,000	\$ 85,790
USA	\$ 77,860	\$ 60,860	\$ 74,530

Source: BLS

○ LOOKING AHEAD



2015 ISSUES

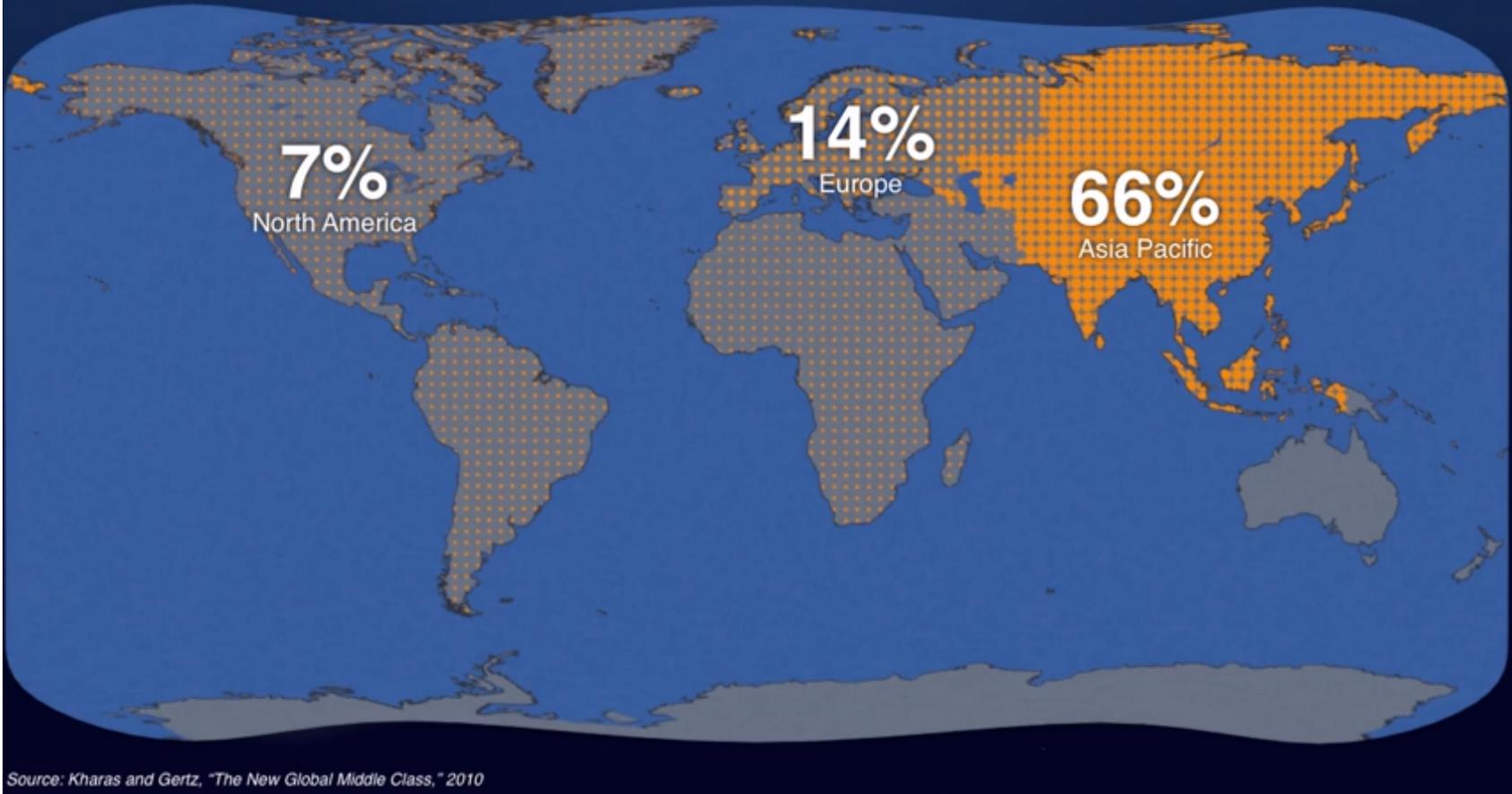


- **Talent**
- **Global Competitiveness and Connectedness**
- **Federal Budget Instability**
- **Growth Industries**
- **Capital**
- **Economic Dislocation**
- **Metros as Economic Engines**

GLOBAL COMPETITIVENESS



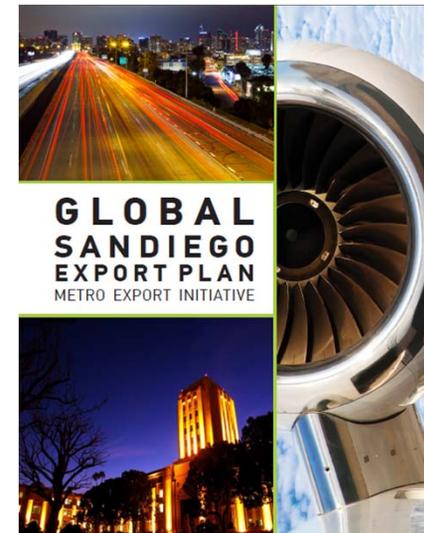
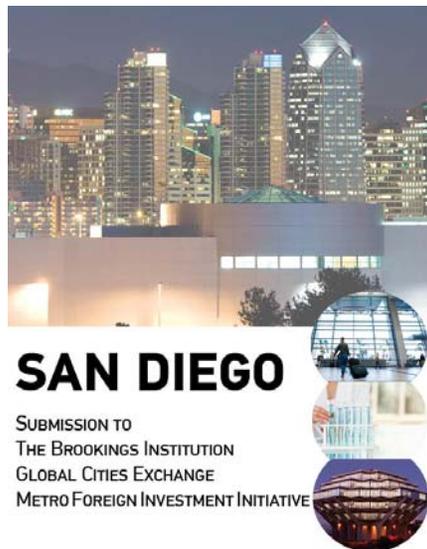
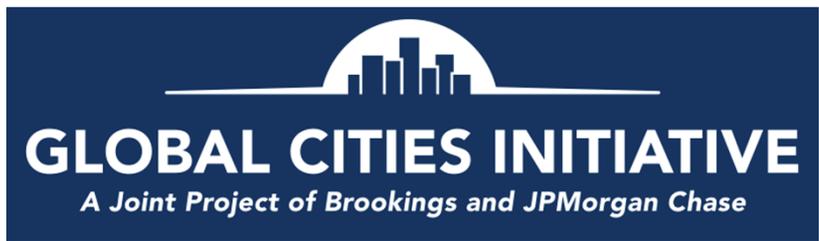
Global Middle Class - 2030 | Share of Global Totals



Source: Kharas and Gertz, "The New Global Middle Class," 2010



INITIATIVES





THANK YOU

SANDIEGOBUSINESS.ORG

Mark Cafferty

President & CEO

cafferty@sandiegobusiness.org

