

# SPOTLIGHT SAN FRANCISCO

By Melinda Young



Photo by Natalia Bratslavsky

San Francisco's population may be decreasing, but the city certainly doesn't seem any quieter these days.

In 2005, the city was the West Coast's second-most-popular tourist destination — attracting 15.7 million visitors, according to the San Francisco Convention and Visitor's Bureau. Those visitors spent \$7.3 billion.

So while San Francisco's drawbacks to its residents are well-known — a high cost of living, astronomical home prices and, well, that business with the San Andreas fault — tourists continue to flock to the Bay Area.

Thus, its retail and hotel sectors are faring well. Further, most commercial property types are experiencing decreasing vacancy rates and increasing rents.

And though many people remain cautious about San Francisco's post-dot-com-bust economy amid moderate job growth, some sectors — including information-based Internet companies — are optimistic, according to the *San Francisco Chronicle*. The recently completed Mission Bay mixed-use development, which includes 6 million square feet of commercial space devoted to life sciences and technology, underscores such optimism.



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## VITALS

- ↓ **Population (city): 719,077**
  - Population in 2000 (city): 776,733
  - Rank (U.S.): 14th-largest city
  - Metropolitan-area population: 4.1 million
  - Metropolitan-area rank (U.S.): 5th-largest
- ↓ **Average commute: 28.7 minutes**
  - Average commute in 2000: 30.7 minutes
  - U.S.: 25.1 minutes
- ↑ **Median household income: \$57,496**
  - Median household income in 2000: \$55,221
  - U.S.: \$46,242
- ↑ **Median age: 39.4 years**
  - Median age in 2000: 36.5 years
  - U.S.: 36.4 years
- ↑ **Inflation (Consumer Price Index): 3.9 percent**
  - Inflation in June 2005: 1.1 percent
  - U.S.: 4.3 percent
- ↓ **Unemployment: 4.3 percent**
  - Unemployment in July 2005: 4.9 percent
  - U.S.: 4.8 percent

## RENTS/LEASES

- ↑ **Office:** \$30.45 per square foot
- ↑ **Retail (projection):** \$33.36 per square foot (Marcus & Millichap)
- ↑ **Median apartment:** \$210,000 per unit
- ↔ **Gross industrial:** \$0.75 per square foot

## ABSORPTION

- ↑ **Net office:** 647,800 square feet
- ↓ **Industrial:** 31,576 square feet

## SCHEDULED 2006 CONSTRUCTION

- [N/A] **Retail:** 1.5 million square feet
- ↔ **Apartment:** 500 units

## VACANCIES/OCCUPANCY

- ↓ **Office:** 10.7 percent
- ↓ **Retail (projection):** 5.5 percent (Marcus & Millichap)
- ↓ **Apartment:** 5.8 percent
- ↓ **Industrial:** 2.9 percent
- ↑ **Hotel occupancy:** 78.7 percent

## RÉSUMÉ

- Approximately 4.5 million people stayed in city hotels in 2005
- Healthiest U.S. city (*Men's Health*)
- Most wired (to Internet) U.S. city (Yahoo!)
- 2nd-most densely populated U.S. city
- Top private companies: Bechtel Corp., Levi Strauss and Co., Wilbur-Ellis Co., Visa International