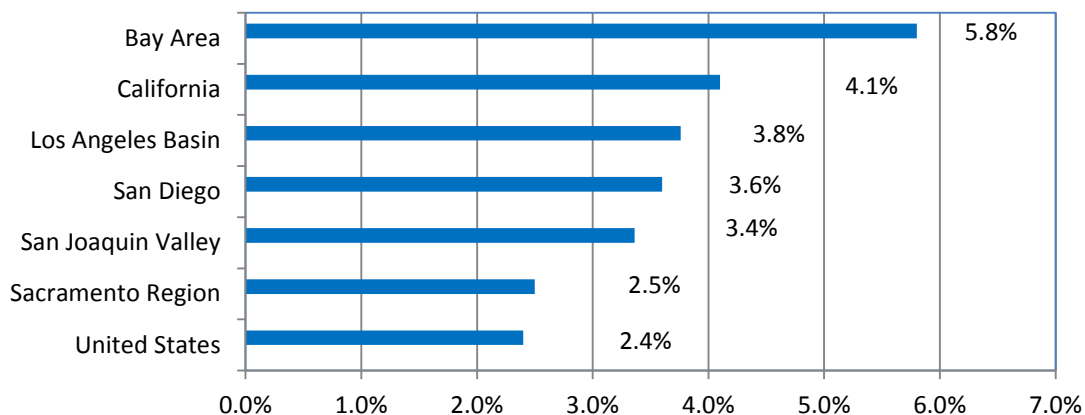


September 2016

The Bay Area Led Broad Regional GDP Growth Surge in 2015

The Bay Area led California and the nation with a real (inflation adjusted) GDP gain of 5.8% in 2015. All regions in the state outpaced the nation in the value of goods and services produced.

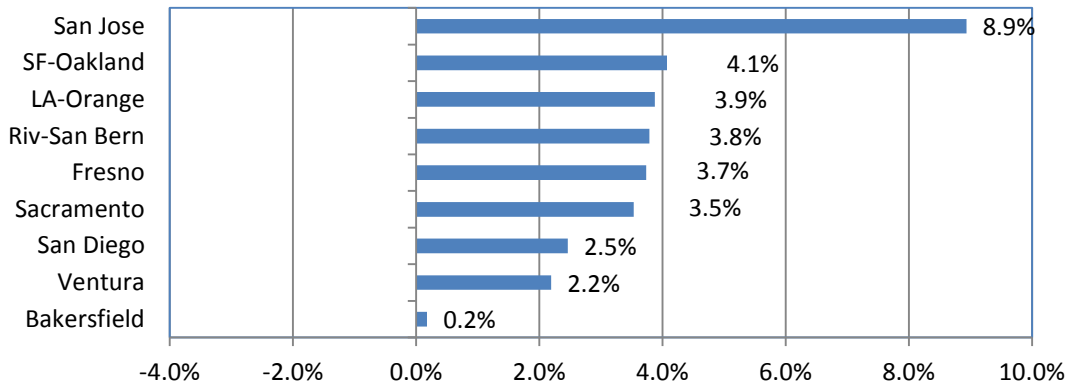
Real GDP Growth in Major California Regions in 2015



San Jose led all metro areas in California with a real GDP increase of 8.9% in 2015 led by gains in tech related sectors. The San Francisco-Oakland metro area was 2nd at 4.1% followed by two Southern California metro areas, Los Angeles-Orange at 3.9% and Riverside-San Bernardino at 3.8% Fresno County posted a strong gain of 3.7%

2015 saw areas outside of the Bay Area with strong gains as these areas are now fully participating in the state's growth. Bakersfield metro lagged as the oil cutbacks restrained growth.

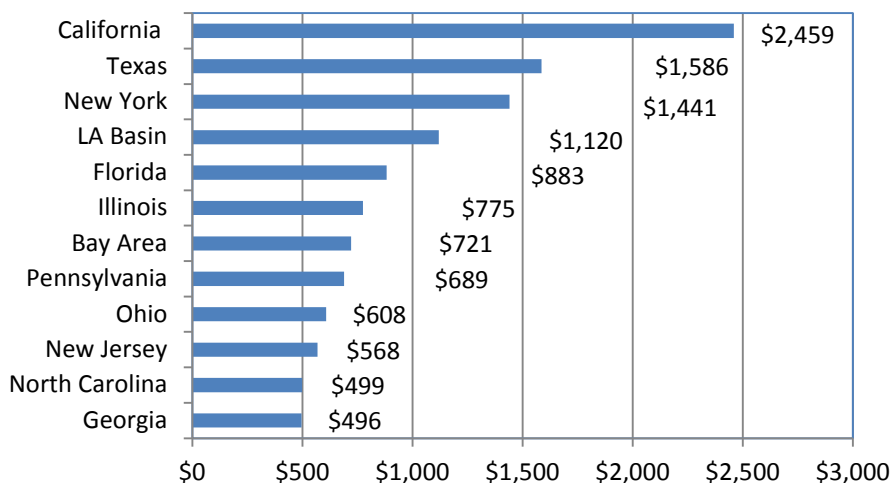
GDP Growth in Major Metropolitan Areas in California in 2015



The LA Basin and Bay Area rank high in comparison to most states.

The five county LA Basin economy ranks behind only California, Texas and New York in 2015 with a \$1.1 trillion dollar economy. The nine county Bay Area economy would rank 6th among all states with a \$721 billion dollar economy measured by the value of goods and services produced in each area.

LA Basin and Bay Area Among Top Ten States (2015 GDP \$ Billions)

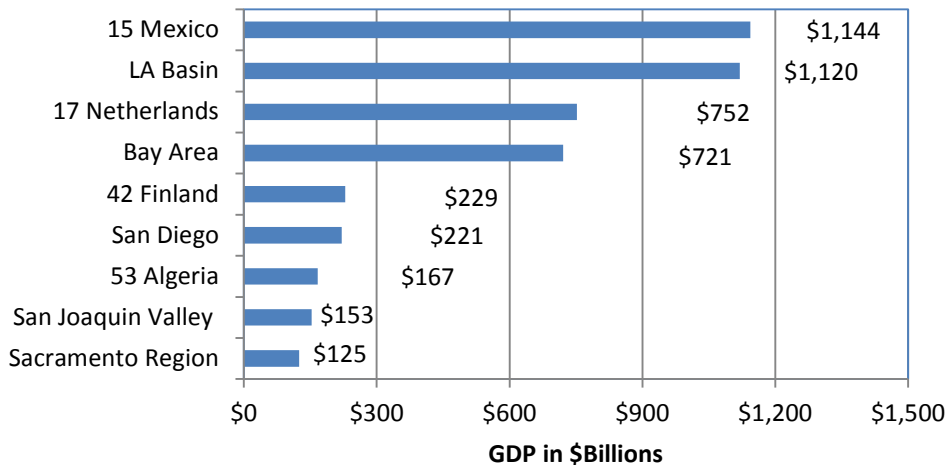


Where do California Regions Rank Worldwide?

The LA Basin economy would rank 16th in terms of the output of goods and services behind Mexico and ahead of Indonesia). The Bay Area would rank 18th behind the Netherlands and ahead of Turkey. San Diego County would rank 43rd behind Finland and ahead of Portugal. The eight county San Joaquin Valley would rank 54th behind Algeria and ahead of Hungary. And the six county Sacramento region would rank 54th behind also behind Algeria and ahead of Hungary. California and the regions were not counted as countries in these rankings.

Except for the LA Basin which remained in 16th place, California's other major regional economies ranked higher in 2015 than in 2014. The Bay Area moved from 21st to 18th. San Diego moved from 51st to 43rd. The San Joaquin Valley moved from 57th to 54th. And the Sacramento region moved from 59th to 54th.

**California Regional Economies Ranking
in the World 2015 (GDP in \$Billions)**



2016 Update and Commentary

First quarter 2016 GDP estimates (recently always a low growth quarter) show California outpacing the nation 2% to 1.2%. Job estimates through August 2016 show California with year over year job growth of 2.3% versus 1.7%. And job growth continues to spread to areas previously left behind including the Inland Empire, Butte, Fresno, Madera, Merced, Stanislaus and San Joaquin counties.

With much of the world struggling with economic growth, California regions are poised to move up in world economy rankings next in 2016.

The breadth of GDP and job growth is encouraging as no longer is the Bay Area the only fast growing economy in California.

The recently released ACS data remind us of two important points: 1) that though poverty is falling, it remains far above the levels we hope for and 2) that in most areas of the state it is high housing costs that push a large number of residents below the poverty level and that housing remains both an economic and equity and environmental challenge that we need to meet.

Methodology

The estimates presented above are based on 2015 advance metropolitan area estimates published by BEA in 2016.

GDP is referred to as output or the output of goods and services in the text. GDP is used instead of GSP (gross state product) although the meanings are similar).

The LA Basin includes Los Angeles, Orange, Riverside, San Bernardino and Ventura counties. The Bay Area includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Solano and Sonoma counties. The San Diego region includes San Diego County. The San Joaquin Valley region includes Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus and Tulare counties, The Sacramento region includes El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba counties.