

## Economic indicators pointed in right direction for San Mateo County, but recovery will be slow

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San Mateo County is poised to strongly rebound from the economic recession, but it won't happen overnight, according to an economic forecast released Monday.

The study, commissioned by the San Mateo County Economic Development Association, or SAMCEDA, was presented to county business leaders at a luncheon Monday.

"It's going to be a reasonably slow growth for the next couple of years," said Jon Haveman, a founding partner with Beacon Economics, the firm that did the study.

Local employment, for example, won't return to 2007 levels until 2015. And those gains will still lag behind the peak reached in the early aughts before the dot-com implosion — by almost 34,000 jobs.

Nonetheless, Haveman said a variety of economic factors indicate that the county is in a "very good place" moving forward.

"Its prospects are very bright," Haveman said.

Industries employing the most people in the county in recent years include professional and technical services, retail trade, government, hospitality, health care, social assistance and manufacturing, according to the report. Health, information, professional and business services, along with education, are the fields that will see the most significant growth.

Only 41 percent of those employed in San Mateo County also live in the county, the report notes. Conversely, only 42 percent of San Mateo County residents with a job actually work in the county. State data released Friday

shows an 8.8 percent unemployment rate, down from 9.2 percent in April.

In addition, employed residents in San Mateo County have been shifting into higher earning brackets, and jobs in the county are paying better, according to the Beacon report.

And while the county has suffered during the economic recession, it has fared relatively better than other areas. For example, while home prices declined by 27 percent from a 2007 peak, the rest of the state saw a 50 percent drop.

"In San Mateo, the bubble here was much smaller so the decline was much smaller," Haveman said.

However, a return to 2007 prices is not expected until late 2015.

Spending, another economic indicator, began to rebound in the second half of 2009. And while some of the spending is attributed to federal

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stimulus programs, taxable sales are expected to continue increasing and hit the 2001 peak by 2015.

The wait isn't great news for local governments that depend upon revenue and thus will have to struggle through the next few years, Haveman conceded.

Other signs of the county's bright financial future include the high investment of venture capital locally, which Haveman estimated at roughly 10 to 12 percent of all U.S. venture capital spending.

One economic area not yet enjoying a turnaround is commercial real estate, the report notes. As the financial climate improves, businesses will first move to fill empty spaces before new commercial buildings.

Redwood City Council Member Rosanne Foust, the CEO of SAMCEDA, said good news for local businesses is good news for everyone.

"If we have a healthy business community, we have a successful community," Foust said.

Local businessman Steve Mincey, the incoming chairman of SAMCEDA's board, said the innovative companies that set up shop in San Mateo County shouldn't be taken for granted. Public policies "that can make it difficult to do business here," along with service reductions, traffic and housing shortages, could drive companies away, he said.

"They can probably be located anywhere," Mincey said. "It behooves us to be very sensitive to how we keep these companies."

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