

Fiscal and Economic Update

Ben Rosenfield
Ted Egan

IMHE: California Projected Daily COVID-19 Deaths to 5/1

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Daily deaths [↗](#)

[Trend](#)

[Compare](#)

[Map](#)

Scenario ⓘ

Current projection ▾

Compare *California* to

Alabama ×

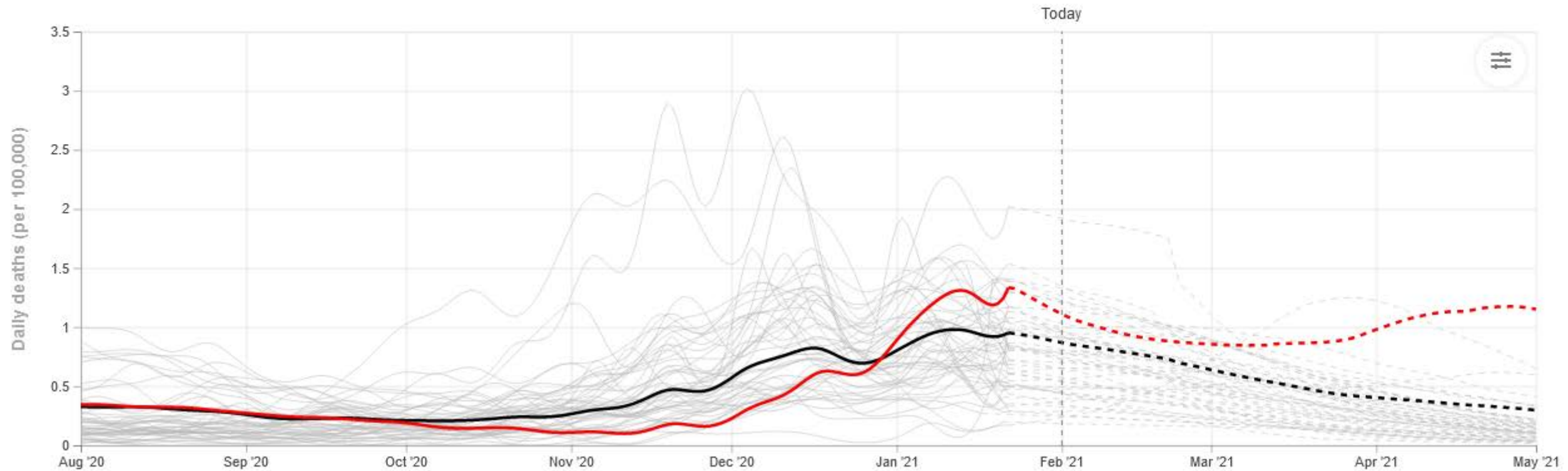
Alaska ×

Arizona ×

Arkansas ×

Colorado ×

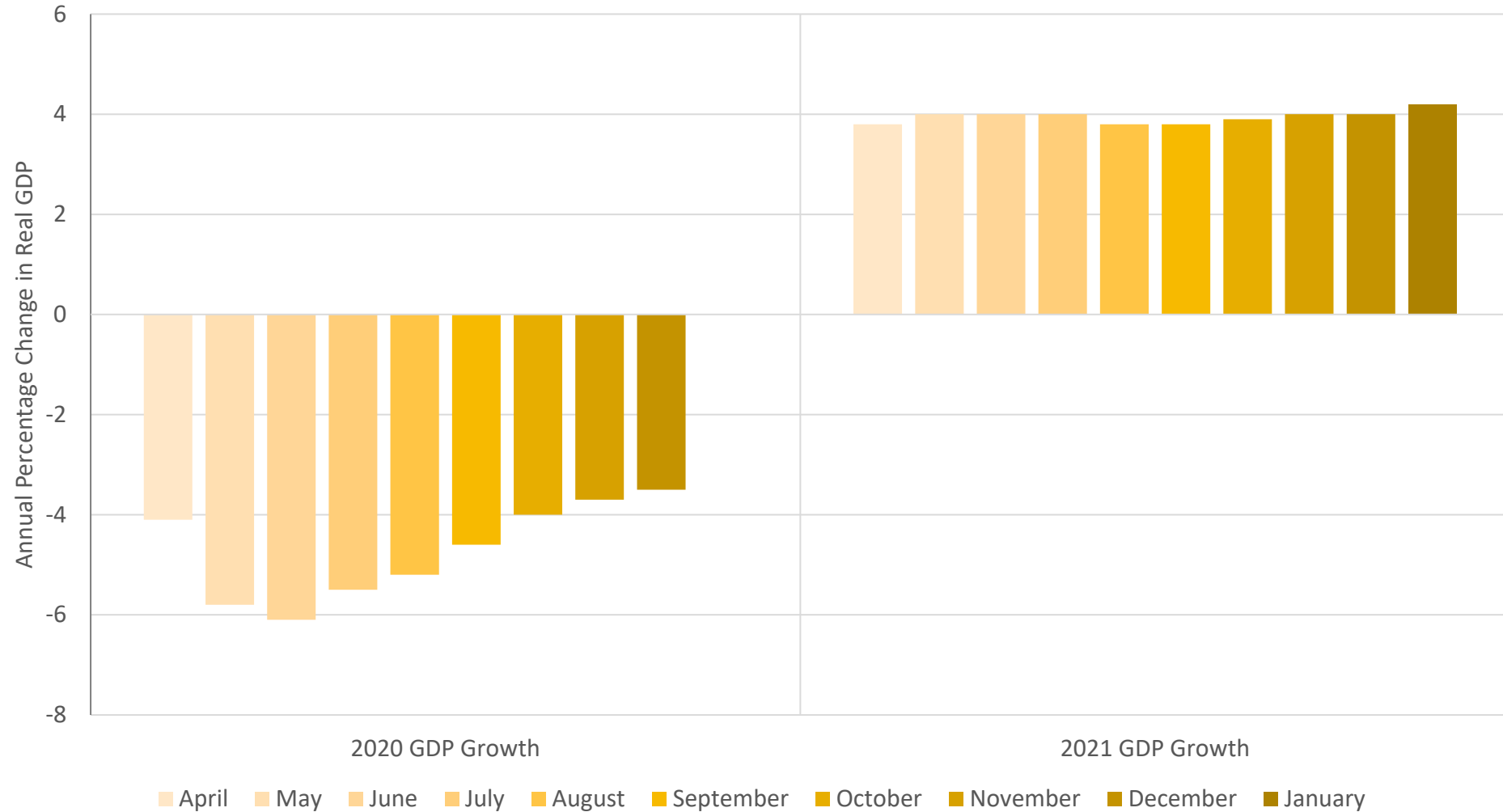
+46 more



Forecasts (Through January) Have Been Improving

3

Evolution of Blue Chip Forecasts for 2020 and 2021 Real GDP Growth, Monthly to Jan 2021



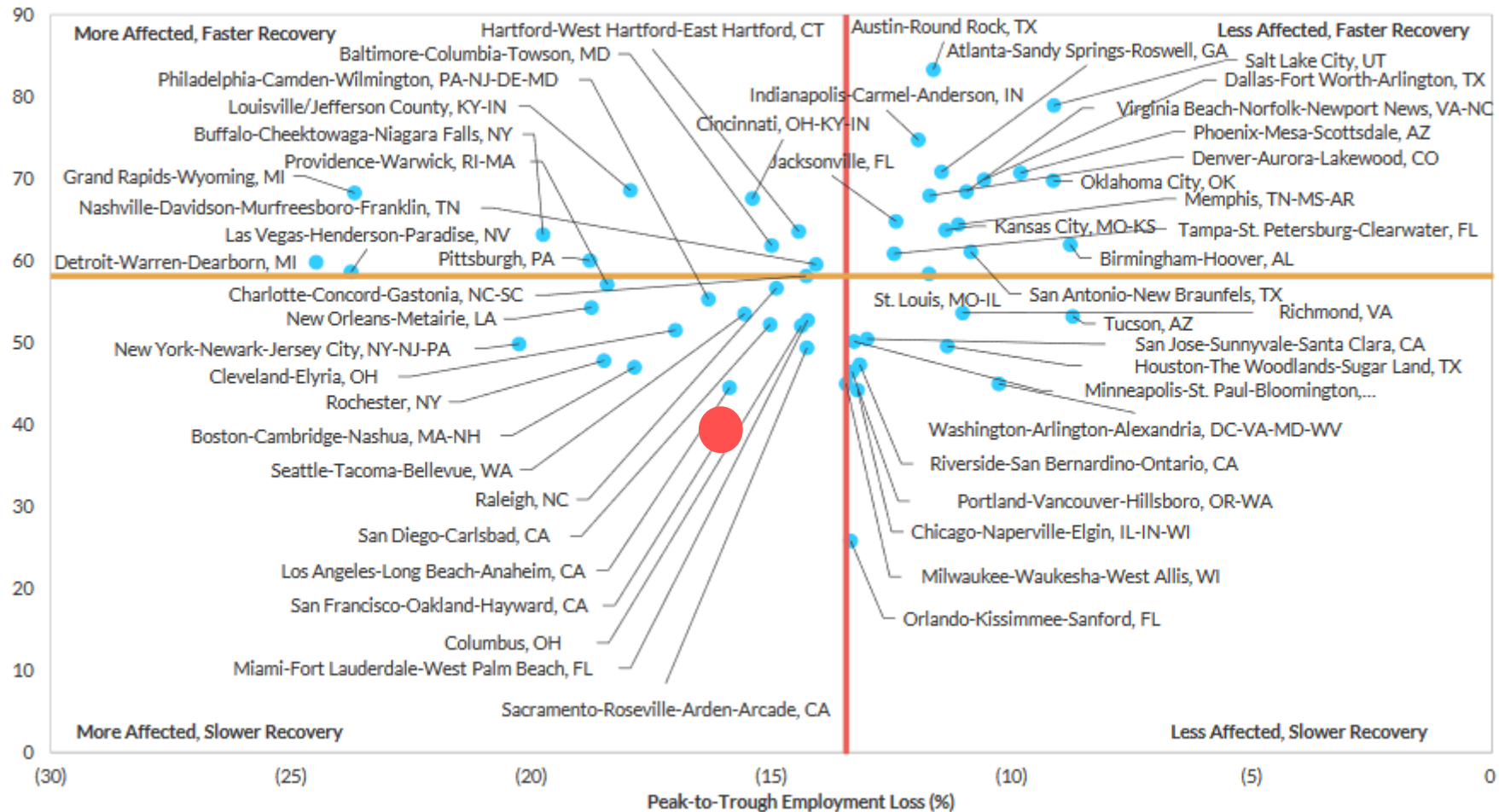
Metro Impacts and Pace of Recovery

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Major Metropolitan Areas Peak-to-Trough Jobs Loss and Recovery

(As of November 2020)

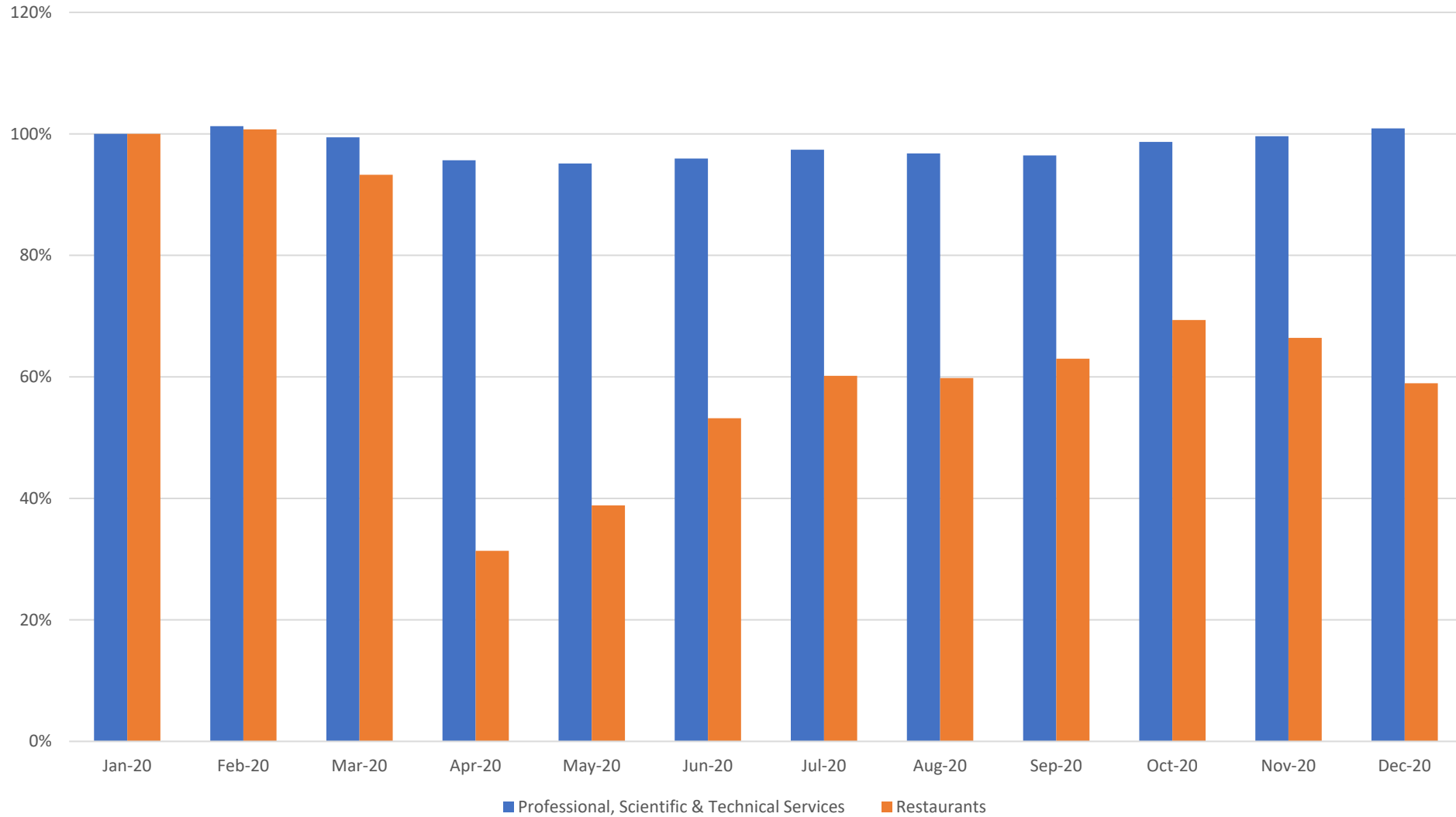
(% of Employment Recovery)



Local Office Industries vs. Service Industries

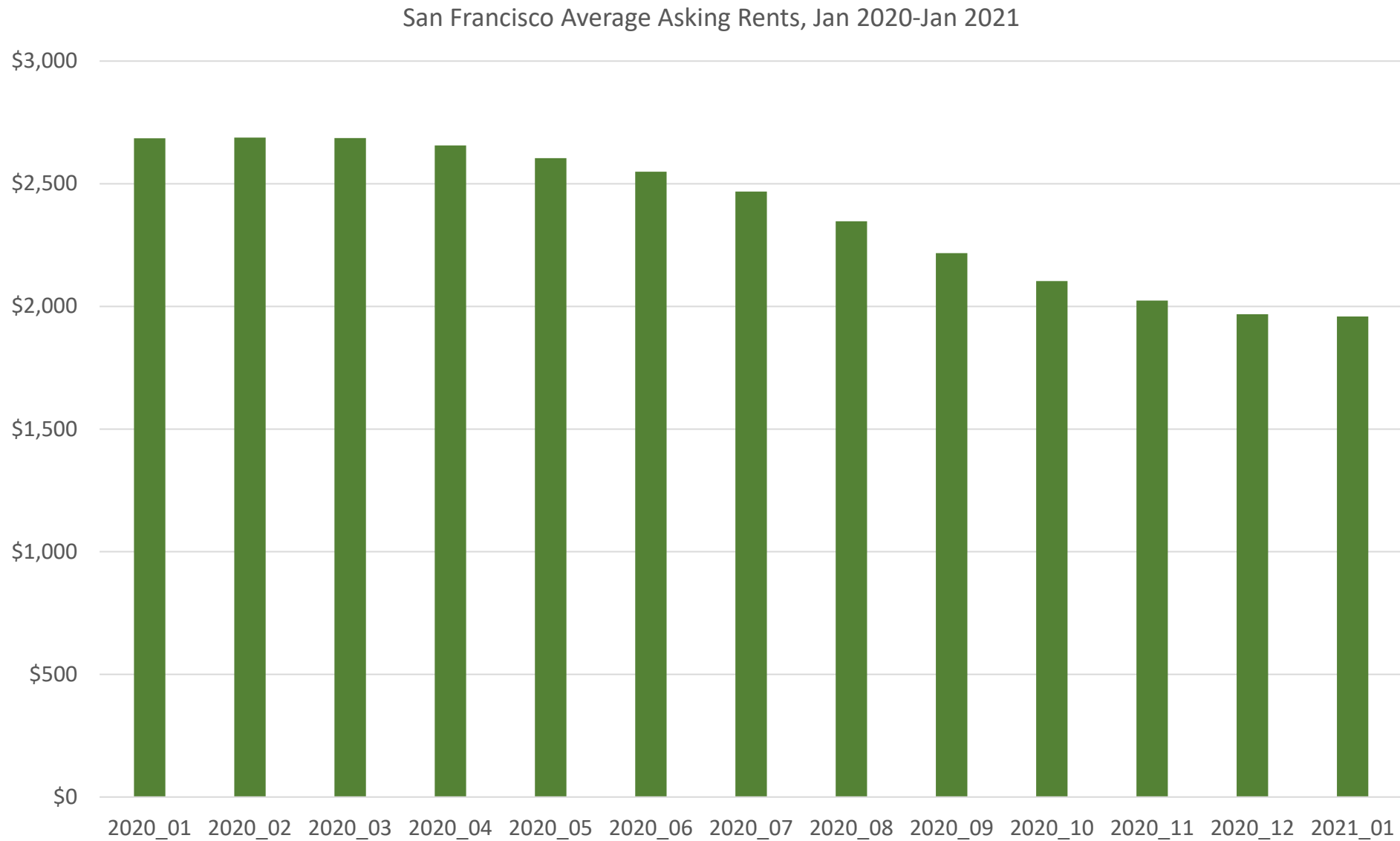
5

Monthly Employment in San Francisco MD Professional Services and Restaurant Industries, Jan-Dec 2020, as a Percent of Jan 2020 Employment



San Francisco's Rent Drop Largest of Any Big City

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USPS Address Changes Into/Out of SF: March-October

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	To Elsewhere	To SF	Total
From Elsewhere		39,128	
From SF	87,463	36,668	124,131
Total		75,796	

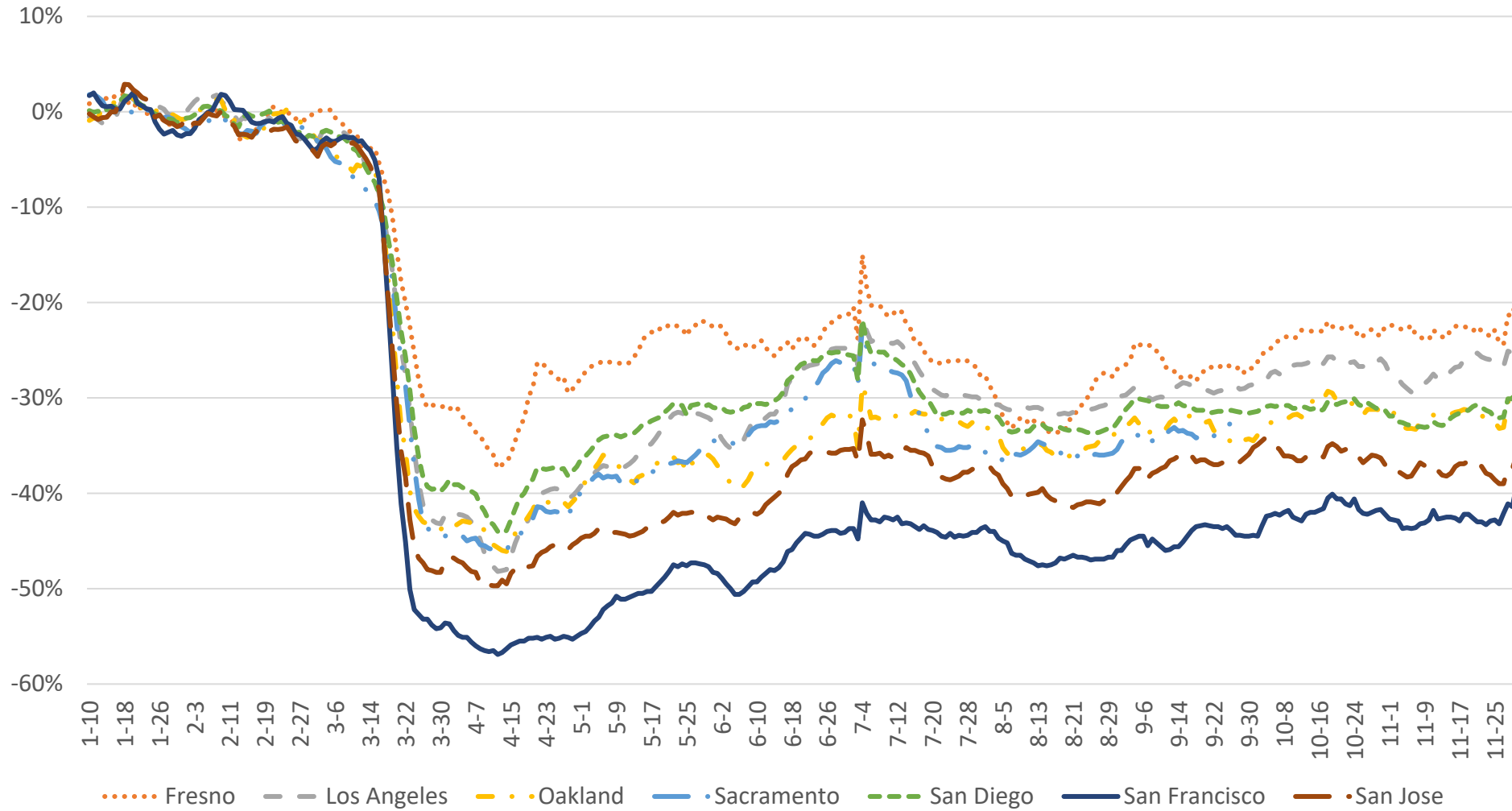
Net out-migration of 50,000 people from March – October (8 Months).

If out-migration continued at the same rate through December, that would be a net outflow of 62,500, or at least 7% of the city's population.

SF Small Business Closure Rates Are the Highest in CA

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Year-over-Year Percentage Change in Number of Small Businesses Open, Select California Cities, January-November 2020

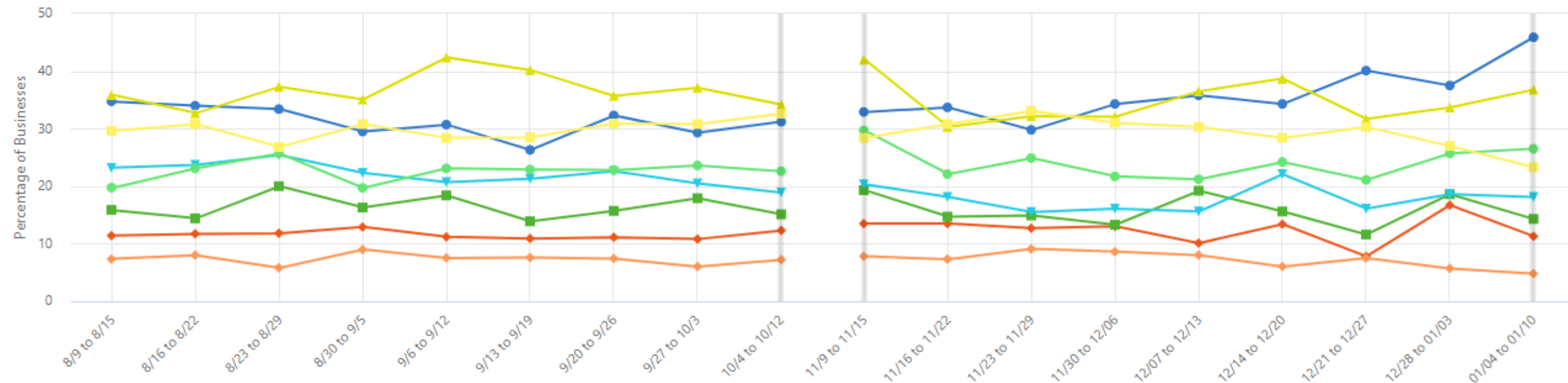


But, Even Locally, Most Businesses Plan to Stay Open

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In the next 6 months, do you think this business will need to do any of the following?

MSA 41860 Average (San Francisco-Oakland-Berkeley, CA)

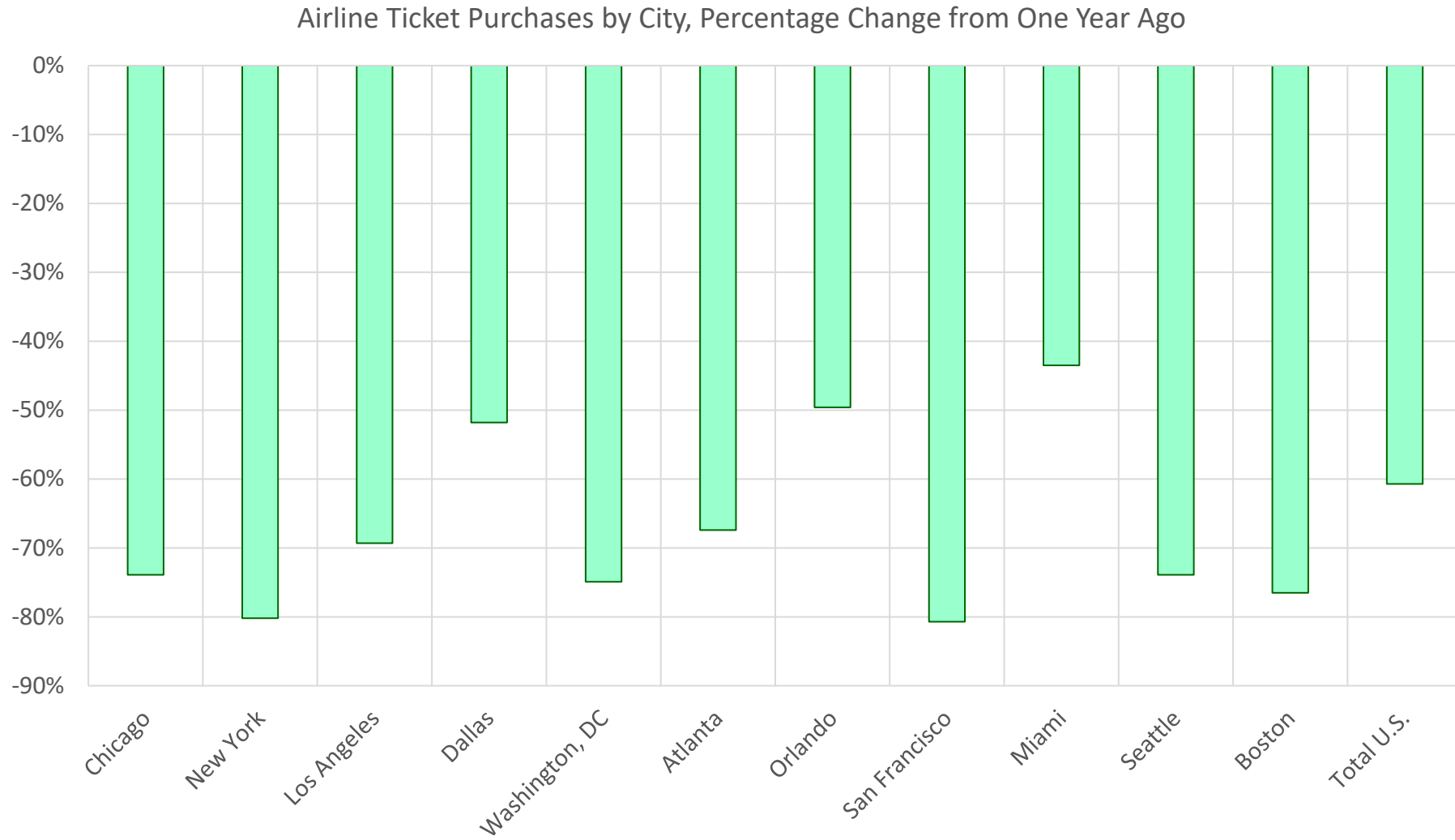


Note: No data collected between 6/27 and 8/9. No data collected between 10/12 and 11/9.

- Obtain financial assistance or additional capital
- Develop online sales or websites
- ▲ Learn how to better provide for the safety of customers and employees
- ◆ Permanently close this business
- ◆ Identify new supply chain options
- ▲ Increase marketing or sales
- Identify and hire new employees
- None of the above

SF Tourism Hit Harder than Most U.S. Destinations

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1. Vaccination process works
2. Rent drops bring people back
3. Small business recovery
4. Tourists and (eventually) conventions return

Post-Pandemic Office Scenarios:

Back to business-as-usual = fast recovery

Expanded work-at-home = slower recovery

Fully-virtual office = major economic reset

Historic short-term revenue shock

- FY19-20 revenues declined by \$417M (7%) – largely in three months
- Immediate losses in some revenue sources – hotel & sales taxes
- Other revenue losses will lag – property & business taxes

Hard budget choices mitigated by one-time solutions

- Strong reserve levels built during a decade-long recovery
- Significant federal stimulus payments in CARES Act
- A couple of lucky breaks – Litigation on tax cases, Excess ERAF

Mid-term budget challenge dependent on two issues

- Shape of the pandemic in coming year & local economic impact
- Outcome of new proposed federal stimulus package

Key longer-term unknowns

- Pace of recovery of hospitality industry
- Future of downtown & demand for office space