

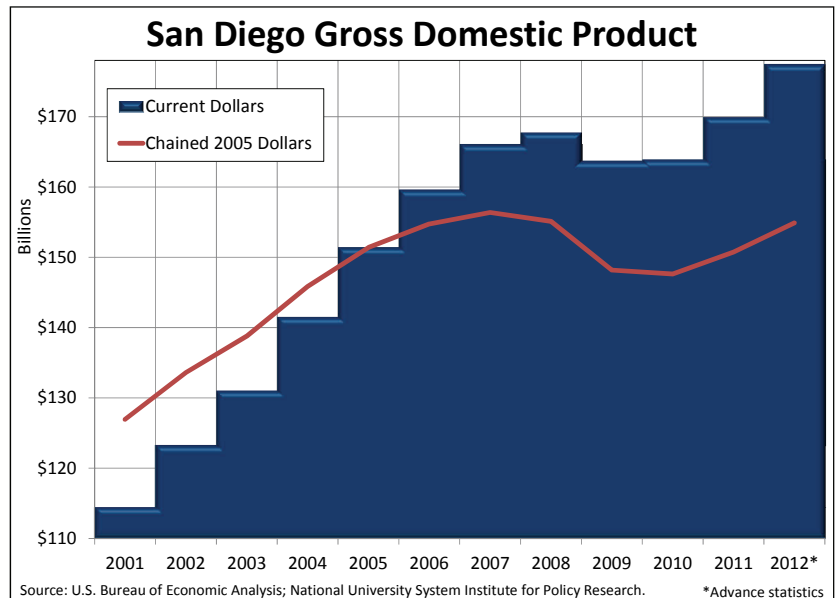


Recent Revisions of San Diego GDP Shows Uneasy Economic Recovery Continues

San Diego's economy grew 4.4 percent in 2012 to \$177.4 billion according to recently released revisions and advance estimates of metropolitan area gross domestic product (GDP) by the U.S. Bureau of Economic Analysis (BEA). Adjusted for chained or inflation-adjusted dollars, the "real" increase was 2.7 percent. This was the strongest increase in local production since 2005 just prior to the 2007-2010 recession.

While the improvement of economic activity is welcome news, the 2007-10 financial crisis was a huge loss in economic output and financial wealth to the region. Measured in "real" or inflation adjusted growth of GDP, San Diego's economy as of 2012 had still not quite reached the levels of production formerly attained in 2007 and 2008.

The psychological consequences, the long term impact of extended unemployment on labor force



RANKING OF GROSS DOMESTIC PRODUCT BY METROPOLITAN AREA

Rank	Metropolitan Area	2012* (millions)	Change: 12/11		
			Cur-ent	Chain-ed	Chg Rank
1	New York-Newark-Jersey City, NY-NJ-PA	\$1,358,416	3.1%	1.4%	210
2	Los Angeles-Long Beach-Anaheim, CA	765,759	4.6%	3.1%	92
3	Chicago-Naperville-Elgin, IL-IN-WI	571,008	4.1%	2.4%	134
4	Houston-The Woodlands-Sugar Land, TX	449,439	5.7%	5.3%	23
5	Washington-Arlington-Alexandria, DC-VA-MD-WV	448,741	2.3%	0.7%	264
6	Dallas-Fort Worth-Arlington, TX	420,340	5.4%	4.3%	39
7	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	364,009	3.3%	1.5%	196
8	San Francisco-Oakland-Hayward, CA	360,395	8.9%	7.4%	10
9	Boston-Cambridge-Newton, MA-NH	336,232	4.0%	2.3%	140
10	Atlanta-Sandy Springs-Roswell, GA	294,589	4.3%	2.6%	120
11	Miami-Fort Lauderdale-West Palm Beach, FL	274,105	5.2%	3.5%	70
12	Seattle-Tacoma-Bellevue, WA	258,819	6.2%	4.6%	31
13	Minneapolis-St. Paul-Bloomington, MN-WI	220,167	5.6%	3.9%	55
14	Detroit-Warren-Dearborn, MI	208,379	4.4%	2.7%	111
15	Phoenix-Mesa-Scottsdale, AZ	201,653	4.9%	3.2%	83
16	SAN DIEGO-CARLSBAD, CA	177,410	4.4%	2.7%	107
17	San Jose-Sunnyvale-Santa Clara, CA	173,908	3.6%	2.8%	105
18	Denver-Aurora-Lakewood, CO	167,886	3.8%	2.5%	127
19	Baltimore-Columbia-Towson, MD	157,260	5.0%	3.2%	79
20	Portland-Vancouver-Hillsboro, OR-WA	146,975	6.1%	5.1%	28
1	California	\$2,003,479	4.9%	3.5%	8
--	United States	15,566,077	4.1%	2.5%	--

* Advance statistics

Source: U.S. Bureau of Economic Analysis; National University System Institute for Policy Research.

skills, increased government intervention, and other significant costs continue to weigh heavily on the region's economic activity and wealth. During this time of economic turmoil every industry sector was shaken and continues to realign the region's economic composition, strengths and vitality three years after the official end of the recession. In this issue of the *San Diego Economic Ledger* we examine the changes of local production continuing to reshape San Diego's economic landscape.

San Diego GDP rankings

Among 383 designated metropolitan areas, San Diego GDP continues to be the 16th largest in the nation, larger than San Jose, CA and Denver, CO, and trailing Phoenix, AZ. San Diego also exceeds the economy of 24 entire states, slightly larger than South Carolina GDP of \$176.2 billion.

In 2012 San Diego accounted for 8.9 percent of California's GDP and 1.1 percent of the U.S. California's \$2.0 trillion economy

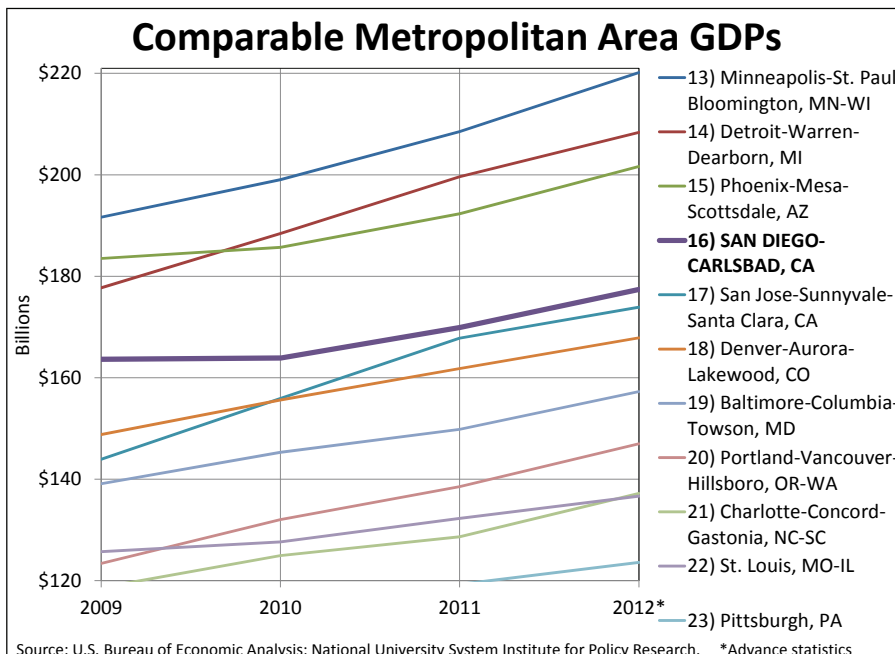
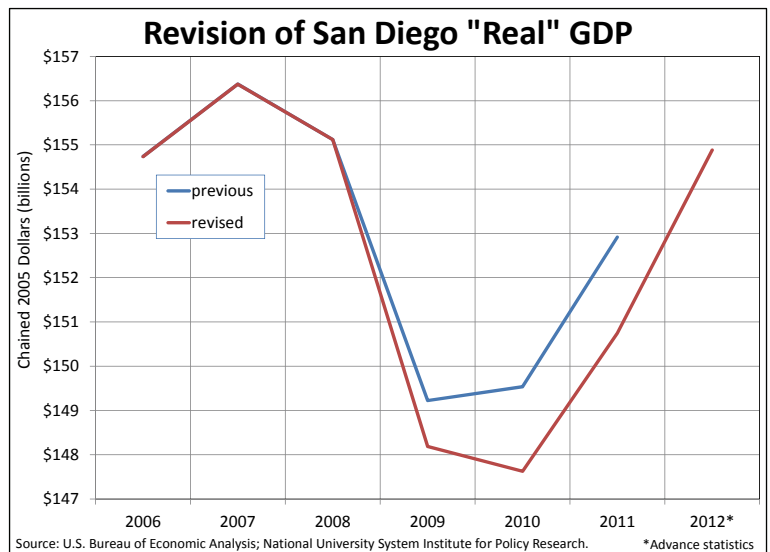
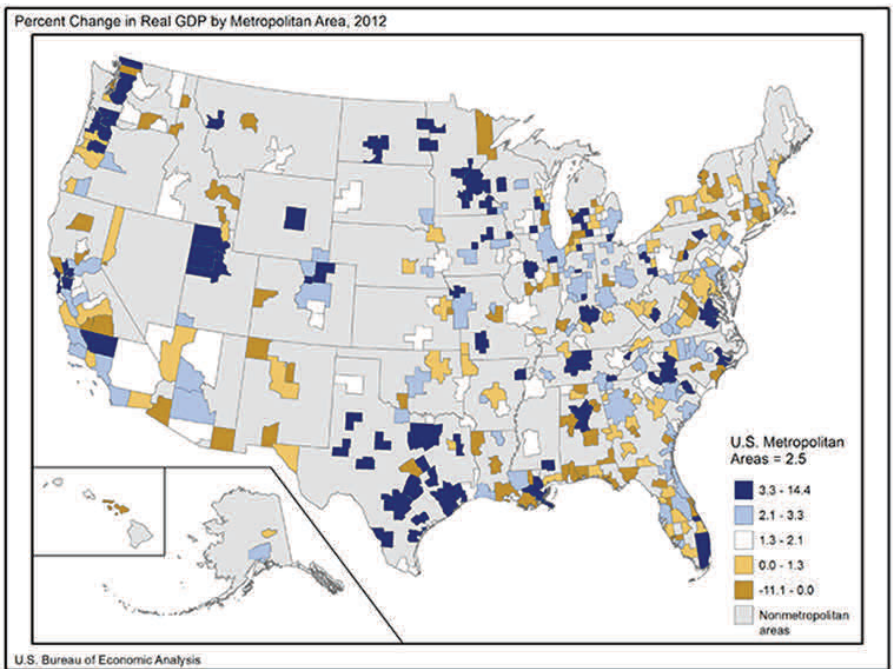
remains the nation's largest state economy by far, accounting for 13 percent of U.S. GDP, with 2nd place Texas (\$1.4 trillion) and 3rd place New York (\$1.2 trillion) considerably far behind.

Continuing economic recovery

San Diego's revised "real" or inflation adjusted economic growth of 2.7 percent in 2012 slightly exceeded overall U.S. growth of 2.5 percent, but lagged California's 3.5 percent gain. Among the 383 metro areas, San Diego's rate of expansion was 107th highest. Among the nation's 20 largest metro economies, however, San Diego's growth was among the slowest (18th).

This isn't a one year trend. Since the bottom of the nation's "Great Recession" in 2009, San Diego economic momentum has also lagged. Between 2009 and 2012, San Diego's total increase in GDP of 4.5 percent compared with 5.3 percent for California, and 6.7 percent across the U.S. overall. Among the 40 largest metro areas with GDP of \$85 billion or more, San Diego ranks among lower rates of growth, along with Los Angeles, Riverside-San Bernardino, Sacramento, Milwaukee and Las Vegas. In comparison among the fastest growing large economies, the San Jose metro area shows the most growth (21 percent), followed by Austin, TX (18.6 percent) and Portland, OR (18.0 percent),

While military and defense expenditures significantly bolster San Diego's economy, this spending has softened since 2010, which is the major reason economic momentum locally somewhat trails other major metro areas. This also has significant implications for San Diego's economy going forward as "sequestration" and



Estimates of San Diego GDP, as well as all other metropolitan areas, were revised by the BEA for 2009-2011. The revisions are consistent with previously released state GDP revisions.

The revision indicates San Diego's recession was deeper and longer than formerly assumed. Instead of slightly growing after 2009, San Diego's recession extended into 2010 before starting to recover. The three-year cumulative revision indicates \$6.0 billion less economic activity than previously estimated.

The revision also reveals San Diego's economy as of 2012 had still not quite recovered to 2007 and 2008 production levels after adjusting for inflation.

other federal spending cutbacks will continue to ripple through the regional economy.

Components of San Diego GDP: importance of Federal Spending

Breaking GDP down by industry reveals “government”, (including state, local, federal, and military), accounts for the single largest segment of San Diego’s economy. Besides 17.8 percent of GDP directly attributed to government, additional economic activity is derived from federal procurement contracts for military and defense based goods and services.

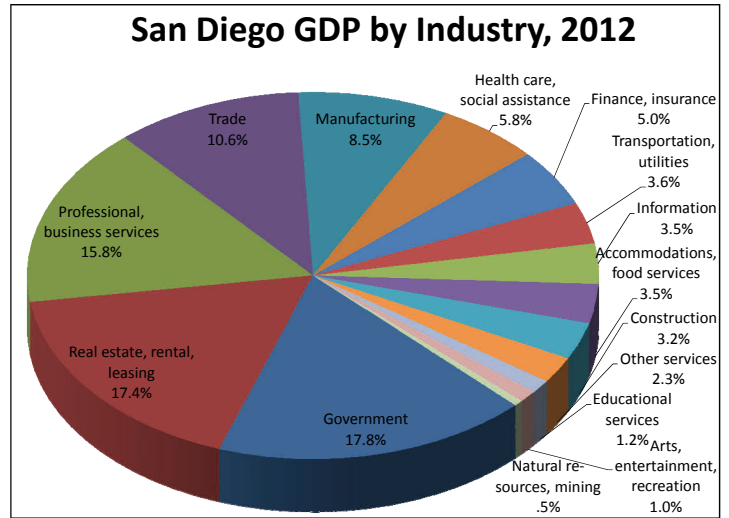
For example, federal defense expenditures are counted under manufacturing from aerospace and shipbuilding procurement contracts. Defense spending permeates throughout the San Diego economy with every GDP sector deriving at least some input

from federal spending.

According to the San Diego Military Advisory Council (SDMAC), defense spending in San Diego totaled \$24.2 billion in 2012.¹ This alone directly accounted for 18 percent of San Diego’s GDP. Therefore, including all federal expenditures, more

than a quarter (25 percent) of San Diego’s total economy was generated by government spending.

“Real estate, rental and leasing” accounts for the next largest share of San Diego’s economy, followed by “professional and business services”.



More than one-half (51 percent) of San Diego GDP is generated by these three industries. Including trade (retail and wholesale), manufacturing, and health care/social assistance, three quarters of San Diego’s GDP is generated by just these sectors.

Industry	SAN DIEGO GROSS DOMESTIC PRODUCT BY INDUSTRY												Percent:		Adj Inflation:	
	2007	2008	2009	2010	2011	2012*	Annual Change:					12/11	12/07	12/11	12/07	
	(Millions of dollars)						08/07	09/08	10/09	11/10	12/11	12/11	12/07	12/11	12/07	
All industry total	\$166,017	\$167,732	\$163,644	\$163,875	\$169,888	\$177,410	\$1,715	-\$4,088	\$231	\$6,013	\$7,522	4.4%	6.9%	2.7%	-1.0%	
Private industries	138,864	138,680	133,529	132,948	138,561	145,804	-184	-5,151	-581	5,613	7,243	5.2%	5.0%	3.7%	-1.8%	
Natural resources and mining	1,031	1,028	862	907	891	920	-3	-166	45	-16	29	3.3%	-10.8%	3.8%	-23%	
Agriculture, forestry, fishing, hunting	757	691	679	737	692	673	-66	-12	58	-45	-19	-2.7%	-11.1%	-3.7%	-24%	
Mining	274	337	182	171	199	247	63	-155	-11	28	48	24%	-9.9%	31%	-18%	
Construction	8,272	7,088	6,050	5,561	5,609	5,765	-1,184	-1,038	-489	48	156	2.8%	-30%	0.5%	-33%	
Manufacturing	12,527	12,742	13,429	13,058	13,488	15,141	215	687	-371	430	1,653	12%	21%	11%	18%	
Durable goods+	9,126	9,629	10,038	9,336	9,578	10,418	503	409	-702	242	840	8.8%	14%	8.3%	21%	
Computer, electronic products	3,495	3,885	4,314	3,871	3,794	(NA)	390	429	-443	-77	(NA)	(NA)	(NA)	(NA)	(NA)	
Other transportation equipment	1,431	1,562	1,669	1,439	1,545	(NA)	131	107	-230	106	(NA)	(NA)	(NA)	(NA)	(NA)	
Miscellaneous manufacturing	1,704	1,733	2,012	1,979	2,005	(NA)	29	279	-33	26	(NA)	(NA)	(NA)	(NA)	(NA)	
Nondurable goods+	3,401	3,114	3,391	3,723	3,910	4,723	-287	277	332	187	813	21%	39%	18%	8.9%	
Chemical	1,745	1,555	1,691	2,182	2,381	(NA)	-190	136	491	199	(NA)	(NA)	(NA)	(NA)	(NA)	
Trade	17,800	16,831	15,710	16,442	17,280	18,887	-969	-1,121	732	838	1,607	9.3%	6.1%	8.1%	-2.2%	
Wholesale trade	7,260	7,374	6,569	7,013	7,607	8,518	114	-805	444	594	911	12%	17%	10.4%	2.0%	
Retail trade	10,539	9,456	9,141	9,428	9,673	10,370	-1,083	-315	287	245	697	7.2%	-1.6%	6.2%	-5.4%	
Transportation, warehousing	1,855	1,924	1,823	1,945	1,828	2,005	69	-101	122	-117	177	9.7%	8.1%	6.3%	-4.2%	
Utilities	2,659	3,108	3,642	3,612	3,936	4,450	449	534	-30	324	514	13%	67%	11.7%	48%	
Information+	10,920	7,608	5,950	5,507	5,821	6,274	-3,312	-1,658	-443	314	453	7.8%	-43%	6.8%	-41%	
Publishing industries, except Internet	1,884	1,739	1,690	1,726	1,849	(NA)	-145	-49	36	123	(NA)	(NA)	(NA)	(NA)	(NA)	
Broadcasting, telecommunications	8,343	5,306	3,409	3,054	3,240	(NA)	-3,037	-1,897	-355	186	(NA)	(NA)	(NA)	(NA)	(NA)	
Finance, insurance	7,691	6,965	7,292	7,771	7,573	8,951	-726	327	479	-198	1,378	18%	16%	14.5%	2.9%	
Real estate, rental, leasing	33,164	34,526	32,514	29,984	30,621	30,823	1,362	-2,012	-2,530	637	202	0.7%	-7.1%	0.4%	-11%	
Professional and business services	22,586	25,715	24,694	25,629	27,865	28,096	3,129	-1,021	935	2,236	231	0.8%	24%	-1.2%	16%	
Professional, scientific, technical	15,842	19,014	18,357	18,666	20,199	20,054	3,172	-657	309	1,533	-145	-0.7%	27%	-3.2%	18%	
Management of companies, enterprises	1,644	1,533	1,568	2,201	2,531	2,911	-111	35	633	330	380	15%	77%	14.3%	55%	
Administrative, waste management	5,100	5,167	4,769	4,761	5,134	5,131	67	-398	-8	373	-3	-0.1%	0.6%	-1.1%	-3.5%	
Educational services	1,197	1,353	1,610	1,652	1,786	2,059	156	257	42	134	273	15%	72%	12%	39%	
Health care, social assistance	7,744	8,596	9,205	9,617	10,108	10,310	852	609	412	491	202	2.0%	33%	0.0%	20%	
Ambulatory health care services	4,460	4,948	5,190	5,620	5,959	(NA)	488	242	430	339	(NA)	(NA)	(NA)	(NA)	(NA)	
Hospitals, nursing, care facilities	2,562	2,891	3,204	3,170	3,297	(NA)	329	313	-34	127	(NA)	(NA)	(NA)	(NA)	(NA)	
Social assistance	722	757	811	827	852	(NA)	35	54	16	25	(NA)	(NA)	(NA)	(NA)	(NA)	
Leisure and hospitality	7,541	7,444	6,944	7,294	7,577	8,019	-97	-500	350	283	442	5.8%	6.3%	3.6%	-2.8%	
Arts, entertainment, recreation	1,784	1,780	1,632	1,719	1,860	1,862	-4	-148	87	141	2	0.1%	4.4%	-0.2%	-1.6%	
Accommodation	1,987	1,985	1,638	1,740	1,870	(NA)	-2	-347	102	130	(NA)	(NA)	(NA)	(NA)	(NA)	
Food services and drinking places	3,770	3,678	3,674	3,834	3,848	(NA)	-92	-4	160	14	(NA)	(NA)	(NA)	(NA)	(NA)	
Other services, except government	3,878	3,753	3,804	3,971	4,177	4,103	-125	51	167	206	-74	-1.8%	5.8%	-3.4%	-9.6%	
Government	27,153	29,051	30,115	30,927	31,327	31,606	1,898	1,064	812	400	279	0.9%	16%	-1.5%	3.6%	
Federal civilian	4,302	4,581	5,004	5,495	5,606	(NA)	279	423	491	111	(NA)	(NA)	(NA)	(NA)	(NA)	
Federal military	10,012	10,997	11,761	12,333	12,304	(NA)	985	764	572	-29	(NA)	(NA)	(NA)	(NA)	(NA)	
State and local	12,838	13,473	13,350	13,099	13,417	(NA)	635	-123	-251	318	(NA)	(NA)	(NA)	(NA)	(NA)	

*Advance Statistics (NA): Not available. +Only major sub-industries categories are displayed.

Source: U.S. Bureau of Economic Analysis; National University System Institute for Policy Research.

Recession and recovery impacts mixed among local industries

San Diego industries most impacted by the “Great Recession” were information, real estate, construction, trade, leisure/hospitality (including food services, accommodations, entertainment), and natural resources. Some \$15 billion in economic activity was lost by these sectors between 2007 and 2010. Although some growth is reported for more recent years, as of 2012 none of the sectors had recovered prior peak levels.

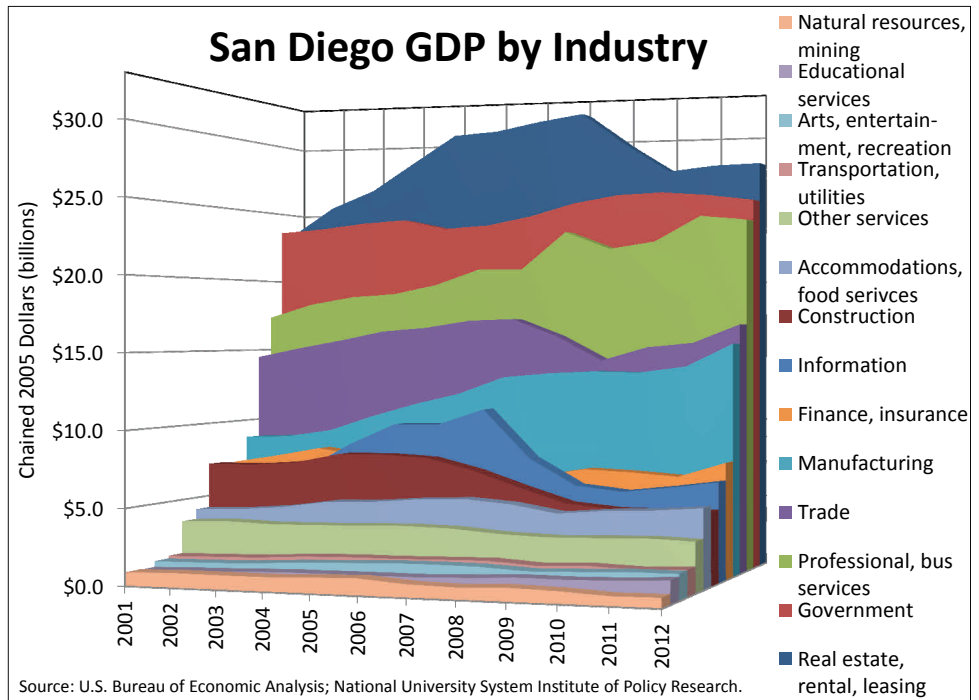
As often noted, extensively connected sectors of *finance, real estate, and construction* accounted for the greatest share of economic losses. The fall-out of these sectors further impacted consumer spending and significantly caused economic activity to fall in retail, accommodations, food services, and arts and entertainment sectors.

Manufacturing production grew through the recession in San Diego, although manufacturing employment fell.

Less well understood is San Diego’s *information* sector, encompassing publishing industries (except internet), motion picture and sound recording, broadcasting and telecommunications, and information and data processing services, suffered the highest percentage drop in value of any local sector, even surpassing losses of construction. It should also be noted *Qualcomm*, San Diego’s largest *Fortune* 100 headquartered telecomm firm, is not categorized in this sector, but under “professional and business services” (and accounted for a major portion of the growth recorded in this sector locally over the past decade).

Health care, private education, and utilities were the only industry sectors to not suffer any setback of overall production in San Diego throughout both recession and post-recession years. These sectors consequently also significantly increased percentage shares within the overall economy.

Perhaps most surprisingly, San Diego’s



manufacturing industry, as measured by GDP output, actually grew during the recession, and even accelerated the past year. Leading manufacturing sectors in San Diego include *computer and electronics, other transportation equipment* (aerospace, shipbuilding), *chemicals, and sporting/recreational goods* production.

Since 2001, manufacturing production increased 77 percent, although manufacturing employment fell 22 percent. Obviously San Diego’s manufacturing industries have increasingly become more high-value, less labor intensive production processes. This is the result of a combination of high value-added goods produced and more labor saving machinery utilized. Much of San Diego manufacturing is also concentrated in research and development, and administers production that actually takes place elsewhere (such as in Baja California).

Professional, scientific and technical services and company management, although faltering somewhat during some years, managed to expand actual production values more in total dollars than any other industry. These sectors largely encompass high-wage jobs involved in research and development of biotechnology/medical/pharmaceuticals, telecommunications, computers and electronic technologies.

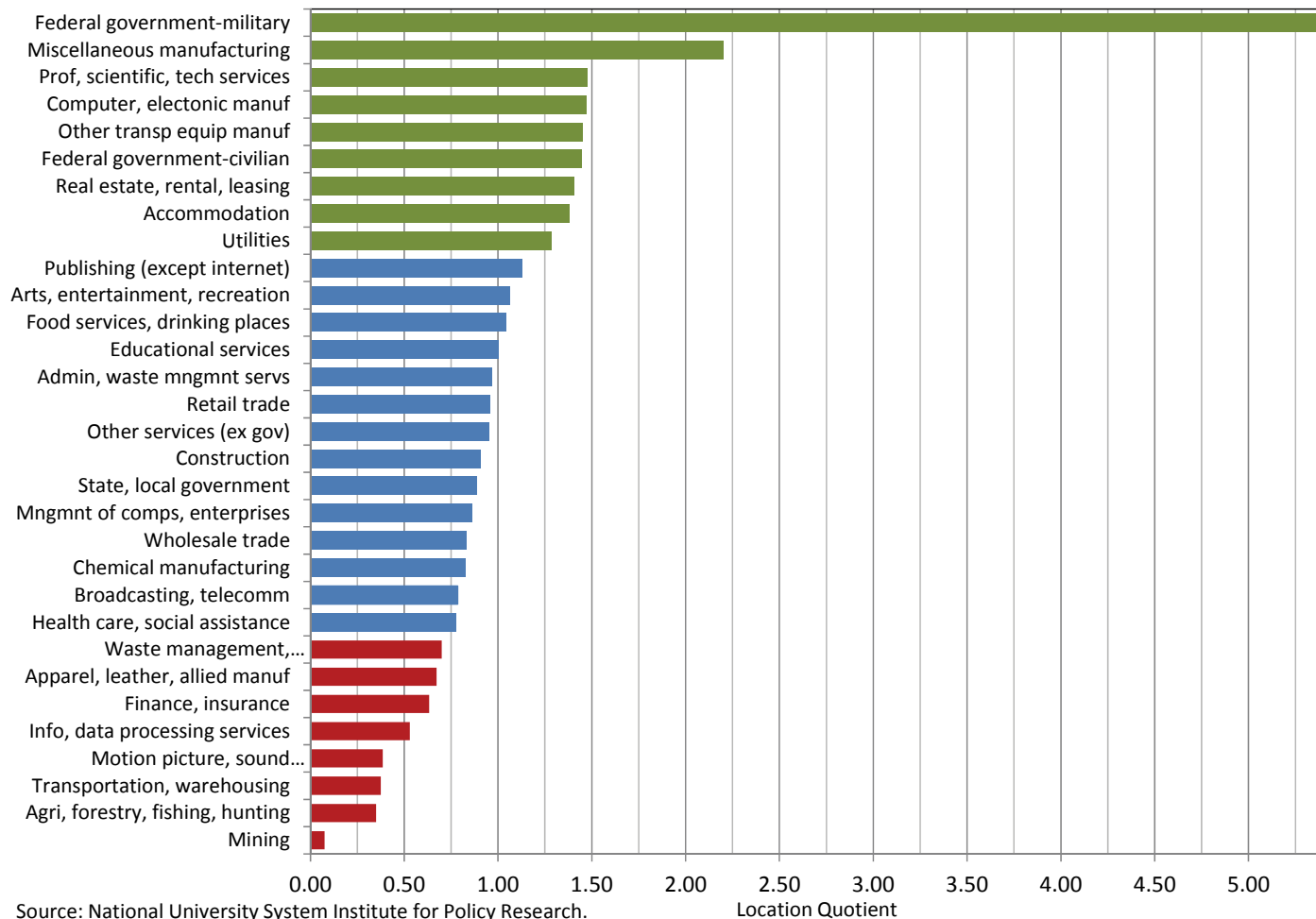
Location quotient shows San Diego’s industrial strengths and weaknesses

The measurement of GDP location quotient (LQ) reveals strengths and weaknesses among San Diego’s economic drivers. (See Note, page 5) A high GDP LQ indicates industries that supply goods and services to customers located outside of the region and brings in dollars to the local economy. A low LQ, by contrast, indicates sectors where San Diego is at a competitive disadvantage and where local demand for particular goods and services is likely satisfied by importing goods and sending or losing dollars outside of the region.

San Diego’s exceptionally high military LQ is an indication for what has long been known – the US Department of Defense continues to exert tremendous influence over the regional economy. Direct federal government military contributions to San Diego’s GDP in 2012 is 5.4 times national averages. Although the current LQ concentration is actually lower than in former eras, the military remains the primary driver, by far, of San Diego’s economic fortunes.

The following chart depicts GDP LQ among San Diego’s leading industries. The green bars indicate industries having relatively high GDP LQ (25 percent above average), while blue bars are

San Diego GDP Location Quotient by Industry, 2012



about average (+/-25 percent), and red below average (-25 percent).

Computer and electronic product manufacturing is much higher in San Diego

than national averages. The industry's competitive advantage in San Diego, however, significantly softened over the past decade.

"Miscellaneous manufacturing" primarily entails recreational goods produced in San Diego. The San Diego LQ is very high in San Diego primarily because of the extensive amount of golf equipment manufacturing located here including *TaylorMade*, *Calloway*, *Acushnet-Titleist* and *Cobra Golf*, and *Aldila*. Surf and skate board production is also noteworthy. San Diego's dominance of these industries only increased over the past decade.

San Diego's high LQ among "other transportation equipment" manufacturers specifically results from the large amount of aerospace and shipbuilding located in the region. Industry leading aerospace manufacturers include *Northrup Grumman* and *General Atomics*, while *General Dynamics-NASSCO* remains the west coast's only major shipbuilder.

Note: Location Quotient definition

Location quotient (LQ) is an analytical statistic measure of a region's industrial specialization relative to a larger geographic unit (usually the nation). LQ is computed as the industry's share of the regional total for an economic factor (GDP, earnings, employment, etc.) divided by the industry's share of the national total for the same statistic. For example, an LQ of 1.0 in accommodation means the region and the nation are equally specialized in mining; while an LQ of 1.5 means the region has a higher concentration in mining than the nation. This can reveal what makes the region unique in comparison to national averages.

LQ are an indication of industries that export goods and services out of the region and bring wealth back into

it. Industries that produce more in the region than the national average for that same industry in theory produce more goods and services than the region alone can consume. Thus, industries export the excess product out of the region and bring in or increase the region's wealth. Essentially, LQ measures export-strength of the local industry.

Location Quotient GDP formula =

$$\frac{(\text{San Diego industry GDP} / \text{San Diego GDP})}{(\text{U.S. industry GDP} / \text{U.S. total GDP})}$$

LQ > 1.0 San Diego has higher concentration of production or employment than national averages.

LQ = 1.0 San Diego has the same share of regional production or employment as the nation.

LQ < 1.0 San Diego has a lower concentration of production or employment as the national average.

Perhaps not too surprisingly given San Diego's prominence as visitor destination, the GDP LQ for accommodations is relative high. The wide assortment of hotels, motels, and other vacation rentals provide a major boost to the regional economy.

On the other hand, food services and drinking places are surprisingly only slightly above national averages as of 2012. Over the past decade the LQ of these businesses slipped in San Diego during the recession.

Real estate and rental/leasing LQ, despite significant drop in GDP contribution over the course of the recession, continues to be relatively high in San Diego. This indicates San Diego's real estate industries remain significant drivers of regional economic activity relative to the rest of the nation.

Technology industries continue to be major forces of San Diego's economy. High levels of professional, scientific and technical service production also intensified over the past decade.

Utilities began the past decade far below average, but as of 2012, the LQ increased to slightly above the national average at 1.08 with significant increases of production the past few years.

On the other hand, broadcasting and telecommunications began the past decade with GDP LQ above average, but as of 2012 had fallen far behind. Construction in San Diego also began the decade well above national averages, but over the course of the recession fell below. Similarly, management of companies and enterprises considerably weakened over the second half of the decade.

Future considerations

While the industries revealed by low LQ show where San Diego is weaker or lagging in economic power, there is also a clear indication of needs for these products and services

San Diego's leading economic drivers include: military, aerospace, shipbuilding, recreational goods, computer/electronics manufacturing, professional/scientific/technical services, real estate, accommodations, utilities, and publishing.

not being served locally. Since the region must therefore import goods and services to meet local demand, there are perhaps potential opportunities for more to be generated locally within these industries.

As the local economy continues to recover, the industries where San Diego already shows the greatest competi-

tive advantages are clearly evident in computer, electronics, aerospace, shipbuilding, and recreational goods manufacturing. Professional, scientific, technical services, accommodations, real estate, and utilities are also major strengths. Continuing to bolster growth on these industries is critically important for the region's economic prosperity, particularly in light of anticipated further softening of San Diego's largest economic drivers generated by military and defense spending.

Appendix: Definition and methodology of GDP estimates

Annual estimates of GDP by the U.S. Bureau of Economic Analysis are the most comprehensive measurements of U.S. economic activity. Conceptually, GDP industry estimates are the "value added" by summing incomes earned by labor, capital and costs incurred in production of goods and services. For each industry, current-dollar GDP is composed of three components: Compensation of employees, taxes on production and imports less subsidies, and gross operating surplus.

GDP estimates of the nation's metropolitan areas are the local counterpart to national GDP. Estimates of GDP-by metropolitan-area are computed from applying a ratio of state GDP to earnings by place of work with local estimates of earnings by place of work. GDP estimates are shown in millions of current and chained dollars for 61 North American Industry Classification System (NAICS) industries.

Statistics of real GDP by metropolitan area are prepared in chained (2005) dollars. Real GDP by metropolitan area is an inflation-adjusted measure for each area's gross product based on national prices for goods and services produced within the metropolitan area. The base year of 2005 was derived by applying national chain-type price indexes to current-dollar GDP-by-metropolitan-area values for the detailed NAICS-based industries. The chain-type index formula used in the national accounts is then used to calculate the values

SAN DIEGO GDP LQ BY INDUSTRY

Industry	2012	Difference from 2001
Federal government-military	5.38 *	-0.53
Miscellaneous manufacturing	2.20 *	0.23
Professional, scientific, technical services	1.48	0.12
Computer, electronic manufacturing	1.47 *	-0.40
Other transp equip manufacturing	1.45 *	0.23
Federal government-civilian	1.45 *	0.13
Real estate, rental, leasing	1.40	-0.03
Accommodation	1.38 *	0.12
Utilities	1.28	0.71
Publishing (except internet)	1.13 *	0.08
Arts, entertainment, recreation	1.07	0.05
Food services, drinking places	1.05 *	-0.04
Educational services	1.00	0.35
Administration, waste management services	0.97	-0.09
Retail trade	0.96	-0.07
Other services (excluding government)	0.96	-0.06
Construction	0.91	-0.10
State, local government	0.88 *	-0.02
Management of companies, enterprises	0.86	0.05
Wholesale trade	0.83	0.06
Chemical manufacturing	0.83 *	0.27
Broadcasting, telecommunications	0.78 *	-0.81
Health care, social assistance	0.78	0.03
Waste management, remediation	0.70 *	0.15
Apparel, leather, allied manufacturing	0.67 *	-0.07
Finance, insurance	0.63	-0.05
Information, data processing services	0.53 *	-0.08
Motion picture, sound recording	0.39 *	-0.27
Transportation, warehousing	0.37	-0.02
Agriculture, forestry, fishing, hunting	0.35	-0.21
Mining	0.08	-0.02

*2011 data (2012 not available).

Source: U.S. Bureau of Economic Analysis.

LQ calculations by National University System Institute for Policy Research.

San Diego GDP

(Continued from page 6)

of total real GDP by metropolitan area and of real GDP by metropolitan area at more aggregated industry levels. Real GDP by metropolitan area may reflect the substantial volume of output that is sold to other areas and countries. To the extent that a metropolitan area's output is produced and sold in national markets at relatively uniform prices (or sold locally at national prices), real GDP by metropolitan area captures differences across metropolitan areas reflecting relative differences in mix of goods and services that areas produce. However, real GDP by metropolitan area does not capture geographic differences in the prices of goods and services produced and sold locally.

Relation of GDP by metropolitan area real growth rates to national GDP. The U.S. metropolitan area growth rates of real GDP may differ from national real GDP growth rates released in the July 2013 annual revision of the national income and product accounts (NIPAs). Differences with the national growth in real GDP are primarily due to the direct linkage and consistency of GDP-by-metropolitan-area statistics with the most recently re-

Dashboard Observations– August 2013

By Kelly Cunningham, Economist and Senior Fellow

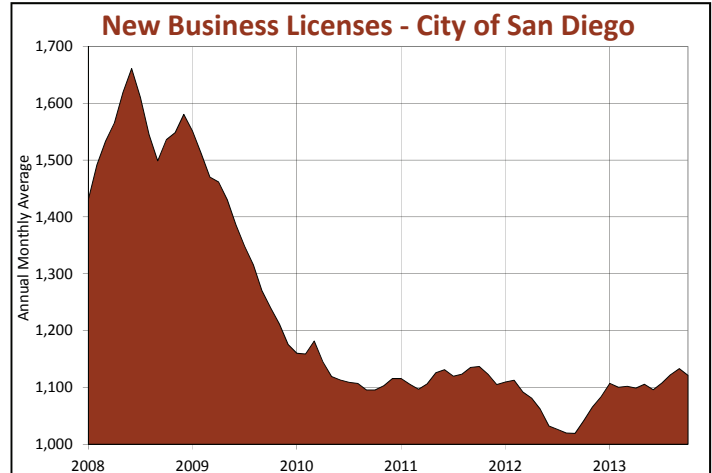
All San Diego economic dashboard indicators show improvement except residential **construction**. Although the number of units authorized in August 2013 dropped considerably from the previous month and compared to a year ago, for the year the number approved is on pace to not only exceed the 2012 total but reach the highest annual number since 2005, prior to the San Diego's building market collapse and the ensuing recession.

The number of **business licenses** issued by the City of San Diego increased slightly in August and was up significantly from a year ago. The pace over the past year, however, seems mixed. Although clearly improved since a year ago, the number issued the past few months appears to be stalling as of mid-2013. What remains particularly concerning is the difficulty in getting this metric back to pre-recession levels.

San Diego's **stock index** of 146 local, publicly-traded companies continues a five-year gain to record levels. **Unemployment**

leased statistics of GDP by state and the Annual Industry Accounts' GDP by industry.

GDP statistics by metropolitan area in current and real (chained) dollars are available from the Regional Economic Accounts page of the



Indicator	August 2013	Month Change (Sea. Adj.)	Annual Change
Unemployment Rate¹ San Diego County	7.4%	-0.1% ▲	-1.8% ▲
Residential Building² Units authorized for construction San Diego County	373	-61% ▼	-41% ▼
New Business Licenses³ Issued by City of San Diego	1,239	3.2% ▲	17% ▲
San Diego Stock Index⁴ San Diego based companies	155	1.6% ▲	31% ▲

¹California Employment Development Department.

²U.S. Bureau of the Census.

³Business Tax Program, City of San Diego.

⁴Second Thursday of month, Bloomberg News, San Diego Daily Transcript.

also improved to 7.4 percent, the lowest rate recorded in San Diego since 2008.

BEA Web site at: www.bea.gov/regional/index.htm.

¹San Diego Military Advisory Council, "San Diego Military Impact Study, San Diego Region 2013", *Fermanian Business & Economic Institute* at PLNU, www.sdmac.org/2013SDMEIS.aspx



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