



IMMEDIATE RELEASE

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Bay Area Economic Confidence Slipping as Housing, Traffic Crises Take Serious Toll

SAN FRANCISCO—The Bay Area’s epic housing and traffic crises are taking a serious and growing toll on economic confidence, according to results of the 2017 Bay Area Council Poll released today.

Confidence in the Bay Area economy sunk to its lowest level in four years. While 53 percent of respondents in 2014 said the economy was doing better compared to the previous six months, just 31 percent hold that view today. Looking ahead, the results are similarly dour. The Bay Area Council Poll found just 24 percent of those surveyed think the economy will be doing better six months from now, down from 50 percent in 2014. Millennials (18-39) showed less confidence in the economy than older generations.

Housing and traffic once again rise to the top of the list of biggest problems in the region, just as they have consistently over time, except in 2015, when California’s then-historic drought supplanted those concerns. The region’s high cost of living, which is tied closely to housing costs, also ranked at the top of Bay Area concerns.

“We are playing a risky game with the Bay Area’s golden goose,” said Jim Wunderman, President and CEO of the Bay Area Council. “There’s an unquestionable link between our housing, traffic and cost of living issues and plummeting confidence in our economy. We’re making it harder and harder for the next generation of leaders and workers to live here, and it will have serious consequences.”

The poll found that 76 percent think the region’s housing shortage is threatening the Bay Area’s economy, which has led the state and nation in creating jobs and generating major revenue for public coffers.

Millennials and those who have lived the fewest years in the Bay Area appear to be feeling the pinch the hardest. The Bay Area Council Poll found 33 percent of millennials ranked cost of living as the region’s top problem and 65 percent listed it in the top three, compared with 16 percent and 44 percent, respectively, for voters aged 65 and older.

Weakening confidence in the region’s economy is consistent with softening attitudes about the overall direction of the Bay Area. The poll found a significant drop since 2014 in the number of people who think the Bay Area is headed in the right direction. In 2014, that number was 57 percent, compared to 42 percent today.

“We’ve had a tremendous run of economic success, a run that has made us the envy of many regions around the world,” said Michael Covarrubias, Chair of the Bay Area Council and CEO of TMG Partners. “A strong economy creates jobs, attracts investment and fills public coffers with tax dollars that support everything from schools to public safety and the many other vital services residents expect. A growing economy also needs housing and a free-flowing transportation system, but we’re only producing one unit of housing for every eight jobs and our backlog of transportation investment reaches to the tens of billions of dollars.”

Concern about a future economic downturn also intensified this year, with 45 percent of voters saying that the Bay Area will experience a significant slowdown sometime in the next three years. That’s up 8 percentage points from 37 percent last year. A recent analysis of state jobs data by the Bay Area Council Economic Institute echoed the decline in confidence, with the Bay Area failing for the first time in five years to create more jobs than it lost. The analysis projects the region is on pace to create 86,000 jobs in 2017, a steep drop from 142,000 in 2016.

Bay Area voters have a little more confidence in how they’re doing personally. The poll found that 25 percent are doing better financially compared with six months ago, unchanged from last year, while 29 percent think their financial situation will improve over the next six months. Another 55 percent say their financial situation remains unchanged from six months ago.

The *2017 Bay Area Council Poll*, which was conducted online by Oakland-based public opinion research firm EMC Research from Jan. 24 through Feb. 1, 1,000 registered voters from around the nine-county Bay Area about a range of issues related to economic growth, housing and transportation, drought, education and workforce.

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About the Bay Area Council

The Bay Area Council is a business-sponsored, public-policy advocacy organization for the nine-county Bay Area. The Council proactively advocates for a strong economy, a vital business environment, and a better quality of life for everyone who lives here. Founded in 1945, the Bay Area Council is widely respected by elected officials, policy makers and other civic leaders as the voice of Bay Area business. Today, approximately 275 of the largest employers in the region support the Bay Area Council and offer their CEO or top executive as a member. Our members employ more than 4.43 million workers and have revenues of \$1.94 trillion, worldwide.