

The 10 TRAITS of GLOBALLY FLUENT METRO AREAS

GLOBAL CITIES INITIATIVE
A JOINT PROJECT OF BROOKINGS AND JPMORGAN CHASE

SAN FRANCISCO

GDP (country rank), 2012 ¹	Share National GDP, 2012 ²	GDP/Capita, 2012 ³	Population, 2012 (country rank) ⁴	Share National Pop., 2012 ⁵	GaWC Global City Ranking, 2010 ⁶	# Global 2000 HQs, 2012 ⁷	GDP/c Growth 1993-2012 ⁸
\$306,554,124,630 (9)	1.95%	\$68,974.20	4,444,474	1.41%	27	17	1.72%

1) Benchmarks — what is the city’s recent ranking performance in terms of global firms, connectivity, diversity, range of cultural assets, immigrants, visitors?

San Francisco is generally considered a major second- or third-tier global city in rankings of world metropolitan areas. GaWC’s global firm connectivity study ranks San Francisco as an Alpha (third-tier) city on par with Los Angeles and Washington, DC.⁹ In an analysis of North and South American cities, *fDi Magazine* ranked the region 10th for economic potential, second for human resources, sixth for infrastructure, second for quality of life, and eighth for business friendliness.¹⁰

Since the 19th century, San Francisco has been a destination for world travelers and migrants. Euromonitor International slotted San Francisco as the 35th most-visited destination by international tourists.¹¹ Today, 30 percent of its population was born outside the United States, the fourth-highest share of any U.S. metro area.¹²

2) Narrative – the city’s journey into and through globalization. What kind of economic and development trajectory has it taken? What has changed over time?

San Francisco’s connection to the world began with its founding by Spanish colonists in the late 18th century. The California Gold Rush in the mid-19th century propelled the region into the national and global forefront. As miners, businessmen, and traders from around the country and the world sought personal fortune, San

San Francisco grew to be the largest city on America's West Coast. Even after a devastating fire in 1906 and emerging competition from other emerging western cities like Los Angeles, Seattle, and Denver, San Francisco maintained its perch as a regional center for foreign trade, finance, and industrial production throughout the first half of the 20th century.

World War II brought a renewed focus to the Pacific region. California's economy, with the Bay Area as one of its two key poles, benefited from massive investments by the U.S. military. San Francisco became the world's largest shipyard during the war, and the region continued to rely on its large port and comprehensive rail connectivity to ensure its perch as the gateway to Asia.

The postwar period marked the emergence of the microelectronics revolution and the formulation of Silicon Valley. While technically in the San Jose metropolitan area, Silicon Valley dramatically changed the global role of San Francisco as well. Silicon Valley relied partly on San Francisco's network of financial institutions to fund new startups. San Francisco-based Bank of America (now based in Charlotte), Wells Fargo, Visa, and Charles Schwab all established themselves as important global financial companies. During the 1990s and 2000s, San Francisco gained a national and global reputation as a technologically driven, entrepreneurial, cosmopolitan, and diverse city that provided smart, open-minded workers with a high quality of life. Today, the region ranks in the top five nationally on important metrics like productivity, median household income, per capita patenting activity, and share of highly educated workers. Yet the region's wealth and productivity mask several challenges, namely high income inequality, exorbitant housing and land costs, underperforming public K-12 education, and congestion.¹³

3) Elements of international and global orientation - In what ways is the city globally connected and relevant? What sort of trade patterns does it exhibit?

The key drivers of San Francisco's global orientation remain its strategic location as a U.S. gateway to Asia, a network of innovative advanced services and technology firms, world-class research universities, internationally relevant cultural and tourist attractions, and a diverse, well-educated population. San Francisco has a unique geographic advantage shared only by cities such as Los Angeles, Seattle, and Vancouver that positions it as the point of entry for people, goods, services, and capital from East Asia. As East Asia's economic ascendance heightened, so too did San Francisco's global relevance. The Port of Oakland, the Port of Richmond, and, to a lesser extent, the Port of San Francisco make the Bay Area a significant freight hub, and the region's airports handle more international passengers than every U.S. metro area except New York, Los Angeles, and Miami.¹⁴

The region exported nearly \$32 billion in goods and services in 2010, the sixth most of any U.S. metropolitan area. They consisted primarily of petroleum and coal products (25 percent of metropolitan exports), travel and tourism (13 percent), chemicals (13 percent), business services (10 percent), and computers and electronics (9 percent).¹⁵

San Francisco's global relevance also rests on its innovative network of large advanced services firms and small startups. Global banks like Wells Fargo and Bank of America have a large presence, while many international law, management consulting, and advertising firms perch regional offices in the city. Increasingly, San Francisco and San Jose's Silicon Valley have melded into one larger macro-region that shares workers, research institutions, and innovations. Google operates a large facility in the city, and tech startups like Craigslist, Twitter, Zynga, Salesforce.com, and Pinterest have recently chosen to locate in San Francisco over Silicon Valley, partly due to their employees' desire to be closer to San Francisco's urban and cultural amenities.¹⁶

San Francisco's hi-tech economy boasts one of the country's leading biotechnology and biomedical clusters, anchored around the University of California—SF. UCSF and UC-Berkeley lead a contingent of colleges and universities that attract thousands of international students and produce cutting-edge research and development.¹⁷ Finally, the region's natural beauty, iconic architecture, and cosmopolitan arts and culture

scene attract skilled workers and tourists.

4) To what extent is the city's international dimension inherited or intentional?

San Francisco has a long history of integrating and responding to global economic trends. Its evolution from a site for natural resource extraction to an industrial center to a professional services and finance capital to a hub for advanced technology reveal its powers of adaption. There was no one government or private-sector intervention that guided these transitions, but rather a steady flow of talented workers anchored by advanced research institutions, accessible venture capital, a welcoming culture, and high quality of life. Essentially, smart, skilled young people flocked to the San Francisco region to test, fund, and grow ideas into firms, which gave the region a reputation of pervasive entrepreneurialism that spread domestically and internationally and ensures that the adaptive cycle will repeat itself.¹⁸

San Francisco's positioning vis-à-vis the set of rapidly emerging East Asian economies has also bolstered its global role. The region historically served as the gateway for Chinese immigrants, which solidified ethnic business ties back to China.

Uniquely intentional efforts by city and regional actors have built on these inherited ties to establish partnerships to bolster San Francisco's economic relationship with China. In 2007, the Bay Area Council and the Yangtze Council, two regional development organizations representing San Francisco and Shanghai, signed the first region-to-region memorandum of understanding aimed at fostering collaboration to strengthen competitiveness.¹⁹

In 2008, San Francisco Mayor Gavin Newsom launched China-SF, a city-to-city program with three offices in China that focuses on everything from policy innovation exchanges, university exchanges, foreign direct investment, and a new partnership with SF Made to link San Francisco manufacturers to Chinese markets.²⁰ These purposeful, innovative relationships represent a new breed of subnational collaboration between cities and regions that leverage one another's distinct niches and strengths to mutual benefit.

¹ Brookings analysis of Moody's Analytics and Oxford Economics data.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ "The World According to GaWC; Classification of Cities 2010," September, 14, 2011.

⁷ The data were produced by G. Csomós and constitute Data Set 26 of the Globalization and World Cities (GaWC) Research Network (<http://www.lboro.ac.uk/gawc/>) publication of inter-city data.

⁸ Brookings analysis of Moody's Analytics and Oxford Economics data.

⁹ "The World According to GaWC; Classification of Cities 2010," Globalisation and World Cities Network, September 14, 2011.

¹⁰ Jacqueline Walls, "American Cities of the Future 2011/12," April/May 2011, available at www.greenvillesc.gov/PublicInfo_Events/NewsArticles/AmericanCitiesoftheFuture.pdf.

¹¹ "Euromonitor International's Top City Destinations," available at blog.euromonitor.com/2012/01/euromonitor-internationals-top-city-destinations-ranking1-.html.

¹² Brookings State of Metropolitan America analysis of 2010 Census data.

¹³ Brookings analysis of data provided by Moody's Analytics, American Community Survey, U.S. Census Bureau, INRIX National Traffic Scorecard, and the U.S. Patent and Trademark Office courtesy of the Strumsky Patent Database, University of North Carolina at Charlotte.

¹⁴ "Appendix B: International Air Travel Between the United States, by US Metropolitan Area, 2003 and 2011" (Washington: Brookings Institution, 2012) available at www.brookings.edu/~media/research/files/reports/2012/10/25%20global%20aviation/25%20global%20aviation%20appendix%20b.

¹⁵ Emilia Istrate and Nicholas Marchio, "Export Nation 2012: How U.S. Metropolitan Areas are Driving National Growth" (Washington: Brookings Institution, 2012).

¹⁶ Benny Evangelista, "Pinterest Moves to San Francisco From Paolo Alto," *San Francisco Chronicle*, July 9, 2012.

¹⁷ "Almanac of Higher Education 2012," *Chronicle of Higher Education*, available at chronicle.com/article/U-of-Southern-California/129682/.

¹⁸ Enrico Moretti, *The New Geography of Jobs* (New York: Houghton Mifflin Harcourt Publishing, 2012).

¹⁹ Peter Volberding, "Engaging Regions in Globalization: The Rise of the Economic Relationship Between the San Francisco Bay Area and China," *Berkeley Undergraduate Journal*, Vol. 23, No. 2, 2012.

²⁰ Amy Liu, "Going Global: The Future of Metro Economies," available at www.brookings.edu/research/speeches/2012/07/13-jacksonville-exports-liu.

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