



2022 SUMMARY

# SAN FRANCISCO STATE OF LOCAL MANUFACTURING



CONDUCTED JUNE 2023

FUNDED BY:



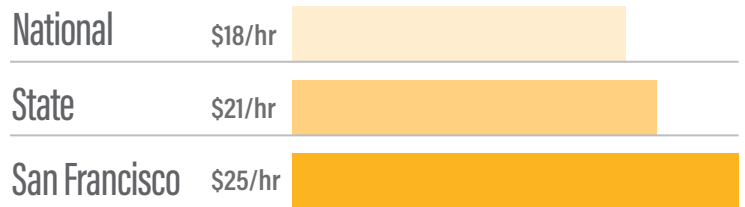
SAN FRANCISCO  
OFFICE OF ECONOMIC &  
WORKFORCE DEVELOPMENT

2022 was a good year for San Francisco’s manufacturing sector. **Job numbers held steady through the year and have grown nearly +10% into 2023.** Wages remained strong, averaging \$20/hr for new positions and \$25/hr average for all positions, outpacing state and national manufacturing averages. Together, San Francisco manufacturers supported more than 3,800 full-time jobs for an estimated industry payroll of \$208 million.

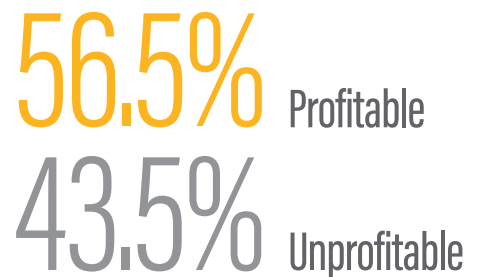
While the impact of COVID-19 continues to linger, 78% of responding businesses reported their condition as “stable” or better. Estimated industry revenue was more than \$833 million.

The report insights that follow confirm San Francisco’s manufacturing sector continues to provide strong opportunities for owners and workers across diverse backgrounds, including those from low to moderate income households and those who identify as BIPOC. **Still, close to half of San Francisco manufacturers are not profitable,** and cite profitability, sales, and the economy as their biggest short- and long-term concerns. Young businesses need support in reaching profitability to create new jobs and also to enrich the existing wages and benefits so both employer and employee can thrive.

## Average Wage Manufacturing Production Workers



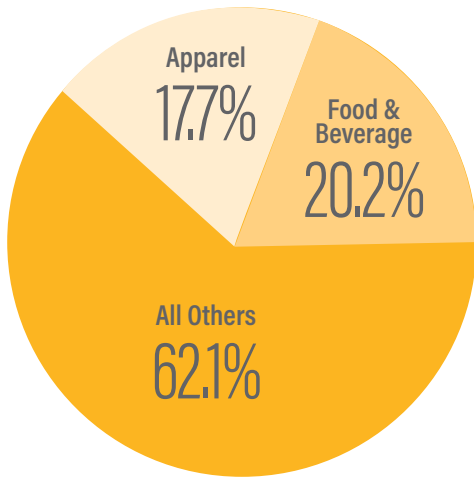
## San Francisco Manufacturer Profitability



Supporting small manufacturing businesses in navigating a turbulent post-COVID economy and the fragility of early life-states is what we’re uniquely positioned to do.

Before you dig into the full 2022 report, let us leave you with this strong snapshot of 2023. In July, reported profitability rose nearly 4% compared to last year, and 79% of responding businesses reported staffing at or above their 2022 level. As the sector continues to recover we will continue to support the businesses and careers being made daily in San Francisco.

In 2022, SFMAde welcomed 52 new manufacturers, 60% of which were woman-owned, and 38% of which were BIPOC-owned. **We closed the year with 553 total San Francisco manufacturers.**



Not surprisingly, the two largest sectors in San Francisco remained:

### Food and Beverage

**112** Companies  
**20%** of all SF member companies  
**31%** of survey respondents

### Apparel (Including Cut & Sew Contractors)

**98** Companies  
**18%** of all SF member companies  
**15%** of survey respondents

### Business Size/ Number of Employees

\*82 Respondents

1-4	5-19	20+
56%	36%	8%

### 2022 Extrapolated Revenue

**\$833,000,000**

### Reported revenue range

**\$5,000–  
\$31,000,000**

(Median \$500,000)

### International Sales

Only 4 respondents reported international sales as an important part of current business

Reported profitability did not align neatly with company size or any other obvious metric.

Average revenue from the 33 companies who responded as **unprofitable** was \$1.34 million

Average revenue from the 39 **profitable** companies was \$1.69 million

### Profitability.

We saw a slight uptick in the number of manufacturers that were profitable over the last 6 months. The industry is moving in the right direction but close to half of San Francisco manufacturers remain unprofitable.

### Looking ahead.

Below we see business short and long term concerns across respondents, and then again grouped by business state. It's worth noting that very few businesses, regardless of size or state, selected *competition* as a meaningful concern in the short or long term.

Logically, businesses must establish a reliable pattern of profitability to feel confident moving into a healthy and ultimately thriving state. As a business incubator, this data bears out that helping young businesses successfully navigate a turbulent economy and the fragility of early life state cashflow and profitability is a critical service SFMAde provides.

### % of Profitable Companies 2022 v. 2023

	2022	2023	Change
Unprofitable	45.6%	43.5%	-4.6%
Profitable	54.4%	56.6%	+3.8%

### Biggest Short Term Concern

	True %*
Sales/Economy	71%
Cashflow	40%
Space	20%
Hiring/Retention	18%

### Biggest Long Term Concern

	True %*
Sales/Economy	63%
Profitability	54%
Competition	7%

Concerns By State	% True ** 89 Respondents	Most Common Long Term Concern / %
Healthy	21%	Sales/Economy 74%
Stable	54%	Profitability 65%
Troubled	21%	Profitability 84%

\* Respondents were able to select more than one issue as their primary concern so percents sum to > 100

\*\* 5 respondents selected "False" for all options

(≤ \$147,000 1 person household).

Of those who responded to the survey, employers were most likely to be white, female, with a household income ≥ \$100,000, own 100% of their business, and have incorporated as an LLC.

Reported Ownership Gender	83 Respondents
Female	56.6%
Male	42.1%
Non-binary	1.2%

Reported Ownership Race	Survey Respondents	SF Census 2022
American Indian	1.2%	0.8%
Asia	19.3%	37.3%
Black or African American	4.8%	5.7%
Latino	7.2%	15.9%
Middle Eastern/North African	1.2%	No data
Mixed Race/Ethnicity	6%	4.9%
White	57.8%	37.9%
Other	2.4%	No data

Source: 83 survey respondents / US Census Bureau 2022. Hispanics may be of any race, so also are included in applicable race categories from US Census Bureau.

### Reported Ownership Stake

**75% of respondents are Low to Moderate Income\***

**70.2% of respondents own 51% or more.** Among that group, **93.9% own 100% of the business.**

\* ≤ \$147,000 1 person household.

Using reported full-time positions and payroll, historical trends, and other inputs, we extrapolated full-time employment in the San Francisco manufacturing sector to be **3,817 jobs**, representing \$208,460,000 in payroll.

## Total Reported Payroll 2022

Range	\$6,000–\$15,253,724
Removing Outliers	Median: \$311,235
Estimated Industry Payroll	\$208,462,250

## Reported Employment

Year	Full Time (% of total)	Part Time (% of total)	Total
2022	512 (75.9%)	162 (24%)	604
2023 (June)	536 (73.4%)	194 (26.5%)	730
23 v 22 YOY Change	+6%	+19%	+9%

## Company Size

Range (Full time + Part-time/Contractor)	1-65
Average number of employees	7

## Employment Change 2023 v. 2022

(89 respondents)

Companies with staff increase	33.7%
No reported change	44.9%
Companies with staff decrease	21.3%

## Employee Commute

Employees living in SF – 2022	63.2%
Employees living in SF – 2023	57.8%

While general migration out of San Francisco slowed dramatically in 2022 (-0.4%), the estimated decrease in employees living in San Francisco does follow citywide migration downward. As the Bay Area continues to recover from the impacts of COVID-19 we would hope to see this number rebound.

Employee Race	% of reported workers	SF 2022 Census
American Indian	0%	0.8%
Asian	27.9%	37.3%
Black or African American	6.5%	5.7%
Latino	27.2%	15.9%
Middle Eastern/North African	0.3%	No data
Mixed Race/Ethnicity	8.7%	4.9%
White	28.3%	37.9%
Hawaiian or Pacific Islander	0.6%	0.5%

Employee Gender	% of reported workers	SF 2022 Census
Women	44.8%	48.6%
Men	53.7%	51.4%
Non-Binary	1.3%	No data

Source: US Census Bureau 2022 ↗

## Wages & Benefits

Survey responses continue to underscore the strength of sector wages. Reported starting wages of \$20/hour are well above San Francisco's 2022 minimum wage of \$16.99 and average reported wages at \$25/hour across the industry remain strong.

## Wages

Reported Range	\$16.99* - \$57/hr
Starting Wage	\$20 (49 respondents)
Average Wage	\$25 (58 respondents)

\* Throughout 2022 and at time of survey SF minimum wage was \$16.99. Beginning July 1, 2023 it was raised to \$18.07.

Below we see specific wages for SFMAde's two largest sectors across state and national geographies. SF wages are on par or meaningfully above comparable sector pay statewide and nationwide.

Average Wage	SF Reported Mean	CA Mean	National Mean
Apparel	\$20.64	\$20.66 <sup>1</sup>	\$19.61 <sup>2</sup>
Food & Beverage	\$24.69	\$20.73 <sup>3</sup>	\$21.28 <sup>4</sup>

Sources:

<sup>1</sup> State of CA Employment Development Department ↗

<sup>2</sup> BLS.gov ↗

<sup>3</sup> State of CA Employment Development Department ↗

<sup>4</sup> BLS.gov ↗

## Employee Benefits Offered

Flexible Schedule	54.2%
PTO	30.8%
Health Insurance	30.8%
Retirement Contribution	23.4%
Employee Assistance Program	7.4%
Commuter Subsidy	5.3%
Other	14.8%

Here are a few examples of “other” benefits offered by manufacturers: year-end profit sharing pool, paid self-directed education hours, vision and dental coverage, and clothing allowance.

## Percentage of Companies Offering Health Insurance by Phase

1-4 Employees	10.8%
5-19 Employees	62%
20+ Employees	71.4%

Predictably, as company size increases so does the prevalence of health insurance as an employee perk. However, the enormous jump from 10% of respondents in the “Start” category to more than 60% of respondents in the “Stay” category should remind us that supporting sustainable business growth not only creates new jobs but can also enrich existing job terms.



While there's no single source or algorithm that defines "Market Rate," hearing directly from business owners is invaluable insight. Smaller spaces (100 - 1,500 sq. ft) will be at a higher per square-foot-rent than larger space. For example, you likely won't pay \$1 SQFT/month on a 200 sq. ft. space. For a space that small, you're looking at around \$3 SQFT/month. And alternatively, a 10,000 sq. ft space could be close to \$1 sq. ft. Of course building location, age, condition, and amenities offered will also impact price. San Francisco has a mix of new and old facilities with prices adjusted up or down respectively to reflect condition.

## Overview

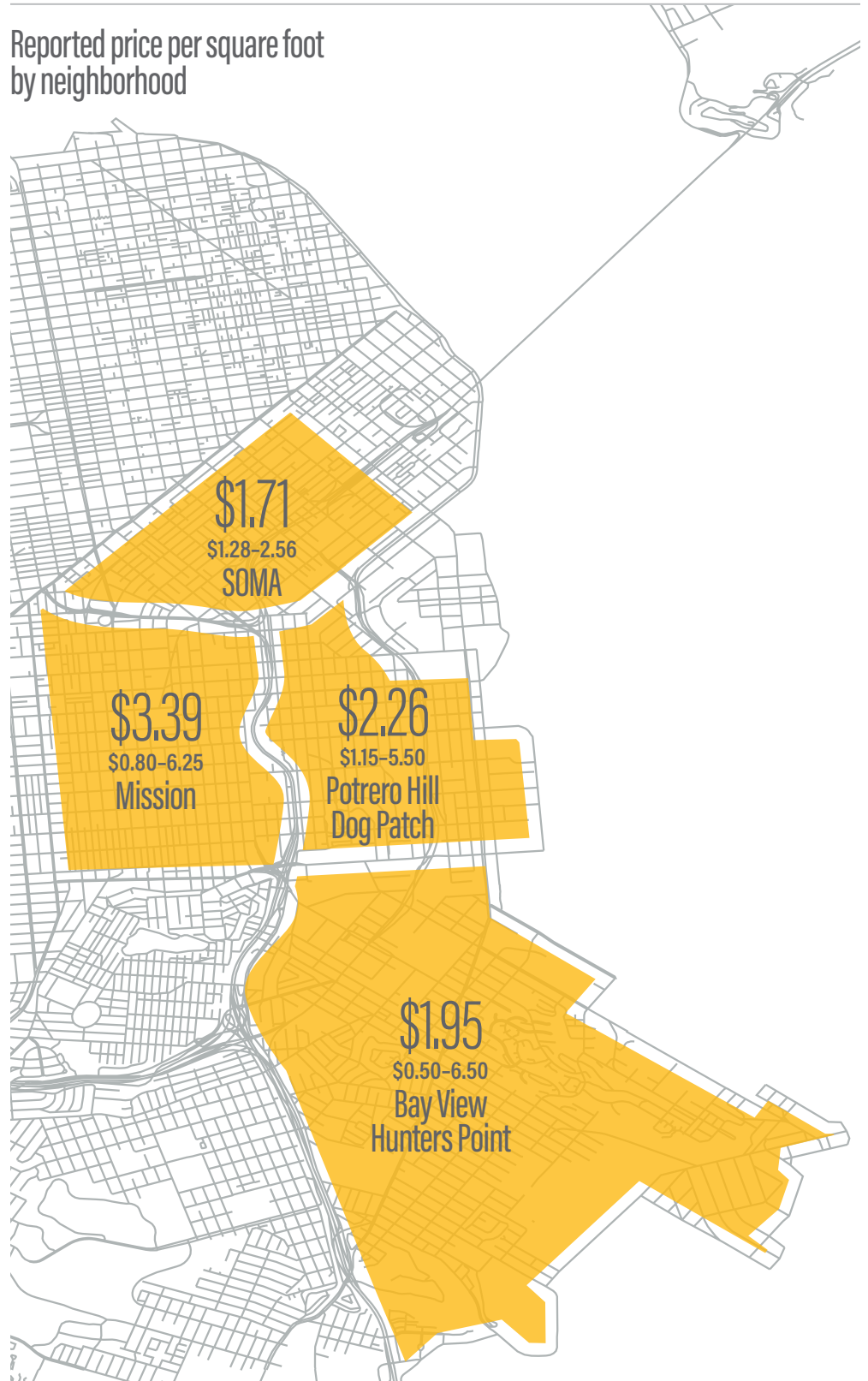
Reported facility size range  
**90 - 65,000 sq/ft**  
 (Median 1,500 sq ft.)

Price Per Square Foot  
**\$0.50 - \$6.79**  
 (Median \$1.99 / Mean Avg. \$2.58)

Businesses whose lease expires in 2024: **21%**

Businesses who own the building: **8.5%**

## Reported price per square foot by neighborhood



## Reported price per square foot by neighborhood

Neighborhood	Range	Mean pp sq.ft.
Bayview / Hunters Point (representing 75,200 sq/ft )	\$0.50-6.50	\$1.95
Mission District / Bernal Heights (102,616 sq/ft)	\$0.80-6.25	\$3.39
Potrero Hill / Dogpatch (55,665 sq/ft)	\$1.15-5.50	\$2.26
SoMa (20,200 sq/ft)	\$1.28-2.56	\$1.71
Citywide (321,151 sq/ft)		\$2.58

## Reported price per sq foot data by facility size.

Facility Size (sq. ft.)	Mean average per square foot	% paying ≤ \$2.50 sq/ft
< 1,000	\$3.71	25%
1,000 - 4,999	\$2.37	62.5%
5,000 - 9,999	\$1.89	81.8%
> 10,000	\$1.58	100%

This manufacturer survey was conducted June 9 – July 3, 2023. 553 San Francisco member manufacturers were invited to participate via email, phone call, or both. 94 of those businesses responded, representing 16.9% of San Francisco member manufacturers.

This year's survey was significantly redesigned to be shorter, easier to complete, and more focused. Respondents reported an average survey completion time of 8 minutes.

SFMade recently executed an audit of member data to remove a significant number of moved, closed, or otherwise missing business. The result is an artificially significant change in membership numbers compared to last year.

We are committed to ongoing survey participation by demonstrating the survey's effectiveness as an advocacy and benchmarking tool for SFMade, members, and the city of San Francisco.



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# WHO WE ARE

Since 2010 SFMade has stood by local manufacturers, providing free technical assistance, hiring help, and all-around support. We champion local manufacturing, raising its profile with policymakers and the public, fostering awareness and garnering crucial support.

We forge valuable connections, linking local manufacturers to a network of trusted resources and like-minded peers who truly understand their unique needs.

To cultivate a vibrant workforce ecosystem we bridge the gap between aspiring individuals and rewarding careers in manufacturing. We provide youth with exposure to the exciting world of manufacturing, offering them valuable insights and experiences that can shape their future.

At SFMade we strongly believe in the power of local manufacturing. We are driven by our belief that local manufacturing creates equitable opportunities, strengthens economies, and enhances the vibrancy of our communities.

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