



AUGUST 2006 MONTHLY ANALYSIS

East Bay Economic Development Alliance
The bright side of the San Francisco Bay



Prepared by the East Bay Economic Development Alliance (East Bay EDA)

The East Bay Monthly Analysis augments the East Bay Quarterly Forecast authored by the UCLA Anderson Forecast.

A free subscription and downloads of both monthly and quarterly reports are available at www.edab.org/newsletter.html.

East Bay EDA welcomes your comments and suggestions. Send your comments, questions or suggestions to stephanie@eastbayeda.org or call us at (510) 272-6843.

SNAPSHOT: THE EAST BAY IN JULY 2006

- The East Bay **unemployment rate was 4.7% in July**, unchanged from June
- Between June and July of 2006, East Bay **payroll employment lost 6,300 jobs**, many in the education and government sectors
- East Bay **home sales slowed**, and **median home prices declined** in both Alameda and Contra Costa Counties
- Office and industrial vacancies in the East Bay continue to decline, with **vacancies in the Hayward/Union City area down 1.3% and Richmond's industrial market showing a decline of 1.2%**
- East Bay **hotel occupancy increased by 8.4%** and **average daily room rates by 4.6%**, in a comparison between June 2005 and June 2006

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Serving the East Bay, the Bright Side of the San Francisco Bay

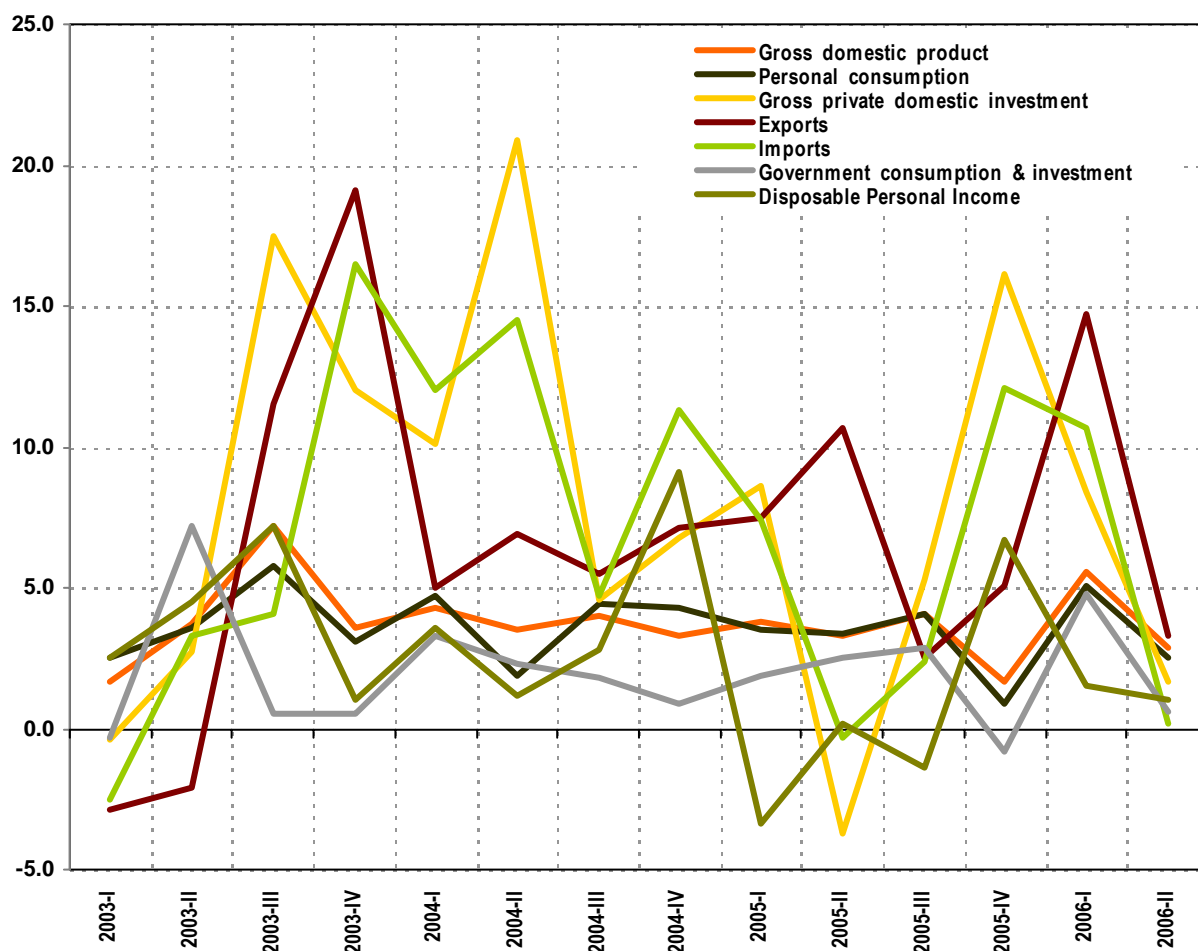
GDP SUMMARY

Real gross domestic product -- the output of goods and services produced by labor and property located in the United States -- increased at an annual rate of 2.9% in the second quarter of 2006, according to preliminary estimates released by the Bureau of Economic Analysis. In the first quarter, real GDP increased 5.6%.

The increase in real GDP in the second quarter primarily reflected positive contributions from personal consumption expenditures (PCE) for services, private inventory investment, nonresidential structures, exports, state and local government spending, and PCE for non-durables that were partly offset by negative contributions from residential fixed investment and federal government spending. Imports, which are a subtraction in the calculation of GDP, increased slightly.

Corporate Profits data was not updated at the release of this newsletter.

Real GDP Percent Change From Preceding Quarter



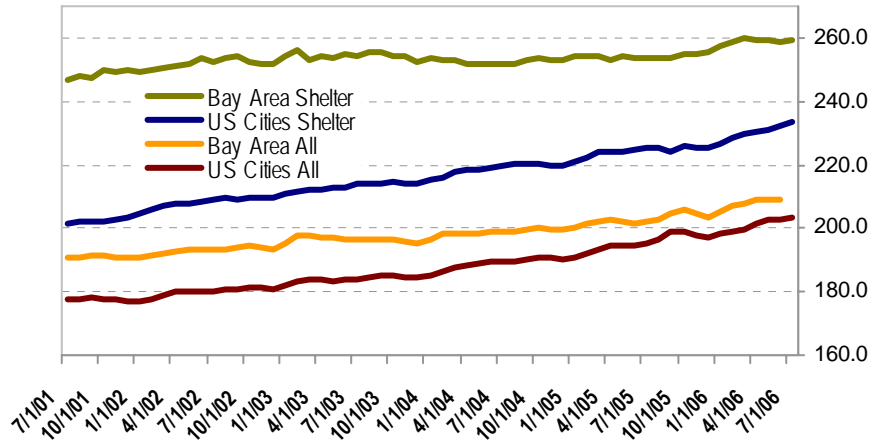
Source: Bureau of Economic Analysis

COST OF LIVING

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.3% in July, before seasonal adjustment, according to the Bureau of Labor Statistics of the U.S. Department of Labor. The July level of 203.5 (1982-84=100) was 4.1% higher than in July 2005.

On a seasonally adjusted basis, the CPI-U advanced 0.4% in July, following a 0.2% rise in June. Energy costs, which declined 0.9% in June, advanced 2.9% in July. Within energy, the index for petroleum based energy

CPI for the Bay Area vs the US



Source: Bureau of Labor Statistics

% Change in Annualized CPI	Jul 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Jul 06
US City Annual % Chg	3.20%	3.60%	4.70%	4.30%	3.50%	3.40%	4.00%	3.60%	3.40%	3.50%	4.20%	4.32%	3.93%
Bay Area Annual % Chg	1.60%	2.20%	2.50%	2.80%	2.40%	2.00%	2.40%	2.90%	3.10%	3.20%	3.5%	3.9%	n/a

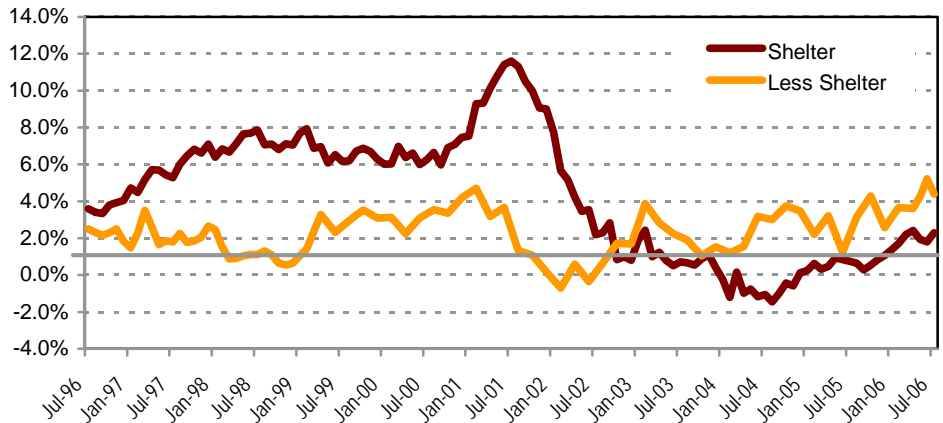
increased 5.0% and the index for energy services rose 0.1%.

US Cities Shelter costs rose 0.4% in May, while Bay Area Shelter costs rose 0.27%, after dropping 0.19% in June.

The July 2006 annual growth rate of the US City CPI was 4.1% higher than July 2005.

In July 2006 the Bay Area's annualized Shelter cost increase was 2.29%, up from a 1.81% increase in June.

Percentage Change in Annualized Bay Area CPI Shelter and All Items Less Shelter



Source: Bureau of Labor Statistics

	Jul 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005	Jan 2006	Feb 2006	Mar 2006	Apr 2006	May 2006	Jun 2006	Jul 2006
US All Cities - All Items	195.4	196.4	198.8	199.2	197.6	196.8	198.3	198.7	199.8	201.5	202.5	202.9	203.5
US All Cities - Shelter	225.6	225.6	224.4	225.7	225.4	225.6	226.8	228.3	229.9	230.7	231.3	232.2	233.6
Bay Area - All Items	202.1	203.0	204.4	205.9	204.6	203.4	205.2	207.1	208.0	208.9	209	209.1	n/a
Bay Area - All Items Less Shelter	182.0	183.4	185.3	187.2	185.1	183.1	185.0	186.9	188.2	189.5	190	190	n/a
Bay Area - Shelter	253.4	253.4	253.9	254.8	255.1	255.6	257.5	259.0	259.7	259.2	259.4	258.5	259.2

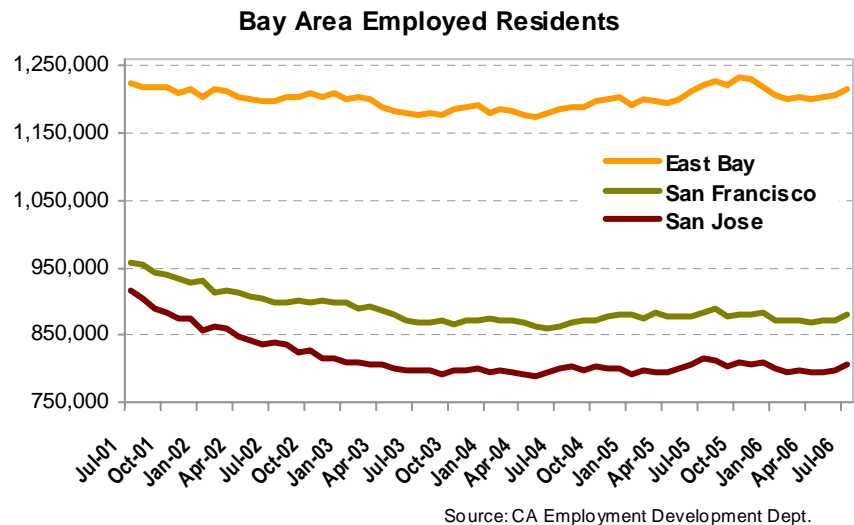
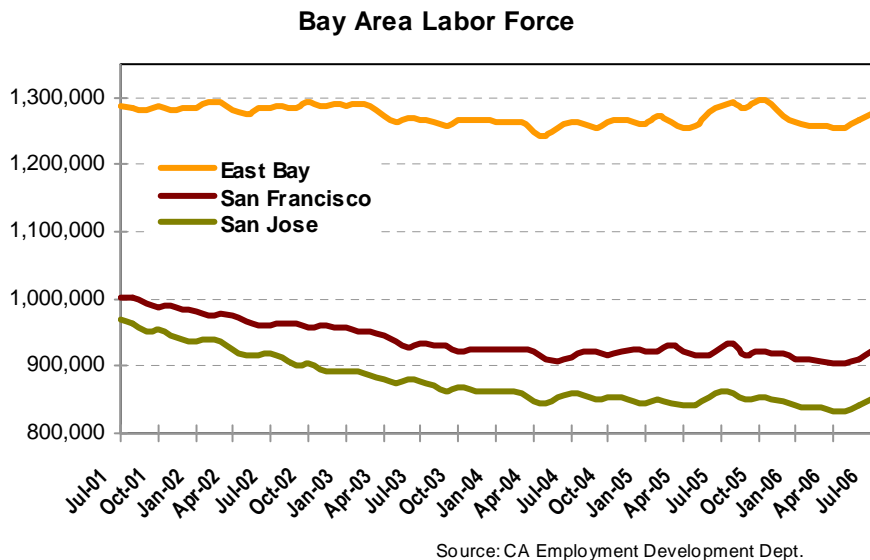
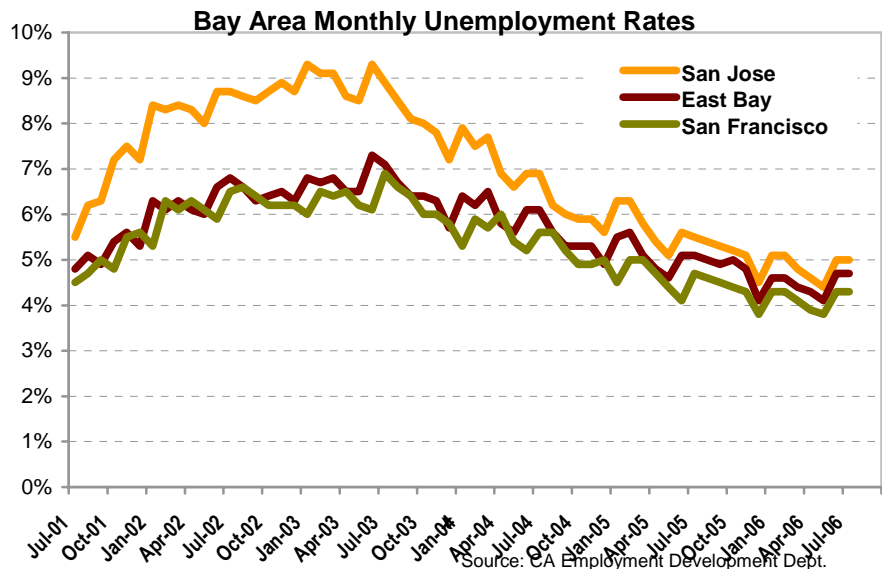
BAY AREA LABOR FORCE, UNEMPLOYMENT & EMPLOYED RESIDENTS

The unemployment rate in the Oakland-Fremont-Hayward Metropolitan District (East Bay) remained stable at 4.7% in June and July 2006, and below the year-ago estimate of 5.4%. This compares with an unadjusted unemployment rate of 5.1% for California and 5.0% for the nation during the same period.

Within the East Bay, Alameda County's unemployment rate was 4.9% in July 2006, up from 4.8% in June, and Contra Costa County's rate was 4.4%, down from 4.5% in June.

Between June and July of 2006, 11,700 workers were added to the East Bay's labor force, San Francisco added 10,900 to its work force, and San Jose gained 10,000. A comparison of July 2006 with July 2005 shows the East Bay with 9,400 fewer, San Francisco with 400 less and San Jose with 11,800 fewer. The loss trend that began in October appears to have ended

In terms of Employed Residents, all three regions experienced increases between June and July of 2006. In the East Bay there were 10,400 more employed residents, in San Francisco 10,000 more and in San Jose 9,500 more. A comparison of July 2006 with July 2005 shows the East Bay with 3,800 more jobs, San Francisco with 1,500 more jobs and San Jose with 7,000 more jobs.

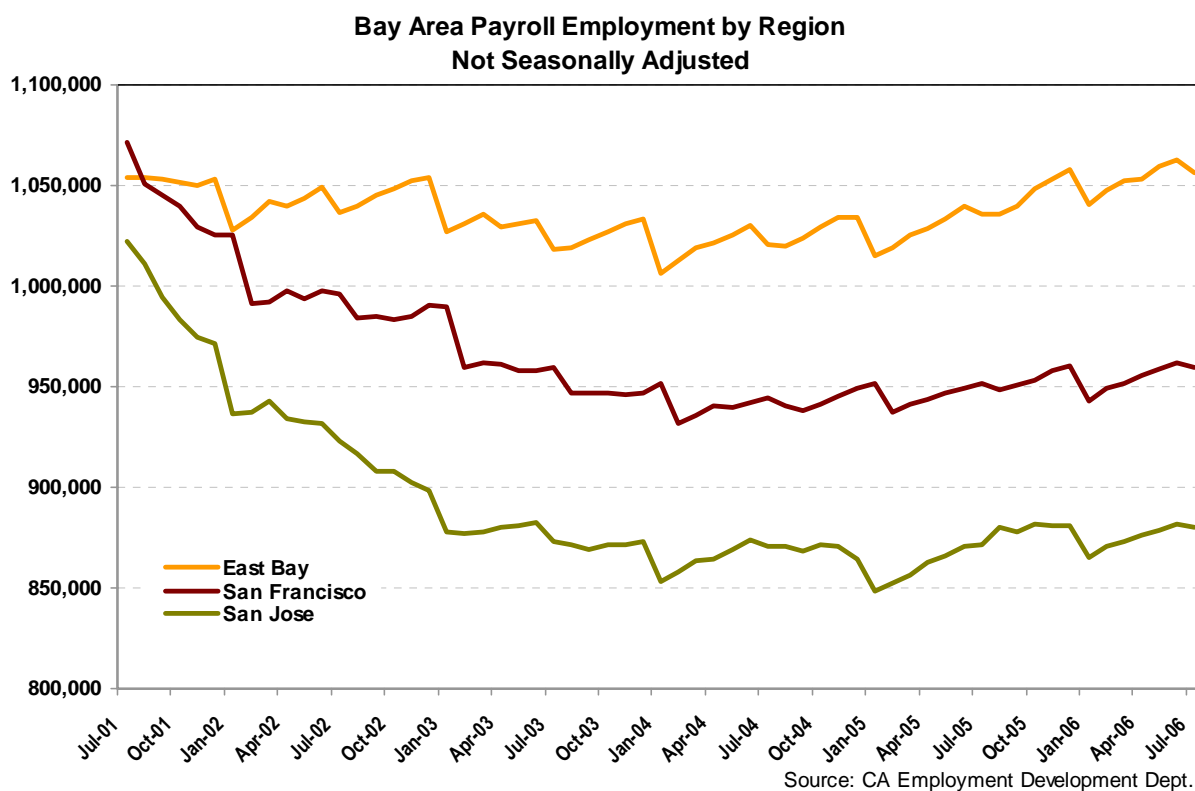


Between June and July of 2006, East Bay payroll employment lost 6,300 jobs, substantially more than that of San Jose and San Francisco, sinking to 1,056,300, below the four-year high in May of 1,059,300. During the same period, San Francisco lost 2,400 jobs and San Jose lost 1,300 jobs.

In a year-over-year comparison of July 2005 and July 2006, the East Bay added 20,800 jobs, San Francisco 8,300 and San Jose 9,200.

The East Bay's loss in payroll employment was mainly due to seasonal factors. These losses were offset by continued improvement in Construction (up 1,300 jobs) with the warm weather, showing growth throughout the industry.

- School closures for the summer were a key factor in the reduction of government (down 6,200 jobs) and educational and health services (down 1,200 jobs).
- Leisure and hospitality reported the largest June-to-July decline since 1997 by dropping 700 jobs, mainly in performing arts and spectator sports (down 500 jobs).



EAST BAY PAYROLL EMPLOYMENT BY SECTOR

East Bay Primary Industry Sectors	1 Month Change	12 Month Change	24 Month Change	Change from 5/01
Construction	1,300	7,500	11,100	12,400
Professional and Business Services	600	5,400	8,100	-4,000
Educational and Health Services	-1,200	3,500	4,900	8,400
Retail Trade	500	3,100	4,400	2,200
Financial Activities	-200	2,600	5,800	15,800
Leisure and Hospitality	-700	2,200	3,300	7,400
Manufacturing	-100	1,000	-2,700	-19,000
Trans, Warehousing & Utilities	400	300	900	-7,100
Government	-6,200	300	700	-5,700
Wholesale Trade	-100	200	-700	-7,200
Other Services	-100	-300	-1,100	700
Information	-200	-900	-1,800	-8,500

Source: CA Employment Development Dept.

Between July 2005 and July 2006:

- Construction gained 7,500 jobs, the largest July-to-July growth since 1990, mostly in specialty trade contractors (up 4,100 jobs).
- Professional and business services reported the 31st consecutive month of year-over growth by adding 5,400 jobs. Employment services (up 3,700 jobs) accounted for the bulk of the expansion.
- Retail trade (up 3,100 jobs) dominated the gain in trade, transportation, and utilities, which was up 3,600 jobs overall.
- Information cut back 900 jobs, primarily in telecommunications (down 700 jobs).

In that same year-over-year comparison of the East Bay's manufacturing sector, July 2005 to July 2006, shows an improvement of 1,000 jobs. In Food, Miscellaneous and Industrial Machinery Manufacturing, the year to year gains were substantial, with gains of 800, 700 and 200 jobs, respectively.

Petroleum and Coal Products Manufacturing gained 100 jobs over the past month, while residual-communications equipment manufacturing lost 200 jobs. Compared to May 2001, total manufacturing is down 19,000 jobs.

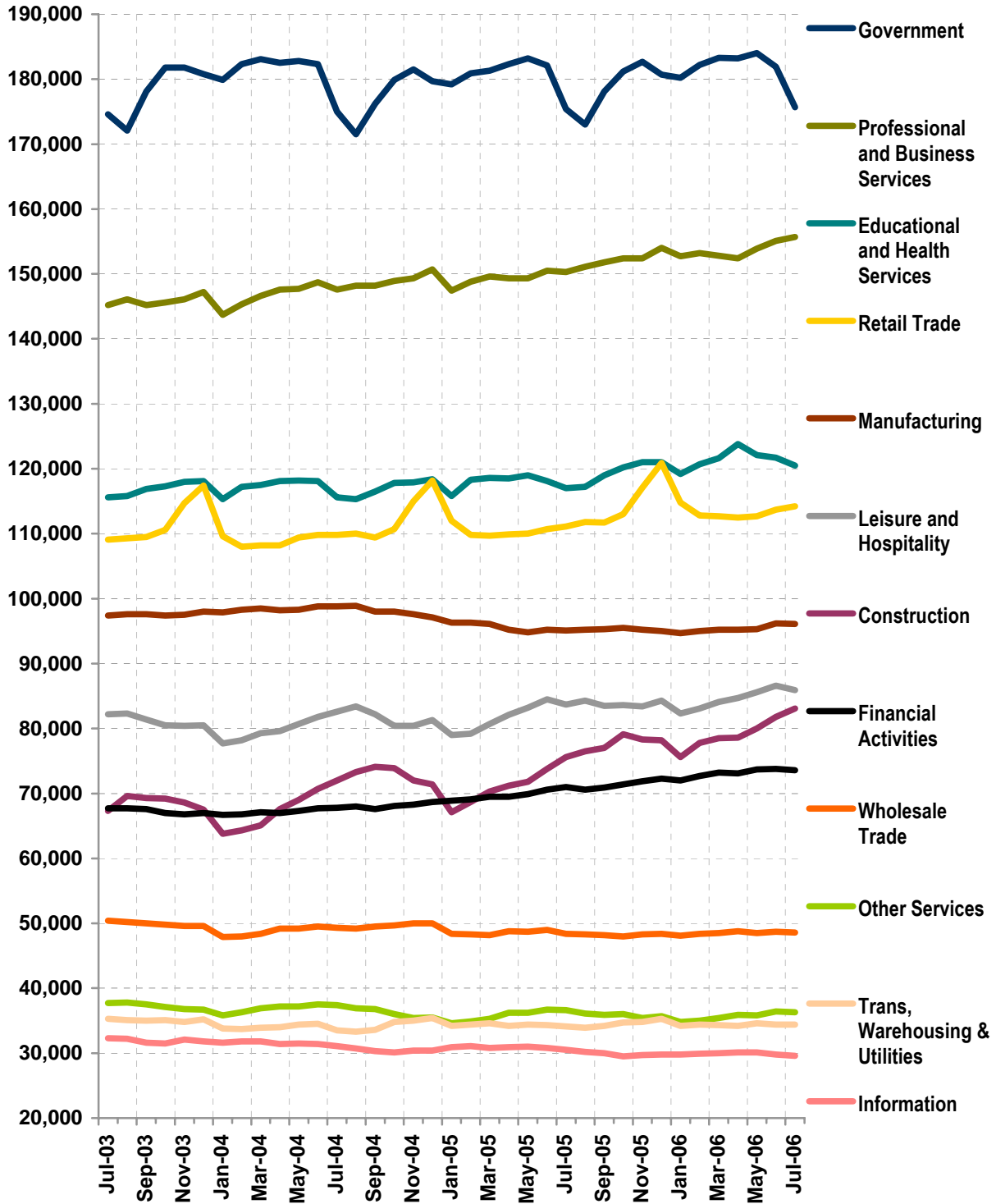
East Bay Manufacturing Sector	7/2006 Employment	1 Month Change	12 Month Change	24 Month Change	Change from 5/01
Residual-Food Manufacturing	22,100	0	800	0	-2,700
Residual-Miscellaneous Manufacturing	22,900	-100	700	-300	-3,100
Industrial Machinery Manufacturing	3,200	0	200	300	-2,000
Machinery Manufacturing	6,100	0	100	0	-2,700
Chemical Manufacturing	7,300	0	100	0	-900
Primary Metal Manufacturing	2,800	0	0	0	-400
Petroleum and Coal Products Manufacturing	6,600	100	0	-300	-400
Residual-Other General Purpose Machinery Manufacturing	2,900	0	-100	-300	-700
Residual-Communications Equipment Manufacturing	16,600	-200	-300	-600	-6,500
Computer and Peripheral Equipment Manufacturing	4,000	0	-500	-1,300	-2,700
Total Manufacturing	96,100	-100	1,000	-2,700	-19,000

Source: CA Employment Development Dept.

East Bay Sector Employment Summary

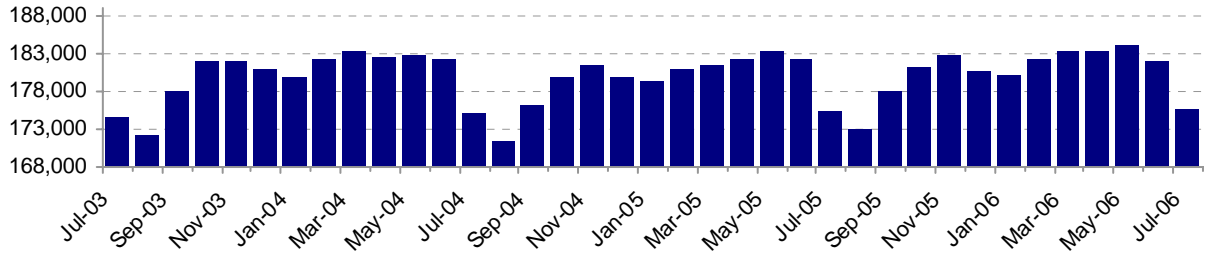
Not Seasonally Adjusted

July 2003 through July 2006

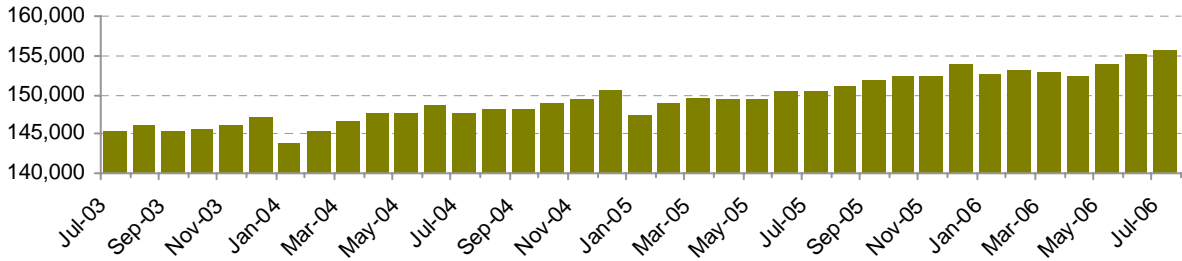


Source: CA Employment Development Dept.

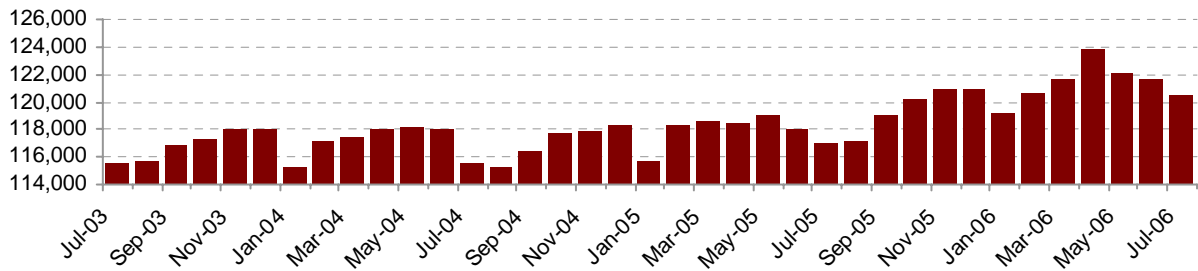
Government



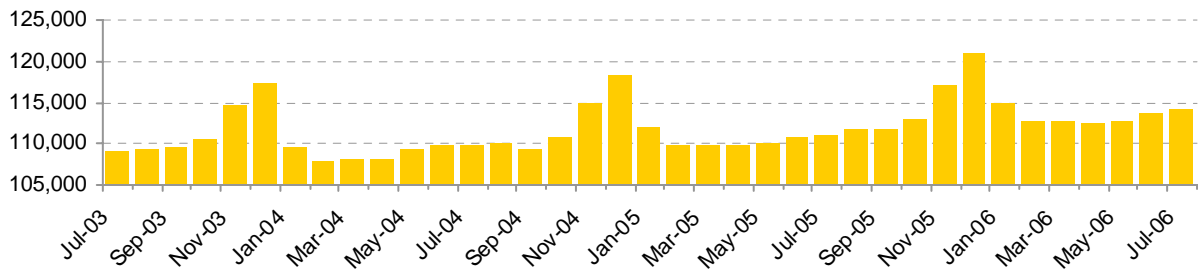
Professional and Business Services



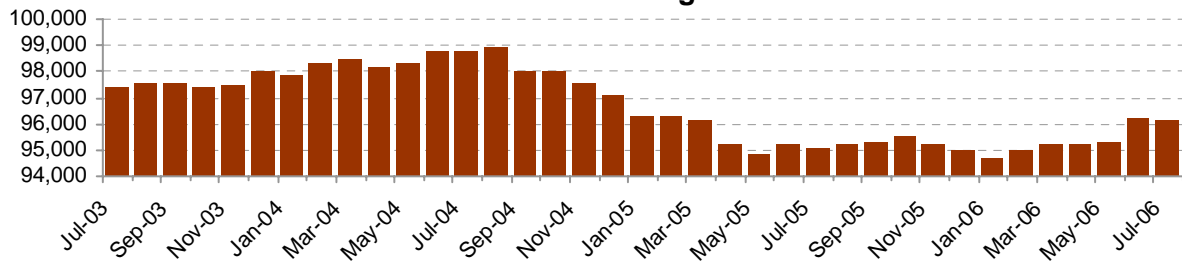
Education and Health Services



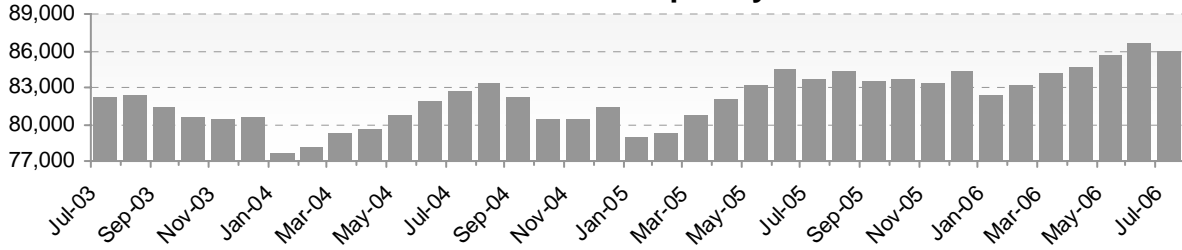
Retail Trade



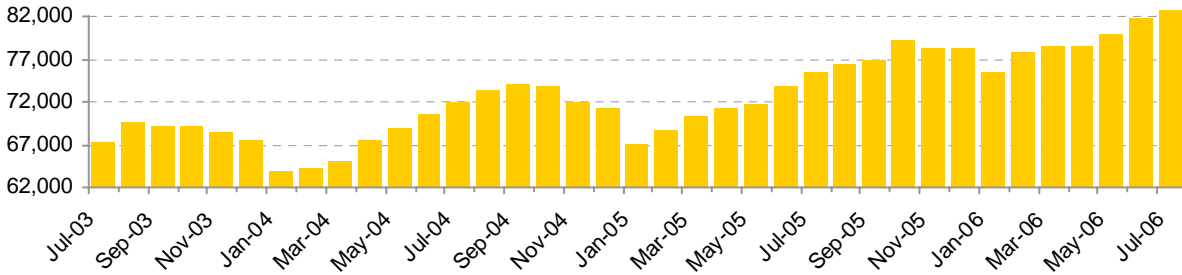
Manufacturing



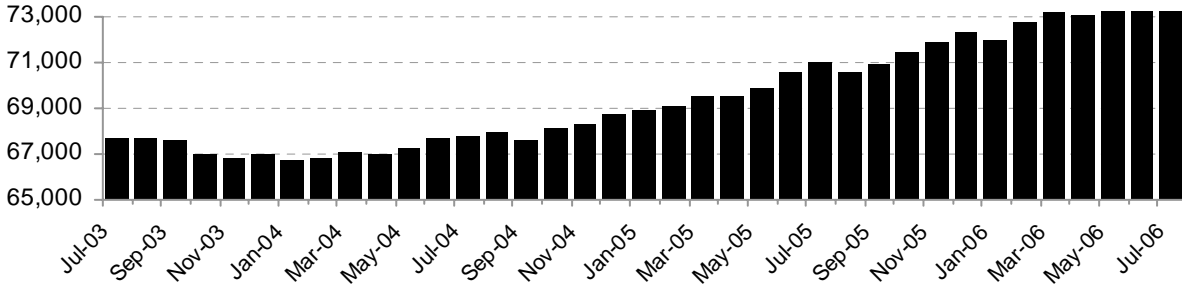
Leisure and Hospitality



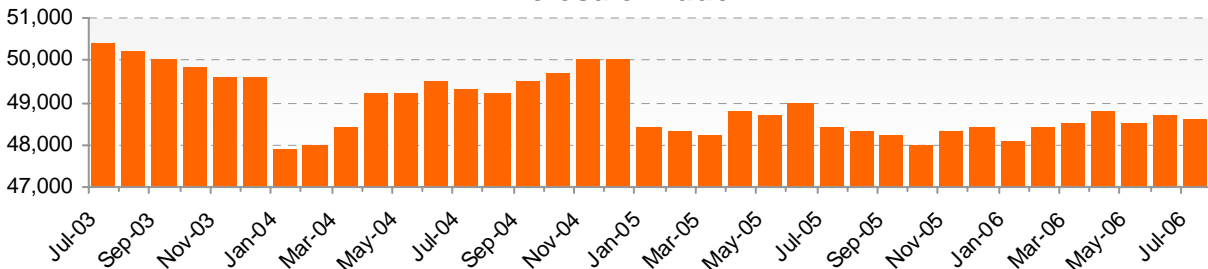
Construction



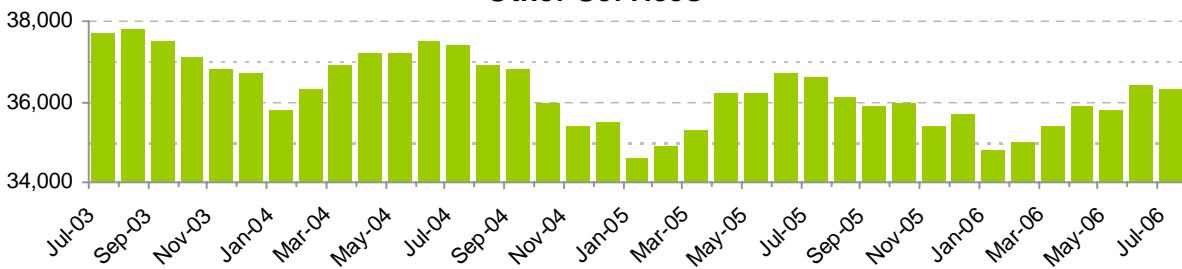
Financial Activities



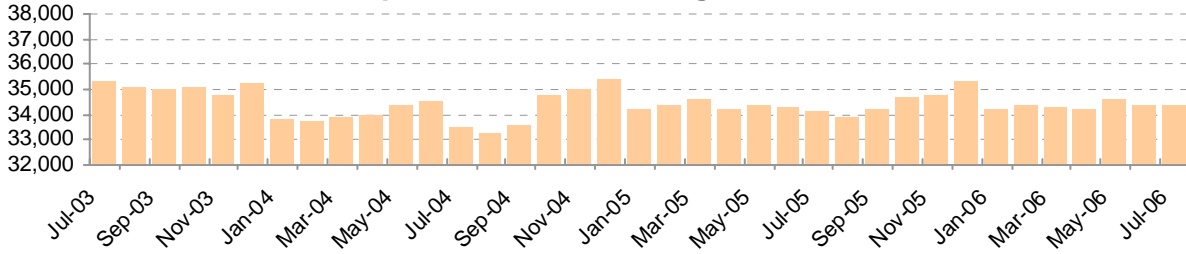
Wholesale Trade



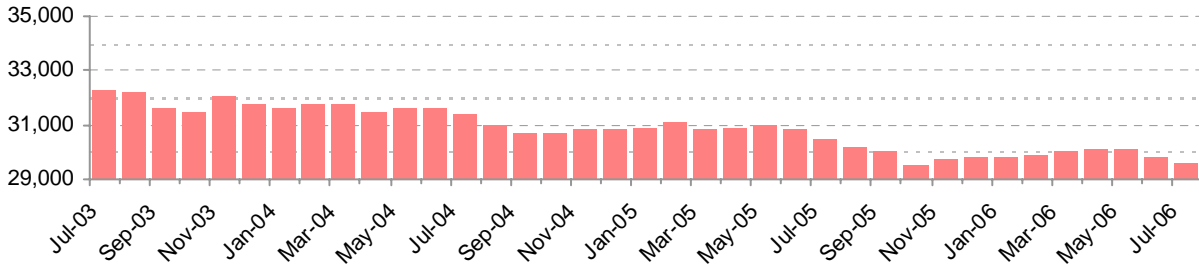
Other Services



Transportation, Warehousing, and Utilities



Information



HOUSING

Home sales in the Bay Area slowed to their lowest level in ten years, according to DataQuick Information Systems.

A total of 7,941 new and resale houses and condos were sold in the nine-county region last month. That was down 19.1% from 9,892 for June, and down 30.8% from 11,470 for July last year, according to DataQuick Information Systems.

Last month was the slowest July since 1996 when 7,682 homes were sold. The average July sales count since 1988 is 9,158.

Though all nine Bay Area counties saw decreases in annual percent change of homes sold between July 2005 and July 2006, San Mateo County had the smallest annual percent change, -16.60%, while Sonoma County had the largest decrease during the same period, -40.10%.

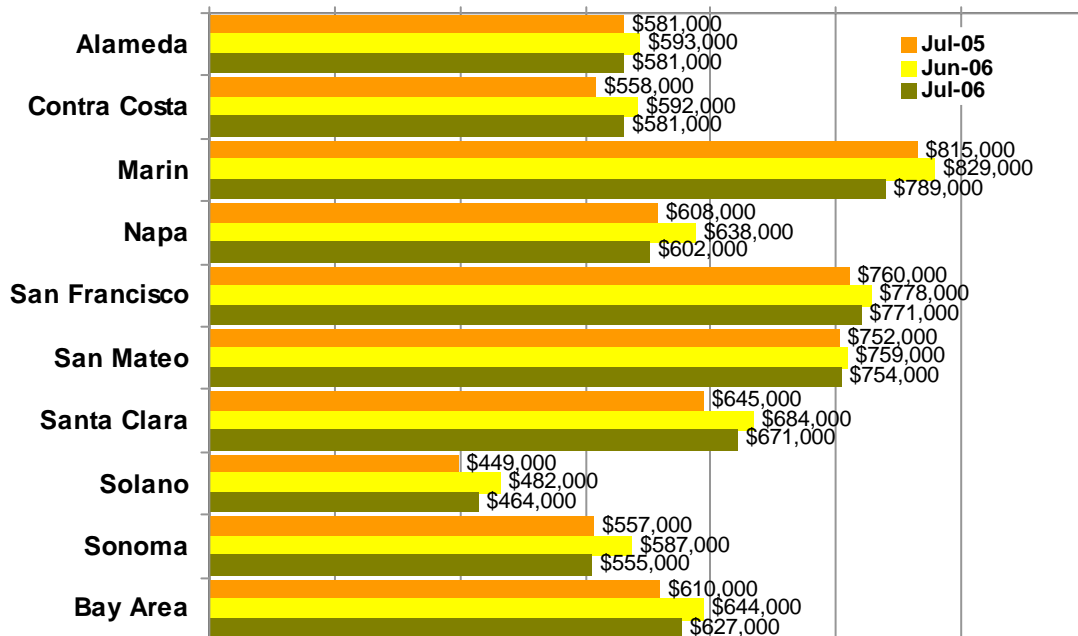
The median price paid for a Bay Area home was \$627,000 last month. That was down 2.6% from June's record \$644,000, and up 3.5% from \$606,000 for July a year ago. Last month's year-over-year increase was the lowest since May 2003 when the \$427,000 median was up 3.4%.

All Homes by County	Number Sold July 2006	Annual Pct. Chg	Median July 2006	Median Annual Pct. Chg
Alameda	1,591	-34.60%	\$581K	1.00%
Contra Costa	1,687	-26.90%	\$581K	4.70%
Marin	286	-29.90%	\$789K	-2.10%
Napa	131	-28.80%	\$602K	2.70%
San Francisco	485	-23.90%	\$771K	-0.60%
San Mateo	672	-16.60%	\$754K	-0.70%
Santa Clara	1,943	-29.70%	\$671K	4.50%
Solano	611	-41.20%	\$464K	3.10%
Sonoma	535	-40.10%	\$555K	1.30%
Bay Area	7,941	-30.80%	\$627K	3.50%

Source: Data Quick Information Systems

The typical monthly mortgage payment that Bay Area buyers committed themselves to paying was \$3,106 in July. That was down from \$3,183 in June, but up from \$2,653 for July a year ago. Adjusted for inflation, mortgage payments are 22% higher than they were at the peak of the prior cycle sixteen years ago.

Median Housing Prices by County



Source: Data Quick Information Systems

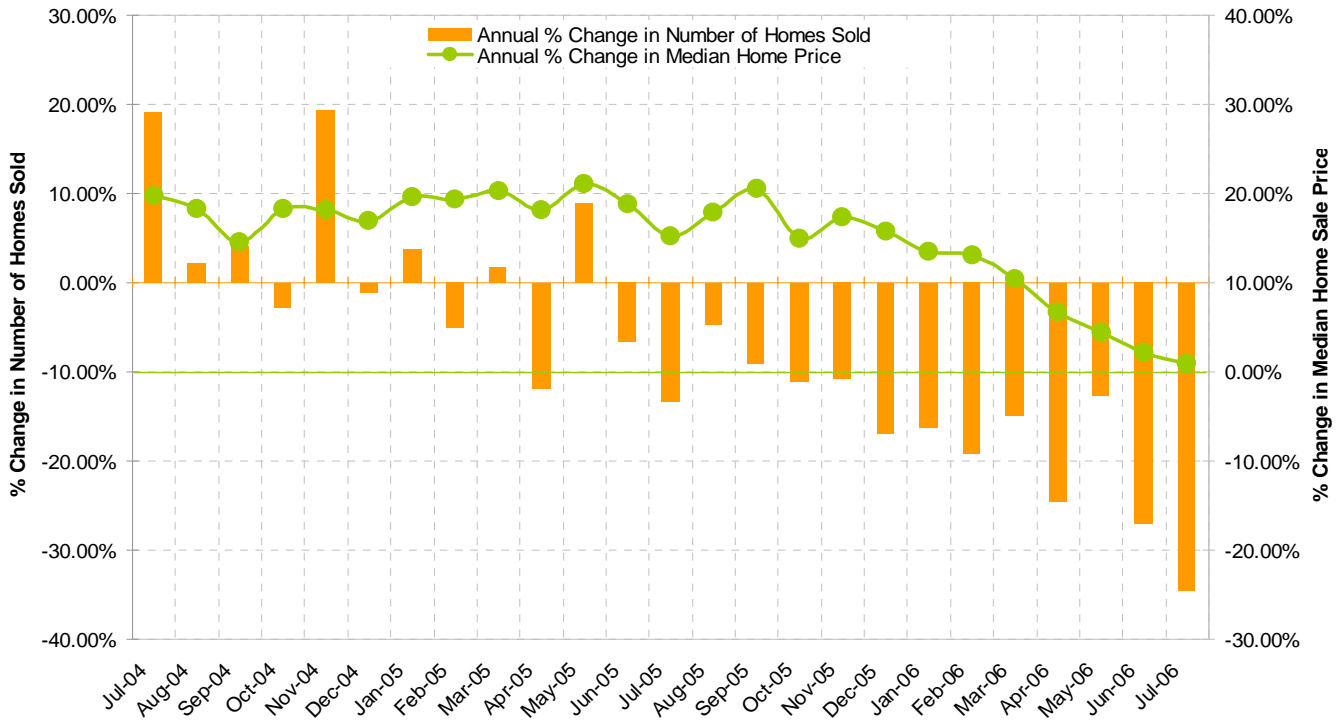
EAST BAY HOME SALES

The following charts show the annual percent change in both median home sale price and number of homes sold for both Alameda and Contra Costa Counties.

In Alameda County, the annual change in number of homes sold and median home sale price have shown a downward trend since November 2005, dropping sharply between March and July 2006. There were 34.60% fewer homes sold in Alameda County in July 2006 than in July 2005.

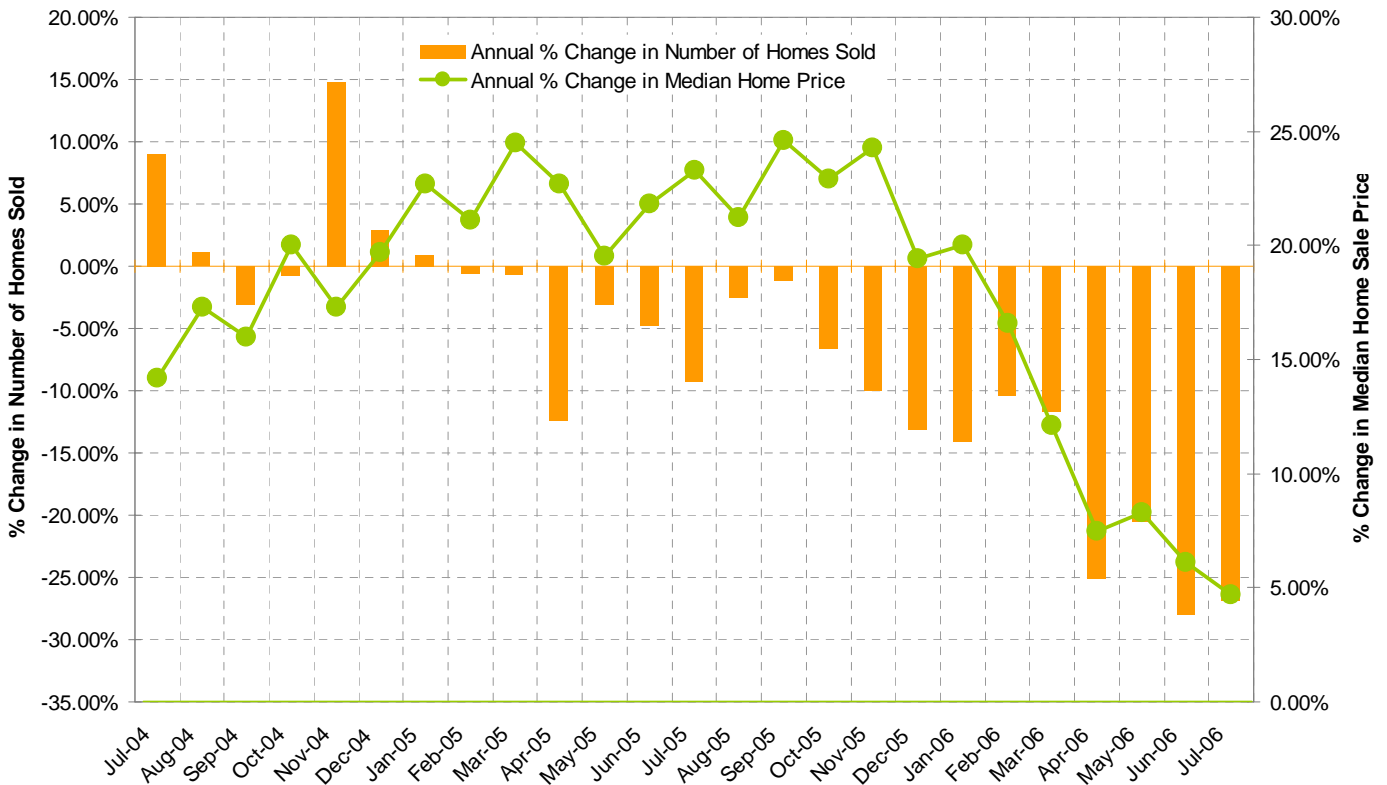
This trend was also apparent in Contra Costa County, where annual percentage increases in median home sale prices reached a high of 25% in November 2005, before beginning a steep decline which brought annual increases down to 4.7% in July 2006 – a decline of over 20% in a span of eight months. Although Contra Costa County home sale prices saw an increase in May of 2006, the downward trend continued in June and July. In July 2006 there were 26.9% fewer home sold in Contra Costa County than in July 2005.

Alameda County Annual Percent Change in Median Home Sale Price and Number of Homes Sold, July 2004 - July 2006



Source: DataQuick

Contra Costa County Annual Percent Change in Median Home Sale Price and Number of Homes Sold, July 2004 - July 2006



Source: DataQuick

JULY 2006 EAST BAY HOME SALES

In July 2006 the median home sale price in Alameda County was \$596,750 – a 2.01%, or \$11,750, increase compared to July 2005. In Contra Costa County the median home sale price was \$586,500 in July 2006 - a 6.64%, or \$36,500, increase compared to July 2005.

The largest year-to-year percentage increase in the East Bay was in Contra Costa County, where the median home sale price in Hercules jumped 35.08%, or \$158,750.

The largest year-to-year decrease in the East Bay was also in Contra Costa County, where the median home sale price in Crockett fell 44.52%, or \$257,250.

Within Alameda County, Pleasanton had the highest median home sale price of \$831,000.

Emeryville had the lowest median home price in Alameda County, \$486,500, a decline from the median of \$500,000 in July 2005.

In Contra Costa County, Alamo had the highest median home sale price of \$1,400,000, a 7.90% increase from July 2005.

The lowest median home price in Contra Costa County, \$321,250, was in Crockett.

NOTE: The housing costs provided by DataQuick include all home sales – new and existing, condos and single-family.

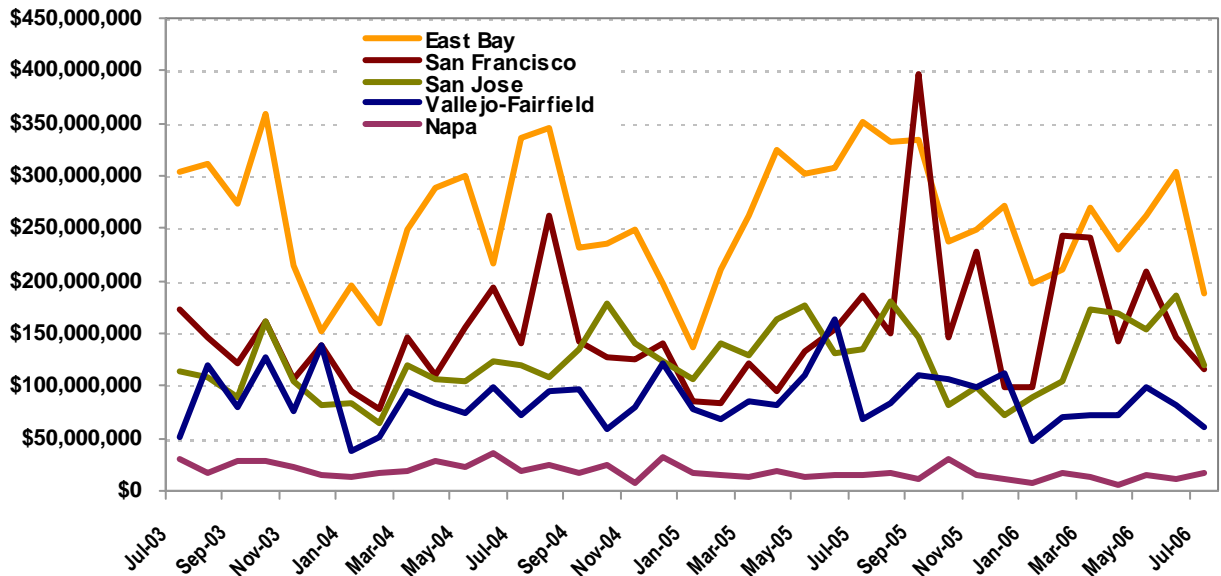
County/City/Area	# Sold	July 2006	July 2005	% Change Yr-To-Yr
Alameda County	1,340	\$596,750	\$585,000	2.01%
Alameda	76	\$685,000	\$720,000	-4.86%
Albany	24	\$631,000	\$667,500	-5.47%
Berkeley	71	\$710,000	\$717,500	-1.05%
Castro Valley	51	\$650,000	\$650,000	0.00%
Dublin	33	\$653,900	\$657,500	-0.55%
Emeryville	35	\$486,500	\$500,000	-2.70%
Fremont	200	\$667,500	\$639,000	4.46%
Hayward	140	\$565,500	\$529,000	6.90%
Livermore	84	\$610,000	\$587,500	3.83%
Newark	44	\$650,000	\$617,500	5.26%
Oakland	317	\$540,000	\$472,500	14.29%
Pleasanton	96	\$831,000	\$800,000	3.88%
San Leandro	92	\$552,500	\$550,000	0.45%
San Lorenzo	28	\$552,500	\$540,000	2.31%
Union City	49	\$590,000	\$515,000	14.56%
Contra Costa County	1,445	\$586,500	\$550,000	6.64%
Alamo	14	\$1,400,000	\$1,297,500	7.90%
Antioch	119	\$520,000	\$485,250	7.16%
Brentwood	93	\$640,000	\$620,000	3.23%
Byron	41	\$640,000	\$633,000	1.11%
Clayton	18	\$770,000	\$807,500	-4.64%
Concord	171	\$515,000	\$500,000	3.00%
Crockett	2	\$321,250	\$579,000	-44.52%
Danville	92	\$1,000,000	\$996,000	0.40%
El Cerrito	32	\$630,000	\$639,000	-1.41%
El Sobrante	25	\$550,000	\$495,000	11.11%
Hercules	32	\$611,250	\$452,500	35.08%
Lafayette	35	\$1,170,000	\$1,045,000	11.96%
Martinez	42	\$540,000	\$557,000	-3.05%
Moraga	24	\$849,500	\$910,000	-6.65%
Oakley	95	\$532,000	\$460,000	15.65%
Orinda	21	\$1,190,000	\$1,250,000	-4.80%
Pinole	20	\$522,500	\$506,500	3.16%
Pittsburg	92	\$460,000	\$436,500	5.38%
Pleasant Hill	39	\$630,000	\$631,000	-0.16%
Richmond	96	\$450,000	\$425,000	5.88%
Rodeo	8	\$495,000	\$507,500	-2.46%
San Pablo	60	\$495,000	\$460,000	7.61%
San Ramon	171	\$885,000	\$820,000	7.93%
Walnut Creek	96	\$669,500	\$686,000	-2.41%

Source: DataQuick

CONSTRUCTION PERMITS

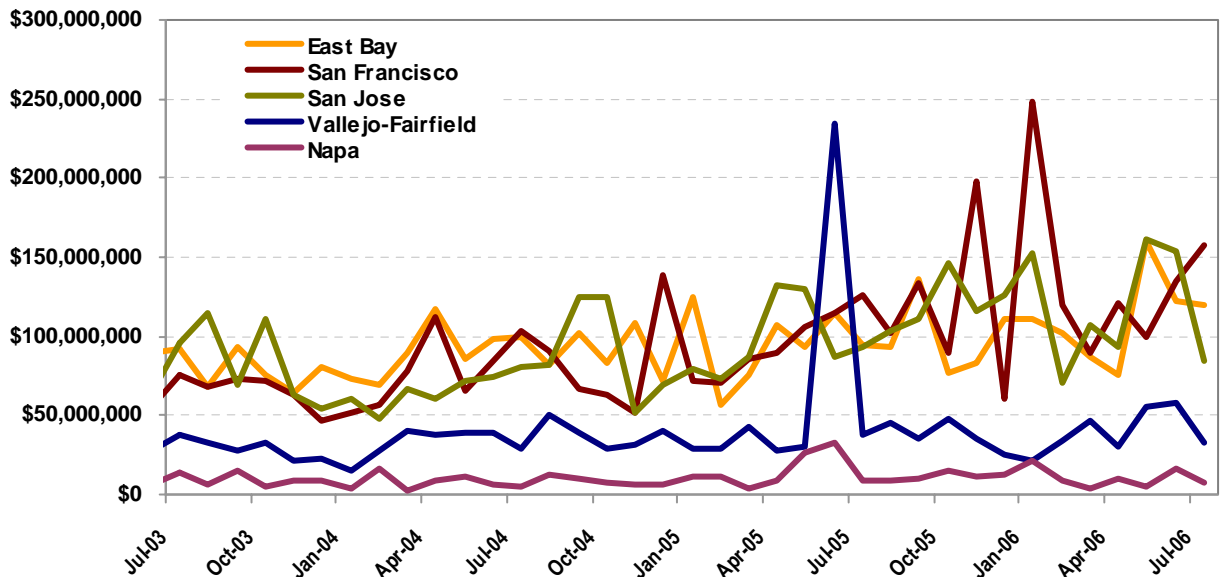
The following two charts of residential and non-residential permit values issued in each of the Bay Area's regions since July 2003 provide a quick comparative view of activity. Data follows in subsequent tables.

Dollar Value of Bay Area Residential Permits Issued by Region



Source: Construction Industry Research Board

Dollar Value of Bay Area Non-Residential Permits Issued by Region



Source: Construction Industry Research Board

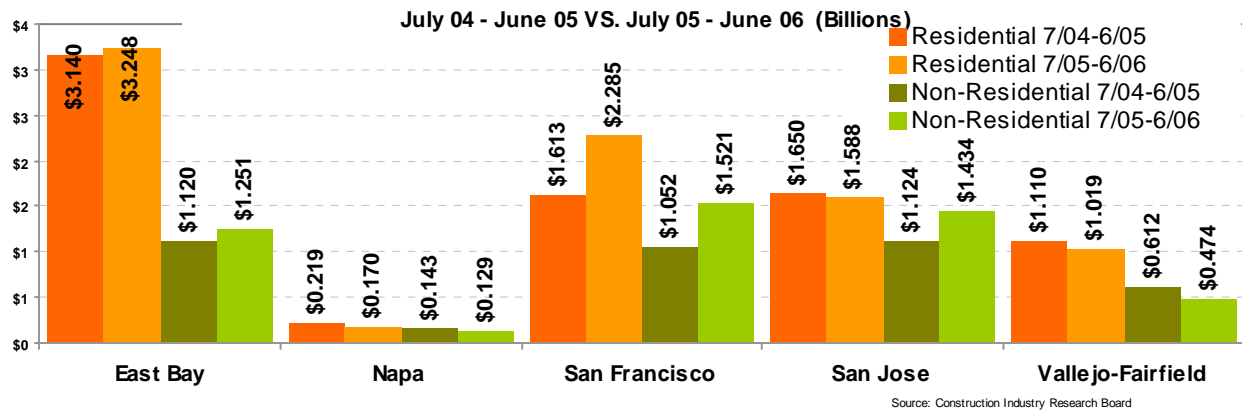
The East Bay experienced decreases in both Residential and Non-Residential Permits from June 2006 to July 2006. This large drop in permit activity occurred mainly in housing.

All of the Bay Area regions experienced a decrease in the total value of all the construction permits issued over the last month – June 2006 compared to July 2006. The San Jose region experienced the greatest percentage decrease (39.9%), a dollar amount of \$135,598,455. In July the East Bay saw a decrease in permit valuations as well, with a 27.8% drop in value from those approved in June 2006.

Region	June '06 VS. July '06	Percent Change
East Bay	-\$118,616,111	-27.8%
Napa	-\$1,860,771	-6.9%
San Francisco	-\$7,236,913	-2.6%
San Jose	-\$135,598,455	-39.9%
Vallejo Fairfield	-\$47,082,700	-33.6%

Comparing the twelve-month period ending July 2006 with the same period ending July 2005, The East Bay and San Francisco metro areas saw increases in the value of both residential and non-residential permits issued. In the Napa and Vallejo-Fairfield regions the value of both Residential and Non-Residential permits decreased. San Jose saw a decrease in the value of residential permits, but an increase in Non-Residential during the same period.

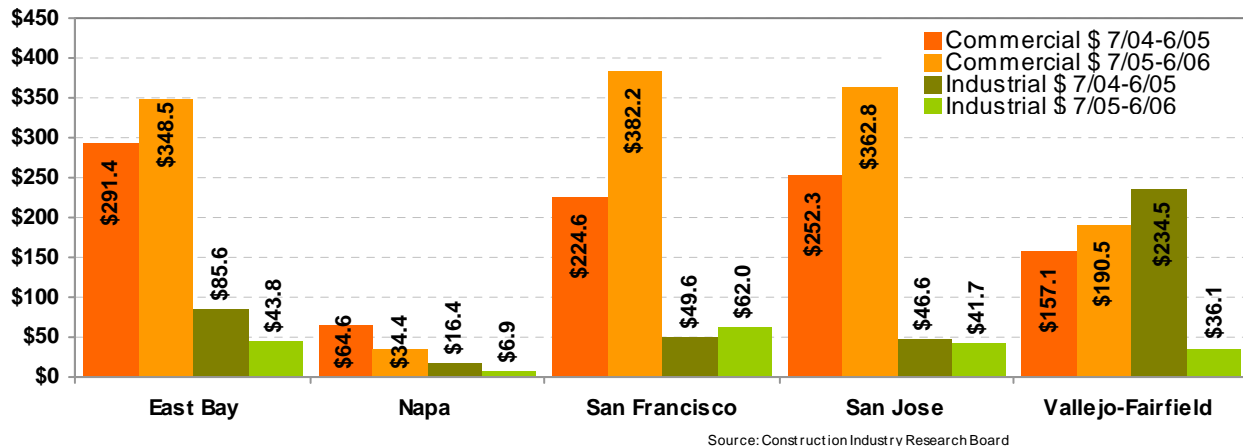
Value of Bay Area Construction Permits Issued by Region, Residential and Non-Residential



In a comparison of commercial and industrial permits issued during the same two twelve-month periods, all of the Bay Area's regions saw increases in the value of commercial permits issued, with San Francisco issuing close to \$160 million more in commercial permits between July 2005 and June 2006. San Francisco was the lone region to see an increase in industrial permits during this period. The Vallejo-Fairfield area had close to a \$200 million decrease in Industrial permits.

Value of Bay Area Construction Permits Issued by Region Commercial and Industrial

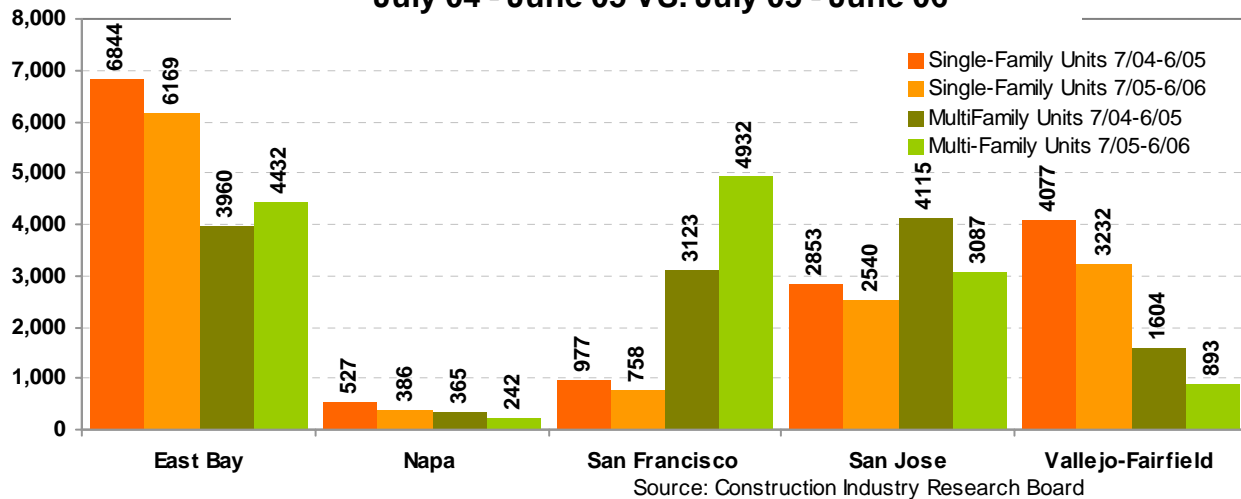
July 04 - June 05 VS. July 05 - June 06 (Millions)



In the twelve-month period ending July 2006, the East Bay and San Francisco saw increases in the number of multi-family unit permits issued, while the number of single-family permits declined across the five metro areas.

Bay Area Single Family and Multi-Family Permits Issued by Region

July 04 - June 05 VS. July 05 - June 06



The following tables examine these permit categories for the same comparative time periods for Alameda and Contra Costa Counties.

Alameda County saw a 74.8% decrease in the value of industrial permits, while Contra Costa County saw a 23.9% increase.

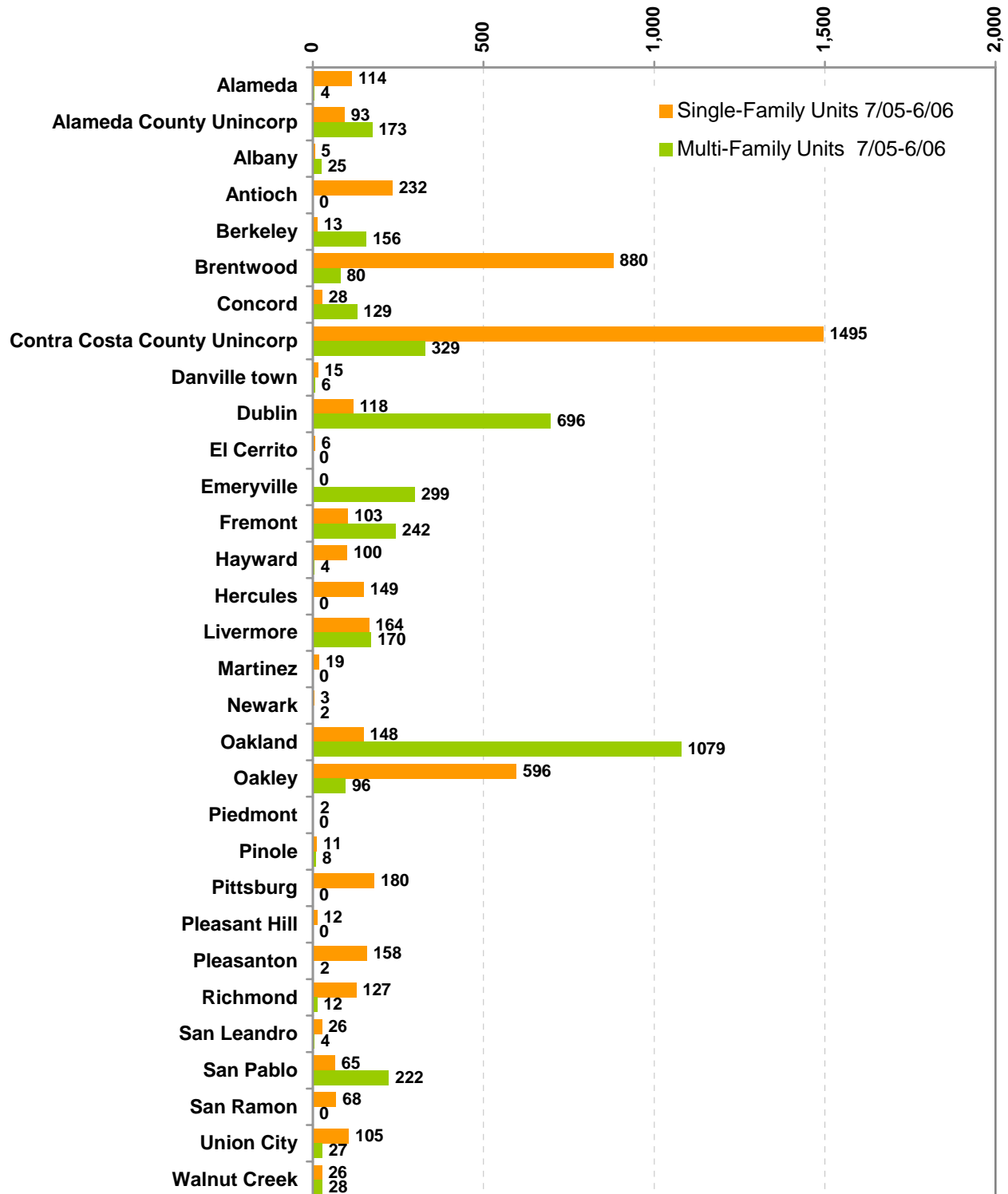
Construction Permit Values	7/04-6/05	7/05-6/06	Change	% Change
Alameda County Residential	\$1,498,096,247	\$1,428,493,153	-\$69,603,094	-4.6%
Alameda County Non-Residential	\$726,662,231	\$849,816,023	\$123,153,792	16.9%
Alameda County Commercial	\$201,152,600	\$258,113,311	\$56,960,711	28.3%
Alameda County Industrial	\$62,960,078	\$15,839,362	-\$47,120,716	-74.8%
Contra Costa County Residential	\$1,642,275,620	\$1,819,651,625	\$177,376,005	10.8%
Contra Costa County Non-Residential	\$393,786,537	\$400,878,715	\$7,092,178	1.8%
Contra Costa County Commercial	\$90,213,550	\$90,353,230	\$139,680	0.2%
Contra Costa County Industrial	\$22,597,392	\$28,001,661	\$5,404,269	23.9%

Both Alameda and Contra Costa Counties saw decreases in the number of Single-Family construction permits issued, and increases in Multi-Family permits. Contra Costa County had a 68.1% increase in Multi-Family permits, although the total number of permits issued during the period was still 2,348 fewer than in Alameda County.

Housing Unit Permit Comparison	7/04-6/05	7/05-6/06	Change	% Change
Alameda County Single-Family Units	1887	1522	-365	-19.3%
Contra Costa County Single-Family Units	4957	4647	-310	-6.3%
Alameda County Multi-Family Units	3340	3390	50	1.5%
Contra Costa County Multi-Family Units	620	1042	422	68.1%

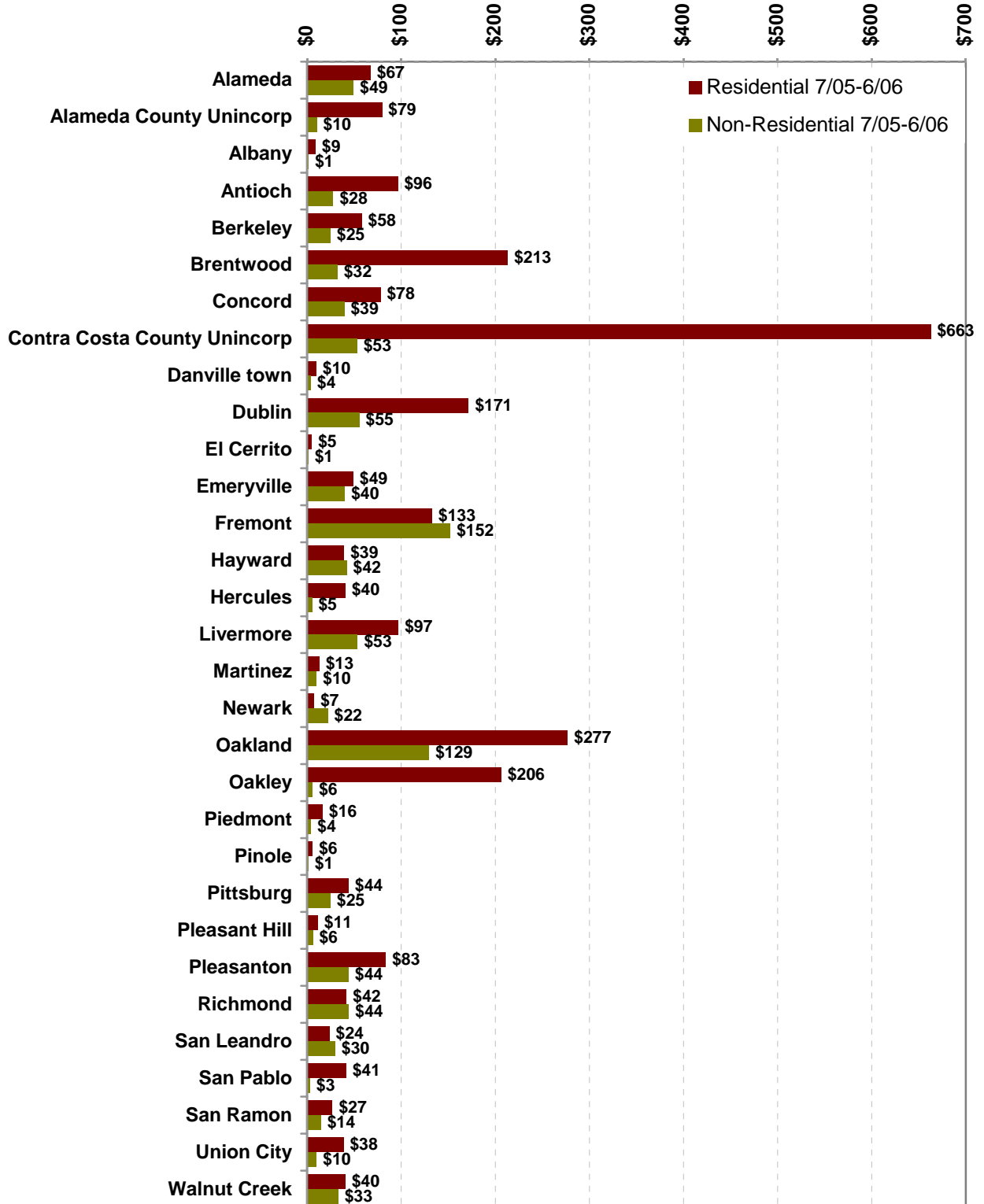
The following charts show the number and value of single, multi-family, residential and non-residential construction permits issued within the East Bay for the twelve-month period ending July 2006.

Number of East Bay Residential Unit Permits Issued by City July 2005 - June 2006



Source: Construction Industry Research Board

Value of East Bay Permits Issued by City June 2005 - May 2006 (Millions)



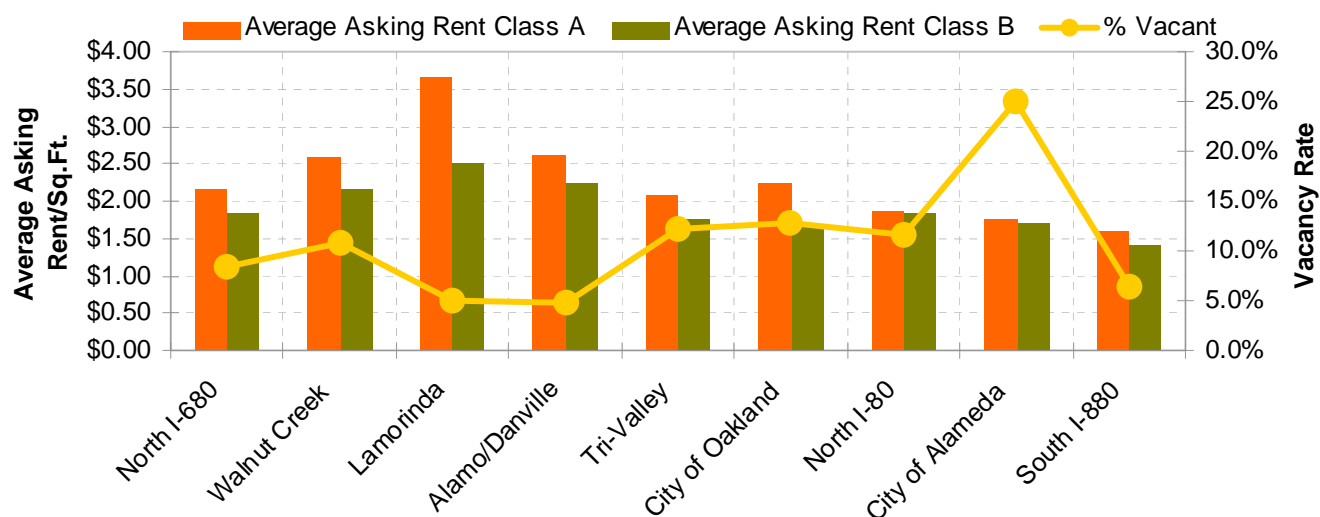
Source: Construction Industry Research Board

EAST BAY OFFICE & MANUFACTURING SPACE

The average asking rent for Class A office space in the East Bay was highest in the Lafayette-Moraga-Orinda, or Lamorinda, sub-market in the second quarter of 2006, where the average asking rent climbed to \$3.65 per square foot from \$3.58 in the first quarter of 2006. In the South I-880 sub-market (which includes Hayward and San Leandro) Class A office space was least expensive, at \$1.60 per square foot, up from \$1.35 in the first quarter of 2006.

Vacancy rates around the East Bay were mixed, with the North I-680, Alamo/Danville, Tri-Valley, City of Alameda, and South I-880 sub-markets seeing declines in the second quarter of 2006 – the most dramatic of these being in the Alamo/Danville area where vacancies dipped down to 3.9% from 7.5% in the first quarter of 2006. In the Walnut Creek, Lamorinda, Oakland and North I-80 sub-markets vacancy rates increased, with the largest increase in the North I-80 sub-market where the rate went up from 10.2% in the first quarter of 2006 to 11.6% in the second quarter of 2006.

Average Asking Rent and Vacancy Rates for Office Space, East Bay Sub-Markets, Q2 2006



Source: Grubb & Ellis

Over 60% of the Bay Area's industrial market is located in the East Bay, which contains approximately 92.2 million square feet of manufacturing space. In the second quarter of 2006, the East Bay's manufacturing vacancy rate was 5.6%, from 6.3% in the first quarter of 2006.

Oakland, Hayward and San Leandro, which contain the largest share of East Bay manufacturing space, recorded vacancy rates of 2.9%, 8.0% and 3.2%, respectively. The San Leandro and Richmond industrial sub-markets both showed improvement compared to the first quarter of 2006. Hayward's vacancy rate of 8.0% was the highest in the East Bay region.

East Bay Industrial Vacancy Rates	Q1 2006	Q2 2006
Oakland/Alameda	2.4%	2.9%
Hayward/Union City	9.3%	8.0%
Berkeley/Emeryville	2.5%	3.6%
Richmond/San Pablo	9.0%	7.8%
San Leandro/San Lorenzo	4.2%	3.2%
Total	6.3%	5.6%

Source: Grubb & Ellis

HOTEL OCCUPANCY

The PKF Consulting report on hotel trends for June 2006 shows a 2.1% increase in room rates throughout Northern California. The East Bay's average daily room rate showed a 4.6% year-to-year increase, and is now ranked 7th in Northern California. San Francisco saw the largest year-to-year increase in Northern California, with average daily room rates increasing by 9.3% between June of 2005 and June of 2006.

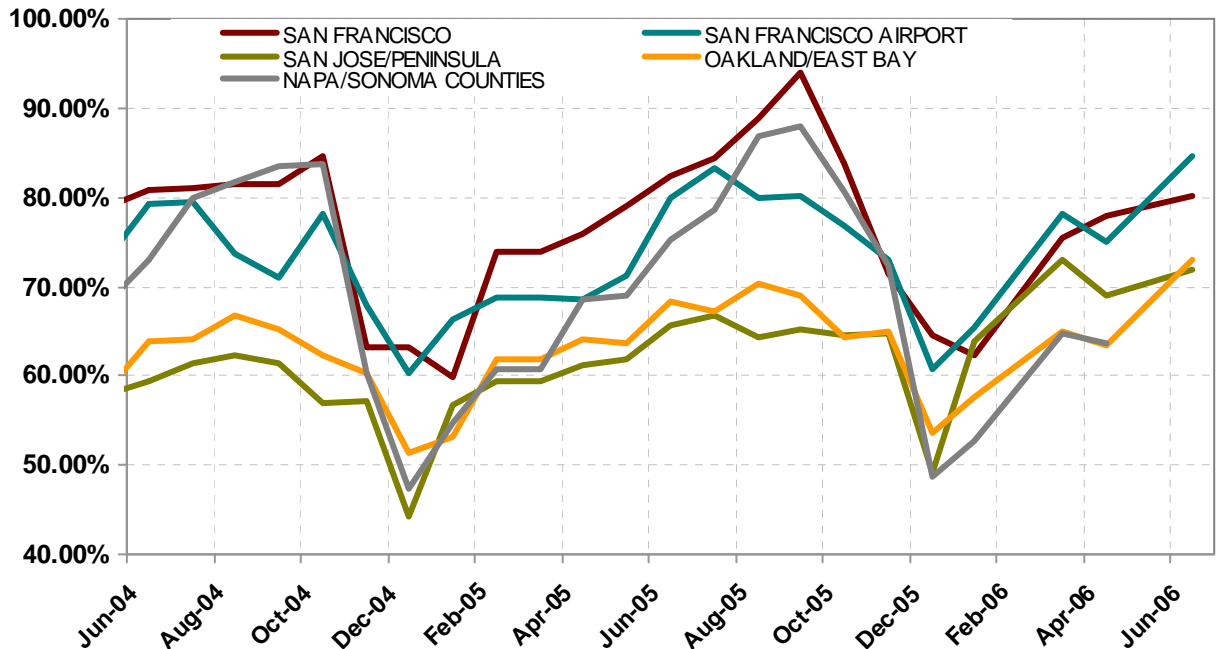
Hotel occupancy percent remained above 65% for all regions, with the average for Northern California rising to 77% from 75.4% in 2005. A majority of regions saw year-to-year increases in occupancy, with the San Jose/Peninsula sub-market seeing the greatest increase - up 9.70% from 2005.

	AVERAGE DAILY ROOM RATE			OCCUPANCY PERCENT		
	June-06	June-05	% Change	June-06	June-05	% Change
Monterey/Carmel	\$232.27	\$230.39	0.80%	74.90%	75.00%	-0.10%
Napa County	\$196.86	\$184.98	6.40%	75.80%	76.50%	-0.90%
San Francisco	\$166.46	\$152.24	9.30%	80.20%	81.30%	-1.30%
Marin County	\$140.76	\$138.24	1.80%	78.80%	77.00%	2.40%
Sonoma County	\$131.69	\$125.45	5.00%	78.30%	74.40%	5.30%
San Jose/Peninsula	\$113.18	\$105.59	7.20%	72.00%	65.60%	9.70%
Oakland/East bay	\$105.32	\$100.66	4.60%	73.00%	67.30%	8.40%
Sacramento	\$100.95	\$96.34	4.80%	76.80%	78.20%	-1.80%
San Francisco Airport	\$99.62	\$91.25	9.20%	84.70%	81.80%	3.50%
Other Northern	\$82.50	\$77.36	6.60%	72.70%	76.70%	-5.20%
Central Valley	\$67.93	\$61.98	9.60%	76.20%	77.00%	-1.00%
Overall Average	\$129.36	\$121.53	6.40%	77.00%	75.40%	2.10%

Source: PKF Consulting

Bay Area Hotel Occupancy

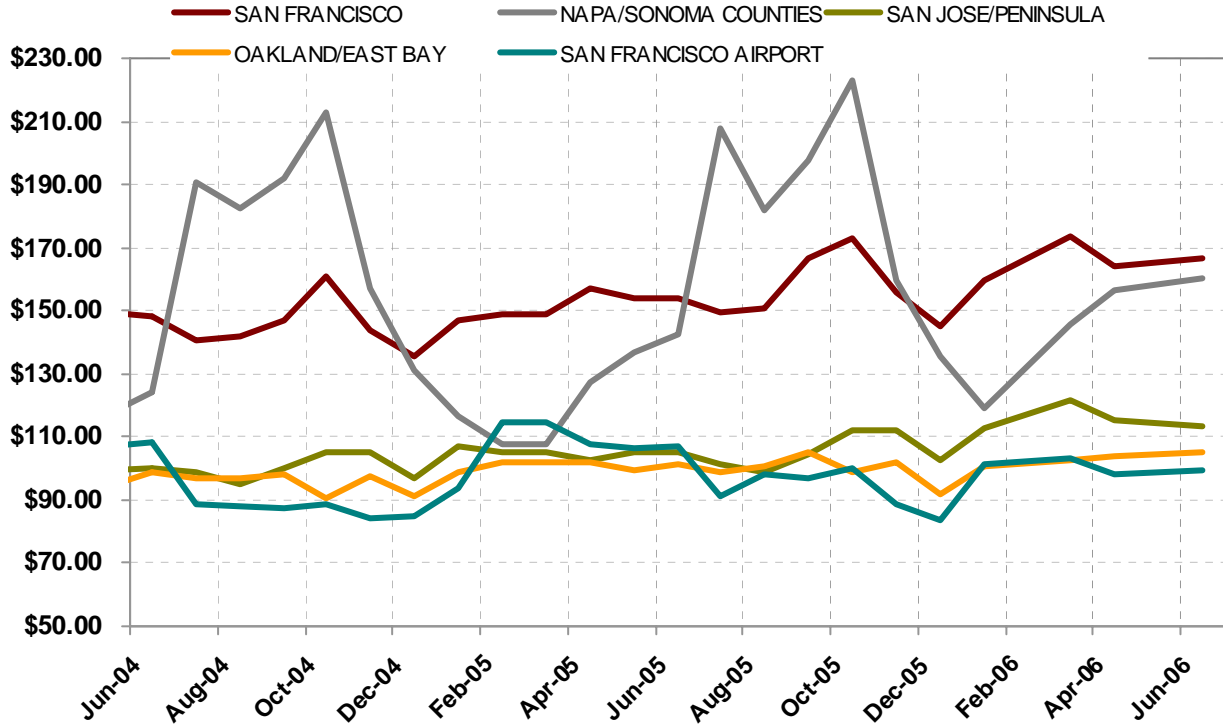
June 2004 - June 2006



Source: PKF Consulting

The East Bay's Average Daily Room Rate continued to be steadier than those of San Francisco and the Napa/Sonoma region – and is the second best deal in the Bay Area.

Bay Area Hotel Average Daily Room Rate June 2004 - June 2006



Source: PKF Consulting