NOVEMBER 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 OCTOBER 2006

- The East Bay ***unemployment rate was 3.9% in October***, down from 4.2% in September
- October was the ***East Bay's 29th consecutive month of year-over-year gains in payroll employment***
- East Bay ***home sales were up compared to September, but were down from October one year ago***
- ***Foreclosure rates in both East Bay counties were up*** from the previous quarter
- East Bay ***multi-family permits increased in a year-over-year comparison, while single family permits decreased***
- ***Average asking rents for East Bay commercial property were stable***, but vacancy rates were up from the previous quarter
- East Bay ***hotels enjoyed increases in both occupancy and daily room rates***

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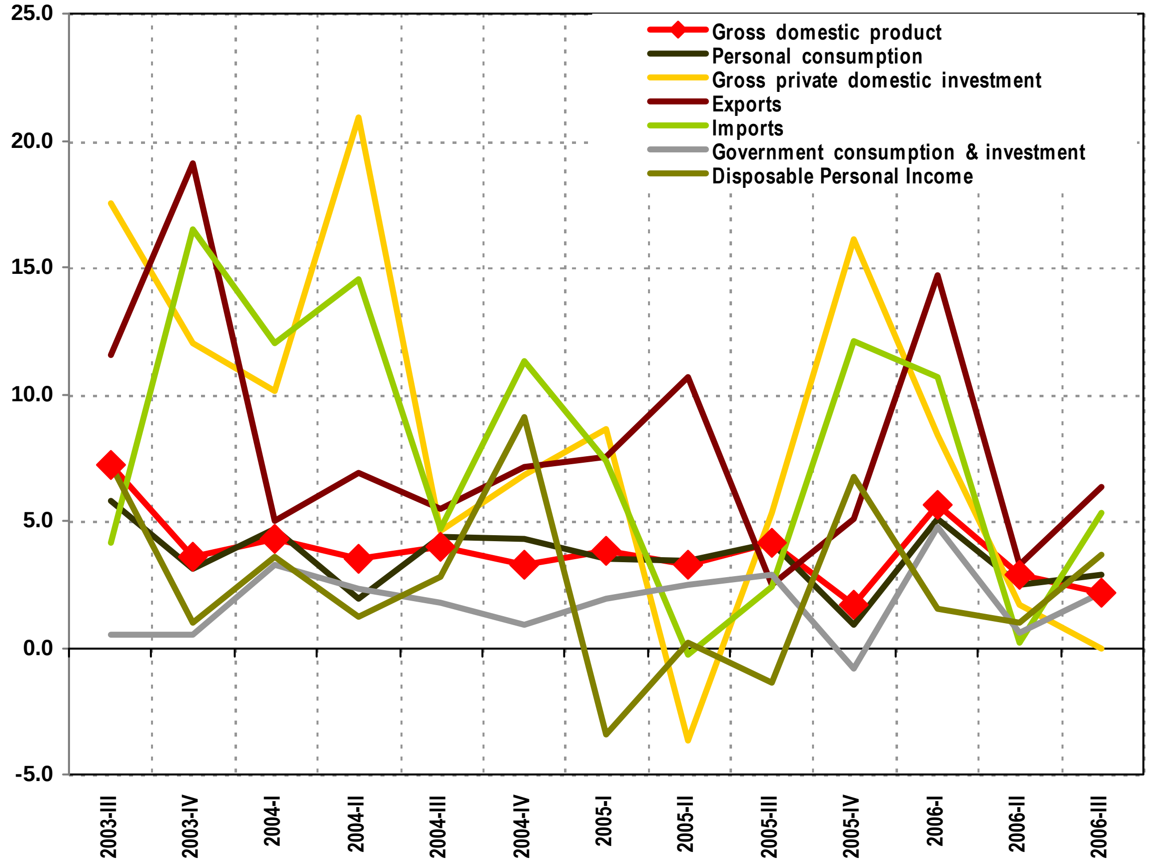
*Serving the East Bay, the **Bright** Side of the San Francisco Bay*

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 2.2 percent in the third quarter of 2006, according to preliminary estimates released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 2.6 percent. The increase in real GDP in the third quarter primarily reflected positive contributions from personal consumption expenditures – such as expenditures by individuals on durables, non-durables and services; exports, equipment and software – such as new machinery, equipment,

Real GDP Percent Change From Preceding Quarter



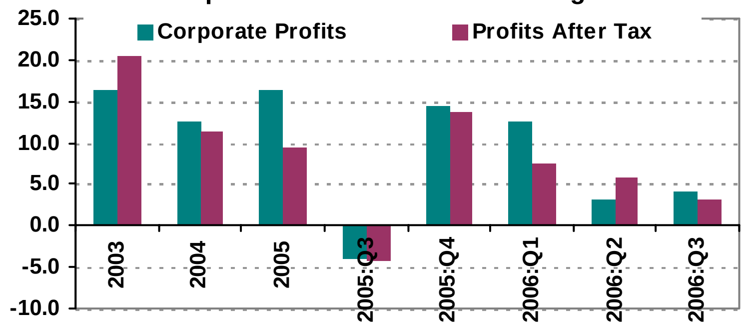
Source: Bureau of Economic Analysis

furniture, vehicles, etc.; nonresidential structures – such as new construction, improvements to existing structures, as well as equipment like plumbing and heating, which are an integral part of a structure; and state and local government spending. These contributions were partly offset by a negative contribution from residential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased.

CORPORATE PROFITS

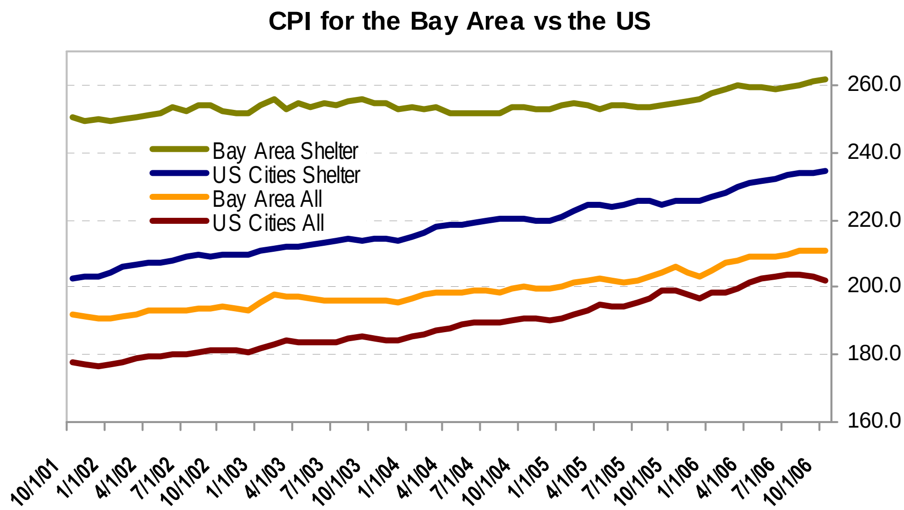
Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) rose 4.2 percent in the third quarter of 2006, after 1.4 percent growth in the second quarter. Compared to the third quarter of 2005, real corporate profits from current production rose by 27.2 percent in the third quarter of 2006. However, this surge in year-over-year profit growth is somewhat misleading, as corporate profits were temporarily depressed by Hurricane Katrina in Q3 last year.

Corporate Profits - Percent Change



Source: Bureau of Economic Analysis

COST OF LIVING



Source: Bureau of Labor Statistics

In October, the Bay Area Consumer Price Index for All Urban Consumers (CPI-U) increased 0.3 percent, and shelter costs were up 1.0 percent - making last month the 17th straight month of increases in the Bay Area's CPI-U, and the 7th straight month of increases in Bay Area shelter costs, according to the Bureau of Labor Statistics.

The US Cities CPI-U decreased 0.5 percent in October. The October level of 201.8 (1982-84=100) was 1.3 percent higher than in October 2005. On a seasonally adjusted basis, the CPI-U declined 0.5 percent in October, the same as in September. Energy prices, which declined 7.2 percent in September, fell 7.0 percent in October. Within energy, the index for petroleum-based energy decreased 10.7 percent and the index for energy services declined 2.5 percent. The food index increased 0.3 percent in October.

	Oct 2005	Nov 2005	Dec 2005	Jan 2006	Feb 2006	Mar 2006	Apr 2006	May 2006	Jun 2006	Jul 2006	Aug 06	Sep 2006	Oct 2006
US All Cities - All	199.2	197.6	196.8	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8
US All Cities Shelter	225.7	225.4	225.6	226.8	228.3	229.9	230.7	231.3	232.2	233.6	234.2	233.9	234.8
Bay Area - All	205.9	204.6	203.4	205.2	207.1	208.0	208.9	209	209.1	209.9	210.7	210.7	211.0
Bay Area - All Less Shelter	187.2	185.1	183.1	185.0	186.9	188.2	189.5	190	190	191	192.0	191.7	191.3
Bay Area - Shelter	254.8	255.1	255.6	257.5	259.0	259.7	259.2	259.4	258.5	259.2	259.7	261.0	262.0

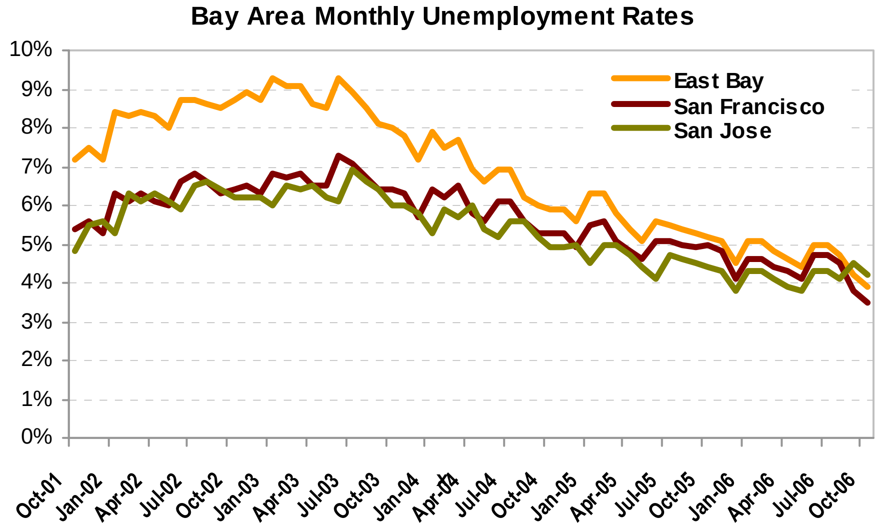
Compared to the Bay Area's shelter cost increase of 0.9 percent, US Cities shelter increased 0.9 percent in October. One reason for the increase in shelter costs for the US and Bay Area is a decline in housing affordability. Housing affordability reflects mortgage rates, income and home prices. When fewer renters can afford to leave the rental market and purchase their own homes, apartment owners have the ability to raise rents – and they often do. This cycle raises the cost of home ownership, pushing the shelter component of the CPI to its current level of over 41 percent for the US and approximately 45 percent for the Bay Area.

% Change in Annualized CPI	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06
US City Annual % Chg	4.30%	3.50%	3.40%	4.00%	3.60%	3.40%	3.50%	4.20%	4.32%	3.93%	3.82%	2.06%	1.31%
Bay Area Annual % Chg	2.80%	2.40%	2.00%	2.40%	2.90%	3.10%	3.20%	3.54%	3.93%	3.86%	3.79%	3.13%	2.48%

The Bay Area's annual growth rate in CPI was 0.32 lower in October 2006 than in October 2005, while the US City average annual growth rate was 2.99 percent lower during the same period – a significant decrease.

BAY AREA LABOR FORCE, UNEMPLOYMENT & EMPLOYED RESIDENTS

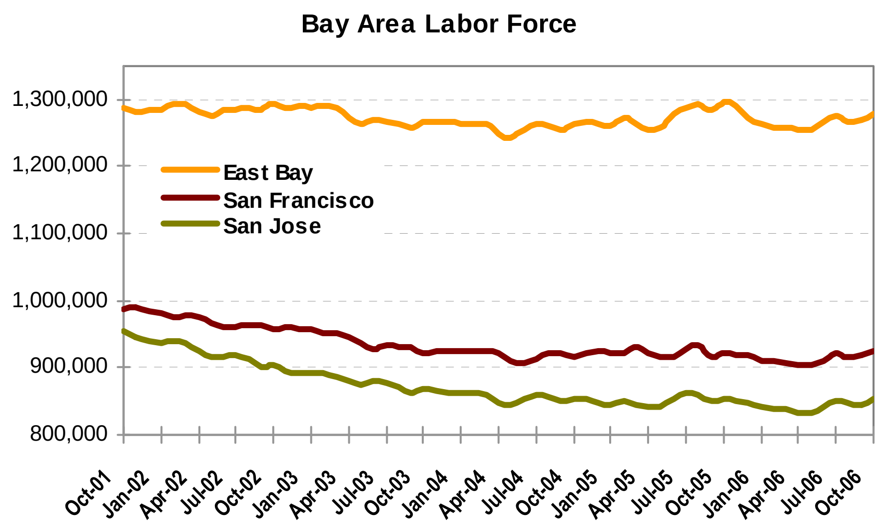
The unemployment rate in the Oakland-Fremont-Hayward Metropolitan District was 3.9 percent in October 2006, down from 4.2 percent in September 2006, and below the year-ago estimate of 4.8 percent. This is considerably lower than the unadjusted unemployment rate of 4.2 percent for California and 4.1 percent for the nation in October 2006.



Source: CA Employment Development Dept.

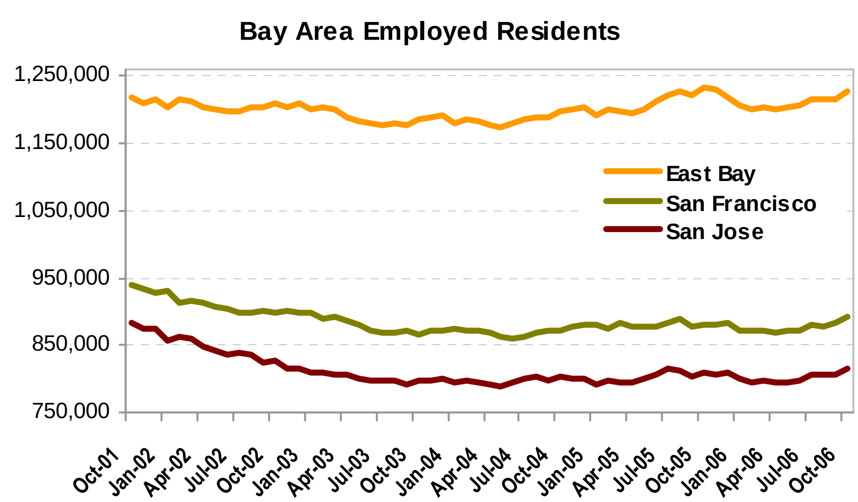
Within the East Bay, Alameda County's unemployment rate was 4.0 percent in October 2006, down from 4.3 percent in September, and Contra Costa County's rate was 3.8 percent, down from 4.0 percent in September.

Between September and October, the East Bay's labor force gained another 8,400 workers, San Francisco gained 8,000 workers, and San Jose gained 6,200. However, the year-over-year comparison of October 2006 with October 2005 shows the East Bay with 20,400 fewer, San Francisco with 5,100 more and San Jose with 2,700 fewer workers.



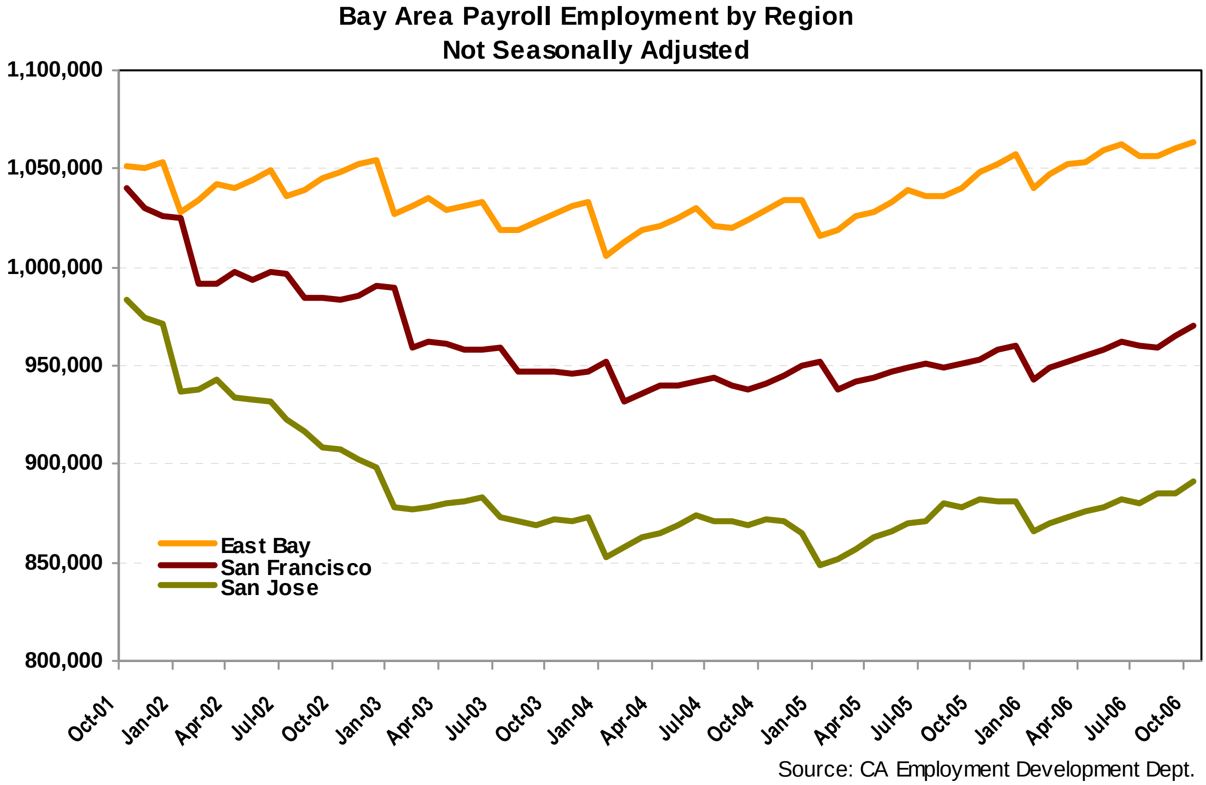
Source: CA Employment Development Dept.

Between September and October each of the three regions saw gains in the number of employed residents. In the East Bay there were 11,500 more residents employed in October than in September, in San Francisco 10,300 more, and in San Jose 8,800 more. A comparison of October 2006 and October 2005 shows the East Bay with 16,100 more employed residents, and San Francisco and San Jose with 13,300 and 5,900 more, respectively.



Source: CA Employment Development Dept.

The number of employed East Bay residents has almost regained the losses of late 2005 and early 2006, as it continues to gain steam in approaching the October 2005 high of 1,233,100. The East Bay's labor force, though currently experiencing a trend of growth, still has 20,000 fewer workers than in October 2005.



Between September and October of 2006, East Bay payroll employment gained 3,100 non-farm jobs, continuing to grow following a gain of 6,500 in September. During the same period, San Francisco lost 400 jobs and San Jose gained 4,600 jobs.

In the East Bay:

- Government posted a net gain of 3,200 jobs, mainly due to a seasonal addition in local public schools (up 2,300 jobs).
- Educational and health services gained 1,100 jobs, partly from a seasonal increase in private schools (up 500 jobs).
- Trade, transportation and utilities picked up 800 jobs.
- Leisure and hospitality lost 1,000 jobs, predominately in accommodation and food services (down 700 jobs).
- Manufacturing was down 300 jobs, with losses occurring in residual-food manufacturing (down 200 jobs) and computer and peripheral equipment manufacturing (down 100 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	0	4,300	9,500	12,700
Educational and Health Services	1,100	2,900	5,300	11,000
Professional and Business Services	100	2,700	6,200	-4,600
Government	3,200	2,000	3,300	1,800
Financial Activities	-400	1,800	5,100	15,400
Leisure and Hospitality	-1,000	1,700	4,900	6,800
Retail Trade	400	1,300	3,600	2,300
Wholesale Trade	0	400	-1,300	-7,400
Manufacturing	-300	300	-2,200	-19,300
Trans, Warehousing & Utilities	400	0	-100	-6,800
Information	-100	-300	-1,500	-8,900
Other Services	-200	-500	-500	-100
	Source: CA Employment Development Dept.			

In a year-over-year comparison, there were 16,800 more jobs in the East Bay in October 2006 than in October 2005. This marks the 29th consecutive month of year-over job gains in the East Bay, where

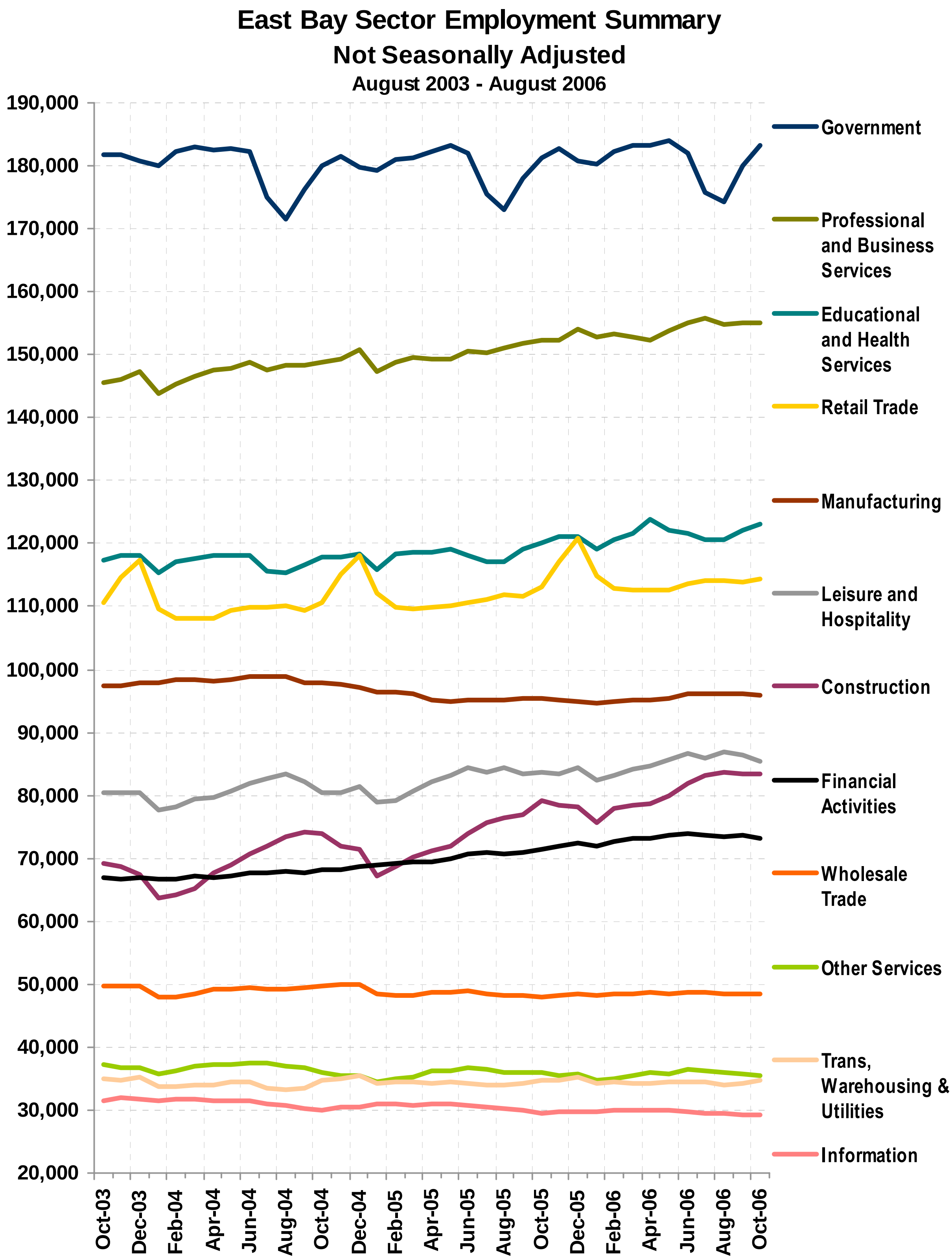
- Construction reported the 31st month of year-over gains by adding 4,300 jobs. Specialty trade contractors (up 2,000 jobs) accounted for close to half of the job growth.
- Educational and health services continued to expand (up 2,900 jobs). Growth in health care (up 1,800 jobs) was a key factor in the improvement.
- Professional and business services reported its 34th consecutive month of year-over growth by adding 2,700 jobs. Employment services (up 1,800 jobs) accounted for the bulk of the expansion.
- Government gained 2,000 jobs, largely in local government education (up 1,700 jobs).

In San Francisco and San Jose the year-over-year comparison was also positive, with gains of 17,400 and 9,100 jobs, respectively.

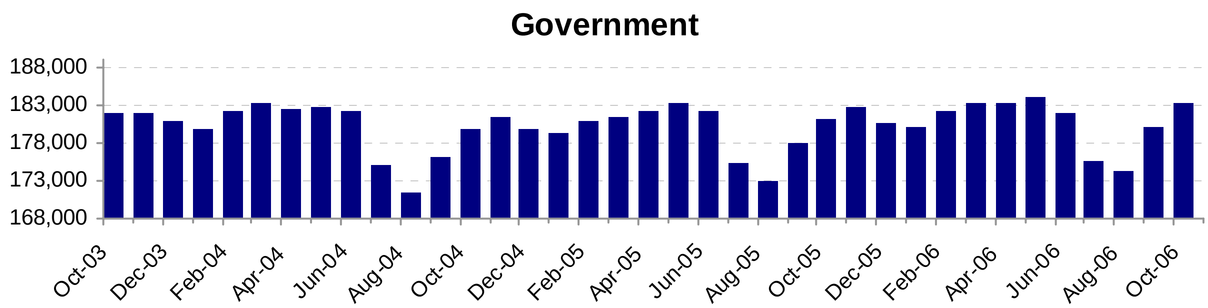
A year-over-year comparison of the East Bay's manufacturing sector showed an overall improvement of 300 jobs. When compared with October 2005, miscellaneous, food, and machinery manufacturing saw gains of 800, 400 and 200, respectively.

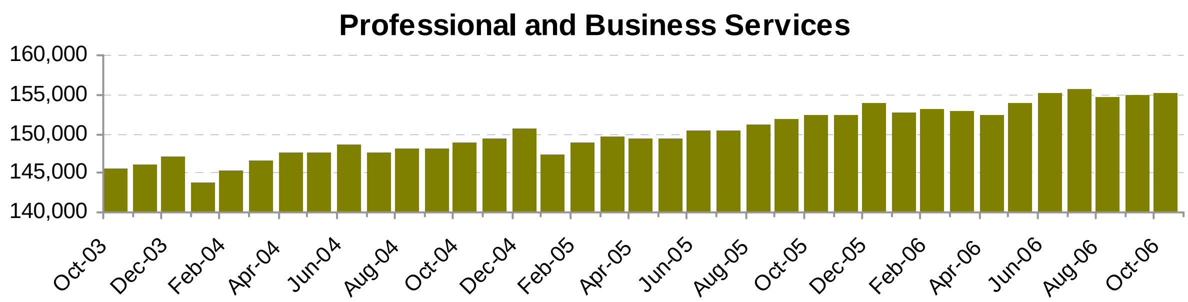
There was little change in East Bay manufacturing between September and October 2006, with minor losses in residual food manufacturing and computer and electronic product manufacturing losing 200 and 100 jobs respectively, equaling a total loss of 300 jobs within the manufacturing sector as a whole. Compared to May 2001, total manufacturing is down 19,300 jobs.

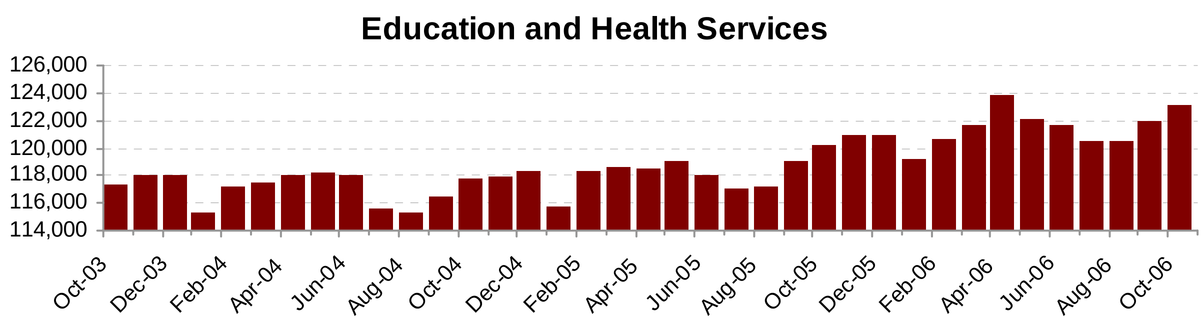
East Bay Manufacturing Sector	10/2006 Employment	1 Month Change	12 Month Change	24 Month Change	Change from 5/01
Residual-Miscellaneous Manufacturing	23,200	0	**800**	200	-2,800
Residual-Food Manufacturing	22,100	-200	**400**	0	-2,900
Machinery Manufacturing	6,200	0	**200**	0	-2,600
Petroleum and Coal Products Manufacturing	6,600	0	**100**	-200	-400
Chemical Manufacturing	7,300	0	**100**	100	-900
Transportation Equipment Manufacturing	7,700	0	**0**	-300	400
Primary Metal Manufacturing	2,800	0	**-100**	0	-400
Computer and Electronic Product Manufacturing	20,200	-100	**-1,200**	-2,000	-9,700
Total Manufacturing	**96,100**	**-300**	**300**	**-2,200**	**-19,300**
Source: CA Employment Development Dept.					



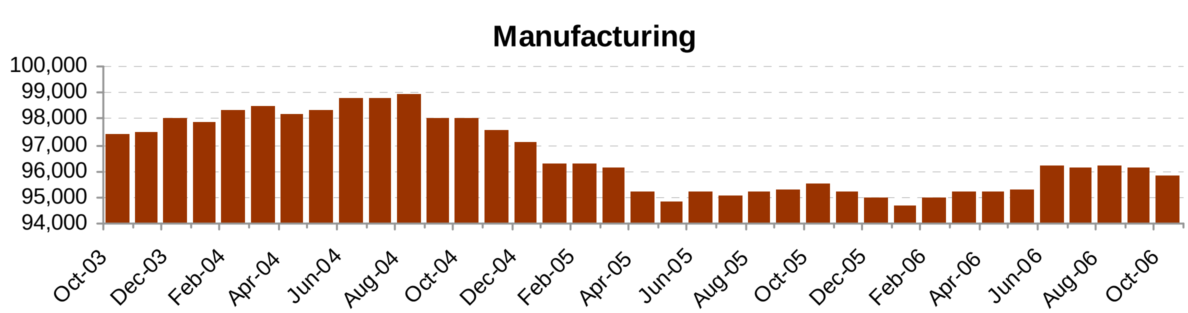
Source: CA Employment Development Dept.

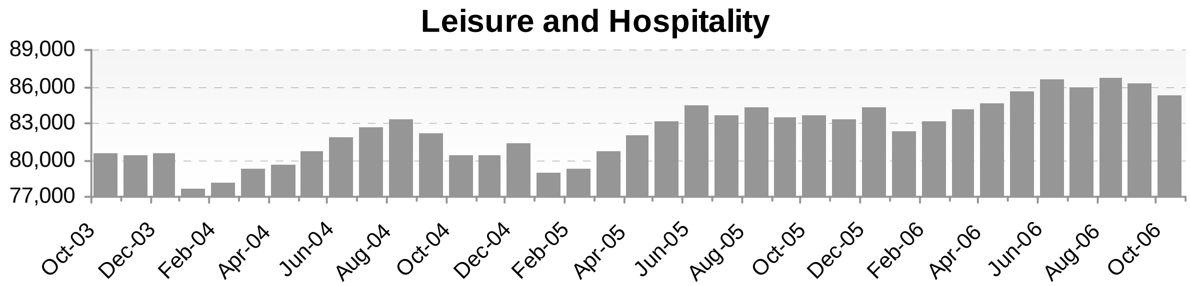

Government
188,000
183,000
178,000
173,000
168,000
Oct-03 Dec-03 Feb-04 Apr-04 Jun-04 Aug-04 Oct-04 Dec-04 Feb-05 Apr-05 Jun-05 Aug-05 Oct-05 Dec-05 Feb-06 Apr-06 Jun-06 Aug-06 Oct-06


Professional and Business Services
160,000
155,000
150,000
145,000
140,000
Oct-03 Dec-03 Feb-04 Apr-04 Jun-04 Aug-04 Oct-04 Dec-04 Feb-05 Apr-05 Jun-05 Aug-05 Oct-05 Dec-05 Feb-06 Apr-06 Jun-06 Aug-06 Oct-06


Education and Health Services
126,000
124,000
122,000
120,000
118,000
116,000
114,000
Oct-03 Dec-03 Feb-04 Apr-04 Jun-04 Aug-04 Oct-04 Dec-04 Feb-05 Apr-05 Jun-05 Aug-05 Oct-05 Dec-05 Feb-06 Apr-06 Jun-06 Aug-06 Oct-06


Retail Trade
125,000
120,000
115,000
110,000
105,000
Oct-03 Dec-03 Feb-04 Apr-04 Jun-04 Aug-04 Oct-04 Dec-04 Feb-05 Apr-05 Jun-05 Aug-05 Oct-05 Dec-05 Feb-06 Apr-06 Jun-06 Aug-06 Oct-06


Manufacturing
100,000
99,000
98,000
97,000
96,000
95,000
94,000
Oct-03 Dec-03 Feb-04 Apr-04 Jun-04 Aug-04 Oct-04 Dec-04 Feb-05 Apr-05 Jun-05 Aug-05 Oct-05 Dec-05 Feb-06 Apr-06 Jun-06 Aug-06 Oct-06


Leisure and Hospitality
89,000
86,000
83,000
80,000
77,000
Oct-03
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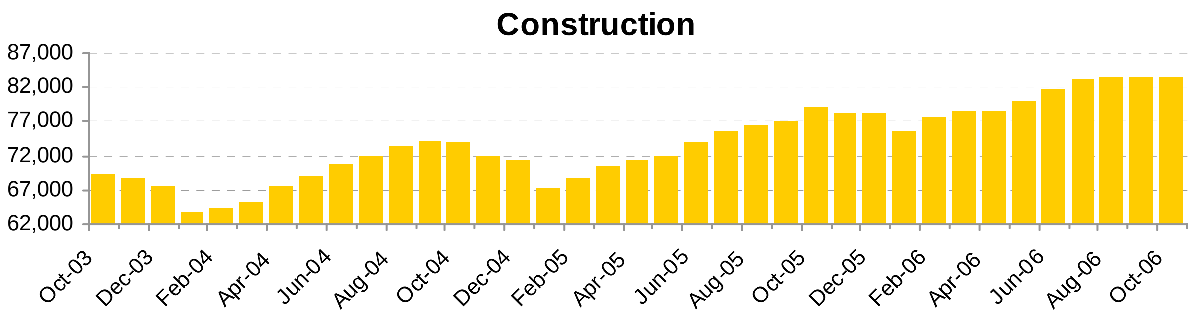
Construction
87,000
82,000
77,000
72,000
67,000
62,000
Oct-03
Dec-03
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Oct-04
Dec-04
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Aug-05
Oct-05
Dec-05
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Jun-06
Aug-06
Oct-06


Financial Activities
75,000
73,000
71,000
69,000
67,000
65,000
Oct-03
Dec-03
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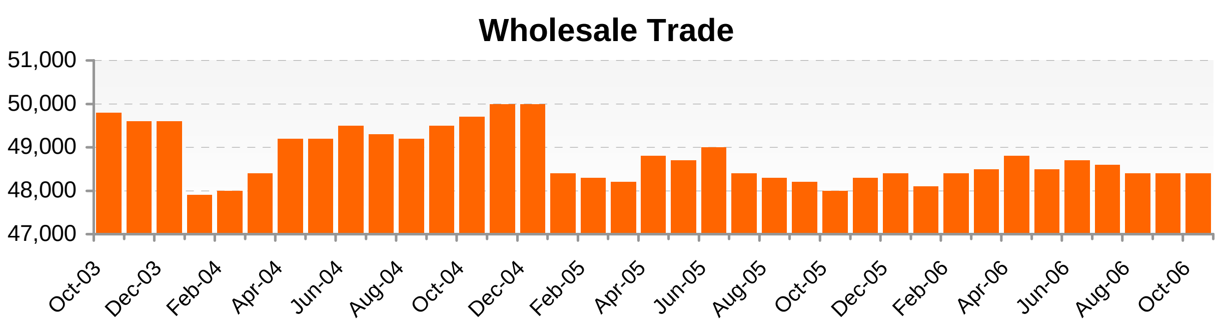
Wholesale Trade
51,000
50,000
49,000
48,000
47,000
Oct-03
Dec-03
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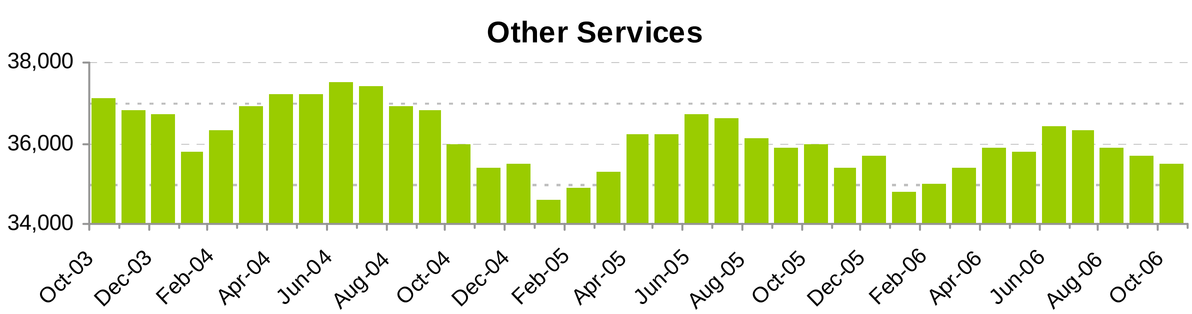
Other Services
38,000
36,000
34,000
Oct-03
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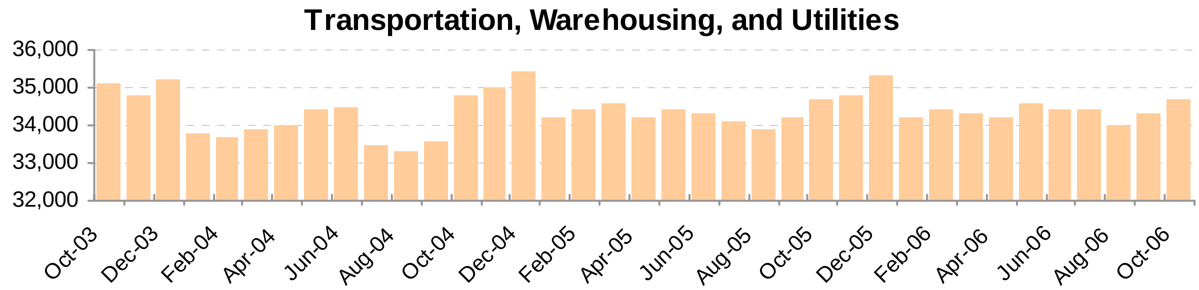
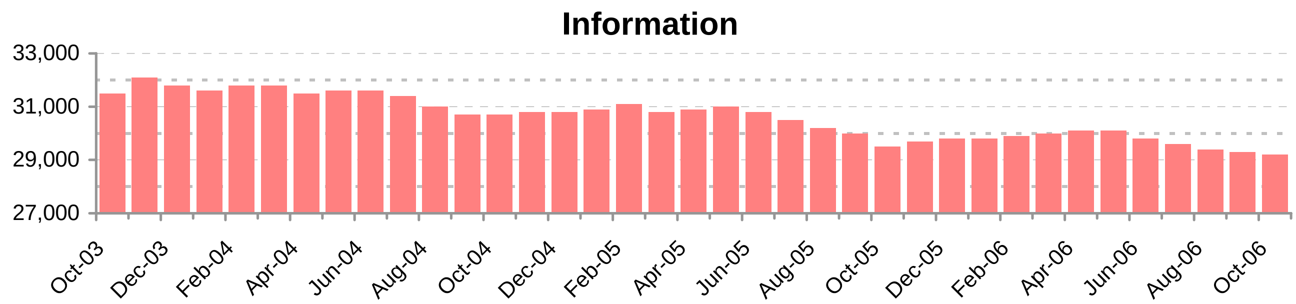




HOUSING

Bay Area home sales held steady at a five-year low in October 2006 as buyers and sellers circled each other in a game of wait-and-see. Prices remained flat, according to DataQuick Information Systems.

A total of 7,979 new and resale houses and condos were sold in the nine-county region in October. That was up 0.9 percent from 7,907 for the month before, and down 24.1 percent from 10,508 for October last year.

Last month's sales count was the lowest for any October since 2001 when 7,867 homes were sold. An average October has 8,445 sales in DataQuick's statistics, which go back to 1988. The range is from 5,767 in 1994 to 11,728 in 2003.

All nine Bay Area counties saw a decrease in the number of homes sold in October 2006 versus October 2005. Alameda and Contra Costa Counties saw annual percentage decreases in the mid-range, with decreases of 27.5 percent and 21.2 percent, respectively. Solano County saw a 35.4 percent decrease compared with October 2005, while San Francisco and San Mateo Counties saw decreases of only 13.6 and 13.4 percent, respectively.

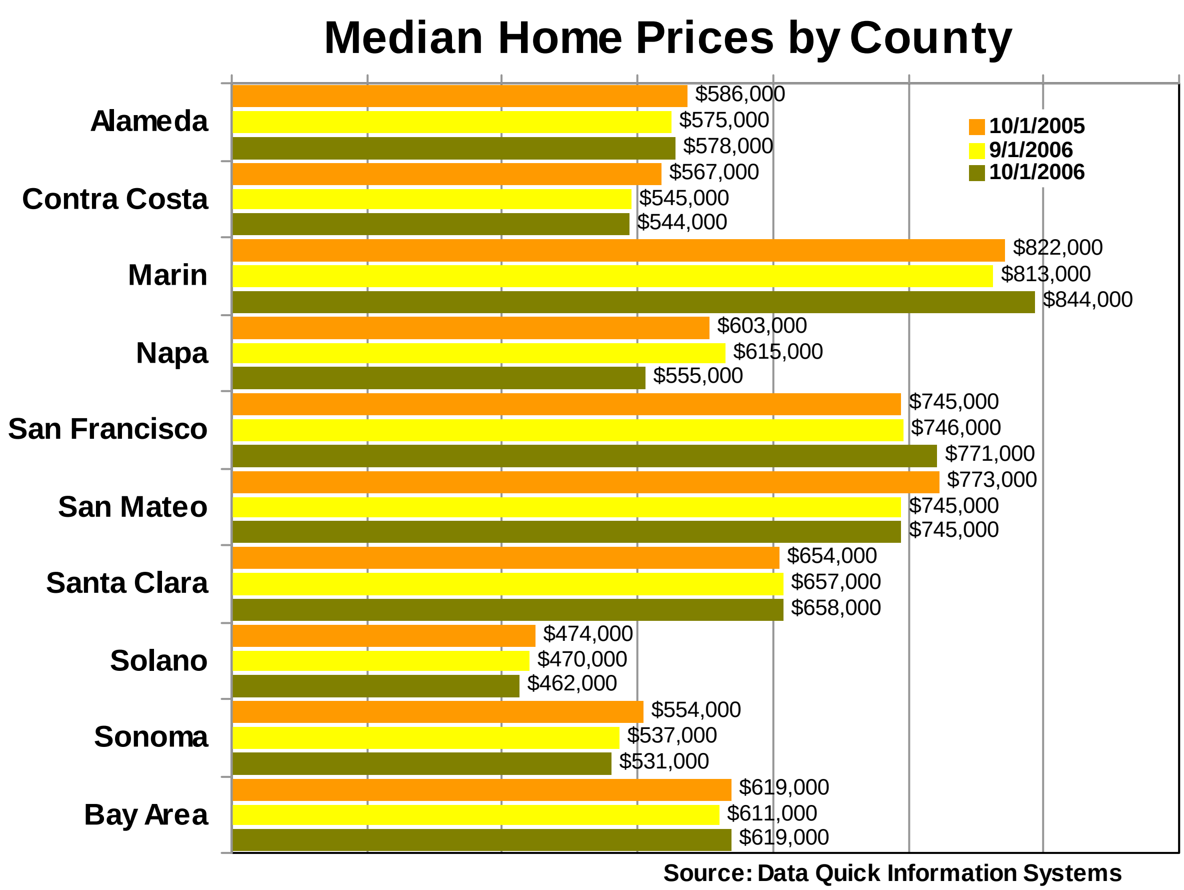
All Homes by County	Number Sold October 2006	Annual Pct. Chg	Median October 2006	Median Annual Pct. Chg
Alameda	1,586	-27.5%	$578,000	1.2%
Contra Costa	1,658	-21.2%	$544,000	-5.4%
Marin	286	-27.6%	$844,000	3.3%
Napa	140	-25.1%	$555,000	-8.7%
San Francisco	523	-13.6%	$771,000	-0.9%
San Mateo	653	-13.4%	$745,000	-1.8%
Santa Clara	1,971	-22.9%	$658,000	3.0%
Solano	605	-35.4%	$462,000	-2.9%
Sonoma	557	-28.9%	$531,000	-5.9%
Bay Area	7,979	-24.1%	$614,000	0.0%

Source: Data Quick Information Systems

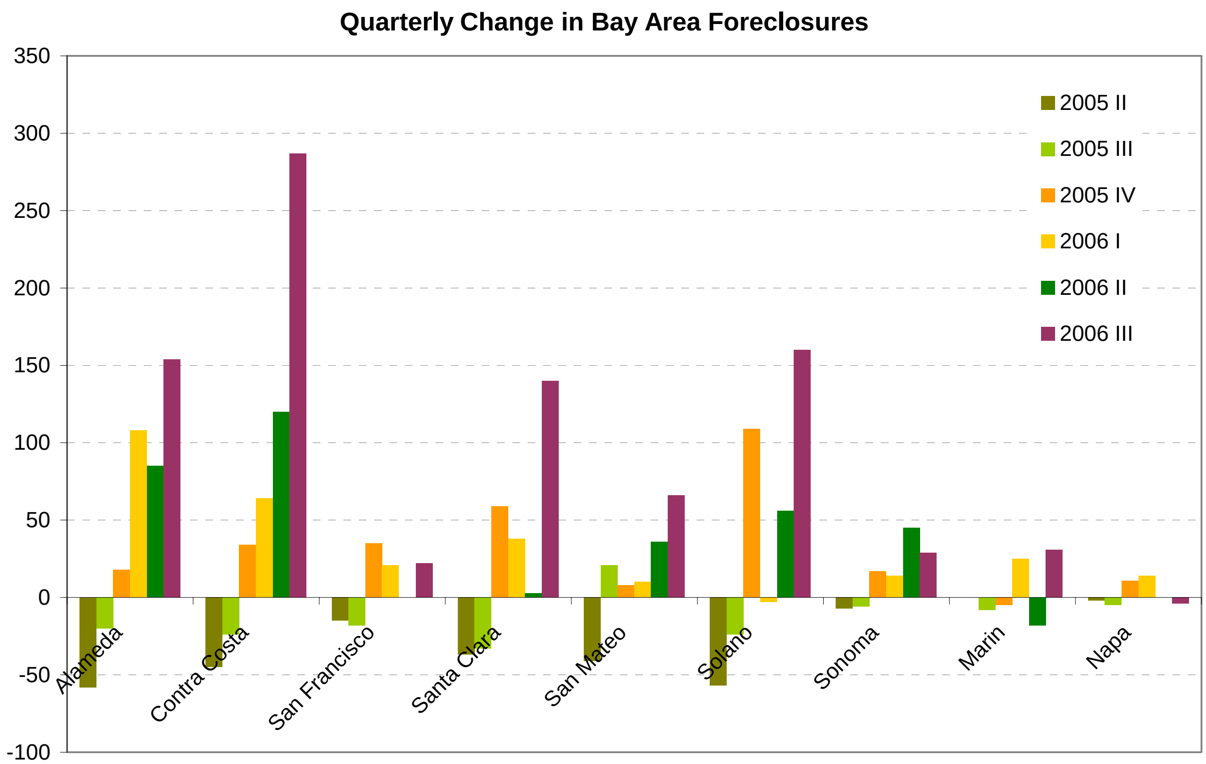
The median price paid for a Bay Area home was $614,000 in October, up 0.5 percent from September's $611,000, and unchanged from October last year. The median hovered around $630,000 last spring and early summer, and spiked to $644,000 in June before slowing down.

In Alameda, Marin, San Francisco and Santa Clara Counties, median home prices were up from September, while prices were down in Contra Costa, Napa, Solano and Sonoma Counties. In San Mateo, the median home price was unchanged from September.

The typical monthly mortgage payment that Bay Area buyers committed themselves to paying was $2,901 last month. That was down from $2,924 in September, and up from $2,876 for October a year ago. It peaked in June at $3,183. Adjusted for inflation, mortgage payments are 14 percent higher than they were at the peak of the prior cycle fourteen years ago.



FORECLOSURES



Source: DataQuick

With the exception of Napa County, foreclosures around the Bay Area increased between the second and third quarters of 2006. During this period, foreclosures in Alameda and Contra Costa Counties were up 23.7 and 39.6 percent, respectively. This trend is quite dramatic when compared with the second and third quarters of 2005, when foreclosures were declining on a quarterly basis.

Due to the fact that counties like Alameda, Contra Costa and Santa Clara have such a large number of existing homes, the quarterly change in foreclosures, rather than the total number of foreclosures, was used in this analysis.

EAST BAY HOME SALES

In October 2006 the median home sale price in Alameda County was $590,000 – a 1.72 percent, or $10,000, increase compared to October 2005. In Contra Costa County the median home sale price was $550,000 in October 2006 - a 1.08 percent, or $6,000, decrease compared to October 2005.

The largest year-to-year percentage increase in the East Bay was in Walnut Creek, where the median price was up 24 percent from October 2005, an increase of $138,000.

The East Bay's largest year-to-year decrease in the East Bay was in Byron, where the median home sale price fell 17.9 percent, or $124,500.

Within Alameda County, Pleasanton had the highest median home sale price of $775,000 and Emeryville had the lowest median home price, at $422,000, which was down from $445,000 in October 2005.

In Contra Costa County, Alamo had the highest median home sale price of $1,425,000, a 4.2 percent increase from October 2005, and Crockett had the lowest median sale price - $370,000, a decrease of 15.6 percent from $438,500 in October 2005.

NOTE: The housing costs provided by DataQuick include all home sales – new and existing, condos and single-family. Data at the city level will vary from county level data due to collection methods.

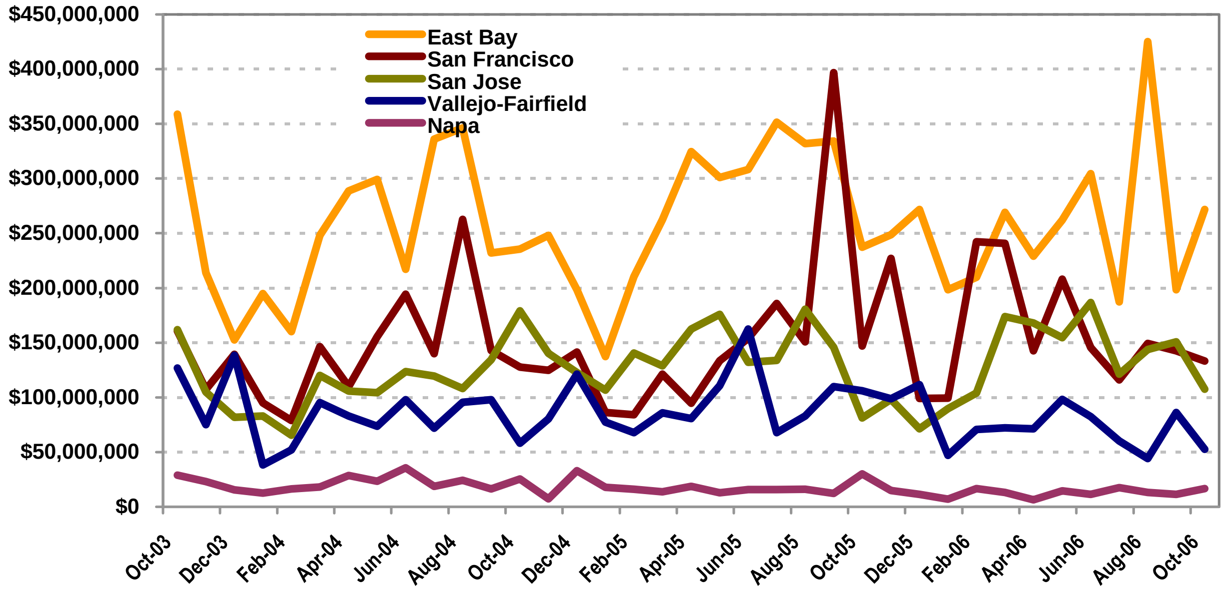
OCTOBER 2006 EAST BAY HOME SALES

County/City/Area	# Sold	October 2006	October 2005	% Change Yr-To-Yr
Alameda County	***1,364***	***$590,000***	***$580,000***	1.7%
Alameda	69	**$682,000**	$662,000	3.0%
Albany	20	**$580,000**	$652,000	-11.0%
Berkeley	56	**$646,000**	$700,000	-7.7%
Castro Valley	48	**$607,500**	$600,000	1.3%
Dublin	55	**$675,000**	$580,000	16.4%
Emeryville	34	**$422,500**	$445,000	-5.1%
Fremont	193	**$632,000**	$645,000	-2.0%
Hayward	166	**$550,000**	$565,000	-2.7%
Livermore	123	**$600,000**	$585,000	2.6%
Newark	53	**$615,000**	$610,000	0.8%
Oakland	278	**$530,000**	$490,000	8.2%
Pleasanton	71	**$775,000**	$780,000	-0.6%
San Leandro	90	**$560,500**	$565,000	-0.8%
San Lorenzo	28	**$544,000**	$557,000	-2.3%
Union City	80	**$658,000**	$625,000	5.3%
Contra Costa County	***1,391***	***$550,000***	***$556,000***	-1.1%
Alamo	15	**$1,425,000**	$1,367,500	4.2%
Antioch	138	**$511,250**	$481,000	6.3%
Brentwood	123	**$649,500**	$635,000	2.3%
Byron	37	**$570,000**	$694,500	-17.9%
Clayton	15	**$675,000**	$725,000	-6.9%
Concord	141	**$499,000**	$526,750	-5.3%
Crockett	3	**$370,000**	$438,500	-15.6%
Danville	49	**$970,000**	$967,500	0.3%
El Cerrito	20	**$616,500**	$605,000	1.9%
El Sobrante	35	**$530,000**	$551,000	-3.8%
Hercules	40	**$633,750**	$530,000	19.6%
Lafayette	24	**$940,000**	$923,000	1.8%
Martinez	55	**$565,000**	$520,000	8.7%
Moraga	23	**$970,000**	$1,006,000	-3.6%
Oakley	106	**$506,750**	$520,000	-2.6%
Orinda	13	**$1,019,000**	$1,170,000	-12.9%
Pinole	24	**$554,500**	$570,000	-2.7%
Pittsburg	92	**$460,000**	$460,000	0.0%
Pleasant Hill	32	**$622,000**	$660,750	-5.9%
Richmond	111	**$445,000**	$449,500	-1.0%
Rodeo	7	**$510,000**	$579,500	-12.0%
San Pablo	60	**$502,000**	$465,000	8.0%
San Ramon	127	**$730,000**	$877,500	-16.8%
Walnut Creek	95	**$712,000**	$574,000	24.0%
		Source: DataQuick		

CONSTRUCTION PERMITS

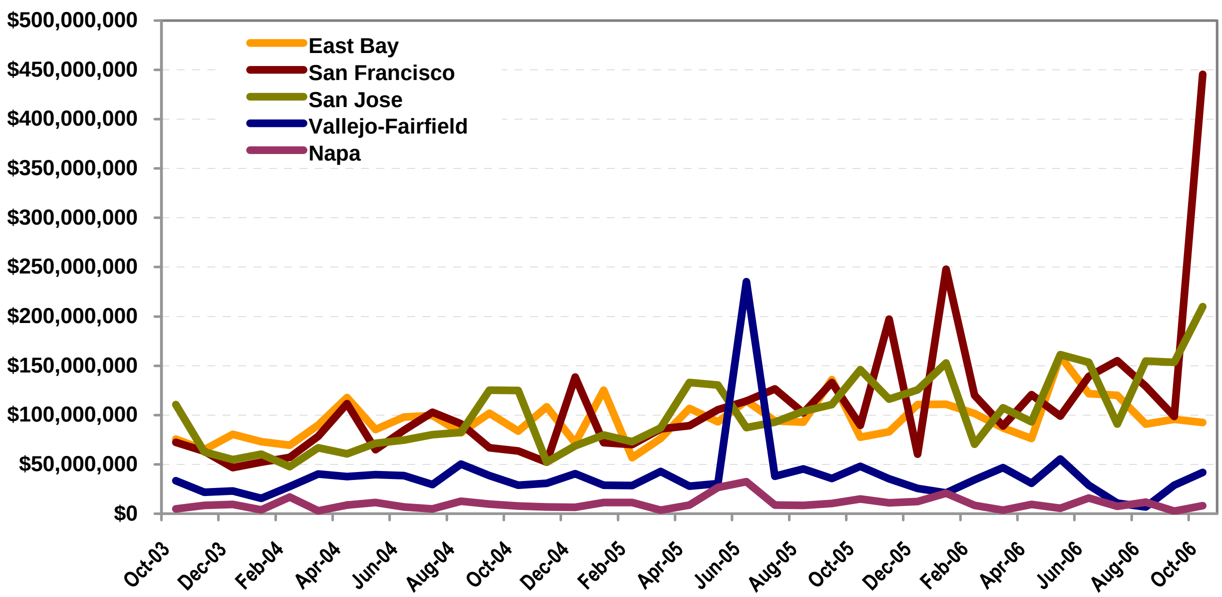
The following two charts of residential and non-residential permit values issued in each of the Bay Area's regions since October 2003 provide a quick comparative view of activity. Data follows in subsequent tables.

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



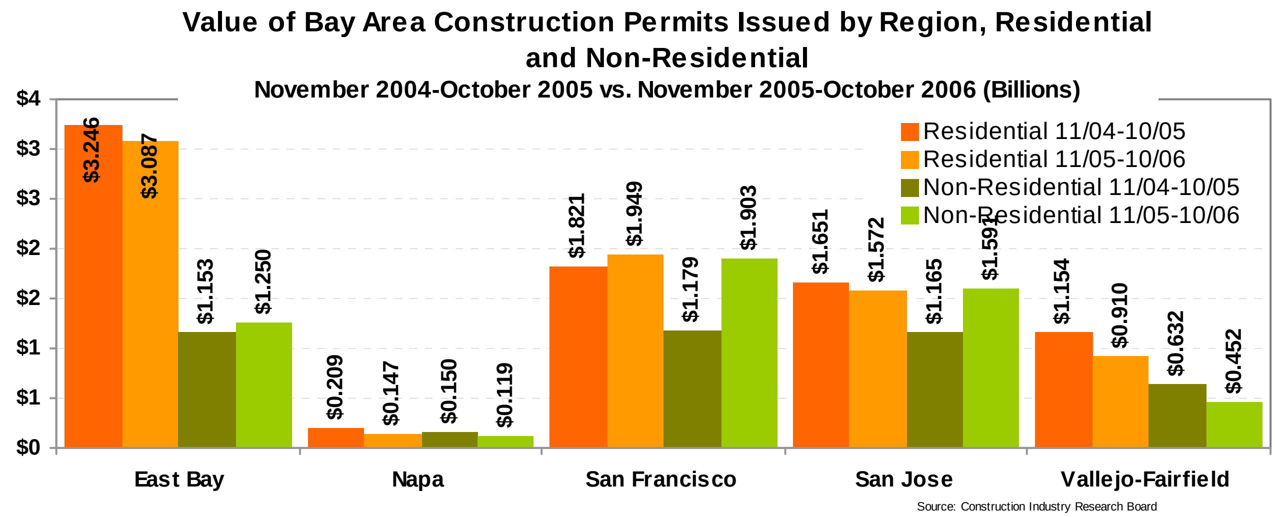
Source: Construction Industry Research Board

In October 2006 over $271 million in residential permits were issued in the East Bay, up from $198 million in September. The cities of Oakland and Walnut Creek issued 134 and 125 multi-family construction permits, respectively – raising the overall dollar value of permits issued in the East Bay in October. Non-residential permits reached an incredible $445 million in the San Francisco region- over $100 million more than San Francisco's last monthly high of $348 million in December 2002. The $210 million in non-residential permits issued in the San Jose region was the highest since October 2001. In the East Bay, last month's $92 million was down from $95 million in September, but marked the highest October since 2002.

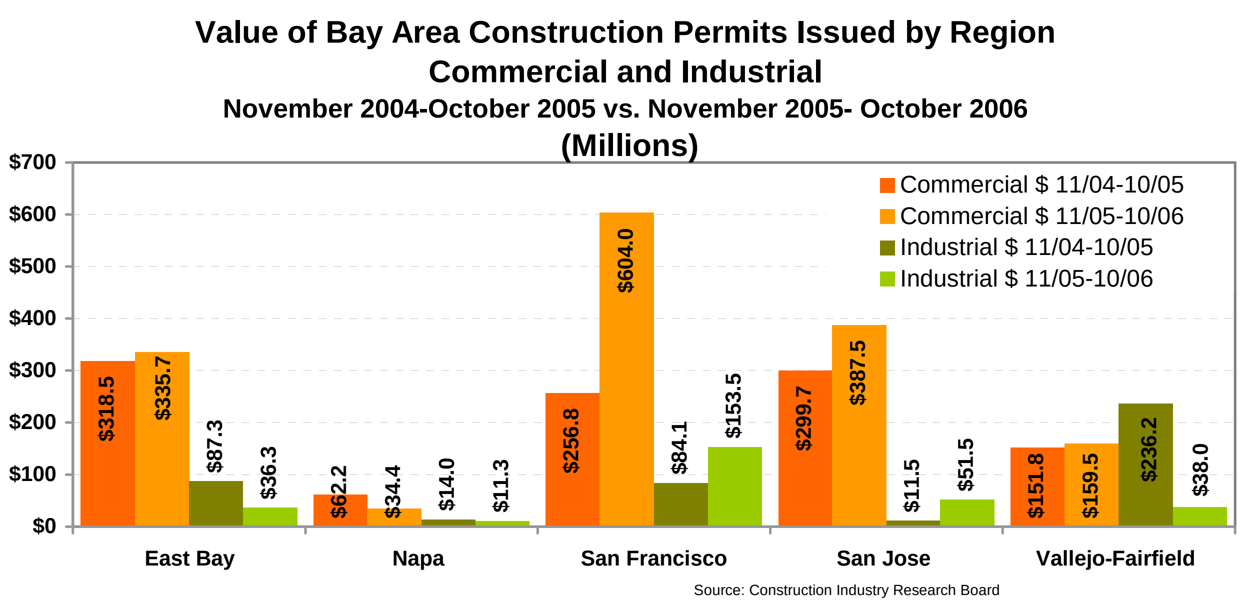
In a comparison of October 2006 with October 2005, the total value of issued construction permits, which include residential (single-family and multi-family) and non residential, fell 1.4 percent in the East Bay.

Region	Total Permit Change 10/05 vs. 10/06	Percent Change
East Bay	-$61,273,915	-1.4%
Napa	-$93,731,434	-26.1%
San Francisco	$852,264,338	28.4%
San Jose	$347,329,190	12.3%
Vallejo Fairfield	-$423,384,048	-23.7%

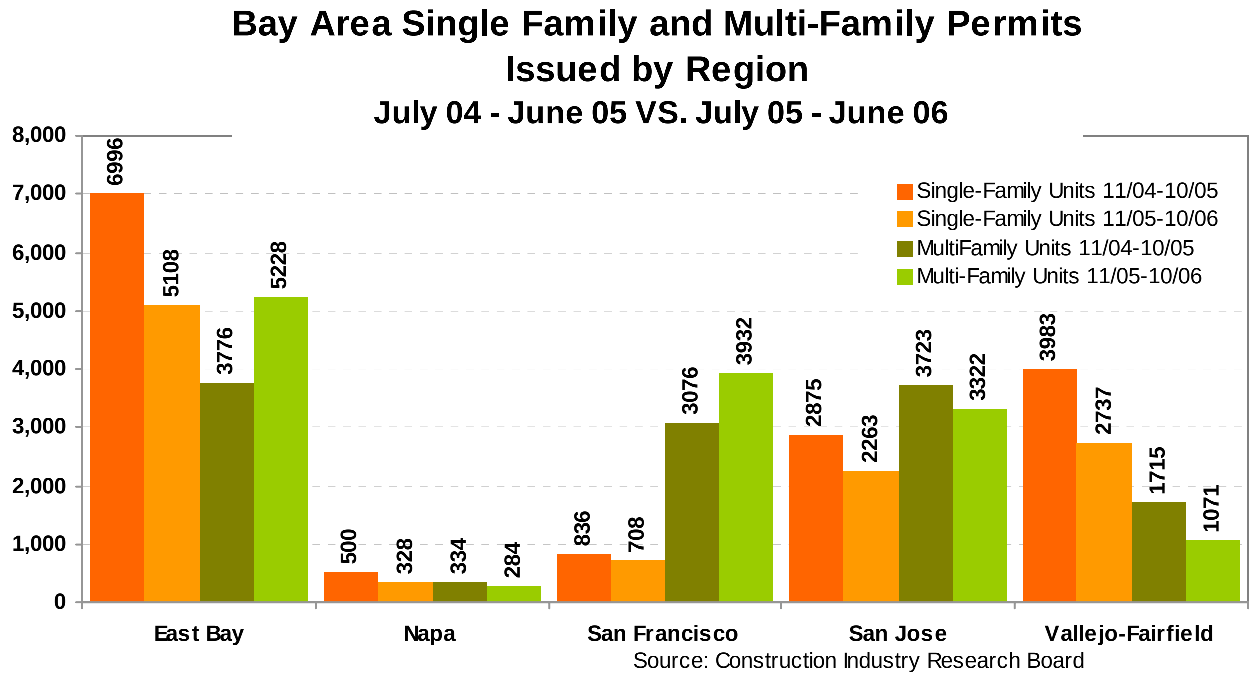
When comparing the two previous twelve month periods of November 2004-October 2005 and November 2005-October 2006, the San Francisco region was the only Bay Area region to see an increase in the value of residential permits. In the East Bay, the value of residential permits issued was roughly $158 million less in the period ending October 2006 than in the previous period ending October 2005. The East Bay saw a moderate increase in non-residential permit values, while the San Francisco and San Jose regions both saw large increases during the period.



In a comparison of commercial and industrial permits for the same two twelve-month periods, the East Bay, along with the San Francisco, San Jose and Vallejo-Fairfield regions, all saw increases in the value of commercial permits issued, with San Francisco issuing over $347 million more in commercial permits between November 2005 and October 2006 than during the previous period. San Francisco and San Jose were the only MSAs to see an increase in industrial permits during this period. The Vallejo-Fairfield MSA experienced a year-over-year decrease in industrial permits of close to $200 million.



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



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

In Contra Costa County, permit values for residential, non-residential, commercial and industrial construction were less in the period ending in 2006 than in the period ending in 2005. In the same comparison, Alameda County saw a substantial drop in industrial permit values, but experienced moderate increases in the other three categories.

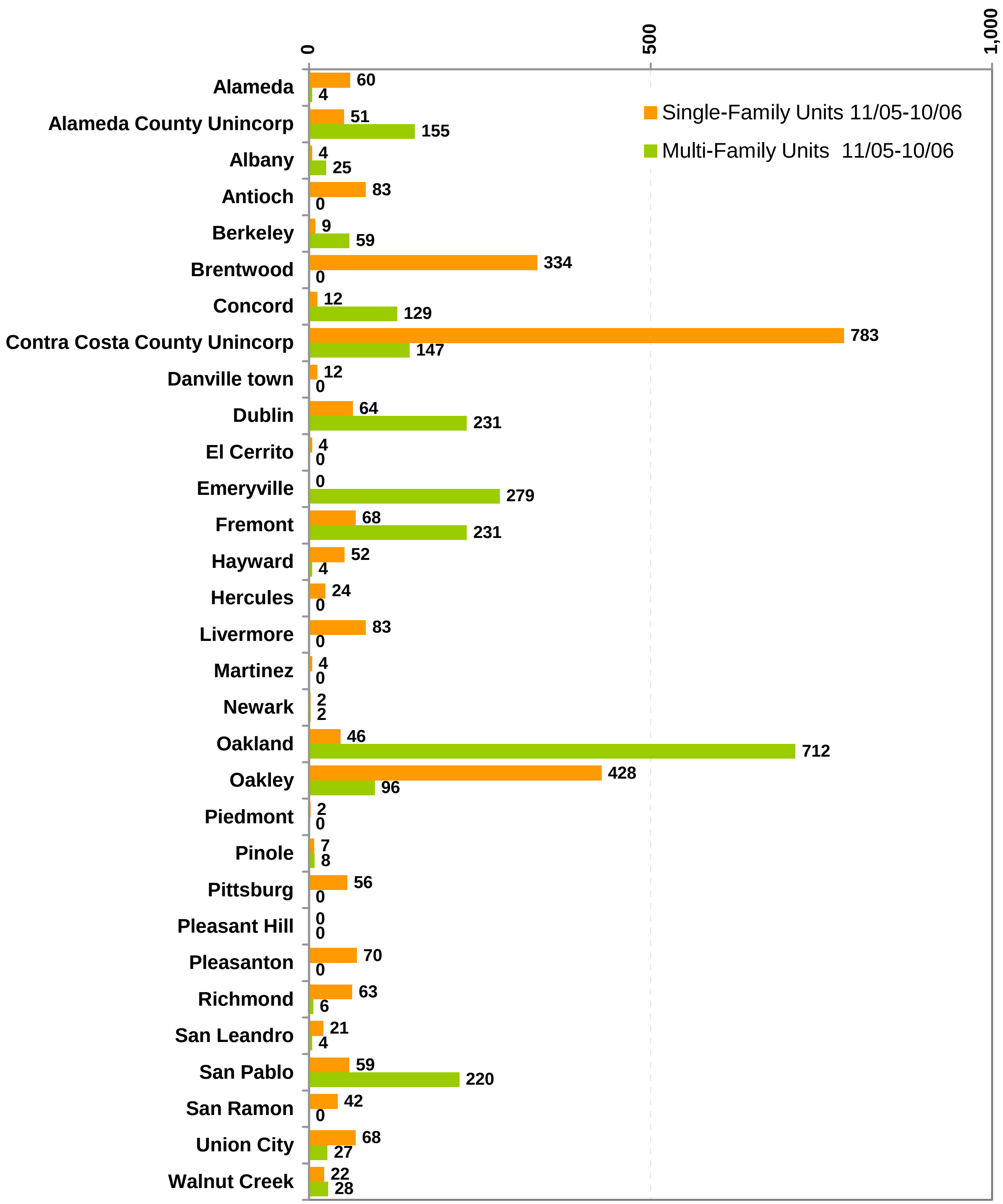
Construction Permit Values	November 2004 – October 2005	November 2005- October 2006	Change	% Change
Alameda County Residential	$1,400,733,125	$1,577,895,218	$177,162,093	12.6%
Alameda County Non-Residential	$750,940,259	$853,199,376	$102,259,117	13.6%
Alameda County Commercial	$225,718,514	$249,146,061	$23,427,547	10.4%
Alameda County Industrial	$54,402,444	$21,779,981	-$32,622,463	-60.0%
Contra Costa County Residential	$1,845,220,328	$1,509,498,966	-$335,721,362	-18.2%
Contra Costa County Non-Residential	$402,144,657	$397,170,894	-$4,973,763	-1.2%
Contra Costa County Commercial	$92,752,384	$86,531,724	-$6,220,660	-6.7%
Contra Costa County Industrial	$32,867,524	$14,529,412	-$18,338,112	-55.8%

Both Alameda and Contra Costa Counties saw decreases in the number of Single-Family construction permits issued, while multi-family permits increased substantially.

Housing Unit Permit Comparison	November 2004- October 2005	November 2005 – October 2006	Change	% Change
Alameda County Single-Family Units	1609	1573	-36	-2.2%
Contra Costa County Single-Family Units	5387	3535	-1852	-34.4%
Alameda County Multi-Family Units	3091	4138	1047	33.9%
Contra Costa County Multi-Family Units	685	1090	405	59.1%

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

Number of East Bay Residential Unit Permits Issued by City
November 2005 - October 2006

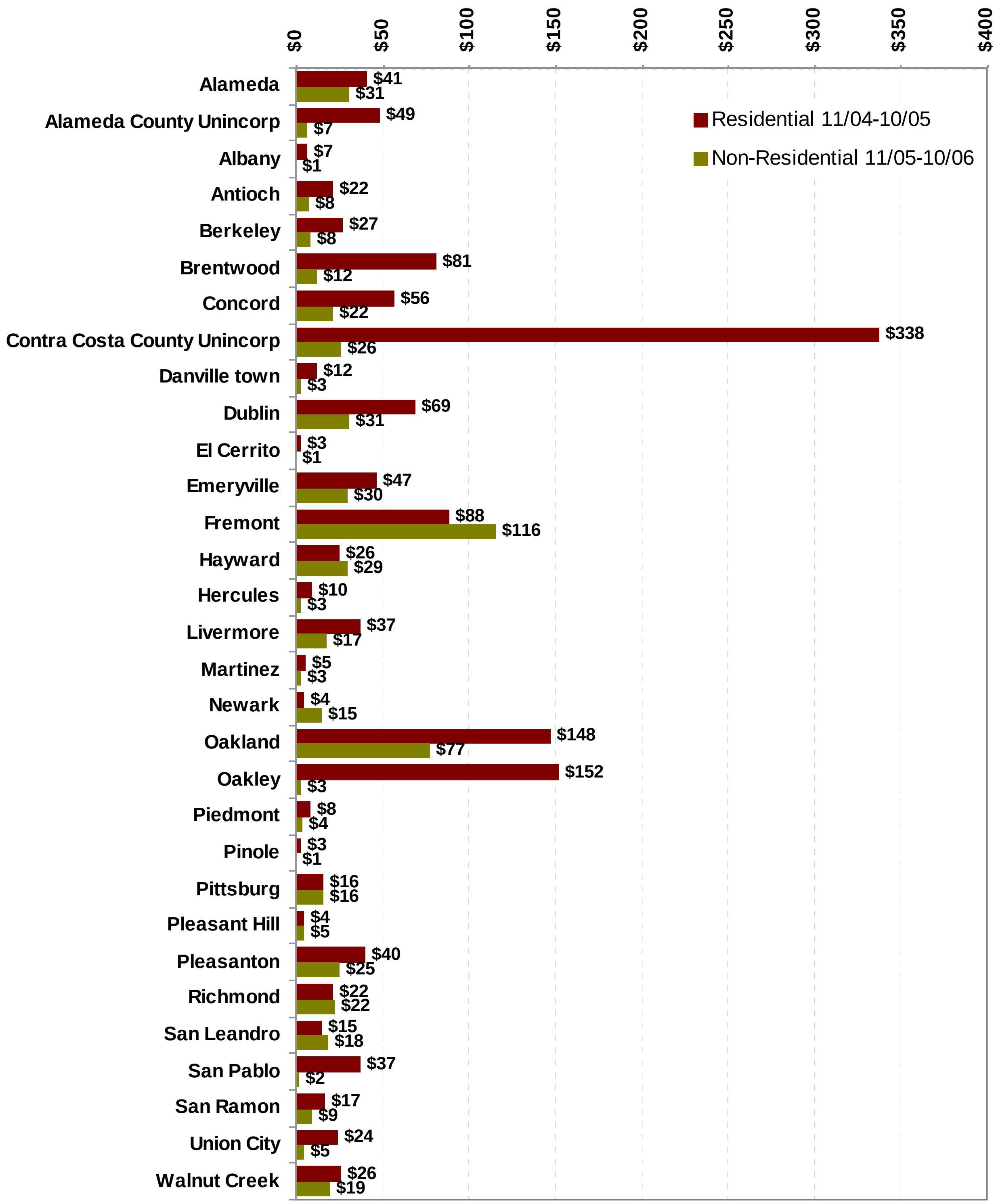


Source: Construction Industry Research Board

Value of East Bay Residential and Non-Residential Permits Issued by City

November 2005 - October 2006

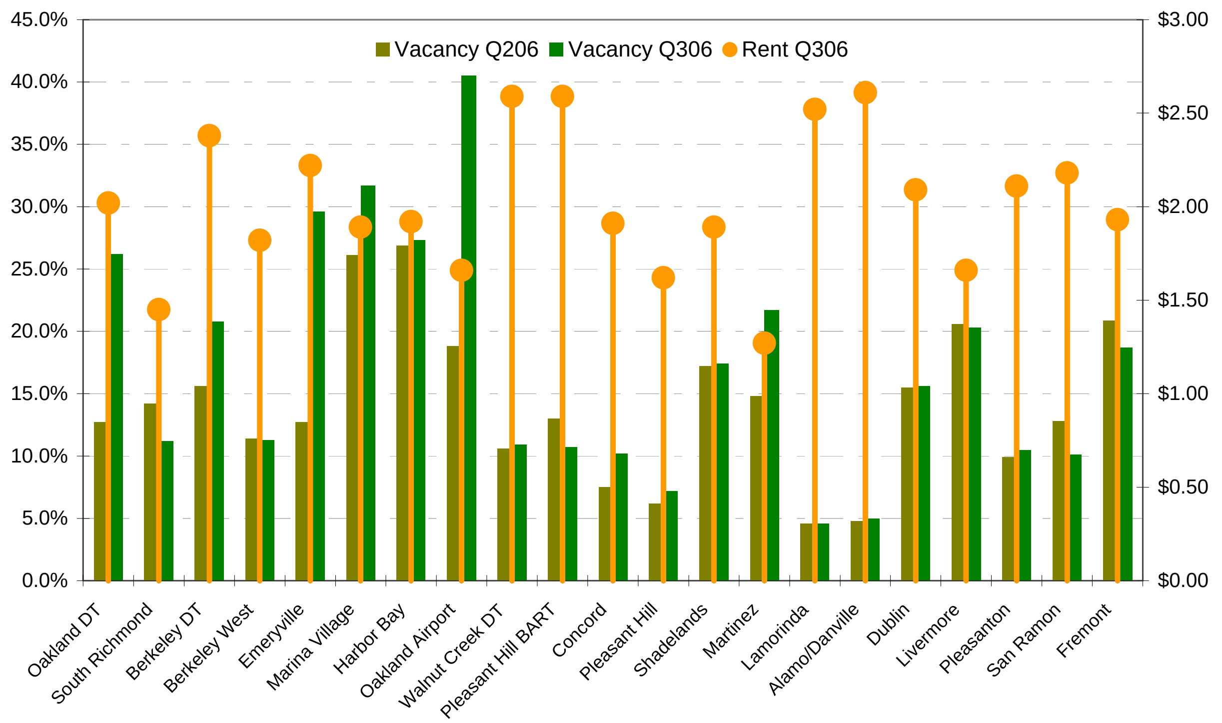
(Millions)



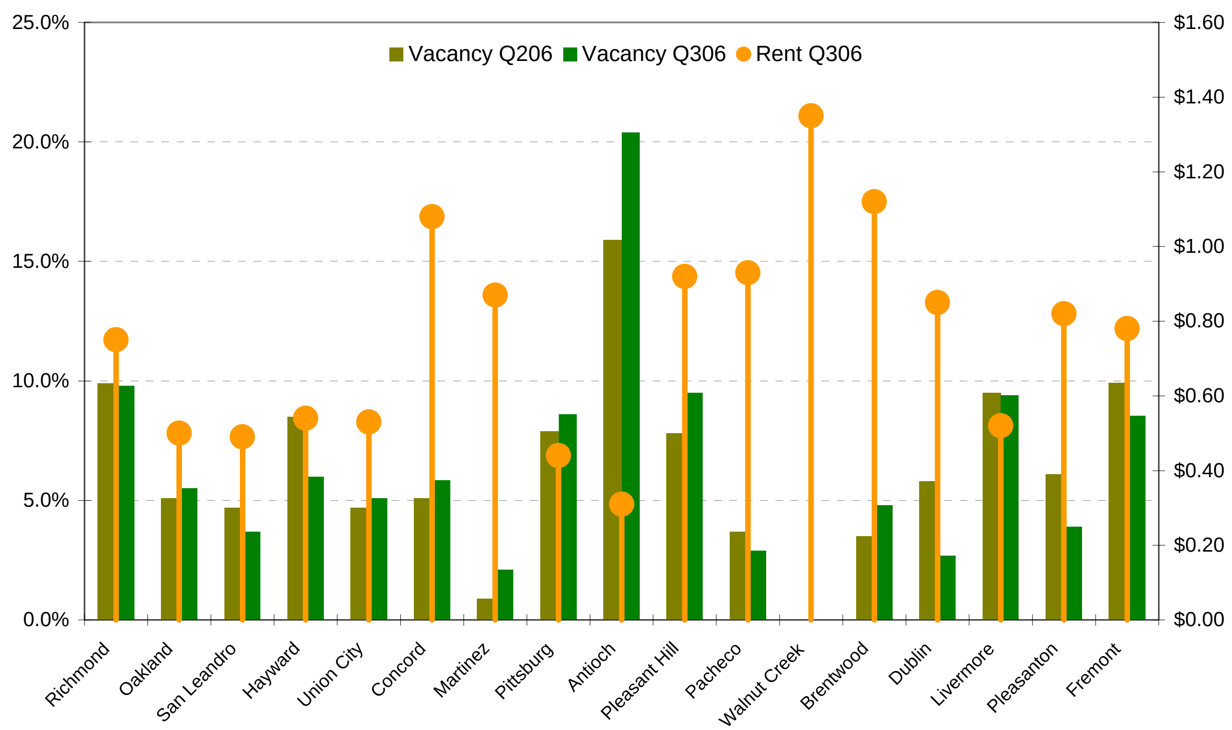
Source: Construction Industry Research Board

EAST BAY OFFICE & MANUFACTURING SPACE

In the third quarter of 2006, office vacancy rates were up from the second quarter in most East Bay sub-markets. The East Bay's industrial market also saw increases in vacancy rates between the second and third quarters of 2006, however some sub-markets saw significant decreases, such as Hayward, Dublin and Pleasanton.



Source: Colliers International



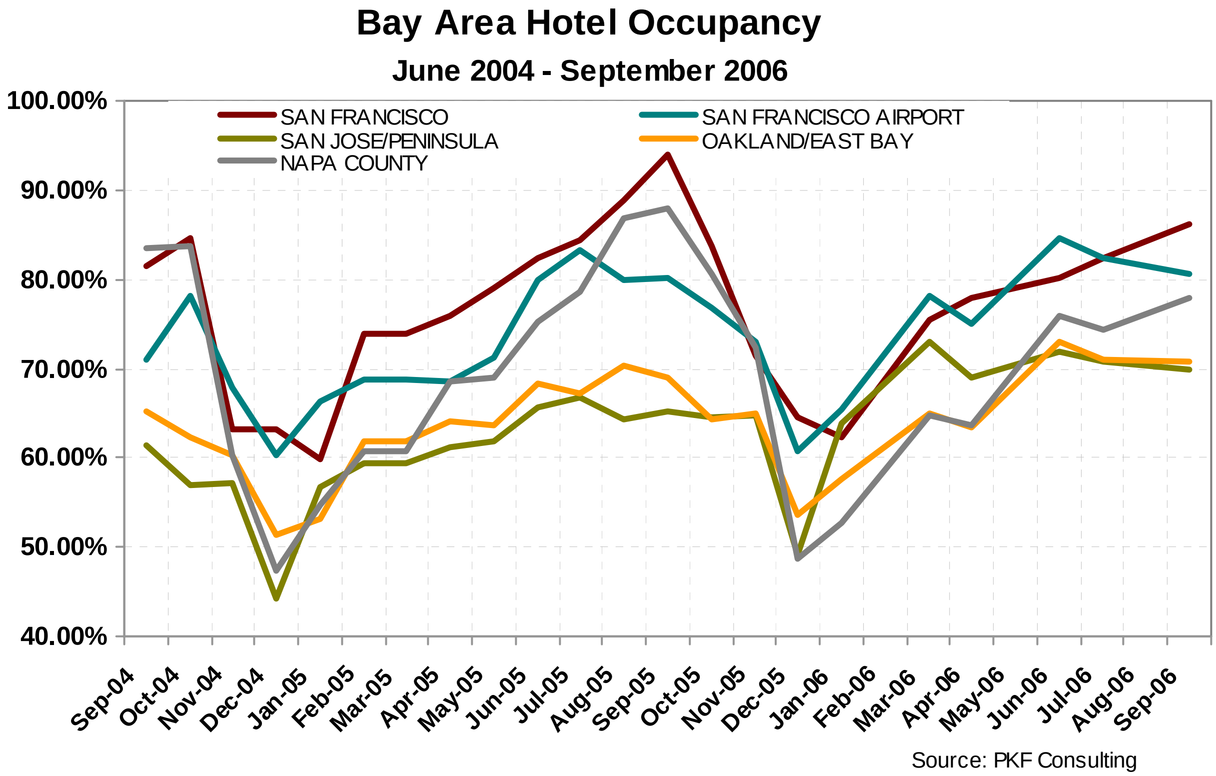
Source: Colliers International

HOTEL OCCUPANCY

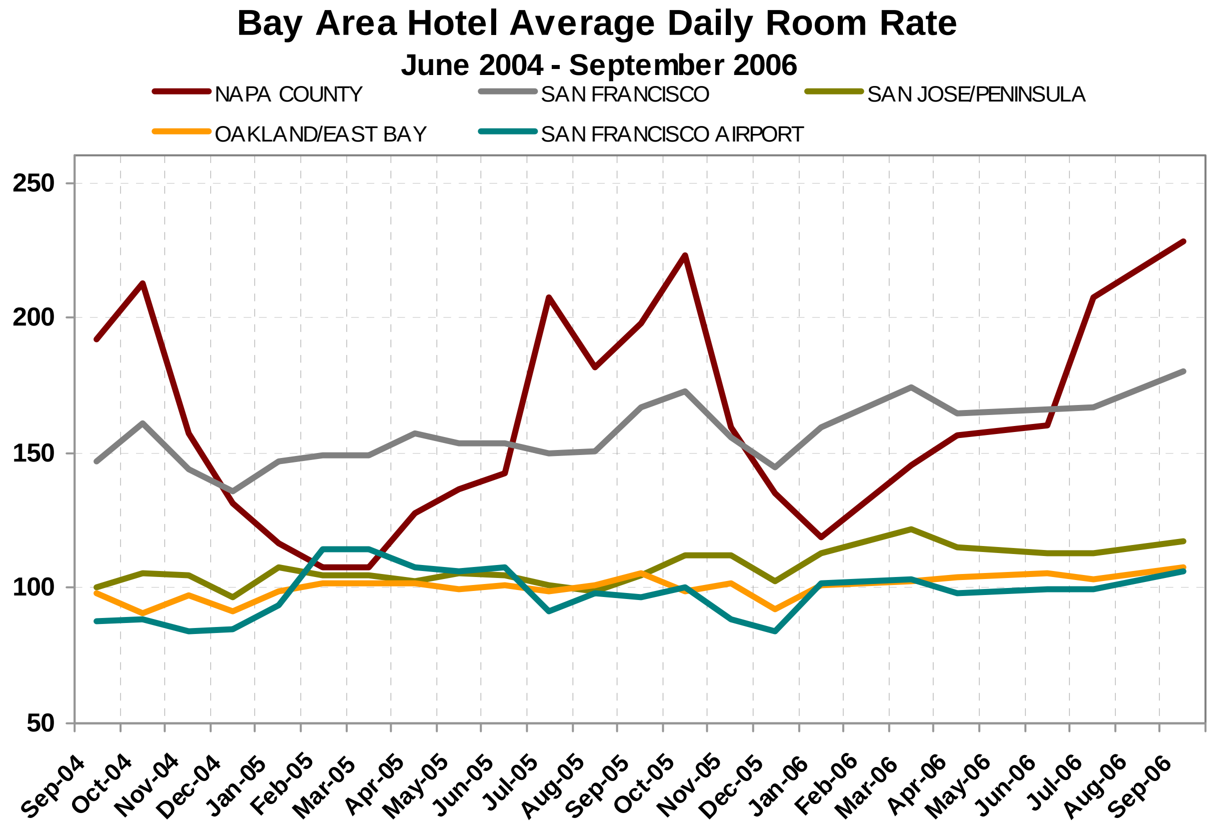
The PKF Consulting report on hotel trends for September 2006 shows a 6.5 percent increase in room rates in throughout Northern California. The East Bay's average daily room rate of $107.48 in September was 1.6 percent higher than in September 2005. Hotels in the Napa, San Jose/Peninsula, Sonoma and Central Valley areas all saw year-over-year increases in daily room rates.

Hotel occupancy percent remained above 70 percent for all regions, reaching over 86 percent in San Francisco. The East Bay's occupancy percent was 2.1 percent higher in September 2006 than in September 2005. However, many regions saw year-over-year decreases in occupancy, such as Napa County with a 10.9 percent decline and Marin County with a decline of 4.7 percent.

	AVERAGE DAILY ROOM RATE			OCCUPANCY PERCENT		
	September 2006	September 2005	% Change	Sep 2006	Sep 2005	% Change
Monterey/Carmel	$254.07	$242.26	4.9%	77.2%	78.6%	-1.8%
Napa County	$228.53	$207.04	10.4%	77.9%	87.5%	-10.9%
San Francisco	$179.99	$166.10	8.4%	86.2%	88.0%	-2.0%
Marin County	$155.59	$141.54	9.9%	82.2%	86.2%	-4.7%
Sonoma County	$152.12	$137.51	10.4%	80.6%	79.1%	1.8%
San Jose /Peninsula	$117.13	$106.31	10.2%	70.0%	64.5%	8.5%
Oakland/East Bay	$107.48	$105.81	1.6%	70.8%	69.3%	2.1%
San Francisco Airport	$106.43	$98.20	8.4%	80.6%	82.6%	-2.5%
Sacramento	$100.56	$95.44	5.4%	72.4%	74.2%	-2.4%
Other Northern California	$89.29	$85.15	4.9%	75.0%	71.9%	4.3%
Central Valley	$70.60	$63.95	10.4%	73.3%	74.8%	-2.0%
Overall Average No. CA	**139.82**	**131.82**	**6.5%**	**77.7%**	**77.7%**	**-0.1%**
			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.



Source: PKF Consulting