

The **East Bay Monthly Analysis** is prepared by the East Bay Economic Development Alliance (East Bay EDA) and augments the **East Bay Quarterly Forecast** authored by the UCLA Anderson Forecast.

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SNAPSHOT: THE EAST BAY IN AUGUST 2007

- The East Bay continued to see **year-over-year growth** with an increase of 17,400 in labor force.
- The East Bay's **manufacturing sector continued to show year-over-year gains.**
- **Payroll employment decreased by 10,000 jobs, mainly due to seasonal losses** in the education sector and atypical June to July losses in construction and related finance.
- The number of **East Bay homes sold continued to decline**, while median **home sale prices showed a modest increase** in a year-over-year comparison.
- The number of East Bay **single-family home permits decreased dramatically, but multi-family permits continued to show year-over-year increases.**

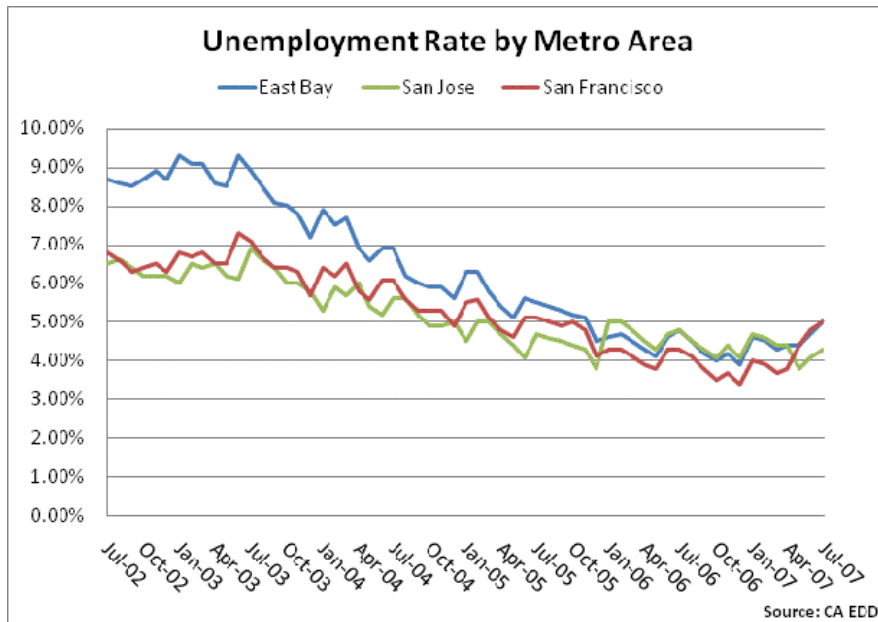
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Serving the East Bay, the **Bright** Side of the San Francisco Bay

EMPLOYMENT

The unemployment rate in the Oakland-Fremont-Hayward MD was 5.0 percent in July 2007, up from 4.7 percent in June 2007, and above the year-ago estimate of 4.8 percent. This compares with an unadjusted unemployment rate of 5.5 percent for California and 4.9 percent for the nation during the same period. The unemployment rate was 5.0 percent in Alameda County and 4.9 percent in Contra Costa County, according to the California Employment Development Department.

Unemployment rates in the Bay Area's other metropolitan areas ticked up slightly from June to July 2007, with an increase from 4.1 to 4.3 percent in San Jose, and from 4.8 to 5.0 in San Francisco. These

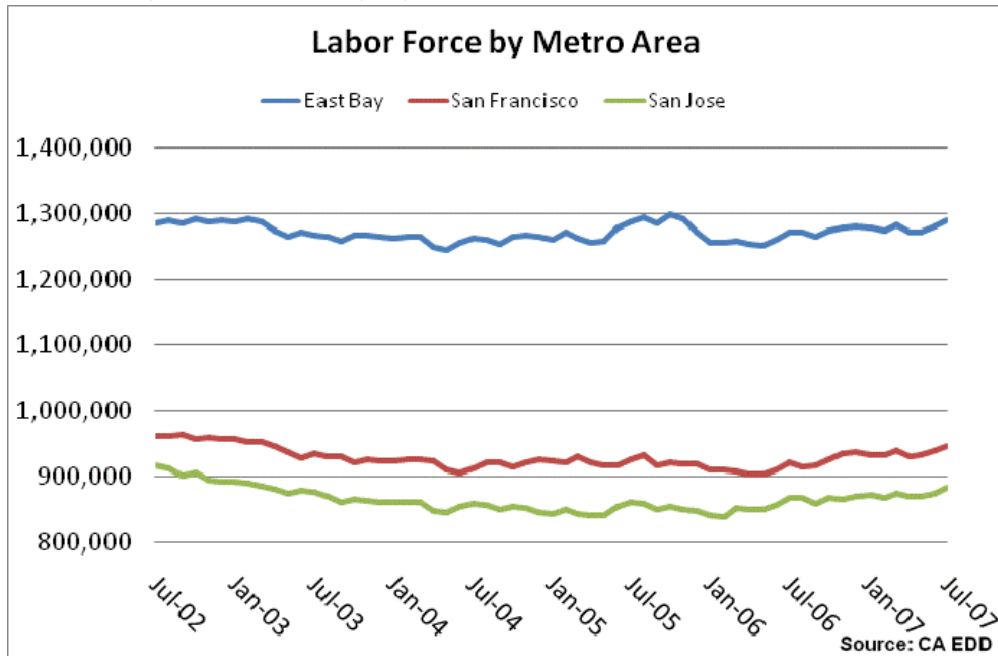


numbers are slightly higher when compared with July 2006, and marked the first time any of the Bay Area regions saw unemployment rates of 5.0 percent or above since February 2006.

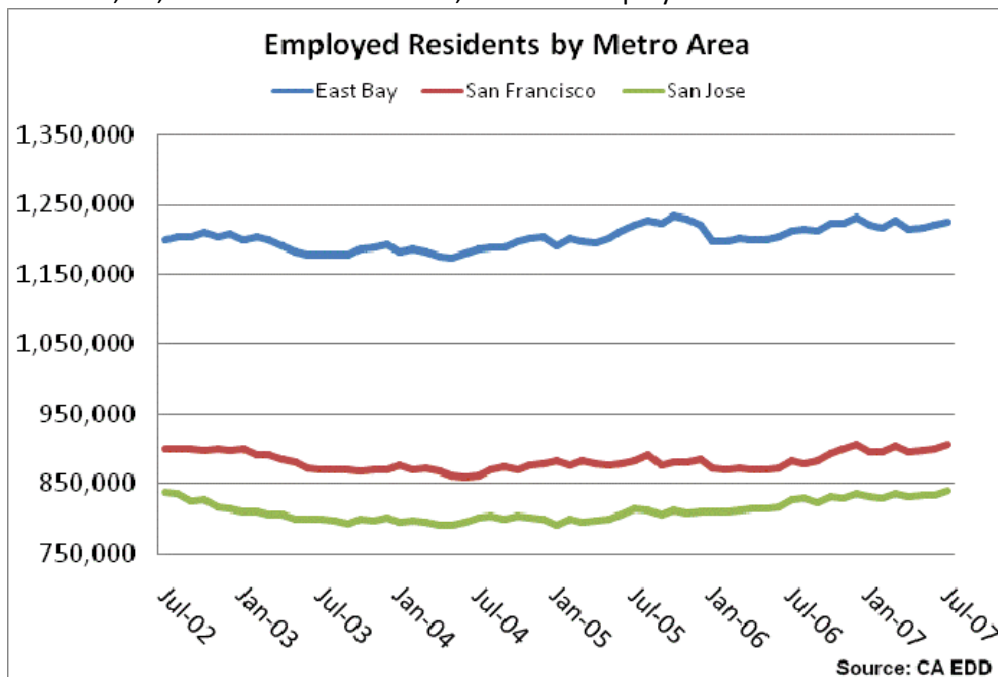
In a month-over-month comparison, labor force numbers in each of the Bay Area regions grew (number of individuals who are currently employed or actively seeking employment). The East Bay gained 8,300 workers

between June and July of 2007, San Francisco gained 7,400 and San Jose gained 9,000.

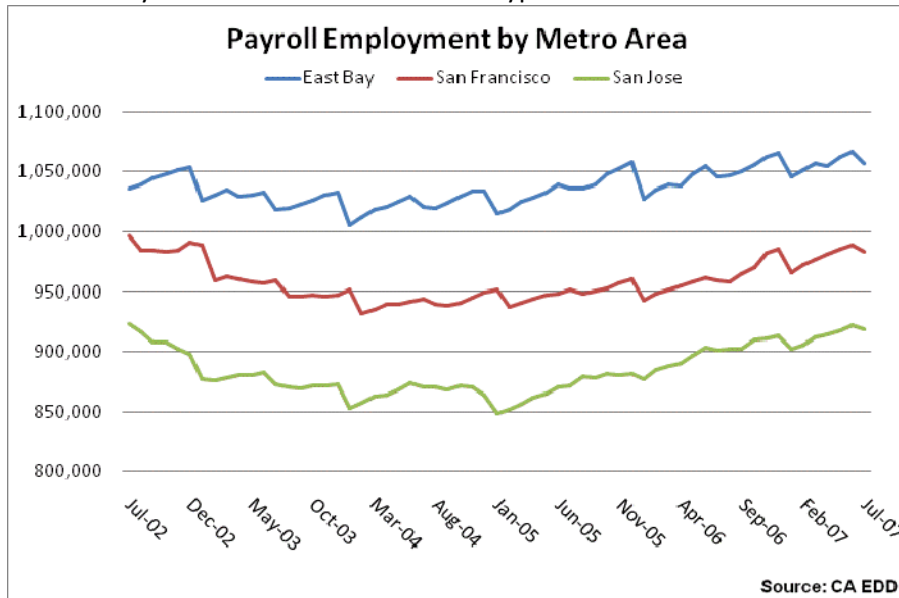
In a year-over-year comparison, Bay Area regions continued to see substantial gains in labor force numbers. When compared with July 2006, in July 2007 the East Bay had 17,400 more workers, San Francisco 24,600 and San Jose, 15,800.



Between June and July 2007 all three Bay Area regions saw gains in the number of employed residents (employed persons who reside within the specified region). In the East Bay there were 4,300 more residents employed in July than in June, in San Francisco 5,400 more, and 6,800 more in San Jose. In a year-over-year comparison with July 2006, the East Bay had 13,900 more employed residents, San Francisco, 24,100 and San Jose had 14,100 more employed residents.



Between June 2007 and July 2007, all Bay Area regions saw losses in payroll employment due to seasonal layoffs in education and some atypical losses in construction and related finance.



EAST BAY PAYROLL EMPLOYMENT

According to the California Employment Development Department, between June 2007 and July 2007, the total number of jobs fell by 10,000 jobs to reach 1,056,800.

- Public and private school closures for the summer caused a reduction of 8,600 jobs combined.
- Construction fell by 1,400 jobs, which is atypical to the usual job gains based on historical month-over activity for the past 17 years.
- Financial activities declined by 900 jobs, primarily in finance (down 400 jobs) and real estate (down 300 jobs).
- Professional and business services lost 700 jobs, while leisure and hospitality posted an increase of 500 jobs.

East Bay Primary Industry Sectors	July 2007	1 Month Change	12 Month Change	24 Month Change
Government	182,100	-6,200	4,800	2.6%
Educational and Health Services	124,500	-1,500	4,600	3.7%
Professional and Business Services	158,900	-700	3,300	2.1%
Leisure and Hospitality	89,600	500	2,200	2.6%
Retail Trade	112,800	500	1,100	1.0%
Manufacturing	98,100	0	1,000	1.0%
Other Services	37,100	0	800	2.2%
Natural Resources and Mining	1,400	100	200	16.7%
Wholesale Trade	48,900	-100	0	0.0%
Trans, Warehousing & Utilities	34,400	-200	-100	-0.3%
Information	29,000	-200	-900	-3.0%
Financial Activities	67,200	-900	-1,900	-2.7%
Construction	71,400	-1,400	-4,100	-5.6%

Source: CA Employment Development Dept.

Between July 2006 and July 2007, payroll employment in the East Bay advanced by 10,600, or 1.0 percent.

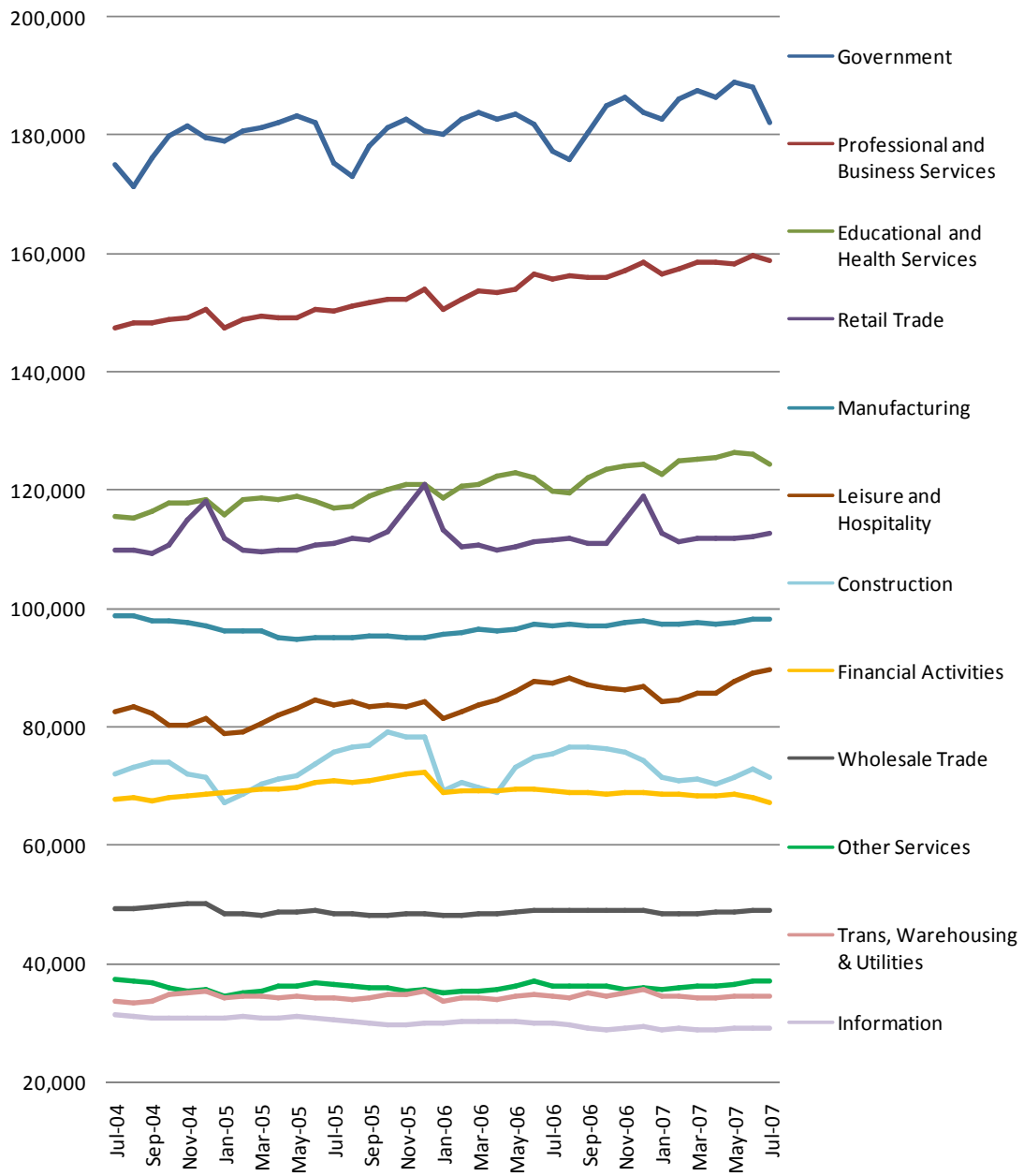
- Government reported the 13th consecutive month of year-over gains by adding 4,800 jobs, largely in local public schools (up 4,400 jobs).
- Educational and health services expanded by 4,600 jobs, mainly in health care (up 2,200 jobs).
- Professional and business services rose by 3,300 jobs, primarily in professional, scientific, and technical services (up 2,700 jobs).
- On the downside, construction lost a total of 4,100 jobs. Specialty trade contractors (down 3,100 jobs) accounted for the bulk of the losses.

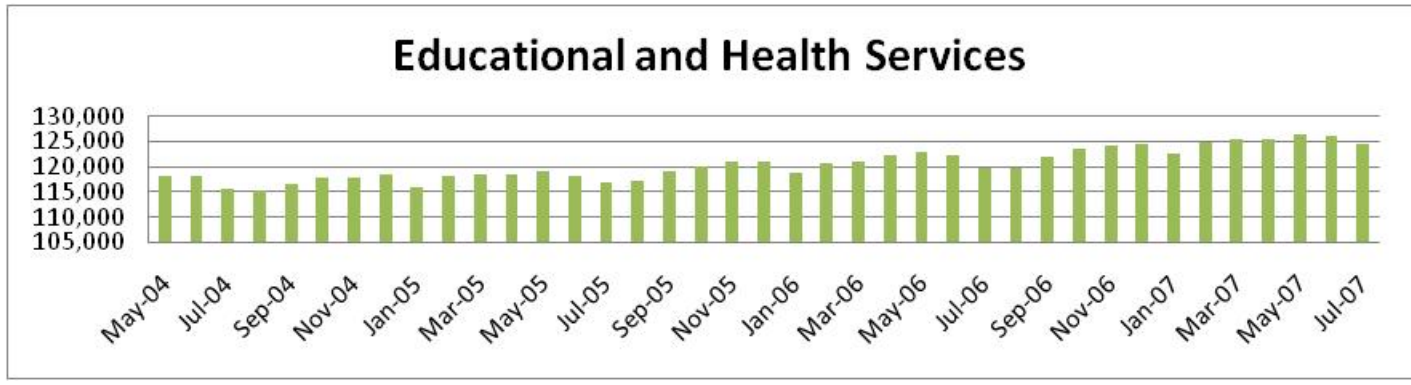
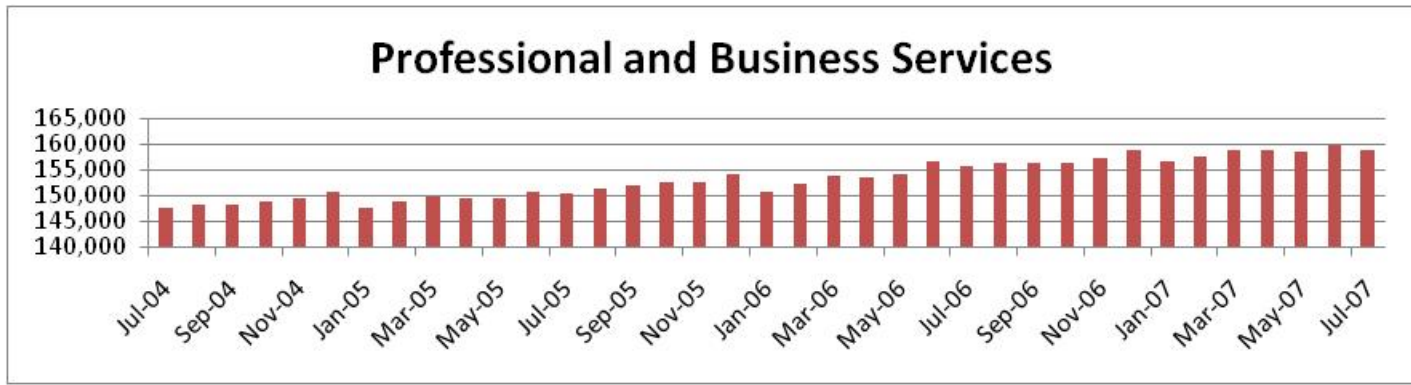
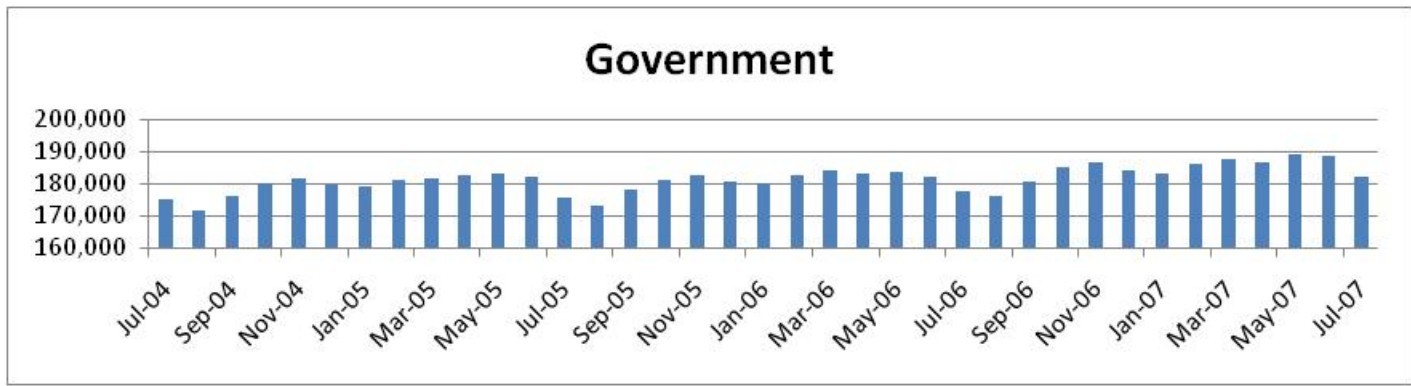
A year-over-year comparison of the East Bay's manufacturing sector showed an overall improvement of 1,000 jobs since July 2006. Between June and July 2007 the manufacturing sector was unchanged.

East Bay Manufacturing Sector	5/2007 Employment	1 Month Change	12 Month Change	24 Month Change
Residual-Miscellaneous Manufacturing	34,000	-100	1,100	3.4%
Petroleum and Coal Products Manufacturing	7,400	100	400	6.0%
Computer and Electronic Product Manufacturing	21,700	100	100	0.5%
Transportation Equipment Manufacturing	7,800	0	-100	-1.3%
Chemical Manufacturing	7,000	0	-100	-1.4%
Residual-Food Manufacturing	20,200	-100	-400	-1.9%
Total Manufacturing	98,100	0	1,000	1.0%

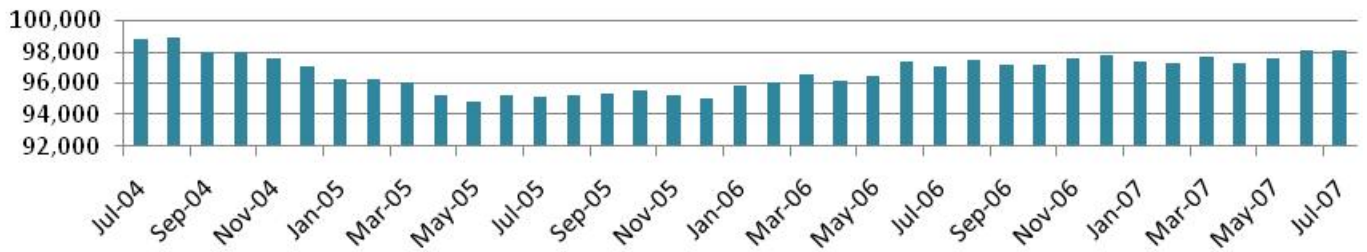
East Bay Payroll Employment by Sector

Not Seasonally Adjusted

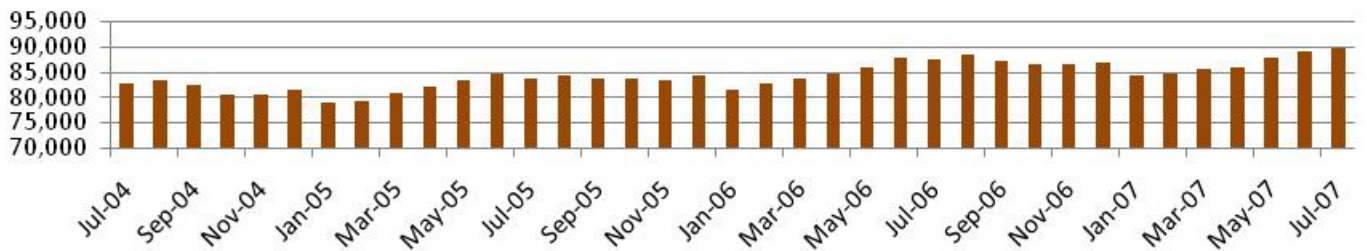




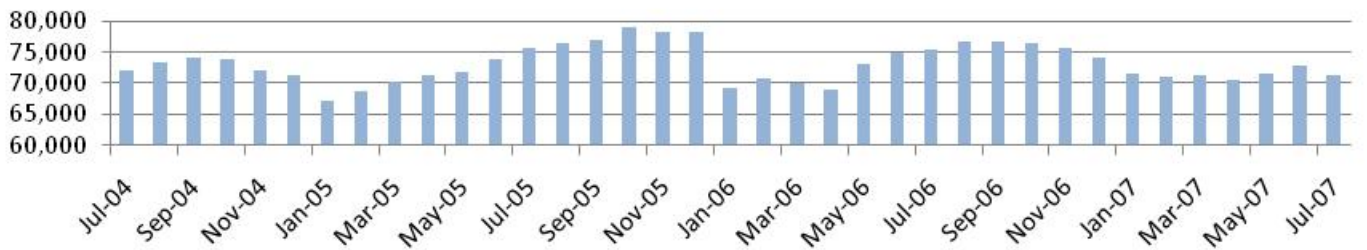
Manufacturing



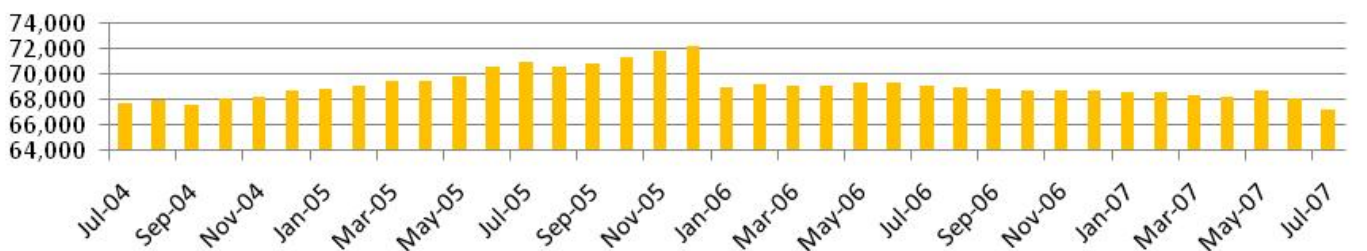
Leisure and Hospitality



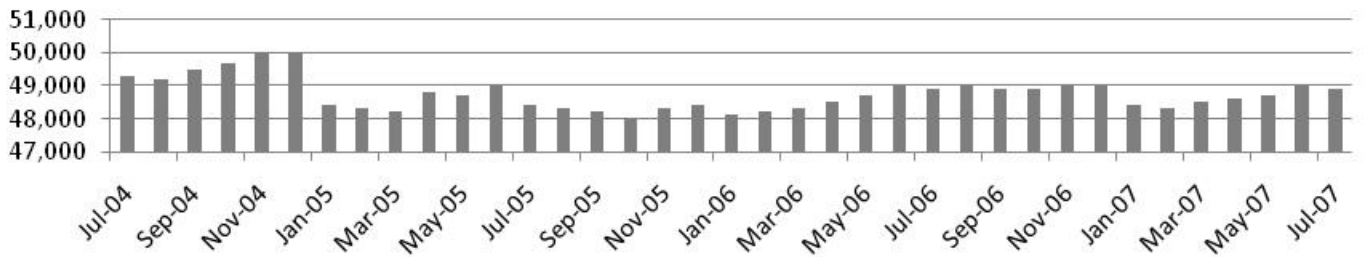
Construction



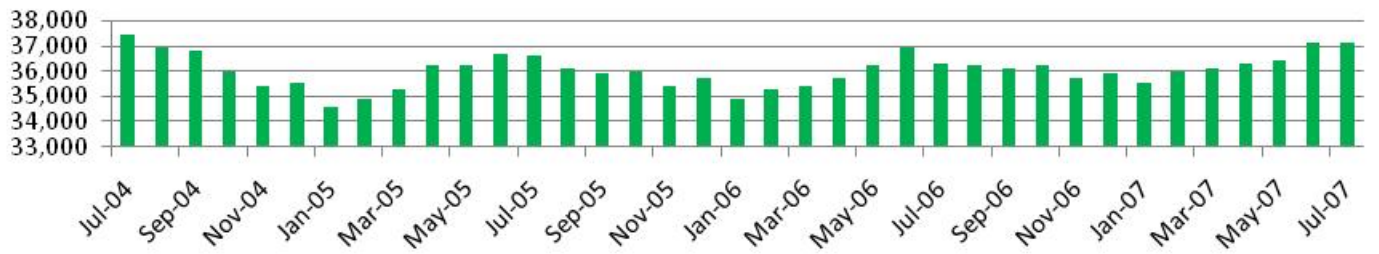
Financial Activities



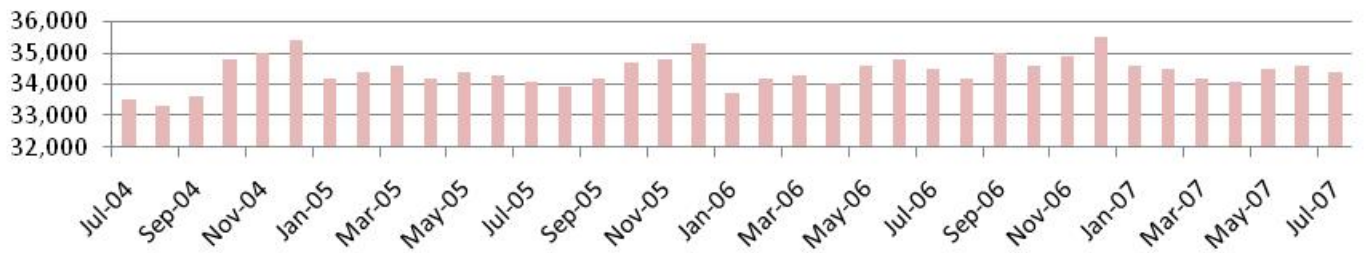
Wholesale Trade



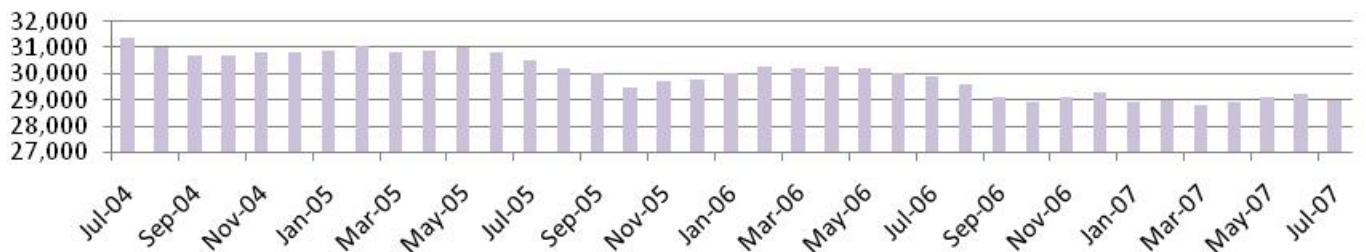
Other Services



Trans, Warehousing & Utilities



Information



HOUSING

In July, Bay Area homes continued to sell at their slowest pace since 1995. With the exception of Solano and Sonoma counties, median prices remain stable at near-record highs, according to DataQuick Information Systems.

A total of 7,423 new and resale houses and condos were sold in the nine-county Bay Area in July. That was down 6.8 percent from 7,964 in June, and down 12.4 percent from 8,476 for July a year ago. In the East Bay the number of homes sold showed an annual percent decrease of 5.3 percent in Alameda County and a decrease of 24.0 percent in Contra Costa County.

Sales have decreased on a year-over-year basis the last 30 months. The July 2007 sales count was the lowest for any July since 6,666 homes were sold in 1995. July home sales peaked in July 2004 when 14,258 homes were sold. According to DataQuick, the July average is 9,800.

The median price paid for a Bay Area home held steady at \$665,000 in July, after reaching a new peak the previous month. That was up 4.1 percent from \$639,000 for July last year. In the East Bay counties of Alameda and Contra Costa, median prices grew 2.5 and 4.2 percent, respectively.

The typical monthly mortgage payment that Bay Area buyers committed themselves to paying was \$3,222 last month, up from \$3,219 the previous month, and up from \$3,166 a year ago.

According to DataQuick, adjustable-rate mortgages and multiple mortgages have declined significantly, down payment sizes are stable, and flipping rates and non-owner occupied buying activity are flat.

All Homes by County	Number Sold July 2007	Annual Pct. Chg	Median July 2007	Median Annual Pct. Chg
Alameda	1,577	-5.30%	\$605,000	2.50%
Contra	1,328	-24.00%	\$599,000	4.20%
Marin	306	-1.00%	\$887,500	13.90%
Napa	85	-38.40%	\$614,500	2.80%
San Francisco	1,910	-7.20%	\$700,000	2.60%
San Mateo	564	4.10%	\$799,000	3.10%
Santa Clara	728	-9.30%	\$800,000	3.90%
Solano	408	-36.70%	\$415,000	-9.80%
Sonoma	517	-9.00%	\$520,000	-4.10%
Bay Area	7,423	-12.40%	\$665,000	4.10%

Source: Data Quick Information Systems

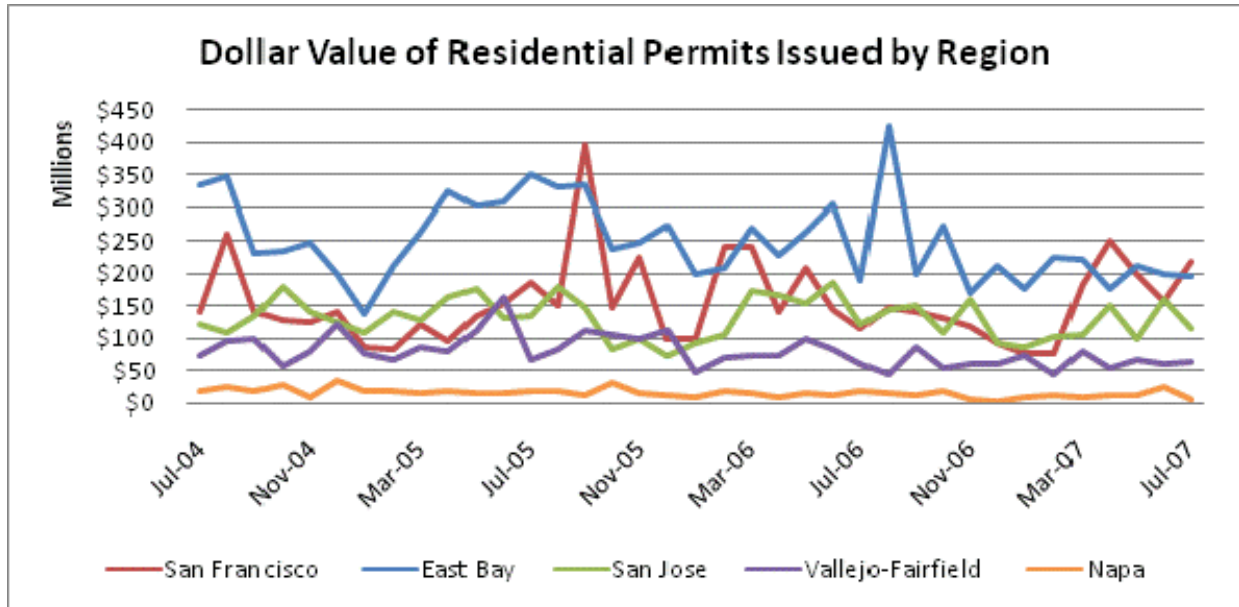
EAST BAY HOME SALES

In July 2007 the median home sale price in Alameda County was \$615,000 – a 2.7 percent, or \$16,000, increase compared with July 2006. In Contra Costa County the median home sale price was \$590,000 in July 2007 - a 0.38 percent, or \$2,750, increase compared to July 2006.

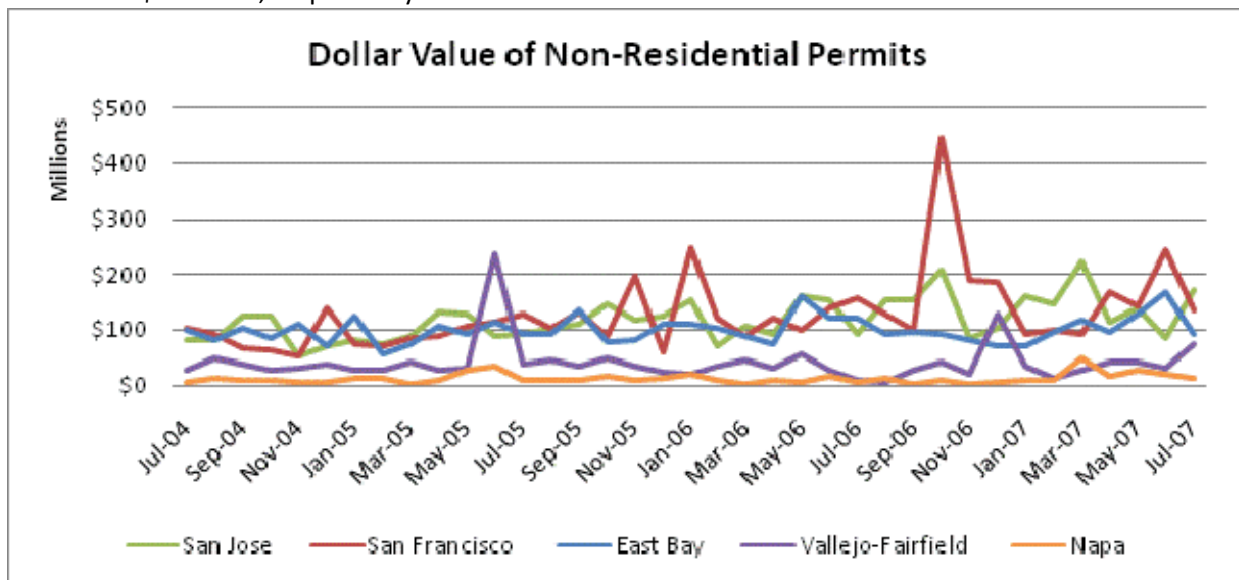
County/City/Area	# Sold	July 2007	July 2006	% Change Yr-To-Yr
Alameda County	1,132	\$615,000	\$599,000	2.7%
Alameda	66	\$727,500	\$685,000	6.2%
Albany	19	\$600,000	\$631,000	-4.9%
Berkeley	82	\$710,000	\$710,000	0.0%
Castro Valley	44	\$607,500	\$650,000	-6.5%
Dublin	57	\$635,000	\$653,900	-2.9%
Emeryville	41	\$367,500	\$486,500	-24.5%
Fremont	186	\$692,500	\$665,000	4.1%
Hayward	89	\$500,000	\$565,500	-11.6%
Livermore	78	\$635,000	\$610,000	4.1%
Newark	31	\$585,000	\$650,000	-10.0%
Oakland	241	\$575,000	\$540,000	6.5%
Pleasanton	77	\$810,000	\$831,000	-2.5%
San Leandro	59	\$510,000	\$550,000	-7.3%
San Lorenzo	12	\$519,250	\$552,500	-6.0%
Union City	50	\$561,000	\$590,000	-4.9%
Contra Costa County	1,130	\$590,000	\$587,750	0.4%
Alamo	23	\$1,375,000	\$1,400,000	-1.8%
Antioch	79	\$425,000	\$520,000	-18.3%
Brentwood	66	\$546,000	\$640,000	-14.7%
Byron	27	\$558,500	\$640,000	-12.7%
Clayton	17	\$675,000	\$770,000	-12.3%
Concord	103	\$495,000	\$515,000	-3.9%
Danville	102	\$990,000	\$1,000,000	-1.0%
El Cerrito	34	\$625,000	\$630,000	-0.8%
El Sobrante	21	\$575,000	\$550,000	4.6%
Hercules	15	\$535,000	\$611,250	-12.5%
Lafayette	30	\$1,274,500	\$1,170,000	8.9%
Martinez	46	\$485,000	\$540,000	-10.2%
Moraga	24	\$1,162,250	\$849,500	36.8%
Oakley	42	\$421,500	\$532,000	-20.8%
Orinda	32	\$1,242,500	\$1,190,000	4.4%
Pinole	13	\$592,000	\$522,500	13.3%
Pittsburg	39	\$450,000	\$460,000	-2.2%
Pleasant Hill	44	\$615,000	\$630,000	-2.4%
Richmond	65	\$408,000	\$450,000	-9.3%
Rodeo	9	\$524,000	\$495,000	5.9%
San Pablo	35	\$450,000	\$495,000	-9.1%
San Ramon	146	\$826,250	\$889,500	-7.1%
Walnut Creek	107	\$650,000	\$669,500	-2.9%
				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 2004 provide a quick, comparative view of activity. Data follows in subsequent tables.



In July 2007, the dollar value of residential permits issued in the East Bay showed a slight increase of over \$6 million. During the same period, the San Francisco and Vallejo-Fairfield regions saw decreases of \$105 million and \$511 thousand, respectively. The San Jose and Napa regions saw decreases of \$6 million and \$9 million, respectively.



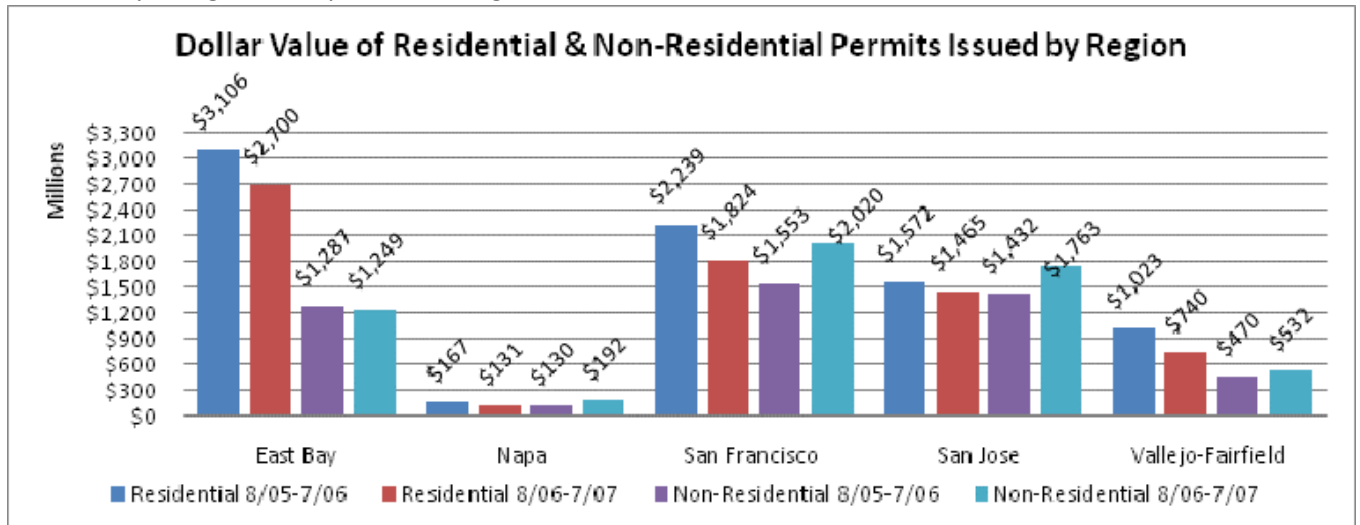
East Bay non-residential permit values decreased \$29 million between June and July 2007. During the same period, the San Francisco and Vallejo-Fairfield regions saw decreases of \$26 million and \$481,000, respectively between April and May 2007, while the San Jose and Napa regions saw increases of \$26 million and \$12 million, respectively.

The following tables and graphs compare the twelve-month periods of August 2005 – July 2006 and August 2006 – July 2007. This method provides a year-over-year comparison and can be less volatile than the month-over-month comparison in the previous section, which is used to show a historic overview of construction permit values.

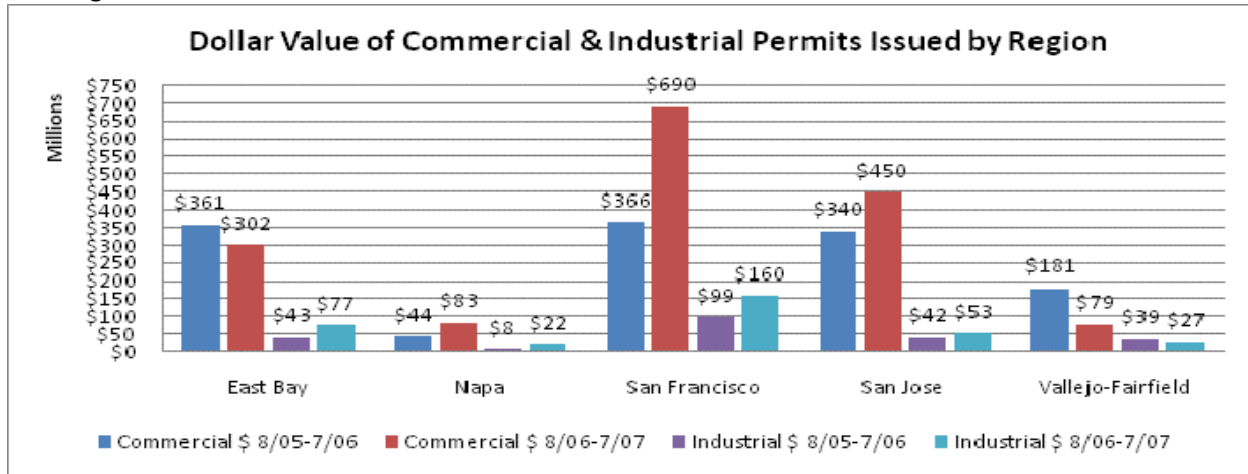
Region	Total Permit Change 8/05-7/06 vs.8/06-7/07	Percent Change
East Bay	-\$444,449,699	-10.1%
Napa	\$25,630,559	8.6%
San Francisco	\$52,576,412	1.4%
San Jose	\$222,884,349	7.4%
Vallejo Fairfield	-\$220,918,159	-14.8%

Using this comparison, the East Bay and Vallejo-Fairfield regions were the exceptions in the Bay Area, showing declines of 10.1 and 14.8 percent, respectively. San Jose saw a large increase in the dollar value of construction permits, with a \$222 million increase over the previous period.

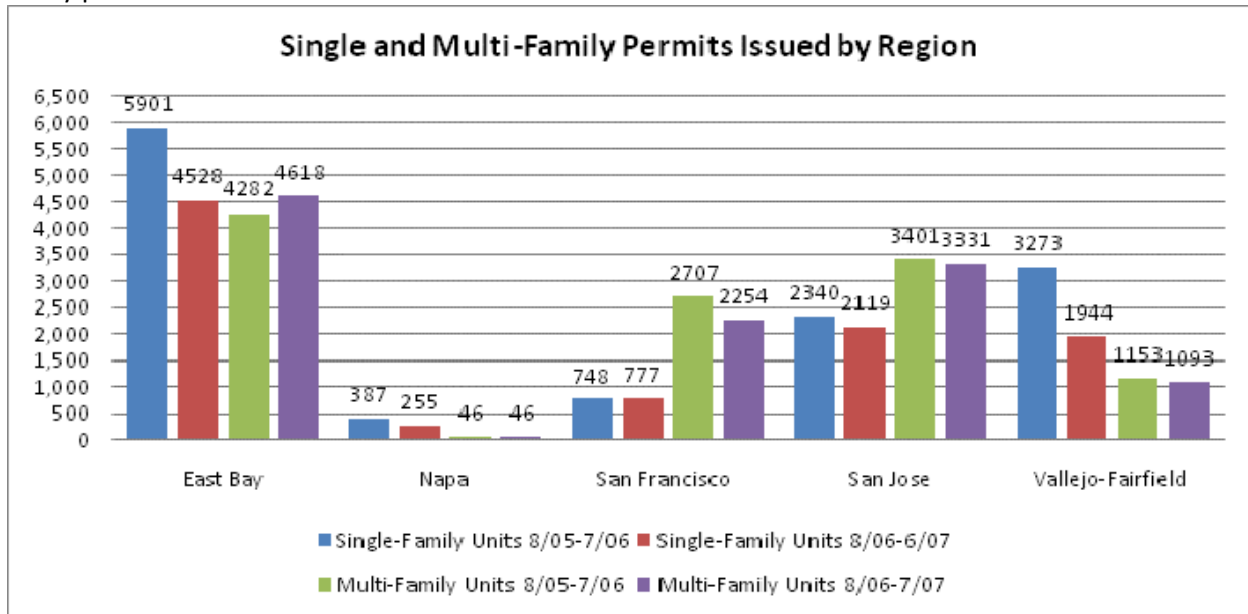
When comparing the two previous twelve-month periods of August 2005 – July 2006 and August 2006- July 2007, decreases in the dollar value of residential permits issued. The steepest declines in this comparison of residential permit values were seen in the East Bay and San Francisco regions. Total non-residential (commercial, industrial and institutional) permit values increased around the Bay Area, with the East Bay being the exception, showing a modest decrease.



In a comparison of commercial and industrial construction permits issued during the same two twelve-month periods, the San Francisco and San Jose MSAs saw large increases in commercial permits, while the East Bay and Vallejo-Fairfield regions experienced declines. With the exception of Vallejo-Fairfield, commercial permits increased moderately in the Napa MSA. Industrial construction permits increased in all regions.



When compared with the previous twelve-month period, the number of single-family permits issued in the period ending July 2007 fell sharpest in the East Bay and Vallejo-Fairfield regions, while San Jose saw a more modest decrease. The East Bay was the only region to see an increase in the number of multi-family permits issued.



EAST BAY CONSTRUCTION

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

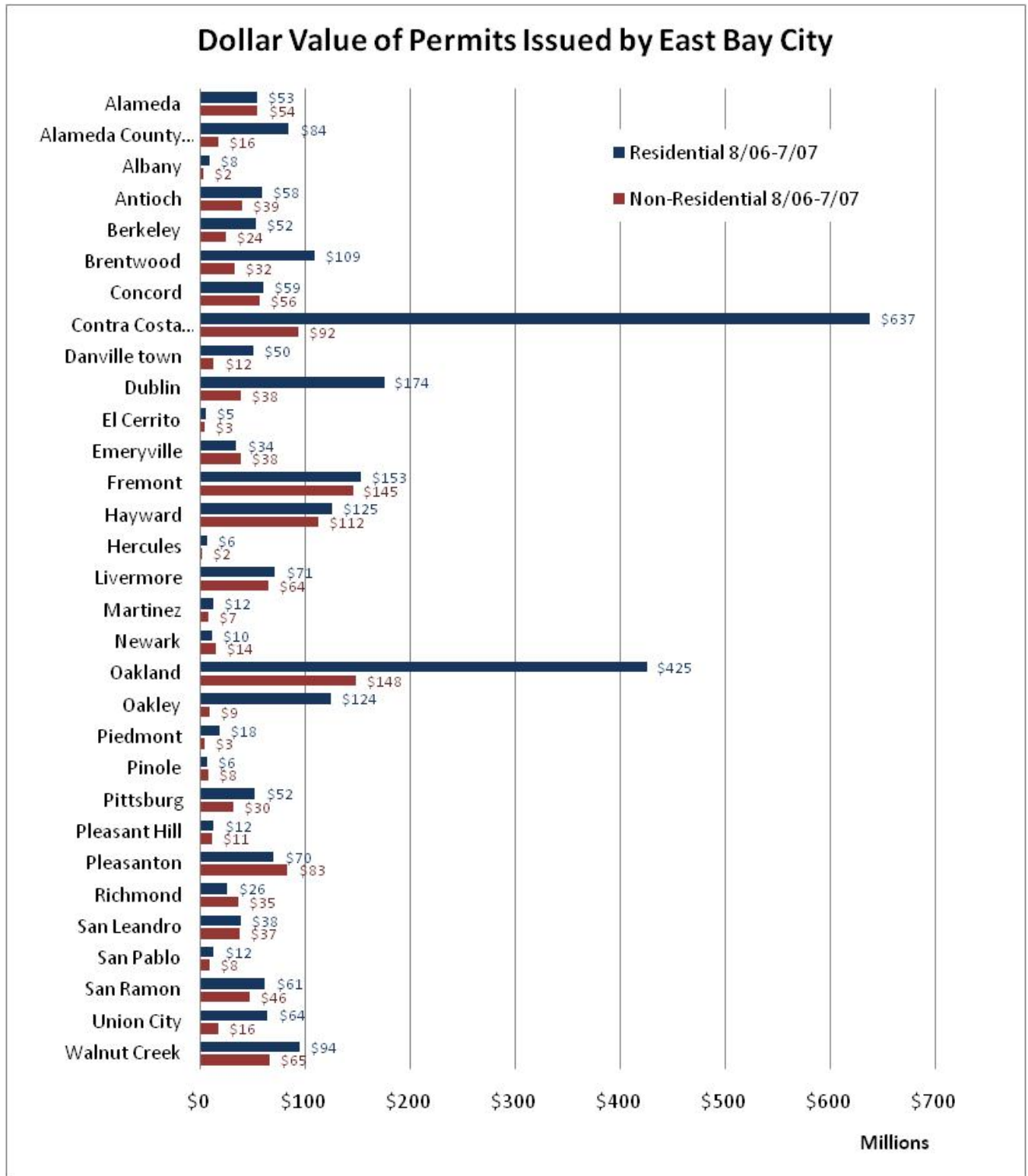
When compared with the twelve-month period ending in 2006, Alameda County saw an exceptional increase in industrial permit values, while residential, non-residential and commercial permit values saw slight to moderate decreases. In the same comparison, Contra Costa County residential and industrial permit values declined, while permits issued for non-residential and commercial structures saw slight to moderate increases.

Construction Permit Values	August 2005 – July 2006	August 2006 – July 2007	Change	% Change
Alameda County Res	\$1,380,404,207	\$1,377,445,096	-\$2,959,111	-0.2%
Alameda County Non-Res	\$863,300,233	\$793,064,083	-\$70,236,150	-8.1%
Alameda County Com.	\$269,622,516	\$166,032,948	-\$103,589,568	-38.4%
Alameda County Ind.	\$15,218,833	\$71,522,344	\$56,303,511	370.0%
Contra Costa County Res	\$1,725,806,596	\$1,322,318,502	-\$403,488,094	-23.4%
Contra Costa County Non-Res	\$423,535,408	\$455,769,064	\$32,233,656	7.6%
Contra Costa County Com.	\$91,423,581	\$135,717,309	\$44,293,728	48.4%
Contra Costa County Ind.	\$28,136,812	\$5,208,182	-\$22,928,630	-81.5%

Single-family permits continued to decrease in Alameda and Contra Costa Counties during the same two twelve-month periods, while the number of multi-family permits issued increased in both counties.

Housing Unit Permit Comparison	August 2005- July 2006	August 2006- July 2007	Change	% Change
ALCO Single-Family Units	1,522	1,555	33	2.2%
CCC Single-Family Units	4,379	2,973	-1406	-32.1%
ALCO Multi-Family Units	3,057	3,434	377	12.3%
CCC Multi-Family Units	1,100	848	-252	-22.9%

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 July 2007.



Single and Multi-Family Permits Issued by East Bay City

