

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

SNAPSHOT: THE EAST BAY IN MAY 2007

- The East Bay continued to see **year-over-year job growth** with an increase of 20,600 in its labor force.
- The East Bay's **manufacturing sector gained 900 payroll jobs** when compared with May 2006.
- East Bay **payroll employment highest for the month of May since 2001**.
- The number of **East Bay homes sold continued to decline**, while median **home sale prices were virtually unchanged** in a year-over-year comparison.
- East Bay **residential permit values decreased in a year-over-year comparison, while industrial permit values saw a moderate increase**.

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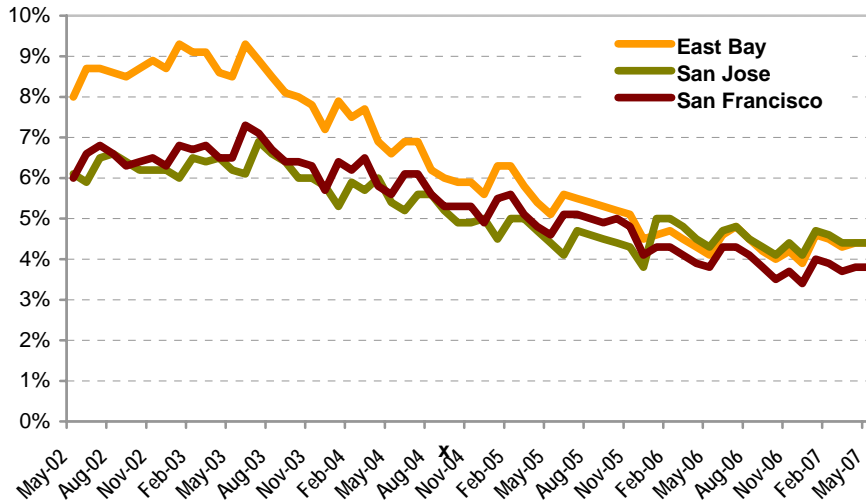
*Serving the East Bay, the **Bright** Side of the San Francisco Bay*

EMPLOYMENT

As reported by the California Employment Department, The unemployment rate in the Oakland-Fremont-Hayward MD remained stable at 4.4 percent in April and May 2007, but above the year-ago estimate of 4.1 percent. This compares with an unadjusted unemployment rate of 4.9 percent for California and 4.3 percent for the nation during the same period. The unemployment rate was 4.4 percent in Alameda County and 4.3 percent in Contra Costa County.

Unemployment rates in the Bay Area's other metropolitan areas were also unchanged between April and May 2007, with unemployment remaining stable at 3.8 percent in the San Francisco MD, and 4.4 percent in the San Jose MSA.

Bay Area Monthly Unemployment Rates

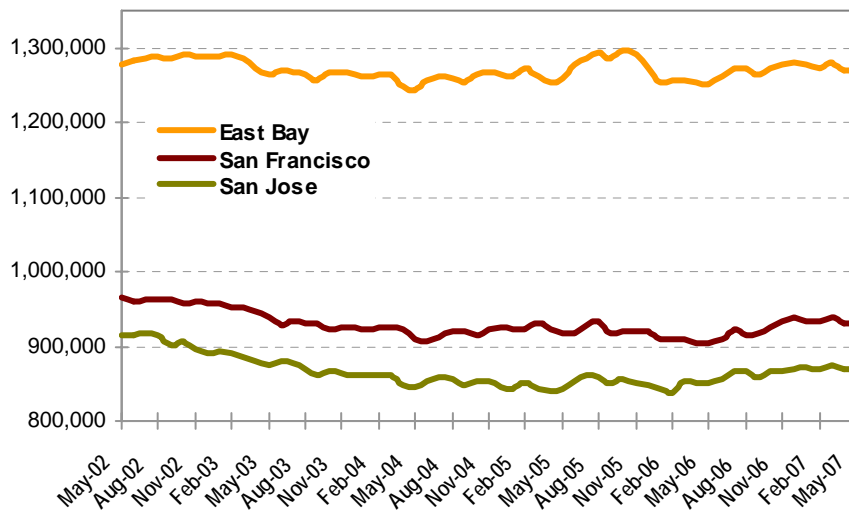


Source: CA Employment Development Dept.

In a month-over-month comparison, all three Bay Area regions saw gains in labor force (number of individuals who are currently employed or actively seeking employment). The East Bay gained 1,700 workers between April and May 2007, San Francisco also gained 1,700 workers and San Jose gained 1,200.

In a year-over-year comparison the Bay Area continued to see substantial gains in labor force between May 2006 and May 2007. The East Bay gained 20,600 workers, San Francisco gained 27,800 and San Jose gained 21,100.

Bay Area Labor Force

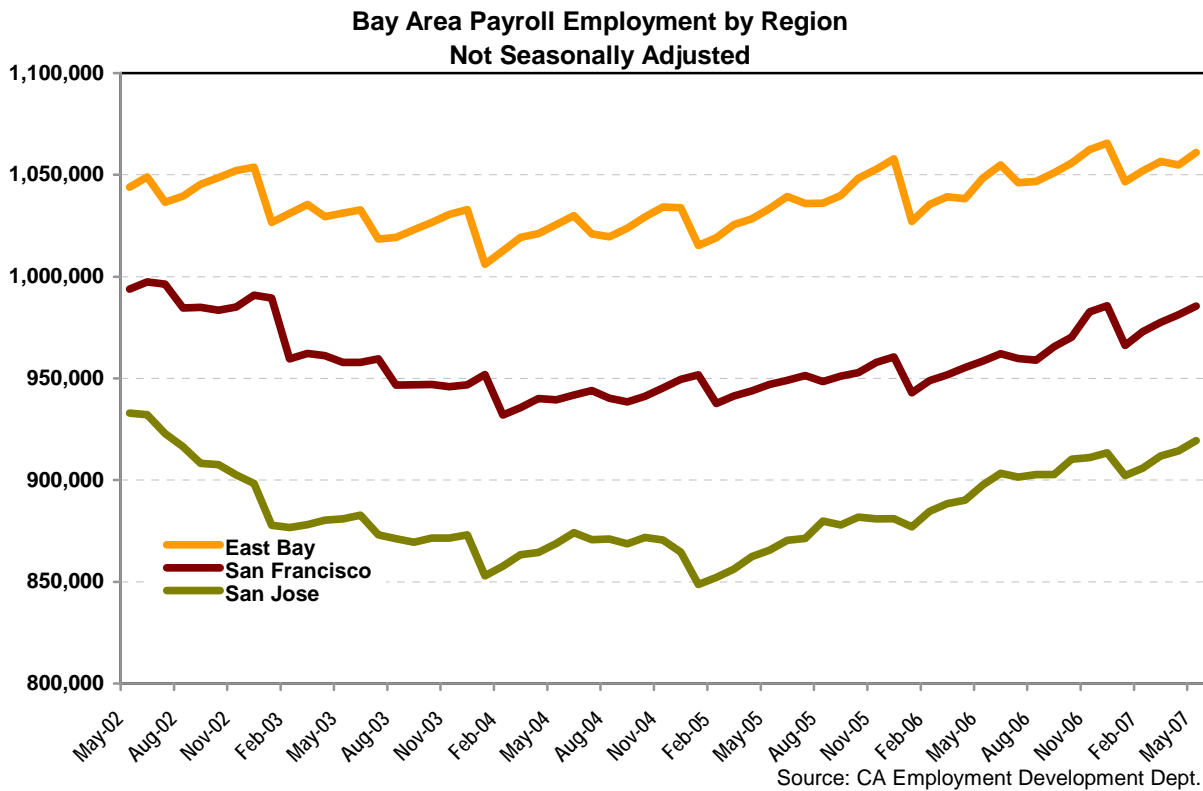
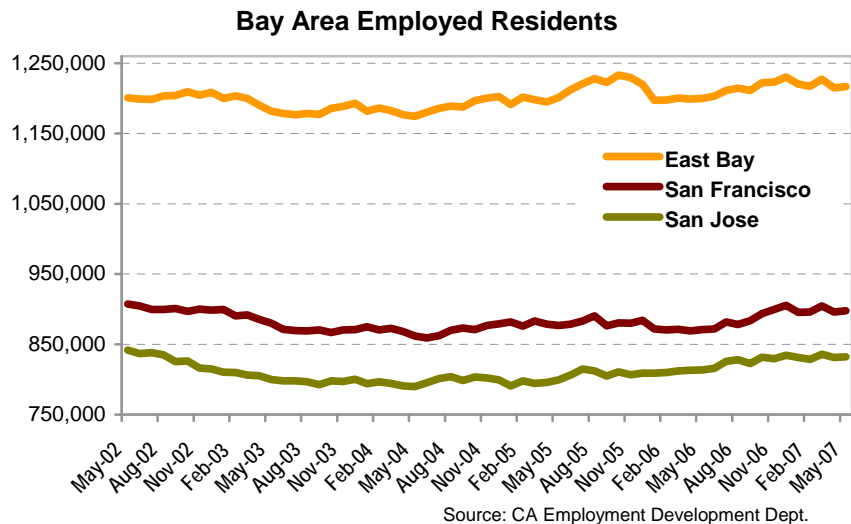


Source: CA Employment Development Dept.

Between April and May 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 1,600 more residents employed in May than in April, in San Francisco 1,500 more, and 1,300 more in San Jose

Between April and May 2007, 1,600 payroll jobs (jobs located within the specified region) were added in Alameda and Contra Costa Counties, bringing the total number of payroll jobs to 1,061,600 – the highest May on record since 2001. During the same period San Francisco gained 4,200 jobs and San Jose gained 5,000.

In a year-over-year comparison with May 2006, the East Bay gained 12,700 payroll jobs, San Francisco gained 27,000 jobs and San Jose gained 21,900.



EAST BAY PAYROLL EMPLOYMENT

Between April 2007 and May 2007, the total number of jobs in the East Bay counties of Alameda and Contra Costa increased by 5,300 jobs to reach 1,061,100.

- Government bolstered payrolls by 1,400 jobs.
- Leisure and hospitality expanded seasonally by 1,100 jobs, slightly lower than the 1,400-job average for April-to-May over the prior 17 years. Food services and drinking places, accounted for most of the increase (up 700 jobs).
- Construction posted a net gain of 1,000 jobs.
- Educational and health services gained 600 jobs. Trade, transportation and utilities also increased (up 500 jobs).

East Bay Primary Industry Sectors	May 2007	1 Month Change	12 Month Change	24 Month Change
	Professional and Business Services	158,700	200	4,700
Government	188,200	1,400	4,700	5,000
Educational and Health Services	126,700	600	3,800	7,600
Leisure and Hospitality	87,300	1,100	1,400	3,700
Manufacturing	97,400	0	900	2,600
Retail Trade	111,400	200	900	1,300
Other Services	36,500	200	300	700
Trans, Warehousing & Utilities	34,700	500	100	200
Natural Resources and Mining	1,300	0	100	200
Wholesale Trade	48,700	-200	0	0
Financial Activities	68,500	0	-900	-1,100
Information	29,100	300	-1,100	-1,900
Construction	71,300	1,000	-1,800	-400

Source: CA Employment Development Dept.

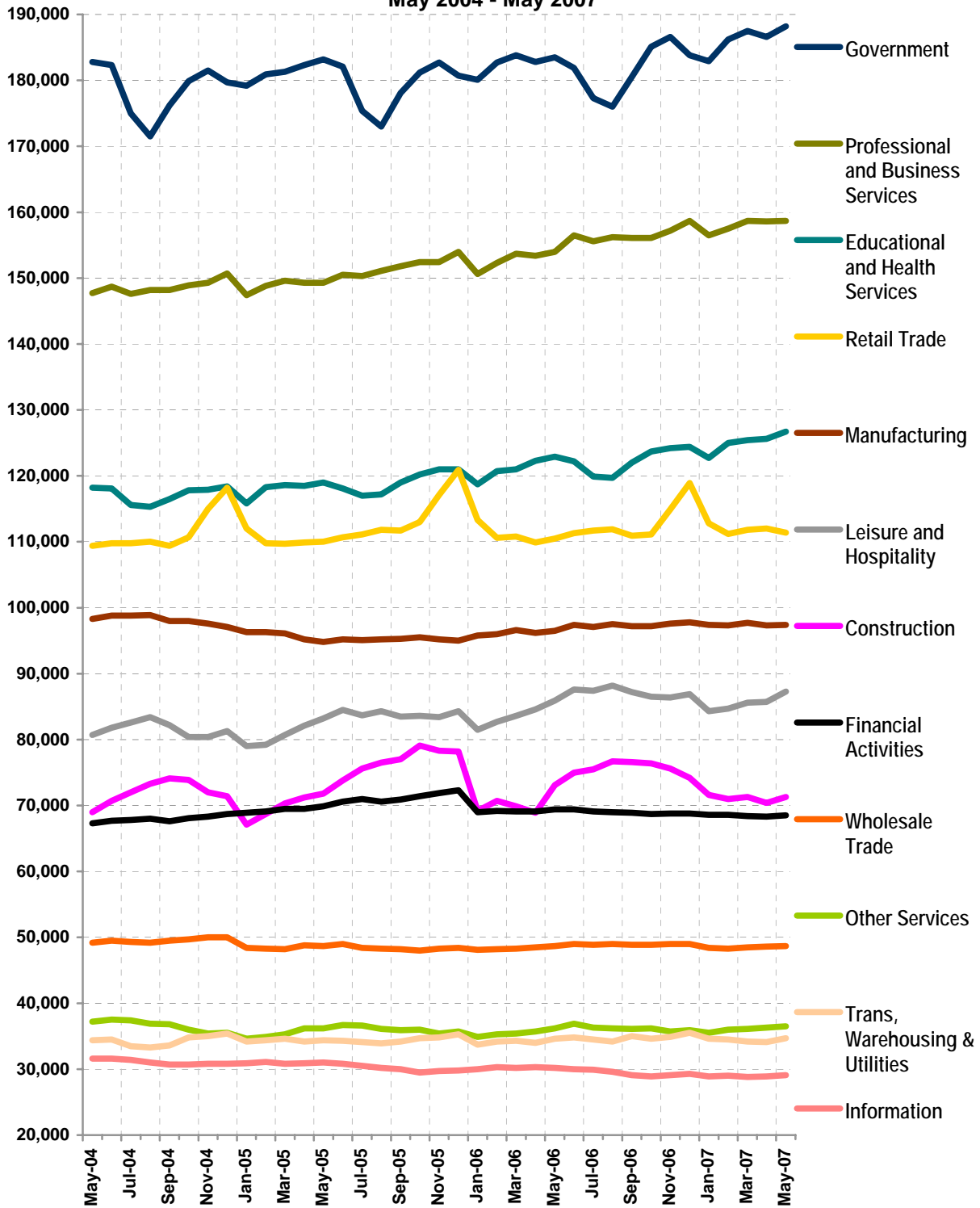
Between May 2006 and May 2007, industry employment in the East Bay counties grew by 12,700 jobs or 1.2 percent.

- Professional and business services continued to lead the year-over job gains by adding 4,700 jobs. Professional, scientific, and technical services (up 3,400 jobs) accounted for the bulk of the gain.
- Government posted a net gain of 4,700 jobs, predominantly in local government (up 3,900 jobs).
- Educational and health services rose by 3,800 jobs, mostly in health care (up 2,500 jobs).
- On the down side, construction lost a total of 1,800 jobs, mainly in specialty trade contractors (down 1,700 jobs).

A year-over-year comparison of the East Bay's manufacturing sector showed an overall improvement of 900 jobs, with a large gain of 1,200 jobs between May 2006 and May 2007. Between April and May 2007, the East Bay's manufacturing sector was unchanged.

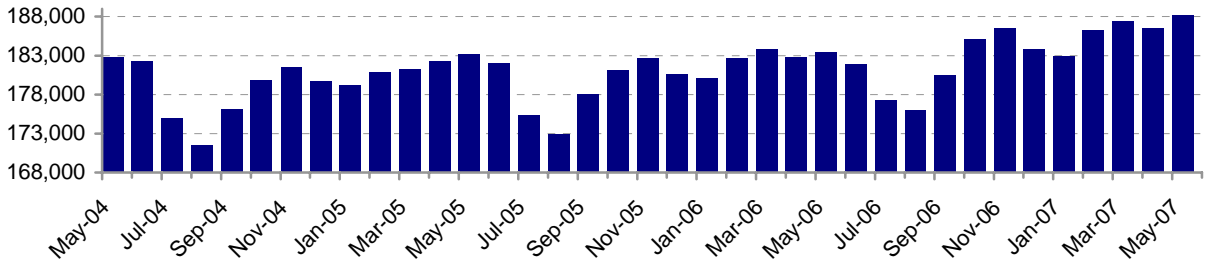
East Bay Manufacturing Sector	5/2007 Employment	1 Month Change	12 Month Change	24 Month Change
Residual-Miscellaneous	33,800	100	1,200	2,700
Petroleum and Coal Products	7,200	100	500	700
Transportation Equipment	7,800	0	100	200
Computer and Electronic Product	21,500	-100	-100	-100
Chemical	6,900	0	-100	-100
Residual-Food	20,200	-100	-700	-800
Manufacturing	97,400	0	900	2,600

East Bay Payroll Employment Not Seasonally Adjusted May 2004 - May 2007

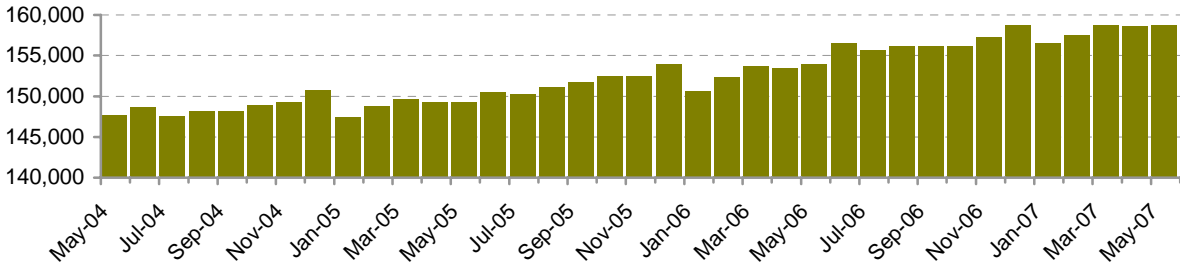


Source: CA Employment Development Dept.

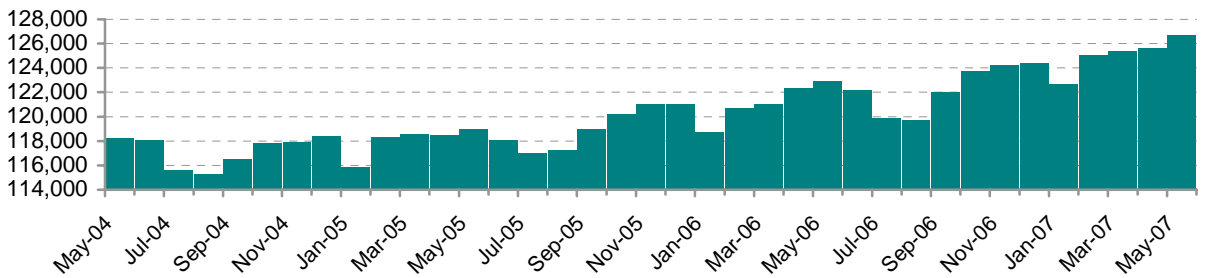
Government



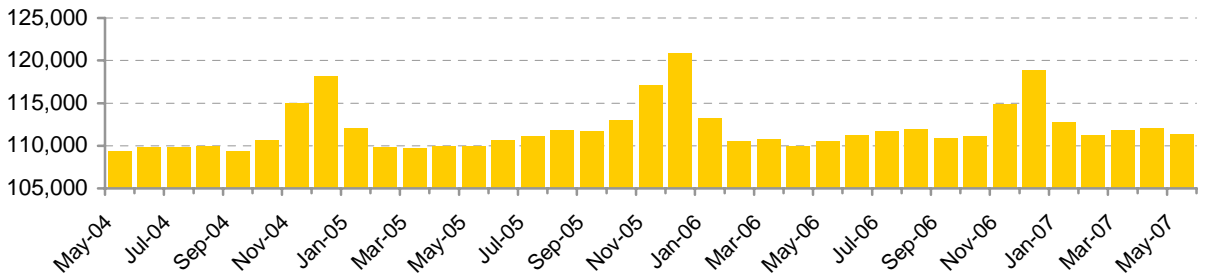
Professional and Business Services



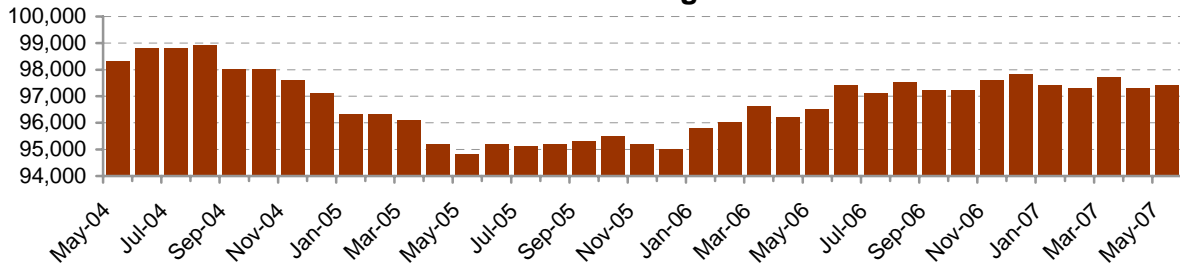
Education and Health Services



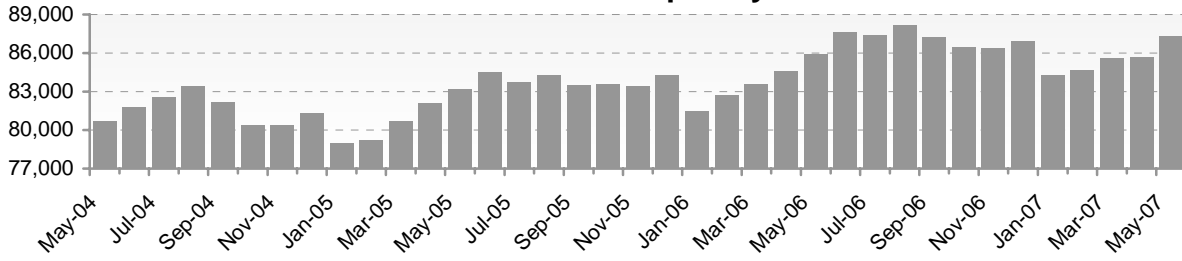
Retail Trade



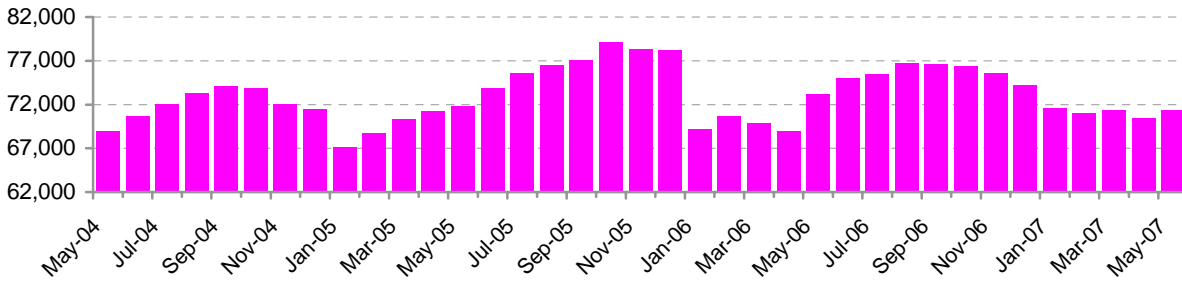
Manufacturing



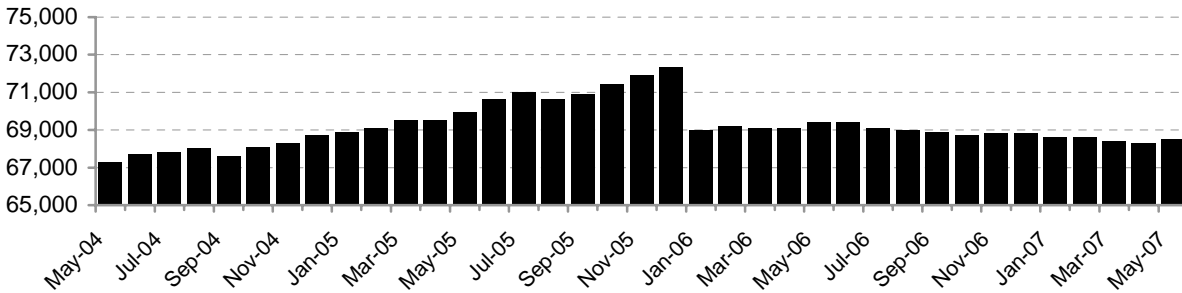
Leisure and Hospitality



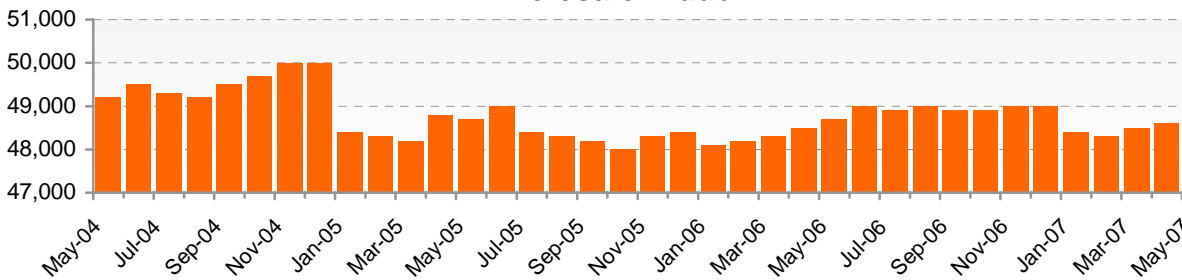
Construction



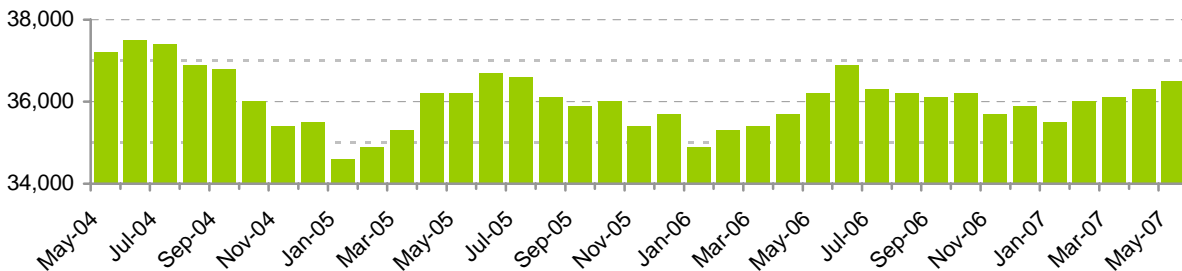
Financial Activities



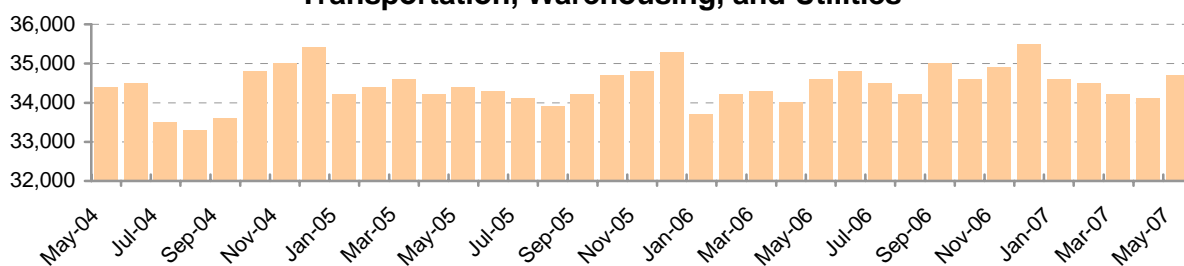
Wholesale Trade



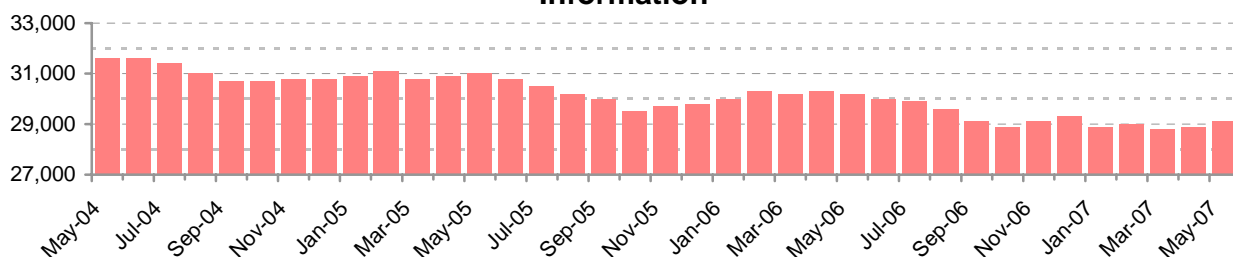
Other Services



Transportation, Warehousing, and Utilities



Information



HOUSING

Bay Area homes continued to sell at their slowest pace in 12 years last month, as the median sales price edged up to a new peak, according to DataQuick Information Systems.

A total of 8,080 new and resale houses and condos were sold in the nine-county Bay Area in May. That was up 8.5 percent from 7,447 in April, and down 18.7 percent from 9,935 for May a year ago.

Sales have decreased on a year-over-year basis the last 28 months. Last month's sales count was the lowest for any May since 6,615 homes were sold in 1995. The strongest May in DataQuick's statistics, which go back to 1988, was in 2004 when 13,567 homes were sold. The average number of homes sold in May is 10,186, according to DataQuick.

The median price paid for a Bay Area home increased last month to \$660,000, a new peak. That was up 0.2 percent from \$659,000 for the month before, and up 3.4 percent from \$638,000 for May last year. The prior peak was in June of last year at \$648,000. The median has increased the last four months, in part because sales of lower-cost homes have dropped more than sales in other categories.

The typical monthly mortgage payment that Bay Area buyers committed themselves to paying was \$3,090 last month, up from \$3,074 the previous month and down from \$3,125 a year ago. Adjusted for inflation, current payments are 19.6 percent above typical payments in the spring of 1989, the peak of the prior real estate cycle. They are 5.7 percent below the current cycle's peak last June, as reported by DataQuick.

All Homes by County	Number Sold May 2007	Annual Pct. Chg	Median April 2007	Median Annual Pct. Chg
Alameda	1,631	-17.90%	\$587,750	-1.90%
Contra Costa	1,366	-29.50%	\$590,000	0.90%
Marin	359	1.10%	\$850,000	4.30%
Napa	112	-35.60%	\$627,500	13.10%
San Francisco	2,179	-12.70%	\$713,500	3.40%
San Mateo	616	-10.90%	\$835,000	8.40%
Santa Clara	763	-10.80%	\$807,000	5.50%
Solano	476	-37.60%	\$435,000	-4.40%
Sonoma	578	-14.60%	\$519,500	-5.40%
Bay Area	8,080	-18.70%	\$660,000	3.40%

Source: Data Quick Information Systems

EAST BAY HOME SALES

In May 2007 the median home sale price in Alameda County was \$610,000 – a 1.67 percent, or \$10,000, increase compared with May 2006. In Contra Costa County the median home sale price was \$590,000 in May 2007 - a 0.85 percent, or \$5,000, increase compared to May 2006.

Aside from Albany, where only 9 homes were sold, the largest year-to-year percentage increase in median home sale price was in Danville, up 11.98 percent from May 2006, an increase of \$115,000.

The largest year-to-year decrease was in the Contra Costa County City of Moraga, where home prices decreased over 20 percent when compared with May 2006.

Within Alameda County, Pleasanton had the highest median home sale price of \$750,000 where 69 homes were sold. Emeryville had the lowest median home price, at \$455,000, where 26 homes were sold – many of which were multi-family units.

In Contra Costa County, Orinda had the highest median home sale price of \$1,550,000, a 4.37 percent increase from May 2006, while Pittsburg had the lowest median sale price - \$425,000, a decrease of 10.35 percent from May 2006.

NOTE: Beginning with January 2007, DataQuick has revised the formula used to determine median home sale price. For more information visit www.dqnews.com. 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.

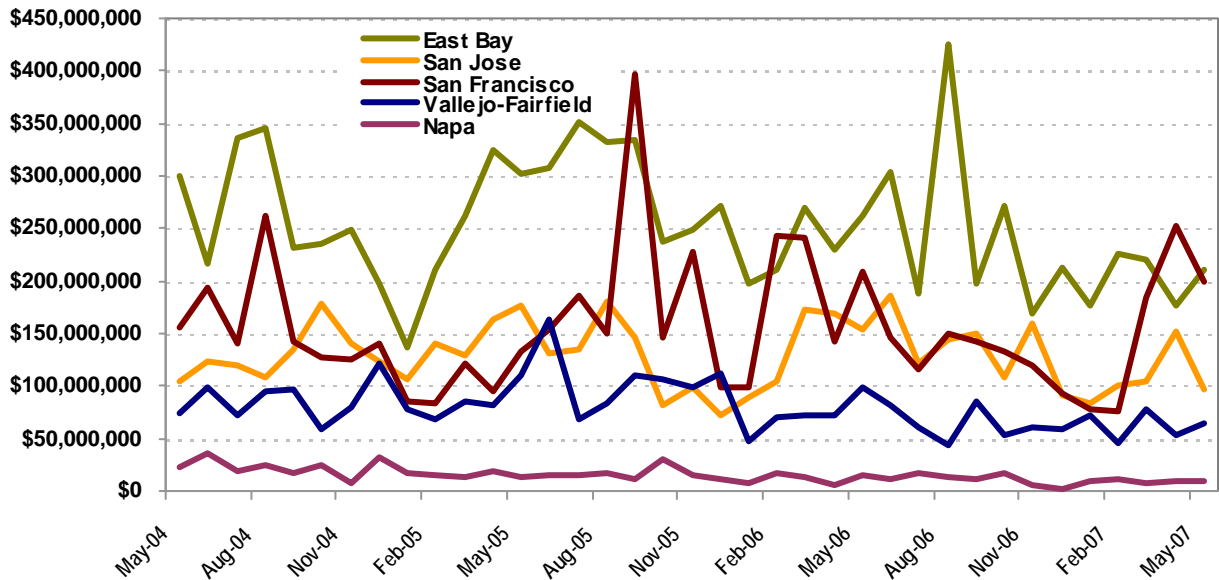
County/City/Area	# Sold	May 2007	May 2006	% Change Yr-To-Yr
Alameda County	797	\$610,000	\$600,000	1.67%
Alameda	40	\$629,500	\$682,000	-7.70%
Albany	9	\$708,000	\$568,500	24.54%
Berkeley	47	\$750,000	\$715,000	4.90%
Castro Valley	29	\$615,000	\$630,000	-2.38%
Dublin	41	\$620,500	\$625,000	-0.72%
Emeryville	26	\$455,000	\$510,000	-10.78%
Fremont	129	\$654,000	\$640,000	2.19%
Hayward	57	\$490,000	\$560,000	-12.50%
Livermore	54	\$585,000	\$625,000	-6.40%
Newark	22	\$597,500	\$622,500	-4.02%
Oakland	178	\$550,500	\$500,000	10.10%
Pleasanton	69	\$750,000	\$799,500	-6.19%
San Leandro	45	\$510,000	\$563,500	-9.49%
San Lorenzo	11	\$555,000	\$560,000	-0.89%
Union City	40	\$600,000	\$710,000	-15.49%
CONTRA COSTA	1,197	\$590,000	\$585,000	0.85%
Alamo	23	\$1,550,000	\$1,480,000	4.73%
Antioch	86	\$436,000	\$510,000	-14.51%
Brentwood	81	\$560,000	\$627,500	-10.76%
Byron	25	\$579,000	\$706,000	-17.99%
Clayton	15	\$685,000	\$772,500	-11.33%
Concord	121	\$495,000	\$540,000	-8.33%
Crockett	5	\$579,000	\$622,500	-6.99%
Danville	94	\$1,075,000	\$960,000	11.98%
El Cerrito	27	\$700,000	\$665,000	5.26%
El Sobrante	20	\$455,000	\$520,000	-12.50%
Hercules	28	\$505,000	\$542,500	-6.91%
Lafayette	47	\$1,005,000	\$1,142,500	-12.04%
Martinez	44	\$478,250	\$530,000	-9.76%
Moraga	18	\$848,500	\$1,070,000	-20.70%
Oakley	40	\$520,000	\$531,750	-2.21%
Orinda	26	\$1,210,000	\$1,100,000	10.00%
Pinole	16	\$512,500	\$560,000	-8.48%
Pittsburg	55	\$425,000	\$475,000	-10.53%
Pleasant Hill	30	\$602,500	\$640,000	-5.86%
Richmond	72	\$433,500	\$436,000	-0.57%
Rodeo	8	\$465,000	\$574,500	-19.06%
San Pablo	37	\$469,000	\$490,000	-4.29%
San Ramon	134	\$772,000	\$848,500	-9.02%
Walnut Creek	136	\$675,000	\$675,000	0.00%

Source: DataQuick

CONSTRUCTION PERMITS

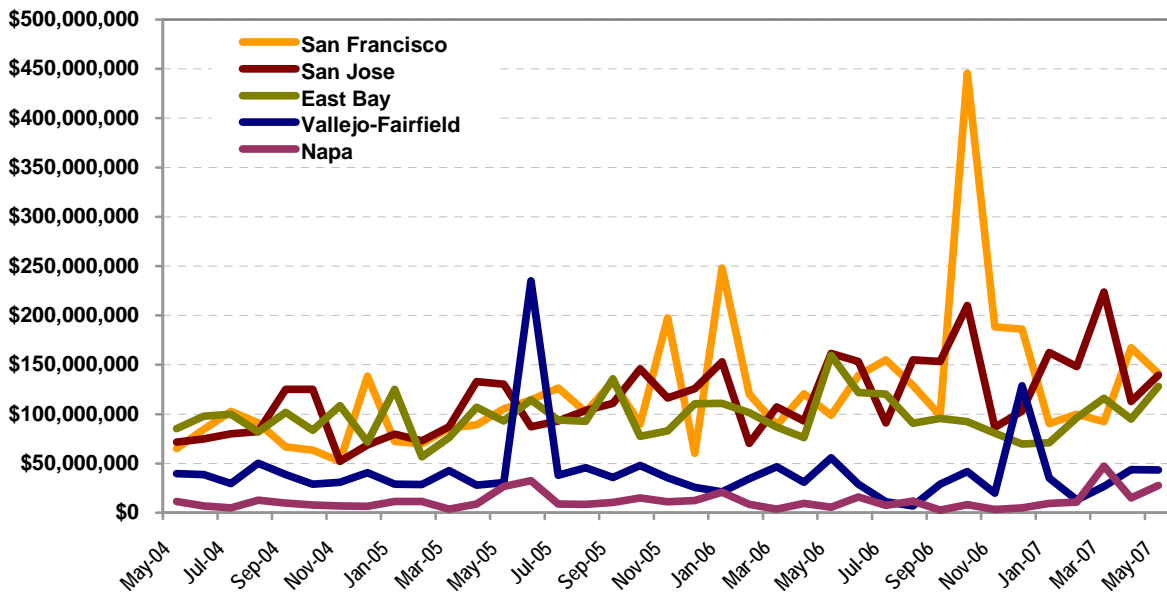
The following two charts of residential and non-residential permit values issued in each of the Bay Area's regions since May 2004 provide a quick, comparative view of activity. Data follows in subsequent tables.

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

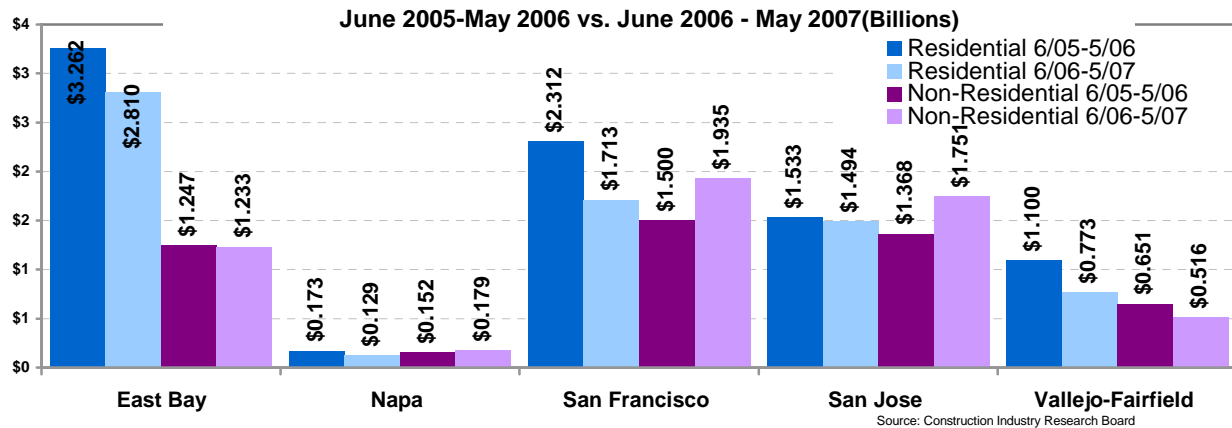
In May 2007, the dollar value of residential permits issued in the East Bay increased roughly \$33 million over April 2007. During the same period, the San Francisco and San Jose regions saw decreases of \$53 and \$54 million, respectively and the Napa region a very small decrease of \$171,000. The Vallejo-Fairfield MSA saw an increase of \$12 million during this period. East Bay non-residential permit values also increased between April and May of 2007, and were \$33 million higher in May. During the same period, the San Francisco and Vallejo-Fairfield MSAs saw decreases of \$26 million and \$481,000, respectively between April and May 2007, while the San Jose and Napa MSAs saw increases of \$26 and \$12 million, respectively.

The following tables and graphs compare the twelve-month periods of June 2005 – May 2006 and June 2006 – May 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 6/05-5/06 vs. 6/06-5/07	Percent Change
East Bay	-\$465,941,622	-10.3%
Napa	-\$17,791,743	-5.5%
San Francisco	-\$163,863,812	-4.3%
San Jose	\$344,120,326	11.9%
Vallejo Fairfield	-\$462,475,827	-26.4%

Using this comparison, the San Jose MSA was the only Bay Area region to make gains in the total dollar amount of construction permits issued, with an increase of 11.9 percent, while the East Bay and Vallejo-Fairfield MSAs saw substantial declines of 10.3 and 26.4 percent, respectively. Losses were also seen in the Napa and San Francisco MSAs

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



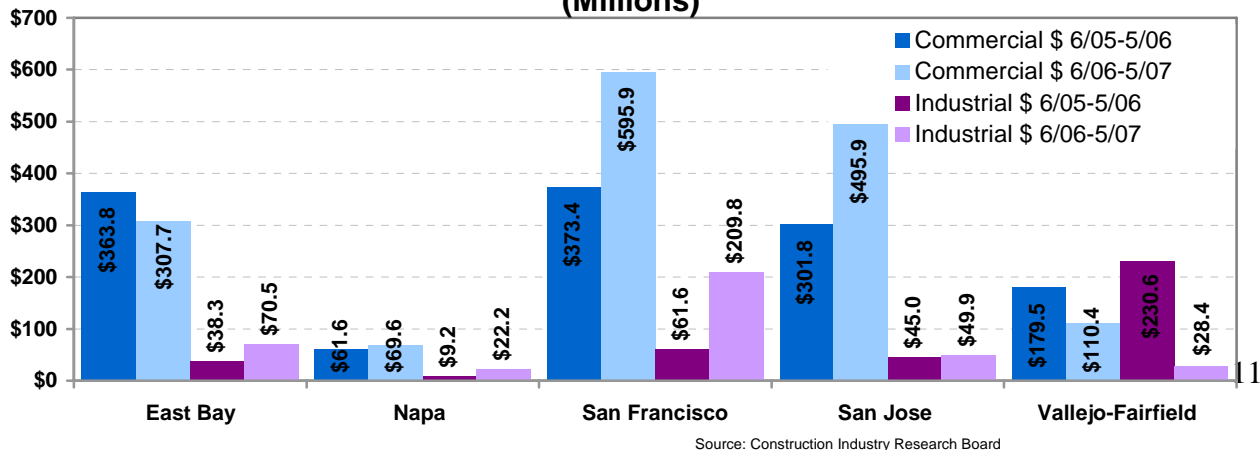
When comparing the two previous twelve-month periods of June 2005 – May 2006 and June 2006- May 2007, all Bay Area regions saw decreases in the dollar value of residential permits issued. The steepest declines were seen in the East Bay and San Francisco regions. Total non-residential (commercial, industrial and institutional) permit values were up in San Francisco, San Jose and Napa, while the East Bay saw a modest decrease, as did the Vallejo-Fairfield MSA.

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 dramatic increases in commercial permits, while the East Bay and Vallejo-Fairfield experienced declines. Commercial permits increased slightly in the Napa MSA.

The Vallejo-Fairfield MSA was the only Bay Area region to not experience an increase in the dollar amount of industrial permits issued during the same two twelve-month periods.

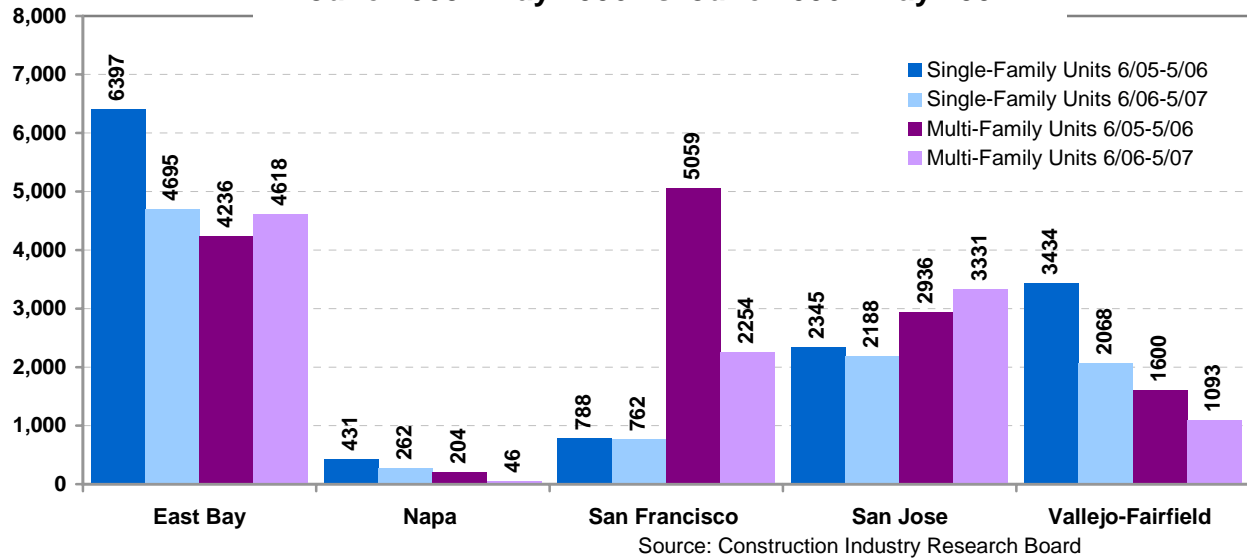
Value of Bay Area Construction Permits Issued by Region Commercial and Industrial

June 2005-May 2006 vs. June 2006 - May 2007 (Millions)



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

June 2005 - May 2006 vs. June 2006 - May 2007



When compared with the twelve month period ending in May 2007, the number of single-family permits was down in all of the Bay Area MSAs. Multi-family permits were up in the East Bay and San Jose MSAs, but fell dramatically in the San Francisco region. Multi-family permits also decreased in the Napa and Vallejo-Fairfield regions.

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 permit values saw a slim increase and declines were seen in non-residential and commercial permit values. In the same comparison, Contra Costa County residential and industrial permit values declined, while permits issued for non-residential and commercial structures saw increases.

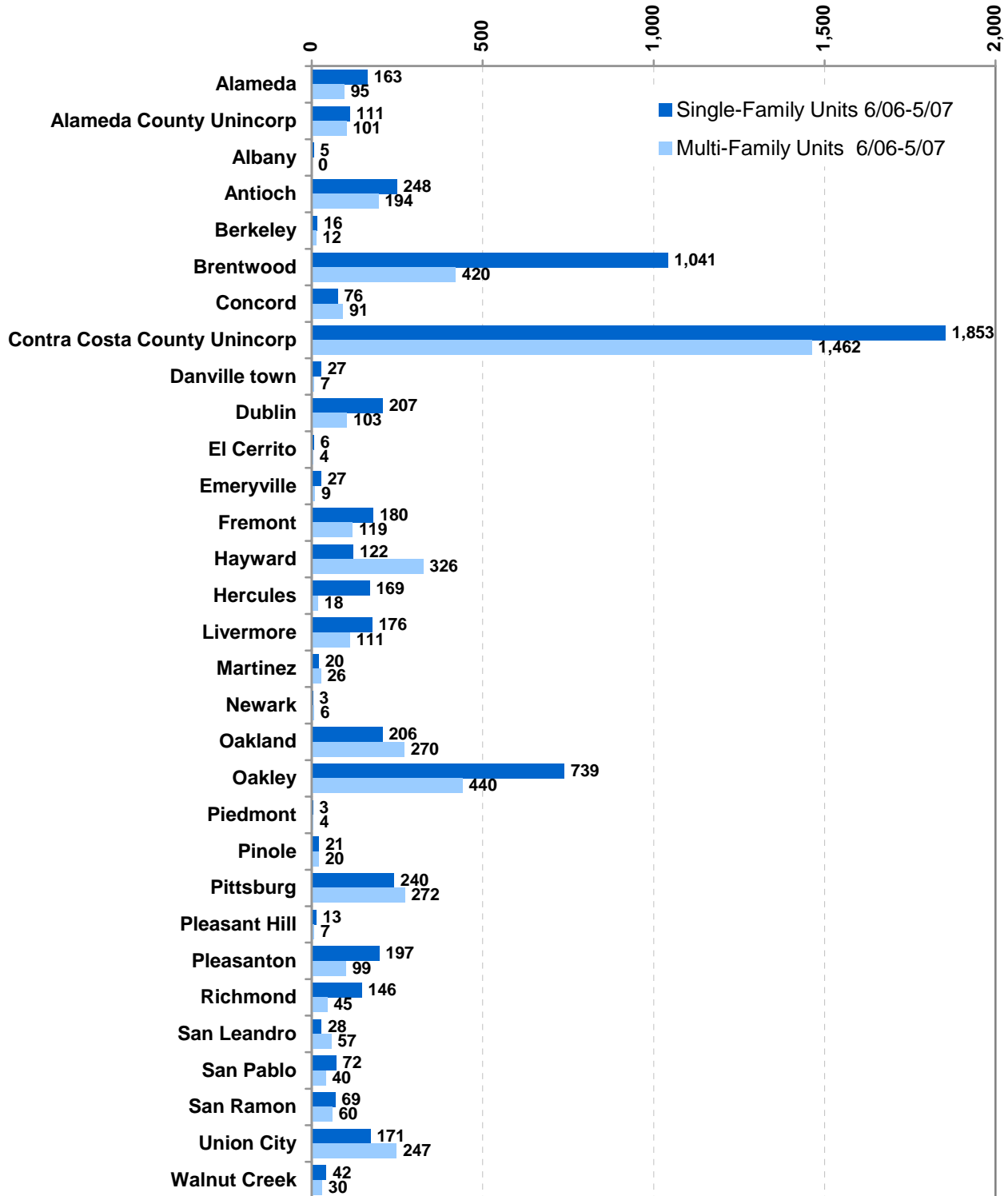
Construction Permit Values	June 2005 – May 2006	June 2005 – May 2007	Change	% Change
Alameda County Residential	\$1,406,926,525	\$1,430,097,059	\$23,170,534	1.6%
Alameda County Non-Residential	\$854,358,557	\$763,599,744	-\$90,758,813	-10.6%
Alameda County Commercial	\$270,757,442	\$165,525,693	-\$105,231,749	-38.9%
Alameda County Industrial	\$12,432,995	\$59,754,411	\$47,321,416	380.6%
Contra Costa County Residential	\$1,855,406,717	\$1,379,506,171	-\$475,900,546	-25.6%
Contra Costa County Non-Res	\$392,263,944	\$469,811,147	\$77,547,203	19.8%
Contra Costa County Commercial	\$93,089,232	\$142,192,253	\$49,103,021	52.7%
Contra Costa County Industrial	\$25,826,026	\$10,755,858	-\$15,070,168	-58.4%

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 Alameda County and was virtually unchanged in Contra Costa County.

Housing Unit Permit Comparison	June 2005- May 2006	June 2006- May 2007	Change	% Change
ALCO Single-Family Units	1615	1559	-56	-3.5%
CCC Single-Family Units	4782	3136	-1646	-34.4%
ALCO Multi-Family Units	3188	3571	383	12.0%

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 May 2007.

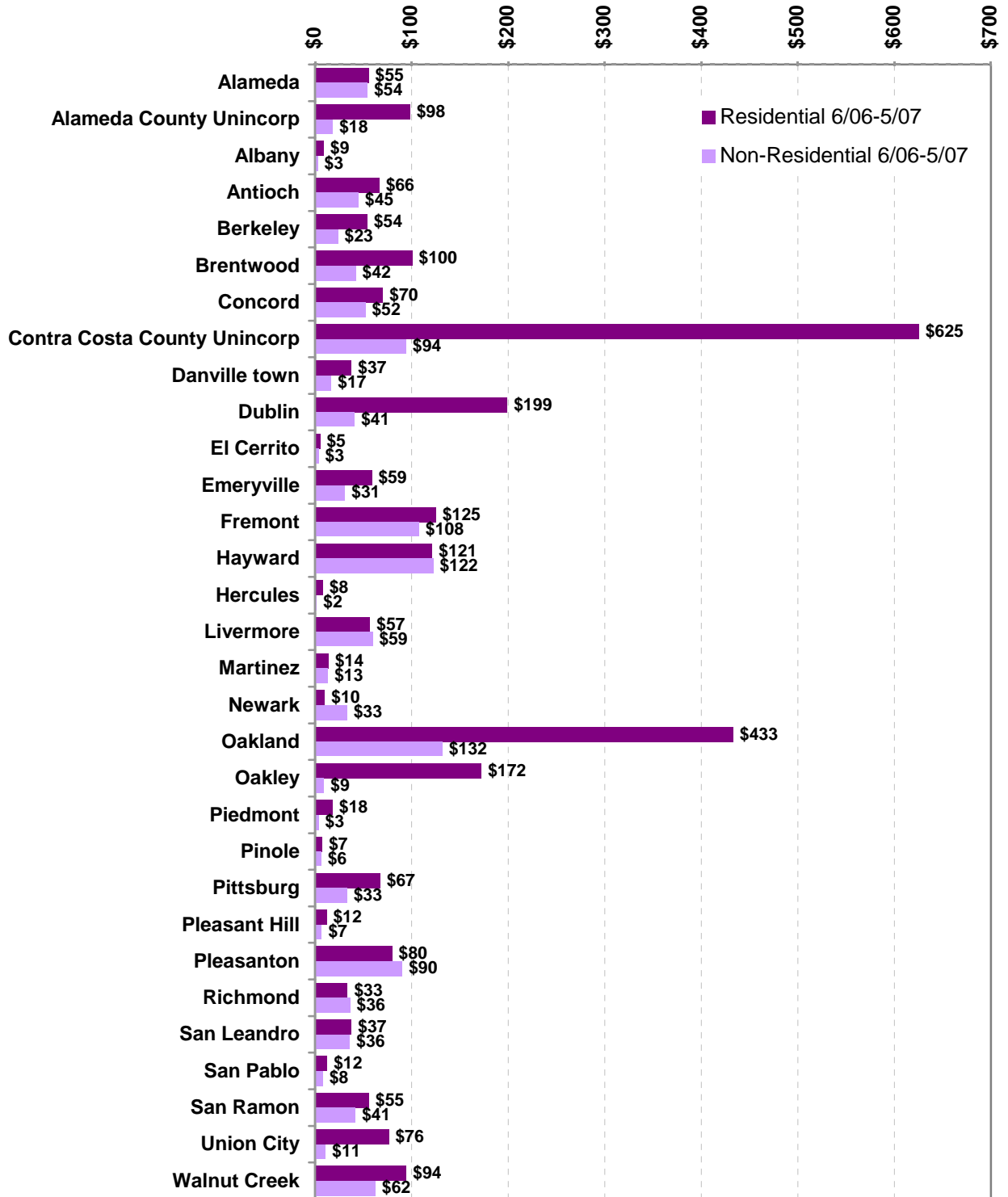
Number of East Bay Residential Unit Permits Issued by City June 2006 - May 2007



Source: Construction Industry Research Board

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

June 2006 - May 2007
(Millions)



Source: Construction Industry Research Board