

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](mailto:stephanie@eastbayeda.org) or call (510) 272-6843.

## SNAPSHOT: THE EAST BAY IN AUGUST 2007

- ***East Bay construction employment continued to show atypical decreases, losing 5,900 jobs over the last 12 months, and 600 since July.***
- ***The East Bay's manufacturing sector continued to show year-over-year gains, adding 600 jobs since August 2006.***
- ***East Bay home sales continued to show year-over-year losses, as double-digit percentage decreases were seen in all Bay Area counties.***
- ***The number of East Bay single-family home permits decreased dramatically, but multi-family permits continued to show year-over-year increases.***

East Bay Economic Development Alliance  
1221 Oak Street, Suite 555  
Oakland, CA 94612  
(510) 272-6843

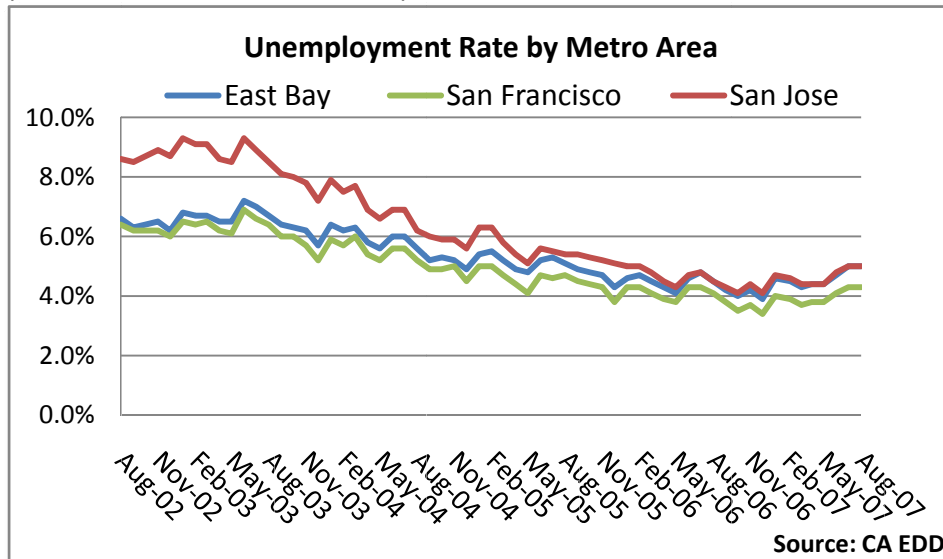
[www.eastbayeda.org](http://www.eastbayeda.org)

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

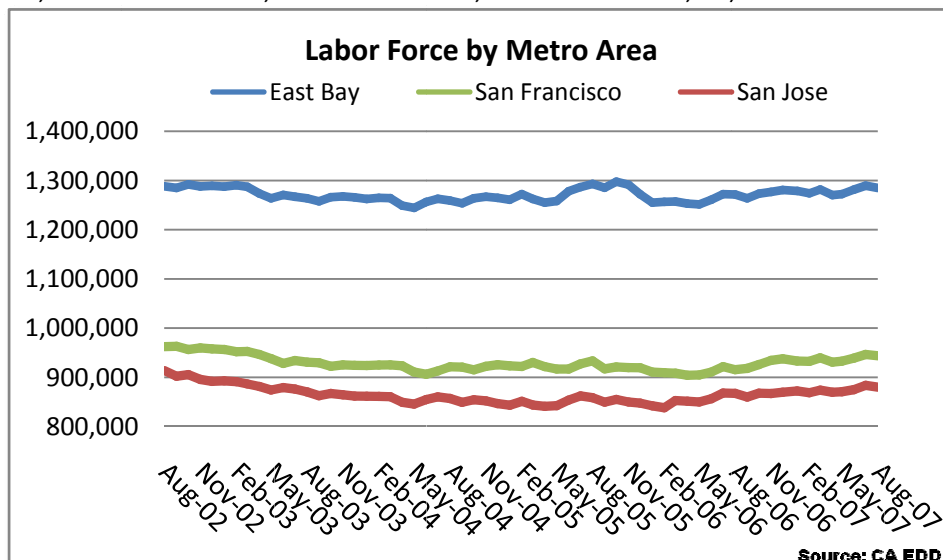
# EMPLOYMENT

**BAY AREA UNEMPLOYMENT** The unemployment rate in the East Bay metro area remained stable at 5.0 percent in July and August 2007, but above the year-ago estimate of 4.5 percent. This compares with an unadjusted unemployment rate of 5.4 percent for California and 4.6 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.

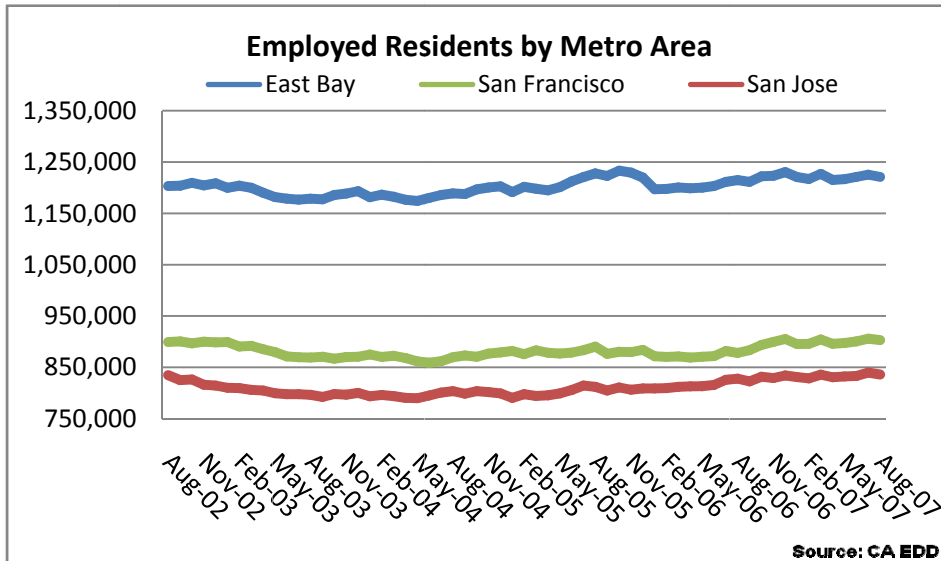
Similar to the unemployment rate in the East Bay, rates in the Bay Area's other metro areas were also unchanged from July to August 2007, holding steady at 4.3 percent in San Francisco and 5.0 percent in San Jose. These estimates show increases from August 2006, when the unemployment estimate was 4.1 percent in San Francisco and 4.5 percent in San Jose.



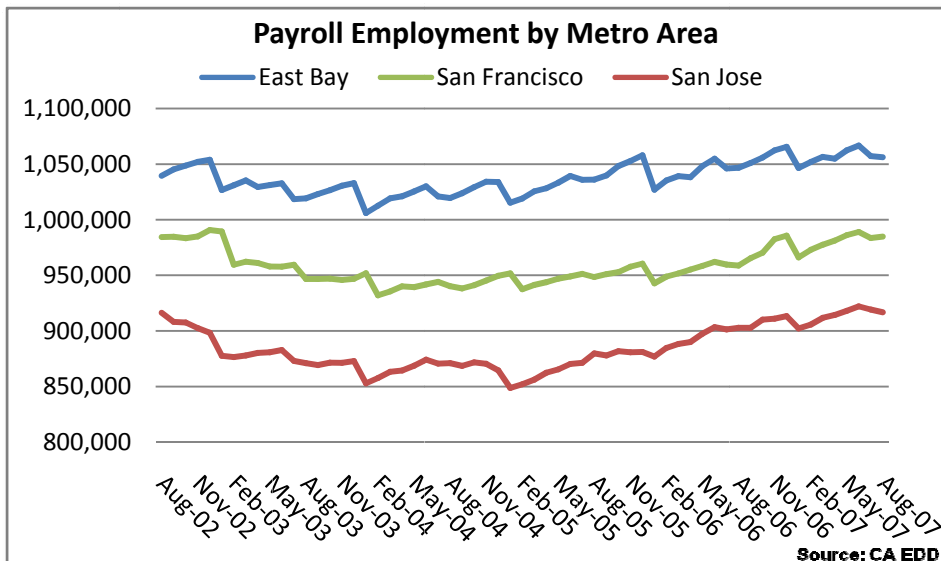
**BAY AREA LABOR FORCE** In a month-over-month comparison, the labor force (number of individuals who are currently employed or actively seeking employment) of each of the Bay Area regions grew. The East Bay gained 8,300 workers between June and July of 2007, San Francisco gained 7,400 and San Jose gained 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.



**BAY AREA EMPLOYED RESIDENTS** 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.



**BAY AREA PAYROLL EMPLOYMENT** Between July and August 2007, the East Bay and San Jose areas saw small losses in payroll employment of 1,100 and 2,500, respectively; the San Francisco area saw a moderate increase of 1,300 jobs. In a year-over-year comparison with August 2006, the San Francisco area gained 26,000 jobs, while the San Jose area gained 14,000 jobs. The East Bay gained 9,400 jobs. A detailed description of East Bay payroll employment follows in the next section.



# EAST BAY PAYROLL EMPLOYMENT

## MONTHLY COMPARISON

According to the California Employment Development Department, between July 2007 and August 2007, total wage and salary employment dropped 1,100 jobs to reach 1,056,200.

- Government lost 1,700 jobs, partly due to local public schools (down 700 jobs) closing for summer break.
- Construction employment fell by 1,000, which contradicts the prior 17-year average increase of 1,000 jobs between July and August.
- On the upside, professional and business services gained 1,500 jobs. Employment services accounted for one-third of the job gains (up 500 jobs).
- Leisure and hospitality added 900 jobs, a larger-than-typical seasonal increase, primarily in food services and drinking places (up 600 jobs).

## ANNUAL COMPARISON

Between August 2006 and August 2007, industry employment added 9,400 jobs or 0.9 percent. This marks the 39th consecutive month of year-over job gains in the East Bay.

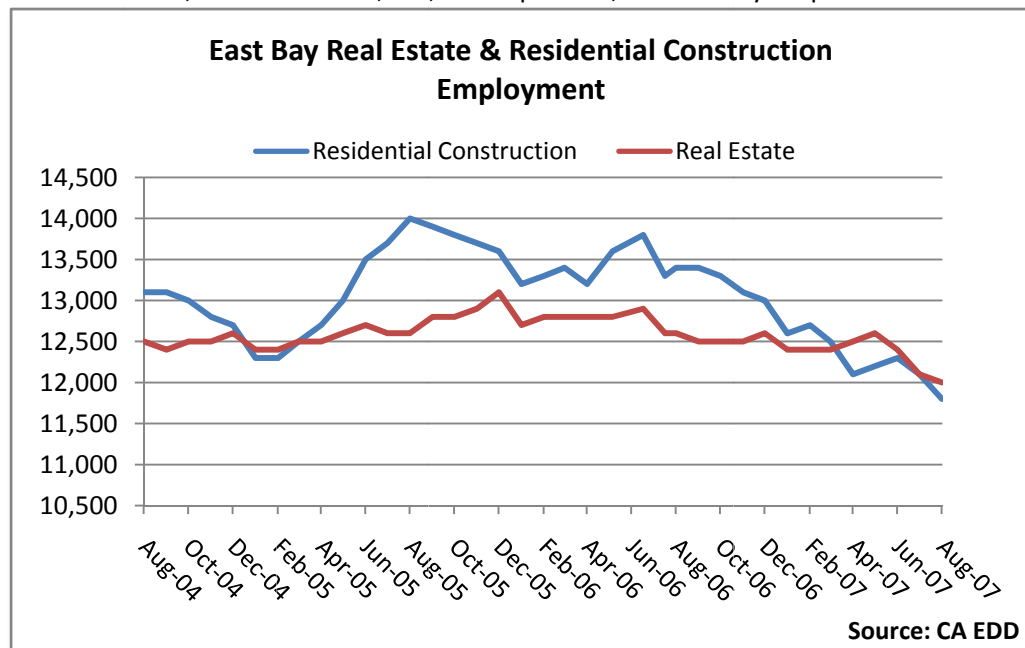
- Construction showed the largest year-over job change of any major industry—a cutback of 5,900 jobs, largely in specialty trade contractors (down 4,000 jobs).
- Educational and health services led the year-over job gains by adding 5,400 jobs. Health care accounted for half of the job gains (up 2,700 jobs).
- Professional and business services reported its 44th consecutive month of year-over growth by picking up 4,300 jobs. Professional, scientific and technical services (up 3,100 jobs) accounted for the bulk of the expansion.
- Government posted a net gain of 3,900 jobs, while leisure and hospitality added 2,200 jobs.

East Bay Primary Industry Sectors	August 2007	1 Month Change	12 Month Change	24 Month Change
Educational and Health Services	125,100	600	5,400	8,100
Professional and Business Services	160,500	1,600	4,300	9,100
Government	179,900	-2,200	3,900	7,000
Leisure and Hospitality	90,400	800	2,200	5,100
Retail Trade	112,600	-200	700	800
Manufacturing	98,100	0	600	2,600
Other Services	36,800	-300	600	900
Trans, Warehousing & Utilities	34,400	0	200	200
Wholesale Trade	48,900	0	-100	300
Information	28,800	-200	-800	-1,600
Financial Activities	67,200	0	-1,800	-2,300
Construction	70,800	-600	-5,900	-4,800

Source: CA Employment Development Dept.

## EAST BAY REAL ESTATE EMPLOYMENT

Since its 6-year peak of 14,000 jobs in August 2005, the East Bay's residential construction industry has experienced a decrease of 2,200 jobs, or 15 percent. Real estate employment has also taken a hit in recent months, with a loss of 1,100, or 8.4 percent, since its 6-year peak in December 2005.

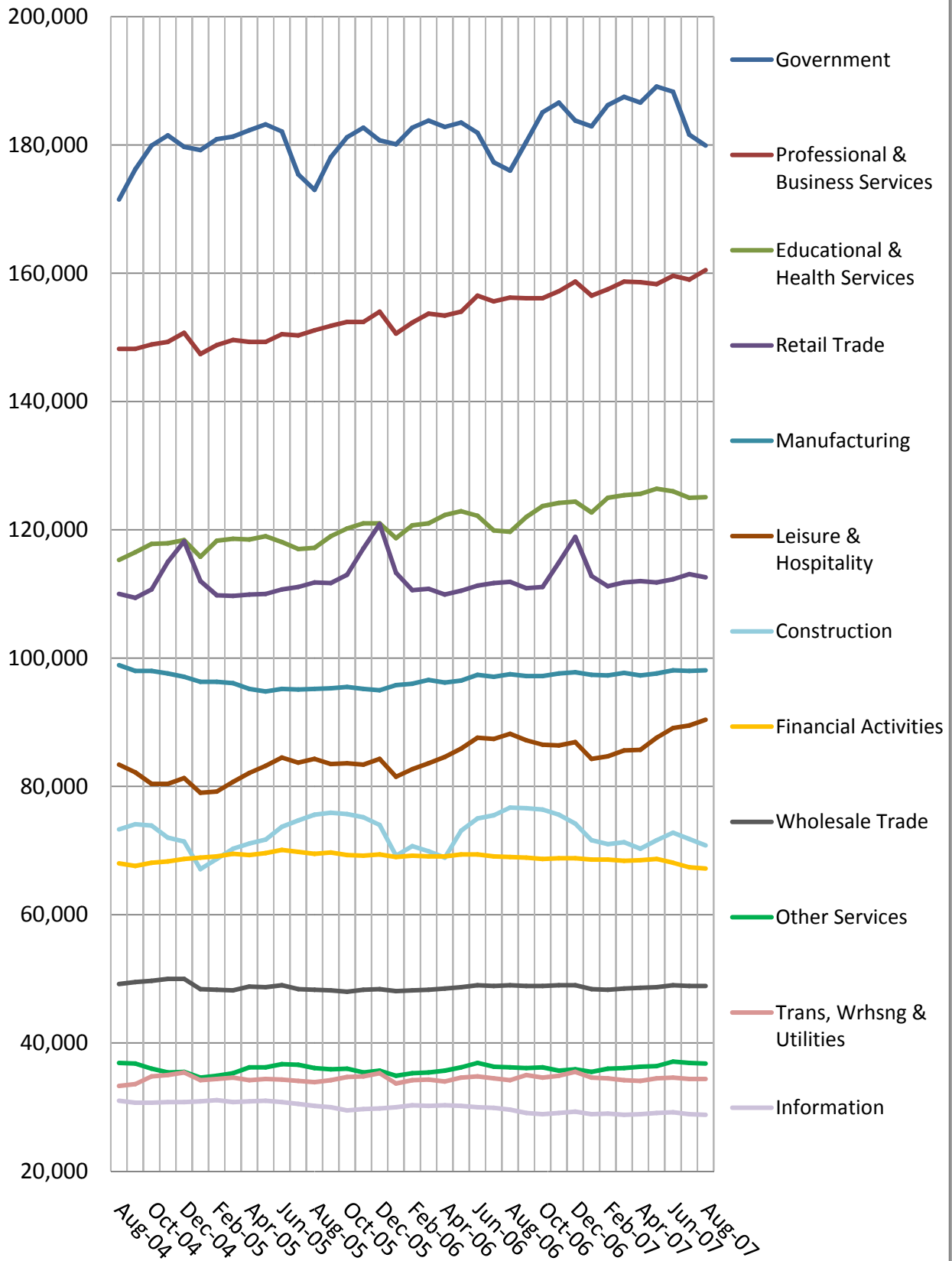


## EAST BAY MANUFACTURING EMPLOYMENT

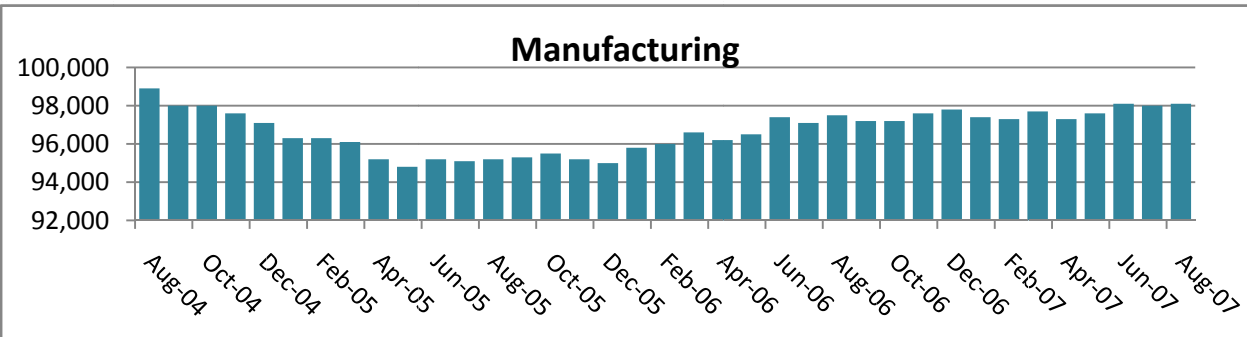
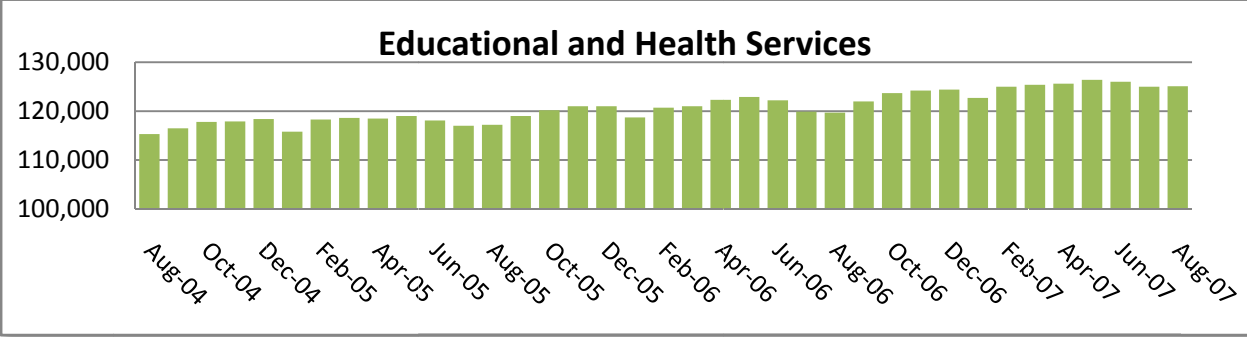
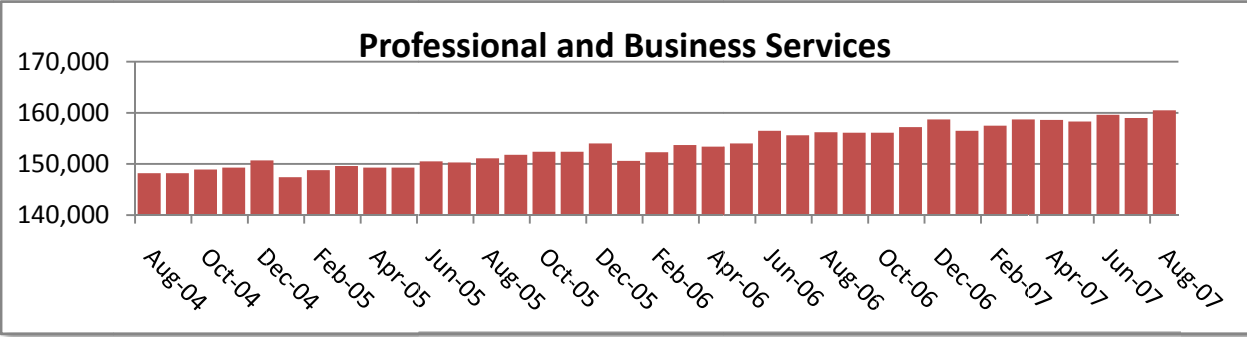
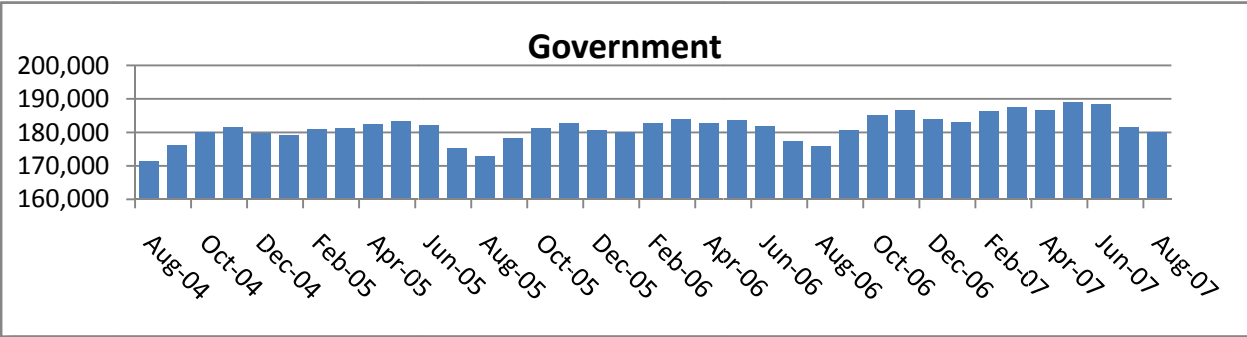
A year-over-year comparison of the East Bay's manufacturing sector showed an overall improvement of 600 jobs since August 2006. Between August 2006 and August 2007 East Bay manufacturing was unchanged.

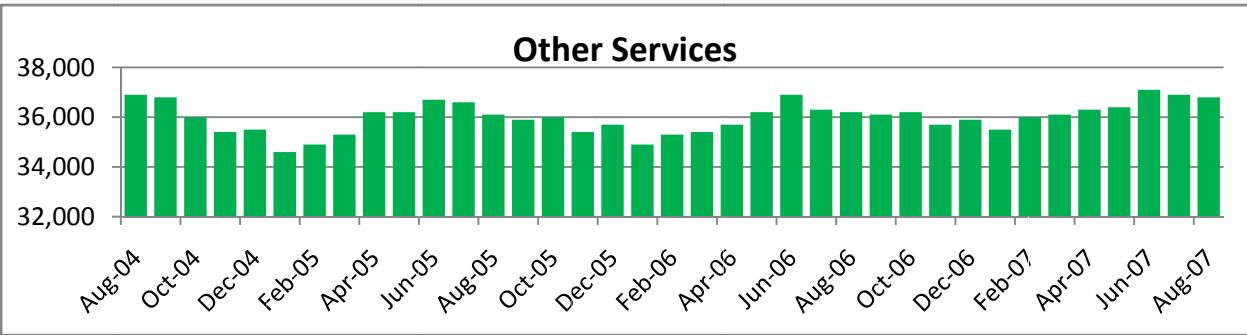
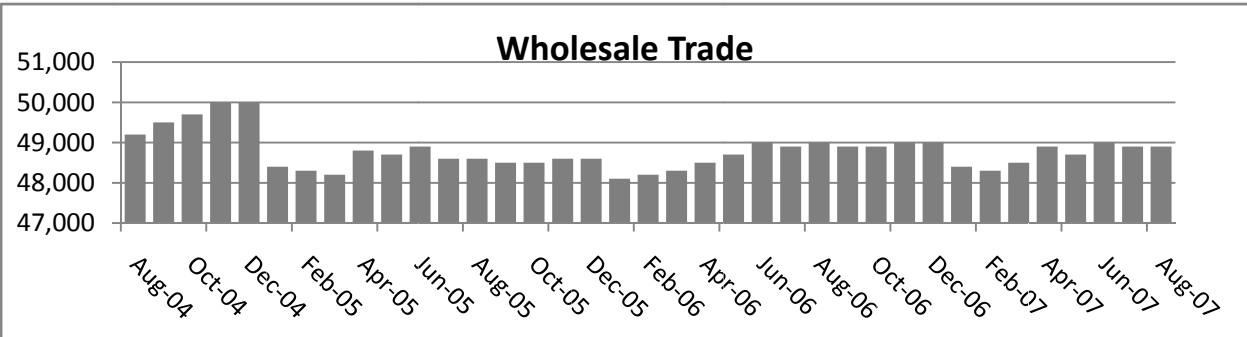
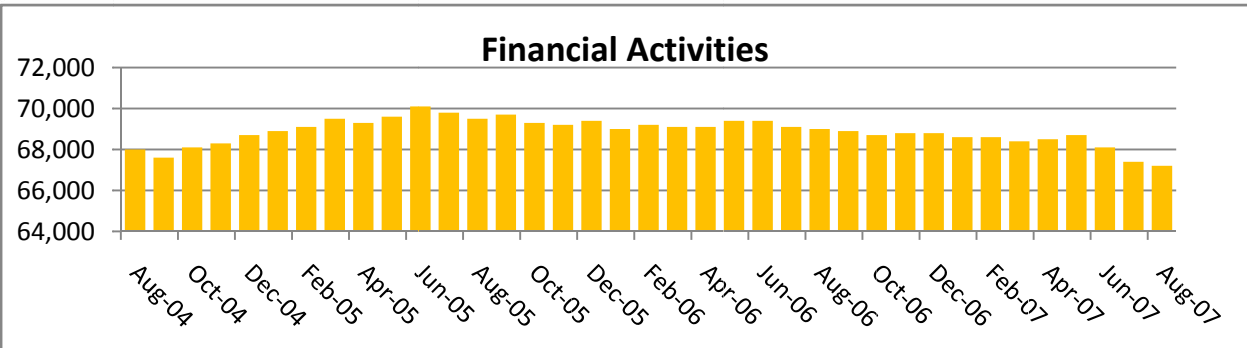
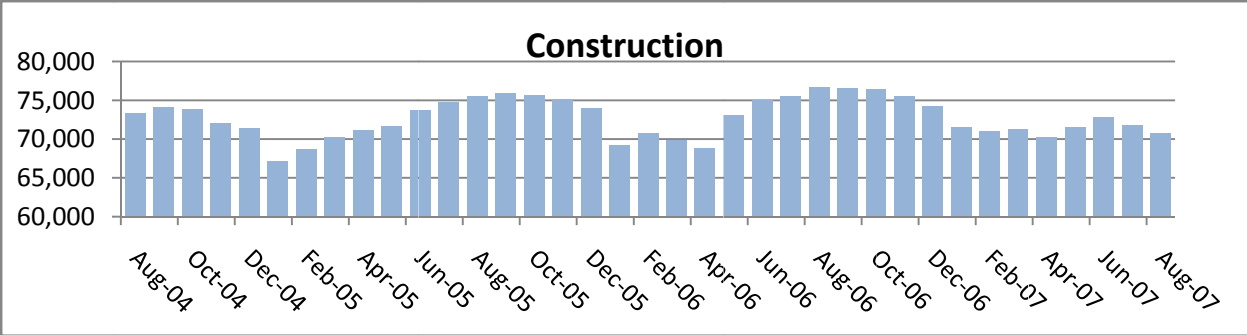
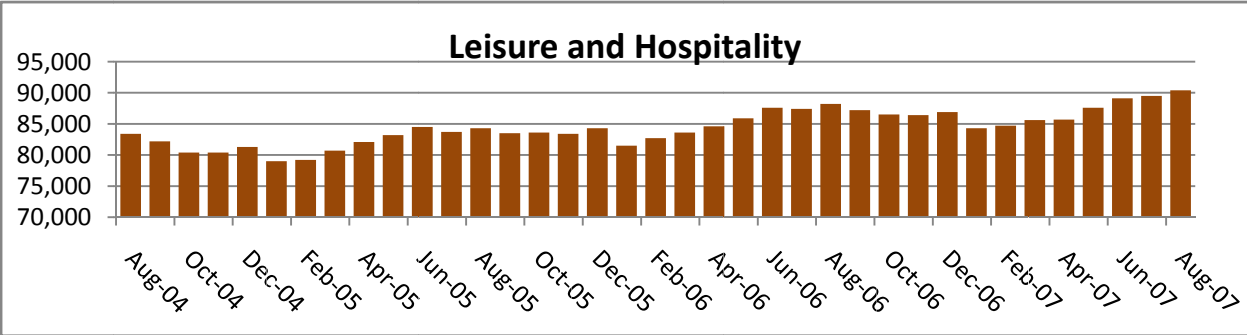
East Bay Manufacturing Sector	8/2007 Employment	1 Month Change	12 Month Change	24 Month Change
Residual-Miscellaneous	34,100	100	700	2,800
Petroleum and Coal Products	7,400	0	400	700
Computer and Electronic Product	21,700	0	100	300
Transportation Equipment	7,800	0	100	-100
Chemical	7,000	0	-100	0
Residual-Food	20,100	-100	-600	-1,100
<b>Total Manufacturing</b>	<b>98,100</b>	<b>0</b>	<b>600</b>	<b>2,600</b>

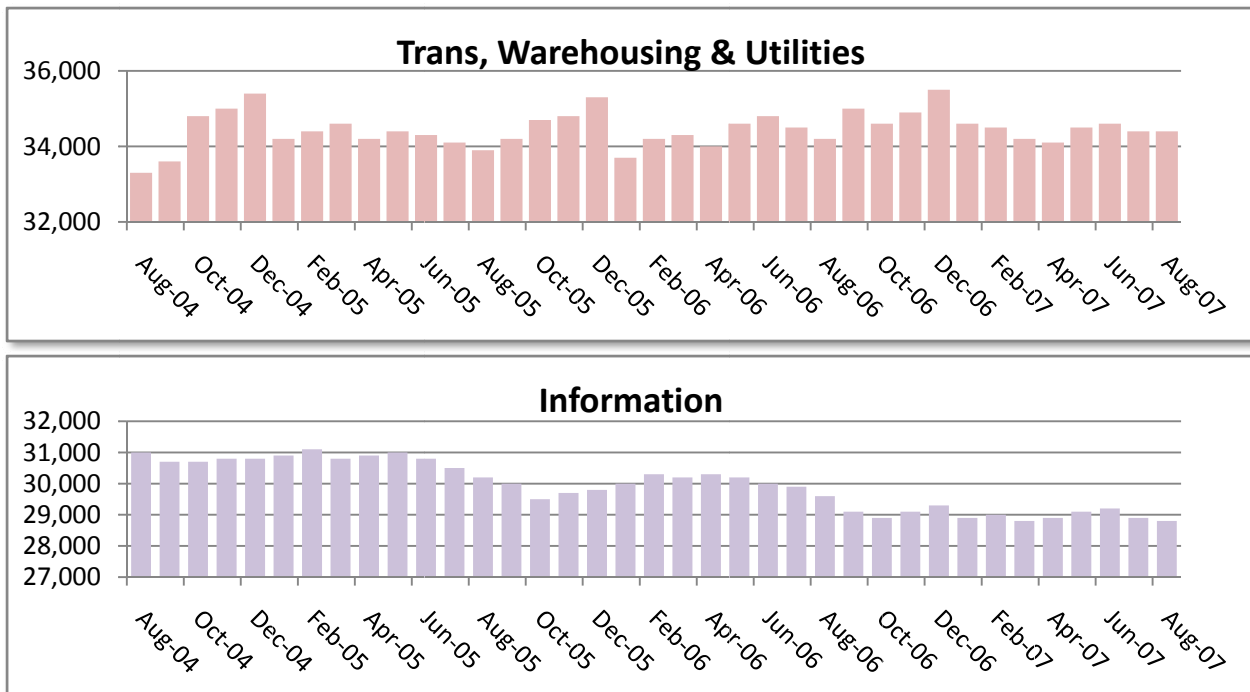
## East Bay Payroll Employment by Sector (Not Seasonally Adjusted)



Source: CA EDD







## BAY AREA HOME SALES

Bay Area homes sold at the slowest pace in 15 years in August, according to DataQuick Information Systems. Although there were local variations in median sale prices around the region, such as an annual increase of 12.90 percent in Marin County and an annual decrease of 9.70 percent in Solano County, overall, Bay Area home prices were flat in August.

A total of 7,299 new and resale houses and condos were sold in the nine-county Bay Area in August. That was down 1.7 percent from 7,423 in July, and down 24.9 percent from 9,713 for August a year ago, according to DataQuick Information Systems.

In the East Bay the number of homes sold showed an annual percent decrease of 24.50 percent in Alameda County and a decrease of 34.30 percent in Contra Costa County.

Sales have decreased on a year-over-year basis the last 31 months. Sales last month were the lowest for any August

since 1992 when 6,688 homes were sold. Home sales for August were strongest in 2004, when 13,940 homes were sold. According to DataQuick's records, the August average is 10,170.

All Homes by County	Number Sold August 2007	Sales Annual Pct. Chg	Median August 2007	Median Annual Pct. Chg
Alameda	1,501	-24.50%	\$619,000	4.00%
Contra Costa	1,279	-35.60%	\$570,000	0.00%
Marin	264	-34.30%	\$899,500	12.40%
Napa	103	-19.50%	\$597,500	-4.40%
San Francisco	1,908	-15.30%	\$700,000	4.20%
San Mateo	577	-13.80%	\$822,000	7.80%
Santa Clara	731	-16.10%	\$788,000	4.40%
Solano	418	-42.70%	\$420,000	-9.70%
Sonoma	518	-24.50%	\$505,000	-8.20%
Bay Area	7,299	-24.90%	\$655,000	4.00%

Source: Data Quick Information Systems

The median price paid for a Bay Area home was \$655,000 last month. That was down 1.5 percent from the June and July peak of \$665,000, and up 4.0 percent from \$630,000 for August a year ago. The median in Alameda County increased 4.0 percent over that of last August. In Contra Costa County, the median was unchanged between August 2006 and August 2007.

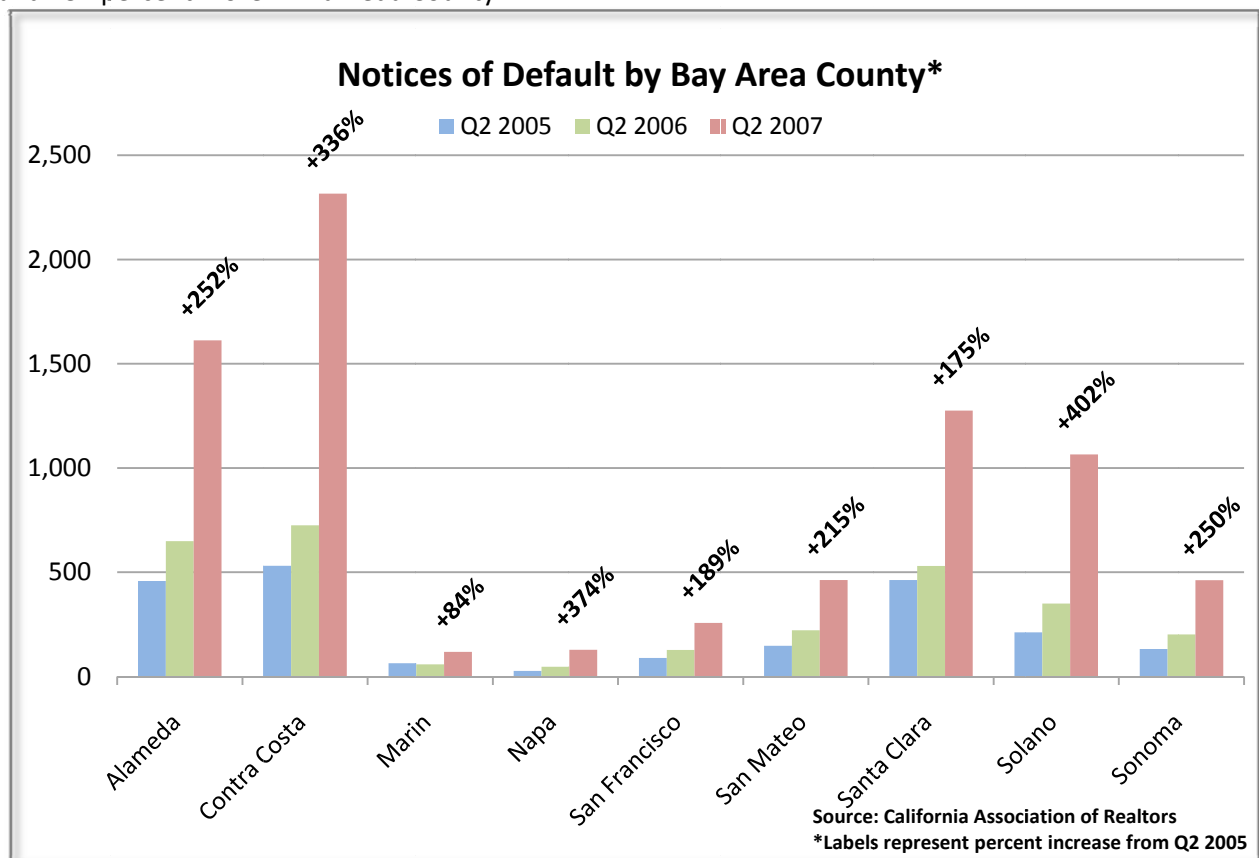
The typical monthly mortgage payment that Bay Area buyers committed themselves to paying was \$3,171 last month, down from \$3,222 the previous month, and up from \$3,014 a year ago.

DataQuick's records show that financing with adjustable-rate mortgages is flat, and financing with multiple mortgages has declined significantly. Down payment sizes are stable, while flipping rates and non-owner occupied buying activity is flat.

## BAY AREA NOTICES OF DEFAULT & FORECLOSURES

It is important to note that foreclosure resales accounted for 4.8 percent of the Bay Area's August sales activity, up from 4.5 percent in July, and up from 1.2 percent in August of last year. According to DataQuick, foreclosure resales have not yet had an effect on prices.

In a comparison with the second quarter totals of the last two years, all Bay Area counties saw a jump in the number of notices of default (the first stage of the foreclosure process) that were issued. The largest increase was seen in Solano County, where 402 percent more notices were issued in the second quarter of 2007 than in the second quarter of 2005. East Bay Counties had the second and third largest percentage increases in this comparison, with 336 percent more notices issued in Contra Costa County and 252 percent more in Alameda County.



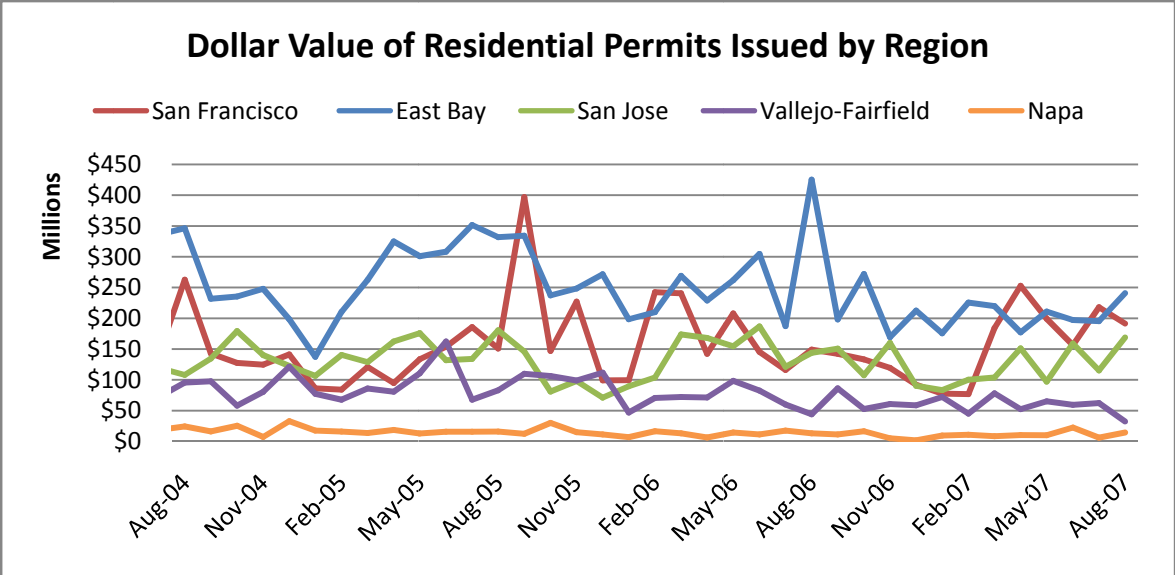
## EAST BAY HOME SALES

In August 2007 the median home sale price in Alameda County was \$625,000 – a 4.17 percent, or \$25,000, increase compared with July 2006. In Contra Costa County the median home sale price was \$575,000 in August 2007 - a 0.69 percent, or \$4,000, decrease compared to August 2006.

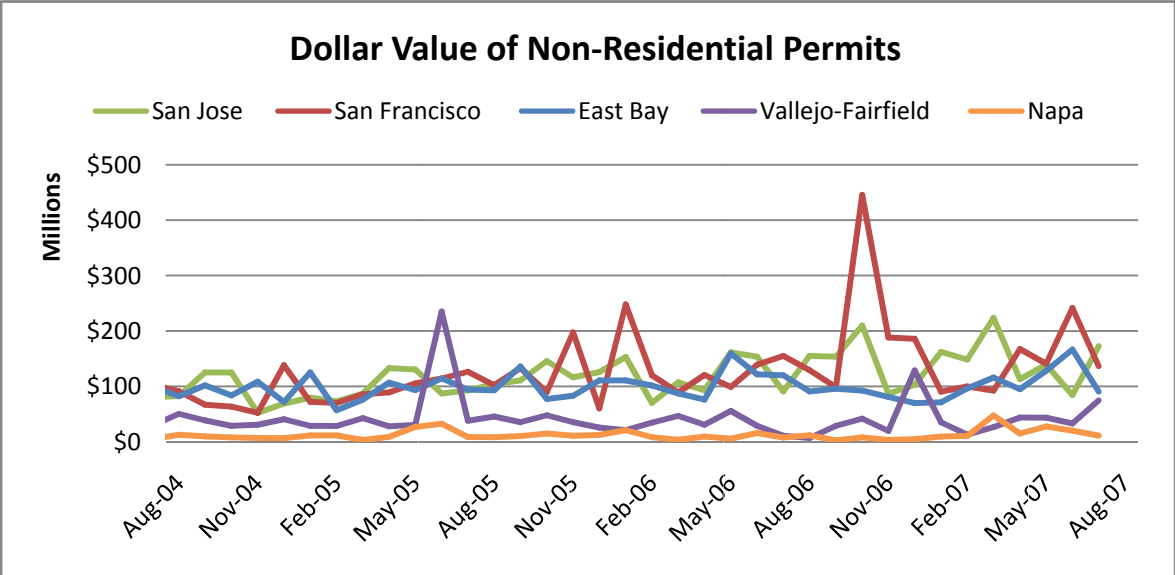
County/City/Area	# Sold	August 2007	August 2006	% Change Yr-To-Yr
<b>Alameda County</b>	992	\$625,000	\$600,000	4.17%
Alameda	67	\$690,000	\$655,000	5.34%
Albany	15	\$600,000	\$672,500	-10.78%
Berkeley	56	\$750,000	\$706,500	6.16%
Castro Valley	37	\$580,000	\$645,000	-10.08%
Dublin	40	\$629,500	\$677,500	-7.08%
Emeryville	26	\$428,000	\$425,000	0.71%
Fremont	165	\$646,500	\$640,000	1.02%
Hayward	62	\$498,500	\$565,000	-11.77%
Livermore	71	\$646,000	\$610,000	5.90%
Newark	23	\$580,000	\$605,000	-4.13%
Oakland	238	\$577,500	\$535,000	7.94%
Pleasanton	78	\$792,500	\$770,000	2.92%
San Leandro	50	\$480,000	\$550,000	-12.73%
San Lorenzo	12	\$506,250	\$580,000	-12.72%
Union City	52	\$655,000	\$550,000	19.09%
<b>Contra Costa County</b>	1,100	\$575,000	\$579,000	-0.69%
Alamo	20	\$1,587,500	\$1,524,500	4.13%
Antioch	85	\$385,000	\$517,500	-25.60%
Brentwood	67	\$515,000	\$640,000	-19.53%
Byron	34	\$535,750	\$599,000	-10.56%
Clayton	16	\$635,000	\$775,000	-18.06%
Concord	91	\$500,000	\$545,000	-8.26%
Danville	112	\$942,000	\$1,000,000	-5.80%
El Cerrito	22	\$645,000	\$625,000	3.20%
El Sobrante	11	\$505,000	\$575,000	-12.17%
Hercules	22	\$581,250	\$587,500	-1.06%
Lafayette	38	\$1,212,500	\$1,147,500	5.66%
Martinez	48	\$504,750	\$525,000	-3.86%
Moraga	22	\$1,008,000	\$882,500	14.22%
Oakley	51	\$468,000	\$542,000	-13.65%
Orinda	15	\$950,000	\$1,328,250	-28.48%
Pinole	12	\$505,000	\$512,500	-1.46%
Pittsburg	44	\$406,000	\$460,000	-11.74%
Pleasant Hill	36	\$585,250	\$672,500	-12.97%
Richmond	70	\$437,000	\$430,000	1.63%
Rodeo	2	\$380,500	\$525,000	-27.52%
San Pablo	25	\$437,000	\$490,000	-10.82%
San Ramon	145	\$813,000	\$800,000	1.63%
Walnut Creek	104	\$620,500	\$677,500	-8.41%
				Source: DataQuick

# BAY AREA CONSTRUCTION PERMITS

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



In August 2007, the dollar value of residential permits issued in the East Bay fell \$3 million from July 2007, while the San Francisco and San Jose saw increases of over \$23 million and \$53 million, respectively.



The value of non-residential construction permits issued in the East Bay in August 2007 increased \$4.5 over July. With the exception of Vallejo-Fairfield, all Bay Area regions saw month-over-month increases in non-residential construction permit values.

## 12-Month Analysis of Construction Permits

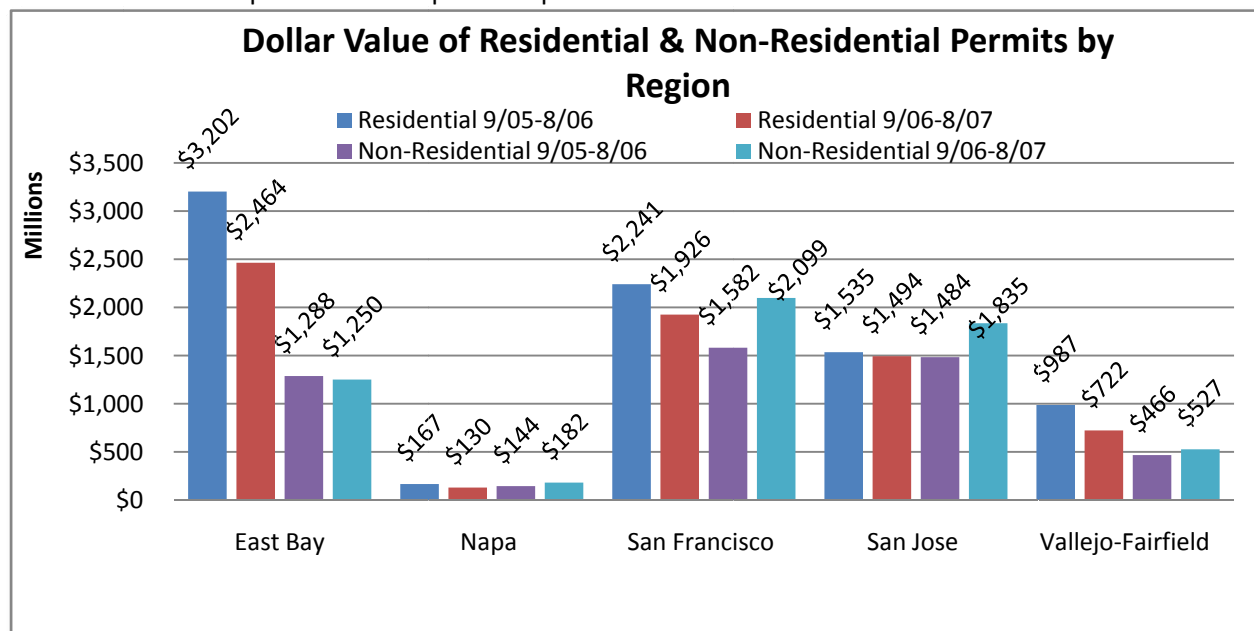
The following tables and graphs compare the twelve-month periods of September 2005 – August 2006 and September 2006 – August 2007. This method provides a year-over-year comparison and can be less volatile than the month-over-month comparison in the previous section, which is used to show a historic overview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

Region	Change in Total Value of Construction Permits 9/05-8/06 vs. 9/06-8/07	Percent Change
East Bay	-\$775,477,151	-17.3%
Napa	\$923,835	0.3%
San Francisco	\$201,797,790	5.3%
San Jose	\$310,477,564	10.3%
Vallejo-Fairfield	-\$205,027,151	-14.1%

In a comparison of these two twelve-month periods, the East Bay showed the largest percentage decrease in construction permit values, dropping 17.3 percent from the previous period. San Jose was the only region to see an increase in the double-digits, with 10.3 percent dollar growth in than in the previous period.

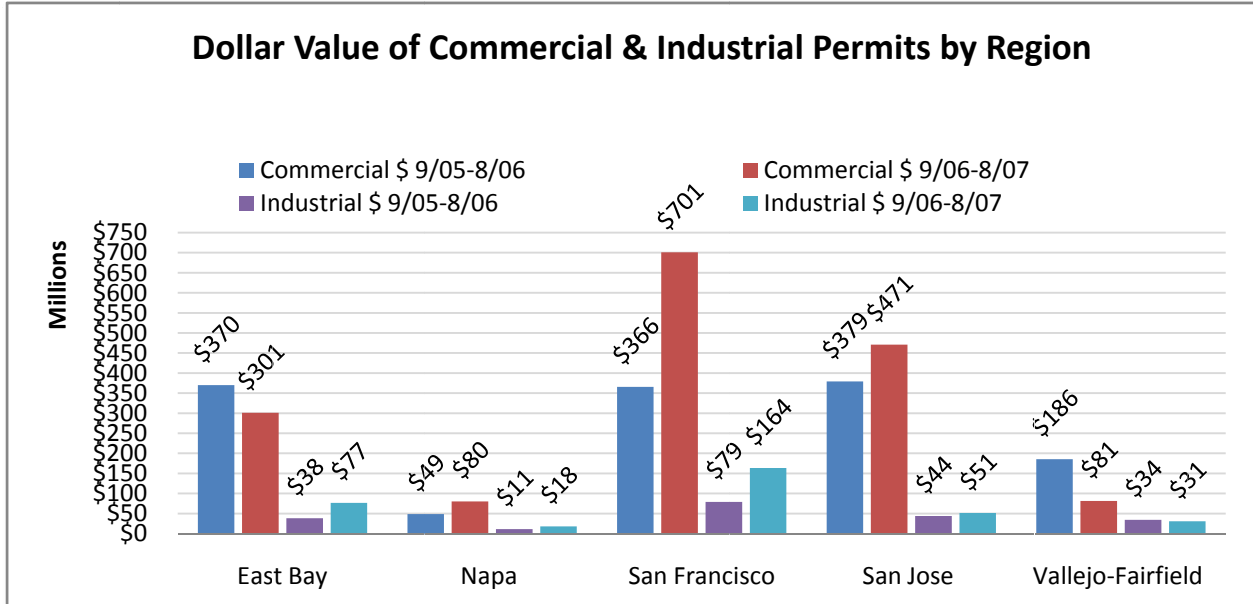
## Residential & Non-Residential Permits

When comparing the two previous twelve-month periods of September 2005 – August 2006 and September 2006 - August 2007, all regions saw 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 Vallejo-Fairfield 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 when compared with the previous period.

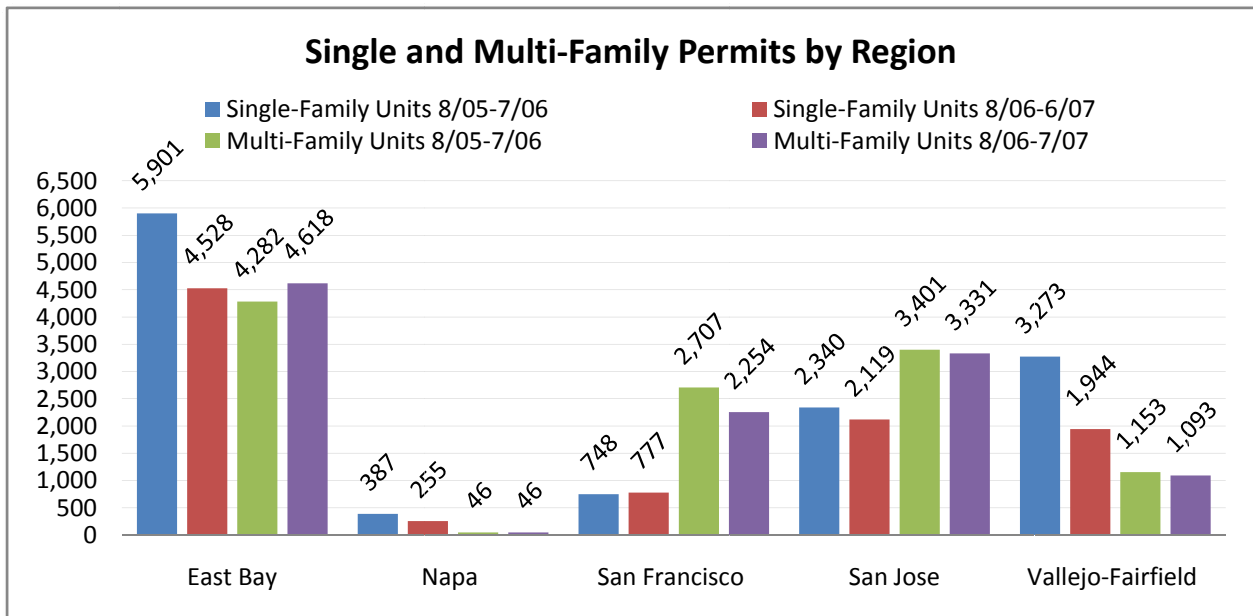


## Commercial & Industrial Permits

In a comparison of commercial and industrial construction permits issued during the same two twelve-month periods, the San Francisco and San Jose regions saw dramatic increases in commercial permit values, while the East Bay and Vallejo-Fairfield regions experienced declines. With the exception of the Vallejo-Fairfield region, industrial permit values increased throughout the Bay Area.



The number of single-family permits issued in the twelve-month period ending August 2007 fell sharpest in the East Bay and Vallejo-Fairfield regions, while San Jose and Napa saw more modest decreases. 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.

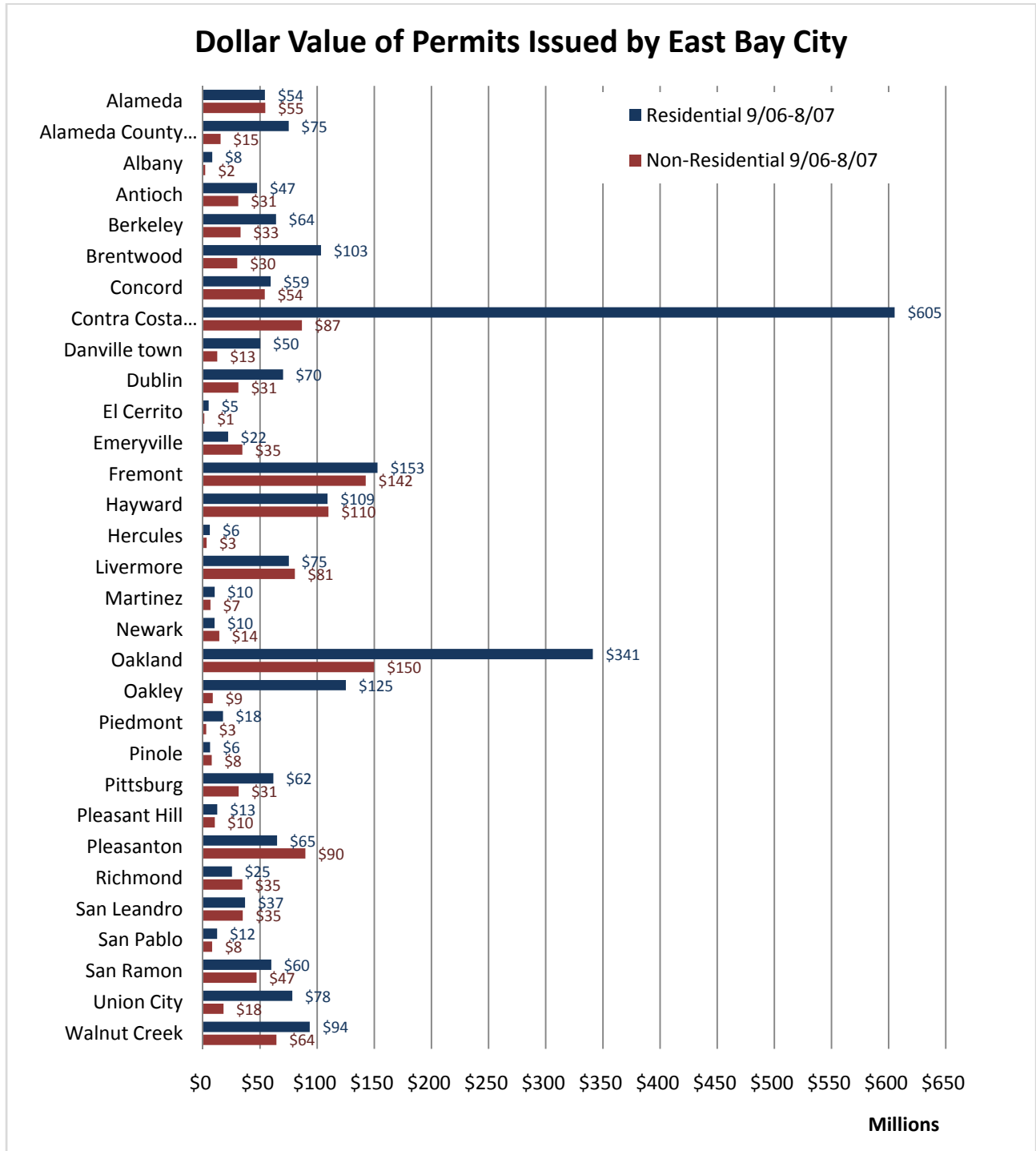
When compared with the twelve-month period ending in 2006, Alameda County saw an exceptional increase in industrial permit values, while residential, non-residential and commercial permit values saw slight to moderate decreases. In the same comparison, Contra Costa County residential and industrial permit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

Construction Permit Values	Sep 2005 – Aug 2006	Sep 2006 – Aug 2007	Change	% Change
Alameda County Residential	\$1,539,067,975	\$1,179,916,555	-\$359,151,420	-23.3%
Alameda County Non-Residential	\$860,302,582	\$813,045,244	-\$47,257,338	-5.5%
Alameda County Commercial	\$266,144,079	\$177,650,935	-\$88,493,144	-33.3%
Alameda County Industrial	\$10,655,714	\$71,522,344	\$60,866,630	571.2%
Contra Costa County Residential	\$1,663,034,642	\$1,283,834,783	-\$379,199,859	-22.8%
Contra Costa County Non-Residential	\$427,230,698	\$437,362,164	\$10,131,466	2.4%
Contra Costa County Commercial	\$103,786,115	\$123,356,203	\$19,570,088	18.9%
Contra Costa County Industrial	\$27,728,446	\$5,208,182	-\$22,520,264	-81.2%

The issuing of single-family permits decreased dramatically in both East Bay counties during in the second twelve-month period ending in 2007, with Alameda County issuing 1,370 fewer single-family permits and Contra Costa County issuing 1,846 fewer. Both counties also saw minimal decreases in the number of multi-family permits issued.

Housing Unit Permit Comparison	Sep 2005- Aug 2006	Sep 2006- Aug 2007	Change	% Change
ALCO Single-Family Units	1,531	1,507	-24	-1.6%
CCC Single-Family Units	4,170	2,800	-1,370	-32.9%
ALCO Multi-Family Units	4,084	2,238	-1,846	-45.2%
CCC Multi-Family Units	1,043	1,009	-34	-3.3%

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 August 2007.



## Single and Multi-Family Permits Issued by East Bay City

