

EAST BAY November 2003 MONTHLY ANALYSIS

Provided by the Economic Development Alliance for Business (EDAB)
Serving the East Bay, the Bright Side of the San Francisco Bay
www.edab.org

The East Bay Monthly Analysis is prepared by EDAB staff to augment the East Bay Quarterly Forecast authored by economists at the UCLA Anderson Forecast. Monthly and quarterly reports may be viewed at www.edab.org. EDAB encourages you to forward the current report to anyone interested and welcomes your comments and suggestions.

GDP SUMMARY

The preliminary estimate for the third quarter real GDP growth is 8.2%, a 1% improvement over the earlier advance estimate. If these numbers hold in the final report, they will reflect the largest increase since the early eighties.

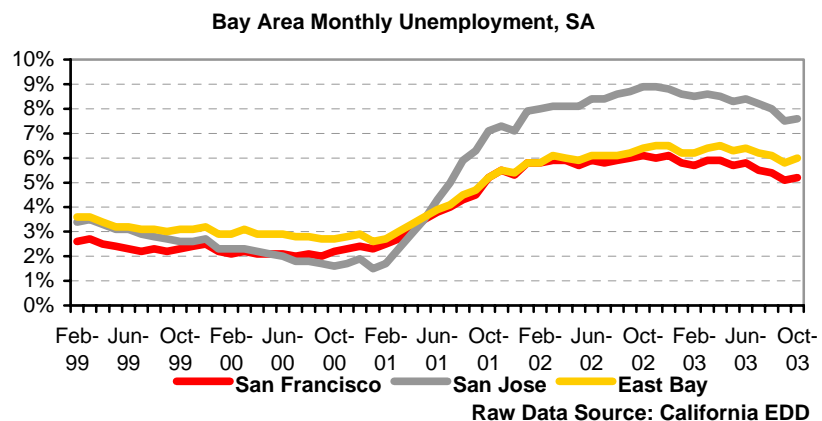
Personal consumption expenditure, which increased to 6.6% from 3.8% in the second quarter, continued to be a major positive contributor to GDP in the third quarter. Among the expenditures, durable goods purchases increased 26.9%. However, the UCLA Anderson Forecast cautions that this does not reflect a consumer rebound, but rather consumers making purchases now at the expense of future sales due to low interest rates.

Other impressive contributors to GDP growth were residential fixed investment, up 20.4%, real exports, up 9.3% as well as equipment and software which jumped 15.4%, up from 8.2% the previous quarter. National defense spending was unchanged (and remained at the high level established by a 45.8% jump in the second quarter) and private inventory building slowed 0.67%. These figures suggest growth is being fueled by solid economic demand rather than defense spending or inventory building.

UNEMPLOYMENT

Reflecting an improved state unemployment picture, on a seasonally adjusted basis, East Bay civilian employment gained 1,921 jobs in October. At the same time, however, the labor force expanded 0.4% by 4,823 workers, ending a contraction that began June 2003. As is common for the first stages of a recovery period, labor force expansion outpaced improvement in the number of available jobs, causing the East Bay's unemployment rate to rise 0.2% to 6%.

San Francisco showed a similar pattern. Payroll employment increased by 1,853 jobs, but the workforce increased by 2,030 jobs causing the unemployment rate to increase 0.1%. In San Jose, however, payroll employment was up 2,670, a 0.3% increase from the previous month and the labor force increased by 1,915 workers -- the first increase since March 2001. With the number of jobs increasing faster than the number of workers, San Jose's unemployment rate fell 0.8%, to 7.6%.

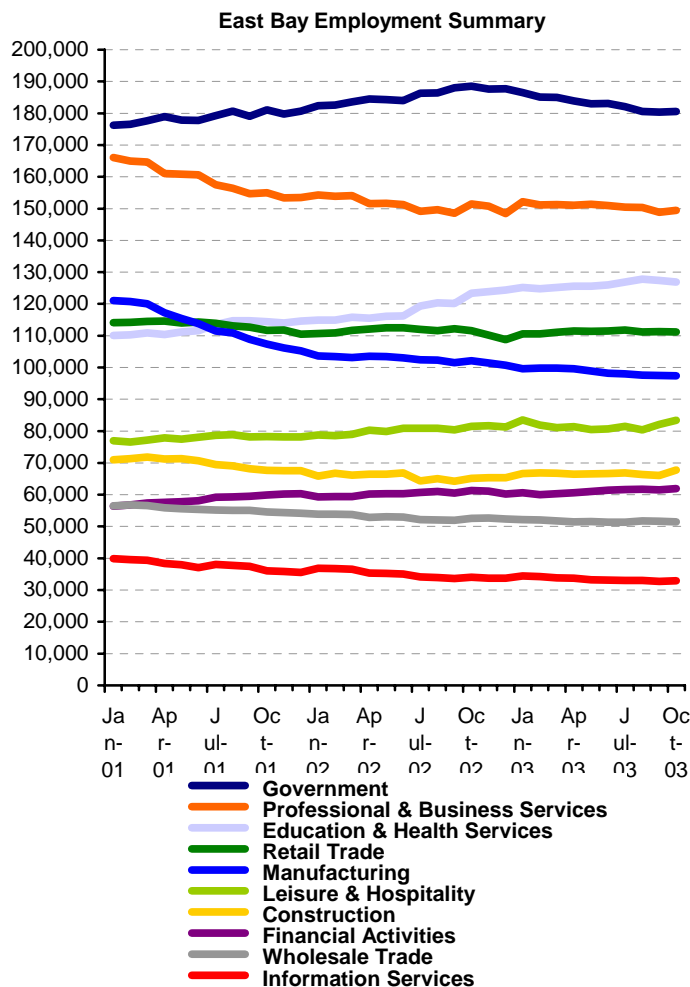
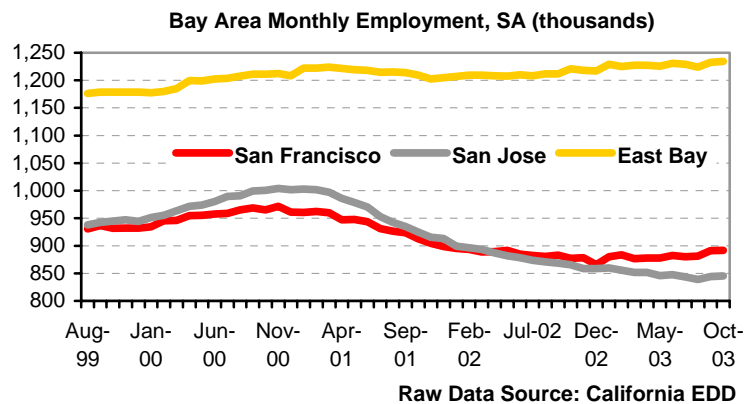


Payroll Employment (Seasonally Adjusted)			
	Mar-01	October-03	Change
East Bay	1,068,012	1,041,955	-2.4%
San Francisco	1,091,166	970,800	-11.0%
San Jose	1,049,521	861,357	-17.9%
Unemployment			
	Mar-01	October-03	Change
East Bay	3.0%	6.0%	3.0%
San Francisco	2.7%	5.2%	2.5%
San Jose	2.3%	7.6%	5.3%

Overall, the Bay Area's labor market seems to reflect the national trends. Considering the East Bay is home to over one-third of the Bay Area's workforce – supplying many workers to San Francisco and San Jose -- it has demonstrated considerable strength since the official start of the recession in March 2001.

EAST BAY SECTOR EMPLOYMENT, Seasonally Adjusted

Manufacturing employment continued to decline in October, but the rate of job loss has moderated in recent months. Education and Health Services, which has followed an upward trend since the recession, declined by 476 jobs. Most of the other job losses were in Trade, Transportation, and Utilities, which includes the wholesale and retail trade sectors.



Improvements continued to be concentrated in the service-providing industries. Leisure and Hospitality, which includes "Arts, Entertainment, and Recreation" and "Accommodation," showed considerable improvement in October, gaining 1,246 jobs. Construction also fared well with an increase in 1,672 jobs. Information Services, Financial Activities, and Professional & Business Services maintained moderate improvement.

All figures reported here are seasonally adjusted.

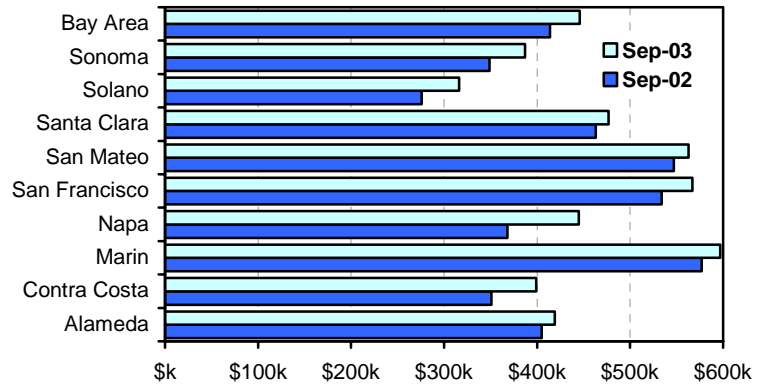
HOUSING

Seasonally adjusted, September's sales for Bay Area homes are the highest for a September since 1988. Compared to August's record sales of 12,488 units, September's figure was down 4.6% at 11,919. The median price also decreased 0.2% to \$446,000. Both declines are typical from August to September. In the East Bay, Alameda county median home prices reached \$419,000 in September, up 3.5% over last year, and in Contra Costa the median price reached \$399,000, up 13.7%.

In September, the percentage of households in California able to afford a median priced home decreased 4% compared to the same time last year, but increased 1% from the previous month. Although more Californians could afford an average California home last month, 1% fewer could afford one in the East Bay.

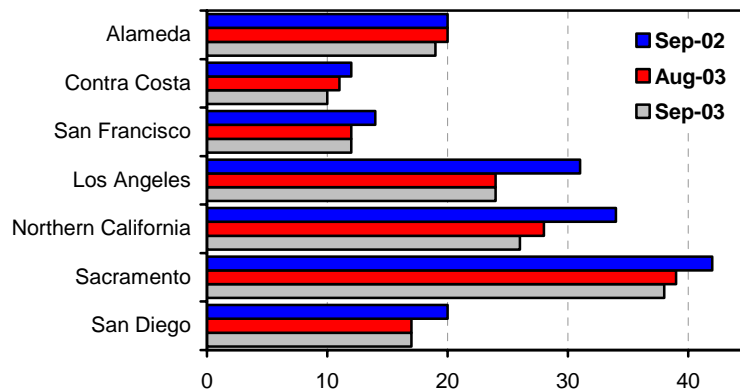
The median number of days it took for a single-family home in California to sell in September 2003 was 26 days, unchanged from last month and up from 23 days last year. In September there was enough inventory to satisfy 2.1 months of demand, compared to 2.6 months for the same period a year ago. September's thirty-year fixed mortgage rate averaged 6.15%, down from 6.30% in August, and up from 6.09% in September 2002.

Median Price, Single-Family Home (Bay Area)



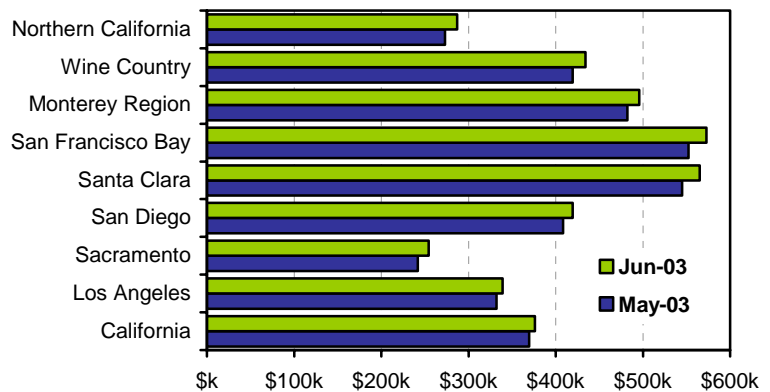
Source: Dataquick

Housing Affordability Index



Source: California Association of Realtors

Median Price, Single-Family Home (California)



Source: California Association of Realtors

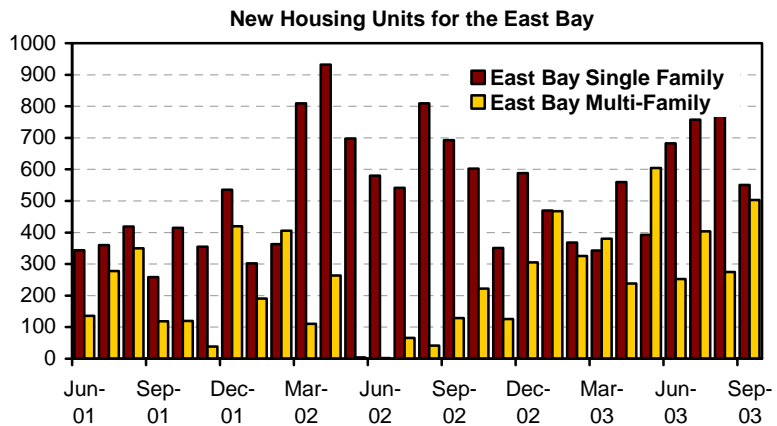
CONSTRUCTION PERMITS

Continuing a trend, most of the East Bay permits for new home construction were issued in the eastern part of the region with 119 new single-family housing permits issued in Brentwood, 75 in the Contra Costa unincorporated area, 66 in Pittsburg, and 45 in Livermore. Concord, Pleasanton, and Hayward all issued over 30 multi-family permits as well.

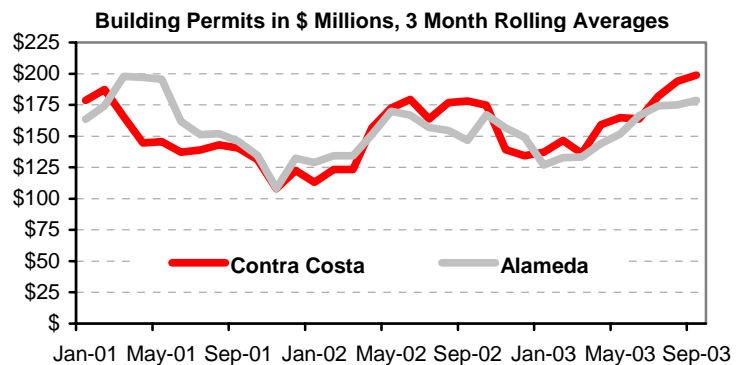
In September, Berkeley permitted a sizeable \$20.7 million on churches, and Livermore \$3.9 million.

After a flurry of permits last month, interest in office construction declined this month with only a \$1.1 million worth of construction permits in Walnut Creek.

Brentwood issued permits for \$1.4 million worth of new stores; Contra Cost County, \$2.1 million in the unincorporated area, and Fremont \$1.5 million.



Source: Construction Industry Research Board

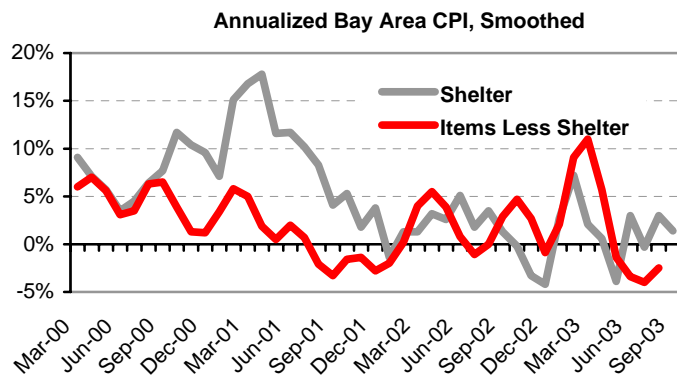


Source: Construction Industry Research Board

INFLATION

Bay Area shelter prices fell in

September due to decreases in both rental prices and owner equivalent rent. The CPI data for Items Less Shelter is a bi-monthly statistic that will be released next month.



Source: Bureau of Labor Statistics