AUGUST 2005 EAST BAY MONTHLY ANALYSIS

Prepared by the Economic Development Alliance for Business.

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 and subscribed to for free by going to: www.edab.org/newsletter.html. EDAB welcomes your comments and suggestions. Send your email to analysis@edab.org or call us at (510) 272-3885.

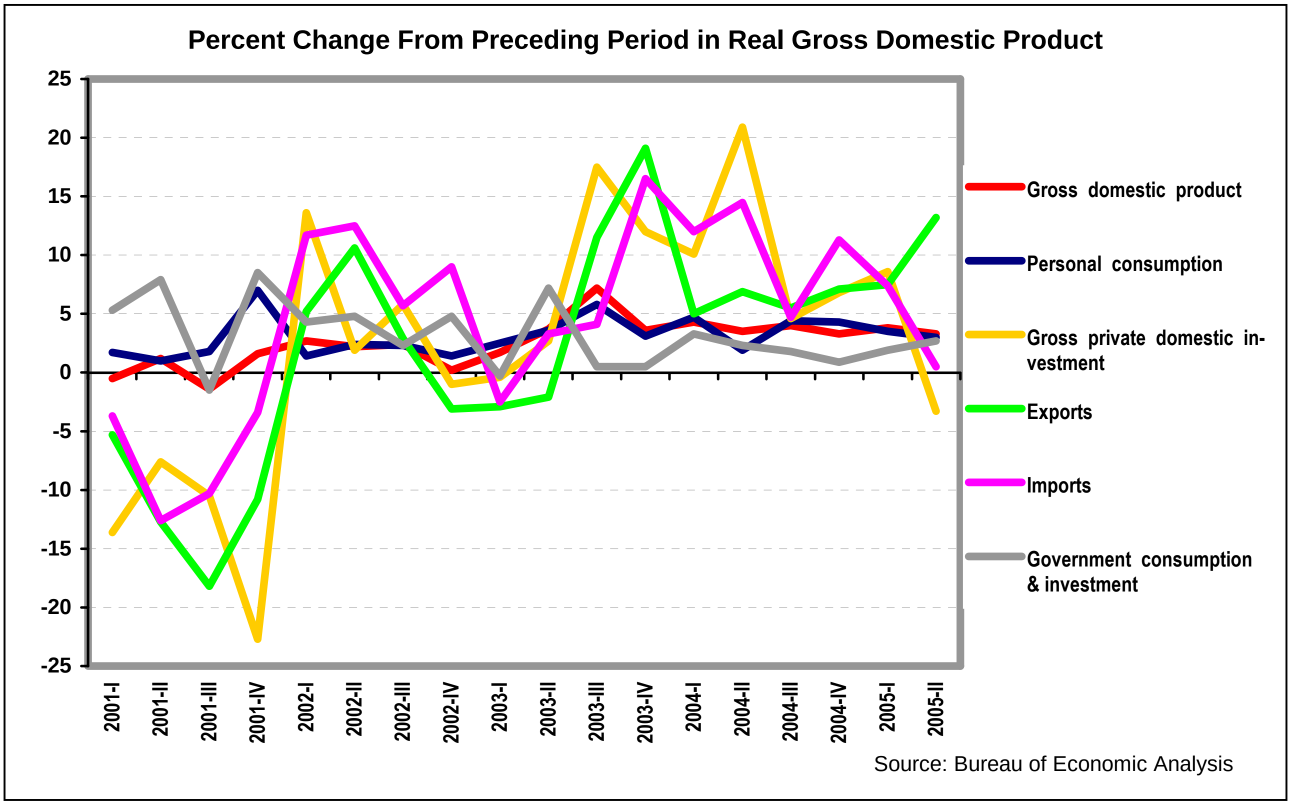
GDP SUMMARY

Real Gross Domestic Product (GDP) -- the output of goods and services produced by labor and property located in the United States -- increased at an annual rate of 3.3% in the second quarter of 2005, following an increase of 3.8% during the first quarter.

The major contributors to the increase in real GDP in the second quarter were personal consumption expenditures, exports, equipment and software, residential fixed investment, and government spending. The contribution of these components was partly offset by a negative contribution from private inventory investment. Imports, which are subtracted from GDP, increased.

Real personal consumption expenditures increased 3.0% in the second quarter, compared with an increase of 3.5% in the first, while real exports of goods and services increased 13.2% in the second quarter, compared with an increase of 7.5% in the first. Real imports of goods and services increased 0.5%, compared with an increase of 7.4%.

Real federal government consumption expenditures and gross investment increased 1.6% in the second quarter, compared with an increase of 2.4% in the first.



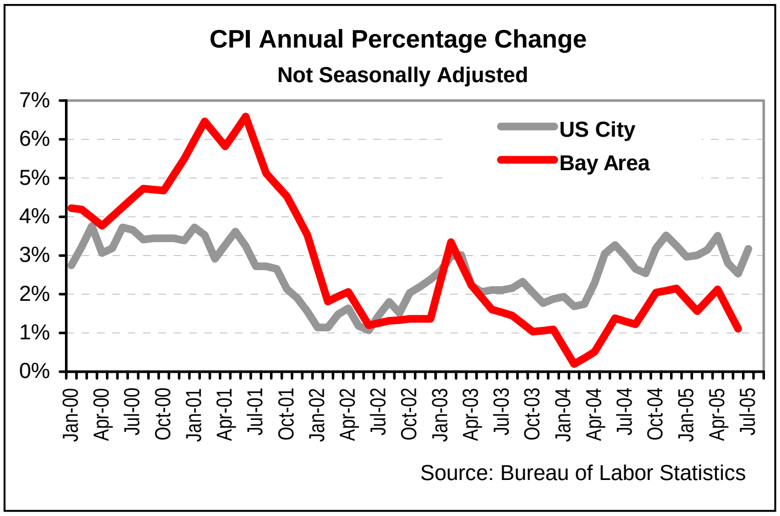
COST OF LIVING

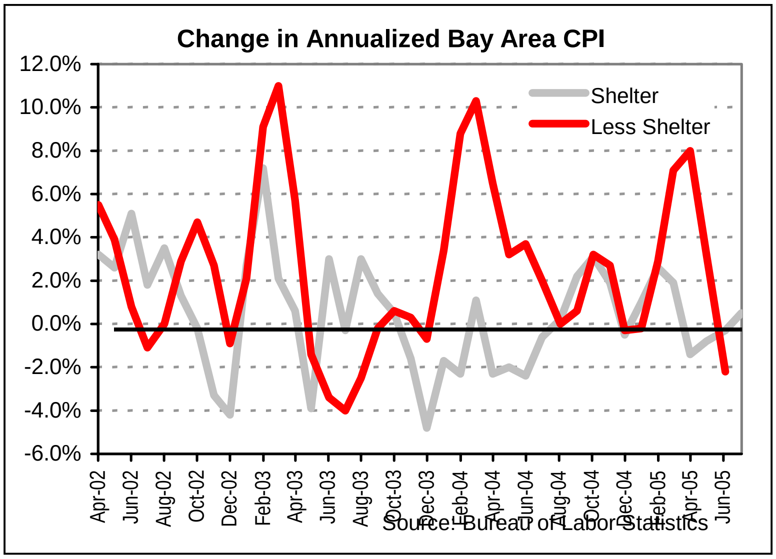
The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.5% in July, before seasonal adjustment. The July level of 195.4 (1982-84=100) was 3.2% higher than in July 2004.

On a seasonally adjusted basis, the CPI-U, which was unchanged in June, increased 0.5% in July. Energy costs advanced sharply, increasing 3.8% in July after falling 0.5% in June. Within energy, the index for petroleum-based energy rose 6.1% in July, accounting for over one-half of the increase in the overall CPI. Energy services increased 1.1%.

The index for food increased 0.2% in July. The index for all items less food and energy increased 0.1% for the third consecutive month. A decline in new vehicle prices--down 1.0% in July--was more than offset by increases in the indexes for airline fares and for lodging away from home.

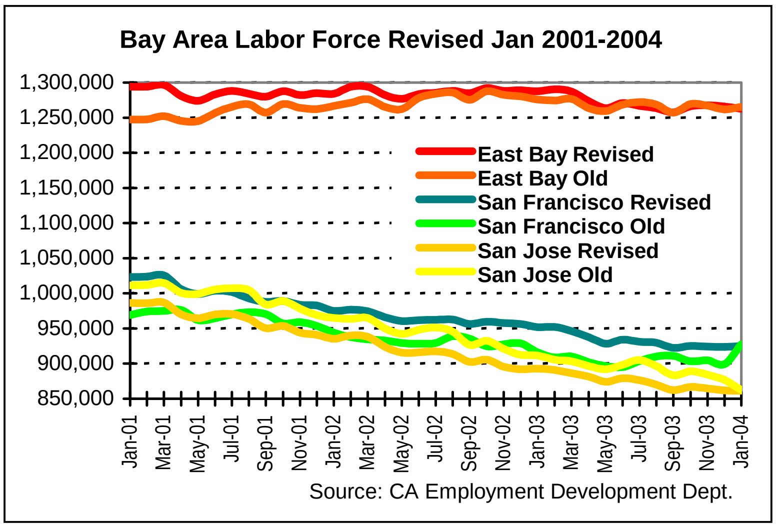
The Bay Area's Annual CPI percentage change decreased to 1.11% in June (data only available every other month), with the cost of Shelter rising from -.03% in June to 0.5% in July, while the cost of items Less Shelter, were –2.2% in June 2005.



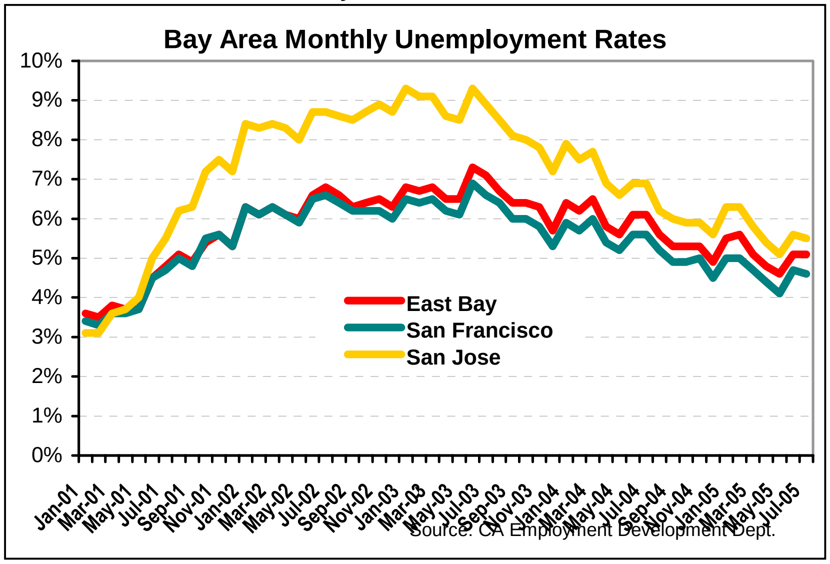


WORKFORCE AND UNEMPLOYMENT

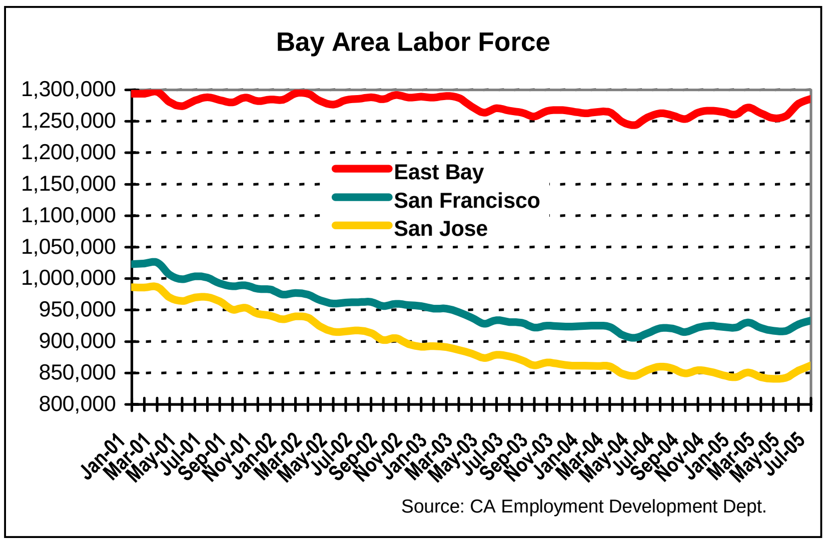
The Employment Development Department has now revised all of its data back to January 2000, and there are substantial changes in the historical numbers. The East Bay and San Francisco labor force numbers were significantly greater in January 2001, 46,800 and 54,200 more respectively, than previously reported, while San Jose's was considerably lower, down 24,900.



Unemployment rates (not seasonally adjusted) for the Bay Area MSAs have leveled off in recent months. In the East Bay, the rate remained at 5.1% in July 2005, while San Francisco continued to have the lowest with 4.6% and San Jose's declined slightly from 5.6% to 5.5%. The East Bay's rate is still below California's 5.4% and slightly below the nation's 5.2% rate. Within the East Bay, the unemployment rate was 5.3% in Alameda County and 4.8%.

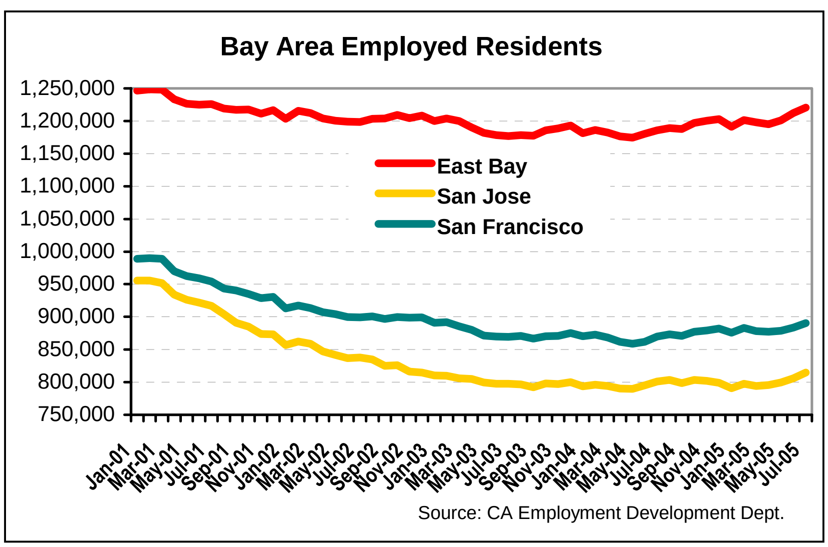


In San Jose, the unemployment rate decrease for the last three years resulted largely from a reduction in its labor force. Between January 2001 and the low point in April 2005, San Jose lost 145,600 of its workforce. But that decline has been finally turned around, with San Jose actually adding 21,200 from April through July 2005.



Over the same time period, the East Bay lost 55,600 workers and has regained 25,600 since April 2005.

San Francisco's labor force has also increased (by 16,500) since April 2005, but it lost 106,300 workers from January 2001 to April 2005.



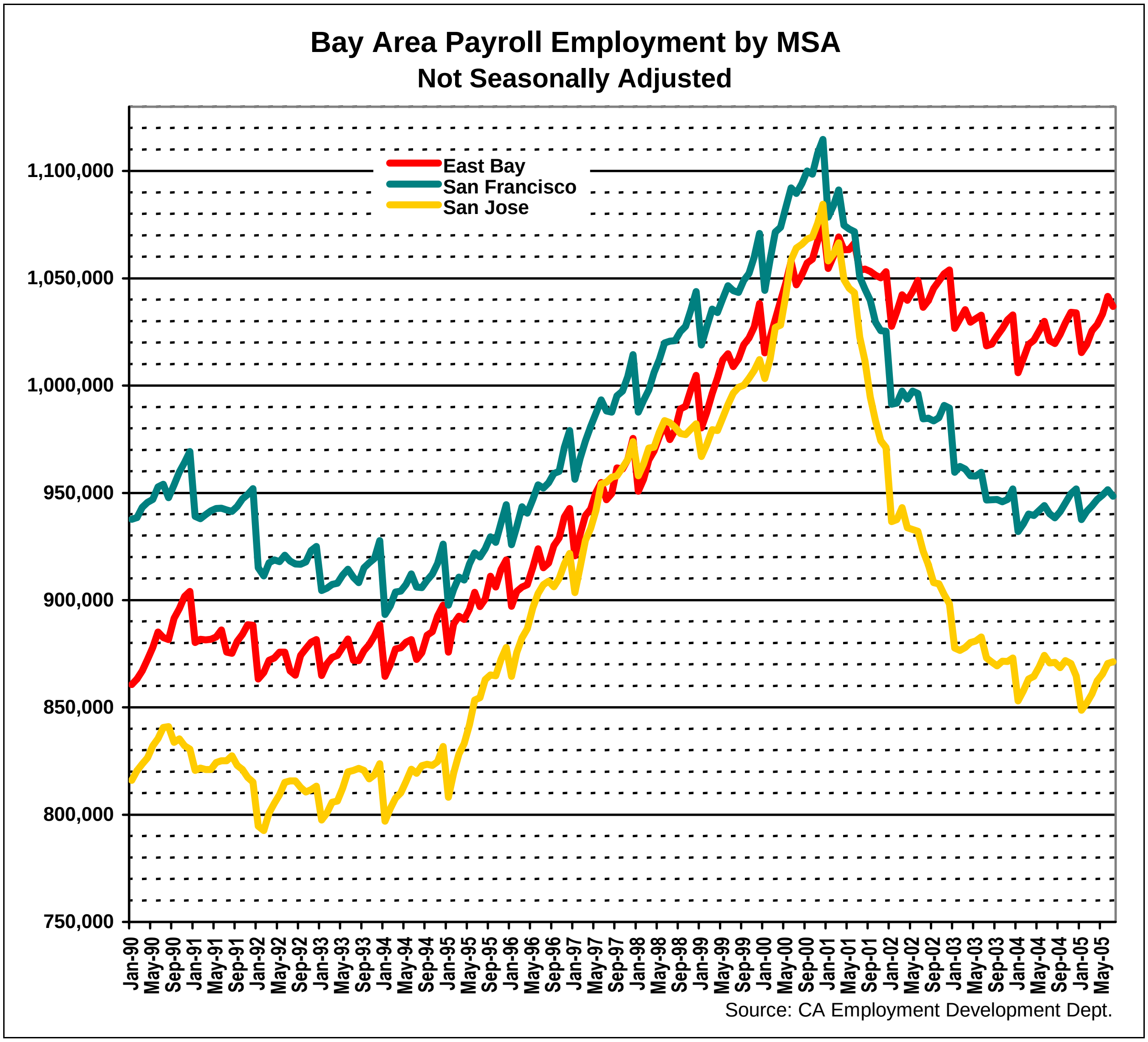
All three MSA's experienced their low point in employment in May 2004. At that time, 72,500 more residents in the East Bay were without jobs (compared to January 2001), San Francisco had 129,700 fewer and San Jose, 166,000; since then, the East Bay has 29,200 more employed residents, San Francisco 14,600 and San Jose 24,100.

EAST BAY PAYROLL EMPLOYMENT BY SECTOR

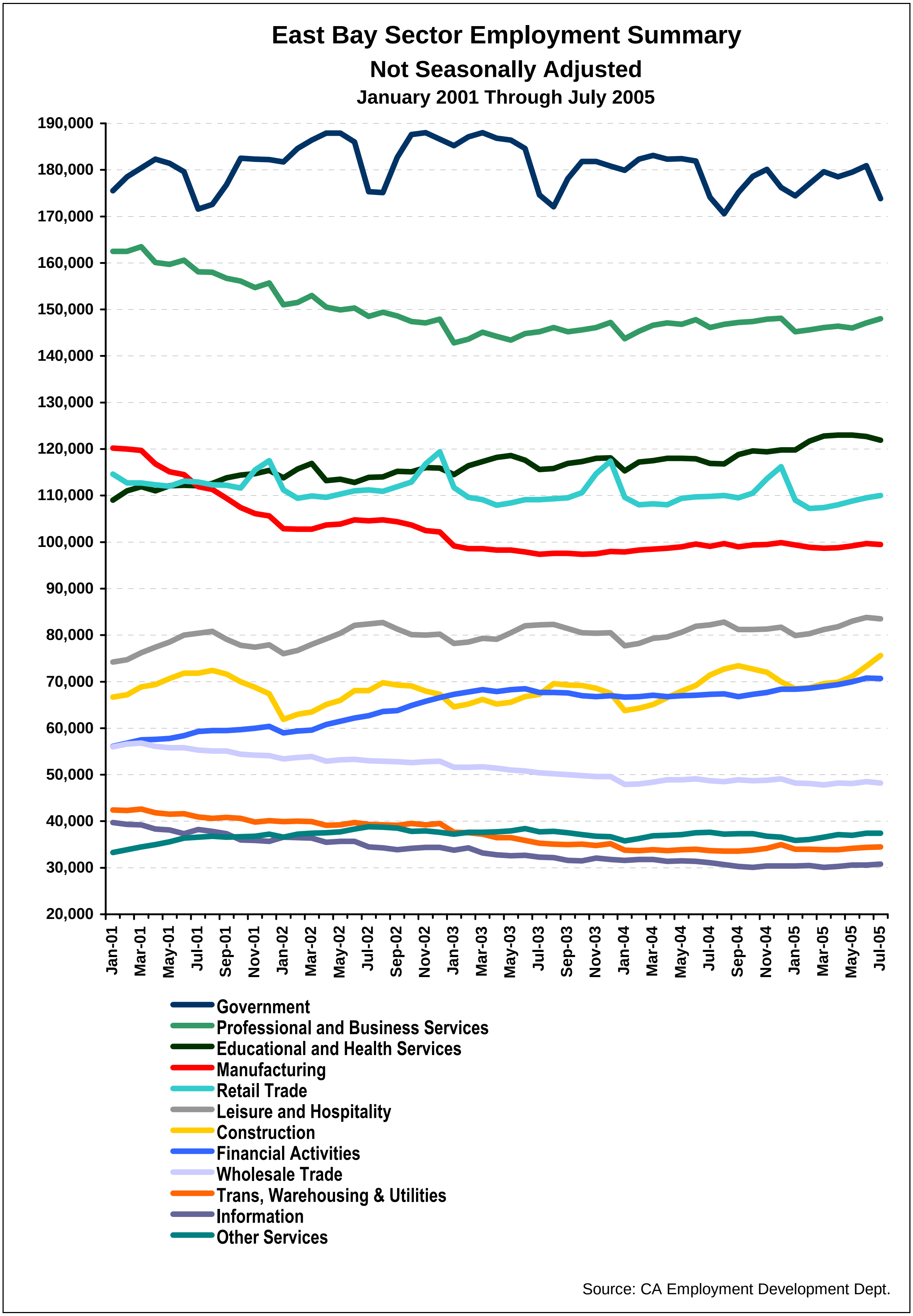
Between July 2004 and July 2005, payroll employment increased by 15,900 jobs or 1.6%. This was the thirteenth consecutive month of year-to-year job gains in the East Bay!

The largest industry sector gainer was Educational and Health services, which increased payrolls by 5,000 jobs, mainly in Healthcare and Social Assistance, (which added 3,900 jobs). Construction continued its climb with 4,200 more jobs, with most of the growth attributed to Specialty Trade Contractors, who added 2,300 jobs.

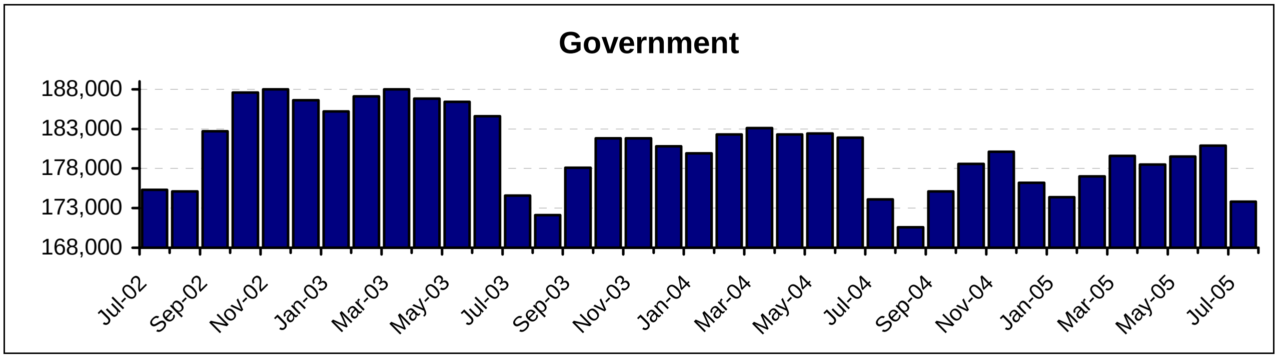
Government lost 300 jobs during the one-year period, with declines in Federal and State Government of 300 jobs each, which were partially offset by an increase of 300 Local Government jobs.



Over the past month, (June 2005 to July 2005), payroll employment in the East Bay decreased by 4,700 jobs (0.5%), to 1,036,900 jobs. But there were some bright areas: Construction added 2,300 jobs, mostly in Specialty Trade Contractors, which added 1,500 jobs; and Professional and Business Services gained 900 jobs, mostly in Employment Services (800 jobs). Not unexpectedly, Government lost 7,100 jobs - predominately (6,600) Local Government positions.



East Bay Sector Employment Summary
Not Seasonally Adjusted
January 2001 Through July 2005
190,000
180,000
170,000
160,000
150,000
140,000
130,000
120,000
110,000
100,000
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
Jan-01
Mar-01
May-01
Jul-01
Sep-01
Nov-01
Jan-02
Mar-02
May-02
Jul-02
Sep-02
Nov-02
Jan-03
Mar-03
May-03
Jul-03
Sep-03
Nov-03
Jan-04
Mar-04
May-04
Jul-04
Sep-04
Nov-04
Jan-05
Mar-05
May-05
Jul-05
Government
Professional and Business Services
Educational and Health Services
Manufacturing
Retail Trade
Leisure and Hospitality
Construction
Financial Activities
Wholesale Trade
Trans, Warehousing & Utilities
Information
Other Services
Source: CA Employment Development Dept.


Government
188,000
183,000
178,000
173,000
168,000
Jul-02
Sep-02
Nov-02
Jan-03
Mar-03
May-03
Jul-03
Sep-03
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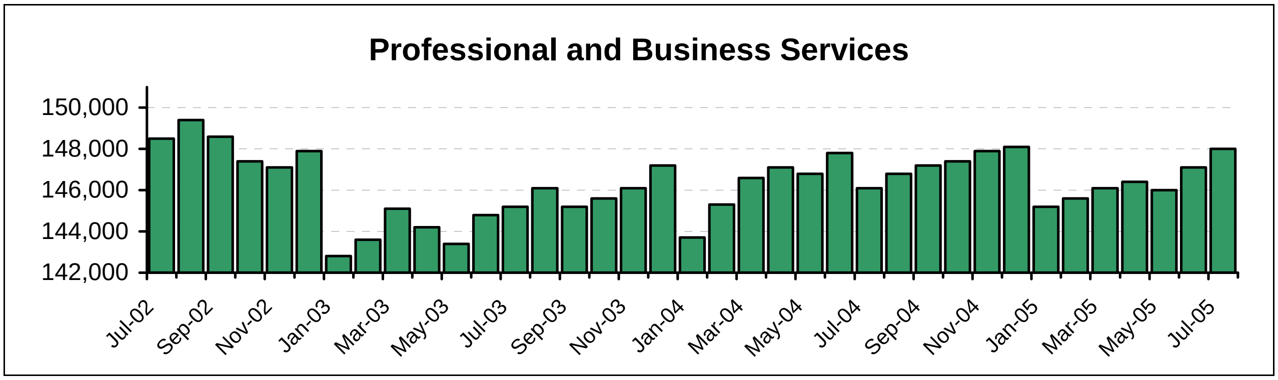
Mar-05
May-05
Jul-05


Professional and Business Services
150,000
148,000
146,000
144,000
142,000
Jul-02
Sep-02
Nov-02
Jan-03
Mar-03
May-03
Jul-03
Sep-03
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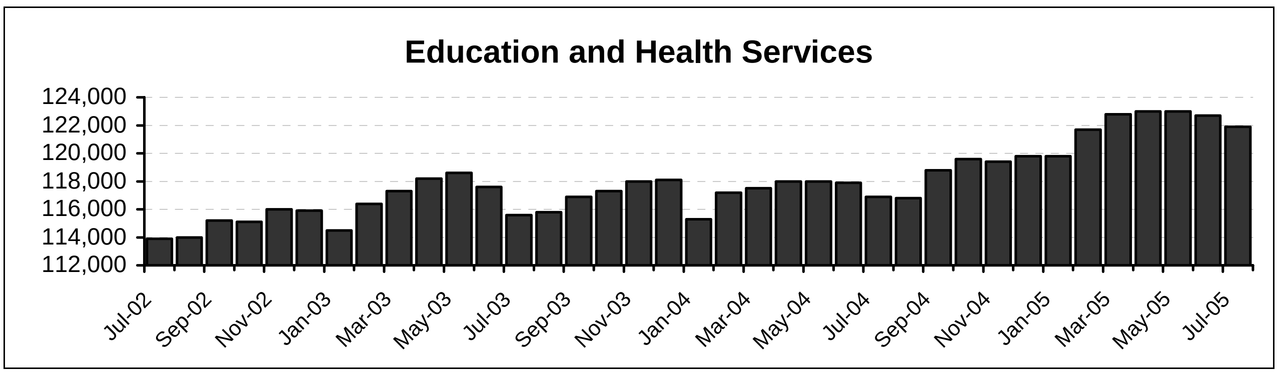
Jul-05


Education and Health Services
124,000
122,000
120,000
118,000
116,000
114,000
112,000
Jul-02
Sep-02
Nov-02
Jan-03
Mar-03
May-03
Jul-03
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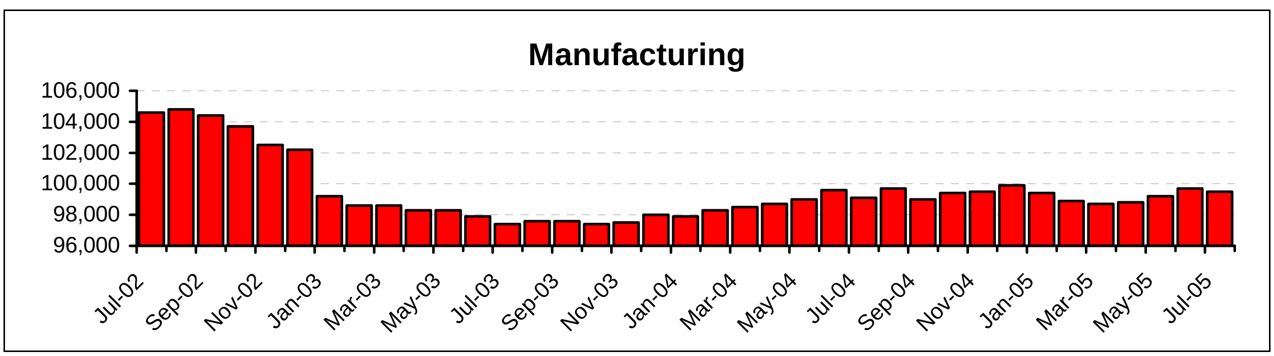
Manufacturing
106,000
104,000
102,000
100,000
98,000
96,000
Jul-02
Sep-02
Nov-02
Jan-03
Mar-03
May-03
Jul-03
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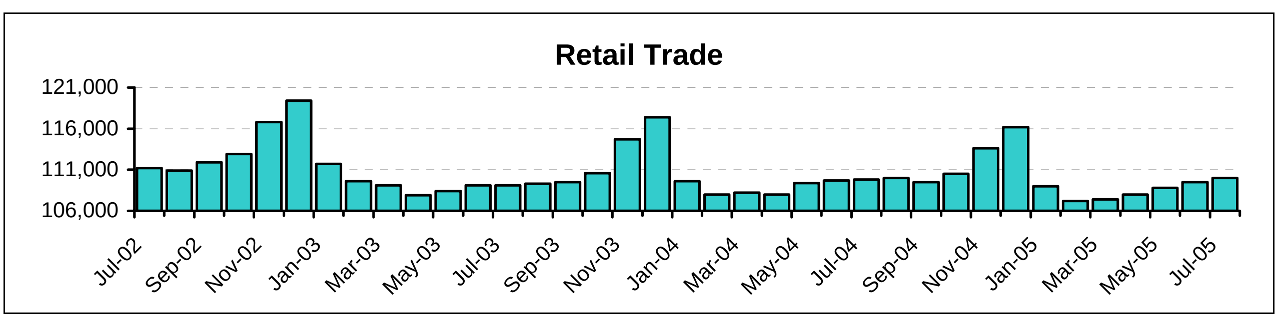
Retail Trade
121,000
116,000
111,000
106,000
Jul-02
Sep-02
Nov-02
Jan-03
Mar-03
May-03
Jul-03
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Nov-03
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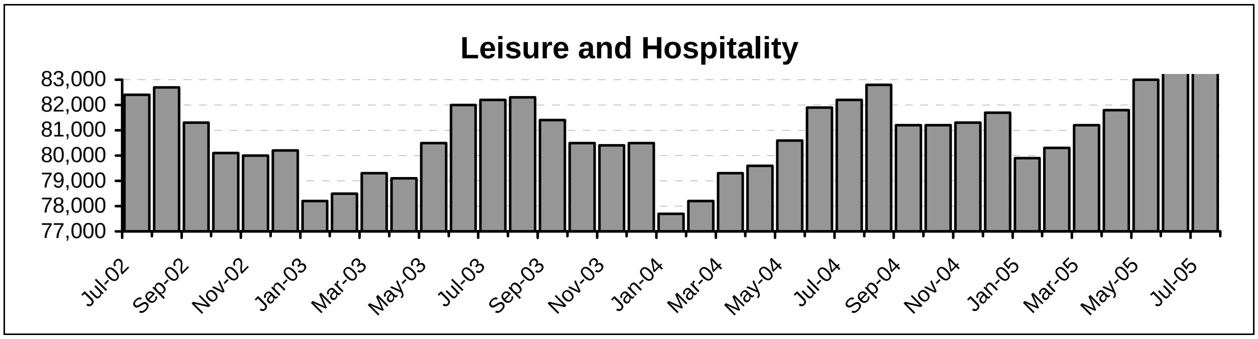
Leisure and Hospitality
83,000
82,000
81,000
80,000
79,000
78,000
77,000
Jul-02
Sep-02
Nov-02
Jan-03
Mar-03
May-03
Jul-03
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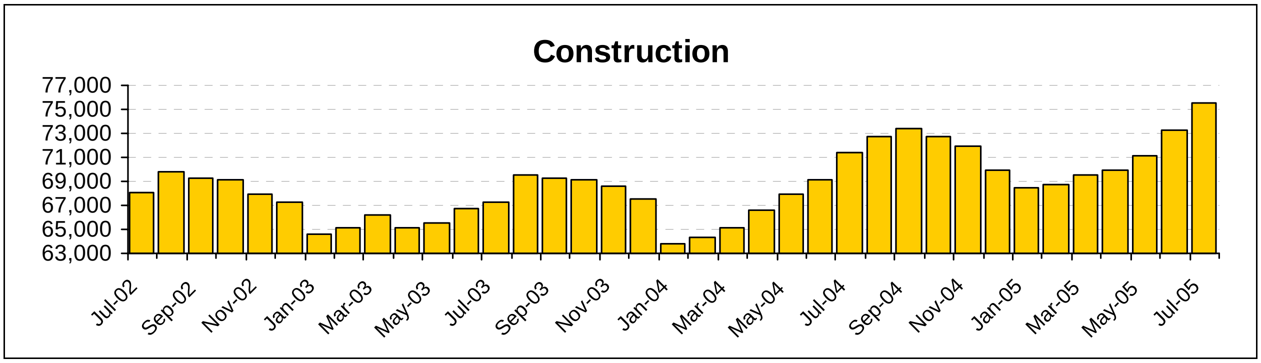
Mar-05
May-05
Jul-05


Construction
77,000
75,000
73,000
71,000
69,000
67,000
65,000
63,000
Jul-02
Sep-02
Nov-02
Jan-03
Mar-03
May-03
Jul-03
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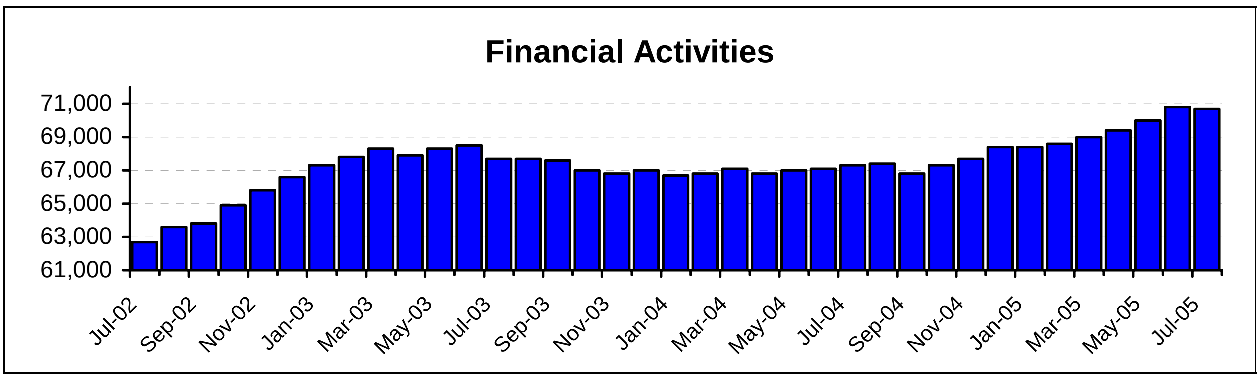
Financial Activities
71,000
69,000
67,000
65,000
63,000
61,000
Jul-02
Sep-02
Nov-02
Jan-03
Mar-03
May-03
Jul-03
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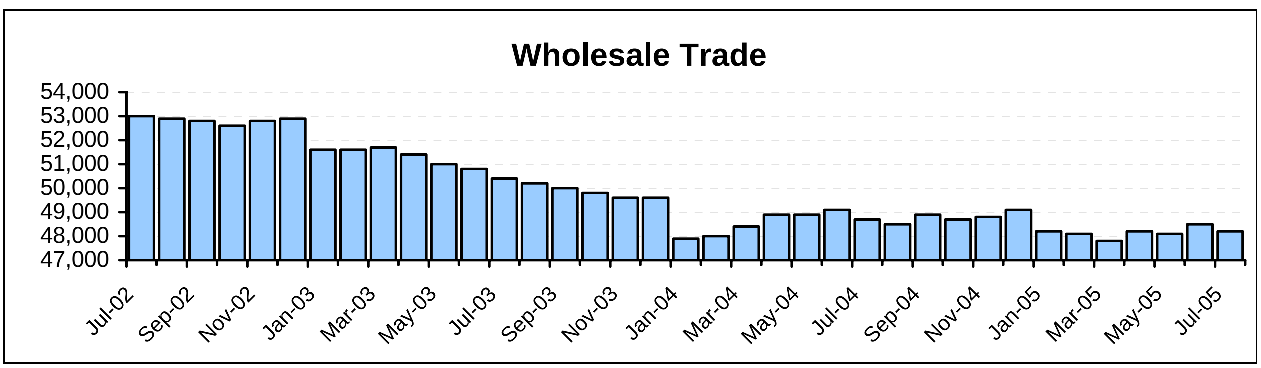
Wholesale Trade
54,000
53,000
52,000
51,000
50,000
49,000
48,000
47,000
Jul-02
Sep-02
Nov-02
Jan-03
Mar-03
May-03
Jul-03
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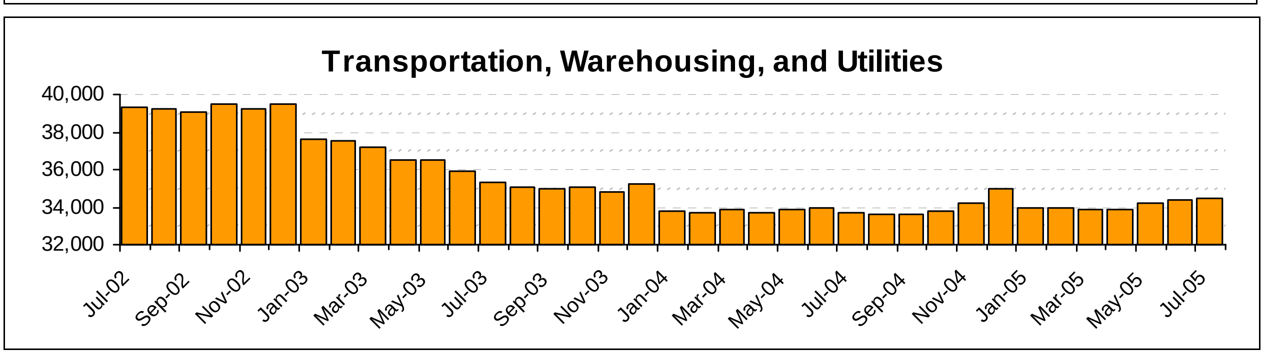
May-05
Jul-05


Transportation, Warehousing, and Utilities
40,000
38,000
36,000
34,000
32,000
Jul-02
Sep-02
Nov-02
Jan-03
Mar-03
May-03
Jul-03
Sep-03
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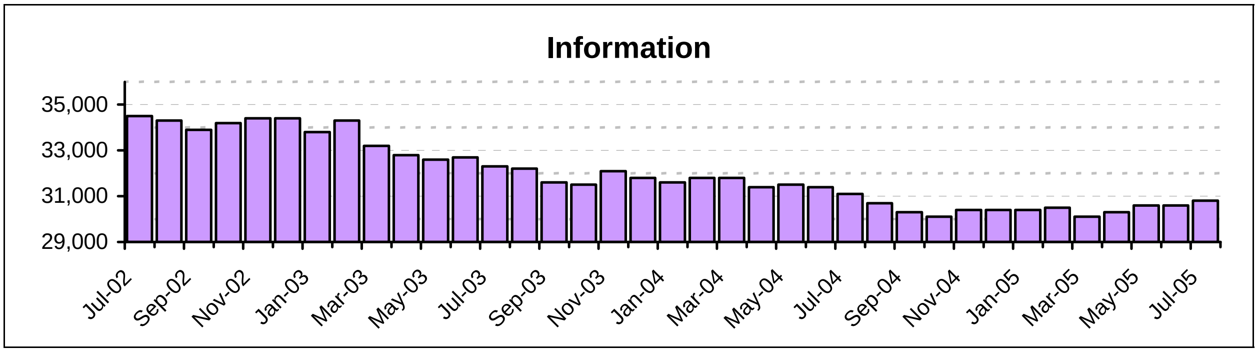
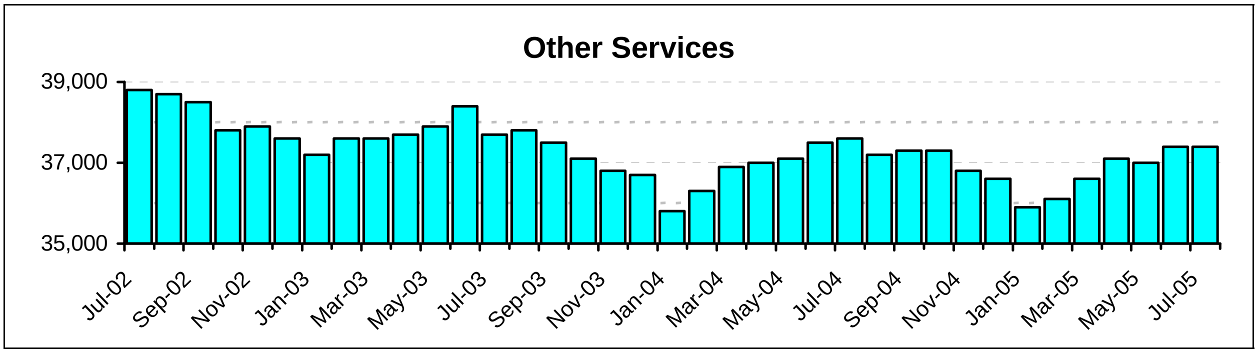




HOUSING

The California Association of Realtors (C.A.R.) reported that the median price of an existing home in California in July 2005 increased 17.1% and sales increased 1.3% compared with the same period a year ago.

"July's increase in the median price of a home followed the trend we've experienced for most of this year," said C.A.R. President Jim Hamilton. "Mortgage interest rates remain lower than a year ago and the inventory of homes for sale has improved slightly compared to the historic lows of 2004."

All Homes	No Sold July - 05	Annual Pct. Chg	Median July - 05	Annual Pct. Chg
Alameda	2,431	-13.3%	$575K	15.2%
Contra Costa	2,308	-9.3%	$555K	23.3%
Marin	408	-15.4%	$806K	11.0%
Napa	184	-12.0%	$586K	16.0%
San Francisco	637	-21.0%	$776K	19.4%
San Mateo	806	-18.3%	$759K	17.5%
Santa Clara	2,764	-9.6%	$642K	19.6%
Solano	1,039	2.3%	$450K	21.6%
Sonoma	893	-6.9%	$548K	19.4%
Bay Area	11,470	-10.8%	$606K	17.9%

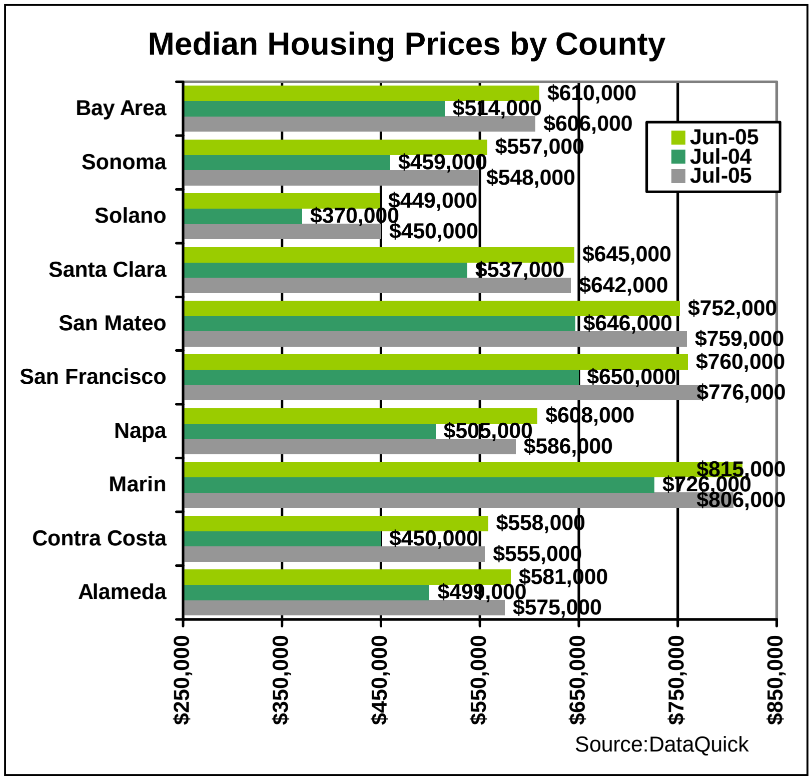
Source: DataQuick Information Systems

Sales of existing, single-family detached homes in California totaled 647,910 in July 2005 at a seasonally adjusted annualized rate. Statewide, home resale activity increased 1.3% from the 639,910 sales pace recorded in July 2004.

The median price of an existing, single-family detached home in California during July 2005 was $540,900, a 17.1% increase over the revised $461,760 median for July 2004, C.A.R. reported. The July 2005 median price decreased 0.4% compared with June's revised $543,120 median price.

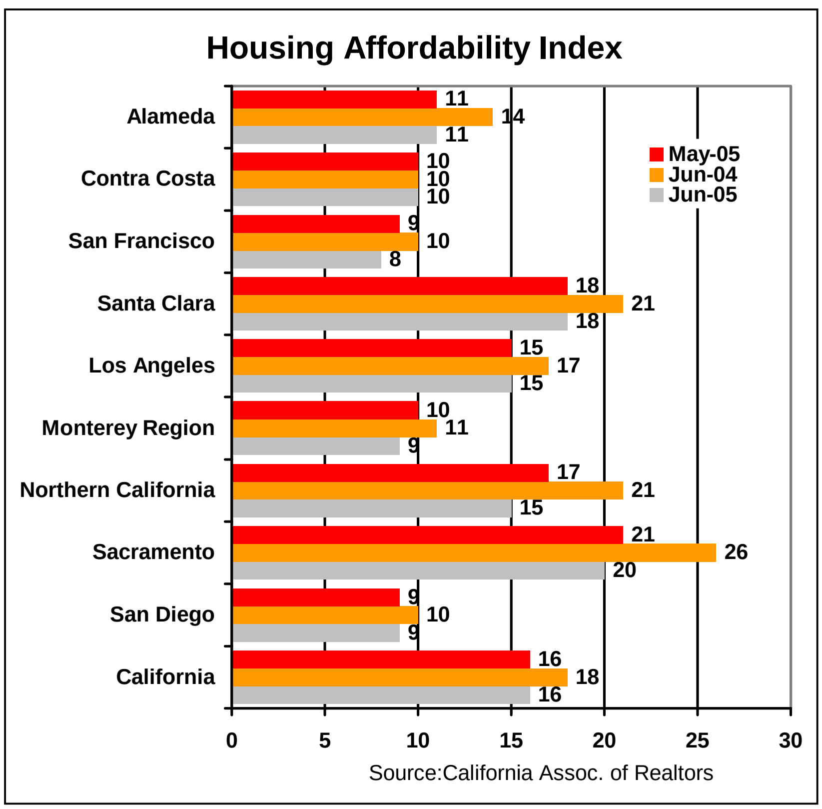
In July 2005, the Bay Area real estate market sales and prices took a small step back from the record territory of recent months.

A total of 11,470 new and resale houses and condos were sold in the nine-county region in July 2005. That was down 11.9% from 13,014 for June, and down 10.8% from 12,862 for July 2004, according to DataQuick Information Systems.



While the number of units sold in Alameda and Contra Costa Counties declined in a July 2004 to July 2005 comparison, the price increases did not – in fact, Contra Costa County experienced the highest percentage increase (23.3%) in the Bay Area.

But the Bay Area and the East Bay did experience a price decline in July 2005 - $6,000 in Alameda County and $3,000 in Contra Costa County and down $4,000 for the Bay Area. The biggest decline was felt in Napa County, -$22,000, while San Francisco and San Mateo Counties experience gains of $16,000 and $7,000 respectively.



The C.A.R. reported that the percentage of households in California able to afford a median-priced home declined to 16% in June 2005, a 2-percentage point increase compared with June 2004 when the Index was at 18 percent. The June 2005 California Housing Affordability Index (HAI) which measures the percentage of households that can afford to purchase a median-priced home, was unchanged from May, when it also stood at 16%.

Neither Alameda nor Contra Costa County's index changed from the prior month, 11% and 10% respectively, but while Contra Costa's has remained the same since June 2004, Alameda County's declined from 14%.

The minimum household income needed to purchase the median-priced home of $542,720 in California in June was $125,870, based on an average effective mortgage interest rate of 5.71% and assuming a 20% down payment. The minimum household income needed to purchase a median-priced home was up from $111,420 in June 2004, when the median price of a home was $468,050 and the prevailing interest rate was 6.01%.

Nationally in June 2005, the minimum household income needed to purchase the median-priced home of $219,000 was $50,790.

At 32%, the High Desert region was the most affordable C.A.R. region in the State in July 2005, followed by the Sacramento region at 21%, though Sacramento has fallen sharply from a high of 42% in July 2003). The Santa Barbara and Northern Wine Country regions were the least affordable in the state at 7%.

In the East Bay, three Contra Costa County cities have average median housing prices above $1 million dollars. Orinda now claims the highest median priced home value of $1,295,000. Alamo follows closely at $1,288,500 and Lafayette, $1,082,500. On the other end of the scale, Contra Costa County also had the city with the lowest median priced homes, Richmond, at $425,000.

Orinda also has experienced the highest year-to-year price increase, $388,500 – an astounding 42.86% gain from July 2004.

The difference in the value of the homes sold in Alameda versus Contra Costa County has declined from $55,000 in July 2004 to $35,000 in July 2005, and the total number of units sold in each County were also very similar: 2,082 in Alameda County and 2,036 in Contra Costa County.

County/City/Area	# Sold	July 2005	July 2004	% Change Yr-to-Yr
Alameda County	2,082	$585,000	$495,000	18.18%
ALAMEDA	79	$720,000	$570,000	26.32%
ALBANY	22	$667,500	$530,000	25.94%
BERKELEY	96	$717,500	$650,000	10.38%
CASTRO VALLEY	91	$650,000	$560,000	16.07%
DUBLIN	80	$667,500	$546,000	22.25%
EMERYVILLE	24	$500,000	$369,250	35.41%
FREMONT	307	$640,000	$541,500	18.19%
HAYWARD	243	$525,000	$436,500	20.27%
LIVERMORE	181	$590,000	$529,250	11.48%
NEWARK	84	$617,500	$462,500	33.51%
OAKLAND	440	$475,000	$419,000	13.37%
PLEASANTON	146	$815,000	$650,000	25.38%
SAN LEANDRO	128	$550,000	$450,000	22.22%
SAN LORENZO	50	$542,500	$450,000	20.56%
UNION CITY	111	$565,000	$495,000	14.14%
Contra Costa County	2,036	$550,000	$440,000	25.00%
ALAMO	24	$1,288,500	$1,100,000	17.14%
ANTIOCH	267	$490,000	$399,000	22.81%
BETHEL ISLAND	3	$332,500	n/a	n/a
BRENTWOOD	145	$620,000	$458,250	35.30%
BYRON	66	$631,500	$505,000	25.05%
CLAYTON	15	$815,000	$607,500	34.16%
CONCORD	274	$503,500	$410,000	22.80%
CROCKETT	5	$579,000	$380,000	52.37%
DANVILLE	118	$988,000	$855,000	15.56%
EL CERRITO	35	$639,000	$554,000	15.34%
EL SOBRANTE	37	$495,000	$415,000	19.28%
HERCULES	59	$455,000	$473,250	-3.86%
LAFAYETTE	34	$1,082,500	$900,000	20.28%
MARTINEZ	74	$554,750	$446,000	24.38%
MORAGA	27	$885,000	$566,500	56.22%
OAKLEY	87	$475,000	$386,250	22.98%
ORINDA	23	$1,295,000	$906,500	42.86%
PINOLE	32	$506,500	$450,000	12.56%
PITTSBURG	165	$435,000	$348,500	24.82%
PLEASANT HILL	50	$631,500	$502,500	25.67%
RICHMOND	144	$425,000	$335,000	26.87%
RODEO	10	$507,500	$405,000	25.31%
SAN PABLO	74	$459,000	$349,500	31.33%
SAN RAMON	111	$789,000	$645,000	22.33%
WALNUT CREEK	148	$680,000	$570,000	19.30%

Source: California Association of Realtors

HOTEL OCCUPANCY

The PKF Consulting report on hotel trends for April 2005 shows an increase in room rates in all of Northern California. The entire Bay Area also saw an increase in occupancy rates, with only the Monterey/Carmel area (in Northern California) experiencing a decline.

The East Bay's Average Daily Room Rate continues to be the lowest in the Bay Area at $101.30, an annual increase of 2.5%, compared to a Northern California average of 3.5%. The San Jose/Peninsula area and the East Bay remain first and second in lowest Occupancy Percentage, but they are also first and second in the greatest year-to-year percentage increase.

Actually having the lowest Average Daily Room Rate in the Bay Area is an advantage in some ways. Staying in a hotel in the East Bay is a lot less expensive than San Francisco, so it is a very cost effective alternative to business visitors and tourists (who only have a 20 minute BART ride to downtown San Francisco), and the cost to attend an convention event in Oakland or visit East Bay and Bay Area attraction is significantly lower.

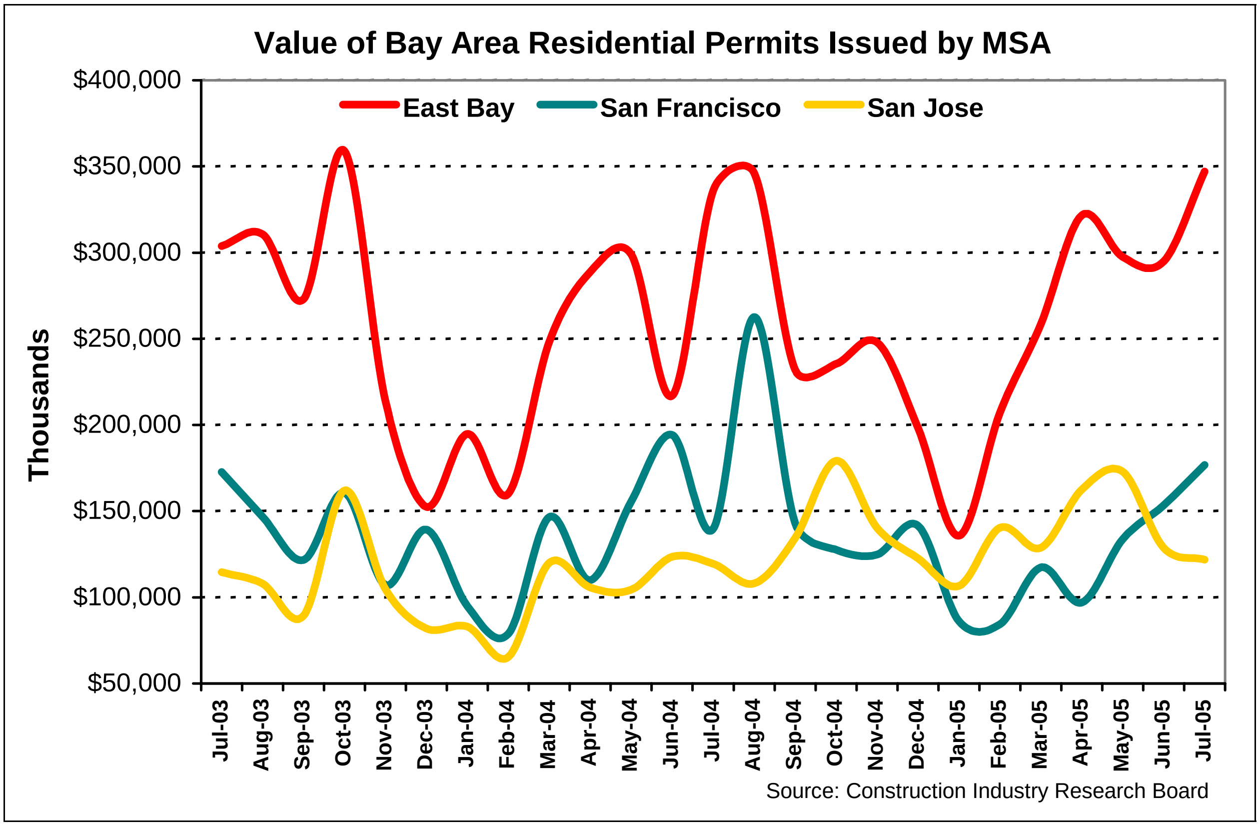
NORTHERN CA - JUNE 2005	AVERAGE DAILY ROOM RATE			OCCUPANCY PERCENT		
	2005	2004	VAR	2005	2004	VAR
SAN FRANCISCO	$153.67	$148.02	3.8%	82.4%	80.8%	2.0%
SAN FRANCISCO AIRPORT	$107.35	$108.29	-0.9%	80.0%	79.2%	1.1%
SAN JOSE/PENINSULA	$105.02	$100.29	4.7%	65.7%	59.5%	10.4%
OAKLAND/EAST BAY	$101.30	$98.78	2.5%	68.3%	63.9%	6.8%
MONTEREY/CARMEL	$224.92	$212.08	6.1%	70.9%	75.1%	-5.6%
CENTRAL VALLEY	$68.13	$64.74	5.2%	77.3%	76.8%	0.7%
SACRAMENTO	$98.07	$91.40	7.3%	79.3%	77.4%	2.4%
MARIN COUNTY	$137.45	$134.98	1.8%	76.8%	72.7%	5.7%
NAPA/SONOMA COUNTIES	$142.38	$123.89	14.9%	75.2%	72.9%	3.1%
OTHER NORTHERN CALIFORNIA	$87.61	$86.59	1.2%	75.5%	72.1%	4.7%
OVERALL AVERAGE	$121.65	$117.51	3.5%	75.5%	73.2%	3.2%
						Source: PKF Consulting

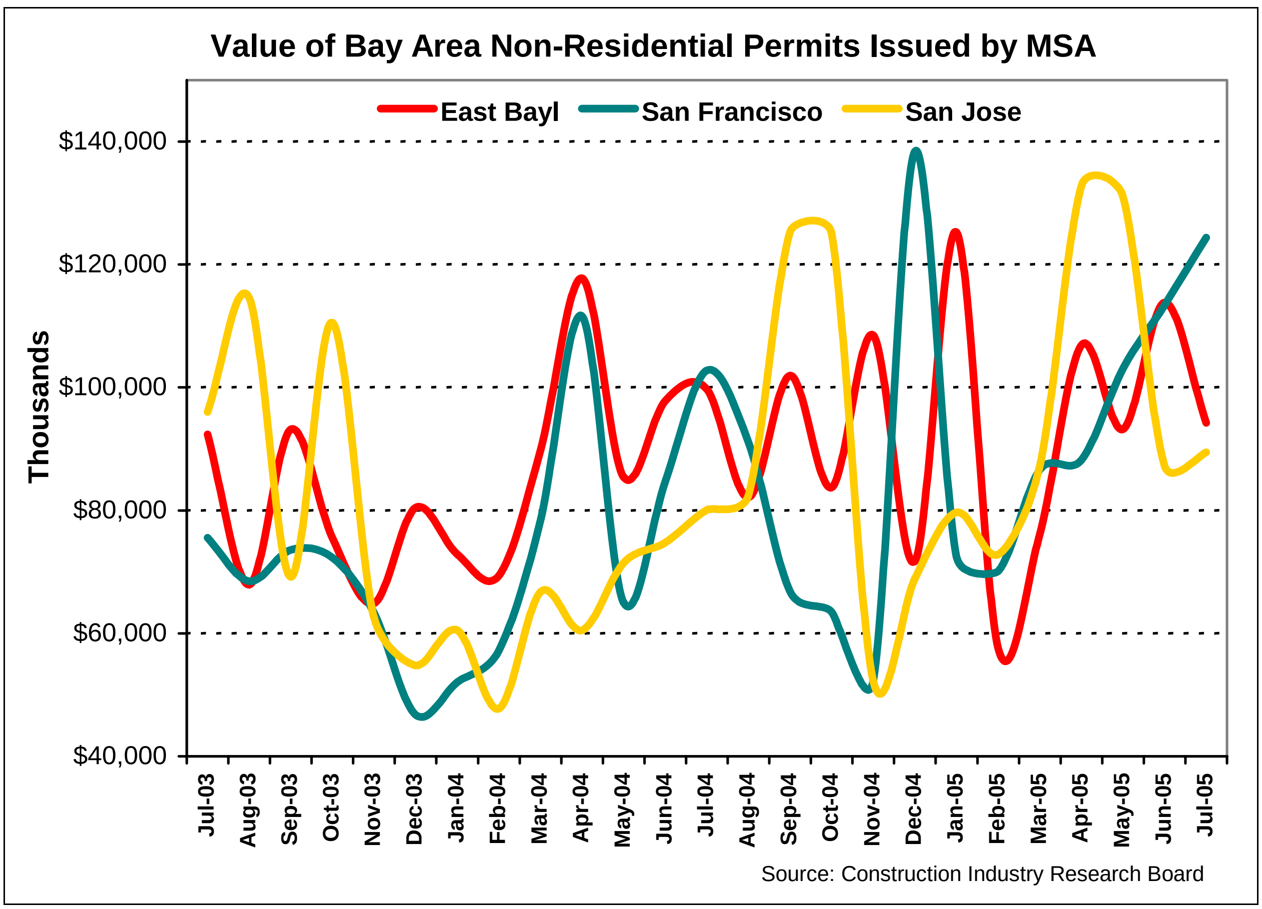
CONSTRUCTION PERMITS

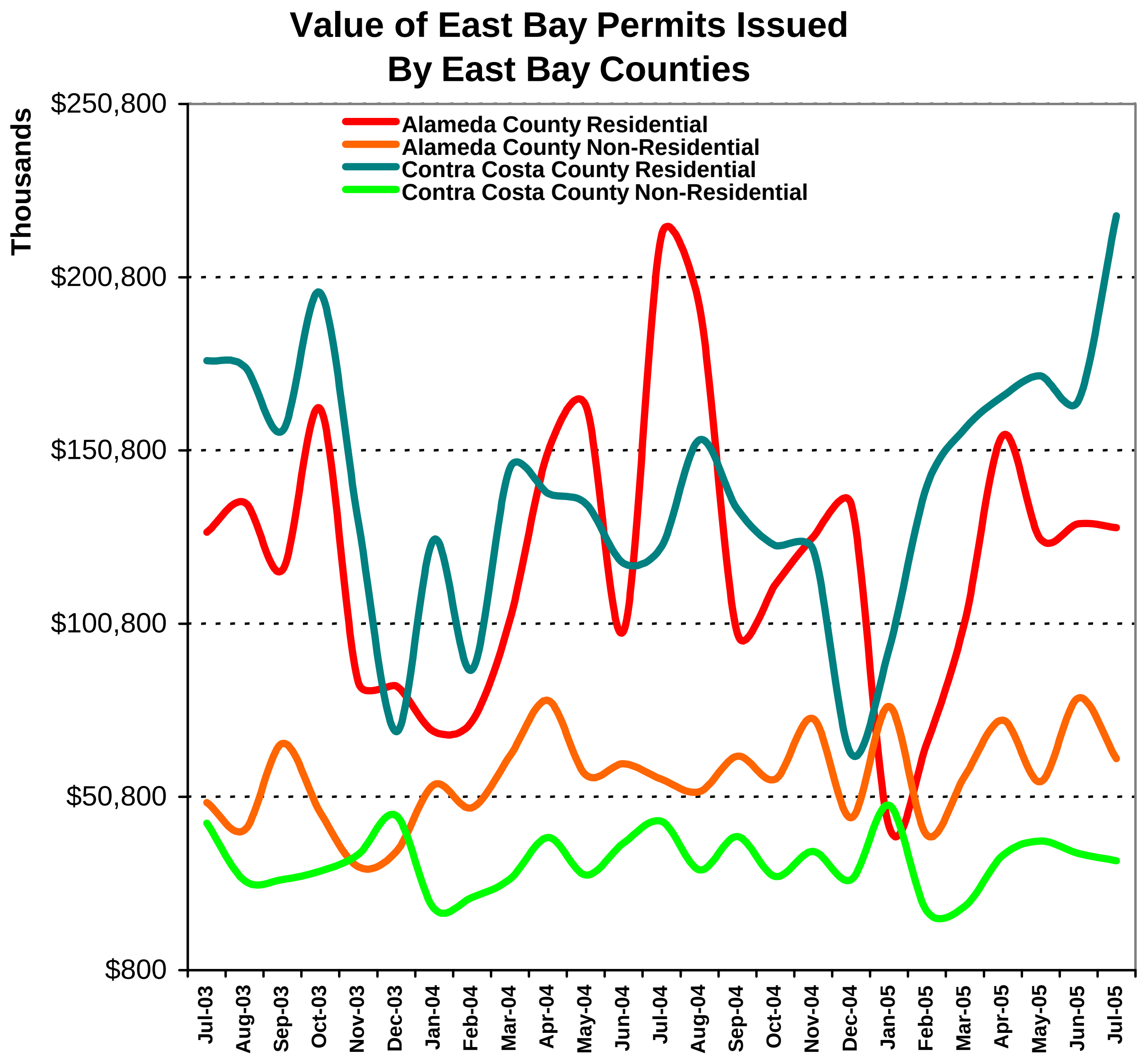
In the last 12 months ending July 2005, the East Bay has issued over $4.24 billion in construction permits, $170 million more than in the previous 12-month period ending July 2004. San Jose issued $2.8 billion in the same period, a $640 million increase over the previous 12 months, while San Francisco issued $2.72 billion, a $247 million increase.

Most of the additional permit value issued in the East Bay was for residential projects. The East Bay issued a total of $3.12 billion in residential permits during the last 12 months, while San Jose and San Francisco both issued $1.65 billion.

San Jose issued the most non-residential permits, – a total of $1.13 billion over the last 12 months ending July 2005, including $268 million in commercial and $45 million in industrial permits. The East Bay issued $1.12 billion in non-residential, which included $299 million in commercial and $84 million in industrial permits. San Francisco issued $1.07 billion in non-residential, including $252 million in commercial and $50 million in industrial – all during the same 12-month period ending July 2005.


Value of Bay Area Residential Permits Issued by MSA
East Bay
San Francisco
San Jose
Thousands
$400,000
$350,000
$300,000
$250,000
$200,000
$150,000
$100,000
$50,000
Jul-03
Aug-03
Sep-03
Oct-03
Nov-03
Dec-03
Jan-04
Feb-04
Mar-04
Apr-04
May-04
Jun-04
Jul-04
Aug-04
Sep-04
Oct-04
Nov-04
Dec-04
Jan-05
Feb-05
Mar-05
Apr-05
May-05
Jun-05
Jul-05
Source: Construction Industry Research Board


Value of Bay Area Non-Residential Permits Issued by MSA
East Bayl
San Francisco
San Jose
Thousands
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
Jul-03
Aug-03
Sep-03
Oct-03
Nov-03
Dec-03
Jan-04
Feb-04
Mar-04
Apr-04
May-04
Jun-04
Jul-04
Aug-04
Sep-04
Oct-04
Nov-04
Dec-04
Jan-05
Feb-05
Mar-05
Apr-05
May-05
Jun-05
Jul-05
Source: Construction Industry Research Board



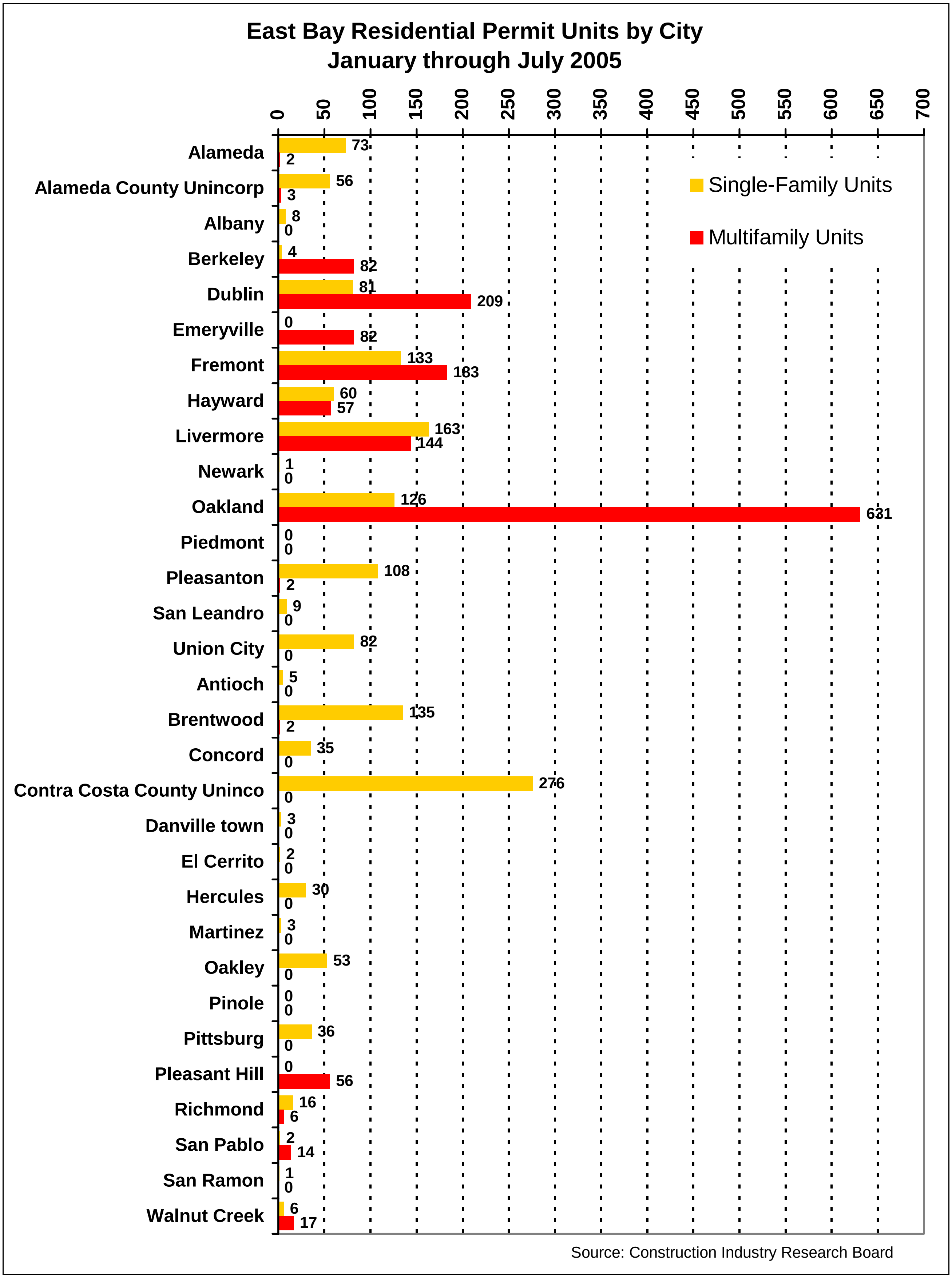
Source: Construction Industry Research Board

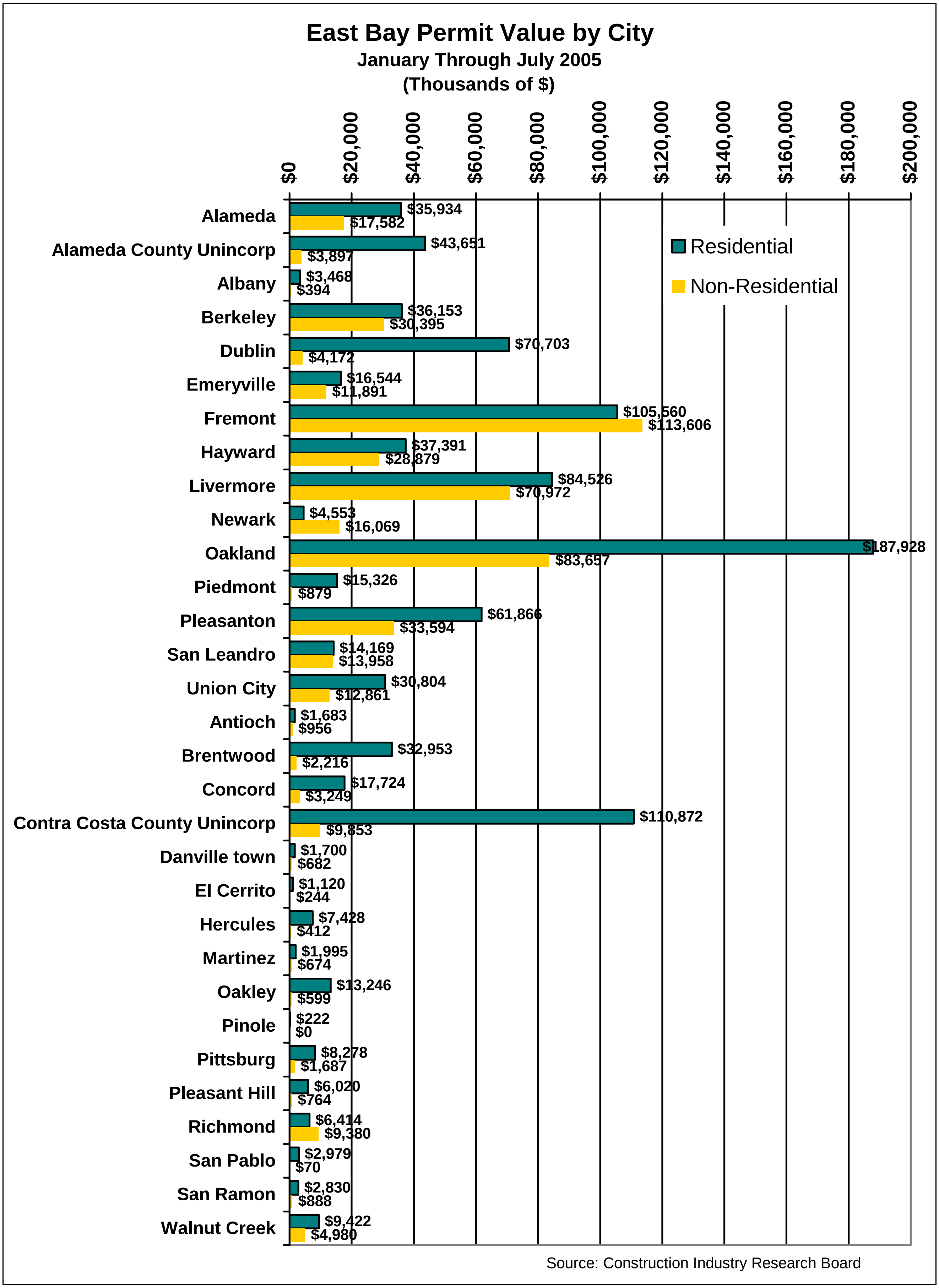
Since the beginning of 2005 was a low point in residential permits for both Alameda and Contra Costa Counties due in part to seasonal trends and weather, Contra Costa County has issued $1,113,866,452 in residential and $224,275,523 in non-residential permits, and Alameda County has issued $748,576,701 in residential and $442,805,090 in non-residential permits.

Included in Contra Costa's non-residential numbers from January through July 2005 were $43,468,767 in commercial and $7,548,497 in industrial permits. Meanwhile, Alameda County issued $115,753,845 in commercial and $48,642,181 in industrial permits

Over the last 12 months ending July 2005, Contra Costa County issued $1.71 billion in residential and $383 million in non-residential, while Alameda County issued $1.41 billion in residential and $732 million in non-residential.

Below is a chart showing the total number of single and multifamily housing units issued by each city in the East Bay since January 2005, followed by a chart that shows the total dollar value of residential and non-residential permits, also by city, for the same period.


East Bay Residential Permit Units by City
January through July 2005
0 50 100 150 200 250 300 350 400 450 500 550 600 650 700
Single-Family Units
Multifamily Units
Alameda 73 2
Alameda County Unincorp 56 3
Albany 8 0
Berkeley 4 82
Dublin 81 209
Emeryville 0 82
Fremont 133 183
Hayward 60 57
Livermore 163 144
Newark 1 0
Oakland 126 631
Piedmont 0 0
Pleasanton 108 2
San Leandro 9 0
Union City 82 0
Antioch 5 0
Brentwood 135 2
Concord 35 0
Contra Costa County Uninco 276 0
Danville town 3 0
El Cerrito 2 0
Hercules 30 0
Martinez 3 0
Oakley 53 0
Pinole 0 0
Pittsburg 36 0
Pleasant Hill 0 56
Richmond 16 6
San Pablo 2 14
San Ramon 1 0
Walnut Creek 6 17
Source: Construction Industry Research Board


East Bay Permit Value by City
January Through July 2005
(Thousands of $)
$0
$20,000
$40,000
$60,000
$80,000
$100,000
$120,000
$140,000
$160,000
$180,000
$200,000
Residential
Non-Residential
Alameda $35,934 $17,582
Alameda County Unincorp $43,651 $3,897
Albany $3,468 $394
Berkeley $36,153 $30,395
Dublin $70,703 $4,172
Emeryville $16,544 $11,891
Fremont $105,560 $113,606
Hayward $37,391 $28,879
Livermore $84,526 $70,972
Newark $4,553 $16,069
Oakland $187,928 $83,657
Piedmont $15,326 $879
Pleasanton $61,866 $33,594
San Leandro $14,169 $13,958
Union City $30,804 $12,861
Antioch $1,683 $956
Brentwood $32,953 $2,216
Concord $17,724 $3,249
Contra Costa County Unincorp $110,872 $9,853
Danville town $1,700 $682
El Cerrito $1,120 $244
Hercules $7,428 $412
Martinez $1,995 $674
Oakley $13,246 $599
Pinole $222 $0
Pittsburg $8,278 $1,687
Pleasant Hill $6,020 $764
Richmond $6,414 $9,380
San Pablo $2,979 $70
San Ramon $2,830 $888
Walnut Creek $9,422 $4,980
Source: Construction Industry Research Board