



FEBRUARY 2007 MONTHLY ANALYSIS

East Bay Economic Development Alliance
The bright side of the San Francisco Bay



Prepared by the East Bay Economic Development Alliance (East Bay EDA).

The **East Bay Monthly Analysis** augments the **East Bay Quarterly Forecast** authored by the UCLA Anderson Forecast.

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SNAPSHOT: THE EAST BAY IN JANUARY 2007

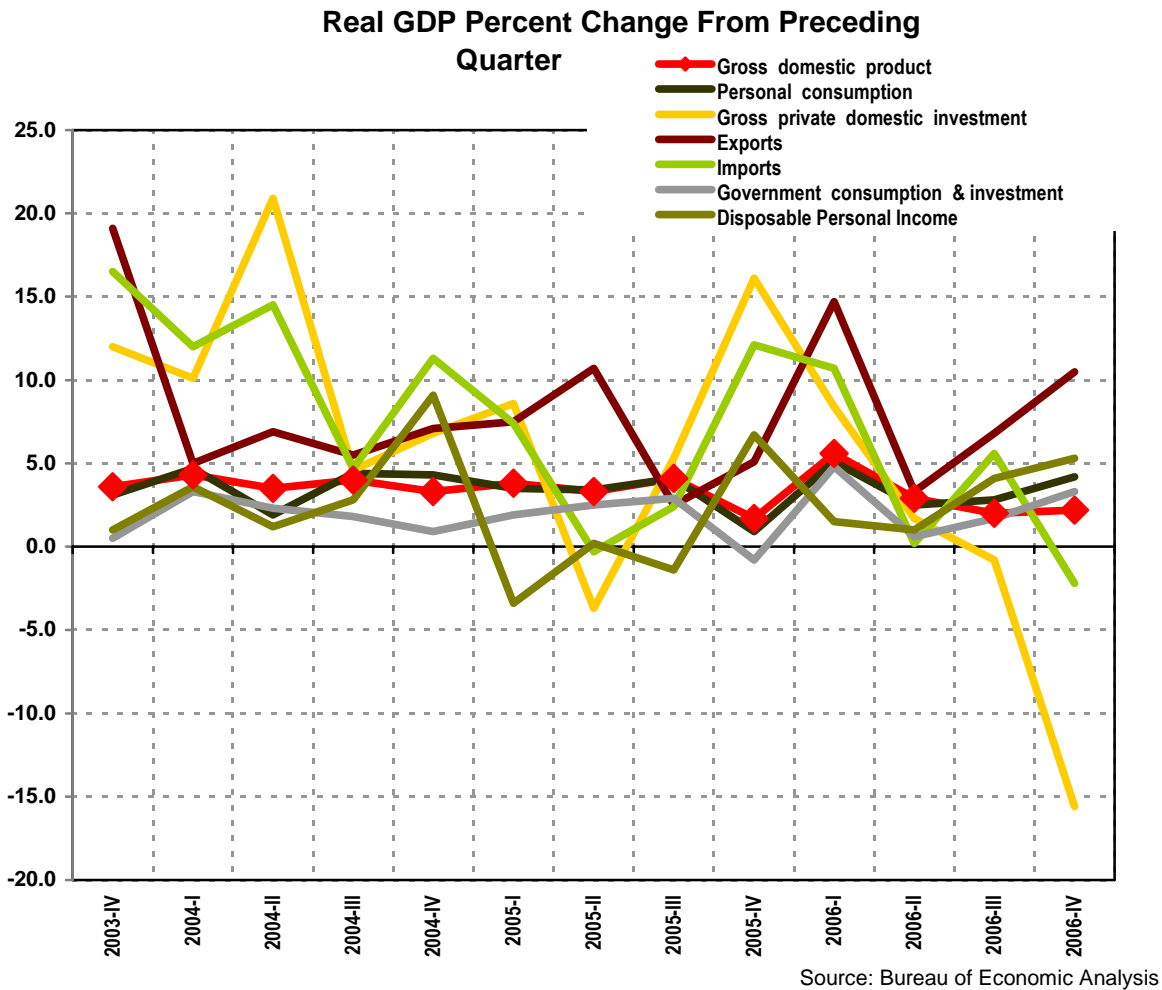
- The East Bay's **unemployment rate was 4.6% in January**, up from 3.9 percent in December 2006.
- The East Bay's **manufacturing sector gained 1,600 payroll jobs** when compared with January 2006.
- The East Bay's **median home sale price was up** slightly compared to January 2007, **while the number of homes sold decreased** in both Alameda and Contra Costa Counties.
- East Bay **multi-family permits increased in a year-over-year comparison, while single family permits decreased.**
- East Bay **residential permit values decreased in a year-over-year comparison, while commercial permit values increased.**
- East Bay **hotels enjoyed increases in daily room rates.**

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

GDP SUMMARY

Real gross domestic product -- the output of goods and services produced by labor and property located in the United States -- increased at an annual rate of 2.2 percent in the fourth quarter of 2006, according to preliminary estimates released by the Bureau of Economic Analysis. In the third quarter, real GDP increased 2.0 percent. The increase in real GDP in the fourth quarter primarily reflected

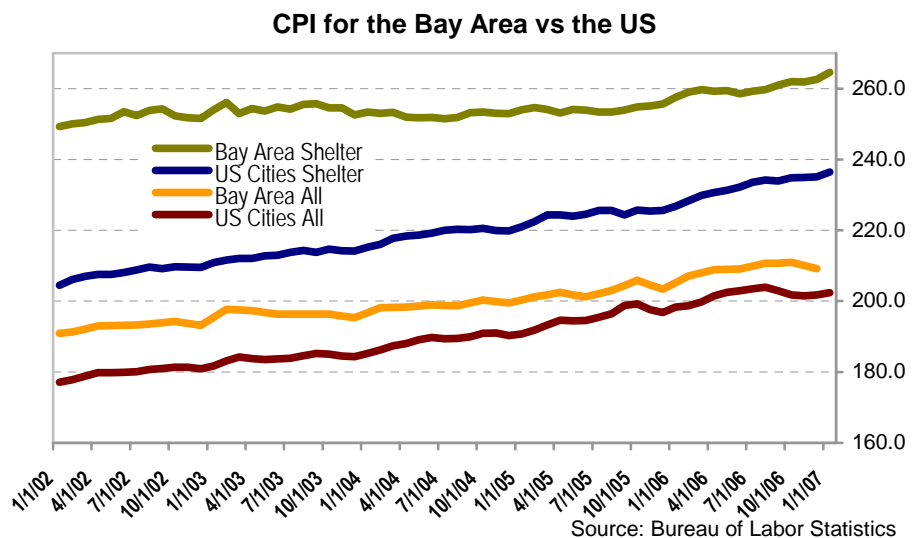


positive contributions from personal consumption expenditures (PCE), exports, state and local government spending, and federal government spending that were partly offset by negative contributions from private inventory investment and residential fixed investment. Imports, which are a subtraction in the calculation of GDP, decreased.

COST OF LIVING

In January, shelter costs in the Bay Area were up less than 2.0 percent, an increase slightly higher than the US Cities average, which was up 1.4 percent.

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.3 percent in January, before seasonal adjustment,



according to the Bureau of Labor Statistics of the U.S. Department of Labor. The January level of 202.4 (1982-84=100) was 2.1 percent higher than in January 2006.

	Jan 2006	Feb 2006	Mar 2006	Apr 2006	May 2006	Jun 2006	Jul 2006	Aug 06	Sep 2006	Oct 2006	Nov 2006	Dec 2006	Jan 2007
US All Cities - All	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8	201.5	201.8	201.6
US All Cities Shelter	226.8	228.3	229.9	230.7	231.3	232.2	233.6	234.2	233.9	234.8	234.9	235.1	232.1
Bay Area - All	205.2	207.1	208.0	208.9	209	209.1	209.9	210.7	210.7	211.0	210.4	210.4	209.2
Bay Area - All Less Shelter	185.0	186.9	188.2	189.5	190	190	191	192.0	191.7	191.3	190.7	190.1	189.7
Bay Area - Shelter	257.5	259.0	259.7	259.2	259.4	258.5	259.2	259.7	261.0	262.0	261.9	262.6	260

In January 2007, the annualized percent change in the US Cities Average CPI was down from a 2.54 percent spike in December 2006. In the Bay Area, the annualized percent change in CPI continues to be higher than the US Cities Average, with large increases in both November and December of 2006 (CPI data is not available for the Bay Area in odd months).

% Change in Annualized CPI	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Jan 07
US City Annual % Chg	4.00%	3.60%	3.40%	3.50%	4.20%	4.32%	3.93%	3.82%	2.06%	1.31%	1.97%	2.54%	2.07%
Bay Area Annual % Chg	2.40%	2.90%	3.10%	3.20%	3.54%	3.93%	3.86%	3.79%	3.13%	2.48%	2.96	3.44%	n/a

BAY AREA LABOR FORCE, UNEMPLOYMENT & EMPLOYED RESIDENTS

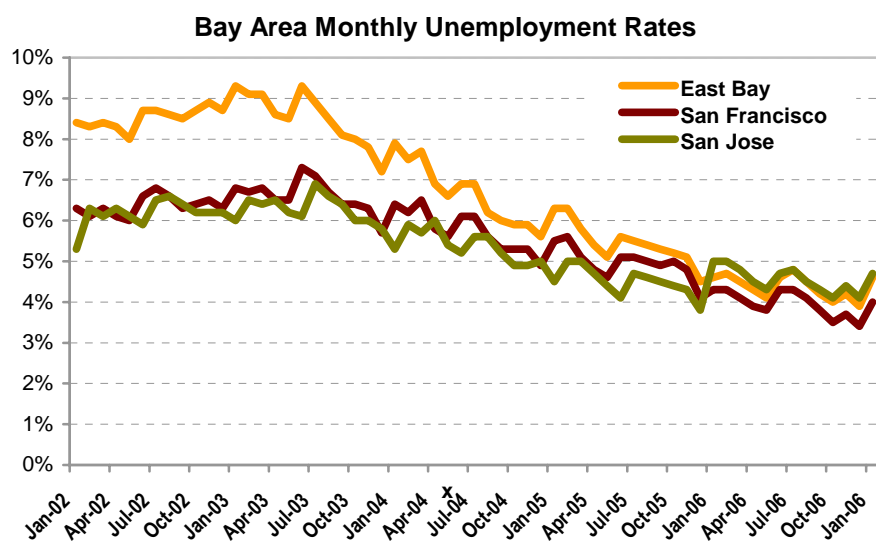
NOTE: Labor Force and Industry data contained in this release differ from previous information due to the U.S. Department of Labor's annual revision process. For more information on these changes visit:

<http://www.labormarketinfo.edd.ca.gov/article.asp?PAGEID=&SUBID=&ARTICLEID=637&SEGMENTID>

The unemployment rate in the Oakland-Fremont-Hayward MD was 4.6 percent in January 2007, up from 3.9 percent in December 2006, and the same as the year-ago figure of 4.6 percent. This

compares with an unadjusted unemployment rate of 5.3 percent for California and 5.0 percent for the nation during the same period.

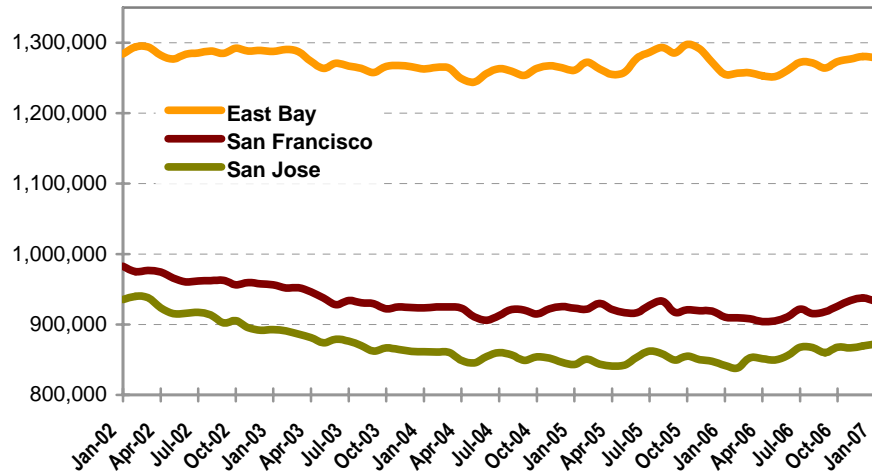
Within the East Bay, Alameda County's unemployment rate was 4.6 percent in January 2007 and Contra Costa County's rate was 4.5 percent.



The unemployment rate in the San Francisco MD was 4.0 percent in January, up from 3.4 percent in December 2006, but lower than the January 2006 figure of 4.3 percent. Similarly, in the San Jose MSA, the unemployment rate was 4.7 in January 2007, up from 4.1 percent in December 2006, but lower than the figure of 5.0 percent in January 2006.

After increases leading up to December 2006, both the East Bay and San Francisco saw losses in labor force in January 2007 workers, losing 1,800 workers and 4,000 workers, respectively. San Jose gained 2,500 workers in January 2007, following a gain of 2,700 in December 2006. In a year-over-year comparison with January 2006, the East Bay had 23,600 more workers, San Francisco, 22,600 more and in San Francisco there were 30,300 more workers than in January 2006.

Bay Area Labor Force

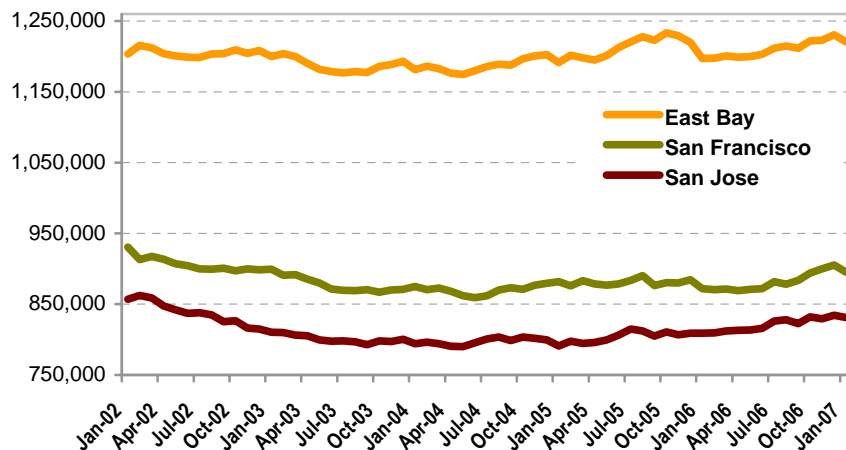


Source: CA Employment Development Dept.

Between January 2007 and December 2006, each of the three regions saw seasonal losses in the number of employed residents. In the East Bay there were 9,900 fewer residents employed in January than in December, in San Francisco 10,000 fewer, and 3,000 fewer in San Jose

Bay Area Employed Residents

At 1,220,500, the number of employed East Bay residents in January 2007 was up 23,500 from January 2006, with seasonal gains in December 2006 also improving by 10,700 in a year-over-year comparison with December 2005.



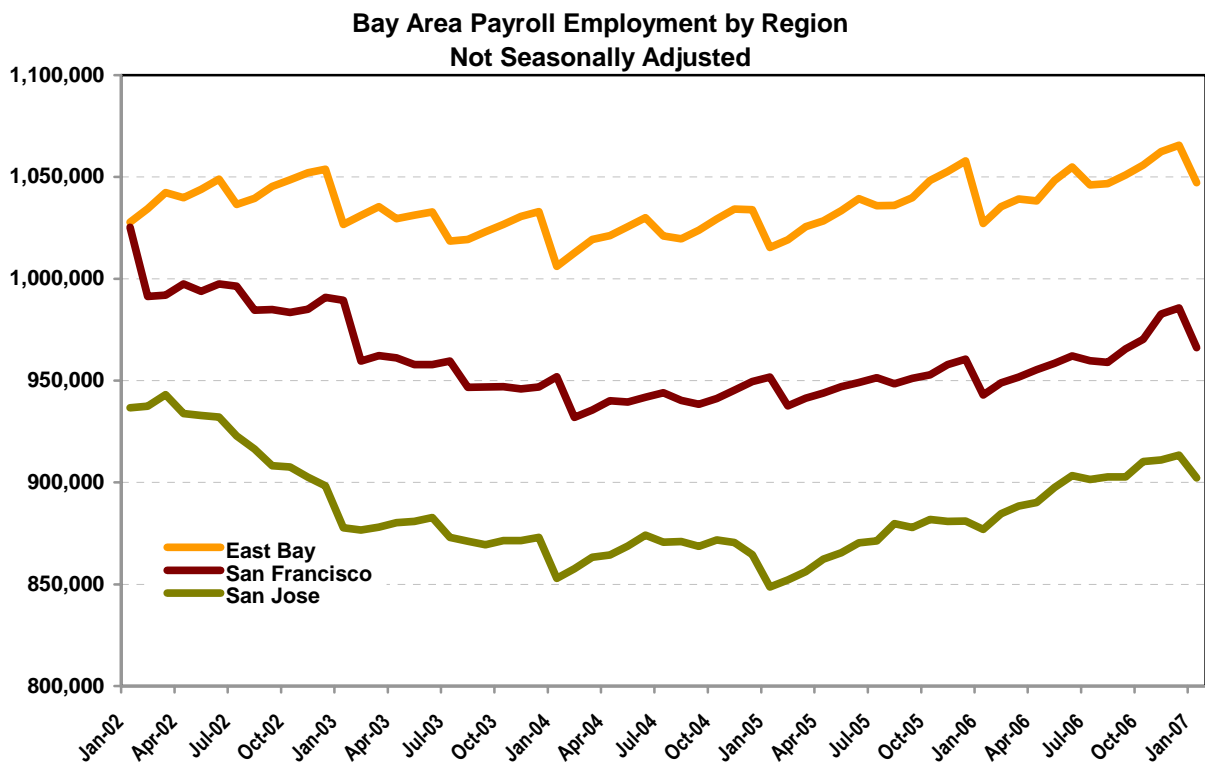
Source: CA Employment Development Dept.

Between December 2006 and January 2007, the total number of jobs in the East Bay counties of Alameda and Contra Costa fell by 18,300 jobs to reach 1,047,300. All major nonfarm industries declined except for natural resources and mining. During the same period San Francisco lost 19,600 jobs and San Jose lost 11,000.

(Note: Industry employment data dating back to January 2006 was revised downward, causing a drop from previously published data included in the following analyses.)

In the East Bay between December 2006 and January 2007:

- After the holiday shopping season, trade, transportation and utilities lost a total of 7,600 jobs, largely in retail trade (down 6,200 jobs).
- Construction payrolls fell by 2,600 jobs, primarily in specialty trade construction (down 1,600 jobs).
- Leisure and hospitality declined by 2,600 jobs, mostly in accommodation and food services (down 1,800 jobs).



Source: CA Employment Development Dept.

EAST BAY PAYROLL EMPLOYMENT BY SECTOR

East Bay Primary Industry Sectors	January 2007	1 Month Change	12 Month Change	24 Month Change
Professional and Business Services	156,900	-1,800	6,300	9,500
Educational and Health Services	122,900	-1,500	4,200	7,100
Leisure and Hospitality	84,300	-2,600	2,800	5,300
Government	182,900	-900	2,800	3,700
Construction	71,600	-2,600	2,400	4,500
Manufacturing	97,400	-400	1,600	1,100
Trans, Warehousing & Utilities	34,600	-900	900	400
Other Services	35,400	-500	500	800
Wholesale Trade	48,500	-500	400	100
Natural Resources and Mining	1,300	100	200	200
Financial Activities	68,600	-200	-400	-300
Retail Trade	112,700	-6,200	-600	700
Information	29,100	-200	-900	-1,800

Source: CA Employment Development Dept.

In a year-over-year comparison with January 2006, the East Bay was up 20,200 jobs, San Francisco gained 23,200 jobs and San Jose gained 25,400 jobs.

In the East Bay between January 2006 and January 2007:

- Professional and business services led the year over job gains by 6,300 jobs. Professional, scientific and technical services (up 3,700 jobs) added close to half of that gain.
- Educational and health services increased by 4,200 jobs, mainly in health care and social assistance (up 3,200 jobs).
- Leisure and hospitality added 2,800 jobs, predominantly in accommodation and food services (up 2,400 jobs).
- On the down side, information lost a total of 900 jobs, which includes a 500 job loss in telecommunications.

A year-over-year comparison of the East Bay's manufacturing sector showed an overall improvement of 1,600 jobs. Residual-miscellaneous manufacturing, petroleum and coal products manufacturing and computer and electronic product manufacturing gained 1,600, 500 and 100 jobs, respectively. While chemical manufacturing and residual-food manufacturing saw losses compared with January 2006.

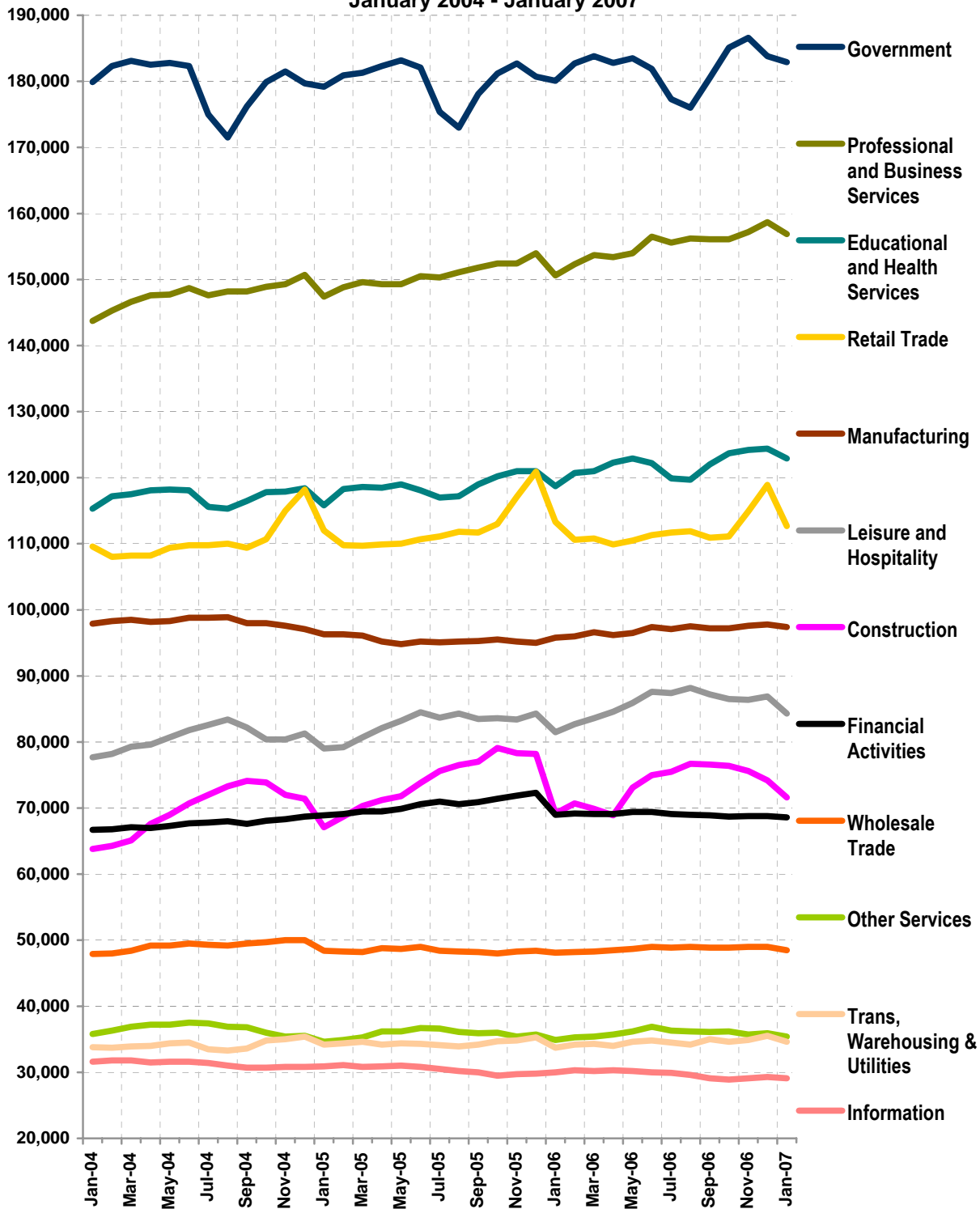
Between December 2006 and January 2007 the East Bay's manufacturing sector lost 400 jobs overall. Petroleum and coal products and computer and electronic manufacturing each saw minor gains of 100. However, these gains were offset by losses of 200 in chemical manufacturing and 400 in residual-food manufacturing.

East Bay Manufacturing Sector	1/2007 Employment	1 Month Change	12 Month Change	24 Month Change
Residual-Miscellaneous Manufacturing	33,800	0	1,600	2,300
Petroleum and Coal Products Manufacturing	7,100	100	500	400
Computer and Electronic Product Manufacturing	21,500	100	100	-500
Transportation Equipment Manufacturing	7,800	0	0	100
Chemical Manufacturing	7,000	-200	-100	-100
Residual-Food Manufacturing	20,200	-400	-500	-1,100
Manufacturing	97,400	-400	1,600	1,100

East Bay Sector Employment Summary

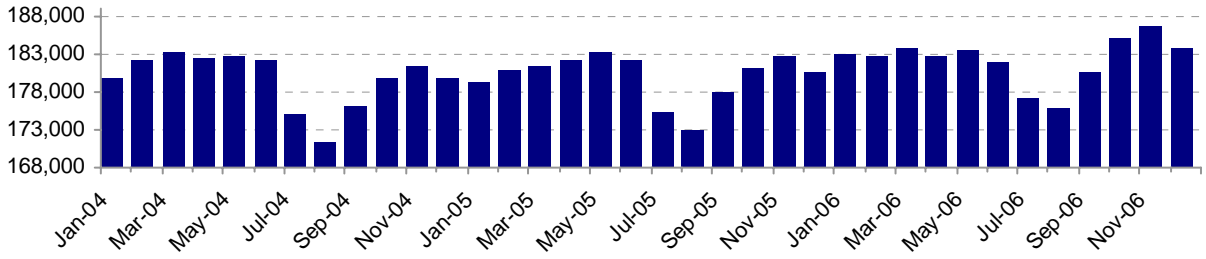
Not Seasonally Adjusted

January 2004 - January 2007

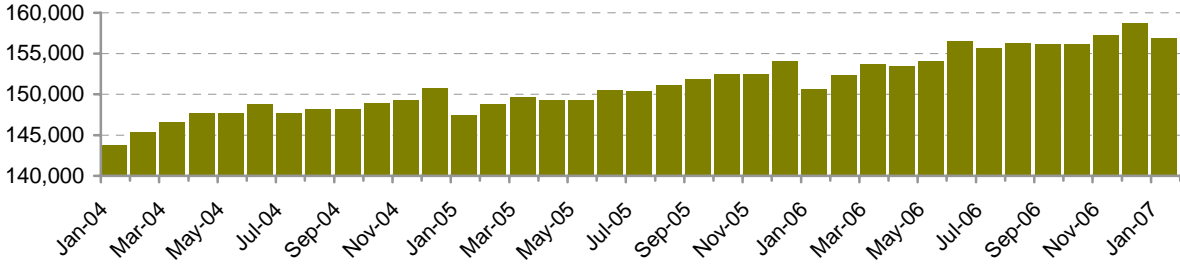


Source: CA Employment Development Dept.

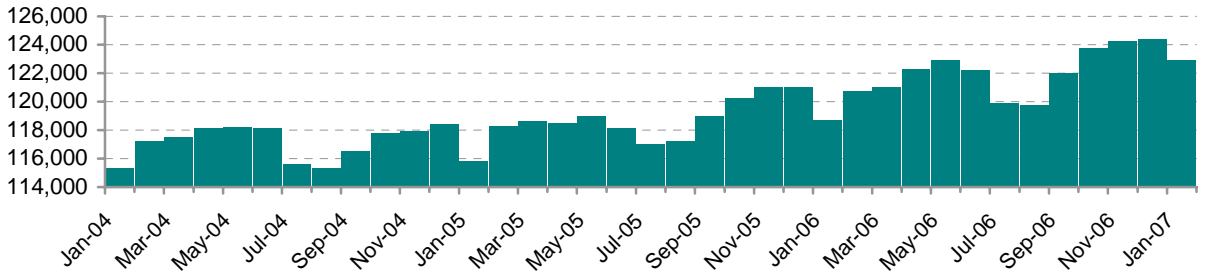
Government



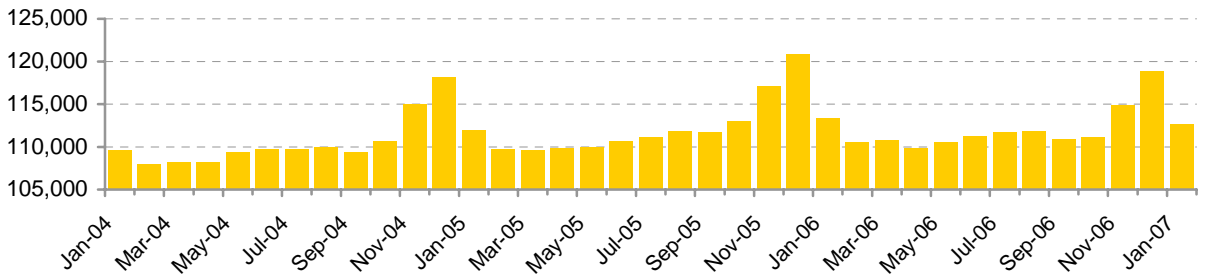
Professional and Business Services



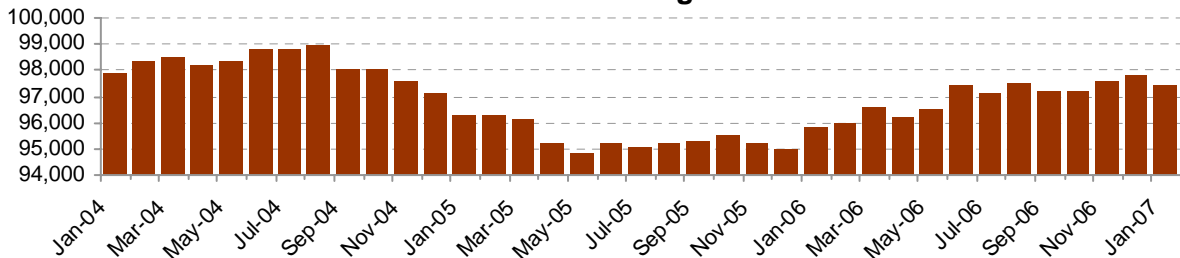
Education and Health Services



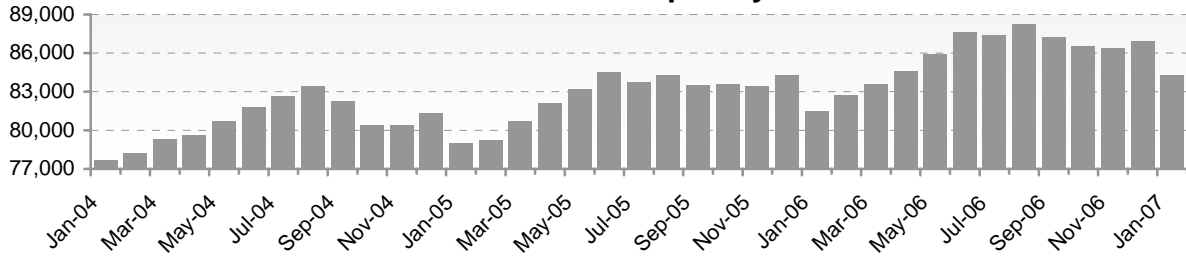
Retail Trade



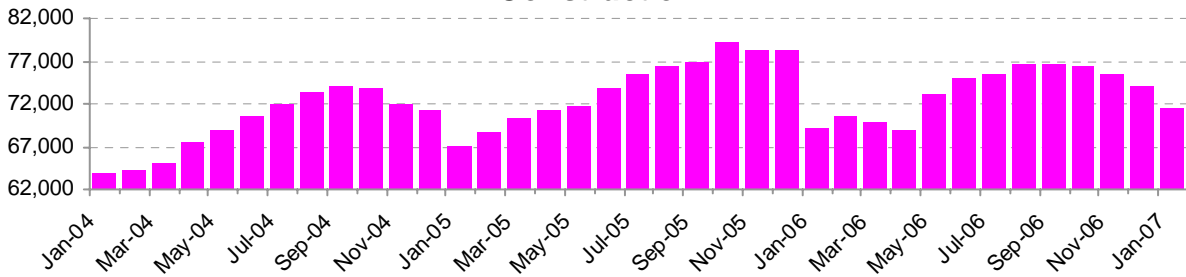
Manufacturing



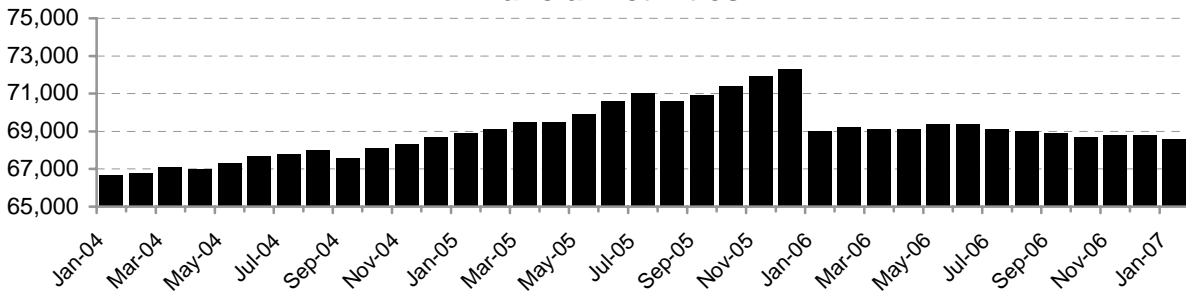
Leisure and Hospitality



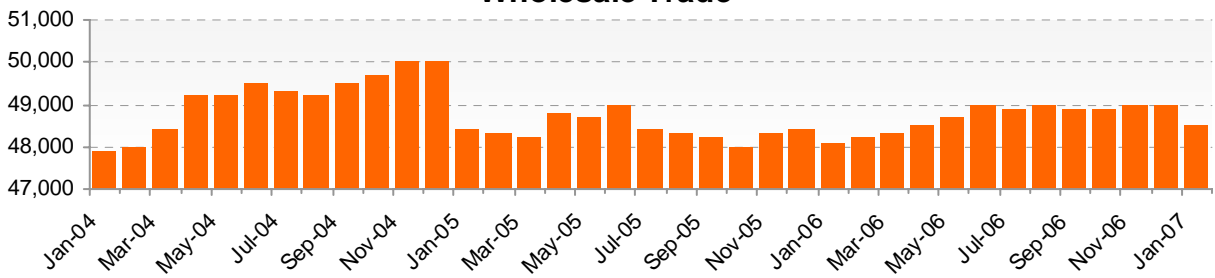
Construction



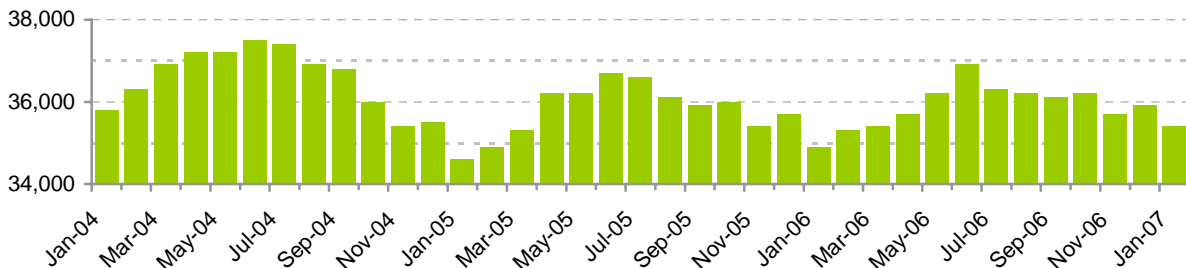
Financial Activities



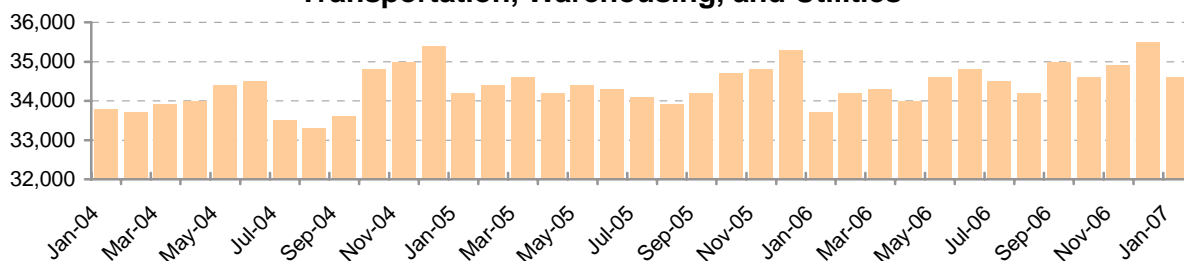
Wholesale Trade



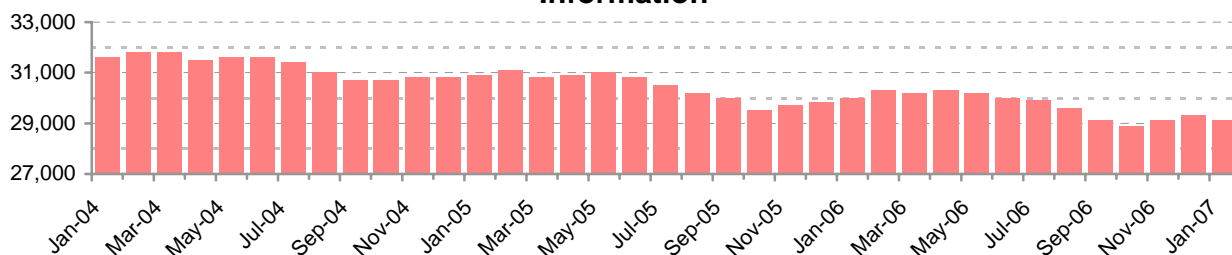
Other Services



Transportation, Warehousing, and Utilities



Information



HOUSING

Home sales in the Bay Area fell for the 24th month in a row in January as prices slipped to their lowest level in a year and a half, according to Data Quick Information Systems.

A total of 6,168 new and resale houses and condos sold in the nine-county Bay Area last month. That was down 26.3 percent from a revised 8,372 in December, and down 4.1 percent from a revised 6,434 for January 2006. A decline from December to January is normal for the season. However, sales last month were the lowest for any January since 1996 when 5,504 homes were sold. The average January since 1988 has had 6,455 sales. Last month's year-over-year decline was the most moderate since March 2005 when sales fell 2.7 percent. Year-over-year sales declines peaked last July at 32.4 percent.

The median price paid for a home in Alameda County was \$565,000 in January, up slightly (0.90 percent) from \$562,000 in January 2006. In Contra Costa County the median home price declined in a year-over-year comparison, dropping 4.3 percent from January 2006.

The typical monthly mortgage payment that Bay Area buyers committed themselves to paying was \$2,804 last month, down from \$2,828 the previous month and down from \$2,812 a year ago.

All Homes by County	Number Sold January 2007	Annual Pct. Chg	Median January 2007	Median Annual Pct. Chg
Alameda	1,316	-2.80%	\$565,000	0.90%
Contra Costa	1,298	-10.80%	\$575,000	-4.30%
Marin	224	-12.90%	\$754,500	10.00%
Napa	111	-11.70%	\$580,000	-6.50%
San Francisco	1,618	-0.70%	\$650,000	1.50%
San Mateo	369	8.90%	\$745,000	0.70%
Santa Clara	482	3.50%	\$725,000	1.40%
Solano	544	-14.00%	\$470,500	-8.60%
Sonoma	472	-1.90%	\$569,000	-10.40%
Bay Area	6,434	-4.10%	\$610,000	-1.50%

Source: Data Quick Information Systems

EAST BAY HOME SALES

In January 2007 the median home sale price in Alameda County was \$575,000 – a 1.50 percent, or \$8,500, increase compared to January 2006. In Contra Costa County the median home sale price was \$550,000 in January 2007 - a 4.35 percent, or \$25,000, decrease compared to January 2006.

The largest year-to-year percentage increase in the East Bay was in Berkeley, where the median price was up 11.43 percent from January 2006, an increase of \$66,000.

Aside from Albany and Alamo, where only 3 and 9 homes were sold, respectively; in January, the East Bay's largest year-to-year decrease in median sale price was in San Ramon where 107 homes were sold and the median home price fell 20 percent, or \$190,000.

Within Alameda County, Pleasanton had the highest median home sale price of \$714,500 where 62 homes were sold. Emeryville had the lowest median home price, at \$450,000, where 38 homes were sold – many of which were multi-family units.

In Contra Costa County, Orinda had the highest median home sale price of \$1,280,000, a 8.57 percent increase from January 2006, and Richmond had the lowest median sale price - \$420,000, a decrease of 10.30 percent from January 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.

JANUARY 2007 EAST BAY HOME SALES

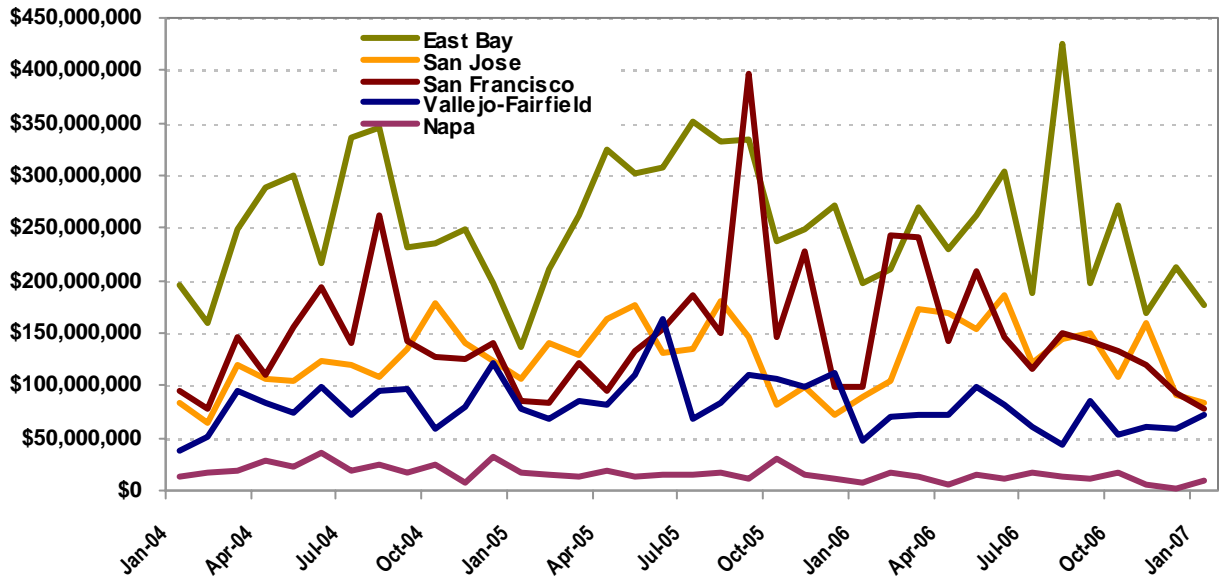
County/City/Area	# Sold	January 2007	January 2006	% Change Yr-To-Yr
ALAMEDA CO.	995	\$575,000	\$566,500	1.50%
ALAMEDA	34	\$620,000	\$665,000	-6.77%
ALBANY	3	\$289,500	\$500,000	-42.10%
BERKELEY	28	\$643,500	\$577,500	11.43%
CASTRO VALLEY	41	\$610,000	\$619,500	-1.53%
DUBLIN	48	\$597,500	\$609,000	-1.89%
EMERYVILLE	38	\$450,500	\$478,000	-5.75%
FREMONT	162	\$615,500	\$612,000	0.57%
HAYWARD	110	\$566,500	\$577,000	-1.82%
LIVERMORE	81	\$615,000	\$595,000	3.36%
NEWARK	34	\$619,000	\$625,000	-0.96%
OAKLAND	235	\$495,000	\$470,000	5.32%
PLEASANTON	62	\$714,500	\$775,000	-7.81%
SAN LEANDRO	55	\$550,000	\$542,500	1.38%
SAN LORENZO	13	\$527,000	\$542,500	-2.86%
UNION CITY	51	\$615,000	\$661,500	-7.03%
CONTRA COSTA CO	934	\$550,000	\$575,000	-4.35%
ALAMO	9	\$1,350,000	\$1,750,000	-22.86%
ANTIOCH	86	\$465,000	\$490,000	-5.10%
BRENTWOOD	67	\$630,000	\$700,000	-10.00%
BYRON	21	\$598,000	\$673,500	-11.21%
CLAYTON	9	\$700,000	\$737,500	-5.08%
CONCORD	96	\$510,000	\$535,500	-4.76%
DANVILLE	59	\$970,000	\$900,000	7.78%
EL CERRITO	17	\$600,000	\$610,000	-1.64%
EL SOBRANTE	21	\$580,000	\$575,000	0.87%
HERCULES	27	\$589,000	\$585,000	0.68%
LAFAYETTE	18	\$980,000	\$982,500	-0.25%
MARTINEZ	32	\$540,500	\$562,500	-3.91%
MORAGA	5	\$975,000	\$902,000	8.09%
OAKLEY	47	\$500,000	\$465,000	7.53%
ORINDA	11	\$1,280,000	\$1,179,000	8.57%
PINOLE	11	\$500,000	\$575,000	-13.04%
PITTSBURG	71	\$439,000	\$474,750	-7.53%
PLEASANT HILL	26	\$577,500	\$598,000	-3.43%
RICHMOND	53	\$420,000	\$468,250	-10.30%
RODEO	4	\$424,000	\$385,000	10.13%
SAN PABLO	43	\$450,000	\$530,000	-15.09%
SAN RAMON	107	\$760,000	\$950,000	-20.00%
WALNUT CREEK	87	\$585,000	\$655,000	-10.69%

Source: DataQuick

CONSTRUCTION PERMITS

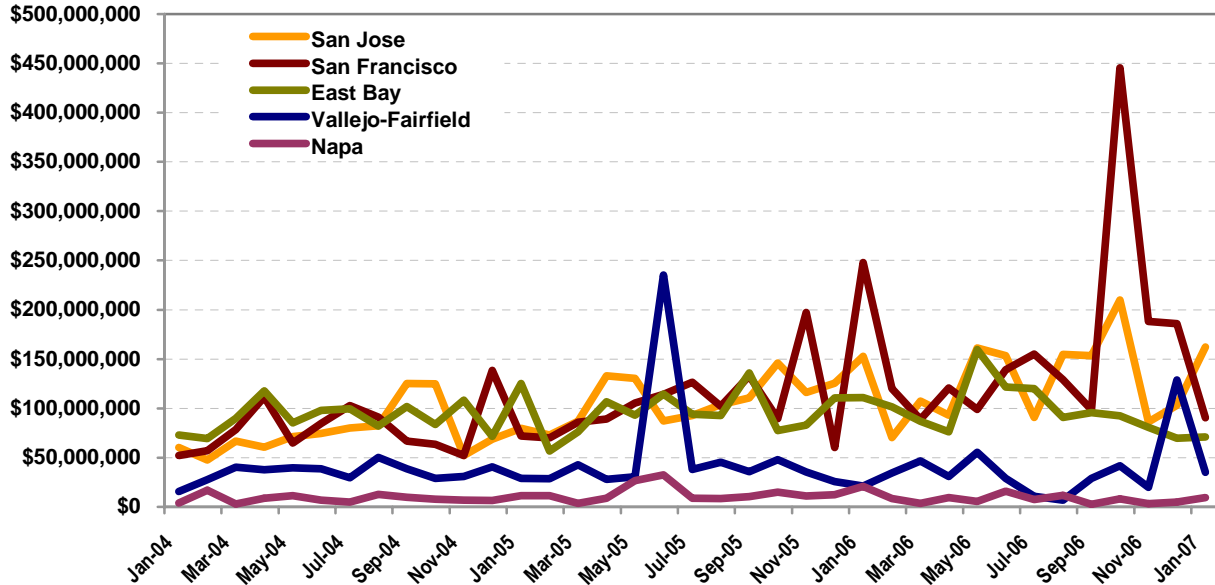
The following two charts of residential and non-residential permit values issued in each of the Bay Area's regions since January 2004 provide a quick comparative view of activity. Data follows in subsequent tables.

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

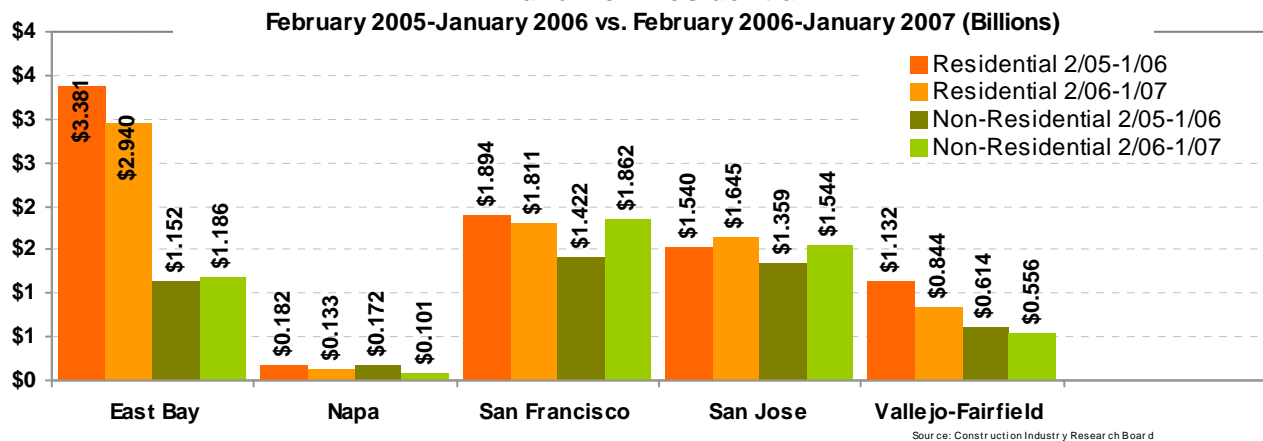
In January 2007 over \$175 million in residential permits were issued in the East Bay, down from \$212 million in December. The slowdown in permit issuance can be attributed to seasonal factors, as well as the fact that fewer residential developments are being planned and built as homes continue to sit longer on the market. Non-residential permit values were up slightly in the East Bay, where \$71 million in permits were issued. In the San Jose and Napa MSAs, non-residential permit values were up, with San Jose issuing over \$162 million in permits. The San Francisco and Vallejo-Fairfield MSAs both saw significant decreases in non-residential permits.

In a comparison of January 2007 with January 2006, the total value of construction permits issued, which include residential (single-family and multi-family) and non-residential, fell 9.0 percent in the East Bay.

Region	Total Permit Change 1/06 vs. 1/07	Percent Change
East Bay	-\$407,547,411	-9.0%
Napa	-\$120,147,055	-34.0%
San Francisco	\$357,407,691	10.8%
San Jose	\$289,800,382	10.0%
Vallejo Fairfield	-\$345,448,139	-19.8%

When comparing the two previous twelve month periods of February 2005-January 2006 and February 2006-January 2007, the San Jose region was the only Bay Area region to see an increase in the value of residential permits. In the East Bay, the value of residential permits issued was roughly \$441 million less, or 13 percent lower, in the period ending January 2007 than in the previous period ending January 2006. The East Bay saw a moderate increase in non-residential permit values, while the San Francisco and San Jose regions both saw large increases in non-residential permits during the same period.

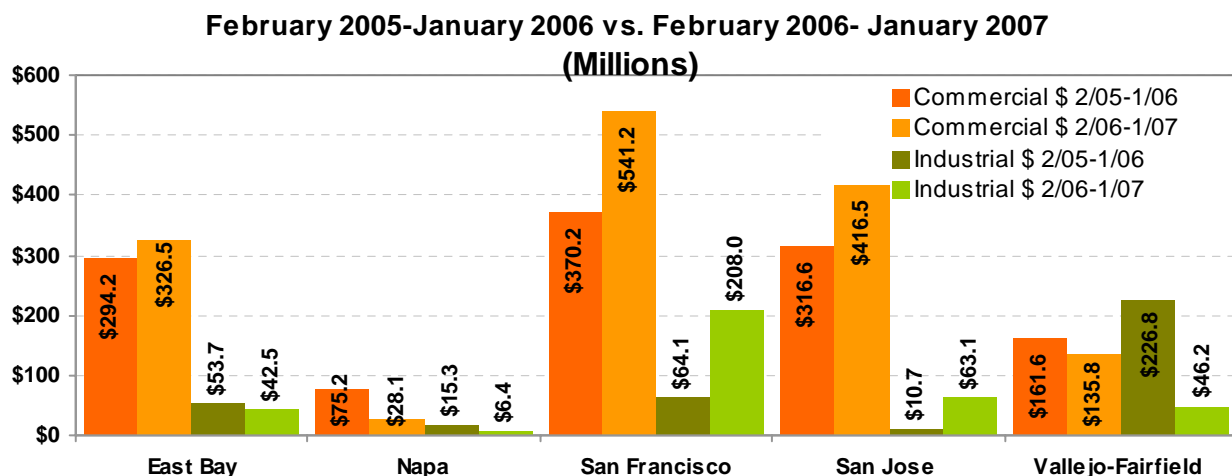
Value of Bay Area Construction Permits Issued by Region, Residential and Non-Residential



A comparison of commercial and industrial permits for the same two twelve-month periods shows commercial permit values in the East Bay, San Francisco, and San Jose regions between February 2006 and January 2007, were higher than in the previous twelve-month period. In San Francisco, roughly \$171 more in commercial permits issued than in the previous twelve-month period.

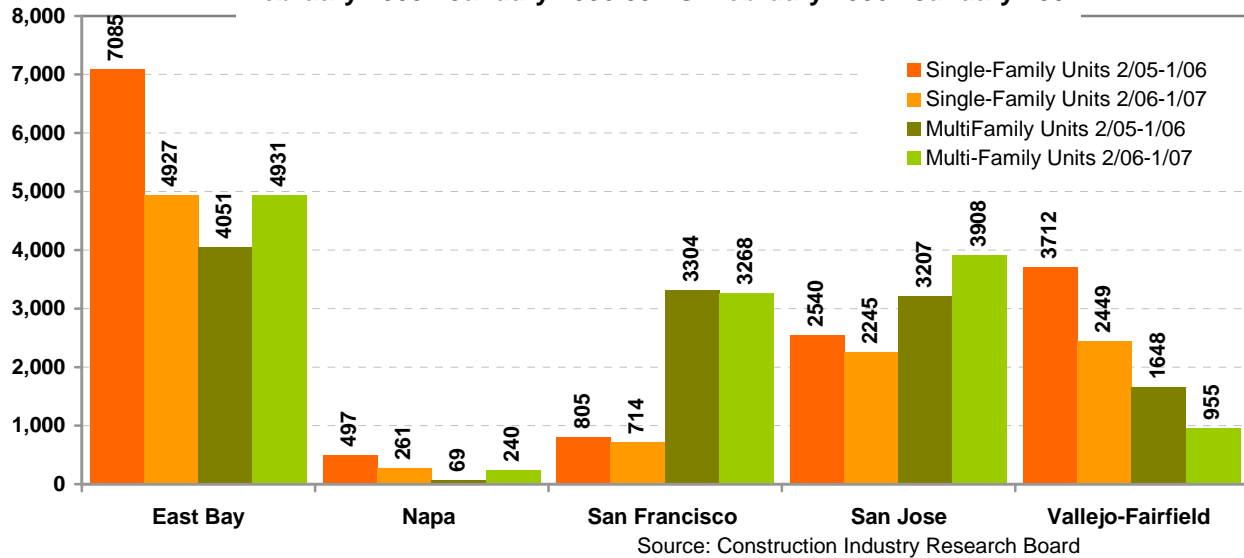
In terms of industrial permits, only the San Francisco and San Jose regions saw permit value increases. San Francisco saw a significant increase of \$144 million in the second twelve-month period, and in San Jose the increase in the dollar value of industrial permits was roughly \$ 53 million. In the same comparison, industrial permits were down \$11 million in the East Bay.

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



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

February 2005 - January 2006 VS. February 2006 - January 2007



In the twelve-month period ending January 2007, the East Bay saw a substantial decrease in the number of single-family unit permits issued, while the number of multi-family permits increased. The same was true for the other regions, with the exception of San Francisco, where multi-family permits declined in the second twelve-month period.

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

When compared with the period ending in 2006, Contra Costa County permit values for residential and industrial construction declined in the second twelve-month period. In the same comparison, Alameda County saw a drop in industrial permit values, but experienced moderate increases in residential and commercial permit values.

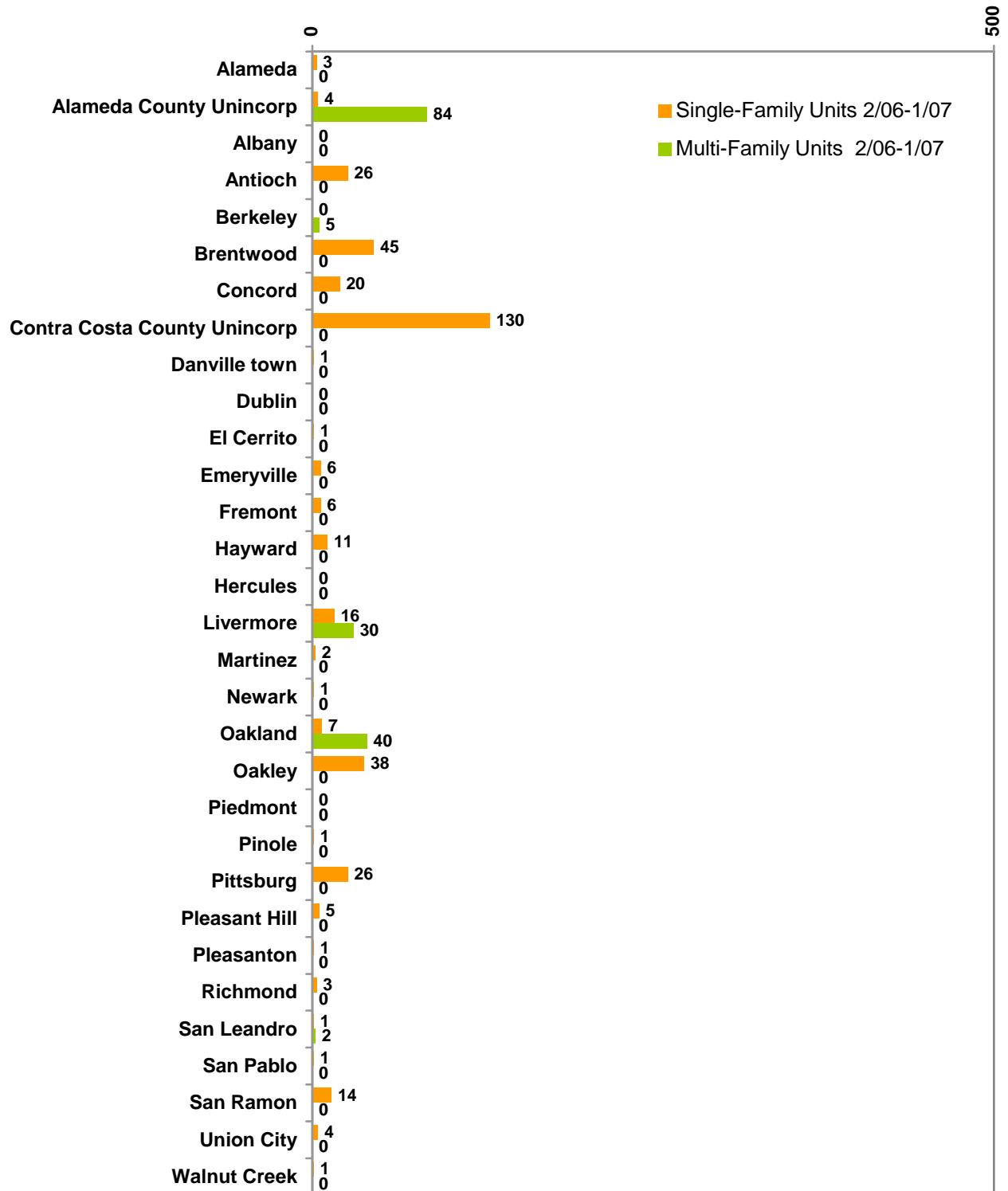
Construction Permit Values	February 2005 – January 2006	February 2006 – January 2007	Change	% Change
Alameda County Residential	\$1,450,074,031	\$1,492,923,669	\$42,849,638	3.0%
Alameda County Non-Res	\$786,249,035	\$764,501,513	-\$21,747,522	-2.8%
Alameda County Commercial	\$206,894,274	\$213,474,364	\$6,580,090	3.2%
Alameda County Industrial	\$32,541,419	\$27,956,808	-\$4,584,611	-14.1%
Contra Costa County Residential	\$1,931,329,749	\$1,446,778,570	-\$484,551,179	-25.1%
Contra Costa County Non-Res	\$365,950,557	\$421,852,209	\$55,901,652	15.3%
Contra Costa County Commercial	\$87,318,535	\$112,990,031	\$25,671,496	29.4%
Contra Costa County Industrial	\$21,155,897	\$14,529,412	-\$6,626,485	-31.3%

Both Alameda and Contra Costa Counties saw decreases in the number of Single-Family construction permits issued, while multi-family permits increased substantially.

Housing Unit Permit Comparison	February 2005- January 2006	February 2006- January 2007	Change	% Change
Alameda County Single-Family Units	1619	1599	-20	-1.2%
Contra Costa County Single-Family Units	5466	3328	-2138	-39.1%
Alameda County Multi-Family Units	3181	3890	709	22.3%
Contra Costa County Multi-Family Units	870	1041	171	19.7%

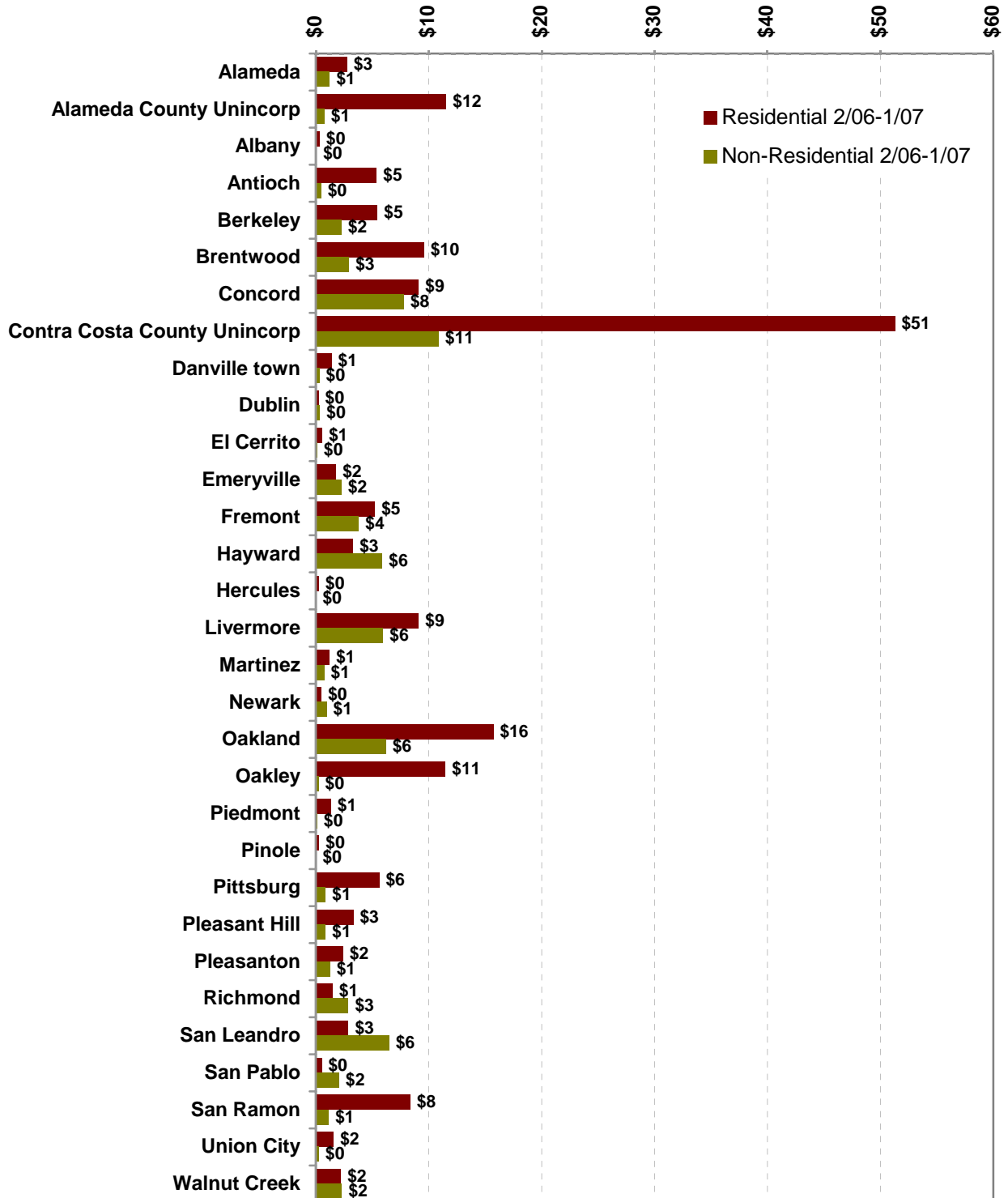
The following charts show the number and value of single, multi-family, residential and non-residential construction permits issued in East Bay cities for the twelve-month period ending November 2006.

Number of East Bay Residential Unit Permits Issued by City February 2006 - January 2007



Source: Construction Industry Research Board

Value of East Bay Residential and Non-Residential Permits Issued by City February 2006 - January 2007 (Millions)



Source: Construction Industry Research Board

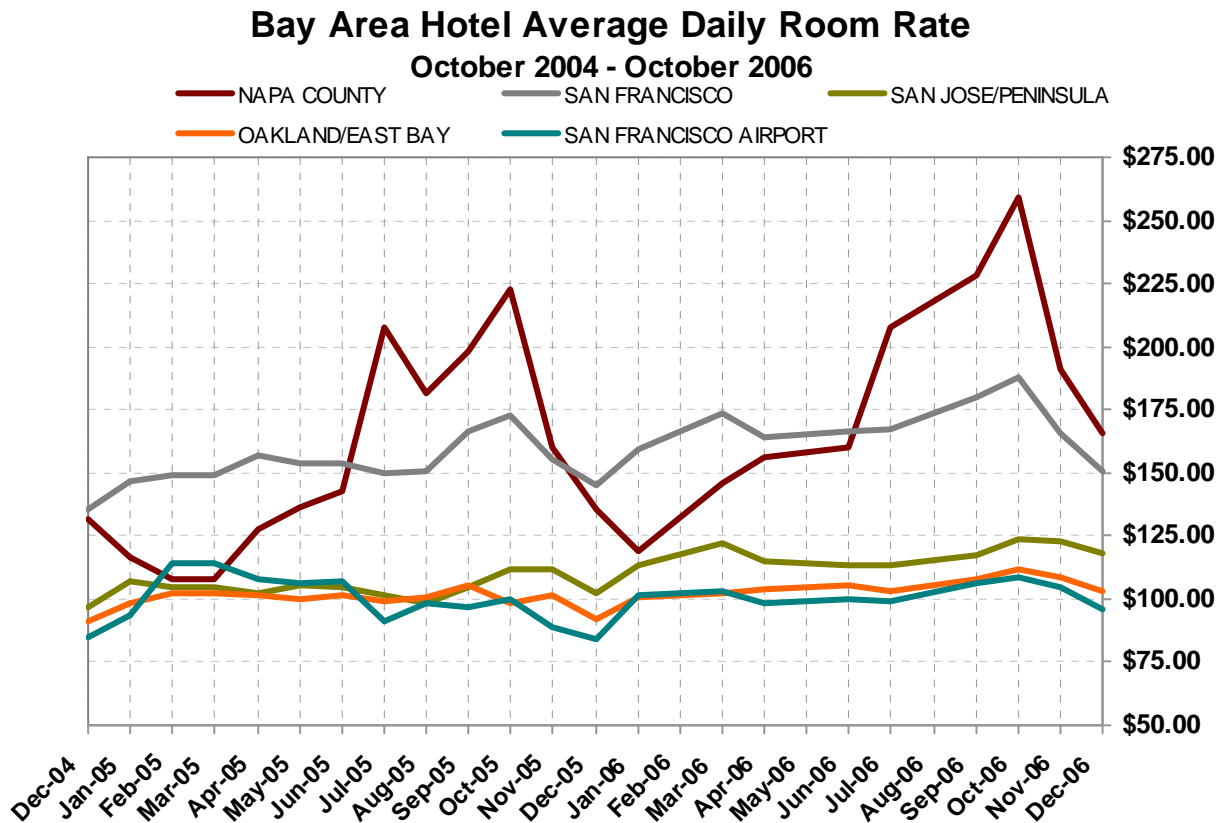
HOTEL OCCUPANCY

The PKF Consulting report on hotel trends for December 2006 shows a 5.9 percent increase in room rates throughout Northern California. The East Bay's average daily room rate of \$103.11 in December was 1.9 percent higher than in December 2005. Hotels throughout Northern California saw year-over-year increases in room rates in December 2006, with hotels in Napa seeing a 19.9 percent increase in room rates over December 2005.

	AVERAGE DAILY ROOM RATE			OCCUPANCY PERCENT		
	December 2006	December 2005	% Change	Dec 2006	Dec 2005	% Change
MONTEREY/CARMEL	\$188.11	\$177.02	6.3%	48.2%	48.2%	-6.9%
NAPA COUNTY	\$166.05	\$138.48	19.9%	49.1%	49.1%	-3.6%
SAN FRANCISCO	\$150.90	\$145.15	4.0%	62.3%	61.5%	1.3%
MARIN COUNTY	\$135.13	\$122.85	10.0%	64.3%	64.3%	-9.2%
SAN JOSE/PENINSULA	\$118.09	\$107.33	10.0%	52.3%	52.3%	5.5%
SONOMA COUNTY	\$103.38	\$101.45	1.9%	51.9%	51.9%	-3.1%
OAKLAND/EAST BAY	\$103.11	\$96.59	6.8%	53.5%	53.5%	0.2%
SACRAMENTO	\$98.88	\$91.79	7.7%	53.8%	53.8%	-6.6%
SAN FRANCISCO AIRPORT	\$95.60	\$85.61	11.7%	61.7%	61.1%	1.0%
OTHER NORTHERN CALIFORNIA	\$90.67	\$87.03	4.2%	54.7%	54.7%	0.4%
CENTRAL VALLEY	\$71.76	\$64.85	10.7%	60.2%	60.2%	-5.9%
OVERALL AVERAGE	\$120.73	\$114.01	5.9%	57.3%	57.3%	-6.0%

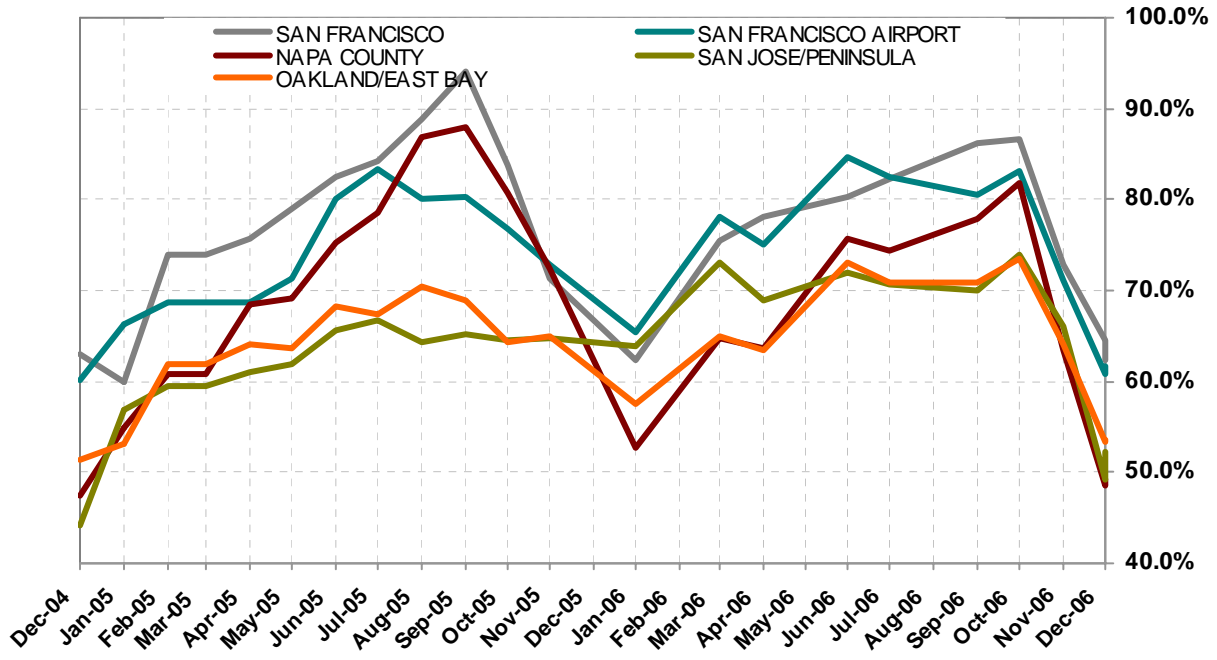
Source: PKF Consulting

The East Bay's Average Daily Room Rate continued to be steadier than those of San Francisco and the Napa region in December 2006.



Occupancy rates throughout the Bay Area experienced a seasonal decrease in December 2006. The East Bay's occupancy rate of 53.5 percent was slightly higher than that of December 2005, when occupancy rates were 53.4 percent.

Bay Area Hotel Occupancy October 2004 - October 2006



Source: PKF Consulting