

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 OCTOBER 2007**

- ***Educational and health services added 1,200 jobs between September and October, gaining 4,400 over the last twelve months***
- ***East Bay construction employment decreased, losing 7,200 jobs over the last twelve months, and a seasonal loss of 400 since September***
- ***Home sales continued to slow and median home sale values saw slight decreases***
- ***Non-residential construction permit values increased slightly, with much of the activity being in the industrial sector***
- ***Both single and multi-family residential construction permit values showed annual decreases***

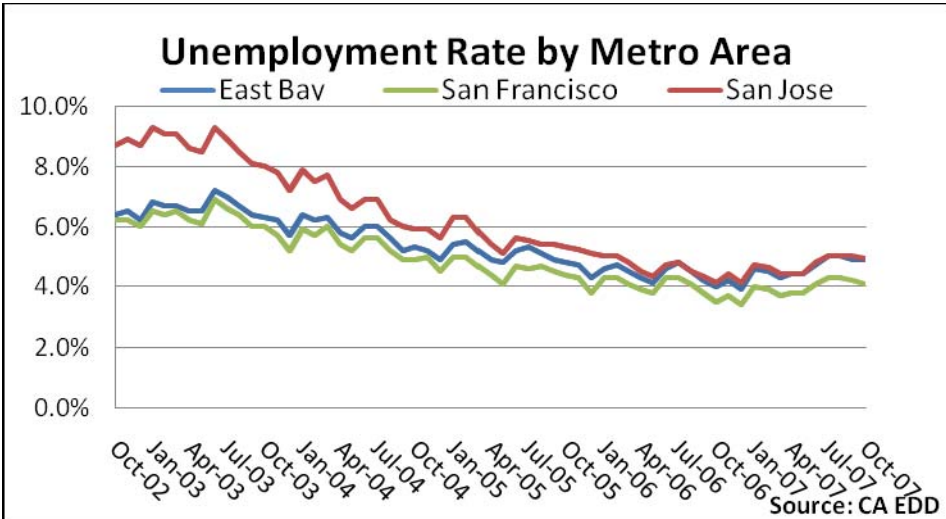
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*Serving the East Bay, the **Bright** Side of the San Francisco Bay*

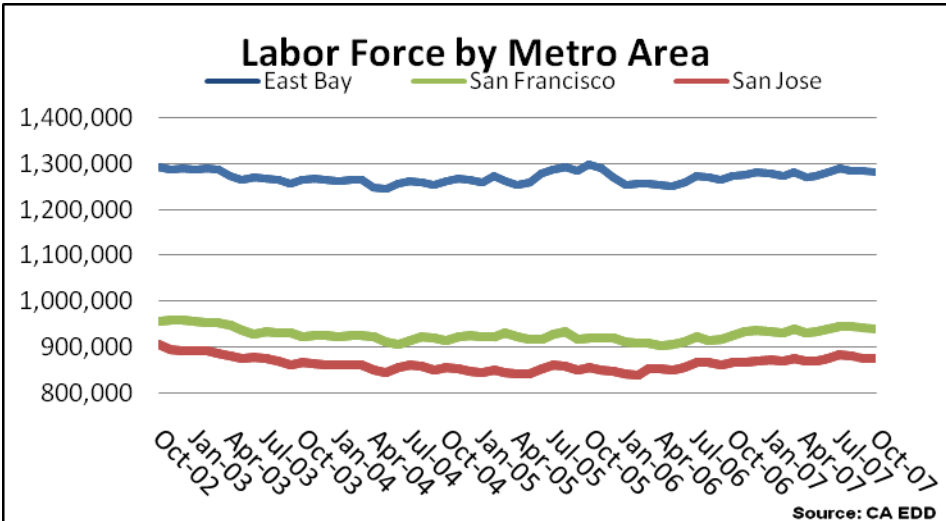
# EMPLOYMENT

**BAY AREA UNEMPLOYMENT** The unemployment rate in the Oakland-Fremont-Hayward MD remained stable at 4.9 percent in September and October 2007, but above the year-ago estimate of 4.0 percent. This compares with an unadjusted unemployment rate of 5.4 percent for California and 4.4 percent for the nation during the same period. The unemployment rate was 4.9 percent in Alameda County and 4.9 percent in Contra Costa County.

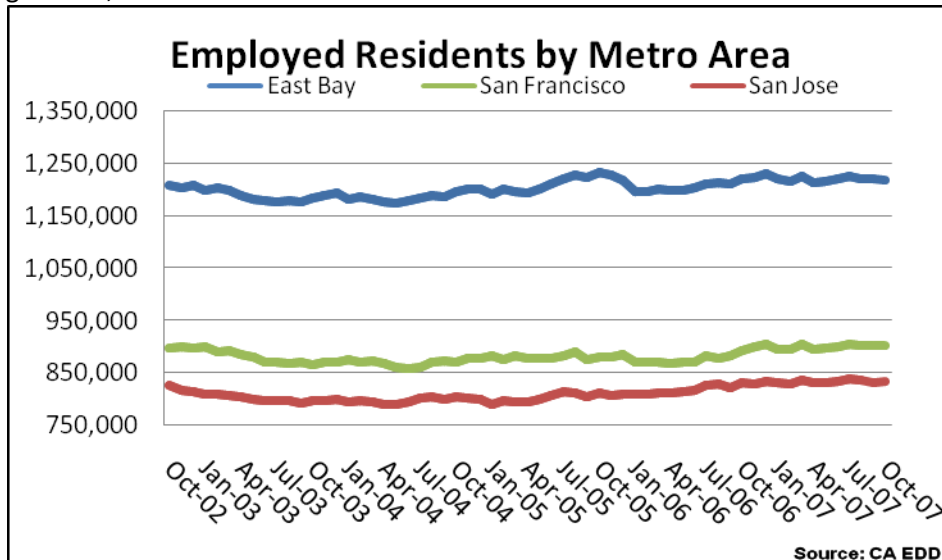
Unemployment rates in the Bay Area’s other metro areas were also saw little change from September to October 2007, decreasing slightly from 4.2 percent to 4.1 percent in San Francisco and from 5.0 to 4.9 percent in San Jose. Unemployment rates in both regions were up from October 2006 estimates, when the rate in San Francisco was 4.1 percent and in San Jose the rate was 4.9 percent.



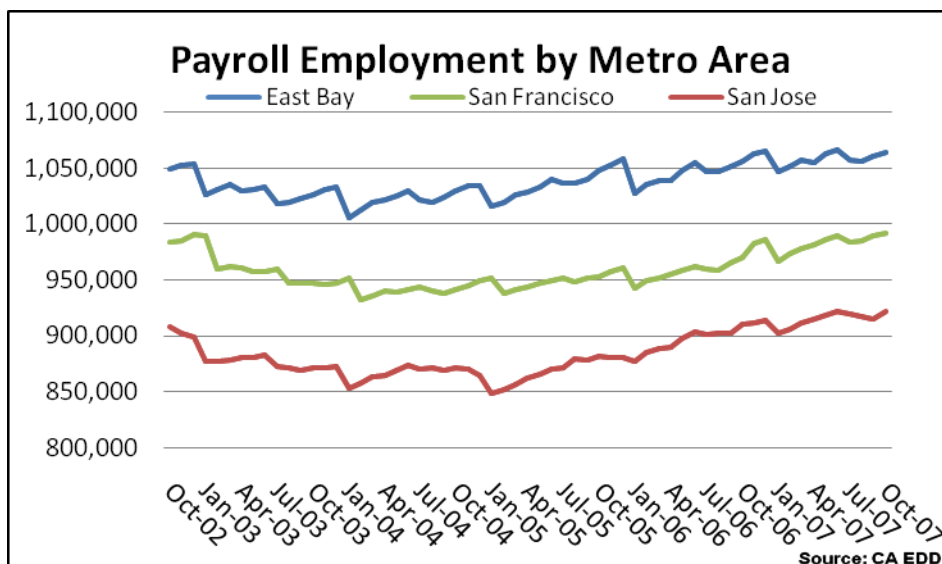
**BAY AREA LABOR FORCE** In a month-over-month comparison, the labor force (number of individuals who are currently employed or actively seeking employment) in the East Bay and San Francisco areas lost 1,100 and 1,200 respectively, while the San Jose region gained 1,100 jobs. In a year-over-year comparison, Bay Area regions continued to see substantial gains in labor force numbers. A comparison of October 2007 with October 2006 showed the East Bay with 9,400 more workers, San Francisco gaining 14,500, and San Jose with 8,800 more workers.



**BAY AREA EMPLOYED RESIDENTS** Between September and October 2007, the number of employed residents (employed persons who reside within the specified region) decreased 700 in the East Bay and 400 in San Francisco, while San Jose saw an increase of 1,600. An annual comparison showed the East Bay losing 2,100, while San Francisco gained 8,400 and San Jose gained 1,600.



**BAY AREA PAYROLL EMPLOYMENT** Between September and October 2007, payrolls grew in all three regions. During this period, the East Bay gained 3,900 payroll jobs (number of jobs located in the specified region, not including those who are self-employed), San Francisco gained 2,600 and San Jose 6,900. Payroll employment was also higher when compared with October 2006, with the East Bay adding 8,400 new jobs, San Francisco adding 21,600 and San Jose adding 11,200. 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 September 2007 and October 2007, the number of jobs in the East Bay increased by 3,900 to total 1,064,300.

- Government added a larger-than-average seasonal increase of 4,200 jobs. Local and state public schools (up 4,100 jobs) accounted for the bulk of the expansion.
- Educational and health services expanded by 1,200 jobs seasonally, mostly at private schools (up 700 jobs).
- Leisure and hospitality posted a smaller-than-average seasonal decrease of 800 jobs. Arts, entertainment, and recreation (down 500 jobs) accounted for the bulk of the losses.
- Financial activities lost 500 jobs, while construction seasonally decreased by 400 jobs.

## ANNUAL COMPARISON

Between October 2006 and October 2007, industry employment in the East Bay added 8,400 jobs, or 0.8 percent.

- Construction showed the largest year-over job change of any major industry – a cutback of 7,200 jobs, largely in specialty trade contractors (down 4,600 jobs).
- Government reported the 16th consecutive month of year-over job gains by adding 5,000 jobs, largely in local public schools (up 4,000 jobs).
- Educational and health services grew by 4,400 jobs, predominantly in health care (up 2,000 jobs).
- Professional and business services netted 3,500 jobs, while leisure and hospitality increased by 2,200 jobs.

East Bay Primary Industry Sectors	October 2007	1 Month Change	12 Month Change	24 Month Change
<b>Government</b>	190,100	4,200	<b>5,000</b>	8900
<b>Educational and Health Services</b>	128,100	1,200	<b>4,400</b>	8000
<b>Professional &amp; Business Services</b>	159,600	0	<b>3,500</b>	7500
<b>Leisure and Hospitality</b>	88,700	-800	<b>2,200</b>	4700
<b>Retail Trade</b>	112,400	400	<b>1,300</b>	400
<b>Manufacturing</b>	98,300	0	<b>1,100</b>	3000
<b>Trans, Warehousing &amp; Utilities</b>	35,200	-100	<b>600</b>	1300
<b>Wholesale Trade</b>	49,000	0	<b>100</b>	500
<b>Other Services</b>	36,300	-200	<b>100</b>	600
<b>Information</b>	28,400	0	<b>-500</b>	-1800
<b>Financial Activities</b>	66,400	-500	<b>-2,300</b>	-2900
<b>Construction</b>	69,200	-400	<b>-7,200</b>	-6500

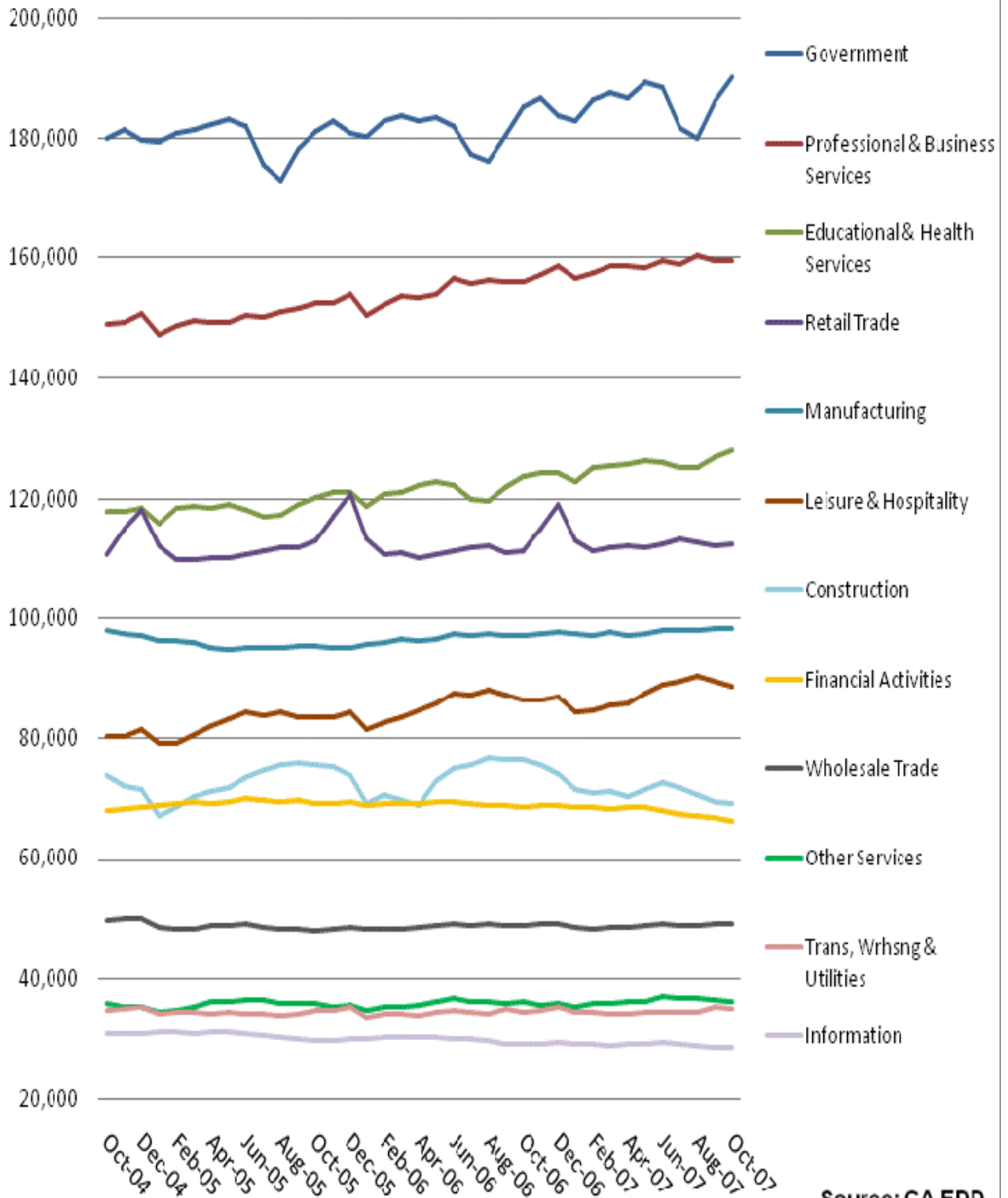
**Source: CA EDD**

## EAST BAY MANUFACTURING PAYROLL EMPLOYMENT

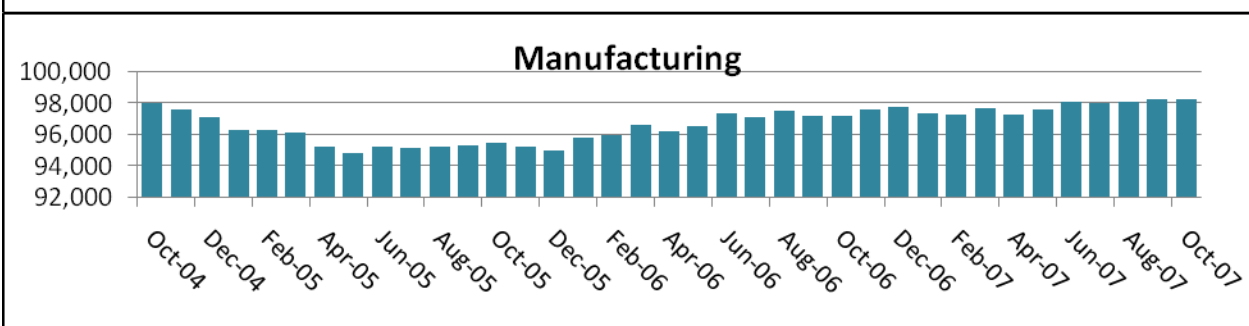
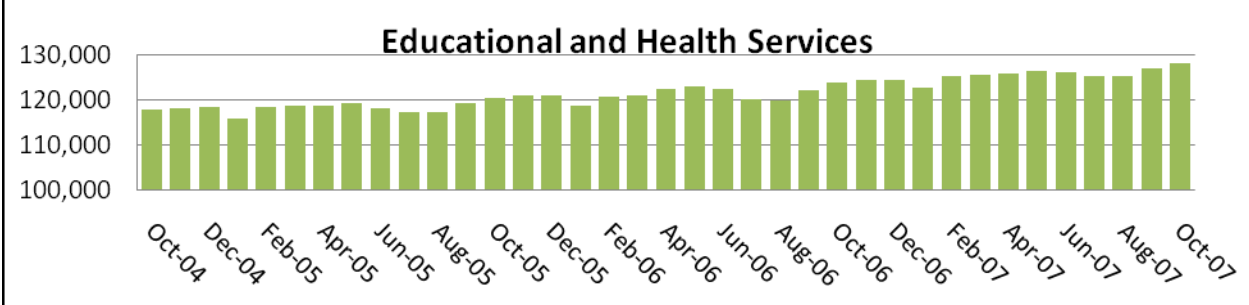
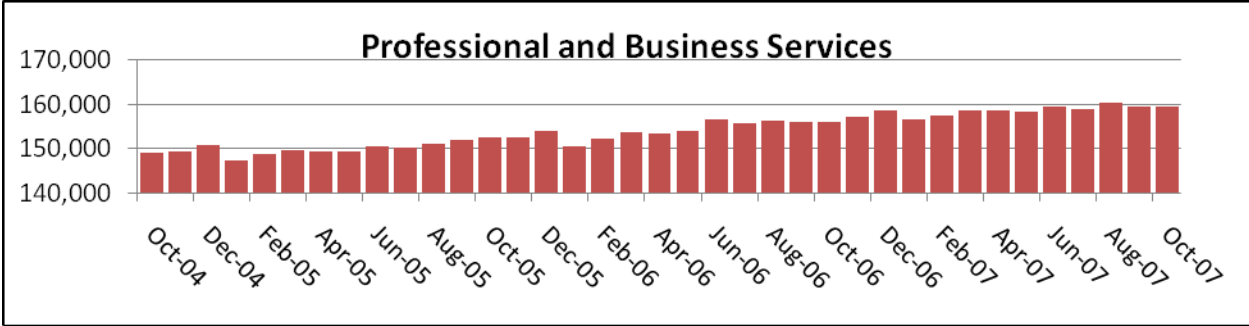
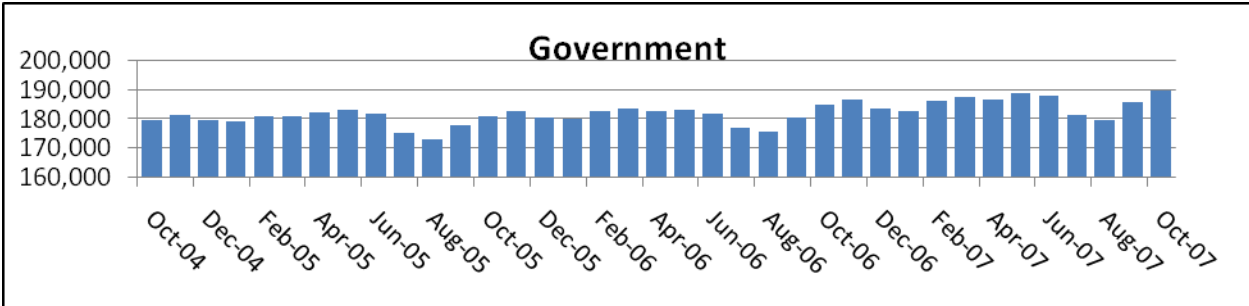
The East Bay's manufacturing sector was unchanged between September and October 2007. A year-over-year comparison showed an overall improvement of 1,100 jobs when compared with October 2006, with Residual-Miscellaneous manufacturing gaining 700 jobs during the period.

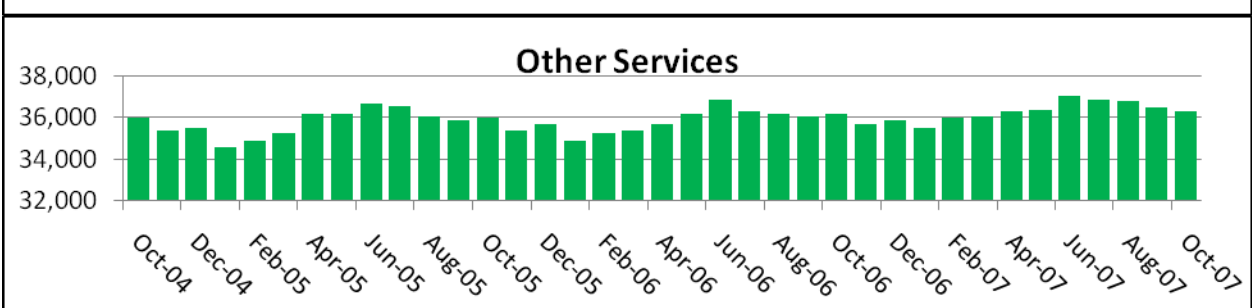
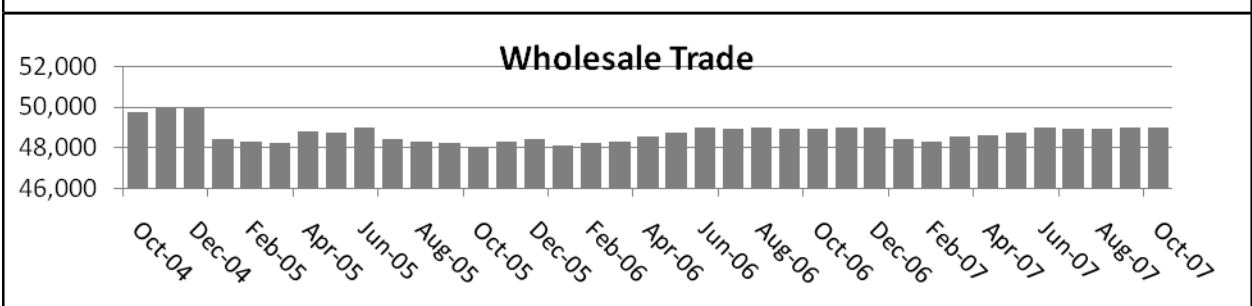
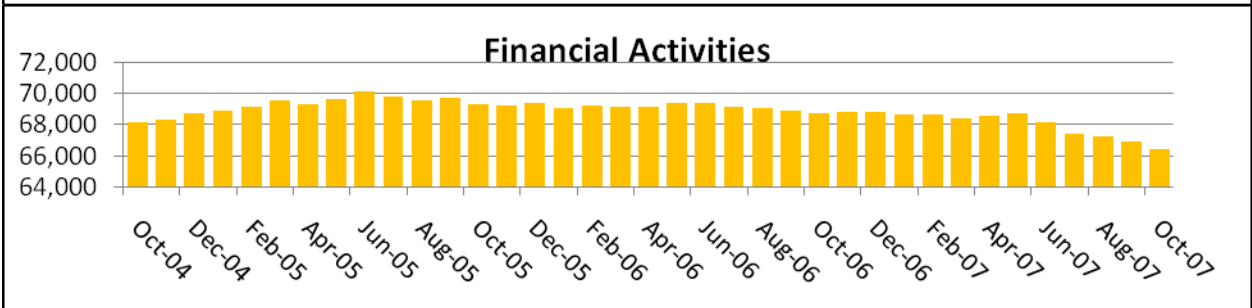
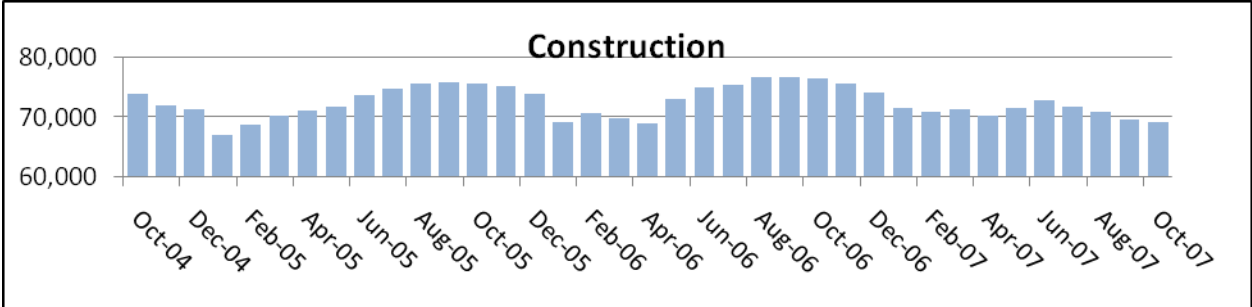
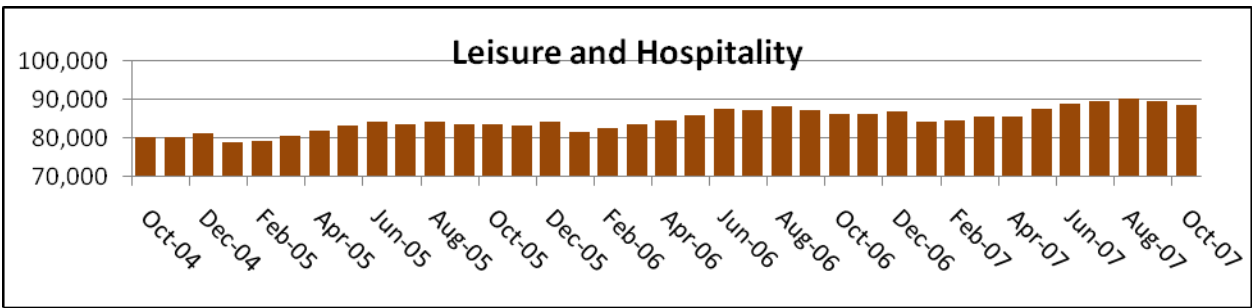
<b>East Bay Manufacturing Sector</b>	<b>10/2007 Employment</b>	<b>1 Month Change</b>	<b>12 Month Change</b>	<b>24 Month Change</b>
<b>Residual-Miscellaneous Manufacturing</b>	34,300	100	<b>700</b>	2,800
<b>Computer and Electronic Product Manufacturing</b>	21,700	0	<b>500</b>	500
<b>Petroleum and Coal Products Manufacturing</b>	7,500	0	<b>500</b>	900
<b>Transportation Equipment Manufacturing</b>	7,800	0	<b>0</b>	-200
<b>Chemical Manufacturing</b>	6,900	0	<b>-200</b>	-100
<b>Residual-Food Manufacturing</b>	20,100	-100	<b>-400</b>	-900
<b><i>Total Manufacturing</i></b>	98,300	0	<b>1,100</b>	3,000
			<b>Source: CA EDD</b>	

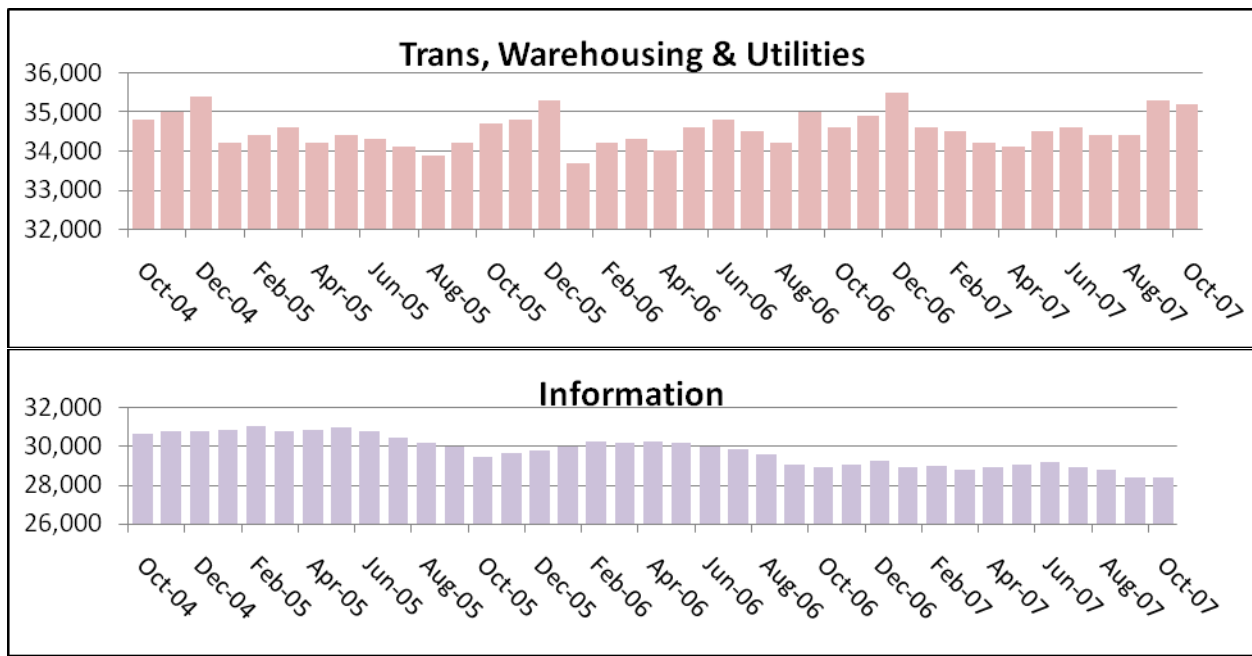
### East Bay Payroll Employment by Sector (Not Seasonally Adjusted)



Source: CA EDD







## BAY AREA HOME SALES

According to DataQuick Information Systems, Bay Area home sales remained at their lowest level in decades last month, the result of mortgage market turbulence and hesitant buyers.

Prices continued to hold up best in core markets, while declines steepened in some inland areas.

A total of 5,486 new and resale houses and condos were sold in the nine-county Bay Area in October. That was up 9.4 percent from 5,014 in September, and down 35.7 percent from 8,532 for October 2006.

In the East Bay the number of homes sold showed an annual percent decrease of 33.70 percent in Alameda County and a decrease of 42.40 percent in Contra Costa County.

Sales have decreased on a year-over-year basis the last 33 months.

According to DataQuick records, until last month, the slowest October was in 1990 when 6,443 homes were sold.

The strongest October was in 2003 when sales totaled 13,392. The average for the month of October is 8,930.

The median price paid for a Bay Area home was \$631,000 last month, up 1.0 percent from \$625,000 in September, and up 2.4 percent from \$616,000 for October last year. The median peaked at \$665,000 last June and July.

All Homes by County	Number Sold October 2007	Sales Annual Pct. Chg	Median October 2007	Median Annual Pct. Chg
Alameda	1,098	-33.70%	\$570,000	-3.00%
Contra Costa	1,011	-42.40%	\$530,500	-1.80%
Marin	216	-28.70%	\$875,000	5.50%
Napa	71	-53.90%	\$548,750	0.20%
San Francisco	1,381	-35.00%	\$683,750	1.50%
San Mateo	526	-8.20%	\$795,000	3.90%
Santa Clara	512	-28.80%	\$775,000	2.60%
Solano	309	-51.40%	\$391,750	-15.60%
Sonoma	362	-40.90%	\$473,000	-9.00%
Bay Area	5,486	-35.70%	\$631,000	2.40%

Source: Data Quick Information Systems

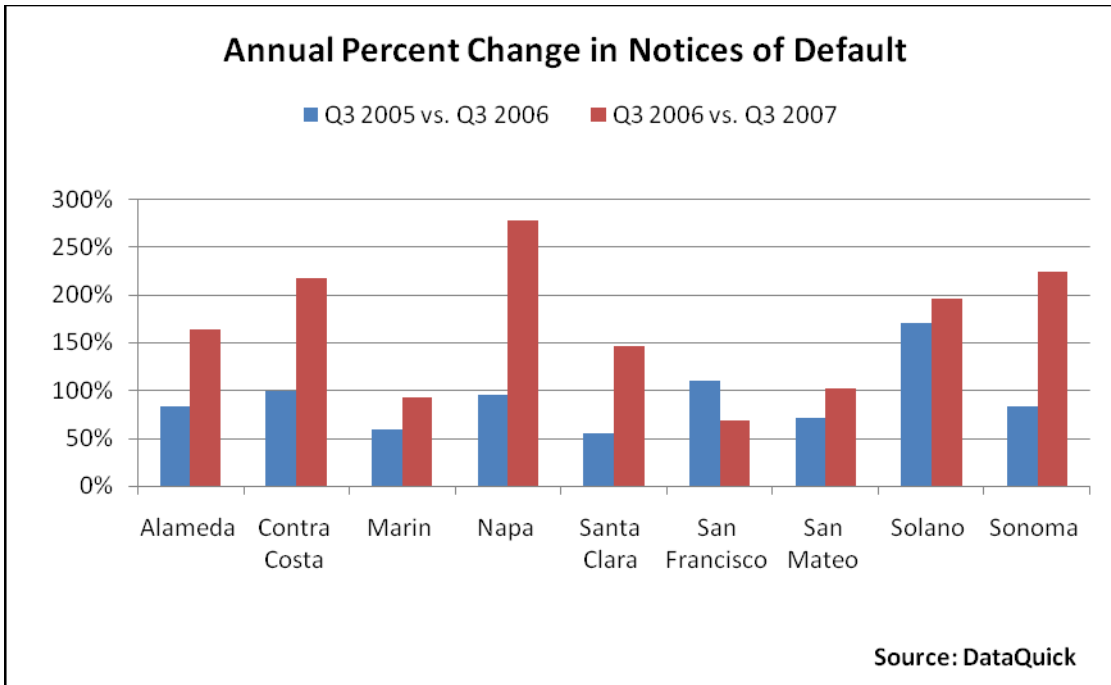
## EAST BAY HOME SALES

In October 2007 the median home sale price in Alameda County was \$580,000 – a 1.69 percent, or \$10,000, decrease compared with October 2006. In Contra Costa County the median home sale price was \$531,500 in October 2007 - a 3.36 percent, or \$18,500, decrease compared to October 2006.

County/City/Area	# Sold	October 2007	October 2006	% Change Yr-To-Yr
<b>Alameda County</b>	741	\$580,000	\$590,000	-1.69%
Alameda	43	\$715,000	\$682,000	4.84%
Albany	8	\$522,500	\$580,000	-9.91%
Berkeley	51	\$628,000	\$646,000	-2.79%
Castro Valley	27	\$600,000	\$607,500	-1.23%
Dublin	33	\$585,000	\$675,000	-13.33%
Emeryville	26	\$409,000	\$422,500	-3.20%
Fremont	113	\$640,000	\$632,000	1.27%
Hayward	56	\$420,500	\$550,000	-23.55%
Livermore	57	\$604,500	\$600,000	0.75%
Newark	19	\$635,000	\$615,000	3.25%
Oakland	177	\$534,500	\$530,000	0.85%
Pleasanton	45	\$800,000	\$775,000	3.23%
San Leandro	45	\$430,000	\$560,500	-23.28%
San Lorenzo	12	\$444,000	\$544,000	-18.38%
Union City	29	\$639,500	\$658,000	-2.81%
<b>Contra Costa County</b>	816	\$531,500	\$550,000	-3.36%
Alamo	9	\$1,260,000	\$1,425,000	-11.58%
Antioch	63	\$382,000	\$511,250	-25.28%
Brentwood	72	\$540,000	\$650,750	-17.02%
Byron	7	\$508,500	\$570,000	-10.79%
Clayton	10	\$606,500	\$675,000	-10.15%
Concord	62	\$431,000	\$499,000	-13.63%
Crocket	4	\$315,000	\$370,000	-14.86%
Danville	64	\$1,017,500	\$970,000	4.90%
El Cerrito	17	\$635,000	\$616,500	3.00%
El Sobrante	14	\$400,000	\$530,000	-24.53%
Hercules	26	\$413,500	\$633,750	-34.75%
Lafayette	19	\$1,000,000	\$940,000	6.38%
Martinez	24	\$443,750	\$565,000	-21.46%
Moraga	24	\$880,000	\$970,000	-9.28%
Oakley	38	\$410,000	\$506,750	-19.09%
Orinda	18	\$1,300,000	\$1,019,000	27.58%
Pinole	8	\$435,500	\$554,500	-21.46%
Pittsburg	41	\$350,000	\$460,000	-23.91%
Pleasant Hill	20	\$588,500	\$622,000	-5.39%
Richmond	65	\$390,000	\$445,000	-12.36%
Rodeo	6	\$415,000	\$510,000	-18.63%
San Pablo	27	\$415,000	\$502,000	-17.33%
San Ramon	110	\$835,000	\$730,000	14.38%
Walnut Creek	62	\$535,000	\$712,000	-24.86%
				<b>Source: DataQuick</b>

The typical monthly mortgage payment that Bay Area buyers committed themselves to paying was \$3,000 last month, up from \$2,974 the previous month, and up from \$2,911 a year ago. Adjusted for inflation, current payments are 15.4 percent above typical payments in the spring of 1989, the peak of the prior real estate cycle. They are 9.1 percent below the current cycle's peak in June last year.

## BAY AREA NOTICES OF DEFAULT, FORECLOSURES & AFFORDABILITY



### NOTICES OF DEFAULT

According to DataQuick, most of the loans that went into default last quarter originated between July 2005 and September 2006. On a loan-by-loan basis, mortgages were least likely to go into default in San Francisco, Marin and San Mateo counties. The likelihood was highest in Merced, San Joaquin and Riverside counties.

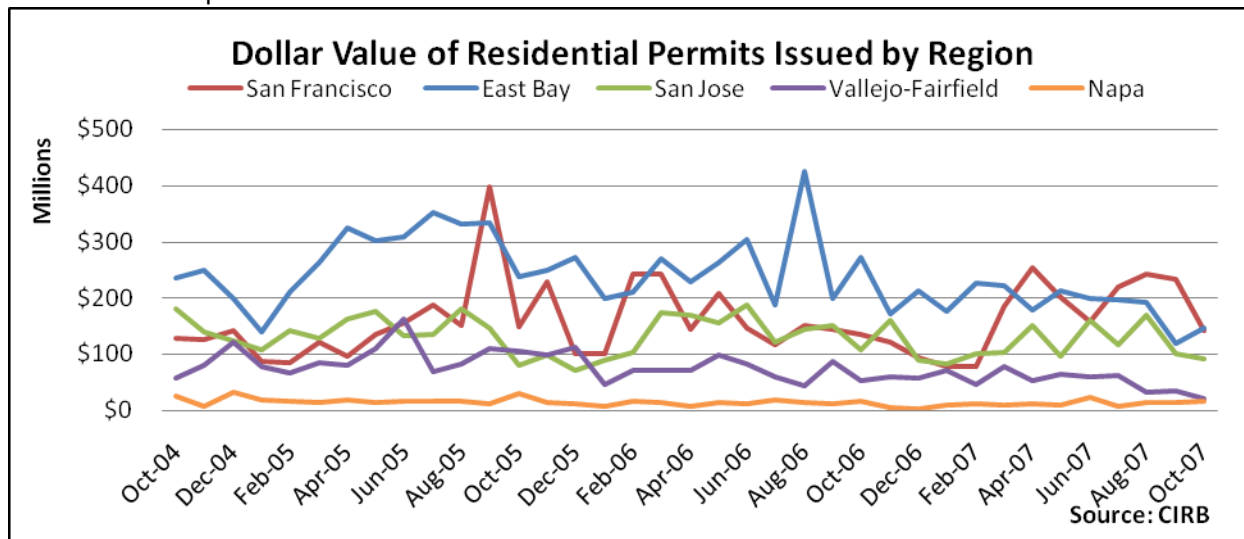
In the Bay Area, largest percentage increase in Notices of Default was in Napa County, where 279 percent more notices were filed in the third quarter of 2007 than in the third quarter of 2006. San Francisco County saw a decrease in the number of notices filed during this period. In the East Bay, Contra Costa County was the hardest hit, with a 218 percent jump since the third quarter of 2006. Notices of default were up 165 percent over the third quarter of 2006 in Alameda County.

### AFFORDABILITY

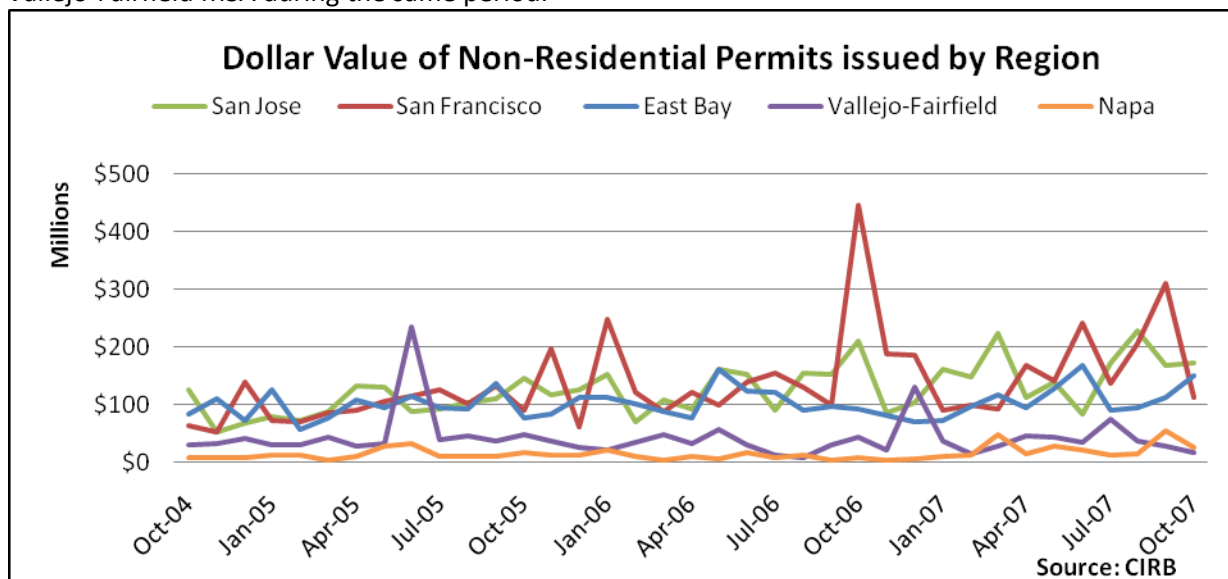
According to numbers released by the California Association of Realty, the number of residents able to afford a median-priced home throughout most of the Bay Area continued to remain below 25 percent. In Alameda County, 23 percent of residents were able to afford a median-priced home, unchanged from the third quarter of 2006. In Contra Costa County, only 16 percent of residents were able to afford a median-priced home, down one percentage point when compared with the third quarter of 2006.

## 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 October 2004 provide a quick, comparative view of activity. Data follows in subsequent tables.



Between September and October 2007, the dollar value of residential construction permits increased \$28 million in the East Bay, and \$2 million in the Napa MSA. Permit values decreased \$90 million in the San Francisco MSA, \$10 million in the San Jose MSA and \$13 million in the Vallejo-Fairfield MSA during the same period.



The value of non-residential construction permits issued in the East Bay increased \$38 million and \$5 million in the San Jose MSA between September and October 2007, while permits in the San Francisco, Vallejo-Fairfield and Napa MSAs declined.

## 12-Month Analysis of Construction Permits

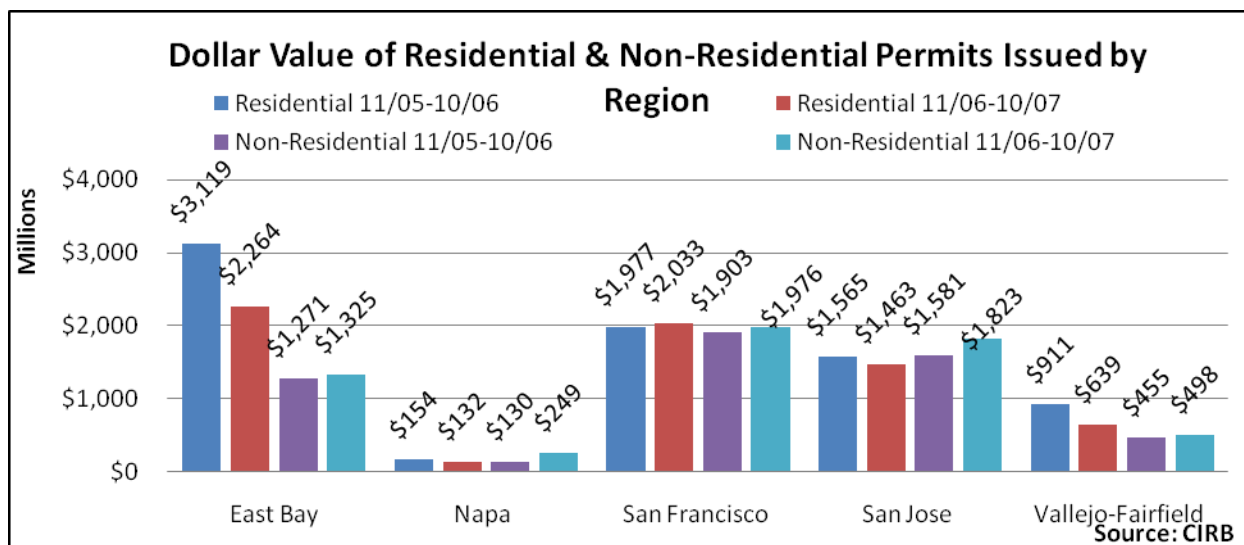
The following tables and graphs compare the twelve-month periods of November 2005 – October 2006 and November 2006 – October 2007. This method provides a year-over-year comparison and can be less volatile than the month-over-month comparison in the previous section, which is used to show a historic overview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

Region	Change in Total Value of Construction Permits 11/05-10/06 vs. 11/06-10/07	Percent Change
East Bay	-\$800,943,294	-18.2%
Napa	\$97,080,345	34.2%
San Francisco	\$130,220,996	3.4%
San Jose	\$140,462,270	4.5%
Vallejo-Fairfield	-\$228,629,870	-16.7%

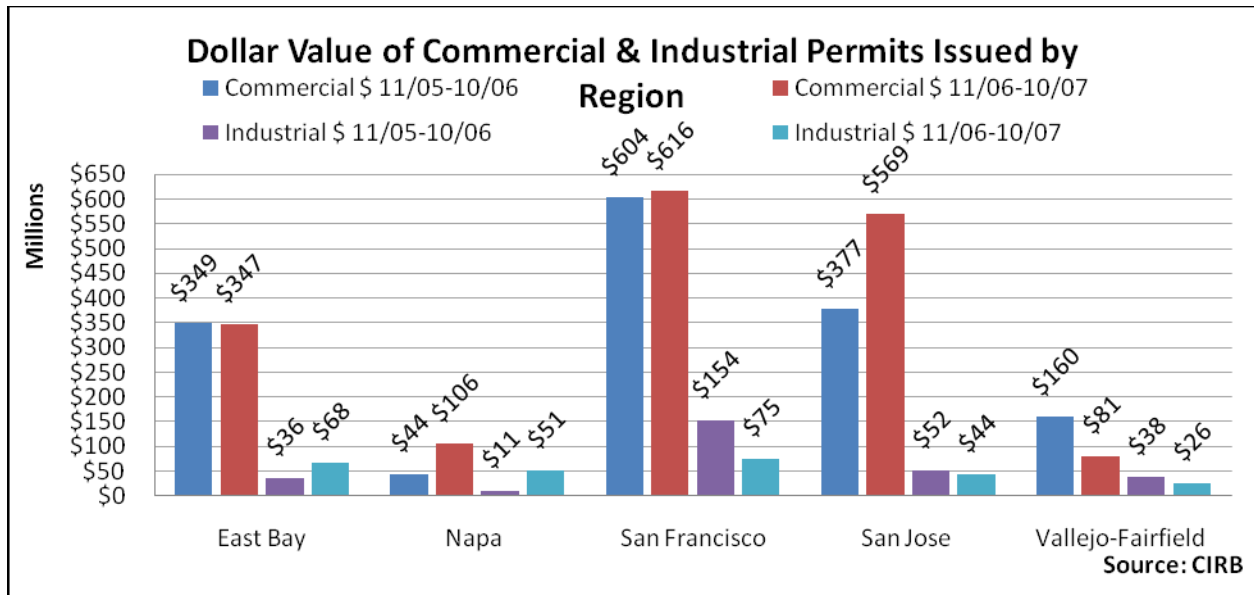
In a comparison of these two twelve-month periods, the East Bay showed the largest percentage decrease in construction permit values, dropping 18.2 percent from the previous period. The Napa MSA was the only region to see an increase in the double-digits, with 34.2 percent growth over the previous period.

## Residential & Non-Residential Permits

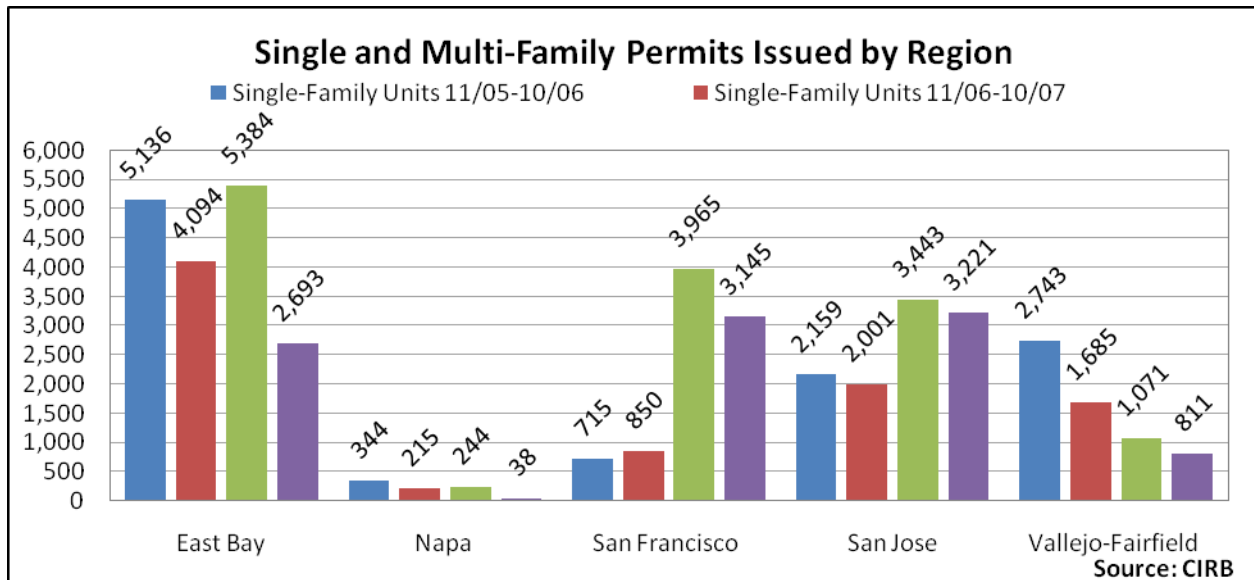
When comparing the two previous twelve-month periods of November 2005 – October 2006 and November 2006 - October 2007, the San Francisco region was the only MSA to see an increase in the dollar value of residential permits issued. The steepest declines in this comparison of residential permit values 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 largest increase in the San Jose region.



**NON-RESIDENTIAL PERMITS** In a comparison of commercial and industrial construction permits issued during the same two twelve-month periods, the Napa and San Jose regions saw large increases in commercial permit values, increasing \$62 and \$192 million, respectively. The East Bay and San Francisco regions saw little change, while commercial permit values in Vallejo-Fairfield declined. Industrial permit values jumped \$40 million in the Napa region, and decreased over \$75 million in San Francisco, while the Vallejo-Fairfield, East Bay and San Jose regions saw moderate change during the period.



**SINGLE AND MULTI-FAMILY PERMITS** When comparing the same two twelve-month periods, the increase of only 85 single-family residential construction permits that took place in the San Francisco region during this time period was the only increase in housing permits. Both single and multi-family residential construction have slowed throughout a majority of Bay Area regions.



## EAST BAY CONSTRUCTION

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

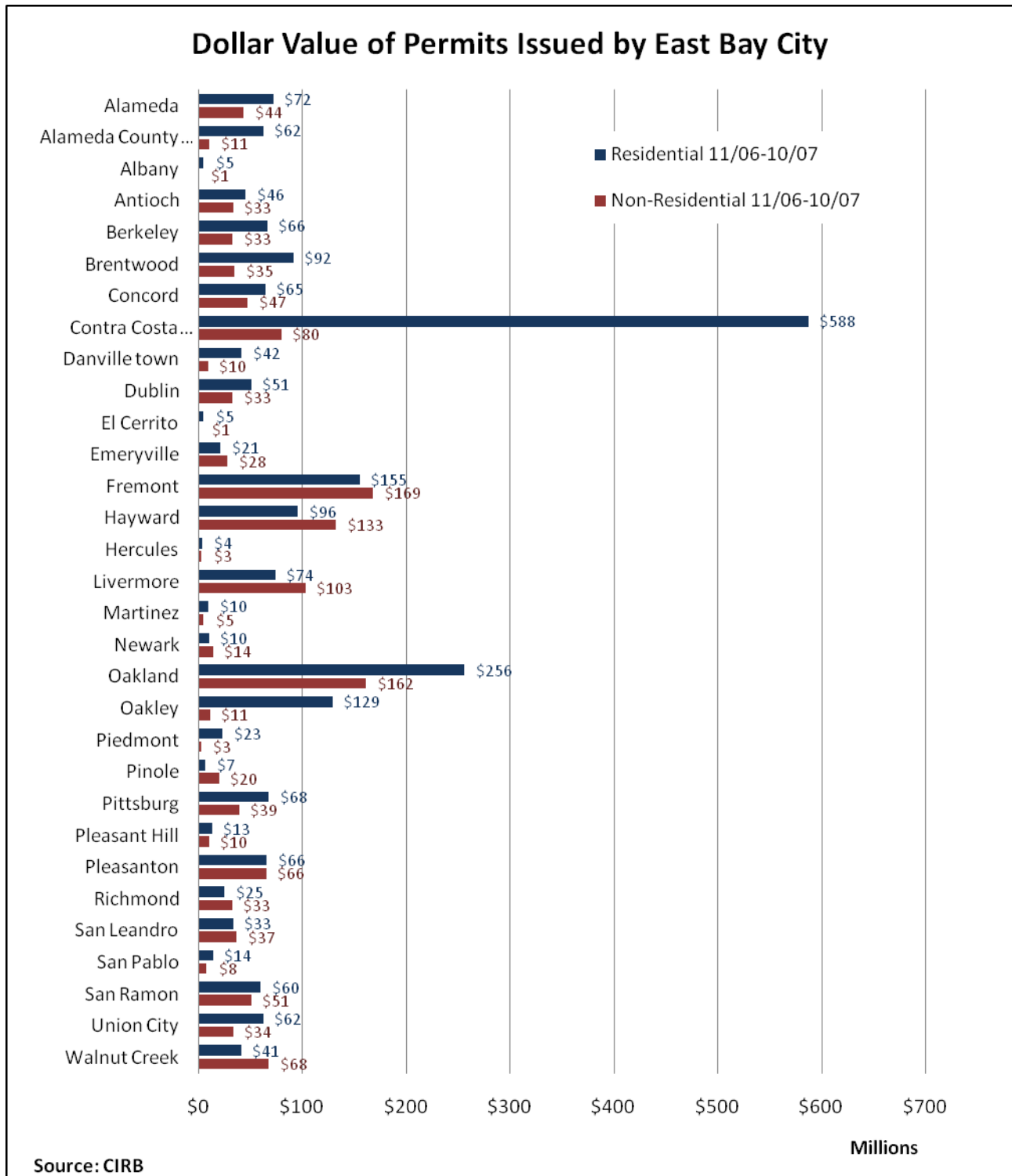
When compared with the twelve-month period ending in 2006, Alameda County saw a considerable increase in industrial permit values, while residential, non-residential and commercial permit values saw slight to moderate decreases. In the same comparison, Contra Costa County residential and industrial permit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

Construction Permit Values	Nov 2005 – Oct 2006	Nov 2006 – Oct 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%
			<b>Source: CIRB</b>	

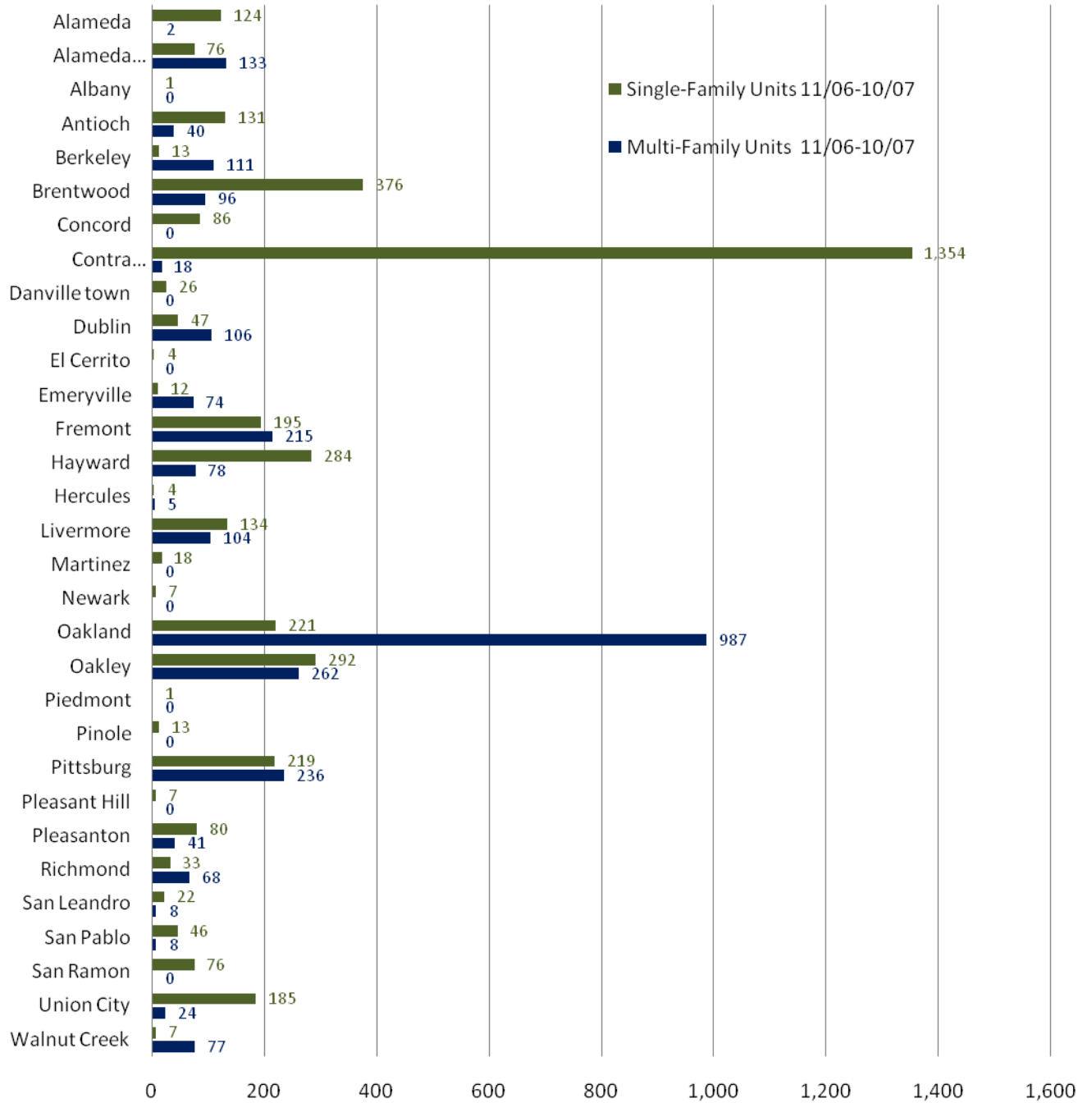
The slowing of the housing market was visible in the declines in both single and multi-family construction permits issued over the past twelve months. When compared with the previous twelve-month period, multi-family unit permits decreased significantly in Alameda County, while single-family permits saw large declines in Contra Costa County.

Housing Unit Permit Comparison	Nov 2005- Oct 2006	Nov 2006- Oct 2007	Change	% Change
ALCO Single-Family Units	1,531	1,507	-24	-1.6%
CCC Single-Family Units	4,170	2,800	-1370	-32.9%
ALCO Multi-Family Units	4,084	2,238	-1846	-45.2%
CCC Multi-Family Units	1,043	1,009	-34	-3.3%
			<b>Source: CIRB</b>	

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 October 2007.



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



Source: CIRB