



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 or call (510) 272-6843.

SNAPSHOT: THE EAST BAY IN JULY 2008

- ***Unemployment increased, rising to 6.7 percent from 6.2 in June***
- ***Professional & business services lost 300 jobs between June and July, far below the typical seasonal increase of 500 jobs***
- ***Increased inventory and falling prices helped sales in Contra Costa County post annual increases for the first time in over a year***
- ***Commercial construction permit values increased 30 percent annually in Alameda County***
- ***The Port of Oakland posted a year-over gain in exports while imports declined***

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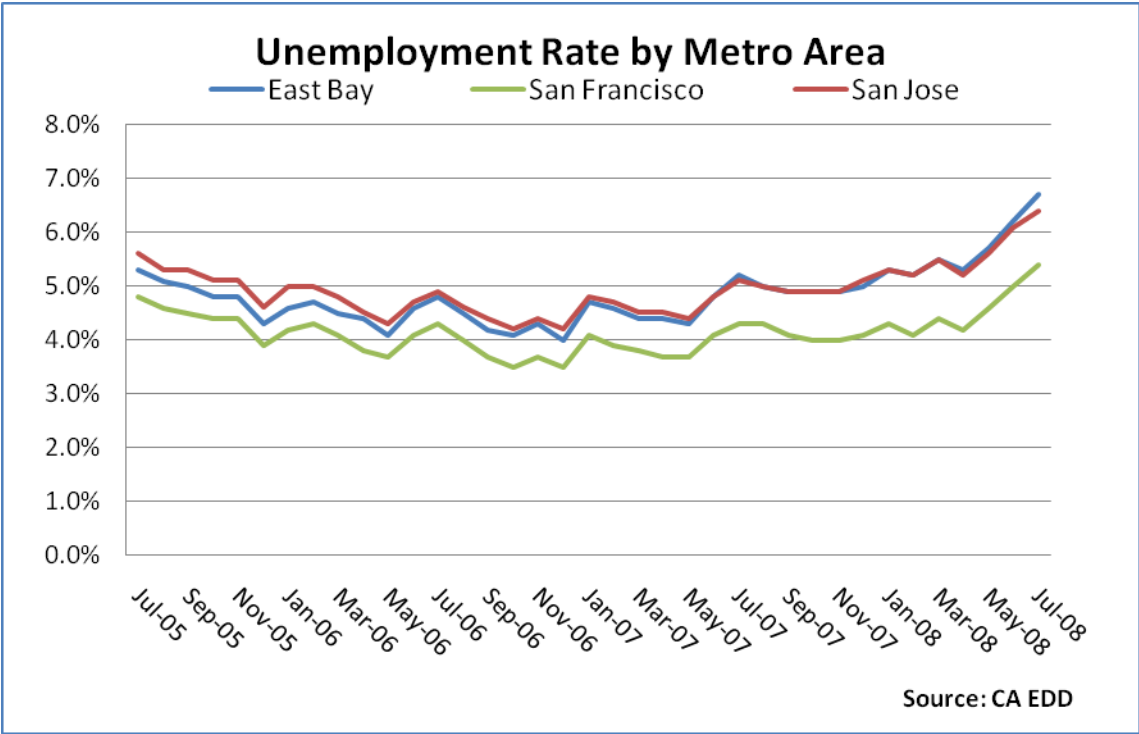
*Serving the East Bay, the **Bright** Side of the San Francisco Bay*

EMPLOYMENT

BAY AREA UNEMPLOYMENT

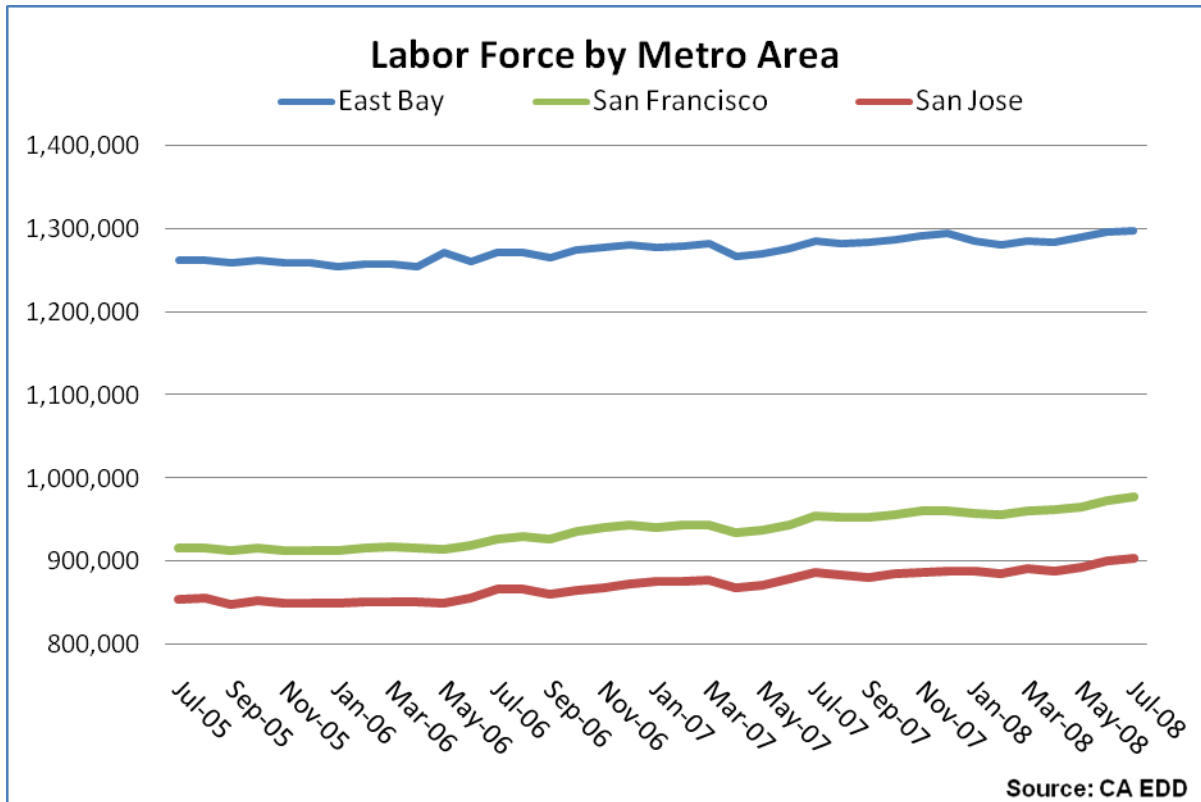
According to the California Employment Development Department, the unemployment rate in the East Bay was 6.7 percent in July 2008, up from a revised 6.2 percent in June 2008, and above the year-ago estimate of 5.2 percent. This compares with an unadjusted unemployment rate of 7.6 percent for California and 6.0 percent for the nation during the same period. The rate of 6.7 percent was the highest seen in the East Bay since August 2003.

Unemployment rates in the Bay Area’s other metro areas also increased between June and July. San Francisco’s unemployment rate rose to 5.4 percent, from 5.0 percent in June, while unemployment in San Jose climbed to 6.4 percent in July from 6.1 percent in June. In a year-over-year comparison with July 2007, unemployment was over a full percentage point higher in all three Bay Area regions.



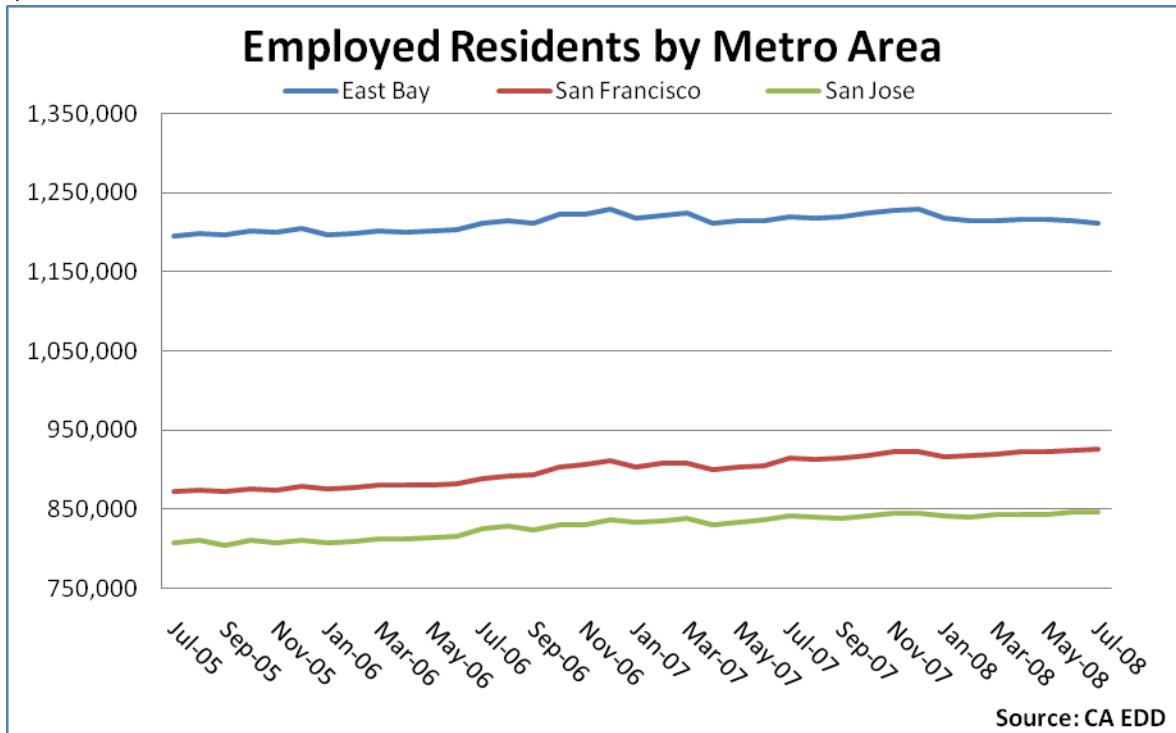
BAY AREA LABOR FORCE

In a month-over-month comparison, the East Bay’s labor force (number of individuals currently employed or actively seeking employment) increased by 1,600 workers to reach 1,289,100. San Francisco’s labor force gained 4,700 workers to reach 978,200, and in San Jose the number of workers rose 3,100 to reach 904,100. In a year-over-year comparison, Bay Area regions continued to see gains in labor force numbers. The East Bay had 11,800 more workers in July 2008 than in July 2007, San Francisco gained 22,900, and San Jose added 17,100 more workers.



BAY AREA EMPLOYED RESIDENTS

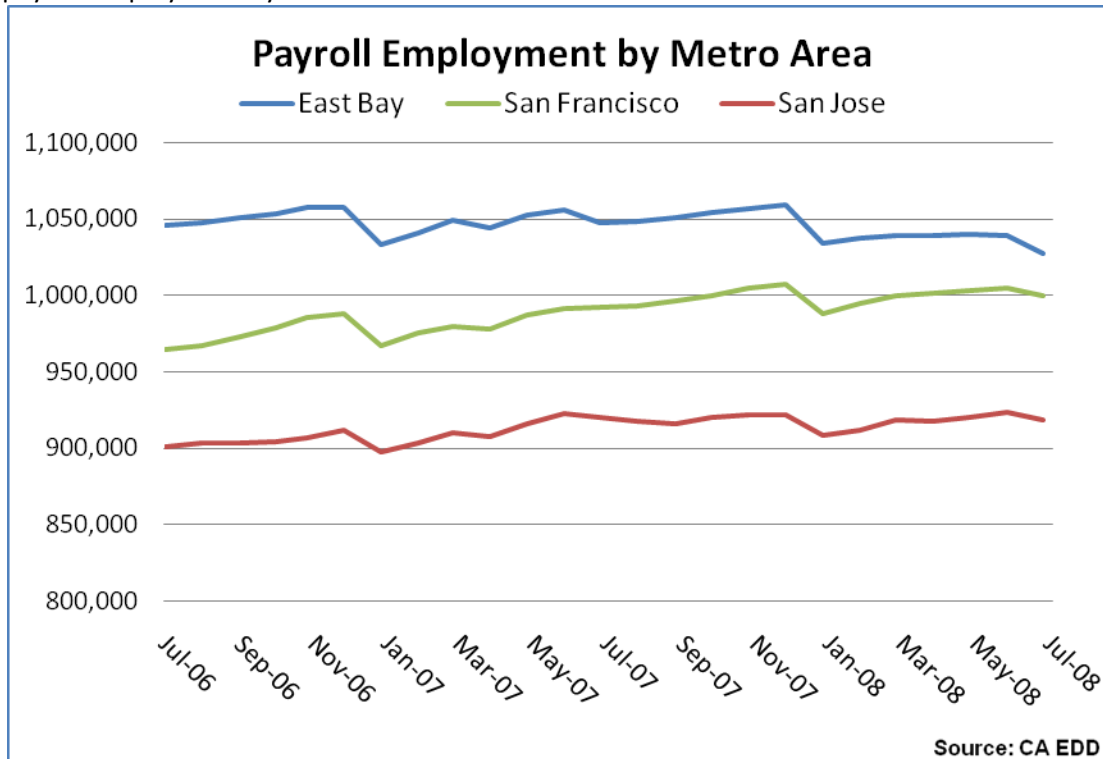
Between June and July 2008, the number of employed residents (employed persons who reside within the specified region) fell 4,500 in the East Bay, fell 400 in San Jose, and rose 400 in San Francisco. When compared with July 2007, a year-over-year comparison showed the East Bay with 8,700 fewer employed residents, while San Francisco gained 11,700 and San Jose gained 4,000.



BAY AREA PAYROLL EMPLOYMENT

Between June and July 2008, the East Bay lost 11,300 payroll jobs (number of jobs located in the specified region, not including those who are self-employed), San Francisco lost 5,400 and San

Jose lost 5,200. In a comparison with July 2007, the East Bay's payrolls shrunk by 19,500 jobs, while San Francisco gained 7,600 and San Jose lost 1,400. A detailed description of East Bay payroll employment by sector follows in the next section.



EAST BAY PAYROLL EMPLOYMENT

MONTHLY COMPARISON

According to the California Employment Development Department's monthly release, between June 2008 and July 2008 the total number of jobs in the East Bay decreased by 11,300, falling to 1,027,700.

- Government posted a typical seasonal decrease of 8,700 jobs, with local public schools reducing payrolls by 9,500 jobs.
- Private educational and health services also posted a seasonal loss of 1,000 jobs, with private schools reducing payrolls by 1,100 jobs.
- Professional and business services posted the largest deviation from its usual seasonal pattern with a decrease of 300 jobs, which is far below the industry's average 500-job increase from June to July, which has taken place over the prior 18 years. Employment services also declined during a period of seasonal growth.
- Construction added 700 jobs, slightly below its average 900-job increase from June to July over the prior 18 years.

ANNUAL COMPARISON

Between July 2007 and July 2008, the total number of jobs in the East Bay decreased by 19,500 or -1.9 percent.

- Construction lost 6,500 jobs, mostly in specialty trade contractors which lost 3,300 jobs and residential building where 1,800 jobs were lost.
- Financial activities fell by 5,100 jobs, with banks, savings and loan institutions, and credit unions accounting for most of the loss with a decrease of 3,100 jobs.
- Trade, transportation, and utilities decreased by 4,500 jobs, with Retail trade (down 3,400 jobs) accounting for the majority of the loss.
- Manufacturing decreased by 1,400 jobs, while professional and business services declined by 1,300 jobs.
- On the upside, government led the year-over gains by netting 1,100 jobs.

	July-08	1 Month Change	12 Month Change	12 Month % Change	24 Month % Change
Government	182,700	-8,700	1,100	0.6%	3.2%
Educational and Health Services	124,500	-1,000	800	0.6%	3.8%
Trans, Warehousing & Utilities	35,800	-300	0	0.0%	2.0%
Information	28,500	-200	-900	-3.1%	-5.0%
Leisure and Hospitality	88,000	-700	-900	-1.0%	1.0%
Other Services	35,900	-500	-1,000	-2.7%	-1.6%
Wholesale Trade	47,500	-200	-1,100	-2.3%	-2.5%
Professional and Business Services	154,800	-300	-1,300	-0.8%	-0.8%
Manufacturing	92,000	-100	-1,400	-1.5%	-4.1%
Retail Trade	109,200	600	-3,400	-3.0%	-3.3%
Financial Activities	57,300	-600	-5,100	-8.2%	-15.1%
Construction	68,400	700	-6,500	-8.7%	-9.9%
Total, All Industries	1,027,700	-11,300	-19,500	-1.9%	-1.7%

INDUSTRY EMPLOYMENT DATA SOURCE: California Employment Development Department

EAST BAY CONSTRUCTION EMPLOYMENT

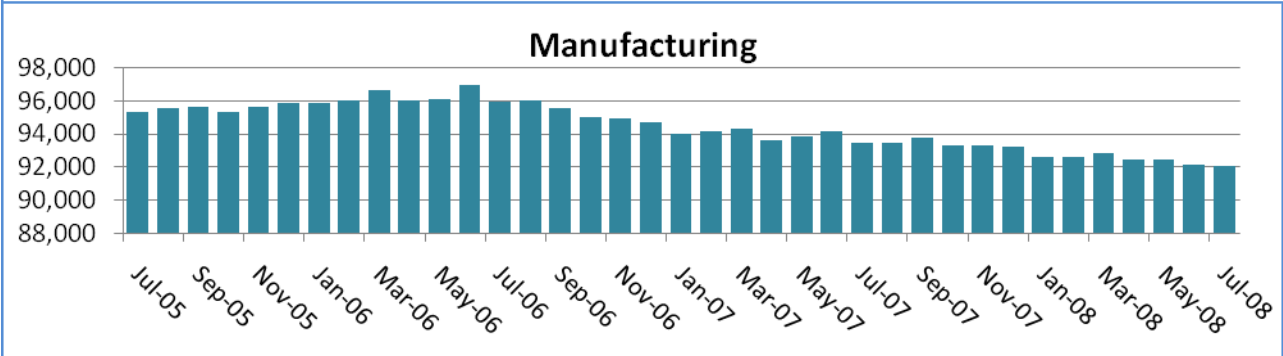
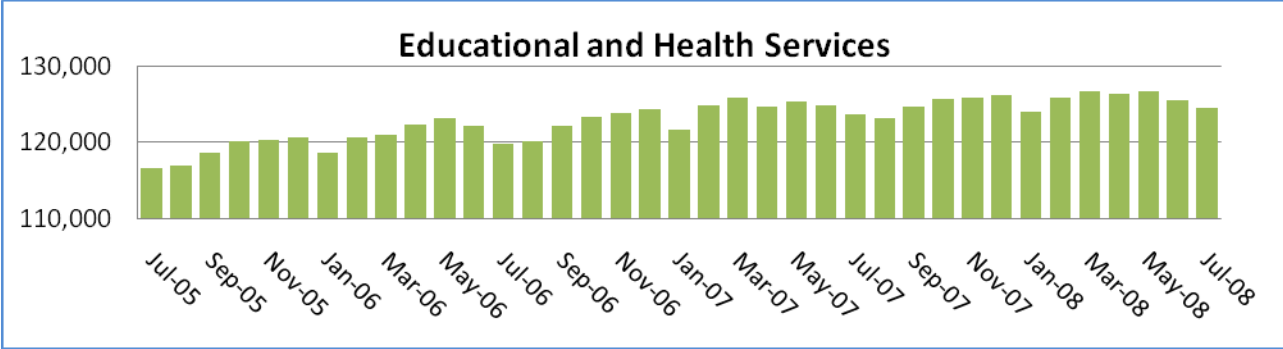
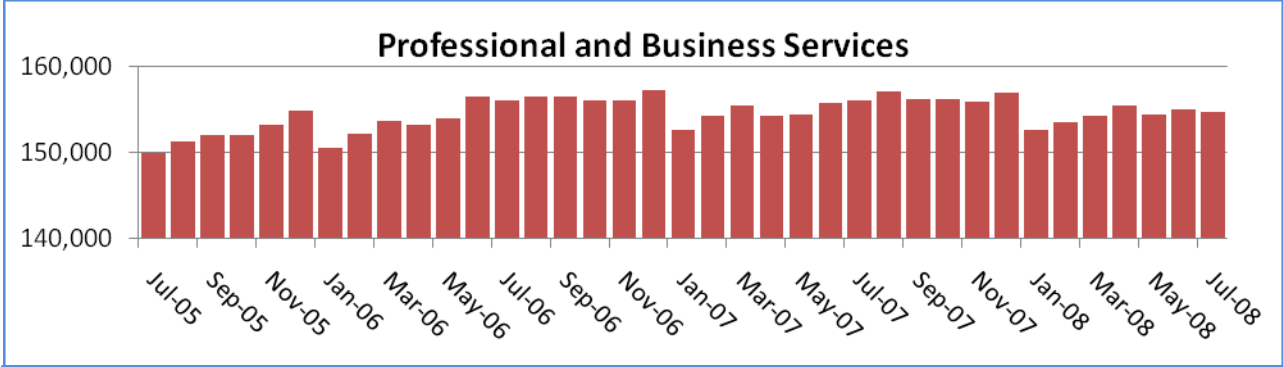
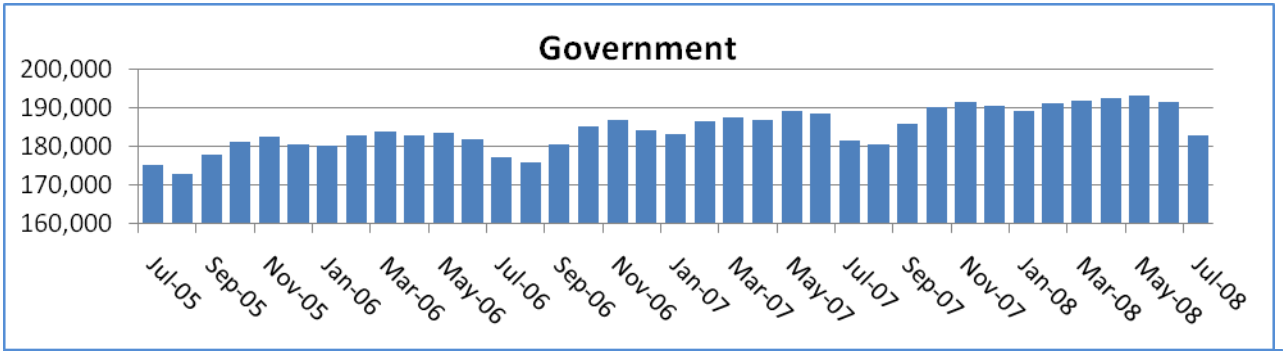
Activity in the East Bay's construction sector reflects the housing downturn continuing to affect the region and the nation at large. All but the highway, street and bridge construction sub-sector saw declines in the annual comparison.

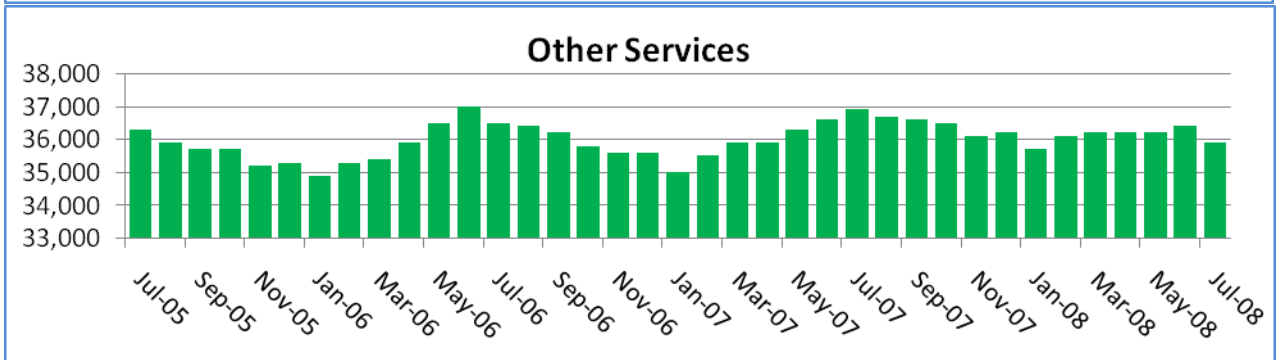
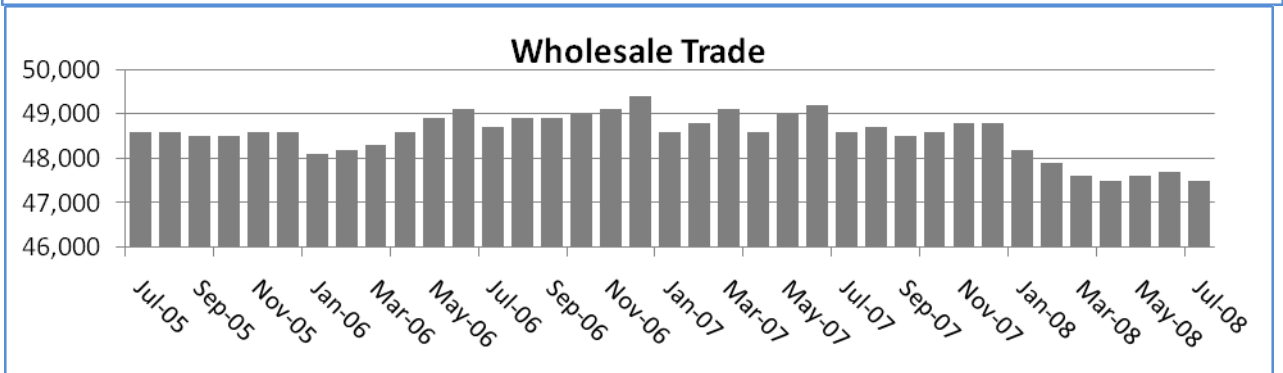
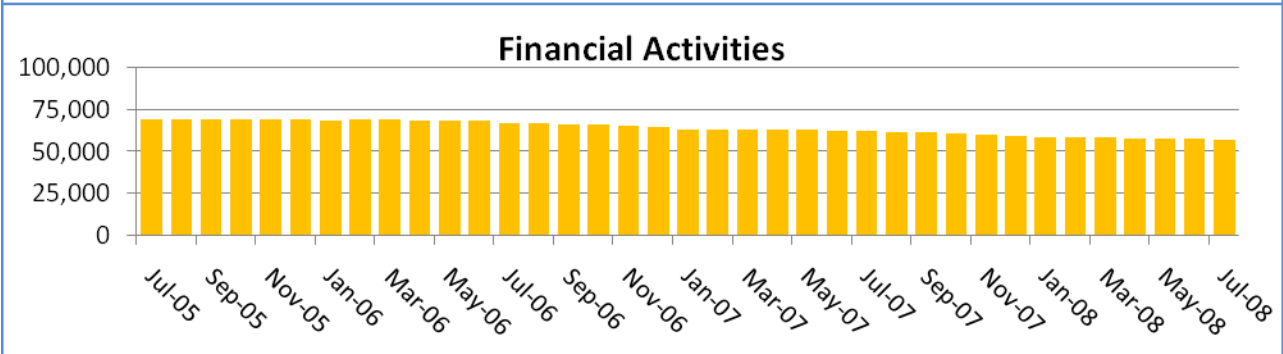
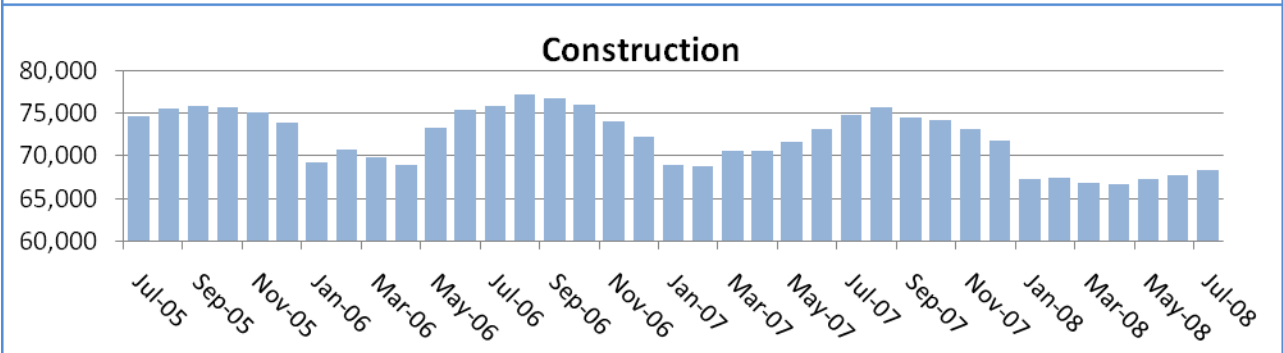
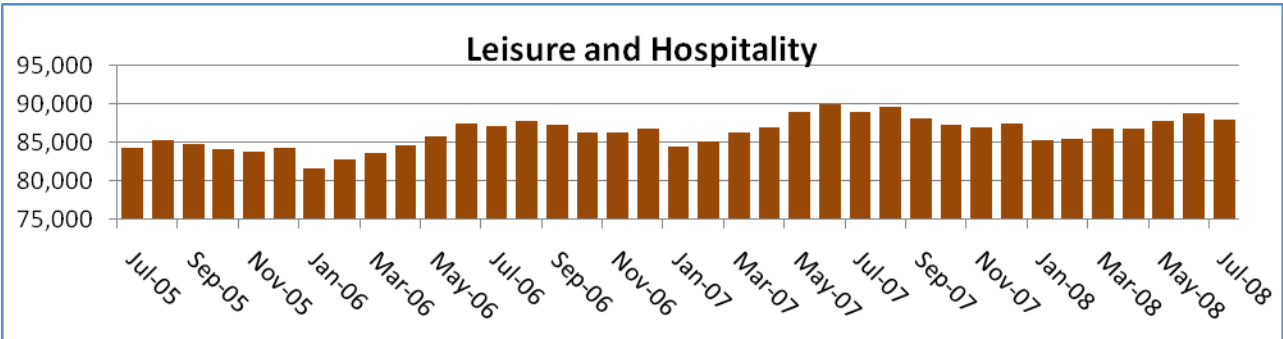
	July-08	1 Month Change	12 Month Change	12 Month % Change	24 Month Change
Highway, Street, and Bridge	3,900	200	200	5.4%	-600
Residual-Other Heavy and Civil Engineer	5,200	100	-700	-11.9%	-800
Nonresidential Building	4,800	-100	-900	-15.8%	-700
Other Specialty Trade Contract	20,100	300	-900	-4.3%	-400
Building Equipment Contractors	14,400	100	-1,000	-6.5%	0
Building Foundation and Exterior Contractors	9,400	200	-1,400	-13.0%	-2,200
Residential Building	10,600	-100	-1,800	-14.5%	-2,800
Total Construction	68,400	700	-6,500	-8.7%	-7,500

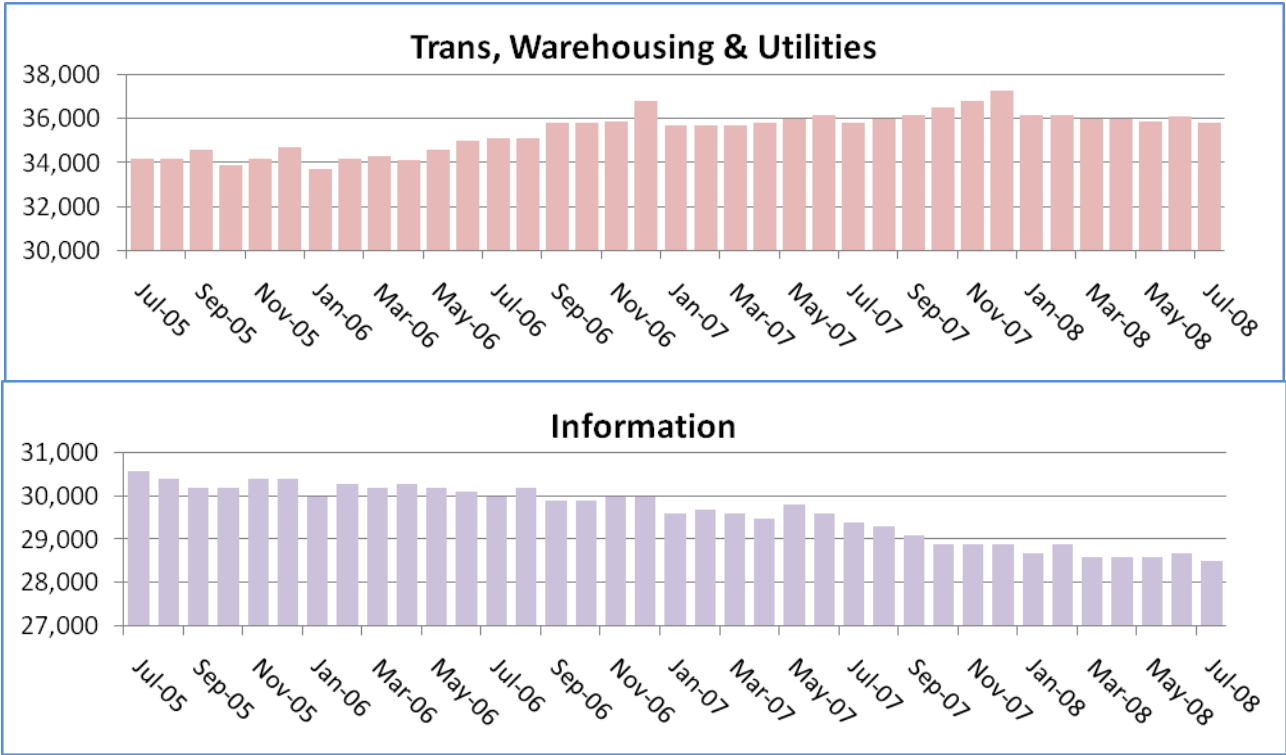
EAST BAY MANUFACTURING PAYROLL EMPLOYMENT

The East Bay's manufacturing sector showed an overall loss of 1,400 jobs when compared with July 2007, with most losses occurring in the food and residual-miscellaneous manufacturing sectors.

	July-08	1 Month Change	12 Month Change	12 Month % Change	24 Month Change
Chemical	7,400	0	400	5.7%	200
Petroleum and Coal Products	7,500	0	300	4.2%	500
Computer and Electronic Product	19,800	-100	100	0.5%	-1,500
Transportation Equipment	7,500	0	-100	-1.3%	-300
Residual-Food	19,000	0	-1,000	-5.0%	-1,500
Residual-Miscellaneous	30,800	0	-1,100	-3.4%	-1,300
Total Manufacturing	92,000	-100	-1,400	-1.5%	-3,900







BAY AREA HOME SALES

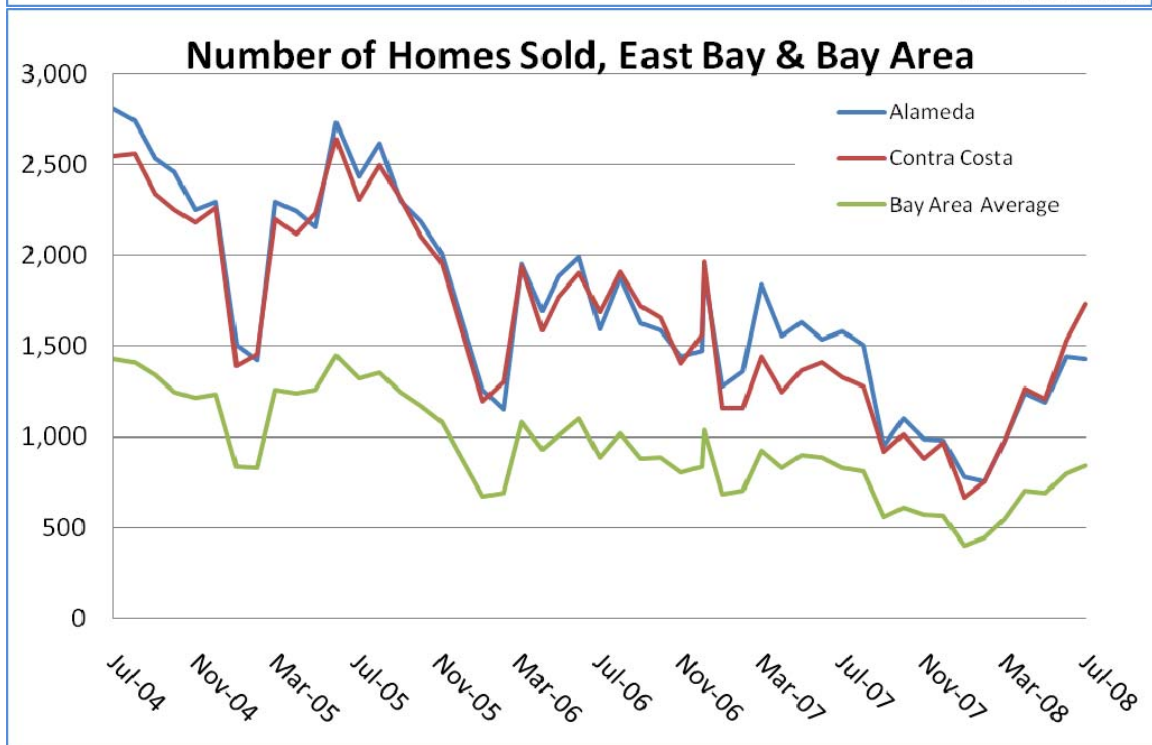
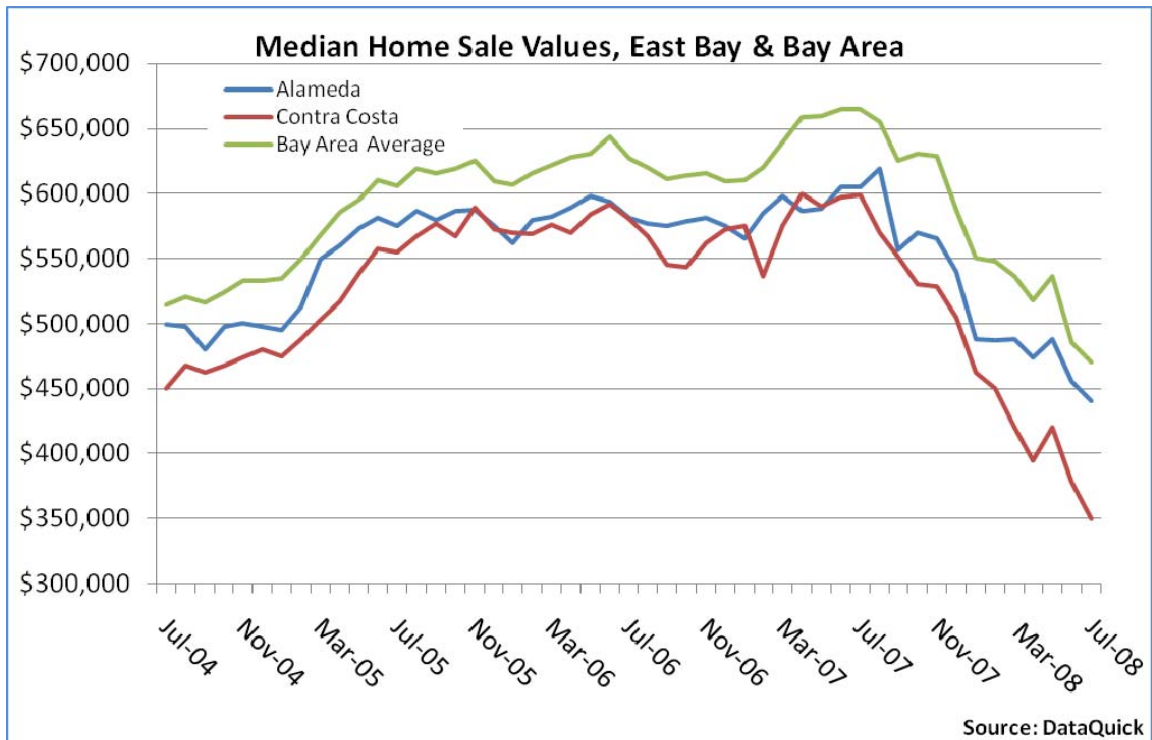
According to MDA DataQuick, a total of 7,586 new and resale houses and condos were sold throughout the Bay Area in July, a 5.7 percent increase from 7,178 in June 2008. Home sales grew 2.2 percent from (7,423) when compared with July 2007.

Home sales in the Bay Area counties most affected by foreclosures jumped in a year-over-year comparison. Sales in Contra Costa County gained 30 percent over July 2007, and sales

All Homes by County	Number Sold July 2008	Sales Annual Pct. Change	Median July 2008	Median Annual Pct. Change
Alameda	1,428	-9.40%	\$440,000	-27.30%
Contra Costa	1,730	30.30%	\$350,000	-41.60%
Marin	277	-9.50%	\$770,000	-13.20%
Napa	125	47.10%	\$440,000	-28.40%
San Francisco	609	8.00%	\$749,000	-6.30%
San Mateo	648	-11.00%	\$670,000	-16.30%
Santa Clara	1,660	-13.10%	\$585,500	-16.40%
Solano	592	45.10%	\$275,000	-33.70%
Sonoma	517	0.00%	\$362,500	-30.30%
Bay Area	7,586	2.20%	\$470,000	-29.30%

Source: Data Quick Information Systems

numbers in Solano and Napa Counties climbed 45 percent and 47 percent, respectively. These three counties saw sales numbers dip to their lowest levels in the month of January 2008, and have all subsequently seen low prices, high inventory, and distress sales driving trends in July.



All Bay Area counties continued to see year-over-year price declines in July. In the East Bay, Alameda County's median value was \$440,000, a 27.3 percent decline over July 2007. The Contra Costa County median home sale value was \$350,000, a 41.6 percent decline over July 2007. Of all nine Bay Area counties, Contra Costa had the largest annual decline in median home sale values between July 2007 and July 2008.

EAST BAY HOME SALES

In July 2008, a majority of cities in both Alameda and Contra Costa counties saw annual declines in median home values. Berkeley and Alamo were the only two cities to see modest annual increases.

City	# Sold July 2008	Median	Median July 2007	Y-o-Y
Alameda County	1,264	\$440,000	\$611,750	-28.08%
ALAMEDA	54	\$623,500	\$691,000	-9.77%
ALBANY	21	\$575,000	\$617,500	-6.88%
BERKELEY	65	\$750,000	\$693,000	8.23%
CASTRO VALLEY	44	\$492,000	\$607,500	-19.01%
DUBLIN	76	\$514,000	\$644,000	-20.19%
EMERYVILLE	29	\$270,000	\$369,000	-26.83%
FREMONT	169	\$530,000	\$689,000	-23.08%
HAYWARD	138	\$320,000	\$510,000	-37.25%
LIVERMORE	99	\$495,000	\$635,000	-22.05%
NEWARK	40	\$399,000	\$585,000	-31.79%
OAKLAND	268	\$342,500	\$560,000	-38.84%
PLEASANTON	73	\$781,500	\$815,000	-4.11%
SAN LEANDRO	99	\$360,000	\$505,000	-28.71%
SAN LORENZO	27	\$340,000	\$529,000	-35.73%
UNION CITY	62	\$415,000	\$561,000	-26.02%
Contra Costa County	1,621	\$349,000	\$590,000	-40.85%
ALAMO	18	\$1,461,500	\$1,375,000	6.29%
ANTIOCH	244	\$250,500	\$425,000	-41.06%
BETHEL ISLAND	2	\$235,000	n/a	n/a
BRENTWOOD	149	\$374,000	\$546,000	-31.50%
CLAYTON	10	\$591,000	\$675,000	-12.44%
CONCORD	165	\$315,000	\$495,000	-36.36%
CROCKETT	2	\$389,250	n/a	n/a
DANVILLE	67	\$930,000	\$990,000	-6.06%
DISCOVERY BAY	36	\$395,000	n/a	n/a
EL CERRITO	19	\$550,000	\$625,000	-12.00%
EL SOBRANTE	29	\$330,000	\$575,000	-42.61%
HERCULES	36	\$368,250	\$535,000	-31.17%
LAFAYETTE	24	\$1,017,000	\$1,274,500	-20.20%
MARTINEZ	35	\$404,000	\$485,000	-16.70%
MORAGA	19	\$805,000	\$1,162,250	-30.74%
OAKLEY	96	\$276,000	\$421,500	-34.52%
ORINDA	20	\$1,038,500	\$1,242,500	-16.42%
PINOLE	15	\$325,000	\$592,000	-45.10%
PITTSBURG	149	\$250,000	\$450,000	-44.44%
PLEASANT HILL	37	\$475,500	\$615,000	-22.68%
RICHMOND	105	\$178,500	\$408,000	-56.25%
RODEO	6	\$357,500	\$524,000	-31.77%
SAN PABLO	84	\$263,250	\$450,000	-41.50%
SAN RAMON	119	\$700,500	\$827,500	-15.35%
WALNUT CREEK	125	\$599,000	\$650,000	-7.85%

Source: DataQuick / SE Chronicle

BAY AREA CONSTRUCTION PERMITS

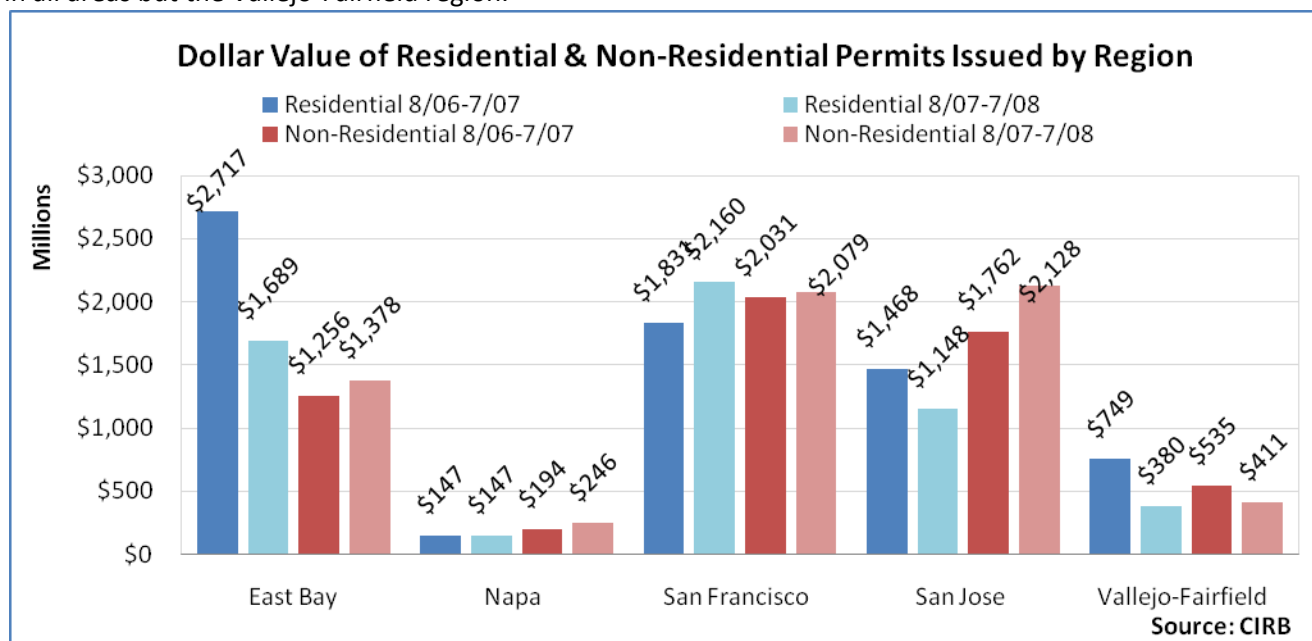
The following tables and graphs compare the 12-month periods of August 2006 – July 2007 and August 2007 – July 2008. This method provides a year-over-year comparison and can be less volatile than the month-over-month comparison in the previous section (used to show a historic overview of all construction permit values).

Region	Total Value of Construction Permits 8/07 – 7/08	Annual Change in Total Value of Construction Permits 8/06-7/07 vs. 8/07-7/08	Percent Change
East Bay	\$3,066,831,414	-\$906,459,412	-22.8%
Napa	\$393,290,159	\$52,073,591	15.3%
San Francisco	\$4,239,044,737	\$377,386,778	9.8%
San Jose	\$3,276,047,107	\$45,771,585	1.4%
Vallejo-Fairfield	\$791,228,692	-\$492,897,335	-38.4%

In a comparison of these two twelve-month periods, the East Bay showed a decrease in construction permit values, falling 22.8 percent (over 900 million) from the previous period. The San Francisco, Napa and San Jose regions posted increases over the previous period, while the Vallejo-Fairfield region showed losses as well.

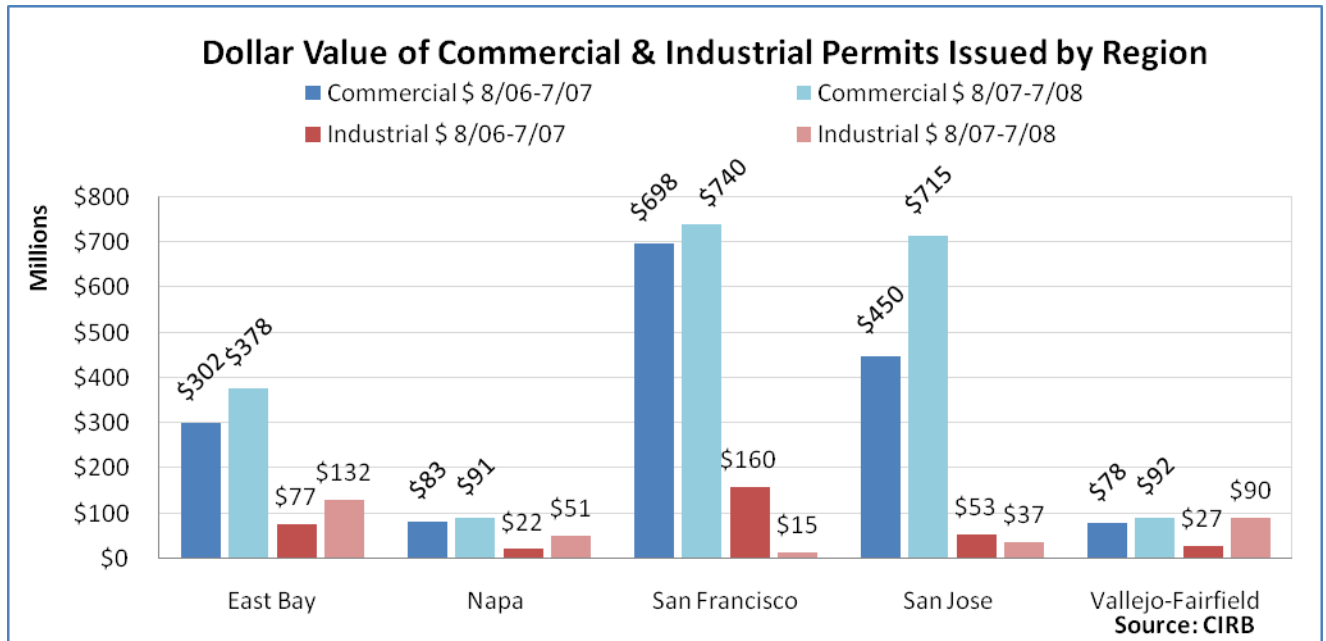
RESIDENTIAL & NON-RESIDENTIAL PERMITS

When comparing the two previous 12-month periods of August 2006 – July 2007 and August 2007 – July 2008, San Francisco was the only region to post an increase in the dollar value of residential permits issued. The steepest decline in this comparison was in the East Bay region, where residential permit values fell over 60 percent from \$2.7 billion in 2007 to \$1.6 billion in 2008. Non-residential permit values continued to post increases in a year-over-year comparison in all areas but the Vallejo-Fairfield region.

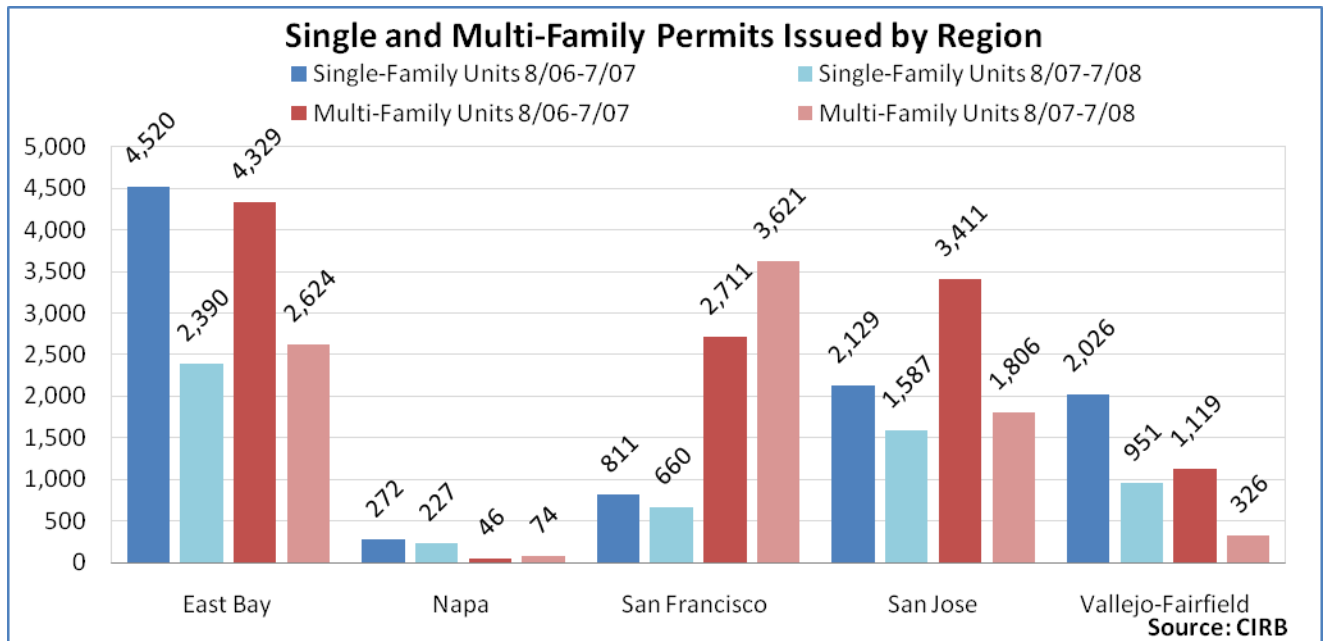


COMMERCIAL & INDUSTRIAL PERMITS In a comparison of commercial and industrial construction permits issued during the same two 12-month periods, the dollar value of commercial permits issued in the East Bay increased 25 percent when compared to the previous period. In the Napa, San Francisco and San Jose regions, commercial permit values were also

higher, with the San Jose region seeing the steepest increase. Industrial permit values jumped 71.4 percent in the East Bay region, 233 percent in Vallejo-Fairfield and 131 percent in Napa. Industrial permits in San Francisco and San Jose were both down over the previous period, posting declines of 966 percent and 43 percent, respectively.



SINGLE AND MULTI-FAMILY PERMITS With the exception of an increase in multi-family residential permits seen in the San Francisco and Napa regions, all Bay Area regions saw significant residential construction declines when compared with the previous 12-month period. The East Bay's drop from over 4,500 single-family unit permits in the 2006-2007 period to just under 2,400 single-family permits in the 2007-2008 period was the most dramatic of the declines.



EAST BAY CONSTRUCTION

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

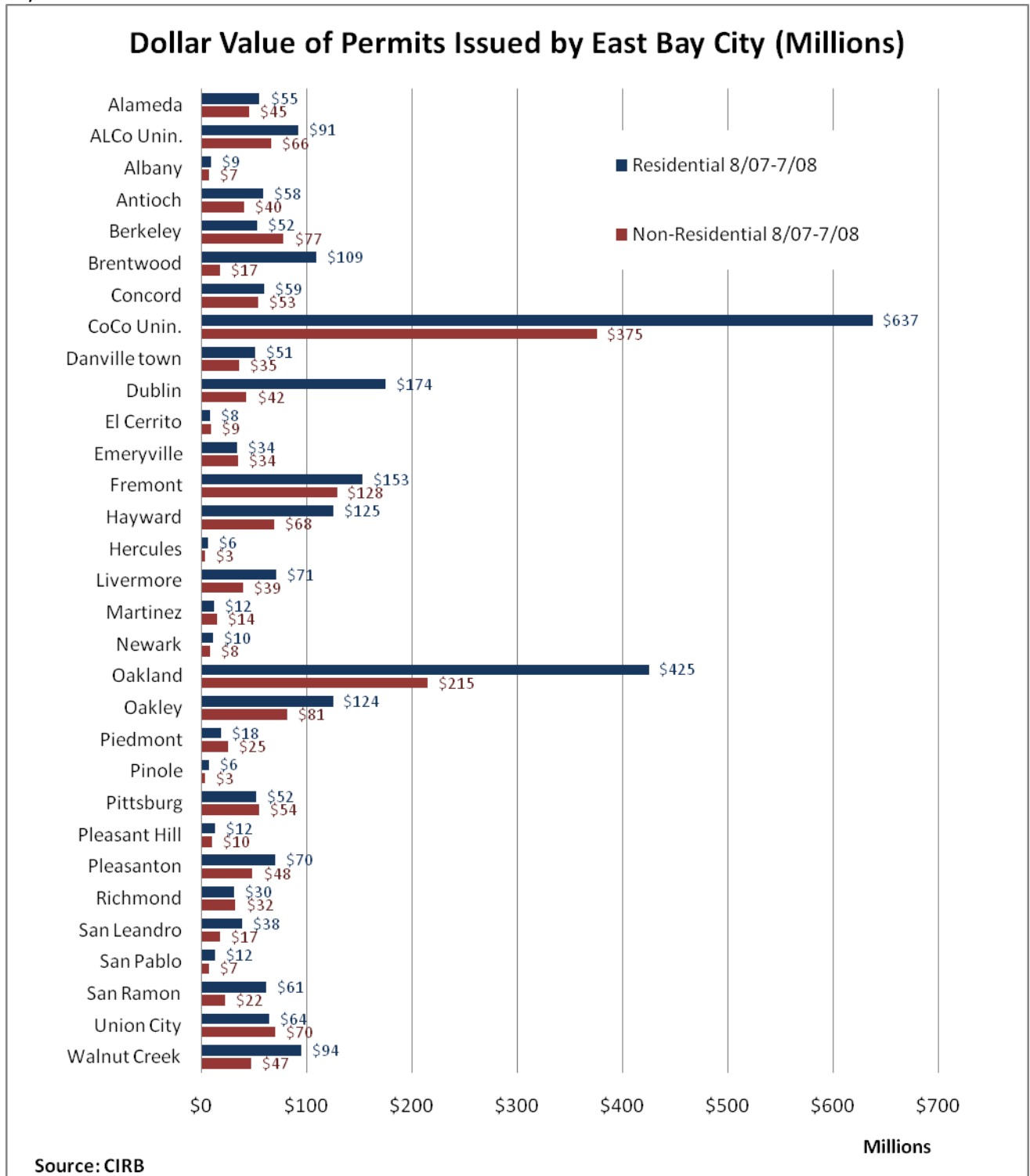
Alameda County continued to see non-residential permits increase between 2007 and 2008, with commercial construction contributing to the increase and industrial construction declining slightly. Commercial construction showed a small increase in Contra Costa County while an unusually low dollar value during the August 2006 – July 2007 period caused the most recent period to show dramatic growth. Residential permits in both Alameda and Contra Costa Counties continued to decrease dramatically.

Construction Permit Values	August 2006 – July 2007	August 2007 – July 2008	Change	% Change
Alameda County Residential	\$1,386,622,178	\$889,224,932	-\$497,397,246	-35.9%
Alameda County Non-Residential	\$794,018,886	\$900,462,723	\$106,443,837	13.4%
Alameda County Commercial	\$166,032,948	\$230,167,394	\$64,134,446	38.6%
Alameda County Industrial	\$71,522,344	\$69,211,017	-\$2,311,327	-3.2%
Contra Costa County Residential	\$1,330,822,020	\$799,880,936	-\$530,941,084	-39.9%
Contra Costa County Non-Residential	\$461,827,742	\$477,262,823	\$15,435,081	3.3%
Contra Costa County Commercial	\$135,717,309	\$148,052,697	\$12,335,388	9.1%
Contra Costa County Industrial	\$5,208,182	\$62,299,391	\$57,091,209	1096.2%
			Source: CIRB	

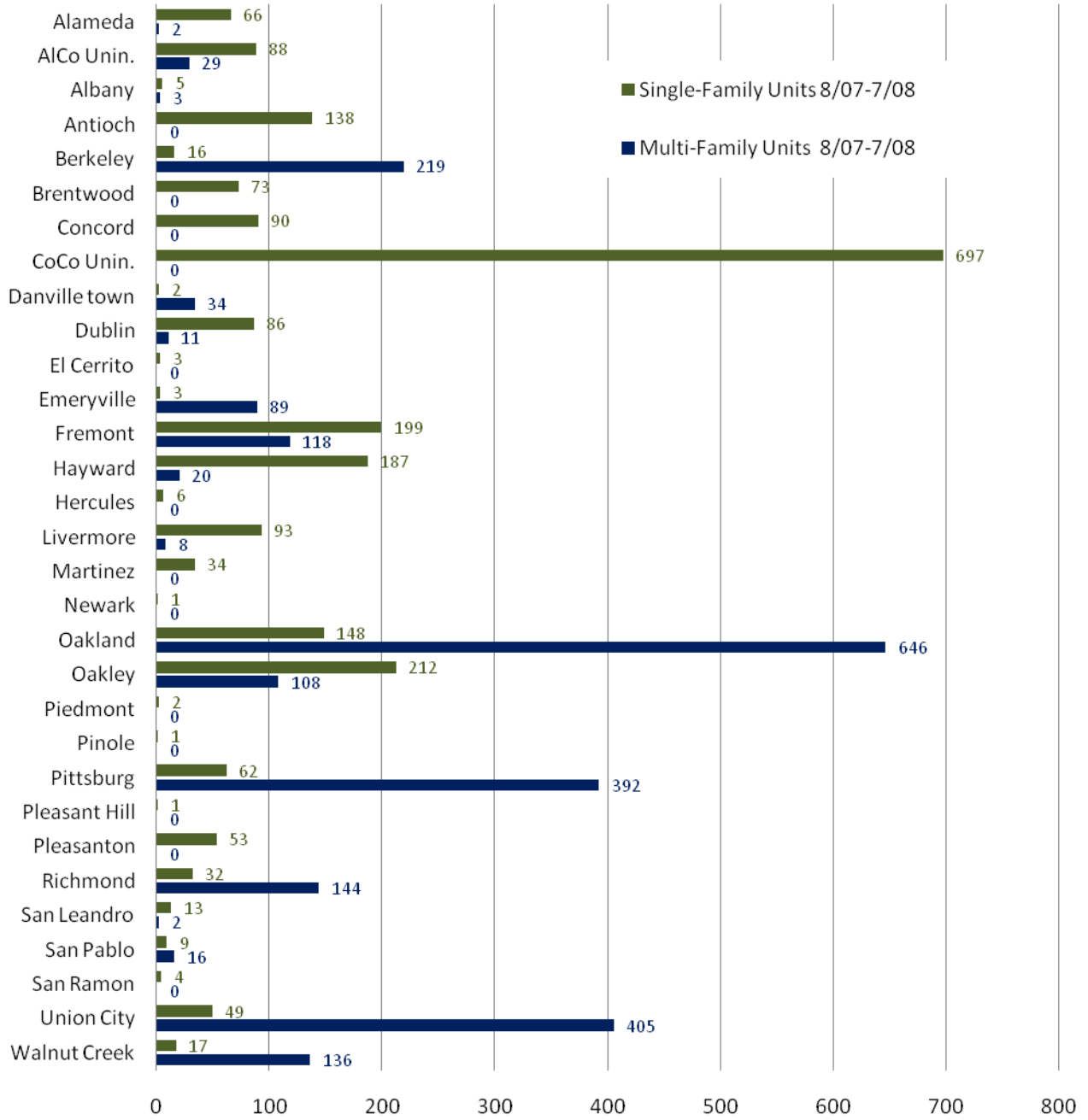
The slowing of the housing market was visible in the declines in both single and multi-family construction permits issued over the past twelve months. In this comparison, multi-family construction in Alameda County was hardest hit, dropping over 55 percent when compared with the previous period.

Housing Unit Permit Comparison by Type	August 2006 – July 2007	August 2007 – July 2008	Change	% Change
ALCO Single-Family Units	1,558	1,009	-549	-35.2%
CCC Single-Family Units	2,962	1,381	-1581	-53.4%
ALCO Multi-Family Units	3,449	1,552	-1897	-55.0%
CCC Multi-Family Units	880	1,072	192	21.8%
			Source: CIRB	

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 July 2008.



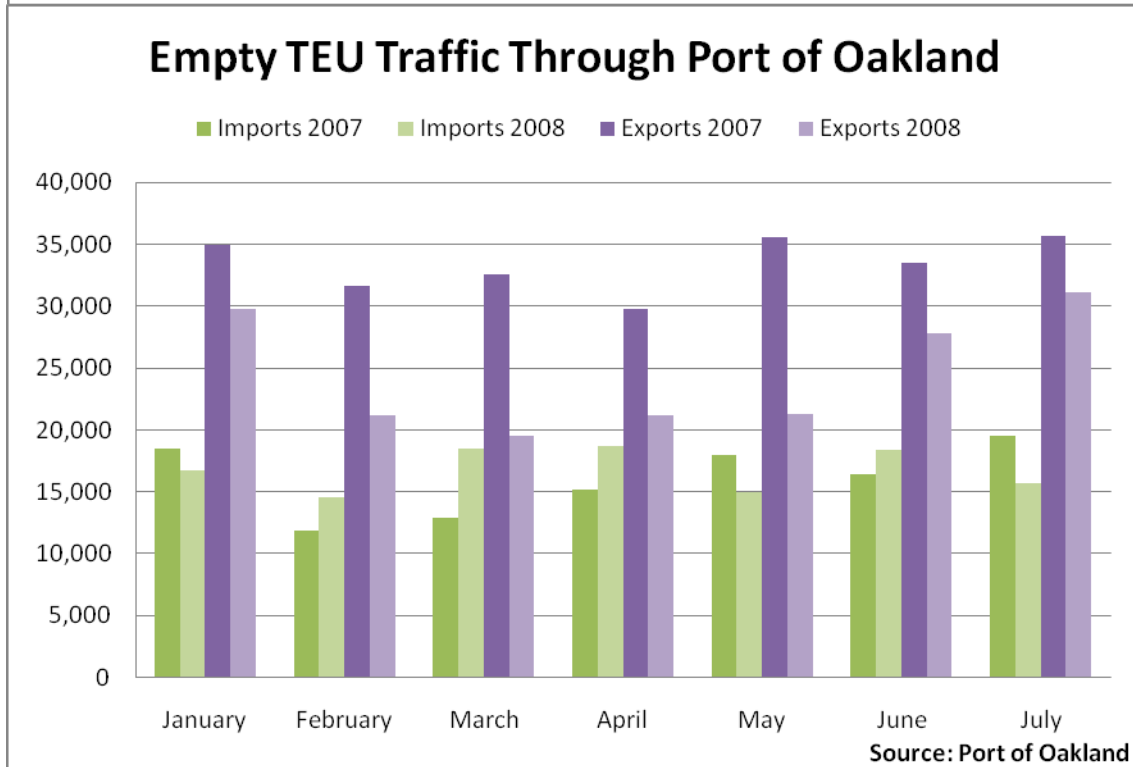
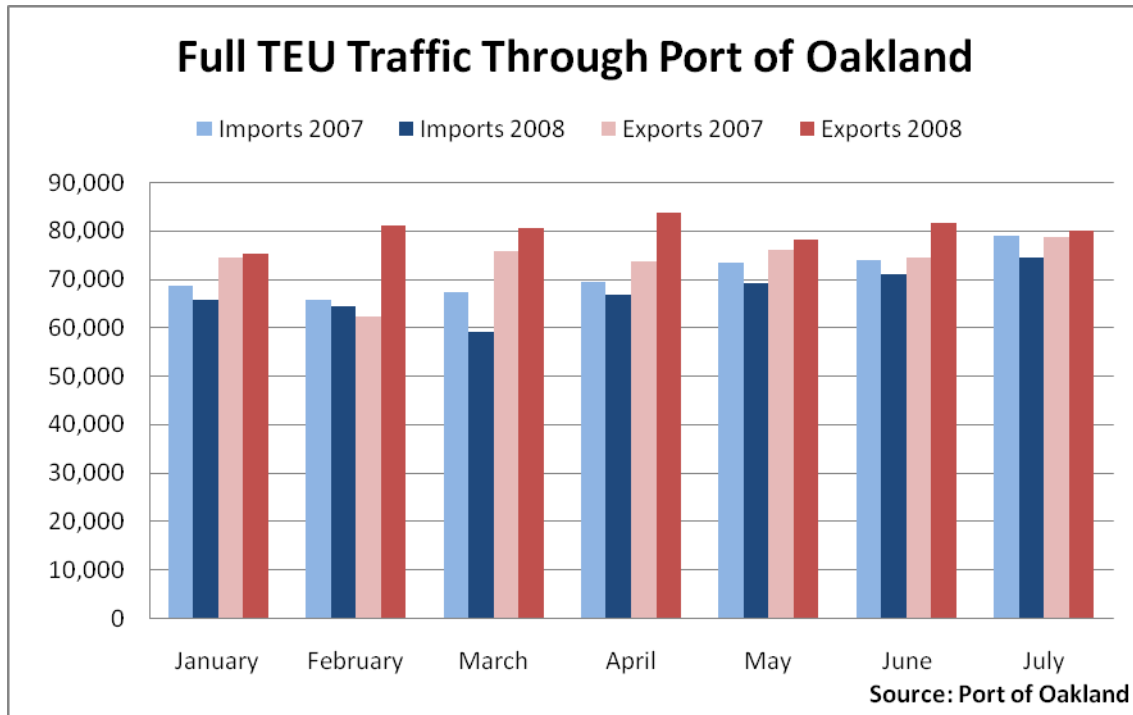
Single and Multi-Family Permits Issued by East Bay City



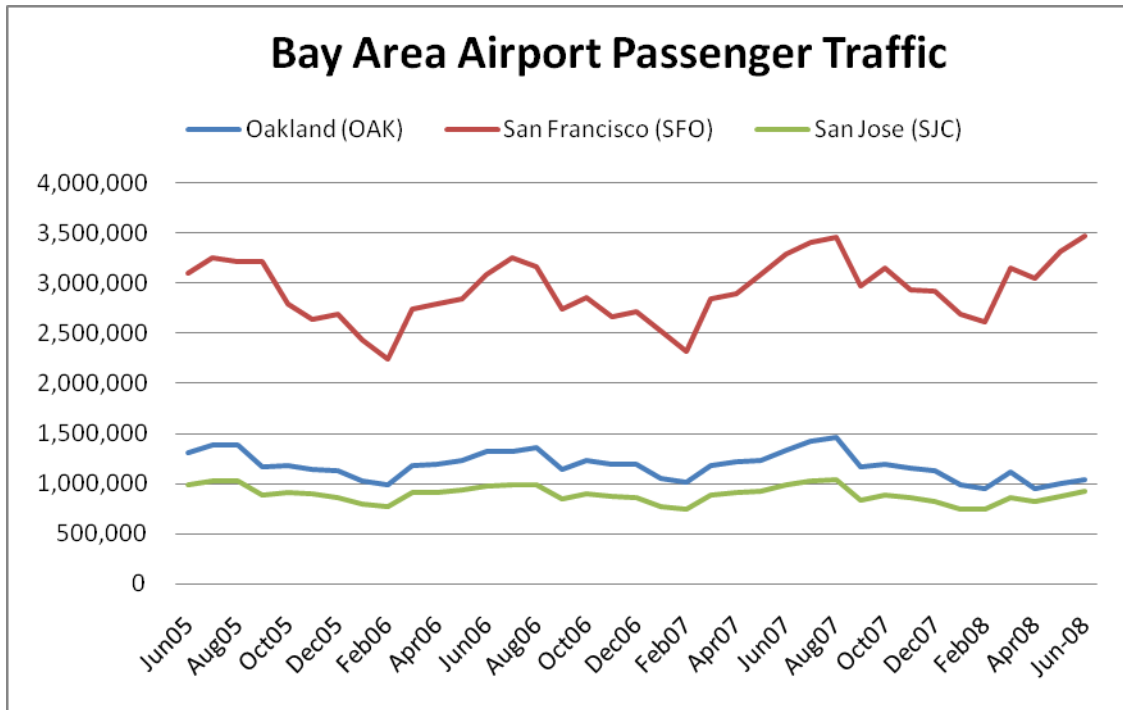
Source: CIRB

TRADE & TRANSPORT

Container Traffic & Airline Passengers



The traffic of imports transported in **full** twenty-foot equivalent (TEU) containers at the Port of Oakland have posted year-over-year decreases since the beginning of 2008, while exports have continued to grow. Both import and export **empty** TEUs declined in July 2008 when compared with July 2007.



Oakland International (OAK) and San Jose Mineta (SJC) Airports continued to see year-over-year decreases in passenger traffic in June, as San Francisco Airport (SFO) continued to post annual growth. Various air carrier closures and reductions in the number of flights have caused ridership numbers at OAK and SJC to trend downward since the fall of 2007. This trend has sent more traffic to SFO as airlines consolidate flights to metropolitan areas in an effort to cut down on costs.