



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 MAY 2008

- *East Bay unemployment increased, rising to 5.7 percent from 5.3 percent in April*
- *Construction, finance and retail trade payrolls continued to post larger-than-average monthly and yearly decreases*
- *Median home sale values decreased 19 percent in Alameda County and 33 percent in Contra Costa County on an annual basis*
- *Non-residential construction permit values increased in both counties*
- *Both single and multi-family residential construction permits continued to post annual decreases*

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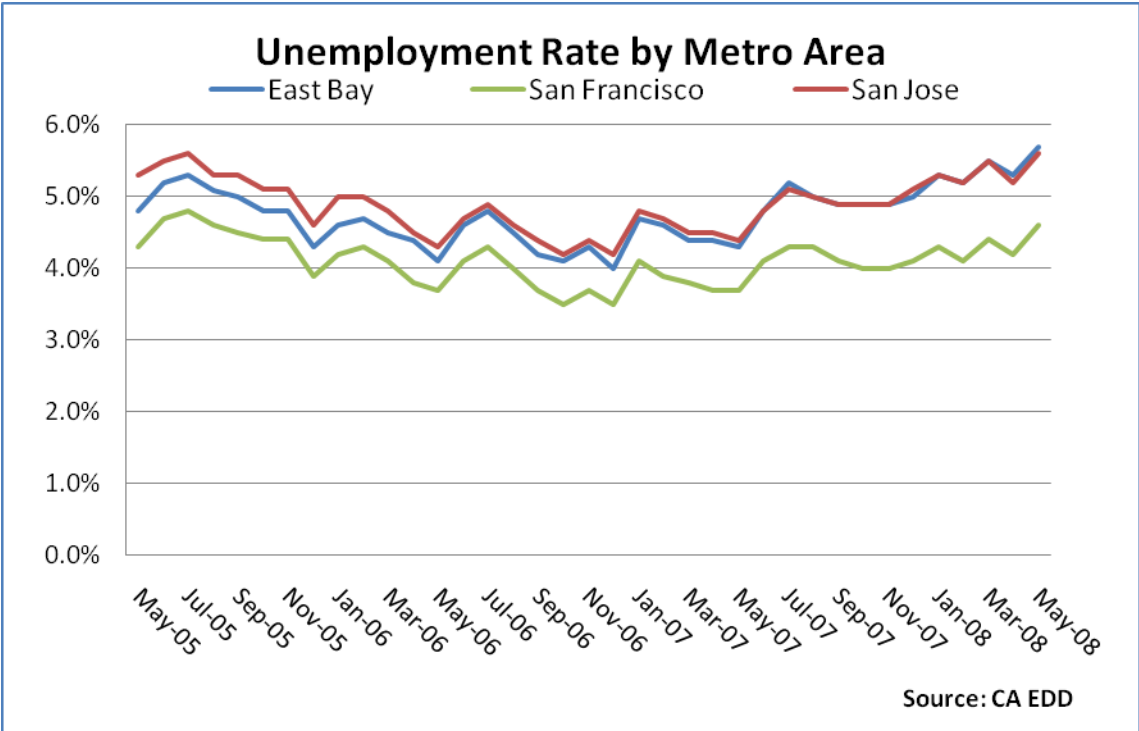
*Serving the East Bay, the **Bright** Side of the San Francisco Bay*

EMPLOYMENT

BAY AREA UNEMPLOYMENT

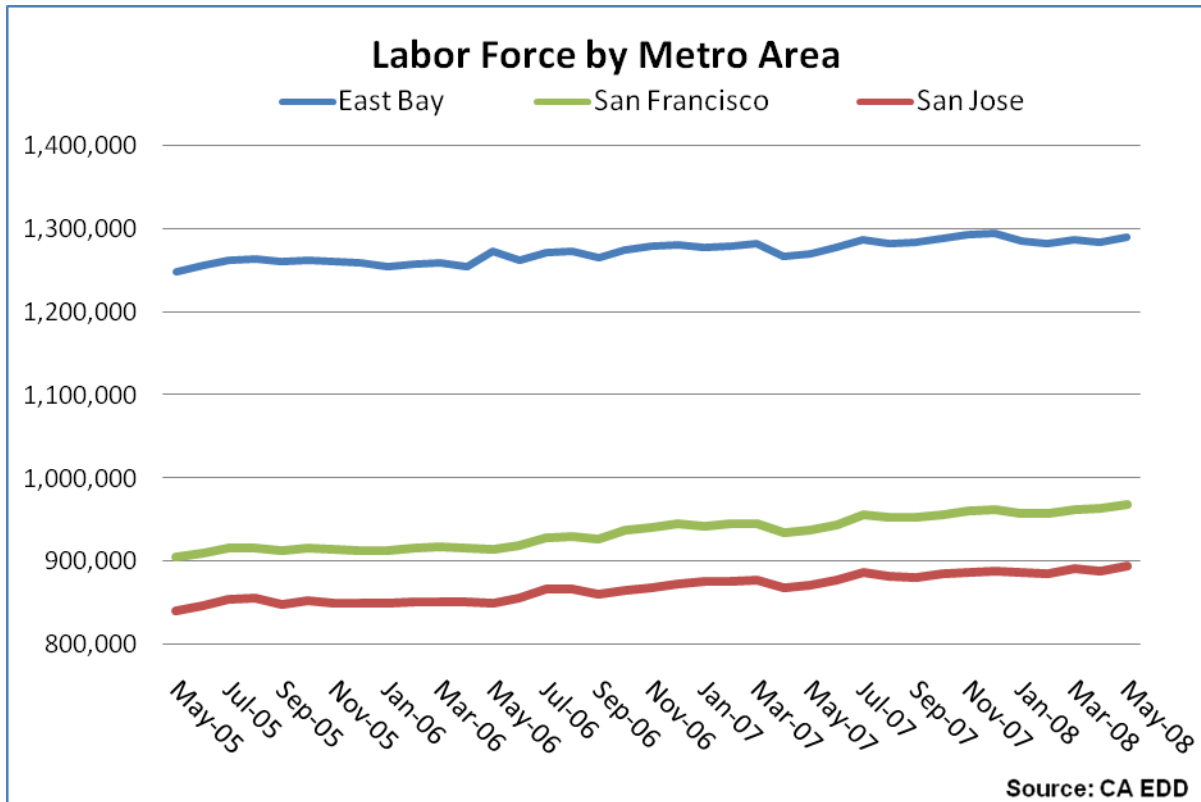
According to the California Employment Development Department, the unemployment rate in the East Bay was 5.7 percent in May 2008, up from a revised 5.3 percent in April 2008, and above the year-ago estimate of 4.3 percent. This compares with an unadjusted unemployment rate of 6.5 percent for California and 5.2 percent for the nation during the same period. The unemployment rate was 5.7 percent in Alameda County and 5.8 percent in Contra Costa County.

Unemployment rates in the Bay Area’s other metro areas were also up between April and May. San Francisco’s unemployment rate rose to 4.6 percent, from 4.2 percent in April, while unemployment in San Jose climbed to 5.6 percent in May from 5.2 percent in April. In a year-over-year comparison with May 2007, unemployment was higher in all three Bay Area regions.



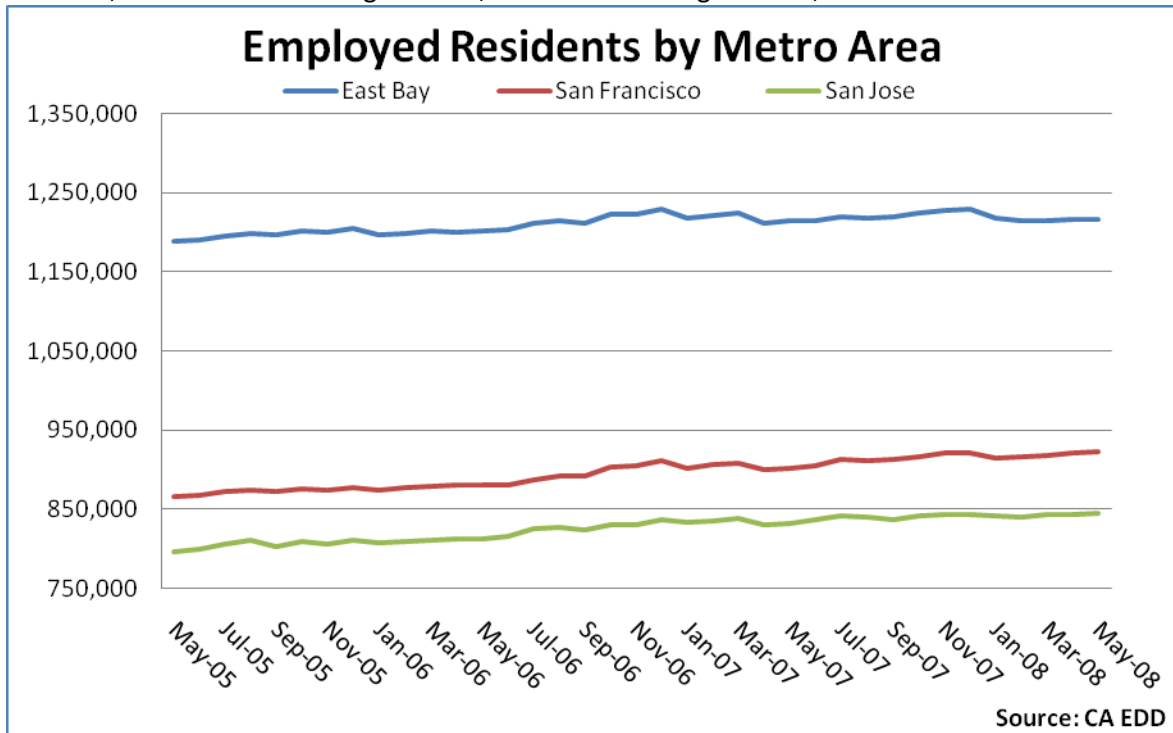
BAY AREA LABOR FORCE

In a month-over-month comparison, the East Bay’s labor force (number of individuals currently employed or actively seeking employment) increased by 6,100 workers to reach 1,289,900. San Francisco’s labor force gained 5,300 workers to reach 967,900, and in San Jose the number of rose 6,300 to reach 895,100. In a year-over-year comparison, Bay Area regions continued to see gains in labor force numbers. The East Bay had 20,600 more workers in May 2008 than in May 2007, San Francisco gained 30,600, and San Jose added 23,900 workers.



BAY AREA EMPLOYED RESIDENTS

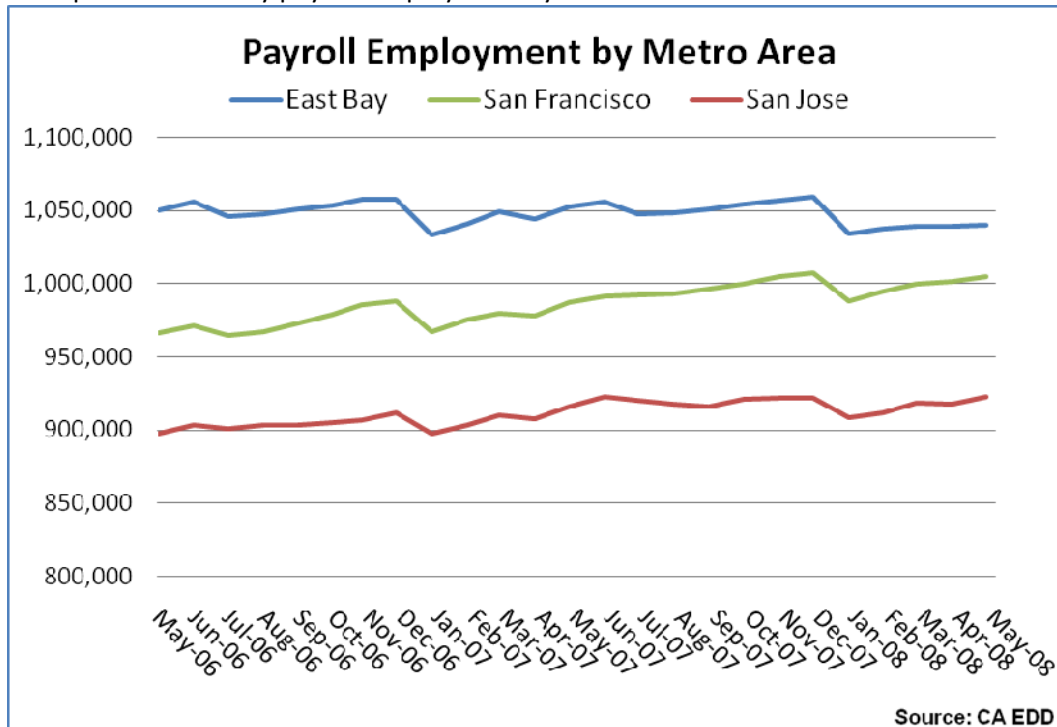
Between April and May 2008, the number of employed residents (employed persons who reside within the specified region) fell 500 in the East Bay, while in San Francisco there were 1,200 more employed residents, and in the San Jose metro there were 2,400 more. When compared with May 2007, a year-over-year comparison showed the East Bay with 1,500 more employed residents, while San Francisco gained 20,900 and San Jose gained 12,100.



BAY AREA PAYROLL EMPLOYMENT

Between April and May 2008, the East Bay gained 1,100 payroll jobs (number of jobs located in the specified region, not including those who are self-employed), San Francisco gained 3,200

and San Jose gained 4,600. In a comparison with May 2007, the East Bay's payrolls shrunk by 12,100 jobs, while San Francisco gained 17,800 and San Jose gained 6,500. 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 April 2008 and May 2008, the total number of jobs in the East Bay increased by 1,100 to reach 1,040,100.

- ❖ Leisure and hospitality increased by 900 jobs, although below its average 1,400-job increase from April to May over the prior 18 years. Food services and bars (up 500 jobs) accounted for most of the increase.
- ❖ Government gained 800 jobs, a larger-than-average seasonal increase. Local and state public schools (up 600 jobs) accounted for the bulk of the increase.
- ❖ Construction grew by 500 jobs, although below its average 1,100-job increase from April to May over the prior 18 years. Construction of buildings (up 300 jobs) accounted for the majority of the growth.
- ❖ On the downside, professional and business services lost 1,200 jobs, mostly due to a seasonal decrease in the other professional, scientific, and technical services (which includes accounting, tax preparation, and bookkeeping services). Employment services (down 500 jobs) also contributed to the month-over loss.

ANNUAL COMPARISON

Between May 2007 and May 2008, the total number of jobs decreased by 12,100 or -1.1 percent.

- ❖ Financial activities lost 5,100 jobs, with banks, savings and loan institutions, and credit unions (down 3,000 jobs) accounting for most of the loss.
- ❖ Construction fell by 4,500 jobs, mostly in construction of buildings (down 2,100 jobs) and specialty trade contractors (down 1,900 jobs).
- ❖ Trade, transportation, and utilities lost 3,500 jobs. Retail trade (down 2,200 jobs) accounted for the majority of the loss.

- ❖ On the upside, government led the year-over gains by netting 3,900 jobs. Local and state public schools (up 4,500 jobs) accounted for most of the growth, which was somewhat offset by state and federal job losses.

	May-08	1 Month Change	12 Month Change	12 Month % Change	24 Month % Change
Government	193,100	800	3,900	2.1%	5.2%
Educational and Health Services	126,700	300	1,400	1.1%	2.9%
Trans, Warehousing & Utilities	36,000	0	0	0.0%	4.0%
Other Services	36,300	100	0	0.0%	-0.5%
Professional and Business Services	154,300	-1,200	-200	-0.1%	0.1%
Wholesale Trade	47,700	200	-1,300	-2.7%	-2.5%
Information	28,500	-100	-1,300	-4.4%	-5.6%
Leisure and Hospitality	87,600	900	-1,400	-1.6%	2.1%
Manufacturing	92,300	-100	-1,500	-1.6%	-4.0%
Retail Trade	109,200	0	-2,200	-2.0%	-2.3%
Construction	67,200	500	-4,500	-6.3%	-8.4%
Financial Activities	58,100	-200	-5,100	-8.1%	-15.8%
Total, All Industries	1,040,100	1,100	-12,100	-1.1%	-0.9%

INDUSTRY EMPLOYMENT DATA SOURCE: California Employment Development Department

EAST BAY CONSTRUCTION EMPLOYMENT

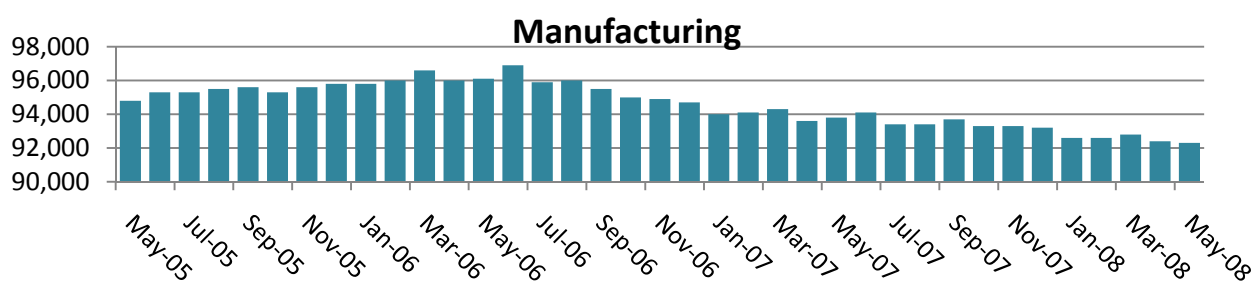
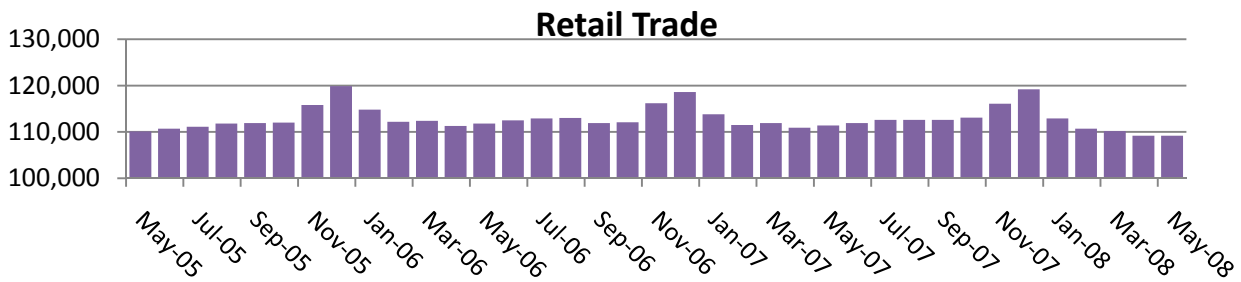
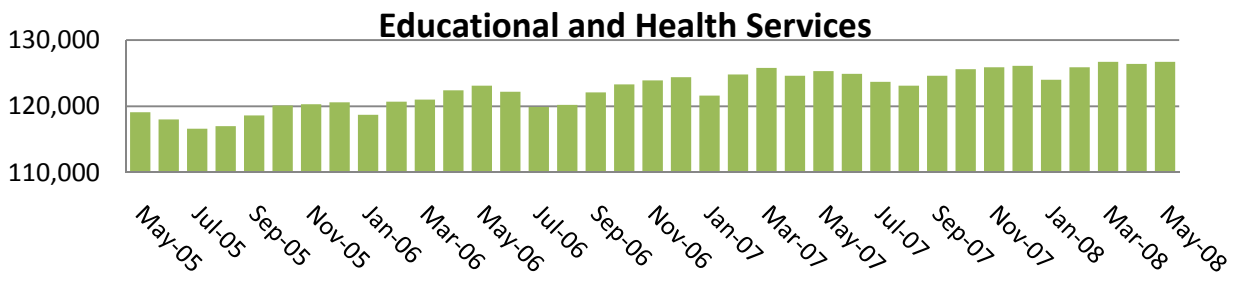
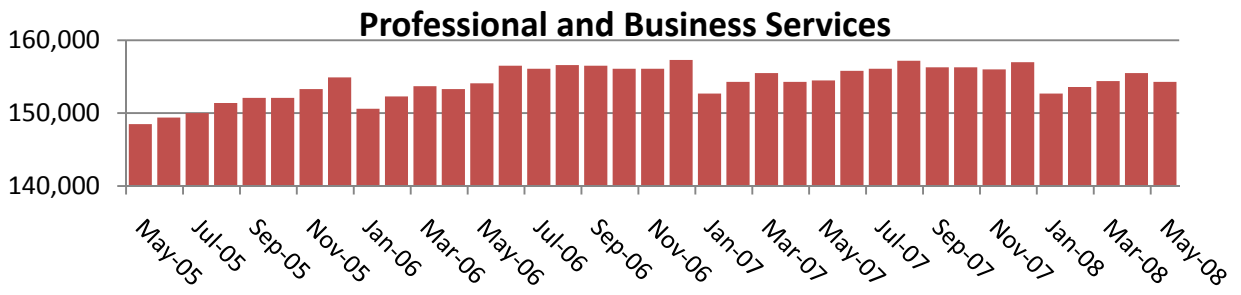
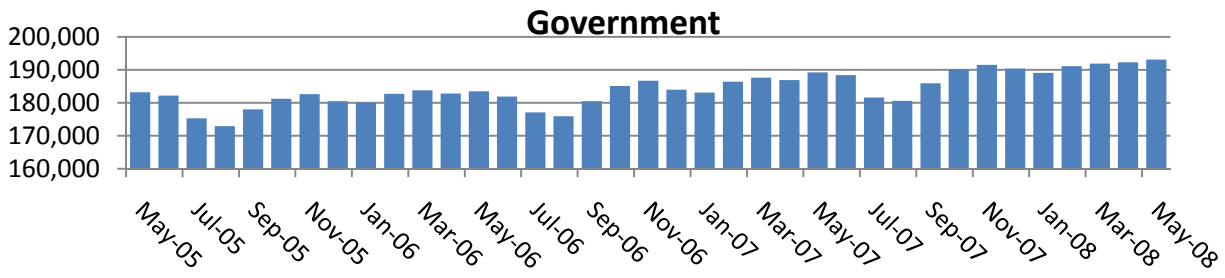
Both the month-over-month and year-over-year changes in the East Bay's construction sector reflect the housing downturn continuing to affect the region and the nation at large. All but the specialty trade and highway, street and bridge construction sub-sectors saw losses in a comparison with May 2007.

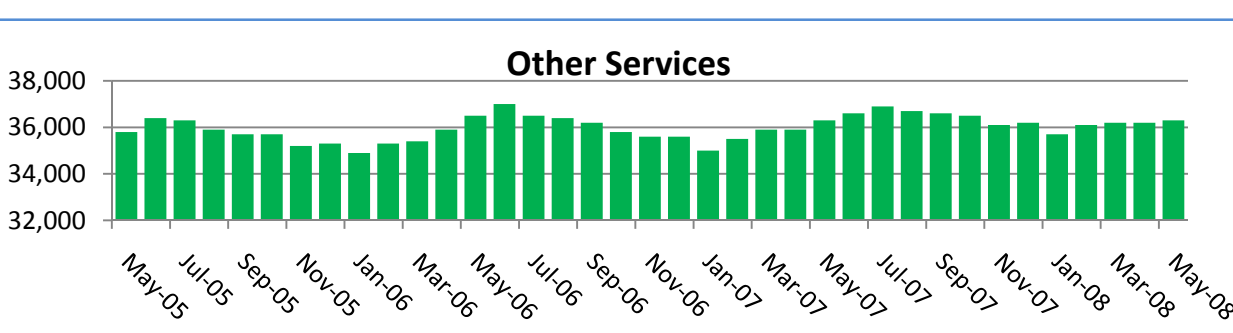
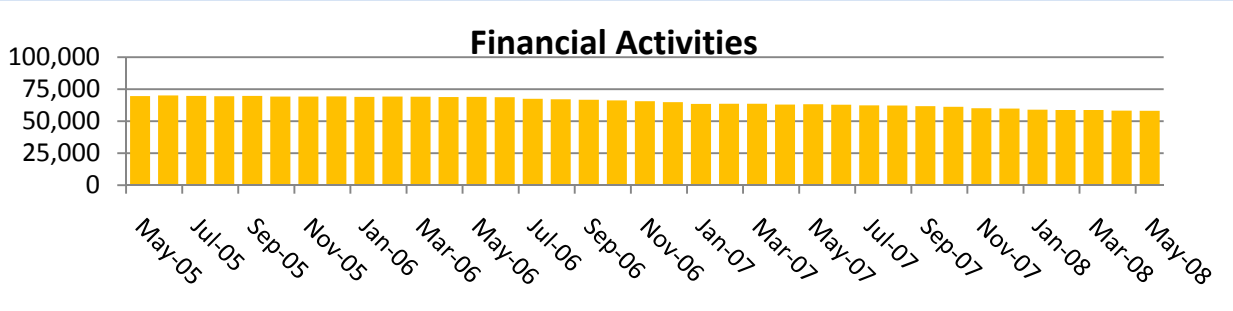
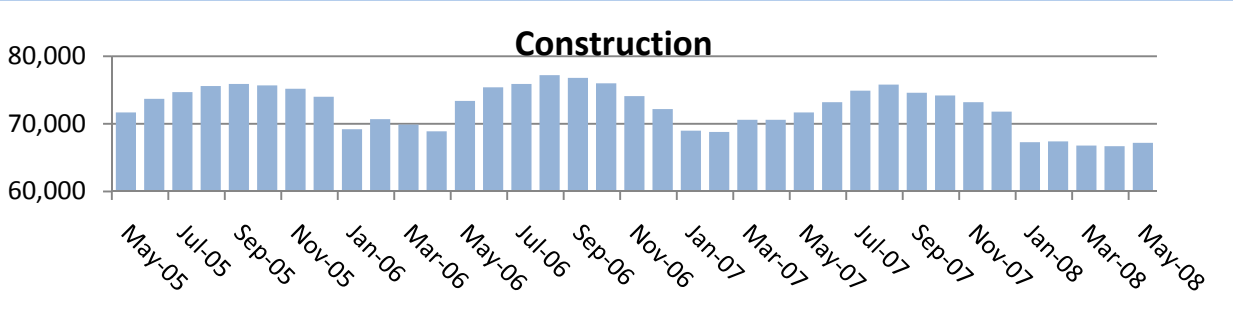
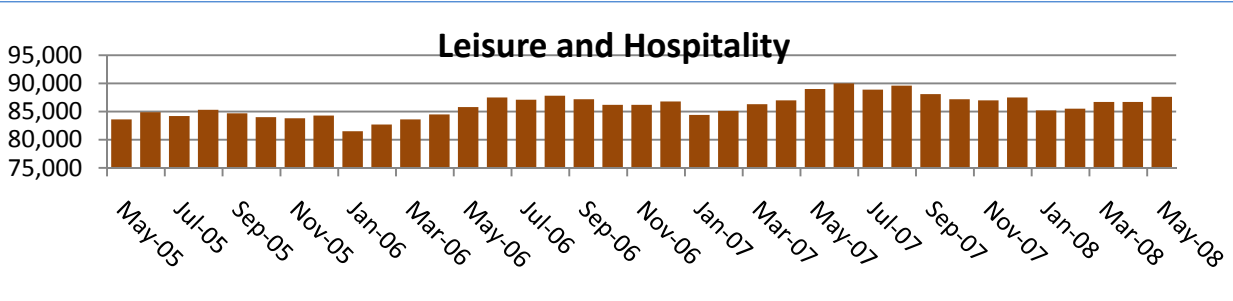
	May-08	1 Month Change	12 Month Change	12 Month % Change	24 Month Change
Residential Building Construction	10,900	200	-1,500	-12.1%	-19.9%
Nonresidential Building Construction	4,900	100	-600	-10.9%	-10.9%
Highway, Street, and Bridge Const	3,500	0	100	2.9%	-7.9%
Residual-Other Heavy and Civil Engineer	5,100	100	-600	-10.5%	-12.1%
Building Foundation and Exterior Contractors	9,000	-100	-1,500	-14.3%	-20.4%
Building Equipment Contractors	14,200	0	-1,000	-6.6%	1.4%
Other Specialty Trade Contract	19,600	200	600	3.2%	1.0%
Total Construction	67,200	500	-4,500	-6.3%	-8.4%

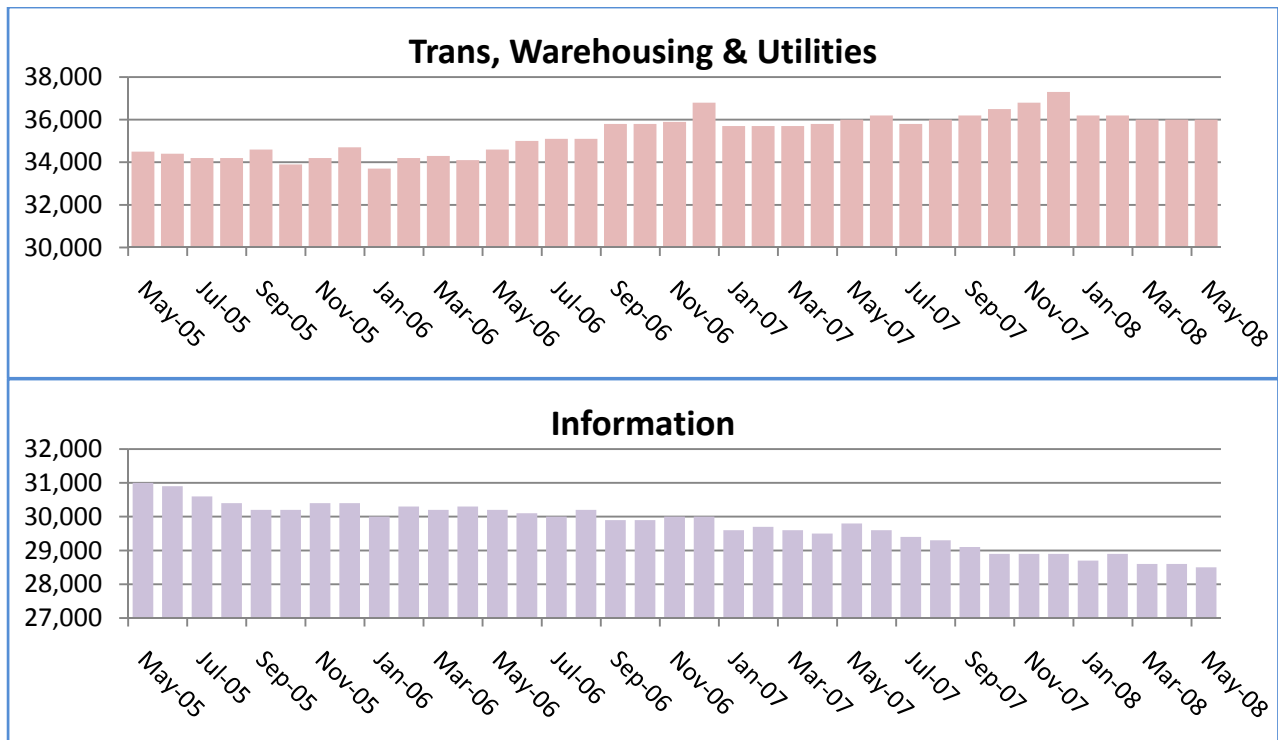
EAST BAY MANUFACTURING PAYROLL EMPLOYMENT

The East Bay's manufacturing sector showed an overall loss of 1,500 jobs when compared with May 2007, with most losses occurring in the food manufacturing sector.

	May-08	1 Month Change	12 Month Change	12 Month % Change	24 Month Change
Chemical Manufacturing	7,400	0	200	2.8%	4.2%
Computer and Electronic Product	20,000	-100	100	0.5%	-7.0%
Petroleum and Coal Products	7,400	100	0	0.0%	10.4%
Transportation Equipment	7,500	0	-100	-1.3%	-2.6%
Residual-Miscellaneous	30,900	-100	-700	-2.2%	-4.3%
Residual-Food	19,100	0	-1,000	-5.0%	-8.2%
Total Manufacturing	92,300	-100	-1,500	-1.6%	-4.0%







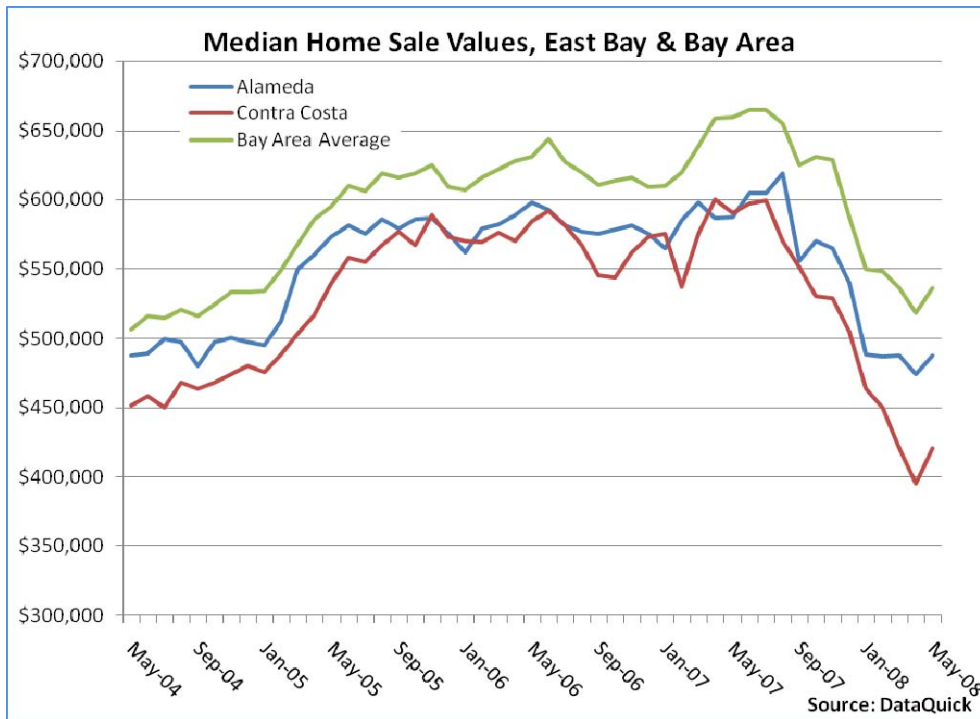
BAY AREA HOME SALES

All Homes by County	Number Sold May 2008	Sales Annual Pct. Change	Median May 2008	Median Annual Pct. Change
Alameda	1,186	-27.30%	\$475,000	-19.20%
Contra Costa	1,206	-11.70%	\$390,500	-33.80%
Marin	226	-37.00%	\$899,000	5.80%
Napa	105	-6.30%	\$475,000	-24.30%
San Francisco	593	-3.70%	\$790,000	-5.40%
San Mateo	511	-33.00%	\$708,000	-12.30%
Santa Clara	1,467	-32.70%	\$620,500	-13.00%
Solano	465	-2.30%	\$300,000	-31.00%
Sonoma	457	-20.90%	\$415,000	-20.10%
Bay Area	6,216	-23.10%	\$517,000	-21.70%

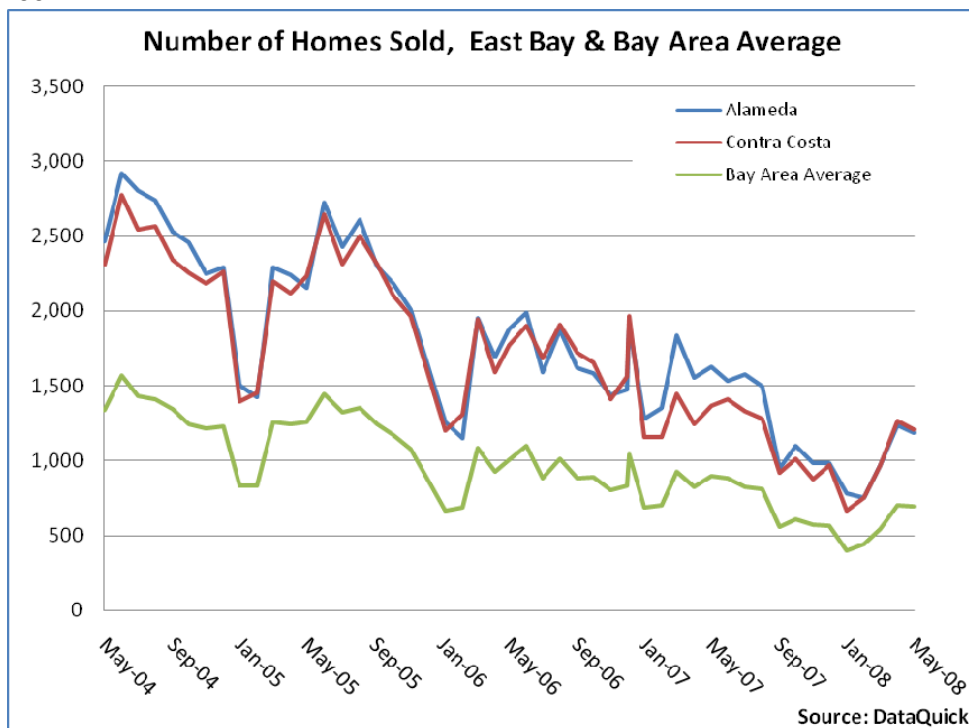
According to DataQuick Information Systems, Bay Area home sales slowed again in May.

A total of 6,216 new and resale houses and condos sold in the nine-county Bay Area in May 2008. That was down 1.5 percent from 6,310 in April, and down 23.1 percent from 8,080 in May 2007, DataQuick Information Systems reported.

Source: Data Quick Information Systems



All Bay Area counties saw a decrease in the number of homes sold when compared to May 2007. Alameda County saw 1,186 homes sell in May 2008, a 27.30 percent decrease from May 2007. The number of homes sold in Contra Costa was 1,206, down 11.70 percent from May 2007.



In terms of median values, most Bay Area counties continued to see year-over-year decreases in May. In the East Bay, Alameda County the median value was \$475,000 - a 19.2 percent decline over May 2007. The Contra Costa County median home sale value was \$390,500 - a 33.8 percent decline over May 2007.

EAST BAY HOME SALES

In May 2008, a majority of cities in both Alameda and Contra Costa counties saw year-over-year declines in median home values.

City	# Sold April 2008	Median May 2008	Median May 2007	Y-o-Y % Change
Alameda County (thru 5/28)	837	\$493,000	\$613,750	-19.67%
ALAMEDA	43	\$665,000	\$635,000	4.72%
ALBANY	12	\$585,000	\$691,500	-15.40%
BERKELEY	45	\$756,000	\$863,500	-12.45%
CASTRO VALLEY	34	\$504,500	\$615,000	-17.97%
DUBLIN	35	\$525,000	\$633,750	-17.16%
EMERYVILLE	17	\$325,000	\$430,950	-24.59%
FREMONT	127	\$615,000	\$654,000	-5.96%
HAYWARD	83	\$348,000	\$500,000	-30.40%
LIVERMORE	61	\$439,000	\$611,250	-28.18%
NEWARK	23	\$400,000	\$625,000	-36.00%
OAKLAND	193	\$430,000	\$564,500	-23.83%
PLEASANTON	58	\$700,000	\$769,500	-9.03%
SAN LEANDRO	57	\$400,000	\$513,500	-22.10%
SAN LORENZO	23	\$369,000	\$542,000	-31.92%
UNION CITY	26	\$380,000	\$600,000	-36.67%
Contra Costa County	1,136	\$387,000	\$590,000	-34.41%
ALAMO	11	\$1,275,000	\$1,550,000	-17.74%
ANTIOCH	168	\$280,000	\$436,000	-35.78%
BETHEL ISLAND	5	\$373,000	\$450,000	-17.11%
BRENTWOOD2	98	\$406,000	\$556,000	-26.98%
CLAYTON	13	\$698,000	\$685,000	1.90%
CONCORD	111	\$380,000	\$495,000	-23.23%
CROCKETT	3	\$336,500	\$579,000	-41.88%
DANVILLE	49	\$860,000	\$1,065,000	-19.25%
DISCOVERY BAY	33	\$395,000	n/a	n/a
EL CERRITO	14	\$499,000	\$700,000	-28.71%
EL SOBRANTE	22	\$318,250	\$455,000	-30.05%
HERCULES	27	\$396,000	\$505,000	-21.58%
LAFAYETTE	28	\$1,089,500	\$1,005,000	8.41%
MARTINEZ	34	\$435,000	\$478,250	-9.04%
MORAGA	9	\$960,000	\$848,500	13.14%
OAKLEY	61	\$285,000	\$520,000	-45.19%
ORINDA	10	\$1,187,500	\$1,220,000	-2.66%
PINOLE	17	\$344,000	\$512,500	-32.88%
PITTSBURG	80	\$261,250	\$425,000	-38.53%
PLEASANT HILL	40	\$533,500	\$602,500	-11.45%
RICHMOND	63	\$255,000	\$430,000	-40.70%
RODEO	6	\$254,000	\$465,000	-45.38%
SAN PABLO	45	\$275,000	\$469,500	-41.43%
SAN RAMON	115	\$753,000	\$770,000	-2.21%
WALNUT CREEK	69	\$590,000	\$675,000	-12.59%

Source: DataQuick / SF Chronicle

BAY AREA CONSTRUCTION PERMITS

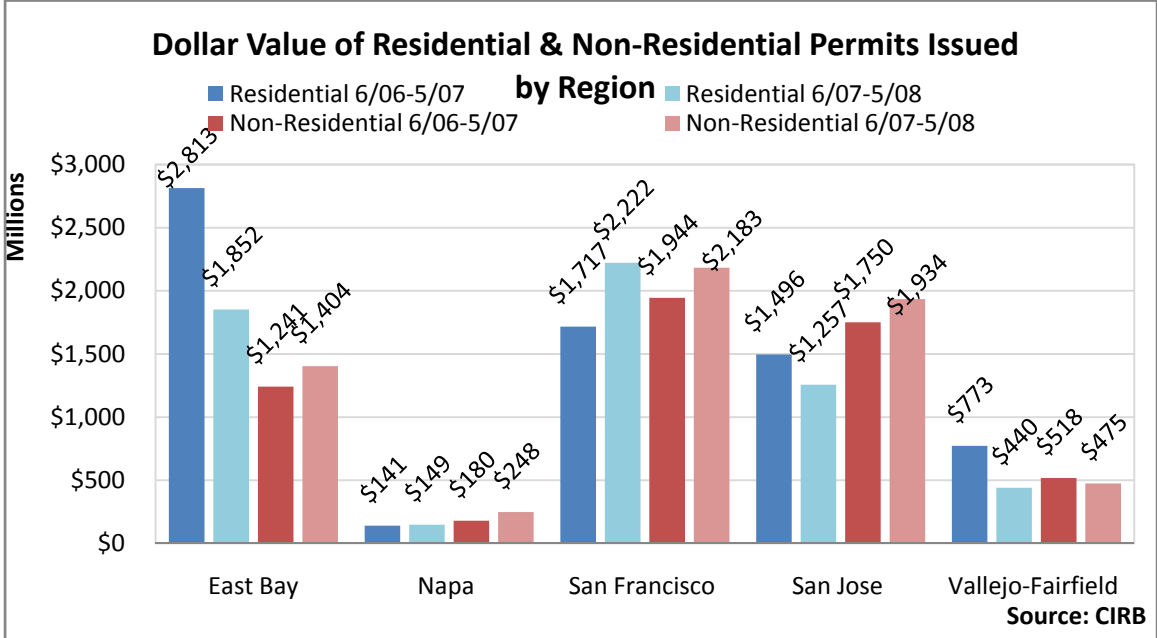
The following tables and graphs compare the 12-month periods of June 2006 – May 2007 and June 2007 – May 2008. This method provides a year-over-year comparison and can be less volatile than the month-over-month comparison in the previous section (used to show a historic overview of all construction permit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

Region	Total Value of Construction Permits 6/07 – 5/08	Annual Change in Total Value of Construction Permits 6/06-5/07 vs. 6/07-5/08	Percent Change
East Bay	\$3,255,472,141	-\$799,309,815	-19.7%
Napa	\$396,947,599	\$76,376,742	23.8%
San Francisco	\$4,405,176,647	\$744,344,095	20.3%
San Jose	\$3,191,293,836	-\$54,952,485	-1.7%
Vallejo-Fairfield	\$915,505,523	-\$375,932,278	-29.1%

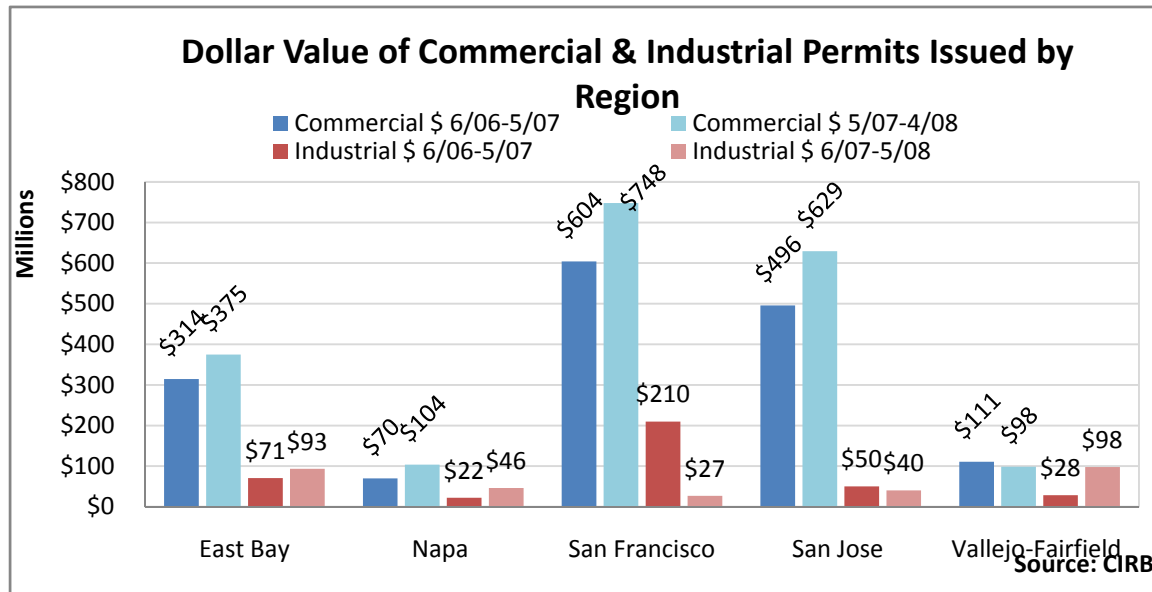
In a comparison of these two twelve-month periods, the East Bay showed a decrease in construction permit values, falling 19.7percent (\$799.3 million) from the previous period. The San Francisco and Napa regions posted increases of \$744.3 million and \$76.3 million, respectively, while the San Jose and Vallejo-Fairfield regions saw decreases of \$54.9 and \$375.9 million during the period.

RESIDENTIAL & NON-RESIDENTIAL PERMITS

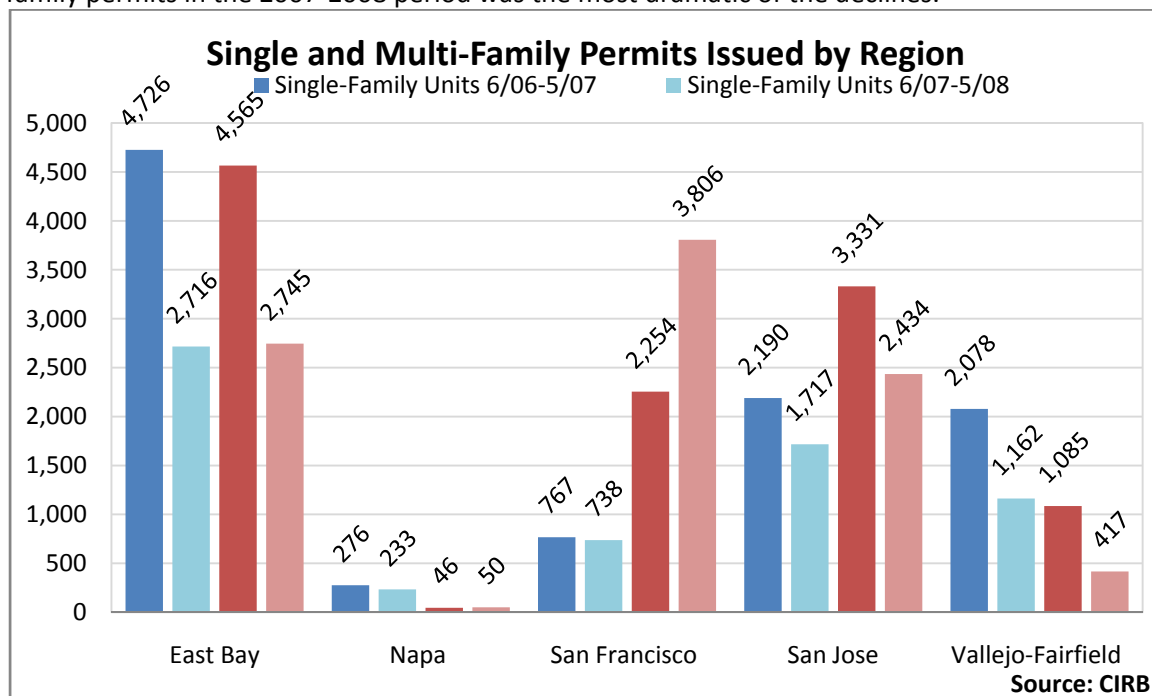
When comparing the two previous 12-month periods of June 2006 – May 2007 and June 2007 – May 2008, the San Francisco and Napa regions both posted increases in the dollar value of residential permits issued. The steepest decline in this comparison of residential permit values was in the East Bay region, where residential permit values fell over 34 percent from \$2.8 billion in 2007 to \$1.8 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 19.2 percent when compared to the previous period. In the Napa, San Francisco and San Jose regions, commercial permit values were also higher, with these regions seeing increases of 49 percent, 23.8 percent, and 26.9, respectively. Industrial permit values jumped 32.5 percent in the East Bay region, and a staggering 244.3% in Vallejo-Fairfield and 108 percent in Napa. Industrial permits in San Francisco and San Jose were both down over the previous period, posting declines of 87.3 percent and 19.3 percent, respectively.



SINGLE AND MULTI-FAMILY PERMITS With the exception of an increase in multi-family residential permits seen in the San Francisco region, all Bay Area regions saw residential construction declines when compared with the previous 12-month period. The East Bay's drop from over 4,700 multi-family unit permits in the 2006-2007 period to just over 2,700 multi-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.

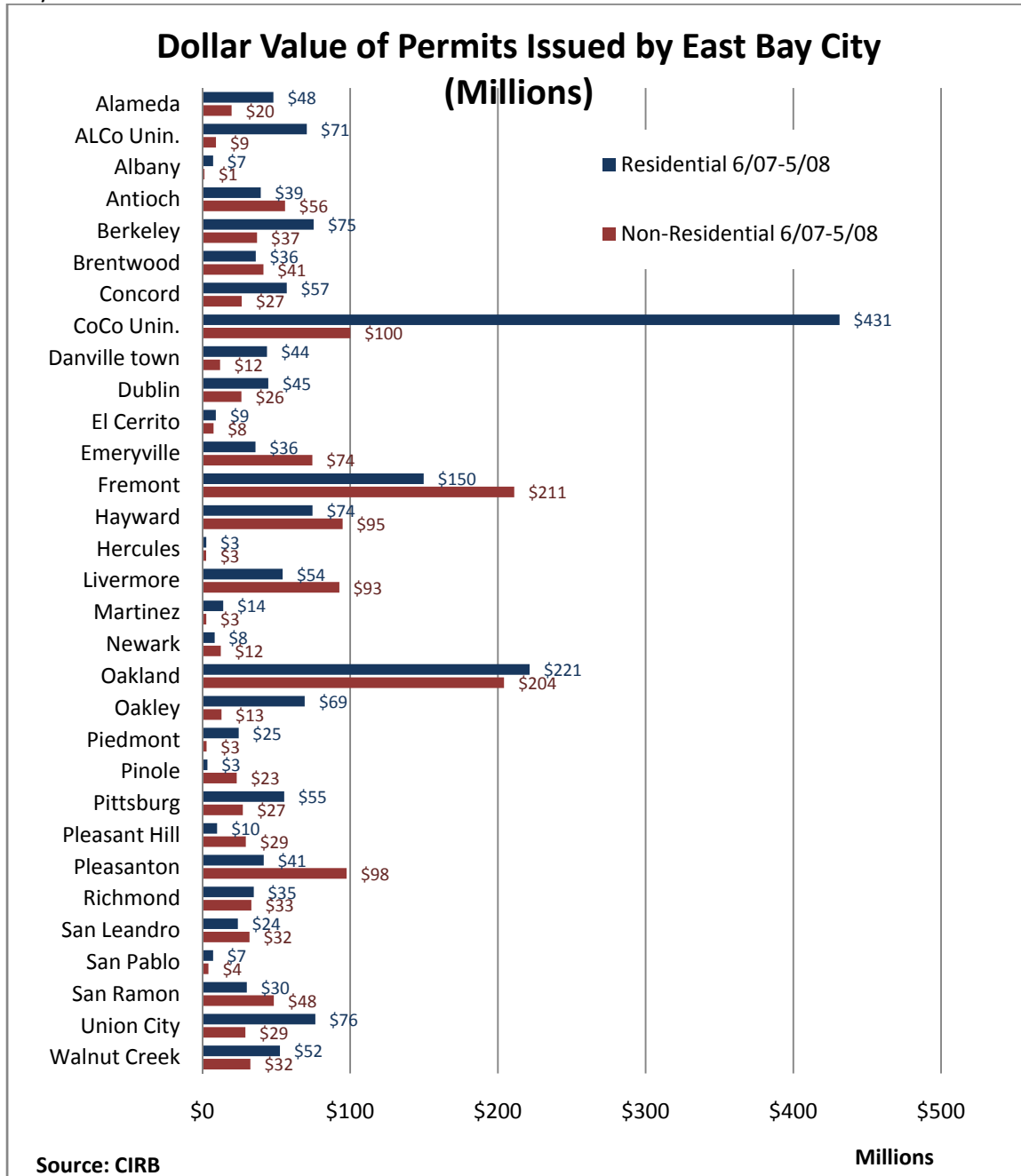
When compared with the twelve-month period ending in 2007, Alameda County continued to see non-residential permits increase, with commercial and Industrial construction contributing to the increase. Non-residential construction showed a small decline in Contra Costa County, most likely in institutional construction, as both industrial and commercial construction increased in the County. Residential permits in both Alameda and Contra Costa Counties continued to decrease dramatically.

Construction Permit Values	June 2006 – May 2007	June 2007 – May 2008	Change	% Change
Alameda County Residential	\$1,431,870,639	\$956,176,388	-\$475,694,251	-33.2%
Alameda County Non-Residential	\$770,191,725	\$944,556,648	\$174,364,923	22.6%
Alameda County Commercial	\$172,254,693	\$225,220,201	\$52,965,508	30.7%
Alameda County Industrial	\$59,754,411	\$80,184,966	\$20,430,555	34.2%
Contra Costa County Residential	\$1,381,602,745	\$895,543,761	-\$486,058,984	-35.2%
Contra Costa County Non-Residential	\$471,116,847	\$459,195,344	-\$11,921,503	-2.5%
Contra Costa County Commercial	\$142,192,253	\$149,517,282	\$7,325,029	5.2%
Contra Costa County Industrial	\$10,755,858	\$13,245,891	\$2,490,033	23.2%
Source: CIRB				

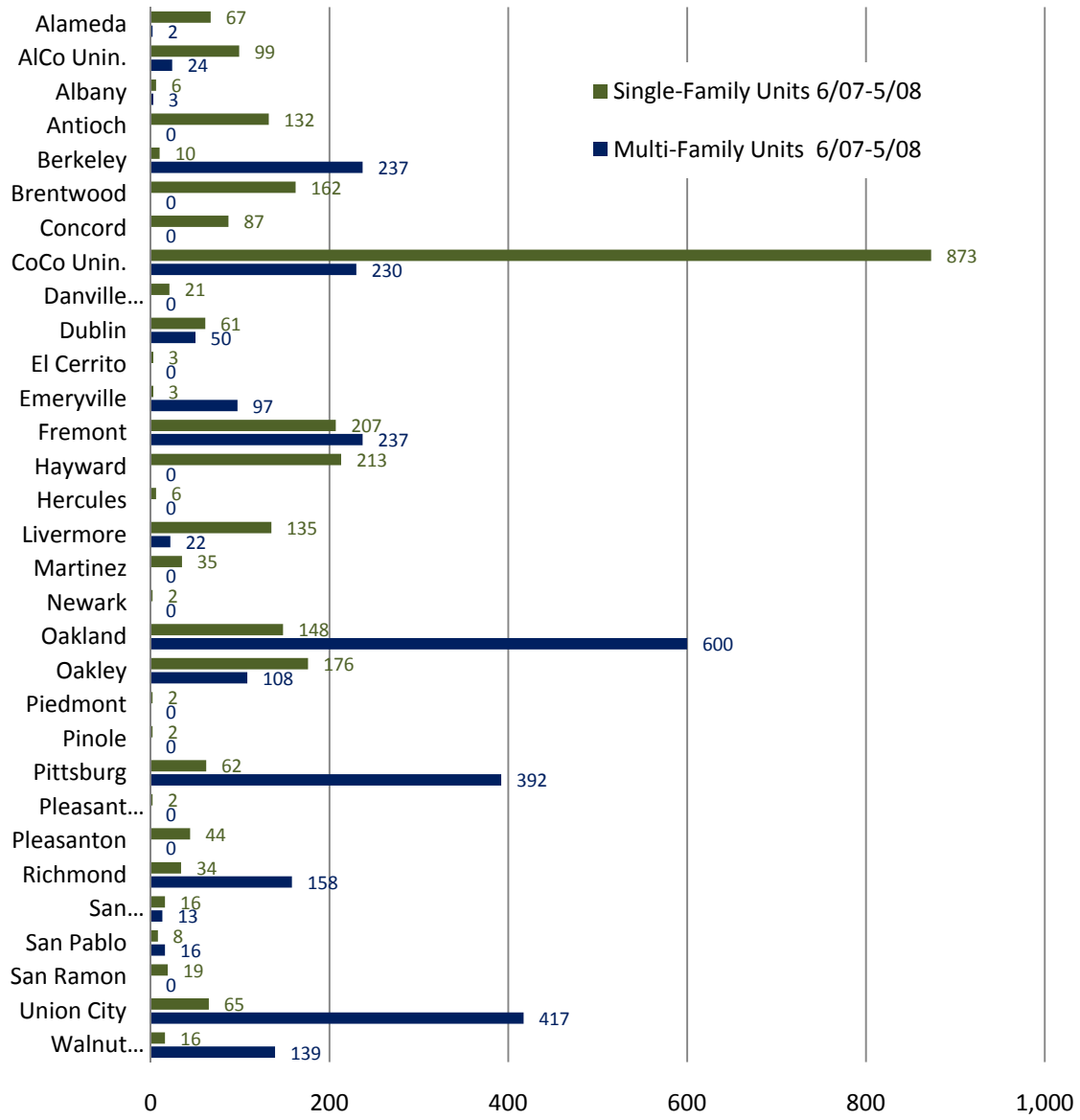
The slowing of the housing market was visible in the declines in both single and multi-family construction permits issued over the past twelve months. In this comparison, multi-family construction in Alameda County was hardest hit, dropping over 50 percent when compared with the previous period.

Housing Unit Permit Comparison by Type	June 2006 – May 2007	June 2007 – May 2008	Change	% Change
ALCO Single-Family Units	1,574	1,078	-496	-31.5%
CCC Single-Family Units	3,152	1,638	-1514	-48.0%
ALCO Multi-Family Units	3,566	1,702	-1864	-52.3%
CCC Multi-Family Units	999	1,043	44	4.4%
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 May 2008.



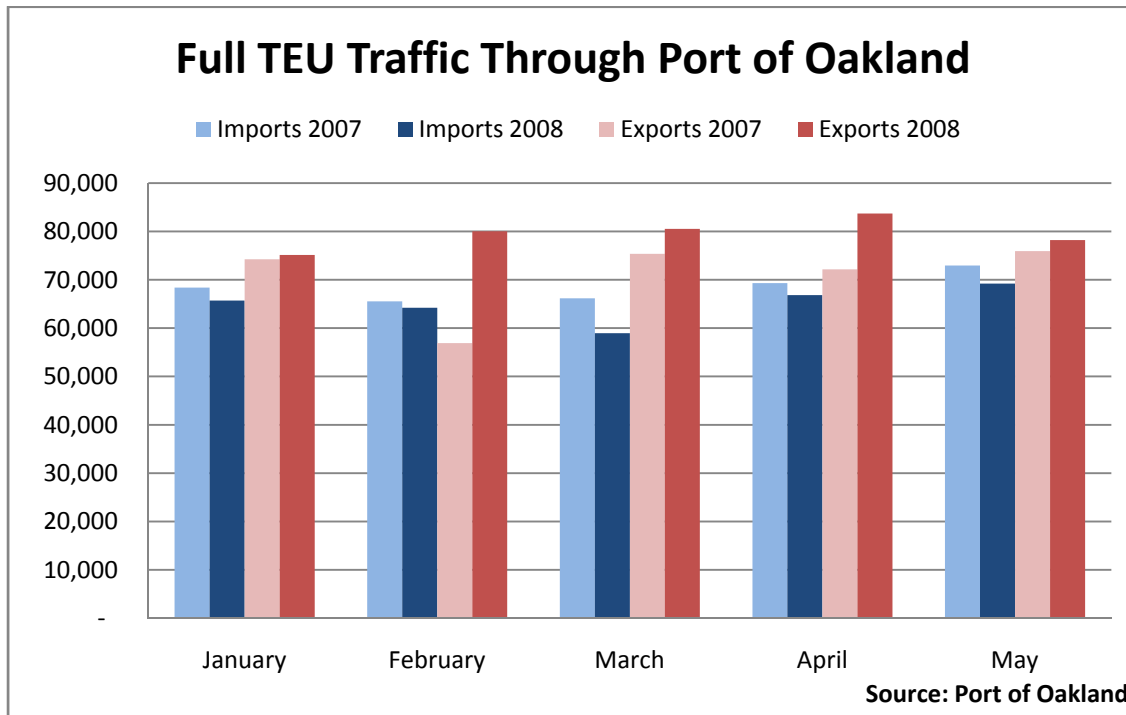
Single and Multi-Family Permits Issued by East Bay City



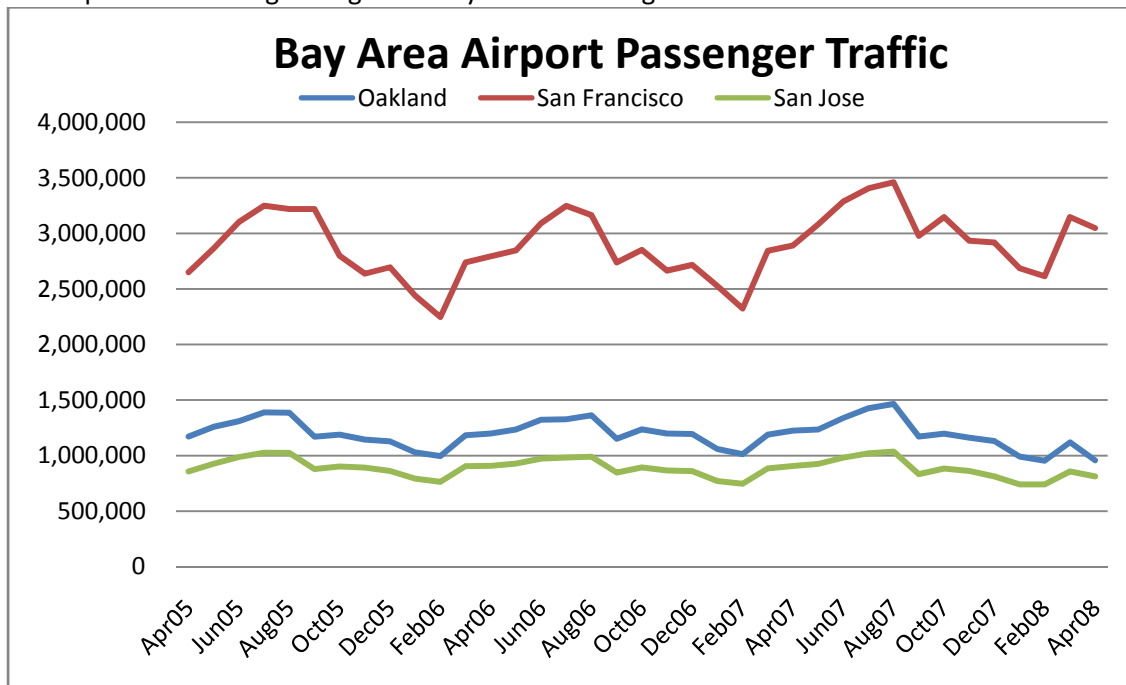
Source: CIRB

TRADE & TRANSPORT

Container Traffic & Airline Passengers



Traffic of imports transported in Twenty-foot equivalent (TEU) containers at the Port of Oakland has posted year-over-year decreases for the last 5 months. Exports have continued to increase, due in part to China’s growing economy and the falling value of the US Dollar.



Since October 2007, monthly passenger traffic at the Oakland Airport has posted annual decreases, with the number of total passengers falling sharply in April 2008, when 267,738 fewer passengers traveled than in April 2007. San Francisco International continues to post year-over-year increases in total passengers, while San Jose Mineta Airport has posted annual decreases since December 2007.