



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 OCTOBER 2008

- ***Unemployment increased, rising to 7.1 percent from 6.8 in September***
- ***Retail Trade posted lower-than-average monthly gains in employment***
- ***Financial Services and Construction employment continued to post annual losses***
- ***High inventory and falling prices continued to spark increases in Contra Costa County home sales***
- ***Home values fell 35 percent annually in Alameda County and 46 percent annually in Contra Costa County***
- ***Commercial and Industrial construction permit values increased over 2007 levels***

East Bay Economic Development Alliance
1221 Oak Street, Suite 555
Oakland, CA 94612
(510) 272-6843
www.eastbayeda.org

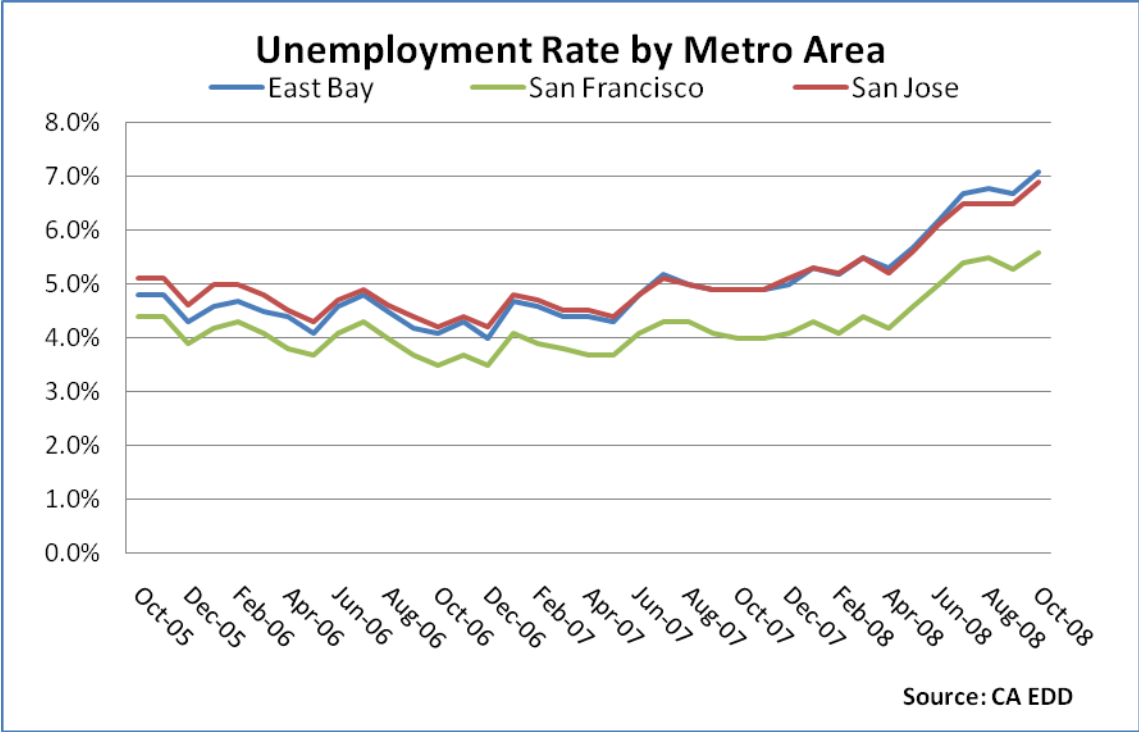
*Serving the East Bay, the **Bright** Side of the San Francisco Bay*

EMPLOYMENT

BAY AREA UNEMPLOYMENT

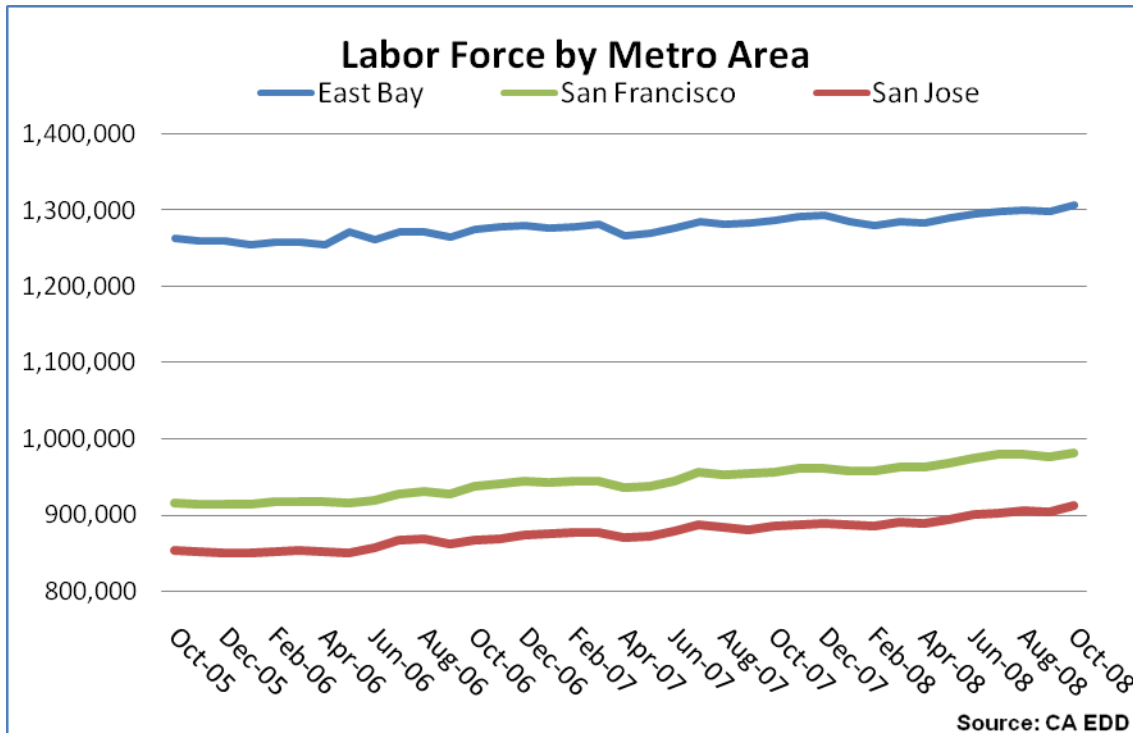
According to the California Employment Development Department, the unemployment rate in the East Bay was 7.1 percent in October 2008, up from a revised 6.7 percent in September 2008, and above the year-ago estimate of 4.9 percent. This compares with an unadjusted unemployment rate of 8.0 percent for California and 6.1 percent for the nation during the same period. The unemployment rate was 7.1 percent in Alameda County, and 7.0 percent in Contra Costa County.

Unemployment rates in the Bay Area’s other metro areas also increased during this period. San Francisco’s unemployment rate was 5.6 percent in October, up from 5.3 percent in September 2008, and up from 4.0 percent in October 2007. The unemployment rate in San Jose was 6.9 percent in October, up from 6.5 percent in September 2008, and up from 4.9 percent in October 2007.



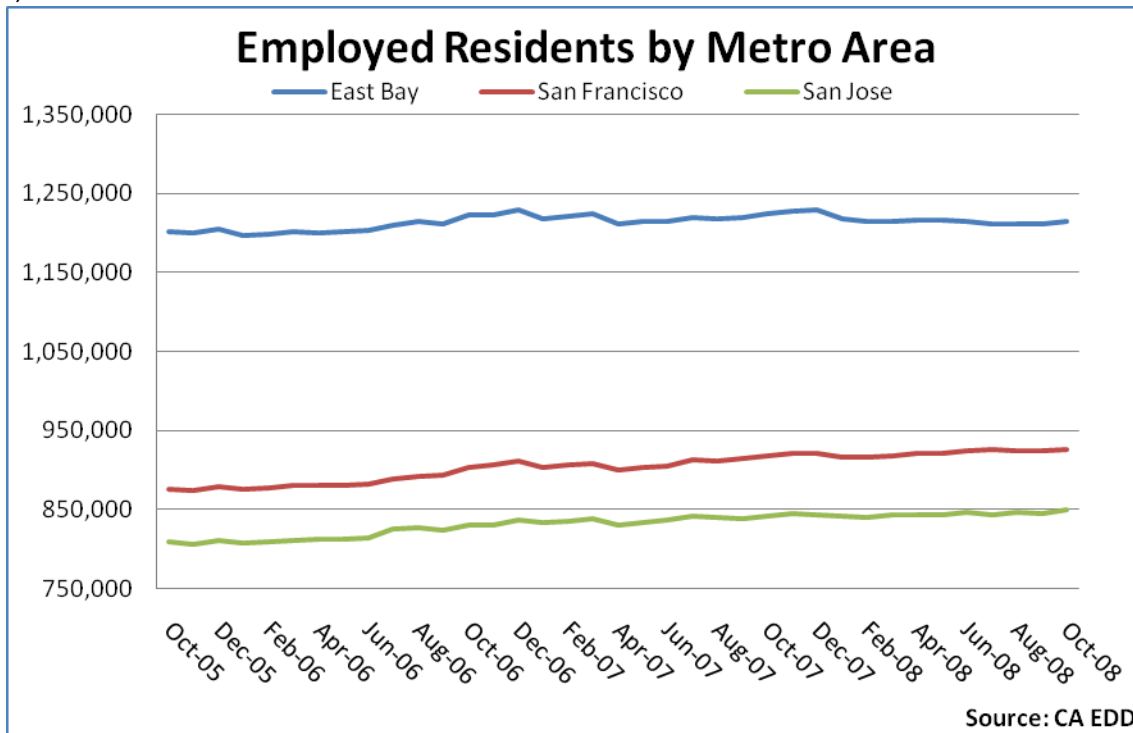
BAY AREA LABOR FORCE

In a month-over-month comparison, the East Bay’s labor force (number of individuals currently employed or actively seeking employment) gained 1,500 workers to reach 1,307,900 in August 2008. San Francisco’s labor force gained 5,100 workers to reach 980,700, and in San Jose the number of workers rose 8,700 to reach 912,900. In a year-over-year comparison, Bay Area regions continued to see gains in labor force numbers. The East Bay had 20,200 more workers in October 2008 than in October 2007, San Francisco gained 24,600, and San Jose added 27,700 workers.



BAY AREA EMPLOYED RESIDENTS

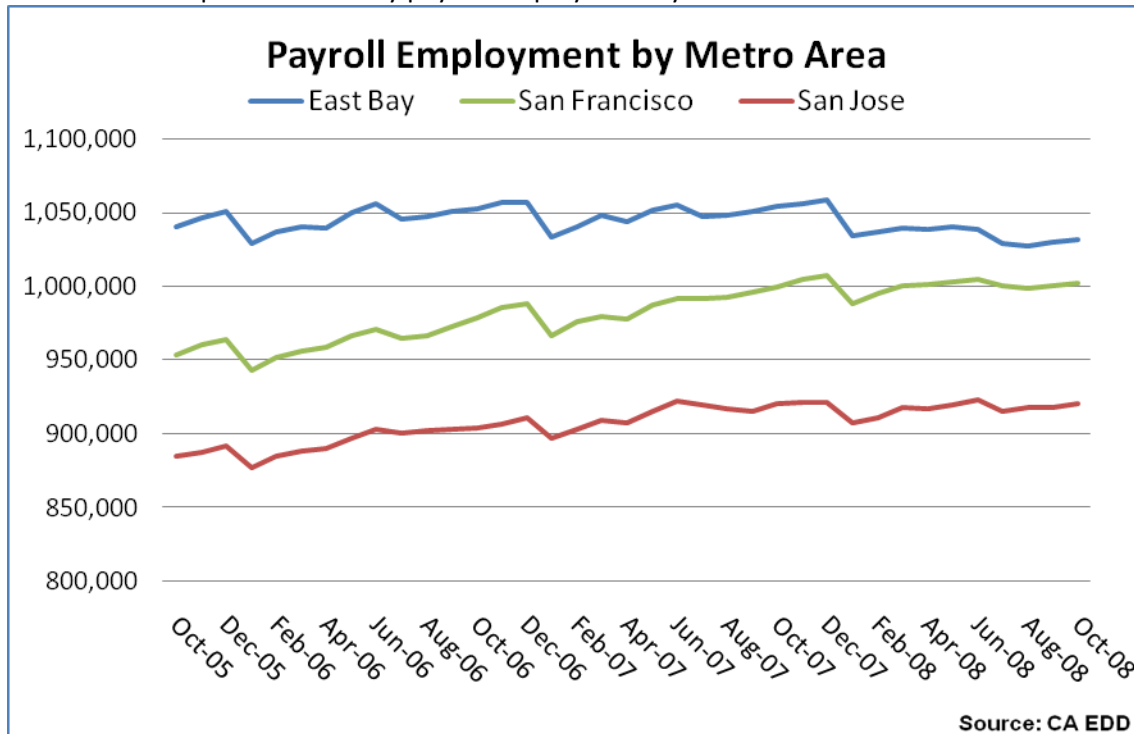
Between September and October 2008, the number of employed residents (employed persons who reside within the region) increased 3,500 in the East Bay, 1,700 in San Francisco, and 4,300 in San Jose. When compared with October 2007, a year-over-year comparison showed the East Bay with 9,700 fewer employed residents, while San Francisco gained 8,100 and San Jose gained 7,600.



BAY AREA PAYROLL EMPLOYMENT

Between September and October 2008, the East Bay added 1,500 payroll jobs (number of jobs located in the specified region, not including those who are self-employed), San Francisco added 1,400 and San Jose added 2,700. Unfortunately, these gains were not sufficient to compensate for recent job losses in the East Bay as a comparison with October 2007 showed the East Bay's

payrolls to have 22,500 fewer jobs, while San Francisco added 1,400 and San Jose added 2,700. 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 Labor Market Report, between September and October 2008 the total number of jobs in the East Bay rose 1,500, to reach 1,031,700.

- The major industry with the largest deviation from its usual seasonal pattern was trade, transportation, and utilities - remaining, although far below its average 900-job increase from September to October over the prior 18 years. Retail trade posted a smaller-than-typical 100-job increase.
- Government increased by 3,100 jobs. Local public schools (up 2,500 jobs) accounted for the majority of the increase.
- Private educational and health services gained 500 jobs. Private schools expanded payrolls by 300 jobs, a smaller-than-typical increase for this time period.
- Seasonal losses occurred in leisure and hospitality (down 800 jobs), other services (down 600 jobs), and construction (down 400 jobs).

ANNUAL COMPARISON

Between October 2007 and October 2008, the total number of jobs in the East Bay fell 22,500 – a loss of 2.1 percent.

- Construction lost 6,100 jobs, mostly in specialty trade contractors (down 3,400 jobs) and construction of buildings (down 2,200 jobs).
- Trade, transportation, and utilities lost 5,300 jobs. Retail trade (down 4,100 jobs) accounted for the majority of the loss.
- Financial activities lost 3,600 jobs. Banks, savings and loan institutions, and credit unions (down 2,300 jobs) accounted for most of the loss.
- Other major industries with losses of at least 1,000 jobs each include government, manufacturing, other services, and professional and business services.
- On the upside, private educational and health services led the year-over gains by netting 700 jobs. Hospitals added 800 jobs.

Sector	Oct-08	1 Month Change	12 Month Change	12 Month % Change	24 Month Change
Educational and Health Services	126,300	500	700	0.6%	3,000
Natural Resources and Mining	1,300	0	100	8.3%	100
Trans, Warehousing & Utilities	36,500	0	0	0.0%	700
Information	28,400	100	-500	-1.7%	-1,500
Leisure and Hospitality	86,400	-800	-800	-0.9%	200
Wholesale Trade	47,400	-100	-1,200	-2.5%	-1,600
Professional and Business Services	155,000	-200	-1,300	-0.8%	-1,100
Other Services	35,100	-600	-1,400	-3.8%	-700
Manufacturing	91,700	-200	-1,600	-1.7%	-3,300
Government	187,400	3,100	-2,700	-1.4%	2,300
Financial Activities	57,600	0	-3,600	-5.9%	-8,600
Retail Trade	109,000	100	-4,100	-3.6%	-3,100
Construction	68,100	-400	-6,100	-8.2%	-7,900

INDUSTRY EMPLOYMENT DATA SOURCE: California Employment Development Department

EAST BAY CONSTRUCTION EMPLOYMENT

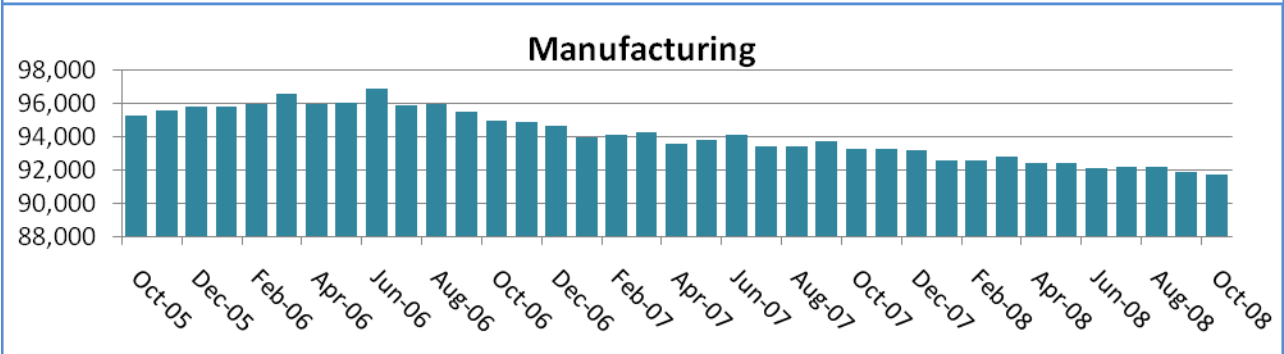
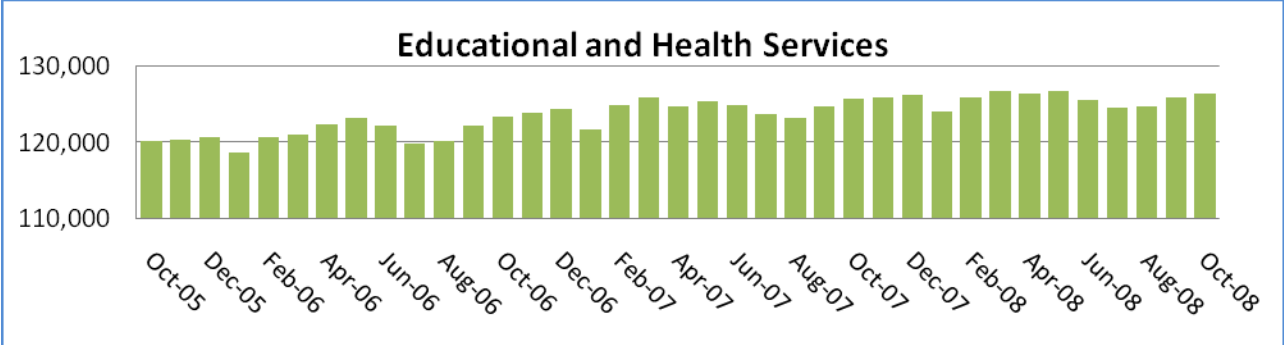
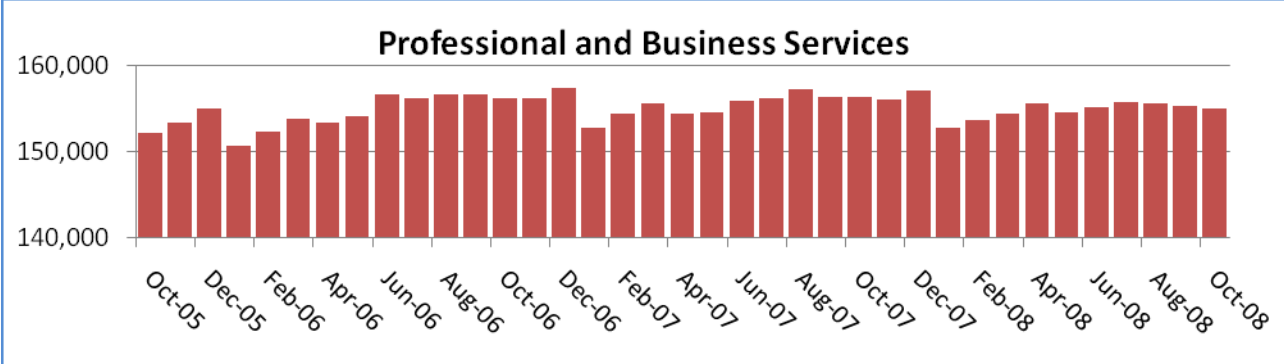
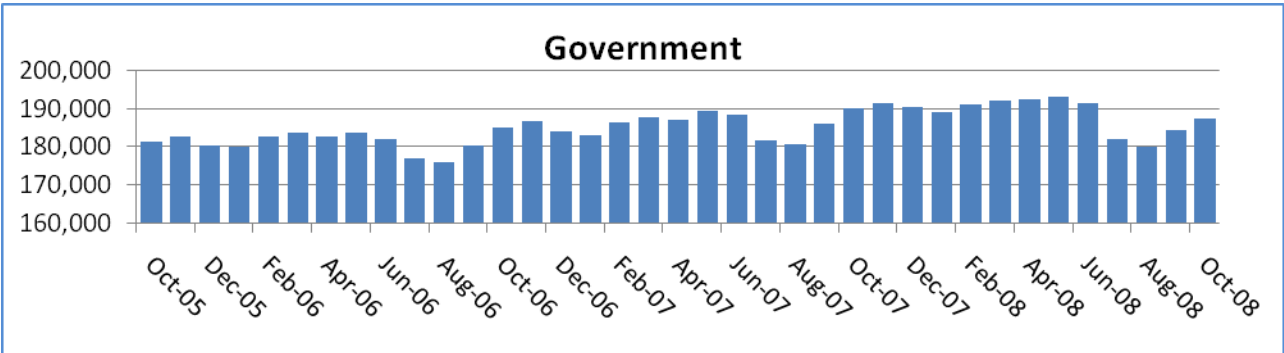
Activity in the East Bay's construction sector reflects the housing downturn continuing to affect the region and the nation at large. All East Bay construction sub-sectors but Highway, Street and Bridge Construction (up 200) posted losses in the year-over-year comparison.

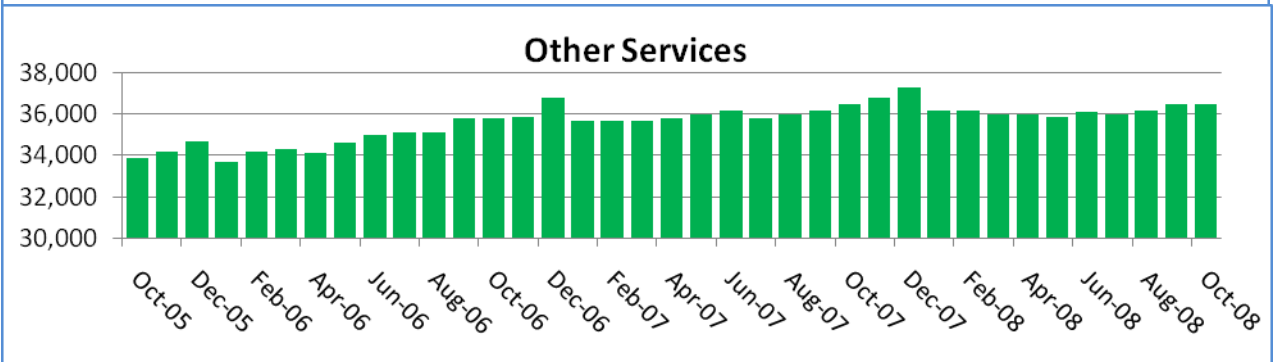
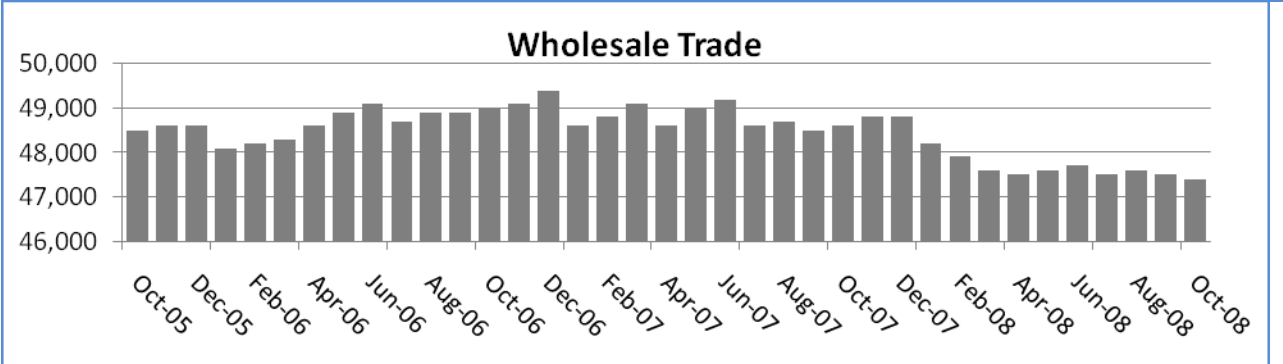
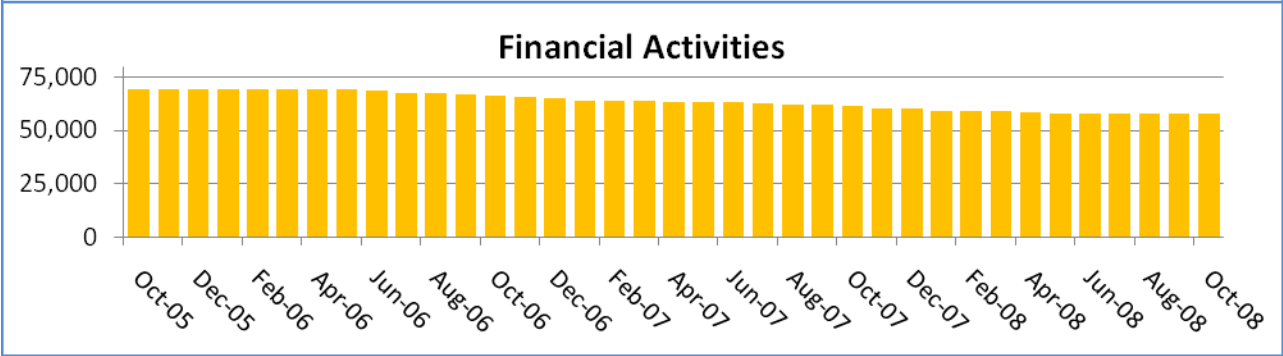
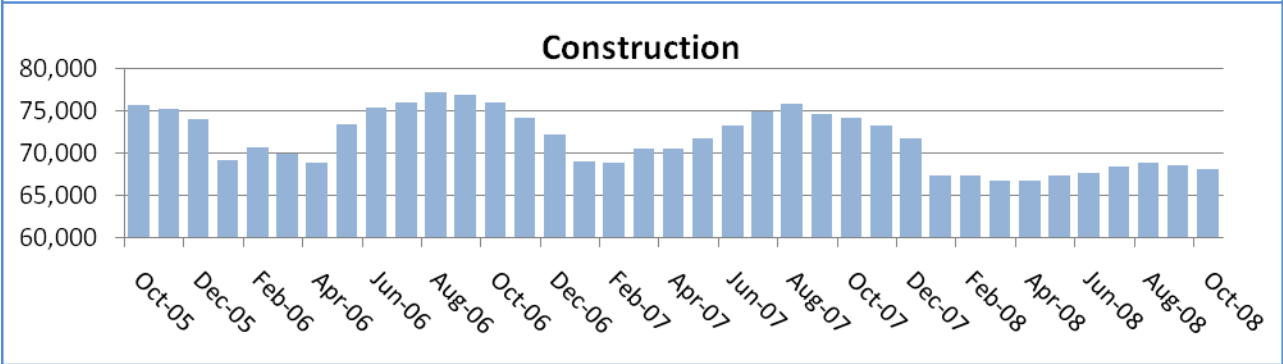
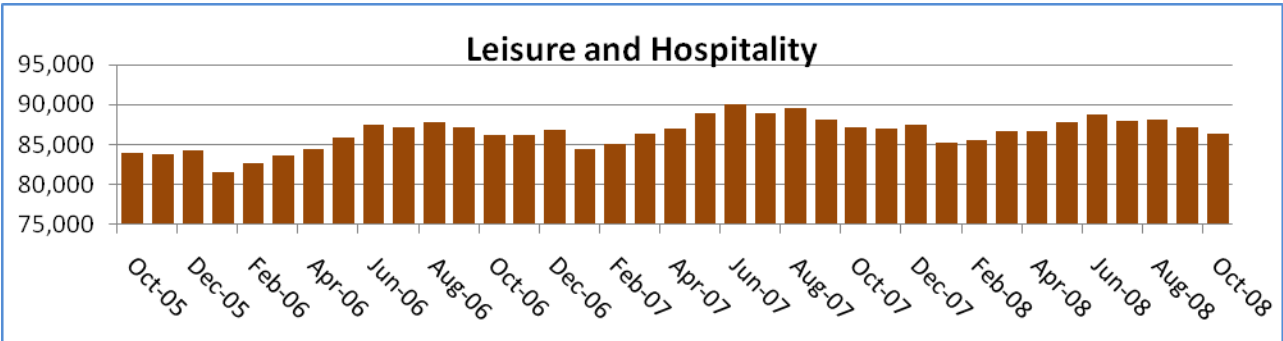
	Oct-08	1 Month Change	12 Month Change	12 Month % Change	24 Month Change
Highway, Street, and Bridge	4,000	200	200	5.3%	-300
Nonresidential Building	4,800	0	-700	-12.7%	-1,000
Residual-Other Heavy and Civil Engineer	5,400	0	-700	-11.5%	-1,000
Building Equipment Contractors	14,400	-100	-800	-5.3%	-100
Building Foundation and Exterior Contractors	9,200	-200	-1,200	-11.5%	-2,100
Other Specialty Trade Contractors	19,700	-200	-1,400	-6.6%	-500
Residential Building	10,600	-100	-1,500	-12.4%	-2,900
All Construction	68,100	-400	-6,100	-8.2%	-7,900

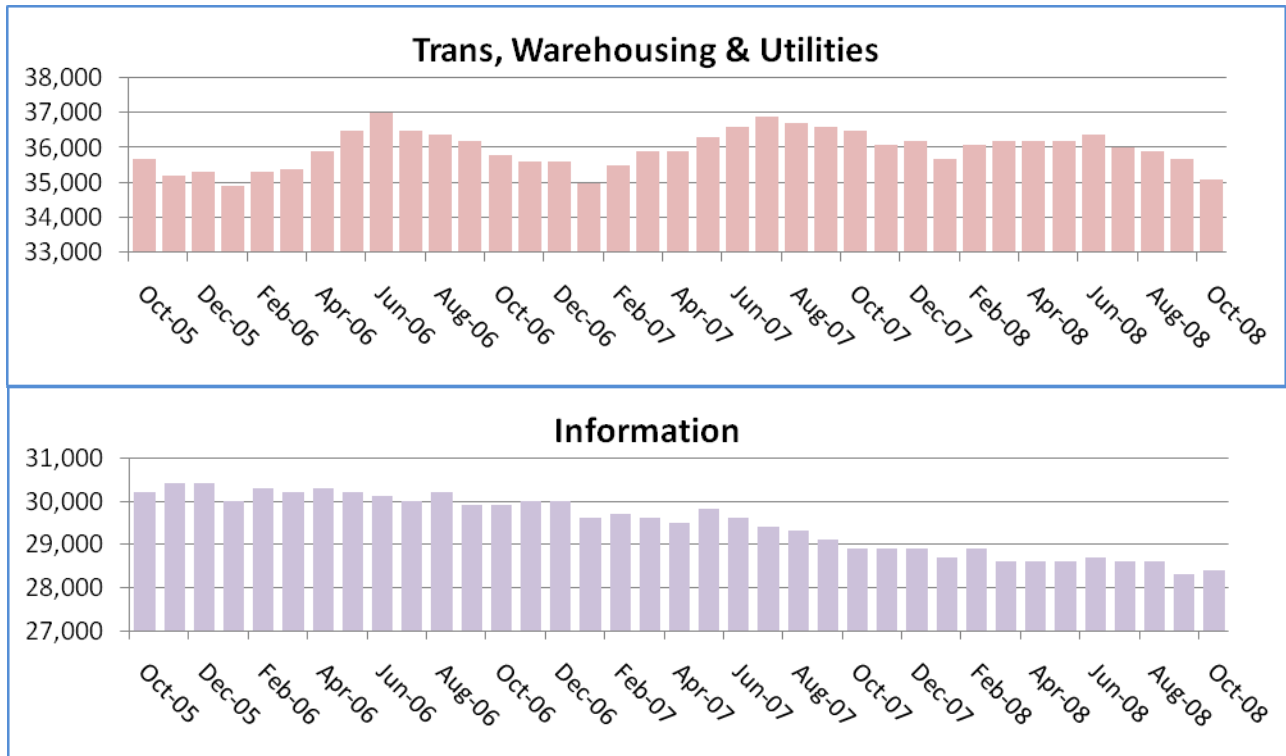
EAST BAY MANUFACTURING PAYROLL EMPLOYMENT

Though virtually unchanged in the month-over-month comparison, the East Bay's manufacturing sector showed an overall loss of 1,600 jobs when compared with October 2007. Most losses occurred in the food and residual-miscellaneous manufacturing sectors.

		1 Month Change	12 Month Change	12 Month % Change	24 Month Change
Petroleum and Coal Products	7,500	-100	400	5.6%	500
Computer and Electronic Product	19,800	0	200	1.0%	-1,000
Chemical	7,300	0	0	0.0%	100
Transportation Equipment	7,300	0	-200	-2.7%	-300
Residual-Food	18,900	0	-900	-4.5%	-1,500
Residual-Miscellaneous	30,900	-100	-1,100	-3.4%	-1,100
All Manufacturing	91,700	-200	-1,600	-1.7%	-3,300







BAY AREA HOME SALES

According to MDA DataQuick, Bay Area homes sold at their fastest pace in 17 months in October as buyers favored more affordable inland areas where declining home values and foreclosures have hit hardest. As a result, the median sale price continued its steep, months-long decline, falling a record 40.6 percent, or \$256,000, from a year ago.

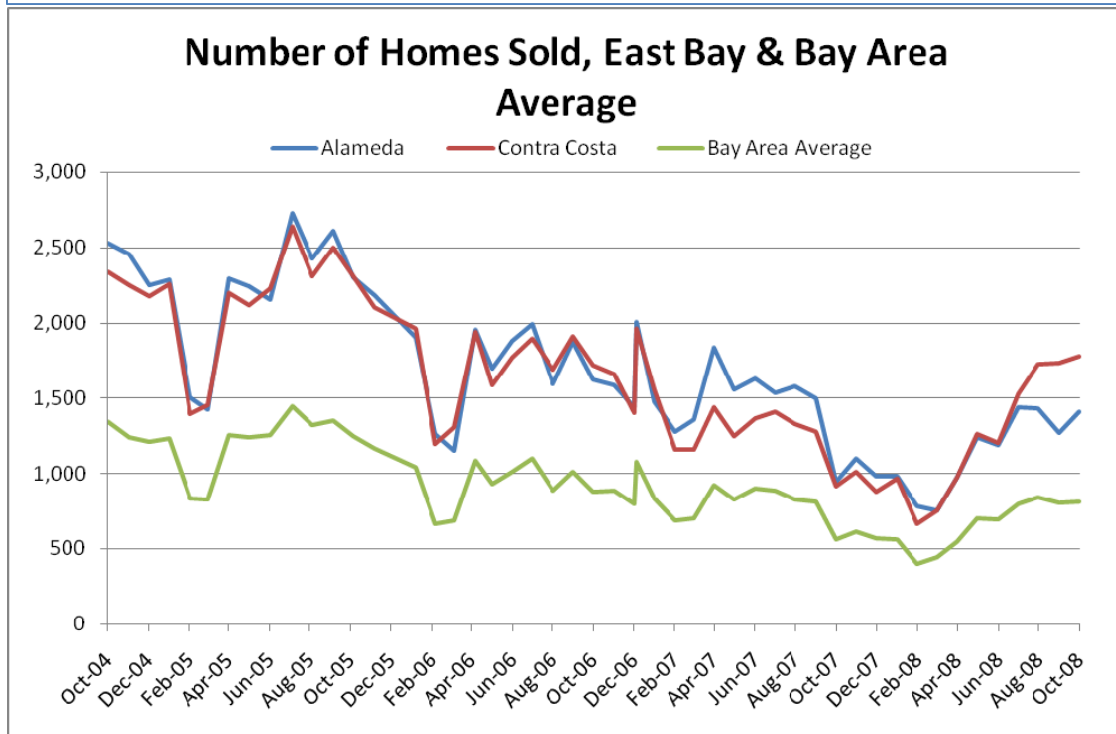
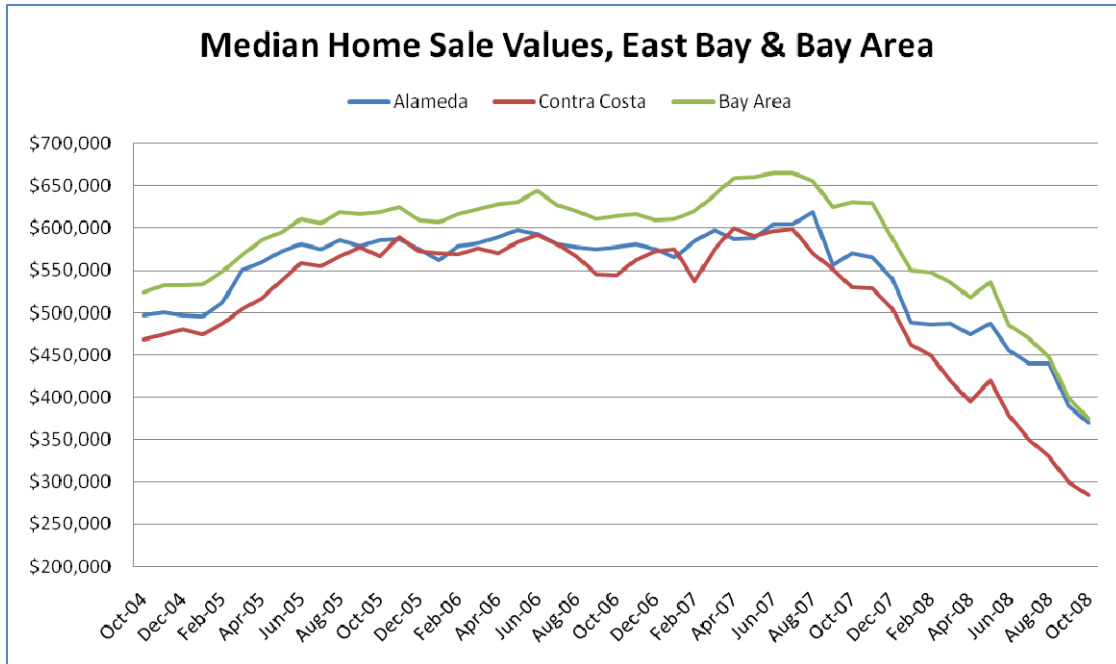
A total of 7,613 new and resale houses and condos closed escrow in

All Homes by County	Number Sold October 2008	Sales Annual Pct. Change	Median October 2008	Median Annual Pct. Change
Alameda	1,544	40.6%	\$ 369,500	-35.20%
Contra Costa	1,888	86.7%	\$ 285,000	-46.30%
Marin	220	1.9%	\$ 599,750	-31.50%
Napa	135	90.1%	\$ 400,000	-27.10%
San Francisco	414	-21.3%	\$ 699,000	-12.10%
San Mateo	530	3.5%	\$ 605,000	-21.90%
Santa Clara	1,520	10.1%	\$ 477,000	-30.20%
Solano	745	141.1%	\$ 240,000	-38.70%
Sonoma	617	70.4%	\$ 330,000	-30.20%
Bay Area	7,613	38.8%	\$ 375,000	-40.60%

Source: MDA DataQuick

the nine-county Bay Area in October. That was up 4.7 percent from 7,271 in September, and up 38.8 percent from 5,486 in October 2007. In the East Bay, sales in Contra Costa County gained 86.7 percent over October 2007, while sales in Alameda County gained 40.6 percent over October 2007.

All Bay Area counties continued to see year-over-year price declines in October. In the East Bay, Alameda County's median value was \$369,500, a 35.2 percent decline over October 2007. The Contra Costa County median home sale value was \$285,000, a 46.3 percent decline over October 2007. Of all nine Bay Area counties, Contra Costa had the largest annual decline in median home sale values between October 2007 and October 2008.



EAST BAY HOME SALES

In October 2008, all East Bay cities saw annual declines in median home values.

City	# Sold October 2008	Median October 2008	Median October 2007	Y-o-Y
Alameda County	1,519	\$370,000	\$575,000	-35.65%
ALAMEDA	53	\$570,000	\$715,000	-20.28%
ALBANY	19	\$570,000	\$370,000	54.05%
BERKELEY	57	\$665,000	\$628,000	5.89%
CASTRO VALLEY	44	\$475,000	\$585,000	-18.80%
DUBLIN	67	\$510,000	\$575,000	-11.30%
EMERYVILLE	29	\$275,000	\$409,000	-32.76%
FREMONT	189	\$485,000	\$637,000	-23.86%
HAYWARD	222	\$290,000	\$430,500	-32.64%
LIVERMORE	101	\$390,000	\$611,250	-36.20%
NEWARK	56	\$375,250	\$637,500	-41.14%
OAKLAND	369	\$235,000	\$527,000	-55.41%
PLEASANTON	76	\$690,000	\$814,250	-15.26%
SAN LEANDRO	126	\$350,500	\$430,000	-18.49%
SAN LORENZO	41	\$325,000	\$444,000	-26.80%
UNION CITY	69	\$380,000	\$607,000	-37.40%
Contra Costa County	1,847	\$280,000	\$522,750	-46.44%
ALAMO	21	\$1,270,000	\$1,260,000	0.79%
ANTIOCH	331	\$229,000	\$382,000	-40.05%
BETHEL ISLAND	2	\$273,750	n/a	n/a
BRENTWOOD2	116	\$315,000	\$540,000	-41.67%
BYRON	4	\$336,750	\$594,250	-43.33%
CLAYTON	7	\$640,000	\$606,500	5.52%
CONCORD	188	\$260,000	\$431,000	-39.68%
CROCKETT	3	\$368,500	\$315,000	16.98%
DANVILLE	58	\$883,250	\$1,010,000	-12.55%
DISCOVERY BAY	31	\$350,000	\$477,000	-26.62%
EL CERRITO	18	\$584,000	\$635,000	-8.03%
EL SOBRANTE	26	\$312,500	\$400,000	-21.88%
HERCULES	47	\$328,000	\$413,500	-20.68%
LAFAYETTE	16	\$1,151,500	\$1,000,000	15.15%
MARTINEZ	42	\$318,000	\$443,750	-28.34%
MORAGA	9	\$840,000	\$880,000	-4.55%
OAKLEY	136	\$237,500	\$410,000	-42.07%
ORINDA	16	\$1,021,000	\$1,300,000	-21.46%
PINOLE	23	\$305,000	\$435,500	-29.97%
PITTSBURG	212	\$200,000	\$350,000	-42.86%
PLEASANT HILL	32	\$427,500	\$588,500	-27.36%
RICHMOND	154	\$152,500	\$390,000	-60.90%
RODEO	16	\$276,500	\$415,000	-33.37%
SAN PABLO	118	\$206,500	\$420,000	-50.83%
SAN RAMON	119	\$710,500	\$840,000	-15.42%
WALNUT CREEK	96	\$511,000	\$535,000	-4.49%

Source: DataQuick / SF Chronicle

BAY AREA CONSTRUCTION PERMITS

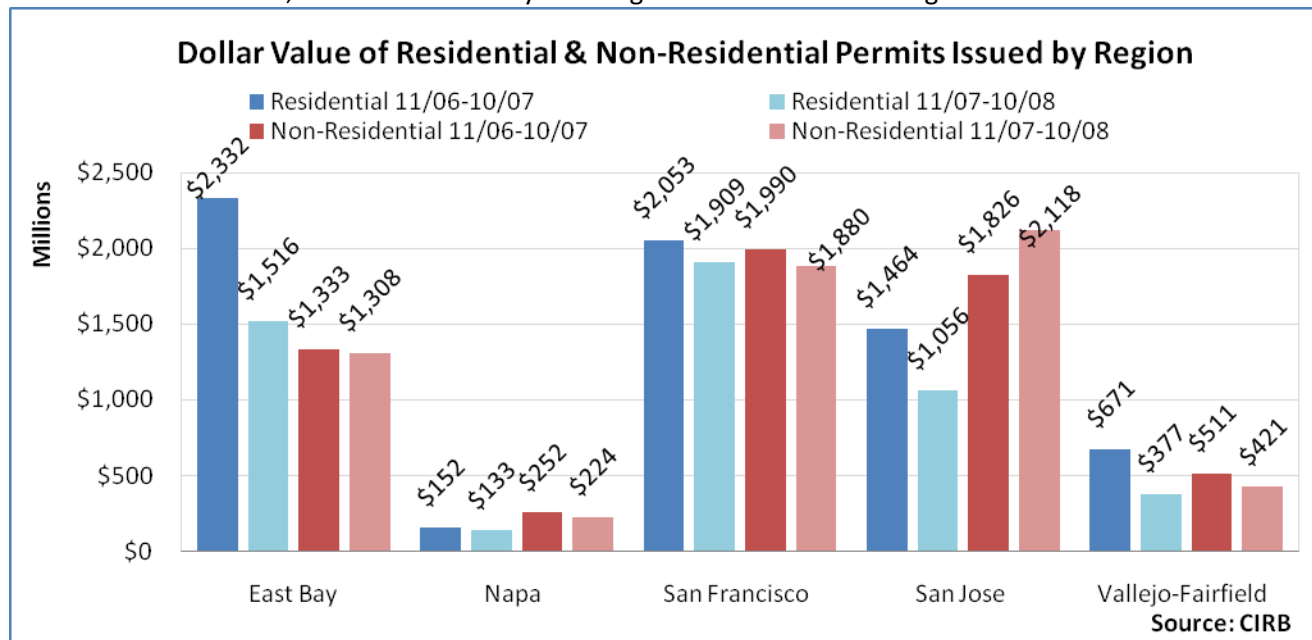
The following tables and graphs compare the 12-month periods of November 2006 – October 2007 and November 2007 – October 2008. This method provides a year-over-year comparison and can be less volatile than the month-over-month comparison.

Region	Total Value of Construction Permits 11/07 – 10/08	Annual Change in Total Value of Construction Permits 11/06-10/07 vs. 11/07-10/08	Annual Percent Change
East Bay	\$2,824,074,683	-\$840,491,834	-22.9%
Napa	\$356,196,601	-\$47,856,232	-11.8%
San Francisco	\$3,788,739,382	-\$254,491,741	-6.3%
San Jose	\$3,173,271,988	-\$116,418,994	-3.5%
Vallejo-Fairfield	\$797,335,466	-\$385,008,146	-32.6%

In a comparison of these two twelve-month periods, the East Bay showed a decrease in construction permit values, falling 22.9 percent (over \$840 million) from the previous period. All other Bay Area regions posted losses during this period as well.

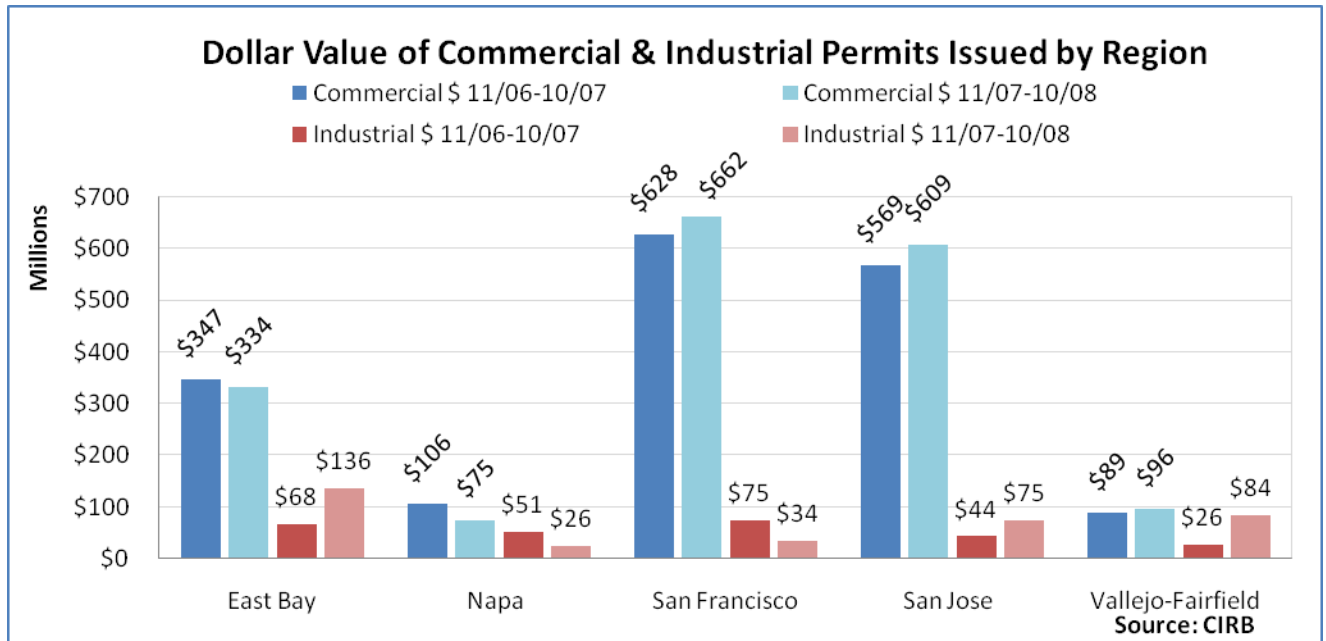
RESIDENTIAL & NON-RESIDENTIAL PERMITS

When comparing the two previous 12-month periods of November 2006 – October 2007 and November 2007 – October 2008, residential permit values fell throughout the Bay Area with the steepest declines occurring in the East Bay and Vallejo-Fairfield regions. Non-residential construction permit values, which had been posting annual increases despite steep losses in residential construction, decreased in all Bay Area regions but the San Jose region.

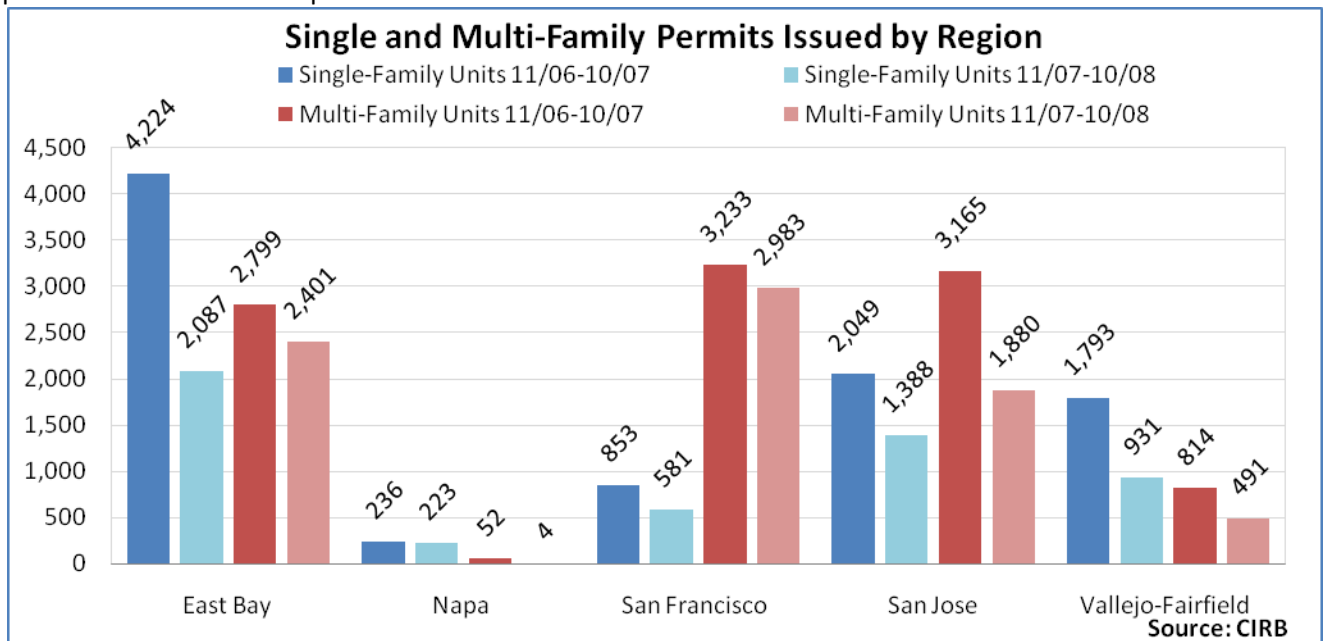


COMMERCIAL & INDUSTRIAL PERMITS In a comparison of commercial and industrial construction permits issued during the same two 12-month periods, the dollar value of commercial permits issued in the East Bay fell 3.8 percent when compared to the previous period. Commercial permit values also fell in the Napa region, while in the San Jose, San Francisco and Vallejo-Fairfield region, permit values increased moderately. Industrial permit values jumped 100 percent in the East Bay region, 70 percent in San Jose, and 223 percent in the

Vallejo-Fairfield region. Industrial permits in the San Francisco and Napa regions were both posted losses compared to the previous period.

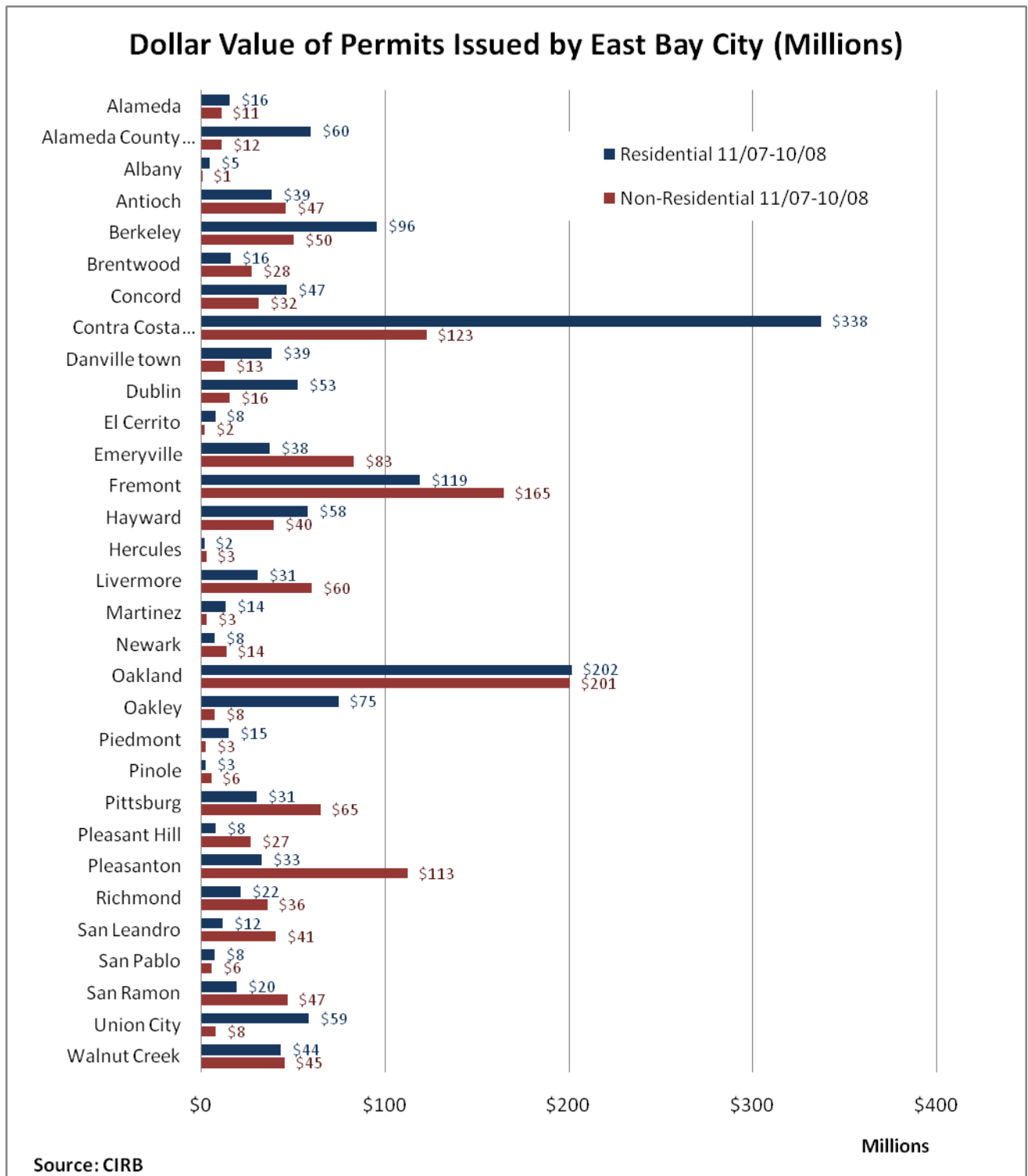


SINGLE AND MULTI-FAMILY PERMITS All Bay Area regions saw significant residential construction declines when compared with the previous 12-month period. The East Bay's drop from 4,224 single-family unit permits in the 2006-2007 period to just under 2,807 single-family permits in the 2007-2008 period was the most dramatic of the declines.

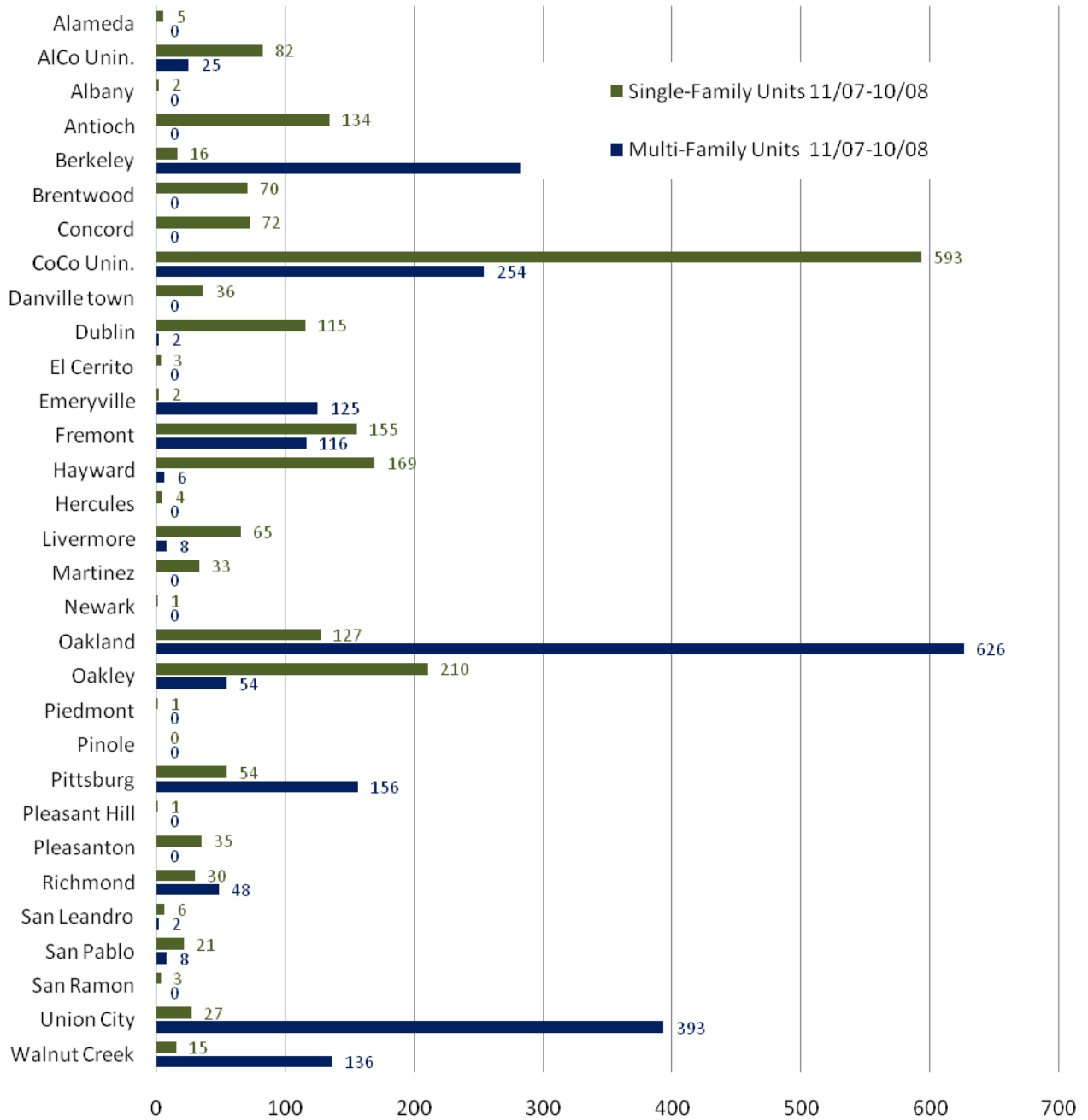


EAST BAY CONSTRUCTION

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 2008.



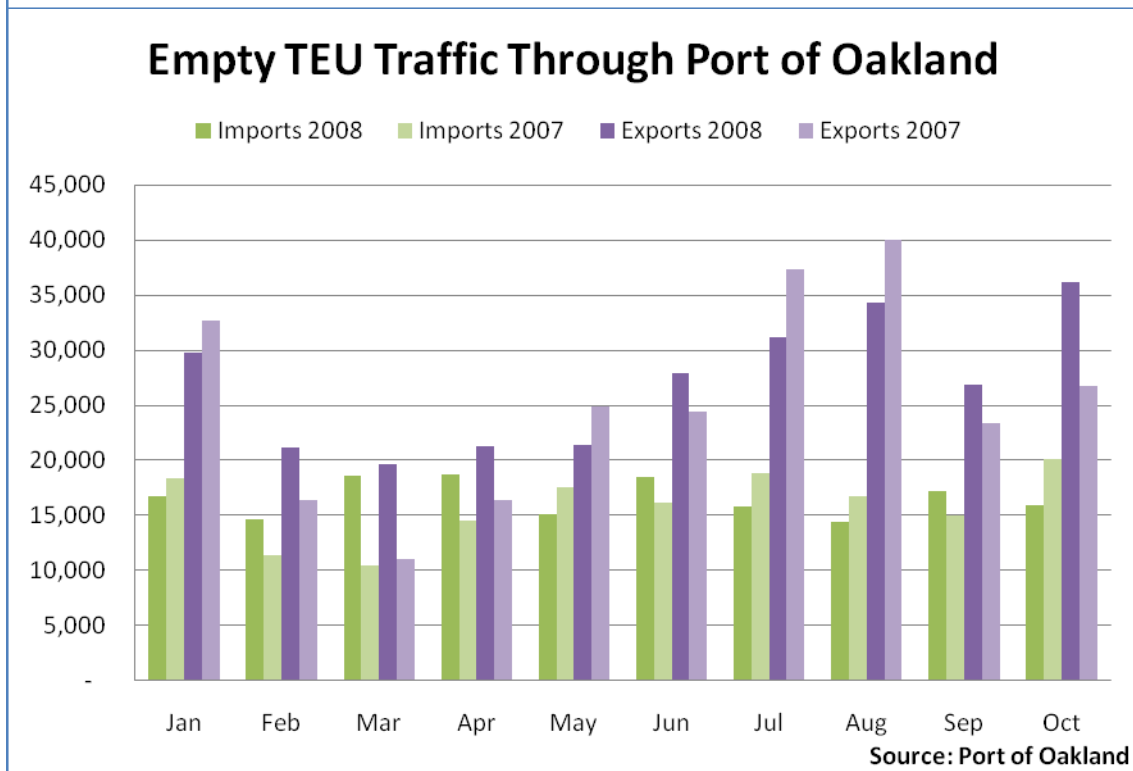
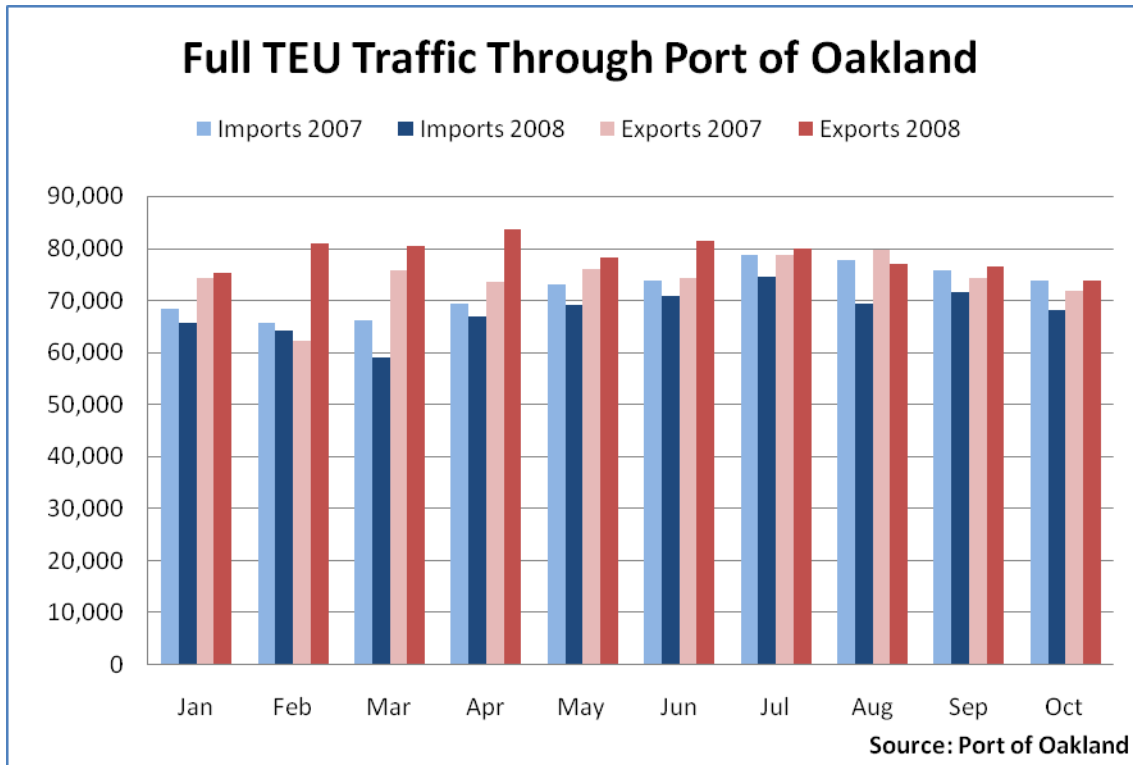
Single and Multi-Family Permits Issued by East Bay City



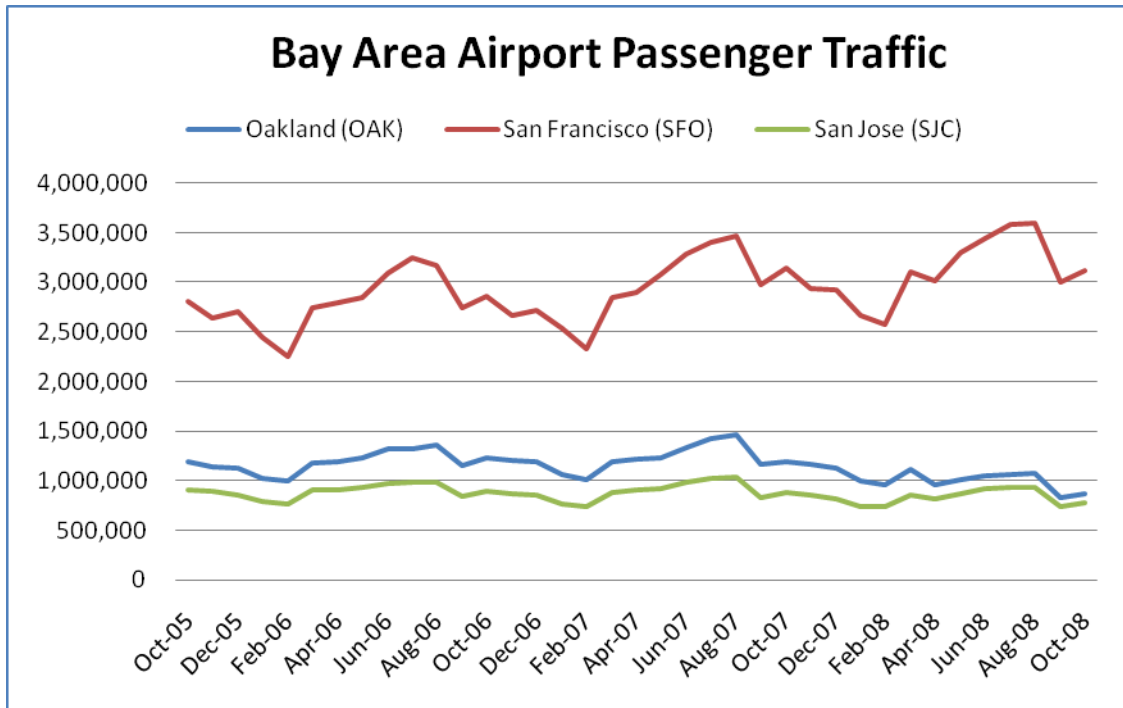
Source: CIRB

TRADE & TRANSPORT

Container Traffic & Airline Passengers



The traffic of Exports transported in **full** twenty-foot equivalent unit (TEU) containers through the Port of Oakland posted an annual increase in October 2008, while Imports decreased in the same comparison. The reverse trend was visible in **empty** TEU containers, with Imports showing a moderate annual increase and Exports posting dramatic declines over the previous year.



Oakland International (OAK), San Francisco International (SFO) and San Jose Mineta (SJC) Airports continued to see year-over-year decreases in passenger traffic in October 2008. 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. OAK has seen a 27.1 percent decrease in passenger traffic since October 2007, while SFO (down 1.0 percent) and SJC (down 12.2 percent) have experienced less severe decreases.