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## San Jose Employment Stabilizing, Housing to Follow?

Recent statistics from California's Employment Development Department illustrate an increase in the San Jose MSA's year-over-year non-farm employment for a second straight month, after not doing so for two years. The area - comprised of San Benito and Santa Clara counties - grew by 4,000 jobs from October 2009 to October 2010, an increase of 0.5%.

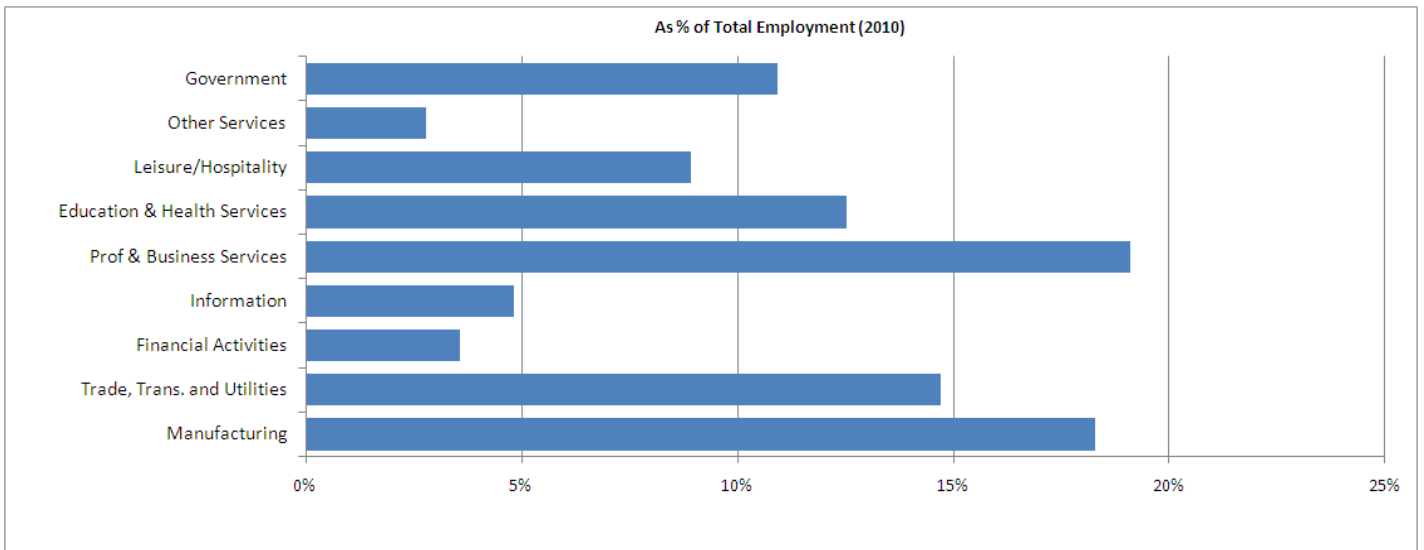
- **Majority of job growth has occurred in the Professional and Business Services industry, as government employment cuts back.** Professional and Business Services grew by 3,600 jobs. Within this industry, computer design jobs increased by 1,400, pointing to the continued stabilization in the ever-important technology sector. The manufacturing industry grew by 4,000 jobs, paced by gains in the production of computer and electronic products, including once-troubled semiconductor chips. The Trade, Transportation, and Utilities industry also saw a gain of 1,000. The gains in these industries were enough to offset the loss in government employment – by 5,600 jobs – that has occurred in San Jose in the last year.

Employment by Industry

	Oct. 2009	Oct. 2010	Job Change
<b>Total Nonfarm</b>	847,600	851,600	4,000
Manufacturing	152,700	156,700	4,000
Trade, Trans. and Utilities	125,100	126,100	1,000
Financial Activities	31,100	30,600	-500
Information	40,600	40,600	0
Prof & Business Services	159,500	163,100	3,600
Education & Health Services	108,400	110,300	1,900
Leisure/Hospitality	72,900	74,700	1,800
Other Services	24,000	23,700	-300
Government	101,000	95,400	-5,600

Source: California EDD

- **The top four Industries in the San Jose MSA construct 65% of the total non-farm workforce, and do not include Government.** The top industries are Professional and Business Services; Manufacturing; Trade, Transportation and Utilities; and Education and Health Services. The dwindling of government jobs – though significant – is not catastrophic to the San Jose economy because of the rise in other sectors.



- Additionally, overall unemployment has decreased by 1.5% so far in 2010.** Because government jobs are not as influential to the overall labor force, the unemployment rate in San Jose area has dipped below 11%, even through completion of the Census and the mandate of government furloughs. Not only are tech jobs helping send the unemployment rate down, but corporate profits across the country just recorded their best quarter ever, with American businesses earning profits at an annual rate of \$1.659 trillion in the 3<sup>rd</sup> quarter, based on the most recent report by the Commerce Department. Tech businesses with a significant corporate presence have benefitted two-fold. Google – based in Mountain View – has seen its number of total employees balloon to 23,300 so far this year, up 18% since the beginning of the year. They plan to hire more than 1,000 more American employees towards the end of 2010 and beginning of 2011, as they look to acquire and retain engineering and sales talent from tech industry competitors in the area such as LinkedIn, Twitter, Facebook, and Salesforce.com, all of whom are also looking to expand their base of elite talent into 2011. The jobs also pay well: Google also announced 10% pay increases for all employees in 2011. An increase of lucrative jobs will bode well for the housing market at some point in the near future.

San Jose MSA

2010 Unemployment Rate	
January	12.1%
February	11.8%
March	12.0%
April	11.4%
May	11.0%
June	11.3%
July	11.4%
August	11.1%
September	11.1%
October	10.6%

- According to the Job Search Difficulty Index, San Jose is the 2<sup>nd</sup> best job market in the country.** The index is based on the ratio of jobless workers in a given market to job openings advertised online and in the Juju.com index. Out of the nation's 50 biggest metro areas, San Jose has a ratio of 1.2 job seekers per posting, second only to Washington D.C. The lower the ratio, the healthier the job market. Some of the worst job markets have ratios from 4.5 to 8.

### Best Job Markets

Market	Ratio
Washington D.C.	1.11
San Jose	1.20
New York	1.63
Baltimore	1.89
Hartford, Conn.	1.89
Boston	1.97
Austin, Texas	2.25
Salt Lake City	2.37
Denver	2.38
Milwaukee	2.40

Source: juju.com

- Home sales have not yet responded to the now-stabilizing employment.** Unlike employment, home sales in Santa Clara County had one of its worst months in years, as shown in the chart below. The employment trends that have been illustrated above need to occur for a few more months before they assuage consumer concerns about job security and translate into increased volumes, particularly in the San Jose area where homes are more expensive than both the national average and the Bay Area median. Median pricing in Santa Clara County has improved by half a percentage point from last year, an important sign in an area of high prices. With both prices and jobs stabilizing, there is pent-up home demand that should yield increased sales in the spring.

Counties	Sales Volume			Median Price		
	Oct. 2009	Oct. 2010	% Change	Oct. 2009	Oct. 2010	% Change
Alameda	1,555	1,252	-19.5%	\$369,000	\$365,000	-1.1%
Contra Costa	1,679	1,333	-20.6%	\$280,000	\$260,000	-7.1%
Marin	264	205	-22.3%	\$648,000	\$630,000	-2.8%
Napa	121	91	-24.8%	\$360,000	\$307,000	-14.7%
Santa Clara	1,944	1,374	-29.3%	\$500,000	\$502,500	0.5%
San Francisco	553	436	-21.2%	\$690,824	\$652,000	-5.6%
San Mateo	586	528	-9.9%	\$580,000	\$561,250	-3.2%
Solano	681	517	-24.1%	\$195,000	\$205,500	5.4%
Sonoma	550	386	-29.8%	\$331,000	\$309,000	-6.6%
Bay Area	7,933	6,122	-22.8%	\$390,000	\$383,000	-1.8%

Source: Dataquick

### Meyers/Pollack Join to Produce the Quarterly Housing Newsletter

Meyers Builder Advisors formed a strategic alliance with Elliott D. Pollack & Company to produce the "Quarterly Housing Newsletter". Jeffrey Meyers and Elliott Pollack felt a void in the market for a housing Newsletter that is comprehensive, complete and a quick read. Combining the econometric forecasting strength of Elliott D. Pollack & Company with the homebuilding insights of Meyers Builder Advisors will produce a product not replicated in the market today. Content will include: National consensus forecasts, local econometric and housing trends and quarterly homebuilder land transactions. The initial release will include [Southern California](#), and [Phoenix, AZ](#). The reports will be published quarterly at a price of \$250 per market and \$1,000 for an annual subscription. Order yours today and receive the first 5 quarters for the price of 4.

## About Meyers Builder Advisors

[Meyers Builder Advisors](#) brings together a talented pool of consultants with a strong understanding of the homebuilding industry and the market dynamics that drive it. Combined, the team boasts over 100 years of market experience, with a wide range of services including site specific analysis, strategic workouts, due diligence, and forensic analysis. The group has advised on a wide range of residential product types throughout the United States and has successfully assisted a long list of builders, developers, and financial institutions.

## Upcoming Events

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IMN Annual Real Estate Opportunity & Private Investing

12-14

Laguna Beach, CA

[details](#)

## For more information, contact –

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