

# Workforce Review

A monthly review of labor market information for Northern Santa Clara County

## September 2012

*Did you know?*

### Bay Area's business climate is less friendly to startups than other parts of California, says study

Relatively expensive housing, coupled with the high cost of living and doing business in the Bay Area, has made the nine-county region less hospitable to new companies than other big urban centers in California, according to a study released Thursday that urges improvements in what it describes as this area's burdensome regulatory climate.

"You have to ease the regulations that people face when they want to launch a new venture," said Jon Haveman, chief economist with the Bay Area Council's Economic Institute, which produced the report. "If somebody is trying to start a small business and spend a small fortune on a new home, they will probably start that business elsewhere."

The Bay Area lags major rivals such as Los Angeles and San Diego in jobs created by startup companies, the study determined.

The strengths of the region are reflected in household income and other factors, the report stated. The region has increasingly specialized in high-value industries such as professional, scientific and technical services, along with information services and products.

"This not only supports new company formation locally, but also helps attract innovative young companies from elsewhere in the country and around the world to locate here," the report stated.

"Even though there are high costs in the Bay Area, this region still has a reputation for new business formations," added Scott Anderson, chief economist with San Francisco-based Bank of the West. "You have the visibility of the tech industry. A lot of venture capitalists. Silicon Valley is the heart of the U.S. technology sector."

The report also determined that the migration of businesses into — or the defection from — the Bay Area has relatively little impact on the region's job market. On average, only 2.3 percent of new jobs created in the Bay Area in a given year is the result of companies that came from other parts of California, other states or other countries. Similarly, only 3.7 percent of the jobs that vanish in a year are the result of firms defecting from the Bay Area.

Instead, 55 percent of the new jobs created in the Bay Area every year result from companies that were already located in the Bay Area. And 66 percent of the job losses in a typical year come from companies that were already operating in the nine-county region.

"Instead of spending money on going to other states or countries, local leaders should spend that money to make the environment more hospitable to companies that are already here, to create a better atmosphere for the formation of startups and the survival and retention of new companies."

Source: San Jose Mercury News (10/18/12)  
<http://bit.ly/Rw1eh5>

#### Report recommendations

The report suggested that regional leaders undertake a number of specific solutions to ease the regulatory burden in the Bay Area and help curb the rise of home prices. The report suggests:

- Government officials should streamline regulations in the Bay Area with an eye to reduce burdens on businesses and cut construction costs for housing.
- Cities should create more one-stop centers for permits and approvals, along the lines of what Sunnyvale now offers.
- Leaders should focus economic strategies to help industries that offer the greatest competitive edge.
- Public agencies should spend more resources helping homegrown startups than trying to attract companies from other regions.
- Officials should improve workforce training.

Labor Force Statistics (San José–Sunnyvale–Santa Clara MSA)

Unemployment Rate	September 2011	August 2012	September 2012	Percentage Point Change	
				Monthly	Annual
San José–Sunnyvale MSA	9.6%	8.5%	8.0%	- 0.5	- 1.6
California	11.5%	10.4%	9.7%	- 0.7	- 1.8
United States	8.8%	8.2%	7.6%	- 0.6	- 1.2

  

Labor Force	September 2011	August 2012	September 2012	Percentage Change	
				Monthly	Annual
San José–Sunnyvale MSA	932,800	944,400	940,300	- 0.4%	+ 0.8%
Civilian Employed	843,100	864,200	865,200	+ 0.1%	+ 2.6%
Civilian Unemployed	89,700	80,200	75,100	- 6.4%	- 16.3%

Industry Statistics (San José–Sunnyvale–Santa Clara MSA)

Change in Employment	September 2011	August 2012	September 2012	Percentage Change	
				Monthly	Annual
<b>Total Nonfarm</b>	<b>885,000</b>	<b>906,500</b>	<b>906,000</b>	<b>- 0.1%</b>	<b>+ 2.4%</b>
Construction	32,800	35,900	35,300	- 1.7%	+ 7.6%
Mfg: Electronic Equipment	15,300	14,800	14,500	- 2.0%	- 5.2%
Information	50,000	53,500	54,200	+ 1.3%	+ 8.4%
Food Service & Drinking Places	58,000	60,000	61,200	+ 2.0%	+ 5.5%
Local Government	74,100	67,500	67,600	+ 0.1%	- 8.8%

NOTE: San José–Sunnyvale–Santa Clara MSA (Metropolitan Statistical Area) = Santa Clara and San Benito Counties

Source: California Employment Development Department, LMID

Labor Force by County (Nine-county San Francisco Bay Area)

	Labor Force			Unemployment			Unemployment Rate		
	September 2011	September 2012	Annual Change (%)	September 2011	September 2012	Annual Change (%)	September 2011	September 2012	Annual Change (%age point)
<b>California</b>	<b>18,473,700</b>	<b>18,374,400</b>	<b>- 0.5%</b>	<b>2,124,600</b>	<b>1,774,600</b>	<b>- 16.5%</b>	<b>11.5%</b>	<b>9.7%</b>	<b>- 1.8</b>
Alameda County	763,600	772,400	+ 1.2 %	78,600	66,600	- 15.3%	10.3%	8.6%	- 1.7
Contra Costa County	524,900	530,600	+ 1.1 %	53,200	44,600	- 16.2%	10.1%	8.4%	- 1.7
Marin County	136,500	139,000	+ 1.8 %	9,900	8,100	- 18.2%	7.3%	5.8%	- 1.5
Napa County	78,400	77,800	- 0.8%	6,500	5,400	- 16.9%	8.3%	6.9%	- 1.4
San Francisco County	465,700	474,000	+ 1.8%	39,000	32,600	- 16.4%	8.4%	6.9%	- 1.5
San Mateo County	383,800	390,500	+ 1.7 %	30,300	24,800	- 18.2%	7.9%	6.4%	- 1.5
Solano County	216,400	216,900	+ 0.2 %	24,000	20,200	- 15.8%	11.1%	9.3%	- 1.8
Sonoma County	259,200	264,300	+ 2.0%	24,600	20,100	- 18.3%	9.5%	7.6%	- 1.9
<b>Santa Clara County</b>	<b>907,300</b>	<b>914,600</b>	<b>+ 0.8%</b>	<b>86,800</b>	<b>72,600</b>	<b>- 16.4%</b>	<b>9.6%</b>	<b>7.9%</b>	<b>- 1.7</b>

NOTE: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

Regional Layoff Activity

Company	WARN *	City	Affected	Cause	Layoff Summary
Abbott Laboratories	No	Santa Clara	150	RIF	
Applied Materials	Yes	Multiple cities	17	RIF	
CPI	No	Palo Alto	30	RIF	Events Current YTD †: <b>18</b>
Intuit	Yes	Mountain View	15	RIF	
Medtronic	No	Sunnyvale	11	RIF	Events Previous YTD †: <b>32</b>
MedImmune	Yes	Multiple cities	264	Closure	
Nokia	Yes	Sunnyvale	84	RIF	* <b>WARN: Worker Adjustment and Retraining Notification</b> (notice of mass layoff or closure) † <b>YTD: Year to Date</b> (Program year: July 1–June 30)
Company confidential	Yes	Santa Clara	49	Closure	

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NOTE: Layoff data are reported by NOVA staff responding to layoff events and should be considered only an estimate of regional activity

Source: NOVA's internal Rapid Response database