

## Bay Area starts 2016 with strong job gains in first two months

The Bay Area has gotten off to a strong start in job growth during the first two months of 2016, with Santa Clara County, the East Bay, and San Francisco area posting sturdy gains — but signs also emerged that suggest the tech sector in the South Bay is losing steam.

During February, Santa Clara County gained 700 jobs, the East Bay added 1,600 positions, and the San Francisco-San Mateo area increased by 1,800 jobs, according to reports released Friday from the Employment Development Department and Beacon Economics. The Bay Area added 7,200 jobs in February.

But the sizzling tech industry in Santa Clara County that has been responsible for driving much of the Bay Area's growth since the recession may be cooling. Tech companies shed 1,200 jobs in Santa Clara County in February, Beacon and EDD reported.

"There's a little bit of indigestion going on in the tech sector," said Mark Vitner, a senior economist with San Francisco-based Wells Fargo Bank. "There was such a long run of strong growth in tech that was fueled by easy money. Now capital isn't as easy to come by for tech companies."

Layoffs have been disclosed at a variety of companies this year, including Yahoo, NetApp, VMware, Complete Genomics and Cisco Systems.

"For years, it was only good times for high tech," Vitner said. "This doesn't mean the good times are over, but the slowdown in technology in Santa Clara County is something that bears watching."

In the quarter that ended in February, Santa Clara County added 2,800 jobs, down from the 7,800 the area added in the previous quarter. It's also well short of the 17,100 jobs the South Bay added in the quarter that ended last August, this newspaper's analysis of the EDD figures shows.

What's more, the South Bay sluggishness comes at a time when the Bay Area's two other major metro regions are picking up steam — and in fact, adding tech jobs — 1,300 in the San Francisco-San Mateo area and 1,300 in the East Bay, Beacon's analysis shows.

During the quarter ending in February, the East Bay gained 7,800 jobs and the San Francisco-San Mateo area added 13,000 positions. In the three months that ended in November, the East Bay added 2,100 jobs and the San Francisco region gained 2,900.

California added 39,900 jobs in February, the EDD reported.

The statewide jobless rate in January improved to its lowest levels in more than eight years, meaning the figure is better than the marks that were set before the recession.

Unemployment in California was 5.5 percent, better than the 5.7 percent level in January. The February rate was the lowest since

August 2007, when the benchmark figure also was 5.5 percent.

Even with the current weakening of job gains in Santa Clara County, economists say the region's economy remains solid.

"Despite the decline last month, the all-important tech sector in Santa Clara County is doing OK," said Robert Kleinhenz, economist and executive director of research at Beacon Economics.

Over the year that ended in February, the information industry in Santa Clara County added 6,500 jobs, equating to 9 percent growth; professional scientific and technical services was up 6,800 jobs, a 4.9 percent gain; and computer and electronics manufacturing added 1,100 jobs, for a gain of slightly less than 1 percent.

So far in 2016, the Bay Area has added 16,700 jobs. During the first two months of this year, the San Francisco-San Mateo metro region has gained 7,300 jobs, the East Bay has added 5,400 jobs, and Santa Clara County has gained 1,700. All the numbers were adjusted for seasonal changes.

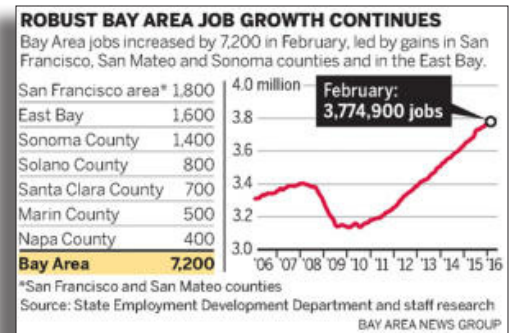
"Bay Area job growth continues to outpace the state and the nation," said Stephen Levy, director of the Palo Alto-based Center for Continuing Study of the California Economy.

Over the 12 months that ended in February, total jobs increased by 3.5 percent in the Bay Area, 3.6 percent in Santa Clara County, 4.2 percent in the San Francisco-San Mateo area, 2.7 percent in the East Bay, 2.8 percent in California and 1.9 percent in the United States.

"It's hard to tell when the tide is starting to go out, but it feels like we're past the peak of the strongest job growth in the Bay Area," Vitner said. "That doesn't mean the good times are over. It just means the Bay Area is going to grow more slowly than it has been."

#### Editor's note:

According to EDD representatives: Jobs located in San Mateo County increased by 5.0 percent on a year-over basis, ranking it 10th in performance of the 343 largest counties in the nation. Jobs located in Santa Clara County increased by 4.0 percent on a year-over basis, ranking it 32nd in performance. The U.S. posted a job gain of 1.9 percent, and California an addition of 3.0 percent based on Quarterly Census of Employment and Wages data [U.S. Bureau of Labor Statistics].



\*San Francisco and San Mateo counties

Source: State Employment Development Department and staff research

BAY AREA NEWS GROUP

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| Region           | February 2015 | January 2016 | February 2016 | Percentage Point Change |           |
|------------------|---------------|--------------|---------------|-------------------------|-----------|
|                  |               |              |               | 1 month                 | 12 months |
| San José MSA     | 4.6%          | 3.9%         | 3.9%          | 0.0                     | - 0.7     |
| San Francisco MD | 3.8%          | 3.2%         | 3.2%          | 0.0                     | - 0.6     |
| California       | 6.9%          | 5.8%         | 5.7%          | - 0.1                   | - 1.2     |
| United States    | 5.8%          | 5.3%         | 5.2%          | - 0.1                   | - 0.6     |

| Sector (February 2016)           | San Jose MSA     | San Francisco MD | Combined Region  | Percentage Change (Combined Region) |               |
|----------------------------------|------------------|------------------|------------------|-------------------------------------|---------------|
|                                  |                  |                  |                  | 1 month                             | 12 months     |
| <b>Total Nonfarm</b>             | <b>1,059,800</b> | <b>1,066,500</b> | <b>2,126,300</b> | <b>+ 0.4%</b>                       | <b>+ 3.9%</b> |
| Construction                     | 45,100           | 44,100           | 89,200           | + 1.9%                              | + 11.5%       |
| Manufacturing                    | 160,700          | 35,200           | 195,900          | - 0.4%                              | + 0.7%        |
| Retail Trade                     | 87,600           | 82,100           | 169,700          | - 1.4%                              | + 2.2%        |
| Information                      | 78,000           | 60,500           | 138,500          | + 0.7%                              | + 7.4%        |
| Professional & Business Services | 222,500          | 269,400          | 491,900          | + 0.1%                              | + 6.9%        |
| Educational Services             | 46,300           | 30,000           | 76,300           | + 4.1%                              | + 3.8%        |
| Health Care & Social Assistance  | 115,600          | 104,100          | 219,700          | + 0.1%                              | + 4.4%        |
| Leisure & Hospitality            | 96,500           | 134,100          | 230,600          | + 2.3%                              | + 3.0%        |
| Government                       | 93,400           | 126,600          | 220,000          | + 0.2%                              | + 1.0%        |

Source: California Employment Development Department, LMID

| San Francisco Bay Area (9 counties) |                   |                   |               |                   |                   |               |             |             |               |               |        |
|-------------------------------------|-------------------|-------------------|---------------|-------------------|-------------------|---------------|-------------|-------------|---------------|---------------|--------|
|                                     | Labor Force       |                   |               | Change            | Employed          |               |             | Change      | Unemployment  |               |        |
|                                     | February 2015     | February 2016     | Change        |                   | February 2015     | February 2016 | Change      |             | February 2015 | February 2016 | Change |
| <b>California</b>                   | <b>18,961,800</b> | <b>19,039,100</b> | <b>+ 0.4%</b> | <b>17,660,900</b> | <b>17,959,800</b> | <b>+ 1.7%</b> | <b>6.9%</b> | <b>5.7%</b> | <b>- 1.2</b>  |               |        |
| Alameda County                      | 819,800           | 827,200           | + 0.9%        | 778,500           | 791,900           | + 1.7%        | 5.0%        | 4.3%        | - 0.7         |               |        |
| Contra Costa County                 | 547,300           | 550,900           | + 0.7%        | 517,600           | 526,300           | + 1.7%        | 5.4%        | 4.5%        | - 0.9         |               |        |
| Marin County                        | 141,000*          | 141,900           | + 0.6%        | 135,400*          | 137,300           | + 1.4%        | 4.0%*       | 3.2%        | - 0.8         |               |        |
| Napa County                         | 73,500            | 74,600            | + 1.5%        | 69,700            | 71,200            | + 2.2%        | 5.2%        | 4.5%        | - 0.7         |               |        |
| San Francisco County                | 542,400           | 553,100           | + 2.0%        | 521,400           | 535,000           | + 2.6%        | 3.9%        | 3.3%        | - 0.6         |               |        |
| San Mateo County                    | 437,400           | 446,000           | + 2.0%        | 421,600           | 432,400           | + 2.6%        | 3.6%        | 3.0%        | - 0.6         |               |        |
| Santa Clara County                  | 1,011,100         | 1,029,300         | + 1.8%        | 966,200           | 990,700           | + 2.5%        | 4.4%        | 3.8%        | - 0.6         |               |        |
| Solano County                       | 205,400           | 207,400           | + 1.0%        | 191,500           | 195,800           | + 2.2%        | 6.8%        | 5.6%        | - 1.2         |               |        |
| Sonoma County                       | 258,600           | 261,000           | + 0.9%        | 245,800           | 250,200           | + 1.8%        | 5.0%        | 4.1%        | - 0.9         |               |        |
| <b>SF Bay Area (sum)</b>            | <b>4,036,500</b>  | <b>4,091,400</b>  | <b>+ 1.4%</b> | <b>3,847,700</b>  | <b>3,930,800</b>  | <b>+ 2.2%</b> | <b>4.7%</b> | <b>3.9%</b> | <b>- 0.7</b>  |               |        |

\* Data not available for February 2015 — best estimate used for Marin County and resulting SF Bay Area sum.

Source: California Employment Development Department, LMID

| February 2016 Events       |                    |              | WARN SUMMARY                            |       |
|----------------------------|--------------------|--------------|---|-------|
| Company                    | Location           | # Affected   | Events YTD <sup>†</sup> :               | 55    |
| Marvell Semiconductor      | Santa Clara        | 13           | Individuals Affected YTD:               | 3,782 |
| Sony Mobile Communications | San Mateo          | 80           | Individuals Previous YTD <sup>‡</sup> : | 3,487 |
| SunEdison, Inc.            | Multiple locations | 20           |   |       |
|                            |                    | <b>Total</b> | <b>113</b>                              |       |

\* **WARN: Worker Adjustment and Retraining Notification** (notice of mass layoff or closure)

<sup>†</sup> **YTD: Year to Date** (Program year: July 1–June 30)

<sup>‡</sup> **Previous YTD:** No data available for San Mateo County, FY2014/15; avoid direct comparisons with YTD numbers

NOTE: Layoff data are preliminary and should be considered an estimate of monthly regional activity

Source: NOVA's internal Rapid Response database