

Bay Area job market booms in January, but coronavirus employment impact is unknown

Bay Area economy rockets out [of] the gate in 2020 with 7,700 new jobs in January

The Bay Area economy roared out of the gate to begin 2020 by adding 7,700 jobs in January, state officials reported Friday, but the latest statistics were compiled before any global coronavirus effects would have registered here in staffing decisions by employers.

The January job gains were fueled by robust employment increases in Santa Clara County, the San Francisco-San Mateo metro area, and the East Bay, a new report from the state's Employment Development Department showed. The figures were the most recent available from the California labor agency, which altered its usual schedule so staffers could compile an annual revision of previously released job statistics.

"The Bay Area remains poised for long term job growth if we can solve the many housing challenges," said Steven Levy, director of the Palo Alto-based Center for Continuing Study of the California Economy.

Santa Clara County added 2,900 jobs in January, while the San Francisco-San Mateo region gained 3,500, and the East Bay added 1,000, the EDD determined. All the numbers were adjusted for seasonal variation.

The technology industry in all three of the Bay Area's largest urban centers was the strongest sector during January, according to a Beacon Economics and UC Riverside analysis of the EDD report.

Tech companies added 2,200 jobs in Santa Clara County, 1,500 in the San Francisco-San Mateo region, and 800 in the East Bay, the Beacon assessment determined.

In the East Bay, another strong sector was construction, which gained 1,500 jobs. The two weakest East Bay industries: retail, which lost 1,300 jobs, and administrative, temporary, and clerical services, which lost 1,100 positions.

In Santa Clara County, health care was the strongest non-tech sector, adding 1,000 jobs in January. Educational services were weak, losing 700 jobs.

In the San Francisco-San Mateo metro area, the strongest non-tech industry was educational services, which gained 1,200 positions in January. Retailers shed 500 jobs.

What was missing from the latest EDD statistics, however, because of the timing of when coronavirus woes first became widely known, was a clear picture of how the outbreak of the illness will affect employment in the Bay Area and California. Many of the Bay Area's largest employers have a global reach, and tech companies have close ties to factories and consumers in China, which has been tormented by the virus.

Now the virus is hitting the Bay Area and California.

"The numbers, as surveyed mid-January, showed 119 months of job growth and an unemployment rate of 3.9 percent," said Lenny Mendonca, chief economic and business adviser to Gov. Gavin Newsom. "Currently, we are monitoring the economic impacts of the coronavirus very closely."

It might be late spring before any impacts from the coronavirus outbreaks in China, other international regions, and in California become apparent in new state EDD surveys.

"The next several months will bring turmoil to residents and the economy" in the Bay Area, Levy said.

In an unsettling component of the jobs report, the EDD's annual revision of employment statistics released previously by the EDD showed that the Bay Area and California economies were weaker than initially estimated.

During 2019, California added 38,900 fewer jobs than the EDD had first calculated. The statewide annual pace of job gains was revised lower, to 1.5 percent rather than the original 1.7 percent.

Similarly, in the Bay Area, instead of adding 91,500 jobs during 2019, as first estimated by the EDD, the revised gain for 2019 was 57,900. That means the nine-county region actually added 33,600 fewer jobs in 2019 than first calculated. The annual gain in total payroll jobs for the Bay Area was 1.4 percent in 2019, rather than the 2.3 percent originally estimated by the EDD.

California added 21,400 nonfarm payroll jobs in January, the EDD reported. The statewide unemployment rate remained at a record-low level of 3.9 percent.

"The monthly job numbers are from a California economy that now seems like the distant past, January 2020," said Michael Bernick, a Milken Institute fellow and a former director of the state EDD. "They show an economy humming along with a historic low unemployment rate and strong job growth."

Economic experts, though, warned that matters could shift as the EDD begins to measure more precisely whatever employment impacts have occurred in the Bay Area and California due to the virus.

"In just the past two weeks, employment dynamics have moved with unprecedented speed," Bernick said. "Major Bay Area tech employers, including Twitter, Salesforce, LinkedIn, and Google asked workers to work remotely. Then remote work spread more widely."

Article continues (4 additional paragraphs) at link below

UNEMPLOYMENT

Region	January 2019	December 2019	January 2020	Percentage Point Change	
				1 month	12 months
San José–Sunnyvale MSA	3.0%	2.3%	2.7%	+ 0.4	- 0.3
San Francisco MD	2.6%	1.8%	2.2%	+ 0.4	- 0.4
California	4.8%	3.7%	4.3%	+ 0.6	- 0.5
United States	4.4%	3.4%	4.0%	+ 0.6	- 0.4

INDUSTRY EMPLOYMENT

Sector — January 2020	San Jose MSA	San Francisco MD	Combined Region	Percentage Change (Combined Region)	
				1 month	12 months
Total Nonfarm	1,148,200	1,183,900	1,332,100	- 1.3%	+ 2.6%
Construction	50,500	42,200	92,700	- 2.3%	+ 1.2%
Manufacturing	174,100	38,800	212,900	- 0.5%	+ 0.9%
Retail Trade	83,700	77,200	160,900	- 4.3%	- 1.6%
Information	103,600	99,800	203,400	- 0.4%	+ 8.8%
Professional & Business Services	243,300	296,200	539,500	- 0.5%	+ 3.6%
Educational Services	46,000	31,100	77,100	- 3.9%	+ 0.3%
Health Care & Social Assistance	131,200	115,800	247,000	+ 0.2%	+ 3.5%
Leisure & Hospitality	101,900	145,900	247,800	- 3.2%	+ 1.8%
Government	97,700	132,200	229,900	- 1.0%	+ 1.1%

Note: San José MSA (San José–Sunnyvale–Santa Clara Metropolitan Statistical Area) = Santa Clara and San Benito Counties
 San Francisco MD (San Francisco–Redwood City–South San Francisco Metropolitan Division) = San Mateo and San Francisco Counties

Source: California Employment Development Department, LMIID

LABOR FORCE & ANNUAL CHANGE

Labor Force by Metropolitan Statistical Area (U.S. High-Tech Regions)

	LABOR FORCE			UNEMPLOYMENT			UNEMPLOYMENT RATE		
	January 2019	January 2020	Change	January 2019	January 2020	Change	January 2019	January 2020	Change
United States	163,142,000	136,606,000	+ 0.9%	6,516,000	5,892,000	- 9.6%	4.0%	3.6%	- 0.4
Austin, TX	1,221,167	1,254,494	+ 2.7%	39,226	34,489	- 12.1%	3.2%	2.7%	- 0.5
Boston, MA *	2,837,463	2,854,962	+ 0.6%	90,126	60,500	- 32.9%	3.2%	2.1%	- 1.1
New York City, NY	4,094,200	4,029,200	- 1.6%	202,600	143,600	- 29.1%	4.9%	3.6%	- 1.3
Seattle, WA	1,711,143	1,745,911	+ 2.0%	64,194	48,960	- 23.7%	3.8%	2.8%	- 1.0
California	19,346,200	19,478,700	+ 0.7%	929,800	840,200	- 9.6%	4.8%	4.3%	- 0.5
San Diego	1,592,100	1,591,000	- 0.1%	60,700	52,900	- 12.9%	3.8%	3.3%	- 0.5
San Francisco	1,030,600	1,048,800	+ 1.8%	26,300	23,300	- 11.4%	2.6%	2.2%	- 0.4
San José	1,080,400	1,087,900	+ 0.7%	32,600	29,600	- 9.2%	3.0%	2.7%	- 0.3
<i>NOVA Region</i>	<i>799,800</i>	<i>799,500</i>	<i>- 0.0%</i>	<i>20,000</i>	<i>17,400</i>	<i>- 13.0%</i>	<i>2.5%</i>	<i>2.2%</i>	<i>- 0.3</i>

* Boston MSA's January 2020 data not available at time of publication; data extrapolated from December 2019 figures.

Note: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMIID

REGIONAL LAYOFF ACTIVITY

January 2020 Layoff Events

Company	Location	# Affected
Forever 21	Multiple locations	57
Juul Labs	Multiple locations	37
Marvell Semiconductor	Santa Clara	6
NoronLifelock	Mountain View	55
Proteus Digital Health	Redwood City	202
Sientra	Santa Clara	55
Singularity Education Group	Santa Clara	62
Total		474

WARN SUMMARY

Events YTD [†] :	66
Individuals Affected YTD :	4,017
Individuals Previous YTD [‡] :	1,852

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

[†] **YTD: Year to Date** (Program year: July 1–June 30)

[‡] **Previous YTD:** (Same date range as YTD, one year prior)

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

Source: California EDD, CalJOBS: WARN database