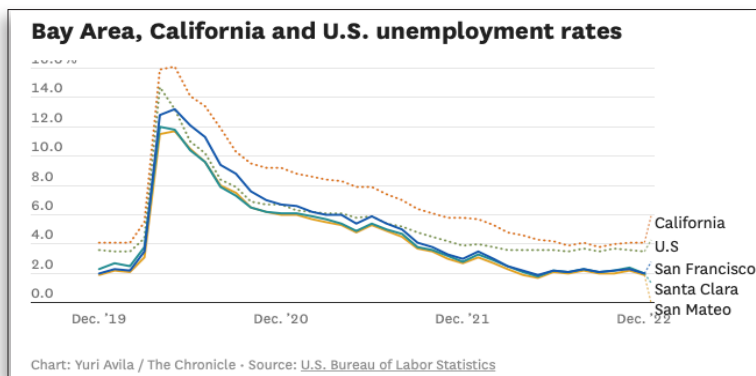


Despite tech layoffs, S.F. and Santa Clara County unemployment rates both fall to 2%

San Francisco and Santa Clara County’s unemployment rates both fell to 2% in December as the local economy showed strength despite a wave of tech layoffs that continues to swell, according to state data released Friday.

Jobs in the San Francisco and San Mateo County metropolitan area rose by 4,400 in December compared to the previous month. The information sector, heavily composed of tech workers, lost 1,400 jobs, but other major sectors saw gains. Professional and business services saw the biggest growth, adding 1,700 jobs. Trade, transportation and utilities gained 1,300 jobs; private educational and health services gained 1,200 jobs; and financial services rose by 800 jobs.

San Francisco’s unemployment rate fell from 2.3% in November. San Mateo County’s rate was down to 1.9% in December, the lowest in the state, from 2.2% in November.



Ted Egan, San Francisco’s chief economist, said tech employment declined around 4.5% in December compared to the prior year, but the rest of the local economy grew a “healthy” 6.3%. “I’d interpret this as meaning that tech has started to turn the corner, but that negative impact hasn’t yet rippled through to the rest of the local economy,” he said.

The San Jose, Sunnyvale and Santa Clara metropolitan area, which includes San Benito County, gained 300 jobs. The region saw a gain of 2,200 information jobs, despite major cuts at Silicon Valley titans like Meta and Cisco in the fall. Google, Amazon and Microsoft have also announced layoffs affecting 40,000 people globally this month. Santa Clara County’s rate fell from 2.4% in November.

The jobs data is not seasonally adjusted and is revised month to month. Many tech workers who were laid off are receiving months of severance, which delays the effective start of their unemployment, according to state filings, making the unemployment rate a lagging

indicator. Many tech job layoffs also affected employees outside the Bay Area.

Unemployment rates in the rest of the Bay Area were also low: Marin County had a 2.2% rate; Sonoma had a 2.5% rate; Alameda County had a 2.7% rate; Contra Costa County had a 2.9% rate; Napa County had a 3% rate; and Solano County had a 3.8% rate.

California’s unemployment rate was flat at 4.1%, with 16,200 non-farm payroll jobs gained in December, down from 19,900 jobs added in November. Statewide, the information sector had a loss of 6,100 jobs in the month, but that was dwarfed by a 11,100 jobs lost in trade, transportation and utilities.

The data comes from two surveys of 5,100 California households and 80,000 California businesses conducted between Dec. 11 and Dec. 17.

The state unemployment rate lags the national rate of 3.5%.

“We’re likely to continue to see this more modest job growth in 2023,” said Michael Bernick, a San Francisco-based special counsel at law firm Duane Morris, who focuses on labor law. “There is still hiring going on. We are seeing a slowing.”

Tech layoffs are also expected to continue, said Bernick, a former director of the California Employment Development Department, the state agency that issues the unemployment data.

“Over the past half century in California we’ve seen several realignments of the tech industry. This is a case of realignment, rather than fundamental changes, accelerated in part by the overhiring during the pandemic and general slowdown in the economy,” Bernick said.

Another reason for the state’s relatively low unemployment rate is a reduction in labor force. In December, it fell by 26,800 people, indicating many residents are choosing not to work, Bernick said. Some are also leaving the state.

The worker shortage, in particular for retail and in-person service jobs, is the most severe that Bernick has seen since his career started in 1979, he said.

There aren’t signs of a recession, but a continued slowdown means that workers on the sidelines may soon see fewer opportunities. “The job market will become more difficult,” he said.

UNEMPLOYMENT

Region	December 2021	November 2022	December 2022	Percentage Point Change	
				1 month	12 months
San José–Sunnyvale MSA	2.9%	2.4%	2.1%	- 0.3	- 0.8
San Francisco MD	2.9%	2.3%	2.0%	- 0.3	- 0.9
California	4.8%	4.0%	3.7%	- 0.3	- 1.1
United States	3.7%	3.4%	3.3%	- 0.1	- 0.4

INDUSTRY EMPLOYMENT

Sector — December 2022	San Jose MSA	San Francisco MD	Combined Region	Percentage Change (Combined Region)	
				1 month	12 months
Total Nonfarm	1,191,900	1,204,500	2,396,400	+ 0.2%	+ 4.7%
Construction	58,200	45,500	103,700	+ 0.8%	+ 10.2%
Manufacturing	177,000	38,700	215,700	+ 0.3%	+ 2.4%
Retail Trade	78,500	71,900	150,400	+ 1.0%	+ 1.1%
Information	116,500	120,500	237,000	+ 0.3%	+ 4.3%
Professional & Business Services	264,400	320,700	585,100	+ 0.1%	+ 6.8%
Educational Services	47,500	32,400	79,900	- 1.7%	+ 3.8%
Health Care & Social Assistance	145,900	122,000	267,900	+ 1.0%	+ 4.9%
Leisure & Hospitality	100,700	119,800	220,500	- 0.5%	+ 11.2%
Government	94,500	131,400	225,900	- 0.6%	- 0.9%

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		
	December 2021	December 2022	Change	December 2021	December 2022	Change	December 2021	December 2022	Change
United States	161,696,000	164,224,000	+ 1.6%	5,964,000	5,352,000	- 10.3%	3.7%	3.3%	- 0.4
Austin, TX	1,330,106	1,372,624	+ 3.2%	45,624	36,833	- 19.3%	3.4%	2.7%	- 0.7
Boston, MA	2,795,481	2,788,246	- 0.3%	102,801	80,002	- 22.2%	3.7%	2.9%	- 0.8
New York City, NY	3,971,800	3,988,000	+ 0.4%	264,500	212,200	- 19.8%	6.7%	5.3%	- 1.4
Seattle, WA	1,736,759	1,756,133	+ 1.1%	55,108	51,096	- 7.3%	3.2%	2.9%	- 0.3
California	19,041,000	19,221,000	+ 0.9%	913,300	716,200	- 21.6%	4.8%	3.7%	- 1.1
San Diego	1,570,200	1,589,000	+ 1.2%	64,300	45,600	- 29.1%	4.1%	2.9%	- 1.2
San Francisco	1,003,800	1,036,000	+ 3.2%	28,900	20,300	- 29.8%	2.9%	2.0%	- 0.9
San José	1,067,400	1,093,500	+ 2.4%	31,000	23,200	- 25.2%	2.9%	2.1%	- 0.8
NOVAworks Region	773,000	796,600	+ 3.1%	19,500	14,700	- 24.6%	2.5%	1.8%	- 0.7

Note: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMIID

REGIONAL LAYOFF ACTIVITY

December 2022 Layoff Events

Company	Location	# Affected
DZConneX	Multiple cities	7
Total		7

WARN SUMMARY

Events YTD [†] :	62
Individuals Affected YTD :	4,567
Individuals Previous YTD [‡] :	8,680

* **WARN: Worker Adjustment and Retraining Notification** (notice of mass layoff or closure)
[†] **YTD: Year to Date** (Calendar year: January 1–Present)
[‡] **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 data