

Bay Area posts robust May job gains, bounces back from weak stretch.

The Bay Area posted sturdy job gains during May and appears to have banished — for now — the region's feeble hiring pace during the early part of this year.

The May gains of 10,000-plus additional jobs helped the region's economy scramble back to a crucial post-coronavirus benchmark. For the first time, the entire Bay Area and all three of its major urban centers — Santa Clara County, the San Francisco-San Mateo area and the East Bay — have more jobs than they had in February 2020, the final month before the start of widespread coronavirus-linked business shutdowns.

An analysis of state Employment Development Department figures for four key industries — tech, retail, manufacturing and the hotel-restaurant industry — by this news organization shows that the tech sector has managed the strongest rebound from the COVID lockdowns.

The nine-county region added 10,400 jobs across industries in May, slightly fewer than the 12,400 positions the Bay Area gained in April, according to the latest data from the state EDD.

Still, the job gains in the Bay Area last month were a big improvement compared to the loss of 4,400 jobs the region suffered in March.

“The Bay Area is posting solid job gains, especially in the face of continuing tech layoffs and interest rate hikes,” said Steve Levy, director of the Palo Alto-based Center for Continuing Study of the California Economy.

The East Bay led the upswing in jobs during May by adding 4,700 positions. The San Francisco-San Mateo region added 3,600 jobs. The Santa Clara County area added 1,400 jobs in May. All of the numbers in the EDD's monthly report were adjusted for seasonal volatility.

The employment upswing in May for the Bay Area offers a welcome counterpoint to the forbidding landscape of massive tech industry layoffs in the region during 2022 and so far in 2023.

“The tech layoffs have been grabbing a lot of attention, but in actual fact, the overall economy is growing,” said Russell Hancock, president of Joint Venture Silicon Valley, a San Jose-based think tank.

Hancock pointed out that some of the same tech companies that have conducted layoffs in some parts of their business anticipate growth in other segments.

“Even the tech sector, though downsizing in some areas, is at the very same time scaling up in new and promising areas like artificial intelligence,” Hancock said. “This is fueling growth in the trades and the service sectors, and it paints a great picture for our region.”

Tech companies in the Bay Area added 1,500 jobs in April, a figure compiled from a regular analysis produced by Beacon Economics that was derived from the EDD monthly report.

However, the upswing in tech was driven nearly single-handedly by a jump of 1,900 jobs in the San Francisco-San Mateo region. This improvement might prove transitory in the face of relentless tech industry cutbacks that have particularly devastated San Francisco.

Santa Clara County lost 400 tech jobs, and the East Bay shed another 100, suggesting the tech sector has yet to escape its current doldrums.

“Tech is still weak,” said Jeffrey Michael, executive director of the Stockton-based Center for Business and Policy Research at the University of the Pacific. “Bay Area job growth is now being led by traditional service sectors like health care and hospitality. While these jobs are more abundant, they are lower paying than the tech jobs that fueled regional growth in recent years.”

“Even if hotel, restaurant and health care jobs have chalked up gains lately, analysts believe the tech sector at some point must surge again for the Bay Area to recover — or escape recession.

“In the long-term, the region will need tech and professional services to flip into growth mode for job gains to persist,” said Jeff Bellisario, executive director of the Bay Area Council Economic Institute.

California added 47,300 jobs in May. Last month's result was much less than the increase of 69,900 jobs in April but far stronger than the paltry gain of 11,900 jobs in March.

The statewide unemployment rate was 4.5% in May, which was unchanged from April.

Despite the uncertainties in the economy spawned headwinds such as tech layoffs, brutally high inflation and soaring interest rates, the region's job market has recovered from its COVID-linked ailments.

As of May of this year, when compared with February 2020, the final month before the business shutdowns began, the Bay Area had 20,700 more jobs, or an increase of 0.5%.

Santa Clara County boasts the Bay Area's strongest rebound from the coronavirus job setbacks and now has 20,600 jobs more than February 2020, or a 1.8% increase.

The San Francisco-San Mateo region has 8,600 more jobs than before the shutdowns, an increase of 0.7%, while the East Bay has 700 more jobs, a 0.1% gain since February 2020.

Tech companies have added 57,900 jobs in the Bay Area or a 6.6% increase from February 2020 through May 2023. Manufacturers gained 18,200 jobs, an increase of 4.9%, over that same period.

Some industries were hurt badly and have yet to fully convalesce from their COVID maladies.

Retailers chopped a net 29,400 jobs for an 8.7% decline from February 2020 through May 2023. Hotels and restaurants cut 24,900 jobs, a reduction of 6.5%.

Despite the improvements that emerged in May, the Bay Area still faces severe challenges that could undermine its current sturdy hiring trends, experts say.

Despite the region's remarkable resilience in the face of the tech layoffs, the Bay Area must find ways to help residents ward off the brutally high cost of living locally, Levy recommended.

“Increasing housing that is more affordable is the critical challenge to maintaining our economic strength in the coming years so we can have the workforce that drives our innovation,” Levy said.

It also appears that the Bay Area economy is resilient enough that it has been able to withstand, so far, coronavirus-spawned trends that prompted more people to work away from their offices, in the view of Michael Bernick, an employment attorney with law firm Duane Morris and a former director of the state EDD.

“In the Bay Area, remote work has brought a seismic shift in the structure of work but continues to have little impact on overall job numbers,” Bernick said.

Region	May 2022	April 2023	May 2023	Percentage Point Change	
				1 month	12 months
San José–Sunnyvale MSA	2.3%	3.1%	3.3%	+ 0.2	+ 1.0
San Francisco MD	2.1%	2.6%	2.9%	+ 0.3	+ 0.8
California	3.7%	4.3%	4.5%	+ 0.2	+ 0.8
United States	3.4%	3.1%	3.4%	+ 0.3	0.0

Sector — May 2023	San Jose MSA	San Francisco MD	Combined Region	Percentage Change (Combined Region)	
				1 month	12 months
Total Nonfarm	1,180,800	1,210,500	2,391,300	+ 0.3%	+ 2.6%
Construction	56,300	39,600	95,900	+ 1.5%	+ 1.3%
Manufacturing	180,200	38,900	219,100	- 0.3%	+ 2.0%
Retail Trade	72,500	65,900	138,400	+ 0.4%	- 0.5%
Information	103,800	124,200	228,000	+ 0.1%	- 0.7%
Professional & Business Services	256,500	315,600	572,100	+ 0.3%	+ 2.1%
Educational Services	95,200	87,000	182,200	+ 0.2%	+ 3.0%
Health Care & Social Assistance	145,200	128,500	273,700	- 0.1%	+ 4.9%
Leisure & Hospitality	104,700	127,900	232,600	+ 1.3%	+ 10.3%
Government	99,500	139,700	239,200	+ 0.9%	+ 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, LMID

9-County San Francisco Bay Area	Labor Force			Employed			Unemployment		
	May 2022	May 2023	Change	May 2022	May 2023	Change	May 2022	May 2023	Change
California	19,196,900	19,308,000	+ 0.6%	18,495,200	18,443,400	- 0.3%	3.7%	4.5%	+ 0.8
Alameda County	821,000	827,400	+ 0.8%	798,400	797,000	- 0.2%	2.8%	3.7%	+ 0.9
Contra Costa County	548,200	551,300	+ 0.6%	531,900	530,700	- 0.2%	3.0%	3.7%	+ 0.7
Marin County	131,400	131,400	0.0%	128,500	127,500	- 0.8%	2.2%	3.0%	+ 0.8
Napa County	71,800	71,100	+ 0.4%	70,000	59,800	- 0.3%	2.6%	3.1%	+ 0.5
San Francisco County	569,200	574,900	+ 1.0%	557,100	557,900	+ 0.1%	2.1%	3.0%	+ 0.9
San Mateo County	450,800	454,400	+ 0.8%	441,600	442,100	+ 0.1%	2.0%	2.7%	+ 0.7
Santa Clara County	1,030,900	1,043,200	+ 1.2%	1,007,900	1,009,900	+ 0.2%	2.2%	3.2%	+ 1.0
Solano County	201,300	202,200	+ 0.4%	194,200	193,500	- 0.4%	3.6%	4.3%	+ 0.7
Sonoma County	247,600	248,300	+ 0.3%	241,100	240,000	- 0.5%	2.6%	3.3%	+ 0.7
SF Bay Area (sum)	4,072,200	4,105,200	+ 0.8%	3,970,700	3,968,400	- 0.1%	2.5%	3.3%	+ 0.8

Note: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

May 2023 Layoff Events	Company	Location	# Affected	WARN SUMMARY	
				Events YTD †	160
	Flex LTD	Milpitas	10	Individuals Affected YTD :	8,764
	Nuro	Mountain View	252	Individuals Previous YTD ‡:	784
	Natera	San Carlos	59		
	Electronic Arts	Redwood City	65		
	Marvell Semiconductor	Santa Clara	96		
	Genentech	South San Francisco	271		
	Microsoft	Multiple cities	75		
	Flagship Facility Services	Menlo Park	40		
	Intel	Santa Clara	57		
	USRA at ARC	Mountain View	3		
	Waymo	Mountain View	112		
	KLA Corporation	Milpitas	72		
	Total		1,112		

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

Source: California EDD, CalJOBS: WARN data

WARN SUMMARY

Events YTD †: 160
Individuals Affected YTD : 8,764
Individuals Previous YTD ‡: 784

* **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)