

Silicon Valley unemployment declines but disparities increase

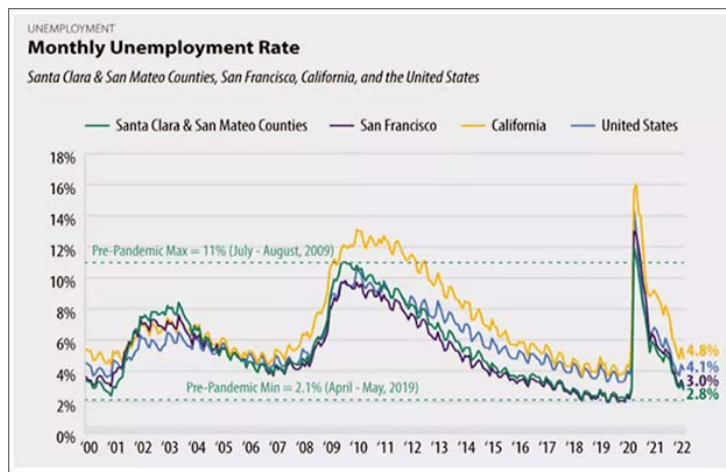
Unemployment is in decline across Silicon Valley, but experts say the region’s recovery reflects social inequities.

The South Bay’s unemployment rate dropped to 2.8% last month, 0.1% lower than the unemployment rate in March 2020 before the COVID-19 pandemic struck, according to a new report from Joint Venture Silicon Valley’s Institute for Regional Studies. Employers added nearly 15,600 workers between January and February of this year, which represents the single largest job increase of any period since last summer.

It’s good news that people are hiring and creating more jobs, according to Russell Hancock, Joint Venture president and CEO. But he warned that’s not the full story.

“Even though we say unemployment is back to where it was, that’s because the tech sector is fine,” Hancock told San José Spotlight. “What’s not doing well are the sectors like hospitality, hotels, conferences, events, concerts—all of that stuff that hasn’t resumed yet. And some of those things may not resume.”

Some hard-hit industries are hiring in vast numbers again. Approximately 7,700 jobs were added in hospitality, 6,000 in education and health services and 3,400 in construction, according to Joint Venture’s report. But it is still far short of pre-pandemic levels.



Hancock said these industries were the hardest hit during the pandemic because unlike tech companies, most workers couldn’t go remote. He said as a result, Silicon Valley’s economy

essentially split in two during the pandemic and one suffered while the other prospered.

“Even though it’s true unemployment is at 2.8%, there’s still huge pockets of unemployment,” Hancock said. “Only this time it’s not spread thinly across the economy—it’s concentrated in certain segments of the economy, and those folks are in a big world of pain.”

Stephen Levy, director and senior economist with the Center for Continuing Study of the California Economy in Palo Alto, told San José Spotlight a significant number of people in Silicon Valley—roughly 40,000—have dropped out of the workforce, and they’re not counted as unemployed.

“There is still a sizable number of people who have not been able to return, or who have chosen not to return to the workforce,” Levy said, adding this group includes individuals who have given up on finding jobs, pivoted to child care or who are afraid of returning to work and contracting COVID-19. “If we had those 80,000 jobs we’d be much closer to pre-pandemic levels.”

Earlier this year, Joint Venture released a report documenting the worsening wealth divide in the South Bay. According to Joint Venture, the median income in Silicon Valley was \$138,000 last year, but approximately 33% of households—and nearly half of all children—require some form of government or community assistance to pay for basic needs like food.

As of mid-February, about 42,000 workers in Silicon Valley were unemployed. A world apart from February 2021, when 76,500 people were unemployed.

Hancock said employers in the region are hiring, but they’re struggling to find workers. He said part of this trend might be due to workers being priced out of increasingly unaffordable cities such as San Jose. He added that enhanced government assistance during the pandemic, such as unemployment benefits and the eviction moratorium, may have given remaining workers more bargaining power to pick and choose jobs, creating a new power dynamic.

“2022 is a different country than 2020,” he said.

Region	February 2021	January 2022	February 2022	Percentage Point Change	
				1 month	12 months
San José–Sunnyvale MSA	6.0%	3.4%	3.0%	- 0.4	- 3.0
San Francisco MD	6.0%	3.3%	2.9%	- 0.4	- 3.1
California	8.9%	5.5%	4.8%	- 0.7	- 4.1
United States	6.6%	4.4%	4.1%	- 0.3	- 2.5

Sector — February 2022	San Jose MSA	San Francisco MD	Combined Region	Percentage Change (Combined Region)	
				1 month	12 months
Total Nonfarm	1,13,600	1,141,400	2,274,000	+ 1.0%	+ 7.3%
Construction	52,800	44,100	96,900	+ 3.6%	+ 6.4%
Manufacturing	171,900	37,800	209,700	+ 0.2%	+ 3.2%
Retail Trade	75,000	69,200	144,200	- 0.6%	+ 2.9%
Information	108,300	115,500	223,800	- 0.1%	+ 4.6%
Professional & Business Services	248,600	294,800	543,400	+ 0.3%	+ 5.4%
Educational Services	46,200	31,700	77,900	+ 4.7%	+ 6.4%
Health Care & Social Assistance	138,800	116,600	255,400	+ 1.0%	+ 3.9%
Leisure & Hospitality	90,800	108,900	199,700	+ 4.0%	+ 49.0%
Government	93,500	130,900	224,400	0.0%	+ 2.6%

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, LMI

	Labor Force			Employed			Unemployment		
	February 2021	February 2022	Change	February 2021	February 2022	Change	February 2021	February 2022	Change
California	18,786,300	19,332,300	+ 2.9%	17,115,900	18,396,400	+ 7.5%	8.9%	4.8%	- 4.1
Alameda County	803,800	827,700	+ 3.0%	744,200	796,400	+ 7.0%	7.4%	3.8%	- 3.6
Contra Costa County	538,000	553,700	+ 2.9%	496,500	531,100	+ 7.0%	7.7%	4.1%	- 3.6
Marin County	127,100	130,800	+ 2.9%	119,900	127,200	+ 6.1%	5.6%	2.8%	- 2.8
Napa County	66,800	69,800	+ 4.5%	61,500	67,100	+ 9.1%	8.0%	3.9%	- 4.1
San Francisco County	536,300	568,100	+ 5.9%	502,800	551,200	+ 9.6%	6.2%	3.0%	- 3.2
San Mateo County	423,200	449,300	+ 6.2%	399,000	437,100	+ 9.5%	5.7%	2.7%	- 3.0
Santa Clara County	1,004,800	1,040,800	+ 3.6%	945,700	1,011,000	+ 6.9%	5.9%	2.9%	- 3.0
Solano County	198,100	202,200	+ 2.1%	180,100	191,500	+ 6.3%	9.1%	5.3%	- 3.8
Sonoma County	239,600	248,800	+ 3.8%	222,800	240,200	+ 7.8%	7.0%	3.5%	- 3.5
SF Bay Area (sum)	3,937,700	4,091,200	+ 3.9%	3,672,500	3,952,800	+ 7.6%	6.7%	3.4%	- 3.3

Note: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMI

Company	Location	# Affected	WARN SUMMARY	
			Events YTD †	Individuals Affected YTD †
Allakos	Redwood City	61	34	2,302
Theravance Biopharma US	South San Francisco	38		19,968
Wyndham Hotels & Resorts	South San Francisco	27		
Total		126		

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

† **YTD: Year to Date**
(Program year: July 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