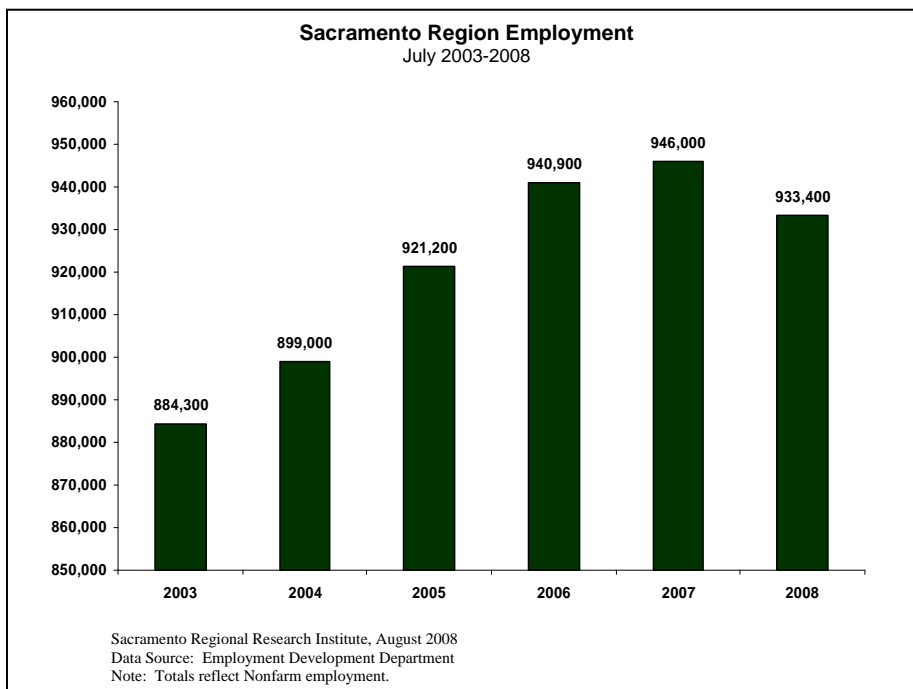
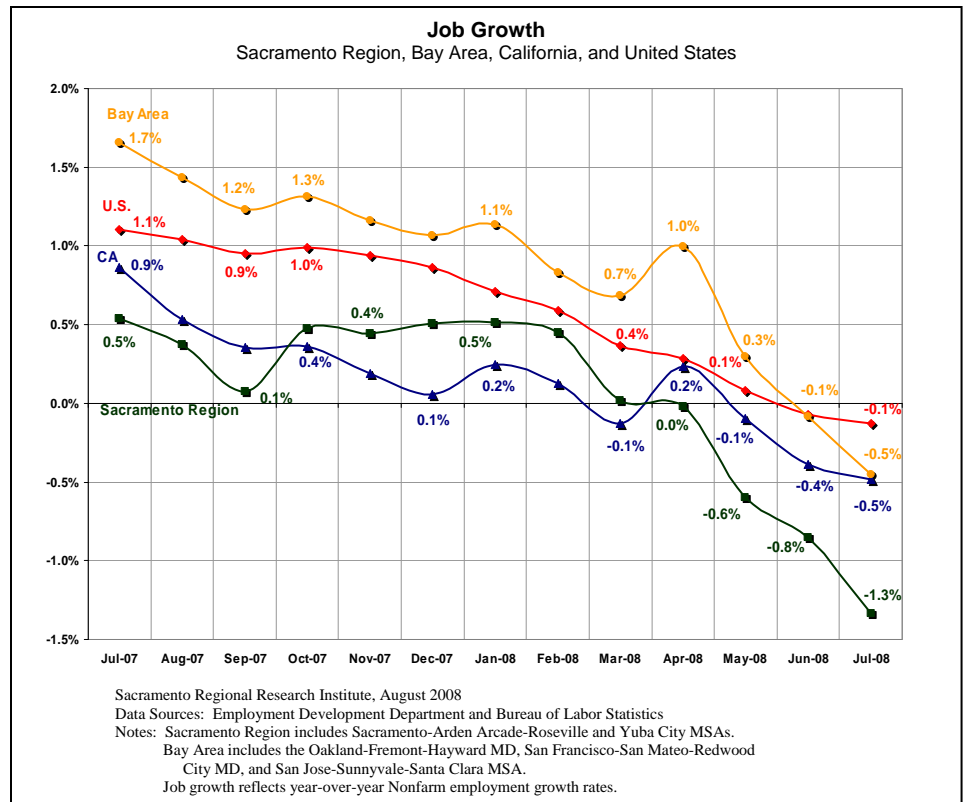


EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

The downturn in the Sacramento Region's economy deepened in July 2008.

The six-county Sacramento Region's establishments supported 1.3 percent fewer jobs in July 2008 than they did at the same point in the previous year. Preliminary data shows that the Region lost 12,600 jobs in the past 12 months. Job growth in all of the Region's major sectors has slowed considerably since the beginning of 2008 (with Leisure & Hospitality and Educational & Health Services seeing the largest drop-offs) while macroeconomic conditions have also deteriorated. As the declining job growth pattern continued throughout the year, losses have become even more severe and the Region now tracks significantly below the statewide and national averages. This is the lowest level of job growth the Region has experienced in recent history—the last occurrence was a brief period in 1992.

The state has also posted negative job growth for the past three months. During this time, it has fallen behind the national average. Between July 2007 and 2008, California lost 72,700 jobs, reflecting a growth rate of -0.5 percent. While the nation's job growth has been decreasing gradually for over a year and a number of other economic indicators are demonstrating unhealthy levels, it only recently shifted to negative growth. For the past two months, the nation posted -0.1 percent job growth with 174,000 jobs lost in the latest 12-month period.



Economic conditions in the Bay Area have also weakened noticeably over the past few months. In June 2008, the Bay Area dropped to negative job growth following a long period of relatively healthy performance. During the 12 months ending July 2008, the Bay Area posted -0.5 percent job growth with an overall decline of 13,400 jobs. Like in the Sacramento Region, all of the Bay Area's major sectors have slowed substantially in recent months with Construction and Information decaying the most. If it was not for continued gains in the San Francisco market, the Bay Area would be much worse off as the Silicon Valley and East Bay both shed jobs in the past 12 months.

The majority of the major sectors in the Sacramento Region are losing jobs.

Job losses are broadly spread throughout the Sacramento Region’s major sectors with 6 of the 11 posting declines in the last year. Posting a combined decline of 9,100 jobs, Construction and Leisure & Hospitality experienced the most severe losses among the Region’s major sectors, while Financial Activities; Trade, Transportation, & Utilities; and Manufacturing all shed more than 2,000 jobs each in the past 12 months. A few sectors continued to add jobs even as the rates of growth have slowed considerably recently. Educational & Health Services and Government posted the greatest gains with a combined increase of 3,400 jobs.

The state is also experiencing losses in six major sectors. The housing-related sectors (Construction and Financial Activities) remain at the top of the list of job losses, shedding 124,300 jobs between July 2007 and 2008. Similar to the Sacramento Region, Educational & Health Services and Government showed the largest increases with a total gain of 85,300 jobs.

Losses are not quite as widespread in the Bay Area with declines confined to five major sectors. However, as growth has slowed across the board in the last few months, losses have extended from solely three sectors as recently as May 2008 to the five in June 2008. Like the state, the housing slump is producing the most noticeable impact on the economy with Construction and Financial Activities losing 15,300 jobs in the past year. Educational & Health Services and Government are also the leading sectors in the Bay Area, demonstrating a combined gain of 6,700 jobs.

Major Sector Employment Gains and Losses			
Sacramento Region, California, and Bay Area			
Sector	July 2007-2008		
	Sacramento Region	California	Bay Area
Total Nonfarm	-12,600	-72,700	-13,400
Private Sector	-14,000	-111,300	-16,500
Public Sector	1,400	38,600	3,100
Edu. & Health Svcs.	2,000	46,700	3,600
Government	1,400	38,600	3,100
Prof. & Business Svcs.	800	7,200	2,400
Other Services	300	-100	200
Nat. Res. & Mining	0	800	100
Information	-400	-7,800	-800
Manufacturing	-2,100	-28,600	-1,300
Trade, Trans., & Util.	-2,700	-14,500	-5,900
Financial Activities	-2,800	-36,900	-7,100
Leisure & Hospitality	-3,000	9,300	500
Construction	-6,100	-87,400	-8,200

Sacramento Regional Research Institute, August 2008
Data Source: Employment Development Department

Employment Gains and Losses		
Components of Sacramento Region and Bay Area		
Area	July 2007-2008	
	Absolute	Rate
Sacramento Region	-12,600	-1.3%
Sacramento-Arden Arcade-Roseville MSA	-10,500	-1.2%
Yuba City MSA	-2,100	-5.1%
Bay Area	-13,400	-0.5%
San Francisco-San Mateo-Redwood City Div.	7,600	0.8%
San Jose-Sunnyvale-Santa Clara MSA	-1,400	-0.2%
Oakland-Fremont-Hayward Div.	-19,600	-1.9%

Sacramento Regional Research Institute, August 2008
Data Source: Employment Development Department
Note: Gains and losses reflect Nonfarm employment.

The two sub-markets in the Sacramento Region both demonstrated negative job growth in July 2008. The Yuba City Metropolitan Statistical Area (MSA—Sutter and Yuba Counties) posted the weakest job growth among all the economic regions and stand-alone counties in the state in the last 12 months—this MSA experienced -5.1 percent job growth, reflecting a loss of 2,100 jobs. Trade, Transportation, & Utilities lost the most jobs among the major sectors in the Yuba City MSA and Educational & Health Services saw the largest, albeit minimal, gain. The larger Sacramento-Arden Arcade-Roseville MSA (El Dorado, Placer, Sacramento, and Yolo Counties) posted -1.2 percent job growth, equating to a decrease of 10,500 jobs between July 2007 and 2008. Construction lost the largest amount of jobs and Educational & Health Services added the most among major sectors in this MSA.

With the San Jose-Sunnyvale-Santa Clara MSA (San Benito and Santa Clara Counties) shifting to negative growth in July 2008, only one component of the Bay Area is adding jobs on a year-over-year basis. The San Francisco-San Mateo-Redwood City Metropolitan Division (MD—Marin, San Francisco, and San Mateo Counties) was the only major economic region in the state to add jobs during the 12 months ending July 2008—this MD gained 7,600 jobs with 0.8 percent job growth. The Professional & Business Services sector saw the greatest gains in the San Francisco sub-market while only Trade, Transportation, & Utilities lost a notable amount of jobs. As conditions worsened in recent months, the Silicon Valley posted -0.2 percent job growth in the past year, reflecting a decline of 1,400 jobs. The Construction Sector experienced the largest loss among the Silicon Valley’s major sectors and Educational & Health Services demonstrated the highest level of job gains. The Oakland-Fremont-Hayward MD (Alameda and Contra Costa Counties) is one of the poorest performing major economic regions in the state—between July 2007 and 2008, this MD shed 19,600 jobs, an employment growth rate of -1.9 percent. Construction is the weakest major sector in the East Bay while Government is the healthiest among the few sectors adding jobs.

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