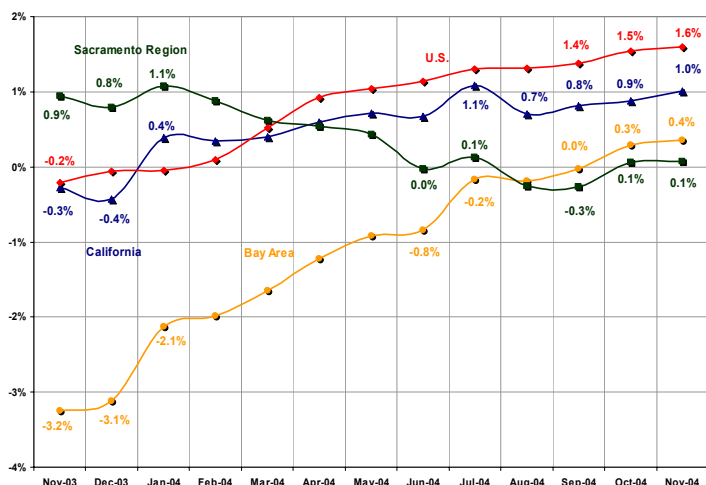


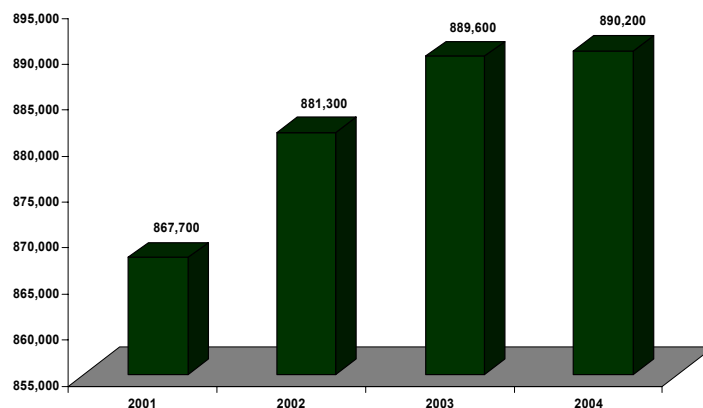
EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

Employment Growth Rate Comparison
Sacramento Region, Bay Area, California, and U.S.



Sacramento Regional Research Institute, December 2004
Data Source: Employment Development Department and Bureau of Labor Statistics
Notes: Sacramento Region includes Sacramento, Yolo, and Yuba City PMSAs.
Bay Area includes Oakland, San Jose, and San Francisco PMSAs.
Growth reflects 12 months ending November 2004.

Sacramento Region Nonfarm Employment
November 2001-2004



Sacramento Regional Research Institute, December 2004
Data Source: Employment Development Department
Notes: Sacramento Region includes Sacramento, Yolo, and Yuba City PMSAs.

On average, the six-county Sacramento Region has seen no year-over-year job growth since June 2004.

Over the past year, the six-county Sacramento Region posted a gain of approximately 600 Nonfarm jobs, showing a 0.1 percent growth rate. While fluctuating between limited positive and negative year-over-year growth rates, on average, the Region has experienced no job growth over the past six months. Since May 2004, the Sacramento Region has seen lower job growth than the statewide average, and since September 2004, the Region has fallen below the Bay Area. Similar to the Sacramento Region, the state has been in a holding pattern, demonstrating fairly stable job growth rates since June 2004; however, the state is still posting year-over-year job gains, averaging about 0.9 percent over the past six months. Between November 2003 and 2004, California added over 146,000 jobs (1.0 percent growth). Reversing a lengthy trend of negative job growth rates, the Bay Area has experienced positive year-over-year growth over the past few months, adding close to 10,000 jobs since November 2003. The United States continues to post higher growth rates than the state, the Sacramento Region, and the Bay Area. Demonstrating slowly increasing year-over-year Nonfarm employment growth rates, the nation saw a 1.6 percent job growth rate in November 2004.

Employment Gains and Losses Major Sectors

Sector	November 2003-2004		
	Sacramento	California	Bay Area
Total Nonfarm	600	146,300	9,900
Construction	4,152	35,400	1,400
Prof. & Business Svcs.	2,500	65,800	2,000
Trade, Trans., & Util.	1,100	23,800	1,200
Manufacturing	500	1,100	100
Other Services	0	-3,700	-200
Nat. Res. & Mining	-152	-600	300
Leisure & Hospitality	-200	21,300	2,100
Edu. & Health Svcs.	-500	21,000	3,700
Financial Activities	-1,000	8,500	4,400
Information	-1,100	-3,600	-600
Government	-4,700	-22,700	-4,500

Sacramento Regional Research Institute, December 2004
Data Source: Employment Development Department

The six-county Sacramento Region's economy has primarily been influenced by the Construction and Government sectors.

Posting the greatest job gains and losses in the Sacramento Region between November 2003 and 2004, the Construction and Government sectors have essentially cancelled each other out in the overall employment growth picture. Over the past year, Construction added over 4,100 jobs while Government lost about 4,700 jobs. Other sectors such as Professional & Business Services and Trade, Transportation, & Utilities have shown relatively strong job growth with gains of 2,500 and 1,100 jobs, respectively. However, Information and Financial Activities have lost quite a few jobs since November 2003, posting losses of 1,100 and 1,000 jobs, respectively. Overall, the interplay of year-over-year job gains and losses in the Sacramento Region has created a net gain of about 600 jobs. It is also interesting to note that the Region's private sector has gained about 5,300 jobs over the past year, while the public sector has lost approximately 4,700 jobs. The state saw the most employment gains in the Professional & Business Services sector, while the most losses were in the Government sector. The Bay Area experienced the most job gains in the Financial Activities sector, while its greatest job losses were also in the Government sector.

Employment Gains and Losses

Sacramento Region Metropolitan Statistical Areas

Area	November 2003-2004	
	Absolute	Rate
Sacramento Region	600	0.1%
Sacramento PMSA	700	0.1%
Yolo County	1,700	1.9%
Yuba City MSA	-1,800	-4.7%

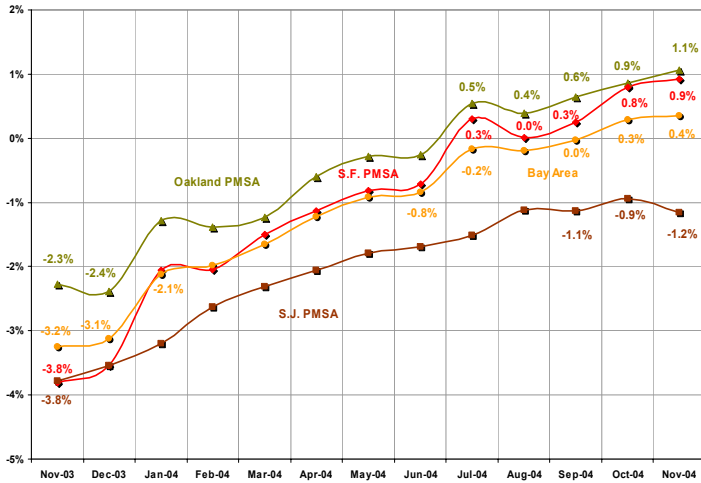
Sacramento Regional Research Institute, December 2004
Data Source: Employment Development Department

Two of the three Metropolitan Statistical Areas in the Sacramento Region posted job gains over the past year—the Sacramento PMSA (El Dorado, Placer, and Sacramento Counties) saw an employment increase of 700 and Yolo County experienced a gain of 1,700 jobs. On the other hand, the Yuba City MSA lost about 1,800 jobs between November 2003 and 2004. Overall these job growth trends created a net year-over-year gain of 600 jobs in the Sacramento Region. While both the Sacramento PMSA and Yolo County generally see a mix of job gains and losses within the major industry sectors, the Yuba City MSA has posted employment losses in all major sectors over the past year.

EMPLOYMENT GROWTH IN THE BAY AREA

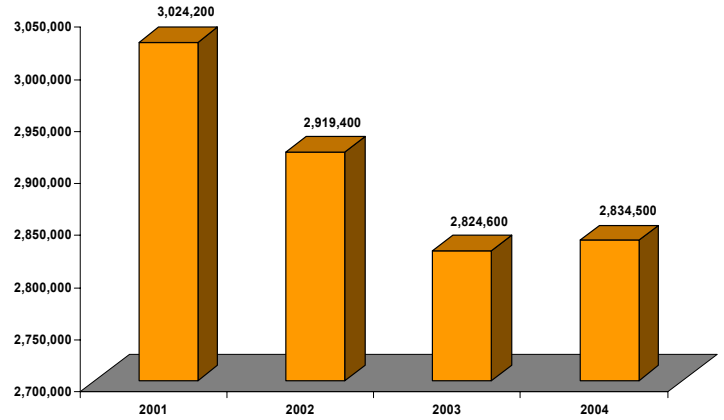
Employment Growth Rate Comparison

Bay Area, Oakland PMSA, San Francisco PMSA, and San Jose PMSA



Sacramento Regional Research Institute, December 2004
 Data Source: Employment Development Department and Bureau of Labor Statistics
 Notes: Bay Area includes Oakland, San Jose, and San Francisco PMSAs.
 Growth reflects 12 months ending November 2004.

Bay Area Nonfarm Employment
 November 2001-2004



Sacramento Regional Research Institute, December 2004
 Data Source: Employment Development Department
 Notes: Bay Area includes Oakland, San Jose, and San Francisco PMSAs.

The recent upturn in the Bay Area economy has been driven by job growth in the Oakland and San Francisco Metropolitan Statistical Areas.

The Bay Area's year-over-year Nonfarm employment growth rates pulled out of negative growth in September 2004 and have slowly been climbing since that point. Between November 2003 and 2004, the Bay Area gained about 9,900 jobs, reflecting a growth rate of 0.4 percent. In July 2004, both the Oakland (Alameda and Contra Costa Counties) and San Francisco (Marin, San Francisco, and San Mateo Counties) PMSAs experienced positive job growth rates (0.5 and 0.3 percent, respectively), two months prior to the overall Bay Area's shift into positive growth. This demonstrates the influence these two PMSAs are having on the Bay Area's economy. In fact, the Oakland PMSA is now the largest in the Bay Area, whereas Oakland was relatively small in 2000 and 2001. The San Jose PMSA (Santa Clara County) continues to post negative year-over-year Nonfarm employment growth rates; however, the negative rates are not as severe as they were in 2003. While relatively large in the past, San Jose is now the smallest PMSA in the Bay Area.

Employment Gains and Losses

Bay Area Metropolitan Statistical Areas

Area	November 2003-2004	
	Absolute	Rate
Bay Area	9,900	0.4%
Oakland PMSA	10,900	1.1%
San Francisco PMSA	8,800	0.9%
San Jose PMSA	-9,800	-1.2%

Sacramento Regional Research Institute, December 2004
 Data Source: Employment Development Department

Employment Gains and Losses

Oakland and Sacramento PMSAs: Selected Major Sectors

	November 2003-2004			
	Oakland PMSA		Sacramento PMSA	
	Absolute	Rate	Absolute	Rate
Private Sector	13,000	1.5%	5,200	0.9%
Public Sector	-2,100	-1.2%	-4,500	-2.4%
Construction	4,600	6.6%	4,100	6.5%
Prof. & Business Svcs.	3,000	2.1%	2,400	2.7%
Financial Activities	2,400	3.5%	-900	-1.6%
Edu. & Health Svcs.	1,300	1.1%	2,400	2.7%
Other Services	900	2.4%	300	1.2%
Leisure & Hospitality	900	1.1%	400	0.6%
Manufacturing	800	0.8%	-100	-0.3%
Trade, Trans., & Util.	-200	-0.1%	300	0.2%
Information	-1,000	-3.2%	-900	-4.5%
Government	-2,100	-1.2%	-4,500	-2.4%

Sacramento Regional Research Institute, December 2004
 Data Source: Employment Development Department

Oakland, now the Bay Area's largest Metropolitan Statistical Area, has seen a greater level of job growth activity and larger gains in more industry sectors compared to the Sacramento Region's largest Metropolitan Statistical Area, Sacramento.

The year-over-year employment gains in the San Francisco PMSA have essentially been negated by losses in the San Jose PMSA in the context of the overall Bay Area economy. The Bay Area's largest PMSA, Oakland, has recently been driving the overall economy with the other two PMSA pulling the growth rate slightly up or down. Over the past year, the Oakland PMSA gained nearly 11,000 jobs, reflecting a 1.1 percent growth rate. In general, the job gains in the Bay Area are 50 percent larger than the losses and most of those gains are concentrated in the larger areas. On the other hand, the Sacramento Region's job gains are only 25 percent larger than losses and most of those gains are in a relatively small MSA.

Comparing the year-over-year employment gains and losses in the Bay Area's and Sacramento Region's largest PMSAs (Oakland and Sacramento, respectively) reveals that the Oakland PMSA has seen a greater level of net employment activity, its private sector has had a larger influence, and the public sector has had a smaller effect on the overall job growth trends. In addition to these general factors, two of the primary differences between the Oakland and Sacramento PMSAs lie in the industry sector activity. While both PMSAs have seen the largest gains in Construction and Professional & Business Services and the greatest losses in Government and Information, the prime difference is that Oakland has experienced positive year-over-year growth in Financial Activities and Manufacturing, while Sacramento has seen negative growth in both of these sectors. In general, compared to the Sacramento PMSA, the Oakland PMSA seems to be picking up the pace with larger gains and smaller losses in most sectors.