

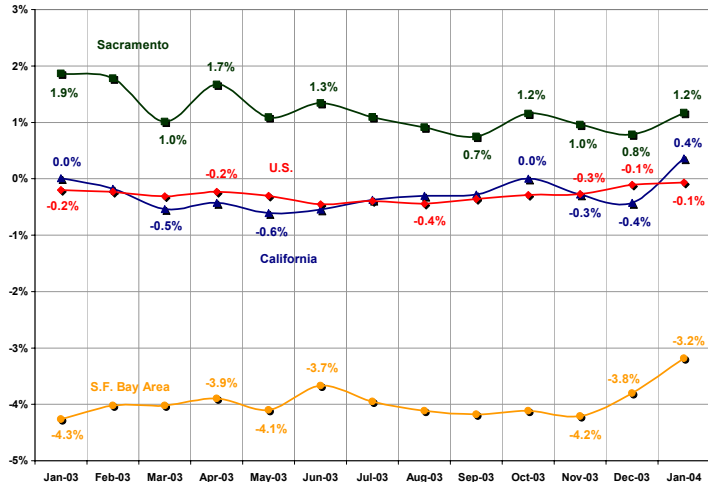


EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE SAN FRANCISCO BAY AREA, CALIFORNIA, AND THE UNITED STATES

Please note that the previous year's employment data has been revised by the Employment Development Department to reflect the 2003 benchmark. The following analysis is based on the new data.

The new 2003 benchmark data shows that at the beginning of 2003, the Sacramento Region saw year-over-year employment growth rates close to two percent. By mid-2003, Sacramento's growth rates began to hover around one percent, reaching a rate of 1.2 percent by the beginning of 2004. Sacramento's employment growth rates remained higher than California, the Bay Area, and the United States throughout 2003, never experiencing negative growth while the other areas remained negative for most of the year. California's year-over-year employment growth rate climbed to zero percent in October 2003, but dropped back into negative growth until January 2004 when it saw 0.4 percent growth. Employment growth in the United States is approaching zero percent, with -0.1 percent employment growth rates for the past two months. The Bay Area's year-over-year employment growth rates have been around negative four percent for a long period of time, but reached a point close to negative three percent in January 2004.

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



Sacramento Regional Research Institute, February 2004

Data Source: Employment Development Department

Note: S.F. Bay Area includes Oakland, San Jose, and San Francisco PMSAs. Growth reflects 12 months ending January 2004.

The Sacramento Region saw the greatest year-over-year job gains in January in the Construction sector with positive gains in nearly all construction activities. Both the Professional & Business Services and Educational & Health Services sectors experienced gains of 2,500 jobs, also with gains in nearly all activities associated with these major industry sectors. By far, the largest job losses in the Sacramento Region were in the Government sector with losses concentrated in State Government activities—a continued trend over the past few months.

California's greatest gains were also in the Professional & Business Services and Educational & Health Services sectors with increases focused in the administrative, support, and health services aspects of these sectors. The largest losses for the state were in Manufacturing and Government. The Bay Area saw employment gains in only two sectors—Educational & Health Services and Leisure and Hospitality. Like California, the Bay Area's largest losses were in the Manufacturing and Government sectors.

Employment Gains and Losses January 2004 Selected Major Sectors

Sector	January 2004		
	Sacramento	California	Bay Area
Construction	4,000	21,100	-1,700
Prof. & Business Services	2,500	49,300	-6,700
Edu. & Health Services	2,500	43,700	5,900
Financial Activities	1,500	25,000	-900
Trade, Trans. & Util.	1,300	14,100	-7,600
Leisure and Hospitality	900	23,500	1,400
Information	-700	-13,100	-5,800
Manufacturing	-800	-54,100	-18,800
Government	-3,300	-58,000	-10,300

Sacramento Regional Research Institute, February 2004

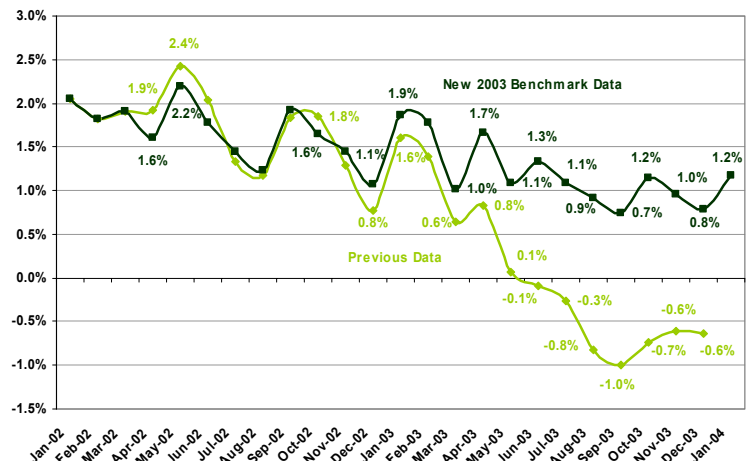
Data Source: Employment Development Department

Note: Growth reflects 12 months ending January 2004.

SACRAMENTO NEW 2003 BENCHMARK AND PREVIOUS EMPLOYMENT DATA COMPARISON

Every year the Employment Development Department benchmarks their employment data to reflect more precise information derived from detailed tax and payroll records. The graph to the right illustrates the difference between the new 2003 benchmark data and the previous data for the Sacramento Region. This information demonstrates that Sacramento has experienced growth rates ranging from 2.2 to 0.7 percent over the past two years and has not seen negative year-over-year employment growth during this same time period, whereas the Employment Development Department's previous estimates showed Sacramento experiencing negative growth rates since June 2003. Overall, the revised data paints a much brighter picture for Sacramento's economy over the past year; however, these positive employment growth rates are some of the lowest the region has seen since the early 1990s.

Sacramento Employment Growth Rate Comparison
New 2003 Benchmark and Previous Data



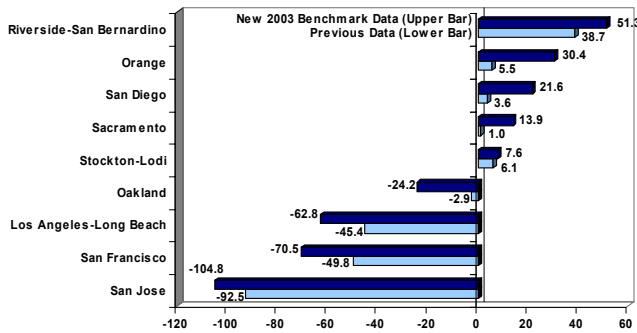
Sacramento Regional Research Institute, February 2004

Data Source: Employment Development Department

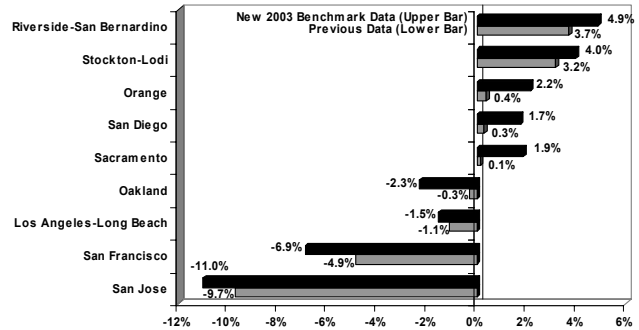
Note: Growth reflects 12 months ending January 2004 (benchmark) and December 2003 (previous data).

NEW 2003 BENCHMARK AND PREVIOUS EMPLOYMENT DATA COMPARISONS IN MAJOR CALIFORNIA ECONOMIES

Absolute Employment Growth December 2001-2003
New 2003 Benchmark and Previous Data (In Thousands)



Employment Growth Rates December 2001-2003
New 2003 Benchmark and Previous Data



Sacramento Regional Research Institute, February 2004
Data Source: Employment Development Department
Note: Growth reflects 24 months ending December 2003.

Sacramento Regional Research Institute, February 2004
Data Source: Employment Development Department
Note: Growth reflects 24 months ending December 2003.

The set of bar charts above show the difference between the December 2001 to 2003 employment growth figures using the 2003 benchmark employment data and the previous estimates for major metropolitan areas in California. While the revisions did not significantly change the rankings of areas based on employment growth, it does illustrate some important issues. The absolute employment growth and growth rates in Sacramento, San Diego, and Orange County all shifted to much higher points with the revised 2003 benchmark data. Riverside-San Bernardino and Stockton-Lodi did not experience drastic changes, but their employment growth figures appear much better with the new data. Two of the major areas in California—Los Angeles and the Bay Area—saw a downward revision with the 2003 benchmark. Oakland, Los Angeles-Long Beach, San Francisco, and San Jose all demonstrated greater absolute employment losses and negative growth rates with the revision. This information paints a worse picture for these areas, which must now escape an even deeper negative employment growth trend. Additionally, the downward revisions in these major metropolitan areas mitigate some of the upward revisions and employment growth in other areas throughout the state.

AREAS WITH THE GREATEST EMPLOYMENT ACCESS IN THE SACRAMENTO REGION AND NEIGHBORING COUNTIES

The table to the right shows a ranking of areas in the Sacramento Region and neighboring, competitive Counties with the greatest employment access. This information was produced from the findings of a study which SRRI recently conducted for the Community Services Planning Council (CSPC). The employment access measure demonstrates areas where residents have the greatest employment opportunities or access. The rankings were developed based on an index which takes into account comparative measures of the concentration of industry employment and industry sector employment growth rates in specific areas throughout El Dorado, Placer, Sacramento, San Joaquin, Solano, Sutter, Yolo, and Yuba Counties. This information shows that residents in the Mather area of Sacramento County have access to large and growing industries, and the employment characteristics of the local area's population matches the needs of these industries. On a comparative basis, three of the top ten areas are within Counties that neighbor the Sacramento Region—Stockton, Vallejo, Thornton, and Fairfield-Suisun City. Many of the larger areas in the Sacramento Region are within the top 10 including the cities of Sacramento, Folsom, and Roseville.

Employment Access		
Rank	County	Area
1	Sacramento	Mather
2	Yolo	Knights Landing
3	Sacramento	Sacramento (City)
4	San Joaquin	Stockton
5	Solano	Vallejo
6	San Joaquin	Thornton
7	Placer	Loomis Basin-Folsom Lake
8	Solano	Fairfield-Suisun City
9	Sacramento	Folsom
10	Placer	Roseville

Sacramento Regional Research Institute, February 2004
Data Source: US Census Bureau and Employment Development Department