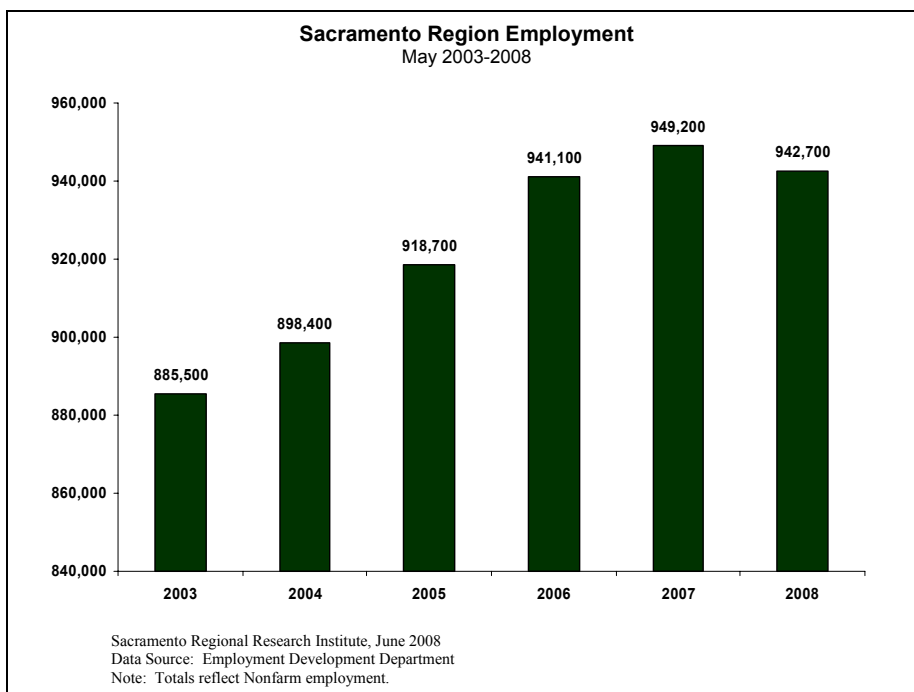
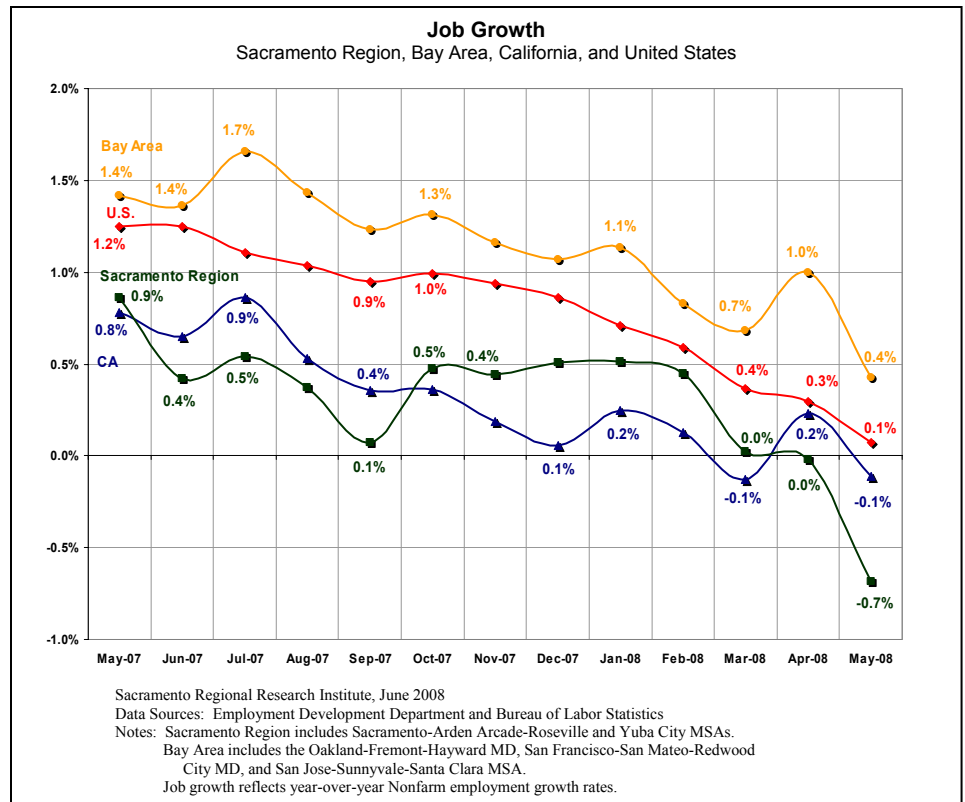


EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

Deteriorating economic conditions pulled the Sacramento Region's job growth into negative territory.

The six-county Sacramento Region posted negative job growth for the first time in 15 years due to slowdowns in nearly every major sector, according to May 2008 preliminary data. Despite showing some positive signs in recent months, continued losses in the housing-related sectors, rising prices, and the strain on consumer spending weakened economic conditions. The drop from stagnant to negative growth places the Region below both the statewide and national averages. The Region's -0.7 percent growth rate translates to a loss of 6,500 jobs in the past 12 months.

The state dropped back into negative job growth in May 2008. Besides parts of the Bay Area and Fresno, all of California's largest regions are experiencing negative year-over-year employment growth rates with a handful well over 1 percent. Between May 2007 and 2008, California posted -0.1 percent job growth with a decline of 16,900 jobs. The state is still tracking below the nation, which continued its decreasing job growth pattern, but still showed minimal growth as of May 2008. Over the past year, the nation added only 104,000 jobs to payrolls.



Job growth in the Bay Area also dropped in May 2008 to a level of 0.4 percent (reflecting a year-over-year gain of 12,500 jobs). The Bay Area continues to outperform the state and nation. In fact, two of its core sub-regions rank at the top of the list of major regions in the state—the San Francisco market and Silicon Valley. Nevertheless, most major sectors in the Bay Area have seen slowing growth, which has led to some of the lowest levels of growth the region has seen since shifting back into sustainable positive growth in its most recent economic recovery (late 2004 and early 2005).

The Sacramento Region saw job losses in six major sectors during the past 12 months, leading to an overall net employment decline.

Six sectors in the Sacramento Region posted year-over-year losses equating to a combined decline of 14,200 jobs. The Construction sector showed the largest decrease followed by Trade, Transportation, & Utilities (concentrated in the Retail Trade component). Government; Educational & Health Services; Professional & Business Services; and Other Services all added jobs between May 2007 and 2008, but only created a 7,700 job gain, which helped cushion, but did not completely make up for, the other relatively heavy losses.

The state's losses are not quite as widespread as the Sacramento Region with only five sectors shedding jobs in the past 12 months. The housing-related sectors (Construction and Financial Activities) posted the most severe declines among this group with a combined loss of 124,600 jobs. Like in the Sacramento Region, Educational & Health Services; Government; and Professional & Business Services are leading the way in job gains providing a boost just large enough to compensate for the housing-related declines.

Major Sector Employment Gains and Losses Sacramento Region, California, and Bay Area			
Sector	May 2007-2008		
	Sacramento Region	California	Bay Area
Total Nonfarm	-6,500	-16,900	12,500
Private Sector	-9,600	-60,000	6,500
Public Sector	3,100	43,100	6,000
Government	3,100	43,100	6,000
Edu. & Health Svcs.	2,700	54,400	4,600
Prof. & Business Svcs.	1,400	27,200	8,300
Other Services	500	7,100	1,400
Nat. Res. & Mining	0	700	200
Information	-100	-5,400	700
Leisure & Hospitality	-1,000	7,300	2,600
Manufacturing	-1,700	-21,900	1,600
Financial Activities	-1,900	-34,500	-6,600
Trade, Trans., & Util.	-2,100	-4,800	-2,600
Construction	-7,400	-90,100	-3,700

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

The housing woes and spillover into Retail Trade are also affecting the Bay Area's economy; however, unlike the state overall, only Financial Activities; Construction; and Trade, Transportation, & Utilities experienced employment declines in the past year. Similar to the state, the Bay Area's strongest job gains are in the Professional & Business Services; Government; and Educational & Health Services sectors. With sustained gains in the other major sectors, the Bay Area was able to generate net positive job growth.

Employment Gains and Losses Components of Sacramento Region and Bay Area		
Area	May 2007-2008	
	Absolute	Rate
Sacramento Region	-6,500	-0.7%
Sacramento-Arden Arcade-Roseville MSA	-5,000	-0.6%
Yuba City MSA	-1,500	-3.5%
Bay Area	12,500	0.4%
San Francisco-San Mateo-Redwood City Div.	17,900	1.8%
San Jose-Sunnyvale-Santa Clara MSA	6,700	0.7%
Oakland-Fremont-Hayward Div.	-12,100	-1.2%

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

Both components of the Sacramento Region's economy posted negative job growth in May 2008. The Yuba City Metropolitan Statistical Area (MSA—Sutter and Yuba Counties) showed -3.5 job growth reflecting a 1,500 job loss. Trade, Transportation, & Utilities posted the largest employment decline in the MSA while Government showed a minimal job gain. The larger Sacramento-Arden Arcade-Roseville MSA (El Dorado, Placer, Sacramento, and Yolo Counties) experienced a 12-month loss of 5,000 jobs with -0.6 percent job growth. This MSA's Construction sector saw the heaviest losses with Government providing the largest gains.

Two of the three Bay Area markets showed positive job growth between May 2007 and 2008. The San Francisco-San Mateo-Redwood City Metropolitan Division (MD—Marin, San Francisco, and San Mateo

Counties) was the strongest sub-market posting 1.8 percent job growth, which equates to an increase of 17,900 jobs. Only the Financial Activities and Trade, Transportation, & Utilities sectors saw minimal losses in this MD with Professional & Business Services leading the way in terms of job gains. The San Jose-Sunnyvale-Santa Clara MSA (San Benito and Santa Clara Counties) also saw positive job growth at a rate of 0.7 percent (the equivalent of an increase of 6,700 jobs). The Silicon Valley's Construction sector shed the most jobs with Manufacturing posting the greatest gain. The Oakland-Fremont-Hayward MD (Alameda and Contra Costa Counties) is among the weakest major regions in the state—in May 2008, it posted -1.2 percent job growth with a loss of 12,100 jobs in the past 12 months. Only the Government; Educational & Health Services; and Natural Resources & Mining sectors added jobs in the East Bay between May 2007 and 2008 with Financial Activities showing the greatest decline among the other sectors.

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