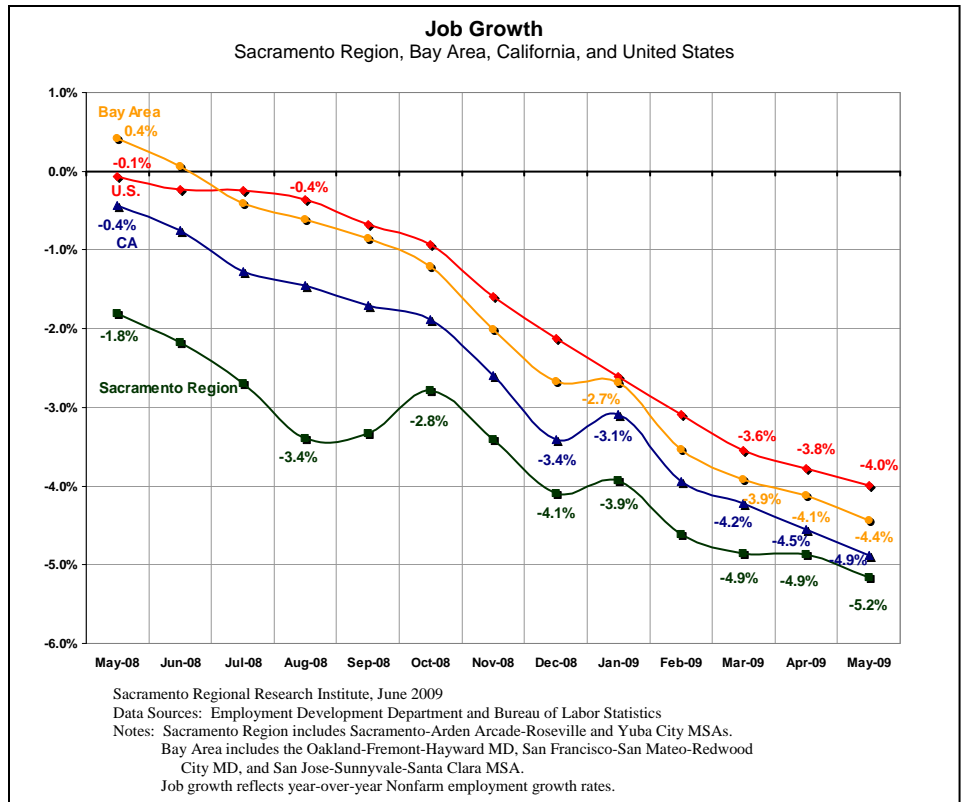


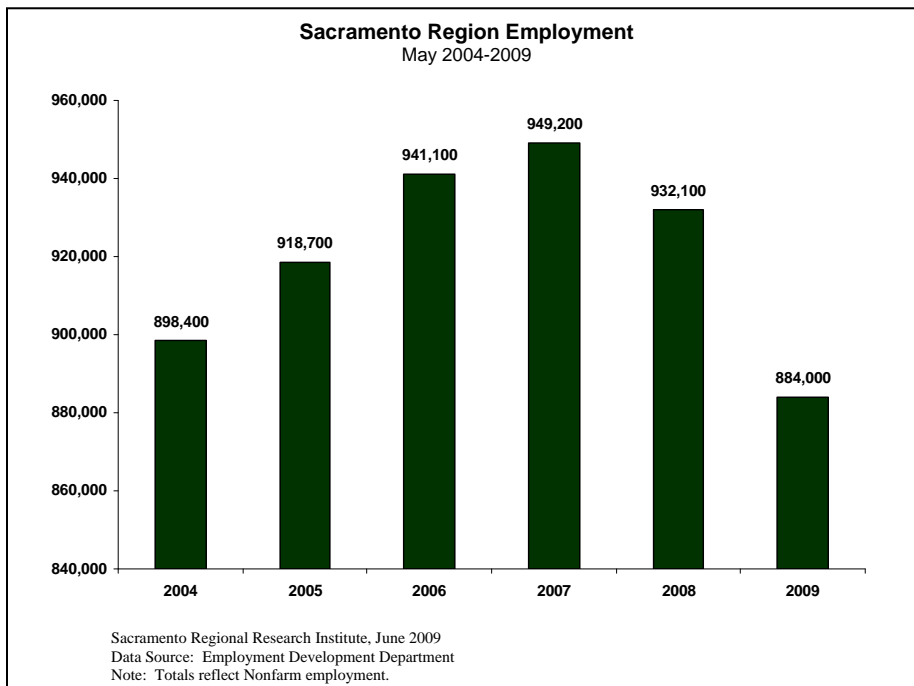
**EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES**

The Sacramento Region's job growth experienced another dip after a brief period of flat growth.

Job growth in the six-county Sacramento Region fell to a new low in May 2009. Preliminary data show that the Region lost 5.2 percent of all jobs on payrolls between May 2008 and May 2009, equating to a 48,100-job decline. During the same period, Sacramento's unemployment rate also saw a significant change, jumping from 6.7 percent to 11.5 percent (just above the statewide average of 11.2 percent). The Sacramento Region's job growth is still tracking at a level not seen in two decades and notably below the statewide and national averages. Every major sector, with the exception of Educational & Health Services, has experienced slowing job growth over the past year. In recent months, the slowing growth has also been easing in the Leisure & Hospitality and Trade, Transportation, & Utilities sectors.



California's job growth continued to dip in May 2009, reaching -4.9 percent with a year-over-year loss of 738,800 jobs. Declining job growth is widespread among all of the state's major sectors, with the exception of Educational & Health Services. Preliminary data show that the national economy also continued to deteriorate with job growth falling to -4.0 percent, reflecting a loss of over 5.5 million jobs.



The Bay Area's economic conditions also worsened in May 2009. Over the past 12 months, Bay Area employment has declined by 4.4 percent, equating to a total loss of 131,200 jobs. The Bay Area was still seeing positive job growth one year ago, but since then, the region's job growth decreased by 4.8 percentage points and is currently between the national and statewide averages. Nearly all of the Bay Area's major sectors have seen the rate of loss accelerating in the past year with Construction and Information seeing the most severe slowdowns.

All but two of the Sacramento Region’s major sectors posted job losses in the past year.

The Sacramento Region’s Educational & Health Services and Government sectors both posted job gains between May 2008 and 2009 despite the overall slowing job growth evident in the remaining major sectors during this time period. The combined 4,100-job gain in these sectors, however, is not even a third of the losses experienced in the Region’s Construction sector. The Construction; Trade, Transportation, & Utilities; and Professional & Business Services sectors each shed over 10,000 jobs in the last 12 months, producing a total loss of 34,800 jobs.

Ten of the 11 major sectors lost jobs statewide in the past year with only Educational & Health Services posting increasing employment (22,100). Like the Sacramento Region, Construction and Trade, Transportation, & Utilities experienced the most severe job losses at the statewide level. Two other sectors that experienced job losses greater than 100,000 in May 2009 include Professional & Business Services and Manufacturing.

Similar to California, all major sectors in the Bay Area economy have experienced job losses or no gain with the exception of Educational & Health Services which posted a 1,700-job gain over the past 12 months. The Trade, Transportation, & Utilities; Construction; and Professional & Business Services sectors posted the largest job losses, each with a job decline over 22,000.

| <b>Major Sector Employment Gains and Losses</b><br>Sacramento Region, California, and Bay Area |                   |            |          |
|--|-------------------|------------|----------|
| Sector   | May 2008-2009     |            |          |
|  | Sacramento Region | California | Bay Area |
| Total Nonfarm  | -48,100           | -738,800   | -131,200 |
| Private Sector   | -48,800           | -725,200   | -130,300 |
| Public Sector  | 700               | -13,600    | -900     |
| Edu. & Health Svcs.  | 3,400             | 22,100     | 1,700    |
| Government   | 700               | -13,600    | -900     |
| Mining & Logging   | -100              | -1,700     | 0        |
| Other Services   | -1,300            | -15,800    | -3,900   |
| Information  | -2,400            | -33,700    | -6,100   |
| Manufacturing  | -3,000            | -121,600   | -18,500  |
| Financial Activities   | -4,700            | -52,800    | -12,900  |
| Leisure & Hospitality  | -5,900            | -64,700    | -10,700  |
| Prof. & Business Svcs.   | -10,100           | -119,200   | -22,900  |
| Trade, Trans., & Util.   | -11,400           | -184,300   | -30,400  |
| Construction   | -13,300           | -153,500   | -26,600  |

Sacramento Regional Research Institute, June 2009  
Data Source: Employment Development Department

| <b>Employment Gains and Losses</b><br>Components of Sacramento Region and Bay Area |               |       |
|--|---------------|-------|
| Area   | May 2008-2009 |       |
|  | Absolute      | Rate  |
| Sacramento Region  | -48,100       | -5.2% |
| Yuba City MSA  | -1,900        | -4.6% |
| Sacramento-Arden Arcade-Roseville MSA  | -46,200       | -5.2% |
| Bay Area   | -131,200      | -4.4% |
| Oakland-Fremont-Hayward Div.   | -44,500       | -4.3% |
| San Jose-Sunnyvale-Santa Clara MSA   | -40,100       | -4.4% |
| San Francisco-San Mateo-Redwood City Div.  | -46,600       | -4.7% |

Sacramento Regional Research Institute, June 2009  
Data Source: Employment Development Department  
Note: Gains and losses reflect Nonfarm employment.

Both sub-markets in the Sacramento Region experienced negative job growth. The main sub-market, the Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area (MSA—El Dorado, Placer, Sacramento, and Yolo Counties), lost 46,200 of its payroll jobs between May 2008 and 2009 with an employment growth rate of -5.2 percent. Within this MSA, the Construction sector shed the most jobs in the past year while the Educational & Health Services sector saw a modest job gain. The smaller sub-market, the Yuba City MSA (Sutter and Yuba Counties), posted a 1,900-job decline in the 12 months ending May 2009 with -4.6 percent job growth. None of the major sectors in this MSA added jobs in this period while Trade, Transportation, & Utilities saw the greatest decline.

The Bay Area’s three sub-markets saw job growth between -4.3 percent and -4.7 percent in May 2009. The Oakland-Fremont-Hayward Metropolitan Division (MD—Alameda and Contra Costa Counties) experienced a 44,500-job decline in the last year with a -4.3 percent employment growth rate. None of the East Bay’s major sectors gained jobs on an annual basis—its Construction sector posted the greatest losses. The San Jose-Sunnyvale-Santa Clara MSA (San Benito and Santa Clara Counties) posted -4.4 percent job growth in May 2009, equating to an annual loss of 40,100 jobs. The Manufacturing sector experienced the greatest losses among the major sectors in the Silicon Valley while the Educational & Health Services sector saw a minimal gain in the past year. The San Francisco-San Mateo-Redwood City MD (Marin, San Francisco, and San Mateo Counties) shed 46,600 jobs in the 12 months ending May 2009 with job growth at -4.7 percent. The Educational & Health Services sector continued to add jobs in this MD while Trade, Transportation, & Utilities posted the most considerable job losses in the last year.

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