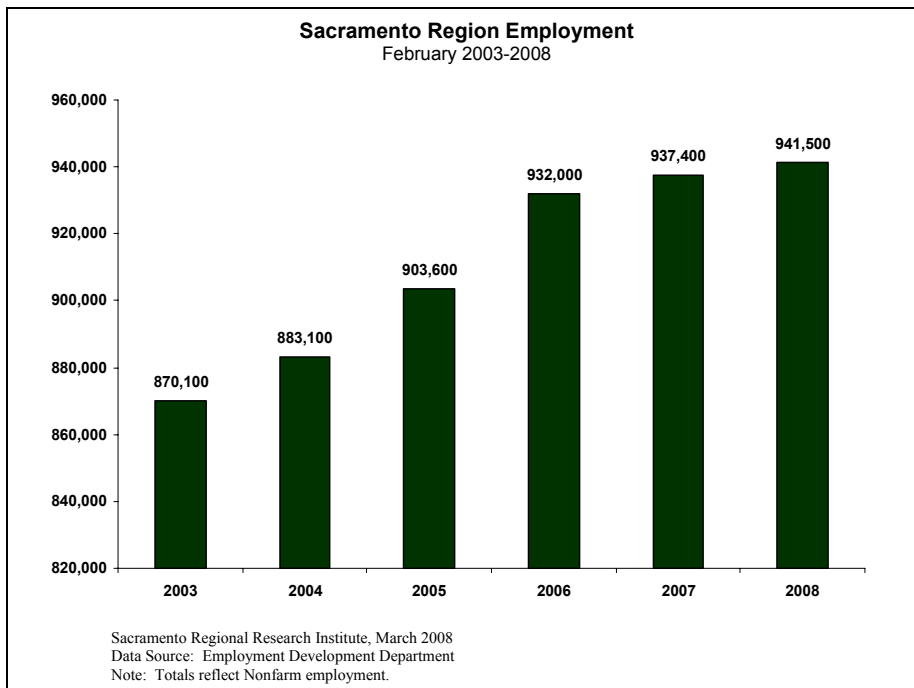
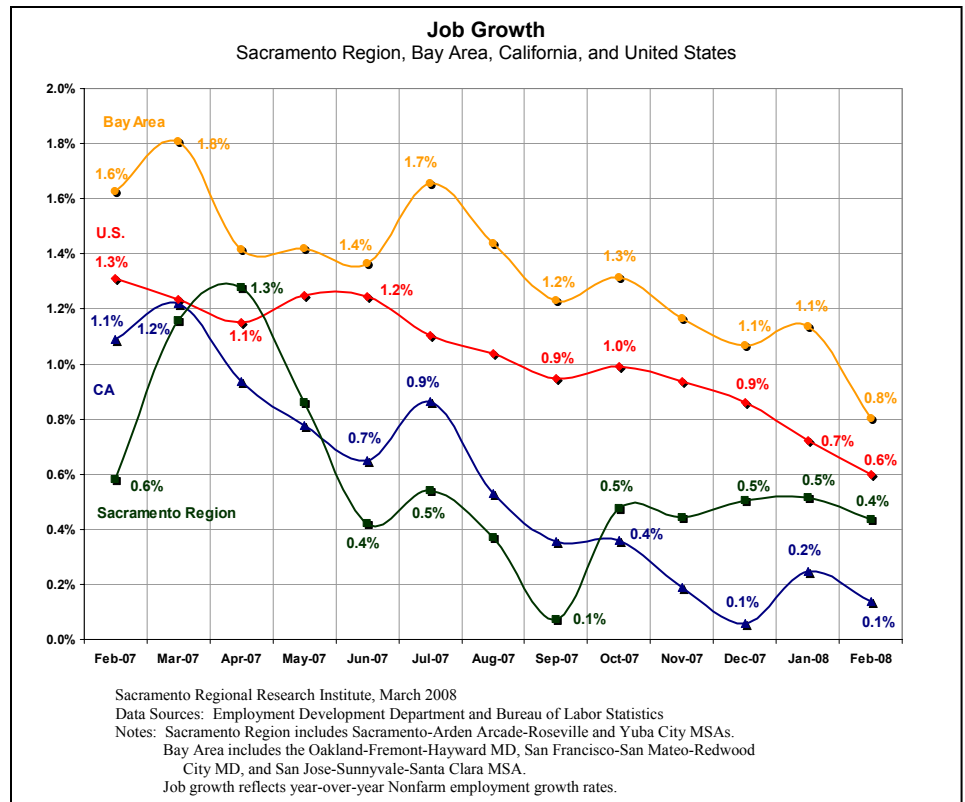


EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

The Sacramento Region has shown a slight rebound in job growth recently while the state and nation continue on a declining path.

Job growth in the six-county Sacramento Region remained fairly stable in February 2008. Preliminary data demonstrates a 12-month employment growth rate of 0.4 percent, reflecting an increase of 4,100 jobs. February marks the fifth month of generally flat job growth in the Region after recovering from a trend of declining growth that was occurring since the spring of 2007. During this stable period, the Region has surpassed the statewide average, but continues to post weaker growth than the nation—in fact, Sacramento’s job growth is at some of the lowest levels since the early 1990s. Flattening out of losses in the housing-related sectors, improvements in the Professional & Business Services sector, and stability in the Government sector have driven the Region’s recent modest recovery.

The Bay Area has not benefitted from the same flattening out of job growth as the Sacramento Region. As a result of slowing growth in many of its major sectors, the Bay Area is still demonstrating a generally declining job growth trend. Between February 2007 and 2008, the Bay Area posted a 0.8 percent employment growth rate with a gain of 23,400 jobs. The Bay Area has not seen job growth this low since the summer of 2005, the early part of its recovery from the dot-com downturn. Despite this relatively low level of growth, the Bay Area continues to outpace the state and the nation.



The state and the nation are also experiencing patterns of declining job growth. For the past three months, the state has essentially seen no year-over-year employment growth as the effects of the housing market slump continue to pull down the economy. One has to look back to early-2004 for periods of such limited growth in the state. The nation continues to add jobs on an annual basis, but at a minimal rate. During the 12 months ending February 2008, the nation’s employment grew 0.6 percent with an increase of only 810,000 jobs. The nation’s economy is not yet clearly in a recession, but deteriorating economic performance is a major concern.

The Sacramento Region’s Government sector continues to boost economic performance, making up for notable losses in other major sectors.

Five major sectors in the Sacramento Region shed jobs between February 2007 and 2008—in addition to notable losses in the housing-related sectors (Construction and Financial Activities), Manufacturing; Trade, Transportation, & Utilities; and Information also experienced employment declines. The combined decrease of 9,900 jobs produced a net loss in the Region’s private sectors. Relatively strong gains in the Government sector (6,000 jobs) helped pull the Region’s economy into positive growth. Educational & Health Services and Professional & Business Services (which recently shifted back to positive growth) also contributed to this performance with healthy gains (3,800 and 2,200 jobs, respectively).

The same three sectors (Government; Educational & Health Services; and Professional & Business Services) also produced the greatest gains in the Bay Area and the state overall. The Bay Area only posted losses in three sectors, including Financial Activities; Trade, Transportation, & Utilities; and Construction, which allowed it to see net growth in both the public and private sectors. On the other hand, the state’s private sector, like the Sacramento Region, experienced a net job decline. This is mainly due to heavy losses in the housing-related sectors combined with declines in two others—Manufacturing and Information. It is interesting to note that on a net basis, the Bay Area added more jobs than the state, demonstrating the poor performance in other regions across California.

Major Sector Employment Gains and Losses Sacramento Region, California, and Bay Area			
Sector	February 2007-2008		
	Sacramento Region	California	Bay Area
Total Nonfarm	4,100	21,000	23,400
Private Sector	-1,900	-29,700	15,700
Public Sector	6,000	50,700	7,700
Government	6,000	50,700	7,700
Edu. & Health Svcs.	3,800	45,400	5,100
Prof. & Business Svcs.	2,200	30,100	8,000
Leisure & Hospitality	1,100	23,800	4,300
Other Services	600	6,200	2,200
Nat. Res. & Mining	300	100	0
Information	-500	-9,500	1,600
Trade, Trans., & Util.	-1,400	12,100	-700
Manufacturing	-1,700	-25,900	2,200
Financial Activities	-1,800	-40,200	-6,600
Construction	-4,500	-71,800	-400

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

Employment Gains and Losses Components of Sacramento Region and Bay Area		
Area	February 2007-2008	
	Absolute	Rate
Sacramento Region	4,100	0.4%
Sacramento-Arden Arcade-Roseville MSA	3,900	0.4%
Yuba City MSA	200	0.5%
Bay Area	23,400	0.8%
San Francisco-San Mateo-Redwood City Div.	19,100	2.0%
San Jose-Sunnyvale-Santa Clara MSA	7,600	0.8%
Oakland-Fremont-Hayward Div.	-3,300	-0.3%

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

Both sub-markets in the Sacramento Region posted positive job growth over the 12 months ending February 2008. The largest component, the Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area (MSA—El Dorado, Placer, Sacramento, and Yolo Counties), added 3,900 jobs with a growth rate of 0.4 percent. This market showed similar trends in its major sectors as the Region overall. The Yuba City MSA (Sutter and Yuba Counties) made a small contribution to the Region’s economy with an increase of 200 jobs (an employment growth rate of 0.5 percent) with much of its growth coming from the Professional & Business Services sector.

The Bay Area’s economy was led by the San Francisco-San Mateo-Redwood City Metropolitan Division (MD—Marin, San Francisco, and San Mateo Counties), which posted 2.0 percent job growth in February

2008 with a gain of 19,100 jobs. While this MD lost Trade, Transportation, & Utilities and Financial Activities jobs, it saw strong gains in Professional & Business Services and Leisure & Hospitality. The San Jose-Sunnyvale-Santa Clara MSA (San Benito and Santa Clara Counties) also added jobs to the Bay Area’s economy with a 12-month increase of 7,600 jobs (a 0.8 percent employment growth rate). Manufacturing and Educational & Health Services were the strongest sectors in the Silicon Valley while the housing-related sectors, along with Professional & Business Services and Leisure & Hospitality, shed jobs. The Oakland-Fremont-Hayward MD (Alameda and Contra Costa Counties) pulled down the Bay Area with a loss of 3,300 jobs over the past year, reflecting negative job growth of 0.3 percent. Government and Educational & Health Services were the only two sectors in the East Bay to produce notable gains while significant losses continued in Construction and Financial Activities.

Economy Watch is sponsored by the following businesses who believe in ensuring the prosperity of the Sacramento Region:

DPR Construction, Inc. (www.dprinc.com); Farmers & Merchants Bancorp / F&M Bank (www.fmbonline.com); Franklin Templeton Investor Services, LLC (www.franklintempleton.com); Grubb & Ellis Company (www.grubb-ellis.com); Harbison-Mahony-Higgins Builders, Inc. (www.hmh.com); KCRA TV – Channel 3 / KQCA – Channel 58 (www.thekcrachannel.com); KT Communities (www.ktcommunities.com); McDonough Holland & Allen PC (www.mhalaw.com); Pacific Coast Building Products, Inc. (www.paccoast.com); Panattoni Development Company (www.panattoni.com); Perry-Smith LLP (www.perry-smith.com); Raley’s (www.raleys.com); Signature Reprographics (www.signaturerepro.com); Teichert, Inc. (www.teichert.com); The Evergreen Company; The Sacramento Bee (www.sacbee.com); Trainor Fairbrook (www.trainorfairbrook.com); and Wells Fargo Bank (www.wellsfargo.com).