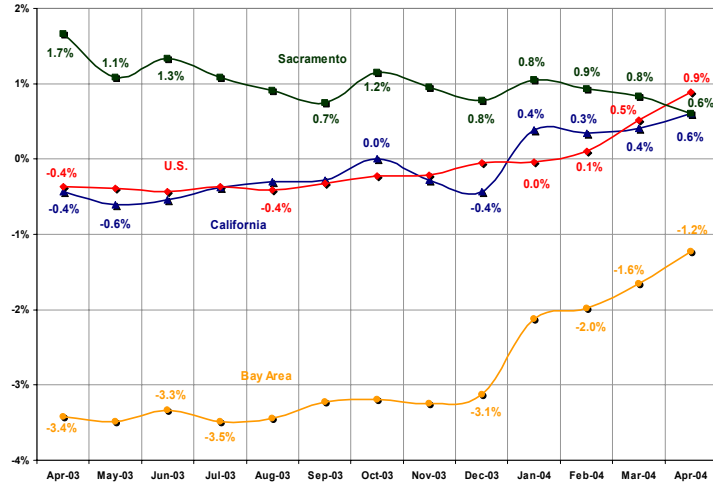


EMPLOYMENT GROWTH IN SACRAMENTO, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

Over the past few months, Sacramento has seen falling year-over-year employment growth rates.

Although Sacramento's year-over-year employment growth rates have appeared fairly steady over the past (averaging about one percent), the most recent four months demonstrate slightly decreasing rates. With a 0.6 percent growth rate in April 2004, reflecting a gain of 4,800 Nonfarm jobs, Sacramento's rate fell below the United States and equal to California. April's year-over-year employment growth rate was the lowest point in Sacramento in the past twelve months. Unlike Sacramento, both the state and the nation have experienced increasing employment growth rates over the past three months, demonstrating signs of an overall economic recovery. The most recent year-over-year rates reflect gains of 0.6 and 0.9 percent in California and the United States, respectively. Similarly, since December 2003, the Bay Area has seen notably higher employment growth rates; however, the area is still experiencing relatively large job losses. The employment growth rate for April 2003 was -1.2 percent, representing a loss of nearly 35,000 Nonfarm jobs.

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



Sacramento Regional Research Institute, May 2004
 Data Source: Employment Development Department
 Note: Bay Area includes Oakland, San Jose, and San Francisco PMSAs. Growth reflects 12 months ending April 2004.

Recently, Sacramento's employment growth has been driven by the Construction and Professional & Business Services sectors.

Sacramento posted the greatest year-over-year job gains in April in the Construction and Professional & Business Services sectors, both with increases of 3,400 jobs. The Construction sector saw gains in most construction-related activities, while the Professional & Business Services sector was influenced primarily by administrative and support activities. Showing a continued trend, the largest job losses in Sacramento were in the Government sector (concentrated in State Government activities) followed by Manufacturing. California's greatest job gains and losses were also in the Professional & Business Services and Government sectors, respectively. The Bay Area is beginning to see gains in an increasing number of sectors. The greatest increases in April were in the Educational & Health Services sector and the largest job losses were in the Government sector. Unlike Sacramento, the Government sector losses in the state and the Bay Area are mainly in the local government aspects.

Employment Gains and Losses April 2004
 Selected Major Sectors

Sector	April 2003-2004		
	Sacramento	California	Bay Area
Construction	3,400	26,000	700
Prof. & Business Svcs.	3,400	54,700	-5,000
Trade, Trans., & Util.	2,100	34,400	-5,600
Edu. & Health Svcs.	1,000	25,300	4,400
Leisure & Hospitality	400	16,500	700
Financial Activities	300	19,100	400
Information	-500	-12,900	-4,800
Manufacturing	-1,100	-31,200	-12,100
Government	-4,100	-42,800	-12,800

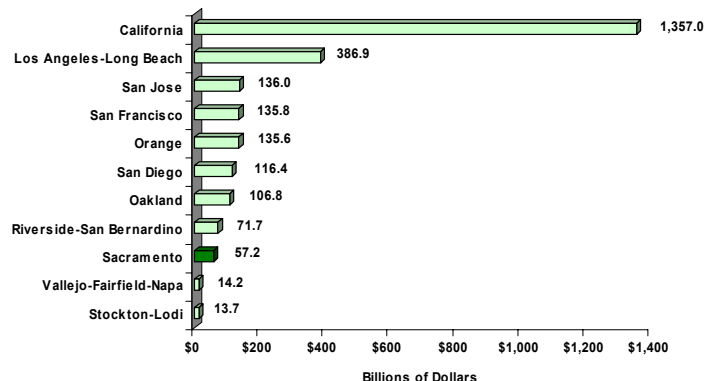
Sacramento Regional Research Institute, May 2004
 Data Source: Employment Development Department
 Note: Growth reflects 12 months ending April 2004.

GROSS REGIONAL PRODUCT FOR MAJOR METROPOLITAN AREAS IN CALIFORNIA

Despite its relatively low statewide ranking, Sacramento's Gross Regional Product is similar to the Gross Domestic Product of some modestly-sized countries.

The chart to the right shows the Gross State Product (GSP) and Gross Regional Product (GRP) from most of the major metropolitan areas in the state. These measures reflect value added (gross output minus intermediate inputs) in production by the labor and property located within the specific area. While it is evident that many of the smaller economies have significantly lower GRP levels than the major metropolitan areas such as the Los Angeles region and the Bay Area, almost every area has levels similar to or above the smaller member countries of the Organization for Economic Cooperation and Development (OECD). As regularly stated, California's \$1.3 trillion GSP would place it fifth in the list of countries, behind the United Kingdom and in front of France. Sacramento's \$57 billion GRP would place it at the lower end of OECD members, around the same level as the Gross Domestic Product (GDP) of Ireland, the Czech Republic, and Hungary. Sacramento rates lower than is expected because it is difficult to measure the market value of the Government sector's final output. Overall, taken as a whole or in parts, this information demonstrates that California is a major worldwide economic player.

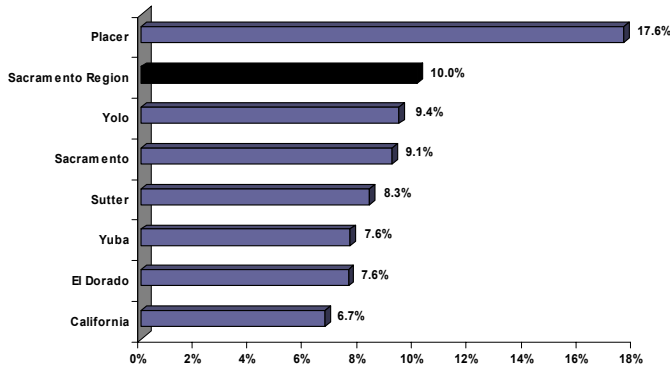
Gross State Product and Gross Regional Product
 California and Selected Major Metropolitan Areas, 2001



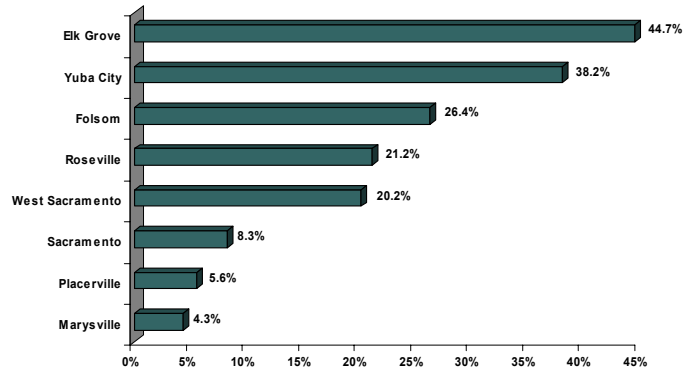
Sacramento Regional Research Institute, May 2004
 Data Source: IMPLAN, 2001 Coefficients

POPULATION GROWTH IN THE SACRAMENTO REGION

2000-2004 Population Growth Rates
Sacramento Region, Related Counties, and California



2000-2004 Population Growth Rates
Selected Cities in the Sacramento Region



Sacramento Regional Research Institute, May 2004
Data Source: Department of Finance

Sacramento Regional Research Institute, May 2004
Data Source: Department of Finance

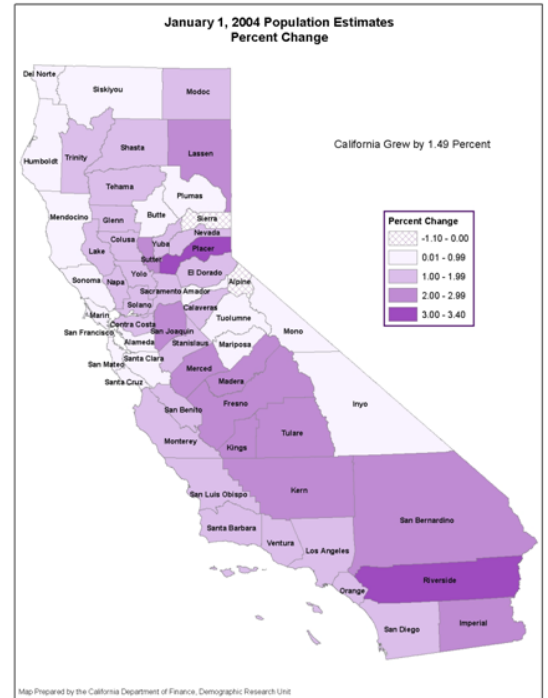
The Sacramento Region continues to see relatively high population growth rates.

Between 2000 and 2004, the Sacramento Region saw a population growth rate of 10 percent, reflecting an increase of about 194,000 people. Over the past few years, approximately 75 percent of the Region’s population growth has been due to in-migration, and a large portion of that is typically attributed to migration from the Bay Area. The Sacramento Region as a whole and all of the counties within it experienced population growth rates higher than the statewide average of 6.7 percent. Many of the key cities in the Region are also seeing large population growth rates—Elk Grove, Yuba City, Folsom, Roseville, and West Sacramento all experienced growth rates higher than both the statewide and regional averages. Over the past year, Placer County ranked number two among the fastest growing counties in the state and Lincoln was number one among the fastest growing cities. In addition, Elk Grove, Wheatland, and Yuba City were among the top ten fastest growing cities in the state.

CALIFORNIA’S POPULATION GROWTH PATTERNS

The Central Valley remains the hot spot for growth in the state and is beginning to face escalating regional problems associated with the high levels of growth.

The map to the right illustrates population growth rates in California’s counties between 2003 and 2004—the darker shading represents higher population growth rates. As the map demonstrates, the highest growth areas are in the Central Valley of the state, illustrating the continued shift from coastal to inland regions. The counties with the highest growth rates, Placer and Riverside, are both part of two of most economically healthy and fastest growing regions in the state (the Sacramento Region and the Inland Empire). While the growth in the Central Valley is creating many opportunities and having positive impacts, a study by the Public Policy Institute of California (PPIC) shows that there are escalating regional problems in the Central Valley that are coming along with these benefits. Although residents are lured to the Central Valley by a high quality of life at relatively affordable prices, they have increasingly negative views regarding traffic, air quality, and strains on resources and infrastructure. These negative views, especially those related to traffic, are reaching opinion levels similar to those seen in coastal areas. As part of the Central Valley, the Sacramento Region is not escaping these escalating problems. In particular, residents of the Sacramento Region identified traffic congestion as a major problem more than any other area in the Central Valley. On a more positive note, Sacramento Region residents expressed more optimistic views about the local economy while other areas showed murky outlooks. Coastal areas of the state faced similar regional problems during the heyday of economic and demographic growth, and there have been mixed reviews on local responses to mitigate these issues. The trends in the Central Valley are likely to continue and effective planning will be necessary to address these progressively more important issues that residents have identified and maintain the existing advantages and quality of life that is helping to create and sustain the growth.



Map Prepared by the California Department of Finance, Demographic Research Unit