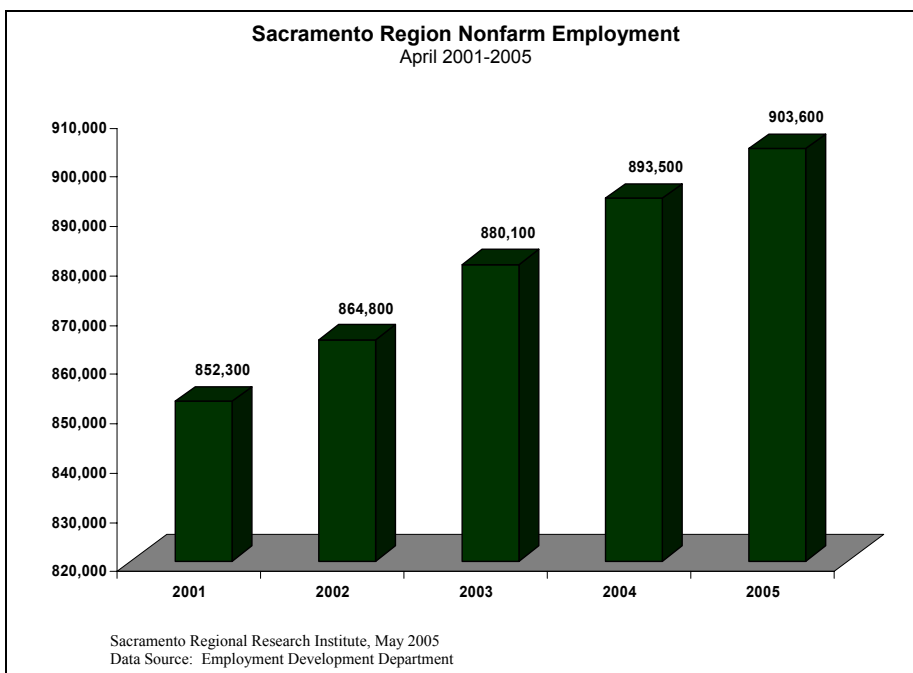
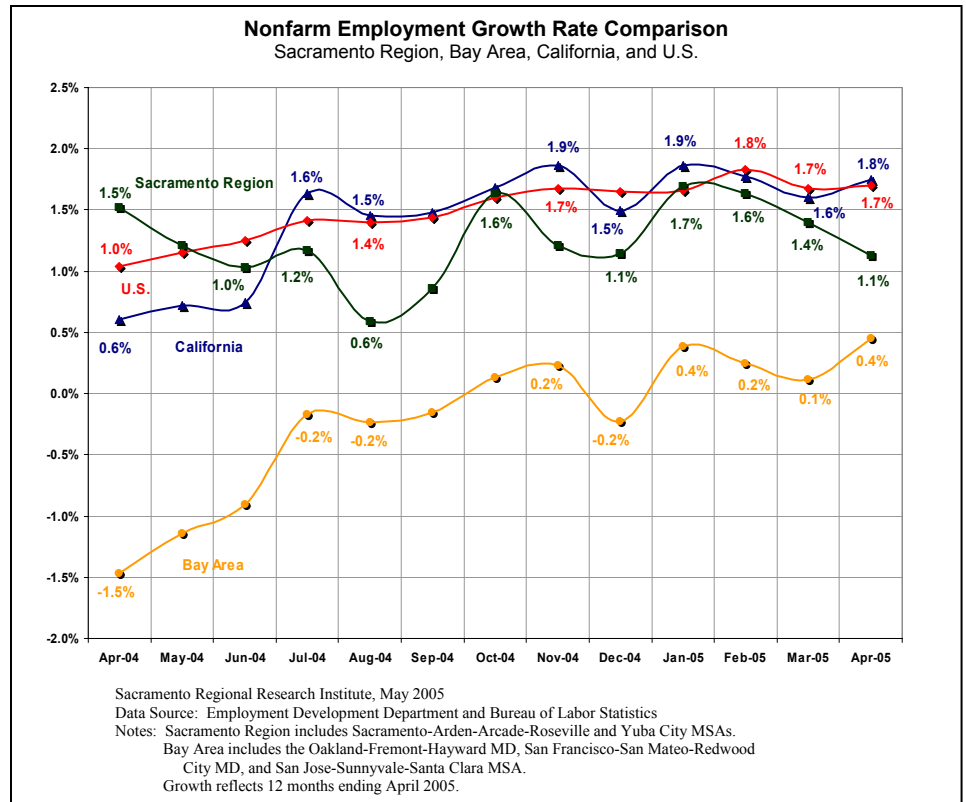


EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

The Sacramento Region has seen declining employment growth rates over the past few months.

Since seeing the highest year-over-year employment growth rate in the past year in January 2005, job growth in the six-county Sacramento Region has been decreasing. While the state and the Bay Area showed a similar pattern until March 2005, the Region's declining rates continued into April 2005. This marks the longest period of declining rates that Sacramento has seen since the summer of 2002 where rates declined at a similar level between May and August. It will be important to monitor the decreasing rates in the next few months—if the pattern continues, the Region could reach some of the lowest job growth rates it's seen in the past three years. Additionally, continued declining rates could shift the Region's overall flat job growth trend over the past year to a decreasing trend, making it notably different than the state, nation, Bay Area which are all seeing increasing trends. Although it is seeing decreasing job growth, the Sacramento Region posted an increase of over 10,000 Nonfarm jobs between April 2004 and 2005, reflecting a 1.1 percent employment growth rate. This rate was lower than the statewide and national averages, but higher than the Bay Area.



Job growth in California is at one of the highest levels in the past three years.

Job growth in the state reached 1.8 percent in April 2005 with a year-over-year gain of over 253,000 jobs. This employment growth rate marks one of the highest levels California has seen in the past three years—November 2004 and January 2005 were two other notable months where year-over-year gains reach 1.9 percent. The nation posted a slightly lower rate than the state in April 2005, 1.7 percent, with a gain of 2.2 million Nonfarm jobs. Since November 2004, the nation's job growth has been fairly flat posting year-over-year gains of approximately 1.7 percent every month except February 2005 where the nation saw a slight jump in job growth to 1.8 percent. The Bay Area has seen positive year-over-year job gains five of the past six months—it saw an increase of close to 13,000 jobs between April 2004 and 2005, posting a 0.4 percent employment growth rate. Like

the state, April's job growth was one of the highest levels the Bay Area has seen in the past three years.

For the second month in a row, the Sacramento Region's Government sector posted year-over-year job gains.

Since March 2003, the Sacramento Region has seen continuous year-over-year employment losses in its public sector, but the pattern stopped in March 2005. Similar to the previous month, the Region posted a small job gain in the Government sector with 300 jobs in April 2005. It will be important to monitor this pattern in future months for signs that this recently volatile sector has bottomed out. Sacramento's private sector gained nearly 10,000 jobs between April 2004 and 2005 led by the Trade, Transportation, & Utilities; Manufacturing; and Educational & Health Services sectors (with a combined increase of 9,000 jobs or 92 percent of the net private sector gains). Construction (previously the Region's leading sector) and Financial Activities also posted relatively strong employment gains with increases of 1,400 jobs each. Only two sectors experienced job losses over the past year—Information and Leisure & Hospitality with employment decreases of 900 and 1,800, respectively. It will also be important to monitor the increase in the Manufacturing sector's contribution to the Region's economy along with the decline in the Construction sector's contribution.

Employment Gains and Losses			
Major Sectors			
Sector	April 2004-2005		
	Sacramento	California	Bay Area
Total Nonfarm	10,100	253,300	12,600
Private Sector	9,800	250,500	16,300
Public Sector	300	2,800	-3,700
Trade, Trans., & Util.	3,800	30,900	-1,800
Manufacturing	2,600	4,900	-600
Edu. & Health Svcs.	2,600	25,100	7,900
Construction	1,400	49,200	2,400
Financial Activities	1,400	20,700	5,400
Other Services	400	9,500	-500
Prof. & Business Svcs.	300	55,200	-400
Government	300	2,800	-3,700
Nat. Res. & Mining	0	-400	100
Information	-900	13,100	400
Leisure & Hospitality	-1,800	42,300	3,400

Sacramento Regional Research Institute, May 2005
Data Source: Employment Development Department

The state showed an entirely different pattern in its employment gains and losses over the past year compared to the Sacramento Region. California experienced a year-over-year decrease in only one sector where Sacramento saw no growth (Natural Resources & Mining), and the state gained jobs in two sectors where the Region experienced losses (Information and Leisure & Hospitality). The state's leading growth sectors were Professional & Business Services; Construction (still a top growth sector for the state overall); and Leisure & Hospitality posting a combined gain of about 147,000 jobs. Although seeing an overall positive gain, the number of sectors posting job losses in the Bay Area has increased over the past few months. In April 2005 five sectors experienced year-over-year employment losses, while in March four sectors posted losses and in February only three saw decreases. Unlike the state and the Sacramento Region, the Bay Area's public sector continues to post year-over-year job losses. The Bay Area saw the most growth in its Educational & Health Services; Financial Activities; and Leisure & Hospitality sectors showing a combined gain of nearly 17,000 jobs. It is interesting to note that despite its losses, the Bay Area saw an overall larger total job increase over the past year than the Sacramento Region.

Employment Gains and Losses		
Components of the Sacramento Region and Bay Area		
Area	April 2004-2005	
	Absolute	Rate
Sacramento Region	10,100	1.1%
Sacramento-Arden Arcade-Roseville MSA	9,200	1.1%
Yuba City MSA	900	2.3%
Bay Area	12,600	0.4%
Oakland-Fremont-Hayward Div.	7,900	0.8%
San Francisco-San Mateo-Redwood City Div.	6,900	0.7%
San Jose-Sunnyvale-Santa Clara MSA	-2,200	-0.3%

Sacramento Regional Research Institute, May 2005
Data Source: Employment Development Department

Both Metropolitan Statistical Areas (MSAs) in the Sacramento Region continued to post year-over-year job gains in April 2005. The overall increase of 10,100 jobs in the Region was primarily driven by the Sacramento-Arden Arcade-Roseville MSA (El Dorado, Placer, Sacramento, and Yolo Counties) with an increase of 11,800 jobs and supplemented by the Yuba City MSA (Yuba and Sutter Counties) with a gain of 900 jobs. The Bay Area's job growth is being driven by the Oakland-Fremont-Hayward (Alameda and Contra Costa Counties) and San Francisco-San Mateo-Redwood City (Marin, San Mateo, and San Francisco Counties) Metropolitan Divisions (showing a combined gain of 14,800 jobs), while the San Jose-Sunnyvale-Santa Clara MSA (San Benito and Santa Clara Counties) continues to lose jobs (over 2,000 in April 2005) and pull the overall job growth down.

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