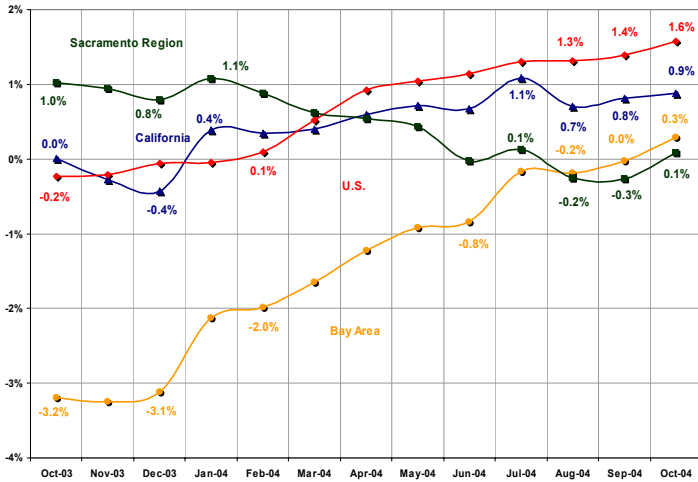


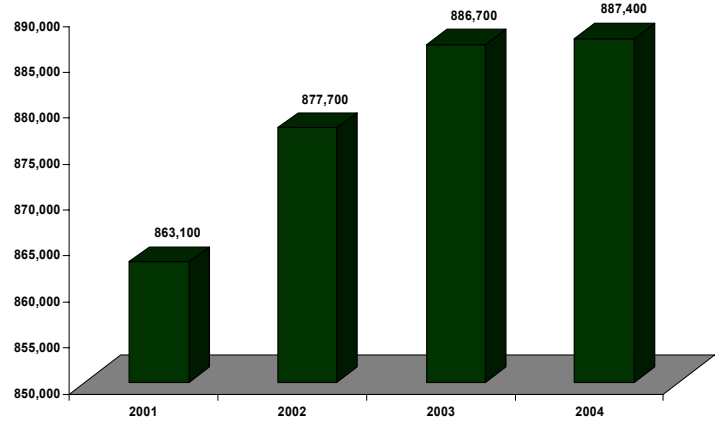
EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

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



Sacramento Regional Research Institute, November 2004
Data Source: Employment Development Department and Bureau of Labor Statistics
Notes: Sacramento Region includes Sacramento, Yolo, and Yuba City PMSAs.
Bay Area includes Oakland, San Jose, and San Francisco PMSAs.
Growth reflects 12 months ending October 2004.

Sacramento Region Nonfarm Employment
October 2001-2004



Sacramento Regional Research Institute, November 2004
Data Source: Employment Development Department
Notes: Sacramento Region includes Sacramento, Yolo, and Yuba City PMSAs.

The Sacramento Region has seen limited employment gains over the past year and remains in the general no-growth phase that began around early summer.

The six-county Sacramento Region gained about 700 Nonfarm jobs over the past year, reflecting a growth rate of 0.1 percent. October 2004 marks the fifth month of limited year-over-year employment growth in the Region. Year-over-year job growth in the Bay Area has surpassed the Sacramento Region over the past two months. In October 2004, the Bay Area posted a 0.3 percent employment growth rate representing a gain of 8,300 jobs and demonstrating signs of economic recovery and the first positive year-over-year employment increase seen in the area in many years. Job growth in the state has been hovering around 1 percent over the past few months—between October 2003 and 2004, California added over 128,000 jobs (0.9 percent growth). Employment growth rates in the nation have been slowly increasing over the past year with the nation reaching its highest point in October with a 1.6 percent job growth. Job growth in the nation has outpaced rates seen in California since the spring of 2004, and while employment growth rates in the state have flattened out somewhat, the nation has seen continued, gradually increasing growth rates.

Employment Gains and Losses
Major Sectors

Sector	October 2003-2004		
	Sacramento	California	Bay Area
Construction	4,510	34,700	2,000
Prof. & Business Svcs.	3,000	73,200	3,100
Trade, Trans., & Util.	1,000	6,500	900
Manufacturing	0	500	500
Other Services	-100	-1,800	-500
Nat. Res. & Mining	-110	-600	300
Edu. & Health Svcs.	-400	21,600	3,800
Leisure & Hospitality	-400	17,900	1,000
Financial Activities	-700	7,700	3,400
Information	-1,000	-2,000	-600
Government	-5,100	-29,600	-5,600

Sacramento Regional Research Institute, November 2004
Data Source: Employment Development Department

The Construction and Government sectors continue to act as the linchpins in the Sacramento Region with the greatest year-over-year gains and losses, respectively.

The Construction, Professional & Business Services, and Trade, Transportation, & Utilities sectors provided the only year-over-year employment gains in the Sacramento Region, adding over 8,500 jobs in total. However, Government and Information along with a few other sectors created losses of more than 7,800 jobs. Overall, these activities led to a net gain of 700 jobs in the Region. Unlike Sacramento, only a limited number of major sectors in the state and the Bay Area experienced an employment decrease. Both saw the greatest losses in the Government sector, but gains in the state were driven by the Professional & Business Services sector while the Bay Area saw the largest increases in Educational & Health Services, Financial Activities, and Professional & Business Services.

Employment Gains and Losses

Sacramento Region Metropolitan Statistical Areas

Area	October 2003-2004	
	Absolute	Rate
Sacramento Region	700	0.1%
Sacramento PMSA	900	0.1%
Yolo County	1,500	1.6%
Yuba City MSA	-1,700	-4.4%

Sacramento Regional Research Institute, November 2004
Data Source: Employment Development Department

Breaking the Sacramento Region into its separate areas shows that the Sacramento Primary Metropolitan Statistical Area (PMSA—El Dorado, Placer, and Sacramento Counties) and Yolo County both experienced job gains over the past year with a combined increase of 2,400 Nonfarm jobs. However, a loss of 1,700 jobs between October 2003 and 2004 in the Yuba City Metropolitan Statistical Area (MSA—Yuba and Sutter Counties) created a net gain of only 700 jobs in the six-county Sacramento Region. While both the Sacramento PMSA and Yolo County have seen a mix of gains and losses among the major industry sectors, the Yuba City MSA posted employment losses in all major sectors over the past year.

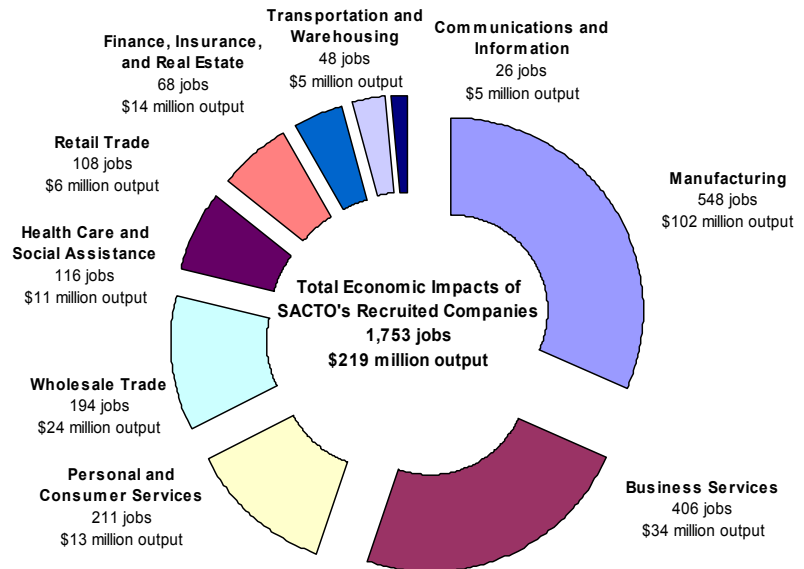
REGIONAL ECONOMIC IMPACTS OF SACTO'S RECRUITED COMPANIES

SACTO's recruited companies will create a regional economic impact of over 1,700 jobs and \$219 million in output.

A multiplier effect is generated when new employment is added to one sector or firm (direct impact), but also generates additional employment in other sectors and firms which supply goods and services to the new or expanded firm (indirect impact) and consumer services to employees (induced impact). In its 2003-2004 Fiscal Year, the Sacramento Area Commerce and Trade Organization (SACTO) assisted five companies in relocating to the Sacramento Region. These relocations spread additional jobs and output throughout the Sacramento Region via the multiplier effect. The overall economic impacts of these companies will contribute over 1,700 jobs and nearly \$219 million in output to the Sacramento Region's economy. The five relocated companies will directly bring close to 930 jobs and approximately \$139 million in industry output to the Region, but due to the benefits incurred from the linked and supplier industries as well as consumption activities, the Sacramento Region will bring about 830 more jobs and an additional \$80 million in industry output.

In total, over 77 percent of the total employment impacts and almost 79 percent of the output impacts will be seen in four industry sectors within the Sacramento Region—Manufacturing, Business Services, Personal & Consumer Services, and Wholesale Trade. The industry sectors that will benefit the most from indirect activity associated with the relocations are Business Services, Personal & Consumer Services, and Wholesale Trade. Additionally, the economic activities and expenditures from the direct and indirect employees will flow mainly into the Personal & Consumer Services, Retail Trade, and Health Services sectors.

Total Economic Impacts
SACTO Recruited Companies for Fiscal Year 2003-2004



Sacramento Regional Research Institute, November 2004
Data Source: SACTO and IMPLAN, 2001 Coefficients
Note: Figure only shows sectors with employment impacts over 25.

COMING SOON FROM SRRI

Coming soon from the Sacramento Regional Research Institute...

In collaboration with the College of Business Administration at California State University, Sacramento, SRRI will be implementing two new projects that will provide valuable information to the Region's business community. Sponsorship opportunities will be available for both projects.

- First, SRRI will be developing a business confidence index—the first of its kind for the Sacramento Region—that will measure employer expectations of the Region's economy on a quarterly basis. Organizations that would like to participate in the confidential, Internet-based survey or would like to learn more about the project should contact SRRI—responses will be needed from organizations of all sizes, in all industries, and throughout the six-county region.
- Second, the College's existing Sacramento Forecast Project (developed by Dr. Arthur Jensen) will be modified to provide information for the six-county region on a quarterly basis. This project provides forecasts of employment conditions along with a variety of other economic factors. To learn more about the forecast, contact the College of Business Administration, or to view the existing project, visit the following web site: <http://www.csus.edu/indiv/j/jensena/sfp/>

SRRI will also officially be releasing its "Sacramento Region Life Sciences and Medical Devices Industry Study" report at the end of this month. The study was commissioned to assess and provide an overview of the six-county region's environment, its capabilities of attracting economic activity, and the economic development potential within the Life Sciences and Medical Devices industry.