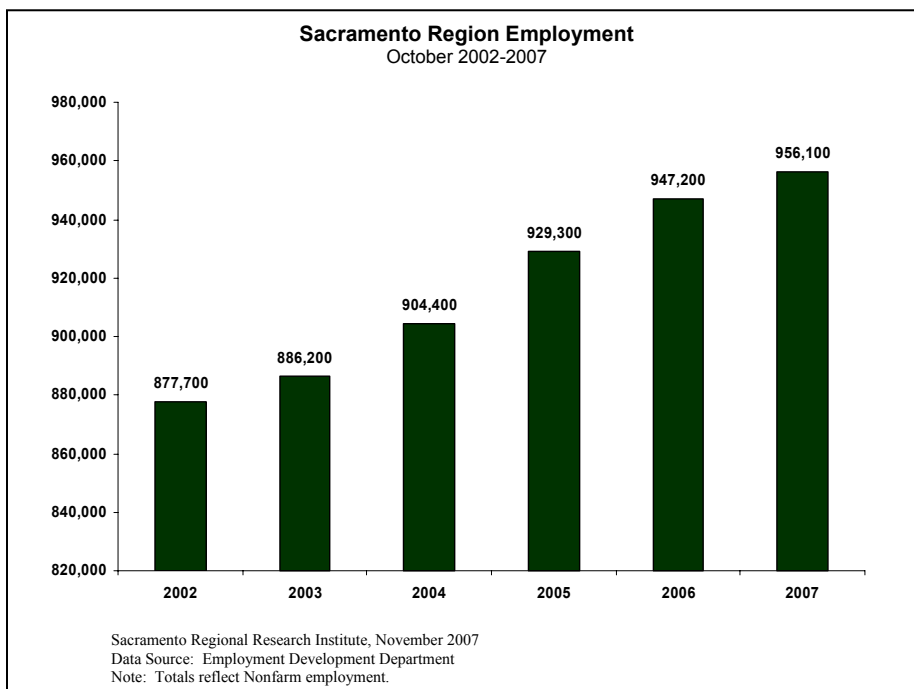
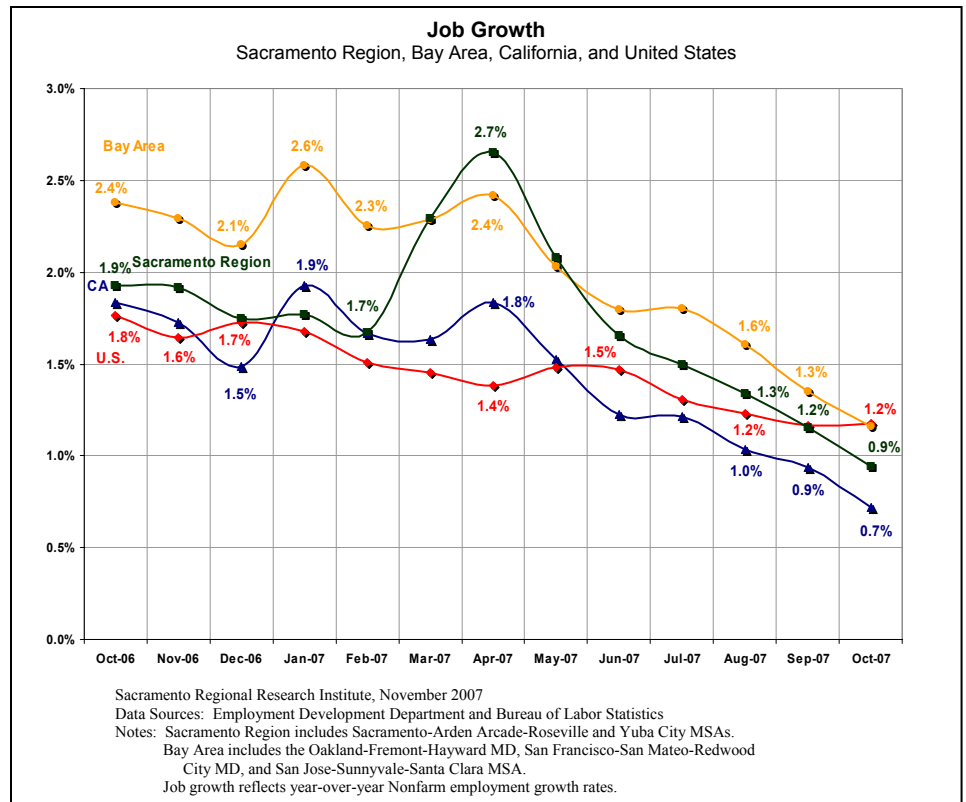


**EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES**

*The Sacramento Region's job growth declined slightly in October 2007, falling just below the national average.*

Job growth in the six-county Sacramento Region slowed again in October 2007. Preliminary data shows that between October 2006 and 2007, the Region's employment grew by 0.9 percent (an increase of 8,900 jobs). This behavior is the result of the ongoing pattern of job losses in the housing-related sectors and slowing growth in a handful of other major sectors. Although the Region remained above the statewide average job growth, it dropped below the national average for the first time since spring 2006. The Region has had a history of positive and relatively strong job growth—one has to look back to the early 1990s to see similar year-over-year employment growth rates.

The Bay Area is also continuing to see decreases in its employment growth rates. During the 12 months ending October 2007, the Bay Area posted 1.2 percent job growth (a gain of 34,000 jobs). This places the Bay Area at the same level as the national average and still notably above the statewide average. Like the Sacramento Region, housing-related losses and a general slowing in other sectors is driving this recent decline.



While the nation has leveled off recently, the state continues to post declining job growth. In October 2007, the state experienced a 0.7 percent year-over-year employment growth rate (reflecting an increase of 109,300 jobs) while the nation showed 1.2 percent job growth (with a gain of 1.6 million jobs). The slowing in the state's economy is still being driven primarily by the housing downturn. The same effects are being felt at the national level, but not to the same extent as in California.

Only Construction and Financial Activities experienced job losses in the Sacramento Region while Government led the way in job gains.

The Sacramento Region saw job losses in only two major sectors over the past 12 months—Construction and Financial Activities (a combined loss of 8,700 jobs). Government continued to provide the greatest boost to the Region’s economy with a gain of 6,800 jobs while Professional & Business Services and Educational & Health Services also made important contributions to the Region’s net gain in October 2007 (adding another 6,400 jobs).

The Bay Area’s job gains were also driven by the Professional & Business Services; Educational & Health Services; and Government sectors. Between October 2006 and 2007, these three sectors supported a total gain of 28,700 jobs. Only the housing-related sectors (Construction and Financial Activities) lost jobs in the Bay Area in the last year with a combined decrease of 8,900 jobs.

Educational & Health Services; Government; and Leisure & Hospitality posted the greatest year-over-year job gains in the state in October 2007. Combined, these three sectors added 122,000 jobs. Unlike the Sacramento Region and the Bay Area, four of the state’s major sectors shed jobs in the past 12 months—Construction; Financial Activities; Information; and Natural Resources & Mining lost a total of 56,500 jobs.

| <b>Major Sector Employment Gains and Losses</b><br>Sacramento Region, California, and Bay Area |            |            |        |
|--|------------|------------|--------|
| October 2006-2007  |            |            |        |
| Sector   | Sacramento | California | Bay    |
|  | Region     |            | Area   |
| Total Nonfarm  | 8,900      | 109,300    | 34,000 |
| Private Sector   | 2,100      | 64,800     | 26,100 |
| Public Sector  | 6,800      | 44,500     | 7,900  |
| Government   | 6,800      | 44,500     | 7,900  |
| Prof. & Business Svcs.   | 3,800      | 23,600     | 11,600 |
| Edu. & Health Svcs.  | 2,600      | 51,000     | 9,200  |
| Trade, Trans., & Util.   | 2,000      | 12,400     | 3,500  |
| Leisure & Hospitality  | 1,900      | 26,500     | 5,600  |
| Other Services   | 500        | 5,700      | 500    |
| Nat. Res. & Mining   | 0          | -600       | 100    |
| Manufacturing  | 0          | -11,800    | 3,100  |
| Information  | 0          | 2,100      | 1,400  |
| Financial Activities   | -2,900     | -12,900    | -1,300 |
| Construction   | -5,800     | -31,200    | -7,600 |

Sacramento Regional Research Institute, November 2007  
Data Source: Employment Development Department

| <b>Employment Gains and Losses</b><br>Components of Sacramento Region and Bay Area |                   |       |
|--|-------------------|-------|
| Area   | October 2006-2007 |       |
|  | Absolute          | Rate  |
| Sacramento Region  | 8,900             | 0.9%  |
| Sacramento-Arden Arcade-Roseville MSA  | 9,100             | 1.0%  |
| Yuba City MSA  | -200              | -0.5% |
| Bay Area   | 34,000            | 1.2%  |
| San Francisco-San Mateo-Redwood City Div.  | 14,500            | 1.5%  |
| San Jose-Sunnyvale-Santa Clara MSA   | 11,000            | 1.2%  |
| Oakland-Fremont-Hayward Div.   | 8,500             | 0.8%  |

Sacramento Regional Research Institute, November 2007  
Data Source: Employment Development Department  
Note: Gains and losses reflect Nonfarm employment.

The largest component of the Sacramento Region, the Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area (MSA—El Dorado, Placer, Sacramento, and Yolo Counties), posted 1.0 percent job growth in October 2007 (stronger than the national average) with an increase of 9,100 jobs. The Government and Professional & Business Services sector gained the most jobs in this MSA while Construction and Financial Services were the only two sectors with job losses. The Yuba City MSA (Sutter and Yuba Counties) pulled the Region’s overall growth down slightly—this MSA posted negative job growth of 0.5 percent with a loss of 200 jobs. The housing-related sectors also showed losses in this MSA while most other sectors experienced minimal or stagnant job gains.

The San Francisco-San Mateo-Redwood City Metropolitan Division (MD—Marin, San Francisco, and San Mateo Counties) remained the strongest component of the Bay Area with 1.5 percent job growth and a year-over-year gain of 14,500 jobs in October 2007. Professional & Business Services was the leading sector in the MD while job losses were only evident in the Construction sector. The San Jose-Sunnyvale-Santa Clara MSA (San Benito and Santa Clara Counties) also saw relatively healthy growth with a 1.2 percent employment growth rate and an increase of 11,000 jobs. The Silicon Valley’s growth was also led by the Professional & Business Services sector and only Natural Resources & Mining posted a minimal loss. The Oakland-Fremont-Hayward MD (Alameda and Contra Costa Counties) was the weakest among the Bay Area markets in October 2007. The East Bay fell below the national average with 0.8 percent job growth (reflecting a gain of 8,500 jobs), experiencing job losses in three sectors (Construction; Financial Activities; and Information) and the most robust gains in Government.

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