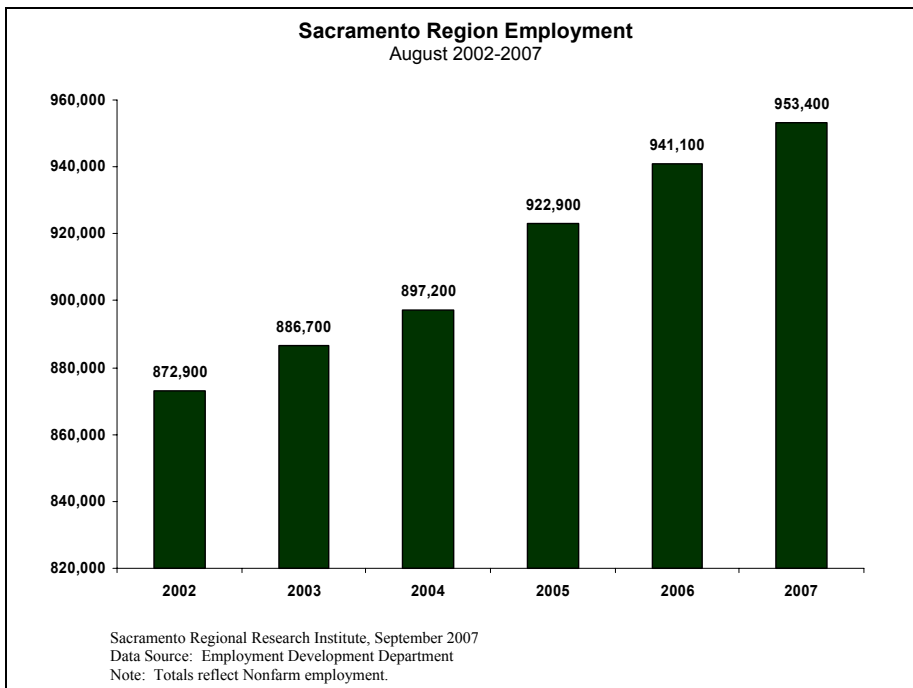
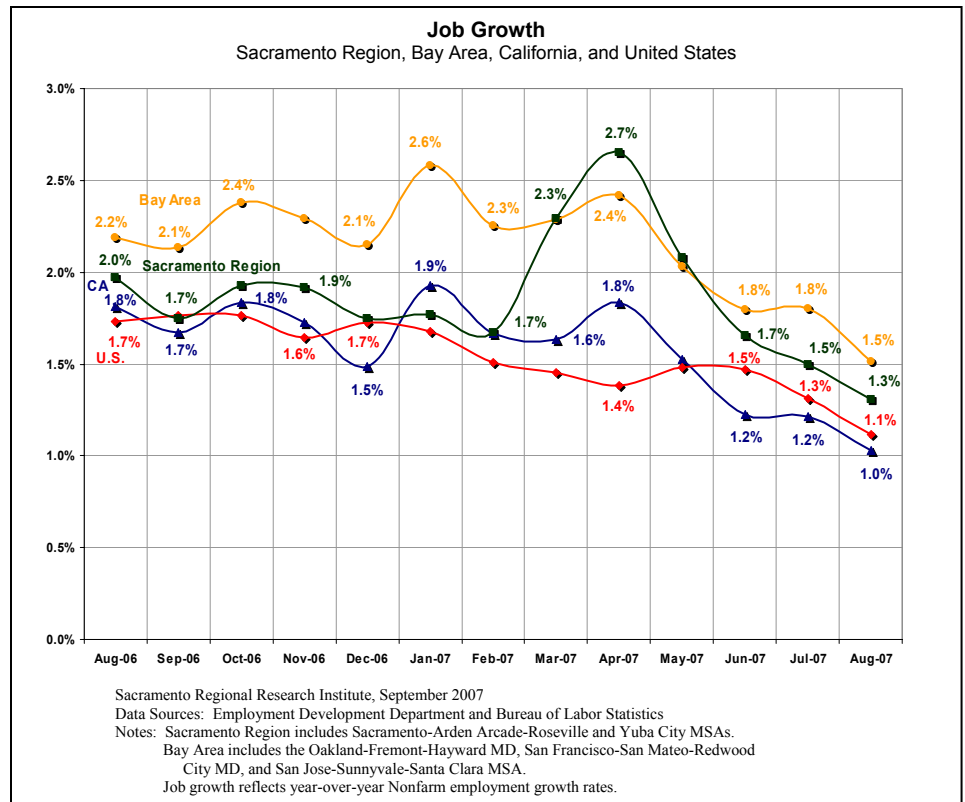


EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

The effects of housing-related slowdowns on the overall economy are becoming even more apparent throughout the state.

Job growth throughout the state is slowing as a result of downturns in housing-related sectors. In the six-county Sacramento Region, year-over-year employment growth rates have declined substantially over the past few months. Job growth in April 2007 measured 2.7 percent; by August 2007, the Region posted a 1.3 percent growth rate (associated with a gain of 12,300 jobs). While continued losses in the Construction and Financial activities have affected this declining trend the most, nearly all other major sectors in the economy are showing slower growth compared to recent robust rates. Despite showing some of the lowest job growth since the summer of 2004, the Sacramento Region continues to surpass the statewide and national averages.

The Bay Area is also experiencing decreases in job growth. Between August 2006 and 2007, the Bay Area experienced a 1.5 percent increase in the number of jobs (reflecting a gain of 44,000 jobs). This is notably lower than the over 2.0 percent growth the Bay Area had been posting from mid-2006 to May 2007. While losses in the Construction sector have influenced this pattern, most of the Bay Area's other major sectors have been posting slowing year-over-year employment growth rates in the past few months. Job growth in the Bay Area remained above the state and nation benchmarks as well as the Sacramento Region.



California's job growth has dipped below the national average since June 2007. In August 2007, the state posted 1.0 percent job growth (equating to an increase of 155,300 jobs), a rate only slightly lower growth than the past few months, but marking some of the slowest growth seen since mid-2004. A handful of major sectors have shed jobs in the state over the past year, with housing-related activities leading the way, as growth in the rest of the economy has been generally slowing. A similar pattern has been taking place in the nation, which posted a year-over-year employment growth rate of 1.1 percent in August 2007 (connected to a gain of 1.5 million jobs).

For the third month in a row, among the major sectors, only Construction and Financial Activities posted negative job growth.

The Government; Professional & Business Services; and Educational & Health Services sectors added the most jobs in the Sacramento Region during the 12 months ending August 2007 with a combined gain of 15,000 jobs. These three sectors have provided a significant boost to the Region’s job growth over the past few months. For the third consecutive month, only the Region’s two housing-related sectors posted job losses—Construction and Financial Activities experienced a total decline of 7,100 jobs between August 2006 and 2007. Another notable trend in the Region is that the Manufacturing sector showed its third straight month of job gains after nine months of year-over-year job losses.

The state’s leading sectors between August 2006 and 2007 included Educational & Health Services; Government; and Leisure & Hospitality, which together added 134,100 jobs. Unlike the Sacramento Region, California overall experienced 12-month job losses in four major sectors. The housing-related sectors shed 30,700 jobs while Information and Manufacturing lost another 10,600 jobs.

Professional & Business Services; Educational & Health Services; and Leisure & Hospitality led the way in the Bay Area, posting a total increase of 33,100 jobs over the past year. Similar to the Sacramento Region, Construction and Financial Activities were the only two sectors showing year-over-year job losses with a slightly lower decline of 5,600 jobs.

Major Sector Employment Gains and Losses Sacramento Region, California, and Bay Area			
Sector	August 2006-2007		
	Sacramento Region	California	Bay Area
Total Nonfarm	12,300	155,300	44,000
Private Sector	4,000	110,700	37,400
Public Sector	8,300	44,600	6,600
Government	8,300	44,600	6,600
Prof. & Business Svcs.	3,400	32,800	14,100
Edu. & Health Svcs.	3,300	49,900	11,300
Trade, Trans., & Util.	1,800	21,800	5,000
Leisure & Hospitality	1,300	39,600	7,700
Other Services	1,000	7,800	1,400
Information	200	-7,300	500
Manufacturing	100	-3,300	2,900
Nat. Res. & Mining	0	100	100
Financial Activities	-2,400	-7,400	-100
Construction	-4,700	-23,300	-5,500

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

Employment Gains and Losses Components of Sacramento Region and Bay Area		
Area	August 2006-2007	
	Absolute	Rate
Sacramento Region	12,300	1.3%
Sacramento-Arden Arcade-Roseville MSA	12,000	1.3%
Yuba City MSA	300	0.7%
Bay Area	44,000	1.5%
San Francisco-San Mateo-Redwood City Div.	20,600	2.1%
San Jose-Sunnyvale-Santa Clara MSA	13,900	1.6%
Oakland-Fremont-Hayward Div.	9,500	0.9%

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

The Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area (MSA—El Dorado, Placer, Sacramento, and Yolo Counties) contributed close to 98 percent of the Sacramento Region’s total employment increase in the past 12 months with an employment growth rate of 1.3 percent. Government and Professional & Business Services added the most jobs in this MSA while Construction and Financial Activities showed job losses. The Yuba City MSA (Sutter and Yuba Counties) jumped back to positive job growth in August 2007 with a minimal 0.7 percent increase. This MSA saw the greatest gains in the Trade, Transportation, & Utilities sector and experienced losses in Financial Activities and Manufacturing.

The San Francisco-San Mateo-Redwood City Metropolitan Division (MD—Marin, San Francisco, and San Mateo Counties) continued to

show the strongest performance among the Bay Area markets with a gain of 20,600 jobs between August 2006 and 2007 (about 47 percent of the region’s net gain) and a relatively healthy 2.1 percent growth rate. No major sectors in this MD lost jobs on a year-over-year basis with Professional & Business Services leading the way in job gains. The San Jose-Sunnyvale-Santa Clara MSA (San Benito and Santa Clara Counties) contributed about 32 percent of the Bay Area’s net gain and posted 1.6 percent job growth in August 2007. Professional & Business Services and Educational & Health Services saw the largest job gains in the Silicon Valley with only Natural Resources & Mining posting a minimal loss. The Oakland-Fremont-Hayward MD (Alameda and Contra Costa Counties) supported the remaining job gains in the Bay Area, experiencing only a 0.9 percent year-over-year employment growth rate. Educational & Health Services showed the greatest gains in the past 12 months and the Construction, Financial Activities, and Information sectors all experienced job losses in the East Bay.

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