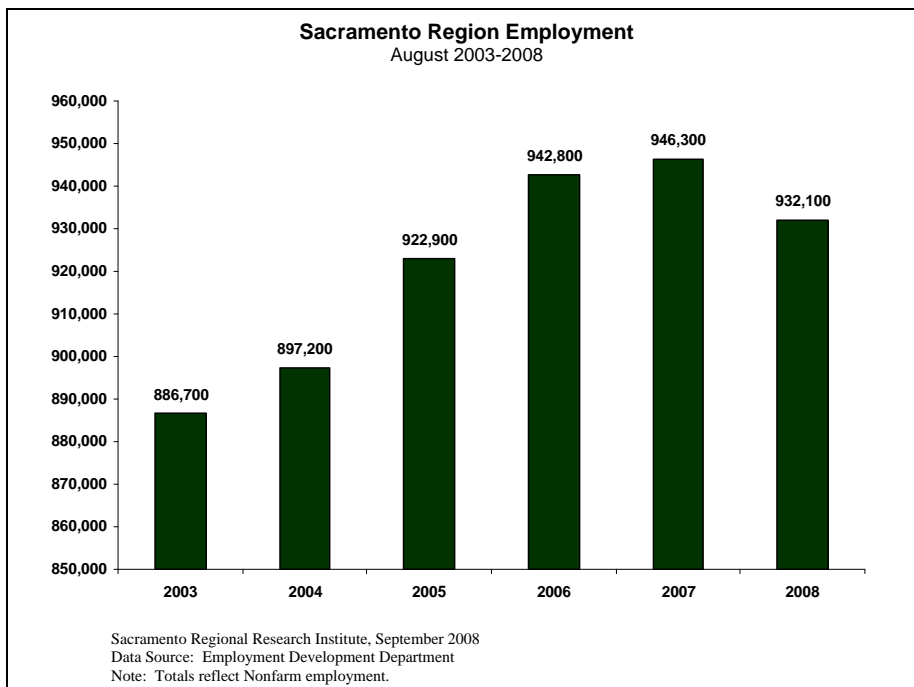
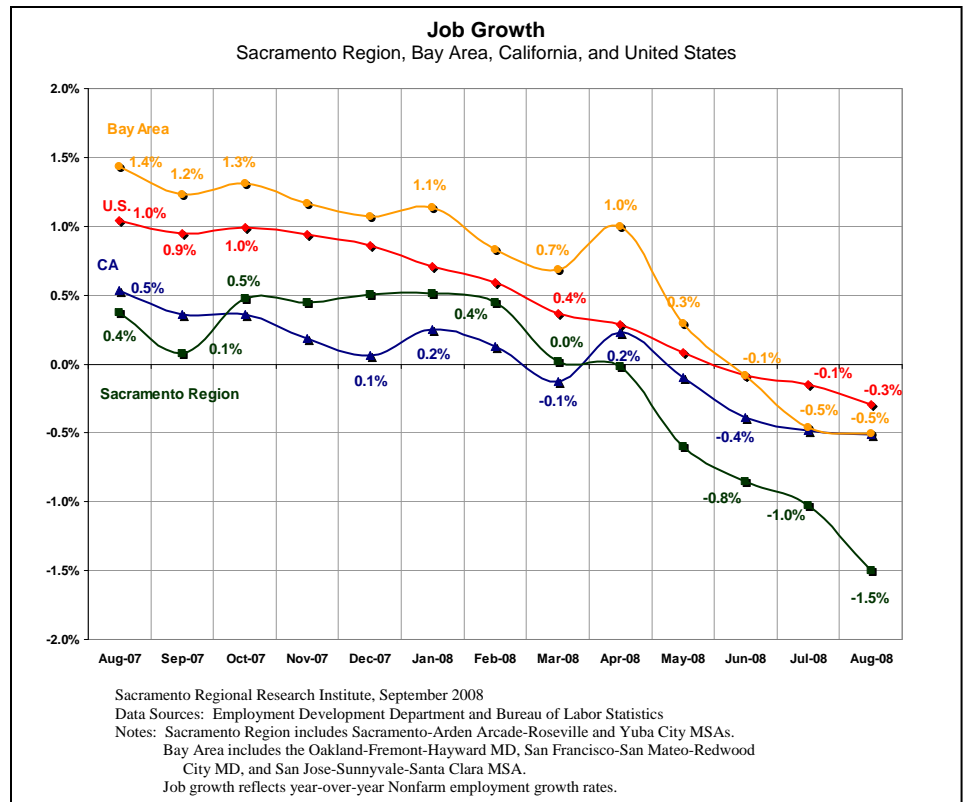


**EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES**

*Negative job growth in the Sacramento Region became more severe in August 2008.*

Job growth in the six-county Sacramento Region sunk further into negative territory in August 2008. Preliminary data demonstrate that the Region posted -1.5 percent job growth with a year-over-year loss of 14,200 jobs. All of Sacramento's major sectors have slowed notably since the beginning of 2008 with the majority now shedding jobs. Among the larger sectors, Government and Leisure & Hospitality have experienced the greatest slowdowns during this time. The Region has fallen behind the statewide and national averages since April 2008—this gap has increased considerably in recent months as declines have become more severe. In fact, 1992 was the last time job growth in the Sacramento Region tracked at a similarly weak level.

The state has shown year-over-year job losses in the last four months, posting losses at rates greater than the national average. During the 12 months ending August 2008, California lost 77,700 jobs with an employment growth rate of -0.5 percent. The nation's job growth has been in negative territory for the past three months, despite a lengthy pattern of deteriorating conditions in other economic indicators. Between August 2007 and 2008, the nation posted -0.3 percent job growth, equating to a decline of 403,000 jobs.



The Bay Area has also experienced negative job growth since June 2008. This is the first time the Bay Area has seen overall job losses since 2004 when it was in the midst of the lengthy recovery from the dot-com bust. In the past two months, the Bay Area dropped below the national average while staying level with the state. The Bay Area lost 14,800 jobs in the last year, reflecting job growth of -0.5 percent. Job growth for every major sector in the Bay Area has slowed since January 2008 with Construction and Government seeing the most significant drop-offs among the larger sectors.

*With Government shifting to negative growth, seven of the Sacramento Region's major sectors are now shedding jobs.*

Job losses in the Sacramento Region's economy became more widespread in August 2008 with seven sectors now shedding jobs on a year-over-year basis. After helping to boost the Region's job growth for some time, the Government sector shifted into negative growth likely as a result of the recent layoffs at the state level and continued budget pressures at the local level. Construction and Trade, Transportation, & Utilities posted the largest job losses, totaling 9,400 jobs. Only three sectors added jobs in Sacramento between August 2007 and 2008, including Educational & Health Services; Professional & Business Services; and Other Services. However, combined, these three sectors only added 4,300 jobs to payrolls in the Sacramento Region in the last year (less than the individual Construction sector losses).

The state is seeing job losses in six of the 11 major sectors. Construction and Financial Activities continue to post the most pronounced losses at the statewide level, dropping 120,000 jobs in the last 12 months. Government remains in positive territory and tops the list of job gains along with Educational & Health Services, adding a total of 77,900 jobs between August 2007 and 2008.

In the Bay Area, job losses have also spread to six major sectors as the overall economy has slowed in recent months. Like the state, significant losses have occurred in the Construction and Financial Activities sectors (a total decrease of 14,400 jobs). Similar to the Sacramento Region, the greatest gains are within the Bay Area's Educational & Health Services and Professional & Business Services sectors (adding a combined 7,300 jobs in the last 12 months).

| Sector                 | Major Sector Employment Gains and Losses<br>Sacramento Region, California, and Bay Area |            |             |
|------------------------|---|------------|-------------|
|                        | August 2007-2008  |            |             |
|                        | Sacramento<br>Region  | California | Bay<br>Area |
| Total Nonfarm          | -14,200   | -77,700    | -14,800     |
| Private Sector         | -13,000   | -104,000   | -14,400     |
| Public Sector          | -1,200  | 26,300     | -400        |
| Edu. & Health Svcs.    | 2,600   | 51,600     | 3,800       |
| Prof. & Business Svcs. | 1,400   | 3,700      | 3,500       |
| Other Services         | 300   | -900       | 200         |
| Nat. Res. & Mining     | 0   | 800        | 100         |
| Information            | -700  | -7,200     | -500        |
| Government             | -1,200  | 26,300     | -400        |
| Manufacturing          | -1,700  | -27,100    | -900        |
| Financial Activities   | -2,500  | -34,500    | -6,500      |
| Leisure & Hospitality  | -3,000  | 14,400     | 100         |
| Trade, Trans., & Util. | -3,500  | -19,300    | -6,300      |
| Construction           | -5,900  | -85,500    | -7,900      |

Sacramento Regional Research Institute, September 2008  
Data Source: Employment Development Department

| Employment Gains and Losses<br>Components of Sacramento Region and Bay Area |                  |       |
|---|------------------|-------|
| Area  | August 2007-2008 |       |
|   | Absolute         | Rate  |
| Sacramento Region   | -14,200          | -1.5% |
| Yuba City MSA   | -3,000           | -7.1% |
| Sacramento-Arden Arcade-Roseville MSA                                       | -11,200          | -1.2% |
| Bay Area  | -14,800          | -0.5% |
| San Francisco-San Mateo-Redwood City Div.                                   | 6,100            | 0.6%  |
| San Jose-Sunnyvale-Santa Clara MSA  | -1,500           | -0.2% |
| Oakland-Fremont-Hayward Div.  | -19,400          | -1.9% |

Sacramento Regional Research Institute, September 2008  
Data Source: Employment Development Department  
Note: Gains and losses reflect Nonfarm employment.

The Sacramento Region's two sub-markets are both posting year-over-year job losses. With a tremendously high negative employment growth rate (-7.1 percent), the Yuba City Metropolitan Statistical Area (MSA—Sutter and Yuba Counties) lost 3,000 jobs in the past year. Only Educational & Health Services added jobs in this MSA while Construction posted the greatest declines. The much larger Sacramento-Arden Arcade-Roseville MSA (El Dorado, Placer, Sacramento, and Yolo Counties) experienced -1.2 percent job growth between August 2007 and 2008, losing 11,200 jobs. The same two sectors as in the Yuba City MSA were the best and worst performing in this sub-market.

The Bay Area's economy would be much worse off if not for the San Francisco-San Mateo-Redwood City Metropolitan Division (MD—Marin, San Francisco, and San Mateo Counties). This was the only one among

the three sub-markets that added jobs in the 12 months ending August 2008—it posted 0.6 percent job growth equating to an increase of 6,100 jobs. Professional & Business Services added the most jobs in this MD while Trade, Transportation, & Utilities saw the greatest loss. The San Jose-Sunnyvale-Santa Clara MSA (San Benito and Santa Clara Counties) experienced a modest loss of 1,500 jobs with -0.2 percent job growth in August 2008. The Silicon Valley's Educational & Health Services was the strongest sector and Construction was the weakest in the last year. The Oakland-Fremont-Hayward MD (Alameda and Contra Costa Counties) is one of the poorest performing major economic regions in Northern California. In the last year the East Bay shed 19,400 jobs with -1.9 percent job growth. Similar to the Silicon Valley, Educational & Health Services added the most jobs while Construction lost the greatest amount.

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