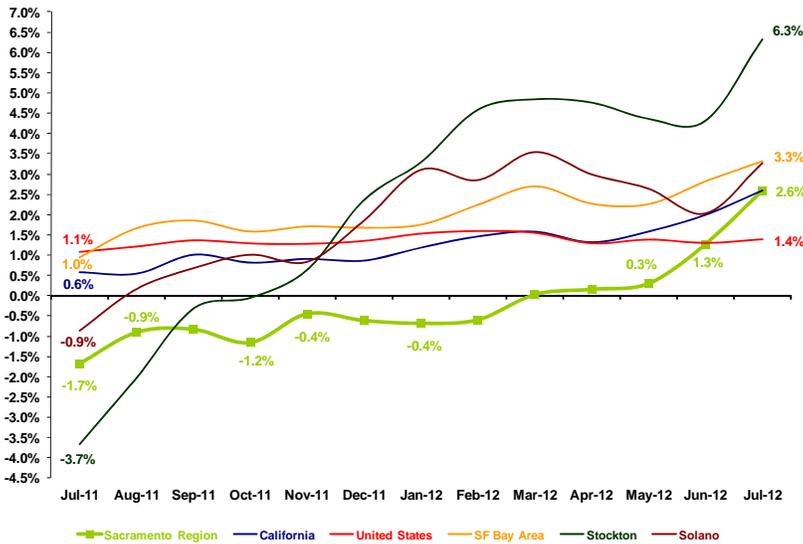


A monthly report examining the health and performance of the Sacramento Region's economy

THE SACRAMENTO REGION GREW AT THE SAME RATE AS THE STATE

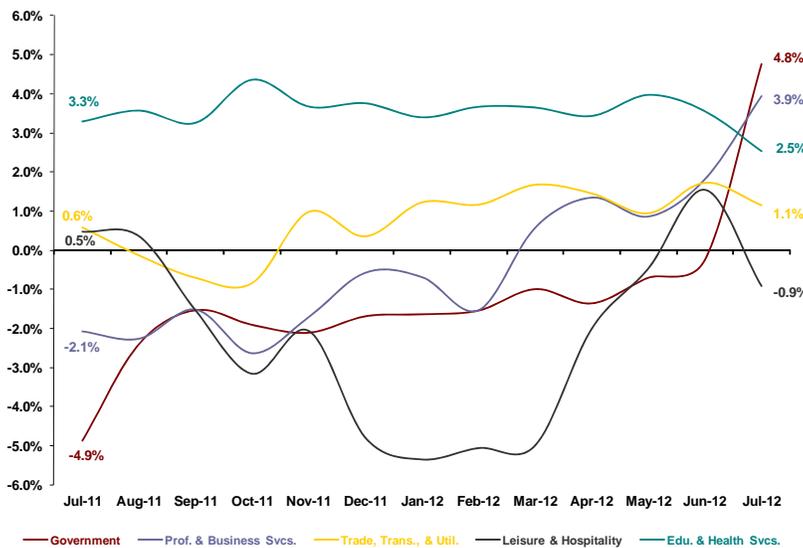
Annual Job Growth



Data Sources: CA Employment Development Department and U.S. Bureau of Labor Statistics

FOUR OF SACRAMENTO'S LARGEST SECTORS SAW JOB GAINS IN THE PAST YEAR

Sacramento Region Largest Sector Annual Job Growth



Data Source: CA Employment Development Department

Job growth in the six-county Sacramento Region caught up to the statewide average and surpassed the national average in July 2012. Preliminary data show that the number of jobs on payrolls of establishments in the Region increased by 2.6 percent between July 2011 and 2012. This equates to a gain of 21,400 jobs. The last time Sacramento posted annual job growth above 2.0 percent was the summer of 2006. July marks the fourth straight month of positive job growth, suggesting that the Region's recovery is finally taking hold. Sacramento's largest sector, Government, shifted to positive job growth in July 2012 as a result of significant year-over-year gains in education activities, primarily at the K-12 level but also reflected in the higher education segments. Three of the Region's other larger sectors continued to experience positive job growth including Professional & Business Services; Educational & Health Services; and Trade, Transportation, & Utilities. It will be important to monitor behavior in the latter two sectors moving forward considering the emerging slowing job growth patterns. Performance in Sacramento's other large sector, Leisure & Hospitality, has been somewhat erratic in the past few years—the sector dropped back into negative territory in July 2012 with annual declines in arts, entertainment, and recreation activities.

California posted 2.6 percent annual job growth in July 2012 with the addition of over 362,000 payroll jobs. After a short period of stagnant performance, the state's job growth is showing an upward pattern once again. The nation continued to see flat job growth at an annual rate of 1.4 percent (equating to a gain of more than 1.8 million jobs). Annual job growth in the SF Bay Area moved up again reaching 3.3 percent with an increase of about 91,000 jobs over the 12 months ending July 2012. Solano posted a similar rate of growth in this period, posting a year-over-year gain of 3,800 jobs. Stockton's job growth accelerated to 6.3 percent in July 2012, adding roughly 11,000 jobs on payrolls in the past year. Stockton posted the second-highest rate of growth in the state in this time period, well above any of the state's largest markets.

SACRAMENTO’S GOVERNMENT AND CONSTRUCTION SECTORS ADDED JOBS

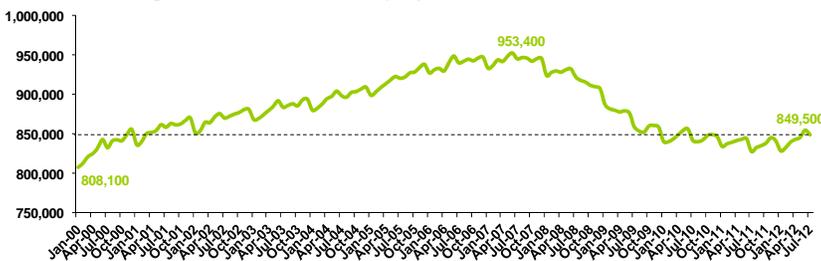
Major Sector Annual Job Gains and Losses

Sector	July 2011-2012				
	Sacramento Region	California	SF Bay Area	Stockton	Solano
Total Nonfarm	21,400	362,200	91,100	11,300	3,800
Private Sector	10,900	321,500	85,300	10,500	4,500
Public Sector	10,500	40,700	5,800	800	-700
Government	10,500	40,700	5,800	800	-700
Prof. & Business Svcs.	4,100	115,300	30,300	1,400	700
Construction	3,764	27,400	5,200	500	300
Edu. & Health Svcs.	2,700	53,000	19,200	2,200	900
Trade, Trans., & Util.	1,600	41,200	11,600	2,900	1,300
Financial Activities	1,500	19,400	0	500	300
Mining & Logging	36	600	0	0	0
Other Services	-100	1,400	3,100	0	100
Information	-200	17,200	6,100	0	0
Leisure & Hospitality	-800	53,400	8,900	1,100	1,000
Manufacturing	-1,700	-7,400	900	1,900	-100

Data Source: CA Employment Development Department

TOTAL EMPLOYMENT IN THE REGION REMAINED AT YEAR 2001 LEVELS

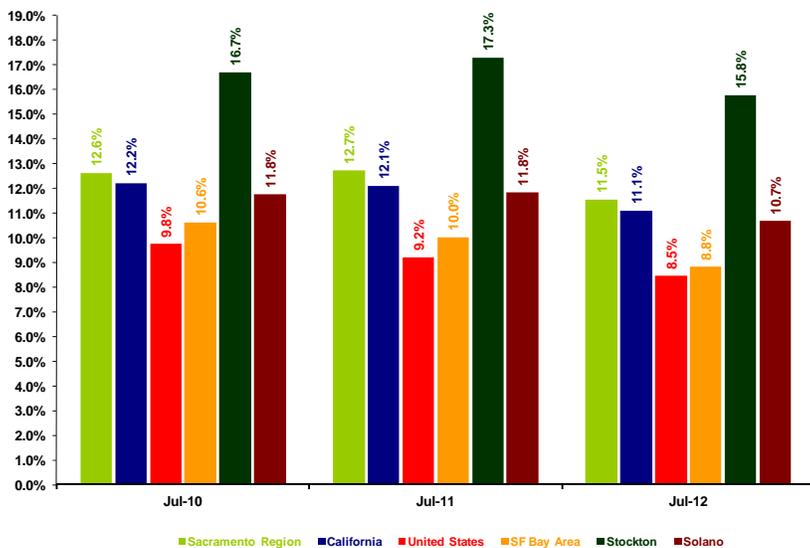
Sacramento Region Total Nonfarm Employment



Data Source: CA Employment Development Department

REGIONAL UNEMPLOYMENT DECLINED SUBSTANTIALLY OVER THE PAST YEAR

Unemployment Rate (Seasonally Adjusted Annual Average)



Data Sources: CA Employment Development Department and U.S. Bureau of Labor Statistics

The Sacramento Region posted gains in both the private and public sectors between July 2011 and 2012. The Government sector experienced the greatest annual gains reflected primarily in local government education. Sacramento’s Construction sector also added jobs in the past 12 months with gains in both building and specialty trade activities. Professional & Business Services and Educational & Health Services also added a notable number of jobs in the Region in this period. Only four of the Region’s major sectors shed jobs in the past year with Manufacturing showing the most severe declines. Sacramento’s net increase of 21,400 jobs moved total Nonfarm employment to 849,500 in July 2012, still around year 2001 levels.

Statewide, 11 of the 12 major sectors added jobs in the 12 months ending July 2012 (including Government). The greatest gains were seen in the state’s Professional & Business Services sector. Manufacturing, an important high value sector, was the only category where the state lost jobs in the past year. None of the major sectors in the SF Bay Area shed jobs in the past 12 months with Professional & Business Services posting the largest job gains. Stockton also saw gains or stability in all of its major sectors—Trade Transportation, & Utilities topped the list of growing sectors. Solano also posted the greatest gains in Trade, Transportation, & Utilities, but saw losses in both Government and Manufacturing.

The Sacramento Region’s unemployment rate dropped by 1.2 percentage points between July 2011 and 2012, based on seasonally adjusted annual averages. As of July 2012, there were about 128,000 Sacramento Region residents officially considered unemployed, leading to an unemployment rate of 11.5 percent. Although the Region remained above the statewide and national averages (11.1 percent and 8.5 percent, respectively) the gap is closing slightly as Sacramento’s rate has been dropping more quickly than the two benchmarks. The SF Bay Area’s unemployment rate remained slightly above the national average at 8.8 percent in July 2012. Solano posted an unemployment rate of 10.7 percent, modestly below the statewide average. Stockton’s unemployment rate remained considerably high in July 2012 at 15.8 percent, but has declined by 1.5 percentage points in the past year as a result of strong job growth.

ACKNOWLEDGEMENTS

The Center for Strategic Economic Research (CSER) is grateful for the support of the Underwriters of this project:

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As a major regional employer, economic driver, health provider and innovation center, UC Davis Health System advances economic development and quality of life in the Sacramento area.

The region's only academic health center is home to a nationally ranked 645-bed acute-care hospital, one of the country's best medical schools, the new Betty Irene Moore School of Nursing, an 800-member physicians group and renowned specialty centers such as a National Cancer Institute-designated cancer center. Together, they offer area workers and their families highly advanced care and promising new therapies for the most complex and acute health conditions.

With a workforce of roughly 10,000, UC Davis Health System is among Sacramento's largest employers. For every employee or dollar of output directly supported by health system operations, the north state's economy gains an additional 1.1 jobs or \$1.1 of output, according to a Center for Strategic Economic Research analysis. The health system's combined economic impact throughout Northern California is more than \$3.4 billion and more than 20,000 jobs.

UC Davis works actively through collaboration to expand the area's promising life sciences business sector. Examples include two National Science Foundation-supported UC Davis programs that help multidisciplinary teams bring research discoveries and technologies to the market. Since 2004, 34 startup companies have spun off from UC Davis in various sectors.

To learn more about how UC Davis Health System is improving lives and transforming health care, visit healthsystem.ucdavis.edu.

Economy Watch



ABOUT SACTO

SACTO is the Sacramento Region's leading facilitator of economic development bringing together the organizations, information, and resources in the pursuit of jobs, talent, and investment needed to ensure regional prosperity and global competitiveness.

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