CALIFORNIA
REGIONAL ECONOMIES PROJECT

ECONOMIC PROFILE: NORTHERN CALIFORNIA REGION

Prepared for the

CALIFORNIA ECONOMIC STRATEGY PANEL

OCTOBER 2008

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Acknowledgements

The Panel acknowledges the contributions of the Labor Market Information Division of the California Employment Development Department and, notably, John Milat, Mary Rippey, Paul Wessen and Spencer Wong.

PREFACE

The California Economic Strategy Panel (Panel) continuously examines changes in the state's economic base and industry sectors to develop a statewide vision and strategic initiatives to guide public policy decisions for economic growth and competitiveness (see www.labor.ca.gov/panel/). The fifteen-member Panel is comprised of eight appointees by the Governor, two appointees each by the President pro Tempore and the Speaker and one each by the Senate and Assembly Minority Floor Leaders. The Secretary of the California Labor & Workforce Development Agency serves as the Chair.

The Panel first identified California's economy as an economy of regions in 1996. At that time, the Panel also adopted a new way of looking at industry sectors and how they function and grow as industry clusters. These new ways of looking at the economy became the basis for the analytical work completed then, and have provided a foundation for the Panel's work since that time.

The California Regional Economies Project is currently the lead research mechanism for the Panel to identify economic policy issues. The project provides the state's economic and workforce development systems with data and information about changing regional economies and labor markets. The information provides a new resource in economic and workforce development planning and investment decisions and a bridge connecting economic and workforce policies and programs at the state and regional levels.

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic base reports analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors.

This report presents an in-depth analysis of the Northern California Region from 2001 to 2006, with snapshots of employment changes in 2007 and early 2008; however, this report does not cover the most recent, dynamic changes taking place in the economy, due to lag time in data availability at the detailed level used in our analyses. The most current monthly trends for California are available from the Labor Market Information Division of the Employment Development Department, at www.labormarketinfo.edd.ca.gov/?pageid=1003.

This profile provides updates to the Profile released in 2007, highlighting significant changes and key industry sectors and clusters in each region. This is briefer than past profiles and uses a different format, in an effort to make the information easier to read and faster to digest. The 2008 Profile also adds a new cluster, Housing, as we track activity in residential construction and related industries.

The statewide and eight other regional economic base reports are also available at www.labor.ca.gov/panel/. Previous economic base reports examined the 1990-2002, 2001-2004 and 2001-2005 periods. The earlier reports were the first economic base reports for the regional economies as they are defined today. The Panel's initial work, from 1994-1996, resulted in identification of six regions and provided regional economic base analyses; however, those regions were significantly redefined by 1998 into nine regions, making comparisons to the early analyses impractical.

The source of the data used for these reports is the official employment and wage information reported by employers to the State. While a variety of other sources provide similar information, they may not capture the official numbers that employers report, or may not include input from all employers. This data source is the most comprehensive and accurate source of information direct from employers, and is therefore the best to use for public policy-making, planning and program administration.

The Panel has taken steps to institutionalize the analysis and preparation of these economic base reports within State government so that this analysis may be provided on a yearly basis. Also, steps have been taken to leverage the body of knowledge that now exists around the study of industry clusters, gained through the California Regional Economies Project.

First, a non-confidential version of the data series, the *California Regional Economies Employment Series*, has been made available online by the California Employment Development Department's Labor Market Information Division (LMID) so that regional organizations may access this data at the county level. Second, a step-by-step guide, the *Industry Clusters of Opportunity User Guide,* is available online so that regional organizations can conduct industry cluster studies and work with business and industry to test and apply the findings.

With this information, regional organizations may conduct their own economic base and industry cluster analyses down to the county level, and they may combine county data to create their own sub-regional study areas. Training workshops are being held to teach the methodology and processes outlined in the *Industry Clusters of Opportunity User Guide* to representatives from Local Workforce Investment Boards, economic development organizations, the Employment Training Panel, LMID, educational institutions and programs including Community Colleges and Regional Occupational Programs, and other local jurisdictions.

The statewide and regional economic profiles, the *Industry Clusters of Opportunity User Guide* and other studies are available on the Panel's website at www.labor.ca.gov/panel/espcrep.htm.

The *California Regional Economies Employment Series* is available online at www.labormarketinfo.edd.ca.gov/?pageid=173.

The California Regional Economies Project is sponsored by the California Labor & Workforce Development Agency, California Employment Development Department, California Workforce Investment Board and the California Community Colleges Chancellor's Office.

NORTHERN CALIFORNIA REGION

ECONOMIC PROFILE

October 2008

THE NORTHERN CALIFORNIA REGION

includes eleven counties, as defined by the California Economic Strategy Panel (Panel): Del Norte, Humboldt, Lake, Lassen, Mendocino, Modoc, Nevada, Plumas, Sierra, Siskiyou and Trinity.

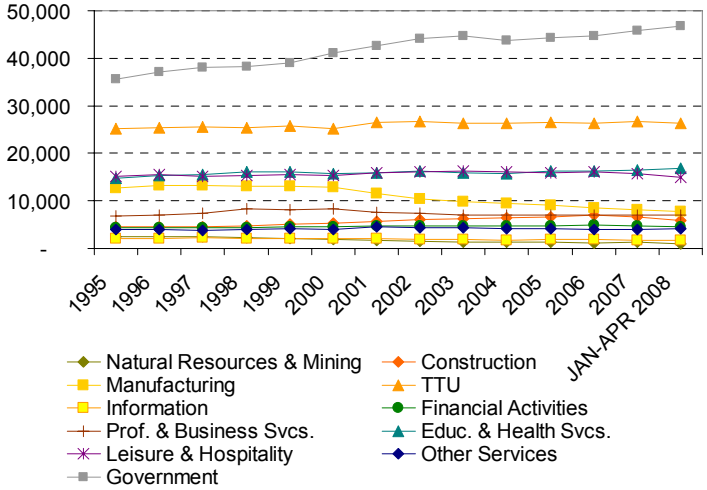
The Northern California Region is the state's third smallest region, with 1.5% of its population (2006), and is the second smallest based on employment, with 1.1% of its jobs (2006). This region is geographically large, but much of the land is public or tribal land. Within the region's eleven counties, the preliminary unemployment rate for August 2008 ranged from 6.5% in Mendocino County to 10.3% in Trinity County. The region experienced overall job growth of 1.3% from 2001 to 2006, fluctuating somewhat from year to year. While jobs grew by 1.3%, the region's population grew by 2.5% and its Per Capita Personal Income grew by 21.7%.

Across all sectors, the greatest number of new jobs was added by All Government, up 2,200 jobs[1], followed by Construction, up 2,000 jobs. The greatest percentage of growth was reported in Utilities, up 44.6%, followed by Construction, up 22.7%. Employment in the housing-related industries was not yet reflecting the impact of the recent housing downturn.

The Current Employment Statistics (CES) program data, which excludes Farm and Private Households employment data, shows slight growth in Nonfarm employment in 2007, and positive year-over change from April 2007 to April 2008.

Using the CES data, the following graph shows Nonfarm employment since 1995:

NONFARM EMPLOYMENT 1995-2008[2]



[1] All Government represents Federal, State and Local Government, and includes a wide range of jobs, from firefighting, police, education and defense, to public services and elected officials.

[2] The January to April 2008 data represents a four-month average.

A SNAPSHOT OF 2007 & 2008

This snapshot uses employment estimates from the Current Employment Statistics (CES) program, which is the most current data available. The CES program is a different data source than that used for the rest of the report, and is available only at the super-sector level. We recognize that this does not capture the current capital and credit crisis that we are experiencing.

For the Northern California Region, a look at2007 data shows that the region experienced slight growth in Nonfarm jobs in 2007, after slight losses from 2001 to 2006. The year-over employment change was also positive from April 2007 to April 2008.

Overall, Nonfarm employment grew by 0.3% from 2006 to 2007. During this period, the strongest growth was reported in Natural Resources & Mining, followed by Government. These sectors also reported positive year-over change from April 2007 to April 2008. The greatest losses were reported in Construction, Manufacturing, Information and Financial Activities. A comparison of April 2007 with April 2008 suggests that losses continued in these four sectors.

The following table summarizes private sector Nonfarm employment change from 2001 to 2007, and into early 2008. The employment shown here does not include employment for Agriculture or Private Households, as the CES data does not capture these industries.

NORTHERN CALIFORNIA	2001-2006*	2006-2007**	Apr07-Apr08
Total Nonfarm	**-0.6%**	**0.3%**	**1.0%**
Natural Resources & Mining	-25.3%	3.3%	15.2%
Construction	22.7%	-5.2%	-8.5%
Manufacturing	-22.5%	-4.0%	-4.6%
Trade, Transportation, & Utilities	-0.1%	1.2%	1.0%
Information	-7.7%	-3.8%	-0.6%
Financial Activities	3.8%	-2.8%	-7.3%
Professional & Business Svcs	-2.2%	0.1%	0.4%
Educational & Health Services	5.3%	0.8%	2.9%
Leisure & Hospitality	4.1%	-1.4%	1.3%
Other Services	-42.5%	-0.5%	3.0%
Government	4.6%	2.2%	3.0%

** The 2001-2006 data uses the California Regional Economies Employment Series (CREE) data source; this is generally the source of data for all employment analyses in this report, unless otherwise indicated.*

*** The 2006-2007 comparison uses CES data, due to significant differences between the 2006 CREE and CES data, most likely because the CREE includes confidential data and more data may be revealed in the smaller, rural regions.*

IN RECENT YEARS 2001-2006

The rest of this report covers the period from 2001 through 2006, providing a picture of what was happening prior to, and at the start of the recent housing downturn. The data source is the Quarterly Census of Employment and Wages (QCEW) program, which releases the final annualized data about ten months after the end of each calendar year. The 2006 data was the most current available at the time of this report.

The QCEW data is available at the most detailed industry level[3], allowing an in-depth look at the industries and industry clusters during this time period. The CES data used for 2007 and 2008 was available at the super-sector level and excluded employment for the Farm and Private Households industries.

The following statistics are reported for the period of 2001 to 2006 in order to provide comparable facts for a more complete picture of the region during this period.

BUSINESS

Job Growth (2001-2006)	1.3%
Establishment Growth (2001-2006)	4.7%
GDP Growth[4] (2001-2006)	*Not Available*
Average Wage (2006, Private Industry)	$ 28,946
Wage Growth (2001-2006)	21.5%
Firms with < 100 employees (2006)	99.4%
Firms with < 50 employees (2006)	98.0%
Self-employed, not incorporated (2006*)	15.9%

** Data available for four of the eleven counties; Humboldt, Lake, Mendocino and Nevada.*

WORKFORCE

Unemployment Rate (2006)	6.0%
Population Growth (2001-2006)	2.5%
Per Capita Income (2006)	$ 30,466
Bachelor's Degree or higher (2006)	
-Of population age 25 and older	16.6% to 29.1%
Families Living in Poverty (2006)*	9%

** Data available for four of the eleven counties; Humboldt, Lake, Mendocino and Nevada.*

QUALITY OF PLACE

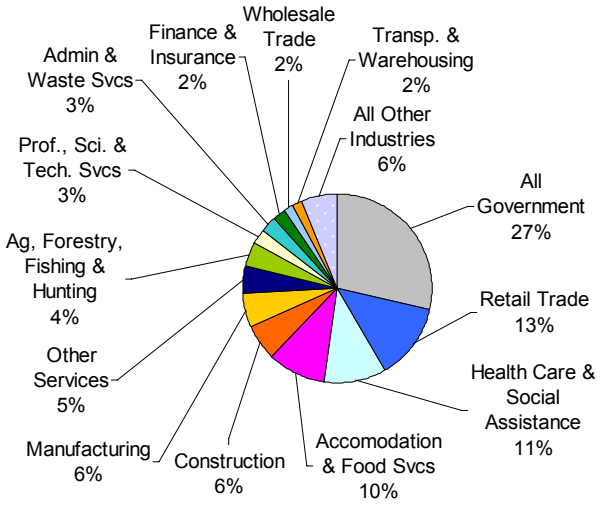
Air Quality Index (2006 Median AQI[5])*	13 to 48
Average Commute Time (2006)	17.4 to 24.8 min.
Housing Opportunity Index[6] (2007)*	*Not Available*

** Data available for four of the eleven counties; Humboldt, Lake, Mendocino and Nevada.*

NOTE: Ranges provided where data are only available by county or Metropolitan Statistical Area and a regional value cannot be calculated.

[3] The North American Industry Classification System (NAICS), 6-digit level.
[4] GDP = Gross Domestic Product; the data is available by MSA, which is used to approximate the regional GDP, where available.
[5] An AQI value of 50 or lower is Good; 51-100 is Moderate; 101-150 is Unhealthy for Sensitive Groups; and 151 or higher is Unhealthy (includes *unhealthy*, *very unhealthy*, and *hazardous)*.
[6] 4th Quarter 2007, percentage of homes in the area that would be affordable to a family making the median income.

INDUSTRY COMPOSITION 2006



REGIONAL JOB GROWTH RANKING (2001-2006)

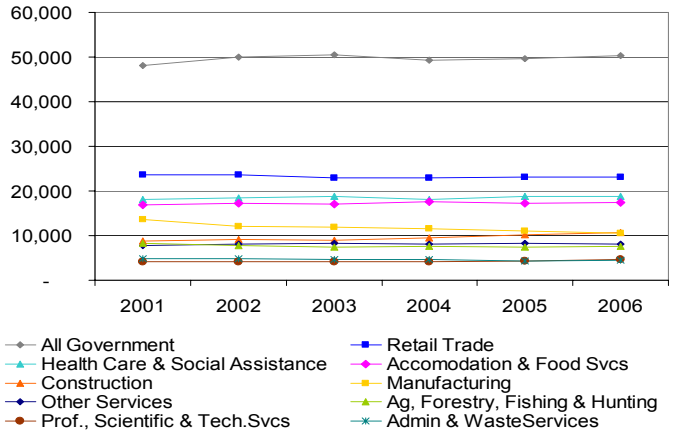
1.	San Joaquin Valley Region	9.9%
2.	Greater Sacramento Region	9.4%
3.	Southern Border Region	7.7%
4.	Southern California Region	6.5%
5.	No. Sacramento Valley Region	6.4%
	California as-a-whole	*6.1%*
6.	Central Sierra Region	5.9%
7.	Central Coast Region	3.6%
8.	**Northern California Region**	**1.3%**
9.	Bay Area Region	-5.8%

JOB GROWTH IN THE MAJOR INDUSTRY SECTORS 2001-2006 *(NAICS 2-DIGIT)* (TEN LARGEST IN BOLD)

Agriculture, Forestry, Fishing & Hunting (NAICS 11)	**-8.6%**
Mining (NAICS 21)	-0.8%
Utilities (NAICS 22)	44.6%
Construction (NAICS 23)	**22.7%**
Manufacturing (NAICS 31-33)	**-22.5%**
Wholesale Trade (NAICS 42)	-0.2%
Retail Trade (NAICS 44-45)	**-1.6%**
Transportation & Warehousing (NAICS 48-49)	-0.8%
Information (NAICS 51)	-7.7%
Finance & Insurance (NAICS 52)	2.4%
Real Estate & Rental & Leasing	6.1%
Prof., Scientific & Technical Services (NAICS 54)	**12.5%**
Mngmt of Companies & Enterprises (NAICS 55)	-39.7%
Administrative & Waste Services (NAICS 56)	**-4.2%**
Educational Services (NAICS 61)	22.5%
Health Care & Social Assistance (NAICS 62)	**4.5%**
Arts, Entertainment & Recreation (NAICS 71)	6.1%
Accommodation & Food Services (NAICS 72)	**3.8%**
Other Services (except Public Admin) (NAICS 81)	**4.8%**
All Government[7]	**4.6%**

[7] All Government represents Federal, State and Local Government, and includes a wide range of jobs, from firefighting, police, education and defense, to public services and elected officials.

JOB GROWTH FOR THE TEN LARGEST SECTORS 2001-2006



"TOP FIVE" SUB-SECTORS

TOP FIVE LARGEST SUB-SECTORS (2006)

Food Services & Drinking Places (NAICS 722)
Ambulatory Health Care Services (NAICS 621)
Food & Beverage Stores (NAICS 445)
Specialty Trade Contractors (NAICS 238)
Hospitals (NAICS 622)

TOP FIVE FASTEST GROWING SUB-SECTORS ('01-'06)
(With at least 0.005% of total employment)

Postal Service (NAICS 491)
Internet Publishing & Broadcasting (NAICS 516)
Pipeline Transportation (NAICS 486)
Funds, Trusts & Other Financial Vehicles (NAICS 525)
Support Activities for Mining (NAICS 213)

TOP FIVE COMPETITIVE ADVANTAGE (LQ*) SUB-SECTORS (2006) *(With at least 0.005% of total employment)*

Forestry & Logging (NAICS 113), 41.6 LQ
Fishing, Hunting & Trapping (NAICS 114), 27.2 LQ
Wood Product Mfg (NAICS 321), 9.7 LQ
Postal Service (NAICS 491), 3.6 LQ
Beverage Mfg (NAICS 312), 2.6 LQ

* *Location Quotient (LQ) greater than 1.0 means a higher concentration of these jobs in the region than found statewide.*

TOP FIVE SUB-SECTORS WITH HIGHEST AVERAGE WAGE (2006) *(With at least 0.005% of total employment)*

Utilities (NAICS 221)
Securities & Other Investments & Services (NAICS 523)
Computer & Electronic Product Mfg (NAICS 334)
Telecommunications (NAICS 517)
Heavy & Civil Engineering Construction (NAICS 237)

The average annual wages range from $55.9K to $80.4K.

AT THE MOST DETAILED INDUSTRY LEVEL
(NAICS 6-DIGIT)

The following observations reflect what took place from 2001 to 2006 at the most detailed industry level, and may provide some insight into the economy during that period.

Change can take place quickly at this most detailed level; therefore, it is important not to base policy or program administration decisions solely only such information.

The ten largest industries based on employment size:

Full-Service Restaurants (NAICS 722110)
Supermarkets & Other Grocery Stores (NAICS 445110)
General Medical & Surgical Hospitals (NAICS 622110)
Limited-Service Restaurants (NAICS 722211)
Hotels & Motels (NAICS 721110)
Private Households (NAICS 814110)
Offices of Physicians (NAICS 621111)
New Single-Family Housing Construction (NAICS 236115)
Sawmills (NAICS 321113)
Discount Department Stores (NAICS 452112)

The ten fastest growing:
(With at least 0.005% of total employment)

Exam Preparation & Tutoring (NAICS 611691)
Postal Service (NAICS 491110)
Residential Siding Contractors (NAICS 238171)
Professional Employer Organizations (NAICS 561330)
Wine & Distilled Alcoholic Beverage Whleslrs (NAICS 424820)
Cellular & Other Wireless Telecomm. (NAICS 517212)
All Other Misc. Schools & Instruction (NAICS 611699)
Other Scientific & Technical Consulting (NAICS 541690)
All Other Business Support Services (NAICS 561499)
Electric Power Distribution (NAICS 221122)

The ten with the strongest competitive advantage:
(With at least 0.005% of total employment)

Heating Oil Dealers (NAICS 454311)
Logging (NAICS 113310)
Sawmills (NAICS 321113)
Shellfish Fishing (NAICS 114112)
Timber Tract Operations (NAICS 113110)
Support Activities for Forestry (NAICS 115310)
Finfish Fishing (NAICS 114111)
Reconstituted Wood Product Mfg (NAICS 321219)
Electric Power Distribution (NAICS 221122)
Potato Farming (NAICS 111211)

AT THE MOST DETAILED INDUSTRY LEVEL
(Continued)

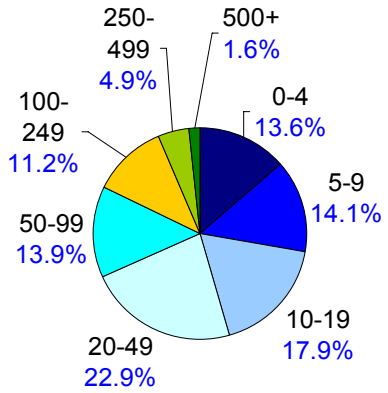
The ten highest paying industries:
(With at least 0.005% of total employment)

Software Publishers (NAICS 5211210), $106.7K
Investmt Banking & Securities Dealing (NAICS 523110), $99.8K
Natural Gas Distribution (NAICS 221210), $90.4K
Construction & Mining Equipmt Whlslrs (NAICS 423810), $87.8K
Other Electric Power Generation (NAICS 221119), $86.4K
Electric Power Distribution (NAICS 221122), $82.5K
Securities Brokerage (NAICS 523120), $80.3K
Radio & TV Broadcasting & Wireless Comm. Equipment Mfg (NAICS 334220), $79.9K
Land Subdivision (NAICS 237210), $76K
Computer Systems Design Services (NAICS 541512), $74K

EMPLOYMENT & BUSINESS GROWTH BY SIZE OF FIRM (Private Industry)

In 2006, firms with fewer than 100 employees made up 99.4% of all businesses in the region and provided 82.3% of all jobs in the region. Firms with 500 or more employees made up 0.02% of all businesses, and provided 1.6% of all jobs.

DISTRIBUTION OF JOBS BY SIZE OF FIRM (2006)



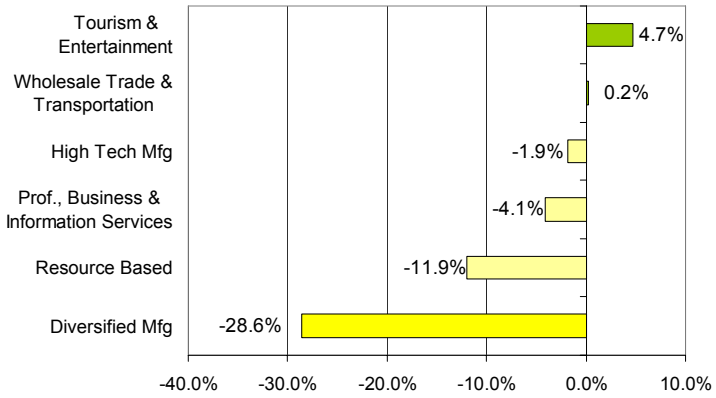
BUSINESS GROWTH BY SIZE OF FIRM (2001-2006)

Number of Employees	Growth of Jobs	Growth of Firms
0-4	2.4%	4.0%
5-9	2.8%	2.6%
10-19	4.9%	4.2%
20-49	0.0%	-1.3%
50-99	-7.9%	-9.5%
100-249	-7.1%	-5.6%
250-499	17.6%	20.0%
500-999	3.0%	0.0%
1,000+	-100.0%	-100.0%

THE TRADITIONAL ECONOMIC BASE

The economic base is traditionally considered to be export-oriented industries in the study area - industries that sell a large portion of their goods or services to people and businesses in markets outside of the area. The Panel's expanded definition of the economic base includes other industries that are also important to the region. Information follows on those industries and industry clusters.

EMPLOYMENT GROWTH 2001-2006

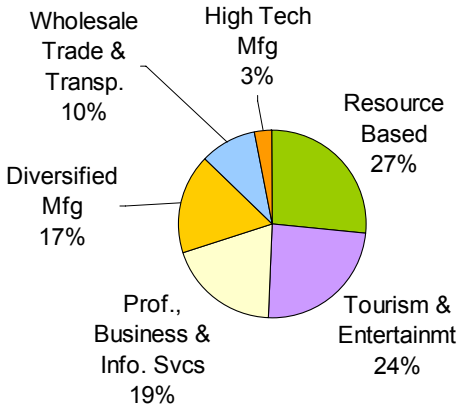


In 2006, the region's traditional economic base provided 17.2% of all jobs in the region. These base industries reported overall job losses of 9.3% from 2001 to 2006. The most jobs were found in Resource Based industries, followed by Tourism & Entertainment and Professional, Business & Information Services.

Four of the six base sectors reported losses during this period; only Tourism & Entertainment (up over 300 jobs, or 4.7%) and Wholesale Trade & Transportation (up less than 10 jobs, or 0.2%) reported growth.

The greatest number of jobs lost was reported by Diversified Manufacturing, down almost 2,100 jobs; this was also the greatest percentage of losses, at 28.6%. Next highest, Resource Based industries lost 1,100 jobs, or 11.9%.

DISTRIBUTION OF TRADITIONAL BASE JOBS (2006)



KEY INDUSTRY SECTORS AND CLUSTERS IN THE EXPANDED ECONOMIC BASE

MANUFACTURING

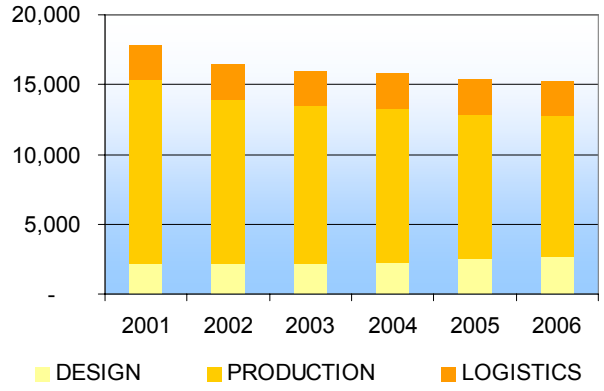
The Manufacturing sector provided 6.0% of the region's jobs, with almost 10,600 jobs in 2006. The sector reported overall job losses of 19.6% from 2001 to 2006, down almost 3,100 jobs. Preliminary data for 2007 suggests continued job losses from 2006 to 2007, and also from April 2007 to April 2008.

While Manufacturing as a whole suffered losses from 2001 to 2006, some industries (although small) reported growth. At the most detailed industry classification level (the 6-digit NAICS level), the ten fastest growing manufacturing industries included Chocolate & Confectionery Manufacturing (Mfg); Non-upholstered Wood Household Furniture Mfg; Digital Printing; Aircraft Engine & Engine Parts Mfg; Audio & Video Equipment Mfg; Motorcycle, Bicycle & Parts Mfg; Prefabricated Metal Building & Component Mfg; Perishable Prepared Food Mfg; Fertilizer (Mixing Only) Mfg; and, Coffee & Tea Mfg.

The largest industries (at the 6-digit NAICS level) included Sawmills; Wineries; Radio, TV Broadcasting & Wireless Communications Equipment Mfg; Softwood Veneer & Plywood Mfg; Other Metal Valve & Pipe Fitting Mfg; Other Millwork (including Flooring); Metal Stamping; Ice Cream & Frozen Dessert Mfg; Ready-Mix Concrete Mfg; and, Reconstituted Wood Product Mfg.

Looking at the Manufacturing Value Chain industry cluster, both Design and Logistics reported growth from 2001 to 2006. Design reported job growth of 22.2%, up almost 500 jobs, and Logistics reported job growth of 1.5%, up about 40 jobs. At the same time, Production jobs declined by 23.6% or over 3,100 jobs; losses were greatest in Sawmills & Wood Preservation, down almost 1,500 jobs.

Manufacturing Value Chain employment change 2001-2006:



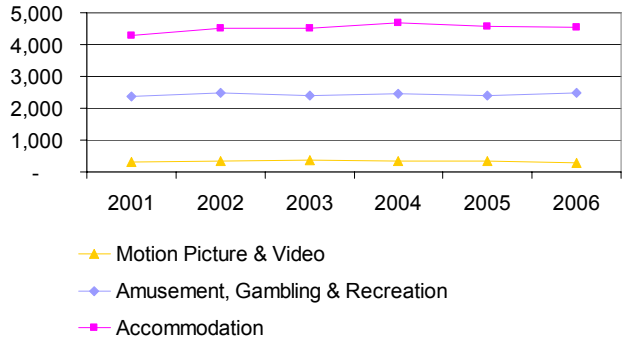
Some manufacturing jobs will not be reflected in this data, as manufacturing firms are using Employment Services, including temporary employment services, for hiring some of their workers. Those workers would be reported as part of the Employment Services industries' employment. This practice is also used by other industries.

TOURISM & ENTERTAINMENT

The Tourism & Entertainment sector includes Motion Picture & Video Industries; Sound Recording Industries; Amusement, Gambling & Recreation Industries; and, Accommodation. This sector provided 4.1% of the region's jobs in 2006, or over 7,300 jobs. The sector reported job growth of 4.7% (330 jobs) from 2001 to 2006.

The largest sub-sector was Accommodation, with almost 4,600 jobs. Accommodation reported growth of 6.0% or 260 jobs from 2001 to 2006. Amusement, Gambling & Recreation reported growth of 4.6% or about 110 jobs. At the same time, the two smallest sub-sectors reported losses; Motion Picture & Video Industries reported losses of 7.5%, and Sound Recording Industries reported losses of 45.2%.

The following graph shows employment change from 2001 to 2006 for the sub-sectors:



Across all sub-sectors and at the most detailed industry level (6-digit NAICS level), the five largest industries were Hotels (except Casino Hotels) & Motels (3,680 jobs), Fitness & Recreational Sports Centers (1,150 jobs), Golf Courses & Country Clubs (650 jobs), RV (Recreational Vehicle) Parks & Campgrounds (290 jobs), and Skiing Facilities (280 jobs).

The ten fastest growing industries (6-digit NAICS level) included Promoters of Performing Arts, Sports & Similar Events without Facilities; Independent Artists, Writers & Performers; Bowling Centers; Other Gambling Industries; Other Spectator Sports; Nature Parks & Other Similar Institutions; Casino Hotels; Golf Courses & Country Clubs; Marinas; and, Zoos & Botanical Gardens. Four of these five have fewer than 20 employees.

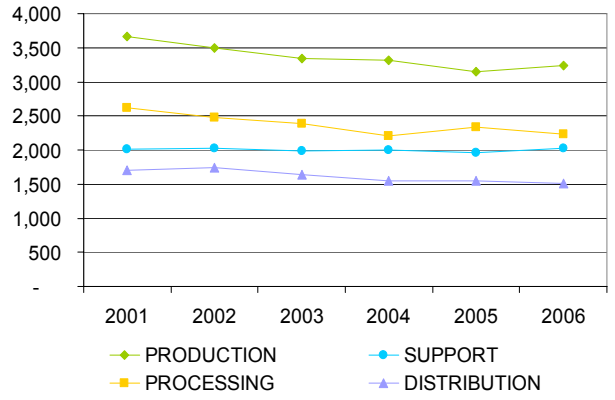
At the same time, two industries reported 100% job losses; Rooming & Boarding Houses, and Teleproduction & Other Postproduction Services. The other industries with high losses included Casinos (except Casino Hotels); Motion Picture & Video Production; Other Sound Recording Industries; Musical Groups & Artists; Historical Sites; and, Skiing Facilities. With the exception of Skiing Facilities, these were all very small industries with fewer than 20 jobs in 2006.

THE FOOD CHAIN

The Food Chain cluster differs from the Agriculture, Forestry, Fishing & Hunting sector in that it includes industries involved in the production and delivery of agricultural products & services. The Food Chain cluster provided 5.1% of all jobs in the region in 2006. The cluster industries are grouped into four components; Production, Support, Processing and Distribution. Production provided 35% of the cluster's jobs; Processing provided 25%; Support provided 23%; and, Distribution provided 17% of the cluster's jobs.

From 2001 to 2006, the Food Chain cluster experienced overall job losses of 9.7%, down almost 1,000 jobs. Three of the four components reported losses; only Support reported job growth, adding 30 jobs.

Employment change by cluster component:



Production reported the greatest losses, down over 400 jobs; led by losses in All Other Miscellaneous Crop Farming (down 230 jobs) and Fruit & Tree Nut Farming (down 120 jobs).

Processing lost almost 400 jobs, led by losses in Seafood Product Preparation & Packaging (down about 250 jobs) and Wineries (down 120 jobs). Still, some industries reported growth; Dairy Product Manufacturing added the most jobs, up 140 jobs, followed by Other Food Manufacturing, up 50 jobs.

Also during this period, Distribution lost 200 jobs, led by losses in Specialty Food Stores (down 140 jobs).

FORESTRY AND FISHING

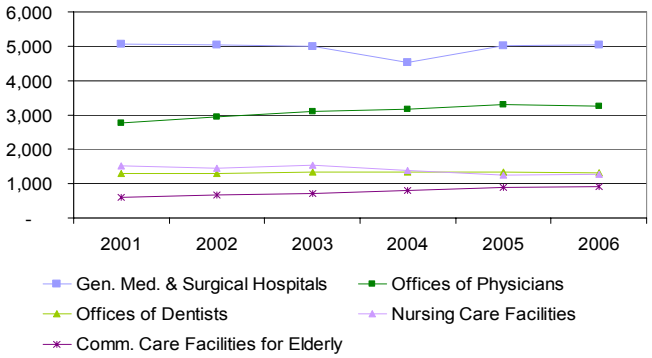
A part of the larger Agriculture, Forestry, Fishing & Hunting sector, several Forestry and Fishing industries were highly concentrated in the Northern California region. The highest concentrations were found in Logging (48.6 LQ); Shellfish Fishing (35.9 LQ); Timber Tract Operations (35.7 LQ); Support Activities for Forestry (31.2 LQ); and Finfish Fishing (26.3 LQ).

HEALTH SERVICES

Health Services, which includes the health care industries, provided 9.3% of all jobs in the region in 2006, and experienced job growth of 3.2%, up over 500 jobs from 2001 to 2006. Within Health Services, the largest industry was General Medical & Surgical Hospitals. The region had a higher concentration of Health Services jobs (1.2 LQ) than found statewide.

From 2001 to 2006, Offices of Physicians added the most jobs, up almost 500 jobs, while Community Care Facilities for the Elderly reported the fastest growth, up 51.8%. At the same time, Nursing Care Facilities reported the greatest number of jobs lost, down 250 jobs, and Medical & Diagnostic Laboratories reported the greatest percentage of losses, down 45.9%.

Employment change for the five largest Health Services industries (based on 2006 employment size):



PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES

The Professional, Scientific & Technical Services sector is important for supporting entrepreneurship and innovation, and is therefore included briefly in this analysis. This sector provided 2.6% of the region's jobs in 2006 and experienced job growth of 4.4% from 2001 to 2006. The largest industry group was Architectural & Engineering Services, followed by Management, Scientific & Technical Consulting Services.

Most industries within the sector reported job growth during this period. Computer Systems Design & Related Services reported the fastest growth, up 33.1% (80 jobs), followed by Architectural & Engineering Services, up 28.8% (250 jobs). Only two industries reported losses; Scientific Research & Development Services, down almost 70 jobs (33.8%), and Legal Services, down 50 jobs (7.4%).

At the most detailed industry level (6-digit NAICS), the largest industries were Engineering Services (640 jobs); Offices of Lawyers (600 jobs); and, Veterinary Services (580 jobs). Of these, Engineering and Veterinary Services both reported growth from 2001 to 2006.

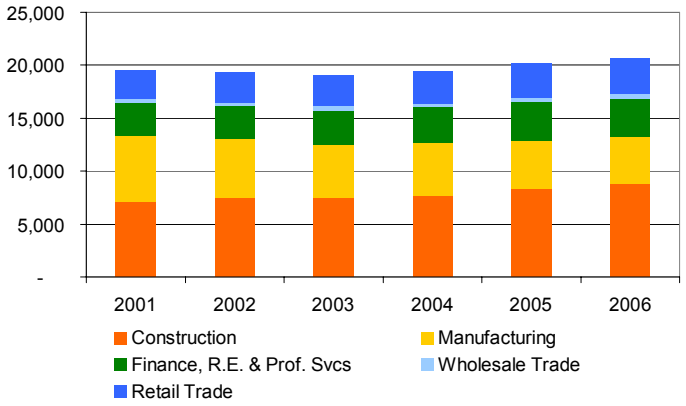
HOUSING

For the purpose of this analysis, the Housing cluster (Housing) includes industries involved in residential construction; manufacturing of construction materials; real estate financing, sales, leasing and management[8]; and, related wholesale and retail trade. As defined, this cluster provided 11.7% of the region's jobs, with almost 20,700 jobs in 2006.

Overall, Housing experienced job growth of 5.4% from 2001 to 2006. Within the cluster, Construction grew by 26.2%, up almost 8,900 jobs; Manufacturing reported losses of 31.5% (down 2,000 jobs); Finance, Real Estate & Professional Services reported 16.3% growth (up 500 jobs); Wholesale Trade grew by 35.0% (up over 100 jobs); and, Retail Trade grew by 20.8% (up almost 600 jobs).

Year-over Change	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
Housing-related Construction	7.4%	-1.7%	3.3%	8.3%	7.0%
Housing-related Manufacturing	-12.6%	-7.1%	-2.5%	-7.7%	-6.4%
Finance, RE & Prof. Svcs	-1.9%	5.2%	4.5%	6.3%	1.5%
Housing-related Wholesale Trade	-0.9%	10.2%	-13.4%	36.8%	4.3%
Housing-related Retail Trade	2.1%	0.8%	9.5%	4.6%	2.4%
Housing Cluster	-1.4%	-1.6%	2.5%	3.7%	2.2%

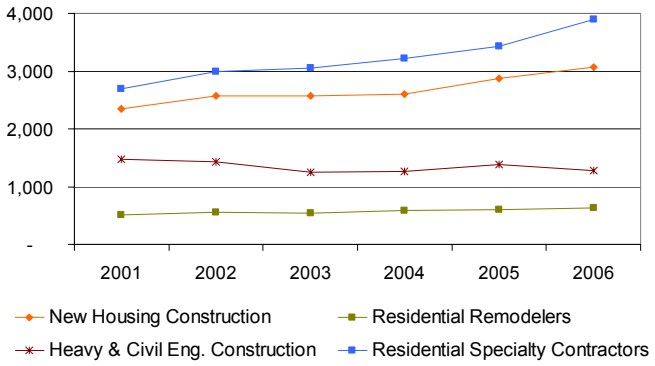
Employment change from 2001 to 2006:



Construction

Within Construction, New Housing Construction grew by 30.5% from 2001 to 2006, up 700 jobs; Residential Remodelers grew by 22.2%, up 100 jobs; Housing-related Heavy & Civil Engineering Construction reported losses of 12.4%, down 200 jobs; and, Residential Specialty Trade Contractors reported growth of 44.2%, up 1,200 jobs.

Housing Construction employment 2001 to 2006:



Manufacturing of Construction Materials

Housing-related Manufacturing industries reported overall job losses of 31.5%, or 2,000 jobs, from 2001 to 2006. This was led by losses in Sawmills, down 1,500 jobs, and Cut Stock, Resawing Lumber & Planing, down almost 200 jobs. During this period, several very small industries reported 100.0% losses, including Metal Window & Door Manufacturing (Mfg) and Hardwood Veneer & Plywood Mfg. At the same time, some industries reported growth, led by Other Millwork (including Flooring), up about 50 jobs, or 25.7%, and Other Fabricated Wire Product Mfg, up about 10 jobs, or 14.8%.

During this time, five of the ten largest Housing-related Manufacturing industries reported growth:

NAICS	Industry	Change '01-'06
321113	Sawmills	-34.4%
321212	Softwood Veneer & Plywood Mfg	-9.1%
321918	Other Millwork (including Flooring)	25.7%
327320	Ready-Mix Concrete Mfg	3.1%
321219	Reconstituted Wood Product Mfg	-33.6%
321912	Cut Stock, Resawing Lumber, Planing	-52.5%
321214	Truss Mfg	-28.0%
332618	Other Fabricated Wire Product Mfg	14.8%
327123	Other Structural Clay Product Mfg	34.4%
333120	Construction Machinery Mfg	24.0%

Finance & Insurance, Real Estate and Professional Services

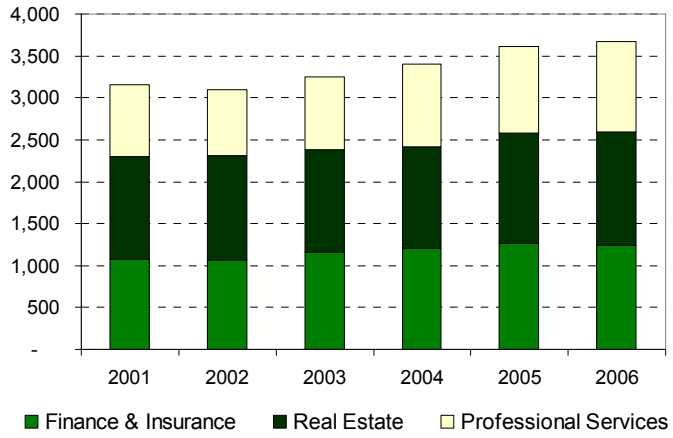
Together, the Finance & Insurance, Real Estate and Professional Services industries related to Housing reported job growth of 16.3% from 2001 to 2006, with growth highest from 2004 to 2005.

	'01-'02	'02-'03	'03-'04	'04-'05	'05-'06
Year-over Change	-1.9%	5.2%	4.5%	6.3%	1.5%

[8]A detailed definition by NAICS code is provided online at www.labor.ca.gov/panel in the document, "About the 2008 Economic Updates."

HOUSING
(Continued)

Employment growth from 2001 to 2006:



Within these sectors, the largest industries were Engineering Services and Offices of Real Estate Agents & Brokers, with about 640 jobs each in 2006. From 2001 to 2006, Engineering Services added the most jobs, up 150 jobs, followed by Offices of Real Estate Agents & Brokers, up 120 jobs; Offices of Real Estate Appraisers reported the fastest growth, up 340.3%. At the same time, Lessors of Residential Buildings & Dwellings reported the most jobs lost, down 100 jobs.

Wholesale & Retail Trade

Overall, the Housing-related Wholesale Trade industries experienced job growth of 35.0% from 2001 to 2006, up about 120 jobs. The largest industry was Lumber, Plywood, Millwork & Wood Panel Wholesalers, with 200 jobs. Plumbing & Heating Equipment & Supplies Wholesalers added the most jobs, up 50 jobs.

Overall, the Housing-related Retail Trade industries experienced job growth of 20.8% from 2001 to 2006, up almost 600 jobs. The largest industry was Home Centers, with over 1,200 jobs. This industry added the most jobs from 2001 to 2006, up 300 jobs, while Nursery, Garden Center & Farm Supply Stores reported the fastest growth, up 84.8%.

ENERGY

Energy production and usage, specifically focusing on environmentally responsible green technologies and processes, are important issues facing policy-makers, energy producers, distributors and consumers. A number of studies and discussions about the green economy were underway at the time of this report, including a study commissioned by the Economic Strategy Panel; therefore, this report does not attempt to define and analyze the green economy. Instead, readers interested in this subject are encouraged to read the study commissioned by the Panel, *Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network*, available online at www.labor.ca.gov/panel/espcrep.htm. The March 2008 draft was available at the time of this report.

"Nationally and globally, attentions are focusing on rising energy costs, questions of national energy security, worry over environmental and related societal threats as well as fears of economic slow-down. These seemingly countervailing crises might suggest that a choice must be made between doing what is good for the environment OR doing what is good for the economy.

California's green economy demonstrates that this is not the case. California's green economy is not about a handful of new industries struggling in under-developed markets. Instead, it is about the potential of new technologies combined with innovative public policy and strategic investment to stimulate the growth of new markets for environmentally sound products and services while also reinvigorating slowing markets through the widening application of new technologies across the entire economy."

"As green products and practices permeate the reaches of the economy, the discussion is no longer about the emergence of a new industry; instead it is about the transformation of the entire economy. This transformation is toward an economy that makes more efficient and sustainable use of our limited natural resources."

– Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network, March 2008

Readers may also want to explore the web page, *Understanding the "Green" Economy*, at www.labormarketinfo.edd.ca.gov/?pageid=1032, created by the Labor Market Information Division of the Employment Development Department. This web page provides links to a broad array of studies and activities regarding the green economy, conducted by public and private entities.

SOURCES

BUSINESS

Employment, Firm & Wage Data, Private Sector	California Regional Economies Employment Series (CREE)*
Employment Data, Government Sector	Current Employment Statistics (CES)
2007 & 2008 Employment Data	Current Employment Statistics (CES)
Size of Firm Data	EDD/Labor Market Information Division (LMID), Size of Firm Data
Self-employed (non-incorporated business)	US Census/America's Community Survey (ACS)
Gross Domestic Product (GDP)	US Bureau of Economic Analysis (BEA)

* The CREE data used for the analyses included confidential data; however, the results presented in the economic profiles do not disclose confidential data.

WORKFORCE

Unemployment Rate	California Employment Development Department (EDD)
Population Growth	US Bureau of Economic Analysis (BEA)
Educational Attainment	US Census/ACS
Median Household Income	US Census/ACS
Families Living in Poverty	US Census/ACS

QUALITY OF PLACE

Air Quality Index (AQI)	Environmental Protection Agency, AirData
Average Commute Time	US Census/ACS
Housing Opportunity Index	National Assoc. of Home Builders- Wells Fargo Housing Opportunity Index

METHODOLOGY

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic profiles analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors. The statewide and nine regional economic profiles are available at www.labor.ca.gov/panel in the document. Also online, the document, *The 2008 California Economic Profiles - Introduction & Methodology*, provides additional information about the methodology and documentation of the NAICS definitions for the industry clusters and traditional economic base industries.

DEFINITION OF AN INDUSTRY CLUSTER

An industry sector is a group of firms that are doing the same type of work, making the same type of products, or providing the same types of services. Examples include manufacturing, construction, retail trade and health care. An industry cluster is a group of interdependent industry sectors characterized by competing firms and buyer-supplier relationships, as well as shared labor pools and other specialized infrastructure. They are also geographically concentrated. When identifying "industry clusters of opportunity," the Panel adds additional considerations that focus on employment opportunities for regional residents.

ABOUT THE PANEL

The California Economic Strategy Panel was established in 1993 to develop an overall economic vision and strategy to guide public policy. The Panel engages in an objective and collaborative planning process that examines economic regions, industry clusters, and cross-regional economic issues. The California Regional Economies Project is currently the lead mechanism for these efforts.

The California Regional Economies Project offers new insight into the dynamics of California's economy. The regional perspective provides a better understand how the economy is changing, where the changes are concentrated, and what catalysts and conditions are causing those changes. It also shows how change in one region affects other regions and the state as a whole.

For more information and publications, go to the Panel's website at www.labor.ca.gov/panel/.

CALIFORNIA ECONOMIC STRATEGY PANEL