



## US State Profile



### California

#### Big Picture

- ...→ **State job growth** fell 3.9% in February 2010 from a year ago; national job growth fell 2.5%.
- ...→ **State unemployment** averaged 12.8% in February 2010; the national average was 9.7%.
- ...→ **Personal income** rose 1.6% to \$1.6 trillion in Q4 2009 from a year ago.
- ...→ **Tax revenue** rose 0.1% in Q4 2009 from the previous year.
- ...→ **Exports** fell 15.9% to \$128 billion in 2009.
- ...→ **Venture capital investment** in CA fell 0.3% to \$2.5 billion in Q4 2009 from a year ago.

#### Employment Data

**Minimum wage of \$8.00 well exceeds the \$7.25 national rate.**

#### California Unemployment and Job Growth Rates

February 2010

	Unemployment Rate	Job Growth Rate
US	<b>9.7%</b>	<b>-2.5%</b>
Bakersfield	17.4%	-3.1%
Chico	14.9%	-3.1%
El Centro	27.2%	-3.5%

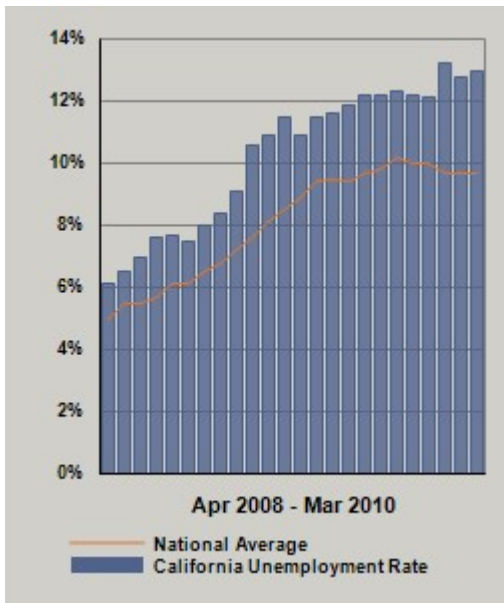
Fresno	18.5%	-3.9%
Hanford	18.2%	2.2%
Los Angeles	11.7%	-3.6%
Madera	16.6%	-0.3%
Merced	22.1%	-2.2%
Modesto	19.1%	-3.2%
Napa	10.4%	-2.8%
Oxnard	11.1%	-4.0%
Redding	17.7%	-0.9%
Riverside	14.7%	-5.1%
Sacramento	12.8%	-3.7%
Salinas	17.7%	-2.2%
San Diego	10.6%	-3.6%
San Francisco	10.7%	-4.7%
San Jose	12.1%	-3.9%
San Luis Obispo	10.2%	-4.8%
Santa Barbara	9.9%	-3.1%
Santa Cruz	15.3%	-3.8%
Santa Rosa	11.0%	-4.9%
Stockton	18.4%	-2.7%
Vallejo	12.7%	-3.4%
Visalia	18.7%	-3.2%
Yuba City	21.6%	-2.6%

## California Industry Growth Rates February 2010

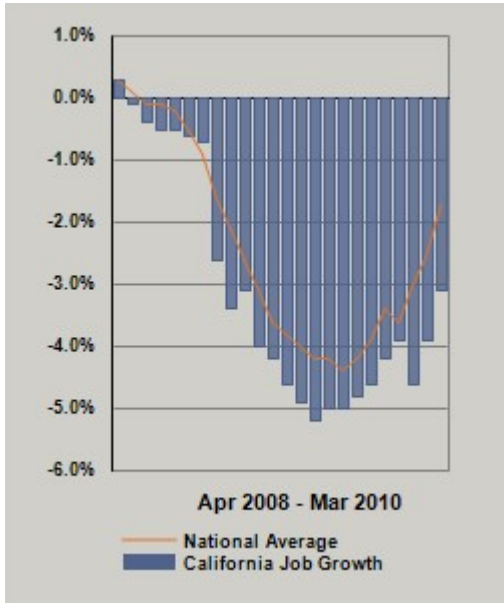
	Job Growth Feb 09 to Feb 10
All Employment	-3.9%
Construction	-17.7%
Manufacturing	-7.2%
Metal Products	-9.1%
Industrial Machinery	-17.9%
Computers & Electronics	-6.0%
Communications Equip.	-3.5%
Semiconductors	-6.7%
Avionics	-7.0%
Aerospace Products	-5.6%
Furniture	-10.0%
Food Products	-7.8%
Apparel	-3.8%
Paper Products	-6.8%
Printing	-12.3%
Pharmaceuticals	-1.8%
Plastics Products	-8.1%
Wholesale Trade	-6.3%
Retail Trade	-3.4%
Cars & Auto Parts	-7.8%
Building Materials	-3.4%
Food Stores	-0.2%
Clothing Stores	-1.5%
Transportation, Utilities	-5.2%
Telecommunications	-6.8%
Finance	-3.9%

Banks	-2.4%
Business Services	-3.8%
Healthcare & Education	1.2%
Hospitals	-0.4%
Hotels	-4.4%
Restaurants	-2.6%
Government	-1.8%
Local Government	-1.8%

### California Unemployment Rate vs. National Average

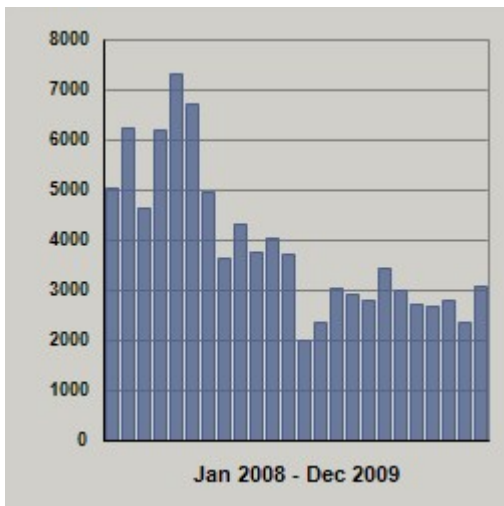


## California Job Growth Rates vs. National Average

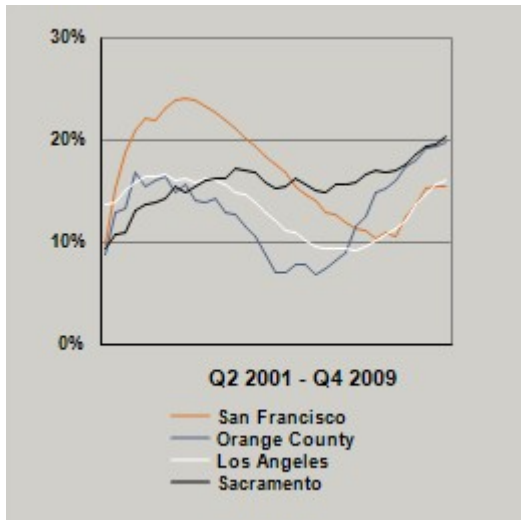


## Local Real Estate Summary

**California New Housing Permits - New housing permits fell 38% in CA in Q4 2009 from a year ago. The national average fell 46%.**



**California Commercial Real Estate Vacancy Rate - Commercial vacancy rate in Los Angeles was 16% in Q4 2009, Orange County 19.9%, Sacramento 20.3%, and San Francisco 15.5%.**



**California Annual Home Price Changes - Home prices fell 7% in Los Angeles, 8% in San Francisco, and 6% in Sacramento metro areas in Q4 2009 from a year ago. The national average fell 6%.**

	2009	Q3 09	Q4 09
US Average	-6%	-5%	-6%
Bakersfield, CA	-19%	-14%	-12%
Chico, CA	-10%	-9%	-10%
El Centro, CA	-23%	-26%	-12%
Fresno, CA	-11%	-3%	-9%
Hanford-Corcoran, CA	-15%	-13%	-10%
Los Angeles-Long Beach-Glendale, CA (MSAD)	-13%	-11%	-7%
Madera, CA	-19%	-16%	-13%
Merced, CA	-26%	-20%	2%

Modesto, CA	-21%	-15%	-7%
Napa, CA	-14%	-12%	-7%
Oakland-Fremont-Hayward, CA (MSAD)	-12%	-8%	-5%
Oxnard-Thousand Oaks-Ventura, CA	-11%	-8%	-3%
Redding, CA	-13%	-11%	-10%
Riverside-San Bernardino-Ontario, CA	-23%	-13%	-7%
Sacramento-Arden-Arcade-Roseville, CA	-13%	-7%	-6%
Salinas, CA	-21%	-7%	-8%
San Diego-Carlsbad-San Marcos, CA	-12%	-8%	-4%
San Francisco-San Mateo-Redwood City, CA (MSAD)	-10%	-9%	-8%
San Jose-Sunnyvale-Santa Clara, CA	-13%	-11%	-8%
San Luis Obispo-Paso Robles, CA	-11%	-10%	-8%
Santa Ana-Anaheim-Irvine, CA (MSAD)	-12%	-9%	-4%
Santa Barbara-Santa Maria-Goleta, CA	-10%	-5%	-4%
Santa Cruz-Watsonville, CA	-13%	-11%	-9%
Santa Rosa-Petaluma, CA	-14%	-10%	-7%
Stockton, CA	-24%	-11%	-6%
Vallejo-Fairfield, CA	-24%	-14%	-9%
Visalia-Porterville, CA	-19%	-18%	-14%
Yuba City, CA	-17%	-8%	-6%

## Major Industry Update

### Mining

The CA mining industry includes about 749 companies with combined annual revenue of \$22.2 billion. The mining industry employs approximately 29,000 with an annual payroll of \$1.8 billion. Large mining sub-sectors include oil and gas extraction (valued at \$17.5 billion); nonmetallic minerals (\$2.4 billion); and support activities for the industry (\$2.2 billion). The industry contributes \$16 billion to California's gross state product,

representing 0.9% of the state's total gross state product. Annual capital expenditures total \$4.5 billion. Issues impacting the mining industry include obtaining permits; safety, land, and pollution regulations; environmental lawsuits; fluctuations in commodity prices; and taxes on mined products. CA mining industry annual exports total about \$406 million.

→ **Oil Production Mixed** - Crude oil production in California fell 4.3% to 16.8 million barrels in November 2009 from a year earlier. Offshore production totaled 1.1 million barrels, up 8.4%.

### **Construction & Real Estate**

CA construction and real estate industries include about 103,700 companies with combined annual revenue of \$188 billion. Construction and real estate employ about 1.1 million with an annual payroll of \$40 billion. Large sub-sectors include: residential construction (valued at \$36 billion); commercial (\$28 billion); heavy and civil (\$22 billion); and real estate services (\$37 billion). These industries contribute \$367.5 billion to California's gross state product, representing 20% of the state's total gross state product. Issues impacting the construction and real estate industries include material, equipment, insurance, and labor costs; land planning and acquisition; environmental regulations and building codes; worker safety; cash flow and liquidity management; property obsolescence; and interest rate changes.

→ **Fewer Residential Properties Sold** - The number of single family houses, condos, and co-ops sold in California in Q4 2009 fell 7.0% from a year earlier. The US average rose 27.2%.

### **Manufacturing**

The CA manufacturing industry includes about 48,500 companies with combined annual revenue of \$379 billion. Manufacturing employs about 1.6 million with an annual payroll of \$66 billion. Major manufacturing sub-sectors: computers and electronics (valued at \$90 billion); food products (\$47 billion); transportation equipment (\$33 billion); chemicals and fabricated metals (\$23 billion, each). The manufacturing industry contributes \$181.1 billion to the gross state product, representing 10% of California's total gross state product. Issues impacting manufacturers include raw material, labor, and energy costs; foreign competition; labor, pollution, and foreign trade regulations; supplier and customer consolidation; capital equipment and facility expenses; quality control; and labor relations. CA is the leading exporter of manufactured goods: at about \$104.8 billion annually, the state accounts for 10% of total US exports.

→ **International Shipments Decline** - California manufacturers exported \$120 billion of goods in 2009, down 17% from the previous year; shipments of computers and

electronic products dropped 15.2% to \$35.2 billion.

### **Wholesale & Retail**

CA wholesale and retail industries include about 167,700 companies with combined annual revenue of \$1 trillion. Wholesale and retail industries in the state employ approximately 2.3 million with an annual payroll of \$76 billion. Large wholesale and retail sub-sectors include motor vehicle and parts wholesalers and dealers (valued at \$140 billion and \$96 billion); food and beverage wholesalers and stores (\$69 billion and \$60 billion); professional and commercial equipment and supply wholesalers (\$80 billion). Wholesale and retail industries contribute \$223.8 billion to the gross state product, representing 12% of California's total gross state product. Issues impacting wholesale and retail industries include transportation costs, truck driver shortages, logistics, merchandising, inventory management, store advertising and promotions, consumer and business spending, interest rates, and technology use (shipment tracking, GPS, point of sale and inventory control software, and credit card processing).

→ **Sales Tax Revenue Expands** - California sales tax revenue, an indicator of retail sales, increased 1.9% in Q4 2009 from the previous year. The US total fell 2.9%.

### **Transportation & Warehousing**

CA transportation and warehousing industries include about 19,000 companies with combined annual revenue of \$46 billion. Transportation and warehousing industries employ approximately 397,000 with an annual payroll of \$13.1 billion. Trucking is the largest transportation and warehousing sub-sector, valued at \$13.9 billion. Transportation and warehousing industries contribute \$42.7 billion to gross state product, representing 2% of California's total gross state product. Issues impacting the transportation and warehousing industries include fuel, equipment, and building costs; port traffic and shipment flows; heightened security and vehicle pollution regulations; driver shortages and licensing; technology for logistics, shipment tracking, and vehicle maintenance.

→ **Federal Grant Funds Truck Route Upgrade** - The Port of Los Angeles will spend \$22 million in American Recovery and Reinvestment Act funds to upgrade a main truck route to and from the harbor in a project that will create more than 250 jobs.

### **Information**

The CA information industry includes about 20,500 companies and employs approximately 564,000 with an annual payroll of \$35 billion. Large information industry sub-sectors include publishing (valued at \$40 billion); broadcasting (\$12 billion); Internet service providers (\$12 billion); and telecommunications. The CA information industry contributes \$112.8 billion to the gross state product, representing 6% of California's total gross state product. Issues impacting the information industry include government

regulations; industry consolidation; advertising revenue; viewership and readership; business, education, and consumer spending; technology and infrastructure shifts.

→ **Major Newspaper Eliminates Business Section** - The Los Angeles Times newspaper eliminated its stand-alone business section in January 2010 as part of a cost-cutting effort.

### **Finance & Insurance**

CA finance and insurance industries include about 46,000 companies, and employ approximately 681,600 with an annual payroll of \$42.6 billion. Aside from banks and credit unions, top finance and insurance sub-sectors include: non-depository credit intermediation (valued at \$38.3 billion); securities intermediation and related activities (\$30.5 billion); and insurance agencies, brokerages, and related activities (\$13.7 billion). Finance and insurance contribute \$107.6 billion to the gross state product, representing 6% of California's total gross state product. Issues impacting the finance and insurance industries include consumer income and investing, weather-related property damage claims, negotiating reimbursement costs and payments to healthcare providers, government regulations and codes, interest rates, industry consolidation, technology use, service differentiation, and client base expansion.

→ **Loan Charge-offs Expand** - California financial institutions reported total charge-offs of \$5.8 billion in 2009, up 12% from a year ago; loans secured by real estate represented 60% of total charge-offs.

### **Professional Services**

The CA professional services industry includes about 100,300 companies with combined annual revenue of \$145 billion. The professional services industry employs approximately 1.2 million with an annual payroll of \$62 billion. Large professional services sub-sectors include computer system design (valued at \$29 billion); legal (\$26 billion); architecture and engineering (\$25 billion); and accounting (\$19 billion). The industry contributes \$174.6 billion to the gross state product, representing 10% of California's total gross state product. Issues impacting the professional services industry include government regulations and codes, industry consolidation and business divestiture, corporate spending, technology use, service differentiation, client base expansion, corporate in-sourcing, and international clients servicing.

→ **State Remains High-tech Hub** - In 2009, 300 new technology start-ups formed in San Diego, creating an estimated 1,070 new jobs, according to technology and life sciences accelerator program CONNECT.

## Healthcare

The CA healthcare industry includes about 88,200 companies with combined annual revenue of \$136 billion. The healthcare industry employs approximately 1.4 million with an annual payroll of \$52 billion. The largest healthcare sub-sectors include ambulatory services (valued at \$60 billion) and hospitals (\$52 billion). The industry contributes \$115.6 billion to the gross state product, representing 6% of California's total gross state product. Issues impacting the healthcare industry include government regulation of Medicare/Medicaid, doctor/nurse shortages, medical malpractice suits, and care for uninsured patients. Annual state healthcare expenditures are around \$169 billion, representing 11% of the US total. About 21% of CA residents lack health insurance.

→ **Nursing Homes Sued** - Twenty-two nursing homes in California are part of a national class-action suit against Skilled Healthcare Group for inadequate staffing. The case could lead to reforms in the industry.

## Tourism

The CA tourism industry includes about 27,300 companies with combined annual revenue of \$44 billion. CA tourism employs about 522,000 with an annual payroll of \$15 billion. Large tourism sub-sectors include: arts, entertainment, and recreation (valued at \$26 billion); accommodations (\$14 billion); and travel arrangement services (\$3 billion). Tourism contributes \$75.6 billion to the gross state product, representing 4% of California's total gross state product. Issues impacting the tourism industry include visitor numbers, hotel occupancy, international visitors' needs, tourism advertising funds, visitor traffic and revenue fluctuations due to airline industry restructuring, real estate prices to buy hotels and land; and collaboration with universities to create hospitality services degrees and improve labor pool. Aside from in-state travel, CA's largest domestic visitor markets are NV, AZ, TX, OR, NY, WA. CA's largest foreign markets are Canada, Mexico, UK, Japan, Germany, South Korea, and Australia.

→ **Tourism Industry Suffered** - Leisure and business travel were at historic lows in 2009, making it the worst year in memory for tourism in Sonoma County, according to the president of the Sonoma County Tourism Bureau.

## Agriculture

The CA agriculture industry includes 81,033 farms with combined annual revenue of \$34.7 billion, and an average per farm size of 313 acres. The vast majority of CA's farms are family or individually owned. The state is home to one-third of the nation's acreage for vegetable farming. Major crops and farm products include fruits, nuts, and berries (valued at \$11 billion); vegetables, melons, and potatoes (\$5.4 billion); dairy products (\$6.6 billion); and nursery and floriculture products (\$3.6 billion). Expenses average 77%

of the agriculture industry's total income. Issues impacting the agriculture industry include: volatile market prices, equipment costs, animal and plant diseases and pests, droughts and water restrictions, and changes in government regulation and aid. CA is the leader in agricultural product exports, valued around \$8 billion; almonds, wine, and cotton are the state's largest agriculture exports.

→ **State Leads in Organic Farming** - Almost 20% of US organic farms are in California, and the state accounts for 36% of total US sales of organic farm products, according to the USDA.

## Website Resources

### State of California

See: <http://www.ca.gov>

### California Procurement Division

See: <http://www.pd.dgs.ca.gov/>

### California Secretary of State

See: <http://www.ss.ca.gov>

### California State Data Center at University of California

See: <http://ucdata.berkeley.edu>

### RAND California Page

See: <http://www.ca.rand.org/cgi-bin/homepage.cgi>

### California Labor Market Information

See: <http://www.labormarketinfo.edd.ca.gov/>

### California Chamber of Commerce

See: <http://www.calchamber.com>

## **Los Angeles Business**

See: <http://losangeles.bizjournals.com/losangeles>

## **Sacramento Business Journal**

See: <http://sacramento.bizjournals.com/sacramento>

## **San Francisco Business Times**

See: <http://sanfrancisco.bizjournals.com/sanfrancisco>

## **San Jose Business Journal**

See: <http://sanjose.bizjournals.com/sanjose>

## **FDIC Statistics on Banking - California**

See: <http://www2.fdic.gov/SDI/SOB/>

## **Related Industries**

Freight Forwarding Services...

Biotechnology...

Professional Services...

Computer Manufacturing...

Lodging...

Computer Software...

---

*The purpose of this State/Province Profile information is for sales call preparation and general business and industry analysis. Profiles provide general background information only and are not intended to furnish detailed information about the creditworthiness of any individual borrower or purchaser or to be used for making any loans, leases or extension of credit to any individual borrower or purchaser. First Research, Inc. and Attaain Inc. are not investment advisors, nor are they in the business of advising others as to the value of securities or the advisability of investing in securities, and the Profiles are not intended to be relied upon or used for investment purposes.*

---

*This AttaainCI sample report is brought to you by Attaain Inc., [www.attaain.com](http://www.attaain.com), Copyright © 2010 Attaain Inc. All Rights Reserved. Portions of report contents copyright © 2010, First Research, Inc. All Rights Reserved. This data cannot be copied, sold, or distributed in any manner without the written permission of First Research Inc. and Attaain Inc.*