

# Labor Markets & Regional Economy



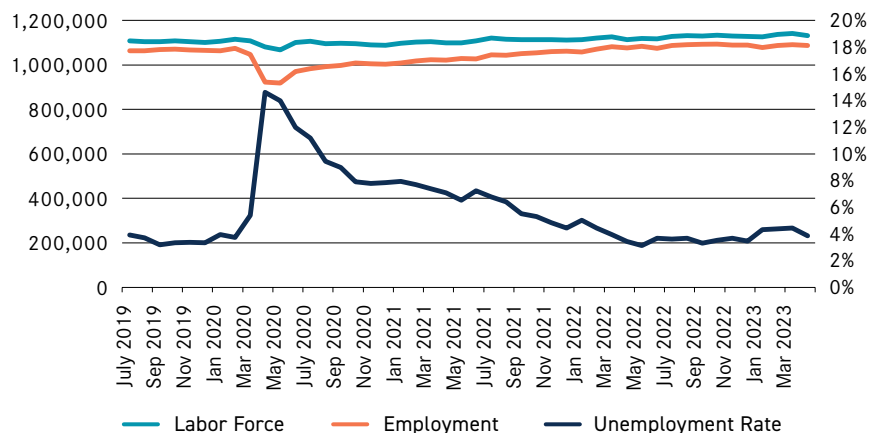
**WE MAY OBSERVE  
A SLIGHT  
UPWARD TREND  
IN THE  
UNEMPLOYMENT  
RATE.**



At the beginning of the COVID-19 pandemic, the Sacramento Region lost 160,000 jobs, with 50,000 people exiting the labor force altogether. This resulted in an unprecedented spike in the unemployment rate, from 3.7% in February 2020, to 14.6% in April 2020. The regional – and global – economies have come a long way since then. As of October 2023, the region appears to have fully regained all lost jobs and labor force participation. The unemployment rate now sits at approximately 4.3%, slightly higher than we saw heading into the pandemic, but recent rates appear largely in line with the pre-pandemic economy. Barring a major macroeconomic event, we anticipate the unemployment rate to remain relatively stable in the coming year. However, we may observe a slight upward trend in the unemployment rate as the Federal Reserve continues to battle inflation and Bay Area transplants are called back to their offices.

*As of October 2023, the region appears to have fully regained all lost jobs and labor force participation.*

**Figure 1  
Sacramento Regional Labor Force and Unemployment Rate**



Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

The region has seen strong overall job growth of 2.2%, equating to the creation of 23,800 nonfarm jobs over the past year. Among local economic sectors, the Private Education and Health Services sector continues to be a bright spot, growing by 13,500 jobs, or 7.5%, year-over-year. The Construction and Government sectors also remain strong, with 4.6% and 2.2% year-over-year growth, respectively. However, we have seen a substantial decline in the Financial Activities sector of 3.3%, or a loss of 1,700 jobs. Overall, we anticipate the labor market will remain stable through 2024. However, we would not be surprised to see reduced or negative growth in the Construction sector due to the high interest rate environment.

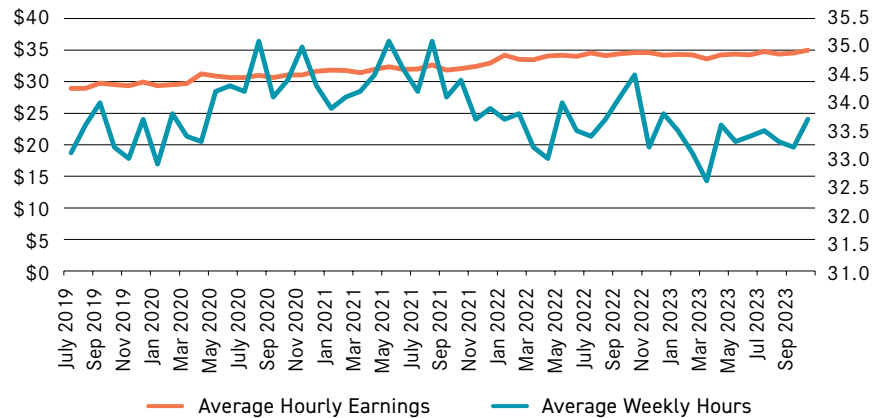
Despite widespread inflation across the nation, regional wages have remained relatively flat over the past year. Average hourly wages in the Sacramento area have risen by 1.1% year-over-year, an increase of 38 cents. Average hours worked per week has remained in the 33-to-34-hour range, with a slight decrease of 2.38% year-over-year. As a result, average weekly income has also remained relatively flat. However, after taking inflation into account, regional workers are almost certainly worse off today than they were one year ago.

Over the next 12 months, the economy is expected to continue to demonstrate resilience. However, specific groups, including renters and commuters; young families aspiring to purchase homes or manage child care expenses; seniors with inadequate long-term savings; and workers in less favorable employment situations grappling with substantial student loan debts, will likely continue to face challenges, stemming from persistently high housing costs, elevated inflation rates, and significant interest rates.

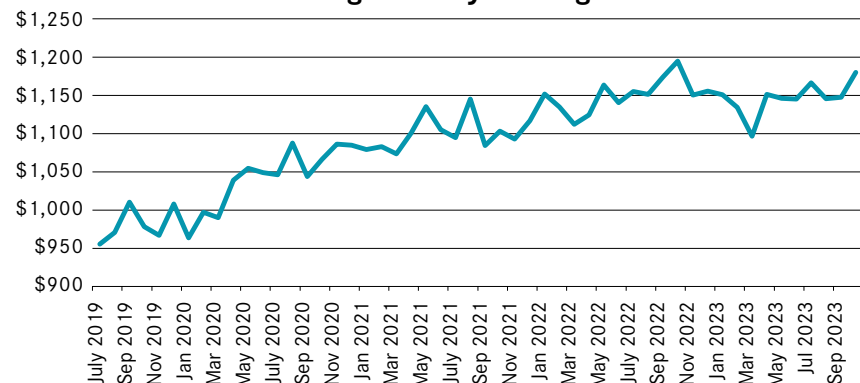
| Table 1 • Local Labor Market          |                            |                                 |
|---------------------------------------|----------------------------|---------------------------------|
| Sacramento Local Industrial Sector    | # of Jobs (as of Oct 2023) | Year-over-year % Change in Jobs |
| <b>Total Nonfarm</b>                  | 1,104,800                  | +2.2%                           |
| Government                            | 253,400                    | +2.0%                           |
| Private Education and Health Services | 193,500                    | +7.5%                           |
| Trade, Transportation, and Utilities  | 171,500                    | +0.5%                           |
| Professional and Business Services    | 151,500                    | -0.5%                           |
| Leisure and Hospitality               | 111,800                    | +0.6%                           |
| Construction                          | 81,100                     | +4.6%                           |
| Financial Activities                  | 50,500                     | -3.3%                           |
| Manufacturing                         | 41,200                     | +0.7%                           |

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics

**Figure 2**  
Average Hourly Wage and Weekly Hours



**Figure 3**  
Average Weekly Earnings



Source (Figures 2 & 3): U.S. Bureau of Labor Statistics, Current Employment Statistics