

December 2014

The November Job Report—Californians Return to the Workforce and Blowout Job Growth: Good News for Workers and the Economy

The November EDD employment release reported a second straight sharp increase in the state’s workforce as job growth has allowed some worker who dropped of the labor force out to find jobs. Over the past year 265,000 Californians have joined the workforce, far more than population growth alone would account for.

California Workforce Trends

	Nov 13	Nov 14	Change
Labor Force	18,557,000	18,822,000	265,000
Employment	16,993,000	17,467,000	474,000
Unemployment	1,564,000	1,355,000	-209,000
Unemployment Rate	8.4%	7.2%	-1.2%

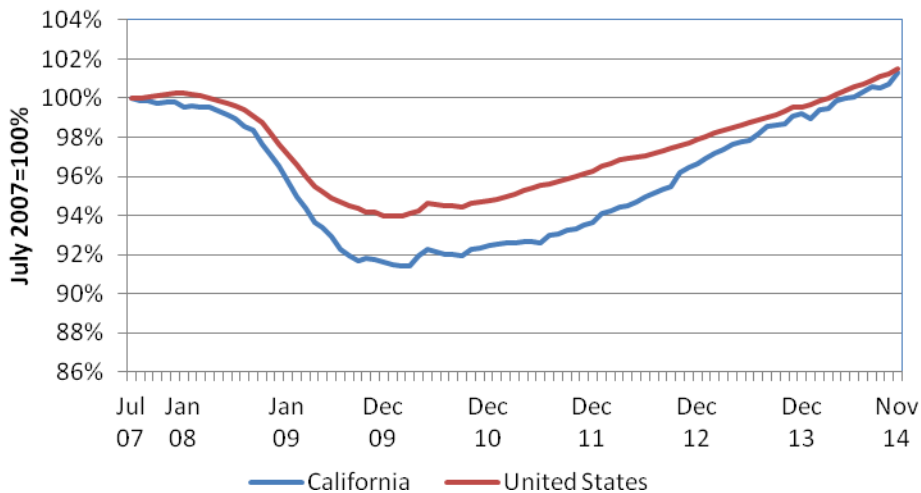
Source: California Employment Development Department

The state’s job market is now strong enough to help an increasing number of residents who dropped out of the workforce during the recession and the state’s labor force participation rate will increase reversing the large recent decline. This is good news for the holiday season and the year ahead.

Job growth surged in November with 90,100 jobs added throughout the state. Payroll job growth continues to outpace the nation with a year over year gain of 2.2% in California compared to 2.0% in the nation. The strongest sectors over the past 12 months were construction (+6.3%) and professional and business services (+5.1%), which include a number of middle and high wage jobs

November saw an increase of 12,900 construction jobs and 6,800 manufacturing jobs along with 11,600 jobs in professional, scientific and technical services. As a result both the amount and type of job growth improved. The state, which trailed the nation in job performance during the recession, has now caught up and both the state and nation are above pre-recession job levels.

Job Trends: Recession and Recovery



Regional Trends

The surge continues in the Bay Area as the region remains California’s job growth leader while the recovery has now spread to Southern California and inland areas. The Bay Area gains (23,300 jobs in November) were led by the Oakland and San Jose metro areas (+8,700 and 8,600 jobs respectively). Over the past 12 months the region posted a 3.3% job increase paced by the San Francisco and San Jose metro areas with gains of 3.5% and 3.8%, far outpacing the state and national growth rates.

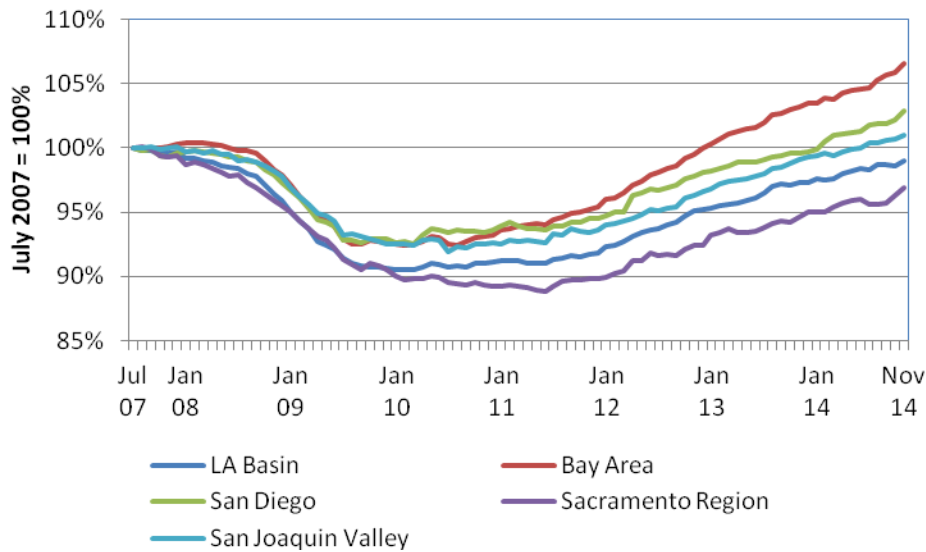
The San Joaquin Valley and San Diego regions have now recovered the recession job losses. The Valley’s three largest metro areas—Bakersfield (+2.2%), Fresno (+2.6%), and Stockton (+2.0%)—all posted strong year over year job gains. All of the data in this section use EDD’s **seasonally adjusted** non-farm wage and salary estimates.

Southern California is now in recovery mode and the LA Basin area has almost recovered all the jobs lost in the recession. The Inland Empire and Orange County, the hardest hit areas in Southern California during the recession, led the region with gains of 2.2% (27,500 and 32,500 jobs respectively) between November 2013 and 2014. Construction jobs are recovering (still a long way to go to full recovery) and there is a mini-boom in logistics tied to port volume growth. Tourism and trade are on the rise with record hotel occupancy and records about to be set in port and airport traffic.

Job growth in the San Diego region is surging posting a gain of 43,600 jobs +3.3% during the past 12 months and surpassing pre-recession levels.

The Sacramento region continues to trail in the recovery but had above average job growth of 2.4% and 21,700 jobs during the past year.

Job Trends: A Regional Perspective



This is now clearly a solid and sustainable recovery led by sectors with good future growth prospects. The near term prospects for the national and state economy are better since before the recession. A continuation of the construction recovery would be a triple winner—1) building activity creates job in other sectors as well as in construction, 2) most construction jobs pay good wages and 3) building housing and infrastructure addresses two of California’s key economic competitiveness challenges.

The construction, tech and trade/tourism growth will continue to boost revenues for state and local governments and return that sector to job growth. The latest fiscal analysis from the Legislative Analyst’s Office confirms that the recovery has boosted state revenues above forecasted levels and the passage of the state measure strengthening the reserve fund has led at least one rating agency to boost the state’s credit rating.

The immigration reforms announced recently will have a positive impact on the state’s economy and revenues.

There are always challenges to face and especially in a growing economy that needs constant additions to housing and improvements in affordability as well as investments to move the increasing numbers of people and goods in California. And the recovery is still modest by historical standards with very slow wage growth for many, especially compared to increases in housing prices and rents.

Happy holidays and a peaceful wish for the New Year.

Steve