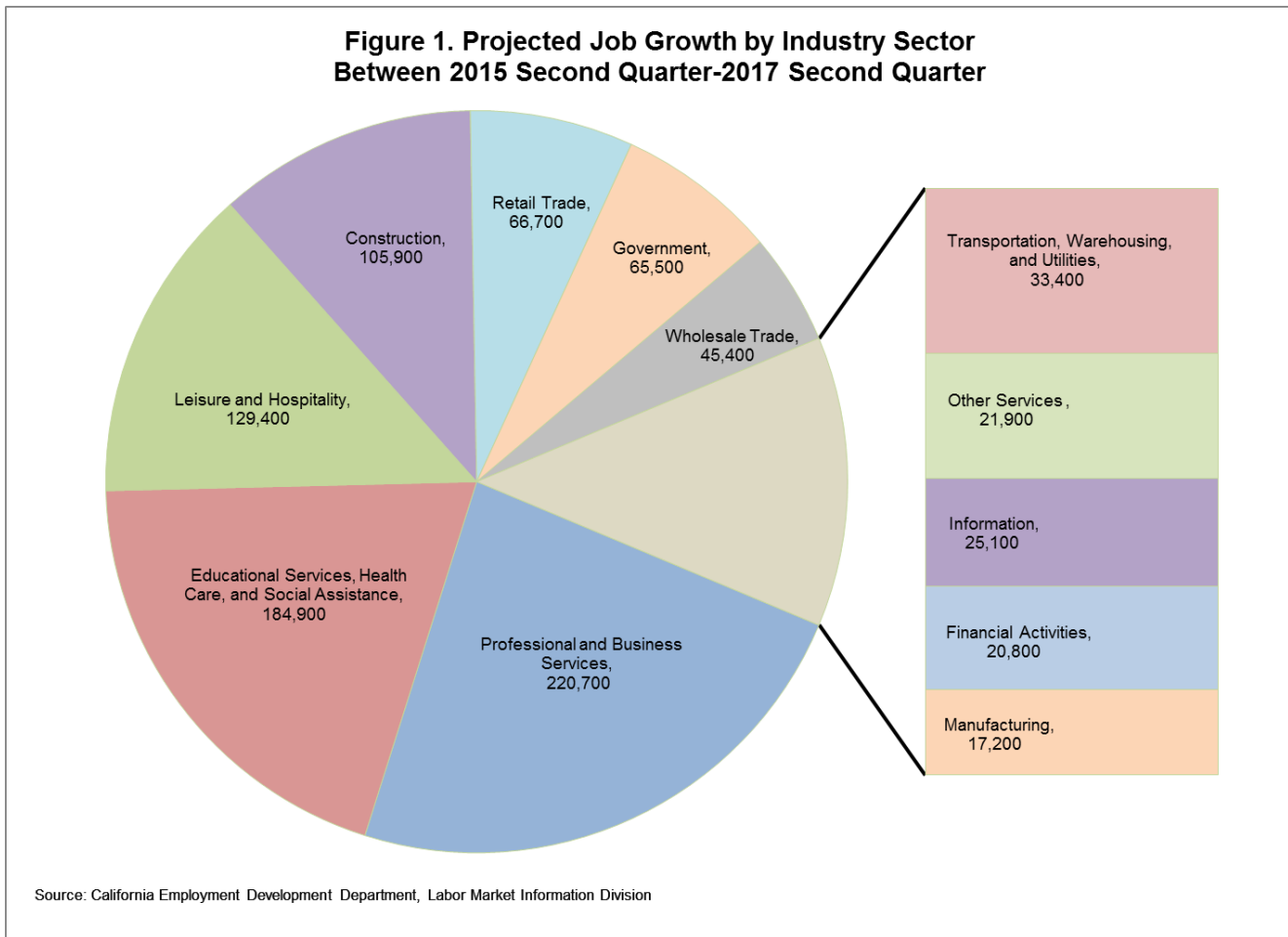


California Industry Employment Projections Between 2015 Second Quarter–2017 Second Quarter

Total industry employment in California, which includes self-employment, private household workers, farm employment, and nonfarm wage and salary employment, is expected to reach 18,704,800 in the second quarter of 2017, an increase of 5.7 percent over the two-year projection period. Total nonfarm employment is projected to add 935,900 jobs over the same period. A breakout of employment growth by industry is shown in Figure 1.

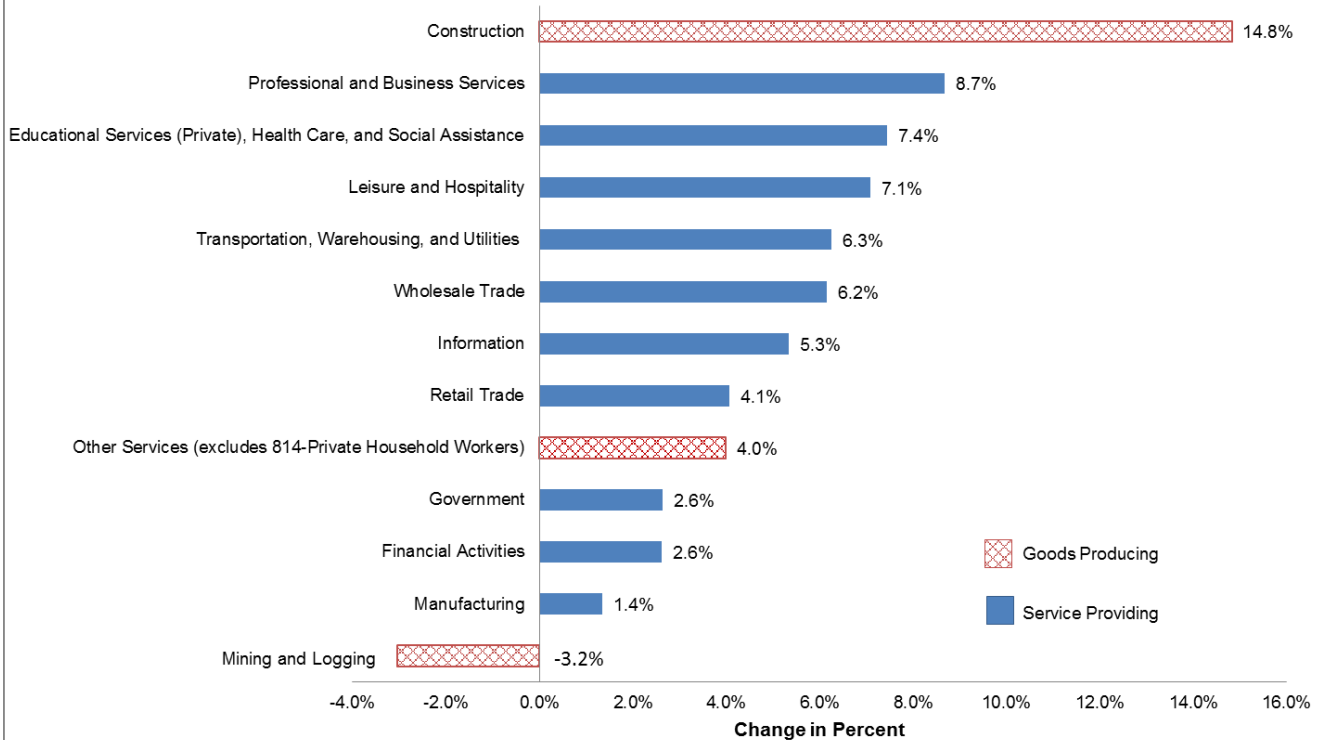


Total goods producing employment, which includes mining and logging, construction, and manufacturing, is expected to reach 2,136,600 in the second quarter of 2017, an increase of 6.1 percent over the two-year projection period.

The increase in employment is primarily led by the growth in the construction sector. Employment is expected to grow 14.8 percent over the projection period which is the fastest growth rate among the major industry sectors, as shown in Figure 2. Specialty trade contractors accounts for 70 percent of the job gain in construction (73,700). Within this sector, the greatest concentration of job gain is projected

to occur in building equipment contractors (34,100 jobs); building finishing contractors (23,900 jobs); and foundation, structure, and building exterior contractors (9,700) jobs.

Figure 2. Projected Employment Percent Change by Major Industry Sectors Between 2015 Second Quarter-2017 Second Quarter



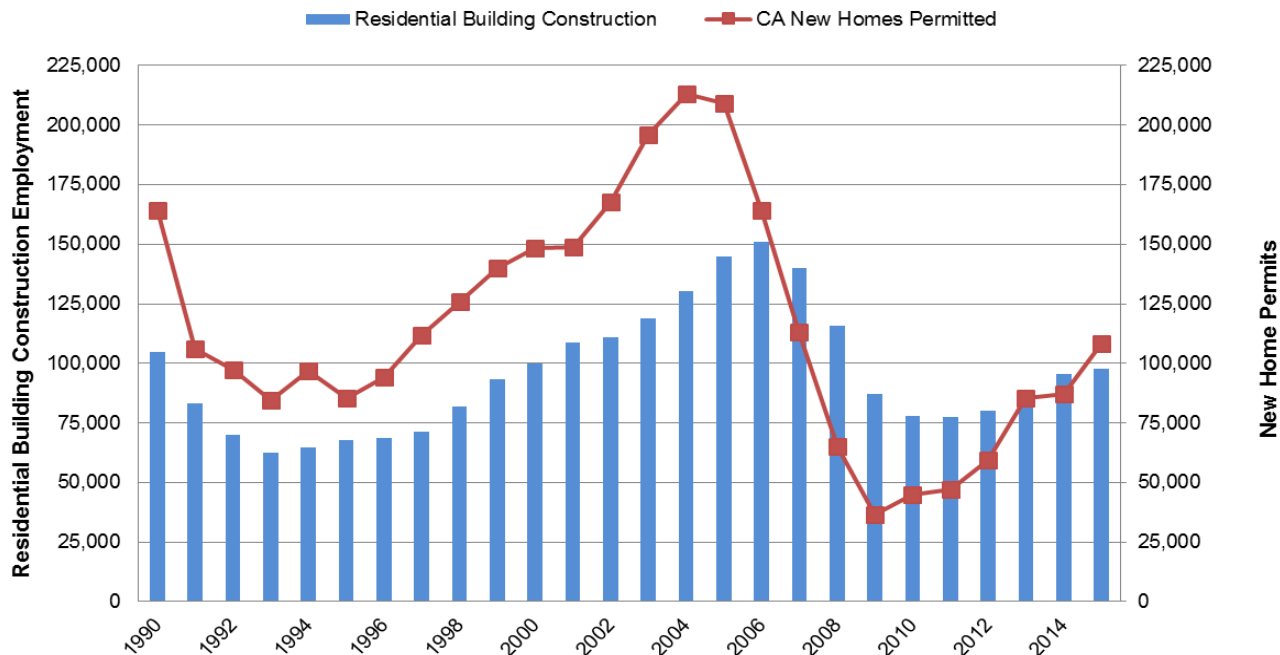
Source: California Employment Development Department, Labor Market Information Division

Historically home building permits are one of the leading indicators that determine growth of residential building construction employment. From 2011 to 2015 home building permits increased 130 percent (61,000 permits) while residential building construction employment increased by 26 percent (20,100 jobs) as shown in Figure 3.

The manufacturing sector is expected to gain 17,200 jobs through the projection period. The durable goods subsector is projected to gain 18,800 jobs, with nonmetallic mineral product manufacturing and computer and electronic product manufacturing accounting for 43 percent (8,000 jobs) of the projected increase. Nondurable goods manufacturing is expected to lose 1,600 jobs during the projection period.

Manufacturing lost nearly 200,000 jobs between 2008 (second quarter) and 2010 (second quarter), a 6.8 percent annual average decrease. Between 2010 (second quarter) and 2015 (second quarter), manufacturing has seen a slight increase of more than 30,000 jobs, a 0.5 percent annual average increase. However, manufacturing employment has been on a long-term decline. Between 2000 (second quarter) and 2015 (second quarter), more than 575,000 jobs have been lost in the manufacturing sector, an annual average decrease of 2.1 percent.

Figure 3. New Home Permits and Residential Building Construction Employment Between 1990-2015



Sources: Data from 2010-2020 Cal LT Vars table, CalTrans / Schniepp Forecast 2015-2040, Historical New Homes Permitted-California Department of Finance, Projected New Homes Permitted-California Department of Transportation, Historical Residential Building Construction-United States Bureau of Labor Statistics, Projected Residential Building

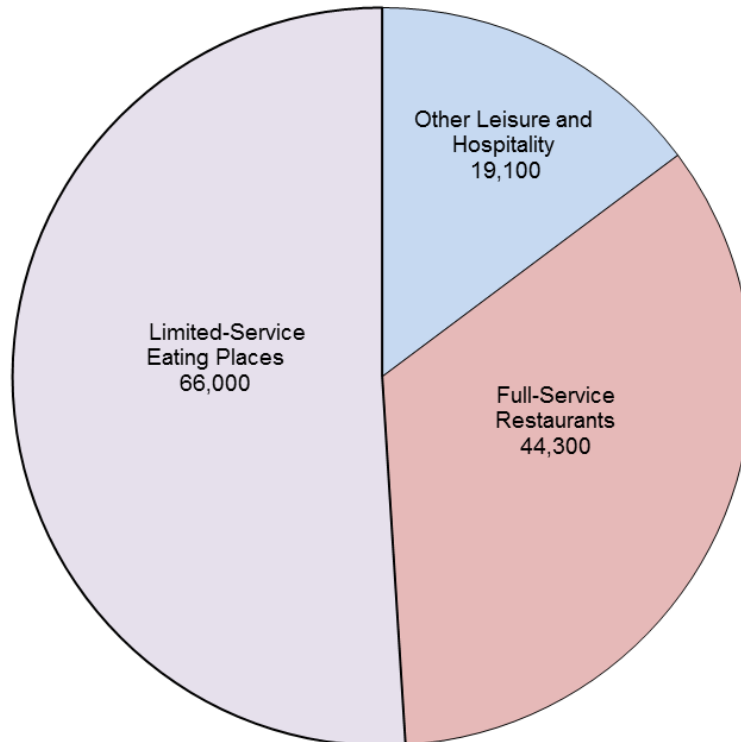
Private service providing sectors are projected to add 748,300 jobs, accounting for 80 percent of all nonfarm growth. Seventy-one percent of job growth in the private service providing sectors is forecasted to occur in professional and business services (220,700 jobs); educational services (private), health care, and social assistance (184,900 jobs); and leisure and hospitality (129,400 jobs). These three sectors combined comprise 57 percent of total nonfarm job growth.

The professional and business services sector is projected to add 220,700 jobs with an annual growth rate of 4.3 percent. Within this sector, employment services is projected to add 57,300 jobs with a 6.2 percent annual average growth rate. Computer systems design and related services is expected to add 36,400 jobs with an annual growth rate of 6.4 percent. Management, scientific, and technical consulting services is expected to add 33,400 jobs with an annual growth rate of 7.5 percent.

Educational services (private), health care, and social assistance is projected to be one of the fastest growing industry sectors. The individual and family services subsector is expected to add 50,000 jobs while growing at an annual rate of 4.3 percent. Employment growth in the health care services sector is driven by an aging population that requires more intensive health care services.

The leisure and hospitality sector is expected to add 129,400 jobs with an annual average growth rate of 3.5 percent. Within this sector, full-service restaurants is expected to add 44,300 jobs with a 3.5 percent annual average growth rate. Limited-service eating places are expected to add 66,000 jobs with a 5.4 percent annual average growth rate. Restaurant employment accounts for 85 percent of the projected job growth and is the driving force in the leisure and hospitality industry, as shown in Figure 4.

Figure 4. Leisure and Hospitality Projected Job Growth Between 2015 Second Quarter - 2017 Second Quarter



Source: California Employment Development Department, Labor Market Information Division

Government employment is expected to grow by 65,500 jobs, for a growth rate of 2.6 percent over the projection period. The most growth will be at the local level, which is projected to gain 46,300 jobs for an annual growth rate of 1.3 percent. Local government represents 69 percent of the 2.5 million public sector employment in California as of the second quarter of 2015.

California's employment projections are developed based on second quarter of 2015 (April-June). Seasonal industries, such as farming, may be slightly higher or lower than annual average employment estimates for the same industries published elsewhere.

The complete [2015-2017 California industry and occupational projections](#) are available online.

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