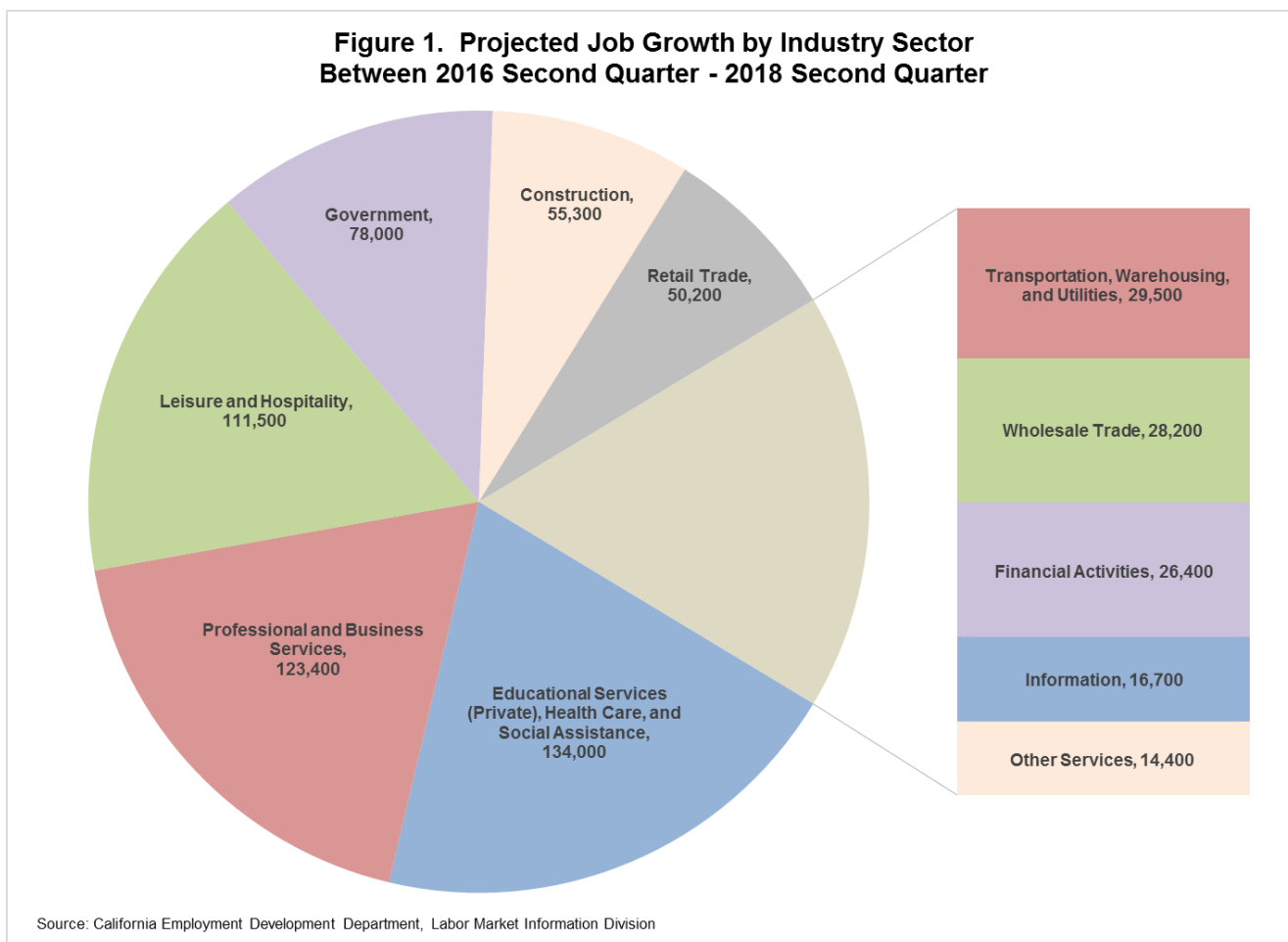


California Industry Employment Projections Between 2016 Second Quarter–2018 Second Quarter

Total industry employment in California, which includes self-employment, private household workers, farm employment, and nonfarm employment, is expected to reach 18,849,700 in the second quarter of 2018, an increase of 3.9 percent during the two-year projection period. Total nonfarm employment is projected to add 660,800 jobs during the same period. A breakout of employment growth by industry is shown in Figure 1.

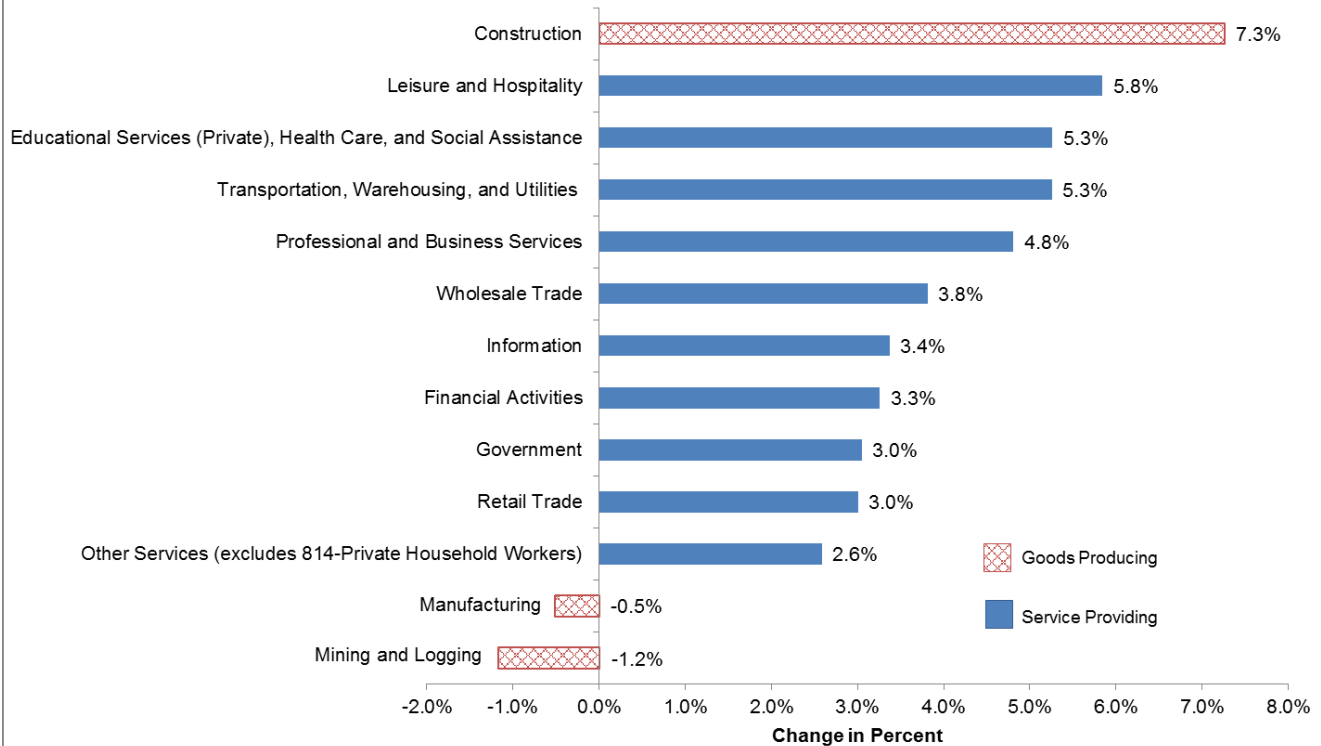


Total goods producing employment, which includes mining and logging, construction, and manufacturing, is expected to reach 2,117,100 in the second quarter of 2018, an increase of 2.3 percent during the projection period.

The increase in total goods producing employment is primarily led by the growth in the construction sector. Employment is expected to grow 7.3 percent during the projection period, which is the fastest growth rate among the major industry sectors, as shown in Figure 2. Specialty trade contractors

accounts for 63 percent of the job gain in construction (34,900 jobs). More than one-third of the projected job gain will be in the building equipment contractors sector.

Figure 2. Projected Employment Percent Change by Major Industry Sectors Between 2016 Second Quarter-2018 Second Quarter



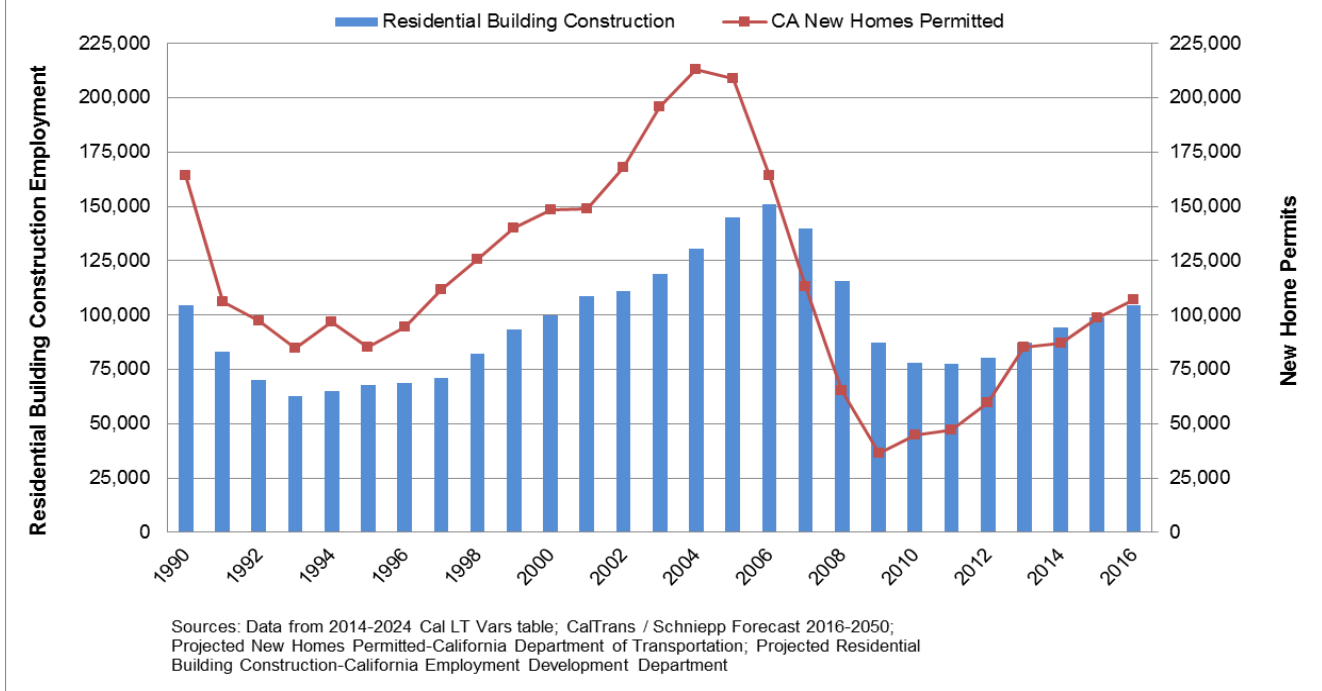
Source: California Employment Development Department, Labor Market Information Division

Historically, home building permits are one of the leading indicators that determine growth of residential building construction employment. From 2012 to 2016 home building permits increased 80 percent (47,400 permits) while residential building construction employment increased by 31 percent (24,600 jobs) as shown in Figure 3.

The manufacturing sector is expected to lose 6,500 jobs through the projection period. The projected decrease in manufacturing employment follows the long-term trend. Between 2000 (second quarter) and 2016 (second quarter), more than 566,000 jobs have been lost in the manufacturing sector, an annual average decrease of 1.9 percent.

The durable goods subsector is projected to lose 3,900 jobs. Within this subsector, navigational, measuring, electromedical, and control instruments manufacturing is expected to decrease by 3,000 jobs, while computer and peripheral equipment manufacturing is projected to gain 2,700 jobs. Nondurable goods manufacturing is expected to lose 2,600 jobs overall. Cut and sew apparel manufacturing is projected to lose 8,000 jobs, while beverage and tobacco product manufacturing is expected to gain 5,300 jobs.

Figure 3. New Home Permits and Residential Building Construction Employment Between 1990-2016



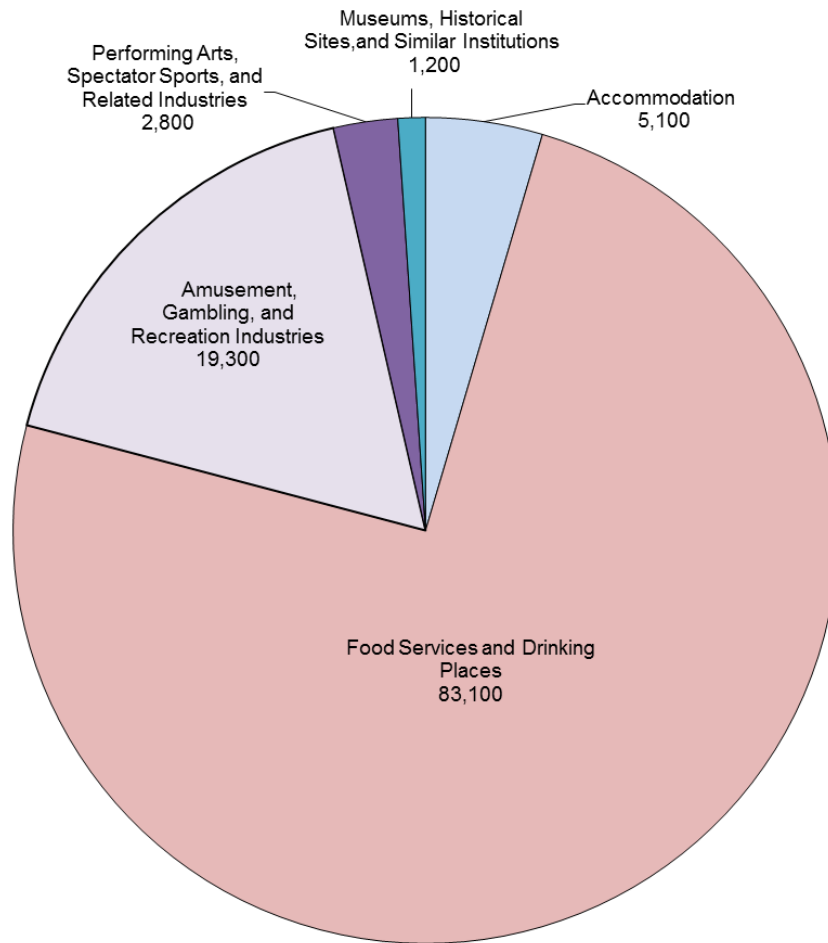
Private service providing sectors are projected to add 534,300 jobs, generating 81 percent of all nonfarm growth. Sixty-nine percent of job growth in the private service providing sectors is forecasted to occur in educational services (private), health care, and social assistance; professional and business services; and leisure and hospitality. These three sectors combined comprise 56 percent of total nonfarm job growth.

Educational services (private), health care, and social assistance is projected to add 134,000 jobs (5.3 percent). The ambulatory health care services industry is projected to lead job gains by adding 50,000 jobs (6.4 percent) during the projection period.

The professional and business services sector is projected to add 123,400 jobs (4.8 percent). Within this sector, employment services is projected to add 26,500 jobs with a 5.7 percent growth rate. Computer systems design and related services is expected to add 20,100 jobs (6.6 percent). Management, scientific, and technical consulting services is expected to add 15,200 jobs (7.2 percent).

The leisure and hospitality sector is expected to add 111,500 jobs (5.8 percent). Within this sector, food service and drinking places is projected to add 83,100 jobs. Amusement, gambling, and recreation industries is projected to add 19,300 jobs. Accommodation is expected to add 5,100 jobs. Food service and drinking places account for 75 percent of the projected job growth in the leisure and hospitality industry, as shown in Figure 4.

Figure 4. Leisure and Hospitality Projected Job Growth Between 2016 Second Quarter - 2018 Second Quarter

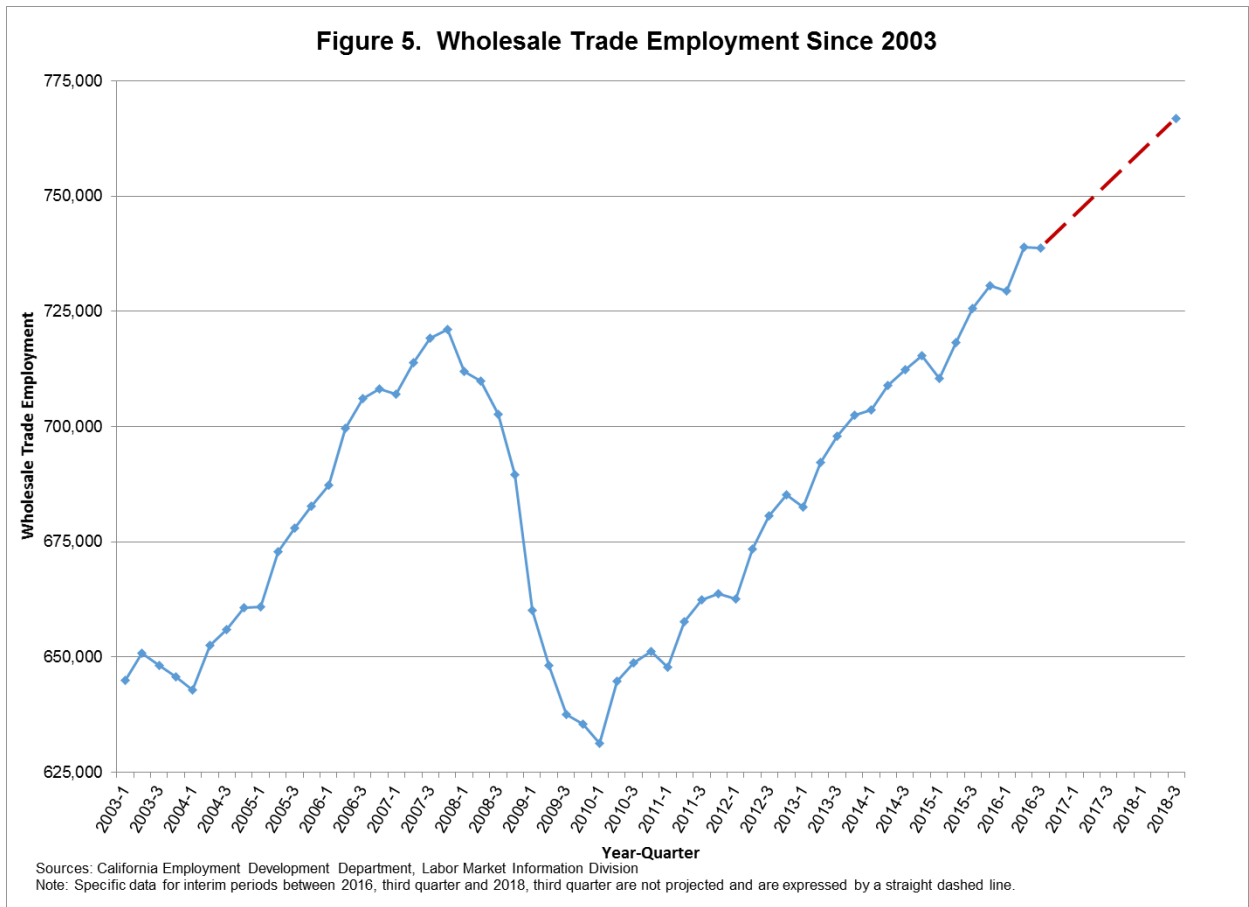


Source: California Employment Development Department, Labor Market Information Division

Government employment is projected to gain 78,000 jobs, with a growth rate of 3.0 percent. Local government is projected to gain the most jobs, adding 64,300 jobs (3.6 percent). Local government represents 70 percent of the 2.6 million public sector employment in California.

The financial activities sector is projected to gain 26,400 jobs with a growth rate of 3.3 percent during the projection period. Real estate is projected to gain the most jobs (14,200) and accounts for 54 percent of the job gains in the financial activities sector.

Wholesale trade is projected to grow by 28,200 jobs, with an 11,900 job increase projected in merchant wholesalers, nondurable goods. By July 2015, the sector recovered all jobs lost between December 2007 and January 2010, and is projected to steadily increase through the projection period, as shown in Figure 5.



Retail trade is expected to grow by 50,200 jobs, with 78 percent of the projected job growth concentrated in motor vehicle and parts dealers; food and beverage stores; and general merchandise stores. Within the motor vehicle and parts dealers subsector, automobile dealers alone is projected to increase employment by 13,300 during the projection period.

California's employment projections are developed based on the second quarter of 2016 (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 [2016-2018 California industry and occupational projections](#) are available online.

Produced by: Employment Development Department
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