BEACON ECONOMICS

PLACER FOOTHILLS REGION **EMPLOYMENT PROFILE**

SEPTEMBER
2018

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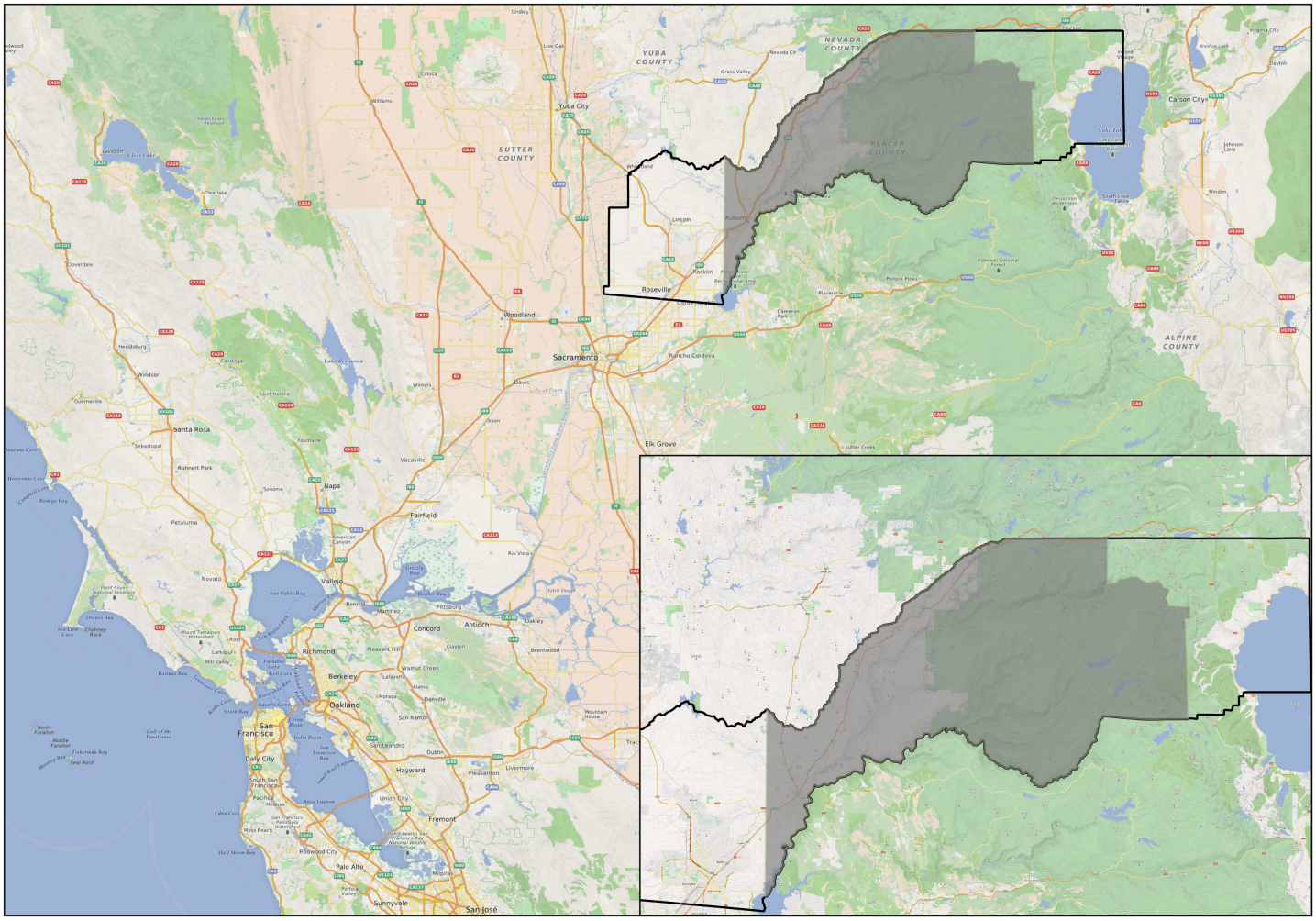
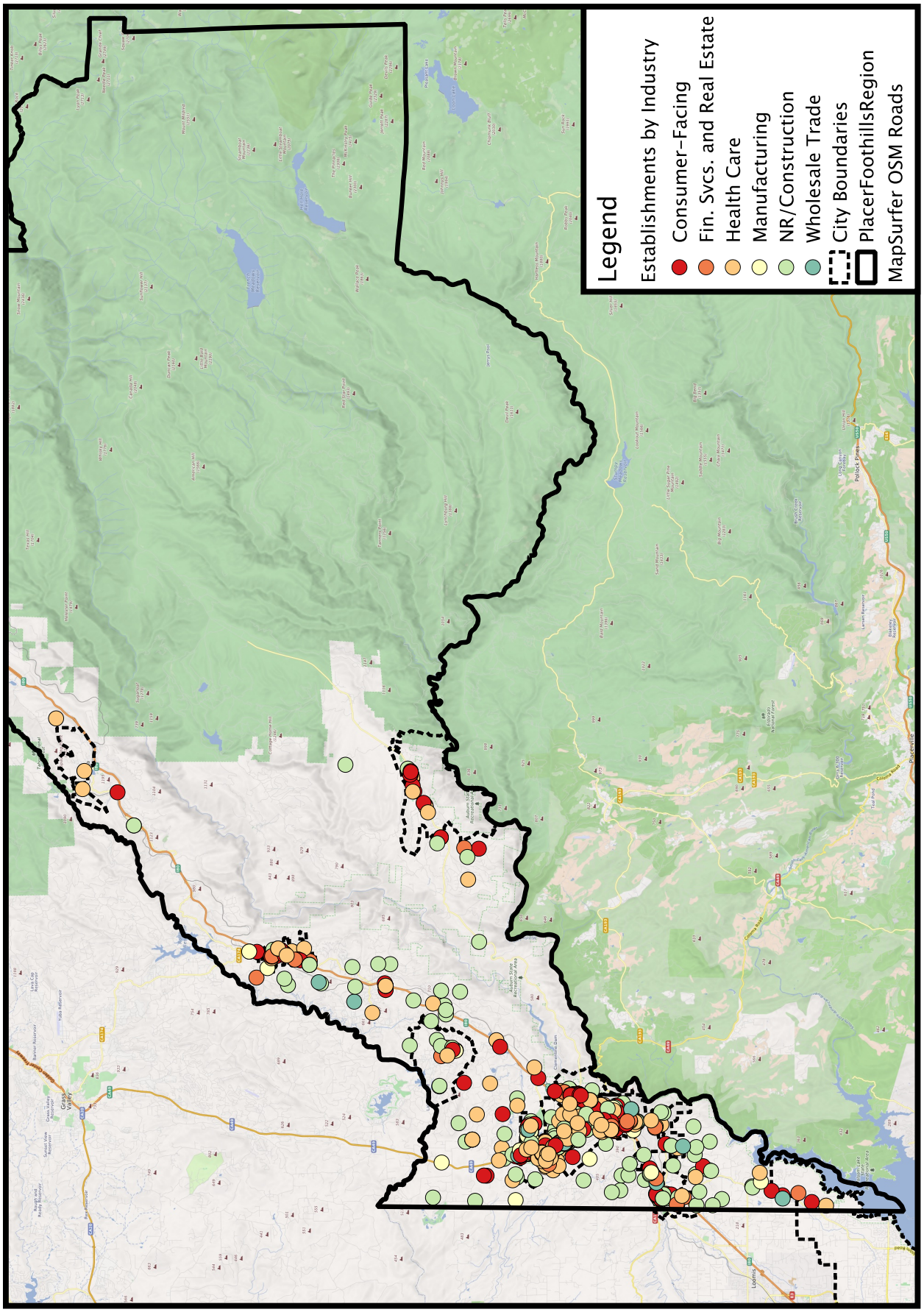
The Region



The Foothills Region boundary was provided by Placer County Office of Economic Development, delineating the Foothills Region of Placer County in this report.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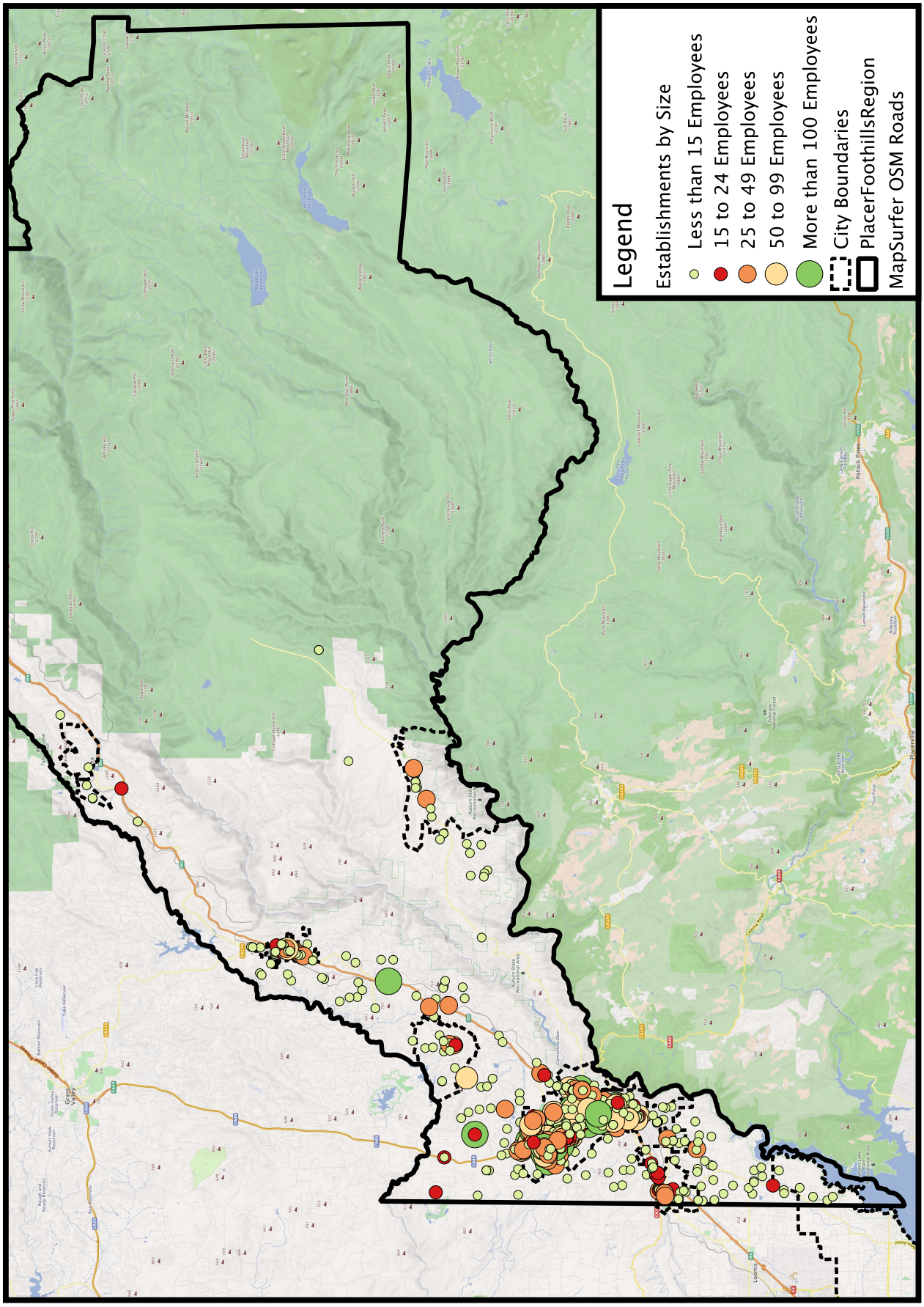
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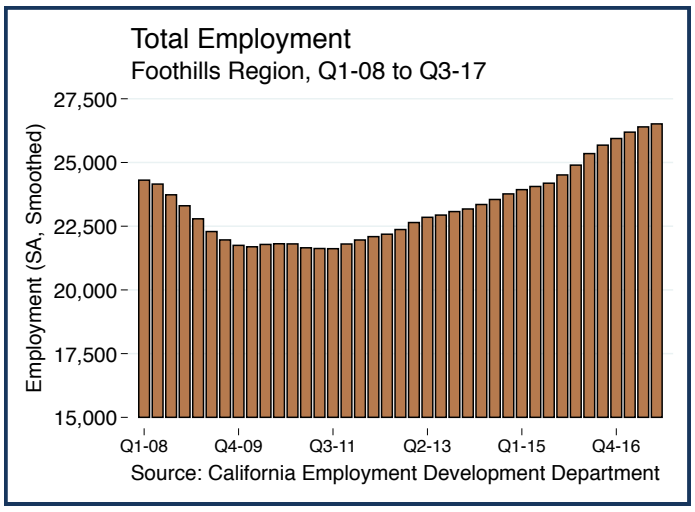
Introduction

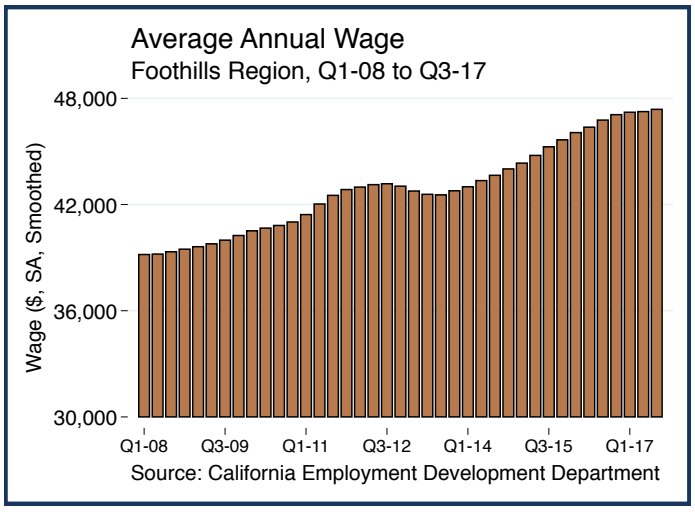
The purpose of this report is to facilitate a focused dialogue on the economic environment of the Foothills Region of Placer County, and to provide timely quantitative indicators for the County, its regions, and its cities. It begins with a brief summary of employment trends in the Foothills Region, then delves into granular industry employment and wage levels for the region's core industries, including Healthcare, Retail Trade, Financial Services and Real Estate, Natural Resources and Construction, and Leisure and Hospitality. When added to the companion reports on the South Placer County Region and the Tahoe Region, the result is a detailed employment profile for the entire County.

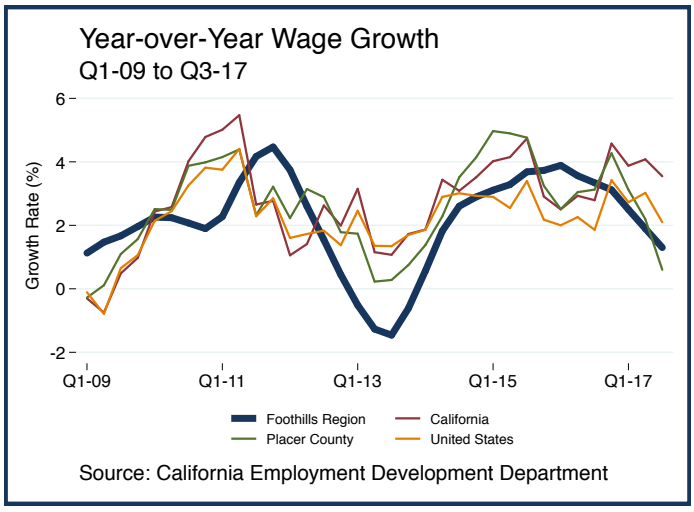
Overview



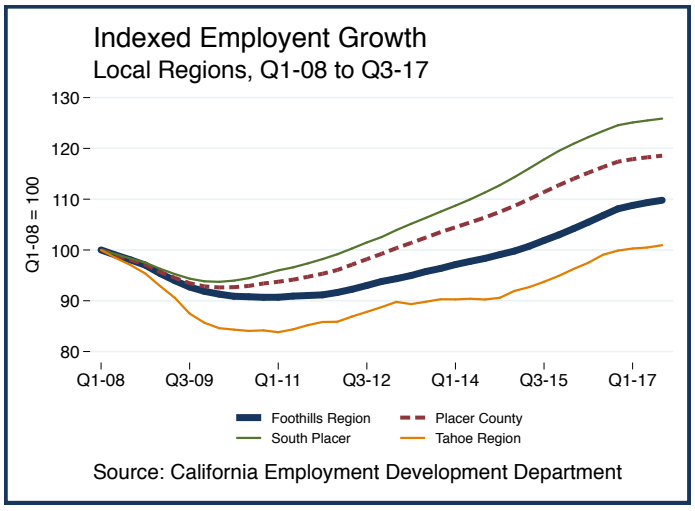
The Great Recession affected employment in the Foothills Region a little later than in the broader economy. Total private employment in the region reached its lowest point towards the end of 2011, more than two years after the national recession had officially ended. Employment in the Foothills Region declined by more than 12% from the beginning of 2008 to the third quarter of 2011, when employment reached its low-point. As of the third quarter of 2017 (the latest data available) the Foothills Region has added nearly 5,000 jobs, a gain of almost 23% from low-point to current employment levels. Employment in the Foothills Region stood at 26,500 jobs in the third quarter of 2017, and surpassed its previous peak of 24,300 jobs at the end of 2015. The Great Recession affected a number of industries in the Foothills Region, but the magnitude of the impact varied from industry to industry, with some showing greater resiliency than others. A detailed analysis of selected industries will be presented in the following sections.

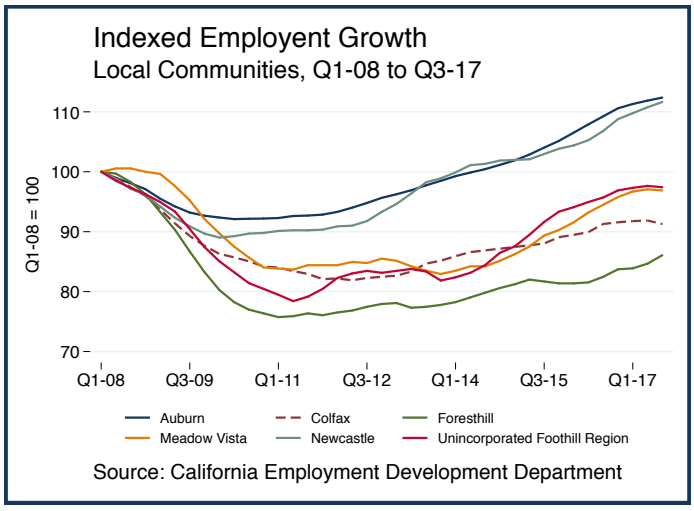
Compared with the County and the State of California overall, the Foothills Region has seen impressive growth in payrolls since mid-2016. Total employment growth in the Foothills Region has largely tracked the County's economy, but at a marginally slower pace. Despite a minor deceleration in growth since mid-2016, the Foothills Region is still growing at a considerably faster rate – 3.2% from the third quarter of 2016 to the third quarter of 2017 – compared to the County (+2.3%), State (+1.9%), and Nation (1.4%).





In general, the eastern regions of Placer County have recovered more slowly than South Placer County, which shares a border with Sacramento County and has contributed to growth across the broader Sacramento-Roseville-Arden metro area. Total employment in South Placer County has grown by nearly 25% since the beginning of 2008, compared to under 20% in the Foothills Region. Employment in the Tahoe Region of the County surpassed its peak only recently after experiencing sharper declines in employment during the recession.





When looking at Census-designated places and incorporated cities, there are a few top performing areas that have been responsible for the recovery in the Foothills Region. One is the City of Auburn, which lies in the Foothills Region but is relatively close to the South County. Another is the portion of the Community of Newcastle that lies within the boundaries of the Foothills Region. It should be emphasized that roughly 85% of employment in the Foothills Region is located in Auburn. During the five-year period from the third quarter of 2012 to the third quarter of 2017, the City of Auburn increased total payrolls by 18.6%, slightly less than the 21.7% rate of growth that occurred in the Community of Newcastle. Together these communities accounted for 85% of jobs added in the Foothills Region during that same five-year period. The

Community of Newcastle also boasts the highest average wage, at $54,700, 15% higher than the average annual wage for all employees in the Foothills Region.

Total Employment by City/Census-designated Place, Q3-17

CDP	Employment			Avg. Annual Wage	
	Jobs (000s)	5-Year Change	5-Year Growth (%)	Level ($000s)	5-Year Growth (%)
Auburn	22.3	+3,494	+18.6	49.7	+18.8
Newcastle	1.0	+181	+21.7	54.7	+29.4
Colfax	1.0	+94	+10.9	31.5	+0.6
Unincorporated	0.9	+130	+16.7	43.4	+22.3
Foresthill	0.6	+55	+11.1	42.9	+17.2
Meadow Vista	0.5	+66	+14.3	39.1	+8.8
Foothills Region	26.5	+4,329	+19.5	47.5	+8.5

Source: California Employment Development Department.

Much of the growth that has occurred in the City of Auburn was led by three of the City's largest industries – Government, Retail Trade, and Health Care. Together these sectors were responsible for roughly half of the jobs created between the third quarter of 2012 and the third quarter of 2017. The next largest industry is Leisure and Hospitality, which has grown at a solid rate, increasing by 20.0% over that same five-year period, and growing more than 31.0% from trough to current levels.

As with employment, annual wages in the Foothills Region have grown at a steady rate. However, the pace of wage growth in the region has decelerated over the course of recent quarters, in line with the trend for the rest of the County. From the third quarter of 2016 to the third quarter of 2017, the average annual wage in the Foothills Region increased by 1.7% to $47,500, compared to 0.4% in the County of Placer and 3.5% in the state overall. The slowdown in wage growth is not necessarily a cause for concern. We view the slowdown as largely a transitory development. In fact, while job gains at the lower end of the pay scale can offset growth in average wages, wages paid to workers in the Foothills Region on an industry-by-industry basis grew in all but two industries in the third quarter of 2017.

Private Employment by Establishment Size in Foothills Region, Q3-17

Category	Establishment Count*	Employment (000s)	5-Year Employment	
			Change	Growth (%)
Less than 15 Employees	693	6.9	+1,220	+21.4
15 to 24 Employees	123	2.7	+716	+36.2
25 to 49 Employees	94	3.6	+704	+24.4
50 to 99 Employees	38	2.7	+464	+20.6
More than 100 Employees	20	3.5	+783	+28.5
Total	968	19.5	+3,886	+24.9

Source: California Employment Development Department.
*Measures establishments with 3 or more employees.

The trends that have typified the economic expansion in the Foothills Region are visible in establishments of all types and sizes. Over the last five-year period, ending in the third quarter of 2017, employment growth was strongest in establishments that employ 15 to 24 people. The second fastest growing category was larger establishments that employ more than 100 workers, which grew payrolls by 28.5%. However, in

absolute terms, the bulk of jobs created were in establishments that employ less than 15 employees, which accounted for close to a third of all new jobs created.

Establishment Distribution in Foothills Region

Industry	Number of Establishments*	Share of Total (%)	
		Foothills Region	Placer County
Admin Support	44	4.2	5.3
Education	13	1.2	1.5
Fin. Svcs. and Real Estate	64	6.1	10.1
Health Care	156	14.8	12.9
Information	15	1.4	1.1
Leisure and Hospitality	153	14.5	14.8
Manufacturing	48	4.5	3.2
NR/Construction	127	12.0	11.9
Other Svcs.	72	6.8	6.8
Prof, Sci, Tech, and Mgmt	83	7.9	9.0
Retail Trade	146	13.8	14.4
Transport/Warehouse/Util	17	1.6	1.5
Wholesale Trade	31	2.9	3.0
Total Private	968	91.8	95.5
Government	87	8.2	4.5
Total 2017 YTD	1,055	100.0	100.0

Source: California Employment Development Department.
*Measures establishments with 3 or more employees.

This broad-based growth is a good sign for the local economy since gains among smaller establishments are more likely to reflect jobs that are in the Foothills Region and are more likely to be filled by local residents. Larger establishments tend to report jobs in the region that are based elsewhere because of how unemployment insurance is reported to the State.

Strong employment growth reflects the emergence of new establishments in the region as well as expanding payrolls at existing companies. Since 2010, there has been a net increase of 179 new establishments in the Foothills Region, adding a total of 2,256 jobs during their first year of operation. Gains in the number of new establishments appeared to have tapered off in 2015, but rebounded strongly in 2016. Forty-two new establishments brought 693 new jobs in 2016, but the net change in establishments through the first three quarters of 2017 was negative, with a loss of four establishments and a marginal decrease of 33 jobs.

Through the first three quarters of 2017 there were a total of 1,055 establishments in the Foothills Region. Health Care, the largest industry in the Foothills Region in terms of total jobs, also comprised the largest share of total establishments at 14.8%. For the county as a whole, the largest industry in terms of establishment counts was Leisure and Hospitality at 14.8%. The Foothills Region had a very high share of Government establishments relative to the County. While there were only 87 in total, this constituted 8.2% of all establishments compared to 4.5% in the County overall. This is to be expected, as the Foothills Region is home to the City of Auburn, the County seat of Placer. Many of the remaining industries in the Foothills Region have a similar concentration of establishment counts when compared to the County, with the exception of Financial Services and Real Estate. This sector comprised 6.1% of total establishments compared

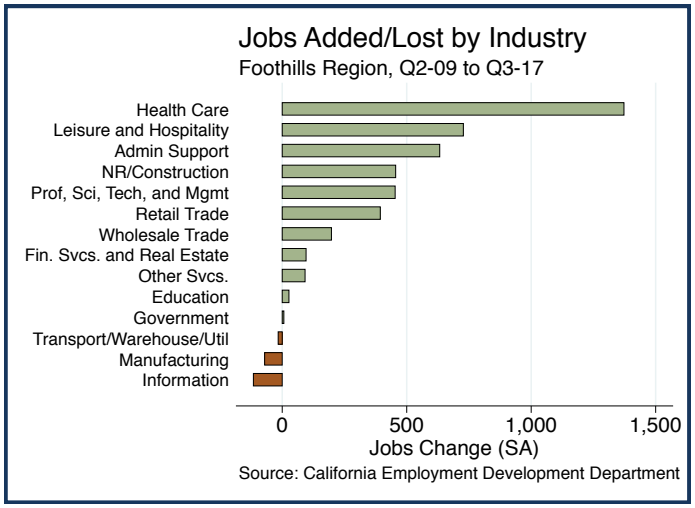
to 10.1% at the County level. The majority of these establishments are in the Real Estate sector. In general, financial jobs have experienced downward pressure across the state and nation recently, mainly due to consolidation in banking.

Establishment Births/Deaths in Foothills Region, 2010 to Q3-17

Year	Establishment Count*			Private Employment		
	Birth	Death	Net	Gain	Loss	Net
2010	58	36	+22	456	101	+356
2011	63	52	+11	351	431	-80
2012	74	30	+44	709	217	+492
2013	57	38	+19	609	172	+437
2014	74	43	+31	477	282	+195
2015	63	49	+14	388	192	+196
2016	80	38	+42	835	143	+693
2017 YTD	33	37	-4	249	281	-33
Period Total	502	323	+179	4,075	1,819	+2,256

Source: California Employment Development Department.
*Measures establishments with 3 or more employees.

Industry Analysis



The momentum of today's economy is reflected in most industries in the Foothills Region, the largest gains being in those industries that have led the statewide economy in recent years. Between Q2-2009 and Q3-2017, Health Care saw the largest increase in jobs, distantly followed by Leisure and Hospitality, and Administrative Support. These three industries also saw the largest job gains at the state level, and in that same order. By comparison, employment in Transportation/Warehousing/Utilities, Wholesale Trade, and Information declined modestly, losing a combined 37 jobs. These trends are largely the same at the County level. In Placer County, job growth between Q2-2009 and Q3-2017 occurred in all but Information and Manufacturing. Transportation/Warehousing/Utilities experienced a net increase in jobs over the same period, while the industry in the Foothills Region was marginally down. In terms of absolute gains, Health Care also topped the list for Placer County, followed by Natural Resources and Construction,

and then Administrative Support. Put simply, more construction activity occurred in South Placer, which elevated employment levels at the County level.

Private sector employment in the Foothills Region grew by 4.5% year-over-year from the third quarter of 2016 to the same period in 2017, nearly twice the rate for the county as a whole. Over the same period, the region added 834 jobs, largely in Construction and Health Care, which added 317 and 170 jobs respectively. The Government sector remained unchanged at 7,000 workers, nearly twice the concentration of government jobs as the state overall. The concentration of Government jobs is probably down to the Auburn Area, which not only includes the county seat, but is also home to many local government agencies throughout unincorporated Placer County. In terms of private employment, Retail Trade had the highest concentration of jobs, 1.3 times more than the state average. Employment in Information and Transportation/Warehousing/Utilities had the lowest share in the Foothills Region, compared to the average for the state.

Total Employment in Foothills Region by Industry, Q3-17

Industry	Total Employment (000s)	1-Year Growth				Location Quotient*
		Foothills Region	Foothills Region (%)	County Total (%)	California (%)	
NR/Construction	1.9	+317	+19.5	+4.8	+2.8	1.0
Health Care	4.2	+170	+4.2	+4.1	+4.2	1.2
Leisure and Hospitality	3.2	+101	+3.3	+3.7	+2.6	1.0
Other Svcs.	0.8	+60	+8.2	+8.1	-3.3	0.8
Prof, Sci, Tech, and Mgmt	1.4	+58	+4.3	+5.2	+1.2	0.6
Admin Support	1.2	+53	+4.7	+4.9	+2.3	0.7
Fin. Svcs. and Real Estate	1.2	+50	+4.2	-0.7	+1.0	1.0
Manufacturing	0.8	+27	+3.6	-9.5	+0.8	0.4
Retail Trade	3.3	+23	+0.7	+1.7	+0.7	1.3
Education	0.3	+14	+4.4	+2.9	+2.5	0.7
Information	0.3	-6	-2.3	-2.3	+1.4	0.3
Transport/Warehouse/Util	0.2	-6	-2.7	-7.9	+6.8	0.2
Wholesale Trade	0.7	-25	-3.5	-0.0	+0.5	0.6
Total Private	19.6	+834	+4.5	+2.4	+2.0	-
Government	7.0	+0	+0.0	+1.5	+0.9	1.8
Total	26.5	+834	+3.2	+2.3	+1.8	-

Source: California Employment Development Department.
*Measures the concentration of an industry in the Foothills Region relative to the concentration of the industry in California.

Wages grew across all industries, as they did in the state and the County overall. Despite the rise in employment in Health Care – or possible because of it – the Health Care industry saw the lowest average wage growth (5.6%), from Q2-2009 to Q3-2017, compared to every other sector. The same was true for the County overall, but Health Care was the third fastest growing in terms of wage increases at the state level. This is due to Health Care having both low and high wage sectors, making it subject to fluctuations in wage growth in either direction, depending on the mix of jobs added. Leisure and Hospitality, Natural Resources/Construction, Financial Services and Real Estate, Other Services, Information, and Transportation/Warehousing/Utilities fared far better, growing wages upwards of 30% over the same period. Financial Services and Real Estate experienced the largest increase in wages Q2-2009 to Q3-2017, whereas

Wholesale Trade took the top spot in Placer County overall, followed by Other Services and then Financial Services and Real Estate.

Avg. Annual Wages in Foothills Region by Industry, Q3-17

Industry	Total Payrolls ($Millions)	Avg. Annual Wage ($000s)	1-Year Growth			Relative Wage (%)*
			Foothills Region (%)	County Total (%)	California (%)	
Information	4.4	65.9	+2.5	+7.7	+13.7	-61.0
NR/Construction	29.7	62.0	+7.7	+3.5	+3.7	+8.8
Wholesale Trade	10.4	58.8	+0.1	+4.1	+2.8	-25.4
Prof, Sci, Tech, and Mgmt	20.0	58.0	+0.7	+3.7	+2.9	-51.5
Fin. Svcs. and Real Estate	15.9	53.5	-0.9	-5.9	+5.0	-49.1
Manufacturing	9.8	51.0	+2.8	-3.9	+4.7	-44.8
Admin Support	14.5	50.0	+3.5	-2.5	+3.6	+11.9
Health Care	47.8	43.8	-1.7	+1.1	+0.8	-12.7
Transport/Warehouse/Util	2.7	43.0	+11.2	+10.3	+1.0	-30.1
Other Svcs.	7.4	35.4	+6.1	+0.7	+7.6	-18.8
Retail Trade	28.8	34.0	+0.2	+1.8	+1.4	-3.2
Education	2.0	23.5	+1.2	+6.8	+2.4	-55.9
Leisure and Hospitality	15.7	19.0	+3.8	+3.8	+3.2	-34.9
Total Private	209.0	42.3	+2.2	+0.4	+3.8	-35.4
Government	110.5	61.8	+1.8	+0.8	+2.2	-8.7
Total	319.5	47.5	+1.7	+0.4	+3.5	-28.0

Source: California Employment Development Department.
*Measures the wage of an industry in Placer County relative to the wage of the industry in California.

Transportation/Warehousing and Utilities, Natural Resources and Construction, and Other Services,[1] and Leisure and Hospitality were the best performers in terms of year-over-year wage growth. Wages for Transportation/Warehousing/Utilities grew 11.2% from the previous year, the highest percent change for all industries in the Foothills Region. Financial Services and Real Estate, Healthcare, Education, Manufacturing, and Government were the worst performers in terms of wage growth. Average Health Care wages declined 1.7%, a likely byproduct of the large number of new Health Care jobs added in lower wage subsectors.

Information had the highest wages, even though they were 61% lower than the California average for the Information Industry. This is probably due to differences between the mix of individual industries within the Foothills' Information Industry group and the state as a whole. For example, tech-related sectors are heavily represented in Information job counts statewide because of the concentration of tech firms in regions such as the Silicon Valley and San Francisco. These firms have a much smaller presence in the Foothills Region. Relative to the state, Natural Resources/Construction and Administrative support were the only industries with higher wages for their respective sectors.

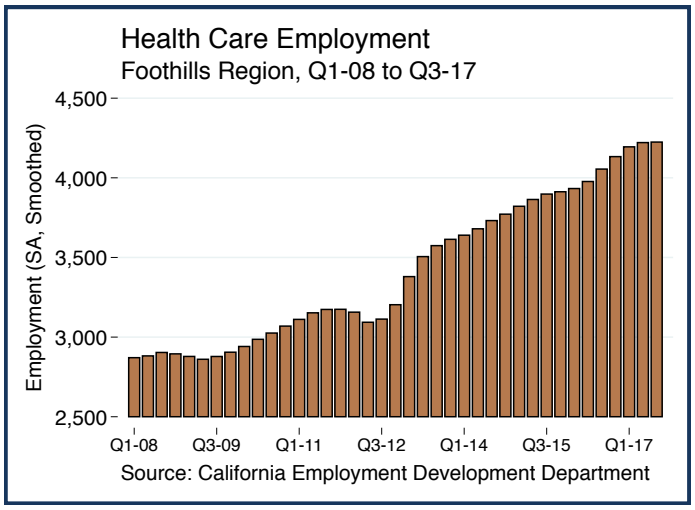
Overall, the average wage in the Foothills Region is 28% lower than the state average. Education posted the second lowest average annual wage at $23,500, which was 55.9% lower than the average Educational wage in California. The Leisure and Hospitality Industry had the lowest average annual wages for any industry in the Foothills Region at $19,000, due in part to the part-time nature of employment for many workers in

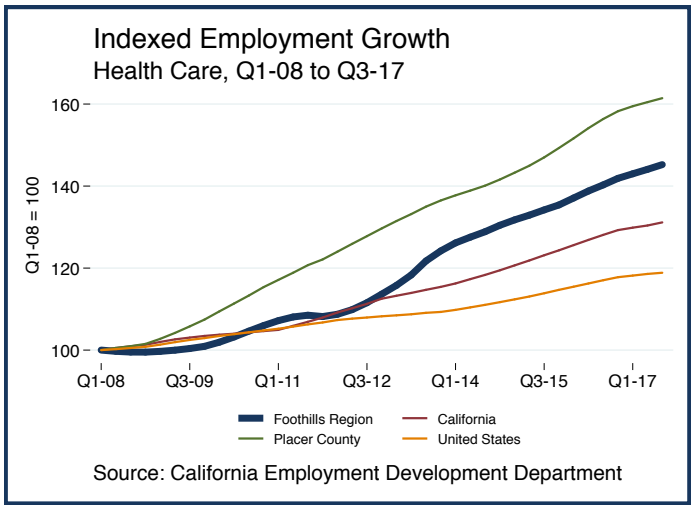
[1] As well as the nonprofit sector, this industry category includes personal and household services such as hair-styling and auto repair.

this industry. While these wages were up 3.8% from the previous year, they were still 34.9% lower, relative to the Industry for California. The Foothills Region average wage grew faster than the County of Placer, but at +1.7% lagged the California average wage growth of +3.5%.

Industry Analysis

Health Care





The Health Care and Social Services industry is a primary component of the Foothills economy. The largest industry in the Foothills Region, Health Care accounted for more than 20% of all jobs in the private sector, compared with 15.3% of all priavte jobs in California. Driven in part by a growing population, the Health Care industry has provided a solid foundation for the local economy and continues to expand payrolls at a steady clip. Over the last five years, Heath Care employment in the Foothills Region has grown 35.7%, compared to 18.5% for California and 10.9% for the country overall. However, the Foothills Region saw a decrease in Health Care's average annual wage, while most other regions in California saw an increase. The average annual Health Care wage in Foothills is $43,800, lower than the average for California ($69,100) and the U.S. ($48,900). The Health Care industry includes a mix of both well-paying jobs and relatively low-wage positions, and the Foothills Region has increased payrolls at a faster rate in the lower-wage sector of Nursing and Residential Care, which brings the average wage level down.

Health Care's employment base has grown steadily in the Foothills Region since the end of the economic downturn in June 2009. Health Care is generally regarded as a "recession proof" industry and tends to retain jobs during a downturn, whereas most industries experience a moderate contraction in employment levels. Growth in payrolls are in line with the trend for the Health Care industry statewide, which continues to add jobs consistently to accommodate an aging and expanding population base. Health Care employed 47% more workers in the third quarter of 2017 than in the third quarter of 2009. While Healthcare saw the largest absolute job gains compared with other industries in the last five years, employment gains have slowed down significantly since the beginning of 2017.

Health Care Employment by Subsector, Q3-17

Subsector	Employment			Avg. Annual Wage	
	Jobs (000s)	5-Year Change	5-Year Growth (%)	Level ($000s)	5-Year Growth (%)
Ambulatory Health Care Svcs.	1.4	+291	+25.6	62.6	+13.9
Social Assistance	1.1	+429	+63.0	17.2	+0.7
Nursing and Residential Care	1.1	+507	+84.9	34.6	+12.8

Source: California Employment Development Department.

Total Employment Comparison: Health Care, Q3-17

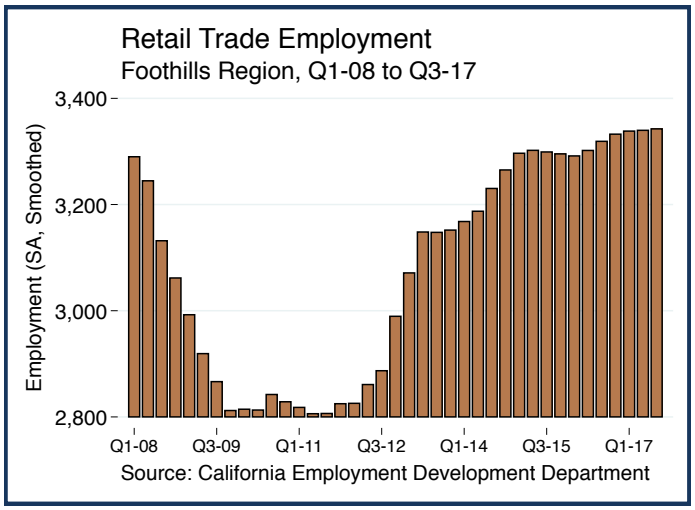
Location	Employment			Avg. Annual Wage	
	Jobs (000s)	5-Year Change	5-Year Growth (%)	Level ($000s)	5-Year Growth (%)
National	19,393.0	+1,910,563	+10.9	48.9	+11.0
California	2,255.0	+352,585	+18.5	50.2	+8.9
Placer	25.0	+5,448	+27.9	69.1	+13.3
Foothills Region	4.2	+1,112	+35.7	43.8	-2.4

Source: California Employment Development Department.

About a third of the employment gains has been concentrated in Nursing and Residential Care, followed by Social Assistance and Ambulatory Health Care Services. Ambulatory Health Care Services has seen the highest five-year annual wage growth (+13.9%) and has the highest average annual wage ($62,600), almost twice as high as the average annual wage for Nursing and Residential Care ($34,600) and more than three times higher than Social Assistance ($17,200), a sector that has a relatively large number of part-time workers. Overall, wages in Health Care have declined by 2.4% over the last five years, at odds with wage gains in both the County of Placer and the state overall. However, the mix of jobs added can influence wage gains. Over the past five years, the Foothills Region has added 3.2 jobs in Social Assistance and Nursing and Residential for every job it has added in Ambulatory Health Care Services. In other words, roughly 70% of job gains in Health Care have been in lower-paying sectors, bringing the overall average wage down.

Retail Trade

With consumer spending accounting for roughly two-thirds of Gross Domestic Product, trends in the Retail Trade sector serve as an important indicator of overall economic activity across the United States. Establishments engaged in Retail Trade are a major source of low-skill jobs, in addition to being a major conduit for local government revenues via sales and use taxes. Furthermore, the Retail Trade industry has experienced a period of transformation as online retailers compete with traditional brick and mortar establishments. The effects of this can be seen in some of the Foothill's employment statistics, particularly in those for Clothing Stores and General Merchandise Stores.



The Retail Trade industry was among those industries hit hardest in the aftermath of the Great Recession. The Retail Trade sector includes establishments that sell products, such as motor vehicles and clothing, and after-sale services related to these products, such as cleaning or repair. Retail Trade establishments sell their products and services directly to customers, which may include individuals and businesses. Additionally, Retail Trade establishments deal in smaller quantities than the bulk sales of Wholesale Trade. Locally, employment in Retail Trade hit a low-point of 2,800 jobs between 2009 and 2011, but had mostly recovered since the third quarter of 2011 thanks to a rapid period of growth from the third quarter of 2012 to the third quarter of 2013. Employment has since surpassed its pre-recession peak in the first quarter of 2017 and has added about 500 jobs compared to its lowest point.

Retail Trade Employment by Subsector, Q3-17

Subsector	Employment			Avg. Annual Wage	
	Jobs (000s)	5-Year Change	5-Year Growth (%)	Level ($000s)	5-Year Growth (%)
Food and Beverage Stores	0.8	+87	+12.0	28.1	-1.6
Motor Vehicle and Parts Dealers	0.6	+45	+8.0	52.4	+23.8
Building Material and Garden Supply Stores	0.5	+237	+85.3	30.5	+8.2
Miscellaneous Store Retailers	0.3	+96	+42.9	42.6	+102.0
General Merchandise Stores	0.2	-73	-23.6	19.5	+17.4
Health and Personal Care Stores	0.2	+29	+14.1	37.5	+7.3
Gasoline Stations	0.2	+9	+5.0	26.1	+26.0
Clothing and Clothing Accessories Stores	0.2	-17	-9.7	21.6	+17.6
Sports, Hobby, Music Instrument, Book Stores	0.1	+28	+62.2	20.0	+18.1

Source: California Employment Development Department.

There is a variety of subsectors in the Retail Trade industry, all of which tend to have a high concentration of part-time and low-skill employment, and therefore relatively low wages. Food and Beverage Stores employed the most workers (800 jobs) in this industry and has increased employment levels 12% in the last five years. The Building Material and Garden Supply Stores subsector added 237 jobs, which constituted both the largest absolute and largest percentage increase in payrolls over the last five years. During the same period, employment increased in most subsectors, with the exception of General Merchandise Stores and Clothing (-23.6%) and Clothing Accessories Stores (-9.7%). Motor Vehicle and Parts Dealers pays the

highest average annual wage ($52,400), significantly higher than the other subsectors and the industry average of $34,000. General Merchandise Stores paid less than $20,000, which makes it the lowest wage sector in this industry. Miscellaneous Store Retailers experienced the highest wage growth – in excess of 100% – over the last five years.

Total Employment Comparison:Retail Trade, Q3-17

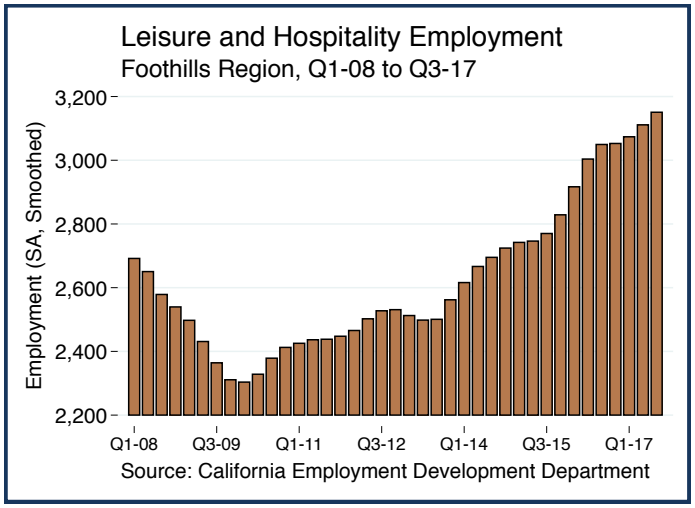
Location	Employment			Avg. Annual Wage	
	Jobs (000s)	5-Year Change	5-Year Growth (%)	Level ($000s)	5-Year Growth (%)
National	15,842.2	+1,010,196	+6.8	31.0	+12.1
California	1,680.6	+118,306	+7.6	35.1	+8.6
Placer	22.7	+2,452	+12.1	33.7	+8.7
Foothills Region	3.3	+455	+15.8	34.0	+17.9

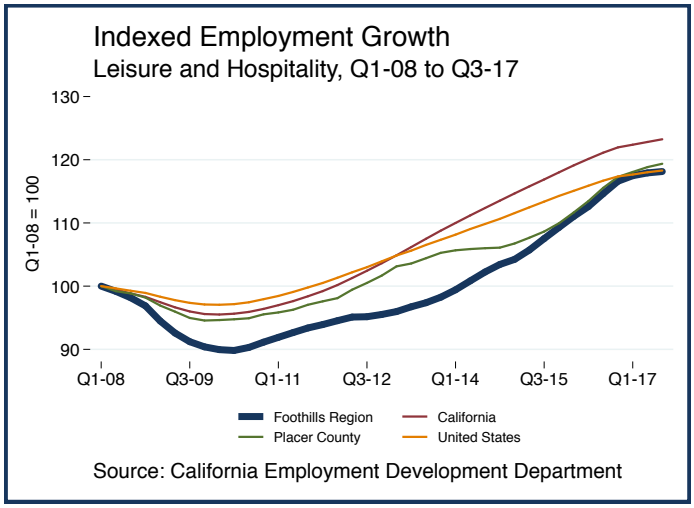
Source: California Employment Development Department.

In the past five years, Retail Trade in the Foothills Region experienced larger employment and wage percentage gains than Placer County, California and the U.S. overall, although this is due in part to the relatively small employment base in the region. Moreover, the average wage for this industry is higher than in Placer county and at the national level, but slightly lower than California.

Leisure and Hospitality

Taken together, Retail Trade and Leisure and Hospitality are major components of the Tourism industry, one of the region's key external industries with the potential to drive future economic growth. These industries are typically characterized as internal or local population serving industries, but a significant part of the region's activity in these industries may be attributed to tourists and visitors, hence they may also be viewed as external or income generating industries that are a source of economic growth.





Much like Retail Trade, Leisure and Hospitality was hit hard during the aftermath of the Great Recession. Employment levels in the Foothills Region bottomed out at the end of 2009, but have been growing rapidly since then. The industry's employment base grew by 24.7% over the last five years in the Foothills Region,

which surpassed the growth rates of both California (+21.4%) and Placer County (+19.9%). This industry also created the third largest number of jobs after the Health Care and Retail Trade sectors. This is unsurprising given the Foothills Region's unique geographical terrain; with more than half of it comprised of hills and mountains, it is a highly popular tourist destination. Even so, the overall wage level in Leisure and Hospitality remains lower than in Placer County and California, although wages grew notably faster in the Foothills Region (+26.2%) than the County (+19.2%) and the State (+16.4%).

Leisure and Hospitality Employment by Subsector, Q3-17

Subsector	Employment			Avg. Annual Wage	
	Jobs (000s)	5-Year Change	5-Year Growth (%)	Level ($000s)	5-Year Growth (%)
Food Svcs. and Drinking Places	2.5	+568	+29.0	18.6	+26.3
Amusements, Gambling, and Recreation	0.4	+59	+18.7	19.0	+22.3
Accommodation	0.2	+1	+0.4	24.1	+37.2

Source: California Employment Development Department.

Total Employment Comparison: Leisure and Hospitality, Q3-17

Location	Employment			Avg. Annual Wage	
	Jobs (000s)	5-Year Change	5-Year Growth (%)	Level ($000s)	5-Year Growth (%)
National	15,931.2	+2,176,148	+15.8	23.1	+15.1
California	1,940.1	+341,614	+21.4	29.2	+16.4
Placer	23.3	+3,870	+19.9	22.1	+19.2
Foothills Region	3.2	+623	+24.7	19.0	+26.2

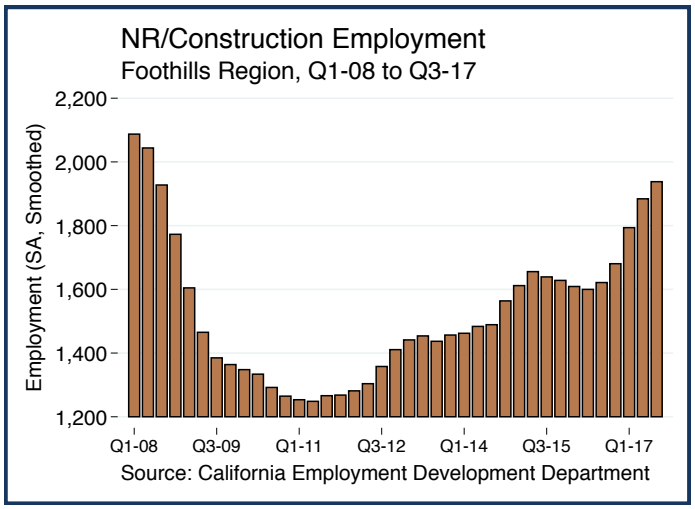
Source: California Employment Development Department.

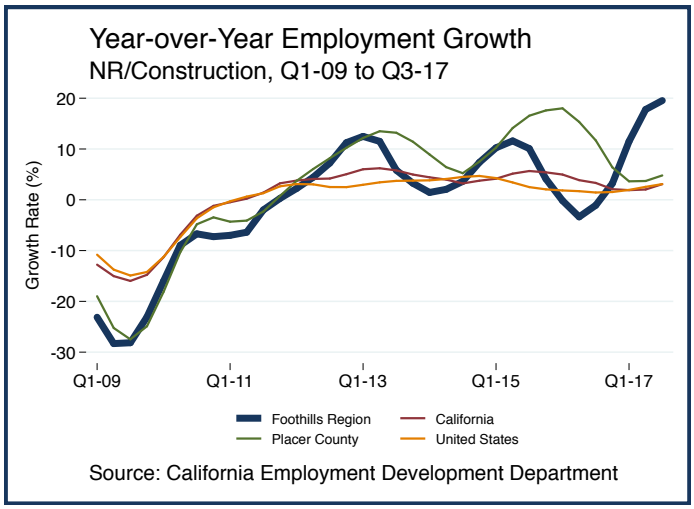
The Leisure and Hospitality industry is comprised of three major subsectors: Food Services and Drinking Places, Amusements, Gambling and Recreation, and Accommodation. A sizeable majority of the job gains in the region occurred in the Food Services and Drinking Places subsector, with employment levels up 29% over the last five years. The Amusements, Gambling and Recreation subsector added a relatively modest 59 jobs, which represents a 18.7% increase, while the Accommodation subsector remained roughly unchanged. Although wages in those three subsectors experienced some growth in the last five years, the average is still very low, with Food Services and Drinking Places paying just $18,600 annually.

Natural Resources and Construction

The Natural Resources and Construction industry in the Foothills Region is comprised primarily of construction-related establishments. Employment bottomed out around the first quarter of 2011 and still has not surpassed pre-recession levels. This is in keeping with many, if not most, counties across California, and with the state as a whole, which lost a third of its jobs during the Great Recession and has yet to fully recover them. In the third quarter of 2017, industry employment reached 1,900 jobs, slightly lower than the 2,100 jobs posted in the first quarter of 2008. Construction activity in the Foothills Region began to pick up in early 2012, and has experienced a rapid acceleration in employment in the last year. From the third quarter of 2016 to the third quarter of 2017, employment in Natural Resources and Construction in the Foothills Region increased 19.5%, making it the fastest growing industry by a wide margin. Con-

struction activity is volatile, but construction is an important leading indicator of economic activity and a positive sign for future growth.





NR/Construction Employment by Subsector, Q3-17

Subsector	Employment			Avg. Annual Wage	
	Jobs (000s)	5-Year Change	5-Year Growth (%)	Level ($000s)	5-Year Growth (%)
Specialty Trade Contractors	1.3	+394	+42.7	60.7	+27.2
Construction of Buildings	0.3	+91	+40.6	60.4	+17.5
Heavy and Civil Engineering Construction	0.2	+52	+38.2	72.0	+27.1

Source: California Employment Development Department.

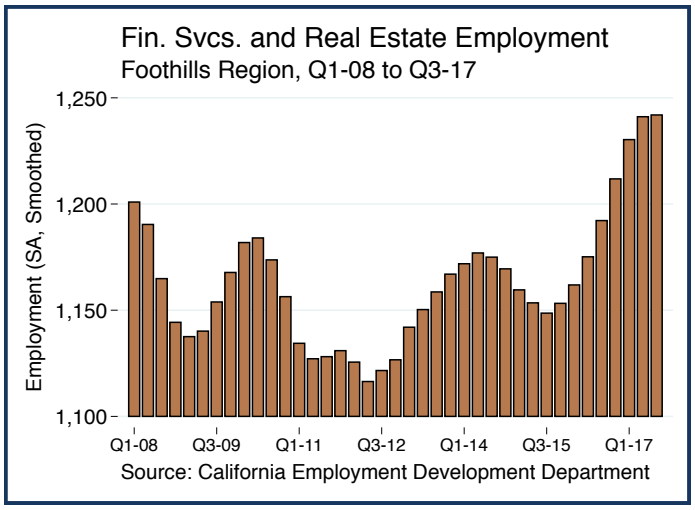
Total Employment Comparison: NR/Construction, Q3-17

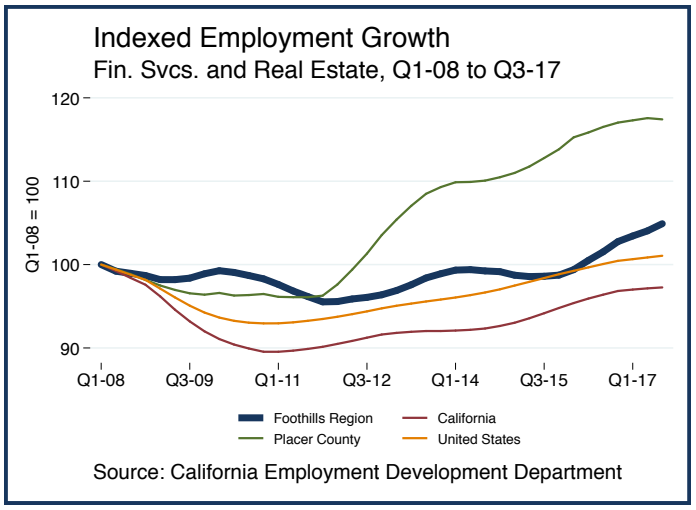
Location	Employment			Avg. Annual Wage	
	Jobs (000s)	5-Year Change	5-Year Growth (%)	Level ($000s)	5-Year Growth (%)
National	8,806.9	+1,226,904	+16.2	59.7	+12.7
California	1,250.0	+225,694	+22.0	57.0	+19.3
Placer	15.2	+5,838	+62.5	60.6	+17.7
Foothills Region	1.9	+580	+42.7	62.0	+31.7

Source: California Employment Development Department.

In looking at the longer term, most of the job gains within the Natural Resources and Construction industries have been clustered in the Specialty Trade Contractor subsector, which created around 394 jobs in the last five years, adding to a total of 1,300 jobs. This is followed by the Construction of Buildings subsector (+91 jobs) and Heavy and Civil Engineering Construction subsector (+52 jobs). The industry's average annual wage in the Foothills Region is very high ($62,000), higher than national ($59,700) and California ($57,000) levels. The wages surge in this industry over the past five years is greatly contributed by the demand for labor. Among the three subsectors, Heavy and Civil Engineering Construction pays an average of $72,000 per annum, which is significantly higher than the other two subsectors (around $60,000 for each).

Financial Services and Real Estate





Generally speaking, financial jobs have experienced downward pressure across the state and nation recently, mainly due to consolidation in banking. However, Financial Activities, which includes both Finance and Insurance and Real Estate and Rental Leasing, continues to show signs of improvement. Employment in Financial services and Real Estate has been growing overall, although it experienced several relatively small drops in the past several years. The industry has added about 120 jobs in the past five years to slightly more than 1,200 jobs as of the third quarter of 2017, which is around 10% of the total jobs in this industry in Placer county. The five-year growth rate for employment is 10.7%, which is higher than the rate for the U.S. (+7.8%) and California (+6.8%), but lower than Placer County (+16.7%). Although the average annual wage for this industry ($53,500) is higher than the Foothills Region's average for all total private employment ($42,300), this is only about half of California's average annual wage for this industry ($105,000).

Financial Services and Real Estate Employment by Subsector, Q3-17

Subsector	Employment			Avg. Annual Wage	
	Jobs (000s)	5-Year Change	5-Year Growth (%)	Level ($000s)	5-Year Growth (%)
Real Estate	0.7	+137	+22.4	47.9	+34.5
Credit Intermediation	0.3	-12	-4.4	64.0	+7.1
Insurance Carriers	0.1	-7	-5.7	50.7	+9.7
Rental and Leasing Svcs.	0.1	+4	+6.2	36.2	+5.7
Securities, Commodity Contracts, Investments	0.1	+16	+45.7	123.0	+30.0

Source: California Employment Development Department.

Total Employment Comparison: Financial Services and Real Estate, Q3-17

Location	Employment			Avg. Annual Wage	
	Jobs (000s)	5-Year Change	5-Year Growth (%)	Level ($000s)	5-Year Growth (%)
National	8,098.5	+582,690	+7.8	92.9	+14.9
California	826.8	+52,708	+6.8	105.0	+22.5
Placer	12.3	+1,755	+16.7	78.7	+5.7
Foothills Region	1.2	+120	+10.7	53.5	+6.4

Source: California Employment Development Department.

This industry is mainly supported by the Real Estate subsector, which has seen the lion's share of employment gains within the last five years. In that period, 137 jobs were added, creating a total of 700 jobs in the third quarter of 2017. However, Credit Intermediation and Insurance Carriers both experienced employment losses, while wages grew only modestly. Generally speaking, employment is under pressure in the financial services sector because jobs are being replaced by technology. Areas that experience significant population gains tend to buck the trend, as real estate brokerage companies, banks and other financial institutions establish their presence by opening offices in those communities. Employment in Securities, Commodity Contracts, Investments grew 45% in the past five years. The subsector's average annual wage stood at $123,000, which is more than twice that of the Financial Services and Real Estate industry in the Foothills Region. Credit Intermediation had the second highest average annual wage ($64,000) as well as the second highest employment (300 jobs) among the subsectors. Rental and Leasing Services has the lowest average annual wage ($36,200) as well as the lowest wage growth.

Concluding Remarks

Situated between the South County Region and the Tahoe Region of Placer County, the Foothills Region has followed its own economic trajectory over time. It has added nearly 5,000 jobs since the depths of the recession and is home to more than 26,500 jobs, having recovered the 2,700 jobs it lost in the aftermath of the Great Recession. This growth has largely occurred through increases in small- and medium-sized establishments, often local businesses that employ local residents.

The economy of the Foothills Region is primarily specialized in Government, Retail Trade, and Health Care, a mix that includes both low and high paying sectors, but Retail Trade combined with Leisure and Hospitality make up a part of the important Tourism industry, which is one of the region's significant external industries with potential to drive future economic growth. These industries are typically characterized as internal or local population serving industries, but in an area such as the Foothills Region, a significant part of the activity in these industries may be attributed to tourists and visitors, hence they may also be viewed as external or income generating industries that are a source of economic growth.

The strong recovery of the local economy, in conjunction with current labor market fundamentals, indicates that employment in the Foothills Region remains poised for growth. Wages, too, are on-target for growth, despite a deceleration of wage gains in the most recent available data for the region. Going forward, it will be important for local policy makers and development specialists to keep a finger on the pulse of the Placer County workforce.

When the findings of this report are taken together with the employment reports on other regions in the County, it should be possible to identify economic development policies that may be applied county-wide, and others that may be better suited to individual regions. For example, given the importance of Tourism to the Foothills and Tahoe regions, economic development efforts in these areas may seek to attract tourists and other visitors. On the other hand, with its proximity to the Sacramento metro area and other parts of the state, economic development efforts in South County may target industries that tend to be found in metro areas, such as professional services or manufacturing. Finally, in fashioning economic development

measures, it is essential to understand that external industries often contribute more to economic growth than to job creation, while internal industries that serve the local population are often characterized by larger job counts, but do not necessarily drive economic growth.

Appendix

Employment Industry Definitions[2]

Construction

The Construction sector comprises establishments primarily engaged in the construction of buildings or engineering projects (e.g., highways and utility systems). Establishments primarily engaged in the preparation of sites for new construction and establishments primarily engaged in subdividing land for sale as building sites also are included in this sector.

Natural Resources

The natural resources sectors is the combination of the Agriculture, Forestry, Fishing and Hunting sector and the Mining sector. The Agriculture, Forestry, Fishing and Hunting sector comprises establishments primarily engaged in growing crops, raising animals, harvesting timber, and harvesting fish and other animals from a farm, ranch, or their natural habitats. The mining sector comprises establishments that extract naturally occurring mineral solids, such as coal and ores; liquid minerals, such as crude petroleum; and gases, such as natural gas.

Manufacturing

The Manufacturing sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. Establishments in the Manufacturing sector are often described as plants, factories, or mills and characteristically use power-driven machines and materials-handling equipment.

Retail Trade

The Retail Trade sector comprises establishments engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The retailing process is the final step in the distribution of merchandise; retailers are, therefore, organized to sell merchandise in small quantities to the general public. This sector comprises two main types of retailers: store and nonstore retailers.

Leisure and Hospitality

The Leisure and Hospitality supersector consists of these sectors:

- Arts, Entertainment, and Recreation
- Accommodation and Food Services

The Arts, Entertainment, and Recreation sector includes a wide range of establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons.

[2] Source: Industries at a Glance: NAICS Code Index https://www.bls.gov/iag/tgs/iag_index_naics.htm

The Accommodation and Food Services sector comprises establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. The sector includes both accommodation and food services establishments because the two activities are often combined at the same establishment.

Professional, Scientific, Technical Services, and Management

The Professional, Scientific, Technical Services, and Management supersector consists of these sectors:

- Management of Companies and Enterprises
- Professional, Scientific, and Technical Services

The Professional, Scientific, and Technical Services sector comprises establishments that specialize in performing professional, scientific, and technical activities for others. These activities require a high degree of expertise and training.

The Management sector comprises (1) establishments that hold the securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest or influencing management decisions or (2) establishments (except government establishments) that administer, oversee, and manage establishments of the company or enterprise and that normally undertake the strategic or organizational planning and decision making role of the company or enterprise.

Financial Services and Real Estate

The Financial Services sector comprises establishments primarily engaged in financial transactions (transactions involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions. The Real Estate sector comprises establishments primarily engaged in renting, leasing, or otherwise allowing the use of tangible or intangible assets, and establishments providing related services.

Administrative Support

The Administrative Support sector comprises establishments performing routine support activities for the day-to-day operations of other organizations. Activities performed include: office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services.

Wholesale Trade

The Wholesale Trade sector comprises establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The merchandise described in this sector includes the outputs of agriculture, mining, manufacturing, and certain information industries, such as publishing.

Transportation and Warehousing

The Transportation and Warehousing sector includes industries providing transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation.

Utilities

The Utilities sector comprises establishments engaged in the provision of the following utility services: electric power, natural gas, steam supply, water supply, and sewage removal.

Information

The Information sector comprises establishments engaged in the following processes: (a) producing and distributing information and cultural products, (b) providing the means to transmit or distribute these products as well as data or communications, and (c) processing data.

Education

The Educational Services sector comprises establishments that provide instruction and training in a wide variety of subjects. This instruction and training is provided by specialized establishments, such as schools, colleges, universities, and training centers. These establishments may be privately owned and operated for profit or not for profit, or they may be publicly owned and operated.

Health Care

The Health Care sector comprises establishments providing health care and social assistance for individuals. The sector includes both health care and social assistance because it is sometimes difficult to distinguish between the boundaries of these two activities.

Other Services

The Other Services sector comprises establishments engaged in providing services not specifically provided for elsewhere in the classification system. Establishments in this sector are primarily engaged in activities, such as equipment and machinery repairing, promoting or administering religious activities, grantmaking, advocacy, and providing drycleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.

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