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California Job Growth Appears to Be Back on Track

After a slow start this year, hiring is back in the fast lane across California. Employers added 46,200 jobs in June and a whopping 116,400 jobs over the past three months. The tech sector once again led overall job growth.

California's Job Market Heats Up in June

After a slow start earlier this year, California's economy appears to have shifted back into high gear. Nonfarm employment surged during the second quarter, with employers adding 46,200 jobs in June, following gains of 21,600 jobs in May and 48,600 jobs in April. The 116,400 jobs added during the second quarter is two and a half times what was added during the first quarter of the year.

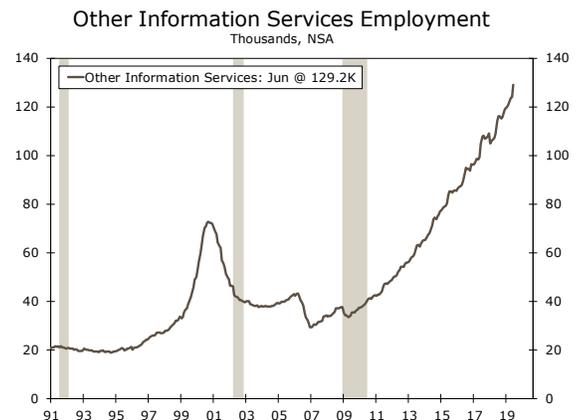
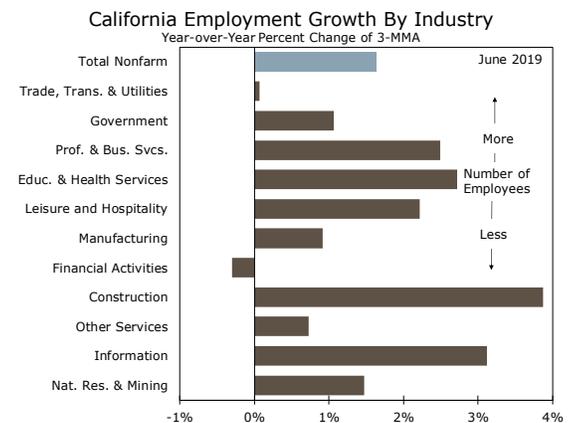
Construction employment jumped 1.3% in June, as builders and contractors added 11,900 new jobs. Employment is up 4.4% over the past year, with gains evident in residential, commercial and infrastructure projects.

Worries that a handful of disappointing initial public offerings might be a precursor of a broader slowdown in California's tech sector now look incredibly premature. Hiring in the tech sector remains exceptionally strong, particularly anything related to cloud computing, data storage, digital content and internet search. Production of tech hardware also appears to be ramping up, with strong job growth reported at producers of computers and electronic equipment and semiconductor manufacturers.

Measuring tech employment from the monthly employment data is somewhat difficult. We often use the sum of professional & technical services and information services as a real-time proxy for California tech employment because these broad industry categories are the closest that we can get to isolating the tech sector in the seasonally adjusted data. Unfortunately, these broad categories include many of the industries being disrupted by new rapidly growing technologies. Employment in the information sector has risen 2.7% over the past year, resulting in a gain of 14,400 jobs.

All of the gain in the information sector has come from the tech-driven industries, mostly in the catch-all category labeled other information services. Employment in this sector, which includes many of the jobs in cloud computing, data storage and digital streaming, has surged 13.1% over the past year, resulting in 15,000 net new jobs (600 more than the broader information category). Moreover, hiring continues to rise solidly in other key industry subcategories, including software publishing (+4.3%) and data processing, data hosting and related services (+8.0%), which includes much of social media and internet search.

The rapid growth in the tech sector helps explain why so much of California's job growth continues to be concentrated in the San Francisco Bay area and Los Angeles, particularly West L.A., which is home to a substantial portion of the digital media industry. Southern California led the state in job growth this past month, with the greater Los Angeles area adding 17,900 jobs. Most of that was in Los Angeles, which added 7,300 jobs. The Inland Empire added 6,200 jobs, and employers added 3,000 jobs in Orange County. The San Francisco Bay area saw a net gain of 12,900 jobs in June and has added 67,500 jobs so far this year, accounting for 40% of the jobs added in California so far this year.



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