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Region to lag state in recovery

by TP staff

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A business forecast for Northern California predicts that the economy has hit bottom and is on the rebound, but that San Joaquin County will lag behind other areas.

The University of the Pacific Business Forecasting Center's predicts the next five years will be rosier for the state than the past several, estimating that the state's job market will make it back to its pre-recession peak by the first three months of 2015.

However, the report cautions that in the meantime growth will neither be explosive nor even.

In regions such as San Jose and San Francisco, which the center says respectively boast a "tech-oriented economy" and "highly skilled" financial and professional sectors, the center expects a solid recovery.

Overall, the center predicts that the construction sector will add 10,000 jobs by December, that retail will add 47,000 in the next 18 months, professional and business services will lead the and that manufacturing jobs should also be added to the economy.

But aside from San Jose, in the past six months Southern California has led the state's rebound, the report says. And the Central Valley, including the Stockton metropolitan area, Tracy and Mountain House, is especially behind the eight ball when it comes to economic recovery.

"The Northern San Joaquin Valley was the first area to drop into recession, and it remains in the deepest hole..." says the report, which predicts the local unemployment rate — pegged at 16.5 percent in San Joaquin County for June 2010 — to remain above 15 percent through 2011. Comparatively, it guesses California's overall unemployment rate will return to single digits by 2012.

One of the driving factors is that the valley traditionally has weaker employment and higher reliance on agriculture than the rest of the state.

But also dragging down the Tracy and Stockton area is its heavy reliance on residential construction before the Great Recession and its relative dependence on government-funded jobs in education, corrections and health and human services.

"For most of the San Joaquin Valley, public schools and prisons provide more income and jobs than its mainstay agriculture industry," the center reports, "and combined with the ongoing housing disaster, the contraction in state and local budgets mean the valley will lag the rest of California in recovery."

Tracy leaders have struggled to fight against that projected trend.

In recent years, the city has offered an incentive program for people to buy cars at the Tracy Auto Mall; moved up the schedule on local construction projects; founded a small-business loan program; invested money in business and industrial infrastructure west of town; used \$2.75 million in developer fees to help fill a vacancy at the West Valley Mall with a Macy's; and has tried to change its reputation as a place to do business.

And while the overall outlook for the Central Valley is less optimistic than for the state's southern, Bay Area and coastal regions, the business forecasting center predicts the Tracy region will lead the valley in recovery.

“...Employment growth in Stockton and Modesto (areas) will slightly exceed other inland areas over the next 12 months.”

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