Sacramento Business Review releases an upbeat midyear update

The Sacramento region’s economy is improving at a modest yet steady pace. That’s just one of many findings in the midyear update of Sacramento Business Review.


“Sacramento Business Review is the only local publication focusing on the economy and financial strength of the Sacramento region and how it is affected by national and international trends,” says Sanjay Varshney, dean of the College of Business Administration.

The midyear report includes an economic overview, as well as analyses of the real estate, banking and small business sectors, and capital markets.

Economic overview

• Despite modest growth in payroll jobs, the unemployment rate has declined sharply.
• Business services and leisure sectors have fully recovered from recessionary losses; other sectors show positive trends.
• Recent increases in home prices should help to spur additional growth in other industries.

Real estate

• The office, retail and industrial markets continue to show healthy signs of positive net absorption.
• The regional residential housing market continues to be hot, with a lack of housing inventory and increasing demand.
• The median sale price for the Sacramento region increased even more than anticipated at the beginning of the year while the percentage of real estate owned sales has continued to decline.

Banking industry
• Banks in the Sacramento region have had difficulty increasing their top-line net interest income due to a continued lack of robust loan demand.
• A healthier economy has enabled most banks to still increase their profits by paring back loan-loss provisions.

Small business
• The Small Business Confidence Index shows high optimism for 2013-2014.
• SBA lending marginally increased by 3.5 percent, a sign of a slow recovery.
• Job creation by SMEs will be limited due to heightened efficiency of local SMEs.

Capital markets
• The global recovery is still on track, and we continue to favor equities over the intermediate term.
• Commodities are facing structural headwinds with China’s slowing growth and a strong U.S. dollar.
• Our SBR index has stabilized, and anecdotal evidence indicates improving conditions for the Sacramento region.

“The region continues to face challenges with unemployment higher than the national average, banks struggling with loan demand to increase their top-line revenue and small businesses facing difficult choices in the face of the fiscal cliff and Affordable Care Act implications. Overall, 2014 promises to bring better news and a stronger economy,” Varshney says. “While jobs growth remains weak, the unemployment rate for the region has dropped sharply and should be helped further by improving home values.”

A team of financial analysts and researchers contributes to Sacramento Business Review, which is published twice a year. For media assistance, call Sacramento State’s Public Affairs office at (916) 278-6156.

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