



Yakima MSA (Yakima County) Labor Area Summary December 2017

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Overview

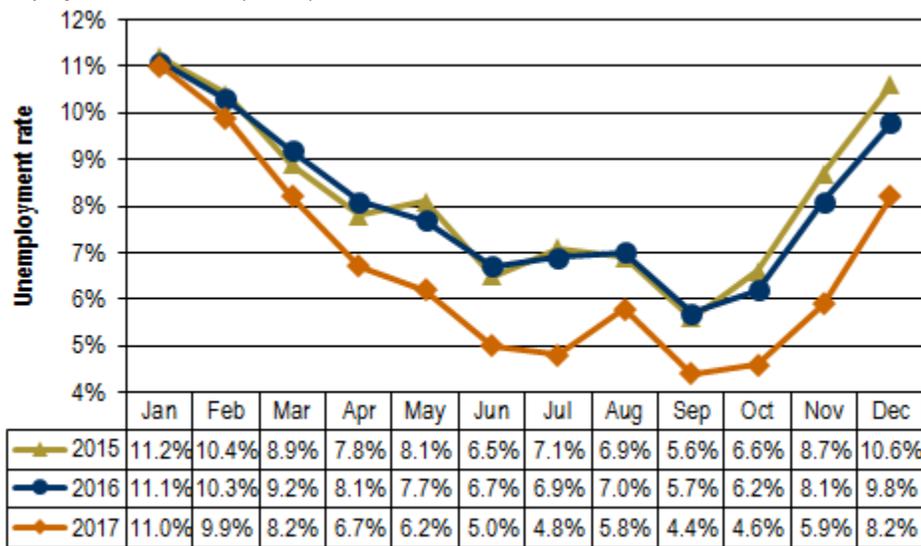
This report provides an update on the Yakima County economy incorporating not seasonally adjusted, nonfarm employment and civilian labor force data. Analysis focuses on year over year (between December 2016 and December 2017) and average annual (between 2016 and 2017) changes in the labor market.

Unemployment rates

Preliminary Civilian Labor Force (CLF) data show that Washington’s not seasonally adjusted average annual unemployment rate fell eight tenths of a point between 2016 and 2017, from 5.4 percent to 4.6 percent. Between the Decembers of 2016 and 2017 the rate dipped four tenths of a point, from 5.3 to 4.9 percent.

In Yakima County, the not seasonally adjusted average annual unemployment rate decreased one and three-tenths percentage points between 2016 and 2017, from 8.0 to 6.7 percent. The unemployment rate fell from 9.8 percent in December 2016 to 8.2 percent in December 2017, an appreciable one and six-tenths points drop (see *Figure 1*) as the number of residents entering the labor force decreased slightly while the number of unemployed decreased sharply (see *Figure 3*).

Figure 1. Unemployment rates, not seasonally adjusted
 Yakima County, January 2015 through December 2017
 Source: Employment Security Department/LMPA; U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS)



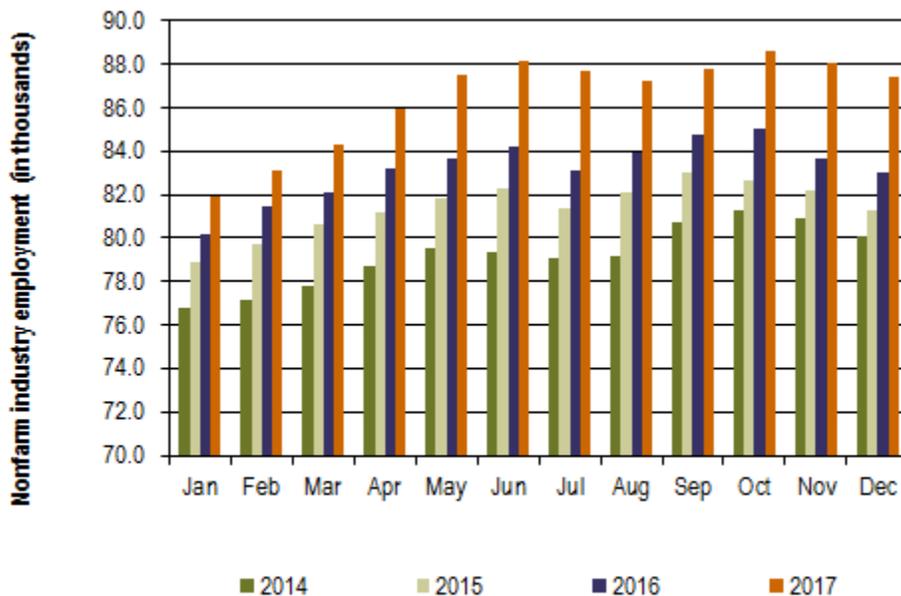
Yakima County’s unemployment rate dropped one and six-tenths percentage points between the Decembers of 2016 and 2017.

Total nonfarm employment

Between 2016 and 2016, Washington's labor market provided 96,500 new nonfarm jobs, an annual average increase of 3.0 percent. In December 2017, businesses and government organizations across Washington supplied 3,383,300 nonfarm jobs (not seasonally adjusted), compared to 3,287,800 jobs in December 2016, a 2.9 percent year over year employment increase. The state's economy has posted year over year nonfarm employment increases for the past 87 consecutive months (October 2010 through December 2017).

Preliminary estimates show that the Yakima County nonfarm labor market added 3,300 jobs between 2016 and 2017, an average annual increase of 3.9 percent. Year over year, Yakima County's nonfarm labor market has been growing for the past 61 months (December 2012 through December 2017). The local nonfarm market provided 87,400 jobs in December 2017 versus 83,000 in the corresponding month in 2016, a 4,400 job and 5.3 percent upturn.

Figure 2. Nonfarm industry employment, not seasonally adjusted
 Yakima County, January 2014 through December 2017
 Source: Employment Security Department/LMPA



The number of nonfarm jobs in Yakima County increased 5.3 percent from December 2016 to December 2017.

Employment and unemployment

Washington's Civilian Labor Force (CLF) expanded by 75,389 residents (a 2.1 percent upturn) from 2016 to 2017. The state's labor force has increased, year over year, for the past 47 months (February 2014 through December 2017). In December 2017, Washington's CLF tallied 3,735,835 residents versus 3,666,401 in December 2016 equating to 69,434 more Washingtonians in the labor force (up 1.9 percent).

Yakima County's CLF increased 1.7 percent between 2016 (125,794 residents) and 2017 (127,881 residents). However, the county's labor force has contracted year over year for the past two months, falling 1.7 percent between the Decembers of 2016 and 2017, from 121,626 to 119,520 residents, equating to 2,106 fewer residents in the CLF this December. The number of unemployed residents plummeted 16.9 percent and by 2,010 residents, to 9,851 in December 2017 from 11,861 in December 2016. Hence, Yakima County's unemployment rate fell from 9.8 percent in December 2016 to 8.2 percent this December (see *Figure 3*) and the rate has been posting year over year declines now for the past 15 months (October 2016 through December 2017). The December 2017 unemployment rate for Yakima County is the lowest reading for the month of December since electronic records were implemented in 1990 – 27 years ago.

Figure 3. Labor force and industry employment, not seasonally adjusted
 Yakima County, December 2016, November and December 2017
 Source: Employment Security Department/LMPA

Yakima County	Preliminary Dec-17	Revised Nov-17	Revised Dec-16	Change		
				Nov-17 Dec-17	Dec-16 Dec-17	Dec-16 Dec-17 %
Labor force and unemployment						
Civilian labor force	119,520	121,570	121,626	-2,050	-2,106	-1.7%
Resident employment	109,669	114,438	109,765	-4,769	-96	-0.1%
Unemployment	9,851	7,132	11,861	2,719	-2,010	-16.9%
Unemployment rate	8.2	5.9	9.8	2.3	-1.6	
Industry employment (numbers are in thousands)						
Total nonfarm ¹	87.4	88.1	83.0	-0.7	4.4	5.3%
Total private	69.0	69.6	65.5	-0.6	3.5	5.3%
Goods producing	12.7	12.9	12.0	-0.2	0.7	5.8%
Mining, logging and construction	3.9	4.0	3.8	-0.1	0.1	2.6%
Manufacturing	8.8	8.9	8.2	-0.1	0.6	7.3%
Nondurable goods	5.7	5.8	5.3	-0.1	0.4	7.5%
Service providing	74.7	75.2	71.0	-0.5	3.7	5.2%
Private service providing	56.3	56.7	53.5	-0.4	2.8	5.2%
Trade, transportation and utilities	19.7	20.0	19.6	-0.3	0.1	0.5%
Wholesale trade	4.8	4.8	4.5	0.0	0.3	6.7%
Retail trade	11.1	11.4	11.4	-0.3	-0.3	-2.6%
Transportation and utilities	3.8	3.8	3.7	0.0	0.1	2.7%
Professional and business services	5.8	5.9	3.8	-0.1	2.0	52.6%
Education and health services	17.5	17.6	16.9	-0.1	0.6	3.6%
Health care and social assistance	16.1	16.1	15.5	0.0	0.6	3.9%
Leisure and hospitality	7.8	7.7	7.5	0.1	0.3	4.0%
Food services	5.9	5.9	5.7	0.0	0.2	3.5%
Government	18.4	18.5	17.5	-0.1	0.9	5.1%
Federal government	1.2	1.2	1.2	0.0	0.0	0.0%
State government	2.7	2.7	2.6	0.0	0.1	3.8%
Local government	14.5	14.6	13.7	-0.1	0.8	5.8%
Workers in labor/management disputes	0.0	0.0	0.0	0.0	0.0	
¹ Excludes proprietors, self-employed, members of the armed services, workers in private households and agriculture. Includes all full- and part-time wage and salary workers receiving pay during the pay period including the 12th of the month. Columns may not add due to rounding.						

Between the Decembers of 2016 and 2017, the Yakima County nonfarm labor market gained 4,400 jobs, a 5.3 percent upturn.

Nonfarm industry employment

Not seasonally adjusted estimates show that Yakima County's nonfarm employment jumped to 87,400 in December 2017 from the 83,000 jobs tallied in December 2016, a 5.3 percent increase, more robust than the 2.9 percent growth pace statewide. Highlights of year-over-year changes follow (as shown in *Figure 3*):

- Despite a slow start in the first four months of 2017, employment in Yakima County's construction industry has posted year-over-year gains for the past eight months (May through December 2017). Mining, logging and construction tallied 3,900 jobs in December 2017 versus 3,800 in December 2016, with construction accounting for the lion's share of the jobs in this combined category. Commercial and residential sales rose in Yakima County in 2017 versus 2016. The December 2017 edition of *Headwaters – the Source* newsletter published by KMW Enterprises LLC in Selah, WA stated that the value of commercial and residential sales countywide jumped 20.6 percent, from \$835.8-million in the twelve months of 2016 to \$1.008-billion in 2017. The number of commercial and residential sales increased 2.3 percent, from 3,832 between January and December 2016 to 3,919 in the corresponding twelve-month period of 2017. The average home price across Yakima County rose from \$194,838 in December 2016 to \$213,748 this December, a 9.7 percent upturn.
- Yakima County's manufacturing industry provided 600 more jobs (up 7.3 percent) in December 2017 than in December 2016. An example of a manufacturing firm that has expanded operations is provided in the 5-19 January 2018 edition of the *Yakima Valley Business Times* which states: "Thermoforming Systems LLC (TSL) a plastics thermoforming equipment factory located in Union Gap, has expanded its operation with a facility upgrade that was completed last month." The article continues: "TSL currently employs 95 people and plans to hire as many as 10 more." Nondurable goods manufacturing (primarily food processing) accounted for approximately 400 of the 600 new manufacturing jobs added between the Decembers of 2016 and 2017.
- Yakima County's professional and business services industry added 2,000 jobs (up 52.6 percent) between the Decembers of 2016 and 2017. Professional and business services in Yakima County has registered year-over-year job growth now for the past 24 months. This employment category consists of a diverse set of niche industries, ranging from computer systems design and accounting/tax preparation services to landscaping and janitorial services, legal services and temporary employment services. Within professional and business services, temporary employment services is likely accounting for much of this employment surge - an encouraging indicator.

Agricultural employment/production

The Bureau of Labor Statistics' Quarterly Census of Employment and Wage (QCEW) program, conducted by the Washington State Employment Security Department provides agricultural and nonagricultural employment and wages for firms, organizations and individuals whose employees are covered by the Washington State Employment Security Act. Frequently termed "covered" or "QCEW" data, this information provides a reliable data set for comparing employment and wage trends in major industries at the county level. In September 2017 revised annual average QCEW data for calendar year 2016 became available. An analysis of employment changes from 2004 through 2016 shows that in Yakima County:

- Total covered employment rose from 93,988 in 2004 to 111,531 in 2016, a 17,543 job and 18.7 percent upturn. The number of agricultural jobs (a subset of total covered employment) increased from 20,057 in 2004 to 31,360 in 2016, an 11,303 job and 56.4 percent uptrend. In 2004 Yakima County's agricultural industry accounted for 21.3 percent of total covered employment. In 2016 agricultural employment accounted for 28.1 percent of total covered employment countywide. Hence, the agricultural share of employment rose 6.8 percentage points (from 21.3 to 28.1 percent) in Yakima County during these twelve years.
- Total covered wages rose from \$2.49 billion in 2004 to \$4.09 billion in 2016 a \$1.60 billion and 64.2 percent upturn. The agricultural payroll (a subset of total covered wages) advanced from \$346.8 million in 2004 to \$892.1 million in 2016, a \$545.3 million and 157.2 percent uptrend. In 2004 Yakima County's agricultural industry accounted for 13.9 percent of total covered wages. In 2016 agricultural wages accounted for 21.8 percent of total covered payroll countywide. Hence, the agricultural share of wages rose 7.9 percentage points (from 13.9 to 21.8 percent) in Yakima County during these twelve years.