



Yakima MSA (Yakima County) Labor Area Summary August 2016

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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 August 2015 and August 2016) and average annual (between 2014 and 2015) changes in the labor market.

Unemployment rates

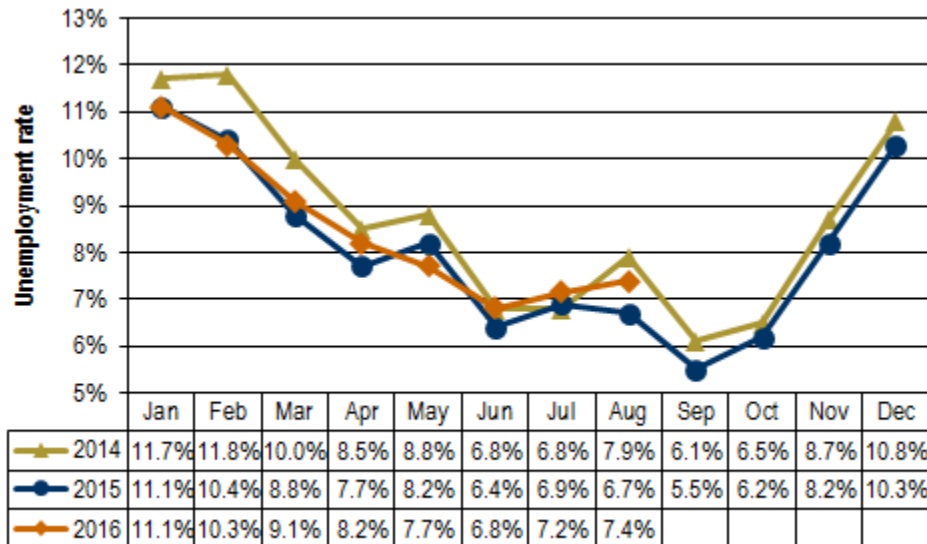
Civilian Labor Force (CLF) data show that Washington’s not seasonally adjusted average annual unemployment rate fell four-tenths of a point between 2014 and 2015, from 6.1 percent to 5.7 percent. Between the Augusts of 2015 and 2016 the rate stabilized at 5.4 percent.

In Yakima County, the not seasonally adjusted average annual unemployment rate decreased six-tenths of a percentage point between 2014 and 2015, from 8.6 to 8.0 percent. But the monthly unemployment rate escalated seven-tenths of a point in August 2016 to 7.4 percent from the 6.7 percent reading in August 2015 (see *Figure 1*) as the labor force expanded modestly while the number of unemployed increased sharply.

Figure 1. Unemployment rates, not seasonally adjusted

Yakima County, January 2014 through August 2016

Source: Employment Security Department/LMPA; U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS)



Yakima County's unemployment rate increased seven-tenths of a percentage point between the Augusts of 2015 and 2016.

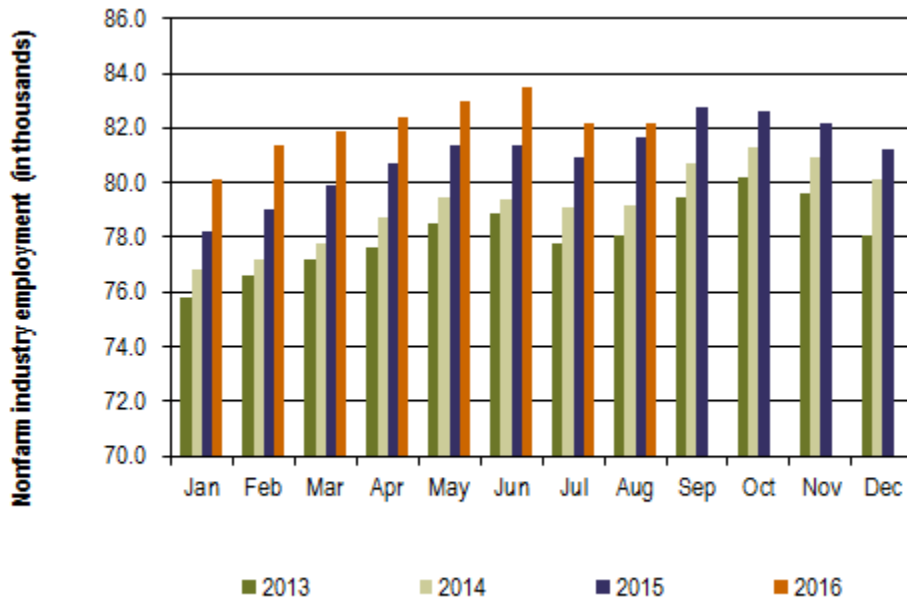
Total nonfarm employment

Between 2014 and 2015, Washington's labor market provided 86,200 new nonfarm jobs, an annual average increase of 2.8 percent. This August, businesses and government organizations across Washington supplied 3,255,900 nonfarm jobs (not seasonally adjusted), compared to 3,160,600 jobs in August 2015, a 3.0 percent year-over-year employment increase. The state's economy has posted year-over-year nonfarm employment increases for the past 71 consecutive months (October 2010 through August 2016).

The Yakima County nonfarm labor market added 1,800 jobs between 2014 and 2015, an average annual increase of 2.2 percent. On a monthly basis, Yakima County's employment has registered year-over-year increases for the past 45 consecutive months (December 2012 through August 2016) although job growth rates have been less robust than Washington's in each of the past twelve months (September 2015 through August 2016). The local nonfarm market provided only 82,200 jobs in August 2016 versus 81,700 in the corresponding month in 2015, a 500 job and 0.6 percent upturn (see *Figure 3*).

Figure 2. Nonfarm industry employment, not seasonally adjusted
Yakima County, January 2013 through August 2016

Source: Employment Security Department/LMPA



Nonfarm employment in Yakima County increased 0.6 percent from August 2015 to August 2016.

Employment and unemployment

Washington's Civilian Labor Force (CLF) expanded by 50,156 residents (a 1.4 percent upturn) from 2014 to 2015. The state's labor force has increased, year over year, for the past 32 months (January 2014 through August 2016). In August 2016, Washington's CLF tallied 3,645,713 residents versus 3,543,814 in August 2015 equating to 101,899 more Washingtonians in the labor force (up 2.9 percent).

Yakima County's CLF expanded 2.1 percent between 2014 (119,501 residents) and 2015 (122,052 residents). The county's labor force has increased for the past 26 months, growing 0.7 percent between the Augusts of 2015 and 2016, from 128,227 to 129,096 residents, equating to 869 more residents in the CLF this August. Unfortunately, the number of unemployed residents increased more rapidly, up 10.6 percent and by 913 residents, to 9,534 this August versus 8,621 in August 2015. Hence, Yakima County's unemployment rate increased seven-tenths of a point, from 6.7 percent in August 2015 to 7.4 percent in August 2016 (see *Figure 3*). It is likely that some of this labor force expansion was due to job growth in the agricultural sector since Yakima County's nonfarm sector grew only marginally between the Augusts of 2015 and 2016.

Figure 3. Labor force and industry employment, not seasonally adjusted
 Yakima County, August 2015, July and August 2016
 Source: Employment Security Department/LMPA

Yakima County	Preliminary Aug-16	Revised Jul-16	Revised Aug-15	Change		
				Jul-16	Aug-15	Aug-15
				Aug-16	Aug-16	Aug-16 %
Labor force and unemployment						
Civilian labor force	129,096	131,823	128,227	-2,727	869	0.7%
Resident employment	119,562	122,381	119,606	-2,819	-44	0.0%
Unemployment	9,534	9,442	8,621	92	913	10.6%
Unemployment rate	7.4	7.2	6.7	0.2	0.7	
Industry employment (numbers are in thousands)						
Total nonfarm ¹	82.2	82.2	81.7	0.0	0.5	0.6%
Total private	66.6	65.9	65.5	0.7	1.1	1.7%
Goods producing	12.9	12.6	12.8	0.3	0.1	0.8%
Mining, logging and construction	4.3	4.2	3.9	0.1	0.4	10.3%
Manufacturing	8.6	8.4	8.9	0.2	-0.3	-3.4%
Nondurable goods	5.6	5.5	5.8	0.1	-0.2	-3.4%
Service providing	69.3	69.6	68.9	-0.3	0.4	0.6%
Private service providing	53.7	53.3	52.7	0.4	1.0	1.9%
Trade, transportation and utilities	19.2	19.0	19.0	0.2	0.2	1.1%
Wholesale trade	4.5	4.5	4.7	0.0	-0.2	-4.3%
Retail trade	10.9	10.8	10.7	0.1	0.2	1.9%
Transportation and utilities	3.8	3.7	3.6	0.1	0.2	5.6%
Professional and business services	4.2	4.2	4.1	0.0	0.1	2.4%
Education and health services	16.4	16.4	16.0	0.0	0.4	2.5%
Health care and social assistance	15.4	15.3	15.3	0.1	0.1	0.7%
Leisure and hospitality	8.0	8.0	7.6	0.0	0.4	5.3%
Food services	5.7	5.7	5.7	0.0	0.0	0.0%
Government	15.6	16.3	16.2	-0.7	-0.6	-3.7%
Federal government	1.3	1.3	1.3	0.0	0.0	0.0%
State government	2.5	2.6	2.4	-0.1	0.1	4.2%
Local government	11.8	12.4	12.5	-0.6	-0.7	-5.6%
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 Augusts of 2015 and 2016, the Yakima County nonfarm labor market gained 500 jobs, a modest 0.6 percent upturn.

Nonfarm industry employment

Not seasonally adjusted estimates indicate that Yakima County's employment rose to 82,200 in August 2016 from the 81,700 jobs tallied in August 2015, a 500 job and 0.6 percent increase, less robust than the 3.0 percent nonfarm growth pace statewide. Highlights of year-over-year changes follow (as shown in *Figure 3*):

- Construction employment jumped by 400 jobs (up 10.3 percent) countywide between August 2015 and August 2016. Mining, logging and construction tallied 3,900 jobs in August 2015 versus 4,300 this August, with construction accounting for the lion's share of the jobs in this combined category. Yakima County's construction industry has been growing for 37 months (from August 2013 through August 2016). Commercial and residential sales declined in Yakima County during the first eight months of 2016 versus January through August 2015. The August 2016 edition of *Headwaters – the Source* newsletter published by KMW Enterprises LLC in Selah, WA stated that the value of commercial and residential sales countywide decreased 2.4 percent, from \$562.9-million from January through August 2015 to \$549.1-million in the corresponding eight-month period this year. However, the number of commercial and residential sales rose 4.2 percent, from 2,386 from January through August 2015 to 2,487 in the first eight months of 2016. The average home price increased from \$182,861 in August 2015 to \$192,261 this August, a 5.1 percent uptrend.
- Retail trade provided 10,900 jobs countywide in August 2016 versus 10,700 in August 2015, a 200 job and 1.9 percent year over year employment advance. Employment in Yakima County's retail trade industry has either stabilized or expanded from December 2014 through August 2016 (i.e., for the past 21 months). However, a 19 September 2016 *Business Insider* article announced that Kmart will close 64 stores nationally, “and lay off thousands of employees.” The Kmart store in Yakima (Kmart #4439, according to this article) was on the list.
- Local government has been a growth industry in Yakima County. For example, in 2015 this industry netted 200 new jobs, a 1.7-percent average annual upturn. However, between the Augusts of 2015 and 2016 local government lost 700 jobs, from 12,500 to 11,800 respectively, a 5.6-percent abatement. However, it is likely that this employment drop between the Augusts of 2015 and 2016 is “seasonal” and not “structural.” Specifically, there are annual employment downturns at local public schools between June and July and again between July and August associated with summer layoffs of non-teaching staff. Hence, it is likely that employment will be again rise to near normal levels when hiring resumes between August, September and October 2016.

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 July 2016 preliminary annual average QCEW data for calendar year 2015 became available. An analysis of employment changes from 2004 through 2015 shows that in Yakima County:

- Total covered employment rose from 93,988 in 2004 to 108,833 in 2015, a 14,845 job and 15.8 percent upturn. The number of agricultural jobs (a subset of total covered employment) increased from 20,057 in 2004 to 30,191 in 2015, a 10,134 job and 50.5 percent uptrend. In 2004 Yakima County's agricultural industry accounted for 21.3 percent of total covered employment. In 2015 agricultural employment accounted for 27.7 percent of total covered employment countywide. Hence, the agricultural share of employment rose 6.4 percentage points (from 21.3 to 27.7 percent) in Yakima County during this twelve-year (inclusive) period.
- Total covered wages rose from \$2.49 billion in 2004 to \$3.87 billion in 2015 a \$1.38 billion and 55.4 percent upturn. The agricultural payroll (a subset of total covered wages) advanced from \$346.8 million in 2004 to \$824.5 million in 2015, a \$477.7 million and 137.7 percent uptrend. In 2004 Yakima County's agricultural industry accounted for 13.9 percent of total covered wages. In 2015 agricultural wages accounted for 21.3 percent of total covered payroll countywide. Hence, the agricultural share of wages rose 7.4 percentage points (from 13.9 to 21.3 percent) in Yakima County during this twelve-year (inclusive) period.