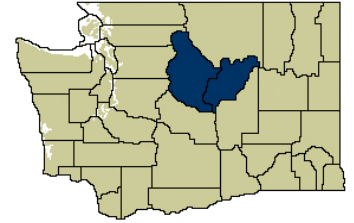




# Wenatchee MSA

## (Chelan and Douglas Counties)

### Labor Area Summary



Volume 2007, Number 12

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## Employment

January 18, 2008

**Nonfarm employers in the Wenatchee MSA provided 40,000 jobs in December 2007, a 1,300-job increase above the corresponding month in 2006 (see Table 1).** Statewide, employment added 77,700 jobs between December 2006 and December 2007. This equates to a 2.7-percent growth rate (not seasonally adjusted) in Washington versus a more robust 3.4-percent advance in the Wenatchee MSA. Between December 2006 and December 2007:

- Manufacturing (specifically Non-Durable Goods Manufacturing, i.e., the food processing industry) saw employment decrease by 100 jobs. Although the 2007 apple crop was profitable, it was smaller than the 2006 harvest, resulting in less processing jobs in this industry.
- Natural Resources, Mining, and Construction (with most of majority of these jobs in construction) rose to 3,200 jobs, a substantial 400-job gain over the same month one-year ago. Although residential construction employment is cooling, commercial and infrastructure improvement projects are resulting in a net gain in construction jobs in the Wenatchee MSA. For example, construction started this year on the Greater Wenatchee Regional Events Center (\$50 Million) along with associated street renovations; and multi-story condos are going in across the street from the events center. This is all part of the City of Wenatchee's riverfront development plan.
- Retail Trade rose to 6,400 jobs in December 2007, a 200-job upturn from the prior December.
- Education and Health Services (where the lion's share of these jobs are with private health services businesses) provided 5,900 jobs in December 2007, up from 5,800 in December 2006.

**The Wenatchee MSA added 1,000 nonfarm jobs in 2006, a 2.7-percent upturn; and it added 1,100 more in 2007, a 2.8-percent increase (see Figure 1).** Annual average nonfarm employment across Washington State grew 2.9 percent in 2006; but the pace ebbed to 2.7 percent in 2007. Thus, the job growth pace in the local economy slightly trailed the job growth pace statewide in 2006 (2.7-percent versus 2.9-percent); but, in 2007 the Wenatchee MSA's labor market expanded at a slightly faster clip than Washington's labor market (2.8-percent versus 2.7-percent). Another encouraging sign was the timing of this job growth. Over-the-year job growth rates in the Wenatchee MSA overtook job statewide job growth rates in November and December of 2007; a strong finish to the year for the local economy (see Figure 2). A summary of employment changes from 2006-2007 for major industries in the Wenatchee MSA follows (see Table 2):

- Natural Resources, Mining, and Construction provided 3,300 jobs in this two-county area in 2007, a remarkable 400-job, and 13.8-percent annual average upturn. Construction employers added more jobs to the local economy than any other industry in 2007.

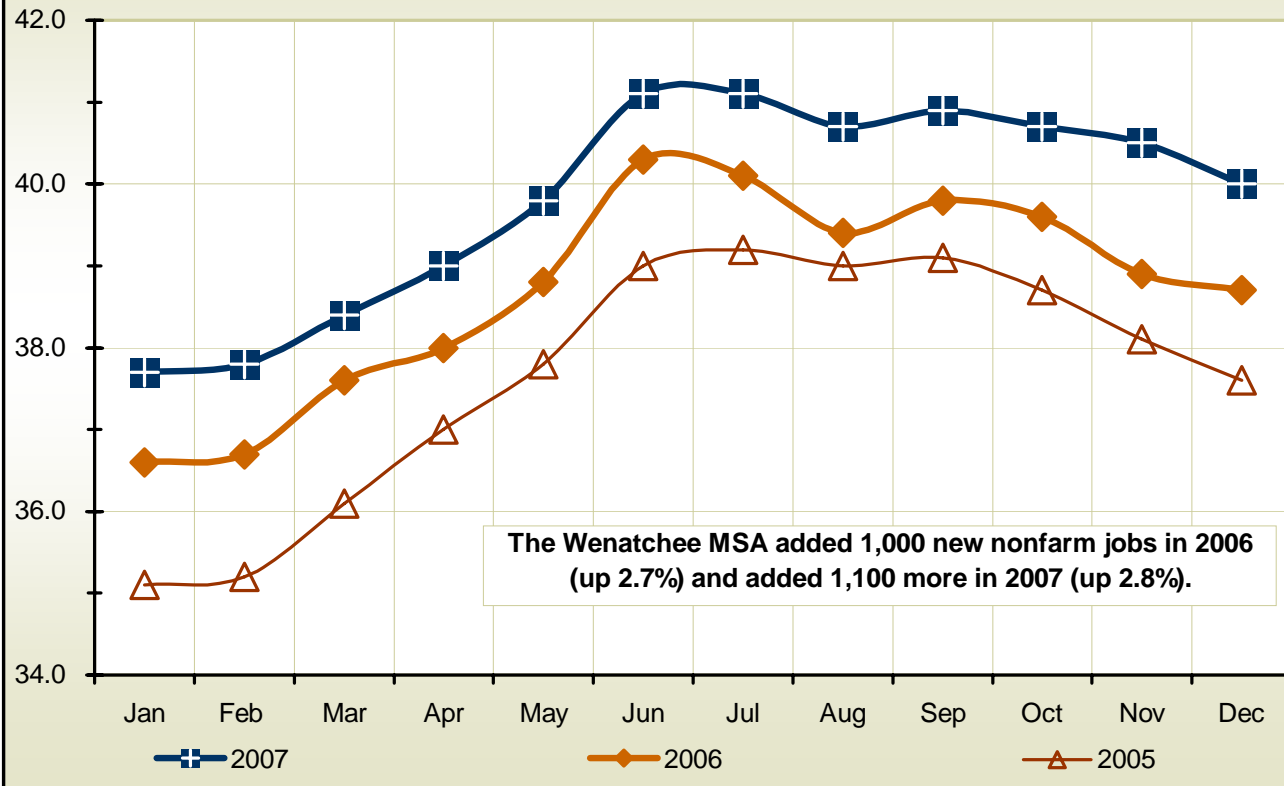
- Education and Health Services added 200 new jobs, as annual average employment in this industry climbed to 5,900 in 2007, up from 5,700 jobs in 2006.
- Retail Trade employment also progressed during 2007, averaging 6,100 jobs, a 200-job over-the-year uptrend.
- Manufacturing was the sole major industry in the Wenatchee MSA to post an over-the-year job loss (down 100) in 2007. Many of these jobs were lost because of the mid-December 2006 closure of Longview Fibre’s sawmill in Winton, Washington – the last remaining sawmill in Chelan County. According to the June 18<sup>th</sup> 2007 edition of the *Wenatchee World*, 102 employees lost their jobs as the result of this closure. But the outlook for Manufacturing in 2008 looks brighter. The December 4<sup>th</sup> 2007 edition of the *Wenatchee World* announced that Chelan County PUD Commissioners had “approved a 17-year contract that Alcoa officials say will expand production, add 60 jobs, and secure the future of the Wenatchee Works aluminum smelter.” Alcoa is the largest manufacturer in Chelan County. This power agreement “will take effect in October 2011 and expire in October 2028. It gives Alcoa a 25- to 26-percent share of the output of the Rocky Reach and Rock Island dams in exchange for Alcoa’s paying the same percentage of the dams’ operating costs.” Clearly this is a “Win-Win Situation” for Alcoa, for the PUD, and for residents of the Wenatchee Valley in the years ahead.

<b>Table 1</b>						
<b>Labor Market Information for</b>						
<b>the Wenatchee Metropolitan Statistical Area (Chelan and Douglas Counties)</b>						
<b>Not Seasonally Adjusted/*UPDATED WITH ***QCEW DATA: June 2007</b>						
(Employment statistics in whole numbers)	Prelim	Revised	Revised	Nov-07	Change	Dec-06
Employment by Place of Residence	Dec-07	Nov-07	Dec-06	Dec-07	Dec-07	Dec-07 %
Civilian Labor Force	58,050	58,790	57,000	-740	1,050	1.8%
Resident Employment	54,600	55,770	53,550	-1,170	1,050	2.0%
Unemployment	3,460	3,020	3,450	440	10	0.3%
Unemployment Rate	6.0%	5.1%	6.0%	xxx	xxx	xxx
Employment by Place of Work (**NAICS Industry Titles, numbers in thousands)						
<b>TOTAL NONFARM 1/</b>	<b>40.0</b>	<b>40.5</b>	<b>38.7</b>	<b>-0.5</b>	<b>1.3</b>	<b>3.4%</b>
TOTAL PRIVATE	31.5	31.7	30.0	-0.2	1.5	5.0%
<b>GOODS PRODUCING</b>	<b>5.6</b>	<b>5.8</b>	<b>5.3</b>	<b>-0.2</b>	<b>0.3</b>	<b>5.7%</b>
NAT. RESOURCES, MINING, & CONSTR.	3.2	3.4	2.8	-0.2	0.4	14.3%
MANUFACTURING	2.4	2.4	2.5	0.0	-0.1	-4.0%
<b>SERVICES PROVIDING</b>	<b>34.4</b>	<b>34.7</b>	<b>33.4</b>	<b>-0.3</b>	<b>1.0</b>	<b>3.0%</b>
TRADE, TRANSPORTATION, WAREHSG., & UTIL.	9.7	9.5	9.1	0.2	0.6	6.6%
Retail Trade	6.4	6.3	6.2	0.1	0.2	3.2%
EDUCATION and HEALTH SERVICES	5.9	5.9	5.8	0.0	0.1	1.7%
LEISURE and HOSPITALITY	4.7	4.8	4.8	-0.1	-0.1	-2.1%
GOVERNMENT	8.5	8.8	8.7	-0.3	-0.2	-2.3%
Federal Government	0.7	0.8	0.8	-0.1	-0.1	-12.5%
State Government	1.3	1.4	1.4	-0.1	-0.1	-7.1%
Local Government	6.5	6.6	6.5	-0.1	0.0	0.0%
Workers in Labor/Management Disputes	0.0	0.0	0.0	0.0	0.0	xxx
1/ Excludes proprietors, self-employed, members of armed forces, and private household employees. 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. *Prepared by the Labor Market and Economic Analysis branch using a Quarterly Benchmark Process. This process uses the most recent quarter from the Unemployment Insurance Tax Reports (currently 2nd quarter 2007) and estimates employment from that point to present.						
**North American Industry Classification System. ***QCEW = Quarterly Census of Employment and Wages						

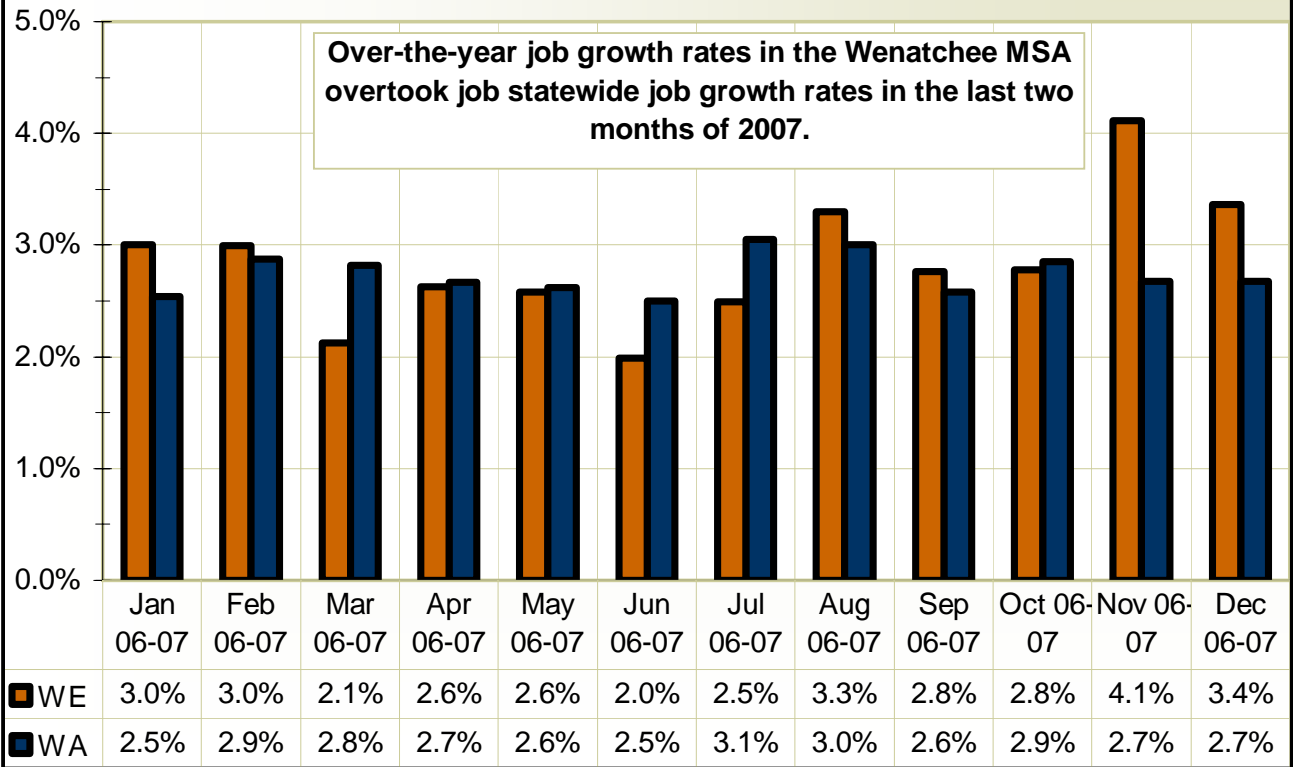
**Table 2**  
**Wenatchee MSA: Changes in Nonfarm Employment**  
**in Major Industries From 2006-2007**

Industry	An Avg Employment in 2007 (in Thousands)	An Avg Employment in 2006 (in Thousands)	Job Change (in Thousands)	Percent Change
Natural Resources, Mining, and Construction	3.3	2.9	0.4	13.8%
Education and Health Services	5.9	5.7	0.2	3.5%
Retail Trade	6.1	5.9	0.2	3.4%
<b>Total Nonfarm Employment</b>	<b>39.8</b>	<b>38.7</b>	<b>1.1</b>	<b>2.8%</b>
Leisure and Hospitality	5.1	5.0	0.1	2.0%
Local Government	6.5	6.4	0.1	1.6%
Manufacturing	2.4	2.5	-0.1	-4.0%

**Figure 1, Wenatchee MSA:**  
**Total Nonfarm Employment from January 2005 to December 2007**  
*Numbers in Thousands*



**Figure 2, Wenatchee MSA and Washington:  
Changes in Total Nonfarm Employment  
During the Last Twelve Months**



## Unemployment

**In December 2007, the 6.0 percent unemployment rate in the Wenatchee MSA was unchanged from the December 2006 rate.** The number of unemployed residents in Chelan and Douglas counties (i.e., the Wenatchee MSA) also virtually stabilized over the year; from 3,450 people out of work in December 2006, to 3,460 in December 2007 (see Figure 3). The current 6.0 percent unemployment rate, along with the identical reading posted in December 2006, were the lowest December unemployment rates recorded in the Wenatchee MSA in recent economic history (i.e., all the way back to 1990). Surely, this is good news for the local economy. During 2007, monthly unemployment rates in the Wenatchee MSA began falling below those of corresponding months in 2006 starting in March 2007. This trend continued through November 2007, a nine-month streak of over-the-year declines in the local unemployment rate.

**Washington's December 2007 unemployment rate of 4.8 percent (not seasonally adjusted) was two-tenths of a point below the already low 5.0-percent reading posted in December 2006, and was only two-tenths of a point above the record low December 1997 rate of 4.6 percent.** This year, Washington's rates began falling below those of corresponding months in 2006 beginning in February 2007. This trend continued through December 2007, an excellent economic indicator for the Evergreen State during each of these last eleven months.

