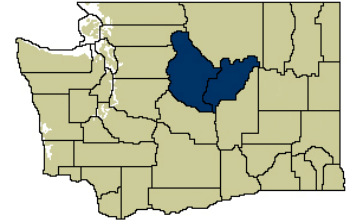




Wenatchee MSA

(Chelan and Douglas Counties)

Labor Area Summary



Volume 2008, Number 1

WASHINGTON STATE EMPLOYMENT SECURITY DEPARTMENT
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Employment

February 26, 2008

Between December 2007 and January 2008 nonfarm employment in the Wenatchee Metropolitan Statistical Area (MSA) declined by 1,600 jobs (see Table 1). This was a greater decline than the 1,000-job over-the-month decreases experienced by the local economy from December 2005 to January 2006, and again from December 2006 to January 2007. The over-the-month job loss was also slightly greater than the drop between December 2004 and January 2005 when local nonfarm employers shed 1,300 jobs. Nevertheless, healthy over-the-year employment gains and historically low unemployment rates (both topics are discussed later in this report) still indicate substantial strength in the local economy.

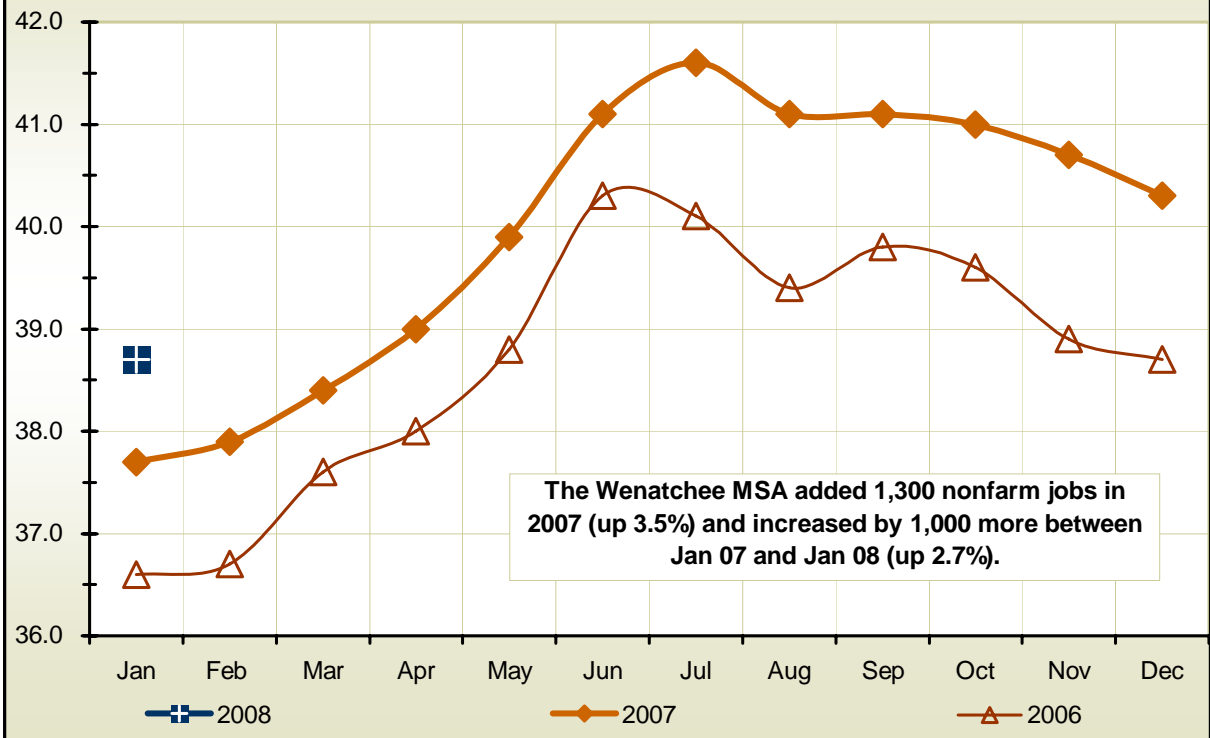
Local businesses and government agencies provided 38,700 nonfarm jobs in the Wenatchee MSA in January 2008, a 1,000-job increase above the corresponding month in 2007 (see Figure 1). Statewide, employment added 61,300 jobs between January 2007 and January 2008. This equates to a 2.2-percent growth rate (not seasonally adjusted) in Washington versus a slightly more robust 2.7-percent advance in the Wenatchee MSA. An encouraging sign for the local job market was the timing of this job growth. Over-the-year job growth rates in the Wenatchee MSA surpassed statewide job growth rates in July 2007, and have not relented since (see Figure 2). A quick summary of industrial employment changes between January 2007 and January 2008 follows:

- 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 food processing jobs. As mentioned in the local media, Tree Top Inc. laid off approximately 70 workers at their juice processing plant in Cashmere, WA, in early January 2008 accounting for much of this over-the-year job loss in Manufacturing. The company may reopen this autumn if the crop size supports it.
- Natural Resources, Mining, and Construction (with most of majority of these jobs in construction) rose to 2,700 jobs, a respectable 200-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.

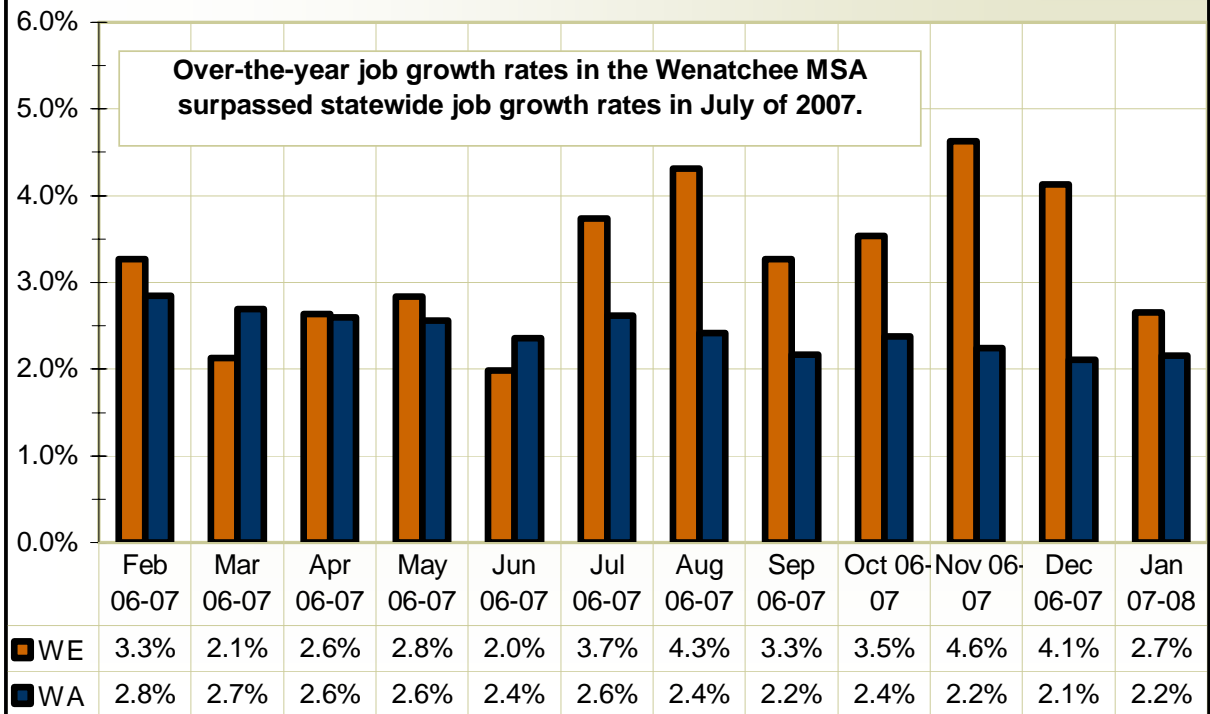
- Retail Trade rose to 6,300 jobs in January 2008, a 300-job upturn from the prior January.
- Education and Health Services (where the lion's share of these jobs are with private health services businesses) provided 5,600 jobs in January 2008, up from 5,500 in January 2007.
- Leisure and Hospitality showed a strong, 500-job over-the-year gain this January. Many of these jobs are in the Accommodation and Food Services sector (NAICS 72) and in the Arts, Entertainment, and Recreation sector (NAICS 71). This job gain likely indicates that travel and tourism marketing campaigns are catching on, and that the abundance of snow this winter gave a boost to winter recreation activities across Chelan and Douglas counties.

Table 1						
Labor Market Information for						
the Wenatchee Metropolitan Statistical Area (Chelan and Douglas Counties)						
Not Seasonally Adjusted/*UPDATED WITH ***QCEW DATA: September 2007						
					Change	
(Employment statistics in whole numbers)	Prelim	Revised	Revised	Dec-07	Jan-07	Jan-07
Employment by Place of Residence	Jan-08	Dec-07	Jan-07	Jan-08	Jan-08	Jan-08 %
Civilian Labor Force	57,470	57,820	56,280	-350	1,190	2.1%
Resident Employment	53,310	54,450	52,310	-1,140	1,000	1.9%
Unemployment	4,160	3,380	3,980	780	180	4.5%
Unemployment Rate	7.2%	5.8%	7.1%	xxx	xxx	xxx
Employment by Place of Work (**NAICS Industry Titles, numbers in thousands)						
TOTAL NONFARM 1/	38.7	40.3	37.7	-1.6	1.0	2.7%
TOTAL PRIVATE	30.0	31.5	28.9	-1.5	1.1	3.8%
GOODS PRODUCING	4.9	5.6	4.8	-0.7	0.1	2.1%
NAT. RESOURCES, MINING, & CONSTR.	2.7	3.2	2.5	-0.5	0.2	8.0%
MANUFACTURING	2.2	2.4	2.3	-0.2	-0.1	-4.3%
SERVICES PROVIDING	33.8	34.7	32.9	-0.9	0.9	2.7%
TRADE, TRANSPORTATION, WAREHSG., & UTIL.	9.3	9.9	8.9	-0.6	0.4	4.5%
Retail Trade	6.3	6.6	6.0	-0.3	0.3	5.0%
EDUCATION and HEALTH SERVICES	5.6	5.6	5.5	0.0	0.1	1.8%
LEISURE and HOSPITALITY	5.1	5.3	4.6	-0.2	0.5	10.9%
GOVERNMENT	8.7	8.8	8.8	-0.1	-0.1	-1.1%
Federal Government	0.7	0.8	0.8	-0.1	-0.1	-12.5%
State Government	1.3	1.3	1.4	0.0	-0.1	-7.1%
Local Government	6.7	6.7	6.6	0.0	0.1	1.5%
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 3rd quarter 2007) and estimates employment from that point to present.						
North American Industry Classification System. *QCEW = Quarterly Census of Employment and Wages						

**Figure 1, Wenatchee MSA:
Total Nonfarm Employment from January 2006 to January 2008
Numbers in Thousands**



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



Unemployment

In January 2008, the 7.2-percent unemployment rate in the Wenatchee MSA was up a tick from the January 2007 rate of 7.1 percent (see Figure 3). The number of unemployed residents in Chelan and Douglas counties (i.e., the Wenatchee MSA) edged upwards by 180 over the year; from 3,980 people out of work in January 2007, to 4,160 in January 2008. Nevertheless, the current 7.2 percent unemployment rate, was the third-lowest reading recorded in the Wenatchee MSA for the month of January in recent economic history (i.e., all the way back to 1990). The record setting January rate of 6.8 percent was recorded in January 2006. The second-lowest January reading was recorded in January 2007. This figure, as mentioned earlier, was 7.1 percent. Thus, the slight over-the-year upturn in the unemployment rate this January is nothing at which to be alarmed. One must remember that rates have been at extremely low levels in the local job market for the last couple of years. Specifically, the annual average unemployment rate in 2007 was 4.8 percent – a record setter (in a good way). The second lowest annual average monthly unemployment rate was set in 2006, at 5.1 percent.

Washington’s January 2008 unemployment rate of 5.2 percent (not seasonally adjusted) was two-tenths of a point below the already low 5.4-percent reading posted in January 2007 and was the lowest unemployment rate in recent economic history (i.e., all the way back to 1990). Monthly unemployment rates have been declining over the year for the last 51 months, from November 2003 through January 2008, inclusive. Although the unemployment rate is considered a lagging indicator, it demonstrates the economic vitality of the Evergreen State during the last four-plus years.

