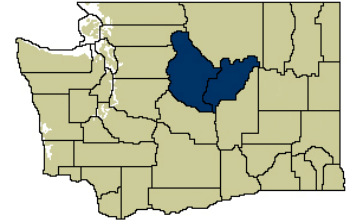




Wenatchee MSA

(Chelan and Douglas Counties)

Labor Area Summary



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Employment

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Nonagricultural employers in the Wenatchee MSA provided 41,000 jobs in June 2007, a 700-job increase over the corresponding month in 2006 (see Table 1). Statewide, employment added 51,800 jobs between June 2006 and June 2007, a 1.8-percent growth rate versus a slightly more modest 1.7-percent clip in the Wenatchee MSA. Statewide, over-the-year job growth rates have been decelerating since September 2006, when the economy added jobs at a 3.3-percent over-the-year pace. By June 2007 Washington's job growth rate had slipped to a moderate 1.8 percent pace. Although the pace of local job growth was only 1.7 percent this June, job growth rates in the Wenatchee MSA have been greater than job growth rates statewide in five out of the last seven months (see Figure 1).

Across Washington, job growth rates (Not Seasonally Adjusted) have been decelerating for the last six quarters versus corresponding quarters in prior years. Specifically, jobs were added at a 3.2 percent clip between the 1st Quarters of 2005 and 2006; but this pace cooled to 3.0 percent in the 2nd and 3rd Quarters of 2006; to 2.5 percent in the 4th Quarter; to 2.2 percent in the 1st Quarter of 2007; and finally to 2.0 percent in the 2nd Quarter of this year. Over-the-year quarterly job growth rates in the Wenatchee MSA generally followed the same cooling trend in the four calendar quarters of 2006. Changes were: 4.2 percent in the 1st Quarter; 2.9 percent in the 2nd; 1.7 percent in the 3rd; and 2.6 percent in the 4th. On annual average basis, the local economy performed the same as the statewide economy in 2006 (i.e., both expanded by 2.9 percent), but it is clear that most of the "heavy lifting" (i.e., job growth) in both labor markets occurred in the first half of the year.

An analysis of over-the-year job growth for the last three calendar quarters shows a mixture of good and not-so-good news for the local labor market. On the downside, quarterly job growth rates have continued to slowly decelerate during the last three calendar quarters in both the local and statewide economies. The good news is that this deceleration is not occurring as quickly in the Wenatchee MSA. Comparisons of over-the-year changes in job growth for the last three calendar quarters follow:

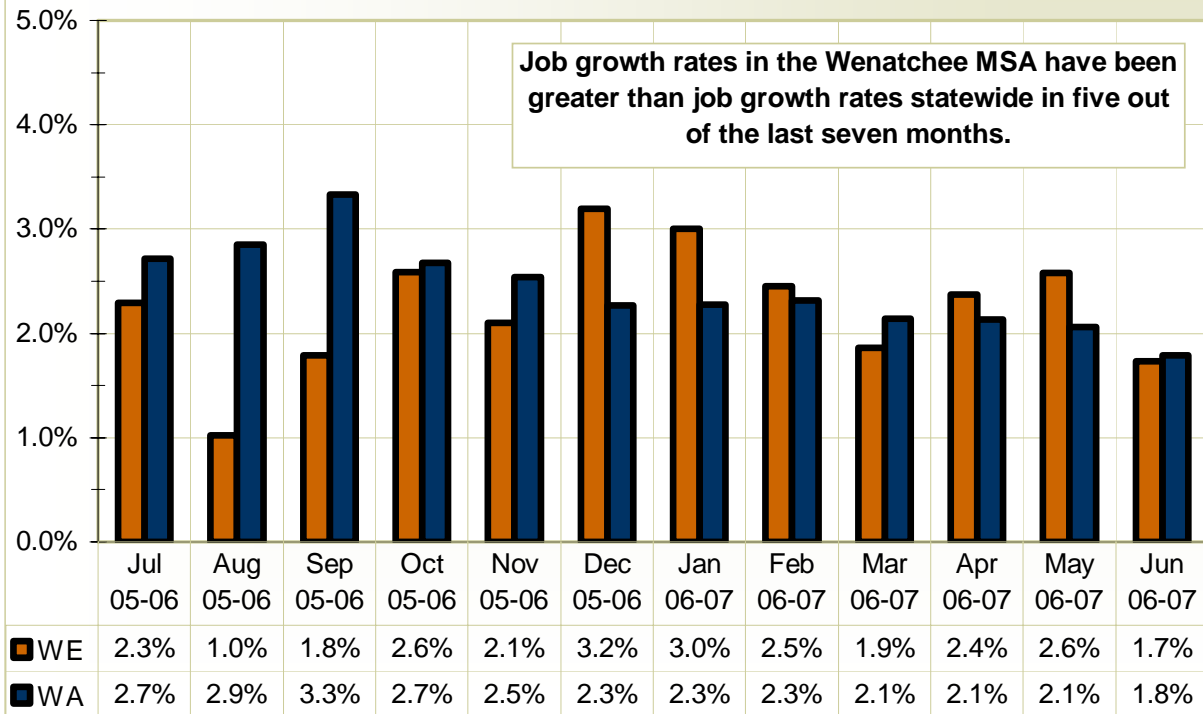
- 4th Quarter 2006 Job Growth Rates: Wenatchee MSA = 2.6 percent, Washington = 2.5 percent.
- 1st Quarter 2007 Job Growth Rates: Wenatchee MSA = 2.4 percent, Washington = 2.2 percent.
- 2nd Quarter 2007 Job Growth Rates: Wenatchee MSA = 2.2 percent, Washington = 2.0 percent.

Leisure and Hospitality (i.e., hotels and restaurants) grew by 400 jobs, ranking this industry first in the Wenatchee MSA in the number of jobs generated between June 2006 and June 2007. Education and Health Services (primarily at private health services providers) and Retail Trade each increased by 200 over the year.

Unfortunately, Natural Resources, Mining, and Construction employment growth, with most jobs in this category tallied under Construction, has definitely been cooling in the Wenatchee MSA. Natural Resources, Mining, and Construction, in terms of job growth, increased at a 15.2-percent clip between the 1st Quarters of 2005 and 2006; at 8.5 percent in the 2nd Quarter of 2006; at 6.7 percent in the 3rd Quarter of 2006; at 8.2 percent in the 4th Quarter; at a modest 4.0 percent in the 1st Quarter of 2007; and finally lost ground, at a minus-1.0 percent pace, during the 2nd Quarter 2007. According to the June 2007 edition of the *Snapshot* report published by Wenatchee's Pacific Appraisal Associates, P.L.L.C., the *dollar value* of homes sold in the North Central Washington Multiple Listing Service (MLS) area between January-May 2007 (\$121,090,838) was 18.0 percent above the dollar value of homes sold between January-May 2006 (\$102,836,900). However, the *number* of homes sold in this MLS area fell 10.3 percent (from 496 homes sold year-to-date in 2006, to 445 homes sold year-to-date in 2007). Pacific Appraisal's *Snapshot* further states that: "(The) Supply of homes in the Wenatchee Market has increased by 86 percent from last year with 305 homes on the market versus 164." Finally, the median home sales price in the MLS market area increased from \$202,000 between January-May 2006, to \$229,900 between January-May 2007; a substantial 13.8-percent increase.

Table 1						
Labor Market Information for						
the Wenatchee Metropolitan Statistical Area (Chelan and Douglas Counties)						
Not Seasonally Adjusted*/UPDATED WITH ***QCEW DATA: December 2006						
	Prelim	Revised	Revised	May-07	Jun-06	Change
Employment by Place of Residence	Jun-07	May-07	Jun-06	Jun-07	Jun-07	Jun-06 Jun-07 %
Civilian Labor Force	65.9	57.3	64.6	8.7	1.4	2.1%
Resident Employment	63.5	54.5	61.7	9.0	1.8	2.8%
Unemployment	2.5	2.8	2.9	-0.3	-0.4	-13.7%
Unemployment Rate	3.7%	4.9%	4.4%	xxx	xxx	xxx
Employment by Place of Work (**NAICS Industry Titles)						
TOTAL NONFARM 1/	41.0	39.8	40.3	1.2	0.7	1.7%
TOTAL PRIVATE	31.7	30.8	31.1	0.9	0.6	1.9%
GOODS PRODUCING	5.5	5.4	5.6	0.1	-0.1	-1.8%
NAT. RESOURCES, MINING, & CONSTR.	3.0	2.9	3.1	0.1	-0.1	-3.2%
MANUFACTURING	2.5	2.5	2.5	0.0	0.0	0.0%
SERVICES PROVIDING	35.5	34.4	34.7	1.1	0.8	2.3%
TRADE, TRANSPORTATION, WAREHSG., & UTIL.	9.1	8.8	9.0	0.3	0.1	1.1%
Retail Trade	6.2	6.1	6.0	0.1	0.2	3.3%
EDUCATION and HEALTH SERVICES	5.9	5.9	5.7	0.0	0.2	3.5%
LEISURE and HOSPITALITY	5.8	5.4	5.4	0.4	0.4	7.4%
GOVERNMENT	9.3	9.0	9.2	0.3	0.1	1.1%
Federal Government	1.0	0.9	1.0	0.1	0.0	0.0%
State Government	1.5	1.5	1.5	0.0	0.0	0.0%
Local Government	6.8	6.6	6.7	0.2	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 4th quarter 2006) and estimates employment from that point to present.						
North American Industry Classification System. *QCEW = Quarterly Census of Employment and Wages						

**Figure 1, Wenatchee MSA and Washington:
Total Nonfarm Employment Change Percentages
During the Last Twelve Months**



Unemployment

This June the 3.7 percent unemployment rate (Not Seasonally Adjusted) in the Wenatchee MSA decreased a substantial seven-tenths of a point below the June 2006 reading of 4.4 percent. The number of unemployed residents in the combined Chelan and Douglas counties area dropped by 390 over the year, from 2,850 in June 2006 to 2,460 in June 2007 (see Figure 2). The current 3.7 percent reading is the lowest unemployment rate on record for the local labor market for the month of June in recent economic history (i.e., all the way back to 1990). The previous record-low unemployment rate for the month of June was set in 2006, at 4.4 percent.

Washington's June 2007 unemployment rate (Not Seasonally Adjusted) of 4.4 percent is the lowest unemployment rate recorded for the month of June in recent economic history. It was six-tenths of a point below the already low reading of 5.0 percent posted in June 2006. Washington's unemployment rates began falling below corresponding months in 2006 starting in February of this year. This trend continued through June 2007, an excellent economic indicator for the Evergreen State during each of the last five months (i.e., from February-June 2007).

