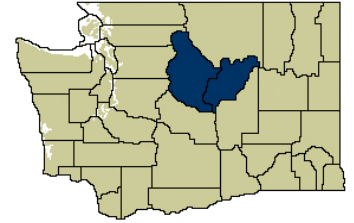




Wenatchee MSA

(Chelan and Douglas Counties)

Labor Area Summary



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WASHINGTON STATE EMPLOYMENT SECURITY DEPARTMENT
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Employment

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Nonfarm employers in the Wenatchee Metropolitan Statistical Area (MSA) provided 40,200 jobs in November 2007, a substantial 1,300-job rise above the corresponding month in 2006 (see Table 1). Statewide, employment added 79,400 jobs between November 2006 and November 2007, a 2.7-percent growth rate (not seasonally adjusted) versus a slightly more robust 3.3-percent clip in the Wenatchee MSA.

Natural Resources, Mining, and Construction; and Retail Trade in the Wenatchee MSA each added 300 new jobs since November 2006. Virtually all of the Natural Resource, Mining, and Construction gain was in building construction, heavy construction, and specialty trades. Approximately 100 new Leisure and Hospitality jobs were added as well, with much of this growth occurring in amusement/recreation, hotels, and restaurants. Manufacturing posted an over-the-year job loss (down 100) this November. 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, 2007 edition of the *Wenatchee World*, 102 employees lost their jobs as the result of this closure.

One of the surprising developments in the Wenatchee MSA economy is that employment growth in the local construction industry accelerated in 2007. Local Natural Resources, Mining, and Construction employment (with most jobs in this category tallied under Construction) increased from 2,700 jobs in 2005 to 2,900 in 2006 (up 7.4 percent); and it is projected to jump to an annual average of 3,300 jobs in 2007 (up 13.8 percent). The Washington State Employment Security Department will not release preliminary December 2007 employment figures until January 23rd 2008; and the July through November 2007 employment figures used in this report are estimates. Nevertheless, it is apparent that construction employment in the Wenatchee MSA was robust in 2007. The question is: "How long can this continue?"

According to the December 2007 edition of the *Snapshot* report published by Wenatchee's Pacific Appraisal Associates, P.L.L.C.:

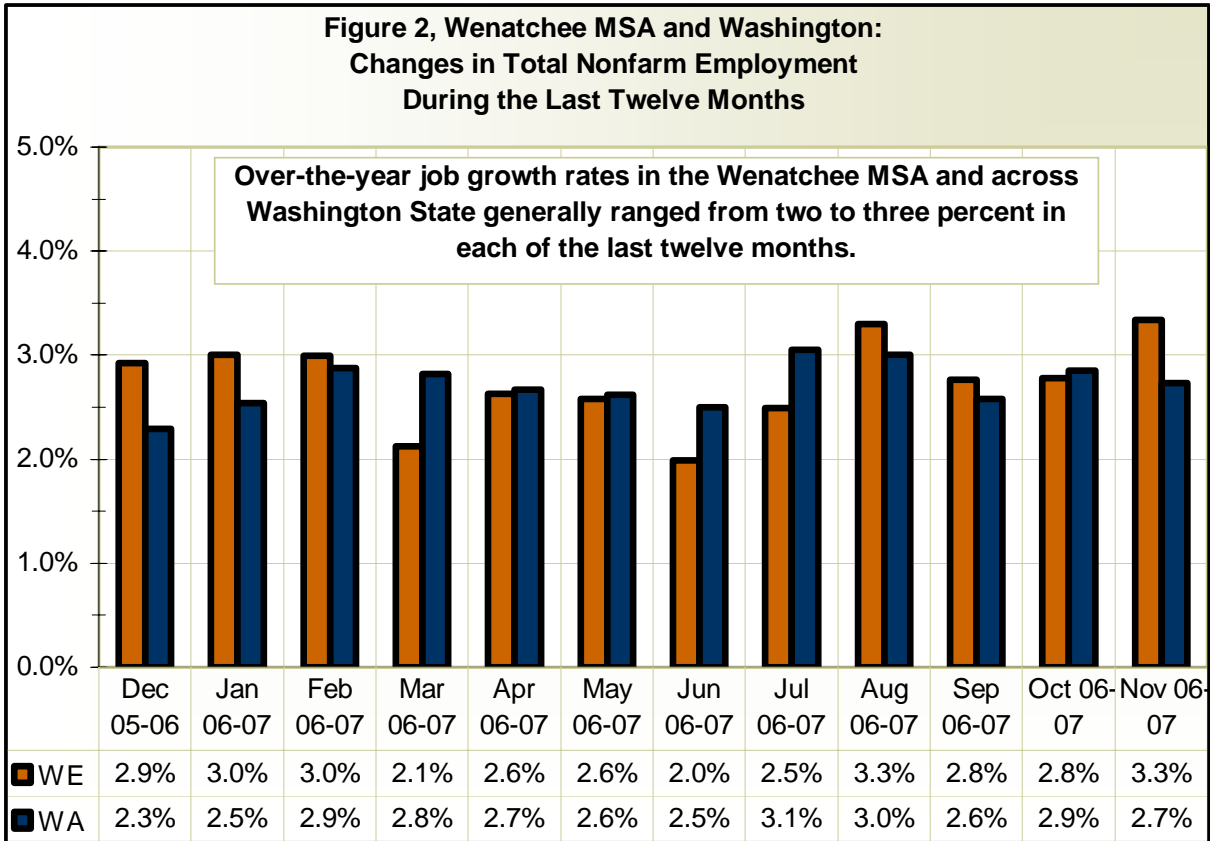
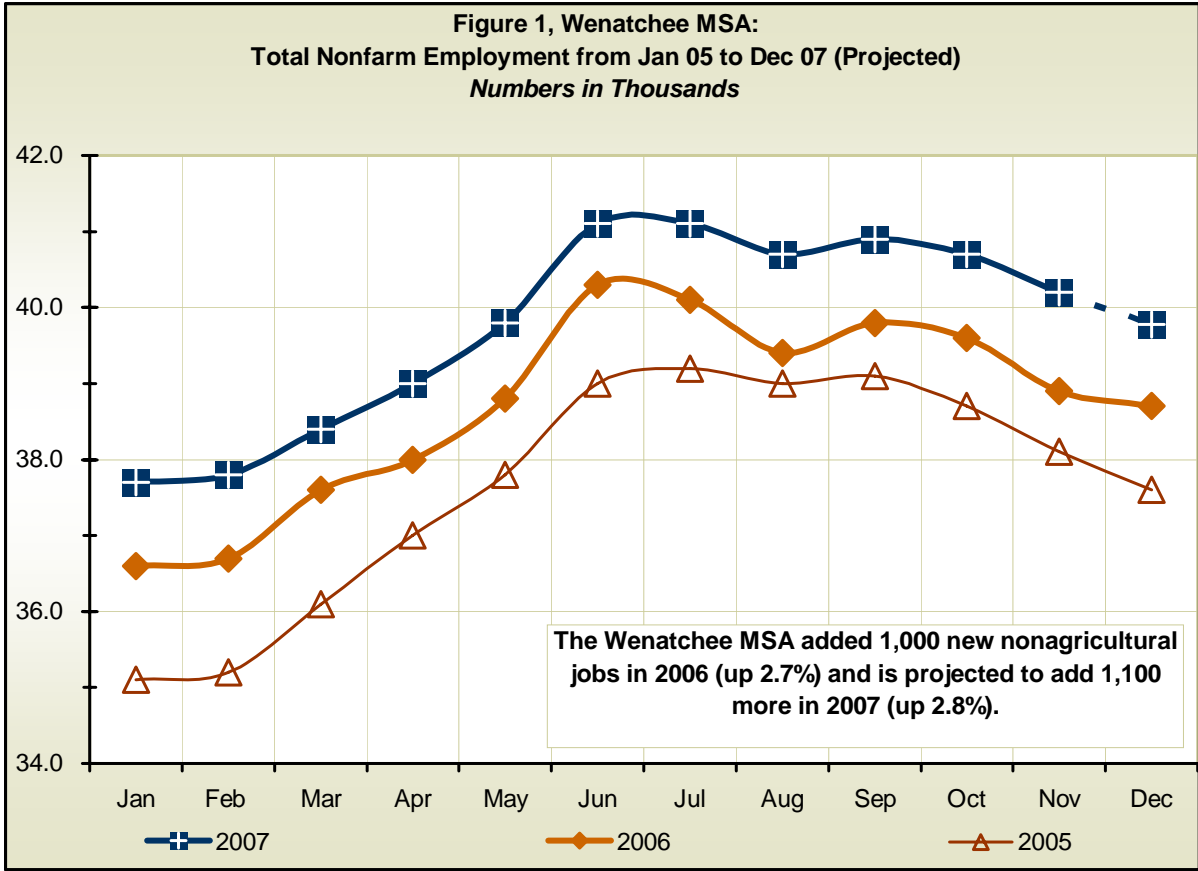
- The *dollar value* of homes sold in the North Central Washington Multiple Listing Service (MLS) Market Area between January-November 2007 (\$315,079,718) was 8.8 percent above the dollar value of homes sold between January-November 2006 (\$289,686,060).
- The *number* of homes sold in this MLS market area fell 11.0 percent (from 1,232 homes sold year-to-date in 2006, to 1,096 homes sold year-to-date in 2007).
- The *median home sales price* in the MLS market area increased from \$215,000 between January-November 2006, to \$249,900 between January-November 2007; a 16.2-percent increase.

The Snapshot report summarizes that, from January though November each year, in the Wenatchee Market Area (a major subset of the North Central Washington MLS Market Area):

- The number of homes sold peaked in 2005 and tapered off in 2006 and 2007 (from 1,010 in 2005; to 975 in 2006; and to 879 in 2007).
- The dollar value of these homes continued to rise (from \$200M in 2005; to \$221 in 2006; to \$239 in 2007).

In terms of job growth, 2007 is shaping up to be a very respectable year for the local economy. The local job market added 1,000 new nonfarm jobs in 2006, a 2.7-percent annual average employment increase; and it is projected to gain 1,100 more in 2007, a 2.8-percent advance (see Figure 1). Washington’s job market added 80,900 nonagricultural jobs in 2006, a 2.9-percent employment increase; and it is projected to add about 78,800 more in 2007, a 2.8-percent upturn. Thus, total nonfarm employment growth in the Wenatchee MSA (Chelan and Douglas counties) and in Washington State should average out to about 2.8 percent in 2007. For more detail on employment changes in the Wenatchee MSA and in Washington State, let us compare over-the-year changes in these two areas over each of the last twelve months (see Figure 2). Here it is illustrated that job growth rates, for both areas, generally ranged from two to three percent in each of the last twelve months. The bottom line is that there were more similarities than differences in aggregate employment trends in the local and statewide job markets in 2007.

Table 1						
Labor Market Information for						
the Wenatchee Metropolitan Statistical Area (Chelan and Douglas Counties)						
Not Seasonally Adjusted/*UPDATED WITH ***QCEW DATA: June 2007						
				Change		
(Employment statistics in whole numbers)	Prelim	Revised	Revised	Oct-07	Nov-06	Nov-06
Employment by Place of Residence	Nov-07	Oct-07	Nov-06	Nov-07	Nov-07	Nov-07 %
Civilian Labor Force	58,780	64,900	57,610	-6,120	1,170	2.0%
Resident Employment	55,770	62,550	54,560	-6,780	1,210	2.2%
Unemployment	3,010	2,350	3,050	660	-40	-1.3%
Unemployment Rate	5.1%	3.6%	5.3%	xxx	xxx	xxx
Employment by Place of Work (**NAICS Industry Titles, numbers in thousands)						
TOTAL NONFARM 1/	40.2	40.7	38.9	-0.5	1.3	3.3%
TOTAL PRIVATE	31.5	32.0	30.2	-0.5	1.3	4.3%
GOODS PRODUCING	5.8	5.9	5.6	-0.1	0.2	3.6%
NAT. RESOURCES, MINING, & CONSTR.	3.4	3.5	3.1	-0.1	0.3	9.7%
MANUFACTURING	2.4	2.4	2.5	0.0	-0.1	-4.0%
SERVICES PROVIDING	34.4	34.8	33.3	-0.4	1.1	3.3%
TRADE, TRANSPORTATION, WAREHSG., & UTIL.	9.6	9.4	9.0	0.2	0.6	6.7%
Retail Trade	6.3	6.3	6.0	0.0	0.3	5.0%
EDUCATION and HEALTH SERVICES	5.9	5.9	5.9	0.0	0.0	0.0%
LEISURE and HOSPITALITY	4.8	5.1	4.7	-0.3	0.1	2.1%
GOVERNMENT	8.7	8.7	8.7	0.0	0.0	0.0%
Federal Government	0.8	0.9	0.8	-0.1	0.0	0.0%
State Government	1.3	1.3	1.4	0.0	-0.1	-7.1%
Local Government	6.6	6.5	6.5	0.1	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 2nd quarter 2007) and estimates employment from that point to present.						
North American Industry Classification System. *QCEW = Quarterly Census of Employment and Wages						



Unemployment

This November, the 5.1 percent unemployment rate in the Wenatchee MSA decreased two-tenths of a percentage point below the November 2006 reading of 5.3 percent. The number of unemployed residents in Chelan and Douglas counties (i.e., the Wenatchee MSA) area fell by 40 over the year, from 3,050 in November 2006 to 3,010 in November 2007 (see Figure 3). The current 5.1 percent reading is the lowest unemployment rate on record for the local labor market for the month of November in recent economic history (i.e., all the way back to 1990), an indicator that the local labor force is faring quite well.

Washington's November 2007 unemployment rate of 4.6 percent (not seasonally adjusted) was four-tenths of a point below the already low 5.0-percent rate posted in November 2006 and was the lowest November unemployment rate, since the 4.5-percent reading of November 1999. This year, Washington's rates began falling below those of corresponding months in 2006 beginning in February 2007. The trend has continued through November 2007, an excellent economic indicator for the Evergreen State during each of these last ten months (again, please see Figure 3).

