

Yakima MSA (Yakima County)

Labor Area Summary

December 2022



Donald W. Meseck, Regional Labor Economist
 Employment Security Department
 Kittitas County WorkSource, 510 N. Pine Street, Ellensburg, WA 98926
 Phone: 509-607-3267
 Email: don.meseck@esd.wa.gov
 Website: <https://esd.wa.gov/labormarketinfo>

Overview

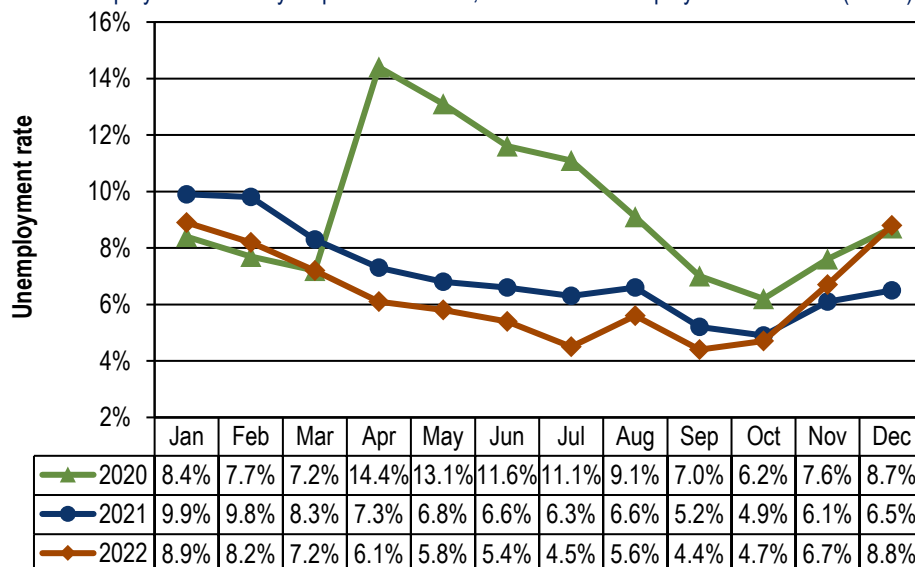
This report provides an update on the Yakima Metropolitan Statistical Area (MSA) economy using not seasonally adjusted, nonfarm employment and civilian labor force data. Analysis focuses on year over year (December 2021 and December 2022) and average annual data changes (between 2021 and 2022).

Unemployment rates

Preliminary Civilian Labor Force (CLF) data show that Washington's not seasonally adjusted unemployment rate fell from 5.2 percent in 2021 to 4.0 percent in 2022. Year over year, Washington's monthly unemployment rates had decreased for 19 months before increasing in November and December 2022. The rate rose four-tenths of a point between the Decembers of 2021 (4.0 percent) and 2022 (4.4 percent).

In Yakima County, the not seasonally adjusted average annual unemployment rate dropped from 7.0 percent to 6.3 percent between 2021 and 2022. Year over year, monthly rates had declined for 19 months (*Figure 1*), or from April 2021 through October 2022, before rising in November and December 2022. The rate jumped two and three-tenths points between the Decembers of 2021 (6.5 percent) and 2022 (8.8 percent).

Figure 1. Yakima County unemployment rates, not seasonally adjusted
 Washington state, January 2020 through December 2022
 Source: Employment Security Department/DATA; Local Area Unemployment Statistics (LAUS)



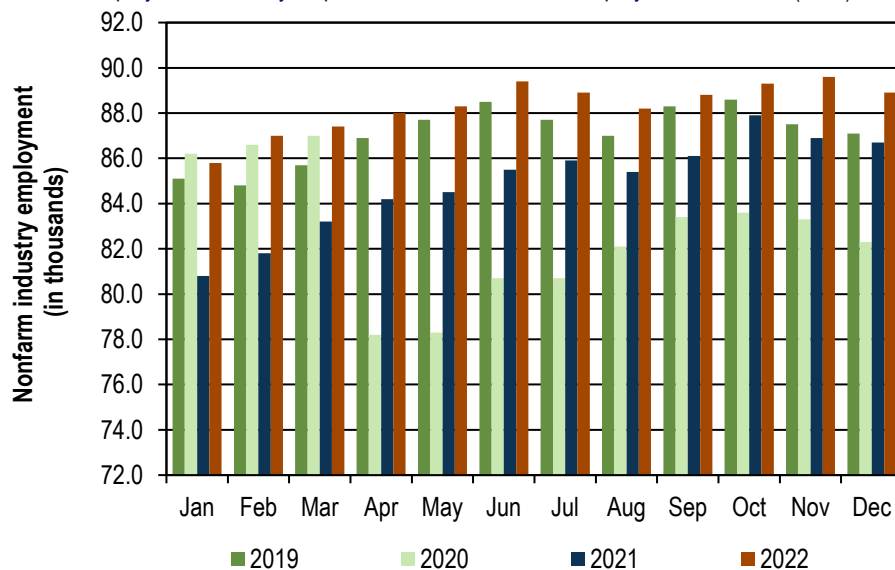
Yakima County's unemployment rate rose by two and three-tenths percentage points between December 2021 and December 2022.

Total nonfarm employment

Between 2021 and 2022, estimates indicate that Washington's labor market provided 169,200 more nonfarm jobs, an average annual increase of 5.0 percent. Year over year, Washington's nonfarm market has expanded in each of the past 21 months (April 2021 through December 2022). This December, business and government organizations statewide tallied 3,586,200 jobs (not seasonally adjusted) compared with 3,465,000 in December 2021, up by 121,200 jobs and by 3.5 percent.

Preliminary estimates indicate that Yakima County's nonfarm economy added 3,400 jobs between 2021 and 2022, an average annual increase of 4.0 percent. Nonfarm employment has risen, year over year, during the past 21 months (April 2021 through December 2022), but at growth rates slower than across WA during the past 17 months (*Figure 4*). Estimates show that employment advanced by 2,200 jobs (up 2.5 percent) between December 2021 (86,700 jobs) and December 2022 (88,900 jobs), as shown in *Figures 2 and 3*.

Figure 2. Yakima County nonfarm industry employment, not seasonally adjusted, in thousands
Washington state, January 2019 through December 2022
Source: Employment Security Department/ DATA; Current Employment Statistics (CES)



In December 2022, nonfarm employment increased to 88,900, a 2,200-job advance from the 86,700 jobs tallied in December 2021.

Employment and unemployment

Washington's Civilian Labor Force (CLF) increased by 99,357 residents (a 2.5 percent upturn) between 2021 and 2022. Year over year, the state's CLF has expanded during the past 17 months (August 2021 through December 2022). Recently, Washington's labor force grew by 28,524 residents (up 0.7 percent), from 3,968,555 residents in December 2021 to 3,997,079 this past December. However, the state's labor force growth rates *generally* decelerated, year over year, throughout 2022. For example, in January and February 2022 CLF growth rates year over year were 3.4 and 4.4 percent, respectively; but, by November and December 2022 CLF growth rates slipped to 0.5 and 0.7 percent.

Yakima County's CLF increased by 1.6 percent between 2021 (131,217 residents) and 2022 (133,317 residents). However, most of this growth occurred in the first half of 2022. Year over year, the local labor force expanded by 1.6 percent in December 2022 following a -0.2 percent decline in November 2022. This December there were 128,425 residents in the local labor force versus 126,455 in December 2021, a 1,970 resident and 1.6 percent increase (*Figure 3*). However, the number of unemployed increased by 3,082 (up 37.5 percent), from 8,211 residents out of work in December 2021 to 11,293 in December 2022. Hence, it

was primarily this sharp year-over-year increase in the number of unemployed which caused the local unemployment rate to rise to 8.8 percent in December 2022 from the 6.5 percent reading in December 2021. Another concerning economic indicator is that the local labor force has been contracting, for the past eight months (May through December 2022), below corresponding pre-COVID months in 2019. Recently, there were 863 fewer residents in Yakima County's CLF in December 2022 (128,425 residents) than in December 2019 (129,288 residents), a -0.7 percent downturn – a trend to watch in forthcoming months.

Figure 3. Yakima County Labor force and industry employment, not seasonally adjusted

Washington state, December 2022

Source: Employment Security Department/ DATA; Local Area Unemployment Statistics (LAUS), Current Employment Statistics (CES)

				Change		Percent change
Yakima County	Preliminary	Revised	Revised	Nov-22	Dec-21	Dec-21
	Dec-22	Nov-22	Dec-21	Dec-22	Dec-22	Dec-22
Labor force and unemployment						
Civilian labor force	128,425	128,562	126,455	-137	1,970	1.6%
Resident employment	117,132	119,981	118,244	-2,849	-1,112	-0.9%
Unemployment	11,293	8,581	8,211	2,712	3,082	37.5%
Unemployment rate	8.8	6.7	6.5	2.1	2.3	
Industry employment (numbers are in thousands)						
Total nonfarm ¹	88.9	89.6	86.7	-0.7	2.2	2.5%
Total private	70.6	71.3	69.3	-0.7	1.3	1.9%
Goods producing	12.5	12.6	12.4	-0.1	0.1	0.8%
Mining, logging and construction	4.2	4.3	4.3	-0.1	-0.1	-2.3%
Manufacturing	8.3	8.3	8.1	0.0	0.2	2.5%
Nondurable goods	5.3	5.4	5.2	-0.1	0.1	1.9%
Service providing	76.4	77.0	74.3	-0.6	2.1	2.8%
Private service providing	58.1	58.7	56.9	-0.6	1.2	2.1%
Trade, transportation and utilities	20.6	20.7	20.6	-0.1	0.0	0.0%
Wholesale trade	4.8	4.9	4.8	-0.1	0.0	0.0%
Retail trade	11.8	11.7	11.7	0.1	0.1	0.9%
Transportation and utilities	4.0	4.1	4.1	-0.1	-0.1	-2.4%
Professional and business services	4.6	4.7	4.5	-0.1	0.1	2.2%
Education and health services	19.3	19.4	18.4	-0.1	0.9	4.9%
Health care and social assistance	17.5	17.5	17.0	0.0	0.5	2.9%
Leisure and hospitality	8.7	8.7	8.0	0.0	0.7	8.7%
Food services	6.9	6.9	6.3	0.0	0.6	9.5%
Government	18.3	18.3	17.4	0.0	0.9	5.2%
Federal government	1.3	1.3	1.3	0.0	0.0	0.0%
State government	2.4	2.4	2.2	0.0	0.2	9.1%
Local government	14.6	14.6	13.9	0.0	0.7	5.0%
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 December 2021 and December 2022, the Yakima County nonfarm labor market expanded by 2.5 percent.

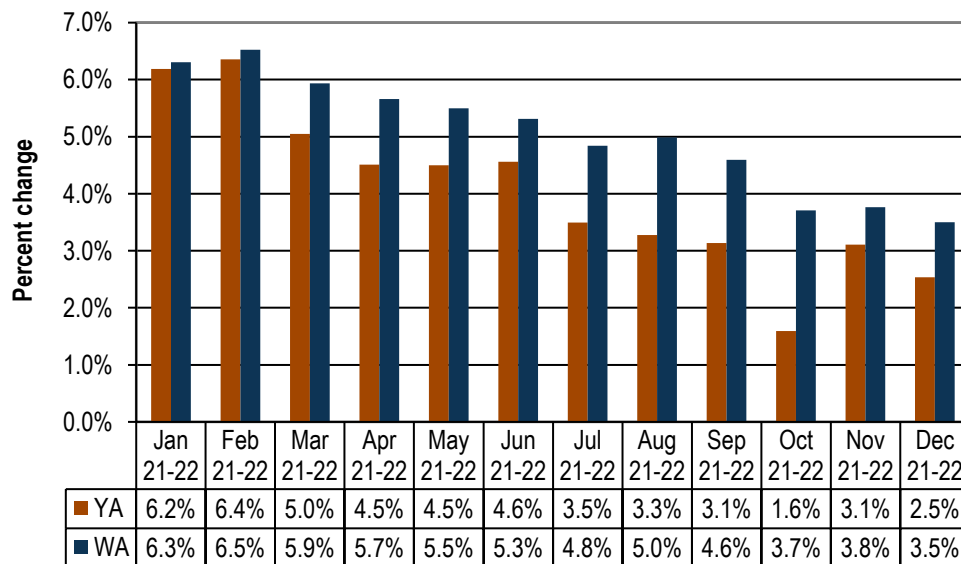
Nonfarm industry employment

Not seasonally adjusted total nonfarm employment in Yakima County increased by 2.5 percent in December 2022, as employment rose to 88,900 jobs from the 86,700 jobs tallied in December 2021 (*Figures 3 and 4*). Total nonfarm employment in December 2022 (88,900) was also 1,800 jobs and 2.1 percent above the 87,100 jobs provided in the pre-COVID month of December 2019 (three years prior), an indication that although the labor force is struggling, nonfarm employment (i.e., jobs in Yakima County) has recovered since the pandemic.

Figure 4. Yakima County and Washington total nonfarm employment changes

Washington state, January 2022 through December 2022

Source: Employment Security Department/ DATA, Current Employment Statistics (CES)



Nonfarm employment in Yakima County has risen, year over year, during the past 21 months (April 2021 through December 2022), but at growth rates slower than across WA during the past 17 months. Washington's nonfarm market has also expanded from April 2021 through December 2022.

The following paragraphs summarize employment trends and changes in three local industries (construction, leisure and hospitality, and local government) between December 2021 and December 2022:

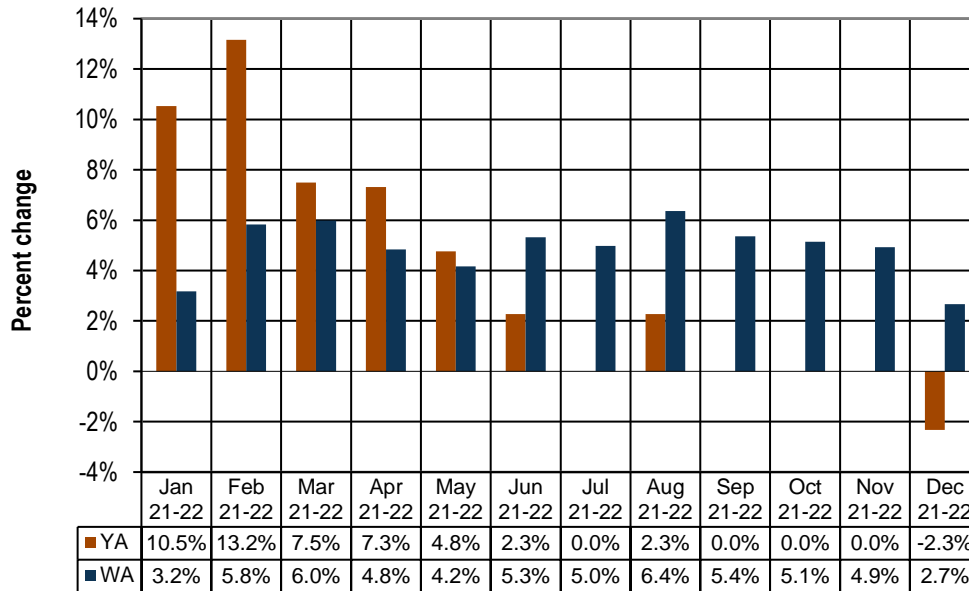
- Year over year, construction employment in Yakima County had stabilized or increased for 20 months (April 2021 through November 2022) before decreasing by -2.3 percent in December 2022 (*Figure 5*). Countywide, there were 4,200 construction jobs in December 2022 versus 4,300 in November 2021, a 100 job and -2.3 percent downturn (*Figure 3*). However, rising interest rates appear to be “putting the dampers on” commercial and residential sales which will likely depress construction employment. Across Yakima County the number of commercial and residential sales (combined) decreased from 4,457 to 3,824 (-14.0 percent) between 2021 and 2022, per the December 2022 edition of *Headwaters – the Source* newsletter published by KMW Enterprises LLC in Selah, Washington. The value of these commercial and residential sales countywide scaled downwards from \$1.63 billion in 2021 to \$1.59 billion in 2022, a -2.5 percent abatement. The residential market yielded 509 fewer sales in 2022 (2,852 residential sales) versus in 2021 (3,361 residential sales), a -15.1 percent retrenchment. The value of these residential sales declined from \$1.09 billion to \$1.01 billion, a -7.5 percent decrease. Only average home prices advanced. Specifically, the average home price in Yakima County in 2021 was \$324,611; whereas the average home price in 2022 was \$353,692, a 9.0 percent increase. Conversely, construction employment statewide has posted year-over-year increases for 21 consecutive months (as partially shown in *Figure*

5). Between December 2021 and December 2022, the number of construction jobs across Washington advanced by 2.7 percent (up 6,000 jobs) from 225,300 jobs to 231,300. Washington's nonresidential building construction contractors saw employment jump by 10.9 percent, from 22,900 jobs in December 2021 to 25,400 in December 2022. A nonresidential building is defined as any commercial, industrial, institutional, public, or other building not occupied as a dwelling, including hotels and motels.

Figure 5. Yakima County and Washington construction employment changes

Washington state, January 2022 through December 2022

Source: Employment Security Department/DATA, Current Employment Statistics (CES)



Year over year, construction employment in Yakima County had stabilized or increased for 20 months (April 2021 through November 2022) before decreasing by -2.3 percent in December 2022. Statewide, construction employment has been rising for 21 consecutive months (April 2021 through December 2022).

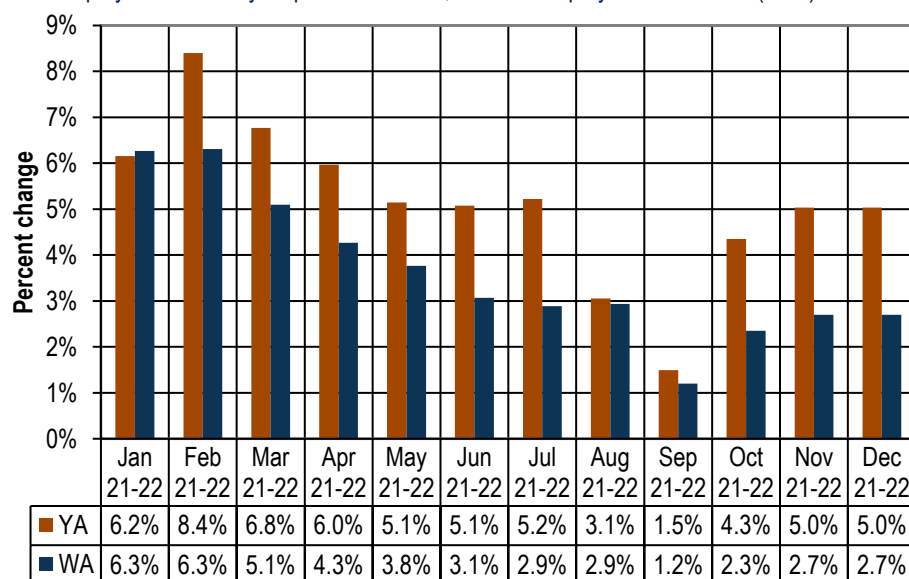
- COVID-19-related layoffs hit Yakima County's leisure and hospitality industry hard in 2020, as employment plummeted by -20.7 percent from 2019 (8,300 jobs) to 2020 (6,600 jobs). But this industry partially rebounded in 2021. Employment rose by 14.4 percent from 2020 (6,600 jobs) to 7,500 in 2021. In 2022 employment advanced again, by 13.8 percent, from the 7,500-job average in 2021 to 8,500 jobs in 2022 – recovering all leisure and hospitality jobs lost during the COVID-19 pandemic. Leisure and hospitality businesses (primarily hotels, eating and drinking places, and amusement and recreation services) in Yakima County have registered year-over-year job gains now for the past 21 consecutive months, or from April 2021 through December 2022. Current estimates indicate that leisure and hospitality employment in December 2022 provided 8,700 jobs, 700 jobs more than the 8,000 tallied in December 2021, an 8.7 percent upturn (*Figure 3*). In fact, the December 2022 reading of 8,700 jobs was 600 jobs and 7.4 percent greater than the 8,100 leisure and hospitality jobs tallied in December 2019 (i.e., in the pre-COVID period). Employment in Washington's leisure and hospitality industry has also expanded in each of the past 21 months (April 2021 through December 2022). Statewide, leisure and hospitality employment elevated 9.8 percent (up by 30,100 jobs) between December 2021 (307,900 jobs) and December 2022 (338,000 jobs). Approximately three-quarters (75.7 percent), or 22,800 of these 30,100 new leisure and hospitality jobs were generated within the food services and drinking places sector, which increased from 235,900 to 258,700 jobs between December 2021 and December 2022 (up 9.7 percent).

- Local government tallies jobs at the county or municipal level in a diverse array of organizations such as: public school districts; fire, police, parks, library, and health districts; roads crews, courts, and corrections; Native American organizations/enterprises; etc. Current estimates indicate that local government organizations in Yakima County in December 2022 provided 14,600 jobs, 700 more than the 13,900 tallied in December 2021, a 5.0 percent upturn (*Figure 6*). In fact, employment in Yakima County's local government sector has increased, year over year, in each of the past 21 consecutive months (April 2021 through December 2022). Statewide, local government has rebounded for the past 20 months (May 2021 through December 2022). Local government employment across Washington elevated by 2.7 percent (up 9,500 jobs) between December 2021 (351,700 jobs) and December 2022 (361,200), as shown in *Figure 6*. Over half (57.9 percent) of these 9,500 local government jobs generated across the State between the Decembers of 2021 and 2022 were in local government educational services, which provided 172,800 jobs in December 2021 versus 178,300 in December 2022 (up by 5,500 jobs and 3.2 percent).

Figure 6. Yakima County and Washington local government employment changes

Washington state, January 2022 through December 2022

Source: Employment Security Department/DATA, Current Employment Statistics (CES)



Employment in Yakima County's local government sector has increased, year over year, in each of the past 21 months (April 2021 through December 2022). Statewide, local government has rebounded for the past 20 months (May 2021 through December 2022).

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 November 2022, revised annual average QCEW data for calendar year 2021 became available. An analysis of employment changes from the most recent 10-year period (2011 through 2021) shows that in Yakima County:

- Total covered employment rose from 101,249 in 2011 to 112,315 in 2021, a 11,066 job and 10.9 percent upturn, with annualized employment growth between 2011 and 2021 of 1.0 percent. The number of agricultural jobs (a subset of total covered employment) increased from 25,073 in 2011 to

29,786 in 2021, a 4,713 job and 18.8 percent uptrend, with annualized employment growth of 1.7 percent. In 2011, Yakima County's agricultural industry accounted for 24.8 percent of total covered employment. In 2021, agricultural employment accounted for 26.5 percent of total covered employment countywide. Hence, the agricultural share of total employment rose by 1.7 percentage points (from 24.8 to 26.5 percent) in Yakima County from 2011 to 2021. Within this 10-year period however, this "agriculture as a percentage of total covered employment" figure was highest in 2016, at 28.1 percent.

- Total covered wages rose from \$3.27 billion in 2011 to \$5.12 billion in 2021, a \$1.85 billion and 56.6 percent upturn, with annualized payroll growth between 2011 and 2021 of 4.6 percent. The agricultural payroll (a subset of total covered wages) advanced from \$0.57 billion in 2011 to \$1.07 billion in 2021, a strong \$0.51 billion and 89.3 percent uptrend, with annualized wage growth between 2011 and 2021 of 6.6 percent. In 2011, Yakima County's agricultural industry accounted for 17.3 percent of total covered wages. In 2021, agricultural wages accounted for 21.0 percent of total covered payroll countywide. Hence, the agricultural share of wages rose 3.7 percentage points (from 17.3 to 21.0 percent) during this period.
- One could say that in this most recent ten-year timeframe, the agricultural industry, in terms of employment, and especially in terms of payroll, has become more "influential" in the Yakima County economy. However, it also should be noted that covered agricultural employment peaked in Yakima County in 2018 at 32,320 jobs and tapered off yearly to 31,638 jobs in 2019, to 30,767 in 2020, and to 29,786 in 2021. Anecdotal evidence suggests at least three possibilities for this more recent (i.e., 2019 through 2021) agricultural employment decline in Yakima County: automation, the gradual conversion of some seasonal agricultural jobs to year-round positions, and the increased use of H-2A agricultural labor.

Web link to Monthly Employment Report (MER) for Washington state

<https://esd.wa.gov/labormarketinfo/monthly-employment-report>