

Yakima MSA (Yakima County) Labor Area Summary January 2023



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Overview

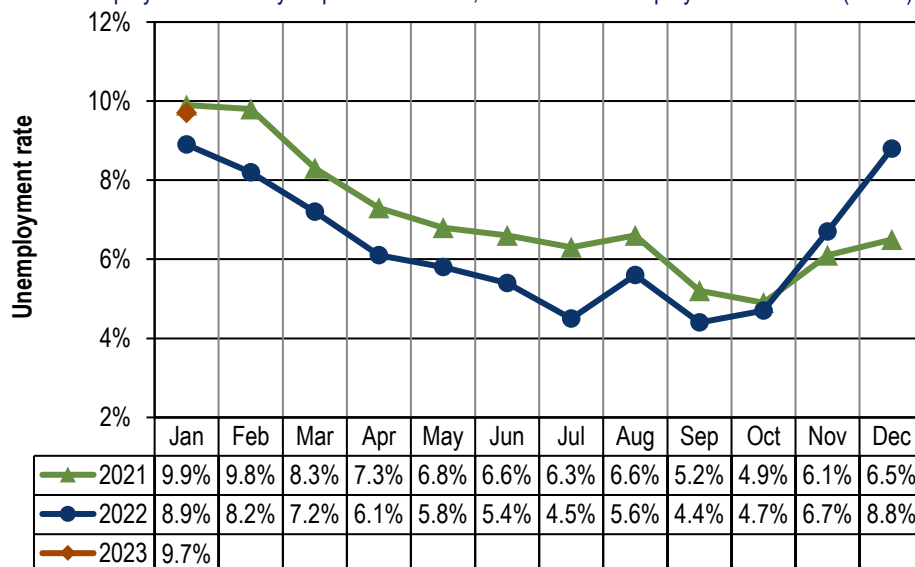
This report provides an update on the Yakima Metropolitan Statistical Area (MSA) economy using not seasonally adjusted, nonfarm employment and civilian labor force data. Analysis focuses on year over year (January 2022 and January 2023) and average annual data changes (between 2021 and 2022).

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, monthly unemployment rates decreased in each of the nine months from February through October 2022, increased in November and December 2022, and then stabilized at 5.1 percent in January 2023.

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 each of the past three months (November 2022 through January 2023).

Figure 1. Yakima County unemployment rates, not seasonally adjusted
Washington state, January 2021 through January 2023
Source: Employment Security Department/DATA; Local Area Unemployment Statistics (LAUS)



Yakima County's unemployment rate rose by eight-tenths of a percentage point between January 2022 and January 2023.

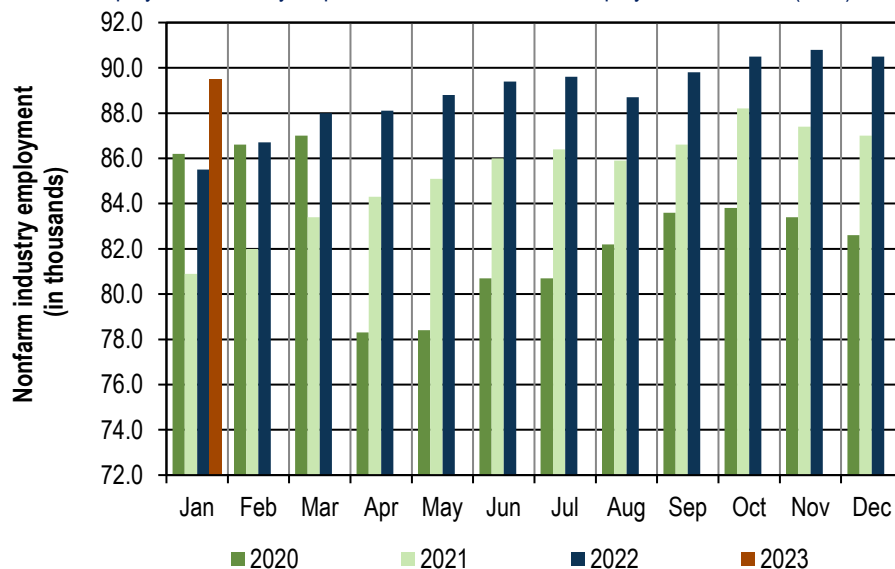
Total nonfarm employment

Between 2021 and 2022, estimates indicate that Washington's labor market provided 159,800 more nonfarm jobs, an average annual increase of 4.7 percent. Year over year, Washington's nonfarm market has expanded in each of the past 22 months (April 2021 through January 2023). This January, business and government organizations statewide tallied 3,548,900 jobs (not seasonally adjusted) compared with 3,410,500 in January 2022, up by 138,400 jobs and by 4.1 percent.

Yakima County's nonfarm economy added 3,600 jobs between 2021 and 2022, an average annual increase of 4.2 percent. Nonfarm employment has risen, year over year, during the past 22 months (April 2021 through January 2023). Preliminary estimates indicate that employment advanced by 4,000 jobs (up 4.7 percent) between January 2022 (85,500 jobs) and January 2023 (89,500 jobs), as shown in *Figures 2 and 3*.

Figure 2. Yakima County nonfarm industry employment, not seasonally adjusted, in thousands
Washington state, January 2020 through January 2023

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



In January 2023, nonfarm employment increased to 89,500, a 4,000-job advance from the 85,500 jobs tallied in January 2022.

Employment and unemployment

Washington's Civilian Labor Force (CLF) increased by 99,357 residents (a 2.5 percent upturn) between 2021 and 2022. On a monthly basis the CLF posted year-over-year growth from August 2021 through January 2023. Recently, the labor force increased from 4,000,552 residents in January 2022 to 4,029,575 in January 2023, a 29,023-resident and 0.7-percent upturn. On the downside, Washington's labor force growth rates have *generally* been decelerating. For example, between the Januarys of 2021 and 2022 Washington's CLF growth pace was 3.4 percent, but (as mentioned) between the Januarys of 2022 and 2023 Washington's CLF growth pace was a more modest 0.7 percent.

Yakima County's CLF increased by 1.6 percent between 2021 (131,217 residents) and 2022 (133,317 residents). However, much of this growth occurred in the first half of 2022; and, year over year, CLF growth rates vacillated in the five-month period from July through November 2022. Recently however, the County's labor force expanded by 1.6 percent in December 2022 and by 1.5 percent in January 2023. This January there were 129,578 residents in the local labor force versus 127,658 in January 2022, a 1,920 resident and 1.5 percent increase (*Figure 3*). However, the number of unemployed increased by 1,246 (up 11.0 percent), from 11,322 residents out of work in January 2022 to 12,568 in January 2023. Hence, it was

primarily this appreciable year-over-year increase in the number of unemployed which caused the local unemployment rate to rise to 9.7 percent in January 2023 from the 8.9 percent reading in January 2022.

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

Washington state, January 2023

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

| | | | | Change | | Percent change |
|--|-------------|---------|---------|--------|--------|----------------|
| Yakima County | Preliminary | Revised | Revised | Dec-22 | Jan-22 | Jan-22 |
| | Jan-23 | Dec-22 | Jan-22 | Jan-23 | Jan-23 | Jan-23 |
| Labor force and unemployment | | | | | | |
| Civilian labor force | 129,578 | 128,425 | 127,658 | 1,153 | 1,920 | 1.5% |
| Resident employment | 117,010 | 117,132 | 116,336 | -122 | 674 | 0.6% |
| Unemployment | 12,568 | 11,293 | 11,322 | 1,275 | 1,246 | 11.0% |
| Unemployment rate | 9.7 | 8.8 | 8.9 | 0.9 | 0.8 | |
| Industry employment (numbers are in thousands) | | | | | | |
| Total nonfarm ¹ | 89.5 | 90.5 | 85.5 | -1.0 | 4.0 | 4.7% |
| Total private | 70.9 | 71.9 | 67.9 | -1.0 | 3.0 | 4.4% |
| Goods producing | 13.1 | 13.4 | 12.2 | -0.3 | 0.9 | 7.4% |
| Mining, logging and construction | 4.3 | 4.5 | 4.0 | -0.2 | 0.3 | 7.5% |
| Manufacturing | 8.8 | 8.9 | 8.2 | -0.1 | 0.6 | 7.3% |
| Nondurable goods | 5.8 | 5.8 | 5.3 | 0.0 | 0.5 | 9.4% |
| Service providing | 76.4 | 77.1 | 73.3 | -0.7 | 3.1 | 4.2% |
| Private service providing | 57.8 | 58.5 | 55.7 | -0.7 | 2.1 | 3.8% |
| Trade, transportation and utilities | 19.9 | 20.3 | 19.4 | -0.4 | 0.5 | 2.6% |
| Wholesale trade | 4.4 | 4.4 | 4.3 | 0.0 | 0.1 | 2.3% |
| Retail trade | 11.4 | 11.6 | 11.2 | -0.2 | 0.2 | 1.8% |
| Transportation and utilities | 4.1 | 4.3 | 3.9 | -0.2 | 0.2 | 5.1% |
| Professional and business services | 4.9 | 5.0 | 4.4 | -0.1 | 0.5 | 11.4% |
| Education and health services | 18.8 | 18.9 | 18.5 | -0.1 | 0.3 | 1.6% |
| Health care and social assistance | 17.6 | 17.6 | 17.1 | 0.0 | 0.5 | 2.9% |
| Leisure and hospitality | 8.3 | 8.4 | 7.9 | -0.1 | 0.4 | 5.1% |
| Food services | 6.6 | 6.7 | 6.3 | -0.1 | 0.3 | 4.8% |
| Government | 18.6 | 18.6 | 17.6 | 0.0 | 1.0 | 5.7% |
| Federal government | 1.2 | 1.2 | 1.3 | 0.0 | -0.1 | -7.7% |
| State government | 2.6 | 2.4 | 2.4 | 0.2 | 0.2 | 8.3% |
| Local government | 14.8 | 15.0 | 13.9 | -0.2 | 0.9 | 6.5% |
| 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 January 2022 and January 2023, the Yakima County nonfarm labor market expanded by 4.7 percent.

Nonfarm industry employment

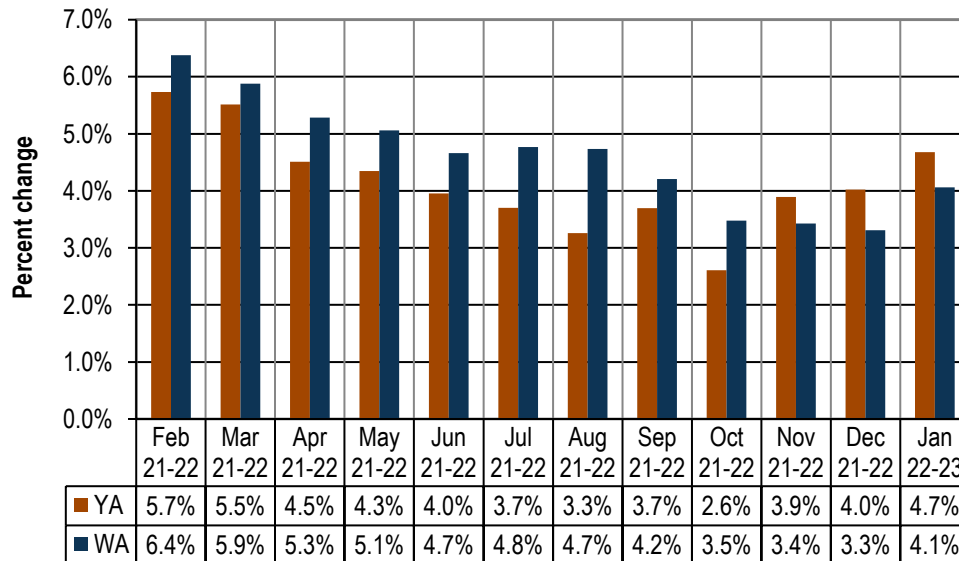
Not seasonally adjusted total nonfarm employment in Yakima County increased by 4.7 percent in January 2023, as employment rose to 89,500 jobs from the 85,500 jobs tallied January of last year (*Figures 3 and 4*).

Total nonfarm employment in January 2023 (89,500) was 3,300 jobs and 3.8 percent above the 86,200 jobs provided in the pre-COVID month of January 2020 (three years ago). In fact, total nonfarm employment in the Yakima MSA during the past 12 months (February 2022 through January 2023) has consistently expanded above these corresponding 12 (pre-COVID) months from February 2019 through January 2020. This is an indication that although the local labor force is struggling to rebound to pre-pandemic levels, total nonfarm employment has fully recovered since the pandemic.

Figure 4. Yakima County and Washington total nonfarm employment changes

Washington state, February 2022 through January 2023

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



Nonfarm employment in Yakima County has risen, year over year, during the past 22 months (April 2021 through January 2023).

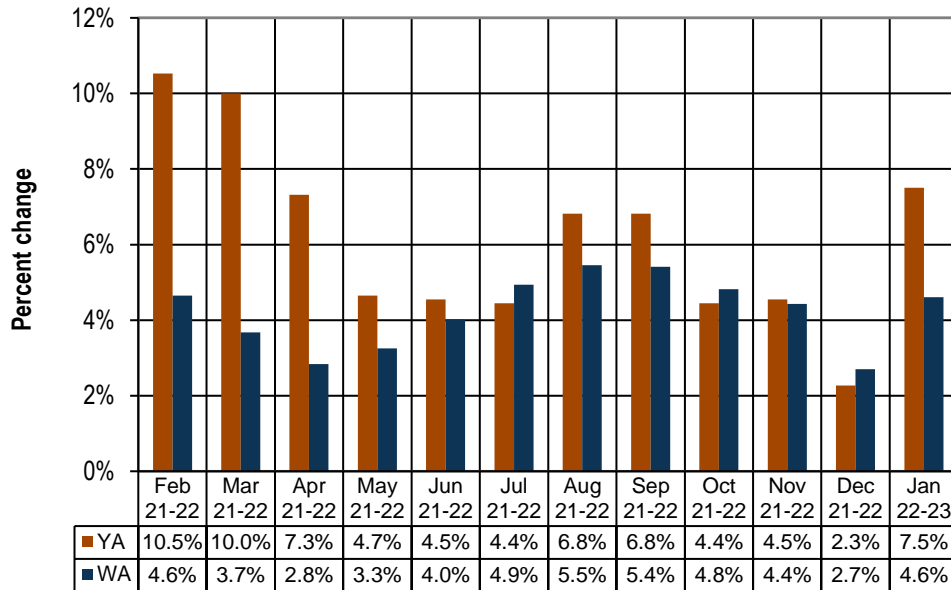
Washington's nonfarm market has also expanded from April 2021 through January 2023.

The following paragraphs summarize employment trends and changes in three local industries (construction, leisure and hospitality, and local government) between January 2022 and January 2023:

- Year over year, construction employment in Yakima County has increased for 22 months (April 2021 through January 2023) as partially shown in *Figure 5*. Countywide, there were 4,300 construction jobs in January 2023 versus 4,000 in January 2022, a 300 job and 7.5 percent upturn (*Figure 3*). However, rising interest rates appear to be “putting the dampers on” commercial and residential sales. This may depress construction employment in forthcoming months. Specifically, the number of commercial and residential sales in Yakima County decreased from 333 to 164 (-50.8 percent) between January 2022 and January 2023, per the January 2023 edition of *Headwaters – the Source* newsletter published by KMW Enterprises LLC in Selah, Washington. The value of these commercial and residential sales countywide plummeted from \$138.9 million in January 2022 to \$61.9 million in January 2023, a -55.4 percent contraction. The residential market yielded 166 fewer sales in January of this year (88 residential sales) versus in January 2022 (254 residential sales), a -65.4 percent retrenchment. The value of these residential sales declined from \$80.9 million to \$30.9 million, a -61.7 percent decrease. Only average home prices advanced. Specifically, the average home price in Yakima County in January 2022 was \$318,503, whereas the average home price in January 2023 was \$351,694, a 10.4 percent increase. Suffice it to say that (although this report contains only one month of sales data) commercial and residential sales across Yakima County are off to a “lackluster” start in 2023. Construction employment statewide has also posted year-over-year increases for 22 consecutive months. Between January 2022 and January 2023, the number of

construction jobs tallied across Washington advanced by 4.6 percent (up 10,000 jobs) from 216,900 jobs to 226,900 (*Figure 5*). Washington's nonresidential building construction contractors saw employment climb by 9.6 percent, from 21,900 jobs in January 2022 to 24,000 in January 2023. 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, February 2022 through January 2023
Source: Employment Security Department/DATA, Current Employment Statistics (CES)



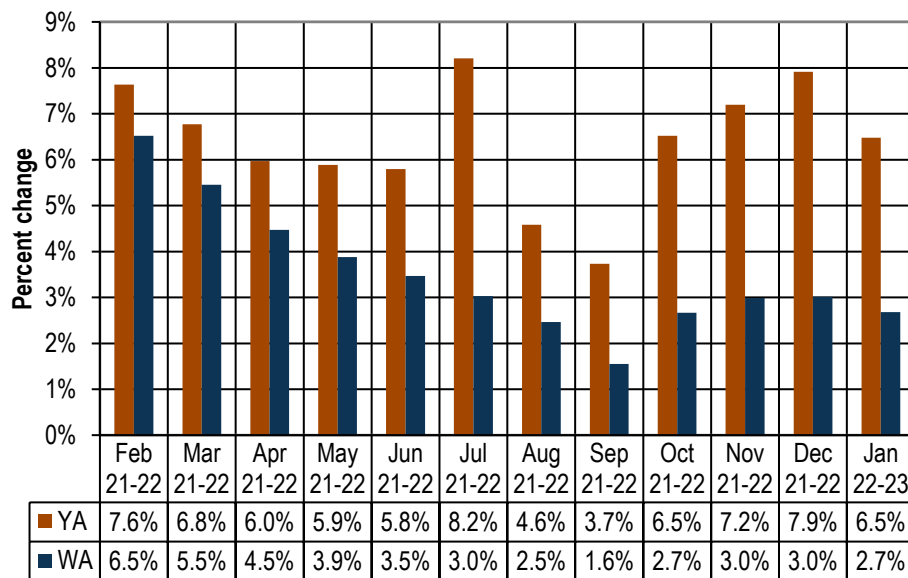
Year over year, construction employment in Yakima County has increased for 22 months (April 2021 through January 2023). Across Washington state, the construction industry has also been adding jobs for 22 consecutive months (April 2021 through January 2023).

- 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 as employment rose by 14.7 percent from 2020 (6,600 jobs) to 7,500 in 2021. In 2022 employment advanced again, by 10.7 percent, from the 7,500-job average in 2021 to 8,300 jobs in 2022 – barely 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 22 consecutive months, or from April 2021 through January 2023. Current estimates indicate that leisure and hospitality employment in January 2023 provided 8,300 jobs, 400 jobs more than the 7,900 tallied in January 2022, a 5.1 percent upturn (*Figure 3*). In fact, the January 2023 reading of 8,300 jobs was 300 jobs and 3.8 percent greater than the 8,000 leisure and hospitality jobs tallied in January 2020 (i.e., in the pre-COVID period). Employment in Washington's leisure and hospitality industry has also expanded in each of the past 22 months (April 2021 through January 2023). Statewide, leisure and hospitality employment elevated 8.9 percent (up by 26,900 jobs) between January 2022 (300,900 jobs) and January 2023 (327,800 jobs). Nearly two-thirds (61.7 percent), or 16,600 of these 26,900 new leisure and hospitality jobs were generated within the food services and drinking places sector, which increased from 230,300 to 246,900 jobs between January 2022 and January 2023 (up 7.2 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 January 2023 provided 14,800 jobs, 900 more than the 13,900 tallied in January 2022, a 6.5 percent upturn. In fact, Yakima County's local government sector has added jobs at a more rapid pace in each of the past 13 months (January 2021 through January 2023) than has the state, as partially shown in *Figure 6*. Statewide, local government has expanded, year over year, for the past 21 months (May 2021 through December 2022). Washington's local government organizations elevated by 2.7 percent (up 9,400 jobs) between January 2022 (351,000 jobs) and January 2023 (360,400), as shown in *Figure 6*. Over half (55.3 percent) of these 9,400 local government jobs generated statewide between the Januarys of 2022 and 2023 were in local government educational services, which provided 172,600 jobs in January 2022 versus 177,800 in January 2023 (up by 5,500 jobs and 3.0 percent).

Figure 6. Yakima County and Washington local government employment changes
Washington state, February 2022 through January 2023

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 22 months (April 2021 through January 2023). Statewide, local government has rebounded for the past 21 months (May 2021 through January 2023).

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>