

Yakima MSA (Yakima County) Labor Area Summary February 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 (February 2022 and February 2023) and average annual data changes (between 2021 and 2022).

Unemployment rates

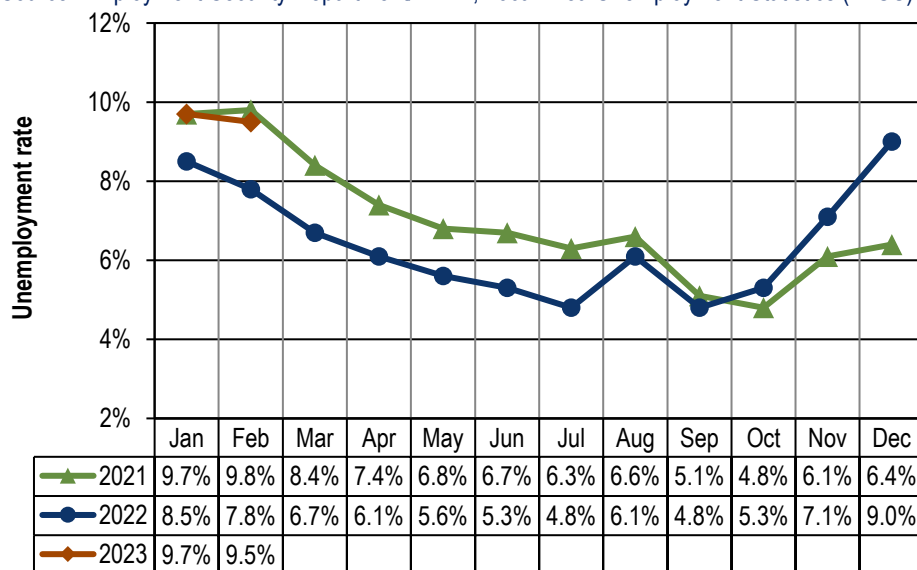
Civilian Labor Force (CLF) data show that Washington's not seasonally adjusted unemployment rate fell from 5.2 percent in 2021 to 4.2 percent in 2022. Year over year, monthly unemployment rates decreased for 18 months (April 2021 through September 2022) before rising from October 2022 through February 2023.

In Yakima County, the not seasonally adjusted average annual unemployment rate dropped from 7.0 percent to 6.4 percent between 2021 and 2022. Year over year, monthly rates had declined for 18 months (*Figure 1*), or from April 2021 through September 2022, before rising in each of the past five months (October 2022 through February 2023).

Figure 1. Yakima County unemployment rates, not seasonally adjusted

Washington state, January 2021 through February 2023

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



Yakima County's unemployment rate rose by one and seven-tenths percentage points between February 2022 and February 2023.

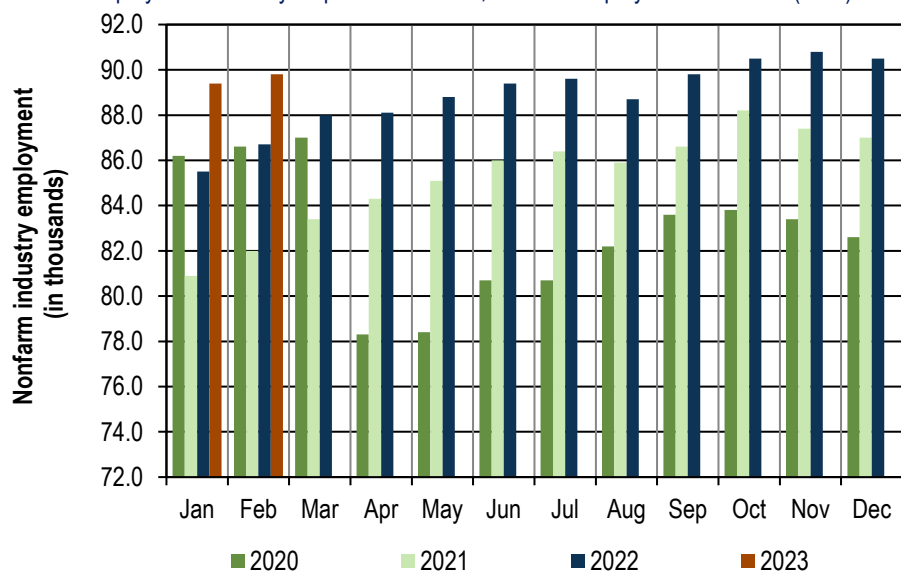
Total nonfarm employment

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 23 months (April 2021 through February 2023). This February, business and government organizations statewide tallied 3,579,300 jobs (not seasonally adjusted) compared with 3,454,300 in February 2022, up by 125,000 jobs and by 3.6 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 23 months (April 2021 through February 2023). Preliminary estimates indicate that employment advanced by 3,100 jobs (up 3.6 percent) between February 2022 (86,700 jobs) and February 2023 (89,800 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 February 2023

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



In February 2023, nonfarm employment increased to 89,800, a 3,100-job advance from the 86,700 jobs tallied in February 2022.

Employment and unemployment

Washington's Civilian Labor Force (CLF) increased by 91,636 residents (a 2.4 percent upturn) between 2021 and 2022. Year over year, the state's CLF has expanded during the past 18 months (September 2021 through February 2023). Recently, Washington's labor force grew by 124,713 residents (up 3.1 percent), from 3,967,866 residents in February 2022 to 4,092,579 in February 2023.

From April through October 2022, Yakima County's CLF was smaller than in these corresponding pre-COVID months (April through October 2019). Fortunately, the local labor force "bounced back" (above pre-pandemic levels) from November 2022 through February 2023.

On an average annual basis, Yakima County's CLF increased by 1.3 percent between 2021 (130,753 residents) and 2022 (132,442 residents). On a monthly basis, the local labor force shrank, year over year, in the first two calendar months of 2022; before growing again in March 2022, and this modest expansion has continued for the past 12 consecutive months (March 2022 through February 2023). Recently the County's labor force expanded by 3.9 percent between the Februarys of 2022 and 2023 (*Figure 3*). Despite this labor force growth, the number of unemployed residents across Yakima County has been increasing – and at a more rapid pace than the labor force. Specifically, the number of unemployed jumped by 2,558 (up 25.7

percent), from 9,964 residents out of work in February of last year to 12,522 in February 2023 (*Figure 3*). Hence, the appreciable year-over-year increase in the number of unemployed overpowered the more modest increase in the labor force and caused the Yakima County unemployment rate to rise to 9.5 percent in February 2023 from the 7.8 percent reading in February 2022 (*Figures 1 and 3*) – a “good news-bad news mix.”

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

Washington state, February 2023

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

				Change (in #)		Change (in %)
Yakima County	Preliminary	Revised	Revised	Jan-23	Feb-22	Feb-22
	Feb-23	Jan-23	Feb-22	Feb-23	Feb-23	Feb-23
Labor force and unemployment						
Civilian labor force	131,879	129,419	126,986	2,460	4,893	3.9%
Resident employment	119,357	116,883	117,022	2,474	2,335	2.0%
Unemployment	12,522	12,536	9,964	-14	2,558	25.7%
Unemployment rate	9.5	9.7	7.8	-0.2	1.7	
Industry employment (numbers are in thousands)						
Total nonfarm ¹	89.8	89.4	86.7	0.4	3.1	3.6%
Total private	71.0	70.9	68.9	0.1	2.1	3.0%
Goods producing	13.4	13.2	12.6	0.2	0.8	6.3%
Mining, logging and construction	4.4	4.3	4.2	0.1	0.2	4.8%
Manufacturing	9.0	8.9	8.4	0.1	0.6	7.1%
Nondurable goods	5.9	5.8	5.5	0.1	0.4	7.3%
Service providing	76.4	76.2	74.1	0.2	2.3	3.1%
Private service providing	57.6	57.7	56.3	-0.1	1.3	2.3%
Trade, transportation and utilities	19.7	19.8	19.5	-0.1	0.2	1.0%
Wholesale trade	4.4	4.4	4.2	0.0	0.2	4.8%
Retail trade	11.3	11.3	11.4	0.0	-0.1	-0.9%
Transportation and utilities	4.0	4.1	3.9	-0.1	0.1	2.6%
Professional and business services	4.9	4.9	4.6	0.0	0.3	6.5%
Education and health services	19.0	18.8	18.6	0.2	0.4	2.2%
Health care and social assistance	17.7	17.6	17.2	0.1	0.5	2.9%
Leisure and hospitality	8.2	8.2	7.9	0.0	0.3	3.8%
Food services	6.6	6.5	6.3	0.1	0.3	4.8%
Government	18.8	18.5	17.8	0.3	1.0	5.6%
Federal government	1.3	1.2	1.3	0.1	0.0	0.0%
State government	2.4	2.4	2.4	0.0	0.0	0.0%
Local government	15.1	14.9	14.1	0.2	1.0	7.1%
Workers in labor/management disputes	0.0	0.0	0.0	0.0	0.0	

¹Excludes 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 February 2022 and February 2023, the Yakima County nonfarm labor market expanded by 3.6 percent.

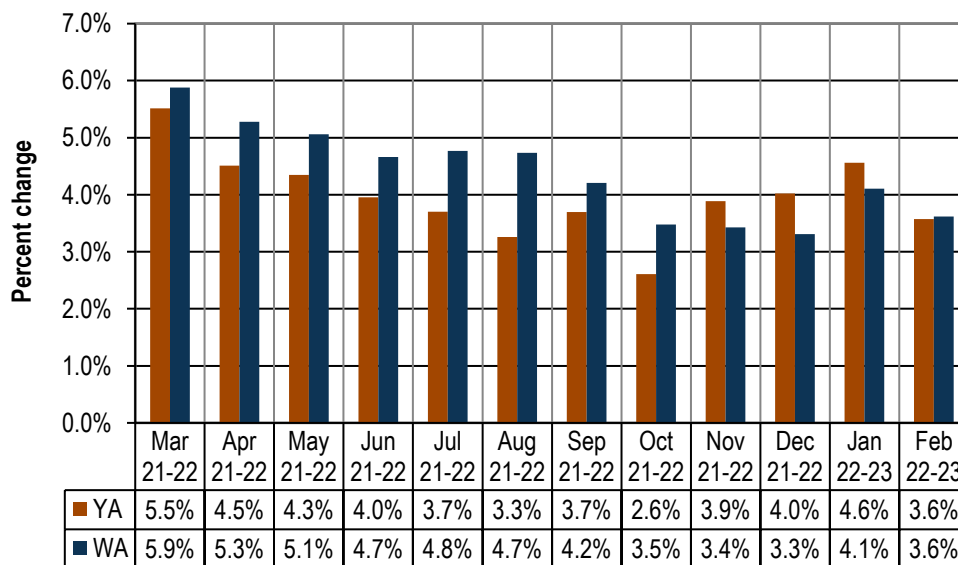
Nonfarm industry employment

Between the Februarys of 2022 and 2023, employment in all major Yakima County industries either stabilized or expanded (*Figure 3*), except for retail trade which abated by 100 jobs (-0.9 percent). The total number of nonfarm jobs grew by 3.6 percent in February 2023, as employment rose to 89,800 jobs from the 86,700 jobs tallied February of last year. This year-over-year expansion in Yakima County's nonfarm market has been going on now for 23 consecutive months (April 2021 through February 2023). Also, total nonfarm employment in the Yakima MSA during the past 12 months (March 2022 through February 2023) has consistently expanded above these corresponding 12 pre-COVID months (March 2019 through February 2020). This indicates that although the local labor force has only recently rebounded to pre-pandemic levels (see the *Employment and unemployment* section) total nonfarm employment has fully recovered since the pandemic.

Figure 4. Yakima County and Washington, total nonfarm employment changes

Washington state, March 2022 through February 2023

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



Nonfarm employment in Yakima County has risen, year over year, during the past 23 months (April 2021 through February 2023).

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

The following paragraphs summarize employment trends and changes in three local industries (construction, health care and social assistance, and local government) between February 2022 and February 2023:

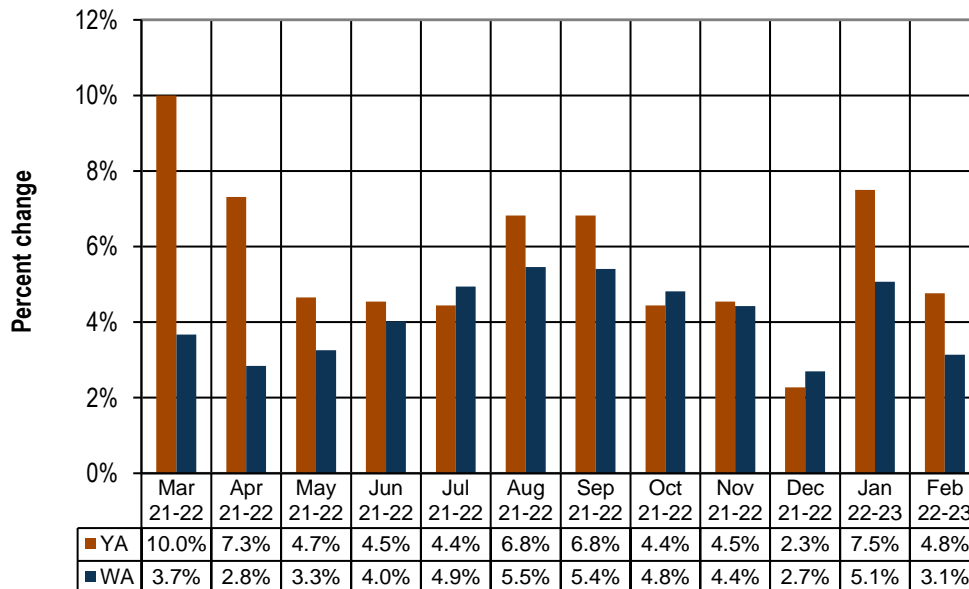
- Year over year, construction employment in Yakima County has increased for 23 months (April 2021 through February 2023) as partially shown in *Figure 5*. Countywide, there were 4,400 construction jobs in February 2023 versus 4,200 in February 2022, a 200 job and 4.8 percent upturn (*Figures 3 and 5*). 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 during January and February of this year decreased to 328, a sharp -48.5 percent decline from the 637 sales recorded in the first two months of 2022, per the February 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 \$250.1 million as of February 2022 to \$141.6 million in February 2023, a contraction of -43.4 percent. The residential market yielded 264 fewer sales in January and February 2023 (191 residential sales) versus in the first two months of 2022 (455 residential sales), a retrenchment of 58.0 percent. The value of these residential sales declined from

\$146.4 million to \$66.9 million during this timeframe, a -54.3 percent decrease. Only average home prices advanced. Specifically, the average home price in Yakima County in February 2022 was \$321,758, whereas the average home price in February 2023 was \$350,329, an 8.9 percent increase. Suffice it to say that (although this report contains only two months of sales data) commercial and residential sales across Yakima County are off to a “lackluster” start in 2023. Across Washington, construction employment has also posted year-over-year increases for 23 consecutive months (April 2021 through February 2023). Between February 2022 and February 2023, the number of construction jobs statewide advanced by 3.1 percent (up 7,000 jobs) from 222,900 jobs to 229,900 (*Figure 5*). Washington’s residential building construction contractors saw employment climb by a robust 9.3 percent, from 37,600 jobs in February 2022 to 41,100 in February 2023.

Figure 5. Yakima County and Washington, construction employment changes

Washington state, March 2022 through February 2023

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



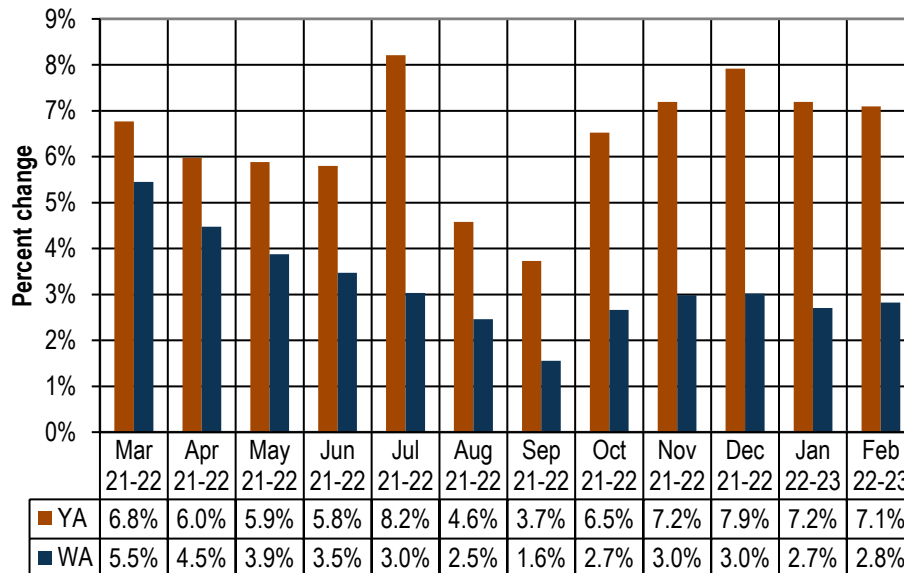
Year over year, construction employment in Yakima County has increased for 23 months (April 2021 through February 2023).

Statewide, construction employment has also risen for 23 months (April 2021 through February 2023).

- Year over year, health care and social assistance employment in Yakima County has increased in each of the past 14 months (January 2022 through February 2023). The health care and social assistance sector comprises establishments providing health care and social assistance for individuals. The industries in this sector include physician's offices, hospitals, medical laboratories, nursing homes, and youth and family service centers (to include child day care services). This sector has registered year-over-year job gains now in each of the past 14 months (January 2022 through February 2023). Current estimates indicate that health care and social assistance employment in Yakima County in February 2023 provided 17,700 jobs, 500 jobs more than the 17,200 tallied in February 2022, a 2.9 percent upturn (*Figure 3*). Statewide, this sector has added jobs during each of the past 23 months (April 2021 through February 2023).
- 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 February 2023 provided 15,100 jobs, 1,000 more than the 14,100 tallied in February 2022, a 7.1 percent upturn. In fact, Yakima County's local

government sector has added jobs at a more rapid pace in each of the past 14 months (January 2021 through February 2023) than has the state, as partially shown in *Figure 6*. Statewide, local government has expanded, year over year, for the past 22 months (May 2021 through February 2023). Washington’s local government organizations elevated by 2.8 percent (up 10,000 jobs) between February 2022 (354,700 jobs) and February 2023 (364,700), as shown in *Figure 6*.

Figure 6. Yakima County and Washington, local government employment changes
Washington state, March 2022 through February 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 23 months (April 2021 through February 2023). Statewide, local government has rebounded for the past 22 months (May 2021 through February 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>