

Yakima MSA (Yakima County) Labor Area Summary May 2023



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Overview

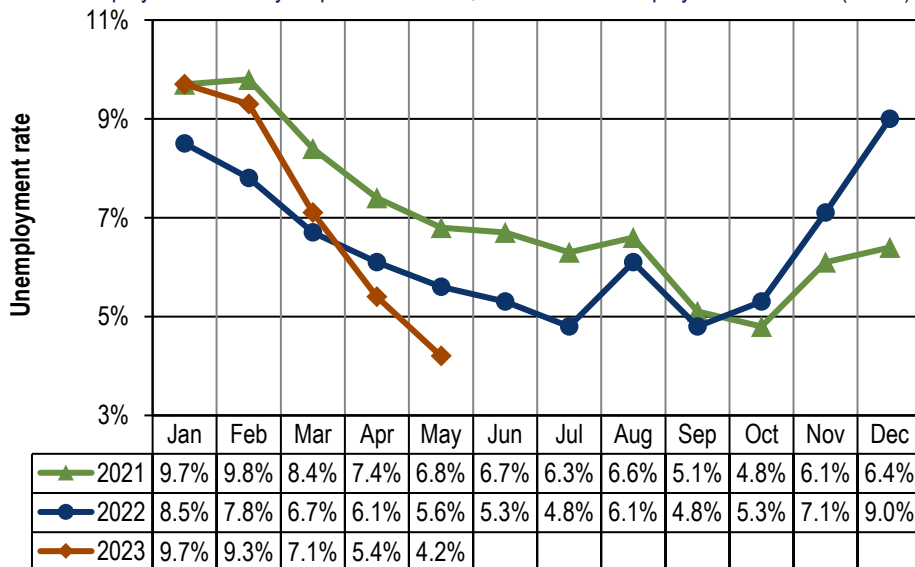
This report provides an update on the Yakima Metropolitan Statistical Area (MSA) economy using not seasonally adjusted, nonfarm employment and civilian labor force data. Analysis focuses on year over year (May 2022 through May 2023) and average annual data changes (between 2021 and 2022).

Unemployment rates

Washington’s not seasonally adjusted average annual unemployment rate fell from 5.2 percent in 2021 to 4.2 percent in 2022. The monthly unemployment rate decreased five-tenths of a percentage point between May 2022 (3.8 percent) and May 2023 (3.3 percent).

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 rose from October 2022 through March 2023 before declining in April and May 2023 (*Figure 1*). The 4.2 percent unemployment rate this May is the lowest reading for the month of May since county-level unemployment data began to be recorded electronically in 1990.

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



Yakima County’s unemployment rate dropped by one and four-tenths percentage points between May 2022 and May 2023.

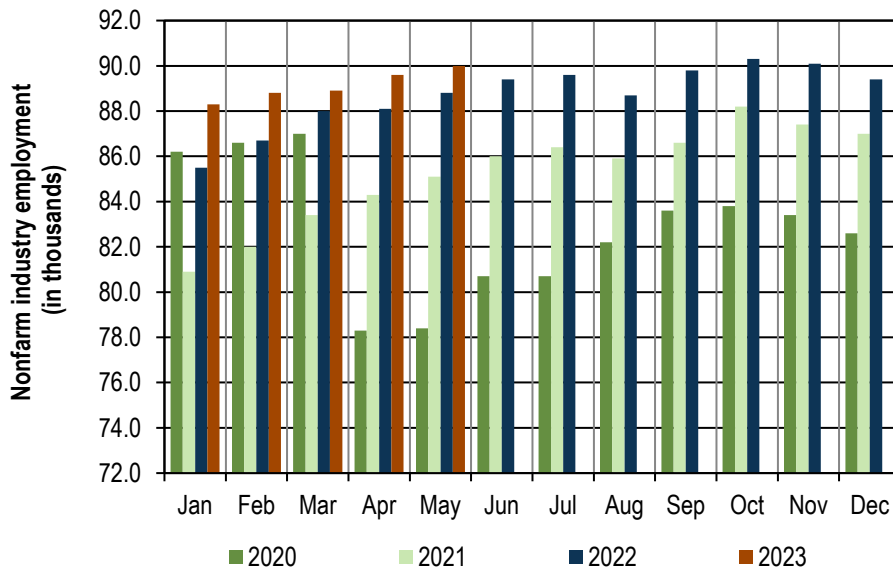
Total nonfarm employment

Between 2021 and 2022, estimates indicate that Washington’s labor market provided 159,200 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 26 months (April 2021 through May 2023). This May, business and government organizations statewide tallied 3,626,400 jobs (not seasonally adjusted) compared with 3,521,700 in May 2022, up by 104,700 jobs and by 3.0 percent.

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 26 months (April 2021 through May 2023) but job growth rates have generally been decelerating during the past 12 months (*Figure 3*). Preliminary estimates indicate that employment advanced by 1,200 jobs (up 1.4 percent) between May 2022 (88,800 jobs) and May 2023 (90,000 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 May 2023

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



In May 2023, nonfarm employment increased to 90,000, a 1,200-job advance from the 88,800 jobs tallied in May 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 21 months (September 2021 through May 2023). Recently, Washington’s labor force grew by 81,364 residents (up 2.1 percent), from 3,967,534 residents in May 2022 to 4,048,898 in May 2023.

Yakima County’s CLF increased by 1.3 percent between 2021 (130,753 residents) and 2022 (132,442 residents). Year over year, Yakima County's labor force dipped by -0.3 percent in March before rising in April and May of 2023 by 1.0 and 0.8 percent, respectively. In May of last year there were 129,317 residents in the local labor force and this number elevated to 130,378 in May 2023, up by 1,061 residents (up 0.8 percent). Simultaneously, the number of unemployed decreased sharply by 1,745 (-24.0 percent), from 7,275 unemployed residents in May 2022 to 5,530 in May 2023 (*Figure 3*). This drop in the number of unemployed coupled with the CLF expansion caused the Yakima County unemployment rate to fall to 4.2 percent in May 2023 from the 5.6 percent reading in May 2022 (*Figures 1 and 3*).

A comparison of labor force changes in Yakima County in the past 12 months (June 2022 through May

2023) versus the corresponding 12 months in the pre-COVID era (June 2018 through May 2019) yields a mix of good and bad news. From June 2022 through February 2023 Yakima County's CLF was larger than from June 2018 through February 2019 (i.e., the pre-pandemic era). But from March through May 2023 growth rates in Yakima County's CLF have vacillated versus corresponding months in 2019. Specifically, between March 2019 and March 2023 the CLF declined by -0.1 percent, from April 2019 through April 2023 the growth rate was 0.4 percent, and from May 2019 to May 2023 the CLF slipped by -0.3 percent.

Figure 3. Yakima County Labor force and industry employment, not seasonally adjusted
Washington state, May 2023

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

Yakima County	Preliminary May-23	Revised Apr-23	Revised May-22	Change (in #)		Change (in %)
				Apr-23	May-22	May-22
				May-23	May-23	May-23
Labor force and unemployment						
Civilian labor force	130,378	130,116	129,317	262	1,061	0.8%
Resident employment	124,848	123,028	122,042	1,820	2,806	2.3%
Unemployment	5,530	7,088	7,275	-1,558	-1,745	-24.0%
Unemployment rate	4.2	5.4	5.6	-1.2	-1.4	
Industry employment (numbers are in thousands)						
Total nonfarm ¹	90.0	89.6	88.8	0.4	1.2	1.4%
Total private	71.7	71.3	70.7	0.4	1.0	1.4%
Goods producing	12.9	12.7	13.0	0.2	-0.1	-0.8%
Mining, logging and construction	4.5	4.4	4.5	0.1	0.0	0.0%
Manufacturing	8.4	8.3	8.5	0.1	-0.1	-1.2%
Nondurable goods	5.5	5.4	5.6	0.1	-0.1	-1.8%
Service providing	77.1	76.9	75.8	0.2	1.3	1.7%
Private service providing	58.8	58.6	57.7	0.2	1.1	1.9%
Trade, transportation and utilities	20.0	20.0	19.9	0.0	0.1	0.5%
Wholesale trade	4.6	4.6	4.5	0.0	0.1	2.2%
Retail trade	11.5	11.5	11.4	0.0	0.1	0.9%
Transportation and utilities	3.9	3.9	4.0	0.0	-0.1	-2.5%
Professional and business services	5.0	4.9	4.8	0.1	0.2	4.2%
Education and health services	19.5	19.4	18.9	0.1	0.6	3.2%
Health care and social assistance	18.0	17.9	17.5	0.1	0.5	2.9%
Leisure and hospitality	8.6	8.5	8.3	0.1	0.3	3.6%
Food services	6.5	6.4	6.5	0.1	0.0	0.0%
Government	18.3	18.3	18.1	0.0	0.2	1.1%
Federal government	1.4	1.4	1.3	0.0	0.1	7.7%
State government	2.5	2.5	2.4	0.0	0.1	4.2%
Local government	14.4	14.4	14.4	0.0	0.0	0.0%
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 May 2022 and May 2023, the Yakima County nonfarm labor market expanded by 1.4 percent.

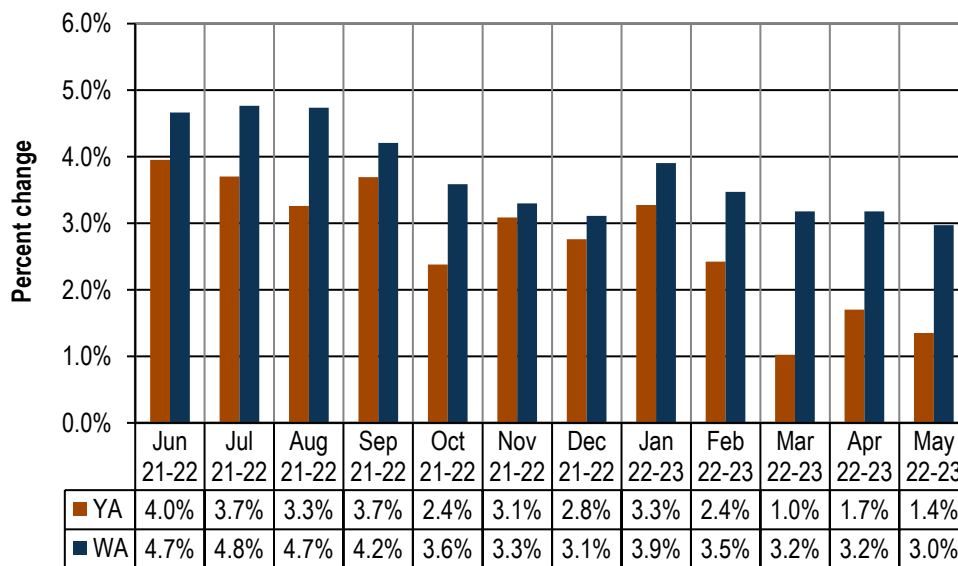
Nonfarm industry employment

In May of 2023, total nonfarm employment in Yakima County rose to 90,000 jobs, up a modest 1.4 percent from the 88,800 jobs tallied in May of last year. This year-over-year expansion in Yakima County’s nonfarm market has been going on now for 26 consecutive months (April 2021 through May 2023), as partially shown in *Figure 4*. Although the nondurable goods manufacturing (primarily food processing) and the transportation and private utilities industries each netted 100 fewer jobs in May 2023 than in May 2022, all other major industries/organizations either stabilized or added jobs during this timeframe (*Figure 3*).

Nonfarm employment in the Yakima MSA during the past 12 months (June 2022 through May 2023) consistently expanded above the corresponding 12 pre-COVID months from June 2018 through May 2019. This indicates that although the local labor force is still struggling to rebound to pre-pandemic levels (see the *Employment and unemployment* section), total nonfarm employment has fully recovered.

Figure 4. Yakima County and Washington, total nonfarm employment changes Washington state, June 2022 through May 2023

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



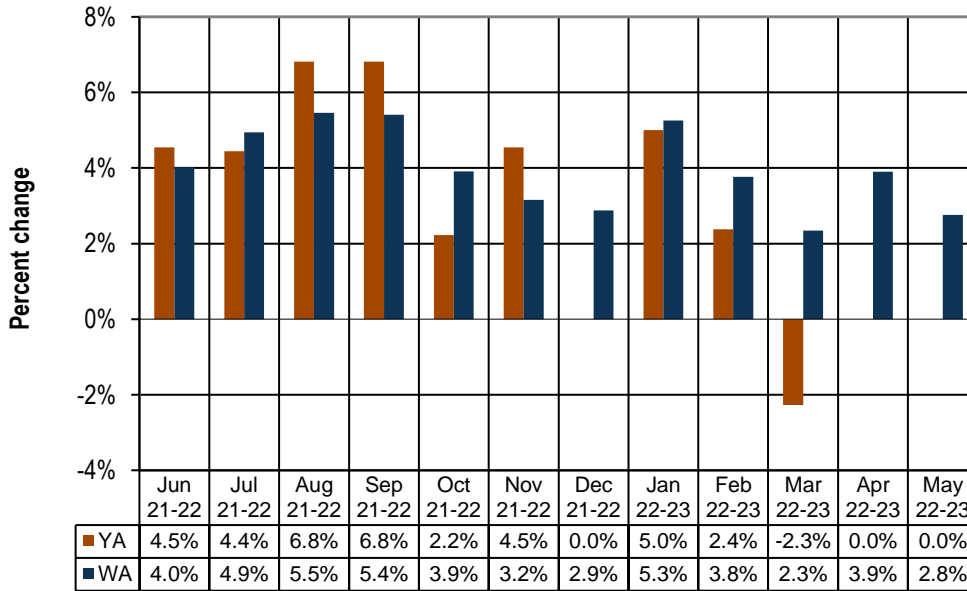
Year over year, nonfarm employment in Yakima County has risen during the past 26 months (April 2021 through May 2023) with growth rates generally decelerating during the past 12 months. Washington’s nonfarm job market has also expanded for 26 months (April 2021 through May 2023).

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

- Year over year, construction employment in Yakima County has either stagnated or decreased for the past three months (March through May 2023) - as shown in *Figure 5*. Between the Mays of 2022 and 2023 the number of construction jobs stagnated at 4,500 (*Figures 3 and 5*). It seems likely that rising interest rates are “putting the dampers on” commercial and residential sales which is slowing hiring in the local construction industry. Current real estate sales trends suggest this possibility. For example, the number of commercial and residential sales in Yakima County from January through May of this year decreased to 1,103, a sharp -33.7 percent decline from the 1,663 sales recorded in the first five calendar quarters of 2022, per the May 2023 edition of *Headwaters – the Source* newsletter published by KMW Enterprises LLC in Selah, Washington. The value of these commercial and residential sales countywide also plummeted, from \$611.6 million Year-to-Date (YTD) in May 2022 to \$421.7 million in May 2023, a contraction of -31.0 percent. The residential market yielded 448

fewer sales in the first five months of 2023 (744 residential sales) versus in the first five months of 2022 (1,192 residential sales), a -37.6 percent retrenchment. The value of these sales declined from \$406.0 million to \$258.6 million during this timeframe, a -36.3 percent decrease. Only average home prices advanced. Specifically, the average home price in Yakima County in May 2022 was \$340,587, whereas the average home price in May 2023 was \$347,547, a 2.0 percent increase. Suffice it to say that commercial and residential sales across Yakima County are off to a “lackluster” start in 2023. Across Washington, construction employment has posted year-over-year increases for 26 consecutive months (April 2021 through May 2023). Between May 2022 and May 2023, the number of construction jobs statewide advanced by 2.8 percent (up 6,400 jobs) from 231,700 jobs to 238,100 (Figure 5). Washington’s residential building construction contractors saw employment climb by a respectable 5.5 percent clip, from 38,400 jobs in May 2022 to 40,500 in May 2023.

Figure 5. Yakima County and Washington, construction employment changes
 Washington state, June 2022 through May 2023
 Source: Employment Security Department/DATA, Current Employment Statistics (CES)



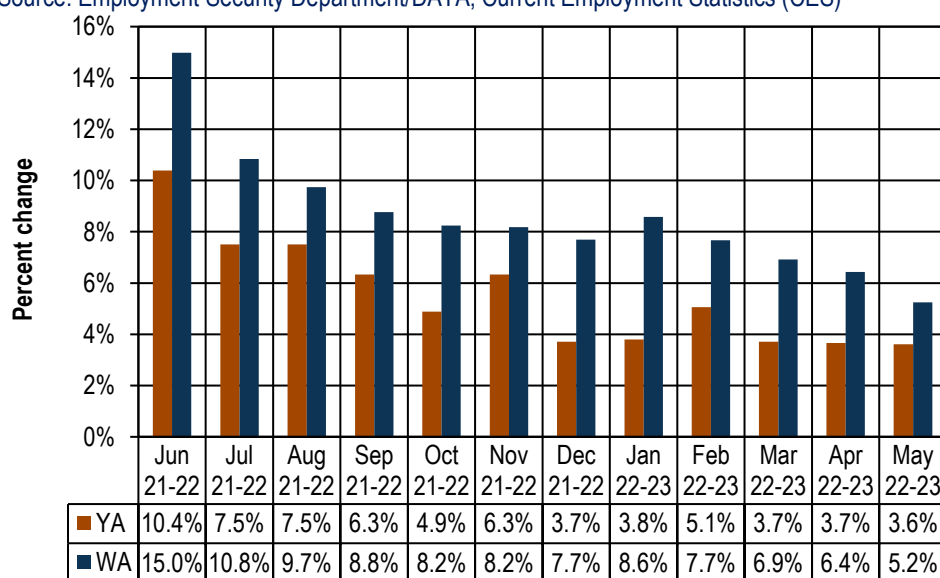
Year over year, construction employment in Yakima County has either stagnated or decreased in each of the past three months (March through May 2023). Statewide, construction employment has risen in each of the 26 months (April 2021 through May 2023).

- Year over year, health care and social assistance employment in Yakima County has increased in each of the past 17 months (January 2022 through May 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). Current estimates indicate that health care and social assistance employment in Yakima County in May 2023 provided 18,000 jobs, 500 jobs more than the 17,500 tallied in May 2022, a 2.9 percent upturn (Figure 3). This industry has added more jobs since May 2022 than any other Yakima County industry (Figure 3). Statewide, health care and social assistance has expanded during each of the past 26 months (April 2021 through May 2023). Between the Mays of 2022 and 2023, employment in this sector rose from 445,000 jobs to 468,700, a 23,700-job and 5.3 percent increase. Within these past five months (January through May 2023), year-over-year statewide job growth rates at health and social assistance firms have been heartier (in the three- to five percent range) than job growth rates in this industry in Yakima County (generally in the two-percent range).

- Leisure and hospitality tallies jobs at hotels, eating and drinking places, amusement and recreation services businesses (i.e., fitness centers, movie theaters, golf courses, etc.). Current estimates indicate that leisure and hospitality employment in Yakima County in May 2023 provided 8,600 jobs, 300 more than the 8,300 tallied in May 2022 and a 3.6 percent upturn (*Figure 3*). In fact, leisure and hospitality businesses in Yakima County have been posting year-over-year employment gains for the past 26 months (April 2021 through May 2023), as partially shown in *Figure 6*. Statewide, leisure and hospitality employment has also expanded, year over year, for the past 26 months (April 2021 through May 2023). Employment in Washington’s leisure and hospitality industry increased from 328,200 jobs in May 2022 to 345,400 in May 2023, a gain of 17,200 jobs and a 5.2 percent upturn (*Figure 6*). Within the leisure and hospitality category, employment gains in accommodation (i.e., hotels, bed-and-breakfast inns, RV parks and recreational camps, etc.) has been strong, rising from 30,700 jobs in May 2022 to 33,300 in May 2023, a 2,600 job and 8.5 percent expansion. The only downside to this news is: year-over-year growth rates are slowly decelerating, as shown in *Figure 6*.

Figure 6. Yakima County and Washington, leisure and hospitality employment changes Washington state, June 2022 through May 2023

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



Leisure and hospitality businesses in Yakima County have posted year-over-year employment gains in the past 26 months (April 2021 through May 2023). Employment in Washington’s leisure and hospitality industry has also expanded from April 2021 through May 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>