

Yakima MSA (Yakima County) Labor Area Summary June 2023



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

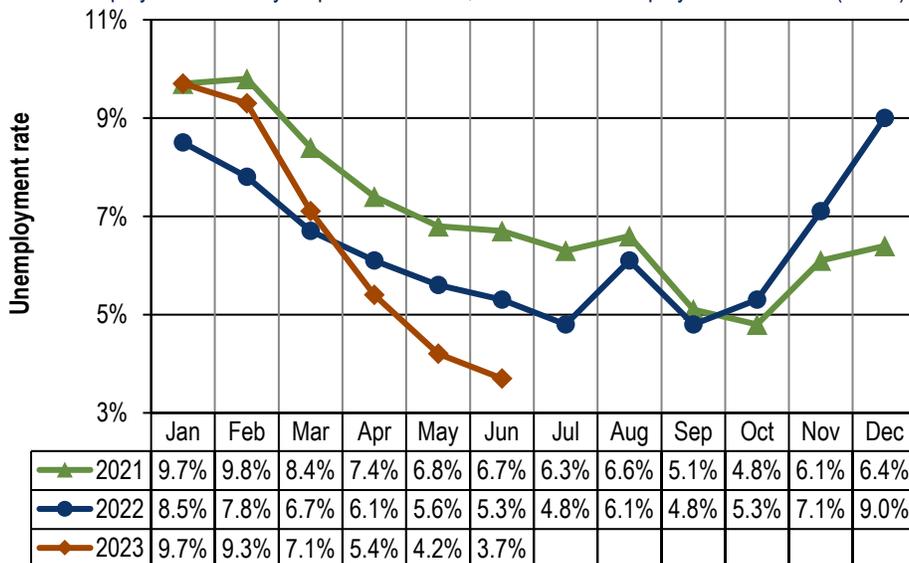
This report provides an update on the Yakima Metropolitan Statistical Area (MSA) economy using not seasonally adjusted, nonfarm employment and civilian labor force data. Analysis focuses on year over year (June 2022 through June 2023) and average annual data changes (between 2021 and 2022).

Unemployment rates

Washington’s not seasonally adjusted average annual unemployment rate fell one full point, from 5.2 percent in 2021 to 4.2 percent in 2022. The monthly unemployment rate decreased seven-tenths of a percentage point between June 2022 (4.0 percent) and June 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 from April through June 2023 (*Figure 1*). The 3.7 percent unemployment rate in June 2023 is the lowest reading for the month of June 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 June 2023
 Source: Employment Security Department/DATA; Local Area Unemployment Statistics (LAUS)



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

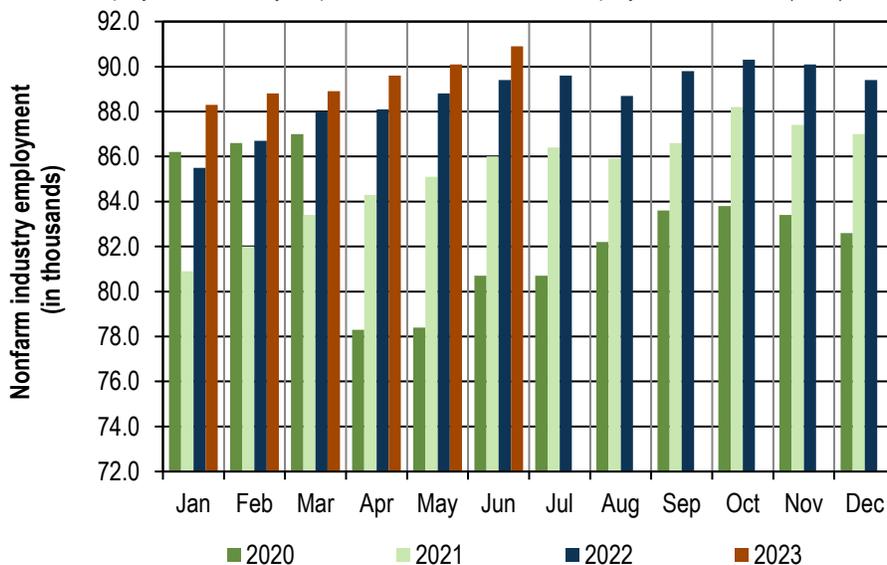
Total nonfarm employment

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 27 months (April 2021 through June 2023). This June, business and government organizations statewide tallied 3,657,800 jobs (not seasonally adjusted) compared with 3,539,900 in June 2022, up by 117,900 jobs and by 3.3 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 27 months (April 2021 through June 2023) but job growth rates have generally been decelerating during the past 12 months (*Figure 3*). Preliminary estimates indicate that employment advanced by 1,500 jobs (up 1.7 percent) between June 2022 (89,400 jobs) and June 2023 (90,900 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 June 2023

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



In June 2023, nonfarm employment increased to 90,900, a 1,500-job advance from the 89,400 jobs tallied in June 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 22 months (September 2021 through June 2023). Recently, Washington’s labor force grew by 71,284 residents (up 1.8 percent), from 3,986,858 residents in June 2022 to 4,058,142 in June 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, rose in April and May of 2023 by 1.0 and 0.7 percent, but sank by 4.1 percent in June 2023. In June of 2022 there were 138,298 residents in the local CLF, but this number fell to 132,587 in June 2023, down by 5,711 residents and -4.1 percent. Simultaneously, the number of unemployed plummeted by 2,319 (-31.9 percent), from 7,275 unemployed residents in June 2022 to 4,953 in June 2023 (*Figure 3*). This sharp drop in the number of unemployed compensated for the CLF contraction and caused the Yakima County unemployment rate to fall to 3.7 percent in June 2023 from the 5.3 percent reading in June 2022 (*Figures 1 and 3*).

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

2023) versus the corresponding 12 months in the pre-COVID era (July 2018 through June 2019) yields a mix of good and bad news. From July 2022 through February 2023 Yakima County's CLF was larger than in the pre-pandemic era of July 2018 through February 2019 – good news. But from May through June 2023 the local CLF has generally decreased below corresponding months in the pre-COVID era (March through June 2019) – bad news. Certainly, these trends in the local labor force will be worth watching in forthcoming months.

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

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

Yakima County	Preliminary Jun-23	Revised May-23	Revised Jun-22	Change (in #)		Change (in %)
				May-23	Jun-22	Jun-22
				Jun-23	Jun-23	Jun-23
Labor force and unemployment						
Civilian labor force	132,587	130,179	138,298	2,408	-5,711	-4.1%
Resident employment	127,634	124,713	131,026	2,921	-3,392	-2.6%
Unemployment	4,953	5,466	7,272	-513	-2,319	-31.9%
Unemployment rate	3.7	4.2	5.3	-0.5	-1.6	
Industry employment (numbers are in thousands)						
Total nonfarm ¹	90.9	90.1	89.4	0.8	1.5	1.7%
Total private	72.3	71.7	71.0	0.6	1.3	1.8%
Goods producing	12.9	12.9	13.1	0.0	-0.2	-1.5%
Mining, logging and construction	4.6	4.5	4.6	0.1	0.0	0.0%
Manufacturing	8.3	8.4	8.5	-0.1	-0.2	-2.4%
Nondurable goods	5.5	5.5	5.6	0.0	-0.1	-1.8%
Service providing	78.0	77.2	76.3	0.8	1.7	2.2%
Private service providing	59.4	58.8	57.9	0.6	1.5	2.6%
Trade, transportation and utilities	20.2	20.1	19.9	0.1	0.3	1.5%
Wholesale trade	4.6	4.6	4.4	0.0	0.2	4.5%
Retail trade	11.6	11.6	11.4	0.0	0.2	1.8%
Transportation and utilities	4.0	3.9	4.1	0.1	-0.1	-2.4%
Professional and business services	5.0	5.0	4.9	0.0	0.1	2.0%
Education and health services	19.6	19.5	18.8	0.1	0.8	4.3%
Health care and social assistance	18.2	18.0	17.5	0.2	0.7	4.0%
Leisure and hospitality	8.6	8.6	8.5	0.0	0.1	1.2%
Food services	6.6	6.5	6.6	0.1	0.0	0.0%
Government	18.6	18.4	18.4	0.2	0.2	1.1%
Federal government	1.4	1.4	1.3	0.0	0.1	7.7%
State government	2.6	2.6	2.5	0.0	0.1	4.0%
Local government	14.6	14.4	14.6	0.2	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 June 2022 and June 2023, the Yakima County nonfarm labor market grew by 1.7 percent.

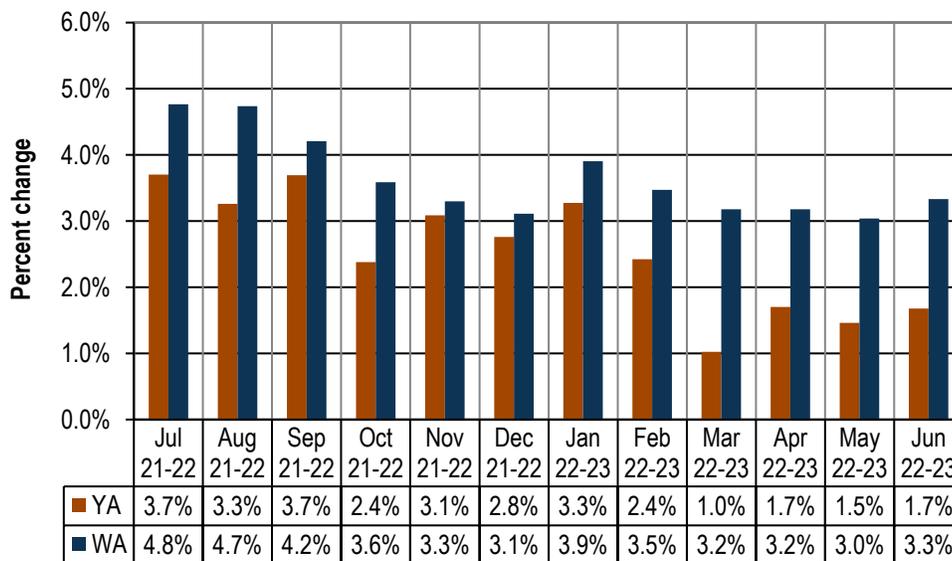
Nonfarm industry employment

In June of 2023, total nonfarm employment in Yakima County rose to 90,900 jobs, up 1.7 percent from the 89,400 jobs tallied in June of last year. This year-over-year expansion in Yakima County’s nonfarm market has been going on now for 27 consecutive months (April 2021 through June 2023), as partially shown in *Figure 4*. Manufacturing netted 200 fewer jobs and transportation and private utilities netted 100 fewer jobs in June 2023 than in June 2022, but 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 (July 2022 through June 2023) consistently expanded above the corresponding 12 pre-COVID months (July 2018 through June 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, July 2022 through June 2023

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



Year over year, nonfarm employment in Yakima County has risen during the past 27 months (April 2021 through June 2023) with growth rates generally decelerating during the past 12 months. Washington’s nonfarm job market has also expanded for 27 months (April 2021 through June 2023).

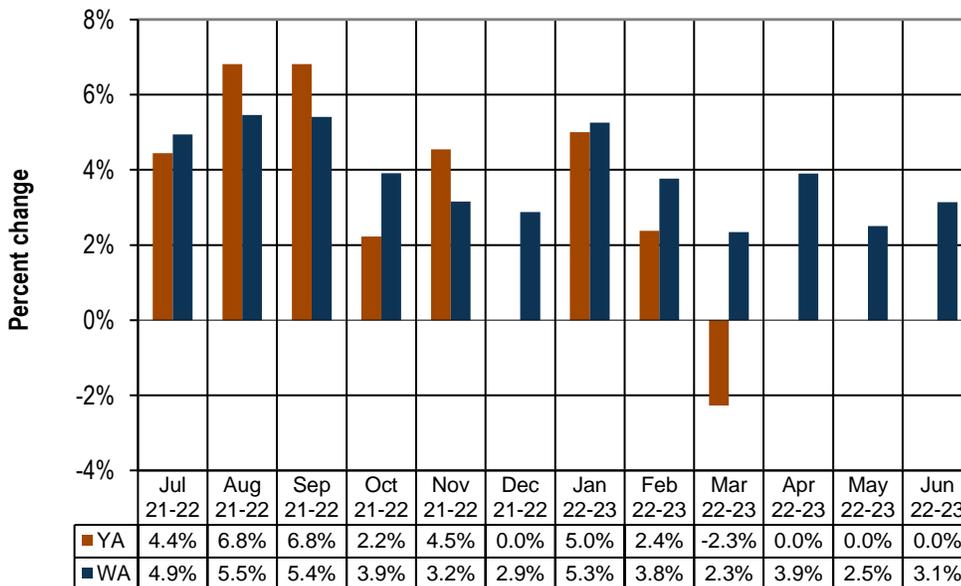
The following paragraphs summarize employment trends and changes in three local industries (construction, manufacturing, and education and health services) between June 2022 and June 2023:

- Year over year, construction employment in Yakima County has either stagnated or decreased for the past four months (March through June 2023) - as shown in *Figure 5*. Between the Junes of 2022 and 2023 the number of construction jobs stagnated at 4,600 (*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 June of this was 1,381, a sharp -32.2 percent decline from the 2,036 sales recorded in the first six calendar months of 2022, per the June 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 \$772.7 million Year-to-Date (YTD) in June 2022 to \$522.2 million in June 2023, a contraction of -32.4 percent. The residential market yielded 520 fewer sales in

the first six months of 2023 (960 residential sales) versus in the first six months of 2022 (1,480 residential sales), a -35.1 percent retrenchment. The value of these sales declined from \$515.0 million to \$337.7 million during this timeframe, a -34.4 percent decrease. Only average home prices advanced. Specifically, the average home price in Yakima County in June 2022 (i.e., in the first half of 2022) was \$347,997, whereas the average home price in June 2023 was \$351,735, a modest 1.1 percent increase. Suffice it to say that commercial and residential sales across Yakima County are off to a “lackluster” start in 2023.

Conversely, across Washington, construction employment has posted year-over-year increases for 27 consecutive months (April 2021 through June 2023). Between June 2022 and June 2023, the number of construction jobs statewide advanced by 3.1 percent (Figure 5), rising by 7,400 jobs, from 236,600 jobs to 243,000 (Figure 5). Washington state’s residential building construction contractors saw employment climb at a robust 8.5 percent clip, from 38,900 jobs in June 2022 to 42,200 in June 2023.

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



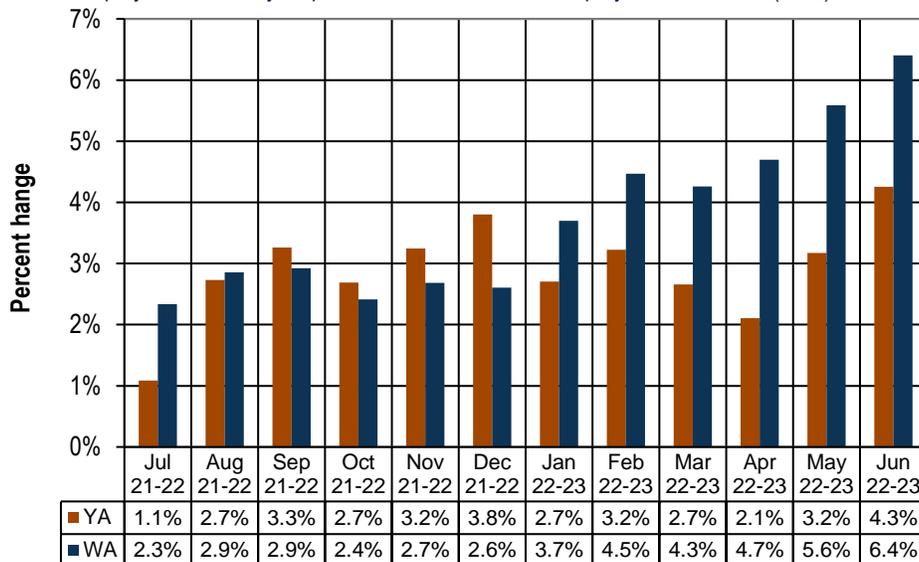
Year over year, construction employment in Yakima County has either stagnated or decreased in each of the past four months (March through June 2023). Statewide, construction employment has been growing for 27 consecutive months (April 2021 through June 2023).

- Manufacturing employment in Yakima County has stagnated or contracted in each of the past seven months (December 2022 through June 2023). Current estimates indicate that the local manufacturing sector provided 8,300 jobs in June 2023, 200 fewer jobs than the 8,500 tallied in June 2022, a -2.4 percent downturn (Figure 3). Statewide, manufacturing employment has increased in each of the past 20 months (November 2021 through June 2023). Between the Junes of 2022 and 2023, employment in this sector across Washington rose from 268,300 jobs to 279,000, a 10,700-job and 4.0 percent increase. Aerospace products and part manufacturing rose 9.9 percent, from 70,800 to 77,800 jobs, accounting for nearly two-thirds (65.4 percent) of the 10,700-job growth in manufacturing between the Junes of 2022 and 2023.
- Year over year, education and health services employment in Yakima County has increased in each of the past 27 months (April 2021 through June 2023). The education and health services category is

comprised of ambulatory healthcare services, private hospitals, nursing and residential care facilities, social assistance (i.e., vocational rehabilitation services; community food, housing and relief services; child day care services, etc.), and private educational services. Education and health services provided 18,800 jobs countywide in June 2022 versus 19,600 this June, an 800 job and a 4.3 percent upturn (*Figure 3*). In fact, this employment category accounted for over half (53.3 percent) of the total nonfarm employment growth in the Wenatchee MSA of 1,500 jobs between the Junes of 2022 and 2023. Statewide, education and health services has added jobs in every month during the past 27 months (April 2021 through June 2023). Current Employment Statistics (CES) estimates indicate that Washington’s education and health services employers tallied 543,300 jobs in June 2023 versus 510,600 in June 2022, a 32,700 job and 6.4 percent upturn. Private educational services, an industry within the broader education and health services category, posted a respectable 12.4 percent employment growth rate during this period, advancing from 64,300 jobs in June 2022 to 72,300 jobs in June 2023 (up 8,000 jobs).

Figure 6. Yakima County and Washington, education and health services employment changes Washington state, July 2022 through June 2023

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



Year over year, employment in education and health services in Yakima County has expanded in each of the past 27 months (April 2021 through June 2023). Statewide, employment in this industry has also increased for 27 consecutive months (April 2021 through June 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 June 2023, preliminary annual average QCEW data for calendar year 2022 became available. An analysis of employment changes from the most recent 10-year period (2012 through 2022) shows that in Yakima County:

- Total covered employment rose from 102,748 in 2012 to 115,409 in 2022, a 12,661 job and 12.3 percent upturn, with annualized employment growth between 2012 and 2022 of 1.2 percent. The number of agricultural jobs (a subset of total covered employment) increased from 27,029 in 2012 to

29,199 in 2022, a 2,170 job and 8.0 percent uptrend, with annualized employment growth of 0.8 percent. In 2012, Yakima County's agricultural industry accounted for 26.3 percent of total covered employment. In 2022, agricultural employment accounted for 25.3 percent of total covered employment countywide. Hence, the agricultural share of total employment slipped by 1.0 percentage point (from 26.3 to 25.3 percent) in Yakima County from 2012 to 2022. Within this 10-year period, it should be noted that the percent of total covered employment provided by the local agricultural sector (NAICS 11) was highest in 2016, at 28.1 percent.

- Total covered wages rose from \$3.40 billion in 2012 to \$5.46 billion in 2022, a \$2.06 billion and 60.5 percent upturn, with annualized payroll growth between 2012 and 2022 of 4.8 percent. The agricultural payroll (a subset of total covered wages) advanced from \$651.9 million in 2012 to \$1.07 billion in 2022, a \$415.7 billion and 63.8 percent uptrend, with annualized wage growth between 2012 and 2022 of 5.1 percent. In 2012, Yakima County's agricultural industry accounted for 19.2 percent of total covered wages. In 2022, agricultural wages accounted for 19.6 percent of total covered payroll countywide. Hence, the share of total wages provided by the agricultural sector (NAICS 11) edged upwards by 0.4 percentage point (from 19.2 to 19.6 percent) during this period.
- One could generalize that in this most recent ten-year timeframe, the agricultural industry, in terms of *employment*, has become relatively "less influential" in the Yakima County economy, since the agricultural share of total covered employment slipped by 1.0 percentage point. However, the agricultural industry, in terms of *wages/payroll*, has become marginally "more influential" in the Yakima County economy, since the agricultural share of total covered wages inched upwards by four-tenths of a percentage point between 2012 and 2022.
- It also should be noted that covered agricultural employment peaked in Yakima County in 2018 at 32,320 jobs and tapered off yearly to 29,199 jobs in 2022. Anecdotal evidence suggests at least three possibilities for this more recent (i.e., 2018 through 2022) 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>