

Yakima MSA (Yakima County) Labor Area Summary October 2023



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Overview

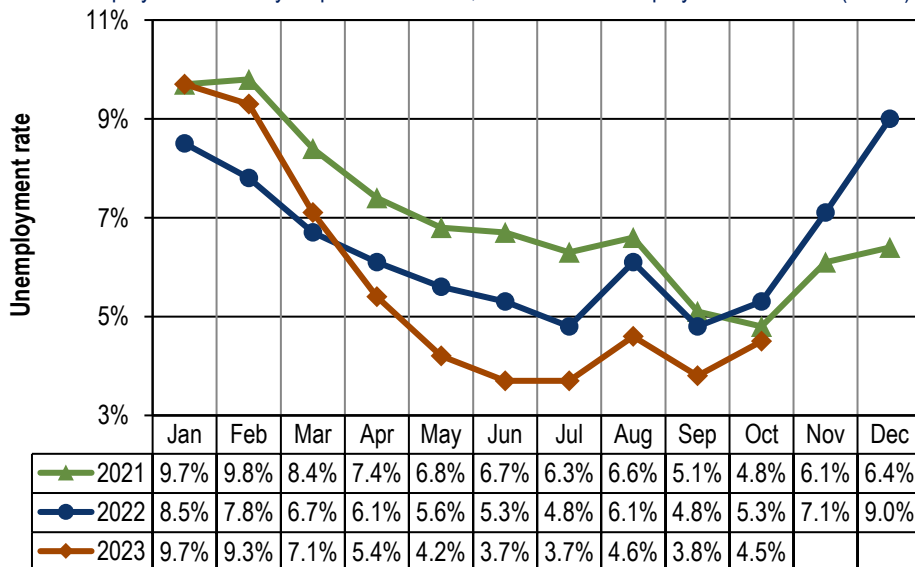
This report provides an update on the Yakima Metropolitan Statistical Area (MSA) economy using not seasonally adjusted nonfarm employment and civilian labor force data. Analysis focuses on year over year (October 2022 through October 2023) and average annual data changes (between 2021 and 2022).

Unemployment rates

Washington’s not seasonally adjusted average annual unemployment rate fell one full point, from 5.2% in 2021 to 4.2% in 2022. The monthly unemployment rate dipped two-tenths of a percentage point between October 2022 (4.2%) and October 2023 (4.0%).

In Yakima County, the not seasonally adjusted average annual unemployment rate dropped from 7.0% to 6.4% between 2021 and 2022. Year over year, monthly rates have declined during the past seven months (April through October 2023), as shown in *Figure 1*. The 4.5% unemployment rate this October is the lowest reading for the month of October 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 October 2023
 Source: Employment Security Department/DATA; Local Area Unemployment Statistics (LAUS)



Yakima County’s unemployment rate declined by eight-tenths of a point between October 2022 and October 2023.

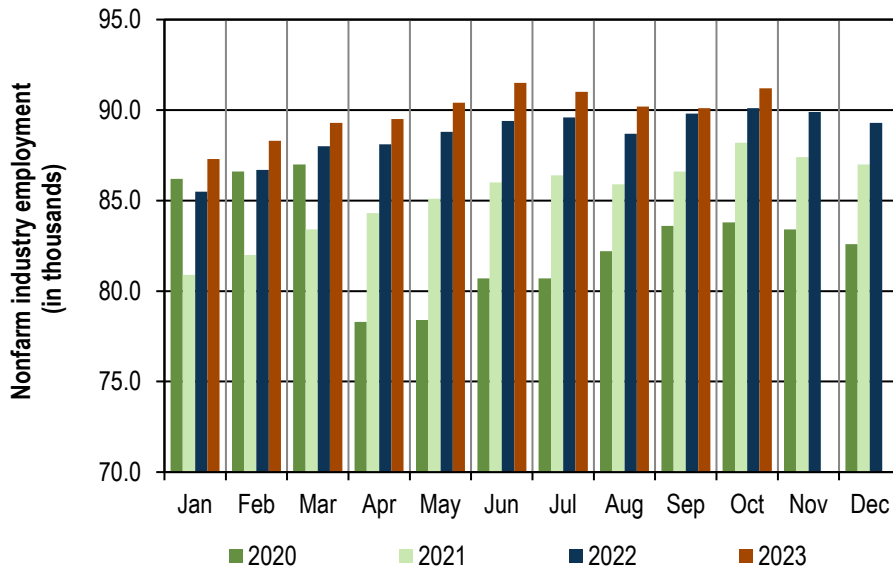
Total nonfarm employment

Between 2021 and 2022, Washington’s labor market provided 157,900 more nonfarm jobs, an average annual increase of 4.7%. Year over year, Washington’s nonfarm market has expanded in each of the past 31 months (April 2021 through October 2023). This October, business and government organizations statewide tallied 3,635,100 jobs (not seasonally adjusted) compared with 3,576,000 in October 2022, up by 59,100 jobs and by 1.7%. Although this 1.7% year-over-year growth rate in October 2023 is good news for Washington’s labor market, it should be noted that job growth rates have generally been decelerating during the past 12 months (*Figure 4*).

Yakima County’s nonfarm economy added 3,400 jobs between 2021 and 2022, an average annual increase of 4.0%. Nonfarm employment has risen, year over year, during the past 31 months (April 2021 through October 2023), as shown in *Figure 2*. Preliminary estimates indicate that local nonfarm employment advanced by 1,100 jobs (up 1.2%) between October 2022 (90,100 jobs) and October 2023 (91,200 jobs), as shown in *Figure 3*.

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

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



In October 2023, nonfarm employment increased to 91,200, a 1,100-job advance from the 90,100 jobs tallied in October 2022.

Employment and unemployment

Washington’s Civilian Labor Force (CLF) increased by 91,636 residents (a 2.4% upturn) between 2021 and 2022. Year over year, the state’s CLF has expanded for the past 26 months (September 2021 through October 2023). Washington’s labor force grew modestly by 19,151 residents (up 0.5%), from 4,032,756 residents in October 2022 to 4,051,907 in October 2023.

Yakima County’s CLF grew by 1.3% between 2021 (130,753 residents) and 2022 (132,442 residents). Year over year, the local labor force has decreased from June through October 2023 except for a 1.3% upturn in August 2023. In October 2022 there were 137,156 residents in the CLF versus 127,769 in October 2023, down by 9,387 residents and -6.8%. During this timeframe, the number of unemployed plummeted by 1,441 (-20.0%), from 7,214 unemployed residents in October 2022 to 5,773 this October. This decrease in the number of unemployed surmounted the labor force contraction causing the unemployment rate to fall to 4.5% this October from the 5.3% reading in October 2022 (*Figures 1 and 3*).

Despite historically low unemployment rates in Yakima County over the past few months (good news) there are concerns due to the shrinking local labor force. Specifically, in six of the past eight months (March through October 2023), Yakima County's CLF was smaller than in the pre-pandemic months of March through October 2019. Only in April and August 2023 did the local CLF register slight expansions above these two months in 2019 – and a shrinking labor force is seldom good economic news.

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

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

Yakima County	Preliminary Oct-23	Revised Sep-23	Revised Oct-22	Change (in #)		Change (in %)
				Sep-23	Oct-22	Oct-22
				Oct-23	Oct-23	Oct-23
Labor force and unemployment						
Civilian labor force	127,769	134,351	137,156	-6,582	-9,387	-6.8%
Resident employment	121,996	129,261	129,942	-7,265	-7,946	-6.1%
Unemployment	5,773	5,090	7,214	683	-1,441	-20.0%
Unemployment rate	4.5	3.8	5.3	0.7	-0.8	
Industry employment (numbers are in thousands)						
Total nonfarm ¹	91.2	90.1	90.1	1.1	1.1	1.2%
Total private	72.2	72.2	72.0	0.0	0.2	0.3%
Goods producing	13.0	12.9	13.4	0.1	-0.4	-3.0%
Mining, logging and construction	4.7	4.6	4.6	0.1	0.1	2.2%
Manufacturing	8.3	8.3	8.8	0.0	-0.5	-5.7%
Nondurable goods	5.6	5.7	5.9	-0.1	-0.3	-5.1%
Service providing	78.2	77.2	76.7	1.0	1.5	2.0%
Private service providing	59.2	59.3	58.6	-0.1	0.6	1.0%
Trade, transportation and utilities	20.5	20.4	20.1	0.1	0.4	2.0%
Wholesale trade	4.5	4.5	4.6	0.0	-0.1	-2.2%
Retail trade	11.8	11.7	11.4	0.1	0.4	3.5%
Transportation and utilities	4.2	4.2	4.1	0.0	0.1	2.4%
Professional and business services	5.0	5.0	5.1	0.0	-0.1	-2.0%
Education and health services	19.6	19.5	19.1	0.1	0.5	2.6%
Health care and social assistance	18.2	18.2	17.6	0.0	0.6	3.4%
Leisure and hospitality	8.6	8.6	8.4	0.0	0.2	2.4%
Food services	6.6	6.5	6.5	0.1	0.1	1.5%
Government	19.0	17.9	18.1	1.1	0.9	5.0%
Federal government	1.3	1.3	1.3	0.0	0.0	0.0%
State government	2.7	2.5	2.4	0.2	0.3	12.5%
Local government	15.0	14.1	14.4	0.9	0.6	4.2%
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 October 2022 and October 2023, the Yakima County nonfarm labor market grew by 1.2%.

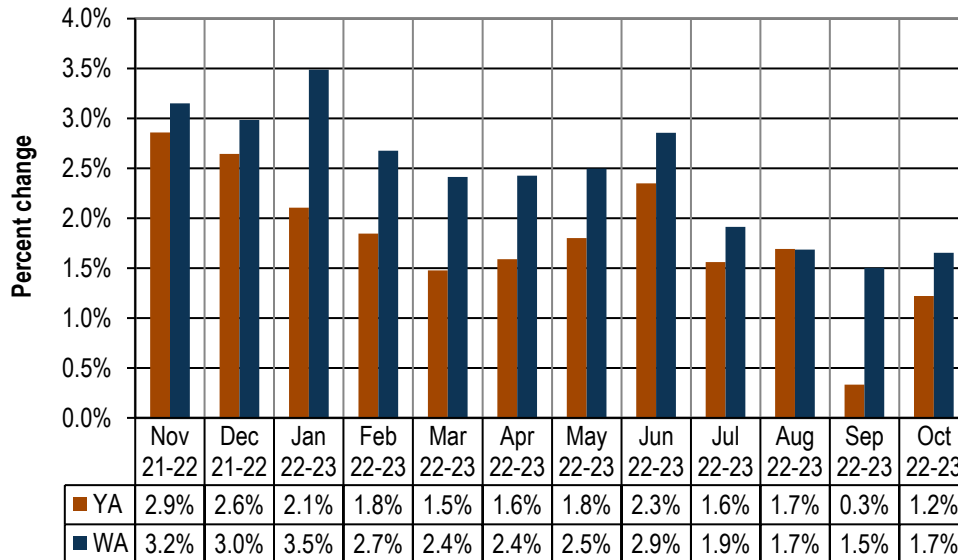
Nonfarm industry employment

In October of 2023, total nonfarm employment in Yakima County rose to 91,200 jobs, up 1.2% from the 90,100 jobs tallied in October of last year. Yakima County’s nonfarm market has been expanding, year over year, for 31 months (April 2021 through October 2023) but monthly job growth rates have generally been slowing since the 1st Quarter of 2022, as partially shown in *Figure 4*. In October 2023, year-over-year job growth was strong in retail trade (up 300 jobs), healthcare and social assistance (up 600 jobs) and local government (up 600 jobs) while nondurable goods manufacturing retrenched by 300 jobs (*Figure 3*).

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

Washington state, November 2022 through October 2023

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



Year over year, nonfarm employment in Yakima County has expanded for 31 months (April 2021 through October 2023). Washington's nonfarm job market has also expanded from April 2021 through October 2023.

The following paragraphs summarize employment changes in construction, nondurable goods manufacturing, and health care and social assistance between the Octobers of 2022 and 2023:

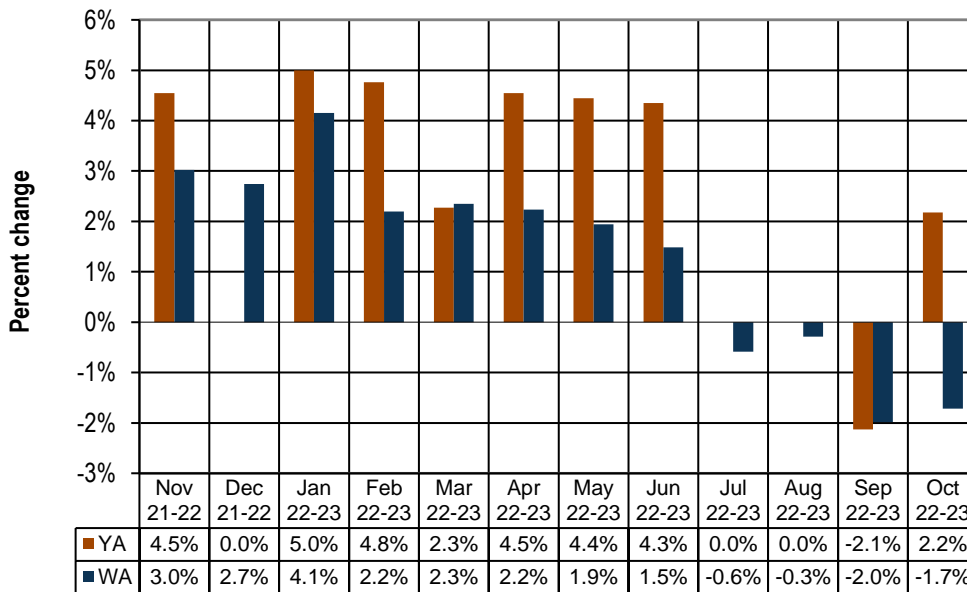
- The local construction industry did not lose as many jobs as some other employment categories (i.e., leisure and hospitality, local government, etc.) during the COVID-19 pandemic of 2020. Employment dipped from an average of 4,200 jobs in 2019 to 4,100 in 2020, a loss of 100 jobs and a -2.0% downturn. But construction employment bounced back quickly, averaging 4,300 jobs in 2021 and 4,500 jobs in 2022. Hence, between the pre-COVID pandemic era of 2019 and 2022 Yakima County’s construction industry rose from 4,200 jobs to 4,500 – up 300 jobs and 6.9%.

On a monthly basis, construction employment in Yakima County increased by 2.2% between the Octobers of 2022 and 2023, advancing from 4,600 to 4,700 jobs (*Figure 3*). However, job growth stagnated or decreased in this industry, year over year, from July through September 2023 (*Figure 4*). Since commercial and residential sales can influence construction hiring, it should be noted that commercial and residential sales activity during the first 10 months of this year has slowed compared with January through October 2022. The number of commercial and residential sales in Yakima County from January through October 2023 was 2,443, a sharp -26.6% decline from the 3,330 sales recorded in the first 10 calendar months of 2022, per the October 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 \$1.35 billion Year-to-Date

(YTD) in October 2022 to \$922.4 million in October 2023, a contraction of -31.5%. The residential market yielded 744 fewer sales in the first 10 months of 2023 (1,741 residential sales) versus in the first 10 months of 2022 (2,485 residential sales), a -29.9% retrenchment. The value of these sales declined from \$877.3 million to \$623.0 million during this timeframe, a -29.0% decrease. Only average home prices advanced. Specifically, the average home price in Yakima County from January through October 2022 was \$353,026, whereas the average home price in October 2023 was \$357,816, a modest 1.4% upturn. These recent subdued commercial and residential sales trends in Yakima County suggest that year-over-year construction employment growth rates may soon follow suit.

Statewide, construction employment has contracted in the past four months (July through October 2023), as shown in *Figure 5*. Recently, between October 2022 and October 2023, the number of construction jobs statewide decreased by -1.7% and by 4,100 jobs, falling from 239,000 jobs to 234,900. Washington’s *nonresidential* construction subsector gained 500 jobs between October 2022 (23,600 jobs) and October 2023 (24,100 jobs) while the *residential* construction subsector lost 3,000 jobs between October 2022 (40,000 jobs) and October 2023 (37,000 jobs). Employment amongst specialty trade contractors shrank at a modest -0.8% pace, backsliding by 1,200 jobs from October 2022 (153,000 jobs) to October 2023 (151,800 jobs).

Figure 5. Yakima County & WA, construction employment changes
 Washington state, November 2022 through October 2023
 Source: Employment Security Department/DATA, Current Employment Statistics (CES)



Year over year, construction employment in Yakima County increased by 2.2% this October but growth stagnated or decreased from July through September 2023. Statewide, construction employment has contracted in the past four months (July through October 2023).

- The local nondurable goods manufacturing industry was hit hard during the onslaught of the COVID-19 pandemic in 2020 as employment fell from an average of 5,700 jobs in 2019 to 5,400 in 2020, a loss of 300 jobs and a -5.3% downturn. In 2021 average nondurable goods manufacturing employment across Yakima County stabilized at 5,400. But in 2022 employment advanced to 5,700 jobs, back to the same level as in the pre-pandemic economy of 2019. However, year over year, employment in Yakima County's nondurable goods manufacturing industry has decreased from December 2022 through October 2023. Current estimates indicate that nondurable goods manufacturers provided 5,600 jobs in October 2023, 300 fewer than the 5,900 jobs tallied in

October of last year, a -5.1% downturn (*Figure 3*).

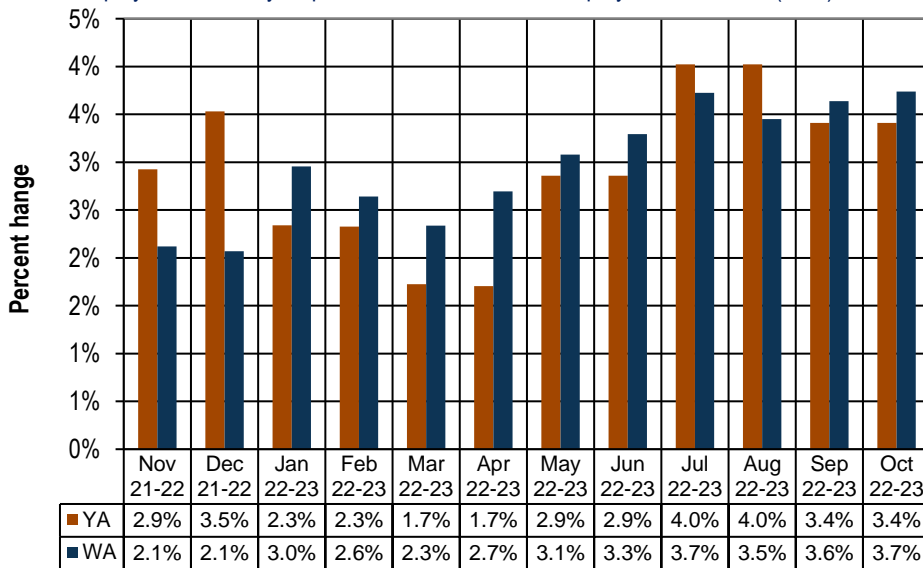
Statewide, nondurable goods manufacturing employment has also been slowing recently. In fact, employment at Washington's nondurable goods manufacturers has contracted from July through October 2023 (*Figure 5*). Between the Octobers of 2022 and 2023, employment in this sector across Washington sank from 89,400 jobs to 86,700, a 2,700 job and -3.0% decrease. The “fruit/vegetable preserving and specialty” subsector saw payrolls shrink by -4.6%, from 13,000 jobs in October 2022 to 12,400 jobs in October 2023, a loss of 600 jobs.

- Year over year, health care and social assistance employment in Yakima County has increased in each of the past 22 months (January 2022 through October 2023), as partially shown in *Figure 6*. The health care and social assistance category is comprised of ambulatory healthcare services, private hospitals, nursing and residential care facilities, and social assistance (i.e., vocational rehabilitation services; community food, housing, and relief services; child day care services, etc.). Private health care and social assistance services provided 17,600 jobs countywide in October 2022 versus 18,200 this October, a “healthy” 600 job and a 3.4% upturn (*Figure 3*).

Statewide this industry has added jobs in every month during the past 31 months (April 2021 through October 2023). Current Employment Statistics (CES) estimates indicate that Washington’s private healthcare and social assistance tallied 452,200 jobs in October 2022 versus 469,100 in October 2023, a 16,900 job and 3.7% upturn (*Figure 6*). Washington’s nursing and residential care facilities registered a rapid employment growth rate of 9.2% and netted 5,300 new jobs between October 2022 (57,400 jobs) and October 2023 (62,700 jobs).

Figure 6. Yakima County and Washington, health care and social assistance employment changes Washington state, November 2022 through October 2023

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



Year over year, private health care and social assistance employment in Yakima County has increased in each of the past 22 months (January 2022 through October 2023). Statewide, this industry has added jobs for 31 months (April 2021 through October 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 September 2023, revised 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 115,247 in 2022, a 12,499 job and 12.2% upturn, with annualized employment growth between 2012 and 2022 of 1.2%. The number of agricultural jobs (a subset of total covered employment) increased from 27,029 in 2012 to 29,091 in 2022, a 2,062 job and 7.6% uptrend, with annualized employment growth of 0.7%. In 2012, Yakima County’s agricultural industry accounted for 26.3% of total covered employment. In 2022, agricultural employment accounted for 25.2% of total covered employment countywide. Hence, the agricultural share of total employment slipped by 1.1 percentage points (from 26.3 to 25.2%) 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%.
- Total covered wages rose from \$3.40 billion in 2012 to \$5.46 billion in 2022, a \$2.05 billion and 60.4% upturn, with annualized payroll growth between 2012 and 2022 of 4.8%. The agricultural payroll (a subset of total covered wages) advanced from \$651.9 million in 2012 to \$1.07 billion in 2022, a \$414.4 billion and 63.6% uptrend, with annualized wage growth between 2012 and 2022 of 5.0%. In 2012, Yakima County’s agricultural industry accounted for 19.2% of total covered wages. In 2022, agricultural wages accounted for 19.5% of total covered payroll countywide. Hence, the share of total wages provided by the agricultural sector (NAICS 11) edged upwards by 0.3 percentage point (from 19.2 to 19.5%) 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 1.1 percentage points. 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 three-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 29,091 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>