

Yakima MSA (Yakima County) Labor Area Summary March 2021



Donald W. Meseck, Regional Labor Economist
 Employment Security Department
 Kittitas County WorkSource, 510 N. Pine Street, Ellensburg, WA 98926
 Phone: (509) 607-3267
 Email: dmeseck@esd.wa.gov
 Website: <https://esd.wa.gov/labormarketinfo>

Overview

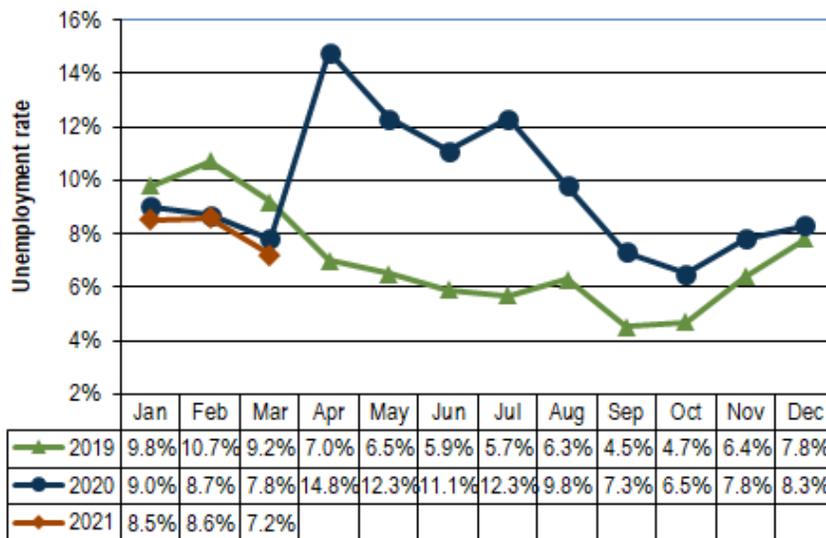
This report provides an update on the Yakima County economy incorporating not seasonally adjusted, nonfarm employment and civilian labor force data. Analysis focuses on year over year (March 2020 and March 2021) and average annual data (between 2019 and 2020) in the labor market.

Unemployment rates

Civilian Labor Force (CLF) data show that Washington’s not seasonally adjusted average annual unemployment rate jumped from 4.1 percent in 2019 to 8.4 percent in 2020. Between March 2020 and March 2021, the rate rose modestly by three-tenths of a percentage point, from 5.8 to 6.1 percent.

In Yakima County, the not seasonally adjusted average annual unemployment rate increased two and seven-tenths percentage points between 2019 and 2020, from 7.0 to 9.7 percent. Year over year, COVID-19-related layoffs pushed local monthly unemployment rates upwards from April 2020 through December 2020, but rates have declined from January through March 2021 (*Figure 1*).

Figure 1. Yakima County unemployment rates, not seasonally adjusted
 Washington state, January 2019 through March 2021
 Source: Employment Security Department/Labor Market and Economic Analysis (LMEA),
 Local Area Unemployment Statistics (LAUS)



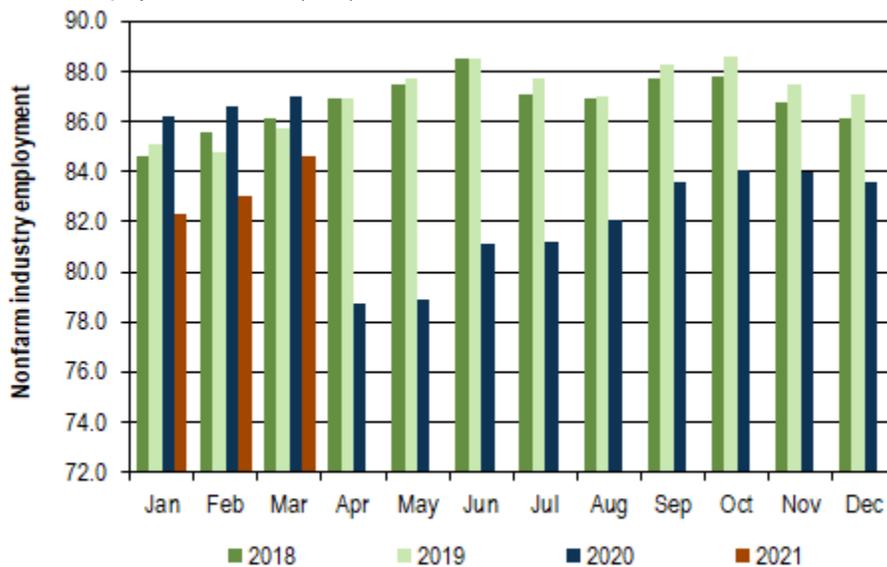
Yakima County's unemployment rate declined from 7.8 percent to 7.2 percent between March 2020 and March 2021.

Total nonfarm employment

Between 2019 and 2020, estimates indicate that Washington’s labor market provided 184,000 fewer nonfarm jobs, an average annual decrease of 5.3 percent. In March 2021, business and government organizations statewide tallied only 3,305,100 jobs (not seasonally adjusted) compared with 3,471,500 in March 2020, a loss of 166,400 jobs and a 4.8 percent downturn. Washington’s year-over-year loss rate of 4.8 percent in March 2021 was the lowest loss rate in the past 12 months (April 2020 through March 2021).

Yakima County’s nonfarm economy lost 4,000 jobs in 2020, an average annual decrease of 4.6 percent. Although the Yakima MSA’s nonfarm market has contracted for 12 months, this March’s -2.8 percent loss rate was the lowest since the start of COVID-19-related layoffs in April 2020. Between March 2020 and March 2021, the county’s economy shed 2,400 nonfarm jobs (down 2.8 percent) as employment fell from 87,000 jobs to 84,600, respectively (*Figures 2 and 3*).

Figure 2. Yakima County nonfarm industry employment, not seasonally adjusted, in thousands Washington state, January 2018 through March 2021
Source: Employment Security Department/Labor Market and Economic Analysis (LMEA), Current Employment Statistics (CES)



In March 2021, nonfarm employment decreased to 84,600, a 2,400 job decrease from the 87,000 jobs tallied in March 2020.

Employment and unemployment

Washington’s Civilian Labor Force (CLF) edged upwards by 5,550 residents (a marginal 0.1 percent upturn) from 2019 to 2020. Most of this expansion occurred in the first half of 2020. Statewide, the labor force has been shrinking for the past five months (November 2020 through March 2021); contracting by -1.0 percent, from 3,930,706 residents in March 2020 to 3,892,706 in March 2021.

Yakima County’s CLF declined 0.7 percent between 2019 (131,779 residents) and 2020 (130,867 residents). However, preliminary Local Area Unemployment Statistics (LAUS) estimates indicate that the labor force expanded by 7.1 percent between March 2020 and March 2021 with 137,620 residents in the county’s CLF in March 2021 versus 128,466 in March 2020, a 9,154-resident upturn. Simultaneously, the number of unemployed decreased by 1.7 percent as 166 fewer residents were out of work in March 2021 versus in March 2020 (*Figure 3*). The labor force expansion coupled with this drop in the number of residents unemployed caused the county’s not seasonally adjusted unemployment rate to dip from 7.8 percent in March 2020 to 7.2 percent this March.

Figure 3. Yakima County Labor force and industry employment, not seasonally adjusted Washington state, March 2021
 Source: Employment Security Department/Labor Market and Economic Analysis (LMEA), Local Area Unemployment Statistics (LAUS) and Current Employment Statistics (CES)

Yakima County	Preliminary Mar-21	Revised Feb-21	Revised Mar-20	Change		Percent change
				Feb-21	Mar-20	Mar-20
				Mar-21	Mar-21	Mar-21 %
Labor force and unemployment						
Civilian labor force	137,620	128,056	128,466	9,564	9,154	7.1%
Resident employment	127,741	117,080	118,421	10,661	9,320	7.9%
Unemployment	9,879	10,976	10,045	-1,097	-166	-1.7%
Unemployment rate	7.2	8.6	7.8	-1.4	-0.6	
Industry employment (numbers are in thousands)						
Total nonfarm ¹	84.6	83.0	87.0	1.6	-2.4	-2.8%
Total private	66.9	65.8	68.6	1.1	-1.7	-2.5%
Goods producing	12.2	12.0	12.5	0.2	-0.3	-2.4%
Mining, logging and construction	3.9	3.8	4.2	0.1	-0.3	-7.1%
Manufacturing	8.3	8.2	8.3	0.1	0.0	0.0%
Nondurable goods	5.3	5.3	5.3	0.0	0.0	0.0%
Service providing	72.4	71.0	74.5	1.4	-2.1	-2.8%
Private service providing	54.7	53.8	56.1	0.9	-1.4	-2.5%
Trade, transportation and utilities	19.6	19.3	18.9	0.3	0.7	3.7%
Wholesale trade	4.6	4.6	4.5	0.0	0.1	2.2%
Retail trade	11.2	11.0	10.8	0.2	0.4	3.7%
Transportation and utilities	3.8	3.7	3.6	0.1	0.2	5.6%
Professional and business services	4.3	4.3	4.4	0.0	-0.1	-2.3%
Education and health services	19.1	19.1	18.4	0.0	0.7	3.8%
Health-care and social assistance	17.5	17.4	17.0	0.1	0.5	2.9%
Leisure and hospitality	6.4	6.0	8.3	0.4	-1.9	-22.9%
Food services	5.3	5.0	6.3	0.3	-1.0	-15.9%
Government	17.7	17.2	18.4	0.5	-0.7	-3.8%
Federal government	1.2	1.2	1.2	0.0	0.0	0.0%
State government	2.7	2.5	2.7	0.2	0.0	0.0%
Local government	13.8	13.5	14.5	0.3	-0.7	-4.8%
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 March 2020 and March 2021, the Yakima County nonfarm labor market lost 2,400 jobs, a 2.8 percent downturn.

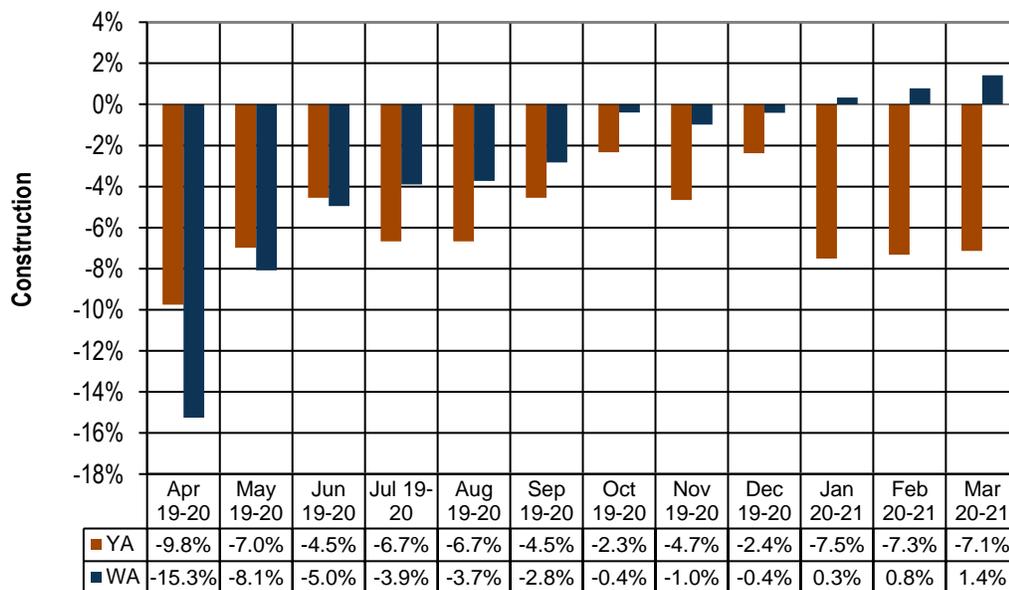
Nonfarm industry employment

Not seasonally adjusted total nonfarm employment in Yakima County decreased by 2.8 percent in March 2021, as employment fell to 84,600 from the 87,000 jobs tallied in March 2020 (*Figure 3*). The following paragraphs highlight job changes in several local industries between March 2020 and March 2021:

- Preliminary estimates for Yakima County indicate that construction employment declined 7.1 percent in March 2021 versus in March 2020 (*Figure 4*), as employment fell from 4,200 jobs to 3,900. Year over year, construction employment in Yakima County has decreased for 12 consecutive months (April 2020 through March 2021). The number of commercial and residential sales (combined) rose to 872 from 833 (up 4.7 percent) when comparing the first three months of 2021 versus 2020, per the March 2021 edition of *Headwaters – the Source* newsletter published by KMW Enterprises LLC in Selah, Washington. The value of these commercial and residential sales countywide jumped from \$239.9 million during the first quarter 2020 to \$296.9 million in the first quarter 2021, a 23.8 percent upturn. The residential market also showed considerable activity during the first three months of 2021. The number of residences sold increased modestly from 627 to 634 when comparing January through March 2020 to January through March 2021 (up 1.1 percent), but the value of these residential sales advanced from \$158.0 million to \$190.2 million, a strong 20.4 percent increase. Average home prices also escalated in Yakima County during the first quarter 2020 versus the first quarter of this year, from \$251,923 to \$300,030, a robust 19.1 percent increase. Across Washington, construction employment retrenched by -15.3 percent in April 2020, but loss rates decelerated through December 2020 – and from January through March 2021 Washington’s construction contractors have posted year-over-year job growth.

Figure 4. Construction employment changes in Yakima County and in Washington state, April 2019 through March 2021

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



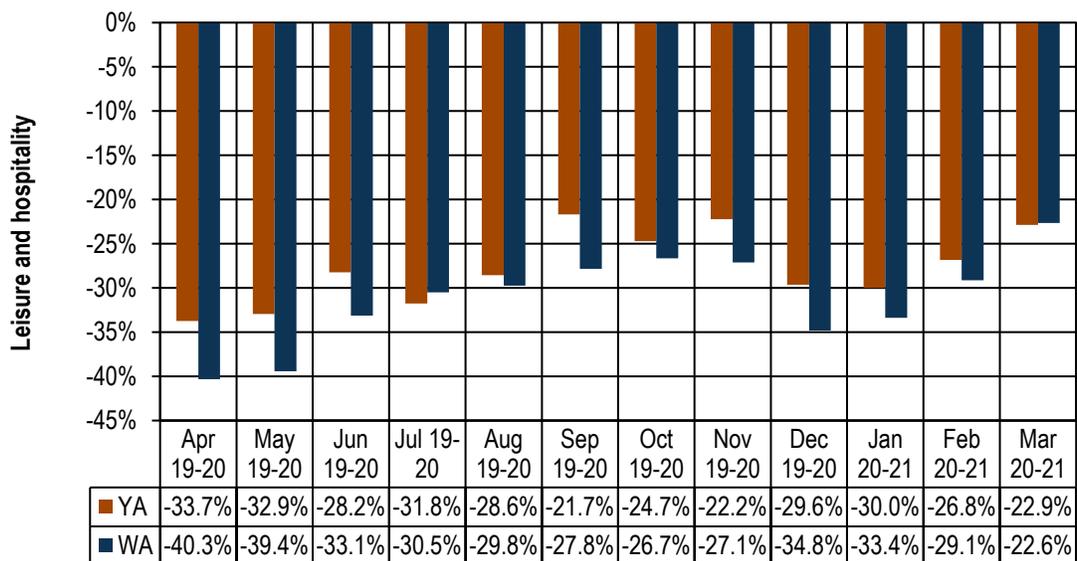
Year over year, construction employment in Yakima County has decreased for twelve consecutive months (April 2020 through March 2021). Statewide, construction employment retrenched by -15.3 percent in April 2020. Loss rates decelerated through December 2020. Since January 2021 Washington's construction contractors have been posting year-over-year employment gains.

- Year over year, retail trade employment in Yakima County has increased from August 2020 through March 2021. Between March 2020 and March 2021, employment in this industry rose from 10,800 to 11,200, a 400 job and 3.7 percent increase. Statewide, retail trade employment decreased from April through July 2020, stabilized in August 2020, and increased from September 2020 through March 2021. Recently, Washington state’s retail sector increased from 388,500 jobs in March 2020 to 396,300 in March 2021 (up 1.7 percent). Retail trade subsectors posting gains: building material and garden supply stores, food and beverage stores, health and personal care stores, general merchandise stores, and

“other” retail trade establishments (i.e., internet shopping). Hiring in these subsectors more than countered layoffs amongst Washington’s motor vehicle and parts dealers, furniture and home furnishings stores, and clothing and accessories stores. The result was this 1.7 percent advance (up 6,800 jobs) in retail trade employment across Washington state between March 2020 and March 2021.

- Between March 2020 and March 2021, leisure and hospitality (primarily hotels, eating and drinking places, and amusement and recreation) lost 1,900 jobs across Yakima County, a sharp 22.9 percent downturn (see *Figure 5*), as employment dropped from 8,300 jobs to 6,400. Employment in Yakima County’s leisure and hospitality businesses has contracted in each of the past twelve months (April 2020 through March 2021). Leisure and hospitality businesses were particularly hard-hit following Governor Inslee’s “Stay Home, Stay Healthy” directive issued on March 23, 2020 to counter the spread of the COVID-19 virus. In Yakima County, 79.2 percent of the total nonfarm employment downturn of 2,400 jobs between March 2020 and March 2021 occurred at leisure and hospitality businesses. Employment in Washington state’s leisure and hospitality industry has retrenched for 13 months (March 2020 through March 2021).

Figure 5. Leisure and hospitality employment changes in Yakima County and in Washington state, April 2019 through March 2021
 Source: Employment Security Department/LMEA, Current Employment Statistics (CES)



Year over year, leisure and hospitality businesses in Yakima County have cut jobs in each of the past twelve months (April 2020 through March 2021). Employment in Washington state’s leisure and hospitality industry has retrenched for 13 months (March 2020 through March 2021).

- Local government employment has also suffered because of the COVID-19 pandemic. The number of jobs in this sector dropped from 14,500 jobs in Yakima County in March 2020 to 13,800 in March 2021, a 700 job and 4.8 percent downturn. Employment in the county’s local government sector has decreased year over year in each of the past 12 months (April 2020 through March 2021). Across Washington state, local government has also contracted during the past 12 months. In 2020, almost half (48.3 percent) of “total local government” jobs statewide were in “local government education services” (primarily at public elementary, middle, and high schools). In March 2021, Current Employment Statistics (CES) estimates show that “total local government” in Washington lost 31,400 jobs between March 2020 and March 2021 (down 8.5 percent) with “local government education services” dropping by 21,400 (down 11.6 percent). Hence, over two-thirds (68.2 percent) of all local government jobs lost

statewide this March were at local government schools. It is safe to assume that a similar ratio holds for the March 2020 to March 2021 local government downturn in Yakima County.

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 2020, revised annual average QCEW data for calendar year 2019 became available. An analysis of employment changes from 2009 through 2019 shows that in Yakima County:

- Total covered employment rose from 100,894 in 2009 to 115,904 in 2019, a 15,010 job and 14.9 percent upturn, with annualized employment growth between 2009 and 2019 of 1.4 percent. The number of agricultural jobs (a subset of total covered employment) increased from 24,659 in 2009 to 31,638 in 2019, a 6,979 job and 28.3 percent uptrend, with annualized employment growth of 2.5 percent. In 2009, Yakima County's agricultural industry accounted for 24.4 percent of total covered employment. In 2019, agricultural employment accounted for 27.3 percent of total covered employment countywide. Hence, the agricultural share of total employment rose by 2.9 percentage points (from 24.4 to 27.3 percent) in Yakima County during this ten-year period.
- Total covered wages rose from \$3.165 billion in 2009 to \$4.807 billion in 2019, a \$1.642 billion and 51.9 percent upturn, with annualized payroll growth between 2009 and 2019 of 4.3 percent. The agricultural payroll (a subset of total covered wages) advanced from \$539.6 million in 2009 to \$1.048 billion in 2019, a strong \$508.7 million and 94.3 percent uptrend, with annualized wage growth between 2009 and 2019 of 6.9 percent. In 2009, Yakima County's agricultural industry accounted for 17.1 percent of total covered wages. In 2019, agricultural wages accounted for 21.8 percent of total covered payroll countywide. Hence, the agricultural share of wages rose 4.7 percentage points (from 17.1 to 21.8 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.

Web link to Monthly Employment Report (MER) for Washington state

<https://esd.wa.gov/labormarketinfo/monthly-employment-report>