

Washington State

Employment Security Department

Labor Market Information



for King County 2006



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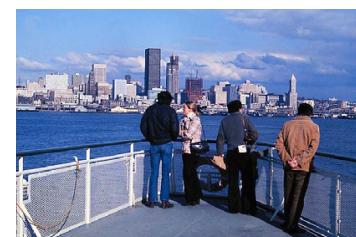
Throughout the 1990s, King County underwent extraordinary gains in employment, population and wages. The local economy added nearly 300,000 new jobs in the ten-year period. Population increased substantially due to immigration, especially in the early part of the decade. And, despite the increasing cost of living—especially in housing—in the county, the high tech jobs boom allured particularly well-educated migrators into the area; today Seattle has a higher percentage of residents with a bachelor's degrees than anywhere in the nation. And also owing to an economic boom, wages skyrocketed in the second half of the decade throughout the economy's sectors, but particularly in the thriving information technology sector.

The local economic downturn began subtly in 1998 when the transportation equipment manufacturing sector began shedding jobs, for a loss of more than 25,000 jobs within a two year period. Then the national economic recession of 2001 affected the Seattle-King County area more dramatically than most of Washington's other areas, rural or urban. In fact, the state's employment measures began to climb again in 2002, while King County's employment continued to decline until early 2004; in the three year downturn, the area lost over 120,000 jobs affecting most sectors. The unemployment rate quickly climbed to over 6.0 percent—although it remained lower than the state's peak unemployment of over 7.0 percent—and average wages declined slightly.

The decrease (after inflation adjustment) in average wages between 2000 and 2004 was due to market inefficiencies that set wages—especially in certain industries such as the information sector—artificially and unsustainably high. And although wages in 2004 had decreased by 4 percent since 2000, these wages were still nearly 40 percent higher than they had been in 1990. The median hourly wage did not decline, implying that the losses in wages were seen primarily in the upper echelons of the economy's workforce. However, median hourly wages at all levels of wages were basically stagnant at this time.

Outlook

- Despite a high cost of living, King County's population is forecast to continue to increase, albeit more slowly; and the county's firms are also projected to add jobs in the long term. This growth will in turn attract consumer-oriented retail and service development, and catalyze employment growth in the professional and business services sector.
- Higher interest rates may slow growth in the construction, finance, and real estate sectors from the current lofty levels.
- Barring unaffordable construction costs (due to high energy or materials costs, high interest rates), the number of construction permits processed and proposed land use action plans suggest that construction in the area will continue for years to come. The continued residential, public and commercial construction will create demand for additional workers in the industry and act as a catalyst to other sectors' well-being.
- Manufacturing employment growth, currently buoyed by gains in the transportation equipment manufacturing sector, will continue to increase. The area's aerospace manufacturing sector will add workers in order to meet the current and future high demand for commercial jet liners.



EMPLOYMENT BY INDUSTRY

General Trends

- Total nonfarm employment in King County, the largest labor market in the state, averaged 1,146,100 jobs in 2005, down from 1,185,700 jobs in 2000.
- While the county's economy thrived in the late 1990's, the start of the new decade saw significant job losses. The 2001 national recession impacted King County more drastically than most anywhere else nationwide; the local economy lost jobs steadily from 2001 through 2003. The job market began creating jobs again in 2004, but did not reach pre-recession employment levels until mid 2006.

Industry detail

Construction firms in the county averaged 62,900 workers in 2005. And although the area lost nearly 12 percent of all construction jobs between 2000 and 2003, the industry bounced back to pre-recession employment levels in 2005. A strong housing market in the area fueled the robust employment gains, while commercial, industrial, and residential construction projects will continue to boost hiring.

In 1990, the local economy's **manufacturing** sector boasted more than 15 percent of all jobs, but by 2005 manufacturing jobs made up less than 10 percent of King County's economy with a total of 107,400 jobs. Following significant declines in the early part of the 1990's, employment rebounded in 1998. Gains in **computer and electronic product manufacturing** and **transportation equipment manufacturing** led that growth. But the county's manufacturing firms again shed jobs from 1998 until 2004, for a loss of nearly 40,000 manufacturing jobs between 2000 and 2004.

A majority of those decreases was found specifically in the aerospace product and parts manufacturing sub-sector; the Boeing Co., manufacturer of commercial airliners, laid off tens of thousands of employees in that time due to weak demand by airlines. Airlines nationwide struggled due to a sluggish economy and more so after the 2001 national terrorist attacks. The aerospace sub-sector has since begun adding jobs, measuring a total 39,500 jobs in 2005.

Employment in **trade, transportation and utilities** firms was stagnant in the early 1990's, followed by substantial gains until the recession. These gains were led specifically by the retail trade sub-sector, which comprised half of the industry sector. By 2000, employment in the industry measured 241,000 jobs in King County.

The economic downturn of 2001 caused firms in the industry to shed 18,900 jobs. These declines were felt in all three sub-sectors; **retail trade** lost the majority of jobs (-7,900), while **wholesale trade** (-4,900) and **transportation, warehousing and utilities** (-6,100) employment also dropped. Troubled airlines were especially hit hard in the downturn, with losses of one in five air transportation jobs in King County by 2005.

By 2005, trade, transportation, and utilities firms reported employment levels of 222,700 in the county, made up by wholesale trade (employment of 62,300), retail trade (114,700), and transportation, warehousing and utilities (45,700).

- The **wholesale** and **retail trade** sectors grew with moderate increases since 2003; together, firms in the trade industries added 1,800 to payrolls by 2005.
- Meanwhile, due to continued losses in air transportation, **transportation, warehousing and utilities** firms have seen overall losses since the beginning of the area's recovery.

King County's employment in the **information** industry (primarily software publishers and telecommunications) sky-rocketed throughout the 1990's; employment more than doubled to 71,300 jobs in the decade. Software publishers added jobs steadily and substantially from 1990 through 2001. The telecommunications sector (including wired and wireless communications carriers) also increased employment in the latter half of the decade, but shed jobs starting in 2001 for the next four years due to mergers and acquisitions of service providers. By 2005 the information industry recovered to 70,300 jobs in the county.

King County's **financial activities** sector vigorously added jobs in the second half of the 1990's, but shed 1,900 jobs in the following economic downturn. The financial activities sector measured 76,600 jobs in 2005 in King County, just under employment levels in 2000. **Finance and insurance** firms had recovered from losses in the early part of the decade—largely credited to the area's housing boom—with employment counts of 51,800 jobs in 2005.

Employment in the **professional and business services** sector, consisting primarily of professional, scientific, and technical services, and administrative services, reached 173,300 in 2005.

- Most facets of **professional, scientific, and technical services** grew steadily during the 1990s, and then leveled off or decreased drastically in the area's downturn. Employment in computer systems design firms, for example, quadrupled in the decade, only to lose more than a third of total employment between 2000 and 2003. Accounting, tax preparation, and payroll firms have shed jobs, ending 2005 with fewer jobs than in 2000. This sector is still recovering.
- Employment in the **management of companies** sector (either financial or administrative oversight) was stagnant in the late 1990's, but increased to 23,200 jobs in 2005.
- **Administrative and support services** measured employment of 65,600 in 2005. (Nearly half of these jobs were in the employment services sub-sector, which includes temporary help services and call centers.) Employment in this sector sky-rocketed in the decade before the recession, then the sector lost more than one fifth of its total employment from 2000 to 2003. The sector saw tremendous employment gains in the following years.

While most other sectors in King County area were adversely affected by the economic downfall in the state and nation, the **education and health care services** sector healthily added jobs throughout the 1990's, slowed down a bit in 2000, and then continued to increase employment through 2005. The sector increased by 12,400 jobs since 2000, for a total measure of 123,100 jobs by 2005.

- Employment in privately-provided **education services** grew at a healthy clip throughout the previous decade, followed by a blip in employment in 2001—a loss of 2,300 jobs in that year. Since, the sub-sector added 1,400 jobs, for a total employment count of 20,200 in 2005.
- Employment in the area's health care sub-sectors (**ambulatory health care services, hospitals, and nursing and residential care facilities**) improved more slowly, although none was affected drastically by the area's economic downturn. Together the three sub-sectors added 13,400 jobs since 2000.

Leisure and hospitality employment in King County was little affected by the economic recession, losing a total of 2,200 jobs in 2002. In the following three years, the industry added 6,600 jobs, for a total count of 106,300 jobs in 2005; food services and drinking places accounted for more than of the sector's employment.

Government employment (federal, state and local) in the area increased steadily in the preceding decade and until 2003. Most recently, in 2004 and 2005, the sector saw small declines; employment in the sector totaled 161,200 in 2005, comprising 14 percent of the area's total employment. Nearly half of those jobs were in state and local educational services.

POPULATION, LABOR FORCE, AND UNEMPLOYMENT

Population

- King County, with an estimated population of 1,808,300 people, accounted for about 29 percent of the state's population in 2005. King is the largest of the state's 39 counties.
- Of the county's 39 incorporated cities, Seattle (population of 573,000 in 2005), Bellevue (115,500), Federal Way (85,800), and Kent (84,920) were the most populated in 2005.
- About 20 percent of the county's population lived in unincorporated areas in 2005; this is down from one decade previous when 30 percent of the county's folks resided in unincorporated regions.
- Over the past decade, King County's population grew at a slower rate, 1.1 percent each year, than the state's as a whole, 1.5 percent. Likewise, the county's population grew more slowly than the state's over the last three decades.
- In the early and late 1990's, immigration accounted for the majority of population growth in King County. And although immigration added more than 30,000 people (1998-2005), natural increases (births minus deaths) added more than double that amount in that time.

Age

- King County's population had proportionately fewer young people (younger than age 15) and fewer older residents (60 and older) when compared to the state and nation. Folks between the ages of 20 and 59 (typically the working ages) made up 61 percent of the county, while they made up 57 and 56 percent in the state and U.S., respectively.
- The oldest age group (age 60 and older) is projected to increase from 15 percent of the population in 2004 to 23 percent of the population in 2024.

Race and Ethnicity

- According to the 2000 U.S. Census, people self-categorized as White-Non Hispanic accounted for 73 percent of the county's population—compared to 79 percent in the state, and 69 percent in the U.S.
- Although King County had relatively fewer Black/African Americans than the U.S.—5.3 percent in the county compared to 12.0 percent in the U.S.—people who categorized themselves as Asian made up nearly 11 percent of the King County population, compared to 3.6 percent in the U.S. in 2000.

Educational Attainment

- The population of King County was highly educated, according to the 2000 Census. King County residents (age 25 and older) with no high school diploma accounted for only 10 percent of the population, while the state (13 percent) and U.S. (20 percent) had proportionately far more residents without a diploma.
- King County residents with a bachelor's degree (or higher) made up 40 percent of the population in 2000, compared to 28 percent in Washington and 24 percent in the U.S.

Labor Force and Unemployment

- The county had an average of 49,000 unemployed workers in 2005, and the average labor force estimate was 1,017,300 workers. The unemployment rate was estimated at 4.8 percent in 2005, compared with the state's unemployment rate of 5.5 percent at that time.
- Between 1997 and 2000, the unemployment rate in King County hovered around a low 4.0 percent. But as the economic downturn heavily affected the county, by 2001, the rate had increased to 5.1 percent and then again to 6.2 percent in 2002 and 2003. The unemployment rate declined in 2004 and 2005 as job growth picked back up after the recession.
- Typically, King County's unemployment rate is about 1.0 lower than the state's at any given time. Although the state's largest county was the hardest hit during the slump, the county's unemployment rate remained below the state's every year in the past decade.

Note: Labor force and unemployment statistics are extrapolated from a national survey of households; this survey is typically considered less reliable than the survey of employers from which industry employment estimates are produced.

INDUSTRY EMPLOYMENT BY AGE AND GENDER

The Local Employment Dynamics (LED) database, produced by matching state employment data with federal administrative data, provides industry employment data by age and gender.

- In the first quarter of 2005, women made up 47 percent of the county's total jobs.
- Male-dominated industries included mining (87 percent men), construction (84 percent), agriculture, forestry, fishing, and hunting (74 percent), and manufacturing (72 percent). Also, jobs in the wholesale trade (68 percent), transportation and warehousing (67 percent), and the information (66 percent) sectors were predominantly made up by men.
- Female-dominated industries included health care and social assistance (76 percent of jobs were filled by women), education (66 percent), and finance and insurance (61 percent).
- Workers between the ages of 25 and 64 accounted for about 84 percent of all jobs in the county. Employment in the retail (27 percent), arts, entertainment, and recreation (23 percent), and accommodation and food services (34 percent) was relatively young, between the ages of 14 and 24. Older workers made up a larger percentage of the total workforce—compared to the all-industry average—in the educational services (23 percent), utilities (21 percent), and the public administration (19 percent) sectors.

Note: LED employment includes all workers covered by state unemployment insurance; federal workers and non-covered workers like the self-employed are not. Data is presented by place of work, not place of residence.

WAGES AND INCOME

Average Annual Wages—Adjusted for Inflation

- In 2005, King County averaged about 1,116,434 jobs covered by unemployment insurance, with a total payroll of nearly \$56.0 billion.
- The county's average annual wage was \$50,139, well above state's average of \$40,704. King County's was the highest of the state's 39 counties in 2005.
- Although the 2005 average wage was 4.8 percent lower than the 2000 average wage (at the height of the economic boom), the 2005 wage exceeded the 1990 average wage by about 40 percent.
- In 2005, the information sector's average annual wages (\$97,093) were greatest among all industry sectors, followed by management of companies and enterprises (\$80,024), and finance and insurance (\$74,802) in King County. The accommodation and food services (\$17,869), educational services (\$31,755) and retail trade (\$31,900), sectors averaged the lowest annual wages.

Hourly Wages—Adjusted for Inflation

- The median hourly wage for jobs in King County was \$20.60 in 2004, an increase of 8 percent since 2000 and nearly 22 percent since 1990.
- King County's median wage was highest among Washington's counties; the statewide median hourly wage was \$17.52 in 2004.
- The lowest-paid ten percent of jobs paid \$8.34 per hour, while the highest-paid ten percent of jobs paid \$98.71 per hour in King County.
- The 2004 median hourly wage was slightly below the 2003 median, but was 21 percent higher than the 1990 median wage.
- The gap between the highest-paid ten percent and lowest-paid ten percent of jobs steadily widened from \$49.69 in 1990, to \$128.02 in 2000, but then narrowed to \$90.37 in 2004.
- Between 2000 and 2004, wages earned by the lowest-paid ten percent of jobs increased by 8 percent, while the highest-paid ten percent of jobs decreased by 27 percent.

Per Capita Income

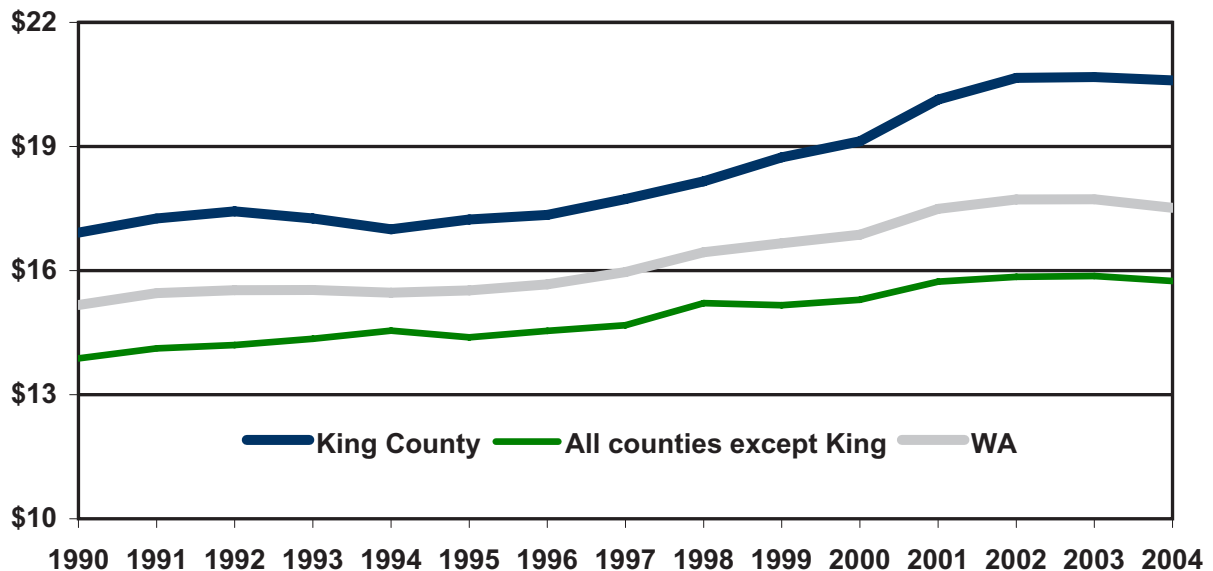
- In 2003, per capita income in King County measured \$45,334, greater than the state's per capita income (\$33,254) and the nation's (\$31,459). The county ranked first among the state's counties.
- Residents' income was made up primarily by job earnings (74 percent), but also by investment income (17 percent), and transfer payments (9 percent)—such as Social Security and Medicare.
- Nearly \$11 billion dollars left the county due to cross-county commuting.
- Per capita income was stagnant in 2002-2003, following major gains in the 1990's and then a significant decline in 2001.

Annual Wages by Industry

Industry Sector	Average Annual Wage, 2005
All Industries	\$50,139
Information	\$97,093
Management of companies and enterprises	\$80,024
Finance and insurance	\$74,802
Professional and technical services	\$68,008
Manufacturing	\$65,181
Wholesale trade	\$62,269
Agriculture, forestry, fishing and hunting	\$60,186
Construction	\$48,204
Government	\$47,801
Transportation and warehousing	\$47,497
Real estate and rental and leasing	\$41,046
Health care and social assistance	\$40,459
Administrative and waste services	\$37,444
Arts, entertainment, and recreation	\$35,913
Retail trade	\$31,900
Educational services	\$31,755
Accommodation and food services	\$17,869

Source: Quarterly Census of Employment and Wages

Median Hourly Wages (Adjusted for Inflation)



County Resource List

Washington State Employment
Security Department
www.wa.gov/esd

Workforce Explorer
www.workforceexplorer.com

Seattle's Convention
and Visitor's Bureau
www.seeseattle.org

Seattle Chamber of Commerce
www.seattlechamber.com

Port of Seattle
www.portseattle.org

Workforce Development Council
of Seattle-King County
www.seakingwdc.org

Puget Sound Regional Council
www.psrc.org

Prosperity Partnership
www.prosperitypartnership.org

enterpriseSeattle
www.enterpriseseattle.org



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Area Population for King County

AREA	2005	AREA	2005	AREA	2005
U.S.	296,383,000	Carnation	1,900	Milton part	815
Washington State	6,256,400	Clyde Hill	2,780	Newcastle	8,890
Metropolitan Divisions	3,220,000	Covington	16,610	Normandy Park	6,385
Metro Area	2,231,700	Des Moines	28,960	North Bend	4,685
Micropolitan Areas	551,700	Duvall	5,595	Pacific part	5,640
Rural Counties	253,000	Enumclaw part	11,190	Redmond	47,600
King County	1,808,300	Federal Way	85,800	Renton	56,840
Unincorporated	364,498	Hunts Point	450	Sammamish	38,640
Incorporated	1,443,802	Issaquah	17,060	SeaTac	25,140
Algona	2,660	Kenmore	19,290	Seattle	573,000
Auburn part	43,540	Kent	84,920	Shoreline	52,500
Beaux Arts Village	297	Kirkland	45,740	Skykomish	210
Bellevue	115,500	Lake Forest Park	12,730	Snoqualmie	6,345
Black Diamond	4,080	Maple Valley	17,870	Tukwila	17,110
Bothell part	16,250	Medina	2,930	Woodinville	10,140
Burien	31,040	Mercer Island	21,710	Yarrow Point	960



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