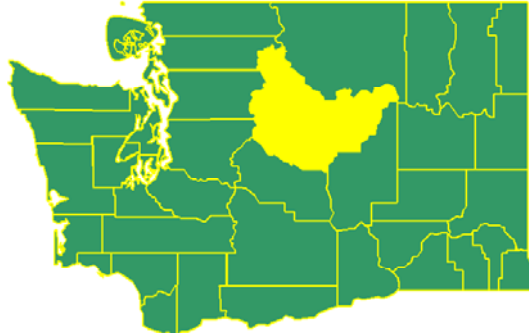


The Chelan and Douglas Counties Labor Economy (March 2003)



Prepared May 13, 2003

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Nonagricultural Employment

Table 1 shows that total nonagricultural employment in Chelan and Douglas counties (also called the Wenatchee Labor Market Area or LMA) expanded by 580 jobs for a 1.7-percent lengthening of payrolls over the month of March 2002. Nonagricultural employment here this March provided 34,960 jobs. A major contributor to the 580-job, over-the-month advance was the 200-job seasonal gain in the local construction industry. Accommodation and food services (i.e., primarily hotels and restaurants) had a good month too, as they hired 100 workers this March. Across Washington, wage and salary employment grew by 8,700 during March, a 0.3-percent increase. Washington's advances were concentrated in professional and business services (+3,000), construction (+1,700), and government (+1,500). Most of these increases were due to seasonal hiring in early spring. Areas of strength were in heavy construction, water and truck transportation, employment services, private educational services, accommodations, and in state government education.

Figure 1 plots over-the-year total nonagricultural employment change rates in the Wenatchee LMA and in Washington for the last two calendar quarters of 2002 and the first calendar quarter of 2003. Statewide, the job-growth pace was in the negative column until December 2002 when job gains matched job losses. Then, in January of this year, Washington's labor economy started to turn the corner. Over-the-year, the job growth rate weighed in at 0.4-percent for March 2003. This is certainly not a dramatic improvement, but when one considers that Washington's labor market lost jobs from May 2001 until December 2002, it is a step in the right direction. The economy in the Wenatchee LMA began to post positive over-the-year job growth rates in August 2002 and has not let up since, as Figure 1 illustrates. In relative terms, the local economy is looking pretty good.

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Figure 2 depicts that over-the-year job growth in the Wenatchee LMA began in August 2002 and continued into the first quarter this year. By March 2003, total nonagricultural employment was 880 jobs higher than in March 2002. However, durable goods manufacturing employment was down by 210 jobs. The good news is that between March 2002 and March 2003 the following industries added jobs: construction (+300), health services and social assistance (+190), local government (+150), and accommodation and food services (+140). The local construction industry is responding to the growing demand for homes fueled by favorable interest rates. Wenatchee's Pacific Appraisal Associates, P.L.L.C., prepares a monthly "Snapshot" report that provides updates on real estate transactions in the Wenatchee Multiple Listing Service (MLS) market area. The MLS market area includes most of Chelan and Douglas Counties with the exception of the city of Chelan and parts of east Douglas County. According to the April 4th, 2003 "Snapshot" report, the number of homes sold in the MLS area in the first calendar quarter of 2003 increased by 13 percent, and the dollar value of these homes sold rose 17 percent, above corresponding figures for the first quarter of 2002. The number of building permits also jumped from 59 in the first quarter 2002, to 76 one-year later. Thus, 2003 will likely be a good year for the local residential construction industry.

**Table 1
MARCH 2003 NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
IN CHELAN AND DOUGLAS COUNTIES
(Prepared April 22, 2003)**

	Mar 2003 ¹	Feb 2003	Mar 2002	CHANGE ³		% CHANGE	
				Feb 03 Mar 03	Mar 02 Mar 03	Feb 03 Mar 03	Mar 02 Mar 03
TOTAL NONFARM²	34,960	34,380	34,080	580	880	1.7%	2.6%
TOTAL PRIVATE	26,490	26,100	25,830	390	660	1.5%	2.6%
NATURAL RESOURCES, MINING, AND UTILITIES	110	130	140	-20	-30	-15.4%	-21.4%
CONSTRUCTION	2,210	2,010	1,910	200	300	10.0%	15.7%
MANUFACTURING	1,890	1,890	2,180	0	-290	0.0%	-13.3%
Durable Goods	1,250	1,240	1,460	10	-210	0.8%	-14.4%
Non-Durable Goods	640	650	710	-10	-70	-1.5%	-9.9%
WHOLESALE TRADE	1,540	1,480	1,530	60	10	4.1%	0.7%
RETAIL TRADE	5,820	5,860	5,680	-40	140	-0.7%	2.5%
TRANSPORTATION and WAREHOUSING	990	990	980	0	10	0.0%	1.0%
INFORMATION, FINANCE, INSURANCE, AND REAL ESTATE	1,940	1,940	1,900	0	40	0.0%	2.1%
SERVICES	12,000	11,810	11,500	190	500	1.6%	4.3%
Health Services and Social Assistance	4,920	4,930	4,730	-10	190	-0.2%	4.0%
Accommodation and Food Services	3,580	3,480	3,440	100	140	2.9%	4.1%
GOVERNMENT	8,470	8,290	8,250	180	220	2.2%	2.7%
Federal Government	870	850	820	20	50	2.4%	6.1%
State Government	1,370	1,360	1,360	10	10	0.7%	0.7%
Local Government	6,220	6,080	6,070	140	150	2.3%	2.5%
Workers in Labor Disputes	0	0	0	0	0	XXX	XXX

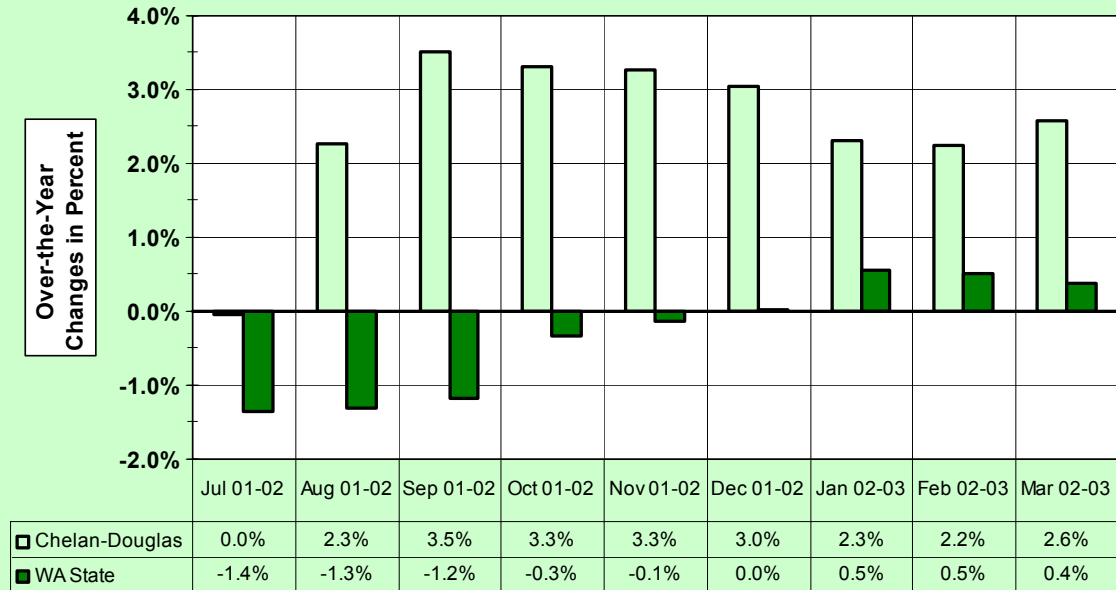
¹ Preliminary employment estimates.

² Excludes proprietors, the self-employed, members of the Armed Services, unpaid family members, workers in private households, and agricultural workers. Includes all full and part-time wage and salary workers receiving pay during the pay period including the 12th of the month, by place of work.

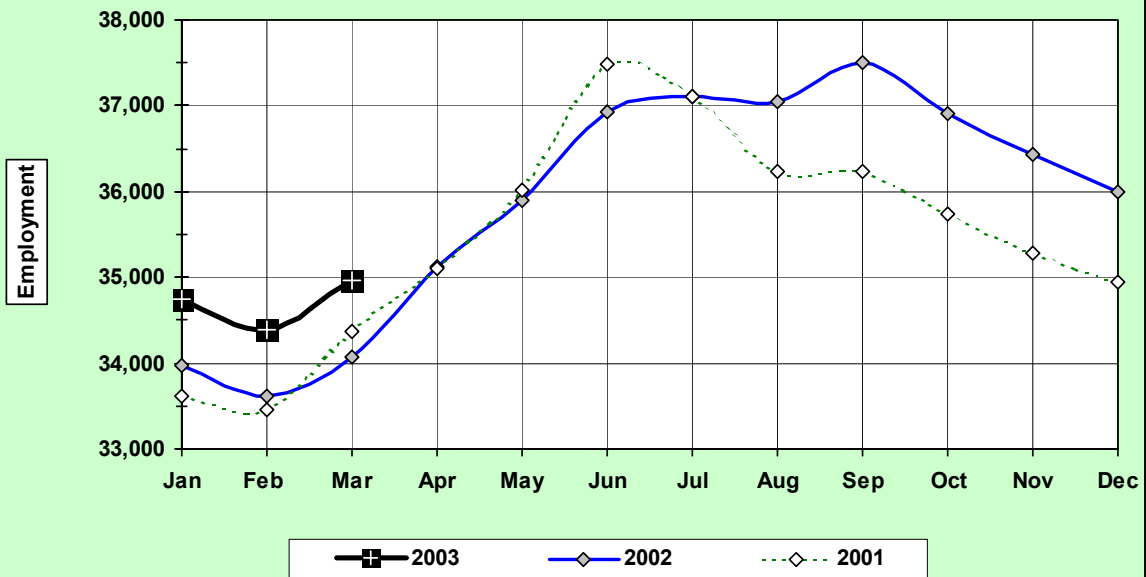
³ Differences in industry employment of 20 or less may not be significant due to rounding.

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**Figure 1
CHELAN and DOUGLAS COUNTIES versus WASHINGTON STATE:
OVER-THE-YEAR EMPLOYMENT CHANGE RATES
(Prepared May 12, 2003)**



**Figure 2
CHELAN AND DOUGLAS COUNTIES: TOTAL NONAGRICULTURAL EMPLOYMENT
FROM JANUARY 2001 TO MARCH 2003
(Prepared May 12, 2003)**



Unemployment

The unemployment rate in Chelan and Douglas counties fell from 10.1 percent in February to 8.9 percent in March 2003 (see Figure 3). According to resident labor force estimates, the number of unemployed residents declined by 540 in March, to 4,520 and the number of employed increased by 830, to 46,050. Nonagricultural employment netted 580 new jobs; led by a 200-job advance in construction, a 140-job upturn in local government, and a 100-job expansion in accomodation and food services. Agricultural employment also began its seasonal expansion by adding an estimated 300 new jobs over the month.

Over the year, the local unemployment rate declined, from 10.0 percent in March 2002 to the current reading of 8.9 percent. This over-the-year contraction in the rate is encouraging since it is a lower reading than for the corresponding month in at least the two previous years. Approximately 470 fewer Chelan and Douglas Counties residents were unemployed this March than in last March. Labor force estimates (i.e., based on place of "residence") indicate 1,010 more people who live in Chelan and Douglas Counties were employed in March 2003. Employment in the local labor force is currently estimated to be 46,050, which is 2.2-percent higher than the figure for March 2002. Nonagricultural employment (i.e., based on place of "work") stands at 34,960 jobs in March 2003, 2.6-percent ahead of the figure for the same month last year.

