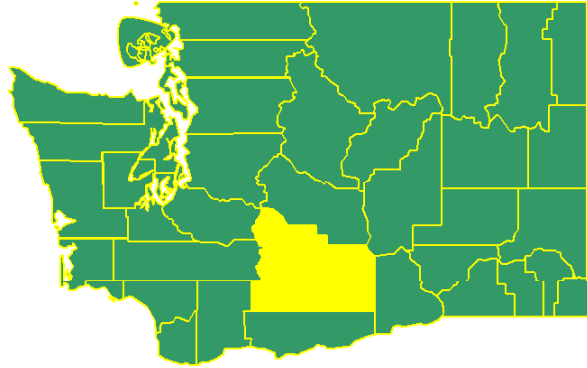


The Yakima County Labor Economy (October 2003)



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Total nonagricultural employment rose a marginal 0.3 percent in Yakima County over the month of October 2003. The down side was that Wholesale Trade employers cut 400 jobs between September and October (see Table 2). The lion's share of these jobs were at fresh fruit packinghouses. This year's apple harvest was much smaller than the 2002 crop, which yielded 88.8 million 42-pound fresh-packed boxes. According to the November 7th edition of *The Wenatchee World*, the 2003 harvest is estimated to have produced only 75.5 million fresh packed boxes. Non-Durable Goods (i.e., food processing) also declined, by 300 jobs over the month, because fewer apples were available for processing into juice. Government countered with a 600-job gain. Virtually this entire upturn was attributed to seasonal hiring in public education as primary, secondary, and community colleges took on non-teaching staff for the new school year.

In October 2003 nonagricultural employers across Yakima County provided approximately 100 fewer jobs than in the same month one-year prior, but almost 700 more jobs than in October 2001 (see Figure 1-A). The apple harvest was smaller this year, plus it started and ended roughly one-week earlier. This smaller crop translated into fewer jobs for the local labor market. Wholesale trade employment this October plummeted 17.8 percent below that of October 2002, a drop of 800 jobs (see Figure 1-B). Virtually all of Wholesale Trade's over-the-year job-loss occurred in the fresh fruit packinghouse industry. Non-Durable Goods (i.e., food processing) also waned by 300. Thus, the Yakima County labor economy shrank 0.1-percent between October 2002 and October 2003 (see Figure 1-C).

To every cloud there is a silver lining however. Although quantity is down, apple quality and prices are up this autumn and growers across Washington should make a profit for the third straight year. According to Kirk Mayer, Manager of Washington's Grower's

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Clearinghouse, in a November 7th *Wenatchee World* article; "A third year of profits means growers will be able to continue paying off debt incurred from 1998 to 2002. It doesn't diminish long-term challenges facing the industry such as increasing costs and regulation, increasing foreign competition, and downward pressure on prices from globalization of the food industry."

Yakima County's real estate market is on the upswing. Low interest rates are motivating many people to purchase homes, and sales are brisk. According to an article in the November 16th edition of the *Yakima Herald Republic*, "starting in July, home sales have been above 300 units each month. The last time more than 300 homes sold in one month was August 1990, when 311 transactions were recorded. Sales in the past four months are up about a third over the same period last year." This article also mentions that newer and older homes are selling more quickly than those in middle age are. New home sales impact construction employment. This October the Natural Resources, Mining, and Construction category posted 100 more jobs than in October 2002. Most of these jobs were with local construction companies.

Taxable retail sales rose in Washington, and sales growth rates in Yakima County surpassed statewide growth-rates, in each of the last four quarters for which comparable sets of data were available. This is depicted in Table 1. Percentages in Table 1 also reveal that taxable retail sales have expanded steadily across Yakima County for the last five quarters. Quarterly taxable retail sales figures from the 3rd calendar quarter of 2001 through the 2nd quarter of 2003 are graphed in Figure 2-A. This figure shows the improvement in Yakima County's retail sector in dollar amounts. Employment at retail stores also drove upward. Retail establishments provided about 600 more jobs in October 2003 than in the corresponding month last year. Much of this upturn, in employment and sales, can be attributed to new or expanding retail enterprises in Union Gap.

Table 1		
OVER-THE-YEAR CHANGES IN QUARTERLY TAXABLE RETAIL SALES AT RETAIL TRADE STORES IN YAKIMA COUNTY AND IN WASHINGTON		
	Yakima County	Washington
1 st Quarter (2001 to 2002)	-0.7%	1.5%
2 nd Quarter (2001 to 2002)	4.7%	2.6%
3 rd Quarter (2001 to 2002)	8.1%	6.0%
4 th Quarter (2001 to 2002)	4.4%	0.9%
1 st Quarter (2002 to 2003)	6.8%	3.6%
2 nd Quarter (2002 to 2003)	6.0%	Not Yet Available

Quarterly gains in taxable retail sales totaled \$23.7 million between the 3rd Quarter of 2001 and 2002, \$13.7 million in the 4th Quarter, \$18.0 million between the 1st Quarter of 2002 and 2003, and \$18.0 million in the 2nd Quarter. Food Store sales declined quarterly, but not because Yakima County residents cut down on their caloric intake. Local consumers appear to be buying more of their groceries at big-box stores, which are classified under the General Merchandise category. In fact, the quarterly Food Store retail sales losses were roughly comparable with the quarterly General Merchandise gains (see Table 2-B). In the last four quarters, Auto Dealerships and Service Stations expanded their sales more than the other Yakima County retail industries. Much of this sales growth was attributed to favorable interest rates for auto, SUV, and truck purchases and, to a lesser degree, the rising cost of gasoline.

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Between October 2002 and October 2003 Yakima County's unemployment rate rose nine-tenths of a point (see Figure 3). An estimated 8,800 Yakima County residents were out of work this October versus 7,700 in the corresponding month last year, a 1,100-person rise in the number of unemployed. The number of employed residents dipped by only 500 since October 2002, despite fewer agricultural jobs because of a smaller apple harvest. Yakima County simply did not lose the large numbers of agricultural and nonagricultural jobs to justify a nine-tenths of a point rise in the unemployment rate. The rate climb appears to be primarily caused by a slow statewide economy that forced more residents, who commute to work outside Yakima County, onto local unemployment rolls.

Table 2 OCTOBER 2003 NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT IN YAKIMA COUNTY (Prepared November 18, 2003)							
	Oct 2003 ¹	Sep 2003	Oct 2002	CHANGE ³ Sep 03 Oct 03	Oct 02 Oct 03	% CHANGE Sep 03 Oct 03	Oct 02 Oct 03
TOTAL NONFARM²	76,800	76,600	76,900	200	-100	0.3%	-0.1%
TOTAL PRIVATE	60,600	61,000	60,600	-400	0	-0.7%	0.0%
GOODS PRODUCING	14,100	14,400	14,300	-300	-200	-2.1%	-1.4%
NATURAL RESOURCES, MINING, AND							
CONSTRUCTION	3,400	3,500	3,300	-100	100	-2.9%	3.0%
MANUFACTURING	10,700	10,900	11,000	-200	-300	-1.8%	-2.7%
Durable Goods	4,300	4,200	4,300	100	0	2.4%	0.0%
Non-Durable Goods	6,400	6,700	6,700	-300	-300	-4.5%	-4.5%
SERVICES PROVIDING	62,700	62,200	62,600	500	100	0.8%	0.2%
WHOLESALE TRADE	3,700	4,100	4,500	-400	-800	-9.8%	-17.8%
RETAIL TRADE	10,000	9,900	9,400	100	600	1.0%	6.4%
TRANSPORTATION, WAREHOUSING, and							
UTILITIES	3,100	2,800	3,300	300	-200	10.7%	-6.1%
INFORMATION	1,400	1,300	1,300	100	100	7.7%	7.7%
FINANCIAL ACTIVITIES	2,600	2,700	2,600	-100	0	-3.7%	0.0%
ALL OTHER SERVICES	22,900	23,200	23,000	-300	-100	-1.3%	-0.4%
Professional and Business Services	4,700	4,800	4,700	-100	0	-2.1%	0.0%
Health Services and Social Assistance	10,900	10,900	10,700	0	200	0.0%	1.9%
Accommodation and Food Services	5,400	5,600	5,400	-200	0	-3.6%	0.0%
GOVERNMENT	16,200	15,600	16,300	600	-100	3.8%	-0.6%
Federal Government	1,300	1,300	1,400	0	-100	0.0%	-7.1%
State Government	2,900	2,700	2,800	200	100	7.4%	3.6%
Local Government	12,000	11,600	12,100	400	-100	3.4%	-0.8%
Workers in Labor Disputes	0	0	0	0	0	XXX	XXX

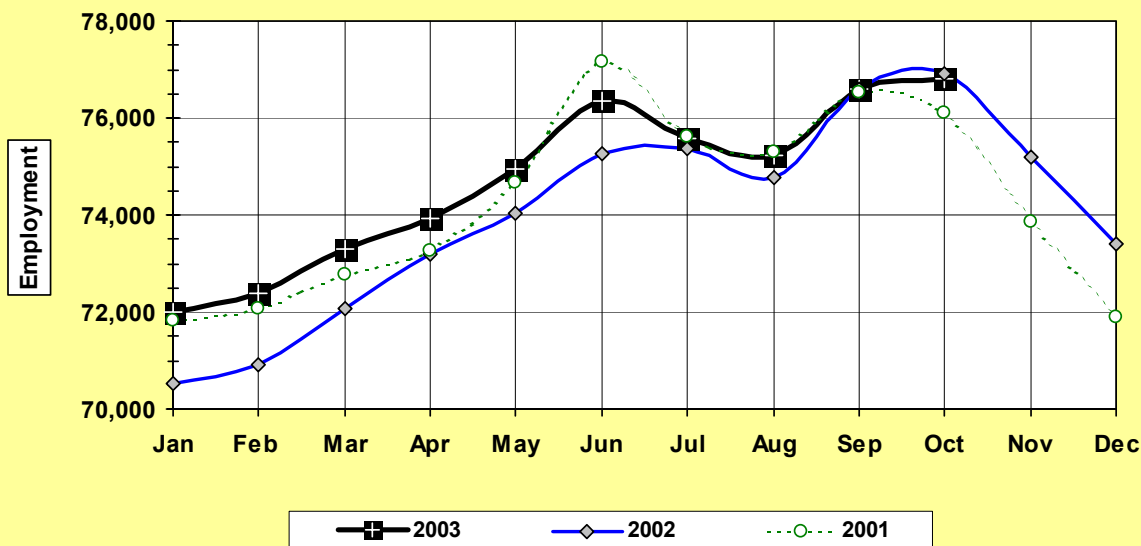
¹ Preliminary employment estimates.

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.

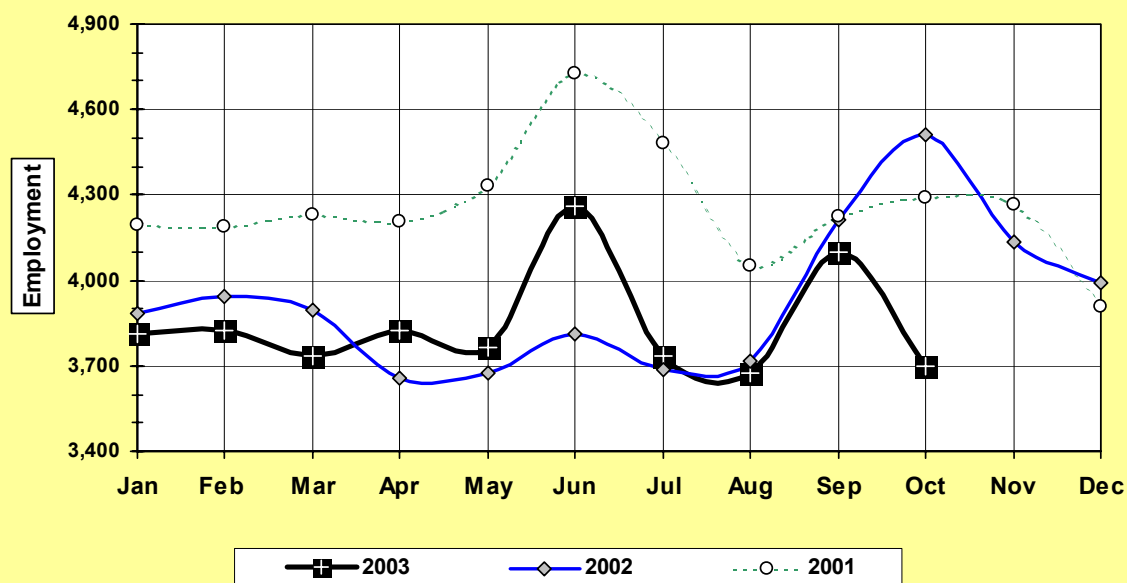
³ Differences in industry employment of 100 or less may not be significant due to rounding.

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**Figure 1-A
YAKIMA COUNTY: TOTAL NONAGRICULTURAL EMPLOYMENT
FROM JANUARY 2001 TO OCTOBER 2003
(Prepared November 18, 2003)**



**Figure 1-B
YAKIMA COUNTY: WHOLESALE TRADE EMPLOYMENT
FROM JANUARY 2001 TO OCTOBER 2003
(Prepared November 24, 2003)**



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Figure 1-C
YAKIMA COUNTY versus WASHINGTON STATE:
RATES OF CHANGE IN NONAGRICULTURAL EMPLOYMENT OVER THE YEAR
(Prepared November 18, 2003)

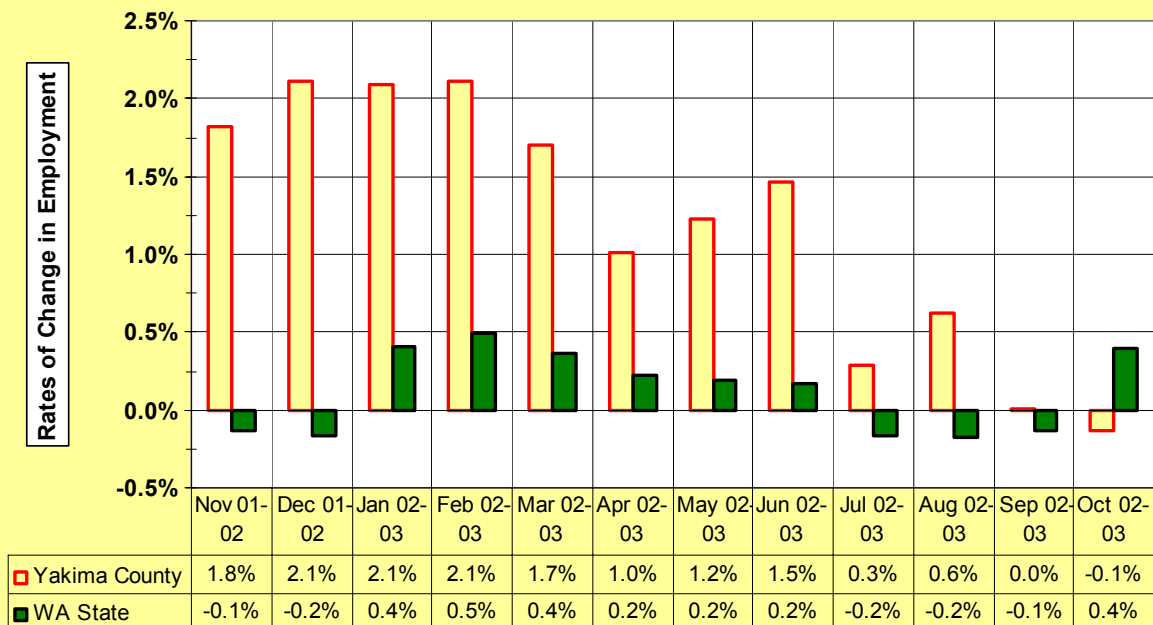
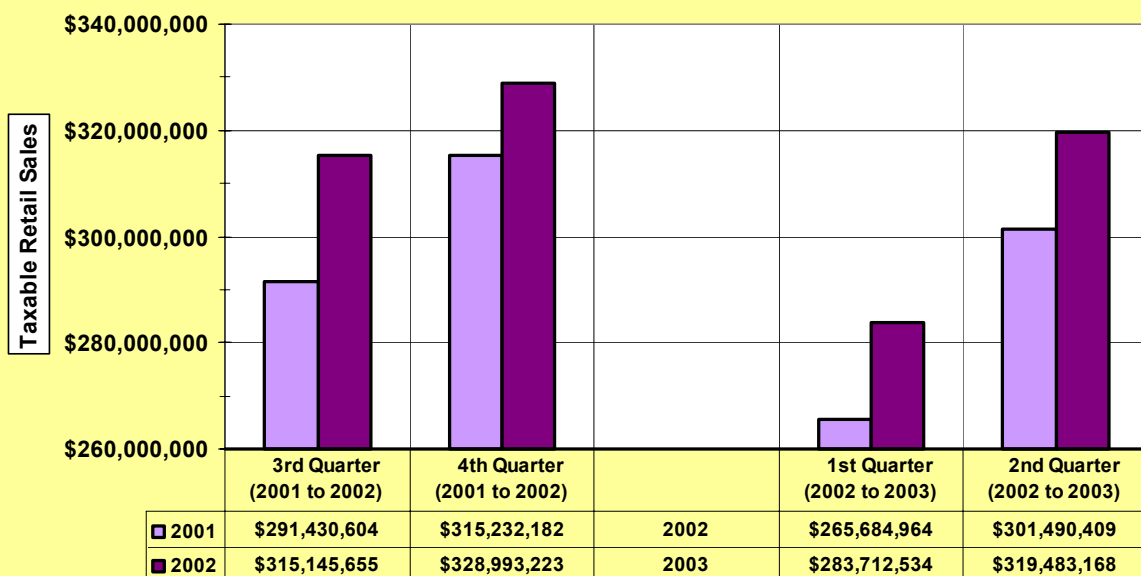


Figure 2-A
TAXABLE RETAIL SALES IN YAKIMA COUNTY
FROM 3RD QUARTER 2001 TO 2ND QUARTER 2003
(Prepared November 24, 2003)



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Figure 2-B
YAKIMA COUNTY: GAINS/LOSSES IN TAXABLE RETAIL SALES BY INDUSTRY
FROM 3RD QUARTER 2001 TO 2ND QUARTER 2003
(Prepared November 24, 2003)

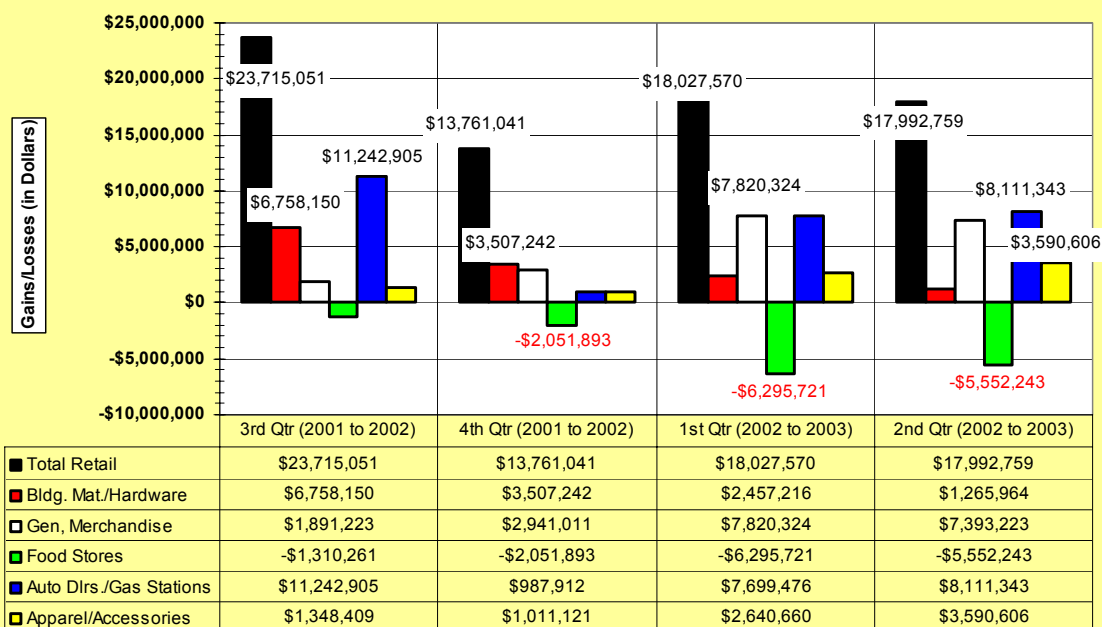


Figure 3
UNEMPLOYMENT RATES IN YAKIMA COUNTY
AND IN WASHINGTON FROM JANUARY 2002 TO OCTOBER 2003
(Prepared November 18, 2003)

