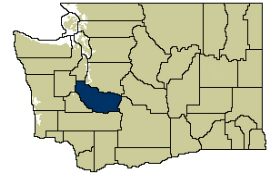




# Tacoma MD (Pierce County) Labor Area Summary Volume 2008, Number 6



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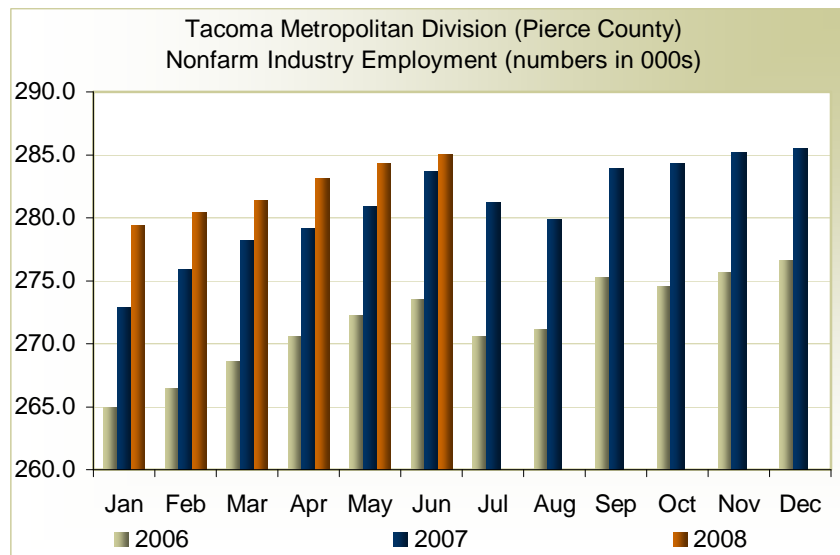
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## Summary

The Tacoma Metropolitan Division (MD) labor market continues to grow at a restrained pace during 2008. The month of June saw the local area gain 800 nonfarm wage and salary jobs. In so doing, total nonfarm employment crawled to within 400 jobs of the total employment reached during December of last year, when payroll gains swell due to holiday season hiring. The job gains follow successive upward employment revisions of 600 in April and May, and may be beginning to show some sign that conditions could gradually improve during the second half of the year.

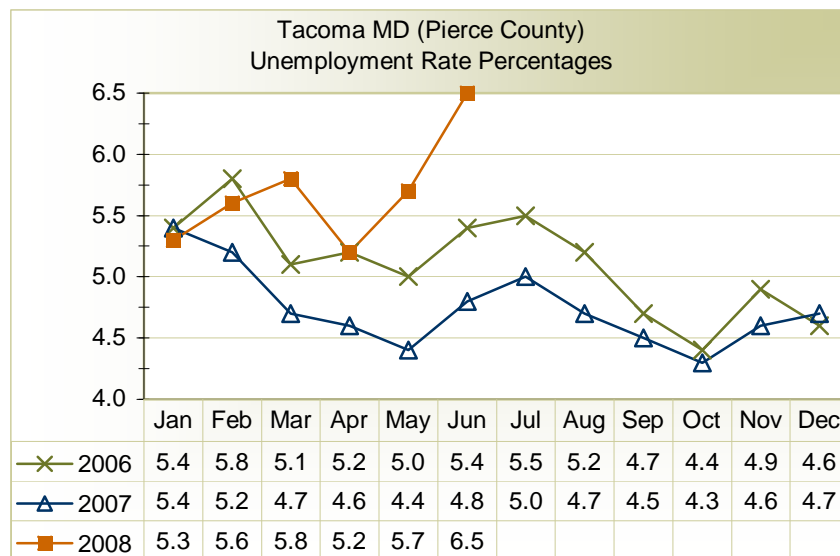
The private sector led the way in accounting for 500 of the 800 jobs gained in the MD this month. Government services provided the other 300 new jobs. Private goods producers added 700 jobs in construction despite beleaguered residential housing conditions in the area. The private services sector employment situation was mixed and shed 200 jobs on the whole. Both the financial services and professional business services industries lost 300 jobs each in June. Leisure and hospitality along with other services contributed 400 and 300 new jobs respectively. Another 300 jobs were added in the trade, transportation, and utilities industries. Seasonal job losses of 500 occurred within the educational and health services industries, primarily in private education services as the school season began drawing to a close.



This month marks the sixth straight month of job gains recorded in the Tacoma MD. Although job growth has been steady, it has also been sluggish. Over the year from June to June, the local area employment has grown by one-half percent and has added 1,400 new jobs. Since January this year, 5,700 new jobs have been added within

the Tacoma MD, compared with 10,800 jobs the year before. The 800 new jobs added this month fall below the decade average of 1,400 jobs that the area typically generates in June. The July-August job picture is expected to generate the first job losses for the year as the summer hits full swing and education related payrolls are trimmed farther. Expect employment conditions to begin rebounding in September, but again, just modestly. The keys to whether the local economy follows this script are house and energy prices.

The combination of sluggish job growth coupled with the teenage job search process prompted by the close of the school year shot the local unemployment rate up by eight-tenths of a percentage point to 6.5 percent. This was the largest June increase since 2003, when the local economy was still struggling to emerge from the 2001 recession. The Tacoma MD unemployment rate has been rising since last year, when the local rate stood at 4.8 percent. The comparable state unemployment rate also rose this month, increasing by three-tenths of one percent to 5.4 percent. While local employment conditions should improve somewhat over the second half of the year, the unemployment rate will probably continue to rise overall, as the job growth will not be sufficient to absorb those coming into the labor force looking for jobs.



The state’s seasonally adjusted unemployment rate also climbed slightly higher this month to 5.5 percent, and drew even with the national unemployment rate. Michigan reported the highest jobless rate of any state, which was 8.5 percent. Overall, the unemployment rates of nine states exceeded the national average in June. States with labor markets that are being supported by high prices for energy and agricultural commodities are among those with the lowest unemployment rates. North Dakota, Utah, and Wyoming each shared an unemployment rate of 3.2 percent in June, while Nebraska reported 3.3 percent.

While the fallout in house prices and credit conditions will continue to play out throughout this year and into the next, employment conditions will be hampered but should improve modestly provided credit conditions do not completely unravel. This implies that the operations of two of the largest mortgage-related agencies, the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac), remain viable. The other wild card is oil prices, which seemingly were out of control until just recently, when price per barrel receded by \$16 over a four day period. Assuming the peak oil price has been reached, the labor market recovery will strengthen as economic fundamentals in the oil market take hold. This will enable core inflation to moderate, and encourage the Federal Reserve Board to maintain an accommodating monetary policy. This is a tough assumption, however, given how oil prices have most recently given way to financial demand forces over economic fundamentals. If it does indeed look like the oil market has recovered its sanity, and the housing market and financial system slowly repair themselves, the economy should look much better by next summer.

## Summary Table

Labor Market Information for the Tacoma Metropolitan Division (Pierce County) Not Seasonally Adjusted/*Updated with ***QCEW Data: December 2007						
	Change					
(Employment statistics in whole numbers)	Prelim Jun-08	Revised May-08	Revised Jun-07	May-08 Jun-08	Jun-07 Jun-08	Jun-07 Jun-08%
Employment by Place of Residence						
Civilian Labor Force	392,300	393,980	379,840	-1,680	12,460	3.3%
Resident Employment	366,940	371,590	361,570	-4,650	5,370	1.5%
Unemployment	25,360	22,390	18,270	2,970	7,090	38.8%
Unemployment Rate	6.5	5.7	4.8	0.8	1.7	
Employment by Place of Work (**NAICS Industry Titles, numbers in thousands)						
Total Nonfarm 1/	285.1	284.3	283.7	0.8	1.4	0.5%
Total Private	227.3	226.8	227.8	0.5	-0.5	-0.2%
Goods Producing	45.5	44.8	47.3	0.7	-1.8	-3.8%
Natural Resources and Mining	0.4	0.4	0.5	0.0	-0.1	-20.0%
Construction	24.9	24.2	26.3	0.7	-1.4	-5.3%
Specialty Trade Contractors	15.9	15.6	16.4	0.3	-0.5	-3.0%
Manufacturing	20.2	20.2	20.5	0.0	-0.3	-1.5%
Services Providing	239.6	239.5	236.4	0.1	3.2	1.4%
Trade, Transportation, and Utilities	56.1	55.8	56.3	0.3	-0.2	-0.4%
Wholesale Trade	11.7	11.5	11.5	0.2	0.2	1.7%
Retail Trade	32.7	32.6	33.1	0.1	-0.4	-1.2%
Food and Beverage Stores	5.5	5.5	5.4	0.0	0.1	1.9%
General Merchandise Stores	7.5	7.5	7.1	0.0	0.4	5.6%
Transportation, Warehousing, and Utilities	11.7	11.7	11.7	0.0	0.0	0.0%
Information	3.6	3.6	3.7	0.0	-0.1	-2.7%
Financial Activities	13.1	13.4	13.7	-0.3	-0.6	-4.4%
Professional and Business Services	24.8	25.1	25.8	-0.3	-1.0	-3.9%
Admin, Support, Waste Mgmt., & Remediation	15.9	15.0	15.6	0.9	0.3	1.9%
Administrative and Support Services	14.4	13.5	14.2	0.9	0.2	1.4%
Educational and Health Services	41.7	42.2	40.3	-0.5	1.4	3.5%
Ambulatory Health Care Services	13.8	13.9	13.3	-0.1	0.5	3.8%
Hospitals	9.4	9.3	9.0	0.1	0.4	4.4%
Leisure and Hospitality	29.1	28.7	27.9	0.4	1.2	4.3%
Food Services and Drinking Places	22.8	22.5	22.6	0.3	0.2	0.9%
Other Services	13.4	13.2	12.8	0.2	0.6	4.7%
Government	57.8	57.5	55.9	0.3	1.9	3.4%
Federal Government	10.8	10.7	10.3	0.1	0.5	4.9%
State Government	11.8	11.8	11.4	0.0	0.4	3.5%
State Government Educational Services	3.8	3.9	3.7	-0.1	0.1	2.7%
Local Government	35.2	35.0	34.2	0.2	1.0	2.9%
Local Government Educational Services	19.0	18.9	18.8	0.1	0.2	1.1%
Workers in Labor/Management Disputes	0.0	0.0	0.0	0.0	0.0	0.0

1/ Excludes proprietors, self-employed, members of armed forces, and private household employees. 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. \*Prepared by the Labor Market and Economic Analysis branch using a Quarterly Benchmark process. This process uses the most recent quarter from the Unemployment Insurance Tax Reports (currently 4th quarter 2007) and estimates employment from that point to present.

\*\*North American Industry Classification System. \*\*\*QCEW = Quarterly Census of Employment and Wages