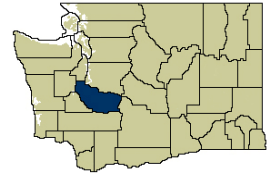




Tacoma MD (Pierce County)

Labor Area Summary

Volume 2008, Number 9



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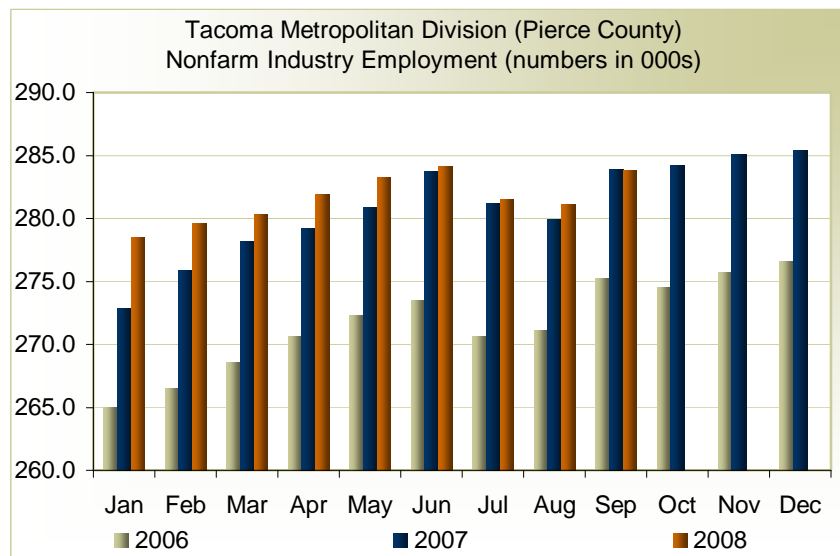
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Summary

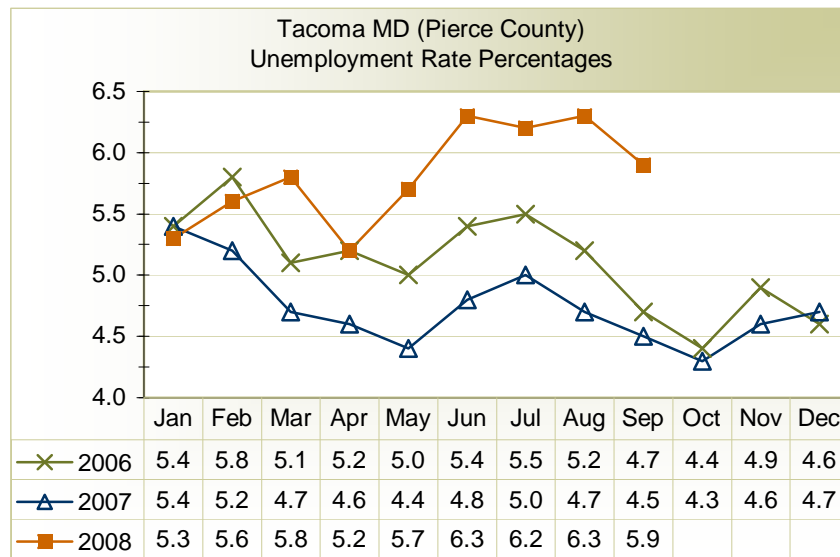
Weaker local employment growth caught up with the September statistics this month. Local area employers operating out of the Tacoma Metropolitan Division (MD) labor market added 2,700 nonfarm jobs to payrolls in September, but the lessened pace of hiring essentially flat lined growth. The preliminary September nonfarm employment count in the MD by place of work registered 283,800. Last year at this time, local employment stood at 283,900, so over-the-year growth has come to a standstill, or so the numbers would say. Last year's (August 2007-September 2007) over-the-month job gains of 4,000 outweighed this year's monthly gain. The primary difference can be attributed to the public sector, where the jobs added in local education were 1,700 less than the year before. Reductions of these jobs were lower than usual over the course of the summer, however, so that the total employment in this sector still matches well with the last year's employment level in local government education services. Still, the effects of the economic slowdown on the local economy cannot be too understated. The 2008 September employment figure indicates just how much more the economy has slowed since the second half of last year. While this could have been interpreted as more of a cause for concern rather than alarm, last month's credit meltdown has advanced the issue into the red zone.



The monthly breakdown shows that the private sector added 1,700 jobs this month to match what it did the year before. To some extent, this is attributed to seasonal factors at work. Each year at this time, the Western Washington Fair – or Puyallup Fair as it is popularly known, adds in excess of 2,000 jobs to the local economy in the leisure and hospitality industry. Though part-time in nature, they offer work for those wishing to bridge the gap between full-time occupations, extend the summer work season for youth, and generate additional purchasing power for those looking to supplement their incomes. They also serve to offset the decline in tourist-related jobs due to the end of the summer vacation season. Consequently, the bulk of this month's job gains

occurred in the leisure and hospitality industry, where 1,500 jobs were added. Education and health services, which tends to be less affected by economic gyration, added 1,300 jobs this month. Elsewhere in the private sector, industry continues to shed jobs in response to economic difficulty. Construction lost 400 more jobs this month and job losses in this category now total 1,900 for the year. Weaker conditions facing manufacturers caused employers in this category to trim 200 jobs this month. The fallout in the financial industries continues to manifest as 200 more jobs were lost in the financial activities sector. This brings the total number of jobs lost in this category to 1,100 for the year. A tougher credit environment is also having an impact on business services employment. Another 100 jobs were trimmed this month to bring the annual loss total to 800. Government services employment, spurred on by the aforementioned increase in educational services, added 1,000 jobs total to round out the employment numbers.

The positive hiring in September that was reinforced by the Puyallup Fair and the school districts moved the unemployment rate along a seasonal path. Generally, the seasonal effects of the month tend to result in a lower unemployment rate in September. This month followed that rule, with the local rate declining by four-tenths of one percent to 5.9 percent. The area’s unemployment rate continues to distance itself from the lower rates of the last two years, and is becoming a good illustration of the effects of slower local hiring conditions.



Over the course of the month, the federal “bailout” plan formulated by the U.S. Treasury went from debate to being signed into law. Misunderstood by many in the general public, its failure to pass immediately helped to further the economic damage caused by the malfunctioning credit markets. Designed to inject needed liquidity in faltering financial institutions for purposes of providing credit to the general public, it is also intent on restoring household and business confidence along with quelling growing financial panic worldwide. The fundamentals behind the plan allow the Treasury to establish a reverse auction for troubled mortgage assets which in turn can be purchased by the Treasury. Known in some circles as the “Troubled Asset Relief Program,” it seeks to restart the price discovery process for these assets so that trading and investor capital may flow again. The program also expands the open market purchase powers of the Federal Reserve in order to inject even more liquidity into the system. As credit begins to start flowing more normally, confidence should also start returning.

While perhaps averting financial panic, the economic damage that has been done might be tougher to repair. Households have grown more frightened as their retirement nest eggs and home values diminish. Business investment could retrench as credit lines tighten and consumers pull back on spending. It will be important to monitor the early warning signals pertaining to layoffs and job losses that unemployment benefits claims data provide over the coming weeks to see how the damage scenario plays out.

Summary Table

Labor Market Information for the Tacoma Metropolitan Division (Pierce County) Not Seasonally Adjusted/*Updated with ***QCEW Data: March 2008						
	Change					
(Employment statistics in whole numbers)	Prelim Sep-08	Revised Aug-08	Revised Sep-07	Aug-08 Sep-08	Sep-07 Sep-08	Sep-07 Sep-08%
Employment by Place of Residence						
Civilian Labor Force	399,500	396,540	386,820	2,960	12,680	3.3%
Resident Employment	376,020	371,440	369,480	4,580	6,540	1.8%
Unemployment	23,480	25,100	17,340	-1,620	6,140	35.4%
Unemployment Rate	5.9	6.3	4.5	-0.4	1.4	
Employment by Place of Work (**NAICS Industry Titles, numbers in thousands)						
Total Nonfarm ^{1/}	283.8	281.1	283.9	2.7	-0.1	0.0%
Total Private	229.1	227.4	230.2	1.7	-1.1	-0.5%
Goods Producing	45.2	45.8	47.6	-0.6	-2.4	-5.0%
Natural Resources and Mining	0.4	0.4	0.4	0.0	0.0	0.0%
Construction	24.5	24.9	26.4	-0.4	-1.9	-7.2%
Specialty Trade Contractors	15.2	15.5	16.6	-0.3	-1.4	-8.4%
Manufacturing	20.3	20.5	20.8	-0.2	-0.5	-2.4%
Services Providing	238.6	235.3	236.3	3.3	2.3	1.0%
Trade, Transportation, and Utilities	56.7	56.8	56.5	-0.1	0.2	0.4%
Wholesale Trade	11.7	11.9	11.4	-0.2	0.3	2.6%
Retail Trade	33.4	33.5	33.4	-0.1	0.0	0.0%
Food and Beverage Stores	5.5	5.5	5.6	0.0	-0.1	-1.8%
General Merchandise Stores	7.1	7.1	7.3	0.0	-0.2	-2.7%
Transportation, Warehousing, and Utilities	11.6	11.4	11.7	0.2	-0.1	-0.9%
Information	3.6	3.6	3.7	0.0	-0.1	-2.7%
Financial Activities	12.6	12.8	13.7	-0.2	-1.1	-8.0%
Professional and Business Services	25.3	25.4	26.1	-0.1	-0.8	-3.1%
Admin, Support, Waste Mgmt., & Remediation	14.6	14.7	15.9	-0.1	-1.3	-8.2%
Administrative and Support Services	13.2	13.3	14.5	-0.1	-1.3	-9.0%
Educational and Health Services	41.6	40.3	40.2	1.3	1.4	3.5%
Ambulatory Health Care Services	13.1	13.1	13.4	0.0	-0.3	-2.2%
Hospitals	9.3	9.3	9.2	0.0	0.1	1.1%
Leisure and Hospitality	30.9	29.4	29.5	1.5	1.4	4.7%
Food Services and Drinking Places	23.1	23.0	22.5	0.1	0.6	2.7%
Other Services	13.2	13.3	12.9	-0.1	0.3	2.3%
Government	54.7	53.7	53.7	1.0	1.0	1.9%
Federal Government	10.8	11.0	10.2	-0.2	0.6	5.9%
State Government	11.4	11.0	11.1	0.4	0.3	2.7%
State Government Educational Services	3.3	2.8	3.3	0.5	0.0	0.0%
Local Government	32.5	31.7	32.4	0.8	0.1	0.3%
Local Government Educational Services	16.9	16.2	17.0	0.7	-0.1	-0.6%
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 1st quarter 2008) and estimates employment from that point to present.

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