

Southwest Washington Labor Market News

March 2014

Scott Bailey, Economist
swwalmi@gmail.com

Monthly Review

“Life's rich demand creates supply in the hand
Of the powers, the only vote that matters...”

Let's begin again...”

REM, “Begin the Begin”

A new day, a new way for this newsletter. Welcome to the first “private label” edition. This is a non-government publication. Any and all views printed here are mine alone and not that of my employers.

State of the Nation

Another month, another set of so-so economic data at the national level. Job growth over the month, at 192,000 net new jobs, remained right around its average for the past year of 183,000. The headline unemployment rate was unchanged at 6.7 percent, while the broadest available measure of the labor market (U-6) ticked up a tenth of a point.

One of the reasons growth hasn't picked up more has been the housing market. Housing starts have been lower than many expected so far this year, and some analysts have reduced their projections for 2014. Bill McBride, one of the most insightful observers of the housing market, notes that there have been some fundamental improvements in the housing market compared with a year ago (despite fewer housing starts):

“There are many positives for housing right now: 1) distressed sales are down sharply year-over-year, 2) delinquencies are down sharply, 3) inventory is up (this is a positive right now because there is too little inventory), 4) negative equity has declined significantly. Overall the housing market is improving.” [full article [here](#)]

McBride expects single-family home construction to pick up over the next few months (see [here](#)). Housing can have a large multiplier impact, so if he is correct, that would be good news.

Locally, more housing units were permitted in 2013 in Clark County than in any year since 2006—which isn't saying much—with plans filed for 2,822 units. The county averaged 4,000 units in 1997-2006. It was a big year for apartments, the biggest since the late 1990s. The first two months of 2014 showed a similar trend as 2013. Cowlitz County used to average about 400 units a year, but since 2008 has average just above 100, so there's been much less of a recovery there.

Working more...

...and enjoying it less? Only your hairdresser knows (that will date some of us). Why do we work so much? We work a lot compared with many other nations, but even then, considering the increase in productivity over the past century, one

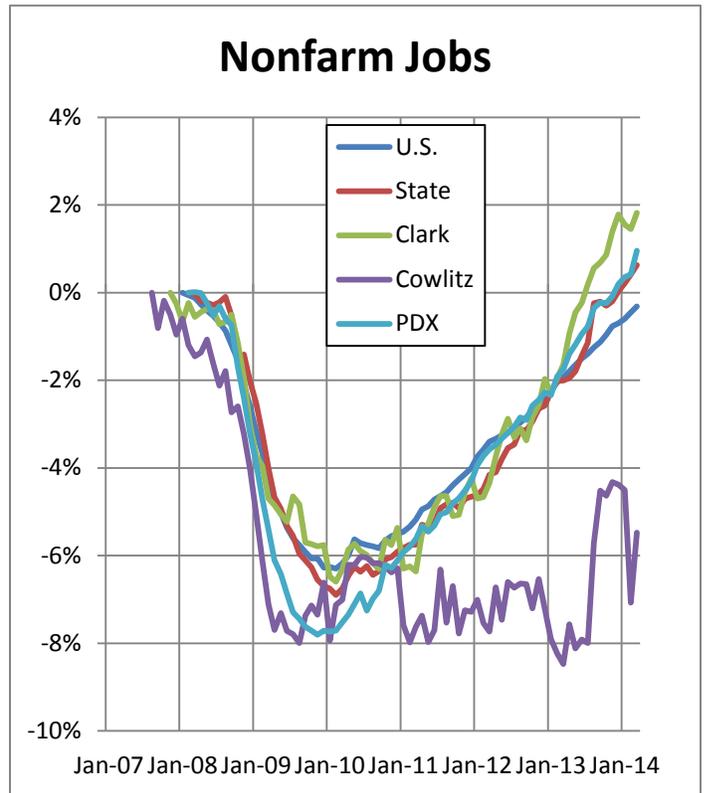
March 2014 Unemployment Rates			
	Mar. 2014	Feb. 2014	Jan. 2013
Seasonally Adjusted:			
U.S.	6.7	6.7	7.5
U.S. U-6	12.7	12.6	13.8
Washington	6.3	6.3	7.1
Oregon	6.9	6.8	8.0
Portland Metro	6.4	6.4	7.5
Unadjusted:			
U.S.	6.8	7.0	7.6
Washington	6.9	7.3	7.5
Oregon	7.9	7.7	8.5
Clark	7.5*	8.4	10.1
Cowlitz	9.4	10.2	11.1
Wahkiakum	9.8	10.7	12.9
Portland Metro	7.0	7.0	7.9
*See text. Data will likely be revised upward.			

would think that the work day could be a wee bit shorter in most industrial nations. This would have obvious benefits in times of slack labor, not to mention the improvement in the overall quality of life. More time for family, recreation, civic activism, etc.

Yves Smith points out in a recent [posting](#) that not only does working less make life more enjoyable, it can increase productivity:

WK Kellogg – of cereals fame – famously improved productivity at his plant by operating a six-hour work day. The economic benefits from shorter work time stem from workers being more refreshed and focused at work. Six productive hours can yield the same output as a full eight-hour work day. Evidence shows that longer work hours make us less productive... Longer work hours are also associated with poor health and higher mortality rates – we may be risking our lives by working longer.

Then why do we work so much? Smith posits five reasons. First, historically unions fought for a shorter workday, but today, with weak unions, employers are in control. Second, many of us have fallen under the sway of consumerism. Third, some of those consumer gadgets keep us ultra-connected, so the workday slops over the usual 8 to 5. Fourth, many of us are in debt. Finally, longer work hours appear to be linked with growing inequality.



State of the States—and PDX

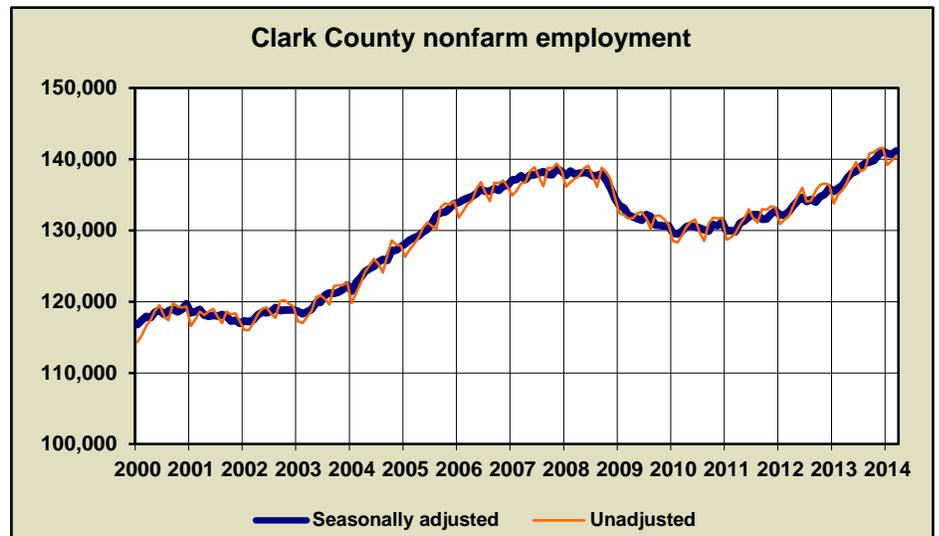
- Washington’s labor market had a decent month in March. Nonfarm employment grew by 6,700 jobs, and employment growth over the year was 2.1 percent (60,900 jobs). Manufacturing has slowed, and aerospace has lost jobs over the year. Employment at temp agencies was up 12 percent over the year. The unemployment rate was unchanged at 6.3 percent. The good news was that the labor force ratcheted up for the second straight month, marking the end of a six-month slide.
- Oregon had a terrific month, adding 7,500 jobs, the biggest one-month gain in over eight years. Over-the-year job growth came to 46,400 jobs, or 2.8 percent. Unemployment was little changed at 6.9 percent.
- Most of those new jobs—5,600 of them, to be precise—were in Portland. The Metro area has grown by 2.7 percent over the year, adding 27,900 jobs. Construction has been hot, and manufacturing was only slightly below average in job growth. Unemployment stayed put at 6.4 percent.

Regional Roundup

All three counties in SW Washington have added jobs over the year at a reasonably good rate. What about the rest of the state? Clark County was the fastest-growing metro county over the year at 3.5 percent, followed closely by King County at 3.3 percent. Snohomish County has slowed considerably following the Boeing layoffs, and was only up 0.6 percent. Tacoma was the weakest metro county (0.5 percent).

Clark County

High-wage jobs are coming to Clark County: Integra will shift about 700 telecom jobs from Portland, sometime this summer. Fisher Investment will finish work on its second office building in Camas, which could house another 400 workers. The latest announcement was that Banfield Veterinary will move its headquarters—and its 560 employees—from Portland to Vancouver in late 2015. The City of Vancouver is considering a number of incentives (see [here](#)). While many of these new jobs will involve a change in location within the metro area, they can still have a positive impact on Clark County, in terms of real estate, retail sales, and the tax base. They will provide a boost in managerial and professional jobs, which are both below average in the county, and can serve as a magnet for more of this kind of development in the future.



March brought continuing improvement in the Clark County labor market. Employers added 500 jobs on a seasonally-adjusted basis, including 200 in professional & business services. Unadjusted job counts rose by 700 jobs, led by 300 hires in leisure & hospitality and 200 in trade, transportation & utilities.

Over the year:

- Job growth over the year was 4,800, or 3.5 percent. Comparison rates: U.S., 1.7; state of Washington, 2.1; state of Oregon and Portland Metro, both 2.7 percent.

Three out of the four big sectors continued to do well:

- Trade, transportation and utilities has added 1,000 jobs over the year for a total of 25,500, including 300 in wholesale trade, and 500 in retail trade. This sector's growth rate of 4.1 percent slightly above the average for all industries.
- Professional & business services has grown by 800 jobs, including 400 jobs in professional services and 300 in business services. The total of 16,800 jobs was 5.0 percent above last March.
- Education & health services was up 1,000 jobs, at 23,800. That works out to a growth rate of 4.4 percent.
- Government employment was up 300 (1.2 percent) over the year. Federal (-100) and state (-200) governments were both lagging, while K-12 education has expanded by 600 jobs.

The middle four:

- Construction, mining & logging expanded by 600 jobs, and at 9,300 was 6.9 percent above last year.
- Manufacturing employment has declined by 300 jobs over the year, falling to 12,500 jobs.
- Financial services has grown at a rapid 6.1 percent pace, with both finance & insurance and real estate, rental & leasing services adding 200 jobs over the year. This sector continued to employ 7,000 in March.
- Employment in leisure & hospitality, after 300 seasonal hires in March, reached 13,200. That was 600 (4.8 percent) more than a year earlier.

The two smallest sectors:

- Information services, at 2,800 jobs, was up 200 over the year.
- Other services, at 5,200 jobs, was also up 200.

Since nonfarm employment peaked in November, 2007, more than six years ago:

- The county lost 9,100 jobs, and has gained back 11,700 jobs, for a net gain of 2,600 jobs.
- While the total job count has increased, there have been substantial changes at the industry level. The county has 3,400 fewer construction jobs, 1,100 fewer manufacturing jobs, and 3,400 more health care jobs.

The preliminary February unemployment rate of 7.6 percent was revised upward by 0.8 points to 8.4 percent, the same markup as last month. Look for March's preliminary rate of 7.5 percent to end up in the same range. Initial and continued unemployment claims showed little change over the month.

Cowlitz County

According to estimates prepared by the federal government, Cowlitz County employment declined by 400 jobs in March on a seasonally-adjusted basis.

Unadjusted employment was unchanged at 36,900 jobs, and was 900 jobs (2.5 percent) higher than last March.

The over the year gain included 300 jobs in construction, 200 jobs in leisure & hospitality, 100 jobs in education & health services, and 400 jobs in other services, probably mostly in staffing services, which are part of business services. Government declined by 100 jobs.

After a sharp increase last month, unemployment declined by almost a point to 9.4 percent in March. The size of the drop was fairly typical. Both initial unemployment claims and continued claims remained stable at low levels.

Wahkiakum County

Seasonal hiring in logging pushed Wahkiakum County's nonfarm employment up 20 jobs to 730 jobs in March. That was 30 jobs more than a year earlier.

Unemployment was estimated at 9.8 percent, more than three points lower than the 12.9 percent from the previous March. Unemployment claims were little changed over the month on a seasonally-adjusted basis.

