

Wenatchee MSA (Chelan and Douglas Counties) Labor Area Summary March 2023



Donald W. Meseck, Regional Labor Economist
 Employment Security Department
 Kittitas County WorkSource, 510 N. Pine Street, Ellensburg, WA 98926
 Phone: 509-607-3267
 Email: don.meseck@esd.wa.gov
 Website: <https://esd.wa.gov/labormarketinfo>

Overview

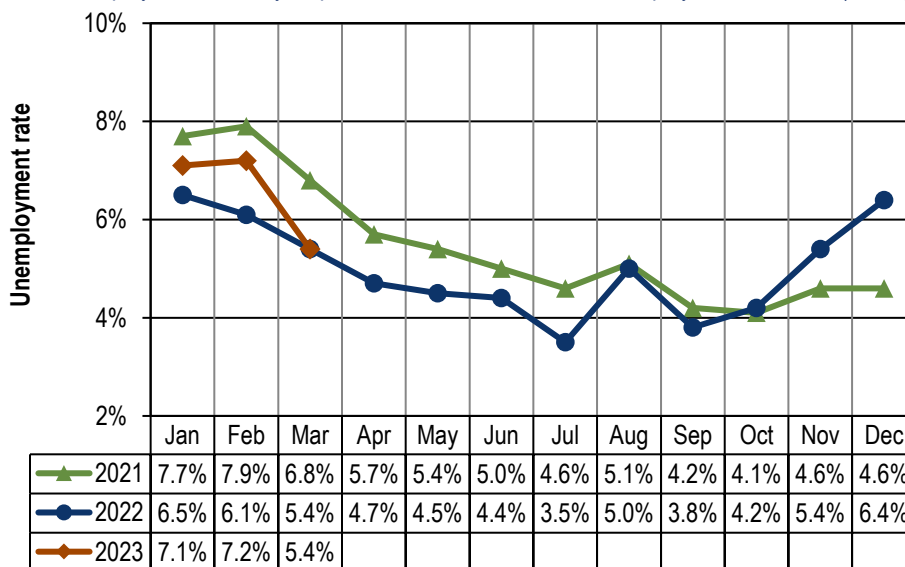
This report provides an update on the Wenatchee Metropolitan Statistical Area (MSA) economy using not seasonally adjusted, nonfarm employment and civilian labor force data. Analysis focuses on year over year (March 2022 and March 2023) and average annual data changes (between 2021 and 2022).

Unemployment rates

Civilian Labor Force (CLF) data show that Washington’s not seasonally adjusted annual average unemployment rate fell from 5.2 percent in 2021 to 4.2 percent in 2022. Year over year, monthly unemployment rates decreased for 18 months (April 2021 through September 2022), rose for five months (October 2022 through February 2023), and stabilized at 4.2 percent in March 2022 and March 2023.

In the Wenatchee MSA, the average annual unemployment rate fell from 5.5 percent to 5.0 percent between 2021 and 2022. Year over year, monthly rates dropped from April 2021 through September 2022, increased from October 2022 through February 2023, and stabilized in March 2022 and March 2023 (*Figure 1*).

Figure 1. Wenatchee MSA unemployment rates, not seasonally adjusted
 Washington state, January 2021 through March 2023
 Source: Employment Security Department/DATA; Local Area Unemployment Statistics (LAUS)



The Wenatchee MSA’s unemployment rate stabilized at 5.4 percent in March 2022 and March 2023.

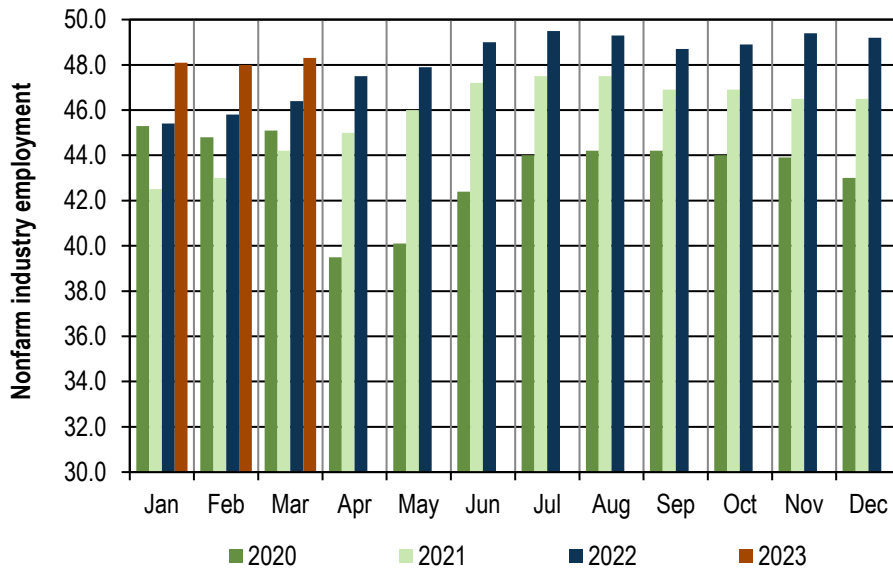
Total nonfarm employment

Between 2021 and 2022, estimates indicate that Washington’s labor market provided 159,800 more nonfarm jobs, an average annual increase of 4.7 percent. Year over year, Washington's nonfarm market has expanded in each of the past 24 months (April 2021 through March 2023). This March, business and government organizations statewide tallied 3,592,800 jobs (not seasonally adjusted) compared with 3,479,400 in March 2022, up by 113,400 jobs and by 3.3 percent.

The Wenatchee MSA’s economy added 2,300 jobs during 2022, a 5.0 percent upturn, slightly more robust than Washington’s 4.7 percent growth rate between 2021 and 2022. Year over year, the Wenatchee MSA's nonfarm market has expanded in each of the past 24 months (April 2021 through March 2023), as partially shown in *Figure 4*. This March, total nonfarm employment netted 1,900 more jobs than the 46,400 jobs tallied in March 2022 (*Figures 2 and 3*), a 4.1 percent increase. Also, year-over-year job growth rates have been slightly faster in the Wenatchee MSA than in Washington state from October 2022 through March 2023 (*Figure 4*).

Figure 2. Wenatchee MSA nonfarm industry employment, not seasonally adjusted, in thousands Washington state, January 2020 through March 2023

Source: Employment Security Department/DATA; Current Employment Statistics (CES)



Nonfarm employment in the Wenatchee MSA increased by 4.1 percent between March 2022 and March 2023.

Employment and unemployment

Washington’s Civilian Labor Force (CLF) increased by 91,636 residents (a 2.4 percent upturn) between 2021 and 2022. Year over year, the state’s CLF has expanded during the past 19 months (September 2021 through March 2023). Recently, Washington’s labor force grew by 110,872 residents (up 2.8 percent), from 3,978,514 residents in March 2022 to 4,089,386 in March 2023.

The Wenatchee MSA’s CLF increased from 66,239 residents in 2021 to 66,983 in 2022, a 1.1 percent upturn. Year over year the local labor force has expanded in each of the past nine months (June 2022 through March 2023), an encouraging trend. Current Local Area Unemployment Statistics (LAUS) estimates indicate that there were 1,326 more Chelan or Douglas County residents in the CLF this March than in March 2022, a 2.0 percent upturn (*Figure 3*). However, in March 2022 there were 3,483 unemployed residents in the Wenatchee MSA while there were 3,583 residents out of work in March 2023, a 2.9 percent increase. The increase in the number of unemployed exactly countered the year-over-year

labor force growth, causing the local unemployment rate to stabilize at 5.4 percent in both March 2022 and March 2023 (*Figures 1 and 3*).

Additionally, the local labor force has expanded or stabilized in each of the past five months (November 2022 through March 2023) compared with corresponding pre-COVID months in 2019 and early 2020 (November 2019 through March 2020). This strengthening in the labor force is an encouraging indicator since the Wenatchee MSA's CLF had shrunk from April through October 2022 below April through October 2019 (i.e., in the pre-COVID era).

Figure 3. Wenatchee MSA labor force and industry employment, not seasonally adjusted
Washington state, March 2023

Source: Employment Security Department/DATA; Local Area Unemployment Statistics (LAUS), Current Employment Statistics (CES)

Wenatchee MSA	Preliminary Mar-23	Revised Feb-23	Revised Mar-22	Change (in #)		Change (in %)
				Feb-23	Mar-22	Mar-22
				Mar-23	Mar-23	Mar-23
Labor force and unemployment						
Civilian labor force	66,360	66,225	65,034	135	1,326	2.0%
Resident employment	62,777	61,451	61,551	1,326	1,226	2.0%
Unemployment	3,583	4,774	3,483	-1,191	100	2.9%
Unemployment rate	5.4	7.2	5.4	-1.8	0.0	
Industry employment (numbers are in thousands)						
Total nonfarm ¹	48.3	48.0	46.4	0.3	1.9	4.1%
Total private	38.8	38.8	37.5	0.0	1.3	3.5%
Goods producing	6.1	6.1	5.9	0.0	0.2	3.4%
Mining, logging and construction	3.3	3.3	3.3	0.0	0.0	0.0%
Manufacturing	2.8	2.8	2.6	0.0	0.2	7.7%
Service providing	42.2	41.9	40.5	0.3	1.7	4.2%
Private services providing	32.7	32.7	31.6	0.0	1.1	3.5%
Trade, transportation, warehousing and utilities	10.1	10.1	9.7	0.0	0.4	4.1%
Retail trade	6.6	6.6	6.5	0.0	0.1	1.5%
Education and health services	8.1	8.1	7.9	0.0	0.2	2.5%
Leisure and hospitality	6.7	6.6	6.4	0.1	0.3	4.7%
Government	9.5	9.2	8.9	0.3	0.6	6.7%
Federal government	0.8	0.7	0.7	0.1	0.1	14.3%
State government	1.1	1.1	1.1	0.0	0.0	0.0%
Local government	7.6	7.4	7.1	0.2	0.5	7.0%
Workers in labor/management disputes	0.0	0.0	0.0	0.0	0.0	

¹ Excludes proprietors, self-employed, members of the armed services, workers in private households and agriculture. 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.

The Wenatchee MSA nonfarm market provided 48,300 jobs in March 2023, a gain of 1,900 jobs since March 2022.

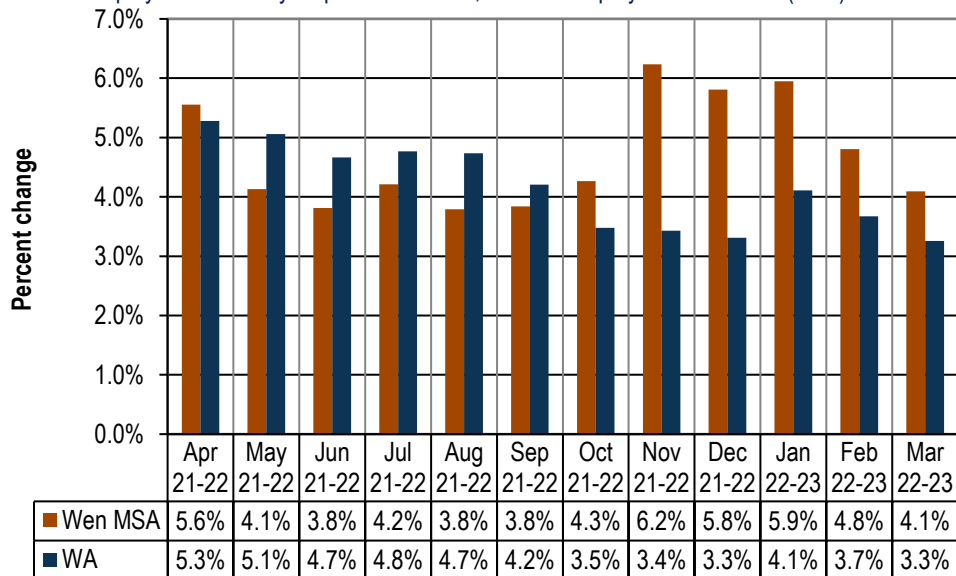
Nonfarm industry employment

Year over year, the Wenatchee MSA's nonfarm market has expanded in each of the past 24 months (April 2021 through March 2023). Washington's nonfarm market has also grown from April 2021 through March 2023 (as partially shown in *Figure 4*). Comparisons of employment levels in major Wenatchee MSA

industries show that all have either added jobs or stabilized between March 2022 and March 2023 (Figure 3) - encouraging news for the local economy.

Figure 4: Wenatchee MSA and Washington state, total nonfarm employment changes
Washington state, April 2022 through March 2023

Source: Employment Security Department/DATA; Current Employment Statistics (CES)



Year over year, the Wenatchee MSA's nonfarm market has expanded in each of the past 24 months (April 2021 through March 2023). Washington's nonfarm market has also grown from April 2021 through March 2023.

Summaries of employment changes/trends between March 2022 and March 2023 for three local industries (construction, education and health services, and leisure and hospitality) are provided as follows:

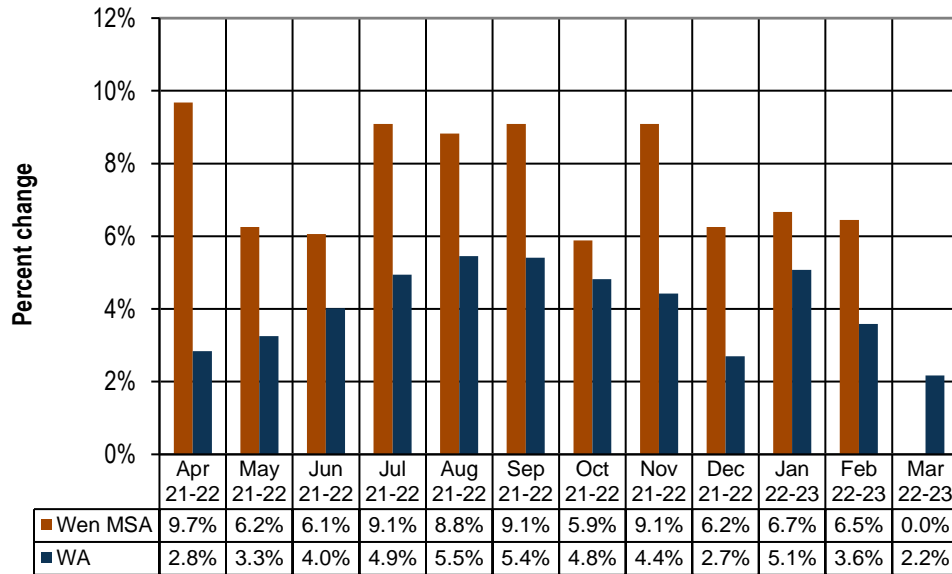
- In the mining, logging and construction category (Figure 3), most jobs are in “construction.” Year over year, construction employment in the Wenatchee MSA expanded for 27 months (December 2020 through February 2023) before stagnating in March 2023 (Figure 5). This March, construction provided 3,300 jobs across the MSA, the same number as in March 2022. Of course, this construction job estimate for March 2023 is preliminary. It remains to be seen whether the robust construction monthly employment growth rates across the two-county MSA, which were in the six- to nine percent range from April 2022 through February 2023 (Figure 5), can continue into forthcoming months. On the real estate sales side, according to the *March 2023 Real Estate Snapshot* newsletter published by Pacific Appraisal Associates, there were 12 fewer closed sales of single-family homes or condominiums from January through March 2023 versus the first three months of 2022 in the Wenatchee Market (i.e., in Wenatchee, Malaga, East Wenatchee, Orondo, and Rock Island, WA). This was a -7.9 percent downturn as closed sales slipped from 152 from January through March 2022 to 140 in the corresponding first three months of 2023. Simultaneously, the number of active listings skyrocketed from 44 listings in March 2022 to 119 in March 2023 (up by 75 listings and 170.5 percent). Hence, many more units are currently “on the market.” Reference home prices in the Wenatchee Market; they have started to dip. The *Real Estate Snapshot* newsletter for March 2023 stated that the median sales price of homes/condominiums sold in the Wenatchee Market decelerated from approximately \$466,450 Year-to-Date (YTD) in March 2022 to \$439,500 YTD in March 2023, a -5.8 percent decline. Across Washington, construction employment has posted year-over-year increases for 24 consecutive months (April 2021 through March 2023). Between March 2022 and March 2023, the number of construction jobs statewide advanced by 2.2 percent (up 4,900 jobs) from 225,800 jobs to 230,700. Washington’s residential building

construction contractors saw employment climb by a robust 7.9 percent, from 38,100 jobs in March 2022 to 41,100 in March 2023.

Figure 5: Wenatchee MSA and Washington, construction employment changes

Washington state, April 2022 through March 2023

Source: Employment Security Department/DATA; Current Employment Statistics (CES)



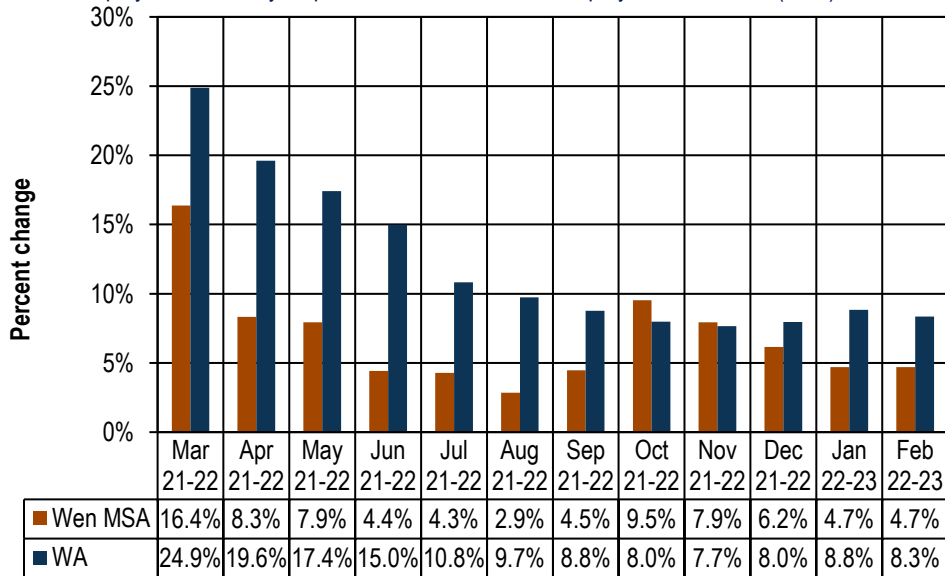
Year over year, construction employment in the Wenatchee MSA expanded for 27 months (December 2020 through February 2023) before stagnating in March 2023. Statewide, construction employment has been growing for 24 consecutive months (April 2021 through March 2023).

- In the combined education and health services category, health services employers provide the lion’s share of employment. Year over year, employment in the Wenatchee MSA's private education and health services industry either stabilized or expanded for 24 months (April 2021 through March 2023). Between March 2022 and March 2023, the number of private education and health services jobs in the Wenatchee MSA advanced from 7,900 to 8,100 respectively, a 200 job and 2.5 percent increase (Figure 3). Statewide this industry has consistently added jobs for 24 months (April 2021 through March 2023). Current Employment Statistics (CES) estimates indicate that Washington’s education and health services employers tallied 537,500 jobs this March versus 513,800 in March 2022, a 23,700 job and 4.6 percent upturn. Nursing and residential care facilities, an industry within the broader education and health services category, posted a respectable 6.2 percent employment growth rate during this period, advancing from 56,600 jobs in March 2022 to 60,100 jobs in March 2023.
- COVID-19-related layoffs in leisure and hospitality were more severe than layoffs in any other Wenatchee MSA industry during 2020. In fact, of the 2,900 nonfarm jobs lost in 2020 across the MSA, 1,600 jobs, or 55.2 percent, were in the leisure and hospitality sector. Conversely, re-hiring in the local leisure and hospitality industry was stronger than re-hiring in any other Wenatchee MSA industry during 2021. Of the 2,400 nonfarm jobs gained in 2021 across the MSA, 900 jobs, or over one-third (specifically, 37.5 percent), were in the leisure and hospitality sector. Of the 2,300 nonfarm jobs gained in 2022 across the MSA, 600 jobs, or 26.1 percent, were in leisure and hospitality. Year over year, employment in this industry has increased for 24 consecutive months (April 2021 through March 2023). Between the Marches of 2022 and 2023, leisure and hospitality (primarily hotels, eating and drinking places, and amusement and recreation services) added 300 jobs across the MSA, a 4.7 percent upturn (Figures 3 and 6), as employment escalated from 6,400

jobs to 6,700. Employment in Washington's leisure and hospitality industry has also expanded in each of the past 24 months (April 2021 through March 2023). Statewide, leisure and hospitality employment elevated 7.3 percent (up by 22,900 jobs) between March 2022 (313,700 jobs) and March 2023 (336,600 jobs). Within this leisure and hospitality category, job growth in the arts, entertainment, and recreation sector was quite strong, escalating from 46,700 jobs to 52,600 (up 12.6 percent) between March 2022 and March 2023; as more Washingtonians decided to go to movie theaters, hit the golf courses, and rejoin fitness centers.

Figure 6: Wenatchee MSA and Washington, leisure and hospitality employment changes Washington state, April 2022 through March 2023

Source: Employment Security Department/DATA; Current Employment Statistics (CES)



Year over year, employment in the Wenatchee MSA's leisure and hospitality industry has increased from April 2021 through February 2023. Employment in Washington's leisure and hospitality industry has also registered year-over-year growth from April 2021 through February 2023.

Agricultural employment/production

The Bureau of Labor Statistics' Quarterly Census of Employment and Wage (QCEW) program, conducted by the Washington State Employment Security Department provides agricultural and nonagricultural employment and wages for firms, organizations and individuals whose employees are covered by the Washington State Employment Security Act. Frequently termed "covered" or "QCEW" data, this information provides a reliable data set for comparing employment and wage trends at the county level. In November 2022, revised average annual QCEW data for calendar year 2021 became available. An analysis of industry employment and wage changes from 2011 through 2021 shows that in Chelan County:

- Total covered employment rose from 38,939 in 2011 to 42,277 in 2021, a 3,338 job and 8.6 percent upturn with an annualized growth rate of 0.8 percent. However, agricultural employment (a subset of total covered employment) decreased from 9,419 jobs in 2011 to 8,080 in 2021, a significant downturn of -14.2 percent and loss of 1,339 jobs, equating to an annualized loss rate of -1.5 percent. In 2011, Chelan County's agricultural industry accounted for 24.2 percent of total covered employment; but ten years later (in 2021), this industry provided only 19.1 percent of total covered employment countywide. Hence, the agricultural share of total covered employment sank by five

and one-tenth percentage points (from 24.2 to 19.1 percent) in Chelan County during this ten-year period.

- Total covered wages (not adjusted for inflation) rose from \$1.29 billion (in 2011) to \$2.08 billion (in 2021), a \$787.3 million and 61.0 percent upturn with an annualized growth rate of 4.9 percent. The agricultural payroll (a subset of total covered wages) advanced from \$193.4 million in 2011 to \$271.5 million in 2021, a \$78.1 million and 40.4 percent uptrend with an annualized growth rate of 3.4 percent. In 2011, Chelan County’s agricultural industry accounted for 15.0 percent of total covered wages, but by 2021, agricultural wages tallied 13.1 percent of total covered payroll; meaning that the agricultural share of total nonfarm payroll decreased by one and nine-tenths percentage points (from 15.0 to 13.1 percent) during this timeframe. This dip in the agricultural share of *wages* (versus total covered *wages/payroll*) in the past ten years (2011-2021) was less severe than five-point drop in the agricultural share of *employment* (versus total covered employment) during this period.
- The agricultural industry is still a “bedrock” to the Chelan County economy. Nevertheless, one could generalize from these 10-year data trends that agriculture (from an employment perspective) has become *less* influential in the local economy. In fact, between 2011 and 2021, the number of agricultural jobs “peaked” countywide in 2018 at 10,609 jobs (23.5 percent of total covered employment) and then steadily declined in 2019, 2020, and 2021. Anecdotal evidence suggests at least three possibilities for this agricultural employment decline in Chelan County: automation, the gradual conversion of some seasonal agricultural jobs to year-round positions, and the increased use of H-2A agricultural labor.

For Douglas County, an analysis of industry employment changes from 2011 through 2021 shows that:

- Total covered employment rose from 10,832 in 2011 to 12,032 in 2021, a 1,200 job and 11.1 percent upturn with an annualized growth rate of 1.1 percent. The number of agricultural jobs (a subset of total covered employment) decreased sharply from 3,030 in 2011 to 2,268 in 2021, a 762 job and -25.1 percent downturn with an annualized loss rate of -2.9 percent. In 2011, Douglas County’s agricultural industry accounted for 28.0 percent of total covered employment. In 2021, agricultural employment accounted for only 18.8 percent of total covered employment countywide. Hence, the agricultural share of employment plummeted by nine and two-tenths percentage points (from 28.0 to 18.8 percent) in Douglas County during this ten-year period.
- Total covered wages (not adjusted for inflation) rose from \$320.5 million in 2011 to \$541.4 million in 2021, a \$220.9 million and 68.9 percent upturn with an annualized growth rate of 5.4 percent. The agricultural payroll (a subset of total covered wages) advanced from \$56.2 million in 2011 to \$73.1 million in 2021, a \$16.9 million and 30.1 percent uptrend with an annualized growth rate of 2.7 percent. In 2011, Douglas County’s agricultural industry accounted for 17.5 percent of total covered wages, and by 2021, agricultural wages tallied 13.5 percent of total covered payroll. Hence, the agricultural share of *wages* (versus total covered payroll) showed a four-percentage points contraction from 2011 to 2021 whereas agricultural *employment* showed a plunge of nine and two-tenths percentage points during this timeframe.
- The agricultural industry is still important to the Douglas County economy. But a basic data trend analysis of local employment and wage trends make it clear that this industry became *less* influential in the local economy over this most recent 10-year period (2011 through 2021). In fact, between 2011 and 2021, the number of agricultural jobs “peaked” countywide in 2018 at 3,278 jobs (25.3 percent of total covered employment) and then declined in 2019, 2020, and 2021. Anecdotal evidence suggests at least three possibilities for this agricultural employment decline in Douglas County: automation, the gradual conversion of some seasonal agricultural jobs to year-round positions, and the increased use of H-2A agricultural labor.

Web link to Monthly Employment Report (MER) for Washington state

<https://esd.wa.gov/labormarketinfo/monthly-employment-report>