

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



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Overview

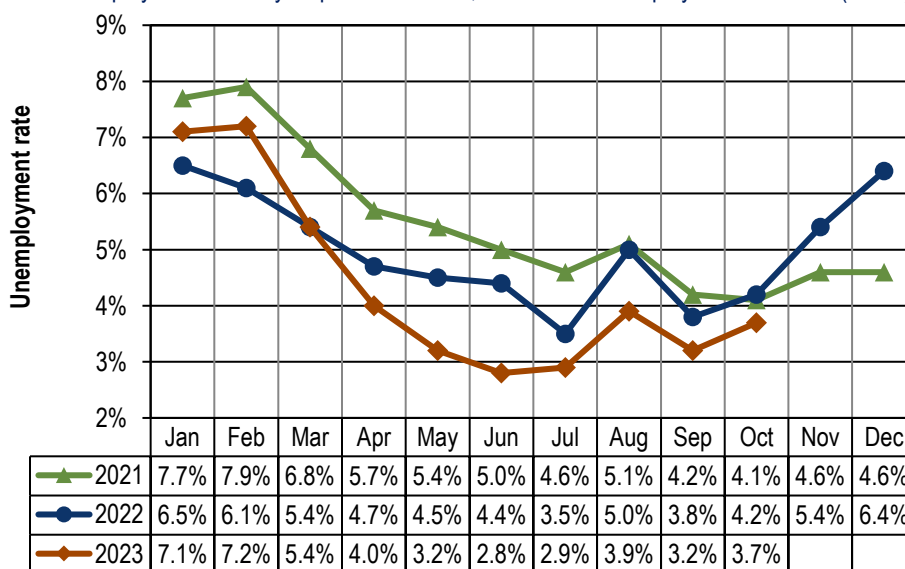
This report provides an update on the Wenatchee Metropolitan Statistical Area (MSA) economy using not seasonally adjusted nonfarm employment and civilian labor force data. Analysis focuses on year over year (October 2022 through October 2023) and average annual data changes (between 2021 and 2022).

Unemployment rates

Washington’s not seasonally adjusted average annual unemployment rate fell one full point, from 5.2% in 2021 to 4.2% in 2022. The monthly unemployment rate dipped two-tenths of a percentage point between October 2022 (4.2%) and October 2023 (4.0%).

In the Wenatchee MSA, the average annual unemployment rate fell from 5.5% to 5.0% between 2021 and 2022. Year over year, rates have declined from April through October 2023 (*Figure 1*). The 3.7% unemployment rate this October tied with the 3.7% rate recorded in October 2006 as the lowest readings for October since county-level unemployment data began to be recorded electronically in 1990.

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



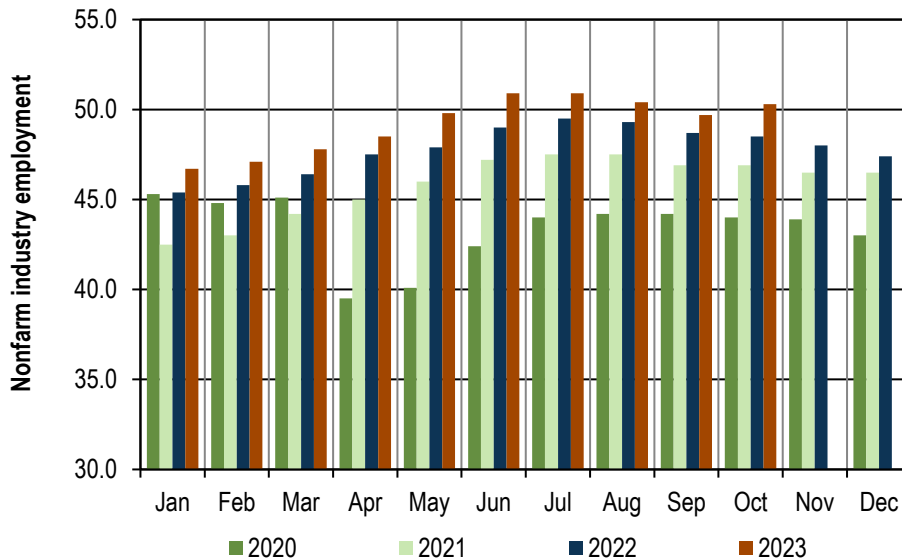
The Wenatchee MSA’s unemployment rate declined by five-tenths of a point between October 2022 and October 2023.

Total nonfarm employment

Between 2021 and 2022, Washington’s labor market provided 157,900 more nonfarm jobs, an average annual increase of 4.7%. Year over year, Washington’s nonfarm market has expanded in each of the past 31 months (April 2021 through October 2023). This October, business and government organizations statewide tallied 3,635,100 jobs (not seasonally adjusted) compared with 3,576,000 in October 2022, up by 59,100 jobs and by 1.7%. Although this 1.7% year-over-year growth rate in October 2023 is good news for Washington’s labor market, it should be noted that job growth rates have generally been decelerating during the past 12 months (*Figure 4*).

The Wenatchee MSA’s economy added 2,000 jobs during 2022, a 4.3 percent upturn, slightly less robust than Washington’s 4.7% growth rate between 2021 and 2022. Year over year, the Wenatchee MSA’s nonfarm market has expanded for 31 months (April 2021 through October 2023), as shown in *Figure 2*. This October, estimates indicated that total nonfarm employment provided 50,300 jobs, up 1,800 jobs and 3.7% above the 48,500 jobs tallied in October 2022 (*Figures 3 and 4*). In the past six months (May through October 2023) the local nonfarm job market has grown faster than Washington’s nonfarm market (*Figure 4*).

Figure 2. Wenatchee MSA nonfarm industry employment, not seasonally adjusted, in thousands
Washington state, January 2020 through October 2023
Source: Employment Security Department/DATA; Current Employment Statistics (CES)



Nonfarm employment in the Wenatchee MSA increased by 3.7% between October 2022 and October 2023.

Employment and unemployment

Washington’s Civilian Labor Force (CLF) increased by 91,636 residents (a 2.4% upturn) between 2021 and 2022. Year over year, the state’s CLF has expanded for the past 26 months (September 2021 through October 2023). Washington’s labor force grew modestly by 19,151 residents (up 0.5%), from 4,032,756 residents in October 2022 to 4,051,907 in October 2023.

The Wenatchee MSA’s CLF increased from 66,239 residents in 2021 to 66,983 in 2022, a 1.1% upturn. Year over year the local civilian labor force expanded from July 2022 through May 2023 before decreasing in the past five months (June through October 2023). In October 2023, there were 2,334 fewer Chelan or Douglas County residents in the CLF than in October 2022, a -3.4% downturn (*Figure 3*). On the positive side, there were 414 fewer residents out of work in the Wenatchee MSA this October (2,430 unemployed) versus in October 2022 (2,844 unemployed), a -14.6% decrease. Hence, this year-over-year decrease in the number of unemployed more than offset the retrenchment in the Wenatchee MSA’s labor force and

pushed the unemployment rate down five-tenths of a point, from 4.2% in October 2022 to 3.7% in October 2023 (*Figures 1 and 3*). Although local unemployment rates have been at or near historic lows in the past few months, all CLF data has not been rosy. Specifically, the local labor force has been smaller from June through October 2023 than in these corresponding pre-COVID months of June through October 2019. Some of this labor force shrinkage is likely due to baby boomer retirements since the COVID-19 pandemic (i.e., many “boomers” have exited the labor force – and they’re not returning).

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

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

Wenatchee MSA	Preliminary Oct-23	Revised Sep-23	Revised Oct-22	Change (in #)		Change (in %)
				Sep-23	Oct-22	Oct-22
				Oct-23	Oct-23	Oct-23
Labor force and unemployment						
Civilian labor force	65,641	66,606	67,975	-965	-2,334	-3.4%
Resident employment	63,211	64,483	65,131	-1,272	-1,920	-2.9%
Unemployment	2,430	2,123	2,844	307	-414	-14.6%
Unemployment rate	3.7	3.2	4.2	0.5	-0.5	
Industry employment (numbers are in thousands)						
Total nonfarm ¹	50.3	49.7	48.5	0.6	1.8	3.7%
Total private	40.5	40.5	39.2	0.0	1.3	3.3%
Goods producing	7.0	6.9	6.4	0.1	0.6	9.4%
Mining, logging and construction	4.0	3.9	3.6	0.1	0.4	11.1%
Manufacturing	3.0	3.0	2.8	0.0	0.2	7.1%
Service providing	43.3	42.8	42.1	0.5	1.2	2.9%
Private services providing	33.5	33.6	32.8	-0.1	0.7	2.1%
Trade, transportation, warehousing and utilities	10.1	10.0	10.0	0.1	0.1	1.0%
Retail trade	6.5	6.4	6.6	0.1	-0.1	-1.5%
Education and health services	8.4	8.3	8.1	0.1	0.3	3.7%
Leisure and hospitality	7.3	7.4	6.7	-0.1	0.6	9.0%
Government	9.8	9.2	9.3	0.6	0.5	5.4%
Federal government	0.9	0.9	0.9	0.0	0.0	0.0%
State government	1.2	1.1	1.1	0.1	0.1	9.1%
Local government	7.7	7.2	7.3	0.5	0.4	5.5%
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 50,300 jobs in October 2023, a gain of 1,800 jobs since October 2022.

Nonfarm industry employment

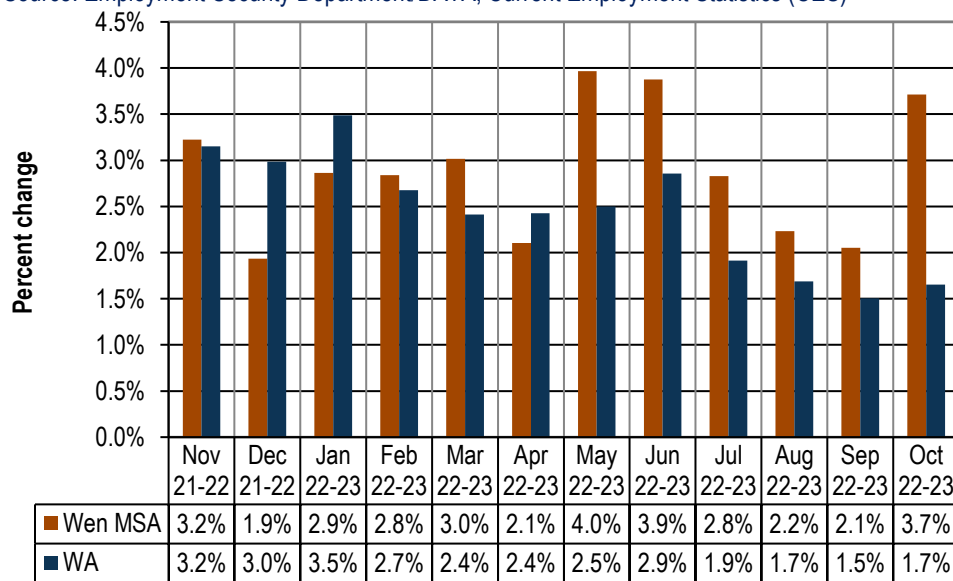
This October, employment levels were higher than in October 2022 for most major Wenatchee MSA industries (*Figure 3*). The exceptions were that the number of federal government jobs stabilized at approximately 900 between the Octobers of 2022 and 2023 while retail trade saw payrolls dip from 6,600 jobs to 6,500. The nonfarm job market in the two-county Wenatchee MSA tallied 50,300 jobs in October 2023, a 3.7% year-over-year increase, while Washington’s nonfarm market registered a more subdued, 1.7%

job growth pace (Figure 4). Hence, job growth trends in the Wenatchee MSA's job market are encouraging. Nonfarm employment locally has expanded for 31 months (April 2021 through October 2023) and in each of the past six months (May through October 2023) total job growth rates have surpassed statewide job growth rates (Figure 4).

At the two-county Wenatchee MSA level, industry employment estimates are not as detailed as estimates available for Washington state. But it is prudent to look at recent state level estimates in the “employment services” category. Perhaps this is one of the dark clouds on the economic horizon. Estimates indicate that between the Octobers of 2022 and 2023, the number of “employment services” jobs across Washington dropped from 62,700 to 56,900, a job loss rate of -9.3%. Also, “employment services” declined by -8.3% between the Septembers of 2022 and 2023 and by -13.7% between the Augusts of 2022 and 2023. The employment services industry is grouped under “professional and business services” and includes temporary help services employment - considered a leading indicator by many economists.

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

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



Year over year, the Wenatchee MSA's nonfarm market has expanded for 31 months (April 2021 through October 2023). Washington's nonfarm job market has also expanded during the past 31 months.

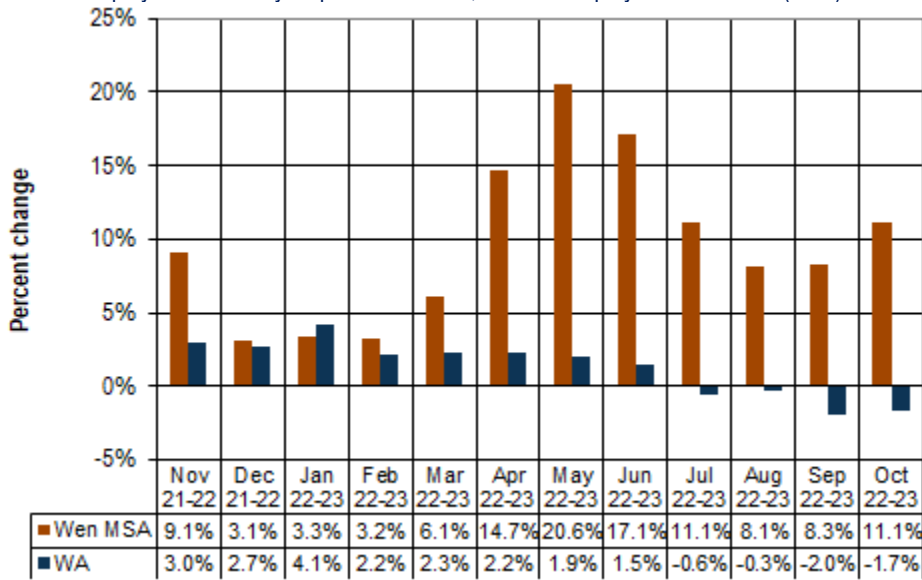
Summaries of employment changes/trends between October 2022 and October 2023 for three local industries (construction, retail trade, and leisure and hospitality) are provided as follows:

- 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 35 consecutive months (December 2020 through October 2023), as partially shown in Figure 5. Between the Octobers of 2022 and 2023, construction employment rose by 400 jobs across the MSA, expanding from 3,600 jobs to 4,000 (up 11.1%). On the real estate sales side, according to the *October 2023 Real Estate Snapshot* newsletter published by Pacific Appraisal Associates, there were 163 fewer closed sales of single-family homes or condominiums from January through October 2023 versus in the first ten months of 2022 in the Wenatchee Market (i.e., in Wenatchee, Malaga, East Wenatchee, Orondo, and Rock Island, WA). This was a -21.3% Year-to-Date (YTD) downturn as closed sales declined from 767 between January and October 2022 to 604 in the corresponding first ten months of 2023. This October the number of active listings slipped to 172 from the 184 listings posted in October 2022 (down by 12 listings and -6.5%). Hence, fewer units are currently “on the market.” Reference home prices in the Wenatchee Market; they are declining. This *Real Estate Snapshot*

newsletter for October 2023 also stated that the median sales price of homes/condominiums sold in the Wenatchee Market decelerated from \$500,000 YTD in October 2022 to \$485,000 YTD in October 2023, a -3.0% decline.

Across Washington, construction employment has contracted in the past four months (July through October 2023). Between October 2022 and October 2023, the number of construction jobs statewide decreased by -1.7% (Figure 5) and by 4,100 jobs, from 239,000 jobs to 234,900. Residential construction lost 3,000 jobs statewide between October 2022 (40,000 jobs) and October 2023 (37,000 jobs) while nonresidential trade contractors gained 500 jobs between October 2022 (23,600 jobs) and October 2023 (24,100 jobs).

Figure 5: Wenatchee MSA and Washington, construction employment changes Washington state, November 2022 through October 2023
Source: Employment Security Department/DATA; Current Employment Statistics (CES)



Year over year, construction employment in the Wenatchee MSA expanded for 35 consecutive months (December 2020 through October 2023). Statewide, construction employment has contracted in the past four months (July through October 2023).

- Year over year, retail trade employment in the Wenatchee MSA has either stagnated or contracted in the past 12 months (November 2022 through October 2023). Between October 2022 and October 2023, the number of retail trade jobs decreased from 6,600 to 6,500 in the two-county MSA, a -1.5% downturn (Figure 3).

Across Washington retail trade employment posted year-over-year losses in eight of the past 12 months (November 2022 through October 2023). Only during the months of January, May, June, and October 2023 did Washington’s retailers eke out modest employment gains of 0.9%, 0.2%, 1.2%, and 0.1%, respectively versus corresponding months in 2022. Washington’s retail trade establishments saw payrolls lengthen from 339,200 jobs in October 2022 to 339,400 in October 2023, a marginal 200 job and 0.1% upturn. This upturn was partially driven by hiring at food and beverage stores where employment advanced from 71,600 jobs in October 2022 to 72,700 in October 2023 (up 1.5%) and at general merchandise stores food and beverage stores where employment elevated from 73,7600 jobs in October 2022 to 74,700 in October 2023 (up 1.4%). However, employment in furniture and home furnishings stores and in other retail trade (which includes online shopping) took steps backward. Furniture and home furnishings stores shed 900 jobs between October 2022 (21,500 jobs) and October 2023 (20,600), a -4.2% downturn. Other

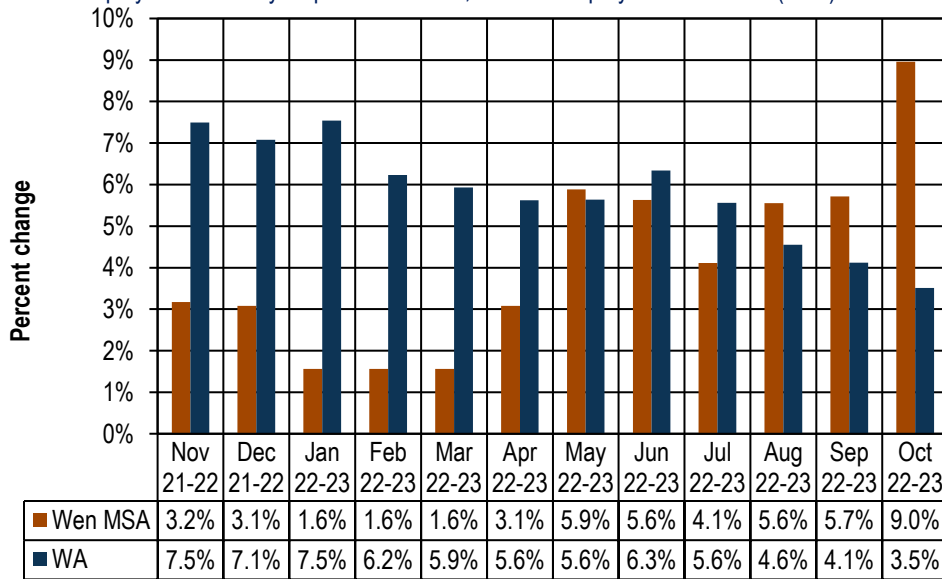
retail trade firms downsized from 58,800 jobs in October 2022 to 57,900 this October, a -1.5% abatement.

- Job growth in the local leisure and hospitality industry has been healthy during the past 12 months (Figure 6). Leisure and hospitality employment (i.e., at hotels, eating and drinking places, and amusement and recreation services businesses) has expanded, year over year, for 31 consecutive months (April 2021 through October 2023). Recently, between October 2022 and October 2023, the number of leisure and hospitality jobs in the Wenatchee MSA advanced from 6,700 to 7,300 respectively, a 600 job and 9.0% increase (Figures 3 and 6).

Statewide, employment in this industry has also expanded for 31 months (April 2021 through October 2023). Current Employment Statistics (CES) estimates indicate that Washington’s leisure and hospitality employers tallied 330,400 jobs in October 2022 versus 342,000 in October 2023, an 11,600 job and 3.5% upturn. Arts, entertainment, and recreation facilities (i.e., movie theaters, golf courses, fitness centers, etc.), a subsector within Washington’s broader leisure and hospitality industry, advanced from 49,400 jobs in October 2022 to 54,500 jobs in October 2023, a robust 5,100 job and 10.3% employment growth rate.

Figure 6: Wenatchee MSA and Washington, leisure and hospitality employment changes Washington state, November 2022 through October 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 for 31 months (April 2021 through October 2023). Employment in Washington’s leisure and hospitality industry has also consistently expanded from April 2021 through October 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

September 2023, revised average annual QCEW data for calendar year 2022 became available. An analysis of industry employment and wage changes from 2012 through 2022 shows that in Chelan County:

- Total covered employment rose from 39,537 in 2012 to 43,633 in 2022, a 4,096 job and 10.4% upturn with an annualized growth rate of 1.0%. However, agricultural employment (a subset of total covered employment) decreased from 9,667 jobs in 2012 to 7,688 in 2022, a significant downturn of -20.5% and a loss of 1,979 jobs, equating to an annualized loss rate of -2.3%. In 2012, Chelan County's agricultural industry accounted for 24.5% of total covered employment, but ten years later (in 2022) this industry provided only 17.6% of total covered employment countywide. Hence, the agricultural share of total covered employment sank by six and nine-tenths percentage points (from 24.5 to 17.6%) in Chelan County during this ten-year period.
- Total covered wages (not adjusted for inflation) rose from \$1.33 billion (in 2012) to \$2.26 billion (in 2022), a \$920.7 million and 69.0% upturn with an annualized growth rate of 5.4%. The agricultural payroll (a subset of total covered wages) advanced from \$207.4 million in 2012 to \$251.4 million in 2022, a \$44.0 million and 21.2% uptrend with an annualized growth rate of 1.9%. In 2012, Chelan County's agricultural industry accounted for 15.5% of total covered wages, but by 2022, agricultural wages tallied only 11.1% of total covered payroll; meaning that the agricultural share of total nonfarm payroll decreased by four and four-tenths percentage points (from 15.5 to 11.1%) during this timeframe. This dip in the agricultural share of *wages* (versus total covered *wages/payroll*) in the past ten years (2012-2022) was significant, but less severe than the six and nine-tenths points drop in the agricultural share of *employment* (versus total covered employment) during this period.
- Although the agricultural industry is still a “bedrock” to the Chelan County economy, one could generalize from these 10-year employment and wage trends that agriculture has become *less* influential in the local labor market:
 - Between 2012 and 2022, the number of agricultural jobs peaked countywide in 2018 at 10,609 jobs (23.5% of total covered employment) and then steadily declined from 2018 through 2022. 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.
 - Between 2012 and 2022, agricultural payrolls also peaked countywide in 2018, at \$292.6 million (16.0% of total covered wages) and generally declined through 2022 when Chelan County's agricultural payroll was \$251.4 million (11.1% of total covered wages).

For Douglas County, an analysis of industry employment changes from 2012 through 2022 shows:

- Total covered employment rose from 10,748 in 2012 to 12,339 in 2022, a 1,591 job and 14.8% upturn with an annualized growth rate of 1.4%. The number of agricultural jobs (a subset of total covered employment) decreased sharply from 2,969 in 2012 to 2,232 in 2022, a 737 job and -24.8% downturn with an annualized loss rate of -2.8%. In 2012, Douglas County's agricultural industry accounted for 27.6% of total covered employment. In 2022, agricultural employment accounted for only 18.1% of total covered employment countywide. Hence, the agricultural share of employment plummeted by nine and five-tenths percentage points from 2012 through 2022 (from 27.6 to 18.1%) during this ten-year period.
- Total covered wages (not adjusted for inflation) rose from \$327.0 million in 2012 to \$575.8 million in 2022, a \$248.9 million and 76.1% upturn with an annualized growth rate of 5.8%. The agricultural payroll (a subset of total covered wages) advanced from \$57.6 million in 2012 to \$71.6 million in 2022, a \$14.0 million and 24.2% uptrend with an annualized growth rate of 2.2%. In 2012, Douglas

County's agricultural industry accounted for 17.6% of total covered wages, but by 2022, agricultural wages tallied only 12.4% of total covered payroll. Hence, the agricultural share of *wages* shrank by five and two-tenths percentage points from 2012 through 2022 (from 17.6 to 12.4%) during this ten-year period whereas agricultural *employment* showed a plunge of nine and five-tenths percentage points during this timeframe.

- Although the agricultural industry is still a “bedrock” to the Douglas County economy, one could generalize from these 10-year employment and wage trends that agriculture has become *less* influential in the local labor market:
 - Between 2012 and 2022, the number of agricultural jobs peaked countywide in 2018 at 3,278 jobs (25.3% of total covered employment) and then declined from 2018 through 2022. 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.
 - Between 2012 and 2022, agricultural payrolls peaked countywide in 2017, at \$85.8 million (18.4% of total covered wages) and generally declined through 2022 when Douglas County's agricultural payroll was \$71.6 million (12.4% of total covered wages).

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

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