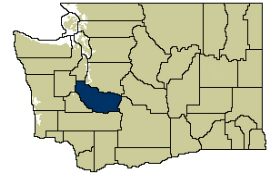




# Tacoma MD (Pierce County) Labor Area Summary Volume 2008, Number 7



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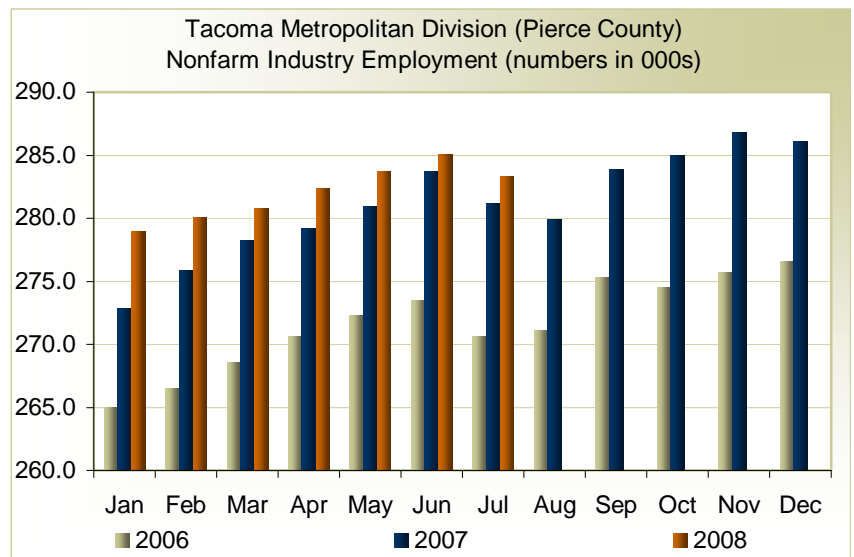
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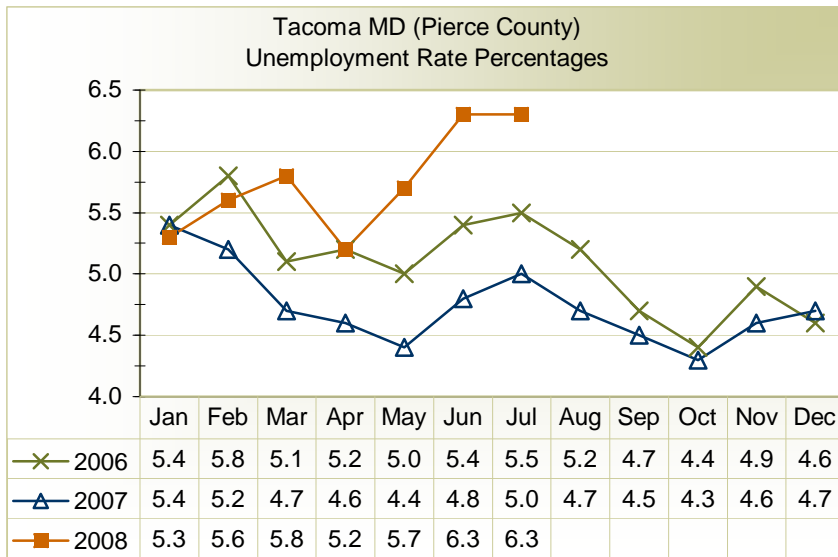
## Summary

The Tacoma Metropolitan Division (MD) labor market moved into its annual summer lull in July 2008. The local area shed 1,800 jobs during the month, mostly in education-related employment. The end of the school year annually culminates in the release of educational service support staff as well as students continuing to look for summer employment. The summer school shutdown reduced government payroll numbers by 2,500. Other non-education local government employment, which is poised to weaken as state and local revenue funding streams fade, was a source of strength this month. Its positive contribution served to offset some of the government sector job losses and brought the overall loss total in this sector down to 1,200 jobs. The private sector also suffered a net loss of jobs as payrolls were reduced by another 600. Most of the weakness in private payroll employment came again at the hands of the education sector in the form of private educational services. Coupled with health services, this category shed 1,200 jobs on the whole. Job losses in financial activities, and professional and business services were offset by employment gains in trade, transportation and warehousing, in leisure and hospitality and in goods producing industries.

The local economy wound up losing fewer jobs this month than the 2,500 shed last year at this time. From a seasonal standpoint, this can be interpreted as a positive development. When factored into the unemployment rate, which derives from a different survey, the local economy held steady over the month, with unemployment remaining at 6.3 percent. The leveling off of the unemployment rate this month does not, however, indicate that the labor market is out of the woods. Local unemployment is now at its highest rate since April 2005. It is likely to move higher and rise through the middle of next year as slower hiring conditions persist.



The pause in hiring in July reduced the rate of job growth occurring in the area to a mere 0.7 percent on an annualized basis. Jobs are being created at a noticeably slower pace this year. Since January this year, the local area added 4,300 new jobs compared to 8,300 jobs added the year before during the same period. The data point to a labor market that is scuffling, but still expanding.



It appears that the slow pace of job creation will stay with the area for some time to come. High energy and commodity prices have weighed upon consumer spending, but the struggling housing market and tightening credit conditions have really formed the epicenter of the economy's imbalances. The timing of the federal tax rebate checks mailed between late April and early July fortuitously offset some of the hardship imposed by \$4 per gallon gasoline prices, but the higher fuel costs undermined the economic stimulus impact the rebates were intended to provide. Fortunately, the prices for energy and other commodities have begun a correction and

have moved significantly lower, giving a reprieve to both consumers and businesses. Since mid-July, the price of a barrel of U.S. crude oil has fallen more than \$30 to below \$115. Retail gasoline prices have fallen for 29 straight days, according to a daily survey by AAA. Oil prices are now expected to recede further, and that should take some more strain off of the economy.

The 500 pound gorilla the economy must still wrestle with is the housing market. Unsold inventory and affordability issues have been plaguing the industry. Progress on these fronts is being made, although much more work needs to be done. Inventories of unsold, vacant homes are no longer climbing, according to data from the Census Bureau's housing vacancy survey. However, the level of inventory is still quite high, and numbers about one-million units nationally. The pullback in home building should begin to cut into the inventory overhang along with declining house prices. Since housing prices peaked in spring of 2006, they have now fallen by nearly 16.0 percent based upon the Case-Shiller national house price index. However, poor credit conditions and mounting foreclosures will lengthen the time it takes to trim inventories. Foreclosures have been mounting as the job market has weakened and house prices have fallen. Washington state compares favorably with the rest of the nation in terms of foreclosure rates, with one in every 977 households affected compared with one in every 464 households nationwide. The Tacoma MD foreclosure rate, however, lies above the national average, with one foreclosure filing for every 179 households.

The consensus view is that home prices will fall by another 10.0 percent between now and next year, and won't begin to rise for another year after that. This implies that it will take another two years to work off the excess inventories. The bottom to the housing market appears to be beckoning, but substantial risks remain, the main one being the potential for credit markets to further unravel. The major losses by investors in home mortgage assets appear to have peaked, but a few more surprise banking failures could unhinge the progress being made in the housing market.

## 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	Revised	Revised	Jun-08	Jul-07	Jul-07
Employment by Place of Residence	Jul-08	Jun-08	Jul-07	Jul-08	Jul-08	Jul-08%
Civilian Labor Force	392,800	392,060	383,130	740	9,670	2.5%
Resident Employment	368,130	367,190	364,010	940	4,120	1.1%
Unemployment	24,670	24,880	19,120	-210	5,550	29.0%
Unemployment Rate	6.3	6.3	5.0	0.0	1.3	
Employment by Place of Work (**NAICS Industry Titles, numbers in thousands)						
Total Nonfarm 1/	283.3	285.1	281.2	-1.8	2.1	0.7%
Total Private	226.8	227.4	226.9	-0.6	-0.1	0.0%
Goods Producing	45.9	45.6	47.3	0.3	-1.4	-3.0%
Natural Resources and Mining	0.4	0.4	0.5	0.0	-0.1	-20.0%
Construction	25.0	24.8	26.2	0.2	-1.2	-4.6%
Specialty Trade Contractors	16.0	15.9	16.5	0.1	-0.5	-3.0%
Manufacturing	20.5	20.4	20.6	0.1	-0.1	-0.5%
Services Providing	237.4	239.5	233.9	-2.1	3.5	1.5%
Trade, Transportation, and Utilities	56.5	56.0	56.5	0.5	0.0	0.0%
Wholesale Trade	11.8	11.6	11.7	0.2	0.1	0.9%
Retail Trade	33.0	32.8	33.4	0.2	-0.4	-1.2%
Food and Beverage Stores	5.5	5.5	5.4	0.0	0.1	1.9%
General Merchandise Stores	7.7	7.6	7.3	0.1	0.4	5.5%
Transportation, Warehousing, and Utilities	11.7	11.6	11.4	0.1	0.3	2.6%
Information	3.5	3.5	3.7	0.0	-0.2	-5.4%
Financial Activities	13.1	13.2	13.9	-0.1	-0.8	-5.8%
Professional and Business Services	25.5	25.8	25.7	-0.3	-0.2	-0.8%
Admin, Support, Waste Mgmt., & Remediation	15.3	15.7	15.5	-0.4	-0.2	-1.3%
Administrative and Support Services	13.7	14.2	14.0	-0.5	-0.3	-2.1%
Educational and Health Services	39.7	40.9	39.0	-1.2	0.7	1.8%
Ambulatory Health Care Services	13.7	13.7	13.3	0.0	0.4	3.0%
Hospitals	9.7	9.3	9.0	0.4	0.7	7.8%
Leisure and Hospitality	29.2	29.0	28.0	0.2	1.2	4.3%
Food Services and Drinking Places	22.6	22.7	22.3	-0.1	0.3	1.3%
Other Services	13.4	13.4	12.8	0.0	0.6	4.7%
Government	56.5	57.7	54.3	-1.2	2.2	4.1%
Federal Government	10.9	10.8	10.4	0.1	0.5	4.8%
State Government	10.7	11.8	10.9	-1.1	-0.2	-1.8%
State Government Educational Services	2.9	3.8	2.9	-0.9	0.0	0.0%
Local Government	34.9	35.1	33.0	-0.2	1.9	5.8%
Local Government Educational Services	17.3	18.9	17.4	-1.6	-0.1	-0.6%
Workers in Labor/Management Disputes	0.0	0.0	0.0	0.0	0.0	0.0
<p>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.</p> <p>**North American Industry Classification System. ***QCEW = Quarterly Census of Employment and Wages</p>						