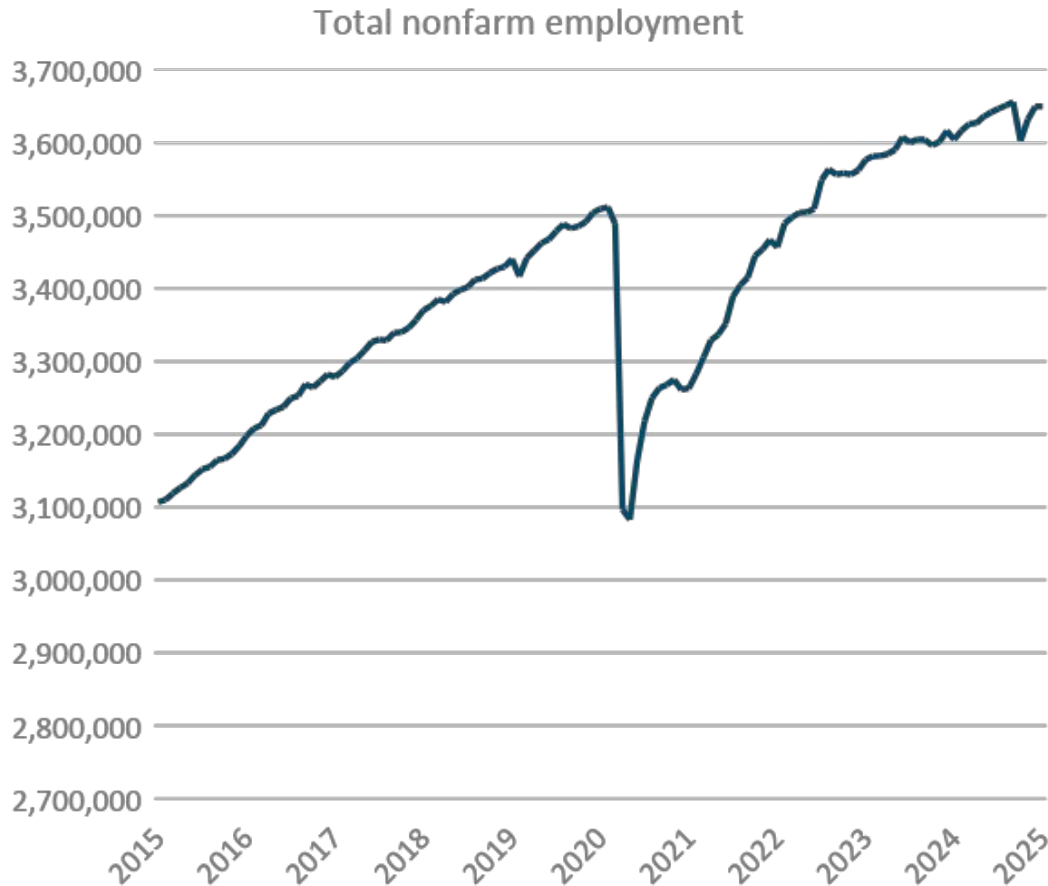


An Update on Washington's Labor Market

Labor Market Information and Research Division

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Employment growth continues to slow



- In April 2025, nonfarm employment dipped by 5,800
 - 3 months in a row of declining employment
- Pandemic employment disruptions recovered by 2022
- Patterns of growth differ by industry

10-year employment change by sector

Total nonfarm	504,400	16.2%
Professional and business services	146,800	36.8%
Education and health services	111,100	24.7%
Government	52,100	9.1%
Information	52,000	46.7%
Transportation, warehousing and utilities	48,300	46.8%
Construction	48,100	28.3%
Leisure and hospitality	34,300	11.3%
Financial activities	12,700	8.7%
Other services	8,900	7.8%
Wholesale trade	8,900	6.8%
Retail trade	3,000	0.9%
Mining and logging	-1,000	-16.1%
Manufacturing	-20,800	-7.2%

- Service-providing industries grew to the greatest extent
 - Technology shifted employment in Washington
 - Information
 - Professional and business services
 - Transportation, warehousing and utilities
 - Qualitative changes within sectors
 - Education, health and government
- Manufacturing and mining and logging employment fell over the decade

1-year employment change by sector

Total nonfarm	1,200
Education and health services	11,800
Government	4,200
Professional and business services	3,400
Transportation, warehousing and utilities	3,100
Other services	800
Information	500
Wholesale trade	100
Mining and logging	-100
Retail trade	-1,500
Financial activities	-2,700
Leisure and hospitality	-5,200
Construction	-6,000
Manufacturing	-7,200

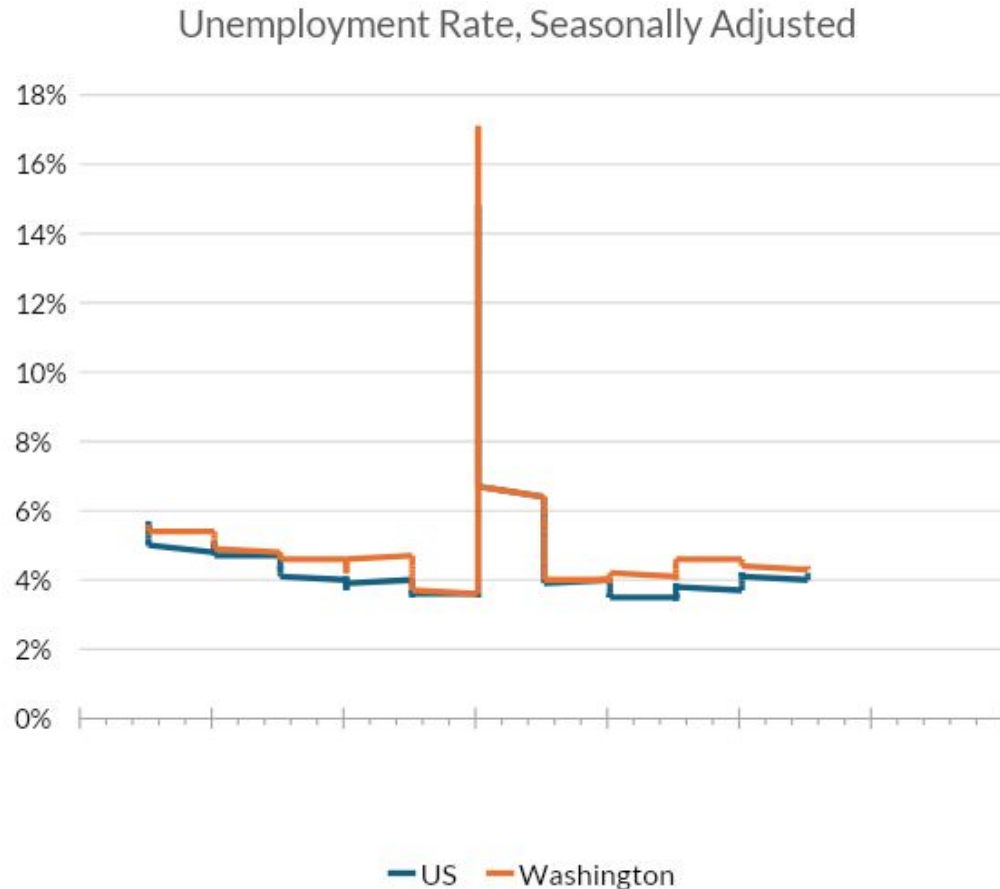
- One year employment shifts tell a similar story to the 10-year changes
 - The pandemic-specific stories seem to have worked their way through
- Most sectors continued to expand employment, albeit at a slowing rate

3-month employment change by sector

Total nonfarm	20,800
Wholesale trade	2,600
Professional and business services	1,600
Retail trade	500
Mining and logging	0
Other services	-400
Construction	-400
Information	-1,300
Manufacturing	-1,300
Education and health services	-1,400
Financial activities	-2,800
Government	-3,500
Transportation, warehousing and utilities	-4,700
Leisure and hospitality	-9,700

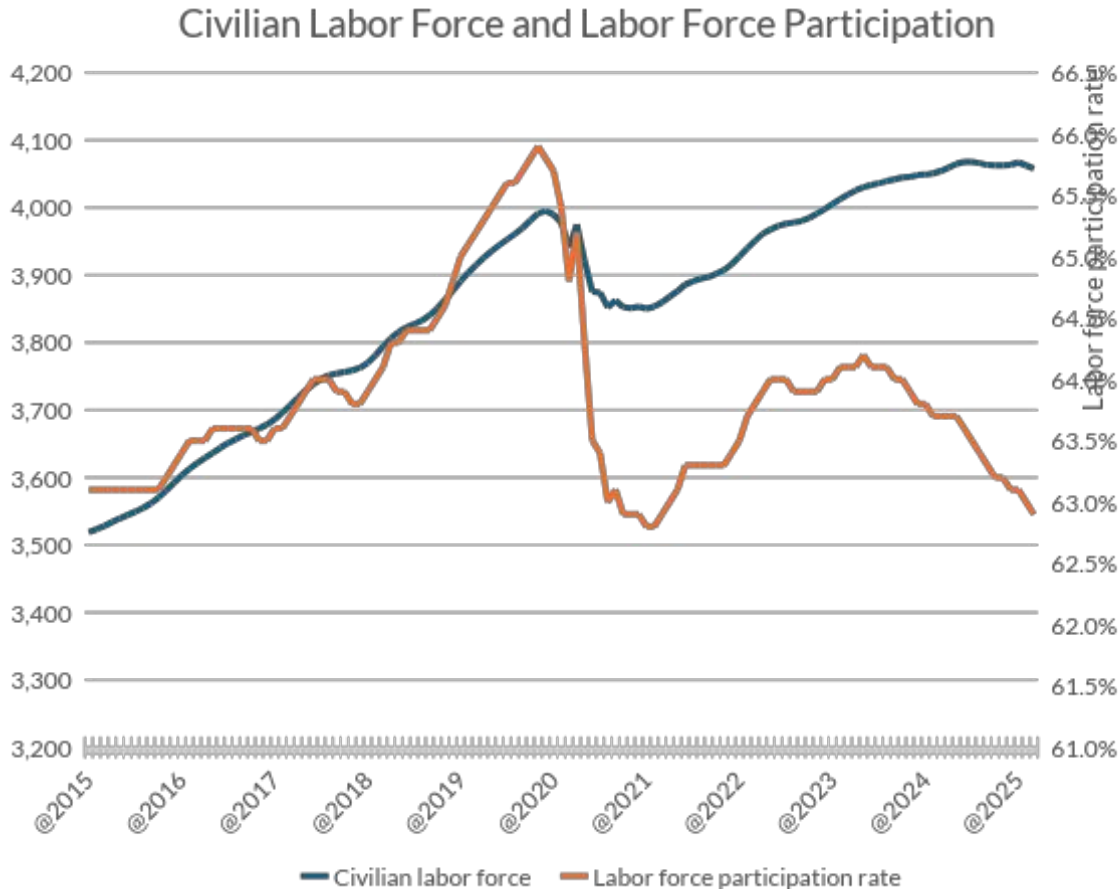
- Job losses outpaced gains in most sectors
- Leisure and hospitality and transportation, warehousing and utilities fell the farthest in early 2025
- Wholesale trade and professional and business services increased to the greatest extent

Labor force and unemployment rates



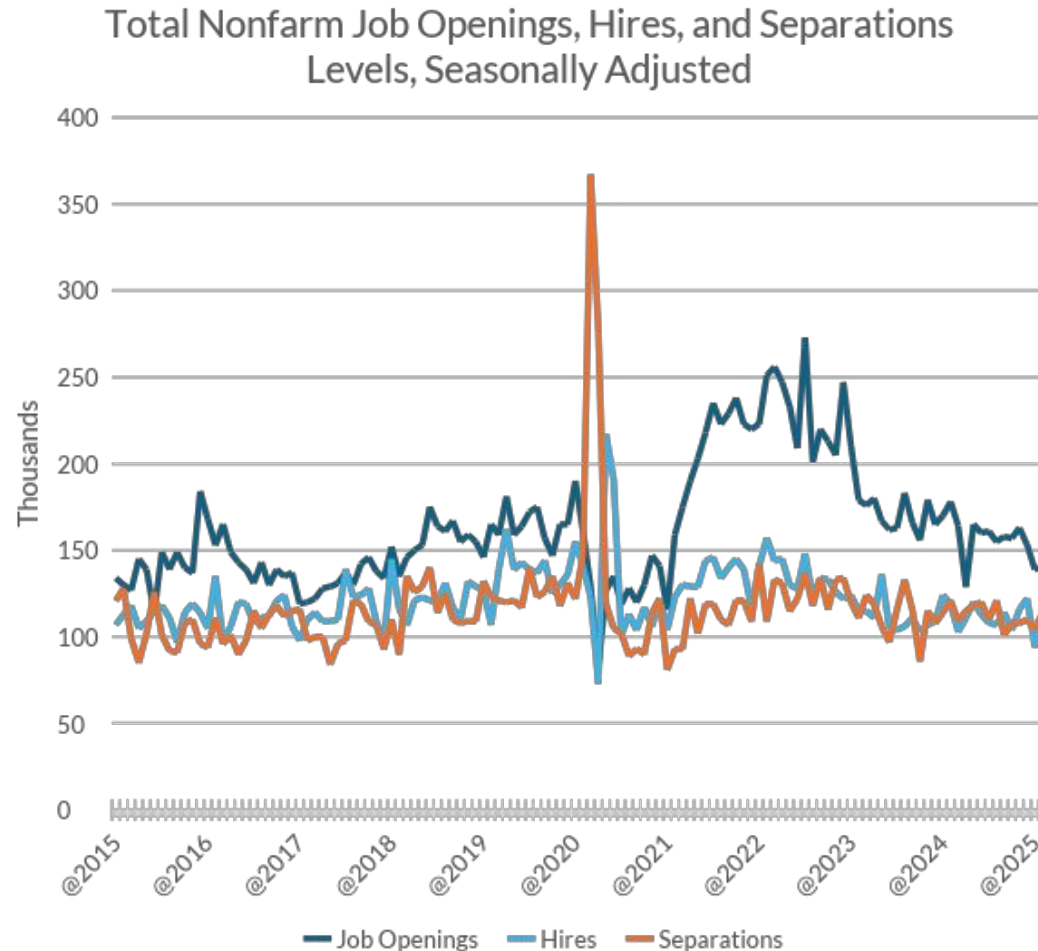
- In April 2025, the seasonally adjusted unemployment rate for Washington was 4.4%
 - Unchanged from previous 2 months
 - National rate: 4.2%
- Civilian labor force: 4,051,983
 - Labor force participation rate 2-3% below pre-pandemic trend

Labor force growth has slowed



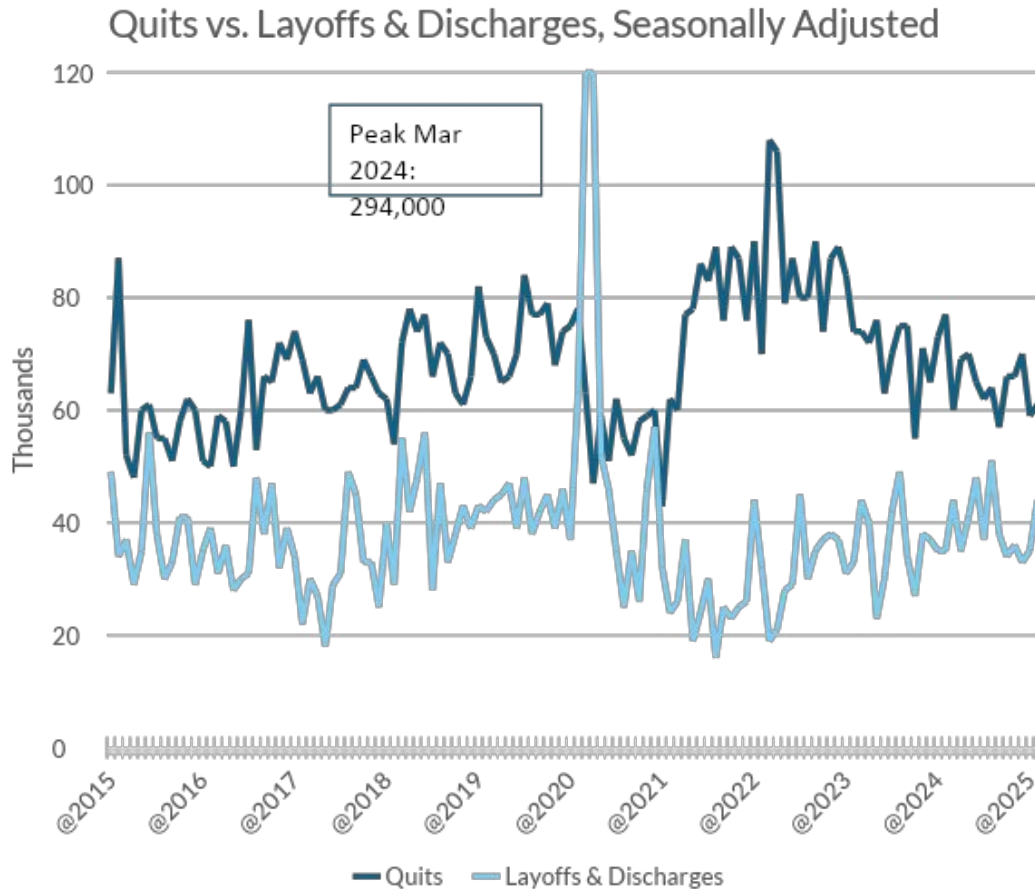
- Factors affecting labor force participation:
 - Workers who exited the labor force during the pandemic and have not returned
 - Demographic shifts (fewer new workers compared to retirements)
 - Migration in vs. out of Washington
 - “Tight” labor markets attract more workers than “slack”
- Unemployment *rate* may hold steady even when *employment* is falling or slowing

Job Openings and Labor Turnover



- In February 2025, there were 140,000 job openings in Washington
 - Up by 1,000 from January
 - Down from 178,000 in February 2024
 - Job openings rate was 3.7%
 - Hires and separations tracking closely to each other
- There were 1.3 unemployed persons per job opening
 - Up from 1.1 in February 2024
 - Compare to national ratio of 0.9

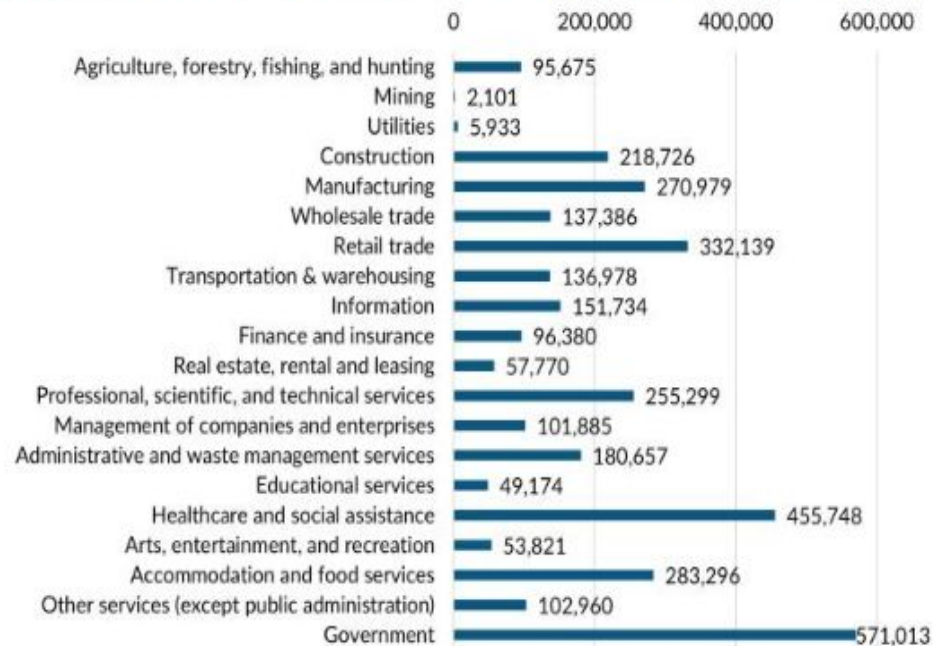
The Gap Between Quits and Layoffs is Shrinking



- 114,000 total separations in February 2025
 - 61,000 were voluntary quits
 - 44,000 were layoffs and discharges
- Quits peaked in 2022, following low layoffs and high job openings in 2021
 - Current workers less confident about job switching

Industrial diversity is one of our strengths; it also provides information about where vulnerabilities could lie

Employment by industry, Washington state 2023 annual average



- Immigration

- Non-native born workers are found in all industry sectors, with high concentrations in agriculture and technology

- Federal cuts

- Federal workers make up about 2% of Washington's workforce
- State and local government and private sector employers rely on federal grants

- International travel and trade

- Possible impacts to all sectors – especially pronounced in transportation, trade, and goods sectors

What does the future hold? (What do we know right now?)

- Uncertainty associated with
 - Technological shifts
 - Shifting policy environments
 - Trade
 - Inflation
- Projections
- ERFC forecast
- Leading indicators (Economic Alert System)

Projected employment reflects past performance

Title	Average annual growth rate 2022-2027	Average annual growth rate 2027-2032
Total nonfarm	1.55%	1.13%
Natural resources and mining	-0.71%	-0.37%
Construction	1.57%	1.14%
Manufacturing	0.84%	0.36%
Wholesale Trade	1.06%	0.53%
Retail Trade	0.73%	0.75%
Transportation, warehousing and utilities	1.66%	1.51%
Information	2.23%	3.13%
Financial activities	0.74%	0.80%
Professional and business services	1.57%	1.62%
Education and health services	1.76%	1.21%
Leisure and hospitality	2.53%	1.14%
Other services	2.49%	1.00%
Government	1.53%	0.67%

- In the short term, higher than average growth can be expected in
 - Other services
 - Leisure and hospitality
 - Information
 - Education and health services
 - Transportation, warehousing and utilities
 - Professional and business services

The Economic and Revenue Forecast Council

- The March economic forecast is little changed from November
 - Employment is expected to remain virtually unchanged
 - 1.1% in 2025, 0.7% in 2026, 0.6% in 2027, 0.8% in 2028
 - Manufacturing employment will increase at about half the pace
 - Construction employment will begin to rebound in 2026 (2.0% increase) with a corresponding increase in housing starts.
 - The unemployment rate is expected to remain low
 - 4.6% in 2025, 4.8% in 2026, 4.8% in 2027, 4.9% in 2028, 4.5% in 2029

Conclusions

- By most metrics, the economy and specifically the labor market is losing momentum but remains relatively healthy, despite some clear emerging challenges.
 - The pandemic job market is behind us
 - Job growth is slowing (and possibly reversing)
 - The unemployment rate remains steady
 - ERFC forecast is relatively steady at the moment

Questions now or later?

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