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Statewide payrolls up; jobless rate holds steady

By Drew DeSilver

Seattle Times business reporter

Washington continued to defy the multiple drags on the U.S. economy in February, as state payrolls added 3,500 jobs and the unemployment rate held steady at 4.5 percent.

"We're really different from the national economy at this point," said Evelina Tainer, the state's chief labor economist.

Few sectors illustrate that difference better than construction. Overall, the nation has lost 222,100 construction jobs over the past 12 months, as the collapsed boom in housing idled thousands of carpenters, roofers and drywallers.

But in Washington, construction continued to add jobs — 400 last month, and 1,600 since February 2007. Weakness in residential construction has been outweighed by robust nonresidential construction activity — office buildings, malls, factories and the like.

Much of the growth in construction jobs last month occurred in Eastern Washington, Tainer said. Two large projects, the nuclear-waste vitrification facility at Hanford and the expansion of a polysilicon plant near Moses Lake, together are employing hundreds of workers.

Closer to home, the seasonally adjusted jobless rate in the Seattle metro area ticked down a tenth of a percentage point, to 3.6 percent. Unemployment in both the Puget Sound region and the state now stands well below the U.S. rate of 4.8 percent.

Statewide, nonfarm payroll jobs — often considered a more reliable indicator than the unemployment rate — grew by 1.7 percent over the past 12 months, nearly three times the U.S. growth rate.

Job growth in Washington has been decelerating for several months; the average growth rate in 2007 was

2.5 percent. In the four-county Puget Sound region, year-over-year job growth in February was 2.1 percent, down from an average 2.8 percent last year.

Still, said Tainer, "Slow good news is better than bad news."

The nonfarm payroll figures come from a survey of employers. The jobless rate is derived from a separate survey of individuals — not, as is sometimes thought, from a count of how many people are collecting unemployment benefits.

Strength in the retail sector was somewhat unexpected, given widespread reports of weak consumer spending. Washington retailers added 1,000 jobs last month, though Tainer warned that figure may not hold up after the February data are revised later this year.

Other sectors that showed significant gains were bars and restaurants (up 800 jobs), health services and social assistance (up 400 jobs) and construction.

Miscellaneous services, such as repair and maintenance and membership organizations, lost 300 jobs, as did wholesalers of nondurable goods.

Doug Pedersen, co-publisher of the Puget Sound Economic Forecaster newsletter, said metro Seattle is benefiting from robust basic industries such as aerospace (up 100 jobs in February) and software (up 400 jobs). The strong export orientation of those and other industries also help insulate the area against the struggling U.S. economy, Pedersen said.

Still, he said, the region's many businesses that serve national markets will feel some effect. Pedersen and partner Dick Conway are forecasting Puget Sound-area job growth this year of just 1.8 percent.

"It's not as if we can just be an island and not see some of this impact from the national economy," he said.

One unpleasant side effect of outperforming the nation is higher inflation.

Inflation in the Seattle area has been running hotter than the national rate since August 2006; the most recent reading showed local inflation at 4.73 percent for February, versus 4.03 percent for the entire nation.

Data from the past three decades, Pedersen said, show that when local job growth has outpaced the nation for an extended time, inflation also tends to exceed the national rate: "You tend to get upward pressure on

prices when the economy is growing strongly."

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