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—Staff photo by Treva Lind

Regina Farrell, left, and Vivint Inc. recruiter Kyley Moody talk at a job fair. Vivint expects to hire 400 people in the next 18 months.

Jobs to continue to grow

Trend projected in private-sector hirings for work in key industries

By Treva Lind
Of the Journal of Business

The number of jobs in Spokane County has trended upward during the second half of 2012 and so far this year, with a net gain of more than 3,000 new jobs, labor observers say.

"We've seen significant gains of people employed; it's mostly private-sector jobs," says Shaun O'L. Higgins, principal of Oxalis Group LLC, a Spokane consulting and marketing company.

For years, Higgins researched and provided Inland Northwest economic forecasts as former sales and marketing director for The Spokesman-Review, and he still tracks regional data. A measure he watches is whether the region is keeping pace with U.S. job creation since the 2008 economic downturn.

"I'm pretty happy with what I see," Higgins adds. "We've now had 25 months of gains, or at least no change in job levels from the previous year. We're in an era of positive trending, and I expect that to continue."

Meanwhile, Kootenai County showed a decline of 200 jobs from a year ago in the most recent data.

"Kootenai employment has kind of flattened out," says Grant Forsyth, Avista Corp. chief economist who produces economic forecasts for Avista's three-state service territory. "More recently, Spokane is doing better. Not too long ago, that was the other way around."

In Spokane County, about 209,800 people held nonagricultural wage and salary jobs last April, up from about 206,200 in April 2012. On June 25, the Washington state Employment Security Department released preliminary May figures for Spokane County's nonfarm industry employment, which aren't seasonally adjusted, that suggest the trend is continuing.

The data show about 212,000 people were employed in May, compared with 208,700 a year ago. The county's unemployment rate was at 7.8 percent in May, down from 8.7 percent a year ago but slightly higher than April's 7.5 percent.

Doug Tweedy, Spokane-based regional economist for the Washington state Employment Security Department, says job growth for the county accelerated through the second half of 2012 and so far this year. The job gains have come mainly in five industries, labeled professional-scientific-technical, financial services, manufacturing, transportation-warehousing, and health care.

"I think the jobs will continue to grow because of the foundation that's being laid with the five growth industries," Tweedy says. "I think it's going to be a stable, consistent growth through the end of this year. I don't see it spiking either way."

Higgins says the entire region still has some ground to cover to catch up with job creation in the nation since the recession, though the gap has narrowed in the past two years. The U.S. is still down by about 2.1 million jobs, or about 1.5 percent, from where it was in 2008, he says.

Washington state is down about 2 percent, he adds. While the Coeur d'Alene area, with about 53,300 people with jobs in the most recent data, is down almost 6 percent from a 2008 level of 56,600, Spokane is down around 4.3 percent from its total in April 2008, when about 220,000 people were employed, Higgins says. He estimates that Spokane County is down by more than 9,000 jobs from a peak in 2008 prior to the economic downturn.

"Since 2010, we've picked up about half of all the jobs we've lost," Higgins adds. "We have our work cut out for us to get the rest, but the direction is great."

Tweedy contends that while the total number of jobs in Spokane hasn't recovered as fast as the employment statewide, "not all jobs are created equal." He says Spokane's gains in professional employment or other leading industry-related jobs are providing a solid base.

"The jobs we're creating are better paying, and they're not so seasonal and temporary," Tweedy says. "The Seattle area is creating more jobs, but the mix is some are in lower-paying, seasonal-type industries. (In Spokane) we're building a good foundation."

Additional employment gains are expected here in the long term, while layoffs at companies have declined significantly, labor observers say.

Forsyth says he watches two leading indicators that can signal future employment, which are initial claims for unemployment insurance and residential building permits for both counties. Based on those, he expects employment growth to be in the 1 percent to 1.5 percent range for the next 12 to 15 months.

"So far, for the first five months of this year, employment growth looks like it's just over 1 percent, a little bit better than last year, which was .9 percent," Forsyth says.

He adds that potential speed bumps to job growth include impacts from Affordable Care Act health insurance requirements and from a potential rise in interest rates across the economy.

Meanwhile, temporary staffing company Humanix Corp., of Spokane Valley, has had a spike so far this year in employer requests to fill certain positions, says company President Nancy Nelson.

"What we're seeing is definitely an increase in the requests for support positions both from accounting and administrative," she says. "Many of those requests are coming from clients who have not added those positions over the last four or five years."

Nelson says the company's revenue is up about 25 percent from a year ago.

Washington state employment data shows some Spokane County industries with an increase in jobs, such as in manufacturing, up 2 percent in April; professional and business services, up 3.2 percent; and general merchandise stores up 9 percent. While hospital employment in the county declined by about 3 percent, most employment in the health care industry here showed growth.

Tweedy says health care reform reorganization likely is impacting hospital positions, as is a trend toward increased outpatient care. Meanwhile, manufacturing industry hot spots include food manufacturing, metal fabrication, plastics and rubber production, aerospace and chemicals, he adds.

Another labor trend that's back on the radar is an expected rise in the number of retiring employees ages 55 and older as their 401(k) retirement accounts have recouped earlier losses, Tweedy adds.

"It's becoming a hot button for companies to do succession planning, making sure you have adequate labor with adequate skills for the jobs," he says. "We know the retirement age is going up, but some jobs require physical abilities that you lose as you get older."

Mark Mattke, chief executive officer at the Spokane Area Workforce Development Council, says he expects that a number of Spokane-area employers will face this challenge in the next five years, and some already are preparing.

"Succession planning had gotten somewhat serious prior to the recession, and then the recession hit, and everything was put on hold," Mattke says. "The companies retained the longer-term workers who didn't want to leave because their 401(k)s were losing value. Companies needed those valued employees, and there was less attrition."

Now, he expects employee replacement planning to accelerate because the recovery has taken hold, retirement accounts are recovering in value, and job growth is occurring.

Mattke says that certain industries and job categories here are more vulnerable because of the percentage of workers who are age 55 or older. They include Spokane County utility company employees, more than 30 percent of whom are in that age group, he says. He estimates that the manufacturing sector here has 20 percent or so of its workers who are 55 years or older, while transportation-warehousing is closer to 25 percent.

"Health care as well has 22 percent or so of its workers (who are that age), so these are critical industries that are vital to our local economy and are experiencing growth," he says.

Many positions, especially in trade industries, require a four- or five-year lead time for training and on-the-job mentoring before they're fully prepared for job requirements, Mattke says.

He adds, "I think five years is the window we have as a community to do some planning to get the next generation of workers skilled up and into jobs, so these companies can continue to grow and meet their market needs."

Mattke says some strategies include cross-training employees and hiring new workers who arrive with required skills. He says other steps might include offers to experienced employees considering retirement to stay on part time or on a more flexible schedule so those workers can continue sharing knowledge.

"We want to tap into those workers who have this knowledge," he adds. "The communities that figure this out are going to be successful, and those that don't are going to see these companies leave because they won't be competitive to keep their shops open."

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