

WHATCOM COUNTY ECONOMIC OVERVIEW – August 2008

The first decade of the 21st century has been an exciting time for the Whatcom County economy. Since 2002, the average annual county unemployment rate has been below the state unemployment rate. The low jobless rate has attracted more people as the county population growth rate has exceeded the state growth rate by three percentage points since 2000. Job growth in the county has easily outpaced that of the state and the nation as a whole since 2000. Between 2000 and 2007, Whatcom County nonagricultural wage and salary employment grew at an annual rate of 2.8 percent. Compare this annual rate of job growth to that of the state (1.1 percent) and the nation (0.6 percent).

Whatcom County had 84,300 nonfarm jobs in 2007. This represents an increase of 16,100 since 2000. Employment on the services side increased by 14,400 while employment on the goods side increased by 1,700.

Not surprisingly, the three sectors that have exhibited the strongest job growth this decade are all on the services side of the ledger. Since 2000, the fastest growing employment sector has been professional and business services. Between 2000 and 2007, professional and business services employment increased from 5,500 to 7,800 for an average annual growth rate of 4.5 percent.

The second fastest growing employment sector this decade has been financial activities. Financial activities added 800 paychecks between 2000 and 2007, going from 2,400 to 3,200, constituting an average annual growth rate of 4.2 percent.

The third fastest growing industry since 2000 has been leisure and hospitality. This sector added 2,400 jobs between 2000 and 2007, going from 7,600 to 10,000 employees. Most of this growth was a result of the growth of the gaming industry within the county.

On the goods side, the construction sector has experienced strong job growth since 2000 despite attempts by county and city politicians to limit development out of fear of urban sprawl. Since 2000, employment in the construction industry has risen by an average of 3.8 percent per year as the number of jobs in the industry rose from 6,100 to 7,900.

The growth of construction industry employment is a reflection of the growth of the overall economy. The population growth experienced by the county since 2000 increased the demand for housing. The housing permit data reflect this increased demand as single-family residential building permits increased at an annual rate of 14.7 percent between 2001 and 2005. While the recent sluggish housing market has brought annual permit issues back to the 2001 level, construction employment benefited greatly from the population increases which occurred earlier this decade.

While there are manufacturing sectors that have realized relatively large job growth this decade, as a whole, the growth rate of manufacturing jobs has lagged behind most other industries within the county. The average annual rate of job growth in the industry since

2000 was 0.3 percent. While low, this still compares favorably to the average annual growth rate of manufacturing jobs in the state (-1.8 percent).

In 2007, government accounted for almost 19 percent of all employment in the county, eight-tenths of a percentage point above the state average. This reflects the importance of health care and education to the Whatcom County economy. The local government sector job growth rate since 2000 was 3.4 percent on an annual basis as local colleges and health care providers expanded employment in response to the increase in demand for these services that resulted from the increase in population.

Overall, Whatcom County is quickly becoming one of the most vibrant and diverse economies in the state. Cornerstone industries, such as education and health care, have continued to perform well. In addition, new industries have emerged. Included among the emerging industries on the goods side are transportation equipment manufacturing and machinery manufacturing. On the services side, amusements, gambling and recreation has experienced large increases in employment as casinos have sprung up across the county.

Outlook

In the year 2011, the county is projected to have 89,200 jobs, which represents a 1.8 percent annual increase over the 2006 total. The predicted rate of job growth between 2011 and 2016 is 1.3 percent.

Between 2006 and 2011 goods producing employment is predicted to remain unchanged while the service providing sector will realize a 2.2 percent annual gain over the same time frame. On the goods side, a 1.0 percent decrease in jobs on the construction side will be offset by a 0.7 percent increase in jobs on the manufacturing side. On the services side, sectors that have been strong throughout the decade will continue to perform well. Professional and business services employment is expected to grow at an annual rate of 4.6 percent, education and health services employment is expected to increase at an annual rate of 3.5 percent and information employment is expected to increase at a rate of 2.4 percent annually.

In 2016, it is estimated that there will be 95,300 nonfarm jobs in Whatcom County. Of this total, 77,500 will be in the services sectors and 17,800 will be on the goods side. Between 2011 and 2016 service providing employment will experience an annual rate of increase of 1.5 percent while goods producing jobs grow at an annual rate of just over 1.0 percent. On the services side, professional and business services (2.3 percent) and education and health services (2.2 percent) are projected to experience significant annual job growth between 2011 and 2016. On the goods side, construction employment is predicted to increase at an annual rate of 1.5 percent.

Other notes

- There are several reasons to expect tourism to increase through the end of the decade. Those reasons include the relative strength of the Canadian Dollar to the U.S. greenback, the arrival of the 2010 Olympics to Vancouver B.C., and, relative to the price in Canada, cheaper gasoline.
- There is little reason to believe the gaming industry will falter over the next few years. The Silver Reef Casino in Ferndale announced an expansion in the spring of 2008. In addition, employment in the amusements, gambling and recreation industry increased at an average annual rate of 7.6 percent between 2000 and 2006.
- Enrollment at Western Washington University has increased every year since 1989. In the spring of 2008, the university announced a plan to build a new \$18 million dormitory that will house up to 100 students.

POPULATION AND EDUCATION

Since the 1970s, population growth in Whatcom County has outpaced both the state and the nation as a whole. Population growth peaked in the 1990s in Whatcom County as the average annual population growth rate reached 2.8 percent. Since 2000, average annual population growth in the county has slipped to 1.7 percent. Since 2000, state population has increased at an average annual rate of 1.4 percent, while the U.S. population has increased at an annual rate of 1.0 percent over the same time period.

It is predicted that population growth within the county will continue to outpace the state and national rate over the next two decades. Whatcom County is projected to have a population of over 260,000 by the year 2030, an increase of 39 percent over the estimated 2007 population of 188,300.

Age

There is some belief that young people come to Whatcom County for an education and then leave after graduation for better jobs elsewhere. The age distribution of the population of Whatcom County somewhat supports this belief.

In 2007, 19.1 percent of population in Whatcom County was between the ages of 15 and 24. Statewide, 14.4 percent of the population was in this age group in 2007. In Whatcom County, the percentage of people between the ages of 25 and 39 was 18.2 percent in 2007. Statewide, this age cohort was 20.5 percent of the population.

In 2007, 16.6 percent of the Whatcom County population was 60 or older. By 2030, 25.9 percent of the population is predicted to be 60 or older.

Race and Ethnicity

According to the 2006 American Community Survey, the population of Whatcom County is less diverse than the state or the nation. In 2006, 85.0 percent of the county population

was white (less than two-thirds of the U.S. population was white). Those of Hispanic origin, the second largest category, made up 6.1 percent of the county population.

Educational Attainment

In general, the population of Whatcom County is highly educated. According to the 2006 American Community survey, only 11.4 percent of the county population has not graduated high school. This compares well to the national figure of 15.8 percent.

In addition, almost one-third (32.8 percent) of the Whatcom County population hold at least a bachelor's degree. The corresponding percentages for the state (30.1 percent) and the nation (27.2 percent) lag behind.

LABOR FORCE AND UNEMPLOYMENT

The strength of the Whatcom County economy in recent years is somewhat revealed when one looks at the county unemployment rate in comparison to that of the state. From 1990 to 2001, the Whatcom County average annual unemployment rate was never below that of the state. From 2002 to 2007, the county jobless rate was below that of the state every year. In 2007, the county jobless rate was 4.2 percent while the state rate was 4.9 percent.

INDUSTRY EMPLOYMENT BY AGE AND SEX

In the second quarter of 2007:

- Males in Whatcom County occupied 50.3 percent of all jobs
- Females held 49.7 percent of all jobs

Industries in Whatcom County dominated by males included:

- Mining – 91.0 percent
- Construction – 85.0 percent
- Manufacturing – 73.5 percent

Industries dominated by females included:

- Health Care and Social Assistance – 83.6 percent
- Finance and Insurance – 74.6 percent
- Educational Services – 68.1 percent

In Whatcom County, there were two occupations that had an unusually large percentage of female employment when compared to the state. The Information industry was dominated by males at the state level, but females were in the majority in this industry at the county level. Females accounted for only 36.0 percent of employment in this industry

at the state level (64.0 percent male). This industry was 51.6 percent female at the county level (48.4 percent male).

In addition, at the state level, 53.0 percent of those involved in Management of Companies and Enterprises were female (47.0 percent male). This increased to 68.0 percent female in Whatcom County (32.0 percent male).

WAGES AND INCOME

Average Annual Wage

The average annual wage in Whatcom County in 2006 was \$32,612.

Hourly Wages

The Whatcom County median wage rate in 2006 was \$16.22, 15th highest among all counties in the state. Statewide the median wage rate was \$18.65. Leaving out King County, the statewide median wage rate in 2006 was \$16.68.

Personal and Per Capita Income

While there are many benefits to living in Whatcom County, per capita income is not one of them. County per capita income lags behind that of the state and nation. In 2006, per capita personal income in Whatcom County was \$30,688. This was 80.3 percent of the state per capita income (\$38,212) and 83.6 percent of the national per capita income (\$36,714).

Household and Family Income

In 2006, median household income in Whatcom County was \$43,798. The statewide total was \$52,583 and the U.S. amount was \$48,451. According to the 2000 U.S. Census, median household income in 1999 was \$40,005, eleventh highest in the state.

In 2006, 14.9 percent of the county population was below the official poverty line. This was higher than both the state poverty rate of 11.9 percent and the national rate of 13.3 percent. The 2006 county poverty rate is a seven-tenths of a percent increase over the 1999 rate of 14.2 percent.