

Washington labor market update

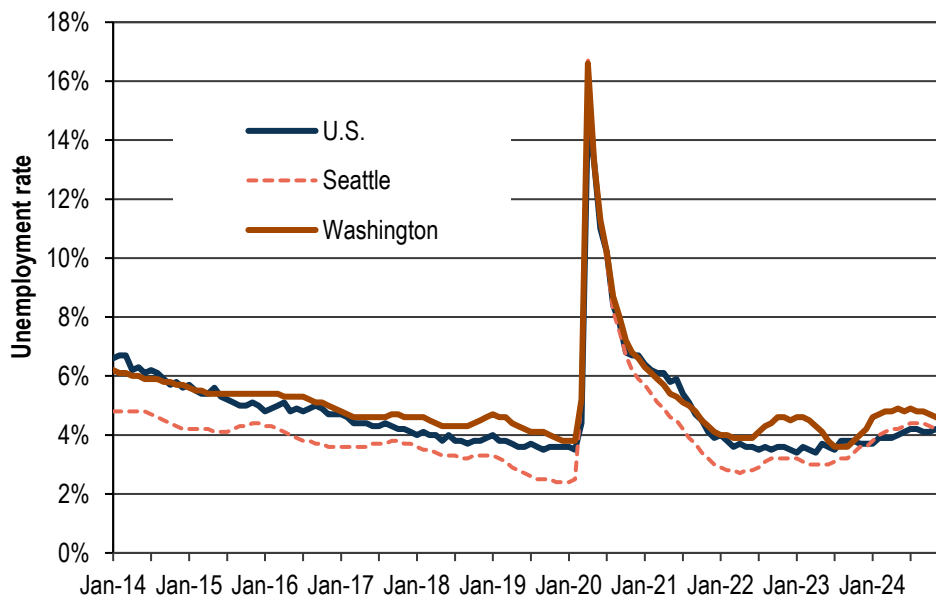
February 2025 Prepared by Anneliese Vance-Sherman, chief labor economist

Current labor market conditions

- The unemployment rate throughout 2024 hovered in the high 4% range. The statewide unemployment rate in December was the lowest of the year at 4.5%
- Nonfarm employment continues to increase despite an interruption during the Boeing Machinists strike in September – October.
- From December 2023 to December 2024, employment increased by 30,600.
- Nearly 20% of Washington’s employed workforce was born outside of the United States. Foreign-born workers contribute to every industry in Washington, especially agriculture, information, professional and business services, transportation, warehousing and utilities, and manufacturing.

The current labor market continues to expand slowly despite recent disruptions. In December 2024, the preliminary seasonally adjusted unemployment rate for Washington was 4.5%. The unemployment rate stayed in the upper 4% range throughout 2024. This reading is the lowest observed rate of the calendar year. The unemployment rate 12 months ago was 4.2%.

Figure 1: Unemployment rate, seasonally adjusted, Washington, January 2014 to December 2024 and the United States, January 2014 to December 2024.



Source: Washington Employment Security Department/LMIR Division, U.S. Bureau of Labor Statistics/Current Population Survey, Local Area Unemployment Statistics

Generally speaking, unemployment rates in the 4 to 5% range are considered favorable. In these conditions there is still fluid labor market movement. Job seekers have a slight upper hand as employers compete for workers but job seekers cannot take employment for granted.

The Economic and Revenue Forecast Council estimates that the unemployment rate will remain in the high 4% - low 5% range for the next few years. The November 2024 forecast estimates that the average annual unemployment rate for Washington will be 4.8% in 2025, rising to 5.0% in 2026 and 2027 before dropping to 4.9% in 2029 and 4.7% in 2029.

The labor force participation rate at the end of 2024 was 63.0%. Labor force participation has been declining slightly in recent months. The labor force participation rate 12 months ago was 64.3%

Unemployment insurance claims

Unemployment claims are an imperfect measure of unemployment, with about one in three unemployed people filing a claim. Initial and continued claims dropped following the tumult of the pandemic. Initial claims dropped below 5,000 per week during the exceptionally tight labor market of 2022, and increased to about 6,000 per week, similar to the claims traffic just before the pandemic. Counts of continued claims has climbed since 2022. The most recent count for the fourth week of 2025 was 6,992.

Figure 4. Washington weekly continued unemployment claims, January 2022-January 2025, seasonally adjusted



Source: Washington Employment Security Department/LMIR Division

Nonfarm employment

A steady pattern of slow employment growth was disrupted in the final quarter of 2024. Generally speaking, 2024 was characterized by continued job growth. Growth has been slowing over the past several months, with monthly net changes periodically reflecting losses, but on balance, Washington’s employment situation continued to improve. The employment report in October was the clear outlier, as it revealed 33,600 job losses. This sudden and steep drop in employment was directly reflective of the labor dispute between the Machinists union and the Boeing Company, and was marked by a recovery of 31,800 jobs in the November report. The preliminary report for December 2024 shows an increase of 11,800 jobs.

Figure 5. Monthly employment change, seasonally adjusted, Washington, September 2022 to October 2024

Total nonfarm	11,800
Construction	4,000
Leisure and hospitality	2,900
Education and Health Services	2,400
Information	1,800
Professional and Business Services	1,500
Wholesale Trade	600
Other Services	300
Financial Activities	100
Mining and logging	100
Transportation, Warehousing and Utilities	100
Government	-200
Retail Trade	-200
Manufacturing	-1,600

Source: Employment Security Department/LMIR Division; U.S. Bureau of Labor Statistics, Current Employment Statistics

From November to December 2024, the largest seasonally adjusted gains were attributable to the construction industry (up 4,000), leisure and hospitality (up 2,900) and education and health services (up 2,400). Three industries (manufacturing, retail trade, and government) lost jobs over the month.

Figure 6. Change in industry employment, not seasonally adjusted, Washington, net employment change from December 2023 to December 2024

Total nonfarm	30,600
Education and health services	19,400
Government	17,600

Transportation, warehousing and utilities	1,800
Professional and business services	1,400
Information	700
Financial activities	0
Mining and logging	0
Leisure and hospitality	-100
Construction	-1,200
Retail trade	-1,300
Other services	-1,400
Manufacturing	-1,600
Wholesale trade	-4,700

Source: Employment Security Department/LMIR; U.S. Bureau of Labor Statistics, Current Employment Statistics

The first several months of pandemic recovery were characterized by job growth that was observable in most industries. Over the past couple years, some industries reached peak levels of employment and began to decline. Over the past 12 months, five major industry sectors experienced net job growth and six experienced net job losses. Education and health services (up 19,400) has been characterized by strong and steady job growth, with the largest gains attributable to ambulatory care (i.e. outpatient health care services). The second largest gains were observed in government (up 17,600), with growth in total state government exceeding gains in federal and local government. The deepest annual losses were observed in wholesale trade, manufacturing and other services.

Spotlight on industries with high proportions of immigrant labor

Recent policy developments at the federal level have called for increased enforcement of immigration laws. It is well known that some industries have a higher proportion of immigrant labor than others. A recent report published by Moody's Analytics states "A number of industries that rely on immigrant labor will be disrupted, including manufacturing, transportation and distribution, retailing, leisure and hospitality, and child and elder care. The agriculture and food processing industries will be especially affected."

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The following section identifies the estimated portion of native vs. foreign born workers in Washington's industry sectors. It is worth noting that foreign born workers, both citizens and non-citizens make up a large portion of several key industry sectors in Washington.

Figure 7: Estimated proportion of workforce that is native versus foreign born in Washington by industry sector

Measure	Native	Foreign-born	Foreign-born; Naturalized citizen	Foreign-born; Not a U.S. citizen
Total industry employment for the civilian population 16 years and over	3,038,871	742,461	356,386	386,075
Agriculture, forestry, fishing and hunting, and mining	51.4%	48.7%	7.5%	40.8%
Construction	82.6%	18.0%	5.4%	12.5%
Manufacturing	79.5%	20.3%	12.3%	8.0%
Wholesale trade	83.9%	17.9%	8.6%	9.8%
Retail trade	81.8%	17.9%	8.1%	9.9%
Transportation, warehousing and utilities	79.0%	20.7%	11.9%	9.0%
Information	70.7%	27.5%	10.2%	17.2%
Financial Activities	86.4%	14.1%	8.7%	5.2%
Professional and business services	73.7%	26.0%	10.3%	15.7%
Educational and health services	83.4%	16.9%	10.8%	6.1%
Leisure and hospitality	81.3%	18.2%	7.4%	10.8%
Other services	82.2%	17.4%	9.0%	8.4%
Public administration	90.0%	9.4%	7.2%	2.0%

Source: Employment Security Department/LMIR Division; Author calculations from the U.S. Census Bureau, American Community Survey.

According to the U.S. Census Bureau, approximately 742,461 (19.6%) of the civilian employed population age 16 years and over in Washington state were born outside of the United States

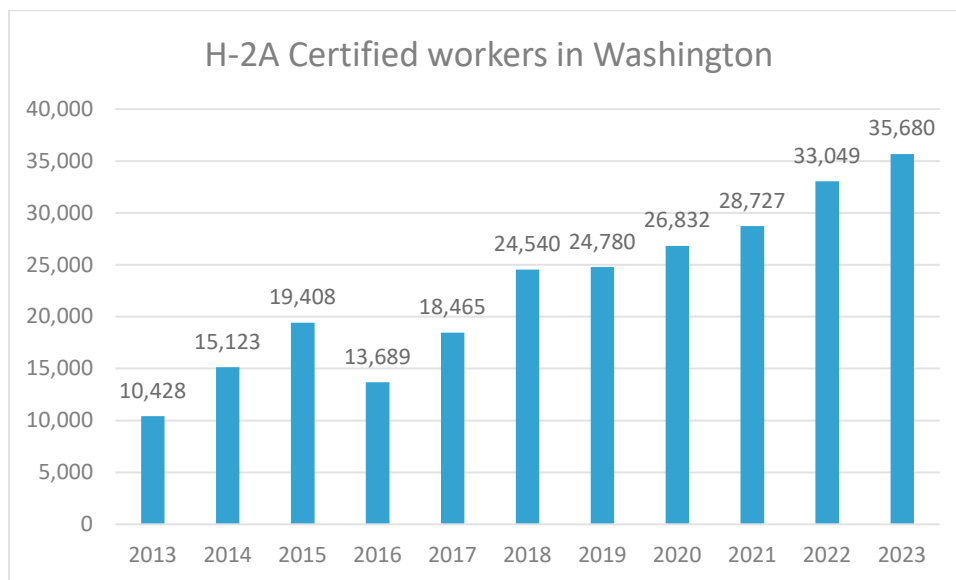
in the five-year period of 2019-2023. Within that estimate, approximately 9.4% were naturalized citizens and 10.2% were not U.S. citizens. Foreign-born workers – both citizens and non-citizens contributed to every major industry sector in Washington during this time period.

From an industry perspective, A handful of sectors stand out as having high relative proportion of foreign-born workers. Notably, agriculture for which 48.7% of the workforce was foreign born (and 40.8% of the workforce was made up of non-citizens). Other Washington industry sectors with a high proportion of foreign-born workers included information (27.5%), professional and business services (26.0%), transportation warehousing and utilities (20.7%), manufacturing (20.3%), leisure and hospitality (18.2%) and construction (18.0%).

From the perspective of the workforce, the largest estimated number of foreign-born workers could be found in the large and diverse industry sectors of professional and business services (19.2% of foreign-born workers are found in this set of industries) and educational and health services (accounting for 18.4% of jobs for foreign-born workers).

Foreign-born workers in the U.S. enter through different programs. One of the prevalent programs for guest workers in the immigrant-heavy agriculture sector is the H-2A Temporary Agricultural Workers program. Agricultural employers can access foreign workers through the program in the event of labor shortages. Participation in the H-2A program has increased over the years. Since 2013, the number of workers has increased more than 240%. In 2023, Washington state hosted 35,680 certified workers.

Figure 7: Washington state H-2A Certified Workers, 2013 – 2023



Source: Employment Security Department/LMIR Division; U.S. Department of Labor