

URBAN

versus

RURAL

Rural recovery lags urban

November 2017

Washington's employment levels have reached all-time highs with statewide unemployment at 4.5 percent as of June 2017. Much of the current economic expansion is being driven by job growth in the state's major urban centers. While most of rural Washington saw faster job growth than the U.S. average, a few rural counties still have fewer jobs today than they did five years ago. Twenty-one percent of Washington's counties have yet to recover the jobs lost from the Great Recession – all of them rural counties.

- Nationally, the recession lasted from December 2007 to June 2009, but recovery continues today in many rural counties.
- After seven years of uneven economic recovery, 8 out of 39 counties in Washington remain below 2012 employment levels.
- Rural areas have higher unemployment rates than urban areas which leaves them more vulnerable to economic shocks and recessions.
- The Great Recession was worse in many rural counties than in urban counties in Washington.

Why is the pace of recovery slower in rural Washington?

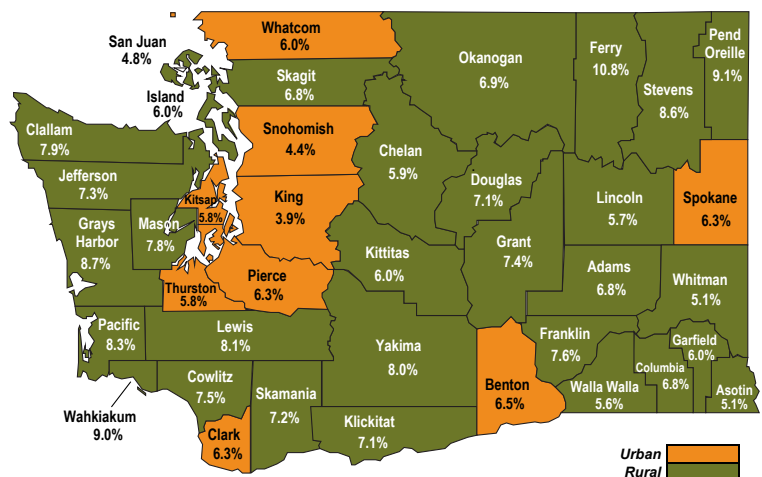
A variety of factors have led to a slower recovery in rural Washington. Less industry diversity in the rural economy increases exposure to prolonged periods of recession. The rural population and workforce are also aging more quickly than in urban areas, with those over the age of 55 making up a larger share of the overall workforce as compared to urban areas, 25.5 percent in rural areas versus 21.5 percent in urban areas in 2016.

Defining rural and urban

There are different definitions on what is considered rural. For the purpose of this analysis, counties in Washington state were broken out by rural or urban, with a rural county defined as a county with a population density of less than 100 people per square mile, or a county smaller than 225 square miles (defined under RCW 82.14.370). Using this definition, there are 30 rural and 9 urban counties in Washington state as of 2016.

Unemployment rate: Rural counties in Washington have historically had higher unemployment rates than urban counties. The average unemployment rate for urban counties between 2012 and 2016 was 6.0 percent; compared to an 8.2 percent unemployment for rural counties over the same time-period. The gap between the unemployment rate of urban and rural counties has remained relatively the same between 2012 and 2016. Figure 1 shows rural and urban counties and the differences in annual unemployment rates for 2016.

Figure 1: Urban versus rural counties* and 2016 annual average unemployment rates, not seasonally adjusted Washington state, 2016
Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics



Note: *Rural counties defined under RCW 82.14.370

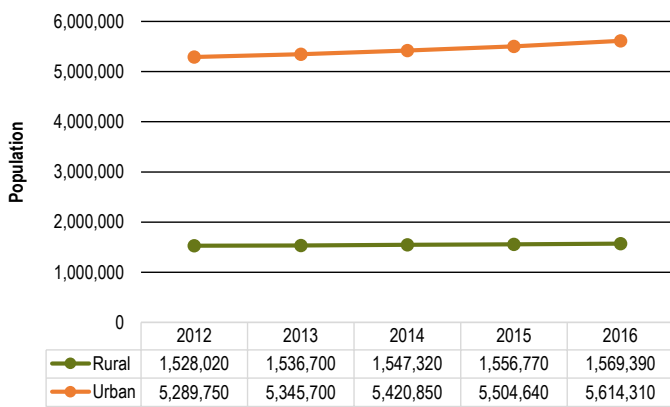


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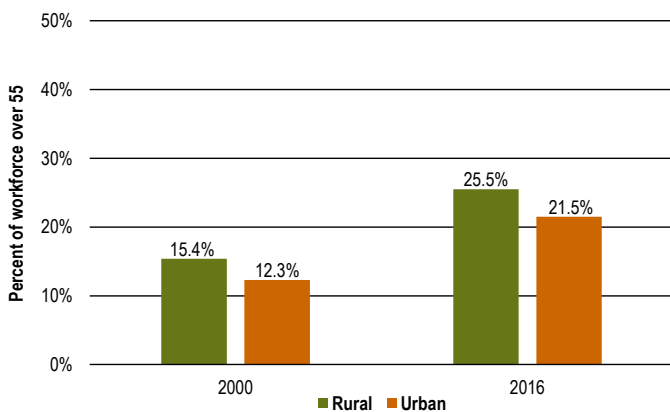
Population: Washington's rural counties are growing at a much slower pace than in urban counties. Overall population growth in rural counties over the last five years (2012-2016) averaged 0.7 percent, compared to 1.5 percent annualized growth in urban counties. **Figure 2** shows the population change between urban and rural counties in Washington state. The low rate of population growth in rural counties is partly due to the loss of jobs during the recession, which aided in more people seeking employment or educational opportunities in urban counties. Dealing with aging populations and the need to replace many workers reaching retirement are major challenges for some of the rural counties.

Figure 2: Urban versus rural population Washington state, 2012 through 2016
Source: Office of Financial Management



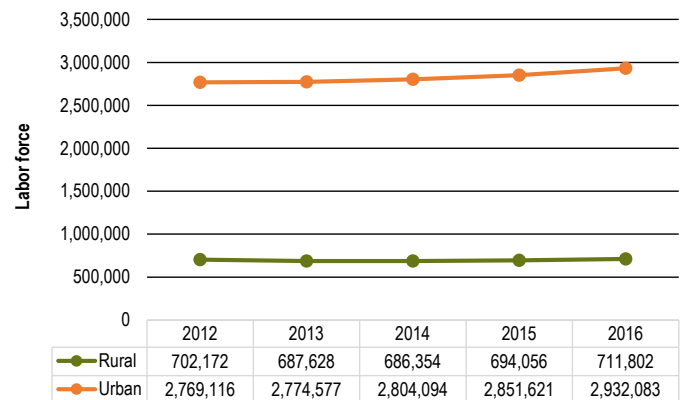
As shown in **Figure 3**, both urban and rural counties experienced an aging workforce. In 2000, only 15.4 percent of the workforce in Washington's rural counties was 55 or older. That share has increased to 25.5 percent of the workforce in 2016. There are more than 72,000 additional workers age 55 and older in rural counties in 2016 than in 2000. In urban counties, in 2000, 12.3 percent of the workforce was 55 years or older compared to 21.5 percent in 2016.

Figure 3: Urban versus rural workforce over 55 years of age, Washington state, 2000 versus 2016
Source: U.S. Census Bureau; Local Household Employment Dynamics



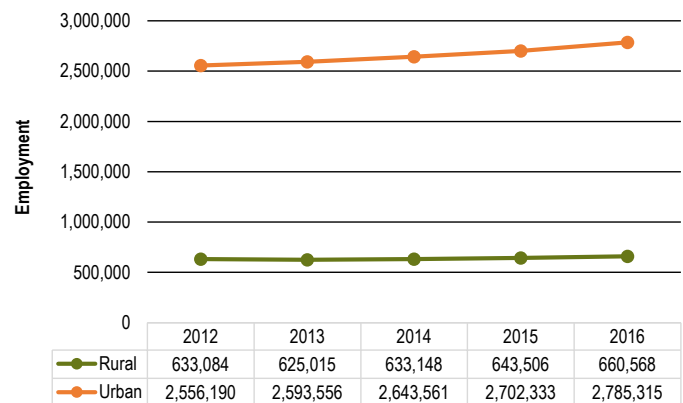
Labor force: The labor force trends mirrored the population trends. Annualized labor force growth in rural areas was 0.3 percent between 2012 and 2016 as compared to 1.4 percent growth in urban areas. **Figure 4** shows the labor force change between rural and urban counties between 2012 and 2016.

Figure 4: Urban versus rural labor force Washington state, 2012 through 2016
Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics



Employment: Rural counties accounted for 19.2 percent of Washington's jobs in 2016. Rural counties make up a smaller share of overall employment in 2016 than in 2012, 19.2 percent in 2016, versus 19.9 percent in 2012. As shown in **Figure 5** between 2012-2016, Washington's employment growth in urban counties was nearly double the employment growth that occurred in rural counties over the same time-period – 2.2 percent versus 1.1 percent.

Figure 5: Urban versus rural employment Washington state, 2012 through 2016
Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

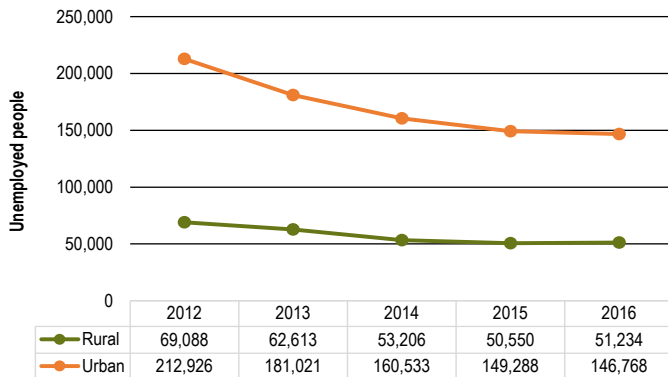


Unemployment: The change in the number of unemployed people between 2012 and 2016 in rural and urban counties was similar, with the number of unemployed people in urban counties declining slightly faster than the number of unemployed in rural counties (-8.9 percent versus -7.2 percent respectively).

As shown in **Figure 6**, urban counties experienced a much larger decline in the number of unemployed between 2012 and 2013, but have since followed a similar pattern as rural counties.

Figure 6: Urban versus rural unemployment
Washington state, 2012 through 2016

Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics



Median hourly wages: Rural counties in Washington have historically had lower median hourly wage rates than urban counties. **Figure 7** shows median hourly wage rates in rural counties have been on average \$7.18 lower between 2011 and 2016 than in urban counties. Rural areas of Washington have a larger share of agriculture and resource based economies, which typically pay lower wage rates.

Figure 7: Urban versus rural median hourly wage rates, inflation adjusted
Washington state, 2011 through 2016

Source: Employment Security Dept./WITS

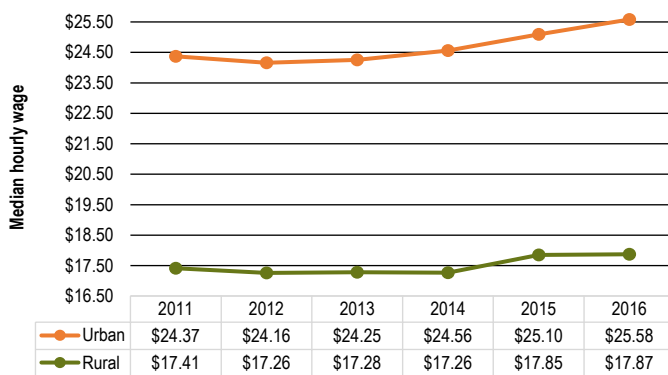


Figure 8: Ratio of UI claimants to number of total job postings*

Washington state, 2016

Source: Employment Security Department/WITS; Help Wanted OnLine®, Unemployment Insurance Wage File

Category	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Annual Average
Rural	2.14	1.49	1.34	1.08	0.78	0.58	0.68	0.61	0.54	0.67	0.99	1.45	0.96
Urban	0.56	0.44	0.42	0.36	0.31	0.28	0.29	0.27	0.28	0.29	0.31	0.39	0.34

*Ratios depict the number of UI claimants receiving benefits during the month compared to the number of open online job postings – 2.00 means there are twice as many claimants as openings, 0.50 means there were twice as many openings as claimants. Local area and occupational-specific details of supply and demand are available in the following online tool at: <https://esd.wa.gov/labormarketinfo/supply-demand-report>.



Supply/demand: In our monthly supply/demand report, the Employment Security Department (ESD) compares the number of job seekers to job openings. In the case of job seekers, we consider all unemployment insurance (UI) claimants as the supply. Employer demand is estimated by counting all online job postings. While neither of these data sources are perfect, in concert they provide an illustration of the number of available jobs to the number of job seekers.

Rural counties in Washington maintain a higher number of job seekers compared to job openings than urban counties. This means there are more people looking for work than there are available jobs. In 2016, rural counties had more job seekers than job openings in five out of the twelve months and the rural supply/demand annual average were more than double that of urban areas. **Figure 8** shows rural versus urban ratios of claimants to job postings followed by the annual average.

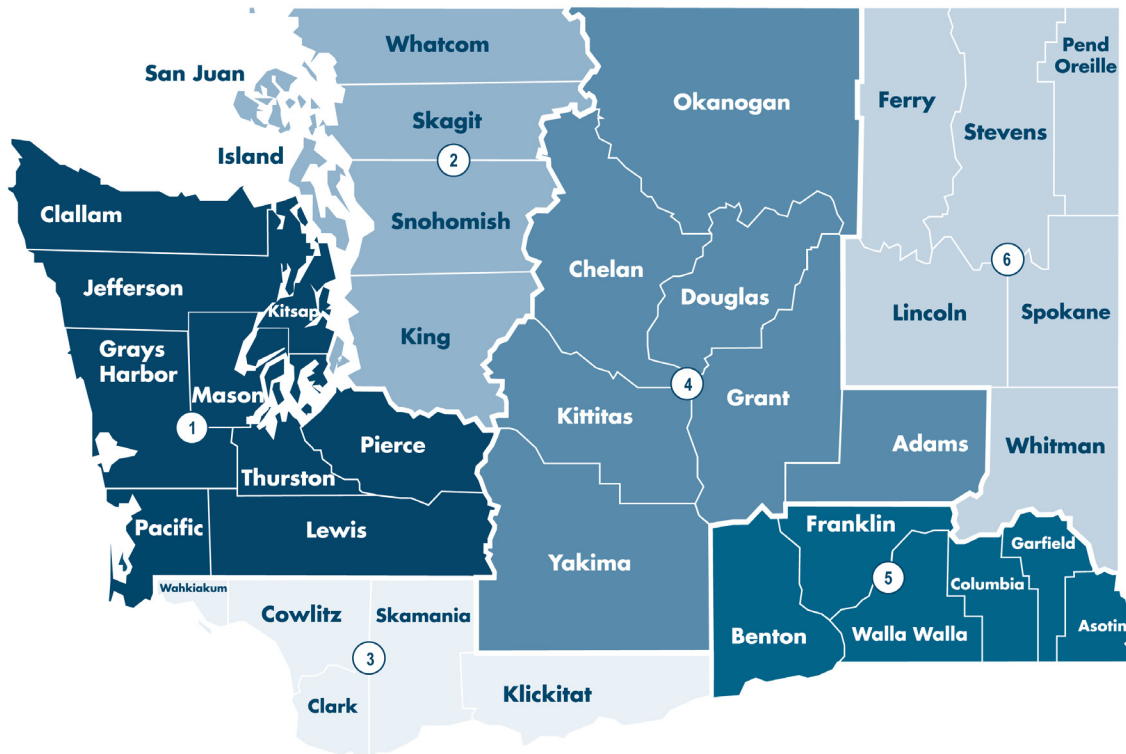
Median home prices: In Washington state, median home prices in urban areas are higher than home prices in rural areas. King County led all urban areas in median home price growth between 2012 and 2016 with a median home price of \$566,200 in 2016. County specific housing information is available at: <http://realestate.washington.edu/research/wcrer/reports/>.

While the pattern of rising home prices in Washington certainly differs by county, the overall trend does appear to signal a growing preference for urban living. As shown in **Figure 9**, growth in the median home prices in urban areas have outpaced that of rural areas between 2012 and 2016. In 2016, the median home price in urban areas of Washington state was over \$95,000 higher than in rural areas.

Figure 9: Urban versus rural Median home prices Washington state, 2012 through 2016
Source: Washington Center for Real Estate Research

Category	2012	2013	2014	2015	2016
Urban	\$231,656	\$250,689	\$263,644	\$284,856	\$314,200
Rural	\$173,310	\$180,250	\$183,977	\$200,913	\$219,047

Reporting areas:



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