

Washington labor market update

Fourth quarter 2025

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Current labor market conditions

- The statewide unemployment rate increased from 4.5% in September to 4.6% in November and 4.7% in December 2025. Because data could not be collected during 43-day federal government shutdown October labor force estimates are not available.
- Washington employers collectively added 6,200 jobs during the fourth quarter of 2025 and shed 6,600 jobs over the year. Employment growth effectively stalled throughout 2025.
- Education and health services added the most jobs over the quarter and over the year.
- Labor turnover in Washington decreased in 2025.

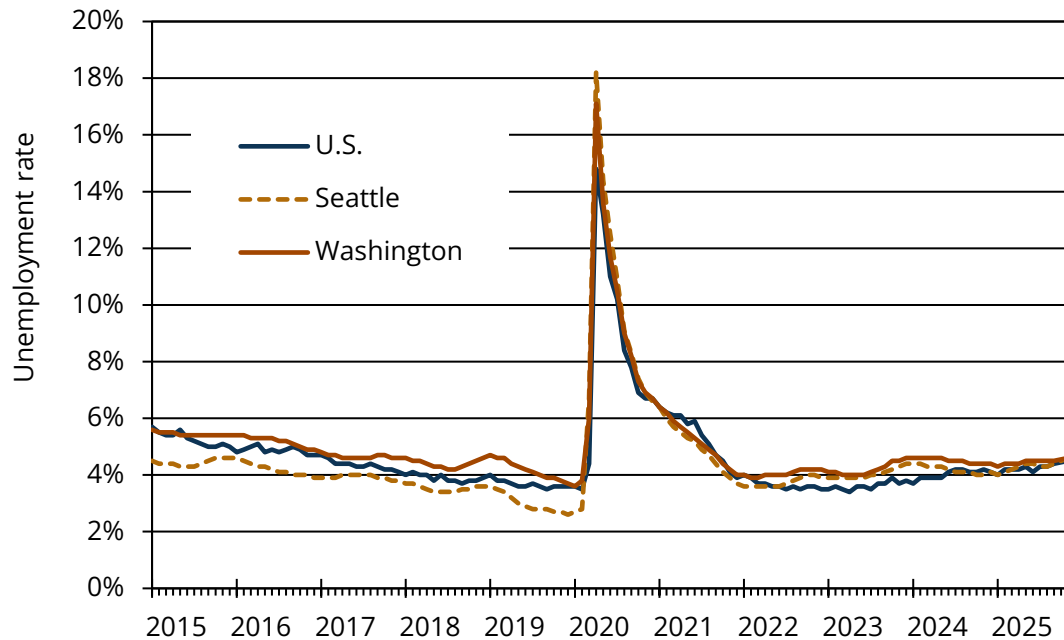
Changes over time

- It is likely that post-pandemic job recovery and growth reached its cyclical limit in 2025.
- Both payroll counts and labor force statistics became less dynamic over the past couple years.
- Job growth slowed, and the size of the labor force and unemployment rates stabilized. Year-over-year employment levels have hovered at or below one percentage point difference every month since September 2024.
- The unemployment rate increased from 4.3% in January to 4.7% in December 2025.
 - 4.3% in January
 - 4.4% from February to April
 - 4.5% from May to September
 - No data for October
 - 4.6% in November
 - 4.7% in December

Looking ahead, the Economic and Revenue Forecast Council revised its 2026 employment expectations in the February update up from the November forecast, noting that job growth had improved. Employment in December was 23,100 higher than assumed in the forecast.

Unemployment rate

Figure 1: Unemployment rate, seasonally adjusted, Washington, January 2015 to December 2025 and the United States, January 2015 to December 2025



Source: Washington Employment Security Department/LMIR Division, U.S. Bureau of Labor Statistics/Current Population Survey, Local Area Unemployment Statistics. [Download the latest unemployment data on our website.](#)

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.

Keep in mind, the rate doesn't include certain factors. The calculation of local and state unemployment rates does not account for differences by industry or other factors that play into individual experiences of unemployment and labor force participation.

The Economic and Revenue Forecast Council (ERFC) publishes four forecasts per year with monthly updates. The November forecast expects that the unemployment rate will remain in the mid- to high-4% range for the next few years.

The November forecast's average annual unemployment rate estimates for Washington are 4.41% in 2025, rising to 4.66% in 2026 and 4.99% in 2027 before dropping to 4.97% in 2028 and 4.79% in 2029. The revised unemployment rate projections are higher than those presented in the September forecast.

Increased unemployment rates in quarter four may lead to upward revisions next forecast.

Labor force

The labor force participation rate in December 2025 was estimated at 62.5%. Labor force participation had been declining since 2023 but expanded in the final quarter of 2025. The labor force participation rate increased from 62.1% in September 2025 to 62.5% in December 2025.

Unemployment insurance claims

Unemployment claims are an imperfect measure of unemployment, with about one in three unemployed individuals filing a claim.

- Initial and continued claims dropped following the pandemic.
- Initial claims fell below 5,000 per week during 2022's exceptionally tight labor market.
- Initial claims increased to about 6,000 per week starting in 2023. That is comparable to claims traffic just before the pandemic.

Initial claims

Initial claims are the point of first contact with the unemployment insurance social safety net and each week's data is aggregated and counted. So, claims data is usable as an early indicator of layoff activity. The average pattern of initial claims activity has picked up in the last couple years. Though, it remains low by historic standards.

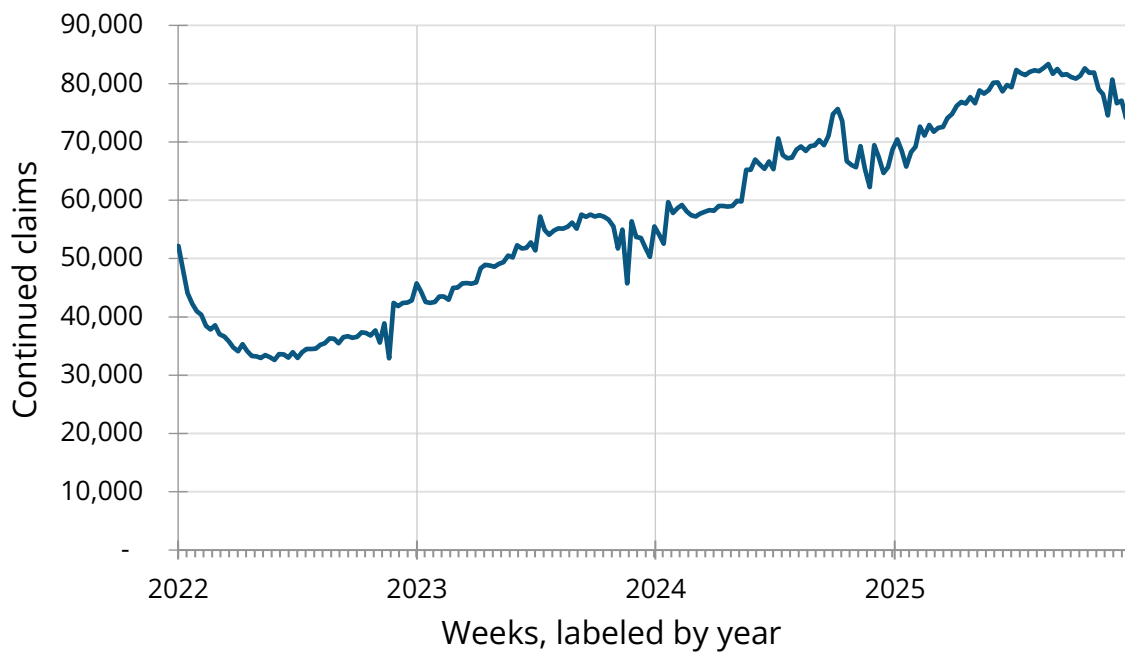
Continued claims

Counts of continued claims have climbed since 2022. The final count of 2025 was 82,131 (seasonally adjusted).

Unlike initial claims, the value of continued claims is not a leading indicator. Continued claims count individuals collecting unemployment insurance payments every week.

The increasing trend tells us more people are unemployed specifically because their previous employer laid them off. This suggests the average length of time spent searching for work may be on the rise.

Figure 2: Washington weekly continued unemployment claims, January 2022 - December 2025 seasonally adjusted

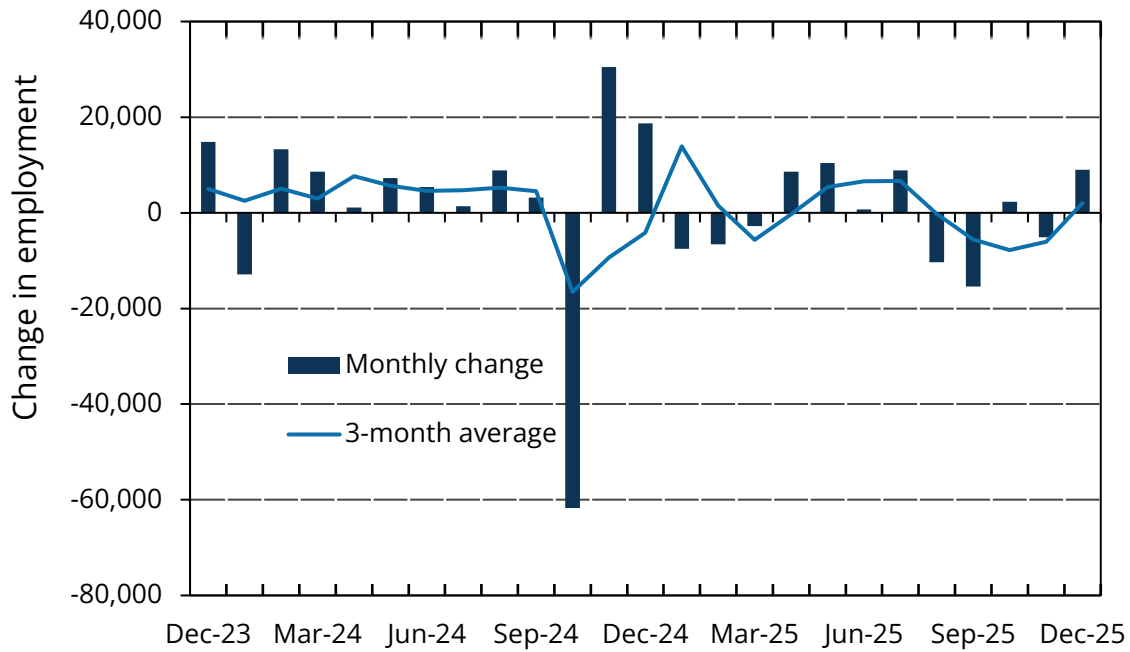


Source: Washington Employment Security Department/LMIR Division

Nonfarm employment

- Rapid employment recovery characterized the immediate aftermath of the Covid-19 pandemic recession. Growth over the past three years slowed to a virtual halt. By December 2023, employment growth was 1.5% above the December 2022. December 2024 was 0.6% above the previous year, and December 2025 was 0.2% below the level observed in December 2024.
- 2025 was characterized by a mix of monthly job gains and losses as the labor economy effectively stalled. One month job losses (seasonally adjusted) were observed in January, February, March, August, September, and November. The remaining 6 months were characterized by job growth.
- In all, total nonfarm employment decreased by 6,200 over the fourth quarter of 2025 and by decreased by 6,600 (0.2%) over the past 12 months.
 - October 2025 (revised) up 2,300
 - November 2025 (revised) down 5,100
 - December 2025 (preliminary) up 9,000

Figure 3: Monthly employment change, seasonally adjusted, December 2023 to December 2025



Source: Employment Security Department/LMIR Division; U.S. Bureau of Labor Statistics, Current Employment Statistics. [Download the latest unemployment data on our website.](#)

In the fourth quarter of 2025, employers in seven major industry sectors collectively added jobs and five industry sectors lost net employment.

The largest three-month gains were attributable to hiring in private education and health services, information, and transportation and warehousing. The industry sectors reporting the deepest three-month losses were government, construction, and leisure and hospitality.

Figure 4: Quarterly employment change, seasonally adjusted, Washington, September to December 2025

Industry	Employment change
Total nonfarm	6,200
Private education and health services	7,300
Information	3,700
Transportation and Warehousing	1,100
Retail trade	500
Professional and business services	400
Financial activities	200
Wholesale Trade	200
Mining and logging	0
Other services	-300
Manufacturing	-600
Leisure and hospitality	-900
Construction	-1,500
Government	-3,900

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

Over the past few years, some industries reached peak levels of employment following the pandemic recession and began to decline.

Over the past 12 months, five major industry sectors experienced net job growth and eight experienced net job losses.

- Education and health services has had strong and consistent employment growth. The largest gains were found in health care services. The most pronounced of those were in ambulatory care services (i.e., outpatient health care) and nursing and residential care facilities.
- Gains in retail trade were most pronounced in other retail trade and among food and beverage retailers.
- The deepest annual losses were in professional and business services and government. Significant losses in professional and business services were concentrated in

administrative and support services including employment services. Professional, scientific and technical services added jobs over the year.

- Federal and state government employment fell over the year, however local government employment expanded. Losses were concentrated in federal employment and among state educational institutions.

The Economic and Revenue Forecast council forecasted for November was more-or-less unchanged from September. Washington employment has 0.7% projected growth in 2025. This is unchanged relative to the previous forecast. Projected employment growth in 2026 is expected to be 0.0% and employment in 2027 will increase by 0.3%.

Figure 5: Change in industry employment, not seasonally adjusted, Washington, net employment change from December 2024 to December 2025

Industry	Employment change
Total nonfarm	-6,600
Education and health services	17,800
Retail trade	2,700
Other services	1,500
Transportation, warehousing and utilities	1,200
Financial activities	1,200
Mining and logging	-100
Information	-700
Leisure and hospitality	-800
Wholesale trade	-3,300
Construction	-4,700
Manufacturing	-6,400
Government	-7,200
Professional and business services	-7,800

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

Spotlight on labor turnover

December 2025 marks the last month for which Job Openings and Labor Turnover Survey (JOLTS) data will be released at a state level with a monthly cadence. Starting in 2026, state JOLTS will be published as an annual series.

Turnover measures caught national attention during the 2020 pandemic, as turnover surged in the aftermath of the initial shock. In the past couple years, the labor market has cooled, and turnover has also settled.

Washington had 121,000 job openings in 2025, compared to 118,000 openings in November. Job openings have been declining over time. The estimated number of openings in December 2024 was 169,000.

Hiring picked up over the month. Washington employers added 129,000 new employees to their payrolls in December, compared to 106,000 in November. New hires were higher in December 2024 (137,000).

Figure 6: Labor Turnover, seasonally adjusted, Washington, Dec. 2024 and Dec. 2025

Employment	Dec. 2024	Dec. 2025	One year change
Hires	137,000	129,000	-5.8%
Separations	104,000	103,000	-1.0%
Job openings	169,000	121,000	-28.4%
Ratio of unemployed persons per job opening	0.9	1.1	22.2%

Source: Bureau of Labor Statistics; Job Openings and Labor Turnover Survey

Total separations in Washington were lower than total new hires in December, which tracks with an overall favorable report in December. There were 103,000 total separations, down slightly from 104,000 over the month and down slightly from 104,000 over the year. Separations have been relatively steady over the past couple years.

Separations data can be broken into three classifications: layoffs and discharges (also referred to as involuntary separations) and voluntary quits. The third (other) is relatively small. High levels of quits tend to track with job openings and opportunities. Similarly to job openings data, the number of voluntary quits has been dropping. The estimated number of quits in December was 61,000; down slightly from 62,000 reported in November and down from 68,000 reported in December 2024. Layoffs and discharges have been increasing over time, although it is worth noting that voluntary quits still outnumber involuntary layoffs. BLS reported 35,000 layoffs and

discharges in December. This is up from 32,000 in November and up from 30,000 in December 2024.

Figure 7: Separations by type, seasonally adjusted, Washington, December 2024 and December 2025

Separation type	Dec. 2024	Dec. 2025	One year change
Layoffs and discharges	30,000	35,000	16.7%
Quits	68,000	61,000	-10.3%
All other separations*	6,000	7,000	16.7%

Source: Bureau of Labor Statistics; Job Openings and Labor Turnover Survey

Note: "All other separations" were calculated within the Washington Employment Security Department as the difference between the total separations and those accounted for in the other categories.