Job growth likely to slow in ’06

By Emily Brandler

Job growth in Spokane County is expected to slow to a normal rate in 2006 after advancing at an unexpectedly rapid pace this year, experts here say.

Preliminary results show roughly 210,000 people were employed in Spokane County in November, up from about 205,000 in the year-earlier month. Job growth in 2005 has been running at close to 3 percent at times, but forecasters anticipate that will slow to around 2 percent next year, which is the area’s historical rate of growth.

“I’m expecting job growth levels to fall back down to earth here,” says Grant Forsyth, professor of economics at Eastern Washington University. “It will still be a relatively good year, but probably not as robust as we had in 2005.”

In September, the unemployment rate in Spokane County was at a five-year low of 5.1 percent, and Forsyth expects it will stay under 6 percent next year.

“That’s still pretty good times for us,” he says.

Job growth in the agricultural industry might take a hit in 2006 as more migrant workers choose to work in the construction industry, Forsyth says. Also, construction-related employment won’t be as strong if interest rates spike next year, Forsyth says. He’s uncertain whether manufacturing, which rebounded somewhat in 2005, likely will perform as strongly in 2006.

Jeff Zahir, a Spokane-based regional labor economist with the Washington state Employment Security Department, expects that job growth next year will occur mostly in health sciences, education, and financial services, because Spokane is a regional leader in those sectors.

National factors, however, likely will have a negative impact on the economic climate here in 2006, he says. Inflation, rising interest rates, the trade deficit, and the budget deficit could sharply hinder job growth in the Spokane area, even though the local economy has been strong, Zahir says.

“There are national issues that affect us more than anything we could do locally to drum up more jobs,” Zahir says. “2006 holds so many straws on the camel’s back that I can’t help but think something is going to break through to us.”

Despite expectations that the area will ease down toward the historical average of job growth, in a recent survey by the local office of Manpower Inc. 87 percent of the Spokane-area employers interviewed said they planned to hire more employees or maintain their current staffing levels in the first quarter of 2006. Another 10
percent were unsure about their hiring plans.

“This is the highest first-quarter result I’ve seen in 10 years,” says Tom Droz, manager of the local Manpower office. “It looks like there’s going to be more business in the future, but the trick is going to be to find it.”

Droz says demand for workers in professional services is growing sharply. Also, he expects higher demand for employees at call centers and in customer-service positions in 2006, and says more people will need to be retrained to fill holes in the work force.

“The survey shows there’s a significant amount of optimism and uncertainty,” Droz says. “It looks like we could be on the edge, but if people are having a positive outlook, it’s always good news.”

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