Manpower Employment Report

> "The September employment report was even better than expected, as the regional economy looks to be picking up speed toward the end of 2015. We saw a disappointing national jobs report released earlier this month, but it was just the opposite in San Diego, with outstanding job growth driven by our construction, manufacturing, and technology sectors."

Phil Blair, Executive Officer
Manpower San Diego

The California Employment Development Department (EDD) released statewide county employment data today for the September 2015 period. This month's data shows that after another a weak U.S. jobs report released earlier this month, San Diego showed more strong signs of growth led by important traded sectors and sectors with high-wage jobs.

The unemployment rate fell to 4.6 percent in September, which is the lowest it has been since June 2007. The rate is 1.5 points lower than the previous year and 0.5 points lower than the previous month. The California and U.S. average rates also fell to 5.5 and 4.9 percent, respectively, but San Diego remained lower than the state and national averages.

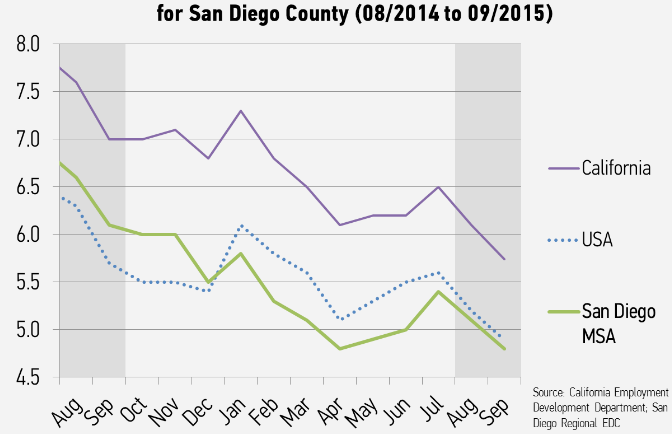
San Diego's rate fell both due to a large drop in persons who identified as unemployed, as well as a small seasonal drop in the labor force—similar to the trend from July to August, but more dramatic. More importantly though, the labor force is up by 22,300 people from September 2014 and unemployment is down 21,900 people over that same period—all amid solid and increasing employment growth.

Just like last month, we should note that non-seasonally adjusted employment data for the summer-to-fall months is almost always filled with wild swings in the labor force, and in turn, the unemployment rate will experience big swings. This is largely due to thousands high school and college students entering the labor force in May and June, then leaving again in August and September as they return to school. Similarly, education workers who do not work in the summer are not counted in the labor force during those months, and we see a 4,000-5,000 job spike in employment once they return in September. Therefore, summer swings from month-to-month should be taken with a grain of salt, while the focus should instead be on how the labor force and unemployment rate are performing differently from the year prior. In this case, we again saw strong annual figures, indicating a healthy unemployment rate.

HIGHLIGHTS

- **EMPLOYMENT** grew by **46,900 jobs** or 3.5 percent from the previous year.
- **UNEMPLOYMENT** fell to 4.6 percent, **the lowest since June 2007.**
- **PRIVATE SECTOR** employment grew by **3.8 percent** from September 2014.
- **GOODS-PRODUCERS** grew by **17.3 percent** from September 2014 to September 2015.
- **TRADED ECONOMIES** sectors **drove majority of the annual job growth**.

Monthly Unemployment (Not Seasonally Adjusted) for San Diego County (08/2014 to 09/2015)



San Diego Regional Economic Development Corporation
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On that note, the region's economy continued to steadily grow well-above three percent, despite another disappointing national report. San Diego's total nonfarm employment grew by 3.5 percent year-over-year, adding 46,900 jobs from September 2014 to September 2015. San Diego's growth rate was again much higher than the 2.1 percent national rate. The San Diego region is still expected to average 3.1 percent annual growth in 2015, compared to only 2.3 percent in 2014.

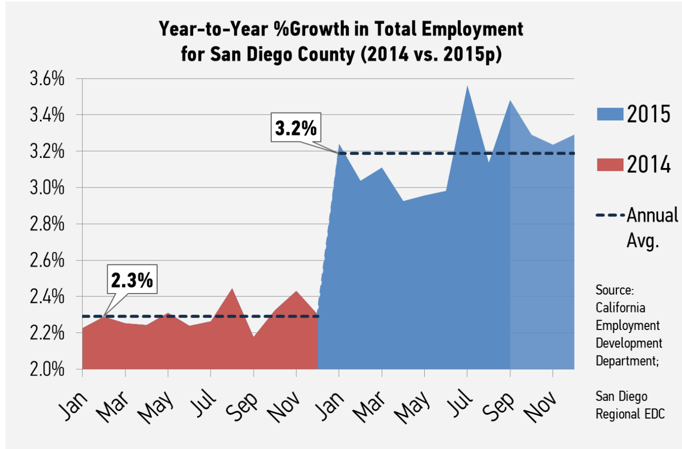
Year-over-year private sector growth continues to be outstanding, as private employment drove 91.5 percent of all employment growth. The total private sector grew by 3.8 percent, out-pacing the private U.S. growth rate of 2.4 percent. More than three-quarters of all year-over-year private job growth in San Diego came from four key sectors: construction, tourism, healthcare, and professional, scientific and technical services (PST).

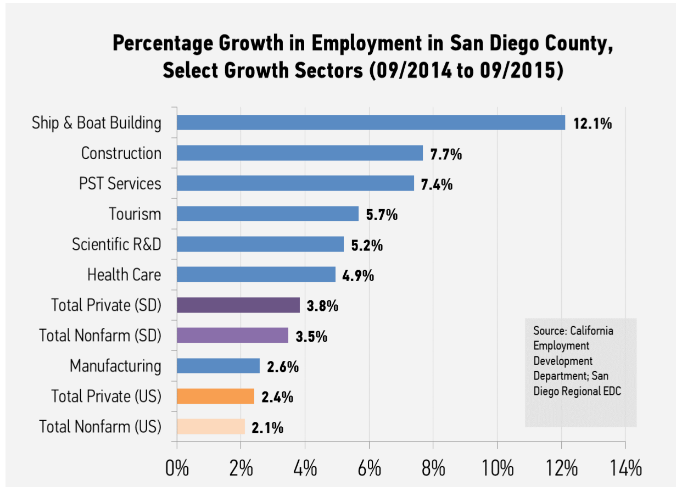
PST services, which is strongly associated with the region's innovation economy, grew by 7.4 percent and was one of the highest growth industries in the region.

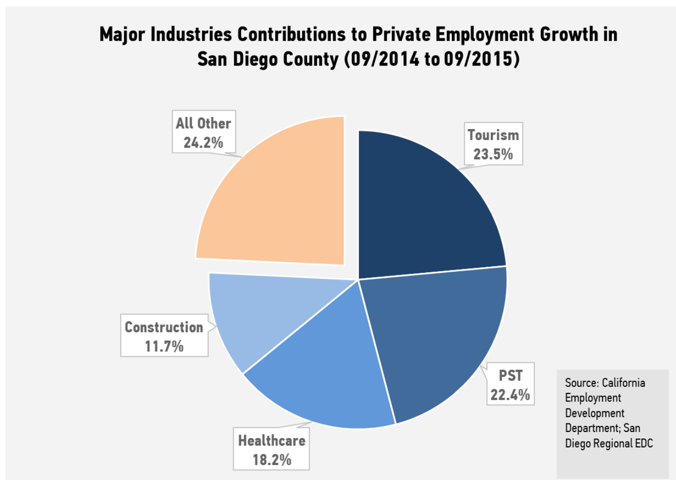
Growth in goods-producing industries picked back up in September, accounting for 17.5 percent of all private job growth. From September 2014 to September 2015, the manufacturing industry added 2,500 jobs and grew by 2.6 percent, which is higher than recent months. The ship and boat building industry continued to grow at an outstanding rate. Meanwhile, the construction industry added 5,000 jobs and grew by 7.7 percent. This is usually a period when goods-producers experience seasonal August to September declines, but in this month's report, we actually saw seasonal growth in goods-producing industries--a good sign for the economy.

Other key drivers for growth included the region's healthcare sector, which added 7,800 jobs and accounted for approximately 18.2 percent of the region's private job growth. After signs of slowing last month, tourism industry growth picked back up, adding 10,100 jobs and accounting for 23.5 percent of the region's growth. Tourism growth was driven largely by bars and restaurants, which added 8,200 jobs since last September.

Given another sluggish national jobs report, the September employment report again defied national trends and showed very strong signs of a healthy economy. Employment growth picked up and the unemployment rate is the lowest it has been in more than seven years. Moreover, 21,900 fewer San Diegans are unemployed than they were in September of 2014 and 22,300 more have entered the labor force. Important goods-producing sectors like manufacturing and construction are growing at high and steady rates, which is a great sign for the region's economy. As we enter the final quarter of 2015, the region appears to be in great shape to close the year.







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