



Manpower Employment Report

“San Diego continues to rise above the uncertainties facing many regions around the country. Earlier this month, we saw a weak national jobs report, but San Diego is bucking the trend and exceeding growth expectations.”

**Phil Blair, Executive Officer
Manpower San Diego**

The California Employment Development Department (EDD) released statewide county employment data today for the August 2015 period. This month’s data shows that despite a weak August U.S. jobs report released earlier this month, San Diego continued to show signs of a strong economy driven by its key sectors.

The unemployment rate fell back to around five percent to 5.1 percent in August. The rate is 1.5 points lower than the previous year and 0.3 points lower than the previous month. The California and U.S. average rates also fell to 6.1 and 5.2 percent, respectively, but San Diego remained lower than the state and national averages.

San Diego’s rate fell both due to a drop in persons who identified as unemployed, as well as a small seasonal drop in the labor force. More importantly though, the labor force is up by 25,900 people from August 2014 and unemployment is down 21,500 people over that same period—all amid solid and steady employment growth.

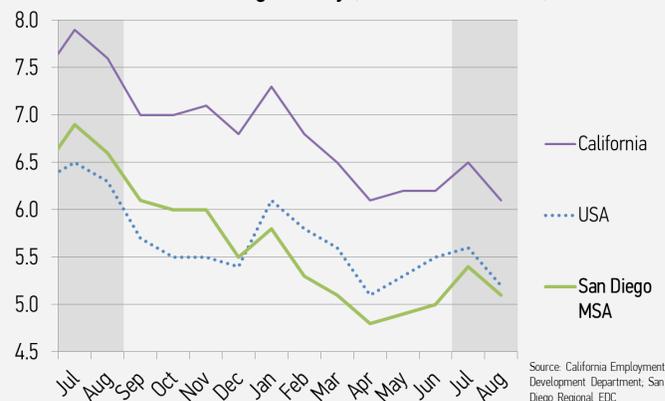
We should note that non-seasonally adjusted employment data for the summer months is almost always filled with wild swings in the labor force and in turn the unemployment rate. This is largely due to thousands high school and college students entering the labor force in May and June, then leaving again in August and September as they return to school. 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 is performing differently from the year prior.

On that note, the region’s economy continued to steadily grow above three percent, which we have not seen sustained since 2012. San Diego’s total nonfarm employment grew by 3.1 percent year-over-year, adding 42,400 jobs from August 2014 to August 2015. We have seen three percent growth or greater every month in 2015, other than April where we saw 2.9 percent growth. San Diego’s growth rate was again much higher than the 2.1 percent national rate. The San Diego region is now expected to average 3.1 percent annual growth in 2015, compared to only 2.3 percent in 2014.

HIGHLIGHTS

-  **EMPLOYMENT** grew by **42,400 jobs** or 3.1 percent from the previous year.
-  **UNEMPLOYMENT** fell to 5.1 percent, **down 1.5 points** since the previous July.
-  **PRIVATE SECTOR** employment grew by **3.4 percent** from August 2014.
-  **STAFFING** industry grew by **4.0 percent** from August 2014 to July 2015.
-  **TRADED ECONOMIES** sectors **drove most of the annual job growth.**

**Monthly Unemployment (Not Seasonally Adjusted)
for San Diego County (07/2014 to 08/2015)**



Year-over-year private sector growth has also been outstanding and private employment drove 91.5 percent of all employment growth. The total private sector grew by 3.4 percent, out-pacing the private U.S. growth rate of 2.3 percent. Roughly two-thirds of all year-over-year private job growth in San Diego came from four key sectors: construction, tourism, health care, and professional, scientific and technical services (PST).

Growth in goods-producing industries slowed, but still showed growth, accounting for 13.1 percent of all private job growth. From August 2014 to August 2015, the manufacturing industry added 1,900 jobs and grew by 2.0 percent, a bit slower than recent months. The ship and boat building industry continued to grow at an outstanding rate. Meanwhile, the construction industry added 3,300 jobs and grew by 5.0 percent.

The professional, scientific and technical services (PST) sector grew by 7.1 percent year-to-year, and accounted for 23.7 percent of all annual private job growth—the most of any sector in the region. This sector represents many of our innovation employers. Scientific research and development services, a subsector of PST that represents many cleantech and life science companies, grew at an impressive 5.2 percent rate.

Other key drivers for growth included the region's health care sector, which added 6,900 jobs and accounted for approximately 17.8 percent of the region's private job growth. The tourism industry had a slower month than usual, but still added 5,600 jobs and accounted for 14.4 percent of the region's growth. Employment services or staffing in the region grew by 4.0 percent and has been steadily growing all year, a good sign for job growth. All of these industries grew faster than the overall private economy.

Given a sluggish national jobs report and uncertainty around global events and interest rates, the August employment report showed good signs for San Diego's economy. Employment growth remained above three percent and the unemployment rate is creeping back toward five percent or lower. Moreover, 21,500 less San Diegans are unemployed than they were in August of 2014 and 25,900 more have entered the labor force. Important sectors like PST services and construction drove most of the region's employment growth. San Diego's economy has shown resiliency during times of national uncertainty, due largely to its concentration in innovative sectors. We expect that trend to continue through the rest of 2015.

