



Manpower Employment Report

“Construction is booming, the private sector is hiring, and the outlook is strong the rest of the year. If you look beyond the seasonal job loss and unemployment headline, it is apparent that the economy is doing very well.”

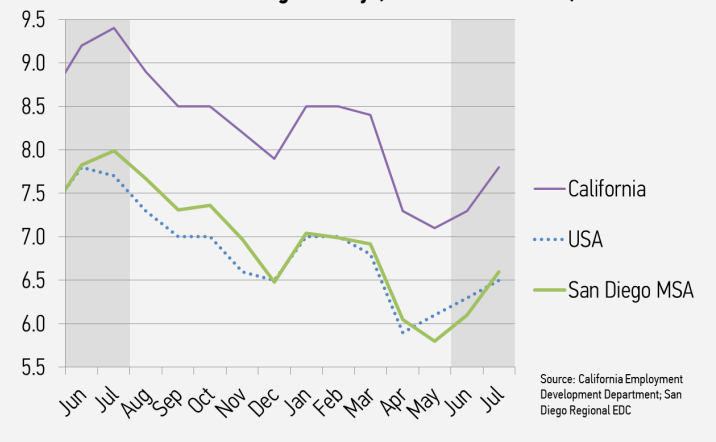
**Phil Blair, President and CEO
Manpower San Diego**

HIGHLIGHTS

- July is a historically misleading month, as state and local public education employees are subject to seasonal layoffs.
- At 6.6 percent, San Diego’s unemployment rate went up again in July, this time by 0.5 percentage points from June. However, unemployment was down 1.4 points from July 2013.
- San Diego’s unemployment rate was lower than the California average, but climbed slightly above the U.S. average.
- The region lost 5,900 jobs from June to July, but added 37,200 jobs since last year, the highest growth recorded in 2014.
- Construction industry employment in July was up more than 11.3 percent from the previous year.
- The manufacturing industry added 2,200 jobs since the previous July.
- Staffing services grew by more than 3.3 percent since last year, more than any other professional/business service subsector.
- Tourism, innovation, construction and healthcare sectors drove much of the monthly and annual employment growth.

The California Employment Development Department (EDD) released statewide county employment data today for the July 2014 period. San Diego County’s unemployment rate went up from June to July, but fell by 1.4 points from this time last year. The unemployment rate in the region remained lower than California’s average, but is now barely higher than the U.S. average (0.1 points higher). As stated in last month’s report, a summer rise in the unemployment rate is common, as many students and other seasonal workers begin looking for summer employment, but struggle to find employment, driving up the labor force. The labor force increased by 14,800 from June to July, more than one-third of which found employment. The other two-thirds entered the unemployed category during a season when thousands of state and local educators, among other seasonal employees, are temporarily out of work. While there’s no certainty in the future, history tells us to expect the unemployment rate to decline steadily from here on out through the end of the year.

Figure 1 Monthly Unemployment (Seasonally Unadjusted) for San Diego County (06/2013 to 07/2014)



When looking at employment growth, we continue to see positive signs of steady growth, despite a misleading seasonal decline. From June to July, the region lost 5,900 jobs. On the surface, this seems negative until you consider that state and local public education contributed 12,800 lost jobs to the region as a result of seasonal layoffs. The private sector actually added 6,800 jobs, a sign of continued economic growth. When looking at overall growth since last July, the region’s economy added 37,200 jobs, a 2.8 percent increase and the largest annual growth recorded in 2014. Meanwhile, the region’s



private sector grew by more than 3.1 percent over that period. Over the same period, San Diego experienced a 1.4 percentage point drop in the unemployment rate and a 17 percent drop in people who identified as unemployed, even with a slight increase in labor force participation.

San Diego's traded economies drove much of the region's employment growth. Professional, scientific and technical services (PST), heavily associated with innovation, added 2,200 jobs since June 2014 and 6,700 jobs since July 2013, for an annual growth rate of 5.4 percent, well above the economy-wide average. PST includes subsectors like scientific research and development, which grew by more than three percent over the year. PST accounted for nearly one-third of the private employment growth from June to July. San Diego's tourism industry accounted for more than 39 percent of the region's private employment growth from June to July, adding 2,700 jobs. In addition, the industry added 6,000 jobs since July 2013. Most of the growth is driven by food service businesses, but arts and recreation businesses also grew by six percent since last year. Health care and social services was another major contributor, adding 6,000 jobs since last July.

San Diego's goods producing industries continued their steady employment growth. Manufacturing added another 200 employees from June to July, for a total of 2,200 jobs added since July 2013. Meanwhile, the construction industry continues to soar, and not just because of summer seasonal growth. The industry added 1,500 jobs from June to July and 7,000 jobs since July 2013, both of which represent more than 20 percent of private employment growth over those periods.

When going beyond the basic headlines of job loss and unemployment growth, the July employment report was actually full of good signs for San Diego's economy. Our private sector economy continued to grow at a steady pace of more than three percent year-over-year. Goods-producing industries like construction and manufacturing continued to add jobs, and our innovation sectors grew well above the normal economic pace. While higher unemployment and overall job loss is concerning, it is very clear that these are simply seasonal trends related mostly to annual public education layoffs.

