



## Manpower Employment Report

"San Diego's economy is continuing to grow, despite the forthcoming headlines about the seasonal rise in the unemployment rate. Most importantly, the unemployment rate is a full percentage point lower than it was a year ago, our labor force numbers are showing signs of confidence, and the region has added more than 40,000 jobs since last October."

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

The California Employment Development Department (EDD) released statewide county employment data today for the October 2015 period. This month's data shows that after another a weak U.S. jobs report released earlier this month, San Diego showed some strong signs of growth, despite a rising unemployment rate.

The unemployment rate rose to 5.0 percent in October, up 0.4 points from September. The rate is still 1.0 points lower than the previous year, but now exceeds the U.S. rate of 4.8 percent. The California average rate also rose to 5.7, and San Diego remained lower than the state average.

San Diego's rate rose both due to a small seasonal spike in persons who identified as unemployed, as well as a rise in the labor force. Employment also grew steadily over that period, but was offset by those who joined the labor force not finding jobs immediately. Oftentimes, new job seekers take several months to find employment. If larger numbers are truly joining the labor force due to confidence in the labor market, this could potentially explain the rise in unemployment in spite of solid job growth. This was compounded by the tourism industry experiencing a larger than normal seasonal decline, though large October declines are typical for the industry.

Despite this small seasonal up-tick in the unemployment rate, the non-seasonal figures remained positive. There are still 15,700 fewer unemployed than there were a year ago—a 16.7 percent decline. Meanwhile, the labor force is up by 16,600, which may indicate growing signs of confidence in the labor market.

The region's economy failed to reach the 3.0 percent annual growth figure for the fourth time in 2015, but still remained very close at 2.9 percent. San Diego's total nonfarm employment grew by 40,200 jobs from October 2014 to October 2015. San Diego's growth rate was again much higher than the 1.9 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.

### HIGHLIGHTS

-  **EMPLOYMENT** grew by **40,200 jobs** or 2.9 percent from the previous year.
-  **UNEMPLOYMENT** rose to 5.0 percent, **but is still one point lower** than October 2014.
-  **PRIVATE SECTOR** employment grew by **3.2 percent** from October 2014.
-  **SHIP AND BOAT BUILDING** grew by **11.9 percent** from the previous year.
-  **HEALTH CARE** employment grew by **8,900 jobs** from October 2014.

**Monthly Unemployment (Not Seasonally Adjusted)  
for San Diego County (09/2014 to 10/2015)**



Year-over-year private sector growth continued to drive the economy, as private employment drove 91.3 percent of all employment growth. The total private sector grew by 3.2 percent, out-pacing the private U.S. growth rate of 2.2 percent.

Professional, Scientific, and Technical (PST) services, which is strongly associated with the region's innovation economy, grew by 7.0 percent and was one of the highest growth industries in the region. PST services accounted for more than one quarter of all private annual job growth in San Diego. The national PST sector grew by only 3.6 percent. Scientific research and development services, a subsector of PST that represents many cleantech and life science companies, showed solid growth at 4.6 percent.

Growth in goods-producing industries continued to be a bright spot in October, accounting for 13.6 percent of all private job growth. From October 2014 to October 2015, the manufacturing industry added 1,600 jobs. The ship and boat building industry continued to grow at an outstanding rate of 11.9 percent. Meanwhile, the construction industry added 3,500 jobs and grew by 5.3 percent. While the growth in these sectors is a bit slower than recent months, they are still overall exceeding the regional and national averages, and remain key drivers in the region's economy.

Other key drivers for growth included the region's healthcare sector, which added 8,900 jobs and accounted for 24.3 percent of the region's private job growth. While tourism experienced a major seasonal hit, losing 4,300 jobs from last month, the industry added 5,200 jobs overall since last October. The annual growth number is slower than recent months, but the industry still contributed to more than 14 percent of the region's annual job growth.

While the October jobs numbers for San Diego may not be as stellar as we've seen in recent months, the growth figures are still very positive. The region is far outpacing the state and national averages in terms of employment growth. More importantly, when we look at the region's key economic drivers, the growth figures are outstanding. High wage industries like PST services, healthcare, and construction are driving employment growth as we enter the final quarter of 2015.

