

Virginia Labor Market Strengthened in December

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Virginia resumed a healthier pace of job growth in December according to the recent release of seasonally adjusted employment data from the Bureau of Labor Statistics. In addition to the 7,800 jobs added by business establishments during the month, the previously announced loss of 3,800 jobs in November was revised to a loss of only 500 jobs. This brings the fourth quarter pace of job growth to an average monthly gain of just over 6,000 jobs. In a related survey of households, Virginia's unemployment rate held steady at 6.2 percent in December.

Job growth in Virginia relied on the strength of gains in the private sector in December, as the government shed 1,200 jobs while private firms hired an additional 9,000 workers. The rate of job growth relative to a year ago has now picked up to a trend that is closer to the US average, following several months of growth below the national trend. Over the past year, Virginia added a total of 36,600 jobs, for a 1.0 percent gain, compared to 1.3 percent growth for the nation. Job growth in the government sector matched growth in the private sector over the past year.

The three fastest growing sectors, and largest contributors to the job count for the month of December, were professional and business services (5,800 jobs), leisure and hospitality (3,200), and education and health services (1,800 jobs). Similarly, over the course of the year, professional and business services, and leisure and hospitality added a combined 21,700 jobs, with the government sector posting an additional 7,100 jobs. Job losses occurred in only a few major sectors of the Virginia economy during December, primarily concentrated in construction and manufacturing. When viewed over the past year, both of these sectors lost jobs, but the information sector shed more jobs over the past 12 months than both of these sectors combined.

Among Virginia's major metropolitan areas, Richmond was notable with a gain of 6,700 jobs in December, which was the largest monthly gain since early 2003 and the largest quarterly gain since early 2000. The Northern Virginia, Blacksburg, and Virginia Beach metropolitan areas also added jobs for the month. On an annual basis, only Virginia Beach and Roanoke suffered job losses.

The unemployment rate in Virginia held steady at a seasonally adjusted rate of 6.2 percent in December, amid strong growth in the labor force. This suggested that previously discouraged workers were returning to their job search. The number of unemployed fell for the second consecutive month, while initial claims for unemployment insurance dropped to their lowest level since June 2008, providing further evidence of a strengthening labor market.

December's employment report suggests an improving labor market and provides a final quarter of data that marks a significant improvement over a third quarter characterized by very sluggish job growth and a rising unemployment rate. In contrast, the fourth quarter saw a lower unemployment rate and provided solid growth in jobs, with gains fairly widespread across industry sectors and many metropolitan areas of the state. It remains to be seen if this momentum will carry into 2012.

