

## Regional Update

# Virginia Labor Market Improved in January

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Virginia's unemployment rate fell to a seasonally adjusted 5.8 percent in January, the lowest unemployment rate in the past three years, as reported in the household survey recently released by the Bureau of Labor Statistics (BLS). The Virginia economy continued to generate job growth at a moderate pace, based on the establishment survey that was released at the same time. After adjusting for seasonal variations, the state added just 2,300 jobs during the month of January. The average pace of monthly job growth during the last quarter of 2011 was just over 5,000 jobs, which makes these first job growth numbers for the year somewhat weak in comparison to the final months of 2011.

Accompanying the release of the January numbers, the BLS also reported its annual revisions to the data of the past several years, using a benchmarking process that incorporates more accurate employment counts from the unemployment insurance tax records. This revision sometimes creates sizable adjustments to the job growth (or loss) that had previously been reported. For 2011, the revisions suggest that Virginia's economy created 9,900 more jobs than had originally been reported – increasing the total job gain in 2011 to 46,500 jobs. The largest revisions by industry occurred in trade, transportation, and utilities; education and health services; and government. Other sectors also experienced small upward adjustments.

Virginia's job growth in January was driven by gains in the private sector, which added 3,100 jobs, while the government sector shed 800 jobs. Across private industry, the number of sectors gaining and losing jobs was evenly split. The two fastest growing sectors were construction (4,400 jobs) and professional and business services (3,200 jobs). Smaller gains also took place in financial activities, natural resources and mining, and other services. Two industry sectors lost the most jobs in January – education and health services, and trade, transportation, and utilities. However, these two sectors actually added the most jobs over the past 12 months. Overall, Virginia gained 41,100 jobs over the 12 months through January 2012, for an increase of 1.1 percent, compared to growth of 1.5 percent in the nation over the same period.

Among Virginia's major metropolitan areas, Lynchburg was notable with a gain of 1,500 jobs in January, while Northern Virginia was notable with its decline of 10,000 jobs for the month and its largest one-month loss since February 2010. The annual benchmark revisions generated some changes in the job growth numbers for 2011 among the major metropolitan areas, producing sizable upward adjustments for Northern Virginia and Richmond.

Virginia's unemployment rate of 5.8 percent for January suggests that the recent moderate pace of job growth is helping to move people from the unemployment rolls to the ranks of the employed. However, this month's data also revealed that the labor force in Virginia declined for the first time since mid-2010. This may be the result of some people giving up their search for a job, at least temporarily. However, the number of unemployed has been falling for the past five months, and January's change was three times larger than any of these recent declines. As we return to stronger job growth during 2012, the unemployment rate may stabilize or even rise again before we see further declines, as people return to the labor force in greater numbers.

