

# Virginia's Job Growth Declined in March While Unemployment Continued to Edge Down

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Businesses in Virginia reported virtually no job growth in March, with a small net decline of 400 jobs after adjustments for seasonal variations. Although February's job gain was revised upward substantially, slow growth in January and March have brought the average monthly gain down to 3,400 jobs, which is roughly in line with the monthly average over the last two years. On a more positive note, the unemployment rate in Virginia edged down for the fourth consecutive month, moving to 5.6 percent in March from 5.7 percent in February, as reported by the monthly household survey. Virginia continued to rank among the 10 states with the lowest unemployment rate in the nation.

Private sector job growth was quite weak in March, with a gain of only 600 jobs, making it the smallest monthly increase in private employment since last August. Given such a small gain by private firms, it was not difficult for the loss of 1,000 government jobs to swamp the overall change for the month. On a year-over-year basis, both sectors added jobs over the past 12 months, but the private sector outpaced the government sector in job creation. By major industry, only two sectors – trade, transportation, and utilities; and professional and business services – lost jobs during March, for a combined decline of 9,100 jobs. Partially offsetting these losses, the leisure and hospitality sector added 5,500 jobs and the education and health services sector posted a gain of 2,300 jobs. Smaller gains occurred in other sectors, most notably construction.

Across the major metropolitan areas of the state, it is clear that Northern Virginia has been dragging down the overall job growth numbers in a way that is uncharacteristic of the region. In March, Northern Virginia contributed no net new jobs, following a loss of nearly 13,000 jobs in the first two months of the year. Fortunately, job growth in the Richmond and Virginia Beach metropolitan areas came in stronger in March as the two areas combined for a gain of 5,600 jobs. Job losses were concentrated in some of the smaller metropolitan areas, including Blacksburg, Danville, and Roanoke, as well as nonmetropolitan areas of the state.

Virginia's household survey revealed a lower unemployment rate in March, at 5.6 percent, despite the fact that the labor force declined by close to 1,800 individuals. The number of unemployed declined steadily since last August while the labor force grew during most of the same period. Initial claims for unemployment insurance, which can be volatile from month to month, declined again for the fifth consecutive month as measured by a smoother three-month average. This is another indicator of relative strength in Virginia's labor market.

The somewhat mixed labor market information for March reflected broader trends in the national economy for the month as well. While it is not clear why employment growth has paused, one compelling explanation is the fact that the late winter months were unusually warm and this could have pulled some employment growth forward into January and February, with March coming in weak by comparison. In any case, the downward trend in the unemployment rate is encouraging and perhaps reflects some underlying strength for the labor market in Virginia.

