

Click to Print

SAVE THIS | EMAIL THIS | Close

[More Business news](#)

County jobless rate reaches 13-year high

Experts blame bust in housing market

By Dean Calbreath
UNION-TRIBUNE STAFF WRITER

August 16, 2008

Unemployment in San Diego County rose to its highest level in nearly 13 years last month, as job losses spread from construction firms and real estate brokerages into furniture stores and car lots.

Unemployment in the county jumped from 6.0 percent in June to 6.4 percent in July, the highest rate since October 1995. The county had 4,600 fewer salaried workers in July than in July 2007 – the fourth time in five months that the county had a year-to-year job loss.

San Diego County continues to perform better than the state as a whole, which had a 7.6 percent unadjusted unemployment rate, or 7.3 percent after adjusting for seasonal fluctuations. The county's number is not seasonally adjusted.

"Things are really tipping fast and hard," said Christopher Thornberg, co-founder of Beacon Economics in Los Angeles. "We already have higher unemployment rates than we did in the early 2000s, which means that the effect of the housing crisis has been worse than the tech bust."

The state and the county are doing much worse than the nation as a whole, which has a seasonally adjusted unemployment rate of 5.7 percent.

Kelly Cunningham, economist with the San Diego Institute for Policy Research, said the local job numbers show that "the county is clearly struggling, and it's hard to see things changing in the near future. The impact of our financial problems is becoming more evident and is deeper than most people thought it would be."

As has been true for the past couple of years, most of the job losses were concentrated in the housing sector. Construction, real estate and mortgage companies have lost 14,100 jobs over the past year.

With foreclosures and defaults continuing to rise, San Diegans have less money to spend, meaning less business at local stores. As a result, retailers shed 2,200 jobs, mostly at auto dealerships, furniture stores, home-improvement outlets, clothing boutiques and general merchandisers.

The losses were offset by gains in other sectors, including the addition of 3,300 workers in education and health services, 2,800 in government agencies, 2,300 in hotels and restaurants, and 1,000 in professional and technical services.

A report last week by the Adecco USA employment agency said there is still strong demand in San Diego County for health care workers, engineers and scientific workers.

"We are continuing to see new job opportunities, but we are advising candidates to be flexible and patient when it comes to looking for a new position in the current market," said Christa Shapiro, Adecco's regional vice president in San Diego.

But job growth in those niches has not been able to offset the losses in other industries.

"The high-end high-tech and biotech jobs are still doing well, and so are the lower-end jobs in the visitors' industry," Cunningham said. "But we're losing a lot of middle-income jobs, such as construction and finance."

Statewide, companies shed 75,900 workers between July 2007 and July 2008 – a 0.5 percent decline in employment, with the biggest losses coming at construction, real estate, finance and retail firms.

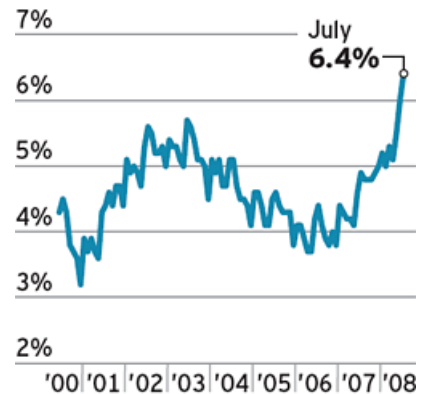
Esmael Adibi, economist at Chapman University in Orange, said the number of job losses would be even higher if the data included self-employed workers who have run out of work, such as construction contractors or independent real estate agents.

"The bad news is that this will impact other parts of the economy," Adibi said. "Since so many people are not getting their paychecks, you'll have a new wave of foreclosures or defaults. And you'll have less retail spending. Already, a lot of retailers are reporting bad sales numbers, and a number are going out of business."

Adibi predicted that the job weakness will continue at least through the first half of 2009. Thornberg – who was one of the first economists in

SAN DIEGO COUNTY UNEMPLOYMENT RATE

The county's unemployment rate surged to 6.4 percent in July, its highest point since October 1995.



SOURCE: California Employment Development Department

SHAFFER GRUBB / Union-Tribune

the country to predict massive job losses because of the housing crisis – said the state's unemployment rate will probably top 8 percent and could even approach 9 percent before the job market stabilizes.

The unemployment rate has hit 9.3 percent in Riverside County, 8.5 percent in San Bernardino and 8.1 percent in Los Angeles. In Merced, Stanislaus and San Joaquin counties – which have among the highest foreclosure rates in the nation – unemployment ranges from 10.3 percent to 12.1 percent.

Even in the San Francisco Bay Area, which had previously been largely immune to job losses, unemployment has inched up to 5.8 percent in San Francisco and 6.4 percent in Santa Clara County.


“Employment problems are showing up all across the state,” Thornberg said. He added that higher unemployment means lower income taxes, which will add to the fiscal problems in Sacramento.

Already, Gov. Arnold Schwarzenegger has laid off 10,000 temporary and part-time workers. Those layoffs will show up in next month's employment data.

■Dean Calbreath: (619) 293-1891; dean.calbreath@uniontrib.com

Find this article at:

<http://www.signonsandiego.com/news/business/20080816-9999-1b16jobs.html>

 [Click to Print](#)

[SAVE THIS](#) | [EMAIL THIS](#) | [Close](#)

Check the box to include the list of links referenced in the article.

? Copyright 2007 Union-Tribune Publishing Co. ? A Copley Newspaper Site