

## Employment in Industries that Export from the Region

## OUTCOME: INCREASE JOBS THAT ADD TO KING COUNTY'S ECONOMIC BASE

## Countywide Planning Policy Rationale

"Local jurisdictions' plans shall include policies that actively support the retention and expansion of the economic base....Local jurisdictions' comprehensive plans shall include policies intended to foster the development and retention of those businesses and industries that export their goods and services outside the region. These businesses and industries are critical to the economic strength and diversification of the economy." (CPP ED-6)

**About this Indicator:** This indicator is intended to identify employment in industries that export their products or services from King County. However, due to methodological deficiencies, it is extremely difficult to accurately identify export sector employment in King County. Considering these challenges, this indicator uses economic base theory to estimate industry employment that exists in higher concentrations in King County compared to the U.S. average.

This common method for analyzing a region's economic base calculates a simple ratio between the local economy and a larger reference economy to determine its location quotient. Location quotients are established for all industries to determine whether or not the local economy has a greater share than expected of a given industry. A location quotient greater than 1.0 indicates a larger share of jobs than expected in the region when compared to the nation.

Figures 6.1 and 6.2 below list the top ten industries in King County by location quotient in both 2002 and 2006, including comparison with the total numbers of jobs in those industries. Only those industries that provide more than 0.25% of countywide employment are included. For this analysis, industry designations are based on 4-digit NAICS codes, while more general sector designations are based on 2-digit NAICS codes.

Although both the software publisher industry and the aerospace product and parts manufacturing industry provide nearly the same number of total jobs in King County in 2006, figure 6.2 shows the software publisher industry has a noticeably higher location quotient, providing nearly twenty times the number of jobs locally than expected when compared to the nation. This industry has increased local employment by nearly 25% since 2002 while industry employment decreased nationally, thereby increasing its location quotient.

Figure 6.1

Top 10 Industries in King County by Location Quotient: 2002				
rank	INDUSTRY*	SECTOR	TOTAL JOBS	LOCATION QUOTIENT
1	Software publishers (5112)	INFO	34,627	15.68
2	Aerospace product and parts manufacturing (3364)	MFG	47,105	11.44
3	Seafood product preparation and packaging (3117)	MFG	3,460	8.99
4	Sea, coastal, and Great Lakes transportation (4831)	TRANS	2,563	8.88
5	Wireless telecommunications carriers (5172)	INFO	10,707	6.18
6	Private households (8141)	OTHER	16,684	4.16
7	Electronic shopping and mail-order houses (4541)	RET. TRADE	5,424	2.80
8	Scheduled air transportation (4811)	TRANS	12,540	2.74
9	Freight transportation arrangement (4885)	TRANS	4,029	2.73
10	Other personal services (8129)	OTHER	3,613	1.83

source: U.S. Bureau of Labor Statistics

\*Industry classifications are based on 4-digit NAICS codes; sectors represent 2-digit NAICS codes. Using King County and national employment data, these 10 industries were found to have a larger concentration of employment in King County compared to the U.S. average. Does not include industries that represent less than 0.25% of countywide employment.

In contrast, the aerospace product and parts manufacturing industry lost jobs in King County since 2002 despite a national increase in industry employment, and its location quotient likewise dipped.

The top five industries with the highest location quotients have not changed since 2002, featuring two industries in the Manufacturing sector and two in the Information sector. This includes the wireless telecommunications industry, which remained in the top 5 in 2006 despite a decline of more than 1,500 jobs locally since 2002 while industry employment increased nationwide.

Nine of the top ten industries on the list in 2002 make the rankings again in 2006. Although its location quotient remained constant from 2002 to 2006, the industry that provides support activities for water transportation did not make the rankings in 2002 because its share of countywide employment was below the 0.25% threshold used in this analysis.

Nationally, employment in private households increased 16% from 2002 to 2006, but experienced a 25% decline over that period locally and a subsequent drop in location quotient.

Using data from the *World Institute for Strategic Economic Research (WISER) foreign trade database*, the Washington State Office of Financial Management (OFM) tracks the value of Washington state exports over time. Between 1997 and 2005, OFM estimates that Washington state annually exported an average of \$40 billion of goods. With strong growth between 2005 and 2007, Transportation Equipment now accounts for 64% of the state's total exports in value. Washington state's top 10 exporting industries are shown below.

**Top 10 Exporting Industries in Washington State 2007**

Industry	Export Value (\$ millions)
Transportation Equipment	\$42,665
Agricultural Products	\$6,548
Computer & Electronic Products	\$3,347
Machinery, Except Electrical	\$2,098
Food & Kindred Products	\$2,097
Primary Metal Manufacturing	\$1,172
Petroleum & Coal Products	\$1,122
Paper	\$912
Misc. Manufactured Commodities	\$888
Chemicals	\$790
<b>Total*</b>	<b>\$66,258</b>

source: Washington State Office and Financial Management

\* Total value of exports in 2007 was \$66 billion, with the top 10 exporting industries accounting for 93% of that value.

Figure 6.2

Top 10 Industries in King County by Location Quotient: 2006				
rank	INDUSTRY*	SECTOR	TOTAL JOBS	LOCATION QUOTIENT
1	Software publishers (5112)	INFO	42,974	19.96
2	Aerospace product and parts manufacturing (3364)	MFG	42,871	10.29
3	Seafood product preparation and packaging (3117)	MFG	3,457	9.57
4	Sea, coastal, and Great Lakes transportation (4831)	TRANS	2,866	8.50
5	Wireless telecommunications carriers (5172)	INFO	9,219	5.18
6	Electronic shopping and mail-order houses (4541)	RET. TRADE	5,983	2.89
7	Support activities for water transportation (4883)	TRANS	2,537	2.88
8	Private households (8141)	OTHER	12,722	2.73
9	Scheduled air transportation (4811)	TRANS	10,098	2.61
10	Freight transportation arrangement (4885)	TRANS	4,167	2.60

source: U.S. Bureau of Labor Statistics

\*Industry classifications are based on 4-digit NAICS codes; sectors represent 2-digit NAICS codes. Using King County and national employment data, these 10 industries were found to have a larger concentration of employment in King County compared to the U.S. average. Does not include industries that represent less than 0.25% of countywide employment.