San Diego's job growth starting to exceed pre-pandemic levels

By Phillip Molnar

San Diego County's unemployment rate stayed the same in February, but, in a trend that is beneficial to employers, more workers joined the labor force.

The region's jobless rate was 3.7 percent in February, state labor officials said Friday, unchanged from the previous month. It was lower than the national average of 3.9 percent and the 4.8 percent average in California.

San Diego County's labor force — adults who either have a job or are actively looking for one — is now up to 1.6 million people. That's 10,200 more than three years ago, right before pandemic lockdowns hit.

Daniel Enemark, chief economist at the San Diego Regional Policy & Innovation Center, said the actual jobless rate might get most of the attention, but it obscures a positive development as the region finally is starting to exceed pre-pandemic levels.

"With the labor market so tight," he said, "our economy needs every available worker to participate, so growth in the labor market is great news."

Enemark said when the unemployment rate is adjusted for seasonal swings, it is closer to 3.6 percent. That compares to the seasonally adjusted U.S. average of 3.6 percent at the same time, and 4.3 percent in California.

Phil Blair, executive officer at local staffing agency Manpower, said they are seeing more San Diegans willing to rejoin the workforce as inflation eats into living expenses. In particular, he said he is seeing more retirees looking for work. Blair warns it's not a "tsunami of retirees" but enough to help fill what he calls noncareer positions, such as certain work in hospitality and much-needed teacher aides.

"Recruiting is getting easier," he said. "It is still by no means easy, but it's helpful people are rejoining the job market."

From January to February, tourism (leisure and hospitality sector) led job gains with 2,800 new positions. Work in the category includes jobs in hotels, casinos, amusement parks and restaurants.

It was followed by professional and business services (legal, scientific, waste management, architectural), which had a slow January but recovered with 2,300 new jobs; private education and health services (nursing, social assistance) with 2,100 jobs; and construction with 1,600 new jobs.

Job losses were in government (mainly education), down by 1,900; Retail, still shedding seasonal holiday hires, was down by 600; and manufacturing, down 200.

Taner Osman, research manager at Beacon Economics, wrote in an analysis that the statewide numbers still showa labor shortage despite recovering many jobs lost during the pandemic. While San Diego County's labor force is now up from February 2020, the state is still short by 263,400 workers from that time.

"California's labor market has performed well so far this year," he wrote, "but there continues to be more job openings in the state than there are workers to fill these positions."

On an annual basis, San Diego County's biggest growing sector was leisure and hospitality, with 20,200 jobs added since February 2022. It was followed by private education and health services, with 12,400; professional and business services with 6,500; government with 5,400; and the catch-all "other services" (laundry, maintenance, religious) category with 4,700.
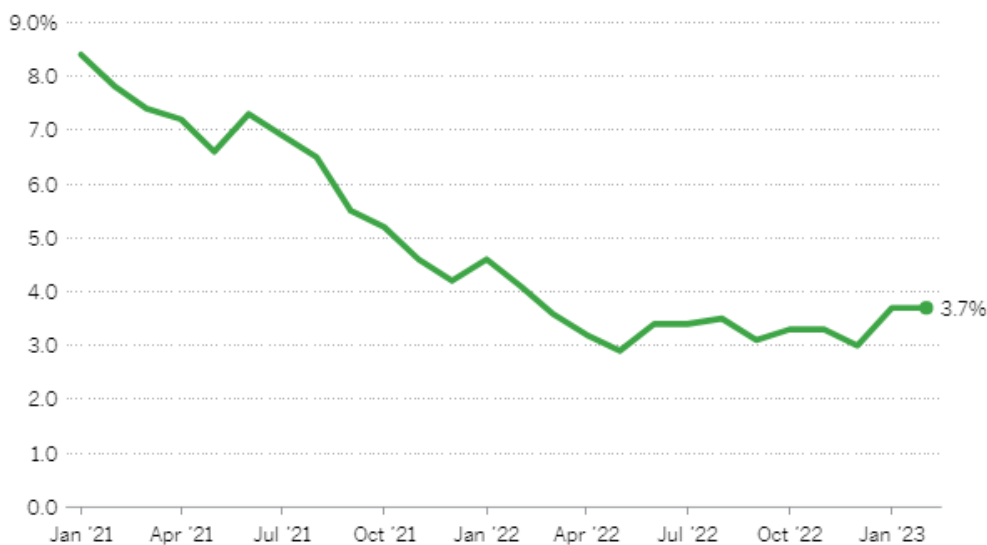
Financial services was the only sector to lose jobs, down by 100. Work in the category includes real estate, insurance and investments.

State officials do not seasonally adjust jobless rates for individual counties. Compared with other parts of California, San Diego County was about middle-of-the-pack with its rate of 3.7 percent.

The rate was 5.3 percent in Los Angeles County, 3.4 percent in Orange County, 2.9 percent in San Francisco County, 3.1 percent in Santa Clara County, 6.7 percent in Santa Cruz County and 4.5 percent in Riverside County.

County unemployment rate unchanged

Tourism jobs inched up. Losses were in government and retail.

Source: California Employment Development Department

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