Labor Market Trends in the Cape & Islands and Southeast

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*The views expressed in this presentation are mine and not necessarily those of the Federal Reserve Bank of Boston or Federal Reserve System*
Massachusetts Regions

1 – Berkshire
2 – Pioneer Valley
3 – Central Mass
4 – Northeast
5 – Boston/Metro North
6 – Metro South/West
7 – Southeast
8 – Cape & Islands
The Cape & Islands was the hardest hit labor market in the Great Recession and has been the slowest to recover.

The region was one of only two to lose population in the past decade and has the oldest labor force in the state.

The job vacancy rate in the Cape & islands is large, but largely due to seasonal employment.

The Cape & Islands recovery is likely to gain steam as the state and national recovery strengthen, boosting tourism and having a ripple effect on the regional economy.
Outline

- Labor Market
- Demographics
- Job Vacancy Trends
- Projections
Massachusetts has finally returned to employment levels reaching in the early 2000’s.
After experiencing strong employment growth to start the decade, the Cape & Islands was the hardest hit region in the Great Recession.

Health Care & Social Assistance and Utilities continued to add jobs during the Great Recession.

Employment Changes, Q4-2007 to Q4-2009

Utilities
Health Care & Social Assistance
Accommodation & Food Services
Government
Transportation & Warehousing
Other Services
Educational Services
Professional & Technical Services
Arts, Entertainment & Recreation
Financial Activities
Information
Retail Trade
Wholesale Trade
Manufacturing
Administrative & Support Services
Construction

Sources: Massachusetts EOLWD, ES-202.
Most industries have started to add jobs in recent years, though a number continue to contract in the Cape & Islands.

### Employment Changes, Q3-2009 to Q3-2013

<table>
<thead>
<tr>
<th>Industry</th>
<th>Cape &amp; Islands</th>
<th>Southeast</th>
<th>Massachusetts</th>
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</thead>
<tbody>
<tr>
<td>Administrative &amp; Waste Services</td>
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<tr>
<td>Wholesale Trade</td>
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<td>Construction</td>
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<td>Arts, Entertainment, &amp; Recreation</td>
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<td>Manufacturing</td>
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<td>Utilities</td>
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</tbody>
</table>

Sources: Massachusetts EOLWD, ES-202.
Leisure & Hospitality is a major sector of employment in the region, far exceeding other regions and the state.

**Employment Distribution by Supersector, Q3 2013**

- **Cape & Islands**
  - Leisure and Hospitality: 27.4%
  - Information: 3.8%
  - Manufacturing: 11.8%
  - Financial Activities: 20.4%
  - Professional and Business Services: 21.1%
  - Education and Health Services: 12.9%
  - Construction: 24.2%
  - Other Services: 10.2%
  - Government: 5.4%
  - Trade, Transportation and Utilities: 5.9%
  - Construction: 5.4%
  - Leisure and Hospitality: 26.6%
  - Information: 4.1%
  - Manufacturing: 4.3%
  - Financial Activities: 4.3%
  - Professional and Business Services: 4.3%
  - Education and Health Services: 4.3%
  - Construction: 4.3%
  - Other Services: 4.3%
  - Government: 4.3%
  - Trade, Transportation and Utilities: 4.3%
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  - Education and Health Services: 4.3%
  - Construction: 4.3%
  - Other Services: 4.3%
Unemployment remains elevated in the Southeast and Cape & Islands, improving only moderately in recent years.

Note: Unemployment rates are reported as 12-month moving averages to be comparable across geographies.
Alternative measures of unemployment show Massachusetts unemployment remaining stubbornly elevated.
Demographics

- Residential Population Changes and Characteristics
- Educational Attainment and Age of the Civilian Labor Force
Following modest population growth early in the decade, the Cape & Islands experienced a decline in population.

Growth in immigrant and minority populations was not enough to offset losses of native born and white, non-Hispanic residents.

**Demographic Characteristics of the Cape & Islands**

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2009-2011</th>
<th>Absolute Change</th>
<th>Annual Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Population</td>
<td>240,708</td>
<td>236,683</td>
<td>-4,025</td>
<td>-0.17%</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>115,145</td>
<td>112,749</td>
<td>-1,936</td>
<td>-0.21%</td>
</tr>
<tr>
<td>Female</td>
<td>125,563</td>
<td>123,934</td>
<td>-1,203</td>
<td>-0.13%</td>
</tr>
<tr>
<td><strong>Nativity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Native Born</td>
<td>226,143</td>
<td>218,079</td>
<td>-6,459</td>
<td>-0.36%</td>
</tr>
<tr>
<td>Immigrant</td>
<td>14,565</td>
<td>18,604</td>
<td>3,320</td>
<td>2.48%</td>
</tr>
<tr>
<td><strong>Race/Ethnicity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White, non-Hispanic</td>
<td>223,758</td>
<td>217,224</td>
<td>-5,262</td>
<td>-0.30%</td>
</tr>
<tr>
<td>Black, non-Hispanic</td>
<td>3,415</td>
<td>5,554</td>
<td>1,668</td>
<td>4.98%</td>
</tr>
<tr>
<td>Asian, non-Hispanic</td>
<td>1,797</td>
<td>2,743</td>
<td>775</td>
<td>4.32%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>3,260</td>
<td>4,821</td>
<td>1,724</td>
<td>3.99%</td>
</tr>
<tr>
<td>Other race, non-Hispanic</td>
<td>8,478</td>
<td>6,341</td>
<td>-2,044</td>
<td>-2.86%</td>
</tr>
</tbody>
</table>

The Cape & Islands labor force has larger shares with Bachelor’s Degrees, Associate’s Degrees, and Some college than the state.

The Cape & Islands has the oldest labor force of all regional labor markets, far exceeding the Massachusetts labor force.

Age Distribution of the Civilian Labor Force

Job Vacancies

- Job Vacancy Rates
- Occupational Vacancy
- Vacancies by Experience, Education, and Benefits
Job vacancies are high in this region of Massachusetts, but tend to be for seasonal work and part-time.

Sources: Massachusetts EOLWD, Job Vacancy Survey.
The region’s sizeable seasonal employment has a large impact on the compositions of job vacancies.
With more openings for seasonal and part-time work, the Cape and Southeast vacancies require less experience.
Very few positions in the Cape and Southeast state educational requirements and at most require a High School education.

Share of Job Vacancies by Educational Requirement

Sources: Massachusetts EOLWD, Job Vacancy Survey.
Along with minimal experience and education, positions with benefits are less common in the Cape and Southeast.
Projections

- Short-Term Projections
- Occupational and Industry Projections
- Long-Term Industry Projections
In the short-term, the Cape is expected to continue to gain jobs at a slower pace than Massachusetts.

Sources: Massachusetts EOLWD.
In the short-term, the fastest job growth will be in a mix of occupations related to Real Estate and Health Care.

Fastest and Slowest Projected Occupational Growth, 2013 to 2015

Construction & Extraction
Building, Grounds Cleaning, & Maintenance
Community & Social Service
Personal Care & Service
Healthcare Practitioners & Technical
Arts, Design, Entertainment, Sports, & Media
Production
Architecture & Engineering
Sales & Related
Legal

Sources: Massachusetts EOLWD.
Industry growth is similarly in Real Estate and Healthcare, but with a broader mix of growing and contracting sectors.
In the long-term, job growth is expected to accelerate as the region recovers from the steep job losses of the recession.
Summary

- Following a severe recession the Cape & Islands is beginning to recovery at a modest pace.
- Population declines and an aging labor force are the major demographic challenges facing the region, but may present opportunities for the regions existing labor force.
- Job vacancies are high in the region, but are largely seasonal and entry level. However, this may be a sign of strengthening tourism increasing employment in Leisure & Hospitality.
- The region's labor market is excepted to continue to grow at a modest pace in the near future, but will gain momentum in the long-term due to a strengthen national and state recovery.
There were only five higher education institutions granting certificates and degrees in the Cape & Islands in 2010.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Type</th>
<th>Public or Private</th>
<th>Degrees Awarded</th>
<th>Share of Degree Type Completed in Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empire Beauty School-Hyannis</td>
<td>&lt; Two Years</td>
<td>Private</td>
<td>102</td>
<td>39.4%</td>
</tr>
<tr>
<td>Cape Cod Community College</td>
<td>Two Year</td>
<td>Public</td>
<td>97</td>
<td>37.5%</td>
</tr>
<tr>
<td>Upper Cape Cod Regional Vocational Technical School</td>
<td>&lt;Two Years</td>
<td>Public</td>
<td>50</td>
<td>19.3%</td>
</tr>
<tr>
<td>Cape Cod Community College</td>
<td>Two Year</td>
<td>Public</td>
<td>432</td>
<td>100.0%</td>
</tr>
<tr>
<td>Massachusetts Maritime Academy</td>
<td>Four Year</td>
<td>Public</td>
<td>185</td>
<td>95.9%</td>
</tr>
<tr>
<td>National Graduate School of Quality Management</td>
<td>Four Year</td>
<td>Private</td>
<td>8</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

Thank You

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www.bostonfed.org/neppc