

Cowlitz County profile



by Scott Bailey, regional labor economist - *updated December, 2017*

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Overview

Regional context

Cowlitz County is located on the Columbia River, adjacent to the Portland metropolitan area. The county has two active ports, a highly-productive wood-products industry, two paper mills, a diverse manufacturing base and good rail and interstate highway linkages.

Local economy

What became Cowlitz County was first the home of the Cowlitz and Chinook tribes. The first white settlers came in 1825, and a farm was established by representatives of the Hudson's Bay Company. The Indians who had survived smallpox were forcibly removed in 1855 to reservations in other parts of the state. The Cowlitz has since been recognized as a tribe by the federal government.

White settlers continued moving in, but the area really took off in the 1920s. R.A. Long built the worlds largest sawmill. Weyerhaeuser built another sawmill, and the Longview Fiber paper mill opened as well.

The city of Longview was developed as a planned community to support timber workers. The Depression slowed things down, but World War II brought an economic boom, including the construction of the Reynolds aluminum smelter.

Much has changed in the intervening years. In the late 1970s, there were 6,400 timber jobs in the county, and a third of all jobs were in manufacturing. The county's per capita income was close to the state average and above the national average. Since then, timber and manufacturing employment has declined, and wages and income have not kept up with the rest of the nation. The county has had some success with diversification, but it has been a case of two steps forward, one step back.

During the Great Recession, Cowlitz lost 7 percent of its nonfarm employment, more than the state or nation. Its unemployment rate hit 15 percent (not seasonally adjusted) at one point, before easing downward at the end of 2010. By fits and starts, employment growth turned positive in 2010, helped by construction projects on new investments: a new grain

terminal, a new steel pipe plant and two new Wal-Marts. However, employment retrenched in 2011, stagnated in 2012, before finally taking off in mid-2013 and accelerating in 2017. Employment as of October 2017 was 1,000 jobs—2.6 percent—above the pre-recession peak, with a year-over-year growth rate quite strong at over 4 percent.

In 2016, one-sixth of Cowlitz County's employment base was in manufacturing, including two paper mills, several sawmills, a large chicken processor, as well as numerous smaller producers in machinery, fabricated metals, chemicals and other segments. The county has excellent transportation connections, including two active ports, rail connections and Interstate 5.

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Geographic facts

(Source: U.S. Census Bureau QuickFacts)

	Cowlitz County	Rank in state
Land area, 2010 (square miles)	1,140	28
Persons per square mile, 2010	89.8	12

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Outlook

If announced projects come to fruition, Cowlitz County's labor market should see some solid employment growth in the next few years. A joint venture between China and BP (the former British Petroleum) is planning to build a methanol plant in Kalama. The project would create more than 500 construction jobs as the plant is built, and up to 200 manufacturing jobs after completion. The project is currently winding its way through the permitting process. A number of other projects, including a coal terminal at the Port of Longview and a fertilizer factory have been proposed as well.

So a possible scenario for the next few years is for moderate employment growth in 2018, some boom years from construction employment, and a return to a more normal labor market in 2020.

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Labor force and unemployment

(Source: Employment Security Department)

Current labor force and unemployment statistics are available on the [Labor area summaries](#) page.

Over the past two decades, Cowlitz County's unemployment rate has run about two percentage points higher than the national average during good times, and three or four points higher during recessions. The average annual rate in the county topped 13 percent in

2009, before easing down a point a year through 2016, when the annual rate was 7.5 percent. Preliminary measures of unemployment dropped further in 2017, reaching the lowest rate on record at 5.2 percent in October. The county's labor force participation rate in 2016 dropped from 56.6 percent down to 54.9 percent, substantially lower than the national mark of 63.0 percent. The rate for women (50.9 percent) was much lower than that for men (59.1 percent), and both were seven to nine percentage points below the comparable national figures.

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[Industry employment](#)

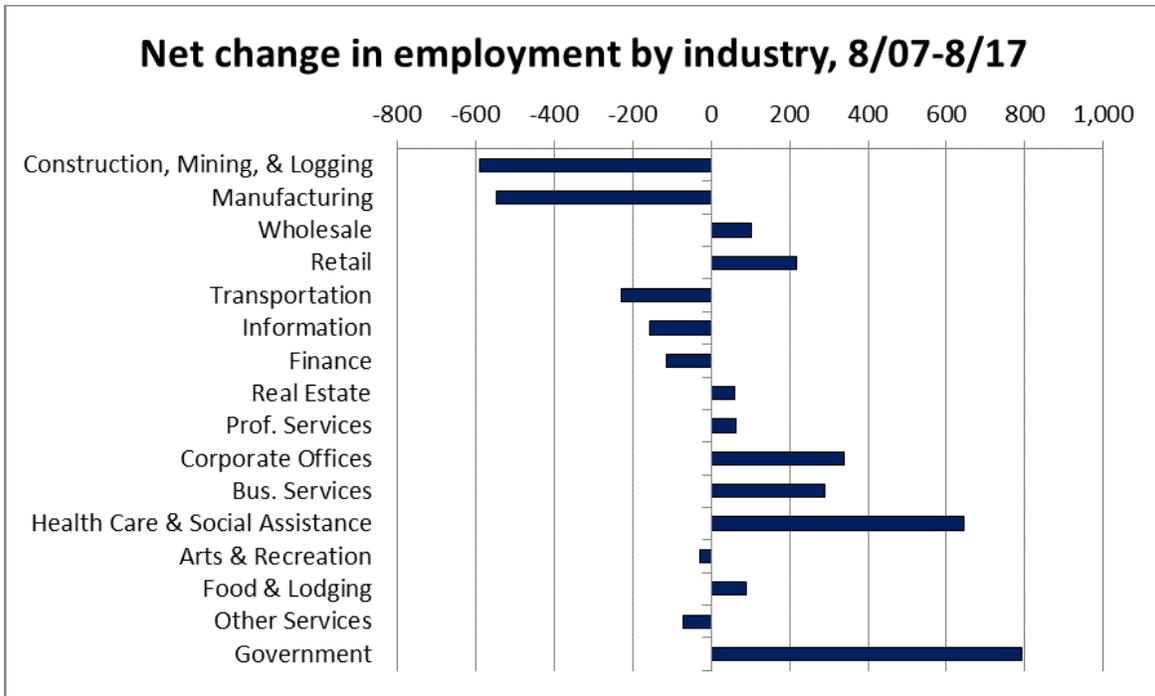
(Source: Employment Security Department)

Current industry employment statistics are available on the [Labor area summaries](#) page.

A recap of the last two decades: Cowlitz County was hit harder by the 2001 recession than the state, in part due to the closure of the former Reynolds aluminum smelter. Expansion resumed in 2004 but tapered off beginning in 2006. The county led the nation going into a recession in mid-2007. Recovery really didn't start until halfway through 2013, and employment growth has been rapid so far in 2017.

Construction, mining & logging made up just under 8 percent of county nonfarm employment in 2016, down from 10 percent in 2007. As in many areas of the country, construction employment in the county was decimated in the recession. Payrolls in construction, mining & logging peaked at 4,000 jobs in mid-2007 and bottomed out at 2,700 jobs (-32 percent) before recovering somewhat to 3,300 jobs in 2017. Within those totals, logging employment has declined from 700 to 500 jobs.

Historically the county averaged about 500 housing permits a year. The bubble years drove that number up to 700 units in 2006. The market for new homes bottomed out in 2011 (113 permits), with 2016 being the first decent year of late with 308 units permitted. Only 35 of those were for multifamily units, which remain in short supply.



In 2016, 17 percent of county jobs were in manufacturing, down two percentage points from 2007. Like elsewhere, manufacturing was hit second hardest. In Cowlitz, after the 2001 recession, factory jobs had stabilized at 7,300 jobs until early in 2007. Employment bottomed out at 5,800 jobs in mid-2009 (-21 percent), before recovering to 6,500 jobs in 2017. Most of the loss during the recession was in paper products (-600) and wood products (-400); the county has seen steady growth (+300) in other durable goods such as metals and machinery and in other nondurable goods (+300).

Wholesale trade, which made up 4 percent of county jobs in 2016, slid by 300 jobs, from 1,600 to 1,300 (-19 percent) during the recession, but by the end of 2017 had almost fully recovered the loss. Retail trade has consistently had a 12 percent share of Cowlitz employment. Retailers cut 500 jobs falling to 4,300 during the downturn (-10 percent), rallied with the opening of a new Wal-Mart, retrenched again, and then began adding jobs in 2014. Employment fully recovered from the recession in 2015. Taxable sales suffered a hefty 24 percent decline from the pre-recession peak, but finally made it back to previous levels in 2016. Throughout this period, just over 12 percent of jobs were in retail trade. Transportation jobs, while sometimes quite volatile due to port activity, have hovered around 1,700 jobs throughout the past decade, contributing 4 percent of total employment.

The financial services sector cut almost a fourth of its payroll, falling from 1,600 to 1,200, with the closure of the Cowlitz Bank in mid-2010 being a low point (it was acquired by Heritage Bank). By the end of 2017, most of the gap had been closed, as job counts hovered around 1,500—just under 4 percent of all jobs.

The county's professional services industry drifted downward by 100 jobs from 2010 to 2015, but has rebounded since then back to 800 jobs. Business services employment was quite volatile, due mostly to large swings in temporary staffing services. It trended upward from just under 1,000 in 2007 to more than 1,300 in 2017. Altogether professional & business services made up less than 6 percent of total jobs.

Healthcare and social assistance peaked at 6,000 jobs in late 2011, declined in 2012, but began adding jobs again in 2014 and again reached 6,000 jobs in 2017. This sector employed 15 percent of the workforce in 2016.

Leisure and hospitality, which has consistently had a 9 to 10 percent share of total employment, lost 500 of its 3,500 jobs in the downturn, then had a very uneven recovery before returning to that level in late 2013. A burst in late 2015 pushed job counts up to 3,700, where it has remained through most of 2017. Hotel/motel sales, which dropped 29 percent in the downturn, had completely recovered by early 2015, and were 15 percent above the previous peak midway through 2017. Restaurant sales dipped by 11 percent but increased rapidly during the recovery and have also surpassed their previous high by 18 percent.

Government agencies employed 6,000 workers in 2008, recovered to that level by 2015, and by 2017 employed almost 6,500. Federal and state government were unchanged, while K-12 school employment rose by 5 percent and other local government employment by 17 percent. Government's proportion of total jobs in the county has consistently been around 16 percent.

For historical industry employment data, [contact an economist](#).

Industry employment by age and gender

(Source: The Local Employment Dynamics)

The Local Employment Dynamics (LED) database, a joint project of state employment departments and the U.S. Census Bureau, matches state employment data with federal administrative data. Among the products is industry employment by age and gender. All workers covered by state unemployment insurance data are included; federal workers and non-covered workers, such as the self-employed, are not. Data are presented by place of work, not place of residence. Some highlights:

In 2016, 12 percent of the jobs in Cowlitz County were held by workers under the age of 25, while 24 percent of jobs were held by those aged 55 and over. The rest of the jobs were split between those age 25 to 34 (20 percent), 35 to 44 (22 percent), and 45 to 54 (23 percent). The county's age profile was somewhat older than the state's.

Jobs were almost evenly divided between men (52 percent) and women (48 percent). There were substantial differences in gender dominance by industry.

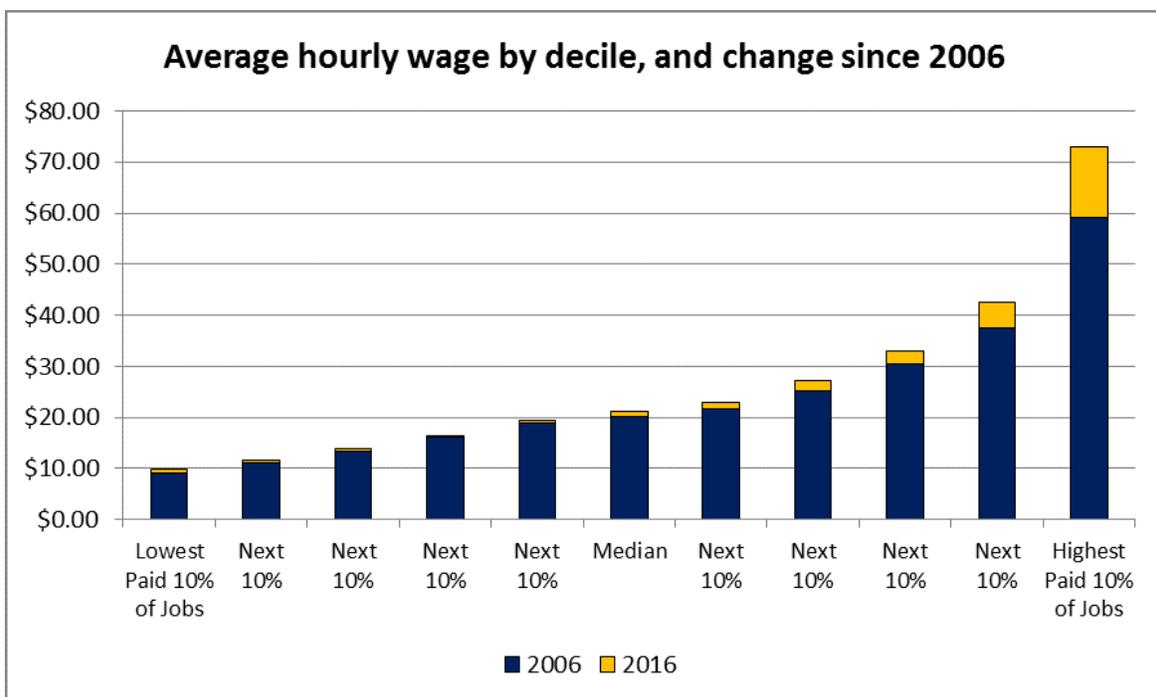
- Male-dominated industries included construction (87 percent), manufacturing (78 percent), wholesale trade (73 percent), transportation (81 percent) and business services (68 percent).
- Female-dominated industries included healthcare and social assistance (82 percent), finance and insurance (79 percent) and educational services (public and private combined, 73 percent).

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Wages and income

(Source: Employment Security Department; Bureau of Labor Statistics; Bureau of Economic Analysis; U.S. Census Bureau; U.S. Census Bureau, American Community Survey)

The median hourly wage for jobs in Cowlitz County in 2016 was \$21.12, little changed from the 2014 and 2015 medians but still the highest on record. Cowlitz was almost \$3 per hour below the state median, but if King County were excluded, Cowlitz exceeded the rest of the state. Over the past decade, wage polarization has increased in the county. Wages for the best-paid 10 percent of jobs have jumped 23 percent, while the median was up 4 percent. The average hourly wage for jobs at the low end were up 8 percent, but between the bottom and the median, hourly wages appreciated by 2% to 5%.

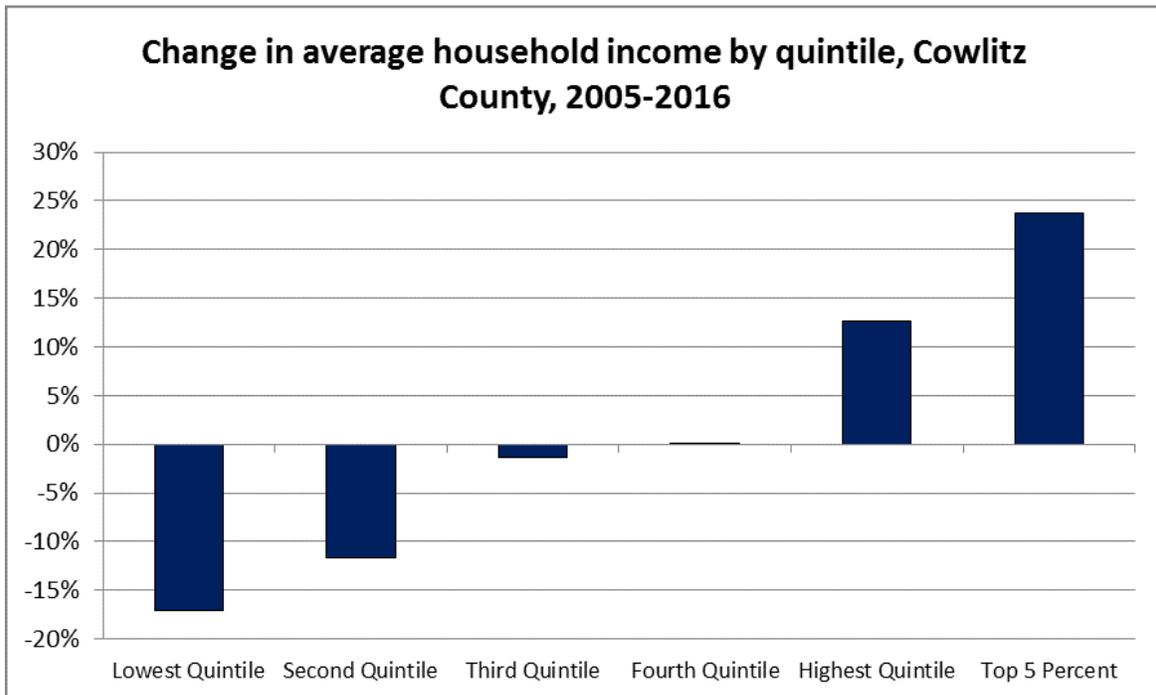


In 2016 average annual wage was \$45,775, well below the state (\$59,073) and national (\$53,611) averages. The average has risen relatively slowly over the past three decades.

During the recession, from 2007 to 2010, job losses were spread fairly evenly across the wage spectrum, except at the upper end—there was actually an increase in the number of higher wage jobs (\$48 per hour and up). From 2010 to 2016, the number of jobs paying below \$12 per hour declined, while those paying between \$12 and \$18 per hour made up 16 percent of net new jobs, and 21 percent paid \$54 per hour or more.

Not surprisingly, household income declined sharply in the recession. Household income estimates from the American Community Survey during this period are not very reliable, with significant sample error contributing to major swings that don't make sense. The overall trend—the estimate for 2016 median household income, at \$50,637 (12 percent below the U.S. median), was essentially the same as for the 2005-09 period. Median family income, which also had a few aberrant years, increased by 10 percent from 2005 to 2016's

\$64,239—still about 10 percent below the U.S. median. The distribution of income worsened noticeably, as shown in the chart below. The average income for the top 20 percent of households increased by 13 percent, and the top five percent of households by 24 percent. In contrast, the bottom 20 percent of households dropped by 17 percent. While this decline may be due to an outlier in 2016, the overall trend over the decade was flat for the lowest-income households, so in any event, income inequality had grown. Poverty remained high at 16.8 percent in 2016.



Personal Income

Personal income includes earned income, investment income and government payments such as Social Security and Veterans Benefits. Investment income includes income imputed from pension funds and from owning a home. Per capita personal income equals total personal income divided by the resident population.

In 2016, Cowlitz County per capita personal income was \$41,449, a 1.9 percent increase, more than the state or nation. Earned income (2.1 percent) and transfer payments (2.2 percent) grew even faster. Transfer payments to residents of Cowlitz totaled \$1.2 billion in 2016, an average of \$11,214 per resident. That was substantially higher than the \$8,567 per capita figure nationally. Much of the difference has to do with the county’s older population—Social Security and Medicare payments were well above the state and nation. Poverty also played a role: Medicaid, income maintenance benefits (which includes Temporary Assistance to Needy Families, more popularly known as welfare) and the Supplemental Nutrition Assistance Program (a.k.a. food stamps) were all above average, as were disability payments and unemployment insurance benefits. Finally, Veterans’ benefits also outpaced the nation.

Per Capita Transfer Payments, 2016

Type	Cowlitz	U.S.	Difference
Total benefits	\$11,214	\$8,567	30.9%
Social Security benefits	\$3,994	\$2,774	43.9%
Medicare benefits	\$2,396	\$2,030	18.1%
Medicaid	\$2,286	\$1,778	28.6%
Supplemental security income (SSI) benefits	\$256	\$175	46.6%
Supplemental Nutrition Assistance Program (SNAP)	\$387	\$202	90.9%
Other income maintenance benefits	\$374	\$234	59.6%
Unemployment insurance compensation	\$138	\$98	40.1%
Veterans' benefits	\$379	\$287	32.0%

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Population

(Source: U.S. Census Bureau, Office of Financial Management)

According to state estimates, Cowlitz County's population reached 105,900 in 2017. The 1.0 percent increase over the year was the fastest since 2008. The county has grown slower than both the state and the nation over the past decade. As with many areas, population growth slowed dramatically in 2009, as net in-migration was near zero. Longview was the largest city in the county, at 37,510, with adjacent Kelso the next biggest at 11,980.

Population facts

(Source: U.S. Census Bureau QuickFacts)

	Cowlitz County	Washington state
Population 2017	105,900	7,218,759
Population 2000	92,948	5,894,121
Percent change, 2000 to 2017	13.9%	22.5%

Age, gender and ethnicity

(Source: U.S. Census Bureau QuickFacts)

When compared with the state and nation, Cowlitz County had a slightly smaller proportion of children (aged 0 to 19), fewer younger adults (20 – 39), about the same middle-aged adults (40-59) and more older residents.

The county was much less diverse in terms of race and ethnicity than the state. In 2016, 84 percent of Cowlitz's population was white non-Latino compared with 70 percent at the state level. The county's Latino population has doubled since the 2000 Census, and makes up 9 percent of the population, versus 12 percent at the state level.

Demographics

(Source: U.S. Census Bureau QuickFacts)

	Cowlitz County	Washington state
Population by age, 2016		
Under 5 years old	5.8%	6.2%
Under 18 years old	23.2%	22.6%
65 years and older	18.6%	14.9%
Females, 2016	50.4%	50.0%
Race/ethnicity, 2016		
White alone, not Hispanic or Latino	83.9%	69.7%
Black	0.6%	3.6%
American Indian, Alaskan Native	1.4%	1.3%
Asian, Native Hawaiian, other Pacific Islander	1.9%	8.7%
Hispanic or Latino, any race	9.0%	12.6%

Educational attainment

(Source: U.S. Census Bureau QuickFacts)

Compared with the state and nation, Cowlitz County's adults 25 years and older were more likely to have only a high school diploma or some college education, vs. attaining a bachelor's degree or higher. In 2016, 17 percent of Cowlitz adults had a bachelor's or advanced degree, as opposed to 31 percent nationally and 35 percent statewide. The difference was due in large part to the occupational structure of the county, which has substantially fewer jobs that require a four-year degree or higher.

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Useful links

- [County data tables](#)
- [Cowlitz County on ofm.wa.gov](#)
- [Cowlitz County home page](#)
- [Cowlitz County on ChooseWashington.com](#)
- [Cowlitz Economic Development Council](#)
- [History of Cowlitz County](#)
- [City of Castle Rock](#)
- [City of Kalama](#)
- [City of Kelso](#)
- [City of Longview](#)
- [City of Woodland](#)
- [Self Sufficiency Calculator for Washington State](#)
- [U.S. Census Bureau QuickFacts](#)
- [Port of Kalama](#)
- [Port of Longview](#)
- [Port of Woodland](#)
- [Washington Ports](#)
- [Workforce Development Areas and WorkSource Office Directory](#)

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