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ROSS DE VOL, OF THE MILKEN INSTITUTE

O.C. jobless rate improves again

Thanks to brisk hiring in November, local unemployment rate falls to 2.9 percent – the lowest in 3½ years.

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THE ORANGE COUNTY REGISTER

Orange County's unemployment picture improved dramatically in November, with the local jobless rate falling to its lowest level in 3½ years, as a wide swath of local businesses, including manufacturers, added to their payrolls.

As a result, the county's unemployment rate fell to 2.9 percent last month, the state Employment Development Department said Friday, its lowest level since May 2001 and down from 3.6 percent in November 2003. The number of officially unemployed people here fell to 46,900 – a 3½-year low.

Businesses showed a renewed willingness to hire last month. Local employers' payrolls were up 9,800 jobs from a year earlier, the fastest pace since April. And many economists believe the EDD may be undercounting new jobs.

California's labor market improved last month as well, the EDD said. The state's jobless rate fell to 5.7 percent in November, its lowest point since September 2001, down from 6.6 percent a year ago.

Statewide, employers in November added 146,900 jobs year-over-year.

"It's good news," said Ross De Vol, the director of regional economics at the Milken Institute in Santa Monica.

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ers, it's encouraging."

In Orange County, much of the job growth resulted from hiring by hotels and restaurants, accountants, lawyers and other business-service providers, and the construction industry, which continues to show strength despite recent warnings from many quarters that the real-estate sector is likely to slow.

Statewide, a number of industries picked up workers, including the motion-picture business and manufacturers.

De Vol speculated that the gains were probably related to the decline of the U.S. dollar, which has made Canada a less attractive alternative to Hollywood and improved U.S. manufacturers' edge abroad.

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Brad Hall, the managing director of **Hall & Company**, said his Irvine accountancy firm has hired four workers during the past six months, including one in November.

The reason for Hall & Company's hiring spurt? New audit and accounting controls changes demanded by the Sarbanes-Oxley reforms that Congress enacted after the **Enron** scandal. In some cases the law has doubled the workload of accountants working

with public companies.

"The CPA market is the driest that I've ever seen in 27 years," Hall said.

But Hall said another factor is driving demand for CPA services: Simply put, local companies are making money.

"Our clients across the board are showing much higher profits in 2004 than in the last two years," he said. "It's definitely happening."

The bad news? Some economists, including those at Chapman University in Orange, believe that 2004 will turn out to be the peak of this business cycle and that job growth will slow with the rest of the economy in 2005.

In the meantime, however, the reasonably good economic times here are spilling over into all kinds of service businesses. **Susan's Healthy Gourmet**, an Irvine-based company that prepares and delivers healthful food to homes, hired three drivers in November and is trying to hire a customer-service manager.

Another factor at work in Orange County: seasonal hiring. **Cafe Tu Tu Tango** at the Block at Orange recently has added workers for all levels of service - from food runners to servers to bar helpers - mostly to prepare for the boom in holiday parties.

"I'm extremely short-handed right now," said Dawn Dahlberg, manager of Cafe Tu Tu Tango. "Last month, I probably hired two or three people, but the month before I hired at least 15."

The broadest measure of the O.C. job market, based on a limited survey of households in the region conducted by the EDD, concluded that 1,564,400 O.C. residents had jobs last month. That was an increase of 2,800 jobs, or 0.2 percent, from October and an increase of 27,000 jobs, or 1.8 percent, from last year.

But the EDD's generally more reliable gauge of the county's job market, based on a larger survey of businesses, found that local employers had 1,451,500 workers on their payrolls last month. That was

an increase of 6,600 jobs, or 0.5 percent, from October and an increase of 9,800 jobs, or 0.7 percent, from last year.

So which job number is right? Economists like to say the truth probably lies somewhere between the 27,000 new jobs that show up in household number and the 9,800 new jobs that the business survey shows. In its forecast this week, Chapman predicted the region would add 25,000 jobs this year and 21,000 next year.

At 2.9 percent, Orange County has the lowest jobless rate of any major metro area in the state and enjoys what economists consider full employment. So is the region nearing a crisis in which it will run out of workers?

Not likely, economists say. Recent history suggests unemployment here could go even lower. In December 2000, Orange County's jobless rate hit a low of 2.0 percent. Even then, there were more than 30,000 officially unemployed workers looking for a job - and thousands more no longer collecting benefits but still available to work.

What's more, Orange County isn't an island - neighboring counties, which all have higher unemployment rates, are a source of workers.

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