

BLS Employment Report

December 2015

↑ 292,000 Change in Total Nonfarm Employment

↑ 100,000 Office-using

↑ 8,000 Manufacturing

↑ 4,300 Retail

Job Openings

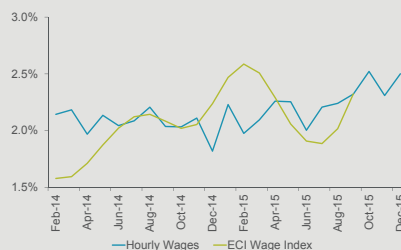
October, 000's



Source: Bureau of Labor Statistics

Wage Growth

Yr/Yr % Change



Source: Bureau of Labor Statistics

Contacts

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U.S. Payrolls Surge: A Much Needed Data Point

In a week dominated by financial market volatility, the latest employment data provided much needed reassurance that the U.S. expansion remains on solid ground. U.S. nonfarm payroll employment surged by 292,000 jobs in December thus making 2015 the strongest year of job creation in 16 years. Job growth figures for both October and November 2015 were revised upwards by a total of 50,000 jobs. As a result, the fourth quarter was in fact the strongest stretch of job creation for all of 2015, indicating that the U.S. economy and property markets are not only in solid shape, but they actually gained momentum heading into 2016.

The unemployment rate remained steady at 5.0% for a third consecutive month largely because the strength of the economy appears (finally!) to be attracting workers back into the labor force. The labor force participation rate—that is, the share of the population actively engaged in working or looking for work—rose to 62.6%, its highest level since July. While employment surged in the fourth quarter the number of unemployed did not show a commensurate drop, suggesting that more people are being drawn into the workforce. Another positive sign for labor markets is the increasing willingness of workers to leave their (current) jobs. The proportion of people who are unemployed because they left their jobs (a sign of confidence) rose to 10.3%, its highest level since mid-2008.

The tightening of labor markets, evident in the low unemployment rate and the high number of job openings, continues to have an upward impact on wages. Average hourly earnings were up 2.5% from December 2014, matching the annual increase in October as the largest in more than six years. Stronger wage growth is expected to be an important driver of the U.S. economy in 2016 as rising wages and employment boost income and stimulate stronger consumer spending growth.

December's job growth was dispersed broadly among industries and 64.4% of the private sector industries tracked by BLS recorded an increase in employment from November to December 2015—the highest percentage since December 2014. Industries reporting large increases in December include: construction, in which employment jumped by 45,000 jobs to its highest level since January 2009 (albeit record warm temperatures likely overstate this figure due to seasonal factors); education and health (+59,000); leisure and hospitality (+29,000); professional and business services (+73,000) and transportation and warehousing (+23,000). The jump in the transportation and warehousing sector appears to reflect the growth of online retail demand during the holidays; indeed, employment in that sector has surged in each of the past four Decembers. Also noteworthy: the manufacturing sector added 8,000 jobs in December, which contradicts the latest weakness reported in the ISM manufacturing indices.

There are several important signs in today's report for the commercial real estate (CRE) sector. Employment in the key office-using sectors (financial, information and professional and business services) increased by 100,000 jobs in December and by 237,000 over the fourth quarter. Given the typical three month lag between jobs and absorption, the country should be looking at roughly 20-25 million square feet of demand for office space in the first quarter of 2016, assuming a conservative estimate of 150 square feet per worker. In other words the latest employment figures suggest the U.S. is on track to have one of its strongest quarters of office absorption in the current cycle. Likewise, the strong job gains in manufacturing and the transportation/warehousing sectors point to a strengthening trajectory in demand for industrial space while the anticipated increase in consumer spending should boost demand for retail space during 2016. Given the Fed's greater emphasis on inflation in its latest remarks, December's employment data does little to tip the scales in terms of a March interest rate hike—the odds are now below 40% according to the fed funds futures.

A nearly 5% drop in the DJIA in the first week of trading was not exactly the start we were looking for in 2016—but with job numbers like these, it is very difficult to make the case that the U.S. economy or the property markets are in any imminent trouble.

Employment Situation by Metro:

	Total Nonfarm*		Office-Using*		Industrial Sector*		Unemployment Rate
	(000s)	% Chg	(000s)	% Chg	(000s)	% Chg	November 2015
Atlanta, GA	82.6	3.3%	28.1	3.9%	12.0	2.7%	5.3%
Austin, TX	32.1	3.5%	13.7	6.0%	1.6	1.3%	3.3%
Baltimore, MD	31.9	2.4%	7.8	2.5%	3.2	2.1%	5.4%
Boston, MA	40.1	2.3%	19.1	3.6%	1.4	0.8%	4.2%
Charlotte, NC	36.0	3.3%	9.3	3.3%	4.9	2.4%	5.3%
Chicago, IL	44.4	1.2%	16.0	1.6%	-3.3	-0.5%	5.4%
Cincinnati, OH	21.4	2.0%	9.6	3.8%	8.5	4.0%	4.1%
Columbus, OH	23.7	2.3%	2.4	0.9%	4.8	3.0%	3.7%
Dallas, TX	86.3	3.7%	29.4	4.1%	7.7	1.9%	4.0%
Dayton, OH	4.8	1.3%	1.1	1.5%	2.2	3.5%	4.3%
Denver, CO	28.9	2.1%	0.4	0.1%	-0.4	-0.2%	3.4%
Detroit, MI	36.9	1.9%	15.5	3.1%	9.0	2.3%	5.9%
Fort Lauderdale, FL	26.2	3.3%	12.5	5.9%	-1.1	-1.1%	4.7%
Houston, TX	29.5	1.0%	-1.2	-0.2%	-21.2	-3.8%	4.9%
Indianapolis, IN	30.9	3.1%	1.7	0.7%	9.7	4.9%	4.1%
Kansas City, MO	15.4	1.5%	6.6	2.4%	0.1	0.1%	4.4%
Las Vegas, NV	24.5	2.7%	3.0	1.7%	1.4	1.8%	6.5%
Los Angeles, CA	15.9	2.5%	5.2	3.8%	2.5	1.7%	4.2%
Louisville, KY	83.0	1.9%	10.1	1.0%	4.1	0.5%	5.9%
Miami, FL	17.6	1.6%	5.7	2.3%	3.4	1.9%	6.0%
Milwaukee, WI	6.6	0.8%	5.9	3.1%	-3.8	-2.0%	4.5%
Minneapolis, MN	33.5	1.8%	16.0	3.3%	2.7	0.8%	3.2%
Nashville, TN	26.1	2.9%	6.5	3.0%	2.6	1.6%	4.4%
New York, NY	115.6	1.8%	23.6	1.3%	3.5	0.5%	4.9%
Newark, NJ	11.6	1.0%	-4.6	-1.4%	3.1	1.5%	5.2%
Oakland, CA	20.3	1.9%	5.1	2.0%	0.7	0.4%	4.5%
Philadelphia, PA	31.0	1.1%	1.0	0.1%	2.9	0.7%	5.1%
Phoenix, AZ	49.3	2.6%	15.1	3.0%	3.9	1.5%	5.2%
Pittsburgh, PA	13.5	1.2%	0.6	0.2%	-0.5	-0.3%	5.1%
Portland, OR	37.2	3.4%	11.8	4.6%	4.7	2.2%	5.2%
Raleigh, NC	12.0	2.1%	5.4	3.5%	-0.2	-0.2%	4.8%
Sacramento, CA	22.9	2.5%	2.7	1.5%	0.1	0.1%	5.4%
San Diego, CA	41.6	3.1%	12.8	3.9%	4.0	2.4%	4.7%
San Francisco, CA	43.7	4.3%	24.7	6.5%	2.2	2.1%	3.2%
San Jose, CA	51.9	5.1%	28.2	9.0%	6.4	3.0%	3.8%
Seattle, WA	56.0	3.0%	16.7	3.7%	5.6	1.7%	4.5%
St. Louis, MO	10.6	0.8%	-2.1	-0.7%	4.6	2.1%	4.9%
Tampa, FL	34.7	2.8%	6.7	2.0%	2.9	2.0%	4.8%
Washington DC Metro	50.6	2.0%	25.8	3.4%	2.2	1.5%	4.4%
West Palm Beach, FL	11.6	2.0%	5.8	3.8%	0.8	1.6%	5.0%

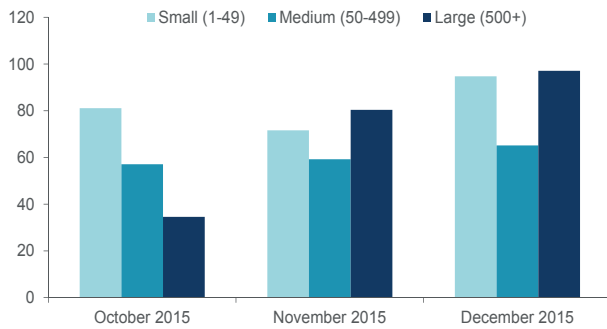
*Employment change, Sept-Nov 2015 over Sept-Nov 2014

Source: Bureau of Labor Statistics

Employment Indicators

By Company Size

Monthly U.S. Nonfarm Private Sector Job Growth, 000's



Source: ADP National Employment Report

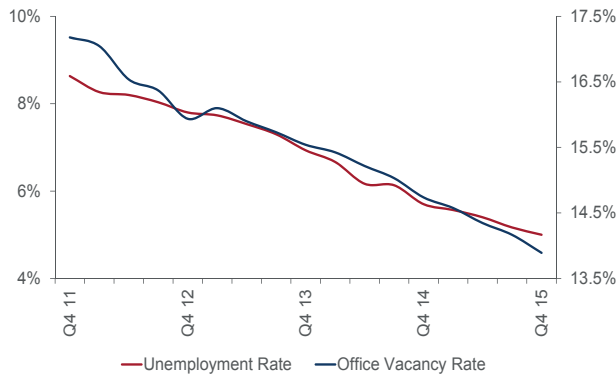
Job Gains by Sector

December 2014 through December 2015, 000's



Source: Bureau of Labor Statistics

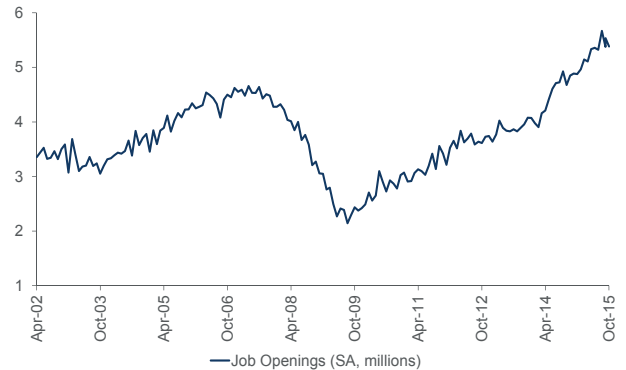
Unemployment vs. Office Vacancy



Source: Bureau of Labor Statistics, Cushman & Wakefield Research

Job Openings

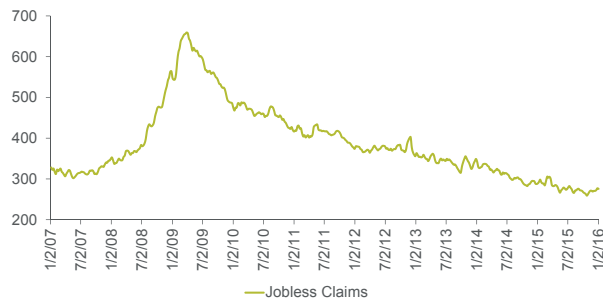
Total Nonfarm



Source: Bureau of Labor Statistics

Jobless Claims

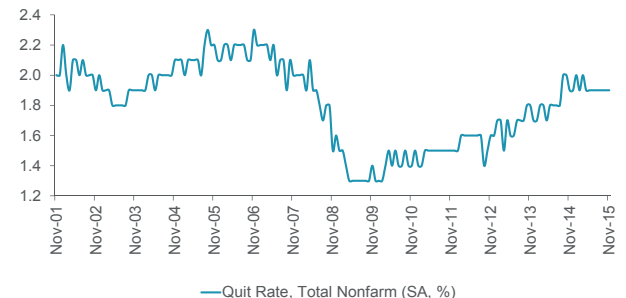
4-week Moving Average, 000's



Source: Employment and Training Administration

Quit Rate

Confidence Among Workers Remains Strong



Source: Bureau of Labor Statistics