

**BLS Employment Report**  
October 2015

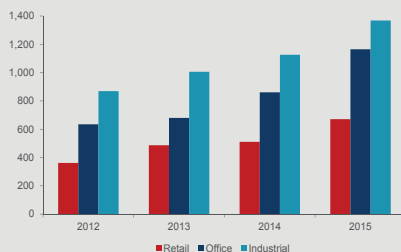
↑ **271,000** Change in Total Nonfarm Employment

↑ **82,000** Office-using

■ **No chg** Manufacturing

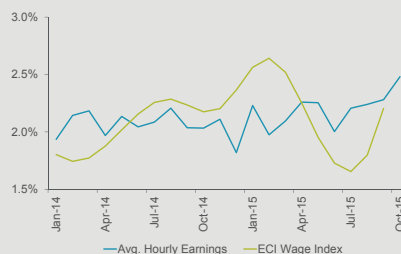
↑ **43,800** Retail

**Job Openings**  
September, 000's



Source: Bureau of Labor Statistics

**Wage Growth**  
Yr/Yr % Change



Source: Bureau of Labor Statistics

**Contacts**

**Kevin Thorpe**  
Global Chief Economist

**Rebecca Rockey**  
Head of Forecasting, Americas

## Job Growth Surges in October

The latest U.S. employment report released on November 6 supports our belief that the economic slowdown observed in August and September was just temporary. Following a couple of months of market volatility and lackluster job gains, total nonfarm payrolls surged in October with the highest monthly increase so far in 2015. The 271,000 net new jobs created in October were enough to push the unemployment rate down to 5%. That said, monthly jobs data are volatile. The three-month moving average shows that the U.S. is creating 187,000 net new jobs per month, which is likely a better measure of the current pace of job creation. Still, the October report helped to confirm that the U.S. expansion remains on solid footing. If the current trajectory holds, the U.S. will create 2.7 million new jobs in 2015, which ranks it as one of the best years for job formation in the last 15 years.

Job growth spread across industries, reflecting a broadening base of economic expansion. Nearly one-third of all new nonfarm payrolls were generated in office-using industries, outpacing all other categories. The professional and business services sector, in particular, had a stellar month, adding 78,000 net new jobs. Even factoring in the ongoing trend towards space efficiency, the strong job growth numbers will lift U.S. office space absorption to over 70 million square feet (msf) in 2015—on par with pre-recession levels. It is also notable that law firms, which have been mostly in contraction mode for most of the expansion, added jobs for the second straight month. These trends bode extremely well for office-space demand.

Two sectors that are significantly stronger than last year are the education/healthcare and retail sectors, which added 252,400 and 518,000 jobs in the first 10 months of the year, respectively—levels 55% and 35% above their year-to-date pace of growth last year. Seasonal retail hiring is at its highest level since 1999. This is likely a reflection of the retail industry’s anticipation of strong holiday spending.

The core trend in employment growth—averaging around 200,000 new payroll jobs per month over the last five years—has consistently driven the unemployment rate down. At 5%, it has now reached a level consistent with what most economists think is the long-term natural rate of unemployment. However, the rate of underemployment, which hit a near-record peak of 17.1% in late 2009, is still elevated at 9.8% despite falling 170 basis points since October 2014. Future improvements in the labor market—signaled by job openings in excess of 5.5 million as of September—should bring this rate down substantially.

Although the job growth numbers always grab the headlines, perhaps the most important data point from this month’s employment report was the re-acceleration of wage growth. Wage growth took a step backwards in the second quarter—a key reason cited in the Fed’s comments for delaying an increase in interest rates. In October’s report, year-over-year wage growth jumped to 2.3%. The move up in wage inflation increases the probability that the Fed will move forward with its first rate hike when it meets again on December 16.

Overall, the labor market remains in reasonably good shape. Job gains will continue at a pace of 200,000 per month over the next year, pushing un- and underemployment down further. Widespread job gains combined with upward pressure on wages is a recipe for increased consumer spending, which will buoy retail and industrial sector demand. With office-using jobs making up nearly one-fifth of all job openings, demand for office space will remain solid in most markets, and robust in certain markets, particularly ones that have a prominent technology sector.

Shake off the jitters, breathe a sigh of relief. The U.S. expansion remains firmly intact.

## Employment Situation by Metro:

	Total Nonfarm*		Office-Using*		Industrial Sector*		Unemployment Rate
	(000s)	% Chg	(000s)	% Chg	(000s)	% Chg	Sept 2015
Atlanta, GA	74.5	3.0%	24.4	3.4%	9.7	2.2%	5.5%
Austin, TX	29.4	3.2%	11.7	5.1%	1.6	1.3%	3.0%
Baltimore, MD	35.7	2.6%	7.3	2.3%	2.4	1.6%	5.3%
Boston, MA	41.7	2.4%	17.6	3.3%	0.8	0.4%	3.8%
Charlotte, NC	38.2	3.6%	7.0	2.5%	6.0	3.0%	5.5%
Chicago, IL	44.9	1.3%	11.7	1.2%	0.8	0.1%	5.4%
Cincinnati, OH	25.0	2.4%	10.3	4.2%	8.4	4.0%	4.0%
Columbus, OH	20.9	2.1%	2.1	0.8%	5.9	3.7%	3.6%
Dallas, TX	78.8	3.4%	27.3	3.9%	6.3	1.6%	3.7%
Dayton, OH	3.8	1.0%	1.0	1.3%	1.3	2.0%	4.2%
Denver, CO	31.3	2.3%	-2.1	-0.5%	2.5	1.4%	3.8%
Detroit, MI	42.0	2.2%	15.4	3.1%	12.0	3.1%	5.5%
Fort Lauderdale, FL	24.2	3.1%	8.0	3.8%	0.0	0.0%	4.9%
Houston, TX	46.0	1.6%	6.0	0.9%	-12.9	-2.3%	4.4%
Indianapolis, IN	29.5	3.0%	4.6	2.0%	9.2	4.7%	4.1%
Kansas City, MO	14.1	1.4%	7.8	2.9%	-1.2	-0.7%	4.9%
Las Vegas, NV	25.2	2.8%	5.5	3.2%	1.9	2.3%	6.7%
Los Angeles, CA	15.7	2.5%	4.7	3.4%	1.2	0.8%	4.3%
Louisville, KY	85.4	2.0%	11.6	1.1%	9.1	1.2%	6.5%
Miami, FL	22.8	2.1%	8.1	3.2%	2.5	1.4%	5.8%
Milwaukee, WI	7.5	0.9%	4.4	2.3%	-3.6	-1.9%	4.6%
Minneapolis, MN	30.6	1.6%	14.8	3.1%	0.7	0.2%	3.5%
Nashville, TN	27.3	3.1%	3.7	1.7%	4.9	3.1%	4.5%
New York, NY	91.0	1.4%	16.6	0.9%	4.4	0.6%	5.1%
Newark, NJ	7.6	0.6%	-6.3	-1.9%	4.6	2.3%	5.4%
Oakland, CA	22.7	2.1%	7.5	3.0%	1.1	0.7%	4.5%
Philadelphia, PA	28.2	1.0%	1.2	0.2%	3.5	0.9%	5.3%
Phoenix, AZ	48.0	2.6%	14.8	2.9%	2.4	0.9%	5.3%
Pittsburgh, PA	22.6	1.9%	2.0	0.8%	2.0	1.1%	5.3%
Portland, OR	36.7	3.4%	11.0	4.3%	6.8	3.3%	5.6%
Raleigh, NC	15.1	2.7%	6.9	4.5%	0.6	1.0%	4.8%
Sacramento, CA	22.1	2.5%	4.9	2.7%	0.3	0.4%	5.5%
San Diego, CA	44.7	3.3%	14.2	4.4%	4.2	2.5%	4.8%
San Francisco, CA	46.9	4.6%	28.0	7.5%	2.0	2.0%	3.3%
San Jose, CA	54.3	5.4%	29.4	9.5%	7.0	3.3%	4.0%
Seattle, WA	61.7	3.3%	16.7	3.7%	4.9	1.5%	4.2%
St. Louis, MO	13.3	1.0%	1.8	0.6%	5.4	2.4%	5.2%
Tampa, FL	32.0	2.6%	1.4	0.4%	2.8	2.0%	5.0%
Washington DC Metro	52.0	2.1%	19.0	2.5%	1.7	1.2%	4.4%
West Palm Beach, FL	10.7	1.9%	6.0	4.0%	0.8	1.6%	5.0%

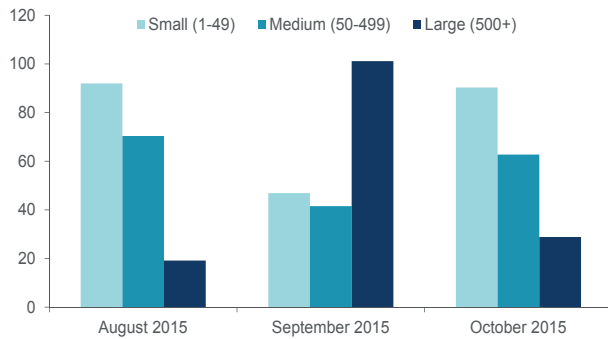
\*Employment change, Jul-Sept 2015 over Jul-Sept 2014

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

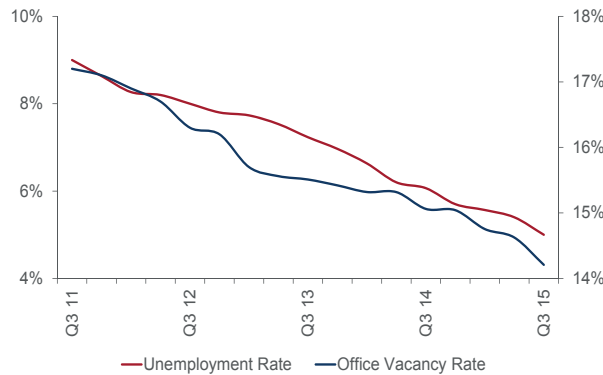
#### Job Gains by Sector

October 2014 through October 2015, 000's



Source: Bureau of Labor Statistics

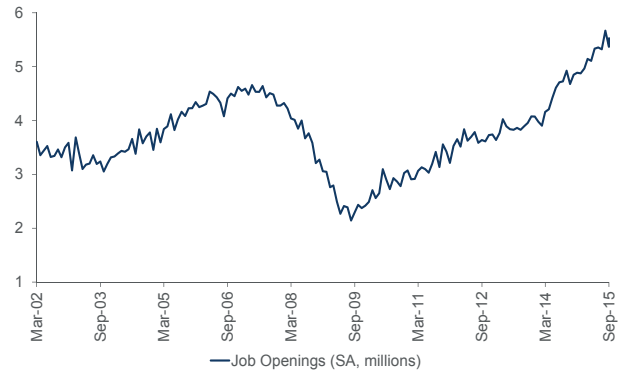
#### Unemployment vs. Office Vacancy



Source: Bureau of Labor Statistics, Cushman & Wakefield Research

#### Job Openings

Total Nonfarm



Source: Bureau of Labor Statistics

#### Jobless Claims

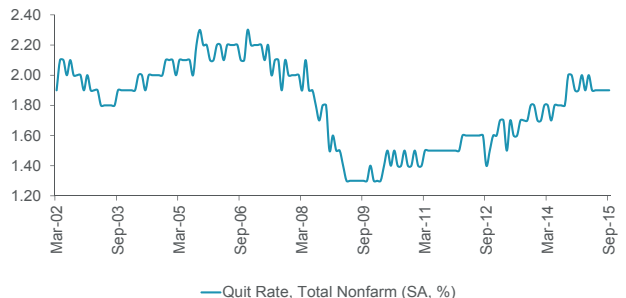
4-week Moving Average, 000's



Source: Employment and Training Administration

#### Quit Rate

Confidence Growing to Seek New Employment



Source: Bureau of Labor Statistics