

State Employment Monitor

April 2019



National Association of REALTORS® Research Group



NATIONAL
ASSOCIATION of
REALTORS®

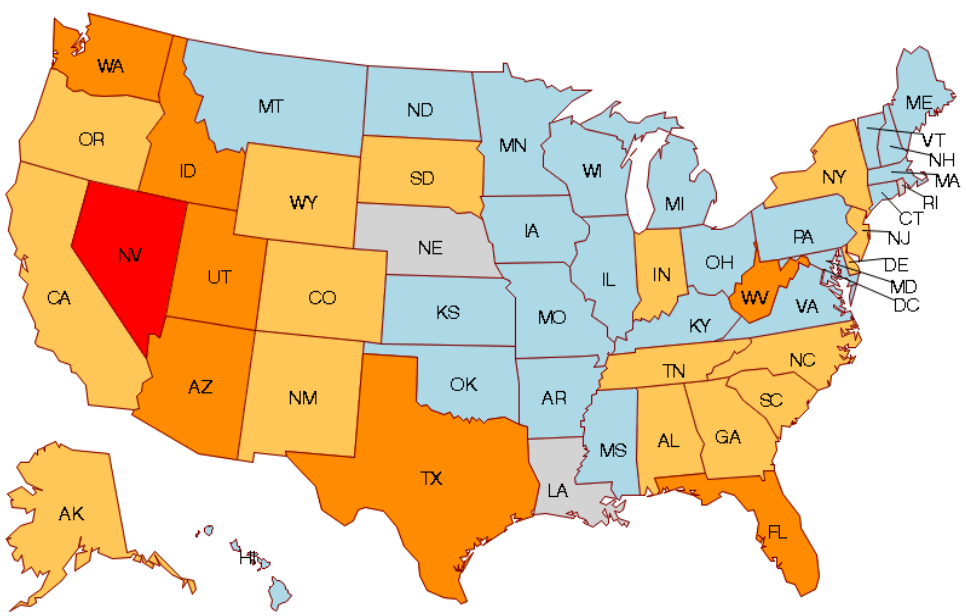
Employment and income are key factors affecting the demand for and supply of residential and commercial real estate. This month's report discusses the March 2019 employment data and the impact of construction jobs on housing starts.

Payroll Jobs Created: 2.5 Million

❖ In March 2019, net payroll employment increased by 2.5 million jobs from one year ago, a 1.7 percent increase. Since September 2010, payroll employment has increased by 2.3 million annually. At two job earners per household, the 2.5 million jobs generated in March 2019 translate to an annual demand of 1.25 million housing units.

Job Growth in 47 States

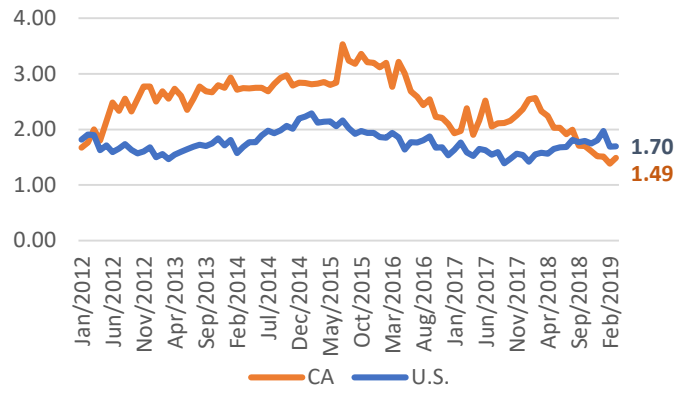
- ❖ Compared to the level one year ago, nonfarm payroll employment increased in the District of Columbia and in 47 states led by Nevada (3.2%), Utah (3.0%), Washington (2.4%), Idaho (2.4%), Florida (2.4%), Arizona (2.4), West Virginia (2.4%), Texas (2.1%), South Dakota (2.0%), and Wyoming (2.0%). There were fewer payroll jobs in Rhode Island (-400), Nebraska (-1,300), and Louisiana (-1,700).
- ❖ With the unemployment rate at 3.9 percent, the pace of job growth has slowed compared to the pace one year ago in 32 states and in the District of Columbia.
- ❖ Compared to the 1.7 percent job growth nationally, job growths in Washington, Arizona, Colorado, Texas, Florida, Georgia, and New York are outpacing U.S. job growth. Meanwhile, California's job growth has slowed markedly from above 3 percent in 2015 to 1.5 percent in March 2019.



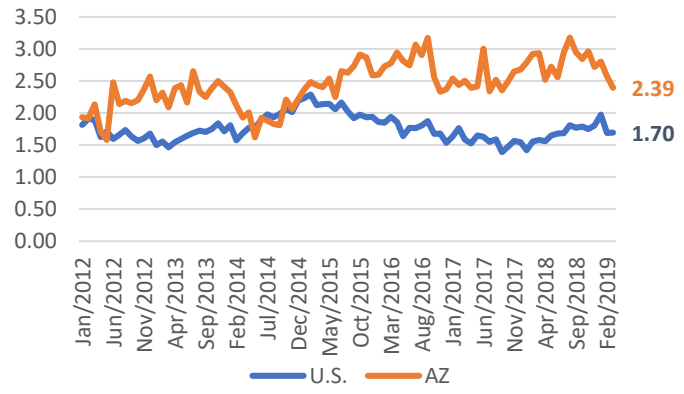
Change in Employment in March 2019 from One Year Ago

Less than 0%	0% to 1%	1+% to 2%
2+% to 3%	3+% to 3.2%	

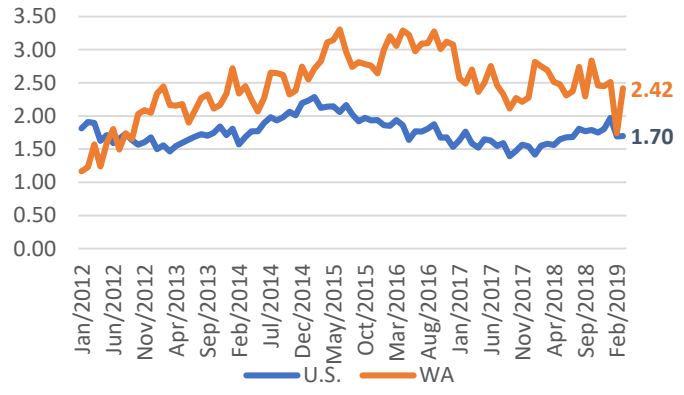
California and U.S. Job Growth



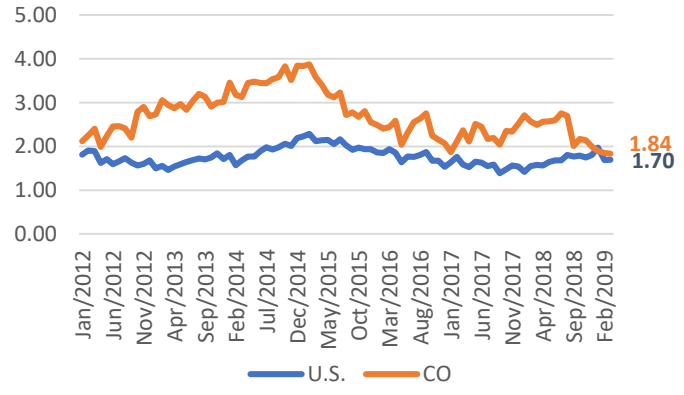
Arizona and U.S. Job Growth



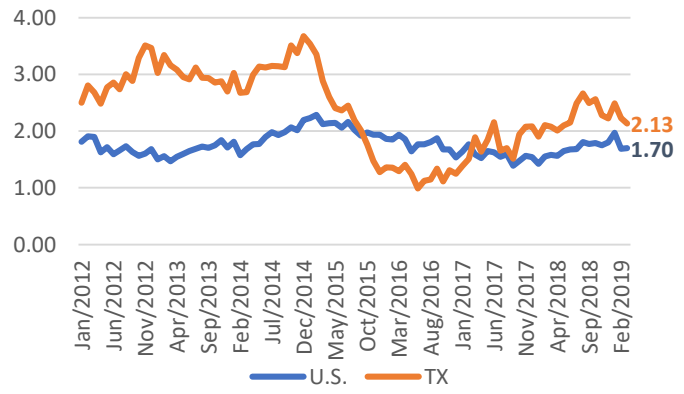
Washington and U.S. Job Growth



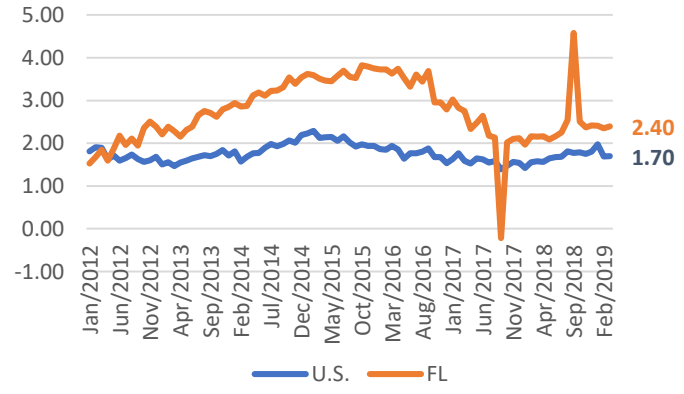
Colorado and U.S. Job Growth



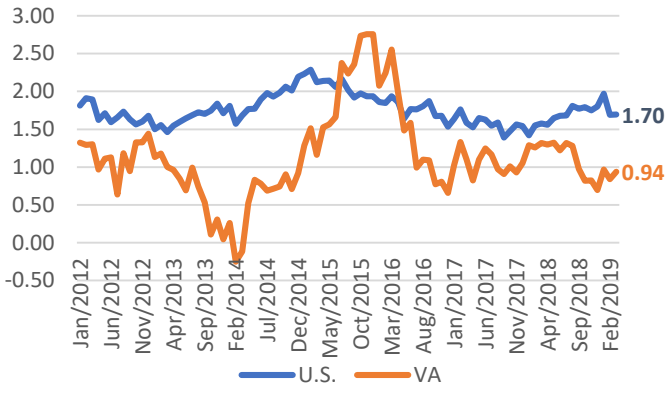
Texas and U.S. Job Growth



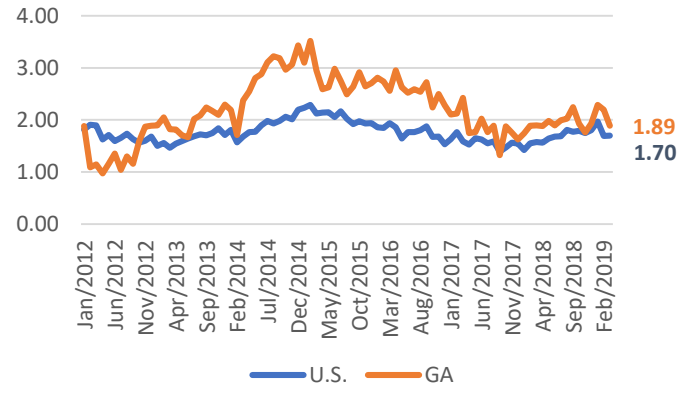
Florida and U.S. Job Growth



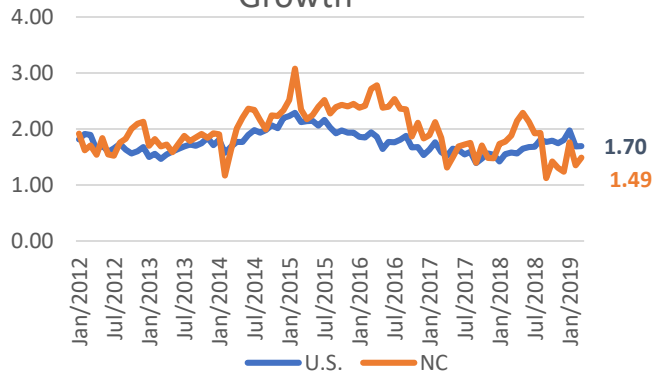
Virginia and U.S. Job Growth



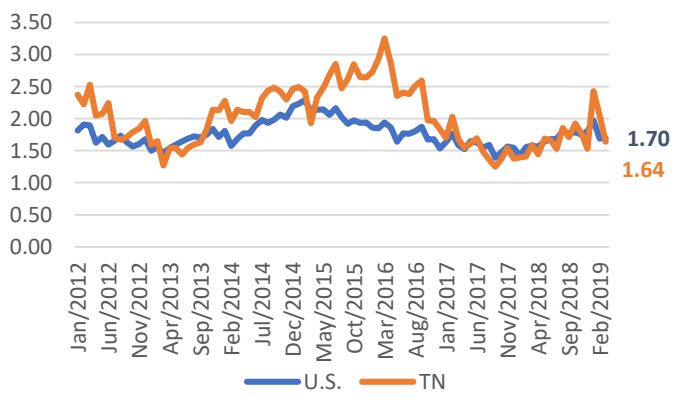
Georgia and U.S. Job Growth



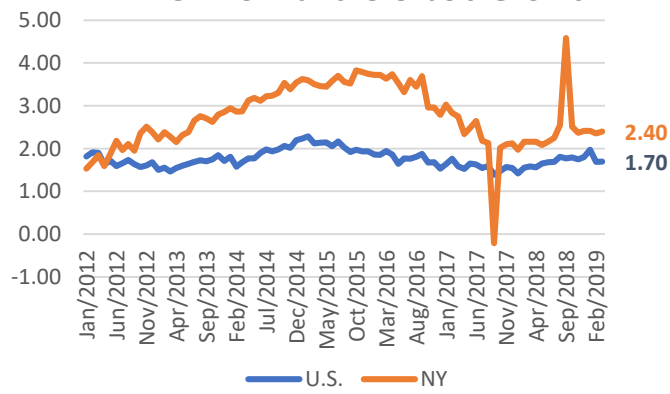
North Carolina and U.S. Job Growth



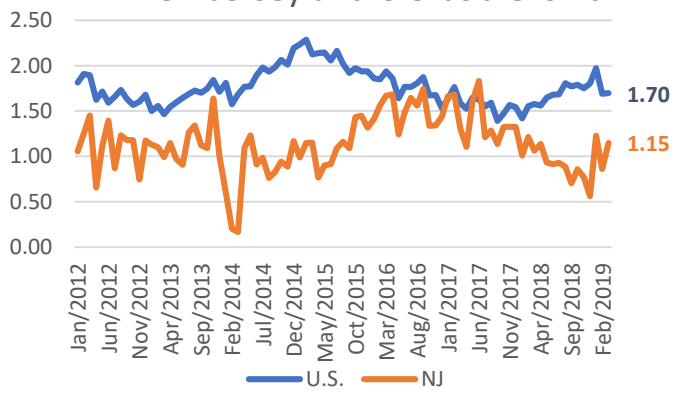
Tennessee and U.S. Job Growth



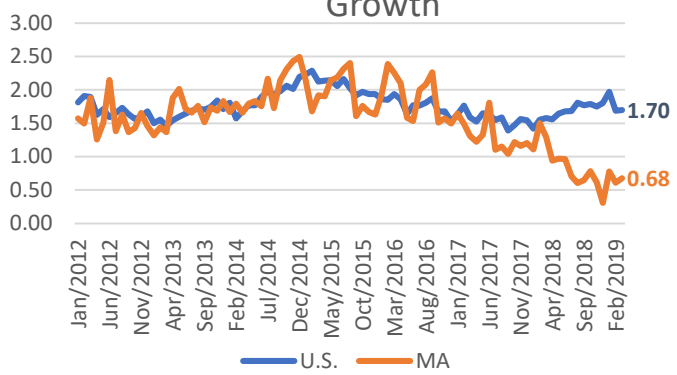
New York and U.S. Job Growth



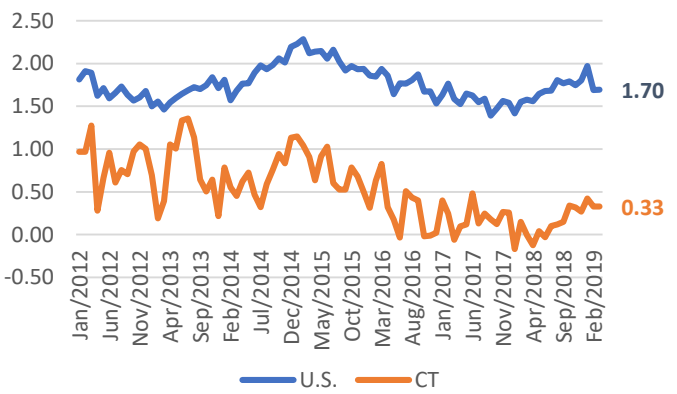
New Jersey and U.S. Job Growth



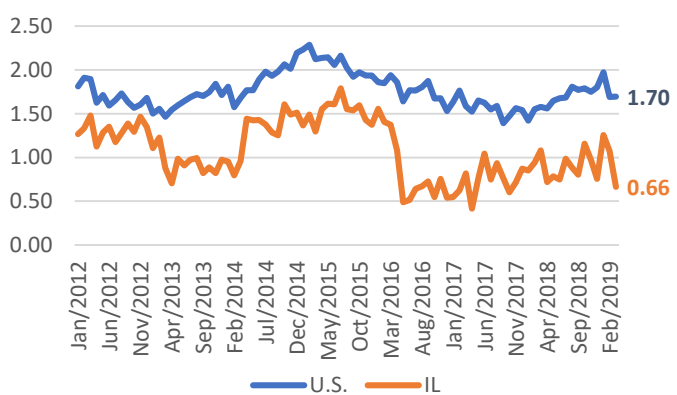
Massachusetts and U.S. Job Growth



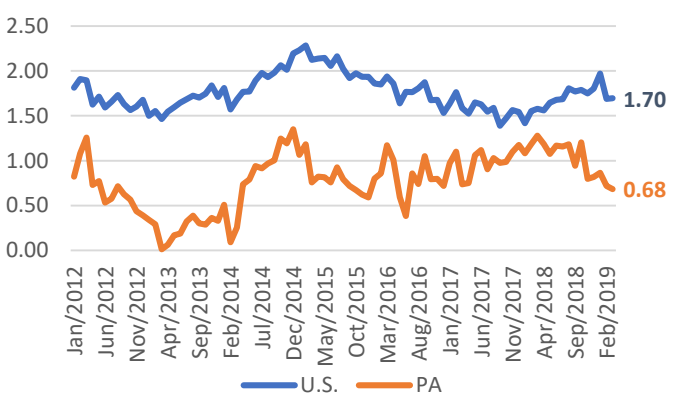
Connecticut and U.S. Job Growth



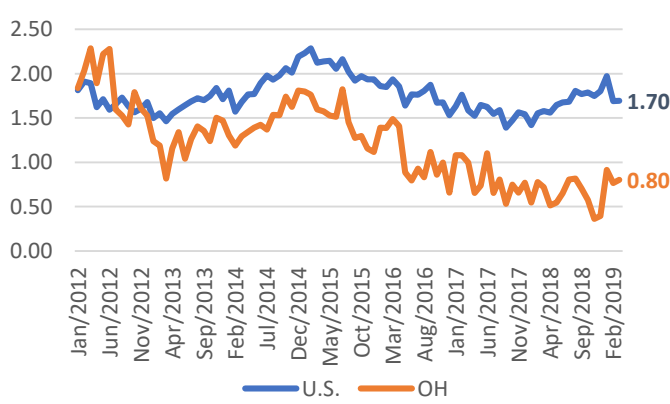
Illinois and U.S. Job Growth



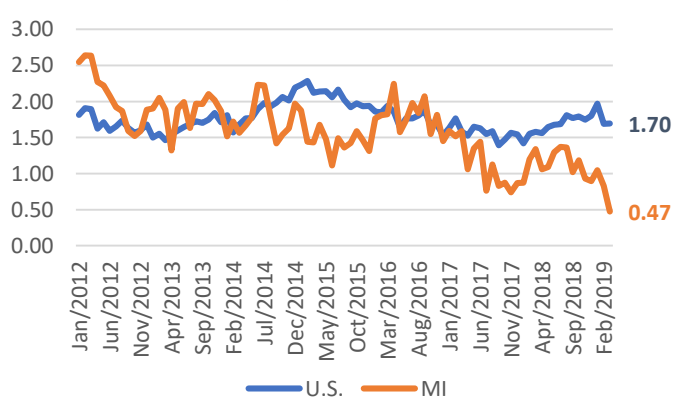
Pennsylvania and U.S. Job Growth



Ohio and U.S. Job Growth

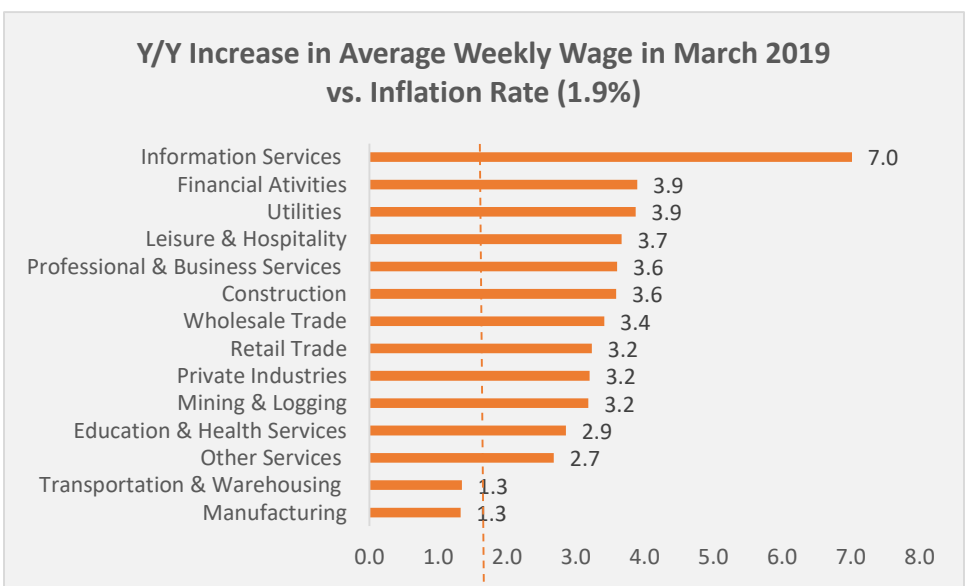
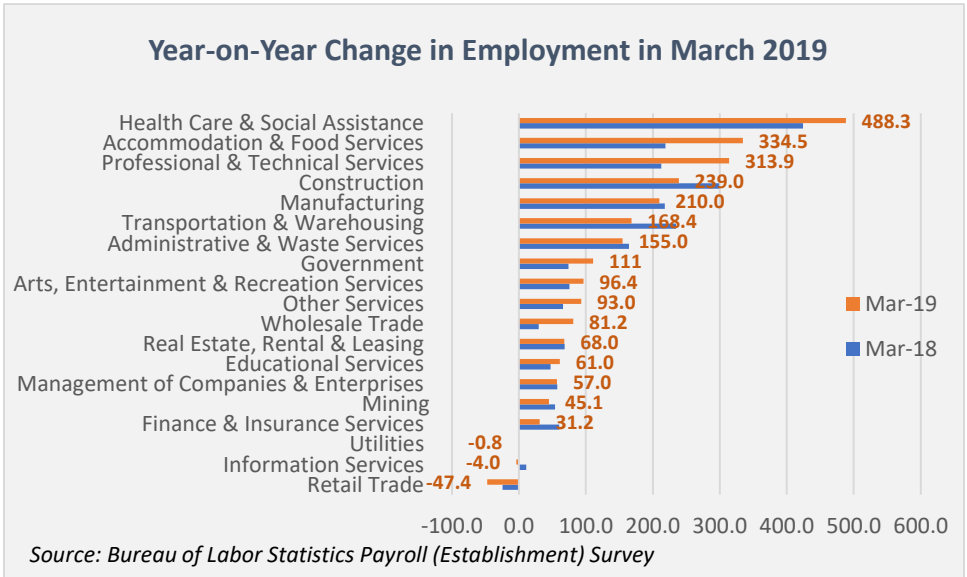


Michigan and U.S. Job Growth



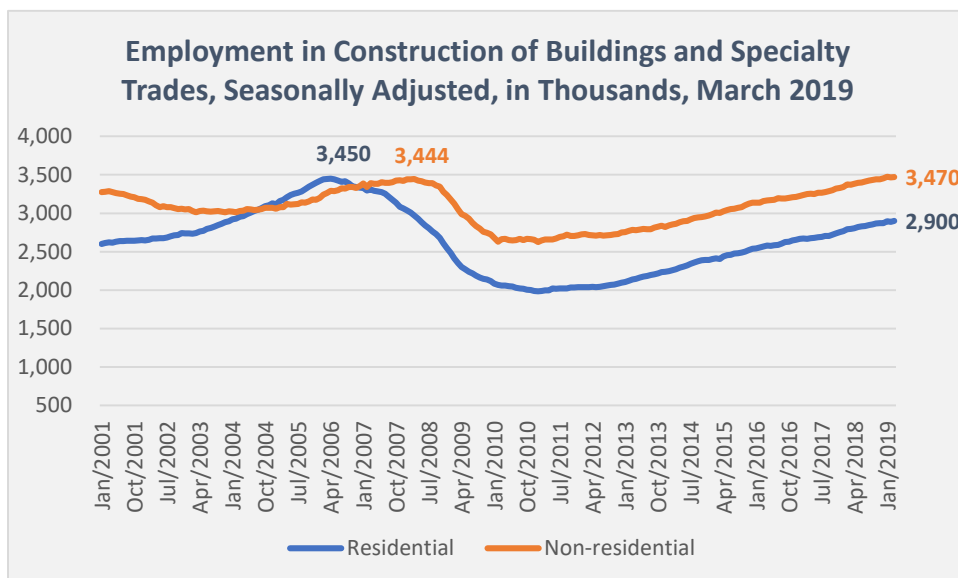
Net Jobs Added in Most Industries

- ❖ Payroll employment rose in in March 2019 from one year ago in all industries (3-digit), except for information services, utilities, and retail trade.
- ❖ Construction jobs rose by 239,000, while real estate, rental, and leasing jobs increased by 28,000. The largest job creators were health care & social assistance, accommodation & food services, professional & technical services, and manufacturing, with job gains of at least 200,000 in March 2019 from one year ago.
- ❖ Average weekly wages rose at a faster pace compared to the 1.9 percent inflation rate except in the transportation and warehousing and manufacturing industries.



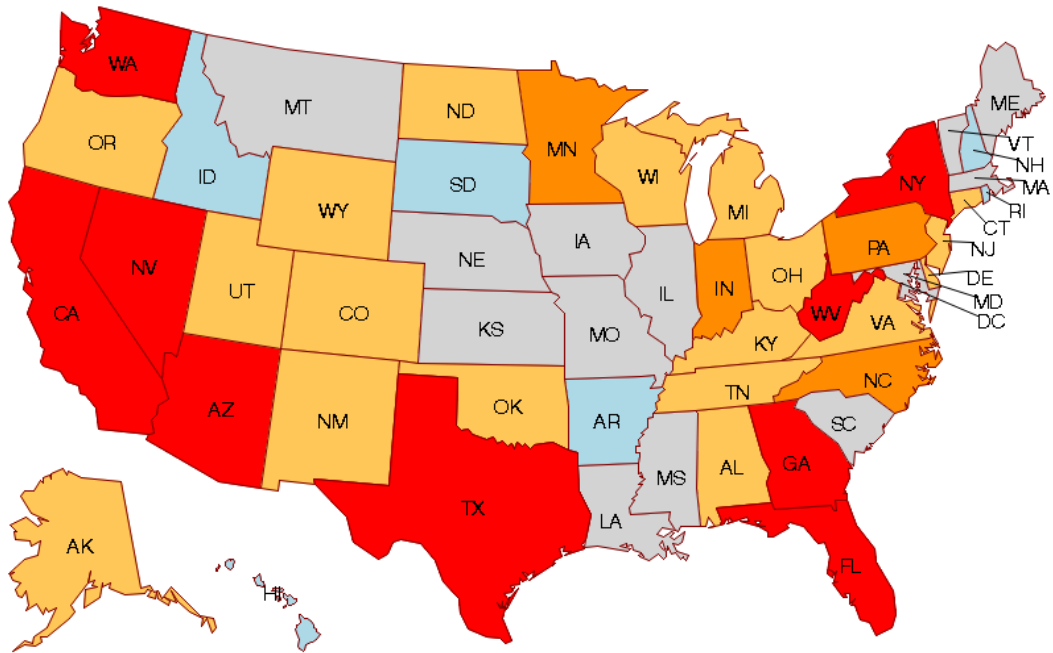
Industry Focus: Construction

- ❖ The construction industry (NAICS Code 23) is composed of the construction of buildings (residential and non-residential), heavy and civil engineering construction, and specialty trade contractors (residential and non-residential).
- ❖ Residential construction employment is still below the peak pre-recession level. As of March 2019, there were 550,000 fewer people employed in residential building construction and specialty trades (2.9 million) compared to the peak levels during the housing market boom (3.45 million) based on Bureau of Labor Statistics nonfarm employment data. Lack of construction labor has constrained the building of new homes, according to many home builders.
- ❖ In contrast, non-residential ('commercial') construction is above the peak pre-recession level. As of March 2019, there were 26,000 more people employed in the non-residential building construction and specialty trades (3.47 million) compared to the peak level during the housing market boom (3.44 million).

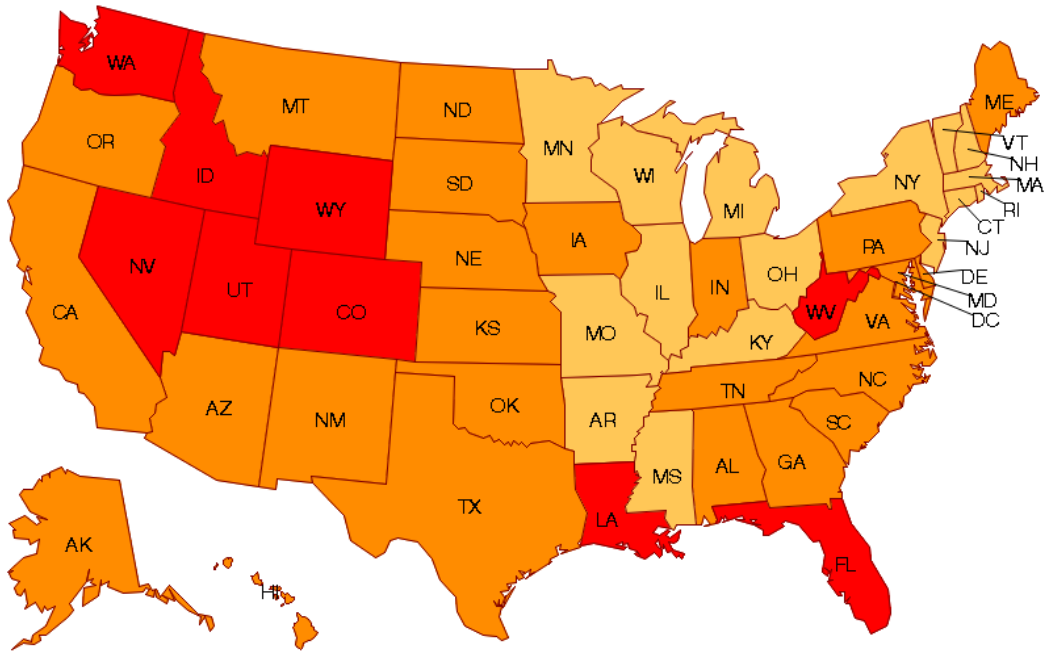
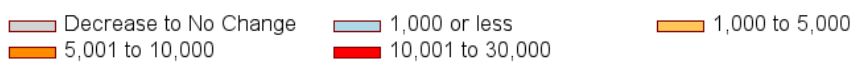


- ❖ In terms of level change, the largest increases in construction jobs (NAICS Code 23) occurred in California, Washington, Nevada, Arizona, Texas, New York, Georgia, Florida, and West Virginia.
- ❖ As of March 2019, construction jobs make up a larger fraction of total nonfarm payroll employment, at six to eight percent, in Washington, Nevada, Utah, Idaho, Wyoming, Colorado, Florida, as well as Louisiana and West Virginia.

Industry Focus: Construction



Change in Construction Employment in March 2019 from One Year Ago ('000)

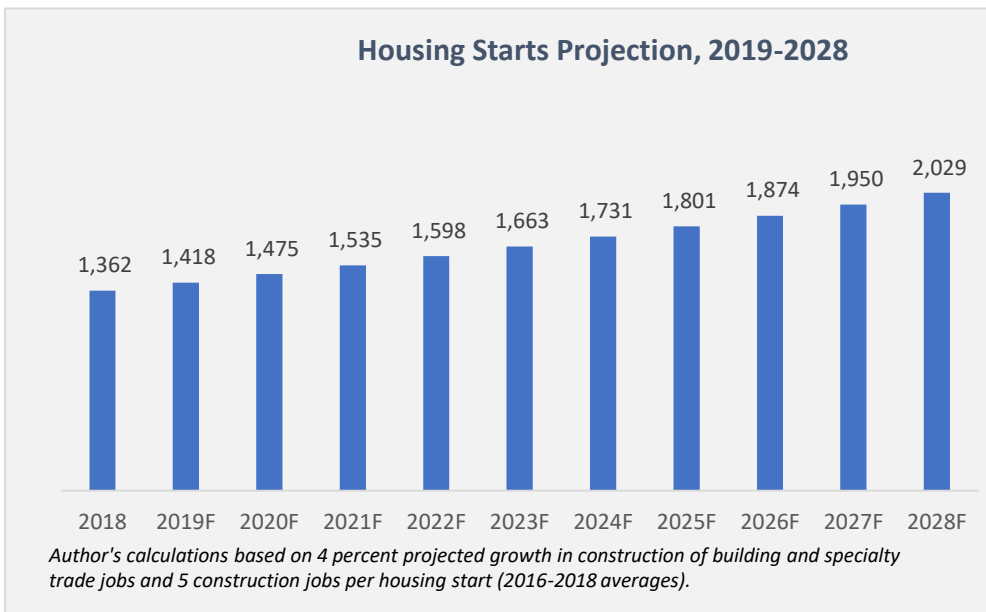


Share of Construction to Payroll Employment as of March 2019



Impact on Housing

- ❖ During 2016 through 2018, jobs in building construction and specialty trade rose five percent on average and there was one housing start per five jobs created. Based on these recent trends, one can project that housing starts will increase from 1.362 million in 2018 to 2.0 million by 2028. In 2019, this means an increase of only 56,000 housing starts, and in 2020, an increase of 57,000 housing starts. This is still below the shortage of about 600,000 units¹ based on household formation and for replacement for obsolete/demolished housing.
- ❖ Housing supply will continue to remain tight unless construction job growth accelerates to more than the current annual pace of four percent. Addressing the current housing supply constraints will require collaboration between industries and trade-schools in attracting workers, including women, in construction. The relatively higher wage of construction workers compared to workers in manufacturing, transportation, and warehousing, education and health, retail trade, hospitality, and private industries in general, should attract workers in construction compared to these other industries, if workers are trained in these specialty skilled jobs.
- ❖ With demand likely to outpace supply, there will also be increasing demand for housing that requires less construction labor, such as panelized and modular construction and manufactured housing.



¹Currently, there are 1.1 million housing starts, while household formation is running at about 1.3 million, a deficit of 200,000 units related to household formation alone. In addition, about 450,000 housing units are needed to replace units lost to obsolescence or that are demolished (0.36% of housing stock of 1.127 million units).



Impact on Housing

