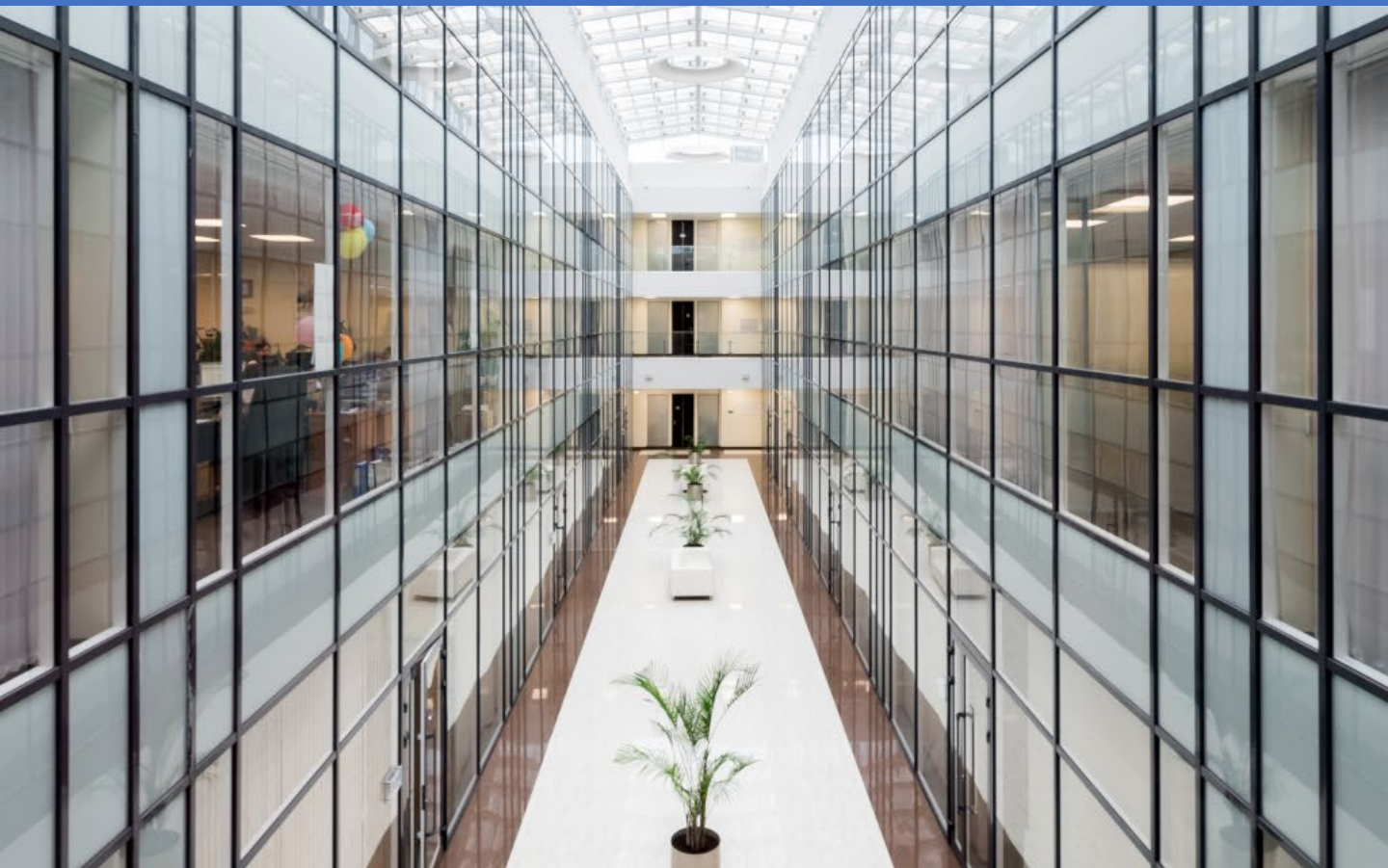


State Employment Monitor

March 2019



National Association of REALTORS® Research Group



NATIONAL
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REALTORS®

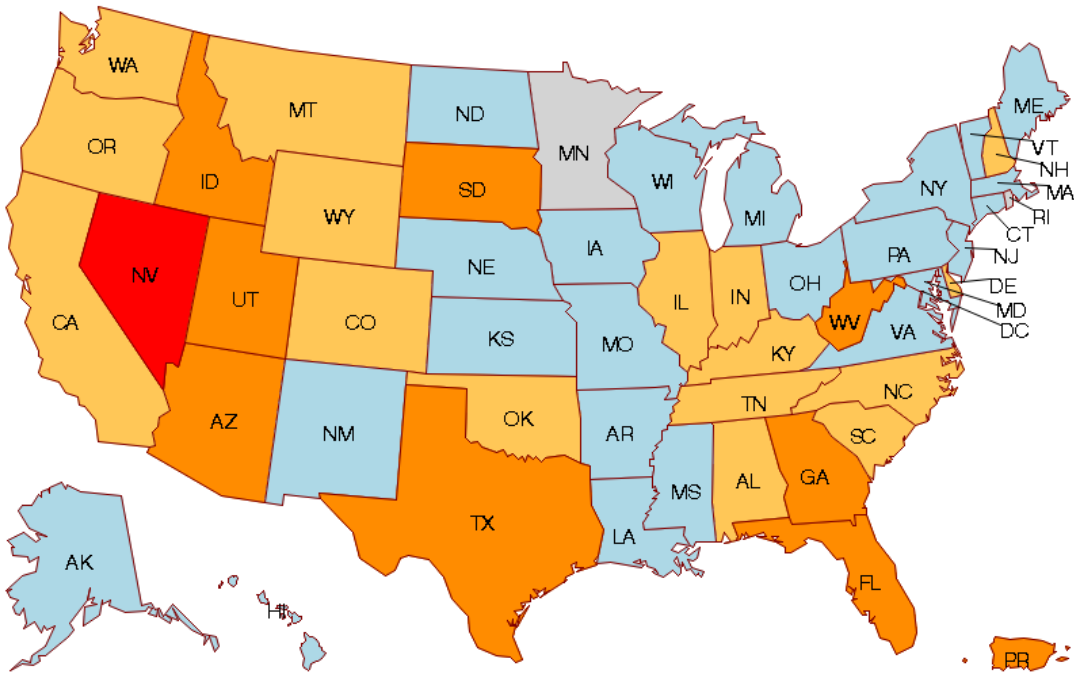
Employment and income are key drivers of housing demand. This Monitor tracks employment and wage trends and how these trends affect the real estate market and housing demand. The March 2019 report explores what's happening in the manufacturing industry.

Payroll Jobs Created: 2.5 Million

❖ Job and wage growth are the economic drivers of housing demand. In February 2019, net payroll employment increased by 2.5 million jobs from one year ago, a 1.7 percent increase. Since April 2013, the economy has been generating at least 2 million jobs annually. At two job earners per household, these job gains translate to a demand of 1.25 million housing units.

Job Growth in 48 States

- ❖ By state, the strongest job growth occurred in the West region led by Nevada (3.5%), Utah (2.8%), Arizona (2.7%), Idaho (2.7%), Wyoming (2.0%), and South Dakota (2.0%) and in South states such as Florida (2.3%), Georgia (2.2%), Texas (2.2%), West Virginia (2.2), and Tennessee (2.0%). Except for Minnesota and Rhode Island, all states gained jobs.
- ❖ With the unemployment rate at below four percent, the pace of job creation has slowed compared to the pace one year ago. There were 29 states where the pace of growth has slowed, including California, Oregon, Minnesota, Massachusetts, Rhode Island, and the District of Columbia.



Change in Employment in February 2019 from One Year Ago

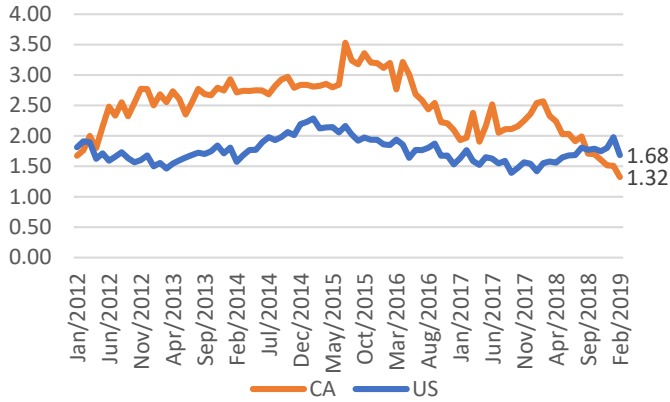
- Less than 0%
- 0% to 1%
- 1% to 2%
- 2% to 3%
- 3% to 4%

State Employment Monitor

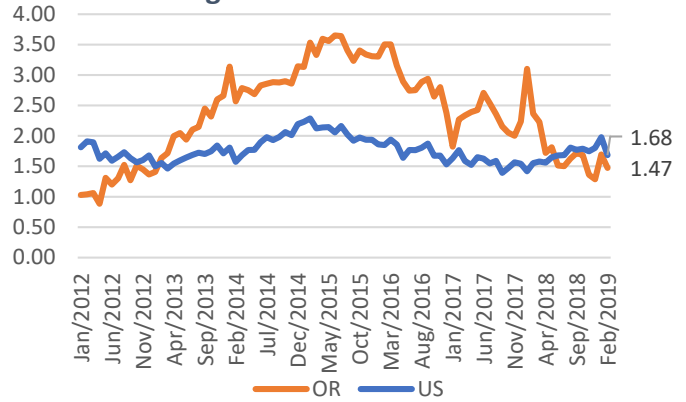
February 2019



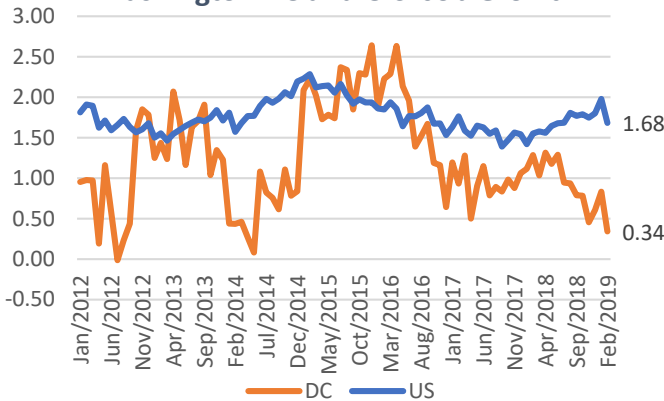
California and US Job Growth



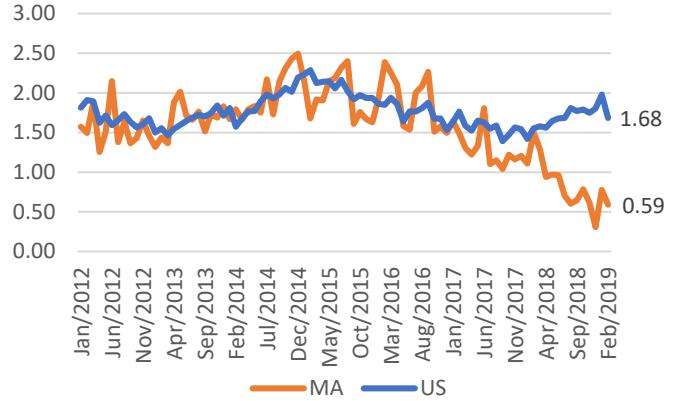
Oregon and U.S. Job Growth



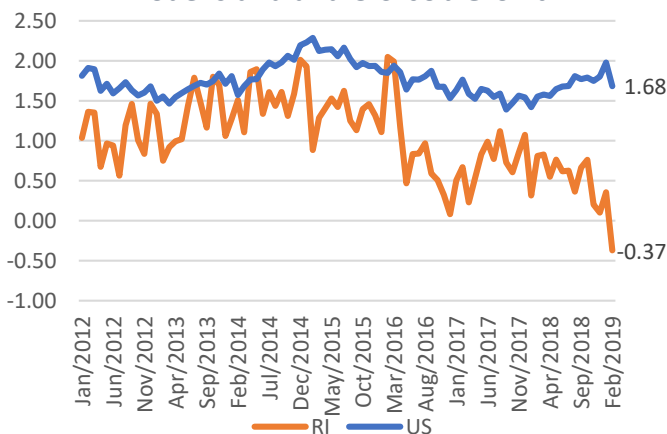
Washington DC and U.S. Job Growth



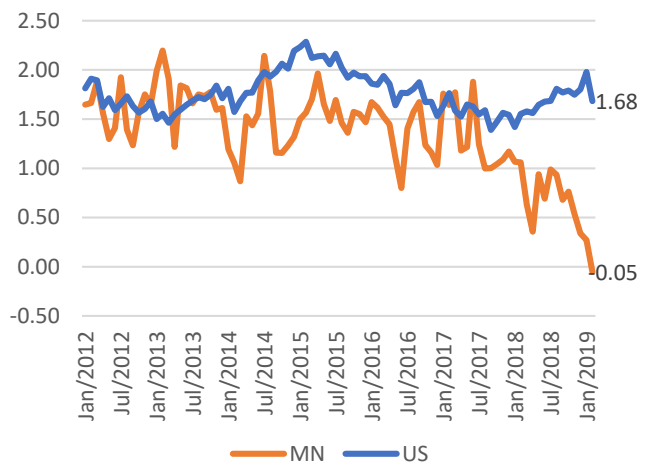
Massachusetts and U.S. Job Growth



Rhode Island and U.S. Job Growth

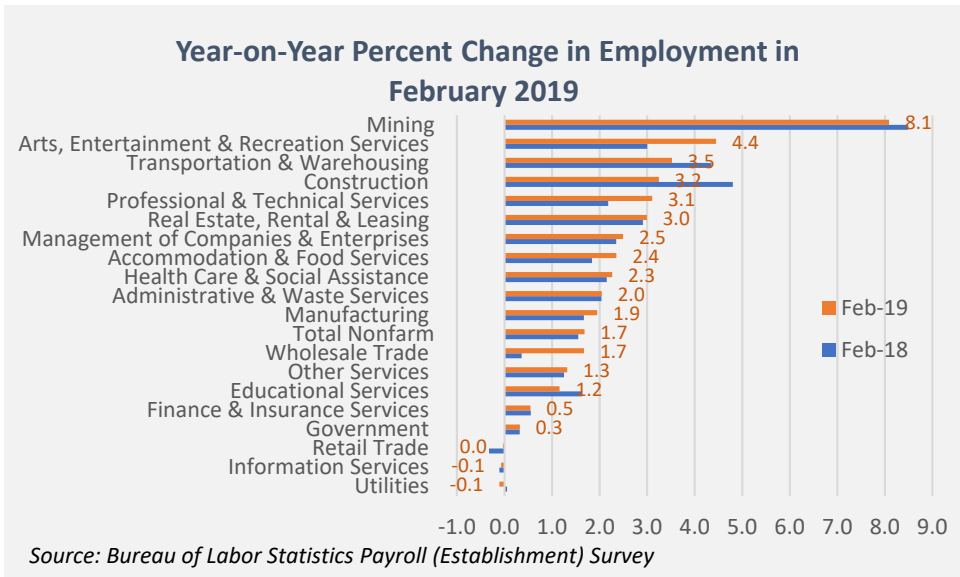
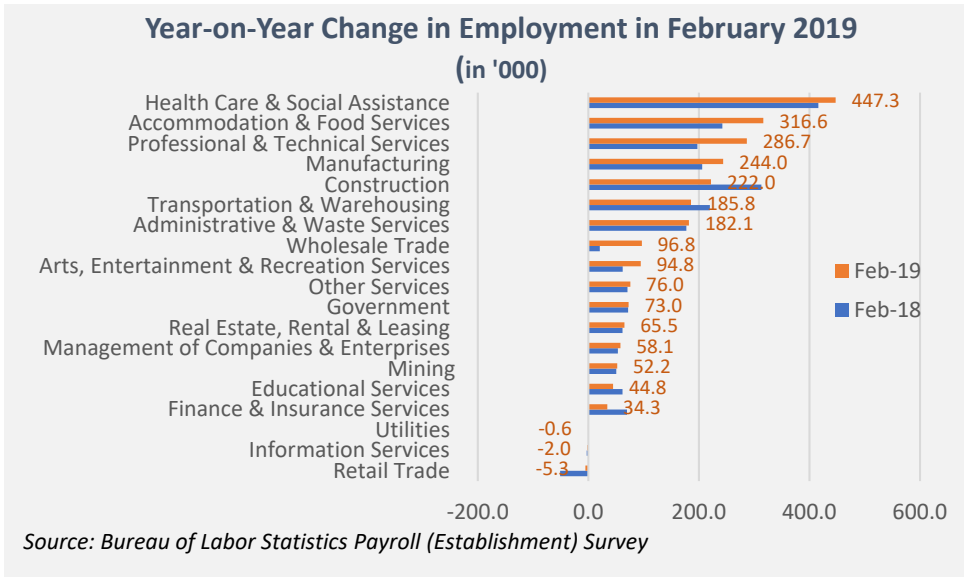


Minnesota and U.S. Job Growth



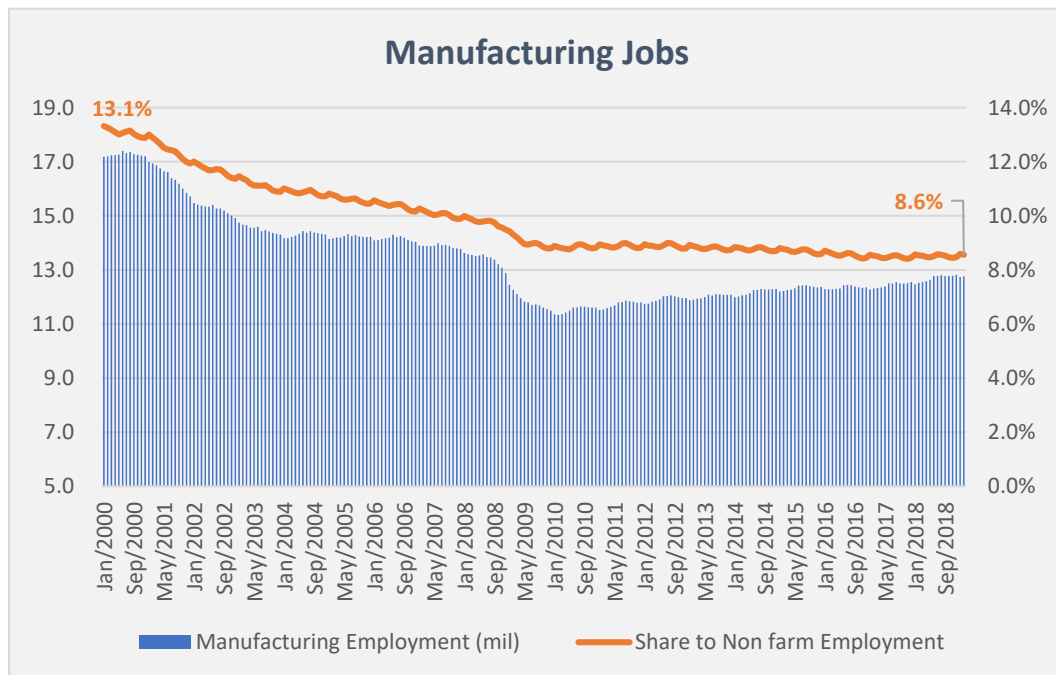
Net Jobs Added in Most Industries

- ❖ Payroll employment rose in most industries (3-digit), except for utilities, information services, and retail trade.
- ❖ The largest sources of jobs were health care & social assistance (447,300); accommodation & food services (316,600); professional & technical services (286,600); manufacturing (244,000); construction (222,000); transportation and warehousing (185,800); administrative & waste services (182,100).
- ❖ Construction jobs increased by 222,000 (313,000 job gains in February 2018) while real estate, rental, and leasing jobs rose by 65,500 (61,900 in February 2018) even as the housing market slowed in 2018.



Industry Focus: Manufacturing

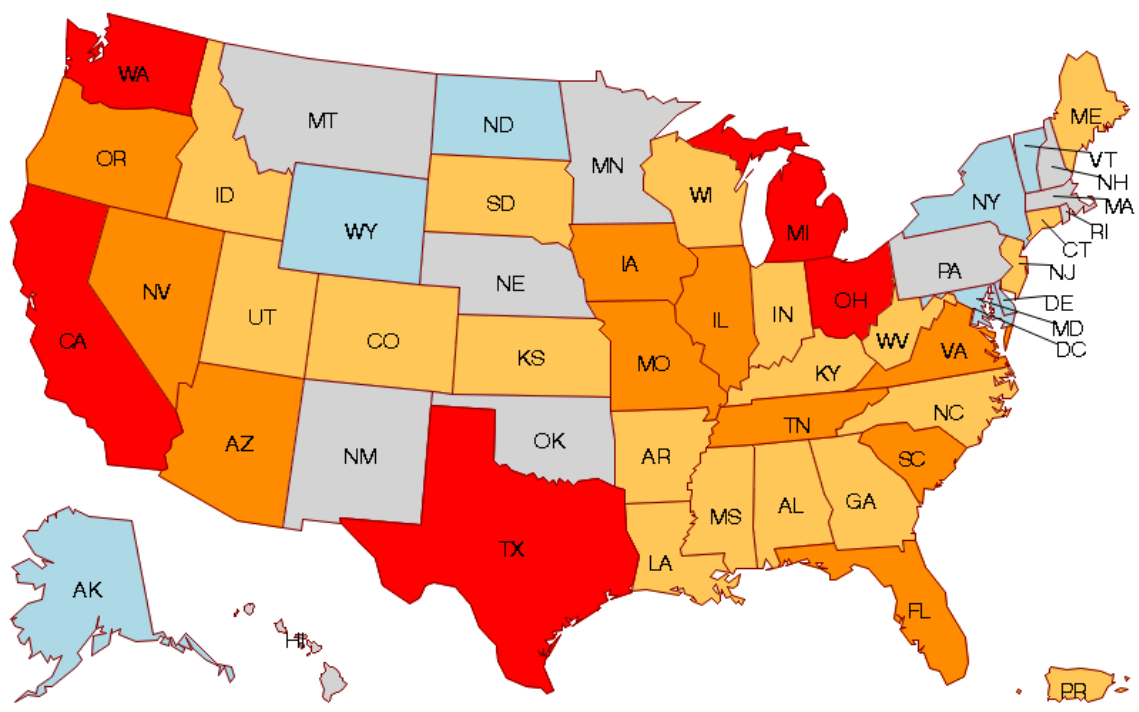
❖ A major job creator in recent years is manufacturing, which has been creating at least 200,000 thousand jobs annually since 2013. With sustained job growth since the recession, there are 12.8 million employed in manufacturing as of February 2019, up from about 11 million in the early part of 2010. Despite recent job gains, the number employed in manufacturing is still well below the 17 million at the beginning of 2000, with manufacturing jobs making up nine percent of nonfarm employment, a significant decrease from 13 percent in January 2000.



- ❖ From one year ago, the states with the largest manufacturing job gains of over 10,000 were California, Washington, Texas, Michigan, and Ohio. States which created 5,000 to 10,000 manufacturing jobs were Oregon, Nevada, Arizona, Iowa, Missouri, Illinois, Virginia, Tennessee, South Carolina, and Florida.
- ❖ Manufacturing accounts for more than 15 percent of nonfarm employment in Wisconsin (16%) and Indiana (17%). It accounts for more than 10 percent in many Midwest and South states—Michigan, Ohio, Minnesota, Iowa, North Carolina, South Carolina, Kentucky, Tennessee, Alabama, Mississippi, Arkansas — as well as in Oregon and Vermont.
- ❖ By number, the states with at least 500,000 employed in manufacturing as of February 2019 are California (1.32 mil), Texas (899,200), Ohio (705,000), Michigan (636,000), Illinois (591,000), Pennsylvania (563,100), and Indiana (543,500). While there are many employed in manufacturing in these states, it is only in Michigan where manufacturing makes up more than 10 percent of nonfarm employment.

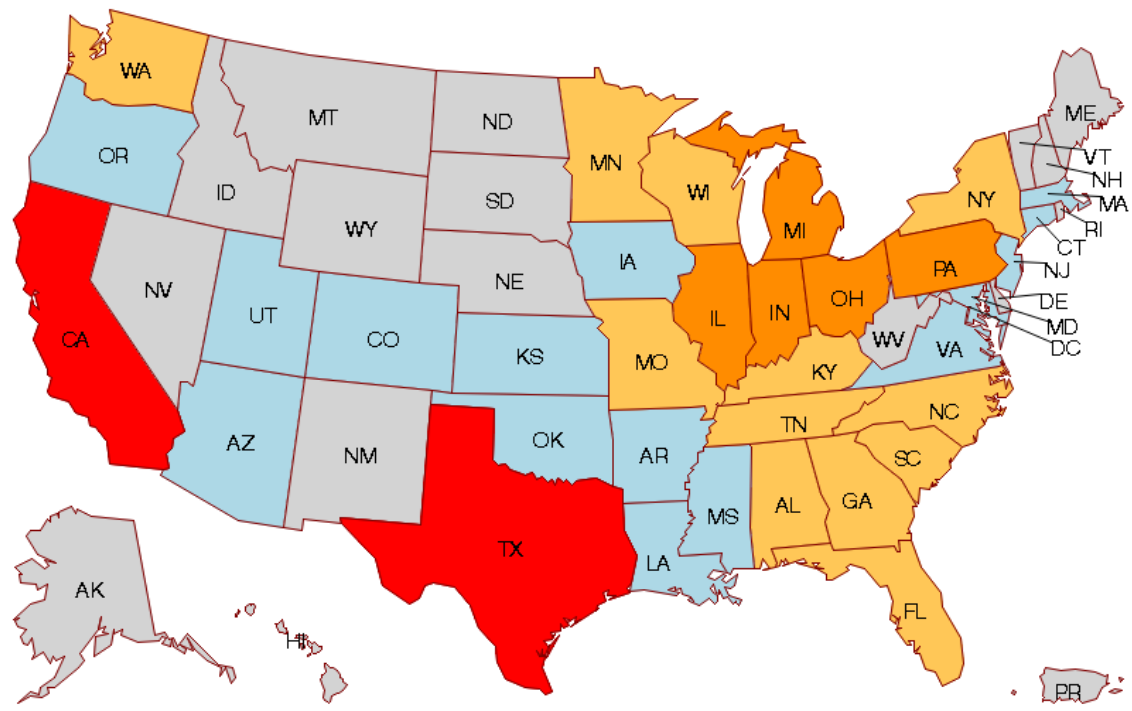
State Employment Monitor

February 2019



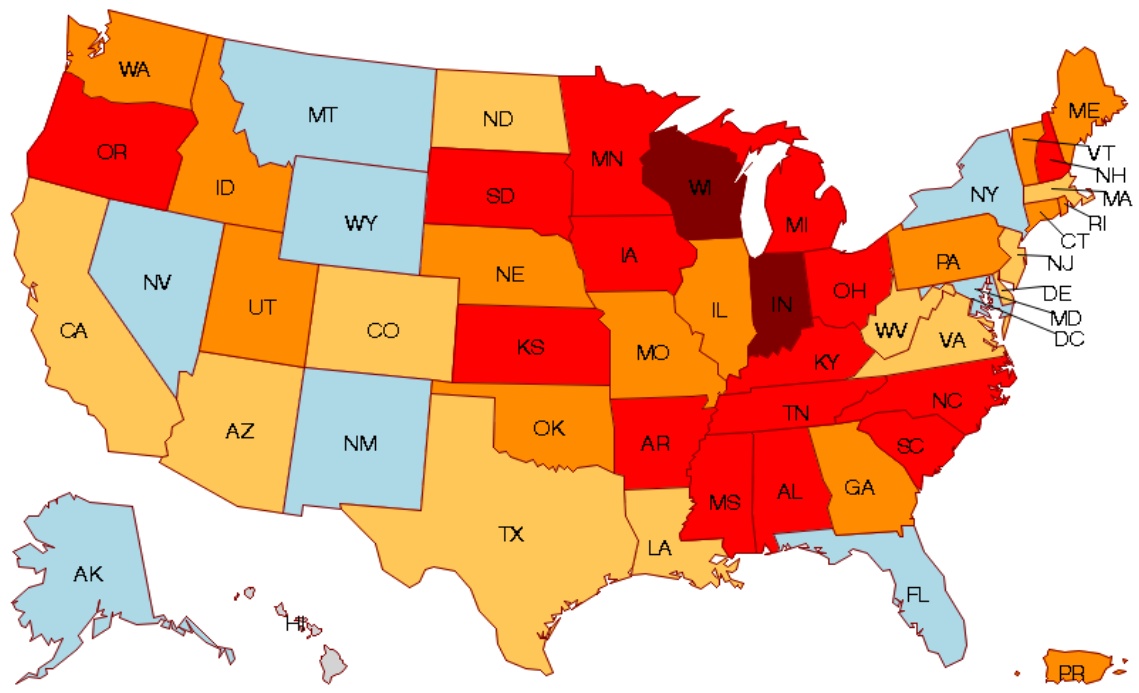
Change in Manufacturing Employment in Feb 2019 from One Year Ago ('000)

- Decrease to No Change
- 1,000 or less
- 1,000 to 5,000
- 5,001 to 10,000
- More than 10,000



Manufacturing Employment as of Feb 2019

- 100,000 or less
- 100,001 to 250,000
- 250,001 to 500,000
- 500,001 to 750,000
- 750,001 and over

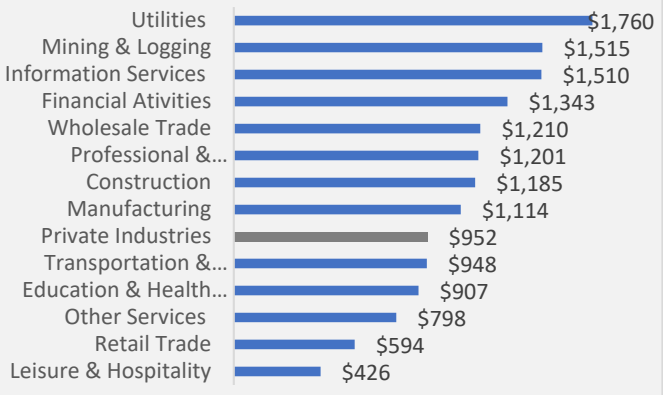


Share of Manufacturing to Payroll Employment in Feb 2019

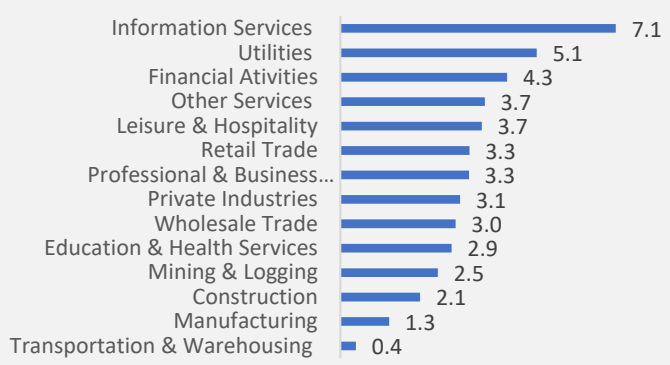
Up to 3%	3+% to 5%	5+% to 8%
8+% to 10%	10+ to 15%	15+%

❖ On average, manufacturing jobs pay slightly higher above the average weekly wage for private industries, at \$1,114 (\$58,081/year) compared to \$952 among private industries (\$49,640/year), but lower than construction jobs which pay \$1,185 (\$61,789/year). Manufacturing wages increased at a slower pace in February 2019, at 1.3 percent, compared to wages in other industries such as information services which rose at 7.1 percent.

Average Weekly Wage in February 2019



Y/Y Increase in Average Weekly Wage in February 2019

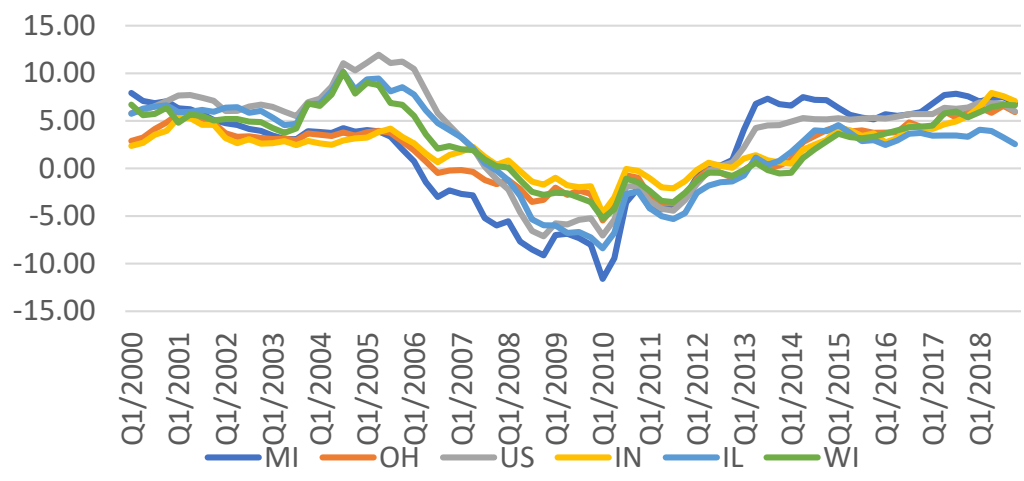


Source: Bureau of Labor Statistics Payroll (Establishment)

Impact on Housing

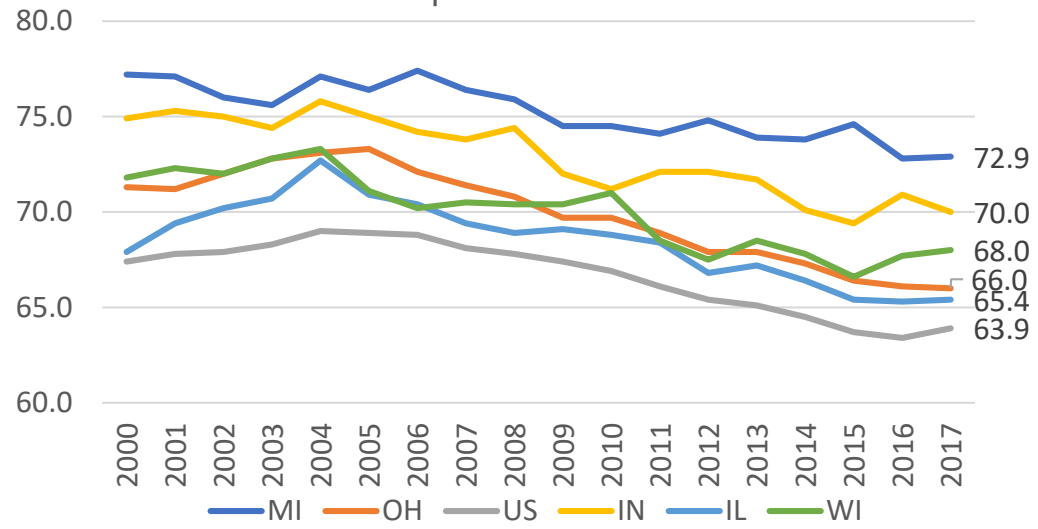
- ❖ Manufacturing job growth appears to have propped up housing demand in the Midwest areas. As of the fourth quarter of 2018, home prices were trending up in Michigan, Ohio, Indiana, and Wisconsin were up from one year ago by about six to seven percent, about the same as the U.S. rate of six percent. Only Illinois had slower price appreciation of 2.6 percent.
- ❖ With home prices rising at a faster pace than wage growth, the manufacturing job gains still have to make a significant positive impact on homeownership. The homeownership rates in Midwest states are still trending downwards, except for Wisconsin. One reason is that home prices have been appreciating at a faster pace than manufacturing wages, making a home purchase unaffordable for many manufacturing workers.

Home Price Appreciation in Midwestern States



Source: FHFA Home Price Index

Homeownership Rate in Midwestern States



Source: US Census Bureau Housing Vacancies and Homeownership Survey

The State Employment Monitor analyzes monthly payroll employment data released by the Bureau of Labor Statistics (BLS). BLS releases the reference month's data (e.g., February) in the following month (e.g., March). The Monitor is released a few weeks after the BLS data release.

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