

One Year Into the Health Crisis, Job Recovery Regains Momentum

Easing restrictions aid employment at bars and restaurants.

Employers added 379,000 workers to payrolls in February, the largest monthly gain since November. Hiring was most prolific in the leisure and hospitality sector with 355,000 new jobs. About 80 percent of those positions were at bars and restaurants, reflecting the benefit of relaxed restrictions on dining, particularly in California and New York, as well as ongoing stimulus measures. Other sectors of the economy that grew staff counts included retail trade, health care, manufacturing and temporary help services. Amid this job creation, the unemployment rate fell 10 basis points to 6.2 percent, down 860 basis points from the April 2020 high but still above the pre-health crisis level of 3.5 percent.

Certain metros at or near full pandemic job recovery. By the end of last year total employment in Salt Lake City had not only completely recovered from the springtime shock, but had added another 4,500 positions to where it was before shutdowns. Indianapolis, Austin, Dallas/Fort Worth and Phoenix are some of the other markets that recorded comparatively minor levels of job losses by year-end 2020, due to a mix of positive demographics, low costs of living, and less-stringent lockdowns. This strength is benefiting commercial properties as well. Salt Lake City recorded one of the highest rates of retail rent growth last year, while the same was true for Phoenix apartment rates. Indianapolis, meanwhile, reported a nationally low level of vacated office space.

Some markets face a longer road back than others. Metros that recorded some of the steepest employment drops last April and continued to lag in recovery at year end included New York City, Boston and Las Vegas. High living costs, acute population density, stringent shutdowns and a significant drop in global travel have impaired these markets' economies. The cities are nevertheless hosts to some of the most desirable employers in the country as well as numerous cultural and entertainment attractions. Once reopenings are complete, these factors are anticipated to accelerate the economic recoveries in these metros.

Job Openings & Unemployment

More available positions a favorable sign. The number of job openings sat at 6.6 million on the last day of December, similar to the prior year and up about 1.6 million from an April 2020 low. This upswing is a positive indicator that the overall demand for labor is returning to a pre-pandemic level. As the economy continues to reopen, lower-skilled positions should be readily filled. Openings in specialized roles, however, which were hard to fulfill before the health crisis, will likely persist. Acquiring the necessary skill sets can sometimes take years of schooling, limiting the labor pool.

Path to reducing high joblessness in sight. While total unemployment fell by 158,000 individuals last month, there remains 10 million more people unemployed today than a year ago. As the vaccination roll out expands, the potential for getting the pandemic under control in the second half of the year increases which should facilitate broader consumer spending and drive increased retail plus hospitality hiring. A return to pre-pandemic employment levels should be achieved by the end of 2023.

6.2% Unemployment Rate
in February 2021

12.9M Jobs Recovered
Since April 2020

Service Jobs Led Gains in February 2021

