

### Hiring Bounces Back in January, Offers Upbeat Commercial Property Outlook

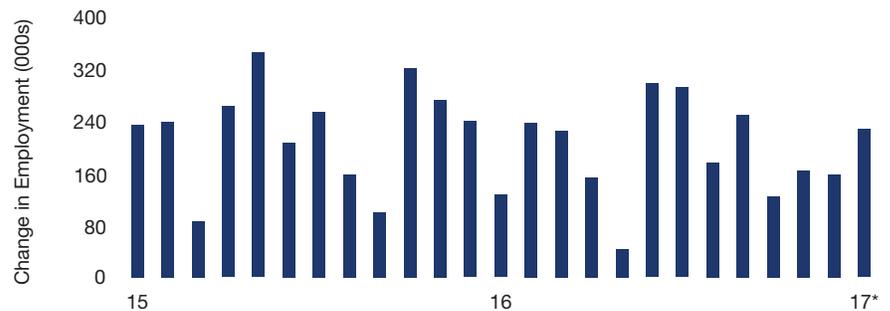
#### Developing Trends

- **Employers added 227,000** positions last month, a notable increase from the average of 148,000 jobs created monthly in the fourth quarter last year. Consumer-oriented employment sectors stood out in January, with retail, healthcare, and leisure and hospitality adding a combined 104,000 workers during the month.
- **An accelerated pace of hiring** is taking shape in office-using employment sectors. The addition of 23,000 technical services workers and 32,000 financial services jobs in January will drive the absorption of office space and help push down the U.S. vacancy rate to 14.2 percent this year.
- **Unemployment and under-employment rates** ticked up last month to 4.8 percent and 9.4 percent, respectively. Reduced labor market slack will drive wage growth, potentially initiating the re-entry into the labor force of discouraged workers and raising the labor force participation rate to maintain job growth.

**Broad-based and robust hiring during January** extends last year's labor market momentum. Other indicators were also positive last month and show a tight labor market, imposing a potential headwind for employers this year. The shrinking labor pool and potential misalignments of skills required to fill open positions may moderate hiring to less than 200,000 jobs per month in 2017.

**The average hourly wage rose 2.5 percent** over the past year. A constricting labor supply is seen as the impetus for an accelerated pace of wage growth and a tailwind for consumer spending. Potentially higher spending at restaurants and stores will maintain healthy operations at retail properties and support a reduction in the national retail property vacancy rate to 5.1 percent this year.

Monthly Change



**227,000** Monthly Job Gain January 2017

**2.5%** Wage Growth Through January 2017 Y-O-Y

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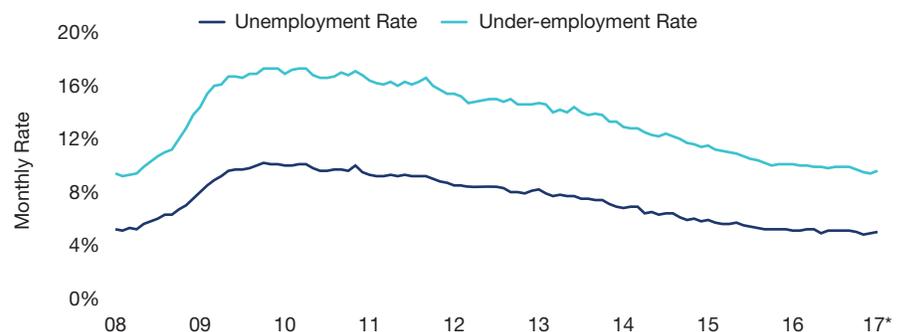
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Labor Market Remains Tight



\* Through January  
Sources: Marcus & Millichap Research Services; BLS