

### Employment Momentum, Accelerating Wages Support Real Estate Performance Outlook

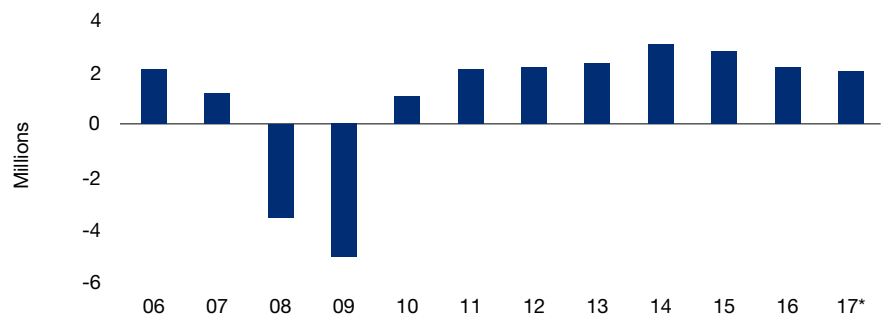
#### Developing Trends

- December employment growth** of 156,000 jobs moderated from the pace seen through much of 2016. Yet, given that the economy is approaching full employment, job creation above 100,000 positions per month is more than enough to match labor force growth.
- Education and health services** together with professional and business services combined for 52 percent of new jobs created during 2016. Both sectors benefit from emerging technology and demographic trends and tend to create higher-wage positions.
- Although the 5.6 million current** job openings sit near a record, a sub-5 percent unemployment rate tempered employment growth. Hiring in the coming year could moderate as employers struggle to fill positions in a tight labor market, but the modest easing does not signal economic slowing. Apartment demand highlights this trend as 2016 absorption reached the third-highest yearly total on record at 328,000 units, with prospects for 2017 remaining optimistic.

**The employment market consistently** signaled steady economic growth last year despite numerous unanticipated events that could have upended the expansion. Nationally, 2.2 million jobs were created during 2016, with unemployment dropping to its lowest level since 2007. The economy has generated 75 straight months of positive growth, the longest on record.

**The tightening labor market** achieved accelerated wage growth as average hourly earnings jumped 2.9 percent since December last year, the strongest pace of wage growth since the expansion began. Rising wages have been a missing piece in the current expansion and will enable households to increase consumption going into 2017, sustaining economic momentum and bolstering the retail sector.

#### Employment Growth



156,000

Monthly Employment  
December 2016

2.9%

Wage Growth  
Through December 2016  
Y-O-Y

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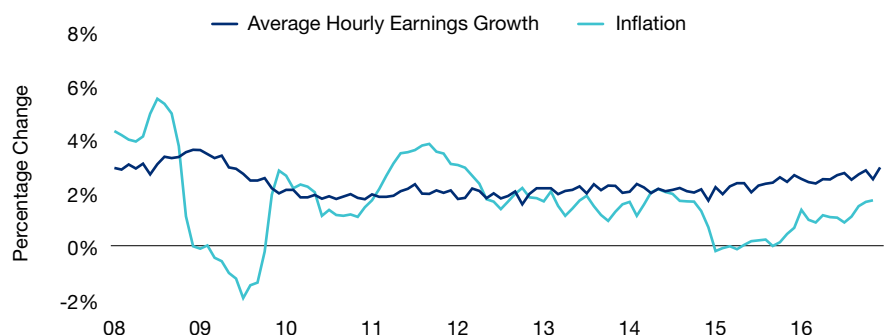
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#### Hourly Earnings vs. Inflation



\* Forecast

Sources: Marcus & Millichap Research Services; BLS