

November 2017

### Employment Bounces Back From Hurricanes' Impact; Labor Shortages Temper Employment Growth

#### Developing Trends

- **Shaking off the effects of hurricanes Harvey and Irma**, the economy added 261,000 jobs in October. The leisure/hospitality sector accounted for the majority of the bounce back by adding 106,000 positions in October after posting a decline of 102,000 in the previous month.
- **The unemployment rate for college-educated individuals** has reached the lowest level since 2006 at 2.0 percent. College placement offices have reported increased on-campus recruitment as firms aggressively attempt to fill current job openings.
- **Tight labor market conditions have moderated employment growth** with the year-to-date pace off by just over 200,000 positions. Employment additions for the year are on pace to add 2 million jobs, which would mark six years in row of growth above that benchmark.

**Job creation rebounded, adding 261,000 positions in October** after hurricane-related effects in Texas and Florida caused a significant slowdown in the September data. September initially showed negative 33,000 jobs but that has now been revised upward to 18,000. The bounce back in employment had been expected as historically employment has recovered strongly in the months following major hurricanes.

**Unemployment declined to 4.1 percent in October, the lowest level since 1999.** The low employment rate highlights the challenge facing employers as companies struggle to find qualified labor to fill job openings. Employment growth has moderated in 2017 as the average monthly job gains have slowed from 187,000 in 2016 to 170,000 so far this year. The decline does not signal a slowdown in the economy, but the limited availability of

workers will restrict the job market's ability to expand.

**Economic estimates indicate the nation needs to create 100,000 jobs per month** to match population growth and any number higher will further draw down the unemployment rate. Employers have begun tackling the tight labor conditions through increased employee training to bridge the skills gap within their current workforce and by raising wages in an attempt to attract those who stepped out of the labor force. A major retailer recently announced the raising of its entry-level wages by 10 percent in a bid to lure workers for both permanent and seasonal holiday employment. Overall, employers must be highly proactive given the tight labor market conditions in order to attract workers for job openings and retain current employees.

261,000 Job Gain  
October 2017

4.1% Unemployment Rate  
in October 2017

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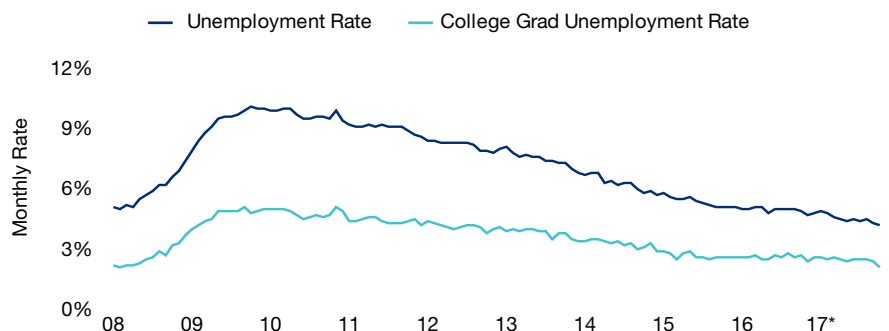
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#### Labor Market Tightening



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