

Developing Trends

Year-to-date job growth outperforms last year's comparison. In September, 134,000 jobs were filled, bringing the total expansion of the employee base for the year up to 1.9 million people. That is 180,000 more jobs than were added in the same time period in 2017.

Job opening and applicant gap widens. The latest data show there are 7.1 million job openings, above the 6.0 million people who are seeking jobs. The gap is even wider among professions commonly requiring college degrees. In August there were 2.6 million job openings in professional, business and healthcare services, versus 1.2 million people looking for jobs.

Falling unemployment driving Class C apartment demand. As the employee base has grown for nine years, so has demand for workforce housing. Class C apartment vacancy has dropped 570 basis points to 3.7 percent in the third quarter from its 2010 peak of 9.4 percent, when unemployment was 9.9 percent. The average Class C rent has risen 35 percent to \$1,016 per month since 2010.

Recent Research Briefs

Retail
[10/2018](#)
 >>

Housing
[10/2018](#)
 >>



Follow Us on Twitter @
<https://twitter.com/MMReis>

Extremely Tight Unemployment Among College-Educated Strengthens Demand For High-End Apartments

Unemployment continues to decline, including for those with a degree. The number of unemployed people in the U.S. fell by 270,000 last month to just under 6 million. The last time fewer people looked for work was in December 2000. Last month's job growth pushed down the unemployment rate 20 basis points to 3.7 percent from the previous month. For those with a four-year college degree, the rate dropped 10 basis points to 2.0 percent, its lowest level since 2007.

Extremely low unemployment among the college-educated bolsters high-end apartment demand. The growth of jobs requiring a college education typically bodes well for multifamily properties, particularly higher-quality Class A and B apartments. Over the past two decades when the unemployment rate for those with college degrees fell to this month's level, the vacancy rate for Class A

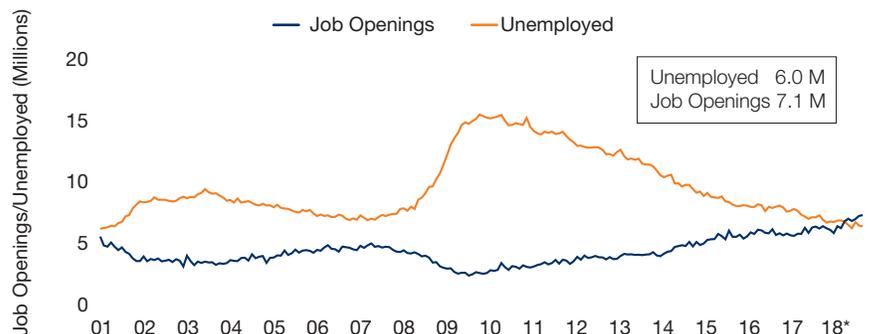
apartments also tended to drop below 5 percent. This trend occurred again in the third quarter, as vacancy for Class A apartments slid to 4.7 percent in September, a five-year low.

Luxury apartment availability may decline even further going forward. The high-skill labor shortage is pushing college-degree wages higher, impacting apartment demand. In the past four quarters, the median weekly earnings for an employee with a bachelor's degree or higher improved 5.3 percent, well above the 0.4 percent rate of appreciation posted in the previous annual period. Though wages for this niche are rising, homeownership for these professionals remains limited. Higher interest rates are increasing the cost of home payments, adding appeal to apartments. Younger professionals often prefer the flexibility of renting and are partial to living in popular neighborhoods with high-end amenities, underscoring demand for luxury units.

134,000 Jobs Added in September 2018

3.7% Unemployment Rate in September 2018

An Unlikely Event: Employment Inversion



* Job openings through August; Unemployed through September
 Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; CoStar Group, Inc.; RealPage, Inc.