

## Uneven Job Growth Makes Bifurcated Recovery Likely Without New Aid

**Employment base expands at moderated pace.** Employers added 661,000 personnel to payrolls in September, restoring 11.4 million of the 22.2 million positions lost in March and April. Despite these gains, last month's total of under 1 million new roles continued the recent trend of slowing growth.

**Pandemic heavily impacted those with less education.** While unemployment contracted further last month, job growth occurred unevenly across the country. Individuals with less education were more than twice as likely to be out of work as college graduates. People without a bachelor's degree are more likely to have been employed in lower-skilled roles that were disproportionately affected by stay-at-home orders. This divergence has notable implications for commercial property performance, especially housing. Historically, Class C apartment vacancy has closely tracked the unemployment rate, a relationship that has yet to manifest during the health crisis. Expanded unemployment benefits and eviction moratoriums have helped keep renters in place, but much of that support has ended. Additional stimulus will be needed to support lower-wage workers and avoid a major disruption to Class C housing, as new layoffs are set to occur.

**Economic recovery occurring unequally across industries.** While Amazon has committed to hiring 100,000 individuals to meet expanding delivery needs, many other organizations are struggling. After receiving about \$50 billion in collective aid earlier this year, the airline industry was permitted to begin layoffs on October 1, which could affect more than 30,000 employees. A similar number of personnel will be laid off at Disney, largely involving roles tied to theme park and hospitality operations. These and other job losses, months after the health crisis began, highlight how for many businesses, things may get worse before they get better. Instead of one cohesive growth trend, the economy is following disparate paths, supporting the case for a K-shaped recovery. Additional, industry-specific federal aid from Congress will be needed to lift the country as a whole.

## Developing Trends

**Jobs open, but skill misalignment could delay growth.** At the start of 2020, the number of job openings exceeded the number of unemployed people in the labor force, a trend that was quickly undone by the pandemic. U.S. job openings rose to 6.6 million in July, compared with 12.6 million unemployed people as of September. While numerous positions are open, job requirements may not align with the available labor pool, and retraining can take time that will delay the pace of the recovery.

**Education hiring clouded by seasonal factors.** Educational institutions are pursuing a myriad of strategies for teaching during the health crisis, presenting both logistical and financial hurdles. These challenges may have contributed to declining employment at both public and private schools in September. However, this drop may be due to seasonal factors. On a non-adjusted basis, educational staff increased last month, with the delayed start to many school years disrupting the normal seasonal flow of hiring.

7.9% Unemployment Rate as of September 2020

11.4 Million Jobs Recovered Since April 2020

