

Rising Infections Impair Job Creation; Long-Term Unemployed an Added Concern

Heightened health risks temper job growth. Employers added 245,000 personnel to payrolls in November, bringing the total number of jobs created since April to 12.3 million. Last month's gain, while above the historical average, was nevertheless the smallest of the pandemic period. This moderation in hiring is tied largely to the cessation of fiscal stimulus as well as a major resurgence in coronavirus infections. The return of stricter lockdown requirements will weigh on overall employment growth through year end, with any substantial future acceleration first requiring the wide dissemination of a health solution.

Pandemic shopping patterns impact employment. While most segments of the economy reported new hiring in November, the number of retail trade workers fell by 35,000. Continued capacity restrictions and renewed lockdowns in many parts of the country have limited in-store visits, reflected in an estimated 50 percent reduction in Black Friday foot traffic compared with last year. Customers have instead been making purchases online, with Black Friday e-commerce spending up 22 percent year over year. This shift has emphasized the need for warehouse and transportation employees, with 145,000 personnel joining staffs in November, the most of any sector. These factors are in turn affecting real estate demand. The average industrial asking rent is up 3 percent through the first three quarters of 2020 compared with a nearly 1 percent drop among marketed rates for retail properties.

Workers continuing to avoid the office, for now. While employment in the traditionally office-using professional and business services segment rose by 60,000 individuals last month, this growth has not translated to greater office attendance. For the first time since May, the number of people teleworking because of the pandemic increased month over month in November, representing nearly 22 percent of workers. Given current physical distancing needs, some organizations have reduced footprints, raising national office vacancy 180 basis points between January and September to the highest rate since exiting the financial crisis.

Developing Trends

Shrinking labor force weighs on outlook. A growing number of individuals actively seeking work have been jobless for 27 weeks or more, representing over 36 percent of the unemployment base. Many others have given up looking for a position despite a continued need for one. That number has grown by 2.2 million since February to 7.1 million last month. The longer people are out of work, the more their skills atrophy, weighing on future job recovery.

Subdued hiring underscores need for stimulus. The slowing pace of job creation, combined with rising COVID-19 cases and a growing number of long-term unemployed individuals, emphasizes the importance of additional stimulus. Whether passed by the current or incoming Congress, such legislation will be critical to buttressing the economy until vaccines can be widely distributed. The recent rollback in Pfizer's production schedule highlights the acute manufacturing and logistical complications that may extend the time before which most people will have access to a vaccine.

6.7% Unemployment Rate as of November 2020

9.8 Million Jobs Needed to Reach February 2020 Level

Employment Total Compared to Pre-Crisis, by Sector

