

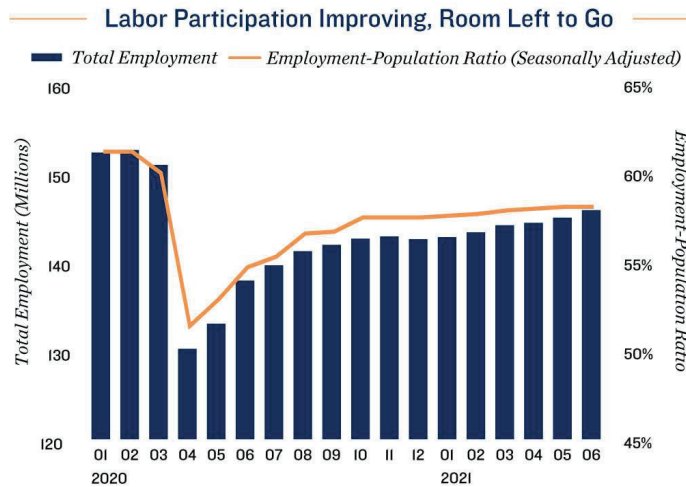
## Employment

Job Creation Speeds Up in June, Some Hurdles Yet to Be Cleared



**Employment growth climbs.** The pace of hiring accelerated in June as employers brought on 850,000 new personnel, following the creation of 583,000 jobs last month. These gains reflect the ongoing reopening of the economy, particularly in California and New York. Recruiting may have also been aided by the cessation of expanded federal unemployment benefits in some states. Overall, payrolls have expanded by 15.6 million people since the April 2020 trough, although headcounts still trail the pre-pandemic mark by about 6.8 million.

**Hotel recovery propelling greater hiring.** June job creation was led by the leisure and hospitality sector with 343,000 new positions, including 75,000 accommodation staff, the strongest month for the subsector since June 2020. The increased onboarding at hotels reflects a broader recovery that is underway for the property type as households resume long-



delayed summer vacations. Airport foot traffic reached a new pandemic-era high last month, and while short of 2019 volumes, the turnaround has helped raise hotel occupancy to just short of 70 percent in the last full week of June. A year prior the measure was just above 45 percent. Hotel room rates have also improved to within 1 percent of where they were for the same week in June 2019. In many cases hotels cannot hire staff as fast as they would like, a positive sign for future job creation that is nevertheless also contributing to upward wage pressure.

**Retail trade demand drivers becoming more familiar.** As more people venture out, brick-and-mortar retailers are benefiting, fostering employment growth with clothing providers, general merchandisers and other stores. Some health-crisis-driven trends are starting to subside. The gap between spending at grocery stores relative to bars and restaurants is narrowing as more consumers go out to eat. Staff counts are adjusting to match this trend. Some positions are also being terminated at drug and other health or personal care stores. Overall though, retail trade employment is expanding, with many employees likely able to transition from one storefront position to another as consumer behavior shifts.

**Developing Trends**

**While bright, the horizon is not clear of headwinds.** An uneven global recovery has led to an imbalance in shipping container availability that has increased freight prices and contributed to inflation. At the same time, a silicon shortage is plaguing automotive manufacturing in the U.S. The sector shed 12,000 jobs last month and is likely to record reduced labor in July as firms such as Ford announce production cutbacks. Rising prices and materials shortages, while not strong enough to derail current momentum, may hinder economic growth and hiring in certain subsectors.

**Labor force participation still relatively low.** Despite recent improvements, unemployment remains above pre-pandemic levels, especially when considering some people have left the labor force and are not counted as unemployed. About 58 percent of the population was working in June, up 670 basis points from the April 2020 low, but still below the 61-percent threshold reached in late 2019. The measure may climb in September when federal unemployment benefits fully expire and many children return to in-person schooling.

**58.0%**

**6.8 Million**

*Unemployment-  
Population Ratio in June  
2021*

*Jobs Short of February  
2020 Total*

*Sources: Marcus & Millichap Research Services;  
Bureau of Labor Statistics*

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