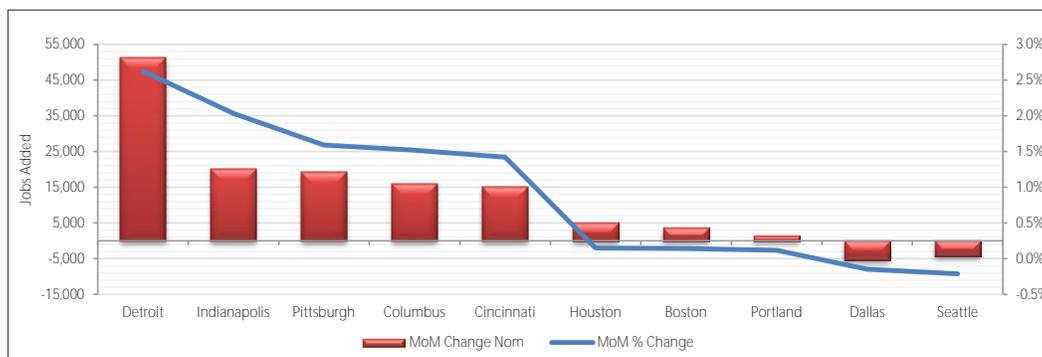


May Employment: Strength in the Midwest

U.S. employers added a robust 254,000 jobs in May, with a surprising twist. Growth was led by metros in the Midwest while some of the markets that have been strong in recent years underperformed. In the top 50 metros with a population of 1 million or more, employment grew by 0.8% month-over-month, in line with the 0.7% national average, while unemployment rose 20 bps to 5%.

Month-Over-Month Employment Growth - May 2015



Source: BLS

The overall numbers represent an annualized rate of 3 million per year, in line with 2014 employment numbers. What was unexpected, however, was the makeup of the job growth on a metro level. Four of the top 5 metros in terms of percentage growth are from the Midwest and the fifth is nearby Pittsburgh. Meanwhile, the bottom five metros include markets such as Seattle and Boston that generally have been adding jobs at a robust rate in recent years.

The list of gainers was led by Detroit, which added 51,200 jobs, or 2.6%. Detroit was followed in the top 5 by Indianapolis, Pittsburgh, Columbus and Cincinnati. A number of factors are boosting the Midwest, including a rebound in housing, but likely the biggest driver of growth is the resurgent auto industry, which has a ripple effect throughout the region. Auto sales in the U.S. are up to a 17 million-per-year pace.

Even with recent gains, Detroit remains 10,000 jobs below its total a year ago, so it is too soon to proclaim a recovery. But the metro has begun to evolve into a more diversified economy due to the efforts of financiers such as Dan Gilbert, who invested more than \$1 billion to spur a revival.

On the other end of the spectrum were Dallas (-5,300) and Seattle (-4,200), which were the only two metros to shrink employment during the month, and Portland, Boston and Houston. All of these metros have been among the better performing markets over the last couple of years. Dallas and Houston may be starting to see the effect of low oil prices.

Despite the number of overall jobs added, unemployment rose 0.2% month-over-month in May to 5.0%, and the unemployment rate increased in 43 of the largest 50 metros. Cleveland and Memphis had the highest month-over-month increases, at 0.7% each, while Las Vegas (-0.6%) and Phoenix (-0.2%) were the two metros with the greatest decrease in unemployment rate.

Contacts

Dana Seeley
Senior Research Analyst
(800) 866-1124 x2035

Jack Kern
Director of Research and Publications
(800) 866-1124 x2444

James Emert
Research Analyst
(800) 866-1124 x5764