

## Market Analysis

Spring 2016

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## Job Growth Highlights Long-Lasting Recovery

It's about the jobs, stupid.

The presidential election primary season has highlighted the theme of the angry voter, which has the effect of overstating the U.S. economy's weak points while failing to notice the remarkable consistency in job creation that has underpinned the recovery. Through April, the private sector has added jobs for 73 consecutive months—the longest such streak on record—encompassing 14.4 million new jobs, or a shade under 200,000 per month.

Employment growth has been strong across all pay scales and nearly all occupations, industries and regions. With the pool of unemployed workers shrinking, Moody's Analytics Chief Economist Mark Zandi, speaking at the firm's 2016 Economic Outlook Conference in Philadelphia last week, predicted wage growth will pick up as the economy reaches full employment sometime this summer.

Wage growth would be positive for commercial real estate, since it correlates to demand for properties including apartments, retail and hotels. It would enable Millennials to leave their parents' homes or stop doubling up with roommates, increasing demand for apartments. Multifamily rents have far exceeded income growth since the recession, but higher wages would help alleviate concerns about affordability, increase renter mobility and enable owners to keep raising rents. Growing wages would also provide a boost to consumers, producing sustainable demand for industries such as retail and warehousing. All in all, the income gains create and support a continued positive investment environment.