Bulletin

YARDI® Matrix

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Contacts

Jeff Adler
Vice President & General Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(800) 866-1124 x2403

Jack Kern
Director of Research and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Paul Fiorilla
Associate Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x5764

Chris Nebenzahl
Senior Analyst
Chris.Nebenzahl@Yardi.com
(800) 866-1124 x2200

Justin Dean
Real Estate Market Analyst
Justin.Dean@Yardi.com
(800) 866-1124 x2071

Strong Jobs Report Eases Fears of Downturn

July's robust employment report, which saw the U.S. labor market outpace expectations for the second straight month, is welcome news for the multifamily industry. Not only does the ongoing level of job creation bode well for household formations—and by extension demand for apartments—but the report nipped in the bud fears that the economy is on a downward trend.

The U.S. economy added 255,000 jobs in July, while the previous two months were adjusted upwards, according to the Bureau of Labor Statistics. With the upward revisions for May and June, job growth over the last three months has averaged 190,000. Although this is slightly lower than the 200,000-plus average in 2014 and 2015, these numbers are still a positive sign for an economy that is nearing full employment.

This continued strong employment growth is catnip for the multifamily industry. On one level, jobs are a major driver of multifamily demand, particularly for the growing 20- to 34-year-old prime renter age group. As Millennials gain jobs, they form households and rent apartments.

On a macro level, the jobs report allays many fears that the economic recovery is losing steam. Those fears had been fueled by concerns over Britain's Brexit vote, two quarters of weaker-than-expected GDP results in the first half and barely positive job gains in May. However, the economy produced more than 500,000 jobs in June and July combined, which leads many analysts to think that the soft growth numbers are temporary and the U.S. will rebound in the second half.