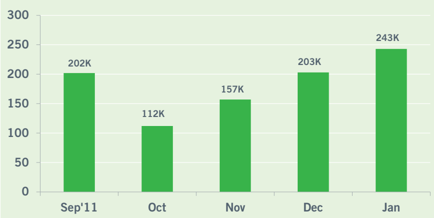
U.S. EMPLOYMENT TRACKER

February 2012

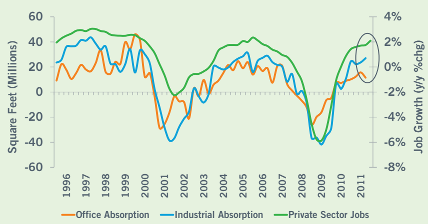
U.S. Employment

Change in Non-Farm Payrolls, 000's



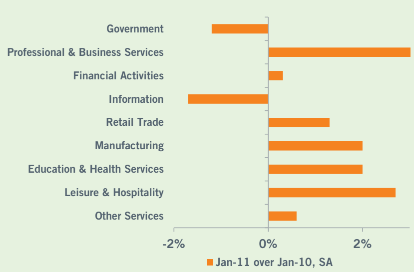
Source: BLS; Cassidy Turley

CRE Will See Better Demand



Source: BLS; Cassidy Turley

Job Sectors Growing/Shrinking



Source: BLS; Cassidy Turley

Yes, yes and yes . . . .mostly

Kevin J. Thorpe, Chief Economist

Do the latest employment figures show that businesses are increasing their pace of hiring? Yes. Are the jobs being created ones that drive demand for commercial real estate? Yes. Is there any indication that the labor markets will continue to hire at a healthy pace? Yes…mostly.

According to the Bureau of Labor Statistics (BLS), the US economy created 243,000 net new nonfarm payroll jobs in January of 2012. Private sector gains were up by 257,000 payrolls. Equally, if not more important, both November and December job creation figures were revised upward, further validating that the uptrend in the labor markets is clear and consistent. Since September of 2011, growth in nonfarm payrolls has averaged a respectable 183,000 per month. January's report from BLS also indicated that the unemployment rate fell again, from 8.5% to 8.3%. The details in the report were also positive. Average hourly earnings rose by 4 cents to $23.29 and the diffusion index showed that nearly two-thirds of all private sector industries added jobs or remained stable. For commercial real estate, the employment data signals that fundamentals will continue to strengthen. The professional & business services sector (correlation to office net absorption .80) added 70,000 jobs, the manufacturing sector (correlation to industrial space absorption .82) added 50.000 jobs, and the retail trade sector (correlation to retail space absorption (.80) added 10,500 jobs in January. It should also be noted that, in this release, the BLS made changes to its seasonal factors and underlying data; however, the revisions did not dramatically alter previously reported trends.

Will it last?

Significant headwinds remain. The principal drags on the economy continue to be elevated household debt, falling home prices and a European-debt crisis that threatens to reverberate back to the U.S. – all of which keep the possibility of a second U.S. economic recession very much on the table. On the flipside, a multitude of economic data has suddenly turned brighter – auto sales are up, factory orders are up, home sales are up, jobless claims are down, among the many positive signs. Moreover, corporate profits remain at record levels. Granted, that fact has not translated into robust employment gains throughout the current economic recovery, but productivity growth is now weakening – and that has been the missing link. Increased output per hour slowed from a 1.9% rise in the third quarter of 2011 to a 0.7% rise in the fourth quarter. This combination (high business profits and slowing productivity) often suggests that healthy payroll hiring will continue.

Need more positive data to become a believer? The ISM manufacturing index rose in January, Italian debt yields are falling, the CBOE Volatility Index now indicates stability. Need more proof? We do too. But there is no denying the recent data is actually beginning to follow the pattern of an accelerating recovery.

Cassidy Turley Commercial Real Estate Services

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Employment Situation by Metro:

	Total Nonfarm*		Office-Using*		Industrial Sector*		Unemployment
	(000s)	% Chg	(000s)	% Chg	(000s)	% Chg	December 2011
Atlanta, GA	-16.7	-0.7%	-6.9	-1.2%	7.4	1.8%	9.6%
Austin, TX	12.6	1.6%	1.1	0.6%	2.0	2.0%	6.7%
Baltimore, MD	5.2	0.4%	4.1	1.5%	-2.9	-1.9%	7.0%
Boston, MA	17.4	1.6%	2.7	0.9%	2.6	2.3%	6.5%
Charlotte, NC	2.6	0.3%	3.3	1.5%	2.1	1.5%	10.4%
Chicago, IL	26.0	0.7%	6.0	0.6%	14.6	2.2%	10.2%
Cincinnati, OH	11.1	1.1%	1.7	0.8%	6.4	3.2%	8.3%
Columbus, OH	6.3	0.7%	4.8	2.1%	-0.5	-0.3%	6.9%
Dallas, TX	48.7	2.4%	23.8	4.1%	5.2	1.5%	7.7%
Dayton, OH	0.9	0.2%	0.1	0.2%	-0.2	-0.4%	8.7%
Denver, CO	6.5	0.5%	1.4	0.4%	1.7	1.0%	8.0%
Detroit, MI	1.5	0.2%	4.7	3.3%	1.4	1.1%	11.5%
Edison, NJ	-8.5	-0.9%	-5.3	-2.1%	-1.4	-0.9%	8.6%
Fort Lauderdale, FL	3.0	0.4%	1.0	0.5%	-0.8	-0.9%	8.8%
Houston, TX	62.1	2.5%	12.2	2.3%	12.2	2.6%	7.9%
Indianapolis, IN	-2.9	-0.3%	-2.7	-1.4%	-2.7	-1.5%	8.5%
Kansas City, MO	-3.3	-0.3%	-5.9	-2.4%	1.7	1.0%	7.8%
Las Vegas, NV	1.5	0.2%	0.1	0.1%	-3.3	-4.5%	12.9%
Los Angeles, CA	15.5	0.4%	14.5	1.6%	-4.6	-0.6%	11.8%
Louisville, KY	10.4	1.8%	5.7	4.7%	2.5	1.9%	9.0%
Miami, FL	13.5	1.4%	2.3	1.1%	1.0	0.6%	10.2%
Milwaukee, WI	16.8	2.1%	-2.5	-1.4%	6.9	3.9%	7.4%
Minneapolis, MN	12.6	0.7%	7.3	1.7%	2.6	0.8%	5.5%
Nashville, TN	9.0	1.2%	3.9	2.4%	0.1	0.1%	7.5%
New York, NY	38.8	0.8%	21.6	1.4%	-0.5	-0.1%	8.7%
Newark, NJ	-0.2	0.0%	3.3	1.3%	-1.2	-0.7%	8.9%
Oakland, CA	-2.2	-0.2%	-0.5	-0.2%	0.7	0.4%	9.7%
Philadelphia, PA	4.1	0.2%	0.4	0.1%	0.5	0.2%	8.0%
Phoenix, AZ	20.7	1.2%	-2.9	-0.7%	5.3	2.1%	7.8%
Pittsburgh, PA	18.0	1.6%	3.6	1.5%	4.7	2.7%	7.1%
Portland, OR	10.9	1.1%	3.4	1.6%	3.0	1.5%	8.2%
Raleigh, NC	8.4	1.7%	4.8	3.8%	0.4	0.7%	8.2%
Sacramento, CA	-6.0	-0.7%	-1.6	-1.0%	-1.7	-2.2%	11.0%
San Diego, CA	18.8	1.5%	8.2	2.7%	1.7	1.1%	9.3%
San Francisco, CA	7.3	0.8%	7.2	2.3%	0.0	0.0%	7.7%
San Jose, CA	21.2	2.5%	9.0	3.8%	6.0	3.0%	9.3%
Seattle, WA	30.2	2.2%	15.8	4.4%	9.2	3.5%	7.9%
St. Louis, MO	10.7	0.8%	-1.1	-0.4%	7.1	3.4%	8.4%
Tampa, FL	13.2	1.2%	5.8	1.9%	-0.1	-0.1%	10.2%
Washington DC Metro	15.9	0.7%	12.0	1.7%	-1.7	-1.2%	5.9%
West Palm Beach, FL	3.2	0.6%	1.0	0.8%	-0.2	-0.6%	10.1%

** 2011-over-2010 change*