

## Reopening Does Not Lead to Seamless Hiring as Some Sectors Face Transition

**Most impacted sectors hire staff; overall job growth slows.** The net 266,000 personnel added to payrolls in April fell below the prior month's 770,000 new positions. While sectors hit hard by economic shutdowns, such as leisure and hospitality, continued to recruit, growth was tempered by losses in other sectors made more necessary by the health crisis. Staff counts at grocery stores as well as in temporary help services and courier services declined in April. The labor market may be entering a transition phase, where some temporarily heightened employment needs are contracting, with positions in more traditional fields yet to be filled.

**Travel recovery benefiting hotel occupancy, staff sizes.** The accommodation sector posted its best month of hiring since September 2020 with 54,400 new personnel, reflecting rising hotel room demand. Vaccinations and wanderlust are encouraging more people to travel, with April airport passenger counts up tenfold from a year before. In March average hotel occupancy reached 54.4 percent, the highest since the pandemic began. Hotels in several rural and less-populated coastal areas even recorded stronger performance than in March 2019. While accommodation employment remains 27 percent below where it was before the health crisis, job creation will advance at these establishments as traveler demand continues to improve property fundamentals.

**Strong consumer spending aiding restaurants, retailers.** Greater personal mobility is also benefiting bars and restaurants as employment at such establishments increased by 187,000 in April, up 68 percent from the pandemic low. Core retail spending totals that exceed pre-health crisis figures illustrate that patronage is improving among other retailers as well, benefiting tenant operations. After climbing 70 basis points in 2020, retail vacancy inched up 10 basis points in the first quarter of this year, while asking rents were stable on average. While certain retail concepts are being phased out, a byproduct of both current hardships and changing long-term shopping trends, many other tenants have proved resilient and are benefiting from lightened capacity limits.

## Developing Trends

**Chip shortage waylays manufacturing job growth.** A net loss of 27,000 motor vehicle and parts manufacturing jobs is likely a result of the global shortage of semiconductor computer chips. The unavailability of these key engineering components has pushed major automotive manufactures such as Volkswagen, Ford and General Motors to cut production quotas. In some cases they have suspended operations, laying off workers. The issue is unlikely to be resolved for multiple months and may spread to other products.

**Renewed job searches lifts unemployment rate.** More people entered the labor market last month than found roles, translating into a 10-basis-point increase in the unemployment rate to 6.1 percent. Other measures of labor utilization improved, however. The total number of employed people relative to the overall population rose to a ratio of 57.6 percent, 6.6 percentage points above the pandemic-period low. As more businesses fully reopen, more people are coming off the sidelines to find work, especially as some states implement a job search requirement to qualify for state unemployment insurance.

6.1% Unemployment Rate in April 2021

331,000 Leisure & Hospitality Jobs Added in April 2021

### Job Recovery Progresses in Services Sectors

