

January jobs report: Industrial jobs soar as the San Diego labor market starts the year positively

Year-over-year non-farm employment picked up speed in January at 1.8%, outpacing the national average of 1.5%.

The unemployment rate climbed 30 bps from the previous month to 3.6%, but was down 110 basis points (bps) from the previous year.

Industrial users contributed to nearly half of all job growth, adding 12,000 jobs (+3.8%) year-over-year, marking 77 straight months of year-over-year job gains in the sector.

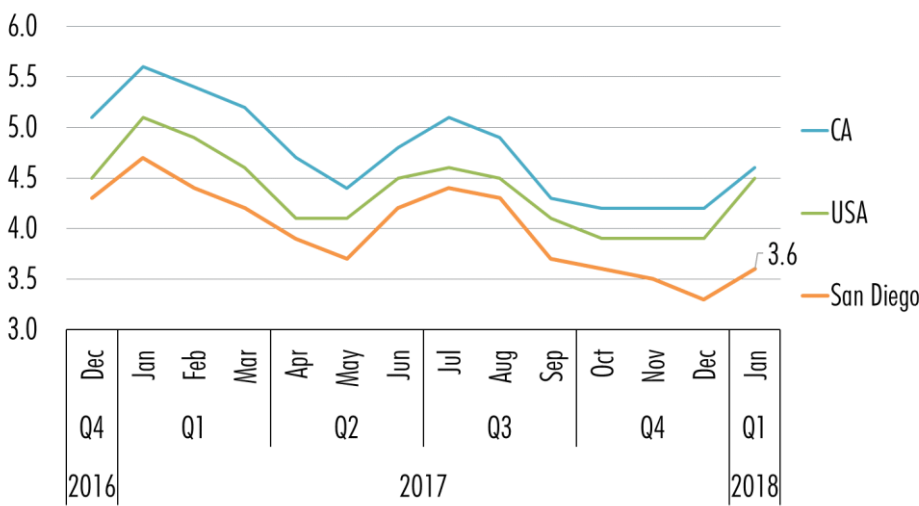
The California Employment Development Department (EDD) released new employment data for January 2018. The unemployment rate was down 110 bps year-over-year, despite a 30 bps climb to 3.6% from the previous month. This seasonal rise in month-to-month unemployment is not unusual for the time period, as previous years have shown 30 to 50 bps increases, mostly due to retailers cutting back after the holidays. The California rate increased 40 bps from December to 4.6%, while the U.S. rate climbed 60 bps to 4.5%. Unemployment claims in San Diego were down by 17,400 (-23.4%) year-over-year, while the labor force increased by 5,700 (+0.4%), indicating a healthy labor market.

The payroll survey, which looks at industry-specific growth, showed that year-over-year job total growth picked up slightly to +1.8% or 26,400 jobs added. Private job growth, which had been a weak spot in previous reports, reached +2.0%, accounting for 87.9% of jobs added. Job growth appeared to be slowing at the end of 2017, but this report shows promising signs for 2018.

Industrial-user job growth was the story of this report, adding 12,000 jobs (+3.8%) and accounting for nearly half of the jobs added. Manufacturers added 3,600 jobs (+3.3%), which was the most since October 2015; the manufacturing sector has not lost jobs year-over-year since April 2011. Office users had a slower quarter, adding 3,600 jobs (+1.1%). Software publishers (+9.3%), architecture/engineering (+5.2%) and management of companies (+4.2%) were the fastest growing office sectors. With the holiday season over, retail and food service users experienced some seasonal declines, but managed to stay positive (+0.5%) year-over-year. Medical office and hospital users continued the positive trend, adding 6,300 jobs (+3.7%). Government job growth was slow, but positive (+1.3%), with the bulk of job growth coming from public education. Hospitality & recreation users were the only sector to show decline, losing 400 jobs year-over-year (-0.7%), driven by negative job growth in amusements, gambling and hotels.

Figure 1: Unemployment Rate

By Geography (12/2016 to 01/2018)



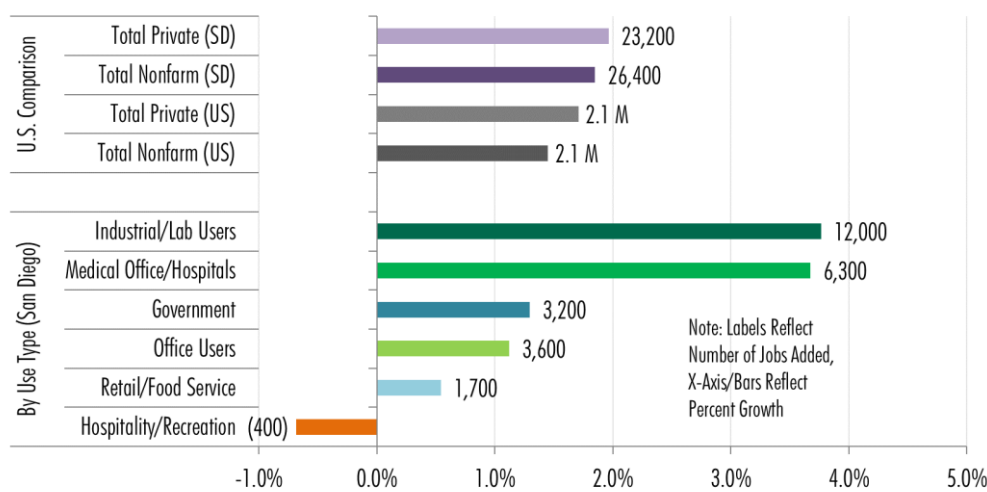
Source: U.S Bureau of Labor Statistics, California EDD, CBRE Research

By Region (01/2018)

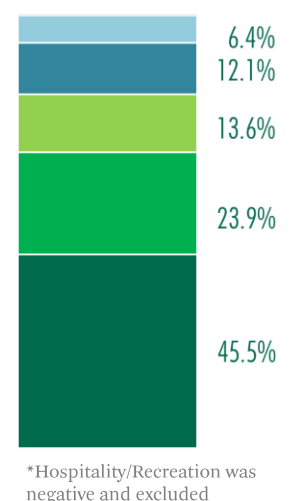
Region	Unemployment Rate
SD County	3.6%
Central SD	3.4%
North County	3.3%
South County	4.6%
East County	4.4%
Unincorporated	3.3%

Figure 2: Employment Growth in San Diego County

By User Type (01/2017 to 01/2018)



By Contribution to Job Growth



*Hospitality/Recreation was negative and excluded

Source: U.S Bureau of Labor Statistics, California EDD, CBRE Research