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Economic Pulse

Employment

National

Healthy Rebound in Office Employment: Modest Deceleration in Wages

February 3, 2017

January's nonfarm payroll report exceeded expectations, even as the unemployment rate rose modestly to 4.8%. Total nonfarm payrolls rose by 227,000 on the month versus consensus for a gain of 180,000 jobs, while job growth in the private sector rose even more (+237,000) as government hiring contracted. Growth in private sector employment averaged 171,000 in 2016, so January's figure suggests a robust start to 2017.

Office employment rebounded by 74,000 jobs (*Table 1* and *Chart 1 on the following page*)—led by a healthy increase in real estate jobs (+10,200) and a doubling of computers systems job gains (+12,500). The contraction in December's temporary help service workers reversed as well. Despite prospects for wage acceleration due to the implementation of many state-sponsored minimum wage increases for 2017, the annual growth in average hourly wages actually decelerated from 2.8% to 2.5%. With downward revisions to December, the 3-month annualized increase in average hourly earnings is even lower: 1.6%—the smallest increase since 2014.

Even with the notable strengthening in the labor market (alluded to in this past week's FOMC statement), the labor market may not be as tight as some might suggest; there's been a gradual, but steady increase in the labor force participation rate across most age groups (*Chart 2 on the following page*), which has taken the aggregate labor force participation rate off 2015's low of 62.4% to 62.9% as of January 2017. (Updated population controls were introduced with today's report, but even after adjusting for December 2016's downward revision to the population, the labor force participation rate increased by 0.2 percentage points on the month.) While wage pressures may still emerge, an increase in the proportion of the adult population actively participating in the job market could relieve any developing labor market tightness.

Table 1. **Monthly Change in Office-Using Payrolls by Category (000s, SA)**

	12 Months Through December 2016 (average)	December 2016 revised (revised)	January 2017
Total Office	59.1	51.0	74.0
Information	0.2	-4.0	3.0
Financial Activities	14.8	23.0	32.0
Finance and Insurance	9.8	20.2	19.8
Commercial Banking*	1.4	2.3	4.0
Real Estate and Rental and Leasing	4.9	3.2	11.8
Rental and Leasing Services*	0.6	1.6	1.7
Professional/Business Services	44.2	32.0	39.0
Legal Services*	0.4	3.3	-0.9
Accounting*	2.5	-2.4	-7.1
Architectural/Engineering Services*	2.4	6.5	5.9
Computer Systems Design/Related Services*	7.2	6.2	12.5
Temporary Help Services*	3.0	-12.8	14.8
Services to Buildings/Dwellings *	5.5	8.3	-4.6
Additional:			
Nonresidential Building Construction	0.4	0.3	3.9
Nonresidential Specialty Trade Contractors	3.2	-2.9	4.7

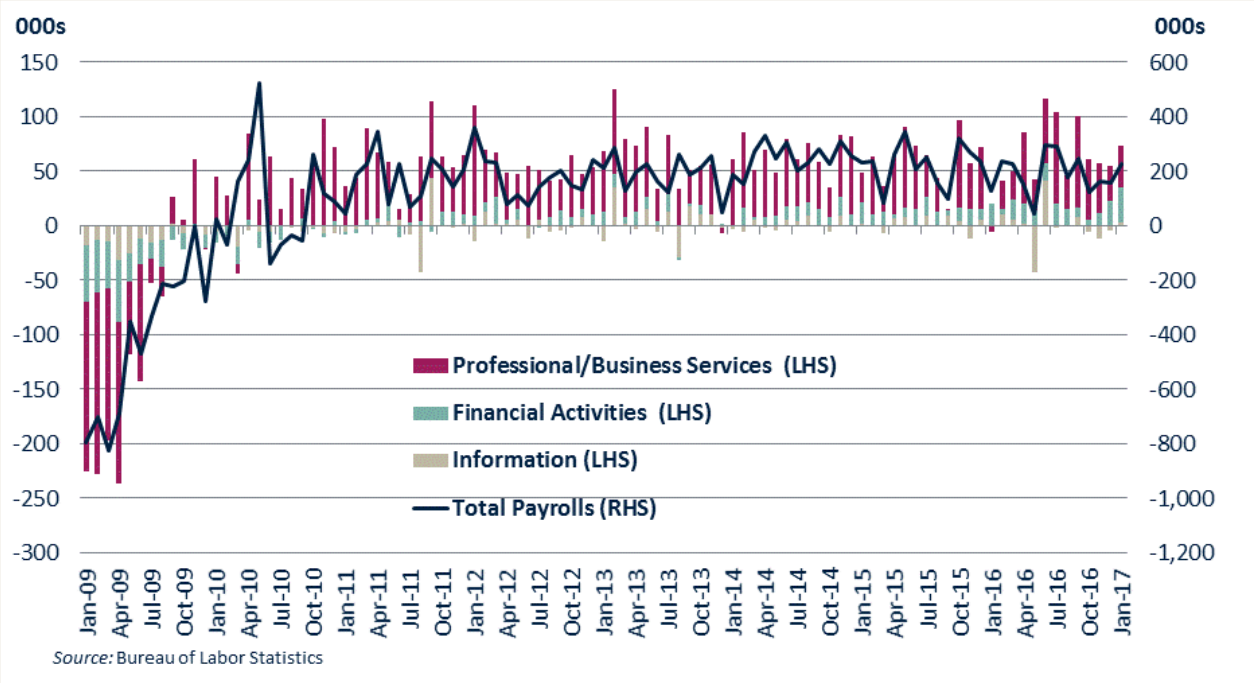
*Listings do not include all sub-sectors, so numbers shown will not sum to total sector figure.

Source: Bureau of Labor Statistics

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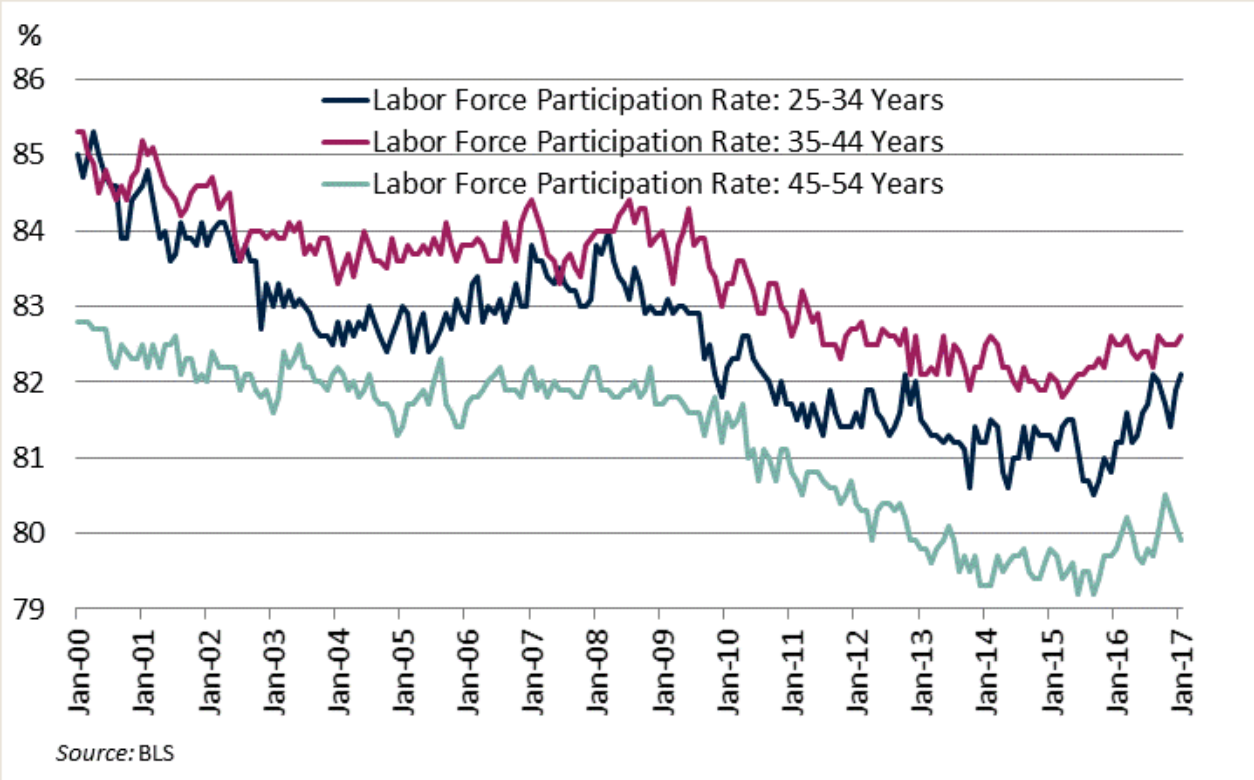


Chart 1. **Office-Using Employment and Total Payrolls, January 2009 – January 2017 (Seasonally-Adjusted, 000s)**



Source: Bureau of Labor Statistics

Chart 2. **Labor Force Participation Rate by Age (Seasonally Adjusted, %)**



Source: BLS

RESEARCH CONTACT

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