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PERSPECTIVES

TOPICs

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Jobs: The Fuel for Land Development

Manufacturing, service, and retail sectors are steadily improving and the stock market has rebounded nicely, reflecting progress in other areas of the economy. Yet, with all of the positive signs, residential and commercial development is not showing similar improvement. Why?

State/Metro Area	Civilian Labor Force		Unemployment	
	Jan-10	Jan-11	Jan-10	Jan-11
Arizona	**3,164,600**	**3,164,700**	**10.6**	**10**
Phoenix-Mesa-Glendale	*2,119,600*	*2,127,300*	*10*	*9.3*
Colorado	**2,685,300**	**2,662,100**	**9.5**	**9.9**
Fort Collins-Loveland	*173,500*	*173,500*	*8.5*	*8.4*
Minnesota	**2,927,000**	**2,931,100**	**8.7**	**7.5**
Minneapolis-St. Paul	*1,824,800*	*1,824,600*	*8.3*	*7*
St. Cloud	*107,400*	*110,100*	*9.2*	*7.8*
Missouri	**3,002,000**	**2,991,800**	**10.3**	**10.2**
Kansas City	*1,035,900*	*1,031,600*	*9.8*	*9.7*
Oregon	**1,963,100**	**1,978,300**	**12**	**11.1**
Portland-Vancouver-Hillsboro	*1,186,200*	*1,184,600*	*11.7*	*10*
Texas	**12,007,800**	**12,150,800**	**8.6**	**8.5**
Dallas-Fort Worth-Arlington	*3,174,400*	*3,221,800*	*8.6*	*8.5*

Sample employment data from www.bls.gov

Commercial construction tends to follow residential development trends, so the answer lies in identifying what fuels the new home construction industry. While the manufacturing, service, and retail sectors are driven by consumer demand and activity, new home construction relies on job creation. The expansion of available jobs allows more people to enter the market for a new home.

I recently attended a presentation by Elliot Eisenberg, a Senior Economist for the National Association of Home Builders (NAHB). He urged the audience to watch closely for previous month employment data, released on the first Friday of the following month by the Bureau of Labor Statistics (www.bls.gov).

While the unemployment percentages dominate these releases, the important statistics and trends to follow are related to job creation. Reviewing the data at a state level can be helpful in gauging whether a specific market is poised for an uptick in land development.

The slow but steady trend downward for unemployment rates is a positive sign for new home construction, though as we all know, it will take time for the sector to take off again. Job growth fuels a local economy and drives the need for new housing. Added rooftops spawns commercial development and fuels the businesses involved in these projects. The answers to our questions about the future of the home industry reside in the growth rate and locations of new jobs. Join me in following employment trends. Together we can utilize them to maximize our results in an improving market.

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