



A Colliers In Focus Series

Boston's Job Situation

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The Boston area has never had job losses at the scale and speed of those caused by the COVID-19 pandemic. In the Boston-Cambridge-Newton NECTA Division, job levels peaked at 1,891,200 in February (not seasonally adjusted). By April those levels had dropped to **1,573,800**, a 16.7% decline. Overall job levels began to recover in May, and per the BLS's latest figures, ended July at **1,678,900**. Still well below February job figures, that is reminiscent of 2011 job levels. But losses in this downturn have been uneven across job sectors.



The key drivers of office-using employment, information, financial activities, and professional and business services, have not been hit as hard. These three sectors in Boston employed 613,300 in March, and their job levels declined 4.6% in the next two months, before beginning to recover in June. July's preliminary figures in Boston, at 596,600 jobs, are still 2.7% below peak numbers. In the last cycle, jobs peaked in July 2008 and did not bottom out until the beginning of 2010, resulting in a total decline of 7.7%. While the ramifications of this recession are not yet fully known, from a jobs perspective, these figures suggest it may have a less severe impact on office fundamentals.

On the other end of the spectrum are leisure and hospitality and retail trade. The leisure and hospitality sector is larger than retail trade in this division of the Greater Boston market, and these sectors together lost 46.9% of their jobs from the start of the year (when they peaked — again, these are non-seasonally-adjusted figures). Retail faced declines of 22.2%, while leisure and hospitality payrolls dropped by 67.5%. Leisure and hospitality is still down **36.8%** from February levels, when 182,700 people were employed in this industry, while retail trade is down 10.3%.

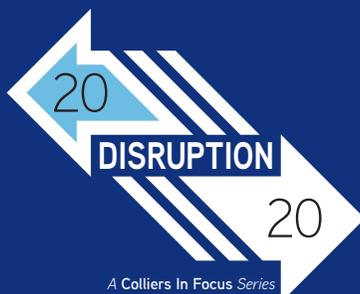
The Commonwealth's shutdown and cautious approach to reopening can help explain Massachusetts' unenviable ranking of the highest unemployment rate in the country (16.1% in July). That figure is in league with rates for other earlier-hit states such as New York and New Jersey. Massachusetts has a giant hole to dig out of, and it will not be quick for every sector, and will have lasting effects on those out of work. As we have noted in previous posts, Greater Boston has a more diversified economy than in previous recessions, and its core drivers of education and health services, along with life science, technology, finance, and other well-educated sectors, will continue to do what Greater Boston does best: *manufacture talent*.

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