

2021



U.S. JOB MARKET OUTLOOK



*What's Ahead for
Jobs and Hiring Across the U.S.*

Introduction

» Introduction

Heading into 2020, cautious optimism about the economy prevailed. The U.S. had already broken its record of consecutive months of job gain, which reached 113 months in February 2020, although expectations of a recession within the 18-24 months to come were not uncommon. Still, many expected it to be a year of slower — but solid — GDP and job growth. In January 2020, a Wall Street Journal survey of more than 60 economists showed that only 14.3% expected a recession to begin in 2020. Two months later, the world changed.

Due to lockdowns caused by the coronavirus pandemic, the U.S. is still reeling from the job losses that occurred in March and April 2020, though the economy made

substantial progress getting back on track the rest of the year. A vaccine is expected to be on the way, potentially by the end of 2020, which could set up one of the strongest

years of growth on record in 2021. That trend is especially important for talent acquisition professionals, as improved revenue outlooks will prompt more hiring.

Themes to Watch in 2021

- 1 » *The pace of the recovery will likely vary significantly by industry and location. Many types of businesses will have recovered all lost jobs before the end of 2021, while others could lag for years.*
- 2 » *Talent acquisition professionals will face a variety of challenges, depending on the role being filled. The most severely impacted locations in 2020 will likely see some of the biggest hiring volumes in 2021, with a flood of unemployed candidates vying for open positions.*
- 3 » *For stronger-performing locations, industries and types of jobs, the supply of available talent will already be constrained, and the key will be to poach employees from their current jobs. Any uncertainty lingering in the market could make that more difficult.*
- 4 » *Diversity initiatives will remain a focus, both inside and outside the business world.*

2025

Year the Leisure and Hospitality industry will fully recover all its lost jobs

01 Recovery Progress

Close to 22.2 million jobs were lost in March and April 2020 combined, a 14.5% drop in the U.S. employment level. The depth of the job loss and the recovery since then has been very uneven by industry and location. Now, a key measure for understanding the resilience and outlook for the labor market is measuring the employment level compared to its pre-COVID-19 total.

When this is analyzed by industry, subsector and location, different pictures emerge as to how the response to the virus has impacted different businesses, and how the challenges in the talent acquisition process can vary from one assignment to another.

>> By Industry

The sectors that dropped the least and rebounded the fastest in 2020 included Financial Activities, Retail Trade, Construction, Health care, and Government. From a talent acquisition standpoint, some businesses in these sectors will face a shortage of talent in 2021. Recruiting for roles will feel much like 2019, when candidates had to be lured away from their

current employers due to the low unemployment rate and strong wage growth. Those businesses will have a stronger revenue outlook and will need assistance finding and securing talent as they grow.

The industry with the deepest losses in 2020 was Leisure and Hospitality. Its employment base is projected to still be down 20.6% at the end of

because its businesses, such as restaurants and entertainment venues, rely on in-person commerce. Hotels need business and personal travel to resume. A full recovery of jobs for this industry is not slated until 2025. Leisure and Hospitality should see rapid rehiring on the other side of the pandemic but, until then, talent acquisition professionals will have to sort through an abundance of résumés for the limited number of new roles created.

A portion of the economy will simply be hard to recapture until normal social behaviors return.

Year of Full Recovery by Industry

2022	Financial Activities
	Retail Trade
	Health Care
	Construction
2023	Professional & Business Services
	Trade, Transportation, Utilities
	Manufacturing
2024	U.S. as a whole
	Educational Services
2025	Government
	Leisure and Hospitality

2020 — more than three times the average loss of all industries. It is the most dependent on a vaccine

>> By Subsector

Digging deeper, certain types of businesses outperformed their industry, while others lagged significantly. Examining the job market at a subsector level can give insight into the financial well-being of different businesses. This can allow for more strategic targeting of business development efforts for external talent acquisition firms.

Strongest businesses in 2020, but will they stay on top?

The subsectors listed on the right have either already recovered all lost jobs or are on track to do so by the end of 2020. The question for 2021 is whether these businesses will be able to maintain this progress and continue to outpace the rest of the market, or whether a vaccine will cause demand for their services to slip.

- *Couriers and Messengers have received a lift from people choosing home-delivery services while in quarantine.*

- *Food and Beverage stores have benefited from people not going to restaurants as frequently.*
- *Building Material and Garden Supply Stores have seen a boost from people spending more time at home and likely using a portion of it on home-improvement projects.*

Separately, Federal government jobs increased in 2020, in part due to temporary Census hiring. Other strong businesses related to scientific research, technology, and finance could face less of a disruption if social behaviors return to normal.



>> Home Delivery Services



>> Grocery Stores



>> Warehousing and Storage



>> Home Improvement Stores



>> Credit Intermediation



>> Investments



>> Scientific Research



>> Utilities



>> Insurance Carriers



>> Chemicals



>> Computer Equipment

>> By Subsector

These businesses struggled the most in 2020, but hiring could be off the charts once the pandemic ends.

At the opposite end of the spectrum is a set of businesses that were severely impacted by the pandemic. At the end of Q3 2020, their employment levels were still off more than 15.0% from the beginning of the year. These businesses are concentrated mostly in the Transportation and Leisure and Hospitality industries.

White-collar workers rely on hotels, ground transportation and restaurant workers during their business travel.

Once COVID-19 is behind us, hiring should be robust as demand returns. Some logistical challenges could still delay a full recovery for a few years. While many of these are weighted towards blue-collar jobs, they also support activities for white-collar workers. For instance, white-collar workers rely on hotels,

ground transportation and restaurant workers during their business travel. Additionally, these subsectors have corporate jobs that include financial and technology roles.



>> Performing Arts



>> Restaurants and Bars



>> Movie and Music Industry



>> Hotels



>> Travel Agencies



>> Amusements and Gambling



>> Support Activities For Energy Sector



>> Ground Transportation



>> Museums

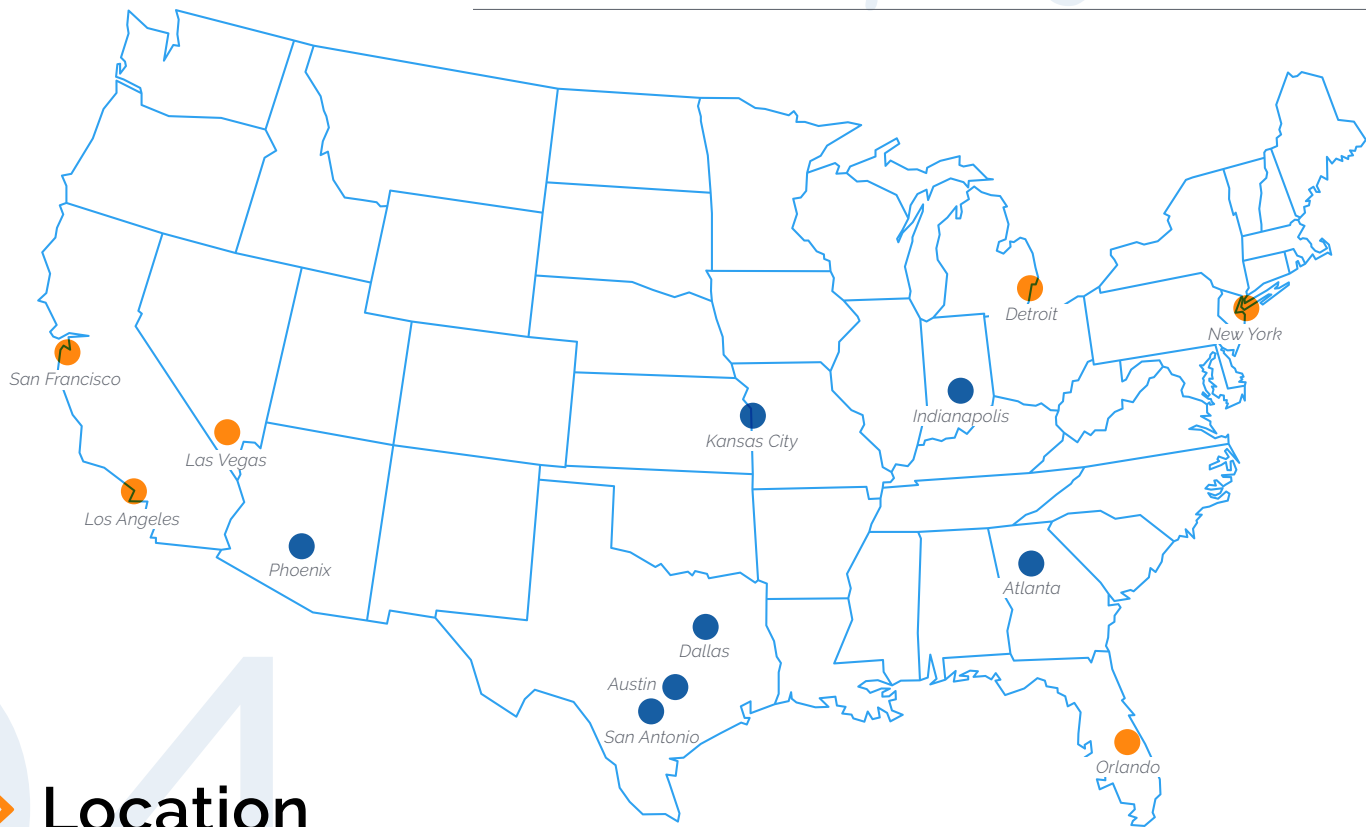


>> Clothing Stores



>> Airlines

Pandemic Employment Impact



4 Location

The impact and recovery of jobs has also varied widely based on location. Some factors contributing to the variance in results included levels and trajectory of virus counts, local government policy to contain the virus and concentration of industries within the geographies.

By the end of 2020, the following locations are expected to be within 4.0% of their pre-pandemic employment level: Indianapolis, Austin, Phoenix, Kansas City, San Antonio, Dallas, and Atlanta. Talent acquisition professionals will generally face tighter labor markets and stronger hiring needs initially in these markets. They did not lose as many jobs earlier in 2020, and many businesses are already in expansion mode, meaning their revenues and

employment levels are already exceeding that of 2019. These cities might not show the biggest numbers for job growth because their downturns were milder, but they can generally be considered healthier from an economic standpoint.

At the other end of the spectrum, many locations suffered more severe job losses. In some cases, it was primarily due to local regulations to contain the virus. But others suffered from high concentrations of industries reliant

- Top Performing Cities
- Bottom Performing Cities

on travel and recreation. Cities on this list include New York, Las Vegas, San Francisco, Detroit, Los Angeles and Orlando. As the virus subsides, these locations will likely show up on top of the rankings for job growth.

The most severely impacted locations in 2020 will likely see some of the biggest hiring volumes in 2021.

But a challenge for talent acquisition professionals will be sorting through the mountain of résumés due to higher unemployment rates.

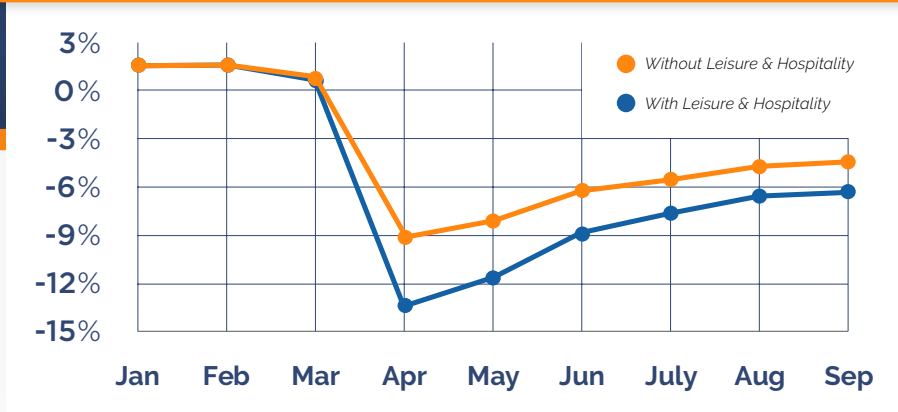
5 Location

Adjusting for Leisure and Hospitality

Removing Leisure and Hospitality job fluctuations from 2020's labor market analysis shows how the rest of the market is faring through the pandemic. Once a vaccine is introduced, it is possible that many of these businesses can rebound quickly after demand returns and society is able to return to pre-pandemic behaviors. If the rest of the local area has strong fundamentals for the industries driving the economy, then Leisure and Hospitality jobs should benefit considerably once the virus is contained and restrictions are lifted.

2020

National Employment Growth Without Leisure and Hospitality



Job Growth

This measure will be monitored closely at a national and local level. Until there is a vaccine, the expectation is job growth will continue to moderate from the historic levels experienced in the summer of 2020. Slowing job growth could weigh on consumer confidence, but it should be noted that a portion of the economy will simply be hard to recapture until normal social behaviors

return. Once the pandemic is behind us, job growth should accelerate again as the economy fully reopens.

The absolute number of hires in many markets could be staggering relative to historic averages. The numbers will

likely not approach the immediate rebound in mid-2020, but the sheer volume could make it hard for talent acquisition teams to keep up with the expected pace of hiring, especially if their resources are at lower levels than before the pandemic.

Top Markets for Job Growth In 2021 Include:

4.0%

COLUMBUS

4.0%

LAS VEGAS

3.9%

LOS ANGELES

3.7%

MIAMI

3.5%

CHICAGO

3.4%

CHARLOTTE

3.3%

ORLANDO

3.3%

SAN FRANCISCO

3.2%

DETROIT

3.1%

BOSTON

» Job Growth

The following table compares the number of jobs projected to be added for some of the nation's largest cities. While the economics support demand for this much hiring, locations such as New York, Los Angeles and Chicago could face logistical challenges achieving these numbers. The volume of sourcing, interviewing and training has the potential to overwhelm talent acquisition professionals and hiring managers. Of this list, note that Dallas is projected to add fewer jobs than the pace from 2011-2019. This is partially a reflection of how well the area has performed during the pandemic relative to other locations.

Projected Annual Job Gain (000s)

Metro Area	2011-2019 Avg	2021	Difference
New York	151	272	121
Los Angeles	105	199	94
Houston	65	85	20
Dallas	95	74	-21
Atlanta	64	82	18
Chicago	57	150	93
U.S.	2,288	3,919	1,631 ↑

» Wage Growth

It is not unusual for wages to maintain growth or even increase at a faster pace during a recession. Average hourly wages surged in mid- to late-2020. Many blue-collar roles were eliminated, skewing the year-over-year comparisons some. But other lower-wage roles saw a jump in pay in order to lure people off extra federal unemployment benefits to fill newly opened positions at establishments that experienced a surge in demand. Overall, U.S. hourly wage growth is projected to average more than 4.0% for 2020.



Wage growth typically is more moderate in the years immediately following a recession. By the end of 2021, U.S. hourly wage growth is expected to slow to 2.0%. The average for 2021 to 2023 is projected to be 2.8%.

7 Diversity and Demographics

In addition to COVID-19, 2020 will be known for its increased awareness of diversity inside and outside the workplace. Even after the pandemic, workplace diversity will remain a focus in 2021. Whether it is creating new roles such as Chief Diversity Officer or having corporate bonuses tied to diversity initiatives, the topic is more top of mind than ever before.

Diversity is defined in multiple ways, from ethnicity and gender to age and socioeconomic background. When analyzing changes to the labor force during the pandemic, unemployment rates point to unequal impacts across some of these traits (*see list above*).

Even after the pandemic, workplace diversity will remain a focus in 2021.

1 »

Females have been more affected than males. In addition to prime working-age women accounting for most births, women often end up being the parent who stays at home with children. As many schools have gone virtual during the pandemic, more women than men have either dropped out of the workforce or reduced their previous roles to care for school-age children.

2 »

After reaching record lows in 2019, African-American unemployment spiked during the pandemic. For Q3 2020, the unemployment rate was at 11.7% for African-American workers between the ages of 25 and 54. That was up from 4.7% the prior year, and well above the 8.0% rate for all workers within the same age range. Additionally, the National Bureau of Economic Analysis reported 19.0% of Black-owned businesses remained closed in June since the pandemic began, well above the overall average of 8.0% of businesses.

3 »

Younger workers felt the pain of finding and keeping employment. The average unemployment rate for 20- to 24-year-olds was 14.8% in Q3 2020, up from 6.7% the prior year. As the effects of the pandemic linger, they will be competing for jobs with a fresh round of college graduates in summer 2021, and the impacts of graduating during a recession could impact their wages for a decade.

Some of these figures relate back to industry and location. As an example, the restaurant industry was severely impacted due to restrictions from the pandemic. The age group of 20- to 24-year-olds represented 9.0% of those employed in 2019, but they made up 30.8% of waitstaff within the food preparation industry. When the restaurant industry faced lockdowns, there was an outsized impact to the younger generation.

For 2021, expect the topic of diversity to remain on the forefront. Some of the divergence in trends by ethnicity, gender and age should narrow as the economy reopens, but a focus on equality for job opportunities and salary will continue.

