Economy at a Glance: Using Bureau of Labor Statistics Local Employment Data in Market Analysis

Abstract

One major component of market analysis is the examination and analysis of trends and movements in employment by area and by industry. Special attention may be given to sectors such as manufacturing, construction, or leisure and hospitality to determine if employees in these sectors could serve as drivers in real estate markets by impacting residential sales, apartment leases, and commercial space. This edition of Resource Center discusses a government resource that provides useful state and local employment figures in ten industries for many metro locations. The data is free, accurate, reliable, and available in graphical form. Such data adds value to a report on the area economic base, an estimate of value, and other analytical economic reports.

Introduction

This edition of Resource Center explains to readers where to find a valuable source of local employment data from a federal agency. This agency's website offers reliable, accurate, free, and comprehensive workforce information. Analysts can use the employment data regularly in a variety of assignments.

The totals, trends, and specific numbers that can be used to portray an area market are extensive. The analyst makes choices as to what best describes the characteristics of the economic base. For example, a common analysis is to rank the size of the employment by industry to illustrate the trends of the largest (or perhaps top-five) industries in the area. Following these selected industries in more detail than the other industries provides important insight into future movements in other indicators. Additional data could be gathered on income generated by this specific group to produce a future picture of demand for goods and services at a particular level. In sum, gathering employment data over time will give the analyst a picture of which numbers are needed to generate an accurate and reliable illustration of the area economic base.

Tracking trends or movements in the local workforce is a typical component of a market analysis for residential and commercial properties. However, additional detail on workers by industry is extremely helpful as well since movements in the total workforce and certain sectors can explain changes in other indicators that rely on employment.

For example, residential housing demand typically begins with the expectation that a homebuyer holds a job and earns a steady income in order to be approved for a loan. Demand for commercial office space historically required a core number of office workers that was converted into office space demand per office worker. A similar methodology has been used to estimate demand for apartment space.

Employment trends are an important part of an economic impact analysis, and review of the economic performance of the local economy is an appropriate part of the professional judgment typically applied in the sales comparison approach. An economic summary including employment data is often required by a lender. Therefore, local employment data is an important part of the market analysis toolkit.

Finding the relationship between local employ-

ment and residential sales is recognized as an important step is determining the current and future demand for housing. Recently, Ratterman identified employment trends as an expected part of the market demand analysis in Step 4 of the valuation process and analysis of the area economic base.[1]

The relationship between employment, housing sales, homeownership, and timing was examined by the US Bureau of Labor Statistics (BLS) in a report by Rogers and Winkler.[2] Using national and local data, they conclude that during the Great Recession era the labor market declined before the housing market in the majority of larger metropolitan areas. Further, they find a clear relationship existed in the larger metro areas between housing market distress and falling homeownership rates. Dvorkin and Shell in their examination of the US labor force show there are regional variations in local markets, and these often produce results contrary to trends at the national level.[3] They conclude that during the national recession in 2007, counties with larger decreases in house prices experienced larger increases in the unemployment rate while the opposite held true during an expansion. This correlation is significant to appraisers.

US Bureau of Labor Statistics Economy at a Glance Website

The goal of the following discussion is to introduce valuers to the BLS "Economy at a Glance" website (www.bls.gov/eag/), which provides local employment data for many US markets. The site delivers a reliable set of monthly and annual local employment trend data by industry. Valuation specialists in need of employment information are sure to become frequent users of this resource. Potential users include those who examine employment trends regularly to understand local drivers of demand conditions. This information is often reported in assignments such as an estimate of value, projection of demand for a specific property type, economic impact analysis, and court testimony.

Economy at a Glance Website Attributes and Parameters

Users may have preliminary questions about the BLS Economy at a Glance website before they delve into its data. Before employing data from any source, users should ask about the basic framework for the website. Typical questions about the Economy at a Glance website attributes would include the following:

- **What is the cost?** The federal government provides state and local industry employment data free of charge.
- **Is the data accurate and credible?** The figures in the reports are gathered by survey by the state labor division, which reports results to the BLS. These figures are the most accurate and reliable monthly totals available.
- **Are comparable local employment figures available from any other source?** No, local employment resources typically are not available due to the expense and consistency challenges in gathering the information.
- **Are employment totals divided into industry classifications?** The BLS Economy at a Glance reports total data on employment and ten classifications by industry for local metropol-

1. Mark R. Ratterman, "Market Analysis Data Sources in Residential Appraising," *The Appraisal Journal* 90, no. 3 (Summer 2022): 161–186.

2. William H. Rogers and Anne E. Winkler, "The Relationship between the Housing and Labor Market Crises and Doubling Up: An MSA-Level Analysis, 2005–2011," *Monthly Labor Review*, August 2013, US Bureau of Labor Statistics, Washington, DC, https://bit.ly/43wygrL.

3. Maximiliano A. Dvorkin and Hannah G. Shell, "The Recent Evolution of US Local Labor Markets," *Economic Synopses* (Federal Reserve Bank of St. Louis), Report 15, August 2016, https://bit.ly/3L05NU1.

itan statistical areas (MSAs). There may be fewer than ten classifications for an area if an MSA has a smaller workforce. One very useful aspect of the data is that the ten industry classifications are consistent across areas and can be compared. This feature saves a considerable amount of time, especially when employment data is needed by industry for another region.[4]

- **Is the data reported monthly with annual totals?** Totals are available monthly and annually.

- **Is historical data available?** Yes, monthly and annual data from 1990 through the current month are available.

- **Are pre-prepared graphs available?** Graphs and calculations are available by clicking the box labeled "Back Data" in each industry data row. Graphs may be produced for a period specified by the user.

- **Are any calculations provided, such as a percentage change between two periods?** Yes, tables are available for each of the industry classifications. A user can calculate a one-, three-, or twelve-month percentage change as needed.

- **Does the Economy at a Glance contain further useful data or information?** Yes, the website reports additional data, and for an MSA typically covers topics such as the economy and worker income.

- **Is comparable data for other regions available to make comparisons?** Yes, comparable numbers are available in the state where the selected area is located as well as areas in other states.

Economy at a Glance Employment Data

The BLS Economy at a Glance divides the ten reported industries into two groups: "goods-producing industries" and "service-providing industries." The two-sector grouping is especially useful in an analysis of the area economic base and a comparison with the base in other comparable regions.

Goods-producing industries include the subsectors of natural resources and mining; construction; and manufacturing. Service-providing industries include the subsectors of trade, transportation, and utilities; information; financial activities; professional and business services; education and health services; leisure and hospitality; other services; and government. The appendix at the end of this article lists the industries with a description of what each industry category includes.

The homepage for the BLS Economy at a Glance (www.bls.gov/eag/) shows a map of the United States (Exhibit 1) followed by a list of MSAs by state. Clicking on a state in the map will produce a table for that state, with monthly data for the preceding six months for the ten industries covered by the BLS Economy at Glance. An enlarged Quick Glance map of the state will also be shown with the state's metropolitan statistical areas marked. Click on the MSA of interest to see a table for that metropolitan area.

The data can be tabulated to produce useful trend analyses related to the overall direction of the employment base and to identify any significant changes in area employment levels. The data also will make clear what industries are the largest employers and whether these employers have seen increases or decreases in employment, which might affect real estate market demand. Data showing significant changes suggest further investigation of the market is needed.

The following example uses specific material on the website to illustrate how needed figures can be found. Suppose the location of interest is the Charlotte-Concord-Gastonia, NC, SC metro area. Clicking on North Carolina on the US map will show the state's MSA list including

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4. The BLS's "Industries at a Glance" data covers over 100 industries; see Industries at a Glance, www.bls.gov/iag/home.htm.

Charlotte-Concord-Gastonia. Clicking on that MSA link will produce a table with the monthly employment totals for ten industries (Exhibit 2). The table shows that the manufacturing industry had 107.800 workers in September 2022 and 108.500 in October 2022. The October number is 2.1% higher than October of the previous year. Also, the number of employees working amounted to 1,376,500 in October from a total civilian labor workforce of 1,429,300. The difference represents the 52,800 available workers who were not employed, which produced a 3.7% unemployment rate.

Summary tables and graphs can be produced by clicking on the desired box in the column labeled "Back Data." The reported data can be adjusted for the time period of interest, and graphs produced for selected periods. Note, additional data is shown in regional reports on consumer price indexes and wages.

Exhibit 1 Economy at a Glance Homepage: Regions, States & Areas at a Glance
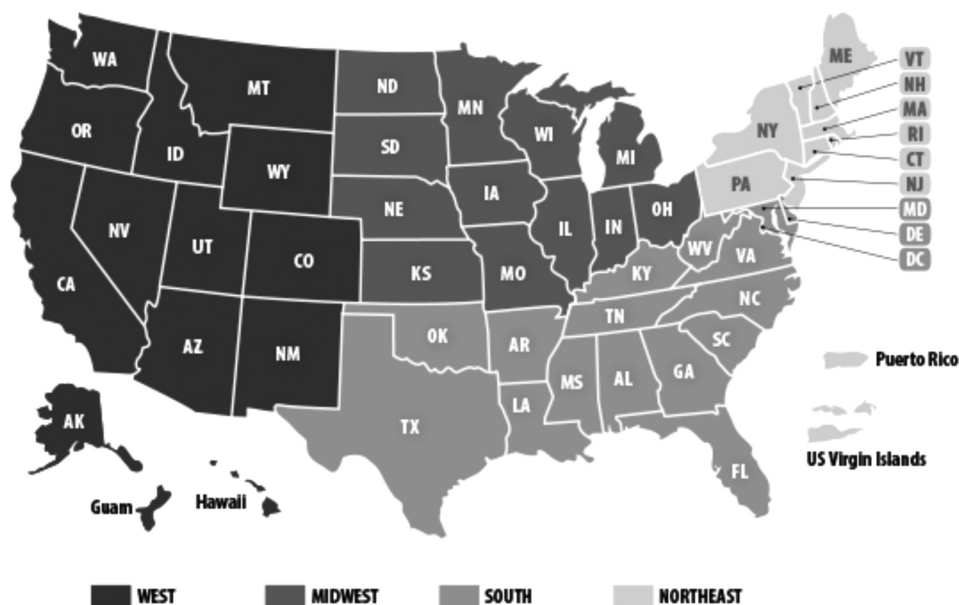
Below map, scroll down to see MSAs within each state. For example, North Carolina will include the following metropolitan areas for which an Economy at a Glance table is available:

- Asheville, NC
- Burlington, NC
- Charlotte-Concord-Gastonia, NC-SC
- Durham-Chapel Hill, NC
- Fayetteville, NC
- Goldsboro, NC
- Greensboro-High Point, NC
- Greenville, NC
- Hickory-Lenoir-Morganton, NC
- Jacksonville, NC
- New Bern, NC
- Raleigh, NC
- Rocky Mount, NC
- Virginia Beach-Norfolk-Newport News, VA-NC
- Wilmington, NC
- Winston-Salem, NC

Exhibit 2 Example Monthly Employment Table

Data Series[2]	Back Data	July 2022	Aug 2022	Sept 2022	Oct 2022
Labor Force Data					
Civilian Labor Force[1]	〰	1,430.30	1,418.40	1,419.60	1,429.30
Employment[1]	〰	1,381.10	1,366.70	1,375.00	1,376.50
Unemployment[1]	〰	49.2	51.7	44.6	52.8
Unemployment Rate[3]	〰	3.4	3.6	3.1	3.7
Nonfarm Wage and Salary Employment					
Total Nonfarm[4]	〰	1,302.00	1,311.90	1,317.70	1,334.60
12-month % change	〰	4.9	5.1	5.9	5.9
Mining, Logging, and Construction[4]	〰	73.1	73.9	74.2	75.1
12-month % change	〰	1.7	3.2	4.5	4.9
Manufacturing[4]	〰	109.7	109.3	107.8	108.5
12-month % change	〰	2.7	2.3	1.2	2.1
Trade, Transportation, and Utilities[4]	〰	274.1	274.3	274.2	277.4
12-month % change	〰	4	5.1	5.3	5.2
Information[4]	〰	25.2	25.2	24.7	24.8
12-month % change	〰	2.4	2.4	1.6	0.8
Financial Activities[4]	〰	119.9	120.7	119.9	120.5
12-month % change	〰	5.5	6.3	5.1	5.5
Professional and Business Services[4]	〰	231.6	231.5	234.6	238.3
12-month % change	〰	6.7	6.2	8.9	8.8
Education and Health Services[4]	〰	133	134.6	136	137.6
12-month % change	〰	6.6	6.5	7.8	7.2
Leisure and Hospitality[4]	〰	147.8	145.8	142.4	144.1
12-month % change	〰	9.6	9.8	12.5	11.3
Other Services[4]	〰	47.9	47.6	48.3	49.3
12-month % change	〰	5.5	5.1	7.8	8.8
Government[4]	〰	139.7	149	155.6	159
12-month % change	〰	0.9	0.7	0.8	0.9

Source: BLS Economy at a Glance, Charlotte-Concord-Gastonia, NC, SC

Notes:

(1) Number of persons, in thousands, not seasonally adjusted.

(2) Data were subject to revision on April 21, 2023.

(3) In percent, not seasonally adjusted.

(4) Number of jobs, in thousands, not seasonally adjusted.

Conclusion and Recommendations

A typical component of a market analysis is an examination of the total local workforce and a breakdown of industry employment by sector. Trends and movements in employment are known drivers of real estate indicators such as sales and rentals made affordable by stable employment.

This article introduces market analysts to Economy at a Glance, a free website offered by the US Bureau of Labor Statistics that contains monthly employment totals for hundreds of metro areas. This information is supported by a variety of analytical statistics and graphs that can be constructed by the user on request relative to a time period and the needed calculations. Professional appraisers will find data, graphs, and calculations that will add value to all types of reports that require a general market demand analysis or a specific estimate of value. Used regularly, this website and its data will become a valuable component of the appraiser's toolkit.

About the Author

Donald Epley, PhD, MAI, CCIM, is CEO and president of Coastal Economics, a local internet data and market analysis organization that specializes in coastal market analysis. He retired as a Distinguished Professor of Real Estate in the Department of Finance at the University of South Alabama in 2016. An internationally known scholar, he has written and coauthored five books, over 100 journal articles, and many industry publications. He has been a frequent speaker on the economy at programs and events. Epley has served on the board of trustees of the Appraisal Foundation, and the board of directors of the International American Real Estate Society. He is a past president of the ARES Foundation and founding editor of the *Journal of Real Estate Research*. **Contact: coastecon1@gmail.com**

Appendix BLS Definitions of Industries

The BLS has organized state and local employment data into groupings labeled "supersectors" that contain detailed data for specific industries of interest. For example, the supersector Natural Resources and Mining contains data for the logging industry and for the mining industry. The supersectors are further categorized into a goods-producing group and a service-providing group as shown below. A list of all BLS industries and definitions can be found at BLS Industries at a Glance (www.bls.gov/IAG).

Goods-Producing Industries (https://bit.ly/3LnC5HA)
- **Natural Resources and Mining** (logging, mining)
- **Construction** (construction of buildings, heavy and civil engineering construction, specialty contractors)
- **Manufacturing** (includes over twenty specific industries, such as food, paper, chemical, and equipment manufacturing)

Service-Providing Industries (https://bit.ly/3LloX5L)
- **Trade, Transportation, Utilities** (wholesale trade, retail trade, transportation and warehousing, utilities)
- **Information** (publishing except internet, motion picture and sound recording, broadcasting except internet, telecommunication, data processing, hosting and related services, other information services)
- **Financial Activities** (finance and insurance, real estate and rental and leasing)
- **Professional and Business Services** (professional scientific and technical services, management of companies and enterprises, administration and support, waste management and professional services)
- **Education and Health Services** (education services, health care and social assistance)
- **Leisure and Hospitality** (arts, entertainment, and recreation; accommodation and food services)
- **Other Services** (repair and maintenance, personal and laundry service, religious, grant-making, civic, professional, similar organizations)
- **Government** (local employment, state employment, federal employment)