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Job Losses?

But not all industries have been affected equally. Millions of Americans have filed for unemployment insurance since the outbreak of COVID-19 in mid-March, resulting in four consecutive months of double-digit job losses. Some industries and geographies have fared better than others.

The retail trade sector—often referred to as “non-essential” during this period—saw the largest absolute loss in employment (2.5 million jobs) and the largest percent reduction in its workforce among all U.S. subsectors at 50.0 percent. However, several subsectors experienced positive job growth since February, and some industries have been able to add jobs over the summer months, most are still falling short of their February levels.

In turn, this means apartment investors, owners and managers in the multifamily industry should be paying close attention to changing risks as the pandemic and its economic effects continue to ripple through the economy. By looking at the sectors with heightened vulnerability and the geographic areas with heavier concentrations of these industries that employ an above-average share of apartment residents, we can provide an initial assessment of where the multifamily industry may be facing heightened vulnerability during the ongoing pandemic and economic disruption.

We know that all U.S. adult workers are more likely to live in apartments than their share of the U.S. population, indicating one consideration is the relative size of each industry sector when it comes to the share of adult workers who are apartment residents. Another factor is their share of non-farm employment, which Matthews et al. (2008) consider a hyper local business. After all, multifamily is often site-specific and thus the relationship between the severity of an industry’s employment contraction and the share of apartment residents it employs will be different depending on what degree geography was also an important factor.

We observed a similar story with the scenic and sightseeing transportation subsector, as 1.7 percent of all adult apartment residents in the Los Angeles metro area worked in this industry, while 5.4 percent of apartment residents in Orlando and 3.1 percent in New Orleans worked in accommodation or amusement, gambling and recreation, as viewed from a national perspective.

Some Employment Subsectors Experienced More Severe

We found that this relationship between the severity of an industry’s employment contraction and whether the losses are measured in absolute numbers or relative shares is driven partially by what Matthews et al. (2008) considered a hyper local business. After all, multifamily is often site-specific and thus the relationship between the severity of an industry’s employment contraction and the share of apartment residents it employs will be different depending on what degree geography was also an important factor.

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