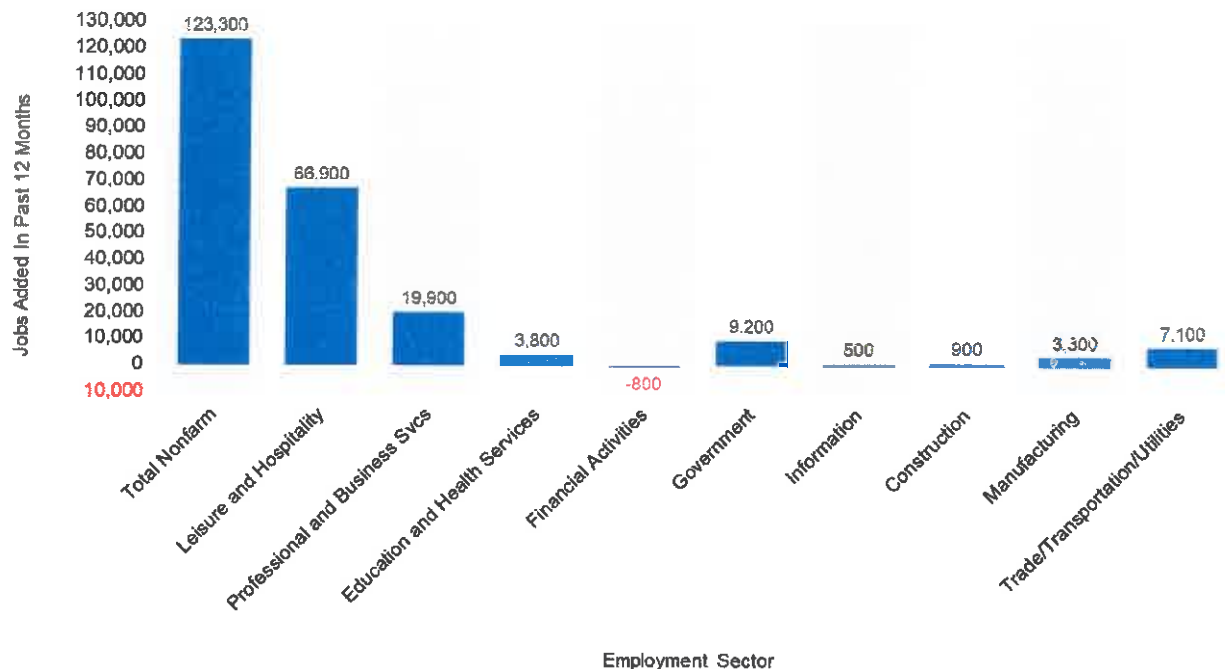


Labor Revision Shows Huge Year for Job Growth in San Diego

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San Diego Job Growth Soars in the Past 12 Months



Source: California Employment Development Department, January 2022



San Diego's unemployment rate rose to 4.7% in January, up from a revised 4.1% in December, according to the latest report issued by the State of California's Employment Development Department. That figure still compares favorably to California's unadjusted 5.5% unemployment rate.

The report also differed from previous releases due to the U.S. Department of Labor's annual revision process.

Nonfarm employment in San Diego dropped by 22,300 from December to January, continuing a historical trend of January dips after the short-term holiday hires were given pink slips. Only the manufacturing sector added jobs in January, with a gain of 100.

Conversely, professional and business services was among the hardest-hit sectors, with a drop of 5,700 jobs. The professional, scientific and technical sector shed 3,700 positions. This subsector, which includes many of the workers employed in the high-tech and life sciences industries, has been at the forefront of job additions in the past year.

Those job gains had been driven by huge demand as many firms in expansionary mode have signed significant flex and office leases in Del Mar Heights, Carmel Valley, Sorrento Mesa and Torrey Pines. Those firms are also driving new construction activity locally as the office pipeline has reached its highest level in 15 years with more than 4 million square feet underway across San Diego.

On a year-over-year basis, things weren't quite so glum. Nonfarm employment increased by 9.1%, or 123,300 jobs. The clear leader was the leisure and hospitality sector, adding a net of 66,900 positions during the 12-month period between January 2021 to January 2022.

Professional and business services added 19,900 to payrolls, with the professional, scientific and technical fields accounting for 10,800 of those jobs. The construction sector added 900 jobs, while financial activities was the lone sector to lose jobs in the past 12 months, shedding 800.

But benchmarking employment growth year over year misses the change in the labor market since February 2020, the month before the World Health Organization declared COVID-19 a global pandemic.

The local civilian labor force has still not completely returned to work. There are roughly 13,000 fewer people in the labor force in San Diego compared with February 2020, as some have opted for early retirement, left the region, or remain on the sidelines until the public health situation completely recovers.

Since early 2020, San Diego's nonfarm employment is still down 39,700 jobs, or 2.6%. The professional and business services category is the only one to have added jobs since February 2020, adding 12,900 to payrolls. Given that leasing has increased significantly over the past several quarters in the San Diego office market, that number should continue to grow as tenants begin occupying space.