

Narrowly Concentrated Hiring Keeps Property Owners Attentive to Consumer Health

Labor gains return but lack broad participation. Amid the ongoing government shutdown, private sector employment data remains a critical gauge for policymakers and investors. The latest ADP report signaled a modest improvement in hiring after two consecutive months of losses, with private employers adding 42,000 positions in October. The trade, transportation and utilities sector helped drive the increase in hiring, pointing to improving supply chain conditions and stronger business confidence. Even so, most other industries shed jobs or recorded minimal gains, and ADP noted that wage growth has remained largely consistent in 2025, underscoring a softening labor environment. While the slight pickup in hiring offers a temporary reprieve from recession concerns, underlying conditions remain fragile, likely prompting the Federal Reserve to maintain its rate-cutting path unless employment growth broadens more meaningfully.

Rising interest in seasonal roles underscores worker strain. Online job board Indeed found that job seeker interest in seasonal work rose 27 percent year-over-year at the end of September and stood 50 percent above 2023 levels, reflecting stronger demand from part-time workers. This aligns with a recent San Francisco Fed analysis showing that the share of workers stuck in involuntary part-time positions climbed from 30 percent in 2023 to 38 percent in August 2025, signaling labor market slack and growing worker vulnerability. Many of these individuals may struggle to find seasonal work, as postings for such roles rose only 2.7 percent from a year earlier, and firms like Target plan to rely more on existing staff to meet holiday demand. This imbalance could constrain disposable income among households that typically depend on these jobs, particularly lower-income consumers.

Large firms trim staff, yet layoffs still contained. The October Challenger report found layoffs surged to the highest monthly total since 2003, with large firms such as Amazon, General Motors, and Paramount announcing cuts. Even so, total job cuts remain below recessionary levels. Announced layoffs reached just over 1 million through the first 10 months of 2025 — the highest year-to-date total since 2020 but still roughly half the pace seen in 2009. Large employers are also expected to remain more resilient, with ADP reporting a gain of more than 70,000 jobs among firms with 500 or more employees in October, while losses were concentrated among smaller businesses.

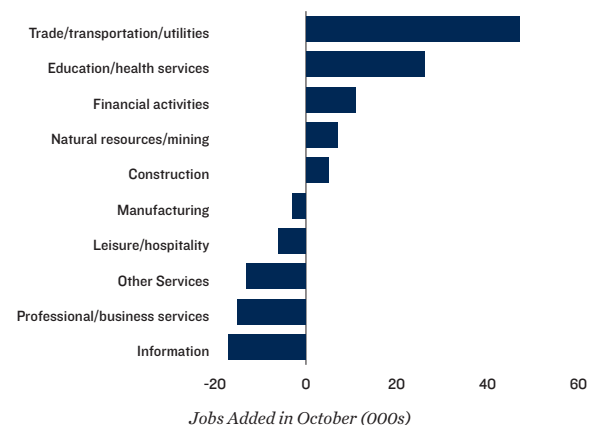
White-collar job losses threaten spending momentum. The information and professional and business services sectors have each recorded job losses for three consecutive months, indicating that labor market weakness is beginning to reach higher-income workers. Although affluent households have underpinned consumer spending, this trend could prompt a marginal pullback in discretionary outlays. Higher-end retailers may face softer demand, while multifamily projects could experience longer lease-up timelines.

Eased tariffs bolster West Coast trade flows. Progress in U.S.–China trade negotiations signals a modest easing in trade tensions, as China agreed to remove its 24 percent tariff on U.S. goods and revert to 10 percent, while the United States paused planned hikes and kept rates at 25 percent. This should reinforce West Coast port volumes, which have continued to recover after a midyear slowdown and likely supported recent hiring in trade, transportation and utilities. Greater policy clarity may further sustain industrial demand, as West Coast leasing reached its highest level in over a year in the third quarter.

597,000 *Jobs Added Year to Date Through October**

20,000 *Average Monthly Job Gain, Past Six Months**

Job Growth Remains Uneven Across Sectors



* ADP employment figures, does not include government employment

Sources: Marcus & Millichap Research Services; ADP National Employment Report; Bureau of Labor Statistics; Challenger, Gray & Christmas, Inc.; CME Group; CoStar Group, Inc.; Federal Reserve; Indeed Hiring Lab; Moody's Analytics; Real Capital Analytics; RealPage, Inc.