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Last Updated: April 23, 2014 10:12am ET

EXCLUSIVE

Jobs Are Not Where They Should be

By Paul Daneshrad, CEO, StarPoint Properties | [Commentary](#)



The supposed “decrease” in unemployment will do little to increase growth in the housing market, says Daneshrad.

BEVERLY HILLS, CA—I keep hearing and reading that we are making great progress in lowering unemployment. The Fed keeps tying quantitative easing, with its unprecedented monetary policy, to the unemployment rate. Government leaders tell us job creation is our number one priority. However, as we look deeper into the data, rather than blindly looking at simple percentages, we may find the jobs are not exactly where they should be. As we explore the unemployment numbers and what they really mean, we will gain insight into what this means for the future of the housing market, especially as it relates to multifamily.

According to recent numbers, unemployment has dropped to 7.5%. On the surface, that sounds good and as of 2014, we have created approximately 4 million jobs in the last five years. However, if we look more closely at the jobs that have been created, we see the number of part-time jobs has also increased by 4 million—the most we have seen in decades. Because part time jobs are included in the unemployment numbers, this means almost all jobs created were part time. These are mainly minimum wage jobs that cannot support a living and contribute little to overall market growth. Unfortunately,

these jobs are also easy to lay off and the first to be eliminated during difficult financial times. What does this mean for the multifamily market?

According to a recent report from the National Low Income Housing Coalition, in no state can a full-time minimum wage worker, let alone a part-time worker, afford even a one-bedroom rental unit at Fair Market Rent. Combine this income problem with rents that have increased as much as 20% in some areas, and we find the supposed “decrease” in unemployment will do little to increase growth in the housing market. In short, this will have little to no effect on the broader economy, no matter how you spin it.

Paul Daneshrad is the CEO of Beverly Hills-based StarPoint Properties LLC. The views expressed in this column are the author's own.

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