

RESEARCH BRIEF

EMPLOYMENT BRIEF

JULY 2026

Marcus & Millichap

Job Swings Cloud Outlook, While New Job Pay Bump Could Aid Renter Demand

Revision volatility warrants measured read. Employers added 57,000 jobs in June, while April and May figures were revised down by a combined 74,000 positions, tempering the apparent strength of the spring hiring rebound. Recent reporting volatility, along with large downward benchmark revisions in prior years, suggests first-cut payroll estimates should be treated with caution. More data will be needed to determine whether the March-to-May acceleration marked sustained improvement or a temporary pickup in a slower job-creation environment. The uneven labor backdrop will likely reinforce selective leasing activity, with tenants prioritizing renewals, efficient layouts and incremental expansions.

Productivity-led growth shapes leasing. Despite softer hiring, the unemployment rate edged down to 4.2 percent in June, reflecting a 720,000-person labor force drop. A thinner labor pool may cap job gains and increase the role of productivity in sustaining output. Professional and business services added 36,000 jobs in June, highlighting strength in a sector where software and automation can lift output without matching space growth. Office demand may therefore lean more toward renewals and higher-quality footprints, though select sectors like legal may provide upside as AI compliance and broader regulatory uncertainty lift space needs. Leasing gains may be clearer where growth requires physical capacity, including advanced manufacturing, logistics, and energy.

Consumer divide splits tenant demand. Hiring trends showed clearer weakness among firms tied to discretionary spending. Leisure and hospitality lost 61,000 jobs in June, while retail trade shed 7,500 roles, pointing to caution among travel and goods-oriented tenants. Hotel performance was also uneven, with full-service RevPAR up 2.9 percent through May, while select-service was flat and limited-service fell 2 percent, underscoring softness among lower-income consumers. This shift may drive retail leasing, favoring necessity-based tenants while larger-ticket categories, including furniture, appliances, and electronics, face slower growth.

Switching premium may lift worker mobility. Average hourly earnings rose 0.3 percent in June and 3.5 percent year over year, keeping wage growth modest but steady. However, the Atlanta Fed's May Wage Growth Tracker showed job switchers' pay rising 3.7 percent, above the 3.3 percent gain for job stayers, suggesting the switching premium is reemerging. While the quits rate remains low, stronger pay gains for movers could gradually unlock worker mobility, supporting in-migration, household formation and apartment demand near major employment nodes.

Key Takeaways

- Payroll revisions have made recent job gains harder to confirm, requiring a cautious interpretation of initial employment reports until a more sustained trend emerges.
- The labor force fell sharply in June, which may cap headcount growth and place more emphasis on productivity-led output and physical-capacity demand.
- Consumer-facing weakness is widening the gap between necessity-based tenants and discretionary categories, weighing on select retail and lower-tier hotel demand.
- A modest wage premium for job changers has re-emerged, which may encourage more workers to change roles, supporting renter demand in stronger labor markets and near key employment corridors.

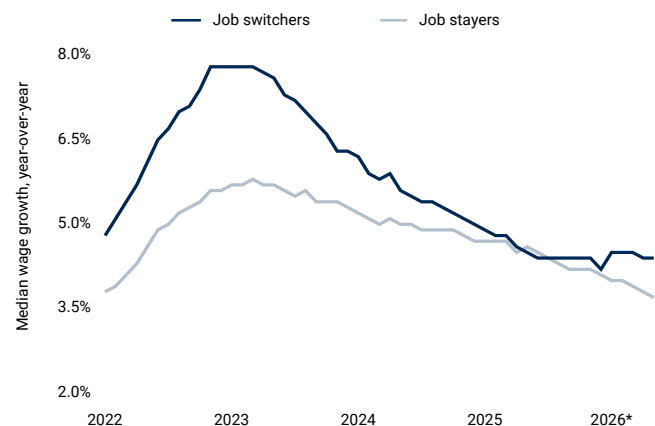
552,000

Jobs Added Year to Date
Through June

92,000

Average Monthly Job Gain,
Past Six Months

JOB SWITCHERS REGAIN SOME PAY ADVANTAGE



* Through May

Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; Federal Reserve Bank of Atlanta