

Business

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Maryland adds 2,500 jobs in May, unemployment falls to 4.5 percent



By **Natalie Sherman** | **Contact Reporter**
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Maryland employers added 2,500 jobs last month and the unemployment rate fell, extending to eight months a streak of gains powered by the Baltimore region.

The May increase, reported Friday by the Labor Department, represented a strong showing for the state, coming amid a slow month for job creation nationally.

U.S. payrolls grew by less than 40,000 in May — well short of expectations — a slump partially attributed to a strike by Verizon workers.

"The state overall adding 2,500 jobs in May ... doesn't sound fabulous," said economist Anirban Basu, CEO of the Sage Policy Group. "Given that we had some really weak national numbers in May, the Maryland number doesn't look so bad."

On an annual basis, job creation in Maryland grew 1.8 percent, expanding roughly on a par with the rest of the country. The Baltimore region has outperformed, with the number of jobs increasing nearly 2.4 percent annually, lifted by the professional and business services sector.

"I don't know that we've been able to say this a lot over the last few decades, but Maryland's economy today is driven by growth in the Baltimore metropolitan area," Basu said.

The largest job gains came in the education and health services sector, where payrolls swelled by 6,200. Jobs in professional business services increased by 3,300, while government added 1,400.

Those increases were offset by losses in other industries, including leisure and hospitality, which shed 1,400 positions; construction, which lost 1,200 jobs; and financial services, which saw payrolls fall by 1,100.

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The Labor Department also revised April's estimates for Maryland, reporting 100 more jobs added in that month than it had previously.

Matthew Laraway, partner at industrial development firm Chesapeake Real Estate Group, said he's seen some of the strongest tenant activity from consumer goods and homebuilding companies.

"That kind of tells me that everyone is bracing for a really solid economic run," said Laraway, adding that his firm recently started work on the former Sun Products site in Baltimore and expects to move forward with building a 413,000-square-foot warehouse even without a tenant.

The unemployment data presented a more mixed picture.

The May unemployment rate in Maryland fell to 4.5 percent, down a tenth of a percentage point from April, but part of that decline was due to a contraction in the number of people in the labor force.

That's unusual, given the historically low rates of labor force participation, and national surveys that suggest there are job openings available.

Economists said it may reflect people dropping out of the labor market as they encounter a mismatch between their skills and what employers are seeking.

"There might be jobs there, but they're not the right jobs for them, and there could be some people getting discouraged," said Ann Macheras, economist at the Federal Reserve Bank of Richmond, which oversees Maryland. "It's still kind of a puzzle."

Dr. Barbara Kistenmacher, CEO of a residential treatment center that is opening this summer in Cecil County, said many of the people she interviewed at a recent job fair appeared to be working but were looking for something better.

Her organization, Recovery Centers of America, has extended job offers to a handful of people and expects to hire 70 for the Earleville facility by the end of the year. More than 180 people showed up at the job fair, she said.

"We were thrilled with the turnout," she said.

Berman Enterprises, a roughly 25-person Rockville real estate firm that plans to convert the former PNC Bank building at 2 Hopkins Plaza into apartments and renovated offices, is looking to bring on three people as it works on new projects, including the one in Baltimore, which it hopes to open in about a year.

The Army Corps of Engineers, which plans to relocate from a larger space also in Baltimore, has signed a lease for the building.

"Our belief is that downtown Baltimore has a lot to offer," said Kevin Berman, vice president at the firm. "As more people move down there, more services will move there ... which will make it an even more desirable place to live."

nsherman@baltsun.com