

High-tech boosts office recovery, but at a high cost

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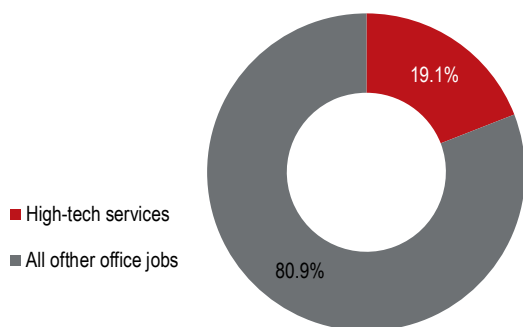


High-tech services employment continues to swell, adding 104,600 jobs and growing by 4.0 percent year-over-year in May (latest data available). This growth accounted for 19.0 percent of all office jobs added during the same period. At 2.7 million jobs, the high-tech services sector has surpassed the previous peak of 2.2 million jobs reached in March of 2001 during the dot.com boom. Total high-tech employment, which includes manufacturing positions, reached 3.2 million jobs in May, surpassing the dot.com peak achieved in February of 2001 by 47,000 jobs.

High-tech services sector growth has occurred more rapidly in the current cycle when compared with the dot.com boom period because of the shift toward application, mobile, software, and search-related services firms. This is in contrast to the focus on network and hardware development—and the onshore manufacturing of these products—that defined the dot.com boom from 1999 to 2001.

Interestingly enough, more robust growth on the services side of the industry has buoyed the office employment sector overall since the last recession. High-tech services jobs accounted for 19.1 percent of all office jobs added since the trough in 2009. In comparison, high-tech services job growth accounted for just 14.1 percent of all office jobs added in the trough to peak period from 2003 to 2007.

High-tech share of office employment recovery, 2009-2014



High-tech employment is increasing in many markets, in many cases outpacing overall employment growth by double, or more. As the high-tech economy continues to evolve, the more interesting story is around wages. Strong wage growth is an indication of tight labor supply, and the rapid increase in average wages points to the competitive marketplace many high-tech firms are facing. Even in markets where high-tech wages are comparably lower, wages are still rising quickly; South Florida saw 6.4 percent wage growth in 2013, but the average wage is the lowest among high-tech markets tracked by JLL at just \$67,687.

Strong high-tech leasing activity in a number of markets indicates that future employment gains are in the pipeline. Sourcing the right talent will be a challenge, and tight labor supply will continue to drive the competitive wage environment. High-tech employment will likely outpace national employment growth for the next 12 months and perhaps beyond.

Top 10 markets for high-tech wage growth

Market	High-tech employment growth, 2013	High-tech average annual wage, 2013	High-tech wage growth, 2013
San Francisco	18.1%	\$156,518	18.9%
Manhattan-Brooklyn	8.4%	\$125,555	11.3%
Detroit	1.0%	\$81,520	9.9%
Seattle-Bellevue	7.6%	\$143,597	9.2%
Austin	8.3%	\$100,431	8.0%
Silicon Valley	5.2%	\$195,815	8.0%
Denver	5.8%	\$93,885	7.3%
San Diego	0.7%	\$106,087	6.7%
Chicago	3.5%	\$92,881	6.5%
South Florida	3.4%	\$67,687	6.4%

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