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NATIONAL

Gray Skies Don't Look So Dark For Job Market

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In February, the employed U.S. workforce shrank by 63,000 according to the Labor Department. It is the biggest drop in U.S. employment in almost five years. But how bad does that mean the job market really is?

Every day, 10,000 Americans turn of retirement age. Assuming they take weekends off, that's more than 200,000 employees leaving the workforce every month. Over the last year though, an average of only 76,000 new working age Americans were added per month to the general population—a 124,000 deficit.

"We need to take a step back and look at the job market as a whole. Residential real estate isn't doing well, but as much as Americans spend on purchasing homes every year, it's still only 5 percent of the U.S. GDP. For just about every other sector in the economy, we're heading towards a massive labor crunch."

Michael Jalbert
President, MRINetwork

Salaries are skyrocketing in fields like healthcare, where being understaffed simply isn't an option. Through the last six months, MRINetwork's internal data, known as PTWeb™, has seen marked growth of placements in the healthcare field. The sector didn't even pause for the holiday season, a time known for lessened hiring activity.

While healthcare may be one of the most robust areas of the economy, hiring remains strong in a variety of science, technology, marketing, security, energy and accounting fields. There are even signs of a rebound for mortgage brokers. According to Indeed.com, a search engine for jobs, January may have seen the largest rebound in advertised mortgage broker positions in nearly two years.

"If the economy is unsound, the reason is a lack of talent, not a shortage of jobs," says Jalbert. "The college educated workforce unemployment rate has consistently hovered at around 2 percent—virtually full employment. We've been talking about a massive boomer retirement for years, but now it's arrived.

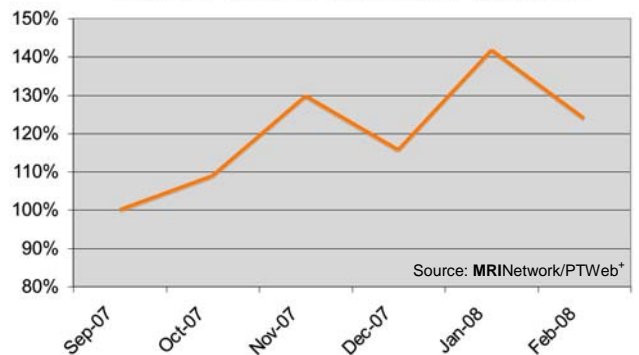
"That's going to lead over the coming years to quickly increasing upward salary pressures as more employers hunt for fewer candidates. The labor shortage is such an overriding issue, that even in a potential global economic downturn, its influence remains strong," concludes Jalbert.

Recent MRINetwork® Analysis

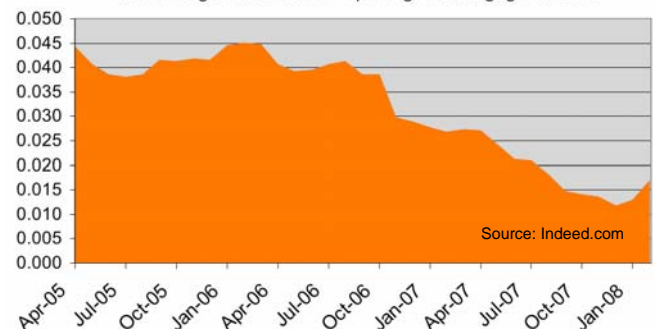
"For the professionals, the management, the folks that are 25 and older, college educated, jobs are plentiful. In fact there are more jobs than there are people available ... If you think about what happened from December 15th to January 7th in the job market, the answer is almost nothing, because everybody is off. There is not a lot of hiring going on, there isn't a lot of interviewing. So As we ramp up into the new year, my expectation is that job orders are going to stay plentiful, we are going to send a lot of people out in terms of interviews ... I think we're a lot more reserved in our reaction [to the current economy.] If you think about the dot-com bubble bursting in 2001, that was a disaster. This is not that kind of marketplace"

Michael Jalbert
President of MRINetwork
Discussing the unemployment numbers on
Fox Business's, Money for Breakfast, March 7, 2008

Percent Growth of Healthcare Placements



Percentage of Advertised Opening for Mortgage Brokers



U.S. SECTOR

RETAIL

Taking Advantage of Slow Down, Retailers Re-tailor to Come Out Ahead

Christmas wasn't anything to get excited about in the retail sector, but it doesn't look like anyone's taking the time to lick their wounds, according to Gerald Mitchell, president of Retail Search Group, an MRINetwork office based in Northern California.

"This year retailers switched from Christmas to the spring season as smoothly as I've ever seen," says Mitchell. "Though Christmas was not as strong as hoped, the aggressive inventory transitions have held many retailers see same store, year-over-year sales growth begin to accelerate in 2008's first quarter."

But aren't we in a recession? Isn't consumer confidence at record lows?

"The retailers I see as poised for success right now have vision far beyond the current economic woes," continues Mitchell. "If a retailer's business model is sound, when this is over, the

model will still be sound and they'll do great."

The job growth Mitchell currently sees in the retail sector is not necessarily coming from stores expanding their staff, but from retailers opening new locations. With real estate prices remarkably lower than in recent memory, companies are taking the opportunity to expand their brands to be in a position to grow once the economy recovers.

"In succeeding in retail, it's being aggressive in every part of the business that lets you thrive. You've got to drive with your foot on the gas," says Mitchell.

At the Roseville Galleria, not far from Retail Search Group in Northern California, the Westfield owned mall is in the middle of construction on as many as 100 new stores.

While the success of Congress's tax rebate in May to shore up the U.S. economy is unclear, if it follows popular belief, spending is bound to see a substantial uptick as consumers spend more at retailers both before and after receiving their money. Such an aggressive influx of spending will continue to help retailers' coffers and further drive them to expand their brands in the near term.

"Americans might say they want to save the check or pay off debt—and some will—but \$600 is just enough for an iPhone, a medium-sized HDTV or a nice new wardrobe, and at the end of the day, that's where lots of the money will go," according to Mitchell.

INTERNATIONAL

PUERTO RICO

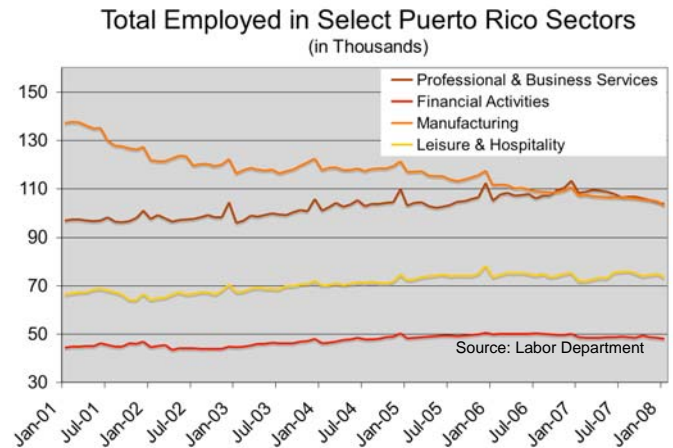
America's Caribbean Cousin Continues to Attract Mainland Firms

As a territory of the United States, Puerto Rico holds a unique position in the world economy. The island was long dominated by sugar production until the 1940's when President Franklin D. Roosevelt instituted tax benefits to thrust Puerto Rico out of the Great Depression.

Though recent changes in the tax code for U.S. corporations operating in Puerto Rico have lessened the benefits and have stymied some growth, the benefits remain strong. So strong, that they continue to perpetuate the feeling among some economists that the territory, with few natural resources of its own, has an "artificial" economy. Artificial or not, it's thriving.

"Lower than mainland U.S. labor costs, tax benefits and duty free imports, not to mention the weather, make Puerto Rico an excellent place for skilled industries," says Carlos Rodriguez, CEO of Management Recruiters of Puerto Rico, who has owned the office since 1988. "Pharmaceuticals has become one of Puerto Rico's mainstays in addition to electronics, textiles, petrochemicals and financial services.

Puerto Rico has a small workforce, only about 1.7 million strong, but is able to tap into the whole of the U.S. workforce



with no need for work visas or other complications typical of international recruiting.

A large rural population and high-turnover tourism and service industries cause Puerto Rico to have an unemployment rate hovering around 6 to 10 percent higher than the U.S. It was 10.8 percent in January 2008, as reported by the U.S. Labor Department.

"Manufacturing has been steadily leaving the island seeking countries not governed by U.S. minimum wages, yet the number of skilled professionals who are entering Puerto Rico has been growing at a steady pace," says Rodriguez. "When the global economy begins to stabilize, Puerto Rico will surge."