

THE WALL STREET JOURNAL.

PANDEMIC-HIT INDUSTRIES GAIN JOBS ON LONG ROAD TO RECOVERY

Employment picks up in retail and leisure and hospitality, but remains well below pre-Covid-19 levels.

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March 5, 2021

Employment in several hard-hit industries picked up last month, but remained well below pre-pandemic levels, a sign of a still-nascent recovery in these areas.

Payrolls climbed in industries such as leisure and hospitality, retail and manufacturing, as authorities in February eased restrictions amid a retreat in coronavirus cases from recent peaks. Still, those industries were working to climb out of a deep hole created last year when the Covid-19 pandemic drove big shifts in business, consumer and worker behavior.

Leisure and hospitality – which includes restaurants, bars and hotels – drove most of the economy’s overall job gains last month, but still had 3.5 million fewer jobs than in February 2020, just before the pandemic’s effects spread widely across the US economy. The industry shed more than 500,000 jobs during December and January alone.

“We still have a tremendously long way to go there,” said Robert Frick, corporate economist at Navy Federal Credit Union. “These jobs are really tied to Covid and even when Covid levels go down, there are a lot of people who still aren’t going to do face-to-face commerce.”

Manufacturing has shown continuing signs of a bounceback, but industry payrolls were still down by 651,000 last month compared with February 2020.

Service-sector employment also remains down from pre-pandemic levels. Retail employment, for example, was down by nearly 363,000, or more than 2 percent, last month compared with a year earlier, although job gains in health and personal care stores have accelerated in recent months compared with retail overall.

Meanwhile, employment has rebounded. Last month it exceeded February 2020 levels in industries such as warehousing and storage, residential construction, and nonstore retailers, showing the pandemic’s disparate effects on different parts of the economy.

Improvements in the labor market last month were also spread unevenly across demographic groups. The Black unemployment rate ticked higher to 9.9 percent in February from 9.2 percent in January, while the rate for white, Asian and Hispanic or Latino people ticked lower.

The unemployment rate for Americans without a high school diploma moved higher by a full percentage point, to 10.1 percent in February from 9.1 percent in January. The rate for Americans with a bachelor’s degree and higher fell below 4 percent last month.

Mr. Frick, of the Navy Federal Credit Union, said other hard-hit areas, such as government employment, have promising room for growth as coronavirus vaccines become more widely distributed. Government payrolls fell by 86,000 in February compared with the prior month, and were down by roughly 1.4 million from February 2020.

"Covid is still the boss and we cannot assume that won't be true for at least the next few months," Mr. Frick said.

Deanna Bender, owner of the Over the Moon Cafe in Tacoma, Wash., said that late last year that she laid off six workers and shut down her dining room amid government restrictions on indoor service. Her dining room, which seats 40 patrons, remained closed last month, and she said an outdoor seating area was too small to make serving customers there worthwhile.

Over the course of the pandemic, "the losses I've incurred are in the hundred of thousands of dollars," Ms. Bender said.

She said she took a second loan through the federal Paycheck Protection Program this year. The roughly \$85,000 in assistance is helping her pay for some overhead costs during the restaurant's closure. She hoped to bring back workers and reopen her dining room in coming months, but said she was still worried about the outlook for the restaurant industry.

"Even with the vaccine, we have to socially distance and do all these things," Ms. Bender said. "And I'm not real confident that it's going to be a quick recovery, so my concern is being in the same position next fall."