



Economics Group

Sarah Watt House, Economist
sarah.house@wellsfargo.com • (704) 410-3282
Erik Nelson, Economic Analyst
erik.f.nelson@wellsfargo.com • (704) 410-3267
Alex Moehring, Economic Analyst
alex.v.moehring@wellsfargo.com • (704) 410-3247

Millennials in the Economy IV: Who's Hiring Young Workers?

Young workers have traditionally been concentrated in the retail and leisure & hospitality industries, but a growing share are finding themselves in these and other low-paying industries since the recession.

What Industries are Hiring Millennials?

Significant shifts in the labor market, including the Great Recession and longer-term secular trends, mean that today's young workers are not always doing the same jobs as in prior years. A look at the industries employing Millennials offers some insight into the challenges and opportunities young workers are presented in today's labor market.

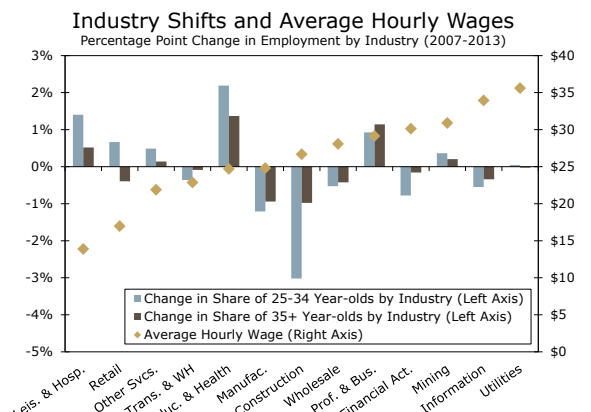
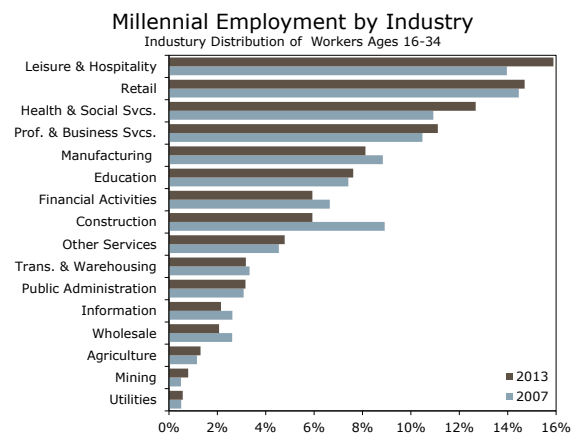
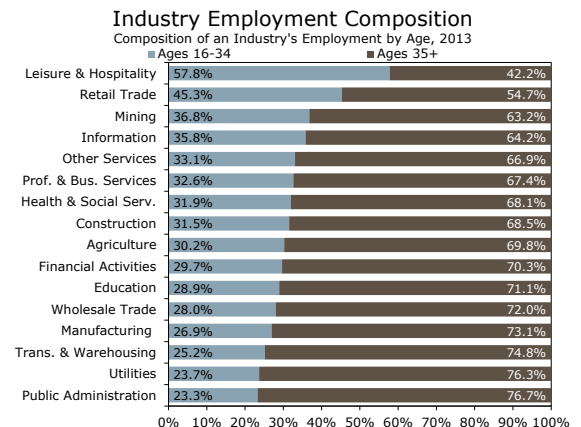
Young workers have traditionally been concentrated in industries requiring few specialized skills and more flexible hours. To that end, the leisure & hospitality and retail industries are the largest employers of Millennials. Millennials account for a disproportionately large share of workers in these industries—45 percent of employees in the retail sector and nearly 60 percent in the leisure & hospitality industry (top chart).

Although the retail and leisure & hospitality industries have traditionally served as a springboard into the workforce, the weak jobs market in recent years has driven a growing share of young workers in these industries. As of 2013, 30.6 percent of workers age 16-34 were employed in these two industries, a 2.2 percentage point rise since 2007 (middle chart). The shift has been just as pronounced for older Millennials (ages 25-34), who are likely to be out of school and embarking on a long-term career. Where older Millennials are, however, starting a career and putting their higher education to work in the health care and professional services industries. The nation's energy boom has also attracted a higher share of young workers into mining.

What industries then are employing a smaller share of young workers? Not surprisingly given the housing bust and financial crisis, the share of young workers employed in the construction and financial industry has fallen since 2007. Meanwhile, fewer young workers are employed in the manufacturing and information industries as secular headwinds have weighed on employment in these industries more broadly.

Young Workers See Greater Shift to Lower-Paying Industries

In a dynamic labor market such as the United States, changing patterns in employment are to be expected. However, recent shifts have left more young workers in relatively low-paying industries than before the recession. While opportunities for good paying jobs have been a concern for workers of all ages, Millennials have moved into lower-paying industries at a faster rate than their older counterparts. Workers age 25-34 account for the same share of employment as in 2007, but comprise a noticeably higher share of retail, leisure & hospitality, and "other" services workers—the three lowest paying private nonfarm industries (bottom chart). The only industries career-age Millennials have shifted to more quickly than older workers that pay noticeably above-average wages are mining and utilities, which together still account for only 1.7 percent of employment of workers age 25-34.



Wells Fargo Securities, LLC Economics Group

Diane Schumaker-Krieg	Global Head of Research, Economics & Strategy	(704) 410-1801 (212) 214-5070	diane.schumaker@wellsfargo.com
John E. Silvia, Ph.D.	Chief Economist	(704) 410-3275	john.silvia@wellsfargo.com
Mark Vitner	Senior Economist	(704) 410-3277	mark.vitner@wellsfargo.com
Jay H. Bryson, Ph.D.	Global Economist	(704) 410-3274	jay.bryson@wellsfargo.com
Sam Bullard	Senior Economist	(704) 410-3280	sam.bullard@wellsfargo.com
Nick Bennenbroek	Currency Strategist	(212) 214-5636	nicholas.bennenbroek@wellsfargo.com
Eugenio J. Alemán, Ph.D.	Senior Economist	(704) 410-3273	eugenio.j.aleman@wellsfargo.com
Anika R. Khan	Senior Economist	(704) 410-3271	anika.khan@wellsfargo.com
Azhar Iqbal	Econometrician	(704) 410-3270	azhar.iqbal@wellsfargo.com
Tim Quinlan	Economist	(704) 410-3283	tim.quinlan@wellsfargo.com
Eric Viloría, CFA	Currency Strategist	(212) 214-5637	eric.viloría@wellsfargo.com
Sarah Watt House	Economist	(704) 410-3282	sarah.house@wellsfargo.com
Michael A. Brown	Economist	(704) 410-3278	michael.a.brown@wellsfargo.com
Michael T. Wolf	Economist	(704) 410-3286	michael.t.wolf@wellsfargo.com
Zachary Griffiths	Economic Analyst	(704) 410-3284	zachary.griffiths@wellsfargo.com
Mackenzie Miller	Economic Analyst	(704) 410-3358	mackenzie.miller@wellsfargo.com
Erik Nelson	Economic Analyst	(704) 410-3267	erik.f.nelson@wellsfargo.com
Alex Moehring	Economic Analyst	(704) 410-3247	alex.v.moehring@wellsfargo.com
Donna LaFleur	Executive Assistant	(704) 410-3279	donna.lafleur@wellsfargo.com
Cyndi Burris	Senior Admin. Assistant	(704) 410-3272	cyndi.burris@wellsfargo.com

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