

Mean Vacancy Duration Fell to 27.2 Working Days in December

The **DHI-DFH Mean Vacancy Duration Measure** fell to 27.2 working days in December, 0.1 days below its revised value for November and 2.2 days below its historical peak in April 2016. Figure 1 shows the evolution of the mean vacancy duration in the United States since 2001. This duration measure reflects the vacancy concept in the Job Openings and Labor Turnover Survey (JOLTS). Specifically, a job opening gets “filled” according to JOLTS when a job offer for the open position is accepted. Thus, the duration statistic refers to the average length of time required to fill open positions. Typically, there is also a lag between the fill date and the new hire's start date on the new job.

Figure 2 displays four other indicators of labor market slack alongside the mean vacancy duration. All five measures show a pronounced tightening of U.S. labor markets since 2009. Three of the measures – mean vacancy duration, the vacancy-unemployment ratio, and the ratio of vacancies to the number of persons unemployed for 26 weeks or less – now exceed their peak values prior to the recession of 2008-2009. The post-recession rise in the mean vacancy duration is especially pronounced.

The **DHI-DFH Recruiting Intensity Index**, plotted in Figure 3, was 1.02 in December, essentially unchanged from its revised level in November. Tables 1 and 2 below report industry-level statistics for mean vacancy duration and recruiting intensity per vacancy, respectively.

Figure 1. DHI-DFH Measure of National Mean Vacancy Duration, January 2001 to December 2016

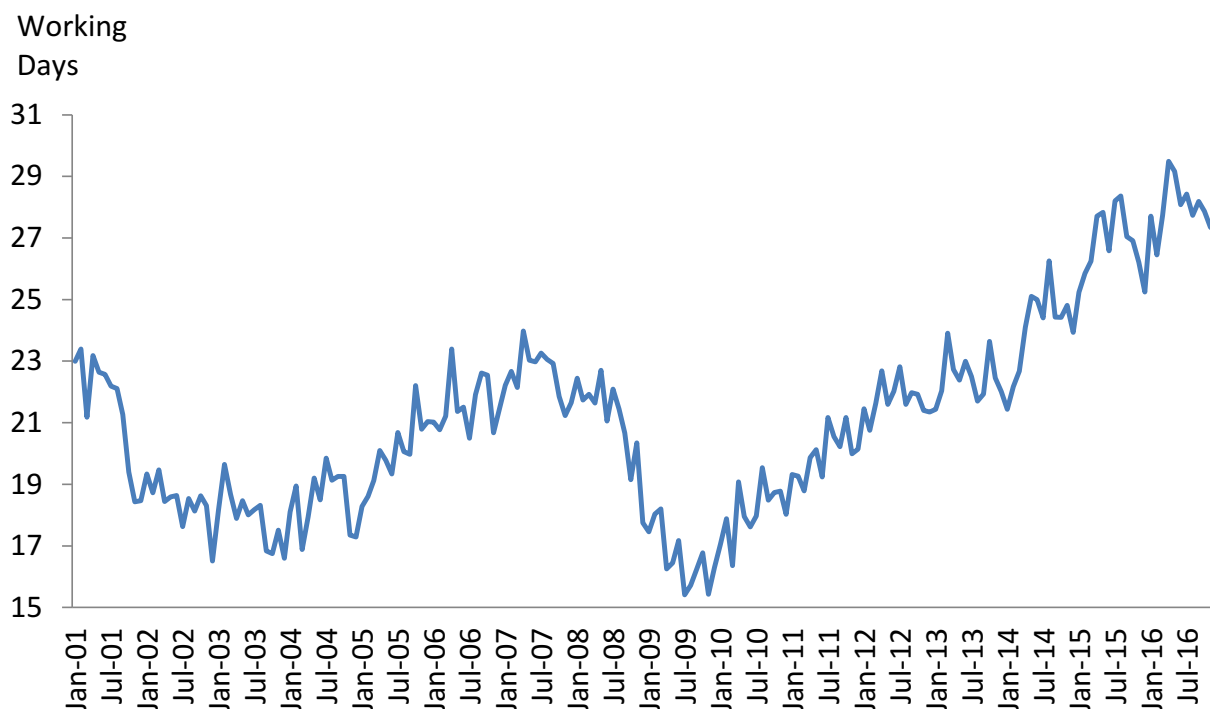
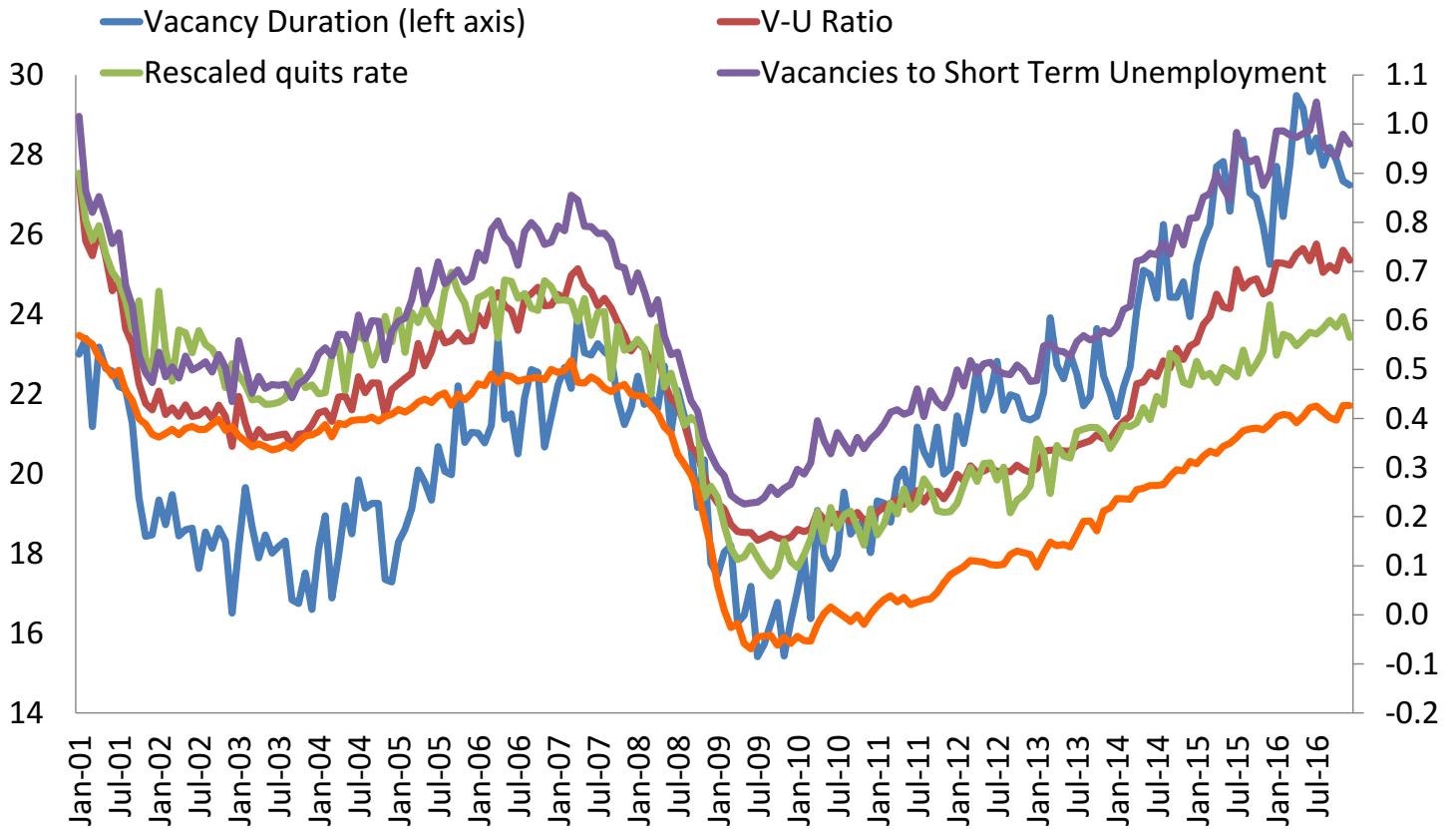


Figure 2. National Labor Market Slackness Measures, January 2001 to December 2016



Notes: Short Term Unemployment is the number of persons unemployed 26 weeks or less. The Quit Rate is rescaled to have the same mean and variance as the Vacancy-Unemployment Ratio from January 2001 to date. Non-Employment + PTER, an index developed by Hornstein, Kudlyak and Lange, reflects all persons who are not employed (weighted by labor force attachment) plus persons working part time for economic reasons who would prefer full-time work full. Here, their index is multiplied by minus one and then rescaled to have the standard deviation as the Vacancy-Unemployment Ratio from January 2001 to date.

Figure 3. DHI-DFH Index of Recruiting Intensity per Vacancy, January 2001 to December 2016

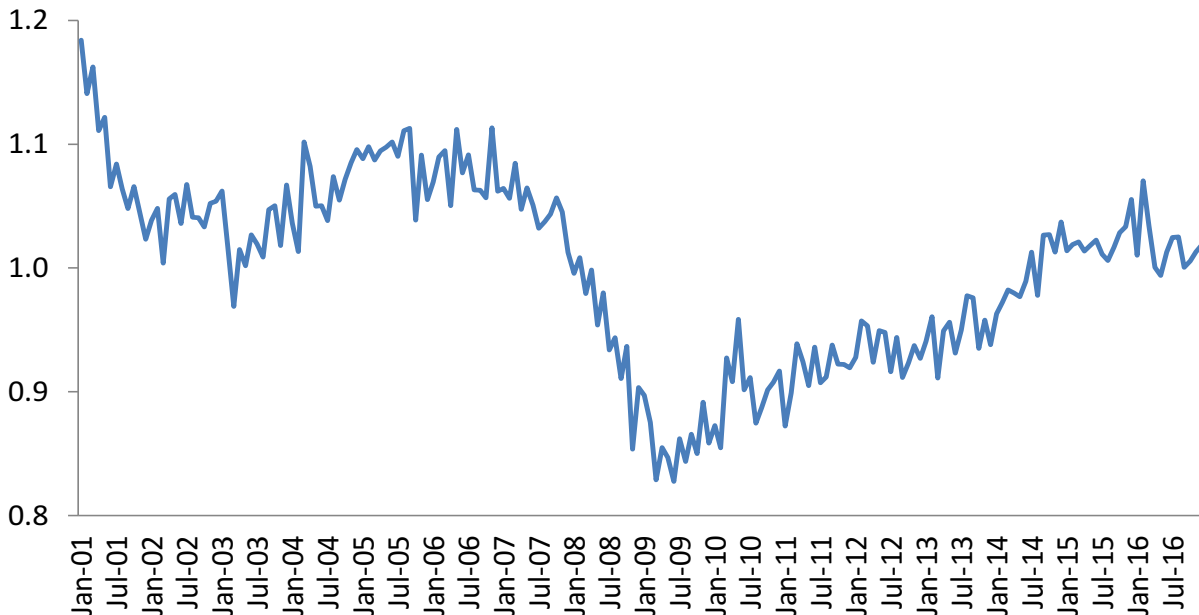


Table 1. DHI-DFH Measure of Mean Vacancy Duration by Industry and Time Period, No. of Working Days, January 2001 to December 2016

Mean Vacancy Duration (Number of Working Days)									
By Industry and Time Period									
	2001 to 2003	2004 to 2006	2008	2009	2010 to 2012	2013	2014	2015	2016
Resources	12.0	14.0	18.1	13.5	18.7	17.3	22.5	16.5	13.9
Construction	7.9	8.8	7.3	4.3	6.1	9.5	10.9	11.5	15.1
Manufacturing	17.4	20.9	21.6	13.8	23.4	28.4	29.2	30.6	32.4
Wholesale and Retail Trade	14.2	15.8	15.5	13.1	15.9	19.8	18.6	20.6	23.9
Warehouse, Trans. & Utilities	18.6	17.0	20.6	11.3	18.2	22.5	23.9	28.0	27.6
Information	25.8	36.0	34.4	23.4	40.9	36.5	36.7	35.3	29.9
Financial Services	28.0	32.1	27.6	25.7	33.3	36.2	37.2	43.0	46.3
Professional and Business Services	18.3	19.9	21.3	16.6	18.8	19.6	21.9	26.5	25.8
Education	21.3	25.0	22.0	18.5	21.1	23.8	26.5	31.1	29.7
Health Services	39.1	35.8	36.4	29.8	33.5	34.6	38.4	45.0	47.7
Leisure and Hospitality	13.7	14.8	14.9	10.4	13.3	16.6	19.3	19.7	19.5
Other Services	22.5	18.6	25.2	16.9	18.9	20.1	20.9	22.0	28.8
Government	33.2	30.7	35.7	32.2	33.0	35.9	37.7	38.0	37.4
Non-Farm	19.3	20.0	21.1	16.6	20.0	22.5	24.1	26.8	28.0

Table 2. DHI-DFH Recruiting Intensity Index by Industry and Time Period, January 2001 to December 2016

Recruiting Intensity Index									
By Industry and Time Period									
	2001 to 2003	2004 to 2006	2008	2009	2010 to 2012	2013	2014	2015	2016
Resources	0.99	1.06	1.05	0.70	1.00	0.98	1.04	0.92	1.06
Construction	1.07	1.04	0.89	0.90	1.01	0.94	0.89	0.88	0.86
Manufacturing	1.02	1.09	0.95	0.85	0.94	0.88	0.92	0.92	0.95
Wholesale and Retail Trade	1.05	1.10	0.96	0.84	0.89	0.94	1.04	1.04	1.02
Warehouse, Trans. & Utilities	0.96	1.13	0.94	0.92	0.96	1.01	1.11	1.10	1.06
Information	1.10	1.08	0.87	0.83	0.91	1.06	1.10	1.15	1.11
Financial Services	1.06	1.09	0.99	0.84	0.87	0.99	0.95	0.95	0.92
Professional and Business Services	1.08	1.07	0.90	0.83	0.94	0.96	1.00	1.01	1.01
Education	1.00	0.99	1.04	0.96	0.99	0.95	1.00	1.00	1.02
Health Services	1.08	1.04	1.01	0.93	0.89	0.92	0.96	1.01	1.01
Leisure and Hospitality	1.08	1.08	0.97	0.84	0.88	0.92	0.96	1.00	1.01
Other Services	1.02	1.07	0.94	0.96	0.95	0.98	0.96	1.04	0.96

Government	1.05	1.05	0.94	0.87	0.93	0.93	0.99	1.09	1.12
Non-Farm	1.05	1.08	0.95	0.86	0.92	0.95	1.00	1.02	1.02

“Several indicators of labor market tightness have plateaued in recent months,” said Dr. Steven Davis, William H. Abbott Professor of International Business and Economics at the University of Chicago Booth School of Business. “The cyclical recovery of the U.S. labor market appears to be essentially complete.” Davis is a co-developer of the DHI Database and co-creator of the DHI-DFH Mean Vacancy Duration Measure and Recruiting Intensity Index.

“The job market for highly skilled technology professionals continues to be good as employers across industries need to hire tech talent and unemployment rates for tech pros remains low. It’s the perfect storm for wage inflation,” said Michael Durney, President and CEO of DHI Group, Inc. “Tech professionals are taking notice and voluntary quits in this category are near record-breaking. Given the favorable employment conditions, smart tech pros will research salary data and know their worth before heading into an interview.”

About the DHI Hiring Indicators

Next month’s report will resume the presentation of labor market statistics based on application flows and vacancy postings in the **DHI Vacancy and Application Flow Database**. The DHI Database is a cooperative effort between DHI Group, Inc. and two researchers at the University of Chicago, Professor Steven J. Davis and Brenda Samaniego de la Parra, a Ph.D. student. Their research paper on “Application Flows” contains additional information about the DHI Database and its analysis.

The **DHI-DFH Recruiting Intensity Index** quantifies the effective intensity of recruiting efforts per vacancy by employers with vacant job positions. The index is normalized to an average value of 1.0 for the period from January 2001 to December 2012. It complements the monthly [Job Openings Rate](#) produced by the U.S. Bureau of Labor Statistics (BLS) from the [Job Openings and Labor Turnover Survey](#).

The pace of new hires in the economy depends on the number and types of job seekers, the number and types of job vacancies, and employer actions that affect how quickly vacant jobs are filled. These actions include the choice of recruiting methods, expenditures on help-wanted ads, how rapidly employers screen job applicants, hiring standards, and the attractiveness of compensation packages offered to prospective new hires. The BLS Job Openings Rate captures the availability of job vacancies in the economy, while the **DHI-DFH Recruiting Intensity Index** captures the intensity of employer efforts to fill those vacancies. The index is available at the national, regional and industry levels and by establishment size class (number of employees).

The index construction follows the method developed by Steven J. Davis, R. Jason Faberman and John Haltiwanger (DFH) in “[The Establishment-Level Behavior of Vacancies and Hiring](#),” published in the May 2013 issue of the *Quarterly Journal of Economics*, and extended to industry and regional indices in “[Recruiting Intensity during and after the Great Recession: National and Industry Evidence](#),” published in the May 2012 issue of the *American Economic Review*.

The **DHI-DFH Vacancy Duration Measure** quantifies the average number of working days taken to fill vacant job positions. It supplements other measures often used to assess the tightness of labor market conditions such as the ratio of vacant jobs to unemployed workers.

Vacancy durations depend on the relative numbers of job seekers and job vacancies, the recruiting and search methods available to employers and job seekers, employer recruiting intensity per vacancy, the search intensity of job seekers, and the degree to which the requirements of jobs on offer match the skills, locations and preferences of job seekers. Other things equal, a larger ratio of job vacancies to job seekers yields longer vacancy durations.

The **DHI-DFH Vacancy Duration Measure** follows the method developed by Steven J. Davis, R. Jason Faberman and John Haltiwanger (DFH) in "[The Establishment-Level Behavior of Vacancies and Hiring](#)," published in the May 2013 issue of the *Quarterly Journal of Economics*. That method combines a simple model of hiring dynamics with data on hires and vacancies from the [Job Openings and Labor Turnover Survey](#) (JOLTS) conducted by the U.S. Bureau of Labor Statistics. Using their model and the JOLTS data, DFH estimate an average daily job-filling rate for vacant job positions in each month. Taking the reciprocal of the daily job-filling rate yields the **DHI-DFH Vacancy Duration Measure**, which is available at the national, regional and industry levels and by establishment size class.

The average daily job-filling rate is closely related to the "vacancy yield," the ratio of hires during the month to the stock of vacancies on the last business day of the previous month. Unlike the vacancy yield, however, the daily job-filling rate (and the **DHI-DFH Vacancy Duration Measure**) adjusts for job vacancies that are posted and filled within the month. Working days are defined as Mondays through Saturdays, excluding major national holidays.

About DHI Group, Inc.

DHI Group, Inc. (NYSE: DHX) is a leading provider of data, insights and connections through our specialized services for professional communities including technology and security clearance, financial services, energy, healthcare and hospitality. Our mission is to empower professionals and organizations to compete and win through expert insights and relevant employment connections. Employers and recruiters use our websites and services to source and hire the most qualified professionals in select and highly-skilled occupations, while professionals use our websites and services to find the best employment opportunities in and the most timely news and information about their respective areas of expertise. For over 25 years, we have built our company on providing employers and recruiters with efficient access to high-quality, unique professional communities, and offering the professionals in those communities access to highly-relevant career opportunities, news, tools and information. Today, we serve multiple markets located throughout North America, Europe, the Middle East and the Asia Pacific region.

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