

Houston's Population Tops 6.3 Million

The Houston metro area added 137,692 residents in 2013, the largest population increase of any U.S. metro area. That equates to one new resident every 3.8 minutes. New York had the second largest increase; the Dallas-Fort Worth metro ranked third. Houston's population stood at 6,313,158 on July 1, 2013, the date of the U.S. Census Bureau's estimate. Since the 2010 Census, Houston has added 392,742 residents, the largest increase of any U.S. metro area. Two Houston-area counties stood out in the Census Bureau's recent estimates. Harris County had the largest numeric population increase in the nation, adding 82,890 residents. Harris remains the nation's third most populous U.S. county, behind Los Angeles County, CA and Cook County, IL. Fort Bend had the fastest growth rate (4.2 percent) among counties with 250,000 or more people. Every Houston MSA county experienced population growth last year.

The energy sector is driving Houston's economy, which in turn is driving job and population growth. The Houston region has created more than 350,000 jobs since January 2010, the bottom of the recession. Only Chicago and New York, with labor forces two and three times the size of Houston's labor force, have created more jobs. With such strong employment growth, Houston continues to draw job seekers from other parts of the country.

The region's population could grow by at least 120,000 per year, adding nearly 840,000 residents by 2020. At that point, Houston's population would approach 7.2 million. That falls within the range of the Texas State Data Center's forecast, which calls for the region's population to range from 6.93 to 7.44 million in 2020. Since the 2000 Census, Houston has added 1.6 million residents and the region's population is one-third larger than it was at the beginning of the century. Only the New York and Dallas-Fort Worth metros have added more residents. Since 2000, Houston has risen from eighth most populous to fifth among the nation's metro areas, overtaking Washington, Miami and Philadelphia. The New York, Los Angeles and Chicago metros' weak job prospects have forced residents to leave for other metros with healthy economies, like Houston, Dallas-Fort Worth and Austin.

Job Growth Remains Strong Locally and Statewide

After growing at a robust pace through the middle of last year, Houston is settling into a slower growth mode. That's not necessarily a bad thing. Houston area employers created 77,000 new jobs between February 2013 and February 2014. The gain, according to Texas Workforce Commission, represents a 2.8 percent year-over-year increase. That is virtually identical to the number of jobs that Houston created between December 2012 and December 2013. During that one year period, per Barton Smith, Professor Emeritus of Economics at UH, Houston added 76,200 jobs.

The Dallas-Fort Worth metro led the state in job growth and Austin-Round Rock ranked third. Since January 2010, Houston has created 351,200 jobs, Dallas-Fort Worth 312,700 jobs, and Austin-Round Rock 128,400 jobs. The state of Texas has created 1.2 million

jobs in the same period. Statewide, eight of eleven major sectors added jobs in February. Only manufacturing, information services, education, and health services reported job losses last month.

Every sector but one—financial activities—reported growth in Houston since February 2013. The strongest employment growth occurred in oil and gas extraction, which added 3,700 jobs in the 12 months ending February 2014, a 6.5 percent increase. This is good news for Houston since much of the region's prosperity depends on a healthy oil and gas industry. Construction also fared well, adding 9,600 jobs, a 5.1 increase. The on-going boom in office development and the numerous chemical plant expansions continue to drive employment growth in this sector.

With slowdowns in energy – including oil and gas exploration and production as well as energy related manufacturing – construction is holding up job growth right, said Bill Gilmer, Director of the Institute for Regional Forecasting at UH. The Houston area has added nearly 200,000 jobs during the past 24 months and the construction industry is trying to catch up by building new houses, shopping centers and schools to accommodate all that growth. Construction companies created 9,600 new jobs in the Houston area during the past 12 months, for a 5.1 percent growth rate, according to the Texas Workforce Commission.

Houston to Gain from Factory Surge

An ample supply of cheap natural gas has ignited a U.S. manufacturing surge projected to expand plant payrolls and drive demand for chemicals, machinery and plastics in the Houston area and beyond through the end of the decade, the U.S. Conference of Mayors reports. Houston-area chemical plants could see a 36 percent rise in sales to \$57.8 billion by 2020. It's all thanks to low natural gas prices, which have stung some U.S. energy producers but are linked to more than 196,000 new manufacturing jobs in major metropolitan areas and a \$124 billion boost to sales for energy-intensive products like fabricated metals, steel and iron from 2010 to 2012. Natural gas is a central feedstock used in chemical manufacturing plants and steel mills, and since 2007, U.S. oil and gas producers have made it much more accessible by cracking open shale rock that had trapped it for millions of years. Subsequently, industrial sectors have helped push the nation's recovery from the recession that began in 2007 and will probably underpin economic growth through 2020, according to the report prepared by HIS Global-Insight. Through the end of the decade, manufacturing employment could jump 1 percent each year in the U.S., led by metals, machinery and iron and steel manufacturing, which each grew about 10 percent between 2010 and 2012. The study included these projections for Houston through 2020:

- In machinery manufacturing, a 30 percent employment boost to more than 69,500 and a 40 percent increase in sales to more than \$28 billion.
- In fabricated metals, an 18 percent climb in payroll to more than 60,000 and a 29 percent rise in sales to \$17.6 billion.

Energy Players Bring Foreign Investments Home

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A lot of major energy independents have bailed on much of their foreign investments to focus on domestic production, and the trend is continuing strongly into 2014. Houston-area independents – such as Anadarko Petroleum, Newfield Exploration, Apache, and Noble Energy are among those busy either announcing foreign divestments or closing on the sale of international plays. Raymond James energy analyst Andrew Coleman said some companies are choosing to focus on the natural gas boom in the U.S. for a “more U.S.-centered assets base,” and they are making sales to boost their cash flow. Downsizing and prioritizing can also please investors. “Many operators that previously went to look overseas are finding what they have in the U.S. actually trumps international opportunities,” Coleman said. All the usual names, such as Texas’ Eagle Ford Shale and Permian Basin are producing, as are northern plays like the North Dakota Bakken formation and the Marcellus Shale in Pennsylvania. The data suggests natural gas production is not slowing down anytime soon and the technology is rapidly advancing. On the other hand, international exploration carries a lot more risks with security issues, geopolitics, labor force issues and more, so the divesting announcements keep coming.

Incomes in Texas Rank 4th in U.S. for 2013

Personal Income didn’t grow as quickly in 2013 as it did the previous year, thanks largely to the end of the payroll tax holiday, but Texans fared better than residents of other states. Courtesy of the robust energy industry, average personal income in Texas grew by 3.7 percent in 2013, the U.S. Bureau of Economic Analysis reported Tuesday, March 25, 2014. Personal income is the income received by all residents from all sources, including wages, property rentals, dividends, interest and government transfer payments such as Social Security and social assistance for low income resident. Texas had the nation’s fourth-highest personal income growth rate, the bureau said. The nationwide average was 2.6 percent. Only North Dakota, Utah & Idaho did better than Texas. Nationwide in 2012, average personal income grew by 4.2 percent. To explain the drop in the rate of growth, the bureau pointed to two prime factors: the end of the temporary 2 percentage point cut in the employee contribution rate for social security and the acceleration of the receipt of 2012 income, including the bonuses and dividends, in anticipation of higher income tax rates. When it comes to net earnings – the wages and salaries that workers receive – Texas was tied with Utah with the second highest growth rate in the nation at 3.6 percent last year. Only North Dakota, at 8.9 percent, was higher. In Texas, part of the gains stem from the high wages paid by the energy industry. But the growth of the construction industry was an even bigger contributor to the overall economic well-being of Texas. From the first quarter of 2010 to the fourth quarter of 2013, the oil and gas exploration and production industry accounted for 40 percent of earnings growth in Texas. Professional services have also played a strong role, accounting for 17 percent of the statewide earnings growth. Construction represents 13 percent of the earnings growth during that same four year period, while healthcare represents 10 percent.

U.S. Job Numbers Reach Milestone

The U.S. economy has hit a milestone: It has finally regained all the private-sector jobs it lost during the Great Recession. Yet it took a painfully slow six years, and

unemployment remains stubbornly high at 6.7 percent. The comeback figures were contained in a government report Friday, April 4th, 2014 that showed a solid if unspectacular month of job growth in March. U.S. employers added a seasonally adjusted 192,000 jobs in March, just below February's 197,000 which was revised higher. March's figure nearly matched last year's average monthly gain, suggesting that the economy has recovered from the hiring slowdown caused by severe weather in December and January. The March figures did signal that stronger gains could lie ahead: More Americans without jobs are starting to look for one, and paychecks are growing. Most economists expect job growth to pick up a bit to a monthly pace of 225,000 or more. One reason is Americans have reduced their debts and benefited from rising home prices and a rising stock market. Better household finances should translate into more spending. The U.S. unemployment rate has been stuck at 6.7 percent since December, but that partly reflects a positive trend: More Americans, particularly younger people, are either working or looking for work. So far this year, about 1.3 million people have started looking for jobs, and most have found them. Last year, by contrast, the number of people either working or looking for work had shrunk by roughly 500,000. For most of the past four years, the number of Americans who found jobs barely kept up with population growth. Now it's growing slightly faster. As a result, the percentage of Americans 16 or older who were working reached 58.9 percent in March – the highest point since 2009.

Unemployment Rate

Houston's unemployment rate has fallen from a high of 8.8 percent in January 2010 to 5.7 percent in February 2014. In Texas, the seasonally adjusted unemployment rate held steady at 5.7 percent in February. The U.S. unemployment rate is 6.7 percent.

Sources: Greater Houston Partnership; Houston Chronicle; Houston Business Journal