

Employment Update

Construction & Real Estate Join Recovery in Houston

Construction and real estate, two sectors closely linked, have finally joined Houston's recovery. Since the recovery began in January '10, the construction sector has added 8,100 jobs, about one-sixth of what it lost in the recession, according to the Texas Workforce Commission (TWC). The region added 5,200 construction jobs in April, one of the best months on record and nearly a third of the 15,900 Houston-area jobs created. Real estate employment, however, continues to struggle, having recouped only 500 of the 5,800 jobs lost in the recession. Energy has driven demand for office and industrial space. The real estate firm CoStar estimates that each energy-related job in Houston accounts for about 350 square feet of leased office space. The energy sector has created 17,500 jobs since January '10, so it could account for as much as 6.1 million square feet of office space absorption. The residential sector has enjoyed a similar rebound, driven by population growth (on average 1,000 people relocate to Houston each week), job growth (Houston has created 188,000 private sector jobs since January '10) and income growth (wages paid to area workers exceeded \$39.4 billion in Q4/'11, up from \$36.4 billion in Q4/'09).

Houston's Job Engine Hums Along

The Houston-Sugar Land-Baytown Metropolitan Statistical Area added 81,200 net new jobs, a 3.1 percent annual increase, in the 12 months ending April '12, according to TWC. Houston's job growth would be even stronger if not for weakness in the public sector. Over the past 12 months, the Houston MSA created 89,600 private sector jobs, a 4.1 percent annual growth rate. If the loss in public sector jobs did not occur, Houston would be on pace to create 100,000 jobs in '12, resulting in one of the best years of job creation on record. The three fastest growing sectors since April '11 were mining and logging (9,200 jobs, 10.7 percent annual rate), employment services (8,500 jobs, 13.0 percent annual rate), and ambulatory health care (15,200 jobs, 12.0 percent annual rate.) Mining and logging, in Houston primarily oil exploration, is benefitting from sustained high oil prices and the opportunities in the nearby Eagle Ford Shale. The growth in employment services suggests that even with the strong local economy, there are a sizable number of firms that would rather hire contract workers rather than add full-time employees and offer benefits. The growth in ambulatory health care reflects the long-term trend away from in-patient care and toward more out-patient health care services as a way to control costs. New jobs in Houston will continue to come from the energy, health care, manufacturing & transportation sectors per Ted C. Jones, Chief Economist for Stewart Title. He estimates employers will create 70,400 jobs this year and 72,400 in 2013. The projections are below the gain of 79,300 jobs, the TWC reported for 2011, since Jones is concerned that European distress could cut demand for oil. Construction jobs will get a boost over the next couple of years as developers resume big commercial real estate projects they put on hold during the recession. Residential construction projects more growth as well in the coming years.

Top 5 Industries that Employment Exceeds Pre-Recession Levels

- Oil and Gas Extraction
- Machinery Manufacturing
- Pipeline Transportation
- Securities Trading
- Computer Systems Design

Houston Pays Its Workers More

The Houston region not only experienced faster job growth than any other major metro area in '11, but it is also paid its workers more than the nation and state on average. According to the Occupational and Employment Statistics, released by the U.S. Bureau of Labor Statistics, the average wage paid to workers in the Houston MSA was \$47,490 in '11. This is 5.0 percent higher than the national average of \$45,230 and 10.2 percent greater than Texas' average of \$43,090.

2011 TOP 5 WAGES BY OCCUPATION IN THE HOUSTON MSA

Occupation	# Employed	Avg Annual Wage
Legal	18,180	\$116,040
Management	132,150	\$115,850
Architecture and Engineering	77,820	\$95,310
Life Physical & Social Science	25,310	\$80,670
Computer and Mathematical	64,920	\$80,000

Source: U.S. Bureau of Labor Statistics, Occupational Employment Statistics

2011 TOP 5 WAGES BY INDUSTRY IN THE HOUSTON MSA

Industry	# Employed	Avg Annual Wage
Natural Resources and Mining	91,472	\$160,363
Manufacturing	227,819	\$74,538
Financial Activities	136,064	\$73,650
Professional and Business Services	382,660	\$69,200
Information	33,118	\$64,350

Source: Texas Workforce Commission, Quarterly Census of Employment & Wages

Houston Leads the State in Job Growth

Houston led the state in job growth for the third consecutive month. Over the past 12 months, the Dallas-Ft. Worth MSA added 52,000 jobs, the Austin MSA grew by 19,200 jobs, and the San Antonio MSA increased their job count by 13,300.

Houston's Job Growth Continues to Outpace Other Major Metros Nationwide

Houston's job growth continues to outpace the other major metros. During the 12 months ending April '12, the New York metro grew by 1.4 percent, Los Angeles by 0.9 percent, and Chicago by 0.7 percent. Houston and Washington, D.C. remain the only major metro areas to have recovered all jobs lost during the recession. Houston regained all of its jobs by October '11; Washington D.C. recouped its lost jobs by January '12.

Feeble hiring by U.S. employers in May roiled markets and dimmed the already-cloudy outlook for an economy that appears to be following Europe and Asia into a slowdown. Employers added a seasonally adjusted 69,000 jobs last month, the smallest increase in a year, and estimates for the two previous months were lowered. The politically salient unemployment rate inched up to 8.2% from 8.1% in April, and the report immediately became a flash point in a presidential race focused on the candidates' job-creating credentials.

The U.S. economy grew moderately in most regions of the country this spring and companies kept hiring, according to a Federal Reserve survey. The survey offered a hopeful sign after the recent report on hiring and manufacturing sketched a picture of an economy that is slumping after a promising winter. The Fed survey shows growth in each of its 12 bank districts from April 3 through May 25. Hiring was steady or rose modestly. Ben Bernanke said he foresees moderate growth this year. A report on June 7, 2012 by the Labor Department said the number of people applying for U.S. unemployment benefits fell last week for the first time in five weeks.

Joel Naroff, Economist from Naroff Economic Advisors, expects the economy to create more than 2.4 million jobs this year, which would be the most since 2005. Last year, 1.8 million jobs were created and in 2010, 1 million were created. Many economists think the job slowdown the past two months may have occurred because growth surged from December through February – perhaps too much. Warm weather allowed construction firms and other employers to add jobs earlier than usual, effectively swiping jobs from the spring.



Unemployment Rate

Houston's April unemployment rate dropped to 6.5 percent, down significantly from 7.8 percent in April '11. Texas' unemployment rate fell to 6.5 percent, down from 7.6 percent last April. The U.S. rate was 8.1 percent, down from 8.7 percent last April. (The rates are not seasonally adjusted.)

Energy Corridor Pushes Katy's Per Capita Income Up

According to Katy Area Chamber of Commerce, a solid base of high-paying jobs in the “Energy Corridor”, home to the research & development arms of many of the world’s largest energy companies, has pushed per capita income 50 percent above national & state levels, and at least 24 percent above the constituent counties. The KACC serves Waller, Harris and Fort Bend County Businesses.

Hiring Source Update – Construction of our New Office Continues . . .



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