

Employment Update

Houston has the Fastest Growing Economy

The Houston-Sugar Land-Baytown Metropolitan Statistical Area grew faster than any other major metro area in '11, according to data released recently by the U.S. Bureau of Economic Analysis (BEA). Houston's real gross domestic product (GDP) grew 3.7 percent in '11. Detroit, with a 3.5 percent increase, had the second fastest growing economy. Dallas-Fort Worth ranked third, with 3.1 percent real growth. By comparison, U.S. real GDP grew 1.8 percent and the average growth for all U.S. metro areas was 1.6 percent.

BEA confirmed what Houstonians have known for some time—'11 was an outstanding year for Houston. In July of that year, Houston overtook Philadelphia to become the nation's fifth most populous metro. By November, Houston had re-turned to pre-recession employment levels, making it the first major metro area to emerge from the recession.

Four factors drove Houston's economy in '11—the surge in domestic drilling, a rebound in export activity, growth in the health care sector, and continued migration of workers and their families to Houston. The North American rig count opened the year at 1700 and closed at 2007, an 18.1 percent increase. Even with the stagnation of the Great Recession, Houston's economy performed remarkably well over the past 10 years. Nominal GDP has grown \$187.8 billion, an increase of 80.9 percent, since '02.

Waco-based economist Ray Perryman forecasts Houston's real gross area product to grow at a 5.0 percent compound annual rate between '12 and '17; in real terms, \$503 billion. Perryman forecasts payroll employment to top 3.1 million and the metro population to surpass 6.8 million.

Houston is the Leading U.S. Metro for Corporate Relocations/Expansions

For the second consecutive year, *Site Selection* magazine has named Houston the leading U.S. metro for corporate relocations and expansions, marking the third time in four years that Houston has earned the top spot. The region logged 325 new and expanded facilities to garner the honor. In 2011, Houston's 195 relocations and expansions earned its top billing. To qualify as a relocation or expansion, a project must meet at least one of three criteria: involve a capital investment of at least \$1 million; create at least 50 new jobs; or add at least 20,000 square feet of new floor area. *Site Selection* does not include retail stores, government projects, schools or hospitals in its rankings.

Area Job Growth Goes “Boom”

Over the past few months, it looked like Houston’s growth streak was slowing down a bit. But that perception was put on hold – at least for a little while – when the Texas Workforce Commission reported March 8, 2013 that Houston-area-employers created a jaw-dropping 118,200 new jobs between January 2012 and January 2013. That represents a 4.5 percent year-over-year increase. “That now constitutes a boom,” said Barton Smith, a professor emeritus of economics at the University of Houston. Houston gained about 30,000 more new jobs in 2012 than the commission originally estimated, according to Smith’s calculations.

When it came to creating new jobs, Houston has been the shining star for four of the past five years. But an improving U.S. economy has given the city some competition for those bragging rights. Phoenix is nipping at our heels, and Seattle and San Francisco aren’t far behind. We’re settling into the new norm, the new sustainable. While other economies are in the recovery mode, we’re in the expansion mode. Over the past year – from December 2011 to December 2012, according to U.S. Bureau of Labor statistics – Houston area employers added 82,000 jobs on a seasonally adjusted basis, which represents a year-over-year gain of 3.1 percent. Much of that increase stems from a surge in oil & gas exploration and production activity. The national average for the same 12-month period was 1.6 percent.

Burst of Hiring in U.S. Reduces Unemployment Rate

A burst of hiring in February added 236,000 U.S. jobs and reduced the unemployment rate to 7.7 percent from 7.9 percent in January. The strong job growth showed that employers are confident about the economy despite higher taxes and government spending cuts. The unemployment rate is at its lowest level in four years. Job growth has averaged more than 200,000 a month since November; wages rose; and the job gains were broad-based, led by the most construction hiring in six years. The unemployment rate had been stuck at 7.8 percent or above since September. About half the decline in February occurred because more of the unemployed found jobs. Robust auto sales and a steady housing recovery are spurring more hiring, which could trigger more consumer spending and stronger economic growth. The construction industry added 48,000 in February and has added 151,000 since September. Manufacturing has gained 14,000 last month and 39,000 since November.

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