

Employment Update

Employment Continues to Grow in Houston

The Houston-Sugar Land-Baytown Metropolitan Statistical Area has reported steady job growth for two and a half years now. The private sector has added 221,100 jobs during that period. Every sector but two, information and government, is growing. Additionally, nonfarm payroll employment in Houston is at an all-time high, according to data from the Texas Workforce Commission.

The 10-county Houston region added 85,000 net new jobs, a 3.3 percent annual increase, in the 12 months ending June '12, according to data released by the TWC. Over the month, the Houston region added 7,600 jobs with the private sector growing by 20,500 jobs and the public sector shrinking by 12,900 employees. The losses in the public sector are the result of seasonal layoffs as teachers, educators and school administrators on 10-month contracts go off the payroll in the summer. In light of the current challenges to education funding, it is unclear how many of these jobs will return in the fall. Since June '11, the private sector has grown by 95,600 jobs, a 4.3 percent increase over the year.

Houston's economy continues to outperform the nation. Houston matched the combined job creation of Dallas-Fort Worth-Arlington (51,600 jobs), Austin-Round Rock, (4,400 jobs), and San Antonio-New Braunfels (10,500 jobs). Nationally, only Los Angeles and New York, metros two and three times larger, produced more jobs than Houston. New York added 138,000 and Los Angeles added 108,400. However, Houston's 3.3 percent annual growth rate outpaces New York's 1.6 percent and Los Angeles' 2.1 percent.

The three sectors in Houston with the fastest growth rates since June '12 were fabricated metal product manufacturing (5,000 jobs, 10.0 percent annual rate), machinery manufacturing (4,500 jobs, 9.6 percent annual rate), and oil and gas extraction (4,000 jobs, 8.2 percent annual rate). The construction sector has finally begun to rebound, adding 7,900 jobs over the past 12 months, a 4.4 percent growth rate. Growth should continue as Dow, Chevron Phillips, Exxon and others break ground on chemical plants and ethane crackers in the area, the demand for office space spurs office construction, and the declining inventory of re-sale homes generates additional housing starts.

Houston Remains a Global Center for Oil & Gas

The Perryman Group states that the Houston area will remain a global center for the oil and gas industry, with corporate headquarters, related technology firms, and service businesses contributing to ongoing growth. The report explains: "In spite of the cyclical nature of oil and gas exploration and production, global expansion in energy demand and technological advances will keep Texas and the Houston area at the forefront of the industry."

Houston No. 1 for Paycheck Worth per Forbes

Houston is the top city where a paycheck will stretch the furthest, *Forbes* says. The Houston-Sugar Land-Baytown area's 2011 average annual wage of \$59,838, the eighth-highest in the nation, along with its relatively low cost of living, boosts it to No. 1 on *Forbes'* recent list of "The Cities Where a Paycheck Stretches the Furthest". Adjusted for cost of living, Houston's average wage is worth \$66,933. *Forbes* cites Houston's "remarkably low" 2.9 ratio of the median home price to median annual household income as the major factor contributing to the area's low cost of living. Wages have grown significantly as well. The average annual wage in Houston is \$9,100 higher now than in '09. The average annual wage in business and technical services is up \$10,972. In manufacturing, it's up \$13,832, primarily due to higher hourly rates and increased overtime.

Houston Executives More Optimistic

Houston executives are more optimistic than their statewide and national peers about business prospects during the next 12 months, but fewer than half expect economic conditions to improve. Thirty-eight percent of CEOs and other senior level managers at small and medium-size businesses in Houston expect to see improvement, compared to 33 percent in Texas and 30 percent nationwide, according to a survey by Vistage International. Despite the uncertainty, 60 percent of Houston executives expect to increase head counts during the next year; in Texas, the figure is slightly higher at 61 percent. Nationwide, 50 percent expect to hire more people.

Houston Leading Texas Population Growth

The Perryman Group report also sees the Houston region leading Texas in population growth, averaging an annual rate of 1.8 percent from '11 to '40 and adding 4.14 million residents. Over the same period, the Texas-based economic forecasting firm expects wage and salary employment to rise at a 1.6 percent annual rate, growing from 2.7 million jobs in '11 to 4.3 million jobs in '40 and accounting for almost one-fourth of Texas' job growth during that time frame.

Steady Growth Forecast for Texas

Slow but steady growth is predicted for the U.S. economy in the coming year, and Texas will contribute significantly to the expansion. Texas is forecast to have the third-highest gross domestic product growth of all states this year and was expected to regain the jobs it lost from its pre-recession peak in the first quarter this year. The Houston area ranked fifth in projected job growth in the South through the second quarter of next year. Its hiring was expected to grow by 1.9 percent or 50,500 jobs.

CNBC Ranks Texas as No. 1 State for Business

Texas has ranked as the No.1 state for business yet again. Texas took the top spot overall in CNBC's America's Top States for Business 2012, a recognition it also received in 2010 and 2008. The Lone Star State has never finished below second place since the study began in 2007. In

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the sixth annual report, Texas also ranked in the top five for many of the 10 categories of competitiveness, including the cost of living, economy, technology & innovation, and infrastructure & transportation areas.

Natural Gas Production Could Create 1.5M Jobs by 2015

Abundant natural gas production from shale and other unconventional source plays is expected to generate almost 1.5 million U.S. jobs by 2015. “The Economic and Employment Contributions of Unconventional Gas Development in State Economies” study showed that Texas leads the nation for job creation in this sector, with 288,222 direct and indirect jobs created in 2010 as a result of the shale boom. In 2015, Texas jobs numbers in the sector should climb to 385,318 and the figure is expected to reach 682,740 jobs by 2035. Nationwide, unconventional gas activity - which includes shale, coal bed methane and tight sands – produced more than 1 million jobs in 2010. That figure is expected to grow to nearly 1.5 million during the next three years.

Careerbuilder 2012 U.S. Mid-Year Job Forecast

While the job recovery continues to lag that of previous recessions, the outlook for the second half of 2012 shows continued improvement over 2011. Forty-four percent of private sector employers reported they are planning to hire full-time staff during the second half of this year, an increase of nine percentage points over the same period last year. In last year’s forecast, the number of companies planning to hire full-time employees was thirty-five percent, a seven percent increase over 2010. The number of employers expecting to hire contract or temporary employees is twenty-one percent compared to twelve percent in 2011. The survey was conducted in May and June 2012, by Harris Interactive, and the respondents included more than 2,000 hiring managers and HR professionals in a variety of industries.

Annual U.S. Growth Rate Slows

The U.S. economy grew by a tepid 1.5 percent annual rate in the second quarter, losing the momentum it seemed to be gaining. Growth was curbed as consumers limited new spending and as business investment slowed in the face of a global slowdown and a stronger dollar. It was not strong enough to drive down the unemployment rate, which was stalled above 8 percent. Annual economic growth of 2.5 to 3 percent is needed to create enough jobs just to keep up with an expanding workforce. Healthier growth of 4 percent or more is needed to reduce the unemployment rate significantly.

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



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