Post-Harvey Rebound?

The Houston-The Woodlands-Sugar Land metro area created 43,200 jobs in October, according to the Texas Workforce Commission. That's the largest single-month job gain on record. The record-setting growth reflects the after effects of Hurricane Harvey, an expected post-summer improvement, and perhaps a bump in economic activity.

October's gains recapture jobs lost in the previous three months. July cut 19,500 jobs, primarily in local school districts as educators rolled off school payrolls in the summer months. August's and September's losses, 12,100 and 11,200 respectively, occurred primarily in food services and drinking places, retail and construction, as Houstonians stayed home during Hurricane Harvey and construction workers stayed off the job site.

Hurricane Harvey has somewhat clouded what's happening with local employment. Through June, the region had created 25,200 jobs. Through October, the region had created only 25,600 jobs. Either job growth has slowed considerably or TWC has failed to capture the jobs that are being created.

More Jobs Next Year if Oil Continues Rise

The Houston economy, shaking off the oil bust and rebounding from Hurricane Harvey, could create as many as 70,000 jobs next year and return to a normal pace of employment growth after the worst energy downturn in decades. The city's fortunes will depend on whether drilling rigs can keep working in Texas oil fields well into 2018, providing sales and orders for production companies, manufacturers and energy service firms that employ tens of thousands across the region. With crude prices rising – they settled above $57 a barrel November 6th for the first time in more than two years – the chances of a sustained drilling rebound are getting better. The region has waited three years to hear such a prediction. The collapse in crude prices that began in mid-2014 cost the Houston area some 77,000 oil jobs, weighing on a local economy that barely grew as energy companies slashed spending and workforces.

Still, the Houston economy proved more resilient than during the ruinous oil bust of the mid-1980s, even though prices fell and U.S. drilling rigs shut down faster during the most recent downturn than any time in history. For the broader economy, however, it was the mildest recession since the 1970s, largely due to a strong national expansion, a $50 billion petrochemical construction boom on the east side of Houston and momentum from the previous years of high oil prices. The Houston area had few of those supports in the 1980s. The effects of the oil bust spilled across many sectors, not only costing the metropolitan area some 200,000 jobs, but also leading to a wave of foreclosures and bank failures. An index of economic activity developed by the Federal Reserve Bank of Dallas plunged twenty percent in the mid-1980s, compared to an eight percent decline in the Great Recession that began in 2007 and just 2.4 percent during the last energy downturn. With U.S. crude inventories declining amid strong demand growth and OPEC poised to extend production cuts well into 2018, it is unlikely crude prices will crash again anytime soon, said Praveen Kumar, executive director of the Gutierrez Energy Management Institute at the University of Houston. In addition, he said, increasing investments in overseas projects will require more petroleum engineers and other white-collar workers in Houston. “The outlook for Houston’s job growth is more positive than at any time since 2015,” Kumar said.

Even the effects of Hurricane Harvey, as damaging as they were to local economic activity, won’t last long. The historic floods caused an estimated $87 billion in losses, severely damaging 39,000 homes, totaling 300,000 vehicles and temporarily costing Houston thousands of jobs. But in the longer run, it could also boost economic activity as tens of billions in insurance payouts and federal aid pour into the region and residents go on a $2.6 billion shopping spree to buy vehicles, furniture and construction supplies. The projection of the economy adding as many as 70,000 jobs next year would translate into an annual growth rate of about two percent, matching the average of the past 25 years. The energy recovery has recently shown signs of moving to a firmer ground. Oil prices are rising, inventories of petroleum products are falling and energy companies are reporting solid profits after years of losses.

Record Low for State’s Jobless Rate

The Houston economy rebounded strongly last month after losing thousands of jobs in the aftermath of Hurricane Harvey, aided by the oil industry recovery and strong state and national economic growth. The Texas unemployment rate fell to a record low in October, slipping below 4 percent for the first time in more than 40 years, the state Workforce Commission reported. The state jobless rate declined to 3.9 percent from 4 percent in September as job growth accelerated to an annual rate of 2.6 percent, nearly double the national rate of 1.4 percent. All told, the state gained more than 71,000 jobs last month and has added more than 300,000 from over the past year, the Workforce Commission said. The recovery of the oil and gas industry, which began to emerge from the worst energy bust in a generation last year, is helping to drive the growth. Across the state, the sector dominated by oil and gas companies gained 3,200 jobs in October, adding to a yearlong surge that has boosted energy employment 17 percent, or by more than 36,000 jobs. Those gains, however, still represent only about one-third of the 100,000 energy jobs lost in the downturn. In the Houston area, the oil recovery is progressing more slowly.

Employment in the energy sector was down last month by 5,400 jobs, or about 2 percent, from October 2016. Overall employment grew by 1.6 percent over the year – a percentage lower than the state job growth rate. The local unemployment rate fell to 4.1 percent, down from 5.3 percent in October 2016. Houston’s oil and gas sector was not without bright spots, including energy services and support firms that added 5,600 jobs over the year, an increase of 16 percent, according to Labor Department statistics. Manufacturing, which is closely tied to energy here, also experienced strong job growth, gaining 10,000 jobs over the year, a five percent increase. The national economy has provided some tail-winds, expanding at a solid three percent annual rate in the third quarter, according to the Commerce Department. Job growth rebounded last month after a September slowdown blamed on major hurricanes that battered the

Gulf Coast and Southeast. U.S. employers added more than 260,000 jobs in October, bringing job gains over the last year to more than two million, according to the Labor Department. The national unemployment rate fell to 4.1 percent in October from 4.2 percent in September and from 4.8 percent in October 2016.

Many Jobs, But Those Growing Fastest Pay Less

The largest two categories of America's fastest-growing jobs offer some of the country's lowest wages and weakest benefits. Over the next 10 years, analysts expect to see 1.2 million more jobs for home health and personal care aides, according to a report from the Bureau of Labor Statistics. That's more positions than the projected job creation in the eight other most rapidly growing fields combined. By 2026, the home health aide industry will add 425,600 positions, a rise of 46.7 percent, the government estimates show. The occupation's median annual wage today is $22,600. The numbers of personal care aides, who handle mostly domestic tasks, meanwhile, is expected to rise by 754,000 jobs, or 37.6 percent. They typically make $21,000 per year. Solar and wind jobs, which pay more, are projected to grow by 105 percent and 96 percent respectively, but the tiny fields will add just 17,400 new positions in the next decade, researchers predict. Roughly nine in ten caretaker positions are held by females. Nearly half identify as black or Hispanic. Workers in these roles share one central mission: they care for people who struggle to care for themselves. But many live in poverty. "They're typically the breadwinners in low-income households," said Ariane Hegewisch, a labor economist at the Institute for Women's Policy Research who co-wrote a study last year about low-wage jobs filled by women. Fifty-five percent of home health aides subsist on incomes below 200 percent of the federal poverty line, her research found.

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