

## Houston Area is Hitting on all Cylinders

Amid a booming economy growth across multiple sectors, Houston-area employers will create 85,000 jobs this year, noted Bill Gilmer, Director of the Institute for Regional Forecasting at the University of Houston's C.T. Bauer College of Business, after raising the estimate he made in November by about 30 percent or 20,000 jobs. "Houston is hitting on all cylinders right now," said Gilmer. He attributed the upward revision to a number of factors, including the relocation of oil and gas workers, recent high natural gas prices, planned downstream energy infrastructure projects and a still-strong health care industry. Houston-area employers added 76,000 new jobs in 2013, a 2.8 percent growth rate. Employment has picked up substantially in recent months, in part from companies like Occidental, Exxon Mobil and Chevron that have committed to bringing large numbers of workers to the Houston area. "The greatest oil boom ever is still underway," Gilmer said, referring to horizontal drilling and hydraulic fracturing. Downstream petrochemical construction is also part of Houston's growth story. Four of the eight largest ethylene complexes in the world are in Houston, and more chemical facilities are planned. While Houston is still very much an energy town, this area has the flexibility to benefit from a variety of industries.

The Houston-Sugar Land-Baytown Metro Area created 85,800 jobs in the 12 months ending April 2014, according to the Texas Workforce Commission. Employment growth trended down in the latter half of 2013, slowing to a 2.8 percent annual rate in December, but has since picked up. From April 2013 to April 2014, employment grew at a 3.1 percent annual rate.

## Hot Job Market Puts Squeeze on Houston-Area Employers

Help-wanted signs are popping up around town, and many employers are struggling to find enough skilled workers in construction and other trades. The robustness of the economy – new data show local unemployment at its lowest level in six years – has put companies under increasing pressure to make job offers quickly lest they get beat by a competitor. The latest round of good news for workers came May 16, 2014 when the TWC reported the monthly unemployment rate fell to 4.6 percent in April, from 5.2 percent in March. That's the lowest rate since May 2008, when the rate dipped to 4.4 percent in the early days of the Great Recession. In another upbeat sign, TWC reported that Houston-area employers created 85,800 jobs during the past 12 months. The increase represents a 3.1 percent year-over-year gain. "It is absolutely a candidate's market," said Kathy Rapp, SVP of hrQ, a staffing firm that recruits

human resources employees. She estimates one in four candidates receive either a counteroffer or offers from other companies. Companies can't take six weeks to decide whether to hire someone, by then, their candidate will have several offers. "You're seeing candidates in control, said Rapp, adding that her clients are paying salaries they couldn't have imagined paying 18 months ago.

## **Energy & Construction have Roared Back to Life in Houston**

Late last year, oil and gas exploration and production seemed to hit a bit of lull. So did the construction industry. After growing at a torrid pace of 20 percent in 2011, energy tapered off to a crawl by the second half of last year. But since the beginning of this year, this vital sector of the Houston economy has roared back to life. "All of a sudden it spikes up to 12 percent again," said Bill Gilmer, Director of the Institute for Regional Forecasting at the University of Houston. Gilmer is seeing that same surge in construction, another important industry to the Houston economy. "We've gone from very little growth in the second half of last year to a 20 percent annualized rate over the course of three to four months," Gilmer said, referring to the demand for specialized construction skills (ironworkers, electricians, and pipe fitters).

He speculates that much of the growth has come from construction of infrastructure and utilities for large commercial and industrial projects, resident real estate developments and new petrochemical facilities. Over the year's first four months, the area has created 39,000 new jobs and of those, 5,800 jobs are in construction. If that pace keeps up the rest of the year – which is likely given the number of building projects underway for new petrochemical plants – Houston would gain about 18,000 construction jobs, which would be a 9 percent year-over-year increase. The Houston-area created 4,600 oil & gas exploration and production jobs in just the first four months of the year. If that pace keeps up, Houston would be in line to add 12,900 mining jobs, an increase of 13 percent. Some of those jobs could be a one-time event like Exxon Mobil and Chevron that are relocating some jobs to Houston. Many oil and gas producers have indicated they're planning to spend the money drilling for oil, especially in the Permian Basin. The boost in the rig count should translate into a gain of about 5,000 oil & gas jobs for Houston.

As the shale boom continues, the next wave of energy economic development in Houston could bring more than 55,000 jobs to the region, according to a new report. The combined impact of the petrochemical growth surge, liquefied natural gas exports and the opening of Mexico to oil and gas exploration are all expected to bring a huge glut of energy-related jobs to Houston that are largely focused on exporting resources, technology and innovation. The new study, called "Houston's Next Boom: Exporting Innovation," was put together by Greater Houston Partnership and HSBC Bank USA. The cheap natural gas coming out of domestic shale boom is fueling the petrochemical boom with

affordable feedstock to operate new Gulf Coast plants, while other companies are building up LNG export terminals. The Greater Houston area employed 2.85 million at the end of the first quarter. The energy sector employed 342,800 workers – or 12 percent – of the total, which doesn't include sectors that service the energy industry such as lawyers, bankers, and human resources companies.

- 55,185 jobs in the energy sector expected to be added this year in Houston in the energy sector. Source: Greater Houston Partnership and HSBC Bank USA
- \$100.2B commitment by chemical companies for expansion projects in the U.S. between 2010 and 2013. Source: American Chemistry Council
- 3,250 businesses in Houston engaging in international trade with more than 200 countries. Source: HSBC's Made for Trade Campaign

Rigzone compiled a first-quarter energy jobs report that showed the sector added about 10,500 jobs nationally through March. Out of 2,300 Houston-area energy jobs created in the first four months of 2013, 1,500 of them came from the upstream oil and gas extraction sector, and the rest were in energy support activities. Now, more growth is coming in the support areas, like oilfield services. Out of the 3,600 jobs added through April of this year, 2,700 are in the support areas, according to the U.S. Department of Labor. Many of the major oil companies are focused on capitalizing from the ir existing projects, while more service jobs are being added as projects move into the ir production phases.

- 110,300 total energy jobs in the Houston area, a 6,000 increase from the end of April 2013.
- 56% increase in Houston-area energy jobs this year through April, compared to the same time frame in 2013.

## **U.S. Payroll Finally Rises**

After a series of peaks and valleys that confounded optimists and pessimists alike this year, the U.S. economy seems to have settled into a healthy, if not spectacular, pace of job creation. Employers hired 217,000 workers in May, the Labor Department reported Friday, enough to finally lift total payrolls above where they were before the financial collapse nearly six years ago. For the fourth consecutive month, employers added more than 200,000 positions, the first time that has happened in 14 years. In only 42 of the past 360 months has Houston experienced a lower unemployment rate. The unemployment rate for the U.S. remained flat last month at 6.3 percent, the lowest since September 2008.

## **HR Houston Symposium**

The annual conference for Human Resources Managers always includes vendors selling their staffing, relocation and benefits consulting services. But this year, the exhibit hall at NRG Center was also packed with gaming tables, inflatable structures, interactive video screens and 3-D photo booths as party planners and other entertainment providers try to get in on the latest employment trend. With the economy jumping – the unemployment rate at its lowest in nearly six years – more companies are focused on retaining their employees. The latest buzzword is “engagement” and human resources managers are trying to come up with new ways to recognize employee efforts, build camaraderie and sometimes just offer an opportunity to get together and have fun. That party-planning role was on full display at this year’s human resources symposium sponsored by HR Houston with more than 1,700 human resources managers in attendance of this 2-day event. A survey conducted by Arthur J. Gallagher & Co. of more than 150 local companies in more than 30 industries found more employees are opting to change jobs. The most popular method of employee engagement was providing career development and opportunity advancement. But ranking fifth, named by 47 percent of respondents, was company culture camaraderie.

## **Hiring Source Celebrates 12 Years**

I am proud to say Hiring Source celebrated the firm's 12 year Anniversary on May 28, 2014. I would like to thank all of our outstanding employees and loyal clients for making Hiring Source the successful recruiting firm it is today!



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