

Employment Update

Houston Job Growth – Almost There

Last December, the Greater Houston Partnership issued its annual jobs forecast for '12. The forecast called for the Houston-Sugar Land-Baytown Metro Area to create 84,600 new jobs. Through September of this year, the region has created 77,000 jobs. When the October employment data is released later this month, the report will likely show Houston has exceeded the Partnership's jobs forecast for the year. At the current pace of job growth, the region may create in excess of 90,000 jobs in '12, one of the better performances on record. GHP forecasted job growth to occur in 14 sectors and job losses in two. Through September, the forecast has held true for all sectors.

GHP also predicted that by year's end:

- Nine sectors would exceed pre-recession peaks—personal services; health care; hotels and food services; education services; administrative support; oil and gas; wholesale trade; retail trade and professional services;
- Four sectors would approach pre-recession levels—manufacturing; transportation, warehousing and utilities; finance; and real estate;
- Two would show significant gains—construction and arts and entertainment; and
- Two would continue to report losses – information and government.

Through the first nine months of '12, the forecast tracked for all but two sectors. Arts and entertainment recovered sooner than anticipated, but construction employment still lags. However, the year is not over yet, and construction activity has accelerated in recent months. Construction employment should soon follow.

Best Years for Job Creation Since '80

Year	Jobs	Year	Jobs
'81	126,900	'05	89,200
'06	105,800	'07	88,800
'97	105,200	'89	81,800
'90	98,400	'11	76,800
'98	90,800	'88	74,200

Source: Texas Workforce Commission

Area Jobless Rate Drops to 6.3%

Houstonians must look back to December 2008 to find a time when the local unemployment rate was lower. Since then, Houston has weathered a national recession and emerged as one of the nation's big-city powerhouses. The outlook brightened further Friday, October 19, 2012 when the TWC reported that the local jobless rate dipped to 6.3 percent in September, down from 7 percent in August. Houston's jobless rate isn't the lowest in Texas – Midland at 3.3 percent takes that prize.

Hot Growth Likely to Cool a Bit in 2013

High oil prices, robust exploration and production activity, and strong international demand for Houston-made equipment for the oil and gas fields have kept the energy sector humming and attracted job-seeking newcomers. While Houston's red-hot growth will likely cool somewhat next year with a dip in worldwide energy demand, such key sectors as construction are expected to flourish. Houston is more robust than the rest of the country and the buoyancy comes from confidence in the energy industry, and growth has been consistent. Until now, Houston has outperformed the rest of the U.S. with gains in energy, manufacturing, and other key industries that stem in part from strong worldwide growth that has driven demand for exports.

Jobs Boom for Unconventional Oil & Gas Production

A jobs boom is on its way for the unconventional oil and gas production industry in coming years, a HIS Global study found. In 2012 the upstream unconventional oil and gas sector supported 1.7 million jobs, and that number is expected to climb 47 percent to 2.5 million by 2015. In addition, jobs in the industry will grow to 3 million in 2020 and to 3.5 million by 2035, and many will be high-quality, high-paying jobs. The production boom will also usher in an estimated wave of \$5.1 trillion in capital expenditures between 2012 and 2035 - \$2.1 trillion of that is expected for the oil sector, and \$3 trillion for the natural gas sector.

Relocations/Expansions in Houston

Houston's several sizable relocation and expansion wins in 2012, include Waste Connections announcement early in the year that it would move its headquarters from Sacramento, California to The Woodlands. They have already moved 100 employees into temporary space and plan to have as many as 150 in the Houston area by year end. That deal was book-ended by a much-anticipated decision by Phillips 66 to set up its new headquarters on a 14-acre site in the Westchase District, near the Energy Corridor. The company spun off from ConocoPhillips earlier this year. Not including the recent Phillips 66 deal, there have been 20 relocation and

expansion announcements in the Houston area so far this year, totaling 18,455 jobs and \$2.4 billion in capital investments.

National Payroll Increased in October

The nation's employers added 171,000 positions in October and the unemployment rate was essentially unchanged at 7.9 percent, per the Labor Department on November 2, 2012. Hiring was broad-based, with nearly every industry except state government adding jobs. Employment rose in professional & business services, health care and retail trade. U.S. employers stepped up hiring in October and the jobless rate ticked higher as more workers restarted job hunts, a hopeful sign for a lackluster economy. 84,000 more jobs were created in August and September than initially estimated. The jobless rate edged a tenth of a point higher to 7.9 percent, but that was due to a surge of workers back into the workforce. Only people who have recently looked for a job can count as unemployed. While the rise in the jobless rate was expected, the increase in payrolls beat even the most optimistic forecast in a Reuters poll. Even sustained monthly gains of 171,000 would likely bring down the jobless rate only slowly. Even with the relative strength seen in the report, a full recovery from the 2007-09 recession remains distant. The jobless rate, which peaked during the recession at 10 percent, remains about 3 percentage points above its pre-recession level.

U.S. Jobless Rate Falls

Unemployment rates fell in nearly all large U.S. cities in September from August, a sign that recent jobs gains have been widespread. The Labor Department said Tuesday rates fell in 355 of the 372 metro areas, the most since April. The report also shows that nearly half of cities now have jobless rates below 7 percent.

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