2013 Shaping Up Nicely in Houston

Houston is among 11 markets in the U.S. where the economy has been consistently strong. Houston's private-sector employment base has expanded 7.6 percent during the past five years, the third-best rate in the country. Economists now have nine months of data to assess the year's performance. All but a few indicators suggest 2013 will be one of the best years on record for Houston. Home sales, auto sales, residential construction, commercial leasing and airport traffic are at, or nearing, record levels. If Houston can maintain the momentum, 2014 will prove to be a stellar year as well. However, a few indicators do give pause for concern. The rig count has flattened. Exports have slipped, employment growth has slowed from a sprint to a trot, and the national recovery has had so many false starts it should be disqualified.

Data Lagging and Maybe Employment

The Houston-Sugar Land-Baytown Metro Area added 57,400 jobs in the first seven months of this year, a 37.0 percent decrease from the same seven months in 2012. Employment growth in Houston began to slow in March and trended down through mid-year. However, it remains unclear whether that trend has continued into the fall. The October federal government shutdown has delayed the release of 16 economic indicators compiled by the U.S. Bureau of Labor Statistics. This temporary lack of timely data poses a challenge for economists and policy makers trying to understand the current state of the economy. The jobs report is one of most important indicators that economists track. Employment growth influences many other sectors—home sales, retail sales, auto sales, office leasing, home construction, commercial construction, and more. The business community relies on employment reports to make spending, hiring and investment decisions. Jobs data for September and October won't be released until December, by which time many firms will have completed their plans for 2014.

Jobless Numbers Nationwide Show Economy Still Has a Failure to Accelerate

The uncertainty and weakness that hung over the U.S. job market in September before the government shut down aren't going away. Employers will likely remain slow to hire as long as the economy struggles to accelerate, consumers limit their spending, and Congress keeps putting off a resolution to a budget fight that will resurface early next year. Just a few months ago, many economists predicted that hiring would pick up by year's end as the effects of tax increases and government spending cuts that kicked in this year faded. This is no longer. The September jobs report made clear that hiring isn't strengthening. It's slowing. Employers last month added 148,000 jobs, a steep drop from the 193,000 gained in August. From January through March, job growth averaged 207,000 jobs a month. For April through June, the average was 182,000. For July through September, it was just 143,000. The economy has been growing at a lethargic pace since the recession officially ended in June 2009. Growth has averaged about 2 percent a year. Job growth since 2010 has averaged about 180,000 a month. The unemployment rate dipped to a still-high 7.2 percent in September from 7.3 percent in August. The drop in unemployment from 7.9 percent at the start of the year has occurred mainly because many people aren't actively seeking jobs.

Oil & Gas Jobs Outpace Other Sectors

The U.S. oil and gas industry added new jobs faster than the overall private sector during the year that ended June 30, with employee rolls jumping 2.6 percent over the previous year and pushing the industry's roster past 1 million jobs nationwide. During the first half of 2013, the industry netted 23,700 jobs, driven mostly by extraction, drilling and support sectors, according to a report by the Texas Independent Producers & Royalty Owners Association. Eight out of nine oil and gas sectors measured by the U.S. Bureau of Labor Statistics have expanded this year. Only jobs in the oil and gas field machinery and equipment sector have appeared sluggish so far in 2013. The Austin trade group credited the advent of horizontal drilling and advanced in hydraulic fracturing with a surge in oil and gas production that has levitated payrolls in the industry. Unlocking new resource plays has pushed U.S. oil production to a 15-year high at 6.5 million barrels per day, according to the U.S. Energy Information Agency.

Manufacturing & Construction on a Roll

September started with two pieces of good economic news: Manufacturing activity picked up steam for the third month in a row, and construction spending also increased. The Institute for Supply Management's PMI, which is based on a survey of manufacturing supply managers, hit 55.7 in August; its highest level of the year. 15 of 18 manufacturing industries reported growth last month. This strength should continue, based on new orders that manufacturers are receiving. ISM's New Orders Index gained 4.9 percentage points in August to 63.2, its highest reading since April 2011. But don't expect manufacturers to hire a lot of workers as a result of this growth – ISM's employment index declined by more than 1 point in August. Meanwhile, the commerce Department reported that construction spending rose 0.6 percent in July to $900 billion, powered by gains in both commercial and residential building. Construction spending on public projects, however, declined 0.3 percent.

Best Places to Work

Each year, Houston Business Journal celebrates the companies that not only are top performers in their industries, but that truly value their talented employees. Several of this year's Best Places to Work revealed what they do to keep employees well-fed, happy and healthy. Houston-based Blinds.com has "Fruit Mondays", where a shipment of fresh fruit arrives at the office each week. On-site vending machines have only healthy options, such as dried fruit and coconut water. The company was named the tenth best place to work for companies with 101 to 500 employees. Each employee is given a cup for water to reduce waste and encourage proper hydration, which has likely gone up since the company rid itself of soda vending machines.

Is Your Top Employee Jumping Ship?

Houston's strong economy makes retaining top talent a key issue for employers, and smart managers should keep their eye out for top performers who may be looking for a new job. Losing their talent is bad enough, but employees that might be thinking about leaving can also be costly to your company. An employee thinking about leaving won't be as productive, and they may be using company resources – such as the internet – to conduct their job search. In fact, almost half of workers age 18 to 34 said they are likely to conduct job-search activities while at work. What's more, if the employee isn't discreet about the job search, and tells peers that he or she is looking for a job, your firm's corporate culture could be tainted.

4 Ways To Spot It and What To Do

1. Change in attitude – If an employee who is typically very active in the company seems less engaged, this may be a sign.
2. Less frequent communication with management – If you're used to speaking with this employee often, but he or she keeps their head down in their cubicle when you walk by.
3. Fall-off in productivity – This may mean the employee has lost enthusiasm for the job, or their attention is diverted elsewhere.
4. Keeping an irregular schedule – If an employee calls in sick unexpectedly more often than usual, takes unexpected Fridays or Mondays off, or is using up more vacation than expected, this may be a sign that he or she is going to interviews.

If you suspect your top performer is looking elsewhere, take immediate, direct action to make sure your employee stays on board. Open up lines of communication in a non-combative way by confronting him or her directly.

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