

Employment Update

Houston, That Incredible Job Machine

The Houston metro area added 89,500 net new jobs in the 12 months ending August '12, a 3.5 percent increase, among the fastest growth rates in the nation. Since the bottom of the recession in January '10, the region has added 207,400 jobs, recovering all jobs lost in the recession and then some. Only two other major metros, Washington, D.C. and Dallas-Fort Worth, can make the same claim. August payroll employment in Houston stood at 2,682,900, the highest in the region's history. '12 may prove to be among the best years on record for local job creation.

The Houston area is coming off 18 months of double-digit, year-over-year growth in exploration and production employment, said Barton Smith, professor emeritus of economics at the University of Houston. Instead of adding jobs at the rate of 10 to 12 percent a year, Houston-area energy employers will likely be creating positions at the annual rate of 5 to 6 percent, said Smith.

"That's not bad," said Smith, who notes that Houston's energy jobs are at an all-time high. "Even during the 1970s we never had back-to-back years of double-digit growth in energy." The growth in energy jobs is still nearly twice that of the economy overall. During the past 12 months, energy exploration and production firms created 6,700 new jobs for a 7.5 percent growth rate.

Nine of Houston's 11 employment super sectors—mining and logging; construction; manufacturing; trade, transportation, and utilities; financial services; business and professional services; educational and health services; leisure and hospitality; other services— added jobs over the past 12 months. Only the information and government sectors lost employment. Here's a brief overview of what's driving job growth in each sector.

Mining and Logging — 6,700 jobs, 7.5% increase - High oil prices and a strong drilling rig count have fueled job growth in this sector. Both may have reached a new normal, and employment growth, which experienced a double-digit pace earlier this year, may be more moderate in coming months.

Construction — 6,900 jobs, 4.0% increase - Developers are building more office towers, industrial buildings, apartments and single-family homes than a year ago, and they're hiring more workers to do so. Contracts are issued anywhere from three to six months prior to groundbreaking, which suggests additional hiring in the future.

Manufacturing — 5,700 jobs, 2.5% increase - Two-thirds of the manufacturing jobs in Houston involve the production of durable goods, items with a useful life of three years or more. The

recent surge in drilling and construction has increased demand for these products, thus boosting employment in durable manufacturing by 6,900 jobs.

Trade, Transportation, and Utilities — 21,300 jobs, 4.0% increase - The nearly 90,000 total jobs added over the 12 months ending August '12 have expanded the local consumer market. According to the *Quarterly Census of Employment and Wages*, average annual compensation in the Houston area is \$65,572. Local stores added 11,000 retail jobs over the past 12 months to tap this potential. The growth in trade has supported the addition of 7,500 jobs in the transportation, warehousing, and utilities subsector.

Finance, Real Estate and Insurance — 2,800 jobs, 3.2% increase - Houston-area realtors are on pace to sell more than 72,000 homes this year, the market's strongest performance since '07. The office market will probably absorb between three and four million square feet of space this year, a healthy performance considering only four million square feet is under construction.

Professional and Business Services — 10,200 jobs, 2.7% increase - Employment services added 7,900 jobs over the year, suggesting firms still prefer hiring contract workers rather than bringing on full-time employees. Companies continued investment in new hardware and software has supported the addition of 1,200 jobs in computer systems and design over the 12 months ending this August.

Educational and Health Services — 14,900 jobs, 4.7% increase - This sector benefits from the region's population and employment growth, and health services is further spurred by the aging of the population. The U.S. Census Bureau estimates the region added 110,000 residents last year. Two-thirds of the growth in health care employment occurred in ambulatory services.

Leisure and Hospitality — 18,900 jobs, 7.6% increase - Nine out of the 10 jobs added in this sector have been in food services and drinking places, suggesting Houstonians prefer dining out and "doing the town" to eating at home and watching television.

Other Services — 7,300 jobs, 7.7% increase - This sector includes employment in repair and maintenance services, personal care services, funeral services, dry cleaners, religious & nonprofit associations, professional associations, and miscellaneous personal services. Houston's continued population growth has fueled job growth in this sector.

Oil & Gas Jobs Draw in Residents

The Houston area ranked among the top destinations for residents who relocated this summer; a reflection of the strong economy and local job growth. Houston was one of six metro areas across the U.S. – along with Dallas, San Jose, Charlotte, Seattle and Phoenix – where more people moved to the region than moved out this summer. Michael Stoll, Economist & Chairman of Department of Public Policy at UCLA, attributes Houston's showing to three key factors: comparatively low housing costs, strength in the energy sector, and global trade.

Unemployment Rate Dipped

The Workforce Commission also reported Friday, September 21, 2012 that the Houston-area jobless rate dipped to 7.0 percent in August, down from 7.5 percent in July. The local unemployment rate is not adjusted for seasonal variations and it's not unusual for it to drop in August as school bus drivers, janitors and cafeteria workers return to work and summer job seekers go back to school. The statewide unemployment rate, which is seasonally adjusted, held steady in August at 7.1 percent, according to the commission. The U.S. jobless rate was 8.1 percent for August.

Extended Jobless Payments Kick in as State Rate Rises

Unemployed Texans will receive an extra nine weeks of jobless benefits thanks to a stubbornly high statewide jobless rate. The TWC announced on October 3, 2012, that the additional benefits were reinstated because the average unemployment rate in Texas was higher than 7 percent during the past three months. In June, the commission announced that Texans were no longer eligible for what's known as Tier III benefits under the Emergency Unemployment Compensation Act because the statewide jobless rate had dipped too low to qualify. The new nine-week extension means that job seekers can receive up to a maximum of 63 weeks of unemployment benefits. The commission estimates that 32,000 unemployment-benefit recipients who have already exhausted their benefits may be eligible for the extension. Job seekers who are currently receiving unemployment payments will automatically have the additional benefits added to their benefit period.

U.S. Employers Post Fewer Job Openings

U.S. Employers listed fewer jobs in July than in June, further evidence that hiring may stay weak in the coming months. According to the Labor Department, job openings fell in July to a seasonally adjusted 3.67 million. That's down from June's 3.72 million job openings. September's disappointing employment report stated only 96,000 jobs were added in August. The unemployment rate fell to 8.1 percent from 8.3 percent, but only because the number of people working or looking for work fell.

U.S. Economic Data

U.S. Economic Data, released September 27, 2012, shows that while the economy looks sturdier than some feared, it's being slowed by chronically high unemployment and stagnant wages. Those weaknesses represent risks to President Barack Obama in his re-election race against Mitt Romney. The Obama campaign received some campaign ammunition Thursday: The Labor Department said hiring was stronger from April 2011 through March 2012 than previously estimated. The economy created 386,000 more jobs in that 12-month period. That means the White House can now claim the economy has added jobs under Obama – a net gain of about 100,000. Obama prefers to focus on job creation by private employers since they began reporting net hiring gains in February 2010. That total is now put at 5.1 million, up from a previously estimated 4.6 million. In contrast to private employers, the public sector has been

cutting jobs for the past three years. And the U.S. still has about 4 million fewer jobs than before the Great Recession.

Degree Remains Valuable Commodity Even in a Challenging Job Market

It's a tough job market for college graduates, but far worse for those without a college education per a recent study by Center for Education & the Workforce at Georgetown University. The study suggests that despite the economic challenges and hardships faced by people at all levels of education and immediately after graduation – the value of a college degree remains strong. Comparing the unemployment rate of recent four-year college graduates (6.8%) to that of recent high school graduates (24%), the report states that the former have not been immune to the effects of the recession and slow recovery, but their ability to recover is superior. Industries that are post secondary education intensive, held up best since the recession began.

Hiring Source Updates

Construction continues . . .



AIM for a CURE Melanoma Walk/Run

In September, Hiring Source, as a team, participated in the *AIM for a CURE Melanoma Walk/Run* to increase awareness and support melanoma research for the CURE.



Sources: Greater Houston Partnership; Houston Chronicle; Houston Business Journal; National Association of Personnel Services

2323 South Shepherd Dr. | Suite 970 | Houston, TX 77019
(713) 623-0400 phone | (713) 623-0415 fax | www.thehiringsource.com