

Employment Update

4th Anniversary of Great Recession

September marks the fourth anniversary of Houston's entry into the Great Recession. Employment peaked at 2,615,300 jobs in August '08, with the first job losses reported in September. It was inevitable that Houston would enter the recession, given the problems throughout the global economy. But Houston received an extra push when Hurricane Ike made landfall in mid-September, leaving many businesses and homes without power and disrupting commerce throughout the region. Over the next 16 months, the 10-county metro area lost 116,900 jobs, one in every 22 in the region. Total wages fell by \$5.8 billion, from \$37.7 billion in the fourth quarter of '08 to \$31.8 billion in the third quarter of '09. All industries save two, health care and educational services, recorded job losses. The recovery began in January '10, when the region reported modest job gains. Momentum built and within 21 months the region had recouped all jobs lost in the recession. The Texas Workforce Commission reported the Houston metro area had 2,616,100 jobs in October '11, passing its pre-recession peak by 800 jobs. Since then, the region has added 68,900 jobs (seasonally adjusted), an average of 7,700 per month. More people are working in Houston now than at any time in the region's history.

Houston Continues to Drive the State's Economy

The 10-county Houston-Sugar Land-Baytown Metropolitan Statistical Area added 83,700 net new jobs, a 3.2 percent annual increase, in the 12 months ending July '12, according to data released by the TWC. The private sector added 91,800, a 4.1 percent increase, during the same time frame. Houston continues to drive the state's economy. The Houston region, with 23.7 percent of the state's population, accounted for 36.9 percent of the state's total job growth and 35.3 percent of the state's private sector job growth over those 12 months. This job growth, robust in comparison with where we've been, is still more impressive when placed in a national perspective. The 10-county Houston region, with 2.0 percent of the nation's population, accounted for 4.6 percent of the nation's net job growth and 4.7 percent of the nation's private sector job growth over those 12 months. Houston's July unemployment rate was 7.5 percent, down from 8.6 percent in July '11. Texas' unemployment rate was 7.5 percent, decreasing from 8.5 percent the prior July. The U.S. rate was 8.6 percent, a drop from 9.3 percent in July '11. The rates are not seasonally adjusted.

Per FORBES, Houston Gets Hot

Diversifying its economy helped this oil patch capital recover from the Great Recession at a blistering rate. Houston has a constellation of energy companies and the city provides a stable structure with its political and regulatory commitment, per Direct Energy CEO Chris Weston. Oil

and gas drive the Houston economy and are responsible for 50 percent of the jobs related to the export of goods and services outside the area. But that's gone way down over the past 30 years. Energy represented 87 percent in the early 1980s. That diversification helped Houston emerge from the recent recession faster than any other large U.S. city. Houston's employment dropped 16 straight months from its peak in August 2008. Yet the carnage was much worse in other major metros like Riverside, Phoenix, Los Angeles, and Minneapolis. Houston and Washington D.C. are the only major metros to have recovered all the jobs they lost in the recession.

Houston ranks No. 20 in FORBES' 14th annual ranking of The Best Places for Business and Careers. While the rest of the country plods along, Houston's \$384 billion economy boomed by a China-like 8.6% in 2011, best in the U.S. and is expected to expand 8.5% this year. Job growth has been the eighth best in the country since 2006, at an annual 1.2% pace. Moody's Analytics forecasts employment gains of 3.2% a year through 2014, which would rank Houston sixth among the 200 largest metro areas. People are chasing these jobs. The Houston metropolitan area, with a population of 6.1 million, experienced a net migration gain of 313,800 new residents during the past five years.

Energy continues to power the economy, but health care, transportation and technology are gaining. Three of the four top medical research institutions in Texas are based here. The Port of Houston ranks first in the U.S. in foreign tonnage and first in U.S. imports, generating \$179 billion in annual statewide economic impact. NASA and Johnson Space Center make it an aerospace hub as well. Recent nonenergy companies making the move to Houston include Waste Connections, the third largest trash hauler in the U.S., and Dow Chemical will be constructing a new ethylene production plant. There are 68 publicly traded companies with more than \$1 billion in sales headquartered in Houston.

Houston Companies File for Most IPOs in Nation

Houston's market for initial public offerings was No. 1 in the country through July, even as the pace slowed nationally. Seven local companies completed successful IPOs through July, raising total proceeds of \$2.1 billion, compared with five that raised \$4.5 billion during the same period last year. While total volume may have dropped, Kinder Morgan's IPO represented \$3.3 billion of last year's figure. Energy companies continued to dominate the local IPO market this year.

Houston's Average Pay Increase

Houston's average salary increase beat the nationwide average, which inched up slightly in 2012, per Aon Hewitt. The survey found that base-pay increases for salaried exempt workers averaged 2.8 percent in 2012. That's up incrementally from 2.7 percent in 2011, though salaried nonexempt workers' pay dipped from 2.8 to 2.7 percent. Those figures are still significantly higher than the all-time low of 1.8 percent, the average in 2009. Meanwhile, Houston's average increase was 3.2 percent in 2012 and estimated at 3.3 percent in 2013.

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Houston Entrepreneurs Ready to Grow Businesses

In the next six months, Houston's entrepreneurs believe the stage is set for success, and they already have a few new companies in the works. Most local entrepreneurs expect to see an increase in revenue and net profit and will add employees during the second half of 2012, per Houston Chapter of Entrepreneurs' Organization. Furthermore, a whopping 87% of entrepreneurs said they had a proclivity to start a new business, up by 24% from last year's indicator. The businesses cited multiple reasons for their positive outlook, but credited the rush by energy companies to invest in oil and gas plays in shale formations as a main boost to the local economy.

U.S. Jobs Outlook

U.S. employers posted the most job openings in four years in June, a positive sign that hiring may pick up. The Labor Department said job openings rose to a seasonally adjusted 3.8 million in June, up from 3.7 million in May. That's the most since July 2008. The national economy grew at a tepid 1.7 percent annual rate in the April-June quarter, suggesting growth will stay weak in the second half of the year. Still, growth has slowed from 2 percent annual rate in the January-March quarter and the 4.1 percent in 2011's fourth quarter. Economists expect the economy will keep growing in the second half of the year, but at a subpar rate of around 2 percent.

Hiring Source Update



AIM for a CURE Melanoma Walk/Run

This year, Hiring Source, as a team, will be participating in the **AIM for a CURE Melanoma Walk/Run** to increase awareness and support melanoma research for the CURE. Melanoma is the fastest growing cancer in the United States and worldwide. There is no effective medical therapy for metastatic melanoma. It's the only cancer where the number of deaths is increasing but the number of people being screened remains flat. We are taking on this challenge to help raise awareness and find the CURE.

If you are interested in participating in the walk/run or donating, go to www.AIMatMelanoma.org. The event is being held Saturday, September 22, 2012 at 7:30 p.m. at MD Anderson.

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

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