

Monthly Review of the Texas Economy

By Ali Anari and Mark G. Dotzour

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The nation's labor market hit bottom in August 2009 but the Texas labor market has not yet hit bottom (Figure 1). The Texas economy lost 277,400 nonfarm jobs from December 2008 to December 2009, an annual job loss of 2.6 percent. Over the same period, the U.S. economy lost more than 4 million jobs or 3 percent of its total nonfarm jobs (Table 1 and Figure 1). The state's seasonally adjusted unemployment rate rose from 5.6 percent in December 2008 to 8.3 percent in December 2009, while the U.S. rate rose from 7.4 percent to 10 percent during the same period (Table 1).

Table 2 shows Texas industries ranked by employment growth rate from December 2008 to December 2009. Table 3 shows the relative importance of the state's industries based on number of employees.

The state's government sector added 83,000 jobs from December 2008 to December 2009, an annual growth rate of 4.6 percent (Table 2 and Figure 2). Government job gains consisted of 56,300 in local government, 25,600 in state government and 1,100 in federal government.

The state's education and health services industry added 60,500 jobs from December 2008 to December 2009, an annual growth rate of 4.6 percent (Table 2 and Figure 3). In this industry health care and social assistance industry gained 61,800 jobs while educational services lost 1,300 jobs.

The other services industry (repair and maintenance, personal and laundry services, religious, civic and professional organizations) gained 6,100 jobs over the year, a 1.7 percent increase (Table 2 and Figure 4).

Financial activities (finance, insurance, real estate, rental and leasing services) lost 1,700 jobs from December 2008 to December 2009, an annual decline rate of 0.3 percent (Table 2 and Figure 5). In this industry finance and insurance gained 400 jobs while real estate, rental and leasing lost 2,100 jobs.

The state's leisure and hospitality industry (arts, entertainment, recreation, accommodations and food services) lost 14,000 jobs from December 2008 to December 2009, a 1.4 percent annual rate of decline (Table 2 and Figure 6).

The state's trade industry lost 74,100 jobs from December 2008 to December 2009, a 4.5 percent annual rate of decline (Table 2 and Figure 7). Trade job losses comprised 40,400 jobs in wholesale trade and 33,700 jobs in retail trade. Trade is the state's largest industry after government, accounting for 16.1 percent of nonfarm employment (Table 3).

The state's professional and business services industry lost 66,100 jobs from December 2008 to December 2009, an annual rate decrease of 5 percent (Table 2 and Figure 8). Jobs lost consisted of 44,900 in administrative and support services, 21,400 in professional,

scientific and technical services while the state's management of companies and enterprises industry gained 200 jobs.

The state's information industry (internet service providers, web search portals, publishing industries, broadcasting and telecommunications) lost 14,400 jobs from December 2008 to December 2009, a 6.7 percent rate decrease (Table 2 and Figure 9).

The state's transportation, warehousing, and utilities industry lost 37,000 jobs over the year, a 8.3 percent rate decrease (Table 2 and Figure 10). Job losses comprised 36,800 in transportation and ware housing and 200 in utilities industry.

The state's manufacturing industry lost 89,800 jobs from December 2008 to December 2009, a rate decrease of 9.9 percent (Table 2 and Figure 11). Durable goods manufacturing lost 70,000 jobs while nondurable goods manufacturing lost 19,800 jobs. Major job losses in the state's durable goods manufacturing industry were in fabricated metal product manufacturing (33,100 jobs), transportation equipment manufacturing (4,500 jobs), nonmetallic mineral product manufacturing (3,300), computer and electronic product manufacturing (13,300 jobs), wood products (3,300 jobs), machinery manufacturing (5,200), furniture and related product manufacturing (2,900), and primary metal manufacturing (1,600 jobs). Major job losses in the state's nondurable manufacturing industry were in printing and related support manufacturing (2,000 jobs), plastic and rubber manufacturing (3,000 jobs), and paper manufacturing (900 jobs). The state's chemical manufacturing industry gained 500 jobs over the same period.

The state's mining and logging industry lost 30,400 jobs from December 2008 to December 2009, representing 12.6 percent of its labor force (Table 2 and Figure 12). The average number of active rotary rigs has substantially decreased from 851 in December 2008 to 472.7 in December 2009 according to Hughes Tool Co.

The state's construction industry lost 99,500 jobs from December 2008 to December 2009, a 15.4 percent rate decrease (Table 2 and Figure 13). Jobs lost consisted of 27,200 jobs in heavy and civil engineering construction, 46,900 jobs in specialty trade contractors, and 25,400 in construction of buildings.

Texas Metropolitan Statistical Areas

Only one Texas metro area, McAllen-Edinburg-Mission, experienced a positive employment growth rate from December 2008 to December 2009. Twenty-five metro areas experienced net job losses (Table 4).

The annual employment growth rate for the Austin-Round Rock metro area from December 2008 to December 2009 was -0.3 percent. The metro area ranked second in employment growth rate (Table 4 and Figure 14).

The Dallas-Plano-Irving metro area's annual employment growth rate from December 2008 to December 2009 was -2 percent, ranking the area 12th in employment growth rate (Table 4 and Figure 15).

The annual employment growth rate for the Fort Worth-Arlington metro area from December 2008 to December 2009 was -0.9 percent. The area ranked fourth in employment growth rate (Table 4 and Figure 16).

Houston-Sugar Land-Baytown's annual employment growth rate from December 2008 to December 2009 was -3.5 percent, ranking the metro area 23rd in employment growth rate (Table 4 and Figure 17).

The annual employment growth rate for the San Antonio metro area over the year was -1.1 , placing the metro area fifth in employment growth rate (Table 4 and Figure 18).

The state's actual unemployment rate in December 2009 was 8 percent. Amarillo had the lowest unemployment rate followed by Lubbock, Midland, College Station-Bryan, and Abilene (Table 5).

Table 1
Texas and U.S. Labor Markets

<u>Nonfarm employment</u>	<u>Dec. 2009</u>	<u>Dec. 2008</u>	<u>Change</u>	
			<u>Absolute</u>	<u>Percent</u>
Texas	10,408,300	10,685,700	-277,400	-2.6
United States	131,821,000	135,917,000	-4,096,000	-3.0

<u>Unemployment Rate</u>	<u>Actual</u>		<u>Seasonally Adjusted</u>	
	<u>Dec. 2009</u>	<u>Dec. 2008</u>	<u>Dec. 2009</u>	<u>Dec. 2008</u>
Texas	8.0	5.7	8.3	5.6
United States	9.7	7.1	10.0	7.4

Sources: Texas Workforce Commission and Bureau of Labor Statistics

Table 2

Texas Industries Ranked by Employment Growth Rate from December 2008 to December 2009

<u>Rank</u>	<u>Industry</u>	<u>Dec. 2009</u>	<u>Dec. 2008</u>	<u>Change</u>	
				<u>Absolute</u>	<u>Percent</u>
1	Government	1,894,000	1,811,000	83,000	4.6
1	Education & Health Services	1,383,000	1,322,500	60,500	4.6
3	Other Services	362,900	356,800	6,100	1.7
4	Financial Activities	651,000	652,700	-1,700	-0.3
5	Leisure & Hospitality	986,200	1,000,200	-14,000	-1.4
6	Trade	1,672,700	1,746,800	-74,100	-4.2
7	Professional & Business Services	1,269,400	1,335,500	-66,100	-5.0
8	Information	200,800	215,200	-14,400	-6.7
9	Transportation, Warehousing, Utilities	407,100	444,100	-37,000	-8.3
10	Manufacturing	822,200	912,000	-89,800	-9.9
11	Mining and logging	210,400	240,800	-30,400	-12.6
12	Construction	548,600	648,100	-99,500	-15.4

Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Table 3

Texas Industries' and Government Shares of Employment

<u>Industry</u>	<u>December 2009</u>	<u>December 1990</u>
Mining and logging	2.0	2.3
Construction	5.3	4.8
Manufacturing	7.9	13.1
Trade	16.1	18.2
Transportation, Warehousing, Utilities	3.9	4.3
Information	1.9	2.5
Financial Activities	6.3	6.3
Professional and Business Services	12.2	9.2
Education and Health Services	13.3	9.6
Leisure and Hospitality	9.5	8.1
Other Services	3.5	3.6
Government Sector	18.2	17.9

Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Table 4
Texas Metropolitan Areas Ranked by Employment Growth Rate,
December 2008 to December 2009

<u>Rank</u>	<u>Metro Area</u>	<u>Percent Growth Rate</u>
1	McAllen-Edinburg-Mission	0.8
2	Austin-Round Rock	-0.3
3	Lubbock	-0.8
4	Fort Worth-Arlington	-0.9
5	San Antonio	-1.1
5	Laredo	-1.1
7	El Paso	-1.3
8	Killeen-Temple-Fort Hood	-1.5
9	Brownsville-Harlingen	-1.6
10	Sherman-Denison	-1.8
11	Amarillo	-1.9
12	Tyler	-2.0
12	Dallas-Plano-Irving	-2.0
12	Waco	-2.0
12	Texarkana	-2.0
16	San Angelo	-2.2
17	Abilene	-2.5
	Texas	-2.6
18	Wichita Falls	-2.6
18	Odessa	-2.6
20	Longview	-2.7
21	Midland	-3.1
22	Corpus Christi	-3.3
23	Houston-Sugar Land-Baytown	-3.5
24	College Station-Bryan	-3.7
24	Beaumont-Port Arthur	-3.7
26	Victoria	-4.0

Source: Texas Workforce Commission

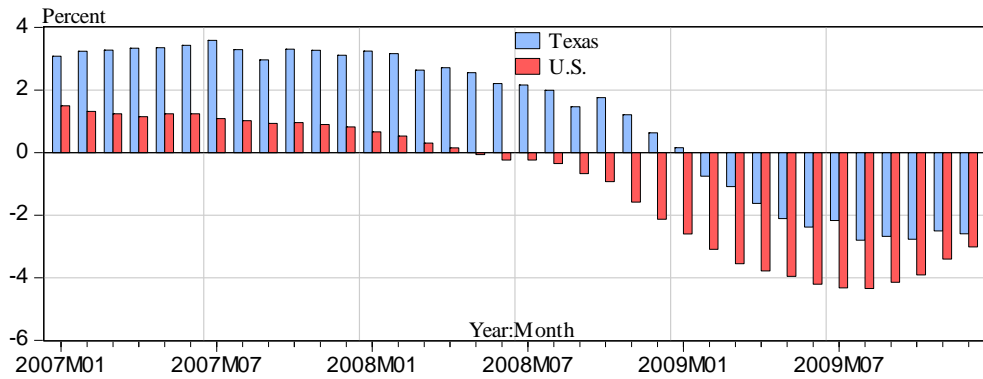
Table 5
Texas Metropolitan Areas Ranked by Unemployment Rate, December 2009

<u>Rank</u>	<u>Metro Area</u>	<u>Unemployment Rate, Percent</u>
1	Amarillo	5.3
2	Lubbock	5.4
2	Midland	5.4
4	College Station-Bryan	5.9
5	Abilene	6.0
6	San Angelo	6.3
7	Texarkana	6.5
8	San Antonio	6.8
9	Austin-Round Rock	6.9
9	Waco	6.9
11	Killeen-Temple-Fort Hood	7.0
12	Wichita Falls	7.5
13	Victoria	7.7
14	Corpus Christi	7.8
14	Longview	7.8
	Texas	8.0
16	Fort Worth-Arlington	8.0
16	Tyler	8.0
16	Dallas-Plano-Irving	8.0
19	Houston-Sugar Land-Baytown	8.3
19	Odessa	8.3
19	Sherman-Denison	8.3
22	Laredo	8.6
23	El Paso	9.2
24	Beaumont-Port Arthur	10.7
25	Brownsville-Harlingen	11.1
26	McAllen-Edinburg-Mission	11.7

Source: Texas Workforce Commission

Figure 1

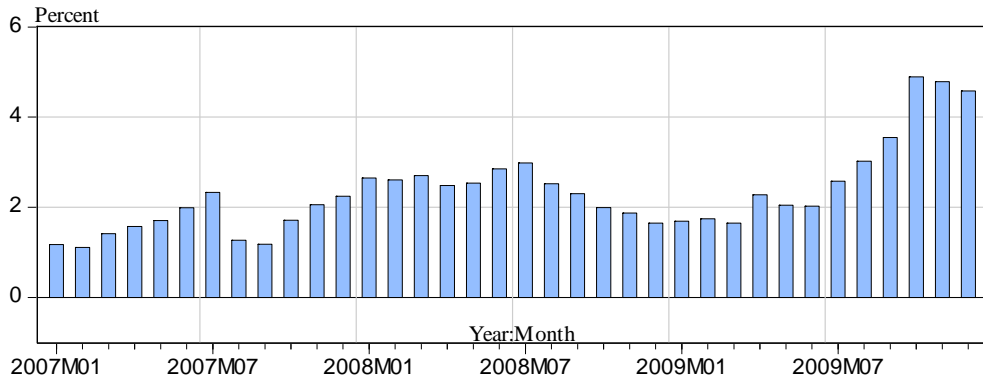
Nonfarm Employment Growth Rates for United States and Texas, 2007–2009



Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

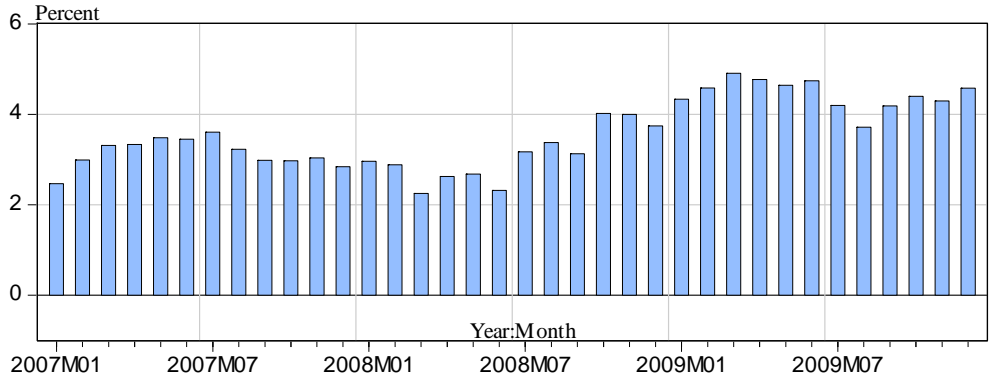
Figure 2

Employment Growth Rates in Texas Government Sector, 2007–2009



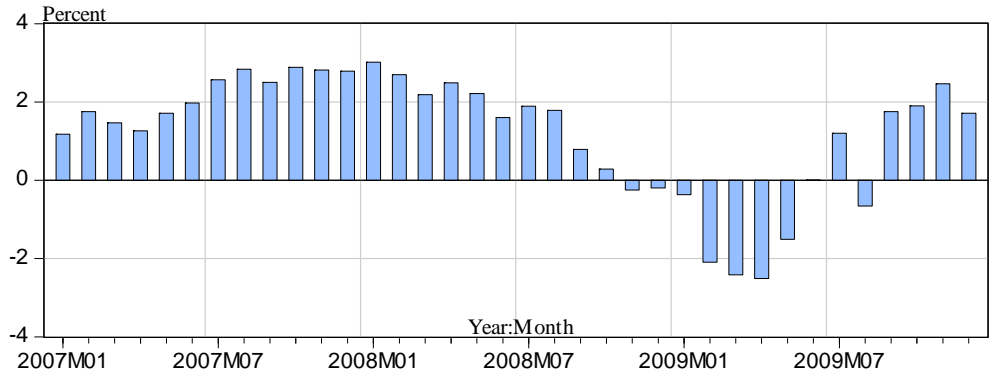
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 3
Employment Growth Rates in Texas Education and Health Services Industry, 2007–2009



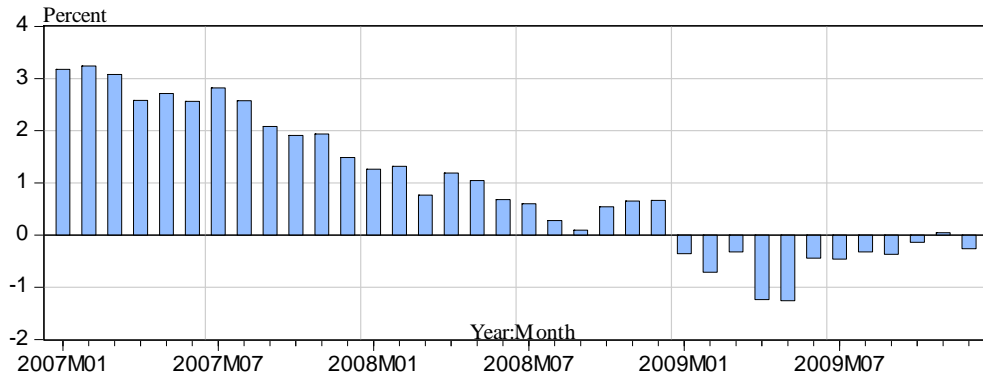
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 4
Employment Growth Rates in Texas Other Services Industry, 2007–2009



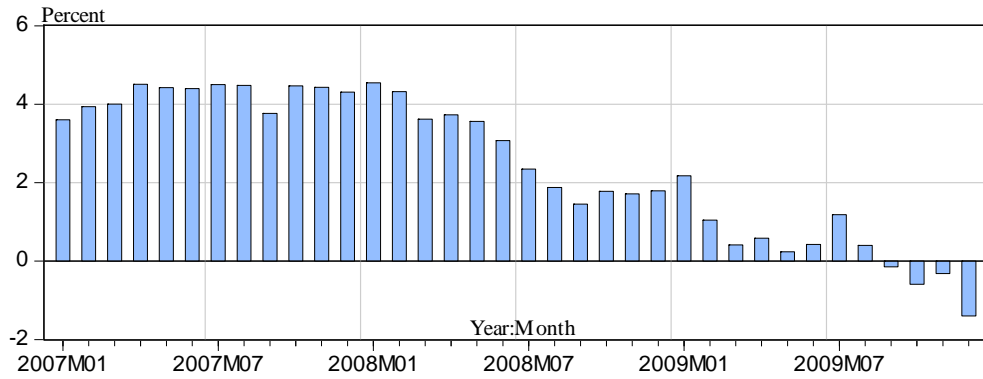
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 5
Employment Growth Rates in Texas Financial Activities Industry, 2007–2009



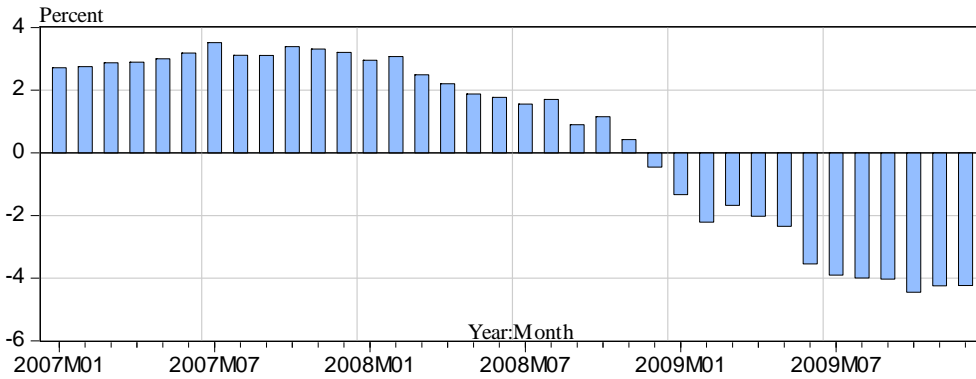
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 6
Employment Growth Rates in Texas Leisure and Hospitality Industry, 2007–2009



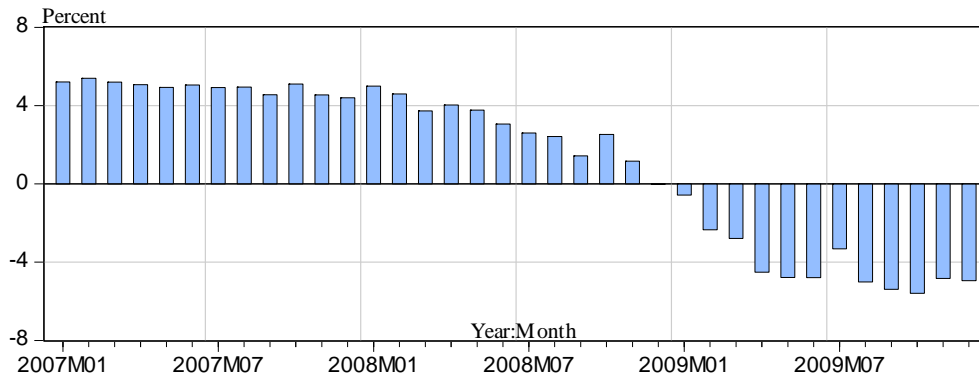
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 7
Employment Growth Rates in Texas Trade Industry, 2007–2009



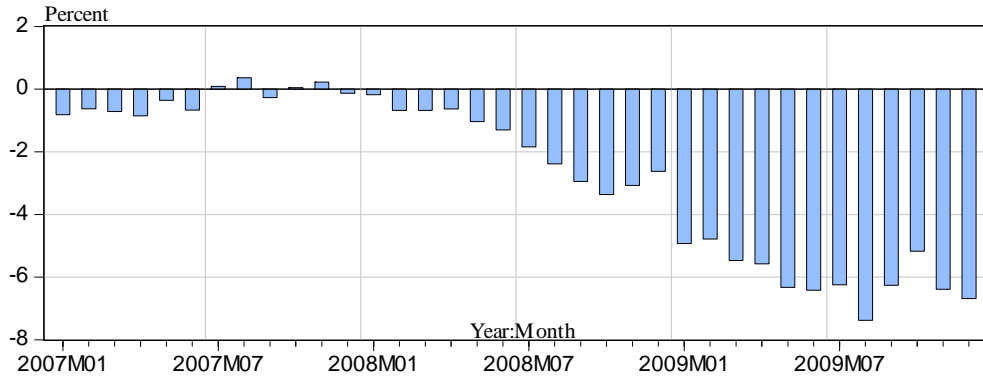
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 8
Employment Growth Rates in Texas Professional and Business Services Industry, 2007–2009



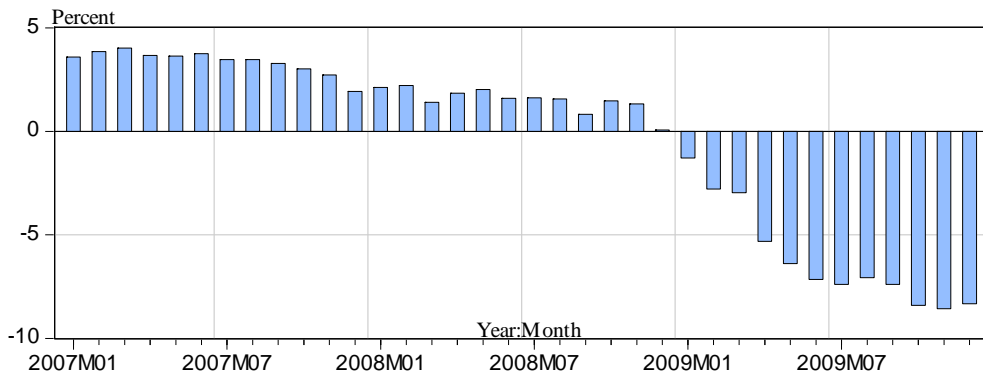
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 9
Employment Growth Rates in Texas Information Industry, 2007–2009



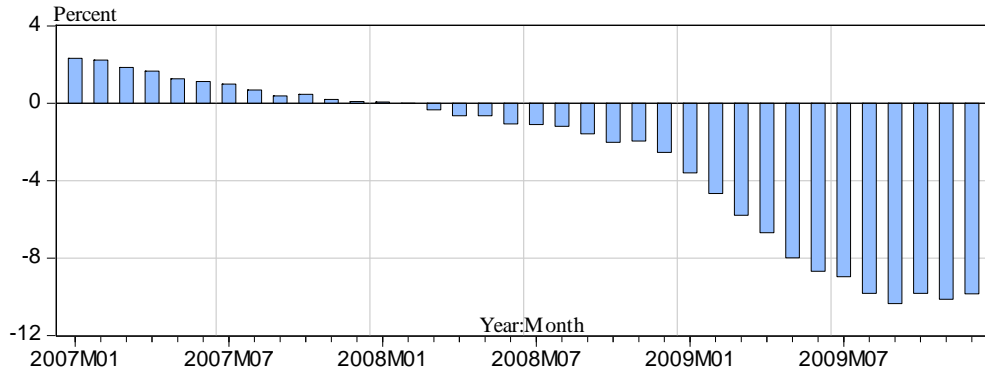
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 10
Employment Growth Rates in Texas Transportation, Warehousing, and Utilities Industry, 2007–2009



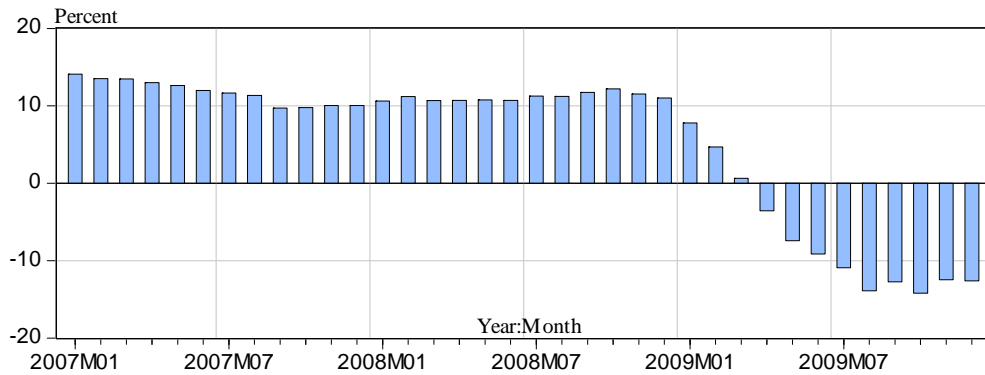
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 11
Employment Growth Rates in Texas Manufacturing Industry, 2007–2009



Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

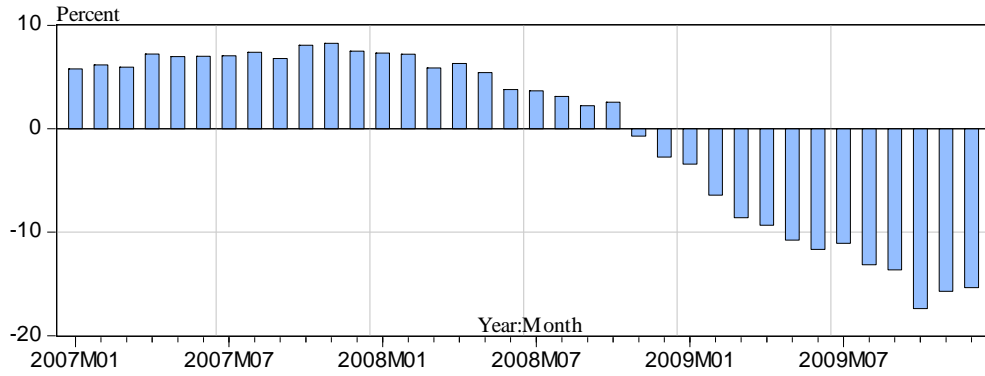
Figure 12
Employment Growth Rates in Texas Mining and logging Industry, 2007–2009



Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 13

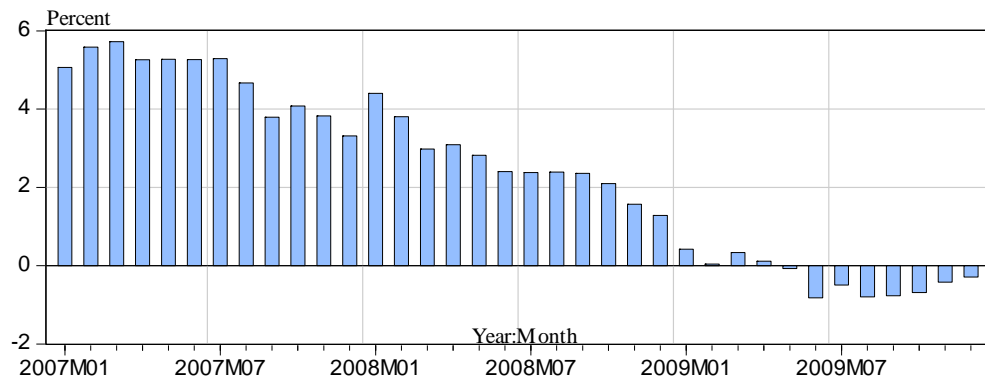
Employment Growth Rates in Texas Construction Industry, 2007–2009



Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

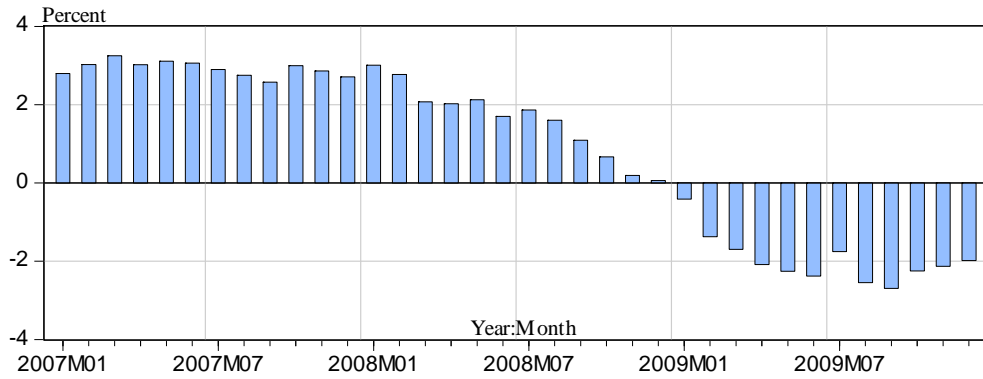
Figure 14

Nonfarm Employment Growth Rates, Austin-Round Rock, 2007–2009



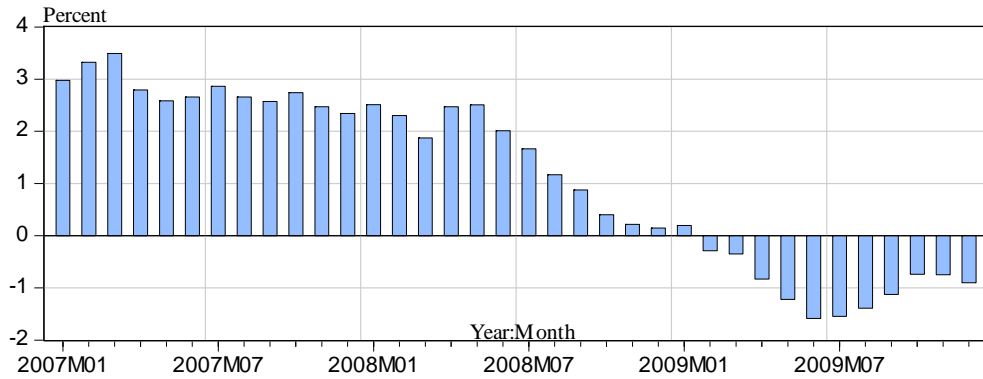
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 15
Nonfarm Employment Growth Rates, Dallas-Plano-Irving, 2007–2009



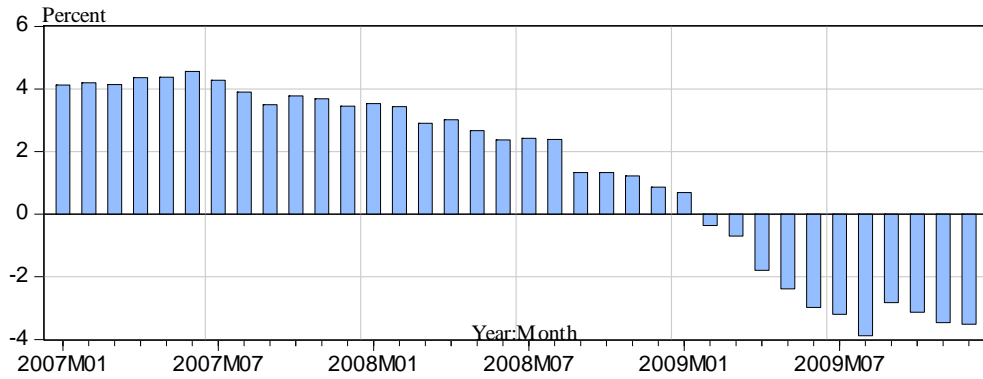
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 16
Nonfarm Employment Growth Rates, Fort Worth-Arlington, 2007–2009



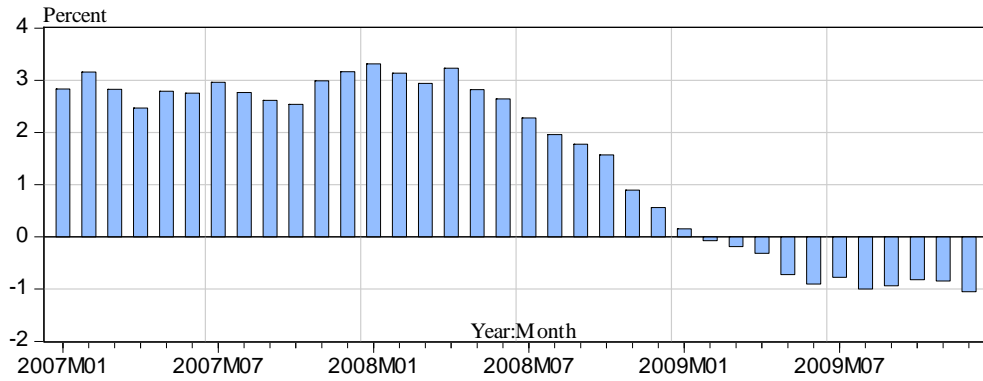
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 17
Nonfarm Employment Growth Rates, Houston-Sugar Land-Baytown, 2007–2009



Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 18
Nonfarm Employment Growth Rates, San Antonio, 2007–2009



Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University