

Monthly Review of the Texas Economy

By Ali Anari and Mark G. Dotzour

TECHNICAL REPORT

1 8 6 2

JULY 2008

TR

Monthly Review of the Texas Economy — July 2008

By Ali Anari and Mark G. Dotzour

The Texas economy continues to create more jobs albeit at decreasing rates while the nation's labor market is losing jobs. The state's nonfarm employment rose 2.3 percent from June 2007 to June 2008, compared with 0.1 percent decrease for the United States (Table 1 and Figure 1). The state's seasonally adjusted unemployment rate rose from 4.3 percent in June 2007 to 4.4 percent in June 2008 (Table 1). Over the same period, the U.S. seasonally adjusted unemployment rate rose from 4.6 percent to 5.5 percent.

Table 2 shows Texas industries ranked by employment growth rate from June 2007 to June 2008. Table 3 shows the relative importance of the state's industries based on number of employees.

The state's natural resources and mining industry, helped by higher oil prices, posted an annual employment growth rate of 6.4 percent from June 2007 to June 2008 and ranked first among Texas industries in employment growth rate (Table 2 and Figure 2). The average number of active rotary rigs increased from 829.8 in July 2007 to 918.4 in July 2008 according to Hughes Tool Co.

The state's professional and business services industry gained 71,800 jobs from June 2007 to June 2008, an annual growth rate of 5.5 percent, and ranked second in job creation (Table 2 and Figure 3). Jobs gained consisted of 40,400 in administrative and support services, 29,300 in professional, scientific and technical services and 2,100 in management of companies and enterprises.

The state's leisure and hospitality industry (arts, entertainment, recreation, accommodations and food services) gained 35,800 jobs from June 2007 to June 2008, an annual growth rate of 3.5 percent, and ranked third in job creation among the state's industries (Table 2 and Figure 4).

The state's construction industry gained 19,600 jobs from June 2007 to June 2008, a 3 percent increase (Table 2 and Figure 5). Job gains in the construction industry consisted of 6,200 jobs in heavy and civil engineering construction, 8,300 jobs in specialty trade contractors, and 5,100 in construction of buildings.

The state's education and health services industry added 37,900 jobs from June 2007 to June 2008, an annual growth rate of 3 percent (Table 2 and Figure 6). Jobs gained consisted of 33,100 in health care and social assistance and 4,800 in educational services.

The state's trade industry gained 41,100 jobs from June 2007 to June 2008, an annual growth rate of 2.5 percent (Table 2 and Figure 7). Wholesale trade gained 12,100 jobs while retail trade added 29,000 jobs. Trade is the state's largest industry, accounting for 16 percent of nonfarm employment (Table 3).

Financial activities (finance, insurance, real estate, rental and leasing services) added 8,200 jobs to the state's economy from June 2007 to June 2008, an annual growth rate of



1.3 percent (Table 2 and Figure 8). In this industry, real estate, rental and leasing added 6,000 jobs while finance and insurance gained 2,200 jobs.

The state's transportation, warehousing, and utilities industry gained 5,200 jobs over the year, a 1.2 percent increase (Table 2 and Figure 9). The job gains consisted of 4,500 in transportation and warehousing and 700 in utilities industry.

The state's government sector added 14,500 jobs from June 2007 to June 2008, an annual growth rate of 0.8 percent (Table 2 and Figure 10). Government job gains consisted of 9,600 in local government, 4,700 in state government and 200 in federal government.

The other services industry (repair and maintenance, personal and laundry services, religious, civic and professional organizations) gained 2,000 jobs over the year, a 0.6 percent increase (Table 2 and Figure 11).

The state's information industry (internet service providers, web search portals, publishing industries, broadcasting and telecommunications) lost 900 jobs from June 2007 to June 2008 (Table 2 and Figure 12).

The state's manufacturing industry continues to lose more jobs. The industry lost 10,100 jobs from June 2007 to June 2008, a decrease of 1.1 percent (Table 2 and Figure 13). The state's durable goods manufacturing gained 1,300 jobs while the state's nondurable manufacturing lost 11,400 jobs. Major job gains in the state's durable manufacturing industry were in fabricated metal product manufacturing (3,700 jobs) and machinery manufacturing (2,700 jobs). Major job losses in this industry were in computer and electronic product manufacturing (2,100 jobs), wood products (600 jobs), and furniture and related product manufacturing (1,200 jobs). Major job gains in the state's nondurable manufacturing sector were in the beverage and tobacco product manufacturing (200 jobs) and petroleum and coal products (200 jobs). Major job losses in this industry were in the printing and related support manufacturing (2,300 jobs), plastic and rubber manufacturing (1,300 jobs), paper manufacturing (800 jobs), and food manufacturing (1,000 jobs).

Texas Metropolitan Statistical Areas

All Texas metros experienced positive employment growth rates from June 2007 to June 2008 and smaller metro areas posted higher employment growth rates. Longview ranked first in job creation followed by McAllen-Edinburgh-Mission, Odessa, College Station-Bryan, and Killeen-Temple-Fort Hood (Table 4).

Labor markets in larger metro areas are cooling off. The annual employment growth rates for Austin-Round Rock fell from 4 percent in January 2008 to 1.8 percent in June 2008 and the area ranked 15th in job creation (Table 4 and Figure 14).

The labor market of the Dallas-Plano-Irving metro is also cooling. The annual employment growth rate for the metro area fell from 3 percent in January 2008 to 2 percent in June 2008 and the area ranked 11th in job creation (Table 4 and Figure 15).

The annual employment growth rate for the Fort Worth-Arlington metro area fell from 3 percent in October 2007 to 1.9 percent in June 2008 and the area ranked 14th in job creation (Table 4 and Figure 16).

Houston–Sugar Land–Baytown posted an annualized employment growth rate of 2.1 percent in June 2008 and ranked 9th in employment growth rate (Table 4 and Figure 17).

The annualized growth rate of nonfarm employment in the San Antonio metro from June 2007 to June 2008 was 2 percent; the area ranked 11th in employment growth rate (Table 4 and Figure 18).

The state’s actual unemployment rate in June 2008 was 4.8 percent. Midland had the lowest unemployment rate followed by Amarillo, Odessa, Abilene, San Angelo and Victoria (Table 5).

Table 1
Texas and U.S. Labor Markets

<u>Nonfarm employment</u>	<u>June 2008</u>	<u>June 2007</u>	<u>Change</u>	
			<u>Absolute</u>	<u>Percent</u>
Texas	10,644,100	10,405,700	238,400	2.3
United States	138,624,000	138,791,000	-167,000	-0.1

<u>Unemployment Rate</u>	<u>Actual</u>		<u>Seasonally Adjusted</u>	
	<u>June 2008</u>	<u>June 2007</u>	<u>June 2008</u>	<u>June 2007</u>
Texas	4.8	4.7	4.4	4.3
United States	5.7	4.7	5.5	4.6

Sources: Texas Workforce Commission and Bureau of Labor Statistics

Table 2
Texas Industries Ranked by Employment Growth Rate from June 2007 to June 2008

Rank	Industry	June 2008	June 2007	Change	
				Absolute	Percent
1	Natural Resources & Mining	220,000	206,700	13,300	6.4
2	Professional & Business Services	1,365,800	1,294,000	71,800	5.5
3	Leisure & Hospitality	1,048,100	1,012,300	35,800	3.5
4	Construction	673,200	653,600	19,600	3.0
4	Education & Health Services	1,288,300	1,250,400	37,900	3.0
6	Trade	1,708,500	1,667,400	41,100	2.5
7	Financial Activities	655,900	647,700	8,200	1.3
8	Transportation, Warehousing, Utilities	437,900	432,700	5,200	1.2
9	Government	1,732,000	1,717,500	14,500	0.8
10	Other Services	362,600	360,600	2,000	0.6
11	Information	220,500	221,400	-900	-0.4
12	Manufacturing	931,300	941,400	-10,100	-1.1

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

Table 3
Texas Industries' and Government Shares of Employment

Industry	June 2008	June 1990
Natural Resources and Mining	2.1	2.3
Construction	6.3	5.0
Manufacturing	8.7	13.3
Trade	16.1	17.8
Transportation, Warehousing, Utilities	4.1	4.2
Information	2.1	2.5
Financial Activities	6.2	6.5
Professional and Business Services	12.8	9.1
Education and Health Services	12.1	9.4
Leisure and Hospitality	9.8	8.7
Other Services	3.4	3.8
Government Sector	16.3	17.5

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

Table 4
Texas Metropolitan Areas Ranked by Employment Growth Rate,
June 2007 to June 2008

<u>Rank</u>	<u>Metro Area</u>	<u>Growth Rate</u>
1	Longview	3.2
2	McAllen-Edinburg-Mission	3.0
3	Odessa	2.8
3	College Station-Bryan	2.8
5	Killeen-Temple-Fort Hood	2.6
5	El Paso	2.6
7	Wichita Falls	2.4
	Texas	2.3
8	Laredo	2.2
9	Midland	2.1
9	Houston-Sugar Land-Baytown	2.1
11	Dallas-Plano-Irving	2.0
11	San Antonio	2.0
11	Brownsville-Harlingen	2.0
14	Fort Worth-Arlington	1.9
15	Austin-Round Rock	1.8
16	Waco	1.6
16	Amarillo	1.6
18	Abilene	1.5
18	Lubbock	1.5
20	Texarkana	1.1
20	Corpus Christi	1.1
22	Tyler	1.0
23	Beaumont-Port Arthur	0.1

Source: Texas Workforce Commission

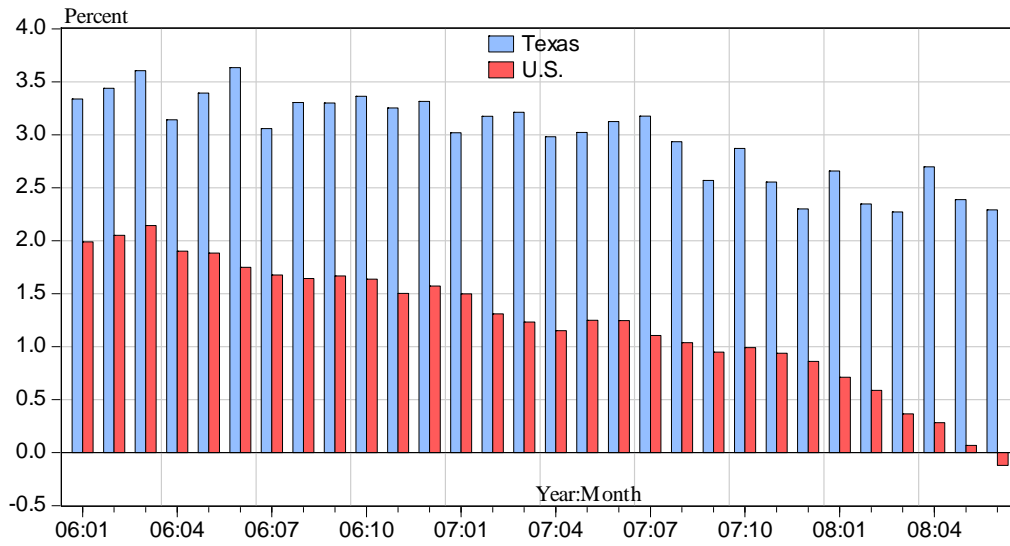
Table 5
Texas Metropolitan Areas Ranked by Unemployment Rate, June 2008

<u>Rank</u>	<u>Metro Area</u>	<u>Unemployment Rate</u>
1	Midland	3.1
2	Amarillo	3.6
3	Odessa	3.7
4	Abilene	4.0
5	San Angelo	4.1
5	Victoria	4.1
7	Austin-Round Rock	4.2
7	Longview	4.2
7	Lubbock	4.2
10	College Station-Bryan	4.5
11	San Antonio	4.6
11	Wichita Falls	4.6
13	Houston-Sugar Land-Baytown	4.7
13	Waco	4.7
13	Fort Worth-Arlington	4.7
13	Texarkana	4.7
	Texas	4.8
17	Tyler	4.8
17	Dallas-Plano-Irving	4.8
19	Corpus Christi	4.9
20	Sherman-Denison	5.0
21	Killeen-Temple-Fort Hood	5.1
22	Laredo	5.7
23	El Paso	6.2
24	Beaumont-Port Arthur	6.3
25	Brownsville-Harlingen	6.8
26	McAllen-Edinburg-Mission	7.2

Source: Texas Workforce Commission

Figure 1

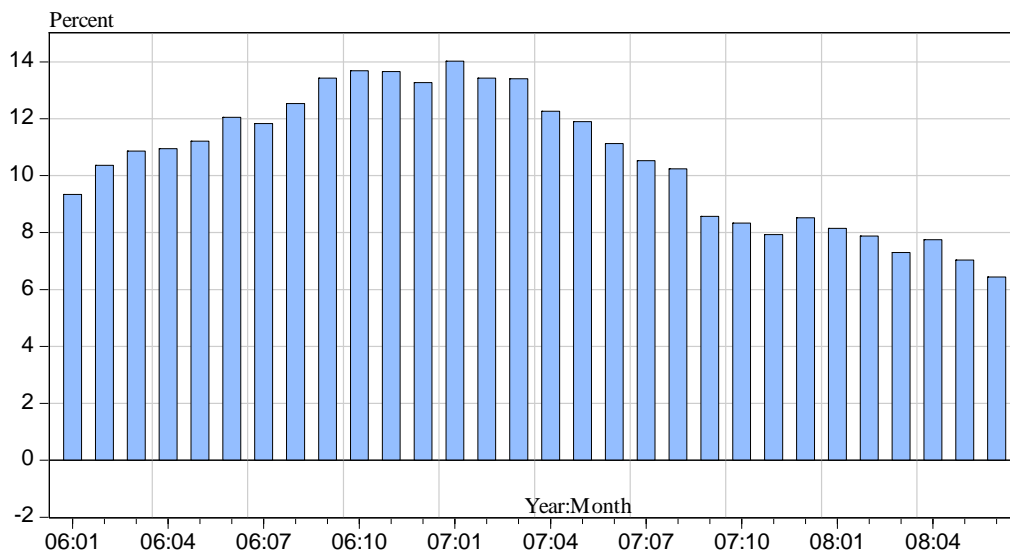
Nonfarm Employment Growth Rates for U.S. and Texas, 2006–2008



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

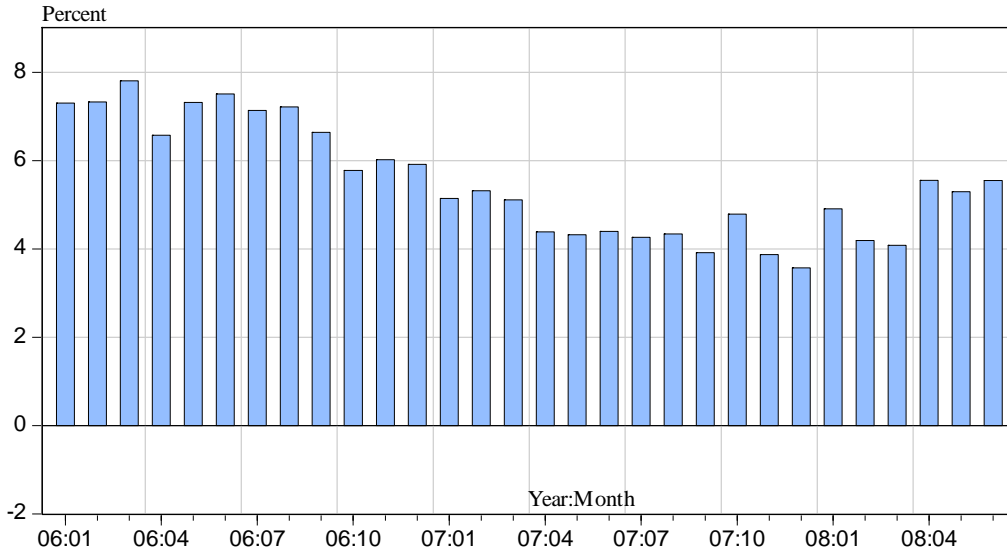
Figure 2

Employment Growth Rates in Texas Natural Resources and Mining Industry, 2006–2008



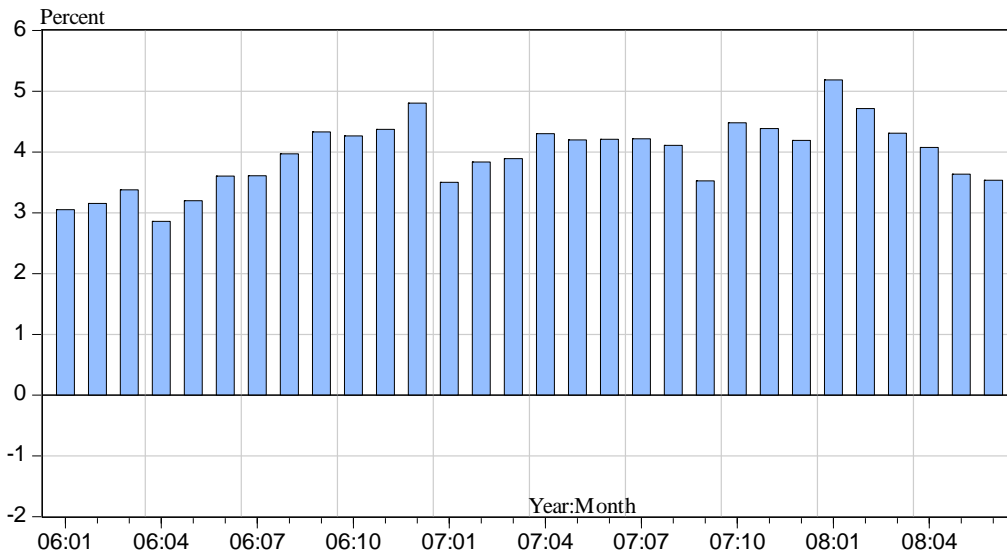
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 3
Employment Growth Rates in Texas Professional and Business Services Industry, 2006–2008



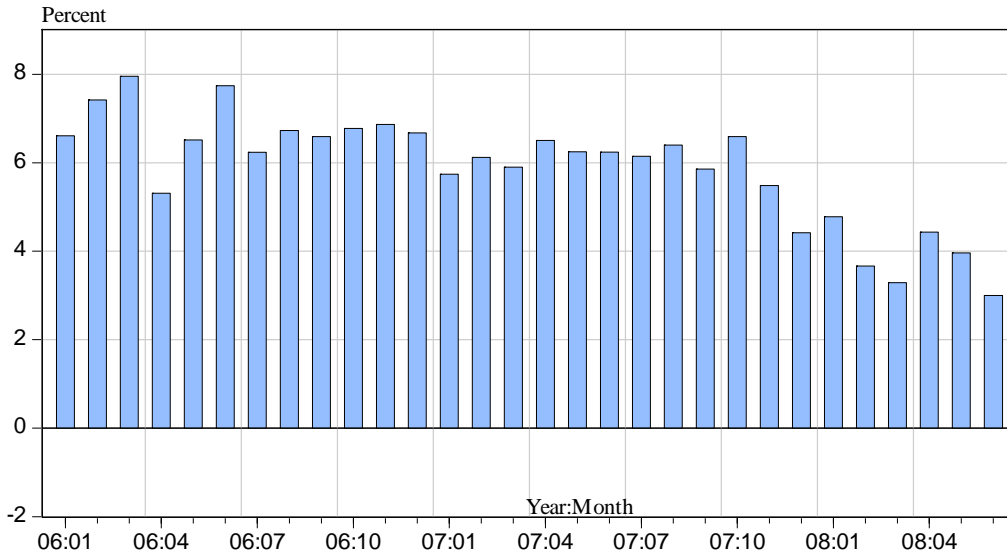
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 4
Employment Growth Rates in Texas Leisure and Hospitality Industry, 2006–2008



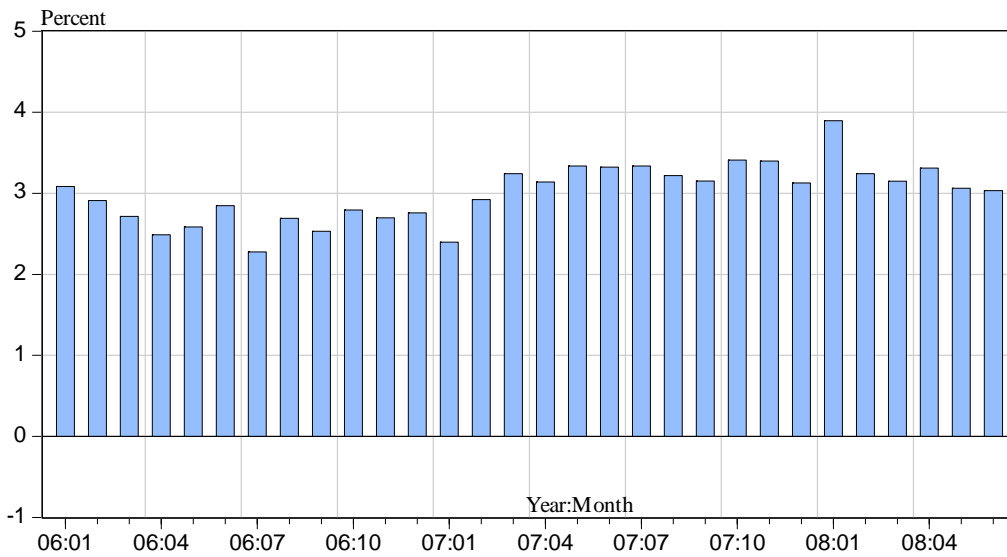
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 5
Employment Growth Rates in Texas Construction Industry, 2006–2008



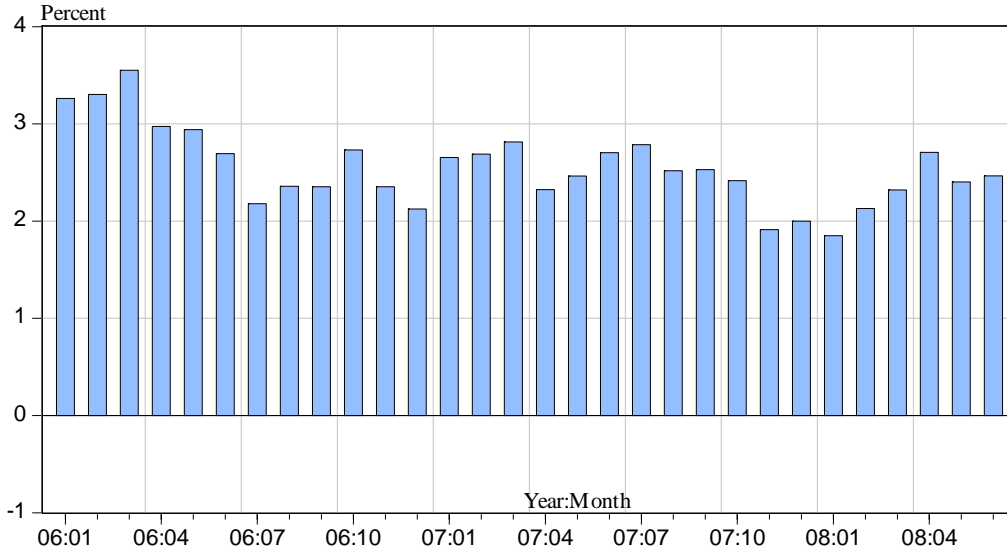
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 6
Employment Growth Rates in Texas Education and Health Services Industry, 2006–2008



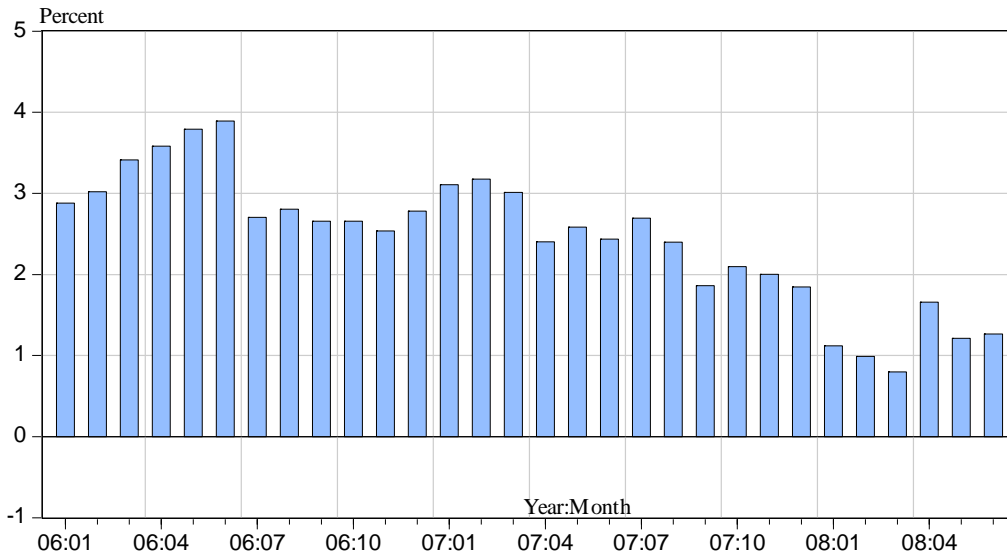
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 7
Employment Growth Rates in Texas Trade Industry, 2006–2008



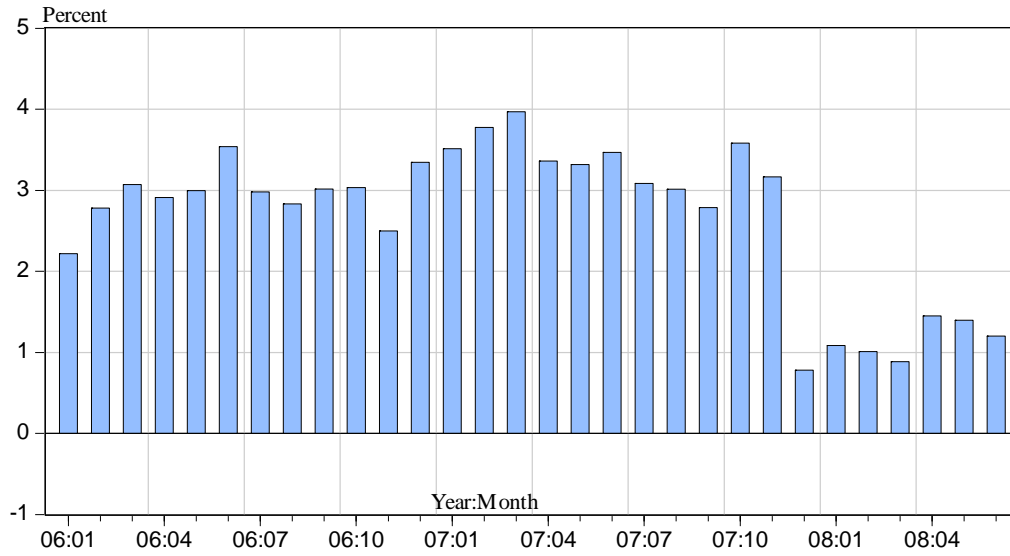
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 8
Employment Growth Rates in Texas Financial Activities Industry, 2006–2008



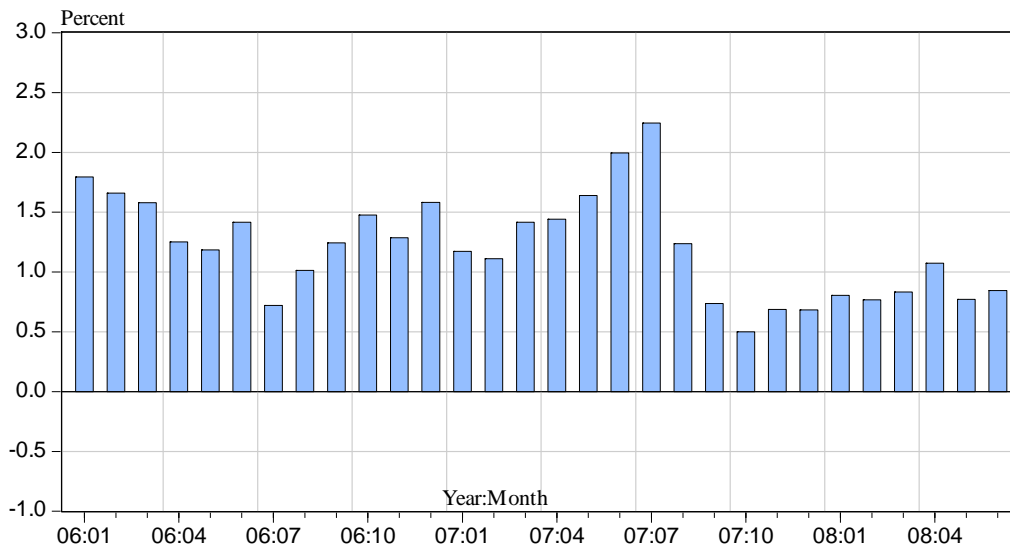
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 9
Employment Growth Rates in Texas Transportation, Warehousing, and Utilities Industry, 2006–2008



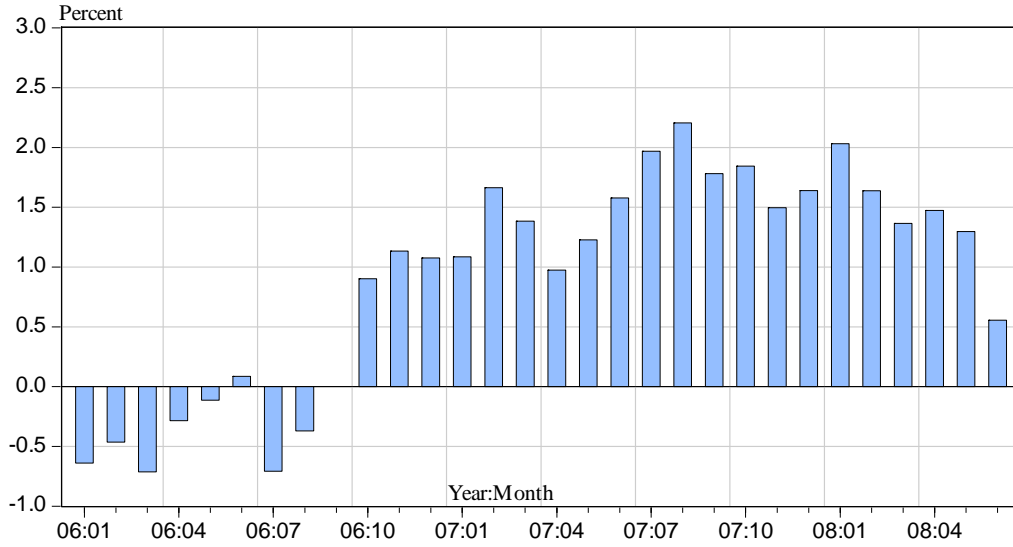
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 10
Employment Growth Rates in Texas Government Sector, 2006–2008



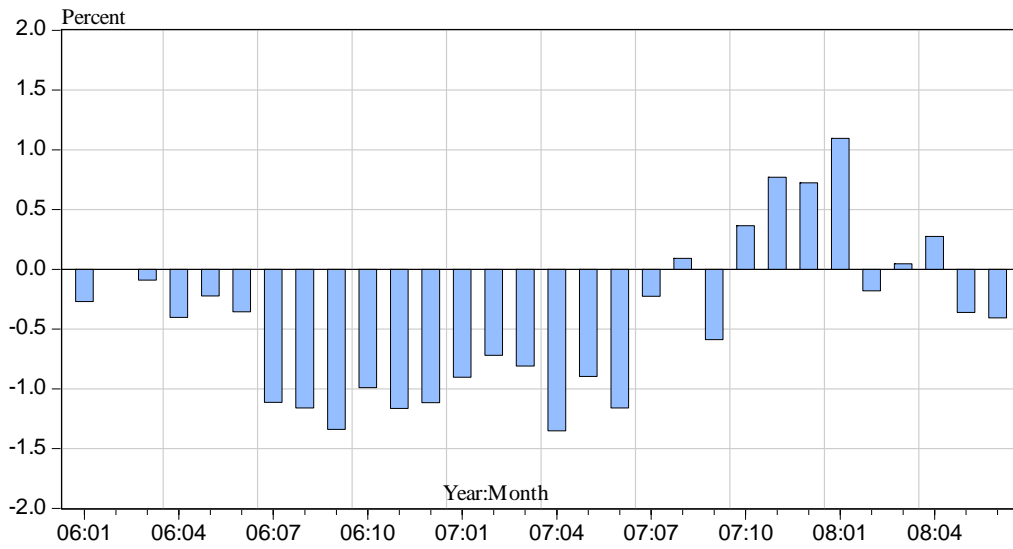
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 11
Employment Growth Rates in Texas Other Services Industry, 2006–2008



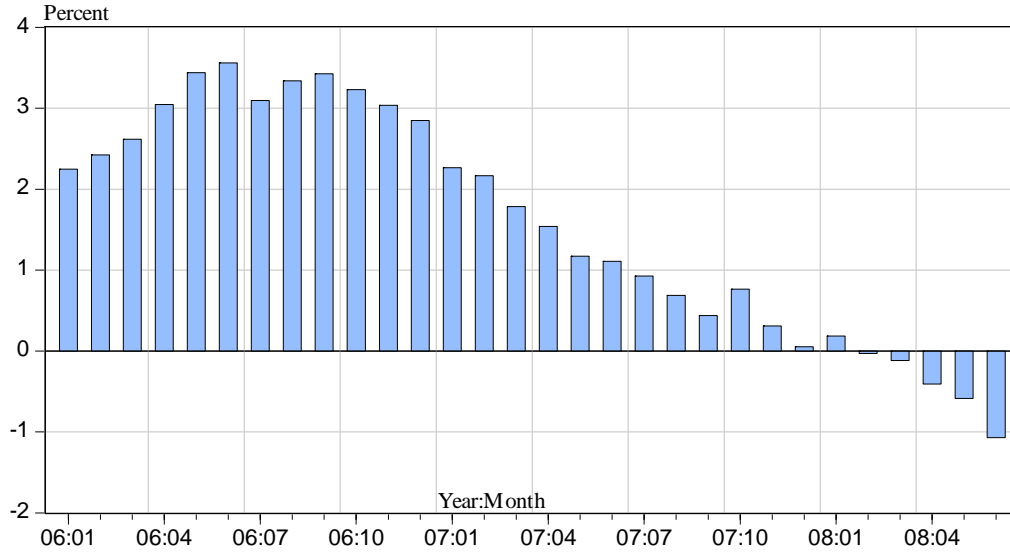
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 12
Employment Growth Rates in Texas Information Industry, 2006–2008



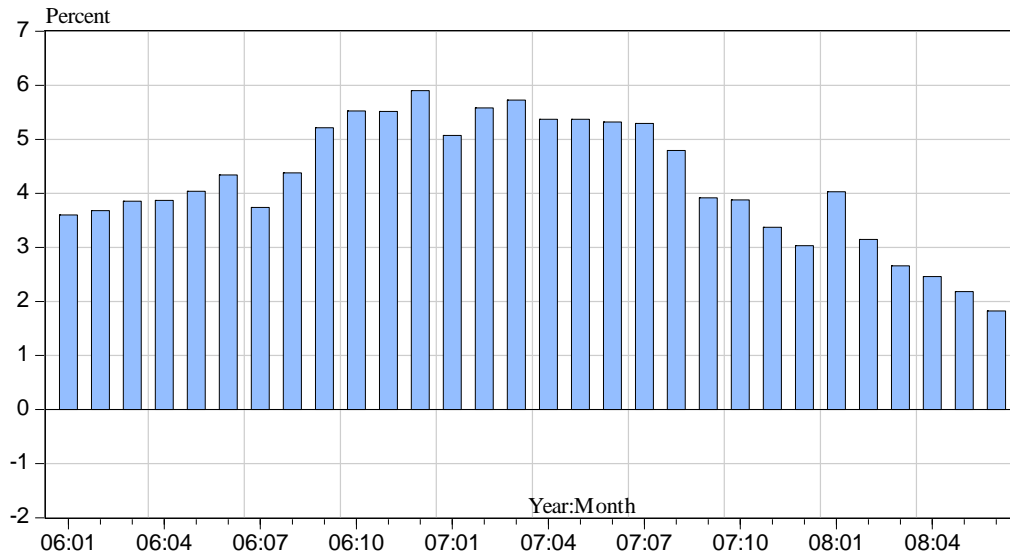
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 13
Employment Growth Rates in Texas Manufacturing Industry, 2006–2008



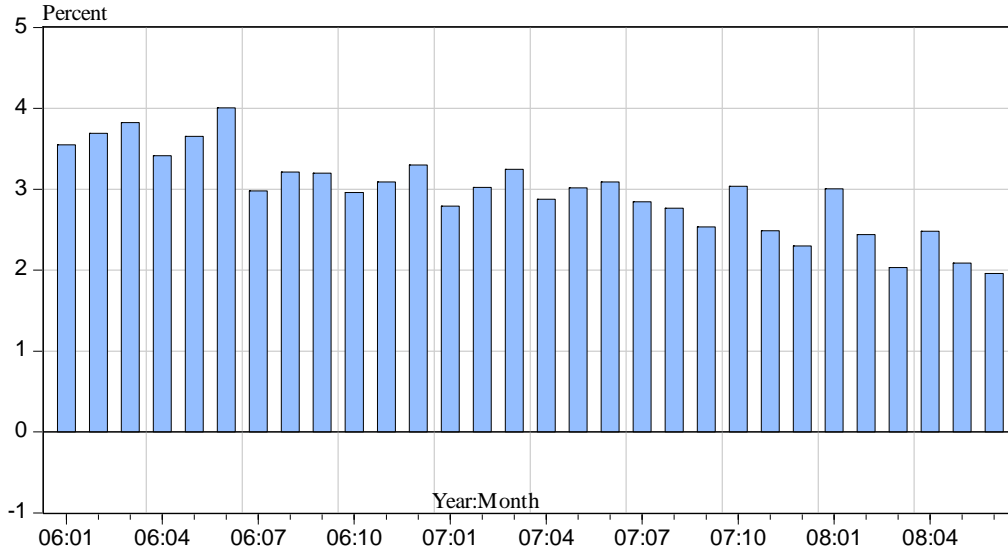
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 14
Nonfarm Employment Growth Rates, Austin–Round Rock, 2006–2008



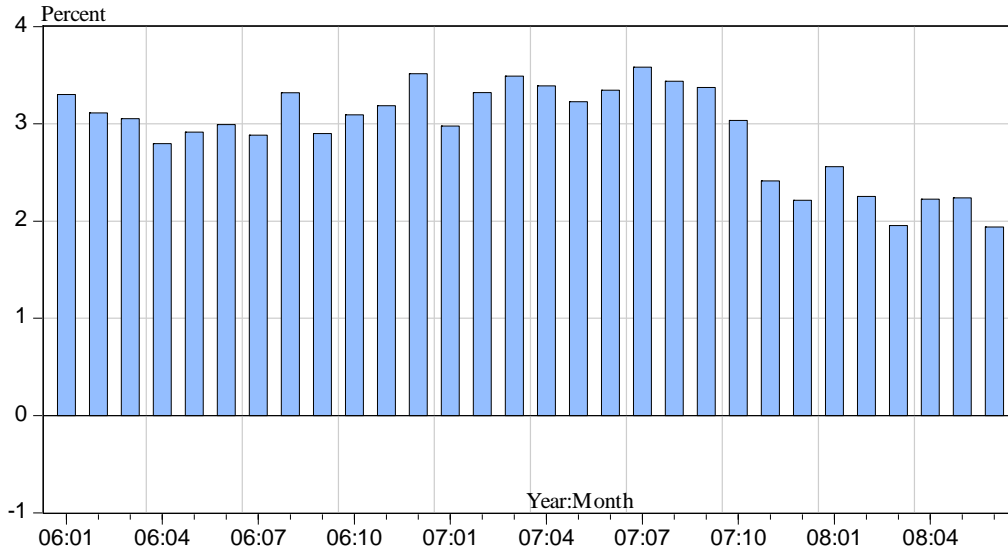
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 15
Nonfarm Employment Growth Rates, Dallas-Plano-Irving, 2006–2008



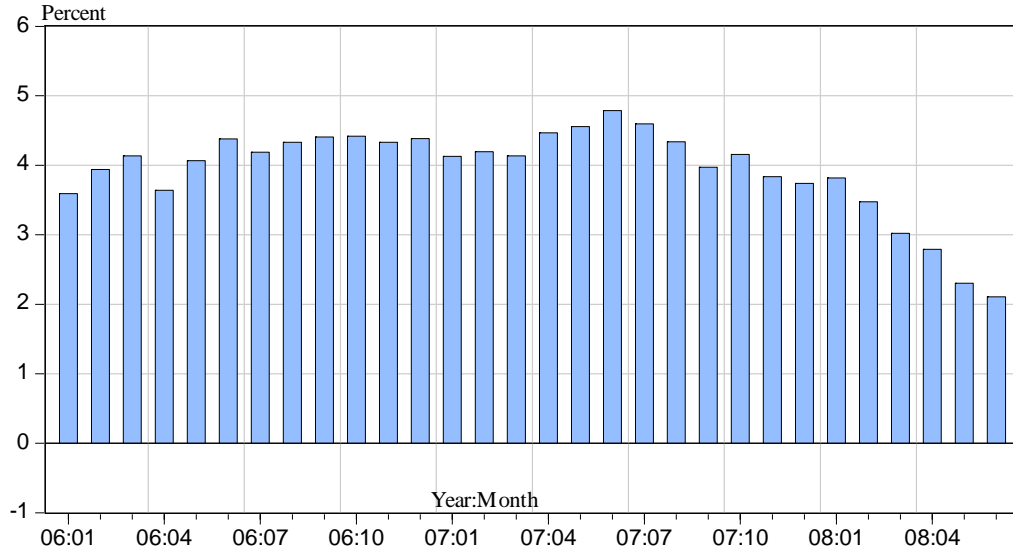
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 16
Nonfarm Employment Growth Rates, Fort Worth–Arlington, 2006–2008



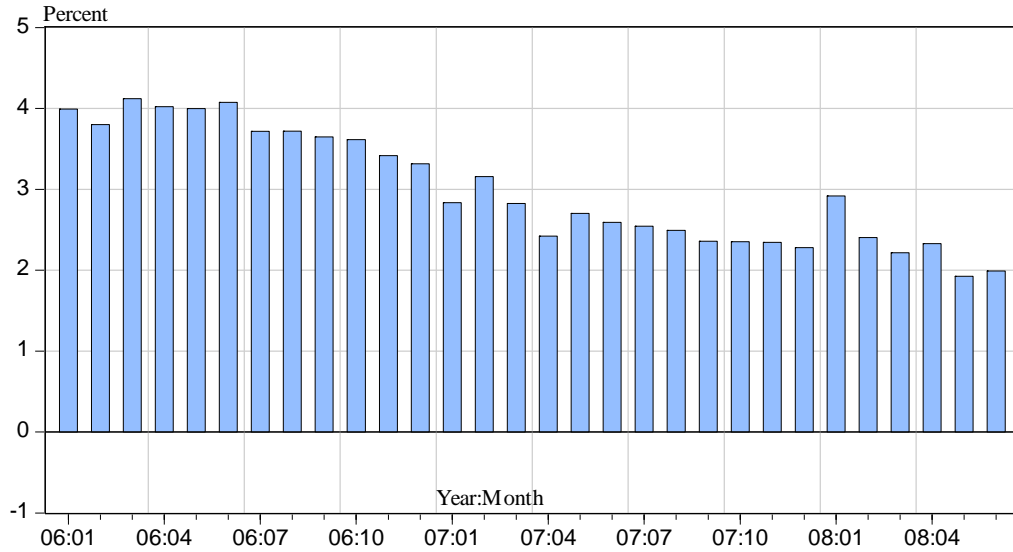
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 17
Nonfarm Employment Growth Rates, Houston–Sugar Land–Baytown, 2006–2008



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

Figure 18
Nonfarm Employment Growth Rates, San Antonio, 2006–2008



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