



Monthly Review of the Texas Economy

By Ali Anari and Mark G. Dotzour

TECHNICAL REPORT	TR
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AUGUST 2008	

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Texas' nonfarm employment rose 2.4 percent from August 2007 to August 2008, up from 2.3 percent for the period July 2007 to July 2008 (Table 1 and Figure 1). The uptick may signal that the employment downturn is over. But the nation's economy is still losing jobs. Nonfarm employment for the United States decreased by 0.1 percent from August 2007 to August 2008 (Table 1 and Figure 1). The state's seasonally adjusted unemployment rate rose from 4.3 percent in August 2007 to 4.7 percent in August 2008 (Table 1). Over the same period, the U.S. seasonally adjusted unemployment rate rose from 4.7 percent to 5.7 percent.

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

Despite recent falls in oil prices, the state's natural resources and mining industry continues to create more jobs. The industry posted an annual employment growth rate of 7.3 percent from August 2007 to August 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 831.8 in August 2007 to 916.7 in August 2008 according to Hughes Tool Co.

The state's professional and business services industry gained 69,900 jobs from August 2007 to August 2008, an annual growth rate of 5.4 percent, and ranked second in job creation (Table 2 and Figure 3). Jobs gained consisted of 39,200 in administrative and support services, 28,800 in professional, scientific and technical services and 1,900 in management of companies and enterprises.

The state's construction industry gained 29,400 jobs from August 2007 to August 2008, a 4.5 percent increase (Table 2 and Figure 4). Job gains in the construction industry consisted of 8,900 jobs in heavy and civil engineering construction, 13,100 jobs in specialty trade contractors, and 7,400 in construction of buildings.

The state's leisure and hospitality industry (arts, entertainment, recreation, accommodations and food services) gained 34,500 jobs from August 2007 to August 2008, an annual growth rate of 3.4 percent, and ranked third in job creation among the state's industries (Table 2 and Figure 5).

The state's education and health services industry added 35,500 jobs from August 2007 to August 2008, an annual growth rate of 2.8 percent (Table 2 and Figure 6). Jobs gained consisted of 33,300 in health care and social assistance and 2,200 in educational services.

The state's trade industry gained 39,300 jobs from August 2007 to August 2008, an annual growth rate of 2.4 percent (Table 2 and Figure 7). Wholesale trade gained 11,000 jobs while retail trade added 28,300 jobs. Trade is the state's largest industry, accounting for 16.2 percent of nonfarm employment (Table 3).

The state's government sector added 24,000 jobs from August 2007 to August 2008, an annual growth rate of 1.5 percent (Table 2 and Figure 8). Government job gains consisted of 19,900 in local government, 2,800 in state government and 1,300 in federal government.

Financial activities (finance, insurance, real estate, rental and leasing services) added 8,200 jobs to the state's economy from August 2007 to August 2008, an annual growth rate of 1.3 percent (Table 2 and Figure 9). In this industry, real estate, rental and leasing added 6,700 jobs while finance and insurance gained 1,500 jobs.

The state's transportation, warehousing, and utilities industry gained 5,500 jobs over the year, a 1.3 percent increase (Table 2 and Figure 10). The job gains consisted of 4,100 in transportation and warehousing and 1,400 in utilities industry.

The other services industry (repair and maintenance, personal and laundry services, religious, civic and professional organizations) gained 2,200 jobs over the year, a 0.6 percent increase (Table 2 and Figure 11).

The state's manufacturing industry continues to lose more jobs. The industry lost 9,700 jobs from August 2007 to August 2008, a decrease of one percent (Table 2 and Figure 12). Durable goods manufacturing gained 2,500 jobs while nondurable goods manufacturing lost 12,200 jobs. Major job gains in the state's durable goods manufacturing industry were in fabricated metal product manufacturing (5,100 jobs) and machinery manufacturing (3,400 jobs). Major job losses in this industry were in computer and electronic product manufacturing (3,300 jobs), wood products (500 jobs), furniture and related product manufacturing (900 jobs), transportation equipment manufacturing (900 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 printing and related support manufacturing (2,100 jobs), plastic and rubber manufacturing (1,200 jobs), paper manufacturing (900 jobs), and food manufacturing (600 jobs).

The state's information industry (internet service providers, web search portals, publishing industries, broadcasting and telecommunications) lost 3,000 jobs from August 2007 to August 2008 (Table 2 and Figure 13).

Texas Metropolitan Statistical Areas

All Texas metro areas except Lubbock experienced positive employment growth rates from August 2007 to August 2008. Smaller metro areas posted higher employment growth rates. McAllen-Edinburg-Mission ranked first in job creation followed by Odessa, College Station-Bryan, El Paso, and Wichita Falls (Table 4).

Nonfarm employment growth rates in the five major Texas metropolitan areas (Austin-Round Rock, Dallas-Plano-Irving, Fort Worth-Arlington, Houston-Sugar Land-Baytown and San Antonio) from August 2007 to August 2008 were higher than for the period from

July 2007 to July 2008, indicating upward turning points that may signal more growth in the future (Figures 14 to 18).

Austin–Round Rock posted an employment growth rate of 2.1 percent from August 2007 to August 2008 and ranked 12th in job creation (Table 4 and Figure 14).

The annual employment growth rate for the Dallas-Plano-Irving metro area from August 2007 to August 2008 was 2.5 percent; the area ranked 8th 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 August 2008. The area ranked 14th in job creation (Table 4 and Figure 16).

The Houston–Sugar Land–Baytown and San Antonio metro areas posted an annualized employment growth rate of 2.2 percent in August 2008, ranking 10th in employment growth rate (Table 4 and Figures 17 and 18).

The state’s actual unemployment rate in August 2008 was 5 percent. Midland posted the lowest unemployment rate followed by Odessa, Amarillo, Abilene, and Victoria (Table 5).

Table 1
Texas and U.S. Labor Markets

<u>Nonfarm employment</u>	<u>August 2008</u>	<u>August 2007</u>	<u>Change</u>	
			<u>Absolute</u>	<u>Percent</u>
Texas	10,562,700	10,311,800	250,900	2.4
United States	137,236,000	137,410,000	-174,000	-0.1

<u>Unemployment Rate</u>	<u>Actual</u>		<u>Seasonally Adjusted</u>	
	<u>August 2008</u>	<u>August 2007</u>	<u>August 2008</u>	<u>August 2007</u>
Texas	5.0	4.7	4.7	4.3
United States	6.0	4.7	5.7	4.7

Sources: Texas Workforce Commission and Bureau of Labor Statistics

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

Rank	Industry	August 2008	August 2007	Change	
				Absolute	Percent
1	Natural Resources & Mining	223,000	207,900	15,100	7.3
2	Professional & Business Services	1,363,700	1,293,800	69,900	5.4
3	Construction	676,600	647,200	29,400	4.5
4	Leisure & Hospitality	1,040,600	1,006,100	34,500	3.4
5	Education & Health Services	1,283,800	1,248,300	35,500	2.8
6	Trade	1,707,200	1,667,900	39,300	2.4
7	Government	1,669,100	1,645,100	24,000	1.5
7	Financial Activities	656,100	647,900	8,200	1.3
9	Transportation, Warehousing, Utilities	436,500	431,000	5,500	1.3
10	Other Services	359,800	357,600	2,200	0.6
11	Manufacturing	928,000	937,700	-9,700	-1.0
12	Information	218,300	221,300	-3,000	-1.4

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

Table 3
Texas Industries' and Government Shares of Employment

Industry	August 2008	August 1990
Natural Resources and Mining	2.1	2.3
Construction	6.4	5.0
Manufacturing	8.8	13.4
Trade	16.2	17.9
Transportation, Warehousing, Utilities	4.1	4.3
Information	2.1	2.5
Financial Activities	6.2	6.5
Professional and Business Services	12.8	9.1
Education and Health Services	12.2	9.5
Leisure and Hospitality	9.9	8.7
Other Services	3.4	3.8
Government Sector	15.8	16.9

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

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

<u>Rank</u>	<u>Metro Area</u>	<u>Growth Rate</u>
1	McAllen-Edinburg-Mission	4.6
2	Odessa	3.5
3	College Station–Bryan	3.4
3	El Paso	3.4
5	Wichita Falls	3.2
6	Texarkana	2.7
6	Longview	2.7
8	Dallas-Plano-Irving	2.5
	Texas	2.4
9	Midland	2.4
10	San Antonio	2.2
10	Houston–Sugar Land–Baytown	2.2
12	Austin–Round Rock	2.1
13	Laredo	2.0
14	Fort Worth–Arlington	1.9
15	Waco	1.8
16	Beaumont–Port Arthur	1.6
17	Killeen–Temple–Fort Hood	1.4
17	Corpus Christi	1.4
19	Tyler	1.2
20	Abilene	1.1
21	Brownsville-Harlingen	0.2
21	Amarillo	0.2
23	Lubbock	-0.3

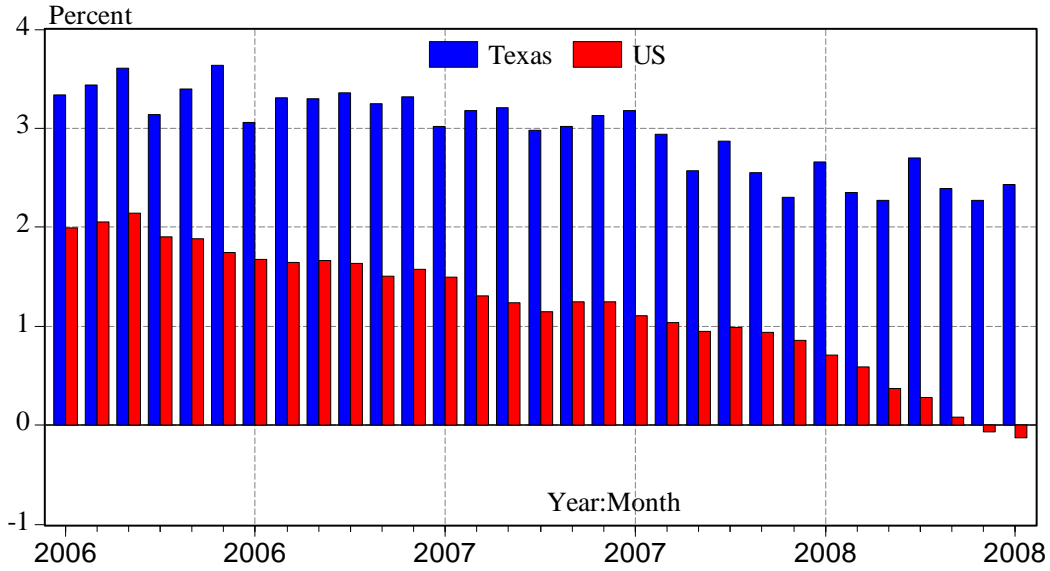
Source: Texas Workforce Commission

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

<u>Rank</u>	<u>Metro Area</u>	<u>Unemployment Rate</u>
1	Midland	3.1
2	Odessa	3.7
3	Amarillo	3.8
4	Abilene	4.1
5	Victoria	4.2
6	Lubbock	4.3
6	San Angelo	4.3
8	Austin–Round Rock	4.4
8	College Station–Bryan	4.4
10	Longview	4.6
10	Texarkana	4.6
10	Wichita Falls	4.6
13	San Antonio	4.8
13	Waco	4.8
15	Houston–Sugar Land–Baytown	4.9
	Texas	5.0
16	Fort Worth–Arlington	5.0
16	Dallas-Plano-Irving	5.0
18	Corpus Christi	5.1
18	Tyler	5.1
20	Killeen–Temple–Fort Hood	5.2
21	Sherman-Denison	5.3
22	Laredo	5.8
23	El Paso	6.3
24	Beaumont–Port Arthur	6.6
25	Brownsville-Harlingen	7.0
26	McAllen-Edinburg-Mission	7.7

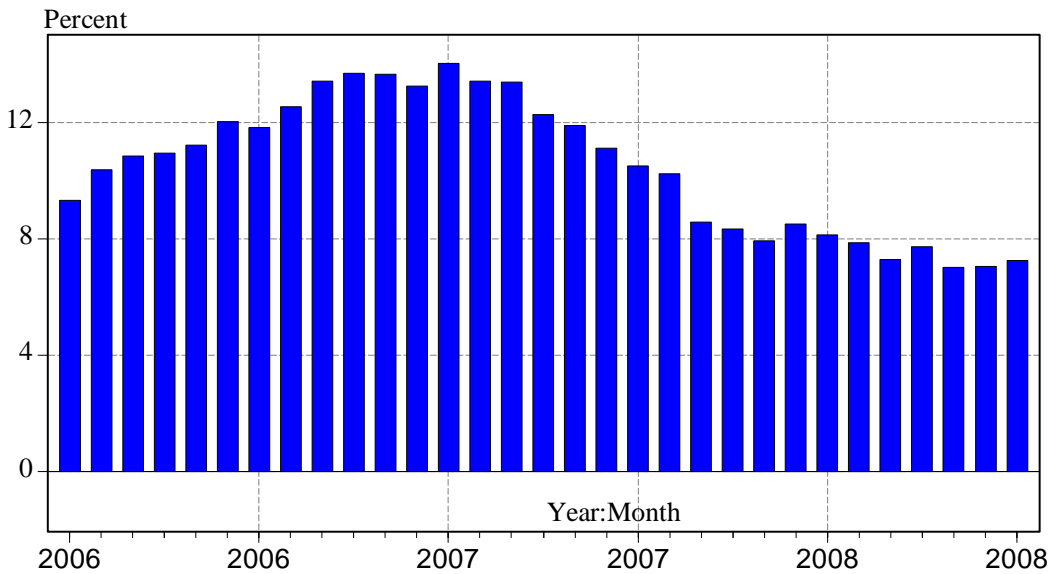
Source: Texas Workforce Commission

Figure 1
Nonfarm Employment Growth Rates for U.S. and Texas, 2006–2008



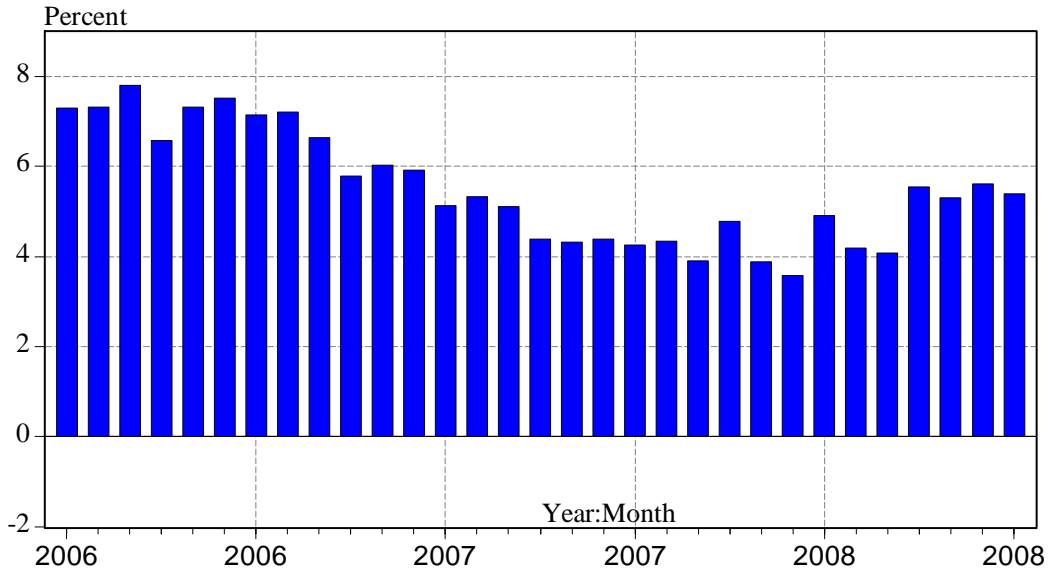
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 2
Employment Growth Rates in Texas Natural Resources and Mining Industry, 2006–2008



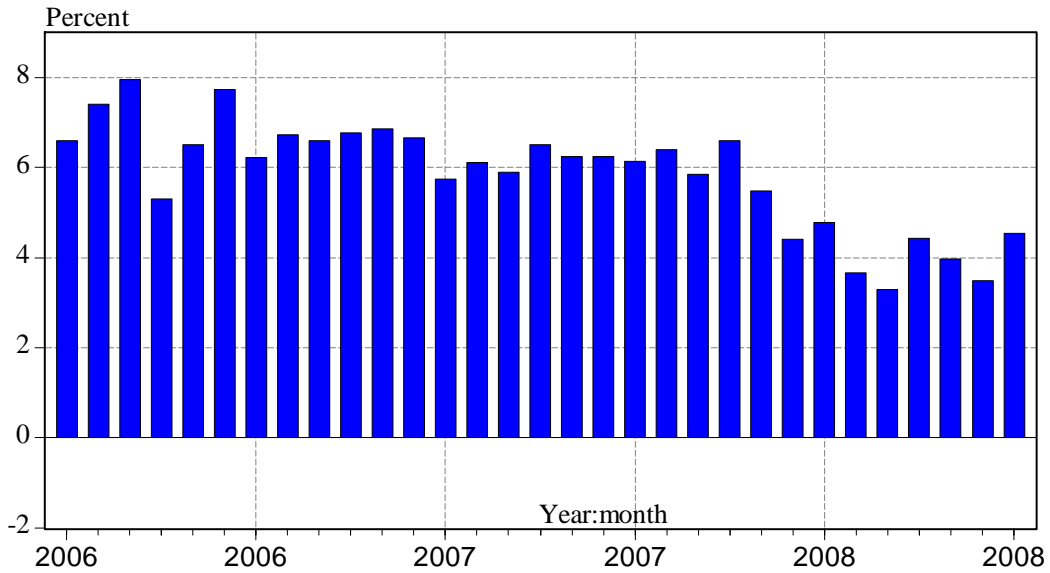
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

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



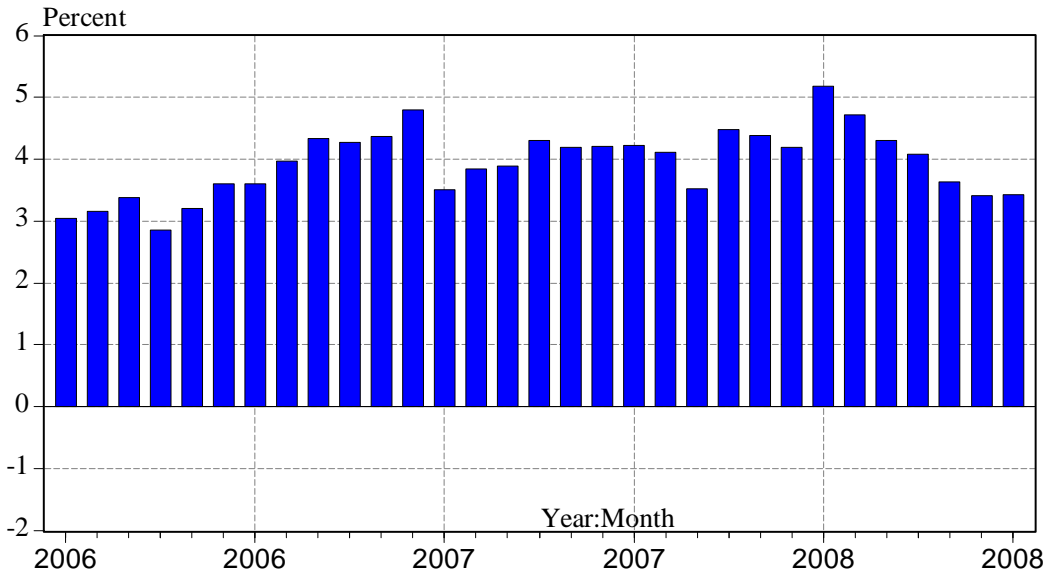
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 4
Employment Growth Rates in Texas Construction Industry, 2006–2008



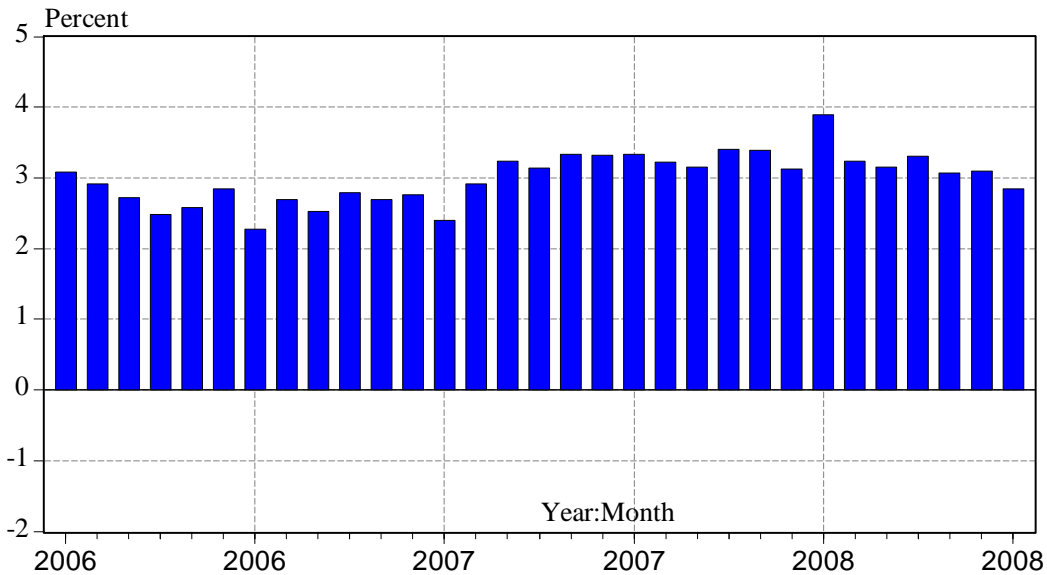
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 5
Employment Growth Rates in Texas Leisure and Hospitality Industry, 2006–2008



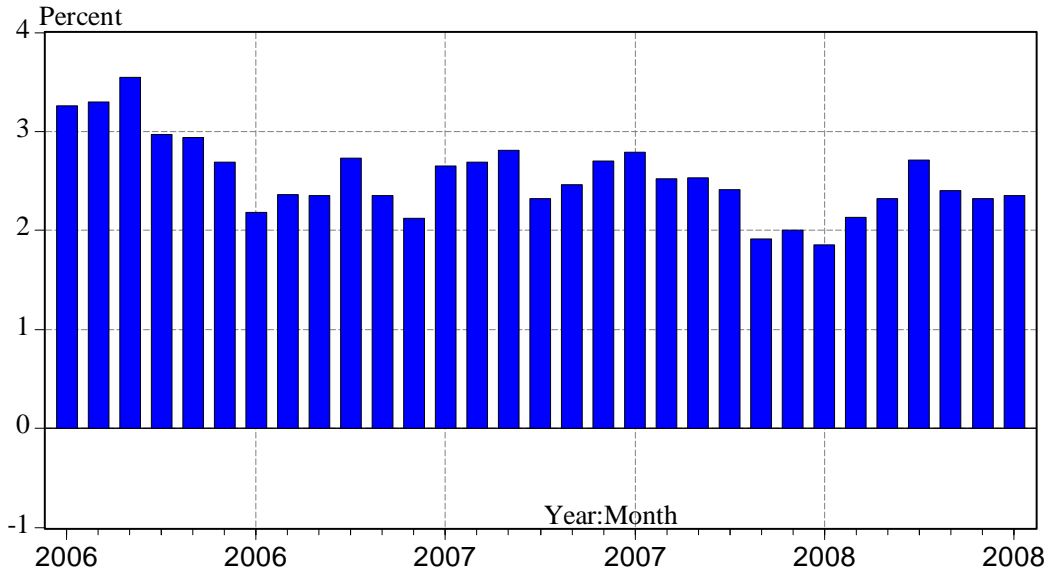
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

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



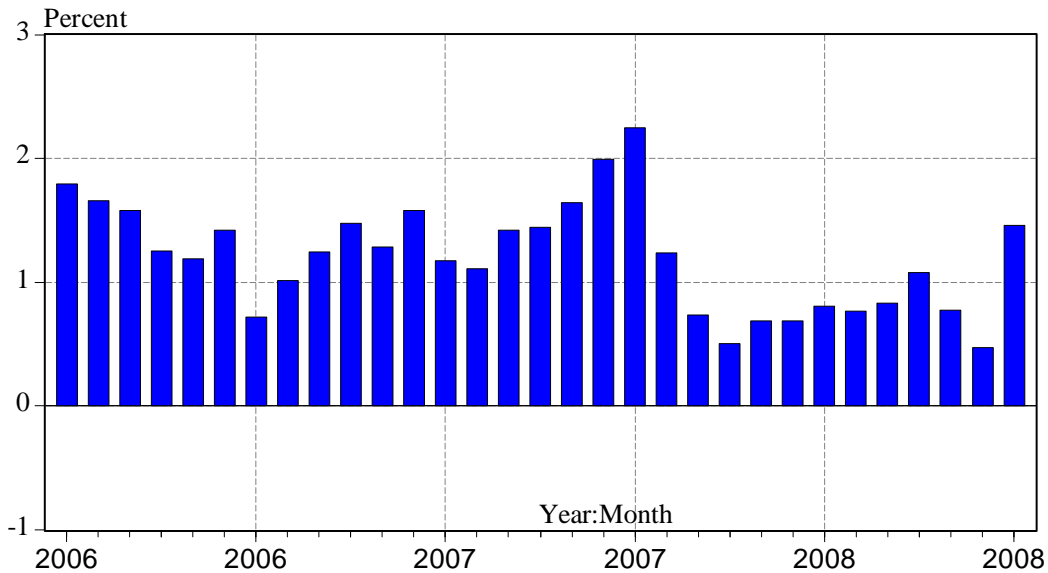
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

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



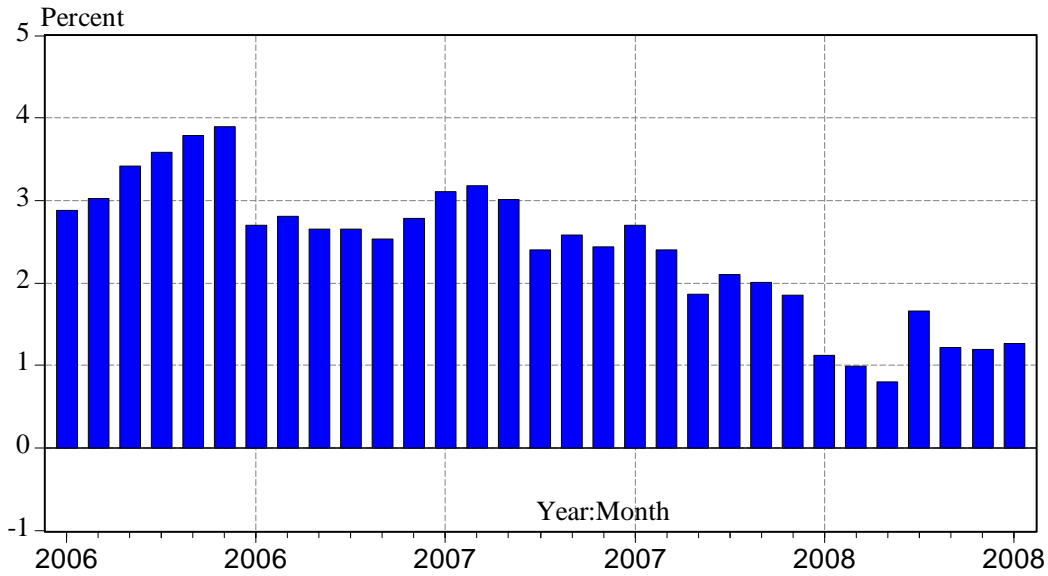
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 8
Employment Growth Rates in Texas Government Sector, 2006–2008



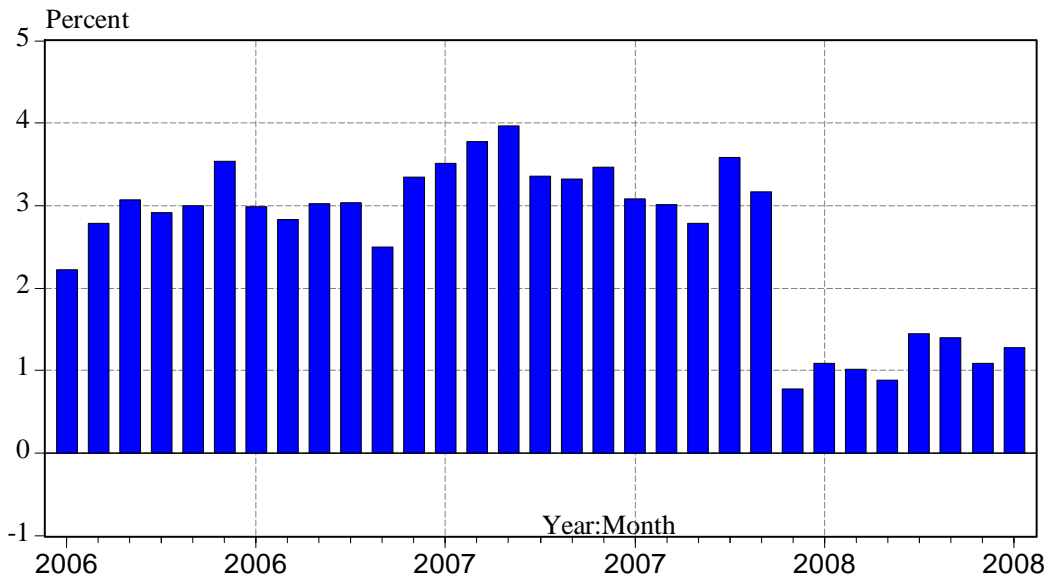
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 9
Employment Growth Rates in Texas Financial Activities Industry, 2006–2008



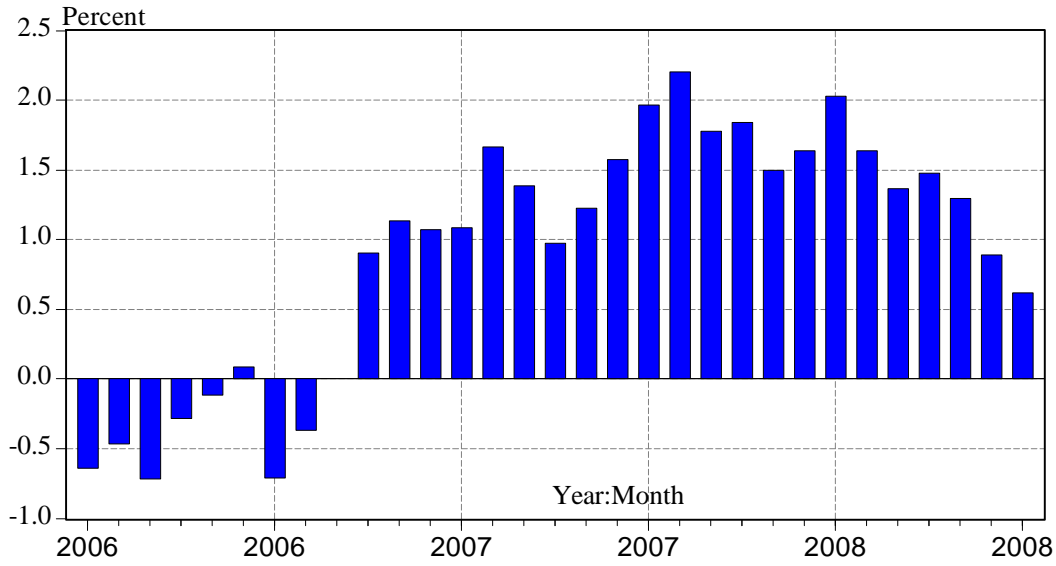
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

Figure 10
Employment Growth Rates in Texas Transportation, Warehousing, and Utilities Industry, 2006–2008



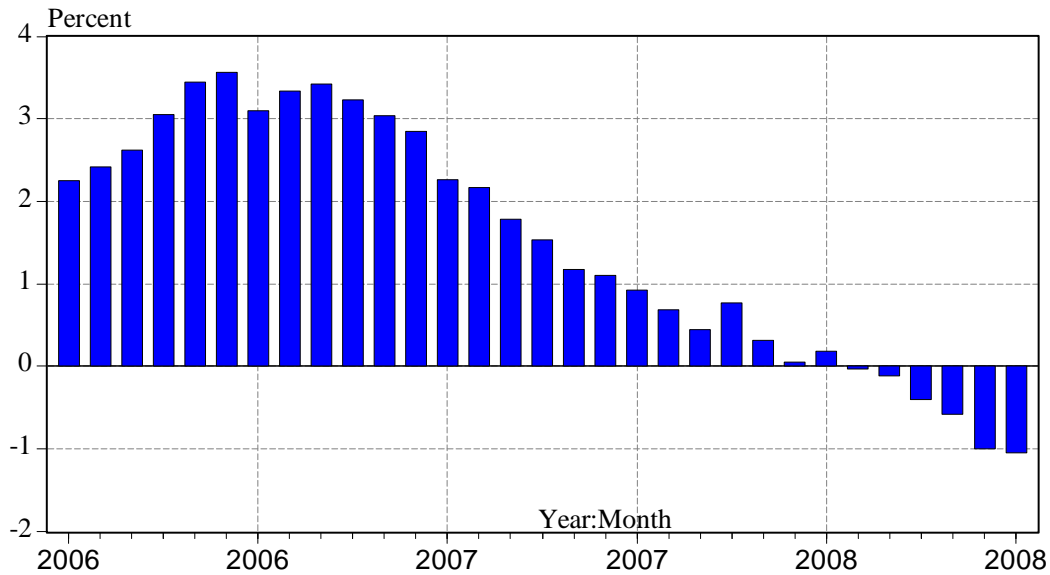
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

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



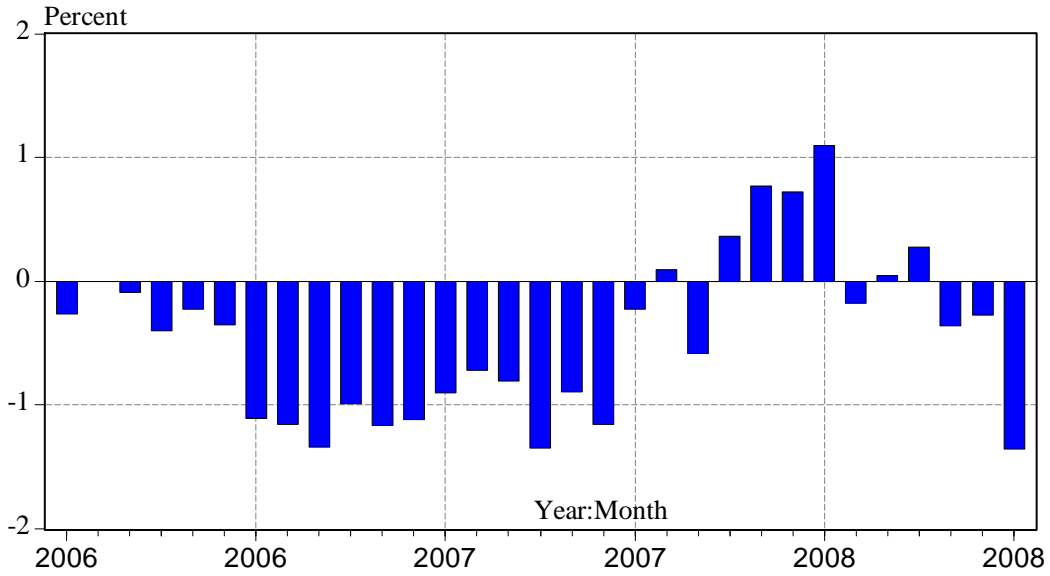
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

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



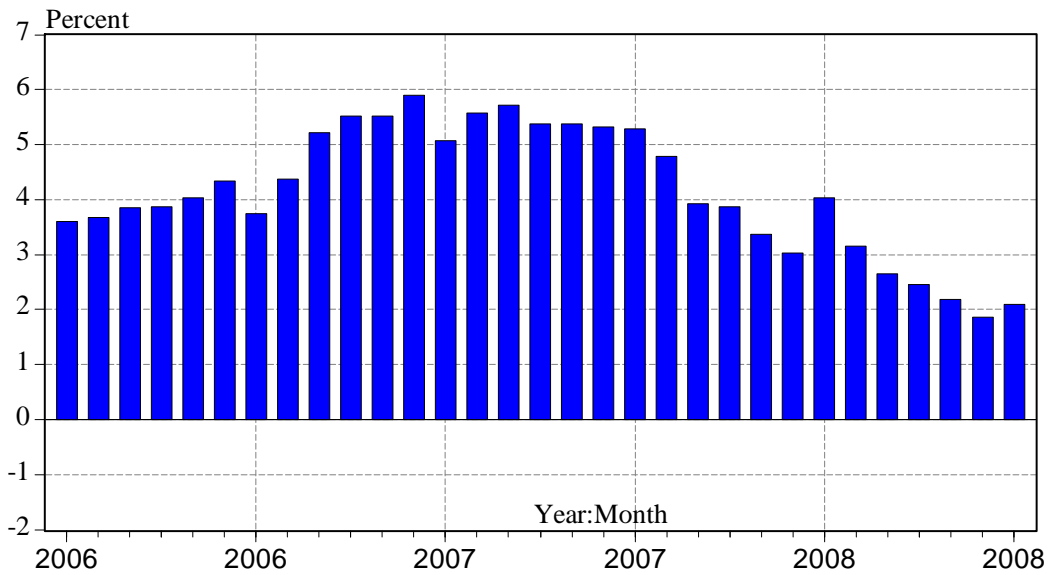
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

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



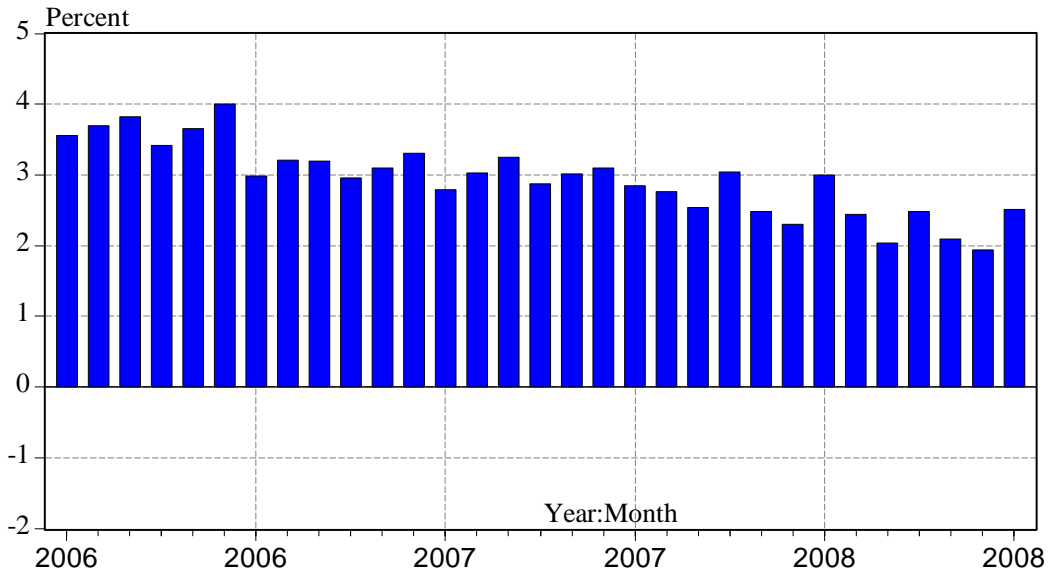
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

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



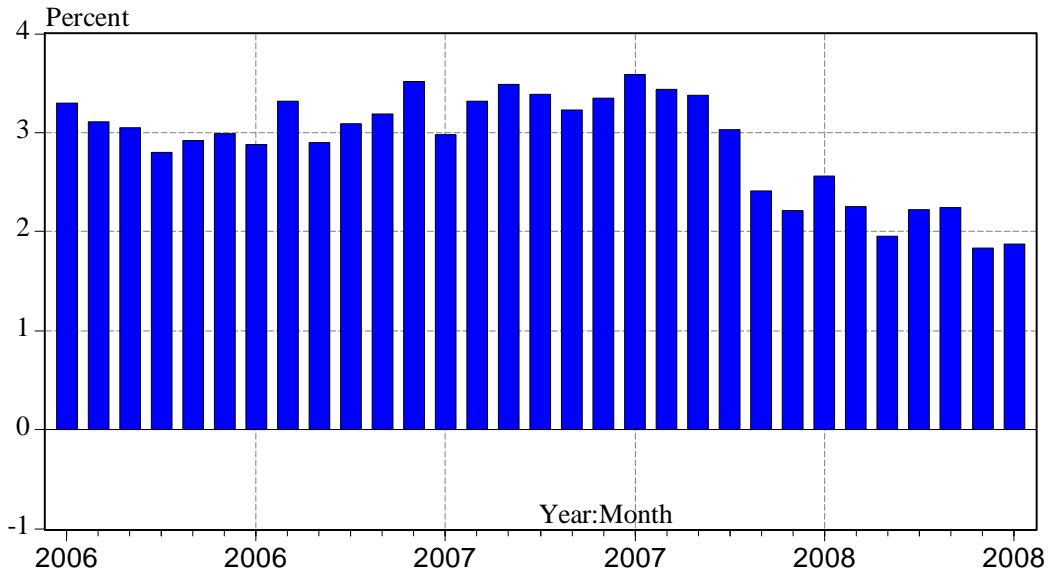
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

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



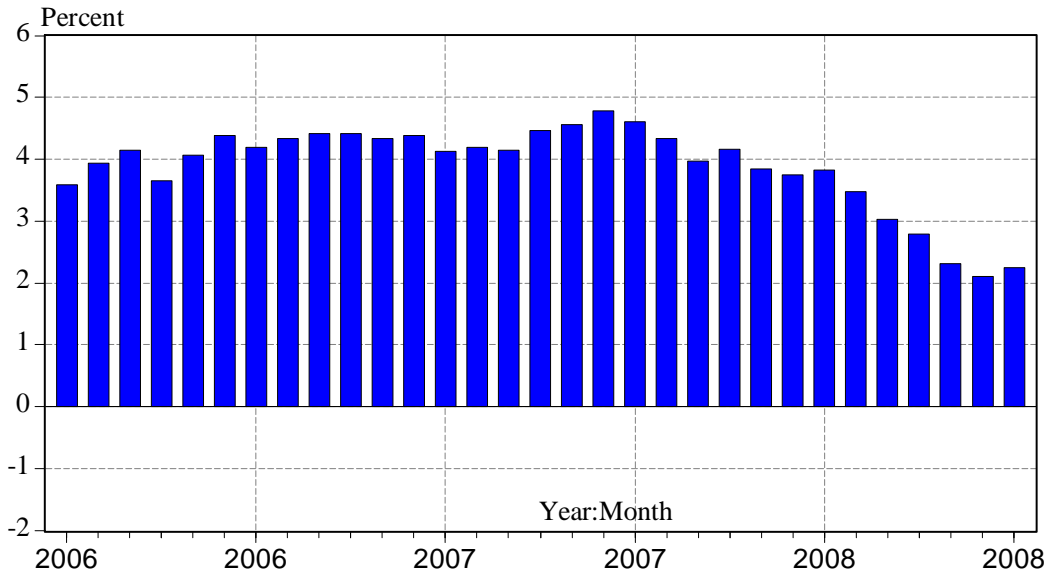
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

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



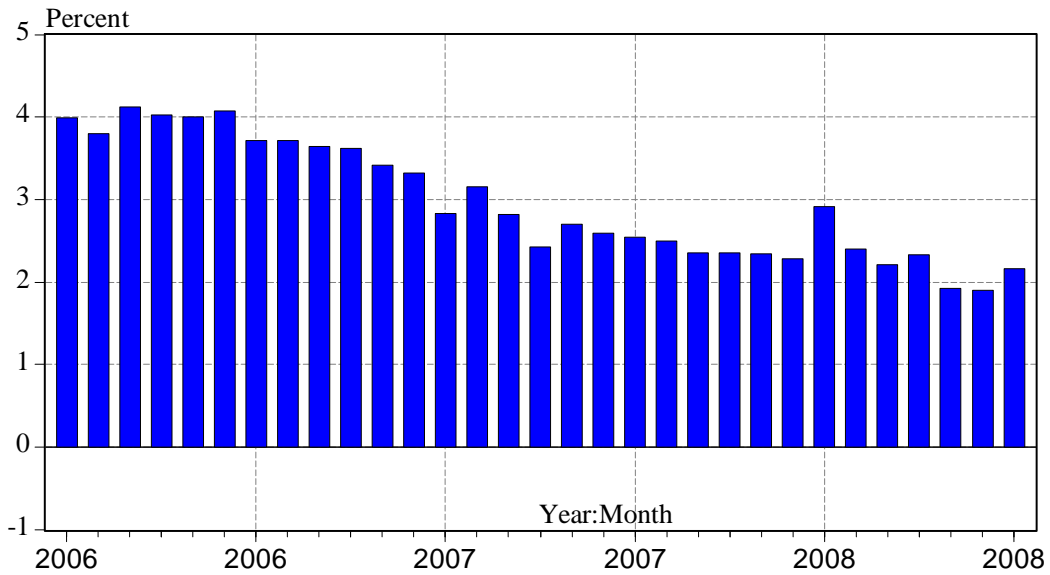
Sources: Texas Workforce Commission and Real Estate Center at Texas A&M University

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