

Texas Job Market Outpaces Nation's

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An ongoing research program at the Real Estate Center monitors the performance of the Texas economy vis-à-vis the U.S. economy and other state economies in the aftermath of the Great Recession. An article in the April 2015 *Tierra Grande* compared the Texas economy’s recovery with the U.S. economy’s measured in terms of gross domestic product. This article reports findings regarding Texas’ share of U.S. job recovery since the end of the Great Recession.

The Takeaway

Texas’ labor market had a stronger recovery after the Great Recession than did the nation’s. Jobs created were concentrated in larger metro areas, but higher oil prices also increased Midland’s and Odessa’s job gains.

The Great Recession (GR) was the largest economic downturn since the Great Depression. According to the Business Cycle Dating Committee of the National Bureau of Economic Research, it began in December 2007 and ended in June 2009. During this period, the U.S. economy lost 3.1 percent of its aggregate output measured in terms of gross domestic product (GDP) adjusted for inflation. But job losses were even more severe. From January 2008 to December 2009, the U.S. economy lost 8.7 million jobs or 6.3 percent of total nonfarm jobs.

Since December 2009, the U.S. economy has had a slow and modest labor market recovery. It took about six years to recover jobs lost in the GR. In May 2014, the U.S. economy reached its prerecession peak of more than 138 million jobs (Figure 1). The most recent employment data show that the nation gained more than 10.9 million jobs from December 2009 to December 2014.

The GR was less severe in Texas than in the United States as a whole. Along with half a percent of its GDP, the state lost 431,000 or 4.1 percent of nonfarm jobs from a pre-GR peak in August 2008 to the trough in December 2009

(Figure 2). It took about two years, until November 2011, for Texas to recover jobs lost in the GR.

This “Texas sized” job recovery has been playing an important role in the nation’s labor market recovery from the GR. The Texas economy has created more than 1.539 million jobs since December 2009, a 15.1 percent growth rate, ranking first among U.S. states in job growth rate (Table 1).

Texas’ share of U.S. jobs increased from 7.9 percent in December 2009 to 8.4 percent in December 2014 (Figure 3). As a result of a higher-than-national average employment growth rate, Texas’ share of U.S. jobs increased at the expense of New York’s and California’s share of jobs (Figure 3). Texas’ share of U.S. jobs exceeded that of New York in 1994. The gap between Texas and California is narrowing.

Sources of Texas Job Recovery

Texas’ total job gains since the GR is the sum of net job gains by its industries. Table 2 shows Texas industries ranked by their shares of U.S. job gains since the end of GR. The state’s mining and logging industry created 52 percent of mining jobs and ranked first in job creation followed by financial activities, information and construction. In terms of the number of jobs, the state’s professional and business services industry, by creating 329,900 jobs, ranked first followed by the trade industry, leisure and hospitality, and education and health services (Table 2).

Texas’ stronger job market recovery has enhanced the long-term upward trends in the state’s share of U.S. jobs by industry. All Texas industries expanded their shares of U.S. jobs since the end of the GR, but the expansion rates varied

Figure 1.
U.S. Nonfarm Jobs

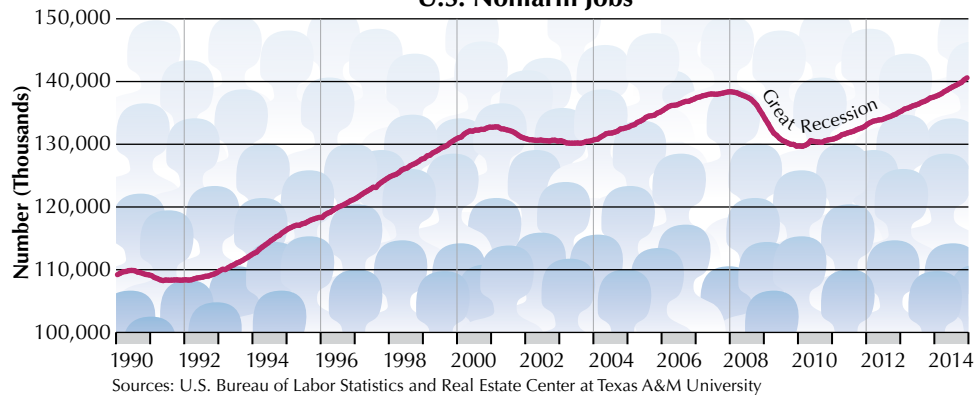


Figure 2.
Texas Nonfarm Jobs

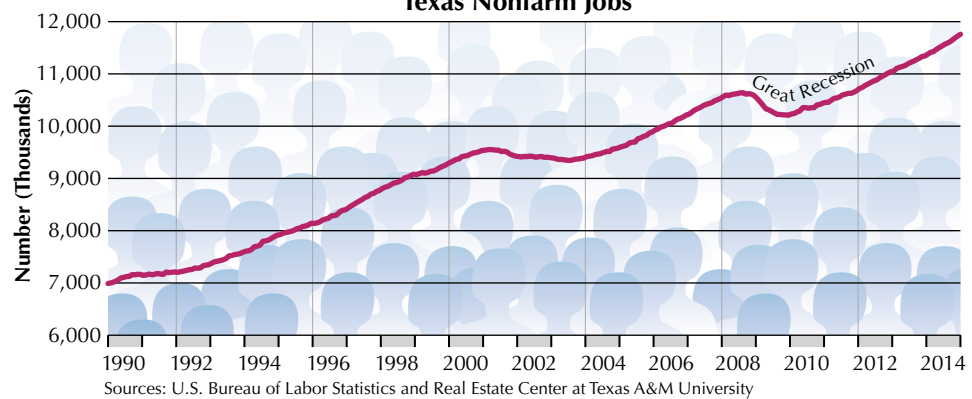


Table 1. Regional Labor Market Recovery Since Great Recession

Region	Number of Jobs (Thousands)		Job Gains	
	Dec. 2014	Dec. 2009	Number (Thousands)	Percent Growth
Texas	11,749.5	10,209.7	1,539.8	15.1
California	15,860.7	14,155.9	1,704.8	12.0
Florida	7,965.7	7,128.0	837.7	11.8
Michigan	4,217.6	3,835.7	381.9	10.0
Georgia	4,226.5	3,844.3	382.2	9.9
North Carolina	4,203.1	3,845.8	357.3	9.3
New York	9,156.3	8,489.8	666.5	7.9
Ohio	5,369.9	5,007.9	362.0	7.2
Illinois	5,907.0	5,584.9	322.1	5.8
Pennsylvania	5,825.5	5,583.1	242.4	4.3
Rest of U.S.	66,110.2	61,999.9	4,110.3	6.6
Total U.S.	140,592.0	129,685.0	10,907.0	8.4

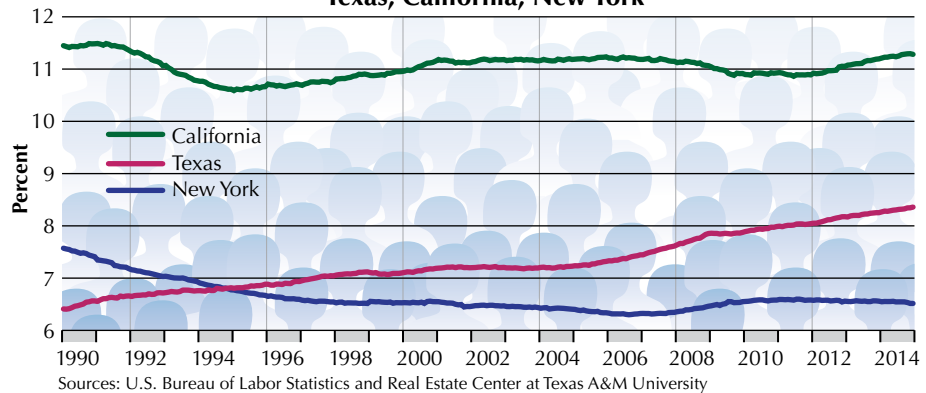
Sources: U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University

across industries. Texas' share of jobs in the state's mining and logging industry, construction, financial activities, trade, transportation, warehousing and utilities, and the government sector have been greater than the state's share of U.S. non-farm jobs (Figures 4 to 9). The state's shares of manufacturing, professional and business services, education and health services, leisure and hospitality, and other services industries have been less than the state's shares of nonfarm jobs (Figures 10 through 14).

Helped by higher oil prices, Texas' mining and logging industry experienced the largest increase in share of U.S. mining jobs, from 28.6 percent in December 2009 to 35 percent in December 2014, well above the state's share of U.S. nonfarm jobs

(Figure 4). Texas' share of U.S. construction jobs expanded rapidly in the GR, but the expansion rate has slowed since 2010 (Figure 5). Texas' share of financial activities jobs has exceeded the state's shares of nonfarm jobs since 1999 and reached 8.9 percent in December 2014 (Figure 6). Texas' share of U.S. trade industry jobs has moved alongside and above the state's shares of U.S. nonfarm jobs, reaching 8.7 percent in December 2014 (Figure 7). The

**Figure 3. Shares of U.S. Jobs
Texas, California, New York**



**Figure 4. Texas Share of U.S.
Mining and Logging Industry Jobs**

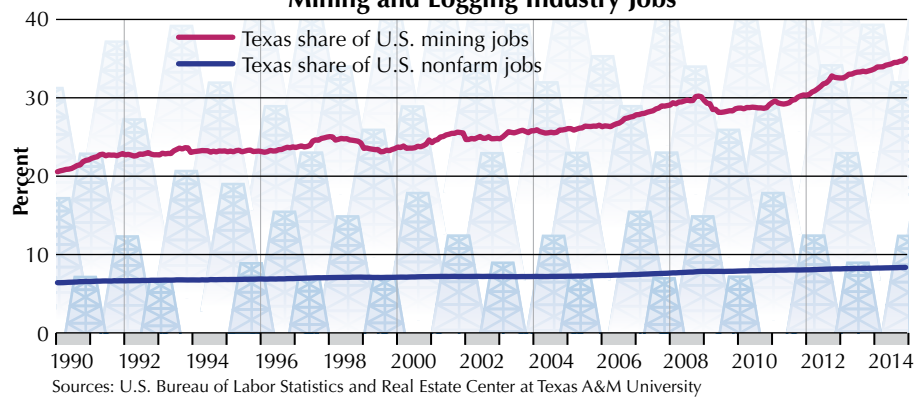


Table 2. Texas and U.S. Job Gains by Industry Since Great Recession

Rank	Industry	Texas Jobs (Thousands)			U.S. Job (Thousands)			Texas Share Percent
		Dec. 2014	Dec. 2009	Job Gains	Dec. 2014	Dec. 2009	Job Gains	
1	Mining and logging	319.6	189.6	130.0	913.0	663.0	250.0	52.0
2	Financial activities	713.2	622.2	91.0	8,049.0	7,743.0	306.0	29.7
3	Information	204.2	198.6	5.6	2,767.0	2,744.0	23.0	24.3
4	Construction	677.9	565.3	112.6	6,275.0	5,654.0	621.0	18.1
4	Other services	412.3	359.5	52.8	5,611.0	5,320.0	291.0	18.1
6	Trade	1,858.3	1,611.2	247.1	21,372.8	19,799.6	1,573.2	15.7
7	Transportation, warehousing and utilities	489.8	413.8	76.0	5,296.2	4,673.4	622.8	12.2
8	Professional and business services	1,576.1	1,246.2	329.9	19,439.0	16,475.0	2,964.0	11.1
9	Leisure and hospitality	1,212.5	998.4	214.1	14,948.0	12,944.0	2,004.0	10.7
10	Education and health services	1,553.1	1,358.8	194.3	21,718.0	19,712.0	2,006.0	9.7
11	Manufacturing	891.2	811.8	79.4	12,301.0	11,475.0	826.0	9.6

Sources: U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University

Figure 5. Texas Share of U.S. Construction Industry Jobs

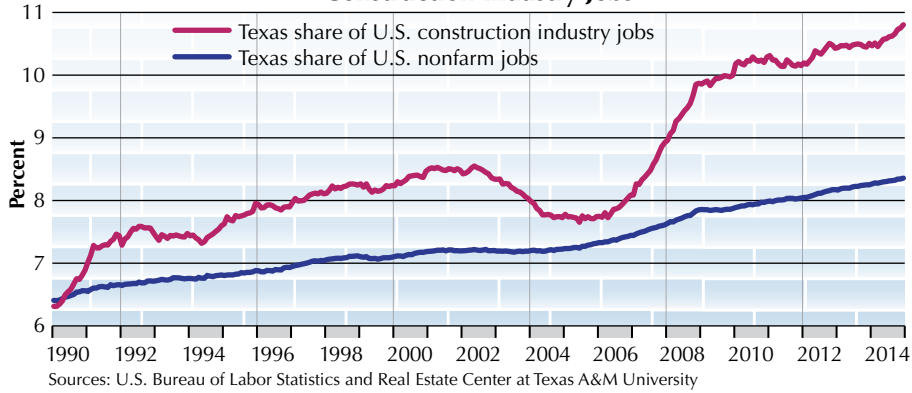


Figure 6. Texas Share of U.S. Financial Activities Industry Jobs

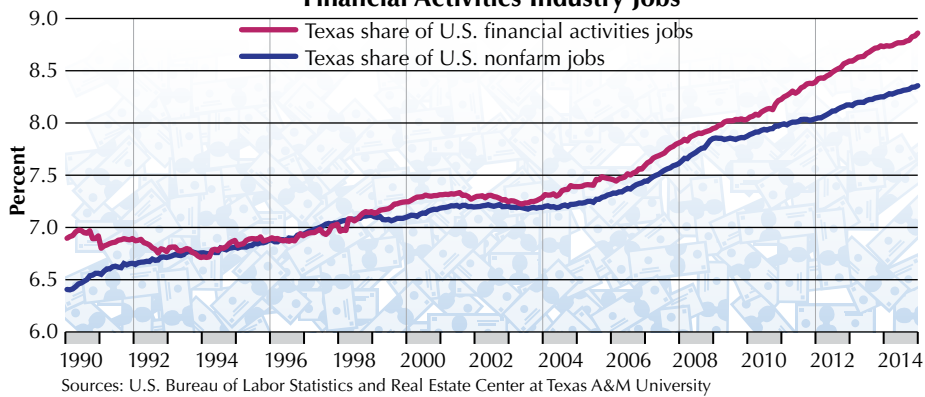


Figure 7. Texas Share of U.S. Trade Industry Jobs

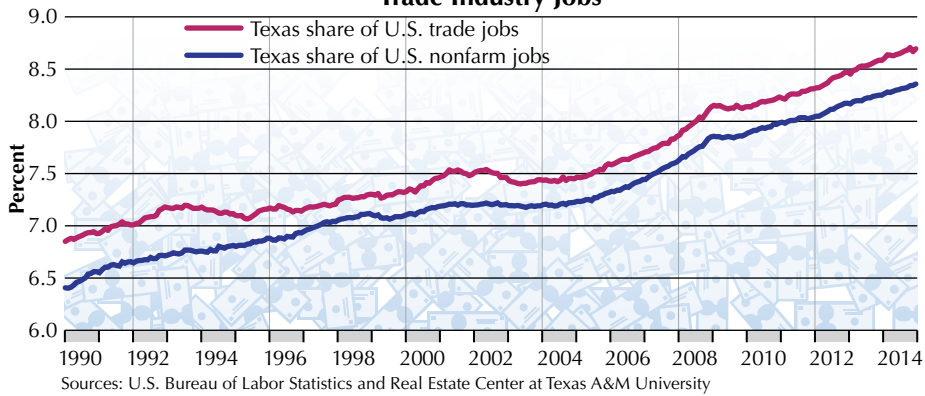
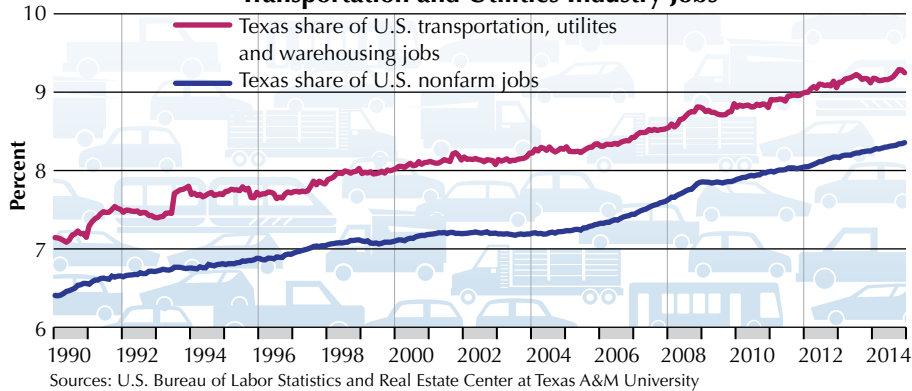


Figure 8. Texas Share of U.S. Transportation and Utilities Industry Jobs



state's transportation and utilities industry posted a steady long-run upward trend and expanded its share of U.S. jobs from 7.1 percent in December 1990 to 9.2 percent in December 2014 (Figure 8).

Texas' shares of government jobs after the GR were higher than the state's shares of U.S. nonfarm jobs until 2012. Since then, the gap between the state's share of U.S. nonfarm jobs and its share of U.S. government jobs has been narrowing (Figure 9). Texas' share of U.S. manufacturing jobs has moved alongside and below its share of U.S. nonfarm jobs, reaching 7.2 percent in December 2014 (Figure 10).

The long-run upward trend in Texas' share of U.S. professional and business services jobs accelerated from 6.8 percent in December 2004 to 8.1 percent at the end of 2014 (Figure 11). Another long-term upward trend expanded Texas' share of U.S. education and health services industry jobs to 7.2 percent in December 2014 (Figure 12).

The state's share of leisure and hospitality jobs was lower than its share of the U.S. nonfarm jobs at 8.1 percent in December 2014 (Figure 13). Texas' share of the U.S. other services industry has trended upward since 2006, reaching 7.3 percent in December 2014 (Figure 14). The state's information industry, which suffered job losses in the aftermath of the bursting of the dot.com bubble in the early 2000s, expanded its share of U.S. jobs to 7.4 percent at the end of 2014 (Figure 15).

Figure 9. Texas Share of U.S. Government Jobs

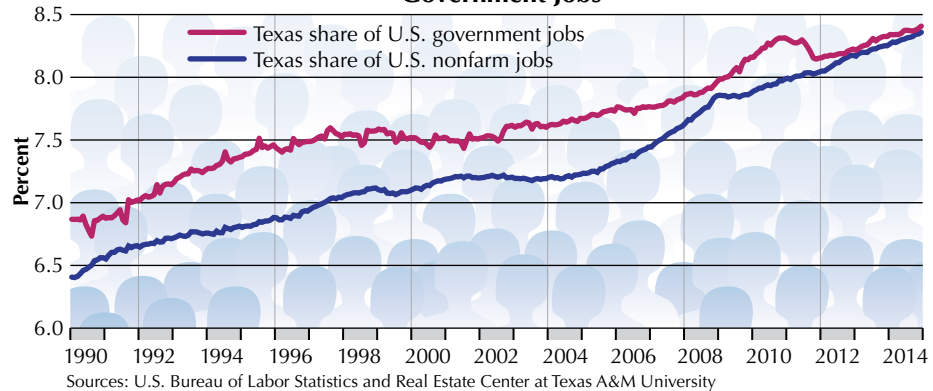


Figure 10. Texas Share of U.S. Manufacturing Industry Jobs

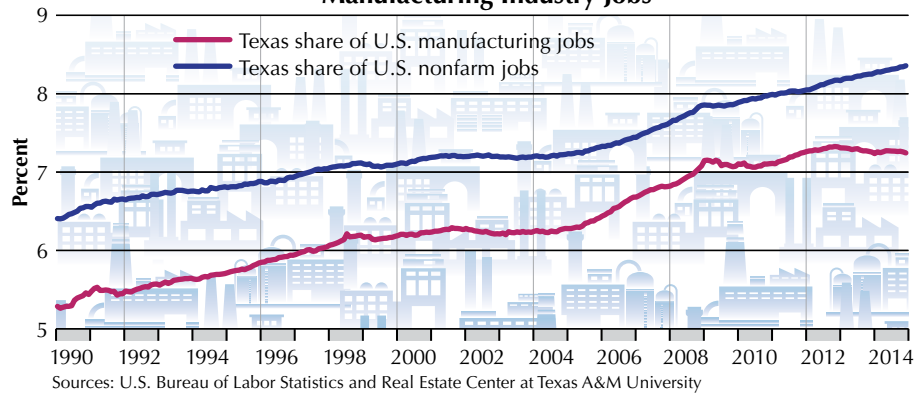
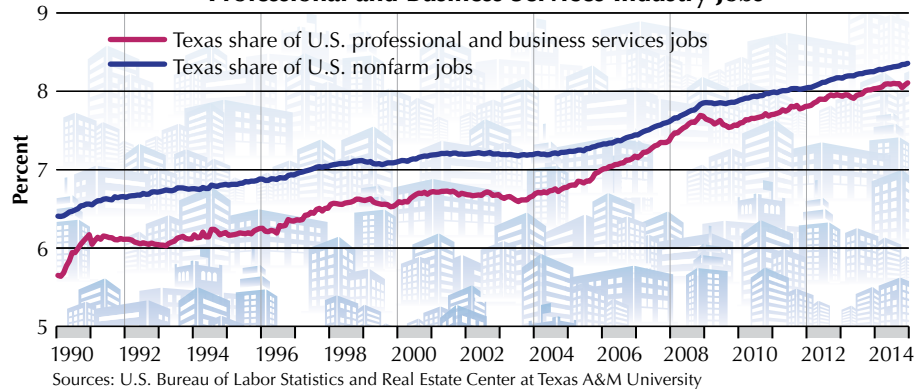


Figure 11. Texas Share of U.S. Professional and Business Services Industry Jobs



Job Recovery by Metropolitan Areas

Texas job gains are the sum of job gains of the state's local economies (Table 3). Houston-Sugar Land-Baytown ranked first in the state's labor market recovery, accounting for 28.95 percent of the state's job gains from 2009

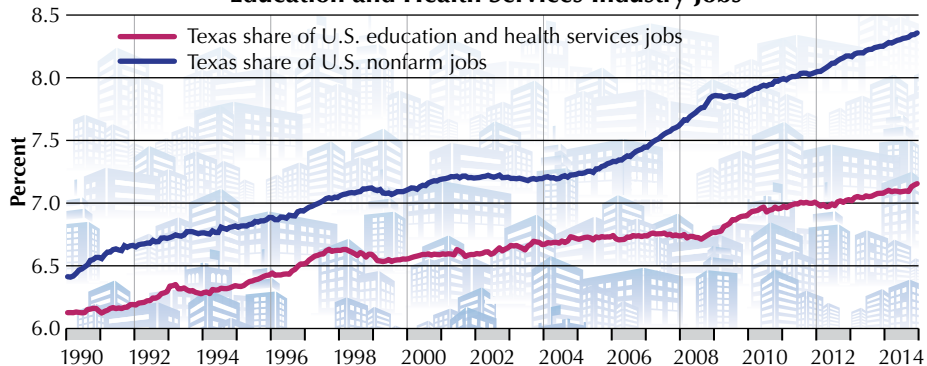
Table 3. Texas Metro Areas Ranked by Shares of Texas Job Gains

Rank	Metropolitan Area	Number of Jobs (Thousands)		Job Gains	
		Dec. 2014	Dec. 2009	Number (Thousands)	Percent
1	Houston-Sugar Land-Baytown	2,992.6	2,546.9	445.7	28.95
2	Dallas-Plano-Irving	2,360.3	2,042.3	318.0	20.65
3	Austin-Round Rock	928.8	770.8	158.0	10.26
4	Fort Worth-Arlington	999.0	874.5	124.5	8.09
5	San Antonio-New Braunfels	965.3	849.5	115.8	7.52
6	Midland	98.8	68.4	30.4	1.97
7	McAllen-Edinburg-Mission	249.8	222.3	27.5	1.79
8	Odessa	82.3	59.4	22.9	1.49
9	Corpus Christi	197.5	178.2	19.3	1.25
10	El Paso	298.4	280.3	18.1	1.18
11	Laredo	100.9	88.7	12.2	0.79
12	Longview	105.9	94.0	11.9	0.77
13	Brownsville-Harlingen	138.6	127.0	11.6	0.75
14	Lubbock	139.0	128.4	10.6	0.69
15	Killeen-Temple	137.0	127.2	9.8	0.64
16	College Station-Bryan	107.5	98.9	8.6	0.56
17	Beaumont-Port Arthur	169.1	160.6	8.5	0.55
18	Tyler	101.2	93.8	7.4	0.48
19	Victoria	45.8	39.4	6.4	0.42
20	Amarillo	117.6	112.5	5.1	0.33
21	San Angelo	49.6	45.0	4.6	0.30
22	Waco	112.7	109.2	3.5	0.23
23	Sherman-Denison	46.1	42.7	3.4	0.22
24	Abilene	69.4	66.1	3.3	0.21
25	Wichita Falls	59.0	58.5	0.5	0.03
26	Texarkana	59.5	61.3	-1.8	-0.12
	Micropolitan Texas	1,017.8	863.8	154.0	10.00
	Total	11,749.5	10,209.7	1,539.8	100.00

Sources: U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University

to 2014, followed by Dallas-Plano-Irving (20.65 percent), Austin-Round Rock (10.26 percent), Fort Worth-Arlington (8.09 percent), and San Antonio-New Braunfels (7.52 percent). Although larger metropolitan areas generated more jobs, higher oil prices boosted job gains in Midland and Odessa.

Figure 12. Texas Share of U.S. Education and Health Services Industry Jobs



Sources: U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University

Texas Job Gains and the State's Real Estate Industry

Texas post-GR job gains have helped both Texas home sales and home prices to rebound from the GR. The number of homes sold increased from 203,637 units in 2010 to 285,111 in 2014, a 40 percent increase (Figure 16). The average Texas home price increased by 24.7 percent, from \$192,300 in 2010 to \$239,800 in 2014 (Figure 17).

Texas' labor market recovery has been stronger than the nation's, attracting more people and companies to Texas and increasing demand for all types of real estate properties. As Texas' shares of U.S. jobs by industry demonstrate,

the state's job gains are broad based, leading particularly to more demand for commercial and industrial real estate properties in Texas.

As to the future, the Texas economy is expected to continue generating more jobs but at a slower pace because of falling oil prices. Since June 2014, the state's oil and gas extraction industry has curtailed its investment expenditures. As in the past, the state's economy is expected to weather the current oil price collapse in the longer term, but 2015–16 will be a challenging period and a test of its strength. 📉

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Figure 13. Texas Share of U.S. Leisure and Hospitality Industry Jobs

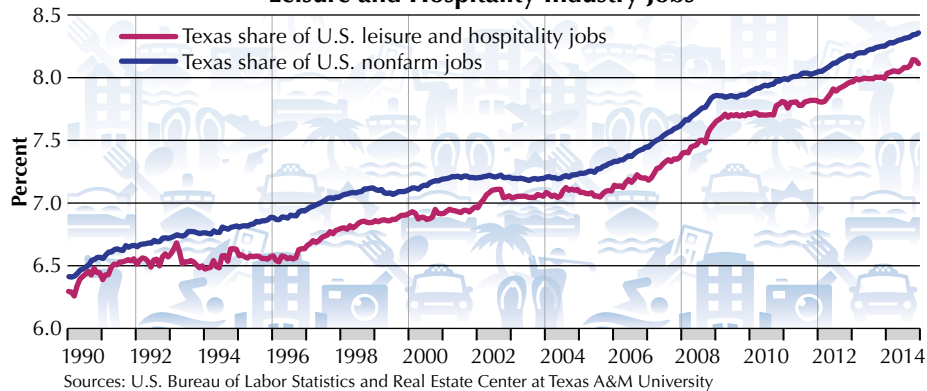


Figure 14. Texas Share of U.S. Other Services Industry Jobs

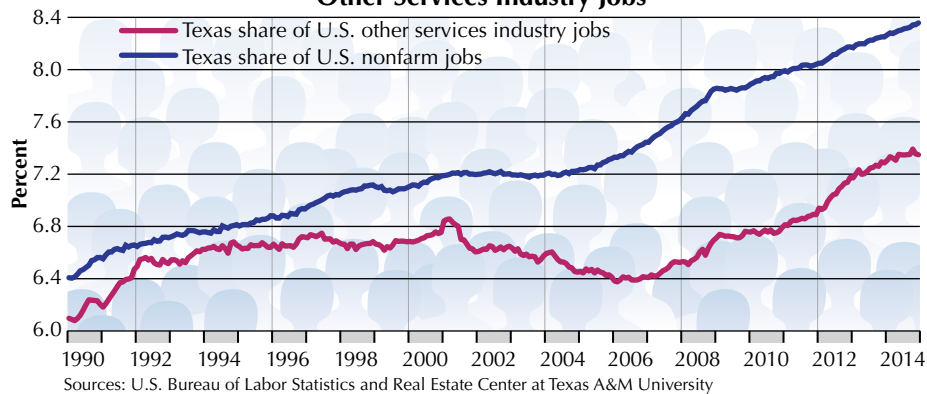
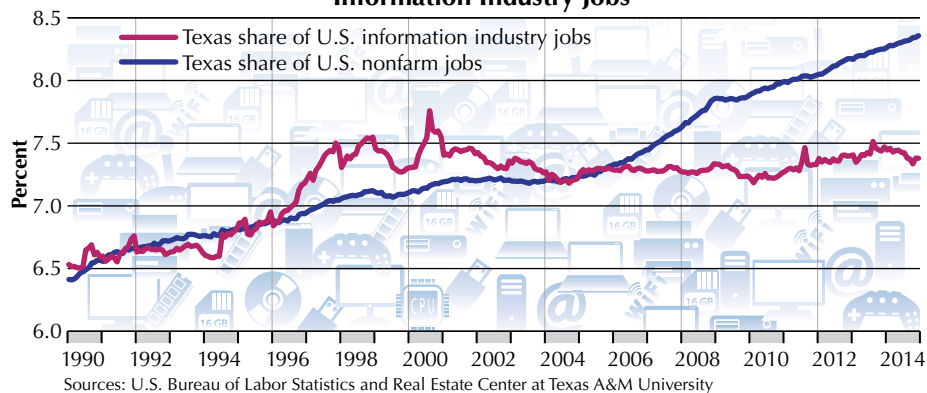
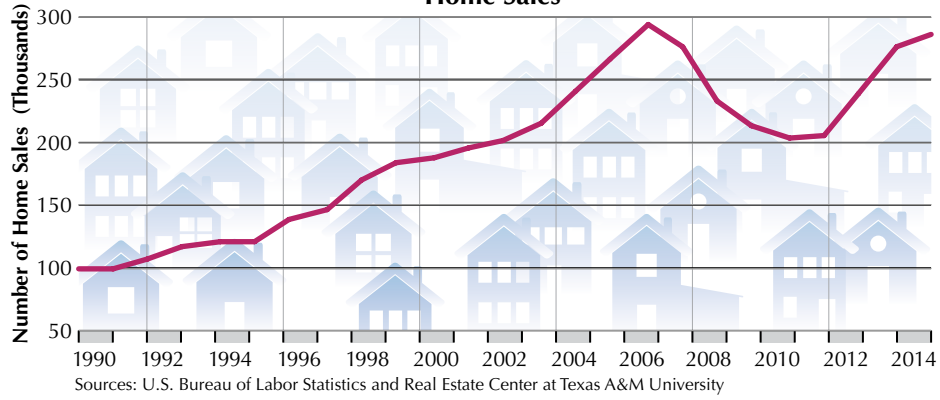


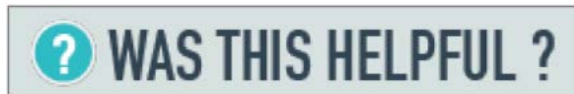
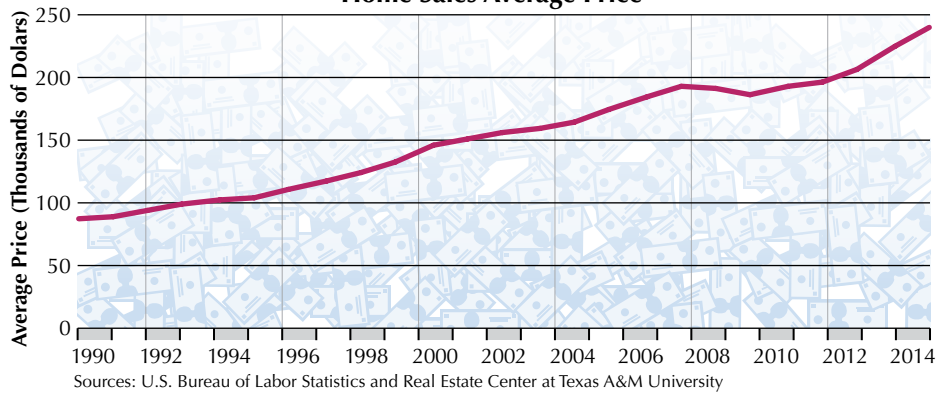
Figure 15. Texas Share of U.S. Information Industry Jobs



**Figure 16.
Home Sales**



**Figure 17.
Home Sales Average Price**



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