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## **Forecast: Austin will add just 2,100 new jobs in '09**

### **Austin Business Journal**

**Austin will only add about 2,100 jobs in the next year—a dramatic decline from the robust employment growth the region experienced in recent years, according to a leading local economist.**

**In his annual forecast, AngelouEconomics' Angelos Angelou** told members of the Austin business community on Thursday that while the region is suffering the effects of the national recession, by focusing attention on key sectors like renewable energy and the creative media the local economy has the potential to emerge a more powerful player.

**“Austin has been through these cycles before, and come out stronger than ever,” Angelou said.**

Angelou echoed the Austin Chamber of Commerce's message that the region cannot afford to rest on its laurels, though, and urged investment in the chamber's Opportunity Austin program.

**Austin ended the year with about 19,000 new jobs and a 5 percent unemployment rate. That's far better than the United States as a whole, which experienced a loss of 2.6 million jobs and ended 2008 with unemployment at 7.2 percent.**

**But Angelou predicts the local picture will get grimmer before it improves. With just 2,100 new jobs created in the next 12 months, the region will have to wait until 2010—when he anticipates about 11,000 new jobs—to see any significant economic resurgence.**

The region's strongest job sectors will be: government, projected to grow by nearly 4 percent in 2009; professional services, projected to grow by 5 percent in 2009 and education and health services, also projected to grow by about 5 percent in the coming year.

Retail trade, construction and manufacturing, all projected to lose jobs in 2009, will be the weakest sectors.

**Austin's economy has done well against other comparable cities across the country. Its 2.5 percent job growth rate is better than Seattle's at 1.7 percent, Boston's at 0.6 percent and Portland at 0.3 percent. Only Raleigh/Durham, N.C. slightly outstripped Austin with a job growth rate of 2.6 percent.**

But the Central Texas real estate market, which many hoped would remain insulated from the national downturn, is now feeling the effects of the weakened credit market, Angelou said.

Vacancy rates will likely continue to rise for office, industrial and retail throughout the region, he said. Retail, which will continue to suffer “dismal performance” in 2009, could see vacancy spike up to 15 percent this year, Angelou said and office vacancy could rise as high as 23 percent for the Austin metro area in 2009.

**In the apartment market, Angelou predicted occupancy will fall to approximately 87 percent in 2009, mostly due to the almost 12,000 new units that will come on line in the next few months. The condominium market will also be soft in the next year, he said.**

**Housing starts are projected to fall sharply to 6,000 in 2009 - a 50 percent decline from the 12,000 housing starts in 2007 - which could mean Austin will see a single family home shortage within the next few years, Angelou said.**

Still, the housing outlook is nowhere near as bad as it is for other metro areas. Recalling a conversation he had with economic experts from Detroit, Angelou said that city saw 40 percent of its homes sold in 2008 go for less than \$40,000.

**Austin’s population growth will help bolster the economy, though. The region’s population grew by 42,000 in 2008. That number is projected to drop slightly in 2009 to 38,000 new residents and go back up to 44,000 in 2010.**

On a global scale, Economist editor Zanny Minton Beddoes told the crowd that we are experiencing the worst synchronized wealthy country recession since the 1930’s. While aggressive policies from U.S. officials mean our country could lead a recovery, Beddoes said China’s quickly-slowng economy is cause for concern.

## **2008 in Austin**

- **Employment: 777,800 (19,000 new jobs)**
- Average wage: \$47,700 (up 2.2 percent)
- **Unemployment: 5 percent**
- Population: 1.65 million (42,000 new residents)
- **Housing starts: 8,175 (down 33 percent)**
- Avg. home sales price: \$179,900 (down 2.9 percent)
- Retail sales: \$24 billion
- Venture capital: \$293.9 million
- Gross domestic product: \$79.8 billion

*Source: AngelouEconomics*

**Courtesy of JB Goodwin**