



City Perspective: Austin Employment Grows as the National Economy Stabilizes

Austin has gained more than 26,000 jobs since January, even as the metro area's unemployment rate hit 7.2 percent. By comparison, U.S. employment was down by 2.4 million jobs since January of 2009, with an unemployment rate of 10 percent. It is estimated that only when the U.S. economy begins to create 140,000 new jobs per month will we see the national unemployment rate begin to come down from its current level of 10 percent.

Even as most parts of the country breathe a sigh of relief at November's national job loss numbers, the Austin area enjoys the slightly milder challenge of creating enough jobs to employ all the workers moving into the area. According to Local Area Unemployment Statistics (LAUS), between January and October of 2009, the labor force in the metropolitan area increased by nearly 4 percent, or 35,000 workers. In that same time period, the number of jobs grew at only 3 percent, causing unemployment for the Austin area to grow even as jobs were being created.

Local statistics still show an average loss of only 3,300 for the year or a .4 percent decline from 2008, when comparing Austin's non-farm employment. This compares very favorably to the loss of 5,050,000 jobs for the U.S. economy or a 3.7 percent decline. Why does one set of numbers of Austin's labor market show a 26,000 job gain and another set show a decline of 3,000 jobs?

Angelos Angelou, Principal Executive Officer and Chief Economist of AngelouEconomics, said, "This can be explained by the fact that when Austin's young and entrepreneurial workers are laid off they have the propensity to become self-employed. That is, they start their own consulting businesses. Therefore, they still show as employed in the local workforce and may not collect unemployment insurance. Only when new and sufficient employment opportunities occur will they make the shift from self-employment to gainful re-employment in the local economy."

Even though there are still persistent risks in the U.S. economy, growing evidence points to a gradual and slow recovery from the recent recession from two standpoints: 1) in terms of gross domestic product (GDP), which grew 2.8 percent in the third quarter of 2009; and 2) in terms of jobs, which have slowed from six-digit losses every month of 2009 to only 11,000 in November, reducing overall national unemployment to 10 percent. Even with this welcome news, most economists expect it to take years for unemployment in the U.S. to return to pre-recession levels. The Austin metropolitan area enjoys an unemployment rate one-third of the national rate and continues to grow employment even as the nation deals with job losses.

"Austin continues to demonstrate a relatively strong and resilient economy in the face of these challenging financial times," stated Angelou.

Courtesy of JB Goodwin