

Austin job market stays hot; July jobless rate near 20-year low

BUSINESS

By Bob Sechler - American-Statesman Staff



Costco employees hand out samples to customers at the opening of the company's Pflugerville store on July 28. Local employment in the trade, transportation and utilities sector, which includes retail, is up by 5.7 percent over the past year, at 186,600 jobs. The overall unemployment rate in the Austin metro area dropped to 3.1 percent in July, according to the Texas Workforce Commission.

Posted: 4:35 p.m. Friday, August 17, 2018

Highlights



The local July jobless rate of 3.1 percent is down from 3.2 percent in June and from 3.3 percent in July 2017.

 The number of employed people in the Austin metro area has climbed by 29,400 over the past year.

The Austin metro area — by one recent measure the hottest market in the country for job seekers — didn't disappoint in July, with the unemployment rate slipping to 3.1 percent even as thousands of new workers have moved into the region over the past year.

The local jobless rate fell to its lowest nonseasonally adjusted rate for the month of July since 1999, when it came in at 2.4 percent, according to the Texas Workforce Commission. That continues this year's trend of near two-decade lows in the metro area's monthly unemployment numbers.

The civilian workforce in the metro area — which includes Travis, Williamson, Hays, Bastrop and Caldwell counties — has climbed to almost 1.19 million people since then, from about 711,000.

The July jobless rate of 3.1 percent ticked down from 3.2 percent in June and from 3.3 percent in July 2017. The number of employed people in the metro area has climbed by 29,400 over the past year, according to the workforce commission, a growth rate of about 2.6 percent.

"The labor market in Austin is really on the boil," said Guy Berger, chief economist for professional networking site LinkedIn. "I expect (the influx of job seekers) will remain at a very high level" in coming months.

Statewide, the nonseasonally adjusted unemployment rate came in at 4 percent last month, according to the workforce commission, down from 4.2 percent in June and 4.5 percent in July 2017.

LinkedIn, drawing on information posted by its users across the country, recently ranked Austin the top U.S. city in terms of attracting new workers. The company said data from its users indicates hiring in Austin climbed more than 14 percent last month, compared with July 2017.

The trends are the result of a number of factors, Berger said, including a relatively wide "skills gap" in Austin — the gulf between the qualifications many local applicants possess and those sought by employers — that continues to lure job seekers from across the country.

Meanwhile, Austin's rising cost of living and its traffic congestion aren't a significant barrier to outside job seekers, Berger said, because many are coming from regions where those problems are even worse.

The top cities from which Austin has siphoned workers over the past 12 months include Houston, San

Francisco and New York, according to LinkedIn's data.

"Austin has the advantage that, unlike a lot of the really elite tech cities, it is still much more affordable," Berger said.

Drew Scheberle, a senior vice president with the Greater Austin Chamber of Commerce, said the chamber's own surveys back up that contention.

"There is certainly spot tightening" in the market for tech workers in the metro area, Scheberle said. "But our data on hiring difficulty shows it is still easier to hire tech talent in the Austin region than for competitor markets."

Local jobs in professional and business services, which in Austin is mainly the high-tech industry, has climbed by about 4 percent over the past year, according to the workforce commission, bringing total metro-area employment in the sector to 183,400 last month.

The number of local jobs in the workforce category that includes construction has climbed by 7.2 percent since July 2017, to 67,400. In the leisure and hospitality category, employment has climbed by 7.2 percent, bringing the number of people working in that sector here to 136,200.

Local employment in the trade, transportation and utilities sector, which encompasses industries such as wholesale and retail trade and warehousing, is up by 5.7 percent over the past year, at 186,600 jobs.

William Mellor, an economist with Angelou Economics in Austin, said demand for workers in the metro area is expected to keep growing, even though the region appears to be near the point of tapping out its supply of qualified homegrown job seekers. The upshot is that Austin is likely to continue to be a draw for outsiders seeking opportunities, he said.

"We have such low unemployment, those with the skills to fill the jobs are already working," Mellor said. Employers "are going to have to recruit people from outside of the area, or they're going to have to train people in the local market for the skills that they need."

The employment figures for the Austin metro area and other regions of the state released Friday by the Texas Workforce Commission aren't adjusted for seasonal workforce patterns. Seasonally adjusted numbers released Friday by the Federal Reserve Bank of Dallas showed minor differences.

According to the Dallas Fed's figures, the Austin-area jobless rate came in at 2.8 percent in July on a seasonally adjusted basis, slightly below 3 percent rates in both June and in July a year ago. Austin had the lowest July unemployment rate among the state's top metro areas, the Fed's figures showed.

Statewide, the Dallas Fed pegged the seasonally adjusted unemployment rate at 4 percent in July,

unchanged from June but down slightly from 4.1 percent in July 2017.

Despite the relatively low statewide unemployment rate, the Dallas Fed continued to revise downward its projections for overall Texas job growth this year. It said annual Texas job growth appears likely to come in at 2.7 percent in 2018, compared with its forecast of 3 percent last month and a previous annual projection of 3.6 percent.

“After growing at a strong pace of 3.7 percent during the first five months of the year, job growth has cooled over the past two months,” said Keith Phillips, Dallas Fed assistant vice president and senior economist.

Phillips cited a recent decline in manufacturing employment in the state as a factor in the downward revision, as well as a slowdown in Houston-area reconstruction efforts in the wake of Hurricane Harvey last year.

