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## WASHINGTON BUSINESS JOURNAL

BUSINESS PULSE SURVEY: What food best represents D.C.?

### Economic Development

## Phoenix, Western states lead nation in job growth

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It's easy to forget that America was still reeling from an economic double whammy -- the dot-com bust and the Sept. 11, 2001, terrorist attacks -- just a half-decade ago.

The country lost 2.2 million private-sector jobs between June 2001 and the same month a year later. Even the most prosperous markets paid the price: Dallas-Fort Worth watched 94,400 jobs slip away during that 12-month period, while Houston lost 20,700 jobs, Phoenix, 13,400 and Las Vegas, 4,500.

A weary nation hoped for a swift recovery, but economists warned it might be slow and difficult.

They were in for a pleasant surprise. More than 6 million jobs have been created since June 2004, pushing the number of private-sector positions to 116.9 million by the midpoint of 2007. That's 6.4 percent above the trough of 109.9 million in June 2002.

Nowhere has the recovery been stronger than Phoenix, which is currently the nation's hottest employment market, according to a new Bizjournals study.

"Phoenix has seen a real boom, and it has been broad-based," said Austin Litvak, an associate economist with Moody's **Economy.com**, an international research firm. "The economy there really took off in 2004 and '05, largely due to the housing market and the large number of people moving into the area."

Phoenix has expanded its employment base by 23.4 percent since 2002, almost quadrupling the national rate. Its five-year influx of 325,100 private-sector jobs topped the nation, with Washington's gain of 245,400 a distant second.

That torrid pace has slowed a bit lately. Phoenix added an average of 68,000 private-sector jobs annually between 2002 and 2006, but dropped to 52,900 in 2006-07. The latter figure was fourth-best in the country, trailing Dallas, Houston and New York City.

"That being said, the growth is still above the national average, still impressive," said Litvak. "The housing market is going through a correction now, but when it stabilizes, we believe Phoenix will begin accelerating again."

Greater Washington added 359,000 jobs between 2000 and 2005 and led all major metro areas during that time frame. The region, which includes the District and parts of Maryland and Virginia, is on pace this year to add another 52,200 jobs to its labor force as of July, according to data compiled by the U.S. Bureau of Labor Statistics.

The professional services sector continues to grow at the highest pace in Greater Washington. The sector, which includes legal and accounting industry positions, grew by 20,600 jobs in the region in July on an annual basis. The region's unemployment rate of 3.3 percent was tied with Phoenix for the second-lowest rate among major areas in July in the U.S.

Bizjournals used a nine-part formula to analyze employment trends in the nation's 100 largest labor markets. The formula was fueled by midyear data compiled since 2002 by the U.S. Bureau of Labor Statistics.

The 100 markets, collectively, contained roughly two-thirds of the nation's 116.9 million private-sector jobs as of June 2007.

There's a strong Western flavor to the resulting list of America's hottest employment markets:

- Right behind Phoenix is No. 2 Salt Lake City, where the number of private-sector jobs has soared 11.3 percent since 2005, the nation's fastest growth rate during the past two years.
- Boise, Idaho, occupies third place. It has the lowest unemployment rate among the 100 markets in the study, 2.1 percent.
- Riverside-San Bernardino, Calif., is fourth. The area commonly known as the Inland Empire has added 233,200 jobs since 2002, outperforming all markets but Phoenix and Washington in that category.
- Rounding out the top 10 are Houston; Dallas-Fort Worth; Las Vegas; Austin, Texas; Cape Coral-Fort Myers, Fla.; and Tucson, Ariz.
- Texas, with three metros in the top 10, boasts more hot markets than any other state.