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# From the Midwest to the Pacific, job seekers are heading to Texas

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Across the nation, unemployment is sky-high, the housing market is sucking wind and recessionary fears have frozen Americans in place.

Just don't tell that to a stream of new residents who are "voting with their feet" that Texas is the safest place to ride out the storm and the place to be when the economy recovers.

Even in the midst of a recession, economists, demographers and relocation experts believe the Lone Star State is on the cusp of becoming The New California.

Or maybe it already is.

For people seeking economic opportunity, Texas is becoming what California has been since the Great Depression, says Los Angeles urbanist and author Joel Kotkin. Texas recently "ran the table" in a recent list of "Best Cities for Jobs" prepared by Kotkin for *New Geography* and *Forbes*. Austin, Houston, San Antonio, Fort Worth and Dallas were ranked as the top five large metro areas in the country to find a job. If that weren't enough to get the moving van loaded, McAllen and Odessa top the mid-sized and small city categories, respectively. Among 333 metropolitan areas, Texas has a remarkable 20 in the top 100.

Relocation surveys show that Texas remains a top destination for people leaving other states. Its automobile registrations continue to climb, and the Texas housing market has avoided the double-digit declines other fast-growing states have seen. While the unemployment rate has risen in Texas, it's nowhere near as high as most of the country, underscoring the state's economic resiliency even as the downturn deals out its lumps.

Kotkin, a professor at Chapman University in Orange, Calif., who analyzed U.S. Labor Department statistics for his report, says Texas' dominance at the top of the jobs list is unprecedented.

"Part of it is a function of the economic collapse of Florida, Phoenix and California. The collapse is still important in Texas, but Texas has had more balanced growth and that's more sustainable," he said in a telephone interview while navigating an L.A. freeway.

"Part is the nature of Texas: People don't move there for climate and scenery," Kotkin said. "They move to Texas for jobs and affordable housing. People make economic decisions to go to these places. They don't go for perfect weather where you can surf one day and ski the next."

Selling "everything but the deer head" and leaving the Detroit area for Texas was simple math for Rodger Benton after Hewlett Packard laid him off.

"It was pretty much a no-brainer to make the move," he said. "The unemployment rate in Michigan is really high. Things are really tough up there. There's just more opportunity here."

## Jobs beget growth

Steve Murdock, who was the Texas state demographer for 25 years and director of the U.S. Census Bureau during the last year of the George W. Bush administration, says jobs attract new residents, and Texas has been driving fast for several years.

"Very few of us say, 'I think I'll go there because there are not as many jobs and they pay less,' " he said.

Murdock, now a sociology professor at Rice University, says Texas' growth in the last decade has "been simply phenomenal."

According to the latest Census figures released in March, Dallas-Fort Worth-Arlington added 146,500 people between July 2007 and July 2008 — more than any metropolitan area in the nation. Houston-Sugar Land-Baytown added 130,000 for the No. 2 spot, and Texas had 10 of the top 25 counties with the biggest numerical gains.

Texas has lost jobs in the recession, with the unemployment rate at 6.7 percent in March, the highest mark since January 2004, according to the Texas Workforce Commission.

But that still looks good compared with Michigan (12.6 percent unemployment), Oregon (12.1), South Carolina (11.4), California (11.2) or North Carolina (10.4).

"If you had to ride out this downturn, there is no better place than Texas. The declines here have been nothing compared to other states," said Richard Froeshle, deputy director of Texas Workforce Commission.

## Moving out

As the economy has soured, many people are moving to Texas for a new start.

In 2008 and the first quarter of 2009, 14.3 percent of the people leaving the once Golden State were bound for the Lone Star State, according to Relocation.com, which tracks moving trends. Other states with sizable outflows to Texas included Florida (7.9 percent), Illinois (4.7), Michigan (4.6) and New York (4.3).

Another indicator of moving patterns is U-Haul truck rentals.

To rent a 26-foot moving truck today from Los Angeles to Fort Worth would cost \$2,141. Renting that truck for a Fort Worth-to-L.A. run would only cost \$557. Nearly the same prices apply for moves from Detroit to Fort Worth and vice versa.

That means far more people are moving to Texas than going in the other direction, a U-Haul employee in Fort Worth said.

Julie and William Taylor of Flower Mound made that jump just before California's housing bubble burst.

Fed up with William's three-hour round-trip commute and the state's declining economy, they unloaded their home in Santa Clarita in 2006 after it had doubled in value in 3 1/2 years. "We thought, 'We better do it now while we can.' I had never even come to Texas, but we knew there were jobs here," said Julie, a stay-at-home mom with two small children. "We knew it was going to be easier for my husband to find a job [in the transportation industry]. And it was true. We feel so blessed to have gotten out when we did."

#### 'The place to go'

Tory Gattis, who runs a software company and writes Houston Strategies, an urban issues blog, is convinced that Texas will be the "focal point" of the nation's next historic migration trend.

"During the Dust Bowl, during the Great Depression, California was the place to go. Texas is the place to go now," Gattis said. "Sure, we are clearly losing some jobs but people are still moving here. I can see it anecdotally in the license plates around town. I see a lot of Michigan plates, California license plates, I see them from all over."

That's playing out across the state, according to the Texas Department of Transportation, which tracks motor vehicle registrations.

In 2000, there were 17,962,300 registered vehicles in Texas and that number soared more than 3 million to 21,185,173 by the end of last year, the department reports.

"Vehicle registrations continue to climb by the hundreds of thousands in Texas despite a decline in vehicle sales," department spokeswoman Kim Sue Lia Perkes said. "This may be one indicator that Texas continues to experience a steady stream of transplants from other states despite the national economic downturn."

John McLendon sees the economy where all that rubber meets the road.

No Vacancy signs were the norm at his Oak Creek RV Park near Weatherford for years as migratory workers flocked to the drilling fields of the Barnett Shale, he said. Most of them cleared out late last year, when natural gas prices cratered and companies mothballed rigs.

Now he's seeing a different trend. People from states hit hard by the recession are coming here in search of jobs. "I've seen some from Florida, Utah, Colorado, Montana — they're from everywhere," McLendon said.

Jo Ann Royer, director of relocations for Williams & Trew real estate, says inquiries about moving to Fort Worth are coming from across the country.

"We're seeing the whole spectrum of medical industry employees. They are coming from everywhere because the hospitals here are expanding," Royer said. "We've had, believe it or not in this economy, banking personnel coming in because there is a new bank on every corner in Fort Worth."

#### 'Zone of sanity'

Jim Gaines, a research economist at Texas A&M University, says that the recession has slowed overall growth but that there are good reasons why people continue to come to Texas.

"Why do people move? Generally, jobs," Gaines said. "Right now, Texas will probably be the only state in the Union that reports more jobs than the year before — by a total of close to 154,000 [in 2008]." Those numbers will be reduced this year. But if you are an entrepreneur or want to start a business, this is the best place to do it because of the pro-business attitude of the state."

Eventually, when distressed housing markets across the country stabilize, Gaines predicts that skittish homeowners will be weighing their options. In those places, "as soon as you can finally sell, you're going to get the hell out of Dodge," Gaines said.

Jason Saving, a senior economist at the Federal Reserve Bank of Dallas, also believes that Texas has some "fundamental advantages" that are spurring growth, even in a recession.

First is a "very favorable business climate," and second is affordable real estate.

"These things make the state attractive to businesses and residents alike," Saving said. "I think that's why, if you look at the migration data within the U.S., that you see so many people moving from other states to Texas."

Gattis says Texas' cost of living is a key to its attractiveness.

"It's not everything," he said, "but when you have more discretionary income you can buy a better house, a better car, you can spend it at restaurants. That's income that leads to a better quality of life."

Texas State Demographer Karl Eschbach says in tough times, people "move to where they think they can survive."

"You might move back home where you have family and a support network, or you move to where you can get a job," Eschbach said. "If I'd left Texas and then lost my job, I would be back in a quarter-second."

Mark Lowther moved fast when that happened to him.

The Texas native was a marketing manager in Seattle for Washington Mutual, the failed savings and loan which was bought by JPMorgan Chase.

His job ended May 1, and he and his wife, Michelle, a disaster contingency consultant, "jumped" at the chance to come to Fort Worth so he could join Southwest Bank as a senior vice president and marketing director.

"The real estate market here is stronger and more affordable," Mather said as movers were unloading the couple's belongings. "You can buy a comparable house here for close to half the price what you can get on the West Coast."

Kotkin, the L.A. author, says Texas is benefitting by being in what he calls "the zone of sanity," a swath of the nation's midsection where housing prices stayed stable.

The twin lures of jobs and affordable housing are important to young professionals planning to raise a family or start a business, he said.

That's what Lance Marshall and Elizabeth Peirce have in mind. The 25-year-old high school sweethearts from North Texas moved to Chicago in 2005 to pursue careers after graduating from college.

Marshall managed a specialty wine store and Peirce worked for a nonprofit and then turned to waiting tables before working as a media coordinator for a fashion boutique.

"I was underemployed and I never stopped looking for a job," Peirce said. "In Chicago, the competition was incredibly fierce and the economy wasn't very good and then it really declined last year."

When they got engaged, coming back home looked like the safe bet. In February, they moved in with her parents in Grapevine, which has "been fun and mortifying at the same time," she said.

She's now working as a sales consultant at a bridal shop. It's not the job in communications that she wants, but it's a start, and she's still hunting. Marshall is working for a wine distribution company and dreaming of owning his own business.

"I can see a lot of optimistic growth here" he said. "I want to be a 50-year-in-the-same-house kind of guy, and when I was thinking of the places to do it — it was D-FW."

### **Open for business**

Texas' business climate of low taxes and a low regulatory burden draws companies and workers, Saving said.

"There is something inherently entrepreneurial about Texas. It's the nature of the state from its formation, Texas was built by people who were looking to better themselves, and that has continued ever since," he said.

Kotkin says tight business regulation is hurting California. But not Texas. "Whether you are GOP or Democrat, you can't imagine Texas becoming anti-business," he said.

Seguin Mayor Betty Ann Matthies says that mind-set is part of the reason Caterpillar is building a 850,000-square-foot diesel-engine plant that will employ 1,400 in her town of 25,091 east of San Antonio.

"I think that Texas is known right now for trying to encourage industry to come here," Matthies said.

The city and state's "willingness to help," along with a location with easy access to interstates and major ports were key factors in Caterpillar's decision, spokeswoman Kate Kenny said.

"It was a good decision all around, the location, the people, the timing," she said.

### **An economic refuge**

No one argues that the recession hasn't bruised Texas, too.

But for people like Benton from Clinton Township, Mich., Texas feels like an economic safe zone by comparison.

When Benton, a 45-year-old staff sergeant in the Army National Guard, was notified that he was losing his job as a computer systems operator, he also learned he was going to be redeployed.

He was at Fort Hood in Texas when he was on active duty in the 1990s and he liked it. "People are friendly here," he said.

So he leapt at a chance to be stationed in San Antonio and work as a liaison in the Wounded Warrior program helping injured soldiers. "This is rewarding. I don't plan on going back to Michigan," he said.

The auto industry's woes stretch from Michigan into Dayton, Ohio, where Dione Kennedy, 48, was the president and CEO of a theater association. Since January, she's held the same title at Bass Hall in Fort Worth.

"Things are very tough in Ohio," she said "Dayton is a big GM town, and a lot of industry was built around that and it has been hit hard."

And the real estate market here seemed healthy by comparison.

"Prices for homes in Ohio have been rapidly dropping and in the communities here there was no apparent downturn," Kennedy said.

She and husband Daniel, a stay-at-home dad for their young daughter, have noticed another difference.

"It seems like every time my husband talks to someone in Dayton, it's another concern about someone about to lose a job or has a lost a job. We don't hear that here."

The U.S. Census Bureau recently reported that because of the recession, Americans are moving at some of the lowest rates in 50 years.

But Saving, the Fed economist, believes people "will vote with their feet" and keep heading to Texas.

"Moving is costly, and it's a hassle. It's not something people want to do unless they see a better opportunity . . . and looking long-term, I think it's clear that Texas is a favorable place to be from an economic point of view."

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### Best cities for jobs

Texas dominated *New Geography* and *Forbes*' annual list of best big cities for jobs in 2009.

1. Austin-Round Rock
2. Houston-Sugar Land-Baytown
3. San Antonio
4. Fort Worth-Arlington
5. Dallas-Plano-Irving

### By the numbers

**14.34:** Of people leaving California in 2008 and the first quarter of 2009, the percentage that moved to Texas

**\$2,141:** U-Haul rental from Los Angeles to Fort Worth

**\$557:** U-Haul rental from Fort Worth to Los Angeles

**17,962,300:** Motor vehicles registered in Texas in 2000

**21,185,173:** Motor vehicles registered in Texas in 2008