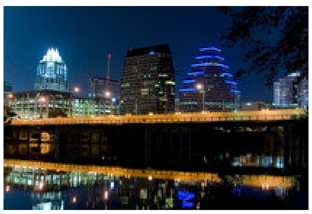
What Recession? Texas, Oklahoma Rebound Fastest

POSTED BY LIZ FARMER | DECEMBER 27, 2012



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Metropolitan areas in Texas and Oklahoma are leading the nation in their overall recovery from the recession while cities in Florida and California continue to struggle at the bottom, according to the latest Metropolitan Monitor report from the Brookings Institution.

The national recovery from the recession, which bottomed out in most metro economies between 2009 and 2010, has been a slow process, according to the report's co-author, Alec Friedhoff, data manager and research analyst for the institute's Metropolitan Policy Program. But the recovery in the nation's 100 largest metro areas has varied widely.

Metro Areas' Recovery From Pre-recession Peak - Best and Worst

RANK	
1	Austin-Round Rock-San Marcos, Tex.
2	Houston-Sugar Land-Baytown, Tex.
3	Oklahoma City, Okla.
4	El Paso, Tex.
5	San Antonio-New Braunfels, Tex.
6	Dallas-Fort Worth-Arlington, Tex.
7	Omaha-Council Bluffs, Neb.-Iowa
8	Pittsburgh, Penn.
9	Boston-Cambridge-Quincy, Mass.-N.H.
10	Madison, Wisc.

91	Fresno, Calif.
92	Sacramento-Arden-Arcade-Roseville, Calif.
93	Detroit-Warren-Livonia, Mich.
94	Palm Bay-Melbourne-Titusville, Fla.
95	Riverside-San Bernardino-Ontario, Calif.
96	Stockton, Calif.
97	Modesto, Calif.

Cities in Texas and Oklahoma made up the first six of the top ten metro areas in the country ranked for their economic progress since their pre-recession peak. For most of these areas, the recession did not hit as hard as it did in other parts of the country.

"In many cases they are ahead of where they were since recession started," Friedhoff told *Governing*.

On the other end of the spectrum, cities in California and Florida almost exclusively make up the 10 metro areas that are the furthest behind in their recovery. Many of these areas profited hugely off the real estate boom in the mid-2000s, then paid dearly after the market crashed in 2008.

In Florida, the Cape Coral-Fort Myers metro area, which ranks last in its pre-recession recovery, area saw a more than 10 percentage point increase in unemployment while housing values plummeted by 60 percent.

"A lot of these places are so reliant on construction and … when that bubble burst many of these places were hit really hard," Friedhoff. "In recent quarters they've done well but they've just had so far to go."

By comparison, the Austin, Tex. metro area only saw an uptick of three percentage points in its unemployment rate while housing values fell less than 12 percent on average. Nationally, unemployment rates continued to decline in 65 areas although the rate stayed higher than 6 percent in all but 14 of those places. Home prices reversed their dive in most large metro areas, posting gains after two consecutive quarters of losses that had carried most places to new lows, the report said.

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Source: Brookings

The progress in the housing market also appears poised to grow next year, good news for jurisdictions in the West and in Florida whose tax base was rocked with foreclosures. Robert Wetenhall, a homebuilding analyst for RBC Capital Markets, told investors during a conference call Wednesday that he expects a 22 percent increase in new housing starts to 950,000 next year. Specifically, he predicted a boost in construction activity in the sand states.

“The remaining foreclosures are of much lower and impaired quality than the existing homes,” Wetenhall said. “So buyers will choose to purchase existing homes in better condition or buy new homes.”

On the whole, the recovery is favoring areas that rely on manufacturing and technology, Friedhoff said, rather than those that rely on consumption, such as Las Vegas.

“I think places that can retool to actually produce exports will have a good shot at strong growth in this post-recession economy,” he said. “And I think that some places come out of the recession set up for that because they have labor markets that possess those skills … like a lot of scientists and engineers who can think up new ideas for the next economy.”

Liz Farmer
Liz Farmer is a GOVERNING finance writer.
E-mail: lfarmer@governing.com

COMMENTS

oldest first

William C. Plumpe | Commented 10 Days Ago

It's easy to figure out why Texas, Oklahoma and probably Wyoming are doing very well---it's not about enlightened governance, less regulations or pure luck---it's about oil, oil, oil plain and simple. Texas, Oklahoma and Wyoming are doing very well because gasoline is at least $3.50 a gallon throughout the United States and those States are blessed with a whole lot of oil. No other reason at all. Enough said

REPLY TO THIS THREAD

Michael Moran | Commented 6 Days Ago

As a native of Oklahoma City and a resident of Dallas, I would tell William he is wrong, though the energy renaissance which has led to massive natural gas production has helped Oklahoma City (note, Oklahoma City does best with high natural gas prices and low oil prices, the not the current situation). Dallas and the other Texas cites, other than Houston, are less effected. Remember for a long time TI was largest employer in Dallas, and American Airlines is here.And Mexico is more important to El Paso than oil.

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