With the Texas economy expanding at its best pace since 2000, job growth in the state’s major and border metros accelerated in 2005. Texas employment grew 2 percent, with every major sector contributing to the gains—a change from the previous year. Although all positive, industries grew at different rates, and that affected the fortunes of the state’s metro areas.

Austin led the state in job growth, with employment rising a robust 3.7 percent. Austin’s high-tech sector continues to improve. In fact, employment picked up strongly in the professional and business services sector, which includes fields such as programming, systems design, software development and technical consulting. Business contacts report lean inventories and a recent acceleration in semiconductor orders, suggesting a positive outlook for high-tech manufacturing. Austin’s construction sector grew by 4.9 percent, as job growth invigorated housing demand and tightened office markets.

Dallas has been slow to recover from the high-tech-induced downturn of 2001. Nevertheless, despite continued job losses in the telecommunications and trade, transportation and utilities sectors, the metro added 24,800 jobs last year. The gains were relatively broad-based across sectors, with some of the largest coming in construction, educational and health services, professional and business services, and manufacturing. Record commercial real estate investment adds to optimism about Dallas’ economic prospects.

Fort Worth/Arlington’s economy has largely tracked that of the state over the past five years, and last year was no different, as employment rose 2 percent. One of the metro’s key industries, leisure and hospitality, saw job gains of 3,800 during the year. The financial activities and construction sectors also recorded strong growth. In addition, the metro has benefited from increased natural gas drilling in the Barnett shale.

Houston recorded substantial job gains of 43,100, largely spurred by increased demand for oil-related services. In addition, the professional and business services sector recorded large gains on swelling demand for engineers, geophysical surveyors and scientific consultants. Job growth was also notable in the educational and health services and leisure and hospitality sectors, with some of the gains likely tied to displaced hurricane evacuees.

San Antonio’s economy continued its steady expansion last year with a moderate job increase of 2.1 percent. One of the metro’s key industries, leisure and hospitality, recorded marked growth during the year. Construction jobs were boosted by work on the upcoming Toyota plant, its suppliers’ facilities and the associated housing demand.

Texas’ border metros prospered last year. Recent strength in the peso encouraged retail sales, and the expanding maquiladora sector led to job gains on the Texas side of the border. El Paso got an additional boost as the metro prepared for new troop additions at Fort Bliss.

—D’Ann Petersen

**Texas Metros Contribute to 2005 Job Growth**

**Texas Coincident and Major Metro Business-Cycle Indexes**

Index, January 2000 = 100

**Texas Industry Employment**

Percent*

-4 -3 -2 -1 0 1 2 3 4

2000 2001 2002 2003 2004 2005

**Total Nonfarm Employment**

Percent*

-4 -3 -2 -1 0 1 2 3 4

2000 2001 2002 2003 2004 2005

**Texas Coincident and Border Metro Business-Cycle Indexes**

Index, January 2000 = 100

*Employment data are quarter-over-quarter, annualized rate, seasonally adjusted and early benchmarked by the Federal Reserve Bank of Dallas.