



Houston Booms on Trade and Health Care for Aging Baby Boomers

By Laurel Brubaker Calkins and Bob Willis

May 19 (Bloomberg) -- Sarah Sinclair seized on job cuts at New Jersey hospitals over the past few months to help solve a nursing shortage at Houston's **Memorial Hermann** Hospital System.

``We set up in a hotel and interviewed people right and left," Sinclair said after leading recruiters on several trips. As head of Memorial Hermann's patient-care staff, she has hired at least 30 New Jersey nurses and is looking for more.

Houston is booming as other U.S. cities are contracting -- and not just because oil is over \$120 a barrel. While the petroleum industry accounts for almost half of Houston's economy, the nation's fourth-largest city is also benefiting from a surge in health-care demand from baby boomers and immigrants as well as increased traffic through the second-busiest U.S. port, fueled by the decline in the dollar.

``In terms of economic output, Houston is growing at least double the rate of the rest of the country," said economist **Ray Perryman** of the Perryman Group in Waco, Texas. ``In terms of job growth, Houston is moving in the opposite direction."

Houston employers created 80,100 jobs in the 12 months ended in March, according to the U.S. **Labor Department**, compared with 65,500 added in New York City and 35,300 lost in Los Angeles. The Houston economy will expand by 4 percent this year, according to Perryman. That compares with a U.S. growth estimate of 1.2 percent, based on a Bloomberg News survey of economists.

``We're the top job-producing area in the U.S. and will probably remain so for the foreseeable future," said Mike Inselmann, president of American Metro Study, a Houston-based real estate research group. ``Even if growth slows 30 percent to 40 percent, Houston will still create more than 50,000 jobs in 2008."

Houston Unemployment

Houston's unemployment rate dropped to 4.1 percent in March, compared with a nationwide 5.1 percent. By contrast, Detroit, with 8.1 percent, lost 45,300 jobs in the year ended in March.

In 2007's third quarter, the labor department calculated the average weekly wage in Houston at \$1,015, more than 70 percent above the national average of \$592.

Health care is the Houston area's biggest employer, accounting for more than 100,000 jobs, said **Drayton McLane Jr.**, owner of the Astros baseball team and head of a business group seeking to add 600,000 jobs over the next decade.

At the heart of the health industry is the 1,000-acre Texas **Medical Center**, south of the city's downtown. The world's largest concentration of hospitals and medical-research institutions with 28.3 million square feet of space, the center employs 75,000 workers and expects to add 30,000 over the next six years.

Texas Medicine

Besides Memorial Hermann, it includes the Baylor College of Medicine, the University of Texas Health Science Center and the **M.D. Anderson Cancer Center**.

Harry Holmes, senior vice president of the Texas Medical Center, said the system is scrambling to stay ahead of Houston's population growth, which mirrors the U.S. trend of an aging population. Twenty-six construction projects totaling \$1.9 billion are set to break ground this year.

"Baby boomers are like the pig in the python," Holmes said. "As they reach Medicare age, they'll need more acute care. That means cancer, heart disease, rehabilitation and orthopedics, all the things we specialize in."

The population of the 10-county Houston area will jump by 2 million, or more than a third, to 7.5 million by 2025, according to the **Greater Houston Partnership**, the city's chamber of commerce. Over the past decade, the Hispanic population grew by 74 percent, while the number of Asians rose 76 percent.

Port of Houston

At the same time, Houston hasn't been immune to the housing bust. **Home sales** fell 15 percent during the first quarter as credit dried up. The median sale price for existing single-family homes in the Houston-Baytown area still rose 0.8 percent to \$148,400. Nationwide, the median fell 7.7 percent to \$196,300, according to the Chicago-based National Association of Realtors.

The decline in the dollar is driving a mini-trade boom in the city's port. Exports of U.S.-made machinery and steel to Singapore and agricultural products to Mexico, Brazil and Spain through Houston are rising. Total exports through all U.S. ports fell 1.7 percent in March from the previous month.

Retailers use the port as a distribution hub, funneling imports to stores in the Midwest and South. **Wal-Mart Stores Inc.** built a 4 million-square-foot distribution complex near the port in 2005.

The world's largest concentration of oil refineries and petrochemical complexes also keeps docks along the Houston Ship Channel busy. About 80 percent of imports and 60 percent of exports through port facilities in the Houston area are oil-related, according to Piers Global Intelligence Solutions.

Storage Closet Office

Total shipping rose to 40.5 million tons last year from 33.5 million in 2006, according to Maggi Stewart of the **Port** of Houston Authority. Annual operating revenue climbed 14 percent to \$188.9 million, the largest dollar increase in 20 years, Stewart said.

Houston's commercial real estate is feeling the strain, said Bill Gilmer, chief economist with the **Federal Reserve** in Houston.

With less than 7 percent of top downtown office space vacant in the first quarter, **Regus Group** Plc, which leases executive suites in six towers, rented out a 40-square-foot storage closet for use as an office, according to the company's general manager Thomas Denney.

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