

We have recently completed our annual short-term outlook for the United States, Texas, and the state's metropolitan areas. While I don't expect things to smooth out entirely quite yet, on balance, I think our big cities will see notable growth over the next five years. Here is a look at [The Perryman Group](#)'s latest short-term (2011-2016) forecast for Texas' largest cities.

The Austin-Round Rock-San Marcos Metropolitan Statistical Area (MSA) has recently experienced employment growth, though it has been uneven and notably slower than in the mid-2000s. The area's highly educated workforce and base of growth industries will continue to give the region a competitive advantage in attracting desirable corporate locations.

The Austin area experienced a gain in total nonfarm employment of 13,300 from October 2010 to October 2011 (according to data maintained by the Texas Workforce Commission), and the current unemployment rate remains significantly below that of the state or nation. The Perryman Group's latest forecast indicates that the economy of the area will continue to strengthen. Growth in real gross product (RGP or output) of 4.49 percent is likely, and wage and salary jobs are projected to expand at a 2.43 percent compound annual pace, resulting in the addition of some 104,100 net new positions.

From 2011 to 2016, the Dallas-Plano-Irving Metropolitan Division (MD) economy is expected to see moderate, though still bumpy, growth. Over the past year, the Dallas-Plano-Irving MD added some 32,400 jobs, but more recently, jobs have been shed in some sectors. Over the next five years, all major industrial sectors are forecast to expand, though interim periods of job losses are likely, and the area is likely to emerge as one of the strongest in the nation.

[The Perryman Group](#)'s near-term forecast for the Dallas-Plano-Irving MD calls for moderate growth in all key economic indicators over the five-year timeframe. Real gross product is expected to grow at a 4.41 percent rate, and some 270,000 new wage and salary jobs are projected to be created over the period. Total nonfarm employment in the Houston-Sugar Land-Baytown MSA expanded by some 23,300 between September 2011 and October 2011 and year-over-year gains were 79,500, continuing the upward trend in employment which began in early 2010. Half of the major industry groups added 10,000 or more net new positions, with the largest number in the professional and business services category.

While cyclical by nature, the oil and gas industry is generating substantial activity. The Port of Houston, together with other regional facilities, provides a source of stimulus which will only be enhanced as global economies improve. The area's strong health care base and various research and technology-oriented businesses are other reasons for the Houston area's strong economic performance.

These strengths of the area economy set the stage for healthy growth through the short-term forecast horizon and beyond. The Houston-Sugar Land-Baytown Metropolitan Statistical Area is expected to see growth in wage and salary employment at a 2.30 percent compound annual rate during the 2011-2016 period, placing it among the best-performing areas of the country.

Relatively strong growth is projected for the San Antonio-New Braunfels Metropolitan Statistical Area, with the services sector dominating expansion. Although several segments of the economy have been shedding jobs recently, these losses have been more than offset by gains in other industries, resulting in a total year-over-year increase in total nonfarm employment in the area grew of 8,100. Unemployment in the area remains below the levels of the state and nation.

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The San Antonio area's large and growing base of education, health care, military and related activity will serve as a source of long-term expansion. While other key industries (such as tourism and manufacturing of automobiles and aircraft components) are more subject to business cycles, improvement in national economic conditions will generate future growth. Add to this foundation expansion in a number of industries ranging from biotechnology to financial services, and the stage is set for growth for many years to come. [The Perryman Group](#)'s most recent short-term (2011-2016) forecast calls for expansion in output (real gross product) in the San Antonio area at a 4.12 percent annual pace, while wage and salary employment is likely to grow at a 2.25 percent rate.

Business cycles are inevitable, and the economy's performance is likely to remain uneven for some period of time. Even so, Texas' largest metropolitan areas are expected to see significant growth over the next five years at rates outpacing most of the rest of the nation.