

Bloomberg Businessweek

Monday April 26, 2010

REAL ESTATE November 5, 2009, 2:10PM EST

Where the Jobs Will Be in 2010

Regions across the U.S. will see job growth in the first quarter of 2010. But the growth will be sporadic and many areas will continue to lag

By [Prashant Gopal](#)

The recession might be technically over, but unemployment is rising month after month even in most of the nation's strongest job markets.

A full-fledged job recovery seems to be a long way away. But some metros are poised for significant job growth by the first quarter of next year. BusinessWeek.com teamed up with Moody's Economy.com to identify America's 25 next recovering job markets. These metros were ranked based on Economy.com's projected job growth in the first three months of 2010.

Topping the list is Mount Vernon, Wash., a small town about 60 miles north of Seattle with just 48,000 workers. The town, which lost jobs quickly during the recession, could see a rebound, in part because tourism, retail, and hospitality will make a comeback as the economy improves. Additionally, the weak dollar will provide a boost to communities with international trading ports and metros that border Mexico, such as Brownsville, Tex. (a port town that is No. 4 on our list), and border town McCallen, Tex. (No. 3). Our list was also packed with towns that are closely linked to the energy industry (Billings, Mont., Houston, Tex., and Farmington, N.M.), college towns (College Station, Tex., Tuscaloosa, Ala., Auburn, Ala., and Lawrence, Kan.), and military towns (Columbus, Ga., Augusta, Ga., and Texarkana, Tex.).

None of the metros on the list experienced a housing bubble that had a disastrous pop. Miami, Las Vegas, Phoenix, and Stockton, Calif., will likely be in a funk long after many Texas metros are in growth mode.

"These are areas that had little or no housing cycle and stand to benefit from the renewed firmness in commodity prices," said Chris Lefakis, an economist at Moody's Economy.com. "This could be an export-lead recovery with the replenishment of inventory leading to a resurgence in manufacturing."

ROOM FOR GROWTH IN MANUFACTURING

The manufacturing sector has taken such a battering that it has a lot of room for improvement. Inventories have fallen to such low levels that manufacturers will have to increase production even to keep up with existing demand, Lefakis said.

A plant opening or just expanding can have a magnified impact on a small metro, giving a swift boost to the job market, said Joel Naroff, president of Naroff Economic Advisors in Holland, Pa. But job growth elsewhere mostly will be slow and incremental, he said. Companies will be cautious about hiring and will expand overtime hours and bring on temporary workers before making permanent hires.

The good news is that overtime pay and the increase in temp workers will push up wages nationwide, which could result in more consumer spending, he said.

"If the economy begins to grow, it will be enough [for companies] to add slowly to payroll," Naroff said. "I'm not expecting a vigorous upturn."

Travel, hospitality, and retail could see more dramatic growth. Throughout the recession, Americans have cut down on travel, eating out, and shopping. If the economy improves, they'll add more entertainment to their budgets, he said.

"People might not go to Disney World," said Naroff. "But they might start going out to dinner once week."

New York City, which didn't make our list, could also have a great year, especially now that Wall Street is giving out bonuses "like 2008 never existed," he added.

The federal government will also play a key role in the recovery even as it begins to phase out tax incentives and other economic stimulus spending, Moody's Economy.com Chief Economist Mark Zandi said on CNBC Nov. 3.

"Without the government, the consumer would be pulling back," Zandi said. "By early next year job losses will abate ... so we will start to see wage and salary growth and government can begin to pass that baton off [to the private sector]. But it will be a tricky handoff."

[Click here](#) to see America's 25 next recovering job markets.

[Gopal](#) writes about real estate for BusinessWeek in New York.

Eye on Asia Blog

America's 25 Next Recovering Job Markets

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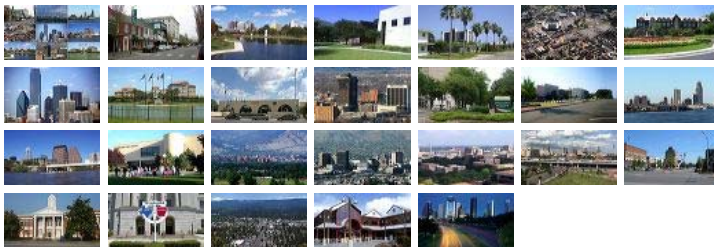
4. Brownsville, Tex.

Q1 2010 annualized job growth: 2.2%
Q3 2009 annualized job growth: 1.7%

First quarter of recovery: Q4 2009
Unemployment rate: 10.9%
Median household income: \$29,519

Brownsville, with a population of nearly 200,000, is booming in large part because of the Port of Brownsville, the state's southernmost international seaport. The weakening dollar could continue to give a boost to exporters in the coming year.

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