



Lofty job goal for area drew doubts

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When the Greater Houston Partnership announced in 2005 that it was launching an economic development campaign to create 600,000 jobs over the following decade, there was some smirking among local economic observers.

The goal, an average of 60,000 new jobs a year, was lofty. Between 1994 and 2004, the Houston had region generated, on average, just 41,800 jobs a year, according to the Texas Workforce Commission.

It seemed a stretch to expect Houston would grow so rapidly, even if the partnership tried its best to draw companies in energy, aerospace, manufacturing, health care and biotechnology though the campaign it christened "Opportunity Houston."

The group raised \$32 million from area businesses to improve Houston's image, attract new companies and encourage existing employers to expand operations. The money was used for media relations to encourage reporters to write upbeat stories on Houston's economy, on meeting with site selection consultants and in visiting target companies to tout the advantages of doing business in Houston.

Last week the partnership claimed success with a news release proclaiming, "We Did It!" It claimed its effort helped attract 250 projects to the Houston region. Using the latest data from the Texas Workforce Commission, the partnership calculated the Houston region added 628,800 net new jobs since January 2005, surpassing its goal several months early.

Who deserves credit?

But how much credit can the partnership rightfully take for creating all those jobs? After all, Houston was already on its way to becoming the epicenter of the oil and gas industry. The Port

of Houston was already here. And Houston was already home to the world's largest medical center.

The partnership is a facilitator, providing services to companies seeking to expand or relocate, said Bill Gilmer, director of the Institute for Regional Forecasting at the University of Houston. The partnership helped by providing potential site locations, demographic data, aid in setting up site visits and information on business costs, Gilmer said. But, he added, it was "\$100 oil" that played the biggest role in creating 600,000 jobs.

Natural gas spike

A spike in natural gas prices also had a big role in the area's growth because it spurred energy exploration, added Barton Smith, professor emeritus of economics at the University of Houston. The technological revolution let energy companies tap oil and gas in places that were never thought possible.

In a very short span, the U.S. beefed up its natural gas and oil reserves. At the same time, energy companies consolidated their operations to Houston to be part of the boom.

"Who would have guessed that in 2004?" Smith asked.

When Bob Harvey heard about Opportunity Houston in 2005, he recalled thinking: "Boy, these guys are overestimating there. That's a pretty aggressive effort."

But the community got behind the campaign and realized Houston had to be more proactive about promoting itself, said Harvey, who is now president and CEO of the Greater Houston Partnership.

While Houston had some advantages - "\$100 oil sure helped," he said - it also faced some unforeseen challenges, namely the Great Recession.

Harvey pointed to successes such as Geico's announcement to open a claims operation in Katy and Direct Energy's decision to move its North American headquarters here from Toronto.

"This is not the center of the electric power universe," he said.

The campaign has also given Houston a certain swagger.

"I don't remember a time when Houston was perceived as a player as we are now," said Harvey, who believes Houston is emerging as a great global city alongside Shanghai, Bangkok and Rio de Janeiro.

Amenities help

Houston is also blossoming because of civic leadership and philanthropic efforts that are investing millions to create attractive amenities such as Hermann Park, Discovery Green and Buffalo Bayou improvements.

The economic development market is "very, very competitive," and Houston has enjoyed more than its fair share of successes, said John Boyd Jr., principal with the Boyd Co., a Princeton, N.J., site selection firm. The partnership enjoys a reputation for top-notch leadership, he said, and Houston benefits from Texas' reputation for a low-cost business environment.

"But the real test starts now," he said. Some markets have become victims of their own success as lower-cost states like Oklahoma and Louisiana are poised to lure some of the businesses across state lines.

The "white hot issue" today is operating costs, Boyd said. Companies are looking for low-cost locations, low-cost leases and low-cost labor. Shreveport, La., is aggressively targeting companies in Houston and Dallas, while Norman, Okla., has its eye on companies in Dallas that are looking for cheaper "Class A" office space, he said.

But when it comes to keeping corporate executives happy, Houston remains a premier location. It will be at the top of the list for headquarters locations because of the extensive air travel opportunities, cultural amenities and low cost of living.

And no personal income tax, Boyd said. "Executives like that."