

# Report: Austin recovering from recession better than any other U.S. metro area

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Austin weathered the recent recession better than any other major metro area in the United States, and better than some of the biggest cities in the world, according to a Brookings Institution report issued Tuesday.

The report found that "Austin's continued attraction and retention of high-skilled human capital, its diverse set of export-based industries and its avoidance of the worst U.S. housing market excesses of the 2000s help explain its stronger-than-national performance."

"It's a nice position to be in," said Dave Porter, senior vice president of economic development for the Greater Austin Chamber of Commerce.

The report looked at job growth and gross value added — a per-capita measure of income — for 150 major metropolitan areas around the world to determine how they are recovering from the recession. The report ranked them on their economies pre-recession (1993-2007), during the worldwide economic downturn (2007-2010) and during the recovery period (2009-2010).

The list included the 50 biggest metro areas in the United States, the capital cities of 25 European Union countries, and 75 other major metro areas around the world.

Austin ranked No. 26 in the world in terms of how it is doing in the economic recovery, making it the top-rated metro area in the United States. Istanbul, Turkey, was No. 1 on the list, and 15 of the top 25 cities were in Asia — including five in China and five in India.

Porter said Texas and Austin "have done well, compared to other parts of the country. Have we been hit? Yes, but we've survived better than most other places."

This year, Austin is leading other major cities in job growth, with a 2.4 percent annual gain.

The study, conducted by the Brookings Institution and the London School of Economics, focused on metropolitan areas because they are "centers of high-value economic activity" that are leading the way in a "precarious recovery" from the worst downturn since the Great Depression.

The report said understanding these metro areas' performance before, during and after the recession "provides important evidence on emerging shifts in the location of global economic resilience and future growth."

Before the recession, Austin ranked No. 25 on the list, then slipped to No. 40 during the recession before rebounding to No. 26.

During the recession, Austin "was buoyed by its concentration in education and government services ... industries that were not as impacted by the downturn," the report found.

Austin also benefited from being in Texas, the report found, "where relatively conservative state lending regulations reduced the prevalence of speculative mortgages that, in other parts of the nation, produced rampant home foreclosures and severe house price and employment declines."

"What we're seeing is healthy companies in high-cost areas looking to get out of those areas, and Texas and Austin can be on the radar screen for a lot of those projects," Porter said. "We can't rest on that; we have to keep the focus on job creation."

Other Texas metro areas on the list are Dallas at No. 39, San Antonio at No. 51 and Houston at No. 61.

The weakest-performing metro economy in the United States during the recession was Detroit, according to the report. Detroit saw employment decline by 8.1 percent and income drop by 6.4 percent.

Among the U.S. cities suffering the biggest falls from before the recession were: Las Vegas, which plummeted from No. 14 in the rankings before the recession to No. 146 in the recovery; Phoenix, which dropped from No. 20 to No. 68; Orlando, Fla, which fell from No. 40 to No. 85, and Sacramento, Calif., which was No. 50 before the recession and fell to No. 95.

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