

South emerges as a jobs generator

Paul Davidson
USA TODAY

The nation's shrinking pool of available workers is shifting the economic balance of power in the USA, where the South surpassed the West as the region boasting the fastest job growth.

During the three months ending in October, employment in the South was up 1.8% from the same period last year, compared with 1.7% in the West, according to an analysis of Labor Department data by Moody's Analytics. The West had been the undisputed leader since 2012.

"The West is slowing down very quickly," says Moody's economist Steven Cochrane.

Cochrane largely attributes the trend to a tight job market — underscored by a 17-year-low in national unemployment — that makes it tougher for employers to find workers across many industries.

As a result, employment gains are slowing everywhere, though economists expect the government to report on Friday a healthy 195,000 jobs added in November. The crunch is more pronounced in high-tech fields that drove job growth in states such as California and Oregon.

It's more than just a slowdown in

See SOUTH, Page 2B

South

Continued from Page 1B

the West that nudged the South ahead. The region benefits from lower housing costs, fewer taxes and regulations, a revival of the oil industry in states such as Texas and Oklahoma and the migration of many Baby Boomers to retirement havens where hiring surged.

"Companies are looking for cheaper land, cheaper office space and cheaper employees," says Moody's economist Chris Lafakis. The South meets that criteria, he says.

California has been the biggest loser in this reshuffling, during which many businesses and residents bolted in recent years, often for Texas.

Last year, Jamba, which franchises Jamba Juice outlets, moved its headquarters from Emeryville, Calif., to Frisco, Texas. This year, Toyota is relocating its North American headquarters, along with 3,000 employees, from Torrance, Calif., to Plano, Texas. CKE Restaurants, which owns the Hardee's and Carl's Jr. chains, moved its corporate base from Carpinteria, Calif., to Franklin, Tenn.

Jamba CEO David Pace said north Texas offers "competitive operating costs, extensive access to skilled restaurant talent" and "an attractive cost-of-living for team members," among



A resurgence in oil drilling in Texas and other Southern states has helped push the South past the West as the region with the fastest job growth. GETTY IMAGES

other things. He said Frisco is a desirable place to work and live.

From 2008 to 2015, about 11,300 companies left California for a more favorable business environment, according to a study by Spectrum Location Solutions of Irvine, Calif., which advises firms seeking new locations. Spectrum President Joseph Vranich cites California's "bleak tax and regulatory climate."

Anecdotal evidence suggests the trend accelerated in 2016, Vranich says, and the limited supply of workers in California markets is often the most significant factor in company decisions.

Also looming large in the South's ascendance is the oil industry's resurgence since the crash of crude prices in 2014 and 2015, says Karl Kuykendall, regional economist at IHS Markit.