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## Local Job Growth May Fade

Six-Year Expansion Could Come to an End

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The Washington region is expected to end the year with as many as 36,000 more jobs than last year, despite a slowly increasing unemployment rate, putting it among a handful of large metropolitan areas nationally with positive numbers.

But analysts are forecasting a much dimmer outlook for next year, saying a rush of layoffs bearing down on the region over the next several months may bring a six-year span of job growth to an end.

The region lost about 12,000 jobs in sectors including construction, financial services and retail from October 2007 to October 2008, the most recent month for which government data is available. But those losses were offset by a net creation of about 36,000 positions in the federal and local governments, contracting and health services. Of the 15 largest metropolitan areas around the country, only the Houston and Dallas regions performed better, gaining about 50,000 jobs each.

"Only four regions had positive job growth," said [John McClain](#), senior fellow at the Center for Regional Analysis at [George Mason University](#), adding that the fourth is Boston with about 18,000 new jobs. All the other large metropolitan areas, major population clusters connected socially and economically, "have had net losses in jobs," he said.

What happens next year will depend on the clash between two strong forces powering the region's job growth. President-elect [Barack Obama](#)'s staffing of initiatives such as the [Troubled Asset Relief Program](#) could, according to analysts, add thousands of government and ancillary private-sector jobs while weak employer confidence could reduce the labor market.

In previous recessions, job losses were largely confined to a few sectors, analysts said. For instance, mass layoffs occurred in the airline and hotel industries following the terrorist attacks of Sept. 11, 2001. But job losses in this recession have rippled through numerous sectors.

The national unemployment rate for November rose to 6.7 percent from 6.5 percent. Economists expect the region's November jobless rate, scheduled to be released by the government Friday, will also climb. The region's unemployment rate stood at 4.1 percent in October, up from 3.9 percent the previous month.

The District has the highest unemployment rate of the three jurisdictions -- 7.4 percent. Maryland's rate is 4.9 and Virginia's 4.2.

With layoffs by employers including Arlington-based [FBR Capital Markets](#) and District-based [Carlyle Group](#), some analysts said they think the net gain in jobs will decrease to 25,000 by the end of the year.

But because a growing number of employers are indicating that they are slowing hiring or even cutting jobs, the analysts said they are most worried about the first quarter of next year. One troubling sign: Human

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resources specialists are being let go.

"I was at a holiday party last night. I'm seeing the number of HR people laid off significantly increasing in the last couple of months," said Mike Kostrzewa, director of human resources at YRCI recruiting firm in Fairfax. "I'm seeing it in my network."

In September and October, an annual survey of nearly 350 Washington area firms, employing 370,000 full-time workers, found hiring uncertainty was already appearing. For instance, 15 percent of the employers surveyed in the financial services sector said they would cut their staff by 10 percent or more in 2009. Last year, the same proportion of employers from that sector said they would cut their staff by 10 percent or less.

And 54 percent of employers this year projected expansion for 2009, compared with 63 percent who expected to grow this year.

Managers "are bracing for a rough year," said Angelo Kostopoulos, president of Akron, a District-based data research firm that conducted the employer study for the Human Resource Association of the National Capital Area. "They are cutting costs and trying to be wise and prudent about how they're spending their money." Since the survey was conducted, he said, employers have expressed more apprehension about hiring.

Paul Vilella, president and chief executive of the HireStrategy recruiting firm in Reston, said employers interviewing candidates are dragging out the process much longer, waiting to see whether the economy will show any signs of improvement. Traditionally, firms do most of their hiring in the first few months of the year, but they now "are saying this is contingent on what January and February look like."

"In the trenches, what people sense is that the first half of the year will be challenging," Vilella added. "In quarter one, [in job growth] we could go upside down."

The conventional wisdom is that the Washington region is shielded from the type of job cuts seen elsewhere in the nation because of the federal government and contracting sector, which represent 32 percent of the area's \$370 billion economy. The Houston and Dallas regions have benefited from growth in the oil industry, and metropolitan Boston has been helped by a thriving technology sector.

Economic benefits of the federal government presence abound in Virginia, where employment reached its highest level on record in June and its second-highest level in October. The unemployment rate is 3.2 percent in Northern Virginia, one point below the state's rate. It was 2.7 percent in [Arlington County](#), which had the lowest rate in the state.

Like other parts of the country, the region's unemployment rate reflects the collapse of the housing market, the crisis in the banking industry and the plunge in consumer spending.

About 3,200 people in the financial services sector and 600 in retail lost their jobs over the past year. Another 2,400 positions in information technology and 700 in manufacturing were cut. Moreover, about 5,000 people in the construction sector are newly unemployed.

"Everybody's affected -- architects, developers, general contactors, subcontractors, suppliers -- even people who provide us help with the IT system," said Don Owen, president of P & P Contractors, a Rockville-based drywall subcontractor for commercial developers.

Owen said that he has let go "a significant number" of laborers, and added, "We really feel bad for the craftsmen, tradespeople and project managers really getting hit hard."

Cara Carter said she was laid off from her job as a human resources specialist at a District-based contracting firm earlier this month. She said contracting work simply dried up.

"A company thought they needed our services but decided not to award the contract to anyone. They canceled the project," Carter said. "The number of proposals we were asked to respond to declined, as well as some proposals being held back, because the company didn't want to pursue the project any longer."

Still, Carter expressed optimism that she would land on her feet in the Washington area economy. She said she has three strong job prospects.

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