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Riding it out

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Most Metroplex business leaders seem to agree: the influx of the Barnett Shale gas fields has provided a measure of insulation against difficult economic times the rest of the nation is experiencing.

Vernon Bryant, chairman and CEO of Southwest Bank in Fort Worth, said the Barnett Shale padded the four-county area with liquidity – the best medicine to counter a bad case of inflation.

"The Barnett Shale put a lot of cash in this area," he said. "It created 85,000 jobs in the last four years. The Barnett Shale has been a financial lift to this part of the country."

Bryant blamed the downfall of the subprime mortgage rate as the chief cause of economic woes for the country.

"Subprime mortgage loans started the whole thing," Bryant said. "That situation has been building up for years, going clear back to the Jimmy Carter era."

He said administrations have long pushed the idea that whether a person had good credit or bad, everyone should have a house.

"That's what caused these banking and insurance problems," he said.

Bryant believes the Metroplex will come out of the economic slump more quickly than the rest of the country.

"I'm just glad I'm in Fort Worth, Texas," Bryant said. "Dallas-Fort Worth is one of the best areas in which to do business. Will it stay up [this] year? Who knows?"

Bill Thornton, president of the Fort Worth Chamber of Commerce, predicted an overall softening of the economy in the state, in spite of the robust environment enjoyed by the business sector.

"My crystal ball is not any clearer than anyone else's, but I expect there will be additional layoffs," he said. "We are impacted by decisions being made right now in Washington and we'll be affected by what steps the new administration takes to shore up the markets. We all need to be cautious."

Thornton said the Texas economy, with its \$11 billion surplus and substantial job growth, is "last in, first out," in other words, even during the nation's period of economic uncertainty, Texas still has the basic underpinnings intact and will fare considerably better than other states, like Arizona, Nevada, California and Florida.

Like Bryant, Thornton believes the Metroplex enjoys the strongest markets in the state, rivaled only by Houston.

"The Metroplex is still the most affordable environment, both with the cost of living to raise a family and the cost of doing business," he said. "We have a great area for business relocation and expansion that leads to employee migration. Add the security blanket of the Barnett Shale to those other core fundamentals and that's the reason why our walk down that road hasn't been nearly as troublesome as certain markets around the country."

Recently, the chamber surveyed its nearly 2,600 members to ask about today's economic environment. Responding business owners listed their No. 1 concern as being able to retain competent, educated employees, threatened either because of staff reductions or staff voluntarily leaving for better pay elsewhere.

The survey said 60 percent of business owners reported that the economy has negatively affected their businesses with fewer customers and sales and increased operating costs. Twenty percent of respondents said there had been no impact and another 20 percent reported positive responses.

Dr. Ira Silver, an economics professor at TCU's Neeley School of Business, predicts that the U.S. will suffer only a moderate recession in 2009 as the weakness in the housing market, the collapse in auto sales, stock market declines and a tight credit market will all combine to create a negative environment for consumer and business spending.

Silver said many of the excesses in residential and commercial construction that plague many areas of the nation have not occurred to the same extent in the Metroplex.

"Therefore, we will fare better than the overall U.S. and at worst experience a mild recession," he said.

Silver said there may be a couple of moves geared to stave off some of the damage.

"The new administration and Congress will very likely pass a massive economic stimulus package," he said. "Also, the Federal Reserve will continue to support and stimulate the banking and credit markets."

He expects that they will be successful and the economy will begin recovering in the second half of 2009, given the strong determination of the fiscal and monetary authorities to reduce the length and severity of this recession. And how can residents protect themselves?

"Always during difficult times like we're now experiencing it feels that business conditions will never get better," he said. "However, the economy has always recovered from downturns and moved on to exceed its previous peaks."

Silver said that instead of focusing on how to protect one's economic interests, it's probably more advisable to focus on the opportunities that are created during periods of economic angst.

Bill Crowder, economics professor at the University of Texas at Arlington, believes the U.S. markets are strong enough to withstand the downturn.

"I am looking at the stock market as a buying market right now," Crowder said. "Even though there's a lot of turmoil, U.S. markets are strong and in the long run, they'll work the way they should."

He advised investors not to panic and not to be selling right now.

"They need to be holding what they have and trying to ride it out," he said.