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Prescott among U.S. cities labeled 'recession-proof'

By Allen G. Breed

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RALEIGH, N.C. — The catering business isn't what economists would call "recession-proof." Luckily for J.W. Walton, most of his biggest clients are.

But the Catering Company of Chapel Hill caters to the area's three big research universities — Duke, North Carolina State in Raleigh and the University of North Carolina. Even with the national economy slipping toward the doldrums, business is steady here.

"We're in a funny place," said Walton, a partner and the firm's catering and décor services designer. "The universities and the hospitals and the things that make the unique mix of business in this area are somewhat less driven directly by the economic conditions."

There's a lot of talk these days about companies, industries and careers that are immune to these economic downswings. But are there "recession-proof" *places*?

Business consultant Mark Hovind thinks so.

Using data from the Bureau of Labor Statistics, Hovind, president of JobBait.com, compared job expansion in a number of key industries and work force growth in various metropolitan areas. He came up with a list of about two dozen areas where jobs outpaced the work force during the recessions of 1990 and 2001, and in the past year, and figured they'd likely fare well in another downturn.

"It's like keeping up with inflation," said Hovind, an engineer who describes himself as "a career coach for six- and seven-figure executives."

"When the cost of living goes up 3 percent, you need a 3 percent raise just to stay even," he said.

Among the metropolitan areas making his list were Prescott; Fayetteville, Ark.; Bakersfield, Calif.; Grand Junction, Colo.; Bend, Ore.; Valdosta, Ga.; and Morgantown, W.Va.

Each has an economy built around some industry — or mix of industries — that "don't follow the business cycle pattern," said Matt Martin, an economist with the Federal Reserve

27 'Recession-proof' cities *

- Prescott
- Fayetteville, Ark.
- Bakersfield, Calif.
- Chico, Calif.
- El Centro, Calif.
- Madera, Calif.
- Redding, Calif.
- Grand Junction, Colo.
- Valdosta, Ga.
- Coeur d'Alene, Idaho
- Alexandria, La.
- Houma, La.
- Lake Charles, La.
- Billings, Mont.
- Farmington, N.M.
- Bend, Ore.
- State College, Pa.
- Brownsville-Harlingen, Texas
- Laredo, Texas
- Odessa, Texas
- Tyler, Texas
- St. George, Utah

Bank's Charlotte office. They're regional health-care centers, state capitals or university towns.

"One-industry town"

Like State College, home to Pennsylvania State University, which is also on the list.

With its 24,000 full- and part-time employees and record fall enrollment of 42,200 students, the school is the economic engine that runs this town, nestled amid the hills and hardwood forests of central Pennsylvania.

On a recent weekday midmorning, waitresses at the Original Waffle Shop on West College Avenue bustled about the bright, cheery restaurant, filling the coffee mugs of salesmen in suits and retirees gossiping about Penn State football. John Dimakopoulos said business has done nothing but climb since he opened the doors in 1972.

"For State College to feel the crunch, that means every place else will be suffering," said Dimakopoulos, 59.

Dependent as it is on the university, State College may be "somewhat of a one-industry town," Penn State economist Ted Fuller said. But locals are fortunate that it's "a clean, white-collar industry that pays well, continues to add jobs, and is nearly immune from the changing fortunes of the business cycle."

In Olympia, Wash., the local cash cow is state government. Olympia's population of 44,000 swells during the legislative session, when lawmakers, lobbyists and special-interest groups swarm downtown coffee shops and eateries.

Olympia, at the southernmost tip of scenic Puget Sound, is home not only to the Capitol and the bustle of politics that surrounds it, but also to two regional hospitals, Evergreen State College and a lively arts community.

In addition to numerous galleries, downtown Olympia hosts the Washington Center, home to the Olympia Symphony Orchestra, Harlequin Productions at the historic State Theater, as well as the Capital Playhouse. The 125-seat theater runs 11 musicals a year, and the three-week shows were so popular that the theater added another weekend to each musical, starting last September.

"None of those things individually is a significant driver by themselves, but what they do do is drive the economies of other businesses," said Jeff Kingsbury, who founded the playhouse. "It's such a diverse mix of businesses and the thriving arts. It really helps stabilize the economy all the time."

Not an absolute term

Hovind said his use of the term "recession-proof" shouldn't be misconstrued as meaning a place is untouched by economic malaise.

"It's not absolute. You can't look at it in those terms. This is a continuous scale of gray," he said.

Despite continued job growth and housing prices that are still climbing, Raleigh and its nearby cities didn't make Hovind's list.

People get the mistaken impression that the area — with the state government in Raleigh, the pharmaceutical firms of the Research Triangle Park, and the major research centers of Duke, North Carolina State and the University of North Carolina — is recession-proof, N.C. State economist Michael Walden said.

- Bellingham, Wash.
- Kennewick-Richland, Wash.
- Olympia, Wash.
- Morgantown, W.Va.
- Casper, Wyo.

Source: JobBait.com

* Listed alphabetically by state and city name

Local angle

The Tucson area isn't on Mark Hovind's list of 27 "recession-proof" cities, but it has fared relatively well in the last three economic downturns, said Hovind, president of JobBait.com. Tucson had job growth rates of 2.3 percent in 1990, minus 0.7 percent in 2001, and 1.4 percent in 2007. Of the three, only the 2001 job-growth rate was well below the work force growth rate.

But the area is also heavily dependent on the technology and financial-services sectors, both of which were hit hard in 2001 and would likely suffer in another recession, he said.

"So we do go through economic swings just like the rest of the nation," Walden said.

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