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Oklahoma City defies recession

By Dennis Cauchon, USA TODAY

OKLAHOMA CITY — When an auto plant closes, it's usually bad news for the local economy.

When that factory is a mammoth, 4-million-square-foot operation with thousands of highly paid union workers, the shutdown usually means disaster.

Not in [Oklahoma City](#), where the unemployment rate is low and personal income is soaring.

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The [General Motors](#) plant closed in 2006, but was quickly reinvented as an aerospace repair operation for neighboring [Tinker Air Force Base](#), one of the military's largest repair facilities.

The current recession has put much of the U.S. on an economic losing streak. But a few places, including Oklahoma City, have missed most of the pain.

This city is perhaps the most surprising. Construction cranes are busy here. New medical buildings are underway. Buildings are being renovated in the historical Bricktown neighborhood. Oklahoma City's June unemployment rate of 6% was the second-lowest in the nation for metropolitan areas with 1 million or more people, says the [Bureau of Labor Statistics](#). Its per-capita income grew 6.9% in 2008 to \$40,942, compared with a year earlier, the Commerce Department reported last week. That growth made the city No. 1 in the USA for large metro areas.

What's Oklahoma City's secret? "Luck, as much as anything," says [Roy Williams](#), [Chamber of Commerce](#) president and a former economic developer in Phoenix and Ohio. "We're doing the right things, in the right place, at the right time."

Government as a strong jobs base

Of the five big metro areas with the lowest unemployment rates — Salt Lake City, Oklahoma City, Washington, San Antonio and Austin — four are state or U.S. capitals and all have a large government workforce.

Oklahoma City's economy is not only diversified but, by coincidence, is strong in areas that are thriving — or at least not collapsing — in this recession:

- Government jobs:** As a state capital, it has a jobs base that enjoys the stability of government — federal, state and local. Despite budget shortfalls across the USA, state and local government are among the few parts of the economy that have added jobs during the recession.
- Medical and education jobs:** Oklahoma City has large medical facilities and universities, types of employers that have held up well in the recession.
- Energy jobs:** Oklahoma City is home to the state's two largest oil and gas companies, [Devon Energy](#) and [Chesapeake Energy](#).

The city also escaped the real estate bubble.

The area's median housing price is \$129,900, up 4% from a year earlier, according to the National Association of Realtors. Nationally, housing prices were down 14% during that time.

"Our highs are not high, and our lows are not low," says Michael Bernard, president of the Mid-Continent Oil and Gas Association of Oklahoma.

Retooling a factory

The city's economic good fortune has been remarkable — even in failure.

Oklahoma City tried to become a hub for manufacturing airplanes, expanding on the aerospace industry that surrounds the Air Force base, says Mayor [Mick Cornett](#), a Republican. "Then comes the recession. People don't buy new planes. They repair what they've got. Oklahoma City does repair and overhaul. *Voilà!* Better be lucky than smart," he says.

Nothing illustrates Oklahoma City's winning streak more than the closure of the GM plant. Dozens of vacant auto plants remain silent in American towns, and this plant could have been the same had it not been located so close to the state's largest employer at one location, Tinker Air Force Base.

If the plant was miles away, the military would've had little interest, says Air Force Col. Randall Burke. Next-door was a different story: "It was very convenient."

Voters agreed to pay \$55 million for the GM property and lease it to the military. The military is investing about \$100 million over five years to convert the plant. "We're hiring right now," Burke says.

Tinker Aerospace Complex will have 500 new workers by the end of September, mostly aerospace engine specialists, Burke says. About 2,000 will work there by 2014. Tinker maintains B-1 and B-52 bombers, KC-135 refueling tankers and E-3 (AWACS) surveillance planes.

Despite its opportunity, Oklahoma City has not drawn a flood of job seekers.

"It's a better place to live than I thought," says Mason Loomis, who left a hotel job in Dearborn, Mich., for one in Oklahoma City.

Cornett says taxpayer-financed improvements started after [United Airlines](#) rejected the city as a maintenance hub. The airline told city officials that Indianapolis won because of superior quality of life.

"We got the message," Cornett says. "United told us they couldn't see employees living here. We tried to fix that."