



## Regional Perspectives: El Paso

BY MARK OSBORN

In late 2007, the United States fell into a broadly felt recession. We experienced a 50-percent drop in the stock market from October 2007 to March 2009. Only recently have we seen the beginning of what appears will be a slow recovery. This economic downturn has affected the market for legal services in various parts of the country and our state in different ways. In contrast to much of Texas that is influenced by oil and gas production, El Paso does not see the booms experienced by the rest of the state, but we also do not experience the corresponding busts. Unemployment in El Paso did not rise dramatically during the recession, but it is above state and national averages and has risen recently to more than 10 percent.

The market for legal services in El Paso has been influenced by the economic downturn, but it has also been influenced by other important local events. The effect of the economic downturn has been mitigated in El Paso by the expansion of Fort Bliss. Fort Bliss is the fastest-growing U.S. Army installation in the United States. By 2013, Fort Bliss will gain an additional 27,000 troops and approximately 37,000 family members. This growth will create 2,000 new civilian jobs. Fort Bliss currently has a \$1.7 billion impact on El Paso. By 2013, Fort Bliss is expected to have a \$6.4 billion impact, including more than \$400 million in new construction in 2010.

El Paso and Ciudad Juárez make up the largest border community in the world with the two cities separated only by the Rio Grande. Juárez has undergone tremendous change in the last three years. During this time, Juárez has been devastated by violent drug wars between competing cartels operating in Mexico. Juárez is now commonly referred to as the murder capital of the world. In 2010, the total number of murders in Juárez exceeded 3,000, an all-time high for the city. In stark contrast, in 2010, El Paso was identified as the safest large city in the United States. The result, although difficult to quantify precisely, has been an influx of people moving to El Paso from Juárez to escape the violence. Numerous businesses have moved from Juárez to El Paso, both to escape the ongoing violence and to attract U.S. customers who will no longer cross the border. The violence in Juárez and the growth of Fort Bliss have combined to keep home sales from falling too dramatically and have raised apartment occupancy rates to near 100 percent.

These changes in the economic landscape of El Paso have affected lawyers to varying degrees depending on the types of legal services they provide. One common effect of the recession has been an increase in the amount of time clients take to pay their bills. Another effect has been national clients choosing El Paso firms and lawyers over national firms, in part because the hourly rates billed by El Paso lawyers are significantly lower than those billed by lawyers in national firms. Probate work has remained steady during the recession and family law continues to grow as the number of divorce cases goes up each year.

Real estate work has been very slow, primarily because of the difficulties in obtaining credit. El Paso's real estate prices have not experienced large drops because El Paso never saw the wildly escalating real estate prices experienced in other parts of the country. As a result, foreclosures remain at historically normal levels.

Bankruptcy work, however, has been very busy in 2010, with large increases in the number of Chapter 7, 11, and 13 filings. Employment litigation has remained fairly steady with a decrease in the demand for advice and training from employers, as businesses have attempted to put off as much discretionary spending as possible. This same effect has been experienced in immigration law. The demand for immigration services from employers has dropped significantly, while at the same time, there has been an increase in demand for immigration services from individuals who are seeking to move from Juárez to El Paso. Generally, corporate and small business legal work has remained steady with one exception being a significant increase in businesses seeking legal help in moving from Juárez to El Paso.

Litigation in El Paso has continued at a fairly constant level over the last few years. The dramatic increase in federal criminal cases has slowed a bit, while the number of federal civil suits has remained generally constant over the last several years. Criminal defense lawyers have seen increased work because of a result of a multi-year, well-publicized, federal investigation into public corruption. Medical malpractice litigation remains at historically low levels due to tort reform. Personal injury suits, however, have been increasing, perhaps due to El Paso's rising population. Construction disputes have increased somewhat during the economic downturn. Other commercial litigation appears to have slowed

slightly during the last year or two. As a result of our proximity to New Mexico, many El Paso trial lawyers are doing more work in southern and eastern New Mexico, an increasingly popular place for personal injury litigation due, in part, to the absence of tort reform.

Overall, the El Paso legal market has remained fairly steady over the last two or three years. This will probably be the case for at least the next two years. In all likelihood, this is the result of the recession having less influence in El Paso, of the growth of Fort Bliss, and of the influx of people and businesses from Juárez. Some areas have seen an increase in the demand for legal services and others have seen decreases, but overall the story seems to be “slow and steady wins the race.”

The information reported is based on statistics and anecdotal reports from El Paso lawyers. In talking with attorneys around El Paso, one theme consistently emerged. El Paso lawyers appreciate the benefits that come with living in a community that is governed by the rule of law even if most of us take it for granted on a daily basis.

It is the presence of the rule of law that accounts for El Paso being the safest city in the United States, while Juárez, literally next door, is experiencing unprecedented violence with no end in sight. Without exploring the underlying reasons, it is clear that Juárez suffers from a complete breakdown of the rule of law, despite the fact that the Mexican army and federal police have flooded the city in an attempt to reduce the violence.

It is always interesting to examine our current and future economic outlook, but in El Paso, we are reminded on a daily basis to be thankful for the blessings we have in the United States and to be concerned about the welfare of our southern neighbors who are caught in a war they are powerless to stop. Living on the border seems to focus our priorities and keep the economics of the practice of law in proper perspective.



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