

Houston Economic Outlook

Jenny Philip



GREATER HOUSTON
PARTNERSHIP

Making Houston Greater.



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45,500 jobs

December '17 to December '18



Employment Growth in '18

- Accommodation and Food Services
- Administrative Support
- Arts, Entertainment, and Recreation
- Educational Services
- Finance and Insurance
- Government
- Health Care and Social Assistance
- Manufacturing
- Other Services
- Professional, Scientific, Technical Svcs
- Real Estate and Rental and Leasing
- Retail Trade
- Transportation, Warehousing, and Utilities
- Wholesale Trade



Employment Losses in '18

➤ Construction

➤ Information



Employment Flat in '18

➤ Energy



What's driving the forecast?

- World and U.S. Economic Growth
- Energy Industry Recovery
- Continued Population Growth



2018 will look like a slightly better version of 2017.



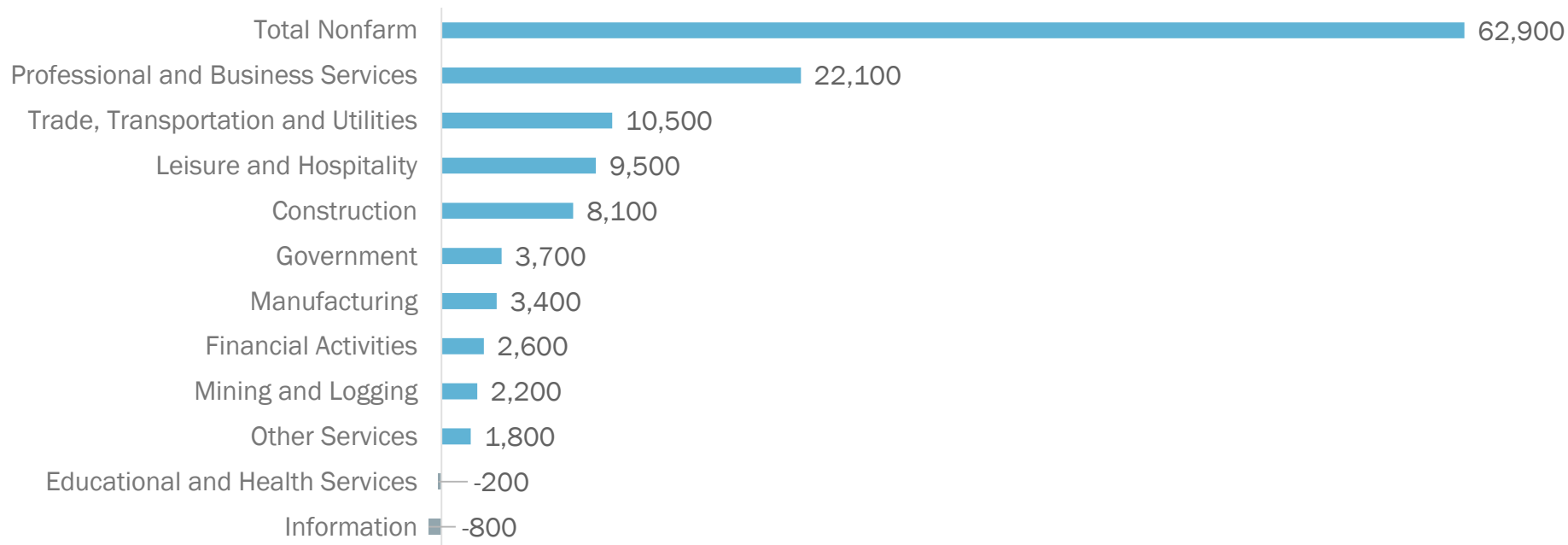
An aerial photograph of the Houston skyline, featuring several prominent skyscrapers. The image is overlaid with a semi-transparent blue filter. The text 'How did Houston do in 2017?' is centered in white.

How did Houston do in 2017?



2017 Metro Houston Employment

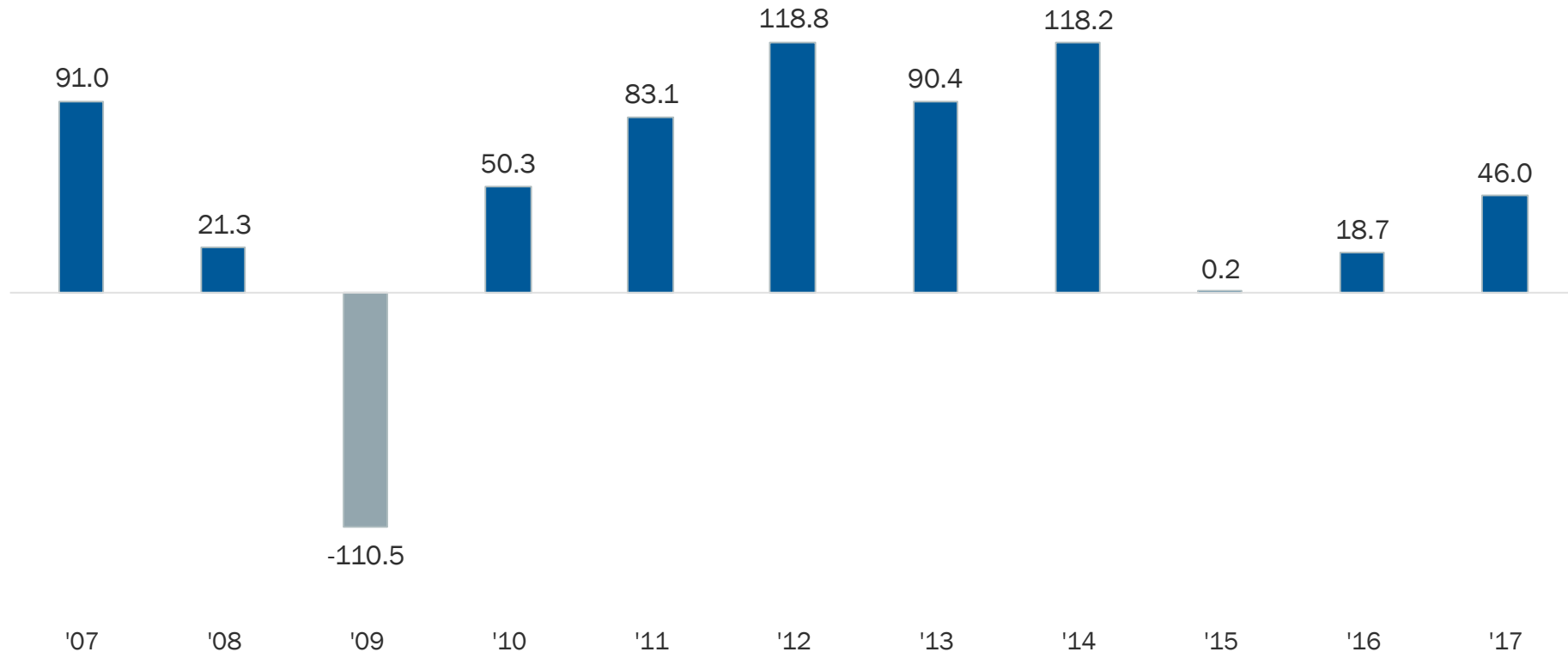
Dec '16 - Dec '17 net change



Source: U.S. Bureau Labor Statistics



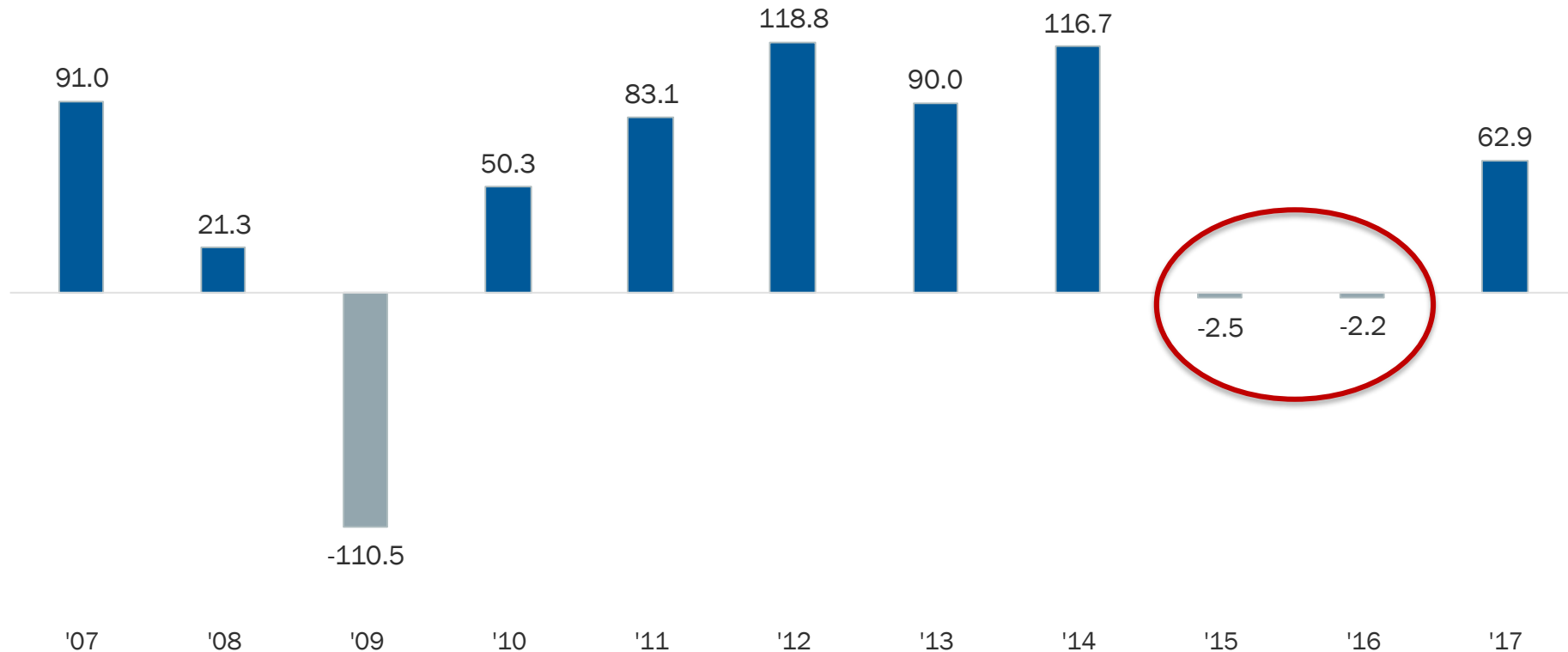
Pre-Revision Metro Houston Employment Change, Dec-Dec



Source: U.S. Bureau Labor Statistics



Post-Revision Metro Houston Employment Change, Dec-Dec



Source: U.S. Bureau Labor Statistics

An aerial photograph of a city skyline, likely New York City, with several prominent skyscrapers. The image is overlaid with a semi-transparent blue filter. The title text is centered in the upper half of the image.

A Closer Look: Upstream Energy

Gradual recovery in upstream energy

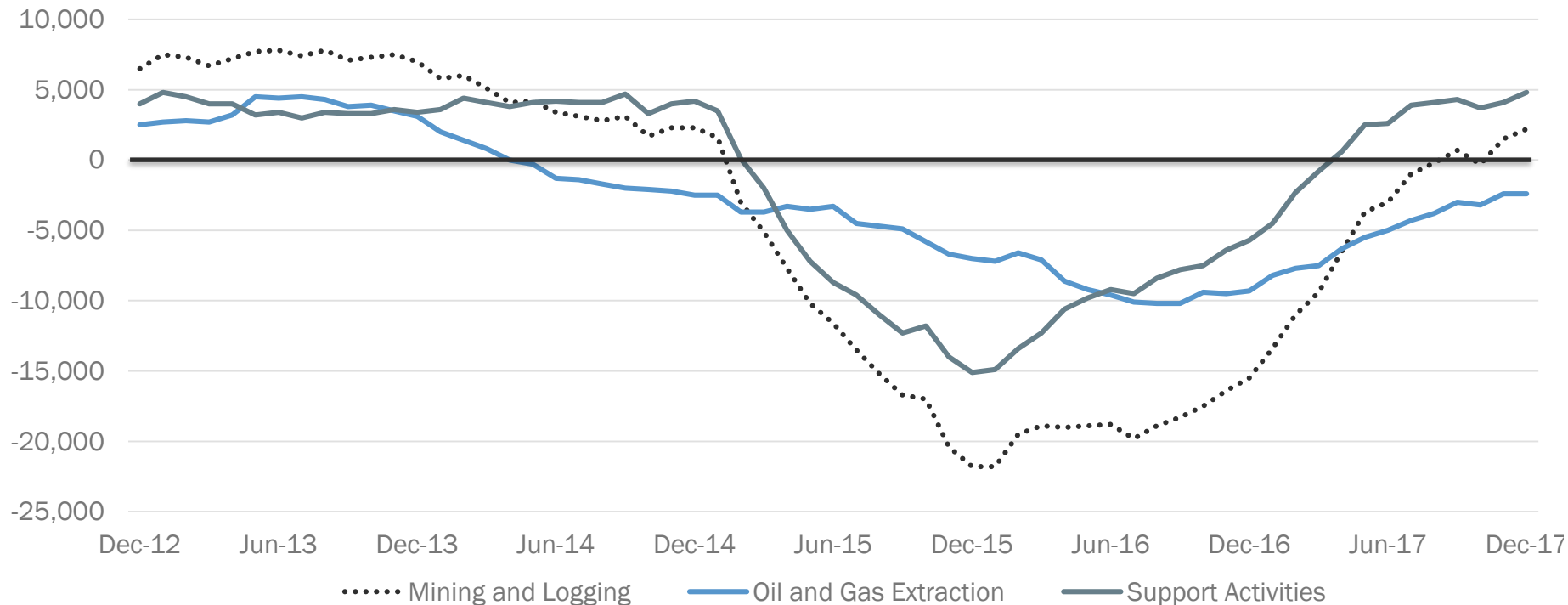
Mining and Logging Employment, 12-month net change



Source: U.S. Bureau of Labor Statistics

OFS hiring more than E&P

Mining and Logging Employment, 12-month net change

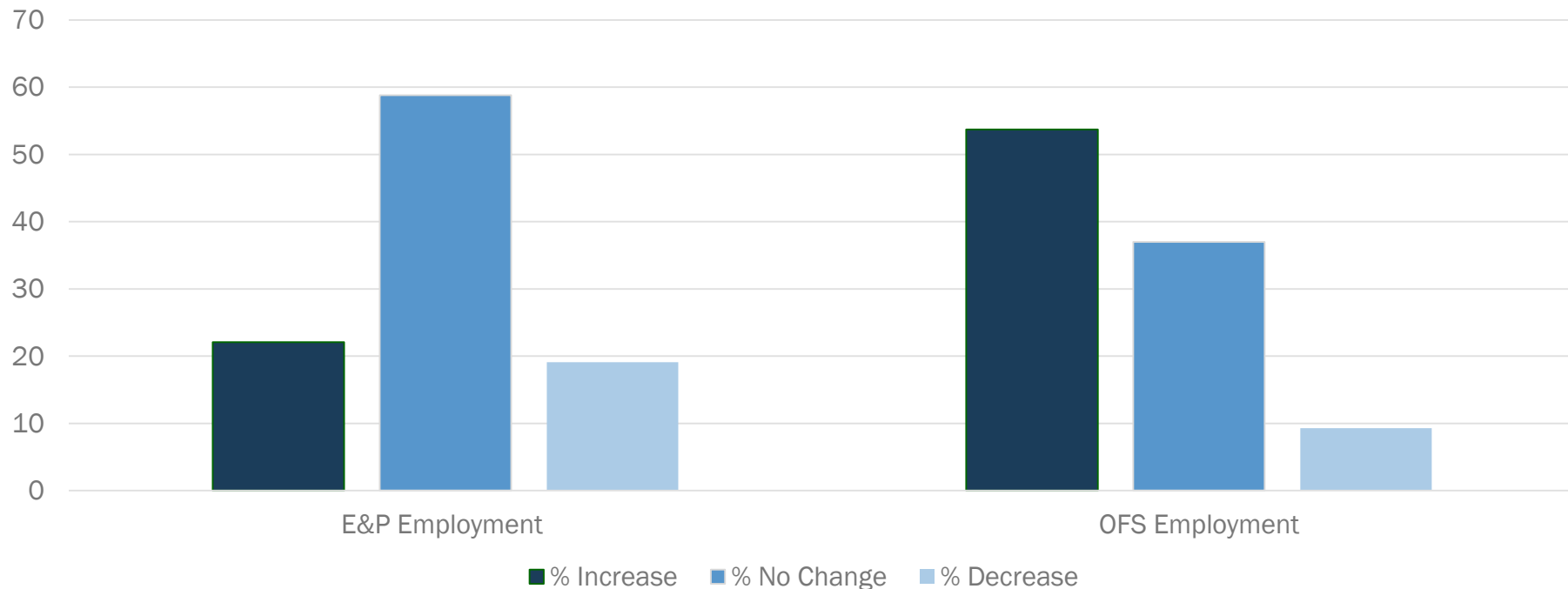


Source: U.S. Bureau of Labor Statistics



OFS hiring more than E&P

Fed Energy Survey: E&P vs OFS Hiring (Q4/16 vs Q4/17)



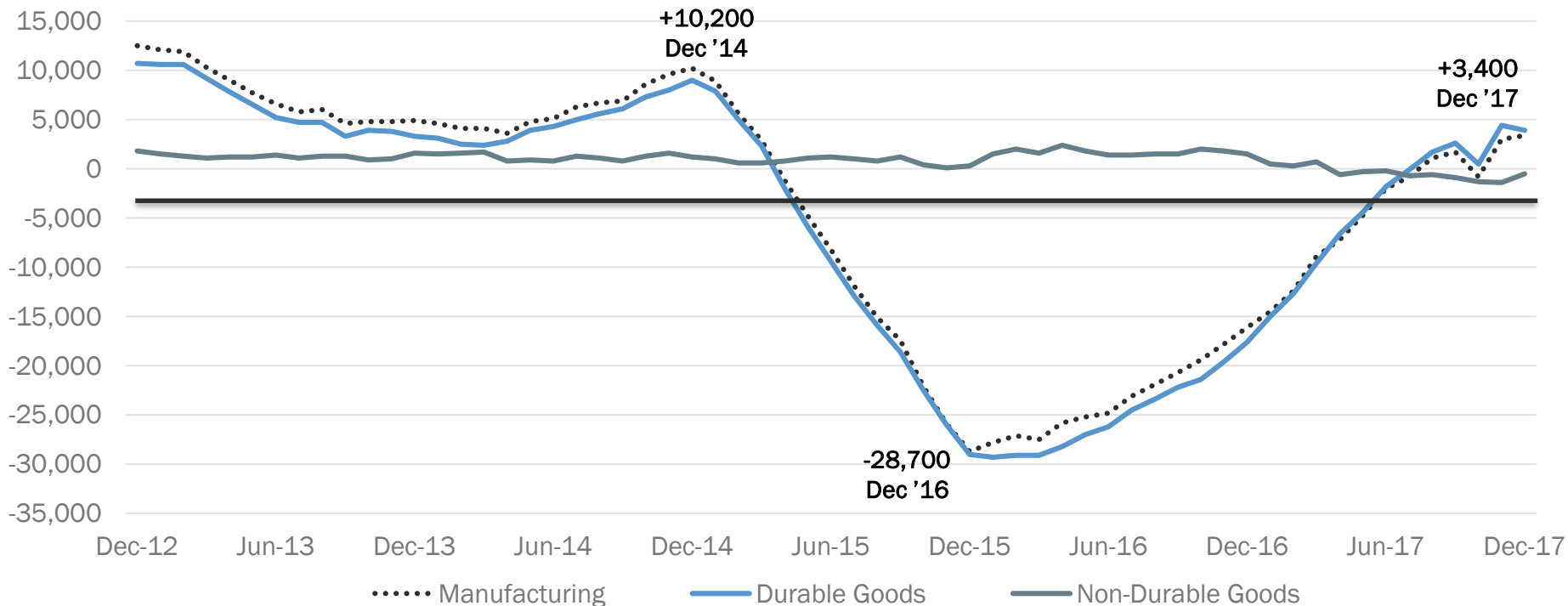
Source: Dallas Fed Energy Survey, Q4/17

An aerial photograph of a city skyline, featuring several prominent skyscrapers and a dense urban landscape. The image is overlaid with a semi-transparent blue filter. The title text is centered in the upper half of the image.

A Closer Look: Manufacturing



Manufacturing Employment, 12-month net change

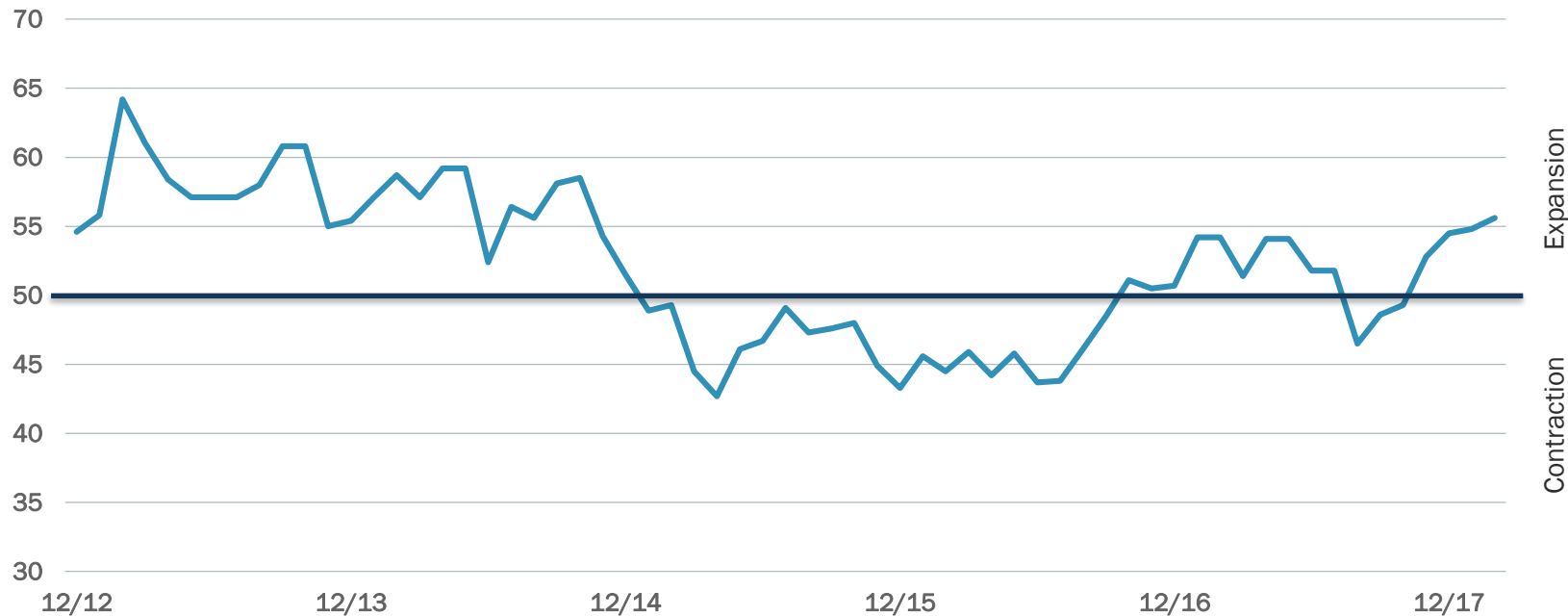


Source: U.S. Bureau of Labor Statistics



Good news: PMI above 50.

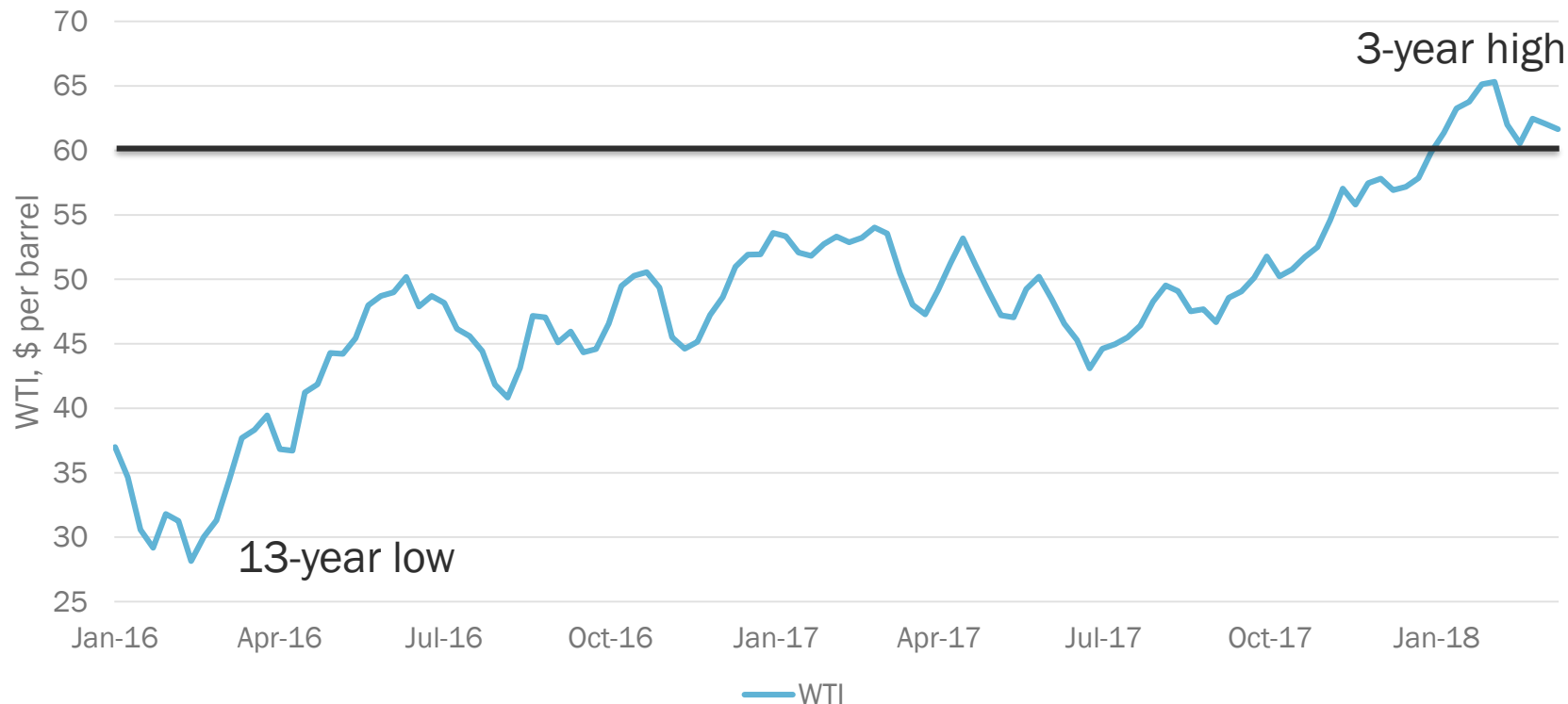
Houston Purchasing Managers Index
50 = Neutral



Source: Institute for Supply Management-Houston



Good news: Oil prices in \$60 territory.

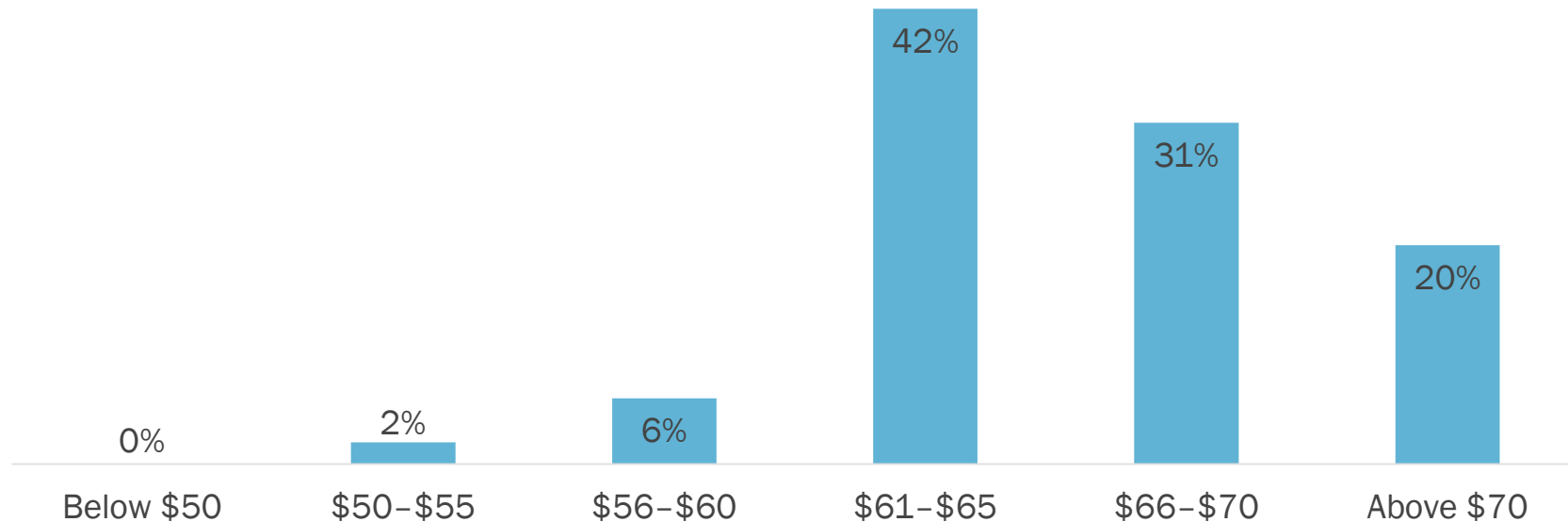


Source: EIA



Producers say ~\$60 is the sweet spot.

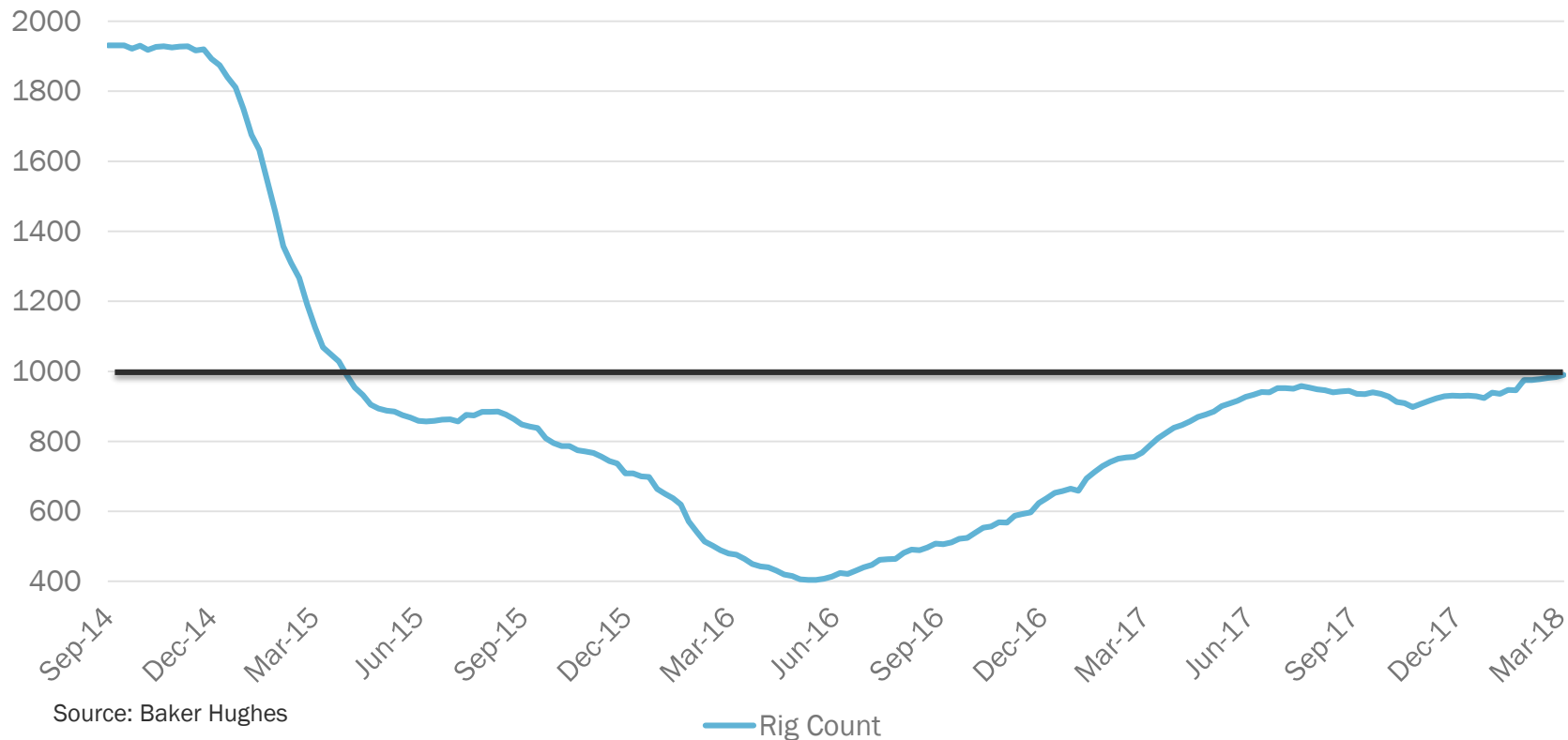
At what WTI price would you expect the U.S. rig count to substantially increase?



Source: Dallas Fed Energy Survey, Q4/17

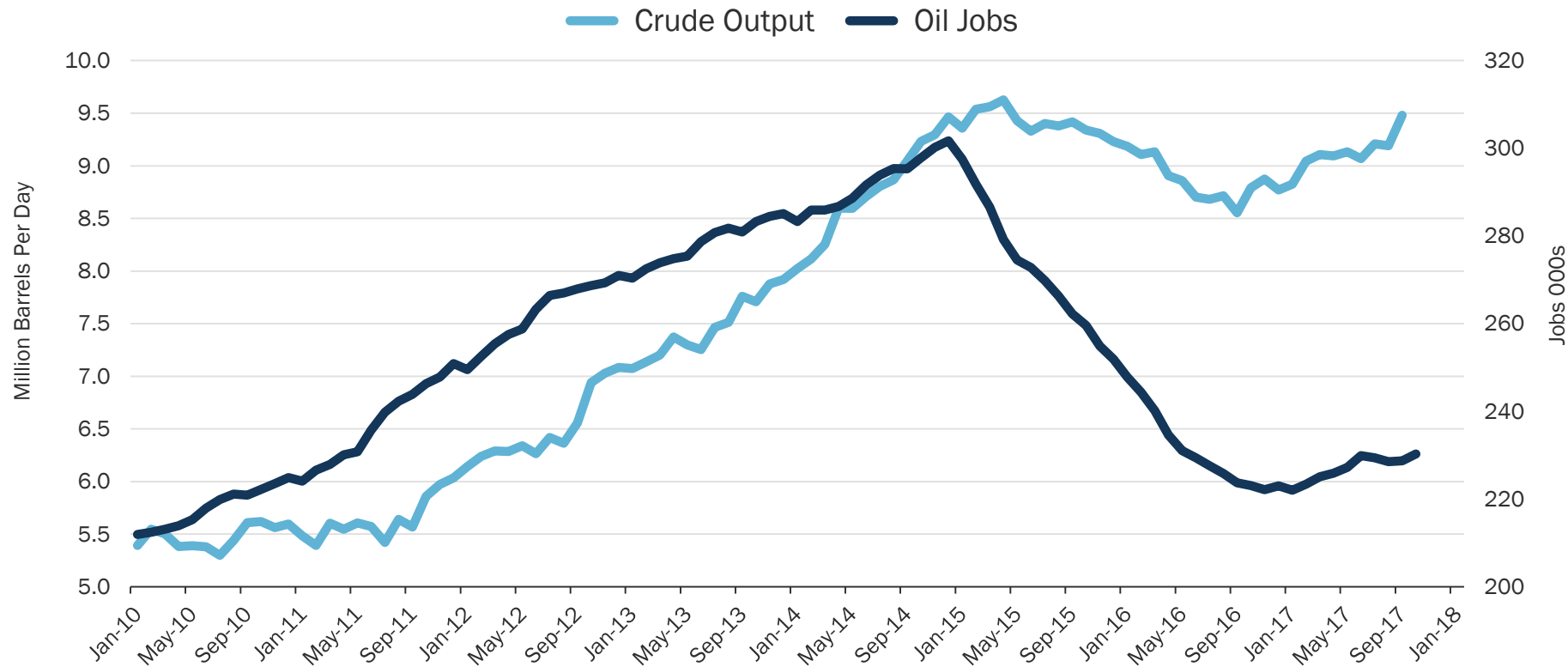


Rig counts slow to respond.





Production is growing; headcount is not.



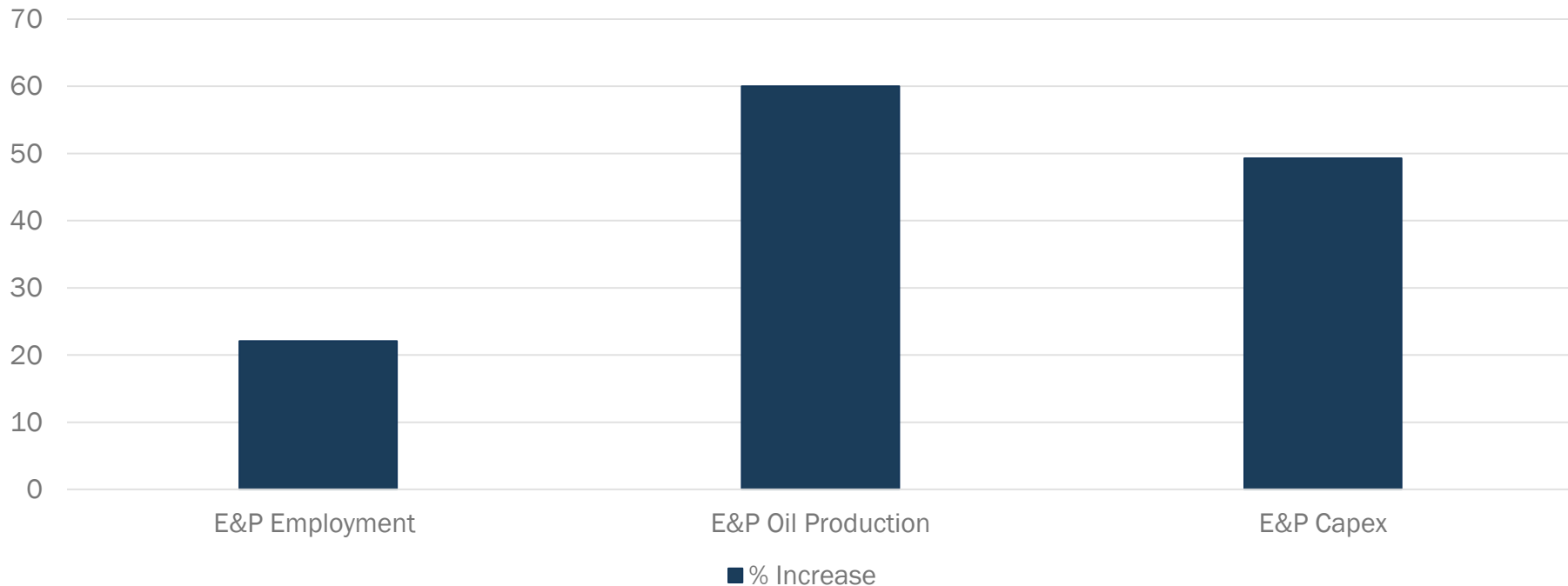
Source: U.S. EIA, Texas Workforce Commission

* Exploration, oil field services, related manufacturing, engineering



Production is growing; headcount is not.

Fed Energy Survey: E&P Companies (YOY)



Source: Dallas Fed Energy Survey, Q4/17

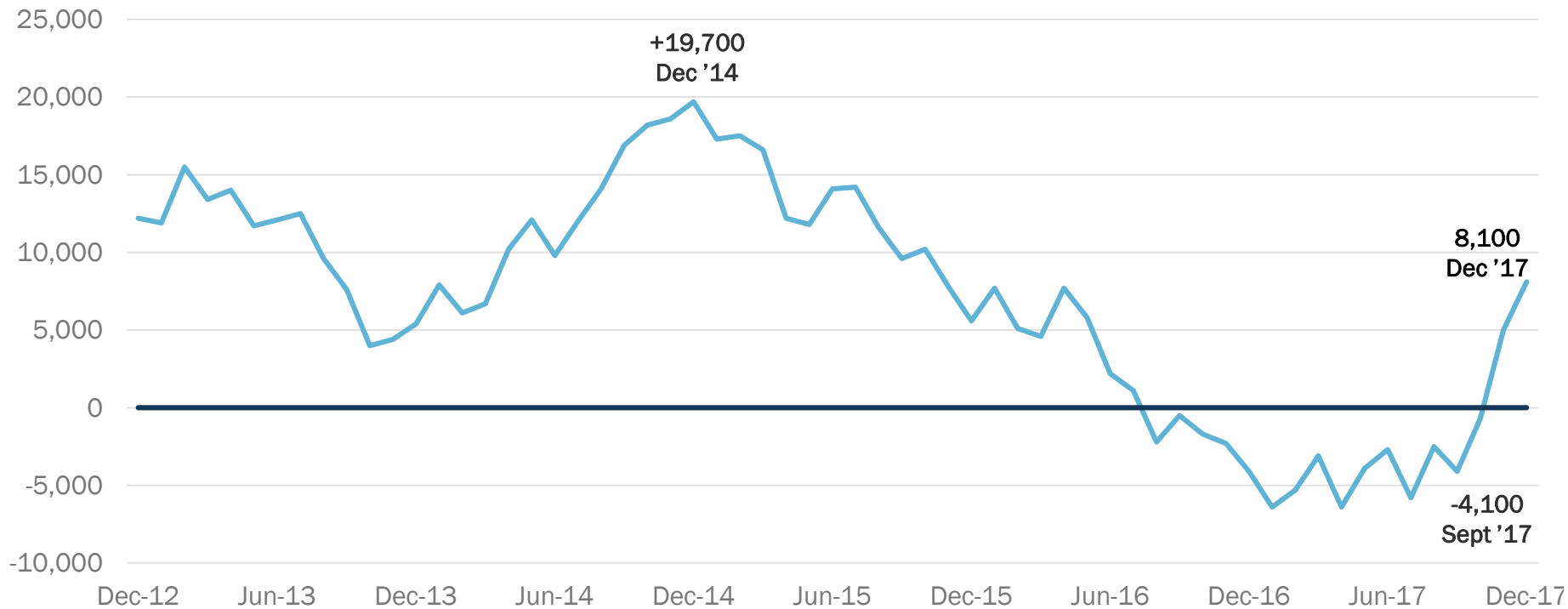
An aerial photograph of a city skyline, featuring several prominent skyscrapers and a dense urban landscape. The image is overlaid with a semi-transparent blue filter. The title 'A Closer Look: Construction' is centered in white text.

A Closer Look: Construction



Harvey-related Construction

Construction Employment, 12-month net change

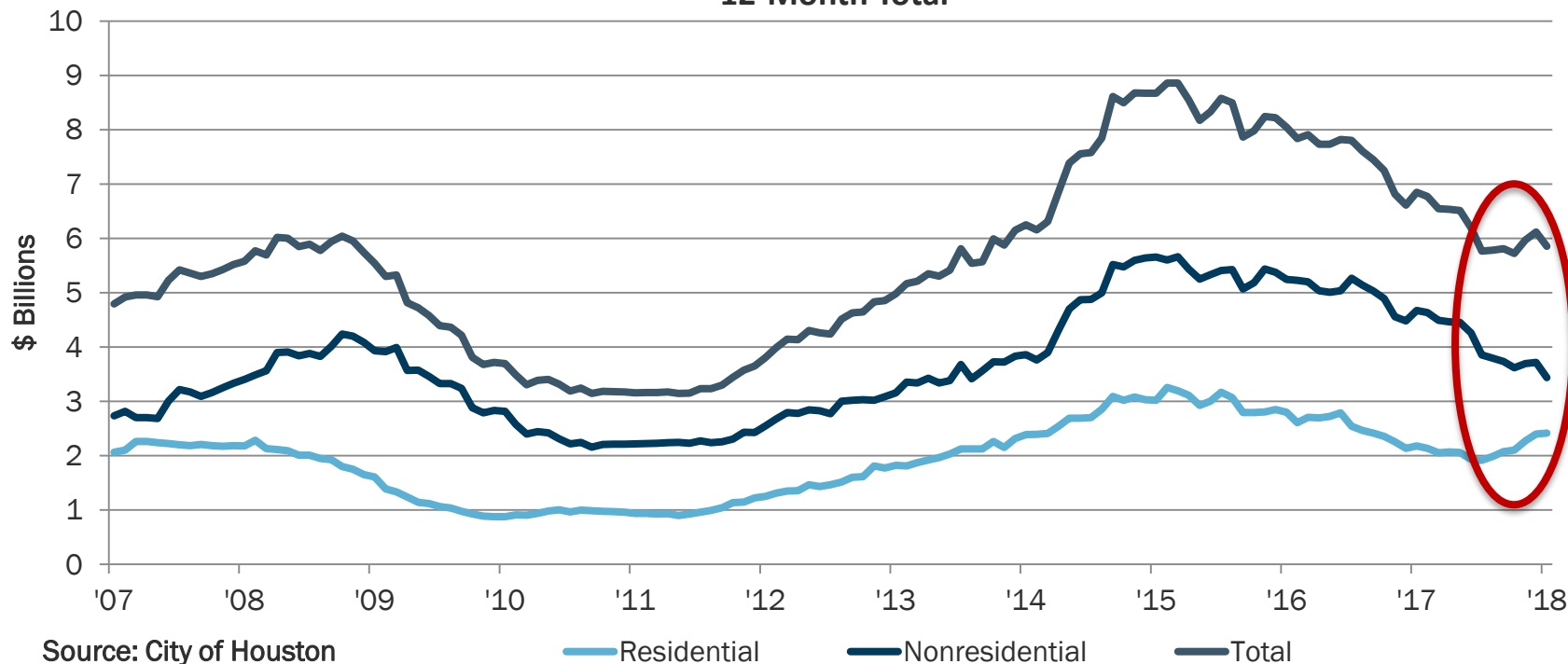


Source: U.S. Bureau of Labor Statistics



Harvey-related Construction

CITY OF HOUSTON BUILDING PERMIT VALUE
12-Month Total





A Closer Look: Health Care



Declines in health care

Health Care Employment, 12-month net change



Source: U.S. Bureau of Labor Statistics

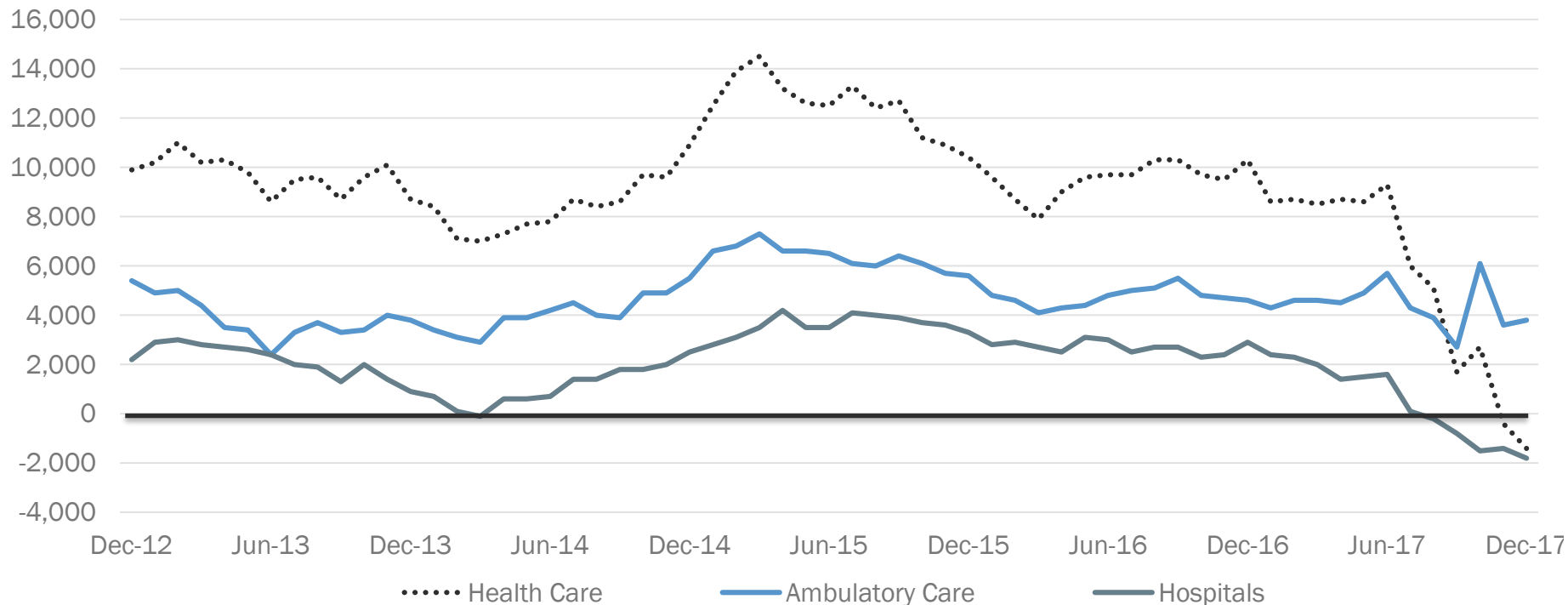


Where did growth come from?



Outpatient care outpaced hospital growth.

Health Care Employment, 12-month net change



Source: U.S. Bureau of Labor Statistics



Metro Population





10 Most Populous Metro Areas

Rank	Metro Area	Population as of 7/1/17	Change since 7/1/10
1	New York	20,320,876	754,396
2	Los Angeles	13,353,907	524,946
3	Chicago	9,533,040	71,499
4	Dallas-Fort Worth	7,399,662	973,431
5	Houston	6,892,427	971,941
6	Washington, D.C.	6,216,589	580,228
7	Miami	6,158,824	592,525
8	Philadelphia	6,096,120	130,427
9	Atlanta	5,884,736	597,993
10	Boston	4,836,531	283,935

Source: U.S. Census Bureau



Growth by County

Metro Houston Population Change by County, 7/1/16 to 7/1/17

County	2017 Population	2016 Population	# Change	% Change
Austin	29,786	29,637	149	0.5%
Brazoria	362,457	353,828	8,629	2.4%
Chambers	41,441	40,283	1,158	2.9%
Fort Bend	764,828	741,958	22,870	3.1%
Galveston	335,036	329,306	5,730	1.7%
Harris	4,652,980	4,617,041	35,939	0.8%
Liberty	83,658	81,377	2,281	2.8%
Montgomery	570,934	554,522	16,412	3.0%
Waller	51,307	50,058	1,249	2.5%
Total	6,892,427	6,798,010	94,417	1.4%

Source: U.S. Bureau of the Census



Components of Metro Houston Growth

	'15 – '16*	'16 – '17*
Natural Increase		
Births	102,152	102,941
Deaths	-40,536	-41,404
Total Natural	+61,616	+61,537

* From July 1 to July 1

** Does not sum due to rounding and other effects.

Source: U.S. Census Bureau



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In-Migration		
International	35,000	43,094
Domestic	28,090	-10,372
Total Migration	63,090	43,094

* From July 1 to July 1

** Does not sum due to rounding and other effects

Source: U.S. Census Bureau



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Total Increase**	125,005	94,417

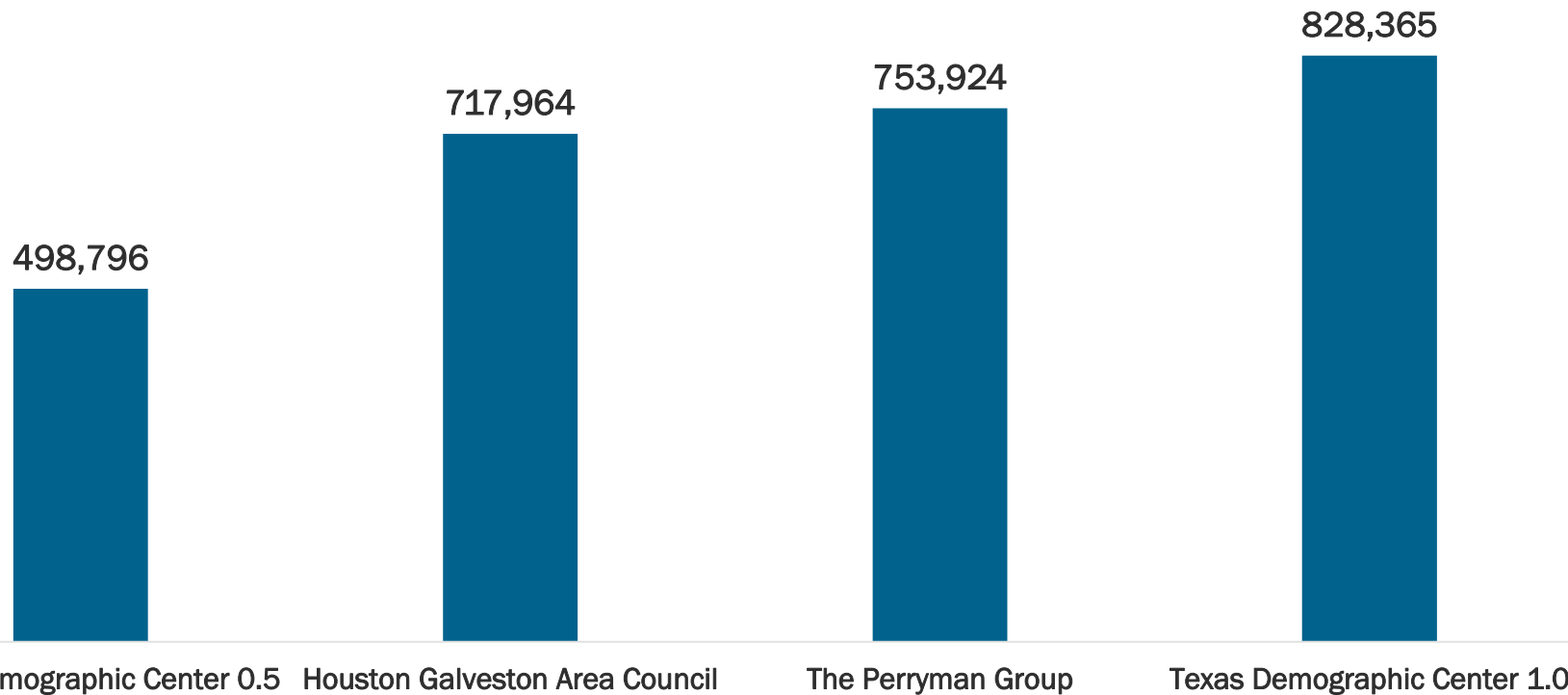
* From July 1 to July 1 each year

** Does not sum due to rounding and other effects

Source: U.S. Census Bureau



Projected Metro Population Growth, '17 – '22



Source: Texas State Data Center



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HOUSTON'S ECONOMY



Economy at a Glance



Houston Facts



Houston Briefs: Talking Points



2018 Employment Forecast

Houston Economic Outlook

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