

# Houston Economic Outlook

Jenny Philip



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Making Houston Greater.



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# 45,500 jobs

December '17 to December '18

# Employment Growth in '18

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

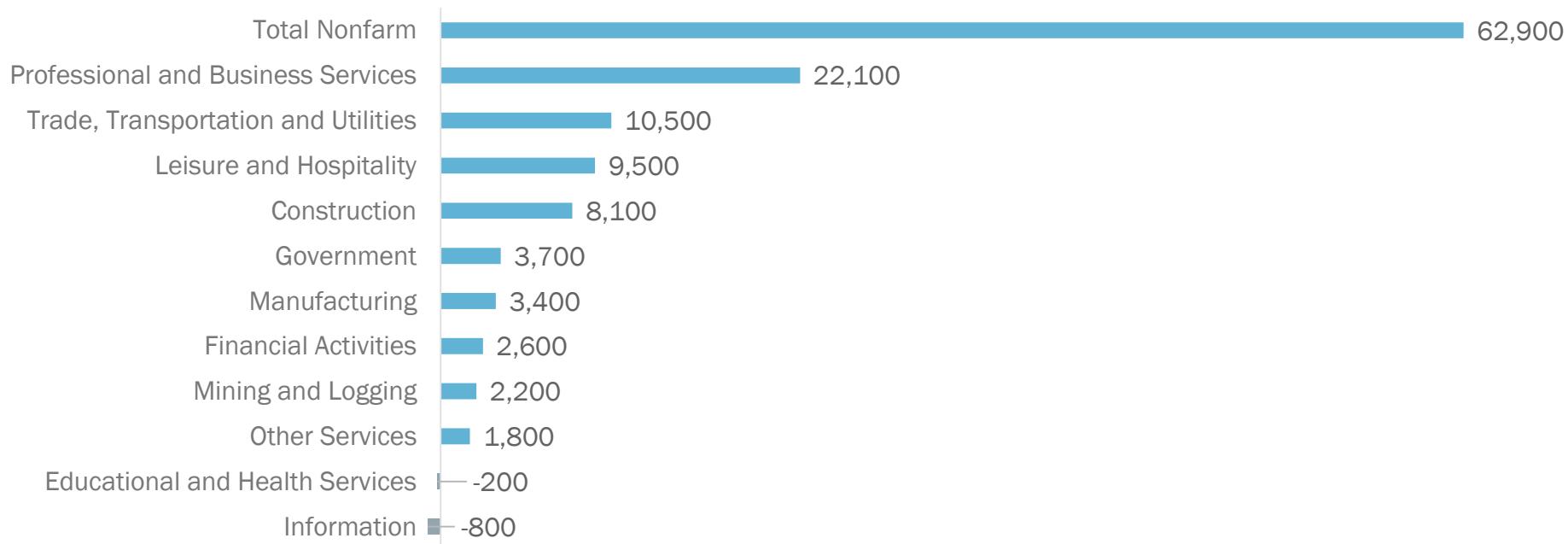




# How did Houston do in 2017?

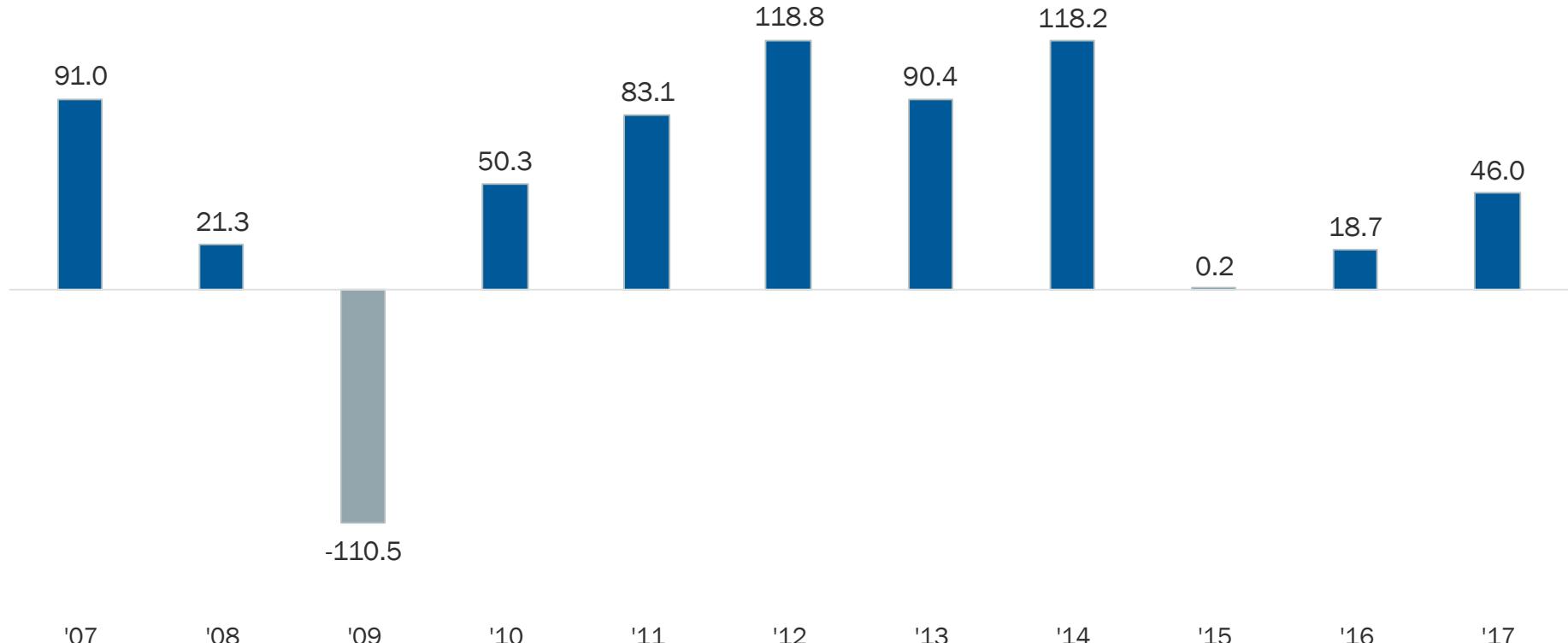
# 2017 Metro Houston Employment

Dec '16 - Dec '17 net change



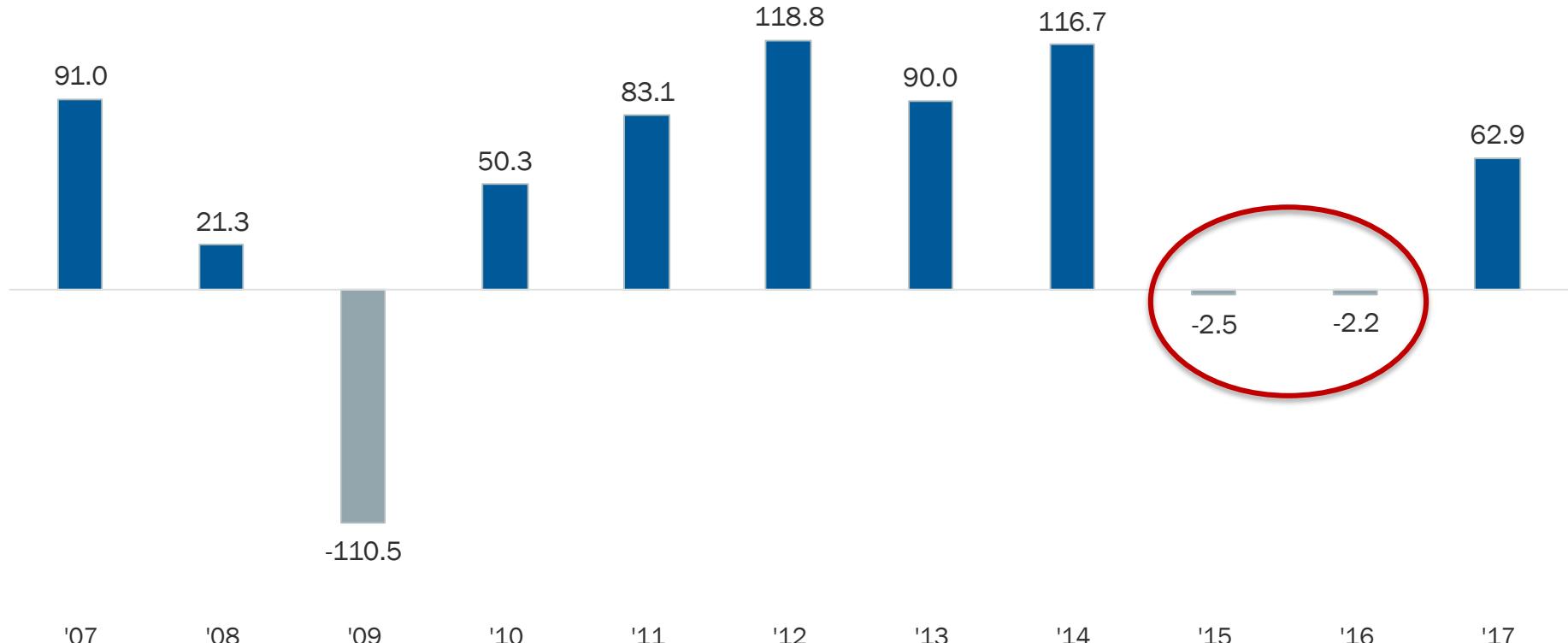
Source: U.S. Bureau Labor Statistics

## Pre-Revision Metro Houston Employment Change, Dec-Dec



Source: U.S. Bureau Labor Statistics

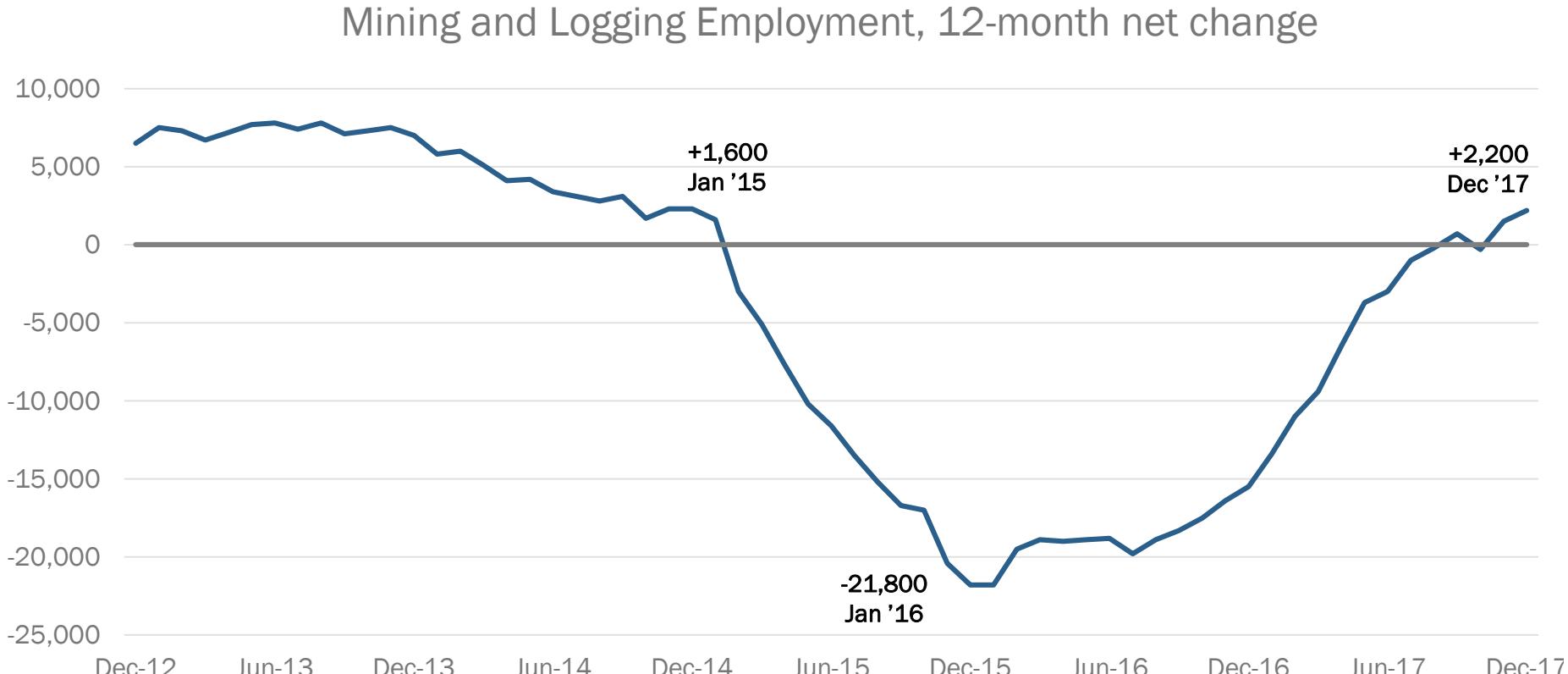
# Post-Revision Metro Houston Employment Change, Dec-Dec



Source: U.S. Bureau Labor Statistics

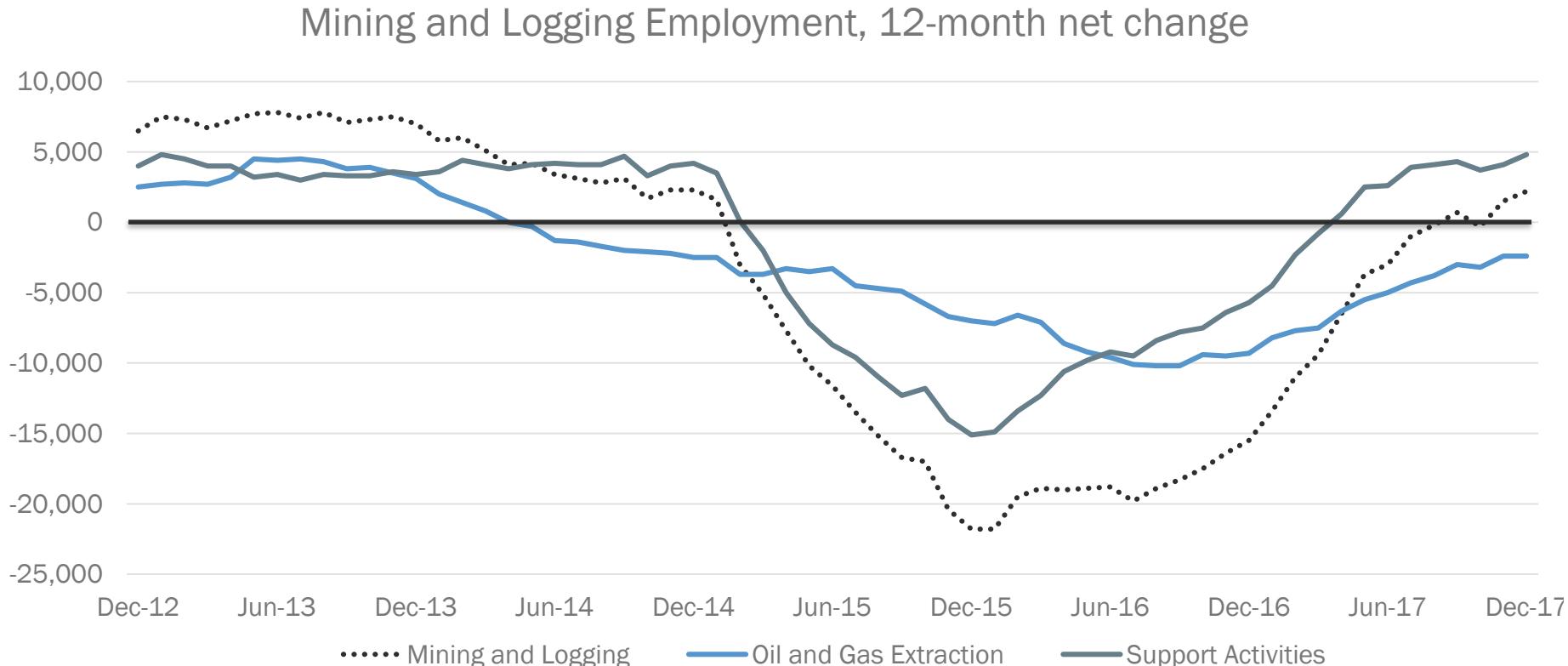
# A Closer Look: Upstream Energy

# Gradual recovery in upstream energy



Source: U.S. Bureau of Labor Statistics

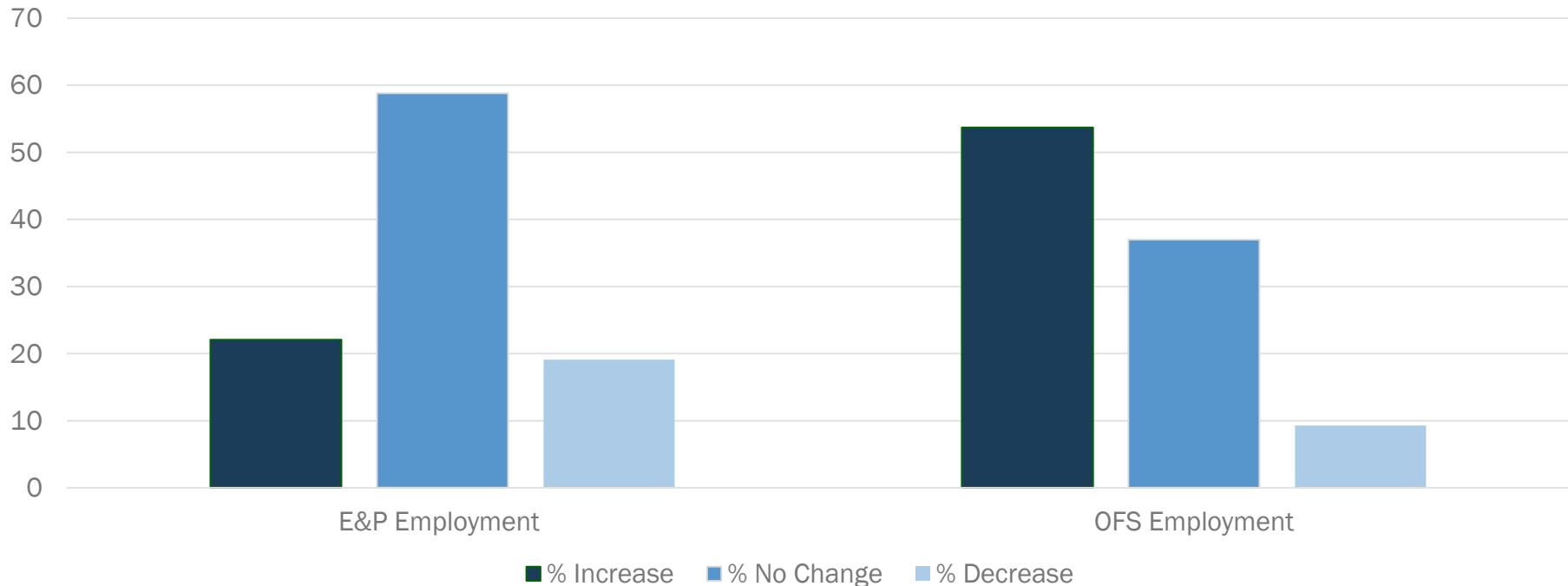
# OFS hiring more than E&P



Source: U.S. Bureau of Labor Statistics

# OFS hiring more than E&P

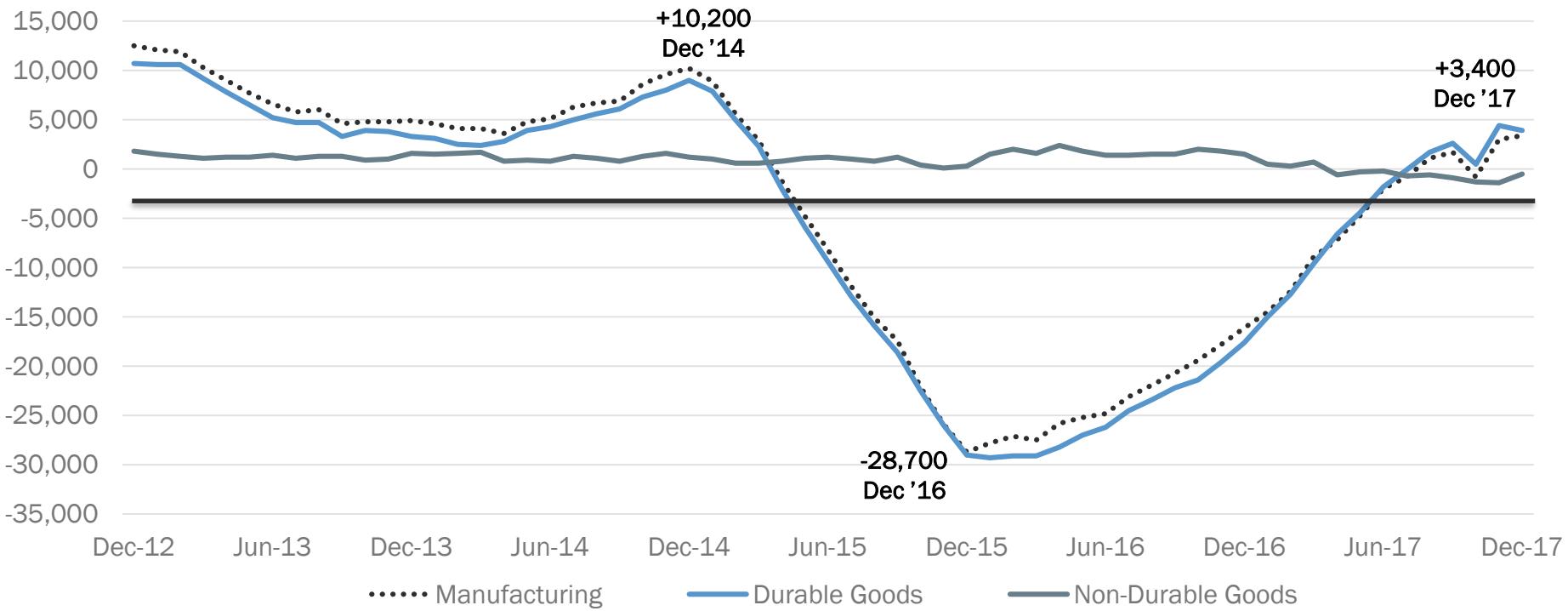
## Fed Energy Survey: E&P vs OFS Hiring (Q4/16 vs Q4/17)



Source: Dallas Fed Energy Survey, Q4/17

# A Closer Look: Manufacturing

## Manufacturing Employment, 12-month net change

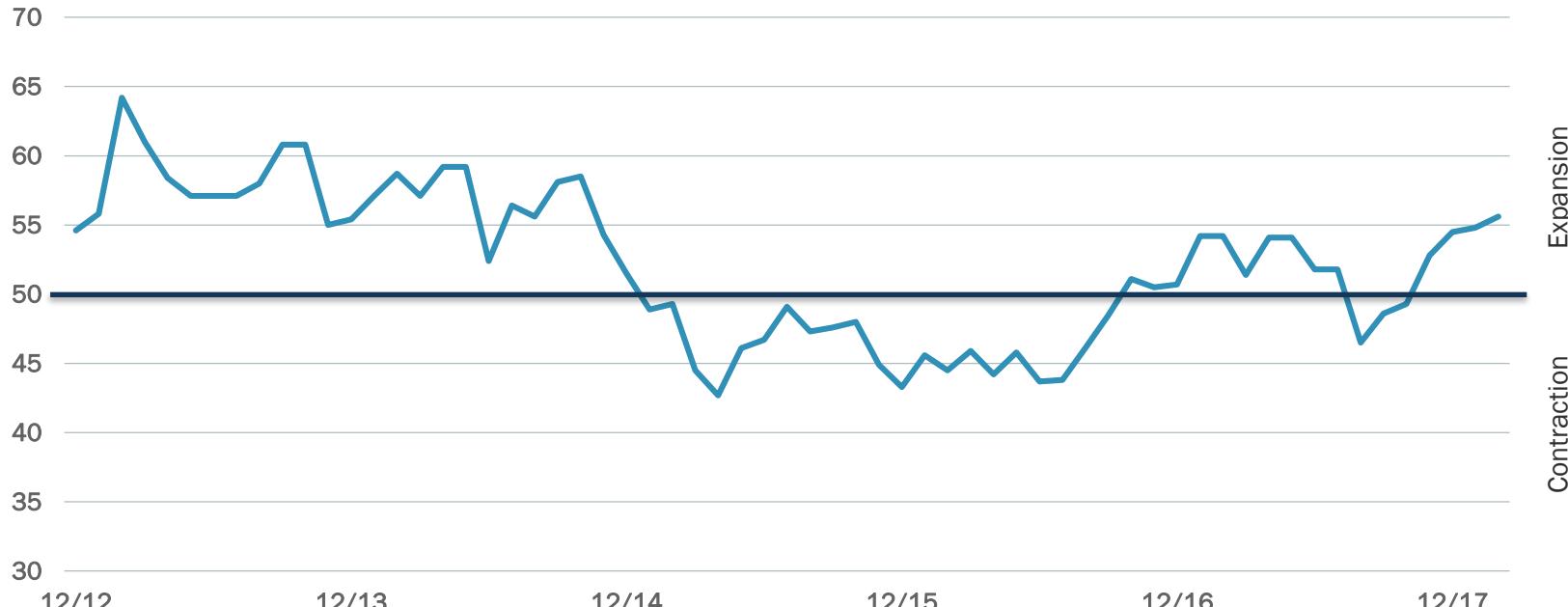


Source: U.S. Bureau of Labor Statistics



# Good news: PMI above 50.

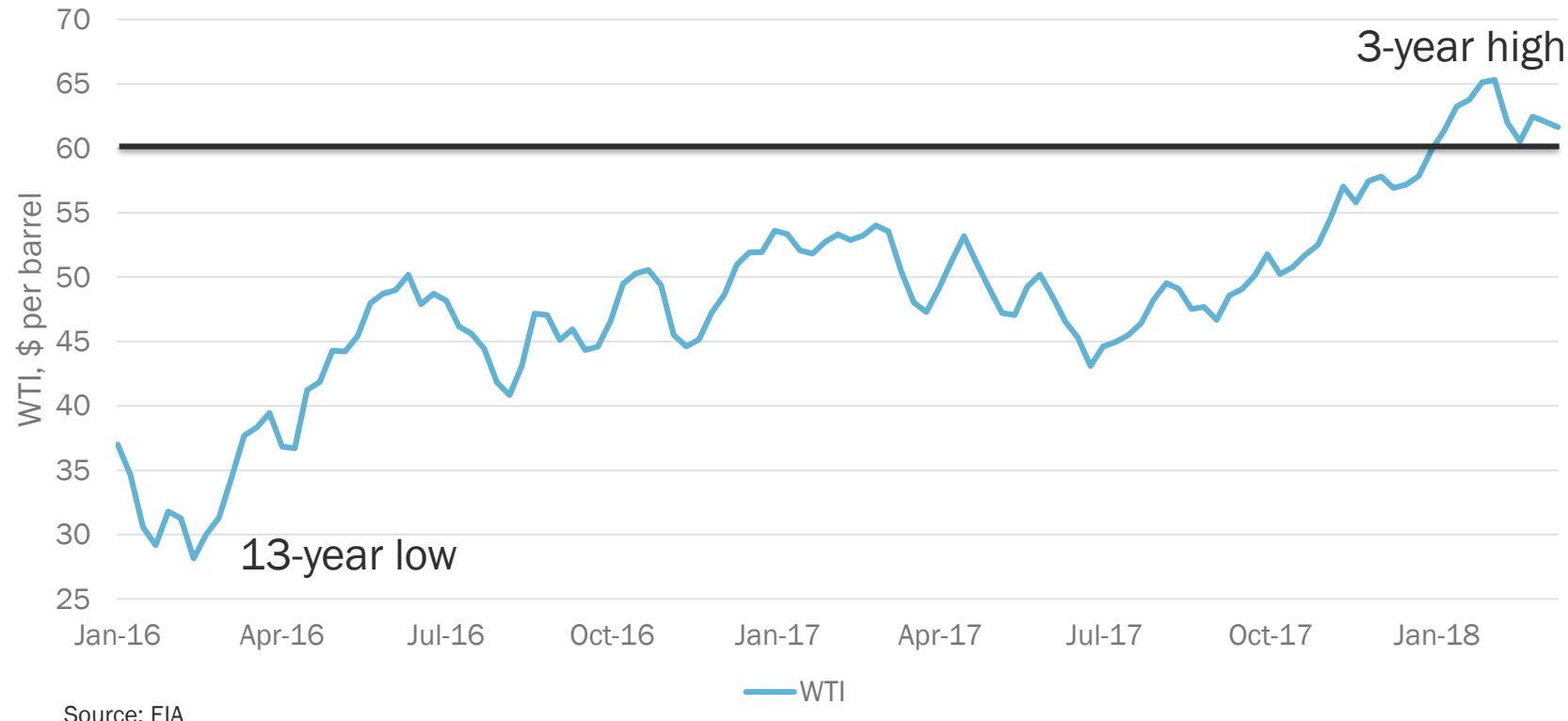
Houston Purchasing Managers Index  
50 = Neutral



Source: Institute for Supply Management-Houston



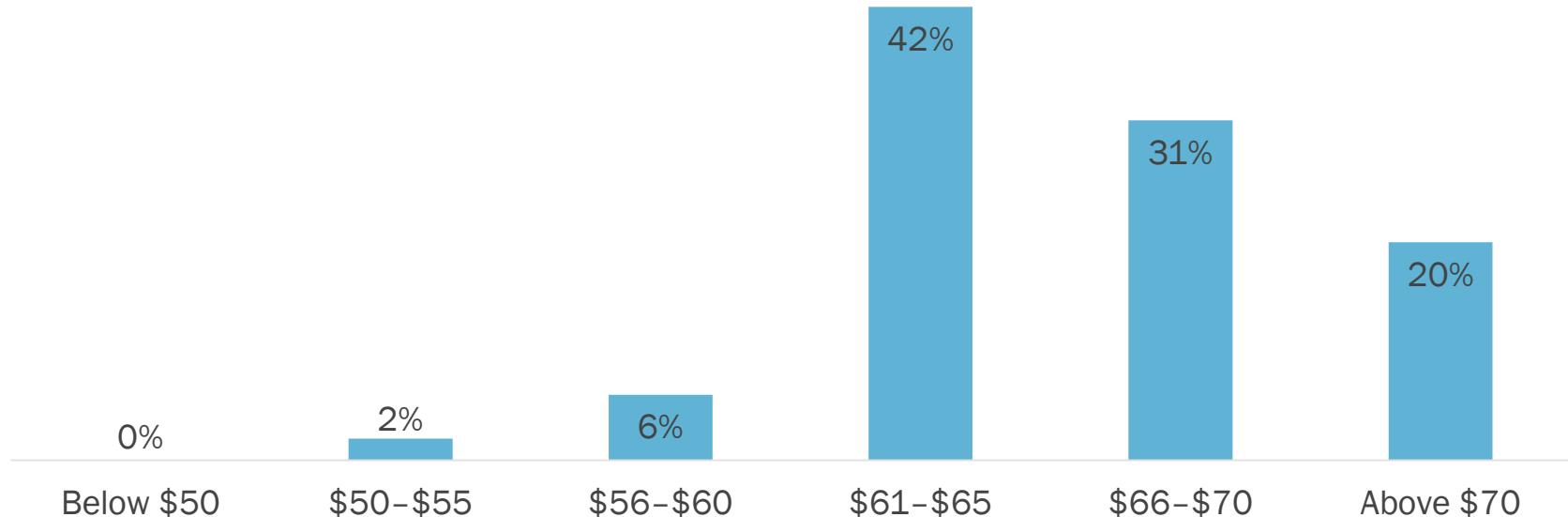
# Good news: Oil prices in \$60 territory.





# Producers say ~\$60 is the sweet spot.

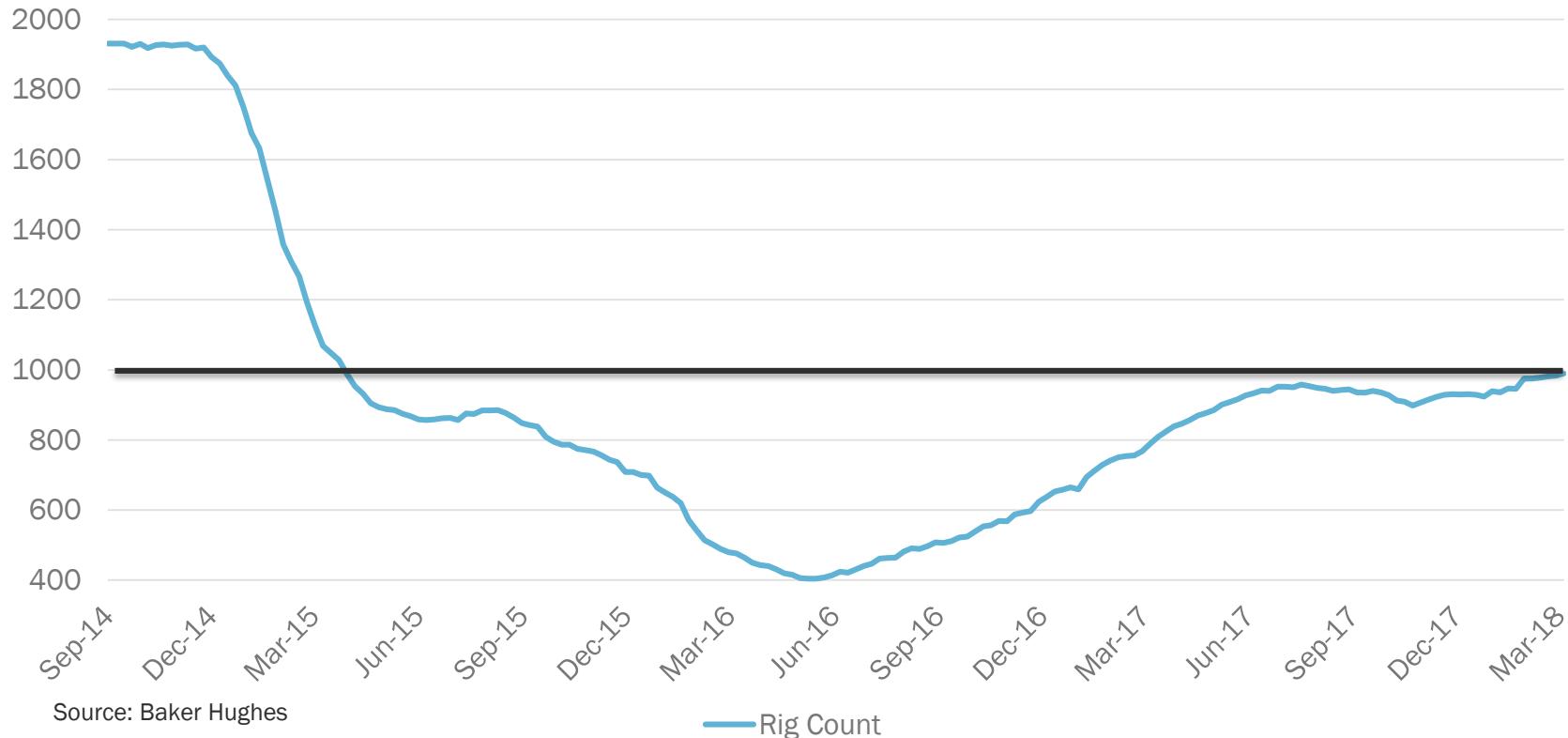
At what WTI price would you expect the U.S. rig count to substantially increase?



Source: Dallas Fed Energy Survey, Q4/17

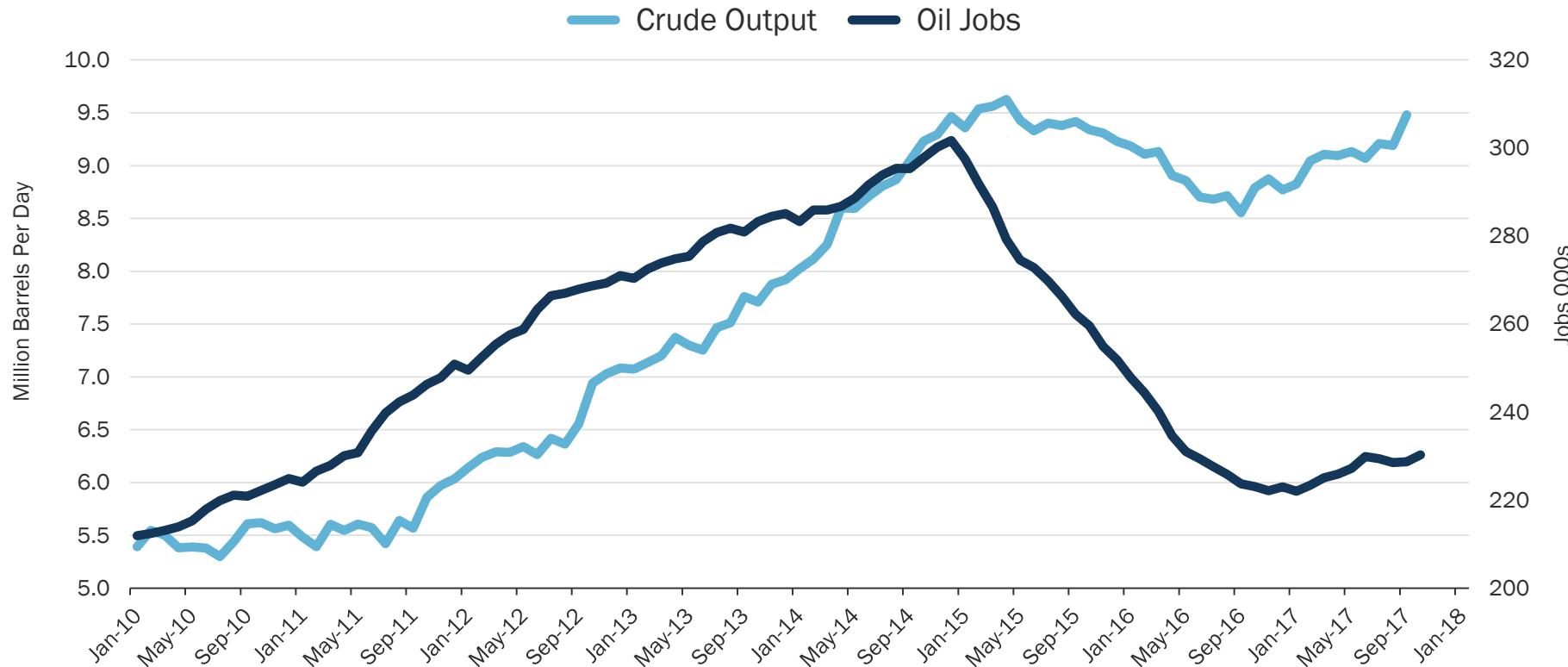


# Rig counts slow to respond.





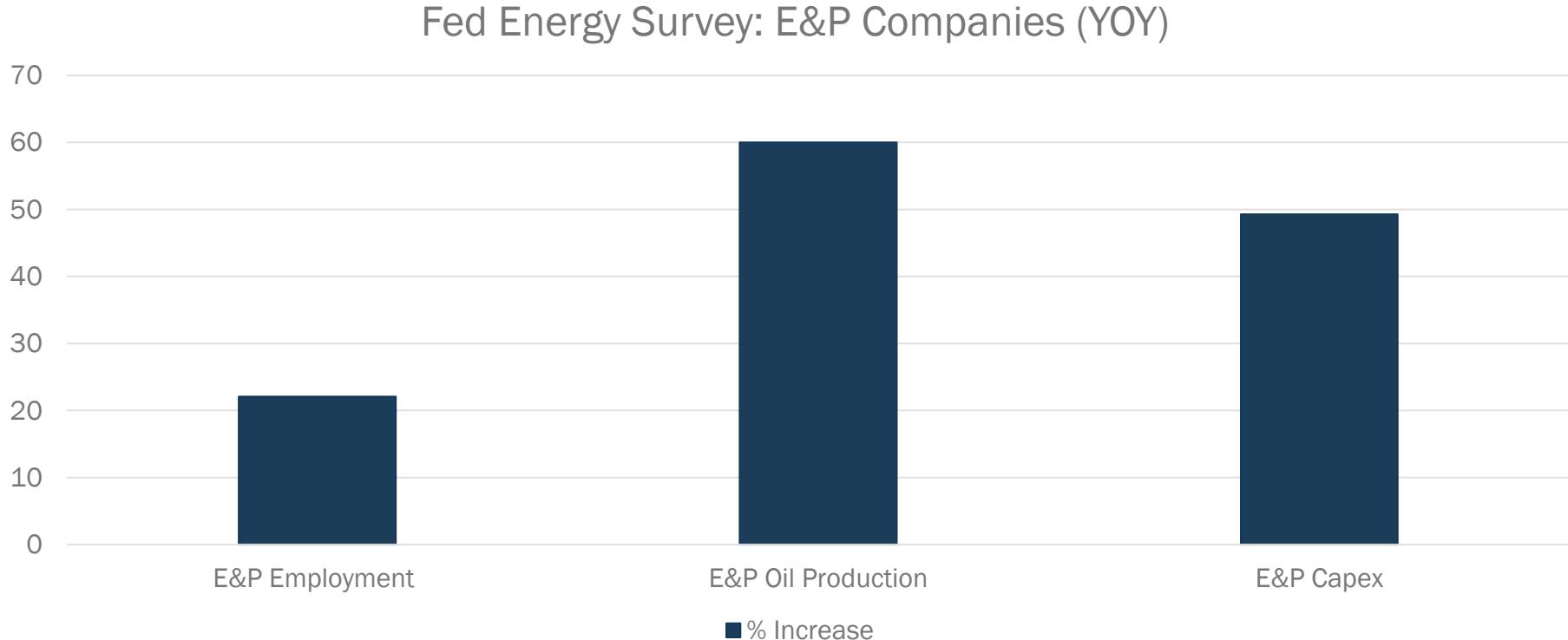
# Production is growing; headcount is not.



Source: U.S. EIA, Texas Workforce Commission

\* Exploration, oil field services, related manufacturing, engineering

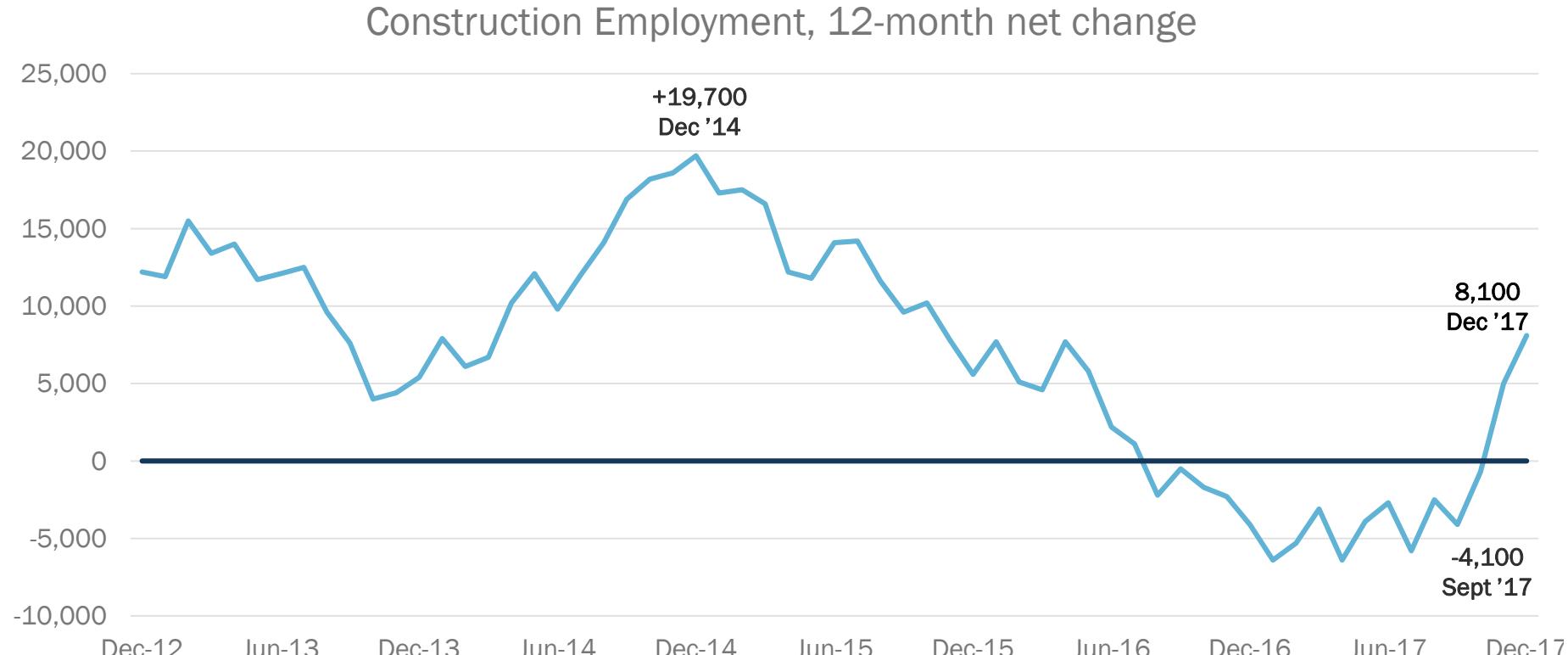
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Source: Dallas Fed Energy Survey, Q4/17

# A Closer Look: Construction

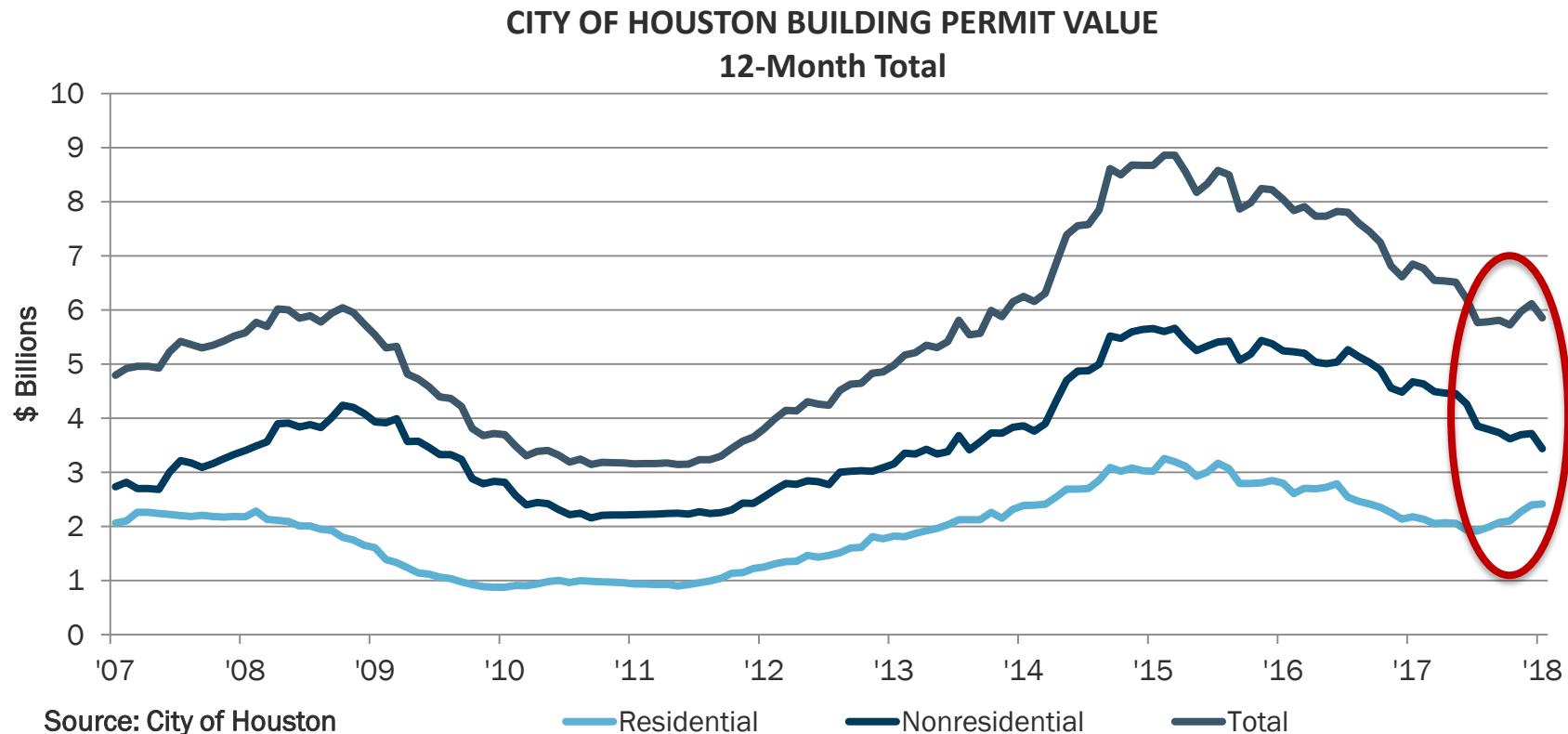
# Harvey-related Construction



Source: U.S. Bureau of Labor Statistics

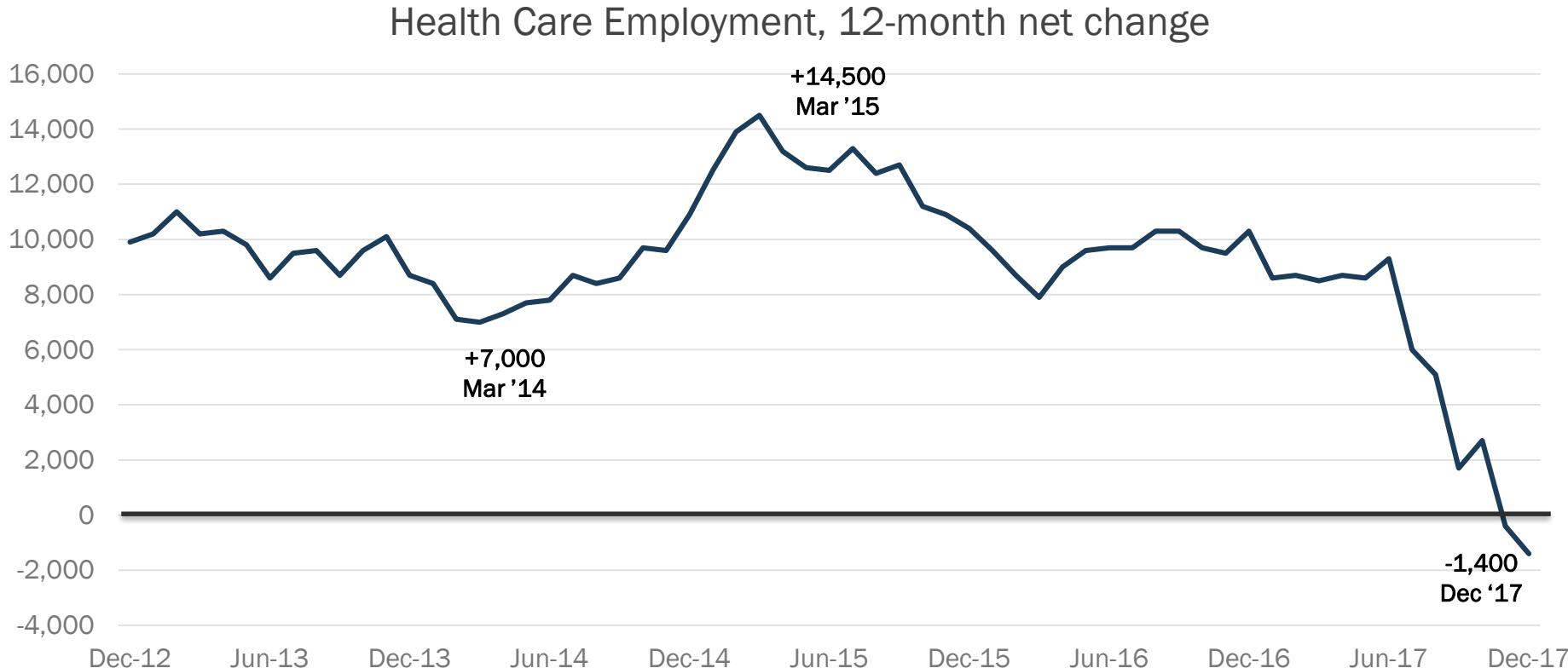


# Harvey-related Construction



# A Closer Look: Health Care

# Declines in health care



Source: U.S. Bureau of Labor Statistics

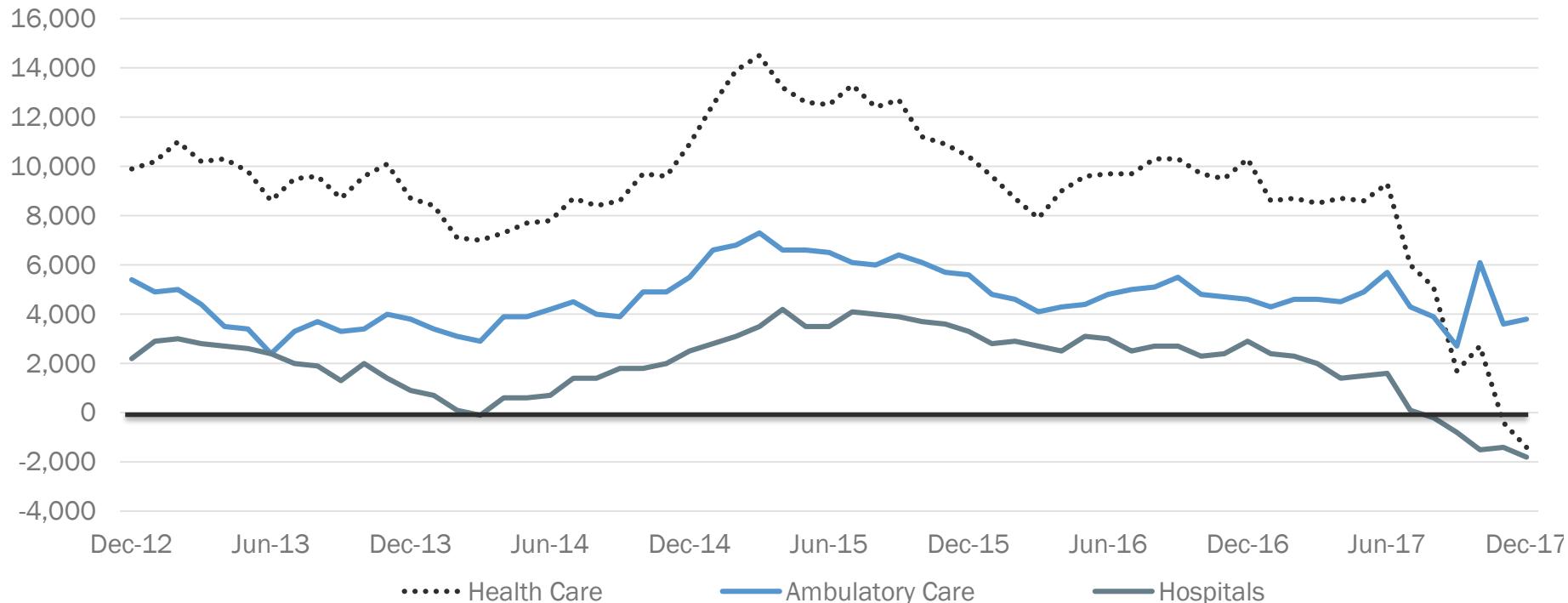


# Where did growth come from?



# 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
<b>5</b>	<b>Houston</b>	<b>6,892,427</b>	<b>971,941</b>
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%
<b>Total</b>	<b>6,892,427</b>	<b>6,798,010</b>	<b>94,417</b>	<b>1.4%</b>

Source: U.S. Bureau of the Census

# Components of Metro Houston Growth

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

\* From July 1 to July 1

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

Source: U.S. Census Bureau

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

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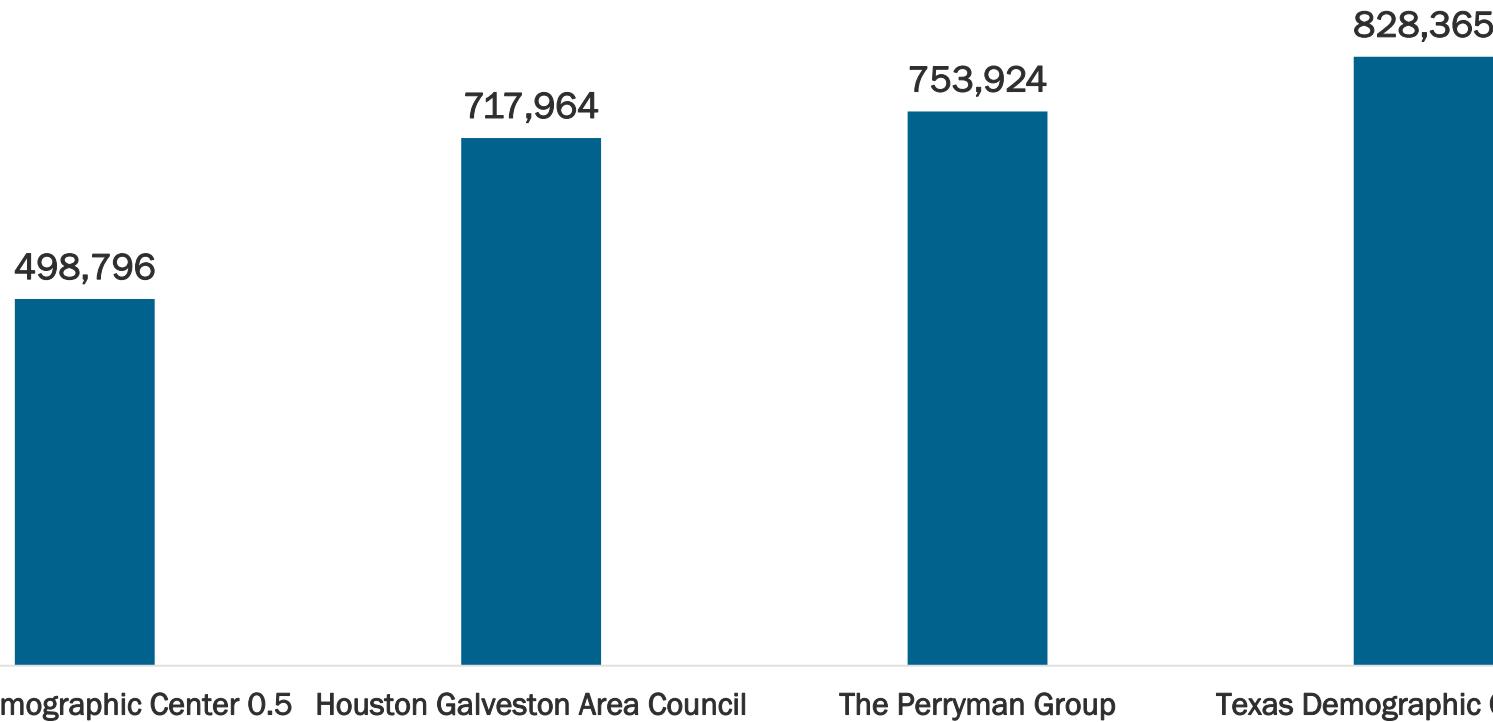
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<b>Total Migration</b>	<b>63,090</b>	<b>43,094</b>
<b>Total Increase**</b>	<b>125,005</b>	<b>94,417</b>

\* 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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[2018 Employment Forecast](#)

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