

Houston Economic Outlook

Patrick Jankowski



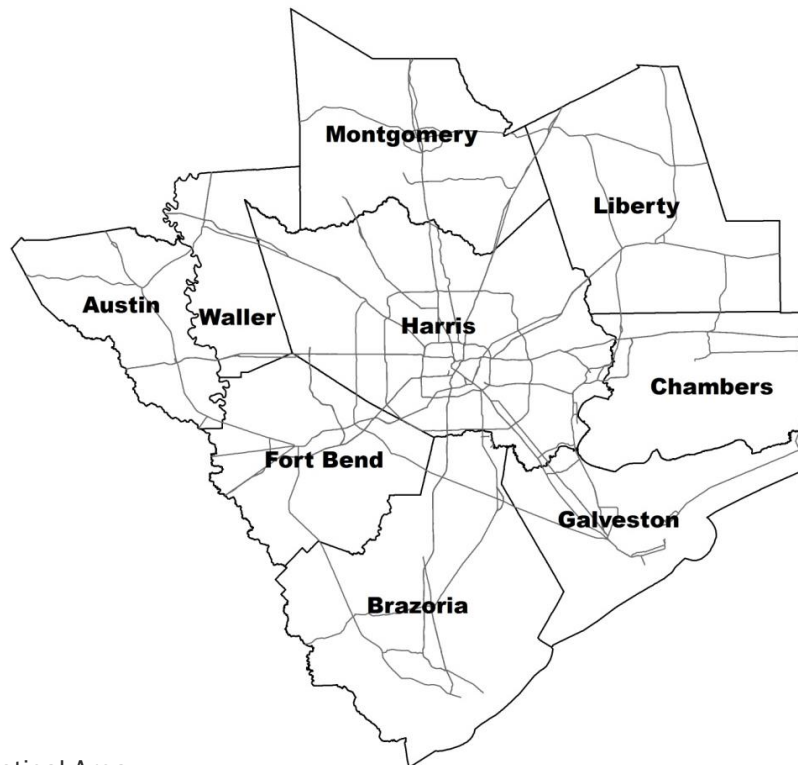
GREATER HOUSTON
PARTNERSHIP

Making Houston Greater.



Houston Metro Area*

- 9 Counties
- 125+ Cities and towns
- Most Populous
 - Harris County
 - City of Houston



* Houston-The Woodlands-Sugar Land Metropolitan Statistical Area



Metro Houston Population as of 7/1/16

County	Population	% of Metro
Harris	4,589,928	67.8
Fort Bend	741,237	10.9
Montgomery	556,203	8.2
Brazoria	354,195	5.2
Galveston	329,431	4.9
Liberty	81,704	1.2
Waller	50,115	0.7
Chambers	39,899	0.6
Austin	29,758	0.4
Metro Houston	6,772,470	100.0

Source: U.S. Census Bureau



Components of Growth, '10 – '16

Geography	In-Migration	Natural Increase	Population Gains
Harris	219,106	282,220	496,686
Fort Bend	116,489	37,334	156,534
Montgomery	76,465	21,620	100,453
Brazoria	24,329	16,135	41,068
Galveston	27,504	9,781	38,128
Waller	4,753	2,001	6,892
Liberty	3,901	2,061	6,063
Chambers	3,403	1,353	4,800
Austin	907	478	1,347
Houston MSA	476,857	372,983	851,971

Source: U.S. Census Bureau



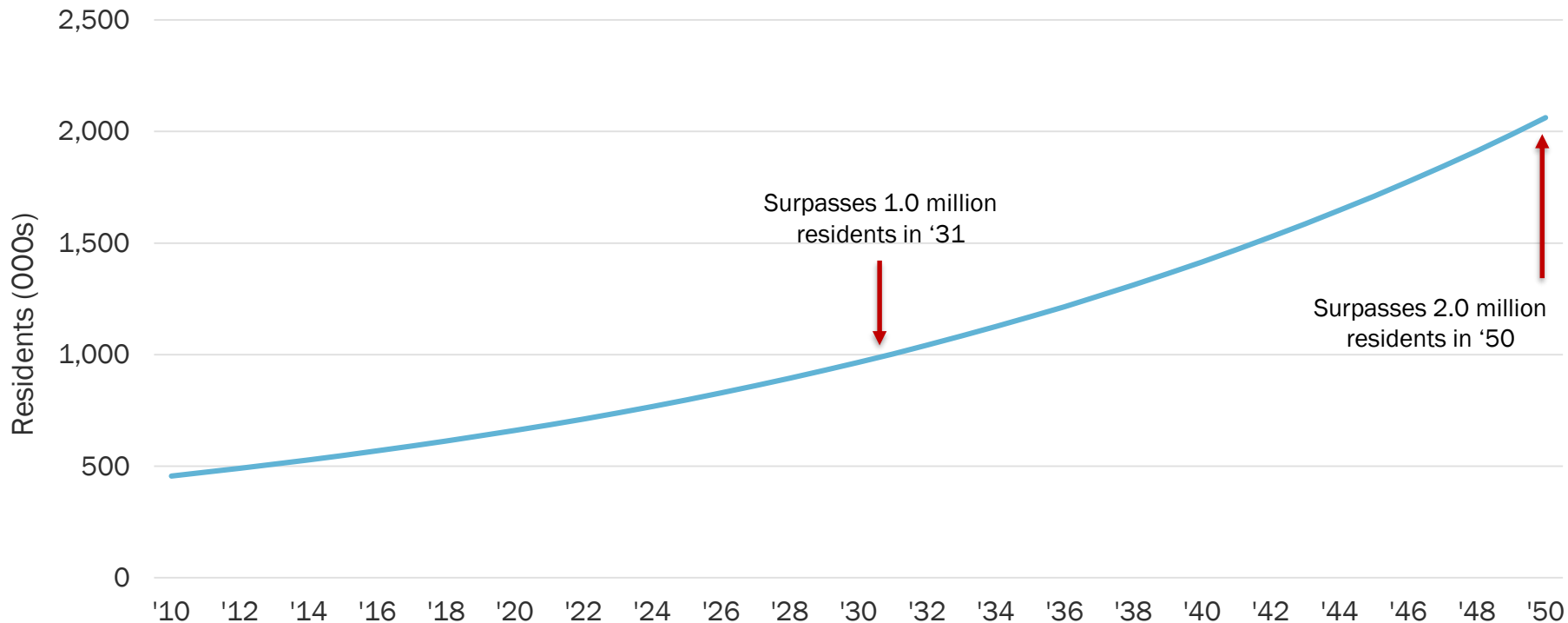
Share of Metro Growth, '10 – '16

County	Population Gains	% of Region
Harris	496,686	58.3
Fort Bend	156,534	18.4
Montgomery	100,453	11.8
Brazoria	41,068	4.8
Galveston	38,128	4.5
Waller	6,892	0.8
Liberty	6,063	0.7
Chambers	4,800	0.6
Austin	1,347	0.2
Houston MSA	851,971	100.0

Source: U.S. Census Bureau



Projected Population, Montgomery County



Source: Texas State Demographer

Note: Assumes no change to current migration and birth rates



Metro Houston Commuting Flows

Home County	Total Job Holders Residing in Home County	Work in Home County		Work in Harris County		Work in Other Houston Metro Counties	
		Jobs	% of Job Holders	Jobs	% of Job Holders	Jobs	% of Job Holders
Central County							
Harris	1,907,103	1,790,482	93.9	1,790,482	93.9	116,621	6.1
Suburban Counties							
Austin	10,965	7,014	64.0	2,675	24.4	1,276	11.6
Brazoria	141,701	76,429	53.9	55,761	39.4	9,511	6.7
Chambers	13,360	4,871	36.5	7,882	59.0	607	4.5
Fort Bend	280,183	104,058	37.1	169,194	60.4	6,931	2.5
Galveston	134,044	79,124	59.0	49,207	36.7	5,713	4.3
Liberty	24,840	12,136	48.9	9,460	38.1	3,244	13.1
Montgomery	204,514	118,828	58.1	82,990	40.6	2,696	1.3
Waller	16,978	7,142	42.1	7,986	47.0	1,850	10.9
Suburban Total	826,585	409,602	49.6	385,155	46.6	31,828	3.8
MSA Total or Avg	2,733,688	2,200,084	80.5	2,175,637	79.6	148,449	5.4
<p>Note: Table excludes an estimated 80,150 residents working outside the Houston metro area. Source: County-to-County Commuting Flows from the 2009-2013 American Community Survey, U.S. Bureau of the Census</p>							



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Only half of all workers who live in the suburbs work in the suburbs.

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4 out of every 5 jobs are in Harris County.

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Metro Houston Commuting Flows

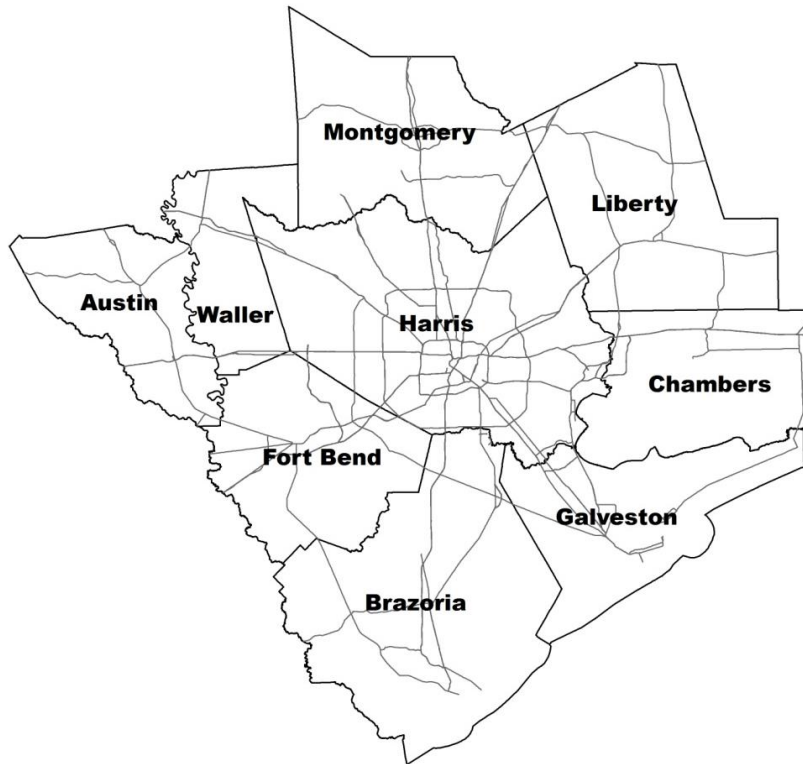
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Galveston				7	36.7	5,713	4.3
Liberty				0	38.1	3,244	13.1
Montgomery				0	40.6	2,696	1.3
Waller				6	47.0	1,850	10.9
Suburban Total				5	46.6	31,828	3.8
MSA Total or Avg	2,733,688	2,200,084	80.5	2,175,637	79.6	148,449	5.4

Note: Table excludes an estimated 80,150 residents working outside the Houston metro area.
Source: County-to-County Commuting Flows from the 2009-2013 American Community Survey, U.S. Bureau of the Census

2 of every 5 job holders in Montgomery County work in Harris County.



Houston Metro Area*



* Houston-The Woodlands-Sugar Land Metropolitan Statistical Area



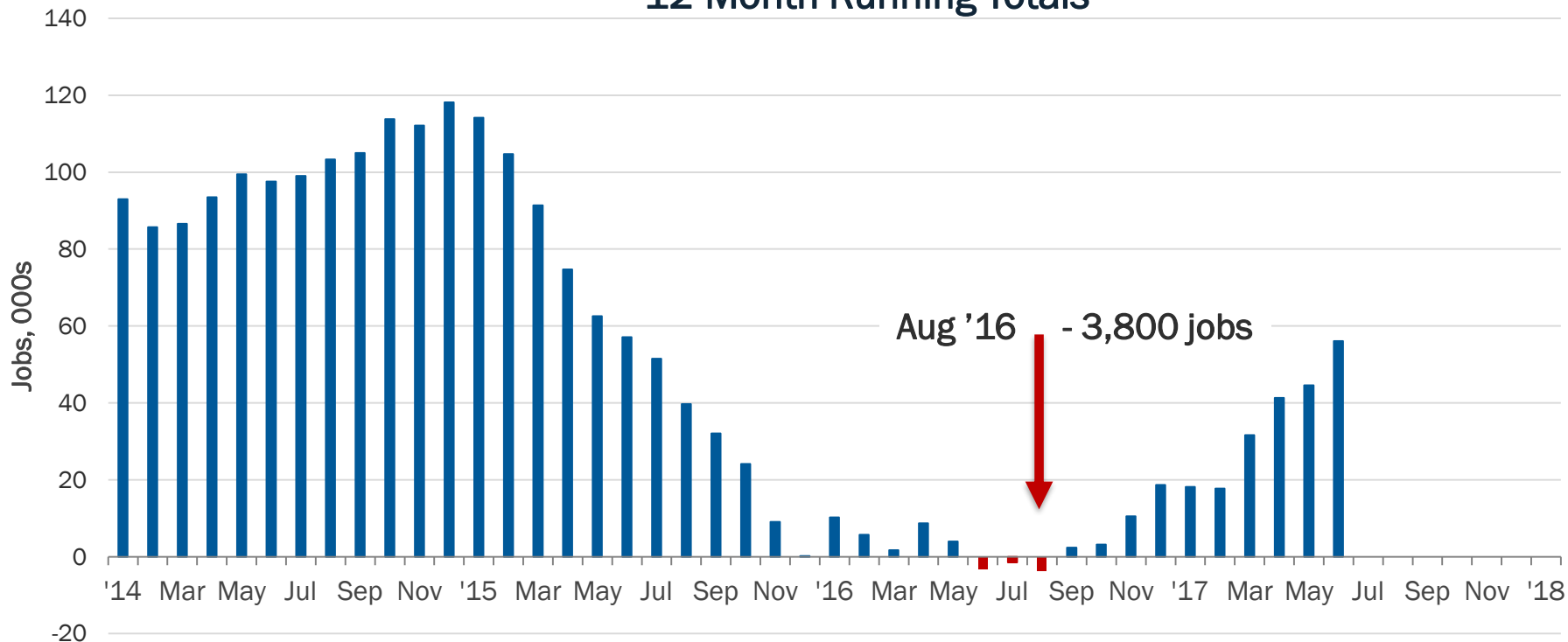
It's been quite a ride.





Regional Employment, Net Change

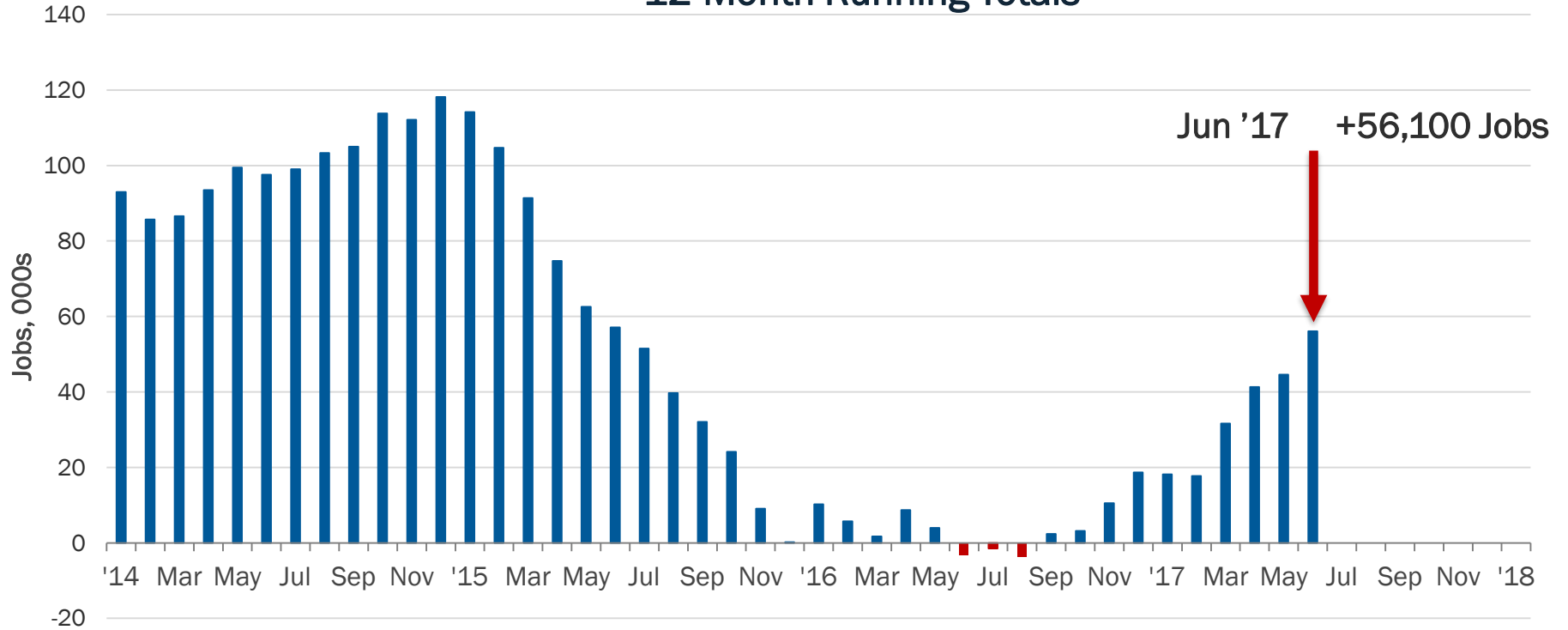
12-Month Running Totals



Source: Texas Workforce Commission

Regional Employment, Net Change

12-Month Running Totals



Source: Texas Workforce Commission



Purchasing Managers Index

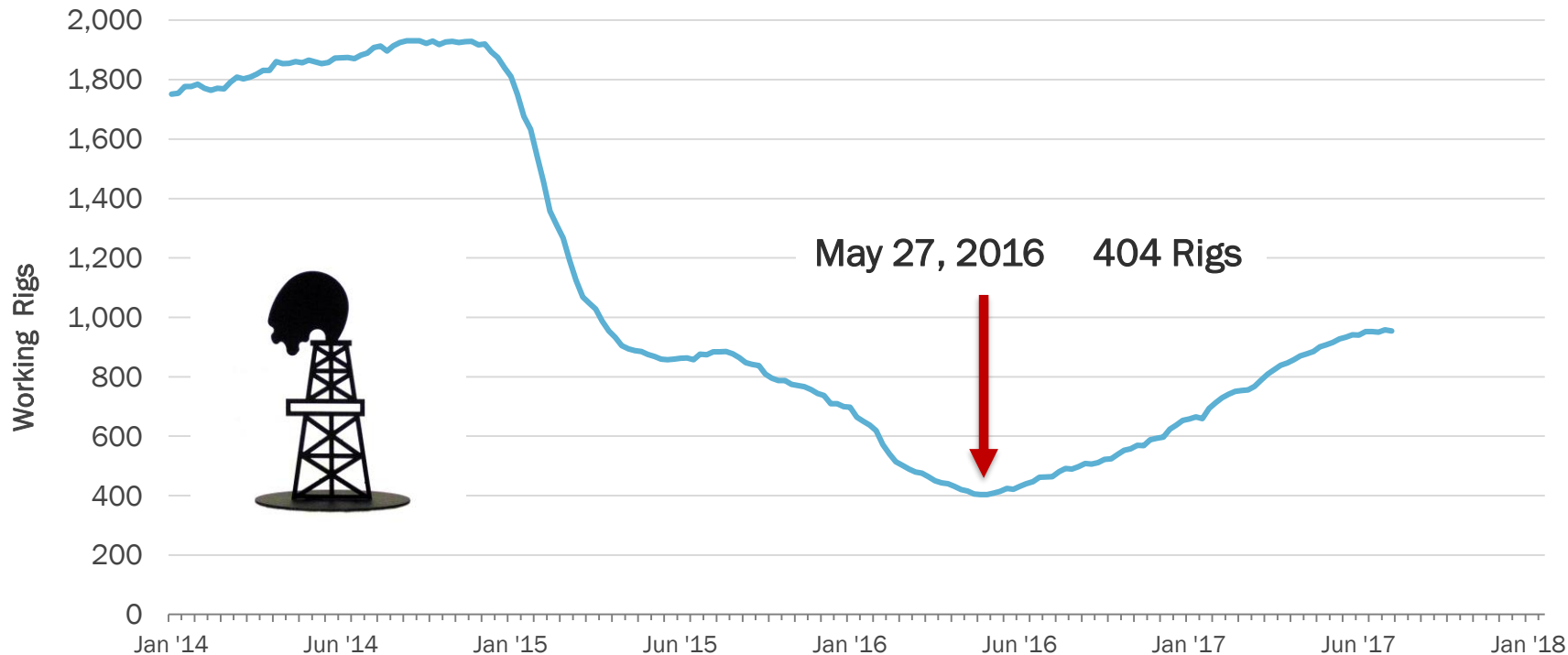
Above 50 = Expansion, Below 50 = Contraction



Source: Institute for Supply Management- Houston



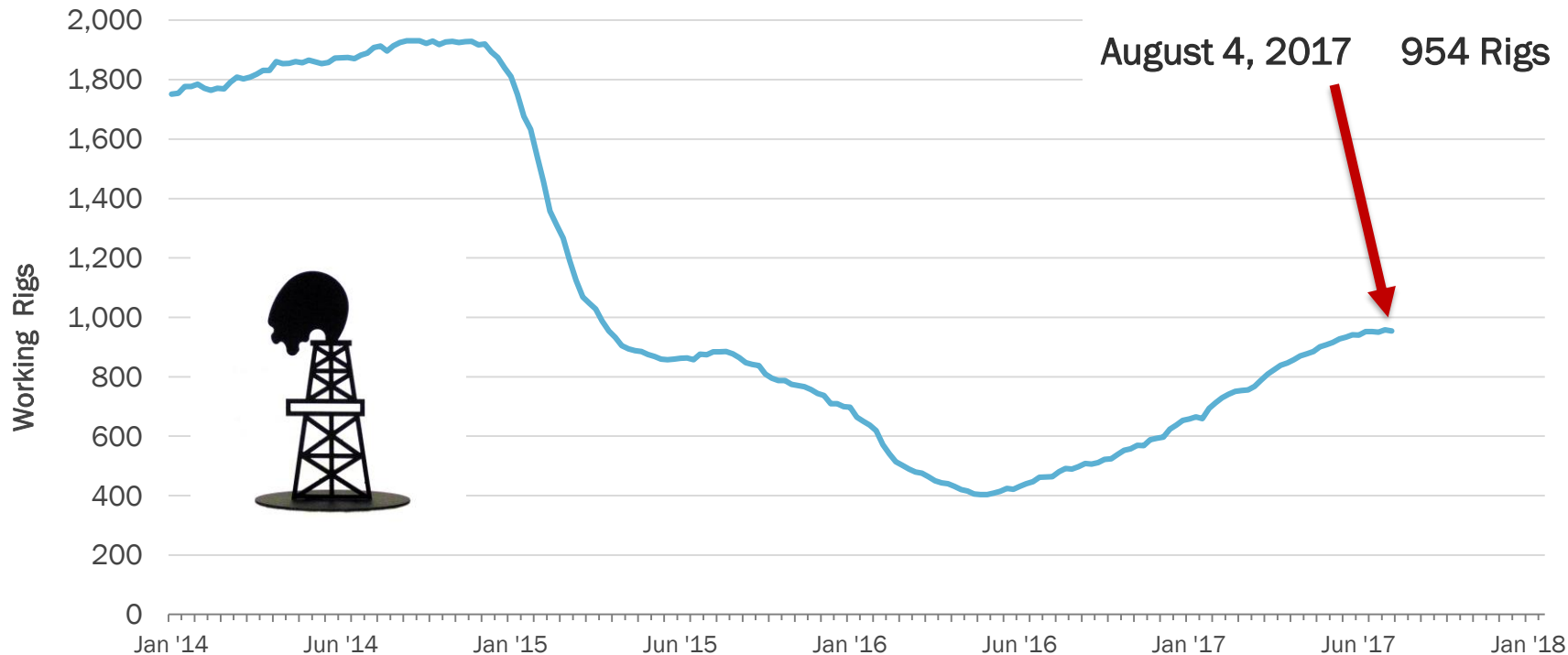
U.S. Rig Count



Source: Baker Hughes



U.S. Rig Count



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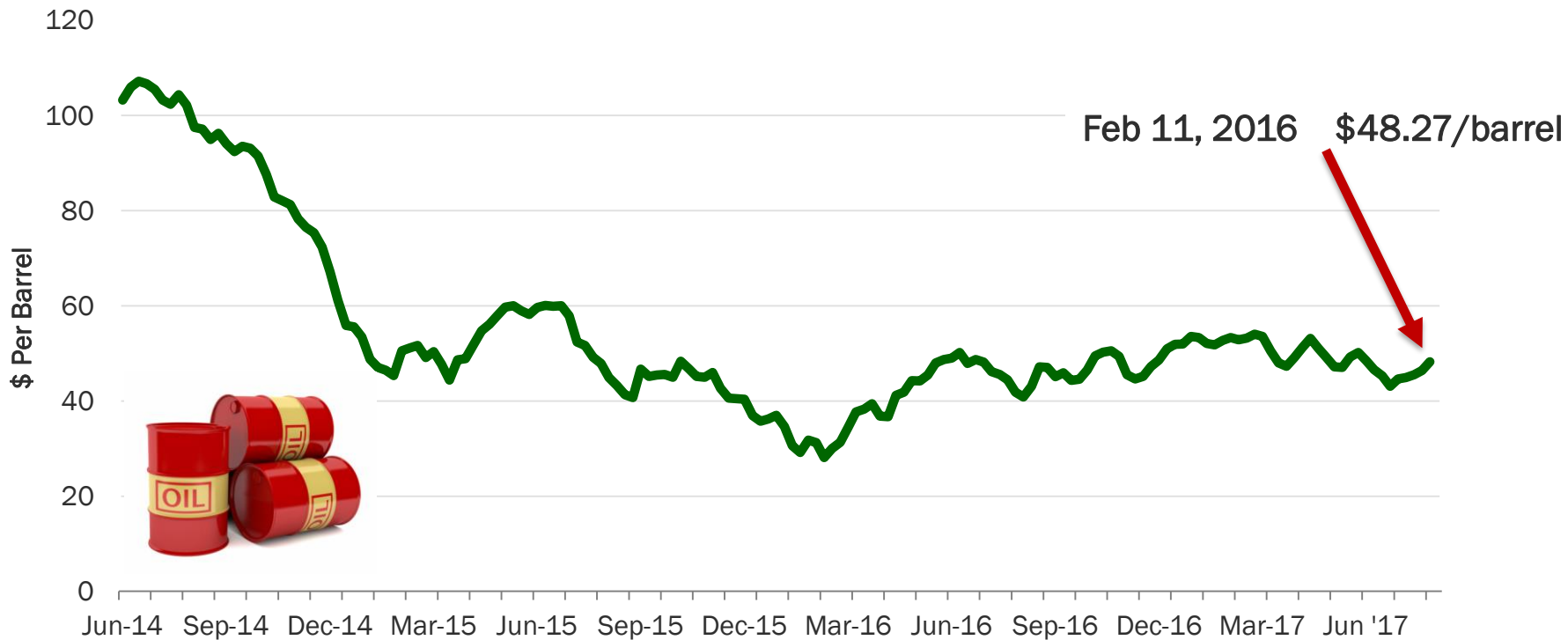
NYMEX WTI Average Weekly Spot Price



Source: U.S. Energy Information Administration



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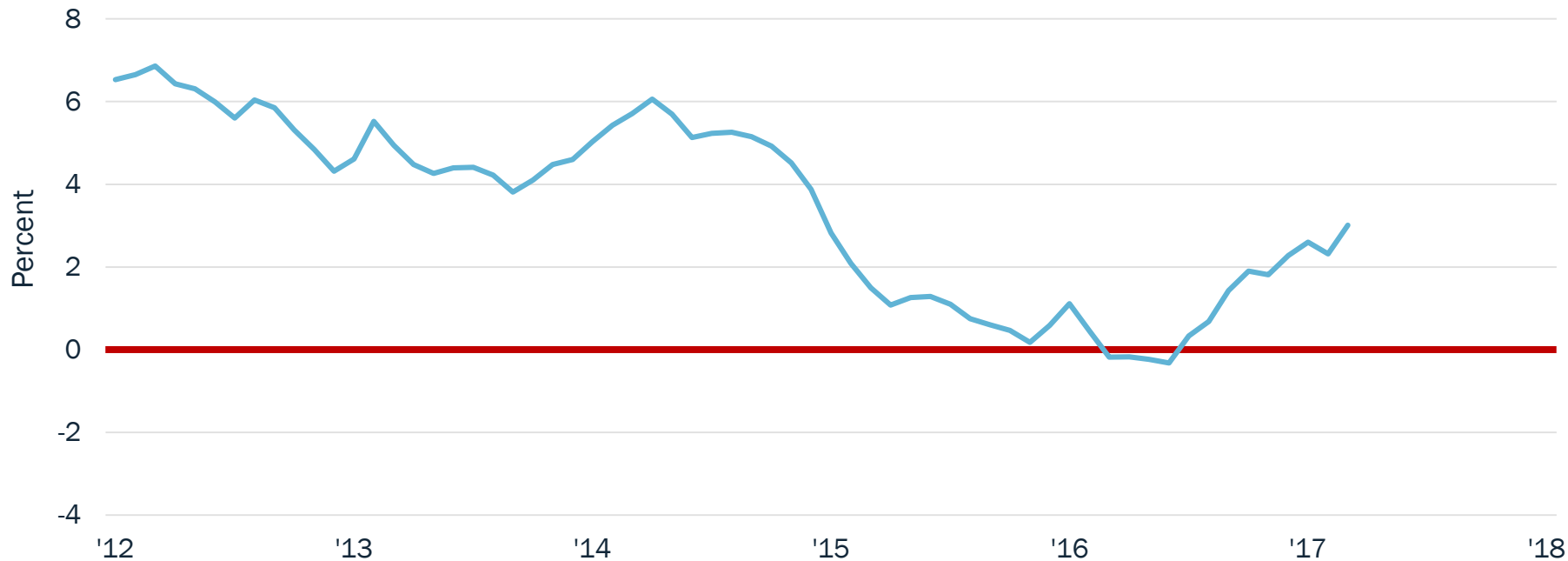


Source: U.S. Energy Information Administration



Economic Conditions Index for Houston*

Monthly, Seasonally Adjusted Annual Rate



Source: Federal Reserve Bank of St. Louis

* measures average economic growth in the metropolitan area



Dec '14 to Dec '16

Winners	Jobs	Losers	Jobs
Leisure & Hospitality	+25,800	Exploration & Production	-11,000
Health Care	+23,000	Oil Field Services	-19,900
Public Education (state & local)	+17,000	Fabricated Metal Products	-18,700
Retail Trade	+10,900	Machinery Manufacturing	-20,600
Financial Activities	+6,000	Engineering	-10,900
Total Top 5 Gains	+82,700	Total Top 5 Losses	-81,100

Source: Texas Workforce Commission

Average Annual Wage

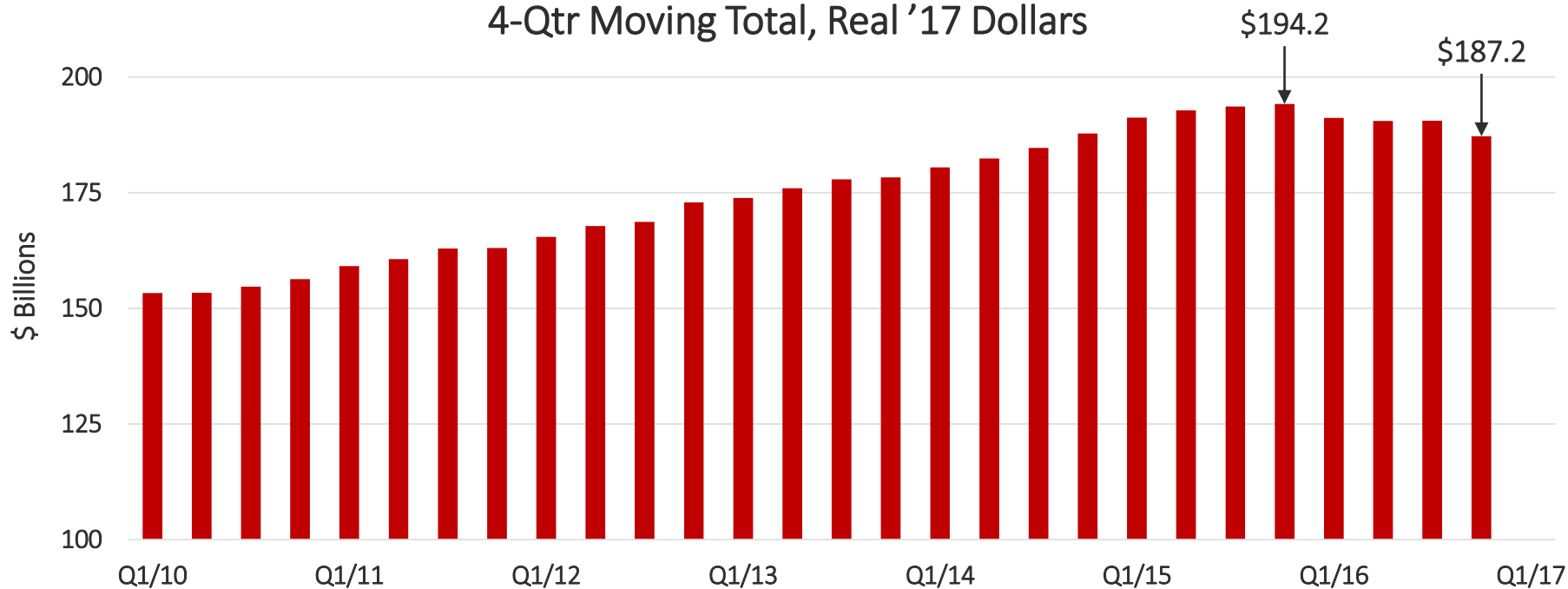
Winners	\$ Wages	Losers	\$ Wages
Leisure & Hospitality	\$22,800	Exploration & Production	\$192,000
Health Care	54,800	Oil Field Services	121,000
Public Education (state & local)	47,800	Fabricated Metal Products	71,700
Retail Trade	32,400	Machinery Manufacturing	95,524
Financial Activities	89,100	Engineering	106,000

Source: Texas Workforce Commission



Salaries & Wages Paid to Houston Workers

4-Qtr Moving Total, Real '17 Dollars



Source: Federal Reserve Bank of Dallas



Lost Money Q2/17



Earned a Profit Q2/17





THE WALL STREET JOURNAL.

Oil Price Forecasts Again Cut by Banks

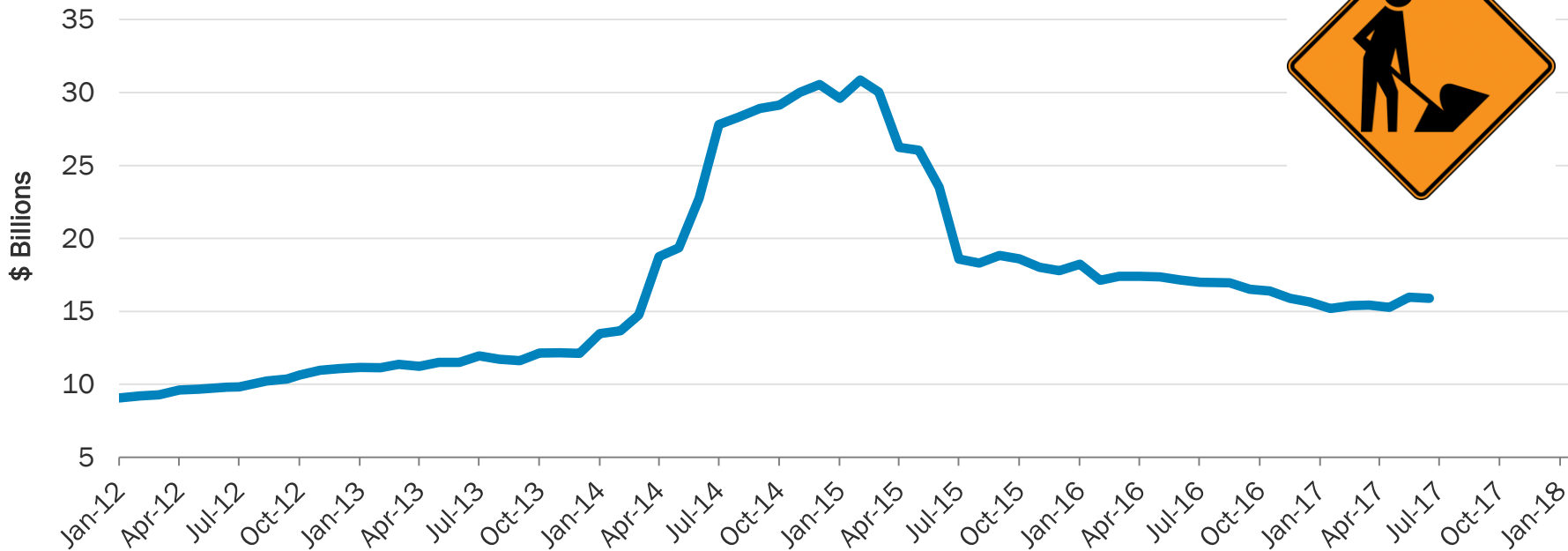
Survey shows doubts that stockpile declines will continue

HOUSTON CHRONICLE

U.S. drilling permits fall nearly a quarter in July amid energy pullback

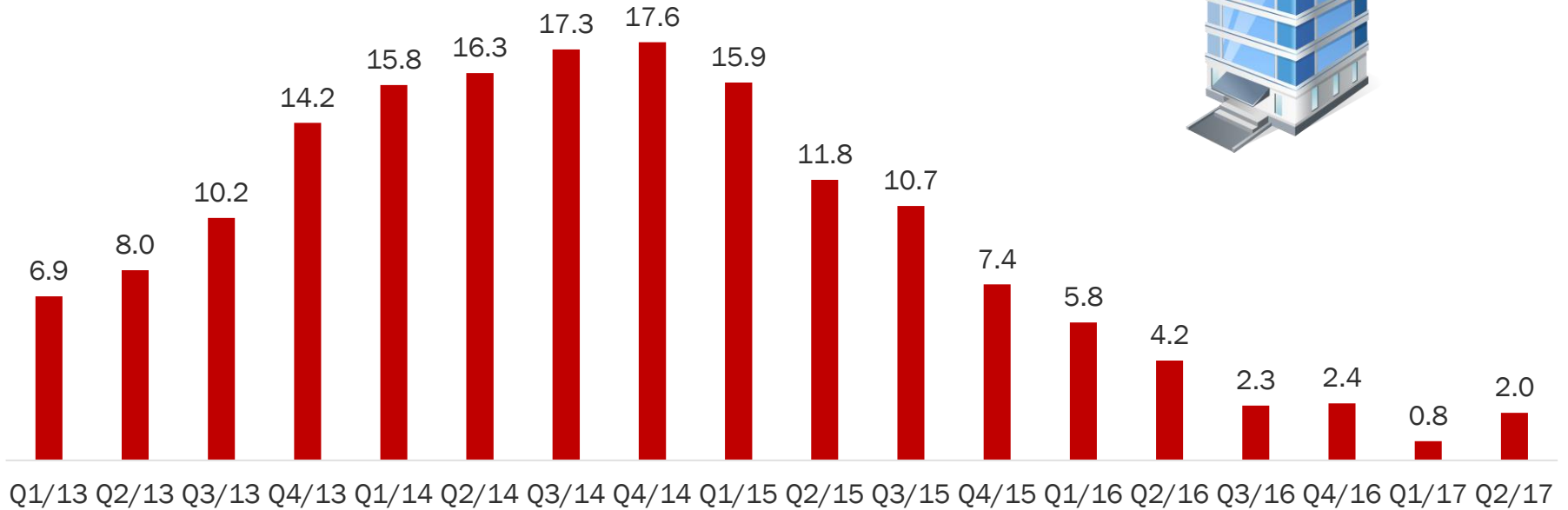


12-Month Moving Total



Source: Dodge Data and Analytics

Millions of Square Feet

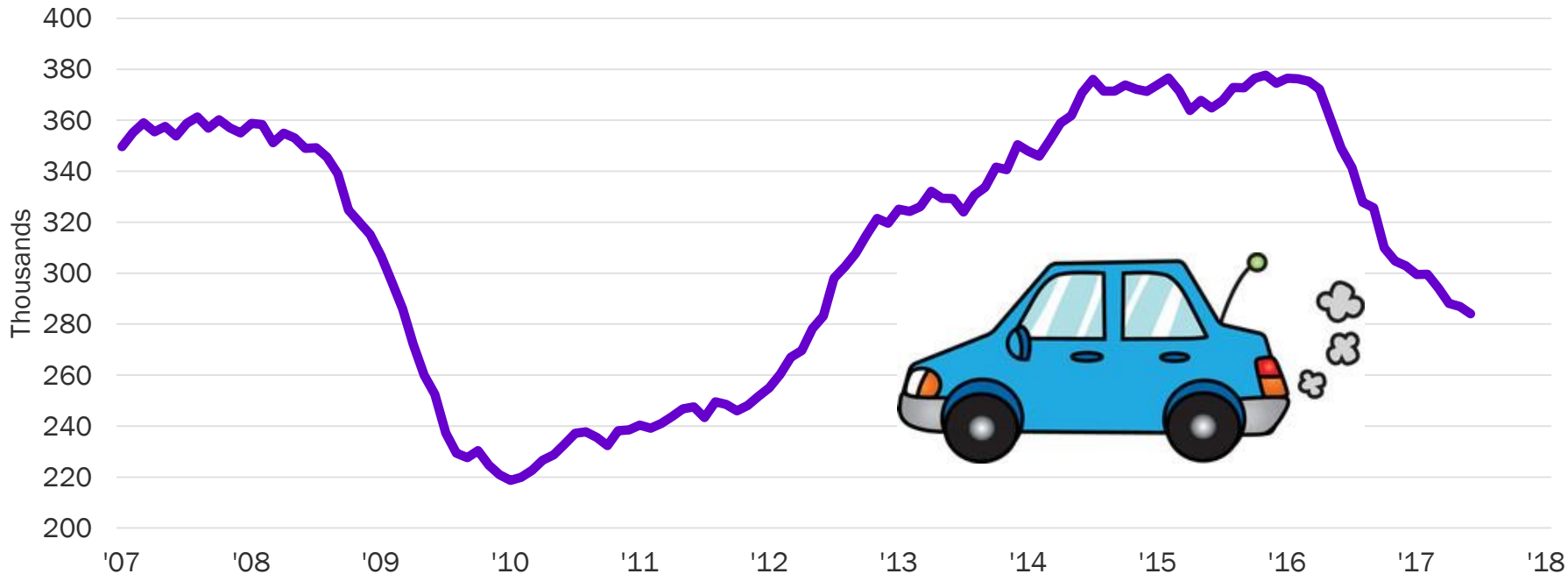


Source: CBRE



Houston Vehicle Sales

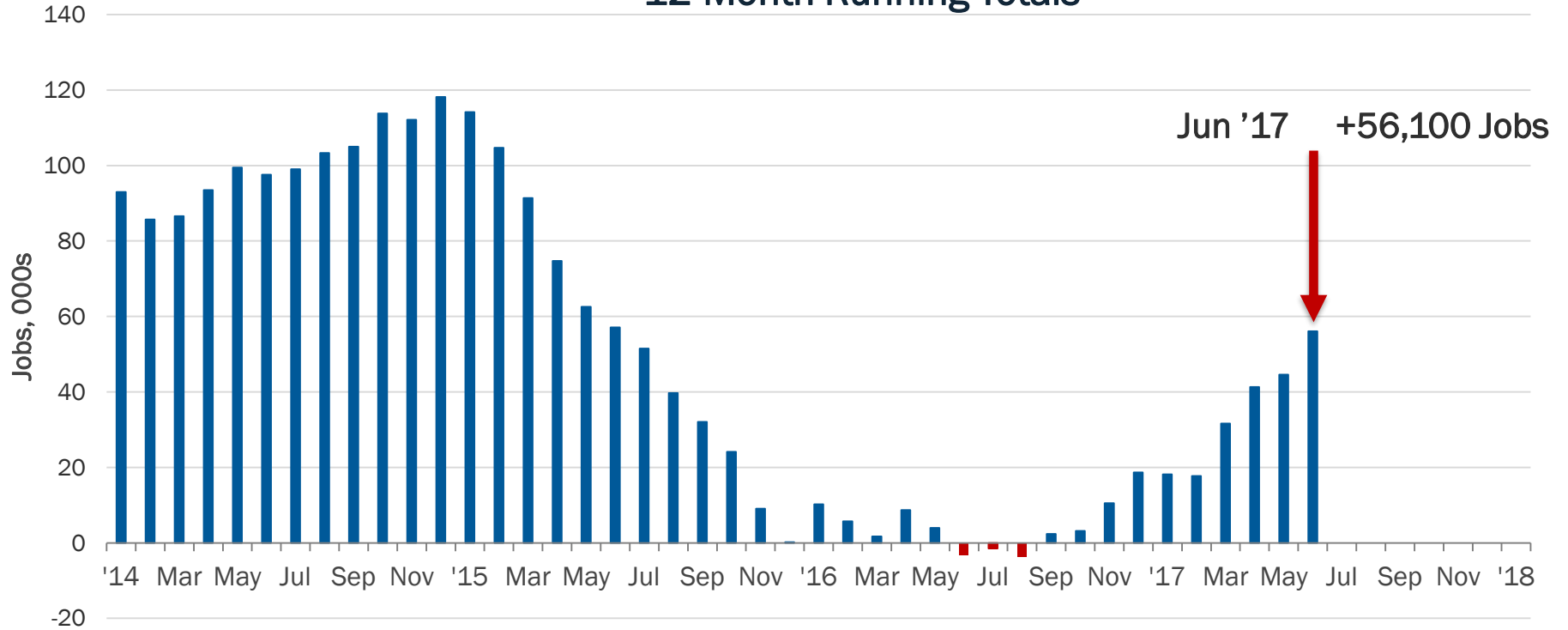
12-Month Total



Source: TexAuto Facts Report by InfoNation

Regional Employment, Net Change

12-Month Running Totals



Source: Texas Workforce Commission



Sector	Jobs Added June '16 – June '17
Employment Services	16,000
Health Care	12,600
Government	11,000
Manufacturing	10,300
Leisure and Hospitality	9,800

Source: Texas Workforce Commission



Reasons to
be hopeful.





Houston-Area Home Sales



Source: Houston Association of Realtors



Houston-Area Home Sales



Source: Houston Association of Realtors

- The Conference Board
 - ▶ 2.1% in '17
 - ▶ 2.3% in '18
- Wells Fargo Economics
 - ▶ 2.1% in '17
 - ▶ 2.7% in '18
- National Association for Business Economics
 - ▶ Two-thirds expect growth of 2.0% or better through Q1/18



*World Economy Seen Picking
Up, Political Uncertainty a Risk*

The New York Times

**The
Economist**

The IMF nudges up its forecast
for global growth

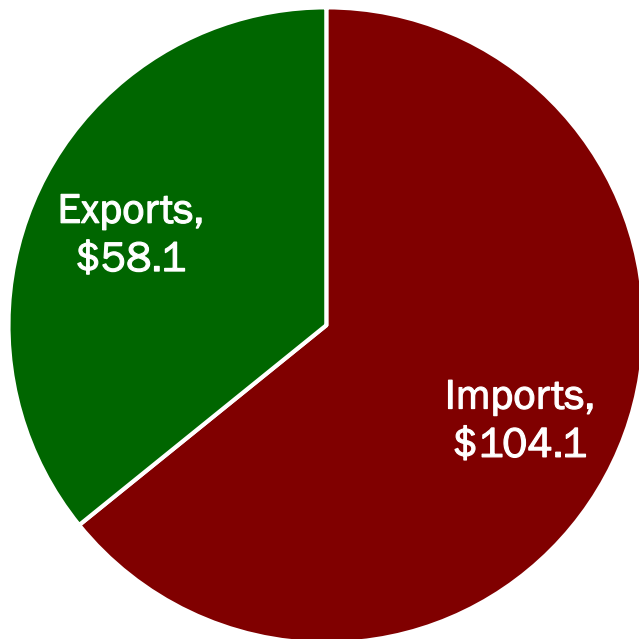
**World Bank Forecasts Global Economic Growth to Hit Seven-
Year High Next Year**

THE WALL STREET JOURNAL.



Houston's Foreign Trade - \$ Billions

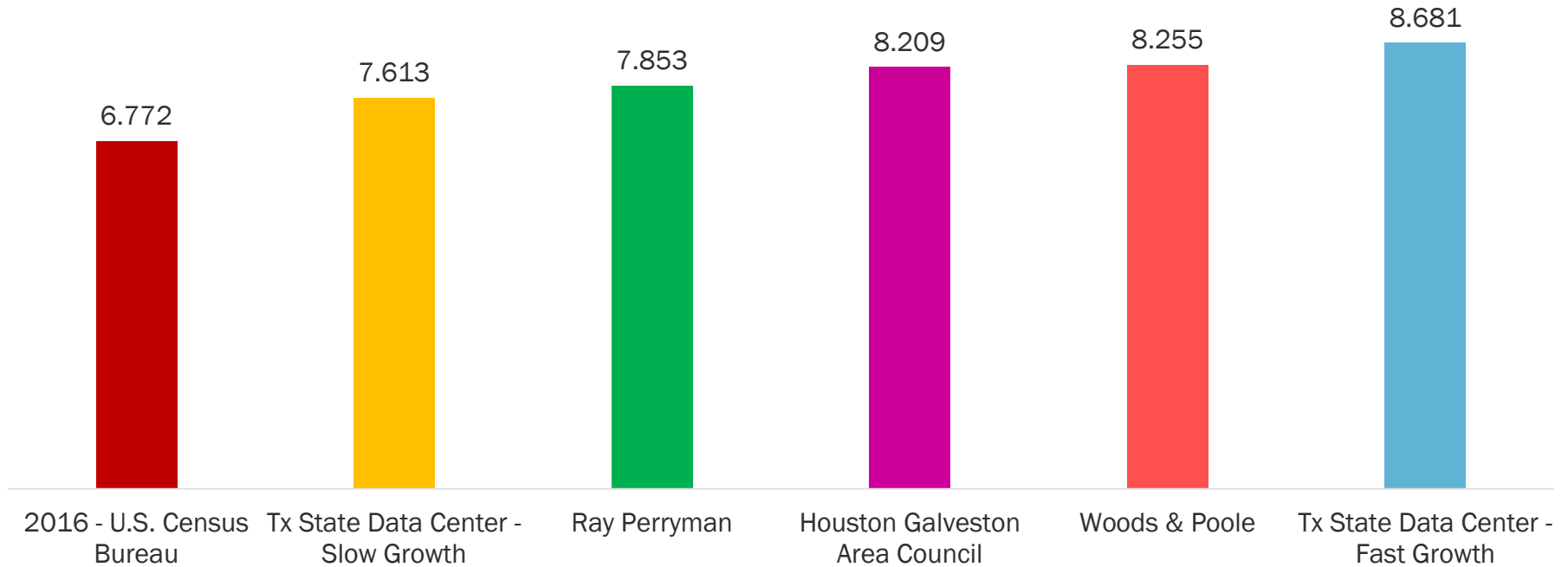
'06



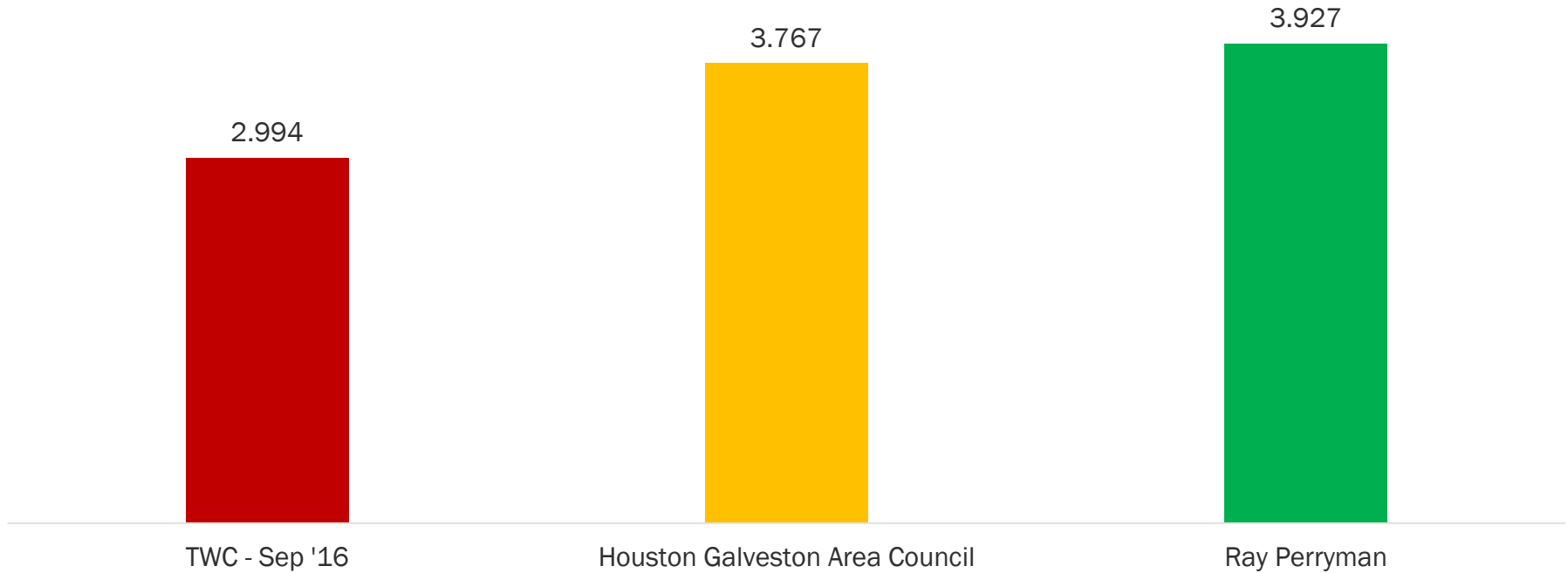
'16



Millions of Residents in 2027



Millions of Jobs in 2027





Oil Prices & Houston Employment



Source: Texas Workforce Commission, U.S. Energy Information Administration



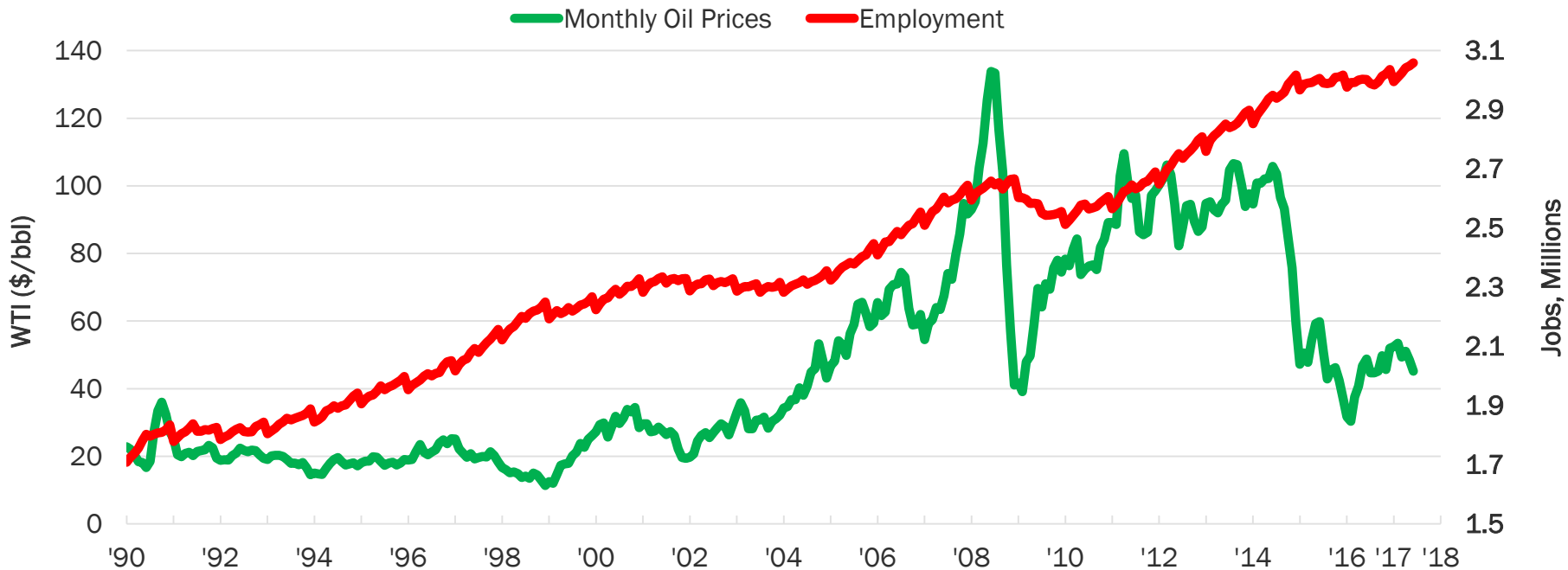
Oil Prices & Houston Employment



Source: Texas Workforce Commission, U.S. Energy Information Administration



Oil Prices & Houston Employment



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Thank you

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