

Houston Economic Outlook

Prepared by Patrick Jankowski

SVP Research



GREATER HOUSTON
PARTNERSHIP

Making Houston Greater.

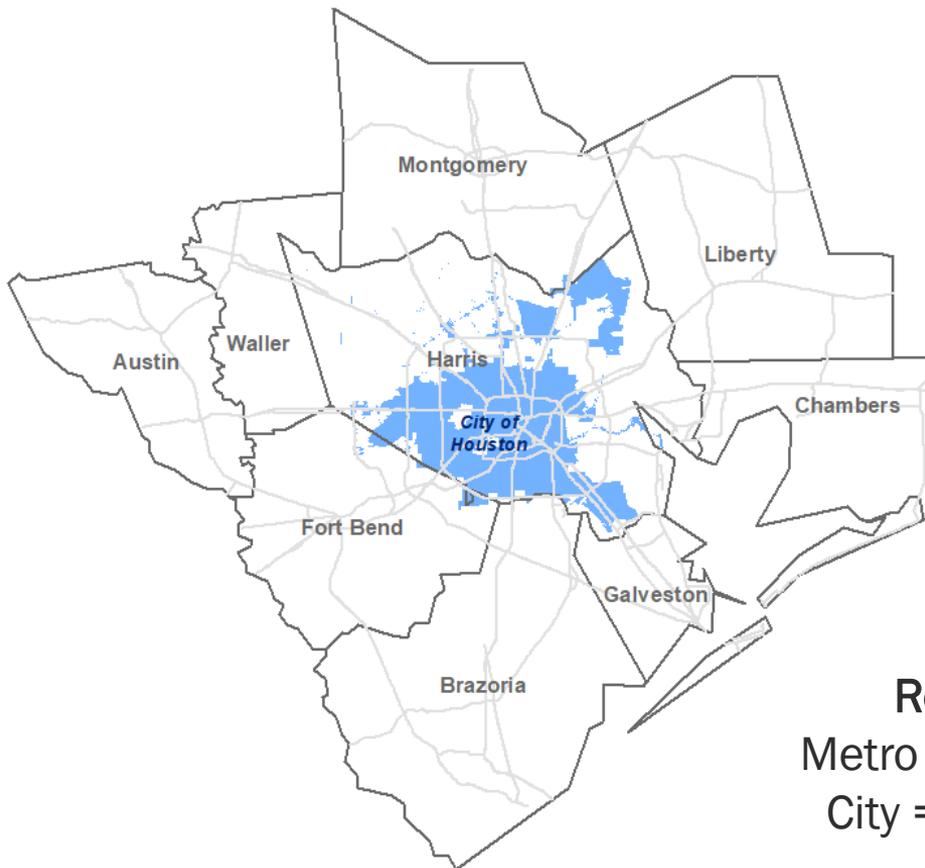


Houston Area Profile

Square Miles

Metro = 9,444

City = 665



Residents

Metro = 6,997,384

City = 2,312,717



- ▶ 34 percent of the region's population
 - ▶ 2,312,717 residents



City of Houston contains

- 34 percent of the region's population
 - ▶ 2,312,717 residents
- 56 percent of the region's businesses
 - ▶ 176,226 firms and establishments



City of Houston contains

- 34 percent of the region's population
 - ▶ 2,312,717 residents
- 56 percent of the region's businesses
 - ▶ 176,226 firms and establishments
- 60 percent of the region's jobs
 - ▶ 1,798,055



- 34 percent of the region's population
 - ▶ 2,312,717 residents
- 56 percent of the region's businesses
 - ▶ 176,226 firms and establishments
- 60 percent of the region's jobs
 - ▶ 1,798,055
- Bulk of the region's HQs
 - ▶ 19 of the 21 Fortune 500

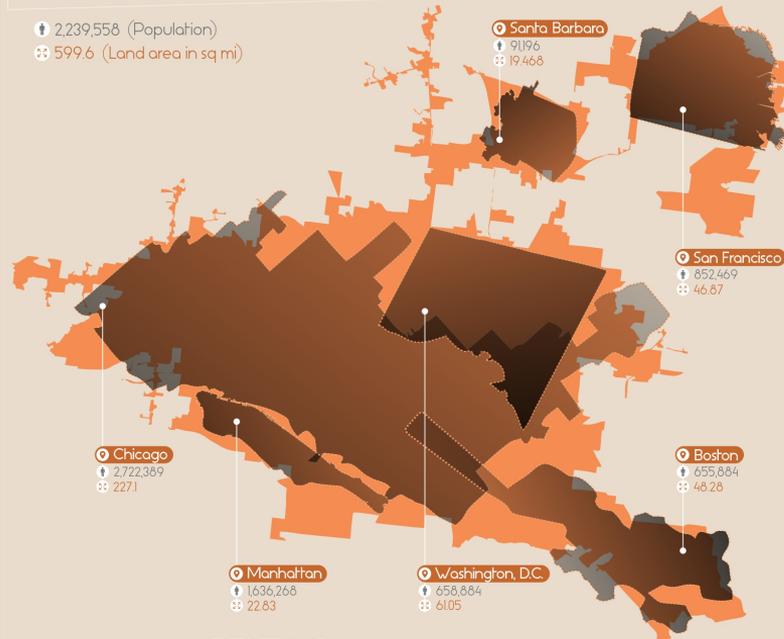


MAPPING HOUSTON

How many major U.S. cities can you fit inside?

📍 2,239,558 (Population)

📏 599.6 (Land area in sq mi)

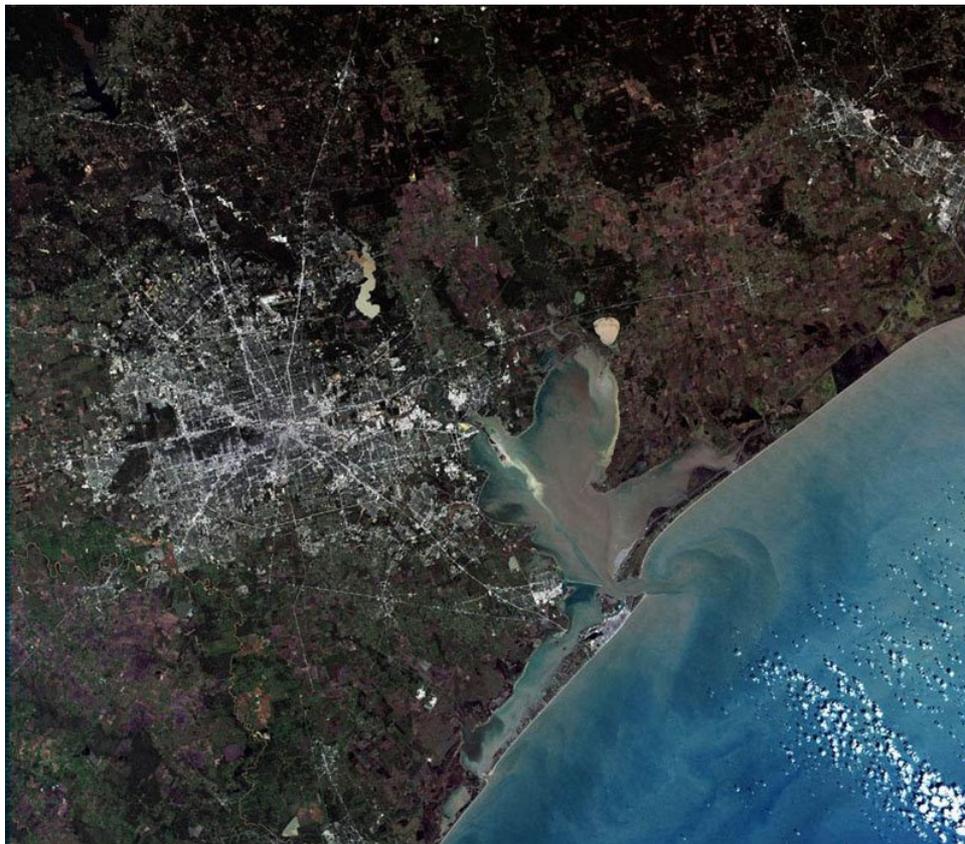


Brought to you by **RENTCafe**™



GREATER HOUSTON
PARTNERSHIP

How Metro Houston Compares





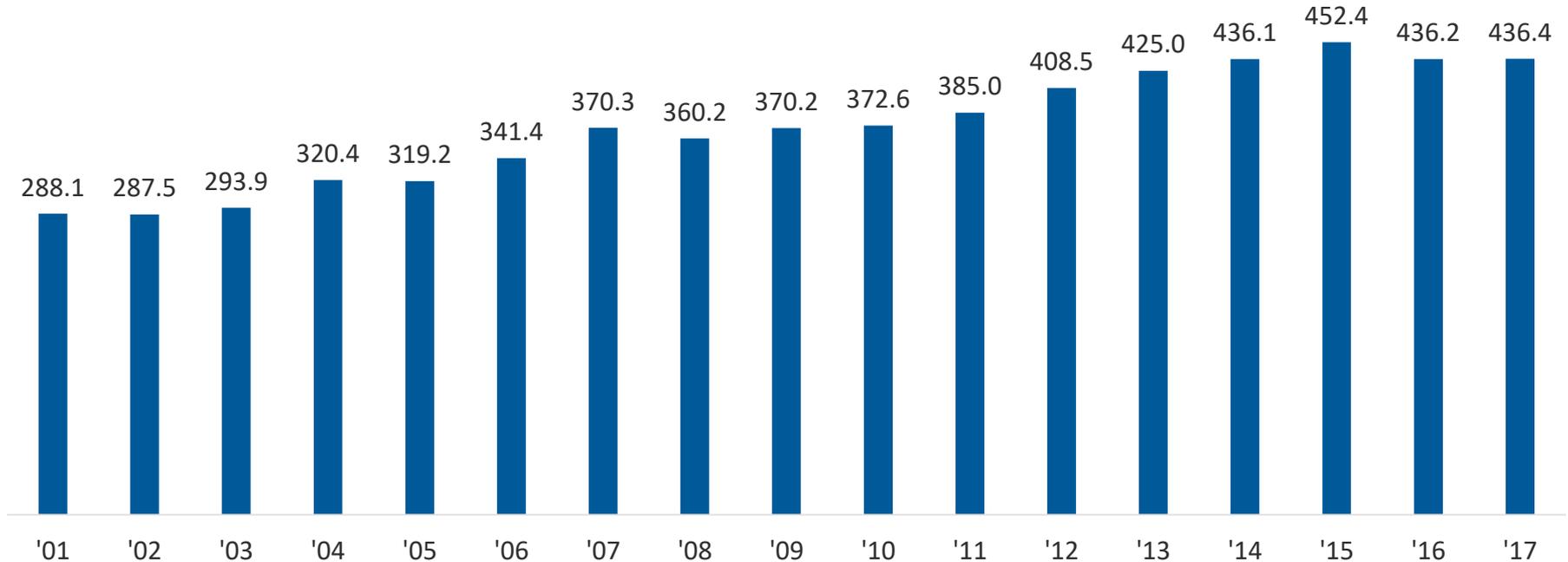
Seventh Largest Economy

Rank	Metro	\$ Billions
1	New York	1,717.7
2	Los Angeles	1,043.7
3	Chicago	679.7
4	Dallas-Fort Worth	535.5
5	Washington	530.0
6	San Francisco	500.7
7	Houston	490.1
8	Philadelphia	445.0
9	Boston	438.7
10	Atlanta	385.5

Source: U.S. Bureau of Economic Analysis, 2017 GDP by Metropolitan Area, current dollars

A Long History of Economic Growth

\$ Billions (2009 Dollars)



Source: U.S Bureau of Economic Analysis



Fifth Most Populous Metro

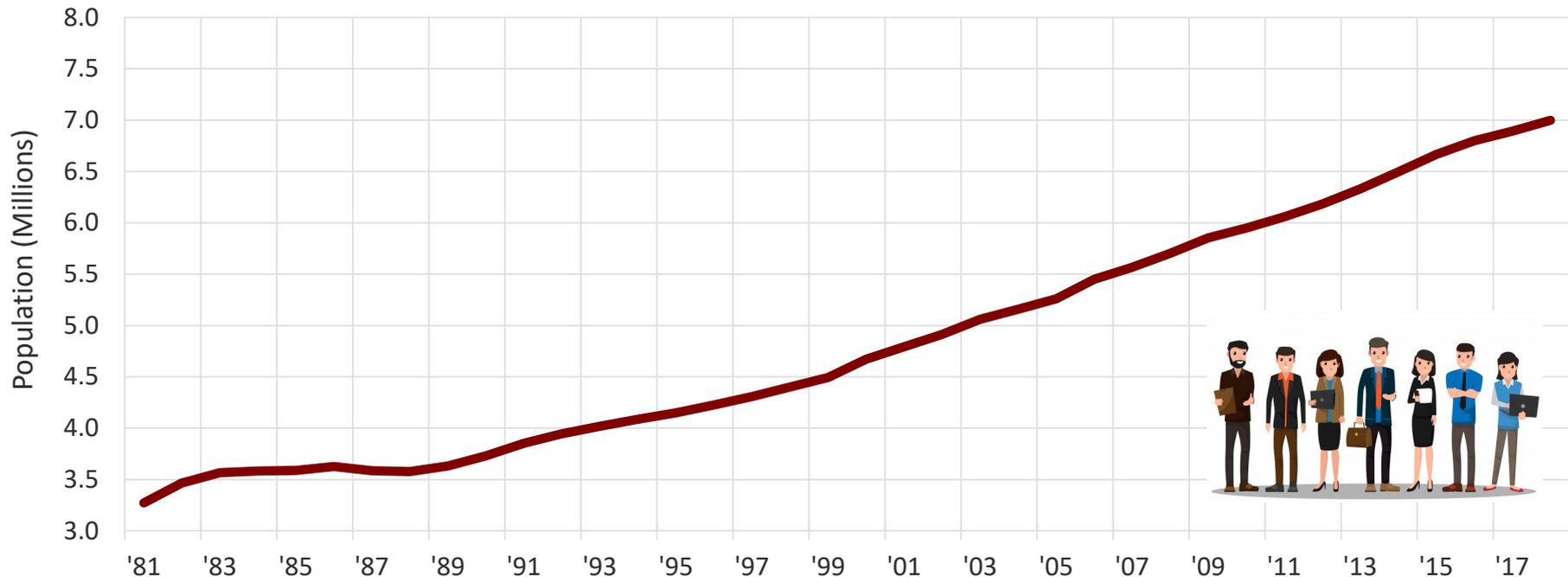
Rank	Metro	Population (Millions)
1	New York	19.979
2	Los Angeles	13.291
3	Chicago	9.498
4	Dallas-Fort Worth	7.539
5	Houston	6.997
6	Washington	6.249
7	Miami	6.198
8	Philadelphia	6.096
9	Atlanta	5.949
10	Boston	4.875

Source: U.S. Census Bureau



A Long History of Population Growth

Metro Houston



Source: U.S. Census Bureau



Year	Population	Rank
'18	6,997,384	5th
'10	5,920,416	6th
'00	4,693,161	8th
'90	3,750,411	10th
'80	2,905,000	9th
'70	1,985,000	14th

Source: U.S. Census Bureau



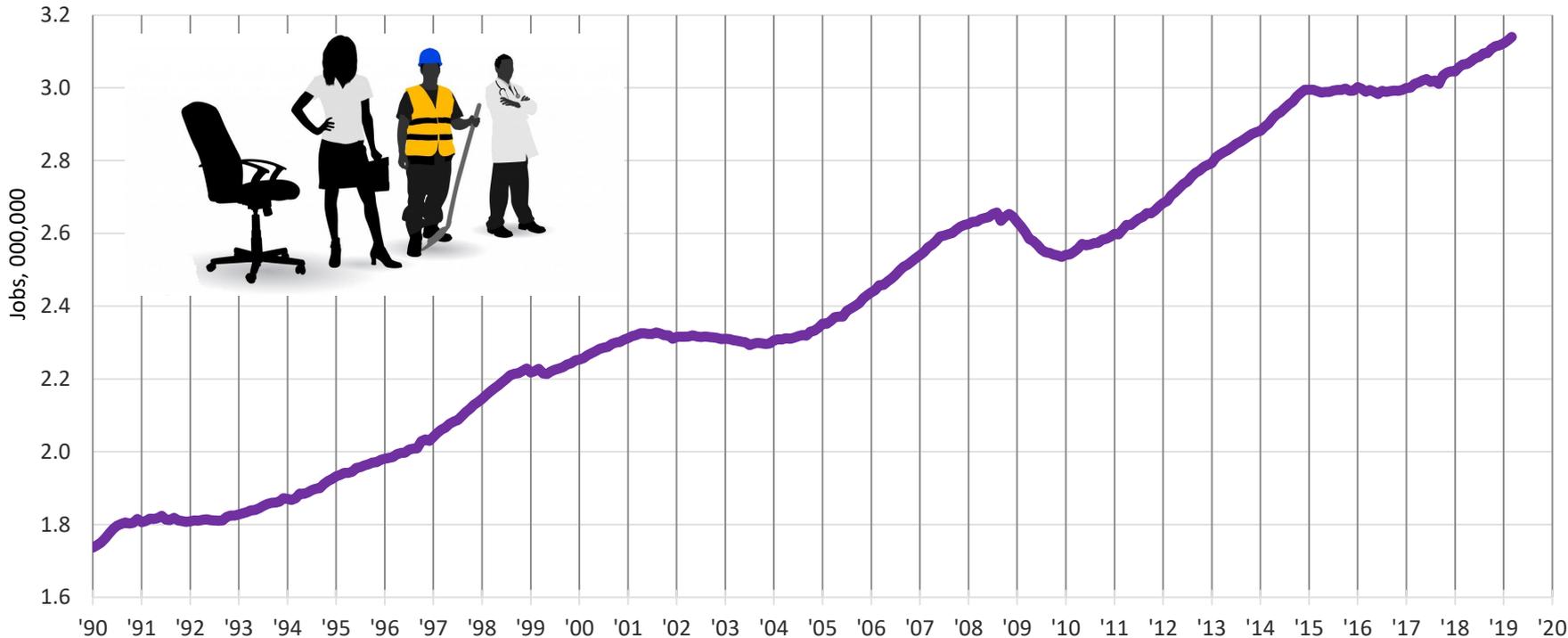
Sixth in Number of Jobs

Rank	Metro	Employment (Millions)
1	New York	9.778
2	Los Angeles	6.171
3	Chicago	4.699
4	Dallas-Fort Worth	3.730
5	Washington	3.289
6	Houston	3.120
7	Philadelphia	2.931
8	Atlanta	2.809
9	Boston	2.737
10	Miami	2.725

Source: U.S. Bureau of Labor Statistics, March '18 data, not seasonally adjusted



A long history of job growth



Source: Texas Workforce Commission

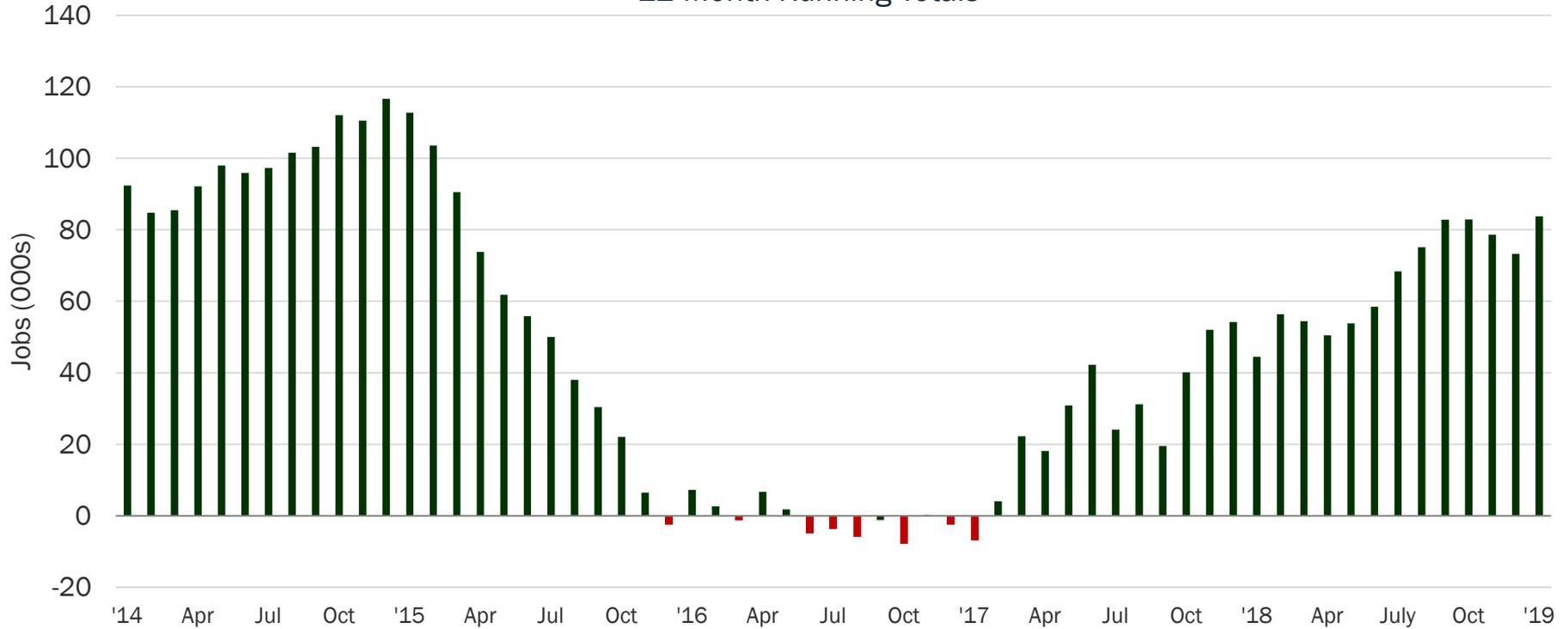


So, what about
Houston today?



Payroll Employment

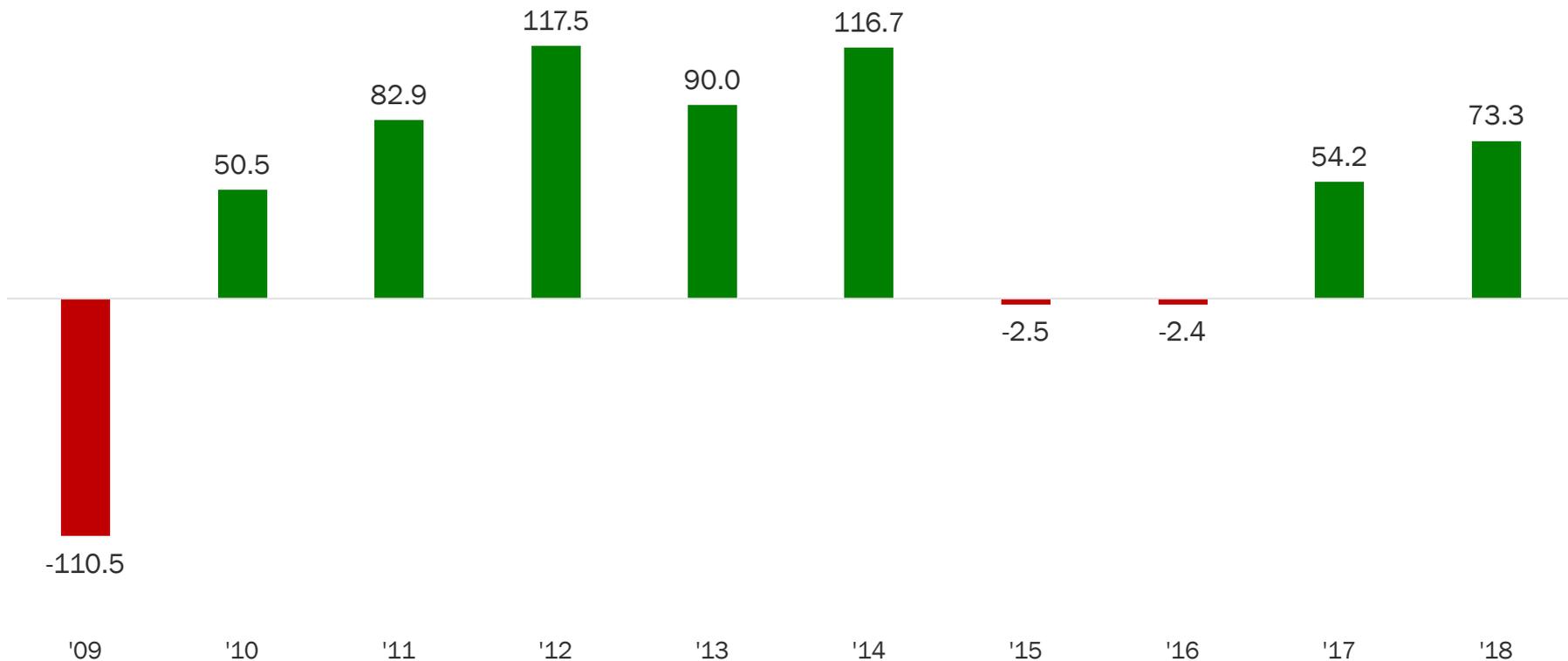
12-Month Running Totals



Source: Texas Workforce Commission



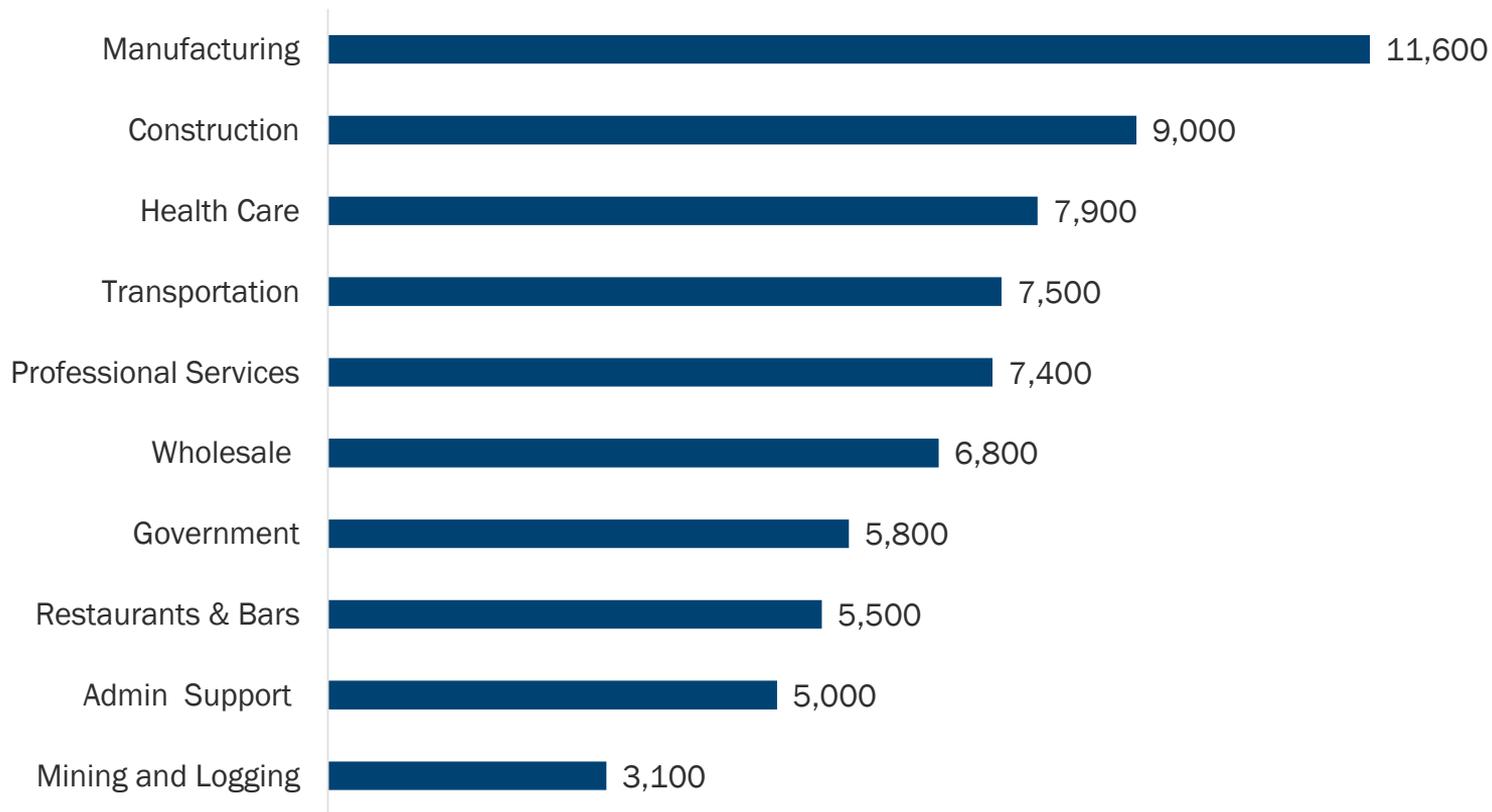
Houston Job Growth, 000s



Source: U.S. Bureau Labor Statistics

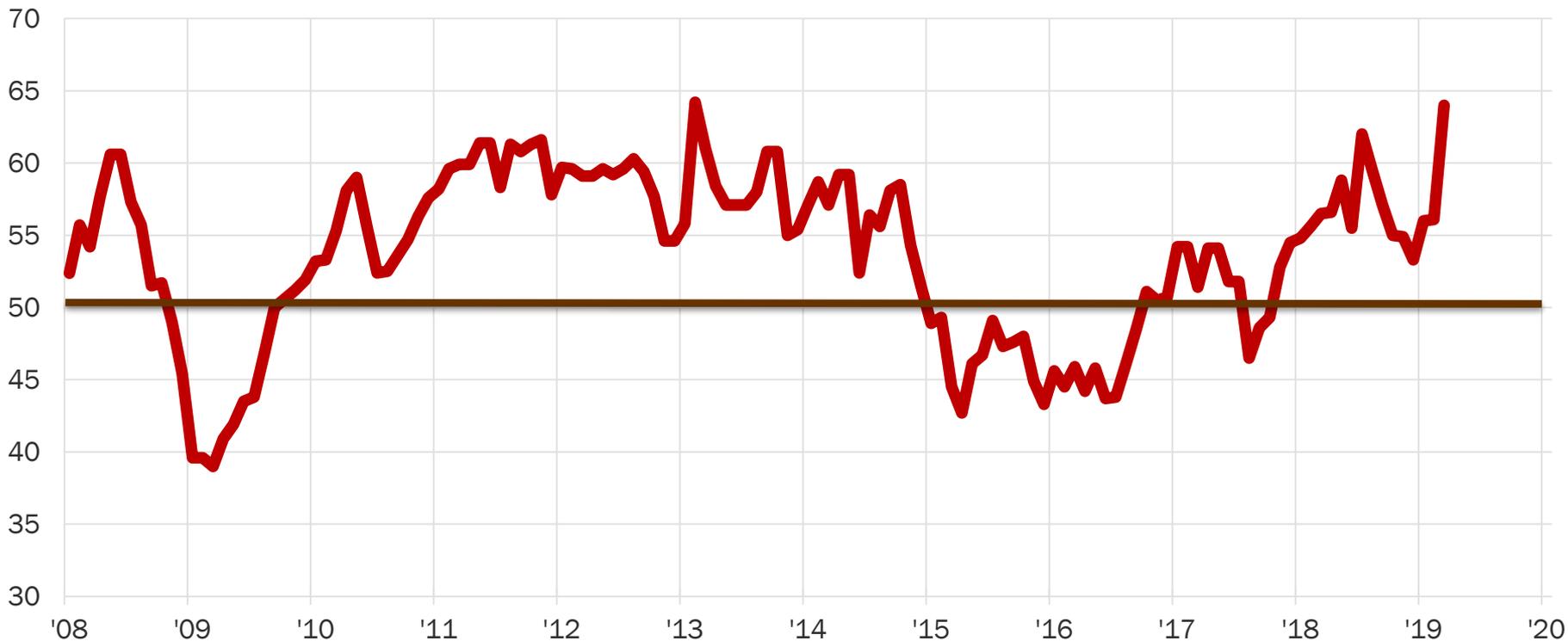


Job Growth, Top 10 Sectors





Houston Purchasing Managers Index



Source: Institute for Supply Management - Houston

Houston Home Sales

12-Month Moving Total

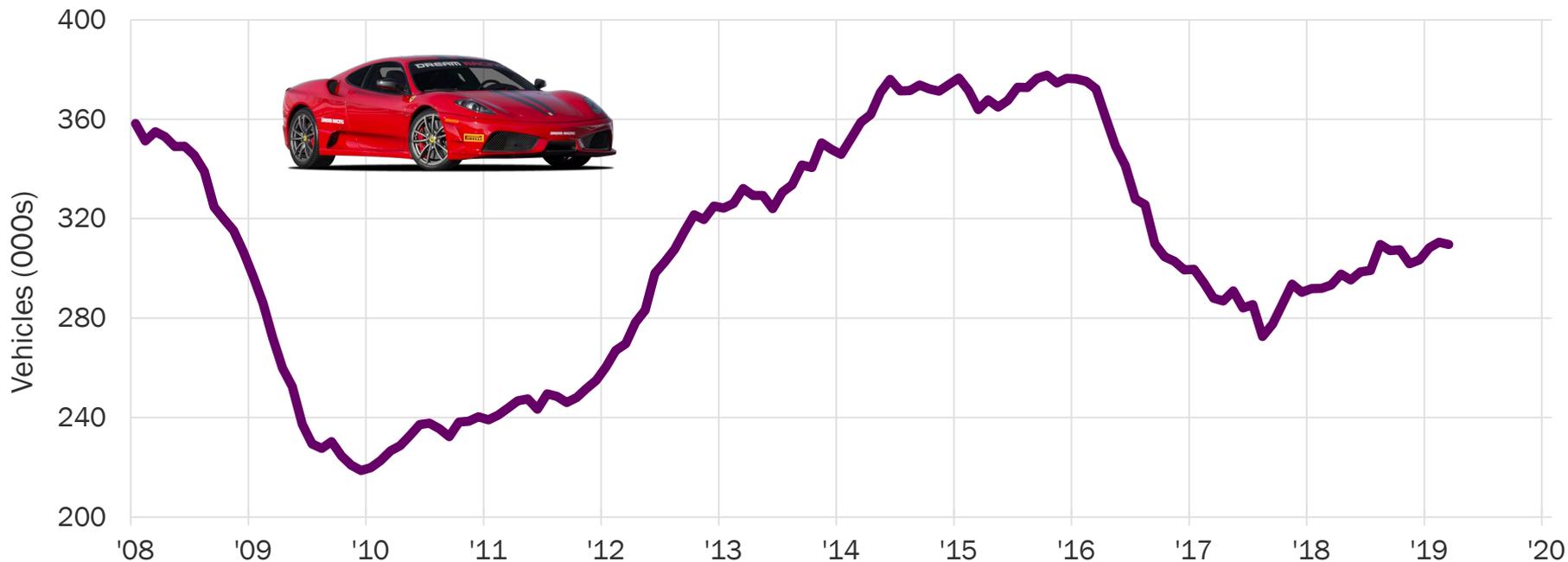


Source: Houston Association of Realtors



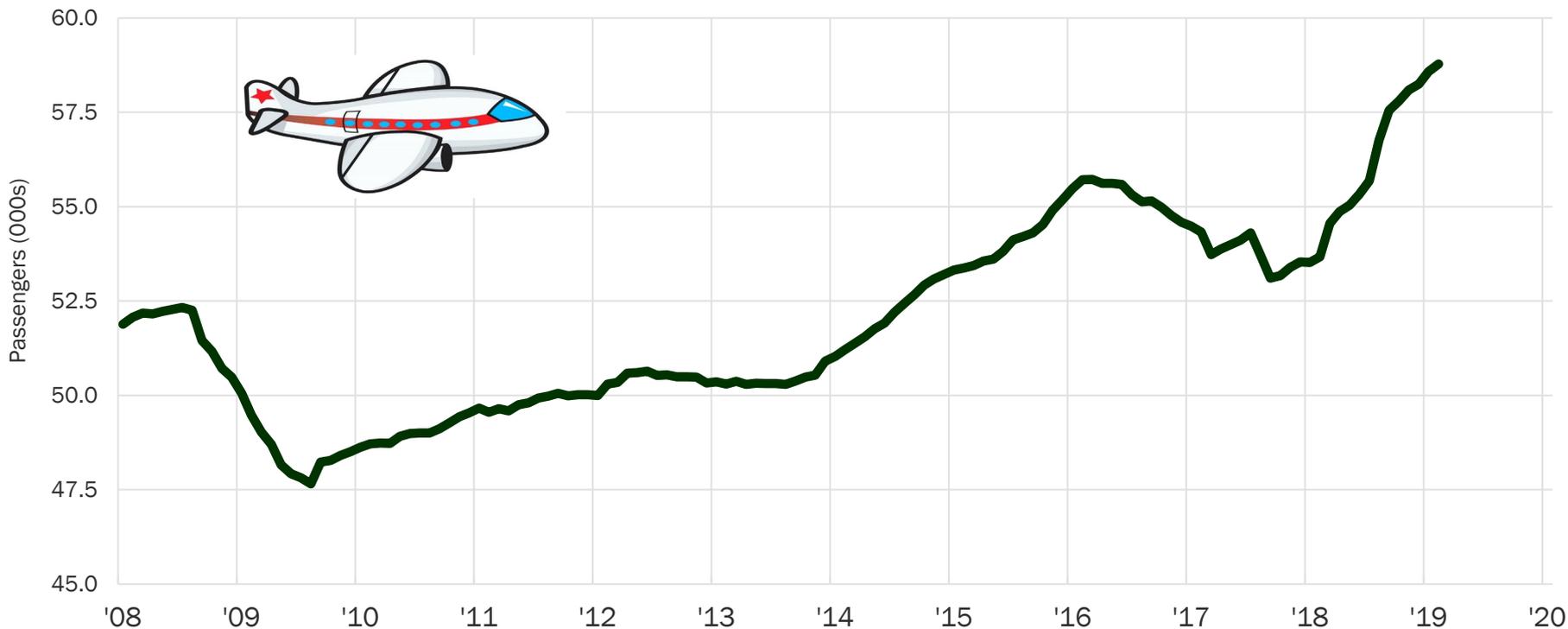
Houston Vehicle Sales

12-Month Moving Total



Source: TexAuto Facts by InfoNation

Houston Airport Traffic (IAH & HOU)



Source: Houston Airport System



GREATER HOUSTON
PARTNERSHIP

What's driving Houston's Economy?

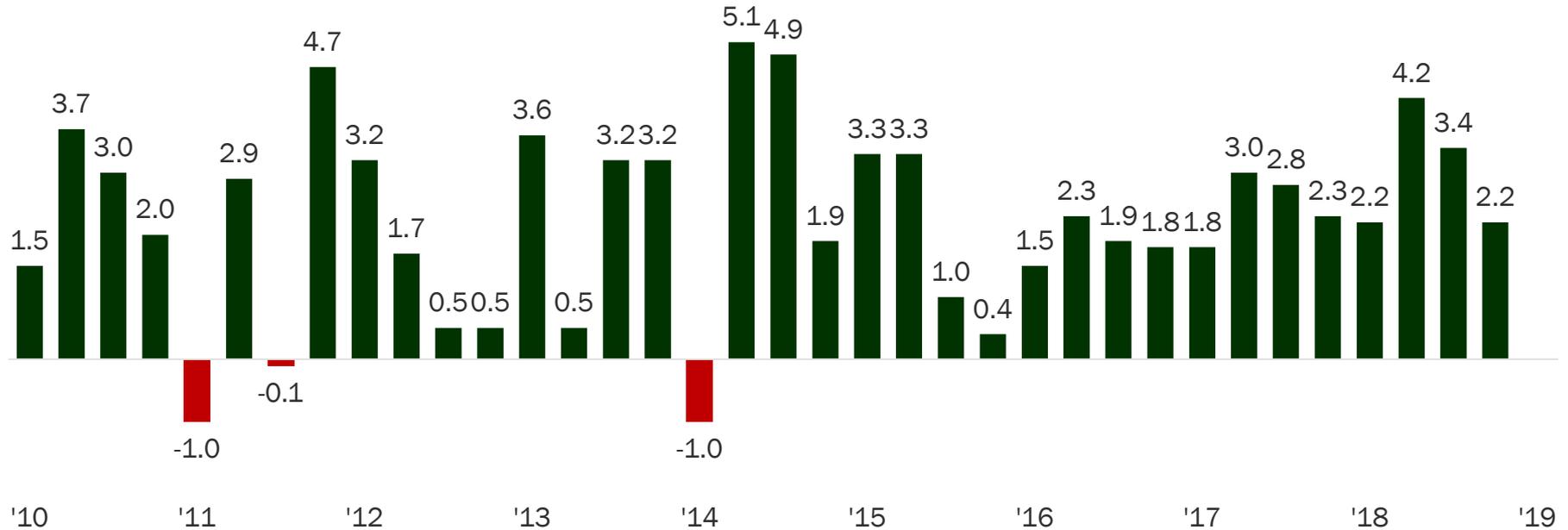




**Strong U.S.
growth.**

U.S. Real Gross Domestic Product

Growth Rate, % Change from Previous Quarter

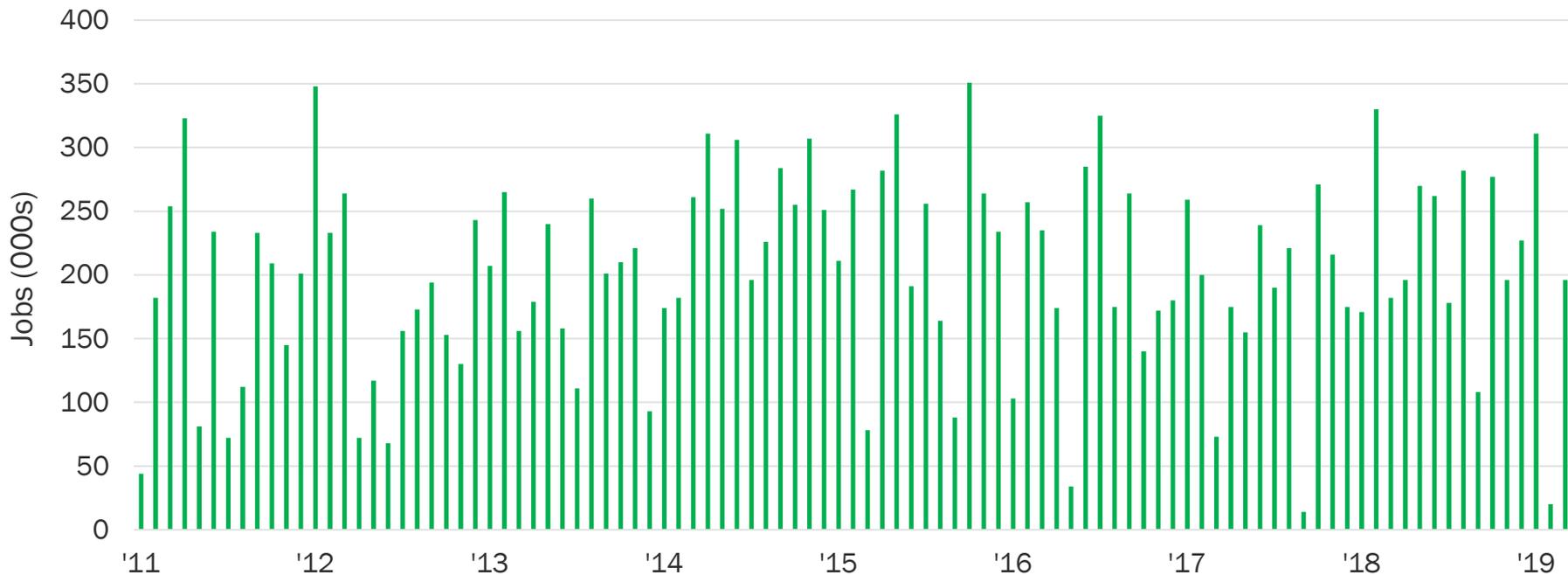


Source: U.S. Bureau of Economic Analysis



U.S. Job Growth

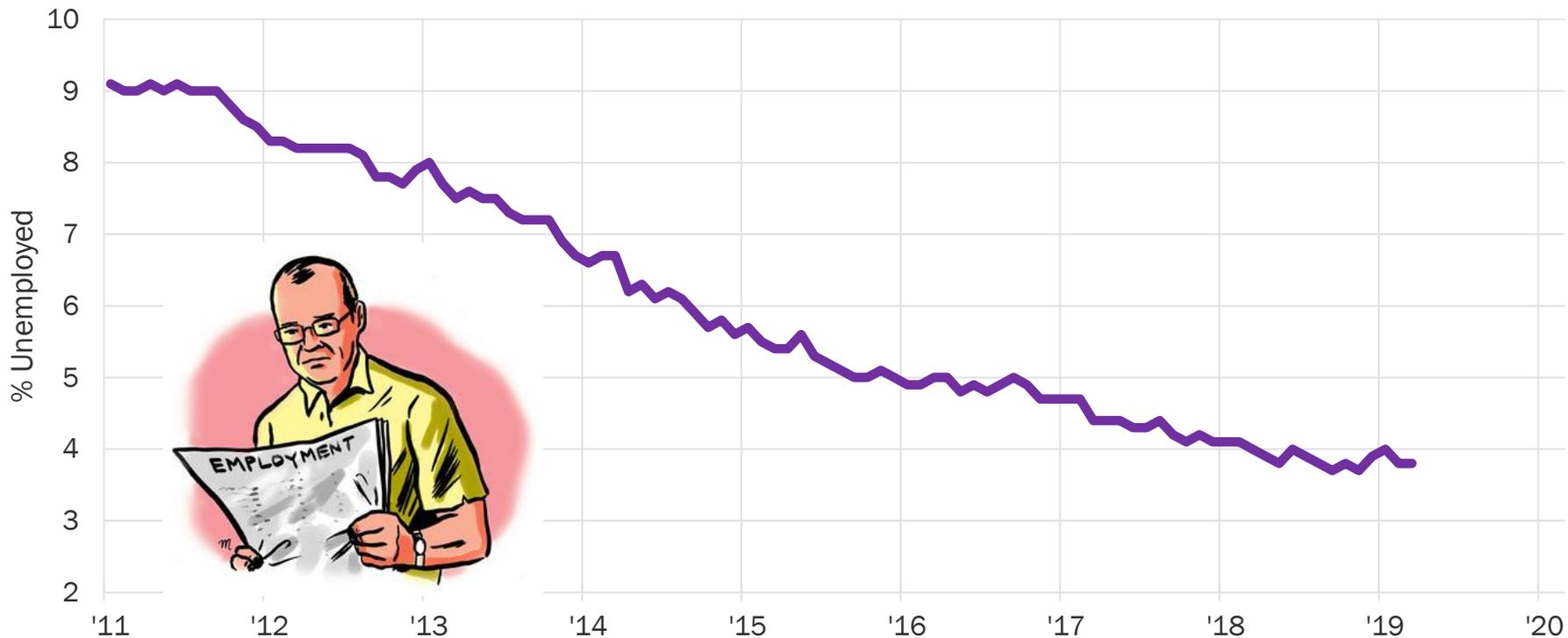
1-Month Net Change



Source: U.S. Bureau of Labor Statistics



U.S. Unemployment Rate*



Source: U.S. Bureau of Labor Statistics

* seasonally adjusted



**The energy business
is profitable again.**



Financial Performance in Q3/16

Lost Money



NEWPARK



Marathon Oil

OCEANEERING



Weatherford®



HALLIBURTON



Cabot Oil & Gas

Earned a Profit





Financial Performance in Q4/18

Lost Money



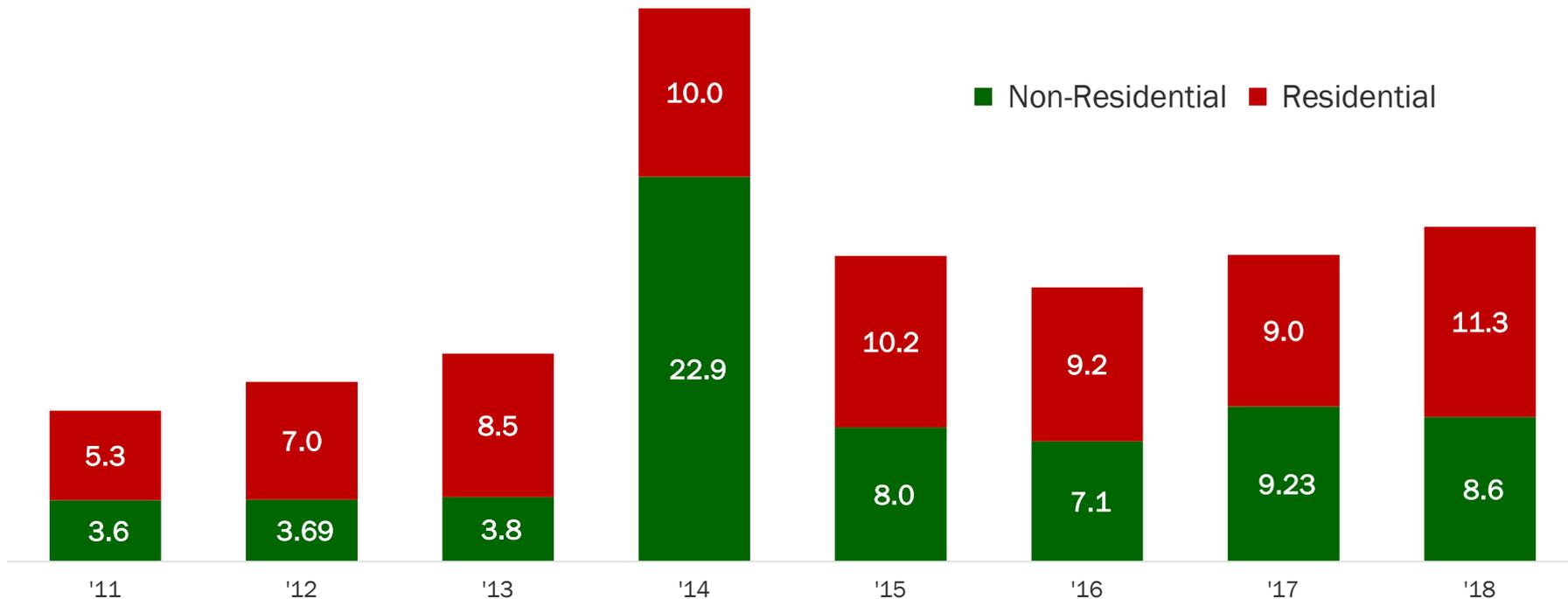
Earned a Profit







Houston Construction (\$ Billions)

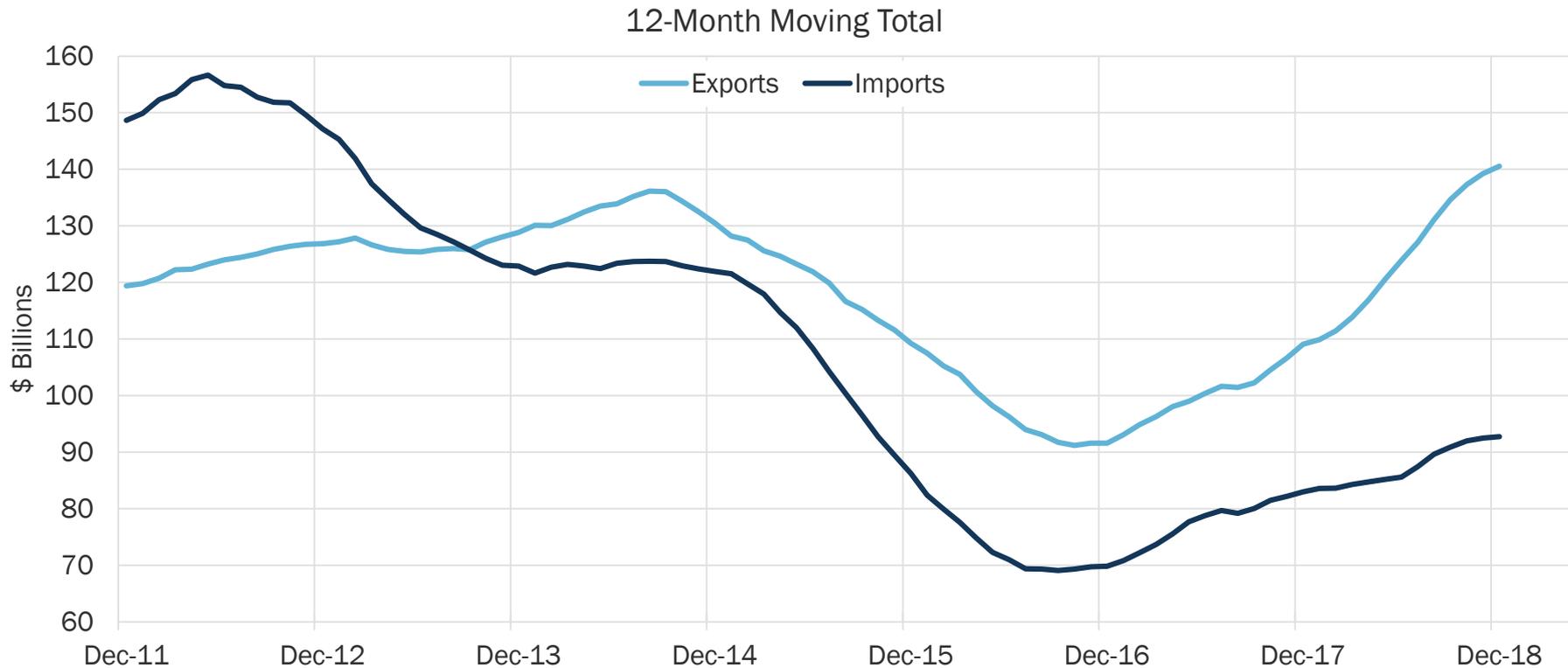


Source: Dodge Data & Analytics



Trade remains
robust.

Houston Customs District Traffic



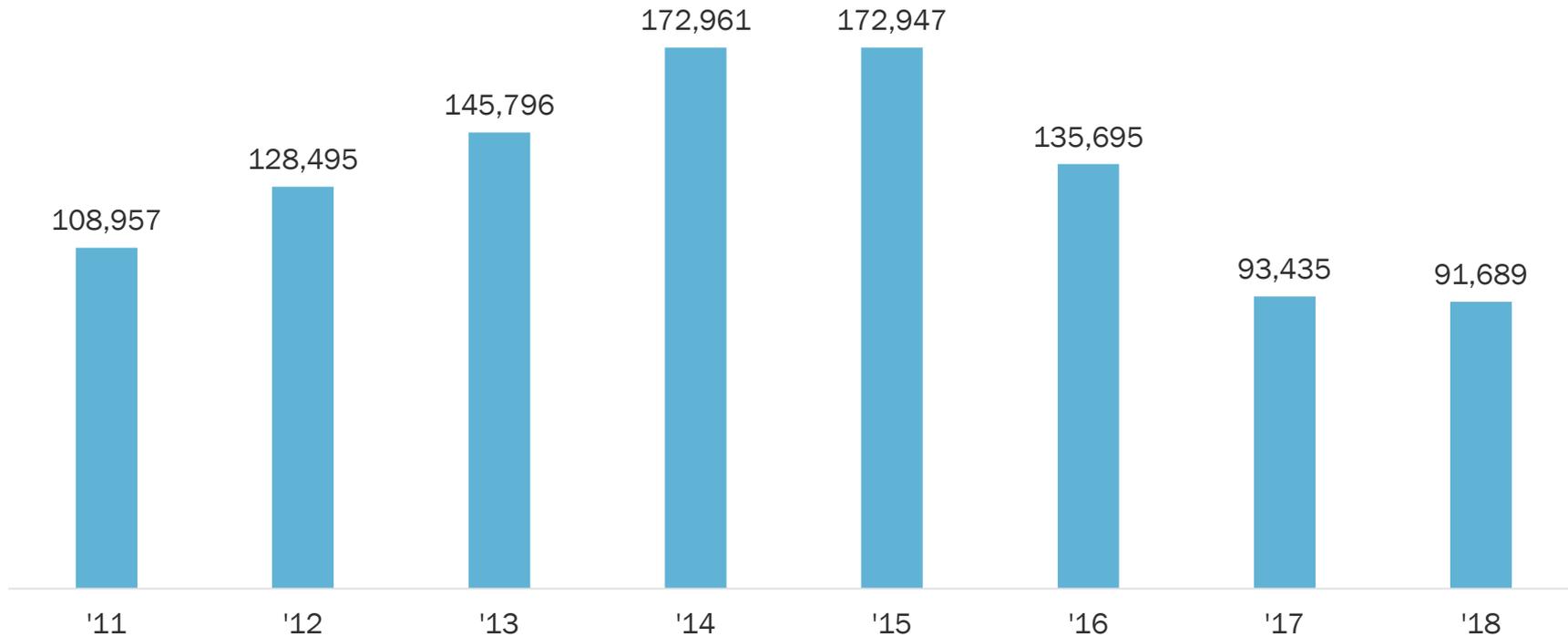


Houston's population continues to grow.





Metro Houston Population Growth



Source: U.S. Census Bureau



Metro Population Comparisons

Rank	Metro	Population as of 7/1/18	Change '17 to '18
1	New York	19,979,477	-19,474
2	Los Angeles	13,291,486	-7,223
3	Chicago	9,498,716	-22,068
4	Dallas-Fort Worth	7,539,711	131,767
5	Houston	6,997,384	91,689
6	Washington	6,249,950	49,949
7	Miami	6,198,782	49,095
8	Philadelphia	6,096,372	17,921
9	Atlanta	5,949,951	75,702
10	Boston	4,875,390	30,793



**Companies continue
to move to Houston.**

Significant Relocations and Expansions



MAN Diesel & Turbo





TARGA

GOYA



FedEx



ExxonMobil

MRC Global





What, Me Worry?





West Texas Intermediate

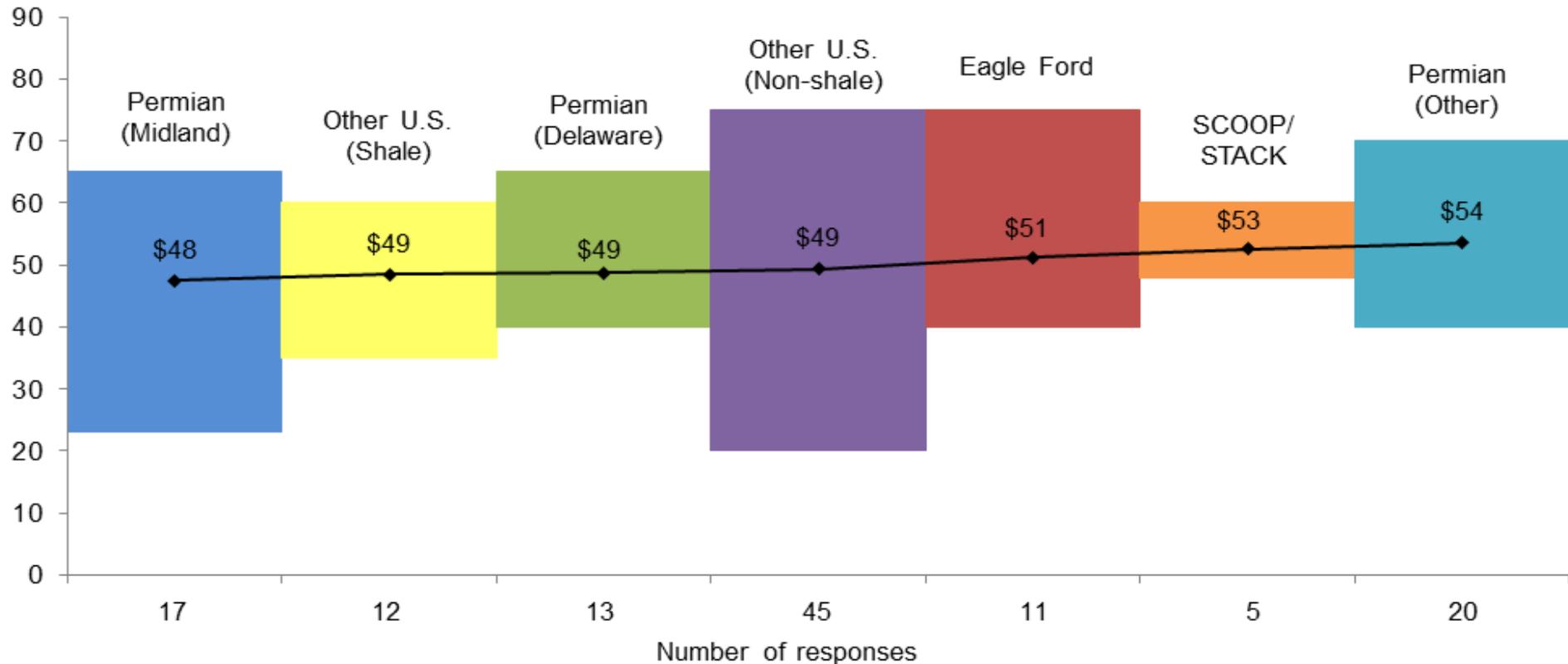
Crude Spot Price, Weekly Average



Source: U.S Energy Information Administration

In the top two areas in which your firm is active: What WTI oil price does your firm need to profitably drill a new well?

Dollars per barrel



NOTES: Lines show the mean, and bars show the range of responses. Executives from 82 exploration and production firms answered this question during the survey collection period, March 13–21, 2019.

SOURCE: Federal Reserve Bank of Dallas.



Bloomberg

Winners, Losers From U.S.-China Trade War Stretch Coast to Coast

FORTUNE

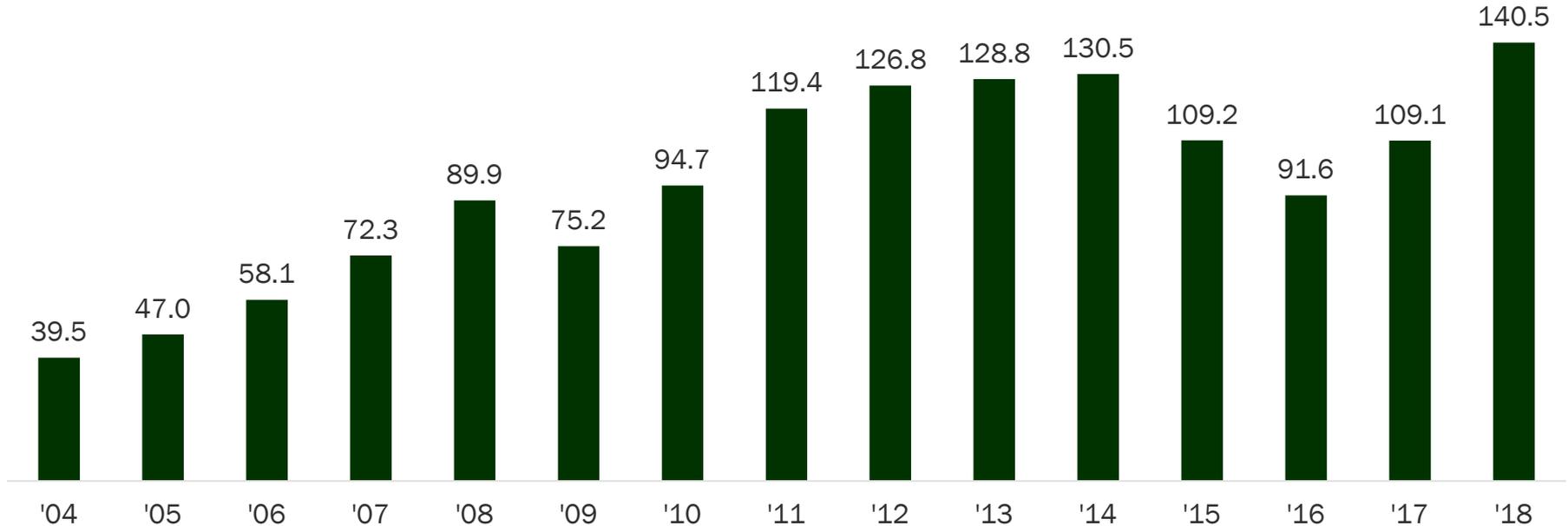
Donald Trump Says NAFTA Was the Worst Trade Deal the U.S. Ever Signed

The Washington Post

Can Europe be protected from Trump's trade war?

Exports – Houston Customs District

\$ Billions



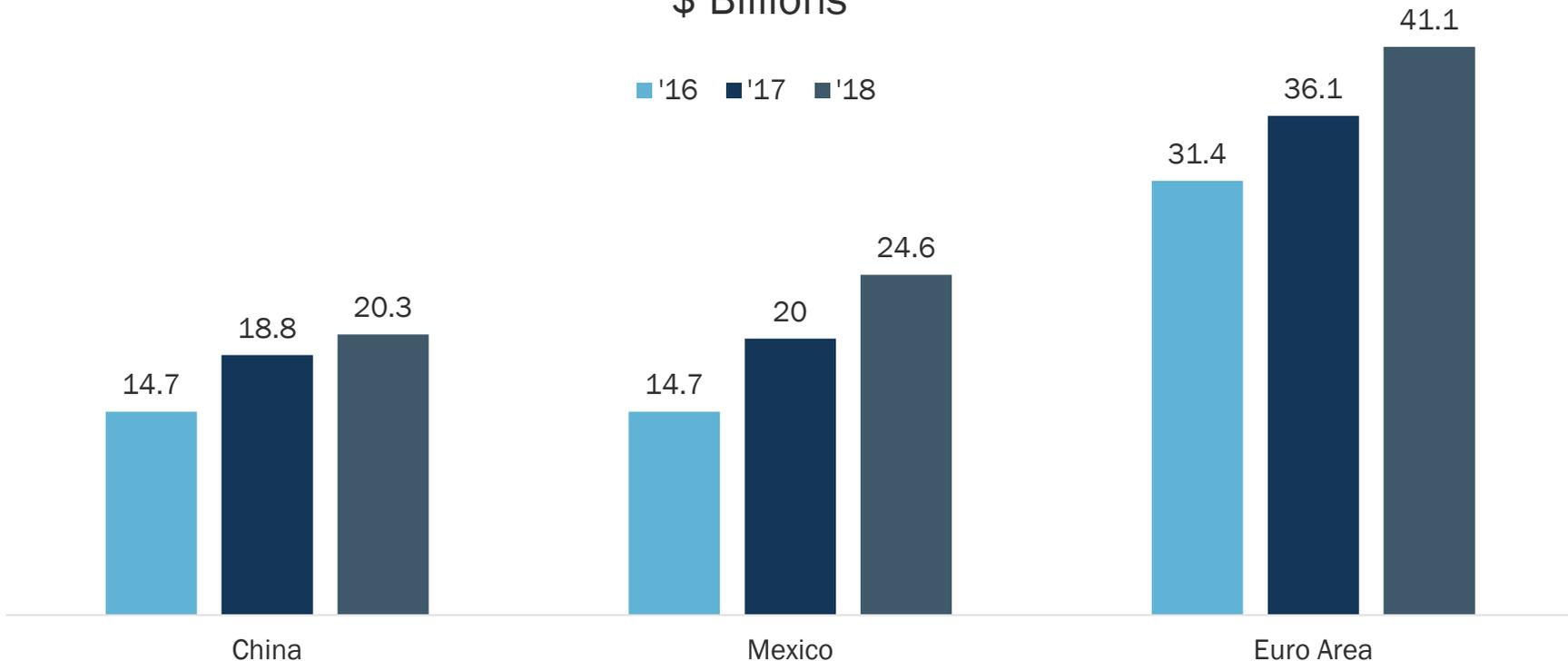
Source: WISERTrade



Houston Foreign Trade (Imports + Exports)

\$ Billions

'16 '17 '18

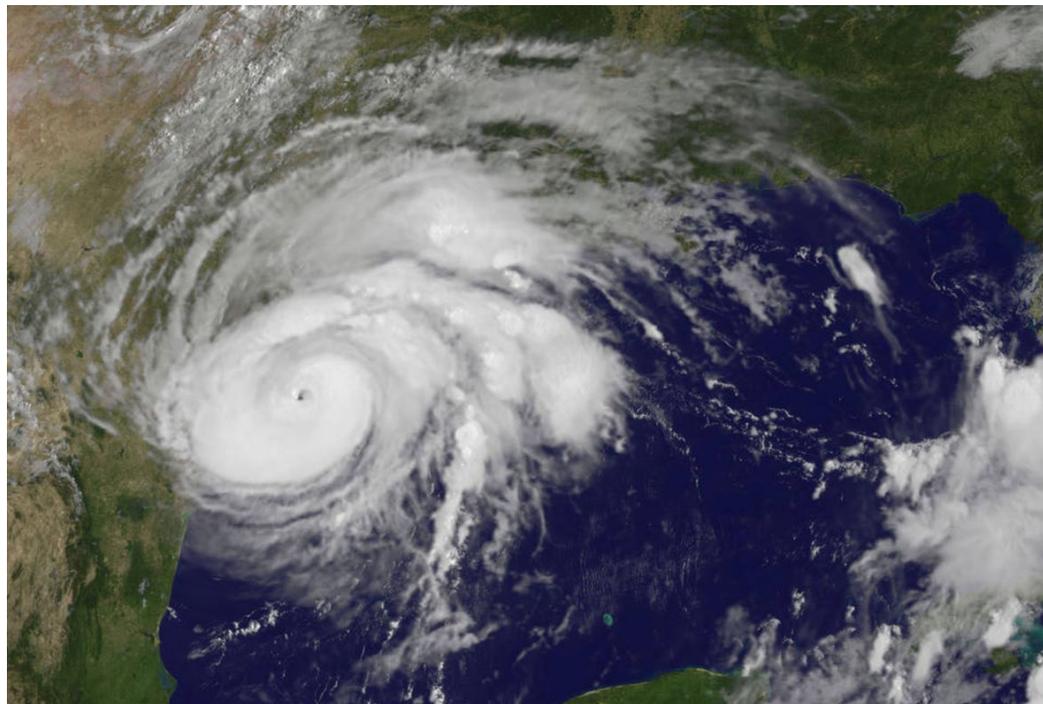


Source: WiserTrade



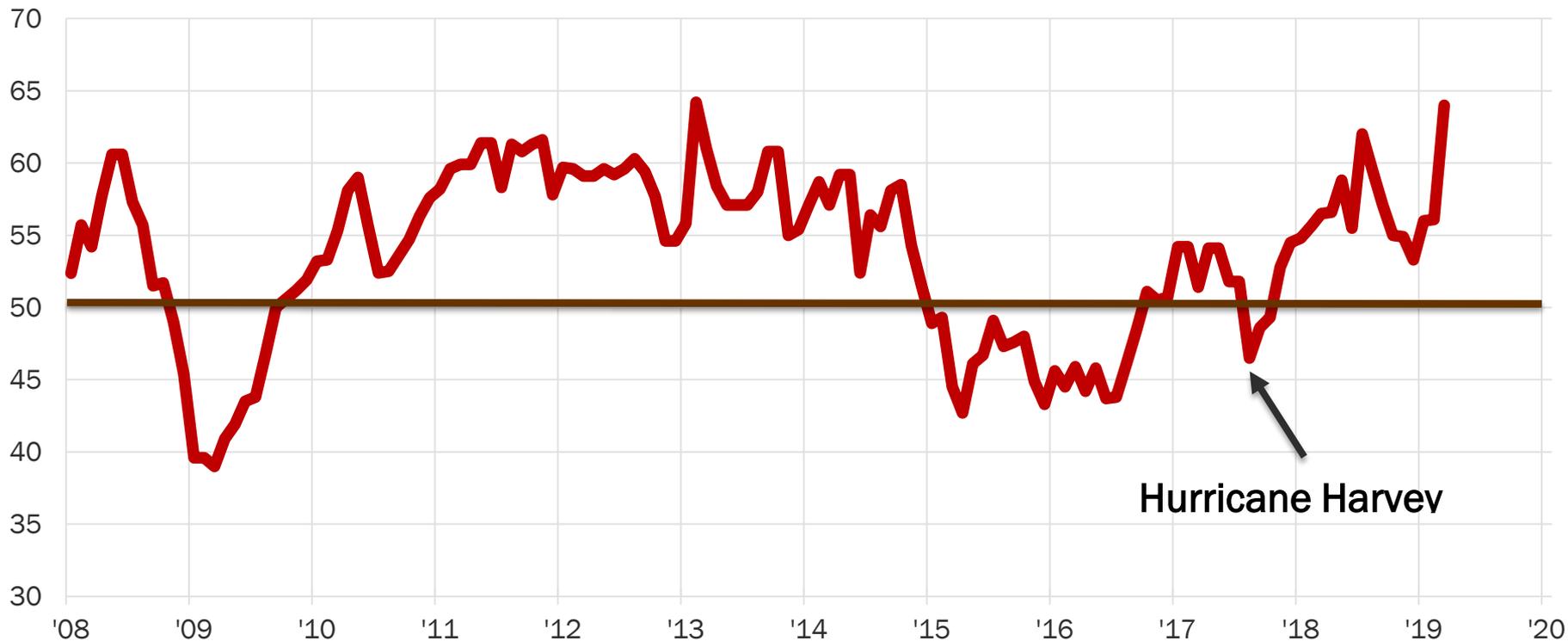
GREATER HOUSTON
PARTNERSHIP

Hurricane Harvey





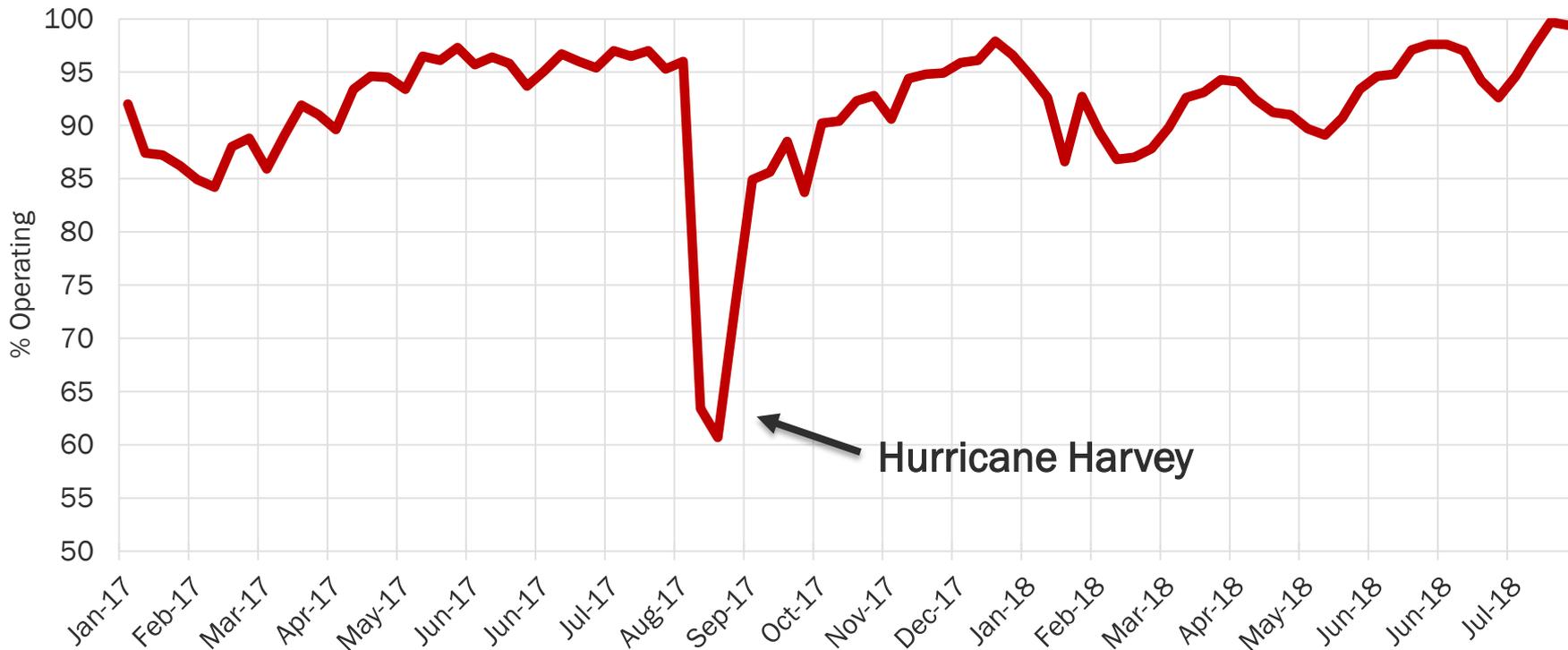
Houston Purchasing Managers Index



Source: Institute for Supply Management - Houston

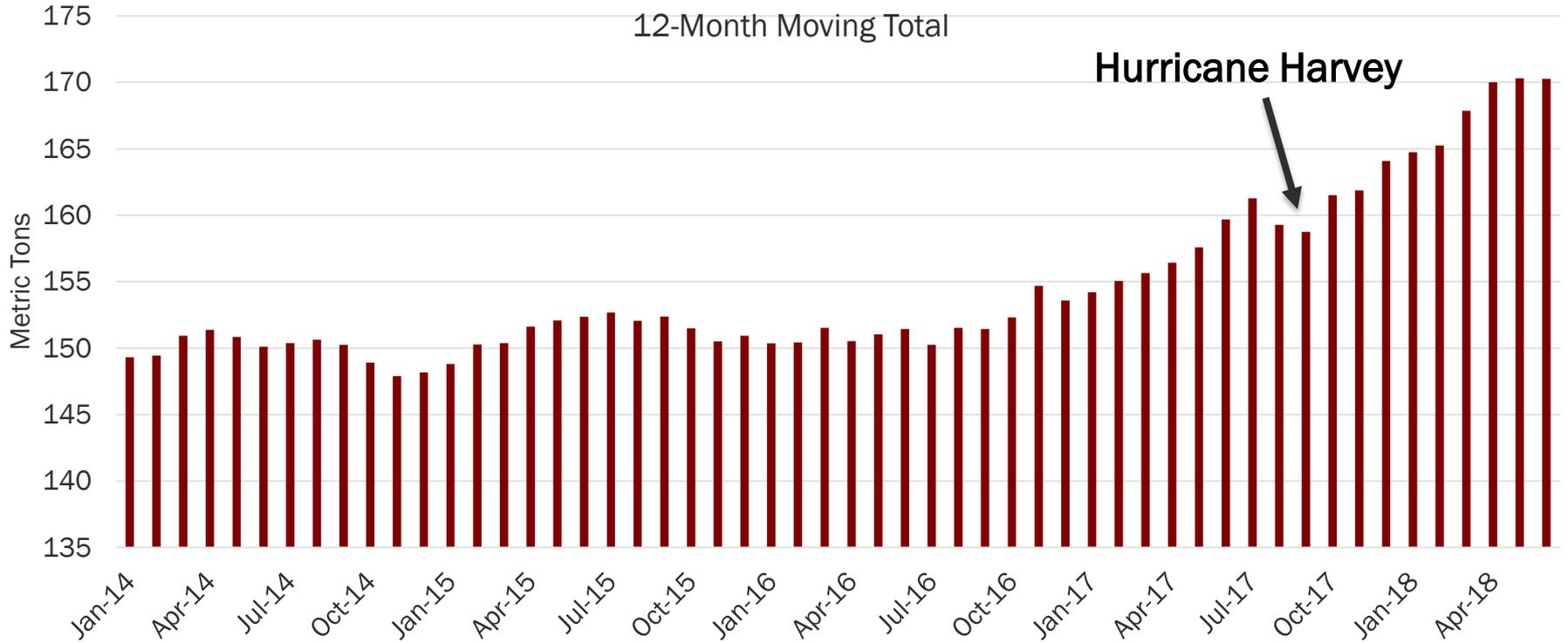


Gulf Coast Refinery Utilization Rate



Source: U.S. Energy Information Administration

Port of Houston Foreign Tonnage*

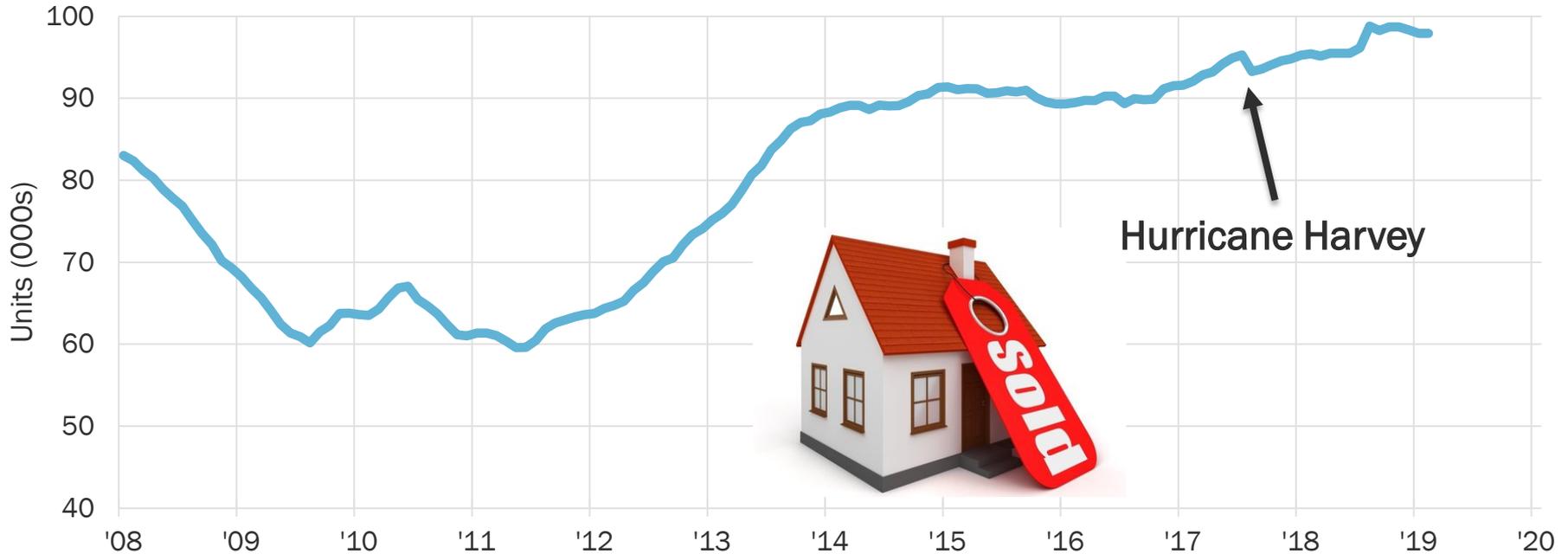


Source: WISERTrade

*Imports plus exports

Houston Home Sales

12-Month Moving Total

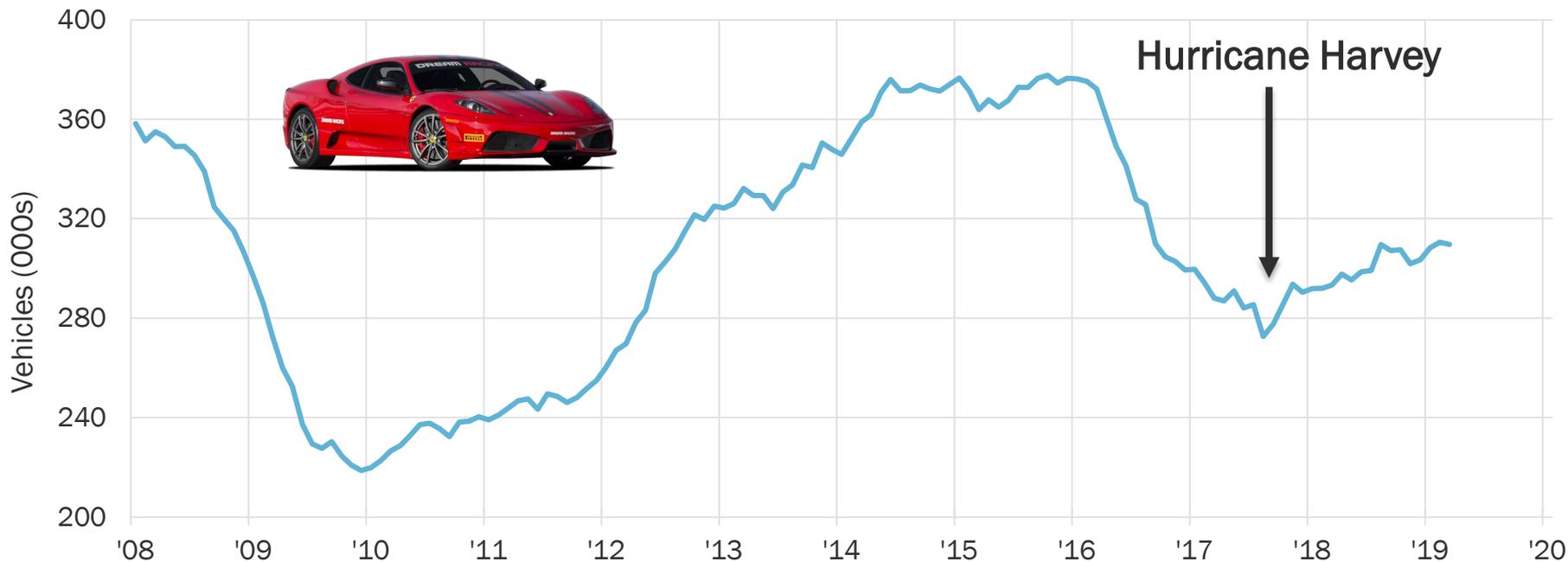


Source: Houston Association of Realtors



Houston Vehicle Sales

12-Month Moving Total



Source: TexAuto Facts by InfoNation



Houston's 2019 Economic Outlook.



All align in Houston's favor

- Energy
- U.S. Expansion
- Foreign Trade*
- Business Relocations
- Consumer Confidence





Employment Forecast for '19

Adding Jobs



Losing Jobs





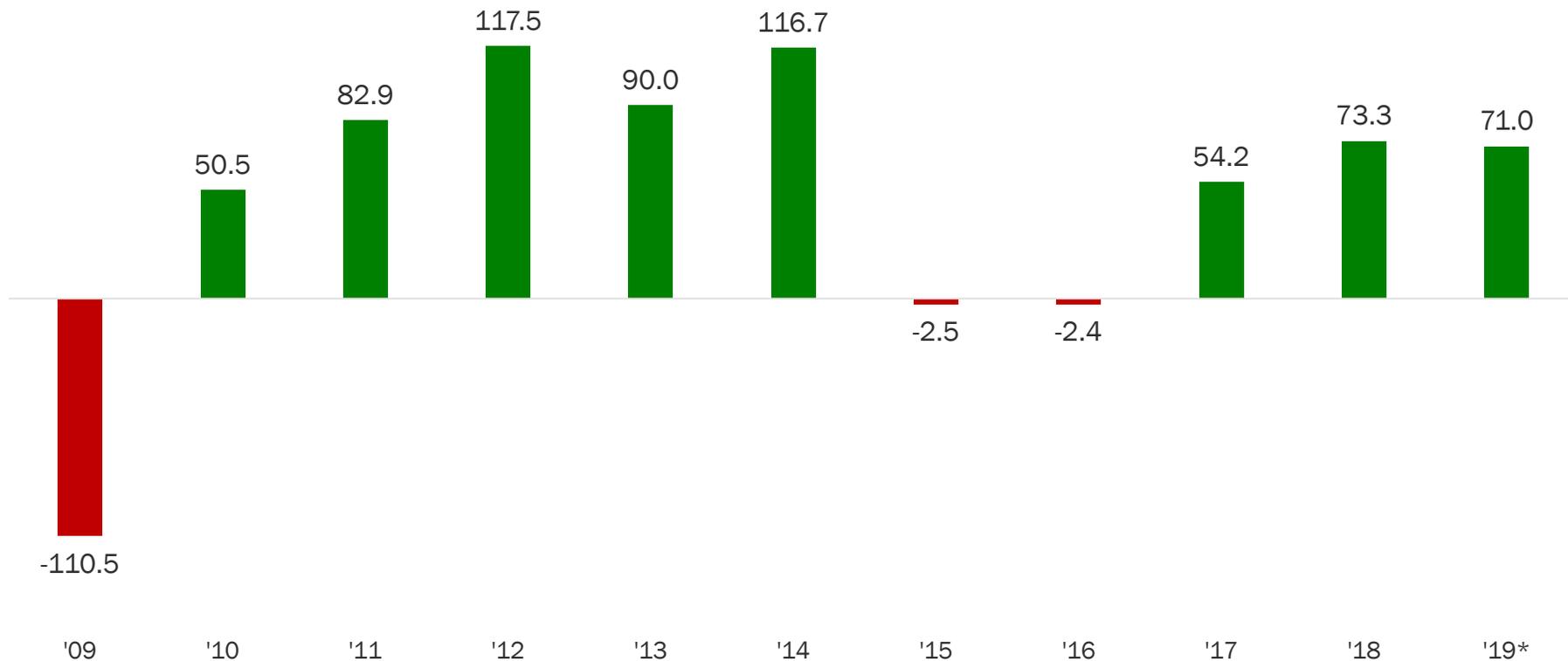
- + Health Care
- + Construction
- + Administrative Support
- + Professional Services
- + Manufacturing
- + Restaurants
- + Retail
- + Government
- + Transportation
- + Wholesale
- + Oil and Gas
- + Real Estate
- + Other Services
- + Educational Services
- + Finance and Insurance
- + Arts & Entertainment
- + Hotels
- + Information



71,000 Jobs



Houston Job Growth, 000s



Source: U.S. Bureau Labor Statistics

* Partnership forecast





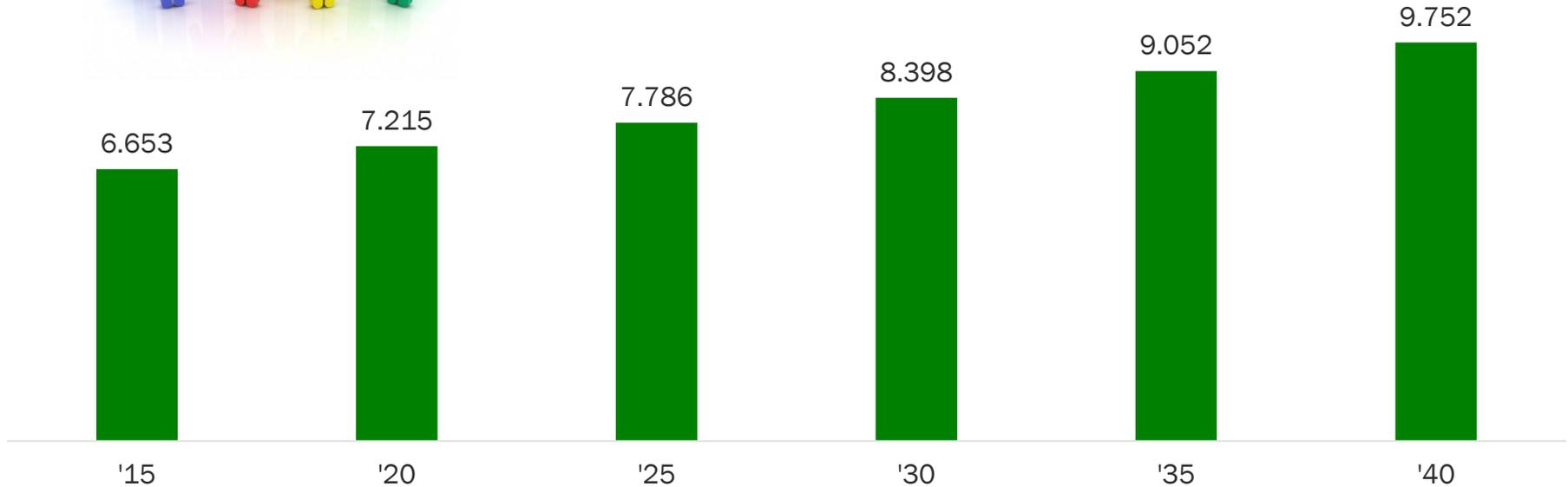
Houston's Long-Term Outlook



Population Forecast



Population (Millions)

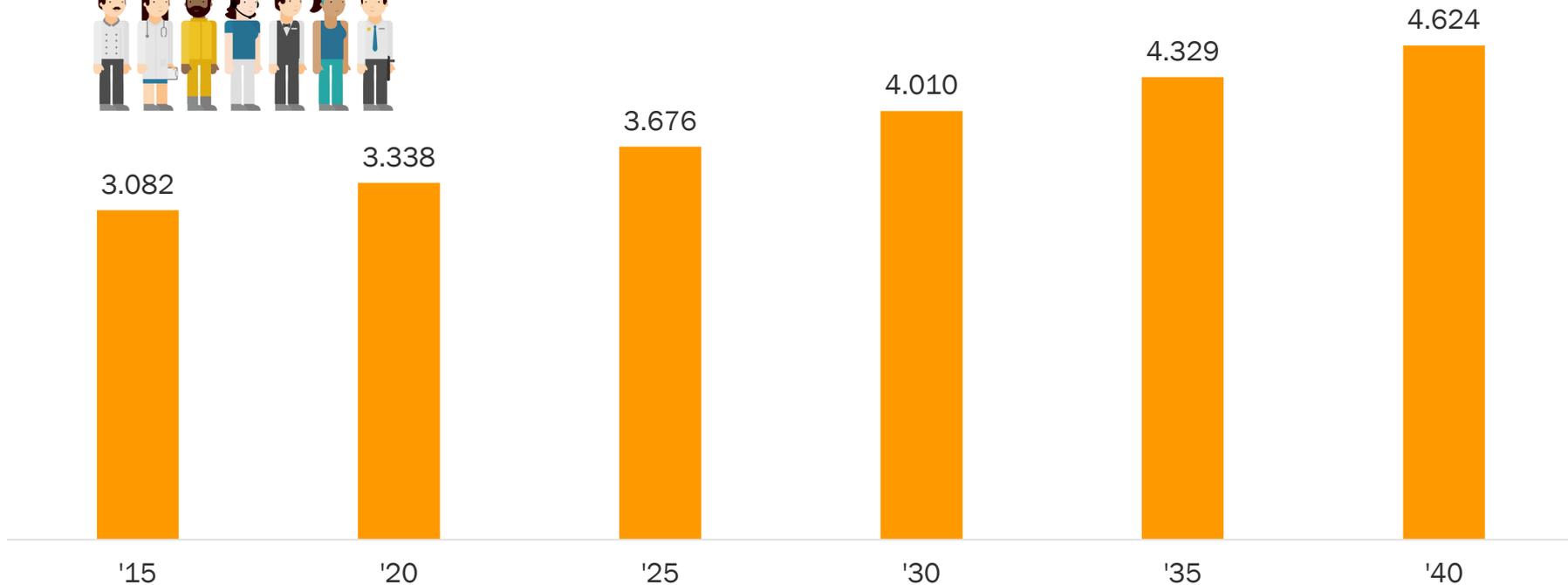


Source: The Perryman Group



Employment Forecast

Payroll Employment (Millions)

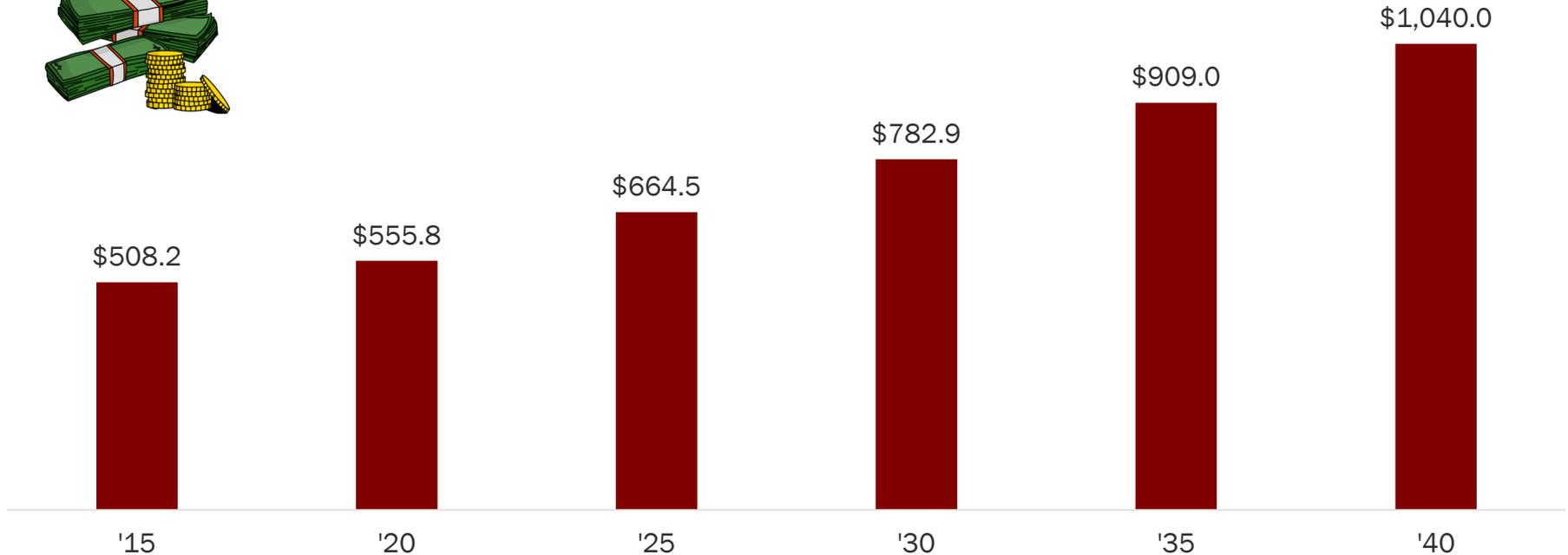


Source: The Perryman Group

Real Gross Area Product Forecast



\$ Billions*



Source: The Perryman Group

* '12 dollars



GREATER HOUSTON
PARTNERSHIP

Thank you

Houston Economic Outlook

Prepared by Patrick Jankowski

SVP Research



GREATER HOUSTON
PARTNERSHIP

Making Houston Greater.