



**What's in Store for '16?** — This year has been a challenging one for Houston. Oil prices continued the slide begun in '14, briefly slipping below \$40 a barrel in August. More than half the U.S. drilling rig fleet has been mothballed and now operates at its lowest level since May '02. The energy industry continues

to lay off workers. And the recent construction boom appears to be winding down. The question now on everyone's mind: Is Houston headed for a recession?

The answer is forthcoming. On December 7, the Partnership will host the Houston Region Economic Outlook for '16 and address the issues of oil prices, job growth, and the economic prospects in the coming year. The event begins with a panel discussion among experts from the local energy, health care, professional services, and construction industries who will share their insights into the future of the economy. Panelists are:

- Kristi Chickering, *CEO, Sirius Solutions*
- Michael Covert, *President and CEO, CHI St. Luke's Health*
- Daniel M. Gilbane, *Regional Manager, Gilbane Building Company*
- Greg P. Hill, *President and COO, World Wide E&P, Hess Corporation*

*Chickering* is the panel's expert on business and professional services. The sector accounts for one in every six private sector jobs in the region. Sirius serves clients across a wide range of industries, including construction, energy, financial services, health care, manufacturing, utilities, retail and transportation.

*Covert* is the panel's health care expert. While other sectors struggle, health care continues to add jobs—11,400 since December. CHI St. Luke's Health operates six hospitals, seven emergency centers and clinics, and six medical groups in Houston.

*Gilbane* is the panel's construction expert. The city has permitted \$6 billion in residential and commercial projects so far this year, and while that amount is substantial, it reflects a 12 percent drop from the same time last year. Gilbane's high-profile Houston projects include work for ExxonMobil, Hess, El Paso, Rice University and the Houston Zoo.

*Hill* is the panel's energy expert. The industry continues to struggle with low oil prices, shrinking exploration budgets, and weak demand growth. Hess Corporation is a leading



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global independent energy company engaged in the exploration and production of crude oil and natural gas.

Lisa Shumate, General Manager, Houston Public Media (KUHT TV 8, News 88.7 and Classic 91.7) will moderate the panel discussion, which begins at 10 a.m.

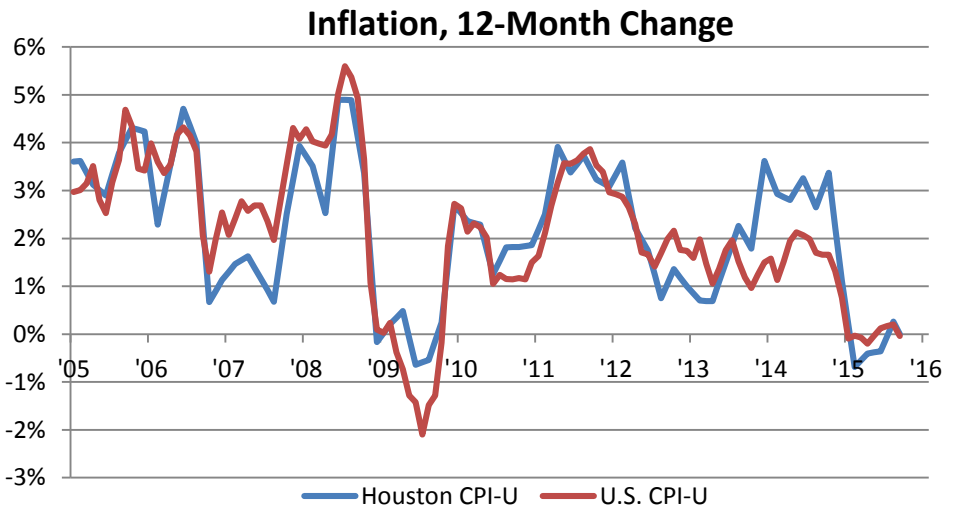
Those attending the morning session will receive a copy of *Houston Economic Highlights*, 60 pages of insights into local economic and demographic trends over the past 10 years. A copy of the *Highlights* publication distributed at last year's event can be found [here](#).

The luncheon portion of the event convenes at noon. Patrick Jankowski, the Partnership's Senior Vice President of Research, will present the Partnership's employment forecast for '16. (Click [here](#) to see the Partnership's forecast for '15.) Anthony Chan, Chief Economist, JPMorgan Chase, will be the luncheon keynote speaker. Chan will present the U.S. and global outlooks following the regional outlook.

Full-program tickets include the panel discussion, the Partnership's forecast, the luncheon, the keynote speech, a copy of the forecast and *Houston Economic Highlights*. Luncheon tickets include only the Partnership's forecast and the keynote address. To register for the event, go to the Events section of the Partnership's [webpage](#) or click [here](#).

**A Question of Affordability** — The U.S. Bureau of Labor Statistics (BLS) reports that the Consumer Price Index (CPI) rose 0.3 percent in Houston during the 12 months ending August '15, the first increase since January of this year. Local inflation had been negative throughout much of '15, a dramatic change from '13 and '14, when inflation in Houston outpaced the nation.<sup>1</sup>

A 13.1 percent drop in the cost of household energy (electricity and natural gas) and a 27.2 percent drop in the cost of motor fuels have



Source: U.S. Bureau of Labor Statistics, not seasonally adjusted

helped keep inflation in check. The drop in consumer energy costs is not surprising, given that crude oil prices fell 55.6 percent and natural gas 29.2 percent over the same period. (Almost half of the electricity generated in Texas comes from natural gas-fired power

<sup>1</sup> For calculating the local Consumer Price Index, BLS classifies Houston as Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, and Montgomery counties.

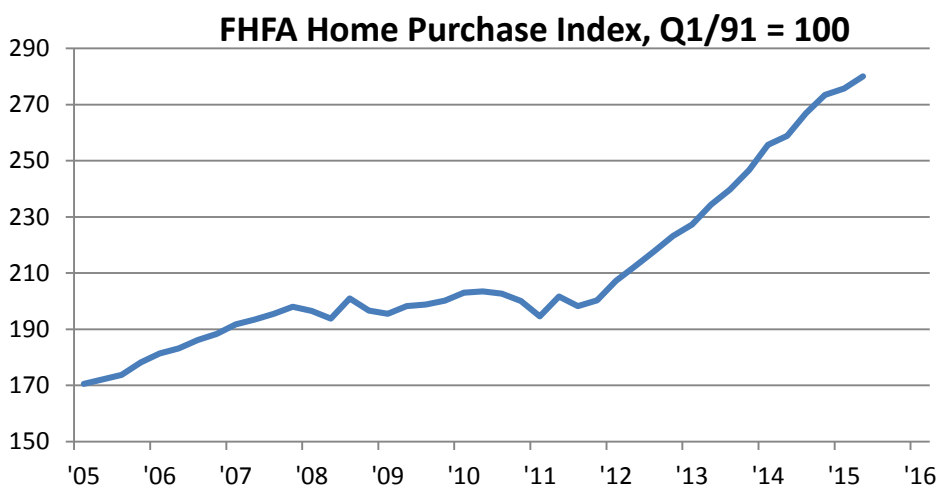
## HOUSTON—THE ECONOMY AT A GLANCE

plants.) The shelter component of the CPI continues to rise, however, up 5.1 percent since August '14 and 19.2 percent since January '10.

The CPI suggests local housing costs have increased nearly one-fifth during the recent economic boom. Based on anecdotal evidence, that figure seems to understate the escalation in housing costs. This apparent underestimate may result from the method BLS uses to measure housing inflation.<sup>2</sup> In the following pages, the Partnership offers alternative views of housing appreciation and affordability in Houston.

**The Home Price Index** — The Federal Housing Finance Agency (FHFA) publishes a quarterly Home Price Index (HPI) that measures appreciation in single-family values over time. The index is based on the repeated sale or refinancing of the same homes as they are resold multiple times with the mortgages on those homes having been purchased or securitized by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.<sup>3</sup> The FHFA publishes the index for all 50 states, the District of Columbia, and all U.S. metro areas.<sup>4</sup>

Not surprisingly, the index shows Houston home prices rose 37.9 percent from Q1/10 to Q3/15. Several factors fed the increase, among them a shortage of lots on which to build new homes (which pushes buyers into the resale market), the influx of newcomers to the region boosting housing demand (both rental and purchase), and the tendency of buyers to bid above a home's list price to trump other buyers vying for the same house.



Source: Federal Housing Finance Agency, seasonally adjusted data

bid above a home's list price to trump other buyers vying for the same house.

This run-up in home prices begs the question: Has Houston forfeited its claim to being one of the most affordable regions in which to live? The answer depends on one's perspective.

**Metro Comparisons** — In the broadest sense, Houston's cost of living is still below the nation as a whole. Three times a year the Council for Community and Economic Research (C2ER) conducts a cost of living survey in the nation's urban areas.<sup>5</sup> Like the BLS survey,

<sup>2</sup> BLS uses a method known as "owners' equivalent rent"—the amount a homeowner would pay to rent or would earn from renting his or her home in a competitive market—to track increases in shelter costs over time.

<sup>3</sup> Also known as Fannie Mae and Freddie Mac.

<sup>4</sup> More information in the FHFA Home Price Index can be found at <http://www.fhfa.gov/>.

<sup>5</sup> As a matter of full disclosure, the Research Department at the Greater Houston Partnership gathers and submits the Houston market data that go into calculating the C2ER Cost of Living Index.

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the C2ER analysis is based on various items—groceries, housing, utilities, transportation, health care, and miscellaneous goods and services—that represent the typical buying patterns of urban middle management consumers. While the CPI measures changes in prices over time, the C2ER Index compares costs of identical items at a single point in time across different urban areas. The survey for Q3/15 found Houston’s overall cost of living to be 7.2 percent below the U.S. average, with housing costs 7.7 percent below the average.<sup>6</sup>

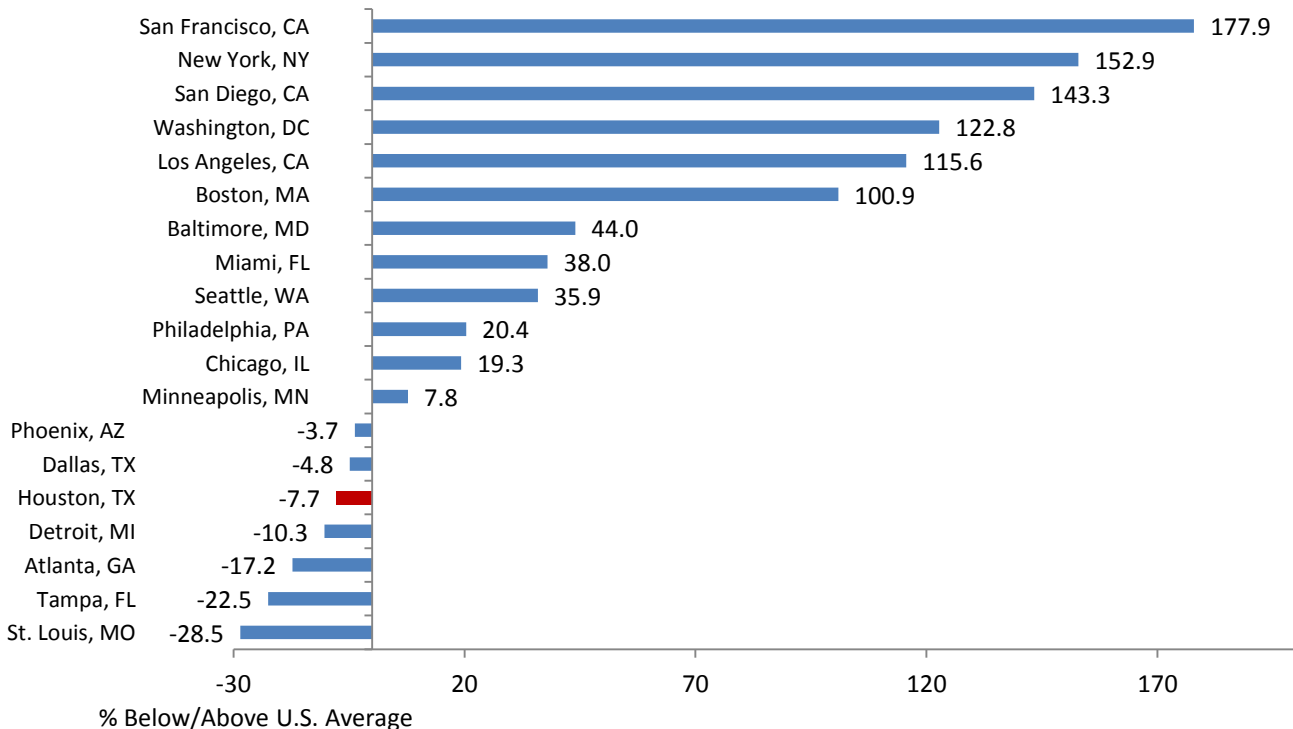
**Houston Cost of Living Index, U.S. Average = 100.0**

	All items	Grocery	Housing	Utilities	Transportation	Health Care	Misc
<b>Houston Index</b>	92.8	83.3	92.3	95.7	91.2	96.7	96.5

Source: Council for Community & Economic Research, Cost of Living Index, Third Quarter 2015

C2ER’s survey includes data from small and large metros alike—and the former, which tend to have lower costs, far outnumber the latter. If one recalculates the index using only data for the nation’s largest metros, Houston would have the fifth lowest housing costs.

**Housing Cost Comparison, 20 Most Populous U.S. Metros**



Source: Council for Community and Economic Research, *Cost of Living Index*, Q3 2015

<sup>6</sup> More information on the C2ER Cost of Living Index can be found at <https://www.coli.org/>.

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The C2ER index indicates the cost of living is lower in Houston than in most of the nation. That doesn't necessarily mean housing is cheap. But affordability can be gauged in several ways, one being the burden that homeownership places on a family's income. By that measure,

### BURDEN OF HOME OWNERSHIP COSTS

Share of Income Spent on Housing	% Of Households	
	U.S.	Houston
Less than 20.0 percent	42.1	47.4
20.0 to 24.9 percent	16.0	16.2
25.0 to 29.9 percent	11.1	10.5
30.0 to 34.9 percent	7.4	6.0
35.0 percent or more	23.4	19.9

Source: American Community Survey

Houston fares well compared to the nation. Data from the American Community Survey (ACS) show 63.6 percent of local households spent less than 25 percent of their income on monthly housing costs compared with 58.1 percent for the nation.

**The Income Test** —Wendell Cox, a well-known urban planner and host of the website [www.Demographia.com](http://www.Demographia.com), has devised an alternative method for determining housing affordability. Cox's methodology is based on the multiples of median household income required to purchase a home: the lower the multiple, the more affordable the housing in that market. His methodology allows him to rate affordability not just in the U.S. but in global metros as well. In a recent report, Cox identified the world's least affordable housing markets (in order) as Hong Kong, Vancouver, Sydney, San Francisco and San Jose, Melbourne, London, San Diego, Auckland and Los Angeles.<sup>7</sup>

### Housing Affordability Ratings

Rating	Median Income Multiplier
Severely Unaffordable	5.1 and over
Seriously Unaffordable	4.1 to 5.0
Moderately Unaffordable	3.1 to 4.0
Affordable	3.0 and under

Source: Wendell Cox, [www.Demographia.com](http://www.Demographia.com)

Applying Cox's methodology, the Partnership calculated housing affordability in the nation's 20 most populous metro areas using median household income data from the ACS and median home prices from the National Association of Realtors (NAR). The results show that only Atlanta, Minneapolis and St. Louis have affordable housing markets. Houston, with a multiple of price to income of 3.3, falls at the low end of "moderately unaffordable." Over the past three years, 16 of the nation's 20 largest metro areas have seen housing affordability decline. Houston was rated "affordable" in '12 but slipped to "moderately unaffordable" in '14.<sup>8</sup>

The magazine *Governing* recently completed a study of housing affordability in the nation's 25 largest cities, looking to determine whether families are being priced out the market for homes with two or more bedrooms. Like the Demographia methodology, *Governing*

<sup>7</sup> The full report, *11th Annual Demographia International Housing Affordability Survey*, can be found at [www.demographia.com](http://www.demographia.com).

<sup>8</sup> NAR did not report housing prices for Detroit last year, so the Partnership was unable to determine whether housing has become more or less affordable in the Motor City metro.

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HOUSING AFFORDABILITY IN '14, 20 MOST POPULOUS METROS, HIGHER MULTIPLIERS = LESS AFFORDABILITY							
Metro Market	---- Median ----			Metro Market	---- Median ----		
	Home Price \$000	HH Income \$000	Affordability Multiplier		Home Price \$000	HH Income \$000	Affordability Multiplier
San Francisco	737.6	83.2	8.9	Philadelphia	220.7	62.2	3.5
San Diego	497.9	66.2	7.5	Baltimore	244.1	71.5	3.4
Los Angeles	449.5	60.5	7.4	Chicago	205.9	61.6	3.3
New York	395.9	67.1	5.9	<b>Houston</b>	198.4	60.1	3.3
Miami	266.0	48.5	5.5	Tampa	151.5	46.9	3.2
Boston	389.8	75.7	5.2	Dallas/Fort Worth	188.3	59.5	3.2
Riverside	273.9	54.6	5.0	Minneapolis	210.1	69.1	3.0
Seattle	356.6	71.3	5.0	Atlanta	159.5	56.2	2.8
Washington, D.C.	383.8	91.2	4.2	St. Louis	141.7	55.5	2.6
Phoenix	198.5	53.4	3.7	Detroit	NR	NR	NR

Source: Partnership calculations using American Community Survey and National Association of Realtors data

relied on median household income as reported in the ACS, but focused on the median income for family households, which is slightly higher than that for non-family households. *Governing* found that families in Houston earning \$69,000 or more annually could qualify to purchase 65 percent of the homes with two of more bedrooms listed in the Trulia home sale database. The number dropped to 54 percent for Dallas and to 40 percent for Austin. Not surprisingly, San Francisco had the smallest share of available housing, 10 percent. The study did not address the location or desirability of the housing.

A separate report from John Burns Real Estate Consulting supports the findings of *Governing*. JBRE estimates that based on a 20 percent down payment and a 30-year fixed-rate conventional mortgage, 65 percent of households in Houston could afford to purchase the median priced home in '14. That share dipped slightly from 69 percent in '12 but remained in line with the long-term median, which is also 65 percent.

**Dollars and Cents** — Indexes, percentages and multipliers are abstractions, however. They don't reflect the actual impact on the homebuyer's pocket book. Mortgage payments, property taxes, and insurance are easier to grasp and reflect a homeowner's true financial concerns. In '10, a median-priced home posted in the Houston Association of Realtors® Multiple Listing Service database sold for \$155,000. With 10 percent down, based on a 15-year mortgage at interest rates of the day, the monthly expense for principal, interest, taxes and insurance was \$1,492. Over the next four years, the median-priced home rose to \$199,000 and the comparable monthly expense to \$1,908, reflecting a 28.4 percent increase in home prices and a 27.9 percent increase in monthly payments. Median household income in Houston grew by \$6,130, or 11.3 percent over the same period.

## Monthly Payments on the Median-Priced Home Sold Through HAR

	Median Home Price <sup>1</sup>	Mortgage Interest Rate <sup>2</sup>	Monthly Mortgage Note <sup>3</sup>	Monthly Taxes & Ins <sup>4</sup>	Total Monthly Payment
'10	\$155,000	4.35	\$1,116	\$376	\$1,492
'11	\$155,530	4.11	\$1,101	\$378	\$1,479
'12	\$164,800	3.50	\$1,123	\$402	\$1,525
'13	\$182,000	4.49	\$1,322	\$448	\$1,770
'14	\$199,000	4.16	\$1,415	\$493	\$1,908
'15	\$208,000	3.89	\$1,454	\$516	\$1,970

<sup>1</sup> Median single-family home, sold in August of that year. <sup>2</sup> Average rate for conventional mortgage in August of that year; <sup>3</sup> Calculated using the mortgage rate calculator available at the Freddie Mac website; <sup>4</sup> Accounts for all available homestead exemptions and assumes insurance premium would be equal to 1.0 percent of the value of the home.

Sources (in order): Houston Association of Realtors, Federal Reserve Bank of St. Louis, Federal Home Loan Mortgage Corporation, Harris County Appraisal District, and Texas Department of Insurance

**A Different Perspective** — What Houstonians actually face is a limited supply of affordable housing in close-in neighborhoods, not a dearth of affordable housing altogether. Take the Heights, for example, one of Houston’s trendiest neighborhoods. In ’97, the typical Heights home sold for \$81.73 per square foot. Last year, home prices averaged \$285.22 per square foot. A search of HAR’s MLS database found 79 homes in the Heights listed at \$1 million or more, 11 between \$200,000 and \$250,000, and only one below \$200,000. On the other hand, Jersey Village has 28 homes listed between \$150,000 and \$250,000; 1960/Cypress Creek South, 112 in that range.

The disparity between the Heights, Jersey Village, and 1960/Cypress neighborhoods underscores an old Houston adage—you drive until you can afford. The Heights is inside the Loop, Jersey Village and Cypress outside Beltway 8. The adage also acknowledges the tradeoff between convenience and price. Even with a weakened economy, Houston’s population growth will continue: conservative projections expect the region to add another million residents over the next 10 years.<sup>9</sup> Those new residents will need both apartments and single-family homes. Houston won’t lose its affordable neighborhoods, but residents may have to drive farther to reach them.

**Commercial Real Estate Beginning to Turn** — Houston’s commercial real estate market has begun to feel the consequences of energy companies adjusting to a “lower for longer” oil price outlook. After 19 consecutive quarters of positive net absorption, the Houston office market recorded negative net absorption of 87,904 square feet in the Q3/15, according to JLL’s quarterly *Office Insight*. Although Class A properties experienced positive net absorption of 135,108 square feet, Class B properties saw a loss of 225,000 square feet.

<sup>9</sup> Long-time readers of *Glance* will recall that slightly less than half of Houston’s population growth comes from natural increase (births minus deaths) and slightly more than half comes from net in-migration (more residents moving in than out).

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Negative net absorption is expected to continue in the upcoming quarters as leasing activity has slowed. Third quarter leasing activity was the lowest in the past 15 years, decreasing 44.0 percent from 2.7 million square feet in Q2/15 to 1.5 million square feet in Q3/15.

Three factors contribute to a sobering outlook for the Houston office market:

- *Construction:* A total of 10.7 million square feet of office space across 32 buildings is under construction, with 52.4 percent of the space preleased. According to CBRE, 13 are speculative developments that are 9.2 percent preleased. More than 580,000 square feet of new construction was delivered in the third quarter.
- *Sublease space:* Sublease space has nearly doubled in the past year, from 3.6 million square feet in Q3/14 to 7.1 msf in Q3/15. CBRE has not seen an impact on asking rents, which have risen from \$26.10 to \$27.74 per square foot during this period. However, negotiated effective rents have declined and concessions are on the rise.
- *Shadow space:* As new buildings are delivered and companies with preleased space move in, vacant square footage, or shadow space, is left behind. Depending on the lease terms, the space will add to available inventory on a direct or sublease basis.

Houston's industrial market recorded positive net absorption in the third quarter, but still experienced over-the-year declines as activity was constricted by a lack of available space. Colliers International reports 1.6 msf of net absorption in Q3, down from 2.7 msf in Q2. Absorption was strongest in the warehouse/distribution properties as manufacturing activity slowed.

The industrial vacancy rate stood at 4.8 percent in Q3, unchanged from a year earlier even though 10.2 msf of new construction was delivered during that period. Currently, 9.6 msf of industrial space is under construction, of which Daikin Industries, an HVAC manufacturer, is responsible for almost half. Average asking rents increased from \$6.37 per square foot per year in Q3/14 to \$6.96 in Q3/15.

Houston's retail market has yet to be impacted by the slowdown in the energy industry. According to CBRE, occupancy is at 94.1 percent, the highest on record for the market. Class A space is even tighter with 97.6 percent occupancy.

Currently, 2.4 msf of retail space is under construction. In projects set to be delivered in Q1/16, 81 percent of the space is preleased. Grocery-anchored developments continue to fuel retail development, particularly in the suburbs. Kroger has four locations under construction (Humble, Cypress, Lake Jackson, and Katy). H-E-B will add two locations (Katy and Clear Lake) after opening a store in Lake Jackson this quarter. Luxury retailers are targeting the Galleria and Inner Loop area and creating strong demand for limited high-quality space in these markets.



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**Employment Update** —The Houston-The Woodlands-Sugar Land metro area created 6,400 jobs in September, according to the Texas Workforce Commission (TWC). Houston area employment peaked at 2,992,600 in December '14, slipped well below that level in the spring, and has struggled to regain that summit ever since.

Several sectors have reported significant losses from the employment peak, while others have reported healthy gains. Sectors with the greatest year-to-date job losses include trade, transportation and utilities (-15,000), manufacturing (-14,200) and energy (-4,000). The Partnership believes TWC has underreported job losses in energy this year and expects the data to be revised downward in the future. Sectors with the largest jobs gains so far this year include health care (+11,400), accommodation and food services (+12,500) and arts, entertainment and recreation (+3,000). Unfortunately, the gains have not been enough to offset the losses. Total nonfarm payroll employment in Houston stood at 2,983,400 in September, down 9,200 jobs since the first of the year.

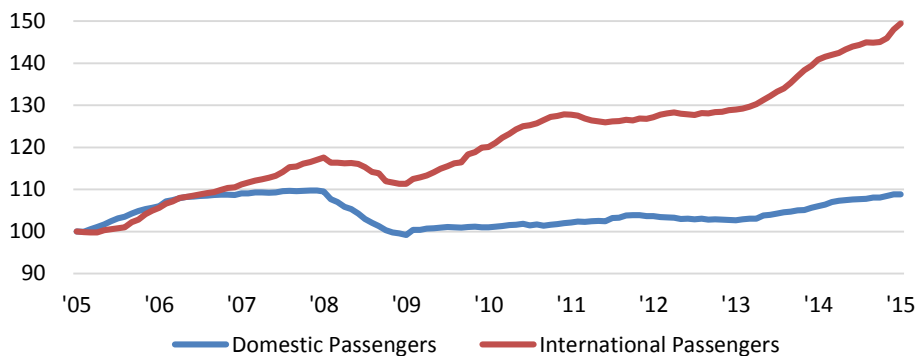
**Aviation Update** — The Houston Airport System reached a milestone in October when Southwest Airlines launched international air service from Hobby Airport, making Houston one of only five U.S. cities with dual international air hubs, the other cities being Chicago, New York, Orlando, and Washington, D.C. The Houston airport system already

ranks as the nation's eighth busiest international gateway. With Hobby expected to eventually handle a million or more international passengers each year, HAS could potentially overtake San Francisco and Atlanta to become the nation's sixth busiest global gateway.

Twenty foreign flag and three U.S. air carriers now offer international passenger service from Bush Intercontinental and Hobby. They connect Houston with 74 markets in 35 countries. Initial service from Hobby is to Aruba, Cancún, Mexico City, Puerto Vallarta and San Jose del Cabo/Los Cabos in Mexico, San Jose and Liberia in Costa Rica, Belize City, Belize and Montego Bay, Jamaica.

International traffic has been the fastest growing segment of HAS passenger activity, rising at a 4.4 percent compound annual growth rate during the past ten years compared to a 1.2 percent for domestic passenger traffic. Nearly one in every five HAS passengers is traveling internationally.

**Houston Air Passengers, Domestic vs. International Growth  
12-month totals, Indexed August '05=100**



Source: Houston Airport System, Partnership calculations

### SNAPSHOT—HOUSTON'S KEY ECONOMIC INDICATORS

**Building Permits** — City of Houston building permits totaled \$6.1 billion for the first nine months of '15, down 11.8 percent from \$6.9 billion in the same period last year, according to the City's Department of Public Works & Engineering Planning & Development Services. Both the commercial and residential sectors experienced declines in permit activity. Nonresidential permits dropped 12.7 percent, from \$4.5 billion September '14 YTD to \$3.9 billion September '15 YTD. During the same period, residential permits declined 9.9 percent from \$2.4 billion to \$2.1 billion.

**Inflation** — The cost of consumer goods and services as measured by the Consumer Price Index for All Urban Consumers (CPI-U) was unchanged nationwide from September '14 to September '15, according to the U.S. Bureau of Labor Statistics. The annual change in the U.S. CPI-U has been below one percent for the past 10 months. Over this same period, core inflation (all items less the volatile food and energy categories) recorded annual increases between 1.6 percent and 1.9 percent.

**Home Sales** — The Houston housing market recorded over-the-year gains in sales, dollar volume, and price in September, according to the Houston Association of REALTORS®. Total property sales increased 2.2 percent from 7,848 units in September '14 to 8,024 units in September '15. Housing inventory stood at 3.5 months for the third consecutive month, an improvement from the average inventory of 2.9 months during the same period last year.

**Purchasing Managers Index** — The Houston Purchasing Managers Index (PMI), a short-term leading indicator for regional production, registered 47.6 in September, a marginal increase from 47.3 in August, according to the Institute for Supply Management-Houston. With the September reading, the Houston PMI has fallen below 50 for nine consecutive months. During the Great Recession, Houston's PMI registered below 50 for 10 consecutive months, from November '08 through August '09.

**Vehicle Sales** — Houston-area auto dealers sold 376,503 vehicles in the 12 months ending September '15, nearly matching the record 376,598 vehicles sold in the 12 months ending January '15. According to *TexAuto Facts*, published by InfoNation, Inc. of Sugar Land, monthly sales reached 38,922 vehicles, up 10.6 percent from the 35,203 sold in September '14. The strong September performance helped offset slow activity from earlier in the year to push the year-to-date total to 294,076, up 0.9 percent from the 291,571 vehicles sold in the same period last year.

*Patrick Jankowski and Jenny Philip  
Contributed to this issue of  
Houston: The Economy at a Glance*

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The Key Economic Indicators table is updated *whenever any data change* — typically, 11 or so times per month. If you would like to receive these updates by email, usually accompanied by commentary, please email your request for *Key Economic Indicators* to [echambers@houston.org](mailto:echambers@houston.org) with the same identifying information. You may request *Glance* and *Indicators* in the same email.

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## HOUSTON MSA NONFARM PAYROLL EMPLOYMENT (000)

	Sep '15	Aug '15	Sep '14	Change from		% Change from	
				Aug '15	Sep '14	Aug '15	Sep '14
<b>Total Nonfarm Payroll Jobs</b>	<b>2,983.4</b>	<b>2,977.0</b>	<b>2,947.2</b>	<b>6.4</b>	<b>36.2</b>	<b>0.2</b>	<b>1.2</b>
<b>Total Private</b>	<b>2,599.7</b>	<b>2,614.5</b>	<b>2,572.9</b>	<b>-14.8</b>	<b>26.8</b>	<b>-0.6</b>	<b>1.0</b>
<b>Goods Producing</b>	<b>561.3</b>	<b>562.3</b>	<b>577.1</b>	<b>-1.0</b>	<b>-15.8</b>	<b>-0.2</b>	<b>-2.7</b>
<b>Service Providing</b>	<b>2,422.1</b>	<b>2,414.7</b>	<b>2,370.1</b>	<b>7.4</b>	<b>52.0</b>	<b>0.3</b>	<b>2.2</b>
<b>Private Service Providing</b>	<b>2,053.8</b>	<b>2,048.3</b>	<b>1,990.8</b>	<b>5.5</b>	<b>63.0</b>	<b>0.3</b>	<b>3.2</b>
<b>Mining and Logging</b>	<b>111.5</b>	<b>111.3</b>	<b>111.7</b>	<b>0.2</b>	<b>-0.2</b>	<b>0.2</b>	<b>-0.2</b>
Oil & Gas Extraction	54.8	55.3	54.7	-0.5	0.1	-0.9	0.2
Support Activities for Mining	54.2	53.5	55.6	0.7	-1.4	1.3	-2.5
<b>Construction</b>	<b>205.3</b>	<b>204.6</b>	<b>208.6</b>	<b>0.7</b>	<b>-3.3</b>	<b>0.3</b>	<b>-1.6</b>
<b>Manufacturing</b>	<b>244.5</b>	<b>246.4</b>	<b>256.8</b>	<b>-1.9</b>	<b>-12.3</b>	<b>-0.8</b>	<b>-4.8</b>
Durable Goods Manufacturing	163.6	165.0	176.7	-1.4	-13.1	-0.8	-7.4
Nondurable Goods Manufacturing	80.9	81.4	80.1	-0.5	0.8	-0.6	1.0
<b>Wholesale Trade</b>	<b>168.1</b>	<b>169.1</b>	<b>171.1</b>	<b>-1.0</b>	<b>-3.0</b>	<b>-0.6</b>	<b>-1.8</b>
<b>Retail Trade</b>	<b>305.0</b>	<b>305.8</b>	<b>293.7</b>	<b>-0.8</b>	<b>11.3</b>	<b>-0.3</b>	<b>3.8</b>
<b>Transportation, Warehousing and Utilities</b>	<b>132.0</b>	<b>134.3</b>	<b>134.5</b>	<b>-2.3</b>	<b>-2.5</b>	<b>-1.7</b>	<b>-1.9</b>
Utilities	16.2	16.0	15.9	0.2	0.3	1.3	1.9
Air Transportation	20.4	20.4	20.6	0.0	-0.2	0.0	-1.0
Truck Transportation	26.1	26.0	25.5	0.1	0.6	0.4	2.4
Pipeline Transportation	10.7	10.7	10.4	0.0	0.3	0.0	2.9
<b>Information</b>	<b>34.5</b>	<b>34.5</b>	<b>32.4</b>	<b>0.0</b>	<b>2.1</b>	<b>0.0</b>	<b>6.5</b>
Telecommunications	15.2	15.1	15.2	0.1	0.0	0.7	0.0
<b>Finance &amp; Insurance</b>	<b>92.3</b>	<b>92.7</b>	<b>93.7</b>	<b>-0.4</b>	<b>-1.4</b>	<b>-0.4</b>	<b>-1.5</b>
<b>Real Estate &amp; Rental and Leasing</b>	<b>51.7</b>	<b>51.7</b>	<b>55.1</b>	<b>0.0</b>	<b>-3.4</b>	<b>0.0</b>	<b>-6.2</b>
<b>Professional &amp; Business Services</b>	<b>473.8</b>	<b>480.3</b>	<b>470.0</b>	<b>-6.5</b>	<b>3.8</b>	<b>-1.4</b>	<b>0.8</b>
Professional, Scientific & Technical Services	219.5	222.3	218.1	-2.8	1.4	-1.3	0.6
Legal Services	24.3	25.1	23.9	-0.8	0.4	-3.2	1.7
Accounting, Tax Preparation, Bookkeeping	22.9	22.9	21.7	0.0	1.2	0.0	5.5
Architectural, Engineering & Related Services	72.1	73.0	74.5	-0.9	-2.4	-1.2	-3.2
Computer Systems Design & Related Services	32.8	33.1	32.6	-0.3	0.2	-0.9	0.6
Admin & Support/Waste Mgt & Remediation	221.3	224.6	217.5	-3.3	3.8	-1.5	1.7
Administrative & Support Services	209.2	213.2	206.7	-4.0	2.5	-1.9	1.2
Employment Services	80.7	81.0	83.3	-0.3	-2.6	-0.4	-3.1
<b>Educational Services</b>	<b>55.4</b>	<b>53.6</b>	<b>53.6</b>	<b>1.8</b>	<b>1.8</b>	<b>3.4</b>	<b>3.4</b>
<b>Health Care &amp; Social Assistance</b>	<b>316.4</b>	<b>312.2</b>	<b>300.5</b>	<b>4.2</b>	<b>15.9</b>	<b>1.3</b>	<b>5.3</b>
<b>Arts, Entertainment &amp; Recreation</b>	<b>31.8</b>	<b>33.8</b>	<b>30.7</b>	<b>-2.0</b>	<b>1.1</b>	<b>-5.9</b>	<b>3.6</b>
<b>Accommodation &amp; Food Services</b>	<b>273.7</b>	<b>277.9</b>	<b>256.2</b>	<b>-4.2</b>	<b>17.5</b>	<b>-1.5</b>	<b>6.8</b>
<b>Other Services</b>	<b>103.7</b>	<b>106.3</b>	<b>104.3</b>	<b>-2.6</b>	<b>-0.6</b>	<b>-2.4</b>	<b>-0.6</b>
<b>Government</b>	<b>383.7</b>	<b>362.5</b>	<b>374.3</b>	<b>21.2</b>	<b>9.4</b>	<b>5.8</b>	<b>2.5</b>
Federal Government	27.7	27.8	27.7	-0.1	0.0	-0.4	0.0
State Government	72.0	69.8	71.8	2.2	0.2	3.2	0.3
State Government Educational Services	39.4	37.3	39.2	2.1	0.2	5.6	0.5
Local Government	284.0	264.9	274.8	19.1	9.2	7.2	3.3
Local Government Educational Services	196.3	176.4	189.5	19.9	6.8	11.3	3.6

SOURCE: Texas Workforce Commission

# HOUSTON—THE ECONOMY AT A GLANCE

## Houston Economic Indicators

A Service of the Greater Houston Partnership

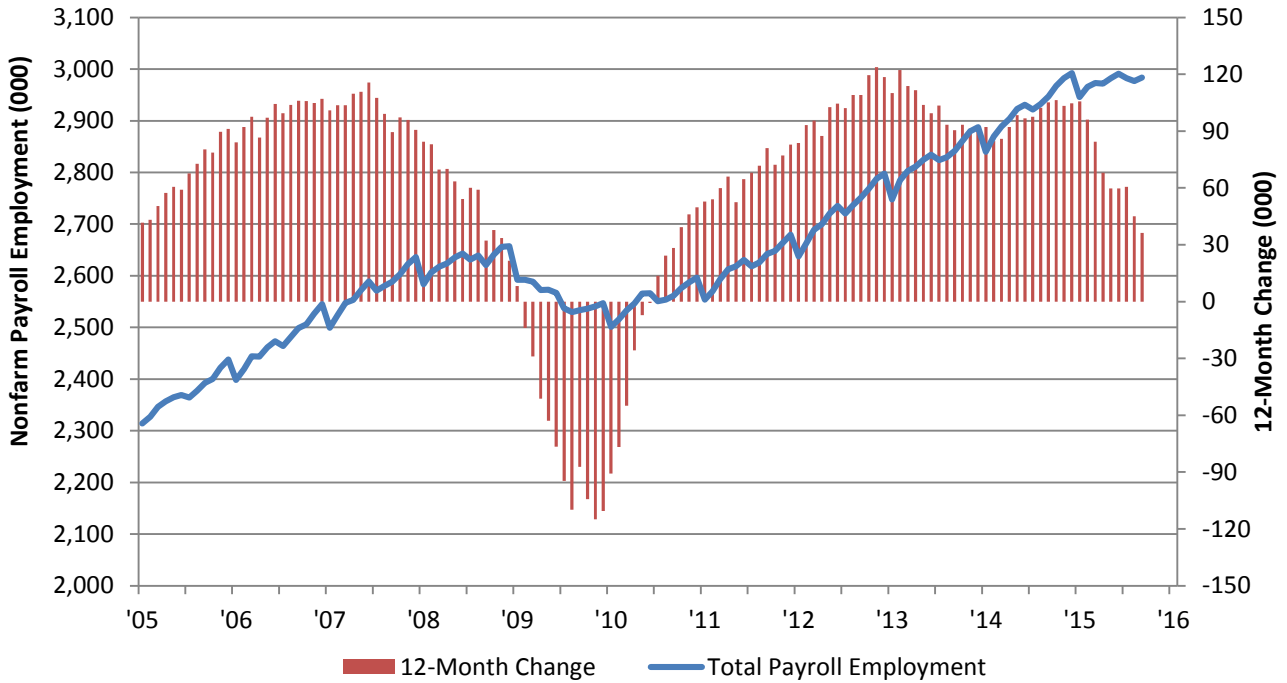
	Month	MONTHLY DATA			YEAR-TO-DATE TOTAL or YTD AVERAGE*		
		Most Recent	Year Earlier	% Change	Most Recent	Year Earlier	% Change
<b>ENERGY</b>							
U.S. Active Rotary Rigs	Sep '15	848	1,930	-56.1	1,059 *	1,845 *	-42.6
Spot Crude Oil Price (\$/bbl, West Texas Intermediate)	Sep '15	45.26	93.37	-51.5	51.09 *	100.08 *	-49.0
Spot Natural Gas (\$/MMBtu, Henry Hub)	Sep '15	2.66	3.89	-31.6	2.79 *	4.47 *	-37.6
<b>UTILITIES AND PRODUCTION</b>							
Houston Purchasing Managers Index	Sep '15	47.6	58.1	-18.1	46.9 *	57.1 *	-17.9
Nonresidential Electric Current Sales (Mwh, CNP Service Area)	Sep '15	4,754,992	5,128,460	-7.3	42,094,239	40,380,392	4.2
<b>CONSTRUCTION</b>							
<b>Total Building Contracts (\$, Houston MSA)</b>	<b>Sep '15</b>	<b>1,182,015,000</b>	<b>1,426,582,000</b>	<b>-17.1</b>	<b>12,591,807,000</b>	<b>27,963,740,000</b>	<b>-55.0</b>
Nonresidential	Sep '15	424,522,000	658,045,000	-35.5	4,928,696,000	20,310,642,000	-75.7
Residential	Sep '15	757,493,000	768,537,000	-1.4	7,663,111,000	7,653,098,000	0.1
<b>Building Permits (\$, City of Houston)</b>	<b>Sep '15</b>	<b>598,438,344</b>	<b>1,229,818,665</b>	<b>-51.3</b>	<b>6,057,690,646</b>	<b>6,864,678,355</b>	<b>-11.8</b>
Nonresidential	Sep '15	435,474,161	795,366,136	-45.2	3,916,668,594	4,487,389,359	-12.7
New Nonresidential	Sep '15	164,473,093	631,895,620	-74.0	1,951,598,300	2,676,531,788	-27.1
Nonresidential Additions/Alterations/Conversions	Sep '15	271,001,068	163,470,516	65.8	1,965,070,294	1,810,857,571	8.5
Residential	Sep '15	162,964,183	434,452,529	-62.5	2,141,022,052	2,377,288,996	-9.9
New Residential	Sep '15	140,873,854	414,409,469	-66.0	1,921,471,934	2,155,192,856	-10.8
Residential Additions/Alterations/Conversions	Sep '15	22,090,329	20,043,060	10.2	219,550,118	222,096,140	-1.1
<b>Multiple Listing Service (MLS) Activity</b>							
Property Sales	Sep '15	8,024	7,848	2.2	69,199	69,439	-0.3
Median Sales Price - SF Detached	Sep '15	208,000	199,000	4.5	211,644 *	196,832 *	7.5
Active Listings	Sep '15	34,041	28,946	17.6	30,762 *	29,866 *	3.0
<b>EMPLOYMENT (Houston-Sugar Land-Baytown MSA)</b>							
<b>Nonfarm Payroll Employment</b>	<b>Sep '15</b>	<b>2,983,400</b>	<b>2,947,200</b>	<b>1.2</b>	<b>2,974,711 *</b>	<b>2,906,333 *</b>	<b>2.4</b>
Goods Producing (Natural Resources/Mining/Const/Mfg)	Sep '15	561,300	577,100	-2.7	566,978 0	564,522 *	0.4
Service Providing	Sep '15	2,422,100	2,370,100	2.2	2,407,733 0	2,341,811 *	2.8
<b>Unemployment Rate (%) - Not Seasonally Adjusted</b>							
Houston-Sugar Land-Baytown MSA	Sep '15	4.6	4.9		4.4 *	5.2 *	
Texas	Sep '15	4.4	5.0		4.3 *	5.4 *	
U.S.	Sep '15	4.9	5.7		5.5 *	6.4 *	
<b>TRANSPORTATION</b>							
<b>Port of Houston Authority Shipments (Short Tons)</b>	<b>Aug '15</b>	<b>3,507,519</b>	<b>4,121,463</b>	<b>-14.9</b>	<b>31,730,458</b>	<b>31,319,476</b>	<b>1.3</b>
<b>Air Passengers (Houston Airport System)</b>	<b>Aug '15</b>	<b>4,788,616</b>	<b>4,694,479</b>	<b>2.0</b>	<b>36,765,703</b>	<b>35,757,744</b>	<b>2.8</b>
Domestic Passengers	Aug '15	3,782,749	3,788,437	-0.2	29,479,777	28,908,819	2.0
International Passengers	Aug '15	1,005,867	906,042	11.0	7,285,926	6,848,925	6.4
<b>Landings and Takeoffs</b>	<b>Aug '15</b>	<b>67,499</b>	<b>69,444</b>	<b>-2.8</b>	<b>536,245</b>	<b>545,377</b>	<b>-1.7</b>
<b>Air Freight (metric tons)</b>	<b>Aug '15</b>	<b>32,202</b>	<b>37,009</b>	<b>-13.0</b>	<b>275,180</b>	<b>286,498</b>	<b>-4.0</b>
Enplaned	Aug '15	16,696	19,108	-12.6	143,091	150,840	-5.1
Deplaned	Aug '15	15,507	17,901	-13.4	132,089	135,658	-2.6
<b>CONSUMERS</b>							
<b>New Car and Truck Sales (Units, Houston MSA)</b>	<b>Sep '15</b>	<b>38,922</b>	<b>35,203</b>	<b>10.6</b>	<b>294,076</b>	<b>291,571</b>	<b>0.9</b>
Cars	Sep '15	15,612	14,914	4.7	119,855	126,810	-5.5
Trucks, SUVs and Commercials	Sep '15	23,310	20,289	14.9	174,221	164,761	5.7
<b>Total Retail Sales (\$000,000, Houston MSA, NAICS Basis)</b>	<b>4Q14</b>	<b>34,260</b>	<b>37,618</b>	<b>-8.9</b>	<b>123</b>	<b>116</b>	<b>5.6</b>
<b>Consumer Price Index for All Urban Consumers ('82-'84=100)</b>							
Houston-Galveston-Brazoria CMSA	Sep '15	214.652	214.102	0.3	212.662 *	213.188 *	-0.2
United States	Sep '15	237.945	238.031	0.0	236.820 *	236.801 *	0.0
<b>Hotel Performance (Houston MSA)</b>							
Occupancy (%)	4Q14	68.1	65.9		71.8 *	69.1 *	
Average Room Rate (\$)	4Q14	106.52	101.26	5.2	106.87 *	101.19 *	5.6
Revenue Per Available Room (\$)	4Q14	72.49	66.77	8.6	76.76 *	69.92 *	9.8
<b>POSTINGS AND FORECLOSURES</b>							
Postings (Harris County)	Mar '14	993	1,652	-39.9	1,151	1,804	-36.2
Foreclosures (Harris County)	Mar '14	337	469	-28.1	380	499	-23.8

# HOUSTON—THE ECONOMY AT A GLANCE

## Sources

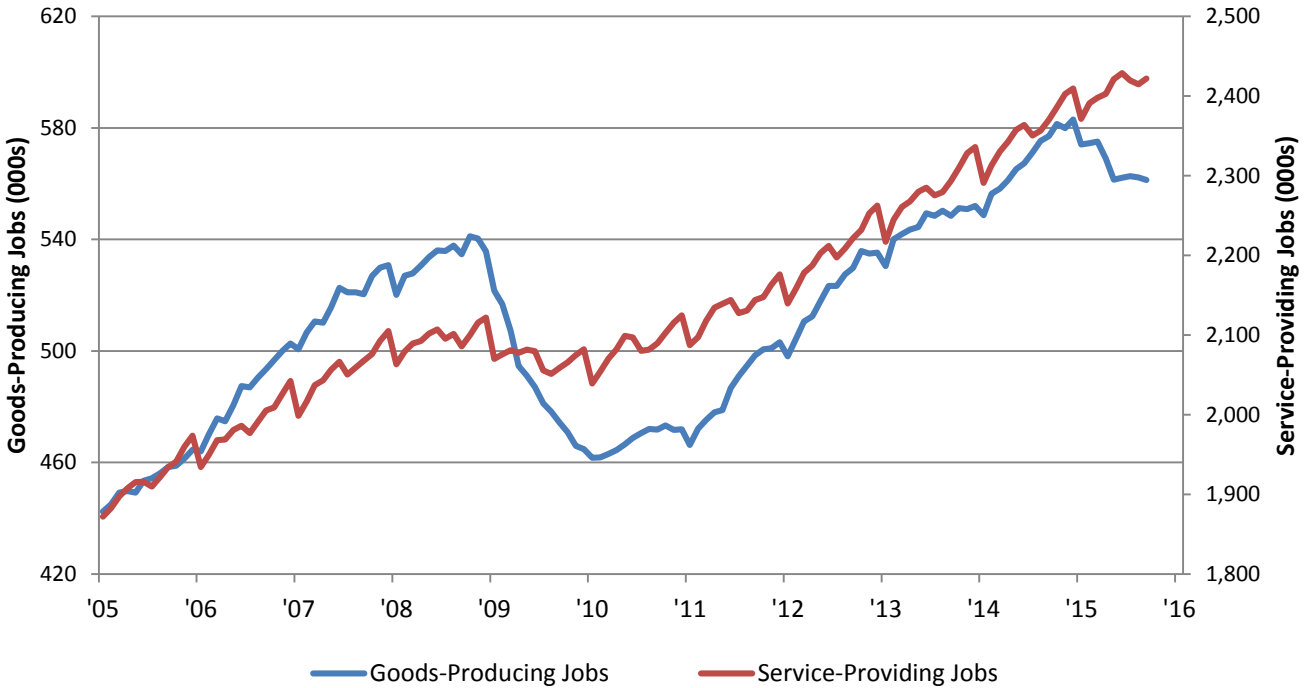
Rig Count	Baker Hughes Incorporated	Port Shipments	Port of Houston Authority
Spot WTI, Spot Natural Gas	U.S. Energy Information Admin.	Aviation	Aviation Department, City of Houston
Houston Purchasing Managers Index	National Association of Purchasing Management – Houston, Inc.	Car and Truck Sales	<i>TexAuto Facts Report</i> , InfoNation, Inc., Sugar Land TX
Electricity	CenterPoint Energy	Retail Sales	Texas Comptroller’s Office
Building Construction Contracts	McGraw-Hill Construction	Consumer Price Index	U.S. Bureau of Labor Statistics
City of Houston Building Permits	Building Permit Department, City of Houston	Hotels	PKF Consulting/HospitalityAsset Advisors International
MLS Data	Houston Association of Realtors®	Postings, Foreclosures	Foreclosure Information & Listing Service
Employment, Unemployment	Texas Workforce Commission		

Nonfarm Payroll Employment, Houston MSA



Source: Texas Workforce Commission

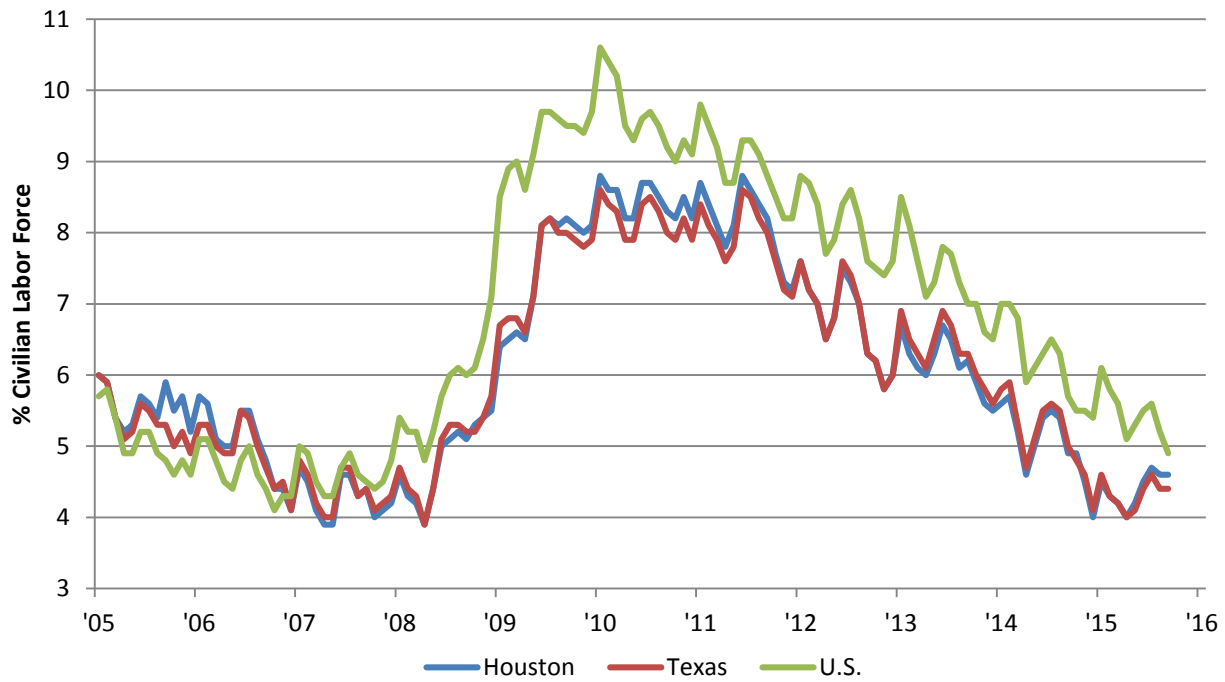
Goods-Producing and Service-Providing Employment  
Houston MSA



Source: Texas Workforce Commission

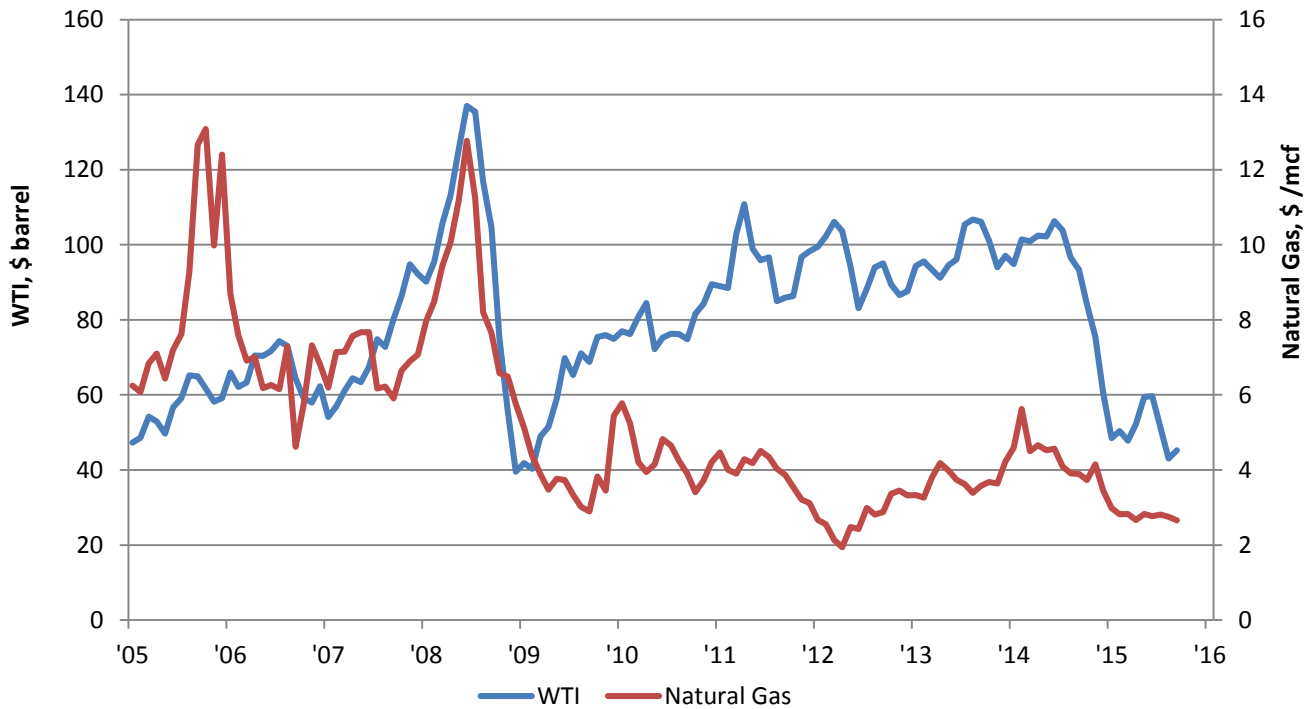
# HOUSTON—THE ECONOMY AT A GLANCE

## Unemployment Rate - Houston, Texas and U.S.



Source: Texas Workforce Commission

## Spot Crude and Natural Gas Prices Monthly Averages



Source: U.S. Energy Information Administration