

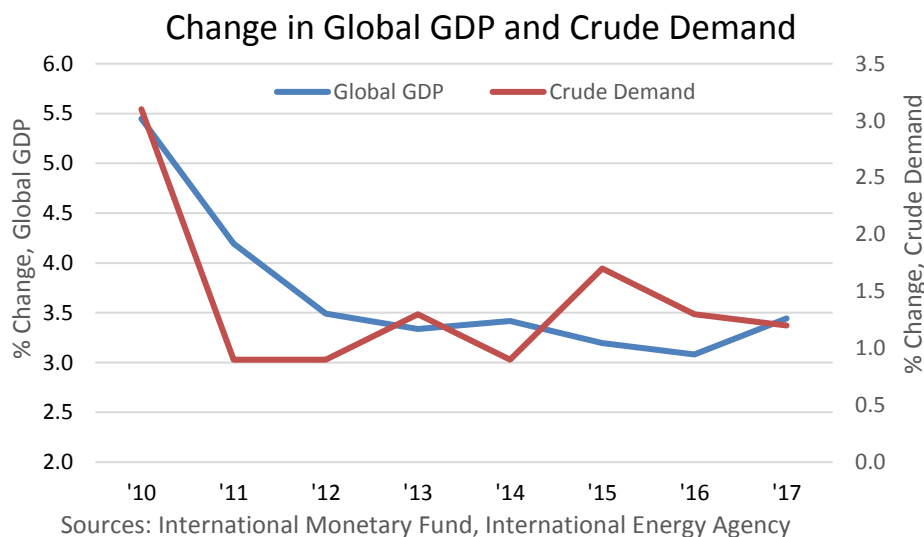


**A Mushy Bottom** — On September 28, the Organization of the Petroleum Exporting Countries (OPEC) announced it had reached a tentative deal to cap production between 32.5 and 33.0 million barrels per day. The agreement would remove 0.5 to 1.0 million barrels from the global market. Commodity traders reacted immediately to the news, boosting the spot price for West Texas Intermediate (WTI) and Brent by \$2 per barrel that day. September closed with WTI at \$48.24 and Brent at \$49.24, nearly double their February lows.

OPEC hopes to set formal production quotas before the cartel meets again on November 30 in Vienna. Quotas will be based on each member’s average production during the year. Libya and Nigeria, which have suffered outages due to civil unrest, will receive higher quotas. Saudi Arabia has agreed to let Iran boost its production to levels reached prior to the imposition of economic sanctions in ’06. The oil ministers hope to bring nonmember producers such as Russia into the agreement as well.

The decision to limit production marks a reversal of the pump-at-will strategy OPEC adopted in November ’14. What motivated OPEC to reverse course? The oil ministers didn’t offer any explanations, but industry analysts have suggested a variety of reasons.

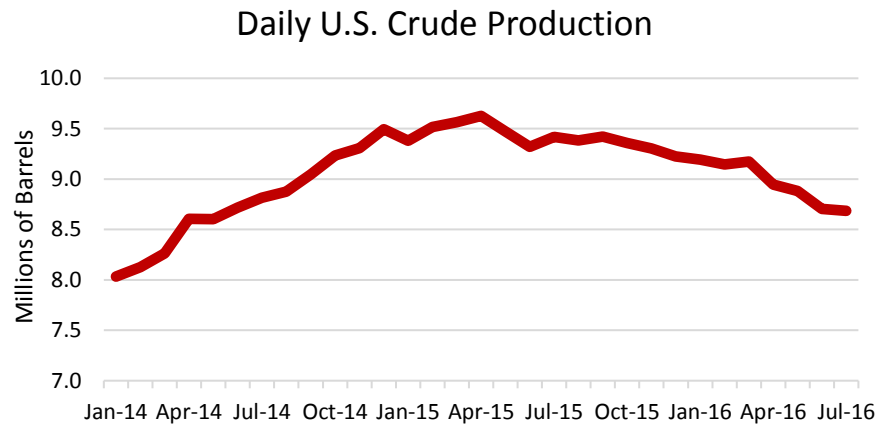
*OPEC has grown impatient waiting for demand to catch up with supply. The initial bump from lower prices has evaporated. Growth remains weak and the International Monetary Fund has ratcheted down its forecast several times in recent years. With each adjustment, the International Energy Agency has ratcheted down its forecast for crude demand as well.*



*The oil price collapse has wreaked havoc on member finances. In June, The Wall Street Journal reported that OPEC countries ran a combined deficit of \$99.6 billion in ’15, compared to a surplus of \$238.1 billion in ’14.*

## HOUSTON—THE ECONOMY AT A GLANCE

*Without price relief, member nations will be forced to impose additional domestic austerity measures.* Public servants in Saudi Arabia have seen their salaries cut 20 percent. The United Arab Emirates has ended billions of dollars in domestic subsidies. Venezuela suffers severe food shortages. OPEC ministers fear any more cutbacks could lead to additional civil unrest.



Source: U.S. Energy Information Administration

*U.S. production has proven more resilient than expected.* Though the drilling fleet has lost nearly 75 percent of its rigs, domestic production has slipped only 10 percent and the rate of decline may be slowing.

*The Saudis want to reassert their role as guardians of the oil market, recapturing the political influence that goes with it.* Bloomberg reports the Kingdom is willing to cut daily production by 500,000 barrels to help the cartel reach its new production target.

If a formal accord is reached, WTI could rise to the mid-\$50s by the end of this year. Brent would likely trade \$1 to \$2 above that. A number of firms, however—Goldman Sachs, Morgan Stanley, and Citi Group among them—have expressed skepticism that OPEC will succeed in cutting production and boosting prices. Members have a long history of ignoring production quotas.

The news from OPEC comes at a time when the energy industry already may have found a bottom, albeit a mushy one. The spot price for WTI has rebounded from its February low of \$26 per barrel, trading in the low- to mid-\$40s prior to OPEC’s announcement. The U.S. fleet has added 109 oil-directed drilling rigs since late May. In a recent survey by the Federal Reserve Bank of Dallas, the number of energy firms reporting their outlook has improved since the first quarter was double the number reporting a worsened outlook. The same survey found the average price for firms to profitably drill a well was \$51 a barrel in the Permian, \$53 in the Eagle Ford, and \$55 in other parts of Texas. And a recent Wood Mackenzie study found most U.S. exploration firms are “cash flow neutral” (*i.e.*, their income matches their expenses) at \$50 per barrel.

### Selected Forecasts, West Texas Intermediate, '17 Average Price

Forecaster	\$ Per Barrel
Raymond James	\$80
Merrill Lynch	\$69
Piper Jaffray	\$60
Ryan Sitton	\$60
Wells Fargo	\$55
Morgan Stanley	\$51
Goldman Sachs	\$45-50

Sources: Company websites, presentations and media reports

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If the low- to mid-\$50s is the new threshold for profitability, how realistic is it to expect WTI to hold above \$50 without an OPEC agreement? Before OPEC’s announcement, a number of investment banks and industry analysts had already forecast crude would range between \$50 and \$60 per barrel next year. In early October, WTI priced for delivery in February ’17 was trading at \$50.48 and for delivery in October ’17 at \$53.38 a barrel on the NYMEX. And the U.S. Energy Information Administration forecasts the spot price for WTI to average \$52 a barrel in Q3/17 and \$57 in Q4/17.

Oil prices are notoriously volatile, and over the past two and half decades, WTI has traded as high as \$145 per barrel and sank as low as \$12. Over the long run, however, highs and lows tend to offset each other and approach their long-term average. Economists refer to this phenomenon as “reversion to the mean.” The long-term average may also be a reasonable expectation for crude prices going forward. Few forecasters expect crude to fall below \$30 in the near future, and fewer still expect \$100 oil any time soon. If one reviews the past 25 years of price data, then adjusts for inflation, the long-term price for WTI has averaged \$54 per barrel, which is not too far from what analysts, the EIA, and the futures market suggest for WTI in ’17. With or without OPEC’s help, WTI should hit that mark sometime time next year.

**We’re Not Who We Once Were** — Houston has become smarter, more ethnically diverse, and a bit older in recent years, but we still spend an hour a day commuting to and from work. At least that’s what the most recent American Community Survey (ACS) tells us about the region. The ACS is the U.S. Census Bureau’s annual snapshot of the nation’s economic, housing and social characteristics. The survey has been conducted every year since ’05. By examining the ACS data for the Houston metro area<sup>1</sup>, numerous trends become apparent.

*Hispanics will soon overtake Anglos as the region’s largest ethnic or racial group.* The transition should occur within the next two years. On average, the Hispanic population grows by 65,000 residents each year, the Anglo population by 9,000. In ’15, the gap between the two populations was fewer than 55,000 residents.

**HOUSTON METRO AREA RACE AND ETHNICITY, '05 AND '15**

	-----'15-----		-----'05-----	
	Estimate	%	Estimate	%
Total population	6,656,946	100.0	5,193,448	100.0
Anglo	2,482,767	37.3	2,313,993	44.6
Hispanic	2,429,487	36.5	1,686,048	32.5
Black	1,122,767	16.9	830,445	16.0
Asian	497,099	7.5	290,923	5.6
American Indian	12,478	0.2	12,969	0.2
Hawaiian/Pacific Islander	1,522	0.1	3,502	0.1
Some other race	12,202	0.2	10,638	0.2
Two or more races	98,624	1.5	44,930	0.9

Source: American Community Surveys, '05 and '15

Hispanics have accounted for more than half the region’s population growth since ’05, Asians and blacks around 17 percent, and whites just over 7 percent. No single race or ethnic group has represented a majority of the region’s population since the late ’90s. Among the U.S.

<sup>1</sup> The data reported for the American Community Survey are for the Houston-The Woodlands-Sugar Land Metropolitan Statistical Area, which includes Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery and Waller Counties.

## HOUSTON—THE ECONOMY AT A GLANCE

metro areas, Houston has the nation’s fourth largest Hispanic population, seventh largest black, seventh largest Asian, and 12<sup>th</sup> largest Anglo.

*Houston is growing older.* In ’05, the median age for the region was 32.9 years. By ’15, it had risen to 34.1. Still, Houston has a younger population than the nation, where the median age is 37.8 years. Houston is also the youngest among the 10 most populous metros.

*The population balance has begun to shift.* Children, adolescents and teenagers represented 31.2 percent of Houston’s population in ’05 but only 29.3 percent in ’15. Seniors (*i.e.*, residents 65 and older) represented only 7.7 percent of the population in ’05 but 10.1 percent of the population today.

*Houstonians’ average educational attainment is higher today.* Ten years ago, 78.7 percent of Houstonians 25 and older either had graduated from high school or had earned their GED certificate. Today, 82.3 percent have. Likewise, in ’05, 27.8 percent held a bachelor’s or higher degree. Today, 31.5 percent of the adult population does.

Highest Level of Education	’15 Pop	%	’05 Pop	%
Less than 9th grade	408,571	9.6	330,497	10.3
9th to 12th grade, no diploma	342,291	8.1	352,958	11.0
High school graduate	991,115	23.4	789,342	24.6
Some college, no degree	881,499	20.8	654,576	20.4
Associate’s degree	281,166	6.6	186,105	5.8
Bachelor’s degree	851,162	20.1	596,820	18.6
Graduate or professional degree	485,577	11.4	298,410	9.3
<i>High school graduate or higher</i>	<i>3,490,519</i>	<i>82.3</i>	<i>2,525,252</i>	<i>78.7</i>
<i>Bachelor’s degree or higher</i>	<i>1,336,739</i>	<i>31.5</i>	<i>895,229</i>	<i>27.9</i>
<b>Population 25 years and over</b>	<b>4,241,381</b>	<b>100.0</b>	<b>3,208,707</b>	<b>100.0</b>

Note: Total may not sum evenly due to rounding  
Source: American Community Surveys, ’05 and ’15

*Congestion remains a problem.* The ACS reports that 3.0 million Houstonians commute to work each day, up from 2.3 million in ’05. Ten years ago, 78.3 percent of all commuters drove alone to work. Today, 80.7 percent drive alone. Only 2.2 percent of Houston commuters use public transit, down from 2.8 percent in ’05. The share of Houstonians who work at home rose from 2.9 to 3.7 percent over that period. Average travel time to work in ’15 was 30.2 minutes, up from 28.1 minutes in ’05.

*One in every 18 adults served in the U.S. military.* The ratio jumps to one in six for adults over 65. Gulf War veterans (115,000) compose the largest group, followed by Vietnam era (91,000), and Korean War (21,000). Fewer than 10,000 World War II veterans still live in Houston.

*Disabilities are common among the population.* One in 10 Houstonians responded to the ACS that they have some form of impairment (*e.g.*, hearing, vision, ambulatory, cognitive, self-care or independent living). That ratio jumps to one in three for residents over 65. Some residents have multiple disabilities.

*Incomes have outpaced inflation.* The median household income was \$61,465 in ’15, meaning half of all households earned more than that amount and half earned less. The median household income for Houston was \$46,706 in ’05. Adjusted for inflation, that would be \$56,681 in ’15.

## HOUSTON—THE ECONOMY AT A GLANCE

*Houston has more middle class and affluent households than before.* The ACS recorded 494,000 households earning between \$100,000 and \$200,000 in '15, up from 273,000 in '05. The ACS also reported 197,000 households in Houston with incomes of \$200,000 or more in '15, triple the 65,500 households in '05. Given the recent layoffs in the energy industry, the number of households in the upper bracket will likely slip in the next report.

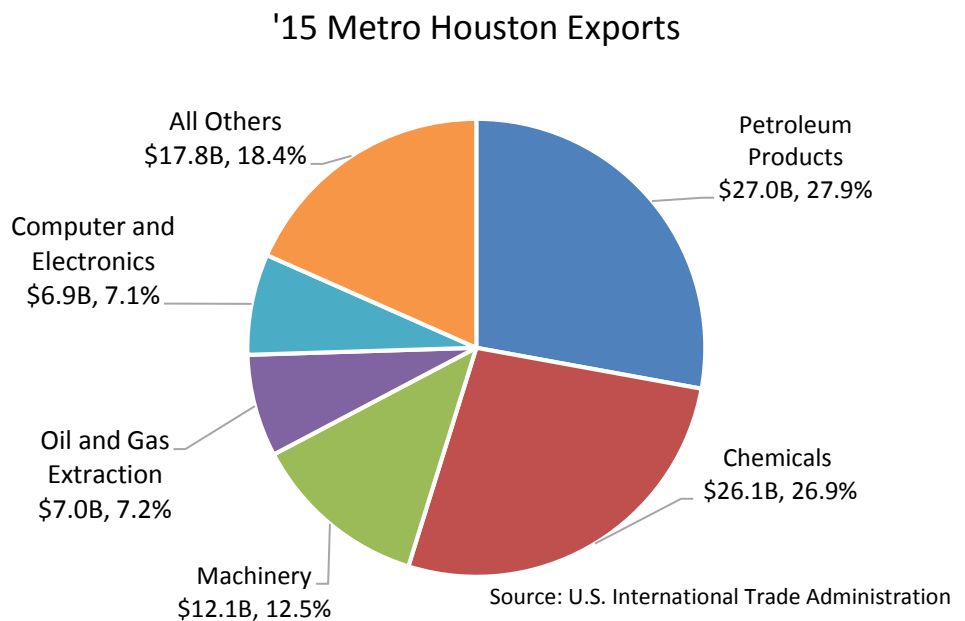
*Fewer Houstonians are uninsured.* In '09, 75.4 percent of Houstonians had health insurance. In '15, 82.7 percent had coverage. (Insurance data were not collected prior to '09.)

*Houston continues to draw residents from abroad.* The '14 ACS found that nearly 1.6 million Houstonians were born outside the U.S., up from 1.1 million in '05. Nearly a quarter (23.7 percent) of all Houstonians are foreign born—roughly double one in eight (13.4 percent) for the nation as a whole. The bulk of immigrants came from Latin America, followed by Asia, Africa, and Europe in that order. About one-third of Houston's population growth over the past 10 years, 460,000 new residents, can be attributed to immigration.

*But not all growth comes from domestic migration and foreign immigration.* The ACS reported that 100,000 births occurred in Houston last year, of which 32.4 percent were to unmarried women, compared to 28.2 percent in '05.

**Metro Area Still on Top** — Houston shipped more than \$97.1 billion in goods and commodities overseas in '15, marking the fourth consecutive year in which the metro area led the nation in exports. New York, with \$95.6 billion, ranked second, and Seattle, with \$67.2 billion, ranked third. The data come from the *U.S. Metropolitan Area Exports, 2015* report recently released by the U.S. International Trade Administration.

Houston retained the top spot even though the region's exports fell 18.4 percent from a peak of \$119.0 billion in '14. Lower oil prices reduced the value of Houston's leading export, petroleum products. The strong U.S. dollar made other goods produced and sold from Houston less affordable, further reducing shipments. Houston suffered the worst drop among the nation's 20 largest metro areas, but managed to hold onto its place as the nation's leading exporter. This is only the second time in the past 10 years that Houston's export value has declined.



## HOUSTON—THE ECONOMY AT A GLANCE

Houston's top export destination was Mexico (\$15.9 billion), followed by Canada (\$10.3 billion), China (\$6.7 billion), Brazil (\$4.8 billion) and The Netherlands (\$4.3 billion).

**Firm Grip on Fourth Place** — Metro Houston's gross domestic product (GDP) totaled \$503.3 billion in '15, according to recent estimates by the U.S. Bureau of Economic Analysis (BEA). That's down 3.6 percent from \$522.0 billion in '14. Houston's economy still ranks fourth among U.S. metros, behind New York, Los Angeles and Chicago, but ahead of Washington, D.C. and Dallas-Fort Worth. Though Dallas-Fort Worth grew, Washington, D.C. grew faster, and as a result the DFW Metroplex slipped to sixth place.

### 20 Largest U.S. Metro Economies – '15

Rank	Metro Area	GDP \$ Billions	% Change '14 – '15	Rank	Metro Area	GDP \$ Billions	% Change '14 – '15
1	New York	\$1,602.7	4.3	11	Miami	\$317.9	6.0
2	Los Angeles	930.8	5.8	12	Seattle	313.7	5.2
3	Chicago	640.7	5.2	13	Minneapolis-St. Paul	248.8	4.7
4	Houston	503.3	-3.6	14	Detroit	245.6	5.3
5	Washington	491.0	3.5	15	San Jose	235.2	10.4
6	Dallas-Fort Worth	485.7	1.5	16	San Diego	220.6	4.8
7	San Francisco	431.7	5.8	17	Phoenix	219.9	4.2
8	Philadelphia	411.2	3.5	18	Denver	193.2	2.7
9	Boston	396.6	4.6	19	Baltimore	181.4	4.0
10	Atlanta	339.2	5.3	20	Portland	158.8	6.5

Source: U.S. Bureau of Economic Analysis

**No Sign of Recovery** — Houston's office woes continue. Absorption totaled -800,000 square feet through the first nine months of '16. That's likely to exceed -1.0 million by the end of the year. The "direct" vacancy rate is in the mid-teens. The "effective" rate, which include sublease space, approaches 20 percent.

Nearly 12 million square feet of sublease space is on the market; another half million is expected to hit in the fourth quarter. The average sublet asking rent is about \$7 per square foot less than the asking rent for direct space. Sublease space now competes head-to-head with direct space, forcing some landlords to offer generous concessions to retain or attract tenants. Of the meager leasing activity in the third quarter, notes JLL, less than one-fifth of the space went to firms new to Houston or existing firms expanding their footprint in the market.

Houston's overall office market will need to absorb nearly 10.5 million square feet to return to the 20-year average availability of 16 percent, CBRE notes. The firm forecasts it will take three to five years for downtown to recover, perhaps longer for West Houston and the Energy Corridor. Greenspoint/North Belt, with a vacancy rate in the mid- to low-40s, faces an even more uncertain future. Factoring in the typical lag between an economic upturn and the eventual impact on real estate, the office market probably won't tighten until '19 or '20, according to Newmark Grubb Knight Frank.

## HOUSTON—THE ECONOMY AT A GLANCE

Don't expect the recent rebound in oil prices to spur the oil and gas industry to go on a leasing spree. Even with a price recovery, hiring, and thus office transactions, will remain subdued. According to JLL, about one-third of Houston's lease activity in the third quarter involved professional service firms, another third from transportation-related firms, but only 13 percent involved energy firms or utilities. In the decade of the '90s, a period of chronically low oil prices, the energy industry added only 2,100 jobs while the market absorbed 24 million square feet of office space. Even in a period of minimal growth in the energy industry, Houston office market can post positive absorption.

**HOUSTON OFFICE MARKET SNAPSHOT - Q3/16**

	% Direct	% W/Sublease	Sublease MM Sq Ft
CBRE	15.6	20.9	11.4
JLL	16.8	19.7	12.2
Newmark Grubb	17.0	19.4	11.7
Transwestern	13.8	15.6	11.8

Note: Firms differ in how they define the market and whether they include owner-occupied buildings in the mix, hence the variation in the numbers.  
Source: Real estate firms quarterly reports

Developers broke ground on only three buildings in the third quarter; between 2.3 and 3.3 million square feet is now under construction. While that's good news for the office market, that doesn't bode well for the construction industry, which will have to scramble to find work in Houston next year and likely into '18 as well.

**Employment Update** — Metro Houston created 500 jobs in August, according to the Texas Workforce Commission (TWC). Though one of the weakest reports for August in recent history, the data reflect an improvement over August '15, when the region lost 800 jobs. The report also suggests that employment in several sectors hit hard in the downturn—mining and logging; trade, transportation, and utilities; and professional services—may be stabilizing, albeit at much lower levels than 18 months ago. Though August employment numbers will be revised later this month and again in March '17, at first blush, the numbers look promising.

In the 12 months ending August '16, Houston created 14,200 jobs. That performance is far weaker than 46,400 jobs in the 12 months ending August '15. One must remember that the August '15 total included the last four months of '14, a period in which the region created more than 73,000 jobs. Those last four months offset the following eight months of job losses, masking just how weak Houston's economy was in early '15. One should note that during the current downturn, TWC has yet to report a 12-month period in which Houston lost employment.

The region, however, has not recouped the seasonal loss of 47,800 jobs that occurred in January '16. Layoffs of this magnitude occur every year as workers hired for the holiday season are dismissed and restructuring decisions made in the fall are acted upon. As growth resumes in February, the region usually returns to its previous employment peak by May or June. That hasn't been the case this year. Though Houston has recorded net employment gains in five of the past seven months, those gains have not been enough to offset January's losses. The region remains 27,500 jobs below its previous peak.

September through December are typically strong months for job growth in Houston. Payrolls

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expand as stores, hotels, restaurants and bars hire additional help for the holidays, transportation firms hire drivers and package sorters for the shipping season, school districts and universities contract for additional staff to handle larger fall enrollments, and businesses take on temporary workers to help meet year-end deadlines. In boom times, Houston may add 40,000 to 60,000 jobs in the latter part of the year. In lean times, 18,000 to 20,000 is typical. Given the historical pattern, and the suggestion from the data in this month's jobs report that the worst of the local layoffs are over, Houston may finish the year with a slight net job gain.

The big losers in the jobs report were the construction (-2,400 jobs) and manufacturing sectors (-1,500 jobs). Construction employment will soften as office and chemical plant work winds down. The big winners were education and health care (+3,600 jobs); trade, transportation, and utilities (+3,200 jobs); and professional services (+1,600 jobs). The job gains in TTU came primarily from retail as merchants began hiring to fill stores recently opened. The job gains in professional services came mainly from employment services (*i.e.*, contract workers), an industry in which job gains and losses are highly correlated with Houston's business cycle.

Mining and logging (*i.e.*, oil and gas extraction and oil field services) gained 1,200 jobs. The industry probably didn't create that many jobs in August. More likely, TWC adjusted August employment data to compensate for overestimating job cuts earlier in the year. Government shed 5,100 jobs in August, in line with the five-year average of 5,000 jobs lost in a typical August. The sector usually adds 15,000-20,000 jobs in September as teachers and administrators return to work. Education employment will likely reach a new peak this fall.

**Save the Date** — The Greater Houston Partnership's *2017 Economic Outlook* event is scheduled for Friday, December 9, 10 a.m. at the Royal Sonesta Hotel. This year's event will feature a keynote from Dr. Kevin Swift, chief economist and managing director at the American Chemistry Council. Dr. Swift is responsible for economic and other analyses dealing with policy issues as well as the business environment and the benefits of chemistry.



KHOU-11 news anchor Shern-min Chow will moderate this year's panel discussion as local business leaders from various industries will share their perspective on the region's economy. This year's panel of experts includes:

- ***Energy***: Vicki Hollub, CEO, Occidental Petroleum;
- ***Banking***: John Sotoodeh, Regional Banking Executive, Wells Fargo;
- ***Real Estate***: Richard J. Campo, Chairman and CEO, Camden Property Trust; and
- ***Health Care***: Marc L. Boom, M.D., President and CEO, Houston Methodist.

Partnership Senior Vice President of Research, Patrick Jankowski, will also review the Partnership's employment forecast for 2017. Additional details about the event and how to purchase tickets are available at the Partnership's [website](#).



## HOUSTON—THE ECONOMY AT A GLANCE

### SNAPSHOT — KEY ECONOMIC INDICATORS

**Aviation** — The Houston Airport System handled 36.7 million passengers through the first eight months of this year, down 0.2 percent from the 36.8 million handled over the same period in '15. Domestic passengers totaled 28.7 million, down 2.8 percent from 29.5 million handled YTD in '15. International passengers totaled 8.1 million, up 10.4 percent from the 7.3 million handled YTD in '15.

**Building Permits** — City of Houston building permits totaled \$413.0 million in August '16, down 32.9 percent from \$615.0 million in August '15, according to the City's Department of Public Works & Engineering Planning & Development Services. Year-to-date, city building permits totaled \$4.8 billion, down 11.3 percent from \$5.5 billion over the same period in '15.

**Inflation** — The cost of consumer goods and services as measured by the Consumer Price Index for All Urban Consumers (CPI-U) rose 1.1 percent nationwide from August '15 to August '16, according to the U.S. Bureau of Labor Statistics. Core inflation (all items less the volatile food and energy categories) increased 2.3 percent since August '15.

**Home Sales** — Houston-area single-family home sales rose 8.2 percent from 7,314 in August '15 to 7,914 in August '16. The August total is the most ever for a single month in metro Houston, according to the Houston Association of Realtors® (HAR). Year to date, single-family home sales total 51,457, up 1.6 percent from 50,660 sales during the same period in '15. The median price for a single-family home sold in metro Houston rose 4.2 percent to \$225,000, compared to \$216,000 in August of last year. The average sales price rose 2.4 percent to \$289,613.

**Vehicle Sales** — Houston-area auto dealers sold 28,399 vehicles in August, a 7.2 percent decrease from the 30,588 sold in August the previous year, according to *TexAuto Facts*, published by InfoNation, Inc. of Sugar Land. August marks the eighth consecutive month of over-the-year declines in vehicle sales, despite being the strongest month of sales since October '15.

**Purchasing Managers Index** — The Houston Purchasing Managers Index (PMI), a short-term leading indicator for regional production, registered 46.1 in August, up from 43.8 in July, according to the latest report from the Institute for Supply Management-Houston (ISM-Houston). With the August reading, the PMI has signaled economic contraction in Houston for 20 consecutive months.

**Sales Tax Collections** — City of Houston sales tax collections totaled \$477.5 million through September of this year, down 4.5 percent from \$499.9 million from the same period last year.

*Patrick Jankowski, Josh Pherigo,  
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 e-mail, usually accompanied by commentary, please email your request for ***Key Economic Indicators*** to [aellis@housto.org](mailto:aellis@housto.org) with your name, title and phone number and your company's name and address.

# HOUSTON—THE ECONOMY AT A GLANCE

## HOUSTON MSA NONFARM PAYROLL EMPLOYMENT (000)

	Aug '16	Jul '16	Aug '15	Change from		% Change from	
				Jul '16	Aug '15	Jul '16	Aug '15
<b>Total Nonfarm Payroll Jobs</b>	<b>2,993.4</b>	<b>2,992.9</b>	<b>2,979.2</b>	<b>0.5</b>	<b>14.2</b>	<b>0.0</b>	<b>0.5</b>
<b>Total Private</b>	<b>2,625.1</b>	<b>2,619.5</b>	<b>2,618.5</b>	<b>5.6</b>	<b>6.6</b>	<b>0.2</b>	<b>0.3</b>
<b>Goods Producing</b>	<b>532.2</b>	<b>534.9</b>	<b>560.0</b>	<b>-2.7</b>	<b>-27.8</b>	<b>-0.5</b>	<b>-5.0</b>
<b>Service Providing</b>	<b>2,461.2</b>	<b>2,458.0</b>	<b>2,419.2</b>	<b>3.2</b>	<b>42.0</b>	<b>0.1</b>	<b>1.7</b>
<b>Private Service Providing</b>	<b>2,092.9</b>	<b>2,084.6</b>	<b>2,058.5</b>	<b>8.3</b>	<b>34.4</b>	<b>0.4</b>	<b>1.7</b>
Mining and Logging	87.3	86.1	98.6	1.2	-11.3	1.4	-11.5
Oil & Gas Extraction	50.5	50.3	53.4	0.2	-2.9	0.4	-5.4
Support Activities for Mining	36.6	36.8	43.9	-0.2	-7.3	-0.5	-16.6
Construction	214.9	217.3	218.6	-2.4	-3.7	-1.1	-1.7
Manufacturing	230.0	231.5	242.8	-1.5	-12.8	-0.6	-5.3
Durable Goods Manufacturing	144.9	146.3	161.5	-1.4	-16.6	-1.0	-10.3
Nondurable Goods Manufacturing	85.1	85.2	81.3	-0.1	3.8	-0.1	4.7
Wholesale Trade	169.8	170.4	173.4	-0.6	-3.6	-0.4	-2.1
Retail Trade	312.3	309.4	302.8	2.9	9.5	0.9	3.1
Transportation, Warehousing and Utilities	138.9	138.0	138.8	0.9	0.1	0.7	0.1
Utilities	16.1	16.1	16.1	0.0	0.0	0.0	0.0
Air Transportation	22.0	21.8	21.8	0.2	0.2	0.9	0.9
Truck Transportation	25.3	25.2	25.9	0.1	-0.6	0.4	-2.3
Pipeline Transportation	10.8	10.9	10.8	-0.1	0.0	-0.9	0.0
Information	30.3	30.7	32.7	-0.4	-2.4	-1.3	-7.3
Telecommunications	13.9	13.9	14.3	0.0	-0.4	0.0	-2.8
Finance & Insurance	98.5	99.1	96.5	-0.6	2.0	-0.6	2.1
Real Estate & Rental and Leasing	57.0	56.1	55.8	0.9	1.2	1.6	2.2
Professional & Business Services	465.0	463.4	474.2	1.6	-9.2	0.3	-1.9
Professional, Scientific & Technical Services	215.7	214.7	219.7	1.0	-4.0	0.5	-1.8
Legal Services	24.9	25.3	24.6	-0.4	0.3	-1.6	1.2
Accounting, Tax Preparation, Bookkeeping	23.9	23.8	22.7	0.1	1.2	0.4	5.3
Architectural, Engineering & Related Services	65.9	65.8	71.9	0.1	-6.0	0.2	-8.3
Computer Systems Design & Related Services	32.6	32.6	33.5	0.0	-0.9	0.0	-2.7
Admin & Support/Waste Mgt & Remediation	214.5	213.5	217.6	1.0	-3.1	0.5	-1.4
Administrative & Support Services	202.4	201.5	206.1	0.9	-3.7	0.4	-1.8
Employment Services	79.9	77.6	80.7	2.3	-0.8	3.0	-1.0
Educational Services	57.8	56.4	55.2	1.4	2.6	2.5	4.7
Health Care & Social Assistance	327.3	325.1	314.8	2.2	12.5	0.7	4.0
Arts, Entertainment & Recreation	36.2	37.3	33.9	-1.1	2.3	-2.9	6.8
Accommodation & Food Services	291.4	290.4	272.4	1.0	19.0	0.3	7.0
Other Services	108.4	108.3	108.0	0.1	0.4	0.1	0.4
Government	368.3	373.4	360.7	-5.1	7.6	-1.4	2.1
Federal Government	28.3	28.4	27.7	-0.1	0.6	-0.4	2.2
State Government	71.2	71.2	70.3	0.0	0.9	0.0	1.3
State Government Educational Services	38.0	38.0	37.4	0.0	0.6	0.0	1.6
Local Government	268.8	273.8	262.7	-5.0	6.1	-1.8	2.3
Local Government Educational Services	182.3	186.2	177.9	-3.9	4.4	-2.1	2.5

SOURCE: Texas Workforce Commission

# HOUSTON—THE ECONOMY AT A GLANCE

## Houston Economic Indicators

A Service of the Greater Houston Partnership

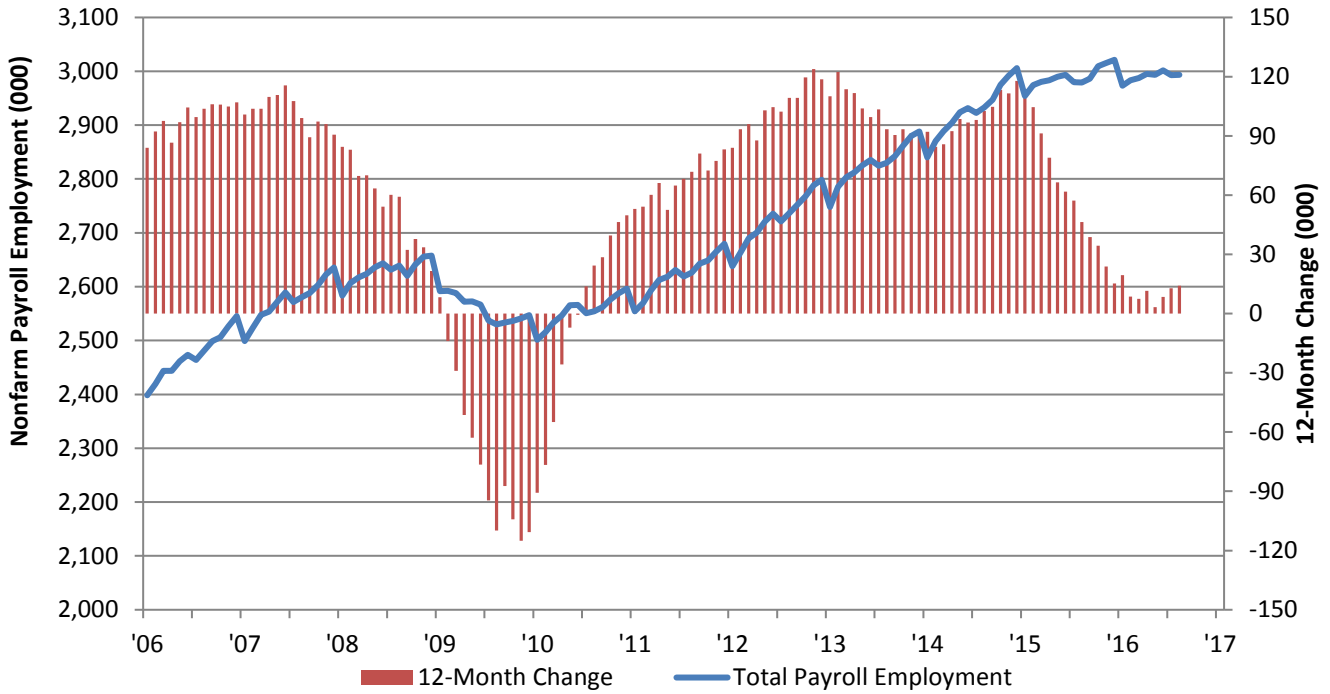
	Month	MONTHLY DATA			YEAR-TO-DATE TOTAL or YTD AVERAGE*		
		Most Recent	Year Earlier	% Change	Most Recent	Year Earlier	% Change
<b>ENERGY</b>							
U.S. Active Rotary Rigs	Sep '16	509	848	-40.0	487 *	1,059 *	-54.0
Spot Crude Oil Price (\$/bbl, West Texas Intermediate)	Aug '16	44.72	42.87	4.3	40.87 *	51.63 *	-20.8
Spot Natural Gas (\$/MMBtu, Henry Hub)	Aug '16	2.82	2.77	1.8	2.26 *	2.82 *	-19.9
<b>UTILITIES AND PRODUCTION</b>							
Houston Purchasing Managers Index	Aug '16	46.1	47.3	-2.5	45.0 *	46.8 *	-3.8
Nonresidential Electric Current Sales (Mwh, CNP Service Area)	Aug '16	5,314,931	5,184,990	2.5	38,204,095	37,339,247	2.3
<b>CONSTRUCTION</b>							
<b>Total Building Contracts (\$, Houston MSA)</b>	<b>Aug '16</b>	<b>1,168,310,000</b>	<b>1,323,070,000</b>	<b>-11.7</b>	<b>9,831,800,000</b>	<b>11,993,980,000</b>	<b>-18.0</b>
Nonresidential	Aug '16	441,418,000	472,999,000	-6.7	3,788,786,000	4,781,003,000	-20.8
Residential	Aug '16	726,892,000	850,071,000	-14.5	6,043,014,000	7,212,977,000	-16.2
<b>Building Permits (\$, City of Houston)</b>	<b>Aug '16</b>	<b>412,972,876</b>	<b>615,000,608</b>	<b>-32.9</b>	<b>4,840,326,510</b>	<b>5,459,252,302</b>	<b>-11.3</b>
Nonresidential	Aug '16	261,853,368	390,417,722	-32.9	3,245,225,184	3,481,194,433	-6.8
New Nonresidential	Aug '16	133,358,107	227,753,872	-41.4	1,326,376,838	1,787,125,207	-25.8
Nonresidential Additions/Alterations/Conversions	Aug '16	128,495,261	162,663,850	-21.0	1,918,848,346	1,694,069,226	13.3
Residential	Aug '16	151,119,508	224,582,886	-32.7	1,595,101,326	1,978,057,869	-19.4
New Residential	Aug '16	127,097,467	180,377,993	-29.5	1,210,805,545	1,780,598,080	-32.0
Residential Additions/Alterations/Conversions	Aug '16	24,022,041	44,204,893	-45.7	384,295,781	197,459,789	94.6
<b>Multiple Listing Service (MLS) Activity</b>							
Property Sales	Aug '16	9,319	8,699	7.1	61,613	61,054	0.9
Median Sales Price - SF Detached	Aug '16	225,000	216,000	4.2	219,187 *	212,100 *	3.3
Active Listings	Aug '16	38,056	33,856	12.4	35,170 *	30,381 *	15.8
<b>EMPLOYMENT (Houston-Sugar Land-Baytown MSA)</b>							
<b>Nonfarm Payroll Employment</b>	<b>Aug '16</b>	<b>2,993,400</b>	<b>2,979,200</b>	<b>0.5</b>	<b>2,990,088 *</b>	<b>2,979,376 *</b>	<b>0.4</b>
Goods Producing (Natural Resources/Mining/Const/Mfg)	Aug '16	532,200	560,000	-5.0	539,775 0	569,213 *	-5.2
Service Providing	Aug '16	2,461,200	2,419,200	1.7	2,450,313 0	2,410,163 *	1.7
<b>Unemployment Rate (%) - Not Seasonally Adjusted</b>							
Houston-Sugar Land-Baytown MSA	Aug '16	5.8	4.9		5.1 *	4.6 *	
Texas	Aug '16	5.0	4.6		4.6 *	4.5 *	
U.S.	Aug '16	5.0	5.2		5.0 *	5.5 *	
<b>TRANSPORTATION</b>							
<b>Port of Houston Authority Shipments (Short Tons)</b>	<b>July '16</b>	<b>3,893,616</b>	<b>3,654,829</b>	<b>6.5</b>	<b>26,096,412</b>	<b>28,222,939</b>	<b>-7.5</b>
<b>Air Passengers (Houston Airport System)</b>	<b>Aug '16</b>	<b>4,605,137</b>	<b>4,789,130</b>	<b>-3.8</b>	<b>36,714,840</b>	<b>36,771,039</b>	<b>-0.2</b>
Domestic Passengers	Aug '16	3,569,747	3,782,749	-5.6	28,662,150	29,479,777	-2.8
International Passengers	Aug '16	1,035,390	1,006,381	2.9	8,052,690	7,291,262	10.4
<b>Landings and Takeoffs</b>	<b>Aug '16</b>	<b>68,268</b>	<b>67,499</b>	<b>1.1</b>	<b>525,101</b>	<b>536,245</b>	<b>-2.1</b>
<b>Air Freight (metric tons)</b>	<b>Aug '16</b>	<b>33,147</b>	<b>32,350</b>	<b>2.5</b>	<b>266,409</b>	<b>275,328</b>	<b>-3.2</b>
Enplaned	Aug '16	15,673	16,776	-6.6	129,215	143,171	-9.7
Deplaned	Aug '16	17,475	15,574	12.2	137,194	132,157	3.8
<b>CONSUMERS</b>							
<b>New Car and Truck Sales (Units, Houston MSA)</b>	<b>Aug '16</b>	<b>28,399</b>	<b>30,588</b>	<b>-7.2</b>	<b>204,307</b>	<b>255,154</b>	<b>-19.9</b>
Cars	Aug '16	9,934	12,058	-17.6	74,404	104,243	-28.6
Trucks, SUVs and Commercials	Aug '16	18,465	18,530	-0.4	129,903	150,911	-13.9
<b>Total Retail Sales (\$000,000, Houston MSA, NAICS Basis)</b>	<b>Q4/15</b>	<b>31,941</b>	<b>35,393</b>	<b>-9.8</b>	<b>112,143</b>	<b>125,047</b>	<b>-10.3</b>
<b>Consumer Price Index for All Urban Consumers ('82-'84=100)</b>							
Houston-Galveston-Brazoria CMSA	Aug '16	216.573	214.652	0.9	215.747 *	212.662 *	1.5
United States	Aug '16	240.853	238.316	1.1	239.274 *	236.820 *	1.0
<b>Hotel Performance (Houston MSA)</b>							
Occupancy (%)	Q2/16	66.2	71.1		65.9 *	70.6 *	
Average Room Rate (\$)	Q2/16	110.75	112.10	-1.2	107.96 *	108.09 *	-0.1
Revenue Per Available Room (\$)	Q2/16	73.29	79.70	-8.0	71.07 *	76.28 *	-6.8

# HOUSTON—THE ECONOMY AT A GLANCE

## Sources

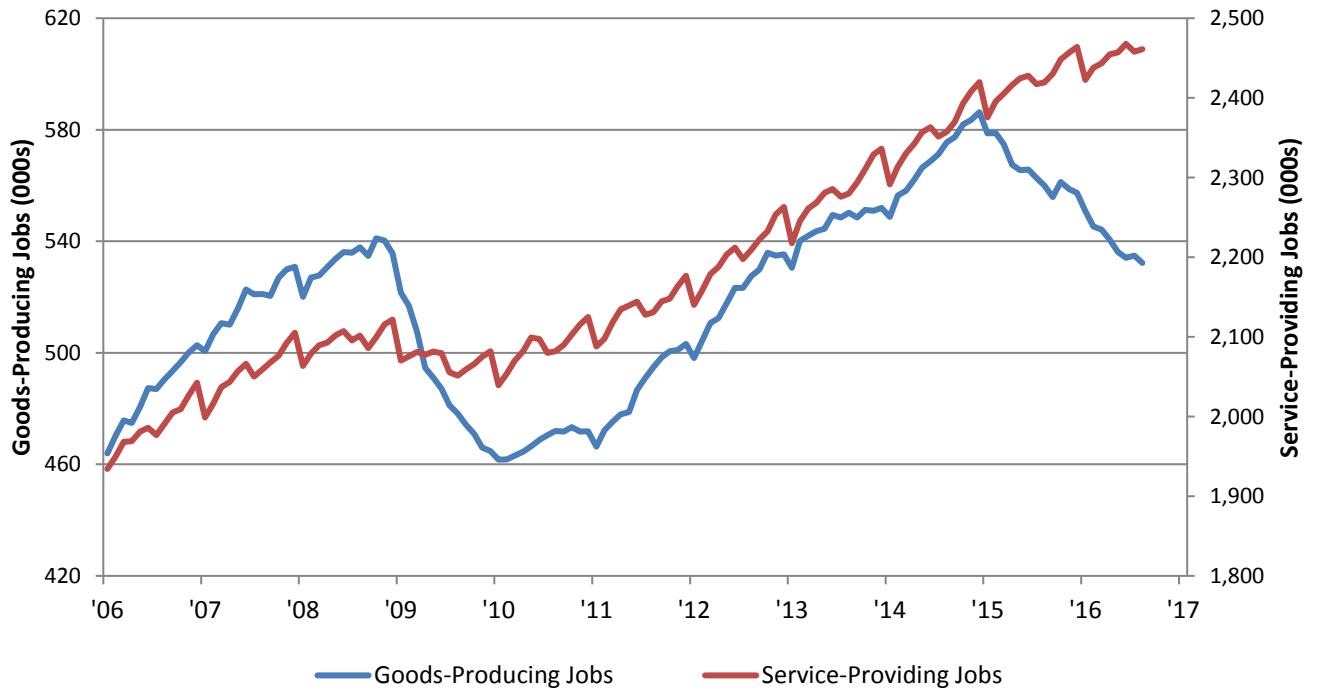
Rig Count	Baker Hughes Incorporated	Port Shipments	Port of Houston Authority
Spot WTI, Spot Natural Gas	U.S. Energy Information Admin.	Aviation	Aviation Department, City of Houston
Houston Purchasing Managers Index	National Association of Purchasing Management – Houston, Inc.	Car and Truck Sales	<i>TexAuto 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**



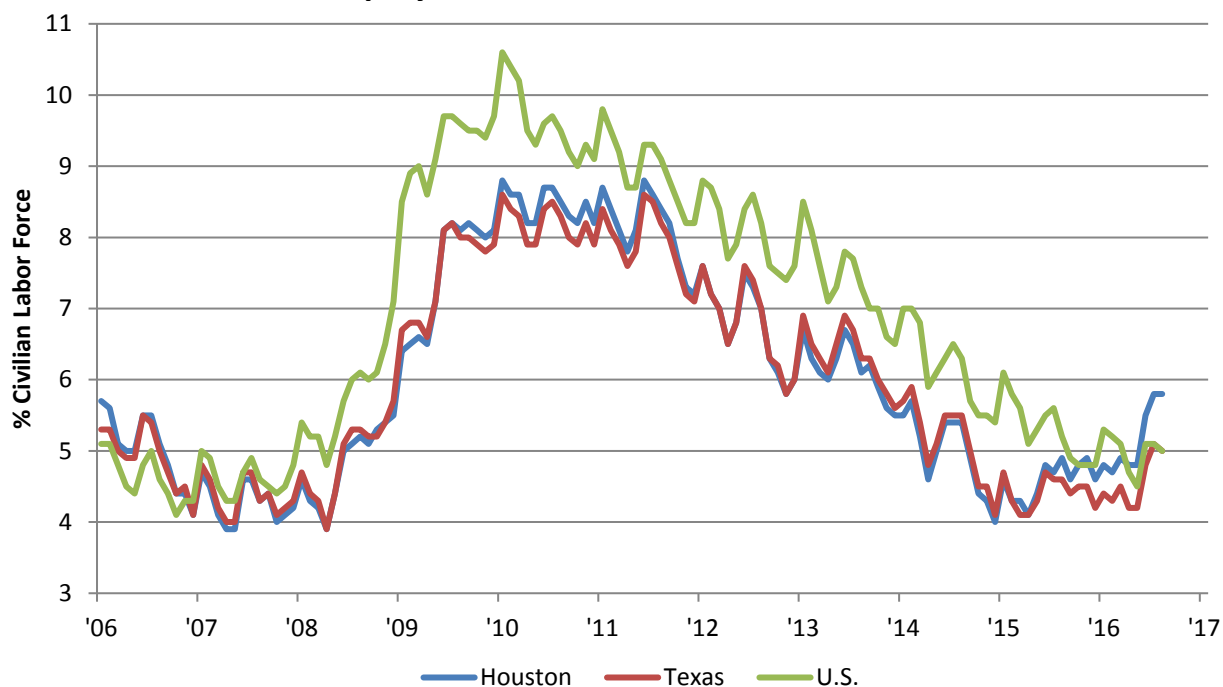
Source: Texas Workforce Commission

**Goods-Producing and Service-Providing Employment  
Houston MSA**



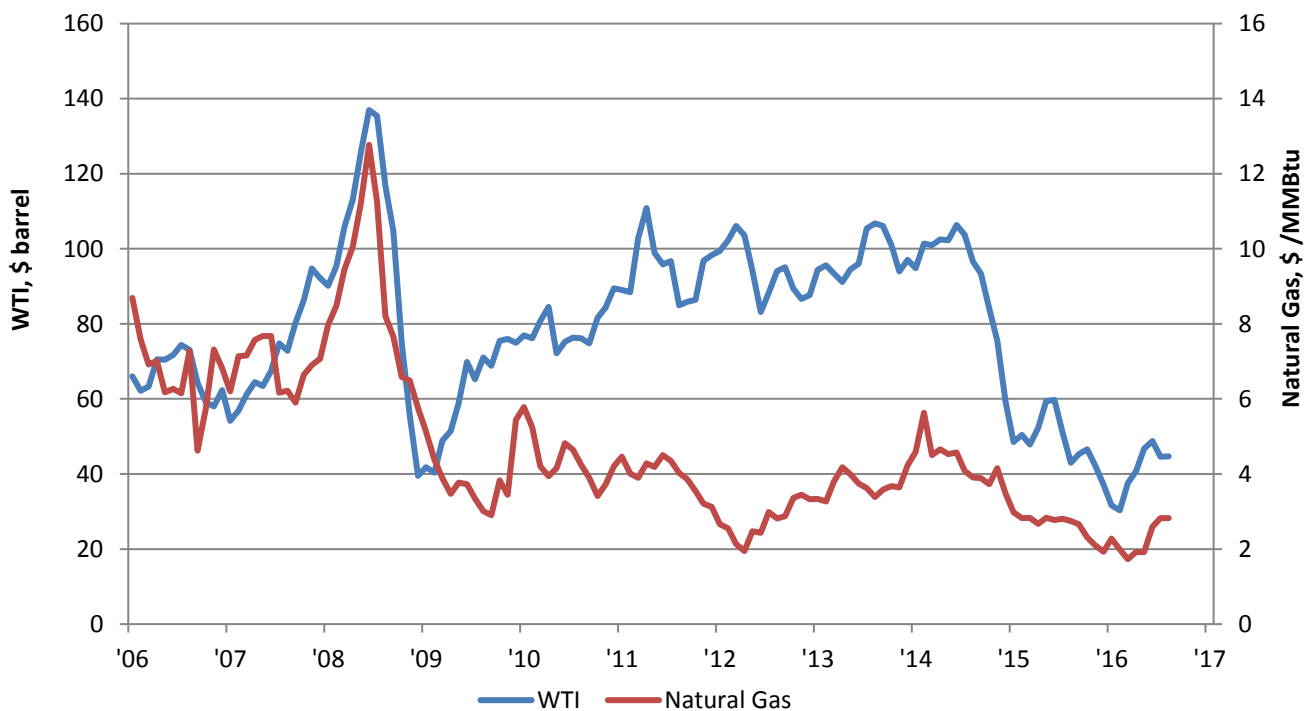
Source: Texas Workforce Commission

## 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