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June 25, 2020

The COVID-19 pandemic is significantly impacting local construction activity. City of Houston building permits for the month of May, for May year-to-date, and for the 12-months ending May '20 have fallen well below last year's levels.

May '20 v May '19, City of Houston Construction Permits

	Month of May		Change '20 v '19	
	'20	'19	\$	%
Residential	230.2	345.2	-114.9	-33.3
Nonresidential	463.7	563.9	-100.2	-17.8
Total	693.9	909.1	-215.2	-23.7

Source: City of Houston, Building Code Enforcement, Permit Office

May Year-to-Date, City of Houston Construction Permits

	May Year-to-Date		Change '20 v '19	
	'20	'19	\$	%
Residential	1,285.1	1,339.2	-54.1	-4.0
Nonresidential	1,731.1	2,241.1	-510.0	-22.8
Total	3,016.2	3,580.3	-564.1	-15.8

Source: City of Houston, Building Code Enforcement, Permit Office

12-Month Moving Total, City of Houston Construction Permits

	12 Months Ending May		Change '20 v '19	
	'20	'19	\$	%
Residential	2,733.9	3,029.4	-295.4	-9.8
Nonresidential	3,954.9	4,382.5	-427.6	-9.8
Total	6,688.8	7,411.9	-723.0	-9.8

Source: City of Houston, Building Code Enforcement, Permit Office

The drop in construction activity is reflected in local employment as well. According to the Texas Workforce Commission, the nine-county metro area lost 31,300 construction jobs in March and April. When Texas Governor Greg Abbott's ordered a phased reopening of the economy starting May 1, builders began to rehire, adding back 8,100 construction jobs in May. However, employment remains 20,600 jobs below its December '19 peak. Building activity and employment will remain weak until the COVID-19 pandemic subsides.

Two projects of note that were permitted in May:

- **Marathon Oil** (\$85.5 million permit value) obtained a building permit for its new One MRO Building. The 960,663 square foot office tower will be located near the southeast corner of I-10 and Beltway 8. The project is part of Marathon's strategy to better integrate people and technology. Company employees are expected to move to the new office in the second half of '21.
- **Waste Management** (\$35.5 million combined permit value) was issued nine building permits for new office space located at 800 Capitol Street. The company plans to occupy the space by the end of this year.

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