

# THE ECONOMY AT A GLANCE

## HOUSTON



GREATER HOUSTON  
PARTNERSHIP.

Making Houston Greater.

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Though Houston’s most recent gains were modest, they’re sustainable, unlike those of the Fracking Boom (’11-’14) when the city averaged 40,000 new residents per year. Houston’s gains also rank among the largest of the nation’s 19,000 towns and cities.

### U.S. CITIES ADDING THE MOST RESIDENTS, ’21 – ’23\*

City	Gains	City	Gains
San Antonio, TX	41,292	Phoenix, AZ	24,883
Fort Worth, TX	40,878	Seattle, WA	23,321
Jacksonville, FL	28,433	Houston, TX	23,137
Charlotte, NC	28,299	Cape Coral, FL	20,432
Port St. Lucie, FL	27,157	Georgetown, TX	20,317

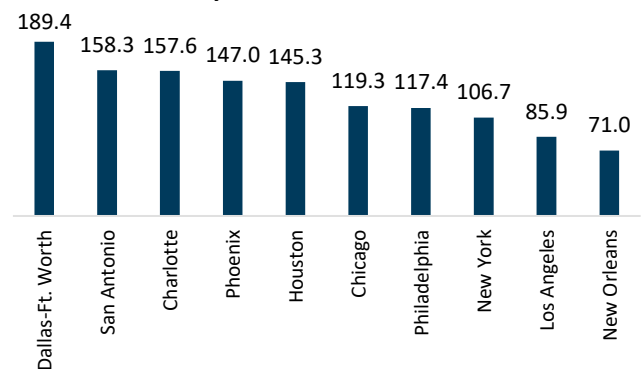
\* Change from July 1, 2021 to July 1, 2023

Source: Partnership calculations based in U.S. Census Bureau data

The cities enjoying the most robust growth have several characteristics in common. First, they’re in metro areas that quickly recovered their pandemic job losses. Employment in these regions is at an all-time high.

### PERCENT OF PANDEMIC JOB LOSSES RECOVERED

Thru July ’23, Selected Metro Areas\*



\* July ’23 was chosen to ensure the jobs data aligns with the population data.

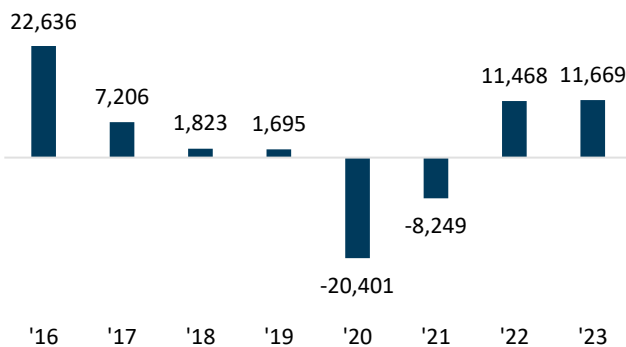
Source: Partnership calculations based on Bureau of Labor Statistics data

The nation’s fastest growing cities are also in metros where the cost of living is substantially lower than cities that are losing population. The data in the following chart comes from the Council for Community and Economic Research’s quarterly *Cost of Living Index*, which examines housing, utility, food, health care, and transportation costs in 264 metro areas. The index does not factor in local taxes.

### CITY POPULATION UPDATE

The City of Houston is growing again. After struggling to retain population after Hurricane Harvey and losing population during the COVID-19 pandemic, the city added more than 23,000 residents over the past two years.

### CITY OF HOUSTON, POPULATION GAINS/LOSSES



Source: Partnership calculations based on U.S. Census Bureau data

Houston is bucking the trend that plagues many of its peers. Of the nation’s 100 most populous cities, 43 lost population between ’21 and ’23. For some, the population losses were significant.

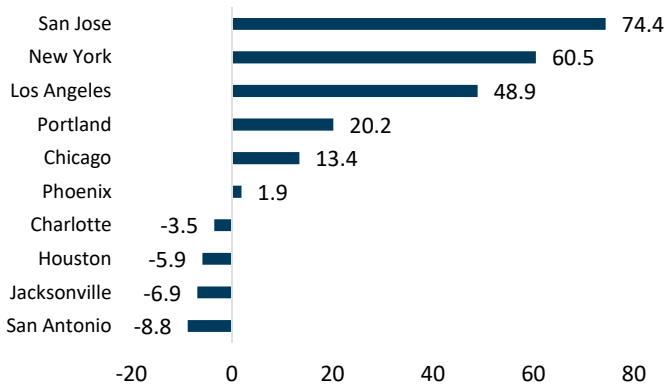
### U.S. CITIES WITH GREATEST NUMERIC LOSSES, ’21 – ’23

City	Loss	City	Loss
New York, NY	-204,181	St. Louis, MO	-11,868
Chicago, IL	-39,649	Los Angeles, CA	-11,659
Philadelphia, PA	-39,081	San Jose, CA	-11,559
New Orleans, LA	-13,210	Baltimore, MD	-11,339
Portland, OR	-12,681	Memphis, TN	-10,854

Source: Partnership estimates based on U.S. Census Bureau data

Note: Metro gains and losses were discussed in the [April '24 newsletter](#).

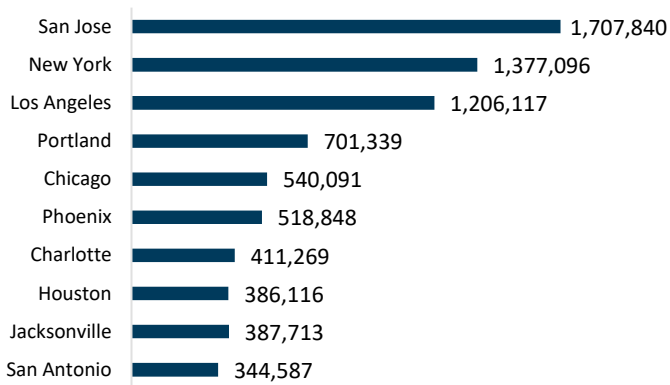
### COST OF LIVING COMPARISON, SELECTED U.S. METROS % Above/Below U.S. Average, CY '23



Source: Council for Community and Economic Research

The nation's fastest growing cities are also in metro areas where housing tends to be more affordable.

### AVERAGE PRICE, 2,400 SQ. FOOT SINGLE-FAMILY HOME\*



\* Includes 4 bedrooms, 2 baths, family room, 2-car garage, on an 8,000-sq.-ft. lot. Neighborhoods are typical for corporate middle-management transferees.

Source: Council for Community and Economic Research

Cities with the largest gains also tend to have lower state tax burdens. Conversely, the cities with shrinking populations tend to have higher tax burdens.

### Average State and Local Tax Burdens, As a Percent of Household Income, Selected States, CY '22

State	Effective Tax Rate %	Rank	State	Effective Tax Rate %	Rank
Tennessee	7.6	3	Washington	10.7	30
Texas	8.6	6	Maryland	11.3	35
Florida	9.1	11	Illinois	12.9	44
Arizona	9.5	15	California	13.5	46
N. Carolina	9.9	23	New York	15.9	50

Source: The Tax Foundation

Other factors come into play as well. For instance, except for Seattle, the nation's fastest growing cities tend to be in the sunbelt.

### Where Houston Ranks

The City of Houston's population now exceeds 2.3 million, ranking it as the nation's fourth most populous city. Five of the nation's most populous cities are now in Texas. San Antonio is the nation's seventh most populous and could overtake No. 6 Philadelphia by the end of the decade.

### 20 MOST POPULOUS U.S. CITIES – '23

Rank	City	Pop.	Rank	City	Pop.
1	New York, NY	8,258,035	11	Austin, TX	979,882
2	Los Angeles, CA	3,820,914	12	Fort Worth, TX	978,468
3	Chicago, IL	2,664,452	13	San Jose, CA	969,655
4	Houston, TX	2,314,157	14	Columbus, OH	913,175
5	Phoenix, AZ	1,650,070	15	Charlotte, NC	911,311
6	Philadelphia, PA	1,550,542	16	Indianapolis, IN	879,293
7	San Antonio, TX	1,495,295	17	San Francisco, CA	808,988
8	San Diego, CA	1,388,320	18	Seattle, WA	755,078
9	Dallas, TX	1,302,868	19	Denver, CO	716,577
10	Jacksonville, FL	985,843	20	Oklahoma City, OK	702,767

Source: U.S. Census Bureau

### A Closer Look at Metro Houston

The 10-county Houston metro area added 265,119 residents over the past two years. That ranked as the second largest gain in the nation. However, only 8.7 percent of the region's growth occurred within the City of Houston. Roughly one-fourth (28.8 percent) occurred outside the city but within Harris County. Just under two-thirds (61.2 percent) occurred outside Harris but in the surrounding counties.

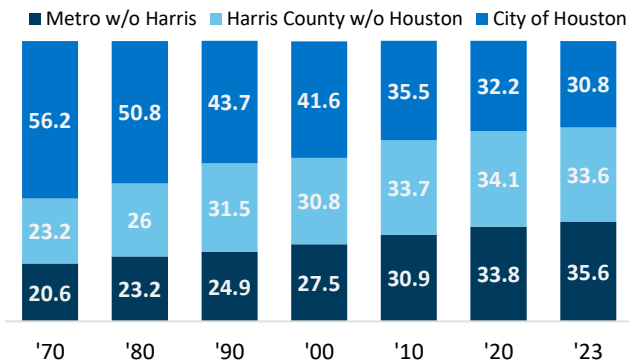
### METRO HOUSTON POPULATION GAINS, '21 – '23

Geography	Net Gains	% of Metro Gains
Austin County	1,246	0.5
Brazoria County	19,817	7.5
Chambers County	5,149	1.9
Fort Bend County	56,473	21.3
Galveston County	6,184	2.3
Harris County	99,608	37.6
City of Houston	23,137	8.7
Harris Outside of Houston	76,471	28.8
Liberty County	10,784	4.1
Montgomery County	60,599	22.9
San Jacinto County	1,125	0.4
Waller County	4,134	1.6
<b>Totals</b>	<b>265,119</b>	<b>100.0</b>

Source: Partnership calculations based on U.S. Census Bureau data

The shift to the suburbs began nearly 50 years ago and shows no sign of abating. Nor is it unique to Houston. Across the nation, the population has been shifting to the suburbs as residents seek more affordable housing, better schools, and safer neighborhoods.

### SHARE OF METRO HOUSTON POPULATION - %



Population for '70 through '20 as of April 1. Population for '23 as of July 1. Source: Partnership calculations based on U.S. Census Bureau data

Several smaller cities in the metro area are growing much faster than Houston. Again, the new residents were drawn there by more affordable housing and better schools.

### Fastest Growing Metro Houston Cities

City	Current Population	Change Since '21	
		#	%
Fulshear	42,616	17,682	70.9
Conroe	108,248	12,735	13.3
Manvel	17,261	4,983	40.6
Iowa Colony	14,823	3,992	36.9
Texas City	56,609	2,285	4.2
Katy	26,360	2,562	10.8
Magnolia	5,320	2,616	96.7
Rosenberg	41,104	1,613	4.1
Missouri City	76,773	1,701	2.3
Tomball	14,201	1,445	11.3

Source: Partnership calculations based on U.S. Census Bureau data

For the record, the 10 most populous cities in the region as of July 1, 2023, can be found below.

City	Population as of 7/23	Change Since 7/21	
		#	%
Houston	2,314,157	23,137	1.0%
Pasadena	146,716	-1,984	-1.3%
Pearland	127,736	1,716	1.4%
League City	116,320	659	0.6%
Sugar Land	108,515	-1,114	-1.0%
Conroe	108,248	12,735	13.3%
Baytown	84,067	-256	-0.3%
Missouri City	76,773	1,701	2.3%
Texas City	56,609	2,285	4.2%
Galveston	53,237	-144	-0.3%

Source: Partnership calculations based on U.S. Census Bureau data

## LOCAL ATTITUDES AND PERCEPTIONS

Houstonians tend to be upbeat about their future. Crime is their top concern today, followed by affordable housing and the economy. And most residents believe the region should be doing more to fund public education.

Those were a few results from the 43rd Kinder Houston Area Survey conducted in January and February and released in late May. The survey explored local attitudes toward artificial intelligence, climate change, crime, the economy, the energy transition, housing, area identities, public education, and public transportation. Over 5,300 Houstonians responded to the survey.

### Three Key Findings

Respondents were asked if they were excited or worried about the new opportunities they have, given the rapid pace of change in Houston. Across every demographic and income level, more Houstonians expressed excitement than worry about their future.

	% Excited	% Worried
Overall	72	28
<b>Race/Ethnicity</b>		
Asian	78	22
Black	69	31
Hispanic	73	27
White	71	29
<b>Education</b>		
Up to high school diploma	68	32
Some college	71	29
Bachelor's or higher	79	21
<b>Age</b>		
Young adults (18-29)	79	21
Adults (30-54)	73	27
Older Adults (55 or older)	63	37
<b>Household Income</b>		
Less than \$25,000	64	36
\$25,001 - \$50,000	65	35
\$50,001 - \$75,000	76	24
\$75,001 - \$100,000	79	21
More than \$100,000	84	16

Source: 43rd Kinder Houston Area Survey

When asked whether local public schools had sufficient funding or needed significantly more to provide a quality education, 70 percent responded schools need significantly more, 30 percent responded that schools have enough.

Respondents were also asked to identify the biggest problem facing Houston today and in the distant future. The top five concerns were:

	Today	In 20 Years
	% of Respondents	
Crime and safety	27	15
Housing costs and homelessness	22	21
The economy	21	12
Traffic	9	9
Pollution/Environment	5	15

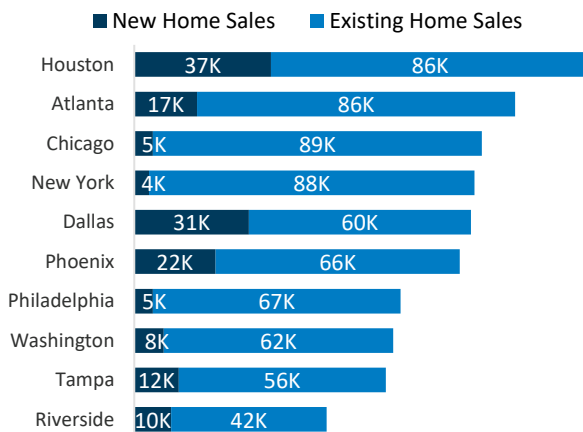
Source: 43rd Kinder Houston Area Survey

The [full survey results](#) can be found at the website for the Kinder Institute for Urban Research.

## LEADING THE PACK

Houston led the nation in new and existing home sales over the 12 months ending March '24. Atlanta placed second, Chicago third. That's according to John Burns Research and Consulting, a residential analytics firm.

### TOTAL TRANSACTIONS Trailing 12-Month Total as of March '24



Source: John Burns Research and Consulting

The strength of Houston's housing market is tied to the health of its economy and the optimism of its residents.

- The metro area ranked second only to New York in job growth (118,700 v. 67,800) over the 12 months ending March '24.
- Houston ranked second only to Dallas-Fort Worth in population growth (170,396 v. 128,821) last year.
- And as reflected in the Kinder Survey discussed above, Houstonians tend to be optimistic about their future, which supports their willingness to make a long-term commitment, like a home purchase.

It also helps that local builders have become adept at adapting lots, floor plans, and incentives to buyer control costs.

The outlook for the market continues to improve. Local listings are up 38.1 percent from this time last year. Single-family home sales are up year-to-date. And home prices appeared to have stabilized.

### EXISTING SINGLE-FAMILY HOME SALES, HOUSTON MARKET

	April '24	April '23	% Change
Active Listings	26,246	19,000	38.1
Median-Price	340,000	330,000	3.0
Closings, YTD	26,396	25,558	3.3
Pending Sales	9,110	8,260	10.3
Months of Inventory*	3.7	2.6	-

\* How long it will take to deplete current listings based on the prior 12-months sales activity. A 3.5- to 4.0-month supply is considered a balanced market.

Source: Houston Association of Realtors

Surprisingly, home prices have been relatively stable in recent months. High interest rates remain the biggest impediment to sales. In April, the average interest on a 30-year, fixed-rate mortgage was 6.99 percent. By May, it had risen to 7.06 percent. As a result, the typical payment on a median-priced single-family home is roughly \$200 more than it was last year and \$300 more than three years ago.

### TYPICAL MONTHLY PAYMENT ON A MEDIAN-PRICED SINGLE-FAMILY HOME IN HOUSTON

Month	Price	Interest Rate	Principal + Interest	Taxes	Monthly Payment
Apr '20	\$250,943	3.31%	\$880	\$627	\$1,507
Apr '21	295,000	3.06	1,003	738	1,741
Apr '22	343,490	4.98	1,472	859	2,331
Apr '23	330,000	6.34	1,641	825	2,466
Apr '24	340,000	6.99	1,808	850	2,658

Source: Partnership calculations based on Fannie Mae and Houston Association of Realtors data

## SLOWER BUT NOT A DEAD STOP

The U.S. economy has cooled in recent months. There's little danger of recession, however. Growth will continue but at a slower pace.

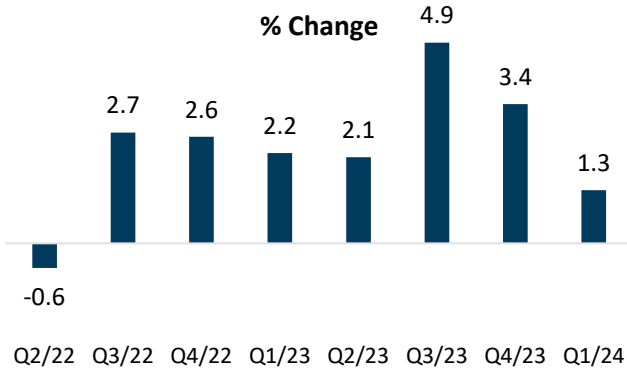
### Gross Domestic Product

The U.S. economy grew at a 1.3 percent inflation-adjusted rate in Q1/24, down from 3.4 percent in Q4/23. That's the weakest growth since Q2/22 when real gross product (GDP) slipped 0.6 percent. It's also well below the pre-pandemic average of 2.4 percent.

Weaker consumer spending, slower export growth, a decline in federal spending, and slower growth in state and local spending weighed on GDP. Specifically, consumer spending on vehicles, recreational goods, restaurant meals, and motor fuels declined. Purchases of household furnishings and groceries were flat. Business investment in structures and equipment was flat but rose for

software and research and development. Inventory purchases were down significantly. On a more positive note, expenditures on clothing, financial services, health care, and transportation rose.

**ANNUALIZED GROWTH RATE, REAL GDP**

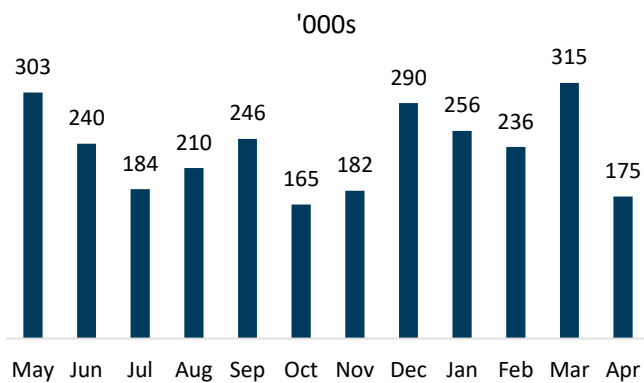


Source: U.S. Bureau of Economic Analysis

### Employment

The nation added 175,000 jobs in April, well below the monthly average of 281,000 for the past two years. Three of the weakest reports since emerging from the pandemic have been in the past six months.

**NET GAINS, U.S. EMPLOYMENT, MAY '23 – APR '24**



Source: U.S. Bureau of Labor Statistics

Sectors with the greatest gains over the year include health care (764,000), construction (258,000), social assistance (253,000), professional, scientific, and technical services (221,000), and local government (207,000).

The temporary help sector has shed 185,000 jobs since April '22. The sector typically serves as a bellwether for the broader economy, hiring as business activity picks up and laying off workers as activity slows. The recent job cuts suggest slower economic growth ahead.

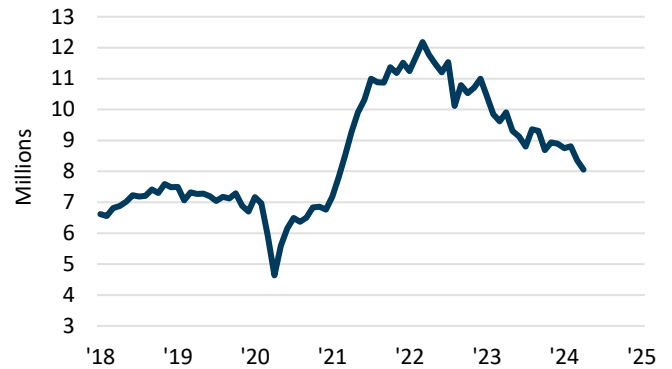
### Job Openings

The nation had 8.1 million job openings on the last day of April, down from 9.9 million the same month last year and

12.2 million at the March '22 peak. In the five years prior to the pandemic, the nation averaged 6.4 million job openings per month. The drop in openings suggests employers face less difficulty finding and hiring workers than they did a year ago.

Though job openings are down, ample employment opportunities remain. The sectors with the most job openings in April were health care and social assistance (1.5 million), professional and business services (1.5 million), hotels, restaurants and bars (937,000), state and local government (746,000) and retail (528,000).

**U.S. JOB OPENINGS**



Source: U.S. Bureau of Labor Statistics

### The Outlook

The National Association for Business Economics ([NABE](#)) conducts a quarterly survey of the 43 professional forecasters among its members. The results of the May '24 survey:

- U.S. real GDP is expected to grow 1.5 percent in Q3 and Q4, before rising to 1.8 percent in Q1/25.
- Job growth will remain tepid, averaging 145,000 per month through the end of '24.
- The unemployment rate will tick up to 4.0 percent by Q3/24 and remain there through the end of the year.
- Inflation will remain stubborn, only dropping to 3.0 percent by Q4/24.
- The Federal Reserve will cut the fed funds rate a total of 50 basis points by the end of this year.
- West Texas Intermediate (WTI) should average \$79 per barrel on the spot market this year.
- The four greatest risks to the economy, in order, are continued high interest rates, a broadening of the war in the Middle East, a consumer credit crunch, or another (unspecified) financial crisis.

Ninety percent of respondents thought the U.S. economy would achieve a soft landing (*i.e.*, a moderate economic slowdown that avoids recession) this year.

## KEY ECONOMIC INDICATORS

Clicking on the hyperlinks below will provide additional details on that indicator.



**Aviation** — The Houston Airport System (HAS) handled 61.0 million passengers in the 12 months ending April '24, up 7.1 percent from 56.9 million handled over the comparable period in '23. Traffic has surpassed pre-pandemic levels.



**Energy** — The Energy Information Administration estimates U.S. crude production hit 13.1 million barrels per day (b/d) in April. EIA expects production to grow through the end of the year hitting 13.6 million barrels in December. West Texas Intermediate, the U.S. benchmark for light, sweet crude, averaged \$79.43 the last week of May, up from \$72.62 in May of '23.



**Employment** — Metro Houston created 80,700 jobs in the 12 months ending April '24. Most sectors are growing and the region has seen no uptick in claims for unemployment insurance. April's jobs report placed nonfarm payroll employment in the region at 3,437,400. At the current pace of growth, the region should top 3.5 million jobs by the April of next year.



**Foreign Trade** — Seaborne trade through the region's ports—Freeport, Galveston, Houston, and Texas City—was valued at \$66.6 billion through March of '24, a 1.5 percent increase from \$65.6 billion over the comparable period in '23. Exports are up \$3.6 billion (9.9 percent). Imports are down \$2.6 billion (8.8 percent).



**Home Sales** — Brokers closed on 7,926 single-family homes in April, a 9.2 percent jump over last year. Home prices were up 3.0 percent in April '24 compared to the previous year. The inventory of townhomes and condos (4.5 months) hit the highest level since October '19. The inventory of high-rise units (8.2 months) is the highest level since March '21.



**Inflation** — Inflation rose 0.4 percent in April and 3.4 percent nationwide in the 12 months ending April '24. Core inflation, which excludes the volatile food and energy categories, rose 0.3 percent from last month and 3.6 percent over the year. (Note: The CPI numbers reported here are not seasonally adjusted.)



**Multifamily** — Multifamily in Houston has shifted from a landlord-friendly to a tenant-friendly market. Average occupancy has fallen below 90 percent or is headed in that direction for all

property classes. Rents have not seen the typical upswing that occurs in the spring. Incentives and discounts are common. And developers continue to overbuild.



**Purchasing Managers Index** — Houston's economy continued to expand in April, but not as rapidly as in March. The overall Houston Purchasing Managers Index (PMI) registered 50.3 in April. Readings above 50 signal expansion, below 50 contraction. Manufacturing, with a PMI of 49.2, contracted, but more slowly. Non-manufacturing, with a PMI of 50.5 expanded, but not as fast as the month before.



**Sales and Use Tax** — Collections in the 121 Houston-area cities that collect the tax totaled \$696.6 million in Q1/24, up 0.2 percent from the \$695.5 million collected in Q1/23. Adjusted for inflation, however collections are down 3.5 percent.



**Unemployment** — The unemployment rates for metro Houston, Texas, and the nation fell between March and April. Houston's rate slipped from 4.3 to 3.8 percent, Texas from 4.1 to 3.5 percent, and the U.S. rate from 3.9 to 3.5 percent. The rates are not seasonally adjusted.



**Vehicle Sales** — Houston-area dealers sold 349,959 cars, trucks, and SUVs in the 12 months ending April '24, a 4.3 percent increase over the 335,745 sold over the comparable period in '23. Car sales rose 4.0 percent and truck and SUV sales 4.3 percent.

*Patrick Jankowski, Clara Richardson, and Leta Wauson contributed to this issue of Houston: The Economy at a Glance.*

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The Partnership also posts short videos updating viewers on the latest U.S. and local economic trends. You can find those videos on the Partnership's [LinkedIn](#) page.

## HOUSTON MSA NONFARM PAYROLL EMPLOYMENT (000)

	Change from				% Change from		
	April 24	March 24	April 23	March 24	April 23	March 24	April 23
<b>Total Nonfarm Payroll Jobs</b>	<b>3,437.4</b>	<b>3,418.3</b>	<b>3,356.7</b>	<b>19.1</b>	<b>80.7</b>	<b>0.6</b>	<b>2.4</b>
<b>Total Private</b>	<b>2,974.6</b>	<b>2,955.4</b>	<b>2,911.3</b>	<b>19.2</b>	<b>63.3</b>	<b>0.6</b>	<b>2.2</b>
<b>Goods Producing</b>	<b>545.2</b>	<b>542.8</b>	<b>535.3</b>	<b>2.4</b>	<b>9.9</b>	<b>0.4</b>	<b>1.8</b>
<b>Service Providing</b>	<b>2,892.2</b>	<b>2,875.5</b>	<b>2,821.4</b>	<b>16.7</b>	<b>70.8</b>	<b>0.6</b>	<b>2.5</b>
<b>Private Service Providing</b>	<b>2,429.4</b>	<b>2,412.6</b>	<b>2,376.0</b>	<b>16.8</b>	<b>53.4</b>	<b>0.7</b>	<b>2.2</b>
Mining and Logging	71.2	71.6	70.6	-0.4	0.6	-0.6	0.8
Oil & Gas Extraction	31.7	32.0	30.9	-0.3	0.8	-0.9	2.6
Support Activities for Mining	38.1	38.2	38.3	-0.1	-0.2	-0.3	-0.5
Construction	237.3	235.0	232.4	2.3	4.9	1.0	2.1
Manufacturing	236.7	236.2	232.3	0.5	4.4	0.2	1.9
Durable Goods Manufacturing	148.7	148.0	143.8	0.7	4.9	0.5	3.4
Nondurable Goods Manufacturing	88.0	88.2	88.5	-0.2	-0.5	-0.2	-0.6
Wholesale Trade	179.2	178.3	176.7	0.9	2.5	0.5	1.4
Retail Trade	318.3	316.3	316.6	2.0	1.7	0.6	0.5
Transportation, Warehousing and Utilities	188.3	189.5	187.8	-1.2	0.5	-0.6	0.3
Utilities	23.1	23.2	21.3	-0.1	1.8	-0.4	8.5
Air Transportation	22.6	22.6	22.2	0.0	0.4	0.0	1.8
Truck Transportation	30.0	30.0	30.5	0.0	-0.5	0.0	-1.6
Pipeline Transportation	14.1	14.2	13.4	-0.1	0.7	-0.7	5.2
Information	32.3	32.2	33.2	0.1	-0.9	0.3	-2.7
Telecommunications	11.4	11.3	11.5	0.1	-0.1	0.9	-0.9
Finance & Insurance	120.7	119.5	118.2	1.2	2.5	1.0	2.1
Real Estate & Rental and Leasing	66.8	66.8	67.5	0.0	-0.7	0.0	-1.0
Professional & Business Services	561.1	557.2	551.9	3.9	9.2	0.7	1.7
Professional, Scientific & Technical Services	278.8	278.0	273.1	0.8	5.7	0.3	2.1
Legal Services	32.1	32.1	31.0	0.0	1.1	0.0	3.5
Accounting, Tax Preparation, Bookkeeping	29.8	29.9	30.7	-0.1	-0.9	-0.3	-2.9
Architectural, Engineering & Related Services	75.5	74.8	72.0	0.7	3.5	0.9	4.9
Computer Systems Design & Related Services	41.1	40.9	42.2	0.2	-1.1	0.5	-2.6
Admin & Support/Waste Mgt & Remediation	235.8	232.8	232.5	3.0	3.3	1.3	1.4
Administrative & Support Services	222.7	220.0	219.7	2.7	3.0	1.2	1.4
Employment Services	79.8	79.3	82.7	0.5	-2.9	0.6	-3.5
Private Educational Services	75.6	75.2	71.9	0.4	3.7	0.5	5.1
Health Care & Social Assistance	392.6	391.2	372.5	1.4	20.1	0.4	5.4
Arts, Entertainment & Recreation	40.3	39.4	39.2	0.9	1.1	2.3	2.8
Accommodation & Food Services	321.6	316.2	315.8	5.4	5.8	1.7	1.8
Other Services	132.6	130.8	124.7	1.8	7.9	1.4	6.3
Government	462.8	462.9	445.4	-0.1	17.4	0.0	3.9
Federal Government	34.5	34.2	33.1	0.3	1.4	0.9	4.2
State Government	97.3	96.9	93.8	0.4	3.5	0.4	3.7
State Government Educational Services	53.3	53.6	52.0	-0.3	1.3	-0.6	2.5
Local Government	331.0	331.8	318.5	-0.8	12.5	-0.2	3.9
Local Government Educational Services	230.1	230.6	221.2	-0.5	8.9	-0.2	4.0

SOURCE: Texas Workforce Commission