

THE ECONOMY AT A GLANCE

HOUSTON



GREATER HOUSTON
PARTNERSHIP.
Making Houston Greater.

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Table of Contents

Hurricane Beryl	1
New Business Announcements	3
Demographic Update	4
Employment Trends	5
Snapshot – Key Economic Indicators	6
Metro Houston Employment	7

HURRICANE BERYL

Hurricane Beryl made landfall near Matagorda, Texas as a Category 1 Hurricane around 4 a.m. Monday, July 8. The hurricane’s path took it through parts of Brazoria, Fort Bend, Harris, and Montgomery Counties. These four represent 90 percent of the region’s 7.5 million residents.

Hurricane Beryl was primarily a wind event, with most of the damage caused by fallen trees and downed power lines. Maximum sustained winds were 80 miles per hour (mph). By comparison, maximum sustained winds for Hurricane Ike were 110 mph and for Hurricane Harvey 115 mph. The Texas A&M Forest Service estimates that Hurricane Beryl affected 50 percent of Houston's urban tree coverage.

Beryl passed through Houston in half a day, unlike Harvey which stalled over Houston and dropped rain for five days. Beryl’s short duration helped limit property damage. Local rainfall was four to eight inches, with 10 to 15 inches in a few isolated spots. Ike dropped six to 10 inches on the region and Harvey 30 to 60 inches.

Power Outages

Beryl knocked out electrical power to nearly 2.3 million CenterPoint customers, about 81 percent of its base. The company lost 20,000 utility poles during the storm. By comparison, 2.2 million customers lost power during Ike. Power outages exceeded 1.7 million statewide for Harvey.

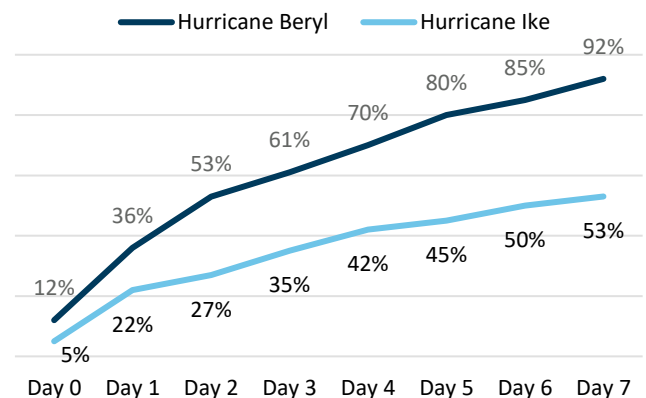
To put Beryl’s 2.3 million outages in perspective, metro Houston had a population of 5.7 million when Ike hit. During Harvey, Houston’s population topped 6.9 million. As of July 1, 2023 (latest data available), the region had 7.5

million residents. Given Houston’s growth over the past 12 months, the region’s population likely topped 7.6 million residents during Beryl.

Service Restoration

CenterPoint restored service to 53 percent of its impacted customers within 48 hours and to 92 percent within seven days. By comparison, with Ike 53 percent of CenterPoint’s customers had their power restored within seven days. Comparable numbers for Hurricane Harvey are not readily available.

Service Restoration, CenterPoint Customers



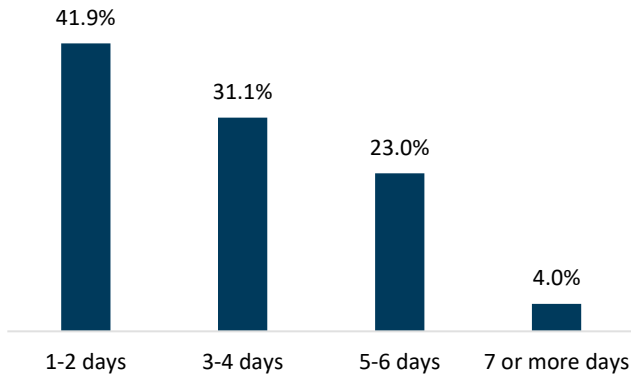
Source: CenterPoint Energy

Property Damage

CoreLogic, a property analytics firm, estimates wind damage claims at \$2.5 billion to \$3.5 billion due to Beryl. That’s for the entire U.S., not just Houston. Moody’s estimates the losses at \$2.5 billion to \$4.5 billion, with \$3.7 billion as the best estimate. Moody’s estimate includes property damage and business interruption losses. Again, that’s for the entire U.S. By comparison, Hurricane Ike’s losses are estimated at \$39 billion and Hurricane Harvey’s at \$160 billion, after adjusting for inflation.

Immediately after the storm, the Greater Houston Partnership asked its members about the impact Hurricane Beryl had on their operations. Eighty members responded to the survey. Most had reopened in four days or less. Only a handful were still closed a week later.

Days of Halted Operations Due to Beryl



Source: Greater Houston Partnership Member survey

When asked about the specific impacts of the storm:

- 91.3 percent reported they had employees who were unable to report to work,
- 68.8 percent temporarily halted operations,
- 41.3 percent lost sales or revenues,
- 30.0 percent reported damage to their buildings,
- 28.8 percent had delayed shipments or deliveries,
- 21.3 percent suffered equipment damage, and
- 10.0 percent reported inventory losses.

When asked how quickly they returned to normal staffing levels:

- 18.8 percent reported within one to two days,
- 37.5 percent reported within three to five days, and
- 40.0 percent reported within one week.

None of the respondents reported water in their facilities. Only 40 percent reported wind damage. Houston has invested roughly \$10 billion in flood mitigation projects since Hurricane Harvey which helped to minimize damage.

The vast majority (91.1 percent) of respondents indicated the storm will have no long-term impact on their ability to conduct business.

Local Infrastructure

Hurricane Beryl disrupted operations at Bush Intercontinental and Hobby Airports, leading to flight cancellations in the late morning and early afternoon. The airports resumed normal operations within four hours of the storm’s passing.

Port Houston reopened 48 hours after the storm. The port extended operating hours and cleared all delayed cargo movements within a week.

Several refineries reduced operations or shut down units ahead of the storm, but these outages were indiscernible from normal seasonal patterns. There was similar

feedback from the chemical sector, though some damage to minor units was reported.

Impacts to area rail and trucking centered on power outages at warehouses, but most were restored within a few days. There were no reports of roads or bridges washed out due to the storm.

Consumer Impact

Activity at Houston-area restaurants fell 81 percent, as measured by the number of seats occupied, according to restaurant reservation service OpenTable. Some restaurants rolled out their food trucks and served their customers from the parking lot. One week later, activity was still down 21 percent. Activity returned to normal levels by July 17.

Though there were long lines at some service stations, data from the U.S. Energy Information Administration indicates gasoline prices remained stable. There were no reported supply shortages.

Demand for hotel rooms jumped as linemen arrived from out of town to assist CenterPoint and as Houston families sought refuge from the heat and humidity. According to Houston First, hotel occupancy jumped to 72.2 percent the week Beryl hit, up from 58.8 percent the same week the year prior.

The Houston Association of Realtors reports that in the week Beryl hit:

- New property listings were down 34.6 percent compared to the same week the prior year.
- Closings were 27.5 percent below '23.
- Showings were down 38.4 percent.

The following week listings were up 1.5 percent, closings were down only 6.8 percent and showings were down 8.1 percent. It’s unclear how much of the drop is due to Beryl and how much to the ongoing struggles in the housing sector.

Employment Impact

Beryl’s impact on employment won’t be known until July employment data is released on August 16. Even then, the impact may be difficult to discern from seasonal patterns. Houston always sheds 15,000 to 30,000 jobs mid-year as teachers between employment contracts impact the overall jobs numbers.

Initial claims for unemployment insurance more than doubled, from an average of 4,175 in the four weeks prior to around 11,730 claims the week of the storm, a jump of roughly 7,500 claims. Houston’s labor force now exceeds

3.7 million, so the jump in claims represents only 0.2 percent of the region’s workforce. Initial claims dropped to around 7,600 the second week after the storm and in a few weeks should return to the pre-hurricane range of 3,500 to 4,000 per week.

Individual Impacts

Hourly workers and low-income households suffered the most from Beryl. Unless they had the opportunity to work overtime after the storm passed, the wages lost due to power outages will never be recouped. The loss of freezer and refrigerator contents for the second time in three months—the May derecho caused similar losses—piled more weight onto the burden of lost wages.

Most salaried employees continued to draw paychecks. However, the loss of power, internet, and cellphone services prevented them from working from home. Projects piled up, deadlines were missed, and work-related stress compounded weather-related stress.

Broader Perspective

Houston is not unique. Since January, the Federal Emergency Management Agency (FEMA) has issued 71 disaster declarations. These include flooding in Maine, mudslides in Oregon, winter storms in Washington, tornadoes in Ohio, windstorms in Florida, and wildfires in California.

Houstonians always assess the damage after any natural disaster and take steps to minimize the impact of future events. Tropical Storm Allison hit Houston in June ’01, inundating the Texas Medical Center (TMC), flooding basements, collapsing walls, and destroying critical research. TMC’s leadership studied the event and then implemented a mitigation plan. Walls were reinforced, storm doors added, drainage improved, and activities moved out of basements to upper floors. As a result, TMC suffered minimal damage from Ike, Harvey, and Beryl.

Events like Hurricane Beryl have the potential to impact Houston’s reputation in the short run, but in the long run, it’s how the region responds to natural disasters that matters. More work is still needed. However, flooding rarely comes up in economic development conversations, and when it does, companies are impressed with the region’s response to fixing the problem. As noted earlier, the region has invested \$10 billion in flood mitigation projects since Hurricane Harvey.

Finally, the region has a long history of overcoming weather events like Beryl. Since ’80, 18 named storms have hit the region. Over that time, metro Houston has

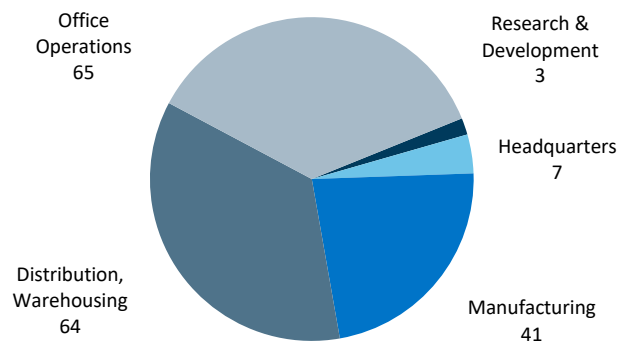
added 2.0 million jobs and 4.4 residents. Houston is resilient. Beryl won’t stop our growth.

NEW BUSINESS ANNOUNCEMENTS

The Greater Houston Partnership has identified 180 businesses that established new operations, relocated to, or expanded operations here in Q2/24. The bulk of activity, 148 projects, involved companies expanding operations and adding jobs. Another 32 established new facilities in the region.

Project announcements during Q2/24 fell into five categories: distribution and warehouse, headquarters, manufacturing, office, and research and development.

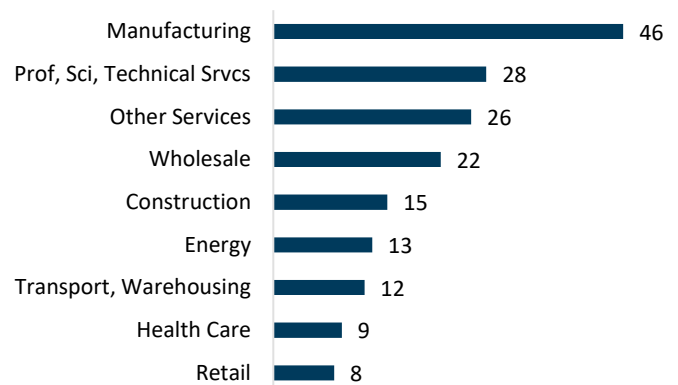
NEW BUSINESS ANNOUNCEMENTS BY TYPE



Source: Greater Houston Partnership Research

A quarter of the announcements involved companies in manufacturing, including solar panels, batteries, chemicals and medical equipment. Professional, scientific, and technical services accounted for the next largest share.

ANNOUNCEMENTS BY INDUSTRY



Source: Greater Houston Partnership Research

To be included in the Partnership’s count, a project must disclose at least one of the following: jobs created, capital investment, or square footage of office or industrial space

leased. Only a small fraction of the projects disclosed more than one of these values, so a full analysis of capital investment, employment, and square footage associated with these projects is not available.

DEMOGRAPHIC UPDATE

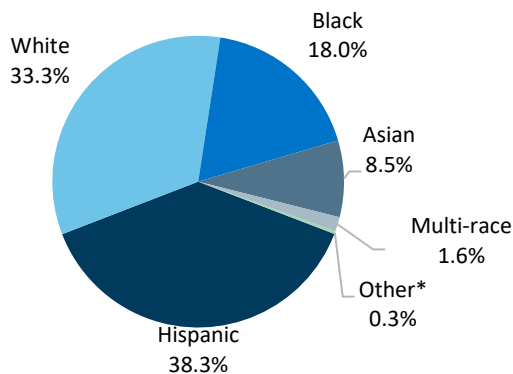
Hispanics contributed the most to metro Houston’s population gains last year, followed by Blacks, Asians, and people of two or more races. The White population was flat. That’s according to newly released population estimates from the U.S. Census Bureau.

Race/Ethnic Group	New Residents	% of Total
Hispanic	74,310	53.2
Black	36,908	26.4
Asian	22,466	16.1
Two or More Races	5,725	4.1
Other	365	0.3
White	15	0.0
Total	139,789	100.0

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

The Houston-Pasadena-The Woodlands metro area gained more Hispanic residents (74,310) than any other U.S. metro. Among counties, Harris County gained more Hispanic (39,815) and Black residents (15,775) than any other county. Harris now has the nation’s second-largest Hispanic (2,130,515) and second-largest Black populations (954,859) in the U.S. Los Angeles County, CA ranked first in Hispanic (4,695,902), and Cook County, IL first in Black (1,857,682) populations.

Metro Houston Race and Ethnicity as of Mid-Year '23



* Includes Native American, Alaskan Native, Native Hawaiian, and Pacific Islanders.

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

The table which follows breaks down the metro Houston population by race, ethnicity and gender as of mid-'23.

Houston-Pasadena-The Woodlands Race, Ethnicity, Gender

Race/Ethnicity	# Residents	% Metro Pop
Hispanic	2,878,417	38.3
Male	1,462,184	19.5
Female	1,416,233	18.9
White	2,500,061	33.3
Male	1,248,053	16.6
Female	1,252,008	16.7
Black	1,351,078	18.0
Male	634,561	8.4
Female	716,517	9.8
Asian	636,957	8.5
Male	310,102	4.1
Female	326,845	4.4
Two or more races	122,757	1.6
Male	60,740	0.8
Female	62,017	0.8
Other*	20,993	0.3
Male	10,272	0.1
Female	10,721	0.1
Total	7,510,253	100.0
Male	3,725,912	49.6
Female	3,784,341	50.4

* Native American, Alaskan Native, Native Hawaiian and Pacific Islanders.

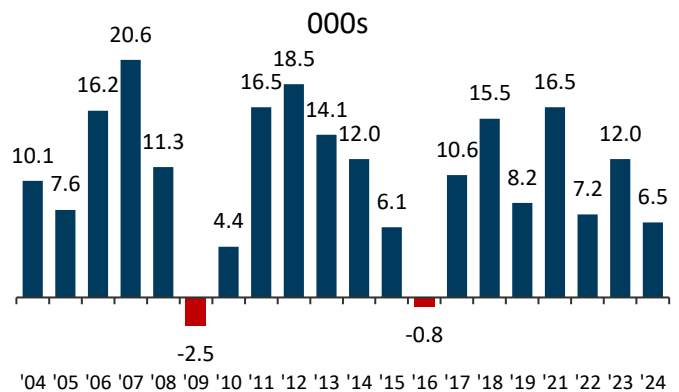
Note: Totals may not sum evenly due to rounding.

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

EMPLOYMENT TRENDS

Houston created 6,500 jobs in June. Over the past 20 years, the month has logged losses of 2,500 and gains of 48,000. Such wide swings make it difficult to determine what’s typical for the month, but if one excludes the five best and worst Junes of the past 20 years, growth should fall between 7,000 and 16,000 jobs. Last month’s tepid gains suggest growth has slowed in the region.

Historic Job Gains in the Month of June

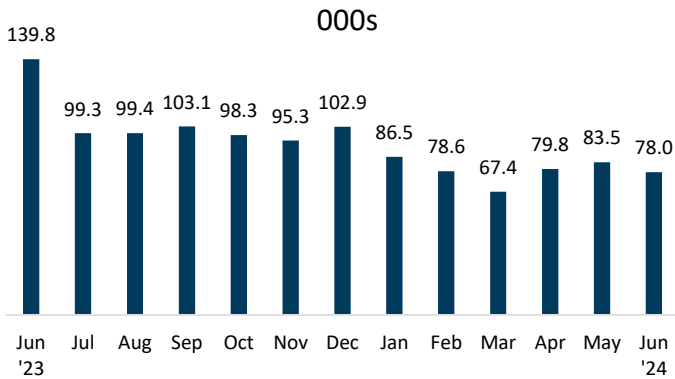


* June '20 not included because job gains that month (48,000) reflect businesses reopening after mandated pandemic closures had been lifted, not long-term trends in the economy.

Source: U.S. Bureau of Labor Statistics

In the 12 months ending June '24, the region created 78,000 jobs. That's down considerably from the 139,800 created over the comparable period in '23 and another sign of slowing growth.

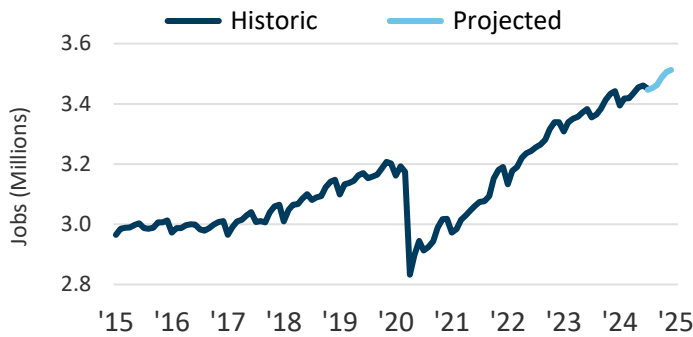
JOBS CREATED, PRECEDING 12 MONTHS, METRO HOUSTON



Source: Texas Workforce Commission

Payroll employment hit 3,460,900 in June. Even as growth weakens, the region should top 3.5 million jobs by December and finish the year with a record number of jobs.

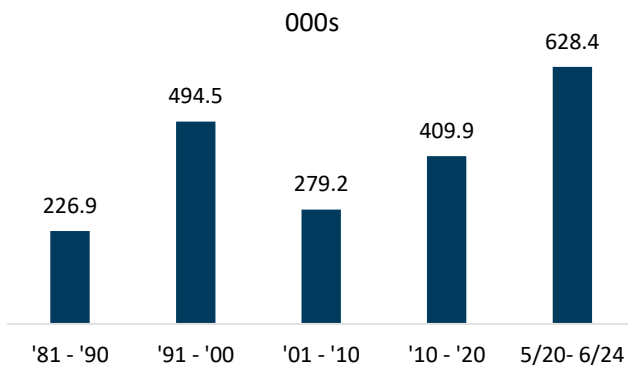
PAYROLL EMPLOYMENT, METRO HOUSTON



Source: Texas Workforce Commission

Metro Houston has created 628,400 jobs since May '20 when the economy began to reopen in the early stages of the pandemic. To put that in perspective, that exceeds the job growth for any of the past four decades.

Job Growth by Decade, Metro Houston



Source: Partnership calculations based on Texas Workforce Commission data

Every sector has recovered the jobs lost in the pandemic. Energy was the last holdout.

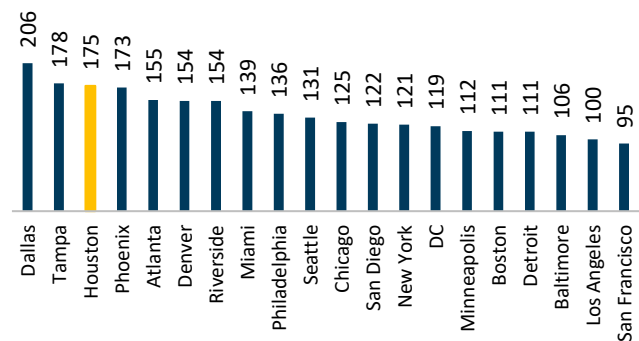
Metro Houston Job Gains Since May '20

Sector	Jobs	Sector	Jobs
Restaurants, Bars	128,000	Finance, Insurance	18,200
Health Care	81,600	Wholesale Trade	18,000
Retail Trade	53,900	Government (excl. Ed.)	17,000
Other Services	48,700	Private Education	16,300
Prof, Sci, and Tech Svcs	46,700	Manufacturing	15,100
Admin Services	43,500	Accommodation	10,700
Transport, Warehousing	32,800	Real Estate	10,000
Construction	31,100	Utilities	6,100
Arts, Entertain, Rec	24,300	Information	4,300
Public Education	20,500	Energy	0

Source: Partnership calculations based on Texas Workforce Commission data

Houston has logged one of the strongest recoveries from the pandemic of any major metro. The region has recouped 174.9 percent of the jobs lost, ranking third in the nation.

% Pandemic Job Losses Recovered, 20 Largest U.S. Metros



Source: Partnership calculations based on Texas Workforce Commission data

Metro Houston ranked third in job growth over the past 12 months. Only metro New York and Los Angeles with populations substantially larger than Houston created more jobs.

Job Growth, June '23 – June '24, Most Populous U.S. Metros

Metro	Jobs	Metro	Jobs
New York	120,800	Seattle	25,000
Los Angeles	84,000	Tampa	22,900
Houston	78,000	Boston	19,900
Miami	72,700	San Diego	8,700
Dallas	64,000	Detroit	7,300
Philadelphia	61,100	San Francisco	6,200
Phoenix	49,000	Minneapolis	4,700
Atlanta	37,000	Chicago	1,200
Riverside	31,100	Baltimore	-1,500
Washington, DC	29,200	Denver	-11,000

Source: Texas Workforce Commission

KEY ECONOMIC INDICATORS

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



Construction — Over \$19.4 billion in construction contracts were awarded in the Houston area through the first five months of this year. That's up 64.3 percent from the \$11.8 billion awarded over the comparable period in '23. Residential, non-residential and non-building awards were all up compared to last year.



Home Sales — Brokers closed on 7,718 single-family homes in June, an 11.6 percent dip from June of last year. This was the second month in a row for home sales to fall below last year's levels. Year-to-date, sales are at their lowest level in five years, except for the drop seen in the early days of the pandemic.



Hotels — Hotel occupancy in Houston rose in June 2024 compared to June 2023, leading to an increase in revenue per available room (RevPAR). Additionally, the average daily rate (ADR), another key metric of financial health, also saw an increase compared to last year.



Industrial Space — The demand for industrial/warehouse space in Houston continues to decline. In Q4/22, the vacancy rate was at a low of 5.1 percent but has since increased to 7.7 percent in Q2/24.



Inflation — Inflation nationwide was flat in June and rose 3.0 percent over the year. In Houston, the annual inflation rate was 2.1 percent.



Multifamily — Apartment occupancy across all property classes ticked up in recent months. This reflects a seasonal pattern, not a fundamental shift in the market. Rents and occupancies remain below where they were this time last year.



Office Space — Houston's office market recorded 244,681 square feet (SQF) of net absorption in Q2/24, up from 88,423 SQF in Q2/23. In Q1, however, the market logged 743,599 SQF of negative absorption, leaving the market with 301,696 SQF negative net absorption so far this year.



Purchasing Managers Index — Houston's economy expanded at a slightly faster pace in June than May, according to the most recent Houston Purchasing Managers Index. Manufacturing, after contracting for three consecutive months, is expanding again. Non-manufacturing expanded at the same pace as the month before.



Retail — Houston's retail real estate market boasts the healthiest performance among the city's commercial real estate sectors. Retail vacancy rates remain low. Merchants continue to absorb space, although at a slower pace than in '23. Rents remain stable. And overbuilding is not a concern.



Sales and Use Tax — Sales and use tax collections in the 121 Houston-area cities that collect the tax totaled \$961.2 million during the first four months of '24, up 0.5 percent from the \$956.5 million collected over the comparable period in '23. Adjusted for inflation, however, collections are down 2.8 percent.



Unemployment — Houston's unemployment rate jumped from 4.0 percent in May to 4.8 percent in June. The jump was expected. The rate always rises in June as high school and college students seeking summer employment temporarily enter the workforce and as recent high school and college grads permanently enter the workforce. Houston economy is still growing but at a slower pace.



Vehicle Sales — Houston-area dealers sold 346,979 cars, trucks, and SUVs in the 12 months ending June '24, a 2.9 percent increase over the 337,282 sold over the comparable period in '23. Car sales rose 2.4 percent and truck and SUV sales 3.0 percent.

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

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HOUSTON MSA NONFARM PAYROLL EMPLOYMENT (000)

	June 24	May 24	June 23	Change from		% Change from	
				May 24	June 23	May 24	June 23
Total Nonfarm Payroll Jobs	3,460.9	3,454.4	3,382.9	6.5	78.0	0.2	2.3
<i>Total Private</i>	<i>3,002.2</i>	<i>2,990.9</i>	<i>2,941.1</i>	<i>11.3</i>	<i>61.1</i>	<i>0.4</i>	<i>2.1</i>
<i>Goods Producing</i>	<i>555.0</i>	<i>550.3</i>	<i>538.1</i>	<i>4.7</i>	<i>16.9</i>	<i>0.9</i>	<i>3.1</i>
<i>Service Providing</i>	<i>2,905.9</i>	<i>2,904.1</i>	<i>2,844.8</i>	<i>1.8</i>	<i>61.1</i>	<i>0.1</i>	<i>2.1</i>
<i>Private Service Providing</i>	<i>2,447.2</i>	<i>2,440.6</i>	<i>2,403.0</i>	<i>6.6</i>	<i>44.2</i>	<i>0.3</i>	<i>1.8</i>
Mining and Logging	72.1	72.2	70.7	-0.1	1.4	-0.1	2.0
Oil & Gas Extraction	32.5	32.3	31.4	0.2	1.1	0.6	3.5
Support Activities for Mining	38.2	38.4	37.9	-0.2	0.3	-0.5	0.8
Construction	244.6	240.0	232.3	4.6	12.3	1.9	5.3
Manufacturing	238.3	238.1	235.1	0.2	3.2	0.1	1.4
Durable Goods Manufacturing	150.0	150.0	171.2	0.0	-21.2	0.0	-12.4
Nondurable Goods Manufacturing	88.3	88.1	89.5	0.2	-1.2	0.2	-1.3
Wholesale Trade	179.1	179.7	178.5	-0.6	0.6	-0.3	0.3
Retail Trade	316.2	316.5	319.0	-0.3	-2.8	-0.1	-0.9
Transportation, Warehousing and Utilities	192.3	191.2	189.0	1.1	3.3	0.6	1.7
Utilities	23.1	23.2	22.0	-0.1	1.1	-0.4	5.0
Air Transportation	22.6	22.6	22.1	0.0	0.5	0.0	2.3
Truck Transportation	30.1	30.1	30.4	0.0	-0.3	0.0	-1.0
Pipeline Transportation	14.2	14.2	13.3	0.0	0.9	0.0	6.8
Information	32.6	32.7	33.6	-0.1	-1.0	-0.3	-3.0
Telecommunications	11.4	11.4	11.5	0.0	-0.1	0.0	-0.9
Finance & Insurance	121.5	120.7	118.9	0.8	2.6	0.7	2.2
Real Estate & Rental and Leasing	68.5	67.9	67.7	0.6	0.8	0.9	1.2
Professional & Business Services	563.1	561.4	557.1	1.7	6.0	0.3	1.1
Professional, Scientific & Technical Services	281.0	278.4	275.7	2.6	5.3	0.9	1.9
<i>Legal Services</i>	<i>32.7</i>	<i>32.2</i>	<i>32.2</i>	<i>0.5</i>	<i>0.5</i>	<i>1.6</i>	<i>1.6</i>
<i>Accounting, Tax Preparation, Bookkeeping</i>	<i>28.8</i>	<i>28.7</i>	<i>29.6</i>	<i>0.1</i>	<i>-0.8</i>	<i>0.3</i>	<i>-2.7</i>
<i>Architectural, Engineering & Related Services</i>	<i>77.0</i>	<i>75.8</i>	<i>73.8</i>	<i>1.2</i>	<i>3.2</i>	<i>1.6</i>	<i>4.3</i>
<i>Computer Systems Design & Related Services</i>	<i>40.8</i>	<i>41.0</i>	<i>41.6</i>	<i>-0.2</i>	<i>-0.8</i>	<i>-0.5</i>	<i>-1.9</i>
Admin & Support/Waste Mgt & Remediation	234.8	236.0	233.7	-1.2	1.1	-0.5	0.5
<i>Administrative & Support Services</i>	<i>221.8</i>	<i>222.9</i>	<i>220.9</i>	<i>-1.1</i>	<i>0.9</i>	<i>-0.5</i>	<i>0.4</i>
<i>Employment Services</i>	<i>79.5</i>	<i>80.8</i>	<i>80.6</i>	<i>-1.3</i>	<i>-1.1</i>	<i>-1.6</i>	<i>-1.4</i>
Private Educational Services	74.2	74.6	68.8	-0.4	5.4	-0.5	7.8
Health Care & Social Assistance	393.1	393.5	376.5	-0.4	16.6	-0.1	4.4
Arts, Entertainment & Recreation	42.5	42.3	43.5	0.2	-1.0	0.5	-2.3
Accommodation & Food Services	326.7	326.2	323.5	0.5	3.2	0.2	1.0
Other Services	137.4	133.9	126.9	3.5	10.5	2.6	8.3
Government	458.7	463.5	441.8	-4.8	16.9	-1.0	3.8
Federal Government	34.2	34.3	33.3	-0.1	0.9	-0.3	2.7
State Government	97.0	97.5	93.5	-0.5	3.5	-0.5	3.7
<i>State Government Educational Services</i>	<i>52.7</i>	<i>53.3</i>	<i>51.2</i>	<i>-0.6</i>	<i>1.5</i>	<i>-1.1</i>	<i>2.9</i>
Local Government	327.5	331.7	315.0	-4.2	12.5	-1.3	4.0
<i>Local Government Educational Services</i>	<i>225.7</i>	<i>230.0</i>	<i>215.6</i>	<i>-4.3</i>	<i>10.1</i>	<i>-1.9</i>	<i>4.7</i>

SOURCE: Texas Workforce Commission

