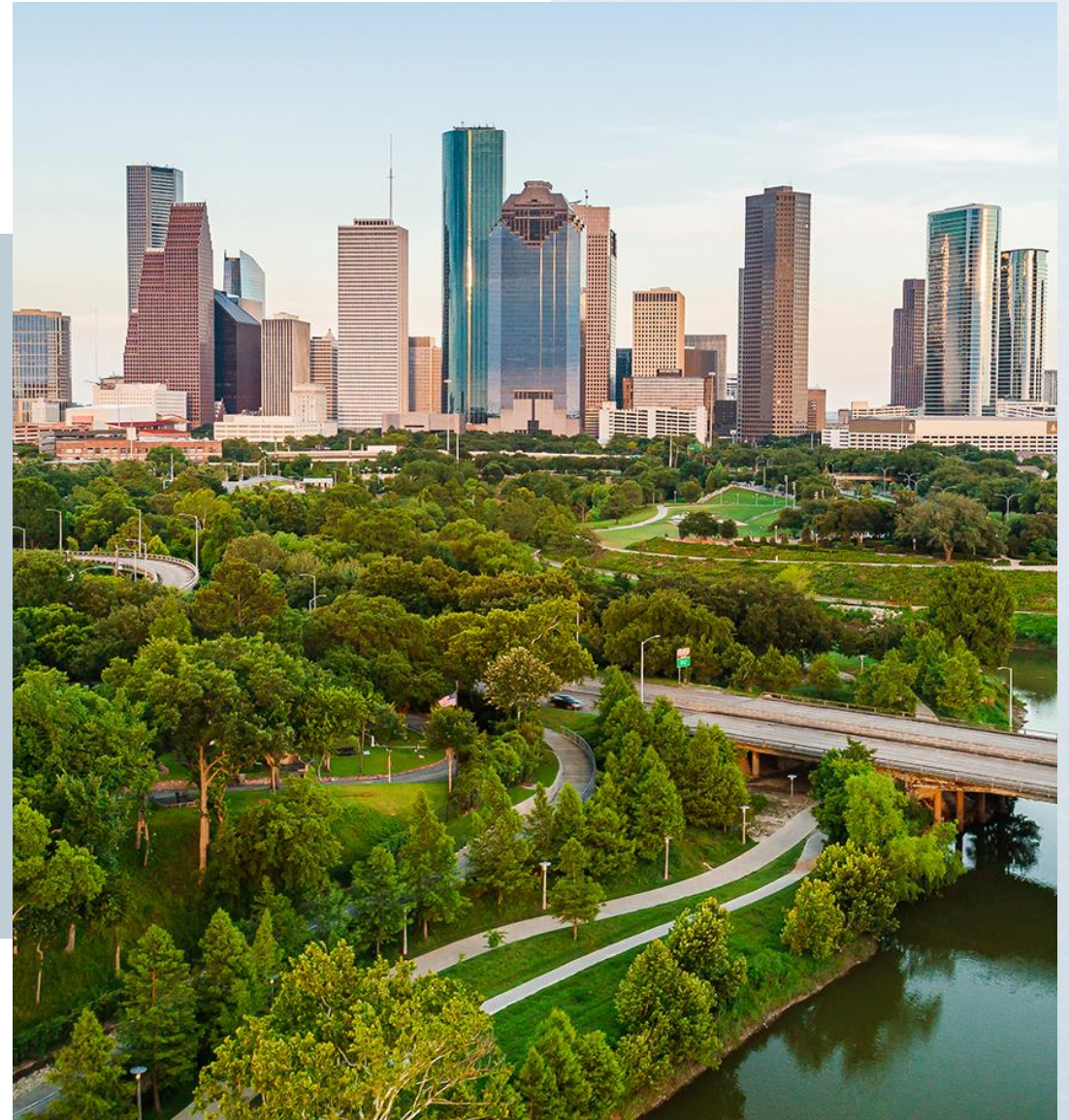


Metro Houston Economic Outlook

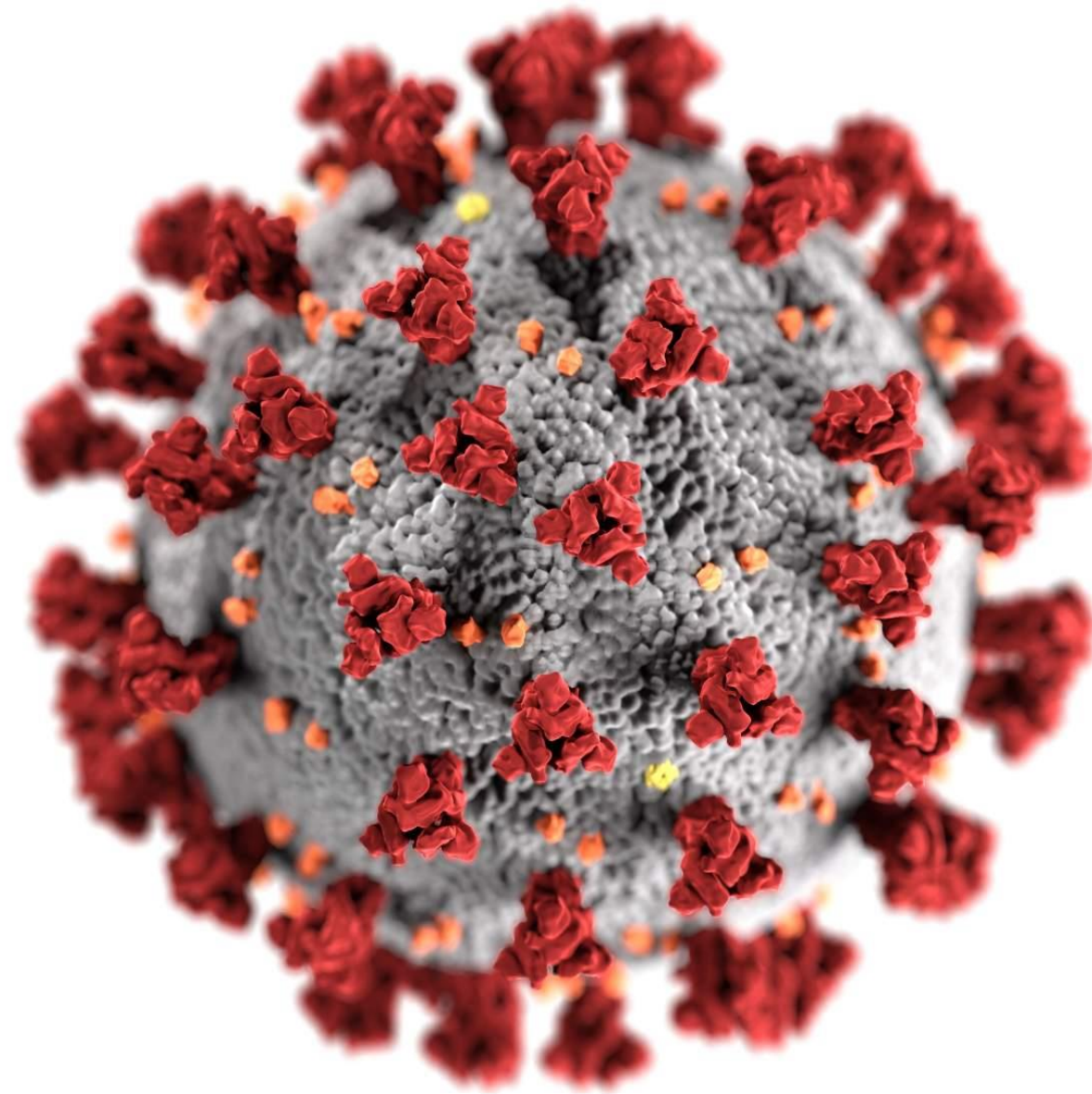
Patrick Jankowski

SVP, Research

January 20, 2022







COVID-19 in Metro Houston*

Infections

1,206,840

* March '20 – January '22

COVID-19 in Metro Houston*

Infections

1 in every 5.9 residents

* March '20 – January '22

COVID-19 Infections in Houston*



x 17

* March '20 – January '22

COVID-19 in Metro Houston*

Deaths

14,283

* March '20 – January '22

COVID-19 in Metro Houston*

Deaths

1 in every 499 residents

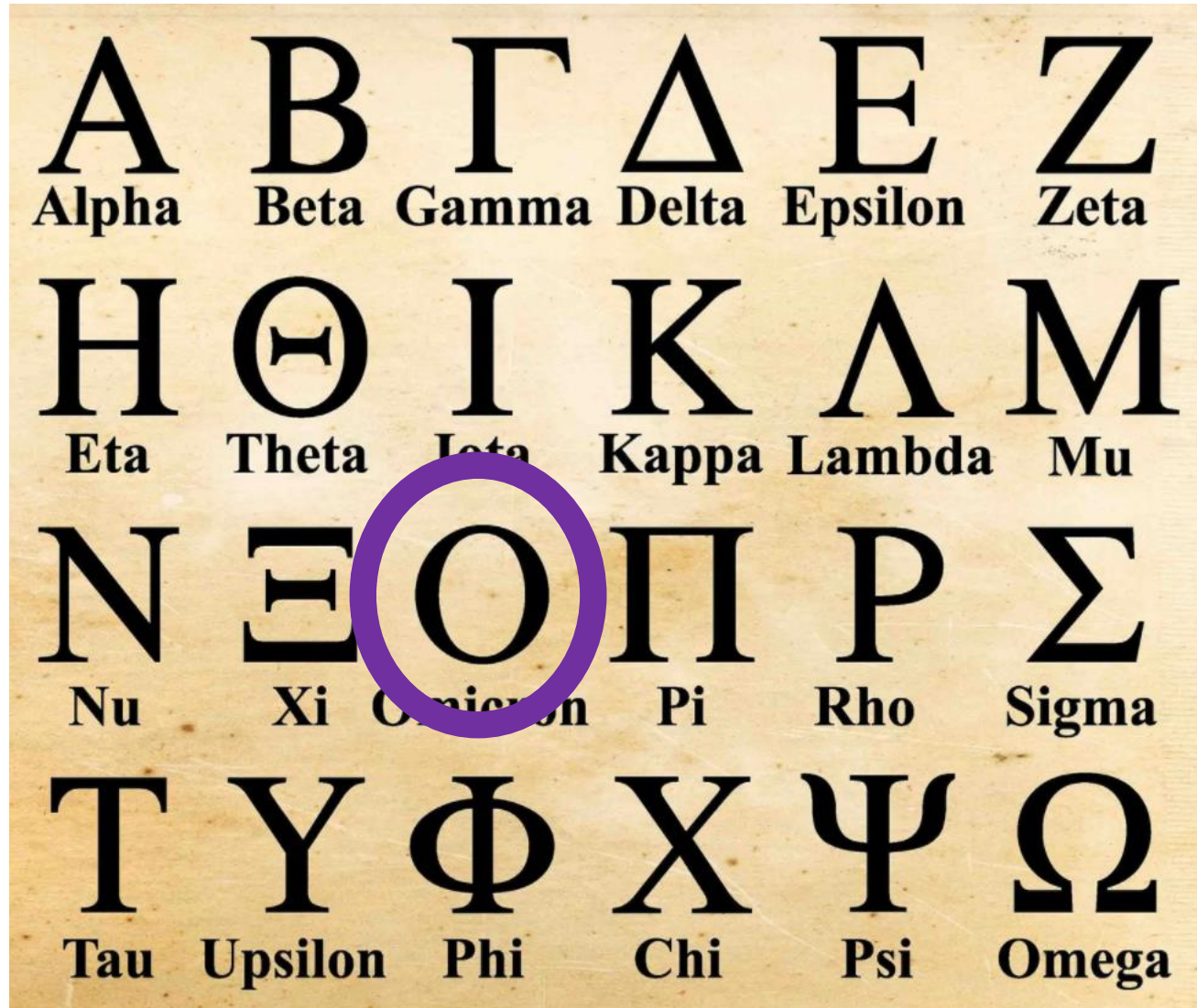
* March '20 – January '22

COVID-19 Deaths in Houston*



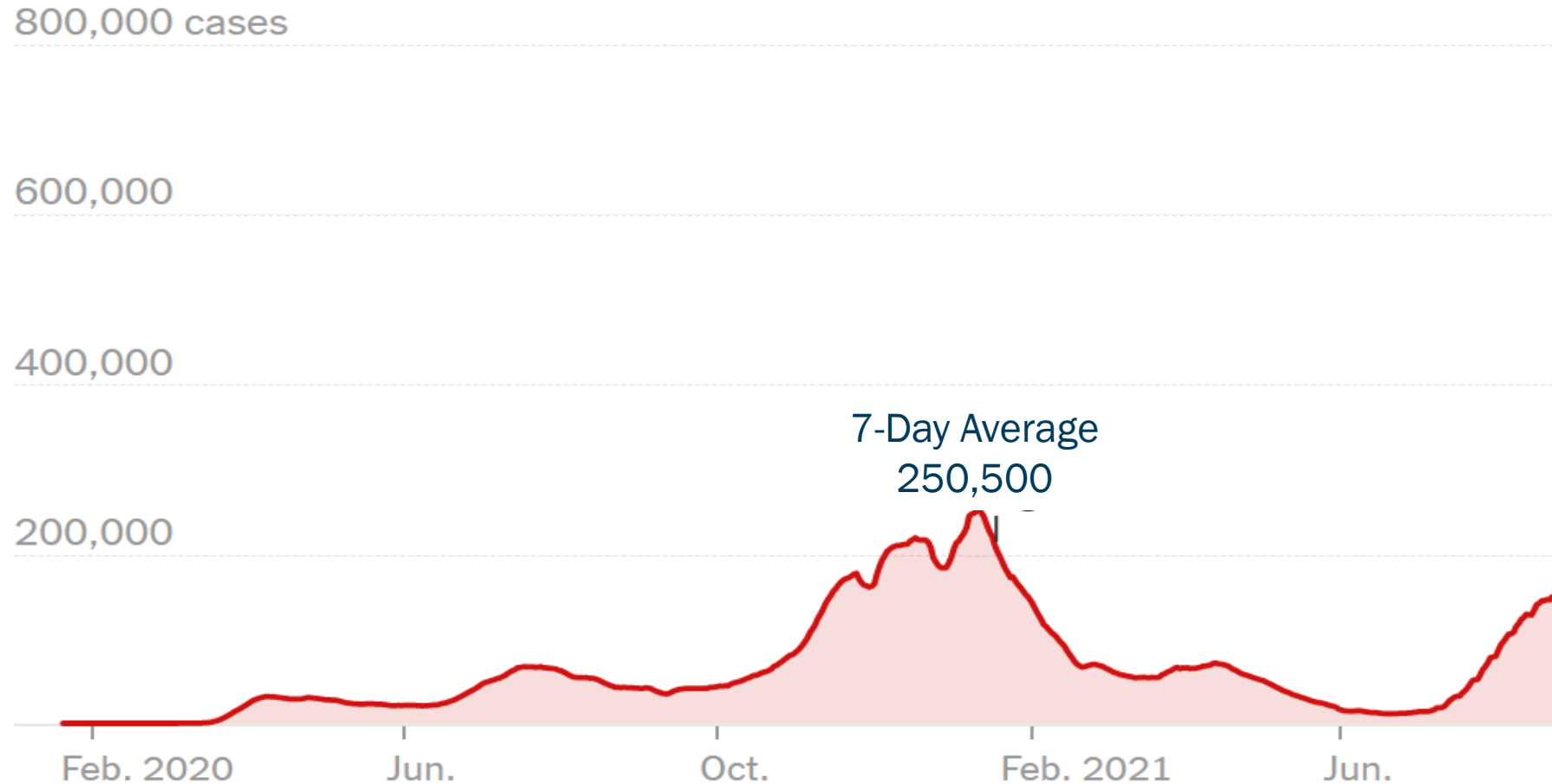
One death
every hour and
two minutes.

* March '20 – January '22



New Reported COVID Cases in the U.S.

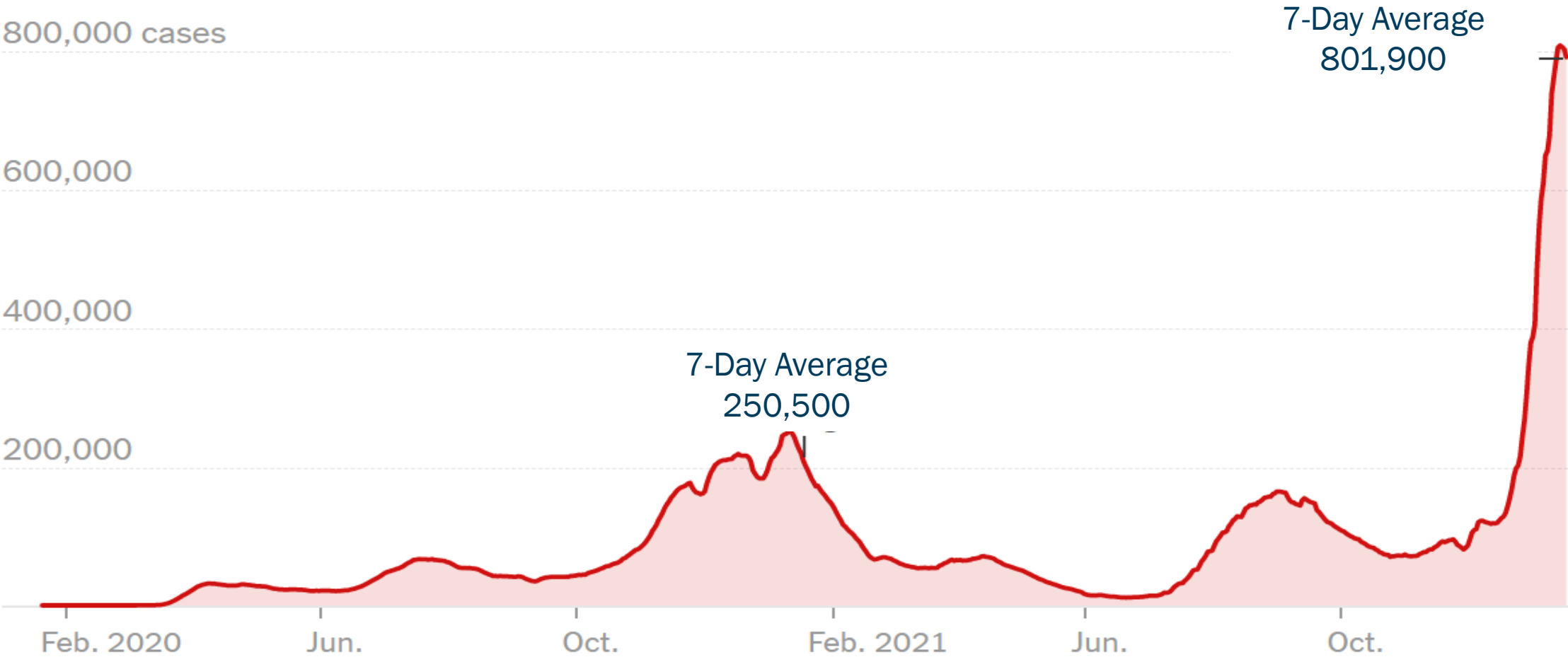
As of January 17, 2022



Source: *The New York Times*

New Reported COVID Cases in the U.S.

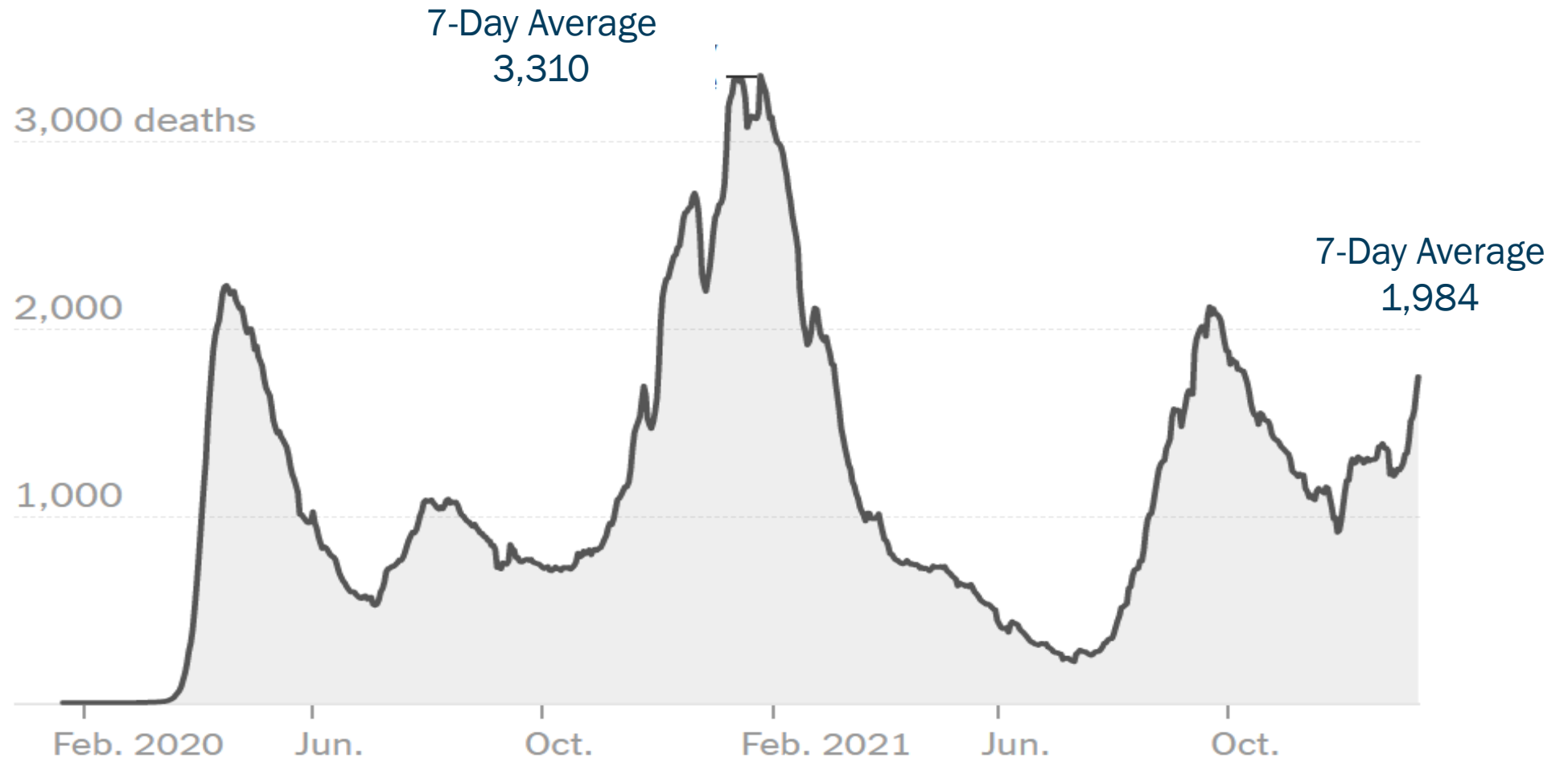
As of January 17, 2022



Source: *The New York Times*

Reported COVID Deaths in the U.S.

As of January 17, 2022



Source: *The New York Times*

“This variant is a cause
for concern, not a cause
for panic.”

President Joe Biden
November 29, 2021



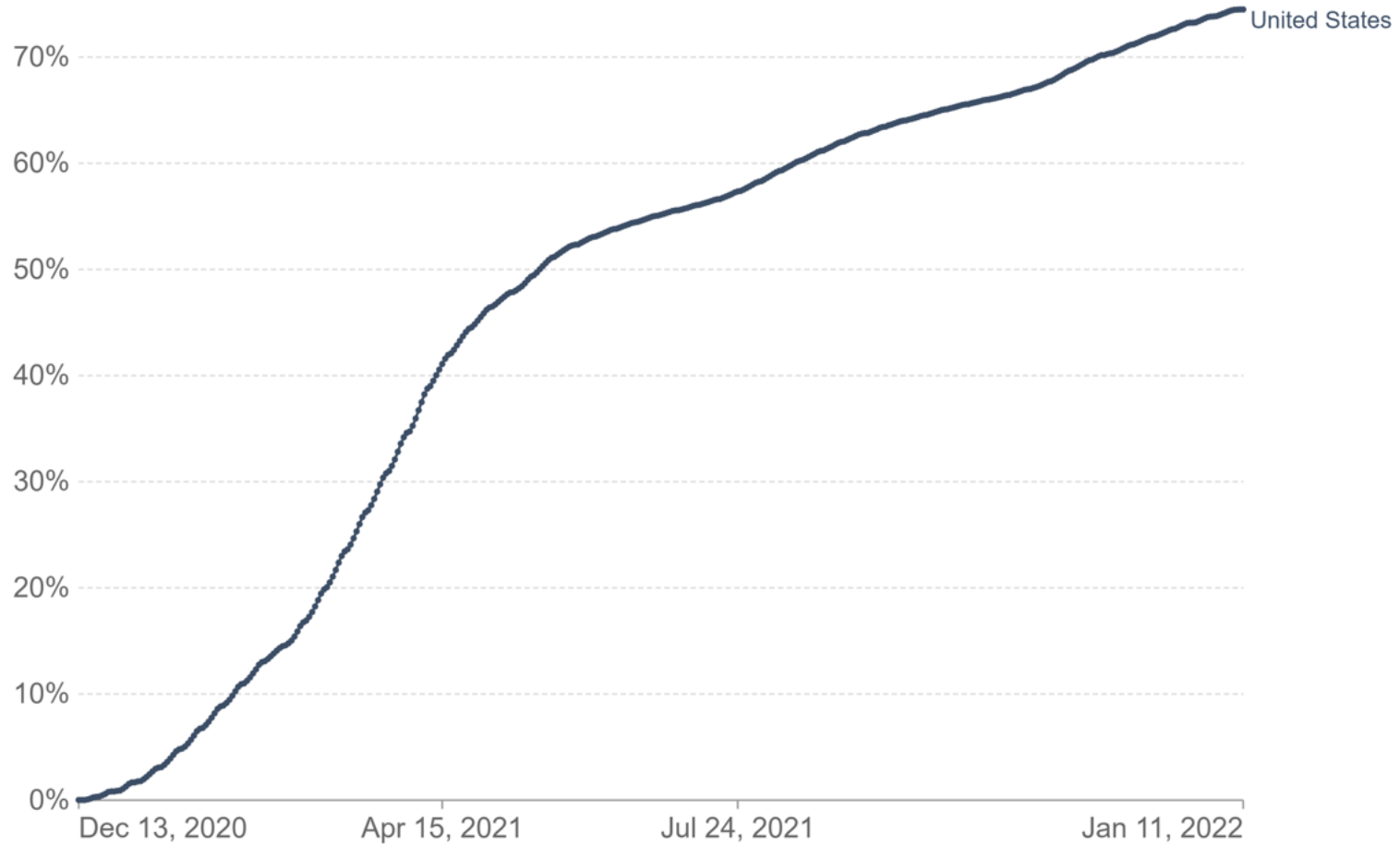




Omicron less severe than Delta but still poses danger for unvaccinated: WHO

Share of people who received at least one dose of COVID-19 vaccine

Total number of people who received at least one vaccine dose, divided by the total population of the country.



Source: Official data collated by Our World in Data

CC BY

**Each new variant has less
of an impact on the
economy.**

Percent of Pre-COVID Restaurant Reservations

Millions

69.0

75.0

88.0

First Post-Holiday Surge

Delta Surge

Omicron Surge



TSA Checkpoint Travelers, Jan 1 – 10 Each Year

Millions

22.1



'20

9.4



'21

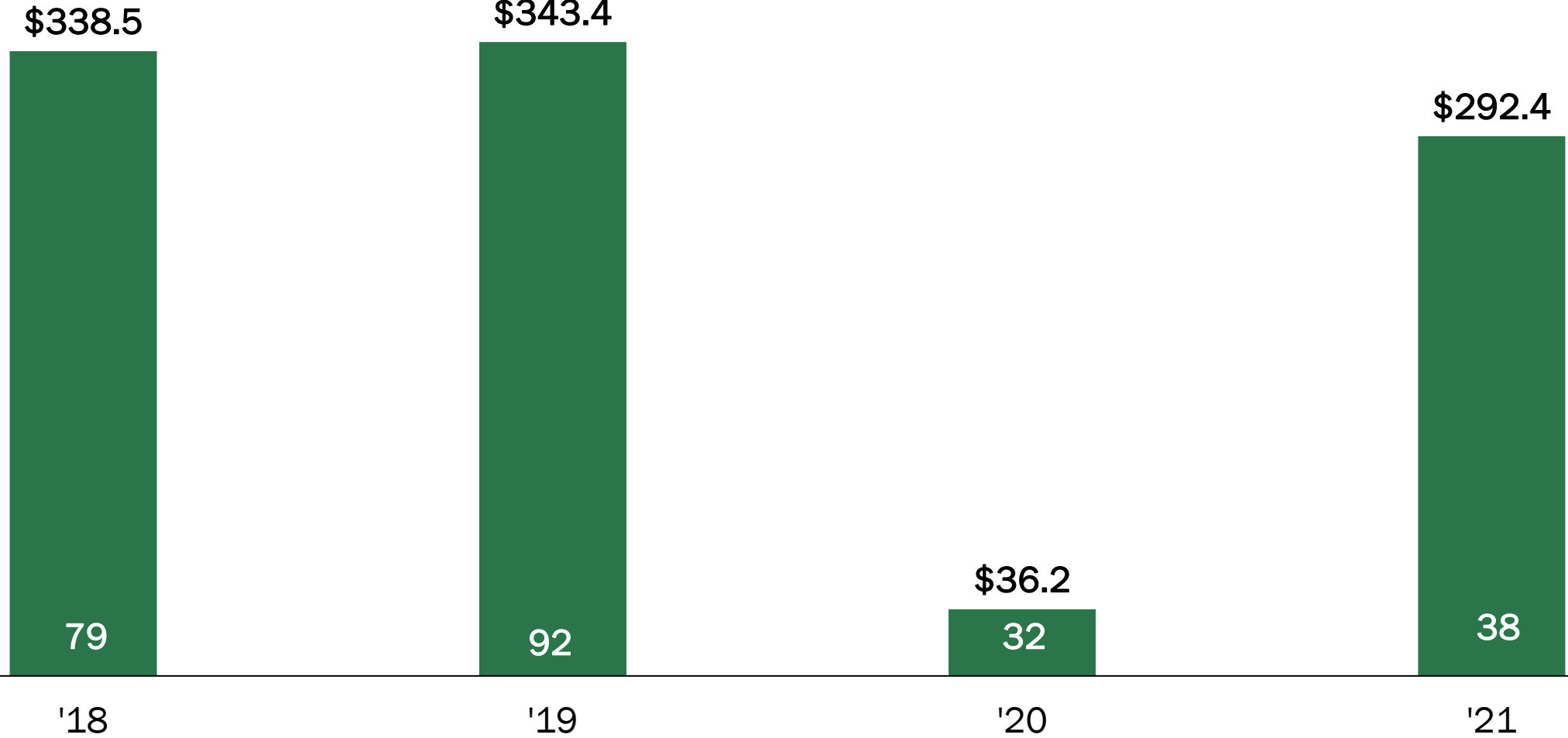
17.5



'22

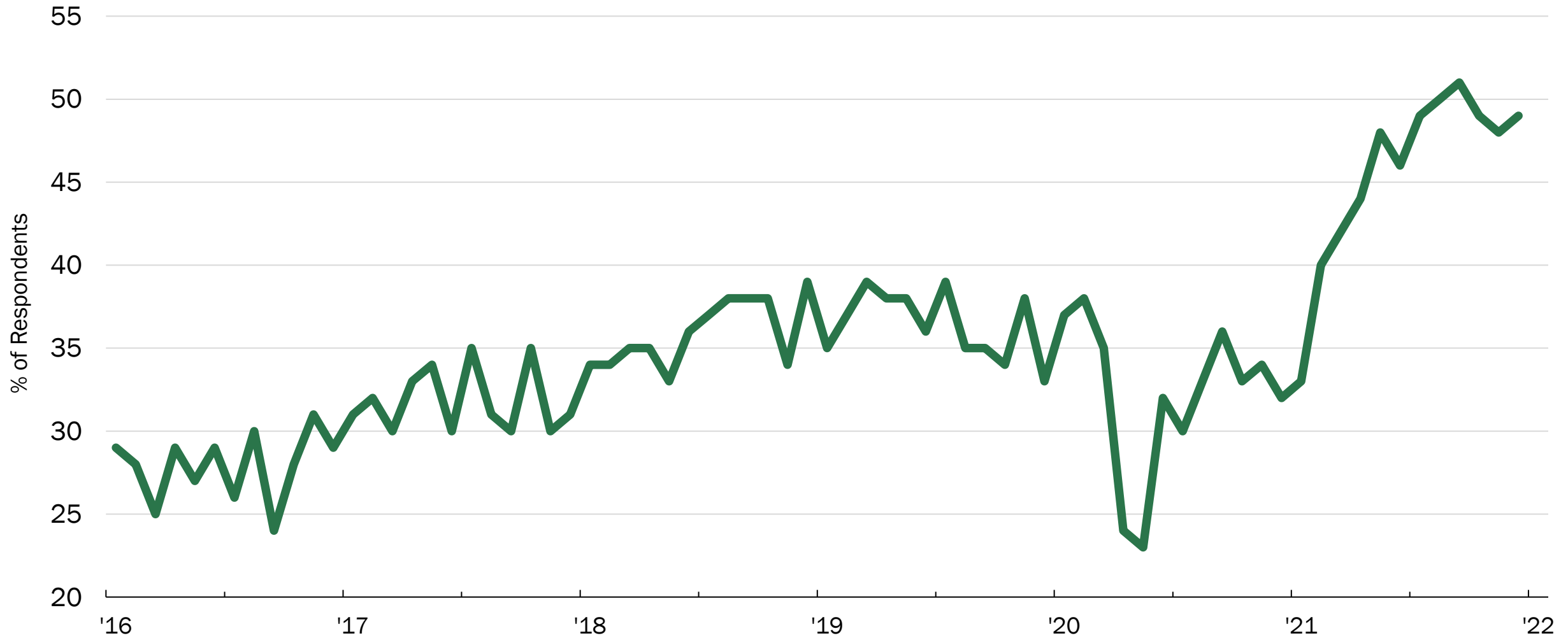
U.S. Box Office Gross, Last Week of December

Millions



**Significant layoffs are
unlikely.**

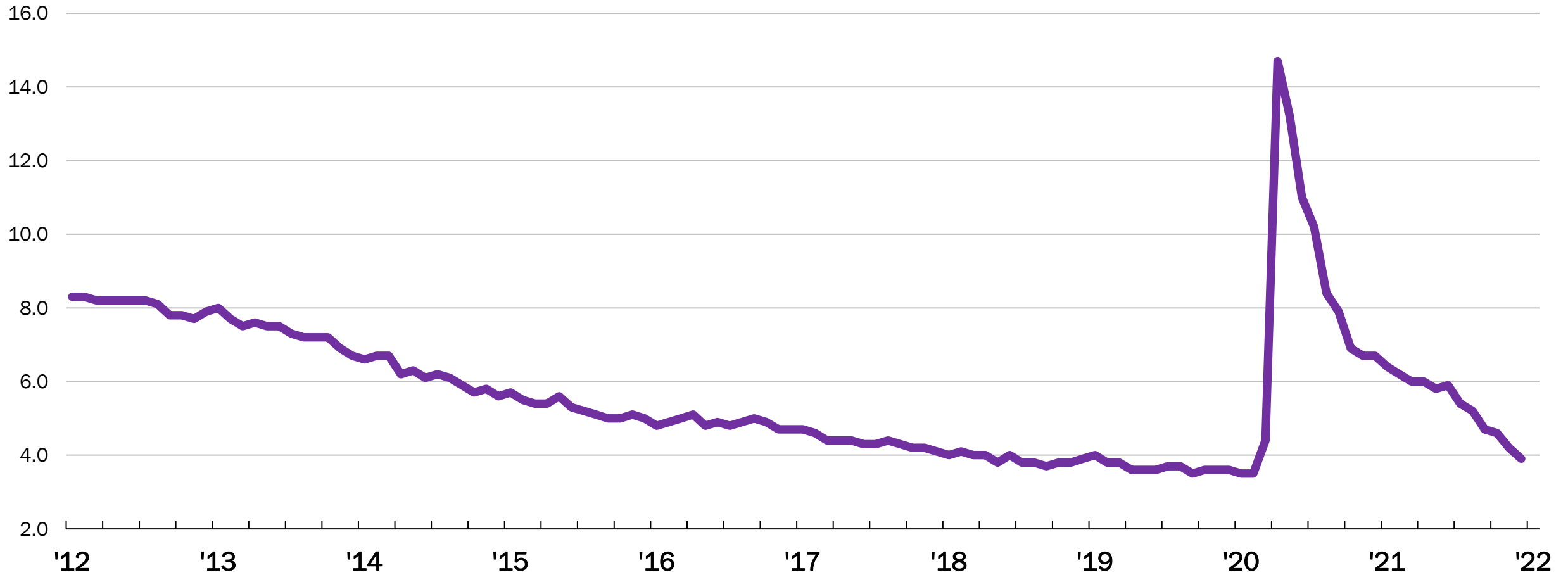
Small Businesses With Positions They Can't Fill



Source: National Federation of Independent Businesses December 2021 Member Survey

U.S. Unemployment Rate

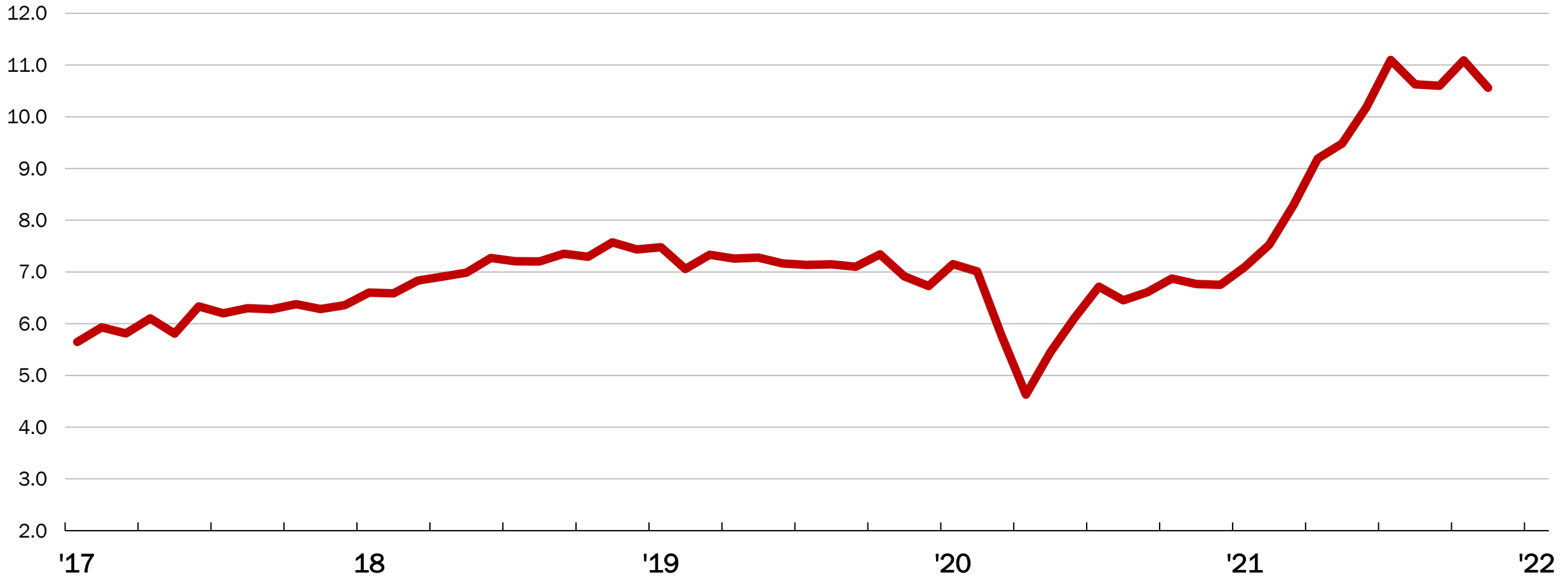
Millions



U.S, Bureau of Labor Statistics

U.S. Job Openings

Millions



Source: U.S Bureau of Labor Statistics

The impact may be
intense, but it should fade
quickly.



Covid: Half of Europe to be infected with Omicron within weeks - WHO





BUSINESS

Omicron and the Week America Is Calling In Sick

An estimated five million Americans could be stuck at home because of Covid-19, leaving many businesses short-handed.

THE WALL STREET JOURNAL.

THE WALL STREET JOURNAL.

China Covid-19 Lockdowns Hit Factories, Ports in Latest Knock to Supply Chains





US COVID cases may soon drop dramatically as omicron wave approaches its peak



Experts are seeing hopeful signs in the Boston area's COVID-19 wastewater data



Omicron may reach peak in Florida this week, according to experts



Omicron's hospital crush expected to peak in Colorado next week



Health experts warn omicron surge may peak soon



Silicon Valley Tech Signals Omicron Surge Has Peaked

Summary

- Omicron less severe than Delta

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- Omicron less severe than Delta
- Impact confined to Q1
- Sickouts bigger concern than layoffs
- Economic activity revs up as wave passes
- No impact on full-year growth
- U.S. GDP expands ≈ 4.0 percent in '22

THE WALL STREET JOURNAL.

U.S. Inflation Hit 7% in December, Fastest Pace Since 1982

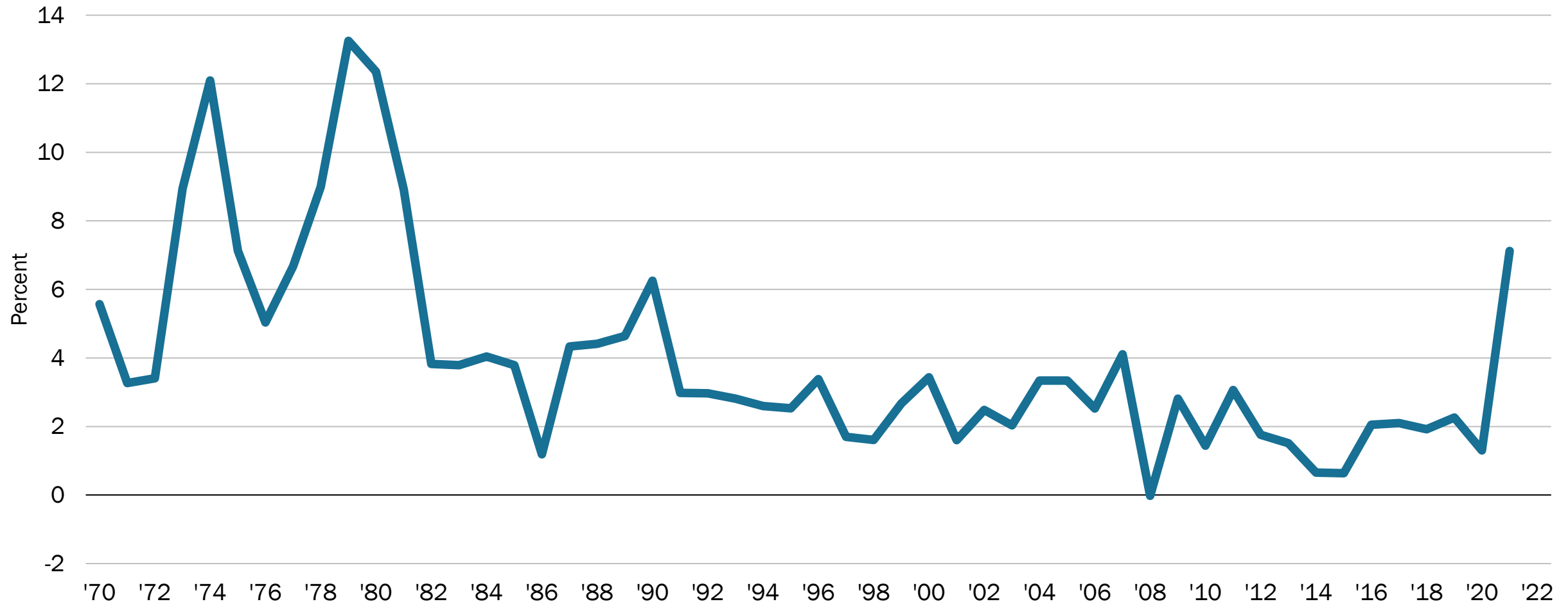


THE WALL STREET JOURNAL.

Inflation Surge Is on Many Executives' List of 2022 Worries

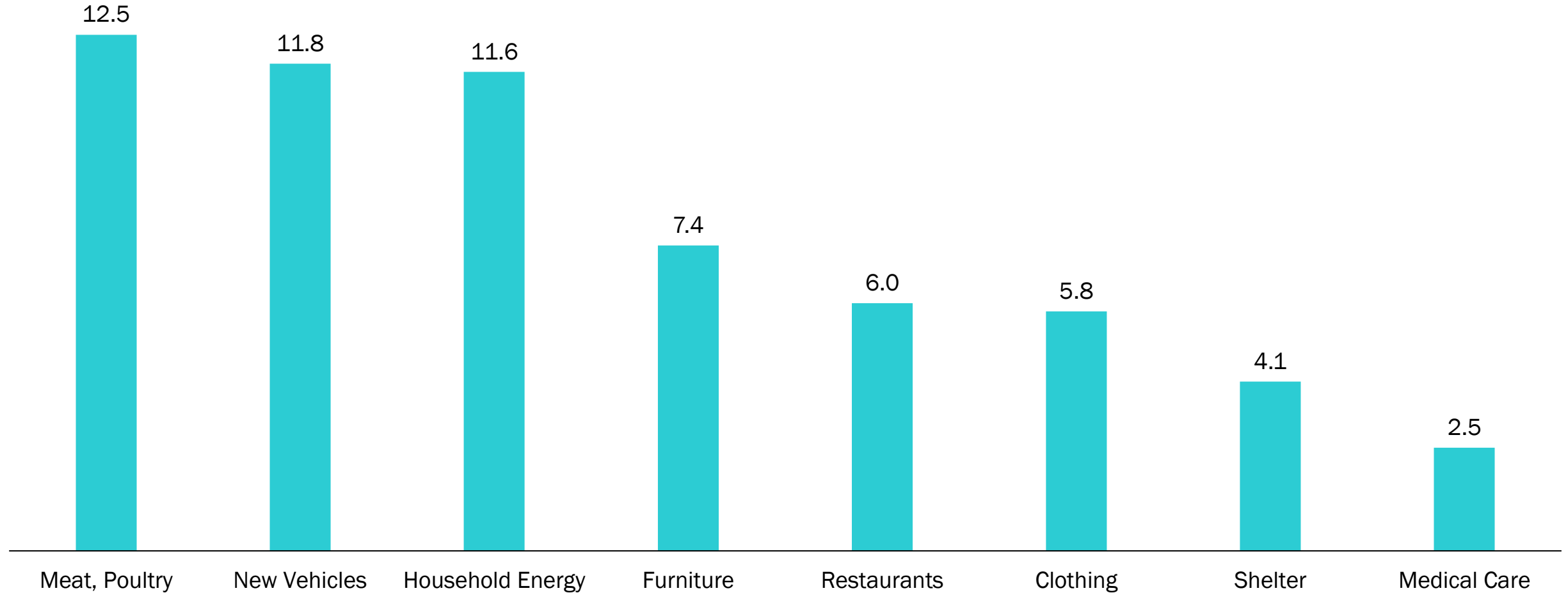


Annual U.S. Inflation Rate



Source: U.S. Bureau of Labor Statistics

Percent Change in Consumer Prices Since Dec '20



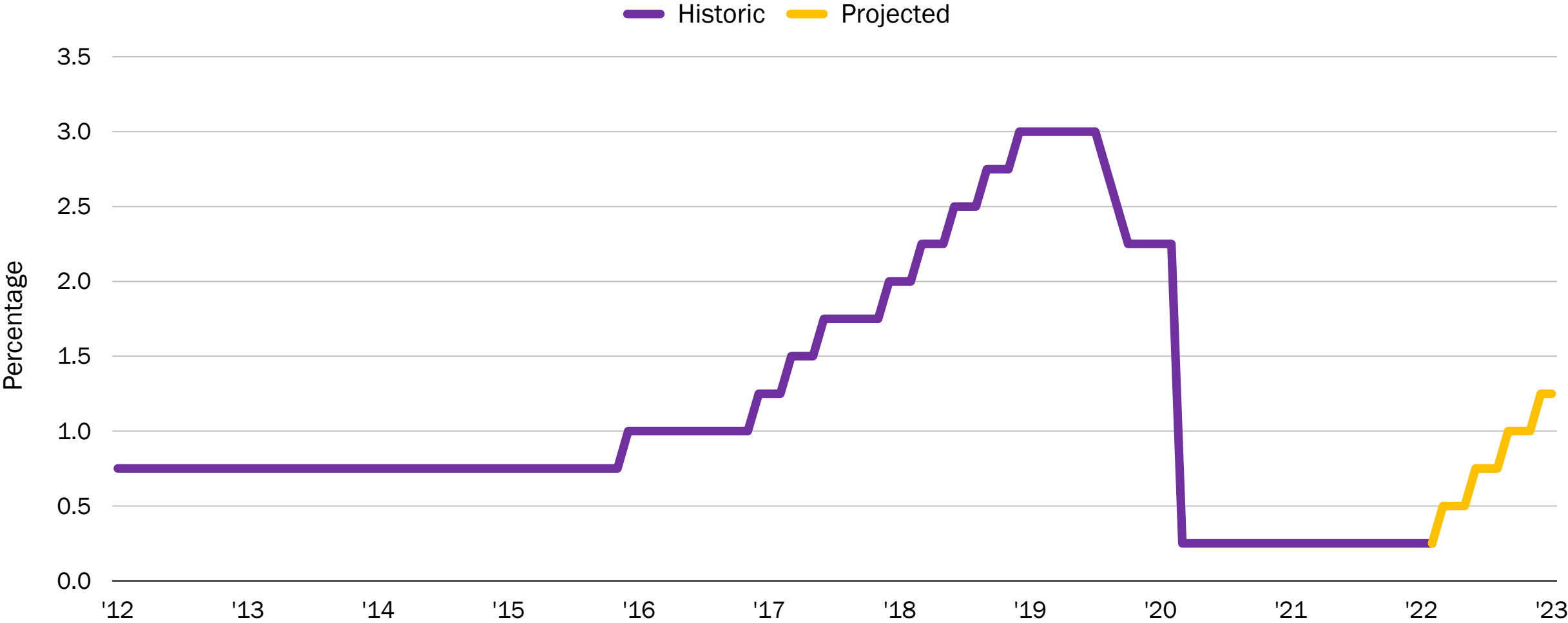
Source: U.S. Bureau of Labor Statistics



Fed Chair Powell says rate hikes, tighter policy will be needed to control inflation

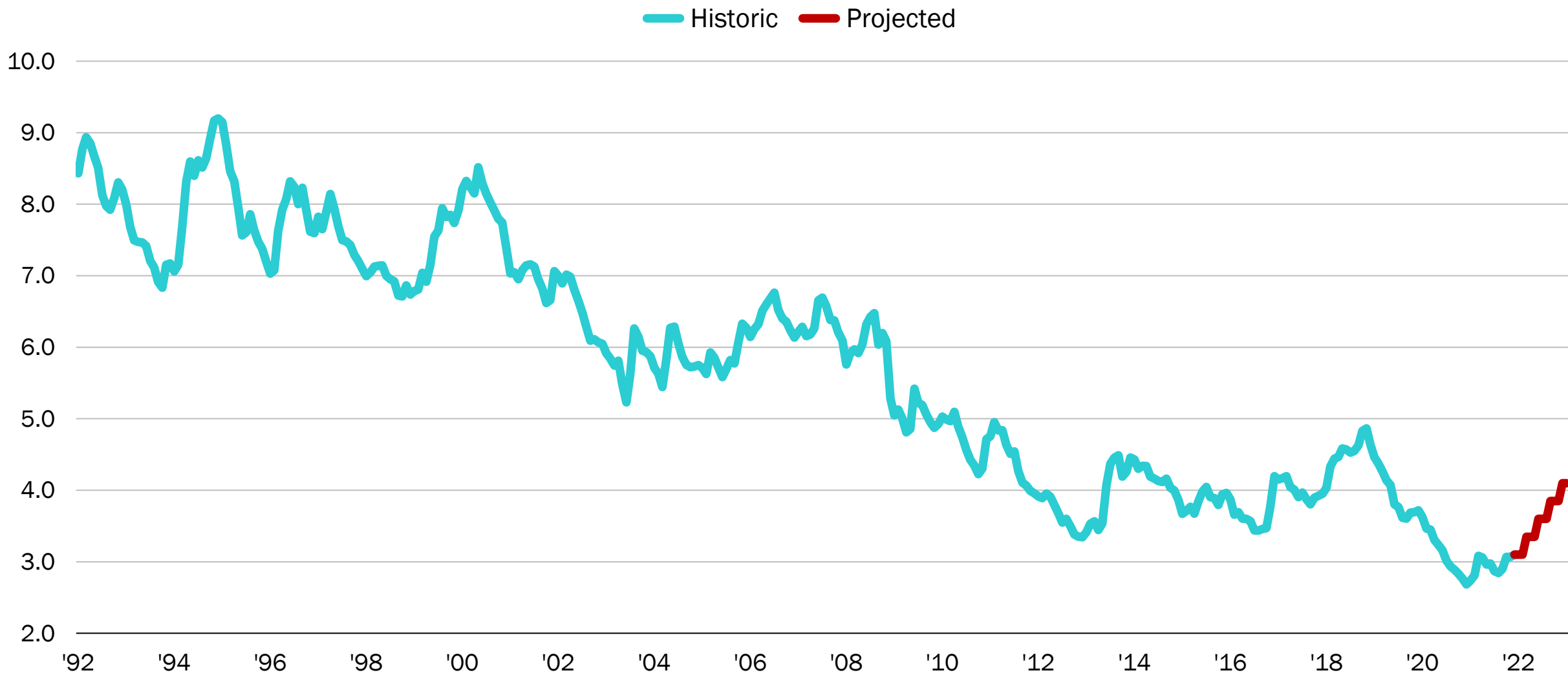


U.S. Discount Rate



Source: International Monetary Fund

30-Year Fixed Rate Mortgage, Monthly Average



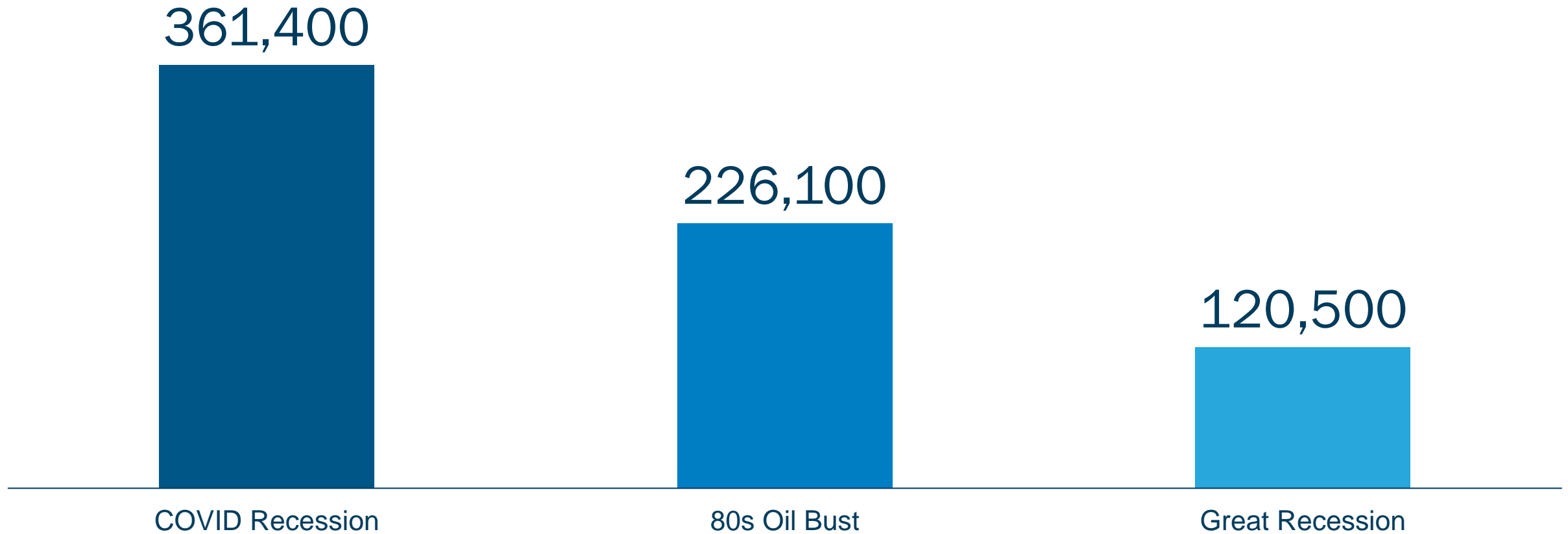
Houston's Recovery



Jobs Lost, March – April '20

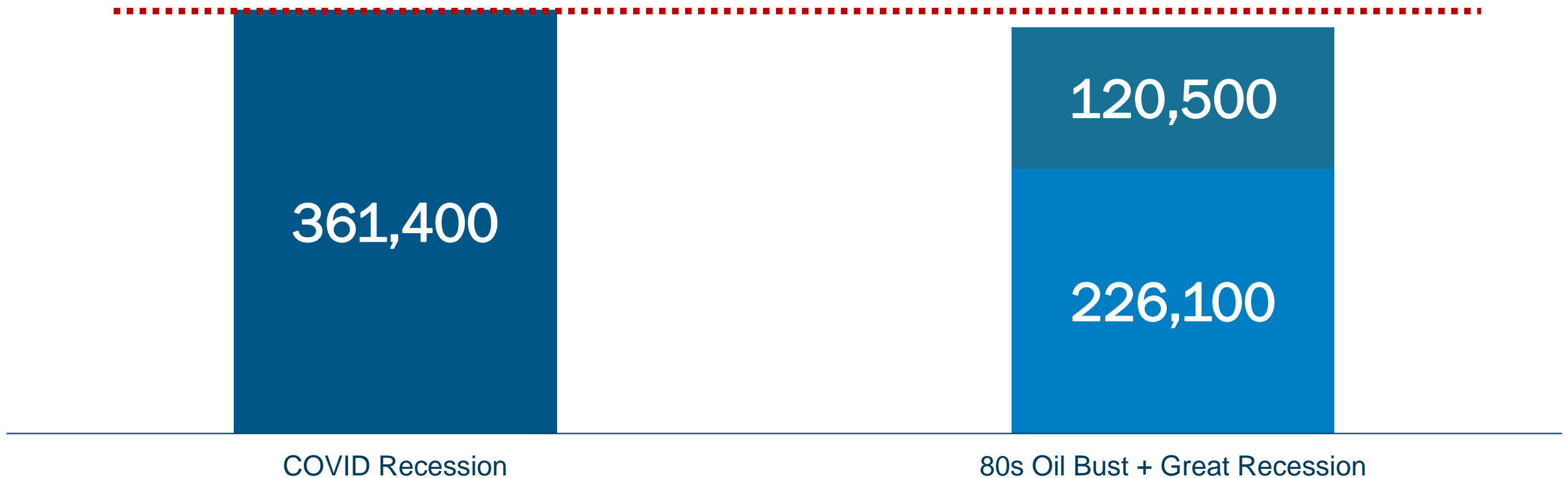
361,400

Jobs Lost, Three Worst Metro Houston Recessions



Source: Partnership calculations based on Texas Workforce Commission data

Jobs Lost, Three Worst Metro Houston Recessions



Source: Partnership calculations based on Texas Workforce Commission data

Jobs Added, Metro Houston/Galveston

Since May '20

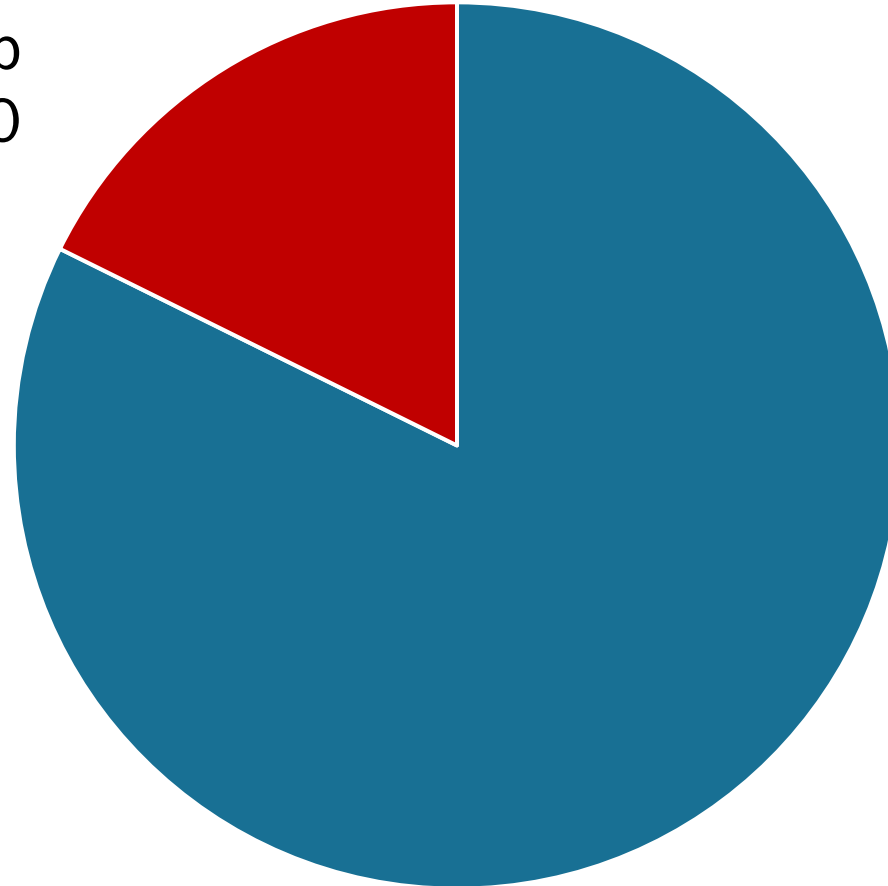
+297,500

Though First 11 Months of '21

+132,600

Progress To Date, Metro Houston/Galveston Employment*

Jobs Left to
Recoup
63,900
17.7%



Jobs Recovered
To Date
297,500
82.3%

Recovery Status By Sector

Recovered (+100%)

Significant Progress (+60%)

Still Struggling (<40%)

Administrative Support

Educational Services

Finance and Insurance

Health Care, Social Assistance

Other Services

Prof, Scientific, Tech Services

Retail Trade

Transportation, Warehousing

Recovery Status By Sector

Recovered (+100%)

Significant Progress (+60%)

Still Struggling (<40%)

Administrative Support

Arts, Entertainment, Recreation

Educational Services

Energy (Exploration, Services)

Finance and Insurance

Restaurants, Bars

Health Care, Social Assistance

Other Services

Prof, Scientific, Tech Services

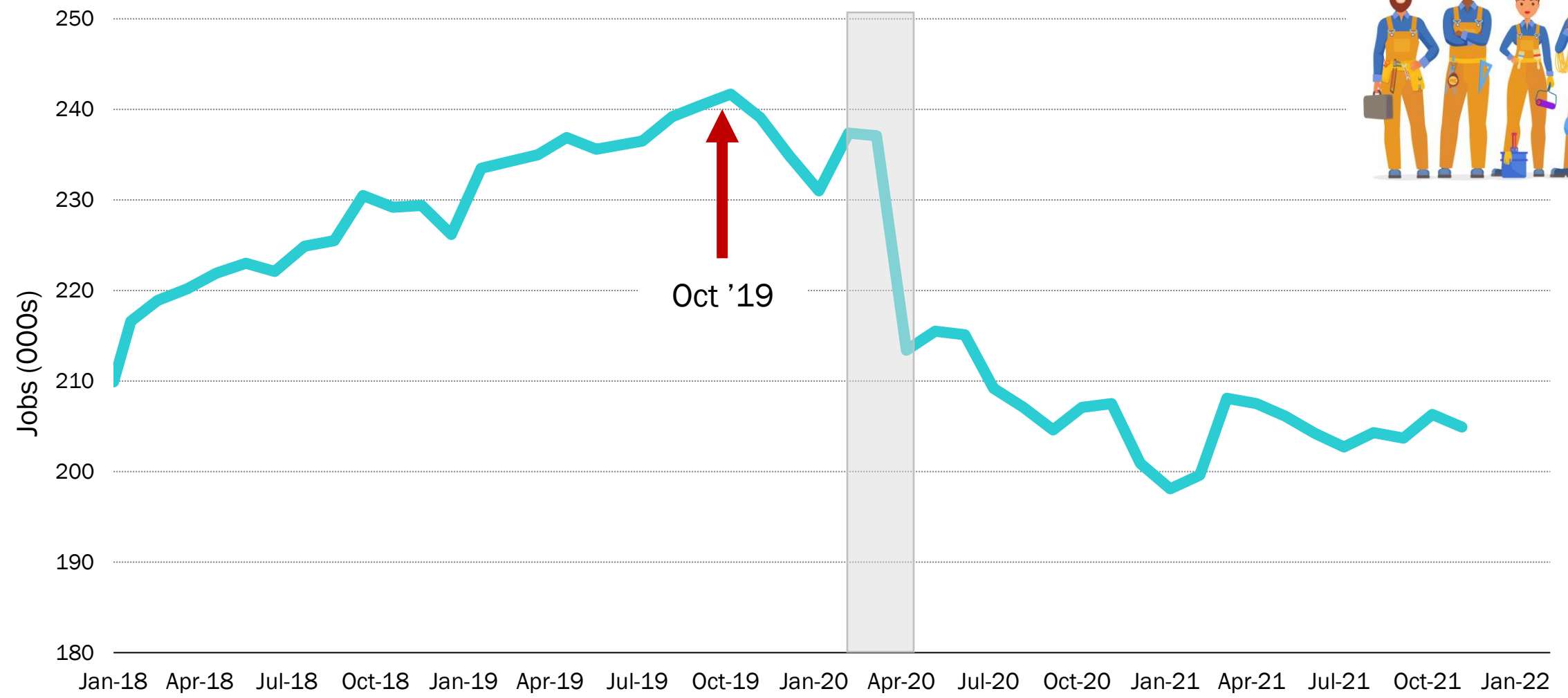
Retail Trade

Transportation, Warehousing

Recovery Status By Sector

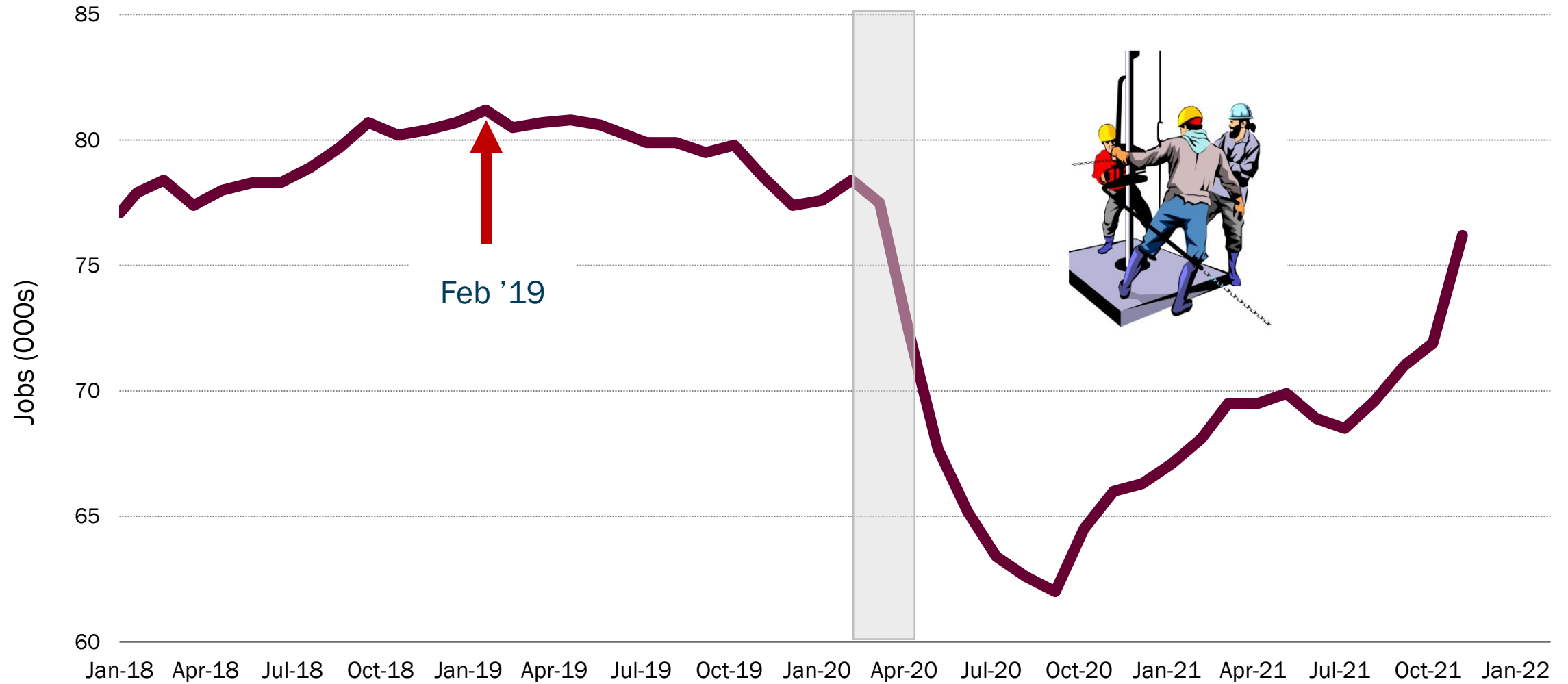
Recovered (+100%)	Significant Progress (+60%)	Still Struggling (<40%)
Administrative Support	Arts, Entertainment, Recreation	Construction
Educational Services	Energy (Exploration, Services)	Government
Finance and Insurance	Restaurants, Bars	Hotels
Health Care, Social Assistance		Information
Other Services		Manufacturing
Prof, Scientific, Tech Services		Real Estate, Equipment Rentals
Retail Trade		Wholesale Trade
Transportation, Warehousing		

Houston Construction Employment



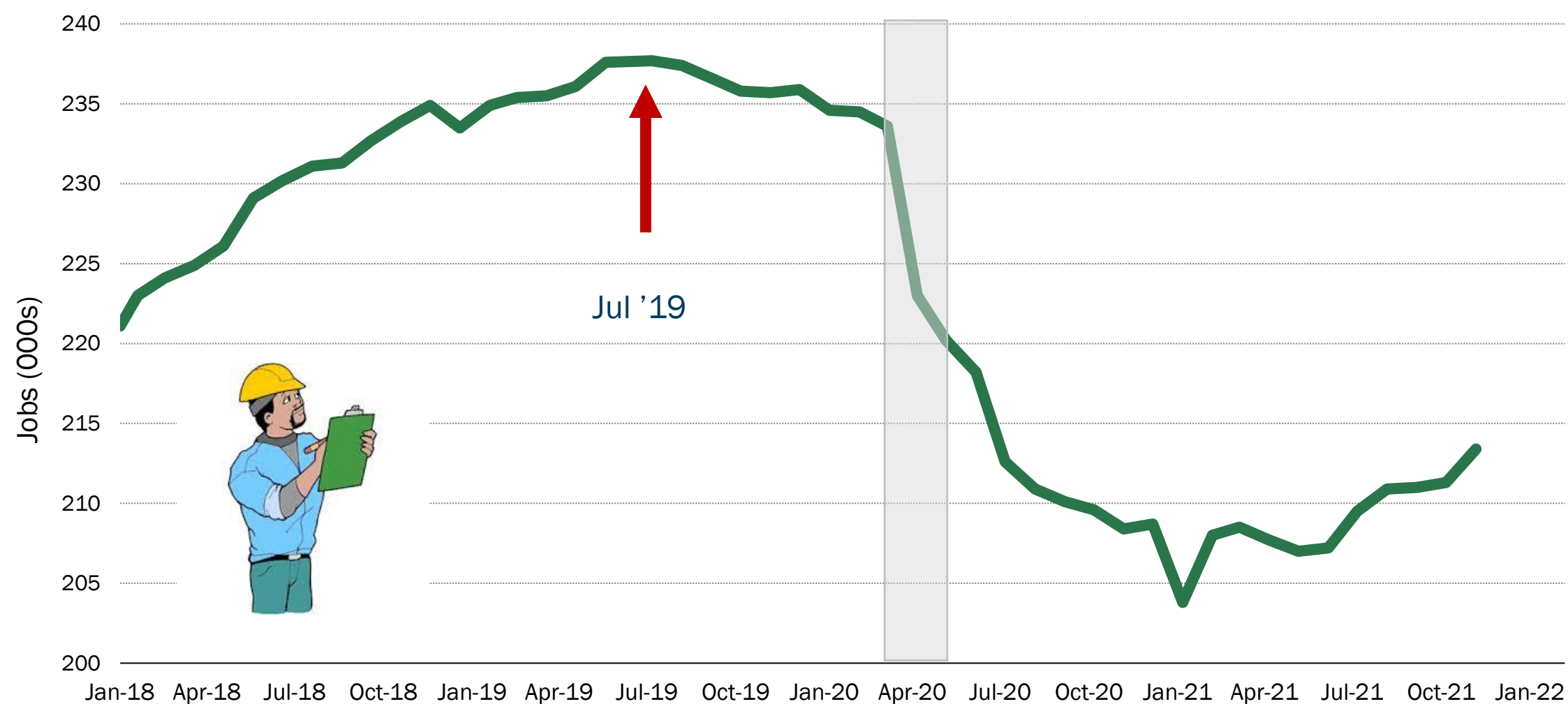
Source: Texas Workforce Commission

Houston Energy Employment



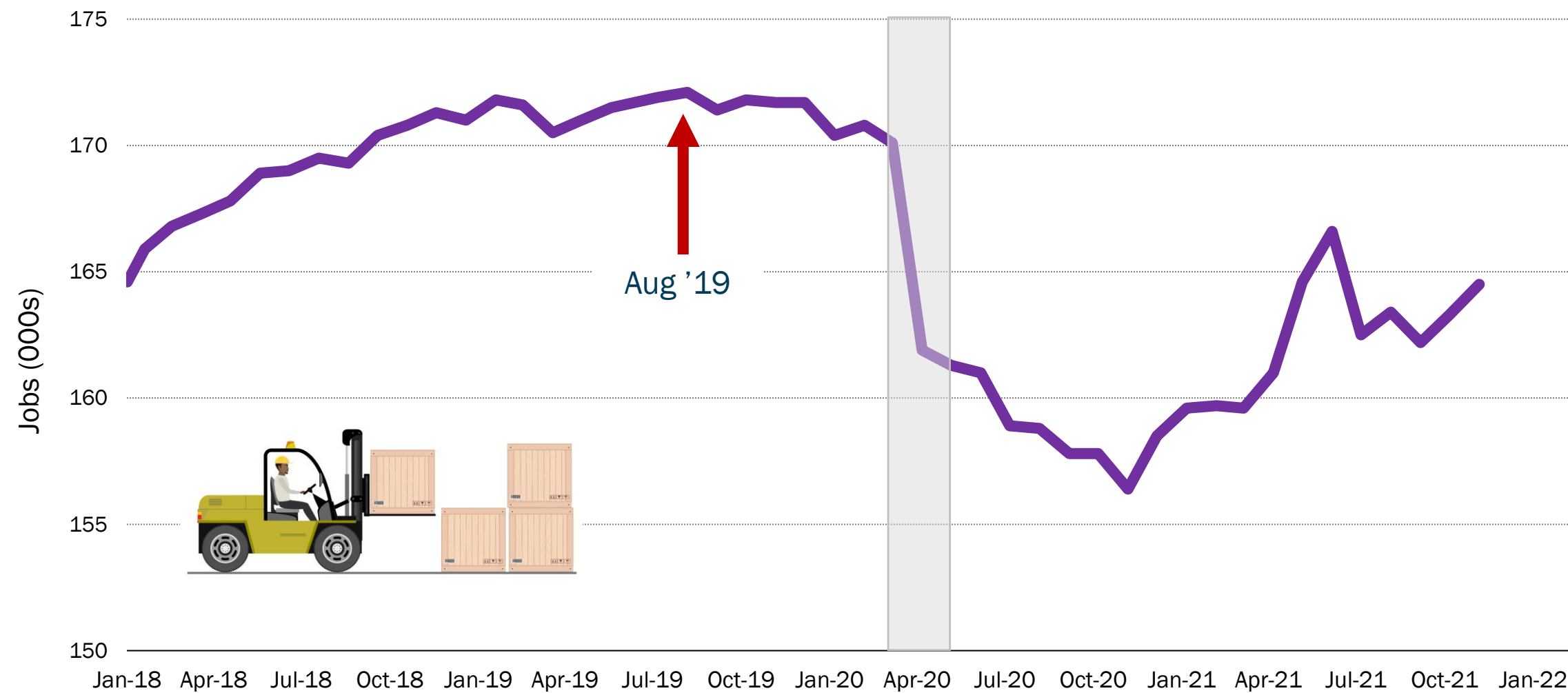
Source: Texas Workforce Commission

Houston Manufacturing Employment



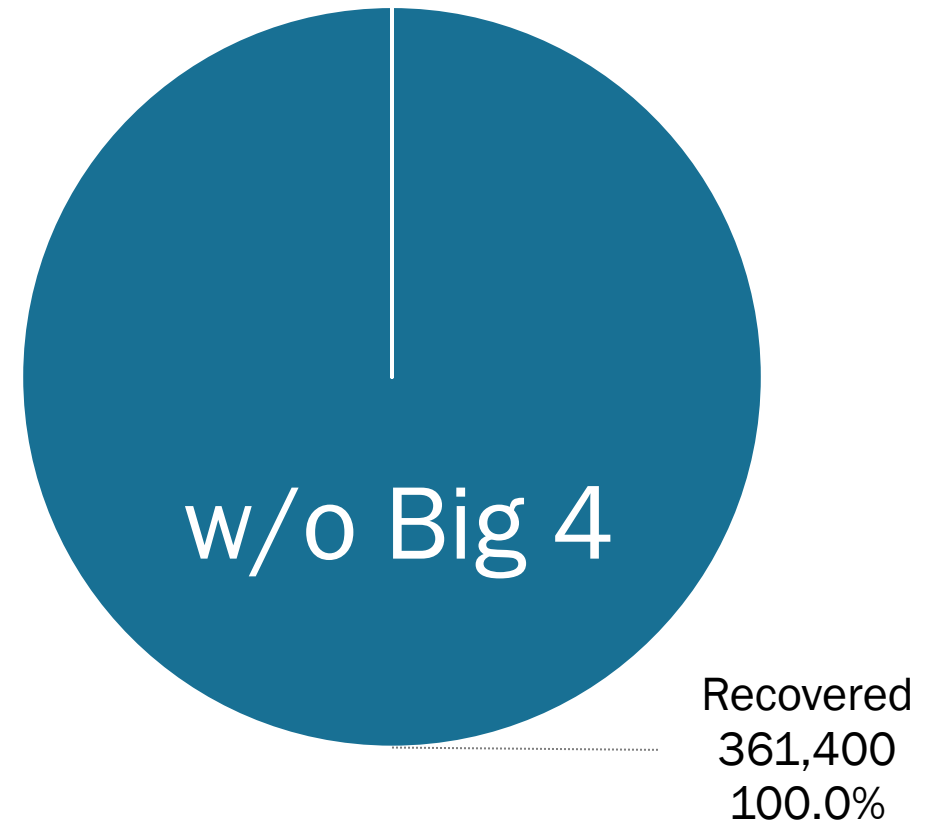
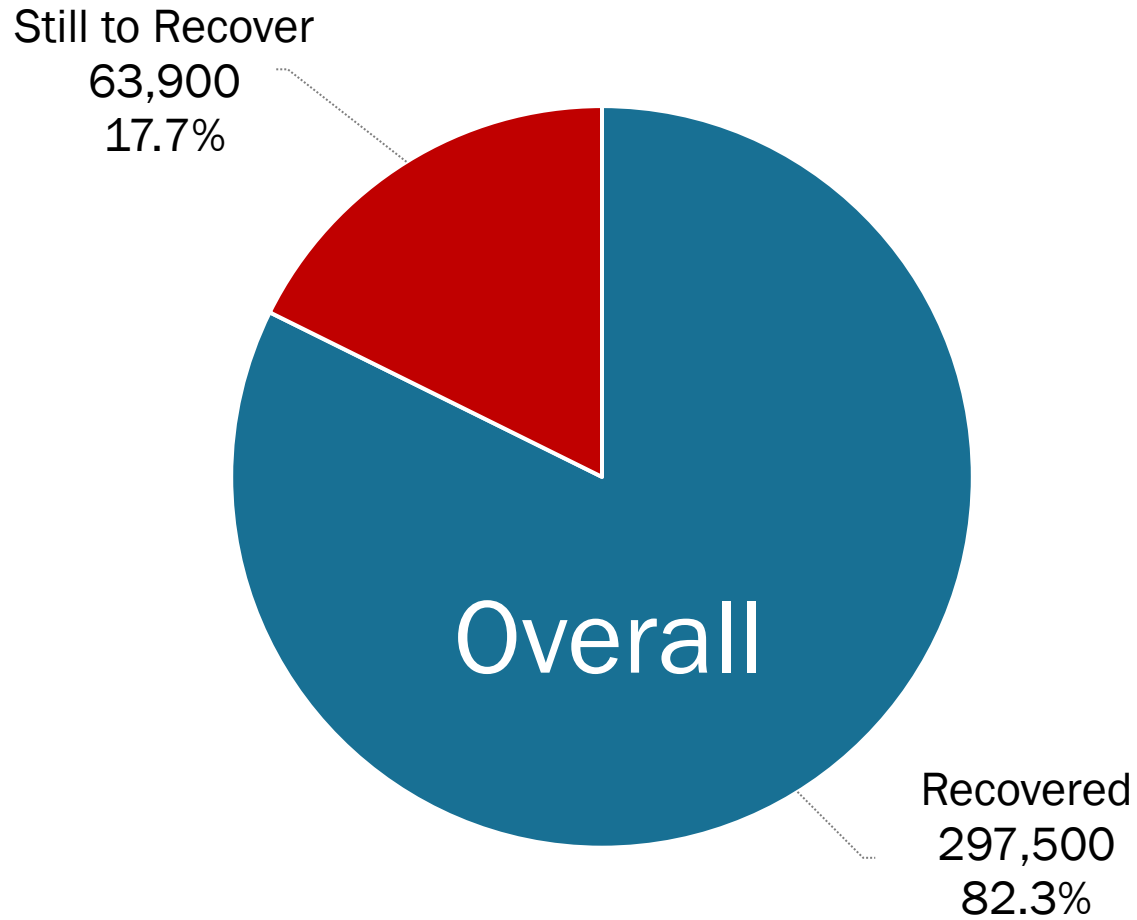
Source: Texas Workforce Commission

Houston Wholesale Employment



Source: Texas Workforce Commission

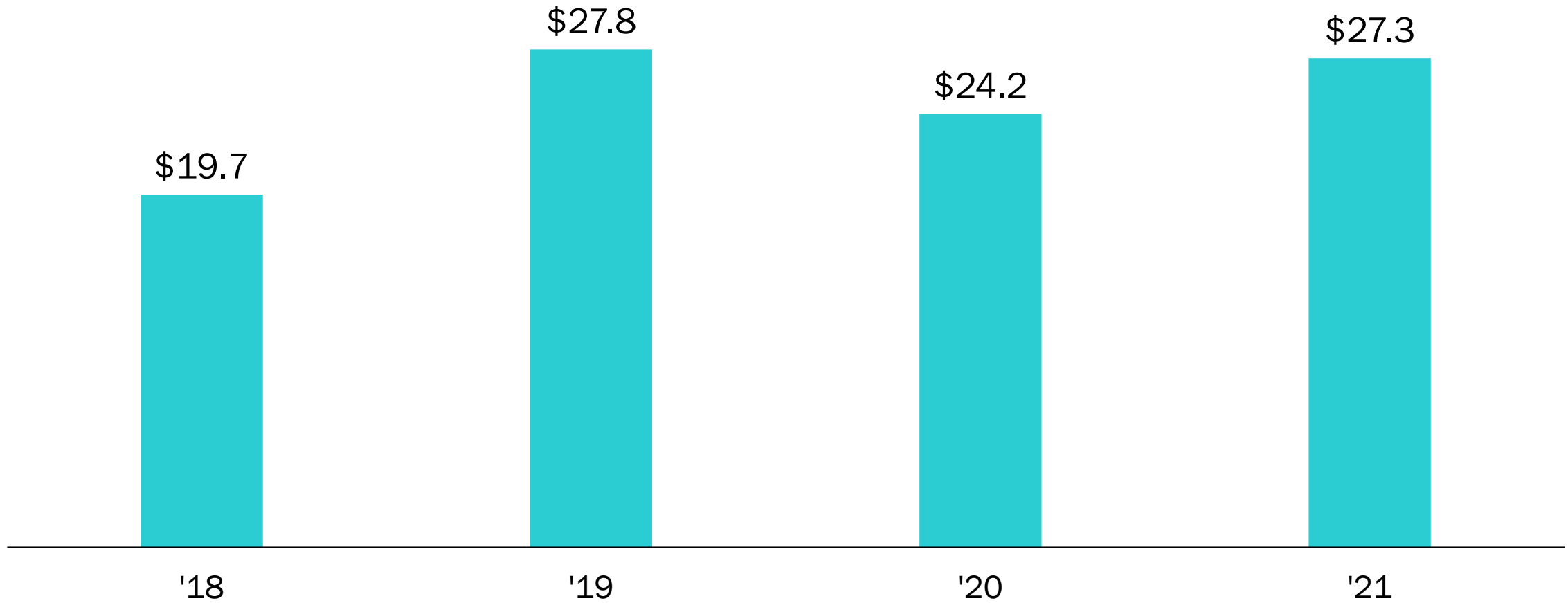
Jobs Progress To Date, November '21



Construction Contract Awards, November YTD



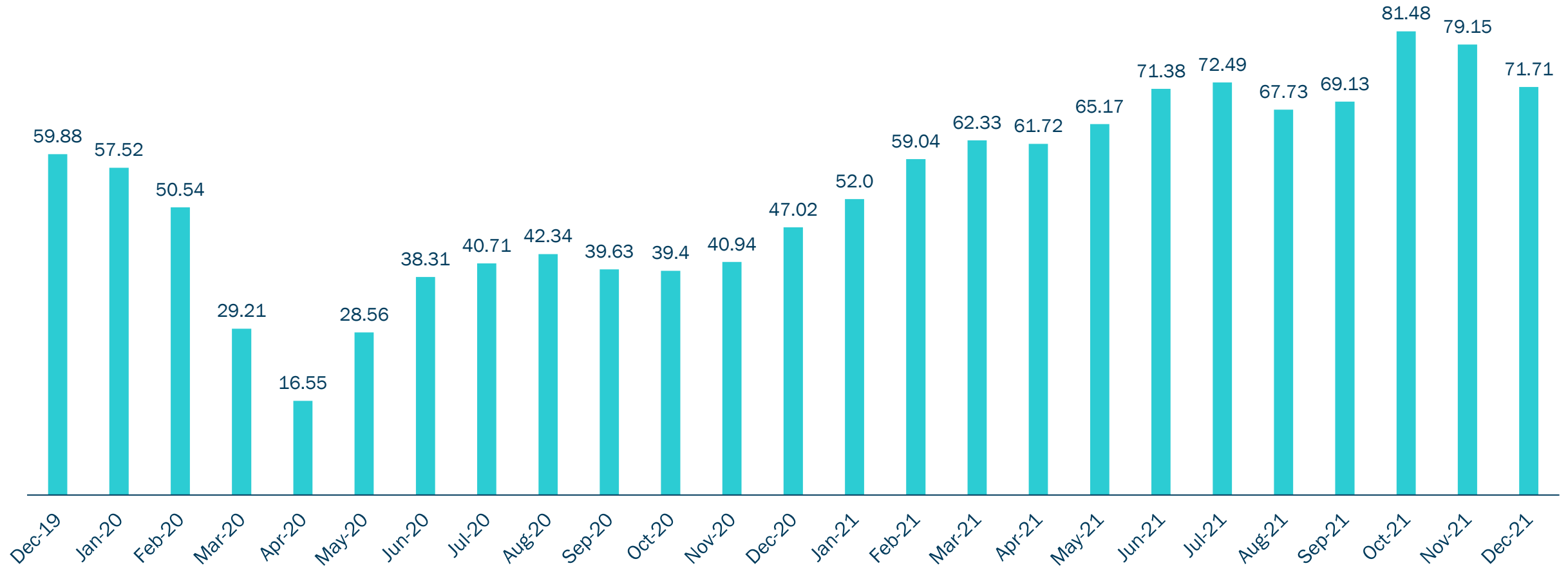
\$ Billions



Source: Dodge Data & Analytics

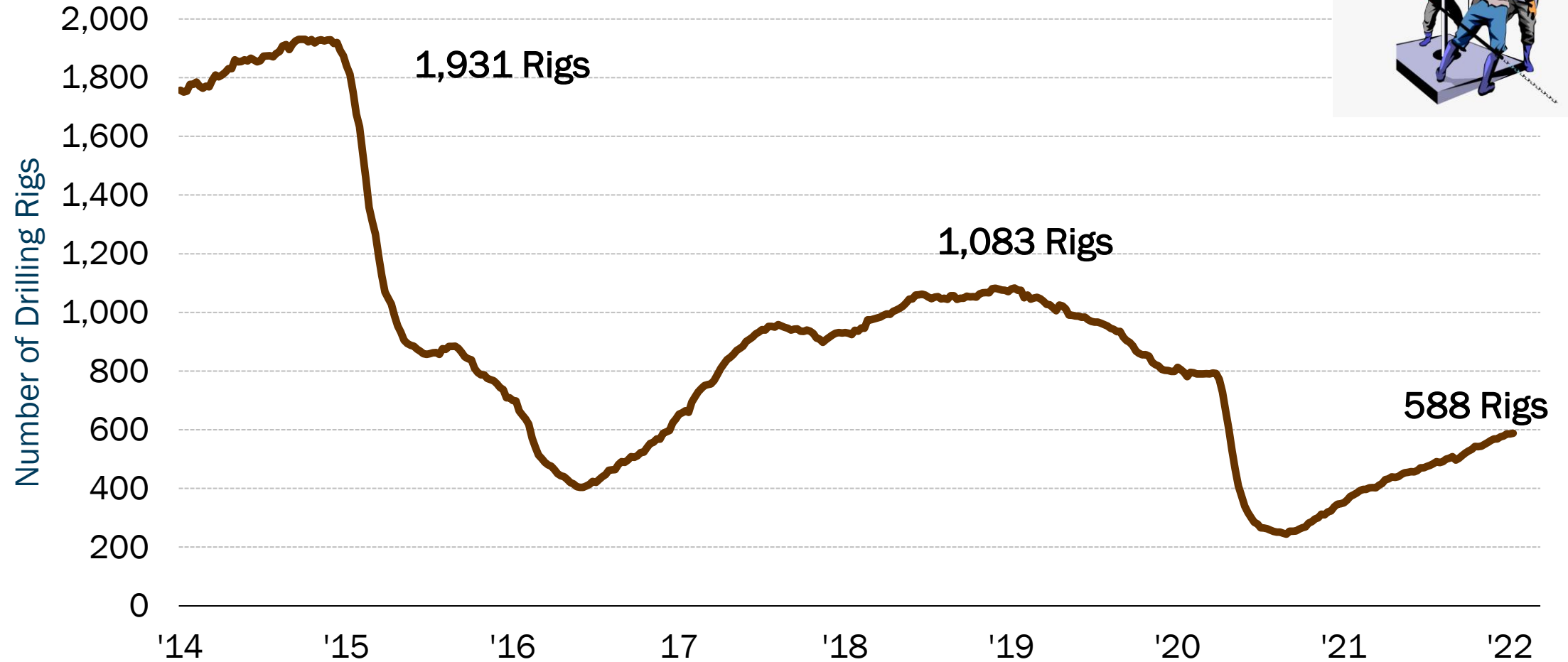
West Texas Intermediate, Spot Prices

\$ Per Barrel



Source: U.S. Energy Information Administration

U.S. Active Rig Count



Source: Baker Hughes

Houston/Galveston Purchasing Managers Index



Source: Institute for Supply Management-Houston

Metro Houston Exports, Q3 YTD*

\$ Billions



89.4

95.5

77.2

99.7

'18

'19

'20

'21

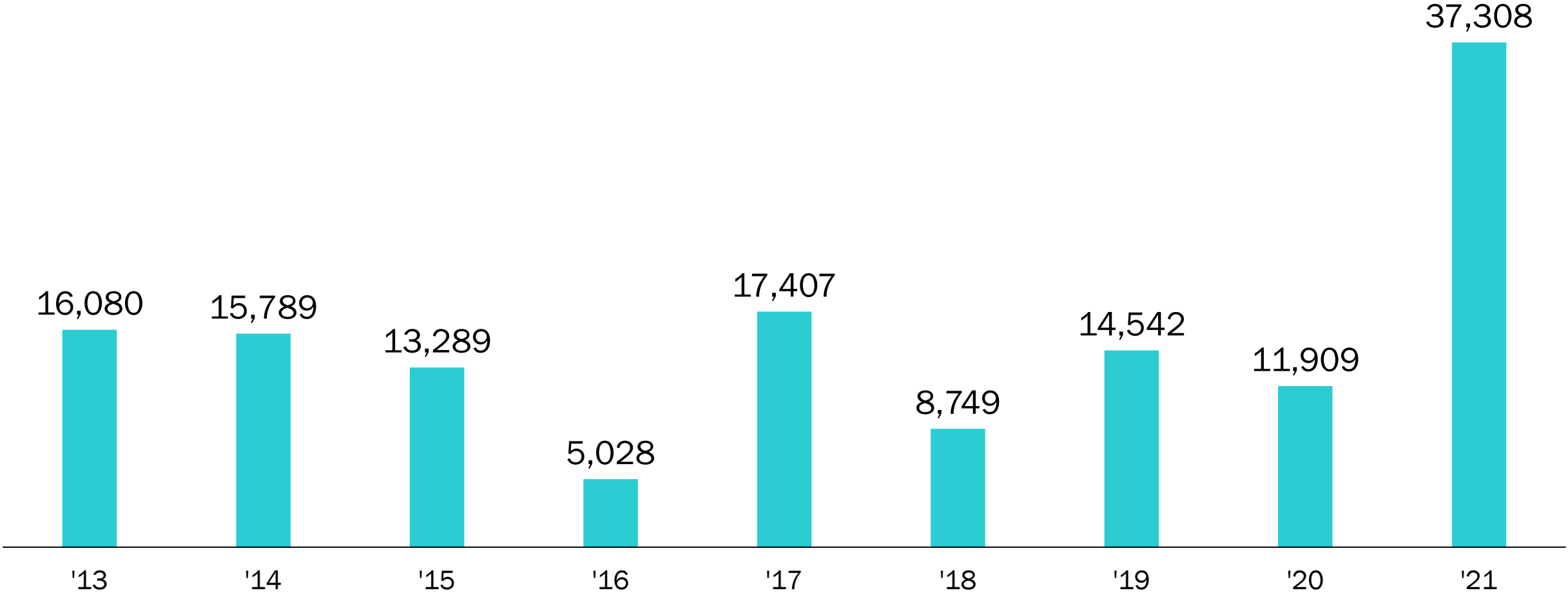
Source: U.S. Census Bureau

*Origin of Movement Series

Residential Real Estate

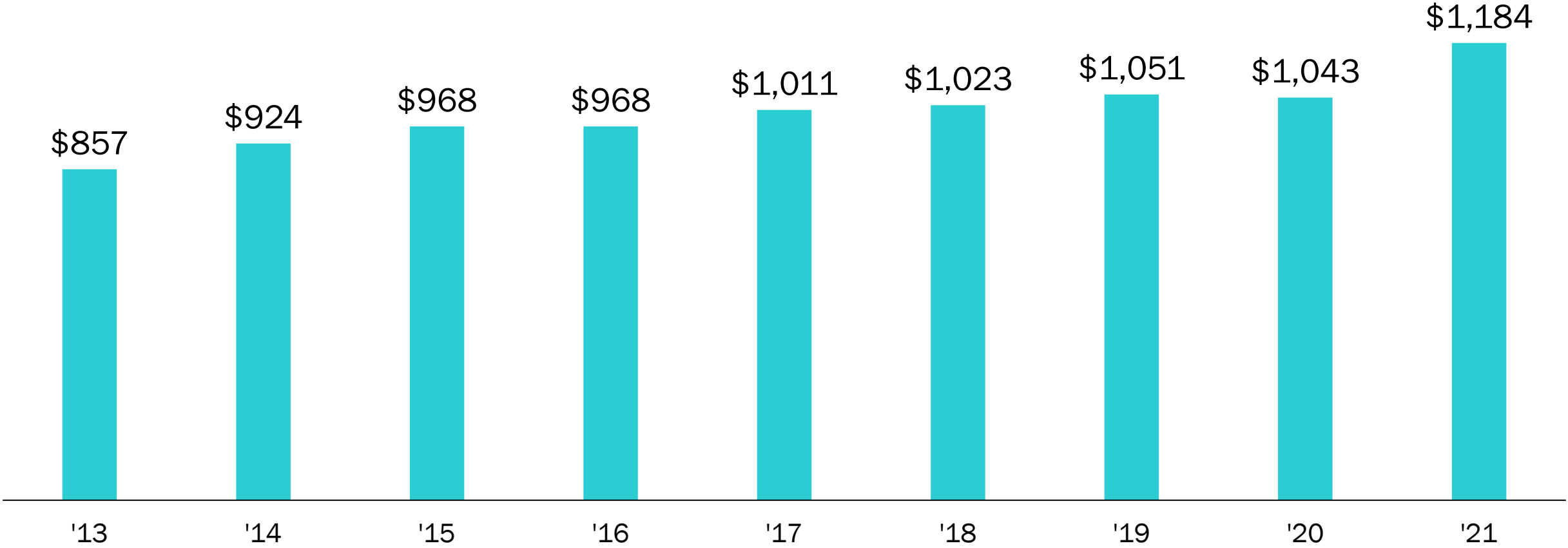


Metro Houston Annual Apartment Absorption



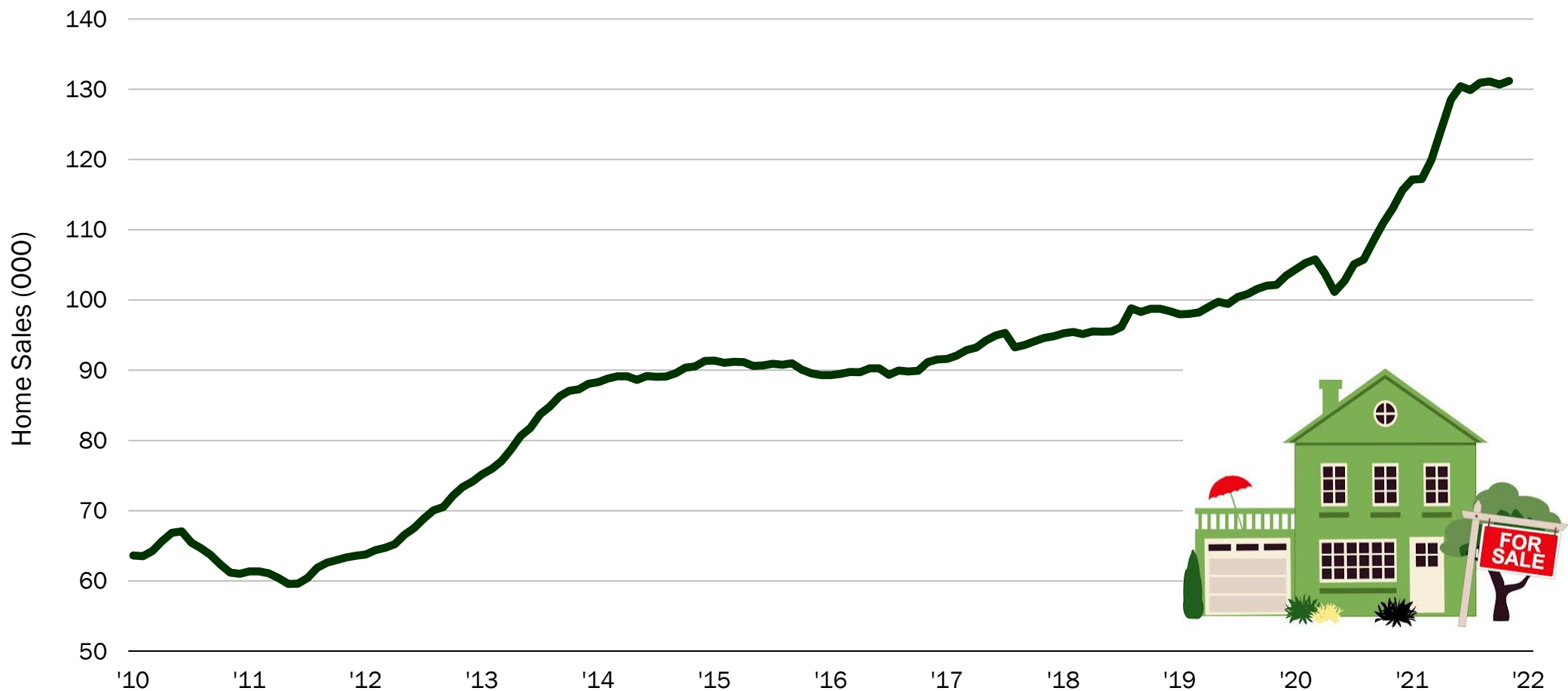
Source: Apartment Data Services

Metro Houston Average Apartment Rent



Source: Apartment Data Services

Houston Home Sales, 12-Month Total*



* Includes single-family homes, townhomes, duplexes, condos and residential lots.



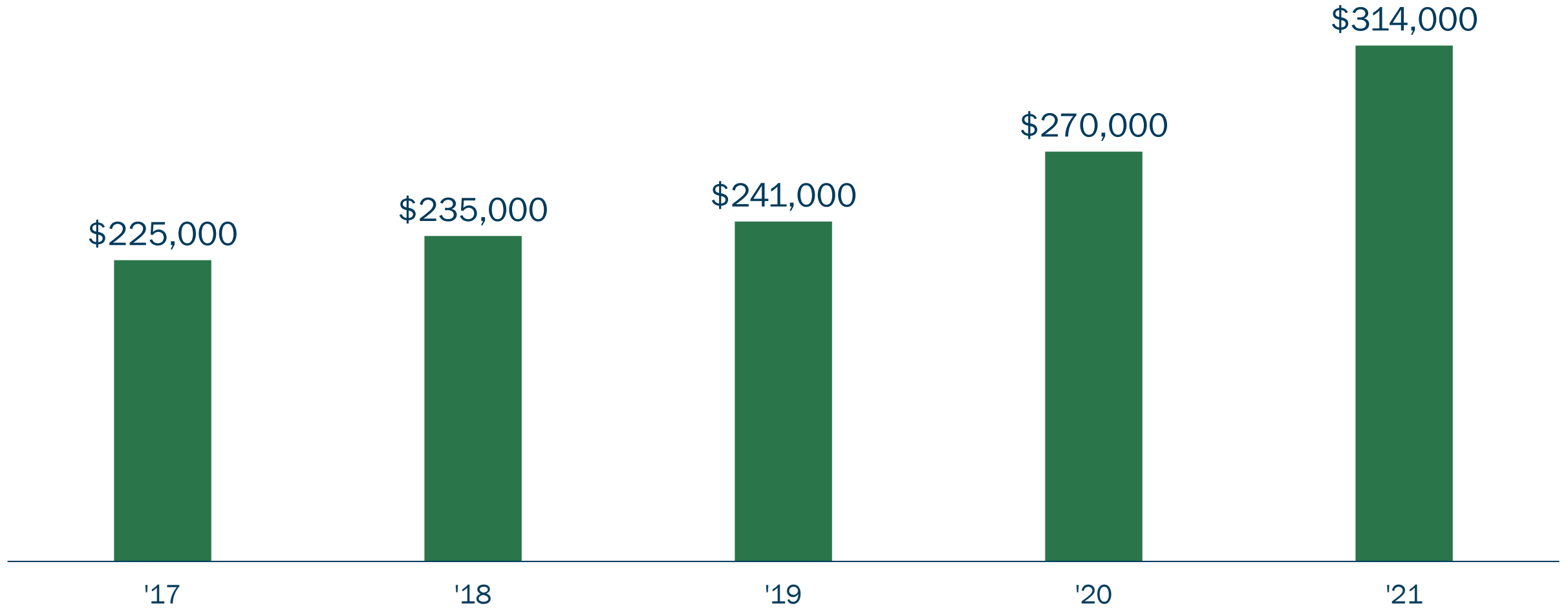
Actual Listings, 12-Month Average*



* Includes single-family homes, townhomes, duplexes, condos and residential lots.



Single-Family Home November Median Sales Price



Source: Houston Association of Realtors



Driving Growth in 2022]

- ✓ U.S. GDP up 3.5 percent or better

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Driving Growth in 2022

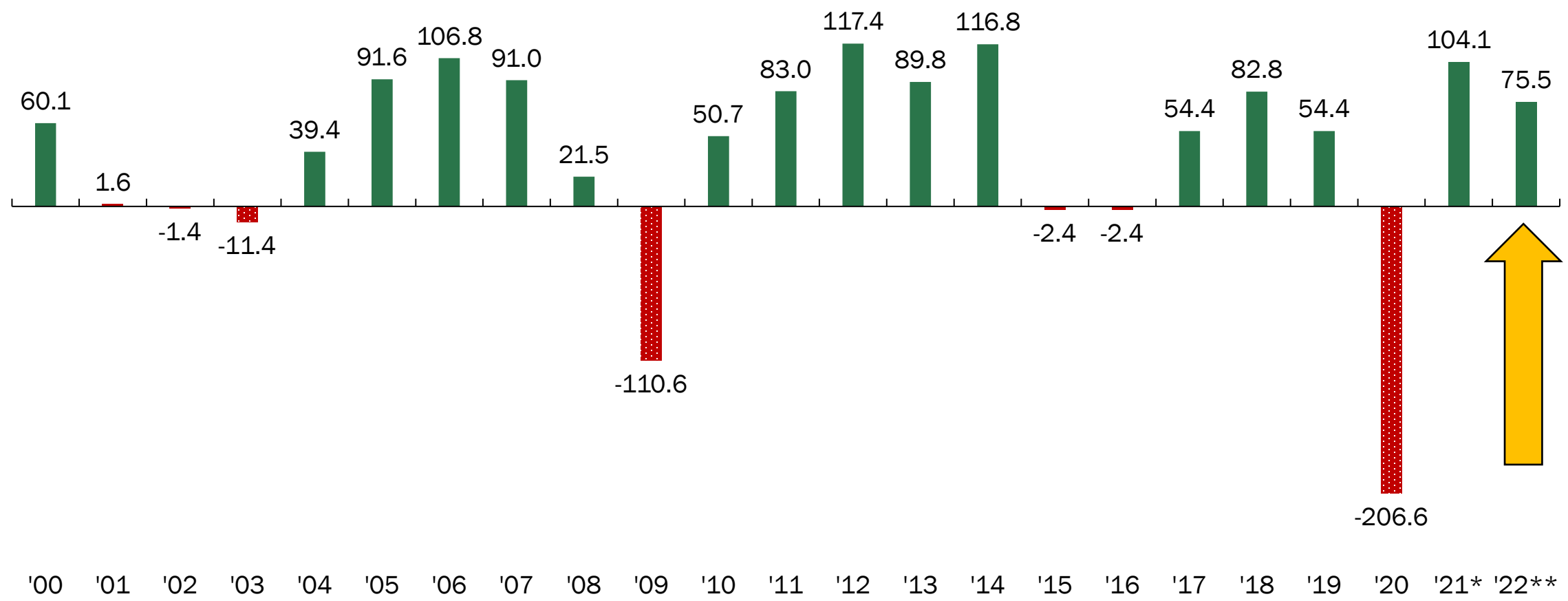
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- ✓ WTI holds above \$60 per barrel
- ✓ Trade continues to grow
- ✓ Inventory re-stocking continues
- ✓ Uptick in non-office construction
- ✓ Consumers open their wallets
- ✓ More logistics/distribution centers
- ✓ In-migration picks up

'22 GHP Forecast

75,500 jobs

Metro Houston Job Growth, December to December

'000s

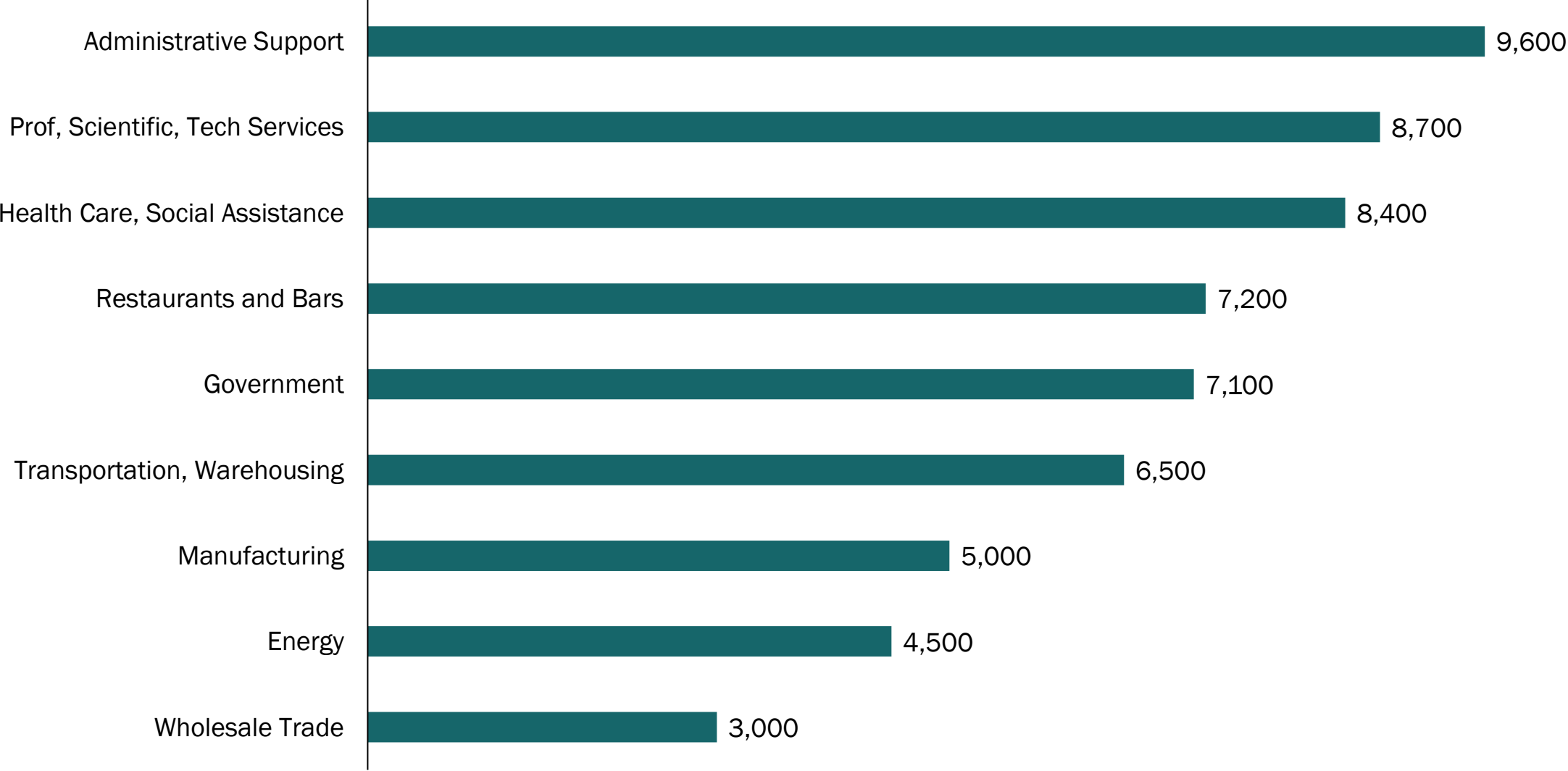


Source: Texas Workforce Commission

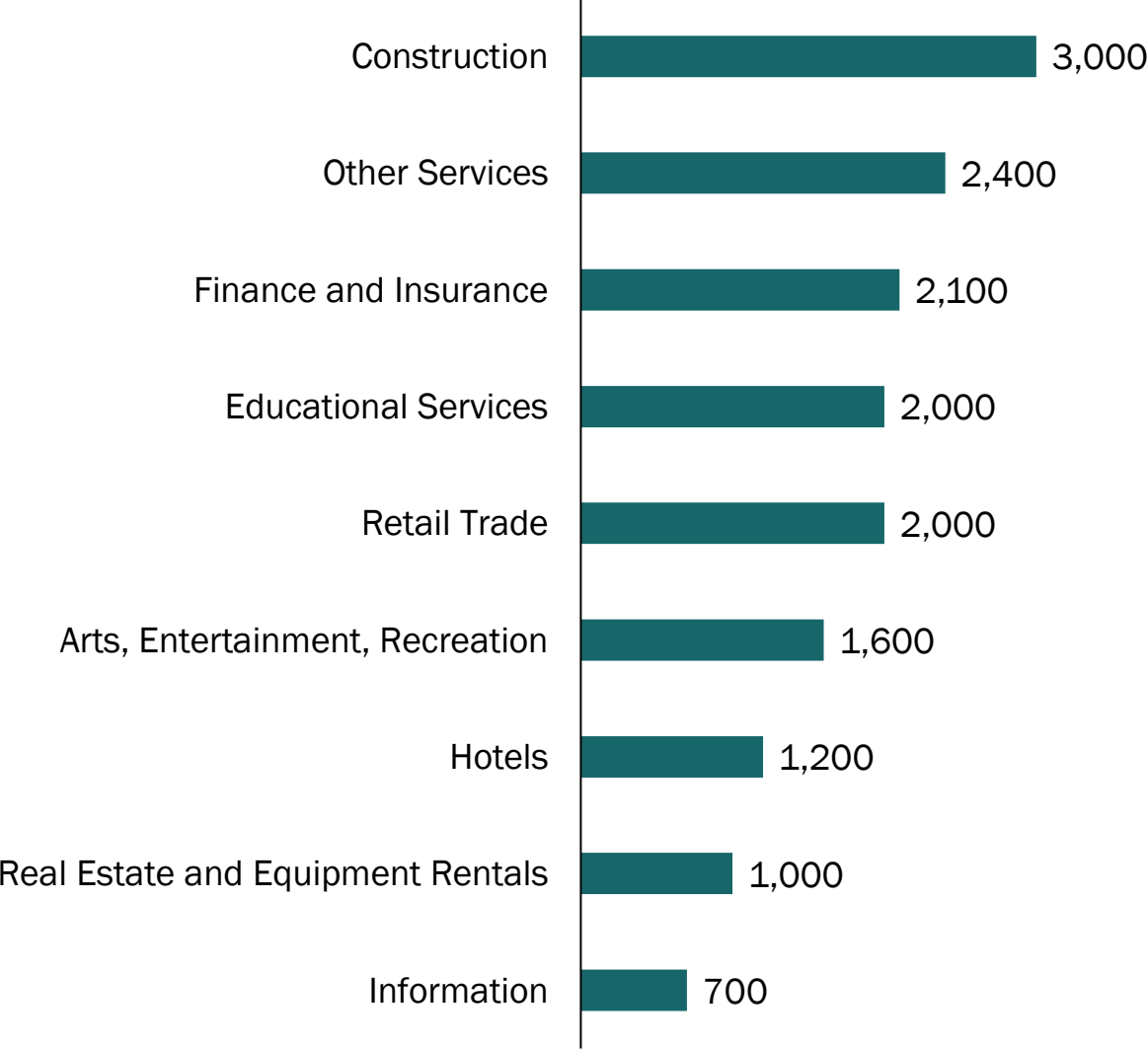
* Oct YTD

** '22 Forecast

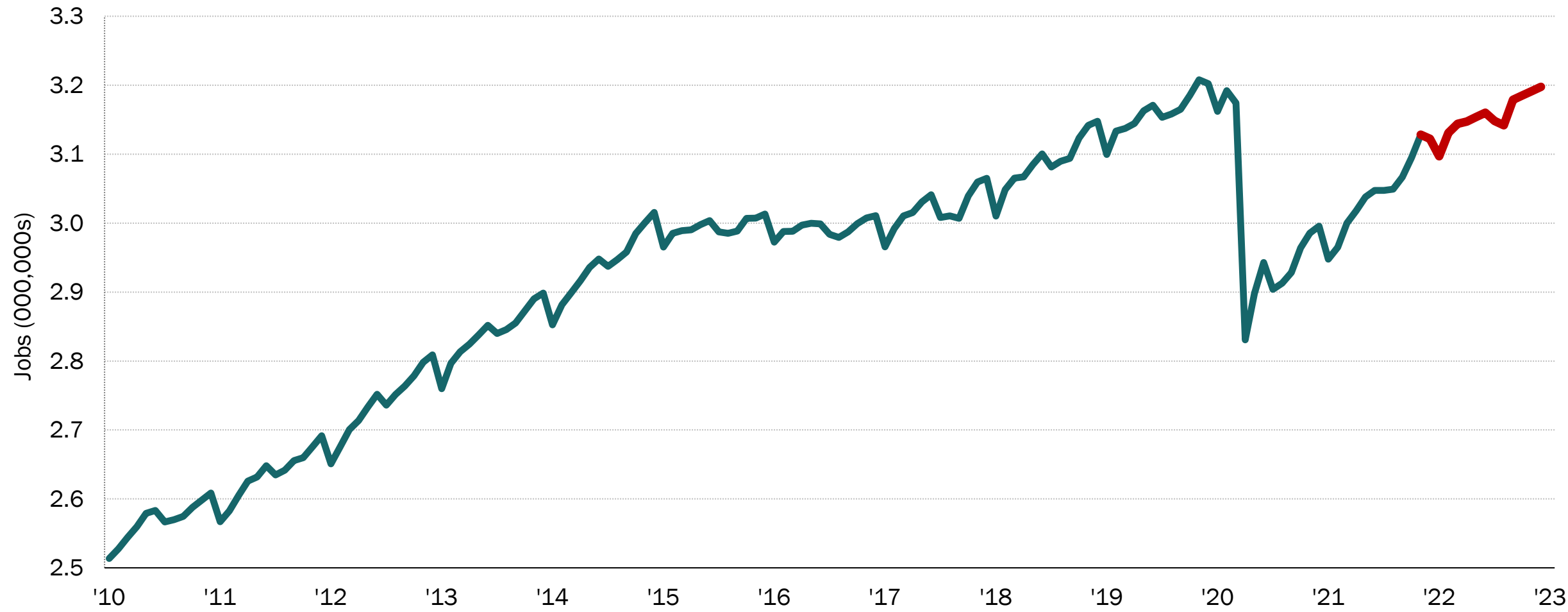
2022 Employment Forecast



2022 Employment Forecast



Metro Houston Nonfarm Payroll Employment



Source: Texas Workforce Commission (historical); Greater Houston Partnership (projected)



THANK
You! 😊

Metro Houston Economic Outlook

Patrick Jankowski

SVP, Research

January 20, 2022

