GREATER HOUSTON PARTNERSHIP

THE ECONOMY AT A GLANCE

HOUSTON

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Early Returns Are In — Metro Houston added 14,800 jobs in ’16, according to the Texas Workforce Commission (TWC). Job growth fell below the Partnership’s forecast of 21,900, but still reflects a net gain. At the beginning of ’16, the prospect for any increase was doubtful given the extensive layoffs that occurred earlier in the year.

One should embrace the report with caution, however. As it does every year, TWC is currently reviewing employment records for the past 30 months and will release revisions to the jobs data in early March. The revisions will include gains and losses not captured in the original monthly reports. The initial reports are based on surveys of companies and agencies that are representative of industries and employers across the state. As with any survey, the results are subject to error. The March revisions are based on employment insurance records covering 96 percent of all workers in Texas and will reflect a more accurate reading of job trends.

Since ’06, TWC’s annual benchmark revisions have resulted in employment growth being revised upward by as many as 36,700 jobs in boom years and downward by as many as 35,700 jobs in recession years. The revisions to ’16 may be significant, the revisions to ’15 and ’14 less so.

HISTORIC REVISIONS TO PAYROLL EMPLOYMENT, HOUSTON METRO AREA

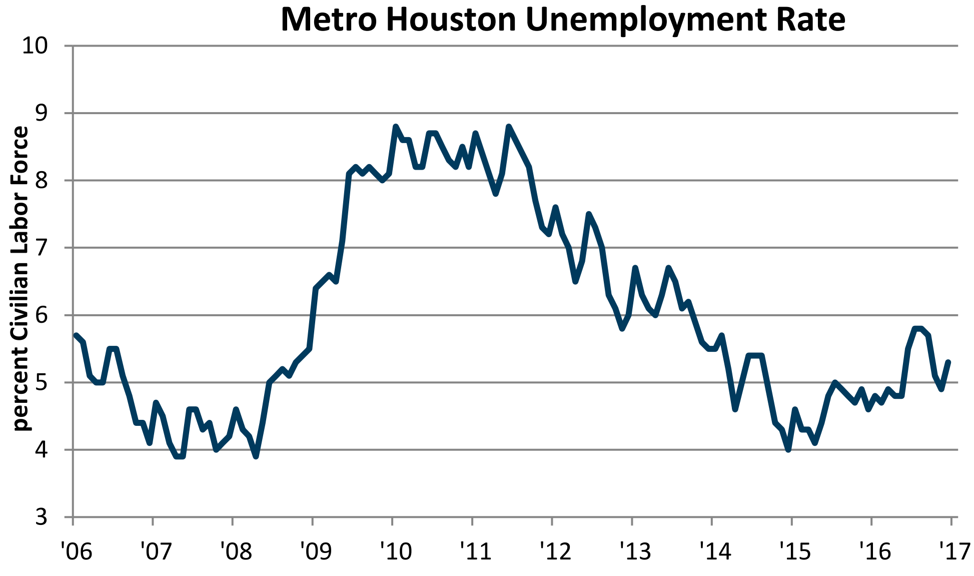
	Original Estimate	Benchmark Revision	Diff from Original Estimate
’06	73,100	107,000	33,900
’07	59,800	90,700	30,900
’08	57,300	21,600	-35,700
’09	-92,500	-110,600	-18,100
’10	13,100	49,800	36,700
’11	75,800	83,200	7,400
’12	84,500	118,600	34,100
’13	82,000	89,800	7,800
’14	120,600	117,800	-2,800
’15	23,200	15,200	-8,000
’16	14,800	-	-

Source: Texas Workforce Commission

The Federal Reserve Bank of Dallas developed its own revisions based on employment records for the first nine months of ’16 then forecasted growth for the final quarter. The Fed estimates that Houston lost l6,500 jobs January through June, created 13,600 jobs July through December, and finished ’16 with a loss of 2,900 jobs. If the Fed’s estimates prove accurate, that would be a 0.1 percent job loss. In an economy with 3.0 million jobs, that’s the equivalent to a rounding error.

Even with revisions pending, several trends in the data stand out. Mining and logging, manufacturing, construction, wholesale trade and professional services lost significant employment in ’16. Retail, finance, real estate, education, health care, leisure and hospitality and government finished with net job gains. The low point of the recent downturn likely occurred May or June of last year.

Houston's unemployment rate rose from 4.9 in November '16 to 5.3 percent in December '16. The unemployment rate, like the jobs data, is based on a survey, this one is of households. When the economy softens, workers who have been laid off often withdraw from the labor market until they perceive their employment outlook has improved. If they're not looking for work, TWC doesn't count them as unemployed. Thus, the unemployment rate may decline in a weak economy. When workers on the sidelines feel their odds of finding a job have improved, they re-enter the workforce, initially driving up the unemployment rate. Such was the case with the Great Recession, when the unemployment rate rose through the summer of '10 even though the region had been creating jobs since January of that year.



Source: Texas Workforce Commission

Minor Turbulence — The Houston Airport System (HAS) handled 54.5 million passengers in '16, a 1.2 percent drop from 55.2 million the year before. A healthy increase in international passenger traffic couldn't offset declines on domestic routes. Domestic traffic has trended downward since mid-'14, about the time oil prices started to collapse. International traffic has trended up since early '10, coinciding with Houston's rise as a global city.

HOUSTON AIRPORT SYSTEM PASSENGER TRAFFIC

	'15	'16	Change, '15 – '16	
Domestic	44,430,859	42,950,231	-1,480,628	-3.3%
International	10,756,796	11,574,535	817,739	+7.6%
Total	**55,187,655**	**54,524,766**	-662,889	**-1.2%**

Source: Houston Airport System

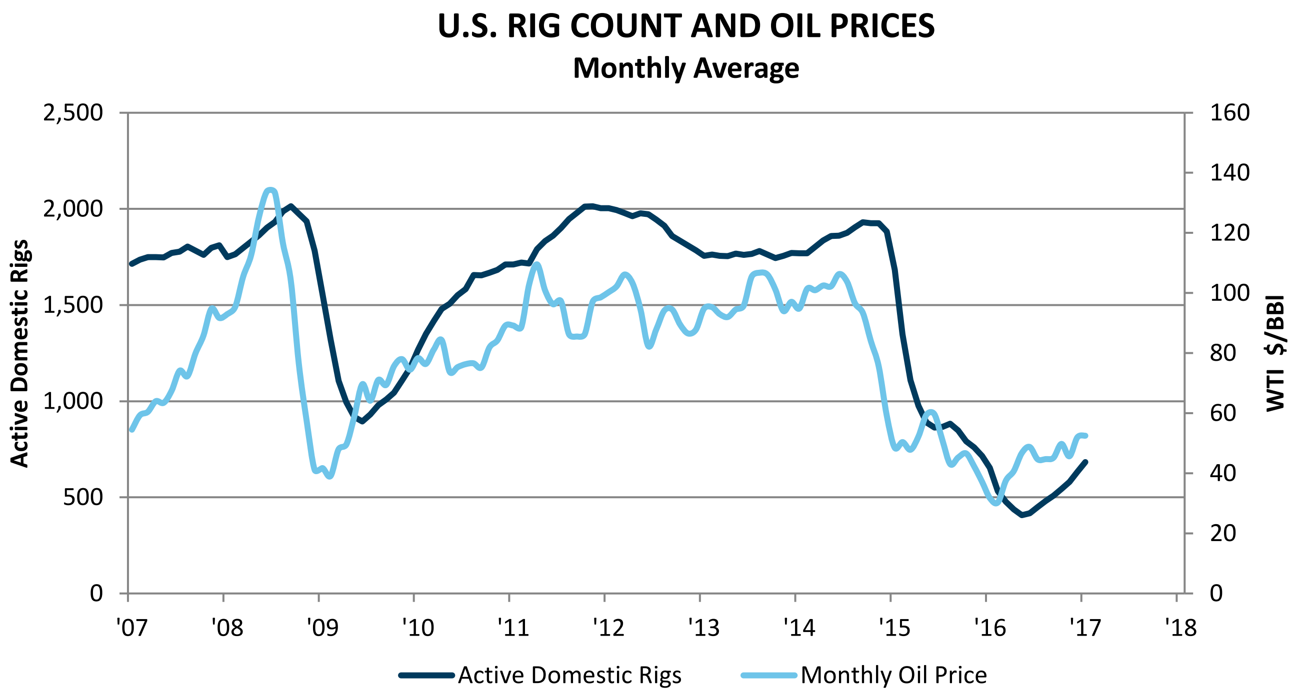
Two factors support the growth in international passenger traffic: the addition of international service from Houston Hobby Airport (HOU) and the entry of new foreign flag air carriers to the markets and existing carriers expanding international service out of Bush Intercontinental (IAH). HOU handled 801,000 international passengers in '16, its first full year as an international gateway, and nine foreign flag and two U.S. carriers initiated or expanded international service from IAH.

Despite the weak economy, HAS handled 417,484 million metric tons of air freight in '16, up 2.0 percent from 409,383 million the year before. Since '06, air freight traffic has grown 13.4

percent. Domestic cargo accounts for 52.5 percent, international for 48.5 percent. About half of all Houston's international air cargo traffic originates or terminates in Europe, followed by Asia/Africa/Australia and then Central/South America.

Energy, The Short View — The spot price for West Texas Intermediate, the U.S. benchmark for light, sweet crude, averaged $52.50 in January, up from $31.68 in January of '15. Except for one day, WTI has traded above $50 since December 1, '16. In its January '17 *Short-Term Energy Outlook* (STEO), the U.S. Energy Information Administration forecasts WTI to average $53.46 in '17 and $56.18 in '18. Many consider $60 the threshold at which the industry returns to profitability.

The U.S. rig count hit 729 in early February, compared to 571 the same time in '16 and up from the recession trough of 404 in late May. That's well below the peak of 1,931 reached in September'14. The industry is unlikely ever to return to its previous peak. In a Q2/16 earnings call, Halliburton president Jeff Miller told investors 900 may be the new 2,000, given all the drilling technology advances of the past two years.



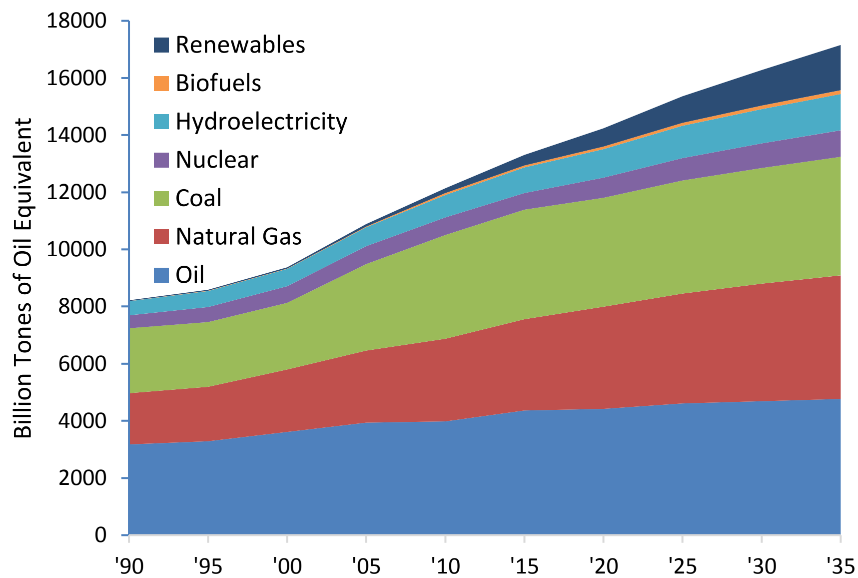
Source: Baker Hughes, Inc.; U.S. Energy Information Administration

U.S. crude oil production averaged an estimated 8.9 million barrels per day (bbl/d) in '16 and is forecast to average 9.0 million bbl/d in '17 and 9.5 million bbl/d in '18, according to the *STEO*. The expected boost in production reflects increases in federal offshore Gulf of Mexico production. Rising tight oil production, which results from increases in drilling activity, rig efficiency, and well-level productivity, also contributes to forecast U.S. production growth.

Energy, The Long View — BP recently released its [2017 Energy Outlook](), outlining what it considers the most likely path for global energy markets through ’35. The outlook attempts to account for future changes in policy, technology and economic growth. Highlights follow.

- BP expects the size of the world’s economy to nearly double over the next two decades. The world’s population is projected to increase by around 1.5 billion people and reach nearly 8.8 billion. Growth in population and the economy will require growth in energy consumption, but not at the same pace as economic growth. Global GDP doubles over the period whereas energy demand increases by only 30 percent.
- Virtually all the growth comes from emerging economies, with China and India accounting for more than half the increase. Energy demand in North America and Europe barely grows.
- Renewables, along with nuclear and hydroelectric, account for half of the growth in energy supply. Even so, oil, gas and coal remain the dominant sources of energy, accounting for more than 75 percent of energy supplies in ’35, down from 85 percent today.
- Oil use grows at 0.7 percent per year. Natural gas use is expected to grow faster than oil or coal, with consumption increasing 1.6 percent per year between ’15 and ’35.
- Increases in the supply of liquids are driven by holders of large-scale, low-cost resources, especially in the Middle East, U.S. and Russia. OPEC is expected to account for nearly 70 percent of global supply growth, increasing by 9 million barrels per day (MMbbl/d), while non-OPEC supply grows by just over 4 MMbbl/d by ’35, led by the U.S.

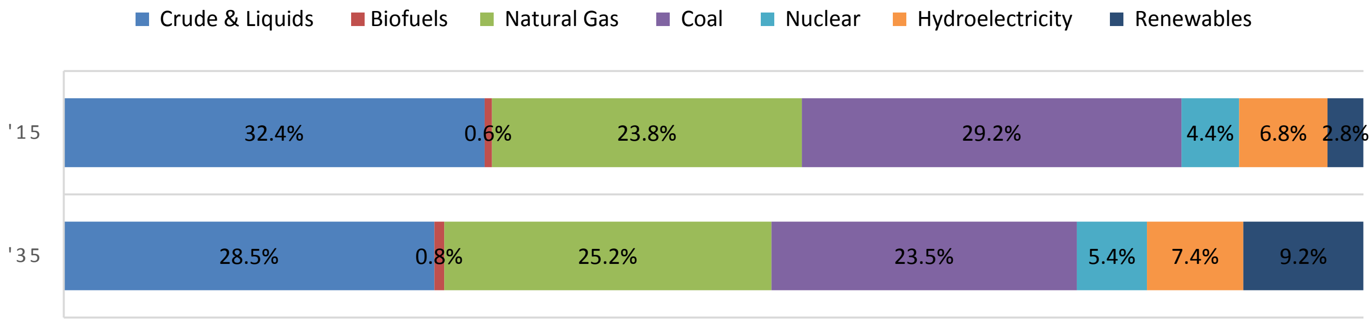
PRIMARY ENERGY CONSUMPTION BY FUEL



Source: BP 2007 Energy Outlook

- Renewables in power are set to be the fastest growing source of energy at 7.6 percent per year, more than quadrupling over the outlook period. Renewables account for 40 percent of the growth in power generation, causing their share of global power to increase from 7 percent in ’15 to nearly 20 percent by ’35.
- Carbon emissions are projected to grow at 0.6 percent per year, less than a third of the rate seen in the past two decades (2.1 percent per year). This scenario would see the slowest rate of emissions growth since record keeping began in ’65.

SHIFT IN GLOBAL FUEL CONSUMPTION



SOURCE: BP 2017 ENERGY OUTLOOK

On the Move — Nearly 700,000 Houstonians moved in '15, some from other metros but most within Houston. The most common reasons for moving (in order)—wanting a larger or better home, to form a new household, to live in a better neighborhood, to be closer to family, and to be closer to work. Those insights come from the American Housing Survey, the U. S. Census Bureau's survey of housing characteristics in the U.S. and the nation's largest metro areas. Other Houston insights from the survey:

- The most common methods of finding a home (in order)—word of mouth, the Internet, talking with a real estate agent, sign outside the home, and talking with a rental agency.
- Of the 850,000 households paying rent, 71.0 percent pay $1,000 or less, 2.9 percent pay $2,000 or more. Of the 770,000 households with mortgage payments, 77.0 percent pay less than $1,250 per month, 3.6 percent pay more than $2,250 per month.[1]
- Eighty-one percent of respondents agree their neighborhood has good schools. Only 34.6 percent believe their neighborhood has good public transit service. The questions were asked of both recent movers and those who have been in their homes a year or more.
- Nearly one in four respondents (24.2 percent) believe their neighborhood has a great deal of petty crime, 9.9 percent see their neighborhood as plagued by serious crime, and 18.1 percent are concerned their neighborhood is at high risk for flood.
- On a scale of one to 10, with one being the worst and 10 being the best, 78.2 percent of respondents rate their neighborhood as a seven or better.

The March issue of *Houston: The Economy at a Glance* will review how Houston's housing characteristics compare to those of other major metro areas.

[1] Does not include taxes, insurance or homeowner association fees.

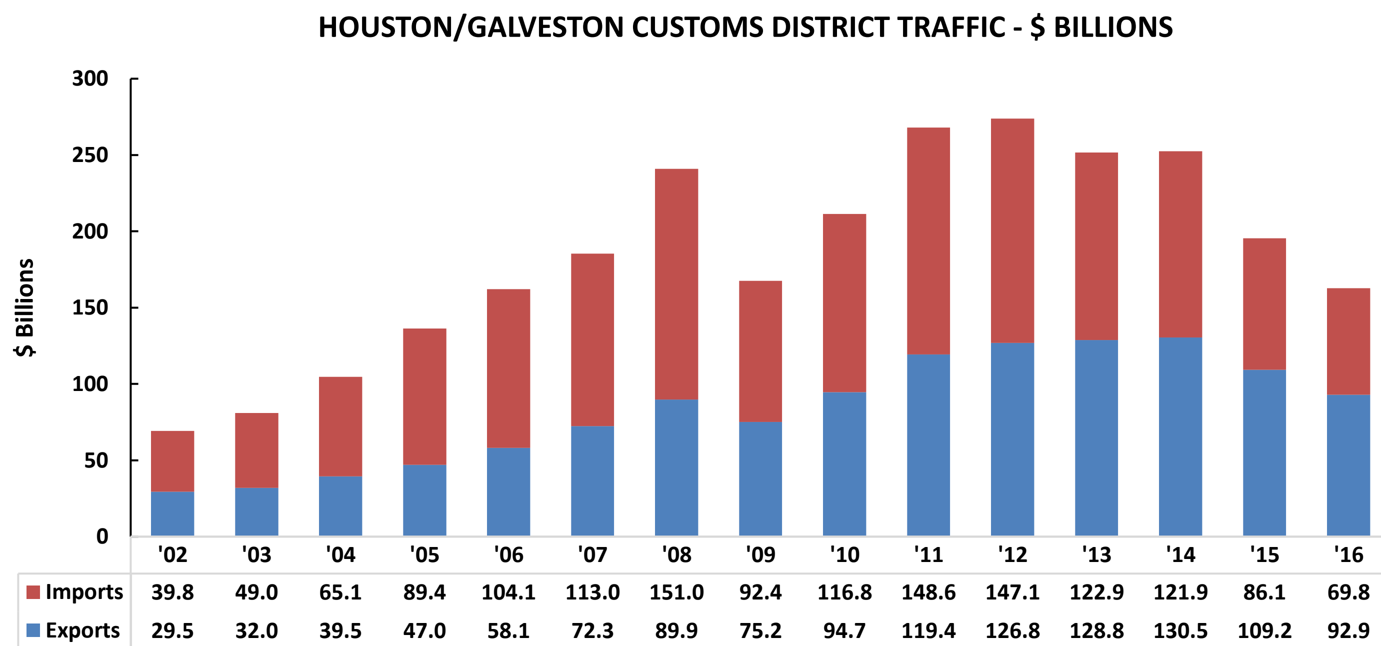
Waterborne Listing — Shipments via the Houston/Galveston Customs District declined in both weight and value in ’16. The strong dollar, weak global commodity prices, slower growth overseas, a decline in crude imports, the collapse in domestic drilling, and political turmoil among Houston’s major partners impacted Houston’s trade activities.

TRADE VIA THE HOUSTON/GALVESTON CUSTOMS DISTRICT

	Value ($ Billions)					Metric Tons (Million)			
	Total		Change ’15 – ’16			Total		Change ’15 – ’16	
	’15	’16	$	%		’15	’16	Kg	%
Exports	109.2	93.0	-16.2	-14.9	Exports	134.1	135.5	1.4	1.0
Imports	86.1	69.8	-16.3	-18.9	Imports	115.8	106.9	-8.8	-7.6
Total	**195.4**	**162.8**	**-32.6**	-16.7	**Total**	**249.9**	**242.5**	**-7.4**	**-3.0**

Source: WISER from U.S. Census Bureau, Foreign Trade Division Note: Numbers may not sum due to rounding.

From a peak of $273.9 billion in ’12, the value of trade has trended downward in recent years, falling to $162.8 billion in ’16. Seventy percent of the decline can be attributed to a decline in crude import volumes coupled with a decline in crude prices. Shipments of industrial equipment, plastics, chemicals and cereal have fluctuated in recent years. The value of shipments of chemicals, equipment, and iron and steel has fallen as well, but not as much as that of crude.



In ’16, the value of shipments fell for nine of Houston’s 10 leading exports (represent 86.2 of all exports) and seven of Houston’s 10 leading imports (representing 79.0 percent of all imports).

HOUSTON GALVESTON CUSTOMS DISTRICT TRAFFIC - $ BILLIONS

IMPORTS	'15	'16	△ $	△ %	EXPORTS	'15	'16	△ $	△ %
Mineral Fuels	26.937	21.567	-5.370	-19.9%	Mineral Fuels	38.770	34.363	-4.407	-11.4%
Industrial Machinery	11.823	9.300	-2.523	-21.3%	Organic Chemicals	12.942	11.334	-1.608	-12.4%
Articles of Iron/Steel	9.905	5.727	-4.178	-42.2%	Industrial Machinery	16.958	11.103	-5.855	-34.5%
Vehicles	4.987	5.090	0.102	2.1%	Plastics	7.079	6.469	-0.610	-8.6%
Electric Machinery	4.317	3.809	-0.508	-11.8%	Electric Machinery	5.174	4.644	-0.530	-10.2%
Organic Chemicals	4.137	3.106	-1.031	-24.9%	Vehicles	3.993	3.646	-0.347	-8.7%
Beverages & Spirits	1.655	1.608	-0.047	-2.9%	Misc. Chemicals	3.225	2.587	-0.639	-19.8%
Plastics	1.643	1.517	-0.126	-7.6%	Cereals & Grains	2.616	2.478	-0.138	-5.3%
Misc. Chemicals	1.258	1.347	0.089	7.1%	Aircraft	1.408	1.918	0.510	36.2%
Furniture	1.304	1.330	0.026	2.0%	Scientific Instruments	2.176	1.610	-0.566	-26.0%
Top 10 Imports	*66.662*	*53.070*	*-13.592*	*-20.4%*	*Top 10 Exports*	*94.340*	*80.151*	*-14.189*	*-15.0%*
All Others	*19.483*	*16.762*	*-2.721*	*-14.0%*	*All Others*	*14.882*	*12.821*	*-2.061*	*-13.8%*
TOTAL Imports	**86.145**	**69.832**	**-16.313**	**-18.9%**	Total Exports	109.222	92.972	-16.250	-14.9%

Source: Source: WISER from US Census Bureau, Foreign Trade Division

Mexico reclaimed its place as Houston's top trading partner in '16. Though trade slipped by $1.7 billion, trade with China fell by $3.7 billion, dropping it to second place. Of Houston's top 10 partners, only Saudi Arabia showed an increase in trade, albeit a small one.

TOP TRADING PARTNERS
Houston/Galveston Customs District

	Value - $ Billions		Change '15 - '16	
	'15	'16	$	%
Mexico	17.2	15.5	-1.7	-9.6
China	18.4	14.8	-3.7	-19.9
Brazil	10.5	10.3	-0.2	-2.2
Germany	10.0	9.3	-0.7	-7.3
Netherlands	8.3	7.8	-0.4	-4.9
Saudi Arabia	6.2	6.3	0.1	1.8
Venezuela	8.0	5.6	-2.4	-29.9
Colombia	7.1	5.1	-2.0	-28.9
Korea, Republic Of	6.5	5.0	-1.5	-22.6
Japan	4.9	4.6	-0.2	-5.0
Top 10	*97.1*	*84.4*	*-12.7*	*-13.1*
All Others	*98.3*	*78.4*	*-19.9*	*-20.2*
Total	**$195.4**	**$162.8**	**-32.6**	**-16.7**

Two notes of caution when reviewing Houston/Galveston Customs District data. First, the data reflect trade passing through Houston. Some originates here, some elsewhere. While it's safe to assume most of the chemicals, plastics, fuel and machinery shipments are locally made, the grains and consumer products likely originated from outside the region. Second, the district includes all ports in the metro area (Houston, Galveston, Freeport, Texas City, Houston Intercontinental) as well as two ports outside Houston (Corpus Christi and Port Lavaca). However, those two ports account for less than 10 percent of the district total. Even with those caveats, district traffic is a good measure of Houston's foreign trade.

SNAPSHOT — KEY ECONOMIC INDICATORS

Building Permits — City of Houston building permits totaled $6.6 billion in ’16, down 19.6 percent from $8.2 billion in ’15, according to the City’s Department of Public Works & Engineering Planning & Development Services. Residential building permits accounted for $2.1 billion in ’16, a 25.1 percent drop from $2.8 billion in ’15. Commercial building permits totaled $4.5 billion, down 16.7 percent from $5.4 billion the previous year.

Construction Starts — Dodge Data & Analytics reports construction starts in the Houston region totaled $766.7 million in November ’16, a 39.6 percent drop from $1.269 billion in November ’15. Residential starts fell 4.2 percent from the prior year to $601.2 million, while nonresidential starts fell 74.2 percent to $165.5 million.

Inflation — The cost of consumer goods and services as measured by the Consumer Price Index for All Urban Consumers (CPI-U) rose 2.1 percent in Houston from December ’15 to December ’16, according to the U.S. Bureau of Labor Statistics.

Vehicle Sales — Houston-area auto dealers sold 299,461 vehicles in ’16, a 20.5 percent drop from 376,481 vehicles in ’15, according to *TexAuto Facts*, published by InfoNation, Inc. of Sugar Land. December ’16 sales totaled 24,066 vehicles, a 12.4 percent drop from 27,478 vehicles sold the same month last year. The December reading marks 12 straight months of over-the-year declines for automobile sales in Houston.

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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 with your name, title and phone number and your company’s name and address.

HOUSTON MSA NONFARM PAYROLL EMPLOYMENT (000)

				Change from		% Change from	
	Dec '16	Nov '16	Dec '15	Nov '16	Dec '15	Nov '16	Dec '15
Total Nonfarm Payroll Jobs	***3,036.1***	***3,035.7***	***3,021.3***	***0.4***	***14.8***	***0.0***	***0.5***
Total Private	***2,635.5***	***2,634.4***	***2,629.7***	***1.1***	***5.8***	***0.0***	***0.2***
Goods Producing	***534.4***	***532.5***	***557.4***	***1.9***	***-23.0***	***0.4***	***-4.1***
Service Providing	***2,501.7***	***2,503.2***	***2,463.9***	***-1.5***	***37.8***	***-0.1***	***1.5***
Private Service Providing	***2,101.1***	***2,101.9***	***2,072.3***	***-0.8***	***28.8***	***0.0***	***1.4***
Mining and Logging	87.2	87.3	94.3	-0.1	-7.1	-0.1	-7.5
Oil & Gas Extraction	49.4	49.4	52.0	0.0	-2.6	0.0	-5.0
Support Activities for Mining	36.3	36.5	41.8	-0.2	-5.5	-0.5	-13.2
Construction	213.2	214.1	224.4	-0.9	-11.2	-0.4	-5.0
Manufacturing	234.0	231.1	238.7	2.9	-4.7	1.3	-2.0
Durable Goods Manufacturing	147.4	146.2	154.0	1.2	-6.6	0.8	-4.3
Nondurable Goods Manufacturing	86.6	84.9	84.7	1.7	1.9	2.0	2.2
Wholesale Trade	170.2	169.7	172.8	0.5	-2.6	0.3	-1.5
Retail Trade	327.0	323.0	311.6	4.0	15.4	1.2	4.9
Transportation, Warehousing and Utilities	140.6	140.8	143.1	-0.2	-2.5	-0.1	-1.7
Utilities	16.4	16.4	16.1	0.0	0.3	0.0	1.9
Air Transportation	22.2	22.2	21.9	0.0	0.3	0.0	1.4
Truck Transportation	25.2	25.4	25.3	-0.2	-0.1	-0.8	-0.4
Pipeline Transportation	10.4	10.4	10.7	0.0	-0.3	0.0	-2.8
Information	31.4	31.3	31.5	0.1	-0.1	0.3	-0.3
Telecommunications	13.7	13.7	14.3	0.0	-0.6	0.0	-4.2
Finance & Insurance	97.9	97.5	97.0	0.4	0.9	0.4	0.9
Real Estate & Rental and Leasing	55.4	55.0	55.1	0.4	0.3	0.7	0.5
Professional & Business Services	460.6	466.4	468.6	-5.8	-8.0	-1.2	-1.7
Professional, Scientific & Technical Services	215.0	215.8	219.0	-0.8	-4.0	-0.4	-1.8
Legal Services	*23.9*	*24.1*	*24.4*	*-0.2*	*-0.5*	*-0.8*	*-2.0*
Accounting, Tax Preparation, Bookkeeping	*24.9*	*24.7*	*23.9*	*0.2*	*1.0*	*0.8*	*4.2*
Architectural, Engineering & Related Services	*64.4*	*65.3*	*71.0*	*-0.9*	*-6.6*	*-1.4*	*-9.3*
Computer Systems Design & Related Services	*33.8*	*33.7*	*33.0*	*0.1*	*0.8*	*0.3*	*2.4*
Admin & Support/Waste Mgt & Remediation	210.5	215.7	213.0	-5.2	-2.5	-2.4	-1.2
Administrative & Support Services	*198.3*	*203.4*	*201.0*	*-5.1*	*-2.7*	*-2.5*	*-1.3*
Employment Services	*77.4*	*79.1*	*81.4*	*-1.7*	*-4.0*	*-2.1*	*-4.9*
Educational Services	391.4	389.7	377.5	1.7	13.9	0.4	3.7
Health Care & Social Assistance	331.6	329.7	320.1	1.9	11.5	0.6	3.6
Arts, Entertainment & Recreation	32.7	33.0	30.7	-0.3	2.0	-0.9	6.5
Accommodation & Food Services	289.2	290.7	278.3	-1.5	10.9	-0.5	3.9
Other Services	104.7	104.8	106.1	-0.1	-1.4	-0.1	-1.3
Government	400.6	401.3	391.6	-0.7	9.0	-0.2	2.3
Federal Government	29.6	28.7	28.3	0.9	1.3	3.1	4.6
State Government	74.0	74.7	73.6	-0.7	0.4	-0.9	0.5
State Government Educational Services	*40.4*	*40.9*	*40.1*	*-0.5*	*0.3*	*-1.2*	*0.7*
Local Government	297.0	297.9	289.7	-0.9	7.3	-0.3	2.5
Local Government Educational Services	*211.6*	*212.0*	*205.1*	*-0.4*	*6.5*	*-0.2*	*3.2*

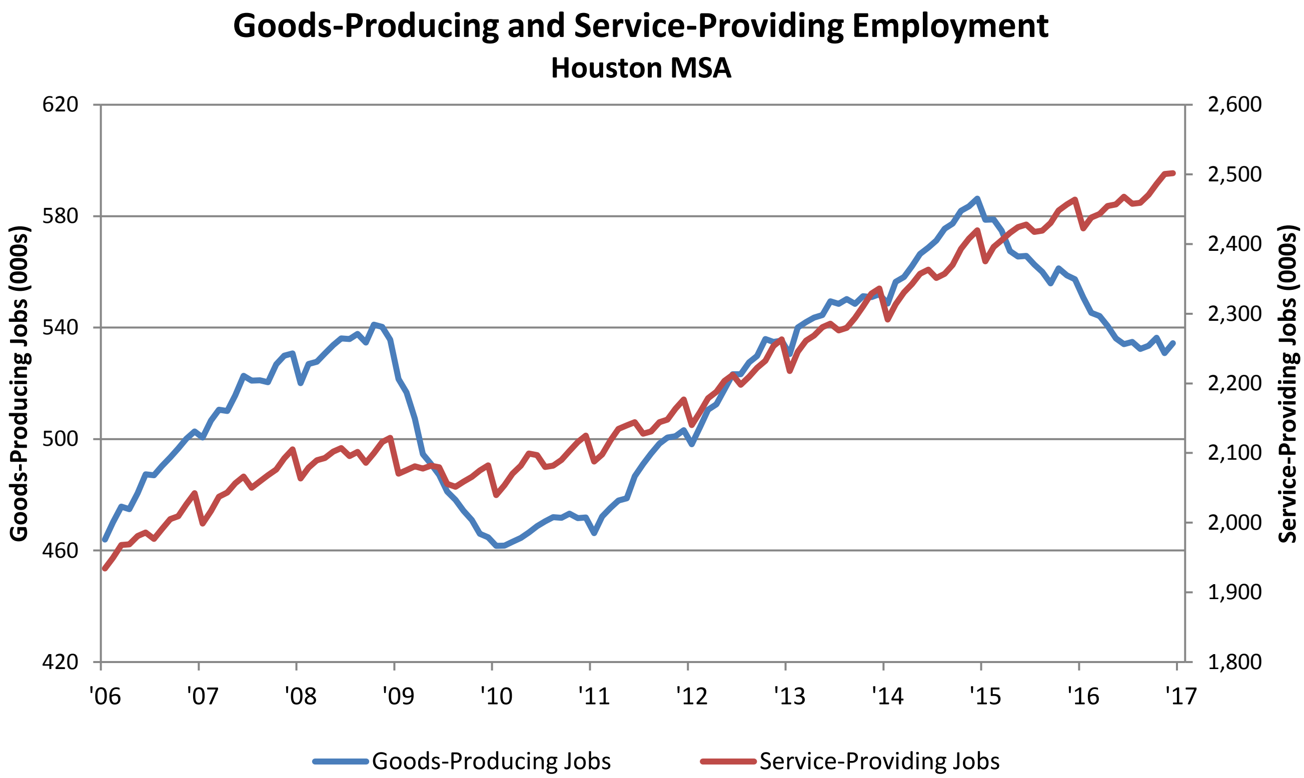
SOURCE: Texas Workforce Commission

Houston Economic Indicators
A Service of the Greater Houston Partnership

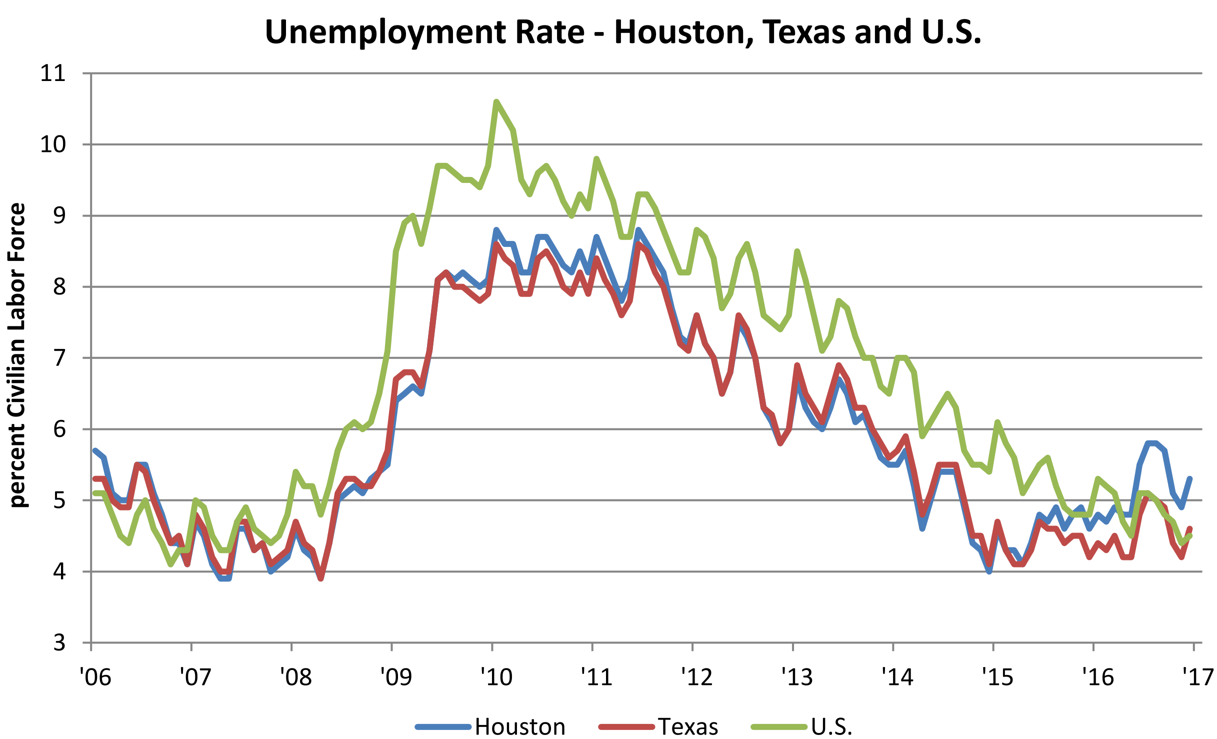
		MONTHLY DATA			YEAR-TO-DATE TOTAL or YTD AVERAGE*		
	Month	Most Recent	Year Earlier	% Change	Most Recent	Year Earlier	% Change
ENERGY							
U.S. Active Rotary Rigs	Jan '16	678	654	3.7	678 *	654 *	3.7
Spot Crude Oil Price ($/bbl, West Texas Intermediate)	Jan '16	52.49	32.64	60.8	52.49 *	32.64 *	60.8
Spot Natural Gas ($/MMBtu, Henry Hub)	Jan '16	3.32	2.12	56.6	3.32 *	2.12 *	56.6
UTILITIES AND PRODUCTION							
Houston Purchasing Managers Index	Dec '16	50.7	43.3	17.1	46.7 *	46.5 *	0.4
Nonresidential Electric Current Sales (Mwh, CNP Service Area)	Dec '16	4,397,346	4,144,888	6.1	57,142,841	55,195,646	3.5
CONSTRUCTION							
Total Building Contracts ($, Houston MSA)	**Nov '16**	**766,704,000**	**1,268,674,000**	**-39.6**	**14,331,794,000**	**16,920,168,000**	**-15.3**
Nonresidential	Nov '16	165,539,000	641,123,000	-74.2	6,022,002,000	7,346,419,000	-18.0
Residential	Nov '16	601,165,000	627,551,000	-4.2	8,309,792,000	9,573,749,000	-13.2
Building Permits ($, City of Houston)	**Dec '16**	**401,315,338**	**605,037,340**	**-33.7**	**6,612,473,714**	**8,223,462,052**	**-19.6**
Nonresidential	Dec '16	267,606,227	348,695,383	-23.3	4,478,509,719	5,373,796,749	-16.7
New Nonresidential	*Dec '16*	*38,085,139*	*138,401,264*	*-72.5*	*1,723,127,162*	*2,683,536,701*	*-35.8*
Nonresidential Additions/Alterations/Conversions	*Dec '16*	*229,521,088*	*210,294,119*	*9.1*	*2,755,382,557*	*2,690,260,048*	*2.4*
Residential	Dec '16	133,709,111	256,341,957	-47.8	2,133,963,995	2,849,665,303	-25.1
New Residential	*Dec '16*	*112,540,288*	*231,186,792*	*-51.3*	*1,649,603,786*	*2,542,129,639*	*-35.1*
Residential Additions/Alterations/Conversions	*Dec '16*	*21,168,823*	*25,155,165*	*-15.8*	*484,360,209*	*307,535,664*	*57.5*
Multiple Listing Service (MLS) Activity							
Property Sales	Dec '16	7,868	7,480	5.2	91,520	89,293	2.5
Median Sales Price - SF Detached	Dec '16	225,903	219,900	2.7	220,182 *	211,396 *	4.2
Active Listings	Dec '16	33,802	31,550	7.1	35,532 *	31,326 *	13.4
EMPLOYMENT (Houston-Sugar Land-Baytown MSA)							
Nonfarm Payroll Employment	**Dec '16**	**3,036,100**	**3,021,300**	**0.5**	**3,001,750 ***	**2,988,933 ***	**0.4**
Goods Producing (Natural Resources/Mining/Const/Mfg)	Dec '16	534,400	557,400	-4.1	538,000 0	565,583 *	-4.9
Service Providing	Dec '16	2,501,700	2,463,900	1.5	2,463,750 0	2,423,350 *	1.7
Unemployment Rate (%) - Not Seasonally Adjusted							
Houston-Sugar Land-Baytown MSA	Dec '16	5.3	4.6		5.2 *	4.6 *	
Texas	Dec '16	4.6	4.2		4.6 *	4.5 *	
U.S.	Dec '16	4.5	4.8		4.9 *	5.3 *	
TRANSPORTATION							
Port of Houston Authority Shipments (Short Tons)	**Dec '16**	**3,511,992**	**3,994,083**	**-12.1**	**44,839,193**	**45,523,769**	**-1.5**
Air Passengers (Houston Airport System)	**Dec '16**	**4,565,148**	**4,122,050**	**10.7**	**54,524,766**	**55,187,655**	**-1.2**
Domestic Passengers	Dec '16	3,705,317	3,306,618	12.1	42,950,231	44,430,859	-3.3
International Passengers	Dec '16	859,831	815,432	5.4	11,574,535	10,756,796	7.6
Air Freight (metric tons)	**Dec '16**	**38,430**	**35,631**	**7.9**	**417,848**	**342,271**	**22.1**
CONSUMERS							
New Car and Truck Sales (Units, Houston MSA)	**Dec '16**	**24,066**	**27,478**	**-12.4**	**299,461**	**376,481**	**-20.5**
Cars	Dec '16	8,311	9,793	-15.1	107,943	150,622	-28.3
Trucks, SUVs and Commercials	Dec '16	15,755	17,685	-10.9	191,518	225,859	-15.2
Total Retail Sales ($000,000, Houston MSA, NAICS Basis)	**Q1/16**	**25,146**	**25,980**	**-3.2**	**25,146**	**25,980**	**-3.2**
Consumer Price Index for All Urban Consumers ('82-'84=100)							
Houston-Galveston-Brazoria CMSA	Dec '16	217.753	212.936	2.3	216.443 *	213.097 *	1.6
United States	Dec '16	241.432	236.525	2.1	240.007 *	237.017 *	1.3
Hotel Performance (Houston MSA)							
Occupancy (%)	Q2/16	66.2	71.1		65.9 *	70.6 *	
Average Room Rate ($)	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

Sources:

Aviation	City of Houston Department of Aviation
Building Construction Contracts	Dodge Data & Analytics
Car and Truck Sales	*TexAuto Facts Report*, InfoNation, Inc., Sugar Land TX
City of Houston Building Permits	Public Works & Engineering Planning & Development, City of Houston
Consumer Price Index	U.S. Bureau of Labor Statistics
Electricity	CenterPoint Energy
Employment, Unemployment	Texas Workforce Commission
Hotels	CBRE
Houston Purchasing Managers Index	Institute for Supply Management-Houston
MLS Data	Houston Association of Realtors®
Port Shipments	Port of Houston Authority
Retail Sales	Texas Comptroller's Office
Rig Count	Baker Hughes Incorporated



Source: Texas Workforce Commission



Source: Texas Workforce Commission