

- **Definite Signs of a Recovery** — What a difference a year makes. Last January, there were only hints of a recovery. This January, it's apparent the recovery is well underway. The evidence:
 - The 10-county Houston-Sugar Land-Baytown Metropolitan Statistical Area gained 9,500 jobs during the 12 months ending November '10 according to the Texas Workforce Commission (TWC)¹. By comparison, TWC reported that Houston had lost 103,500 jobs during the same period in '09, the worst 12-month job loss of the recession.
 - Workforce Solutions reported an average of 22,198 residents per month filed initial claims for unemployment insurance in the 13-county Gulf Coast Workforce Development Area during the 12 months ending November '10. By comparison, initial claims averaged 25,572 during the same period in '09. The 12-month average peaked at 28,761 in August of '09.
 - The Houston Purchasing Managers Index (PMI) stood at 56.3 in November '10, according to the National Association for Purchasing Management-Houston. In November '09, the local PMI stood at 51.2 and had only turned positive (i.e. above 50) the month before². Since turning positive in October '09, the PMI has been above 50.0 for 14 consecutive months. The bottom for the PMI was in March '09 when it fell to 39.0.
 - The Baker Hughes count of active domestic rotary rigs averaged 1,711 in December '10, up 45.9 percent from 1,172 in December '09. The rig count is up 91.2 percent from its recession low of 895 in June '09.
 - The Friday closing spot market price for West Texas Intermediate (WTI)—the U.S. benchmark for light, sweet crude—averaged \$89.46 per barrel in December '10, up 19.3 percent from its average of \$74.96 in December '09, reports the U.S. Energy Information Administration. The price for WTI has held above \$80 for 14 consecutive weeks. In December '08, the recent floor for oil prices, WTI averaged \$39.50.

¹ As of this writing, November '10 is the most recent data available for most economic indicators.

² Readings above 50 indicate likely economic growth over the next three to four months; readings below 50 suggest contraction.

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- The number of new cars and trucks sold by dealers in the Houston MSA totaled 238,490 in the 12 months ending November '10, up 8.0 percent from the 220,915 sold during the same period in '09, according to *TexAuto Facts*, published by InfoNation, Inc., of Sugar Land. December '09 was the low point for vehicle sales in Houston, falling to 218,710 on an annual basis.
- The Houston Airport System served 49.4 million passengers in the 12 months ending November '10, up 2.1 percent from the 48.4 million served over the 12 months ending November '09. Airport traffic bottomed in August '09 when HAS served 47.7 million passengers over the previous 12 months.

Though most indicators show signs of a growing recovery, not all sectors are enjoying the return to growth.

- Natural gas prices continue to trend downward. In the first two months of '10, natural gas averaged above \$5 per MMBtu. Through August, gas prices averaged above \$4 per MMBtu. In September and October, gas prices averaged \$3.62 per MMBtu. Only with the recent cold spell in the east have natural gas prices crept back above \$4 per MMBtu.
- Single-family home sales declined to 51,578 for the 12 months ending November '10, compared to 54,608 for the same time frame in '09, according to the Houston Association of Realtors®.
- The unemployment rate remains stubbornly high at 8.6 percent in November '10, up from 8.1 percent in November '09.

Houston is definitely on the mend. But like a patient who has suffered a long illness, it will take time before the economy fully regains its stamina.

- **Trade Growth Continues** — The Houston-Galveston Customs District recorded trade valued at \$173.1 billion for the first 10 months of '10, up 27.1 percent from \$136.3 billion during the same period in '09. Houston is the third fastest growing customs district among the five busiest in the nation. Detroit grew 32.4 percent, New Orleans 28.7 percent, New York City 23.9 percent and Los Angeles 23.8 percent.

Houston exports totaled \$77.0 billion, up 26.1 percent from '09. Five commodities account for 73.3 percent of all exports through Houston to date: mineral fuel and oil (\$21.8 billion), industrial machinery (\$14.0 billion), organic chemicals (\$11.3 billion), plastics (\$5.7 billion) and electric machinery (\$3.6 billion).

Imports totaled \$96.1 billion, up 27.8 percent from '09. Five commodities accounted for 84.3 percent of all imports through Houston for '10: mineral fuel and oil (\$63.8 billion), industrial machinery (\$6.7 billion), iron and steel (\$4.3 billion), electric machinery (\$3.1 billion) and organic chemicals (\$3.05 billion).

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Air freight volumes also continue to grow. The Houston Airport System handled 80.0 million pounds of air freight in November '10, up 20.0 percent from November '09. Year-to-date, HAS handled 816.2 million pounds of air freight, up 17.5 percent compared to the same 11 month period last year.

- **New Home Sales Remain Weak** — Net sales of new single-family homes rose 2.0 percent, from 826 in November '09 to 840 units in November '10, according to Metrostudy's December *Monthly Sales and Traffic Report*. New home sales have yet to recover after plummeting at the expiration of the new home buyer's tax credit.

With sales remaining weak, builders continue to carefully manage their inventories. The number of spec units under construction totaled 1,246 in November '10, compared to 1,736 a year earlier. Finished spec inventory appears to have leveled off, rising only 0.5 percent from October '10 to November '10.

Metrostudy estimates that single-family starts in the Houston area will total 20,000-21,000 in '11. New home sales are expected to gain momentum throughout the year as the job market improves.

- **Construction Also Weak** — McGraw Hill Construction reports that contracts for the construction of new buildings in the 10-county Houston metropolitan area in November '10 were valued at \$440.5 million, down nearly a third from \$643 million in November '09. Nonresidential contracts fell 51 percent to \$149.1 million, while residential contracts fell 14 percent to \$291 million.

The 12-month running total for nonresidential contracts has yet to stabilize and continues to trend downward. Year-to-date, nonresidential contracts are 22 percent below their year-earlier value.

Although November residential contracts are 14 percent below November '09 contracts, year-to-date, residential contracts remain 3.0 percent above last year's level. The year-to-date increase is likely due to the boost in residential activity in the first months of '10 created by the new home buyer's tax credit.

Data users are cautioned that McGraw Hill's current-year estimates are preliminary and often undergo substantial revision, which are usually, but not always, upward.

- **Employment Continues to Grow** — The 10-county Houston-Sugar Land-Baytown Metropolitan Statistical Area gained 9,500 jobs, growing 0.4 percent, from November '09 to November '10 according to Texas Workforce Commission estimates. November marked the third consecutive month of year-over-year increases, another sign that the Houston economy is recovering. The private sector added 10,600 jobs (0.5 percent) while the public sector lost 1,100 jobs (-0.3 percent).

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Several sectors have posted notable job gains over the past 12 months: health care and social assistance, 8,000 jobs (3.1 percent); durable goods manufacturing, 5,400 jobs (3.9 percent); leisure and hospitality, 4,000 jobs (1.7 percent); food services and drinking places, 3,100 jobs (1.7 percent), oil and gas extraction, 2,600 jobs (5.3 percent); support activities for mining (i.e. oilfield services), 1,400 jobs (3.8 percent). Within durable goods manufacturing, the agriculture, construction, and mining machinery manufacturing (i.e. oilfield equipment), sectors added 1,000 jobs (3.6 percent). On the negative side, there are 2,500 fewer people working in local public education than this time last year, a reflection of the fiscal challenges facing area school districts. Construction employment is also down with a net loss of 3,400 jobs, (-2.0 percent) over the past 12 months.

On a month-to-month basis, November saw a significant jump in retail trade employment, 7,400 jobs (2.8 percent), as retailers prepared for increased holiday shopping. Retail employment will return to near previous levels by this February. Health care and social assistance added 1,700 jobs (0.6 percent), and transportation, warehousing, and utilities added 1,100 jobs (0.9 percent) in November. Employment in professional and business services, which in October appeared to be rebounding, lost a net 600 jobs.

Houston's November unemployment rate stood at 8.6 percent, an increase from 8.2 percent the month before. Texas' unemployment rate stood at 8.3 percent, up from 7.9 percent in October. The U.S. rate is 9.3 percent, up from 9.0 the month before. These rates are not seasonally adjusted.

The increase in unemployment rates results from how unemployed workers are counted, not a sign of a weakening economy. If someone is out of work and they stop looking for employment (i.e. the discouraged worker), the Bureau of Labor Statistics does not count them as unemployed because they have dropped out of the workforce. As the economy improves and the possibility of finding work improves, discouraged workers often resume their job search, thus rejoining the workforce and are once again being counted as unemployed. The increase in unemployment rate is most likely a sign that unemployed workers who rode out the recession on the sidelines have decided to reenter the game. The unemployment rate may continue to rise as the economy improves and more people resume their job search.

Patrick Jankowski, Marycruz García and
Jenny Hsu contributed to this issue of
The Economy at a Glance.

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The Greater Houston Partnership's **2011 Employment Forecast** is now available.

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Houston Economic Indicators

A Service of the Greater Houston Partnership

	Month	MONTHLY DATA			YEAR-TO-DATE TOTAL OR AVERAGE*		
		Most Recent	Year Earlier	% Change	Most Recent	Year Earlier	% Change
ENERGY							
U.S. Active Rotary Rigs	Dec '10	1,711	1,172	45.9	1,544 *	1,086 *	42.2
Spot Crude Oil Price (\$/bbl, West Texas Intermediate)	Dec '10	89.46	74.96	19.3	79.04 *	61.90 *	27.7
Spot Natural Gas (\$/MMBtu, Henry Hub)	Nov '10	3.72	3.45	7.9	4.35 *	3.74 *	16.1
UTILITIES AND PRODUCTION							
Houston Purchasing Managers Index	Nov '10	56.3	51.2	10.0	54.9 *	44.3 *	23.9
Nonresidential Electric Current Sales (Mwh, CNP Service Area)	Nov '10	4,075,178	4,134,950	-1.4	46,472,947	46,024,203	1.0
CONSTRUCTION							
Total Building Contracts (\$, Houston MSA)	Nov '10	440,547,000	643,284,000	-31.5	7,313,041,000	7,964,852,000	-8.2
Nonresidential	Nov '10	149,132,000	305,624,000	-51.2	2,817,872,000	3,619,143,000	-22.1
Residential	Nov '10	291,415,000	337,660,000	-13.7	4,495,169,000	4,345,709,000	3.4
Building Permits (\$, City of Houston)	Nov '10	175,950,526	180,685,899	-2.6	2,921,666,730	3,453,659,683	-15.4
Nonresidential	Nov '10	114,447,086	112,278,368	1.9	2,017,123,898	2,641,086,182	-23.6
New Nonresidential	Nov '10	47,425,546	49,830,158	-4.8	751,701,439	1,218,586,361	-38.3
Nonresidential Additions/Alterations/Conversions	Nov '10	67,021,540	62,448,210	7.3	1,265,422,459	1,422,499,821	-11.0
Residential	Nov '10	61,503,440	68,407,531	-10.1	904,542,832	812,573,501	11.3
New Residential	Nov '10	46,424,979	53,034,308	-12.5	693,319,189	602,363,898	15.1
Residential Additions/Alterations/Conversions	Nov '10	15,078,461	15,373,223	-1.9	211,223,643	210,209,603	0.5
Multiple Listing Service (MLS) Activity							
Closings	Nov '10	4,200	5,395	-22.2	55,698	58,512	-4.8
Median Sales Price - SF Detached	Nov '10	152,500	150,000	1.7	152,916 *	150,923 *	1.3
Active Listings	Nov '10	51,875	45,452	14.1	51,287 *	45,477 *	12.8
EMPLOYMENT (Houston-Sugar Land-Baytown MSA)							
Nonfarm Payroll Employment	Nov '10	2,536,500	2,527,000	0.4	2,512,400 *	2,539,000 *	-1.0
Goods Producing (Natural Resources/Mining/Const/Mfg)	Nov '10	483,300	480,100	0.7	477,200 *	498,800 *	-4.3
Service Providing	Nov '10	2,053,200	2,046,900	0.3	2,035,200 *	2,040,200 *	-0.2
Unemployment Rate (%) - Not Seasonally Adjusted							
Houston-Sugar Land-Baytown MSA	Nov '10	8.6	8.1		8.5 *	7.6 *	
Texas	Nov '10	8.3	7.9		8.2 *	7.6 *	
U.S.	Nov '10	9.3	9.4		9.7 *	9.2 *	
Unemployment Insurance Claims (Gulf Coast WDA)							
Initial Claims	Nov '10	20,479	22,708	-9.8	22,191 *	25,936 *	-14.4
Continuing Claims	Nov '10	91,349	134,401	-32.0	102,777 *	131,990 *	-22.1
TRANSPORTATION							
Port of Houston Authority Shipments (Short Tons)	Nov '10	3,367,030	3,045,917	10.5	36,774,546	33,755,045	8.9
Air Passengers (Houston Airport System)	Nov '10	4,037,709	3,878,149	4.1	45,222,506	44,298,895	2.1
Domestic Passengers	Nov '10	3,373,154	3,277,285	2.9	37,501,494	37,204,401	0.8
International Passengers	Nov '10	664,555	600,864	10.6	7,721,012	7,094,494	8.8
Landings and Takeoffs	Nov '10	66,741	69,011	-3.3	778,809	804,552	-3.2
Air Freight (000 lb)	Nov '10	79,981	66,645	20.0	816,191	694,670	17.5
Enplaned	Nov '10	44,789	34,388	30.2	427,819	367,934	16.3
Deplaned	Nov '10	35,192	32,257	9.1	388,372	326,736	18.9
CONSUMERS							
New Car and Truck Sales (Units, Houston MSA)	Nov '10	17,036	16,735	1.8	223,672	203,892	9.7
Cars	Nov '10	7,069	7,208	-1.9	98,983	95,165	4.0
Trucks, SUVs and Commercials	Nov '10	9,967	9,527	4.6	124,689	108,727	14.7
Total Retail Sales (\$000,000, Houston MSA, NAICS Basis)	2Q10	24,625	21,043	17.0	45,080	39,834	13.2
Consumer Price Index for All Urban Consumers ('82-'84=100)							
Houston-Galveston-Brazoria CMSA	Nov '10	195.094	191.608	1.8	194.080 *	190.375 *	1.9
United States	Nov '10	218.803	216.33	1.1	217.953 *	214.409 *	1.7
Hotel Performance (Harris County)							
Occupancy (%)	2Q10	57.6	57.5		55.3 *	60.1 *	
Average Room Rate (\$)	2Q10	95.17	98.64	-3.5	94.50 *	100.52 *	-6.0
Revenue Per Available Room (\$)	2Q10	54.84	56.72	-3.3	52.30 *	60.43 *	-13.5
POSTINGS AND FORECLOSURES							
Postings (Harris County)	Dec '10	4,719	4,000	18.0	47,652	41,169	15.7
Foreclosures (Harris County)	Dec '10	1,241	1,080	14.9	13,829	11,257	22.8

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Sources

Rig Count	Baker Hughes Incorporated	Port Shipments	Port of Houston Authority
Spot WTI, Spot Natural Gas	U.S. Energy Information Agency	Aviation	Aviation Department, City of Houston
Houston Purchasing Managers Index	National Association of Purchasing Management – Houston, Inc.	Car and Truck Sales	<i>TexAuto Facts Report</i> , InfoNation, Inc., Sugar Land TX
Electricity	CenterPoint Energy	Retail Sales	Texas Comptroller's Office
Building Construction Contracts	McGraw-Hill Construction	Consumer Price Index	U.S. Bureau of Labor Statistics
City of Houston Building Permits	Building Permit Department, City of Houston	Hotels	PKF Consulting/Hospitality Asset Advisors International
MLS Data	Houston Association of Realtors®	Postings, Foreclosures	Foreclosure Information & Listing Service
Employment, Unemployment	Texas Workforce Commission		

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The foregoing table is updated **whenever any data change** — typically, 11 or so times per month. If you would like to receive those updates by e-mail, usually accompanied by commentary, please e-mail your request for **Key Economic Indicators** to rpate@houston.org with the same identifying information.

You may request **Glance** and **Indicators** in the same e-mail.

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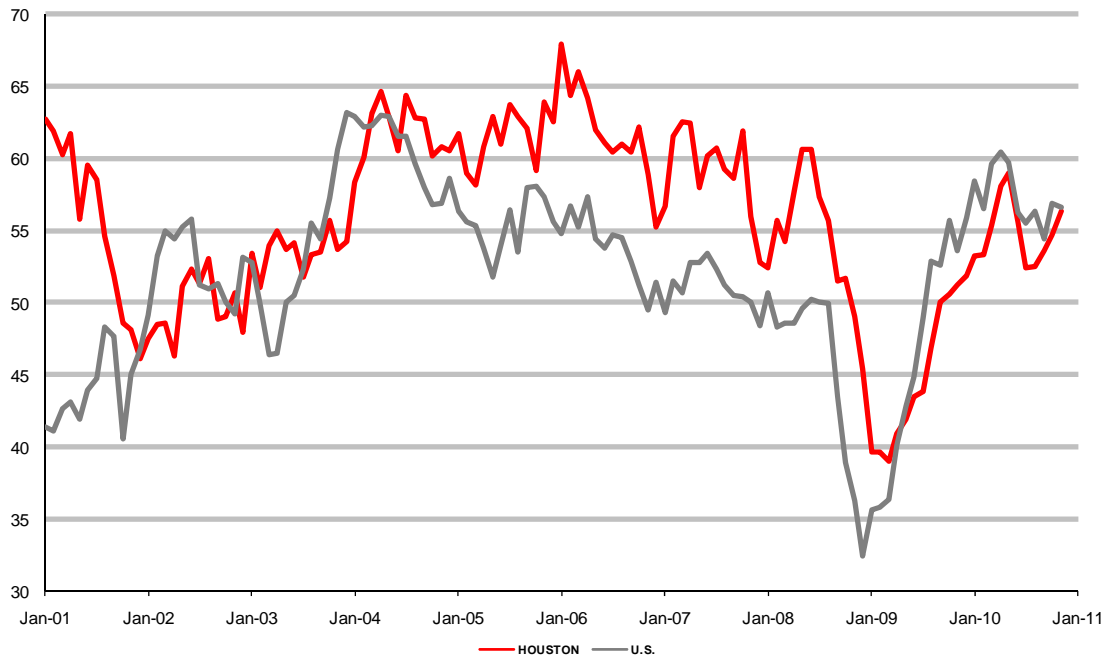
HOUSTON MSA NONFARM PAYROLL EMPLOYMENT (000)

	Nov '10	Oct '10	Nov '09	Change from		% Change from	
				Oct '10	Nov '09	Oct '10	Nov '09
Total Nonfarm Payroll Jobs	2,536.5	2,525.6	2,527.0	10.9	9.5	0.4	0.4
Total Private	2,159.0	2,150.4	2,148.4	8.6	10.6	0.4	0.5
Goods Producing	483.3	484.7	480.1	-1.4	3.2	-0.3	0.7
Service Providing	2,053.2	2,040.9	2,046.9	12.3	6.3	0.6	0.3
Private Service Providing	1,675.7	1,665.7	1,668.3	10.0	7.4	0.6	0.4
Mining and Logging	91.3	91.0	87.4	0.3	3.9	0.3	4.5
Oil & Gas Extraction	51.8	51.7	49.2	0.1	2.6	0.2	5.3
Support Activities for Mining	38.4	38.2	37.0	0.2	1.4	0.5	3.8
Construction	170.5	171.9	173.9	-1.4	-3.4	-0.8	-2.0
Manufacturing	221.5	221.8	218.8	-0.3	2.7	-0.1	1.2
Durable Goods Manufacturing	143.0	143.2	137.6	-0.2	5.4	-0.1	3.9
Nondurable Goods Manufacturing	78.5	78.6	81.2	-0.1	-2.7	-0.1	-3.3
Wholesale Trade	128.7	128.6	129.7	0.1	-1.0	0.1	-0.8
Retail Trade	270.6	263.2	271.1	7.4	-0.5	2.8	-0.2
Transportation, Warehousing and Utilities	122.3	121.2	121.7	1.1	0.6	0.9	0.5
Utilities	16.5	16.5	16.5	0.0	0.0	0.0	0.0
Air Transportation	23.6	23.6	24.2	0.0	-0.6	0.0	-2.5
Truck Transportation	18.9	19.1	18.5	-0.2	0.4	-1.0	2.2
Pipeline Transportation	8.8	8.8	8.7	0.0	0.1	0.0	1.1
Balance, incl Warehousing, Water & Rail Transport	54.5	53.2	53.8	1.3	0.7	2.4	1.3
Information	32.2	32.1	33.8	0.1	-1.6	0.3	-4.7
Telecommunications	17.2	17.1	17.9	0.1	-0.7	0.6	-3.9
Finance & Insurance	86.8	86.7	87.1	0.1	-0.3	0.1	-0.3
Real Estate & Rental and Leasing	49.8	50.1	50.5	-0.3	-0.7	-0.6	-1.4
Professional & Business Services	348.7	349.3	351.6	-0.6	-2.9	-0.2	-0.8
Professional, Scientific & Technical Services	170.3	170.5	173.2	-0.2	-2.9	-0.1	-1.7
Legal Services	22.8	22.8	23.1	0.0	-0.3	0.0	-1.3
Accounting, Tax Preparation, Bookkeeping	15.9	15.8	16.9	0.1	-1.0	0.6	-5.9
Architectural, Engineering & Related Services	61.1	61.3	60.5	-0.2	0.6	-0.3	1.0
Computer Systems Design & Related Services	23.3	23.5	23.6	-0.2	-0.3	-0.9	-1.3
Admin & Support/Waste Mgt & Remediation	158.4	159.0	160.8	-0.6	-2.4	-0.4	-1.5
Administrative & Support Services	151.4	151.8	152.9	-0.4	-1.5	-0.3	-1.0
Employment Services	51.6	51.7	50.9	-0.1	0.7	-0.2	1.4
Educational Services	43.5	43.6	42.7	-0.1	0.8	-0.2	1.9
Health Care & Social Assistance	267.6	265.9	259.6	1.7	8.0	0.6	3.1
Arts, Entertainment & Recreation	27.1	27.5	26.4	-0.4	0.7	-1.5	2.7
Accommodation & Food Services	206.7	206.0	203.4	0.7	3.3	0.3	1.6
Other Services	91.7	91.5	90.7	0.2	1.0	0.2	1.1
Government	377.5	375.2	378.6	2.3	-1.1	0.6	-0.3
Federal Government	28.0	28.4	28.8	-0.4	-0.8	-1.4	-2.8
State Government	72.2	71.5	71.3	0.7	0.9	1.0	1.3
State Government Educational Services	39.0	38.9	38.2	0.1	0.8	0.3	2.1
Local Government	277.3	275.3	278.5	2.0	-1.2	0.7	-0.4
Local Government Educational Services	189.6	187.9	192.1	1.7	-2.5	0.9	-1.3

SOURCE: Texas Workforce Commission

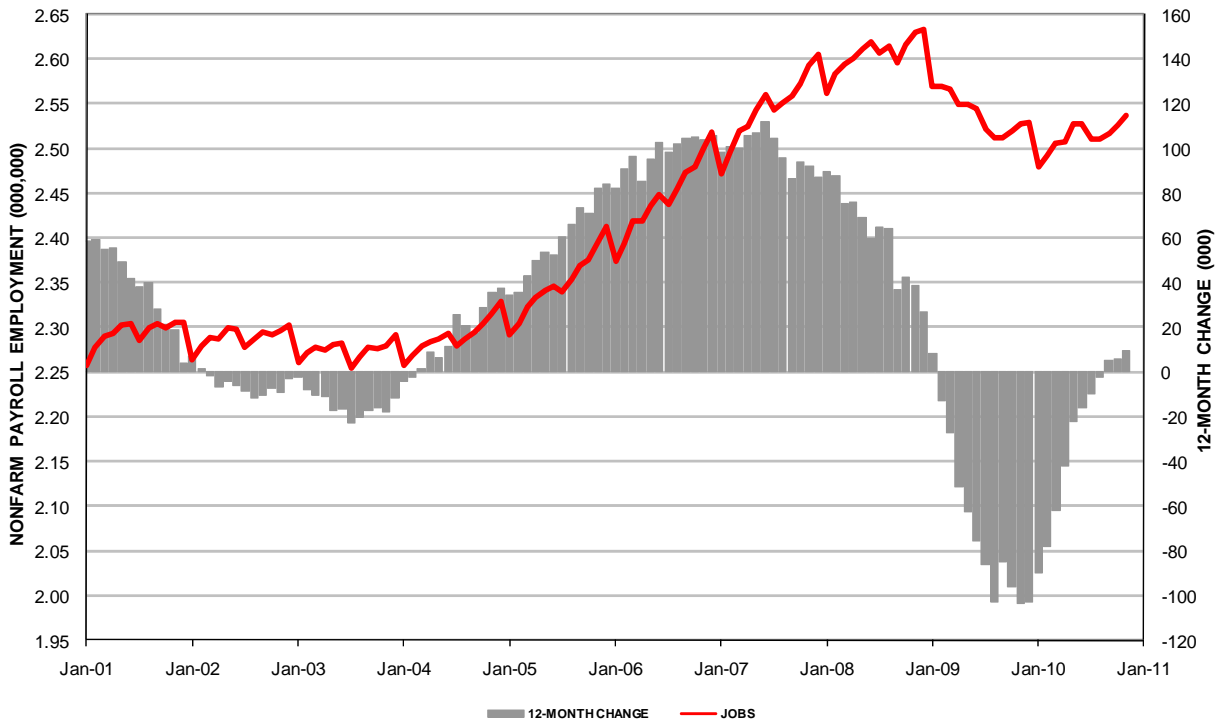
HOUSTON—THE ECONOMY AT A GLANCE

PURCHASING MANAGERS INDEX HOUSTON & U.S. 2001-2011



Source: National Association for Purchasing Management - Houston, Inc.

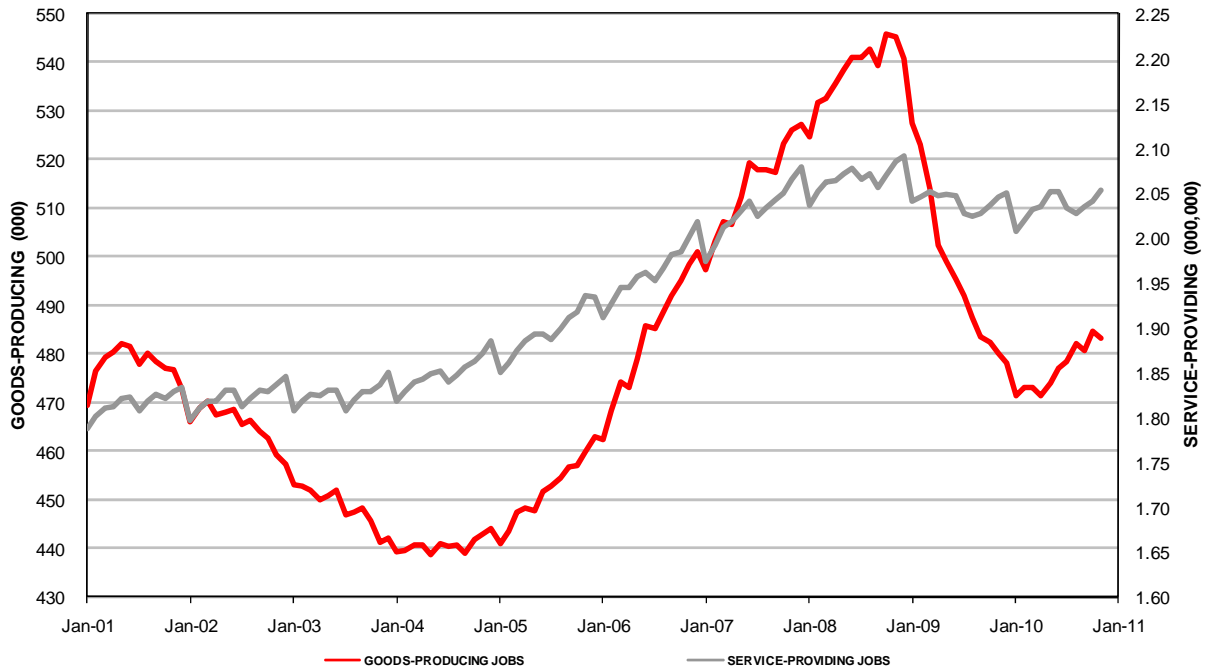
HOUSTON MSA EMPLOYMENT 2001-2011



Source: Texas Workforce Commission

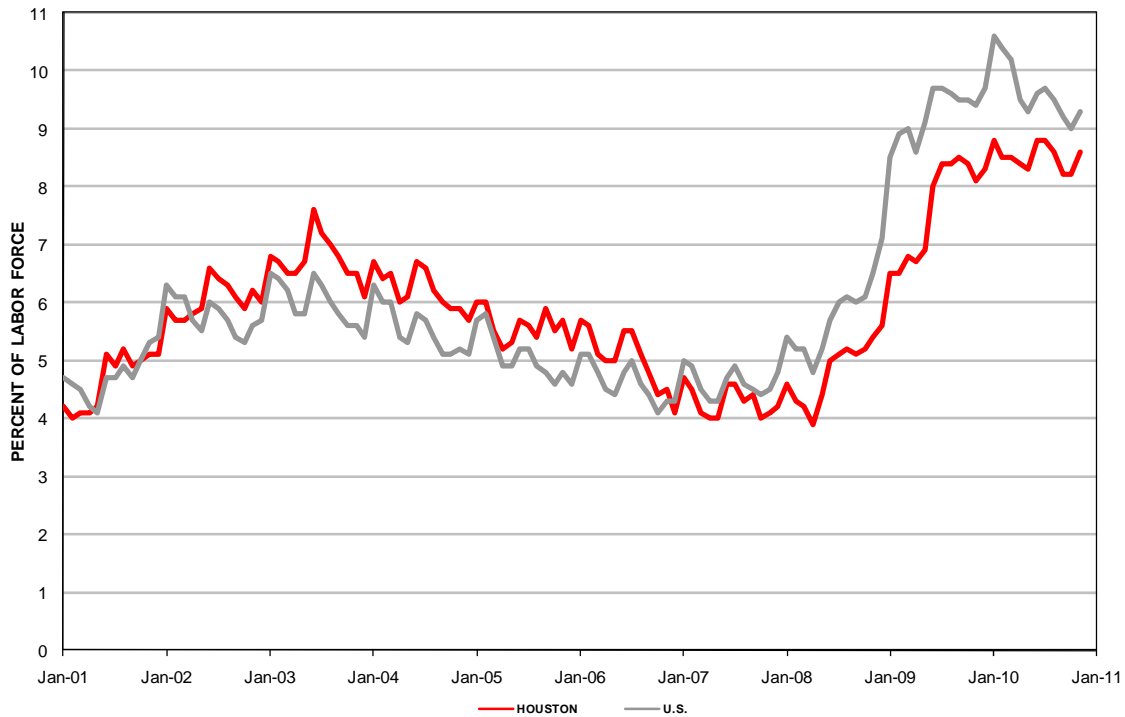
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GOODS-PRODUCING AND SERVICE-PROVIDING EMPLOYMENT HOUSTON MSA 2001-2011



Source: Texas Workforce Commission

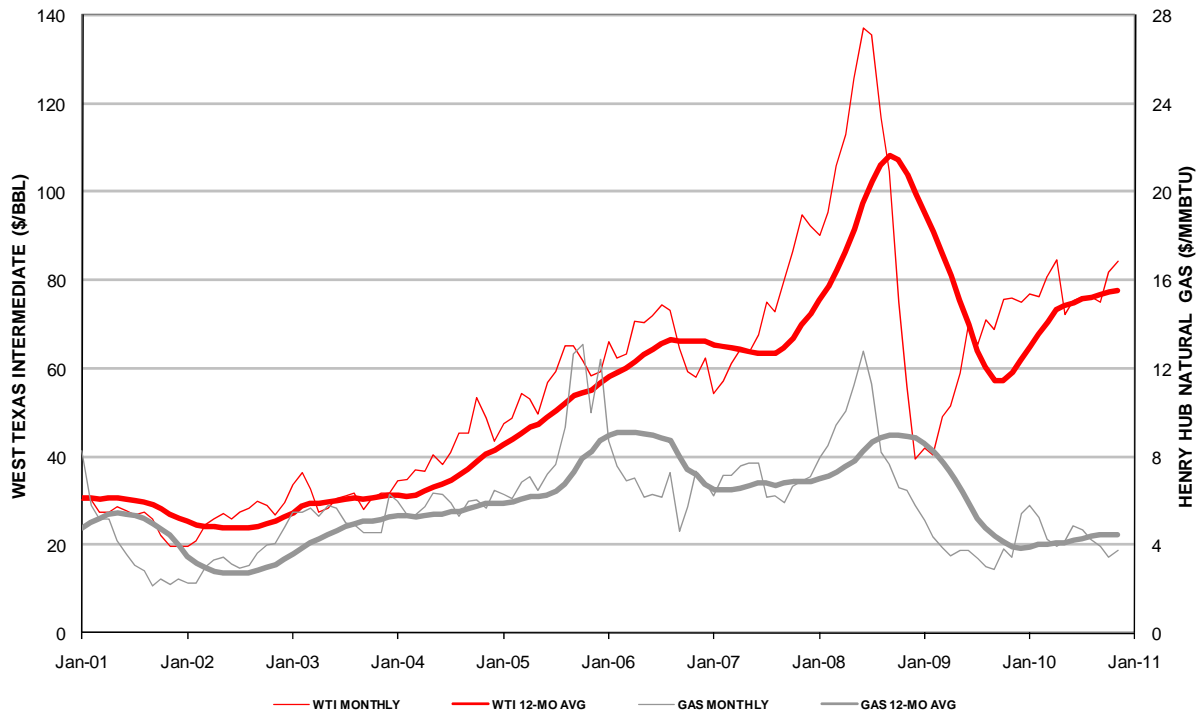
UNEMPLOYMENT RATE HOUSTON & U.S. 2001-2011



Source: Texas Workforce Commission

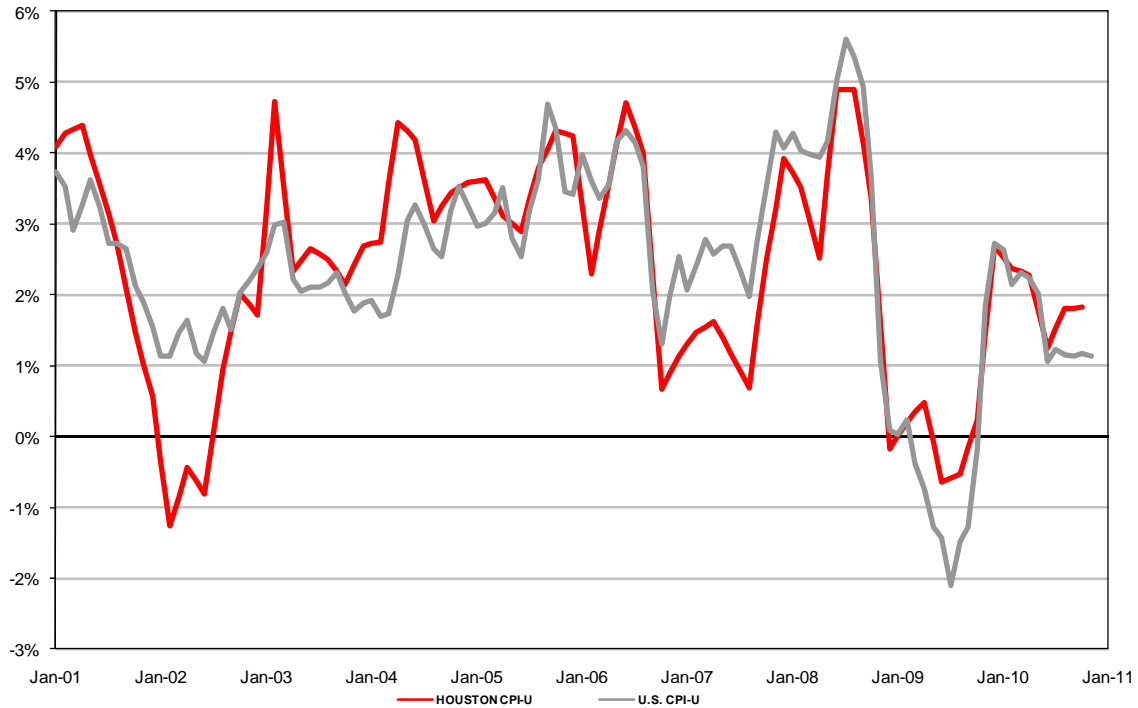
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SPOT MARKET ENERGY PRICES 2001 - 2011



Source: U.S. Energy Information Administration

INFLATION: 12-MONTH CHANGE 2001-2011



Source: U.S. Bureau of Labor Statistics