

THE ECONOMY AT A GLANCE

HOUSTON



GREATER HOUSTON
PARTNERSHIP.

Making Houston Greater.

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LOOKING BACK AT '25

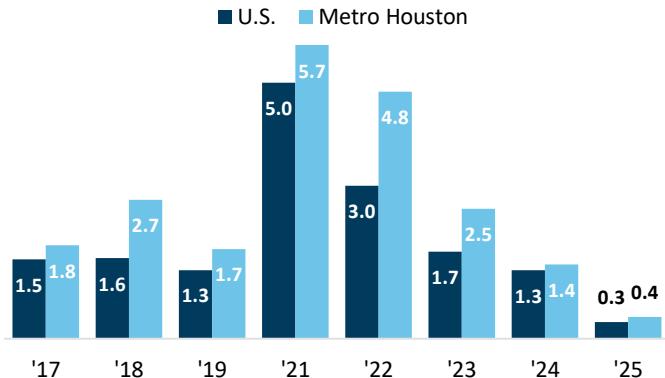
Economic data for the final months of '25 continue to trickle in. With each report, a clearer picture of the previous year emerges.

- Job growth cooled nationwide. Houston still added jobs at a faster pace than the rest of the country, although its momentum eased from recent years.
- Even with slower job growth, unemployment stayed low—consistent with the national “low-hire, low-fire” environment.
- The Purchasing Manager’s Index signaled continued economic growth, led by non-manufacturing activity.
- Inflation remained above the Federal Reserve’s target, but well below the highs of recent years.
- Port Houston remained on track for a record year in container traffic, even as tariffs pulled down the region’s overall trade in dollar terms.
- Consumers kept spending on big-ticket items, with vehicle sales setting a new high and home sales rising.
- Construction contracts stayed solid, with strength in commercial, industrial, and infrastructure projects offsetting softer residential activity.

Employment

Metro Houston created 14,800 jobs in '25. That represents a 0.4 percent job growth rate, which falls below the 1.5 percent average pace of the past decade. The slower pace reflects a broader national slowdown in hiring, which tempered job growth across the United States. Even so, Houston outpaced the rest of the nation for an eighth straight year, with the region’s 0.4 percent job growth rate surpassing the national 0.3 percent. That relative strength speaks to Houston’s solid fundamentals, including its diversified industrial base, large and growing population, and key role in global energy.

ANNUAL JOB GROWTH RATES (%)



Note: Data for '20 is omitted due to outlier pandemic job losses.
Source: Partnership Analysis of TWC and BLS Data.

December data are not yet available for a full calendar year comparison with other major metros, but the 12-month picture through November shows Houston outperforming most of its peers. Metro Houston added 18,500 jobs over that span, ranking fourth among the top 20 metros and tied with Dallas. Only New York, Philadelphia, and Tampa posted larger gains. By contrast, Boston and San Francisco each shed nearly 10,000 jobs, and Washington D.C. lost almost 50,000 as federal workforce reductions hit the region especially hard.

JOBS ADDED/LOST, 20 MOST POPULOUS U.S. METROS NOV '24 – NOV '25

	Metro	Jobs	Metro	Jobs	
1	New York	86,800	11	San Diego	11,800
2	Philadelphia	40,400	12	Atlanta	10,400
3	Tampa	18,600	13	Orlando	7,200
4	Houston	18,500	14	Seattle	5,200
4	Dallas	18,500	15	Riverside	4,000
6	Miami	18,400	16	Denver	600
7	Chicago	17,900	17	Detroit	300
8	Phoenix	16,700	18	Boston	-9,000
9	Los Angeles	16,600	19	San Francisco	-9,900
10	Minneapolis	15,900	20	Washington	-48,500

Source: Partnership Analysis of Bureau of Labor Statistics Data

Fourteen of Houston’s 21 major sectors added jobs in '25. The biggest gains came in health care, restaurants and bars, and public education, followed by solid growth

in transportation and warehousing, private education, and construction. These industries, which largely serve the needs of local residents, continued to benefit from a growing population and steady consumer demand.

METRO HOUSTON JOBS ADDED/LOST BY SECTOR IN '25

Sector	Dec '25	Dec '24	Change
1 Health Care	400,400	390,300	10,100
2 Restaurants & Bars	299,500	294,600	4,900
3 Public Education	283,800	279,600	4,200
4 Transport & Warehousing	180,200	176,300	3,900
5 Private Education Services	75,100	72,300	2,800
6 Construction	237,000	234,700	2,300
7 Other Services	136,500	134,500	2,000
8 Oil & Gas Extraction	80,500	78,600	1,900
9 Real Estate & Rentals	66,300	64,500	1,800
10 Public Administration	188,800	187,500	1,300
11 Utilities	25,500	24,600	900
12 Wholesale	182,500	181,700	800
13 Retail	334,500	333,800	700
14 Arts & Recreation	40,500	40,000	500
15 Hotels	27,500	27,500	0
16 Finance & Insurance	117,100	117,900	-800
17 Information	29,000	30,400	-1,400
18 Misc. Business	45,700	47,800	-2,100
19 Manufacturing	238,100	240,700	-2,600
20 Admin Support	226,600	233,900	-7,300
21 Prof, Sci & Tech Services	278,900	288,000	-9,100

Source: Partnership Analysis of Texas Workforce Commission Data

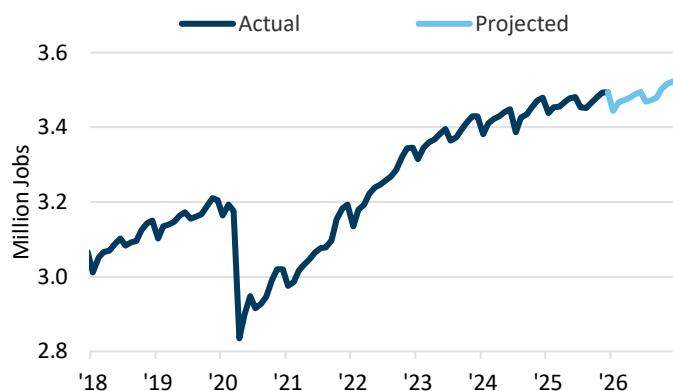
Six sectors lost jobs, with declines concentrated in office-heavy industries, especially professional, scientific, and technical services, and administrative support. Because these sectors largely serve other businesses, the pullback reflects softer client demand and tighter discretionary spending. Some share of that restraint stems from upstream oil companies tightening budgets as lower energy prices in '25 compressed margins, prompting firms to scale back nonessential spending on services, consulting, and back-office support.

The Partnership expects a partial rebound in '26, with job growth accelerating from last year's pace even as it remains below long-run norms. The national headwinds that cooled hiring in '25 are unlikely to lift quickly, so job gains should remain muted in the first half of the year. Even so, momentum could build as the year unfolds, setting the stage for a stronger second half.

The Partnership's forecast calls for Metro Houston to add 30,900 jobs in '26, more than double the 14,800 added in '25. The region closed December '25 just shy of 3.5 million non-farm payroll jobs (3,494,000). The forecast expects

Houston to cross that milestone in '26 and end December at a new record high of 3,522,500 positions.

METRO HOUSTON EMPLOYMENT FORECAST



Source: Greater Houston Partnership Research

Unemployment

Despite the slower pace of job creation, Houston's unemployment rate remained relatively low and never exceeded 5.0 percent during the year, reflecting the national "low-hire, low-fire" environment in which employers pulled back on new hiring but were reluctant to shed existing workers. The rate did increase from a low of 3.9 percent in April to hit a peak of 5.0 percent in August. But since late summer, conditions have steadily improved, with the unemployment rate retreating each month to end December at 4.2 percent.

METRO HOUSTON UNEMPLOYMENT RATE

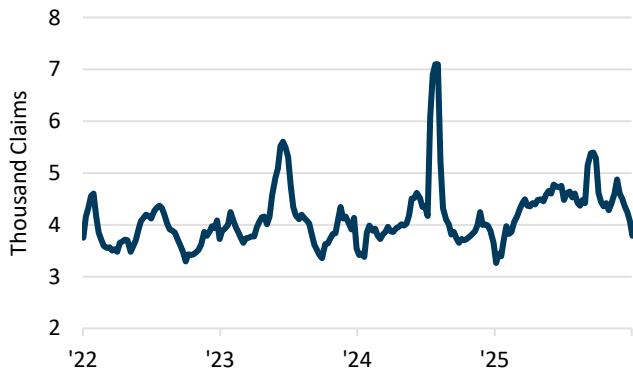


Source: Texas Workforce Commission

Overall, the pattern looks more like a typical mid-year soft patch than a broad-based pullback, with slack increasing modestly but remaining limited by historical standards. Importantly, the timing also aligns with Houston's typical seasonal rhythm—unemployment often ticks up into mid-to-late summer as more high school and college graduates enter the job market and some temporary hiring fades, then eases in the fall and year-end as hiring stabilizes and holiday hiring picks up.

Initial claims for unemployment benefits in the region were elevated for much of the year. They increased sharply from roughly 3,250 at the beginning of January to 4,500 by the end of March and remained heightened (with some swings) going into late November. But December saw a dramatic drop to end the year at roughly 4,000 new claims, and early readings from January indicate that downward trend is continuing into '26.

METRO HOUSTON INITIAL UNEMPLOYMENT CLAIMS



Note: Chart represents a 4-week moving average

Source: Partnership Analysis of Texas Workforce Commission Data

Purchasing Managers Index

The Houston Purchasing Managers Index (PMI), a measure of economic activity based on survey responses from local supply chain managers, indicates that the local economy has continued its streak of economic growth going back to the early days of the COVID-19 pandemic in '20. The PMI in '25 was consistently above the break-even value of 45.0, indicating economic expansion. The index finished the year at 50.2 in December, down from a recent high of 53.7 in October, suggesting the economy was still growing, but at a more moderate pace.

HOUSTON PURCHASING MANAGERS INDEX

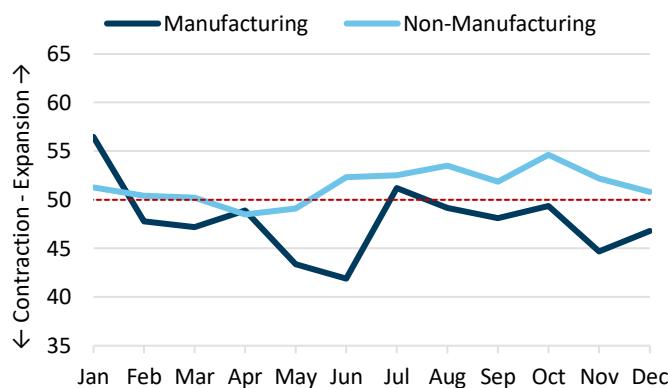


Source: Institute for Supply Management Houston

Houston's PMI showed a clear split in '25 with non-manufacturing activity propelling the region's growth. The

non-manufacturing PMI held close to the 50.0 break-even through the first half of the year, before shifting into more consistent growth in the summer and fall.

HOUSTON PURCHASING MANAGERS INDEX BY SECTOR IN '25



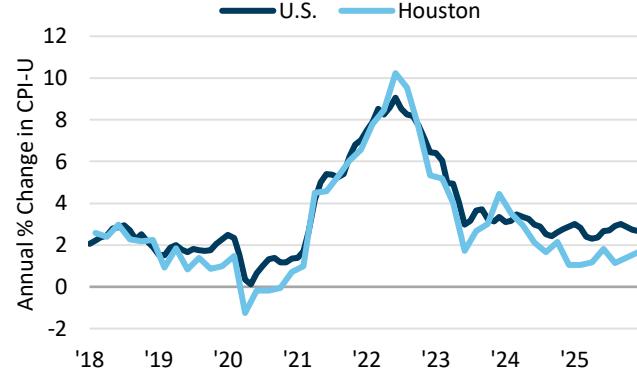
Source: Institute for Supply Management Houston

The manufacturing PMI told a different story. After a strong start in January, the index slipped in February and spent most of the year in moderate contraction, pressured by softer oil prices and tariff-related supply-chain frictions. A brief mid-year rebound proved short-lived, with the measure sliding back below the expansion threshold later in the year. Even so, a wave of major advanced-manufacturing project announcements in '25 shows the sector is well positioned for longer-term growth once headwinds ease.

Inflation

Inflation, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), remained above the Federal Reserve's 2.0 percent target in '25, but it did not spiral dramatically higher following the implementation of tariffs in the spring.

U.S. & METRO HOUSTON INFLATION RATES



Source: Partnership Analysis of Bureau of Labor Statistics Data

The annual inflation rate stood at 2.3 percent in April when new tariffs were announced, then gradually

increased through the summer, reaching 3.0 percent by September, as some firms began passing tariff-related costs on to consumers. Since then, inflation has cooled modestly, ending the year at 2.7 percent, though the late-year decline should be read with caution because the federal government shutdown in the fall led to lapses and delays in CPI data collection that could have artificially lowered the reported trend.

Inflation in Houston ran well below the national rate in '25, signaling that while prices continued to rise locally, cost pressures were more muted than in the rest of the country. Housing was a major factor, with shelter-related costs increasing more slowly in Houston than in many other markets.

International Trade

December trade data has not yet been released, but year-to-date figures through November show the total value of internationally traded goods and commodities handled by Houston-area ports declined from '24. Total trade was down 4.7 percent, driven primarily by a 10.5 percent drop in imports as tariffs raised their costs. Exports were more resilient but still edged down 0.6 percent.

METRO HOUSTON INTERNATIONAL TRADE, NOVEMBER YTD

	\$ Billions		Change '24 - '25	
	'25 YTD	'24 YTD	\$ Billions	%
Imports	\$97.9	\$109.4	-\$11.5	-10.5
Exports	\$150.9	\$151.7	-\$0.9	-0.6
TOTAL	\$248.7	\$261.1	-\$12.4	-4.7

Note: Reflects trade passing through all six ports in metro Houston

Source: Partnership Analysis of U.S. Census Bureau Trade Data

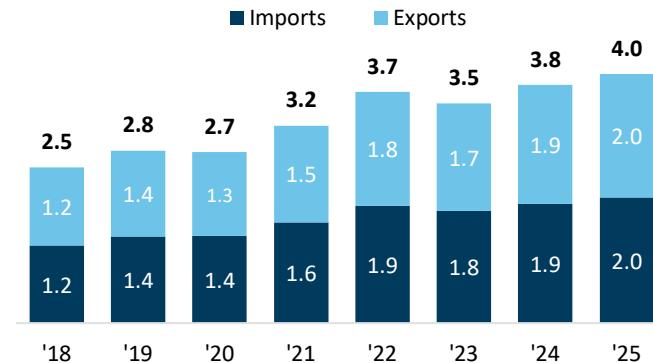
Even so, Houston is likely to hold up better than its peer metros because its trade flows are anchored by a large export base. As the nation's top exporting metro, the region generates enough outbound cargo that containers and vessels are less likely to leave Houston's ports empty, which gives shippers more profitable "backhaul" opportunities, and makes Houston an attractive destination for inbound shipments.

Container traffic moving through Port Houston is one place where the region's advantages are apparent. Most of metro Houston's international commerce moves on non-containerized vessels, particularly tankers carrying crude oil and other liquid energy products. Even so, the container side of the business is surging to new heights.

Through November year-to-date, Port Houston handled roughly 4.0 million twenty-foot equivalent units (TEU) of cargo, already topping the 3.8 million moved during the

first 11 months of '24. Both containerized imports and exports are tracking ahead of last year's pace, putting the port on course for a new record and underscoring its resilience and outsized role in the local, state, and national economies.

PORT HOUSTON CONTAINER TRAFFIC, NOVEMBER YTD MILLION TEUs

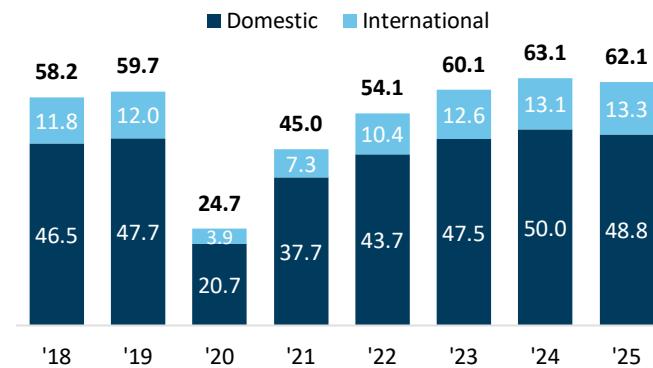


Source: Partnership Analysis of Port Houston Data

Aviation

The Houston Airport System (HAS) handled 62.1 million passengers in '25, marking its second-busiest year despite a 1.6 percent dip from the all-time high in '24. While domestic travel declined by 2.4 percent, international demand reached a new record with 13.3 million passengers, highlighting Houston's strengthening role as a global gateway. Growing international business ties and major events like the FIFA World Cup should help keep international travel on solid footing in '26.

HOUSTON AIRPORTS, MILLION PASSENGERS



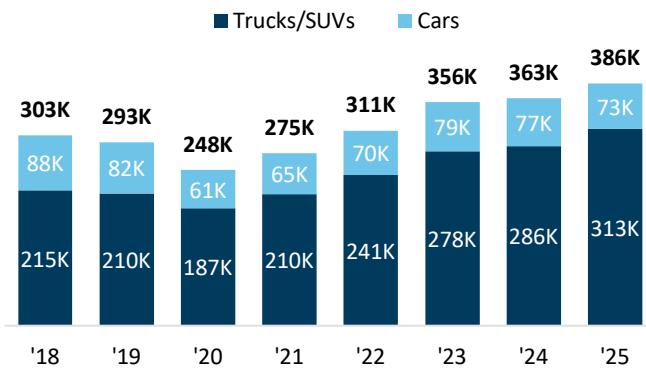
Source: Houston Airport System

Vehicle Sales

Houston-area dealers sold 386,201 new cars, trucks, and SUVs in '25, setting an all-time record for the region and surpassing the prior peak of 376,481 vehicles sold a decade ago in '15. The brisk pace of purchases signals that consumers have maintained a healthy appetite for big-ticket purchases. Sales climbed 6.5 percent from '24,

driven by a 9.6 percent jump in trucks and SUVs, with car sales falling 5.1 percent year-over-year, as consumer preferences continue to shift toward larger vehicles.

METRO HOUSTON ANNUAL NEW VEHICLE SALES

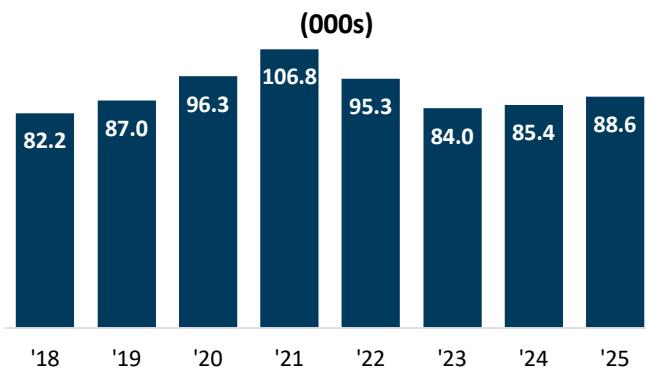


Source: TexAuto Facts Published by InfoNation, Inc.

Home Sales

Metro Houston's single-family market strengthened modestly in '25, in another sign that consumers remain willing to take on big-ticket purchases. Brokers closed on 88,634 homes during the year, according to the Houston Association of Realtors (HAR), up 3.8 percent from '24. Sales were back near the pre-pandemic pace of '19. They were higher than '23 and '24, but still below the unusually strong '20-'22 period as the market continued to normalize.

METRO HOUSTON SINGLE-FAMILY HOME SALES



Source: Houston Association of Realtors

Active listings of single-family homes surged to a record 39,490 in July, before retreating to 36,574 by year-end. If single-family homes were to continue selling at the current rate, it would take 4.5 months to sell the available inventory of homes on the market. That's up from 4.0 months of inventory in December '24, but down from July's 5.4. The late-year decline in inventory coincided with a pullback in mortgage rates as the Federal Reserve shifted toward easier monetary policy with rate cuts in September, October, and December. The average 30-year

fixed mortgage rate fell from about 7.0 percent in January to roughly 6.2 percent by year-end, representing the lowest borrowing cost for homebuyers in more than three years.

METRO HOUSTON SINGLE-FAMILY HOME LISTINGS

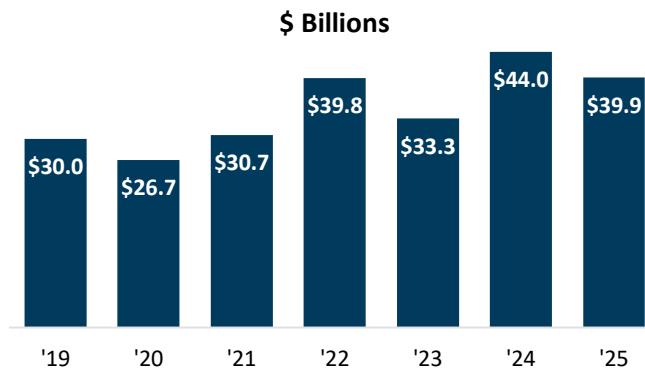


Source: Houston Association of Realtors

Construction

Greater Houston wrapped up '25 with \$39.9 billion in construction contract awards. While that total was 9.4 percent below the all-time record set in '24, it still ranks higher than every other year on record, underscoring the region's continued momentum. A surge in commercial and industrial contracts helped to offset a pullback in residential construction, which was led by weaker single-family home activity.

METRO HOUSTON ANNUAL CONSTRUCTION AWARDS

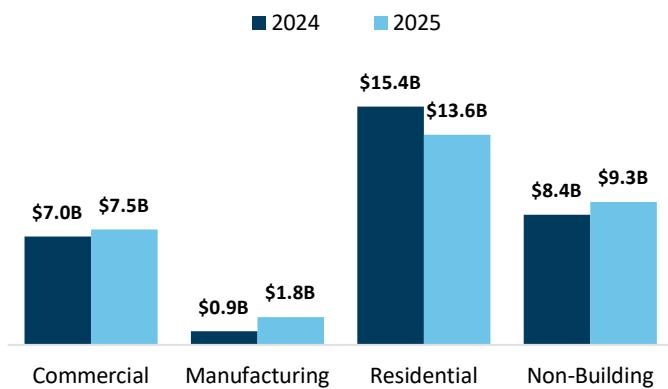


Source: Dodge Data & Analytics

Looking at each sector in-depth, the value of contracts for manufacturing facilities doubled, rising to \$1.8 billion from \$0.9 billion in '24. That strength was bolstered by a wave of advanced manufacturing announcements, including projects tied to companies like Foxconn and Eli Lilly. Commercial awards rose 7.1 percent, with momentum concentrated in office projects. On the residential side of the market, single-family awards declined 18.8 percent as demand shifted toward existing homes, while multi-family increased 27.3 percent. Non-

building awards (largely public infrastructure) also grew, led by stronger activity in public water-system projects.

METRO HOUSTON ANNUAL CONSTRUCTION CONTRACT AWARDS FOR SELECT SECTORS



Source: Dodge Data & Analytics

COMMERCIAL REAL ESTATE: '25 IN REVIEW

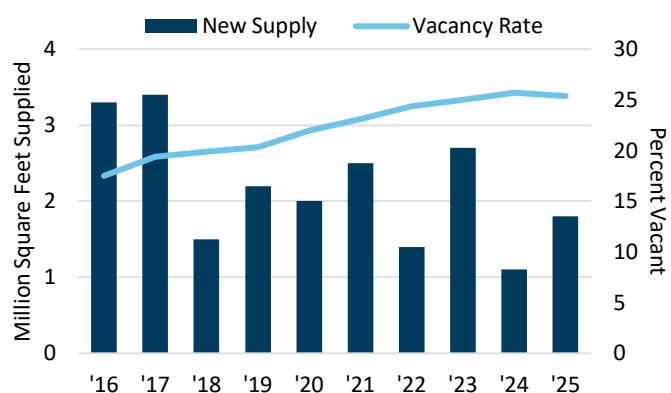
Houston's commercial real estate markets continued to adjust in '25 as tenants and developers responded to shifting workplace trends, evolving space needs, and changing economic conditions. While both the office and industrial sectors remained active, the two followed distinctly different paths. Office continued to contend with elevated vacancy and limited new development, while industrial held up with strong demand amid historically high construction. Together, these trends show a market in transition, with office adjusting to prolonged oversupply and selective tenant demand, while industrial remains supported by expanding activity and population growth.

Office Market

Houston's office market is still working through the effects of years of excess space and uneven demand. New deliveries slowed significantly around the pandemic and have remained well below prior norms through '25. New supply declined from more than 3.0 million square feet in '16 and '17 to 1.0 and 1.8 million square feet in '24 and '25 as developers remained cautious.

Despite the slowdown in construction, vacancy rose steadily through the early '20s as demand lagged behind existing inventory, climbing from 17.5 percent in '16 to 25 percent or higher from '23 onwards. The recent plateau in vacancy suggests the market may be approaching a new equilibrium, with minimal new construction and leasing activity concentrated on newer, higher-quality buildings. A meaningful drop in vacancy will likely require sustained absorption and ongoing efforts to repurpose or upgrade older, less competitive space.

HOUSTON OFFICE SUPPLY & DEMAND



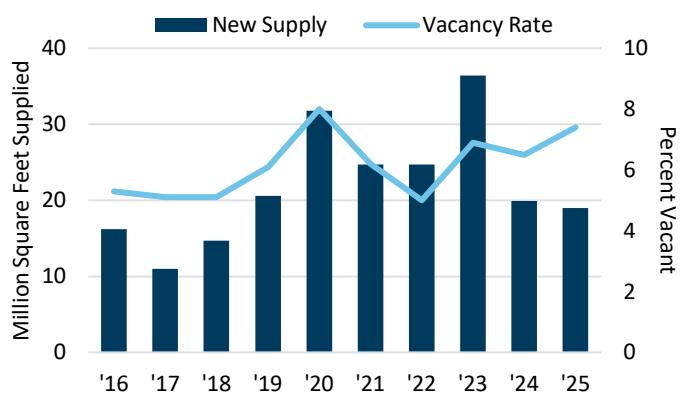
Source: Partnership analysis of Costar data

Industrial Market

Houston's industrial market told a different story, marked by strong demand and steady development. Deliveries surged above 30 million square feet in '20 and stayed elevated through '23 before cooling in '24 and '25. The buildup reflects ongoing tenant demand driven by population growth, port activity, growth in manufacturing, and Houston's vital role in regional and national supply chains.

Even during large waves of new supply, industrial vacancy remained low and stable, fluctuating between five and eight percent during the last decade. Recent trends point to a gradual normalization of development as deliveries have moderated and vacancy edged slightly higher in '25. Even so, leasing activity remains healthy, with tenants continuing to favor modern, first-generation facilities, while strong preleasing rates signal ongoing confidence in Houston's industrial fundamentals.

HOUSTON INDUSTRIAL SUPPLY & DEMAND



Source: Partnership analysis of Costar data

Colin Baker and Leta Wauson contributed to this issue of Houston: The Economy at a Glance.

HOUSTON MSA NONFARM PAYROLL EMPLOYMENT

	December '25	November '25	December '24	Change From		% Change From	
				November '25	December '24	November '25	December '24
Total Nonfarm Payroll Jobs	3,494,000	3,493,300	3,479,200	700	14,800	0.0	0.4
Total Private	3,021,400	3,022,500	3,012,100	-1,100	9,300	0.0	0.3
Goods Producing	555,600	557,900	554,000	-2,300	1,600	-0.4	0.3
Service Providing	2,938,400	2,935,400	2,925,200	3,000	13,200	0.1	0.5
Private Service Providing	2,465,800	2,464,600	2,458,100	1,200	7,700	0.0	0.3
Mining & Logging	80,500	80,200	78,600	300	1,900	0.4	2.4
Oil & Gas Extraction	38,600	38,400	37,200	200	1,400	0.5	3.8
Support Activities for Mining	40,400	40,300	40,000	100	400	0.2	1.0
Construction	237,000	240,500	234,700	-3,500	2,300	-1.5	1.0
Manufacturing	238,100	237,200	240,700	900	-2,600	0.4	-1.1
Durable Goods Manufacturing	147,600	146,800	149,700	800	-2,100	0.5	-1.4
Nondurable Goods Manufacturing	90,500	90,400	91,000	100	-500	0.1	-0.5
Wholesale Trade	182,500	182,100	181,700	400	800	0.2	0.4
Retail Trade	334,500	328,200	333,800	6,300	700	1.9	0.2
Transportation, Warehousing & Utilities	205,700	203,700	200,900	2,000	4,800	1.0	2.4
Utilities	25,500	25,400	24,600	100	900	0.4	3.7
Air Transportation	22,400	22,500	21,400	-100	1,000	-0.4	4.7
Truck Transportation	31,900	32,000	31,000	-100	900	-0.3	2.9
Pipeline Transportation	14,800	14,800	14,000	0	800	0.0	5.7
Information	29,000	28,500	30,400	500	-1,400	1.8	-4.6
Telecommunications	10,500	10,300	11,000	200	-500	1.9	-4.5
Finance & Insurance	117,100	117,300	117,900	-200	-800	-0.2	-0.7
Real Estate & Rental & Leasing	66,300	65,200	64,500	1,100	1,800	1.7	2.8
Professional & Business Services	551,200	553,800	569,700	-2,600	-18,500	-0.5	-3.2
Professional, Scientific & Technical Services	278,900	280,000	288,000	-1,100	-9,100	-0.4	-3.2
Legal Services	33,400	33,700	34,100	-300	-700	-0.9	-2.1
Accounting, Tax Preparation & Bookkeeping	27,400	27,600	28,300	-200	-900	-0.7	-3.2
Architectural, Engineering & Related Services	78,000	78,300	79,300	-300	-1,300	-0.4	-1.6
Computer Systems Design & Related Services	41,900	42,100	43,700	-200	-1,800	-0.5	-4.1
Admin & Support, Waste Mgt & Remediation	226,600	227,900	233,900	-1,300	-7,300	-0.6	-3.1
Administrative & Support Services	213,900	215,000	221,100	-1,100	-7,200	-0.5	-3.3
Employment Services	75,400	75,500	79,300	-100	-3,900	-0.1	-4.9
Private Educational Services	75,100	75,300	72,300	-200	2,800	-0.3	3.9
Health Care & Social Assistance	400,400	401,900	390,300	-1,500	10,100	-0.4	2.6
Arts, Entertainment & Recreation	40,500	42,300	40,000	-1,800	500	-4.3	1.3
Accommodation & Food Services	327,000	328,300	322,100	-1,300	4,900	-0.4	1.5
Other Services	136,500	138,000	134,500	-1,500	2,000	-1.1	1.5
Government	472,600	470,800	467,100	1,800	5,500	0.4	1.2
Federal Government	36,200	35,900	37,800	300	-1,600	0.8	-4.2
State Government	103,700	103,500	100,100	200	3,600	0.2	3.6
State Government Educational Services	55,800	55,800	54,400	0	1,400	0.0	2.6
Local Government	332,700	331,400	329,200	1,300	3,500	0.4	1.1
Local Government Educational Services	228,000	226,800	225,200	1,200	2,800	0.5	1.2

Source: Texas Workforce Commission