

THE ECONOMY AT A GLANCE

HOUSTON



GREATER HOUSTON
PARTNERSHIP

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IN-DEPTH ON HOUSTON'S GDP

The U.S. Bureau of Economic Analysis (BEA) typically releases Gross Domestic Product (GDP) estimates each December detailing the total dollar value of goods and services produced by U.S. metro areas in the prior year. While BEA discontinued its metro-level estimates in '25, it continues to publish county-level data. Using those county figures, the Partnership has produced GDP estimates for the broader Houston metro area in '24. Although calculation methods have changed, analysis should not be materially affected.

Metro Houston's GDP reached \$758.3 billion in '24, surpassing three-quarters of a trillion dollars in real (inflation-adjusted) terms for the first time on record. That milestone caps off several years of exceptional growth, especially following the COVID-19 pandemic.

METRO HOUSTON'S GROWING ECONOMIC OUTPUT

Real GDP in Billion '24 Dollars



Source: Partnership analysis of U.S. Bureau of Economic Analysis data

Expansion was modest coming out of the fracking bust a decade ago, with real GDP averaging a 1.5 percent annual growth rate in the back half of the '10s. Growth

accelerated sharply after the pandemic, averaging 5.1 percent annually during the past four years. While expansion has cooled a bit, GDP still rose 4.1 percent in '24, well above the national rate of 2.8 percent.

Houston's economy is not just growing faster than the nation on average; it is also growing faster than nearly all its peer metros. Over the previous two years of available data, Houston's real GDP grew by 10.6 percent from a baseline of \$685.6 billion in '22. That ranks second among the top 20 largest metro economies, just behind Seattle's 10.7 percent gain. In absolute terms, Houston added \$72.6 billion in output during that time, also second, trailing only New York's \$77.7 billion increase.

FASTEST GROWING MAJOR METRO ECONOMIES, '22-'24

Metro	Real GDP (\$ Billion)		Growth	
	'24	'22	\$ Billion	%
1 Seattle	604.1	545.7	58.4	10.7
2 Houston	758.3	685.6	72.6	10.6
3 Charlotte	277.1	254.4	22.7	8.9
4 San Jose	441.8	407.3	34.5	8.5
5 Phoenix	435.5	401.8	33.7	8.4
6 Miami	575.0	533.5	41.5	7.8
7 Dallas	800.6	746.5	54.1	7.2
8 San Francisco	801.3	754.4	46.9	6.2
9 Denver	330.2	312.5	17.7	5.7
10 Washington	749.1	708.9	40.2	5.7
11 Baltimore	275.4	262.6	12.8	4.9
12 Detroit	348.0	333.6	14.4	4.3
13 San Diego	331.9	319.4	12.5	3.9
14 Atlanta	604.3	581.9	22.3	3.8
15 Minneapolis	369.3	356.0	13.3	3.7
16 Boston	644.8	622.5	22.3	3.6
17 New York	2,442.5	2,364.8	77.7	3.3
18 Chicago	923.1	893.9	29.2	3.3
19 Los Angeles	1,354.7	1,313.5	41.2	3.1
20 Philadelphia	582.1	566.4	15.7	2.8
U.S. OVERALL	29,298.0	27,689.4	1,608.6	5.8

Note: Represents the 20 largest economies. Real GDP is in '24 dollars.

Source: Partnership analysis of U.S. Bureau of Economic Analysis data

That rapid pace of growth has lifted Houston to become the sixth-largest metro economy in the nation. Houston moved ahead of Washington, D.C. in '24, producing \$9.1

billion more in economic output than the nation’s capital. Houston is now one of only six U.S. metros with annual output exceeding three-quarters of a trillion dollars. Of the five ranked higher, four (New York, Los Angeles, Chicago, and Dallas) benefit from larger populations, while one (San Francisco) is boosted by the nation’s largest concentration of tech firms.

TOP 20 LARGEST METRO ECONOMIES IN '24

Metro	GDP(\$bil)	Metro	GDP(\$bil)
1 New York	2,442.5	11 Philadelphia	582.1
2 Los Angeles	1,354.7	12 Miami	575.0
3 Chicago	923.1	13 San Jose	441.8
4 San Francisco	801.3	14 Phoenix	435.5
5 Dallas	800.6	15 Minneapolis	369.3
6 Houston	758.3	16 Detroit	348.0
7 Washington	749.1	17 San Diego	331.9
8 Boston	644.8	18 Denver	330.2
9 Atlanta	604.3	19 Charlotte	277.1
10 Seattle	604.1	20 Baltimore	275.4

Source: Partnership analysis of U.S. Bureau of Economic Analysis data

GDP by Industry

Five sectors—manufacturing, professional services, real estate, government, and health care/education—were leading economic engines. Together, they generated over half of the region’s economic output in '24. The BEA withheld regional wholesale trade data for the year, but past trends indicate it was also likely a major contributor.

INDUSTRY SHARES OF METRO HOUSTON GDP IN '24

Sector	\$ Billion	% GDP
1 Manufacturing	126.9	16.7
2 Professional Services	100.9	13.3
3 Real Estate & Rentals	92.1	12.2
4 Government	54.4	7.2
5 Healthcare & Education	44.3	5.8
6 Transport & Warehousing	40.9	5.4
7 Retail	38.9	5.1
8 Construction	38.4	5.1
9 Finance & Insurance	37.5	4.9
10 Oil & Gas Extraction	28.7	3.8
11 Leisure & Hospitality	24.9	3.3
12 Utilities	10.7	1.4
Other*	119.7	15.8
TOTAL	758.3	100.0

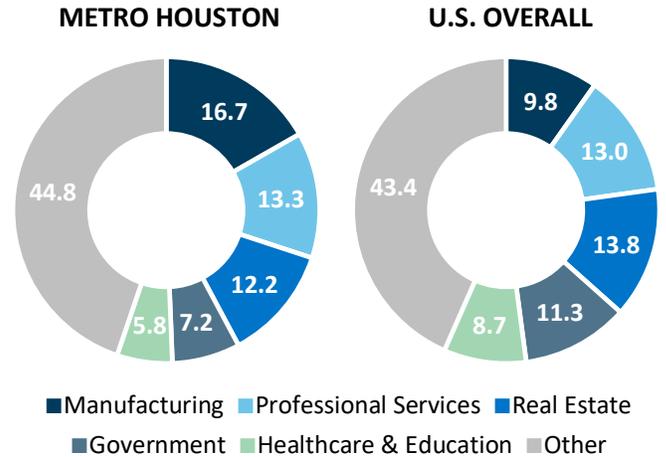
Note: *Includes miscellaneous services plus wholesale trade and information, sectors that were not reported due to confidentiality.

Source: Partnership analysis of U.S. Bureau of Economic Analysis data

Manufacturing and professional services are clear areas of competitive strength. Each generated more than \$100 billion in output in '24, making them Houston’s two largest sectors. Both command a larger share of the local

economy than they do nationally. Manufacturing stands out in particular, representing 16.7 percent of Houston’s total output compared to 9.8 percent for the nation. Real estate, government, and health care/education remain essential pillars of the regional economy, but they comprise smaller shares of output relative to the national averages.

INDUSTRY SHARES OF GDP IN '24 (%)



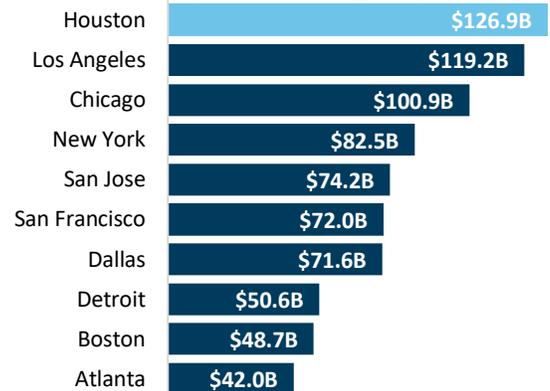
Source: Partnership analysis of U.S. Bureau of Economic Analysis data

Manufacturing

Houston’s \$126.9 billion in manufacturing output led the nation in '24, surpassing the output of other powerhouses like Los Angeles and Chicago. That marks the third consecutive year where Houston ranked first, having overtaken Los Angeles in '22. Houston now produces more than double the manufacturing output of Detroit, the nation’s leader for automotive production.

HOUSTON LEADS THE NATION IN MANUFACTURING

Top 10 Metros by Manufacturing Output in '24



Source: Partnership analysis of U.S. Bureau of Economic Analysis data

There are many reasons that Houston leads the nation in manufacturing, starting with its diverse industrial base. Historically, much of the region’s manufactured output has centered on the energy sector. In durable goods

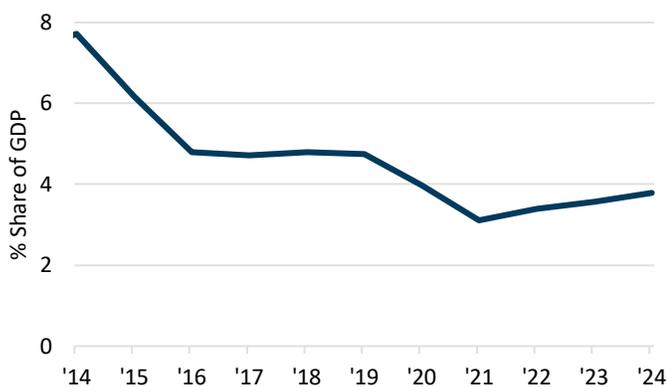
(those with a shelf life of three or more years), this means oilfield machinery, fabricated metal products, and pipelines that are essential to drilling and transporting oil and gas. In nondurable goods, this extends to petroleum refining and the downstream industries of petrochemical and plastic manufacturing that use petroleum inputs. Recent project announcements show that the base continues to expand beyond conventional energy. Major new investments announced in '25 include computer hardware manufacturing from Foxconn, pharmaceutical production from Eli Lilly, and a growing slate of energy transition projects.

Beyond its industrial base, Houston's manufacturing sector benefits from its sheer scale and concentration. A deep pool of skilled workers and specialized suppliers allows firms to operate efficiently and grow. Proximity lowers costs, shortens supply chains, and encourages collaboration across firms. The Port of Houston reinforces these advantages by linking local producers to global markets for both inputs and finished goods.

Energy

While Houston remains the energy capital of the world, its economy has greatly diversified since the Fracking Bust of '14. But measuring that shift is difficult since industry categories used by BEA don't neatly align with the broad "energy" sector. Energy activity is spread across many industries, including manufacturing (e.g., petroleum refining), transportation/warehousing (e.g., pipelines), and professional services (e.g., engineering services).

**OIL & GAS EXTRACTION
SHARE OF METRO HOUSTON GDP**



Note: Because the shares are calculated in nominal dollars, changes reflect differences in both production levels and relative prices.
Source: Partnership analysis of U.S. Bureau of Economic Analysis data

The closest proxy available is oil and gas extraction (also called "mining" in the BEA data), which reflects only the narrow slice of firms directly involved in pulling resources from the ground. That narrow sector's share of GDP has

fallen by more than half, from 7.7 percent in '14 to 3.8 percent in '24, even while its output has grown, underscoring Houston's diversification and the faster pace of growth in non-energy sectors.

Productivity

Workers in metro Houston rank among the most productive in the nation. Measured simply as GDP per worker, the average employed American generated just over \$185,000 in economic output in '24. In Greater Houston, output per worker exceeded \$220,000 — coming in nearly 19 percent above the national average.

Houston's edge reflects both workforce quality and economic structure. Houstonians bring deep human capital to the job, from skilled trades to advanced degrees, reinforced by a strong work ethic long associated with the area. Just as important, Houstonians across industries operate in capital-intensive environments. Energy and manufacturing rely on world-scale industrial assets and infrastructure, while engineers, medical professionals, and business leaders leverage advanced software, data systems, and local research. When skilled workers are matched with substantial capital and local know-how, productivity rises.

Only six other major metros boasted a higher rate of productivity than Houston. At the top, San Jose, San Francisco, and to a lesser extent Seattle, reflect the outsized rates of return generated by the nation's leading tech firms. New York, Boston, and Washington, D.C., also rank ahead, driven by dense concentrations of high-paying finance, professional services, government, and research roles.

HOUSTON WORKERS ARE HIGHLY PRODUCTIVE

GDP per Worker, 20 Largest Metro Economies

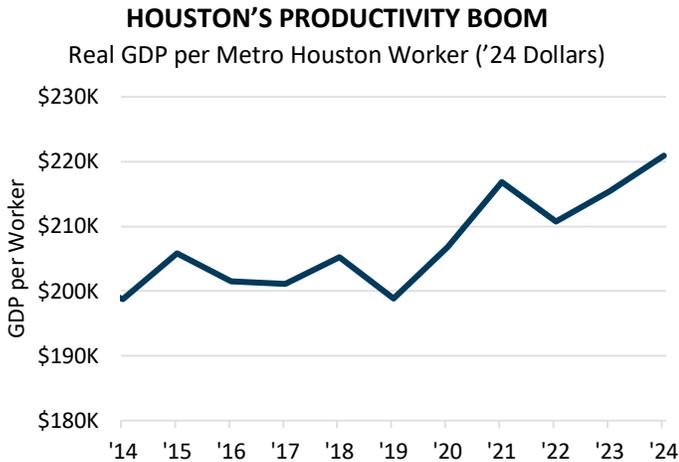
Metro	GDP/Worker	Metro	GDP/Worker
1 San Jose	\$383,413	11 Denver	\$201,576
2 San Francisco	\$328,097	12 Charlotte	\$201,225
3 Seattle	\$282,300	13 Chicago	\$195,402
4 New York	\$245,293	14 Atlanta	\$194,403
5 Boston	\$233,569	15 Miami	\$194,183
6 Washington	\$221,100	16 Baltimore	\$188,881
7 Houston	\$220,923	17 Dallas	\$187,833
8 Los Angeles	\$215,730	18 Philadelphia	\$187,576
9 San Diego	\$212,995	19 Minneapolis	\$186,094
10 San Jose	\$383,413	20 Phoenix	\$178,098

Source: Partnership analysis of BEA and BLS data

Houston stands apart from these peers. It reaches similar levels of output per worker while employing a larger share of its population in blue-collar occupations. Its high levels

of productivity are rooted in an economy where capital-intensive industry and professional expertise are tightly integrated, each amplifying the other at scale.

Worker productivity in Houston has surged in recent years. From '10 to '19, inflation-adjusted output per worker hovered around \$200,000. Growth accelerated after the pandemic, pushing output per worker to a new high of roughly \$221,000 by '24. That represents an 11.1 percent increase in just five years.



Source: Partnership analysis of BEA and BLS data

For all the economic hardship it caused, the COVID-19 pandemic coincided with a meaningful boost in productivity nationwide. Firms accelerated digital adoption, expanding cloud computing, virtual collaboration, and automation at a pace that may have otherwise taken years. Remote and hybrid work models revealed new efficiencies in how white-collar workers use their time. Market disruptions also reallocated resources, as more marginal firms contracted or exited the market while more efficient firms gained ground. The tight labor market that set in after '21 also contributed, as firms facing labor shortages were pushed to redesign workflows and eliminate redundancies. These forces played out across the country, but the effect was stronger in Houston where a larger share of output is tied to sectors where these changes were felt. Since '19, GDP per worker in the region has risen 11.1 percent locally, compared with the 7.9 percent national average.

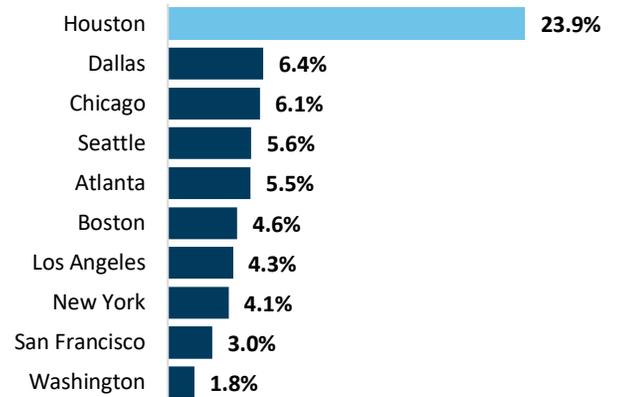
International Trade

As the nation's top exporting metro, Houston's economy is deeply tied to international trade. Globally traded energy commodities, such as crude oil, refined fuels, and LNG, anchor that position, alongside petrochemicals,

heavy machinery, and other manufactured goods that reflect the region's industrial depth. As a result, a much larger share of what Houston produces is sold abroad than in most major U.S. metros. In '24, nearly one-quarter of Houston's total economic output was exported to foreign markets. No other metro comes close. Houston exports roughly four times the share of its economic output as its nearest large peers, Dallas and Chicago.

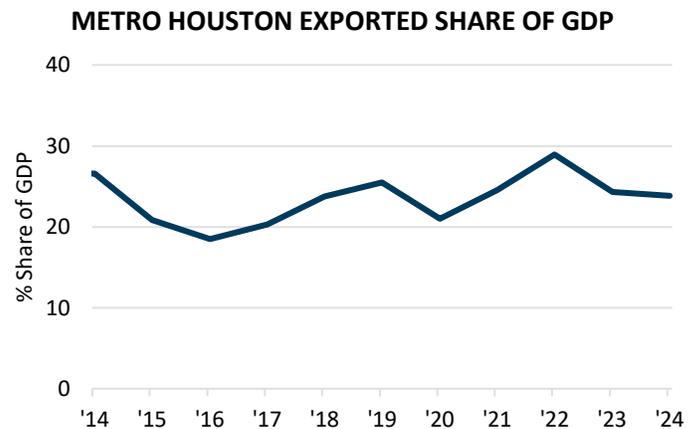
A LARGER SHARE OF HOUSTON'S OUTPUT IS EXPORTED

Exported Share of Local GDP, 10 Largest Metro Economies



Source: Partnership analysis of GDP and Census Bureau trade data

The share of Houston's output sold abroad is not static; it rises and falls with global energy market trends and broader trade conditions. In the wake of the fracking bust, exports dropped to a recent low of 18.5 percent of GDP in '16. But, the share of local output that is exported has been climbing since then, reaching a high of 28.9 percent in '22, before easing to 23.9 percent in '24. If not for these trade flows, enabled by the Port of Houston and a large infrastructure network, Houston would almost certainly produce less, leaving its residents with a lower standard of living.



Source: Partnership analysis of BEA and Census Bureau trade data

NEW BUSINESS ANNOUNCEMENTS IN '25

The Greater Houston Partnership recorded 683 new business announcements (NBAs) in the Houston region in '25, marking a 26.5 percent increase over the 540 announcements in '24. These projects represent companies establishing new operations, relocating to the region, or expanding existing facilities.

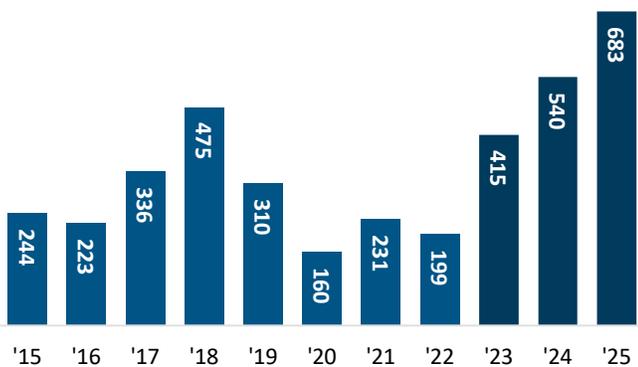
To qualify as a new business announcement, a project must disclose at least one of the following: jobs created, capital investment, and/or square footage of office or industrial space leased. Because relatively few announcements include more than one of these metrics, the sums for those measures below reflect a conservative estimate of activity.

Of the 683 announcements tracked in '25:

- 35 disclosed employment figures totaling 14,834 new jobs.
- 42 reported \$10.5 billion in capital investment.
- 665 disclosed 602.8 million square feet in space occupancy.

Measured project activity has accelerated sharply in recent years. Some of this is due to expanded tracking methods, which have increased the Partnership's ability to identify and count new announcements. But those methodological changes do not explain the entire increase. Looking just at the years '23 to '25, when counting methods have largely been constant, the Partnership observed a 30.1 percent annual increase from 415 to 540 announcement in '24, followed by the aforementioned 26.5 percent increase to 683 in '25. The recent upward trend points to underlying business confidence and strengthening regional competitiveness.

ANNOUNCED PROJECTS BY YEAR



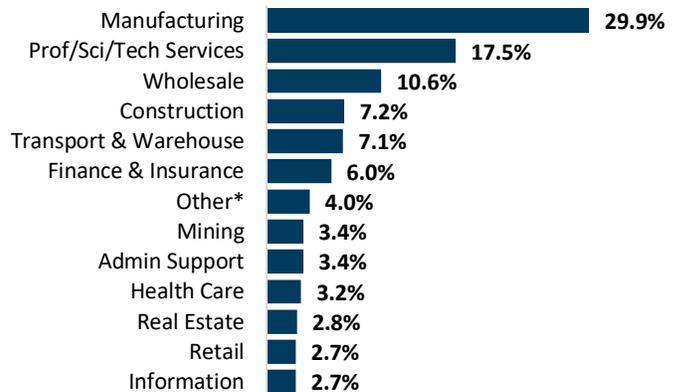
Note: Lighter shading in '15 to '22 indicates older tracking methods.
Source: Partnership Research

Manufacturing continues to anchor this growth. In '25, 29.9 percent of announcements involved manufacturing, spanning industries from concrete production to solar

panel manufacturing. Notable announcements included projects from Eli Lilly, Foxconn, and Tesla. The concentration of projects reinforces Houston's position as the nation's leading manufacturing market, highlighting the region's strength in advanced production, industrial infrastructure, and supply chain integration.

Professional, Scientific, and Technical Services ranked second, accounting for 17.5 percent of announcements. This sector includes firms specializing in technical consulting, engineering, and scientific research and development. Notable companies announcing projects in this category include Navarro Research and Engineering and NAES Corporation. Growth in this sector supports Houston's manufacturing base through engineering, applied research, and regulatory expertise.

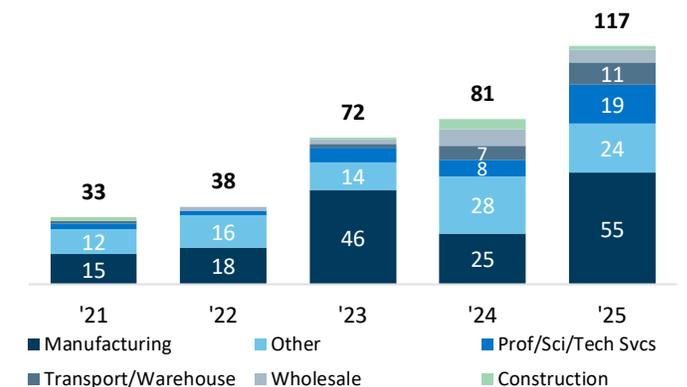
ANNOUNCEMENTS IN '25 BY INDUSTRY



Note: *Other includes accommodation and food service, education, management of companies, public administration, and utilities.
Source: Partnership Research

International firms are playing a growing role in Houston's expansion. In '25, 117 of the 683 announcements (17 percent) were from foreign-owned companies relocating to or expanding within the Houston area. This marks the highest overall volume of foreign announcements on record, while lagging slightly behind the 19 percent share recorded in '22.

FOREIGN ANNOUNCEMENTS IN '25 BY INDUSTRY



Source: Partnership Research

The sustained share of international firms underscores Houston’s role as a globally connected industrial hub. As the nation’s leading manufacturing metro, Houston’s access to world-class port infrastructure, multimodal transportation networks, and a highly skilled workforce makes it particularly attractive to multinational companies seeking to serve both U.S. and international markets.

The lion’s share of new foreign activity last year was in manufacturing and professional services, with 55 and 24 respective announcements. The growing presence of these firms further diversifies the region’s industrial base, strengthens its global supply chains, and reinforces Houston’s competitive position in advanced manufacturing and innovation-driven sectors.

Key Economic Indicators

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



Aviation — The Houston Airport System (HAS) handled 62.1 million passengers in ‘25. That represents a 1.6 percent decrease beneath the 63.1 million handled over the same period in ‘24, but a continued improvement over pre-pandemic levels of travel. International travel in ‘25 set an all-time record with 13.3 million passengers, but the decline in domestic travel to 48.8 million passengers drove the overall year-over-year drop.



Construction — Following a healthy year of activity in ‘25, Greater Houston opened ‘26 with a softer January for construction contracts, according to reports from Dodge Data & Analytics. Roughly \$3.0 billion in contracts were awarded in January ‘26, down nearly one-third from \$4.3 billion in January ‘25. The year-over-year decline partially reflects the unusually high baseline in January ‘25, when local governments awarded a large wave of infrastructure contracts to invest in roads and public water systems.



Home Sales — Brokers closed on 4,999 single-family homes in January ‘26, according to the Houston Association of Realtors (HAR). That represents a minor 1.0 percent dip from January ‘25, leaving sales in line with the pace of the past two years and still well above pre-pandemic norms. Sales of all property types declined by 2.2 percent over the same period due to softer demand for townhomes, condos, and highrise units.



Inflation — U.S. inflation cooled in January, driven in part by notable declines in the price of gasoline and used vehicles. Overall consumer prices, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), rose 2.4 percent year-over-year in January, down from the 2.7 percent recorded in December. Core inflation, which excludes the volatile food and energy categories, declined to 2.0 percent from the previous month’s 2.4 percent.



Purchasing Managers Index — Houston’s economy continued to expand at a moderate pace in January, according to the latest Houston Purchasing Managers Index (PMI) from the Institute for Supply Management–Houston. The headline PMI, which gauges overall economic activity based on a survey of supply chain executives, held steady at 50.2 from December to January, extending the region’s expansion streak to 68 consecutive months. Manufacturing returned to growth for the first time since July, while non-manufacturing eased from modest expansion into modest contraction.



Sales Tax — Sales and use taxes collected by the 122 Houston-area cities that levy them totaled \$1.8 billion during ‘25, up 5.9 percent from the \$1.7 billion collected in ‘24. Adjusted for inflation, collections are up 4.6 percent. These collections, which cover the purchases of both consumers and businesses, are a proxy for broad economic activity in the region. The increase suggests strength in the local economy even after adjusting for inflation. On a monthly basis, collections in December ‘25 were up 7.0 percent over December ‘24, emphasizing a strong end to the year.



Vehicle Sales — Houston-area dealers sold 386,201 new cars, trucks, and SUVs in ‘25, according to TexAuto Facts published by InfoNation Inc. The total set an all-time record for the region, surpassing the previous high of 376,481 vehicles sold a decade ago in ‘15. The brisk pace of purchases signals that consumers maintained a healthy appetite for big-ticket items. 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.

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

Editor's Note: The table below is reproduced from the February '26 issue of Glance, as no new employment data have been released since its publication. The Texas Workforce Commission typically holds January employment data for publication until mid-March, to release alongside benchmark revisions for the previous year's estimates.

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