Houston TX

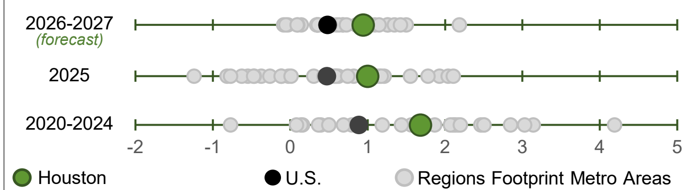
Metro Area Economic Update - Q2 2026

Overview: Though Houston's economy has been pressured by slower net migration and job cuts among major employers, a broadening of labor demand, paired with improved housing affordability, could foster healthier job creation to draw greater inflows to the metro area.

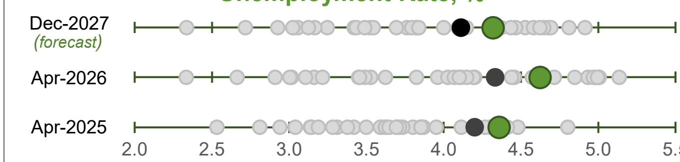
Labor Market: After outpacing the U.S. for multiple years, job growth across the Houston metro area has slowed since the start of 2025, posting gains of 0.4 percent year-over-year through April. While continued job gains within health care and local government have offered steady support, hiring across other industry groups has softened as businesses prioritize efficiency. This shift was particularly evident last year within Houston's energy sector, which sustains a larger portion of the local economy compared to most major metro areas. At the time, declining oil prices and rising costs for labor and equipment had squeezed profit margins, which prompted a renewed push for consolidation. ConocoPhillips, Chevron, and EOG Resources – each headquartered in Houston – acquired local rivals, eliminating thousands of corporate positions in the process, while several other upstream producers pursued internal restructuring. While the conflict in Iran significantly altered the landscape this year, lifting prices and boosting margins, domestic producers have shown limited interest in adding capacity. Business leaders, focused on the longer horizon, have reiterated a disciplined approach to capital spending, anticipating an eventual normalization in Middle Eastern supply as conditions stabilize. Should domestic investment continue at a measured pace, hiring among Houston-based oil majors and supporting businesses – across oilfield services, engineering, and construction – may remain muted.

Houston is positioned for stronger job growth across manufacturing and transportation services as the metro area becomes more deeply integrated into national supply chains. Electricity costs in Texas are among the lowest in the U.S., which has helped build Houston's industrial base around energy-intensive applications such as chemical and fabricated metal manufacturing. This strength is beginning to broaden out, with the metro area securing investments by Apple and Nvidia to establish assembly lines for data center servers and welcoming efforts by Davie Defense to modernize and expand local shipbuilding capabilities. Activity at the Port of Houston, meanwhile, surged this year as overseas buyers rushed to secure supplies of crude oil and petrochemicals, which account for the bulk of the port's throughput. While this boost may prove temporary, the City recently completed projects to widen shipping channels and install additional cranes in a bid to draw more containerized cargo to the port, meeting growing demand from businesses and households across the state. The expanded capacity should strengthen Houston's appeal to a wider range of manufacturers and distributors, providing more durable support to the local economy.

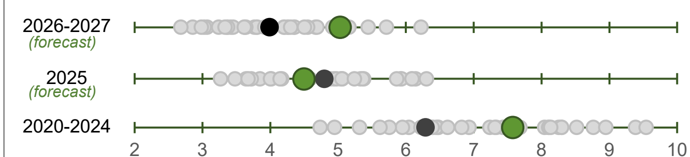
Nonfarm Employment, average annual % change



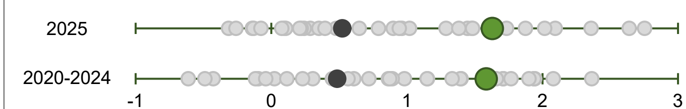
Unemployment Rate, %



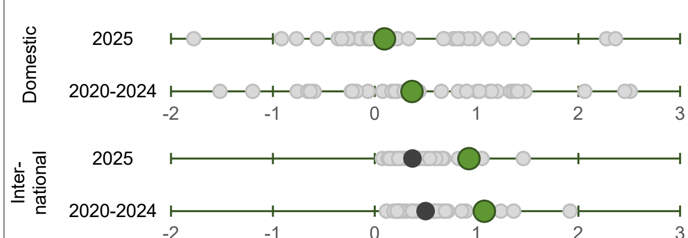
Aggregate Personal Income, average annual % change



Population, average annual % change



Net Migration, average annual % of population



Average Household Income, 2024, Ths. $

	First Quintile	Second Quintile	Middle Quintile	Fourth Quintile	Fifth Quintile
Houston	16.9	48.8	82.6	134.3	310.9
Texas	17.0	48.1	80.2	126.5	286.7
U.S.	17.1	48.9	82.2	129.1	294.1

3-month moving average for Unemployment Rate; Annual totals for all others

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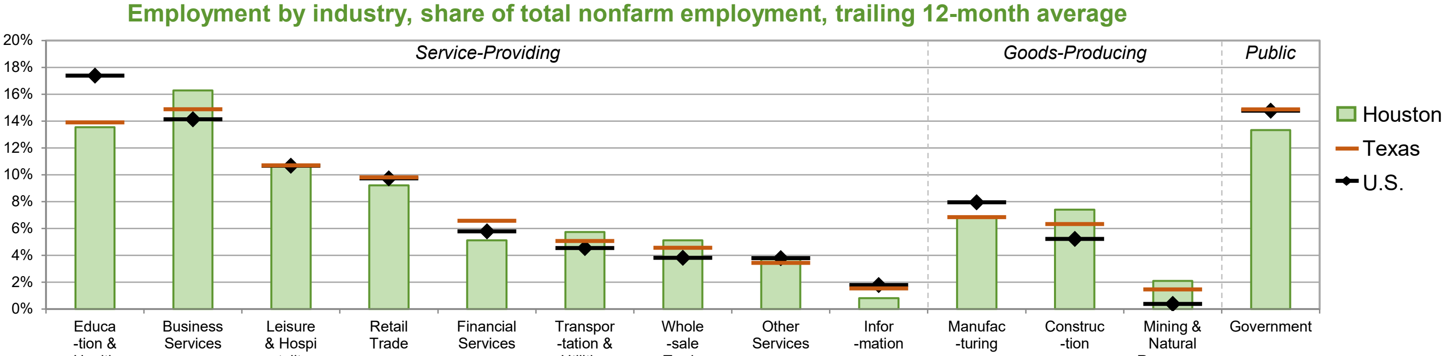
Employment by industry, share of total nonfarm employment, trailing 12-month average



Sources: Bureau of Economic Analysis; Bureau of Labor Statistics; U.S. Census Bureau; Regions Financial Economics Division. Forecast as of June, 2026.

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REGIONS

Houston TX

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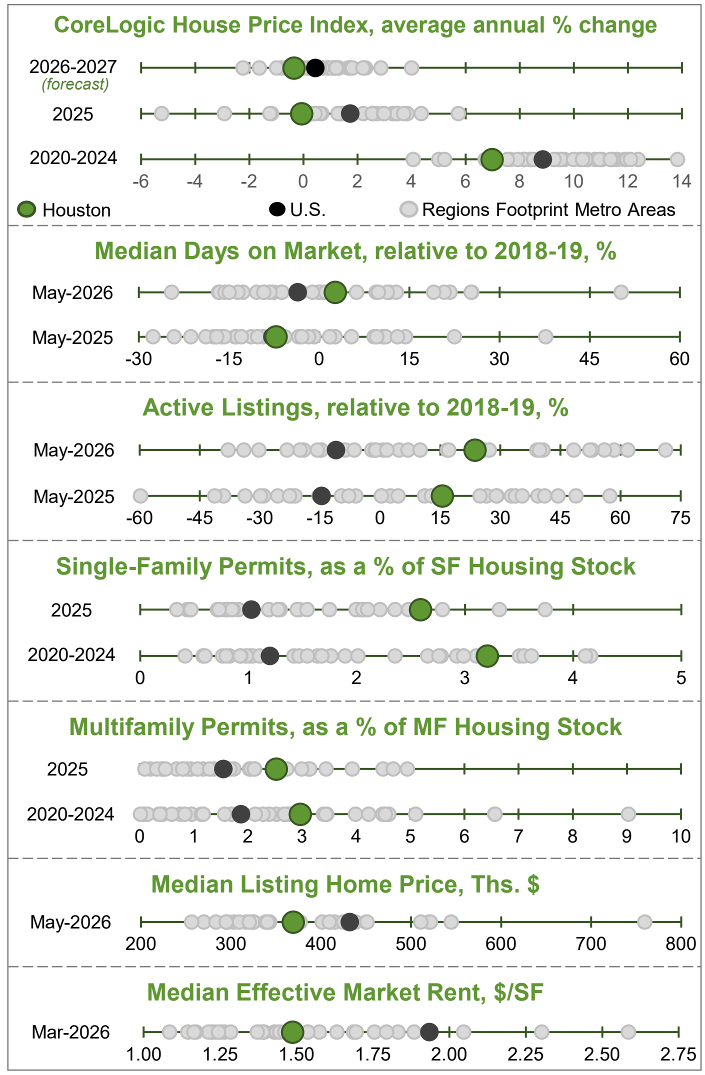
Demographics: Over the 12 months ending in July 2025, Houston's population grew 1.6 percent, which tripled the U.S. average of 0.5 percent and placed among the top five metro areas with at least one million residents for a third straight year. While net international migration added 0.9 percent to total population growth over this span, this support has since faded due to changes in immigration policy – a shift that will have an outsized impact on Houston, where international inflows accounted for just over half of total population growth since 2021. Inflows from other U.S. metro areas, meanwhile, have also moderated in response to softening labor market conditions and reduced household mobility as mortgage interest rates remain elevated, with net domestic migration adding just 0.1 percent to Houston's population last year. These pressures on population growth have weighed on demand for local services, which, together with softer momentum in the energy sector, has contributed to a slower pace of job growth over the past year.

Housing: Over the longer term, we view improving housing affordability as a potential driver for renewed domestic in-migration and stronger job growth for Houston. According to data from CoreLogic and CoStar, both house prices and median market rents posted measured increases in 2023 and 2024 before giving way to modest declines last year. Hefty increases in supply have been a key factor holding Houston's housing costs in check. Total residential permits, as a share of the existing housing stock, averaged 2.7 percent over the last three years, registering the sixth-fastest pace among major U.S. metro areas. Homebuilders face lighter regulation from local zoning boards, which has facilitated a brisk pace of single family construction – second only to Raleigh, NC – as the city's suburbs expand. Further concessions on house prices and rents appear likely over the coming year, with inventories of homes for sale currently standing 23.7 percent above the pre-pandemic level and apartment vacancies, at 12.8 percent, hitting an all-time high. This weakness, however, is tilting relative affordability back in Houston's favor, particularly against higher-cost metro areas that have recently seen firmer pricing, which could help reinvigorate inflows from California and New York.



3-month moving average for Median Days on Market and Active Listings; 12-month moving average for Median Listing Home Price and Effective Market Rent; Annual totals for all others

Residential Sales and Construction	2019	2020	2021	2022	2023	2024	2025	2025 ytd*	2026 ytd*
Existing Home Sales, ths. units	129.9	131.5	159.3	138.6	111.5	109.1	110.2	24.7	22.8
New Home Sales, ths. units	33.8	40.0	43.8	35.7	35.8	35.5	27.6	6.3	4.7
Single-Family Permits, ths. units	39.9	50.6	53.3	48.5	51.0	52.7	46.3	17.6	15.9
Multifamily Permits, ths. units	24.2	20.6	16.5	28.0	18.3	13.0	18.9	6.6	3.5

	Houston			Texas			U.S.		
Housing Characteristics	**2014**	**2019**	**2024**	**2014**	**2019**	**2024**	**2014**	**2019**	**2024**
Occupied Housing Units, mil.	**2.122**	**2.362**	**2.662**	**9.014**	**9.692**	**10.993**	**116.211**	**120.756**	**129.227**
Homeownership rate, %	61.4	60.5	61.2	62.7	62.0	62.6	64.4	64.0	65.2
Occupied Single-Family Units, mil.	**1.446**	**1.598**	**1.791**	**6.297**	**6.714**	**7.557**	**80.136**	**83.028**	**88.845**
% renter-occupied	16.6	16.9	15.7	18.6	18.6	17.1	17.8	17.8	16.0
Occupied Multifamily Units, mil.	**0.572**	**0.652**	**0.748**	**2.090**	**2.342**	**2.753**	**29.188**	**30.921**	**33.621**
% of total occupied units	27.0	27.6	28.1	23.2	24.2	25.0	25.1	25.6	26.0
Demographics	**2005**	**2015**	**2025**	**2005**	**2015**	**2025**	**2005**	**2015**	**2025**
Population, mil.	**5.259**	**6.690**	**7.905**	**22.778**	**27.395**	**31.710**	**295.517**	**321.815**	**341.785**
10-year cumulative growth, %	26.1	27.2	18.2	22.7	20.3	15.8	12.3	8.9	6.2
15-24 age cohort share, %	14.6	13.8	14.0	15.3	14.4	14.2	14.4	13.6	13.2
25-44 age cohort share, %	30.6	29.4	29.0	29.1	28.1	28.8	28.0	26.3	27.0
45-64 age cohort share, %	23.3	24.1	23.3	22.7	23.7	23.0	24.7	26.1	24.2
65+ age cohort share, %	8.0	10.1	12.9	9.9	11.7	13.9	12.4	14.9	18.0

Age distribution data as of 2024 — Shading relative to U.S. — * Year-to-date through March for home sales; year-to-date through April for building permits.

Sources: CoreLogic; CoStar; Realtor.com® Economic Research; U.S. Census Bureau; Regions Financial Economics Division.

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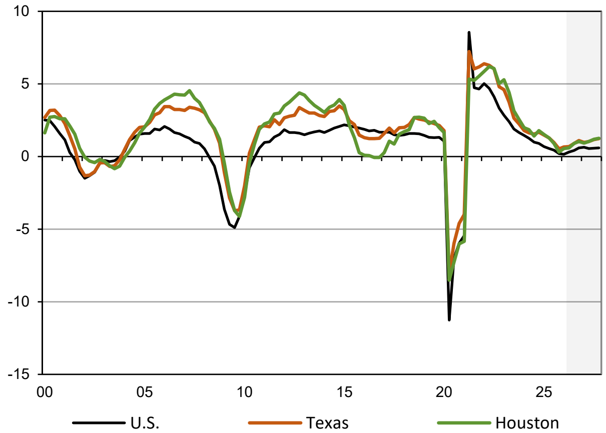
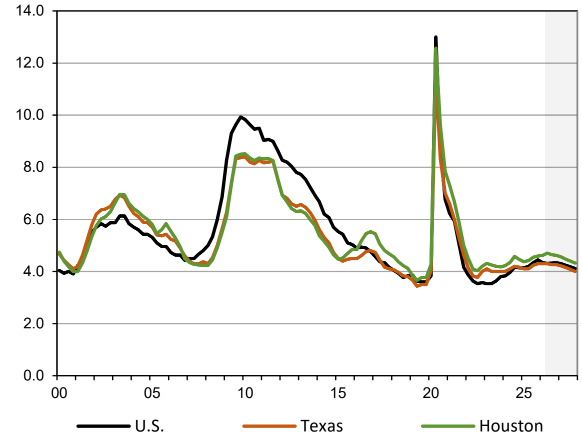
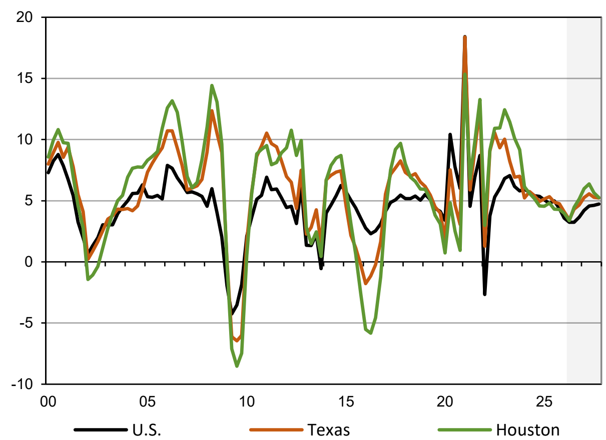
Total Nonfarm Employment, % change year ago



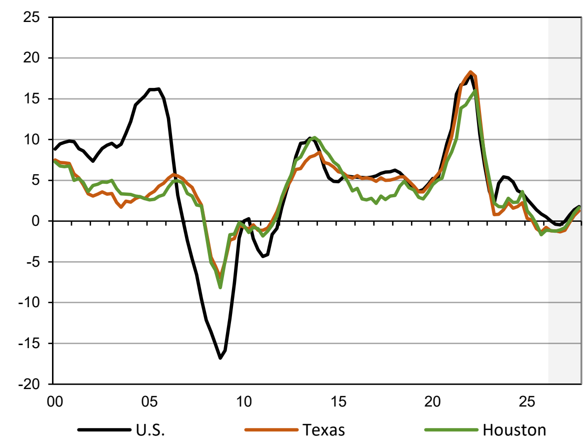
Unemployment Rate, %



Total Personal Income, % change year ago



CoreLogic House Price Index, % change year ago



Key Economic Indicators	2019	2020	2021	2022	2023	2024	2025	2026 (F)	2027 (F)
Total Employment, ths.	**3,162.0**	**3,002.5**	**3,074.4**	**3,252.2**	**3,377.0**	**3,436.4**	**3,470.7**	**3,497.5**	**3,536.2**
Annual % change	2.3	-5.0	2.4	5.8	3.8	1.8	1.0	0.8	1.1
Texas, annual % change	2.3	-4.2	3.7	5.9	3.3	1.7	1.1	0.8	1.1
U.S., annual % change	1.4	-5.8	2.9	4.3	2.2	1.2	0.5	0.4	0.6
Unemployment Rate, %	**3.8**	**8.6**	**6.2**	**4.2**	**4.2**	**4.4**	**4.5**	**4.6**	**4.4**
Texas, %	3.5	7.7	5.6	3.9	4.0	4.1	4.2	4.3	4.1
U.S., %	3.7	8.1	5.4	3.7	3.6	4.0	4.3	4.3	4.2
Personal Income, $ bil.	**416.3**	**425.7**	**473.7**	**513.9**	**569.2**	**599.7**	**626.6**	**653.2**	**691.1**
Annual % change	4.5	2.3	11.3	8.5	10.8	5.4	4.5	4.2	5.8
Texas, annual % change	5.0	4.3	11.4	7.5	8.0	5.3	5.0	4.1	5.3
U.S., annual % change	4.8	6.9	9.5	3.0	6.5	5.6	4.8	3.4	4.5
CoreLogic HPI, annual % change	**3.2**	**5.5**	**11.7**	**12.7**	**2.7**	**2.8**	**-0.1**	**-1.2**	**0.5**
Texas, annual % change	3.9	6.4	14.5	14.0	1.7	2.0	-0.5	-1.1	0.2
U.S., annual % change	4.0	6.8	15.2	12.7	4.0	4.3	1.7	-0.1	1.0

Sources: Bureau of Economic Analysis; Bureau of Labor Statistics; CoreLogic; Regions Financial Economics Division. Forecast as of June, 2026.

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