

# CCIM Luncheon

Speaker: Patrick Jankowski, Economist-Greater Houston Partnership



Patrick Kankowski

Takeaway: The worst of the oil price recession / downturn is over, and recovery is underway. It will be slow and will be tied to price of oil. Industry needs to get over \$60 per barrel to begin hiring.

- 67,500 high paying jobs lost in oil & gas sector were replaced by growth in medical, hotel, restaurant, construction, and other service industries, albeit at lower pay scale, so in last two years we have had a net gain of about 10,000 jobs
- Organic growth in Houston is about 65,000 per year (births over deaths) so in ten years we will have 650,000 more people under ten years old! This affects schools, medical, and other sectors.
- In-migration depends on job growth, but that is expected to also resume
- If Houston were a country, we would have the 25th economy in the world at \$500 billion per year
- Most of the return of drilling activity has been in the Permian Basin in West Texas
- Rig efficiency improvement means that fewer rigs can drill more wells-new rigs can even 'walk' from one drill site to another, avoiding the need for trucks to transport them
- Big chemical plant construction is tailing off, as are construction jobs in East Houston
- Future job growth will be in sectors that service growing population, such as government, education, retail, healthcare, and restaurants & bars...construction will fall, then level off
- Houston has caught the eye of international investors, and the Greater Houston Partnership is getting a record number of inquiries