

# Is everything bigger in Texas? Its petrochemical industry sure is.

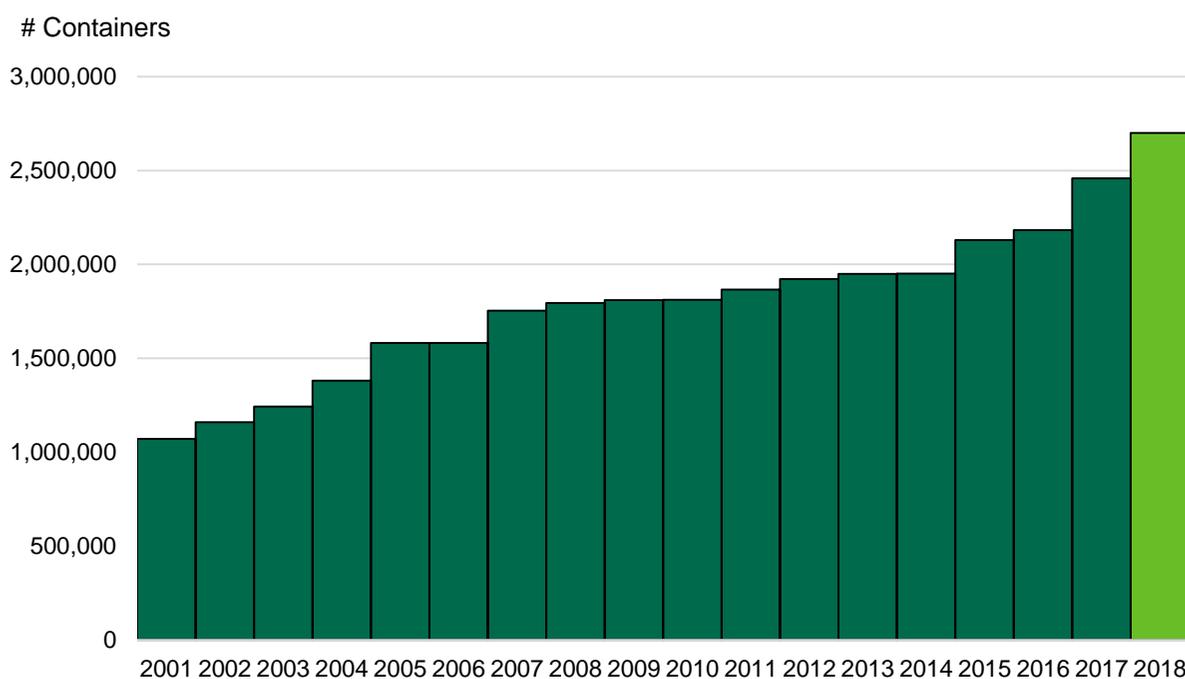
- Texas waterways support approximately 208,000 Texas jobs and directly contribute \$34 billion annually to the state’s economy, including \$17 billion in business revenue, \$14 billion in personal income and more than \$3 billion in local purchases.
- Energy-related technological advances, such as fracking, have resulted in the decoupling of natural gas and crude oil prices, fueling demand and expansion within the petrochemical industry and its fellow suppliers.
- The U.S. Census Bureau anticipates that Houston’s population will double to nearly 14 million people by 2050, making the area a major economic powerhouse poised for incredible consumer buying power.

In addition to the significant impact that Texas waterways have on the state’s job market and the state economy, Texas port activities account for 25 percent of the total State Gross Domestic Product. The regional economy is buoyed by three booming ports: the Port of Houston, the Port of Texas City and the Port of Galveston.

## Port of Houston: A Texas Powerhouse

Water transportation is vital to safely and efficiently moving commodities that fuel homes, cars and manufacturers. An estimated 115 million tons move through Texas waterways every year, with petroleum, petroleum products and chemicals accounting for the vast majority (92 percent) of all waterborne commerce. A whopping 80 percent of all U.S. chemical and petrochemical products are produced in Texas and Louisiana. The Houston Ship Channel is the largest petrochemical complex in the U.S., and the Port of Houston consistently ranks as the largest port in the U.S. for foreign waterborne tonnage and exports. In 2012, the Houston region’s total freight was estimated at 1.2 billion tons and is expected to increase to 1.6 billion tons by 2035. Over 49,000 barge transits occur in and out of the Port of Houston each year. Furthermore, tugboats in Texas lead crucial commerce into port, servicing over 16,000 ocean-going vessels in Texas ports annually. Energy-related technological advances, such as fracking, has resulted in the decoupling of natural gas and crude oil prices, fueling demand and expansion within the petrochemical industry and its fellow suppliers. It was this expansion that helped the industrial sector stabilize during the oil downturn.

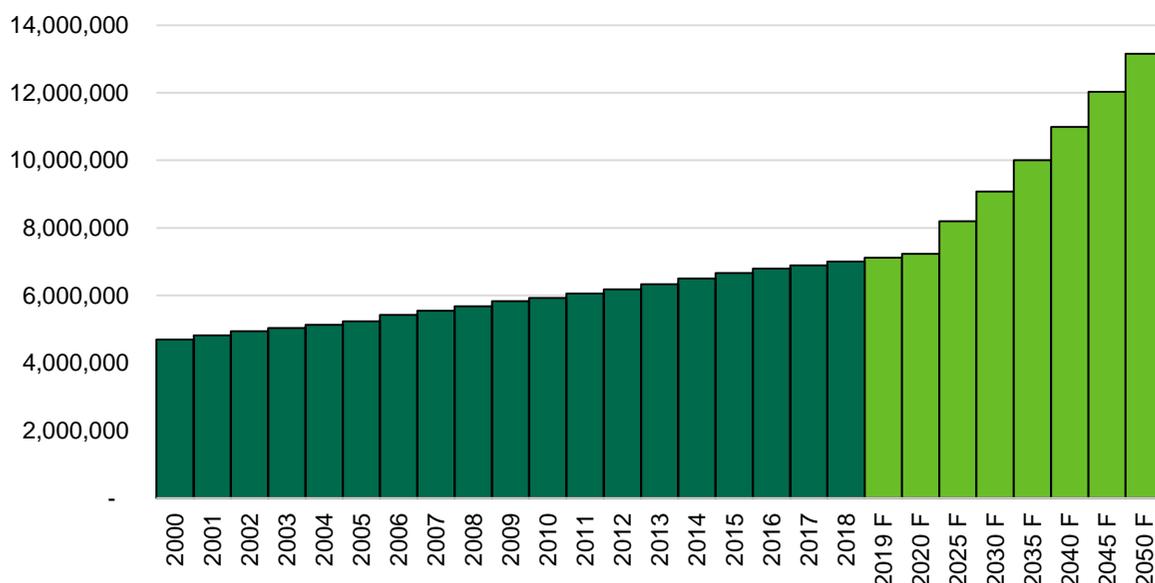
## Consistent Growth of Containers



Note: Totals include empty containers  
Sources: CBRE Research, Port of Houston Authority

The surge of container volumes in the Port of Houston has led to more industrial space needed to sustain distribution across Texas, the Gulf Coast, and the U.S. As space becomes scarce, particularly in southeast Houston, where vacancy currently stands at a mere 3.8 percent, developers are looking elsewhere. Industrial product is prosperous along Beltway 8 and the Grand Parkway, thanks to the connectivity and access these transportation networks provide to industrial end users. When construction of the Grand Parkway is finalized, it will connect the suburbs from Conroe, Freeport to the south, Baytown to the east and west to Katy. The reduced tax rate, affordable cost of living and cheaper land cost makes Houston suburbs attractive for industrial space. Also linked to Port Houston is ongoing growth in container traffic, with consumer products companies such as Home Depot and IKEA making notable investments while they contemplate additional real estate commitments. The explosive growth of e-commerce is also fueling Houston’s role as a center for last-mile facilities. While most of the e-commerce fulfillment was once primarily handled by Dallas, it has become apparent that demand in Houston is large enough to sustain e-commerce fulfillment on its own. Houston’s e-commerce fulfillment sector now not only serves its metropolitan area, but also Austin, San Antonio, and even South Texas.

## Houston MSA Population



Sources: CBRE Research, Moody’s Analytics, Real Estate Center Texas A&M University, Texas Demographic Center

Closely tied to e-commerce growth is population growth. Population growth in Houston from 2010 to 2016 boasted over 2,600 new residents per week. The U.S. Census Bureau anticipates that the area’s population will double to nearly 15 million people by 2050, making Houston a major economic powerhouse poised for incredible consumer buying power.