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AUTHORS

Gail J. Buttorff
Samuel T. Danilola
Jim Granato
Catherine M. Miers
Soran Mohtadi
Maria P. Perez Argüelles
Pablo M. Pinto
Savannah L. Sipole
Garrett P. Upchurch
Agustín Vallejo
M.C. Sunny Wong

Household Economic Dynamics in the Greater Houston Area

Despite its robust economic outlook and fast population growth, Houston has the highest poverty rate among the nation's largest cities, according to the latest Census data. Drawing on Census data and responses from the second wave of the [Hobby School's SPACE City Panel](#), we assess household perceptions of the economy, personal finances, and expectations for the future. Our results show both immediate financial strain and longer-term uncertainty for many Houston households, with significant concerns over debt, lack of savings, and income volatility as families adapt to rising costs.



Center for Public Policy
Hobby School of Public Affairs

Key Takeaways

1. **Cost of living is top challenge.** A majority points to inflation and high prices, and many report cutting back, especially on vacations and recreation, and adjusting spending on food, energy, appliances, and vehicles.
2. **Outlook is cautious.** City of Houston residents rate local conditions worse than households in the rest of the Greater Houston area: fewer than one-third expect their income to keep pace with inflation over the next year.
3. **Financial strain is widespread.** More than 70% carry debt—most commonly credit cards, car loans, and student loans—and savings gaps are pronounced, with heavier burdens among Black and Hispanic households.
4. **Rising costs may drive relocation.** Households doubtful their income will keep up with inflation are far more likely to consider leaving the Houston area, underscoring affordability pressures.

Economic Conditions in Houston Area

The Greater Houston area's population and regional economy have expanded steadily since the 2010s. The region reached about 7.8 million residents in 2024 (U.S. Census Bureau, 2025a), and total nonfarm jobs were around 3.46 million as of July 2025 (U.S. Bureau of Labor Statistics, 2025a). The unemployment rate hovered near 4.5% in July 2025 (see Buttorff et al., 2025; U.S. Bureau of Labor Statistics, 2025a), consistent with a tight labor market coming out of the pandemic but with signs of softening. The region's economic activity, traditionally anchored by energy and petrochemicals, has been bolstered by manufacturing, wholesale trade, transportation and warehousing, health care, logistics, and professional services (U.S. Census Bureau, 2024, 2025b,a).

Inside the city of Houston, however, the administrative data show a complex picture. The city's median household income was \$64,361—below the state median of \$79,721—and the poverty rate was higher than the metro average, reflecting a region with strong opportunity alongside communities, especially those in the city of Houston, facing persistently low earnings.

Poverty rates in comparison

Despite Houston's strong population growth and overall economic output, the latest census data confirm it has the highest poverty rate among the nation's largest cities. According to the 2024 American Community Survey 1-year estimates released by the Census Bureau, the city of Houston has a poverty rate of 21.2% (U.S. Census Bureau, 2025a), which is considerably higher than the national average of 12.1% and the Texas average of 13.4%. There are also local geographical differences, with Harris County overall having a higher rate (16.8%) than the Greater Houston area's rate of 14.3% (U.S. Census Bureau, 2025a).

Figure 1 shows that the city of Houston, Harris County, and the Houston MSA have followed a similar trend, with a post-pandemic uptick in poverty levels. While these three areas have returned to post-pandemic poverty levels, Texas and the United States, by contrast, have experienced a steady decrease in poverty rates in the years following the pandemic.

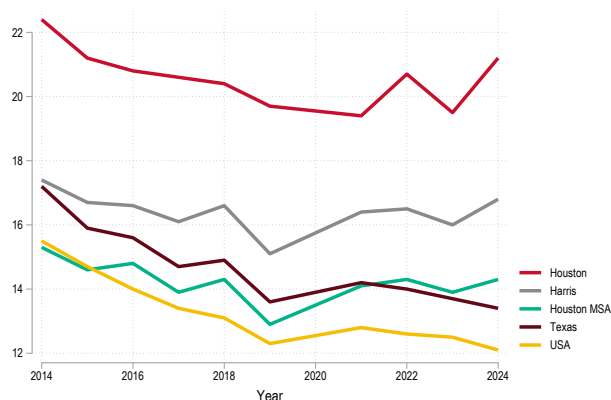


Figure 1 Percent population below poverty level 2014–2024 (U.S. Census Bureau)

Even higher poverty rates in the city of Houston are observed among residents under 18 (31.1%), Black or African American residents (28.6%), Hispanics (25.5%), high school graduates (24.1%), those with less than a high school education (29.7%), and women (23.3%).

Together, the data point to a region that has grown in population and jobs, while conditions in the city of Houston are mixed, with both high-skill growth engines and significant equity challenges. The poverty rate reported in Census data does not account for differences in the cost of living across regions or within metropolitan areas. This limitation is particularly relevant in a place like Houston, where housing, transportation, and health expenses can vary dramatically between communities (Ho and Li, 2024). Moreover, headline poverty measures cannot fully capture household dynamics—such as overcrowding, informal work, or shared living arrangements—that influence well-being. To address these gaps, we supplement administrative indicators with survey data from the SPACE City Panel that probe current household conditions and track them over time. This combination enables a more accurate understanding of material hardship, especially when comparing regions or monitoring changes within the same community.

SPACE City Panel Wave 2: Results

Methodology

Sample & data collection. *SPACE City Panel, Wave 2, Sep. 2025; N = 1,573; mode: online. MOE. $\pm 2\%$.*

Weights. *Post-stratified to age, sex, race/ethnicity, education, county. Missing demographics imputed.*

Exclusions. *Don't knows and Skipped responses excluded from figures or analyses.*

Against the backdrop of the Greater Houston area's economic outlook, the second wave of the Hobby School of Public Affairs's *SPACE City Panel* asked residents about their household economic and financial conditions, challenges, and expectations for the future.

Perceptions about household challenges

We found that respondents overwhelmingly identified the high cost of living as the top economic challenge in the Greater Houston area (see [Buttorff et al., 2025, CPP Report 2-2025](#), for further discussion of these results). Figure 2 shows that over half of households surveyed cited the high cost of living as their most pressing concern, ranking well above issues such as wage stagnation, inequality, and job availability.

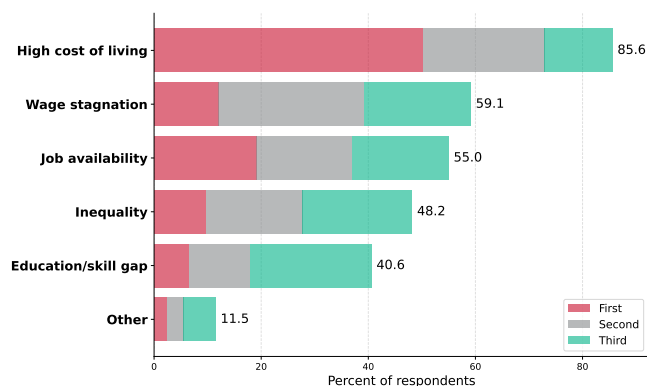


Figure 2 What do you think are the top 3 economic challenges facing Houston area?

The pattern of responses aligns with broader economic indicators, which show that inflation in essentials—particularly food, energy, and housing—has put pressure on household budgets ([U.S. Department of Agriculture, Economic Research Service, 2025](#); [U.S. Bureau of Labor Statistics, 2025b](#)). For many residents, the perception of rising living costs has become the central lens through which they evaluate their financial stability and economic well-being.

Perceptions about economic conditions

Overall, residents from the city of Houston are slightly more pessimistic about economic conditions in their community than those who live in the rest of the Greater Houston area, as reflected in the thermometer in Figure 3.

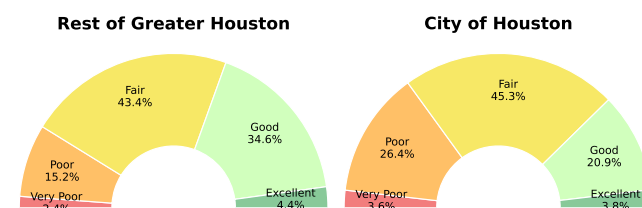


Figure 3 How would you describe the current economic conditions in your community?

Breaking down responses by category, we observe that residents of the city of Houston believe that current economic conditions in their communities are good (20.9%) or excellent (3.8%), whereas 26.4% and 3.6% consider conditions to be poor or very poor, respectively. A plurality (45.3%) think conditions are fair.

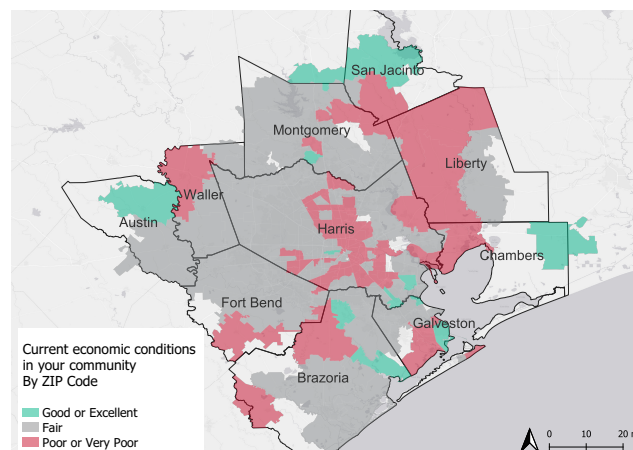


Figure 4 How would you describe the current economic conditions in your community?

In contrast, among residents of the Greater Houston area outside city limits, 43.4% perceive conditions to be fair; 4.4% of households believe economic conditions are excellent, and 34.6% of respondents think they are good. Only one in six respondents who reside outside city limits consider conditions to be poor (15.2%) or very poor (2.1%).

When we examine these differences by neighborhood, we see widespread pessimism about economic conditions. The

map of perception by ZIP code in Figure 4 reveals that significant pockets of Houston, as well as Galveston, Liberty, Waller, and Brazoria counties, believe that economic conditions are fair, poor, or very poor.

Inflation and consumption

Concerns about inflation are directly influencing household spending. Figure 5 shows that the majority of households have adjusted their purchasing decisions somewhat or a lot for such items as food, energy, household appliances, and vehicles.

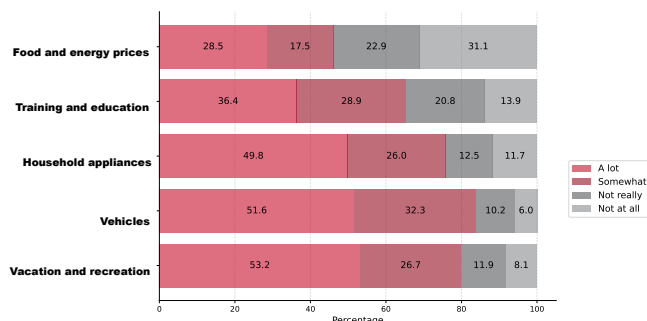


Figure 5 Have inflation concerns affected your purchasing decisions related to any of the following?

More than half of households reported cutting back on nonessential categories, such as vacations and recreation, underscoring how rising prices are reshaping not only basic consumption but also quality-of-life expenditures. These results suggest that inflation is altering both short-term financial behaviors and long-term planning, forcing households to prioritize essentials, such as training and education, and to defer investments or discretionary purchases.

Household finances and debt

To manage rising costs of living, changes in employment status or income, or undertaking further educational or training opportunities, having personal savings or access to credit is critical for households; without savings, people are more dependent on their current income. While over 70% of households carry at least one form of debt, as shown in Figure 6, our survey reveals that household financial conditions vary significantly. More than half of households surveyed (52.1%) report outstanding credit card balances, 36.1% report car loans, 29.4% report other sources of debt including mortgages, and 23.7% report student loan debt.

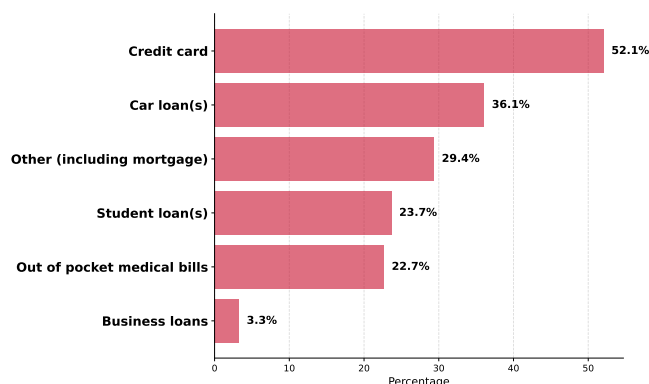


Figure 6 Does your household have any of the following types of debt?

Households that reported having one of the types of debt listed were asked a follow-up question about which types represented their largest sources of household debt (Figure 7). Credit card debt was the most common financial burden, with 100% of respondents ranking credit cards as one of their top three sources of debt. Of these households, 36.3% said it was their largest debt, 44.3% said the second largest, and 20.4% said it was the third largest source of household debt. Car loans were the second largest form of debt, with 81.4% of respondents ranking them as one of their top three. Among the 24% of respondents who reported holding student loans, 54.6% identified them as a top-three debt concern.

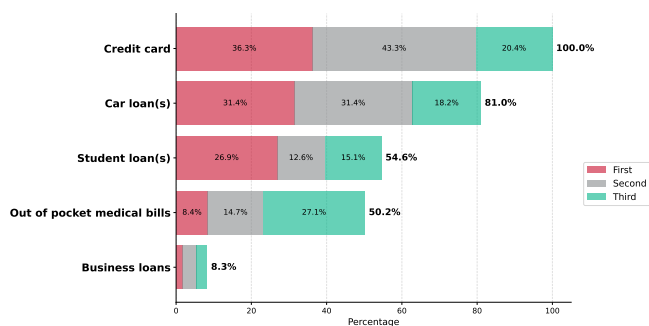


Figure 7 Please rank the following types of debt (excluding mortgage) in order from the largest to the smallest?

Survey responses also reveal important disparities across racial and ethnic groups when it comes to household finances (Figure 8). Among Hispanic households, 38.3% reported student loan debt as their largest financial burden. In contrast, white non-Hispanic households were more likely to rank credit card (38.7%) or car loan debt (41.9%) as their top liability.

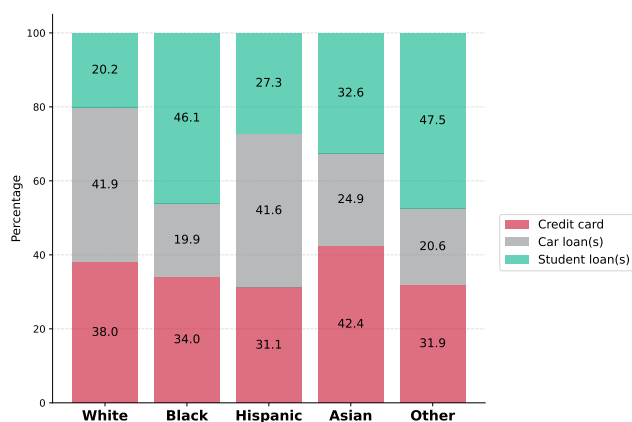


Figure 8 Ranking of the largest amount of debt (excluding mortgage) by race/ethnicity

Breaking down the ranking of top debt categories by household income, we found that credit card debt constitutes the largest amount of debt owed for those with household incomes below \$60,000 (Figure 9). Households earning \$60,000 and above rank car loans as their top debt and carry less credit card debt compared with lower-income counterparts. Among low-income households, 40% report student loans as the second-highest source of debt, with car loans as the lowest category.

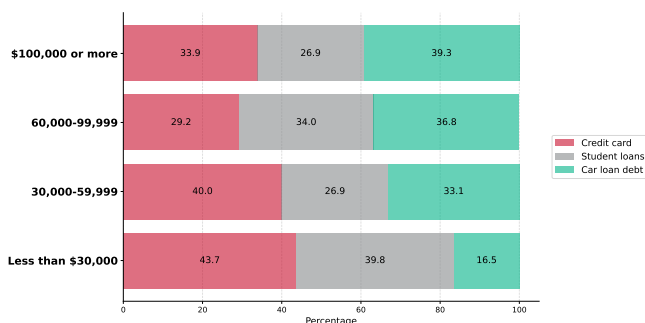


Figure 9 Ranking of households' largest debt by income

Expectations about the future

When asked whether they expected their income to keep up with inflation over the next year, fewer than one-third expressed some level of confidence: 29.5% said their household income would probably or definitely keep up with inflation (see Figure 10). One-third of households were unsure, while 22.4% said their income would probably not keep up with inflation and 14.4% expressed that their income would definitely fall behind.

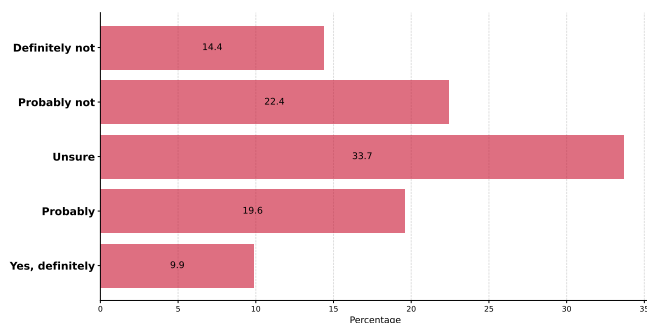


Figure 10 Do you anticipate that your household's income will keep up with inflation in the next year?



Figure 11 If your household has a savings and investment portfolio, do you anticipate that your household's income will keep up with inflation in the next year?

Households with savings often feel more financially secure and, as a result, may be less concerned about short-term income volatility. This is why we looked at expectations about inflation and income by whether households have savings and/or investment portfolios. As shown in Figure 11, households with savings and investment portfolios were somewhat more optimistic but still showed significant concern.

In terms of savings, Black and Hispanic households were more likely to report having no savings or investment portfolio compared with white households (Figure 12). These differences also shape economic outlooks: groups with lower savings and higher debt burdens express greater pessimism about their incomes keeping up with inflation. Such disparities highlight how structural inequalities intersects with inflation and rising living costs, exacerbating financial vulnerability among minority households.

Figure 13 illustrates how households' relocation considerations are closely tied to expectations about keeping up with inflation. Among those who were certain their income would not keep pace with inflation, nearly two-fifths (38.1%) reported that they were currently considering moving out

of Houston due to rising costs, and another 37.9% said they were open to the possibility.

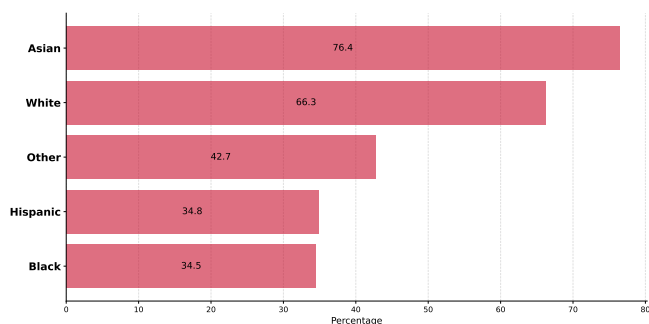


Figure 12 Does your household have a savings and investment portfolio?

By contrast, 46% of those who believe their income will definitely keep up with inflation are not considering relocating. For those unsure about whether their income will keep pace, two-fifths are currently considering relocating and nearly half (48.1%) are open to the possibility. Overall, few households were no longer considering relocating but had in the past. These results underscore how inflation expectations translate into broader economic decisions, with pessimistic households more likely to view relocation as a necessary response to financial strain.

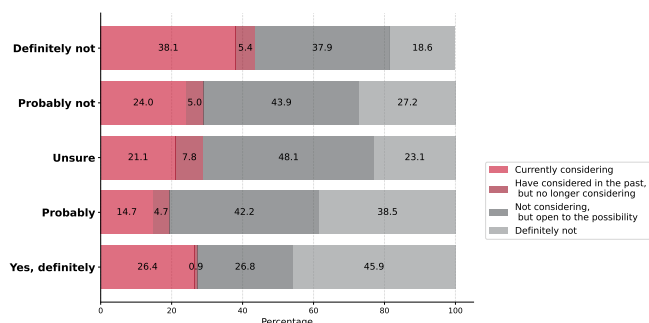


Figure 13 Have you considered relocating from Houston due to the cost of living, by expectation that income will keep up with inflation in the next year

This cautious outlook reflects widespread anxiety about both employment opportunities and wage growth in the current economy (see [Buttorff et al., 2025](#)). The results suggest that households are bracing for continued strain, with limited expectation of near-term financial relief.

Conclusion

The Greater Houston region experiences higher poverty levels than the rest of Texas. Contributing factors include a large share of low-wage workers, the dominance of service and construction industries, rising housing costs, and

high medical expenses not covered by insurance. Compared with other metropolitan areas, Houston's poverty levels highlight a structural gap: growth and opportunity at the aggregate level coexist with persistent vulnerability at the household level. These disparities suggest that Houston's economic dynamism has not translated into broad-based prosperity for all area residents.

Household finances in the region reflect a mixed regional economy with steady population and job growth on the one hand, but persistent poverty in the city and mounting day-to-day pressure from rising prices on the other. Residents inside the city of Houston rate local conditions notably worse than those in the rest of the metro area, underscoring geographic disparities in perceived economic well-being.

Inflation has also altered both essential and discretionary spending, with many households cutting back, especially on vacations and recreation, and adjusting purchases of food, energy, vehicles, and appliances. These shifts coexist with widespread indebtedness (including credit cards, car loans, and student loans), limited savings for many families, and a cautious outlook about whether incomes will keep pace with inflation in the year ahead. Together, the findings suggest that most households anticipate immediate financial strain and limited near-term relief.

Disparities are salient. Not all households feel rising prices equally - some can ride out cost increases while others have to make immediate changes to how they spend. Families with savings, stable credit access, and low-cost financial products can buffer price spikes by drawing down cash, shifting the timing of bills, or using affordable lines of credit, then rebuilding balances as income recovers.

By contrast, households with thin or no savings, irregular income, or limited access to mainstream finance face binding liquidity constraints. These frictions are more common among Black and Hispanic households due to historic and ongoing disparities in wealth, credit scores, and access to banking, which helps explain their greater pessimism about their incomes and financial security in the Greater Houston area. Place matters, too: residents within the city often face higher baseline costs—rent, transportation, and childcare—than those elsewhere in the region.

By following households over time, the Hobby School's **SPACE City Panel** enables continuous monitoring of regional economic dynamics and financial hardship. These insights will help government agencies and community organizations design evidence-based responses to the problems affecting our region.

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