

Houston Area Employment Situation

February 2022

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

February Indicates Houston Is off to the Races but Hedge Your Bets

Total Nonfarm

Over-the-month Change

Houston MSA Total Nonfarm employment stood at 3,175,500 in February, up 45,500 jobs over the month, or 1.5 percent on a not-seasonally-adjusted basis (see Chart 1). A year ago Houston registered an over-the-month increase of 10,900 jobs. This was the largest-ever gain in the month of February since records began in 1990, beating the previous February record of 38,500 jobs in 2018, and now stands as the third-largest over-the-month increase of any month in the past three decades. Prior to the pandemic, historically in the month of February, Total Nonfarm has on average added 18,600 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Not-seasonally adjusted February data tends to exaggerate over-the-month job growth each year due to seasonal job losses in January. As a result gains in most sectors and Total Nonfarm employment should be viewed with caution. It is recommended to compare to all previous Februarys to determine if "growth" is in line with historical trends.

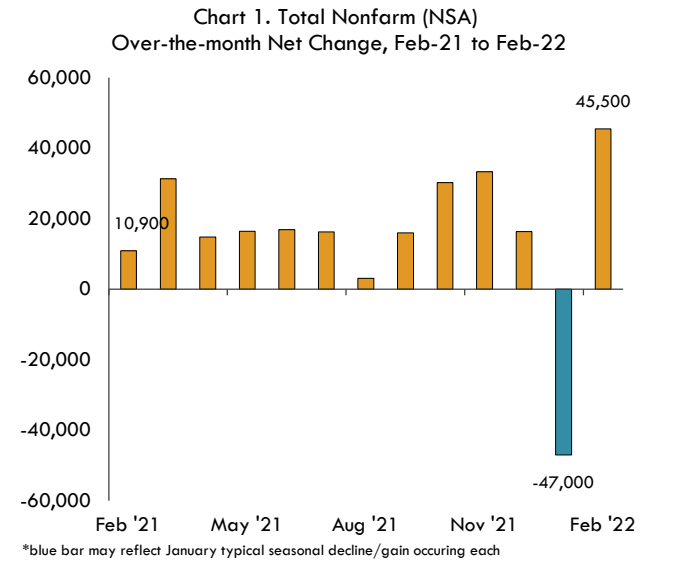
The primary drivers of this February's growth were increases in Professional and Business Services; Leisure and Hospitality; and Government. Gains were also recorded in Trade, Transportation, and Utilities; Education and Health Services; and Financial Activities. The net increase in jobs over the month was partially offset by losses in Other Services. (see Chart 2). Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,192,400, up 36,500 jobs over the month, or 1.2 percent vs. a historical average of 3,400. This February marks 10 consecutive month-over-month gains on a seasonally-adjusted basis. All analysis pertains to not-seasonally adjusted data unless otherwise noted. Data source: BLS/TWC.

Top-3 Drivers of Over-the-month Job Growth in February

- Professional and Business Services: 10,400
- Leisure and Hospitality: 9,900
- Government: 7,300

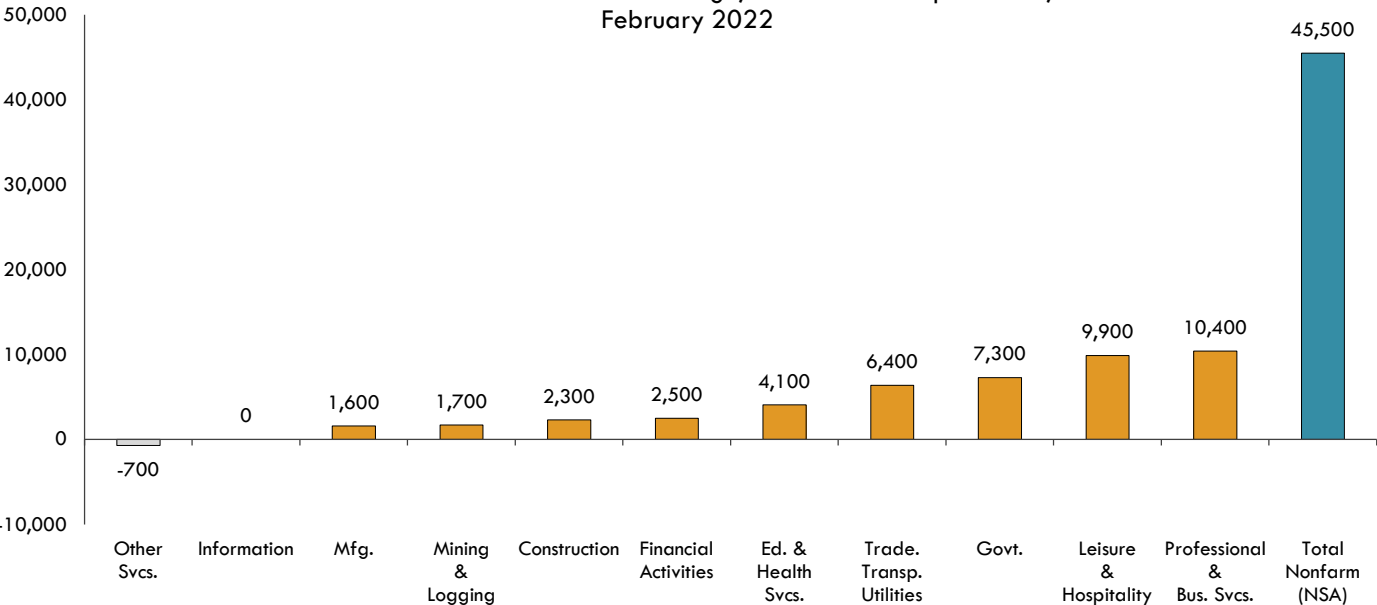
Over-the-year Change

Over the year, Total Nonfarm employment was up 193,000 or 6.5 percent on a not-seasonally-adjusted basis and up 202,400 or 6.8 percent on a seasonally-adjusted basis (see NSA Chart 3). To compare, February 2021 saw a year-over-year loss of -209,700 jobs (NSA) from February 2020. This was the largest-ever over-the-year gain in February and the second-largest gain on record. Currently 11 out of 11 sectors show growth year over year of which the top-three are Trade, Transportation, and Utilities (43,100); Leisure and Hospitality



(42,800); and Professional and Business Services (28,500) (see Chart 4). Total Nonfarm employment not-seasonally-adjusted remains -62,200 jobs, or -1.9 percent below its February 2020 pre-pandemic level of 3,192,200 (-44,300 jobs, -1.4 percent below 3,200,200 seasonally adjusted).

Chart 2. Over-the-month Net Change, Houston MSA Supersectors, February 2022



Previous Month's Revisions

Total Nonfarm employment was revised upward by 4,700 jobs for a December to January smaller net loss of -47,000 compared to an original estimate of -51,700 jobs. An upward revision of +3,500 jobs in Trade, Transportation, and Utilities was the largest contributor followed by Leisure and Hospitality (+3,100) and Construction (+1,500). Downward revisions in Professional and Business Services (-1,400), Education and Health Services (-1,400), and Manufacturing (-500) provided a partial offset of the overall upward revision to Total Nonfarm employment (see Chart 5).

Chart 5. Net Revisions for Selected Supersectors and Major Industries, January 2022

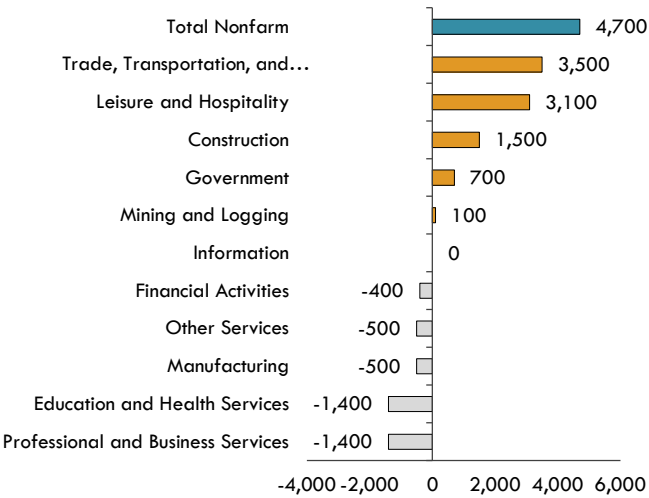


Chart 3. Total Nonfarm (NSA)
Over-the-year Net Change, Feb-07 to Feb-22

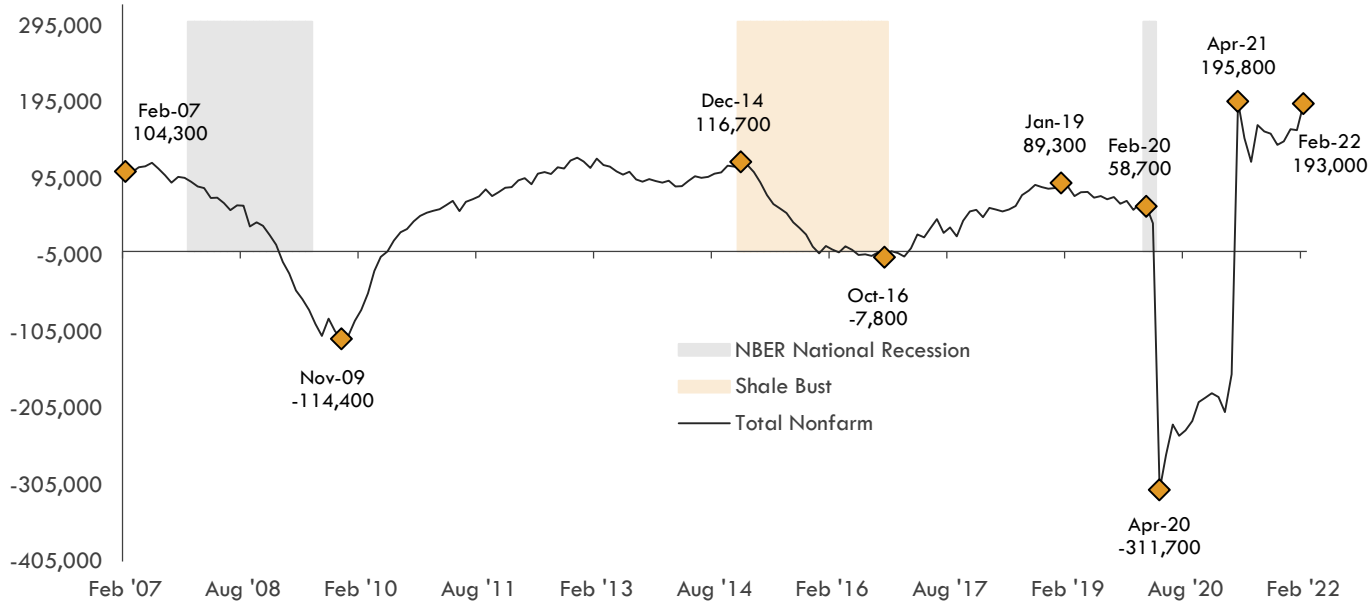
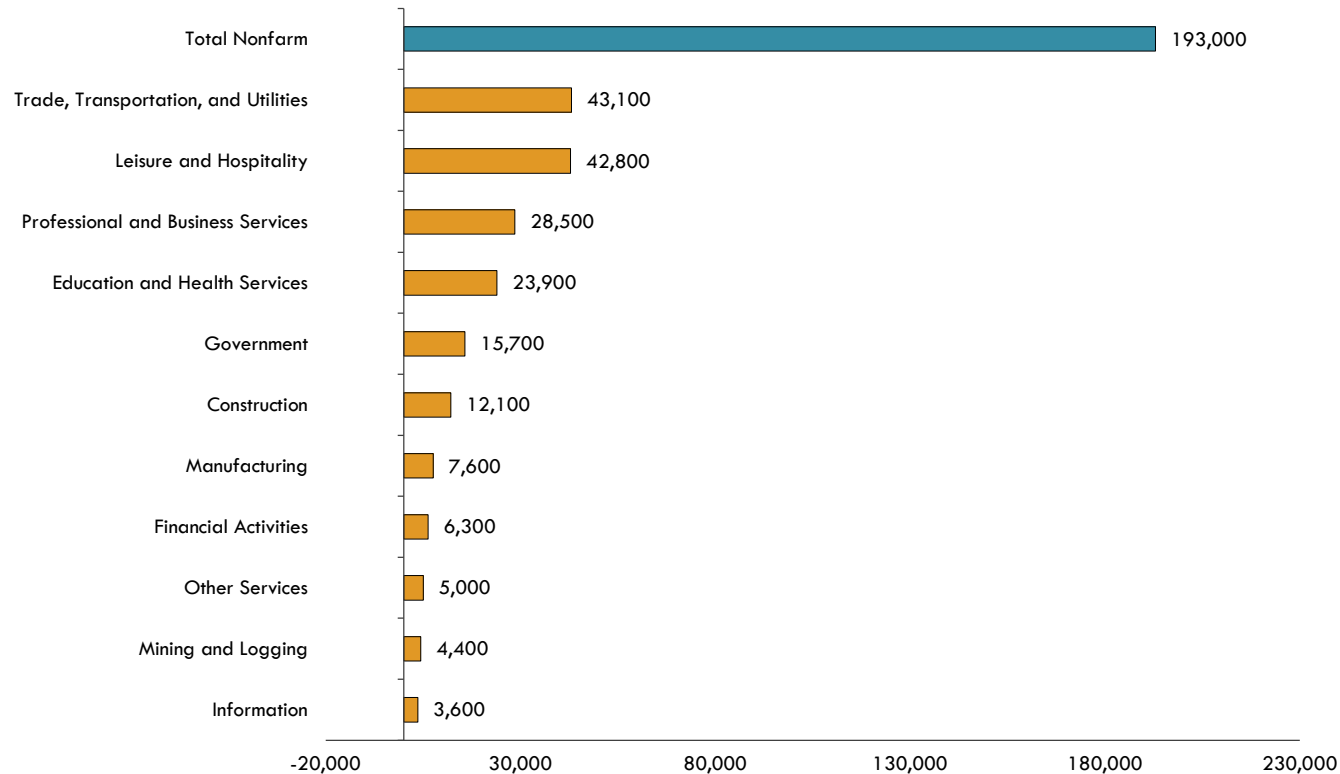


Chart 4. Over-the-year Net Change, Houston MSA Supersectors,
February 2021 to February 2022



Supplemental Commentary

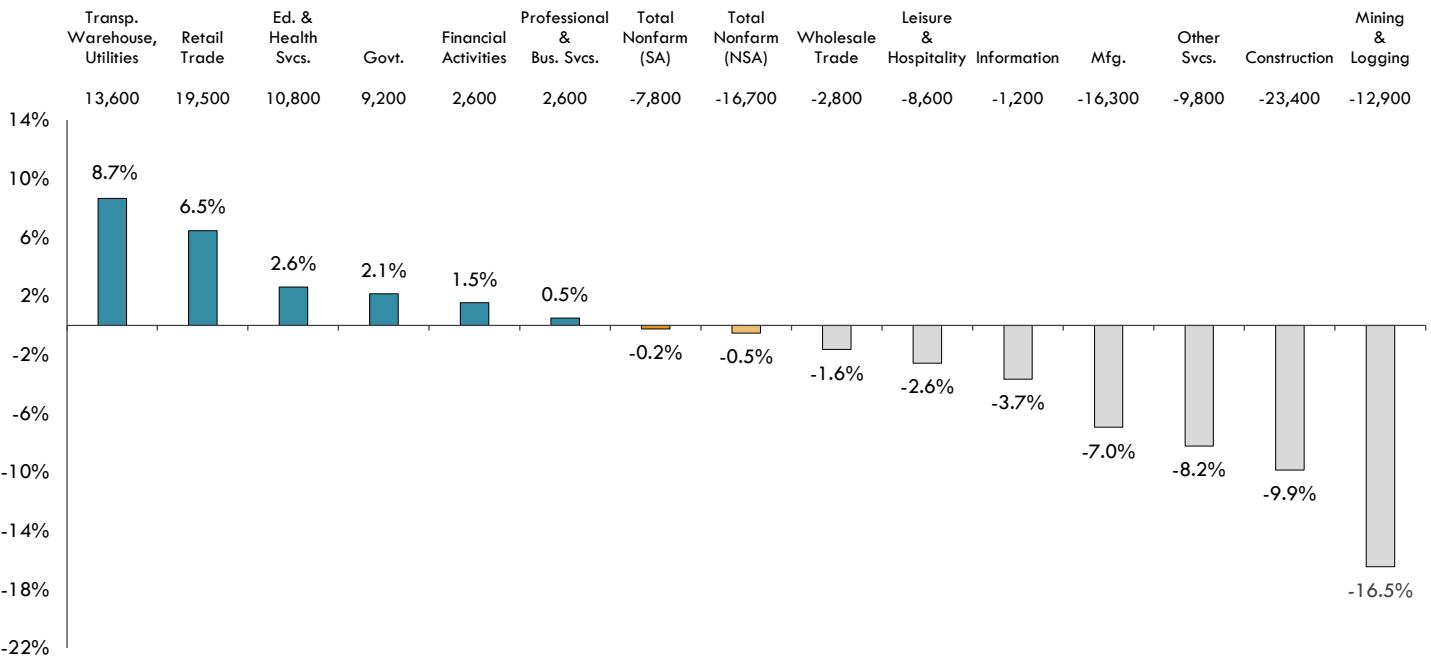
Overall Impressions

February’s over-the-month job growth figures at 45,500 (or 36,500 seasonally-adjusted) were strong enough that one could easily be forgiven for assuming that the recent return to \$100 oil has catapulted Houston’s job market back to the days of the Shale Boom. This isn’t to say that it’s impossible but let’s examine the evidence. The best February during the Shale Boom, which was also the previous best February of all-time, occurred in 2013 with 36,800 jobs added over the month not-seasonally-adjusted, or 15,100 jobs seasonally-adjusted. Regardless of which number you prefer, keep in mind that either required an average WTI price of \$85 per barrel and an average total rig count of 1,600 from the end of the Great Recession in mid-2009 until spring 2013, nearly four years, in order to achieve job growth of these magnitudes. WTI has only consistently re-achieved levels above \$90 since early February of this year with a breakout above \$100 shortly after Russia’s invasion of Ukraine on February 24th. In addition, current oil prices likely include a \$15-\$20 “war premium” as a result of unfolding geo-political developments with another \$10-\$15 driven by inflation seeping to the broader economy rather than more sustainable fundamentals. During this time, the total rig count has continued to climb at the same gradual pace that it has since bottoming in summer 2020 yet remains some 15 percent below its March 2020 average, 40 percent below its late-2018 peak, and 67 percent below its late-2011 Shale Boom peak. Also as a reminder, the monthly job numbers represent a snapshot of the week of the 12th of the month. In other words, it’s doubtful that oil prices have remained high enough, long enough, to spur the kind of job growth we saw this February, especially given the lack of follow-through regarding the rig count. It is also worth noting that Architectural and Engineering industry employment, which is a subset of the broader Professional and Business Services category, saw an outright decline over the month of 700 jobs. While many jobs in the Professional and Business Services sector are affected by the oil and gas industry to varying degrees, Architecture and Engineering is distinct from E&P and oil field services in name only and should have seen growth this month if we’re to concede that oil prices were the driving force behind this February’s exceptional performance.

Leaving aside for a moment the aforementioned issues, there were other anomalies found in this month’s jobs report. Retail Trade added 2,000 jobs in February. This is in complete contrast to the long-established seasonal trend of shedding jobs every February in a continuation of January’s loss of holiday-related jobs that has been the norm since records began in 1990. While it is not unprecedented for seasonal patterns to change over time, e.g. Local Government Education started seeing gains in September rather than August beginning in 2008 due to legislation delaying the start to the academic year, we must question why such a development would occur within Retail. Other Services, a catch-all category for various types of services ranging from personal care to automotive repair to dry-cleaners, to domestic help saw losses in February in a break with its historical trend of adding jobs this month, again every year since 1990. Both or either of these trends could in fact be correct however the point is that these and others are out of character for Houston’s job market in light of all past Februaries and force us to question whether the overall report is an anomaly.

Clearly I’m a skeptic when it comes to the magnitude of this February’s reported job growth across many of our major industry sectors, but I don’t question that we added jobs, perhaps even more than a typical February. As noted in last month’s report on the 2021 annual benchmark revisions, Houston ended last year on a high note despite some areas performing worse than before, e.g. Mining and Logging, others making modest in-roads like Construction, and others still like Government having fared far better than originally reported. I firmly believe the momentum from the end of 2021 has continued through at least the first few months of this year. Whether that momentum has accelerated to the point that the employment gap to February 2020 could be closed in the next two months (we only need 7,800 jobs after this month’s gains) is debatable (see Supplemental Chart 1 below). Is Houston still on track? Absolutely, but like the rest of the country and the world, we’re navigating the trifecta of inflation, interest rates, and geo-political risk, factors that will define 2022 and beyond.

Supplemental Chart 1. Houston MSA Current Employment Level as of Feb 2022
Relative to February 2020 by Sector - Post 2021 Benchmark Revisions



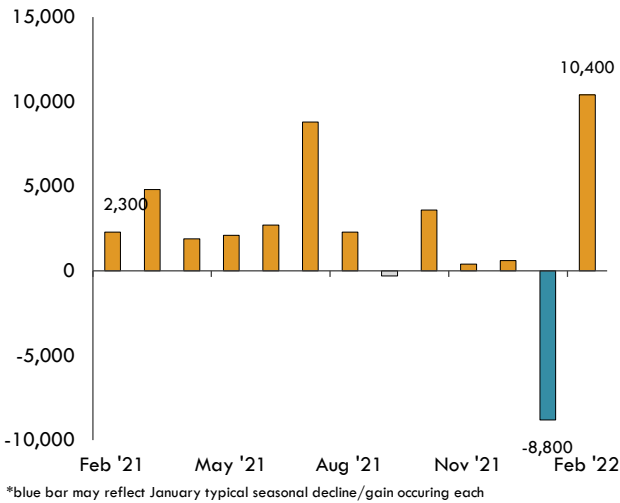
GAINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

Professional and Business Services was the largest gaining sector over the month up 10,400 jobs, or 2.1 percent (see Chart 6). This was the largest-ever gain in the month of February since records began in 1990, beating the previous February record of 7,200 jobs in 2020, and now stands as the second-largest over-the-month increase of any month in the past three decades. Historically in the month of February, Professional and Business Services has added an average of 3,400 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's increase, up 7,100 jobs over the month. The second-largest contributor was Professional, Scientific, and Technical Services, which added 3,200 jobs from January to February. Lastly, Management of Companies and Enterprises contributed, 100 jobs.

Chart 6. Professional and Business Services (NSA)
Over-the-month Net Change, Feb-21 to Feb-22

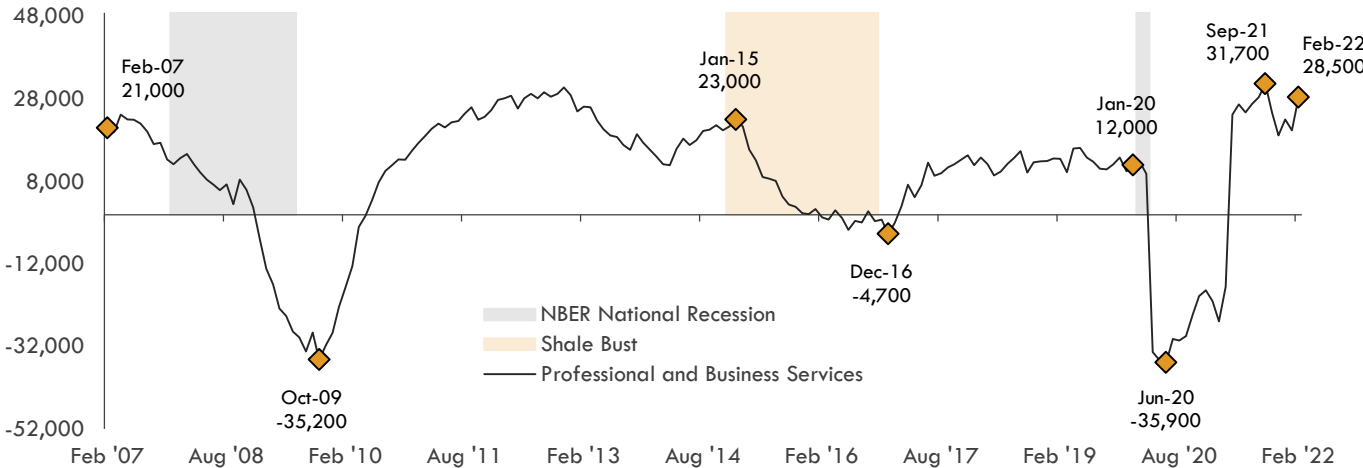


Over-the-year Change

Year over year, Professional and Business Services was up 28,500 jobs, or 5.8 percent (see Chart 7). This was the largest February over-the-year increase on record and the largest gain since September 2021's increase of 31,700 jobs. It also marks nine consecutive months of over-the-year gains. Furthermore, 14.8 percent of total (gross) jobs added across the region over the past year can be attributed to Professional and Business Services. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's increase, up 16,900 jobs over the year.

The second-largest contributor was Professional, Scientific, and Technical Services, which added 11,400 jobs from February a year ago. Lastly, Management of Companies and Enterprises contributed, 200 jobs. Total Professional and Business Services employment (NSA) remains -7,800 jobs, or -1.5 percent below its February 2020 pre-pandemic level of 514,700. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 16.4 percent over the past year.

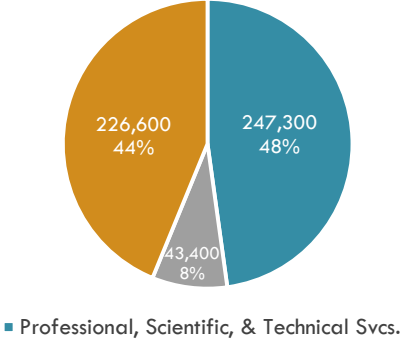
Chart 7. Professional and Business Services (NSA)
Over-the-year Net Change, Feb-07 to Feb-22



About This Sector

This sector is composed of establishments specializing in professional, scientific, and technical activities; management of establishments holding equity interests in order to influence management decisions; and office administration, hiring of personnel, security, cleaning, and waste disposal. Of the three main component industries, Professional, Scientific, and Technical Services accounts for a plurality of the sector's employment at 48 percent (see Chart 8). Across the Houston MSA, the concentration of jobs in the overall sector is 11 percent higher than the national average, due to a 13-percent higher concentration in Professional, Scientific, and Technical Services serving the oil and gas industry.

Chart 8. Employment in Component Industries of Professional and Business Services Sector - February 2022

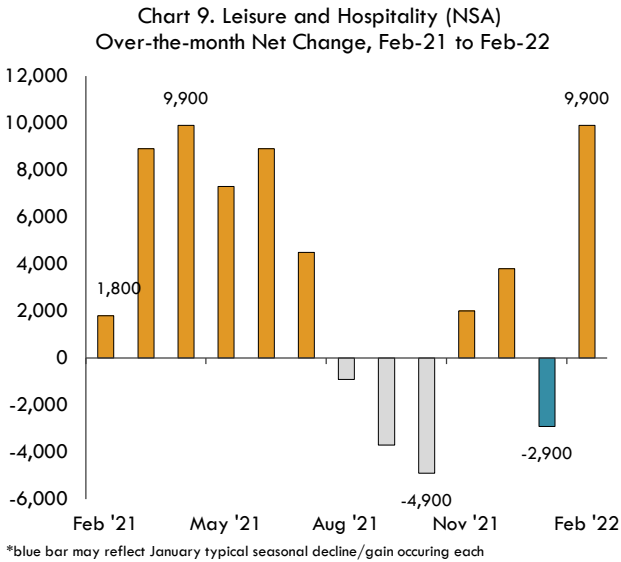


GAINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

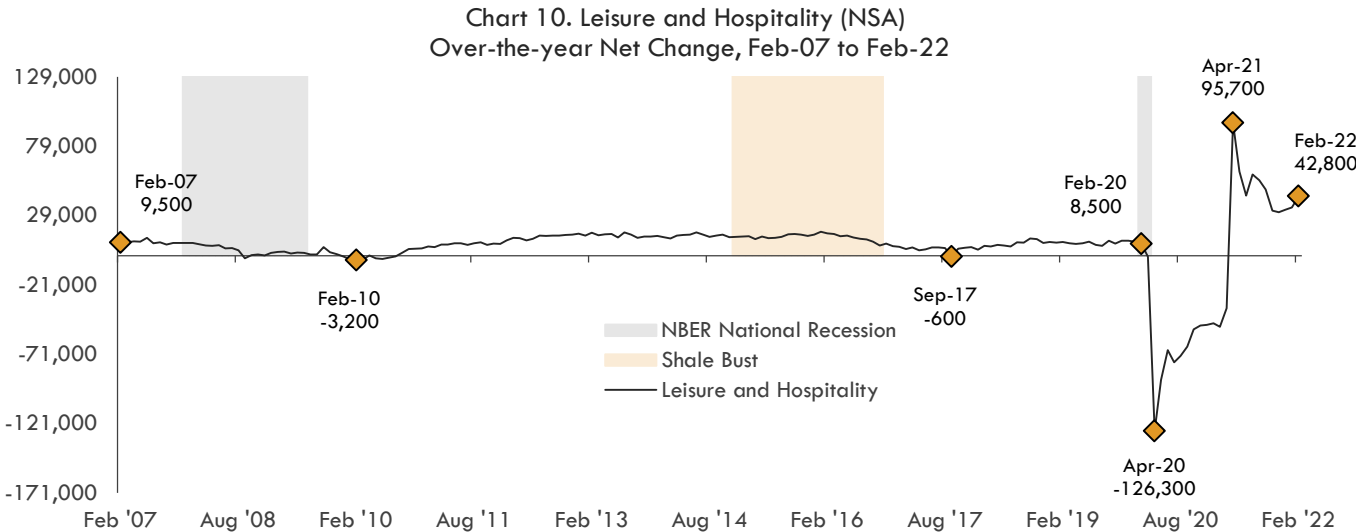
Leisure and Hospitality was the second-largest gaining sector over the month up 9,900 jobs, or 3.1 percent (see Chart 9). This was the largest-ever gain in the month of February since records began in 1990, beating the previous February record of 6,300 jobs in 2013. Historically in the month of February, Leisure and Hospitality has added an average of 3,500 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 8,700 jobs over the month. The second-largest contributor was Arts, Entertainment, and Recreation, which added 1,200 jobs from January to February. Leisure and Hospitality employment was revised upward by 3,100 jobs for a December to January smaller net loss of -2,900 compared to an original estimate of -6,000 jobs.



Over-the-year Change

Year over year, Leisure and Hospitality was up 42,800 jobs, or 15.1 percent (see Chart 10). This was the largest February over-the-year increase on record and the largest gain since September 2021's increase of 47,500 jobs. It also marks nine consecutive months of over-the-year gains. Among sectors currently showing growth, this sector is the fastest-growing in percentage terms across the Houston area. Furthermore, 22.2 percent of total (gross) jobs added across the region over the past year can be attributed to Leisure and Hospitality. Accommodation and Food Services was the largest contributor

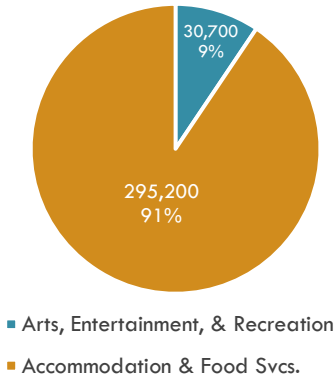
to the overall sector's increase, up 38,100 jobs over the year. The second-largest contributor was Arts, Entertainment, and Recreation, which added 4,700 jobs from February a year ago. Total Leisure and Hospitality employment (NSA) remains -18,500 jobs, or -5.5 percent below its February 2020 pre-pandemic level of 334,500. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 9.5 percent to 10.3 percent over the past year.



About This Sector

This sector is composed of establishments that produce and promote in live performances, events, of exhibits of historical, cultural, or educational interest or related to recreation or hobbies intended for public viewing; and provide customers with lodging and/or meals and beverages for immediate consumption. Of the two main component industries, Accommodation and Food Services accounts for the majority of the sector's employment at 91 percent (see Chart 11). Across the Houston MSA, the concentration of jobs in the overall sector is 4 percent higher than the national average.

Chart 11. Employment in Component Industries of Leisure and Hospitality Sector - February 2022

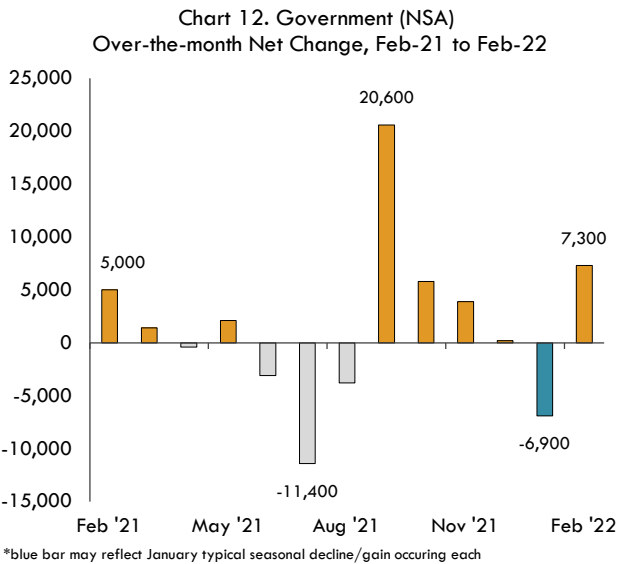


GAINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was the third-largest gaining sector over the month up 7,300 jobs, or 1.7 percent (see Chart 12). This was the largest February over-the-month gain in since 2020. Historically in the month of February, Government has added an average of 6,400 jobs over the month, which indicates that this month's gains are slightly above the long-term average. Local Government was the largest contributor to the overall sector's increase, up 6,200 jobs over the month. The second-largest contributor was State Government, which added 700 jobs from January to February. Lastly, Federal Government contributed, 400 jobs. Government employment was revised upward by 700 jobs for a December to January smaller net loss of -6,900 compared to an original estimate of -7,600 jobs.

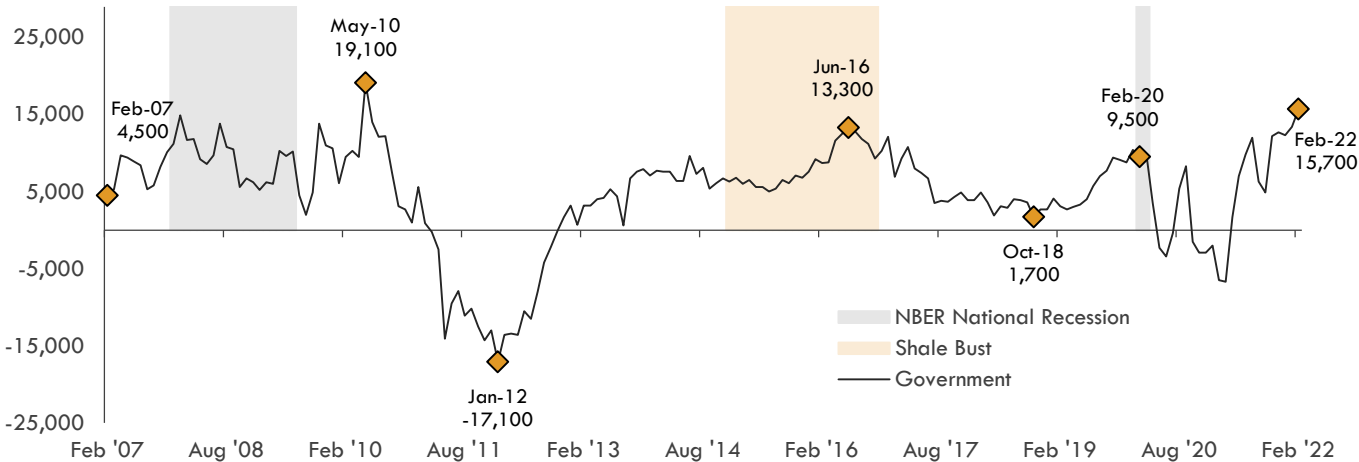


Over-the-year Change

Year over year, Government was up 15,700 jobs, or 3.7 percent (see Chart 13). This was the largest-ever over-the-year gain in February and the second-largest gain on record. It also marks nine consecutive months of over-the-year gains. Local Government was the largest contributor to the overall sector's increase, up 11,400 jobs over the year. The second-largest contributor was State Government, which added 3,000 jobs from February a year ago. Lastly, Federal Government contributed, 1,300 jobs. Total Government employment (NSA) now exceeds its February 2020 pre-pandemic level of 428,400 jobs by

1,900, or 0.4 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 14.1 percent to 13.8 percent over the past year.

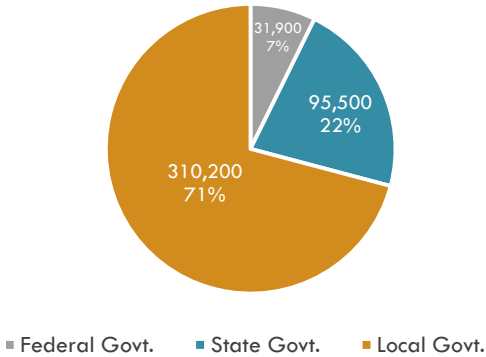
Chart 13. Government (NSA)
Over-the-year Net Change, Feb-07 to Feb-22



About This Sector

This sector consists of establishments of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area that are not performed by private establishments. For MSA data, this includes public education but excludes healthcare. Of the three main component industries, Local Government accounts for the majority of the sector's employment at 71 percent (see Chart 14). Across the Houston MSA, the concentration of jobs in the overall Government sector is 8 percent less than the national average.

Chart 14. Employment in Component Industries of Government Sector - February 2022

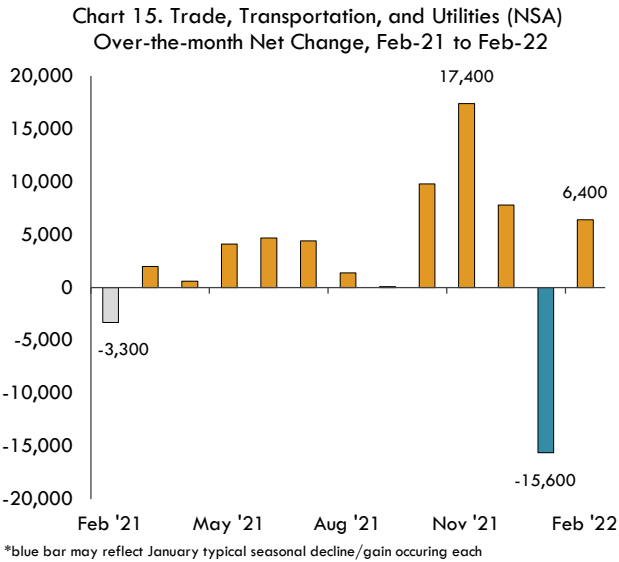


GAINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities also saw an increase over the month up 6,400 jobs, or 1.0 percent (see Chart 15). This was the largest-ever gain in the month of February since records began in 1990. Historically in the month of February, Trade, Transportation, and Utilities has lost an average of -2,600 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Wholesale Trade was the largest contributor to the overall sector's increase, up 3,200 jobs over the month. The second-largest contributor was Retail Trade, which added 2,000 jobs from January to February. Lastly, Transportation, Warehousing, and Utilities contributed, 1,200 jobs. Trade, Transportation, and Utilities employment was revised upward by 3,500 jobs for a December to January smaller net loss of -15,600 compared to an original estimate of -19,100 jobs.

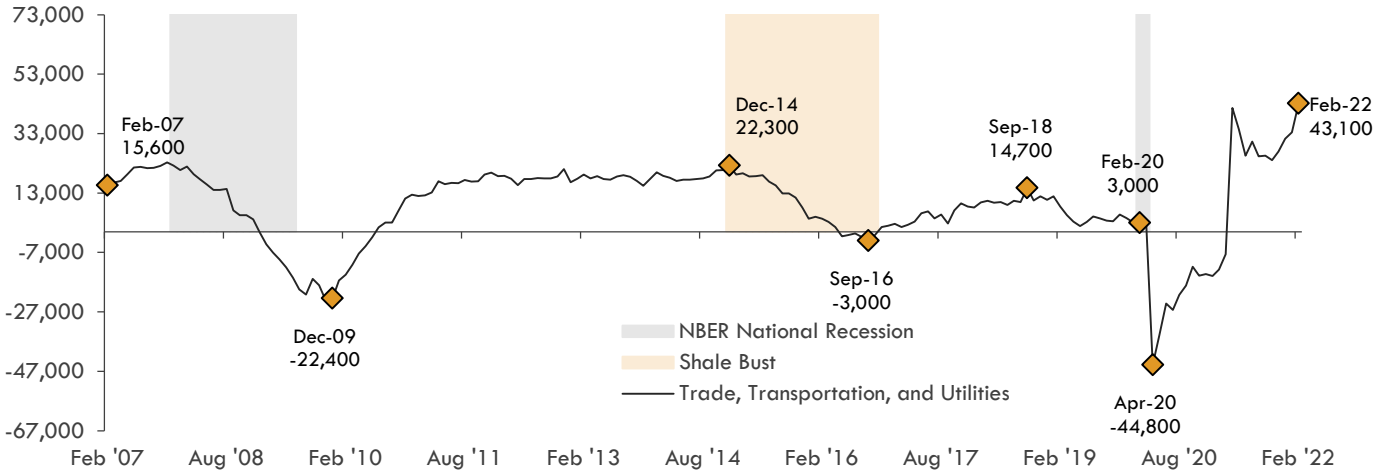


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 43,100 jobs, or 7.0 percent (see Chart 16). This was the largest-ever over-the-year gain in February or any other month since records began, beating the previous record of 41,600 jobs added in April 2021. It also marks nine consecutive months of over-the-year gains. Furthermore, 22.3 percent of total (gross) jobs added across the region over the past year can be attributed to Trade, Transportation, and Utilities. Retail Trade was the largest contributor to the overall sector's increase, up 24,200 jobs over the year. The second-largest contributor was

Wholesale Trade, which added 9,600 jobs from February a year ago. Lastly, Transportation, Warehousing, and Utilities contributed, 9,300 jobs. Total Trade, Transportation, and Utilities employment (NSA) now exceeds its February 2020 pre-pandemic level of 628,900 jobs by 23,900, or 3.8 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 20.7 percent to 20.8 percent over the past year.

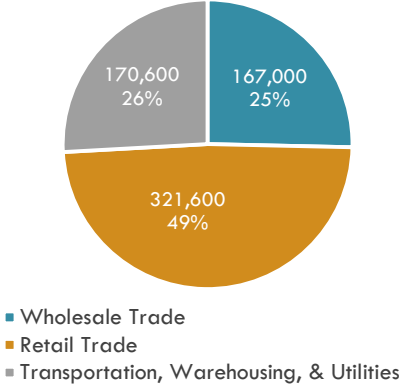
Chart 16. Trade, Transportation, and Utilities (NSA)
Over-the-year Net Change, Feb-07 to Feb-22



About This Sector

This sector is composed of establishments wholesaling agriculture, mining, and manufactured goods; retailing goods in small quantities to the public incl. online; transporting passengers and cargo; warehousing and storage; and providing electricity, natural gas, water, and sewage removal. Of the three main component industries, Retail Trade accounts for a plurality of the sector's employment at 49 percent (see Chart 17). Across the Houston MSA, the concentration of jobs in the overall sector is 10 percent higher than the national average, due to a 36-percent higher concentration in Wholesale Trade primarily related to the oil and gas industry.

Chart 17. Employment in Component Industries of
Trade, Transportation, and Utilities Sector - February
2022

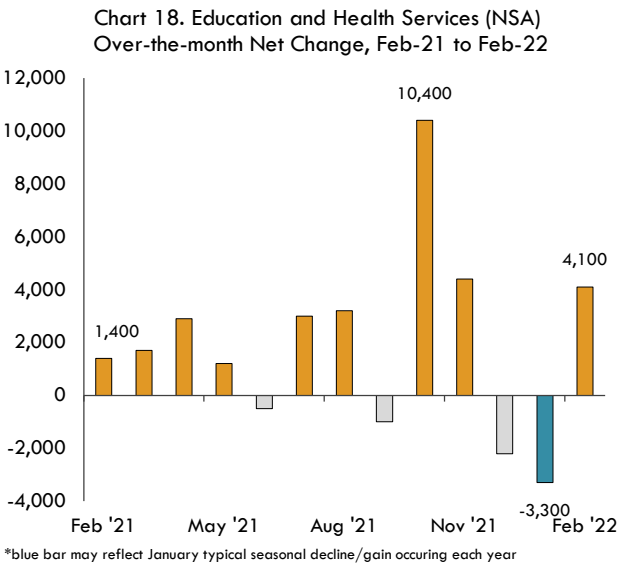


GAINING INDUSTRY HIGHLIGHTS

Education and Health Services

Over-the-month Change

Education and Health Services also saw an increase over the month up 4,100 jobs, or 1.0 percent (see Chart 18). This was the largest February gain since 2019 and the third-largest gain historically for the month of February since records began in 1990. Historically in the month of February, Education and Health Services has added an average of 1,900 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Educational Services was the largest contributor to the overall sector's increase, up 2,100 jobs over the month. The second-largest contributor was Health Care and Social Assistance, which added 2,000 jobs from January to February. Education and Health Services employment was revised downward by -1,400 jobs for a December to January larger net loss of -3,300 compared to an original estimate of -1,900 jobs.

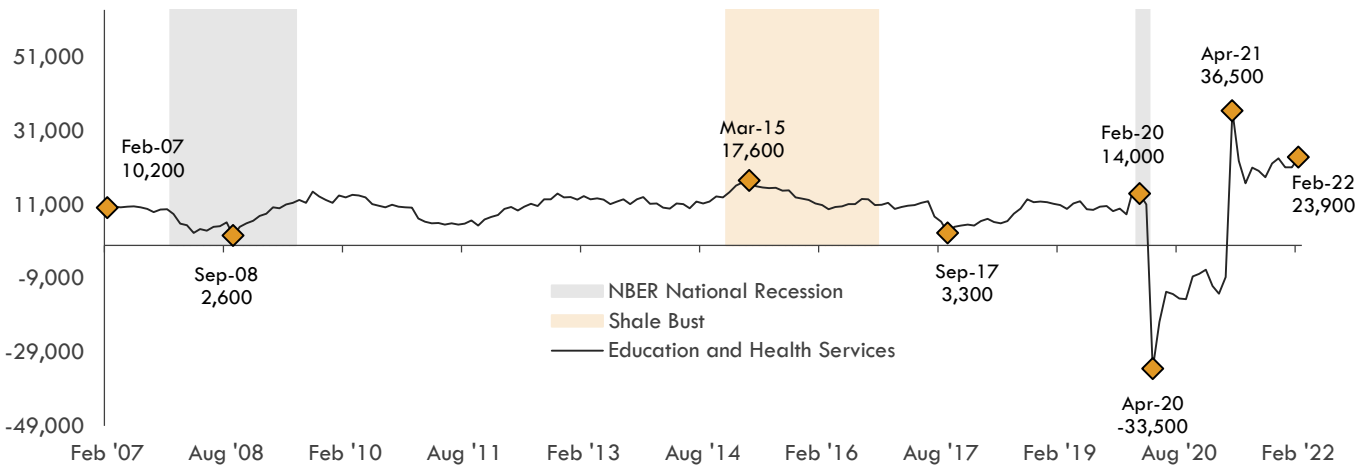


Over-the-year Change

Year over year, Education and Health Services was up 23,900 jobs, or 6.0 percent (see Chart 19). This was the largest-ever over-the-year gain in February and the second-largest gain on record. It also marks nine consecutive months of over-the-year gains. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 14,500 jobs over the year. The second-largest contributor was Educational Services, which added 9,400 jobs from February a year ago. Total Education and Health Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 414,400

jobs by 6,700, or 1.6 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 13.5 percent over the past year.

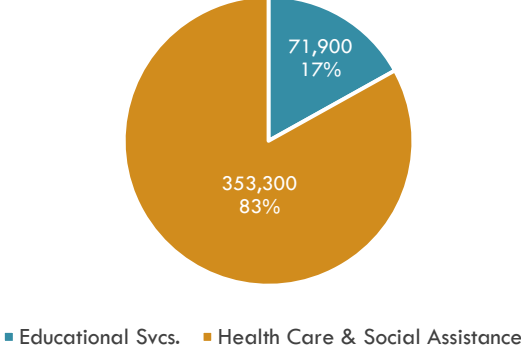
Chart 19. Education and Health Services (NSA)
Over-the-year Net Change, Feb-07 to Feb-22



About This Sector

This sector is composed of establishments that provide private education services (i.e. excluding publicly-funded primary, secondary, and postsecondary institutions) and establishments that provide healthcare and social assistance to individuals. Of the two main component industries, Health Care and Social Assistance accounts for the majority of the sector's employment at 83 percent (see Chart 20). Across the Houston MSA, the concentration of jobs in the overall sector is 17 percent less than the national average, despite the high physical concentration of healthcare jobs centered around Texas Medical Center.

Chart 20. Employment in Component Industries of
Education and Health Services Sector - February
2022

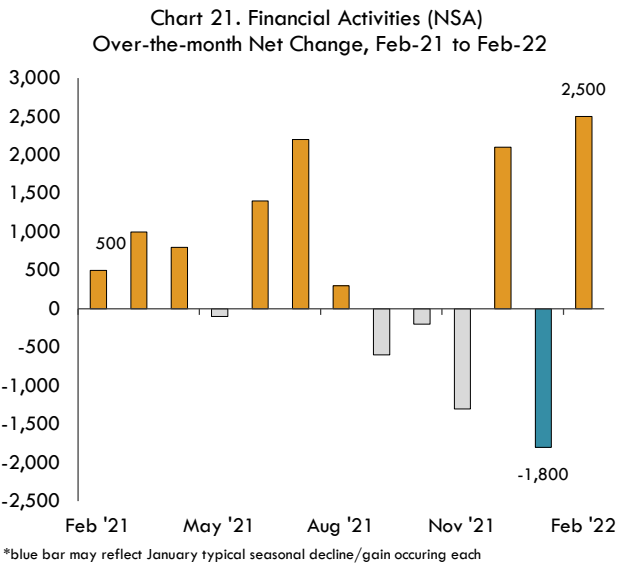


GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities also saw an increase over the month up 2,500 jobs, or 1.5 percent (see Chart 21). This was the largest-ever gain in the month of February since records began in 1990, beating the previous February record of 1,300 jobs in 1990, and now stands as the largest over-the-month increase of any month in the past three decades. Historically in the month of February, Financial Activities has added an average of 500 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Finance and Insurance was the largest contributor to the overall sector's increase, up 2,400 jobs over the month. The second-largest contributor was Real Estate and Rental and Leasing, which added 100 jobs from January to February. Financial Activities employment was revised downward by -400 jobs for a December to January larger net loss of -1,800 compared to an original estimate of -1,400 jobs.

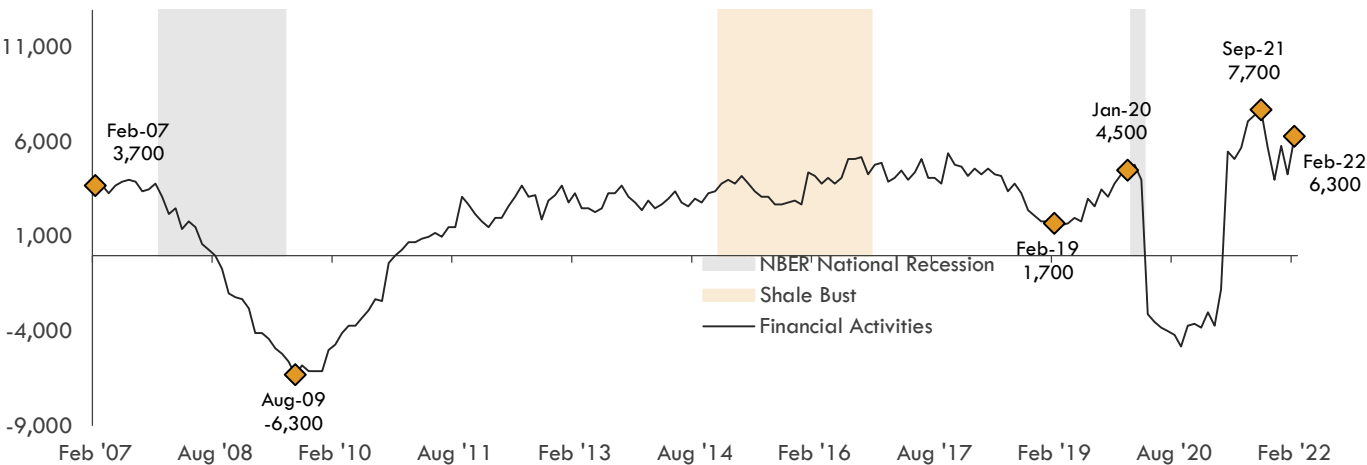


Over-the-year Change

Year over year, Financial Activities was up 6,300 jobs, or 3.8 percent (see Chart 22). This was the third-largest over-the-year gain in February since records began in 1990 and the largest gain since September 2021's increase of 7,700 jobs. It also marks nine consecutive months of over-the-year gains. Finance and Insurance was the largest contributor to the overall sector's increase, up 5,300 jobs over the year. The second-largest contributor was Real Estate and Rental and Leasing, which added 1,000 jobs from February a year ago. Total Financial Activities employment (NSA) now exceeds its February

2020 pre-pandemic level of 169,200 jobs by 100, or 0.1 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 5.5 percent to 5.4 percent over the past year.

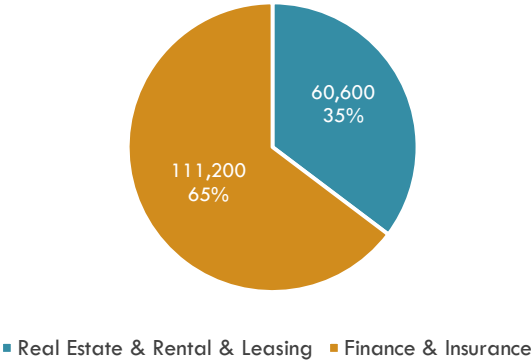
Chart 22. Financial Activities (NSA)
Over-the-year Net Change, Feb-07 to Feb-22



About This Sector

This sector is composed of establishments renting, leasing, or allowing use of assets, and financial transactions such as creation, liquidation, or change in ownership of financial assets, underwriting of insurance, and annuities. Of the two main component industries, Finance and Insurance accounts for the majority of the sector's employment at 65 percent (see Chart 23). Across the Houston MSA, the concentration of jobs in the overall Financial Activities sector is 9 percent less than the national average, due to a 20-percent lower concentration in Finance and Insurance offsetting a 24-percent higher concentration in Real Estate and Rental and Leasing.

Chart 23. Employment in Component Industries of
Financial Activities Sector - February 2022

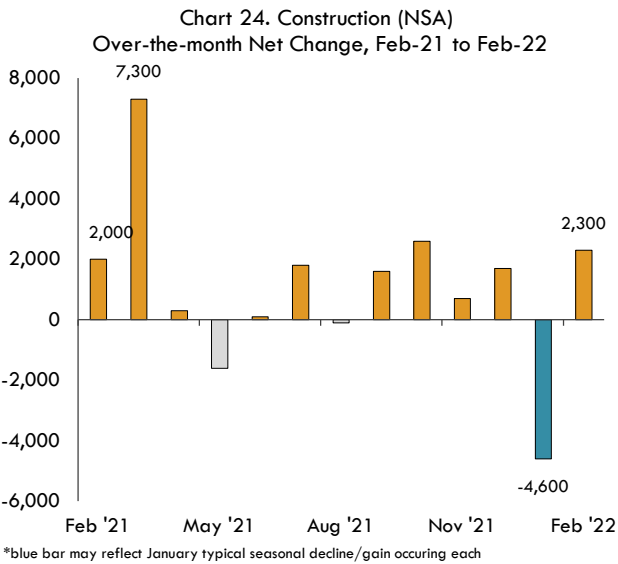


GAINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

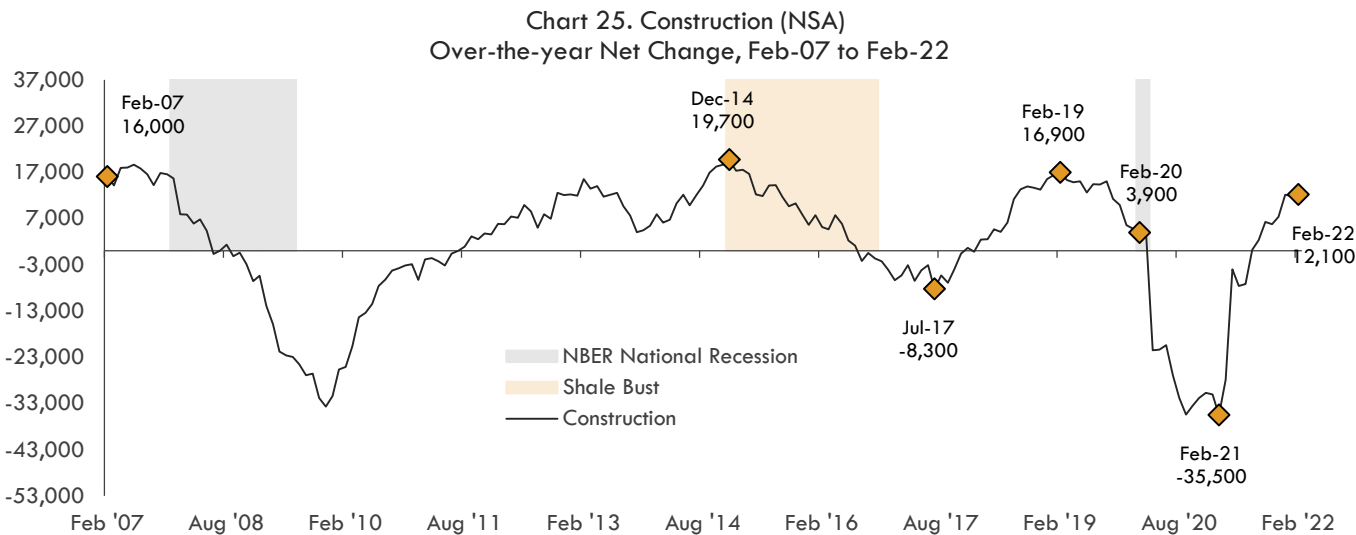
Construction also saw an increase over the month up 2,300 jobs, or 1.1 percent (see Chart 24). This was the largest February over-the-month gain in since 2020. Historically in the month of February, Construction has added an average of 3,700 jobs over the month, which indicates that this month's gains are moderately below the long-term average. Heavy and Civil Engineering Construction was the largest contributor to the overall sector's increase, up 2,100 jobs over the month. The second-largest contributor was Specialty Trade Contractors, which added 500 jobs from January to February. Lastly, Construction of Buildings offset a portion of the sector's gains with a loss of -300 jobs. Construction employment was revised upward by 1,500 jobs for a December to January smaller net loss of -4,600 compared to an original estimate of -6,100 jobs.



Over-the-year Change

Year over year, Construction was up 12,100 jobs, or 6.0 percent (see Chart 25). This February also marks six consecutive months of over-the-year gains. Specialty Trade Contractors was the largest contributor to the overall sector's increase, up 5,300 jobs over the year. The second-largest contributor was Construction of Buildings, which added 4,200 jobs from February a year ago. Lastly, Heavy and Civil Engineering Construction contributed, 2,600 jobs. Total Construction employment (NSA) remains -25,700 jobs, or -10.8 percent below its February 2020 pre-pandemic level of 237,400. At the same time, the sector's

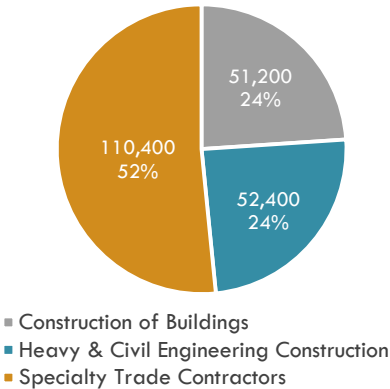
share of Houston area Total Nonfarm Employment has remained constant at 6.8 percent over the past year.



About This Sector

This sector comprises establishments engaged in the construction of buildings, infrastructure, site preparation and subdivision, and specialty trades e.g. masonry, painting, and electrical work. Of the three main component industries, Specialty Trade Contractors accounts for a slight majority of the sector's employment at just over 52 percent (see Chart 26). Across the Houston MSA, the concentration of jobs in the overall Construction sector is 38 percent higher than the national average, due to 2.5 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

Chart 26. Employment in Component Industries of Construction Sector - February 2022

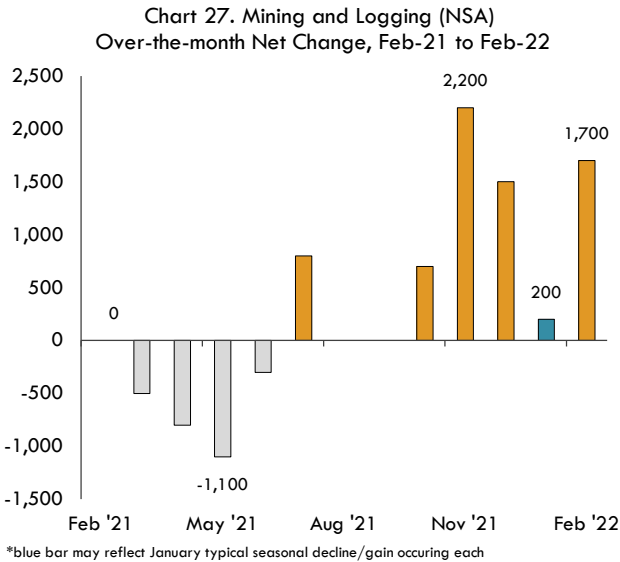


GAINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

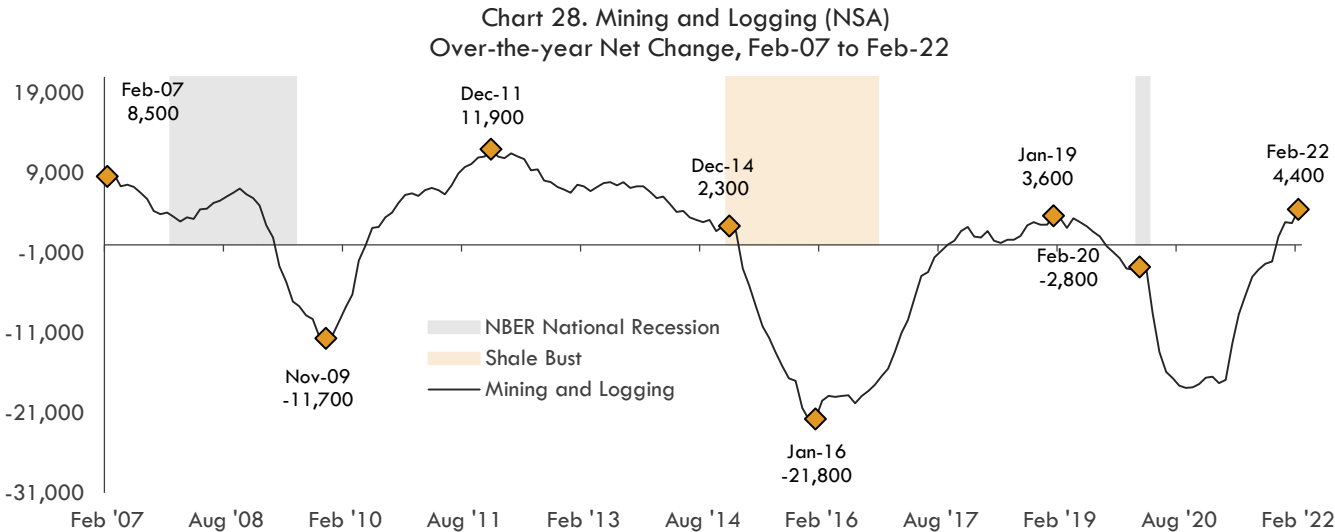
Mining and Logging also saw an increase over the month up 1,700 jobs, or 2.7 percent (see Chart 27). This was the largest-ever gain in the month of February since records began in 1990. Oil and Gas Extraction was the largest contributor to the overall sector's increase, up 900 jobs over the month. The second-largest contributor was Support Activities for Mining, which added 800 jobs from January to February. Lastly, Other Mining and Logging Undefined saw no change over the month. Mining and Logging employment was revised upward by 100 jobs for a December to January larger net gain of 200 compared to an original estimate of 100 jobs.



Over-the-year Change

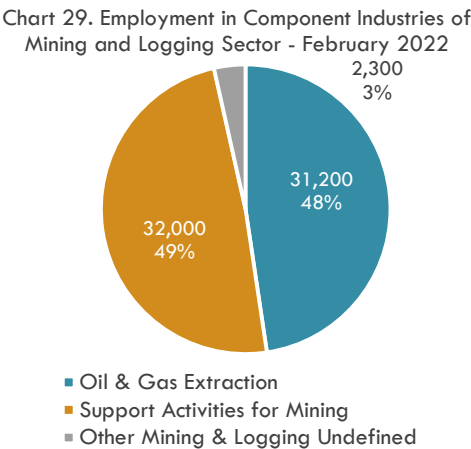
Year over year, Mining and Logging was up 4,400 jobs, or 7.2 percent (see Chart 28). This was the largest over-the-year gain since March 2014's increase of 5,100 jobs. Among sectors currently showing growth, this sector is the third-fastest growing in percentage terms across the Houston area. Support Activities for Mining was the largest contributor to the overall sector's increase, up 2,700 jobs over the year. The second-largest contributor was Other Mining and Logging Undefined, which added 900 jobs from February a year ago. Lastly, Oil and Gas Extraction contributed, 800 jobs. Total Mining and Logging

employment (NSA) remains -14,600 jobs, or -18.6 percent below its February 2020 pre-pandemic level of 78,400. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 2.0 percent over the past year.



About This Sector

This sector comprises establishments extracting naturally occurring minerals such as coal and ores; liquid minerals, such as crude petroleum and natural gas; and timber. Of the three main component industries, Support Activities for Mining accounts for a plurality of the sector's employment at 49 percent (see Chart 29). Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 5.2 times the national average, due to the region's role as a global hub for the oil and gas industry.

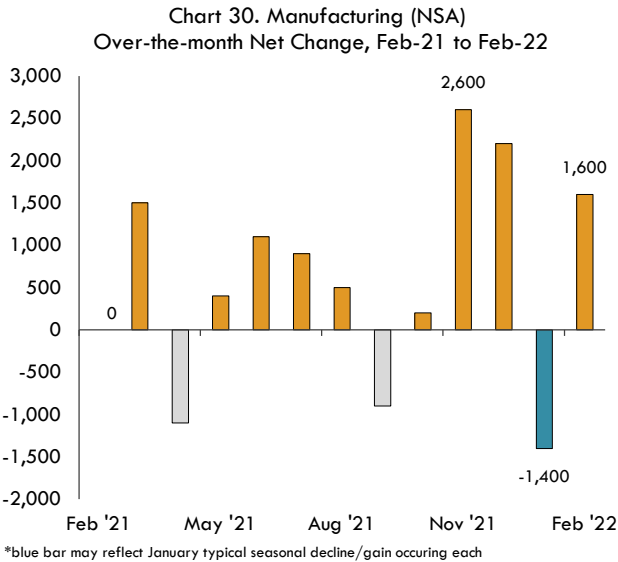


GAINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing also saw an increase over the month up 1,600 jobs, or 0.7 percent (see Chart 30). This was the largest February over-the-month gain in since 2018. Historically in the month of February, Manufacturing has added an average of 600 jobs over the month, which indicates that this month's gains are moderately above the long-term average. Durable Goods was the largest contributor to the overall sector's increase, up 1,700 jobs over the month. One component industry that provided a partial offset was Non-Durable Goods, which lost -100 jobs from January to February. Manufacturing employment was revised downward by -500 jobs for a December to January larger net loss of -1,400 compared to an original estimate of -900 jobs.

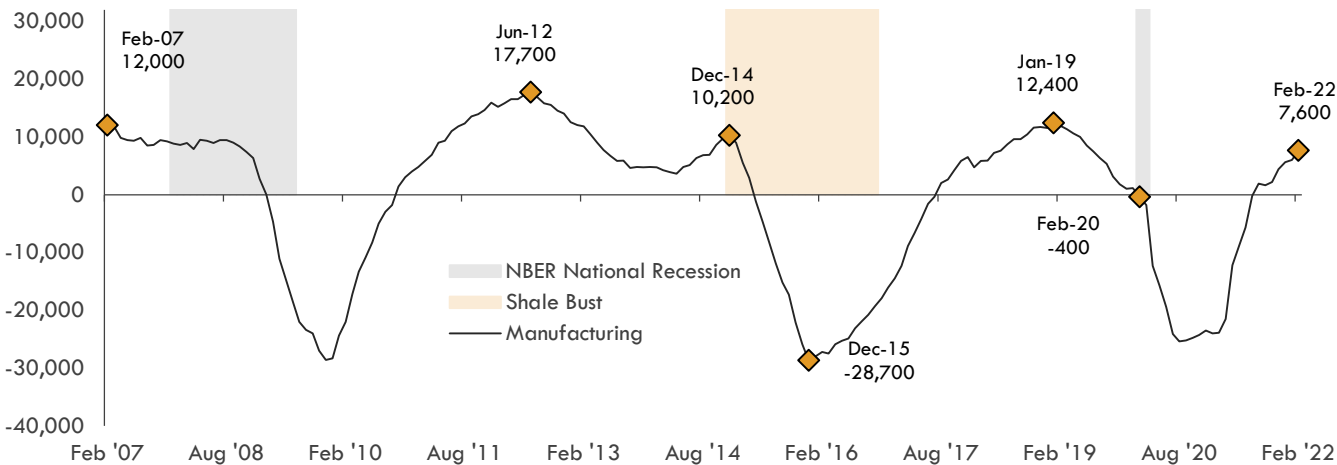


Over-the-year Change

Year over year, Manufacturing was up 7,600 jobs, or 3.6 percent (see Chart 31). This was the largest over-the-year gain since June 2019's increase of 8,500 jobs. It also marks five consecutive months of over-the-year gains. Durable Goods was the largest contributor to the overall sector's increase, up 9,400 jobs over the year. One component industry that provided a partial offset was Non-Durable Goods, which lost -1,800 jobs from February a year ago. Total Manufacturing employment (NSA) remains -17,900 jobs, or -7.6 percent below its February 2020 pre-pandemic level of 234,500. At the same time, the

sector's share of Houston area Total Nonfarm Employment has fallen from 7.1 percent to 6.9 percent over the past year.

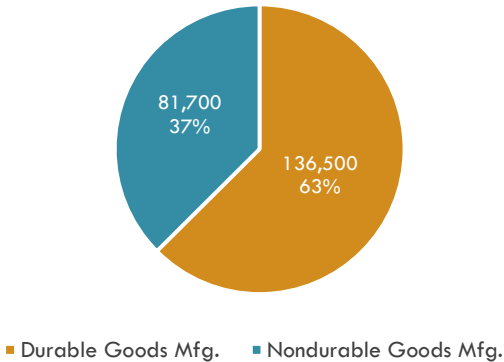
Chart 31. Manufacturing (NSA)
Over-the-year Net Change, Feb-07 to Feb-22



About This Sector

This sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. Of the two main component industries, Durable Goods accounts for the majority of the sector's employment at 63 percent (see Chart 32). Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 19 percent less than the national average.

Chart 32. Employment in Component Industries of
Manufacturing Sector - February 2022

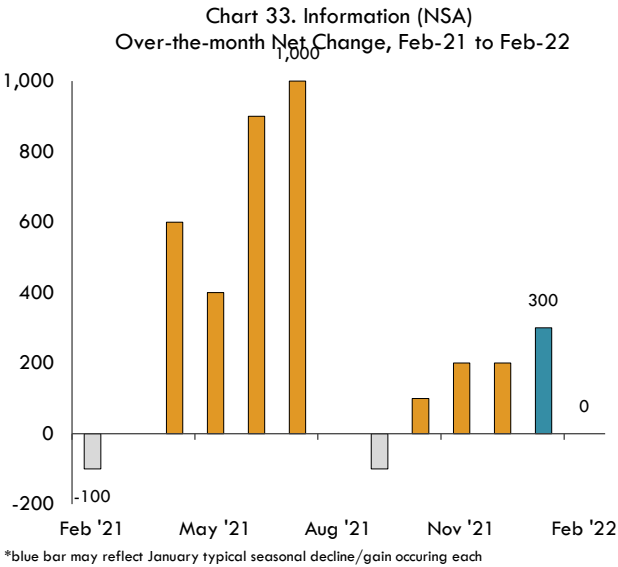


GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information was unchanged over the month. (see Chart 33). Historically in the month of February, Information has added an average of 100 jobs over the month, which indicates that this month's net zero change is slightly below the long-term average. Information employment saw no revision from December to January leaving the previous month's original increase of 300 intact.

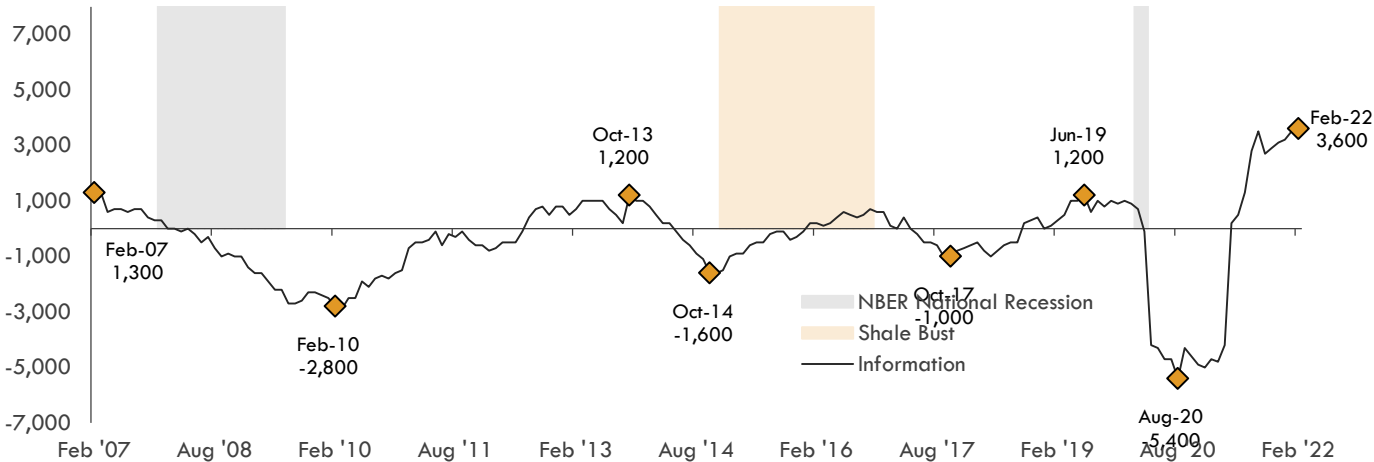


Over-the-year Change

Year over year, Information was up 3,600 jobs, or 12.9 percent (see Chart 34). This was the largest February over-the-year increase on record and the largest gain since September 2000's increase of 3,900 jobs. It also marks nine consecutive months of over-the-year gains. Among sectors currently showing growth, this sector is the second-fastest growing in percentage terms across the Houston area. Other Information Undefined was the largest contributor to the overall sector's increase, up 3,600 jobs over the year. One component industry, Telecommunications, saw no change from February a year ago.

Total Information employment (NSA) remains -1,200 jobs, or - 3.7 percent below its February 2020 pre-pandemic level of 32,700. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 0.9 percent over the past year.

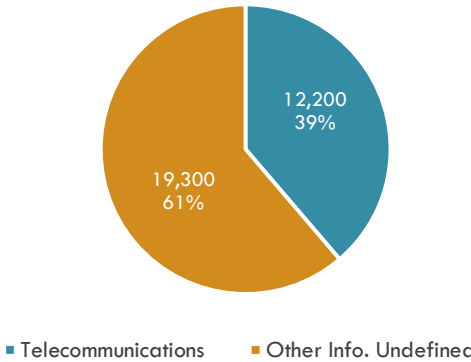
Chart 34. Information (NSA)
Over-the-year Net Change, Feb-07 to Feb-22



About This Sector

This sector comprises establishments producing and distributing information and cultural products, e.g. traditional and online news publishing; software publishing; the motion picture and sound recording; TV broadcasting; and telecommunications. Of the two main component industries, Other Information Undefined accounts for the majority of the sector's employment at 61 percent (see Chart 35). Across the Houston MSA, the concentration of jobs in the overall Information sector is 49 percent less than the national average.

Chart 35. Employment in Component Industries of Information Sector - February 2022

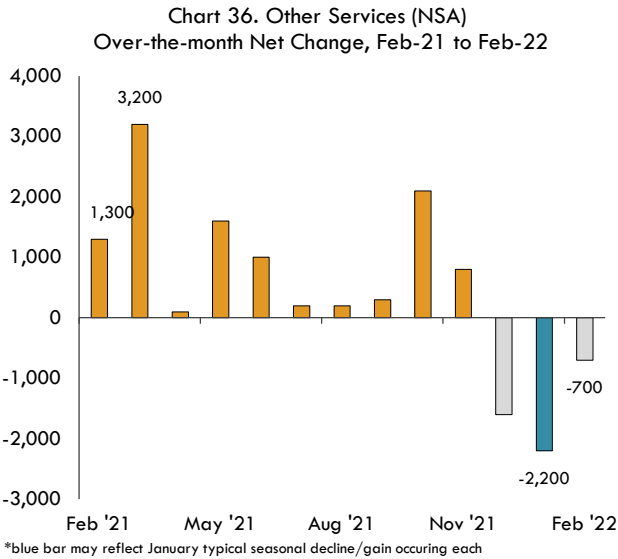


DECLINING INDUSTRY HIGHLIGHTS

Other Services

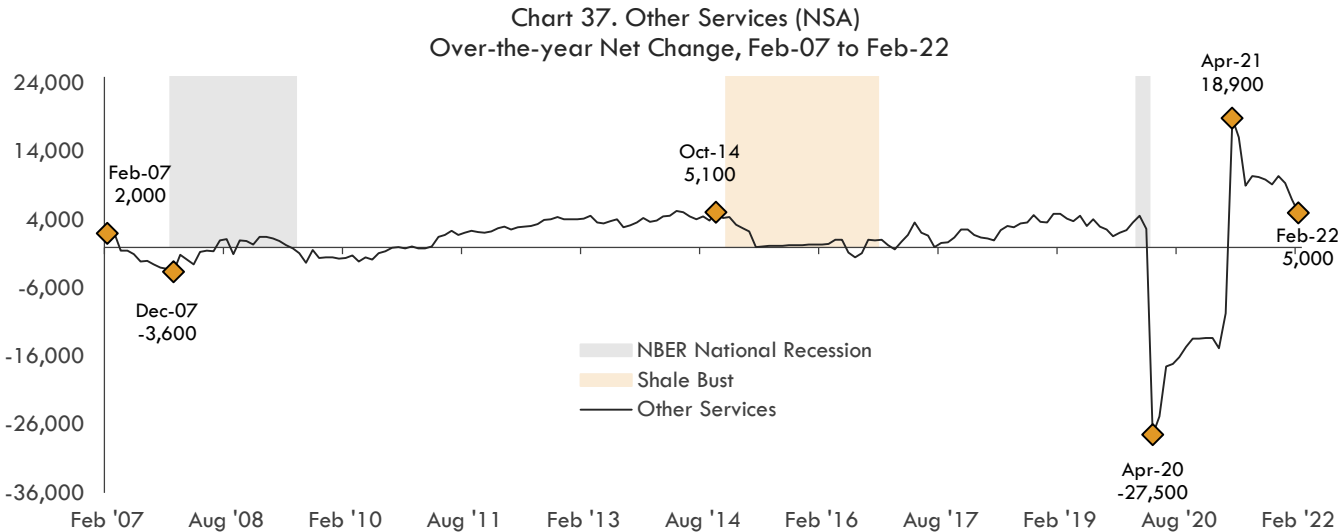
Over-the-month Change

Other Services was the largest declining sector over the month down -700 jobs, or -0.6 (see Chart 36). This was the largest-ever decline in the month of February since records began in 1990. Historically in the month of February, Other Services has added an average of 1,100 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Other Services employment was revised downward by -500 jobs for a December to January larger net loss of -2,200 compared to an original estimate of -1,700 jobs.



Over-the-year Change

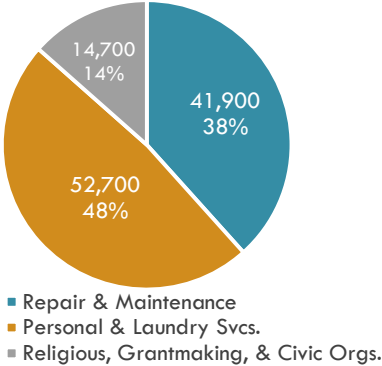
Year over year, Other Services was up 5,000 jobs, or 4.8 percent (see Chart 37). This was the largest February over-the-year increase on record. It also marks nine consecutive months of over-the-year gains. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Total Other Services employment (NSA) remains -9,100 jobs, or -7.6 percent below its February 2020 pre-pandemic level of 119,100. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 3.5 percent over the past year.



About This Sector

This sector comprises establishments engaged in services not classified elsewhere such as equipment and machinery repair, religious activities, grantmaking, advocacy, and providing dry-cleaning and laundry services, and personal care services. Of the three main component industries, Personal and Laundry Services accounts for a plurality of the sector's employment at 48 percent as a subsector where self-employment is prevalent (source: Census - Non Employer Statistics and BLS - Quarterly Census of Employment and Wages) (see Chart 38).

Chart 38. Employment in Component Industries of Other Services Sector - February 2022



Local Area Unemployment Statistics

Not-Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 5.3 percent in February, down from January's 5.5 percent and down from 7.6 percent a year ago. This was above the statewide rate of 4.7 percent and above the national rate of 4.1 percent. An over-the-month decline in February is typical having occurred roughly 80 percent of the time over the past three decades making this month's decrease consistent with historical seasonal trends. 184,582 individuals were unemployed in Houston in February, down from January's 188,848 and down from 259,342 in February 2021 (see Charts 39 and 40).

Chart 39. Unemployment Rates (NSA)
U.S., Texas, and Houston MSA
February 2022

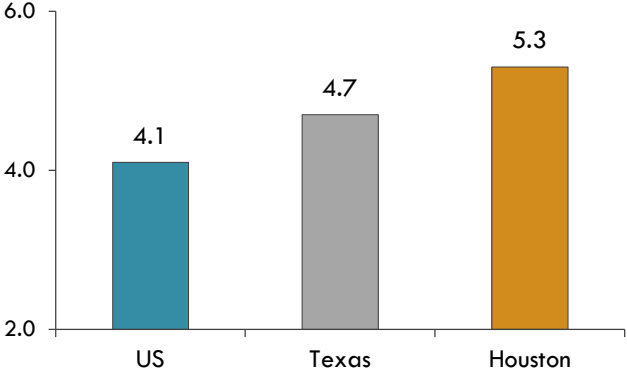
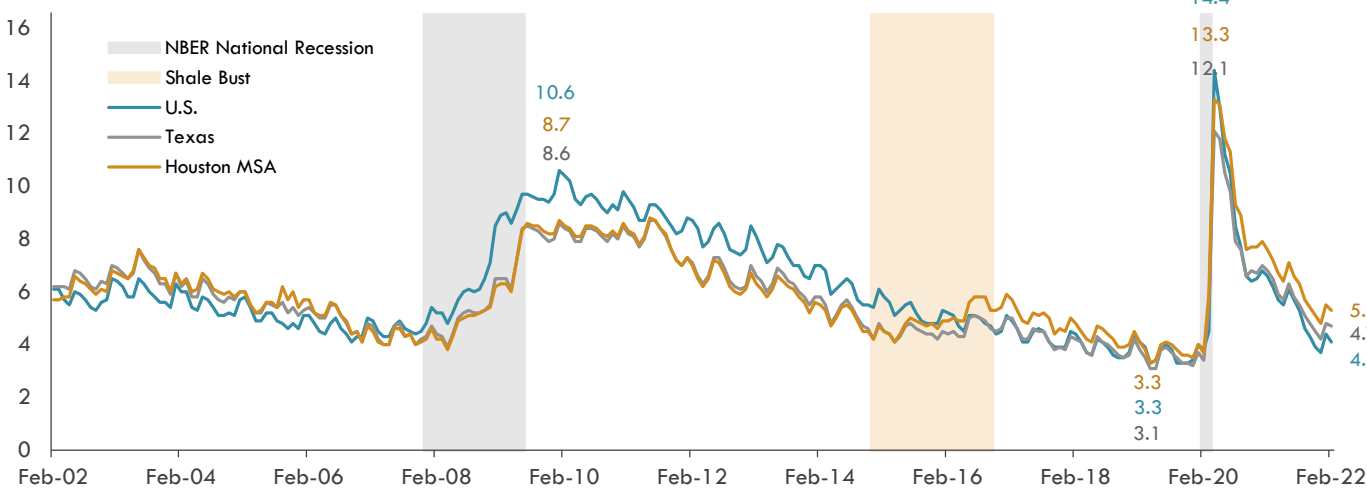


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
February 2002 to February 2022

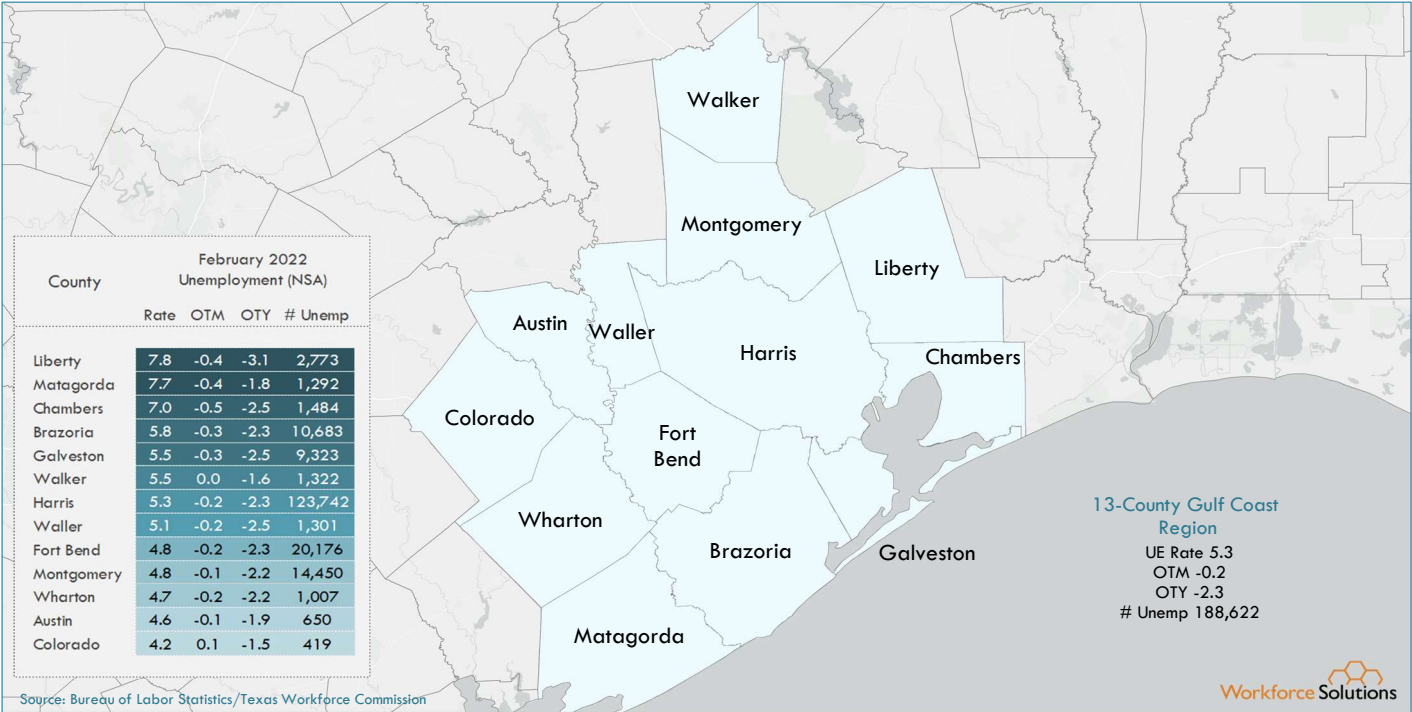


County-level Unemployment

Among the 13 counties that comprise the Gulf Coast Workforce Development Area, unemployment rates in February ranged from a high of 7.8 percent in Liberty County to a low of 4.2 percent in Colorado. Over the month, 11 counties saw their unemployment rates decline in keeping with the region-wide decrease of -0.2 percentage points while one increased and one saw no change. Chambers saw the largest percentage-point decrease in unemployment down -0.5 pp. representing -83 fewer unemployed workers compared to the previous month. This was followed by Matagorda (-0.4 pp, -25 workers) and Liberty

(-0.4 pp, -96 workers). Over the year unemployment rates also fell, with Liberty posting the largest decrease, down -3.1 percentage points representing -1,044 fewer unemployed workers compared to a year ago followed by Chambers (-2.5 pp, -473 workers) and Galveston (-2.5 pp, -3,799 workers). Since peaking at 446,307 in May 2020 due to the COVID-19 global pandemic, the number of unemployed workers in the Gulf Coast Region has fallen by -257,685 as of this February (see Map 1 legend).

Map 1. 13-County Gulf Coast Region Unemployment Rates February 2022 (NSA)



Local Area Unemployment Statistics (continued)

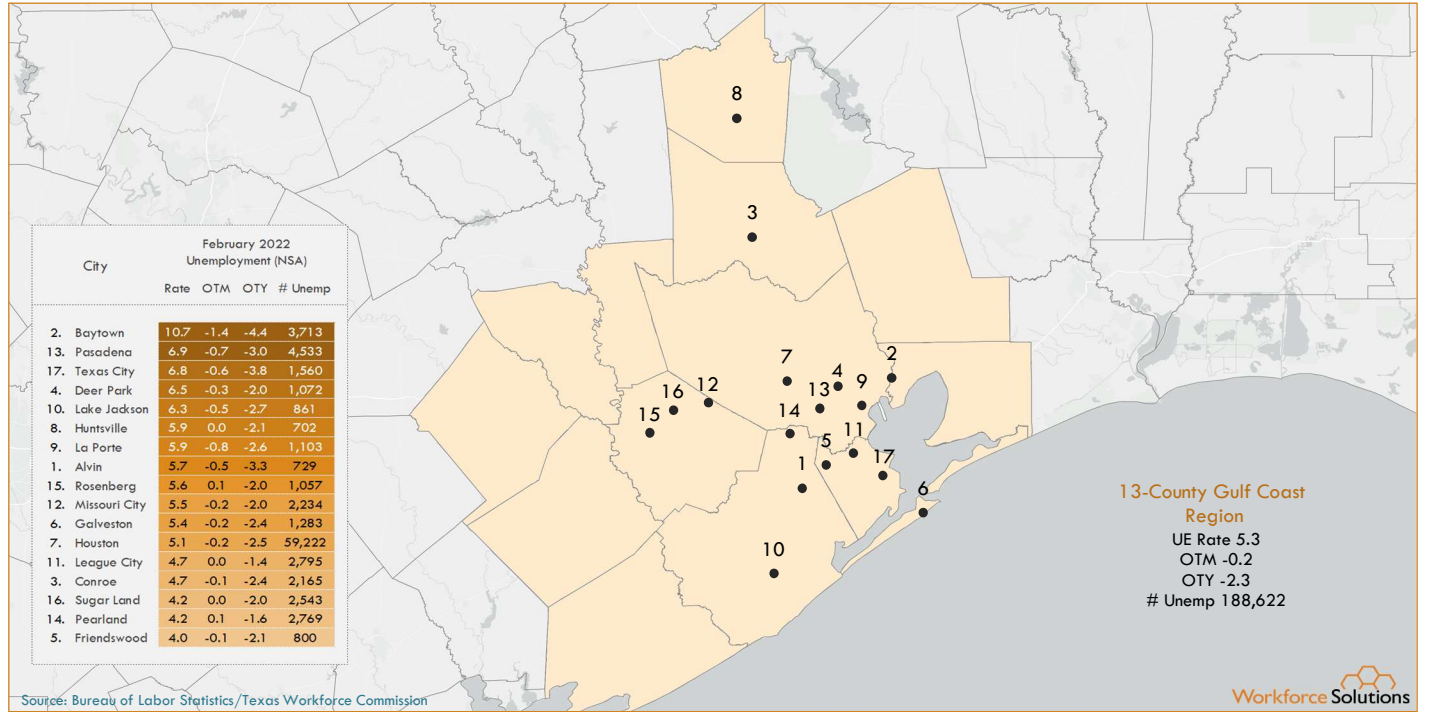
Not-Seasonally Adjusted

Unemployment Rates for Select Municipalities

Among the 17 cities in the Gulf Coast Workforce Development Area for which Local Area Unemployment Statistics are available, unemployment rates in February ranged from a high of 10.7 percent in Baytown to a low of 4.0 percent in Friendswood (see Map 2). Over the month, 12 cities saw their unemployment rates decline in keeping with the region-wide decrease of -0.2 percentage points while three saw no changes and two increased. Baytown saw the largest percentage-point

unemployment down -1.4 pp. representing -462 fewer unemployed workers compared to the previous month. This was followed by La Porte (-0.8 pp, -141 workers) and Pasadena (-0.7 pp, -419 workers). Over the year unemployment rates also fell, with Baytown posting the largest decrease, down -4.4 percentage points representing -1,501 fewer unemployed workers compared to a year ago followed by Texas City (-3.8 pp, -841 workers) and Alvin (-3.3 pp, -403 workers). The 17 cities below accounted for 47 percent of the 188,622 unemployed workers across the Gulf Coast Region as of this February (see Map 2 legend).

Map 2. 13-County Gulf Coast Region City Unemployment Rates February 2022 (NSA)



Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (seasonally-adjusted) unemployment rate stood at 5.4 percent in January, down from December's 5.5 percent and down from 7.8 percent a year ago. This was above the statewide rate of 4.8 percent and above the national rate of 4.0 percent. down from 261,277 in January 2021 (see Charts 41 and 42). NOTE: Seasonally-adjusted data for the MSA are available with a one-month delay but are not available for the 13-County Region or 17 cities.

Chart 41. Unemployment Rates (SA)
U.S., Texas, and Houston MSA
January 2022

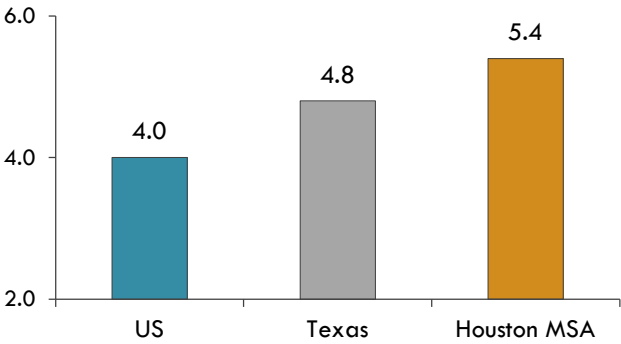
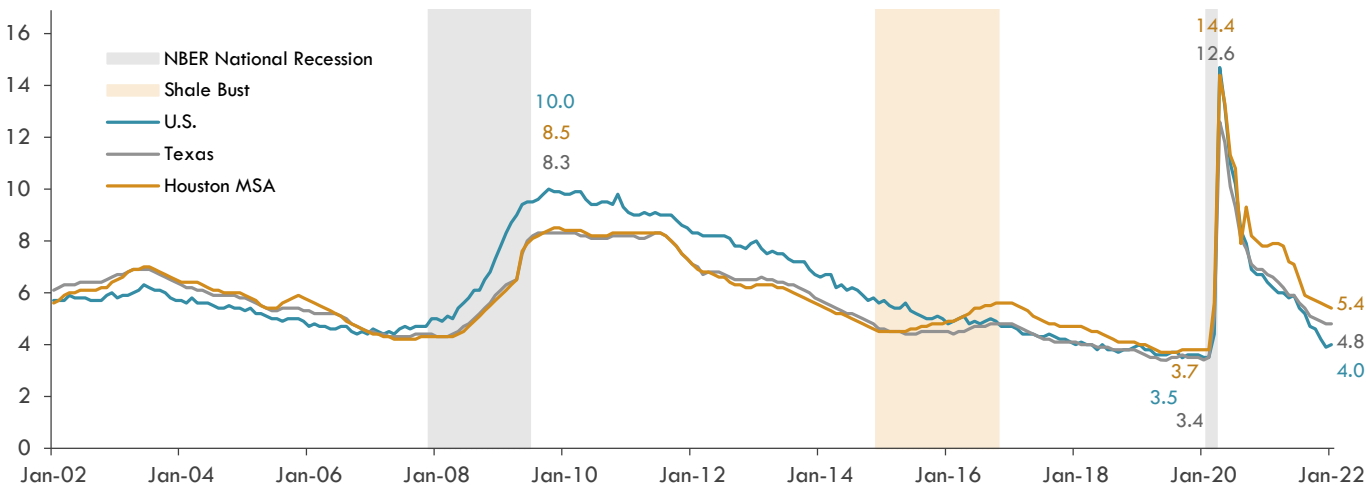


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
January 2002 to January 2022



Gulf Coast Workforce Solutions Index (WSI)

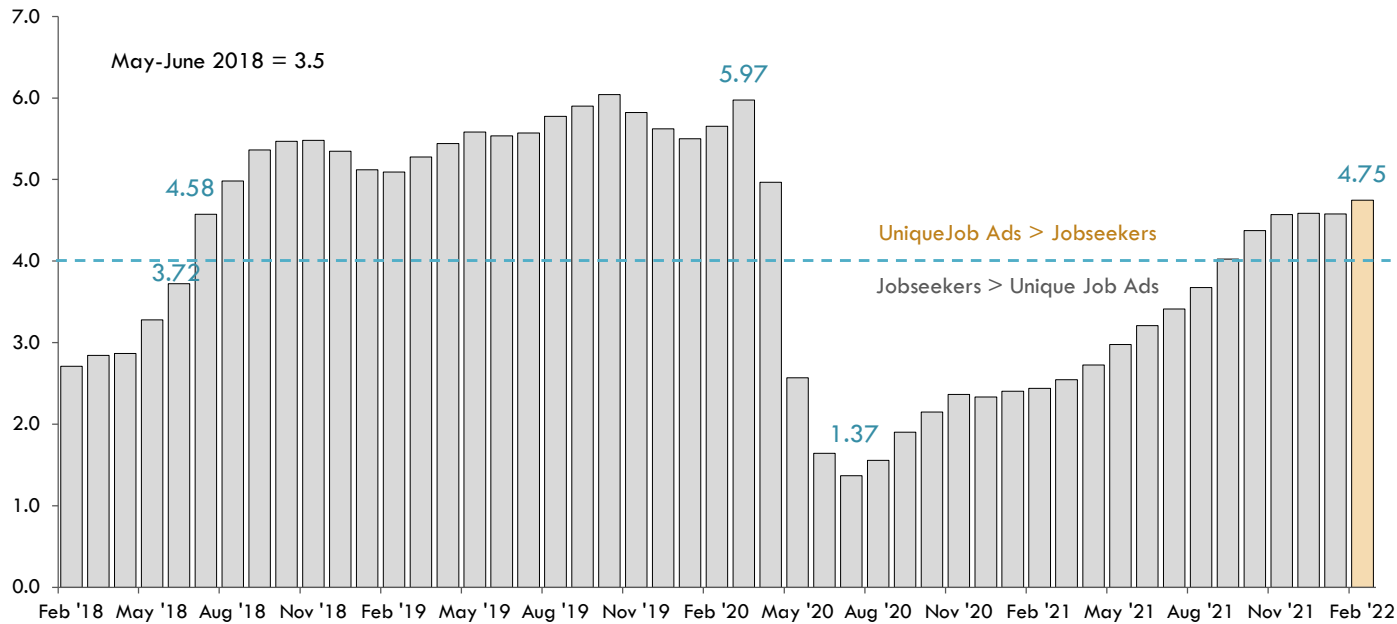


The Gulf Coast Workforce Solutions Index (WSI)

The WSI is an indicator designed to capture shifts in the local labor market, specifically the balance between available jobs and unemployed workers at a given point in time. Values above 4.0 signal a surplus of jobs while values less than 4.0 signal a surplus of jobseekers. The Gulf Coast Workforce Board monitors the WSI as part of its ongoing review of the region's unemployment insurance work search requirement and reserves the right to adjust the number of weekly job search contacts as labor market conditions warrant. In the event of change to the work search requirement, the Board will notify the Texas Workforce Commission who will in turn notify UI recipients.

WSI Reading
February
2022:
4.75

Gulf Coast Workforce Solutions Index - Houston MSA 2017 - 2022 (SA)



Source(s): Emsi-Burning Glass and BLS/TWC - LAUS



Workforce Solutions Index February

The Houston MSA WSI for February stood at 4.75, up from January's revised reading of 4.58, and marking six consecutive months with a reading above 4.0. This was also the highest WSI reading since April 2020's 4.97 at the start of the pandemic. Note that readings for November, December, and January were nearly identical indicating a brief period of consolidation before resumption of labor market momentum in favor of jobseekers.



Houston Area Employment Situation

February 2022

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Feb-22	Jan-22	Feb-21	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,175,500	3,130,000	2,982,500	45,500	1.5%	193,000	6.5%
Total Private	2,737,900	2,699,700	2,560,600	38,200	1.4%	177,300	6.9%
Goods Producing	497,700	492,100	473,600	5,600	1.1%	24,100	5.1%
.Mining and Logging	65,500	63,800	61,100	1,700	2.7%	4,400	7.2%
...Oil and Gas Extraction	31,200	30,300	30,400	900	3.0%	800	2.6%
...Support Activities for Mining	32,000	31,200	29,300	800	2.6%	2,700	9.2%
.Construction	214,000	211,700	201,900	2,300	1.1%	12,100	6.0%
..Construction of Buildings	51,200	51,500	47,000	-300	-0.6%	4,200	8.9%
..Heavy and Civil Engineering Construction	52,400	50,300	49,800	2,100	4.2%	2,600	5.2%
..Specialty Trade Contractors	110,400	109,900	105,100	500	0.5%	5,300	5.0%
.Manufacturing	218,200	216,600	210,600	1,600	0.7%	7,600	3.6%
..Durable Goods	136,500	134,800	127,100	1,700	1.3%	9,400	7.4%
...Fabricated Metal Product Manufacturing	47,200	46,600	43,400	600	1.3%	3,800	8.8%
...Machinery Manufacturing	39,400	39,200	38,000	200	0.5%	1,400	3.7%
....Agriculture, Construction, and Mining Machinery Mfg.	19,900	19,800	19,600	100	0.5%	300	1.5%
...Computer and Electronic Product Manufacturing	12,800	12,800	12,500	0	0.0%	300	2.4%
..Non-Durable Goods	81,700	81,800	83,500	-100	-0.1%	-1,800	-2.2%
...Petroleum and Coal Products Manufacturing	8,100	8,100	8,200	0	0.0%	-100	-1.2%
...Chemical Manufacturing	39,500	39,400	39,400	100	0.3%	100	0.3%
Service Providing	2,677,800	2,637,900	2,508,900	39,900	1.5%	168,900	6.7%
.Private Service Providing	2,240,200	2,207,600	2,087,000	32,600	1.5%	153,200	7.3%
..Trade, Transportation, and Utilities	659,200	652,800	616,100	6,400	1.0%	43,100	7.0%
...Wholesale Trade	167,000	163,800	157,400	3,200	2.0%	9,600	6.1%
....Merchant Wholesalers, Durable Goods	101,000	99,100	96,500	1,900	1.9%	4,500	4.7%
.....Prof. and Commercial Equip. Supplies Wholesalers	17,400	17,300	16,500	100	0.6%	900	5.5%
....Merchant Wholesalers, Nondurable Goods	53,500	53,500	50,700	0	0.0%	2,800	5.5%
...Retail Trade	321,600	319,600	297,400	2,000	0.6%	24,200	8.1%
....Motor Vehicle and Parts Dealers	42,500	42,200	40,800	300	0.7%	1,700	4.2%
....Bldg. Material and Garden Equip. and Supplies Dealers	23,900	23,600	23,800	300	1.3%	100	0.4%
....Food and Beverage Stores	71,400	71,000	69,800	400	0.6%	1,600	2.3%
....Health and Personal Care Stores	21,100	21,100	18,900	0	0.0%	2,200	11.6%
....Clothing and Clothing Accessories Stores	23,800	24,600	20,500	-800	-3.3%	3,300	16.1%
....General Merchandise Stores	63,600	64,600	58,500	-1,000	-1.5%	5,100	8.7%
.....Department Stores	20,400	21,000	18,100	-600	-2.9%	2,300	12.7%
.....Other General Merchandise Stores	43,200	43,600	40,400	-400	-0.9%	2,800	6.9%
...Transportation, Warehousing, and Utilities	170,600	169,400	161,300	1,200	0.7%	9,300	5.8%
....Utilities	17,200	17,300	17,500	-100	-0.6%	-300	-1.7%
.....Air Transportation	18,800	18,400	17,900	400	2.2%	900	5.0%
.....Truck Transportation	28,100	28,000	26,600	100	0.4%	1,500	5.6%
.....Pipeline Transportation	12,400	12,400	12,200	0	0.0%	200	1.6%
..Information	31,500	31,500	27,900	0	0.0%	3,600	12.9%
...Telecommunications	12,200	12,200	12,200	0	0.0%	0	0.0%
..Financial Activities	171,800	169,300	165,500	2,500	1.5%	6,300	3.8%
...Finance and Insurance	111,200	108,800	105,900	2,400	2.2%	5,300	5.0%
....Credit Intermediation and Related Activities	45,900	46,000	44,700	-100	-0.2%	1,200	2.7%
.....Depository Credit Intermediation	29,700	29,700	29,100	0	0.0%	600	2.1%
....Securities, Commodity Contracts, and Fin. Investments	21,500	21,500	21,400	0	0.0%	100	0.5%
....Insurance Carriers and Related Activities	43,800	41,300	39,800	2,500	6.1%	4,000	10.1%
...Real Estate and Rental and Leasing	60,600	60,500	59,600	100	0.2%	1,000	1.7%
..Professional and Business Services	517,300	506,900	488,800	10,400	2.1%	28,500	5.8%
...Professional, Scientific, and Technical Services	247,300	244,100	235,900	3,200	1.3%	11,400	4.8%
....Legal Services	29,700	29,500	28,100	200	0.7%	1,600	5.7%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	27,100	26,700	26,200	400	1.5%	900	3.4%
....Architectural, Engineering, and Related Services	67,300	68,000	64,400	-700	-1.0%	2,900	4.5%
....Computer Systems Design and Related Services	38,300	38,200	35,900	100	0.3%	2,400	6.7%
...Management of Companies and Enterprises	43,400	43,300	43,200	100	0.2%	200	0.5%
...Admin. and Support and Waste Mgmt. and Remediation	226,600	219,500	209,700	7,100	3.2%	16,900	8.1%
....Administrative and Support Services	215,100	207,600	198,500	7,500	3.6%	16,600	8.4%
.....Employment Services	85,900	82,800	77,000	3,100	3.7%	8,900	11.6%
.....Services to Buildings and Dwellings	49,800	48,600	49,000	1,200	2.5%	800	1.6%
..Educational and Health Services	425,200	421,100	401,300	4,100	1.0%	23,900	6.0%
...Educational Services	71,900	69,800	62,500	2,100	3.0%	9,400	15.0%
...Health Care and Social Assistance	353,300	351,300	338,800	2,000	0.6%	14,500	4.3%
....Ambulatory Health Care Services	176,700	175,100	170,600	1,600	0.9%	6,100	3.6%
....Hospitals	89,800	89,300	86,600	500	0.6%	3,200	3.7%
..Leisure and Hospitality	325,900	316,000	283,100	9,900	3.1%	42,800	15.1%
...Arts, Entertainment, and Recreation	30,700	29,500	26,000	1,200	4.1%	4,700	18.1%
...Accommodation and Food Services	295,200	286,500	257,100	8,700	3.0%	38,100	14.8%
....Accommodation	22,800	22,100	18,600	700	3.2%	4,200	22.6%
....Food Services and Drinking Places	272,400	264,400	238,500	8,000	3.0%	33,900	14.2%
..Other Services	109,300	110,000	104,300	-700	-0.6%	5,000	4.8%
Government	437,600	430,300	421,900	7,300	1.7%	15,700	3.7%
.Federal Government	31,900	31,500	30,600	400	1.3%	1,300	4.2%
.State Government	95,500	94,800	92,500	700	0.7%	3,000	3.2%
..State Government Educational Services	55,600	55,100	52,800	500	0.9%	2,800	5.3%
.Local Government	310,200	304,000	298,800	6,200	2.0%	11,400	3.8%
..Local Government Educational Services	215,800	211,000	205,800	4,800	2.3%	10,000	4.9%