Labor Market Information

MARCH 2012 Employment Data

HOUSTON-SUGAR LAND-BAYTOWN METROPOLITAN STATISTICAL AREA (H-S-B MSA)

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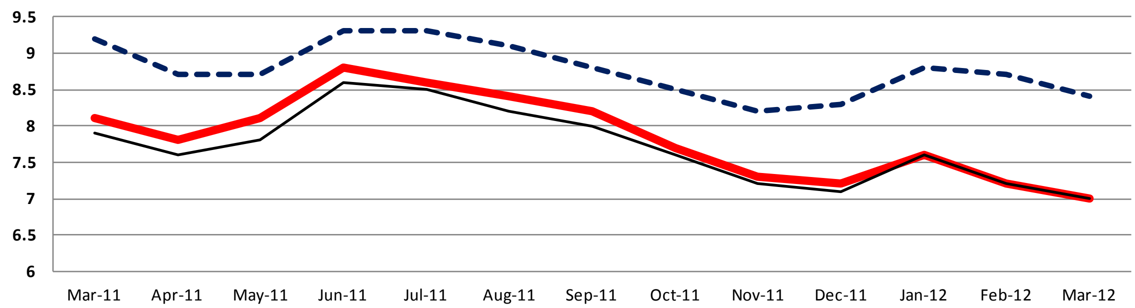
THE RATE OF UNEMPLOYMENT IN THE HOUSTON-SUGAR LAND-BAYTOWN-METROPOLITAN STATISTICAL AREA (H-S-B MSA) DROPPED TWO-TENTHS OF PERCENTAGE TO 7.0 PERCENT IN MARCH. The current rate is down considerably from a peak of 8.8 percent in June 2011. Unemployment in the H-S-B MSA is the same as the state's rate but lower than the nation's 8.4 percent rate, see figure 1.

Figure 1. Unemployment Rate Actual



	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
H-S-B MSA	8.1	7.8	8.1	8.8	8.6	8.4	8.2	7.7	7.3	7.2	7.6	7.2	7
Texas	7.9	7.6	7.8	8.6	8.5	8.2	8	7.6	7.2	7.1	7.6	7.2	7
U.S.	9.2	8.7	8.7	9.3	9.3	9.1	8.8	8.5	8.2	8.3	8.8	8.7	8.4

THE HOUSTON-SUGAR LAND-BAYTOWN MSA ADDED 12,500 OVER THE MONTH, MUCH SMALLER THAN MARCH GAINS OF THE LAST TWO YEARS. The pace of over-the-year job growth dropped half of a percentage point to 3.2 percent, an increase of 82,300 jobs from March 2011. Over-the-month declines in Construction and Financial Activities were largely responsible. Many private sectors continue to see healthy over-the-year job gains, not only those with ties to oil and gas exploration but other industries tied to population growth. Job growth over the past year has been strongest in Mining and Logging, Healthcare, Manufacturing, Professional and Business Services, and Food Services and Drinking Places. The public sector continues to struggle with budget constraints and has reported over-the-year losses for the last thirteen months where most of the losses were at the local level. While business activity in several industry sectors remains weak the overall outlook for Houston is positive, especially in oil and gas extraction and its' supporting industries.

Seasonally adjusted data for the H-S-B MSA and U.S. seen in figure 4 provides an additional view of employment removing the erratic seasonal movement. Note that the H-S-B MSA recovered all jobs lost since the beginning of the recession by November 2011. The U.S. still needs to recover more than 5,000,000 jobs to reach pre-recession levels.

Additional details by super sector provided beginning on page 3.

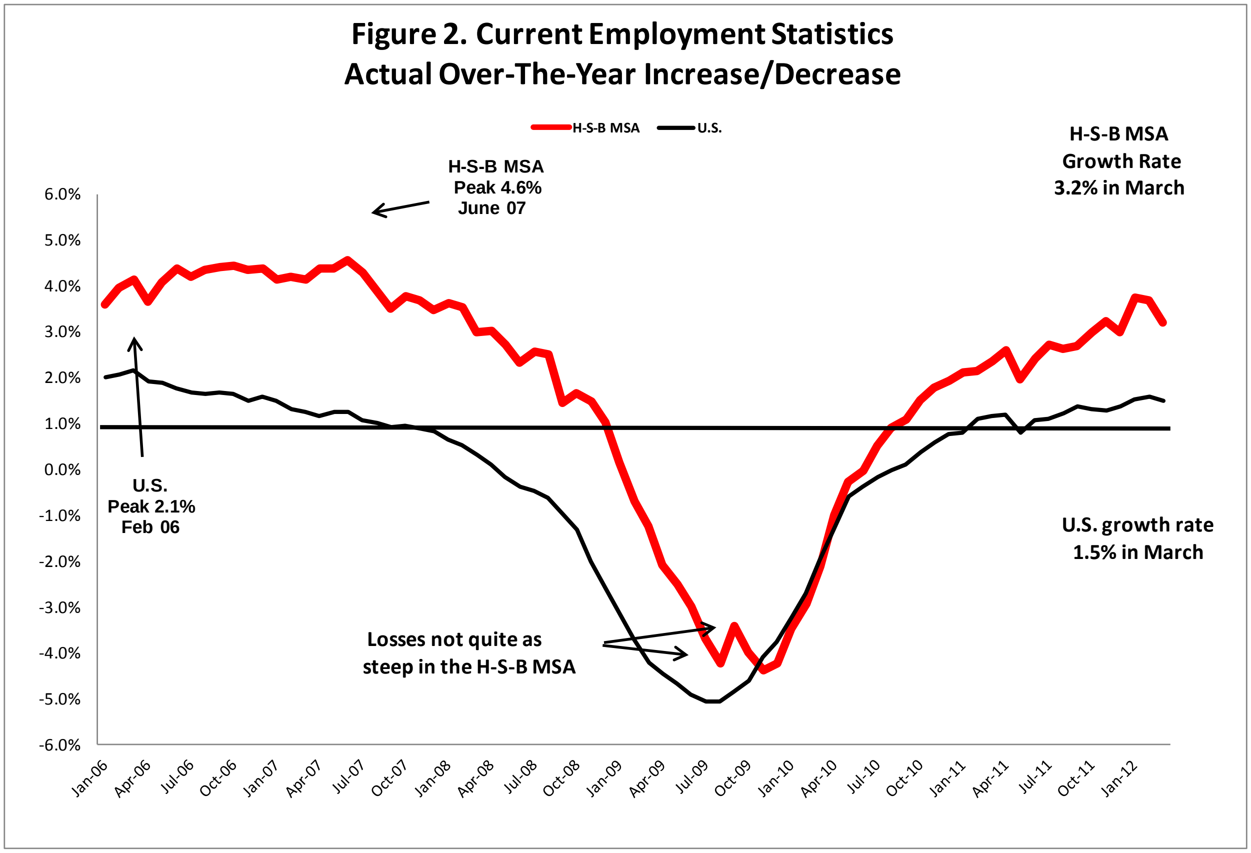


Figure 2. Current Employment Statistics
Actual Over-The-Year Increase/Decrease
H-S-B MSA
U.S.
H-S-B MSA
Peak 4.6%
June 07
H-S-B MSA
Growth Rate
3.2% in March
U.S.
Peak 2.1%
Feb 06
U.S. growth rate
1.5% in March
Losses not quite as
steep in the H-S-B MSA
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
-1.0%
-2.0%
-3.0%
-4.0%
-5.0%
-6.0%
Jan-06
Apr-06
Jul-06
Oct-06
Jan-07
Apr-07
Jul-07
Oct-07
Jan-08
Apr-08
Jul-08
Oct-08
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Jan-12

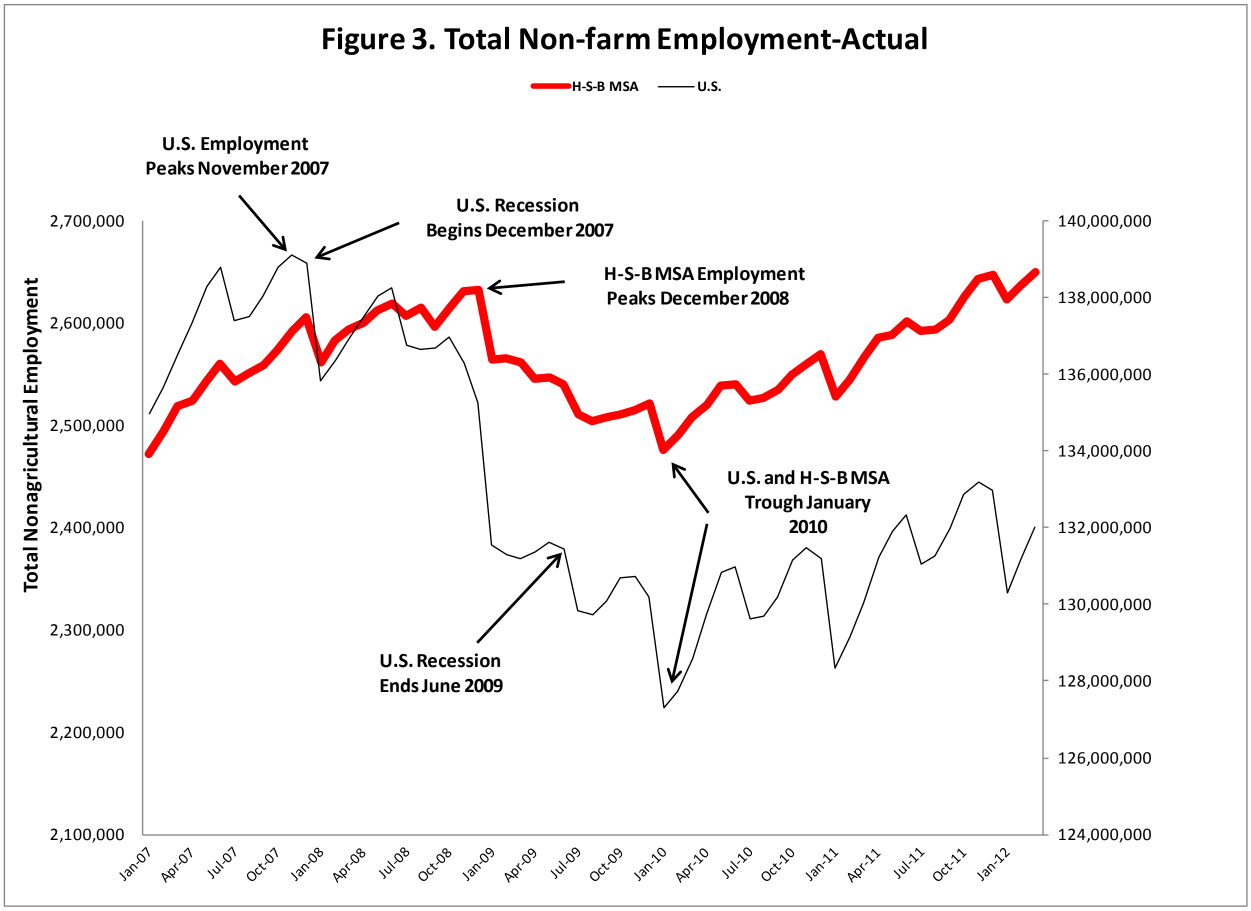

Figure 3. Total Non-farm Employment-Actual
H-S-B MSA
U.S.
U.S. Employment
Peaks November 2007
U.S. Recession
Begins December 2007
H-S-B MSA Employment
Peaks December 2008
U.S. and H-S-B MSA
Trough January
2010
U.S. Recession
Ends June 2009
Total Nonagricultural Employment
2,700,000
2,600,000
2,500,000
2,400,000
2,300,000
2,200,000
2,100,000
140,000,000
138,000,000
136,000,000
134,000,000
132,000,000
130,000,000
128,000,000
126,000,000
124,000,000
Jan-07
Apr-07
Jul-07
Oct-07
Jan-08
Apr-08
Jul-08
Oct-08
Jan-09
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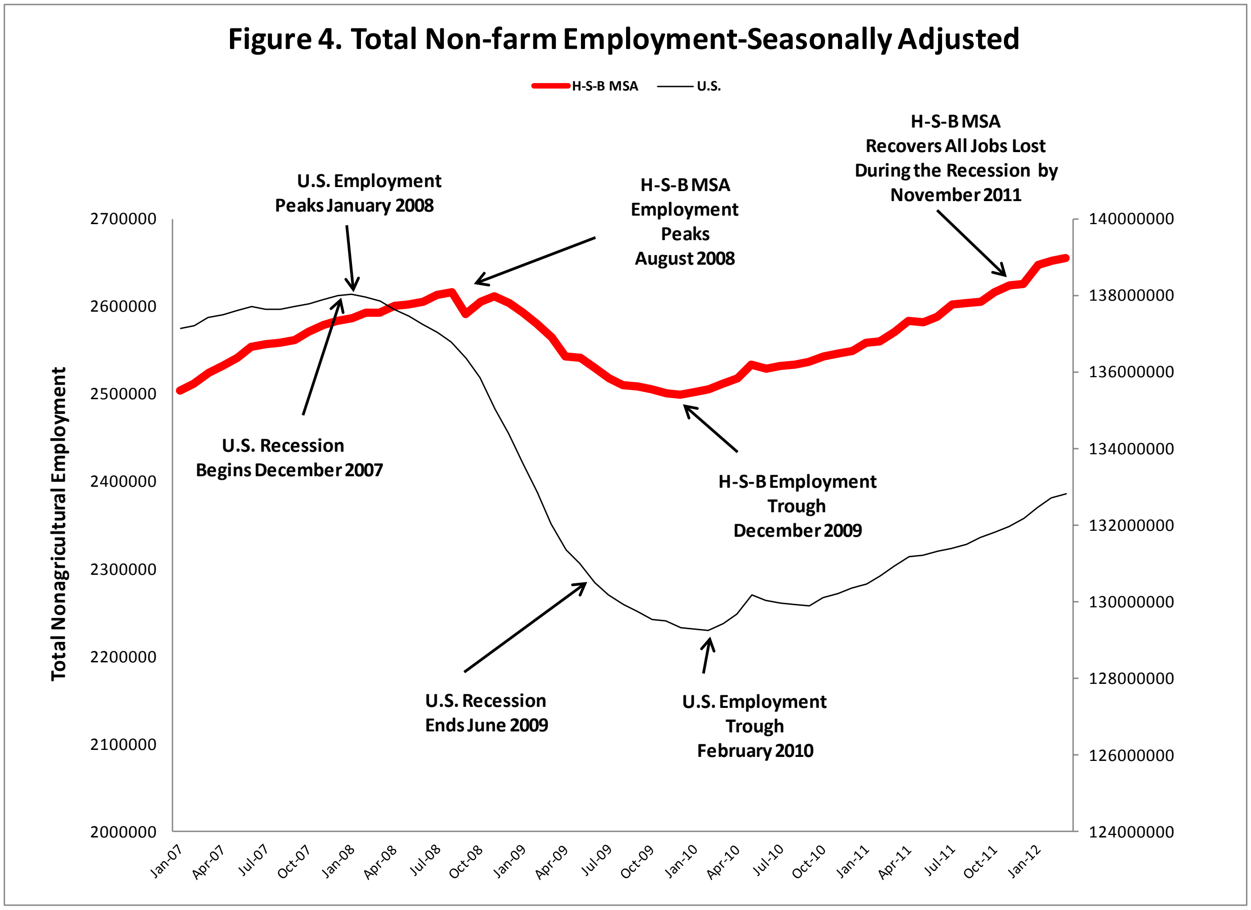
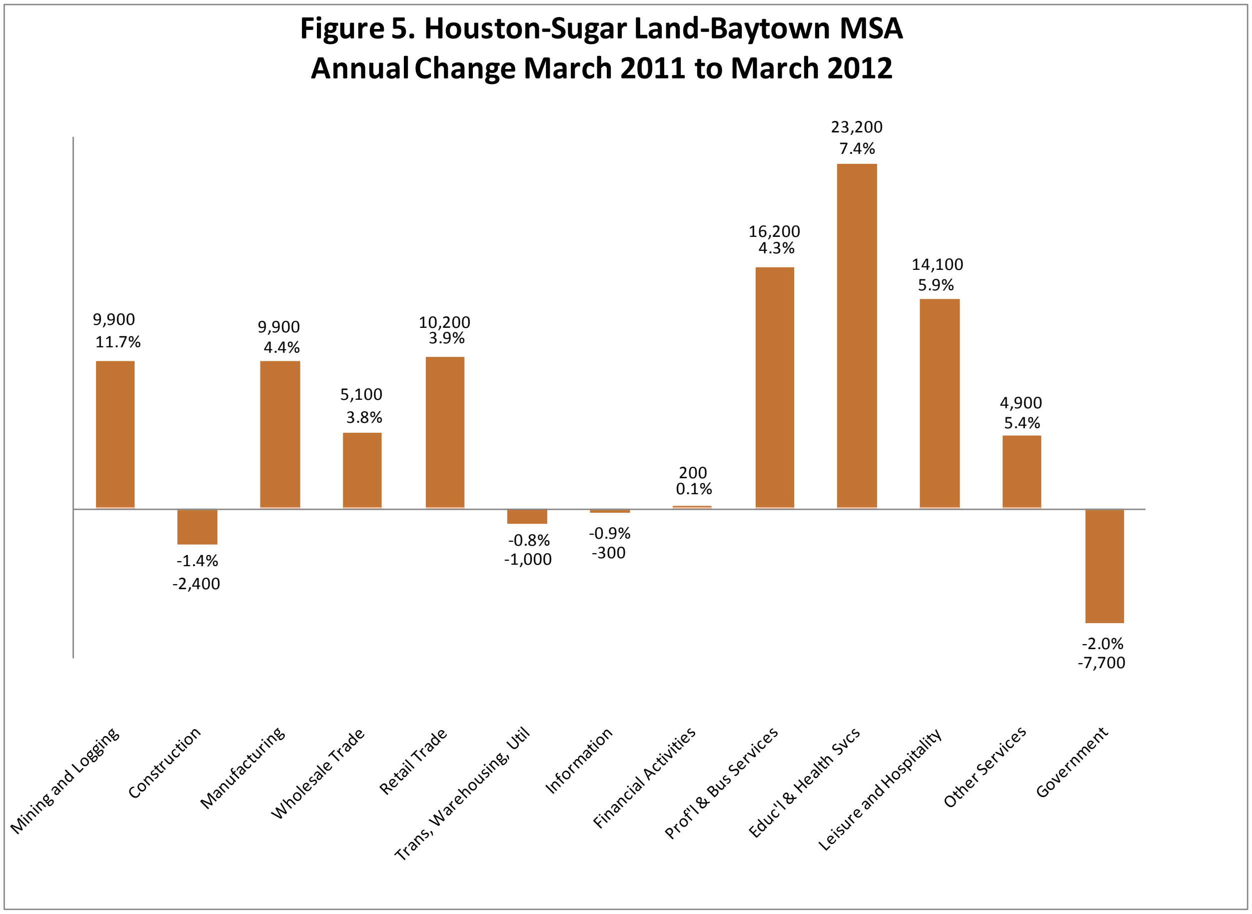
Jan-12



Mining and Logging increased payrolls by 1,200 jobs in March, up 1.3 percent. This was the largest March increase for the super sector according to records that go back to 1990. Mining and Logging continues to report strong over-the-year job growth, up 9,900 jobs or 11.7 percent, see figure 5. Support Activities for Mining was up 3,900 jobs or 10.7 percent over the year and Oil and Gas Extraction was up 4,200 jobs or 8.9 percent over the year. The average weekly U.S. rig count was down slightly to 1,979 in March due to reduced gas rig activity. Oil drilling continues to displace gas drilling accounting for nearly two-thirds of U.S. rig activity as producers take advantage of high oil prices. Eagle Ford and other shale regions continue to be major sources of activity. Skill shortages are becoming a rising concern in the industry.

Construction lost 4,000 jobs in March, a 2.3 percent decline. Specialty Trade Contractors were primarily responsible for this month's loss suffering a 4.8 percent decline, down 4,000 jobs. Overall recovery in Construction continues to be anemic with 43,000 fewer jobs than there were at the beginning of the recession. The super sector is posting a slight loss of 2,400 jobs over-the-year, down 1.4 percent. The over-the-year loss was due to declines in Specialty Trade Contractors, down 5,600 jobs or 6.7 percent. Job gains are found in Construction of Buildings, up 1,200 jobs or 2.6 percent, and Heavy and Civil Engineering Construction, up 2,000 jobs or 5.1 percent. Metrostudy indicates that according to their survey participants that account for around 72 percent of the market in Houston new home starts were up 26 percent over the first quarter in comparison to 2011. Although overall employment growth in construction has been weak, Houston has recently been named one of the top ten cities in the nation when it comes to new construction according to McGraw-Hill Construction.



Manufacturing continued to add jobs at a strong pace in March, up 2,100 jobs or 0.9 percent. Nearly all of the increase was in Durable Goods Manufacturing, up 2,000 jobs. The super sector was up 9,900 jobs or 4.4 percent over the year, see figure 5. Nearly all of the increase was in Durable Goods Manufacturing with the largest gain found in Fabricated Metal Product Fabricating where many companies that support the energy sector are found, up 5,000 jobs or 10.4 percent. Employment in Nondurable Goods Manufacturing was basically flat reporting an increase of 100 jobs over the year. Demand for oil field and gas equipment continues to be strong. The recent shale boom and its resulting cheap gas prices should be a big boost to the Gulf Coast with several petrochemical companies making plans for new plants or expansions in the region. The Houston Purchasing Managers Index was 59.1 in March, a 0.5 reduction from January. Any index over 50 indicates production gains over the near term.

Trade Transportation & Utilities added 1,700 jobs in March, up 0.3 percent, where most of the increase was due to hiring at wholesale establishments. March's gain was less than half of an increase of 4,100 jobs last March due to weak seasonal hiring by retailers. The super sector was up 14,300 jobs or 2.7 percent over the year. Job growth was primarily in Retail Trade, up 10,200 jobs or 3.9 percent over the year, and Wholesale Trade, up 5,100 jobs or 3.8 percent over the year. Transportation Warehousing and Utilities was reporting a loss of 1,000 jobs over the year as a result of declines in Air Transportation which was down 3,300 jobs or 14.3 percent from March 2011. Utilities, Truck Transportation, and Pipeline Transportation reported job gains helping to offset losses in Air Transportation.

Employment in **Information** was up 300 jobs in March but down 300 jobs or 0.9 percent over the year, see figure 5. About half of the MSA's employment in information resides in telecommunications with the remainder found in newspaper and periodical publishing, software publishing, motion picture and sound recording, and data processing hosting and related services.

Financial Activities reported its third consecutive job loss, down 1,800 jobs or 1.3 percent in March. The loss was primarily found in the Finance and Insurance sector. Recent losses in Financial Activities have driven over-the-year job growth to a mere 200 jobs, up 0.1 percent from March 2011, see figure 5. All of the increase was in Finance and Insurance, up 500 jobs or 0.6 percent. Financial firms reported a modest uptick in loan demand and several regional banks noted energy-related activity was robust. Outlooks were generally more optimistic than at year-end 2011. Nonresidential real estate activity continues to pick up. Demand from the energy sector is driving moderate gains on leasing for office and industrial space.

Professional and Business Services added 3,000 jobs in March. Strongest gains were in Architectural, Engineering, and Related Services, up 1,500 jobs or 2.4 percent, and Administrative and Supportive Services, up 1,400 jobs or 0.8 percent. Professional and Business Services added 16,200 jobs over the year, up 4.3 percent, see figure 5. Most areas within the super sector have managed healthy job gains. More than half of the increase is found in Employment Services, up 10,600 jobs or 17.1 percent. Staffing firms report demand softened slightly towards the end of March but demand has been holding steady for skilled accounting and IT professionals. Accounting, Tax Preparation, Bookkeeping, and Payroll Services continues to report an over-the-year decline, down 1,100 jobs or 5.4 percent from March 2011. Overall demand for professional and business services has been solid and outlooks for 2012 are optimistic.

Education and Health Services netted a slight gain of 200 jobs in March. The super sector continues to report strong over-the-year growth, up 23,200 jobs or 7.4 percent from March 2011, see figure 5. Strongest job gains were in Ambulatory Health Care Services, up 15,600 jobs or 12.5 percent. Educational Services was up 1,600 jobs or 3.7 percent over the year. An aging population and a population growth rate that more than doubles that of the nation is responsible for growth in the super sector.

Leisure and Hospitality experienced a strong seasonal increase of 8,300 jobs in March, up 3.4 percent. Overall job growth in the super sector continues to be strong, up 14,100 jobs or 5.9 percent over the year, see figure 5. While most of the new jobs are found in Food Services and Drinking Places, up 12,100 jobs or 6.2 percent, Accommodation added jobs at a similar pace, up 1,100 jobs or 5.5 percent. Employment in Arts, Entertainment, and Recreation was up 900 jobs or 3.5 percent over the year. Like many other industries in the H-S-B MSA, population growth continues to be the driving factor to job gains in the super sector.

Employment in **Other Services** was unchanged in March and up 4,900 jobs or 5.4 percent over the year, see figure 5. Other Services includes, as a partial list, industries such as various repair services, personal care services, dry cleaning and laundry services, and religious and social advocacy organizations.

Government experienced a seasonal gain of 1,500 jobs in March, up 0.4 percent, with most of the increase in Local Government. Government continues to struggle with budget constraints and has reported over-the-year losses for the last thirteen consecutive months, currently down 7,700 jobs or 2.0 percent, see figure 5. Most of the decline was in Local Government, down 6,500 jobs or 2.3 percent from March 2011 where 4,600 of the jobs lost were in Local Government Educational Services.

NONAGRICULTURAL EMPLOYMENT		Month Change		Year Change	
Houston-Sugar Land-Baytown MSA	MAR 2012	Net	Percent	Net	Percent
Total Nonfarm	2,649,500	12,500	0.5%	82,300	3.2%
Total Private	2,274,300	11,000	0.5%	90,000	4.1%
Goods Producing	495,200	-700	-0.1%	17,400	3.6%
.Mining and Logging	94,800	1,200	1.3%	9,900	11.7%
...Oil and Gas Extraction	51,600	300	0.6%	4,200	8.9%
...Support Activities for Mining	40,300	600	1.5%	3,900	10.7%
.Construction	167,000	-4,000	-2.3%	-2,400	-1.4%
..Construction of Buildings	47,400	-200	-0.4%	1,200	2.6%
..Heavy and Civil Engineering Construction	41,100	200	0.5%	2,000	5.1%
..Specialty Trade Contractors	78,500	-4,000	-4.8%	-5,600	-6.7%
.Manufacturing	233,400	2,100	0.9%	9,900	4.4%
..Durable Goods	156,700	2,000	1.3%	9,800	6.7%
...Fabricated Metal Product Manufacturing	53,100	-200	-0.4%	5,000	10.4%
...Machinery Manufacturing	50,600	400	0.8%	4,500	9.8%
....Agriculture, Construction, and Mining Machinery Manufacturing	36,700	100	0.3%	2,700	7.9%
...Computer and Electronic Product Manufacturing	19,600	300	1.6%	500	2.6%
..Non-Durable Goods	76,700	100	0.1%	100	0.1%
...Petroleum and Coal Products Manufacturing	12,200	100	0.8%	-100	-0.8%
...Chemical Manufacturing	34,400	0	0.0%	500	1.5%
Service Providing	2,154,300	13,200	0.6%	64,900	3.1%
.Private Service Providing	1,779,100	11,700	0.7%	72,600	4.3%
..Trade, Transportation, and Utilities	536,400	1,700	0.3%	14,300	2.7%
...Wholesale Trade	138,800	1,300	0.9%	5,100	3.8%
....Merchant Wholesalers, Durable Goods	82,200	600	0.7%	4,000	5.1%
.....Professional and Commercial Equipment and Supplies Merchant	10,300	0	0.0%	0	0.0%
....Merchant Wholesalers, Nondurable Goods	39,100	100	0.3%	600	1.6%
...Retail Trade	274,700	500	0.2%	10,200	3.9%
....Motor Vehicle and Parts Dealers	33,000	400	1.2%	800	2.5%
....Building Material and Garden Equipment and Supplies Dealers	19,700	800	4.2%	-400	-2.0%
....Food and Beverage Stores	55,900	-600	-1.1%	700	1.3%
....Health and Personal Care Stores	17,000	-100	-0.6%	400	2.4%
....Clothing and Clothing Accessories Stores	29,900	200	0.7%	1,300	4.5%
....General Merchandise Stores	58,800	0	0.0%	600	1.0%
.....Department Stores	22,500	-300	-1.3%	-200	-0.9%
.....Other General Merchandise Stores	36,300	300	0.8%	800	2.3%
...Transportation, Warehousing, and Utilities	122,900	-100	-0.1%	-1,000	-0.8%
....Utilities	16,700	0	0.0%	700	4.4%
.....Air Transportation	19,700	0	0.0%	-3,300	-14.3%
.....Truck Transportation	22,400	200	0.9%	1,000	4.7%
.....Pipeline Transportation	10,700	0	0.0%	300	2.9%
..Information	31,400	300	1.0%	-300	-0.9%
...Telecommunications	15,600	-100	-0.6%	-400	-2.5%
..Financial Activities	136,700	-1,800	-1.3%	200	0.1%
...Finance and Insurance	88,700	-1,700	-1.9%	500	0.6%
....Credit Intermediation and Related Activities	42,100	-200	-0.5%	0	0.0%
.....Depository Credit Intermediation	29,000	-100	-0.3%	300	1.0%
....Securities, Commodity Contracts, and Other Financial Investment	13,300	-100	-0.7%	500	3.9%
....Insurance Carriers and Related Activities	29,600	-100	-0.3%	0	0.0%
...Real Estate and Rental and Leasing	48,000	-100	-0.2%	-300	-0.6%

NONAGRICULTURAL EMPLOYMENT		Month Change		Year Change	
Houston-Sugar Land-Baytown MSA	**MAR 2012**	**Net**	**Percent**	**Net**	**Percent**
..Professional and Business Services	389,000	3,000	0.8%	16,200	4.3%
...Professional, Scientific, and Technical Services	188,800	1,600	0.9%	8,100	4.5%
....Legal Services	23,100	100	0.4%	300	1.3%
....Accounting, Tax Preparation, Bookkeeping, and Payroll Services	19,100	-500	-2.6%	-1,100	-5.4%
....Architectural, Engineering, and Related Services	63,000	1,500	2.4%	3,500	5.9%
....Computer Systems Design and Related Services	26,000	0	0.0%	1,600	6.6%
...Management of Companies and Enterprises	21,000				
...Administrative and Support and Waste Management and Remediation Services	179,200	1,400	0.8%	7,400	4.3%
....Administrative and Support Services	169,100	1,400	0.8%	5,400	3.3%
.....Employment Services	72,700	800	1.1%	10,600	17.1%
.....Services to Buildings and Dwellings	40,400	1,000	2.5%	1,000	2.5%
..Educational and Health Services	335,600	200	0.1%	23,200	7.4%
...Educational Services	44,600	0	0.0%	1,600	3.7%
...Health Care and Social Assistance	291,000	200	0.1%	21,600	8.0%
....Ambulatory Health Care Services	140,600	-1,100	-0.8%	15,600	12.5%
....Hospitals	76,500	500	0.7%	3,500	4.8%
..Leisure and Hospitality	254,100	8,300	3.4%	14,100	5.9%
...Arts, Entertainment, and Recreation	26,900	2,400	9.8%	900	3.5%
...Accommodation and Food Services	227,200	5,900	2.7%	13,200	6.2%
....Accommodation	21,200	800	3.9%	1,100	5.5%
....Food Services and Drinking Places	206,000	5,100	2.5%	12,100	6.2%
..Other Services	95,900	0	0.0%	4,900	5.4%
Government	375,200	1,500	0.4%	-7,700	-2.0%
.Federal Government	27,300	0	0.0%	-500	-1.8%
.State Government	73,500	500	0.7%	-700	-0.9%
..State Government Educational Services	40,100	300	0.8%	-1,000	-2.4%
.Local Government	274,400	1,000	0.4%	-6,500	-2.3%
..Local Government Educational Services	193,400	5,700	3.0%	-4,600	-2.3%

UNEMPLOYMENT RATE	MAR 2012	FEB 2012	MAR 2011
H-S-B MSA	7.0	7.2	8.1
Texas (Actual)	7.0	7.2	7.9
United States (Actual)	8.4	8.7	9.2

Houston-Sugar Land-Baytown MSA: Includes Austin, Brazoria, Chambers, Ft. Bend, Galveston, Harris, Liberty, Montgomery, and San Jacinto & Waller Counties. Houston-Baytown-Sugar Land MSA CES data series are benchmarked to March 2011 levels and are estimated by the U.S. Department of Labor, Bureau of Labor Statistics. All Data is Subject To Revision.

Sources: U.S. Department of Labor, BLS, Texas Workforce Commission, Baker Hughes Incorporated, Kiley Advisors, Metrostudy, and The Federal Reserve Bank of Dallas.