

Houston Area Employment Situation

May 2021

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

Another Month of Steady Recovery for the Houston Area as the Unemployment Falls Below 7 Percent

Total Nonfarm

Over-the-month Change

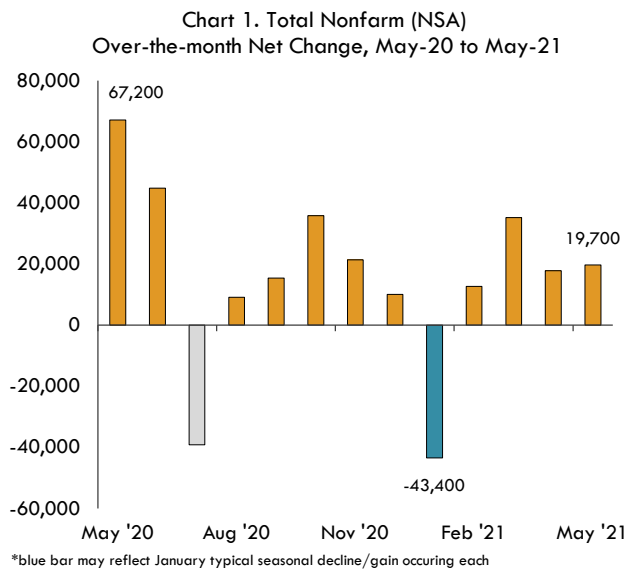
Houston MSA Total Nonfarm (not-seasonally adjusted) employment stood at 3,037,700 in May, up 19,700 jobs over the month, or 0.7 percent. A year ago Houston registered an over-the-month increase of 67,200 jobs. The largest all-time one-month gain on record for this sector occurred in May 2020, up 67,200 jobs. The largest one-month decline on record outside of seasonal job losses in January and July occurred in April 2020, down -343,400 jobs. (see Chart 1.) Prior to the pandemic, historically in the month of May, Total Nonfarm has on average added 12,700 jobs over the month, which indicates that this month's gains are substantially above the long-term average.

The primary drivers of this May's growth were increases in Leisure and Hospitality, Education and Health Services, and Professional and Business Services. Gains were also recorded in Other Services, Financial Activities, and Trade, Transportation, and Utilities. The net increase in jobs over the month was partially offset by losses in Manufacturing and Construction. (see Chart 2.) Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,027,100, up 8,800 jobs over the month, or 0.3 percent. Note that analysis throughout the remainder of this report references not-seasonally adjusted data as seasonally-adjusted data is unavailable for major sectors and their sub-components.

- Top-3 Drivers of Over-the-month Job Growth in May**
- Leisure and Hospitality: 7,500
 - Education and Health Services: 5,800
 - Professional and Business Services: 2,600

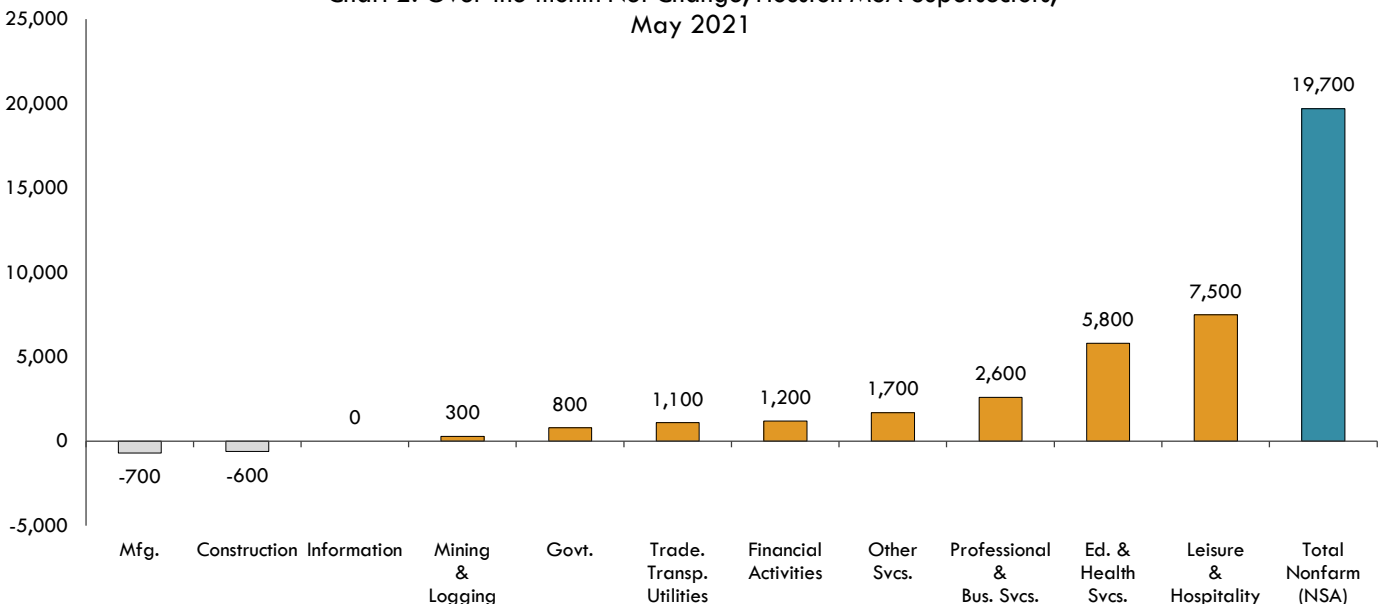
Over-the-year Change

Over the year, Total Nonfarm employment was up 139,700 or 4.8 percent on a not-seasonally-adjusted basis and up 139,200 or 4.8 percent on a seasonally-adjusted basis. (see NSA Chart 3.) To compare, May 2020 saw a year-over-year loss of -264,800 jobs (NSA) from May 2019. The largest over-the-year gain on record for Total Nonfarm Employment occurred in April 2021, up 187,200 jobs. The largest over-the-year decline on record occurred in April 2020, down -313,700 jobs.



Currently 9 out of 11 sectors show growth year over year of which the top-three are Leisure and Hospitality (64,000), Trade, Transportation, and Utilities (36,500), and Professional and Business Services (19,400). (see Chart 4.) COVID-19 resulted in the loss of -361,400 jobs over March and April 2020 of which approximately 60 percent of Total Nonfarm employment has been recovered to date.

Chart 2. Over-the-month Net Change, Houston MSA Supersectors, May 2021



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Previous Month's Revisions

Total Nonfarm employment was revised downward by -900 jobs for a March to April smaller net gain of 17,800 compared to an original estimate of 18,700 jobs. A downward revision of -1,400 jobs in Professional and Business Services was the largest contributor followed by Construction (-600) and Education and Health Services (-600). Upward revisions in Leisure and Hospitality (+1,000), Trade, Transportation, and Utilities (+700), and Manufacturing (+300) provided a partial offset of the overall downward revision to Total Nonfarm employment. (see Chart 5.)

Top-3 Drivers of Over-the-year Job Growth in May

- Leisure and Hospitality: 64,000
- Trade, Transportation, and Utilities: 36,500
- Professional and Business Services: 19,400

Chart 5. Net Revisions for Selected Supersectors and Major Industries, April 2021

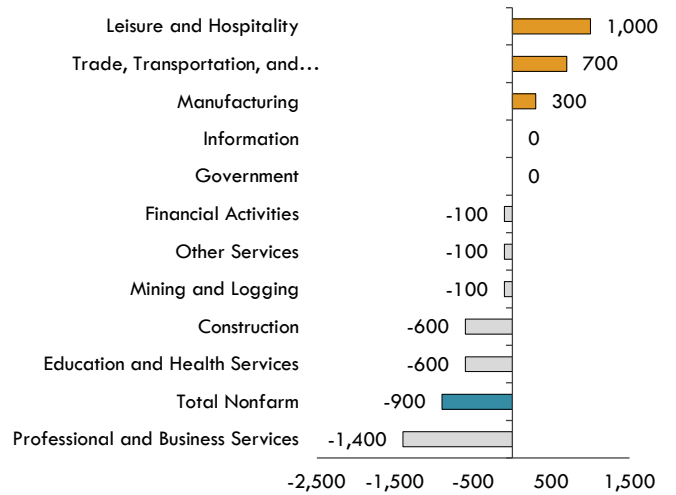


Chart 3. Total Nonfarm (NSA)
Over-the-year Net Change, May-06 to May-21

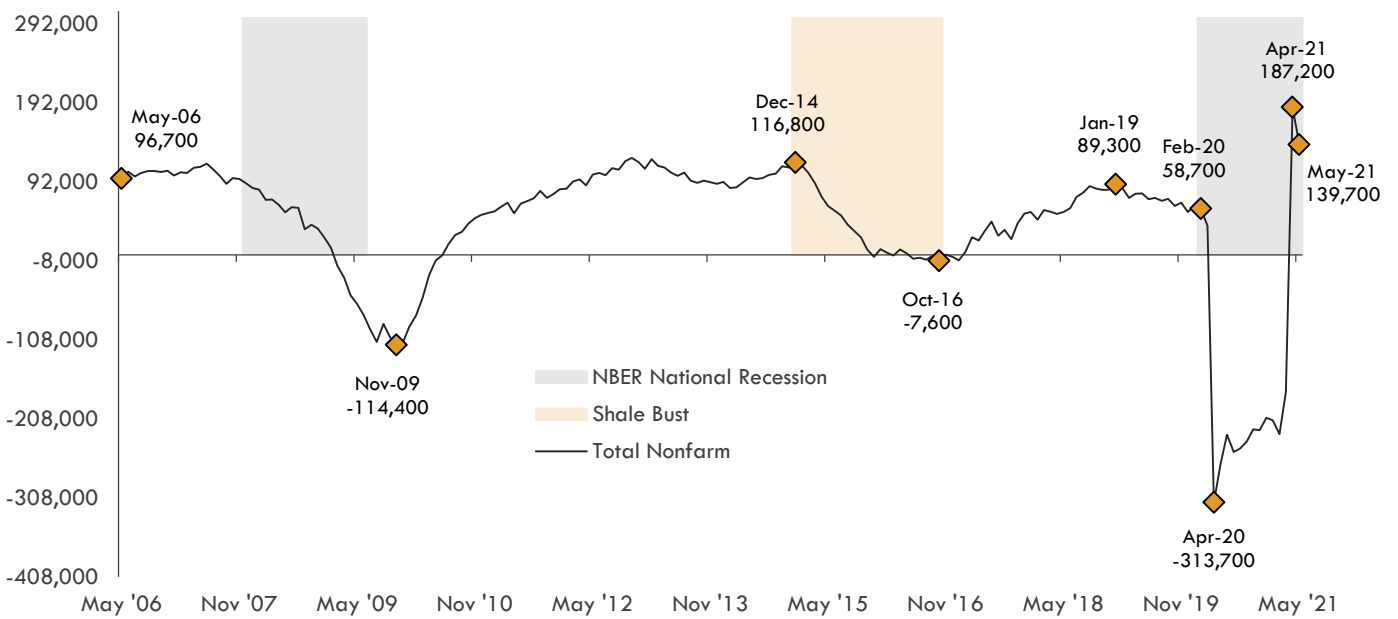
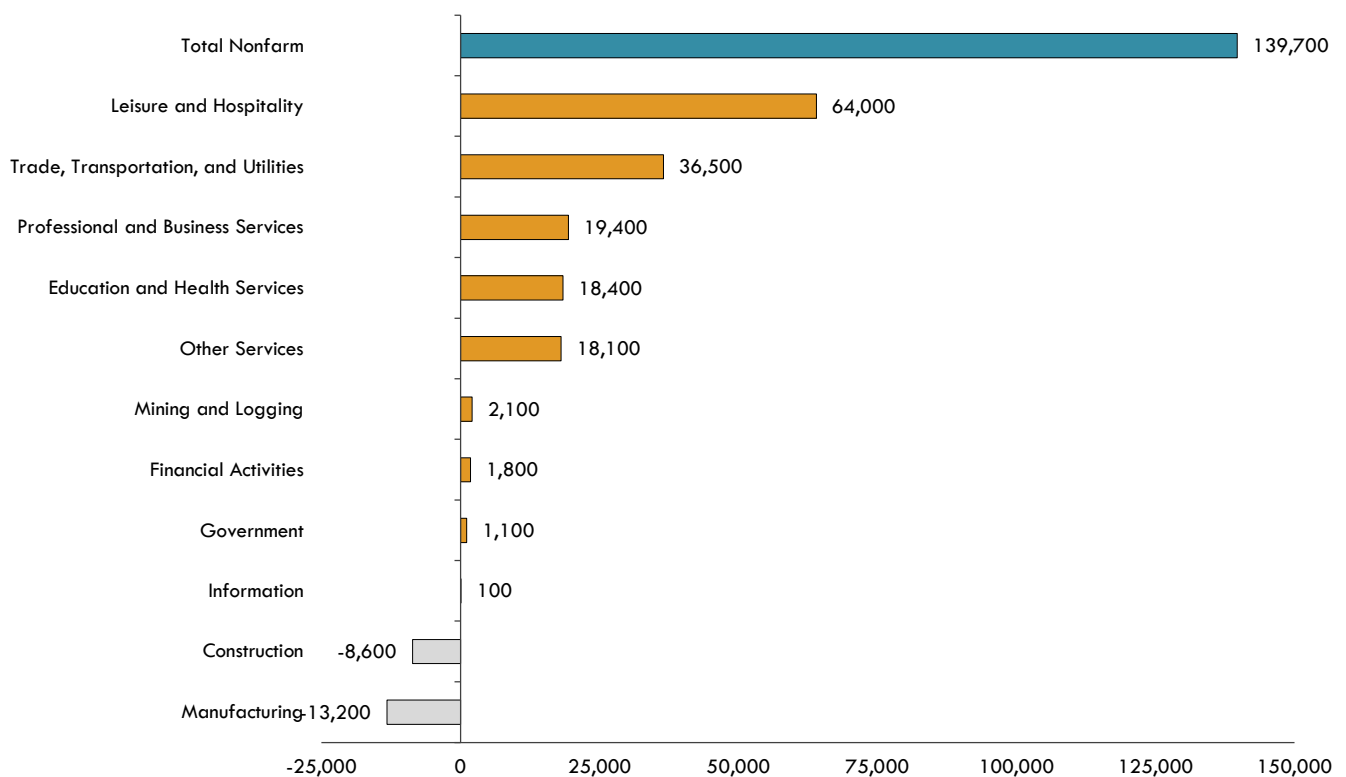


Chart 4. Over-the-year Net Change, Houston MSA Supersectors,
May 2020 to May 2021



Supplemental Commentary

Overall Impressions

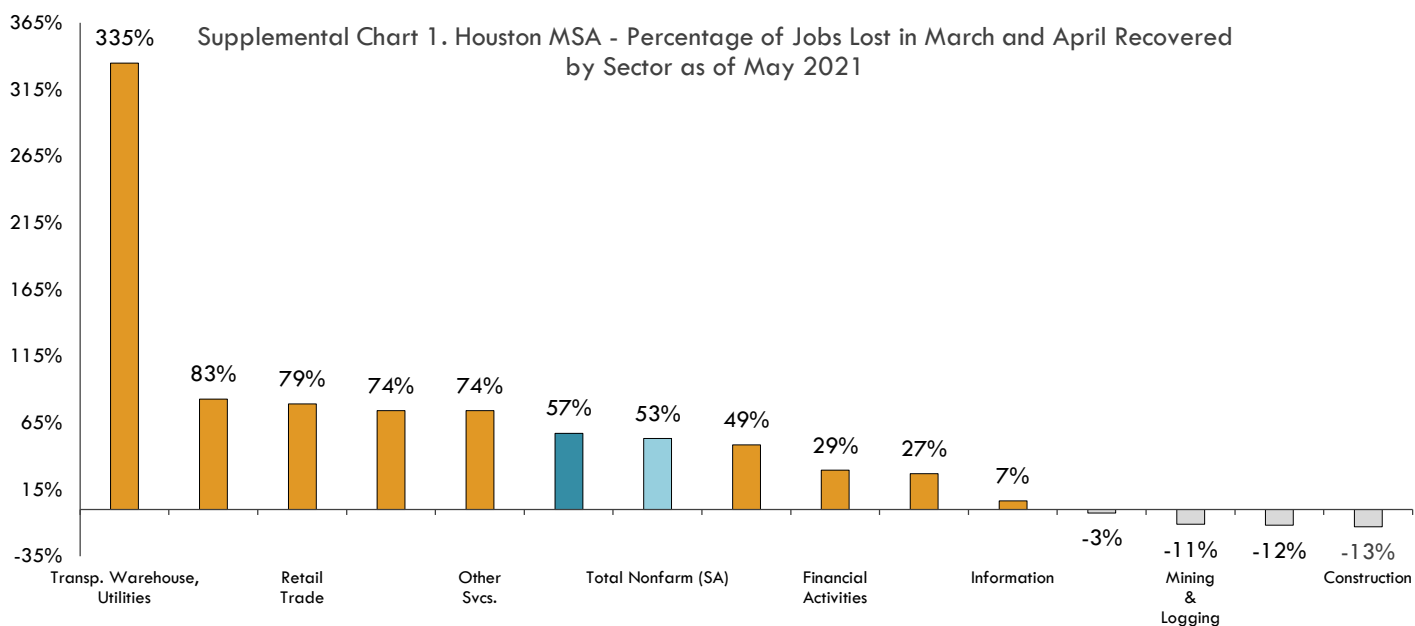
Over-the-month Total Nonfarm job growth, whether seasonally or not-seasonally adjusted, was positive and on par with May 2019 yet far from recording-breaking. Leisure and Hospitality continues to reap the benefits of a year of pent-up demand, full reopening of the economy in mid-March, and continued progress on the vaccination front. Healthcare had its second-best May and its best month since June 2020. Employment Services primarily made up of temporary staffing agencies saw a healthy gain making it responsible for most of the net increase in Professional and Business Services this month. After several months of being range bound between 7 percent and 8 percent, the unemployment rate (NSA) finally breached the lower end of the range in May. The total number of unemployed individuals now sits at roughly 225,000, which is comparable to levels in 2011 during the early years of recovery from the Great Recession. Readers should keep in mind however that at the start of the pandemic, there were approximately 133,000 unemployed individuals in the Houston region. If we consider this to be the “natural” unemployment level due to inherent churn in the job market, it would suggest the pandemic-induced unemployed accounts for around 92,000 individuals making the ratio of “natural” unemployed to pandemic unemployed 60/40.

Over-the-year Growth Remains Distorted

As was the case in April, year-over-year job growth in May across most sectors was also exaggerated due to the extreme declines a year ago. At the same time, Manufacturing and Construction, which have yet to turn positive despite this “advantage” reflect a persistent underlying weakness, particularly in the case of the former sector. The situation for Construction, however, is more complex. Payroll Construction employment, which is better suited for capturing commercial and industrial construction jobs, continues to lag. However, readers should be reminded that non-payroll Construction employment, with its high concentration in residential construction, may not be adequately captured by the Current Employment Statistics (CES) survey, which is the data source for this report. As a result, a comprehensive assessment of this sector is difficult to achieve via the monthly employment estimates, though it is generally believed that it understates the sector’s current strength.

Jobs Lost over March and April 2020 Recovered To-date

With May’s jobs report saw the percentage of jobs lost over March and April 2020 continue to rise albeit incrementally. Total Nonfarm Employment continues to have a recovery rate between 50 percent and 60 percent. Transportation, Warehousing, and Utilities remains the outlier having recovered all jobs lost plus another 235 percent while Leisure and Hospitality, Retail, Education and Health, and Other Services have recovered three-quarters of their respective jobs lost to-date. Manufacturing, Mining, and Logging, and Government continue to remain below their pre-pandemic levels of employment while officially the Construction sector reflects a degree of ongoing weakness that again is due to a failure to capture sharp growth in non-payroll single-family home construction. (See Supplemental Chart 1.)

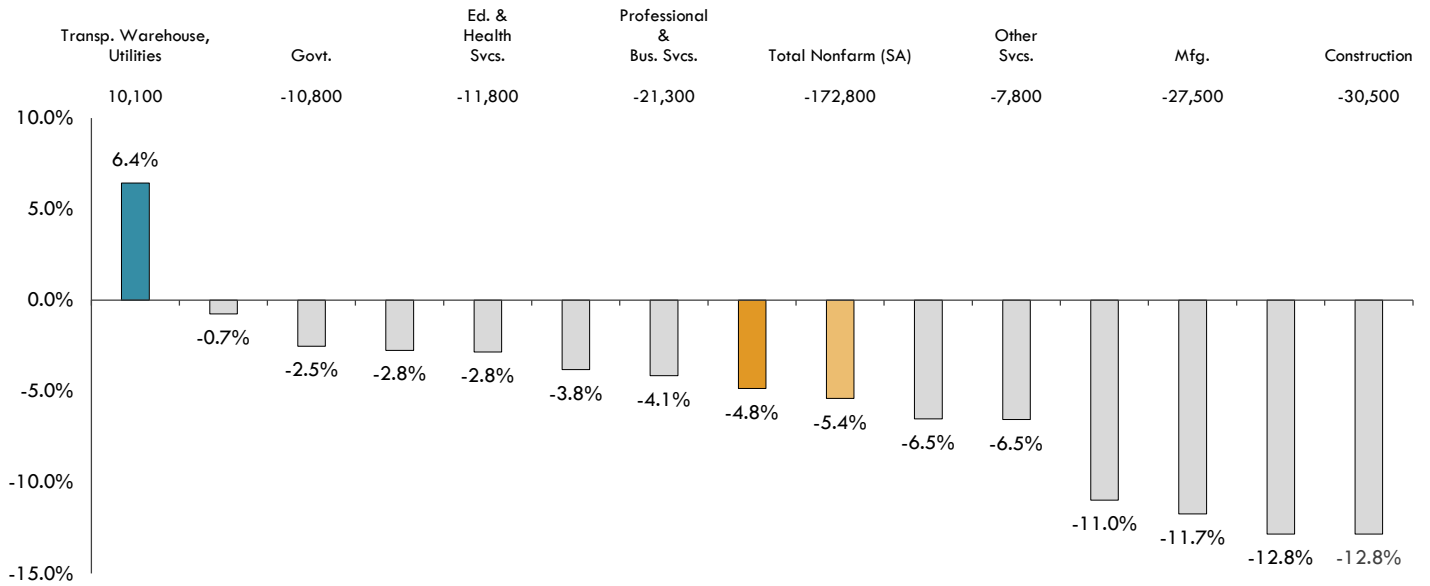


Future December Full Employment Recovery Timelines

With May’s 8,800 jobs added (seasonally-adjusted), the potential timelines for recovery back to total employment of 3.2 million over the next four Decembers remain more or less the same as outlined in the April 2021 special report. Prior to the release of May’s job numbers, the Houston MSA would have needed roughly 23,000 jobs each month to return to February 2020 levels of employment by this December (2021). May’s decent but not exceptional performance now raises the number of jobs needed each month for the remainder of the year to nearly 25,000 making this scenario even less likely than before. With respect to December 2022, the monthly number of jobs needed remains at 9,300 making full recovery by this end date a viable possibility. As a result, there is no reason to not expect full recovery by the following December of 2023 at the latest. Lastly, while most sectors posted over-the-month gains bringing them one step closer to pre-pandemic absolute levels of employment, Transportation, Warehousing, and Utilities remains the only sector to have exceeded this threshold thus far. (See supplemental Chart 2.)

Supplemental Commentary

Supplemental Chart 2. Houston MSA Current Employment Level as of May 2021 Relative to Pre-pandemic Peak by Sector



Other Miscellaneous Observations about the May Employment Situation

The Transportation, Warehousing, and Utilities subsector within overall Trade, Transportation, and Utilities, saw its second consecutive month of job losses since last May (excluding January seasonal declines), again raising the possibility that the rapid growth and outperformance of this subsector may be leveling off.

Both components of Mining and Logging turned positive year over year as of May reflecting a moderately positive response to oil prices averaging between \$60 and \$65 a barrel throughout the month.

Unemployment Insurance Claims

Initial claims for unemployment insurance continue to trend downward with the week of June 5th of this year reached the lowest level since the week of March 14th, 2020, just prior to the pandemic-driven surge. Unofficial claims data that includes Federal enhanced benefits programs slated to end for Texas at the end of the month shows a mostly similar trend with only a slight uptick in the most recent week of June 12th. (See first two charts on page 2 of the separate Infographic document accompanying this report.)

Job Ads

New job ads remain slightly off their highest “post-pandemic” levels recorded in late-April but overall continue to reflect strong demand for workers in the wake of full reopening of the economy and a vaccination rate of 40 percent to 50 percent among residents aged 12 and over across the region’s three most populous counties. (See chart on bottom of page 4 of the separate Infographic document accompanying this report.)

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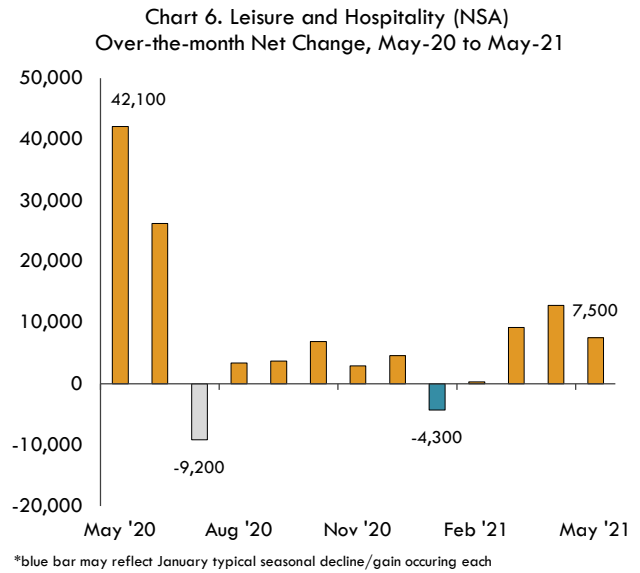
GAINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality was the largest gaining sector over the month up 7,500 jobs, or 2.5 percent. (see Chart 6.) The largest all-time one-month gain on record for this sector occurred in May 2020, up 42,100 jobs. The largest decline on record occurred in April 2020, down -123,400 jobs. Historically in the month of May, Leisure and Hospitality has added an average of 4,400 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Gains are typical in May in this sector with no instances of jobs losses in this month since records began in 1990, including May 2020 during the pandemic. This also marks the fourth of five consecutive months during which no job losses have ever been recorded with the exceptions of March and April 2020. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 4,700 jobs over the month. The second-largest contributor was Arts, Entertainment, and Recreation, which added 2,800 jobs from April to May. Leisure and Hospitality

employment was revised upward by 1,000 jobs for a March to April larger net gain of 12,800 compared to an original estimate of 11,800 jobs.

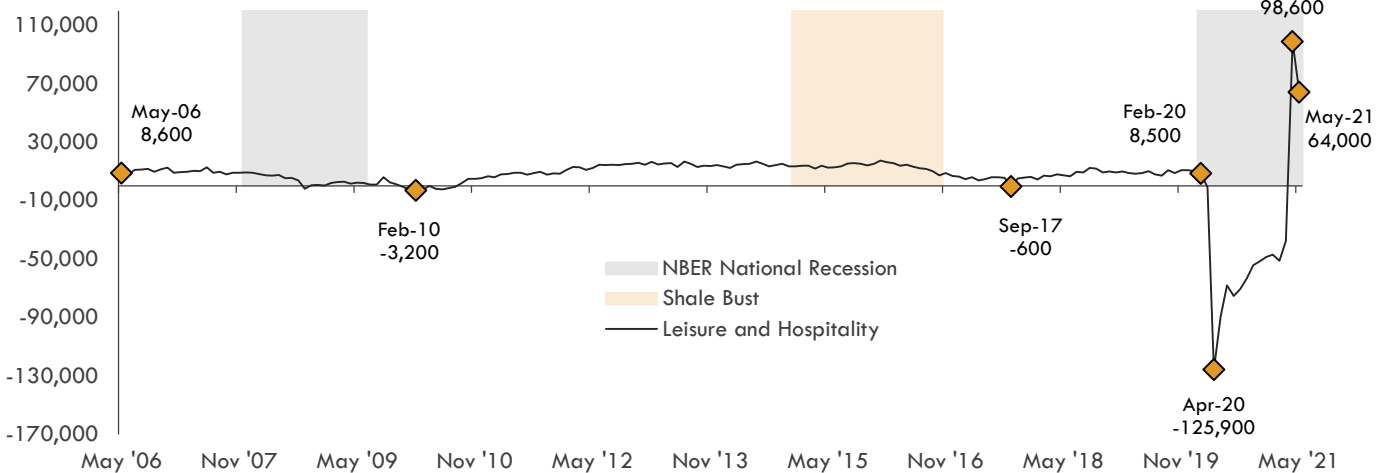


Over-the-year Change

Year over year, Leisure and Hospitality was up 64,000 jobs, or 25.7 percent. (see Chart 7.) This was the largest-ever year-over-year gain in the month of May since records began in 1990. Among sectors currently showing growth, this sector is the fastest-growing in percentage terms across the Houston area. Furthermore, 39.6 percent of total (gross) jobs added across the region over the past year can be attributed to Leisure and Hospitality. The largest over-the-year gain on record for this sector occurred in April 2021, up 98,600 jobs. The largest decline on record occurred in April 2020, down -125,900 jobs.

Accommodation and Food Services was the largest contributor to the overall sector's increase, up 54,400 jobs over the year. The second-largest contributor was Arts, Entertainment, and Recreation, which added 9,600 jobs from May a year ago. Since shedding -127,900 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 80 percent of jobs lost as of May. Leisure and Hospitality's share of Houston area Total Nonfarm Employment has risen from 8.6 percent to 10.3 percent over the past year.

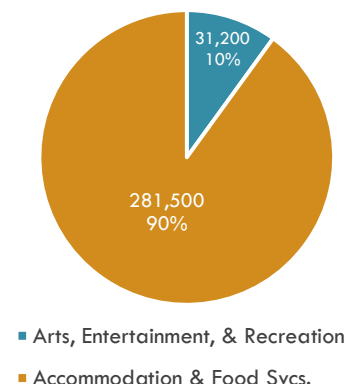
Chart 7. Leisure and Hospitality (NSA)
Over-the-year Net Change, May-06 to May-21



About This Sector

This sector is composed of establishments that produce and promote in live performances, events, or 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 90 percent. (see Chart 8.) Across the Houston MSA, the concentration of jobs in the overall sector is 3 percent higher than the national average.

Chart 8. Employment in Component Industries of Leisure and Hospitality Sector - May 2021



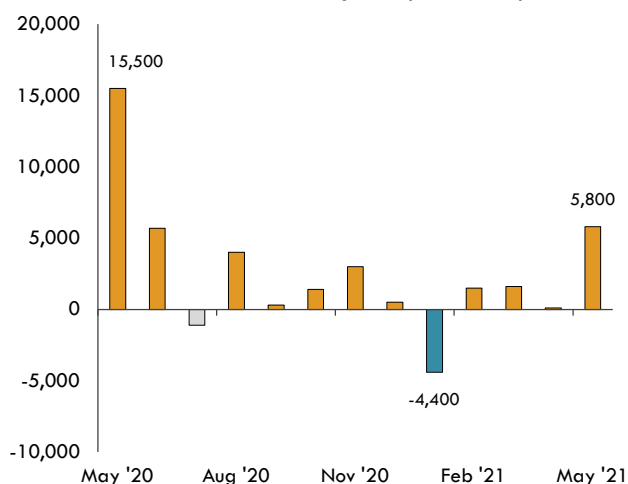
GAINING INDUSTRY HIGHLIGHTS

Education and Health Services

Over-the-month Change

Education and Health Services was the second-largest gaining sector over the month up 5,800 jobs, or 1.5 percent. (see Chart 9.) The largest all-time one-month gain on record for this sector occurred in May 2020, up 15,500 jobs. The largest decline on record occurred in April 2020, down -42,900 jobs. Historically in the month of May, Education and Health Services has added an average of 1,200 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 5,300 jobs over the month. The second-largest contributor was Educational Services, which added 500 jobs from April to May. Education and Health Services employment was revised downward by -600 jobs for a March to April smaller net gain of 100 compared to an original estimate of 700 jobs.

Chart 9. Education and Health Services (NSA)
Over-the-month Net Change, May-20 to May-21



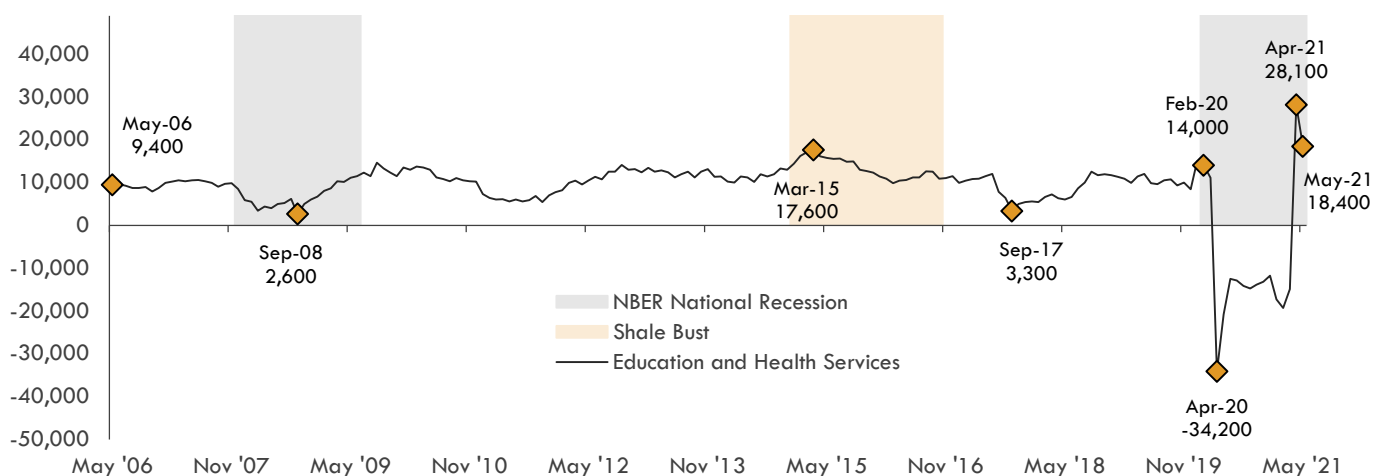
*blue bar may reflect January typical seasonal decline/gain occurring each year

Over-the-year Change

Year over year, Education and Health Services was up 18,400 jobs, or 4.8 percent. (see Chart 10.) This was the largest-ever year-over-year gain in the month of May since records began in 1990. The largest over-the-year gain on record for this sector occurred in April 2021, up 28,100 jobs. The largest decline on record occurred in April 2020, down -34,200 jobs. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 13,300 jobs over the year. The second-largest contributor was Educational Services, which added 5,100 jobs from May a year ago. Since shedding -45,700 jobs over

March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 70 percent of jobs lost as of May. Education and Health Services's share of Houston area Total Nonfarm Employment has remained constant at 13.3 percent over the past year.

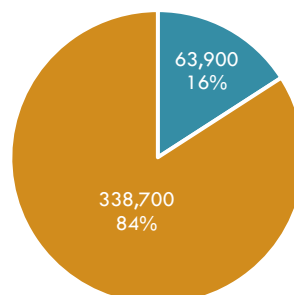
Chart 10. Education and Health Services (NSA)
Over-the-year Net Change, May-06 to May-21



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 84 percent. (see Chart 11.) Across the Houston MSA, the concentration of jobs in the overall sector is 18 percent less than the national average, despite the high physical concentration of healthcare jobs centered around Texas Medical Center.

Chart 11. Employment in Component Industries of
Education and Health Services Sector - May 2021



■ Educational Svcs. ■ Health Care & Social Assistance

GAINING INDUSTRY HIGHLIGHTS

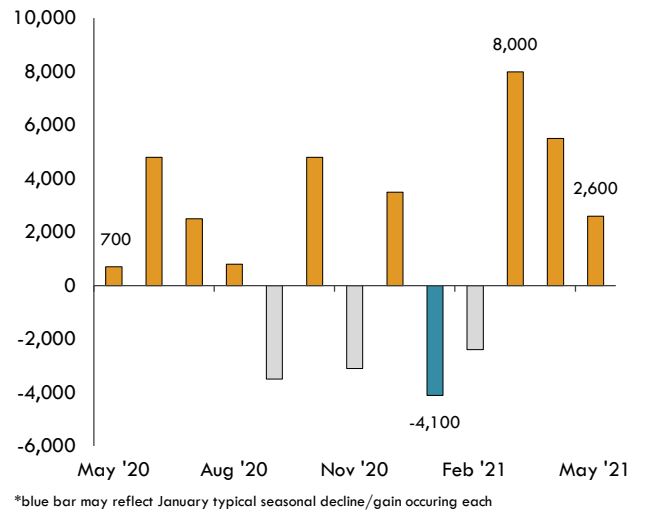
Professional and Business Services

Over-the-month Change

Professional and Business Services was the third-largest gaining sector over the month up 2,600 jobs, or 0.5 percent. (see Chart 12.) The largest all-time one-month gain on record for this sector occurred in March 2021, up 8,000 jobs. The largest decline on record occurred in April 2020, down -37,800 jobs. Historically in the month of May, Professional and Business Services has added an average of 1,000 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 4,000 jobs over the month. The second-largest contributor was Management of Companies and Enterprises, which added 100 jobs from April to May. Lastly, Professional, Scientific, and Technical Services offset a portion of the sector's gains with a loss of -1,500 jobs. Professional and Business Services employment was revised downward by -1,400 jobs for a March to April smaller net gain

of 5,500 compared to an original estimate of 6,900 jobs.

Chart 12. Professional and Business Services (NSA)
Over-the-month Net Change, May-20 to May-21

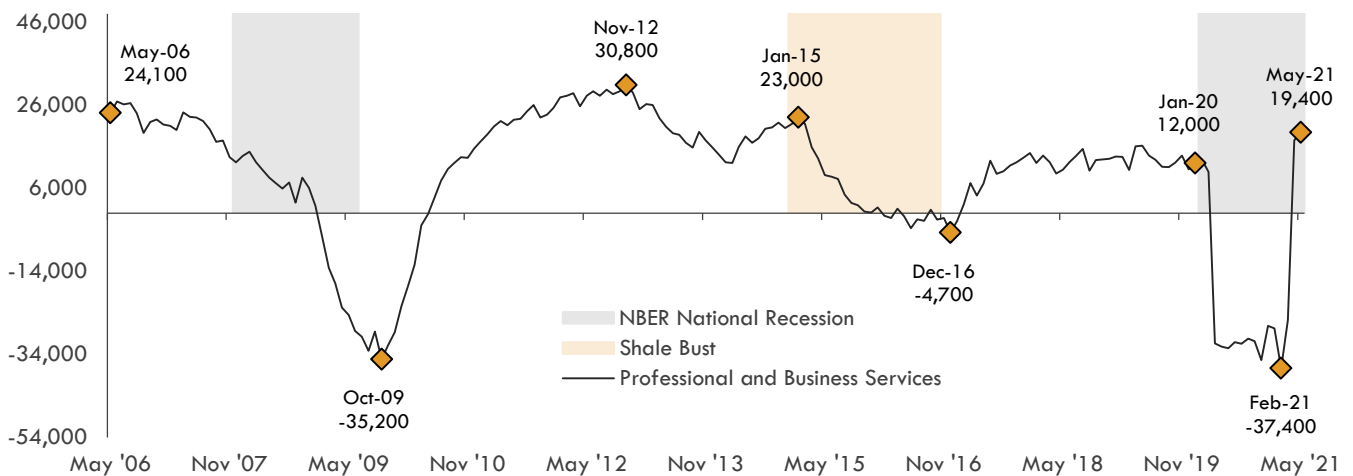


Over-the-year Change

Year over year, Professional and Business Services was up 19,400 jobs, or 4.1 percent. (see Chart 13.) The largest over-the-year gain on record for this sector occurred in November 2012, up 30,800 jobs. The largest decline on record occurred in February 2021, down -37,400 jobs. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's increase, up 12,100 jobs over the year. The second-largest contributor was Professional, Scientific, and Technical Services, which added 7,100 jobs from May a year ago. Lastly, Management of

Companies and Enterprises contributed, 200 jobs. Since shedding -41,400 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 50 percent of jobs lost as of May. Professional and Business Services's share of Houston area Total Nonfarm Employment has fallen from 16.4 percent to 16.2 percent over the past year.

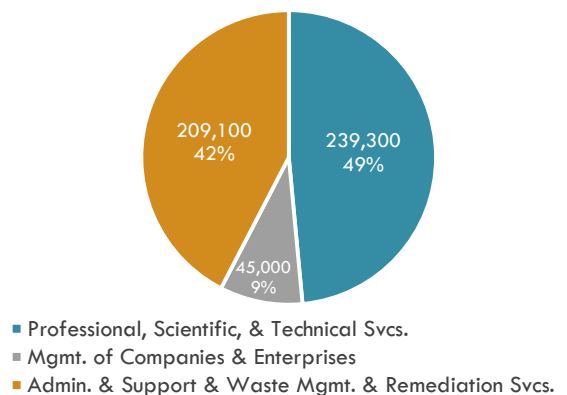
Chart 13. Professional and Business Services (NSA)
Over-the-year Net Change, May-06 to May-21



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 49 percent. (see Chart 14.) Across the Houston MSA, the concentration of jobs in the overall sector is 14 percent higher than the national average, due to a 18-percent higher concentration in Professional, Scientific, and Technical Services serving the oil and gas industry.

Chart 14. Employment in Component Industries of
Professional and Business Services Sector - May 2021



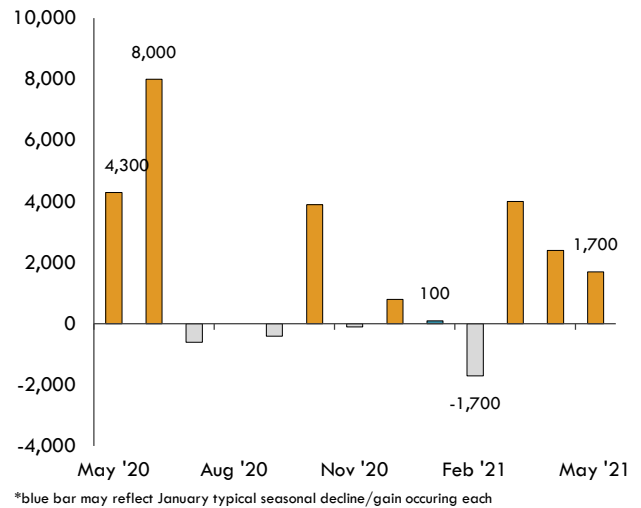
GAINING INDUSTRY HIGHLIGHTS

Other Services

Over-the-month Change

Other Services also saw an increase over the month up 1,700 jobs, or 1.6 percent. (see Chart 15.) The largest all-time one-month gain on record for this sector occurred in June 2020, up 8,000 jobs. The largest decline on record occurred in April 2020, down -28,300 jobs. Historically in the month of May, Other Services has added an average of 500 jobs over the month, which indicates that this month's gains are substantially above the long-term average. 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 -100 jobs for a March to April smaller net gain of 2,400 compared to an original estimate of 2,500 jobs.

Chart 15. Other Services (NSA)
Over-the-month Net Change, May-20 to May-21

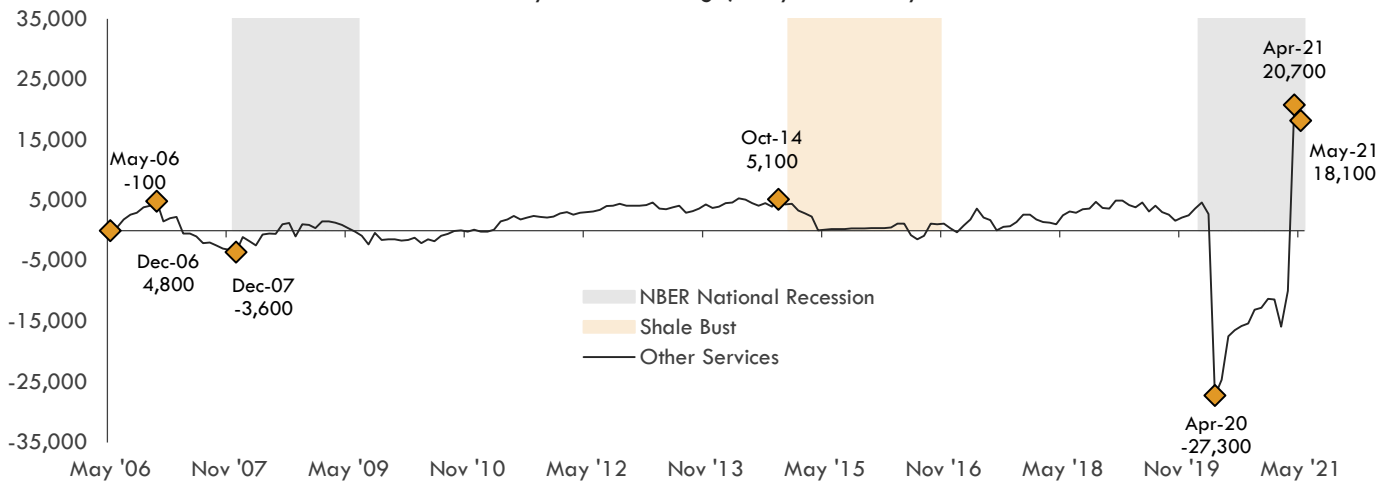


Over-the-year Change

Year over year, Other Services was up 18,100 jobs, or 19.4 percent. (see Chart 16.) This was the largest-ever year-over-year gain in the month of May since records began in 1990. Among sectors currently showing growth, this sector is the second-fastest growing in percentage terms across the Houston area. The largest over-the-year gain on record for this sector occurred in April 2021, up 20,700 jobs. The largest decline on record occurred in April 2020, down -27,300 jobs. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Since shedding -30,200 jobs over March

and April 2020 due to the impact of COVID-19, this sector has recovered approximately 70 percent of jobs lost as of May. Other Services's share of Houston area Total Nonfarm Employment has risen from 3.2 percent to 3.7 percent over the past year.

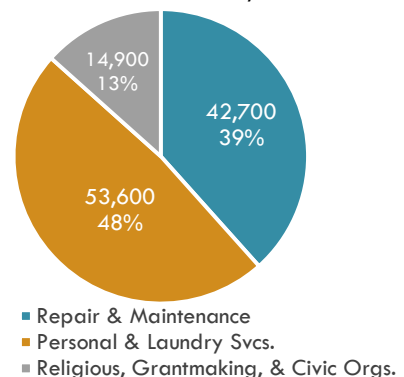
Chart 16. Other Services (NSA)
Over-the-year Net Change, May-06 to May-21



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 17.) Across the Houston MSA, the concentration of jobs in the overall Other Services sector is 5 percent less than the national average.

Chart 17. Employment in Component Industries of Other Services Sector - May 2021



*estimated proportions based QCEW covered and NES self-employment

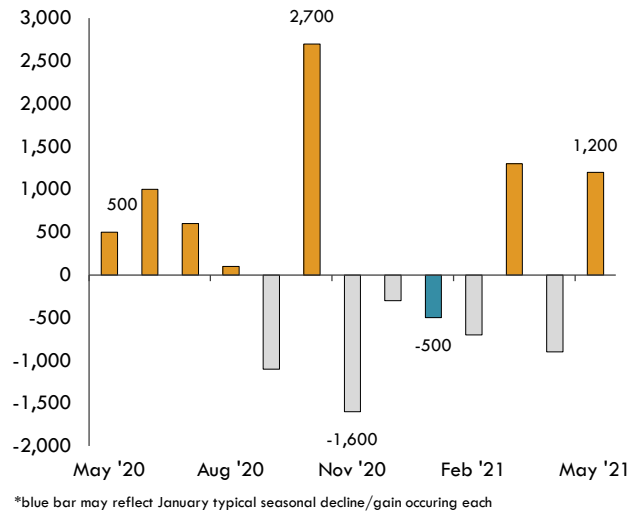
GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities also saw an increase over the month up 1,200 jobs, or 0.7 percent. (see Chart 18.) This was the largest-ever gain in the month of May since records began in 1990. The largest all-time one-month gain on record for this sector occurred in October 2020, up 2,700 jobs. The largest decline on record occurred in April 2020, down -6,900 jobs. Historically in the month of May, Financial Activities has added an average of 400 jobs over the month, which indicates that this month's gains are moderately above the long-term average. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 1,300 jobs over the month. One component industry that provided a partial offset was Finance and Insurance, which lost -100 jobs from April to May. Financial Activities employment was revised downward by -100 jobs for a March to April larger net loss of -900 compared to an original estimate of -800 jobs.

Chart 18. Financial Activities (NSA)
Over-the-month Net Change, May-20 to May-21

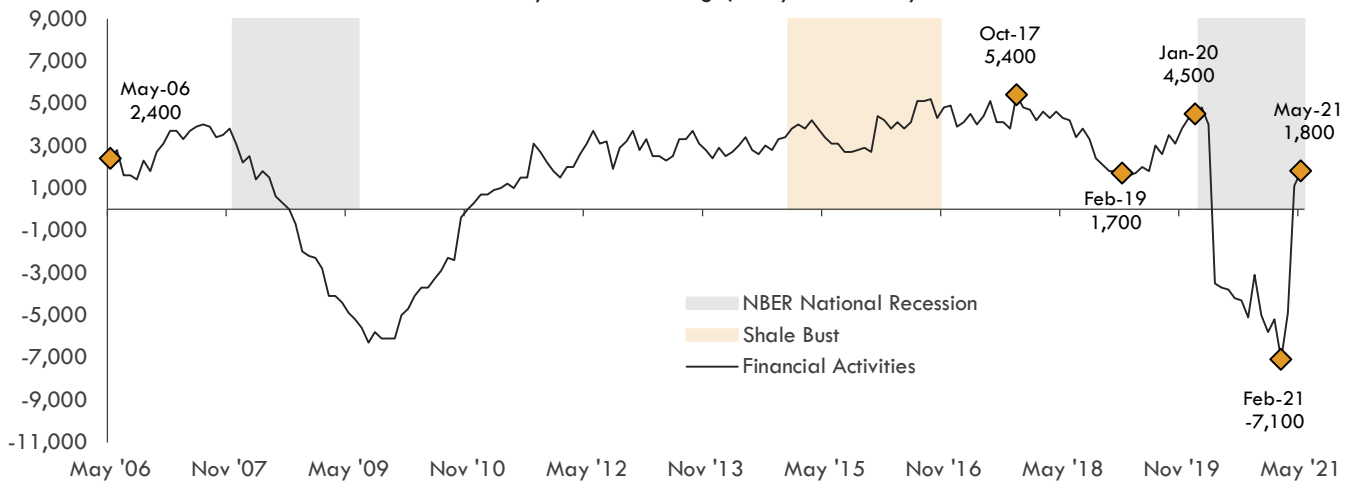


Over-the-year Change

Year over year, Financial Activities was up 1,800 jobs, or 1.1 percent. (see Chart 19.) The largest over-the-year gain on record for this sector occurred in September 1998, up 9,000 jobs. The largest decline on record occurred in February 2021, down -7,100 jobs. Finance and Insurance was the largest contributor to the overall sector's increase, up 1,000 jobs over the year. The second-largest contributor was Real Estate and Rental and Leasing, which added 800 jobs from May a year ago. Since shedding -7,800 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered

approximately 30 percent of jobs lost as of May. Financial Activities's share of Houston area Total Nonfarm Employment has fallen from 5.6 percent to 5.4 percent over the past year.

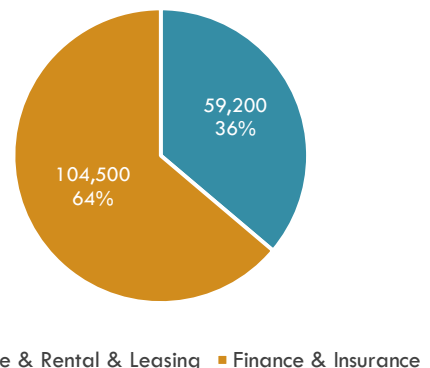
Chart 19. Financial Activities (NSA)
Over-the-year Net Change, May-06 to May-21



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 64 percent. (see Chart 20.) Across the Houston MSA, the concentration of jobs in the overall Financial Activities sector is 11 percent less than the national average, due to a 23-percent lower concentration in Finance and Insurance offsetting a 25-percent higher concentration in Real Estate and Rental and Leasing.

Chart 20. Employment in Component Industries of
Financial Activities Sector - May 2021



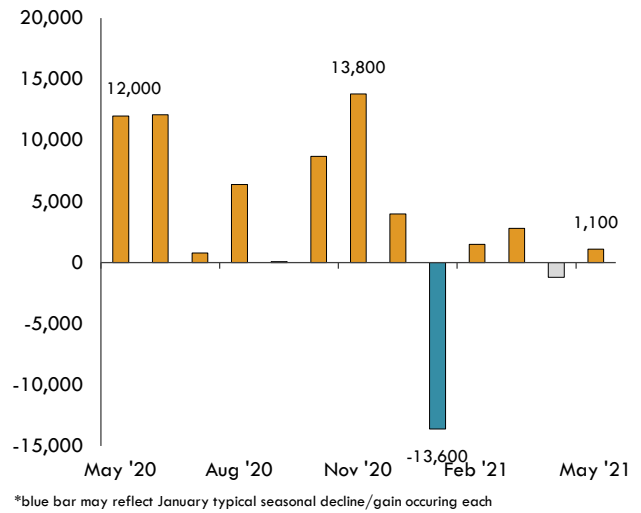
GAINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities also saw an increase over the month up 1,100 jobs, or 0.2 percent. (see Chart 21.) The largest all-time one-month gain on record for this sector occurred in November 2019, up 17,400 jobs. The largest decline on record occurred in April 2020, down -50,000 jobs. Historically in the month of May, Trade, Transportation, and Utilities has added an average of 1,900 jobs over the month, which indicates that this month's gains are substantially below the long-term average. Wholesale Trade was the largest contributor to the overall sector's increase, up 3,300 jobs over the month. One component industry that provided a partial offset was Transportation, Warehousing, and Utilities, which lost -300 jobs from April to May. Lastly, Retail Trade offset a portion of the sector's gains with a loss of -1,900 jobs. Trade, Transportation, and Utilities employment was revised upward by 700 jobs for a March to April smaller net loss of -1,200 compared to an original estimate of -1,900 jobs.

Chart 21. Trade, Transportation, and Utilities (NSA)
Over-the-month Net Change, May-'20 to May-'21

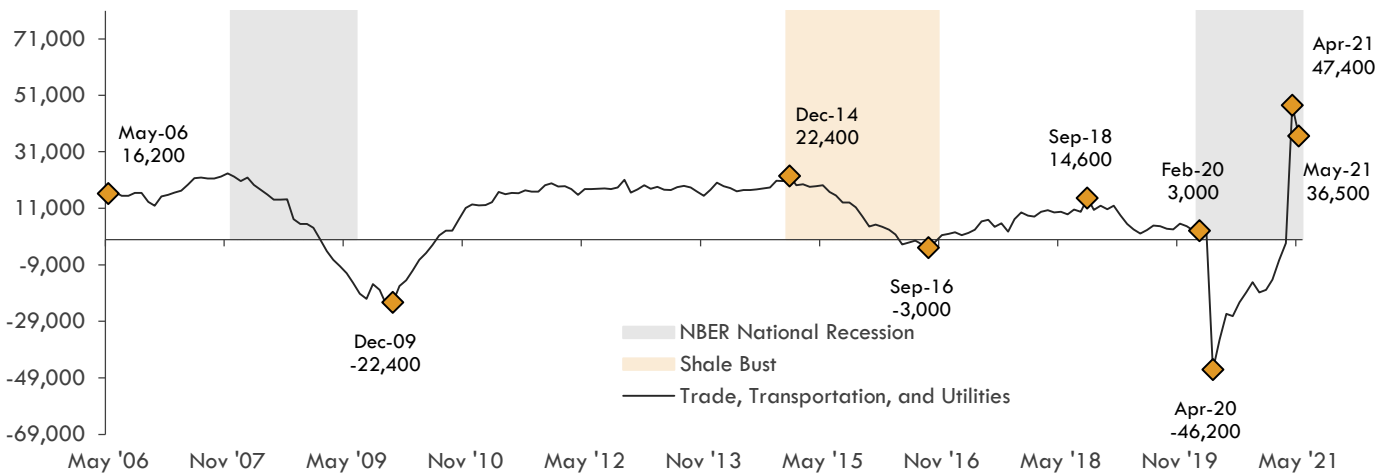


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 36,500 jobs, or 6.2 percent. (see Chart 22.) This was the largest-ever year-over-year gain in the month of May since records began in 1990. Among sectors currently showing growth, this sector is the third-fastest growing in percentage terms across the Houston area. Furthermore, 22.6 percent of total (gross) jobs added across the region over the past year can be attributed to Trade, Transportation, and Utilities. The largest over-the-year gain on record for this sector occurred in April 2021, up 47,400 jobs. The largest decline on record occurred in April 2020, down

-46,200 jobs. Retail Trade was the largest contributor to the overall sector's increase, up 20,300 jobs over the year. The second-largest contributor was Transportation, Warehousing, and Utilities, which added 13,200 jobs from May a year ago. Lastly, Wholesale Trade contributed, 3,000 jobs. Trade, Transportation, and Utilities's share of Houston area Total Nonfarm Employment has risen from 20.3 percent to 20.5 percent over the past year.

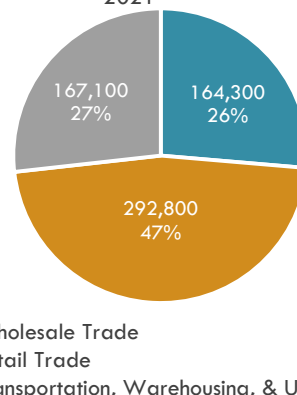
Chart 22. Trade, Transportation, and Utilities (NSA)
Over-the-year Net Change, May-'06 to May-'21



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 47 percent. (see Chart 23.) Across the Houston MSA, the concentration of jobs in the overall sector is 11 percent higher than the national average, due to a 38-percent higher concentration in Wholesale Trade primarily related to the oil and gas industry.

Chart 23. Employment in Component Industries of Trade, Transportation, and Utilities Sector - May 2021



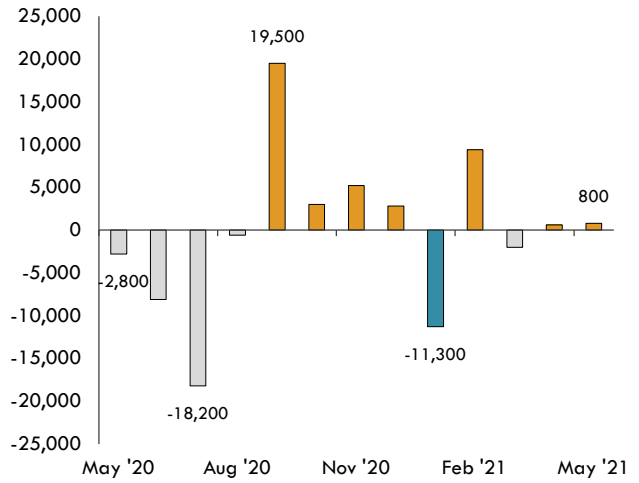
GAINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government also saw an increase over the month up 800 jobs, or 0.2 percent. (see Chart 24.) The largest all-time one-month gain on record for this sector occurred in September 2013, up 22,500 jobs. The largest decline on record occurred in April 2020, down -10,700 jobs. Historically in the month of May, Government has added an average of 1,300 jobs over the month, which indicates that this month's gains are moderately below the long-term average. Local Government was the largest contributor to the overall sector's increase, up 700 jobs over the month. The second-largest contributor was State Government, which added 200 jobs from April to May. Lastly, Federal Government offset a portion of the sector's gains with a loss of -100 jobs. Government employment saw no revision from March to April leaving the previous month's original increase of 600 intact.

Chart 24. Government (NSA)
Over-the-month Net Change, May-20 to May-21

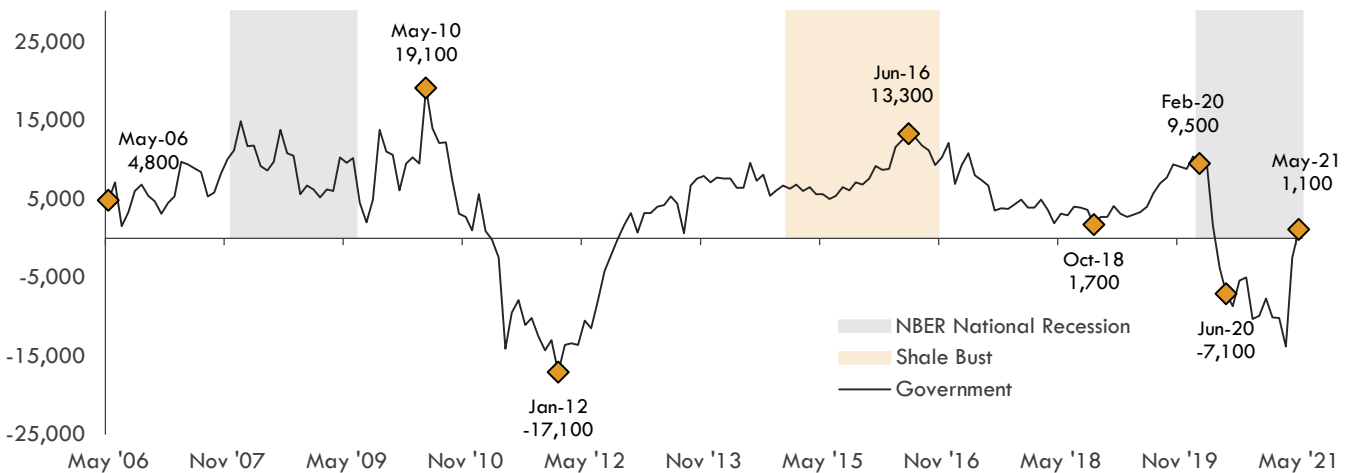


Over-the-year Change

Year over year, Government was up 1,100 jobs, or 0.3 percent. (see Chart 25.) The largest over-the-year gain on record for this sector occurred in May 2010, up 19,100 jobs. The largest decline on record occurred in January 2012, down -17,100 jobs. Local Government was the largest contributor to the overall sector's increase, up 1,300 jobs over the year. The second-largest contributor was Federal Government, which added 100 jobs from May a year ago. Lastly, State Government offset a portion of the sector's gains with a loss of -300 jobs. Since shedding -9,100 jobs over March and April

2020 due to the impact of COVID-19, this sector continues to post losses resulting in total employment that remains 0 percent below levels reported in February 2020. Government's share of Houston area Total Nonfarm Employment has fallen from 14.4 percent to 13.7 percent over the past year.

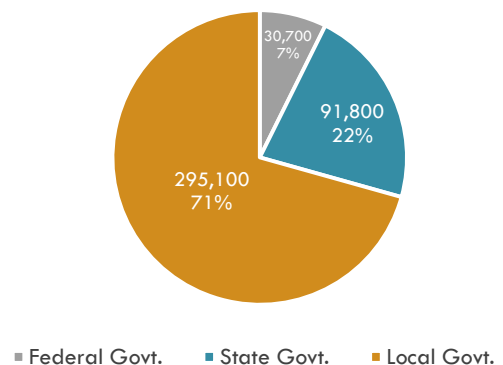
Chart 25. Government (NSA)
Over-the-year Net Change, May-06 to May-21



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 26.) Across the Houston MSA, the concentration of jobs in the overall Government sector is 9 percent less than the national average.

Chart 26. Employment in Component Industries of Government Sector - May 2021



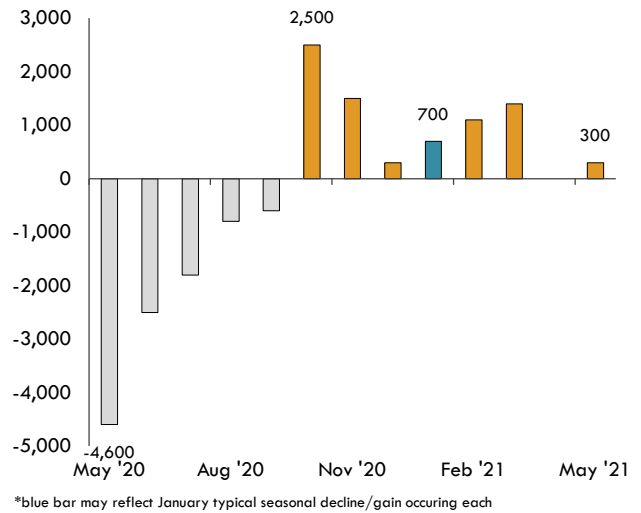
GAINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging also saw an increase over the month up 300 jobs, or 0.4 percent. (see Chart 27.) The largest all-time one-month gain on record for this sector occurred in June 2011, up 2,800 jobs. The largest decline on record occurred in April 2020, down -5,200 jobs. Historically in the month of May, Mining and Logging has added an average of 100 jobs over the month, which indicates that this month's gains are moderately above the long-term average. Oil and Gas Extraction was the largest contributor to the overall sector's increase, up 200 jobs over the month. The second-largest contributor was Support Activities for Mining, which added 100 jobs from April to May. Lastly, Other Mining and Logging Undefined saw no change over the month. Mining and Logging employment was revised downward by -100 jobs for a March to April complete loss of gains resulting in a net change of zero compared to an original estimate of 100 jobs.

Chart 27. Mining and Logging (NSA)
Over-the-month Net Change, May-20 to May-21

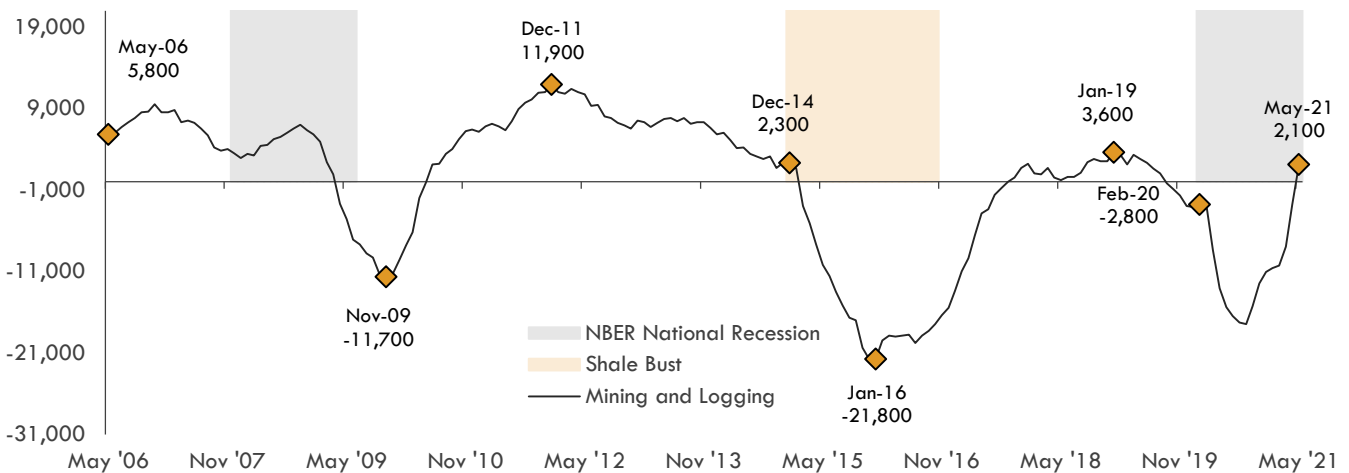


Over-the-year Change

Year over year, Mining and Logging was up 2,100 jobs, or 3.1 percent. (see Chart 28.) The largest over-the-year gain on record for this sector occurred in December 2011, up 11,900 jobs. The largest decline on record occurred in January 2016, down -21,800 jobs. Support Activities for Mining was the largest contributor to the overall sector's increase, up 1,400 jobs over the year. The second-largest contributor was Other Mining and Logging Undefined, which added 400 jobs from May a year ago. Lastly, Oil and Gas Extraction contributed, 300 jobs. Since shedding -6,100 jobs over March and April 2020 due to the

impact of COVID-19, this sector continues to post losses resulting in total employment that remains -10 percent below levels reported in February 2020. Mining and Logging's share of Houston area Total Nonfarm Employment has remained constant at 2.3 percent over the past year.

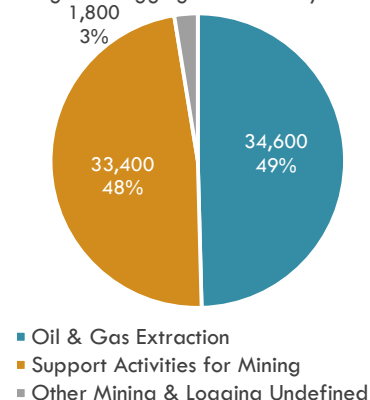
Chart 28. Mining and Logging (NSA)
Over-the-year Net Change, May-06 to May-21



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, Oil and Gas Extraction accounts for a plurality of the sector's employment at 50 percent. (see Chart 29.) Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 5.4 times the national average, due to the region's role as a global hub for the oil and gas industry.

Chart 29. Employment in Component Industries of Mining and Logging Sector - May 2021



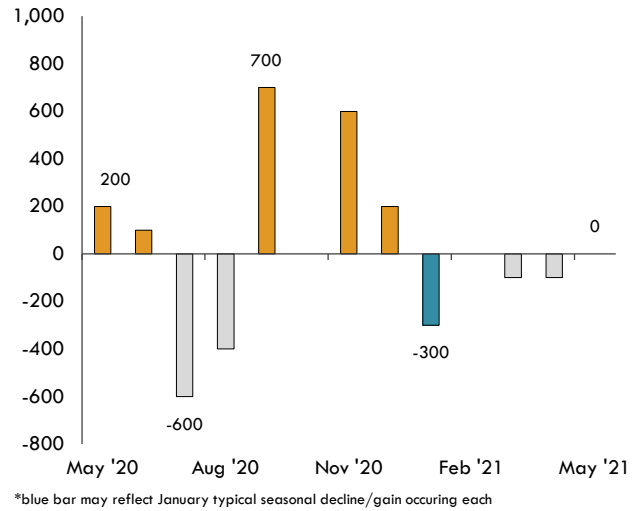
GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information was unchanged over the month. (see Chart 30.) The largest all-time one-month gain on record for this sector occurred in July 1994, up 1,500 jobs. The largest decline on record occurred in April 2020, down -3,900 jobs. Historically in the month of May, 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 March to April leaving the previous month's original decrease of -100 intact.

Chart 30. Information (NSA)
Over-the-month Net Change, May-20 to May-21

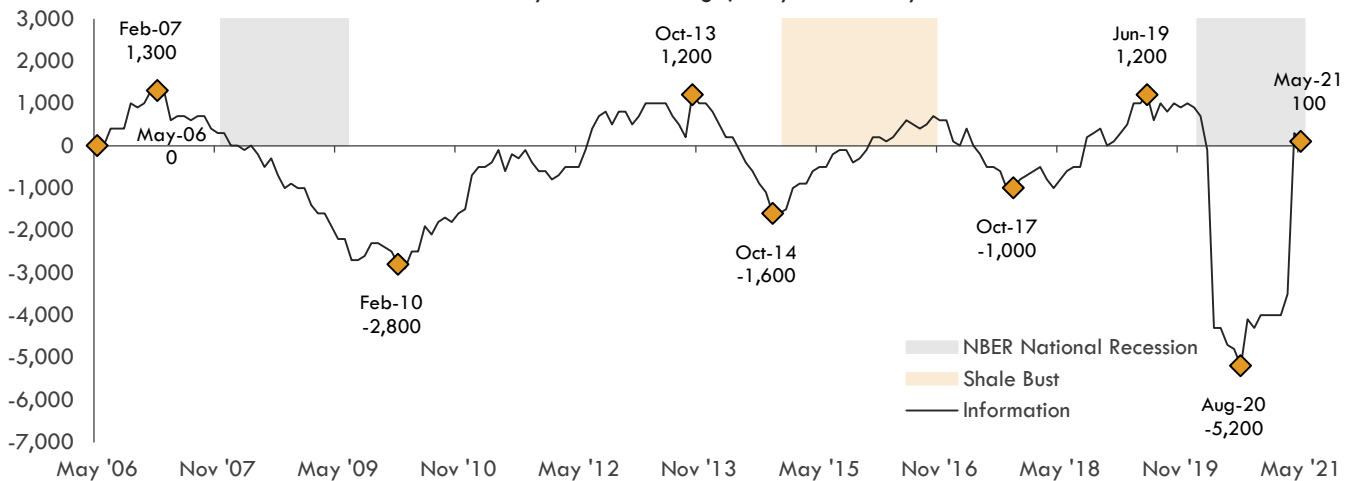


Over-the-year Change

Year over year, Information was up 100 jobs, or 0.4 percent. (see Chart 31.) The largest over-the-year gain on record for this sector occurred in June 1997, up 4,600 jobs. The largest decline on record occurred in April 2002, down -7,000 jobs. Other Information Undefined was the largest contributor to the overall sector's increase, up 700 jobs over the year. One component industry that provided a partial offset was Telecommunications, which lost -600 jobs from May a year ago. Since shedding -4,500 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 10 percent

of jobs lost as of May. Information's share of Houston area Total Nonfarm Employment has remained constant at 1.0 percent over the past year.

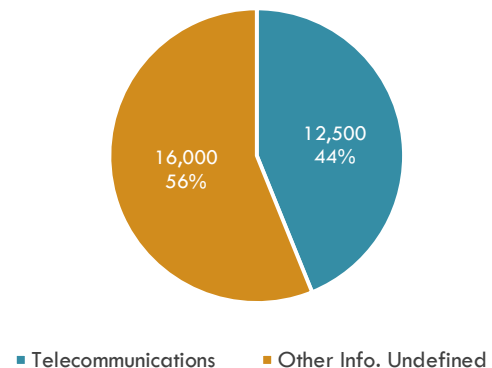
Chart 31. Information (NSA)
Over-the-year Net Change, May-06 to May-21



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 56 percent. (see Chart 32.) Across the Houston MSA, the concentration of jobs in the overall Information sector is 50 percent less than the national average.

Chart 32. Employment in Component Industries of Information Sector - May 2021



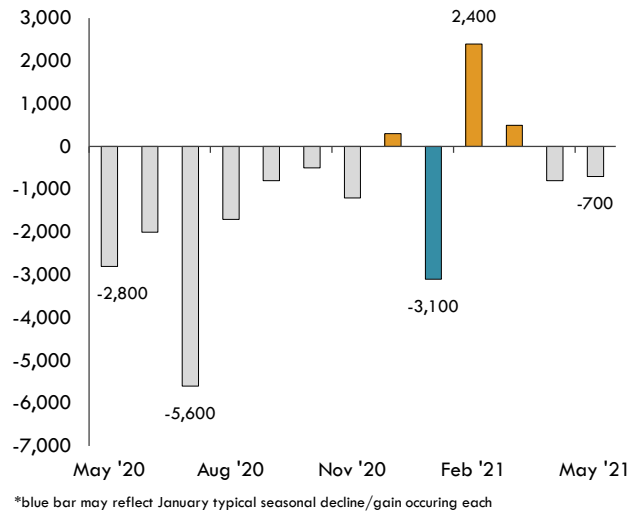
DECLINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing was the largest declining sector over the month down -700 jobs, or -0.3 percent. (see Chart 33.) The largest all-time one-month gain on record for this sector occurred in June 1990, up 3,200 jobs. The largest decline on record occurred in April 2020, down -10,600 jobs. Historically in the month of May, Manufacturing has added an average of 500 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Durable Goods was the largest contributor to the overall sector's decline, down -1,300 jobs over the month. One component industry that provided a partial offset was Non-Durable Goods, which gained 600 jobs from April to May. Manufacturing employment was revised upward by 300 jobs for a March to April smaller net loss of -800 compared to an original estimate of -1,100 jobs.

Chart 33. Manufacturing (NSA)
Over-the-month Net Change, May-20 to May-21

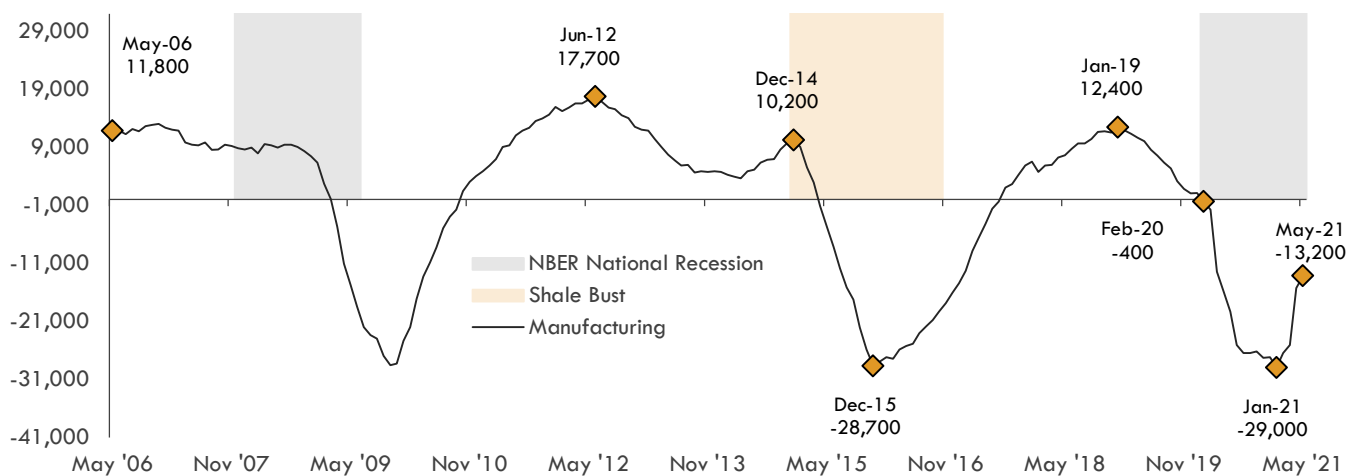


Over-the-year Change

Year over year, Manufacturing was down -13,200 jobs, or -6.0 percent. (see Chart 34.) Among sectors currently showing contraction, this sector is the fastest declining in percentage terms across the Houston area. Furthermore, 60.6 percent of total (gross) jobs lost across the region over the past year can be attributed to Manufacturing. The largest over-the-year gain on record for this sector occurred in June 2012, up 17,700 jobs. The largest decline on record occurred in January 2021, down -29,000 jobs. Durable Goods was the largest contributor to the overall sector's decline, down -12,900 jobs over the year. The

second-largest declining contributor was Non-Durable Goods, which lost -300 jobs from May a year ago. Since shedding -11,500 jobs over March and April 2020 due to the impact of COVID-19, this sector continues to post losses resulting in total employment that remains -10 percent below levels reported in February 2020. Manufacturing's share of Houston area Total Nonfarm Employment has fallen from 7.6 percent to 6.8 percent over the past year.

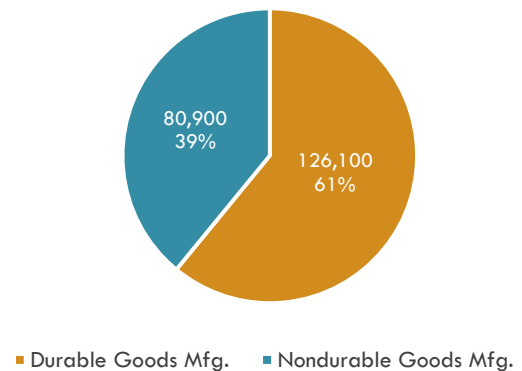
Chart 34. Manufacturing (NSA)
Over-the-year Net Change, May-06 to May-21



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 61 percent. (see Chart 35.) Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 19 percent less than the national average.

Chart 35. Employment in Component Industries of Manufacturing Sector - May 2021



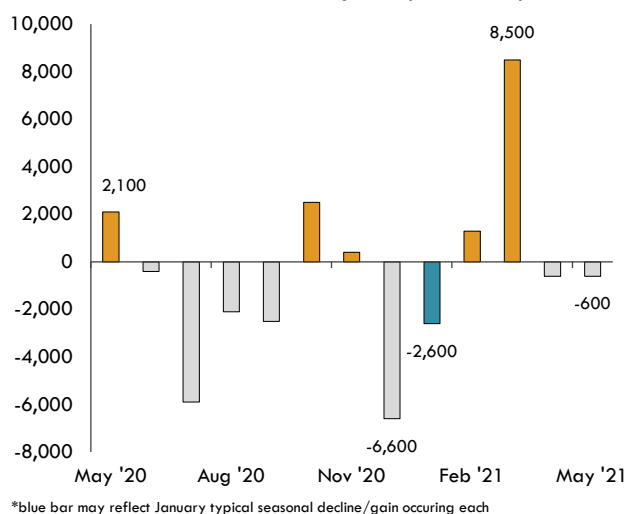
DECLINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction was the second-largest declining sector over the month down -600 jobs, or -0.3 percent. (see Chart 36.) The largest all-time one-month gain on record for this sector occurred in March 2021, up 8,500 jobs. The largest decline on record occurred in April 2020, down -23,700 jobs. Historically in the month of May, Construction has added an average of 1,300 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Specialty Trade Contractors was the largest contributor to the overall sector's decline, down -700 jobs over the month. The second-largest declining contributor was Heavy and Civil Engineering Construction, which lost -200 jobs from April to May. Lastly, Construction of Buildings offset a portion of the sector's losses with a gain of 300 jobs. Construction employment was revised downward by -600 jobs for a March to April net loss of -600 compared to an original estimate of zero net change in jobs over the month.

Chart 36. Construction (NSA)
Over-the-month Net Change, May-20 to May-21

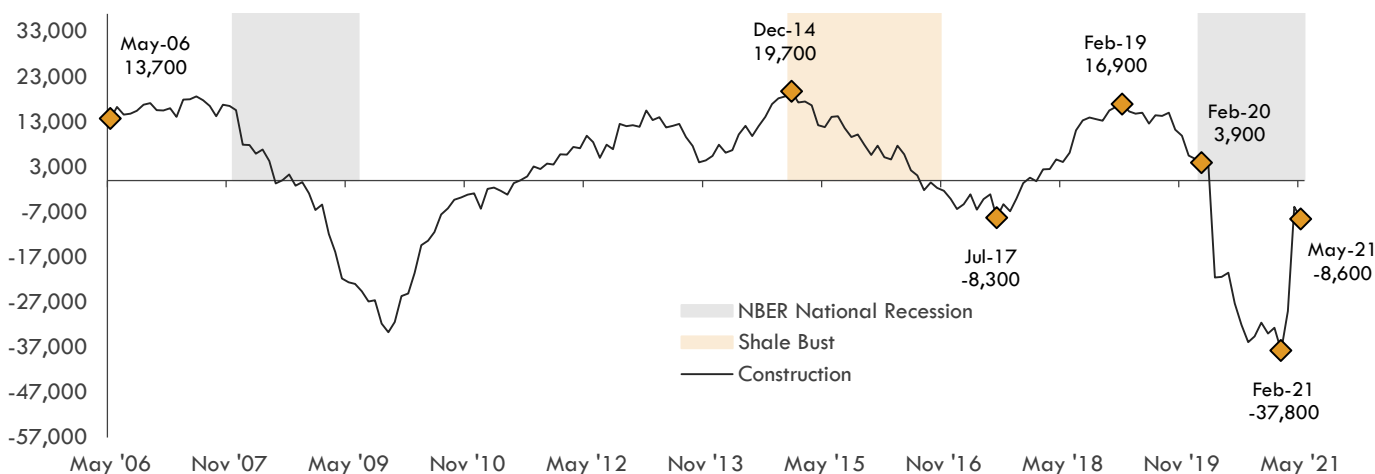


Over-the-year Change

Year over year, Construction was down -8,600 jobs, or -4.0 percent. (see Chart 37.) Among sectors currently showing contraction, this sector is the second-fastest declining in percentage terms across the Houston area. Furthermore, 39.4 percent of total (gross) jobs lost across the region over the past year can be attributed to Construction. The largest over-the-year gain on record for this sector occurred in December 2014, up 19,700 jobs. The largest decline on record occurred in February 2021, down -37,800 jobs. Heavy and Civil Engineering Construction was the largest contributor to the overall sector's

decline, down -5,000 jobs over the year. The second-largest declining contributor was Construction of Buildings, which lost -2,000 jobs from May a year ago. Lastly, Specialty Trade Contractors subtracted, -1,600 jobs. Since shedding -24,000 jobs over March and April 2020 due to the impact of COVID-19, this sector continues to post losses resulting in total employment that remains -10 percent below levels reported in February 2020. Construction's share of Houston area Total Nonfarm Employment has fallen from 7.4 percent to 6.8 percent over the past year.

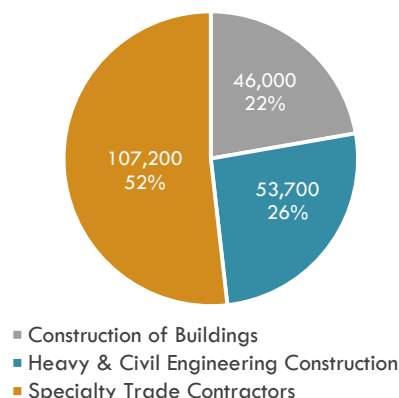
Chart 37. Construction (NSA)
Over-the-year Net Change, May-06 to May-21



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 38.) Across the Houston MSA, the concentration of jobs in the overall Construction sector is 32 percent higher than the national average, due to 2.4 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

Chart 38. Employment in Component Industries of Construction Sector - May 2021



Unemployment Rates

Not-Seasonally Adjusted

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 6.6 percent in May, down from April's 7.2 percent and down from 13.0 percent a year ago. This was above the statewide rate of 5.9 percent and above the national rate of 5.5 percent. 224,874 individuals were unemployed in Houston in May, down from April's 245,390 and down from 434,180 in May 2020.

Chart 39. Unemployment Rates (NSA)
U.S., Texas, and Houston MSA
May 2021

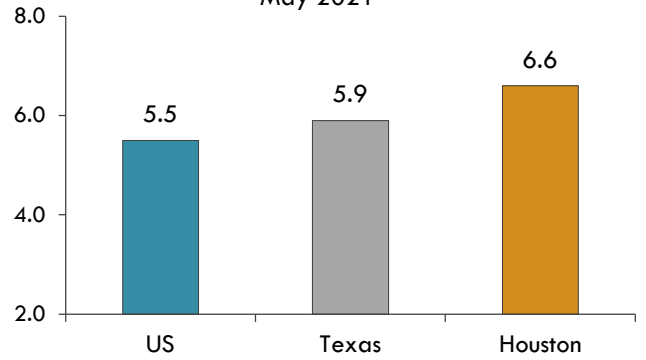
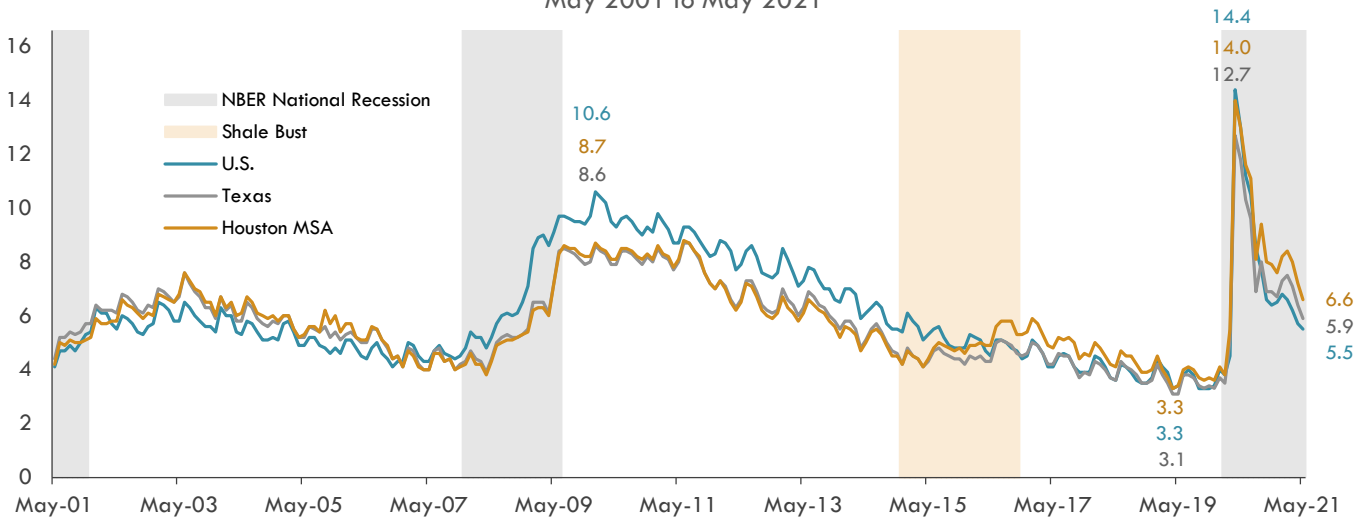


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
May 2001 to May 2021



Seasonally Adjusted

The Houston MSA (seasonally-adjusted) unemployment rate stood at 7.4 percent in April, down from March's 7.9 percent and down from 14.7 percent a year ago. This was above the statewide rate of 6.7 percent and above the national rate of 6.1 percent. 246,696 individuals were unemployed in Houston in April, down from March's 265,056 and down from 468,045 in April 2020.

Chart 41. Unemployment Rates (SA)
U.S., Texas, and Houston MSA
April 2021

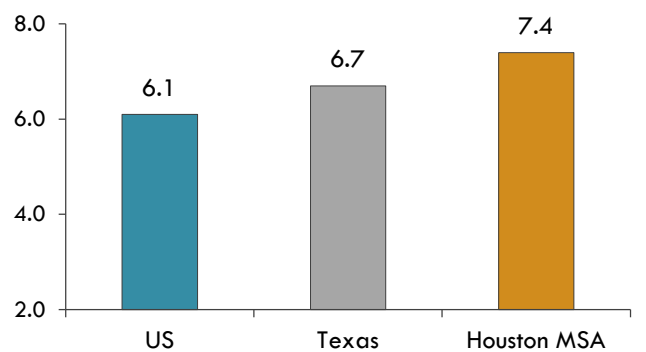
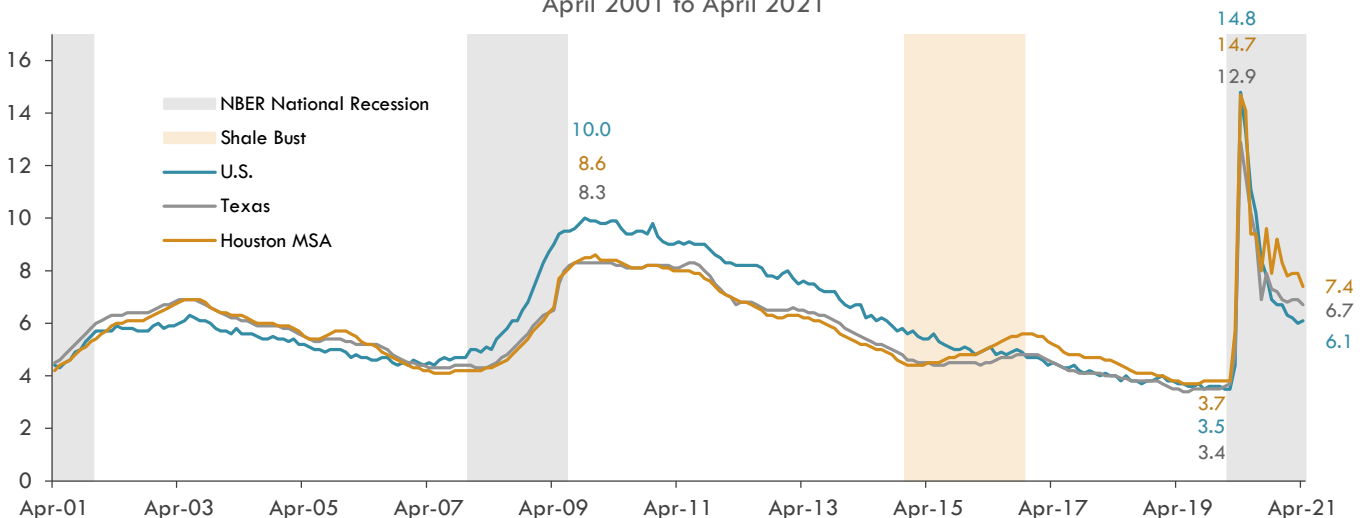


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
April 2001 to April 2021



Houston Area Employment Situation

May 2021

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	May-21	Apr-21	May-20	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,037,700	3,018,000	2,898,000	19,700	0.7%	139,700	4.8%
Total Private	2,620,100	2,601,200	2,481,500	18,900	0.7%	138,600	5.6%
Goods Producing	483,700	484,700	503,400	-1,000	-0.2%	-19,700	-3.9%
..Mining and Logging	69,800	69,500	67,700	300	0.4%	2,100	3.1%
...Oil and Gas Extraction	34,600	34,400	34,300	200	0.6%	300	0.9%
...Support Activities for Mining	33,400	33,300	32,000	100	0.3%	1,400	4.4%
..Construction	206,900	207,500	215,500	-600	-0.3%	-8,600	-4.0%
..Construction of Buildings	46,000	45,700	48,000	300	0.7%	-2,000	-4.2%
..Heavy and Civil Engineering Construction	53,700	53,900	58,700	-200	-0.4%	-5,000	-8.5%
..Specialty Trade Contractors	107,200	107,900	108,800	-700	-0.6%	-1,600	-1.5%
..Manufacturing	207,000	207,700	220,200	-700	-0.3%	-13,200	-6.0%
..Durable Goods	126,100	127,400	139,000	-1,300	-1.0%	-12,900	-9.3%
...Fabricated Metal Product Manufacturing	40,300	40,900	48,600	-600	-1.5%	-8,300	-17.1%
...Machinery Manufacturing	38,300	38,500	42,700	-200	-0.5%	-4,400	-10.3%
....Agriculture, Construction, and Mining Machinery Mfg.	19,800	20,000	24,500	-200	-1.0%	-4,700	-19.2%
...Computer and Electronic Product Manufacturing	12,800	12,800	13,500	0	0.0%	-700	-5.2%
..Non-Durable Goods	80,900	80,300	81,200	600	0.7%	-300	-0.4%
...Petroleum and Coal Products Manufacturing	8,700	8,700	8,500	0	0.0%	200	2.4%
...Chemical Manufacturing	38,700	38,700	39,600	0	0.0%	-900	-2.3%
Service Providing	2,554,000	2,533,300	2,394,600	20,700	0.8%	159,400	6.7%
..Private Service Providing	2,136,400	2,116,500	1,978,100	19,900	0.9%	158,300	8.0%
..Trade, Transportation, and Utilities	624,200	623,100	587,700	1,100	0.2%	36,500	6.2%
...Wholesale Trade	164,300	161,000	161,300	3,300	2.0%	3,000	1.9%
....Merchant Wholesalers, Durable Goods	100,900	98,400	99,900	2,500	2.5%	1,000	1.0%
.....Prof. and Commercial Equip. Supplies Wholesalers	16,700	16,700	17,300	0	0.0%	-600	-3.5%
....Merchant Wholesalers, Nondurable Goods	51,900	51,200	50,500	700	1.4%	1,400	2.8%
...Retail Trade	292,800	294,700	272,500	-1,900	-0.6%	20,300	7.4%
....Motor Vehicle and Parts Dealers	41,300	41,300	37,900	0	0.0%	3,400	9.0%
....Bldg. Material and Garden Equip. and Supplies Dealers	24,500	24,500	23,800	0	0.0%	700	2.9%
....Food and Beverage Stores	69,900	69,600	69,200	300	0.4%	700	1.0%
....Health and Personal Care Stores	18,500	18,600	16,400	-100	-0.5%	2,100	12.8%
....Clothing and Clothing Accessories Stores	23,800	23,500	15,500	300	1.3%	8,300	53.5%
....General Merchandise Stores	56,300	55,900	53,000	400	0.7%	3,300	6.2%
.....Department Stores	15,900	15,800	13,000	100	0.6%	2,900	22.3%
.....Other General Merchandise Stores	40,400	40,100	40,000	300	0.7%	400	1.0%
...Transportation, Warehousing, and Utilities	167,100	167,400	153,900	-300	-0.2%	13,200	8.6%
....Utilities	17,200	17,200	17,000	0	0.0%	200	1.2%
.....Air Transportation	18,500	18,500	19,800	0	0.0%	-1,300	-6.6%
.....Truck Transportation	26,900	26,800	26,200	100	0.4%	700	2.7%
.....Pipeline Transportation	11,400	11,400	12,300	0	0.0%	-900	-7.3%
..Information	28,500	28,500	28,400	0	0.0%	100	0.4%
...Telecommunications	12,500	12,600	13,100	-100	-0.8%	-600	-4.6%
..Financial Activities	163,700	162,500	161,900	1,200	0.7%	1,800	1.1%
...Finance and Insurance	104,500	104,600	103,500	-100	-0.1%	1,000	1.0%
....Credit Intermediation and Related Activities	43,100	43,500	43,800	-400	-0.9%	-700	-1.6%
.....Depository Credit Intermediation	28,400	28,600	29,700	-200	-0.7%	-1,300	-4.4%
....Securities, Commodity Contracts, and Fin. Investments	20,500	20,400	20,400	100	0.5%	100	0.5%
....Insurance Carriers and Related Activities	40,900	40,700	39,300	200	0.5%	1,600	4.1%
...Real Estate and Rental and Leasing	59,200	57,900	58,400	1,300	2.2%	800	1.4%
..Professional and Business Services	493,400	490,800	474,000	2,600	0.5%	19,400	4.1%
...Professional, Scientific, and Technical Services	239,300	240,800	232,200	-1,500	-0.6%	7,100	3.1%
....Legal Services	28,100	27,900	27,400	200	0.7%	700	2.6%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	23,900	25,600	24,000	-1,700	-6.6%	-100	-0.4%
....Architectural, Engineering, and Related Services	66,000	66,400	69,100	-400	-0.6%	-3,100	-4.5%
....Computer Systems Design and Related Services	34,400	34,600	33,600	-200	-0.6%	800	2.4%
...Management of Companies and Enterprises	45,000	44,900	44,800	100	0.2%	200	0.4%
...Admin. and Support and Waste Mgmt. and Remediation	209,100	205,100	197,000	4,000	2.0%	12,100	6.1%
....Administrative and Support Services	196,000	192,100	185,500	3,900	2.0%	10,500	5.7%
.....Employment Services	73,200	67,900	64,800	5,300	7.8%	8,400	13.0%
.....Services to Buildings and Dwellings	53,800	52,600	49,300	1,200	2.3%	4,500	9.1%
..Educational and Health Services	402,600	396,800	384,200	5,800	1.5%	18,400	4.8%
...Educational Services	63,900	63,400	58,800	500	0.8%	5,100	8.7%
...Health Care and Social Assistance	338,700	333,400	325,400	5,300	1.6%	13,300	4.1%
....Ambulatory Health Care Services	169,200	165,600	158,700	3,600	2.2%	10,500	6.6%
....Hospitals	88,300	88,000	87,000	300	0.3%	1,300	1.5%
..Leisure and Hospitality	312,700	305,200	248,700	7,500	2.5%	64,000	25.7%
...Arts, Entertainment, and Recreation	31,200	28,400	21,600	2,800	9.9%	9,600	44.4%
...Accommodation and Food Services	281,500	276,800	227,100	4,700	1.7%	54,400	24.0%
....Accommodation	22,000	21,500	18,200	500	2.3%	3,800	20.9%
....Food Services and Drinking Places	259,500	255,300	208,900	4,200	1.6%	50,600	24.2%
..Other Services	111,300	109,600	93,200	1,700	1.6%	18,100	19.4%
Government	417,600	416,800	416,500	800	0.2%	1,100	0.3%
..Federal Government	30,700	30,800	30,600	-100	-0.3%	100	0.3%
..State Government	91,800	91,600	92,100	200	0.2%	-300	-0.3%
...State Government Educational Services	53,300	53,300	53,000	0	0.0%	300	0.6%
..Local Government	295,100	294,400	293,800	700	0.2%	1,300	0.4%
...Local Government Educational Services	198,600	198,200	201,400	400	0.2%	-2,800	-1.4%