

Houston Area Employment Situation

May 2022

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

Houston's Job Market Finds Itself 30,000 Feet above Sea Level Once Again

Total Nonfarm

Over-the-month Change

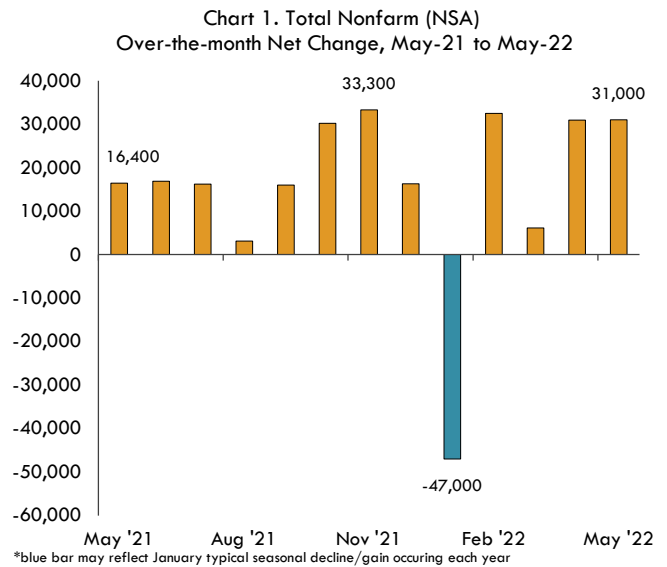
Houston MSA Total Nonfarm employment stood at 3,230,500 in May, up 31,000 jobs over the month, or 1.0 percent on a not-seasonally-adjusted basis (see Chart 1). A year ago Houston registered an over-the-month increase of 16,400 jobs. This was the largest May gain since 2020 and the second-largest gain historically for the month of May since records began in 1990. Prior to the pandemic, historically in the month of May, Total Nonfarm has on average added 12,600 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; Construction; and Professional and Business Services. Gains were also recorded in Trade, Transportation, and Utilities; Other Services; and Financial Activities. The net increase in jobs over the month was partially offset by losses in Mining and Logging; Education and Health Services; and Government. (see Chart 2). Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,218,900, up 15,600 jobs over the month, or 0.5 percent vs. a historical average of 4,000. This was the largest May gain since 2020 and the second-largest gain historically for the month of May since records began in 1990. This May marks 15 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 May**
- Leisure and Hospitality: 13,100
 - Construction: 9,200
 - Professional and Business Services: 7,500

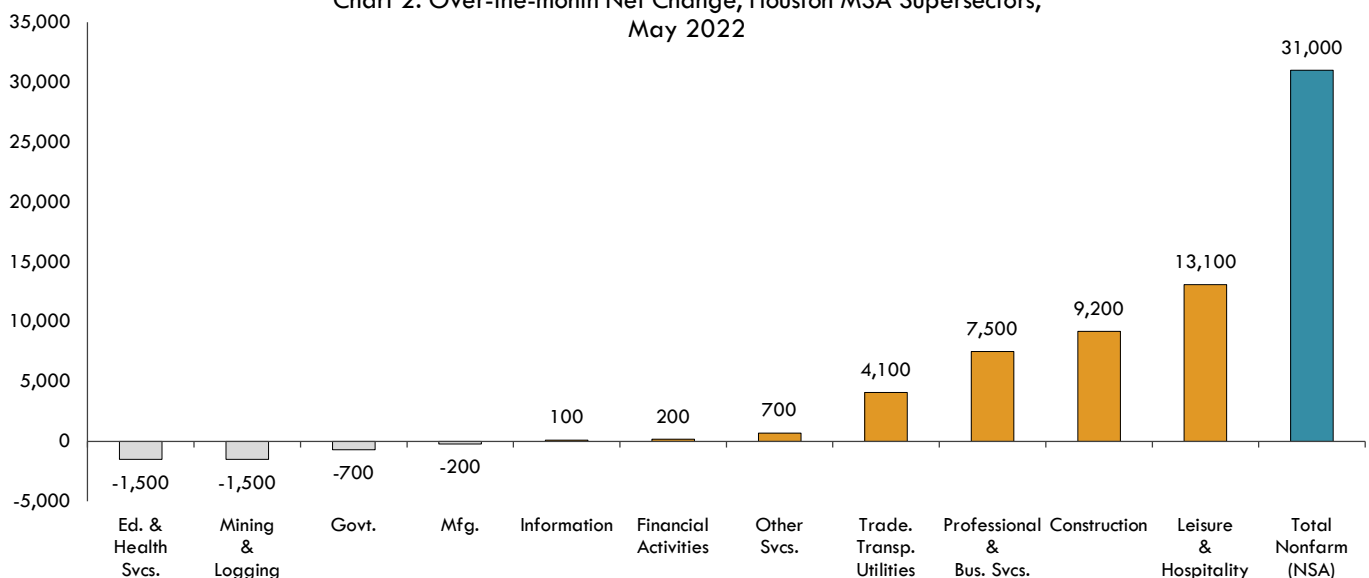
Over-the-year Change

Over the year, Total Nonfarm employment was up 185,500 or 6.1 percent on a not-seasonally-adjusted basis and up 183,000 or 6.0 percent on a seasonally-adjusted basis (see NSA Chart 3). To compare, May 2021 saw a year-over-year gain of 148,100 jobs (NSA) from May 2020. This was the largest-ever over-the-year gain in May and the second-largest gain on record. Currently all 11 sectors show growth year over year of which the top-three are Trade, Transportation, and



Utilities (42,700); Leisure and Hospitality (36,100); and Construction (23,800) (see Chart 4). Total Nonfarm employment not-seasonally-adjusted now exceeds its February 2020 pre-pandemic level of 3,192,200 jobs by 38,300, or 1.2 percent (18,700 jobs, 0.6 percent above 3,200,200 seasonally adjusted).

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



Previous Month's Revisions

Total Nonfarm employment was revised upward by 1,200 jobs for a March to April larger net gain of 30,900 compared to an original estimate of 29,700 jobs. An upward revision of +1,400 jobs in Manufacturing was the largest contributor followed by Trade, Transportation, and Utilities (+1,200) and Other Services (+600). Downward revisions in Professional and Business Services (-1,600), Financial Activities (-600), and Mining and Logging (-100) provided a partial offset of the overall upward revision to Total Nonfarm employment (see Chart 5).

- Top-3 Drivers of Over-the-year Job Growth in May**
- Trade, Transportation, and Utilities: 42,700
 - Leisure and Hospitality: 36,100
 - Construction: 23,800

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

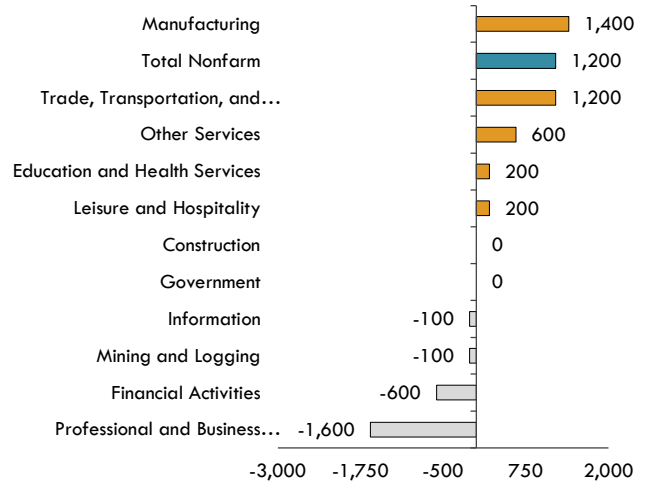


Chart 3. Total Nonfarm (NSA)
Over-the-year Net Change, May-07 to May-22

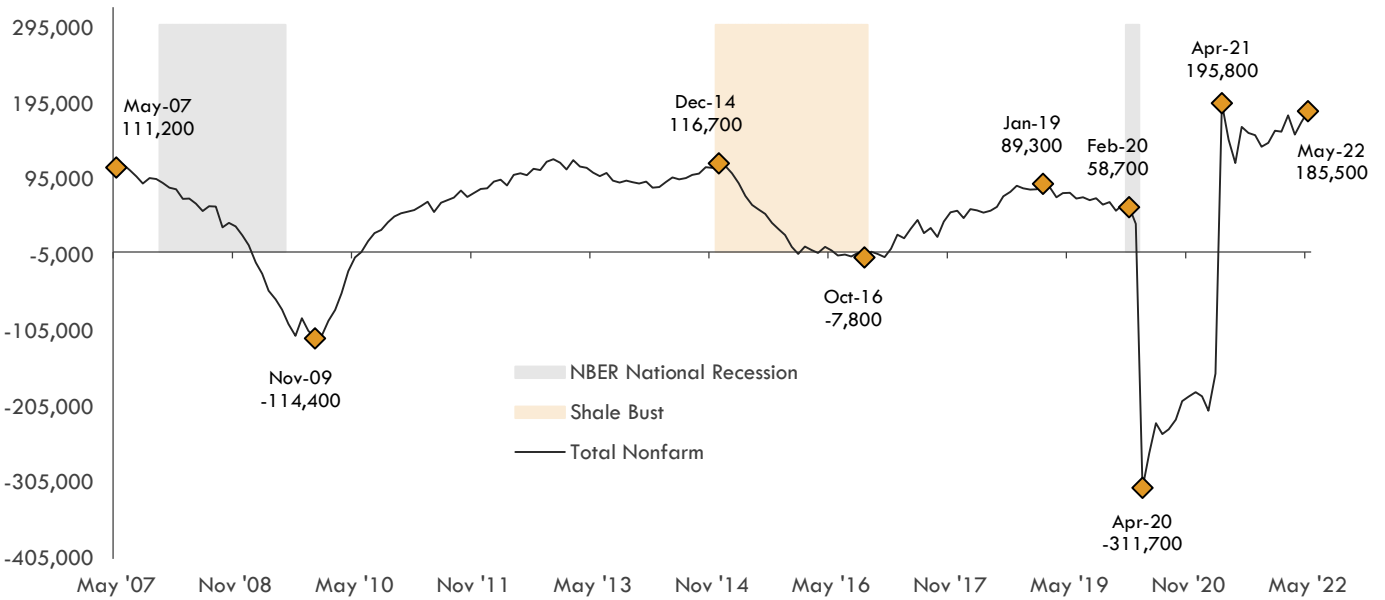
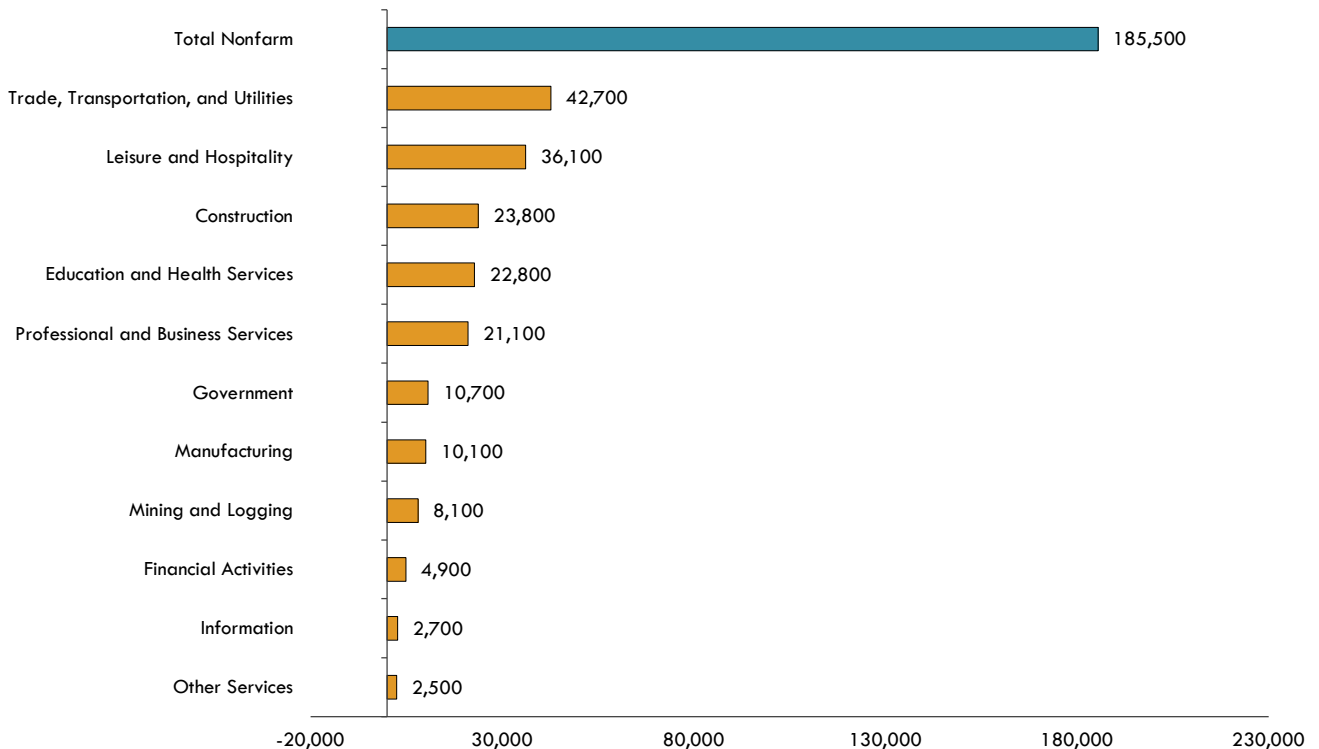


Chart 4. Over-the-year Net Change, Houston MSA Supersectors,
May 2021 to May 2022



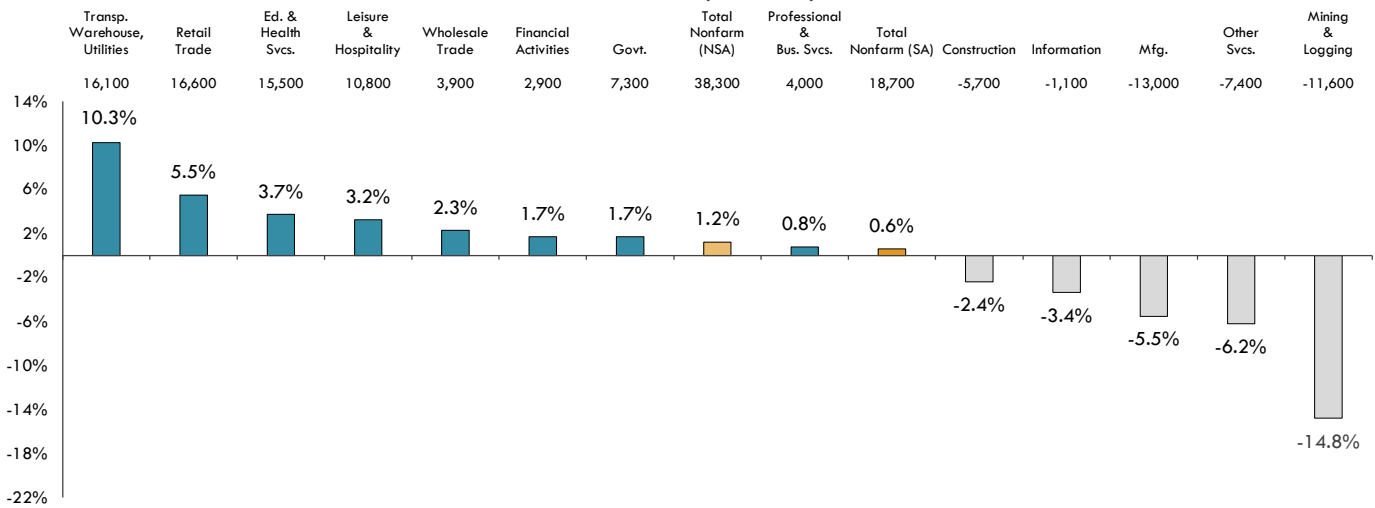
Supplemental Commentary

Over-the-month, according to data released by the Texas Workforce Commission, the Houston area added an astonishing 31,000 jobs in May (NSA) or 15,600 (SA). Both are technically the second-largest May increases on record. However if we discount May 2020's gains due the rebound effect following April 2020's global economic shutdown, this May now stands as the best May on record. Three of the last four months have seen over-the-month job growth in excess of 30,000 (NSA) and 15,000 (SA), a phenomenon absent from even the height of the Shale Boom between 2012 and 2014. On one hand, given the extreme disruption to the labor market in 2020 coupled with Houston's lagging recovery relative to the state and the U.S., record-breaking job growth at this stage isn't beyond the realm of possibility. Yet rather than 'mean reversion' in the form of a gradual return to normal growth rates, we find ourselves continuing to search for new and different superlatives to describe the latest developments two and a half years into the pandemic. Leaving aside the perennial issues with the monthly job numbers, the bigger concern is that the Houston area finds itself in an economic environment of high oil prices (great for industry), high gasoline prices (bad for consumers) but without the attendant job growth in upstream oil and gas and subsequent ripple effects that it became accustomed to during the Shale Boom. This leaves the relatively lower wage service sector to continue doing the heavy lifting in terms of propelling the recovery much as it did throughout 2021. From there the concern centers around an increasingly aggressive response to inflation via interest rate hikes potentially attenuating the recovery before upstream oil and gas has a chance to fully participate. Ultimately with May's numbers, Houston's economy finds itself at a crossroads. Thirty-thousand jobs a month isn't sustainable assuming the numbers are accurate in the first place. If we're seeing middle-of-the-road job growth six to twelve months from now, we'll likely consider it to be a victory.

Below are other miscellaneous observations about May's jobs report:

- Total Nonfarm Employment remains above 3.2 million in May cementing the region's recovery back to February 2020 levels at the topline. However five individual sectors have yet to achieve this milestone with Mining and Logging's losses in May leaving it nearly 15 percent below its pre-pandemic peak and hence the poorest performing sector based on this measure. See Supplement Chart 1 below and the April 2022 jobs report Supplemental Commentary for a discussion on the notion of a "full recovery."

Supplemental Chart 1. Houston MSA Current Employment Levels as of May 2022
Relative to February 2020 by Sector



- While Leisure and Hospitality lead the charge in May with 13,100 jobs added over the month, it was Construction that saw an all-time record-breaking surge of 9,200 jobs gained in a single month. Some improvement in this sector is long overdue however rising interest rates are likely slow growth in the latter half of this year and early 2023 assuming that data revisions don't lower estimates down the road.
- Initial claims for unemployment insurance across the 13-County Gulf Coast Region have seen modest consecutive increases since the beginning of May. However given the not-seasonally-adjusted nature of the data and week to week volatility, there's no reason to assume a noteworthy inflection point in the labor market at this stage.
- Based on a pre-pandemic average of approximately 137,000 unemployed people across the region each month, May's 167,000 jobseekers suggests that less than 20 percent of those who are currently unemployed remain unemployed due to the disruptive effects of the pandemic with remaining 80 percent unemployed due to structural reasons such as long-term shifts in the economy that pre-date the pandemic or short-term frictional reasons such as voluntary separations, relocations, etc. During peak unemployment in April 2020, roughly 70 percent of those who were unemployed, were unemployed due to the pandemic with the remaining 30 percent unemployed due to aforementioned structural or frictional reasons.

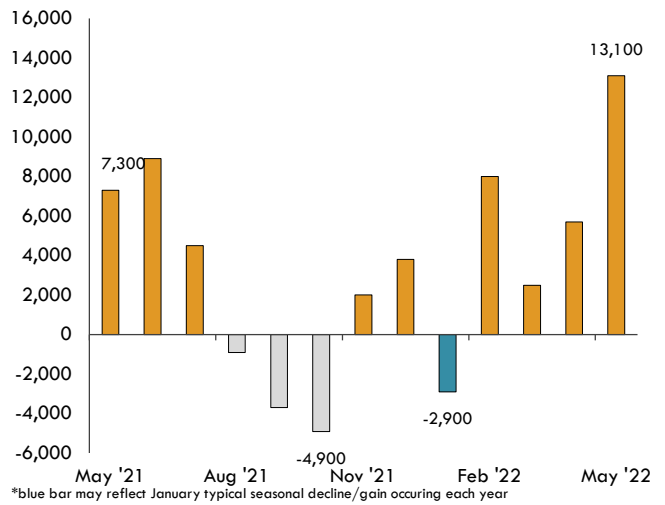
GAINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality was the largest gaining sector over the month up 13,100 jobs, or 3.9 percent (see Chart 6). This was the largest May gain since 2020 and the second-largest gain historically for the month of May since records began in 1990. Furthermore, this May stands as the third-largest over-the-month increase of any month in the past three decades. 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. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 9,300 jobs over the month. The second-largest contributor was Arts, Entertainment, and Recreation, which added 3,800 jobs from April to May.

Chart 6. Leisure and Hospitality (NSA)
Over-the-month Net Change, May-21 to May-22

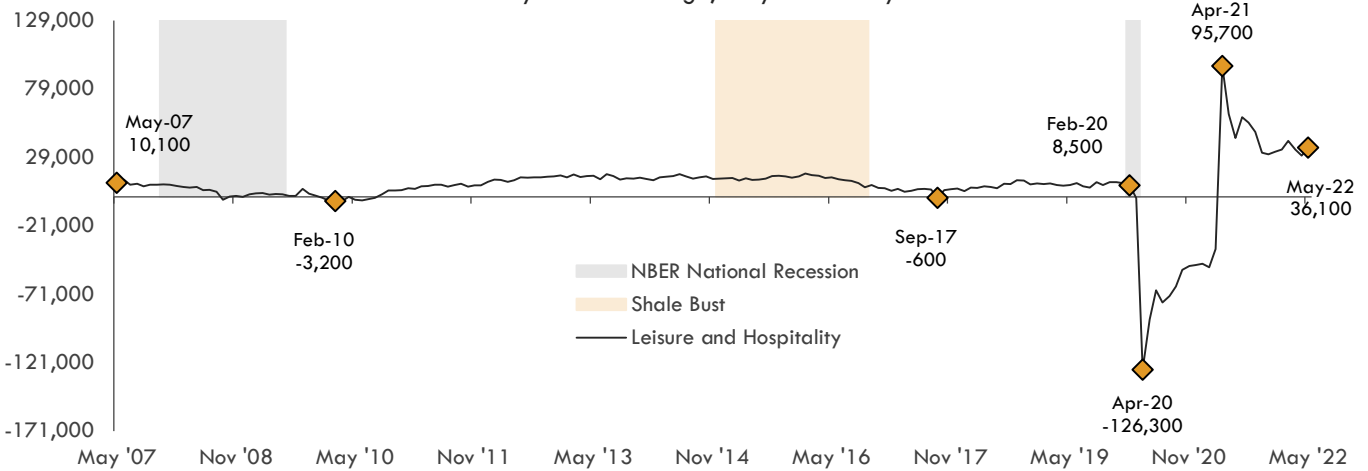


Over-the-year Change

Year over year, Leisure and Hospitality was up 36,100 jobs, or 11.7 percent (see Chart 7). This was the second-largest over-the-year gain in the month of May since records began in 1990 and the largest gain since February 2022's increase of 40,900 jobs. It also marks 14 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. Furthermore, 19.5 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 30,100 jobs over the year. The second-largest contributor was Arts, Entertainment, and Recreation, which added 6,000 jobs from May a year ago. Total Leisure and Hospitality employment (NSA) now exceeds its February 2020 pre-pandemic level of 334,500 jobs by 10,800, or 3.2 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 10.2 percent to 10.7 percent over the past year.

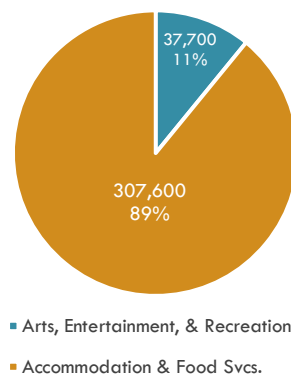
Chart 7. Leisure and Hospitality (NSA)
Over-the-year Net Change, May-07 to May-22



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. NOTE: movie theaters are classified under the Information sector rather than Leisure and Hospitality. Of the two main component industries, Accommodation and Food Services accounts for the majority of the sector's employment at 89 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 2022

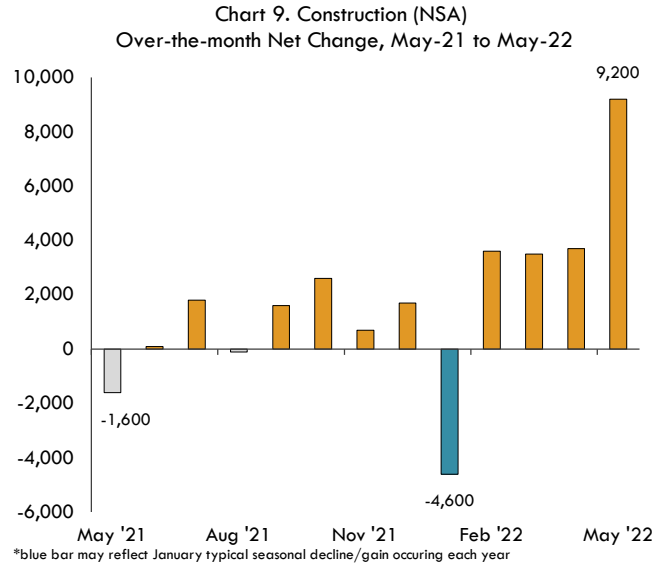


GAINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction was the second-largest gaining sector over the month up 9,200 jobs, or 4.1 percent (see Chart 9). This was the largest-ever gain in the month of May since records began in 1990, beating the previous May record of 6,100 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 May, Construction has added an average of 1,300 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Specialty Trade Contractors was the largest contributor to the overall sector's increase, up 6,600 jobs over the month. The second-largest contributor was Heavy and Civil Engineering Construction, which added 2,100 jobs from April to May. Lastly, Construction of Buildings contributed, 500 jobs. Construction employment saw no revision from March to April leaving the previous month's original increase of 3,700 intact.

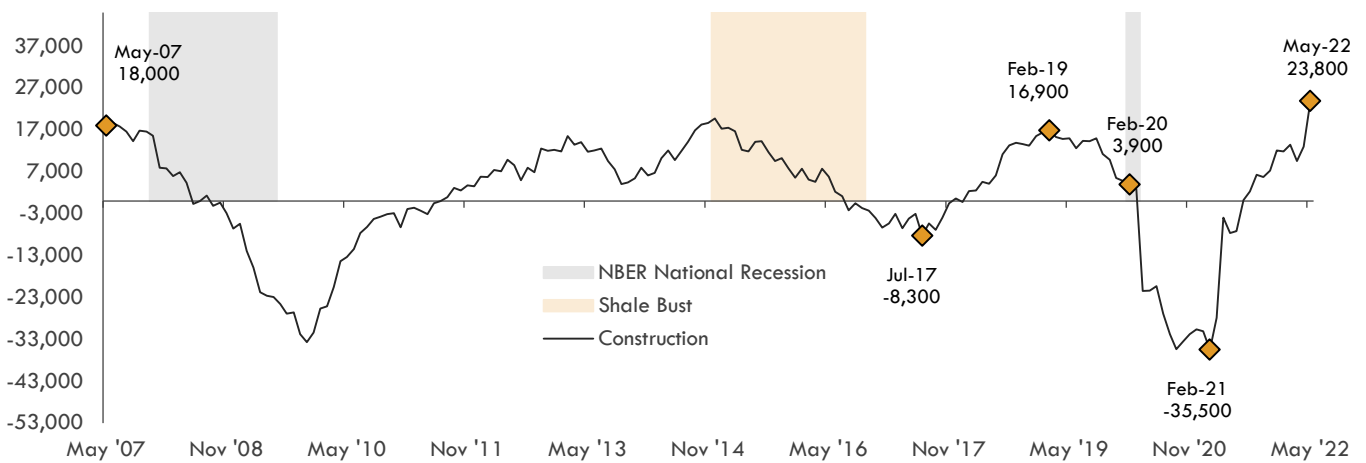


Over-the-year Change

Year over year, Construction was up 23,800 jobs, or 11.4 percent (see Chart 10). This was the largest-ever over-the-year gain in May or any other month since records began, beating the previous record of 19,700 jobs added in December 2014. It also marks 11 consecutive months of over-the-year gains. Among sectors currently showing growth, this sector is the third-fastest growing in percentage terms across the Houston area. Specialty Trade Contractors was the largest contributor to the overall sector's increase, up 12,500 jobs over the year. The second-largest contributor was Construction of Buildings, which added

5,700 jobs from May a year ago. Lastly, Heavy and Civil Engineering Construction contributed, 5,600 jobs. Total Construction employment (NSA) remains -5,700 jobs, or -2.4 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 risen from 6.8 percent to 7.2 percent over the past year.

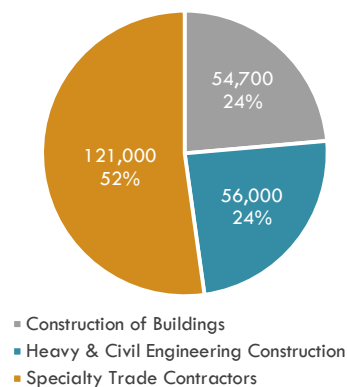
Chart 10. Construction (NSA)
Over-the-year Net Change, May-'07 to May-'22



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 11). Across the Houston MSA, the concentration of jobs in the overall Construction sector is 41 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 11. Employment in Component Industries of Construction Sector - May 2022



GAINING INDUSTRY HIGHLIGHTS

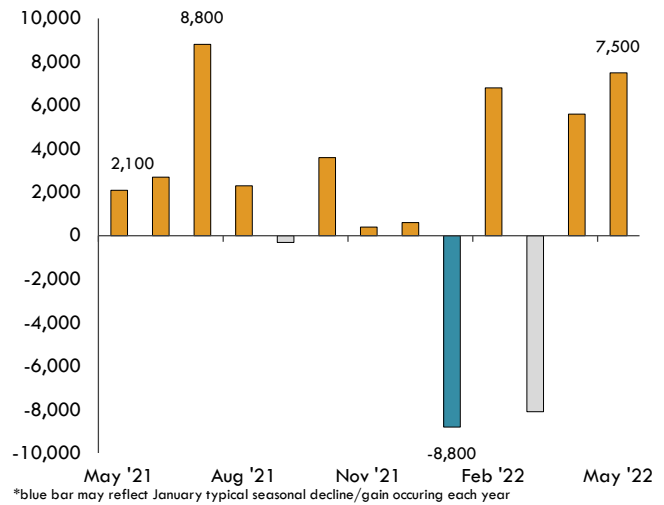
Professional and Business Services

Over-the-month Change

Professional and Business Services was the third-largest gaining sector over the month up 7,500 jobs, or 1.5 percent (see Chart 12). This was the largest-ever gain in the month of May since records began in 1990, beating the previous May record of 3,900 jobs in 1997. 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 7,300 jobs over the month. The second-largest contributor was Management of Companies and Enterprises, which added 400 jobs from April to May. Lastly, Professional, Scientific, and Technical Services offset a portion of the sector's gains with a loss of -200 jobs. Professional and Business

Services employment was revised downward by -1,600 jobs for

Chart 12. Professional and Business Services (NSA)
Over-the-month Net Change, May-21 to May-22

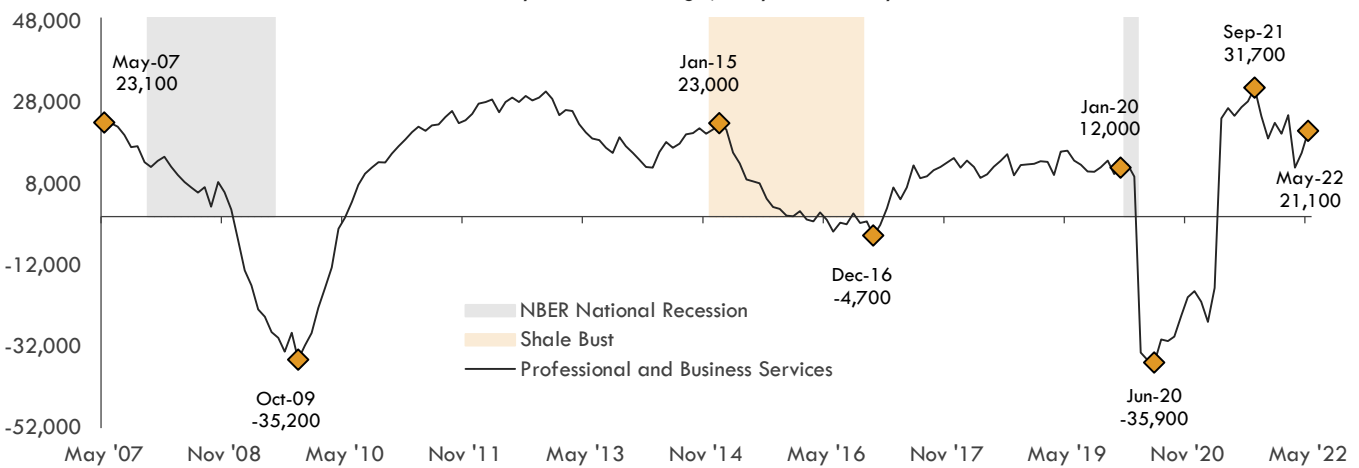


Over-the-year Change

Year over year, Professional and Business Services was up 21,100 jobs, or 4.2 percent (see Chart 13). This was the largest over-the-year gain since February 2022's increase of 24,900 jobs. It also marks 14 consecutive months of over-the-year gains. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's increase, up 11,100 jobs over the year. The second-largest contributor was Professional, Scientific, and Technical Services, which added 8,800 jobs from May a year ago. Lastly, Management of Companies and Enterprises contributed, 1,200

jobs. Total Professional and Business Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 514,700 jobs by 4,000, or 0.8 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 16.3 percent to 16.1 percent over the past year.

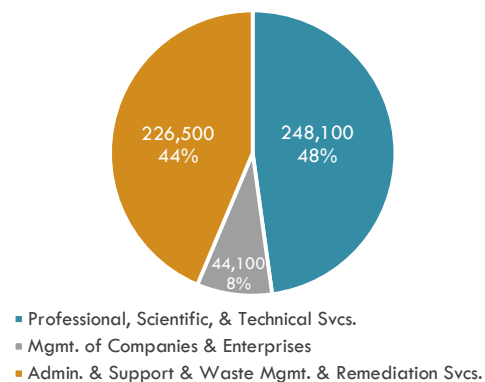
Chart 13. Professional and Business Services (NSA)
Over-the-year Net Change, May-07 to May-22



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 14). Across the Houston MSA, the concentration of jobs in the overall sector is 10 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 14. Employment in Component Industries of Professional and Business Services Sector - May 2022

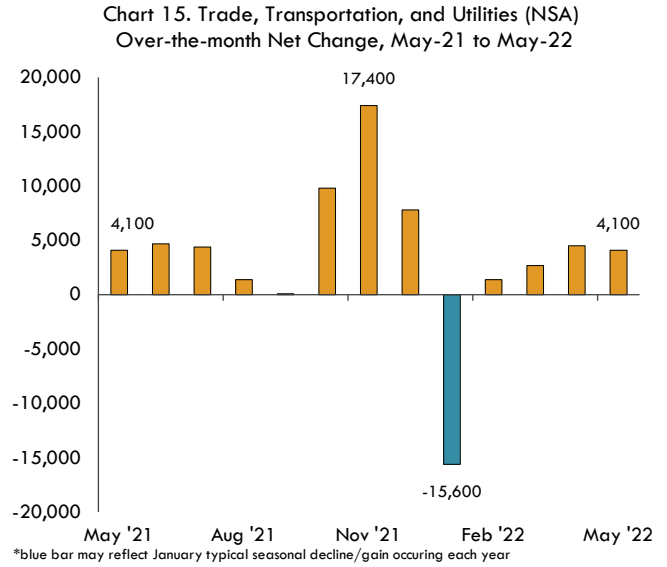


GAINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities also saw an increase over the month up 4,100 jobs, or 0.6 percent (see Chart 15). This May tied with 2021 and 1998 for the third-largest ever gain in the month of May since records began in 1990. 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 above the long-term average. Wholesale Trade was the largest contributor to the overall sector's increase, up 2,900 jobs over the month. The second-largest contributor was Transportation, Warehousing, and Utilities, which added 2,200 jobs from April to May. Lastly, Retail Trade offset a portion of the sector's gains with a loss of -1,000 jobs. Trade, Transportation, and Utilities employment was revised upward by 1,200 jobs for a March to April larger net gain of 4,500 compared to an original estimate of 3,300 jobs.

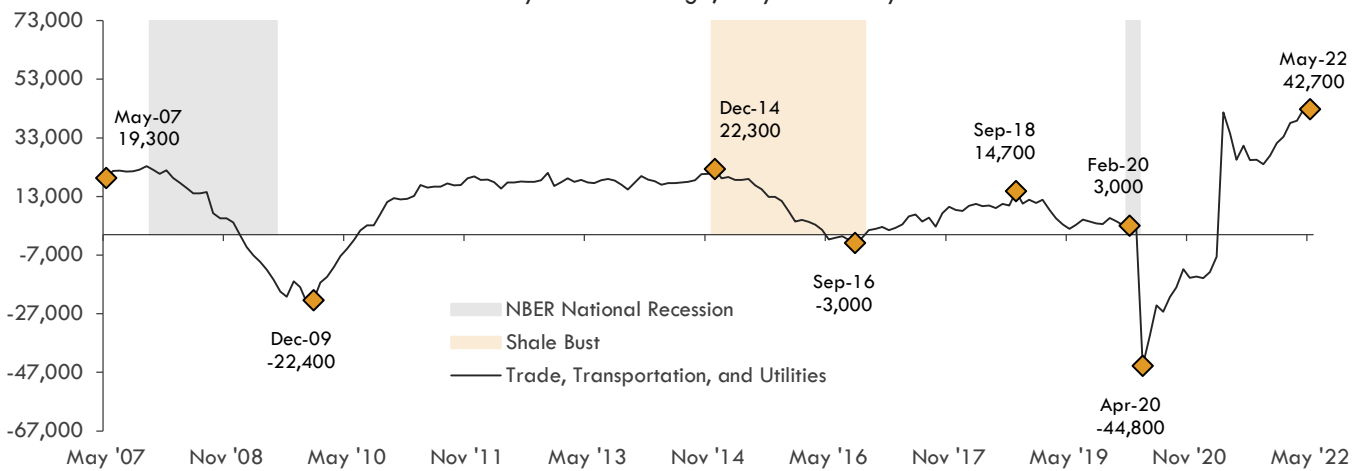


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 42,700 jobs, or 6.9 percent (see Chart 16). This May tied with April 2022 for largest over-the-year gain on record. It also marks 14 consecutive months of over-the-year gains. Furthermore, 23.0 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 16,300 jobs over the year. The second-largest contributor was Wholesale Trade, which added 13,700 jobs from May a year ago. Lastly, Transportation, Warehousing,

and Utilities contributed, 12,700 jobs. Total Trade, Transportation, and Utilities employment (NSA) now exceeds its February 2020 pre-pandemic level of 628,900 jobs by 36,600, or 5.8 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 20.5 percent to 20.6 percent over the past year.

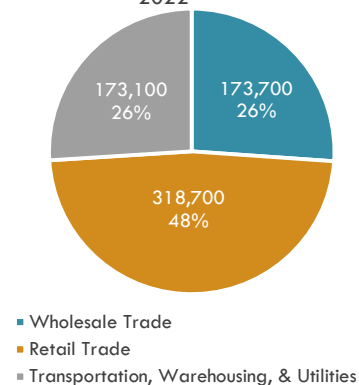
Chart 16. Trade, Transportation, and Utilities (NSA)
Over-the-year Net Change, May-07 to May-22



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 48 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 39-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 - May 2022

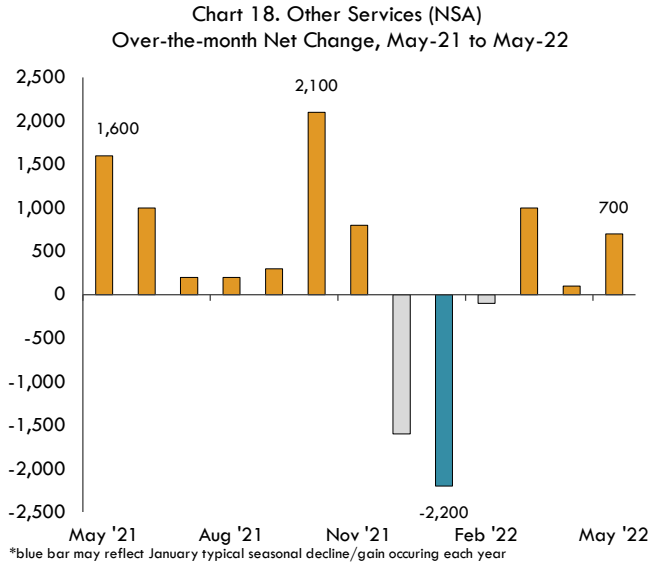


GAINING INDUSTRY HIGHLIGHTS

Other Services

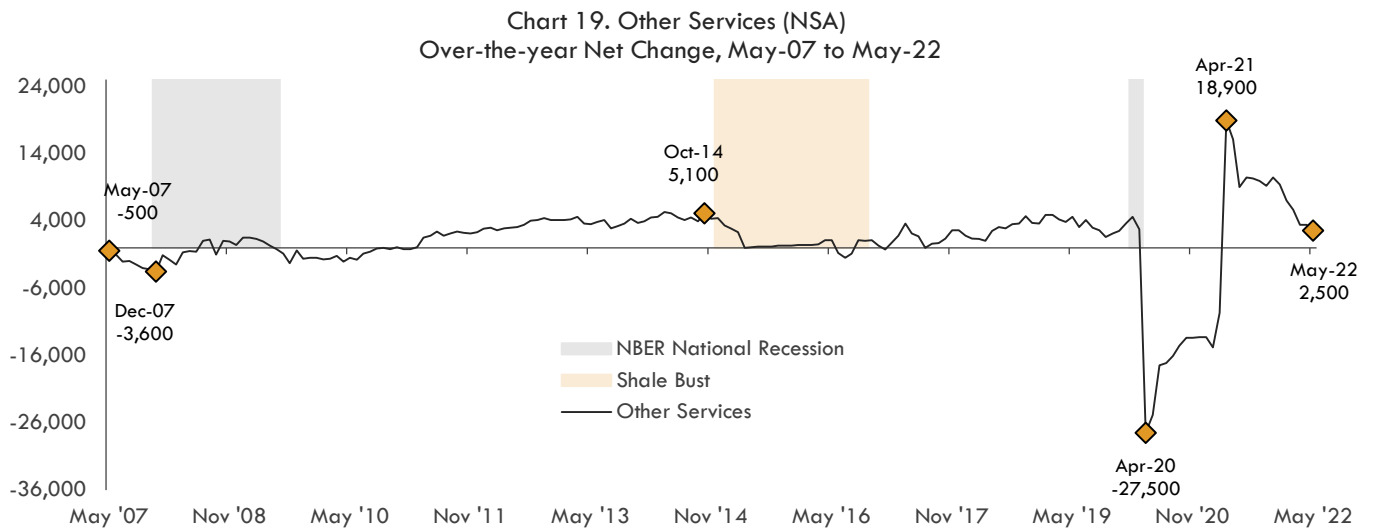
Over-the-month Change

Other Services also saw an increase over the month up 700 jobs, or 0.6 percent (see Chart 18). 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 slightly 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 upward by 600 jobs for a March to April complete erasure of losses resulting in a net gain of 100 compared to an original estimate of -500 jobs.



Over-the-year Change

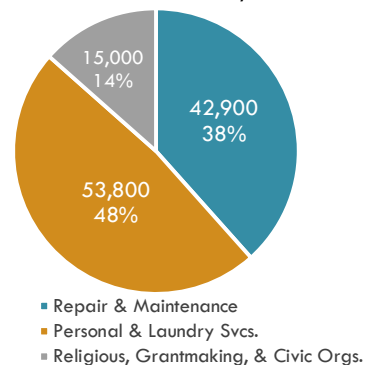
Year over year, Other Services was up 2,500 jobs, or 2.3 percent (see Chart 19). This May also marks 14 consecutive months of over-the-year gains. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Total Other Services employment (NSA) remains - 7,400 jobs, or -6.2 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 fallen from 3.6 percent to 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 20). Across the Houston MSA, the concentration of jobs in the overall Other Services sector is 8 percent less than the national average.

Chart 20. Employment in Component Industries of Other Services Sector - May 2022



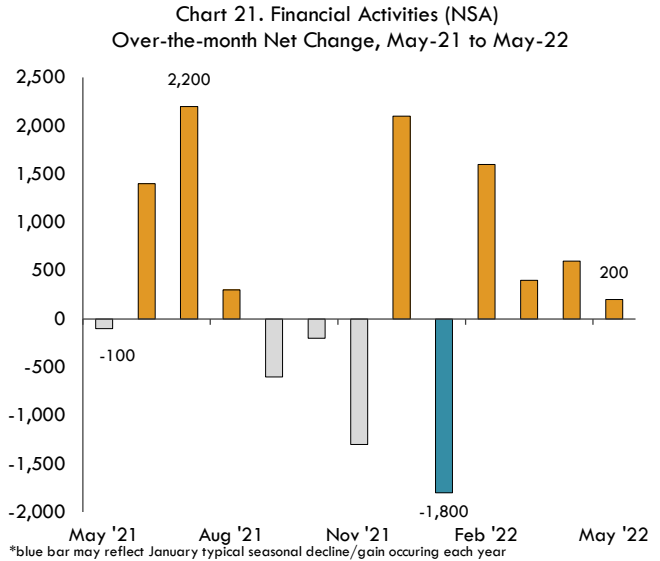
*estimated proportions based QCEW covered and NES self-employment

GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities also saw an increase over the month up 200 jobs, or 0.1 percent (see Chart 21). This was the largest May over-the-month gain in since 2020. 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 slightly below the long-term average. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 500 jobs over the month. One component industry that provided a partial offset was Finance and Insurance, which lost 300 jobs from April to May. Financial Activities employment was revised downward by -600 jobs for a March to April smaller net gain of 600 compared to an original estimate of 1,200 jobs.

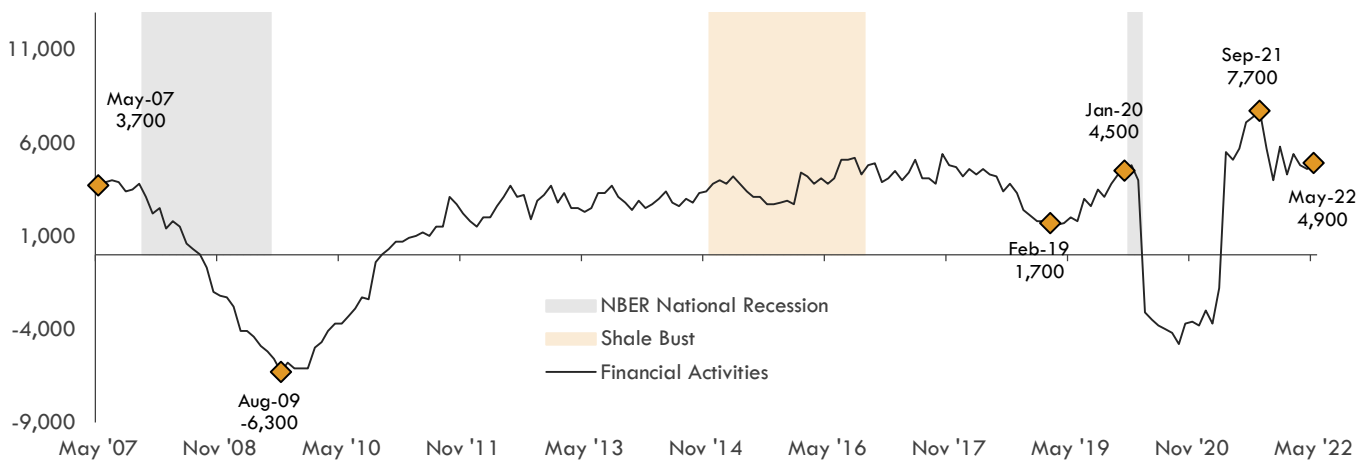


Over-the-year Change

Year over year, Financial Activities was up 4,900 jobs, or 2.9 percent (see Chart 22). This was the largest over-the-year gain since February 2022's increase of 5,400 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 3,300 jobs over the year. The second-largest contributor was Real Estate and Rental and Leasing, which added 1,600 jobs from May a year ago. Total Financial Activities employment (NSA) now exceeds its February 2020 pre-pandemic level of 169,200 jobs by 2,900, or 1.7 percent. At the same time, the

sector's share of Houston area Total Nonfarm Employment has fallen from 5.5 percent to 5.3 percent over the past year.

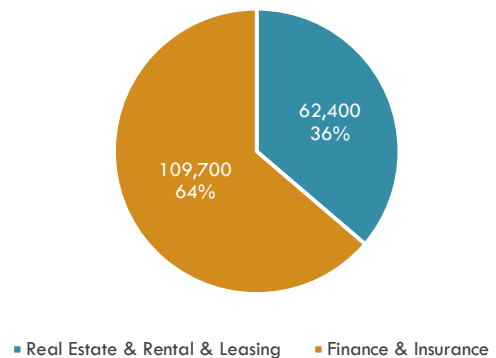
Chart 22. Financial Activities (NSA)
Over-the-year Net Change, May-07 to May-22



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 64 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 21-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 - May 2022

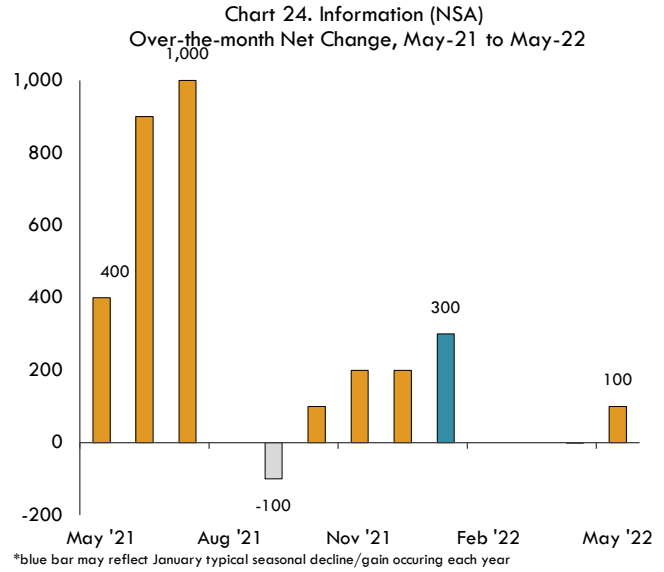


GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information also saw an increase over the month up 100 jobs, or 0.3 percent (see Chart 24). Historically in the month of May, Information has added an average of 100 jobs over the month, which indicates that this month's gains are on par with the long-term average. Other Information Undefined was the largest contributor to the overall sector's increase, up 100 jobs over the month. One component industry, Telecommunications, saw no change from April to May. Information 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.

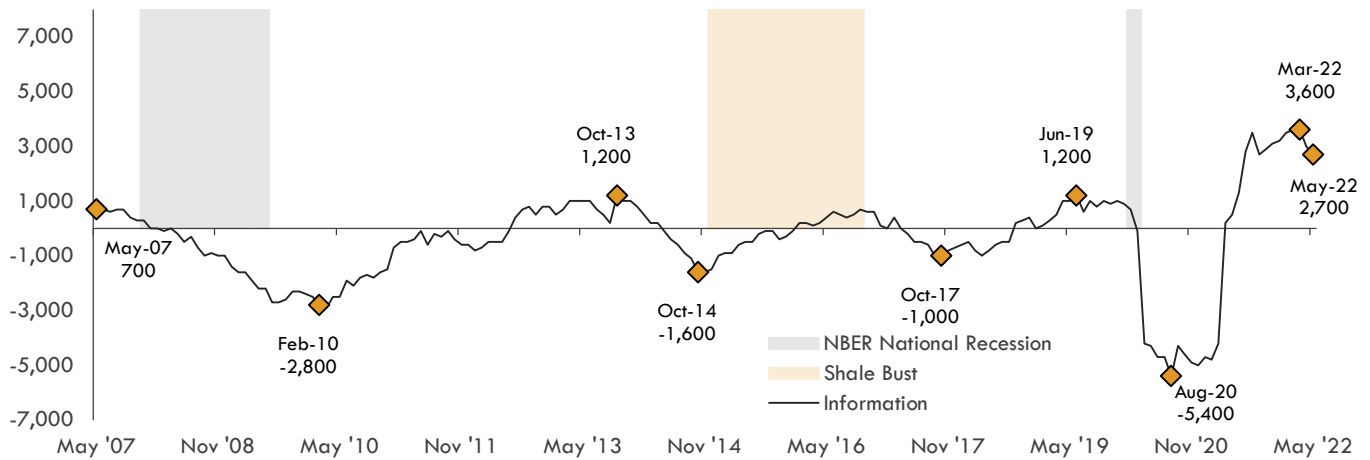


Over-the-year Change

Year over year, Information was up 2,700 jobs, or 9.3 percent (see Chart 25). This was the third-largest over-the-year gain in May since records began in 1990. It also marks 14 consecutive months of over-the-year gains. Other Information Undefined was the largest contributor to the overall sector's increase, up 2,600 jobs over the year. The second-largest contributor was Telecommunications, which added 100 jobs from May a year ago. Total Information employment (NSA) remains -1,100 jobs, or -3.4 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.

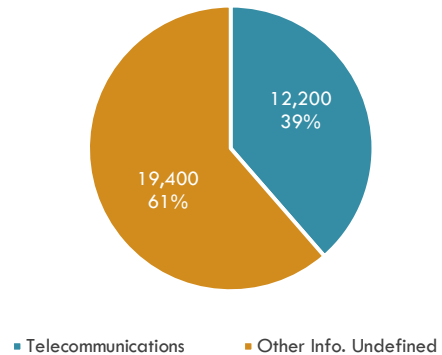
Chart 25. Information (NSA)
Over-the-year Net Change, May-07 to May-22



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 26). Across the Houston MSA, the concentration of jobs in the overall Information sector is 50 percent less than the national average.

Chart 26. Employment in Component Industries of Information Sector - May 2022



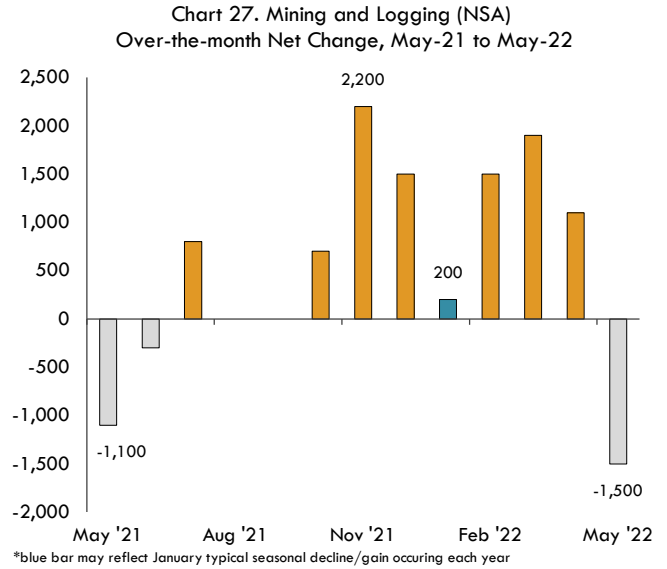
DECLINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging was the largest declining sector over the month down -1,500 jobs, or -2.2 (see Chart 27). This was the largest May over-the-month decline in since 2020. 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 losses are substantially in contrast to the long-term average gain. Support Activities for Mining was the largest contributor to the overall sector's decline, down -1,400 jobs over the month. The second-largest declining contributor was Oil and Gas Extraction, which lost -200 jobs from April to May. Lastly, Other Mining and Logging Undefined offset a portion of the sector's losses with a gain of 100 jobs. Mining

and Logging employment was revised downward by -100 jobs

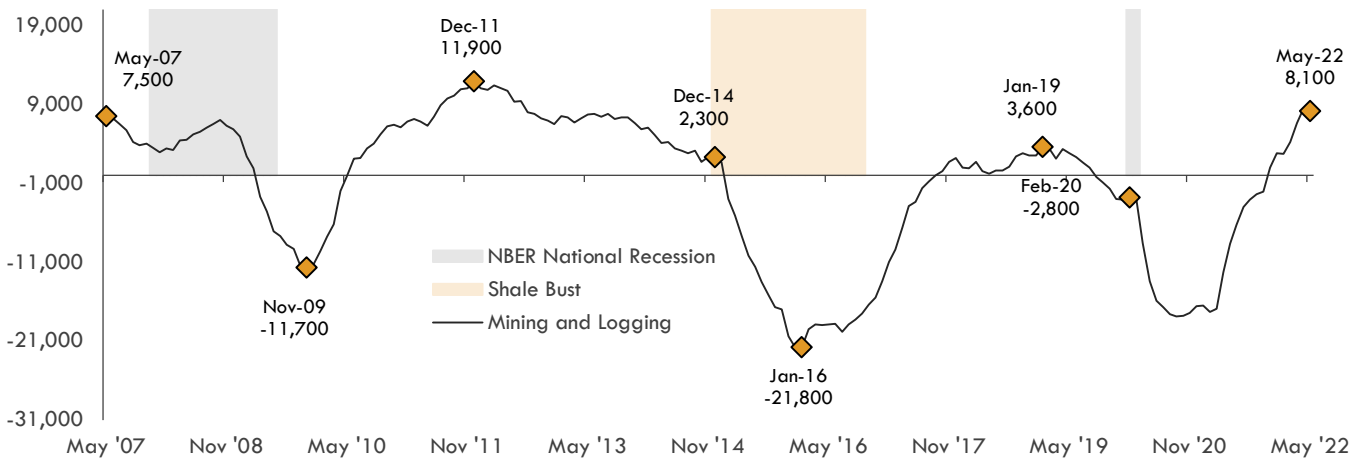


Over-the-year Change

Year over year, Mining and Logging was up 8,100 jobs, or 13.8 percent (see Chart 28). This was the second-largest over-the-year gain in the month of May since records began in 1990. It also marks seven 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. Support Activities for Mining was the largest contributor to the overall sector's increase, up 4,200 jobs over the year. The second-largest contributor was Oil and Gas Extraction, which added 3,300 jobs from May a year ago. Lastly, Other Mining and

Logging Undefined contributed, 600 jobs. Total Mining and Logging employment (NSA) remains -11,600 jobs, or -14.8 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 risen from 1.9 percent to 2.1 percent over the past year.

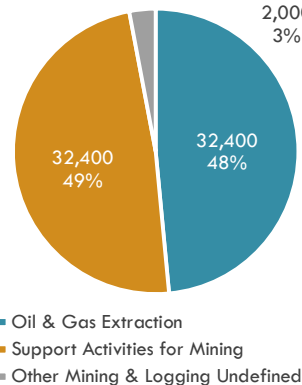
Chart 28. Mining and Logging (NSA)
Over-the-year Net Change, May-'07 to May-'22



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 5.1 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 2022



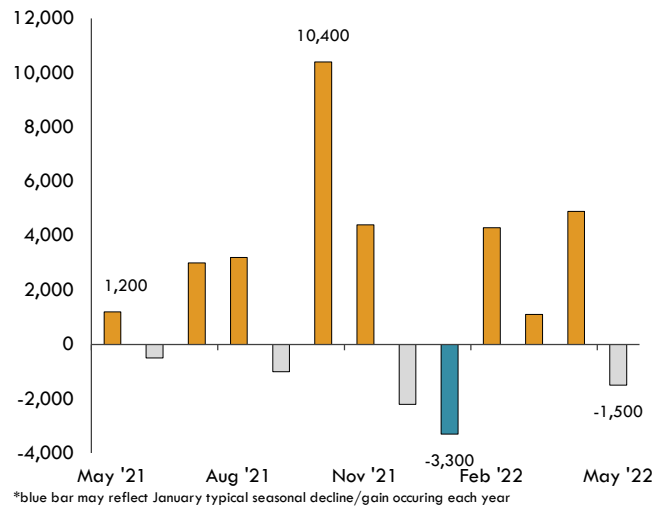
DECLINING INDUSTRY HIGHLIGHTS

Education and Health Services

Over-the-month Change

Education and Health Services was the second-largest declining sector over the month down -1,500 jobs, or -0.3 (see Chart 30). This was the largest-ever decline in the month of May since records began in 1990, beating the previous May record of -700 jobs lost in 1993. 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 losses are substantially in contrast to the long-term average gain. Health Care and Social Assistance was the largest contributor to the overall sector's decline, down -900 jobs over the month. The second-largest declining contributor was Educational Services, which lost -600 jobs from April to May. Education and Health Services employment was revised upward by 200 jobs for a March to April larger net gain of 4,900 compared to an original estimate of 4,700 jobs.

Chart 30. Education and Health Services (NSA)
Over-the-month Net Change, May-21 to May-22

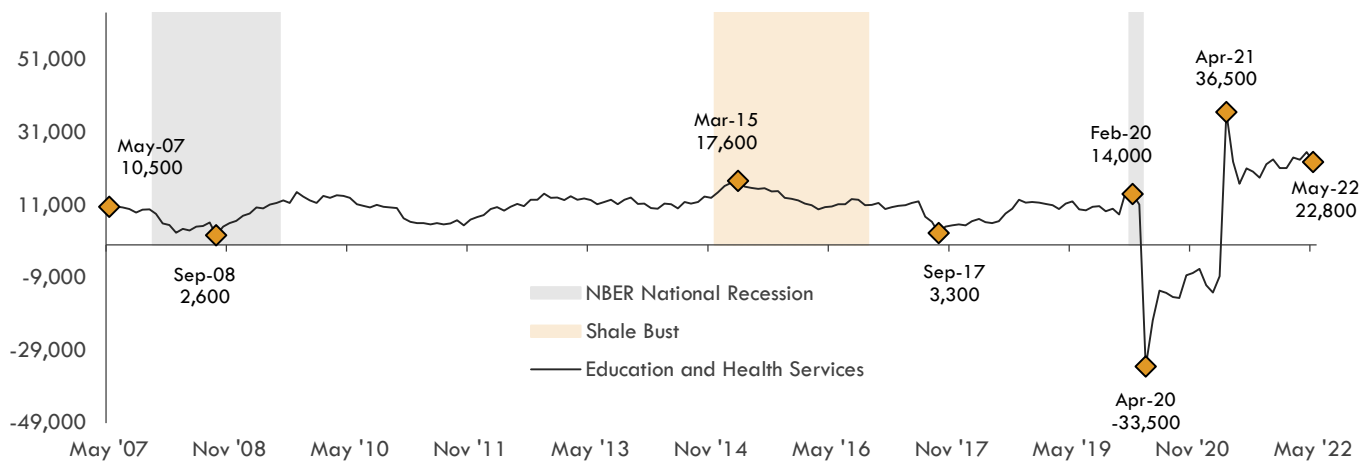


Over-the-year Change

Year over year, Education and Health Services was up 22,800 jobs, or 5.6 percent (see Chart 31). This was the second-largest over-the-year gain in the month of May since records began in 1990. It also marks 14 consecutive months of over-the-year gains. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 13,600 jobs over the year. The second-largest contributor was Educational Services, which added 9,200 jobs from May a year ago. Total Education and Health Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 414,400 jobs by

15,500, or 3.7 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 13.4 percent over the past year.

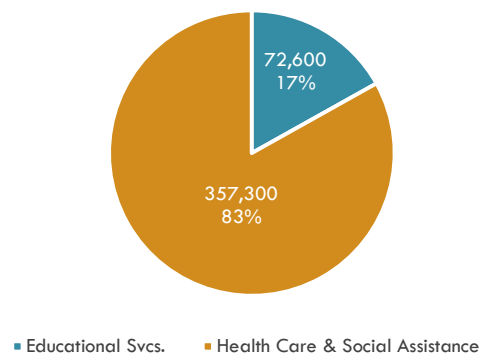
Chart 31. Education and Health Services (NSA)
Over-the-year Net Change, May-07 to May-22



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 32). 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 32. Employment in Component Industries of Education and Health Services Sector - May 2022



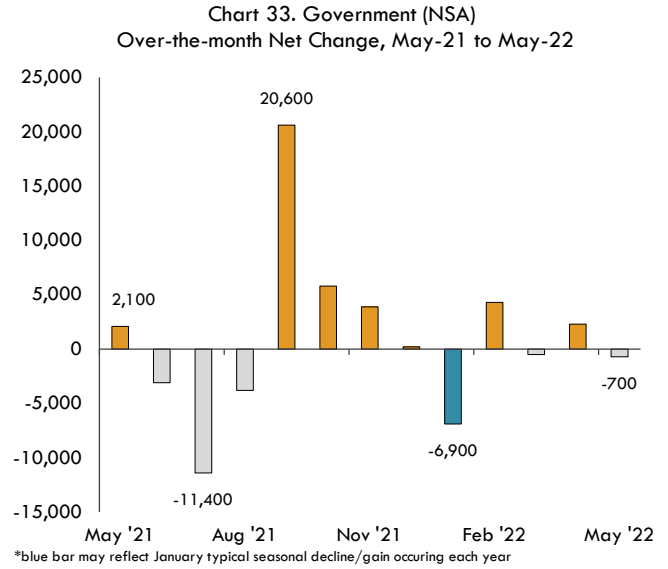
DECLINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was the third-largest declining sector over the month down -700 jobs, or -0.2 (see Chart 33). This was the largest May decline since 2020 and the third-largest decline historically in the month of May since records began in 1990. Historically in the month of May, Government 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. Local Government was the largest contributor to the overall sector's decline, down -1,000 jobs over the month. One component industry that provided a partial offset was State Government, which gained 100 jobs from April to May. Lastly, Federal Government offset a portion of the sector's losses with a gain of 200 jobs. Government employment saw no revision from

March to April leaving the previous month's original increase of

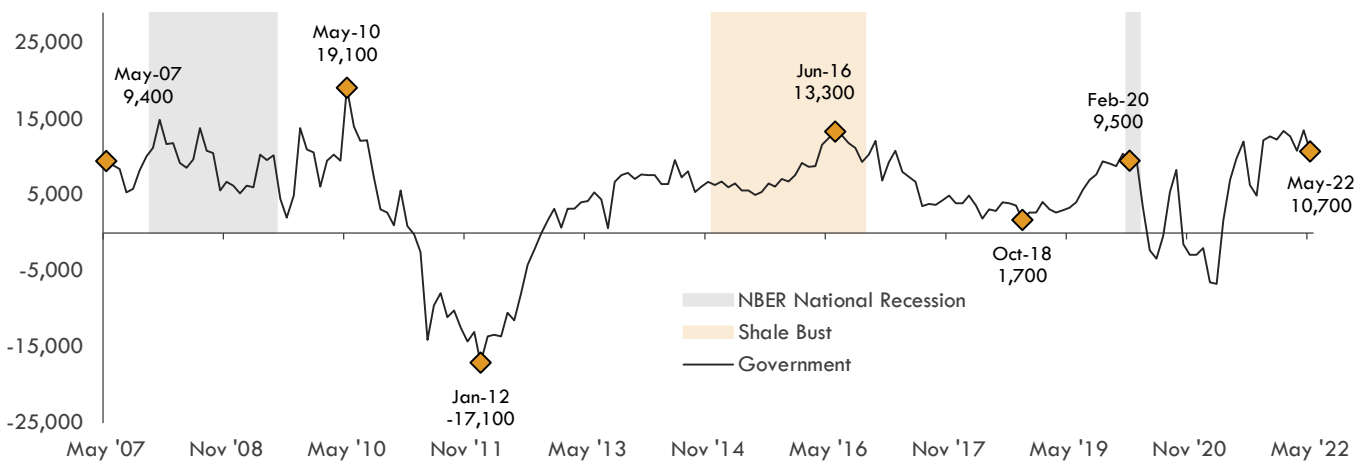


Over-the-year Change

Year over year, Government was up 10,700 jobs, or 2.5 percent (see Chart 34). This May also marks 14 consecutive months of over-the-year gains. Local Government was the largest contributor to the overall sector's increase, up 6,200 jobs over the year. The second-largest contributor was State Government, which added 3,400 jobs from May a year ago. Lastly, Federal Government contributed, 1,100 jobs. Total Government employment (NSA) now exceeds its February 2020 pre-pandemic level of 428,400 jobs by 7,300, or 1.7 percent. At the same time, the sector's share of Houston area Total Nonfarm

Employment has fallen from 14.0 percent to 13.5 percent over the past year.

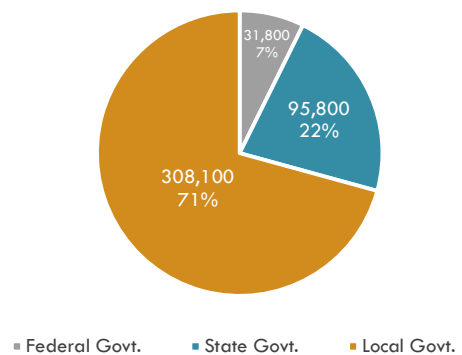
Chart 34. Government (NSA)
Over-the-year Net Change, May-07 to May-22



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

Chart 35. Employment in Component Industries of Government Sector - May 2022



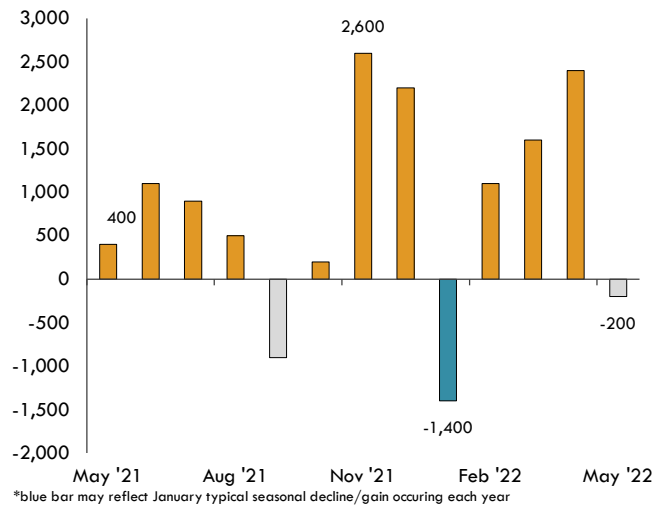
DECLINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing also saw a decrease over the month down -200 jobs, or -0.1 (see Chart 36). This was the largest May over-the-month decline in since 2020. 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 moderately in contrast to the long-term average gain. Durable Goods was the largest contributor to the overall sector's decline, down -300 jobs over the month. One component industry that provided a partial offset was Non-Durable Goods, which gained 100 jobs from April to May. Manufacturing employment was revised upward by 1,400 jobs for a March to April larger net gain of 2,400 compared to an original estimate of 1,000 jobs.

Chart 36. Manufacturing (NSA)
Over-the-month Net Change, May-21 to May-22

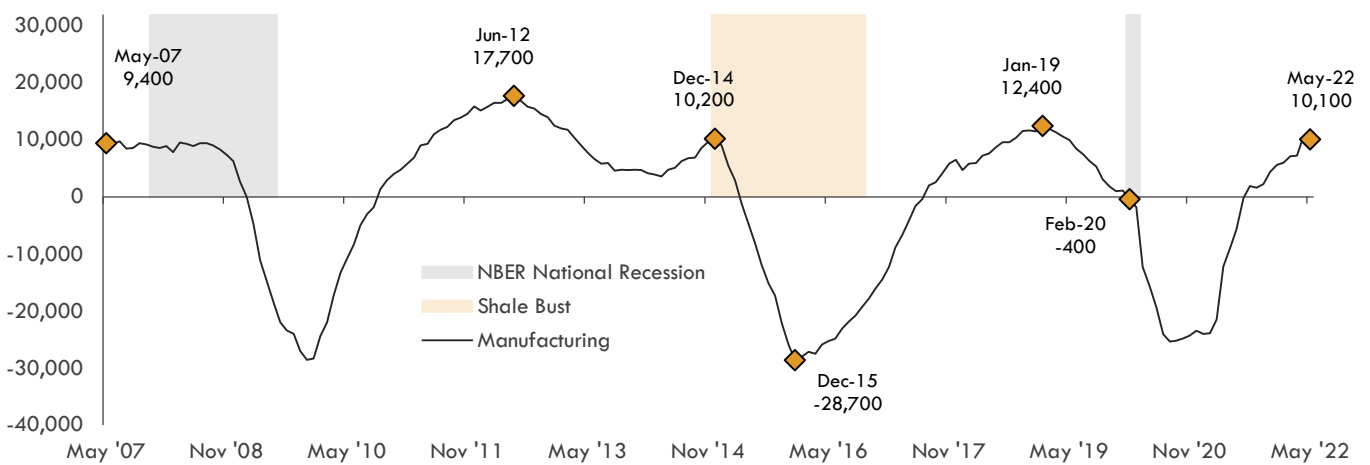


Over-the-year Change

Year over year, Manufacturing was up 10,100 jobs, or 4.8 percent (see Chart 37). This May also marks 10 consecutive months of over-the-year gains. Durable Goods was the largest contributor to the overall sector's increase, up 7,600 jobs over the year. The second-largest contributor was Non-Durable Goods, which added 2,500 jobs from May a year ago. Total Manufacturing employment (NSA) remains -13,000 jobs, or -5.5 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 remained constant at 6.9 percent

over the past year.

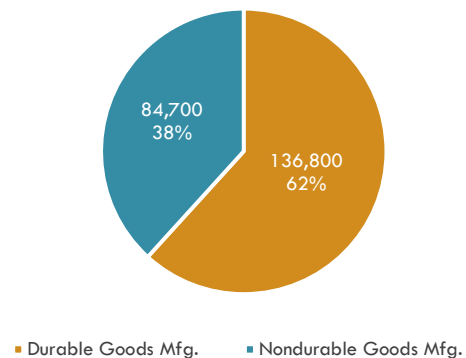
Chart 37. Manufacturing (NSA)
Over-the-year Net Change, May-07 to May-22



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 62 percent (see Chart 38). Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 18 percent less than the national average.

Chart 38. Employment in Component Industries of Manufacturing Sector - May 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 4.3 percent in May, up from April's 4.1 percent and down from 6.4 percent a year ago. This was above the statewide rate of 3.8 percent and above the national rate of 3.4 percent. Houston's unemployment rate typically rises in May of each year and has occurred 80 percent of the time over the past three decades making this month's increase consistent with historical seasonal trends. 148,928 individuals were unemployed in Houston in May, up from April's 143,668 and down from 216,880 in May 2021 (see Charts 39 and 40).

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

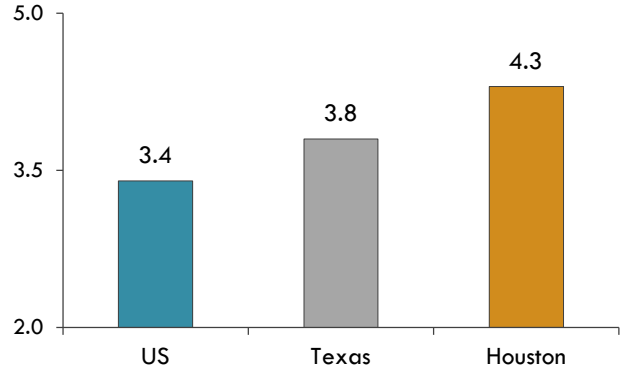
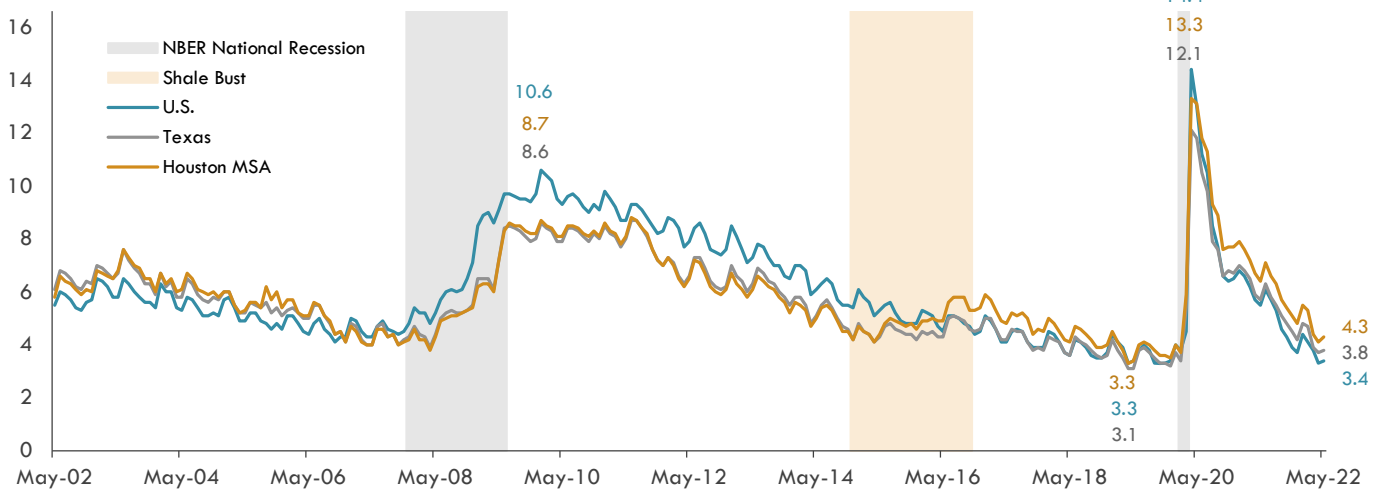


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
May 2002 to May 2022

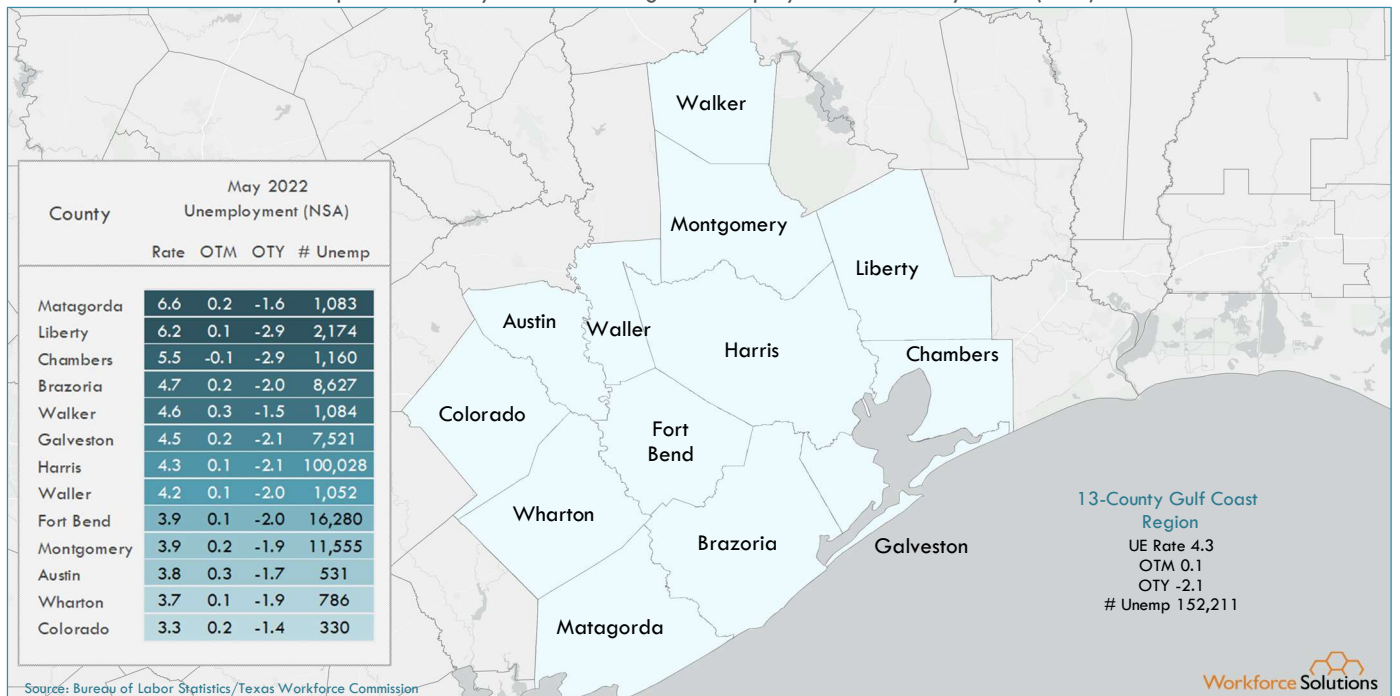


County-level Unemployment

Among the 13 counties that comprise the Gulf Coast Workforce Development Area, unemployment rates in May ranged from a high of 6.6 percent in Matagorda County to a low of 3.3 percent in Colorado. Over the month, 12 counties saw their unemployment rates rise in keeping with the region-wide increase of 0.1 percentage points while one declined. Austin saw the largest percentage-point increase in unemployment up 0.3 pp. representing 41 more unemployed workers compared to the previous month. This was followed by Walker (0.3 pp, 57 workers) and Matagorda (0.2 pp, 33 workers). Over the year

unemployment rates fell, with Liberty posting the largest decrease, down -2.9 percentage points representing -977 fewer unemployed workers compared to a year ago followed by Chambers (-2.9 pp, -558 workers) and Galveston (-2.1 pp, -3,345 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 -294,096 as of this May (see Map 1 legend).

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



Local Area Unemployment Statistics (continued)

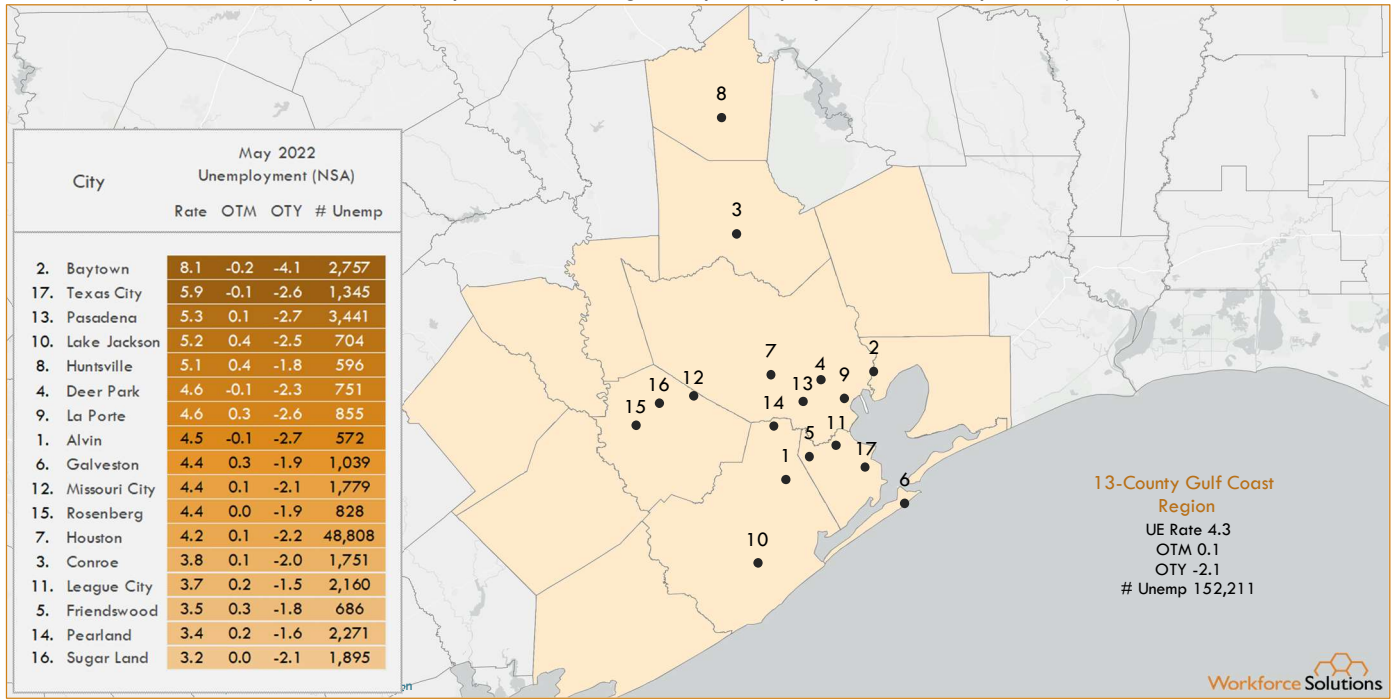
Not-Seasonally Adjusted

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 May ranged from a high of 8.1 percent in Baytown to a low of 3.2 percent in Sugar Land (see Map 2 legend). Over the month, 11 cities saw their unemployment rates rise in keeping with the region-wide increase of 0.1 percentage points while four declined and two saw no changes. Huntsville saw the largest percentage-point increase in

unemployment up 0.4 pp. representing 41 more unemployed workers compared to the previous month. This was followed by Lake Jackson (0.4 pp, 54 workers) and Galveston (0.3 pp, 87 workers). Over the year unemployment rates fell, with Baytown posting the largest decrease, down -4.1 percentage points representing -1,360 fewer unemployed workers compared to a year ago followed by Pasadena (-2.7 pp, -1,685 workers) and Alvin (-2.7 pp, -319 workers). The 17 cities below accounted for 47 percent of the 152,211 unemployed workers across the Gulf Coast Region as of this May (see Map 2 legend).

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



Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (seasonally-adjusted) unemployment rate stood at 4.8 percent in April, down from March's 5.0 percent and down from 7.8 percent a year ago. This was above the statewide rate of 4.3 percent and above the national rate of 3.6 percent. 167,459 individuals were unemployed in Houston in April, down from March's 173,599 and down from 264,132 in April 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
April 2022

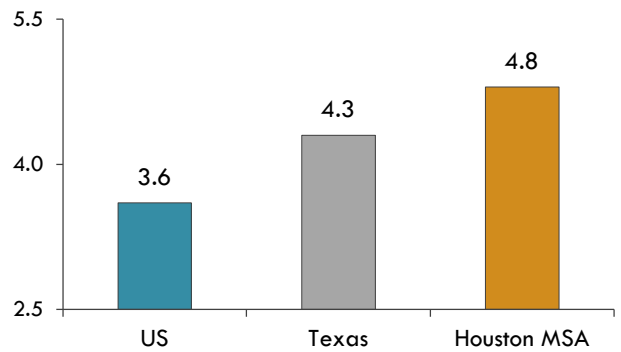
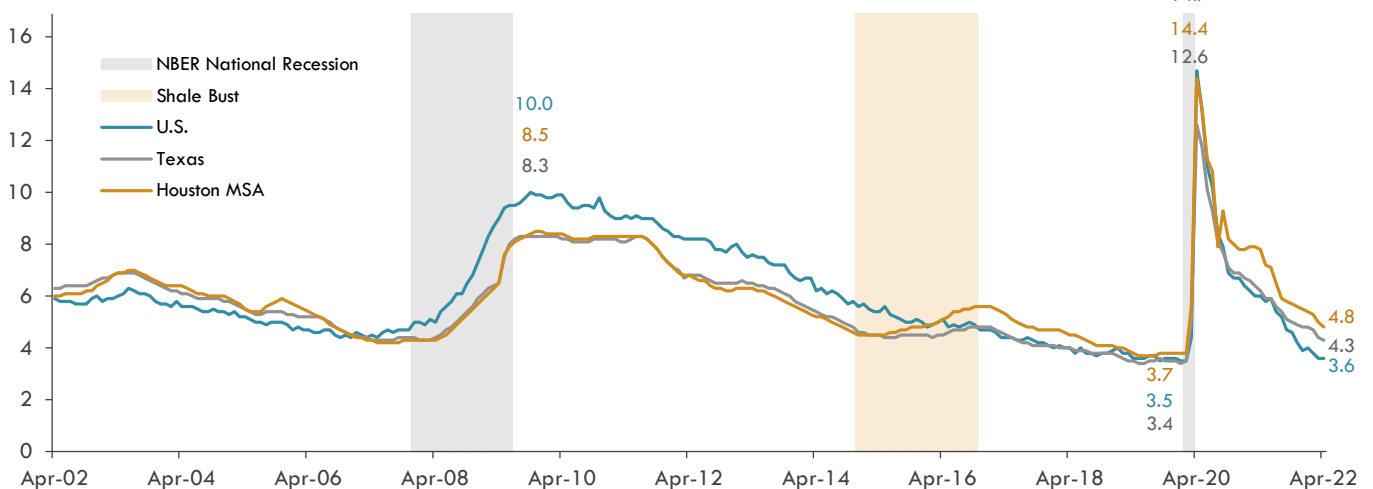


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
April 2002 to April 2022



Gulf Coast Workforce Solutions Index (WSI)

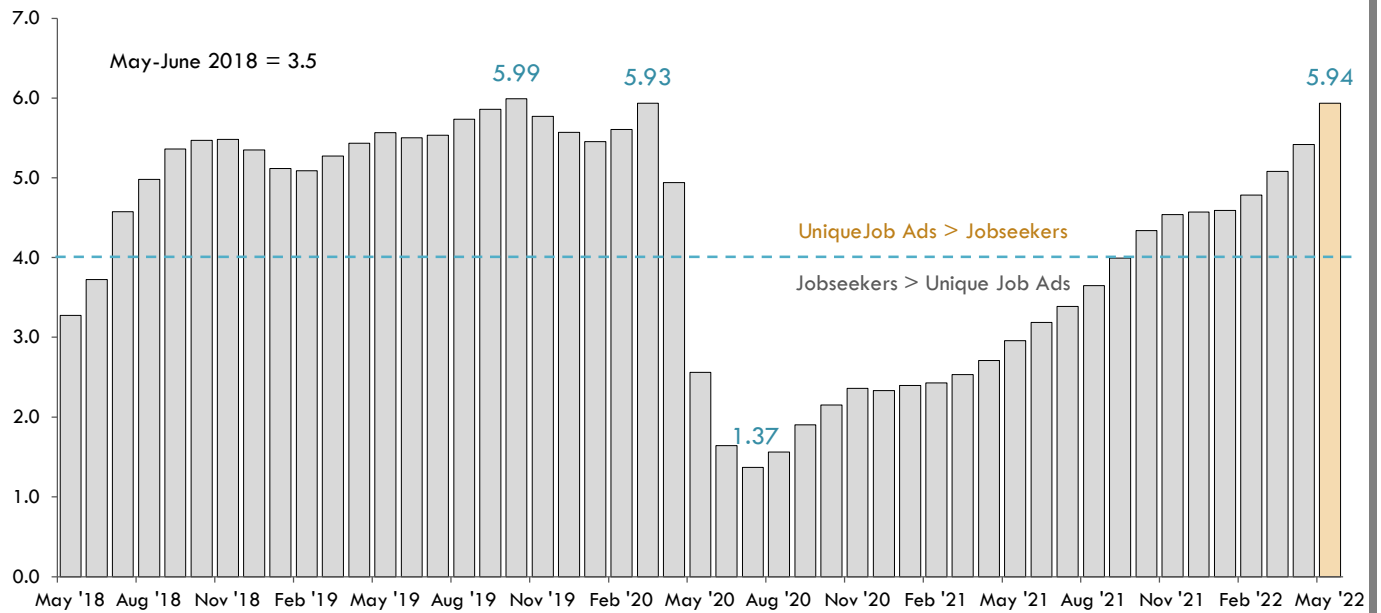


The Gulf Coast Workforce Solutions Index (WSI)

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
 May
 2022:
5.94

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



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



Workforce Solutions Index May 2022

The Houston MSA WSI for May stood at 5.94, up from March's unchanged reading of 5.42, and marking eight consecutive months with a reading at or above 4.0. This was the second-highest reading on record after October 2019's 5.99 reading and furthermore surpasses March 2020's reading of 5.93. As of this May there were approximately 87,000 more active job ads than unemployed individuals across the region. This stands as the largest gap between job ads and jobseekers, tilted towards the former, since comparable records began in 2013 as a result of a surge in job ads between April and May coupled with a moderate decline in unemployed individuals. This May's reading reaffirms the strength of Houston's labor market and continues to suggest that a minimum requirement of five work search activities per week could be appropriate for unemployed individuals receiving UI benefits.



Houston Area Employment Situation

May 2022

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	May-22	Apr-22	May-21	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,230,500	3,199,500	3,045,000	31,000	1.0%	185,500	6.1%
Total Private	2,794,800	2,763,100	2,620,000	31,700	1.1%	174,800	6.7%
Goods Producing	520,000	512,500	478,000	7,500	1.5%	42,000	8.8%
.Mining and Logging	66,800	68,300	58,700	-1,500	-2.2%	8,100	13.8%
...Oil and Gas Extraction	32,400	32,600	29,100	-200	-0.6%	3,300	11.3%
...Support Activities for Mining	32,400	33,800	28,200	-1,400	-4.1%	4,200	14.9%
.Construction	231,700	222,500	207,900	9,200	4.1%	23,800	11.4%
..Construction of Buildings	54,700	54,200	49,000	500	0.9%	5,700	11.6%
..Heavy and Civil Engineering Construction	56,000	53,900	50,400	2,100	3.9%	5,600	11.1%
..Specialty Trade Contractors	121,000	114,400	108,500	6,600	5.8%	12,500	11.5%
.Manufacturing	221,500	221,700	211,400	-200	-0.1%	10,100	4.8%
..Durable Goods	136,800	137,100	129,200	-300	-0.2%	7,600	5.9%
...Fabricated Metal Product Manufacturing	47,600	47,500	44,400	100	0.2%	3,200	7.2%
...Machinery Manufacturing	39,600	39,600	38,500	0	0.0%	1,100	2.9%
....Agriculture, Construction, and Mining Machinery Mfg.	20,000	20,000	19,700	0	0.0%	300	1.5%
...Computer and Electronic Product Manufacturing	12,900	12,900	12,600	0	0.0%	300	2.4%
..Non-Durable Goods	84,700	84,600	82,200	100	0.1%	2,500	3.0%
...Petroleum and Coal Products Manufacturing	8,200	8,200	8,100	0	0.0%	100	1.2%
...Chemical Manufacturing	40,100	39,900	39,400	200	0.5%	700	1.8%
Service Providing	2,710,500	2,687,000	2,567,000	23,500	0.9%	143,500	5.6%
.Private Service Providing	2,274,800	2,250,600	2,142,000	24,200	1.1%	132,800	6.2%
..Trade, Transportation, and Utilities	665,500	661,400	622,800	4,100	0.6%	42,700	6.9%
...Wholesale Trade	173,700	170,800	160,000	2,900	1.7%	13,700	8.6%
....Merchant Wholesalers, Durable Goods	106,400	105,300	98,300	1,100	1.0%	8,100	8.2%
....Prof. and Commercial Equip. Supplies Wholesalers	17,700	17,600	16,700	100	0.6%	1,000	6.0%
....Merchant Wholesalers, Nondurable Goods	55,400	53,600	51,200	1,800	3.4%	4,200	8.2%
...Retail Trade	318,700	319,700	302,400	-1,000	-0.3%	16,300	5.4%
....Motor Vehicle and Parts Dealers	43,300	43,100	41,500	200	0.5%	1,800	4.3%
....Bldg. Material and Garden Equip. and Supplies Dealers	24,000	23,600	25,100	400	1.7%	-1,100	-4.4%
....Food and Beverage Stores	71,100	71,200	68,900	-100	-0.1%	2,200	3.2%
....Health and Personal Care Stores	20,500	20,700	19,500	-200	-1.0%	1,000	5.1%
....Clothing and Clothing Accessories Stores	23,700	23,700	22,500	0	0.0%	1,200	5.3%
....General Merchandise Stores	61,900	63,500	58,500	-1,600	-2.5%	3,400	5.8%
....Department Stores	19,800	20,000	18,600	-200	-1.0%	1,200	6.5%
....Other General Merchandise Stores	42,100	43,500	39,900	-1,400	-3.2%	2,200	5.5%
...Transportation, Warehousing, and Utilities	173,100	170,900	160,400	2,200	1.3%	12,700	7.9%
...Utilities	17,400	17,400	17,400	0	0.0%	0	0.0%
....Air Transportation	19,200	19,100	17,800	100	0.5%	1,400	7.9%
....Truck Transportation	28,700	28,700	27,100	0	0.0%	1,600	5.9%
....Pipeline Transportation	12,500	12,500	12,200	0	0.0%	300	2.5%
..Information	31,600	31,500	28,900	100	0.3%	2,700	9.3%
...Telecommunications	12,200	12,200	12,100	0	0.0%	100	0.8%
..Financial Activities	172,100	171,900	167,200	200	0.1%	4,900	2.9%
...Finance and Insurance	109,700	110,000	106,400	-300	-0.3%	3,300	3.1%
....Credit Intermediation and Related Activities	46,000	46,300	45,100	-300	-0.6%	900	2.0%
....Depository Credit Intermediation	29,800	29,800	29,200	0	0.0%	600	2.1%
....Securities, Commodity Contracts, and Fin. Investments	21,500	21,400	21,000	100	0.5%	500	2.4%
....Insurance Carriers and Related Activities	42,200	42,300	40,300	-100	-0.2%	1,900	4.7%
...Real Estate and Rental and Leasing	62,400	61,900	60,800	500	0.8%	1,600	2.6%
..Professional and Business Services	518,700	511,200	497,600	7,500	1.5%	21,100	4.2%
...Professional, Scientific, and Technical Services	248,100	248,300	239,300	-200	-0.1%	8,800	3.7%
....Legal Services	29,800	29,900	28,800	-100	-0.3%	1,000	3.5%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	26,300	27,100	25,400	-800	-3.0%	900	3.5%
....Architectural, Engineering, and Related Services	70,200	69,900	65,100	300	0.4%	5,100	7.8%
....Computer Systems Design and Related Services	38,500	38,600	37,100	-100	-0.3%	1,400	3.8%
...Management of Companies and Enterprises	44,100	43,700	42,900	400	0.9%	1,200	2.8%
...Admin. and Support and Waste Mgmt. and Remediation	226,500	219,200	215,400	7,300	3.3%	11,100	5.2%
....Administrative and Support Services	215,800	209,600	204,100	6,200	3.0%	11,700	5.7%
....Employment Services	85,800	84,100	78,900	1,700	2.0%	6,900	8.7%
....Services to Buildings and Dwellings	51,300	50,300	52,400	1,000	2.0%	-1,100	-2.1%
..Educational and Health Services	429,900	431,400	407,100	-1,500	-0.3%	22,800	5.6%
...Educational Services	72,600	73,200	63,400	-600	-0.8%	9,200	14.5%
...Health Care and Social Assistance	357,300	358,200	343,700	-900	-0.3%	13,600	4.0%
....Ambulatory Health Care Services	175,100	177,400	172,600	-2,300	-1.3%	2,500	1.4%
....Hospitals	91,600	90,900	87,600	700	0.8%	4,000	4.6%
..Leisure and Hospitality	345,300	332,200	309,200	13,100	3.9%	36,100	11.7%
...Arts, Entertainment, and Recreation	37,700	33,900	31,700	3,800	11.2%	6,000	18.9%
...Accommodation and Food Services	307,600	298,300	277,500	9,300	3.1%	30,100	10.8%
....Accommodation	25,300	23,900	21,300	1,400	5.9%	4,000	18.8%
....Food Services and Drinking Places	282,300	274,400	256,200	7,900	2.9%	26,100	10.2%
..Other Services	111,700	111,000	109,200	700	0.6%	2,500	2.3%
Government	435,700	436,400	425,000	-700	-0.2%	10,700	2.5%
.Federal Government	31,800	31,600	30,700	200	0.6%	1,100	3.6%
.State Government	95,800	95,700	92,400	100	0.1%	3,400	3.7%
..State Government Educational Services	55,400	55,400	52,700	0	0.0%	2,700	5.1%
.Local Government	308,100	309,100	301,900	-1,000	-0.3%	6,200	2.1%
..Local Government Educational Services	215,400	216,400	207,600	-1,000	-0.5%	7,800	3.8%