

Houston Area Employment Situation

December 2022

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

More Job Growth, Slowing Inflation, and a Wait-and-see Approach to Hiring: That's Wrap for 2022!

Total Nonfarm

Over-the-month Change

Houston MSA Total Nonfarm employment stood at 3,356,000 in December, up 16,000 jobs over the month, or 0.5 percent on a not-seasonally-adjusted basis (see Chart 1). A year ago Houston registered an over-the-month increase of 16,300 jobs. Prior to the pandemic, historically in the month of December, Total Nonfarm has on average added 10,400 jobs over the month, which indicates that this month's gains are substantially above the long-term average.

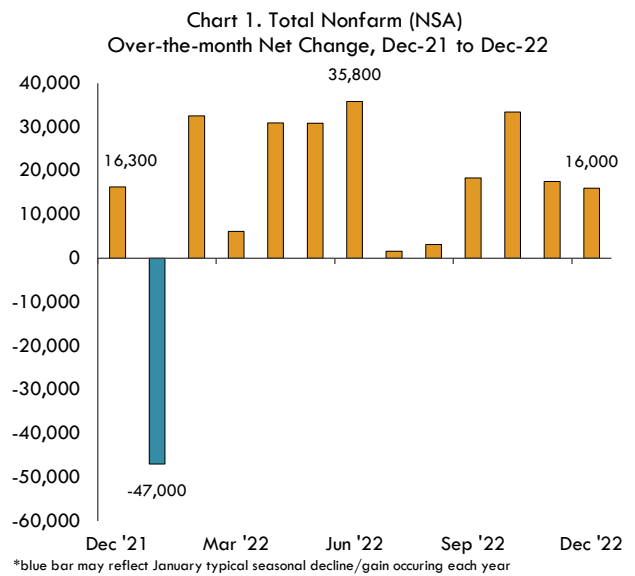
The primary drivers of this December's growth were increases in Trade, Transportation, and Utilities; Leisure and Hospitality; and Financial Activities. Gains were also recorded in Manufacturing; Construction; and Other Services. Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,329,400, up 14,600 jobs over the month, or 0.4 percent vs. a historical average of 3,900. This was the largest December gain since 2021 and the second-largest gain historically for the month of December since records began in 1990. This December marks 22 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 December

- Trade, Transportation, and Utilities: 6,100
- Leisure and Hospitality: 3,700
- Financial Activities: 1,600

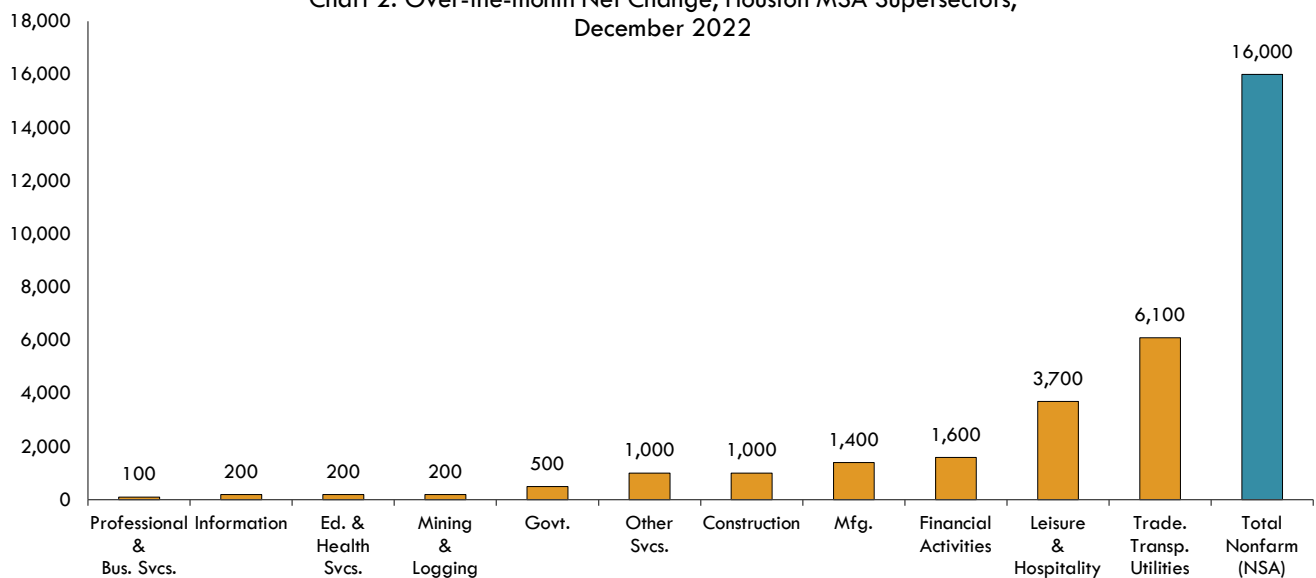
Over-the-year Change

Over the year, Total Nonfarm employment was up 179,000 or 5.6 percent on a not-seasonally-adjusted basis and up 178,600 or 5.7 percent on a seasonally-adjusted basis (see NSA Chart 3). To compare, December 2021 saw a year-over-year gain of 159,700 jobs (NSA) from December 2020. This was the largest December over-the-year increase on record. Currently 10 out of 11 sectors show growth year over year of which the top-three are Leisure and Hospitality (49,100); Professional and



Business Services (32,900); and Trade, Transportation, and Utilities (25,500) (see Chart 4). Total Nonfarm employment not-seasonally-adjusted now exceeds its February 2020 pre-pandemic level of 3,192,200 jobs by 163,800, or 5.1 percent (129,200 jobs, 4.0 percent above 3,200,200 seasonally adjusted).

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



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Previous Month's Revisions

Total Nonfarm employment was revised upward by 3,000 jobs for a October to November larger net gain of 17,500 compared to an original estimate of 14,500 jobs. An upward revision of +1,600 jobs in Professional and Business Services was the largest contributor followed by Construction (+1,000) and Trade, Transportation, and Utilities (+800). Downward revisions in Mining and Logging (-700), Leisure and Hospitality (-600), and Education and Health Services (-200) 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 December

- Leisure and Hospitality: 49,100
- Professional and Business Services: 32,900
- Trade, Transportation, and Utilities: 25,500

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

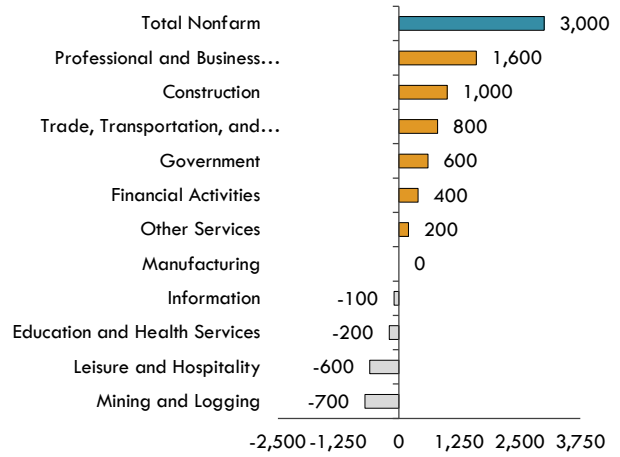


Chart 3. Total Nonfarm (NSA) Over-the-year Net Change, Dec-07 to Dec-22

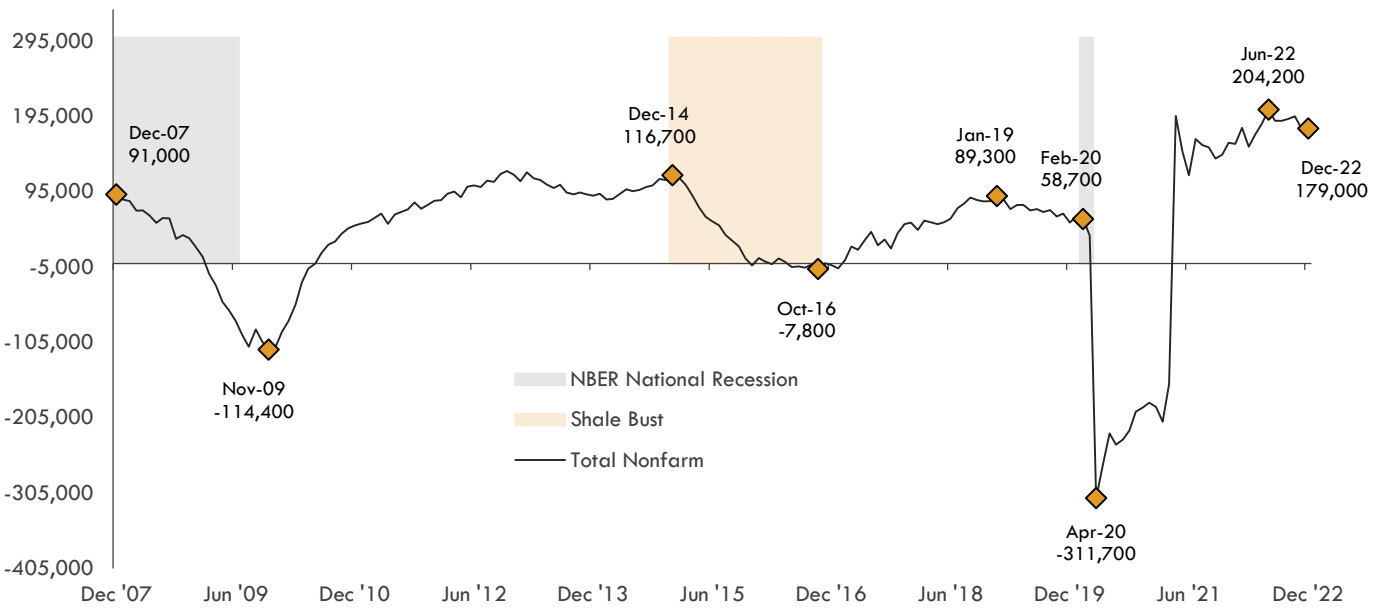
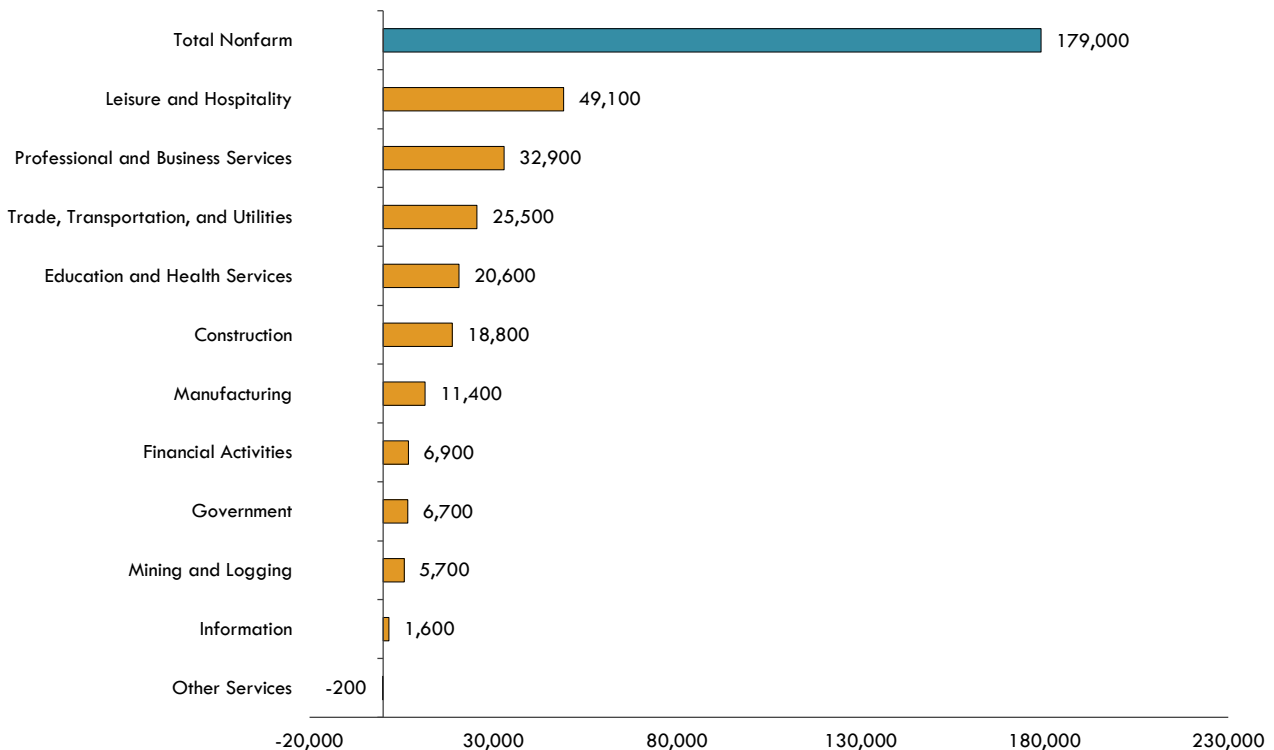


Chart 4. Over-the-year Net Change, Houston MSA Supersectors, December 2021 to December 2022



Supplemental Commentary

Overall Impressions - Major Industry Sectors

Houston's job market ended 2022 on a strong note, up 16,000 jobs including seasonal employment (NSA) or 14,000 (SA) excluding seasonal employment. In the case of the latter, this marks the second-best December since records began bested only by 2021's gain of 16,700.

Gains were reported across every major industry sector in December although several managed this feat by only the slimmest of margins with Professional and Business Services; Education and Health Services; Government; Mining and Logging; and Information posting increases between 100 and 500 jobs at most.

Trade, Transportation, and Utilities led the way in December with a gain of 6,100 jobs driven mostly by Transportation and Warehousing followed by Retail, further cementing the former subsector as the best performing in terms of exceeding its pre-pandemic February 2020 levels of employment (now 25,700 jobs or 16.4 percent above its previous high).

Stronger than average job growth in Leisure and Hospitality in December up 3700 jobs suggests pent-up demand for outside dining, travel, and lodging despite growing fears of a recession remains significant as we approach the third anniversary of the COVID-19 global pandemic.

Financial Activities had one of its best Decembers on record marking only the fifth time in the last 30 years that this sector has gained more than 1,000 jobs in this month. Interestingly, nearly all growth came from Finance and Insurance (+1,500 jobs), a subsector of Financial Activities that has rarely added more than a few hundred jobs at any point over the past three decades.

After three consecutive months of job losses totaling -9,300 across September, October, and November, Construction added 1,000 jobs in December, a month in which it typically sheds jobs due to a combination of the holidays and weather. Gains came mostly from Specialty Trade Contractors. Given expectations for elevated interest rates for the foreseeable future and a potential economic slowdown, December's gains are likely to be an anomaly.

Over-the-year job growth at the topline i.e. Total Nonfarm, remains near all-time highs however there are signs that peak growth for the cycle occurred in summer 2022 with Trade, Transportation and Utilities, Construction, and Mining and Logging some of the major sectors reflecting this trend. Note that year-over-year growth currently remains positive for all sectors except Other Services despite the apparent peak and slowing across the aforementioned examples. On a final note, total employment across the Houston MSA now sits some 4.0 percent, 129,200 jobs (SA) to 5.1 percent, 163,800 jobs (NSA) above February 2020 pre-pandemic levels. (See Supplemental Chart 1.)

Unemployment Rates, Workforce Solutions Index, Inflation, and Job Ad 'Reverse Tug-o-War' Trends

Houston's not-seasonally-adjusted unemployment rate fell below 4.0 percent for the first time since February 2020 at the start of the pandemic landing at 3.9 in December. The seasonally-adjusted unemployment rate in November at 4.3 percent marks the lowest rate since February 2020's 3.8 percent.

The Workforce Solutions Index declined for the fifth consecutive month reaching 5.47. Readings above 4.0 indicate an advantage held by jobseekers relative to employers. However, a trend of smaller and smaller decreases in the number of unemployed workers each month coupled with relatively larger decreases in the number of job ads suggests the momentum that jobseekers have enjoyed since the full reopening of the economy in early-to-mid 2021 is declining and at the current pace would switch in favor of employers by sometime next summer. (See page 18.)

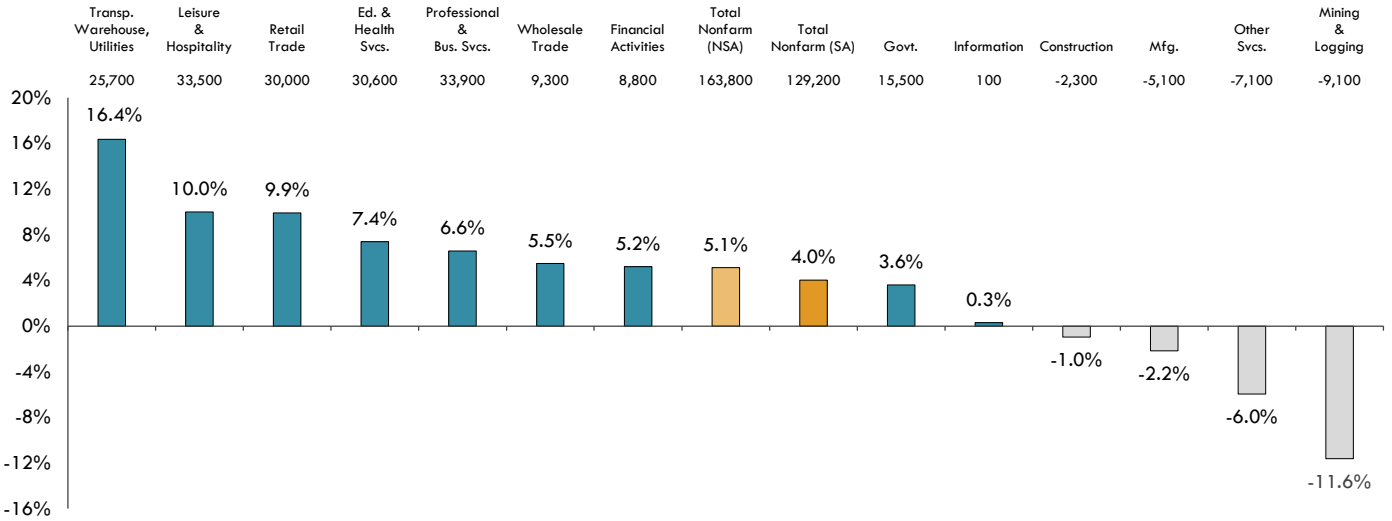
Inflation across the Houston MSA has slowed considerably since peaking at 10.2 percent in June 2022 with the December Consumer Price Index for All Urban Consumers (CPI-U) posting a year-over-year increase of 5.3 percent, a rate last seen in August 2021. As a point of comparison, the national rate stood at 6.5 percent in December after peaking at 9.1 percent in June. NOTE: this does NOT signify falling prices for consumer goods, only that the rate of increase compared to a year ago is slower, i.e. prices are not going up as fast as they were earlier throughout 2022. Furthermore, this does NOT signify that the difference in the cost of living is inherently lower in Houston than the nation as a whole. (Other data sources such as BEA's regional purchasing power parity series are needed to make this type of comparison.) (See Supplemental Chart 2.)

Lastly, whether over a 30-day over 30-day or 90-day over 90-day timeframe, the number of employers pulling job ads from the web continues to outnumber employers posting new ads echoing the decline in Workforce Solutions Index noted since July. As noted in previous Employment Situations, employers appear to be taking a wait-and-see approach to hiring either as a result of satisfied demand after 12 to 18 months of labor shortages or out of an abundance of cautious as we enter 2023 in anticipation of a possible recession. Nevertheless, despite new and/or larger waves of announced layoffs particularly among tech companies, outright job losses have yet to appear across the major industry sectors covered by the Current Employment Statistics survey underlying most data in this report. (See Supplemental Chart 3.)

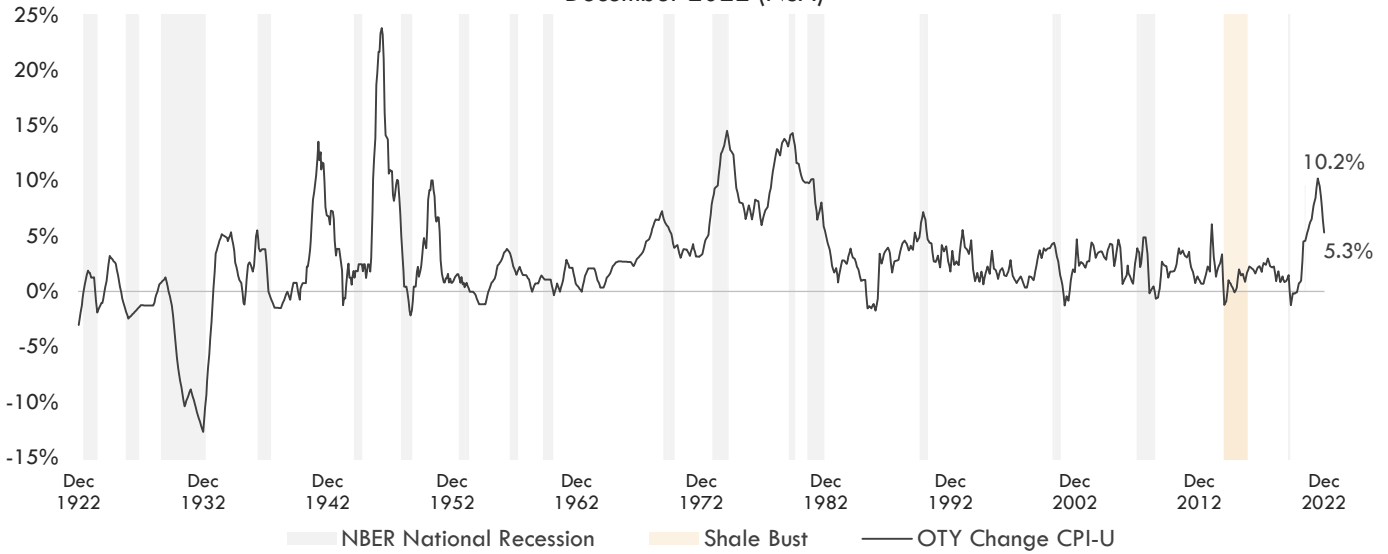
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Supplemental Commentary (continued)

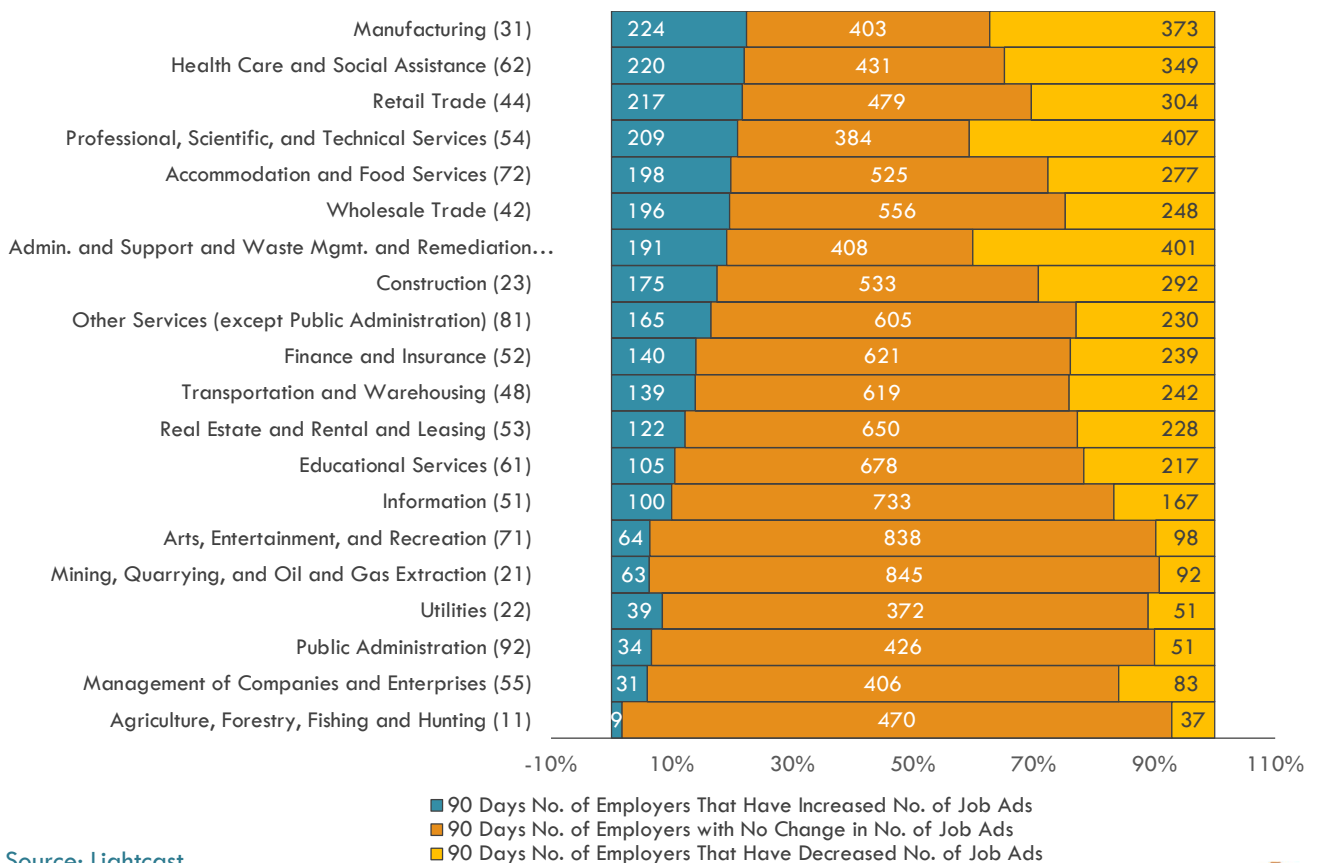
Supplemental Chart 1. Houston MSA Current Employment Levels as of December 2022 Relative to February 2020 by Sector (NSA)



Supplemental Chart 2. Houston MSA CPI-U Over-the-year Percent Change December 1922 - December 2022 (NSA)



Supplemental Chart 3. Gulf Coast Region 90-Days over 90-Days Count of Employers Adding or Reducing Job Ads by Sector (January, 19 2023 to October, 21 2022 over October, 20 2022 to July, 22 2022)



Source: Lightcast

Note: employer sample size per sector <= 1,000

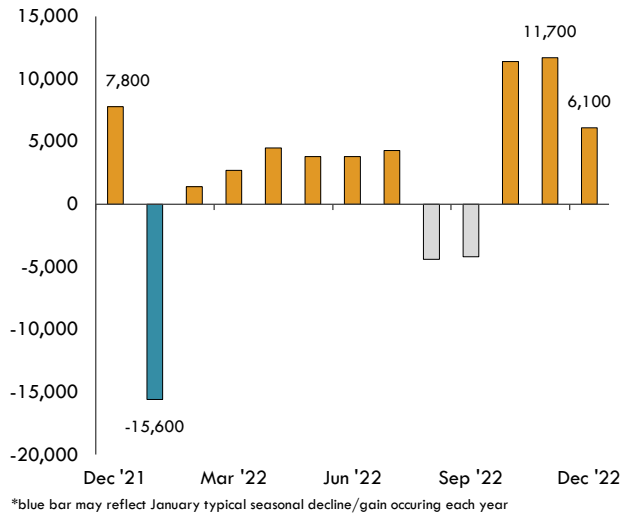
GAINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities was the largest gaining sector over the month up 6,100 jobs, or 0.9 percent (see Chart 6). Historically in the month of December, Trade, Transportation, and Utilities has added an average of 8,000 jobs over the month, which indicates that this month's gains are slightly below the long-term average. Transportation, Warehousing, and Utilities was the largest contributor to the overall sector's increase, up 4,100 jobs over the month. The second-largest contributor was Retail Trade, which added 3,000 jobs from November to December. Lastly, Wholesale Trade offset a portion of the sector's gains with a loss of -1,000 jobs.

Chart 6. Trade, Transportation, and Utilities (NSA)
Over-the-month Net Change, Dec-21 to Dec-22

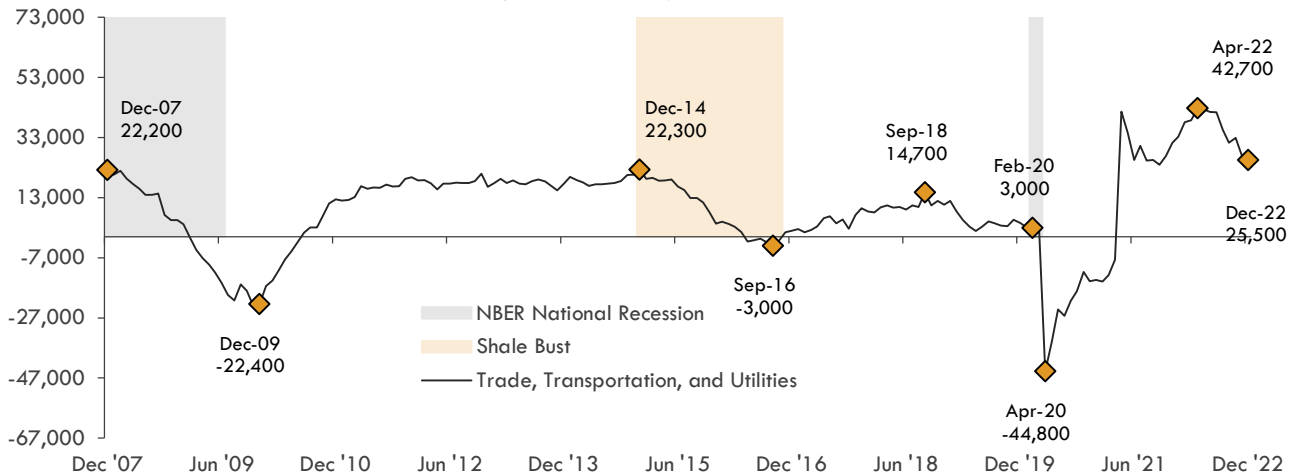


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 25,500 jobs, or 3.8 percent (see Chart 7). This was the second-largest over-the-year gain in the month of December since records began in 1990. It also marks 21 consecutive months of over-the-year gains. Furthermore, 14.2 percent of total (gross) jobs added across the region over the past year can be attributed to Trade, Transportation, and Utilities. Wholesale Trade was the largest contributor to the overall sector's increase, up 14,400 jobs over the year. The second-largest contributor was Retail Trade, which added 8,000 jobs from December a

year ago. Lastly, Transportation, Warehousing, and Utilities contributed, 3,100 jobs. Total Trade, Transportation, and Utilities employment (NSA) now exceeds its February 2020 pre-pandemic level of 628,900 jobs by 65,000, or 10.3 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 21.0 percent to 20.7 percent over the past year.

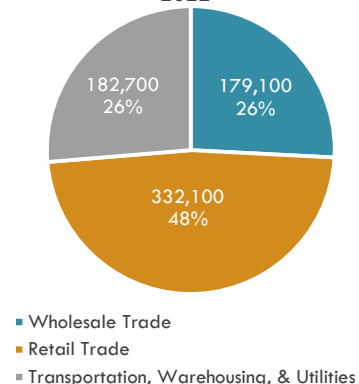
Chart 7. Trade, Transportation, and Utilities (NSA)
Over-the-year Net Change, Dec-07 to Dec-22



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 8). Across the Houston MSA, the concentration of jobs in the overall sector is 8 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 8. Employment in Component Industries of Trade, Transportation, and Utilities Sector - December 2022

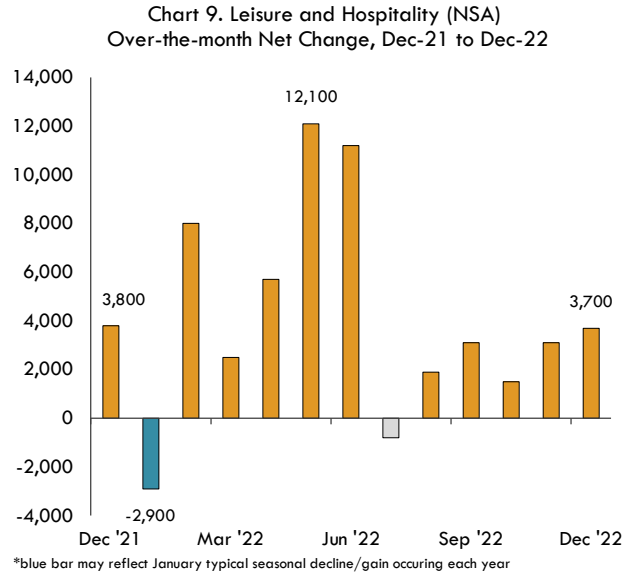


GAINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality was the second-largest gaining sector over the month up 3,700 jobs, or 1.0 percent (see Chart 9). This was the largest December gain since 2021 and the second-largest gain historically for the month of December since records began in 1990. Historically in the month of December, Leisure and Hospitality has added an average of 700 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 3,800 jobs over the month. One component industry that provided a partial offset was Arts, Entertainment, and Recreation, which lost -100 jobs from November to December. Leisure and Hospitality employment was revised downward by -600 jobs for a October to November smaller net gain of 3,100 compared to an original estimate of 3,700 jobs.

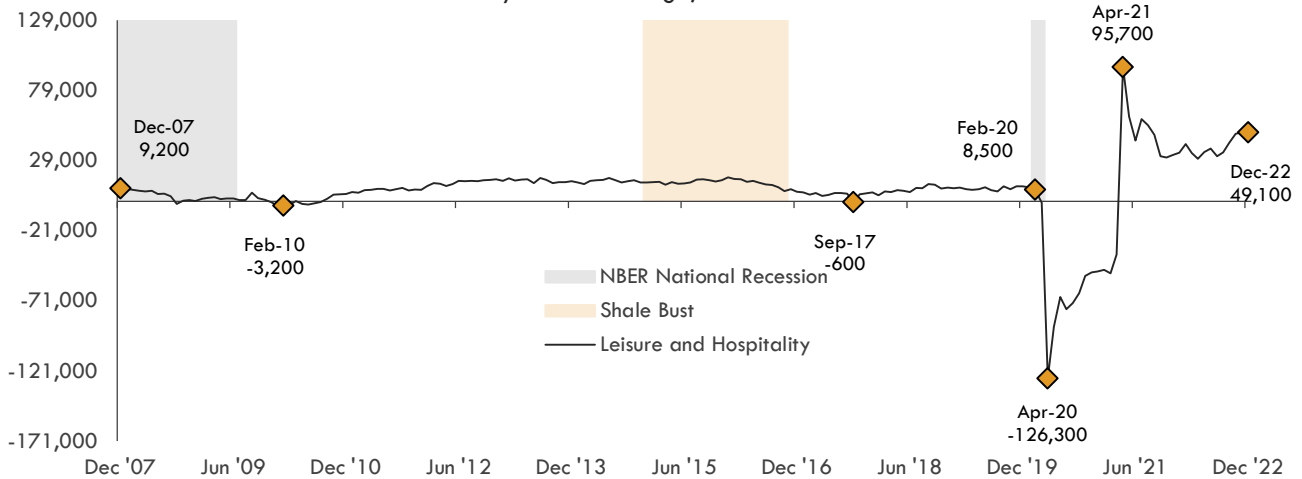


Over-the-year Change

Year over year, Leisure and Hospitality was up 49,100 jobs, or 15.4 percent (see Chart 10). This was the largest December over-the-year increase on record. It also marks 21 consecutive months of over-the-year gains. Among sectors currently showing growth, this sector is the fastest-growing in percentage terms across the Houston area. Furthermore, 27.4 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 42,100 jobs over the year. The second-largest

contributor was Arts, Entertainment, and Recreation, which added 7,000 jobs from December a year ago. Total Leisure and Hospitality employment (NSA) now exceeds its February 2020 pre-pandemic level of 334,500 jobs by 33,500, or 10.0 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 10.0 percent to 11.0 percent over the past year.

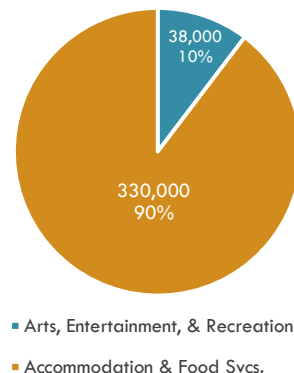
Chart 10. Leisure and Hospitality (NSA)
Over-the-year Net Change, Dec-07 to Dec-22



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 90 percent (see Chart 11). Across the Houston MSA, the concentration of jobs in the overall sector is 8 percent higher than the national average.

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

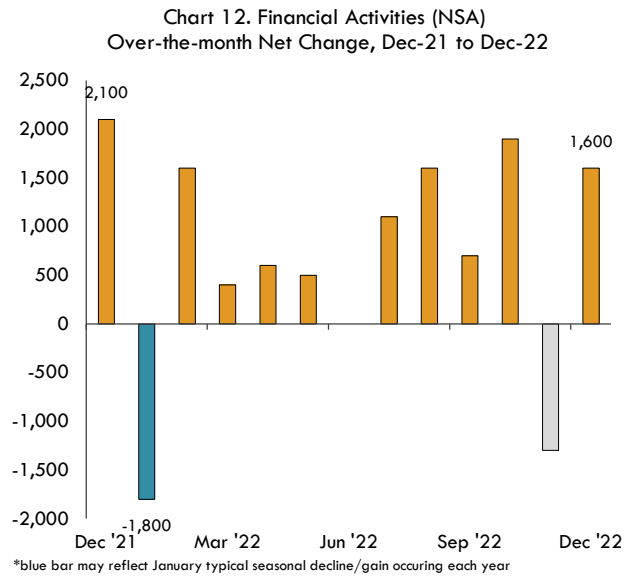


GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities was the third-largest gaining sector over the month up 1,600 jobs, or 0.9 percent (see Chart 12). Historically in the month of December, Financial Activities has added an average of 500 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Finance and Insurance was the largest contributor to the overall sector's increase, up 1,500 jobs over the month. The second-largest contributor was Real Estate and Rental and Leasing, which added 100 jobs from November to December. Financial Activities employment was revised upward by 400 jobs for a October to November smaller net loss of -1,300 compared to an original estimate of -1,700 jobs.

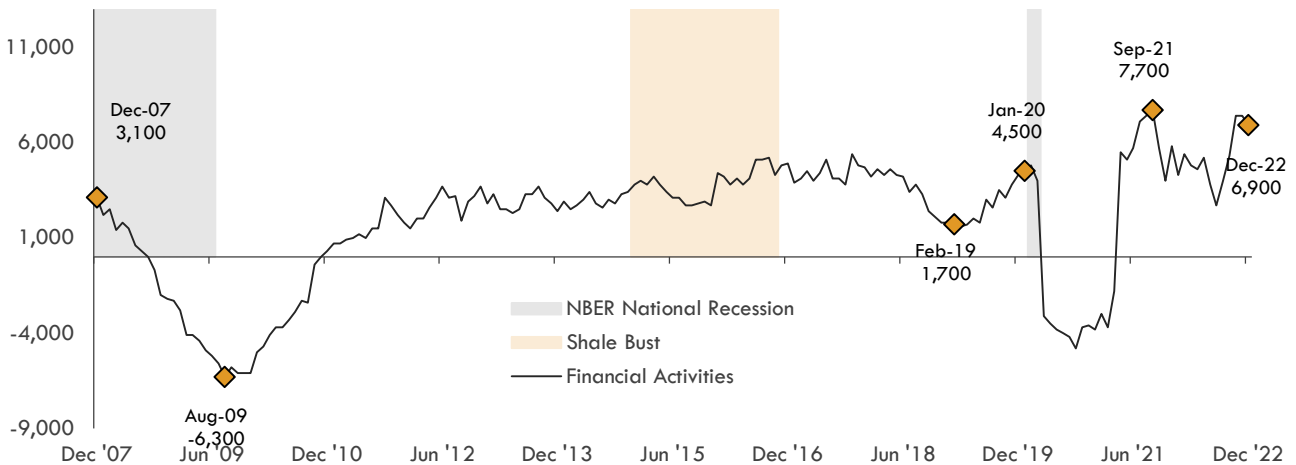


Over-the-year Change

Year over year, Financial Activities was up 6,900 jobs, or 4.0 percent (see Chart 13). This was the third-largest over-the-year gain in December since records began in 1990. It also marks nine consecutive months of over-the-year gains. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 3,500 jobs over the year. The second-largest contributor was Finance and Insurance, which added 3,400 jobs from December a year ago. Total Financial Activities employment (NSA) now exceeds its February 2020 pre-pandemic level of 169,200 jobs by 8,800, or 5.2 percent. At

the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 5.4 percent over the past year.

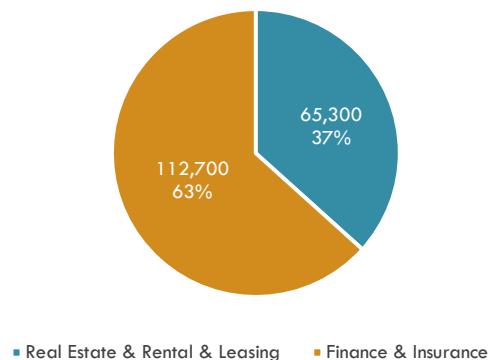
Chart 13. Financial Activities (NSA)
Over-the-year Net Change, Dec-07 to Dec-22



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 63 percent (see Chart 14). 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 22-percent lower concentration in Finance and Insurance offsetting a 26-percent higher concentration in Real Estate and Rental and Leasing.

Chart 14. Employment in Component Industries of
Financial Activities Sector - December 2022



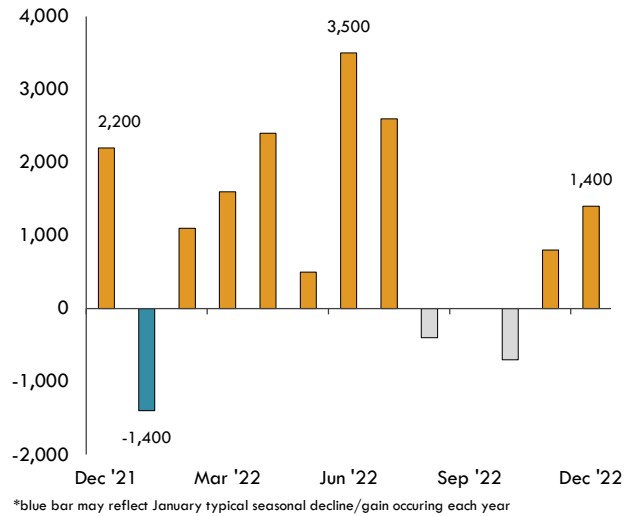
GAINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing also saw an increase over the month up 1,400 jobs, or 0.6 percent (see Chart 15). Historically in the month of December, Manufacturing has added an average of 700 jobs over the month, which indicates that this month's gains are slightly above the long-term average. Durable Goods was the largest contributor to the overall sector's increase, up 1,000 jobs over the month. The second-largest contributor was Non-Durable Goods, which added 400 jobs from November to December. Manufacturing employment saw no revision from October to November leaving the previous month's original increase of 800 intact.

Chart 15. Manufacturing (NSA)
Over-the-month Net Change, Dec-21 to Dec-22

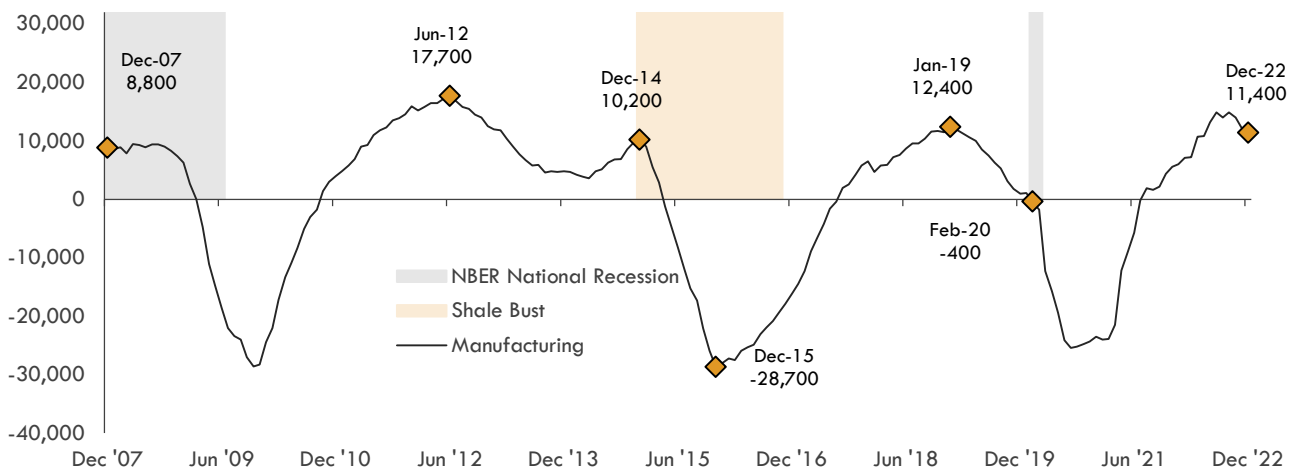


Over-the-year Change

Year over year, Manufacturing was up 11,400 jobs, or 5.2 percent (see Chart 16). This December also marks 17 consecutive months of over-the-year gains. Durable Goods was the largest contributor to the overall sector's increase, up 7,900 jobs over the year. The second-largest contributor was Non-Durable Goods, which added 3,500 jobs from December a year ago. Total Manufacturing employment (NSA) remains -5,100 jobs, or -2.2 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.

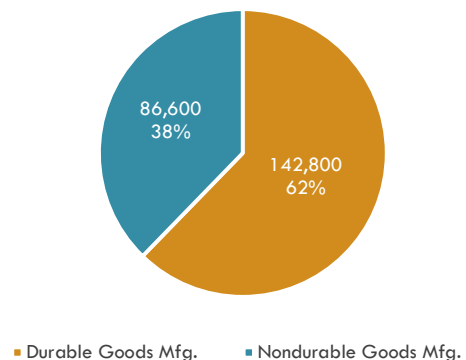
Chart 16. Manufacturing (NSA)
Over-the-year Net Change, Dec-07 to Dec-22



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 17). Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 18 percent less than the national average.

Chart 17. Employment in Component Industries of Manufacturing Sector - December 2022

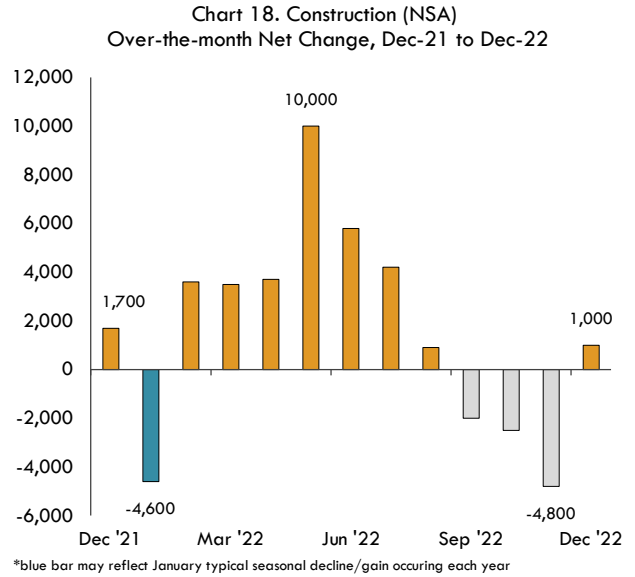


GAINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction also saw an increase over the month up 1,000 jobs, or 0.4 percent (see Chart 18). Historically in the month of December, Construction has lost an average of -1,000 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Specialty Trade Contractors was the largest contributor to the overall sector's increase, up 900 jobs over the month. The second-largest contributor was Construction of Buildings, which added 400 jobs from November to December. Lastly, Heavy and Civil Engineering Construction offset a portion of the sector's gains with a loss of -300 jobs. Construction employment was revised upward by 1,000 jobs for a October to November smaller net loss of -4,800 compared to an original estimate of -5,800 jobs.

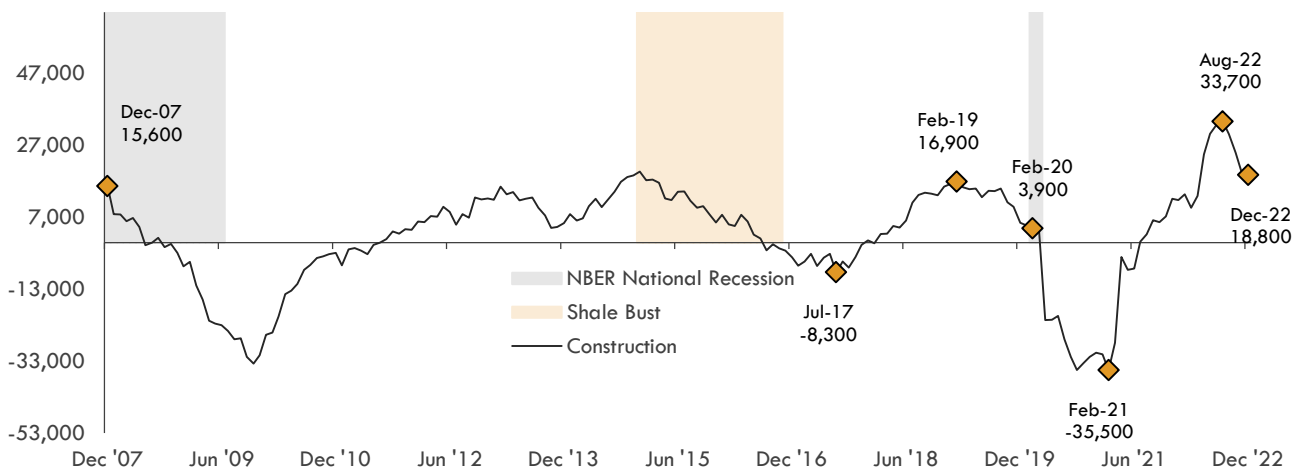


Over-the-year Change

Year over year, Construction was up 18,800 jobs, or 8.7 percent (see Chart 19). This was the second-largest over-the-year gain in the month of December since records began in 1990. It also marks 18 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 11,400 jobs over the year. The second-largest contributor was Heavy and Civil Engineering Construction, which added 4,800 jobs from December a year

ago. Lastly, Construction of Buildings contributed, 2,600 jobs. Total Construction employment (NSA) remains -2,300 jobs, or -1.0 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 7.0 percent over the past year.

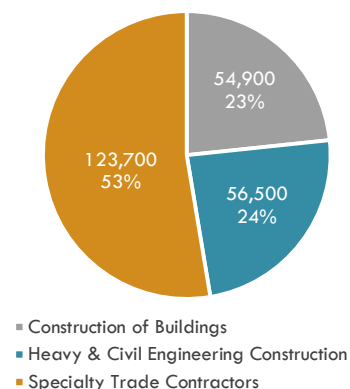
Chart 19. Construction (NSA)
Over-the-year Net Change, Dec-07 to Dec-22



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 53 percent (see Chart 20). Across the Houston MSA, the concentration of jobs in the overall Construction sector is 41 percent higher than the national average, due to 2.5 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

Chart 20. Employment in Component Industries of Construction Sector - December 2022

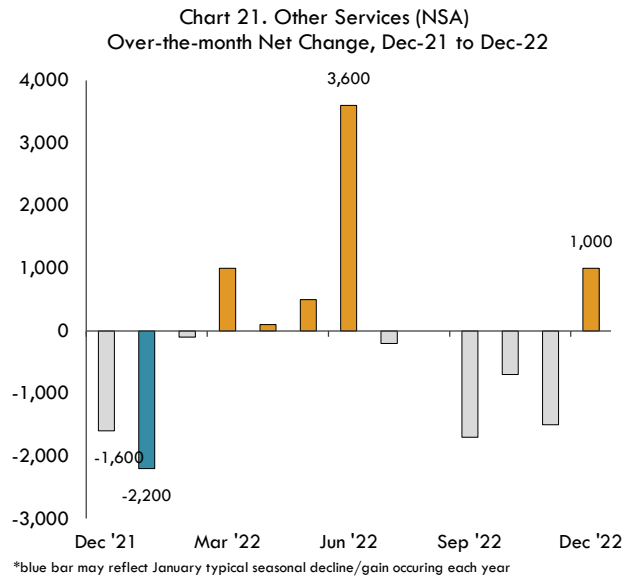


GAINING INDUSTRY HIGHLIGHTS

Other Services

Over-the-month Change

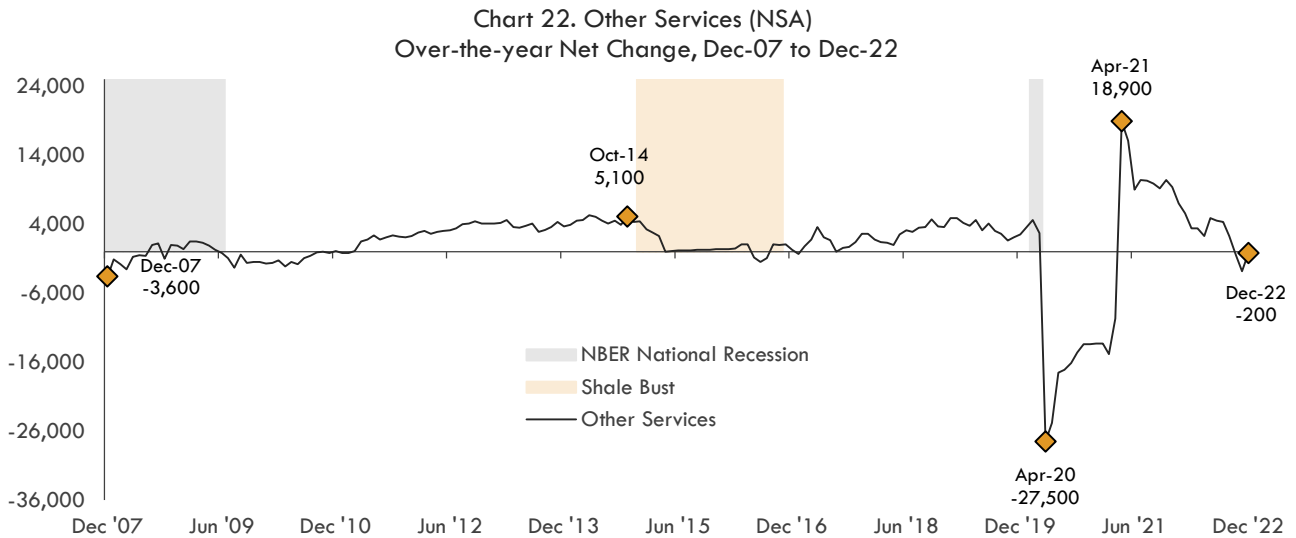
Other Services also saw an increase over the month up 1,000 jobs, or 0.9 percent (see Chart 21). This was the largest-ever gain in the month of December since records began in 1990. Historically in the month of December, Other Services has lost an average of -100 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. 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 200 jobs for a October to November smaller net loss of -1,500 compared to an original estimate of -1,700 jobs.



Over-the-year Change

Year over year, Other Services was down -200 jobs, or -0.2 percent (see Chart 22). This December also marks three consecutive months of over-the-year losses. Furthermore, 100.0 percent of total (gross) jobs lost across the region over the past year can be attributed to Other Services. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Total Other Services employment (NSA) remains -7,100 jobs, or -6.0 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

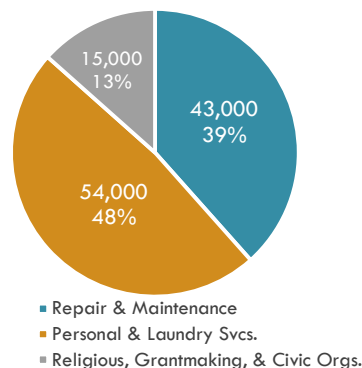
from 3.5 percent to 3.3 percent over the past year.



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 23).

Chart 23. Employment in Component Industries of Other Services Sector - December 2022



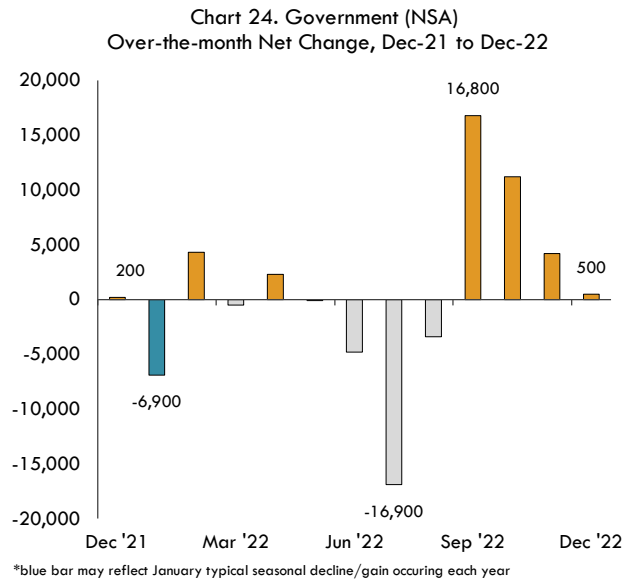
*estimated proportions based QCEW covered and NES self-employment

GAINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government also saw an increase over the month up 500 jobs, or 0.1 percent (see Chart 24). This was the largest December over-the-month gain in since 2020. Historically in the month of December, Government has lost an average of -400 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Local Government was the largest contributor to the overall sector's increase, up 400 jobs over the month. The second-largest contributor was Federal Government, which added 100 jobs from November to December. Lastly, State Government saw no change over the month. Government employment was revised upward by 600 jobs for a October to November larger net gain of 4,200 compared to an original estimate of 3,600 jobs.

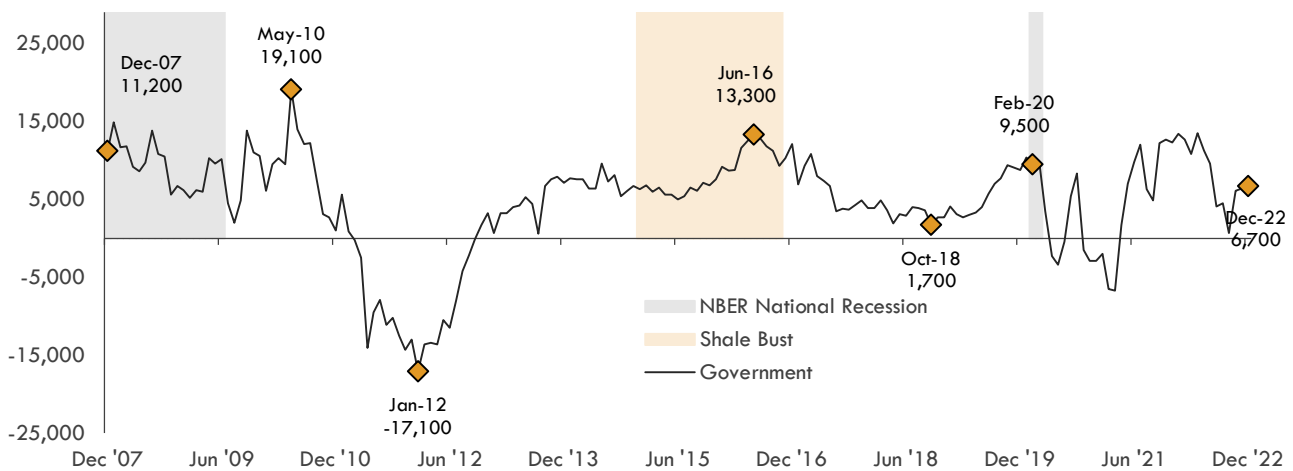


Over-the-year Change

Year over year, Government was up 6,700 jobs, or 1.5 percent (see Chart 25). This was the largest over-the-year gain since June 2022's increase of 9,600 jobs. It also marks 21 consecutive months of over-the-year gains. Local Government was the largest contributor to the overall sector's increase, up 4,700 jobs over the year. The second-largest contributor was State Government, which added 2,000 jobs from December a year ago. Lastly, Federal Government saw no change over the month. Total Government employment (NSA) now exceeds its February 2020 pre-pandemic level of 428,400 jobs by 15,500,

or 3.6 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 13.8 percent to 13.2 percent over the past year.

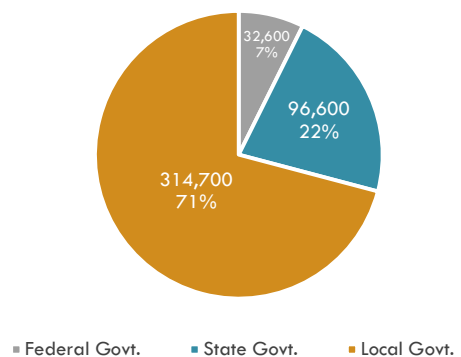
Chart 25. Government (NSA)
Over-the-year Net Change, Dec-07 to Dec-22



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 26). Across the Houston MSA, the concentration of jobs in the overall Government sector is 10 percent less than the national average.

Chart 26. Employment in Component Industries of Government Sector - December 2022



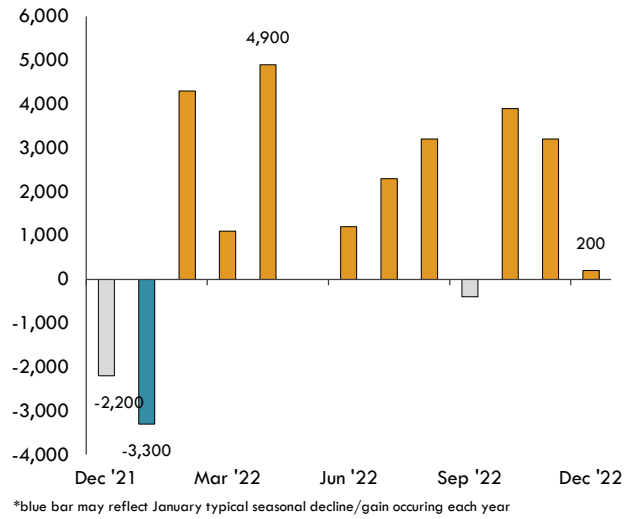
GAINING INDUSTRY HIGHLIGHTS

Education and Health Services

Over-the-month Change

Education and Health Services also saw an increase over the month up 200 jobs, or 0.0 percent (see Chart 27). This was the largest December over-the-month gain in since 2020. Historically in the month of December, Education and Health Services has added an average of 600 jobs over the month, which indicates that this month's gains are slightly below the long-term average. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 800 jobs over the month. One component industry that provided a partial offset was Educational Services, which lost -600 jobs from November to December. Education and Health Services employment was revised downward by -200 jobs for a October to November smaller net gain of 3,200 compared to an original estimate of 3,400 jobs.

Chart 27. Education and Health Services (NSA)
Over-the-month Net Change, Dec-21 to Dec-22

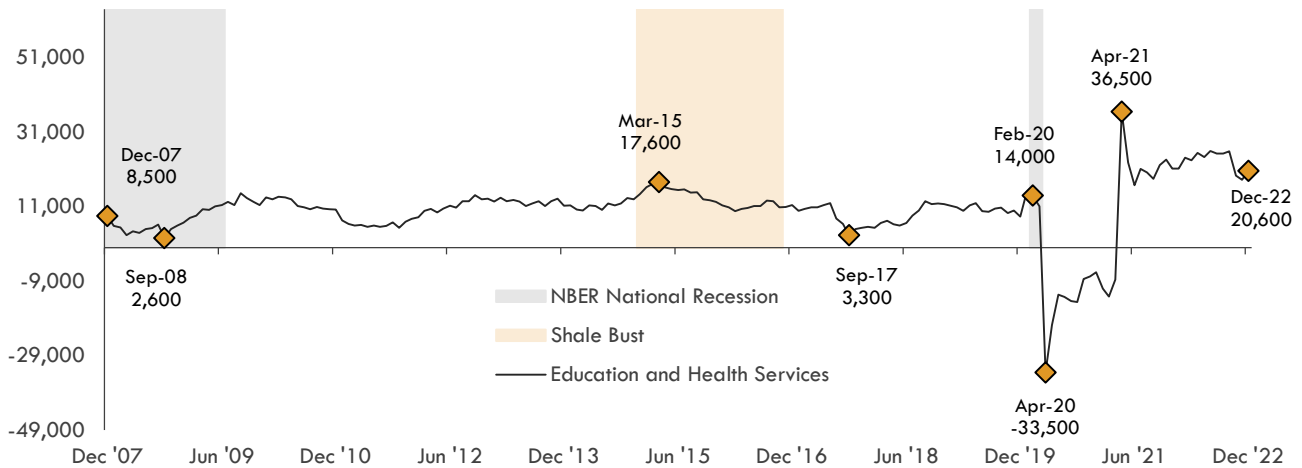


Over-the-year Change

Year over year, Education and Health Services was up 20,600 jobs, or 4.9 percent (see Chart 28). This was the second-largest over-the-year gain in the month of December since records began in 1990 and the largest gain since September 2022's increase of 25,900 jobs. It also marks 21 consecutive months of over-the-year gains. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 15,700 jobs over the year. The second-largest contributor was Educational Services, which added 4,900 jobs from December a year ago. Total Education and Health Services employment

(NSA) now exceeds its February 2020 pre-pandemic level of 414,400 jobs by 30,600, or 7.4 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.

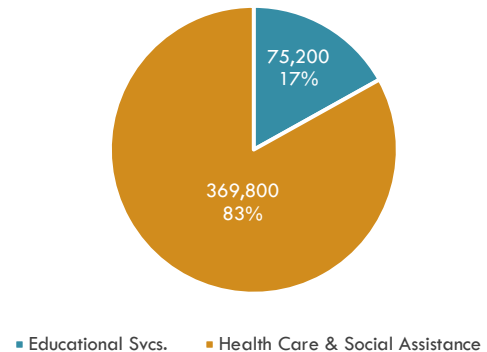
Chart 28. Education and Health Services (NSA)
Over-the-year Net Change, Dec-07 to Dec-22



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 29). 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 29. Employment in Component Industries of Education and Health Services Sector - December 2022



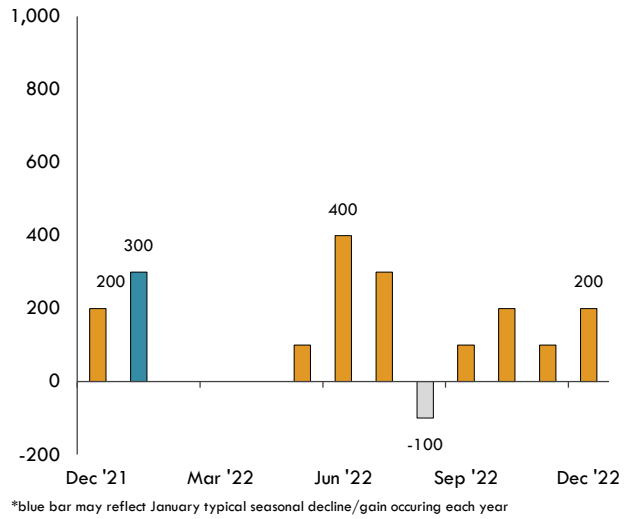
GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information also saw an increase over the month up 200 jobs, or 0.6 percent (see Chart 30). Historically in the month of December, Information has added an average of 200 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 200 jobs over the month. One component industry, Telecommunications, saw no change from November to December. Information employment was revised downward by -100 jobs for a October to November smaller net gain of 100 compared to an original estimate of 200 jobs.

Chart 30. Information (NSA)
Over-the-month Net Change, Dec-21 to Dec-22

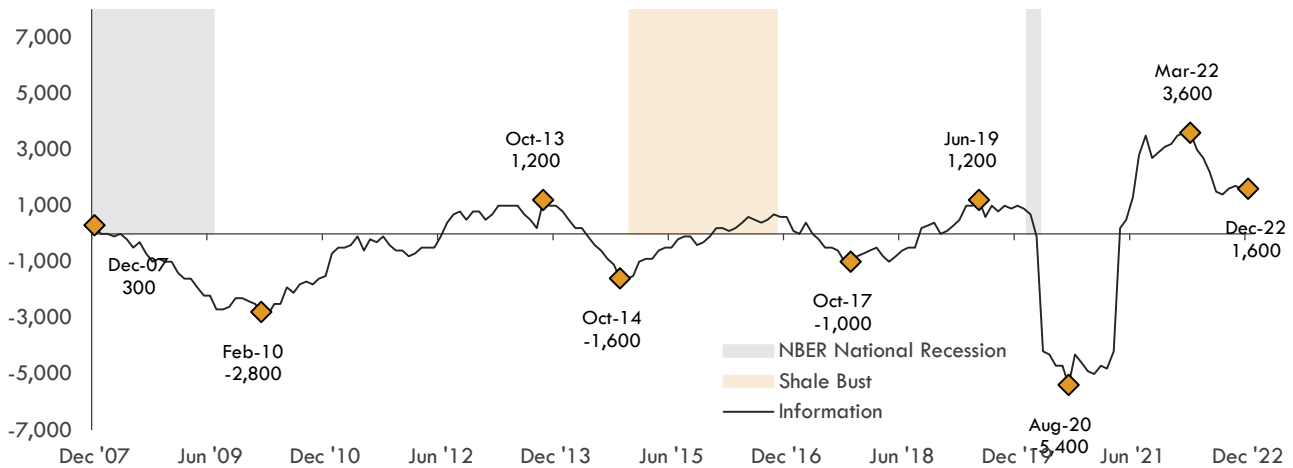


Over-the-year Change

Year over year, Information was up 1,600 jobs, or 5.1 percent (see Chart 31). This December also marks 21 consecutive months of over-the-year gains. Other Information Undefined was the largest contributor to the overall sector's increase, up 1,400 jobs over the year. The second-largest contributor was Telecommunications, which added 200 jobs from December a year ago. Total Information employment (NSA) now exceeds its February 2020 pre-pandemic level of 32,700 jobs by 100, or 0.3 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 1.0 percent

over the past year.

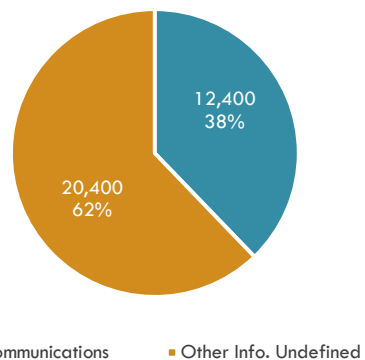
Chart 31. Information (NSA)
Over-the-year Net Change, Dec-07 to Dec-22



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 62 percent (see Chart 32). Across the Houston MSA, the concentration of jobs in the overall Information sector is 51 percent less than the national average.

Chart 32. Employment in Component Industries of Information Sector - December 2022

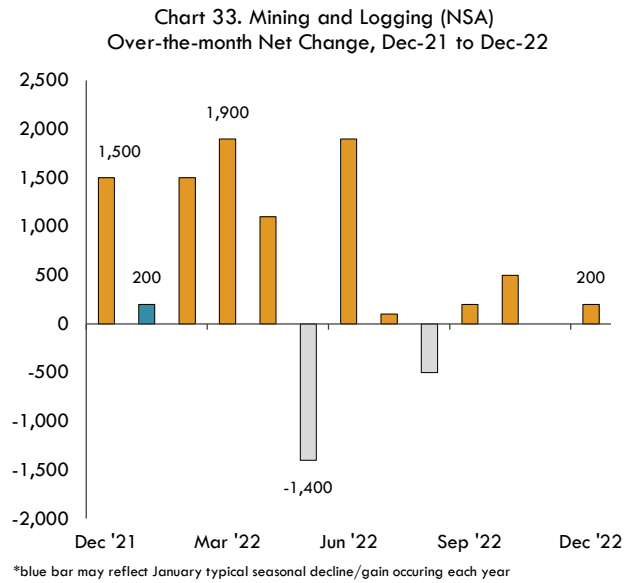


GAINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging also saw an increase over the month up 200 jobs, or 0.3 percent (see Chart 33). Historically in the month of December, Mining and Logging has added an average of 400 jobs over the month, which indicates that this month's gains are slightly below 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 200 jobs from November to December. Lastly, Other Mining and Logging Undefined offset a portion of the sector's gains with a loss of -200 jobs. Mining and Logging employment was revised downward by -700 jobs for a October to November complete loss of gains resulting in a net change of zero compared to an original estimate of 700 jobs.

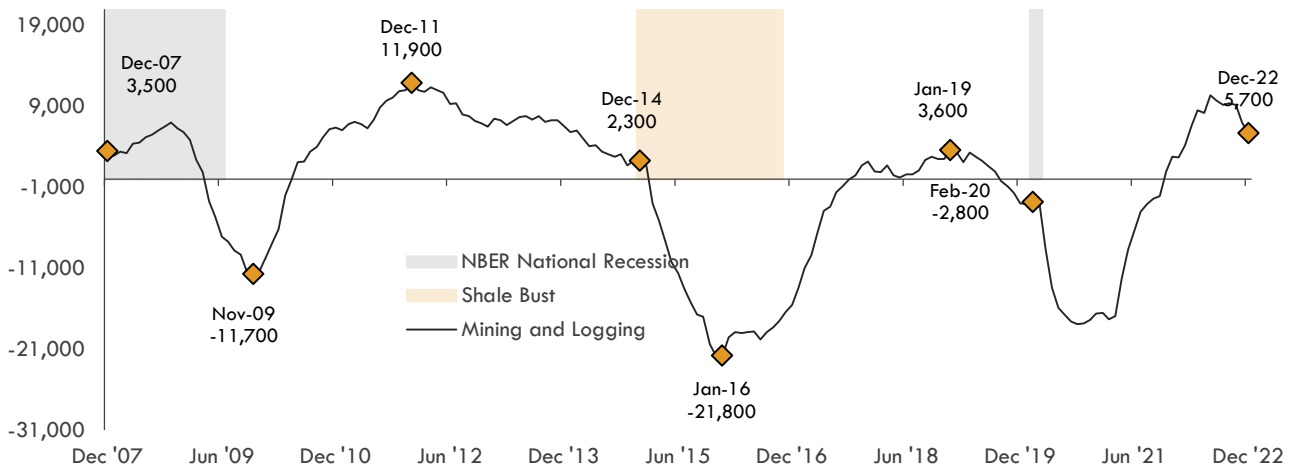


Over-the-year Change

Year over year, Mining and Logging was up 5,700 jobs, or 9.0 percent (see Chart 34). This December 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. Support Activities for Mining was the largest contributor to the overall sector's increase, up 3,300 jobs over the year. The second-largest contributor was Oil and Gas Extraction, which added 3,200 jobs from December a year ago. Lastly, Other Mining and Logging Undefined offset a portion of the sector's gains with a loss of

-800 jobs. Total Mining and Logging employment (NSA) remains -9,100 jobs, or -11.6 percent below its February 2020 pre-pandemic level of 78,400. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 2.0 percent over the past year.

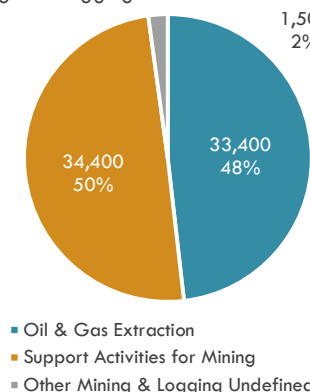
Chart 34. Mining and Logging (NSA)
Over-the-year Net Change, Dec-07 to Dec-22



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 50 percent (see Chart 35). Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 5.0 times the national average, due to the region's role as a global hub for the oil and gas industry.

Chart 35. Employment in Component Industries of Mining and Logging Sector - December 2022



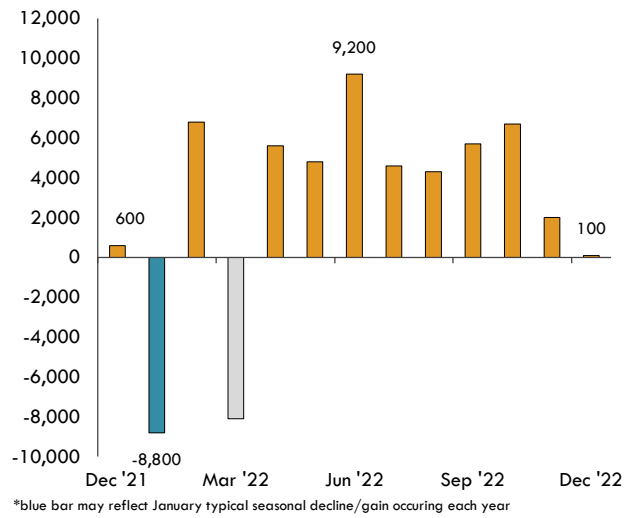
GAINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

Professional and Business Services also saw an increase over the month up 100 jobs, or 0.0 percent (see Chart 36). Historically in the month of December, Professional and Business Services has added an average of 700 jobs over the month, which indicates that this month's gains are slightly below the long-term average. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's increase, up 4,600 jobs over the month. The second-largest contributor was Management of Companies and Enterprises, which added 200 jobs from November to December. Lastly, Administrative and Support and Waste Management and Remediation Services offset a portion of the sector's gains with a loss of -4,700 jobs. Professional and Business Services employment was revised upward by 1,600 jobs for a October to November larger net gain of 2,000 compared to an original estimate of 400 jobs.

Chart 36. Professional and Business Services (NSA)
Over-the-month Net Change, Dec-21 to Dec-22

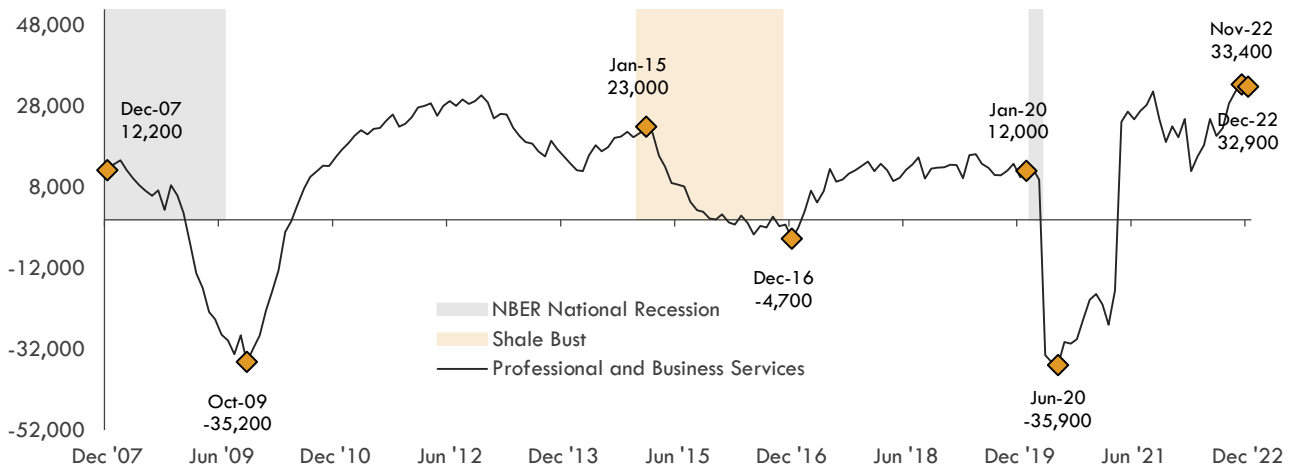


Over-the-year Change

Year over year, Professional and Business Services was up 32,900 jobs, or 6.4 percent (see Chart 37). This was the largest-ever over-the-year gain in December and the second-largest gain on record. It also marks 21 consecutive months of over-the-year gains. Furthermore, 18.4 percent of total (gross) jobs added across the region over the past year can be attributed to Professional and Business Services. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's increase, up 24,700 jobs over the year. The second-largest contributor was Administrative and Support and Waste

Management and Remediation Services, which added 6,200 jobs from December a year ago. Lastly, Management of Companies and Enterprises contributed, 2,000 jobs. Total Professional and Business Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 514,700 jobs by 33,900, or 6.6 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 16.2 percent to 16.3 percent over the past year.

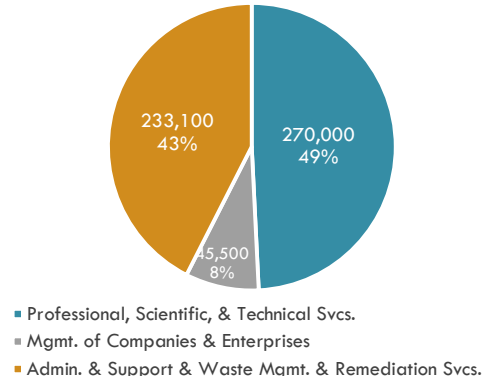
Chart 37. Professional and Business Services (NSA)
Over-the-year Net Change, Dec-07 to Dec-22



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 49 percent (see Chart 38). Across the Houston MSA, the concentration of jobs in the overall sector is 12 percent higher than the national average, due to a 17-percent higher concentration in Professional, Scientific, and Technical Services serving the oil and gas industry.

Chart 38. Employment in Component Industries of Professional and Business Services Sector - December 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 3.9 percent in December, down from November's 4.0 percent and down from 4.8 percent a year ago. This was above the statewide rate of 3.6 percent and above the national rate of 3.3 percent. An over-the-month decline in December is typical having occurred roughly 70 percent of the time over the past three decades making this month's decrease consistent with historical seasonal trends. 140,487 individuals were unemployed in Houston in December, down from November's 142,903 and down from 166,817 in December 2021 (see Charts 39 and 40).

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

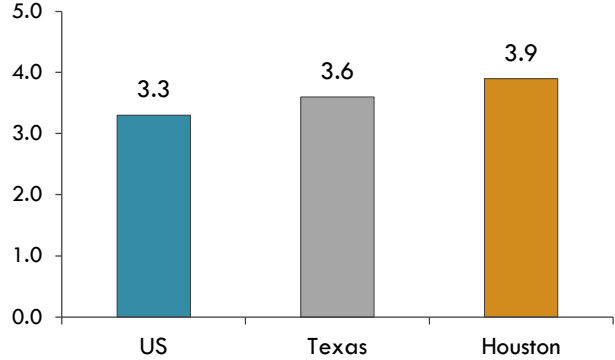
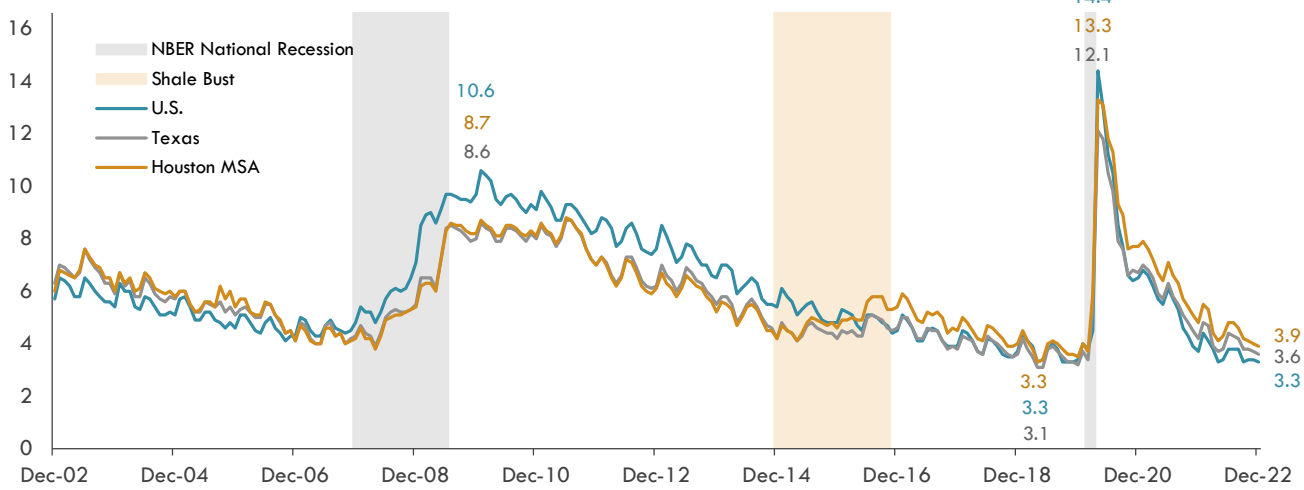


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
December 2002 to December 2022

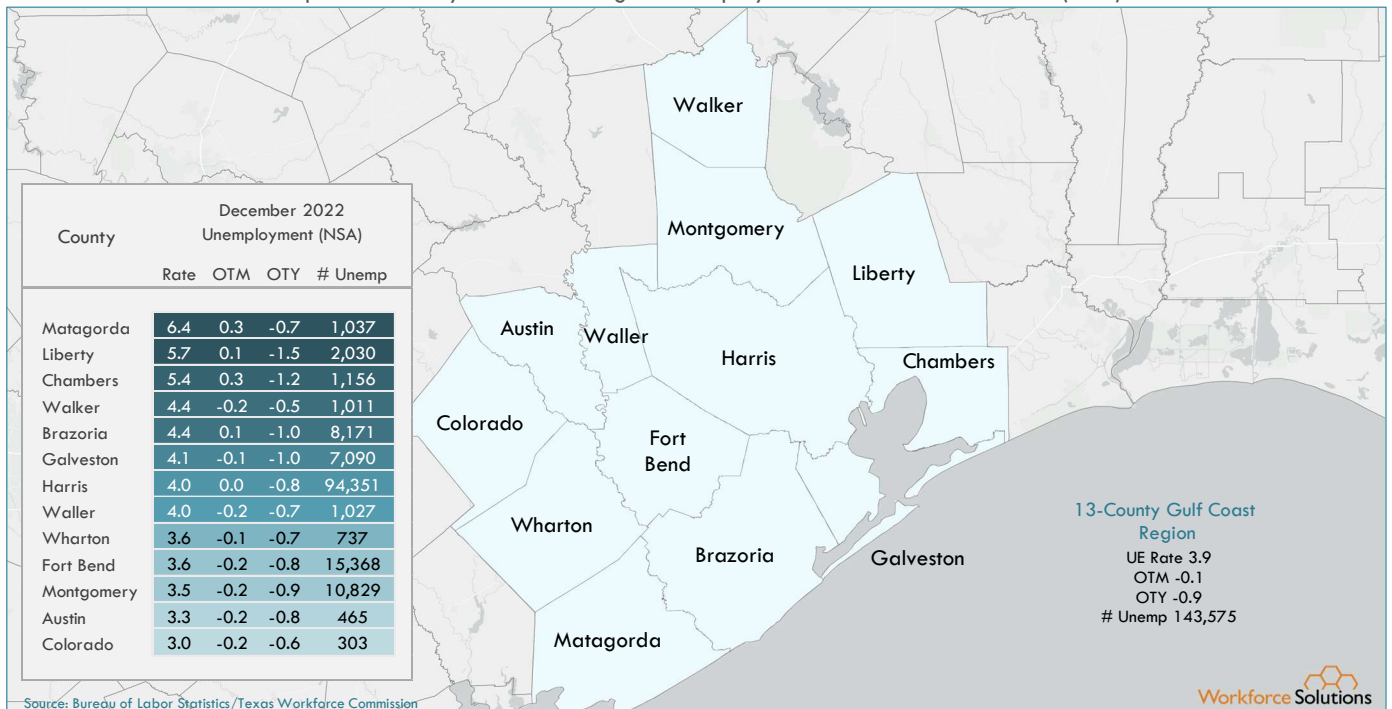


County-level Unemployment

Among the 13 counties that comprise the Gulf Coast Workforce Development Area, unemployment rates in December ranged from a high of 6.4 percent in Matagorda County to a low of 3.0 percent in Colorado. Over the month, eight counties saw their unemployment rates decline in keeping with the region-wide decrease of -0.1 percentage points while four increased and one saw no change. Austin saw the largest percentage-point decrease in unemployment down -0.2 pp. representing -33 fewer unemployed workers compared to the previous month. This was followed by Waller (-0.2 pp, -53 workers) and Colorado (-

pp, -22 workers). Over the year unemployment rates also fell, with Liberty posting the largest decrease, down -1.5 percentage points representing -476 fewer unemployed workers compared to a year ago followed by Chambers (-1.2 pp, -226 workers) and Brazoria (-1.0 pp, -1,613 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 -302,732 as of this December (see Map 1 legend).

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



Local Area Unemployment Statistics (continued)

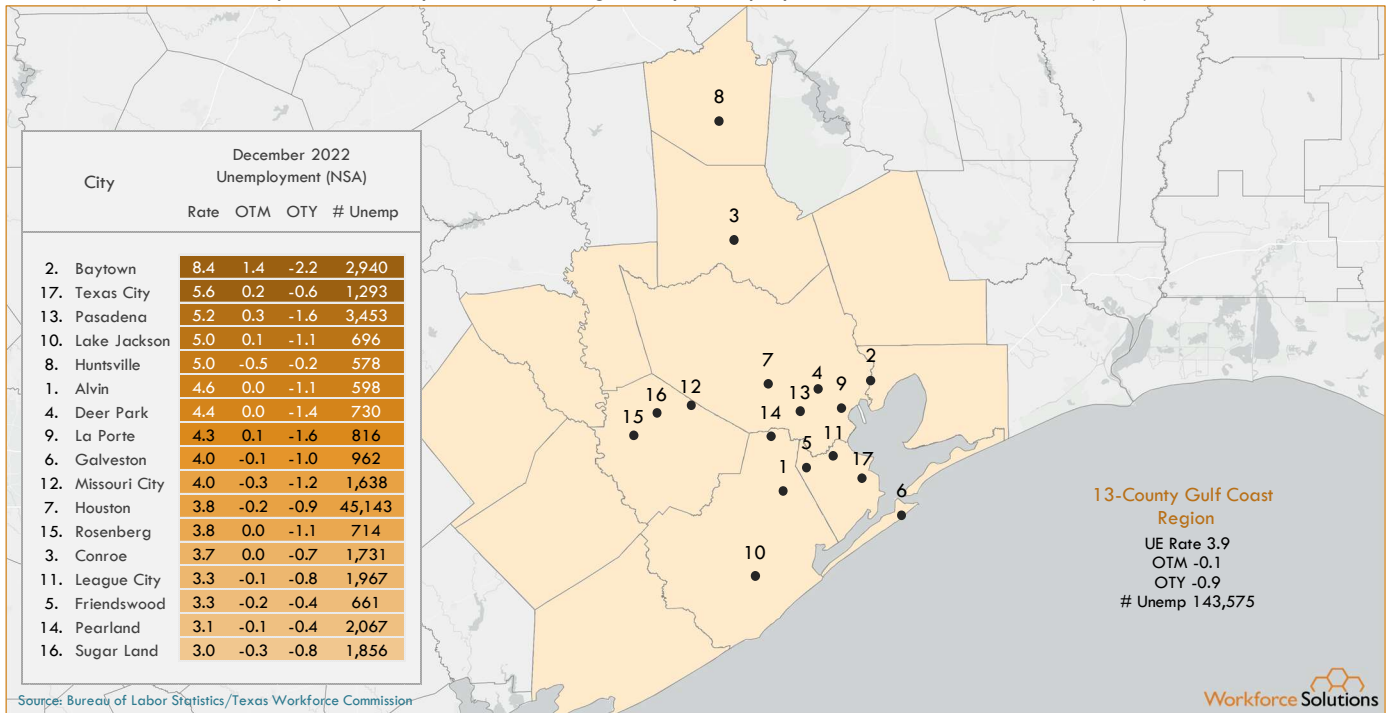
Not-Seasonally Adjusted

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 December ranged from a high of 8.4 percent in Baytown to a low of 3.0 percent in Sugar Land (see Map 2 legend). Over the month, eight cities saw their unemployment rates decline in keeping with the region-wide decrease of -0.1 percentage points while five increased and four saw no changes. Huntsville saw the largest percentage-point

decrease in unemployment down -0.5 pp. representing -52 fewer unemployed workers compared to the previous month. This was followed by Missouri City (-0.3 pp, -136 workers) and Sugar Land (-0.3 pp, -172 workers). Over the year unemployment rates also fell, with Baytown posting the largest decrease, down -2.2 percentage points representing -686 fewer unemployed workers compared to a year ago followed by La Porte (-1.6 pp, -278 workers) and Pasadena (-1.6 pp, -999 workers). The 17 cities below accounted for 47 percent of the 143,575 unemployed workers across the Gulf Coast Region as of this December (see Map 2 legend).

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



Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (seasonally-adjusted) unemployment rate stood at 4.3 percent in November, down from October's 4.4 percent and down from 5.5 percent a year ago. This was above the statewide rate of 4.0 percent and above the national rate of 3.7 percent. 153,108 individuals were unemployed in Houston in November, down from October's 154,713 and down from 191,187 in November 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
 November 2022

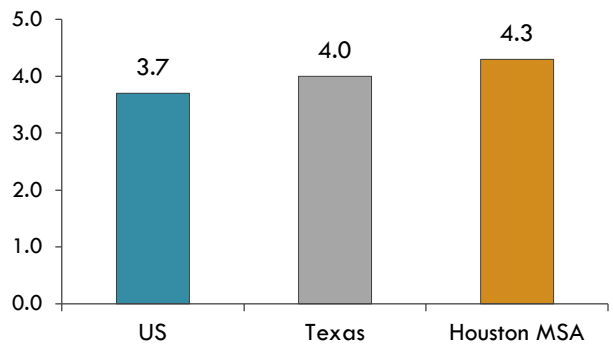
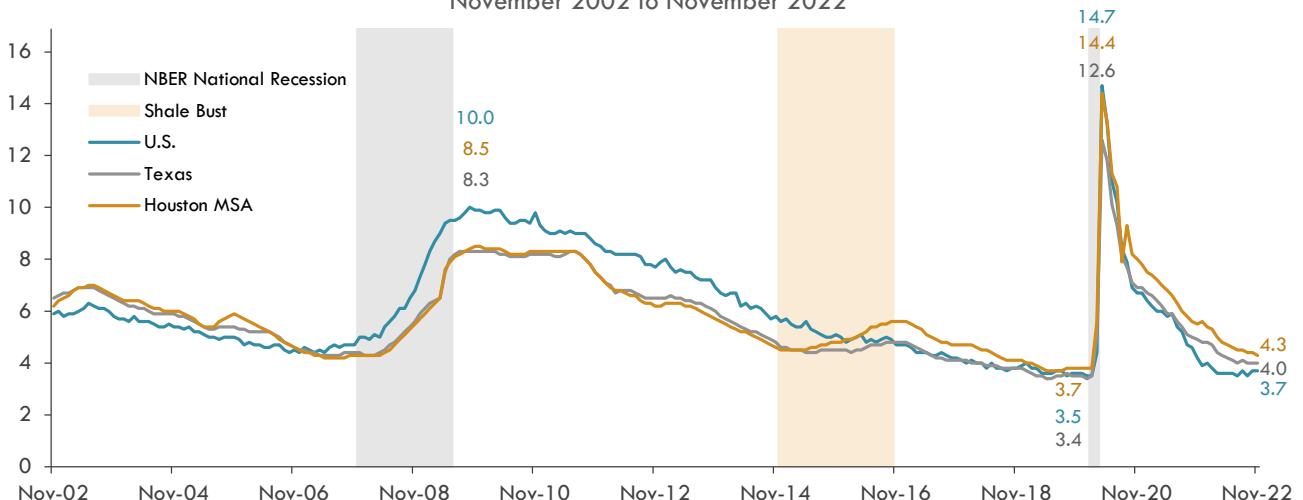


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
 November 2002 to November 2022



Gulf Coast Workforce Solutions Index (WSI)

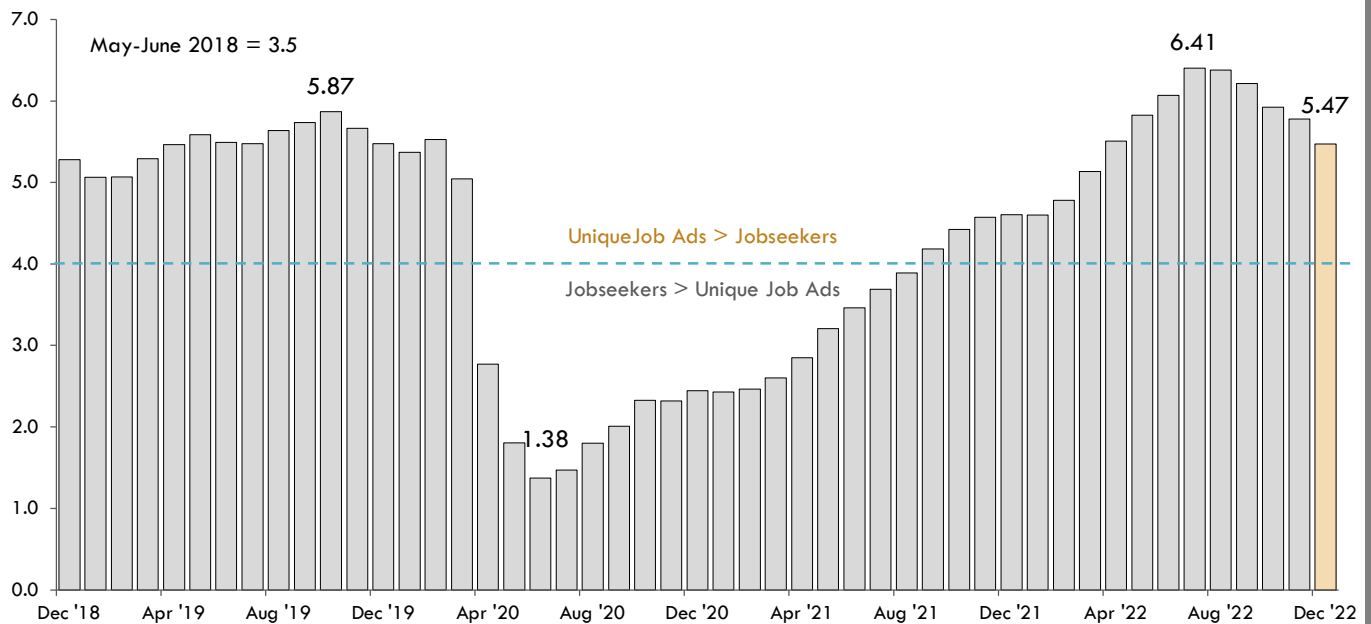


The Gulf Coast Workforce Solutions Index (WSI)

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
December
2022:
5.47

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



Source(s): Emsi-Burning Glass and BLS/TWC - LAUS
Note: data subject to revisions.



Workforce Solutions Index December 2022

The Houston MSA WSI for December stood at 5.47, down from November's slightly upward revised reading of 5.78. December's reading marks five over-the-month consecutive declines in the index confirming a peak for the cycle in July of 6.41. This December's decline was the result of a nearly 19,000-decrease in job ads over from November compared to a much smaller decrease in unemployed workers by only 1,600 from October to November (SA). Nonetheless, the indicator suggests that a requirement of five work search activities may be appropriate for individuals receiving unemployment insurance given the relative availability of jobs at present.



Houston Area Employment Situation

December 2022

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Dec-22	Nov-22	Dec-21	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,356,000	3,340,000	3,177,000	16,000	0.5%	179,000	5.6%
Total Private	2,912,100	2,896,600	2,739,800	15,500	0.5%	172,300	6.3%
Goods Producing	533,800	531,200	497,900	2,600	0.5%	35,900	7.2%
.Mining and Logging	69,300	69,100	63,600	200	0.3%	5,700	9.0%
...Oil and Gas Extraction	33,400	33,200	30,200	200	0.6%	3,200	10.6%
...Support Activities for Mining	34,400	34,200	31,100	200	0.6%	3,300	10.6%
.Construction	235,100	234,100	216,300	1,000	0.4%	18,800	8.7%
..Construction of Buildings	54,900	54,500	52,300	400	0.7%	2,600	5.0%
..Heavy and Civil Engineering Construction	56,500	56,800	51,700	-300	-0.5%	4,800	9.3%
..Specialty Trade Contractors	123,700	122,800	112,300	900	0.7%	11,400	10.2%
.Manufacturing	229,400	228,000	218,000	1,400	0.6%	11,400	5.2%
..Durable Goods	142,800	141,800	134,900	1,000	0.7%	7,900	5.9%
...Fabricated Metal Product Manufacturing	49,500	49,200	46,700	300	0.6%	2,800	6.0%
...Machinery Manufacturing	40,600	40,200	39,300	400	1.0%	1,300	3.3%
....Agriculture, Construction, and Mining Machinery Mfg.	20,700	20,500	19,900	200	1.0%	800	4.0%
...Computer and Electronic Product Manufacturing	13,200	13,200	12,800	0	0.0%	400	3.1%
..Non-Durable Goods	86,600	86,200	83,100	400	0.5%	3,500	4.2%
...Petroleum and Coal Products Manufacturing	8,300	8,200	8,200	100	1.2%	100	1.2%
...Chemical Manufacturing	40,200	40,300	39,500	-100	-0.2%	700	1.8%
Service Providing	2,822,200	2,808,800	2,679,100	13,400	0.5%	143,100	5.3%
.Private Service Providing	2,378,300	2,365,400	2,241,900	12,900	0.5%	136,400	6.1%
..Trade, Transportation, and Utilities	693,900	687,800	668,400	6,100	0.9%	25,500	3.8%
...Wholesale Trade	179,100	180,100	164,700	-1,000	-0.6%	14,400	8.7%
....Merchant Wholesalers, Durable Goods	109,200	108,700	99,900	500	0.5%	9,300	9.3%
....Prof. and Commercial Equip. Supplies Wholesalers	18,200	18,100	17,200	100	0.6%	1,000	5.8%
....Merchant Wholesalers, Nondurable Goods	57,100	56,900	53,500	200	0.4%	3,600	6.7%
...Retail Trade	332,100	329,100	324,100	3,000	0.9%	8,000	2.5%
....Motor Vehicle and Parts Dealers	43,600	43,600	42,200	0	0.0%	1,400	3.3%
....Bldg. Material and Garden Equip. and Supplies Dealers	24,200	23,200	23,500	1,000	4.3%	700	3.0%
....Food and Beverage Stores	73,700	73,500	71,600	200	0.3%	2,100	2.9%
....Health and Personal Care Stores	21,400	21,300	21,200	100	0.5%	200	0.9%
....Clothing and Clothing Accessories Stores	26,600	25,700	25,900	900	3.5%	700	2.7%
....General Merchandise Stores	66,700	65,700	68,200	1,000	1.5%	-1,500	-2.2%
....Department Stores	22,400	21,700	23,000	700	3.2%	-600	-2.6%
....Other General Merchandise Stores	44,300	44,000	45,200	300	0.7%	-900	-2.0%
...Transportation, Warehousing, and Utilities	182,700	178,600	179,600	4,100	2.3%	3,100	1.7%
...Utilities	18,100	17,900	17,400	200	1.1%	700	4.0%
....Air Transportation	19,600	19,400	18,200	200	1.0%	1,400	7.7%
....Truck Transportation	29,200	29,300	27,700	-100	-0.3%	1,500	5.4%
....Pipeline Transportation	13,000	12,900	12,400	100	0.8%	600	4.8%
..Information	32,800	32,600	31,200	200	0.6%	1,600	5.1%
...Telecommunications	12,400	12,400	12,200	0	0.0%	200	1.6%
..Financial Activities	178,000	176,400	171,100	1,600	0.9%	6,900	4.0%
...Finance and Insurance	112,700	111,200	109,300	1,500	1.3%	3,400	3.1%
....Credit Intermediation and Related Activities	47,800	46,800	46,400	1,000	2.1%	1,400	3.0%
....Depository Credit Intermediation	30,600	30,000	29,800	600	2.0%	800	2.7%
....Securities, Commodity Contracts, and Fin. Investments	22,300	22,100	21,700	200	0.9%	600	2.8%
....Insurance Carriers and Related Activities	42,600	42,300	41,200	300	0.7%	1,400	3.4%
...Real Estate and Rental and Leasing	65,300	65,200	61,800	100	0.2%	3,500	5.7%
..Professional and Business Services	548,600	548,500	515,700	100	0.0%	32,900	6.4%
...Professional, Scientific, and Technical Services	270,000	265,400	245,300	4,600	1.7%	24,700	10.1%
....Legal Services	31,400	31,300	29,700	100	0.3%	1,700	5.7%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	27,500	27,300	26,400	200	0.7%	1,100	4.2%
....Architectural, Engineering, and Related Services	80,100	77,200	67,200	2,900	3.8%	12,900	19.2%
....Computer Systems Design and Related Services	40,300	40,300	38,400	0	0.0%	1,900	4.9%
...Management of Companies and Enterprises	45,500	45,300	43,500	200	0.4%	2,000	4.6%
...Admin. and Support and Waste Mgmt. and Remediation	233,100	237,800	226,900	-4,700	-2.0%	6,200	2.7%
....Administrative and Support Services	222,300	226,900	214,900	-4,600	-2.0%	7,400	3.4%
....Employment Services	86,700	88,300	86,600	-1,600	-1.8%	100	0.1%
....Services to Buildings and Dwellings	51,500	52,700	48,900	-1,200	-2.3%	2,600	5.3%
..Educational and Health Services	445,000	444,800	424,400	200	0.0%	20,600	4.9%
...Educational Services	75,200	75,800	70,300	-600	-0.8%	4,900	7.0%
...Health Care and Social Assistance	369,800	369,000	354,100	800	0.2%	15,700	4.4%
....Ambulatory Health Care Services	184,200	183,600	177,400	600	0.3%	6,800	3.8%
....Hospitals	95,900	95,400	89,700	500	0.5%	6,200	6.9%
..Leisure and Hospitality	368,000	364,300	318,900	3,700	1.0%	49,100	15.4%
...Arts, Entertainment, and Recreation	38,000	38,100	31,000	-100	-0.3%	7,000	22.6%
...Accommodation and Food Services	330,000	326,200	287,900	3,800	1.2%	42,100	14.6%
....Accommodation	27,000	27,000	22,500	0	0.0%	4,500	20.0%
....Food Services and Drinking Places	303,000	299,200	265,400	3,800	1.3%	37,600	14.2%
..Other Services	112,000	111,000	112,200	1,000	0.9%	-200	-0.2%
Government	443,900	443,400	437,200	500	0.1%	6,700	1.5%
.Federal Government	32,600	32,500	32,600	100	0.3%	0	0.0%
.State Government	96,600	96,600	94,600	0	0.0%	2,000	2.1%
..State Government Educational Services	56,000	56,100	54,900	-100	-0.2%	1,100	2.0%
.Local Government	314,700	314,300	310,000	400	0.1%	4,700	1.5%
..Local Government Educational Services	220,100	219,800	216,100	300	0.1%	4,000	1.9%