

Houston Area Employment Situation

May 2025

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

Labor Market Momentum Slips in May as Hiring Cools Across Key Sectors

Total Nonfarm

Over-the-month Change

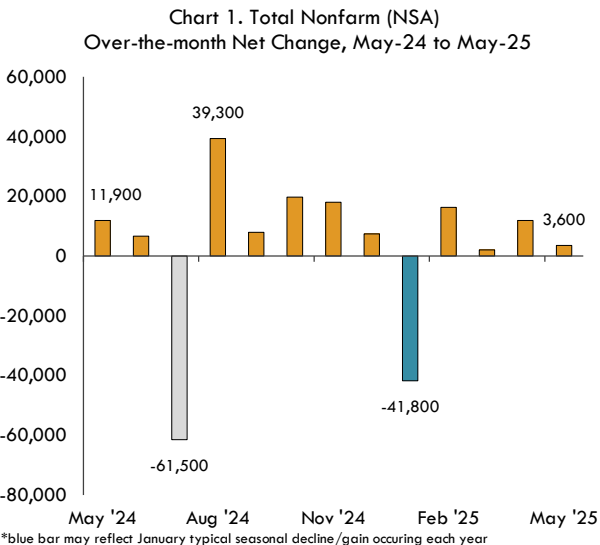
Houston MSA Total Nonfarm employment stood at 3,471,300 in May, up 3,600 jobs over the month, or 0.1 percent on a not-seasonally-adjusted basis (see Chart 1). A year ago Houston registered an over-the-month increase of 11,900 jobs. Prior to the pandemic, historically in the month of May, Total Nonfarm has on average added 12,600 jobs over the month, which indicates that this month's gains are substantially below the long-term average.

The primary drivers of this May's growth were increases in Leisure and Hospitality; Trade, Transportation, and Utilities; and Financial Activities. Gains were also recorded in Mining and Logging; Information; and Private Education and Health Services. The net increase in jobs over the month was partially offset by losses in Professional and Business Services; Government; and Construction. (see Chart 2). Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,464,300, down -5,800 jobs over the month, or -0.2 percent vs. a historical average of 4,300. All analysis pertains to not-seasonally adjusted data unless otherwise noted. Data source: BLS/TWC. NOTE: The Houston-Pasadena-The Woodlands Metropolitan Statistical Area (MSA) consists of Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties. Analysis of major sectors and their sub-components throughout the remainder of this report references not-seasonally adjusted data.

- Top-3 Drivers of Over-the-month Job Growth in May
- Leisure and Hospitality: 7,400
 - Trade, Transportation, and Utilities: 3,000
 - Financial Activities: 400

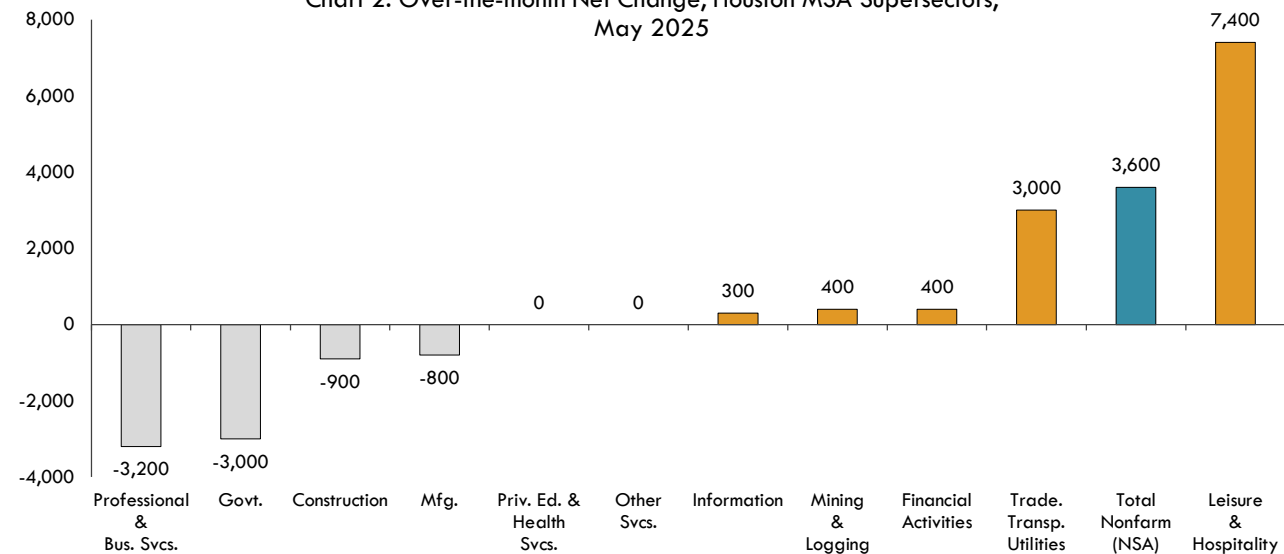
Over-the-year Change

Over the year, Total Nonfarm employment was up 29,600 or 0.9 percent on a not-seasonally-adjusted basis and up 28,800 or 0.8 percent on a seasonally-adjusted basis (see NSA Chart 3). To compare, May 2024 saw a year-over-year gain of 60,400 jobs (NSA) from May 2023. Currently 8 out of 11 sectors show growth year over year of which the top-three are Trade, Transportation, and Utilities (10,800); Private Education and Health Services (9,900); and Leisure and Hospitality (6,400) (see Chart 4).



Total Nonfarm employment not-seasonally-adjusted now exceeds its February 2020 pre-pandemic level of 3,193,600 jobs by 277,700, or 8.7 percent (264,500 jobs, 8.3 percent above 3,199,800 seasonally adjusted).

Chart 2. Over-the-month Net Change, Houston MSA Supersectors, May 2025



Previous Month's Revisions

Total Nonfarm employment was revised downward by -2,500 jobs for a March to April smaller net gain of 11,900 compared to an original estimate of 14,400 jobs. A downward revision of -1,700 jobs in Professional and Business Services was the largest contributor followed by Construction (-1,100) and Other Services (-500). Upward revisions in Government (+600), Private Education and Health Services (+400), and Information (+200) provided a partial offset of the overall downward revision to Total Nonfarm employment (see Chart 5).

- Top-3 Drivers of Over-the-year Job Growth in May
- Trade, Transportation, and Utilities: 10,800
 - Private Education and Health Services: 9,900
 - Leisure and Hospitality: 6,400

Chart 5. Net Revisions for Selected Supersectors and Major Industries, April 2025

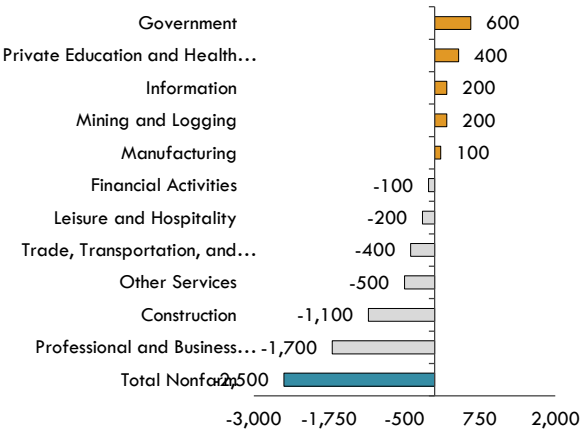


Chart 3. Total Nonfarm (NSA)
Over-the-year Net Change, May-10 to May-25

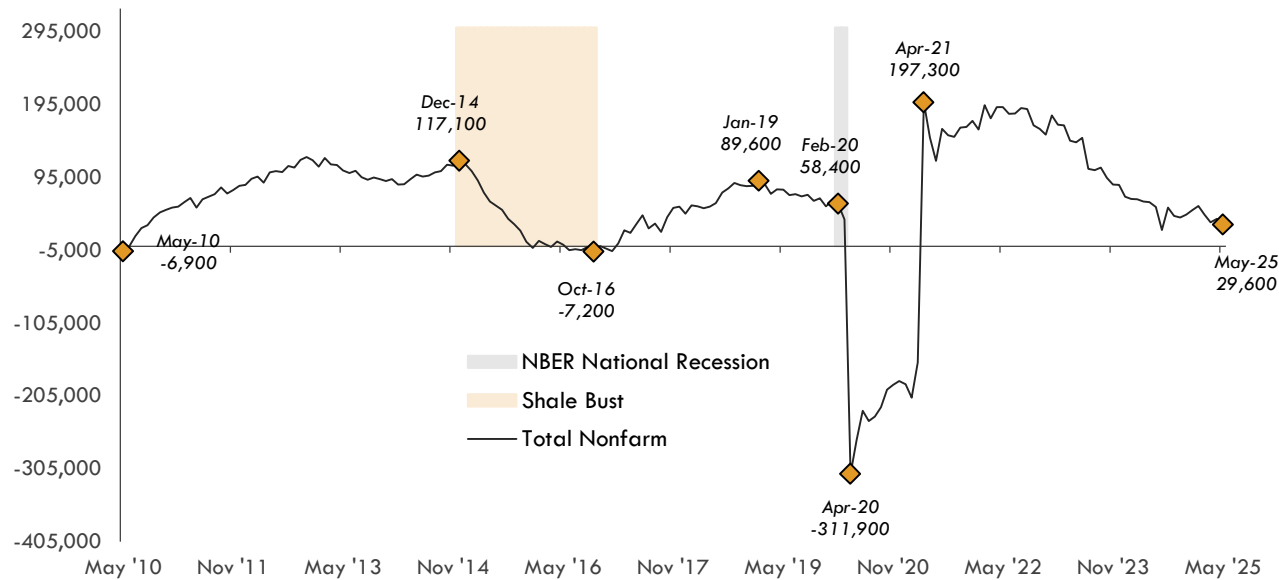
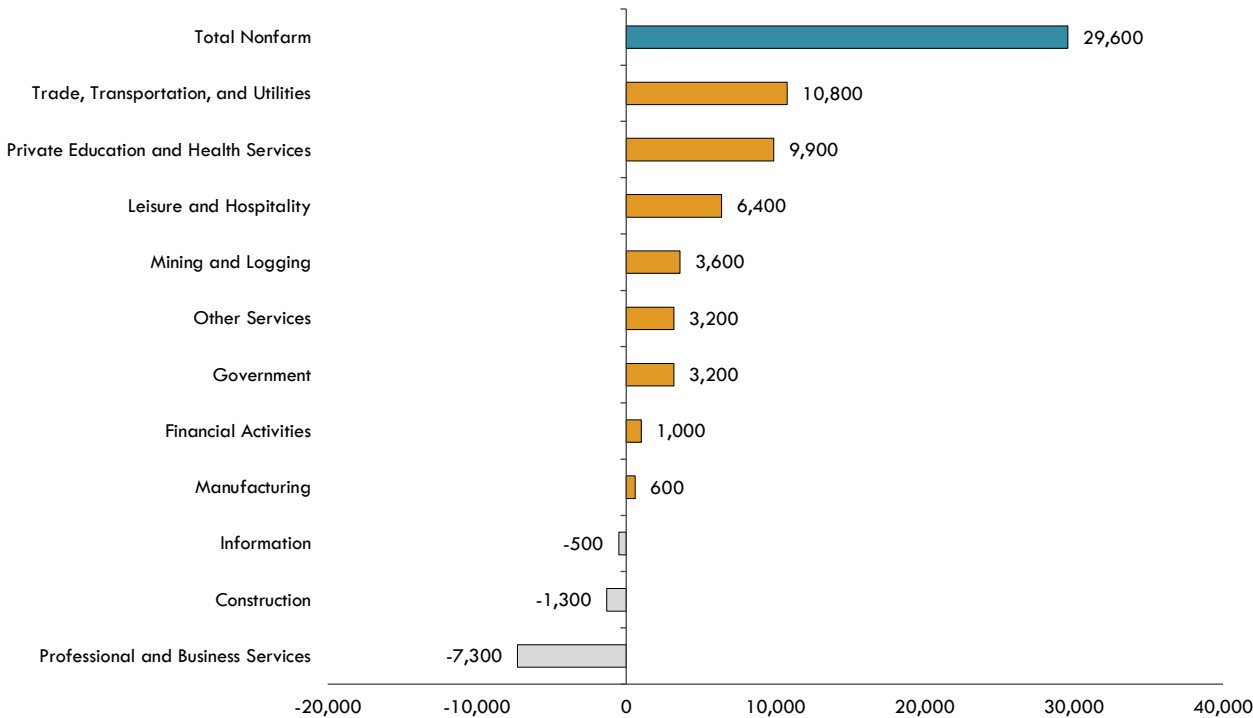


Chart 4. Over-the-year Net Change, Houston MSA Supersectors, May 2024 to May 2025



Supplemental Commentary

Houston's labor market lost momentum in May, adding just 3,600 jobs on a not-seasonally-adjusted basis, well below the historical May average of 12,600. On a seasonally adjusted basis, the region posted a net loss of 5,800 jobs, marking the weakest performance so far this year and signaling that the labor market is beginning to reflect the broader economic deceleration seen in recent months. Over the past 12 months, the region added 29,600 jobs, a 0.9% annual growth rate. This is the slowest year-over-year gain for the month of May since 2017, excluding the pandemic period. While May's figures are not cause for immediate concern, they do reinforce expectations of a slower year for job growth.

The Leisure and Hospitality sector continued to lead employment gains, adding 7,400 jobs in May, largely driven by seasonal hiring in Accommodation and Food Services (+6,100). Trade, Transportation, and Utilities also posted solid growth (+3,000), consistent with typical late-spring demand patterns, while Financial Activities and Mining and Logging each added a modest 400 jobs. However, these gains were largely offset by declines in key service-producing industries.

The largest over-the-month decline came from Professional and Business Services, which lost 3,200 jobs in May. Losses were concentrated in Administrative and Support Services (-1,300) and Professional, Scientific, and Technical Services (-1,700), including a notable decline of 1,100 jobs in Accounting, Tax Preparation, Bookkeeping, and Payroll Services. Broad-based pullbacks in staffing, consulting, and support services, particularly within the energy industry, likely contributed. Employment contraction noted in ISM-Houston's Non-Manufacturing Index (47.6 in May) supports the softening seen in this sector. Local staffing firms and back-office service providers have faced reduced demand as clients take a more cautious hiring stance.

Government also posted a sizable decline of 3,000 jobs, driven largely by seasonal layoffs in Local Education (-2,200). Although these losses are not unusual for May, this year's decline was steeper than average and with losses at the state (-100) and federal levels (-800). Additionally, Other Services and Private Education and Health Services delivered weak performance in May with both flat over the month while remaining a drag on overall job growth.

Manufacturing added 1,200 jobs in May, a modest increase amid a challenging operating environment. The ISM's Houston Manufacturing PMI fell sharply to 43.4, indicating contraction, with employment and new orders both sliding further into negative territory. This suggests that despite the job gains, underlying demand for manufactured goods remains soft. Energy-related manufacturing firms, in particular, are facing headwinds from falling oil prices and slowing orders.

Indeed, the outlook for Houston's energy sector has become more cautious. According to the Dallas Fed's 2Q 2025 Energy Outlook, upstream oil and gas payrolls were already expected to shrink this year, and the recent decline in WTI prices, driven by increased OPEC+ output, could put further pressure on the sector. While production is expected to plateau, firms are increasingly doing more with fewer workers, contributing to job stagnation in support services tied to oil and gas.

Altogether, Houston's labor market appears to be transitioning into a slower growth phase, with most momentum concentrated in consumer-facing industries. Indicators such as initial unemployment claims have risen modestly, and the unemployment rate edged up to 4.2%. At the same time, labor force growth has slowed, reinforcing the picture of a more cautious economic environment.

As Houston continues to navigate a shifting economic landscape, the labor market is beginning to show signs of strain. That said, there are still areas of resilience, and the slowdown appears more consistent with a soft landing than a broad contraction. The coming months will be critical in determining whether these headwinds intensify, or the regional economy regains firmer footing.

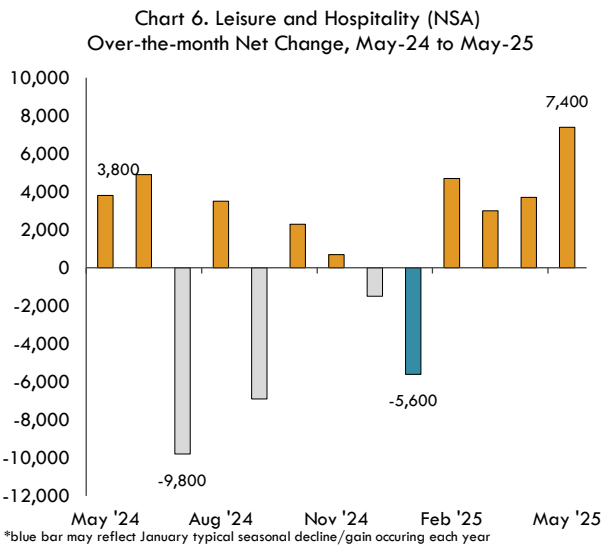
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GAINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

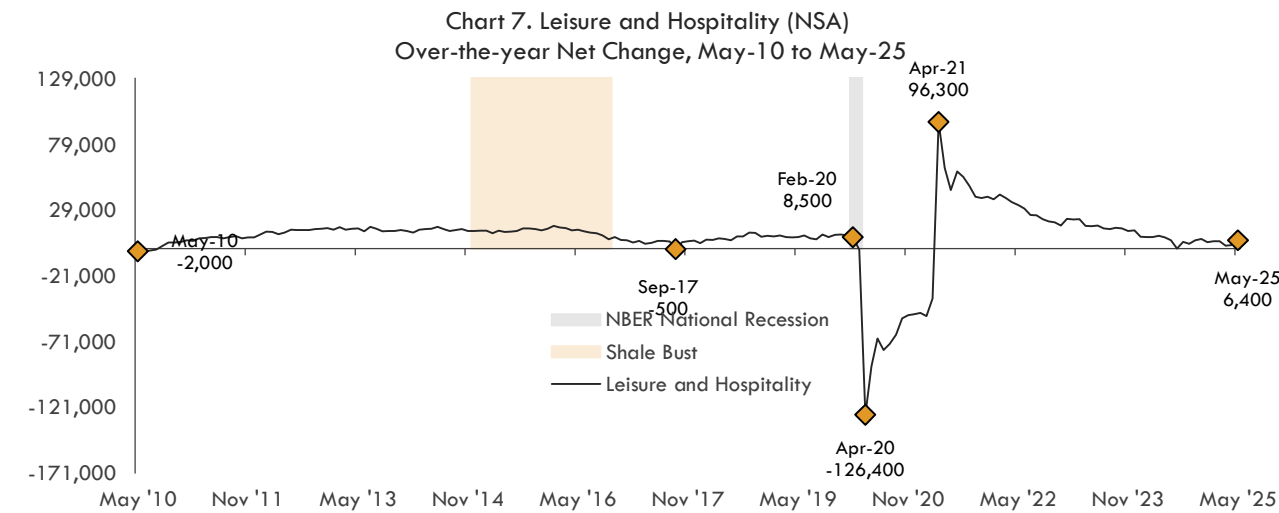
Leisure and Hospitality was the largest gaining sector over the month up 7,400 jobs, or 2.0 percent (see Chart 6). This was the third-largest gain in the month of May since records began in 1990. Historically in the month of May, Leisure and Hospitality has added an average of 4,400 jobs over the month, 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 6,100 jobs over the month. The second-largest contributor was Arts, Entertainment, and Recreation, which added 1,300 jobs from April to May. Leisure and Hospitality employment was revised downward by -200 jobs for a March to April smaller net gain of 3,700 compared to an original estimate of 3,900 jobs.



Over-the-year Change

Year over year, Leisure and Hospitality was up 6,400 jobs, or 1.7 percent (see Chart 7). This was the largest over-the-year gain since November 2024's increase of 7,400 jobs. Furthermore, 16.5 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 6,200 jobs over the year. The second-largest contributor was Arts, Entertainment, and Recreation, which added 200 jobs from May a year ago. Total Leisure and Hospitality employment (NSA) now exceeds

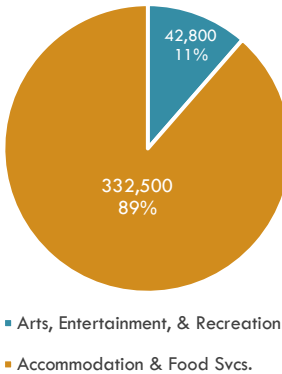
its February 2020 pre-pandemic level of 334,600 jobs by 40,700, or 12.2 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 10.7 percent over the past year.



About This Sector

This sector is composed of establishments that produce and promote in live performances, events, of exhibits of historical, cultural, or educational interest or related to recreation or hobbies intended for public viewing; and provide customers with lodging and/or meals and beverages for immediate consumption. 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).

Chart 8. Employment in Component Industries of Leisure and Hospitality Sector - May 2025

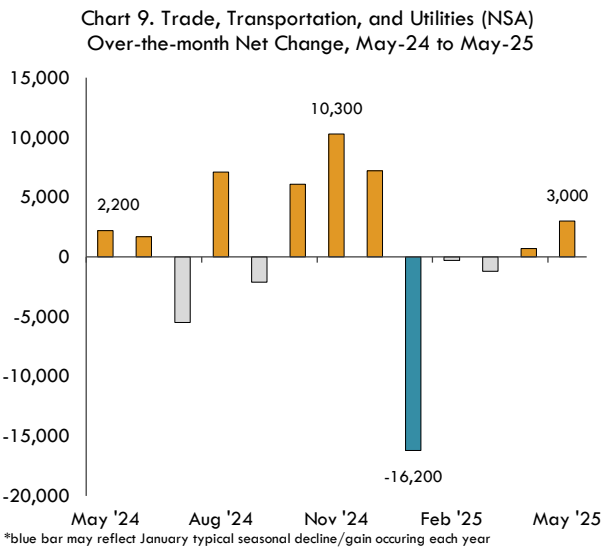


GAINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

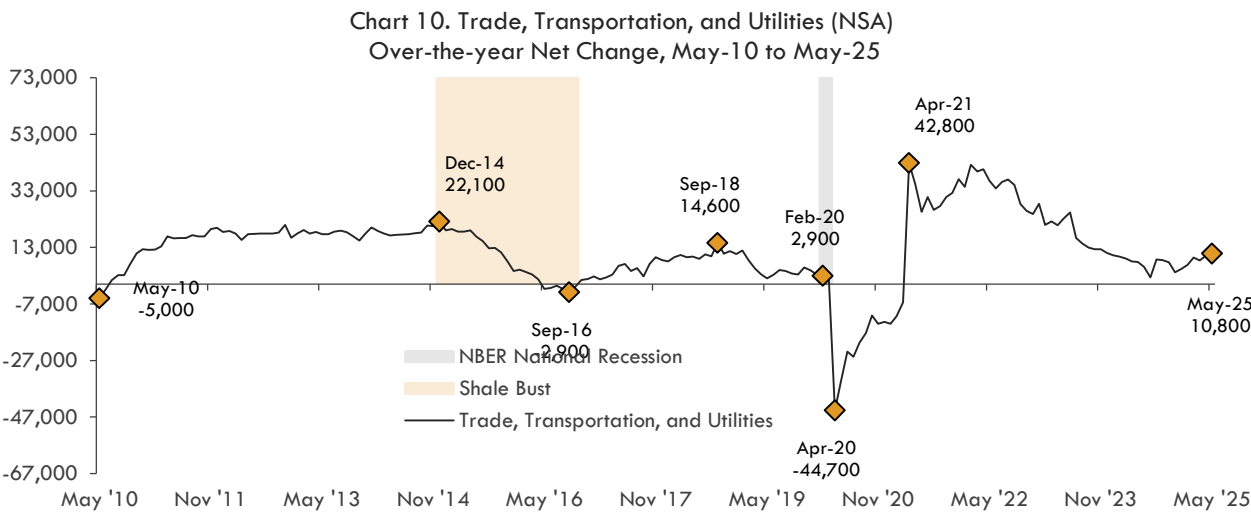
Trade, Transportation, and Utilities was the second-largest gaining sector over the month up 3,000 jobs, or 0.4 percent (see Chart 9). Historically in the month of May, Trade, Transportation, and Utilities has added an average of 1,900 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Transportation, Warehousing, and Utilities was the largest contributor to the overall sector's increase, up 1,600 jobs over the month. The second-largest contributor was Wholesale Trade, which added 900 jobs from April to May. Lastly, Retail Trade contributed, 500 jobs. Trade, Transportation, and Utilities employment was revised downward by -400 jobs for a March to April smaller net gain of 700 compared to an original estimate of 1,100 jobs.



Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 10,800 jobs, or 1.6 percent (see Chart 10). This was the largest over-the-year gain since December 2023's increase of 11,000 jobs. Furthermore, 27.9 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 4,500 jobs over the year. The second-largest contributor was Transportation, Warehousing, and Utilities, which added 4,200 jobs from May a year ago. Lastly, Retail Trade contributed, 2,100 jobs. Total

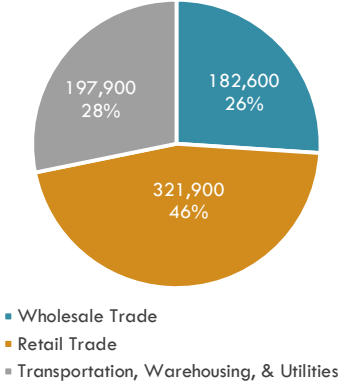
Trade, Transportation, and Utilities employment (NSA) now exceeds its February 2020 pre-pandemic level of 628,700 jobs by 73,700, or 11.7 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 20.1 percent to 20.2 percent over the past year.



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 46 percent (see Chart 11).

Chart 11. Employment in Component Industries of Trade, Transportation, and Utilities Sector - May 2025

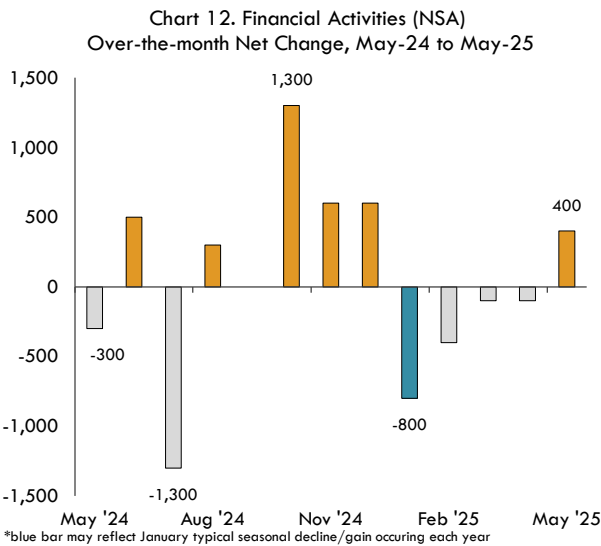


GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities was the third-largest gaining sector over the month up 400 jobs, or 0.2 percent (see Chart 12). 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 on par with the long-term average. Finance and Insurance was the largest contributor to the overall sector's increase, up 300 jobs over the month. The second-largest contributor was Real Estate and Rental and Leasing, which added 100 jobs from April to May. Financial Activities employment was revised downward by -100 jobs for a March to April net loss of -100 compared to an original estimate of zero net change in jobs over the month.

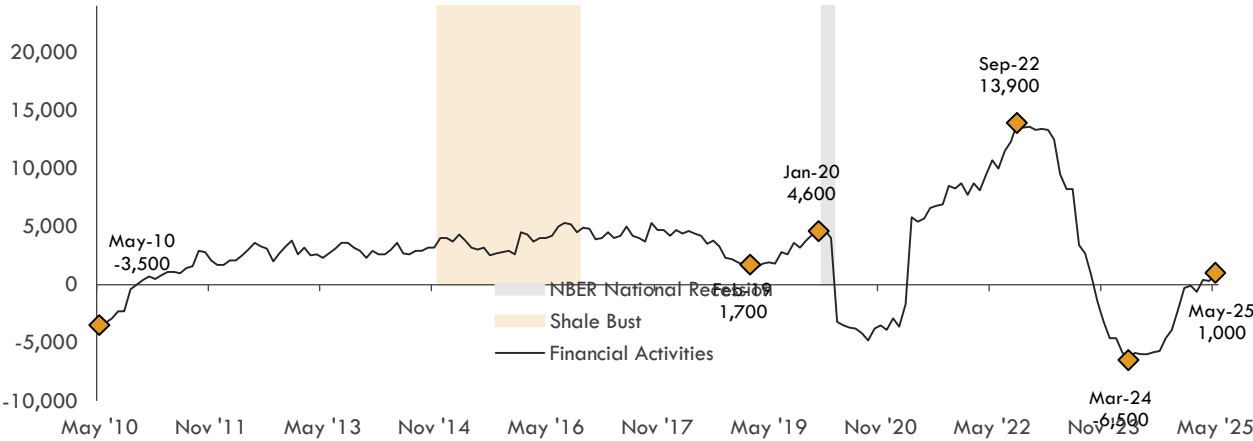


Over-the-year Change

Year over year, Financial Activities was up 1,000 jobs, or 0.6 percent (see Chart 13). This was the largest over-the-year gain since August 2023's increase of 2,700 jobs. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 700 jobs over the year. The second-largest contributor was Finance and Insurance, which added 300 jobs from May a year ago. Total Financial Activities employment (NSA) now exceeds its February 2020 pre-pandemic level of 169,200 jobs by 12,200, or 7.2 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has

remained constant at 5.2 percent over the past year.

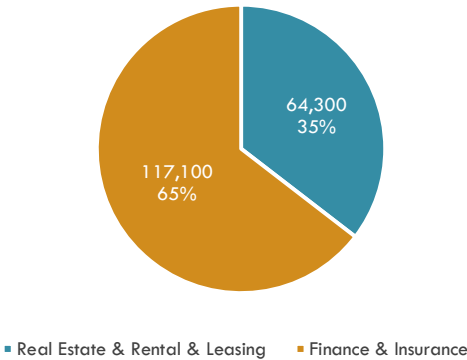
Chart 13. Financial Activities (NSA)
Over-the-year Net Change, May-10 to May-25



About This Sector

This sector is composed of establishments renting, leasing, or allowing use of assets, and financial transactions such as creation, liquidation, or change in ownership of financial assets, underwriting of insurance, and annuities. Of the two main component industries, Finance and Insurance accounts for the majority of the sector's employment at 65 percent (see Chart 14).

Chart 14. Employment in Component Industries of
Financial Activities Sector - May 2025

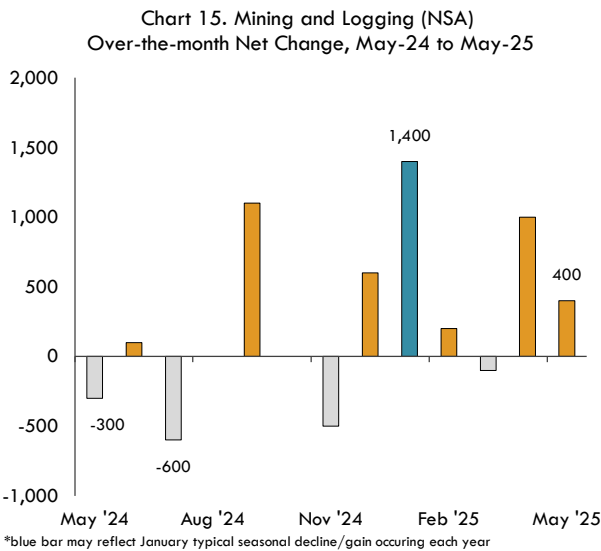


GAINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

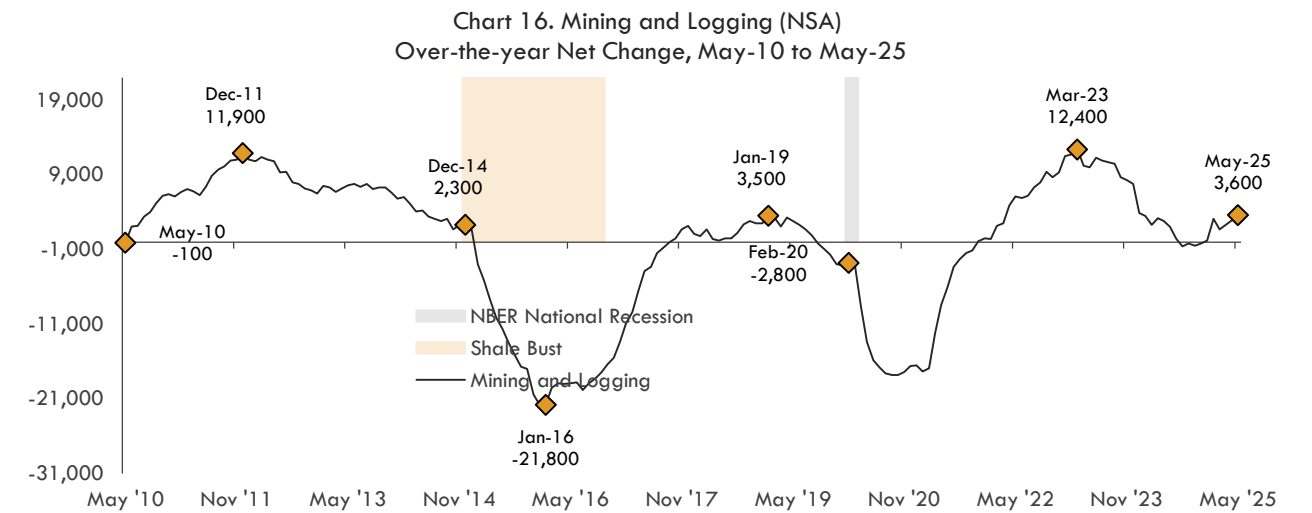
Mining and Logging was the fourth-largest gaining sector over the month up 400 jobs, or 0.5 percent (see Chart 15). Historically in the month of May, Mining and Logging has added an average of 100 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Oil and Gas Extraction was the largest contributor to the overall sector's increase, up 300 jobs over the month. The second-largest contributor was Support Activities for Mining, which added 100 jobs from April to May. Lastly, Other Mining and Logging Undefined saw no change over the month. Mining and Logging employment was revised upward by 200 jobs for a March to April larger net gain of 1,000 compared to an original estimate of 800 jobs.



Over-the-year Change

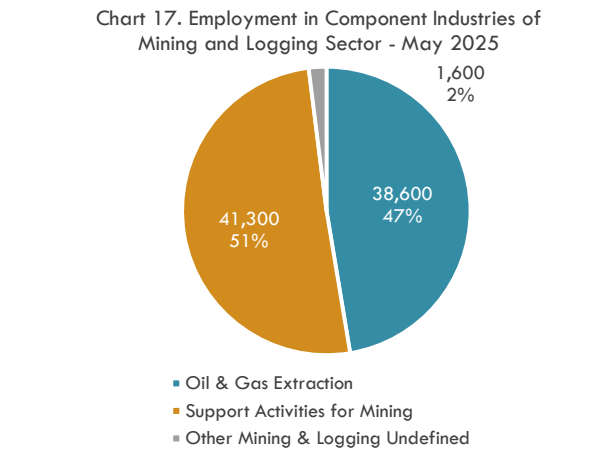
Year over year, Mining and Logging was up 3,600 jobs, or 4.6 percent (see Chart 16). This was the largest over-the-year gain since January 2024's increase of 3,900 jobs. Among sectors currently showing growth, this sector is the fastest-growing in percentage terms across the Houston area. Support Activities for Mining was the largest contributor to the overall sector's increase, up 1,900 jobs over the year. The second-largest contributor was Oil and Gas Extraction, which added 1,500 jobs from May a year ago. Lastly, Other Mining and Logging Undefined contributed, 200 jobs. Total Mining and Logging

employment (NSA) now exceeds its February 2020 pre-pandemic level of 78,400 jobs by 3,100, or 4.0 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 2.3 percent over the past year.



About This Sector

This sector comprises establishments extracting naturally occurring minerals such as coal and ores; liquid minerals, such as crude petroleum and natural gas; and timber. Of the three main component industries, Support Activities for Mining accounts for a slight majority of the sector's employment at just over 51 percent (see Chart 17). Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 98 percent less than the national average, due to the region's role as a global hub for the oil and gas industry.

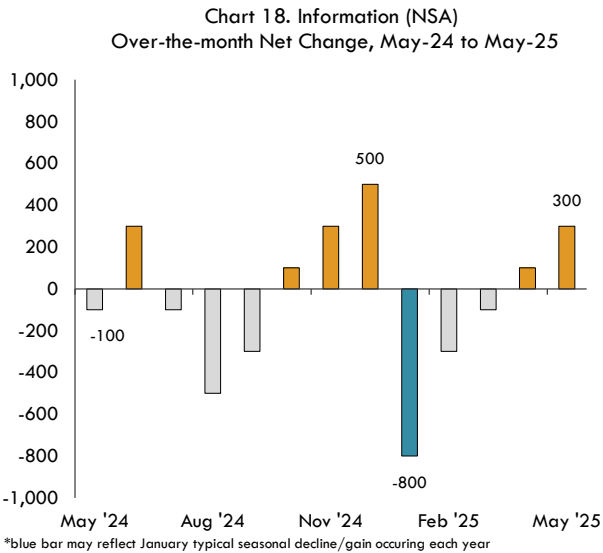


GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

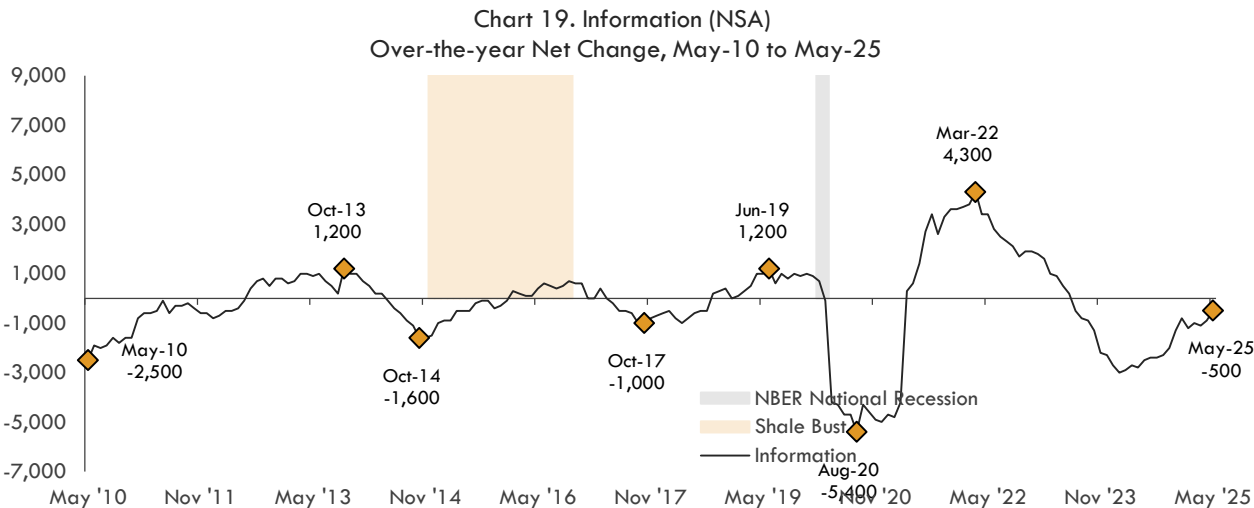
Information was the fifth-largest gaining sector over the month up 300 jobs, or 1.0 percent (see Chart 18). Historically in the month of May, Information has added an average of 100 jobs over the month, which indicates that this month's gains are on par with the long-term average. Other Information Undefined was the largest contributor to the overall sector's increase, up 300 jobs over the month. One component industry, Telecommunications, saw no change from April to May. Information employment was revised upward by 200 jobs for a March to April complete erasure of losses resulting in a net gain of 100 compared to an original estimate of -100 jobs.



Over-the-year Change

Year over year, Information was down -500 jobs, or -1.7 percent (see Chart 19). Among sectors currently showing contraction, this sector is the fastest declining in percentage terms across the Houston area. Telecommunications was the largest contributor to the overall sector's decline, down -800 jobs over the year. One component industry that provided a partial offset was Other Information Undefined, which gained 300 jobs from May a year ago. Total Information employment (NSA) remains - 3,100 jobs, or -9.5 percent below its February 2020 pre-pandemic level of 32,700. At the same time, the sector's share

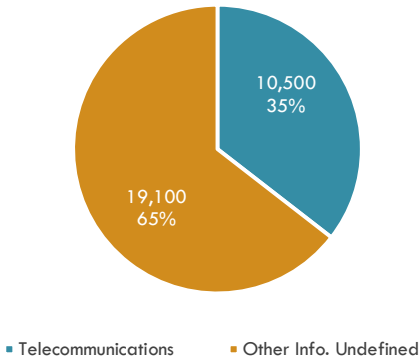
of Houston area Total Nonfarm Employment has remained constant at 0.9 percent over the past year.



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 65 percent (see Chart 20).

Chart 20. Employment in Component Industries of Information Sector - May 2025

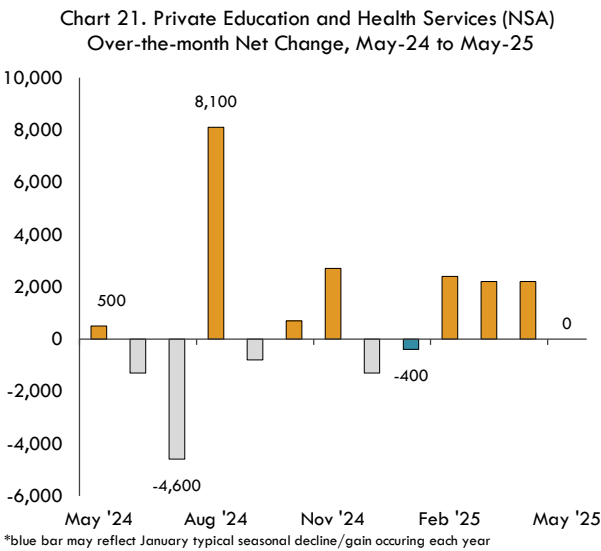


GAINING INDUSTRY HIGHLIGHTS

Private Education and Health Services

Over-the-month Change

Private Education and Health Services was unchanged over the month. (see Chart 21). Historically in the month of May, Private Education and Health Services has added an average of 1,200 jobs over the month, which indicates that this month's net zero change is substantially in contrast to the long-term average gain. Health Care and Social Assistance was the largest source of gains despite no change to the overall sector, up 800 jobs over the month. Private Education and Health Services employment was revised upward by 400 jobs for a March to April larger net gain of 2,200 compared to an original estimate of 1,800 jobs.

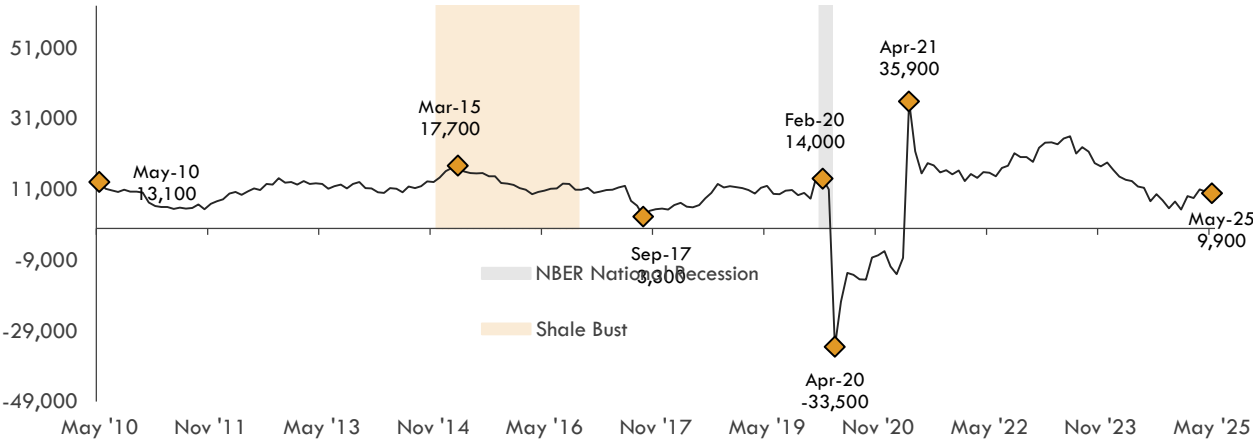


Over-the-year Change

Year over year, Private Education and Health Services was up 9,900 jobs, or 2.2 percent (see Chart 22). Among sectors currently showing growth, this sector is the third-fastest growing in percentage terms across the Houston area. Furthermore, 25.6 percent of total (gross) jobs added across the region over the past year can be attributed to Private Education and Health Services. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 9,700 jobs over the year. The second-largest contributor was Private Educational Services, which added 200 jobs from May a year ago.

Total Private Education and Health Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 414,600 jobs by 54,400, or 13.1 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 13.3 percent to 13.5 percent over the past year.

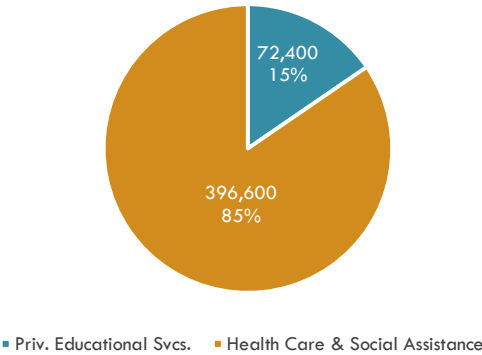
Chart 22. Private Education and Health Services (NSA)
Over-the-year Net Change, May-10 to May-25



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 85 percent (see Chart 23).

Chart 23. Employment in Component Industries of
Private Education and Health Services Sector - May
2025

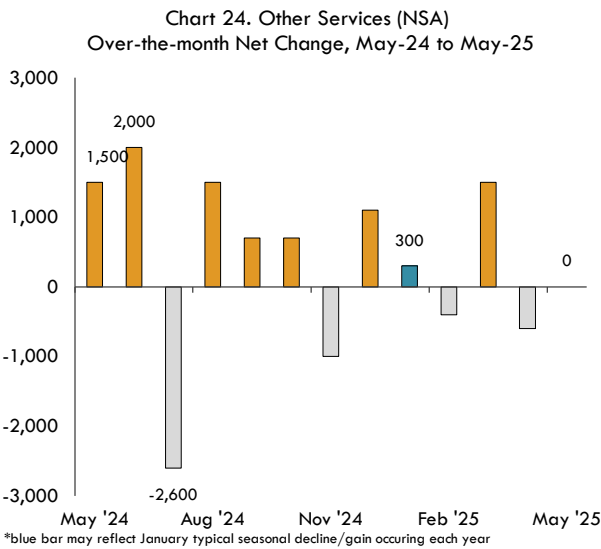


GAINING INDUSTRY HIGHLIGHTS

Other Services

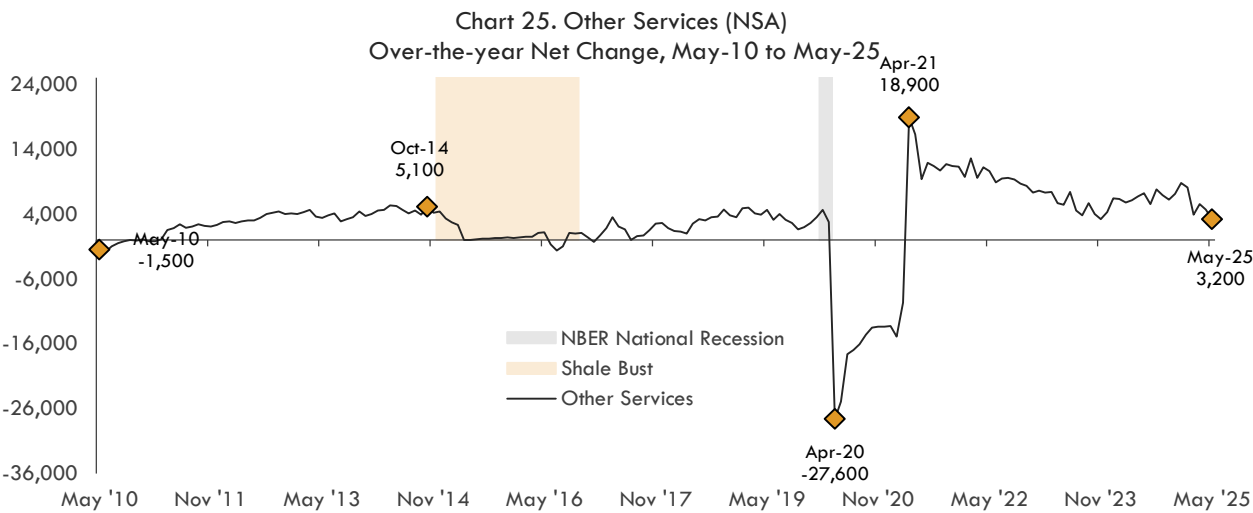
Over-the-month Change

Other Services was unchanged over the month. (see Chart 24). Historically in the month of May, Other Services has added an average of 500 jobs over the month, which indicates that this month's net zero change is moderately in contrast to the long-term average gain. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Other Services employment was revised downward by -500 jobs for a March to April larger net loss of -600 compared to an original estimate of -100 jobs.



Over-the-year Change

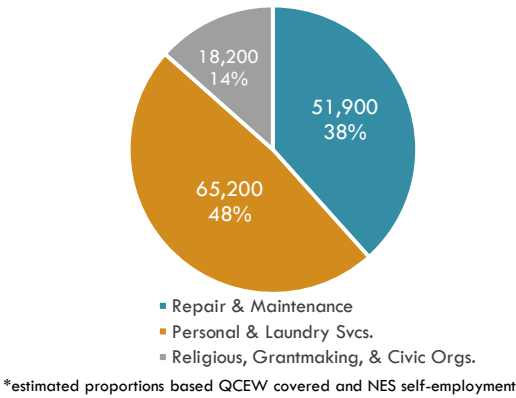
Year over year, Other Services was up 3,200 jobs, or 2.4 percent (see Chart 25). Among sectors currently showing growth, this sector is the second-fastest growing in percentage terms across the Houston area. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Total Other Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 119,200 jobs by 16,100, or 13.5 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 3.8 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 26).

Chart 26. Employment in Component Industries of Other Services Sector - May 2025



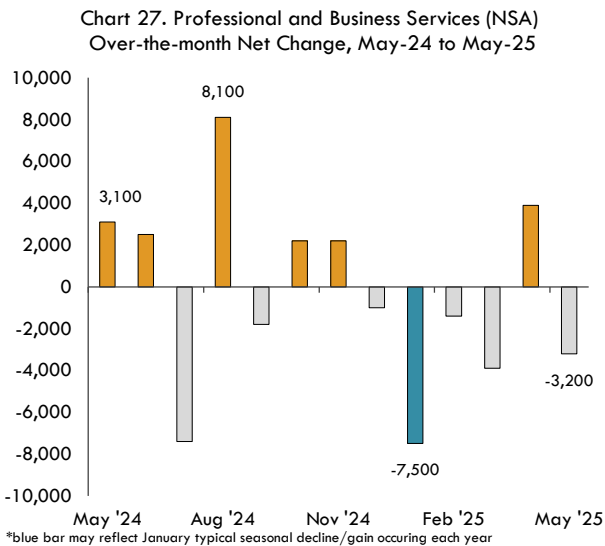
DECLINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

Professional and Business Services was the largest declining sector over the month down -3,200 jobs, or -0.6 (see Chart 27). This was the largest-ever decline in the month of May since records began in 1990, beating the previous May record of -2,400 jobs lost in 2016. 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 losses are substantially in contrast to the long-term average gain. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's decline, down -1,700 jobs over the month. The second-largest declining contributor was Administrative and Support and Waste Management and Remediation Services, which lost -1,300 jobs from April to May. Lastly, Management of Companies and Enterprises subtracted, -200 jobs. Professional and Business Services employment was revised downward by -1,700 jobs for a March to April smaller net gain of 3,900 compared to an original estimate

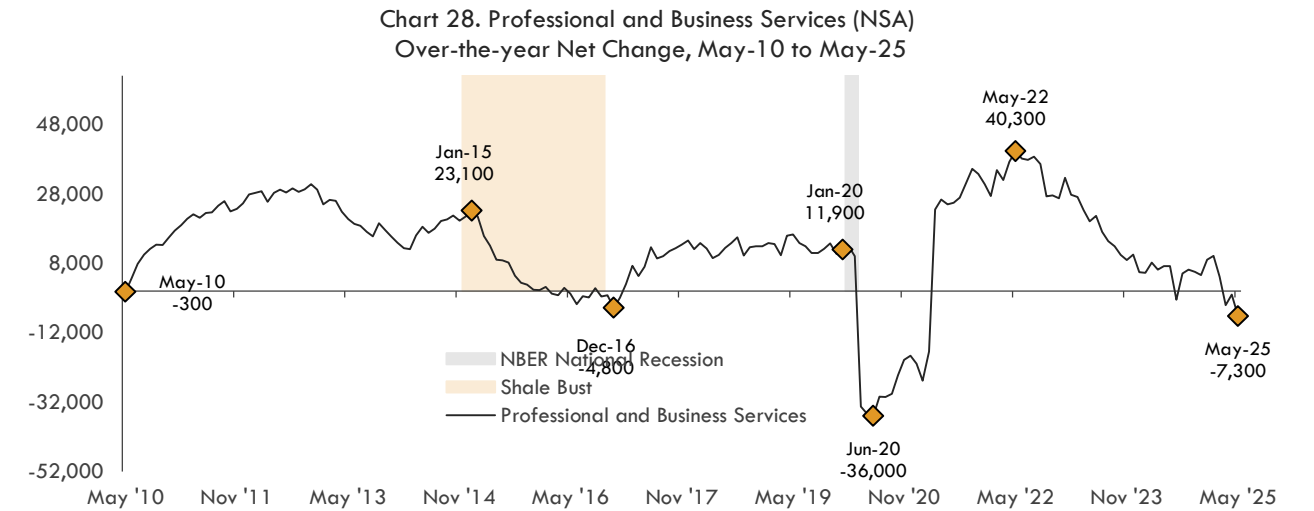
of 5,600 jobs.



Over-the-year Change

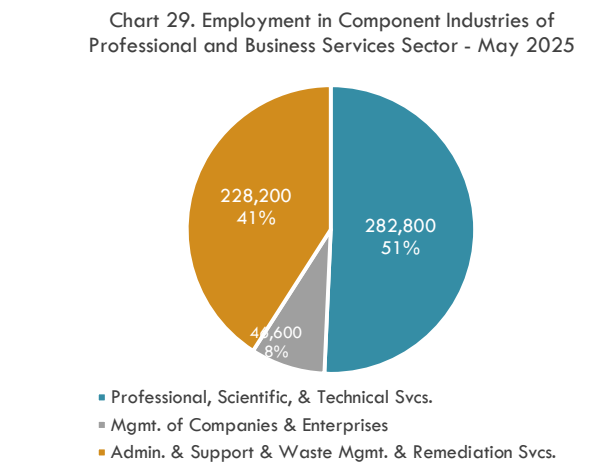
Year over year, Professional and Business Services was down -7,300 jobs, or -1.3 percent (see Chart 28). This was the largest over-the-year decline since March 2021's decrease of -17,500 jobs. Among sectors currently showing contraction, this sector is the second-fastest declining in percentage terms across the Houston area. Furthermore, 80.2 percent of total (gross) jobs lost across the region over the past year can be attributed to Professional and Business Services. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's decline, down -10,300 jobs over the year.

The second-largest declining contributor was Management of Companies and Enterprises, which lost -1,100 jobs from May a year ago. Lastly, Professional, Scientific, and Technical Services offset a portion of the sector's losses with a gain of 4,100 jobs. Total Professional and Business Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 514,800 jobs by 42,800, or 8.3 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 16.4 percent to 16.1 percent over the past year.



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 slight majority of the sector's employment at just over 51 percent (see Chart 29).

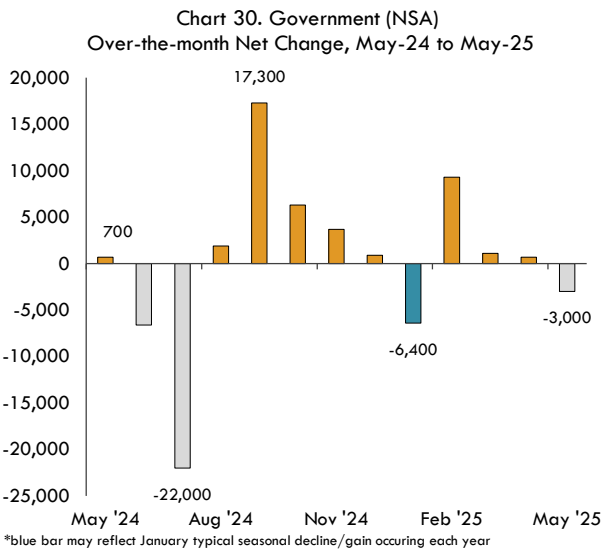


DECLINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

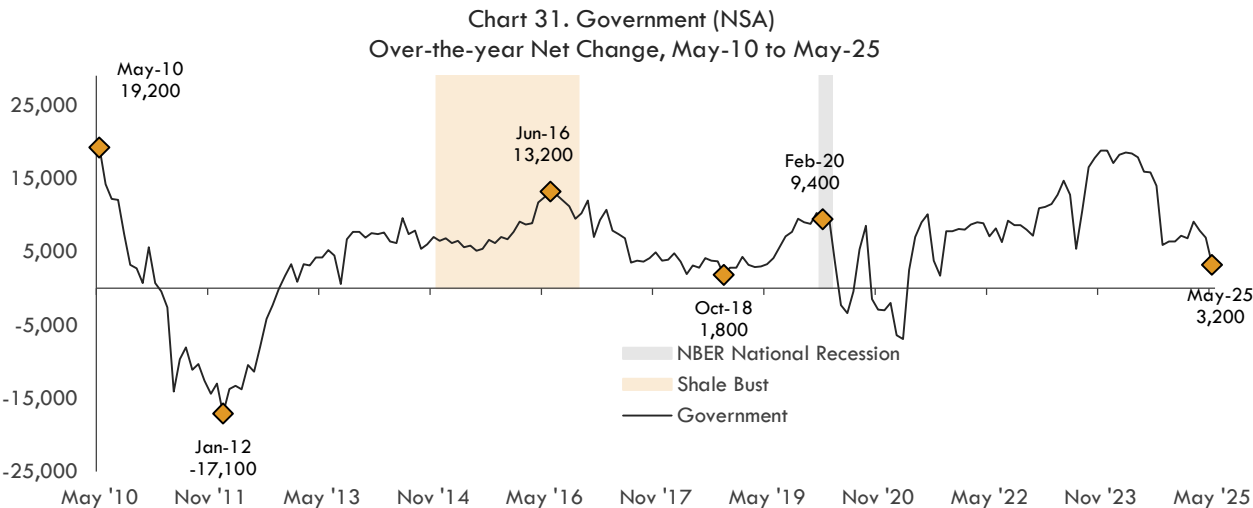
Government was the second-largest declining sector over the month down -3,000 jobs, or -0.6 (see Chart 30). This was the second-largest decline in the month of May since records began in 1990. Historically in the month of May, Government has added an average of 1,200 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Local Government was the largest contributor to the overall sector's decline, down -2,100 jobs over the month. The second-largest declining contributor was Federal Government, which lost -800 jobs from April to May. Lastly, State Government subtracted, -100 jobs. Government employment was revised upward by 600 jobs for a March to April larger net gain of 700 compared to an original estimate of 100 jobs.



Over-the-year Change

Year over year, Government was up 3,200 jobs, or 0.7 percent (see Chart 31). State Government was the largest contributor to the overall sector's increase, up 3,500 jobs over the year. The second-largest contributor was Federal Government, which added 200 jobs from May a year ago. Lastly, Local Government offset a portion of the sector's gains with a loss of -500 jobs. Total Government employment (NSA) now exceeds its February 2020 pre-pandemic level of 429,300 jobs by 39,500, or 9.2 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained

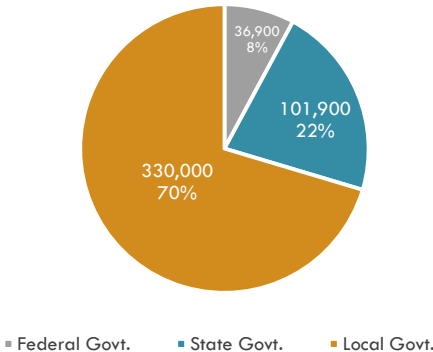
constant at 13.5 percent over the past year.



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 70 percent (see Chart 32).

Chart 32. Employment in Component Industries of Government Sector - May 2025

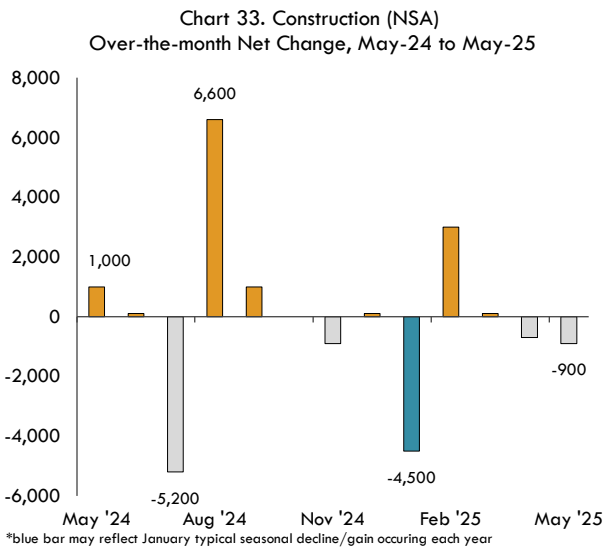


DECLINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

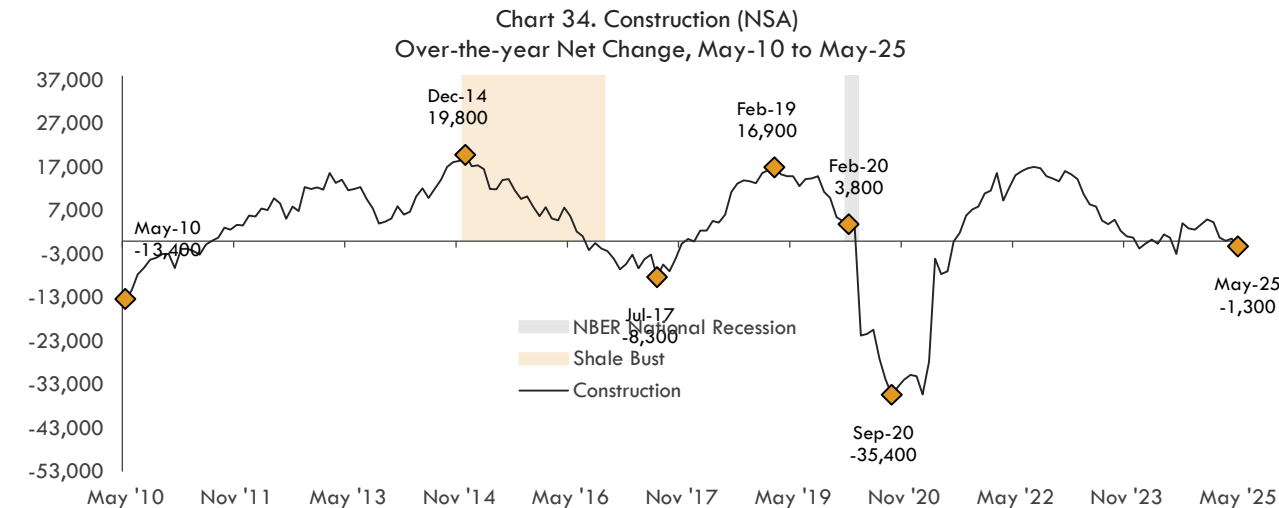
Construction was the third-largest declining sector over the month down -900 jobs, or -0.4 (see Chart 33). Historically in the month of May, Construction has added an average of 1,300 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Specialty Trade Contractors was the largest contributor to the overall sector's decline, down -700 jobs over the month. The second-largest declining contributor was Heavy and Civil Engineering Construction, which lost -200 jobs from April to May. Lastly, Construction of Buildings saw no change over the month. Construction employment was revised downward by -1,100 jobs for a March to April complete erasure of gains leaving a net loss of -700 compared to an original estimate of 400 jobs.



Over-the-year Change

Year over year, Construction was down -1,300 jobs, or -0.6 percent (see Chart 34). This was the largest over-the-year decline since July 2024's decrease of -3,000 jobs. Among sectors currently showing contraction, this sector is the third-fastest declining in percentage terms across the Houston area. Furthermore, 14.3 percent of total (gross) jobs lost across the region over the past year can be attributed to Construction. Specialty Trade Contractors was the largest contributor to the overall sector's decline, down -1,600 jobs over the year. The second-largest declining contributor was Heavy and Civil Engineering Construction, which lost -600 jobs.

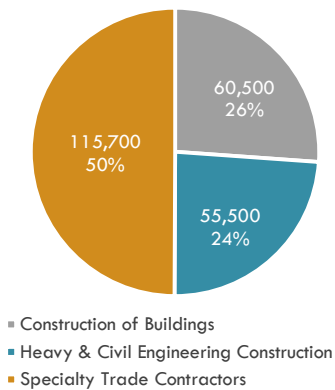
from May a year ago. Lastly, Construction of Buildings offset a portion of the sector's losses with a gain of 900 jobs. Total Construction employment (NSA) remains -5,700 jobs, or -2.4 percent below its February 2020 pre-pandemic level of 237,400. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 6.8 percent over the past year.



About This Sector

This sector comprises establishments engaged in the construction of buildings, infrastructure, site preparation and sub-division, and specialty trades e.g. masonry, painting, and electrical work. Of the three main component industries, Specialty Trade Contractors accounts for a plurality of the sector's employment at 50 percent (see Chart 35).

Chart 35. Employment in Component Industries of Construction Sector - May 2025

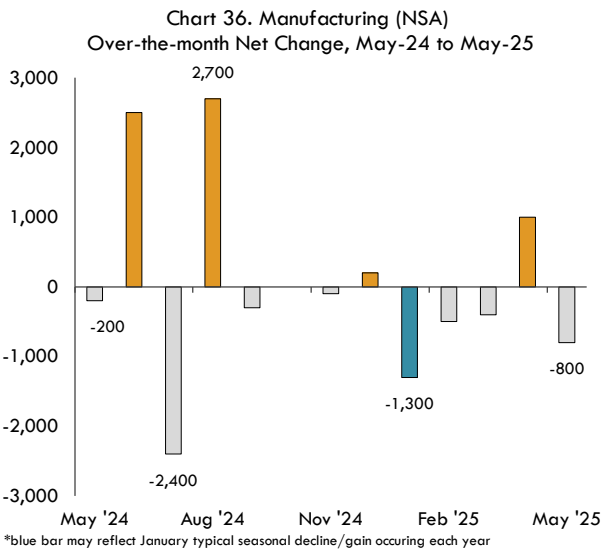


DECLINING INDUSTRY HIGHLIGHTS

Manufacturing

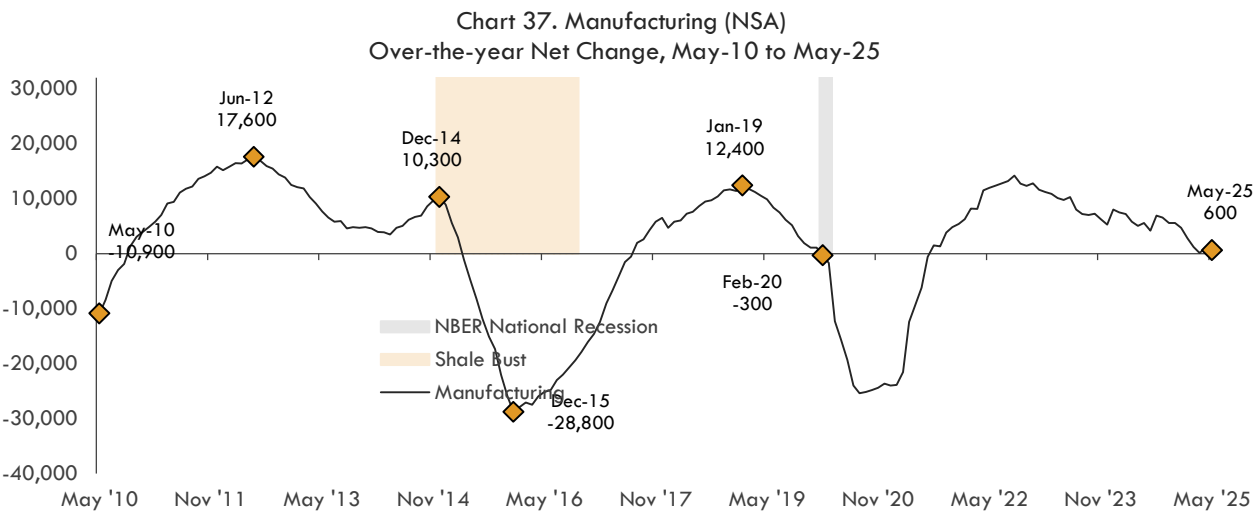
Over-the-month Change

Manufacturing also saw a decrease over the month down -800 jobs, or -0.3 (see Chart 36). Historically in the month of May, Manufacturing has added an average of 500 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Durable Goods was the largest contributor to the overall sector's decline, down -900 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 100 jobs for a March to April larger net gain of 1,000 compared to an original estimate of 900 jobs.



Over-the-year Change

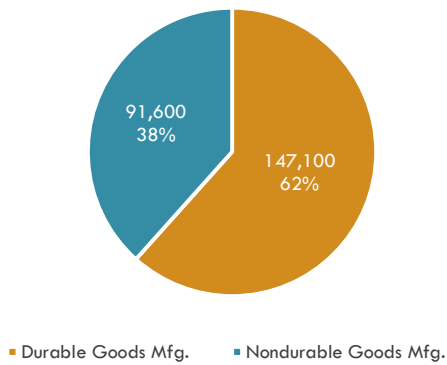
Year over year, Manufacturing was up 600 jobs, or 0.3 percent (see Chart 37). Non-Durable Goods was the largest contributor to the overall sector's increase, up 1,700 jobs over the year. One component industry that provided a partial offset was Durable Goods, which lost -1,100 jobs from May a year ago. Total Manufacturing employment (NSA) now exceeds its February 2020 pre-pandemic level of 234,700 jobs by 4,000, or 1.7 percent. 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.



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).

Chart 38. Employment in Component Industries of Manufacturing Sector - May 2025



Local Area Unemployment Statistics

Not-Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 4.2 percent in May, up from April's 3.9 percent and up from 4.0 percent a year ago. This was above the statewide rate of 4.0 percent and above the national rate of 4.0 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 164,622 individuals were unemployed in Houston in May, up from April's 153,494 and up from 152,171 in May 2024 (see Charts 39 and 40).

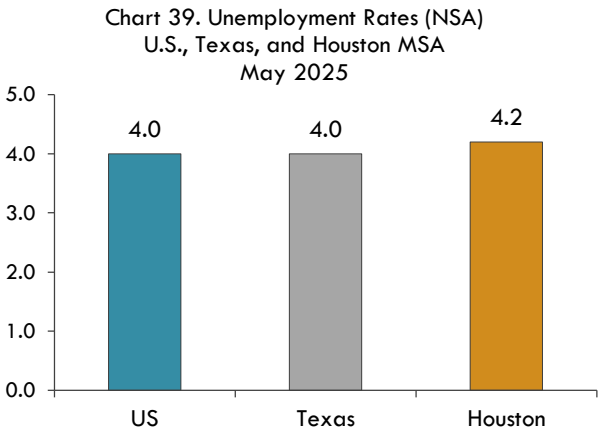
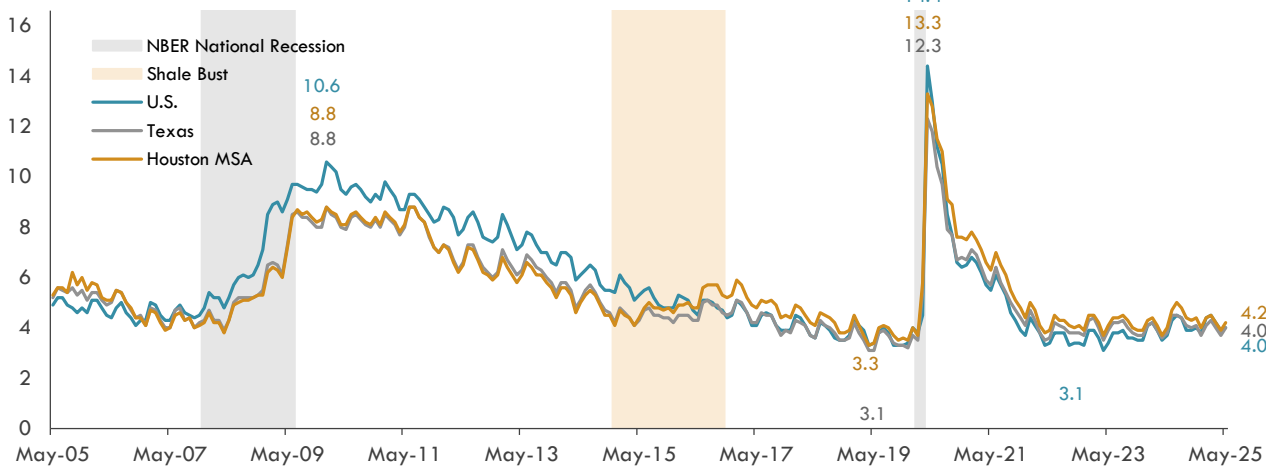


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
May 2005 to May 2025

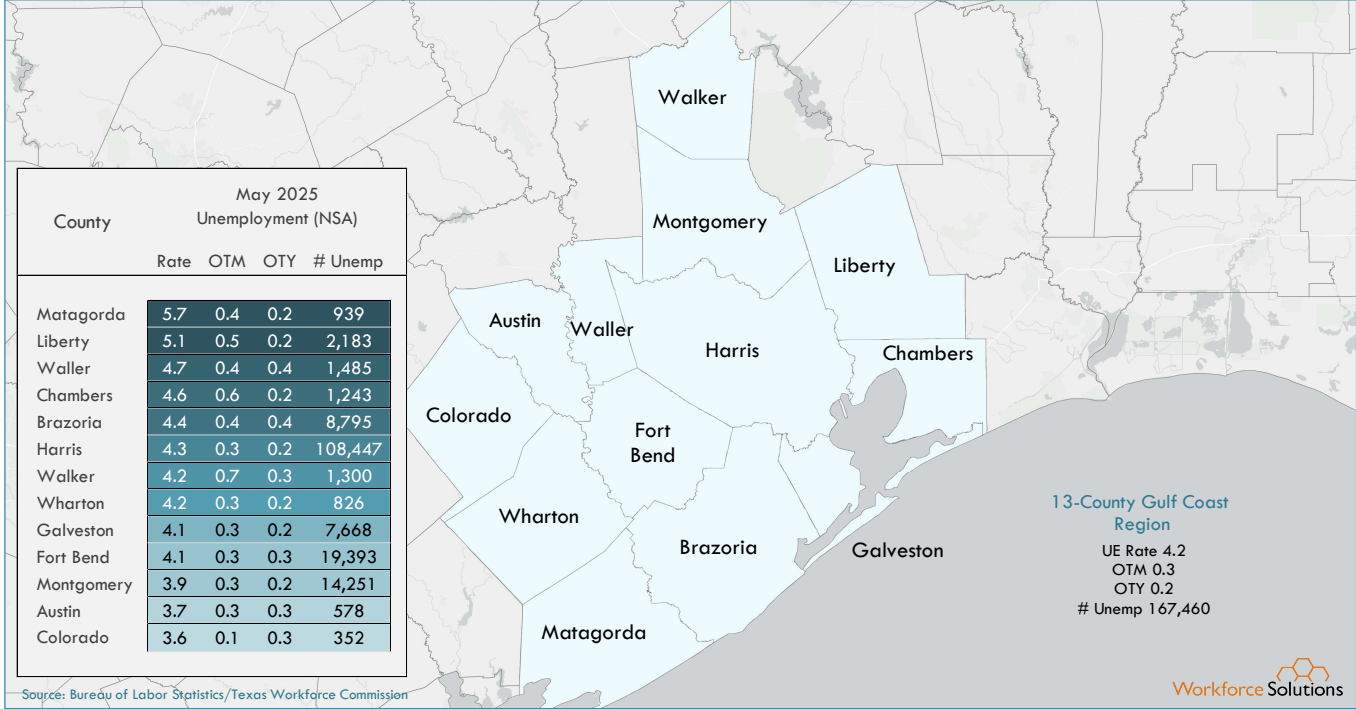


County-level Unemployment

Among the 13 counties that comprise the Gulf Coast Workforce Development Area, unemployment rates in May ranged from a high of 5.7 percent in Matagorda County to a low of 3.6 percent in Colorado. Over the month, all 13 counties saw their unemployment rates rise in keeping with the region-wide increase of 0.3 percentage points. Walker saw the largest percentage-point increase in unemployment up 0.7 pp. representing 192 more unemployed workers compared to the previous month. This was followed by Chambers (0.6 pp, 139 workers) and Liberty (0.5 pp, 203 workers). Over the year

unemployment rates also rose with, Waller posting the largest increase, up 0.4 percentage points representing 168 more unemployed workers compared to a year ago followed by Brazoria (0.4 pp, 829 workers) and Walker (0.3 pp, 112 workers). Since peaking at 448,855 in April 2020 due to the COVID-19 global pandemic, the number of unemployed workers in the Gulf Coast Region has fallen by -281,395 as of this May (see Map 1 legend).

Map 1. 13-County Gulf Coast Region Unemployment Rates May 2025 (NSA)



Local Area Unemployment Statistics (continued)

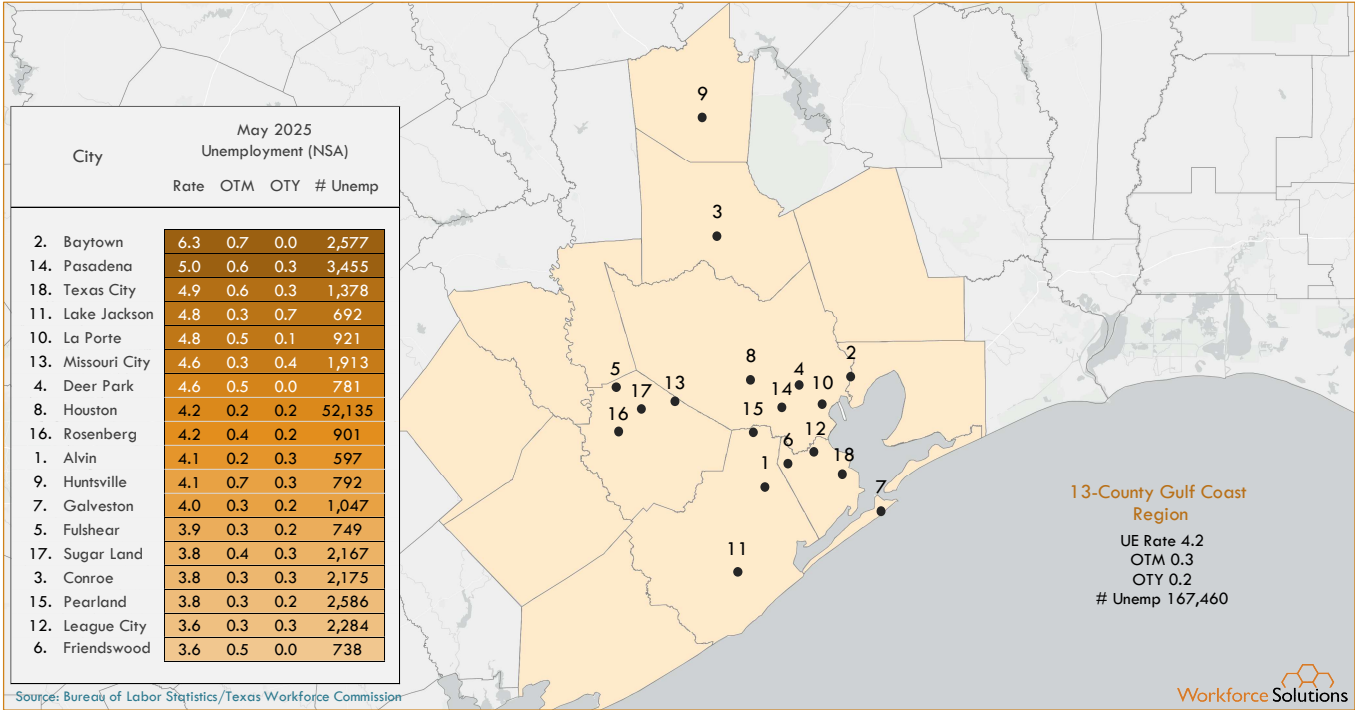
Not-Seasonally Adjusted

Unemployment Rates for Select Municipalities

Among the 18 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 6.3 percent in Baytown to a low of 3.6 percent in Friendswood (see Map 2 legend). Over the month, all 18 cities saw their unemployment rates rise in keeping with the region-wide increase of 0.3 percentage points. Huntsville saw the largest percentage-point increase in unemployment up 0.7 pp. representing 131

more unemployed workers compared to the previous month. This was followed by Baytown (0.7 pp, 288 workers) and Texas City (0.6 pp, 167 workers). Over the year unemployment rates also rose with, Lake Jackson posting the largest increase, up 0.7 percentage points representing 110 more unemployed workers compared to a year ago followed by Missouri City (0.4 pp, 178 workers) and League City (0.3 pp, 204 workers). The 18 cities below accounted for 47 percent of the 167,460 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 2025 (NSA)



Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

Per the Bureau of Labor Statistics 'Due to methodological changes and conversion to the 2020-based Office of Management and Budget (OMB) delineations, smoothed seasonally adjusted data for metropolitan areas and metropolitan divisions will not be updated in conjunction with the January, February, or March 2025 news releases, and may not become available again until a few months thereafter'.

Chart 41. Unemployment Rates (SA)
U.S., Texas, and Houston MSA
April 2025

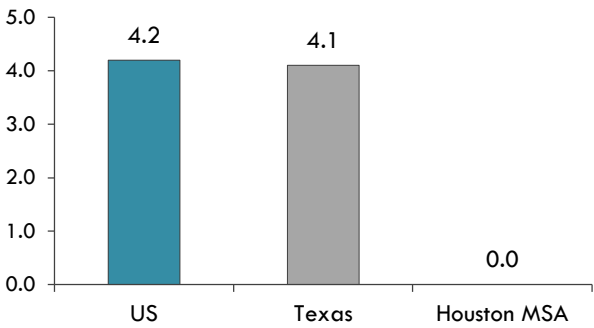
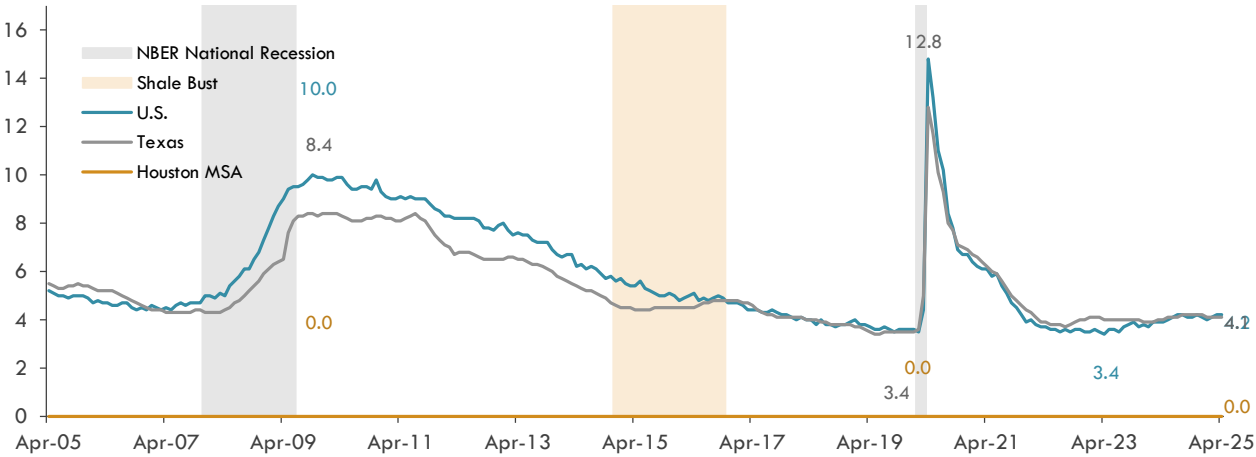


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
April 2005 to April 2025



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
2024:
3.34

The Workforce Solutions Index will resume publicaion once seasonally-adjusted unemployment statistics for the Houston metropolitan area become available.

source(s): EMSI-Burning Glass and BLS/ITWC - LAUS
Note: data subject to revisions.



Workforce Solutions Index December 2024

The Houston MSA WSI for November stood at 3.51, down from October's slight upward revision to 3.62. This was the result of a - 12,000 decline in the number of active job ads in November coupled with a slight increase in the number of unemployed individuals north of 160,000 in recent months.

The index has continued to trend sideways for the past year, while remaining below the equilibrium value of 4.0. As a result, the WSI continues to suggest that a requirement of three work search activities may be appropriate for individuals receiving unemployment insurance given the relative availability of jobs at present.



Houston Area Employment Situation

May 2025

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	May-25	Apr-25	May-24	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,471,300	3,467,700	3,441,700	3,600	0.1%	29,600	0.9%
Total Private	3,002,500	2,995,900	2,976,100	6,600	0.2%	26,400	0.9%
Goods Producing	551,900	553,200	549,000	-1,300	-0.2%	2,900	0.5%
.Mining and Logging	81,500	81,100	77,900	400	0.5%	3,600	4.6%
...Oil and Gas Extraction	38,600	38,300	37,100	300	0.8%	1,500	4.0%
...Support Activities for Mining	41,300	41,200	39,400	100	0.2%	1,900	4.8%
.Construction	231,700	232,600	233,000	-900	-0.4%	-1,300	-0.6%
..Construction of Buildings	60,500	60,500	59,600	0	0.0%	900	1.5%
..Heavy and Civil Engineering Construction	55,500	55,700	56,100	-200	-0.4%	-600	-1.1%
..Specialty Trade Contractors	115,700	116,400	117,300	-700	-0.6%	-1,600	-1.4%
.Manufacturing	238,700	239,500	238,100	-800	-0.3%	600	0.3%
..Durable Goods	147,100	148,000	148,200	-900	-0.6%	-1,100	-0.7%
...Fabricated Metal Product Manufacturing	54,300	54,200	53,600	100	0.2%	700	1.3%
...Machinery Manufacturing	40,000	40,100	40,100	-100	-0.2%	-100	-0.2%
....Agriculture, Construction, and Mining Machinery Mfg.	20,200	20,100	20,500	100	0.5%	-300	-1.5%
...Computer and Electronic Product Manufacturing	14,200	14,200	14,000	0	0.0%	200	1.4%
..Non-Durable Goods	91,600	91,500	89,900	100	0.1%	1,700	1.9%
...Petroleum and Coal Products Manufacturing	7,800	8,100	8,000	-300	-3.7%	-200	-2.5%
...Chemical Manufacturing	43,900	43,600	42,700	300	0.7%	1,200	2.8%
Service Providing	2,919,400	2,914,500	2,892,700	4,900	0.2%	26,700	0.9%
.Private Service Providing	2,450,600	2,442,700	2,427,100	7,900	0.3%	23,500	1.0%
..Trade, Transportation, and Utilities	702,400	699,400	691,600	3,000	0.4%	10,800	1.6%
...Wholesale Trade	182,600	181,700	178,100	900	0.5%	4,500	2.5%
....Merchant Wholesalers, Durable Goods	113,300	113,100	111,200	200	0.2%	2,100	1.9%
.....Prof. and Commercial Equip. Supplies Wholesalers	18,300	18,200	18,200	100	0.5%	100	0.5%
....Merchant Wholesalers, Nondurable Goods	56,300	55,800	55,200	500	0.9%	1,100	2.0%
...Retail Trade	321,900	321,400	319,800	500	0.2%	2,100	0.7%
....Motor Vehicle and Parts Dealers	45,800	45,700	44,600	100	0.2%	1,200	2.7%
....Bldg. Material and Garden Equip. and Supplies Dealers	24,200	24,200	25,100	0	0.0%	-900	-3.6%
....Food and Beverage Stores	78,300	78,200	77,200	100	0.1%	1,100	1.4%
....Health and Personal Care Stores	62,600	62,500	62,400	100	0.2%	200	0.3%
....Clothing and Clothing Accessories Stores	20,400	20,400	20,400	0	0.0%	0	0.0%
....General Merchandise Stores	42,200	42,100	42,000	100	0.2%	200	0.5%
.....Department Stores	21,500	21,500	21,800	0	0.0%	-300	-1.4%
.....Other General Merchandise Stores	24,900	24,700	24,700	200	0.8%	200	0.8%
...Transportation, Warehousing, and Utilities	197,900	196,300	193,700	1,600	0.8%	4,200	2.2%
....Utilities	24,900	24,700	24,000	200	0.8%	900	3.8%
.....Air Transportation	22,100	22,000	21,800	100	0.5%	300	1.4%
.....Truck Transportation	31,200	31,100	30,800	100	0.3%	400	1.3%
.....Pipeline Transportation	14,500	14,400	13,700	100	0.7%	800	5.8%
..Information	29,600	29,300	30,100	300	1.0%	-500	-1.7%
...Telecommunications	10,500	10,500	11,300	0	0.0%	-800	-7.1%
..Financial Activities	181,400	181,000	180,400	400	0.2%	1,000	0.6%
...Finance and Insurance	117,100	116,800	116,800	300	0.3%	300	0.3%
...Credit Intermediation and Related Activities	46,100	46,100	46,300	0	0.0%	-200	-0.4%
....Depository Credit Intermediation	30,800	30,800	30,900	0	0.0%	-100	-0.3%
....Securities, Commodity Contracts, and Fin. Investments	21,400	21,400	21,200	0	0.0%	200	0.9%
....Insurance Carriers and Related Activities	49,600	49,300	49,300	300	0.6%	300	0.6%
...Real Estate and Rental and Leasing	64,300	64,200	63,600	100	0.2%	700	1.1%
..Professional and Business Services	557,600	560,800	564,900	-3,200	-0.6%	-7,300	-1.3%
...Professional, Scientific, and Technical Services	282,800	284,500	278,700	-1,700	-0.6%	4,100	1.5%
....Legal Services	33,600	33,600	32,500	0	0.0%	1,100	3.4%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	27,500	28,600	27,800	-1,100	-3.8%	-300	-1.1%
....Architectural, Engineering, and Related Services	78,500	79,000	75,300	-500	-0.6%	3,200	4.2%
....Computer Systems Design and Related Services	42,600	42,800	43,700	-200	-0.5%	-1,100	-2.5%
...Management of Companies and Enterprises	46,600	46,800	47,700	-200	-0.4%	-1,100	-2.3%
...Admin. and Support and Waste Mgmt. and Remediation	228,200	229,500	238,500	-1,300	-0.6%	-10,300	-4.3%
....Administrative and Support Services	215,900	217,200	225,800	-1,300	-0.6%	-9,900	-4.4%
....Employment Services	75,600	76,600	82,100	-1,000	-1.3%	-6,500	-7.9%
....Services to Buildings and Dwellings	57,500	57,300	57,500	200	0.3%	0	0.0%
..Educational and Health Services	469,000	469,000	459,100	0	0.0%	9,900	2.2%
...Educational Services	72,400	73,200	72,200	-800	-1.1%	200	0.3%
...Health Care and Social Assistance	396,600	395,800	386,900	800	0.2%	9,700	2.5%
....Ambulatory Health Care Services	199,900	199,500	194,300	400	0.2%	5,600	2.9%
....Hospitals	101,100	100,800	98,100	300	0.3%	3,000	3.1%
..Leisure and Hospitality	375,300	367,900	368,900	7,400	2.0%	6,400	1.7%
...Arts, Entertainment, and Recreation	42,800	41,500	42,600	1,300	3.1%	200	0.5%
...Accommodation and Food Services	332,500	326,400	326,300	6,100	1.9%	6,200	1.9%
....Accommodation	28,700	28,000	27,700	700	2.5%	1,000	3.6%
....Food Services and Drinking Places	303,800	298,400	298,600	5,400	1.8%	5,200	1.7%
..Other Services	135,300	135,300	132,100	0	0.0%	3,200	2.4%
Government	468,800	471,800	465,600	-3,000	-0.6%	3,200	0.7%
.Federal Government	36,900	37,700	36,700	-800	-2.1%	200	0.5%
.State Government	101,900	102,000	98,400	-100	-0.1%	3,500	3.6%
...State Government Educational Services	55,400	55,400	54,100	0	0.0%	1,300	2.4%
.Local Government	330,000	332,100	330,500	-2,100	-0.6%	-500	-0.2%
...Local Government Educational Services	225,000	227,200	228,300	-2,200	-1.0%	-3,300	-1.4%