

# Houston Area Employment Situation

July 2023

## CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

*What Looks Like a Typical July on the Surface Hides Sector Volatility*

### Total Nonfarm

#### Over-the-month Change

Houston MSA Total Nonfarm employment stood at 3,347,400 in July, down -16,100 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 11,400 jobs. This was the largest July over-the-month decline in since 2020. Historically in the month of July, Total Nonfarm has on average lost -15,600 jobs over the month, which indicates that this month's losses are on par with the long-term average. Over-the-month job losses are typical in July of each year which are largely driven by seasonal declines in Local Government Educational Services, Leisure and Hospitality, and Construction.

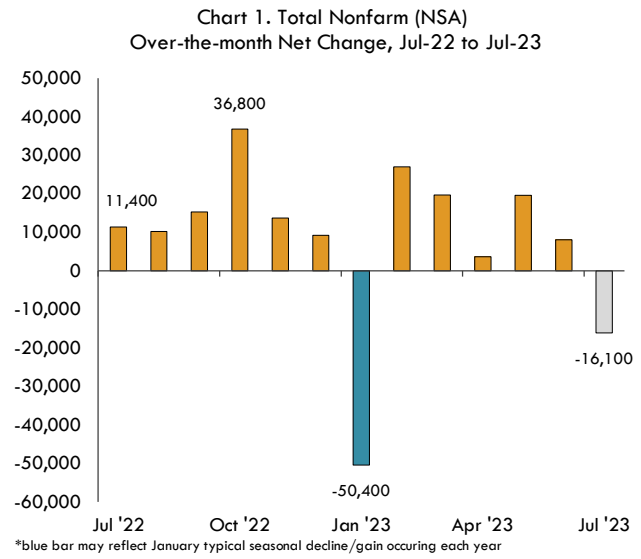
The primary drivers of this July's decline were decreases in Government; Professional and Business Services; and Leisure and Hospitality. Losses were also recorded in Other Services. The net decrease in jobs over the month was partially offset by gains in Private Education and Health Services; Financial Activities; and Construction. (see Chart 2). Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,350,400, up 3,300 jobs over the month, or 0.1 percent vs. a historical average of 2,800. All analysis pertains to not-seasonally adjusted data unless otherwise noted. Data source: BLS/TWC.

**Top-3 Drivers of Over-the-month Job Loss in July**

- Government: -23,000
- Professional and Business Services: -5,300
- Leisure and Hospitality: -1,000

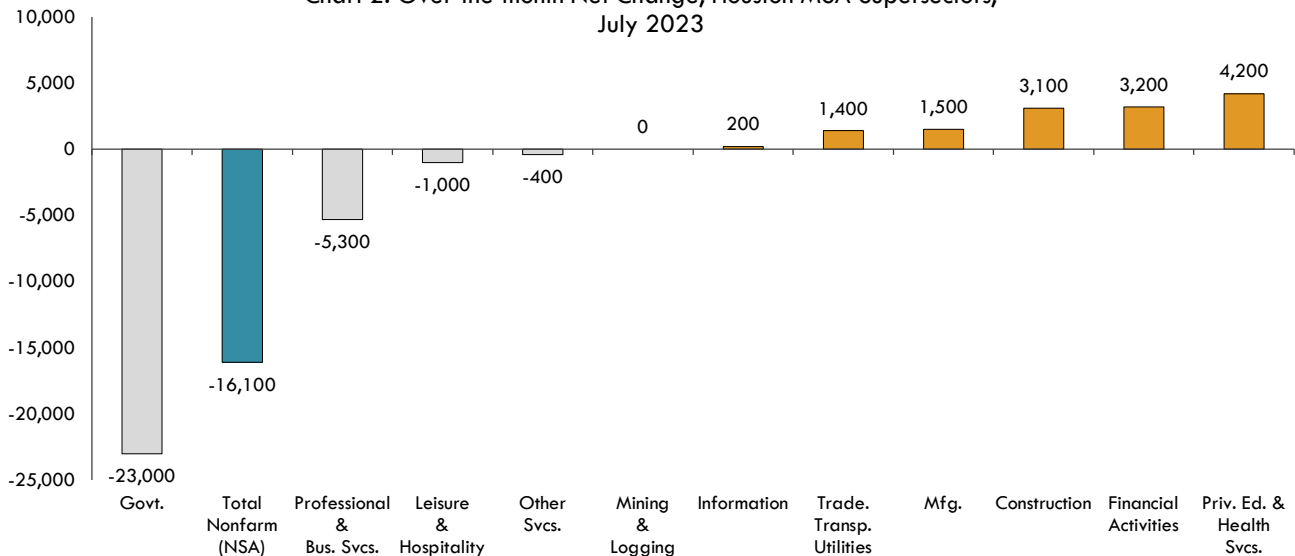
#### Over-the-year Change

Over the year, Total Nonfarm employment was up 96,800 or 3.0 percent on a not-seasonally-adjusted basis and up 91,000 or 2.8 percent on a seasonally-adjusted basis (see NSA Chart 3). To compare, July 2022 saw a year-over-year gain of 176,500 jobs (NSA) from July 2021. Currently 9 out of 11 sectors show growth year over year of which the top-three are Trade, Transportation, and Utilities (28,500); Private Education and Health Services (27,800); and Professional and Business Services (16,100) (see Chart 4). Total Nonfarm employment not-seasonally-adjusted



now exceeds its February 2020 pre-pandemic level of 3,191,800 jobs by 155,600, or 4.9 percent (152,500 jobs, 4.8 percent above 3,197,900 seasonally adjusted).

Chart 2. Over-the-month Net Change, Houston MSA Supersectors, July 2023



## Previous Month's Revisions

Total Nonfarm employment was revised upward by 2,700 jobs for a May to June larger net gain of 8,100 compared to an original estimate of 5,400 jobs. An upward revision of +1,700 jobs in Government was the largest contributor followed by Trade, Transportation, and Utilities (+1,300) and Private Education and Health Services (+800). Downward revisions in Construction (-700), Other Services (-500), and Financial Activities (-300) 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 July

- Trade, Transportation, and Utilities: 28,500
- Private Education and Health Services: 27,800
- Professional and Business Services: 16,100

Chart 5. Net Revisions for Selected Supersectors and Major Industries, June 2023

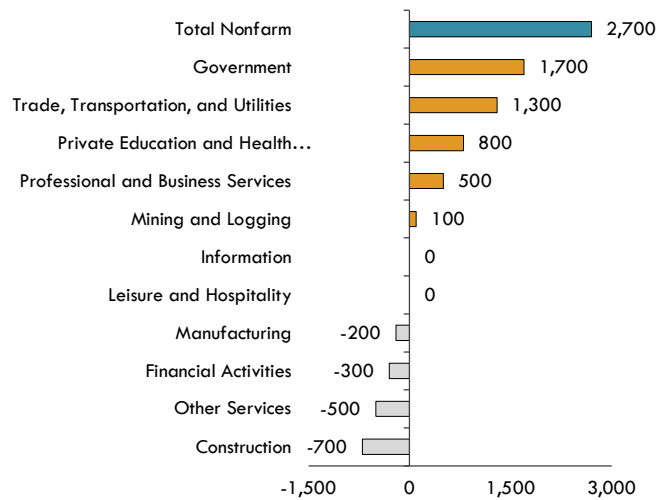


Chart 3. Total Nonfarm (NSA)  
Over-the-year Net Change, Jul-08 to Jul-23

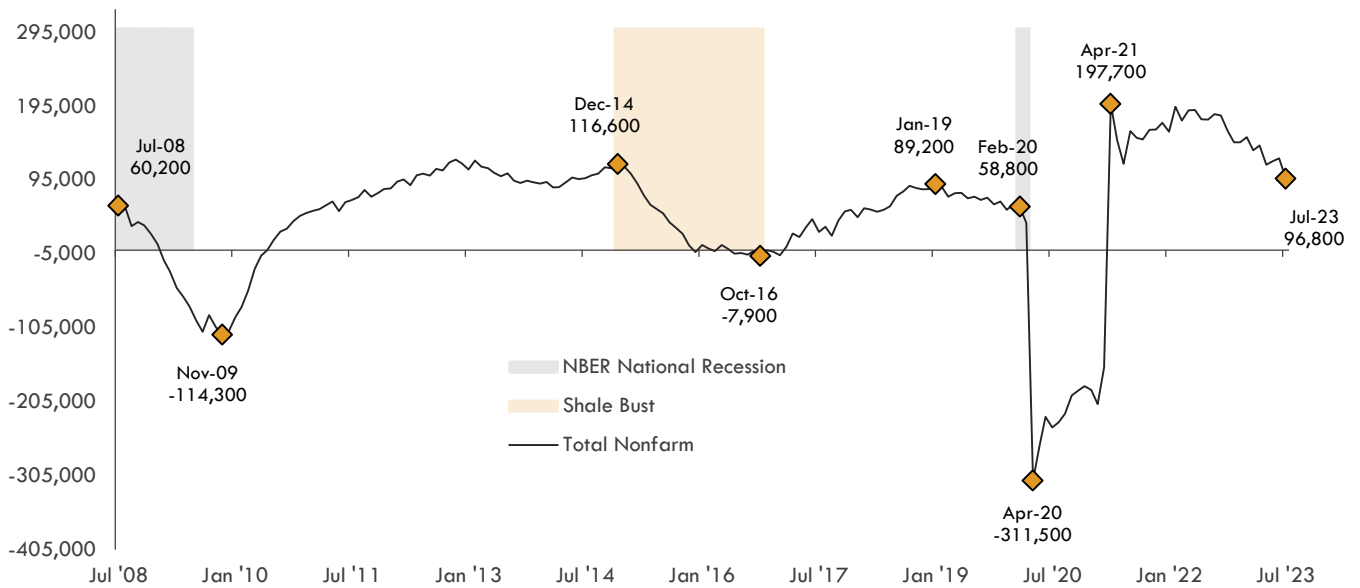
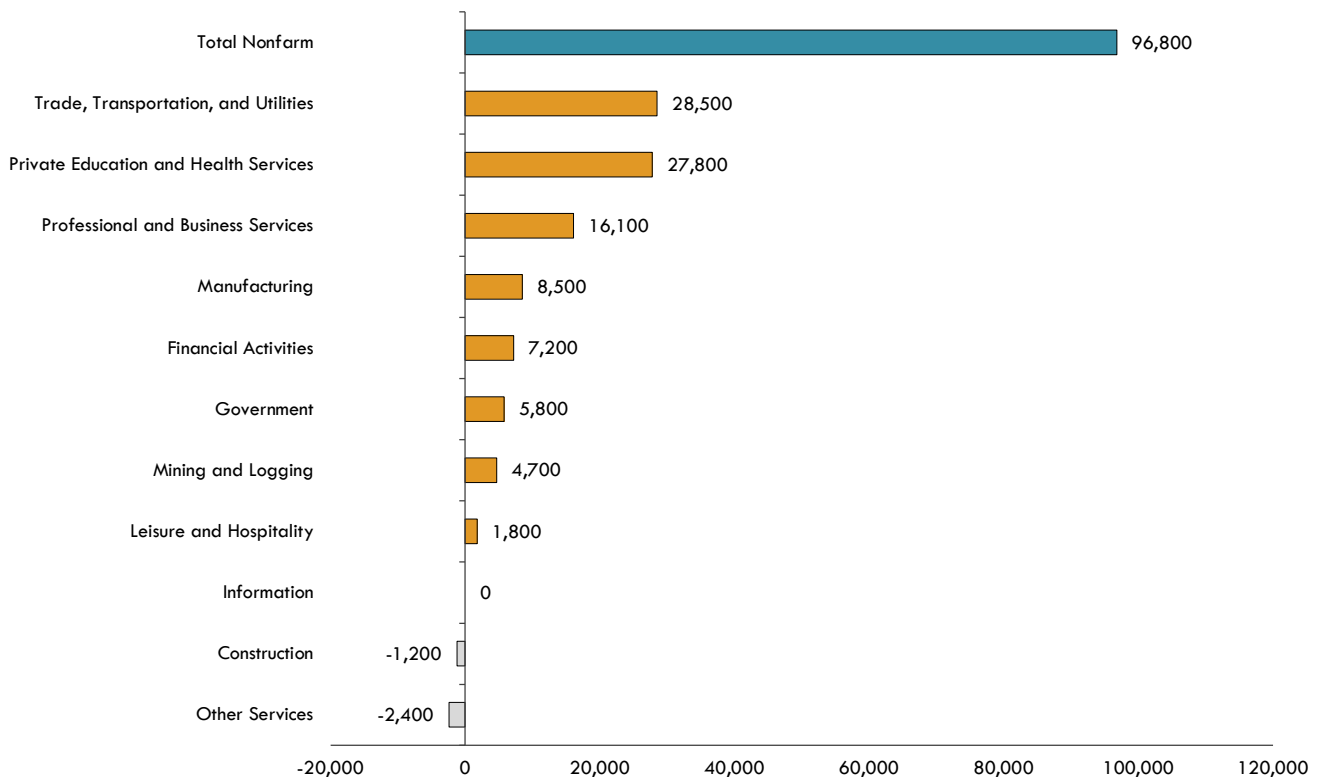


Chart 4. Over-the-year Net Change, Houston MSA Supersectors,  
July 2022 to July 2023



## Supplemental Commentary

### Overall Impressions

After two consecutive Julys with job gains in 2021 and 2022 related to pandemic after-effects, this July returned to the long-established pattern of losses over the past three decades. Before seasonal adjustments, the Houston MSA shed -16,100 jobs in July with a seasonally-adjusted gain of 3,300. Both topline figures are comparable to their respective historical averages and at first glance wouldn't seem to indicate anything out of the ordinary. But as always, the devil is in the details starting with the "elephant in the room," Government. This sector shed a record -23,000 jobs over the month compared to a more typical decline of -15,000 from roughly 2009 onward. Undoubtedly some portion of these unusually large losses are related to announced reductions in force in local public education however, the magnitude appears to be in excess of what has been reported in various media outlets. Consequently, revisions are likely to trim this July's decline in the coming months.

Professional and Business Services had a surprisingly poor showing in July with a loss of -5,300 jobs breaking the sector's five months of consecutive gains thus far in 2023. July is typically a strong month for the sector with past declines typically coinciding with known national recessions. Various media outlets have noted that 2023 has been characterized by losses among select "white-collar" jobs rather than lower wage jobs. This amounts to localized dislocations within the overall labor market rather than broad-based downturns typical of past recessions. Data for the remaining half of the year will hopefully provide clarity on this possibility for Houston's Professional and Business sector.

Leisure and Hospitality, which readers may recall experienced unprecedented losses in June, shed an additional -1,000 jobs in July although this was within the typical range for the month historically. However, June's losses saw no revision indicating that the initially reported decline of -6,000 remains on the books for the time being. If accurate, it raises the possibility of a pullback in a discretionary part of the economy which could precede further pullbacks elsewhere.

Offsetting July's pronounced losses in Government and Professional and Business Services were outsized gains in Private Education and Health Services, with the Healthcare and Social Services component adding 4,800 jobs for its best July on record. Financial Activities also experienced its best July on record adding 3,200 jobs across Real Estate, Finance, and Insurance. Construction, which after cumulative losses of -8,600 jobs over April and May seems to have rebounded with cumulative gains of 8,900 over June and July. Nonetheless, the damage done to the sector earlier this year has pushed its total employment nearly -13,000 jobs below its February 2020 pre-pandemic levels. Solid showings from Manufacturing and Trade Transportation and Utilities with 1,500 and 1,400 jobs added, respectively, rounded out Houston's growing sectors over the month.

In terms of over-the-year trends, Total Nonfarm job growth in July fell below 100,000, both seasonally and not-seasonally-adjusted, marking the first time the region has seen a sub-100k figure since April 2021. At the current pace, the region is set to end 2023 with a gain in the neighborhood of 70,000 jobs barring an unforeseen rapid deterioration in the overall economic picture in the back half of the year.

Lastly, turning our attention to unemployment, Houston's not-seasonally-adjusted rate reached 4.8 percent in July, up from 4.5 percent in June. Historically, Houston's unemployment rate has tended to fall from June to July suggesting that this year's uptick possibly reflects the aforementioned local layoffs within Local Government Education and Professional and Business Services. It should be noted however that a similar increase in the rate was also observed statewide. Regardless, Houston's unemployment rate shows signs of having bottomed out for the current cycle somewhere around the fourth quarter of 2022 at just under 4.0 percent. On a related note, curiously, after a five-week stretch from mid-May to mid-June with elevated initial claims for unemployment insurance reaching 6,500 in a single week, a level not seen since summer 2021, claims throughout July averaged 4,200 a week returning the trend back to the range observed over the last two years.

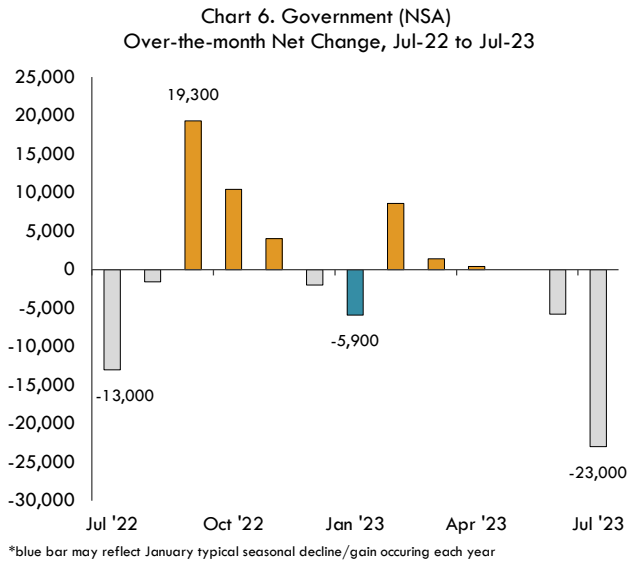
Overall, succinctly characterizing the state of Houston's job market in the first half of 2023 remains a challenge. Job growth continues but seemingly every month some sector "hits an air pocket." The good news is that none of these have been severe enough to fundamentally derail the outlook for Houston, at least in the near-term. On top of that, the national economy continues to hold up even after a year's worth of interest rate hikes, which helps locally. While the phrase "soft-landing" has become a bit of cliché, we have to admit that things continue to go better, farther into 2023, than many including myself expected.

DECLINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was the largest declining sector over the month down -23,000 jobs, or -5.2 percent (see Chart 6). This was the largest-ever decline in the month of July since records began in 1990, beating the previous July record of -19,400 jobs lost in 2017, and now stands as the largest over-the-month decrease of any month in the past three decades. Historically in the month of July, Government has lost an average of -13,700 jobs over the month, which indicates that this month's losses are substantially larger than the long-term average decline. Local Government was the largest contributor to the overall sector's decline, down -22,600 jobs over the month. The second-largest declining contributor was State Government, which lost -500 jobs from June to July. Lastly, Federal Government offset a portion of the sector's losses with a gain of 100 jobs.

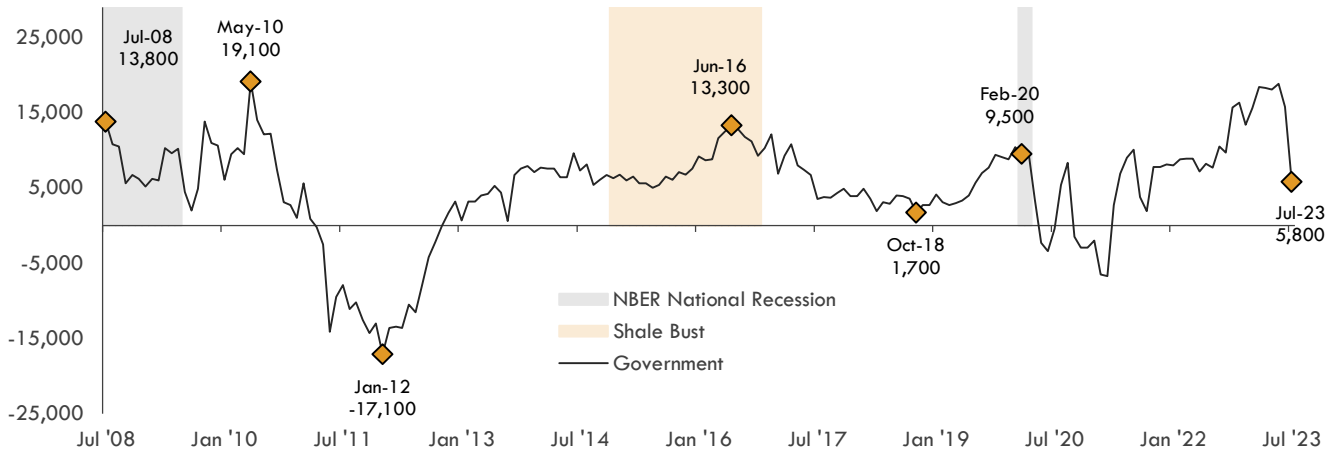


Over-the-year Change

Year over year, Government was up 5,800 jobs, or 1.4 percent (see Chart 7). This July also marks 28 consecutive months of over-the-year gains. State Government was the largest contributor to the overall sector's increase, up 2,600 jobs over the year. The second-largest contributor was Local Government, which added 2,200 jobs from July a year ago. Lastly, Federal Government contributed, 1,000 jobs. Total Government employment (NSA) remains -6,300 jobs, or -1.5 percent below its February 2020 pre-pandemic level of 428,400. At the same time, the sector's share of Houston area Total Nonfarm

Employment has fallen from 12.8 percent to 12.6 percent over the past year.

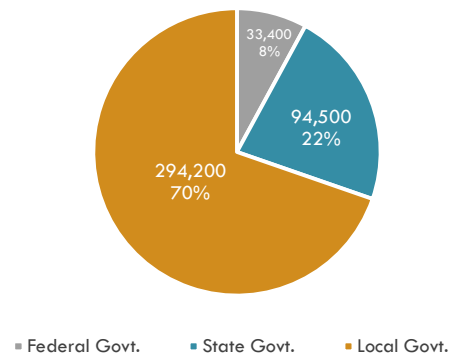
Chart 7. Government (NSA) Over-the-year Net Change, Jul-08 to Jul-23



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

Chart 8. Employment in Component Industries of Government Sector - July 2023

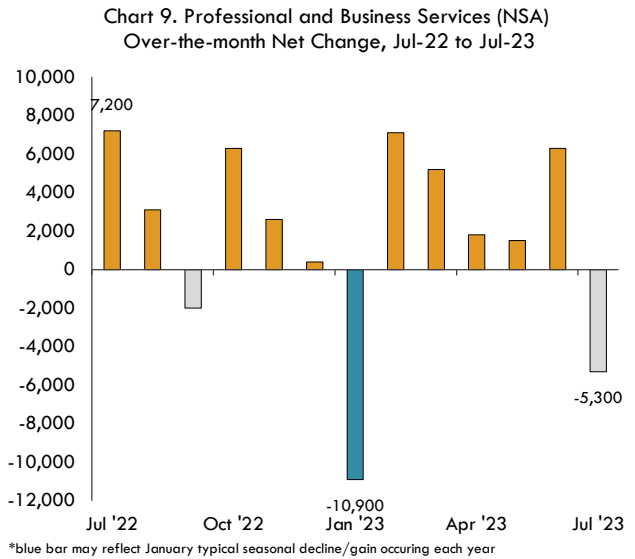


DECLINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

Professional and Business Services was the second-largest declining sector over the month down -5,300 jobs, or -0.9 percent (see Chart 9). This was the largest-ever decline in the month of July since records began in 1990, beating the previous July record of -2,600 jobs lost in 1991. Historically in the month of July, Professional and Business Services has added an average of 900 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's decline, down -3,400 jobs over the month. The second-largest declining contributor was Professional, Scientific, and Technical Services, which lost -1,200 jobs from June to July. Lastly, Management of Companies and Enterprises subtracted, -700 jobs. Professional and Business Services employment was revised upward by 500 jobs for a May to June larger net gain of 6,300 compared to an original estimate of 5,800 jobs.

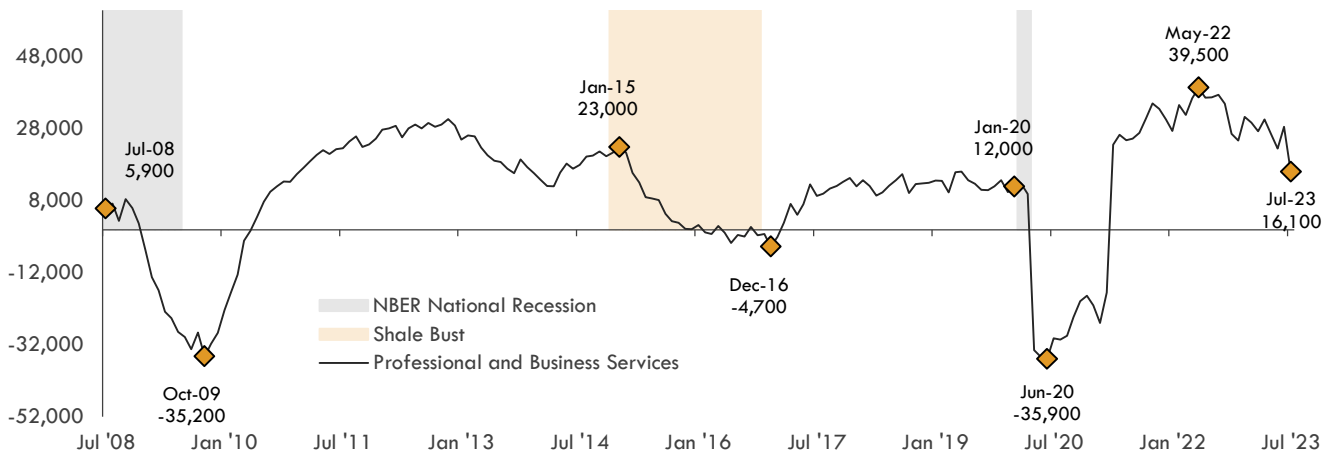


Over-the-year Change

Year over year, Professional and Business Services was up 16,100 jobs, or 3.0 percent (see Chart 10). This July also marks 28 consecutive months of over-the-year gains. Furthermore, 16.0 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 12,900 jobs over the year. The second-largest contributor was Management of Companies and Enterprises, which added 1,700 jobs from July a year ago. Lastly, Administrative and Support and Waste

Management and Remediation Services contributed, 1,500 jobs. Total Professional and Business Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 514,700 jobs by 45,700, or 8.9 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 16.7 percent over the past year.

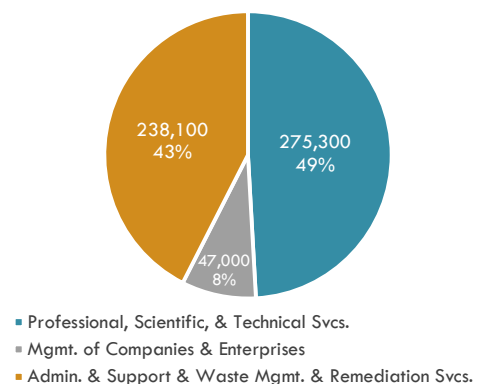
Chart 10. Professional and Business Services (NSA)  
Over-the-year Net Change, Jul-08 to Jul-23



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 11). Across the Houston MSA, the concentration of jobs in the overall sector is 13 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 11. Employment in Component Industries of Professional and Business Services Sector - July 2023

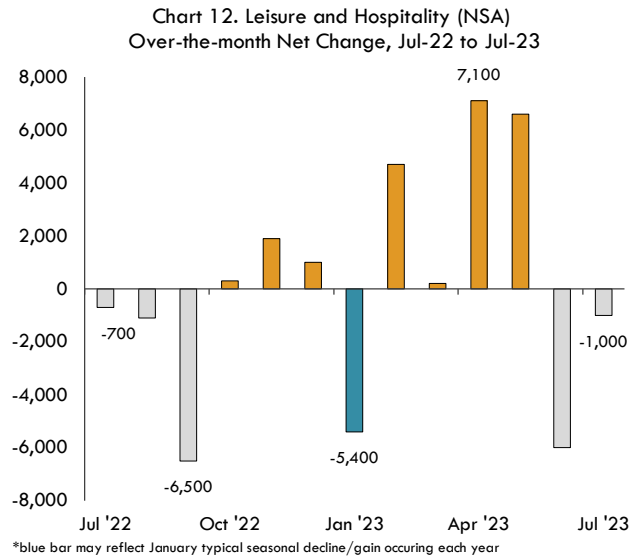


DECLINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality was the third-largest declining sector over the month down -1,000 jobs, or -0.3 percent (see Chart 12). This was the largest July over-the-month decline in since 2020. Historically in the month of July, Leisure and Hospitality has lost an average of -1,600 jobs over the month, which indicates that this month's losses are moderately smaller than the long-term average decline. Accommodation and Food Services was the largest contributor to the overall sector's decline, down -1,400 jobs over the month. One component industry that provided a partial offset was Arts, Entertainment, and Recreation, which gained 400 jobs from June to July. Leisure and Hospitality employment saw no revision from May to June leaving the previous month's original decrease of -6,000 intact.

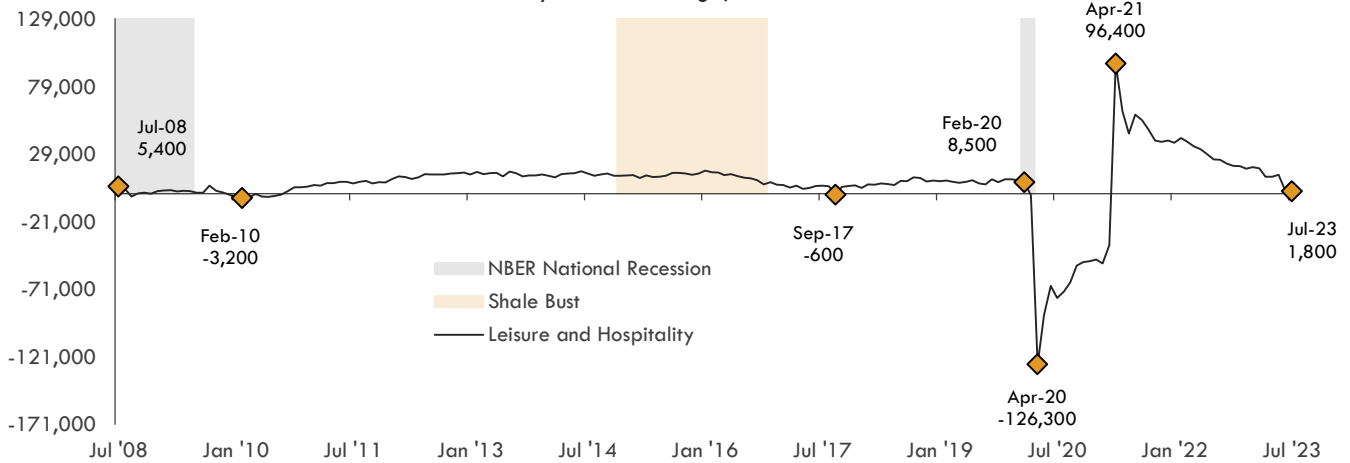


Over-the-year Change

Year over year, Leisure and Hospitality was up 1,800 jobs, or 0.5 percent (see Chart 13). This July also marks 28 consecutive months of over-the-year gains. Arts, Entertainment, and Recreation was the largest contributor to the overall sector's increase, up 1,100 jobs over the year. The second-largest contributor was Accommodation and Food Services, which added 700 jobs from July a year ago. Total Leisure and Hospitality employment (NSA) now exceeds its February 2020 pre-pandemic level of 334,500 jobs by 15,600, or 4.7 percent. At the same time, the sector's share of Houston area Total Nonfarm

Employment has fallen from 10.7 percent to 10.5 percent over the past year.

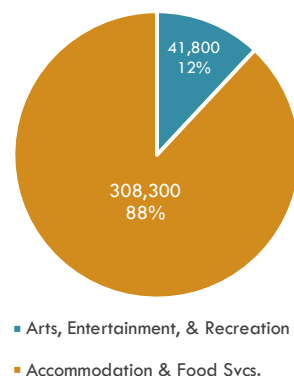
Chart 13. Leisure and Hospitality (NSA) Over-the-year Net Change, Jul-08 to Jul-23



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 88 percent (see Chart 14). Across the Houston MSA, the concentration of jobs in the overall sector is 6 percent less than the national average.

Chart 14. Employment in Component Industries of Leisure and Hospitality Sector - July 2023

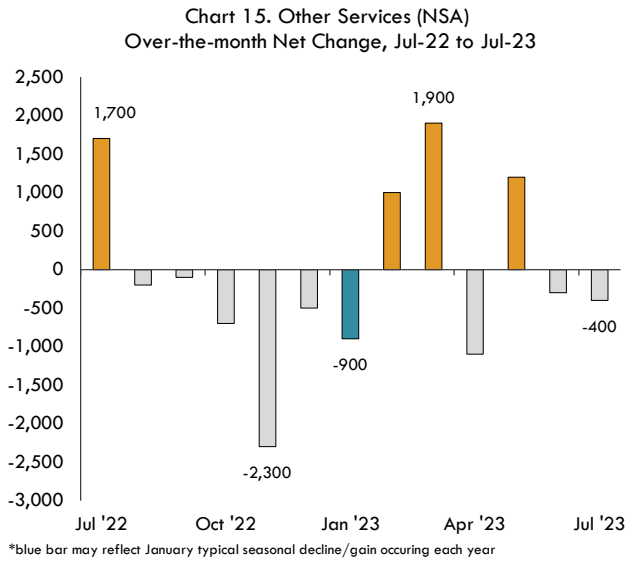


DECLINING INDUSTRY HIGHLIGHTS

Other Services

Over-the-month Change

Other Services also saw a decrease over the month down -400 jobs, or -0.3 percent (see Chart 15). This was the largest July over-the-month decline in since 2020. Historically in the month of July, Other Services has lost an average of -200 jobs over the month, which indicates that this month's losses are slightly larger than 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 downward by -500 jobs for a May to June complete erasure of gains leaving a net loss of -300 compared to an original estimate of 200 jobs.

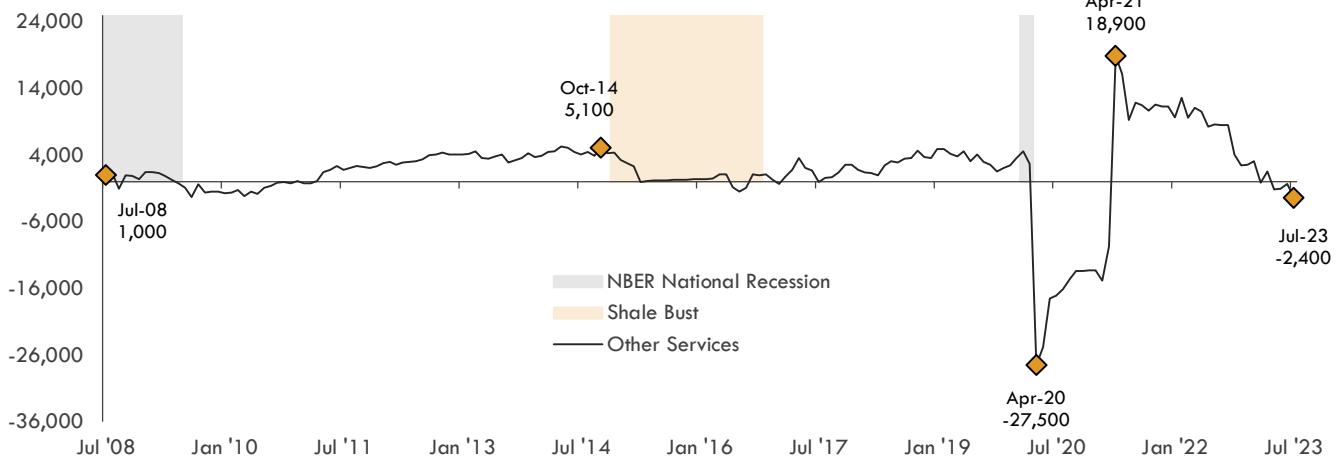


Over-the-year Change

Year over year, Other Services was down -2,400 jobs, or -2.0 percent (see Chart 16). This was the second-largest over-the-year decline in the month of July since records began in 1990 and the largest decline since March 2021's loss of -9,700 jobs. It also marks four consecutive months of over-the-year losses. Among sectors currently showing contraction, this sector is the fastest declining in percentage terms across the Houston area. Furthermore, 66.7 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 -1,000 jobs, or -0.8 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 3.7 percent to 3.5 percent over the past year.

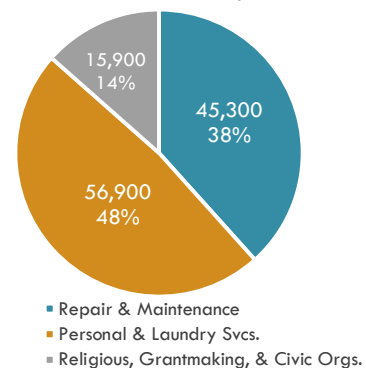
Chart 16. Other Services (NSA) Over-the-year Net Change, Jul-08 to Jul-23



About This Sector

This sector comprises establishments engaged in services not classified elsewhere such as equipment and machinery repair, religious activities, grantmaking, advocacy, and providing dry-cleaning and laundry services, and personal care services. Of the three main component industries, Personal and Laundry Services accounts for a plurality of the sector's employment at 48 percent as a subsector where self-employment is prevalent (source: Census - Non Employer Statistics and BLS - Quarterly Census of Employment and Wages) (see Chart 17). Across the Houston MSA, the concentration of jobs in the overall Other Services sector is 8 percent less than the national average.

Chart 17. Employment in Component Industries of Other Services Sector - July 2023



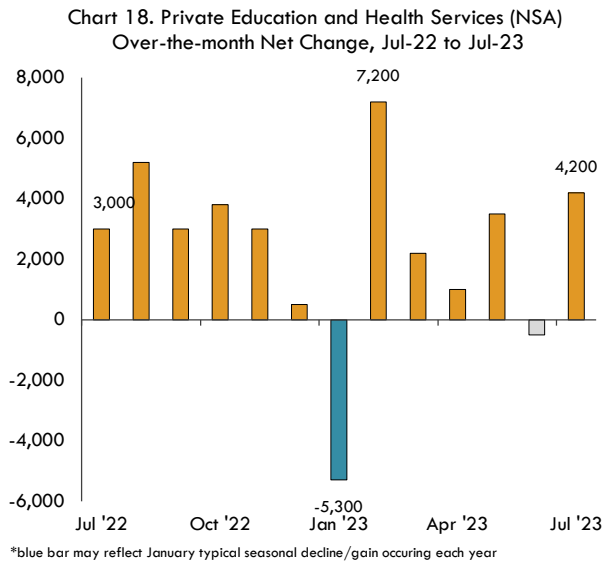
\*estimated proportions based QCEW covered and NES self-employment

GAINING INDUSTRY HIGHLIGHTS

Private Education and Health Services

Over-the-month Change

Private Education and Health Services was the largest gaining sector over the month up 4,200 jobs, or 0.9 (see Chart 18). This was the largest-ever gain in the month of July since records began in 1990, beating the previous July record of 3,000 jobs in 2022. Historically in the month of July, Private Education and Health Services has added an average of 100 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 4,800 jobs over the month. One component industry that provided a partial offset was Private Educational Services, which lost -600 jobs from June to July. Private Education and Health Services employment was revised upward by 800 jobs for a May to June smaller net loss of -500 compared to an original estimate of -1,300 jobs.

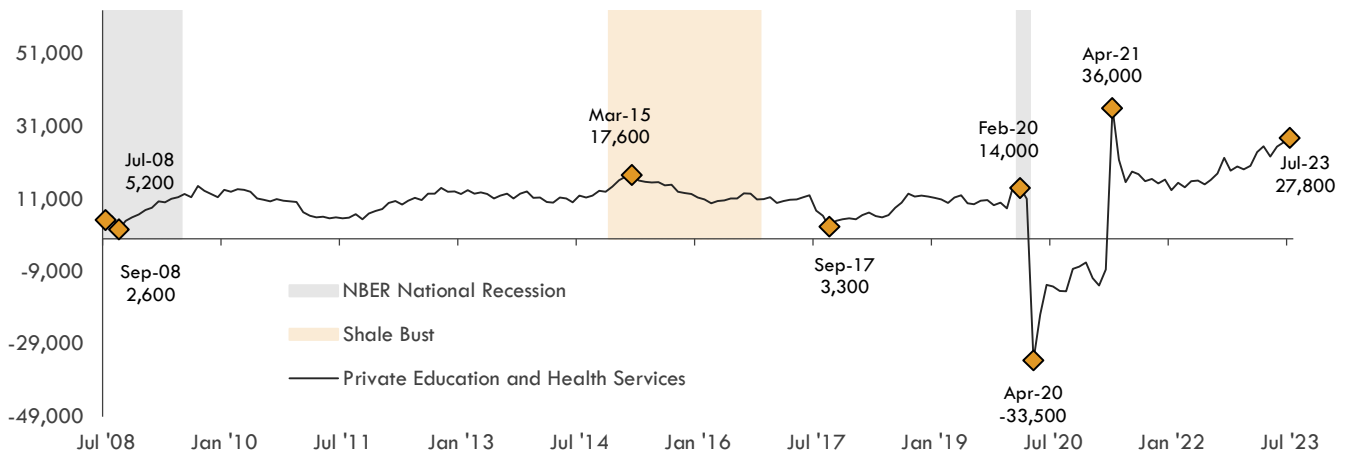


Over-the-year Change

Year over year, Private Education and Health Services was up 27,800 jobs, or 6.6 percent (see Chart 19). This was the largest-ever over-the-year gain in July and the second-largest gain on record. Among sectors currently showing growth, this sector is the second-fastest growing in percentage terms across the Houston area. Furthermore, 27.7 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 24,100 jobs over the year. The second-largest contributor was

Private Educational Services, which added 3,700 jobs from July a year ago. Total Private Education and Health Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 414,400 jobs by 36,800, or 8.9 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 13.0 percent to 13.5 percent over the past year.

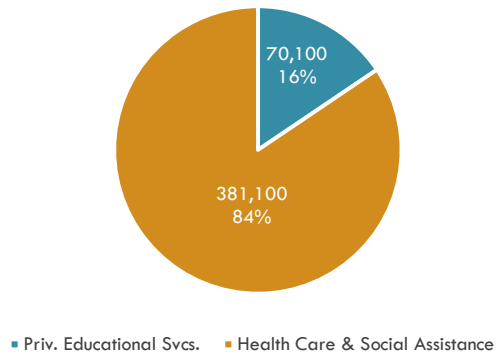
Chart 19. Private Education and Health Services (NSA) Over-the-year Net Change, Jul-08 to Jul-23



About This Sector

This sector is composed of establishments that provide private education services (i.e. excluding publicly-funded primary, secondary, and postsecondary institutions) and establishments that provide healthcare and social assistance to individuals. Of the two main component industries, Health Care and Social Assistance accounts for the majority of the sector's employment at 84 percent (see Chart 20). Across the Houston MSA, the concentration of jobs in the overall sector is 16 percent less than the national average, despite the high physical concentration of healthcare jobs centered around Texas Medical Center.

Chart 20. Employment in Component Industries of Private Education and Health Services Sector - July 2023



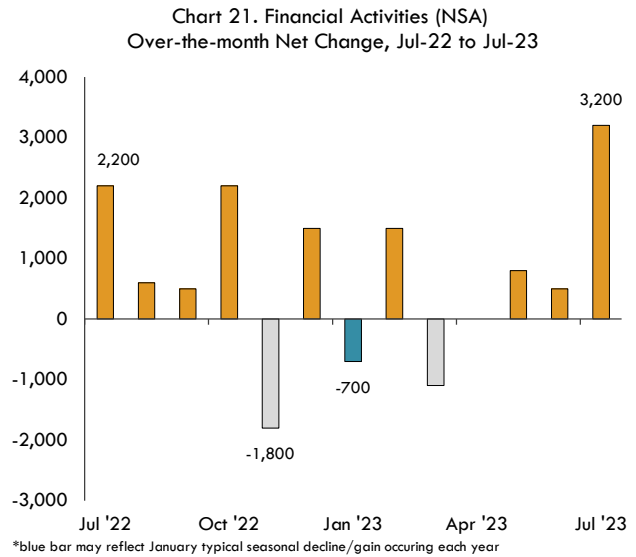


GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities was the second-largest gaining sector over the month up 3,200 jobs, or 1.7 (see Chart 21). This was the largest-ever gain in the month of July since records began in 1990, beating the previous July record of 2,200 jobs in 2022, and now stands as the largest over-the-month increase of any month in the past three decades. Historically in the month of July, Financial Activities has added an average of 400 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 1,700 jobs over the month. The second-largest contributor was Real Estate and Rental and Leasing, which added 1,500 jobs from June to July. Financial Activities employment was revised downward by -300 jobs for a May to June smaller net gain of 500 compared to an original estimate of 800 jobs.

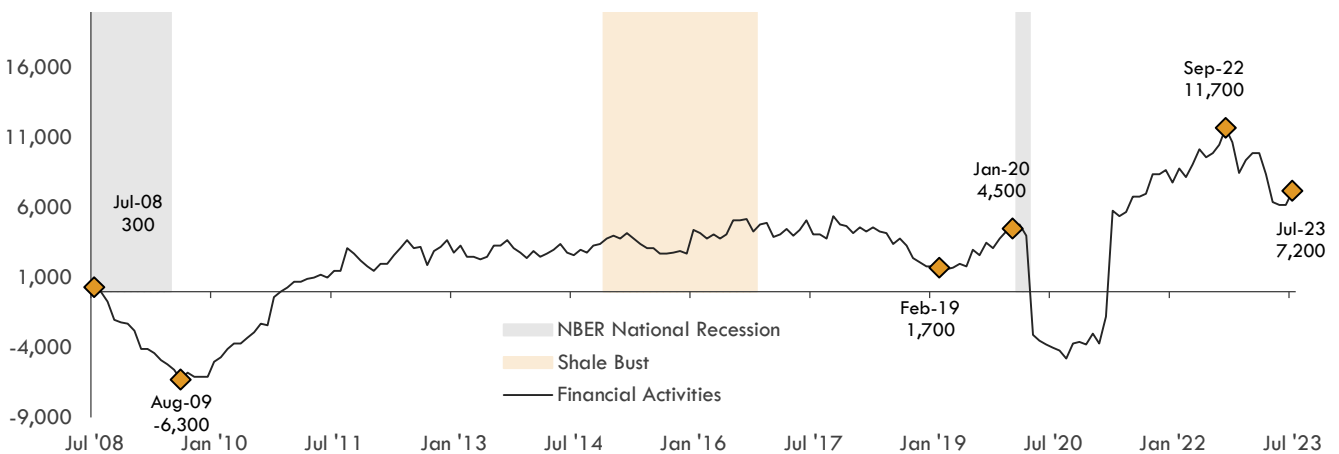


Over-the-year Change

Year over year, Financial Activities was up 7,200 jobs, or 4.0 percent (see Chart 22). This was the third-largest over-the-year gain in July since records began in 1990 and the largest gain since March 2023's increase of 8,400 jobs. 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 5,200 jobs over the year. The second-largest contributor was Finance and Insurance, which added 2,000 jobs from July a year ago. Total Financial Activities employment (NSA) now exceeds its February 2020 pre-pandemic level of

169,200 jobs by 18,400, or 10.9 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 5.5 percent over the past year.

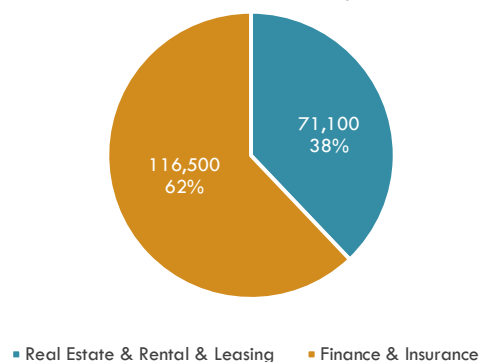
Chart 22. Financial Activities (NSA) Over-the-year Net Change, Jul-08 to Jul-23



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 62 percent (see Chart 23). Across the Houston MSA, the concentration of jobs in the overall Financial Activities sector is 5 percent less than the national average, due to a 20-percent lower concentration in Finance and Insurance offsetting a 34-percent higher concentration in Real Estate and Rental and Leasing.

Chart 23. Employment in Component Industries of Financial Activities Sector - July 2023

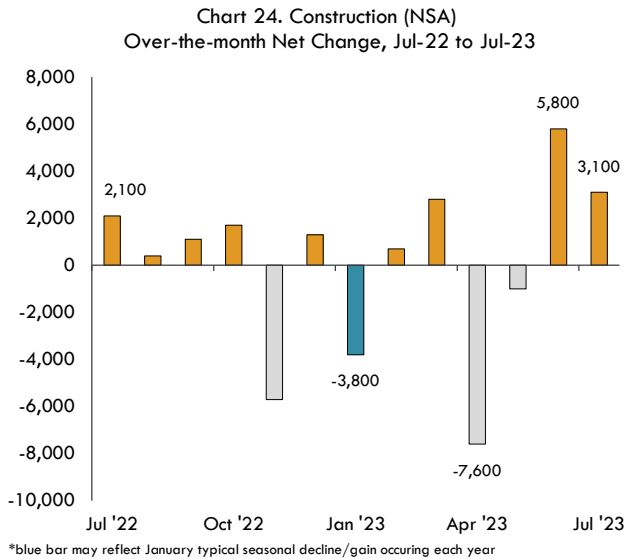


## GAINING INDUSTRY HIGHLIGHTS

### Construction

#### Over-the-month Change

Construction was the third-largest gaining sector over the month up 3,100 jobs, or 1.4 (see Chart 24). This was the largest-ever gain in the month of July since records began in 1990. Historically in the month of July, Construction has lost an average of -1,200 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 2,300 jobs over the month. The second-largest contributor was Construction of Buildings, which added 600 jobs from June to July. Lastly, Heavy and Civil Engineering Construction contributed, 200 jobs. Construction employment was revised downward by -700 jobs for a May to June smaller net gain of 5,800 compared to an original estimate of 6,500 jobs.

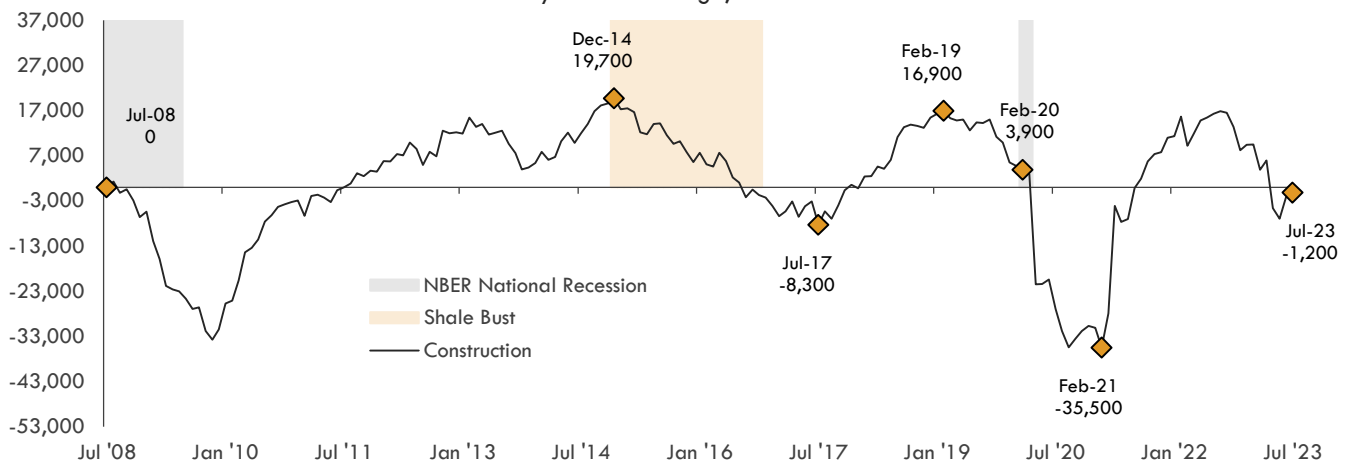


#### Over-the-year Change

Year over year, Construction was down -1,200 jobs, or -0.5 percent (see Chart 25). This July also marks four consecutive months of over-the-year losses. Among sectors currently showing contraction, this sector is the second-fastest declining in percentage terms across the Houston area. Furthermore, 33.3 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 -4,900 jobs over the year. One component industry that provided a partial offset was Heavy and Civil

Engineering Construction, which gained 1,400 jobs from July a year ago. Lastly, Construction of Buildings offset a portion of the sector's losses with a gain of 2,300 jobs. Total Construction employment (NSA) remains -12,800 jobs, or -5.4 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 fallen from 6.9 percent to 6.7 percent over the past year.

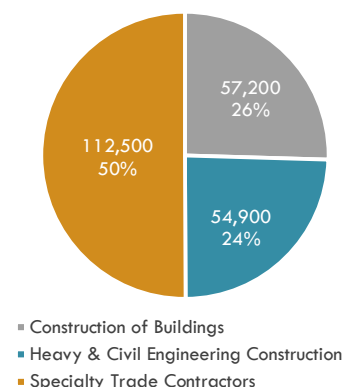
Chart 25. Construction (NSA)  
Over-the-year Net Change, Jul-08 to Jul-23



#### 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 slight majority of the sector's employment at just over 50 percent (see Chart 26). Across the Houston MSA, the concentration of jobs in the overall Construction sector is 28 percent higher than the national average, due to 2.2 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

Chart 26. Employment in Component Industries of Construction Sector - July 2023

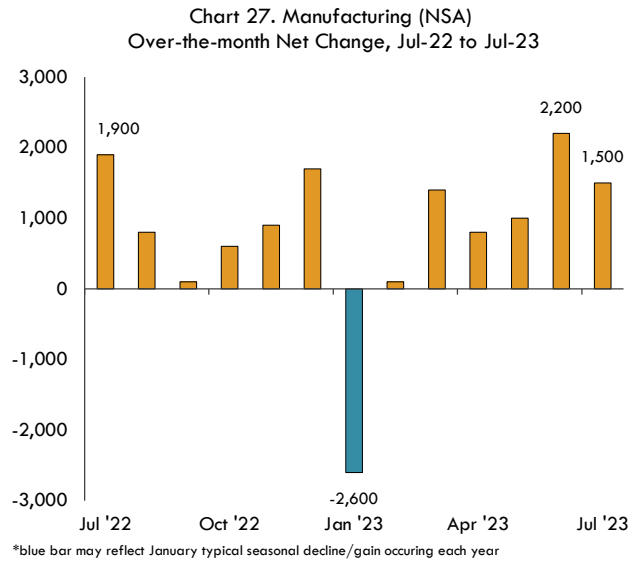


GAINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing also saw an increase over the month up 1,500 jobs, or 0.6 (see Chart 27). This July tied with 2011 for the third-largest ever gain in the month of July since records began in 1990. Historically in the month of July, Manufacturing has lost an average of -300 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Durable Goods was the largest contributor to the overall sector's increase, up 1,400 jobs over the month. The second-largest contributor was Non-Durable Goods, which added 100 jobs from June to July. Manufacturing employment was revised downward by -200 jobs for a May to June smaller net gain of 2,200 compared to an original estimate of 2,400 jobs.

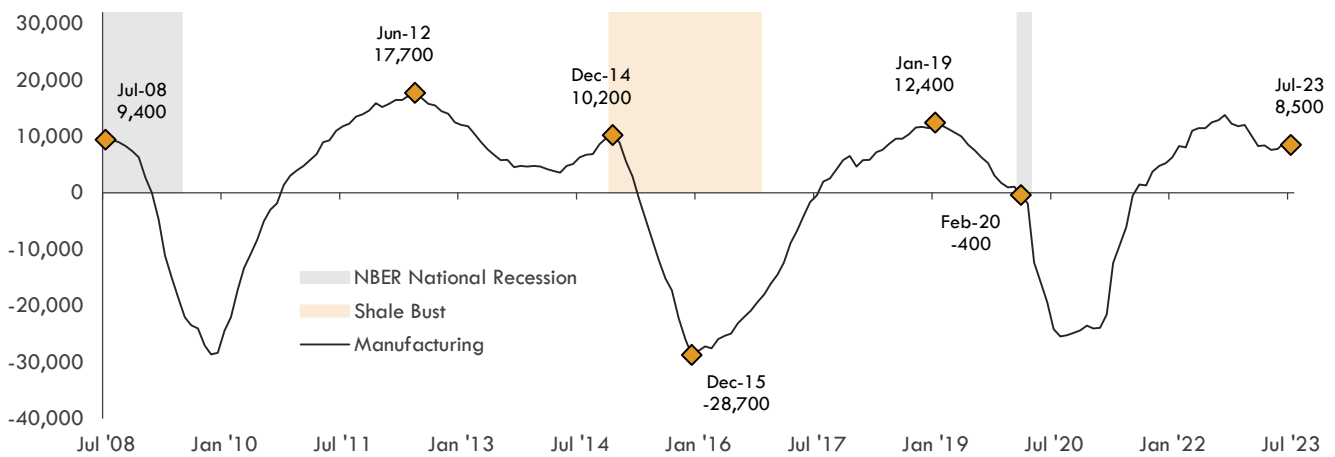


Over-the-year Change

Year over year, Manufacturing was up 8,500 jobs, or 3.8 percent (see Chart 28). This July also marks 24 consecutive months of over-the-year gains. Durable Goods was the largest contributor to the overall sector's increase, up 6,000 jobs over the year. The second-largest contributor was Non-Durable Goods, which added 2,500 jobs from July a year ago. Total Manufacturing employment (NSA) remains -400 jobs, or -0.2 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.

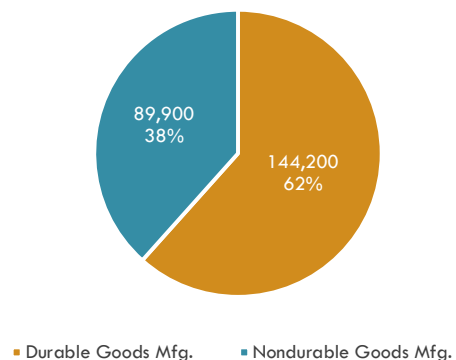
Chart 28. Manufacturing (NSA) Over-the-year Net Change, Jul-08 to Jul-23



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 29). Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 16 percent less than the national average.

Chart 29. Employment in Component Industries of Manufacturing Sector - July 2023

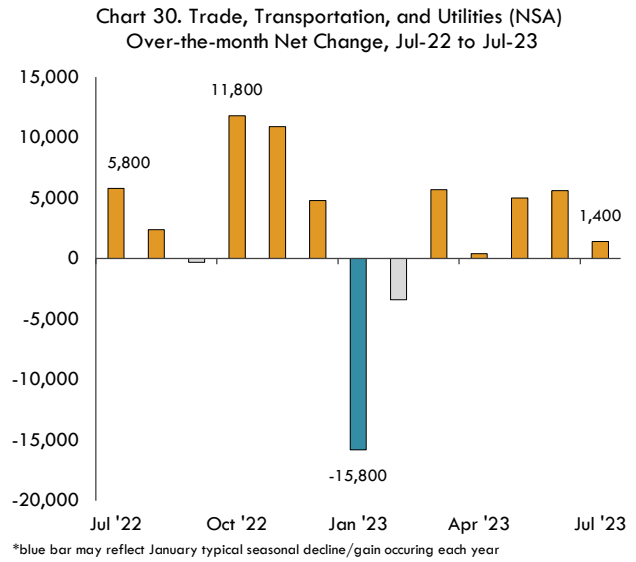


GAINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities also saw an increase over the month up 1,400 jobs, or 0.2 (see Chart 30). Historically in the month of July, Trade, Transportation, and Utilities has added an average of 100 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Retail Trade was the largest contributor to the overall sector's increase, up 1,200 jobs over the month. The second-largest contributor was Wholesale Trade, which added 600 jobs from June to July. Lastly, Transportation, Warehousing, and Utilities offset a portion of the sector's gains with a loss of -400 jobs. Trade, Transportation, and Utilities employment was revised upward by 1,300 jobs for a May to June larger net gain of 5,600 compared to an original estimate of 4,300 jobs.

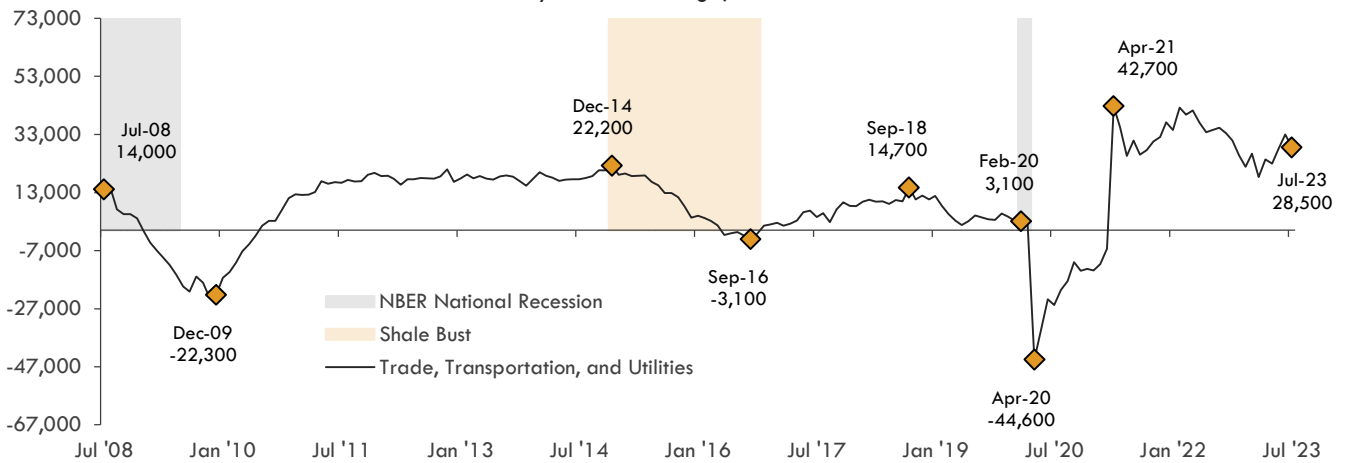


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 28,500 jobs, or 4.3 percent (see Chart 31). This was the third-largest over-the-year gain in July since records began in 1990. It also marks 28 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. Furthermore, 28.4 percent of total (gross) jobs added across the region over the past year can be attributed to Trade, Transportation, and Utilities. Transportation, Warehousing, and Utilities was the largest contributor to the overall sector's increase,

up 10,100 jobs over the year. The second-largest contributor was Wholesale Trade, which added 9,500 jobs from July a year ago. Lastly, Retail Trade contributed, 8,900 jobs. Total Trade, Transportation, and Utilities employment (NSA) now exceeds its February 2020 pre-pandemic level of 628,500 jobs by 67,100, or 10.7 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 20.5 percent to 20.8 percent over the past year.

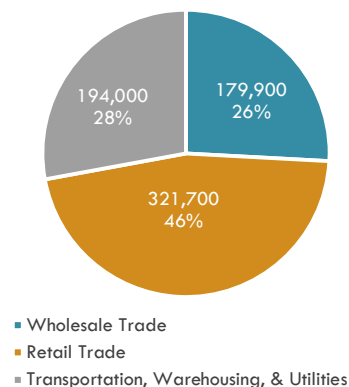
Chart 31. Trade, Transportation, and Utilities (NSA) Over-the-year Net Change, Jul-08 to Jul-23



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 32).

Chart 32. Employment in Component Industries of Trade, Transportation, and Utilities Sector - July 2023



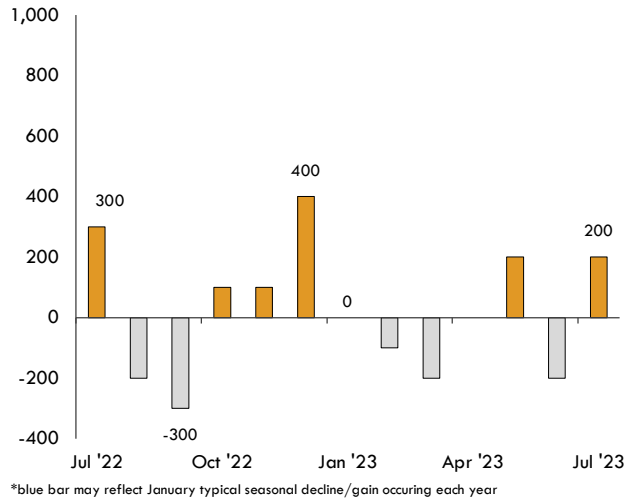
GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information also saw an increase over the month up 200 jobs, or 0.6 (see Chart 33). Historically in the month of July, Information 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. 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 June to July. Information employment saw no revision from May to June leaving the previous month's original decrease of -200 intact.

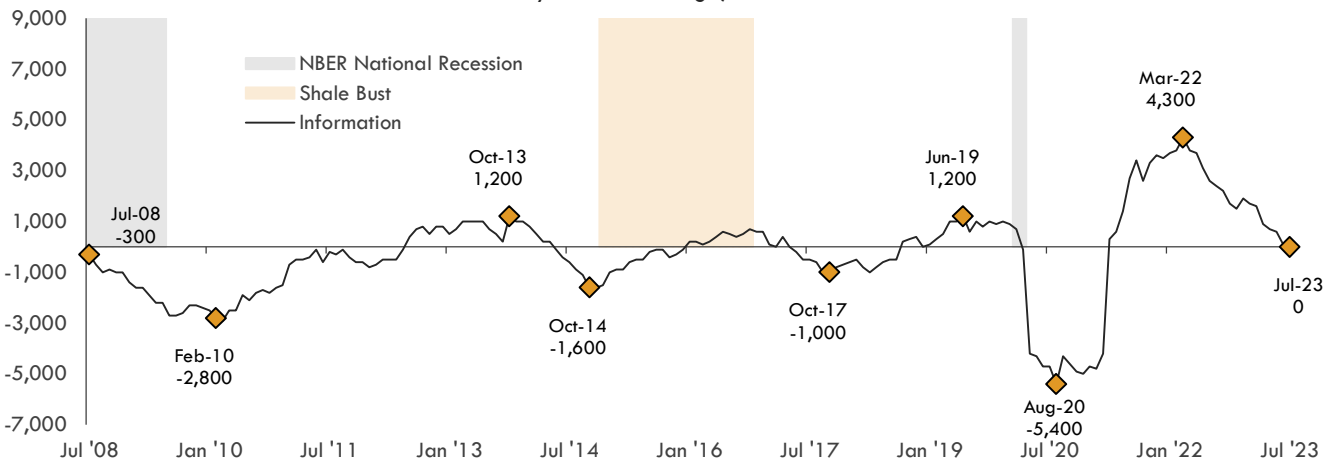
Chart 33. Information (NSA)  
Over-the-month Net Change, Jul-22 to Jul-23



Over-the-year Change

Year over year, Information saw no change. (see Chart 34). Total Information employment (NSA) now exceeds its February 2020 pre-pandemic level of 32,700 jobs by 600, or 1.8 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.

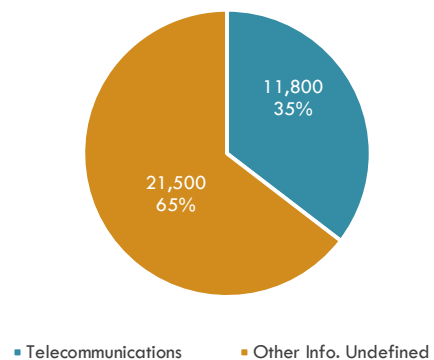
Chart 34. Information (NSA)  
Over-the-year Net Change, Jul-08 to Jul-23



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

Chart 35. Employment in Component Industries of Information Sector - July 2023

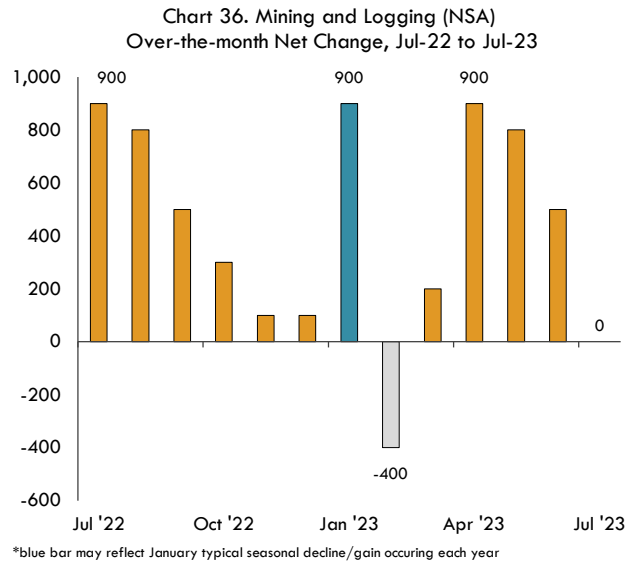


GAINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging was unchanged over the month. (see Chart 36). Historically in the month of July, Mining and Logging has added an average of 300 jobs over the month, which indicates that this month's net zero change is moderately in contrast to the long-term average gain. Mining and Logging employment was revised upward by 100 jobs for a May to June larger net gain of 500 compared to an original estimate of 400 jobs.

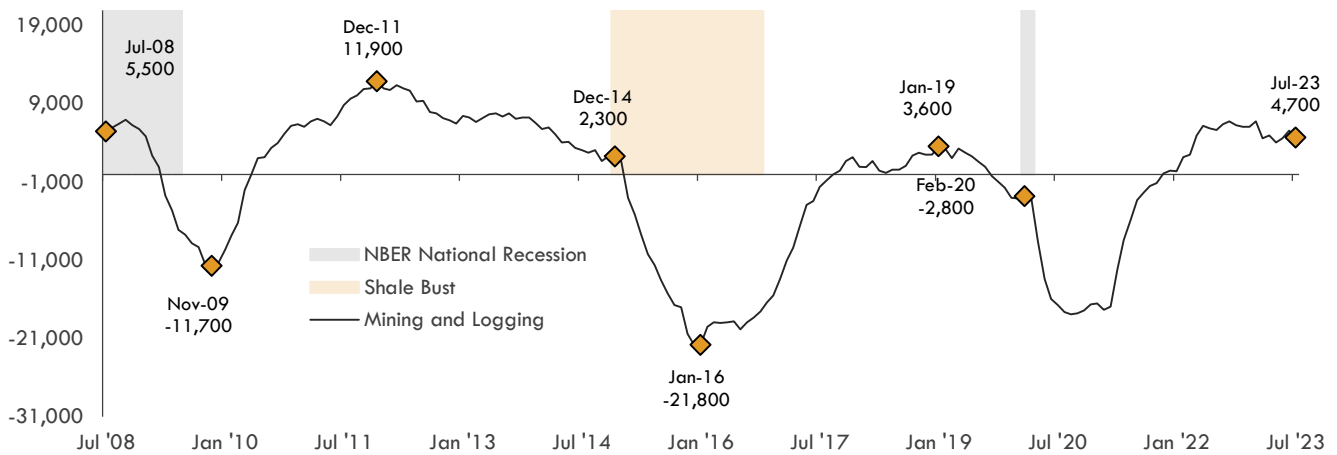


Over-the-year Change

Year over year, Mining and Logging was up 4,700 jobs, or 7.2 percent (see Chart 37). This July 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. Support Activities for Mining was the largest contributor to the overall sector's increase, up 3,500 jobs over the year. The second-largest contributor was Oil and Gas Extraction, which added 900 jobs from July a year ago. Lastly, Other Mining and Logging Undefined contributed, 300 jobs. Total Mining and Logging employment (NSA) remains -8,100 jobs or

-10.3 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.

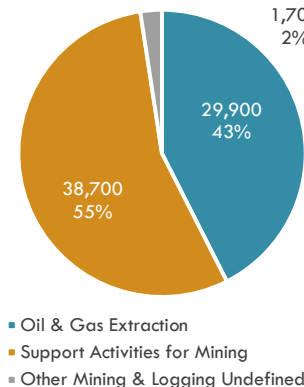
Chart 37. Mining and Logging (NSA) Over-the-year Net Change, Jul-08 to Jul-23



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 the majority of the sector's employment at 55 percent (see Chart 38). 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 38. Employment in Component Industries of Mining and Logging Sector - July 2023



## Local Area Unemployment Statistics

### Not-Seasonally Adjusted

#### Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 4.8 percent in July, up from June's 4.5 percent and up from 4.3 percent a year ago. This was above the statewide rate of 4.5 percent and above the national rate of 3.8 percent. Performance of the unemployment rate in July has been mixed historically with a 60/40 split of declines to increases making this month's increase stand in contrast to historical seasonal trends. 174,434 individuals were unemployed in Houston in July, up from June's 160,782 and up from 152,353 in July 2022 (see Charts 39 and 40).

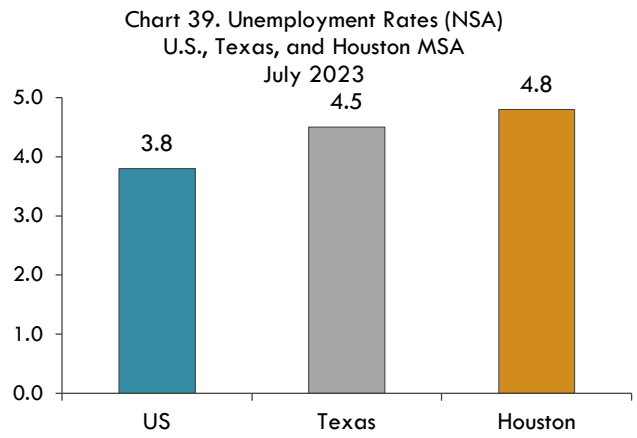
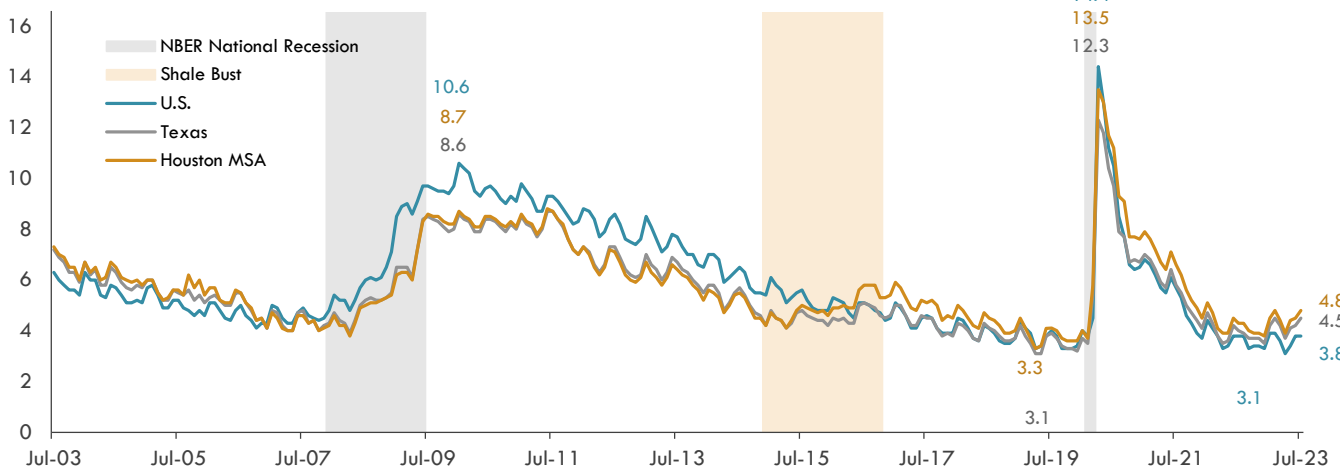


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA) July 2003 to July 2023

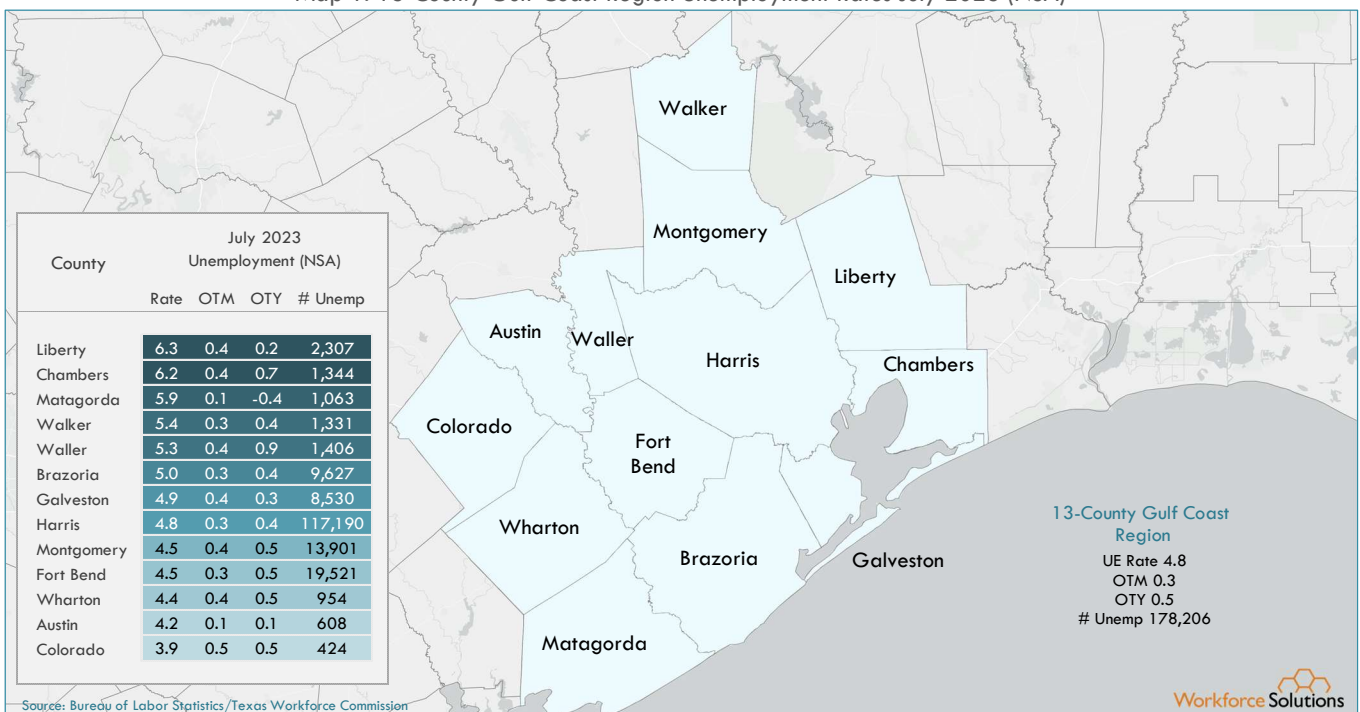


### County-level Unemployment

Among the 13 counties that comprise the Gulf Coast Workforce Development Area, unemployment rates in July ranged from a high of 6.3 percent in Liberty County to a low of 3.9 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. Colorado saw the largest percentage-point increase in unemployment up 0.5 pp. representing 60 more unemployed workers compared to the previous month. This was followed by Wharton (0.4 pp, 83 workers) and Waller (0.4 pp, 127 workers). Over the year

unemployment rates also rose with, Waller posting the largest increase, up 0.9 percentage points representing 273 more unemployed workers compared to a year ago followed by Chambers (0.7 pp, 182 workers) and Wharton (0.5 pp, 114 workers). Since peaking at 449,312 in April 2020 due to the COVID-19 global pandemic, the number of unemployed workers in the Gulf Coast Region has fallen by -271,106 as of this July (see Map 1 legend).

Map 1. 13-County Gulf Coast Region Unemployment Rates July 2023 (NSA)



Source: Bureau of Labor Statistics/Texas Workforce Commission

## Local Area Unemployment Statistics (continued)

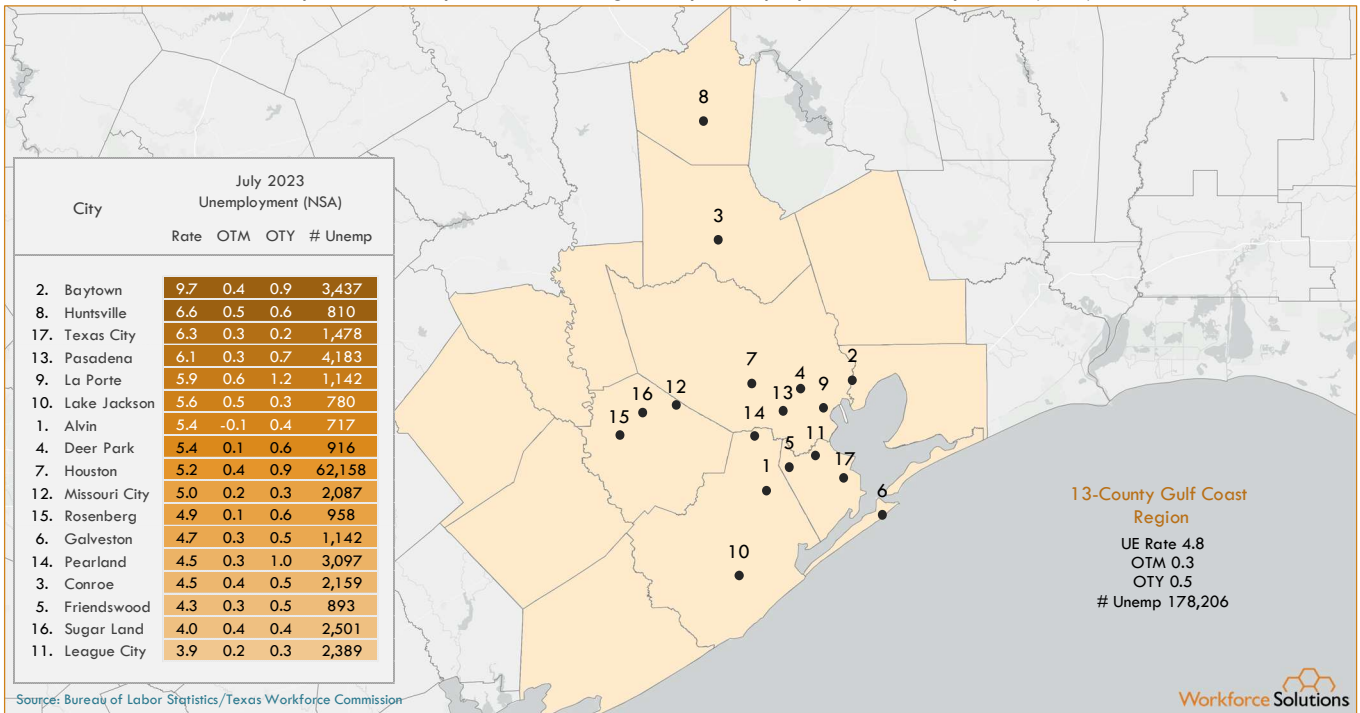
### Not-Seasonally Adjusted

#### 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 July ranged from a high of 9.7 percent in Baytown to a low of 3.9 percent in League City (see Map 2 legend). Over the month, 16 cities saw their unemployment rates rise in keeping with the region-wide increase of 0.3 percentage points while one declined. La Porte saw the largest percentage-point increase in unemployment up 0.6 pp. representing 113

more unemployed workers compared to the previous month. This was followed by Lake Jackson (0.5 pp, 75 workers) and Huntsville (0.5 pp, 70 workers). Over the year unemployment rates also rose with, La Porte posting the largest increase, up 1.2 percentage points representing 265 more unemployed workers compared to a year ago followed by Pearland (1.0 pp, 773 workers) and Houston (0.9 pp, 12,342 workers). The 17 cities below accounted for 51 percent of the 178,206 unemployed workers across the Gulf Coast Region as of this July (see Map 2 legend).

Map 2. 13-County Gulf Coast Region City Unemployment Rates July 2023 (NSA)



### Seasonally Adjusted

#### Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (seasonally-adjusted) unemployment rate stood at 4.4 percent in June, unchanged from May's 4.4 percent and up from 4.1 percent a year ago. This was above the statewide rate of 4.1 percent and above the national rate of 3.6 percent. 157,198 individuals were unemployed in Houston in June, down slightly from May's 158,068 and up from 144,262 in June 2022 (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  
 June 2023

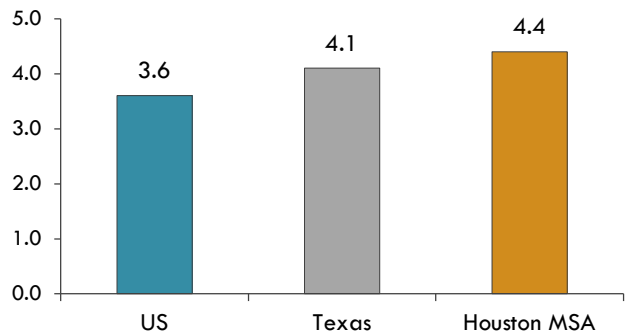
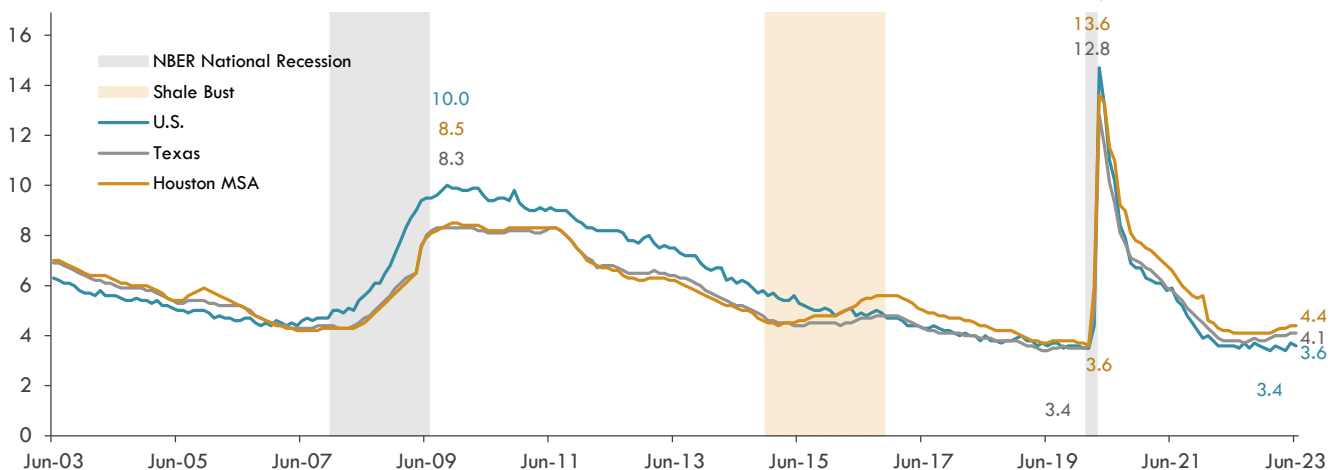


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)  
 June 2003 to June 2023





Gulf Coast Workforce Solutions Index (WSI)

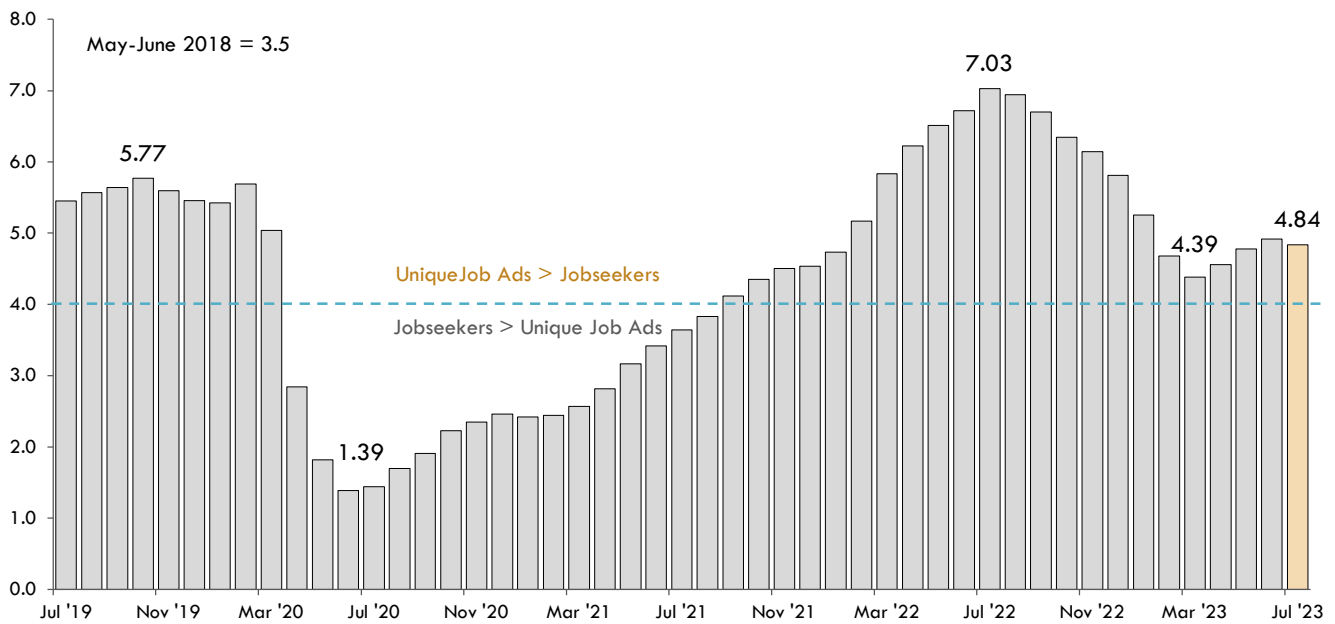


**The Gulf Coast Workforce Solutions Index (WSI)**

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  
July  
2023:  
**4.84**

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 July 2023**

The Houston MSA WSI for July stood at 4.84, down slightly from June's revised reading of 4.91. This was the result of modest increases in the number of unemployed individuals in recent months coupled with job postings holding steady at around 180,000.

Nonetheless, May's reading continues to suggest that jobseekers retain a moderate advantage relative to employers and that a requirement of four work search activities may be appropriate for individuals receiving unemployment insurance given the relative availability of jobs at present.



# Houston Area Employment Situation

July 2023

Table 1. Houston MSA Sectors and Major Industry Subcomponents

| NAICS Industry  | Jul-23           | Jun-23           | Jul-22           | Monthly        | Monthly      | Yearly        | Yearly %     |
|---|------------------|------------------|------------------|----------------|--------------|---------------|--------------|
| <b>Total Nonfarm</b>                                      | <b>3,347,400</b> | <b>3,363,500</b> | <b>3,250,600</b> | <b>-16,100</b> | <b>-0.5%</b> | <b>96,800</b> | <b>3.0%</b>  |
| Total Private   | 2,925,300        | 2,918,400        | 2,834,300        | 6,900          | 0.2%         | 91,000        | 3.2%         |
| Goods Producing   | 529,000          | 524,400          | 517,000          | 4,600          | 0.9%         | 12,000        | 2.3%         |
| <b>.Mining and Logging</b>                                | <b>70,300</b>    | <b>70,300</b>    | <b>65,600</b>    | <b>0</b>       | <b>0.0%</b>  | <b>4,700</b>  | <b>7.2%</b>  |
| ...Oil and Gas Extraction                                 | 29,900           | 29,800           | 29,000           | 100            | 0.3%         | 900           | 3.1%         |
| ...Support Activities for Mining                          | 38,700           | 38,600           | 35,200           | 100            | 0.3%         | 3,500         | 9.9%         |
| <b>.Construction</b>                                      | <b>224,600</b>   | <b>221,500</b>   | <b>225,800</b>   | <b>3,100</b>   | <b>1.4%</b>  | <b>-1,200</b> | <b>-0.5%</b> |
| ..Construction of Buildings                               | 57,200           | 56,600           | 54,900           | 600            | 1.1%         | 2,300         | 4.2%         |
| ..Heavy and Civil Engineering Construction                | 54,900           | 54,700           | 53,500           | 200            | 0.4%         | 1,400         | 2.6%         |
| ..Specialty Trade Contractors                             | 112,500          | 110,200          | 117,400          | 2,300          | 2.1%         | -4,900        | -4.2%        |
| <b>.Manufacturing</b>                                     | <b>234,100</b>   | <b>232,600</b>   | <b>225,600</b>   | <b>1,500</b>   | <b>0.6%</b>  | <b>8,500</b>  | <b>3.8%</b>  |
| ..Durable Goods   | 144,200          | 142,800          | 138,200          | 1,400          | 1.0%         | 6,000         | 4.3%         |
| ...Fabricated Metal Product Manufacturing                 | 50,000           | 49,800           | 47,200           | 200            | 0.4%         | 2,800         | 5.9%         |
| ...Machinery Manufacturing                                | 42,100           | 42,200           | 40,900           | -100           | -0.2%        | 1,200         | 2.9%         |
| ....Agriculture, Construction, and Mining Machinery Mfg.  | 22,300           | 22,200           | 21,000           | 100            | 0.5%         | 1,300         | 6.2%         |
| ...Computer and Electronic Product Manufacturing          | 14,600           | 14,500           | 14,200           | 100            | 0.7%         | 400           | 2.8%         |
| ..Non-Durable Goods                                       | 89,900           | 89,800           | 87,400           | 100            | 0.1%         | 2,500         | 2.9%         |
| ...Petroleum and Coal Products Manufacturing              | 8,100            | 8,000            | 7,800            | 100            | 1.3%         | 300           | 3.8%         |
| ...Chemical Manufacturing                                 | 42,700           | 42,800           | 41,300           | -100           | -0.2%        | 1,400         | 3.4%         |
| Service Providing   | 2,818,400        | 2,839,100        | 2,733,600        | -20,700        | -0.7%        | 84,800        | 3.1%         |
| .Private Service Providing                                | 2,396,300        | 2,394,000        | 2,317,300        | 2,300          | 0.1%         | 79,000        | 3.4%         |
| <b>..Trade, Transportation, and Utilities</b>             | <b>695,600</b>   | <b>694,200</b>   | <b>667,100</b>   | <b>1,400</b>   | <b>0.2%</b>  | <b>28,500</b> | <b>4.3%</b>  |
| ...Wholesale Trade  | 179,900          | 179,300          | 170,400          | 600            | 0.3%         | 9,500         | 5.6%         |
| ....Merchant Wholesalers, Durable Goods                   | 111,200          | 110,700          | 105,600          | 500            | 0.5%         | 5,600         | 5.3%         |
| ....Prof. and Commercial Equip. Supplies Wholesalers      | 17,700           | 17,700           | 17,400           | 0              | 0.0%         | 300           | 1.7%         |
| ....Merchant Wholesalers, Nondurable Goods                | 54,800           | 55,000           | 53,000           | -200           | -0.4%        | 1,800         | 3.4%         |
| ...Retail Trade   | 321,700          | 320,500          | 312,800          | 1,200          | 0.4%         | 8,900         | 2.8%         |
| ....Motor Vehicle and Parts Dealers                       | 44,200           | 44,000           | 43,400           | 200            | 0.5%         | 800           | 1.8%         |
| ....Bldg. Material and Garden Equip. and Supplies Dealers | 24,300           | 24,600           | 24,800           | -300           | -1.2%        | -500          | -2.0%        |
| ....Food and Beverage Stores                              | 74,300           | 73,900           | 71,300           | 400            | 0.5%         | 3,000         | 4.2%         |
| ....Health and Personal Care Stores                       | 62,000           | 62,100           | 61,100           | -100           | -0.2%        | 900           | 1.5%         |
| ....Clothing and Clothing Accessories Stores              | 20,000           | 20,000           | 19,900           | 0              | 0.0%         | 100           | 0.5%         |
| ....General Merchandise Stores                            | 42,000           | 42,100           | 41,200           | -100           | -0.2%        | 800           | 1.9%         |
| ....Department Stores                                     | 20,500           | 20,600           | 20,100           | -100           | -0.5%        | 400           | 2.0%         |
| ....Other General Merchandise Stores                      | 25,500           | 25,300           | 25,700           | 200            | 0.8%         | -200          | -0.8%        |
| ...Transportation, Warehousing, and Utilities             | 194,000          | 194,400          | 183,900          | -400           | -0.2%        | 10,100        | 5.5%         |
| ....Utilities   | 20,400           | 20,400           | 19,600           | 0              | 0.0%         | 800           | 4.1%         |
| ....Air Transportation                                    | 20,600           | 20,500           | 20,000           | 100            | 0.5%         | 600           | 3.0%         |
| ....Truck Transportation                                  | 31,300           | 31,200           | 30,600           | 100            | 0.3%         | 700           | 2.3%         |
| ....Pipeline Transportation                               | 13,100           | 13,000           | 12,500           | 100            | 0.8%         | 600           | 4.8%         |
| <b>..Information</b>                                      | <b>33,300</b>    | <b>33,100</b>    | <b>33,300</b>    | <b>200</b>     | <b>0.6%</b>  | <b>0</b>      | <b>0.0%</b>  |
| ...Telecommunications                                     | 11,800           | 11,800           | 11,800           | 0              | 0.0%         | 0             | 0.0%         |
| <b>..Financial Activities</b>                             | <b>187,600</b>   | <b>184,400</b>   | <b>180,400</b>   | <b>3,200</b>   | <b>1.7%</b>  | <b>7,200</b>  | <b>4.0%</b>  |
| ...Finance and Insurance                                  | 116,500          | 114,800          | 114,500          | 1,700          | 1.5%         | 2,000         | 1.7%         |
| ....Credit Intermediation and Related Activities          | 46,300           | 45,700           | 45,800           | 600            | 1.3%         | 500           | 1.1%         |
| ....Depository Credit Intermediation                      | 30,100           | 29,600           | 29,400           | 500            | 1.7%         | 700           | 2.4%         |
| ....Securities, Commodity Contracts, and Fin. Investments | 23,500           | 23,000           | 22,900           | 500            | 2.2%         | 600           | 2.6%         |
| ....Insurance Carriers and Related Activities             | 46,700           | 46,100           | 45,800           | 600            | 1.3%         | 900           | 2.0%         |
| ...Real Estate and Rental and Leasing                     | 71,100           | 69,600           | 65,900           | 1,500          | 2.2%         | 5,200         | 7.9%         |
| <b>..Professional and Business Services</b>               | <b>560,400</b>   | <b>565,700</b>   | <b>544,300</b>   | <b>-5,300</b>  | <b>-0.9%</b> | <b>16,100</b> | <b>3.0%</b>  |
| ...Professional, Scientific, and Technical Services       | 275,300          | 276,500          | 262,400          | -1,200         | -0.4%        | 12,900        | 4.9%         |
| ....Legal Services  | 33,200           | 33,100           | 31,500           | 100            | 0.3%         | 1,700         | 5.4%         |
| ....Accounting, Tax Preparation, Bookkeeping, and Payroll | 28,800           | 28,700           | 27,300           | 100            | 0.3%         | 1,500         | 5.5%         |
| ....Architectural, Engineering, and Related Services      | 76,700           | 77,300           | 69,600           | -600           | -0.8%        | 7,100         | 10.2%        |
| ....Computer Systems Design and Related Services          | 44,100           | 43,900           | 42,200           | 200            | 0.5%         | 1,900         | 4.5%         |
| ...Management of Companies and Enterprises                | 47,000           | 47,700           | 45,300           | -700           | -1.5%        | 1,700         | 3.8%         |
| ...Admin. and Support and Waste Mgmt. and Remediation     | 238,100          | 241,500          | 236,600          | -3,400         | -1.4%        | 1,500         | 0.6%         |
| ....Administrative and Support Services                   | 224,300          | 227,500          | 223,800          | -3,200         | -1.4%        | 500           | 0.2%         |
| ....Employment Services                                   | 84,900           | 85,800           | 88,200           | -900           | -1.0%        | -3,300        | -3.7%        |
| ....Services to Buildings and Dwellings                   | 57,500           | 57,000           | 56,000           | 500            | 0.9%         | 1,500         | 2.7%         |
| <b>..Educational and Health Services</b>                  | <b>451,200</b>   | <b>447,000</b>   | <b>423,400</b>   | <b>4,200</b>   | <b>0.9%</b>  | <b>27,800</b> | <b>6.6%</b>  |
| ...Educational Services                                   | 70,100           | 70,700           | 66,400           | -600           | -0.8%        | 3,700         | 5.6%         |
| ...Health Care and Social Assistance                      | 381,100          | 376,300          | 357,000          | 4,800          | 1.3%         | 24,100        | 6.8%         |
| ....Ambulatory Health Care Services                       | 192,100          | 190,400          | 179,800          | 1,700          | 0.9%         | 12,300        | 6.8%         |
| ....Hospitals   | 95,400           | 94,800           | 89,300           | 600            | 0.6%         | 6,100         | 6.8%         |
| <b>..Leisure and Hospitality</b>                          | <b>350,100</b>   | <b>351,100</b>   | <b>348,300</b>   | <b>-1,000</b>  | <b>-0.3%</b> | <b>1,800</b>  | <b>0.5%</b>  |
| ...Arts, Entertainment, and Recreation                    | 41,800           | 41,400           | 40,700           | 400            | 1.0%         | 1,100         | 2.7%         |
| ...Accommodation and Food Services                        | 308,300          | 309,700          | 307,600          | -1,400         | -0.5%        | 700           | 0.2%         |
| ....Accommodation   | 27,100           | 27,300           | 26,400           | -200           | -0.7%        | 700           | 2.7%         |
| ....Food Services and Drinking Places                     | 281,200          | 282,400          | 281,200          | -1,200         | -0.4%        | 0             | 0.0%         |
| <b>..Other Services</b>                                   | <b>118,100</b>   | <b>118,500</b>   | <b>120,500</b>   | <b>-400</b>    | <b>-0.3%</b> | <b>-2,400</b> | <b>-2.0%</b> |
| <b>Government</b>   | <b>422,100</b>   | <b>445,100</b>   | <b>416,300</b>   | <b>-23,000</b> | <b>-5.2%</b> | <b>5,800</b>  | <b>1.4%</b>  |
| .Federal Government                                       | 33,400           | 33,300           | 32,400           | 100            | 0.3%         | 1,000         | 3.1%         |
| .State Government   | 94,500           | 95,000           | 91,900           | -500           | -0.5%        | 2,600         | 2.8%         |
| ..State Government Educational Services                   | 52,900           | 53,600           | 51,500           | -700           | -1.3%        | 1,400         | 2.7%         |
| .Local Government   | 294,200          | 316,800          | 292,000          | -22,600        | -7.1%        | 2,200         | 0.8%         |
| ..Local Government Educational Services                   | 197,100          | 218,200          | 195,400          | -21,100        | -9.7%        | 1,700         | 0.9%         |