

Houston Area Employment Situation

June 2024

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

Job Growth in June was "Meh" while Unemployment Ticked-Up on the Back of Retail Losses

Total Nonfarm

Over-the-month Change

Houston MSA Total Nonfarm employment stood at 3,460,900 in June, up 6,500 jobs over the month, or 0.2 percent on a not-seasonally-adjusted basis (see Chart 1). A year ago Houston registered an over-the-month increase of 12,000 jobs. Prior to the pandemic, historically in the month of June, Total Nonfarm has on average added 11,000 jobs over the month, which indicates that this month's gains are substantially below the long-term average. In the history of the series, Total Nonfarm employment has lost jobs in June on only two occasions: 2009 and 2016, during the Great Recession and the late-2014 fracking bust.

The primary drivers of this June's growth were increases in Construction; Other Services; and Professional and Business Services. Gains were also recorded in Financial Activities; Leisure and Hospitality; and Manufacturing. The net increase in jobs over the month was partially offset by losses in Government; Private Education and Health Services; and Mining and Logging. (see Chart 2). Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,447,200, up 100 jobs over the month, or 0.0 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-Woodlands-Sugar Land, TX 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. All data provided by BLS/TWC unless otherwise noted.

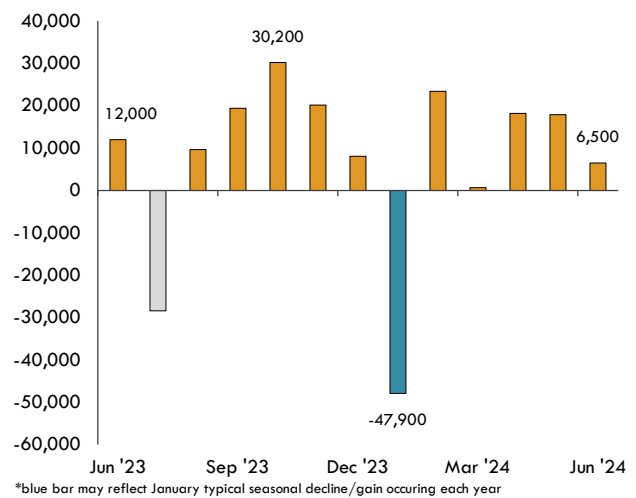
Top-3 Drivers of Over-the-month Job Growth in June

- Construction: 4,600
- Other Services: 3,500
- Professional and Business Services: 1,700

Over-the-year Change

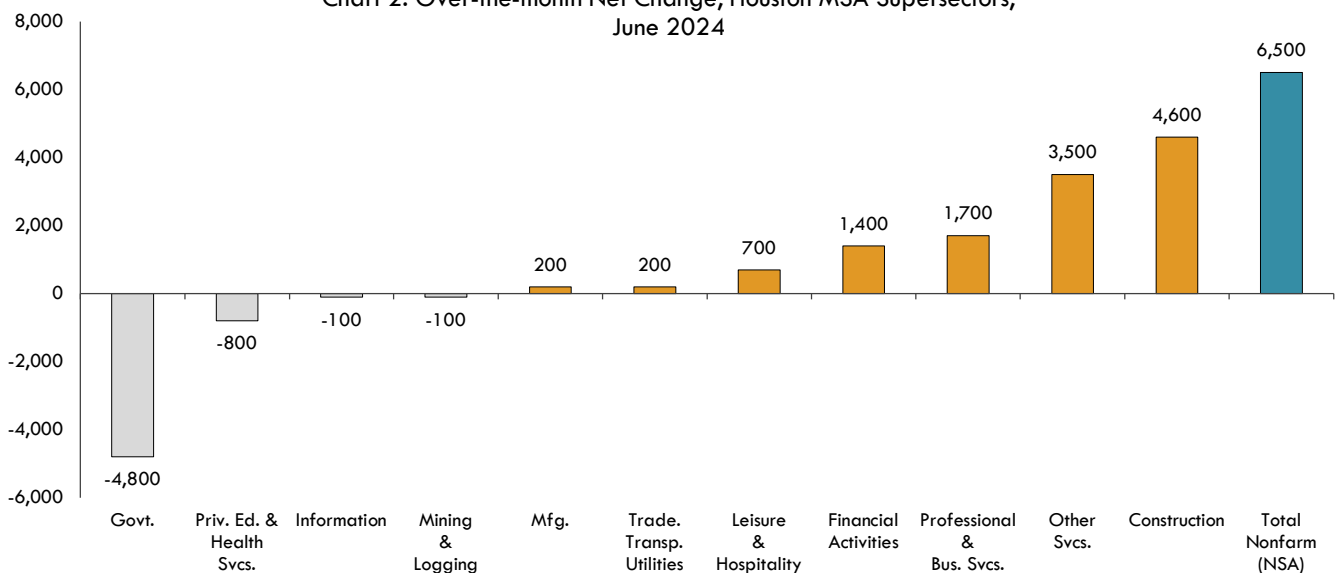
Over the year, Total Nonfarm employment was up 78,000 or 2.3 percent on a not-seasonally-adjusted basis and up 71,000 or 2.1 percent on a seasonally-adjusted basis (see NSA Chart 3). To compare, June 2023 saw a year-over-year gain of 139,800 jobs (NSA) from June 2022. Currently 10 out of 11 sectors show growth year over year of which the top-three are Private Education and Health Services (22,000); Government (16,900); and Construction (12,300) (see Chart 4). Total Nonfarm employment not-seasonally-adjusted now exceeds its February

Chart 1. Total Nonfarm (NSA)
Over-the-month Net Change, Jun-'23 to Jun-'24



2020 pre-pandemic level of 3,191,800 jobs by 269,100, or 8.4 percent (250,200 jobs, 7.8 percent above 3,197,000 seasonally adjusted).

Chart 2. Over-the-month Net Change, Houston MSA Supersectors, June 2024



Houston Area Employment Situation

June 2024

Previous Month's Revisions

Total Nonfarm employment was revised upward by 1,800 jobs for a April to May larger net gain of 17,900 compared to an original estimate of 16,100 jobs. An upward revision of +1,000 jobs in Financial Activities was the largest contributor followed by Private Education and Health Services (+500) and Manufacturing (+500). Downward revisions in Other Services (-500) and Trade, Transportation, and Utilities (-500) 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 June

- Private Education and Health Services: 22,000
- Government: 16,900
- Construction: 12,300

Chart 5. Net Revisions for Selected Supersectors and Major Industries, May 2024

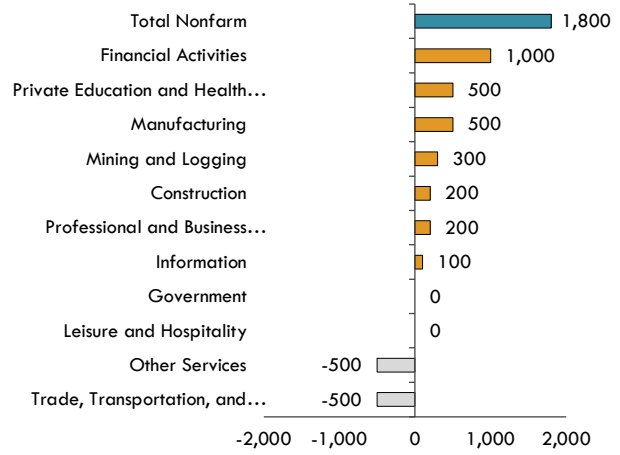


Chart 3. Total Nonfarm (NSA) Over-the-year Net Change, Jun-09 to Jun-24

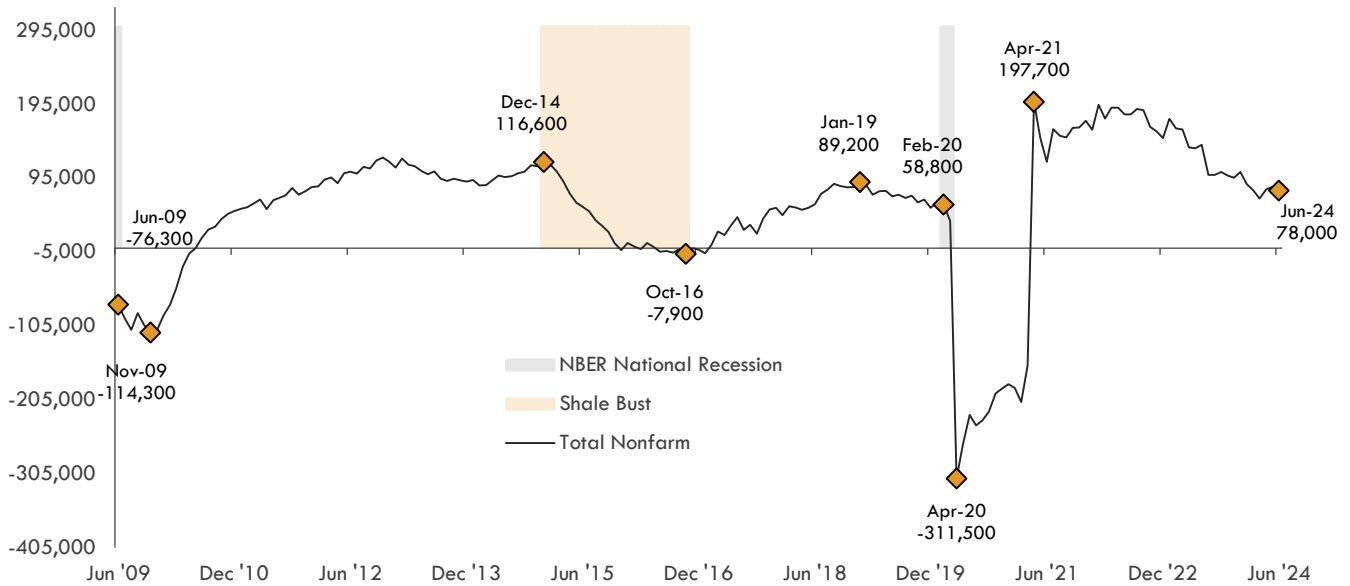
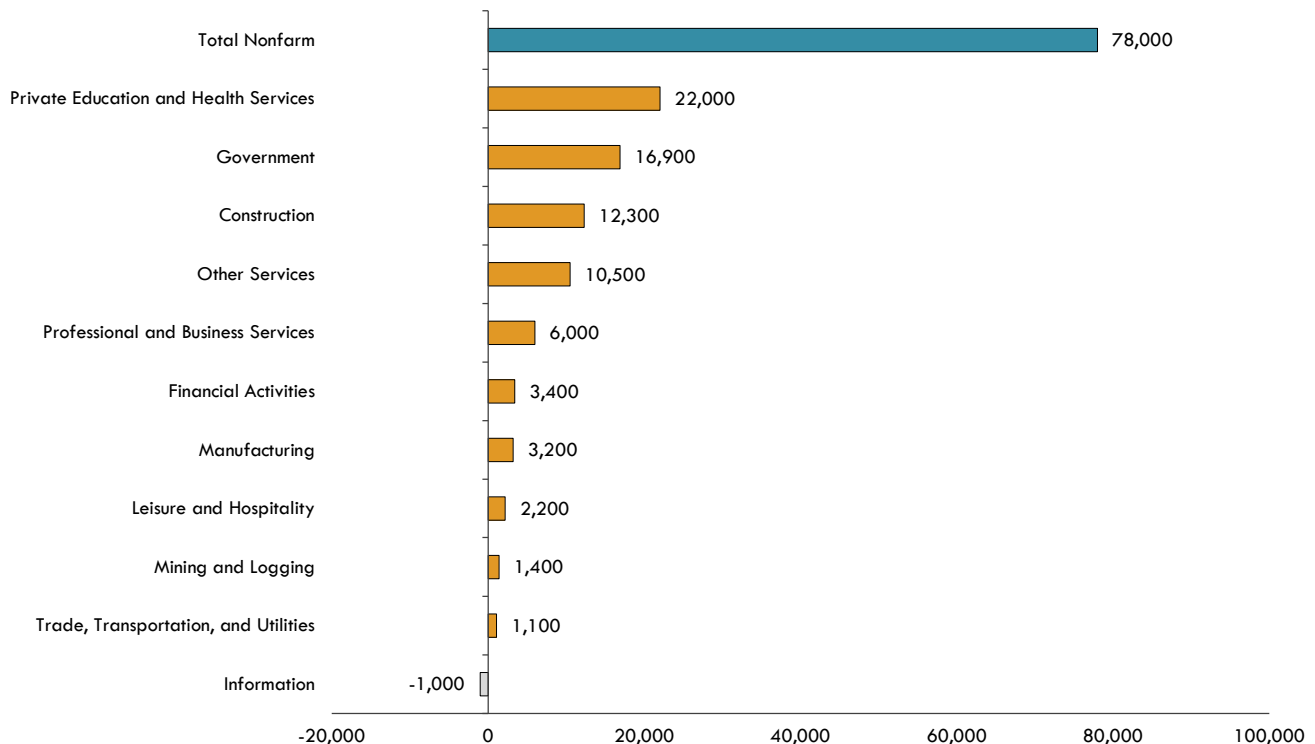


Chart 4. Over-the-year Net Change, Houston MSA Supersectors, June 2023 to June 2024



Supplemental Commentary

Overall Impressions

After strong performance over the past two months, Houston's job market experienced a relatively weak June, with 6,500 jobs added non-seasonally-adjusted and only 100 jobs added seasonally adjusted. The unemployment rate, which typically rises every June, increased to 4.8 percent from 4.0 percent in May. This increase was approximately 1 to 2 percentage points higher than usual, likely due to factors discussed in the next section. This also marks the highest June unemployment rate for Houston since 2021, when the region, still recovering from the pandemic, saw a rate of 7.1 percent. Notably, the U.S. and Texas also saw comparable month-over-month increases, with the national rate rising to 4.3 percent from 3.7 percent and the statewide rate increasing from 3.8 percent to 4.5 percent. Houston's unemployment rate remains just two percentage points shy of the psychologically significant 5 percent threshold, which raises concerns as we enter the second half of the year.

Returning to the Total Nonfarm payroll figures, a typical June (non-seasonally adjusted) for Houston should produce anywhere from 10,000 to 12,000 jobs (7,000 to 9,000 seasonally adjusted) based on trends from the past decade, excluding June 2020. So what was the source of this June's subpar performance? At first glance, one might attribute it to the loss of -4,800 jobs in Government (mainly public education) and -800 jobs in Private Education and Health Services; however, these declines are typical seasonal losses related to the end of the school year. Instead, we need to look at other major sectors, starting with Trade, Transportation, and Utilities, which added only 200 jobs over the month. This was primarily due to retail losses resulting from the closure of all 99 Cent Stores nationwide, including 24 locations in Houston. According to TWC WARN Notices filed in early June, these closures led to the loss of 480 jobs. This likely accounts for direct losses, with an unknown number of indirect losses adding to the total. Ultimately, the combined effects of these layoffs and other potential weaknesses in the Retail sector resulted in its first June loss since records began in 1990.

Leisure and Hospitality, encompassing bars, restaurants, and hotels, posted a modest gain of 700 jobs compared to a typical 3,700 for this time of year. Readers may recall June 2023's Employment Situation, where the sector was initially reported to have lost -6,000 jobs in a single month. Those losses were subsequently revised to show a gain of 6,600 jobs. Given that this sector should be experiencing its strongest period of seasonal growth for the year, we can likely discount this June's underperformance as a temporary underestimation of job growth.

One area of weakness this June that might indicate an actual shift in the job market was in Professional and Business Services, specifically within the Employment Services subcategory. This industry, which includes contract workers employed through staffing firms, saw a loss of -1,300 jobs. Understanding this decline is complex. On one hand, it could indicate the transition of temporary workers to permanent positions, which would generally be positive. On the other hand, it could signal early efforts by companies to eliminate less essential staff in response to slowing sales followed by layoffs of full-time employees. Previous Junes have seen this industry lose between -700 and -2,900 jobs over the past four years, suggesting a new normal of seasonal declines since the pandemic. Time will tell, but for now Employment Services remains a drag on the overall Professional and Business Services space.

Additionally, many may be wondering about job losses related to the sudden closure of U.S. Logistics Solutions and its impact on the local Transportation, Warehousing, and Utilities sector. The firm, which had a significant presence in the Humble area, ceased operations on June 24th, resulting in 1,200 layoffs, part of 2,000 jobs affected by the closure. As this shuttering occurred late in the month, the impact is expected to appear in July's payroll numbers, potentially leading to sector losses of -800 to -1,500 jobs next month.

Despite these signs of weakness in the job market, there was a bright spot in Construction. The sector added 4,600 jobs in June, making it the best June on record. Even if these gains are revised downward by half next month, the sector will have shown above-average performance in each of the first six months of 2024.

As for initial unemployment insurance claims, they continue to hover around 4,000 as of the week ending July 6th. Given the somewhat elevated unemployment rate and recent layoffs, one might expect a more notable rise in initial claims. However, outside of the week of May 25th, when claims briefly rose to nearly 5,200 (potentially due to the 99 Cent Store layoffs), there has been little change in the trend over nearly three years. On the other hand, continuing claims, reported monthly, showed a more meaningful increase in June. TWC reports that continuing claims across the Gulf Coast Region, including Greater Houston and four surrounding counties, rose to 35,573, marking the first time this figure has exceeded 35,000 since August 2021.

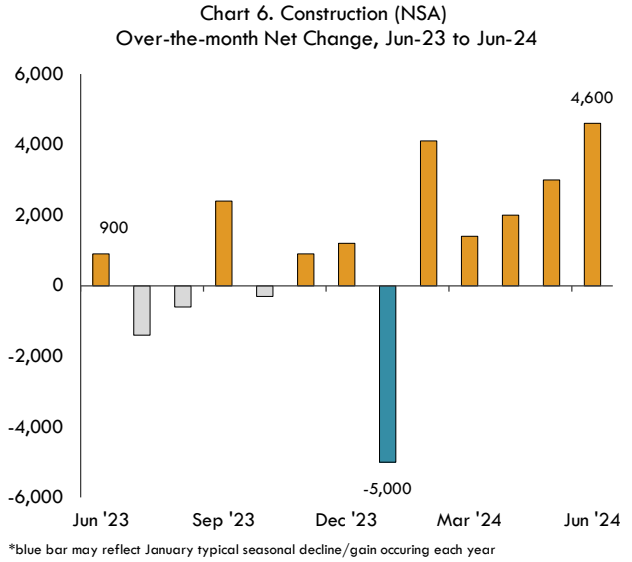
Overall, Houston's job market saw smaller gains than expected in June accompanied by a potentially troubling increase in the unemployment rate. As always, the over-arching question is whether this marks the beginning of a shift the trajectory for the remainder of the year. While it could be the case, we have to consider whether some of the more notable layoffs occurring across the region are idiosyncratic long-standing challenges within the companies themselves or a reflect of a broader slowdown at the national level. I'm not prepared to "throw in the towel" on Houston's economy in 2024 by any means but cumulatively there were enough developments in June, even before Hurricane Beryl, to leave me just a bit more anxious than before.

GAINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction was the largest gaining sector over the month up 4,600 jobs, or 1.9 percent (see Chart 6). This was the largest-ever gain in the month of June since records began in 1990, beating the previous June record of 3,500 jobs in 2007. Historically in the month of June, Construction has added an average of 600 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Specialty Trade Contractors was the largest contributor to the overall sector's increase, up 2,100 jobs over the month. The second-largest contributor was Construction of Buildings, which added 1,300 jobs from May to June. Lastly, Heavy and Civil Engineering Construction contributed, 1,200 jobs. Construction employment was revised upward by 200 jobs for a April to May larger net gain of 3,000 compared to an original estimate of 2,800 jobs.

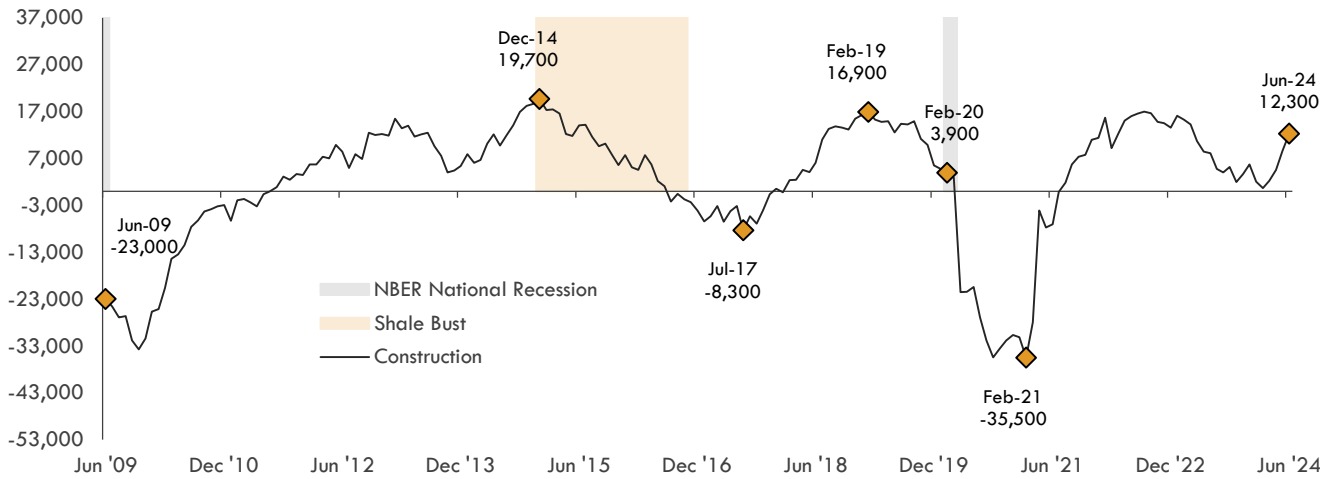


Over-the-year Change

Year over year, Construction was up 12,300 jobs, or 5.3 percent (see Chart 7). This was the largest over-the-year gain since March 2023's increase of 14,300 jobs. It also marks 35 consecutive months of over-the-year gains. Among sectors currently showing growth, this sector is the second-fastest growing in percentage terms across the Houston area. Furthermore, 15.6 percent of total (gross) jobs added across the region over the past year can be attributed to Construction. Construction of Buildings was the largest contributor to the overall sector's increase, up 4,800 jobs over the year. The second-largest

contributor was Heavy and Civil Engineering Construction, which added 4,600 jobs from June a year ago. Lastly, Specialty Trade Contractors contributed, 2,900 jobs. Total Construction employment (NSA) now exceeds its February 2020 pre-pandemic level of 237,400 jobs by 7,200, or 3.0 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 6.9 percent to 7.1 percent over the past year.

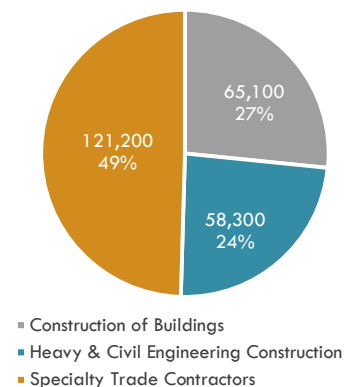
Chart 7. Construction (NSA) Over-the-year Net Change, Jun-09 to Jun-24



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 8). Across the Houston MSA, the concentration of jobs in the overall Construction sector is 34 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 8. Employment in Component Industries of Construction Sector - June 2024

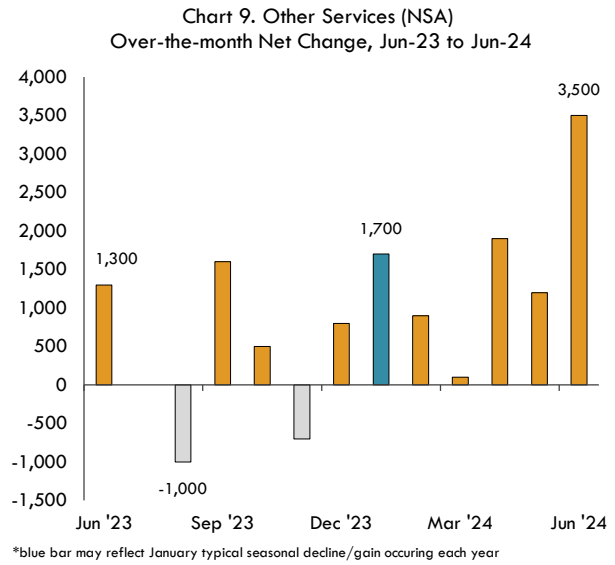


GAINING INDUSTRY HIGHLIGHTS

Other Services

Over-the-month Change

Other Services was the second-largest gaining sector over the month up 3,500 jobs, or 2.6 percent (see Chart 9). This was the largest June over-the-month gain in since 2020. Historically in the month of June, Other Services has added an average of 3,600 jobs over the month, which indicates that this month's gains are on par with the long-term average. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Other Services employment was revised downward by -500 jobs for a April to May smaller net gain of 1,200 compared to an original estimate of 1,700 jobs.

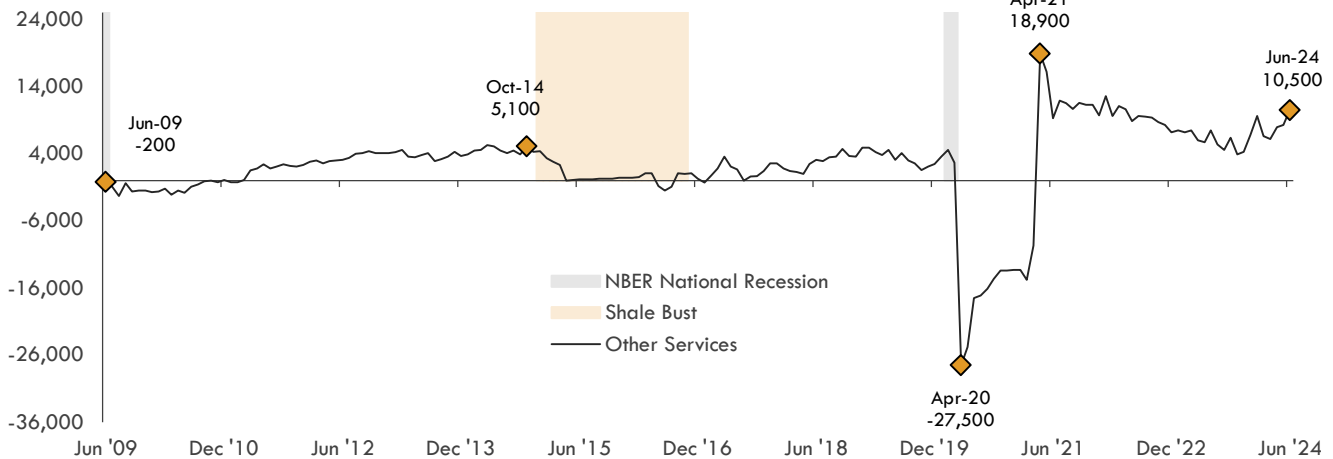


Over-the-year Change

Year over year, Other Services was up 10,500 jobs, or 8.3 percent (see Chart 10). This was the largest June over-the-year increase on record and the largest gain since May 2022's increase of 10,600 jobs. It also marks 39 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. 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 119,100 jobs by 18,300, or 15.4

percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 3.8 percent to 4.0 percent over the past year.

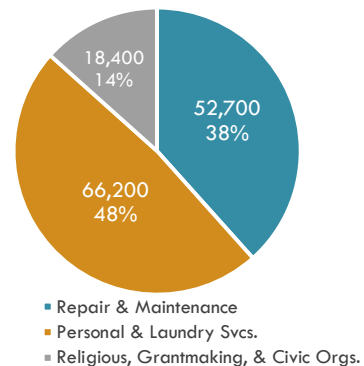
Chart 10. Other Services (NSA) Over-the-year Net Change, Jun-09 to Jun-24



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 11). Across the Houston MSA, the concentration of jobs in the overall Other Services sector is 6 percent higher than the national average.

Chart 11. Employment in Component Industries of Other Services Sector - June 2024



*estimated proportions based QCEW covered and NES self-employment

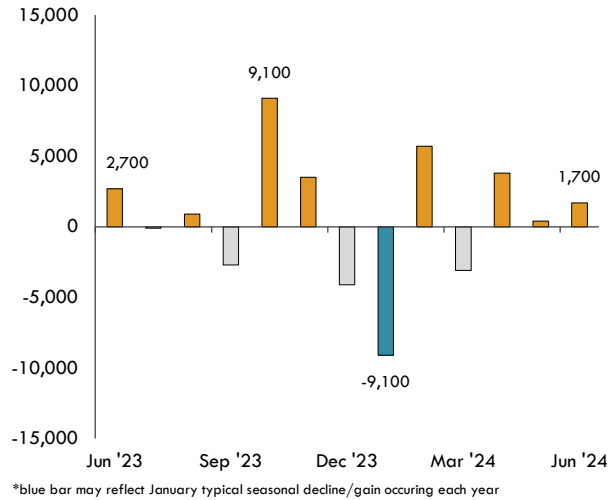
GAINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

Professional and Business Services was the third-largest gaining sector over the month up 1,700 jobs, or 0.3 percent (see Chart 12). Historically in the month of June, Professional and Business Services has added an average of 3,900 jobs over the month, which indicates that this month's gains are substantially below the long-term average. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's increase, up 2,600 jobs over the month. The second-largest contributor was Management of Companies and Enterprises, which added 300 jobs from May to June. Lastly, Administrative and Support and Waste Management and Remediation Services offset a portion of the sector's gains with a loss of -1,200 jobs. Professional and Business Services employment was revised upward by 200 jobs for a April to May larger net gain of 400 compared to an original estimate of 200 jobs.

Chart 12. Professional and Business Services (NSA)
Over-the-month Net Change, Jun-23 to Jun-24

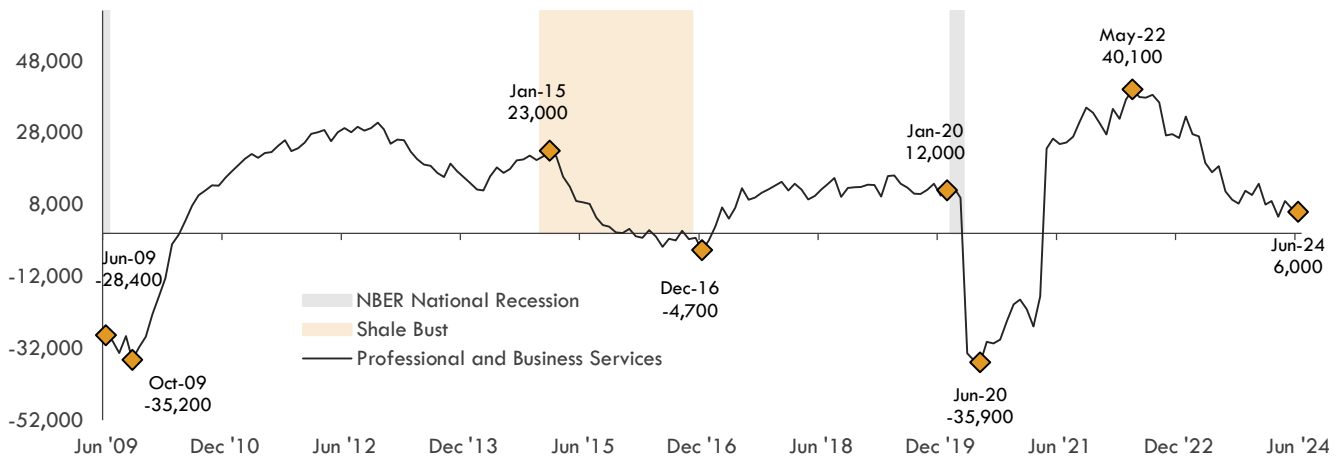


Over-the-year Change

Year over year, Professional and Business Services was up 6,000 jobs, or 1.1 percent (see Chart 13). This June also marks 39 consecutive months of over-the-year gains. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's increase, up 5,300 jobs over the year. The second-largest contributor was Administrative and Support and Waste Management and Remediation Services, which added 1,100 jobs from June a year ago. Lastly, Management of Companies and Enterprises offset a portion of the sector's gains with a loss of -400 jobs.

Total Professional and Business Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 514,700 jobs by 48,400, or 9.4 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 16.5 percent to 16.3 percent over the past year.

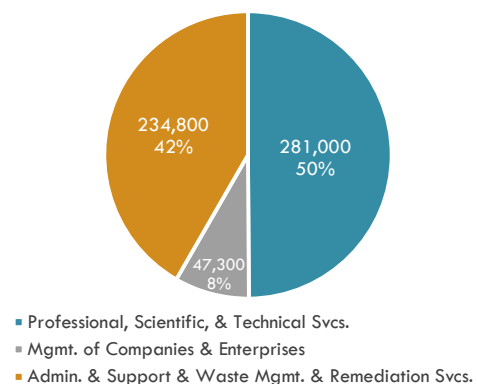
Chart 13. Professional and Business Services (NSA)
Over-the-year Net Change, Jun-09 to Jun-24



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 50 percent (see Chart 14). 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 14. Employment in Component Industries of
Professional and Business Services Sector - June 2024

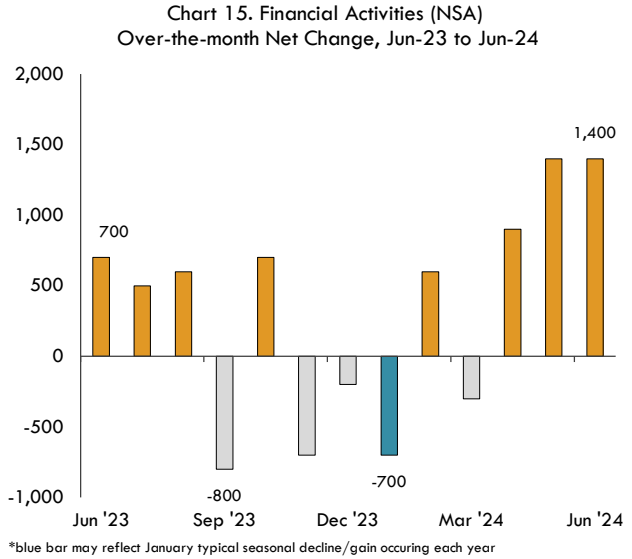


GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities also saw an increase over the month up 1,400 jobs, or 0.7 percent (see Chart 15). This was the largest June over-the-month gain in since 2017. Historically in the month of June, Financial Activities has added an average of 900 jobs over the month, which indicates that this month's gains are slightly above the long-term average. Finance and Insurance was the largest contributor to the overall sector's increase, up 800 jobs over the month. The second-largest contributor was Real Estate and Rental and Leasing, which added 600 jobs from May to June. Financial Activities employment was revised upward by 1,000 jobs for a April to May larger net gain of 1,400 compared to an original estimate of 400 jobs.

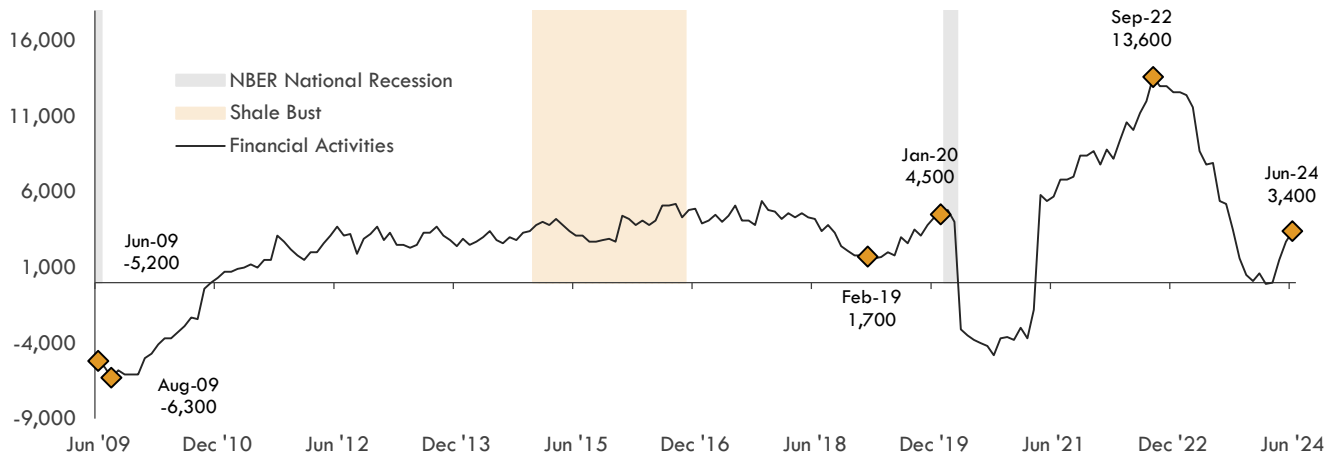


Over-the-year Change

Year over year, Financial Activities was up 3,400 jobs, or 1.8 percent (see Chart 16). This was the largest over-the-year gain since September 2023's increase of 3,500 jobs. It also marks nine consecutive months of over-the-year gains. Finance and Insurance was the largest contributor to the overall sector's increase, up 2,600 jobs over the year. The second-largest contributor was Real Estate and Rental and Leasing, which added 800 jobs from June a year ago. Total Financial Activities employment (NSA) now exceeds its February 2020 pre-pandemic level of 169,200 jobs by 20,800, or 12.3 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.

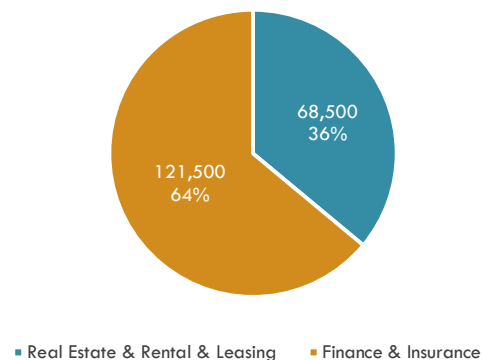
Chart 16. Financial Activities (NSA) Over-the-year Net Change, Jun-09 to Jun-24



About This Sector

This sector is composed of establishments renting, leasing, or allowing use of assets, and financial transactions such as creation, liquidation, or change in ownership of financial assets, underwriting of insurance, and annuities. Of the two main component industries, Finance and Insurance accounts for the majority of the sector's employment at 64 percent (see Chart 17). Across the Houston MSA, the concentration of jobs in the overall Financial Activities sector is 6 percent less than the national average, due to a 17-percent lower concentration in Finance and Insurance offsetting a 25-percent higher concentration in Real Estate and Rental and Leasing.

Chart 17. Employment in Component Industries of Financial Activities Sector - June 2024

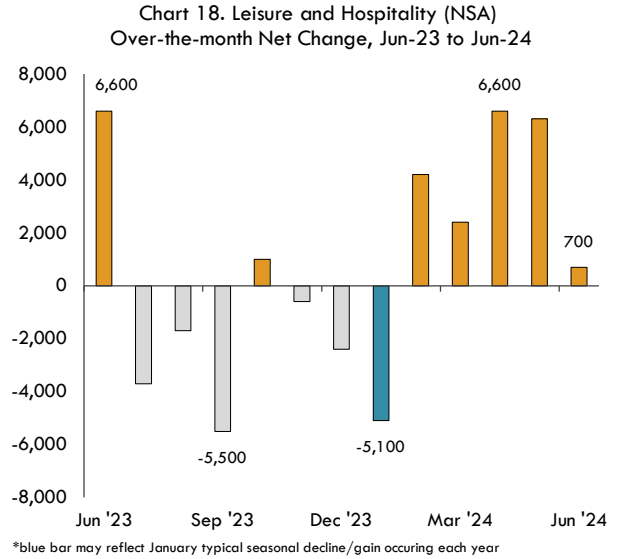


GAINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

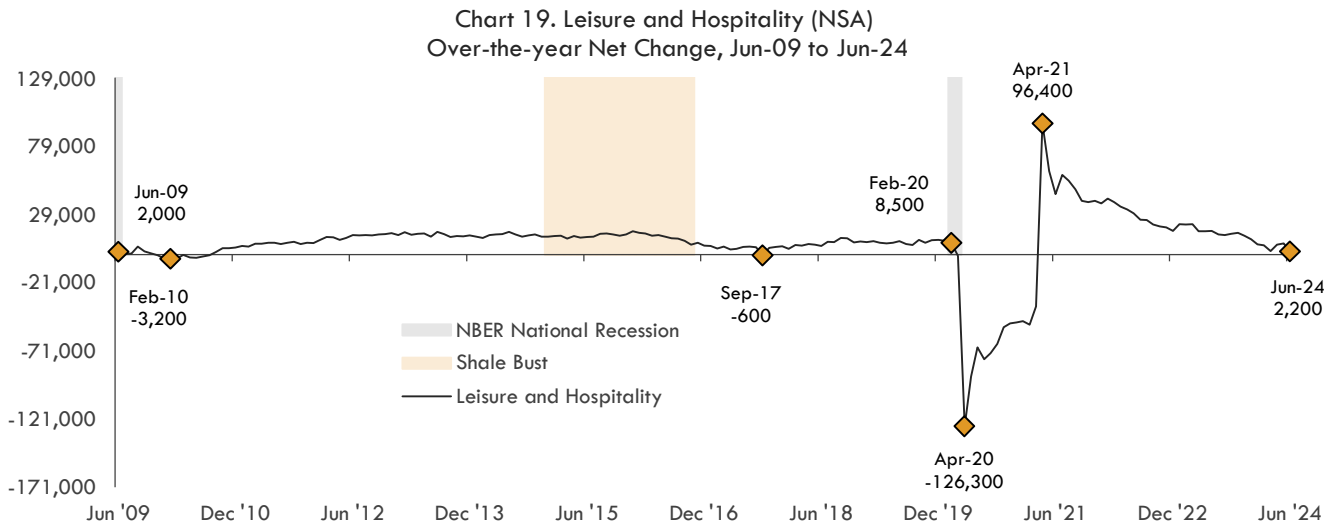
Leisure and Hospitality also saw an increase over the month up 700 jobs, or 0.2 percent (see Chart 18). Historically in the month of June, Leisure and Hospitality has added an average of 3,700 jobs over the month, which indicates that this month's gains are substantially below the long-term average. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 500 jobs over the month. The second-largest contributor was Arts, Entertainment, and Recreation, which added 200 jobs from May to June. Leisure and Hospitality employment saw no revision from April to May leaving the previous month's original increase of 6,300 intact.



Over-the-year Change

Year over year, Leisure and Hospitality was up 2,200 jobs, or 0.6 percent (see Chart 19). This June also marks 39 consecutive months of over-the-year gains. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 3,200 jobs over the year. One component industry that provided a partial offset was Arts, Entertainment, and Recreation, which lost -1,000 jobs from June a year ago. Total Leisure and Hospitality employment (NSA) now exceeds its February 2020 pre-pandemic level of 334,500 jobs by 34,700, or 10.4 percent. At the same time, the sector's share of Houston

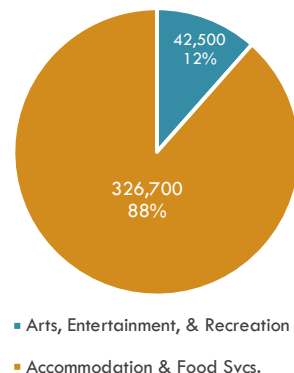
area Total Nonfarm Employment has fallen from 10.8 percent to 10.7 percent over the past year.



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 88 percent (see Chart 20). Across the Houston MSA, the concentration of jobs in the overall sector is 4 percent less than the national average.

Chart 20. Employment in Component Industries of Leisure and Hospitality Sector - June 2024

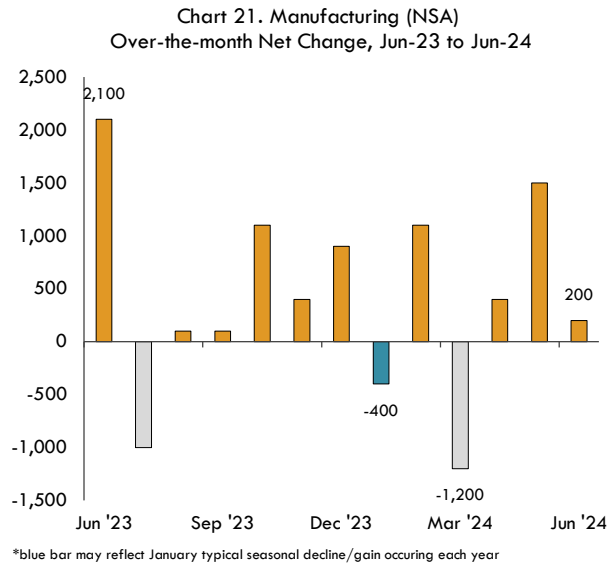


GAINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing also saw an increase over the month up 200 jobs, or 0.1 percent (see Chart 21). Historically in the month of June, Manufacturing has added an average of 1,600 jobs over the month, which indicates that this month's gains are substantially below the long-term average. Non-Durable Goods was the largest contributor to the overall sector's increase, up 200 jobs over the month. One component industry, Durable Goods, saw no change from May to June. Manufacturing employment was revised upward by 500 jobs for a April to May larger net gain of 1,500 compared to an original estimate of 1,000 jobs.

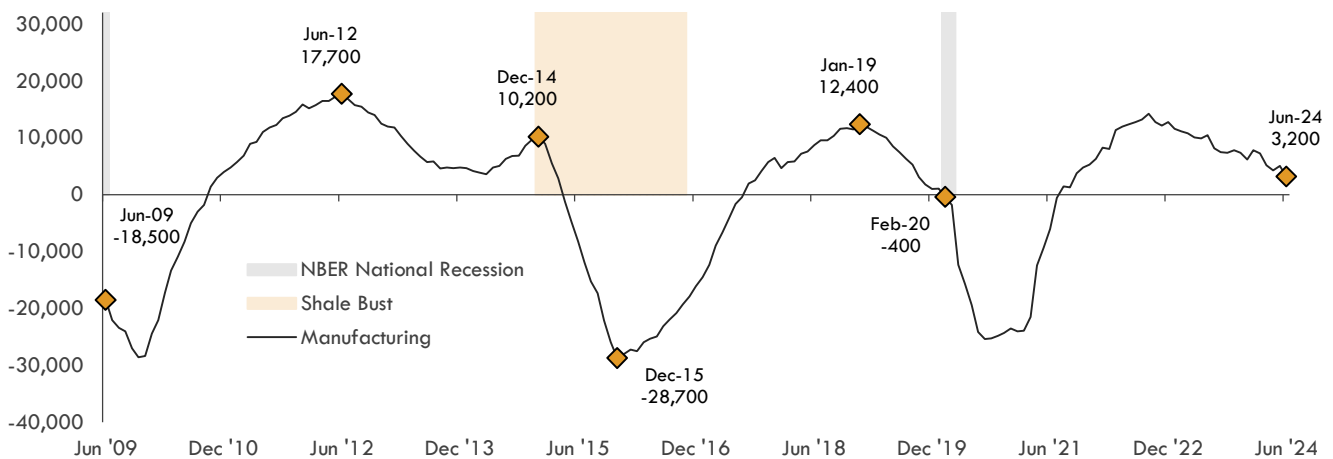


Over-the-year Change

Year over year, Manufacturing was up 3,200 jobs, or 1.4 percent (see Chart 22). This June also marks 35 consecutive months of over-the-year gains. Durable Goods was the largest contributor to the overall sector's increase, up 4,400 jobs over the year. One component industry that provided a partial offset was Non-Durable Goods, which lost -1,200 jobs from June a year ago. Total Manufacturing employment (NSA) now exceeds its February 2020 pre-pandemic level of 234,500 jobs by 3,800, or 1.6 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.

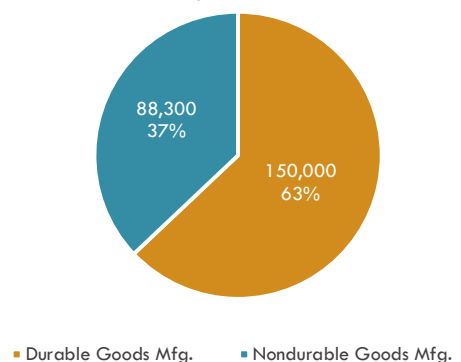
Chart 22. Manufacturing (NSA)
Over-the-year Net Change, Jun-09 to Jun-24



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 63 percent (see Chart 23). Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 16 percent less than the national average.

Chart 23. Employment in Component Industries of Manufacturing Sector - June 2024



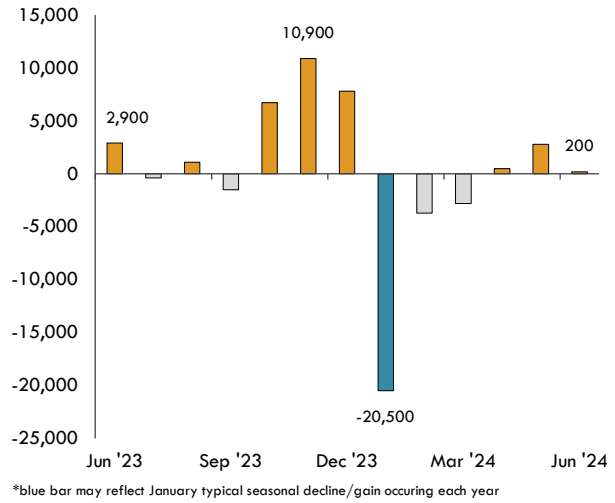
GAINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities also saw an increase over the month up 200 jobs, or 0.0 percent (see Chart 24). Historically in the month of June, Trade, Transportation, and Utilities has added an average of 3,400 jobs over the month, which indicates that this month's gains are substantially below the long-term average. Transportation, Warehousing, and Utilities was the largest contributor to the overall sector's increase, up 1,100 jobs over the month. One component industry that provided a partial offset was Retail Trade, which lost -300 jobs from May to June. Lastly, Wholesale Trade offset a portion of the sector's gains with a loss of -600 jobs. Trade, Transportation, and Utilities employment was revised downward by -500 jobs for a April to May smaller net gain of 2,800 compared to an original estimate of 3,300 jobs.

Chart 24. Trade, Transportation, and Utilities (NSA)
Over-the-month Net Change, Jun-23 to Jun-24

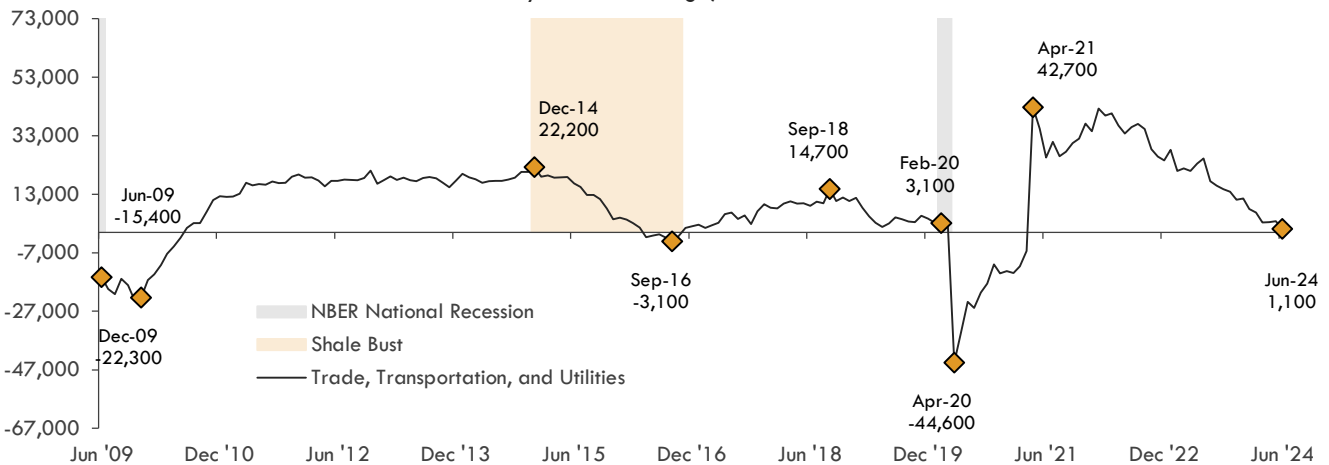


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 1,100 jobs, or 0.2 percent (see Chart 25). This June also marks 39 consecutive months of over-the-year gains. Transportation, Warehousing, and Utilities was the largest contributor to the overall sector's increase, up 3,300 jobs over the year. The second-largest contributor was Wholesale Trade, which added 600 jobs from June a year ago. Lastly, Retail Trade offset a portion of the sector's gains with a loss of -2,800 jobs. Total Trade, Transportation, and Utilities employment (NSA) now exceeds its February 2020 pre-pandemic level of 628,500 jobs by 59,100,

or 9.4 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 20.3 percent to 19.9 percent over the past year.

Chart 25. Trade, Transportation, and Utilities (NSA)
Over-the-year Net Change, Jun-09 to Jun-24



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 26).

Chart 26. Employment in Component Industries of Trade, Transportation, and Utilities Sector - June 2024

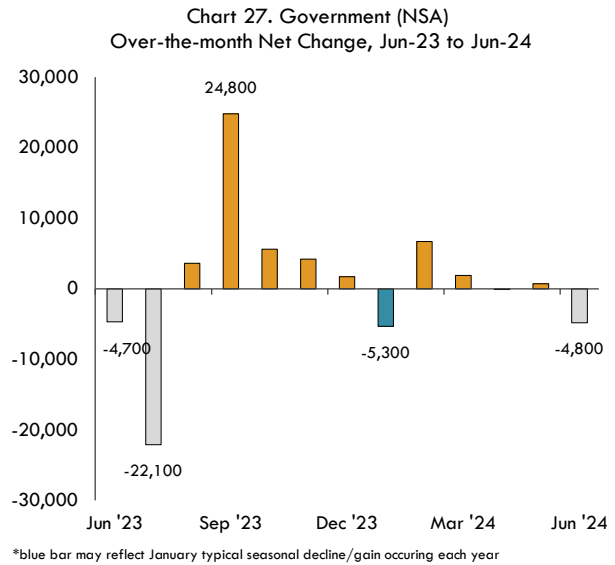


DECLINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was the largest declining sector over the month down -4,800 jobs, or -1.0 (see Chart 27). This was the largest June over-the-month decline in since 2020. Historically in the month of June, Government has lost an average of -7,300 jobs over the month, which indicates that this month's losses are moderately smaller than the long-term average decline. Local Government was the largest contributor to the overall sector's decline, down -4,200 jobs over the month. The second-largest declining contributor was State Government, which lost -500 jobs from May to June. Lastly, Federal Government subtracted, -100 jobs. Government employment saw no revision from April to May leaving the previous month's original increase of 700 intact.

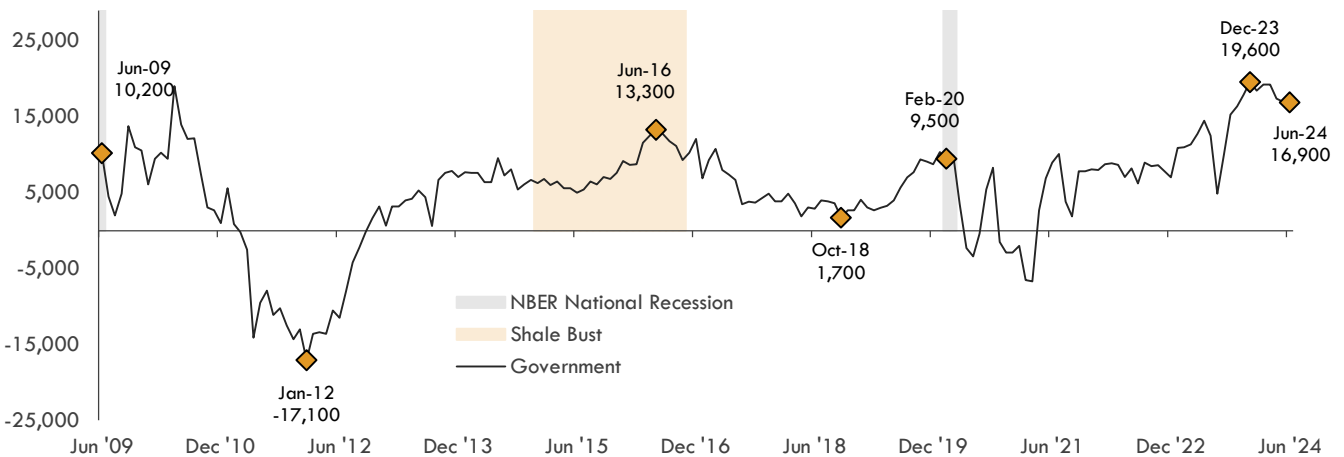


Over-the-year Change

Year over year, Government was up 16,900 jobs, or 3.8 percent (see Chart 28). This was the largest June over-the-year increase on record. It also marks 39 consecutive months of over-the-year gains. Furthermore, 21.4 percent of total (gross) jobs added across the region over the past year can be attributed to Government. Local Government was the largest contributor to the overall sector's increase, up 12,500 jobs over the year. The second-largest contributor was State Government, which added 3,500 jobs from June a year ago. Lastly, Federal Government contributed, 900 jobs. Total Government employment (NSA) now

exceeds its February 2020 pre-pandemic level of 428,400 jobs by 30,300, or 7.1 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 13.1 percent to 13.3 percent over the past year.

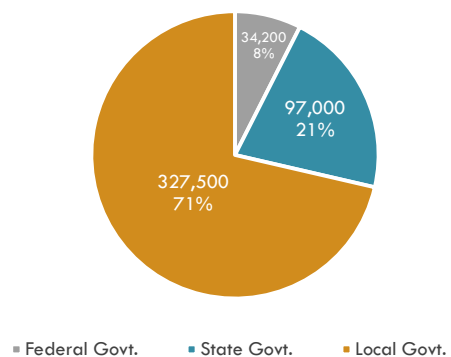
Chart 28. Government (NSA)
Over-the-year Net Change, Jun-09 to Jun-24



About This Sector

This sector consists of establishments of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area that are not performed by private establishments. For MSA data, this includes public education but excludes healthcare. Of the three main component industries, Local Government accounts for the majority of the sector's employment at 71 percent (see Chart 29). Across the Houston MSA, the concentration of jobs in the overall Government sector is 9 percent less than the national average.

Chart 29. Employment in Component Industries of Government Sector - June 2024



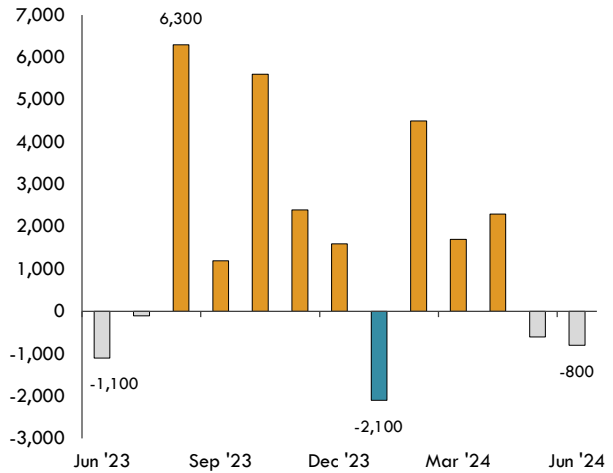
DECLINING INDUSTRY HIGHLIGHTS

Private Education and Health Services

Over-the-month Change

Private Education and Health Services was the second-largest declining sector over the month down -800 jobs, or -0.2 (see Chart 30). Historically in the month of June, Private Education and Health Services has lost an average of -400 jobs over the month, which indicates that this month's losses are moderately larger than the long-term average decline. Private Educational Services was the largest contributor to the overall sector's decline, down -400 jobs over the month. The second-largest declining contributor was Health Care and Social Assistance, which lost -400 jobs from May to June. Private Education and Health Services employment was revised upward by 500 jobs for a April to May smaller net loss of -600 compared to an original estimate of -1,100 jobs.

Chart 30. Private Education and Health Services (NSA)
Over-the-month Net Change, Jun-23 to Jun-24



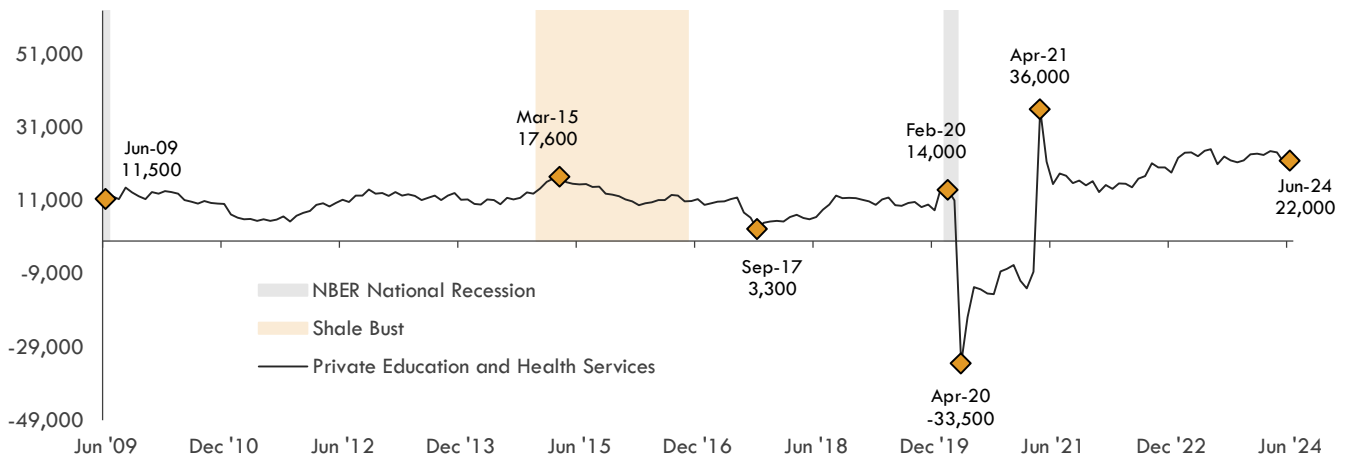
*blue bar may reflect January typical seasonal decline/gain occurring each year

Over-the-year Change

Year over year, Private Education and Health Services was up 22,000 jobs, or 4.9 percent (see Chart 31). This was the second-largest over-the-year gain in the month of June since records began in 1990. Among sectors currently showing growth, this sector is the third-fastest growing in percentage terms across the Houston area. Furthermore, 27.8 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 16,600 jobs over the year. The second-largest

contributor was Private Educational Services, which added 5,400 jobs from June a year ago. Total Private Education and Health Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 414,400 jobs by 52,900, or 12.8 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 13.2 percent to 13.5 percent over the past year.

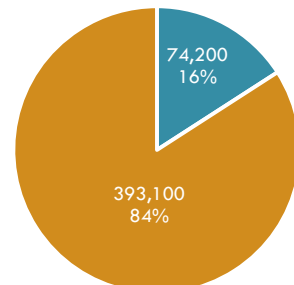
Chart 31. Private Education and Health Services (NSA)
Over-the-year Net Change, Jun-09 to Jun-24



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

Chart 32. Employment in Component Industries of
Private Education and Health Services Sector - June 2024



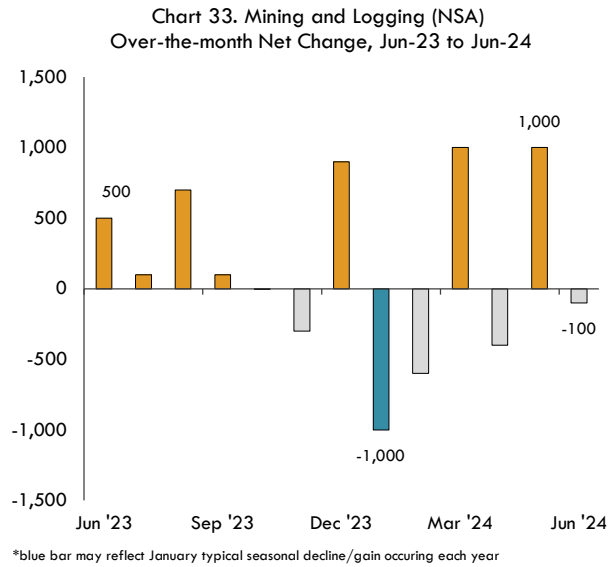
■ Priv. Educational Svcs. ■ Health Care & Social Assistance

DECLINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging was the third-largest declining sector over the month down -100 jobs, or -0.1 (see Chart 33). This was the largest June over-the-month decline in since 2022. Historically in the month of June, Mining and Logging has added an average of 800 jobs over the month, which indicates that this month's losses are moderately in contrast to the long-term average gain. Support Activities for Mining was the largest contributor to the overall sector's decline, down -200 jobs over the month. The second-largest declining contributor was Other Mining and Logging Undefined, which lost -100 jobs from May to June. Lastly, Oil and Gas Extraction offset a portion of the sector's losses with a gain of 200 jobs. Mining and Logging employment was revised upward by 300 jobs for a April to May larger net gain of 1,000 compared to an original estimate of 700 jobs.

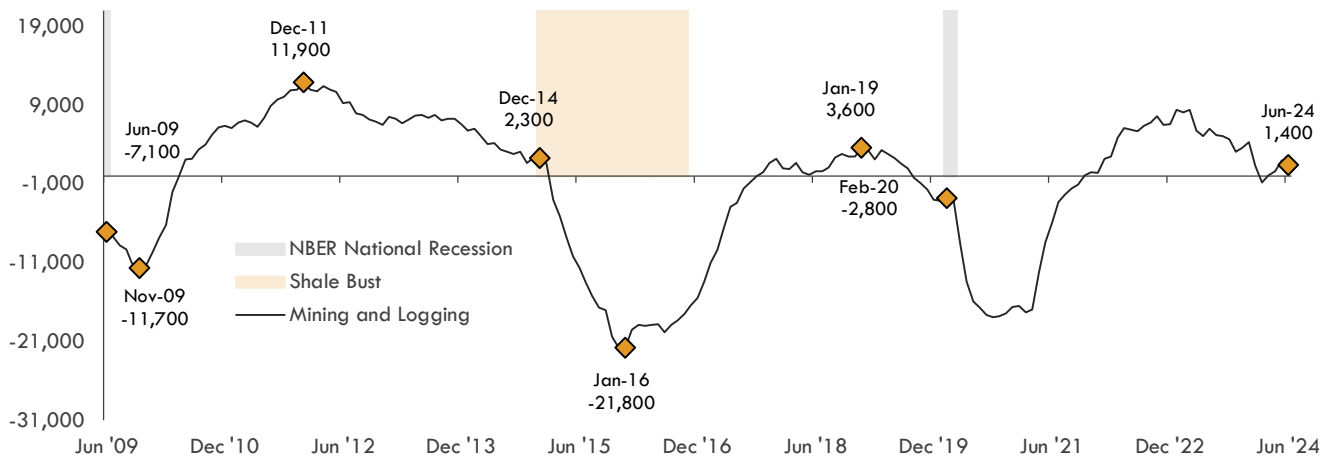


Over-the-year Change

Year over year, Mining and Logging was up 1,400 jobs, or 2.0 percent (see Chart 34). This June also marks four consecutive months of over-the-year gains. Oil and Gas Extraction was the largest contributor to the overall sector's increase, up 1,100 jobs over the year. The second-largest contributor was Support Activities for Mining, which added 300 jobs from June a year ago. Lastly, Other Mining and Logging Undefined saw no change over the month. Total Mining and Logging employment (NSA) remains -6,300 jobs, or -8.0 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 2.1 percent over the past year.

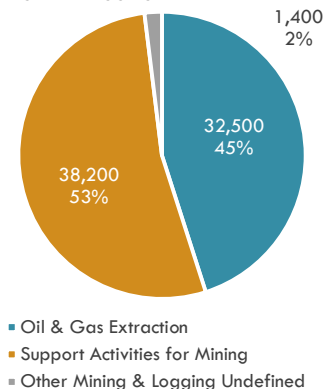
Chart 34. Mining and Logging (NSA)
Over-the-year Net Change, Jun-09 to Jun-24



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 53 percent (see Chart 35). Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 5.2 times the national average, due to the region's role as a global hub for the oil and gas industry.

Chart 35. Employment in Component Industries of Mining and Logging Sector - June 2024

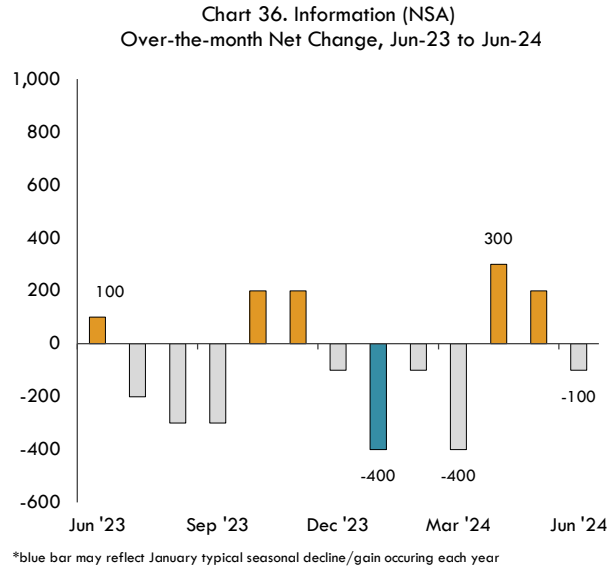


DECLINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information also saw a decrease over the month down -100 jobs, or -0.3 (see Chart 36). This June tied with 2001 for the largest-ever decline in the month of June since records began in 1990. Historically in the month of June, Information has added an average of 300 jobs over the month, which indicates that this month's losses are moderately in contrast to the long-term average gain. Other Information Undefined was the largest contributor to the overall sector's decline, down -100 jobs over the month. One component industry, Telecommunications, saw no change from May to June. Information employment was revised upward by 100 jobs for a April to May larger net gain of 200 compared to an original estimate of 100 jobs.

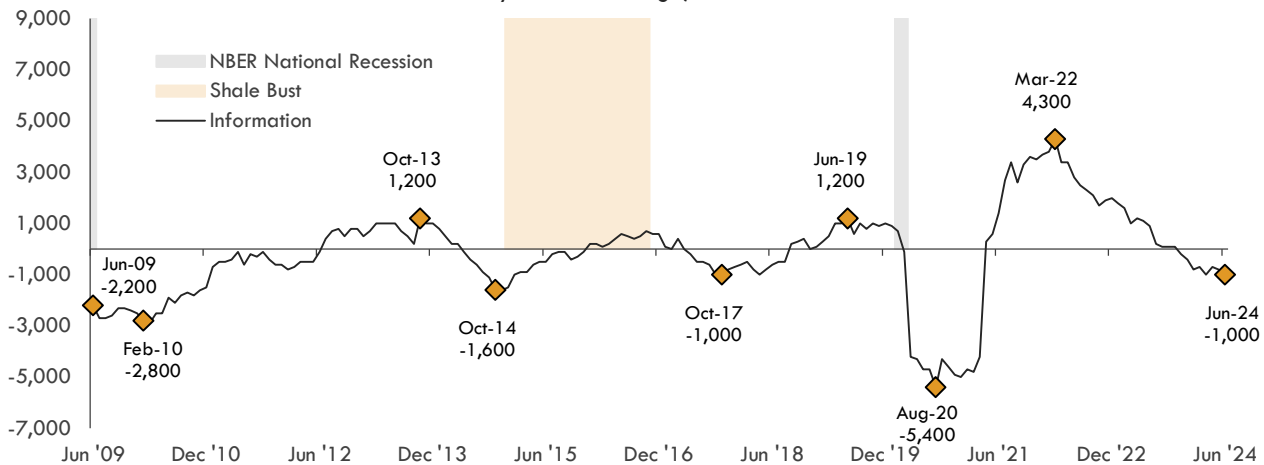


Over-the-year Change

Year over year, Information was down -1,000 jobs, or -3.0 percent (see Chart 37). This was the largest over-the-year decline since March 2024's decrease of -1,000 jobs. It also marks eight consecutive months of over-the-year losses. Furthermore, 100.0 percent of total (gross) jobs lost across the region over the past year can be attributed to Information. Other Information Undefined was the largest contributor to the overall sector's decline, down -900 jobs over the year. The second-largest declining contributor was Telecommunications, which lost -100 jobs from June a year ago. Total Information employment (NSA)

remains -100 jobs, or -0.3 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 1.0 percent over the past year.

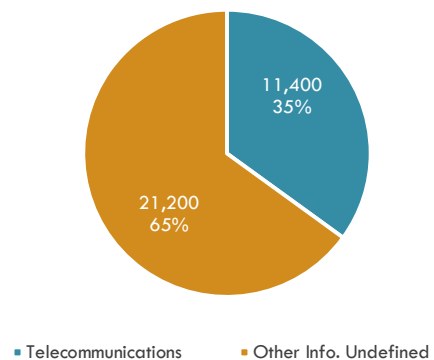
Chart 37. Information (NSA)
Over-the-year Net Change, Jun-09 to Jun-24



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

Chart 38. Employment in Component Industries of Information Sector - June 2024



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 June, up from May's 4.0 percent and up from 4.4 percent a year ago. This was above the statewide rate of 4.5 percent and above the national rate of 4.3 percent. June typically exhibits an over-the-month increase with the only exception occurring in 2020 due to partial reopening after April's pandemic-driven closures making this month's increase consistent with historical seasonal trends. 179,398 individuals were unemployed in Houston in June, up from May's 147,481 and up from 160,556 in June 2023 (see Charts 39 and 40).

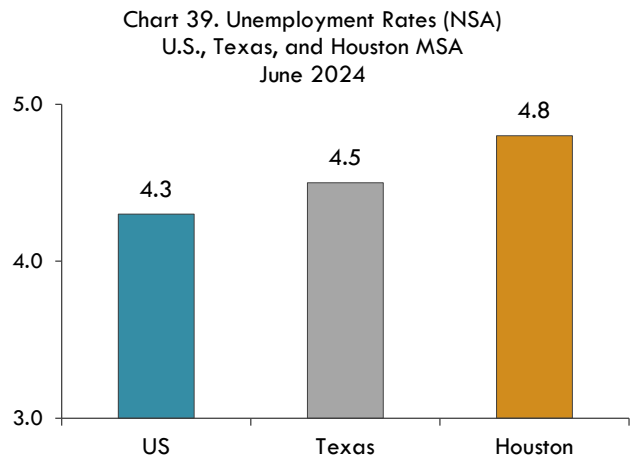
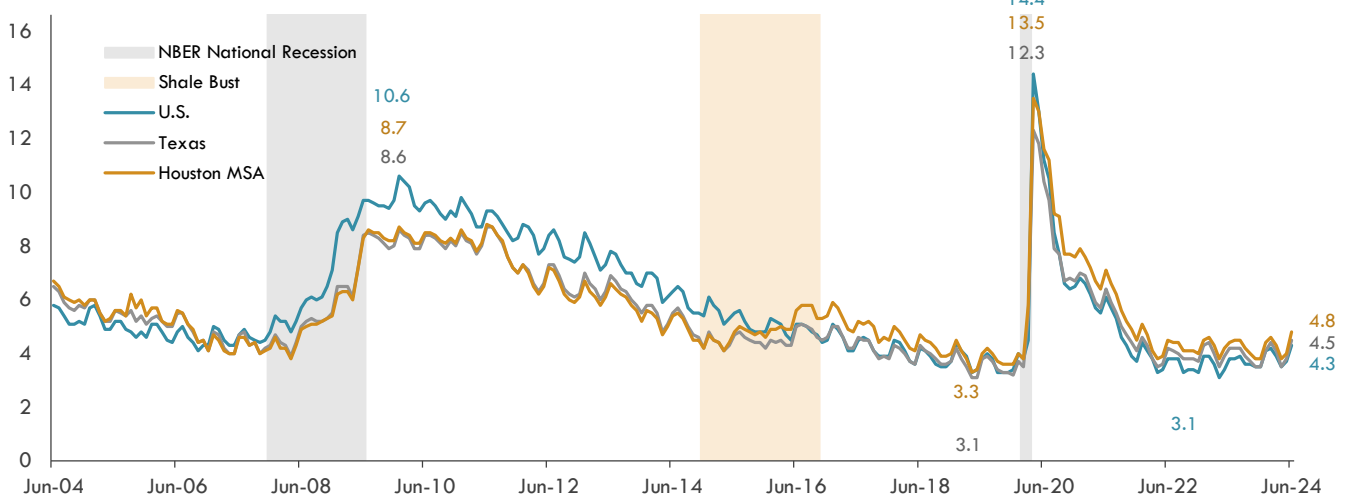


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA) June 2004 to June 2024

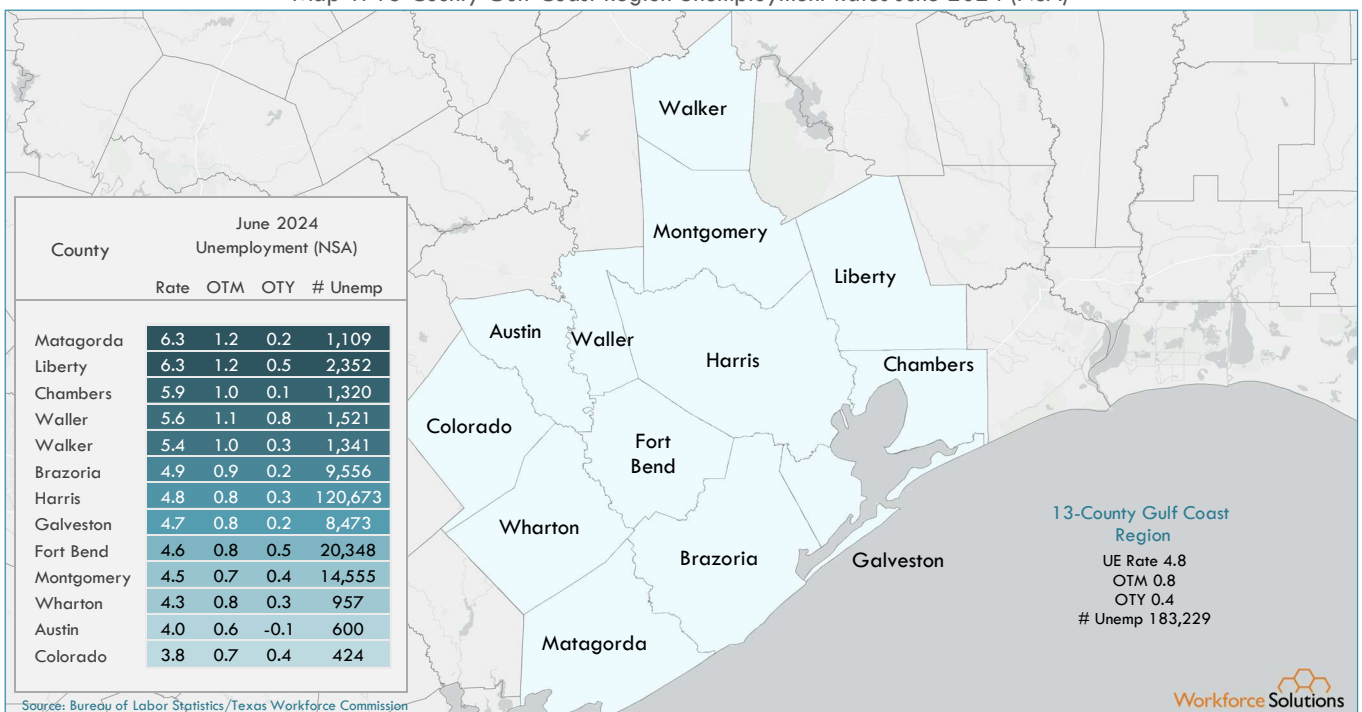


County-level Unemployment

Among the 13 counties that comprise the Gulf Coast Workforce Development Area, unemployment rates in June ranged from a high of 6.3 percent in Matagorda County to a low of 3.8 percent in Colorado. Over the month, all 13 counties saw their unemployment rates rise in keeping with the region-wide increase of 0.8 percentage points. Matagorda saw the largest percentage-point increase in unemployment up 1.2 pp, representing 224 more unemployed workers compared to the previous month. This was followed by Liberty (1.2 pp, 481 workers) and Waller (1.1 pp, 303 workers). Over the year

unemployment rates also rose with, Waller posting the largest increase, up 0.8 percentage points representing 243 more unemployed workers compared to a year ago followed by Fort Bend (0.5 pp, 2,514 workers) and Liberty (0.5 pp, 228 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 -265,626 as of this June (see Map 1 legend).

Map 1. 13-County Gulf Coast Region Unemployment Rates June 2024 (NSA)



Source: Bureau of Labor Statistics/Texas Workforce Commission

Local Area Unemployment Statistics (continued)

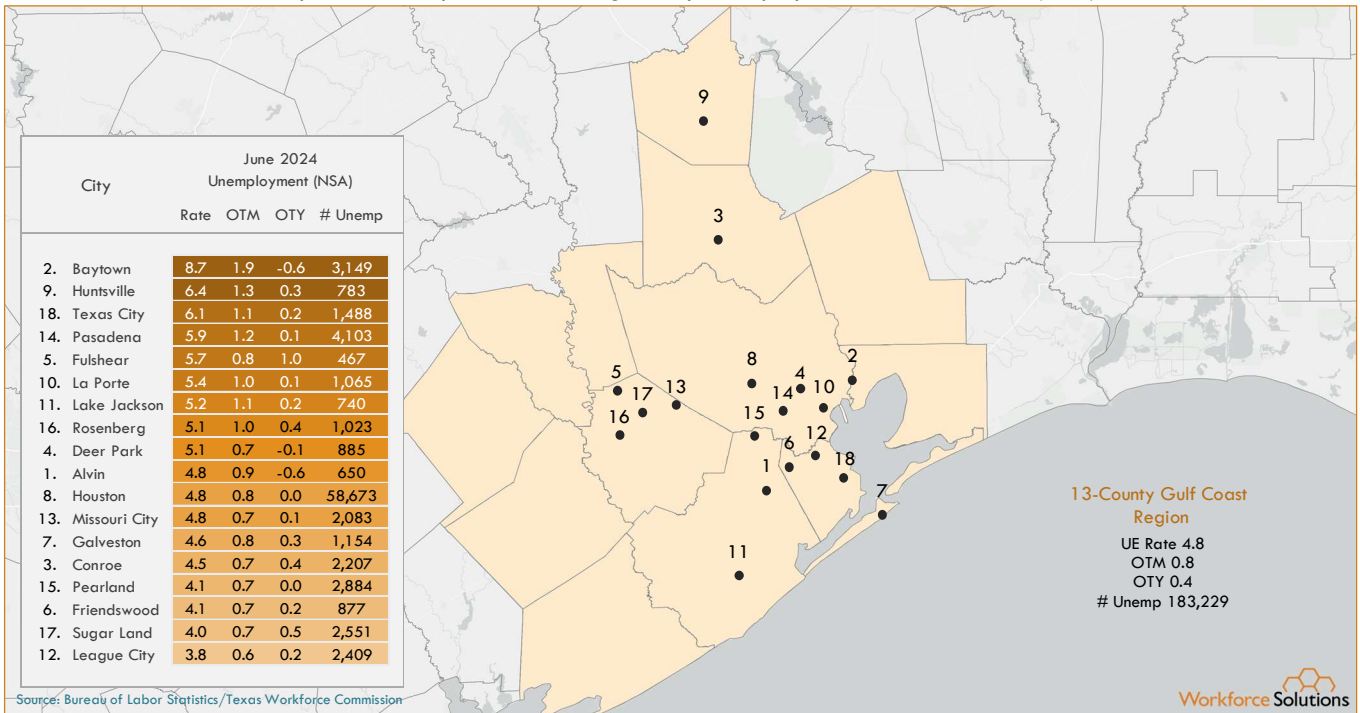
Not-Seasonally Adjusted

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 June ranged from a high of 8.7 percent in Baytown to a low of 3.8 percent in League City (see Map 2 legend). Over the month, all 18 cities saw their unemployment rates rise in keeping with the region-wide increase of 0.8 percentage points. Baytown saw the largest percentage-point increase in unemployment up 1.9 pp. representing 735 more

unemployed workers compared to the previous month. This was followed by Huntsville (1.3 pp, 157 workers) and Pasadena (1.2 pp, 878 workers). Over the year unemployment rates also rose with, Fulshear posting the largest increase, up 1.0 percentage points representing 93 more unemployed workers compared to a year ago followed by Sugar Land (0.5 pp, 349 workers) and Rosenberg (0.4 pp, 110 workers). The 18 cities below accounted for 48 percent of the 183,229 unemployed workers across the Gulf Coast Region as of this June (see Map 2 legend).

Map 2. 13-County Gulf Coast Region City Unemployment Rates June 2024 (NSA)



Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (seasonally-adjusted) unemployment rate stood at 4.2 percent in May, unchanged from April's 4.2 percent and down from 4.3 percent a year ago. This was above the statewide rate of 4.0 percent and above the national rate of 4.0 percent. 154,997 individuals were unemployed in Houston in May, down slightly from April's 154,027 and up from 154,339 in May 2023 (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 18 cities.

Chart 41. Unemployment Rates (SA)
 U.S., Texas, and Houston MSA
 May 2024

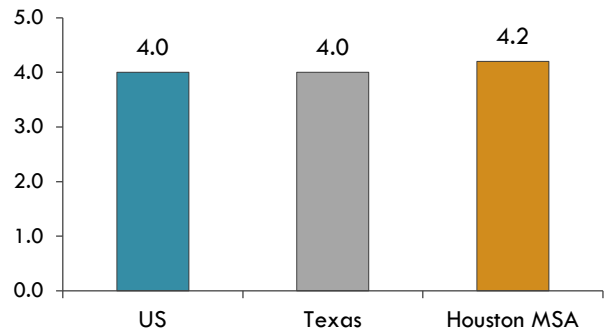
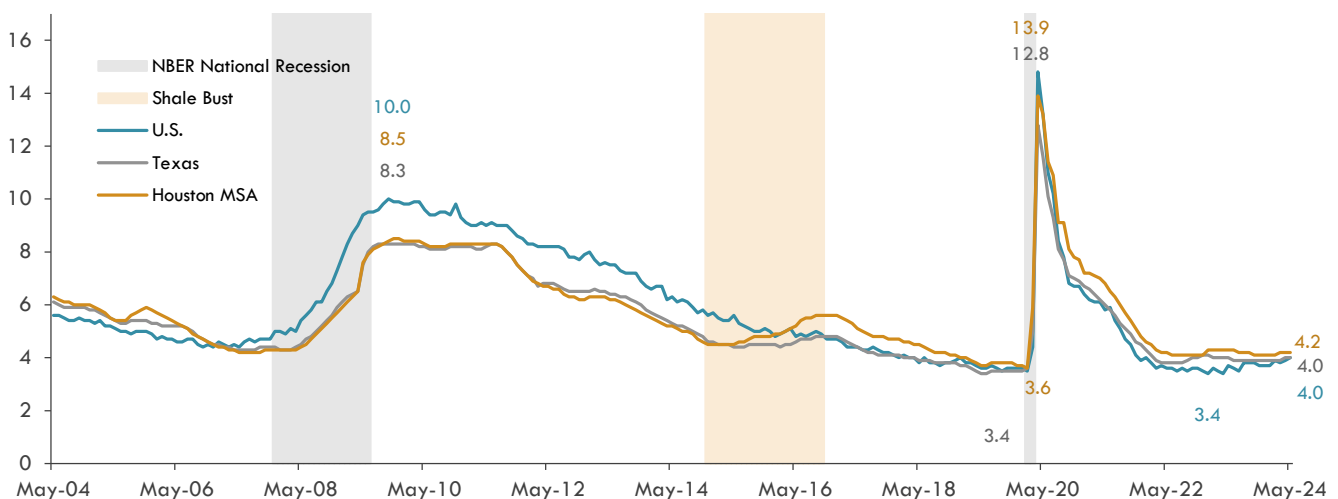


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
 May 2004 to May 2024



Gulf Coast Workforce Solutions Index (WSI)

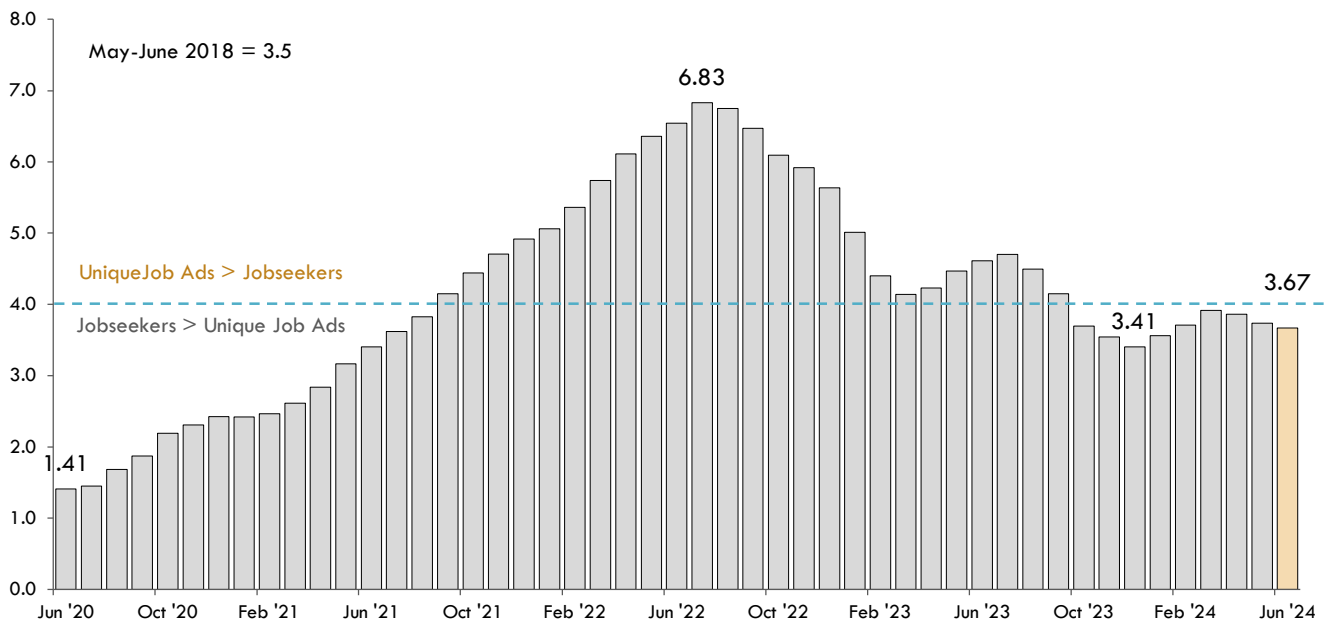


The Gulf Coast Workforce Solutions Index (WSI)

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
June
2024:
3.67

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 June 2024

The Houston MSA WSI for June stood at 3.67, down slightly from May's reading of 3.73. This was the result of slight decreases in the number of active job ads accompanied by slight increases in the number of unemployed individuals. The net effect of these changes was modest drop in the index reflecting an incremental gain in leverage by employers relative to job seekers.

Despite the index rising since December 2023 to approach the index equilibrium of 4.0, a value of 3.67 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

June 2024

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Jun-24	May-24	Jun-23	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,460,900	3,454,400	3,382,900	6,500	0.2%	78,000	2.3%
Total Private	3,002,200	2,990,900	2,941,100	11,300	0.4%	61,100	2.1%
Goods Producing	555,000	550,300	538,100	4,700	0.9%	16,900	3.1%
.Mining and Logging	72,100	72,200	70,700	-100	-0.1%	1,400	2.0%
...Oil and Gas Extraction	32,500	32,300	31,400	200	0.6%	1,100	3.5%
...Support Activities for Mining	38,200	38,400	37,900	-200	-0.5%	300	0.8%
.Construction	244,600	240,000	232,300	4,600	1.9%	12,300	5.3%
..Construction of Buildings	65,100	63,800	60,300	1,300	2.0%	4,800	8.0%
..Heavy and Civil Engineering Construction	58,300	57,100	53,700	1,200	2.1%	4,600	8.6%
..Specialty Trade Contractors	121,200	119,100	118,300	2,100	1.8%	2,900	2.5%
.Manufacturing	238,300	238,100	235,100	200	0.1%	3,200	1.4%
..Durable Goods	150,000	150,000	145,600	0	0.0%	4,400	3.0%
...Fabricated Metal Product Manufacturing	53,100	52,800	50,900	300	0.6%	2,200	4.3%
...Machinery Manufacturing	43,300	43,300	42,700	0	0.0%	600	1.4%
....Agriculture, Construction, and Mining Machinery Mfg.	23,200	23,000	22,700	200	0.9%	500	2.2%
...Computer and Electronic Product Manufacturing	14,700	14,600	14,300	100	0.7%	400	2.8%
..Non-Durable Goods	88,300	88,100	89,500	200	0.2%	-1,200	-1.3%
...Petroleum and Coal Products Manufacturing	8,100	8,000	8,000	100	1.3%	100	1.3%
...Chemical Manufacturing	41,900	41,900	42,500	0	0.0%	-600	-1.4%
Service Providing	2,905,900	2,904,100	2,844,800	1,800	0.1%	61,100	2.1%
.Private Service Providing	2,447,200	2,440,600	2,403,000	6,600	0.3%	44,200	1.8%
..Trade, Transportation, and Utilities	687,600	687,400	686,500	200	0.0%	1,100	0.2%
...Wholesale Trade	179,100	179,700	178,500	-600	-0.3%	600	0.3%
....Merchant Wholesalers, Durable Goods	112,000	112,400	111,100	-400	-0.4%	900	0.8%
....Prof. and Commercial Equip. Supplies Wholesalers	18,600	18,600	18,700	0	0.0%	-100	-0.5%
....Merchant Wholesalers, Nondurable Goods	55,300	55,400	55,500	-100	-0.2%	-200	-0.4%
...Retail Trade	316,200	316,500	319,000	-300	-0.1%	-2,800	-0.9%
....Motor Vehicle and Parts Dealers	44,300	44,300	44,200	0	0.0%	100	0.2%
....Bldg. Material and Garden Equip. and Supplies Dealers	24,000	24,300	24,500	-300	-1.2%	-500	-2.0%
....Food and Beverage Stores	74,400	74,500	74,400	-100	-0.1%	0	0.0%
....Health and Personal Care Stores	61,300	60,900	61,800	400	0.7%	-500	-0.8%
....Clothing and Clothing Accessories Stores	19,300	19,100	19,700	200	1.0%	-400	-2.0%
....General Merchandise Stores	42,000	41,800	42,100	200	0.5%	-100	-0.2%
....Department Stores	20,800	21,100	21,300	-300	-1.4%	-500	-2.3%
....Other General Merchandise Stores	26,100	25,900	26,500	200	0.8%	-400	-1.5%
...Transportation, Warehousing, and Utilities	192,300	191,200	189,000	1,100	0.6%	3,300	1.7%
....Utilities	23,100	23,200	22,000	-100	-0.4%	1,100	5.0%
....Air Transportation	22,600	22,600	22,100	0	0.0%	500	2.3%
....Truck Transportation	30,100	30,100	30,400	0	0.0%	-300	-1.0%
....Pipeline Transportation	14,200	14,200	13,300	0	0.0%	900	6.8%
..Information	32,600	32,700	33,600	-100	-0.3%	-1,000	-3.0%
...Telecommunications	11,400	11,400	11,500	0	0.0%	-100	-0.9%
..Financial Activities	190,000	188,600	186,600	1,400	0.7%	3,400	1.8%
...Finance and Insurance	121,500	120,700	118,900	800	0.7%	2,600	2.2%
....Credit Intermediation and Related Activities	48,500	48,300	47,600	200	0.4%	900	1.9%
....Depository Credit Intermediation	31,200	31,100	30,700	100	0.3%	500	1.6%
....Securities, Commodity Contracts, and Fin. Investments	24,900	24,600	24,800	300	1.2%	100	0.4%
....Insurance Carriers and Related Activities	48,100	47,800	46,500	300	0.6%	1,600	3.4%
...Real Estate and Rental and Leasing	68,500	67,900	67,700	600	0.9%	800	1.2%
..Professional and Business Services	563,100	561,400	557,100	1,700	0.3%	6,000	1.1%
...Professional, Scientific, and Technical Services	281,000	278,400	275,700	2,600	0.9%	5,300	1.9%
....Legal Services	32,700	32,200	32,200	500	1.6%	500	1.6%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	28,800	28,700	29,600	100	0.3%	-800	-2.7%
....Architectural, Engineering, and Related Services	77,000	75,800	73,800	1,200	1.6%	3,200	4.3%
....Computer Systems Design and Related Services	40,800	41,000	41,600	-200	-0.5%	-800	-1.9%
...Management of Companies and Enterprises	47,300	47,000	47,700	300	0.6%	-400	-0.8%
...Admin. and Support and Waste Mgmt. and Remediation	234,800	236,000	233,700	-1,200	-0.5%	1,100	0.5%
....Administrative and Support Services	221,800	222,900	220,900	-1,100	-0.5%	900	0.4%
....Employment Services	79,500	80,800	80,600	-1,300	-1.6%	-1,100	-1.4%
....Services to Buildings and Dwellings	56,800	56,500	57,600	300	0.5%	-800	-1.4%
..Educational and Health Services	467,300	468,100	445,300	-800	-0.2%	22,000	4.9%
...Educational Services	74,200	74,600	68,800	-400	-0.5%	5,400	7.8%
...Health Care and Social Assistance	393,100	393,500	376,500	-400	-0.1%	16,600	4.4%
....Ambulatory Health Care Services	198,800	199,100	191,200	-300	-0.2%	7,600	4.0%
....Hospitals	98,400	98,400	92,800	0	0.0%	5,600	6.0%
..Leisure and Hospitality	369,200	368,500	367,000	700	0.2%	2,200	0.6%
...Arts, Entertainment, and Recreation	42,500	42,300	43,500	200	0.5%	-1,000	-2.3%
...Accommodation and Food Services	326,700	326,200	323,500	500	0.2%	3,200	1.0%
....Accommodation	27,700	27,300	28,000	400	1.5%	-300	-1.1%
....Food Services and Drinking Places	299,000	298,900	295,500	100	0.0%	3,500	1.2%
..Other Services	137,400	133,900	126,900	3,500	2.6%	10,500	8.3%
Government	458,700	463,500	441,800	-4,800	-1.0%	16,900	3.8%
.Federal Government	34,200	34,300	33,300	-100	-0.3%	900	2.7%
.State Government	97,000	97,500	93,500	-500	-0.5%	3,500	3.7%
..State Government Educational Services	52,700	53,300	51,200	-600	-1.1%	1,500	2.9%
.Local Government	327,500	331,700	315,000	-4,200	-1.3%	12,500	4.0%
..Local Government Educational Services	225,700	230,000	215,600	-4,300	-1.9%	10,100	4.7%