

Houston Area Employment Situation

September 2026

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

September Setback Narrows Houston’s Annual Employment Gains

Total Nonfarm

Over-the-month Change

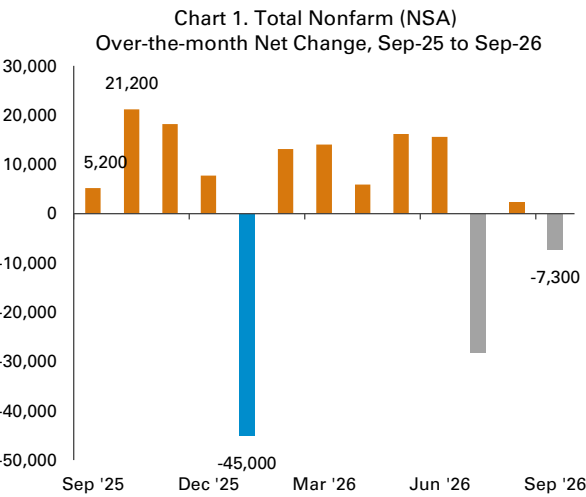
Houston MSA Total Nonfarm employment stood at 3,489,400 in September, down -7,300 jobs over the month, or -0.2 percent on a not-seasonally-adjusted basis (see Chart 1). A year ago Houston registered an over-the-month increase of 5,200 jobs. This was the second-largest decline in the month of September since records began in 1990. Prior to the pandemic, historically in the month of September, Total Nonfarm has on average added 5,900 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain.

The primary drivers of this September's decline were decreases in Leisure and Hospitality; Professional and Business Services; and Trade, Transportation, and Utilities. Losses were also recorded in Private Education and Health Services; Financial Activities; and Other Services. The net decrease in jobs over the month was partially offset by gains in Government. (see Chart 2). Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,494,100, down -14,600 jobs over the month, or -0.4 percent vs. a historical average of 2,800. All analysis pertains to not-seasonally adjusted data unless otherwise noted. Source: BLS/TWC unless otherwise noted. NOTE: The Houston-Woodlands-Sugar Land, TX Metropolitan Statistical Area (MSA) consists of Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, and Waller Counties.

- Top-3 Drivers of Over-the-month Job Loss in September
- Leisure and Hospitality: -7,300
 - Professional and Business Services: -3,900
 - Trade, Transportation, and Utilities: -2,600

Over-the-year Change

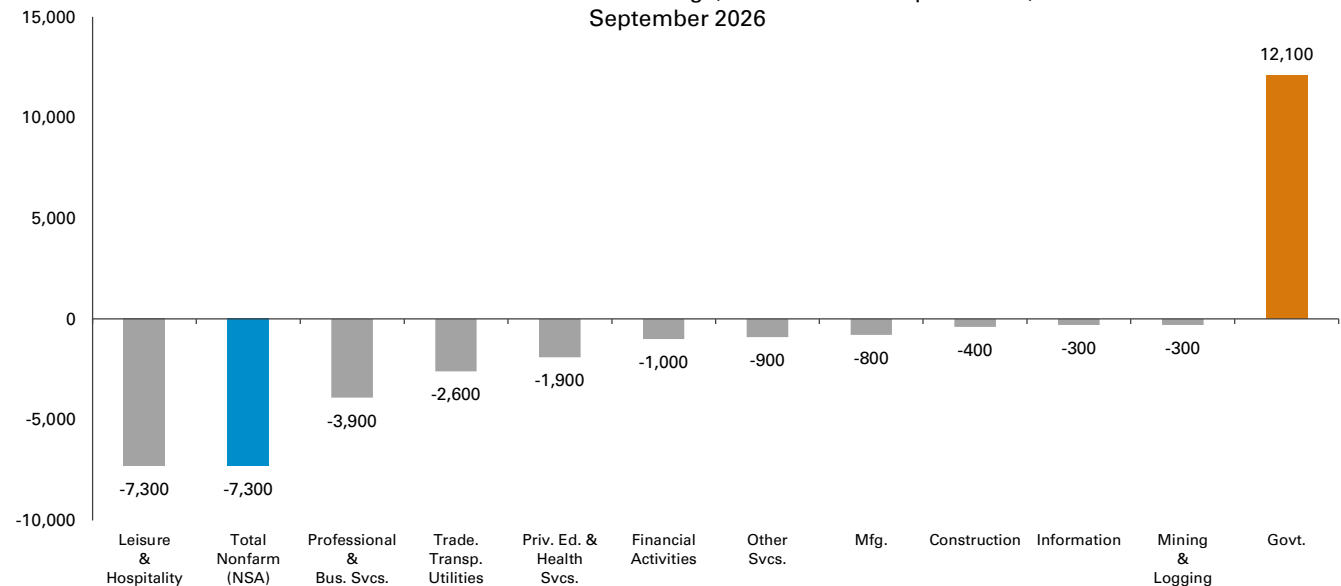
Over the year, Total Nonfarm employment was up 33,600 or 1.0 percent on a not-seasonally-adjusted basis and up 25,100 or 0.7 percent on a seasonally-adjusted basis (see NSA Chart 3). To compare, September 2025 saw a year-over-year gain of 13,500 jobs (NSA) from September 2024. Currently 7 out of 11 sectors show growth year over year of which the top-three are Professional and Business Services (15,300); Construction (13,800); and Private Education and Health Services (5,400)



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

(see Chart 4). Total Nonfarm employment not-seasonally-adjusted now exceeds its February 2020 pre-pandemic level of 3,193,400 jobs by 296,000, or 9.3 percent (294,400 jobs, 9.2 percent above 3,199,700 seasonally adjusted).

Chart 2. Over-the-month Net Change, Houston MSA Supersectors, September 2026



September 2026

Previous Month's Revisions

Total Nonfarm employment was revised upward by 1,400 jobs for a July to August larger net gain of 2,300 compared to an original estimate of 900 jobs. An upward revision of +700 jobs in Construction was the largest contributor followed by Professional and Business Services (+600) and Manufacturing (+500). Downward revisions in Leisure and Hospitality (-1,600) and Government (-200) provided a partial offset of the overall upward revision to Total Nonfarm employment (see Chart 5).

- Top-3 Drivers of Over-the-year Job Growth in September
- Professional and Business Services: 15,300
 - Construction: 13,800
 - Private Education and Health Services: 5,400

Chart 5. Net Revisions for Selected Supersectors and Major Industries, August 2026

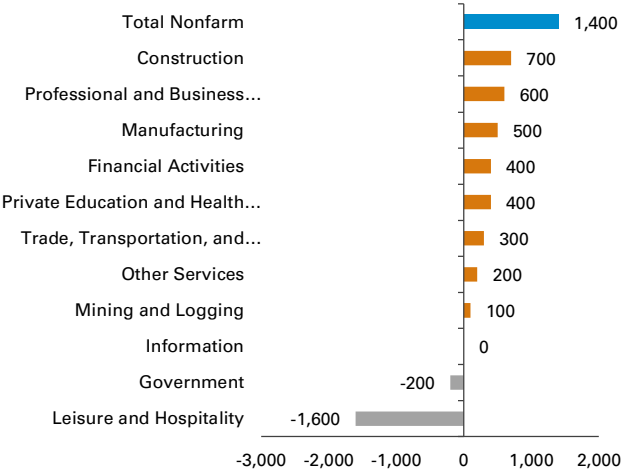


Chart 3. Total Nonfarm (NSA)
Over-the-year Net Change, Sep-11 to Sep-26

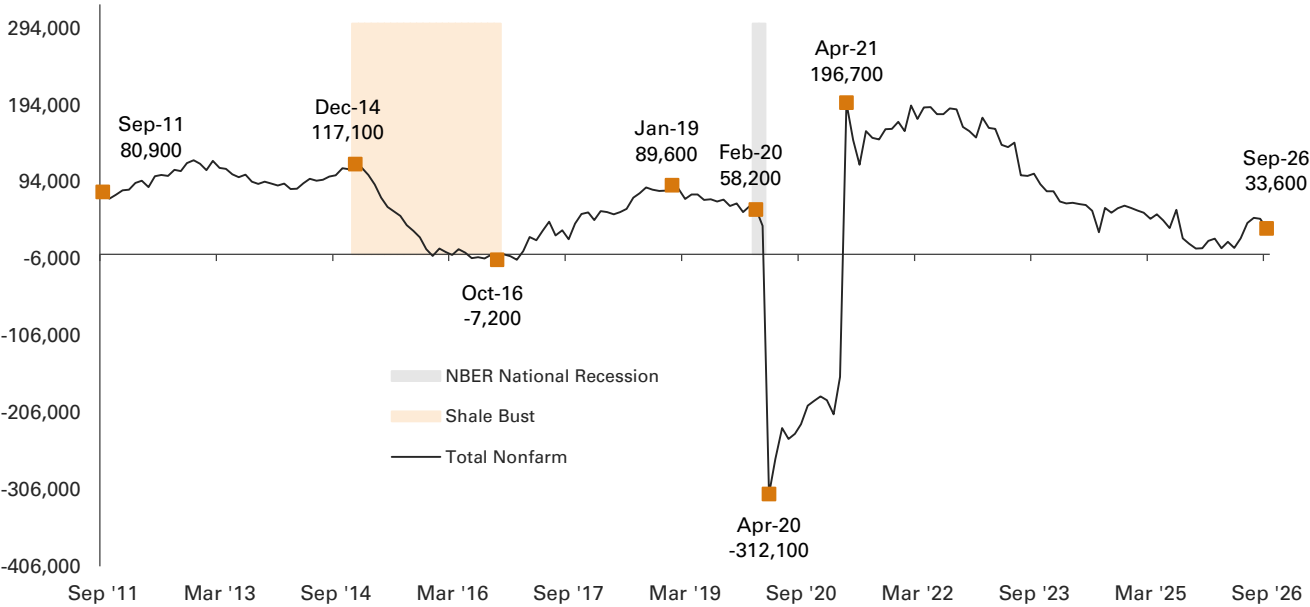
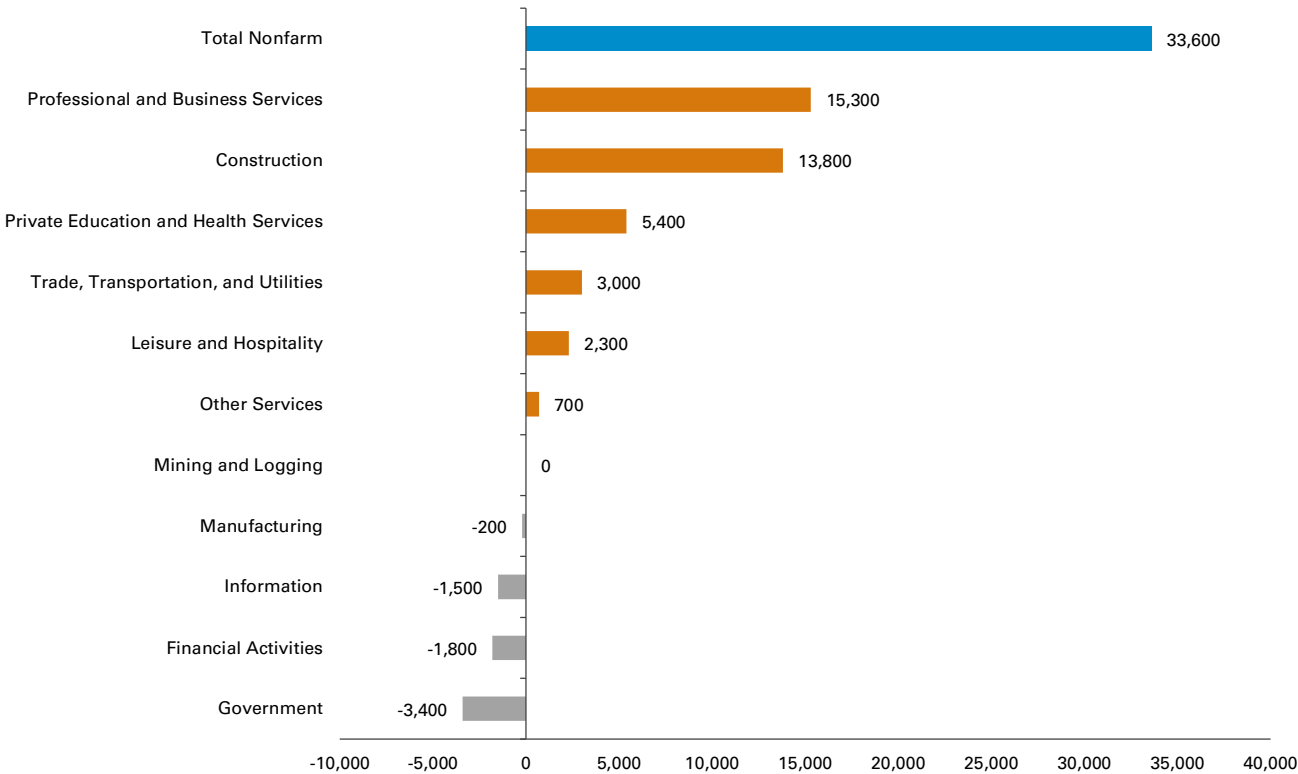


Chart 4. Over-the-year Net Change, Houston MSA Supersectors,
September 2025 to September 2026



Supplemental Commentary

Houston's labor market weakened in September 2026. Total nonfarm employment fell by 7,300 jobs on a not-seasonally-adjusted basis to 3,489,400, compared with a pre-pandemic September average gain of 5,900. This was only the third September decline in the series beginning in 1990, and the second largest. On a seasonally adjusted basis, employment fell by 14,600 jobs, compared with a historical average gain of 2,800, reinforcing the evidence of weakness beyond normal seasonal movements. The size and breadth of the decline warrant attention, although one monthly estimate does not establish a sustained contraction.

The weak result reflected both larger private-sector losses and a smaller seasonal increase in Government employment. Government added 12,100 jobs, largely as education staffing returned for the academic year, but this was well below its typical September gain of 21,500 in recent years. Government therefore cushioned the monthly decline while contributing to the shortfall relative to a normal September. Private employment fell by 19,400, with each of the ten private supersectors recording losses. Declines are customary in several industries during September, so their size is particularly important: Leisure and Hospitality and Professional and Business Services lost substantially more jobs than usual, while Private Education and Health Services declined in a month when it typically expands.

Annual growth also moderated. Houston added 33,600 jobs over the year, or 1.0 percent, compared with a revised August gain of 46,100. August's upward revision of 1,400 jobs raised its annual increase from the previously reported 44,700. The subsequent 12,500-job reduction in annual growth reflects the contrast between September 2025's gain of 5,200 jobs and this September's loss of 7,300. Seasonally adjusted employment remained up 25,100 jobs, or 0.7 percent, over the year. Growth also remained concentrated: Professional and Business Services and Construction together added 29,100 jobs, accounting for 87 percent of Houston's net annual increase. Six major sectors recorded annual gains, four declined, and Mining and Logging was unchanged.

Houston's setback comes amid uneven and subdued national hiring. U.S. employers added 133,000 jobs in August, revised down from 162,000, followed by just 29,000 in September on a seasonally adjusted basis, well below the 90,000 gain economists polled by Reuters had expected. July was revised to a loss of 10,000, leaving average monthly growth of 51,000 during the third quarter. Private employment gains also slowed from 89,000 in August to 46,000 in September. These figures suggest that August's rebound did not develop into a sustained acceleration in hiring. Houston's September contraction was more pronounced, but it occurred against a national backdrop of modest employment growth.

Slower growth was expected following stronger hiring in the first half of 2026. Our forecast projects that Houston will add 30,000 jobs between December 2025 and December 2026, consistent with a slower pace of growth during the second half of the year. September's slower annual growth fits that outlook, although the breadth of the monthly losses bears watching. Upcoming reports will help distinguish a temporary setback within the expected slowdown from more persistent weakness.

Leisure and Hospitality lost 7,300 jobs in September, compared with its historical average decline of 3,800, bringing third-quarter losses to 12,200. This was the third-largest July–September decline since 1990, exceeded only in the hurricane-affected years of 2008 and 2017, although losses were also sizable in 2024 and 2025. The pullback follows a net gain of just 700 jobs during all of 2025 and weaker spring hiring this year: February–June employment increased by 16,900, compared with 19,300 during the same period last year. June's above-average gain of 5,900 may have benefited from World Cup activity, but the payroll data do not isolate that effect. Food Services and Drinking Places accounted for 6,200 of September's losses. STR/CoStar hotel data provide additional context: second-quarter occupancy was 61.7 percent, only 0.2 percentage point above a year earlier, while average daily room rates rose 5.8 percent. Higher room rates alone do not imply a similar increase in staffing needs. These hotel figures precede September and cover only one part of the sector. Leisure and Hospitality remained up 2,300 jobs, or 0.6 percent, over the year.

Professional and Business Services remained Houston's largest source of annual growth, adding 15,300 jobs, or 2.7 percent, but lost 3,900 in September compared with a typical decline of 1,100. Professional, Scientific, and Technical Services shed 2,000, including 500 each in Architectural and Engineering Services and Computer Systems Design. Administrative and Support and Waste Management and Remediation Services lost 1,700, including 1,100 in Employment Services. The annual recovery remained concentrated in support functions: administrative support and waste services contributed 10,500 jobs, including 7,300 in Employment Services, while professional and technical services added 4,900. September losses suggest that the recovery in higher-skill business activities remains uneven.

Survey evidence also points to selective hiring. ISM-Houston still reported expanding professional services activity, alongside ample qualified applicants and shortages in specialized roles. The Dallas Fed's September service-sector respondents described clients postponing new projects and reducing discretionary purchases, although some recruiters continued to report strong demand. The Dallas Fed's October Beige Book subsequently reported weaker professional and business services activity across the Eleventh District (Texas, northern Louisiana, and southern New Mexico). Together, these reports suggest employers are being more selective about projects and staffing. The surveys measure the direction of change among respondents rather than payroll job counts. Differences in coverage and timing can therefore produce results that differ from Houston's monthly employment estimates.

Health Care and Social Assistance lost 2,200 jobs in September, including 700 in Ambulatory Health Care Services and 400 in Hospitals. A 300-job gain in private education limited the broader Private Education and Health Services decline to 1,900, in contrast to its typical September gain of 1,300. Health Care and Social Assistance remained up 4,600 jobs, or 1.2 percent, over the year, but the monthly loss reduces the support this industry has traditionally provided to regional growth. National health care hiring also slowed, adding 17,000 jobs in September compared with an average monthly gain of 33,000 over the preceding year.

Continues on next page

Supplemental Commentary

Financial pressures may help explain the slower hiring. In the Dallas Fed’s Beige Book released September 2, hospital contacts reported that the expiration of enhanced Affordable Care Act premium tax credits was reducing elective care and patients’ ability to pay, prompting slower hiring and investment. The October Beige Book also described weaker health care activity. Our job-advertisement report showed a sharp August decline in both new and active nursing advertisements, providing an earlier indication of slower recruitment. Community need for care does not necessarily translate into hiring when providers face tighter budgets and reimbursement constraints.

Trade, Transportation, and Utilities lost 2,600 jobs, only moderately more than its average September decline of 2,200. Retail Trade shed 1,800 and Transportation, Warehousing, and Utilities lost 1,000, partly offset by 200 additional Wholesale Trade jobs. The sector remained up 3,000 over the year, with Transportation, Warehousing, and Utilities contributing 2,900 and Retail Trade another 1,200, while Wholesale Trade was down 1,100. The monthly decrease therefore points to restrained hiring but provides less evidence of an unusual downturn than the losses in business services and health care.

Manufacturing and the closely related Mining and Logging sector lost a combined 1,100 jobs in September. Manufacturing shed 800 jobs, evenly divided between Durable and Nondurable Goods. Over the year, manufacturing employment was nearly flat, down 200, as Durable Goods added 2,700 jobs while Nondurable Goods lost 2,900. Fabricated Metal Products (+1,100) and Machinery (+800) remained sources of annual growth. Mining and Logging lost 300 jobs, its typical September decline, and was unchanged over the year, with 300 additional Oil and Gas Extraction jobs offset by an equal decline in Support Activities for Mining.

These employment results contrast with a recovery in drilling and high production. Texas averaged 283 active rigs in September, up from 272 in July, and 16.0 percent above a year earlier. The U.S. average reached 593 rigs, up 9.5 percent over the year. West Texas Intermediate (WTI) crude prices averaged \$97 per barrel through September 2026, compared with \$63 in 2025, supporting the outlook for drilling. Rising drilling activity can strengthen demand for Houston’s machinery and fabricated metal products. ISM-Houston respondents reported improving energy-related orders, but manufacturing employment remained weak and the manufacturing index fell to 49.8 from 51.7.

Differences in investment priorities and exposure to energy costs may help explain the uneven employment response. In the Dallas Fed’s third-quarter Energy Survey, business activity expanded and the employment index improved, yet 73.6 percent of respondents left staffing unchanged. Half of large exploration and production respondents expected to direct additional cash flow primarily to shareholder returns. Dallas Fed economists also identify productivity gains and capital discipline as factors limiting the employment response to higher oil prices. Meanwhile, ISM-Houston respondents reported rising petrochemical feedstock costs alongside flat polymer prices, a potential squeeze on producers’ margins. For Houston, stronger energy activity can support equipment demand without producing comparable gains in employment, while higher feedstock costs weigh on some manufacturers.

Houston’s not-seasonally-adjusted unemployment rate fell to 4.6 percent from 5.0 percent in August and 4.8 percent a year earlier. The number of unemployed residents declined to 180,145. The rate remained above the comparable Texas rate of 4.3 percent and national rate of 4.0 percent. The unadjusted rate is affected by seasonal patterns and should be read alongside the payroll estimates. The Workforce Solutions Index rose to 3.56 from 3.43, helped by an increase of 17,600 active job advertisements. It has improved for eight consecutive months but remains below its 4.0 balance point.

Looking ahead, September warrants caution without yet establishing a sustained downturn. Business services and health care have become less reliable sources of monthly gains. Trade, Transportation, and Utilities also shed jobs despite remaining modestly above its year-earlier level. Energy remains a potential source of support, but its benefits are uneven across industries and less directly tied to headcount than in earlier cycles. Upcoming reports will help determine whether private services recover, government hiring returns to its usual seasonal pace, and stronger energy-related orders translate into jobs. These developments will shape whether Houston finishes the year near our forecast of 30,000 additional jobs from December 2025 to December 2026.

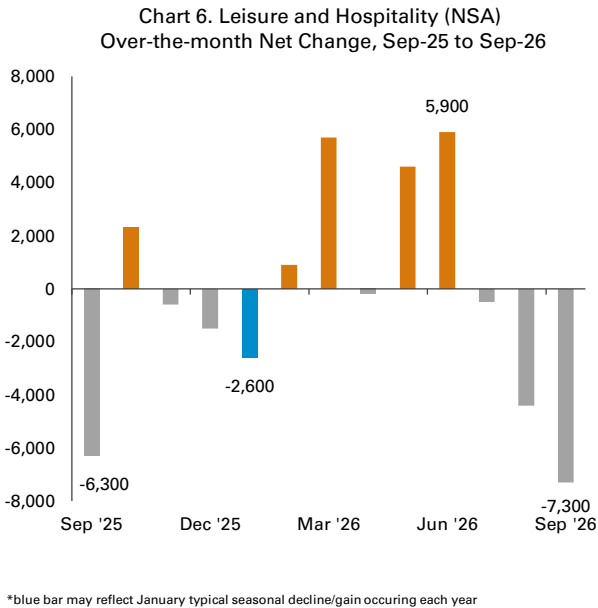
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DECLINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

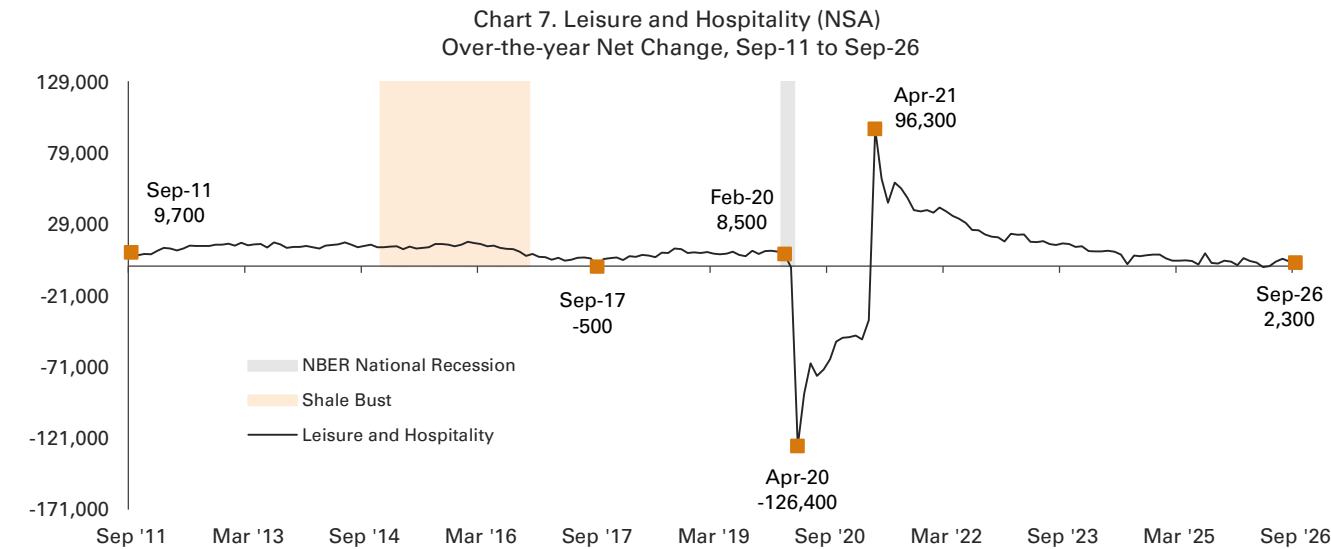
Over-the-month Change

Leisure and Hospitality was the largest declining sector over the month down -7,300 jobs, or -1.9 percent (see Chart 6). Historically in the month of September, Leisure and Hospitality has lost an average of -3,800 jobs over the month, which indicates that this month's losses are substantially larger than the long-term average decline. Accommodation and Food Services was the largest contributor to the overall sector's decline, down -6,500 jobs over the month. The second-largest declining contributor was Arts, Entertainment, and Recreation, which lost -800 jobs from August to September. Leisure and Hospitality employment was revised downward by -1,600 jobs for a July to August larger net loss of -4,400 compared to an original estimate of -2,800 jobs.



Over-the-year Change

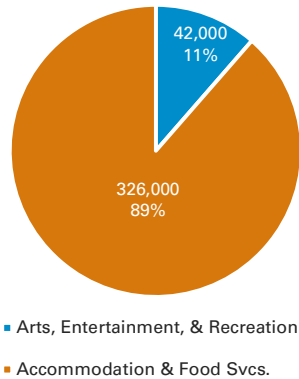
Year over year, Leisure and Hospitality was up 2,300 jobs, or 0.6 percent (see Chart 7). Accommodation and Food Services was the largest contributor to the overall sector's increase, up 2,900 jobs over the year. One component industry that provided a partial offset was Arts, Entertainment, and Recreation, which lost -600 jobs from September a year ago. Total Leisure and Hospitality employment (NSA) now exceeds its February 2020 pre-pandemic level of 334,600 jobs by 33,400, or 10.0 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 10.6 percent over the past year.



About This Sector

This sector is composed of establishments that produce and promote in live performances, events, of exhibits of historical, cultural, or educational interest or related to recreation or hobbies intended for public viewing; and provide customers with lodging and/or meals and beverages for immediate consumption. NOTE: movie theaters are classified under the Information sector rather than Leisure and Hospitality. Of the two main component industries, Accommodation and Food Services accounts for the majority of the sector's employment at 89 percent (see Chart 8). Across the Houston MSA, the concentration of jobs in the overall sector is 2 percent less than the national average.

Chart 8. Employment in Component Industries of Leisure and Hospitality Sector - September 2026

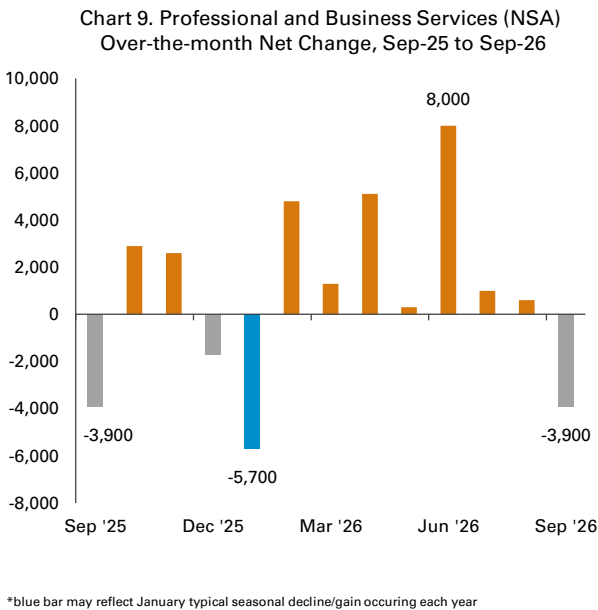


DECLINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

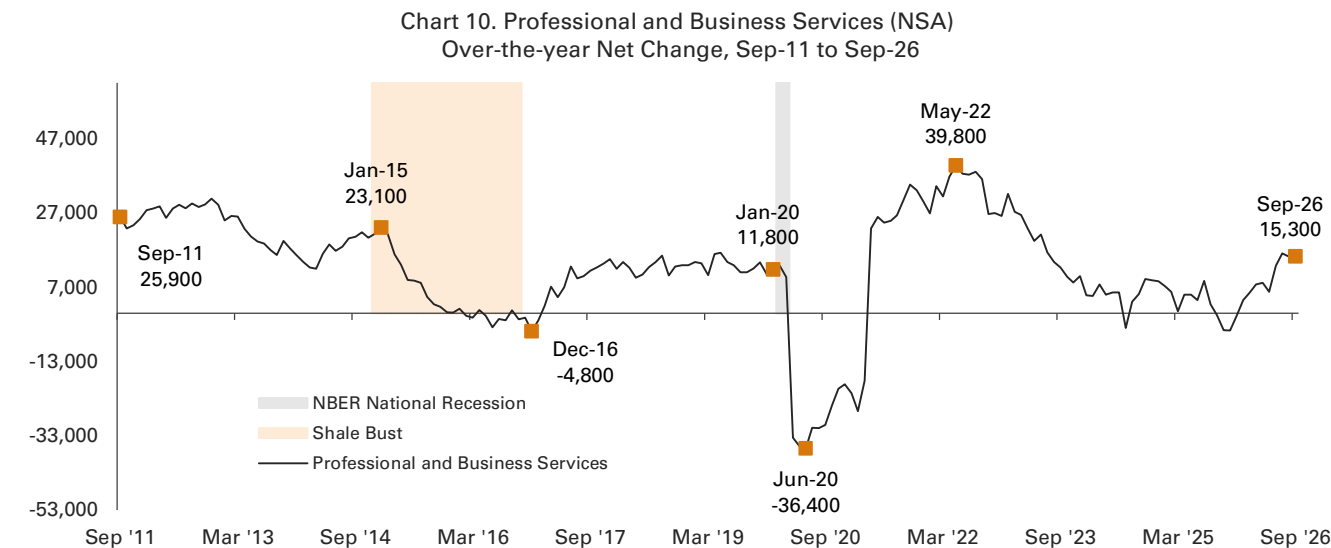
Professional and Business Services was the second-largest declining sector over the month down -3,900 jobs, or -0.7 percent (see Chart 9). Historically in the month of September, Professional and Business Services has lost an average of -1,100 jobs over the month, which indicates that this month's losses are substantially larger than the long-term average decline. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's decline, down -2,000 jobs over the month. The second-largest declining contributor was Administrative and Support and Waste Management and Remediation Services, which lost -1,700 jobs from August to September. Lastly, Management of Companies and Enterprises subtracted, -200 jobs. Professional and Business Services employment was revised upward by 600 jobs for a July to August net gain of 600 compared to an original estimate of zero net change in jobs over the month.



Over-the-year Change

Year over year, Professional and Business Services was up 15,300 jobs, or 2.7 percent (see Chart 10). Among sectors currently showing growth, this sector is the second-fastest growing in percentage terms across the Houston area. Furthermore, 37.8 percent of total (gross) jobs added across the region over the past year can be attributed to Professional and Business Services. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's increase, up 10,500 jobs over the year. The second-largest contributor was Professional, Scientific, and Technical Services,

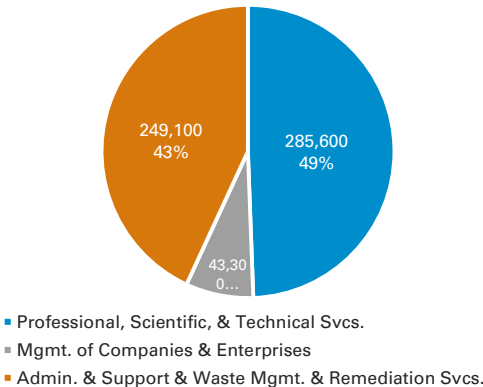
which added 4,900 jobs from September a year ago. Lastly, Management of Companies and Enterprises offset a portion of the sector's gains with a loss of -100 jobs. Total Professional and Business Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 514,600 jobs by 63,400, or 12.3 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 16.3 percent to 16.6 percent over the past year.



About This Sector

This sector is composed of establishments specializing in professional, scientific, and technical activities; management of establishments holding equity interests in order to influence management decisions; and office administration, hiring of personnel, security, cleaning, and waste disposal. Of the three main component industries, Professional, Scientific, and Technical Services accounts for a 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 17 percent higher than the national average, due to a 21-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 - September 2026

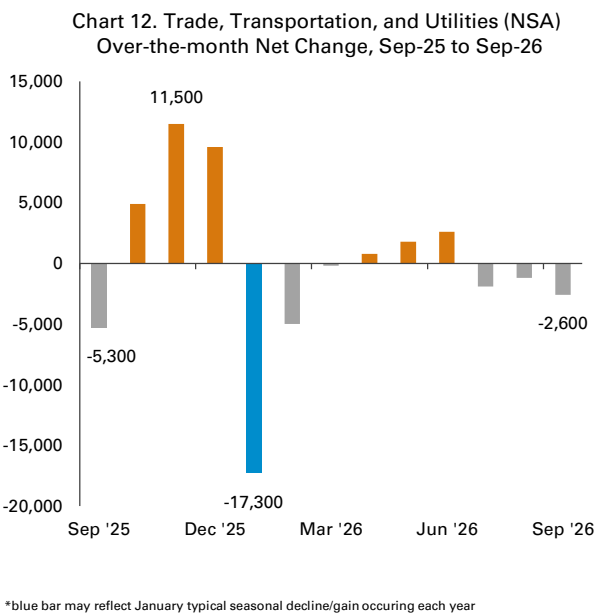


DECLINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

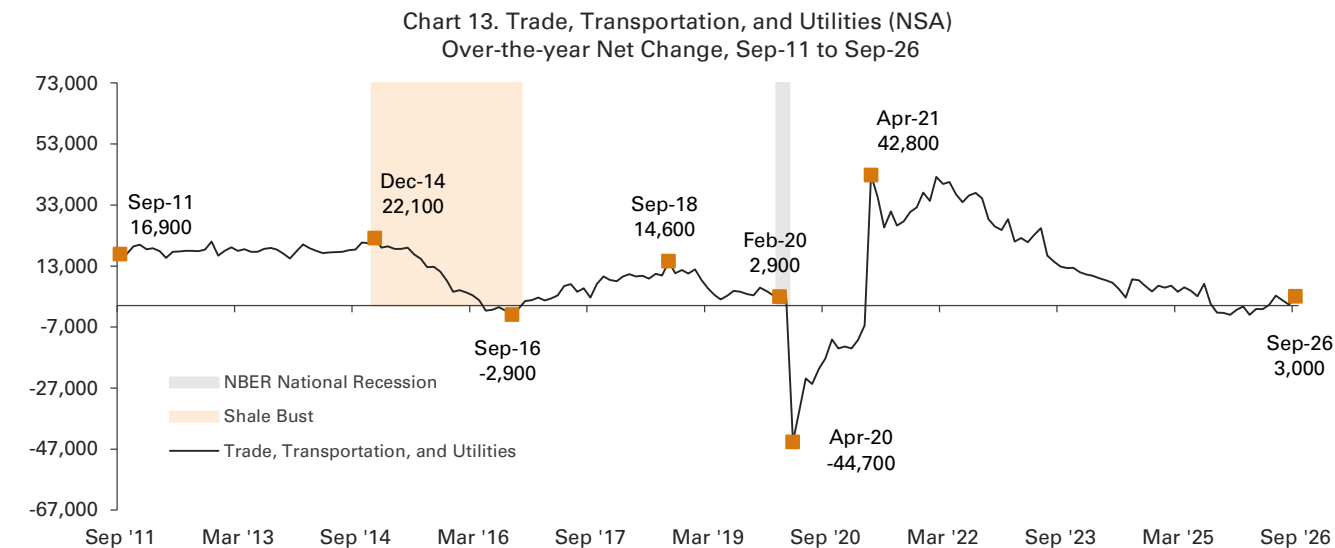
Trade, Transportation, and Utilities was the third-largest declining sector over the month down -2,600 jobs, or -0.4 percent (see Chart 12). Historically in the month of September, Trade, Transportation, and Utilities has lost an average of -2,200 jobs over the month, which indicates that this month's losses are slightly larger than the long-term average decline. Retail Trade was the largest contributor to the overall sector's decline, down -1,800 jobs over the month. The second-largest declining contributor was Transportation, Warehousing, and Utilities, which lost -1,000 jobs from August to September. Lastly, Wholesale Trade offset a portion of the sector's losses with a gain of 200 jobs. Trade, Transportation, and Utilities employment was revised upward by 300 jobs for a July to August smaller net loss of -1,200 compared to an original estimate of -1,500 jobs.



Over-the-year Change

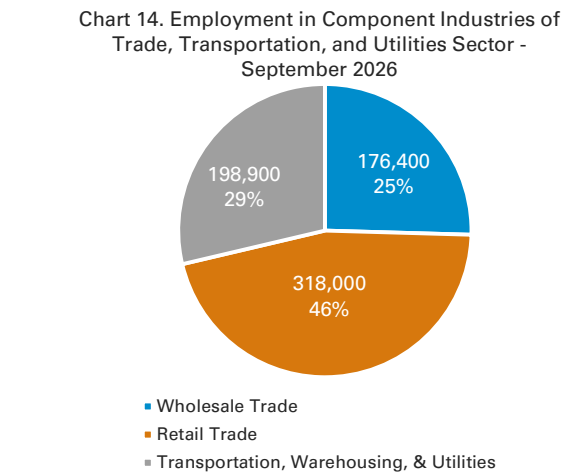
Year over year, Trade, Transportation, and Utilities was up 3,000 jobs, or 0.4 percent (see Chart 13). Transportation, Warehousing, and Utilities was the largest contributor to the overall sector's increase, up 2,900 jobs over the year. The second-largest contributor was Retail Trade, which added 1,200 jobs from September a year ago. Lastly, Wholesale Trade offset a portion of the sector's gains with a loss of -1,100 jobs. Total Trade, Transportation, and Utilities employment (NSA) now exceeds its February 2020 pre-pandemic level of 628,700 jobs by 64,600, or 10.3 percent.

At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 20.0 percent to 19.9 percent over the past year.



About This Sector

This sector is composed of establishments wholesaling agriculture, mining, and manufactured goods; retailing goods in small quantities to the public incl. online; transporting passengers and cargo; warehousing and storage; and providing electricity, natural gas, water, and sewage removal. Of the three main component industries, Retail Trade accounts for a plurality of the sector's employment at 46 percent (see Chart 14).

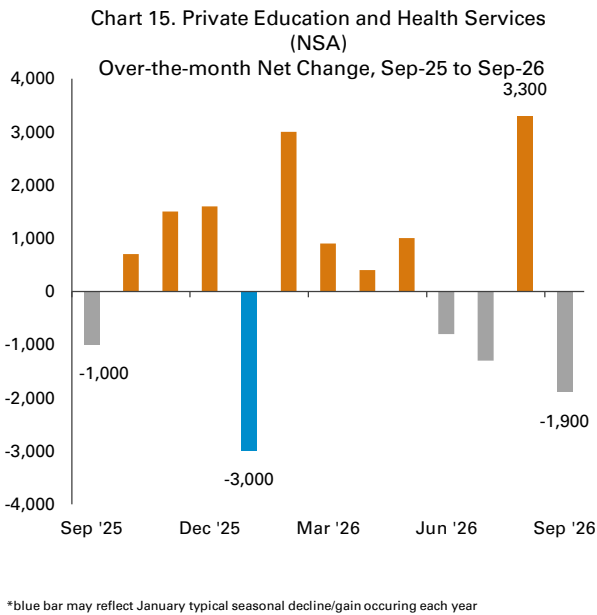


DECLINING INDUSTRY HIGHLIGHTS

Private Education and Health Services

Over-the-month Change

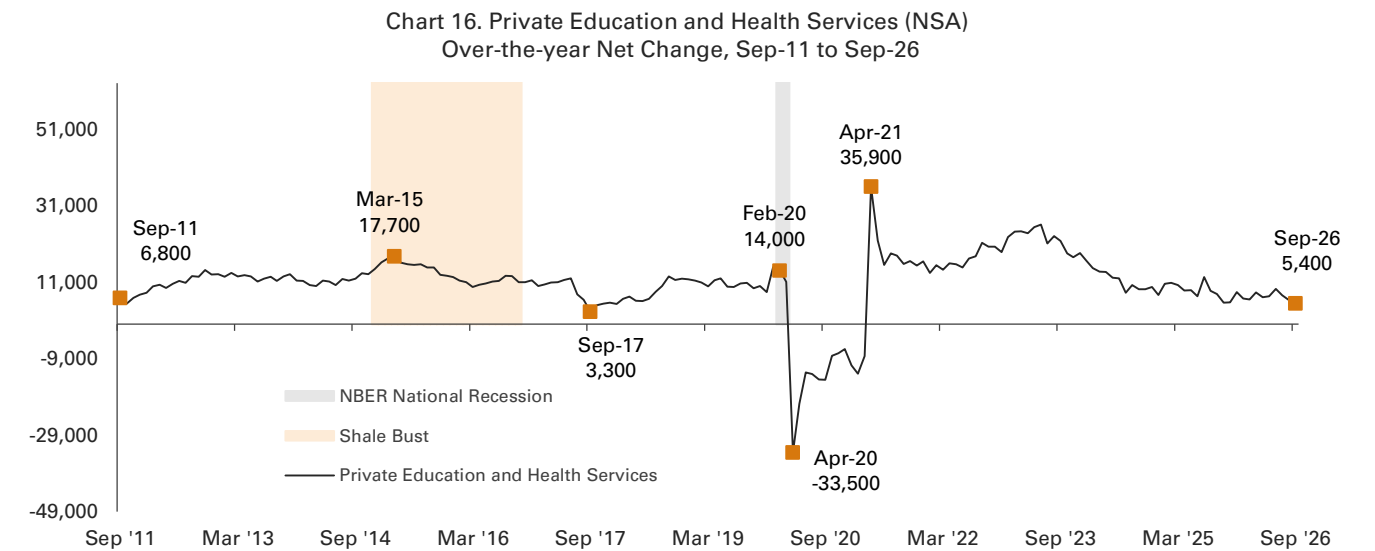
Private Education and Health Services was the fourth-largest declining sector over the month down -1,900 jobs, or -0.4 percent (see Chart 15). This was the second-largest decline in the month of September since records began in 1990. Historically in the month of September, Private Education and Health Services has added an average of 1,300 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Health Care and Social Assistance was the largest contributor to the overall sector's decline, down -2,200 jobs over the month. One component industry that provided a partial offset was Private Educational Services, which gained 300 jobs from August to September. Private Education and Health Services employment was revised upward by 400 jobs for a July to August larger net gain of 3,300 compared to an original estimate of 2,900 jobs.



Over-the-year Change

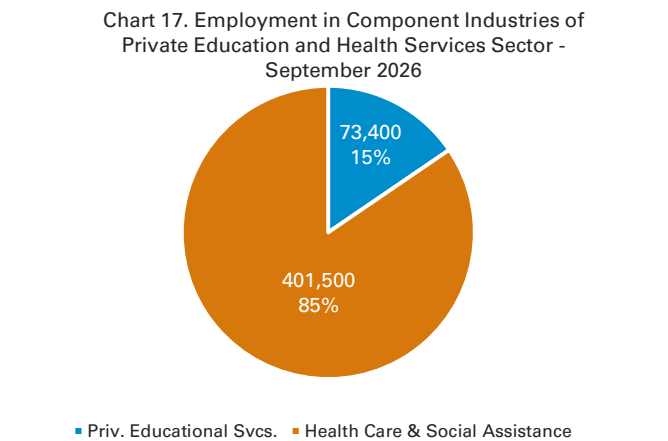
Year over year, Private Education and Health Services was up 5,400 jobs, or 1.2 percent (see Chart 16). Among sectors currently showing growth, this sector is the third-fastest growing in percentage terms across the Houston area. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 4,600 jobs over the year. The second-largest contributor was Private Educational Services, which added 800 jobs from September a year ago. Total Private Education and Health Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 414,600 jobs by 60,300, or 14.5 percent. At the same time,

the sector's share of Houston area Total Nonfarm Employment has remained constant at 13.6 percent over the past year.



About This Sector

This sector is composed of establishments that provide private education services (i.e. excluding publicly-funded primary, secondary, and postsecondary institutions) and establishments that provide healthcare and social assistance to individuals. Of the two main component industries, Health Care and Social Assistance accounts for the majority of the sector's employment at 85 percent (see Chart 17). Across the Houston MSA, the concentration of jobs in the overall sector is 22 percent less than the national average, despite the high physical concentration of healthcare jobs centered around Texas Medical Center.

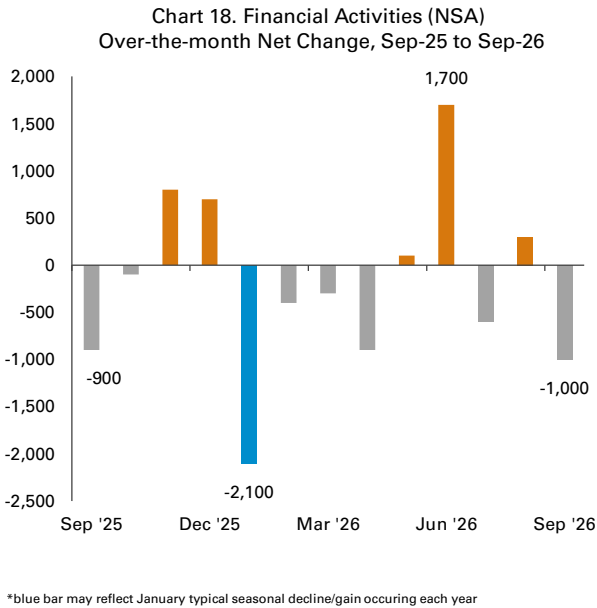


DECLINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities was the fifth-largest declining sector over the month down -1,000 jobs, or -0.6 percent (see Chart 18). Historically in the month of September, Financial Activities has lost an average of -500 jobs over the month, which indicates that this month's losses are slightly larger than the long-term average decline. Finance and Insurance was the largest contributor to the overall sector's decline, down -600 jobs over the month. The second-largest declining contributor was Real Estate and Rental and Leasing, which lost -400 jobs from August to September. Financial Activities employment was revised upward by 400 jobs for a July to August complete erasure of losses resulting in a net gain of 300 compared to an original estimate of -100 jobs.

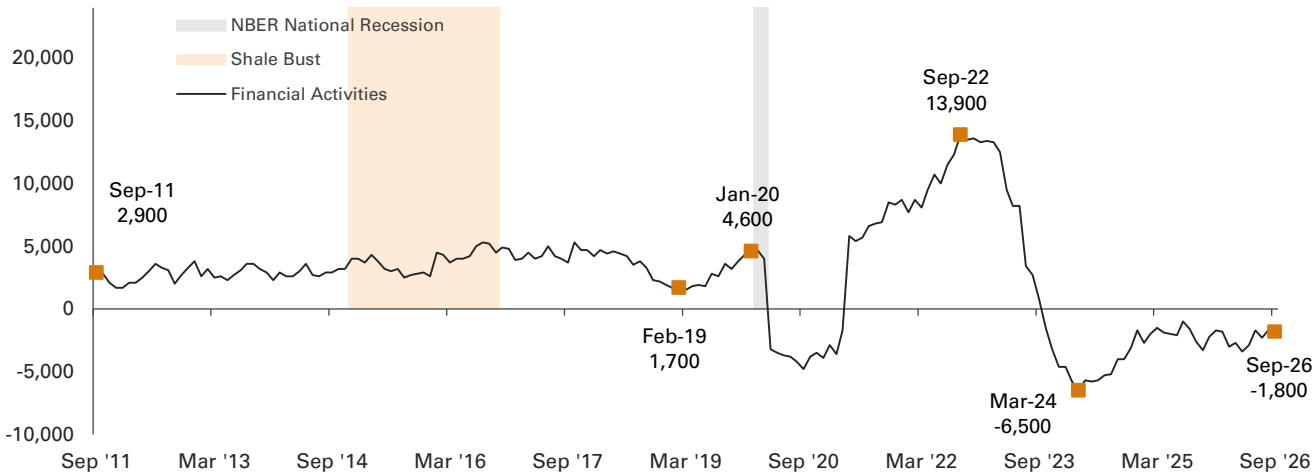


Over-the-year Change

Year over year, Financial Activities was down -1,800 jobs, or -1.0 percent (see Chart 19). Among sectors currently showing contraction, this sector is the second-fastest declining in percentage terms across the Houston area. Furthermore, 26.1 percent of total (gross) jobs lost across the region over the past year can be attributed to Financial Activities. Finance and Insurance was the largest contributor to the overall sector's decline, down -2,100 jobs over the year. One component industry that provided a partial offset was Real Estate and Rental and Leasing, which gained 300 jobs from September

a year ago. Total Financial Activities employment (NSA) now exceeds its February 2020 pre-pandemic level of 169,200 jobs by 6,900, or 4.1 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 5.1 percent to 5.0 percent over the past year.

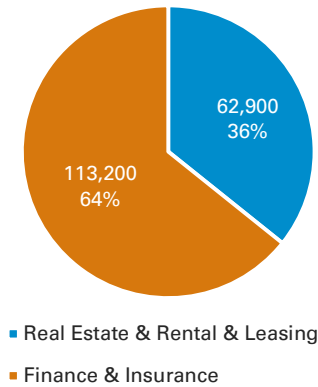
Chart 19. Financial Activities (NSA)
Over-the-year Net Change, Sep-11 to Sep-26



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 20). Across the Houston MSA, the concentration of jobs in the overall Financial Activities sector is 12 percent less than the national average, due to a 22-percent lower concentration in Finance and Insurance offsetting a 17-percent higher concentration in Real Estate and Rental and Leasing.

Chart 20. Employment in Component Industries of
Financial Activities Sector - September 2026

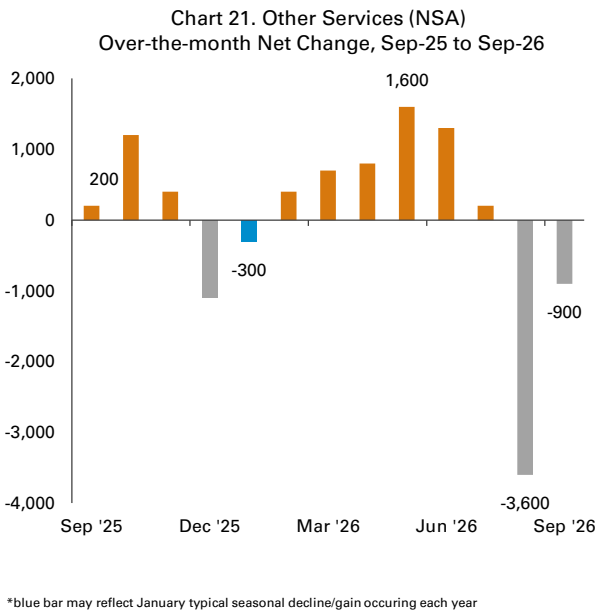


DECLINING INDUSTRY HIGHLIGHTS

Other Services

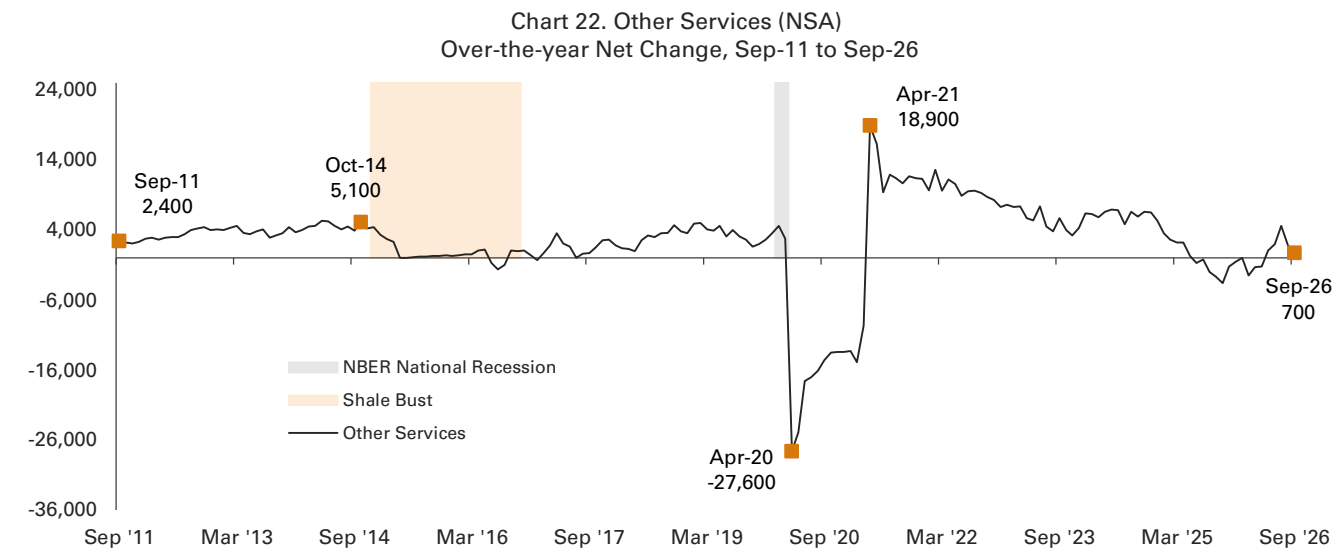
Over-the-month Change

Other Services was the sixth-largest declining sector over the month down -900 jobs, or -0.7 percent (see Chart 21). Historically in the month of September, Other Services has lost an average of -2,400 jobs over the month, which indicates that this month's losses are substantially smaller 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 upward by 200 jobs for a July to August smaller net loss of -3,600 compared to an original estimate of -3,800 jobs.



Over-the-year Change

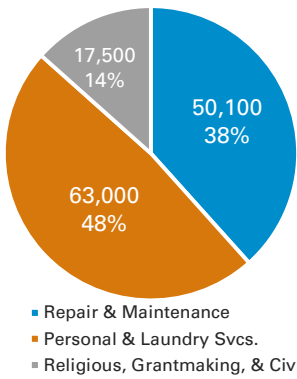
Year over year, Other Services was up 700 jobs, or 0.5 percent (see Chart 22). NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Total Other Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 119,200 jobs by 11,500, or 9.6 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 3.8 percent over the past year.



About This Sector

This sector comprises establishments engaged in services not classified elsewhere such as equipment and machinery repair, religious activities, grantmaking, advocacy, and providing dry-cleaning and laundry services, and personal care services. Of the three main component industries, Personal and Laundry Services accounts for a plurality of the sector's employment at 48 percent as a subsector where self-employment is prevalent (source: Census - Non Employer Statistics and BLS - Quarterly Census of Employment and Wages) (see Chart 23). Across the Houston MSA, the concentration of jobs in the overall Other Services sector is 1 percent less than the national average.

Chart 23. Employment in Component Industries of Other Services Sector - September 2026



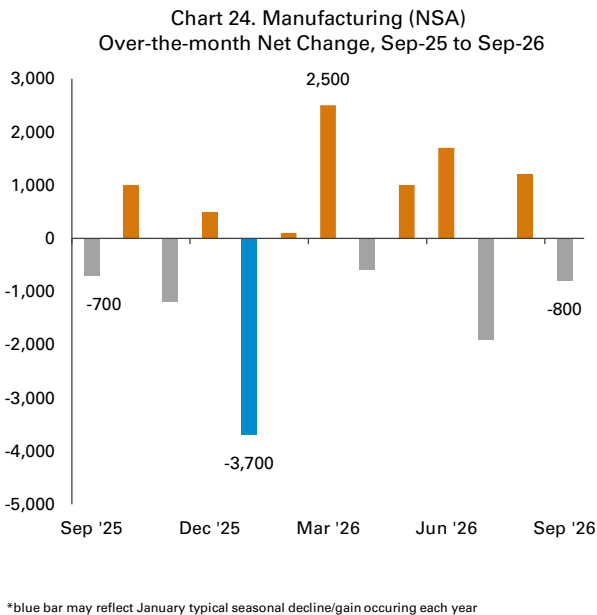
*estimated proportions based QCEW covered and NES self-employment

DECLINING INDUSTRY HIGHLIGHTS

Manufacturing

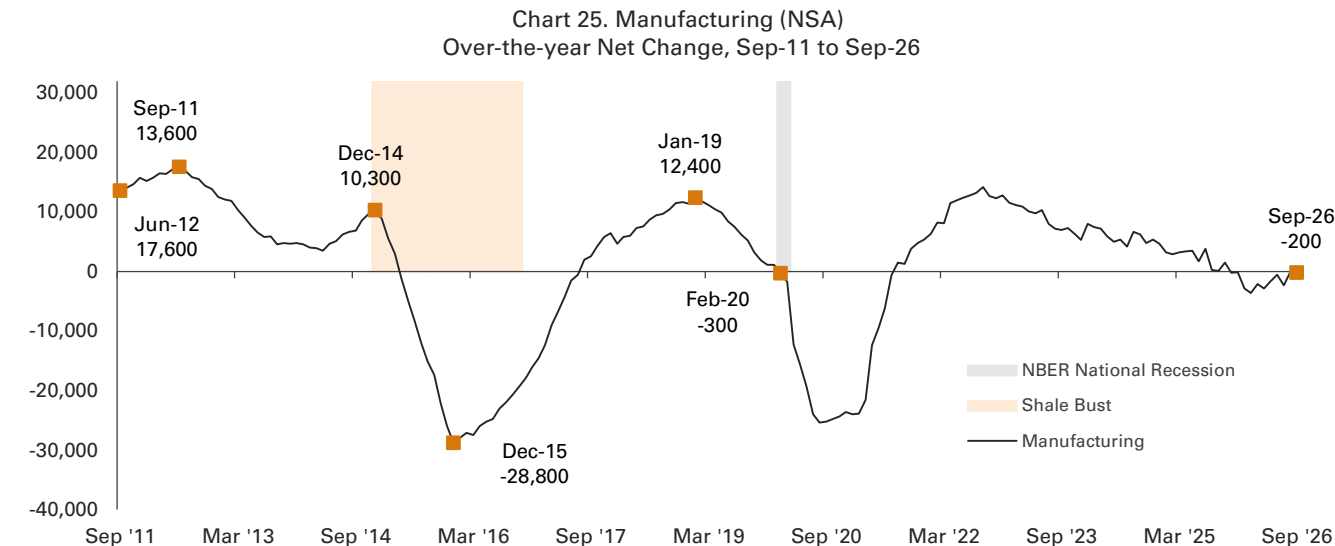
Over-the-month Change

Manufacturing was the seventh-largest declining sector over the month down -800 jobs, or -0.3 percent (see Chart 24). Historically in the month of September, Manufacturing has lost an average of -400 jobs over the month, which indicates that this month's losses are slightly larger than the long-term average decline. Non-Durable Goods was the largest contributor to the overall sector's decline, down -400 jobs over the month. The second-largest declining contributor was Durable Goods, which lost -400 jobs from August to September. Manufacturing employment was revised upward by 500 jobs for a July to August larger net gain of 1,200 compared to an original estimate of 700 jobs.



Over-the-year Change

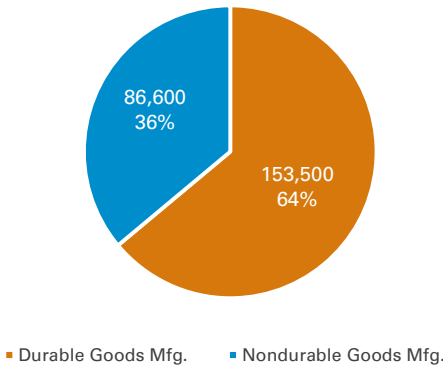
Year over year, Manufacturing was down -200 jobs, or -0.1 percent (see Chart 25). Non-Durable Goods was the largest contributor to the overall sector's decline, down -2,900 jobs over the year. One component industry that provided a partial offset was Durable Goods, which gained 2,700 jobs from September a year ago. Total Manufacturing employment (NSA) now exceeds its February 2020 pre-pandemic level of 234,700 jobs by 5,400, or 2.3 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 7.0 percent over the past year.



About This Sector

This sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. Of the two main component industries, Durable Goods accounts for the majority of the sector's employment at 64 percent (see Chart 26). Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 14 percent less than the national average.

Chart 26. Employment in Component Industries of Manufacturing Sector - September 2026

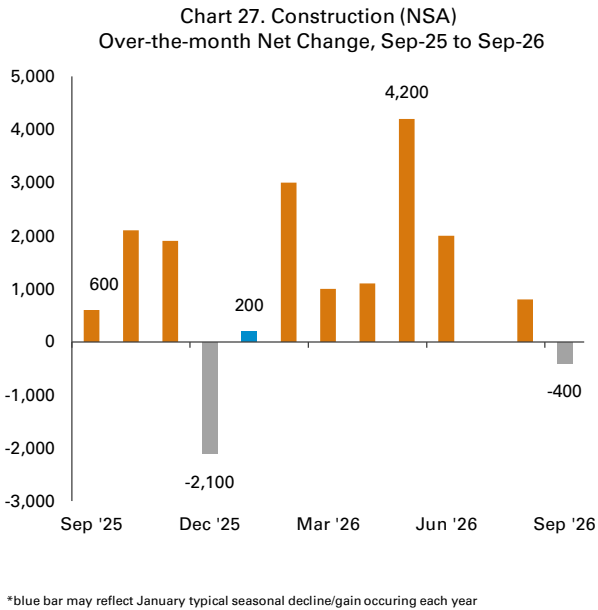


DECLINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction was the eighth-largest declining sector over the month down -400 jobs, or -0.1 percent (see Chart 27). Historically in the month of September, Construction has added an average of 500 jobs over the month, which indicates that this month's losses are moderately in contrast to the long-term average gain. Construction of Buildings was the largest contributor to the overall sector's decline, down -400 jobs over the month. One component industry, Specialty Trade Contractors, saw no change from August to September. Lastly, Heavy and Civil Engineering Construction saw no change over the month. Construction employment was revised upward by 700 jobs for a July to August larger net gain of 800 compared to an original estimate of 100 jobs.

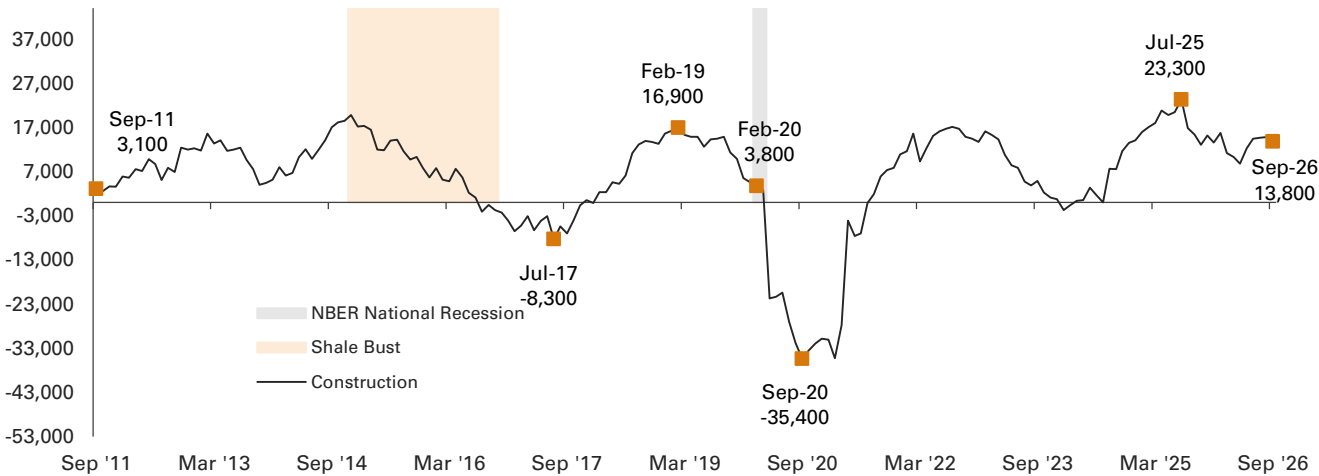


Over-the-year Change

Year over year, Construction was up 13,800 jobs, or 5.4 percent (see Chart 28). Among sectors currently showing growth, this sector is the fastest-growing in percentage terms across the Houston area. Furthermore, 34.1 percent of total (gross) jobs added across the region over the past year can be attributed to Construction. Specialty Trade Contractors was the largest contributor to the overall sector's increase, up 6,500 jobs over the year. The second-largest contributor was Construction of Buildings, which added 3,900 jobs from September a year ago. Lastly, Heavy and Civil Engineering

Construction contributed, 3,400 jobs. Total Construction employment (NSA) now exceeds its February 2020 pre-pandemic level of 237,400 jobs by 31,900, or 13.4 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 7.4 percent to 7.7 percent over the past year.

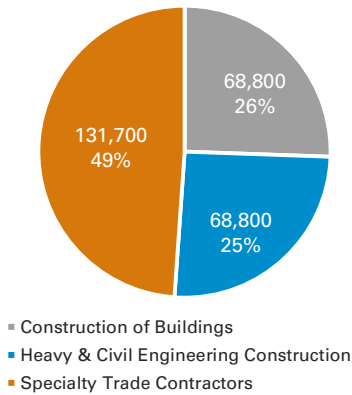
Chart 28. Construction (NSA)
Over-the-year Net Change, Sep-11 to Sep-26



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 49 percent (see Chart 29). Across the Houston MSA, the concentration of jobs in the overall Construction sector is 45 percent higher than the national average, due to 2.5 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

Chart 29. Employment in Component Industries of
Construction Sector - September 2026

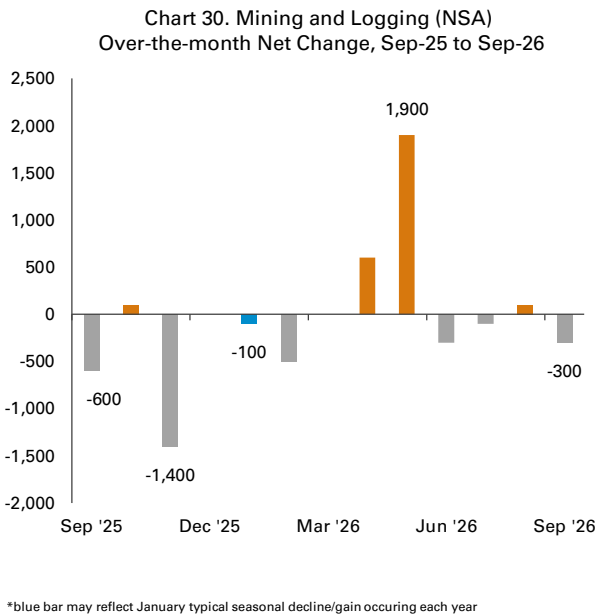


DECLINING INDUSTRY HIGHLIGHTS

Mining and Logging

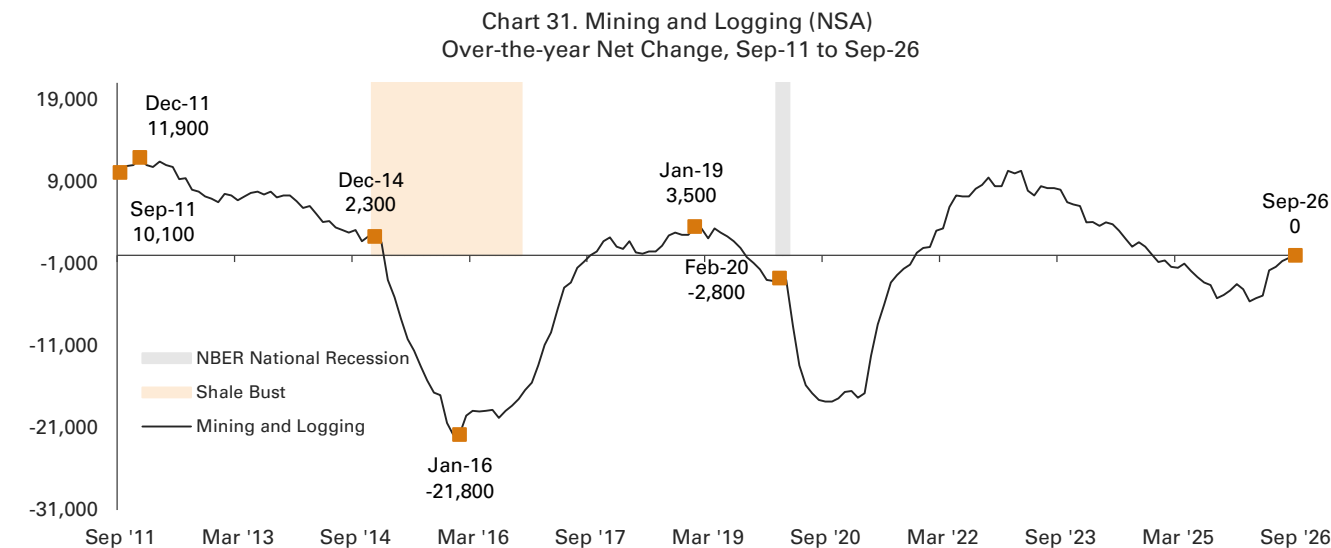
Over-the-month Change

Mining and Logging was the ninth-largest declining sector over the month down -300 jobs, or -0.4 percent (see Chart 30). Historically in the month of September, Mining and Logging has lost an average of -300 jobs over the month, which indicates that this month's losses are on par with the long-term average. Oil and Gas Extraction was the largest contributor to the overall sector's decline, down -100 jobs over the month. The second-largest declining contributor was Support Activities for Mining, which lost -100 jobs from August to September. Lastly, Other Mining and Logging Undefined subtracted, -100 jobs. Mining and Logging employment was revised upward by 100 jobs for a July to August net gain of 100 compared to an original estimate of zero net change in jobs over the month.



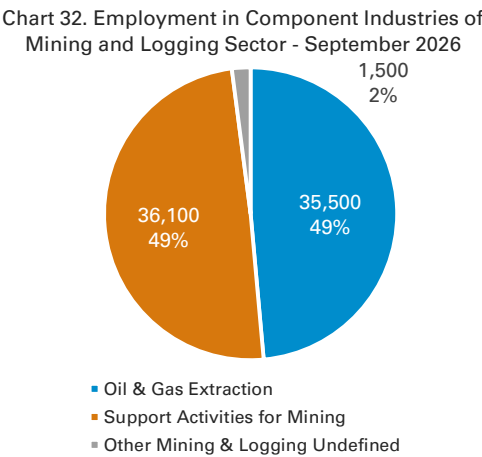
Over-the-year Change

Year over year, Mining and Logging saw no change. (see Chart 31). Total Mining and Logging employment (NSA) remains -5,300 jobs, or -6.8 percent below its February 2020 pre-pandemic level of 78,400. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 2.1 percent over the past year.



About This Sector

This sector comprises establishments extracting naturally occurring minerals such as coal and ores; liquid minerals, such as crude petroleum and natural gas; and timber. Of the three main component industries, Support Activities for Mining accounts for a plurality of the sector's employment at 49 percent (see Chart 32). Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 5.5 times the national average, due to the region's role as a global hub for the oil and gas industry.

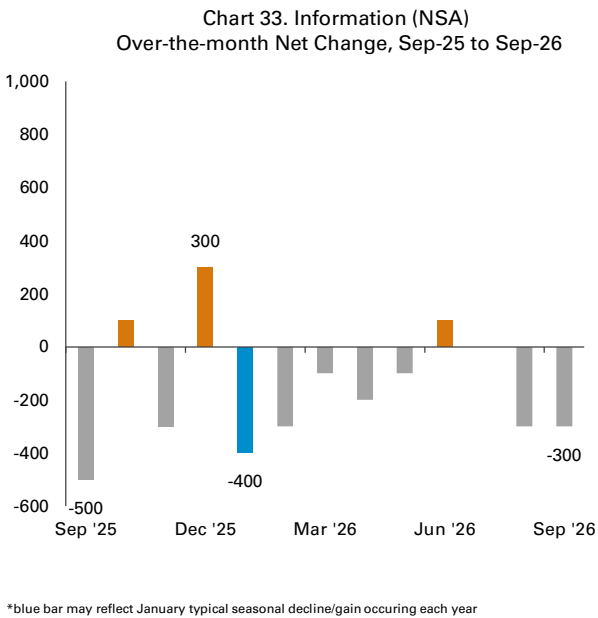


DECLINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

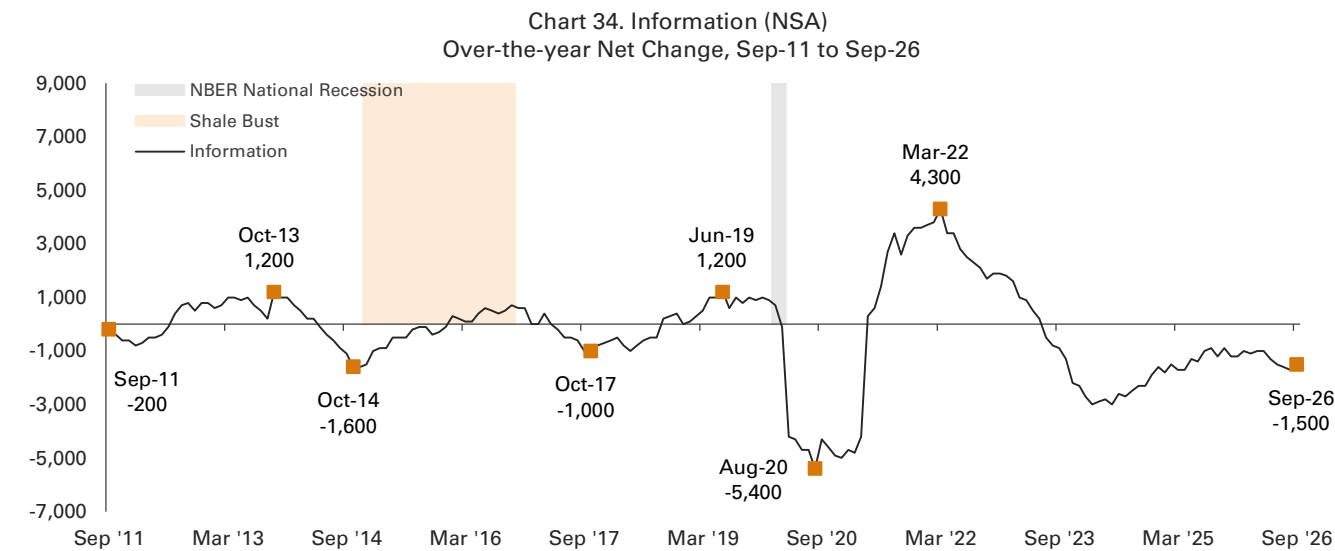
Information was the tenth-largest declining sector over the month down -300 jobs, or -1.1 percent (see Chart 33). Historically in the month of September, Information has lost an average of -300 jobs over the month, which indicates that this month's losses are on par with the long-term average. Other Information Undefined was the largest contributor to the overall sector's decline, down -200 jobs over the month. The second-largest declining contributor was Telecommunications, which lost -100 jobs from August to September. Information employment saw no revision from July to August leaving the previous month's original decrease of -300 intact.



Over-the-year Change

Year over year, Information was down -1,500 jobs, or -5.3 percent (see Chart 34). Among sectors currently showing contraction, this sector is the fastest declining in percentage terms across the Houston area. Furthermore, 21.7 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 -800 jobs over the year. The second-largest declining contributor was Telecommunications, which lost -700 jobs from September a year ago. Total Information employment

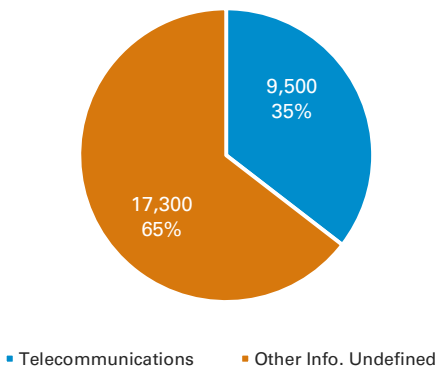
(NSA) remains -5,900 jobs, or -18.0 percent below its February 2020 pre-pandemic level of 32,700. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 0.8 percent over the past year.



About This Sector

This sector comprises establishments producing and distributing information and cultural products, e.g. traditional and online news publishing; software publishing; the motion picture and sound recording; TV broadcasting; and telecommunications. Of the two main component industries, Other Information Undefined accounts for the majority of the sector's employment at 65 percent (see Chart 35). Across the Houston MSA, the concentration of jobs in the overall Information sector is 55 percent less than the national average.

Chart 35. Employment in Component Industries of Information Sector - September 2026

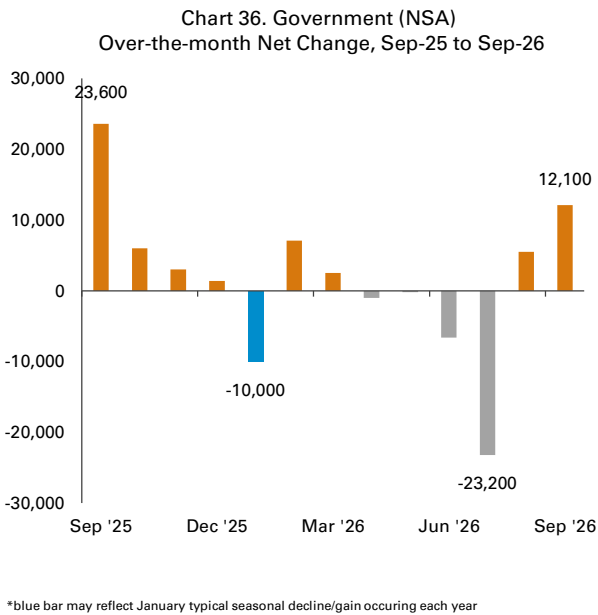


GAINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was the largest gaining sector over the month up 12,100 jobs, or 2.7 (see Chart 36). Historically in the month of September, Government has added an average of 15,100 jobs over the month, which indicates that this month's gains are slightly below the long-term average. Local Government was the largest contributor to the overall sector's increase, up 10,800 jobs over the month. The second-largest contributor was State Government, which added 800 jobs from August to September. Lastly, Federal Government contributed, 500 jobs. Government employment was revised downward by -200 jobs for a July to August smaller net gain of 5,500 compared to an original estimate of 5,700 jobs.

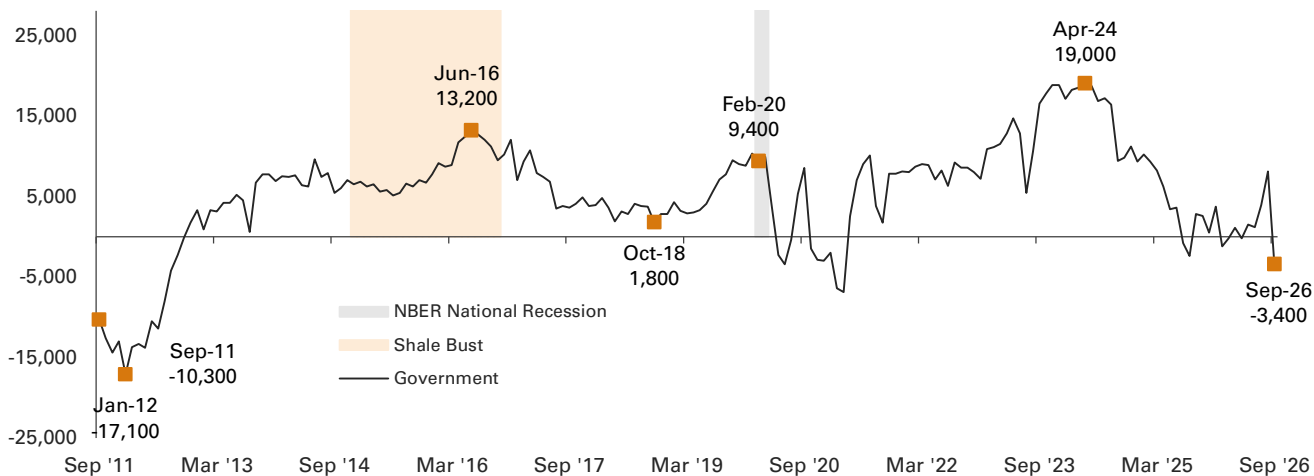


Over-the-year Change

Year over year, Government was down -3,400 jobs, or -0.7 percent (see Chart 37). This was the second-largest over-the-year decline in the month of September since records began in 1990 and the largest decline since March 2021's loss of -6,900 jobs. Among sectors currently showing contraction, this sector is the third-fastest declining in percentage terms across the Houston area. Furthermore, 49.3 percent of total (gross) jobs lost across the region over the past year can be attributed to Government. Local Government was the largest contributor to the overall sector's decline, down -5,400 jobs

over the year. The second-largest declining contributor was Federal Government, which lost -800 jobs from September a year ago. Lastly, State Government offset a portion of the sector's losses with a gain of 2,800 jobs. Total Government employment (NSA) now exceeds its February 2020 pre-pandemic level of 429,300 jobs by 29,800, or 6.9 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 13.4 percent to 13.2 percent over the past year.

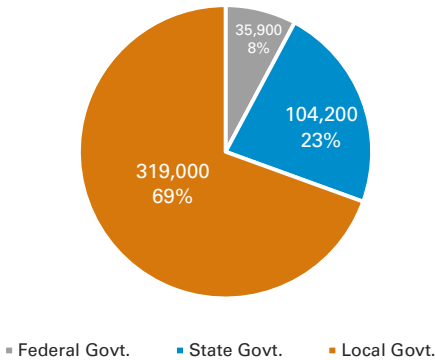
Chart 37. Government (NSA)
Over-the-year Net Change, Sep-11 to Sep-26



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 69 percent (see Chart 38). Across the Houston MSA, the concentration of jobs in the overall Government sector is 10 percent less than the national average.

Chart 38. Employment in Component Industries of
Government Sector - September 2026



Local Area Unemployment Statistics

Not-Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 4.6 percent in September, down from August's 5.0 percent and down from 4.8 percent a year ago. This was above the statewide rate of 4.3 percent and above the national rate of 4.0 percent. An over-the-month decline in September is typical having occurred roughly three-quarters of the time over the past three decades. 180,145 individuals were unemployed in Houston in September, down from August's 194,296 and down from 188,955 in September 2025 (see Charts 39 and 40).

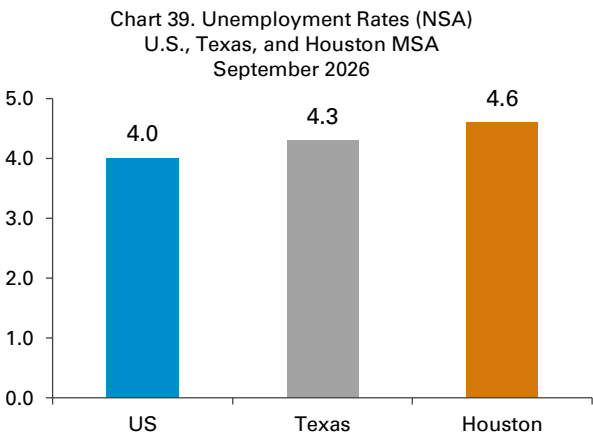
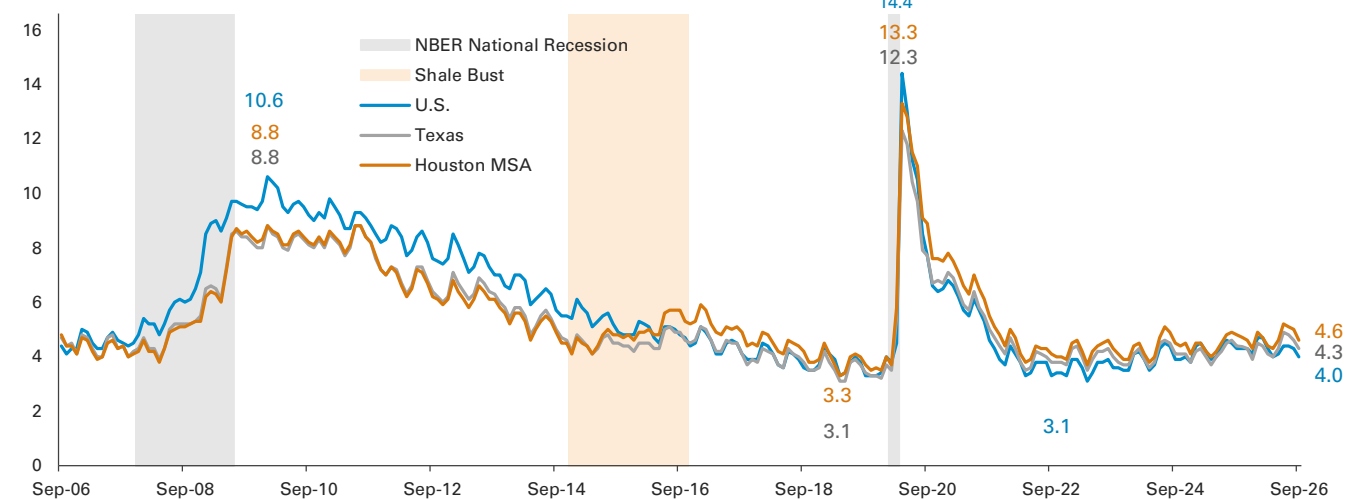


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
September 2006 to September 2026

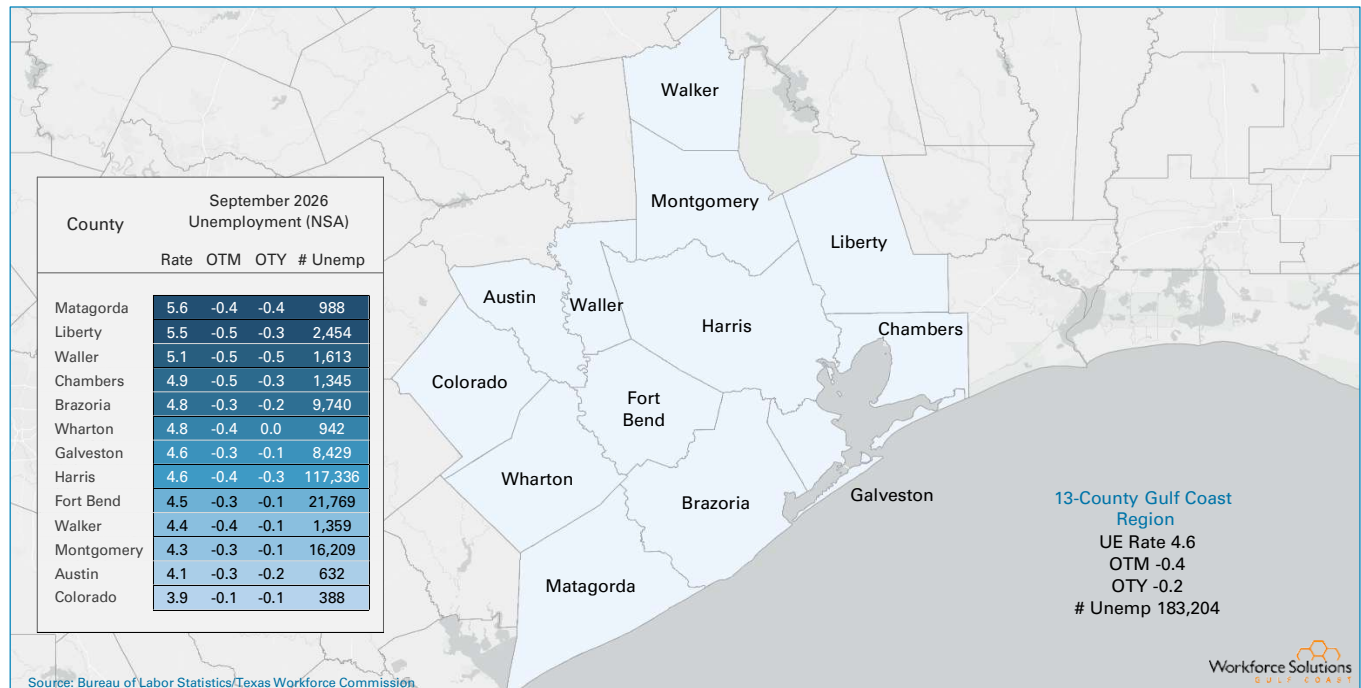


County-level Unemployment

Among the 13 counties that comprise the Gulf Coast Workforce Development Area, unemployment rates in September ranged from a high of 5.6 percent in Matagorda County to a low of 3.9 percent in Colorado. Over the month, all 13 counties saw their unemployment rates decline in keeping with the region-wide decrease of -0.4 percentage points. Chambers saw the largest percentage-point decrease in unemployment down -0.5 pp. representing -140 fewer unemployed workers compared to the previous month. This was followed by Liberty (-0.5 pp, -249 workers) and Waller

(-0.5 pp, -157 workers). Over the year unemployment rates also fell, with Waller posting the largest decrease, down -0.5 percentage points representing -153 fewer unemployed workers compared to a year ago followed by Matagorda (-0.4 pp, -62 workers) and Chambers (-0.3 pp, -80 workers). Since peaking at 448,765 in April 2020 due to the COVID-19 global pandemic, the number of unemployed workers in the Gulf Coast Region has fallen by -265,561 as of this September (see Map 1 legend).

Map 1. 13-County Gulf Coast Region Unemployment Rates September 2026 (NSA)



Local Area Unemployment Statistics (continued)

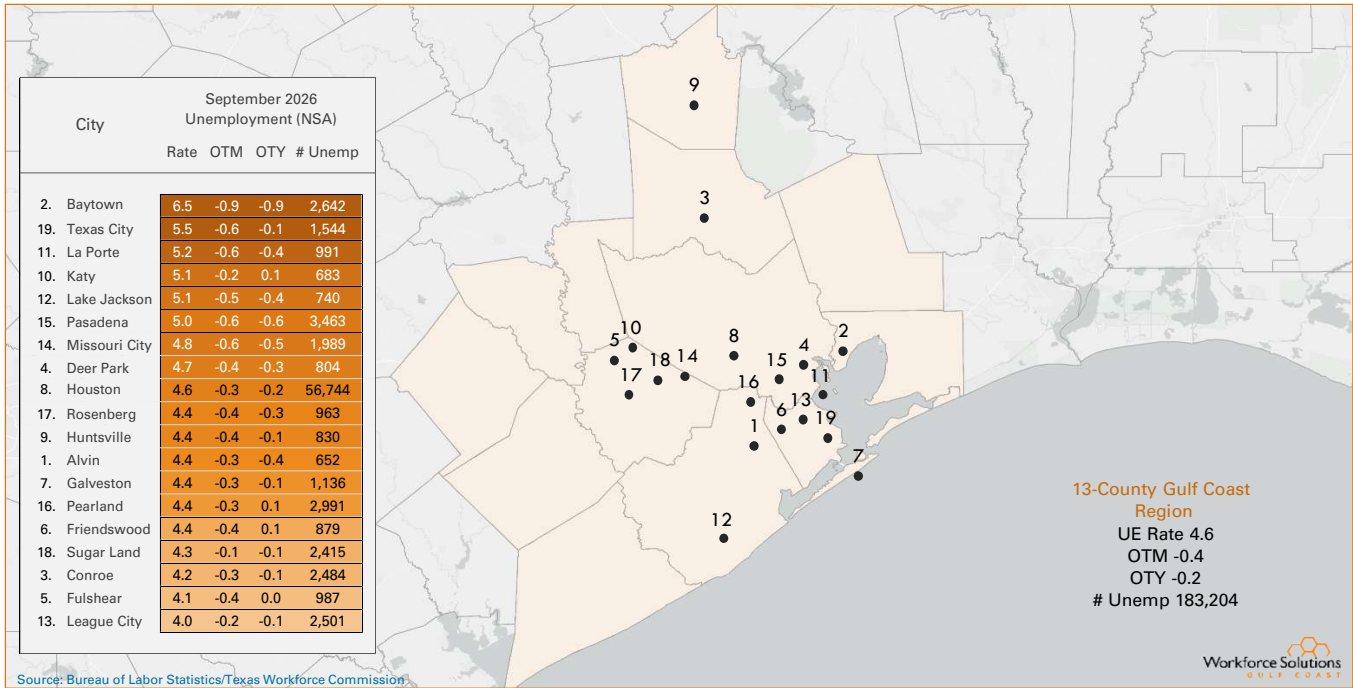
Not-Seasonally Adjusted

Unemployment Rates for Select Municipalities

Among the 19 cities in the Gulf Coast Workforce Development Area for which Local Area Unemployment Statistics are available, unemployment rates in September ranged from a high of 6.5 percent in Baytown to a low of 4.0 percent in League City (see Map 2 legend). Over the month, all 19 cities saw their unemployment rates decline in keeping with region-wide decrease of -0.4 percentage points. Baytown saw the largest percentage-point decrease in unemployment

down -0.9 pp. representing -365 fewer unemployed workers compared to the previous month. This was followed by Missouri City (-0.6 pp, -250 workers) and La Porte (-0.6 pp, -122 workers). Over the year unemployment rates also fell, with Baytown posting the largest decrease, down -0.9 percentage points representing -394 fewer unemployed workers compared to a year ago followed by Pasadena (-0.6 pp, -380 workers) and Missouri City (-0.5 pp, -222 workers). The 19 cities below accounted for 47 percent of the 183,204 unemployed workers across the Gulf Coast Region as of this September (see Map 2 legend).

Map 2. 13-County Gulf Coast Region City Unemployment Rates September 2026 (NSA)



Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (seasonally-adjusted) unemployment rate stood at 4.8 percent in August, unchanged from July's 4.8 percent and up from 4.6 percent a year ago. This was above the statewide rate of 4.4 percent and above the national rate of 4.1 percent. 186,888 individuals were unemployed in Houston in August, down slightly from July's 186,311 and up from 178,323 in August 2025 (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 19 cities.

Chart 41. Unemployment Rates (SA)
U.S., Texas, and Houston MSA
August 2026

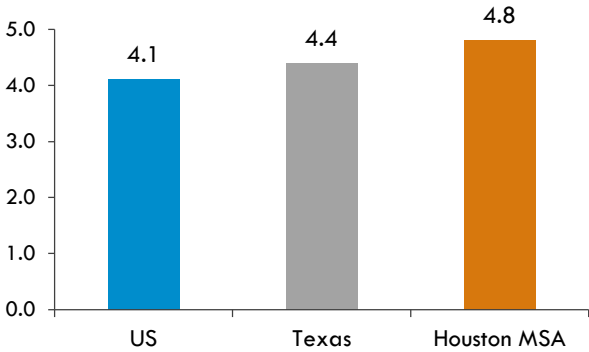
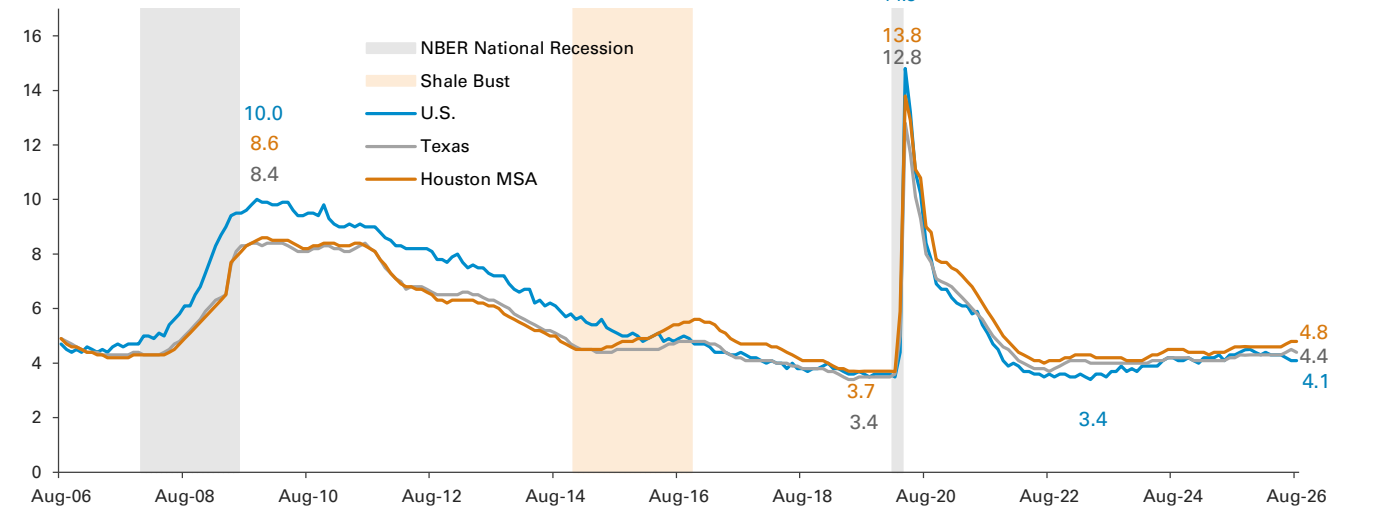


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
August 2006 to August 2026



Houston MSA Workforce Solutions Index (WSI)

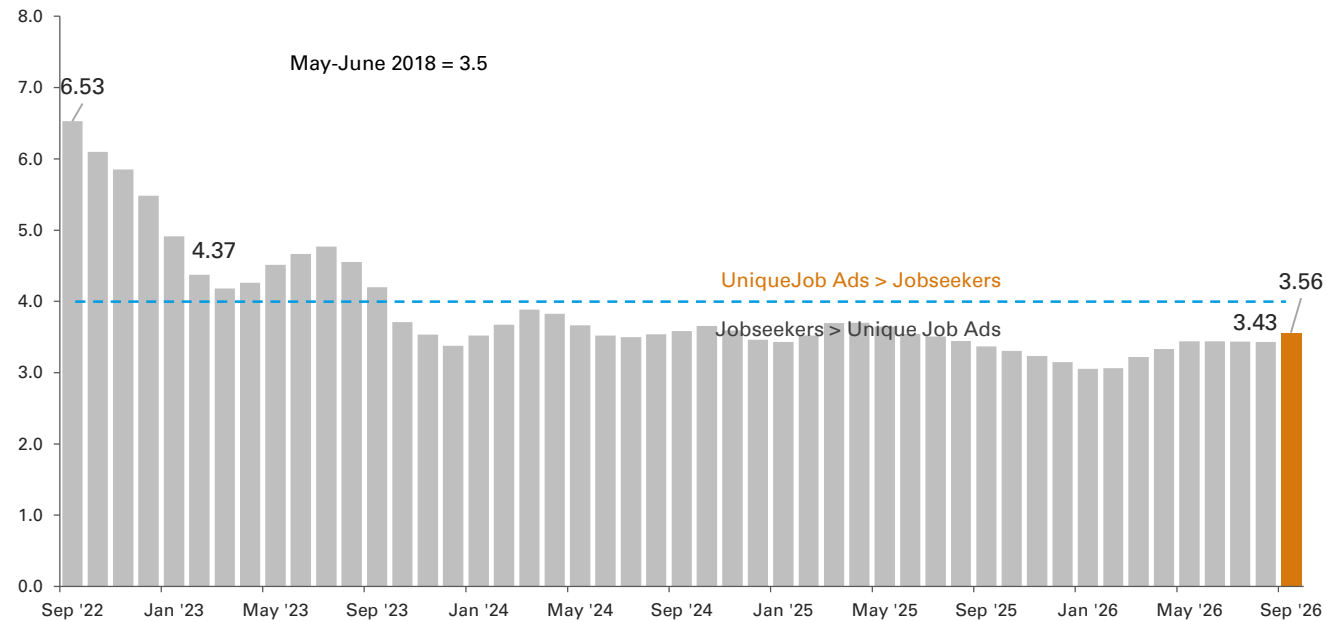


The Houston MSA Workforce Solutions Index (WSI)

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
September
2026:
3.56

Houston MSA Workforce Solutions Index - 2022 - 2026 (SA)



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



Workforce Solutions Index September 2026

The Houston MSA WSI for September stood at 3.56, up from August's 3.43. This was the result of a 17,600 increase in the number of active job ads between August and September coupled with a 2,500 increase in the number of unemployed individuals between July and August. This September marks 8 consecutive months of increases in the WSI from a recent low of 3.06 in January. In addition, January's reading was the lowest since April 2021, which was followed by a sharp increase in August of that year signaling the start of acute labor shortages associated with the post-pandemic rebound period.

As of September the index has remained below the equilibrium value of 4.0. for 36 consecutive months while remaining above 3.0 reaffirming the relative advantage of employers compared to jobseekers. As a result, the WSI continues to suggest that a requirement of three work search activities each week may be appropriate for individuals receiving unemployment insurance given the relative availability of jobs at present.



Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Sep-26	Aug-26	Sep-25	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,489,400	3,496,700	3,455,800	-7,300	-0.2%	33,600	1.0%
Total Private	3,030,300	3,049,700	2,993,300	-19,400	-0.6%	37,000	1.2%
Goods Producing	582,500	584,000	568,900	-1,500	-0.3%	13,600	2.4%
.Mining and Logging	73,100	73,400	73,100	-300	-0.4%	0	0.0%
...Oil and Gas Extraction	35,500	35,600	35,200	-100	-0.3%	300	0.9%
...Support Activities for Mining	36,100	36,200	36,400	-100	-0.3%	-300	-0.8%
.Construction	269,300	269,700	255,500	-400	-0.1%	13,800	5.4%
..Construction of Buildings	68,800	69,200	64,900	-400	-0.6%	3,900	6.0%
..Heavy and Civil Engineering Construction	68,800	68,800	65,400	0	0.0%	3,400	5.2%
..Specialty Trade Contractors	131,700	131,700	125,200	0	0.0%	6,500	5.2%
.Manufacturing	240,100	240,900	240,300	-800	-0.3%	-200	-0.1%
..Durable Goods	153,500	153,900	150,800	-400	-0.3%	2,700	1.8%
...Fabricated Metal Product Manufacturing	55,900	56,000	54,800	-100	-0.2%	1,100	2.0%
...Machinery Manufacturing	40,400	40,400	39,600	0	0.0%	800	2.0%
....Agriculture, Construction, and Mining Machinery Mfg.	19,100	19,100	18,800	0	0.0%	300	1.6%
...Computer and Electronic Product Manufacturing	15,700	15,600	15,200	100	0.6%	500	3.3%
..Non-Durable Goods	86,600	87,000	89,500	-400	-0.5%	-2,900	-3.2%
...Petroleum and Coal Products Manufacturing	7,400	7,400	7,600	0	0.0%	-200	-2.6%
...Chemical Manufacturing	43,200	42,900	43,400	300	0.7%	-200	-0.5%
Service Providing	2,906,900	2,912,700	2,886,900	-5,800	-0.2%	20,000	0.7%
.Private Service Providing	2,447,800	2,465,700	2,424,400	-17,900	-0.7%	23,400	1.0%
.Trade, Transportation, and Utilities	693,300	695,900	690,300	-2,600	-0.4%	3,000	0.4%
...Wholesale Trade	176,400	176,200	177,500	200	0.1%	-1,100	-0.6%
....Merchant Wholesalers, Durable Goods	109,900	109,800	110,200	100	0.1%	-300	-0.3%
.....Prof. and Commercial Equip. Supplies Wholesalers	18,000	17,900	18,100	100	0.6%	-100	-0.6%
....Merchant Wholesalers, Nondurable Goods	54,000	54,200	55,700	-200	-0.4%	-1,700	-3.1%
...Retail Trade	318,000	319,800	316,800	-1,800	-0.6%	1,200	0.4%
....Motor Vehicle and Parts Dealers	45,000	45,100	44,700	-100	-0.2%	300	0.7%
....Bldg. Material and Garden Equip. and Supplies Dealers	23,200	23,500	24,000	-300	-1.3%	-800	-3.3%
....Food and Beverage Stores	77,700	77,800	76,500	-100	-0.1%	1,200	1.6%
....Health and Personal Care Stores	62,300	62,400	62,600	-100	-0.2%	-300	-0.5%
....Clothing and Clothing Accessories Stores	16,500	16,600	16,300	-100	-0.6%	200	1.2%
....General Merchandise Stores	45,800	45,800	46,300	0	0.0%	-500	-1.1%
.....Department Stores	22,700	22,700	23,000	0	0.0%	-300	-1.3%
.....Other General Merchandise Stores	24,400	25,200	24,200	-800	-3.2%	200	0.8%
...Transportation, Warehousing, and Utilities	198,900	199,900	196,000	-1,000	-0.5%	2,900	1.5%
....Utilities	25,500	25,500	24,400	0	0.0%	1,100	4.5%
.....Air Transportation	21,800	21,900	20,900	-100	-0.5%	900	4.3%
.....Truck Transportation	31,200	31,300	30,400	-100	-0.3%	800	2.6%
.....Pipeline Transportation	16,000	16,100	15,400	-100	-0.6%	600	3.9%
.Information	26,800	27,100	28,300	-300	-1.1%	-1,500	-5.3%
...Telecommunications	9,500	9,600	10,200	-100	-1.0%	-700	-6.9%
.Financial Activities	176,100	177,100	177,900	-1,000	-0.6%	-1,800	-1.0%
...Finance and Insurance	113,200	113,800	115,300	-600	-0.5%	-2,100	-1.8%
....Credit Intermediation and Related Activities	44,200	44,400	45,300	-200	-0.5%	-1,100	-2.4%
.....Depository Credit Intermediation	29,500	29,700	30,200	-200	-0.7%	-700	-2.3%
....Securities, Commodity Contracts, and Fin. Investments	20,300	20,600	20,600	-300	-1.5%	-300	-1.5%
....Insurance Carriers and Related Activities	48,700	48,800	49,400	-100	-0.2%	-700	-1.4%
...Real Estate and Rental and Leasing	62,900	63,300	62,600	-400	-0.6%	300	0.5%
.Professional and Business Services	578,000	581,900	562,700	-3,900	-0.7%	15,300	2.7%
...Professional, Scientific, and Technical Services	285,600	287,600	280,700	-2,000	-0.7%	4,900	1.7%
....Legal Services	35,100	35,200	34,500	-100	-0.3%	600	1.7%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	26,400	26,500	27,000	-100	-0.4%	-600	-2.2%
....Architectural, Engineering, and Related Services	80,100	80,600	78,900	-500	-0.6%	1,200	1.5%
....Computer Systems Design and Related Services	41,100	41,600	41,500	-500	-1.2%	-400	-1.0%
...Management of Companies and Enterprises	43,300	43,500	43,400	-200	-0.5%	-100	-0.2%
...Admin. and Support and Waste Mgmt. and Remediation	249,100	250,800	238,600	-1,700	-0.7%	10,500	4.4%
....Administrative and Support Services	234,700	236,400	224,900	-1,700	-0.7%	9,800	4.4%
.....Employment Services	85,500	86,600	78,200	-1,100	-1.3%	7,300	9.3%
.....Services to Buildings and Dwellings	62,600	63,100	59,300	-500	-0.8%	3,300	5.6%
.Educational and Health Services	474,900	476,800	469,500	-1,900	-0.4%	5,400	1.2%
...Educational Services	73,400	73,100	72,600	300	0.4%	800	1.1%
...Health Care and Social Assistance	401,500	403,700	396,900	-2,200	-0.5%	4,600	1.2%
....Ambulatory Health Care Services	202,900	203,600	201,300	-700	-0.3%	1,600	0.8%
....Hospitals	102,100	102,500	101,300	-400	-0.4%	800	0.8%
.Leisure and Hospitality	368,000	375,300	365,700	-7,300	-1.9%	2,300	0.6%
...Arts, Entertainment, and Recreation	42,000	42,800	42,600	-800	-1.9%	-600	-1.4%
...Accommodation and Food Services	326,000	332,500	323,100	-6,500	-2.0%	2,900	0.9%
....Accommodation	27,200	27,500	26,900	-300	-1.1%	300	1.1%
....Food Services and Drinking Places	298,800	305,000	296,200	-6,200	-2.0%	2,600	0.9%
.Other Services	130,700	131,600	130,000	-900	-0.7%	700	0.5%
Government	459,100	447,000	462,500	12,100	2.7%	-3,400	-0.7%
.Federal Government	35,900	35,400	36,700	500	1.4%	-800	-2.2%
.State Government	104,200	103,400	101,400	800	0.8%	2,800	2.8%
..State Government Educational Services	56,700	55,800	55,000	900	1.6%	1,700	3.1%
.Local Government	319,000	308,200	324,400	10,800	3.5%	-5,400	-1.7%
..Local Government Educational Services	214,600	204,300	221,200	10,300	5.0%	-6,600	-3.0%