

Houston Area Employment Situation

February 2021

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

February's Lackluster Job Growth Serves as a Reminder of the Challenges Facing the Region in the Wake of the Pandemic

Total Nonfarm

Over-the-month Change

Houston MSA Total Nonfarm (not-seasonally adjusted) employment stood at 2,959,200 in February, up 6,900 jobs over the month, or 0.2 percent. A year ago Houston registered an over-the-month increase of 30,300 jobs. The largest all-time one-month gain on record for this sector occurred in May 2020, up 67,200 jobs. The largest one-month decline on record outside of seasonal job losses in January and July occurred in April 2020, down -343,400 jobs. (see Chart 1.) Historically in the month of February, Total Nonfarm has on average added 18,900 jobs over the month, which indicates that this month's gains are substantially below the long-term average. Not-seasonally adjusted February data tends to exaggerate over-the-month job growth each year due to seasonal job losses in January. As a result gains in most sectors and Total Nonfarm employment should be viewed with caution. It is recommended to compare to all previous Februarys to determine if "growth" is in line with historical trends.

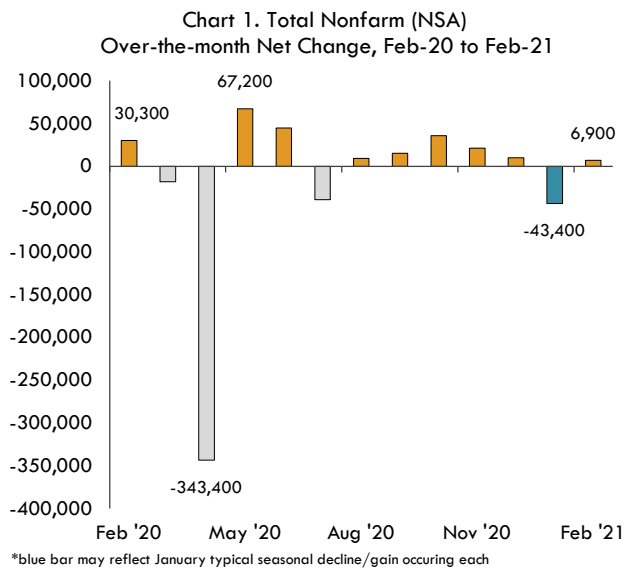
The primary drivers of this February's growth were increases in Government, Construction, and Leisure and Hospitality. Gains were also recorded in Mining and Logging and Information. The net increase in jobs over the month was partially offset by losses in Education and Health Services, Trade, Transportation, and Utilities, and Professional and Business Services. (see Chart 2.) Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 2,978,000, down -500 jobs over the month, or 0.0 percent. Note that analysis throughout the remainder of this report references not-seasonally adjusted data as seasonally-adjusted data is unavailable for major sectors and their sub-components.

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

- Government: 9,900
- Construction: 1,500
- Leisure and Hospitality: 600

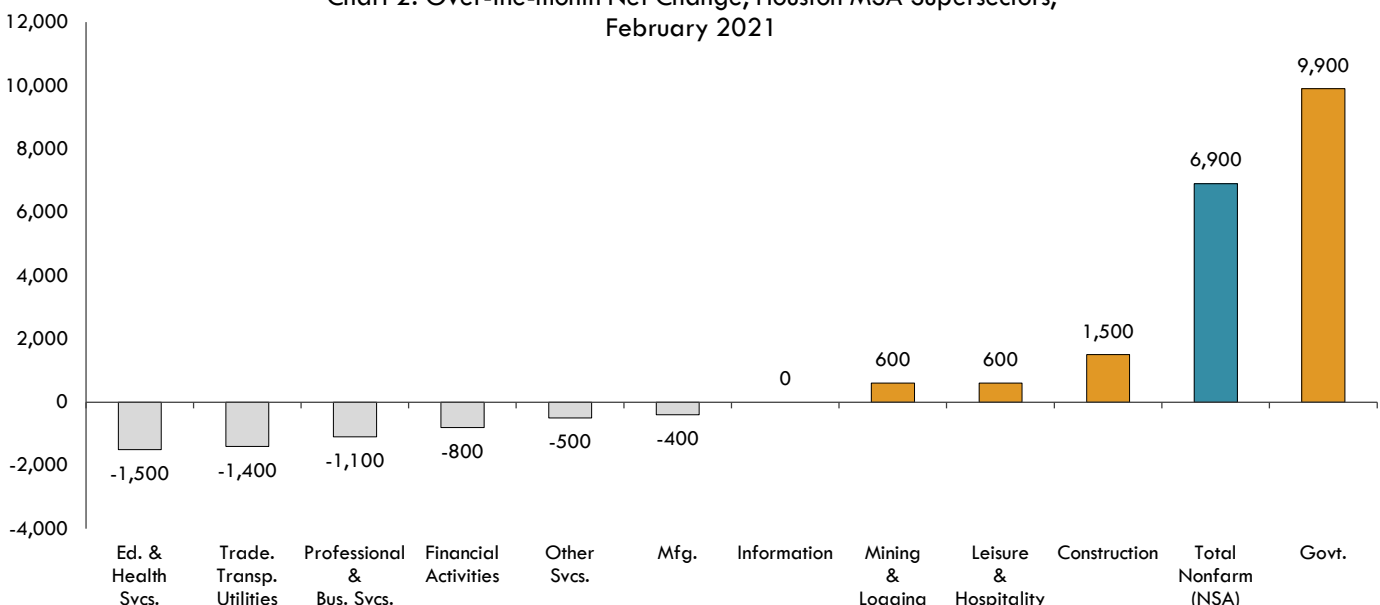
Over-the-year Change

Over the year, Total Nonfarm employment was down -233,000 or -7.3 percent on a not-seasonally-adjusted basis and down -221,900 or -6.9 percent on a seasonally-adjusted basis. To compare, February 2020 saw a year-over-year gain of 58,700 jobs (NSA) from February 2019. The largest over-the-year gain on record for Total Nonfarm Employment occurred in November 2012, up 122,700 jobs. The largest over-the-year decline on record occurred



in April 2020, down -313,700 jobs. Currently 11 out of 11 sectors show declines in employment year over year of which the top-three are Leisure and Hospitality (-51,000), Construction (-37,600), and Professional and Business Services (-36,100). (see Chart 4.) COVID-19 resulted in the loss of -361,400 jobs over March and April 2020 of which approximately 40 percent of Total Nonfarm employment has been recovered to date. (See Supplemental Commentary for additional details.)

Chart 2. Over-the-month Net Change, Houston MSA Supersectors, February 2021



Houston Area Employment Situation

February 2021

Previous Month's Revisions

Total Nonfarm employment was revised upward by 4,500 jobs for a December to January smaller net loss of -43,400 compared to an original estimate of -47,900 jobs. An upward revision of +1,800 jobs in Manufacturing was the largest contributor followed by Professional and Business Services (+1,600) and Education and Health Services (+500). Downward revisions in Mining and Logging (-100), Information (), and Trade, Transportation, and Utilities () provided a partial offset of the overall upward revision to Total Nonfarm employment. (see Chart 5.)

Top-3 Drivers of Over-the-year Job Loss in February

- Leisure and Hospitality: -51,000
- Construction: -37,600
- Professional and Business Services: -36,100

Chart 5. Net Revisions for Selected Supersectors and Major Industries, January 2021

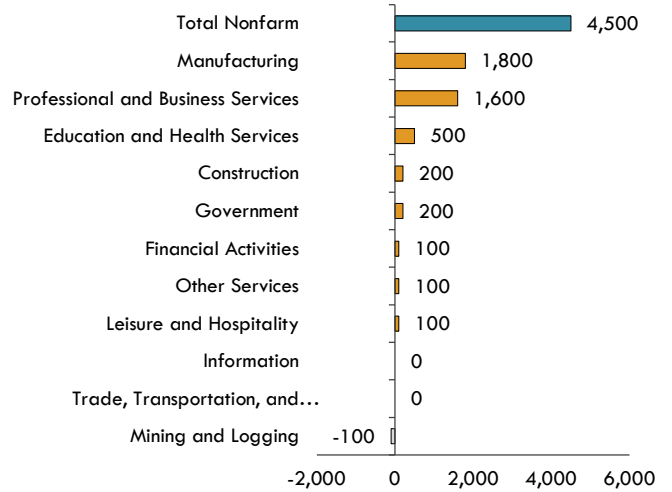


Chart 3. Total Nonfarm (NSA)
Over-the-year Net Change, Feb-06 to Feb-21

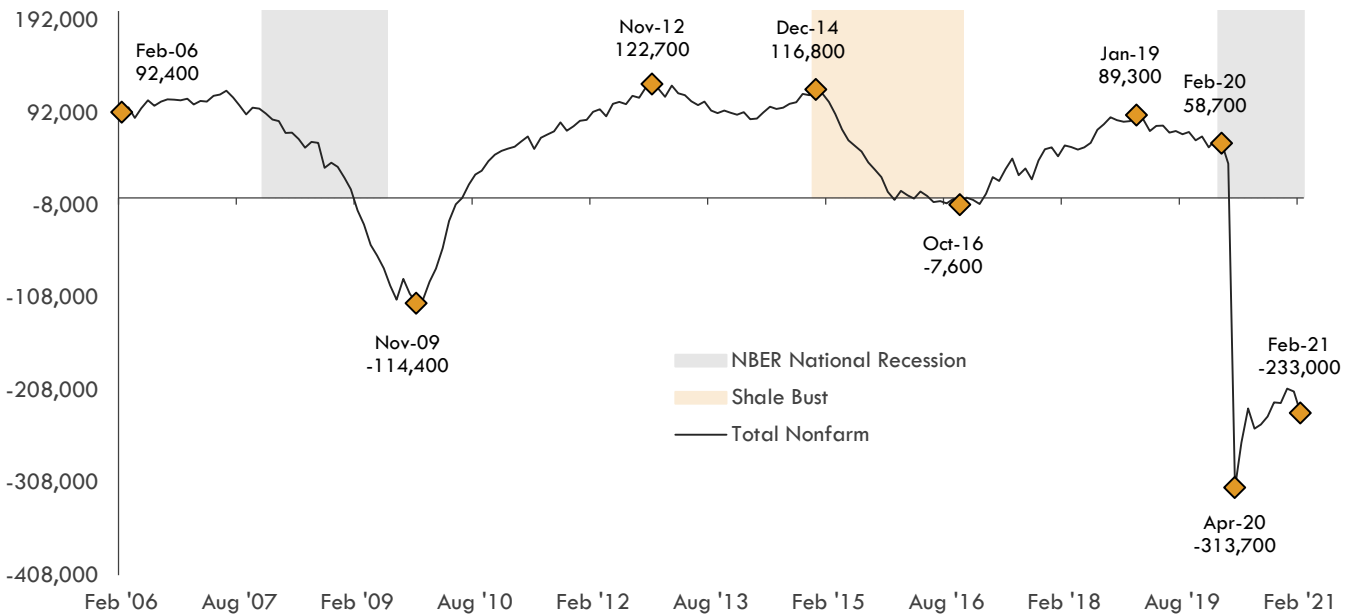
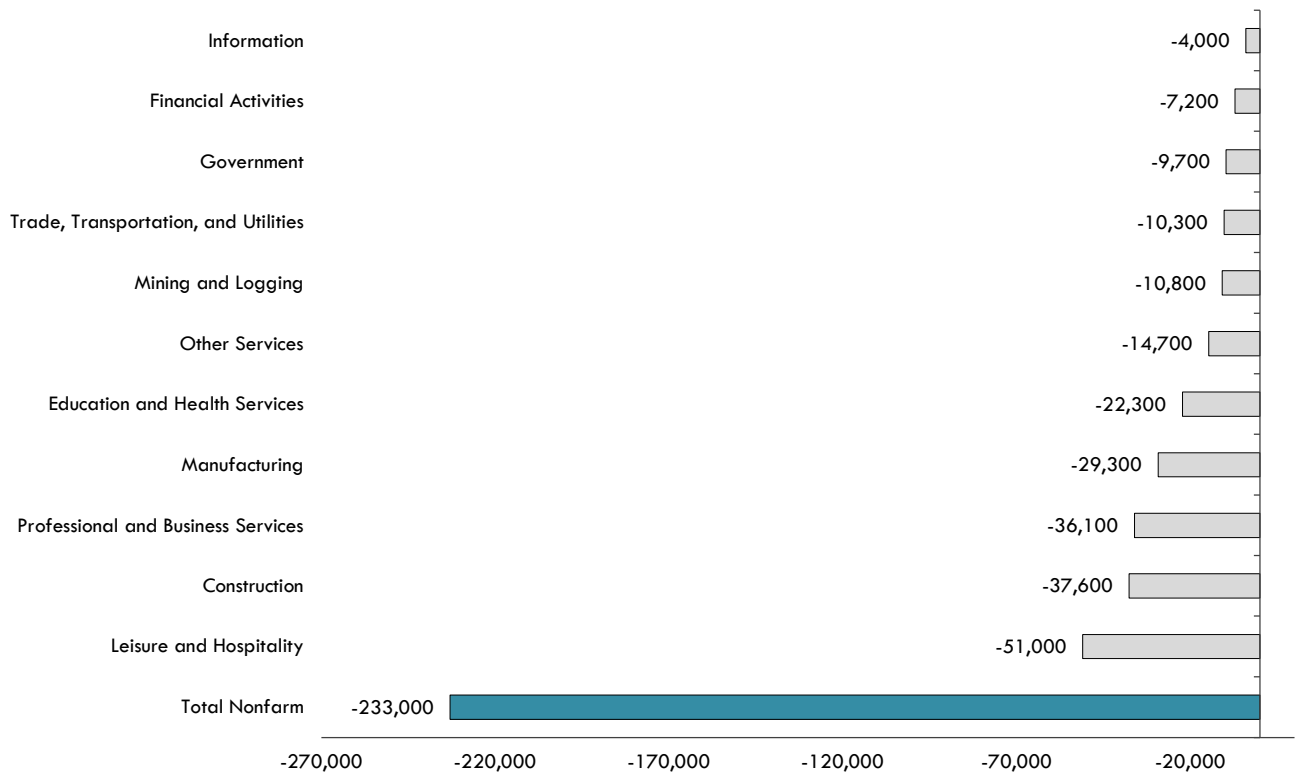
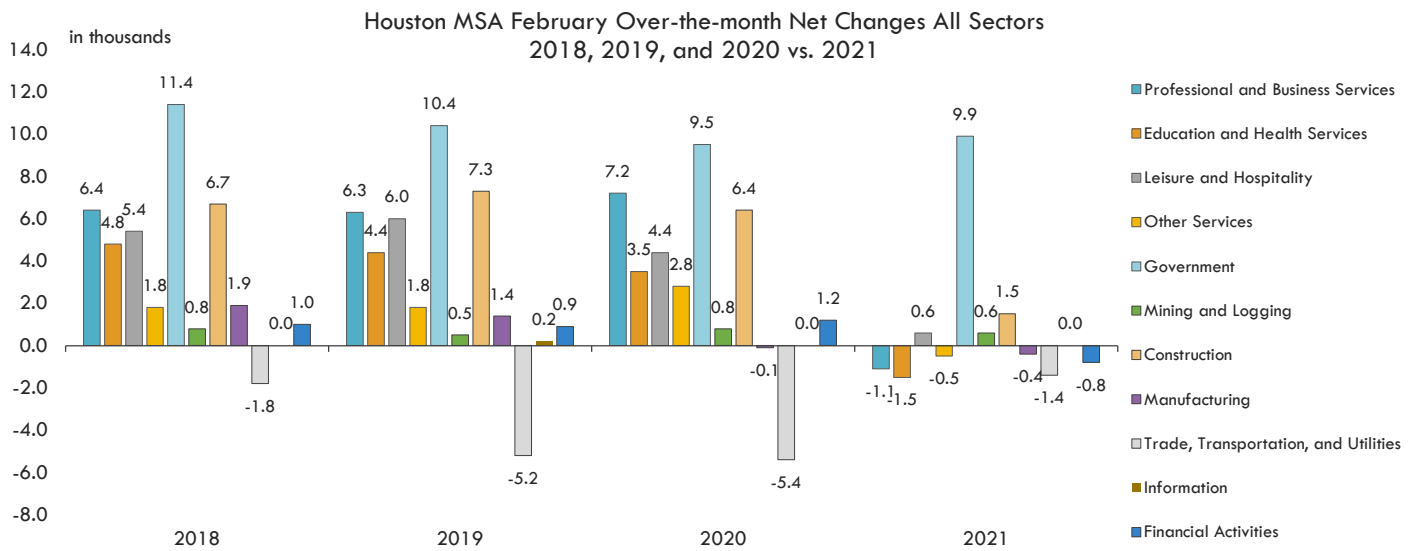


Chart 4. Over-the-year Net Change, Houston MSA Supersectors,
February 2020 to February 2021



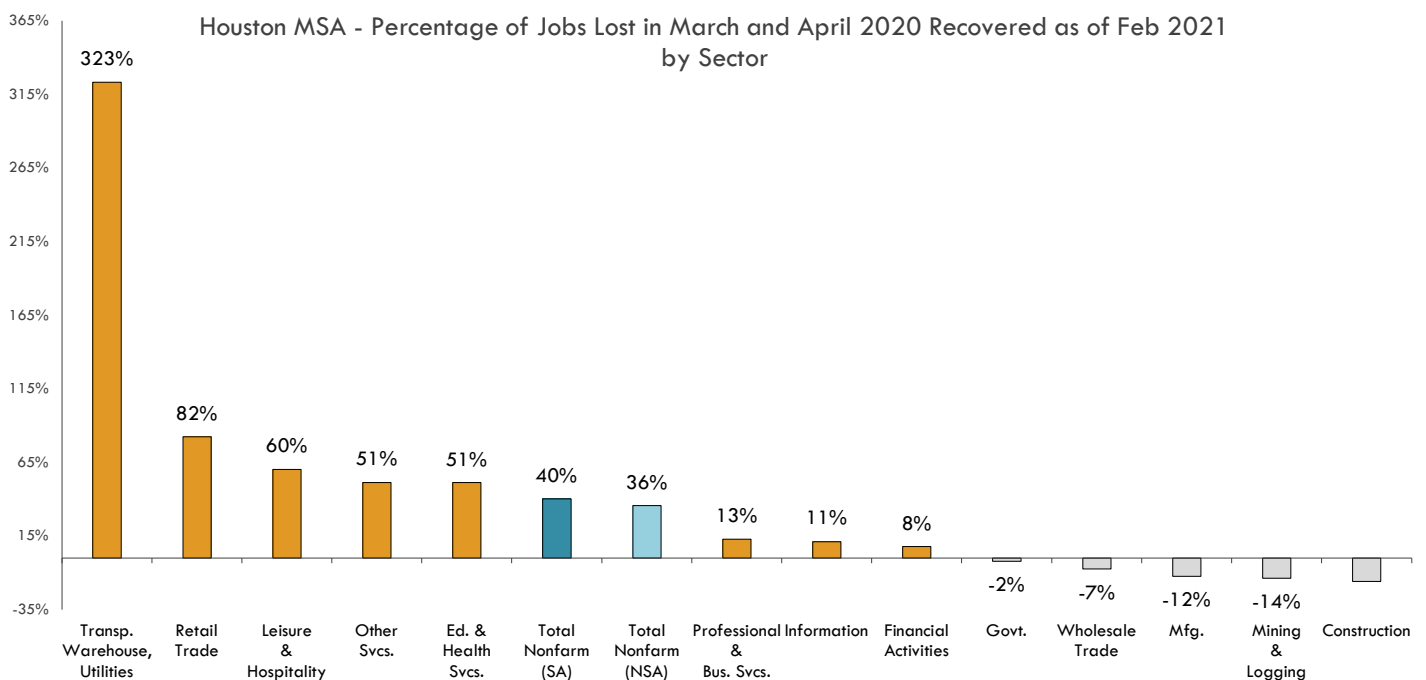
Supplemental Commentary

After a positive but decidedly average start to 2021 with January's jobs numbers, February marked a pause in the recovery of losses accumulated throughout 2020 due to the impacts of the global pandemic. Over-the-month job growth was below average on a not-seasonally-adjusted basis and modestly negative on a seasonally-adjusted basis. The chart below shows that, in a departure from trends observed in 2018, 2019, and 2020, February 2021's performance (NSA) was muted by atypical declines in Professional and Business Services, Education and Health Services, and Financial Activities. In recent years, these sectors have collectively added roughly 12,000 jobs in the month February. Further depressing topline growth this February were below average gains in Leisure and Hospitality and Construction. Ultimately it appears that the additional weakness in the overall job market revealed by the the 2020 benchmark revisions, released earlier this March, has continued into 2021. While the lingering effects of the pandemic are most likely the underlying cause of February's subpar growth, there remains the possibility that Winter Storm Uri was a contributing factor either due to temporary job losses (less likely) or lower survey response rates by employers (somewhat more likely) despite the fact that the storm took place *after* the official survey week that included the 12th of the month.



Special Note about Job Recovery Rates

The recovery rate, as measured by the percentage of jobs lost over March and April 2020 that have been recovered to-date, decreased as a result of the 2020 benchmark revisions to approximately 40 percent compared to 60 percent initially. However, readers are reminded that sector-specific recovery rates shown in the chart below are based on not-seasonally-adjusted figures including January, which posts a large decline each year due to the loss of holiday seasonal jobs and population adjustments by BLS. For the next few months, January will continue to have an outsized negative impact on recovery rates due to the aforementioned seasonal effect. Until this diminishes, sector recovery rates should be interpreted with caution with additional credence given to Total Nonfarm's rate based on seasonally-adjusted figures as a measure of the overall recovery picture for the region.



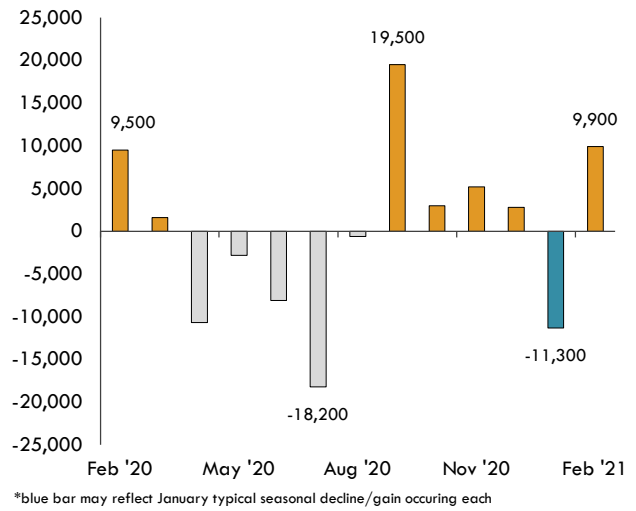
GAINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was the largest gaining sector over the month up 9,900 jobs, or 2.4 percent. (see Chart 6.) The largest all-time one-month gain on record for this sector occurred in September 2013, up 22,500 jobs. The largest decline on record occurred in April 2020, down -10,700 jobs. Historically in the month of February, Government has added an average of 6,500 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Note that February's appearance of growth may be the result of seasonal factors from the previous month. Local Government was the largest contributor to the overall sector's increase, up 9,000 jobs over the month. The second-largest contributor was State Government, which added 800 jobs from January to February. Lastly, Federal Government contributed, 100 jobs. Government employment was revised upward by 200 jobs for a December to January smaller net loss of -11,300 compared to an original estimate of -11,500 jobs.

Chart 6. Government (NSA)
Over-the-month Net Change, Feb-20 to Feb-21

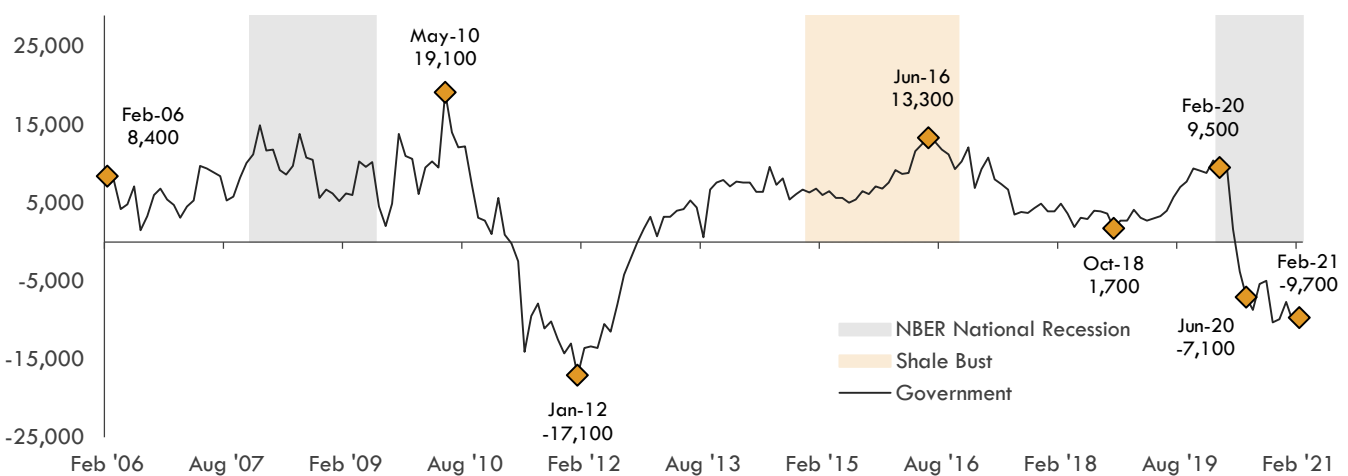


Over-the-year Change

Year over year, Government was down -9,700 jobs, or -2.3 percent. (see Chart 7.) The largest over-the-year gain on record for this sector occurred in May 2010, up 19,100 jobs. The largest decline on record occurred in January 2012, down -17,100 jobs. Local Government was the largest contributor to the overall sector's decline, down -9,300 jobs over the year. The second-largest declining contributor was State Government, which lost -700 jobs from February a year ago. Lastly, Federal Government offset a portion of the sector's losses with a gain of 300 jobs. Since shedding -9,100 jobs over March and April

of 2020 due to the impact of COVID-19, this sector continues to post losses resulting in total employment that remains 0 percent below levels reported in February 2020. Government's share of Houston area Total Nonfarm Employment has risen from 13.4 percent to 14.1 percent over the past year.

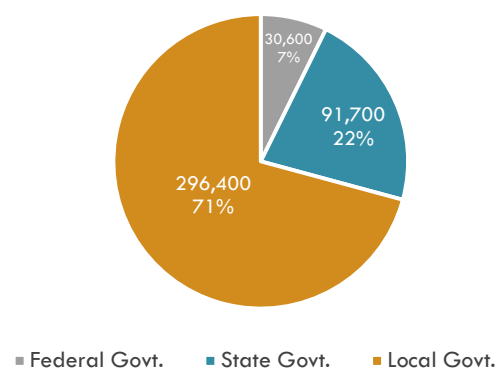
Chart 7. Government (NSA)
Over-the-year Net Change, Feb-06 to Feb-21



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

Chart 8. Employment in Component Industries of Government Sector - February 2021



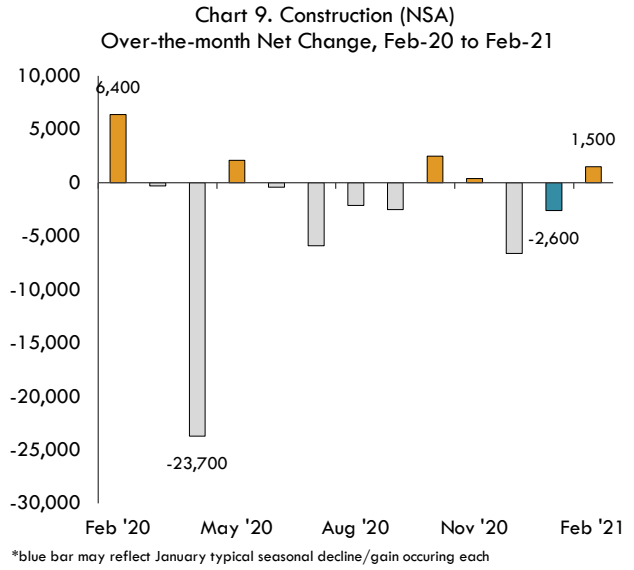
GAINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction was the second-largest gaining sector over the month up 1,500 jobs, or 0.8 percent. (see Chart 9.) The largest all-time one-month gain on record for this sector occurred in February 2019, up 7,300 jobs. The largest decline on record occurred in April 2020, down -23,700 jobs. Historically in the month of February, Construction 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. Note that February's appearance of growth may be the result of seasonal factors from the previous month. Heavy and Civil Engineering Construction was the largest contributor to the overall sector's increase, up 1,500 jobs over the month. The second-largest contributor was Construction of Buildings, which added 200 jobs from January to February. Lastly, Specialty Trade Contractors offset a portion of the sector's gains with a loss of -200 jobs. Construction employment was revised upward by 200 jobs for a December to January smaller net loss of -2,600 compared to an

original estimate of -2,800 jobs.

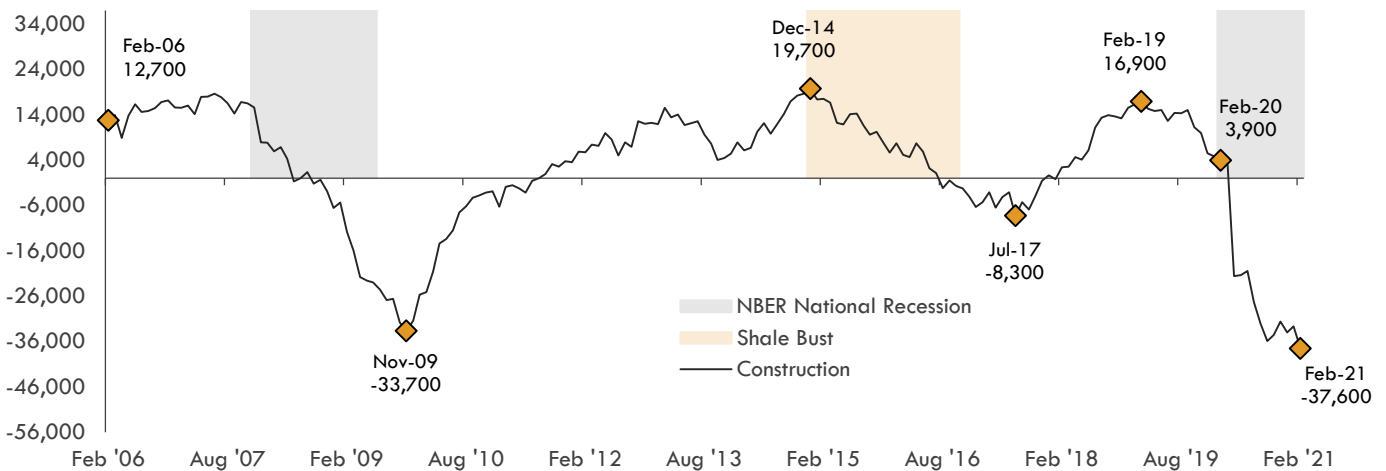


Over-the-year Change

Year over year, Construction was down -37,600 jobs, or -15.8 percent. (see Chart 10.) This was the largest-ever year-over-year decline in the month of February, or any other month, since records began in 1990. Among sectors currently showing contraction, this sector is the fastest declining in percentage terms across the Houston area. Furthermore, 16.1 percent of total (gross) jobs lost across the region over the past year can be attributed to Construction. The largest over-the-year gain on record for this sector occurred in December 2014, up 19,700 jobs. Heavy and Civil Engineering Construction was the largest

contributor to the overall sector's decline, down -12,900 jobs over the year. The second-largest declining contributor was Specialty Trade Contractors, which lost -12,800 jobs from February a year ago. Lastly, Construction of Buildings subtracted, -11,900 jobs. Since shedding -24,000 jobs over March and April 2020 due to the impact of COVID-19, this sector continues to post losses resulting in total employment that remains -20 percent below levels reported in February 2020. Construction's share of Houston area Total Nonfarm Employment has fallen from 7.4 percent to 6.8 percent over the past year.

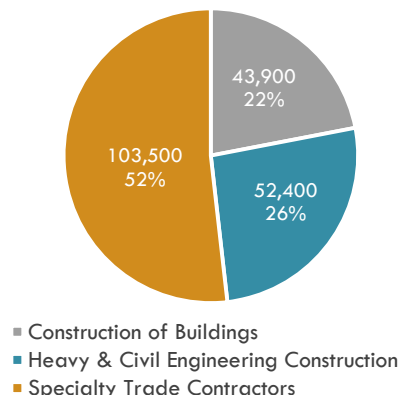
**Chart 10. Construction (NSA)
Over-the-year Net Change, Feb-06 to Feb-21**



About This Sector

This sector comprises establishments engaged in the construction of buildings, infrastructure, site preparation and subdivision, and specialty trades e.g. masonry, painting, and electrical work. Of the three main component industries, Specialty Trade Contractors accounts for a slight majority of the sector's employment at just over 52 percent. (see Chart 11.) Across the Houston MSA, the concentration of jobs in the overall Construction sector is 37 percent higher than the national average, due to 2.7 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

**Chart 11. Employment in Component Industries of
Construction Sector - February 2021**



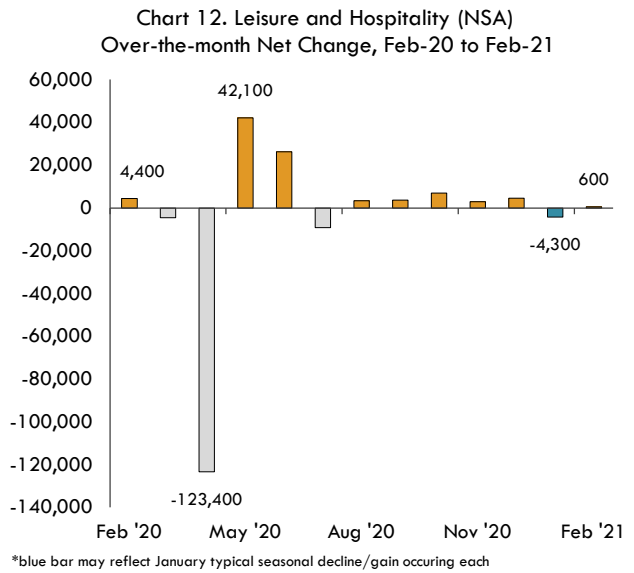
GAINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality was the third-largest gaining sector over the month up 600 jobs, or 0.2 percent. (see Chart 12.) The largest all-time one-month gain on record for this sector occurred in May 2020, up 42,100 jobs. The largest decline on record occurred in April 2020, down -123,400 jobs. Historically in the month of February, Leisure and Hospitality has added an average of 3,600 jobs over the month, which indicates that this month's gains are substantially below the long-term average. February's typical over-the-month growth may be skewed by seasonal factors affecting January estimates however it should be noted that February marks the beginning of a five-month period during which no job losses have ever been recorded. Arts, Entertainment, and Recreation was the largest contributor to the overall sector's increase, up 600 jobs over the month. One component industry, Accommodation and Food Services, saw no change from January to February. Leisure and Hospitality employment was revised upward by 100 jobs for a December

to January smaller net loss of -4,300 compared to an original estimate of -4,400 jobs.

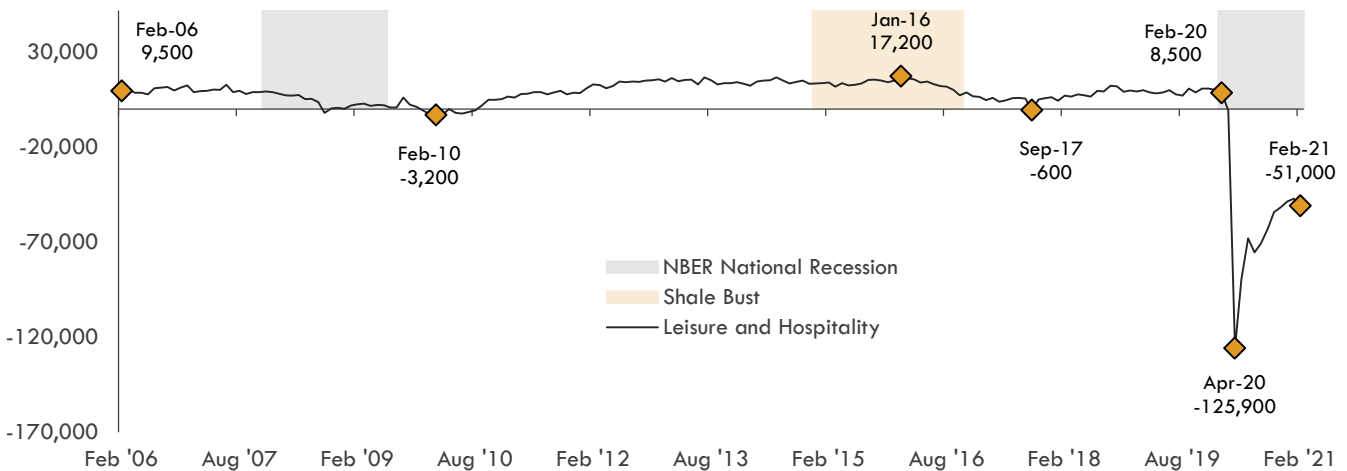


Over-the-year Change

Year over year, Leisure and Hospitality was down -51,000 jobs, or -15.2 percent. (see Chart 13.) This was the largest-ever year-over-year decline in the month of February since records began in 1990. Among sectors currently showing contraction, this sector is the second-fastest declining in percentage terms across the Houston area. Furthermore, 21.9 percent of total (gross) jobs lost across the region over the past year can be attributed to Leisure and Hospitality. The largest over-the-year gain on record for this sector occurred in January 2016, up 17,200 jobs. The largest decline on record occurred in April 2020, down

-125,900 jobs. Accommodation and Food Services was the largest contributor to the overall sector's decline, down -41,100 jobs over the year. The second-largest declining contributor was Arts, Entertainment, and Recreation, which lost -9,900 jobs from February a year ago. Since shedding -127,900 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 60 percent of jobs lost as of February. Leisure and Hospitality's share of Houston area Total Nonfarm Employment has fallen from 10.5 percent to 9.6 percent over the past year.

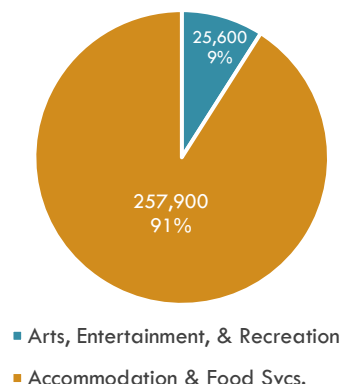
Chart 13. Leisure and Hospitality (NSA)
Over-the-year Net Change, Feb-06 to Feb-21



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. Of the two main component industries, Accommodation and Food Services accounts for the majority of the sector's employment at 91 percent. (see Chart 14.) Across the Houston MSA, the concentration of jobs in the overall sector is 5 percent higher than the national average.

Chart 14. Employment in Component Industries of Leisure and Hospitality Sector - February 2021

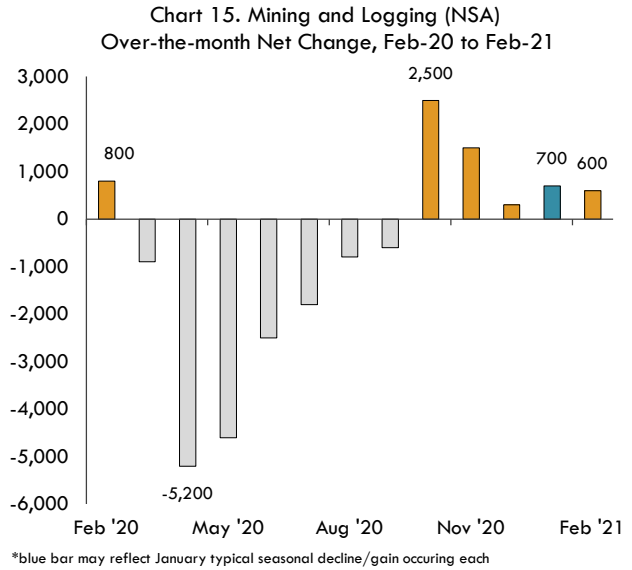


GAINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging also saw an increase over the month up 600 jobs, or 0.9 percent. (see Chart 15.) The largest all-time one-month gain on record for this sector occurred in June 2011, up 2,800 jobs. The largest decline on record occurred in April 2020, down -5,200 jobs. Historically in the month of February, Mining and Logging has added an average of 20 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Note that February's appearance of growth may be the result of seasonal factors from the previous month. Support Activities for Mining was the largest contributor to the overall sector's increase, up 600 jobs over the month. The second-largest contributor was Oil and Gas Extraction, which added 200 jobs from January to February. Lastly, Other Mining and Logging Undefined offset a portion of the sector's gains with a loss of -200 jobs. Mining and Logging employment was revised downward by -100 jobs for a December to January smaller net gain of 700 compared to an original estimate of 800 jobs.

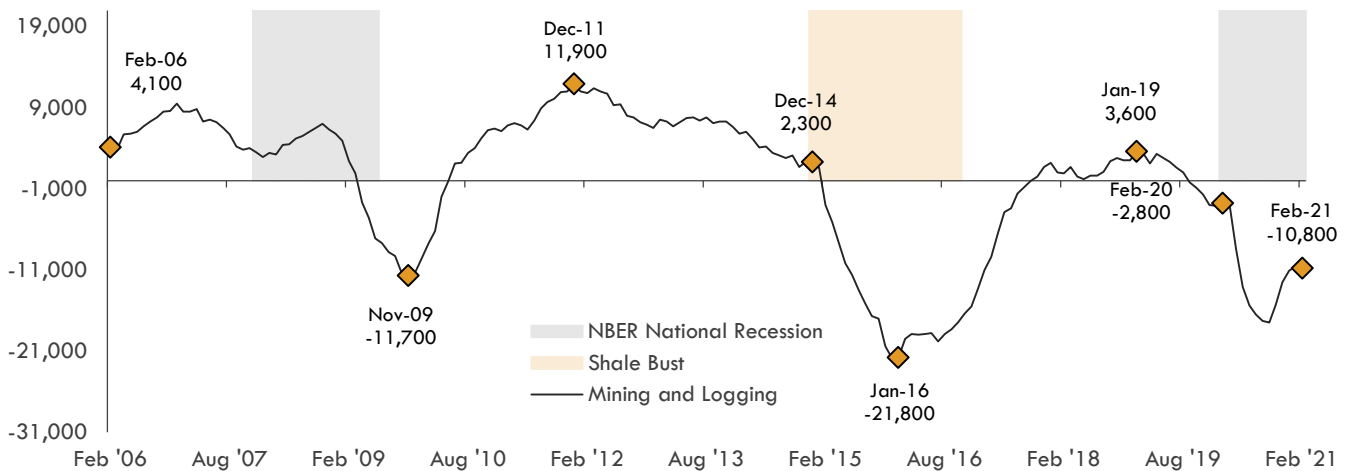


Over-the-year Change

Year over year, Mining and Logging was down -10,800 jobs, or -13.8 percent. (see Chart 16.) Among sectors currently showing contraction, this sector is the third-fastest declining in percentage terms across the Houston area. The largest over-the-year gain on record for this sector occurred in December 2011, up 11,900 jobs. The largest decline on record occurred in January 2016, down -21,800 jobs. Support Activities for Mining was the largest contributor to the overall sector's decline, down -7,800 jobs over the year. The second-largest declining contributor was Oil and Gas Extraction, which lost -2,900 jobs

ago. Lastly, Other Mining and Logging Undefined subtracted, -100 jobs. Since shedding -6,100 jobs over March and April 2020 due to the impact of COVID-19, this sector continues to post losses resulting in total employment that remains -10 percent below levels reported in February 2020. Mining and Logging's share of Houston area Total Nonfarm Employment has fallen from 2.5 percent to 2.3 percent over the past year.

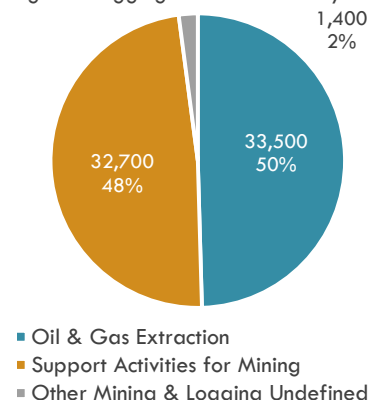
Chart 16. Mining and Logging (NSA)
Over-the-year Net Change, Feb-06 to Feb-21



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, Oil and Gas Extraction accounts for a plurality of the sector's employment at 50 percent. (see Chart 17.) Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 5.6 times the national average, due to the region's role as a global hub for the oil and gas industry.

Chart 17. Employment in Component Industries of Mining and Logging Sector - February 2021



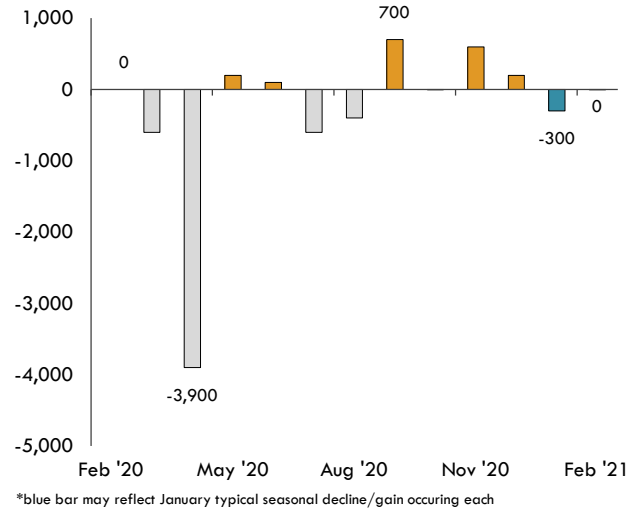
GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information was unchanged over the month. (see Chart 18.) The largest all-time one-month gain on record for this sector occurred in July 1994, up 1,500 jobs. The largest decline on record occurred in April 2020, down -3,900 jobs. Historically in the month of February, Information has added an average of 70 jobs over the month, which indicates that this month's net zero change is moderately in contrast to the long-term average gain. Note that February's appearance of growth may be the result of seasonal factors from the previous month. Information employment saw no revision from December to January leaving the previous month's original decrease of -300 intact.

Chart 18. Information (NSA)
Over-the-month Net Change, Feb-20 to Feb-21

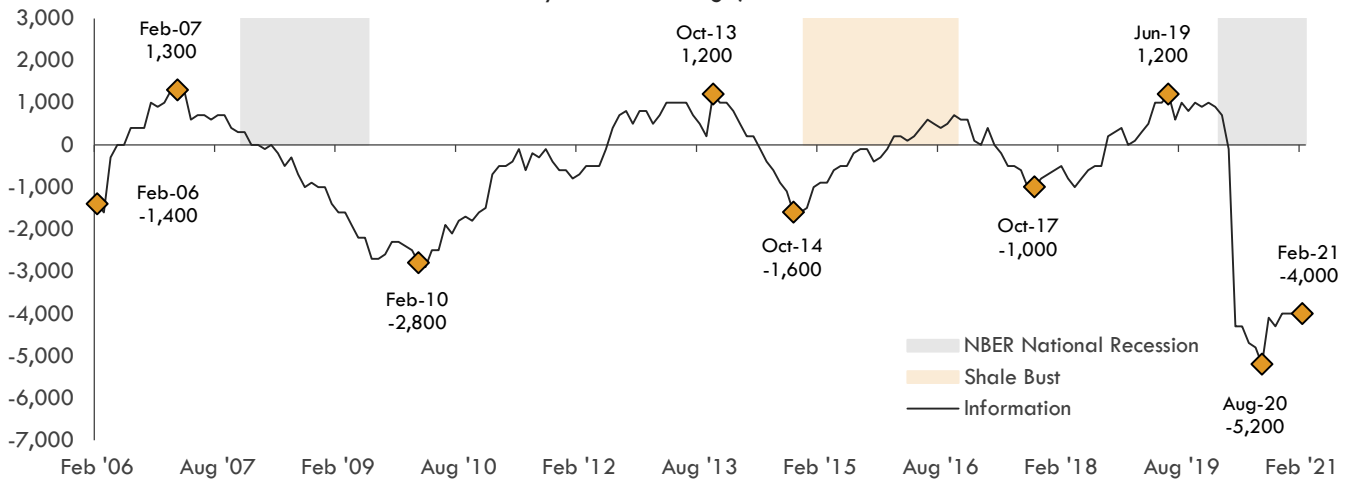


Over-the-year Change

Year over year, Information was down -4,000 jobs, or -12.2 percent. (see Chart 19.) The largest over-the-year gain on record for this sector occurred in June 1997, up 4,600 jobs. The largest decline on record occurred in April 2002, down -7,000 jobs. Other Information Undefined was the largest contributor to the overall sector's decline, down -3,200 jobs over the year. The second-largest declining contributor was Telecommunications, which lost -800 jobs from February a year ago. Since shedding -4,500 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 10 percent

of jobs lost as of February. Information's share of Houston area Total Nonfarm Employment has remained constant at 1.0 percent over the past year.

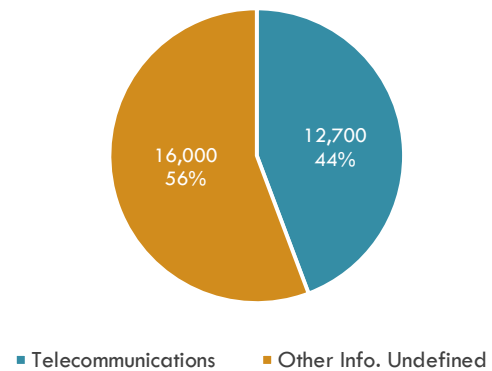
Chart 19. Information (NSA)
Over-the-year Net Change, Feb-06 to Feb-21



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 56 percent. (see Chart 20.) Across the Houston MSA, the concentration of jobs in the overall Information sector is 48 percent less than the national average.

Chart 20. Employment in Component Industries of Information Sector - February 2021



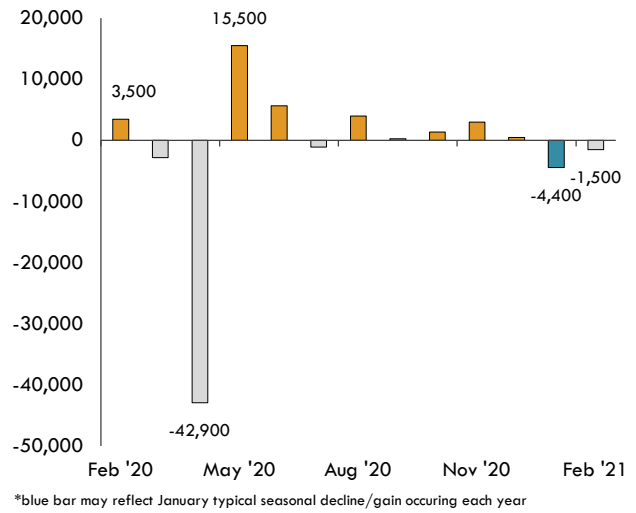
DECLINING INDUSTRY HIGHLIGHTS

Education and Health Services

Over-the-month Change

Education and Health Services was the largest declining sector over the month down -1,500 jobs, or -0.4 percent. (see Chart 21.) The largest all-time one-month gain on record for this sector occurred in May 2020, up 15,500 jobs. The largest decline on record occurred in April 2020, down -42,900 jobs. Historically in the month of February, Education and Health Services has added an average of 2,000 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 -3,500 jobs over the month. One component industry that provided a partial offset was Educational Services, which gained 2,000 jobs from January to February. Education and Health Services employment was revised upward by 500 jobs for a December to January smaller net loss of -4,400 compared to an original estimate of -4,900 jobs.

Chart 21. Education and Health Services (NSA)
Over-the-month Net Change, Feb-20 to Feb-21

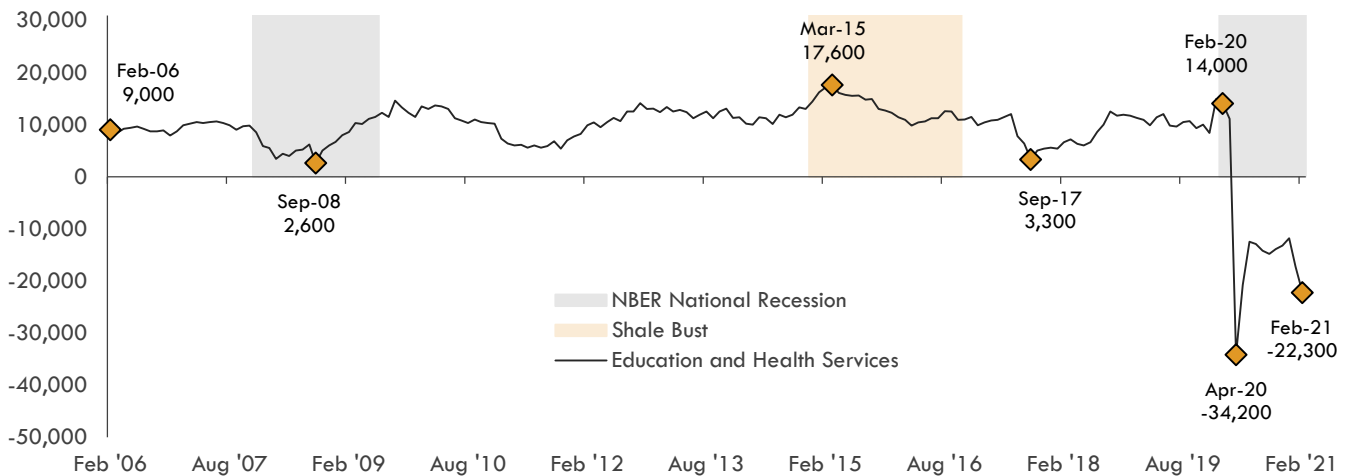


Over-the-year Change

Year over year, Education and Health Services was down -22,300 jobs, or -5.4 percent. (see Chart 22.) This was the largest-ever year-over-year decline in the month of February since records began in 1990. The largest over-the-year gain on record for this sector occurred in March 2015, up 17,600 jobs. The largest decline on record occurred in April 2020, down -34,200 jobs. Health Care and Social Assistance was the largest contributor to the overall sector's decline, down -19,200 jobs over the year. The second-largest declining contributor was Educational Services, which lost -3,100 jobs from February a

year ago. Since shedding -45,700 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 50 percent of jobs lost as of February. Education and Health Services's share of Houston area Total Nonfarm Employment has risen from 13.0 percent to 13.3 percent over the past year.

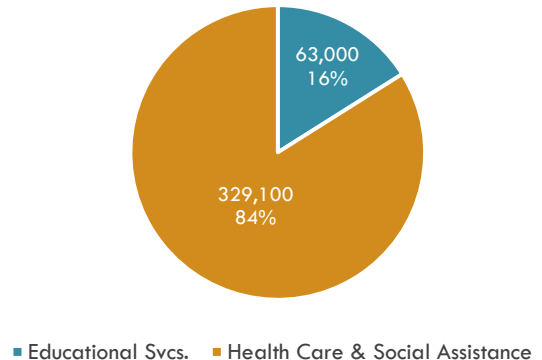
Chart 22. Education and Health Services (NSA)
Over-the-year Net Change, Feb-06 to Feb-21



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 23.) Across the Houston MSA, the concentration of jobs in the overall sector is 20 percent less than the national average, despite the high physical concentration of healthcare jobs centered around Texas Medical Center.

Chart 23. Employment in Component Industries of Education and Health Services Sector - February 2021



DECLINING INDUSTRY HIGHLIGHTS

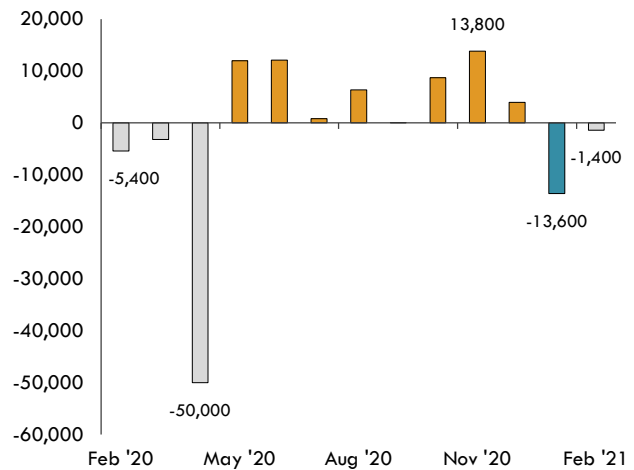
Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities was the second-largest declining sector over the month down -1,400 jobs, or -0.2 percent. (see Chart 24.) The largest all-time one-month gain on record for this sector occurred in November 2019, up 17,400 jobs. The largest decline on record occurred in April 2020, down -50,000 jobs. Historically in the month of February, Trade, Transportation, and Utilities has lost an average of -2,500 jobs over the month, which indicates that this month's losses are substantially smaller than the long-term average decline. Note that in contrast to Total Nonfarm employment and other sectors, Trade Transportation and Utilities consistently shows job losses in both January and February of each year where as other sectors demonstrate a "bounce back" from January's seasonal declines. Wholesale Trade was the largest contributor to the overall sector's decline, down -1,800 jobs over the month. One component industry, Retail Trade, saw no change from January to February. Lastly, Transportation, Warehousing, and

Utilities offset a portion of the sector's losses with a gain of 400 jobs. Trade, Transportation, and Utilities employment saw no revision from December to January leaving the previous month's original decrease of -13,600 intact.

Chart 24. Trade, Transportation, and Utilities (NSA)
Over-the-month Net Change, Feb-20 to Feb-21



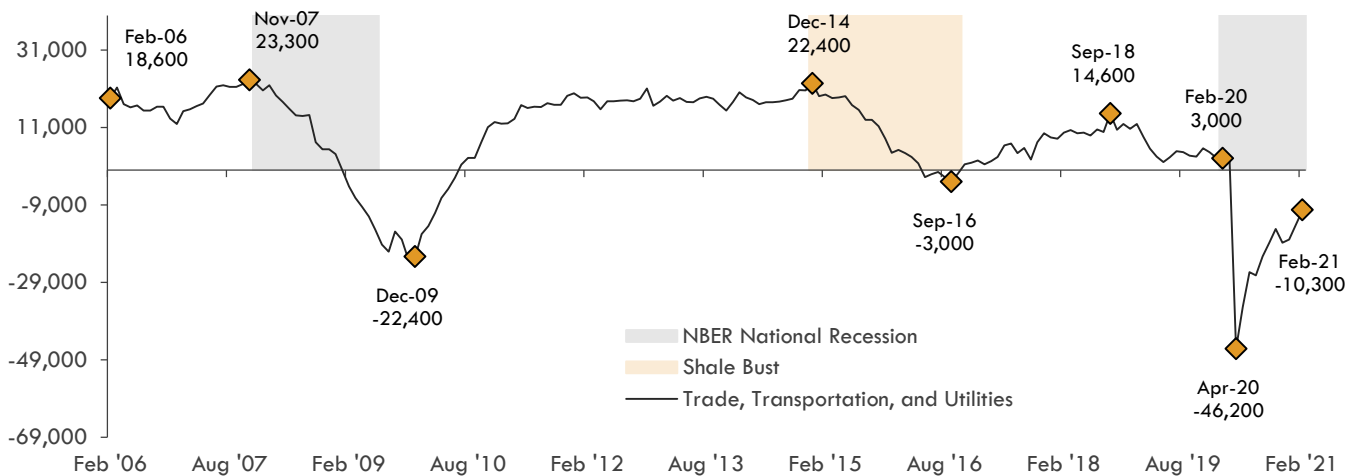
*blue bar may reflect January typical seasonal decline/gain occurring each

Over-the-year Change

Year over year, Trade, Transportation, and Utilities was down -10,300 jobs, or -1.6 percent. (see Chart 25.) The largest over-the-year gain on record for this sector occurred in November 2007, up 23,300 jobs. The largest decline on record occurred in April 2020, down -46,200 jobs. Wholesale Trade was the largest contributor to the overall sector's decline, down -12,800 jobs over the year. The second-largest declining contributor was Retail Trade, which lost -7,100 jobs from February a year ago. Lastly, Transportation, Warehousing, and Utilities offset a portion of the sector's losses with a gain of 9,600 jobs. Trade,

Transportation, and Utilities's share of Houston area Total Nonfarm Employment has risen from 19.7 percent to 20.9 percent over the past year.

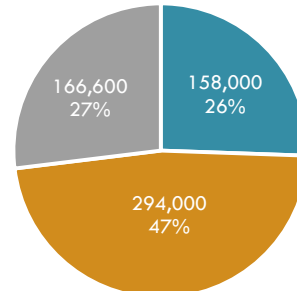
Chart 25. Trade, Transportation, and Utilities (NSA)
Over-the-year Net Change, Feb-06 to Feb-21



About This Sector

This sector is composed of establishments wholesaling agriculture, mining, and manufactured goods; retailing goods in small quantities to the public incl. online; transporting passengers and cargo; warehousing and storage; and providing electricity, natural gas, water, and sewage removal. Of the three main component industries, Retail Trade accounts for a plurality of the sector's employment at 48 percent. (see Chart 26.) Across the Houston MSA, the concentration of jobs in the overall sector is 11 percent higher than the national average, due to a 35-percent higher concentration in Wholesale Trade primarily related to the oil and gas industry.

Chart 26. Employment in Component Industries of
Trade, Transportation, and Utilities Sector - February
2021



- Wholesale Trade
- Retail Trade
- Transportation, Warehousing, & Utilities

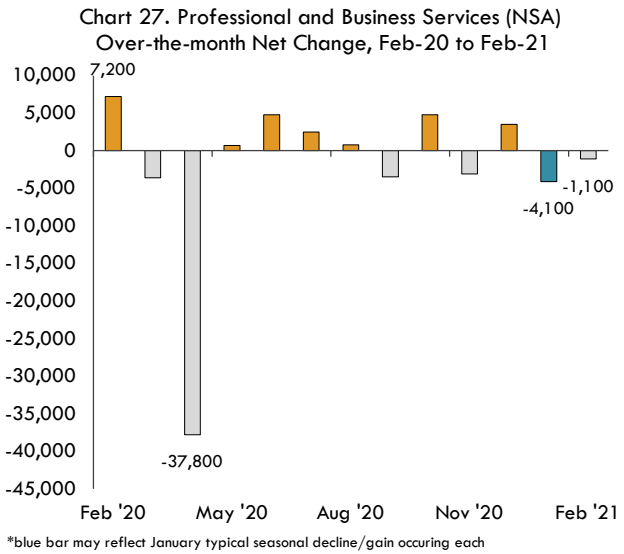
DECLINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

Professional and Business Services was the third-largest declining sector over the month down -1,100 jobs, or -0.2 percent. (see Chart 27.) The largest all-time one-month gain on record for this sector occurred in June 2000, up 7,700 jobs. The largest decline on record occurred in April 2020, down -37,800 jobs. Historically in the month of February, Professional and Business Services has added an average of 3,400 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Note that February's appearance of growth may be the result of seasonal factors from the previous month. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's decline, down -4,000 jobs over the month. One component industry that provided a partial offset was Management of Companies and Enterprises, which gained 700 jobs from January to February. Lastly, Professional, Scientific, and Technical Services offset a portion of the sector's

losses with a gain of 2,200 jobs. Professional and Business Services employment was revised upward by 1,600 jobs for a December to January smaller net loss of -4,100 compared to an original estimate of -5,700 jobs.

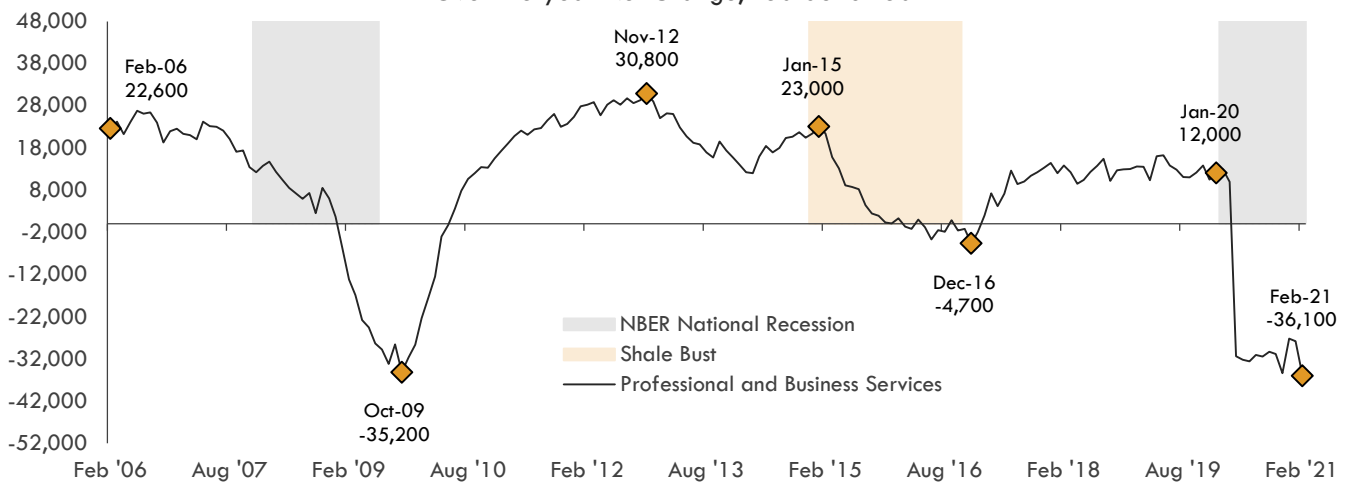


Over-the-year Change

Year over year, Professional and Business Services was down -36,100 jobs, or -7.0 percent. (see Chart 28.) This was the largest-ever year-over-year decline in the month of February, or any other month, since records began in 1990. Furthermore, 15.5 percent of total (gross) jobs lost across the region over the past year can be attributed to Professional and Business Services. The largest over-the-year gain on record for this sector occurred in November 2012, up 30,800 jobs. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's decline, down -20,800

jobs over the year. The second-largest declining contributor was Professional, Scientific, and Technical Services, which lost -12,700 jobs from February a year ago. Lastly, Management of Companies and Enterprises subtracted, -2,600 jobs. Since shedding -41,400 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 10 percent of jobs lost as of February. Professional and Business Services's share of Houston area Total Nonfarm Employment has remained constant at 16.1 percent over the past year.

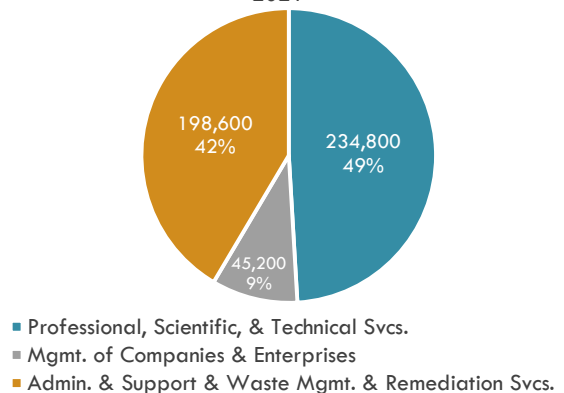
Chart 28. Professional and Business Services (NSA)
Over-the-year Net Change, Feb-06 to Feb-21



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

Chart 29. Employment in Component Industries of Professional and Business Services Sector - February 2021



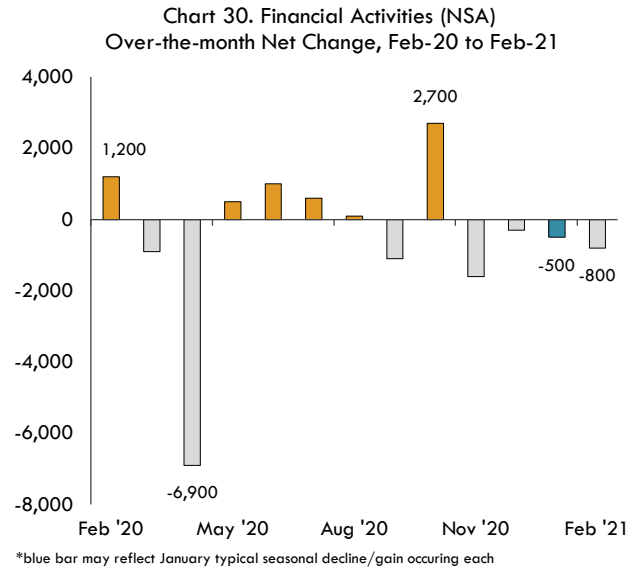
DECLINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities also saw a decrease over the month down -800 jobs, or -0.5 percent. (see Chart 30.) This was the largest-ever decline in the month of February since records began in 1990. The largest all-time one-month gain on record for this sector occurred in October 2020, up 2,700 jobs. The largest decline on record occurred in April 2020, down -6,900 jobs. Historically in the month of February, Financial Activities has added an average of 500 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Note that February's appearance of growth may be the result of seasonal factors from the previous month. Real Estate and Rental and Leasing was the largest contributor to the overall sector's decline, down -400 jobs over the month. The second-largest declining contributor was Finance and Insurance, which lost -400 jobs from January to February. Financial Activities employment was revised upward by 100 jobs for a December to January smaller net loss of -500 compared to

an original estimate of -600 jobs.

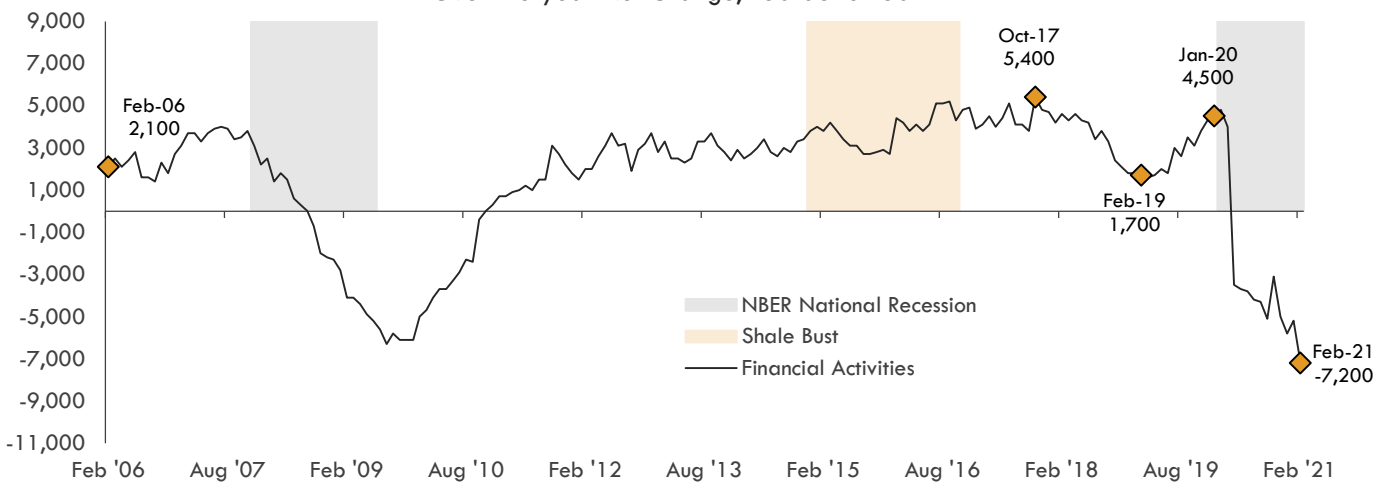


Over-the-year Change

Year over year, Financial Activities was down -7,200 jobs, or -4.3 percent. (see Chart 31.) This was the largest-ever year-over-year decline in the month of February, or any other month, since records began in 1990. The largest over-the-year gain on record for this sector occurred in September 1998, up 9,000 jobs. Real Estate and Rental and Leasing was the largest contributor to the overall sector's decline, down -6,400 jobs over the year. The second-largest declining contributor was Finance and Insurance, which lost -800 jobs from February a year ago. Since shedding -7,800 jobs over March and April 2020 due to

the impact of COVID-19, this sector has recovered approximately 10 percent of jobs lost as of February. Financial Activities's share of Houston area Total Nonfarm Employment has risen from 5.3 percent to 5.5 percent over the past year.

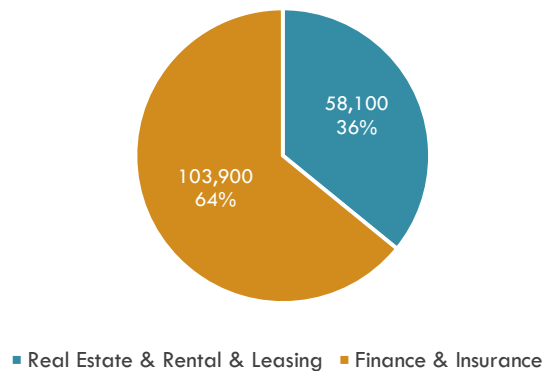
Chart 31. Financial Activities (NSA)
Over-the-year Net Change, Feb-06 to Feb-21



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 32.) Across the Houston MSA, the concentration of jobs in the overall Financial Activities sector is 11 percent less than the national average, due to a 24-percent lower concentration in Finance and Insurance offsetting a 27-percent higher concentration in Real Estate and Rental and Leasing.

Chart 32. Employment in Component Industries of Financial Activities Sector - February 2021

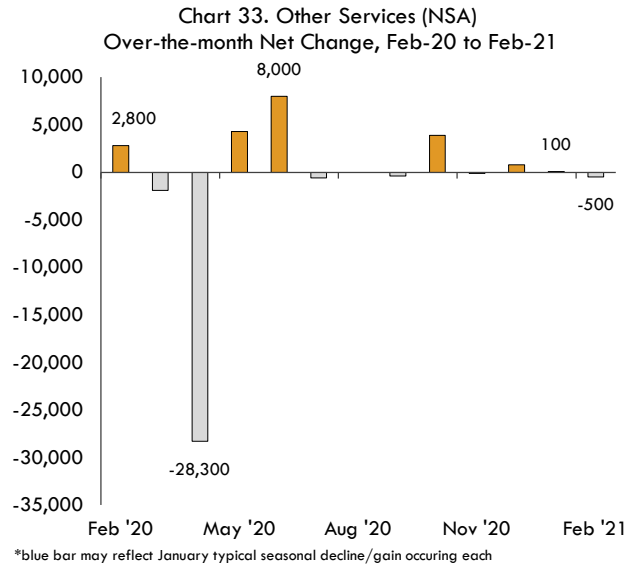


DECLINING INDUSTRY HIGHLIGHTS

Other Services

Over-the-month Change

Other Services also saw a decrease over the month down -500 jobs, or -0.5 percent. (see Chart 33.) This was the largest-ever decline in the month of February since records began in 1990. The largest all-time one-month gain on record for this sector occurred in June 2020, up 8,000 jobs. The largest decline on record occurred in April 2020, down -28,300 jobs. Historically in the month of February, Other Services has added an average of 1,100 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Note that February's appearance of growth may be the result of seasonal factors from the previous month. 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 100 jobs for a December to January net gain of 100 compared to an original estimate of zero net change in jobs over the month.

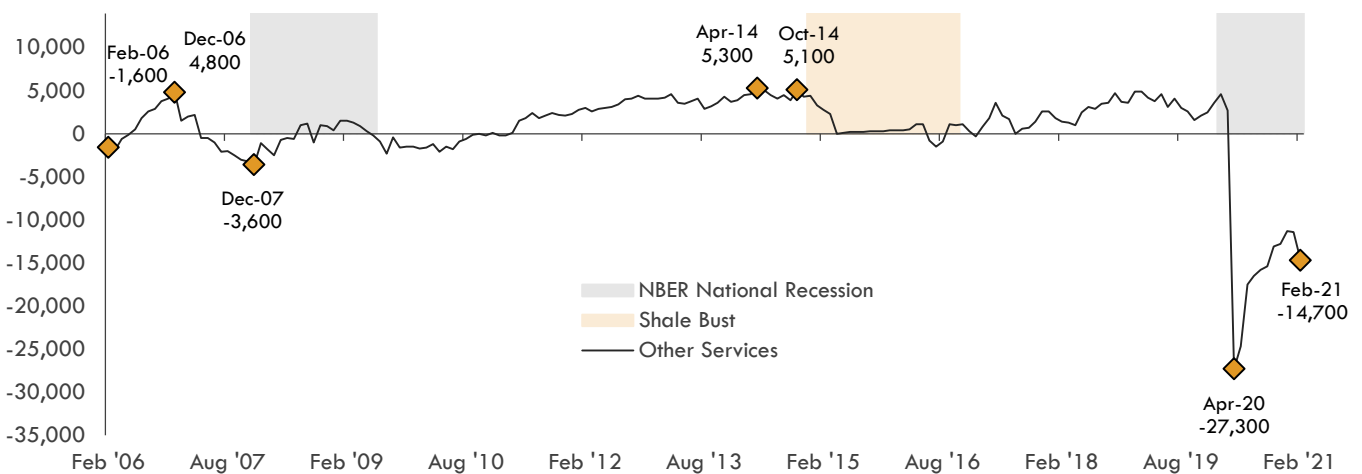


Over-the-year Change

Year over year, Other Services was down -14,700 jobs, or -12.3 percent. (see Chart 34.) This was the largest-ever year-over-year decline in the month of February since records began in 1990. The largest over-the-year gain on record for this sector occurred in April 2014, up 5,300 jobs. The largest decline on record occurred in April 2020, down -27,300 jobs. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Since shedding -30,200 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 50 percent of jobs lost as

of February. Other Services's share of Houston area Total Nonfarm Employment has fallen from 3.7 percent to 3.5 percent over the past year.

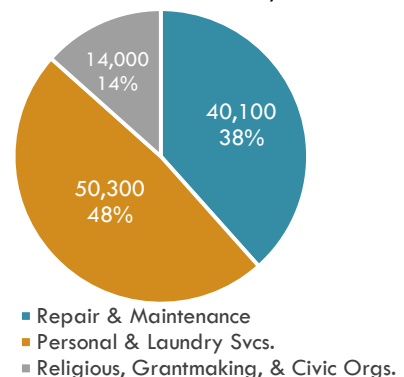
Chart 34. Other Services (NSA)
Over-the-year Net Change, Feb-06 to Feb-21



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

Chart 35. Employment in Component Industries of Other Services Sector - February 2021



*estimated proportions based QCEW covered and NES self-employment

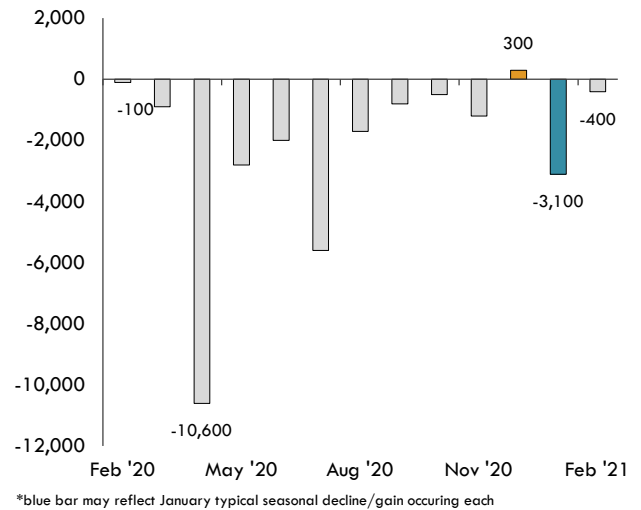
DECLINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing also saw a decrease over the month down -400 jobs, or -0.2 percent. (see Chart 36.) The largest all-time one-month gain on record for this sector occurred in June 1990, up 3,200 jobs. The largest decline on record occurred in April 2020, down -10,600 jobs. Historically in the month of February, Manufacturing has added an average of 600 jobs over the month, which indicates that this month's losses are moderately in contrast to the long-term average gain. Note that February's appearance of growth may be the result of seasonal factors from the previous month. Durable Goods was the largest contributor to the overall sector's decline, down -1,300 jobs over the month. One component industry that provided a partial offset was Non-Durable Goods, which gained 900 jobs from January to February. Manufacturing employment was revised upward by 1,800 jobs for a December to January smaller net loss of -3,100 compared to an original estimate of -4,900 jobs.

Chart 36. Manufacturing (NSA)
Over-the-month Net Change, Feb-20 to Feb-21

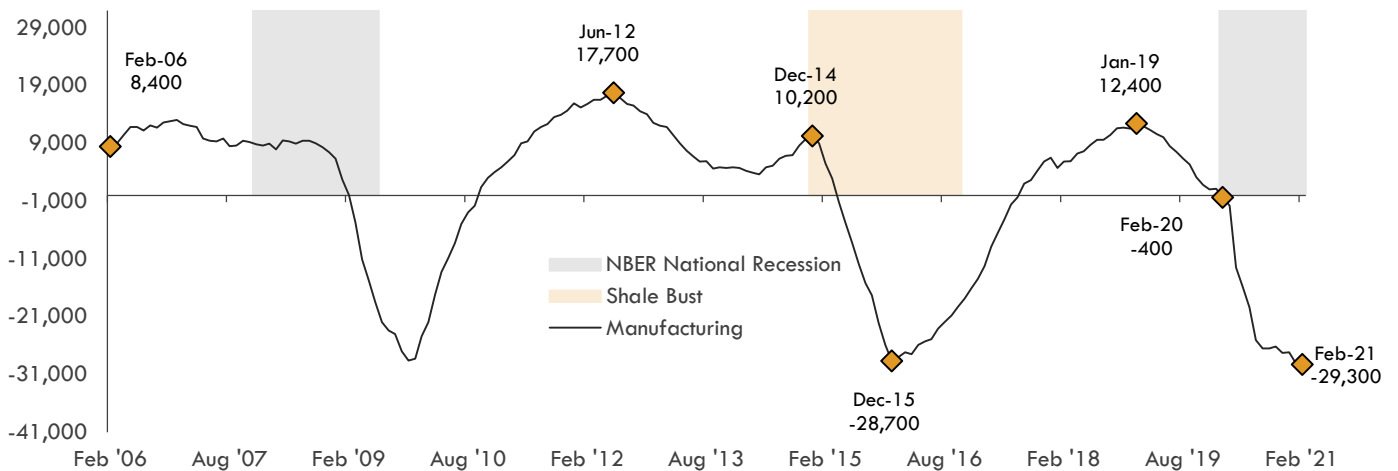


Over-the-year Change

Year over year, Manufacturing was down -29,300 jobs, or -12.5 percent. (see Chart 37.) This was the largest-ever year-over-year decline in the month of February, or any other month, since records began in 1990. The largest over-the-year gain on record for this sector occurred in June 2012, up 17,700 jobs. Durable Goods was the largest contributor to the overall sector's decline, down -25,500 jobs over the year. The second-largest declining contributor was Non-Durable Goods, which lost -3,800 jobs from February a year ago. Since shedding -11,500 jobs over March and April 2020 due to the impact of COVID-19, this

sector continues to post losses resulting in total employment that remains -10 percent below levels reported in February 2020. Manufacturing's share of Houston area Total Nonfarm Employment has fallen from 7.3 percent to 6.9 percent over the past year.

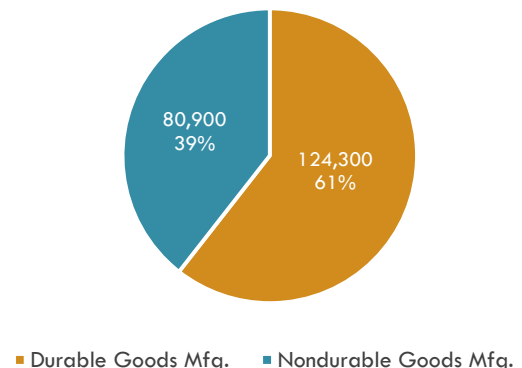
Chart 37. Manufacturing (NSA)
Over-the-year Net Change, Feb-06 to Feb-21



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 61 percent. (see Chart 38.) Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 19 percent less than the national average.

Chart 38. Employment in Component Industries of Manufacturing Sector - February 2021



Unemployment Rates

Not-Seasonally Adjusted

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 8.4 percent in February, up from January's 8.2 percent and up from 3.8 percent a year ago. This was above the statewide rate of 7.5 percent and above the national rate of 6.6 percent. 283,203 individuals were unemployed in Houston in February, up from January's 277,808 and up from 132,926 in February 2020.

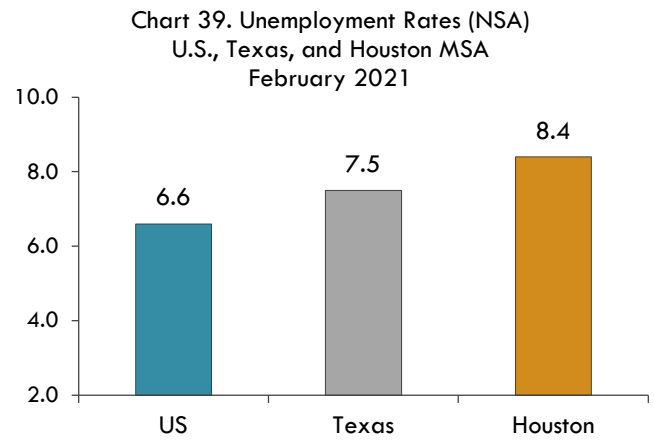
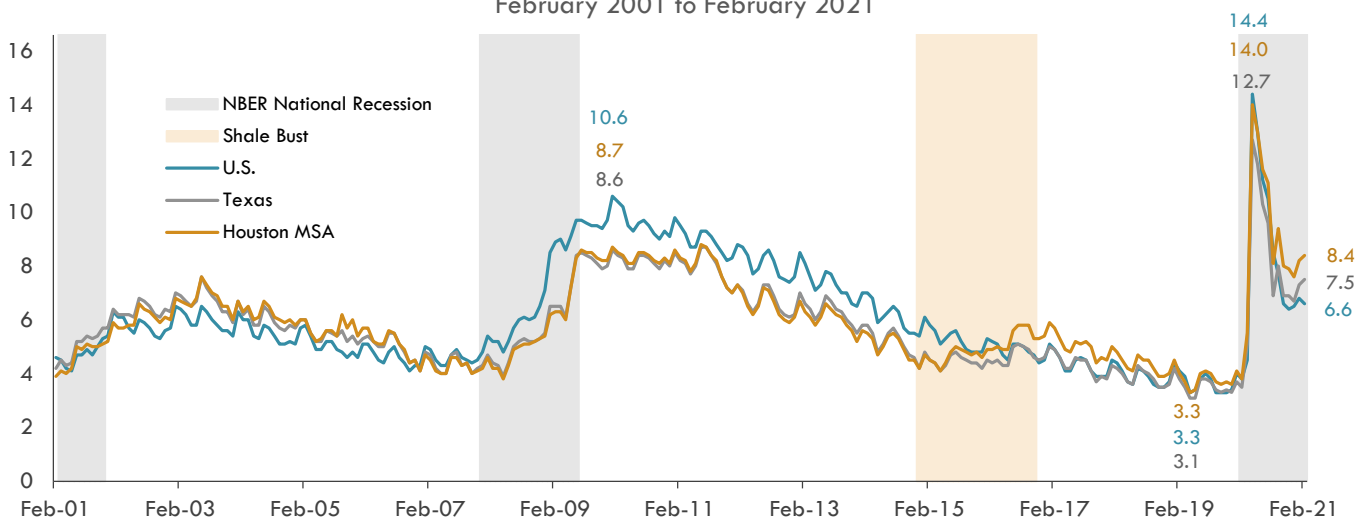


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
February 2001 to February 2021



Seasonally Adjusted

The Houston MSA (seasonally-adjusted) unemployment rate stood at 8.1 percent in January, down from December's 8.3 percent and up from 3.8 percent a year ago. This was above the statewide rate of 6.8 percent and above the national rate of 6.3 percent. 270,572 individuals were unemployed in Houston in January, down from December's 284,211 and up from 131,106 in January 2020.

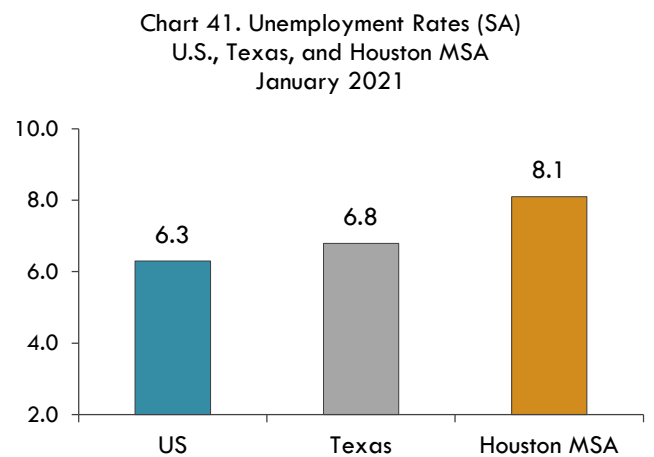
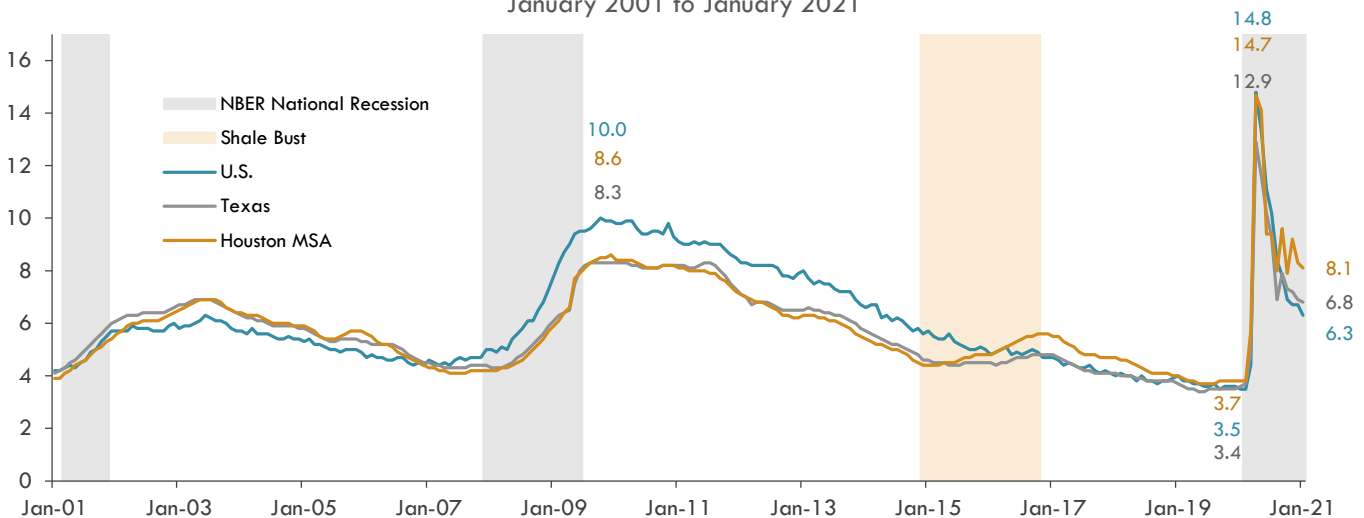


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
January 2001 to January 2021



Houston Area Employment Situation

February 2021

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Feb-21	Jan-21	Feb-20	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	2,959,200	2,952,300	3,192,200	6,900	0.2%	-233,000	-7.3%
Total Private	2,540,500	2,543,500	2,763,800	-3,000	-0.1%	-223,300	-8.1%
Goods Producing	472,600	470,900	550,300	1,700	0.4%	-77,700	-14.1%
.Mining and Logging	67,600	67,000	78,400	600	0.9%	-10,800	-13.8%
...Oil and Gas Extraction	33,500	33,300	36,400	200	0.6%	-2,900	-8.0%
...Support Activities for Mining	32,700	32,100	40,500	600	1.9%	-7,800	-19.3%
.Construction	199,800	198,300	237,400	1,500	0.8%	-37,600	-15.8%
..Construction of Buildings	43,900	43,700	55,800	200	0.5%	-11,900	-21.3%
..Heavy and Civil Engineering Construction	52,400	50,900	65,300	1,500	2.9%	-12,900	-19.8%
..Specialty Trade Contractors	103,500	103,700	116,300	-200	-0.2%	-12,800	-11.0%
.Manufacturing	205,200	205,600	234,500	-400	-0.2%	-29,300	-12.5%
..Durable Goods	124,300	125,600	149,800	-1,300	-1.0%	-25,500	-17.0%
...Fabricated Metal Product Manufacturing	41,700	42,100	53,400	-400	-1.0%	-11,700	-21.9%
...Machinery Manufacturing	38,000	39,200	46,600	-1,200	-3.1%	-8,600	-18.5%
....Agriculture, Construction, and Mining Machinery Mfg.	19,500	20,400	27,800	-900	-4.4%	-8,300	-29.9%
...Computer and Electronic Product Manufacturing	12,800	12,800	14,000	0	0.0%	-1,200	-8.6%
..Non-Durable Goods	80,900	80,000	84,700	900	1.1%	-3,800	-4.5%
...Petroleum and Coal Products Manufacturing	8,500	8,400	8,700	100	1.2%	-200	-2.3%
...Chemical Manufacturing	39,000	38,900	40,800	100	0.3%	-1,800	-4.4%
Service Providing	2,486,600	2,481,400	2,641,900	5,200	0.2%	-155,300	-5.9%
.Private Service Providing	2,067,900	2,072,600	2,213,500	-4,700	-0.2%	-145,600	-6.6%
..Trade, Transportation, and Utilities	618,600	620,000	628,900	-1,400	-0.2%	-10,300	-1.6%
...Wholesale Trade	158,000	159,800	170,800	-1,800	-1.1%	-12,800	-7.5%
....Merchant Wholesalers, Durable Goods	96,300	97,900	106,200	-1,600	-1.6%	-9,900	-9.3%
.....Prof. and Commercial Equip. Supplies Wholesalers	16,700	16,900	17,800	-200	-1.2%	-1,100	-6.2%
....Merchant Wholesalers, Nondurable Goods	51,400	51,000	53,300	400	0.8%	-1,900	-3.6%
...Retail Trade	294,000	294,000	301,100	0	0.0%	-7,100	-2.4%
....Motor Vehicle and Parts Dealers	41,000	40,700	43,400	300	0.7%	-2,400	-5.5%
....Bldg. Material and Garden Equip. and Supplies Dealers	23,700	23,500	22,100	200	0.9%	1,600	7.2%
....Food and Beverage Stores	69,100	69,100	66,600	0	0.0%	2,500	3.8%
....Health and Personal Care Stores	18,300	18,400	18,700	-100	-0.5%	-400	-2.1%
....Clothing and Clothing Accessories Stores	23,400	24,400	28,200	-1,000	-4.1%	-4,800	-17.0%
....General Merchandise Stores	56,000	57,300	55,900	-1,300	-2.3%	100	0.2%
.....Department Stores	15,700	16,100	18,400	-400	-2.5%	-2,700	-14.7%
.....Other General Merchandise Stores	40,300	41,200	37,500	-900	-2.2%	2,800	7.5%
...Transportation, Warehousing, and Utilities	166,600	166,200	157,000	400	0.2%	9,600	6.1%
....Utilities	17,200	17,200	16,900	0	0.0%	300	1.8%
.....Air Transportation	18,600	18,500	21,200	100	0.5%	-2,600	-12.3%
.....Truck Transportation	26,600	26,600	27,500	0	0.0%	-900	-3.3%
.....Pipeline Transportation	11,500	11,500	12,300	0	0.0%	-800	-6.5%
..Information	28,700	28,700	32,700	0	0.0%	-4,000	-12.2%
...Telecommunications	12,700	12,700	13,500	0	0.0%	-800	-5.9%
..Financial Activities	162,000	162,800	169,200	-800	-0.5%	-7,200	-4.3%
...Finance and Insurance	103,900	104,300	104,700	-400	-0.4%	-800	-0.8%
....Credit Intermediation and Related Activities	42,900	43,700	44,600	-800	-1.8%	-1,700	-3.8%
.....Depository Credit Intermediation	28,300	28,800	30,100	-500	-1.7%	-1,800	-6.0%
....Securities, Commodity Contracts, and Fin. Investments	20,300	20,200	20,800	100	0.5%	-500	-2.4%
....Insurance Carriers and Related Activities	40,700	40,400	39,300	300	0.7%	1,400	3.6%
...Real Estate and Rental and Leasing	58,100	58,500	64,500	-400	-0.7%	-6,400	-9.9%
..Professional and Business Services	478,600	479,700	514,700	-1,100	-0.2%	-36,100	-7.0%
...Professional, Scientific, and Technical Services	234,800	232,600	247,500	2,200	0.9%	-12,700	-5.1%
....Legal Services	27,800	27,600	27,900	200	0.7%	-100	-0.4%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	26,100	25,600	27,500	500	2.0%	-1,400	-5.1%
....Architectural, Engineering, and Related Services	64,900	65,900	75,500	-1,000	-1.5%	-10,600	-14.0%
....Computer Systems Design and Related Services	36,100	35,400	34,100	700	2.0%	2,000	5.9%
...Management of Companies and Enterprises	45,200	44,500	47,800	700	1.6%	-2,600	-5.4%
...Admin. and Support and Waste Mgmt. and Remediation	198,600	202,600	219,400	-4,000	-2.0%	-20,800	-9.5%
....Administrative and Support Services	185,900	189,800	207,500	-3,900	-2.1%	-21,600	-10.4%
.....Employment Services	67,300	70,000	76,400	-2,700	-3.9%	-9,100	-11.9%
.....Services to Buildings and Dwellings	50,700	50,200	50,600	500	1.0%	100	0.2%
..Educational and Health Services	392,100	393,600	414,400	-1,500	-0.4%	-22,300	-5.4%
...Educational Services	63,000	61,000	66,100	2,000	3.3%	-3,100	-4.7%
...Health Care and Social Assistance	329,100	332,600	348,300	-3,500	-1.1%	-19,200	-5.5%
....Ambulatory Health Care Services	164,800	167,000	167,300	-2,200	-1.3%	-2,500	-1.5%
....Hospitals	88,100	87,800	90,200	300	0.3%	-2,100	-2.3%
..Leisure and Hospitality	283,500	282,900	334,500	600	0.2%	-51,000	-15.2%
...Arts, Entertainment, and Recreation	25,600	25,000	35,500	600	2.4%	-9,900	-27.9%
...Accommodation and Food Services	257,900	257,900	299,000	0	0.0%	-41,100	-13.7%
....Accommodation	19,200	19,000	28,500	200	1.1%	-9,300	-32.6%
....Food Services and Drinking Places	238,700	238,900	270,500	-200	-0.1%	-31,800	-11.8%
..Other Services	104,400	104,900	119,100	-500	-0.5%	-14,700	-12.3%
Government	418,700	408,800	428,400	9,900	2.4%	-9,700	-2.3%
.Federal Government	30,600	30,500	30,300	100	0.3%	300	1.0%
.State Government	91,700	90,900	92,400	800	0.9%	-700	-0.8%
..State Government Educational Services	53,600	52,900	54,100	700	1.3%	-500	-0.9%
.Local Government	296,400	287,400	305,700	9,000	3.1%	-9,300	-3.0%
..Local Government Educational Services	200,100	192,700	213,300	7,400	3.8%	-13,200	-6.2%