

Houston Area Employment Situation

June 2022

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

More Job Growth in the First Half of 2022 than Two Normal Years Combined

Total Nonfarm

Over-the-month Change

Houston MSA Total Nonfarm employment stood at 3,261,600 in June, up 31,300 jobs over the month, or 1.0 percent on a not-seasonally-adjusted basis (see Chart 1). A year ago Houston registered an over-the-month increase of 16,900 jobs. This was the largest June gain since 2020 and the second-largest gain historically for this month since records began in 1990. Prior to the pandemic, historically in the month of June, Total Nonfarm has on average added 11,000 jobs over the month, which indicates that this month's gains are substantially above the long-term average. In the history of the series, Total Nonfarm employment has lost jobs in June on only two occasions: 2009 and 2016, during the Great Recession and the late-2014 fracking bust.

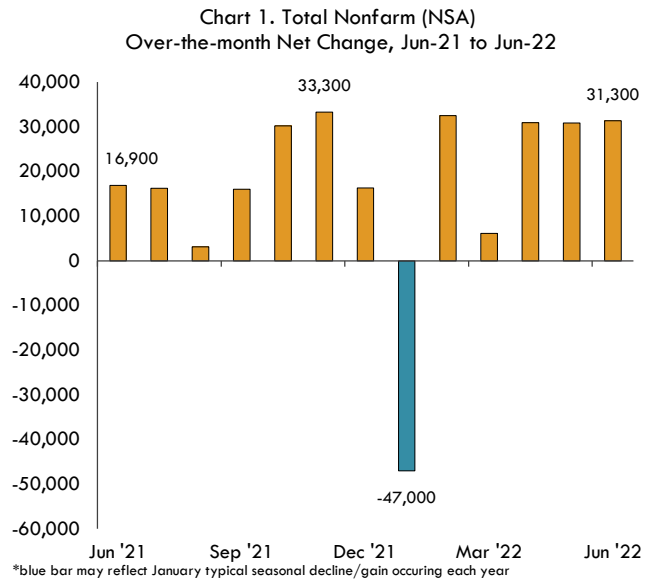
The primary drivers of this June's growth were increases in Leisure and Hospitality; Professional and Business Services; and Trade, Transportation, and Utilities. Gains were also recorded in Other Services; Manufacturing; and Construction. The net increase in jobs over the month was partially offset by losses in Government, and Education and Health Services (see Chart 2). Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,239,200, up 17,900 jobs over the month, or 0.6 percent vs. a historical average of 3,800. This was also the largest June gain since 2020 and the second-largest gain historically for the month of June since records began in 1990. This June marks 16 consecutive month-over-month gains on a seasonally-adjusted basis. All analysis pertains to not-seasonally adjusted data unless otherwise noted. Data source: BLS/TWC.

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

- Leisure and Hospitality: 11,700
- Professional and Business Services: 8,700
- Trade, Transportation, and Utilities: 5,200

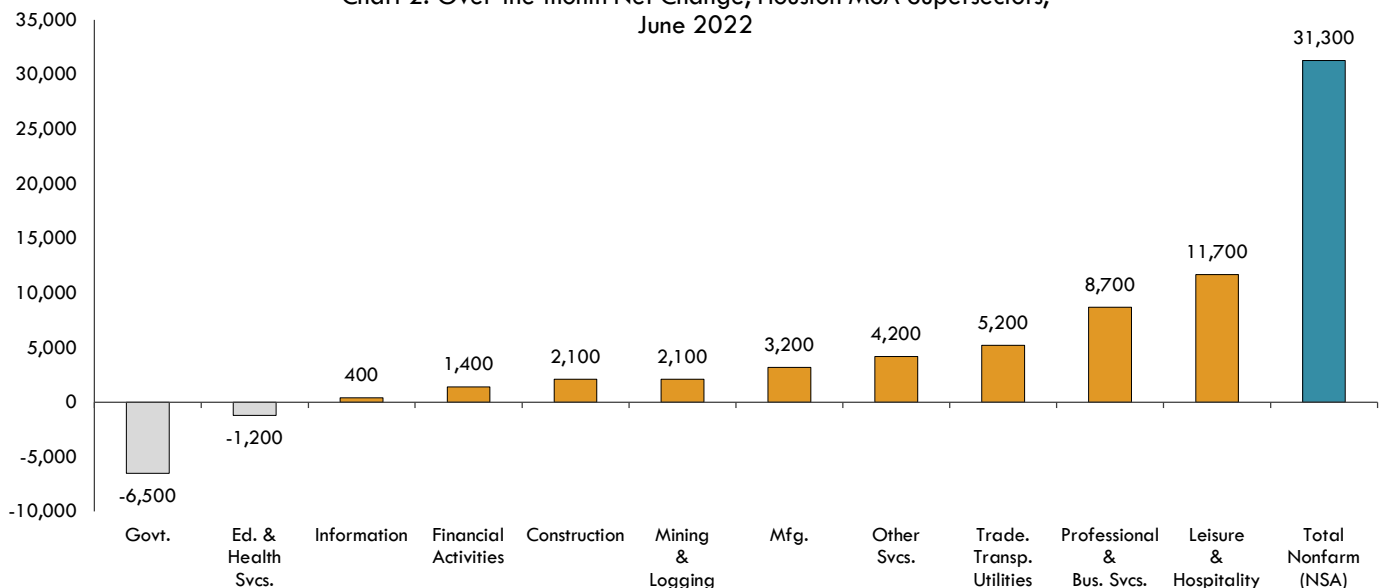
Over-the-year Change

Over the year, Total Nonfarm employment was up 199,700 or 6.5 percent on a not-seasonally-adjusted basis and up 191,300 or 6.3 percent on a seasonally-adjusted basis (see NSA Chart 3). To compare, June 2021 saw a year-over-year gain of 117,000 jobs (NSA) from June 2020. This was the largest-ever over-the-year gain in June or any other month since records began, beating the previous record of 195,800 jobs added in April 2021. Currently all 11 sectors show growth year over year of



which the top-three are Trade, Transportation, and Utilities (42,900); Leisure and Hospitality (37,900); and Construction (26,600) (see Chart 4). Total Nonfarm employment not-seasonally-adjusted now exceeds its February 2020 pre-pandemic level of 3,192,200 jobs by 69,400, or 2.2 percent (39,000 jobs, 1.2 percent above 3,200,200 seasonally adjusted).

Chart 2. Over-the-month Net Change, Houston MSA Supersectors, June 2022



Previous Month's Revisions

Total Nonfarm employment was revised downward by -200 jobs for a April to May smaller net gain of 30,800 compared to an original estimate of 31,000 jobs. A downward revision of -2,700 jobs in Professional and Business Services was the largest contributor followed by Leisure and Hospitality (-1,000) and Trade, Transportation, and Utilities (-300). Upward revisions in Education and Health Services (+1,500), Construction (+800), and Manufacturing (+700) provided a partial offset of the overall downward revision to Total Nonfarm employment (see Chart 5).

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

- Trade, Transportation, and Utilities: 42,900
- Leisure and Hospitality: 37,900
- Construction: 26,600

Chart 5. Net Revisions for Selected Supersectors and Major Industries, May 2022

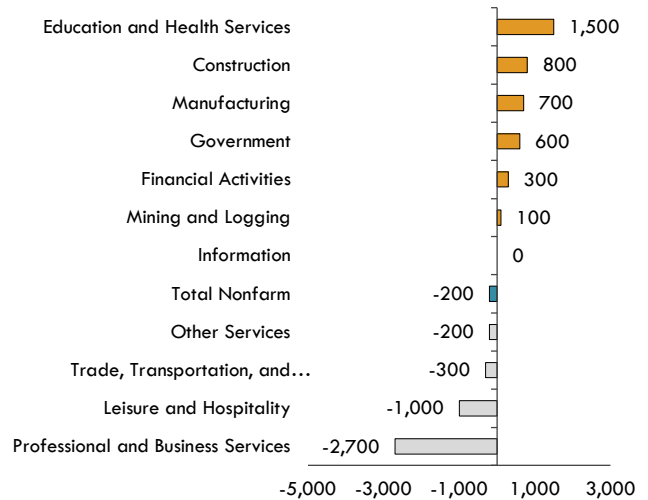


Chart 3. Total Nonfarm (NSA) Over-the-year Net Change, Jun-07 to Jun-22

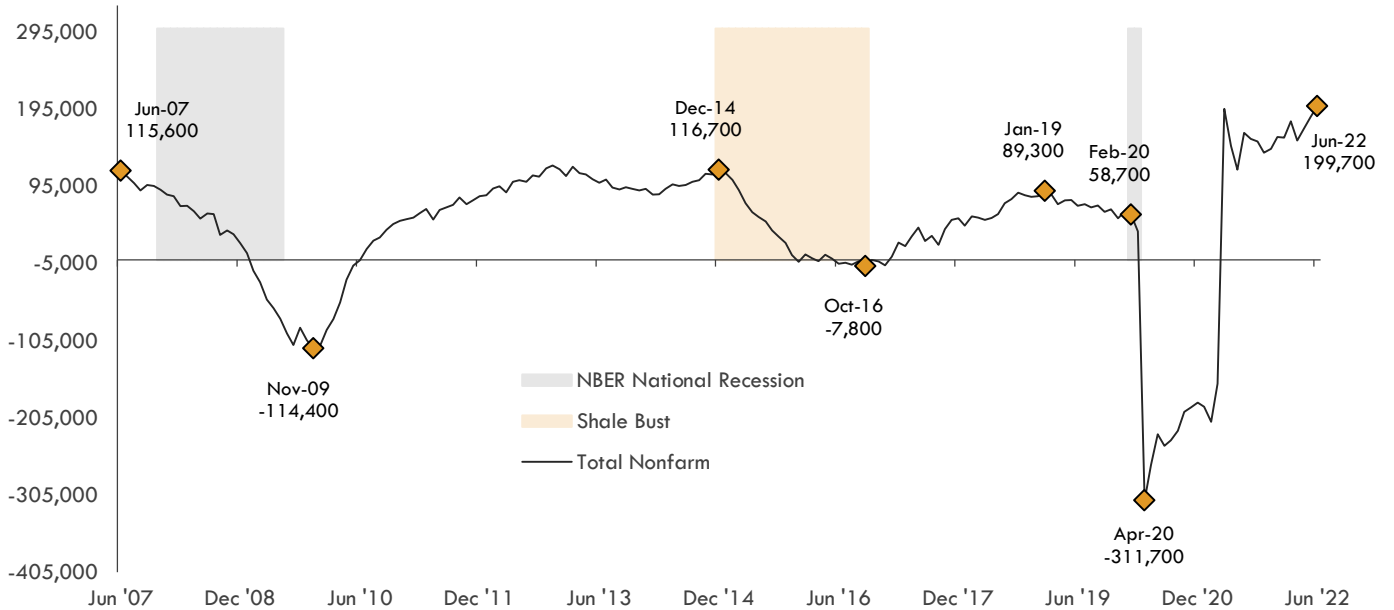
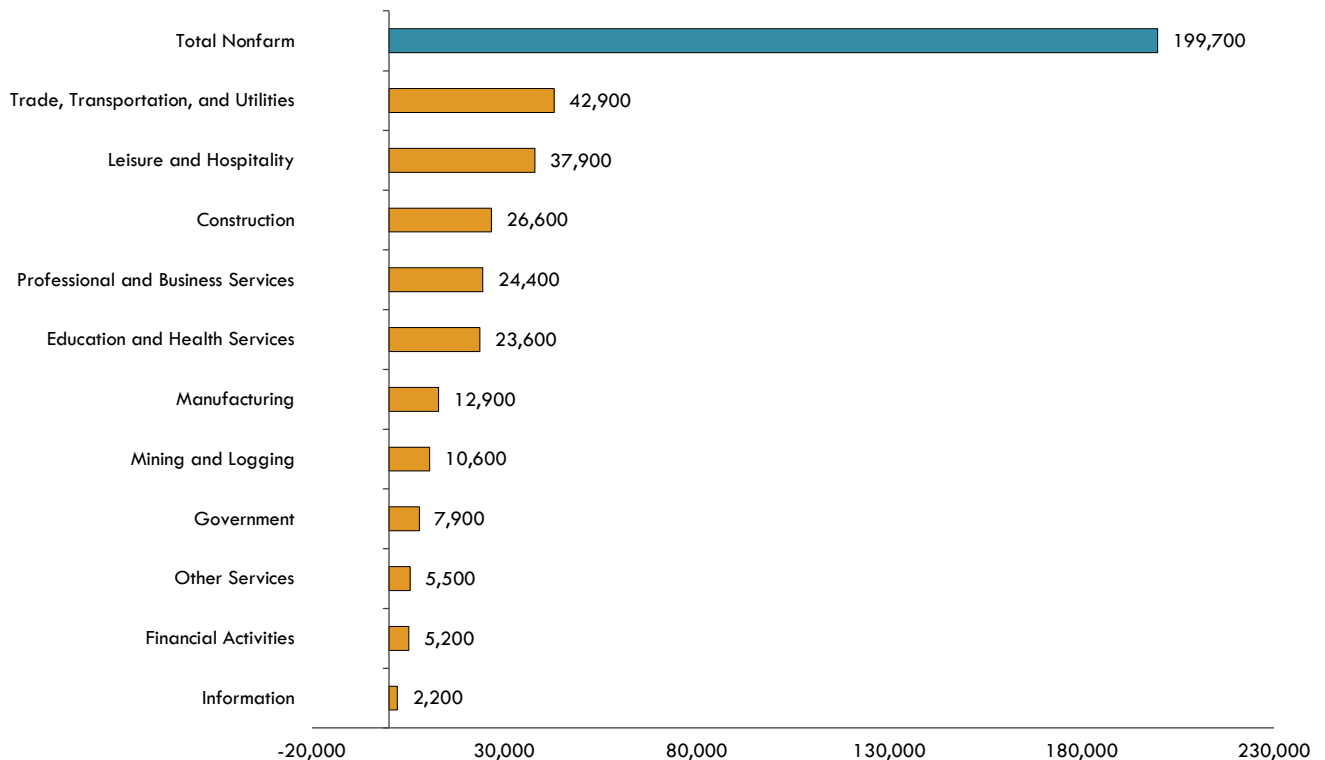


Chart 4. Over-the-year Net Change, Houston MSA Supersectors, June 2021 to June 2022



Supplemental Commentary

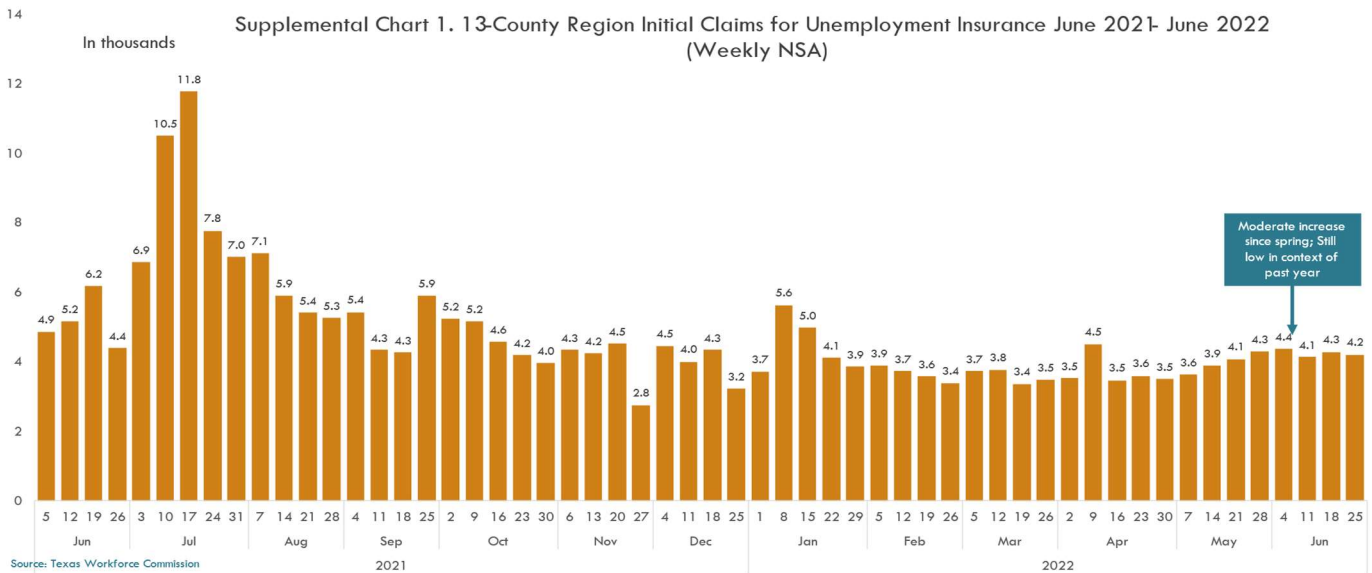
Overall Impressions

Taking the numbers at face value, June marked yet another month of red-hot job growth for the Houston metropolitan area with over 30,000 jobs added in a single month for the fourth time this year. Cumulatively, since February the region has added over 130,000 jobs. As a reminder, in a perfectly average year, pre-pandemic, Houston would see a gain of around 60,000 jobs over the course of the entire year. On top of that, this month's gains now put over-the-year growth at nearly 200,000 jobs. These would be impressive numbers even in 2021 during the initial rebound phase from April 2020, but the fact that they're occurring more than two years after that pivotal month is truly astonishing. If these estimates don't see significant revisions, they'll likely stand as all-time records for years to come. With inflation breaching 10 percent coupled and the highest over-the-year job growth on record, frankly the concern is that the local economy is starting to overheat. (See also the record-high WSI reading on page 19.)

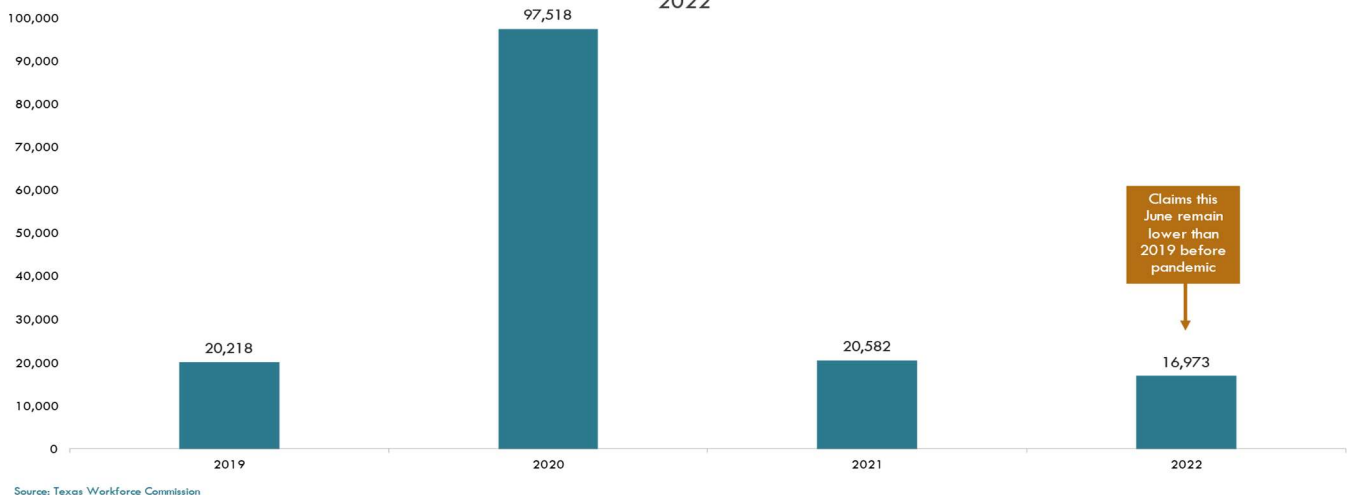
Complicating matters further, we find ourselves in an environment where talk of recession grows louder each day. Every national data point and company announcement of scaled back hiring is scrutinized for evidence of an impending economic downturn. Admittedly, there are more compelling signs of trouble head at the national level, relatively speaking, though to paraphrase a Fed official, it's hard to fathom it with 3.6 percent unemployment. Reconciling these contradictions becomes even more difficult at the local level given Houston's extraordinary performance in the first half of 2022. What follows is a brief look at various local stats for evidence of a recessionary inflection point.

Initial Claims for Unemployment Insurance

Initial claims for unemployment insurance across the 13-County Gulf Coast Region have seen a modest increase to roughly 4,200 each week since late-May compared to an average of around 3,700 throughout spring. This echoes national level trends rising to 220,000 from 200,000 over the same timeframes. Back at the local level, cumulative claims for the month of June sit at just under 17,000 compared to 20,600 in June 2021, 97,500 in June 2020, and 20,200 in 2019. In other words, this June remains roughly 16 percent below our last "normal" year before the pandemic, i.e. 2019. While recent upticks at both local and national levels could be early signs of a turning point in the job market, the magnitudes don't provide compelling evidence of mass layoffs thus far in the cycle. Whether we're already in a recession or not, no one can say for sure but it's hard to make the case that initial claims are cause for alarm at present. (See Supplemental Charts 1, 2, and 3.)

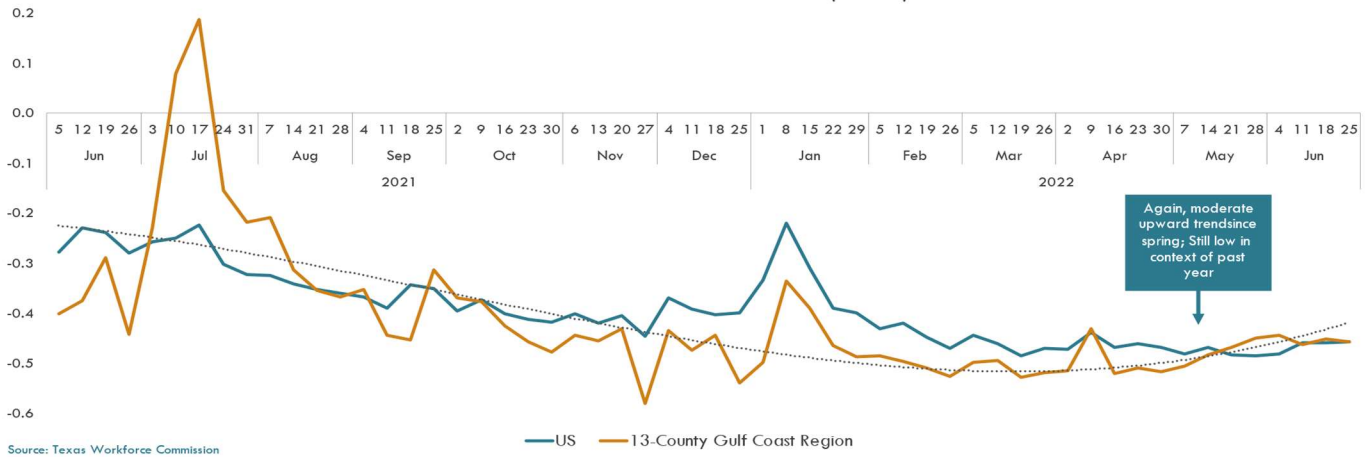


Supplemental Chart 2. 13-County Region Initial Claims for Unemployment Insurance- Month of June Only 2019 - 2022



Supplemental Commentary

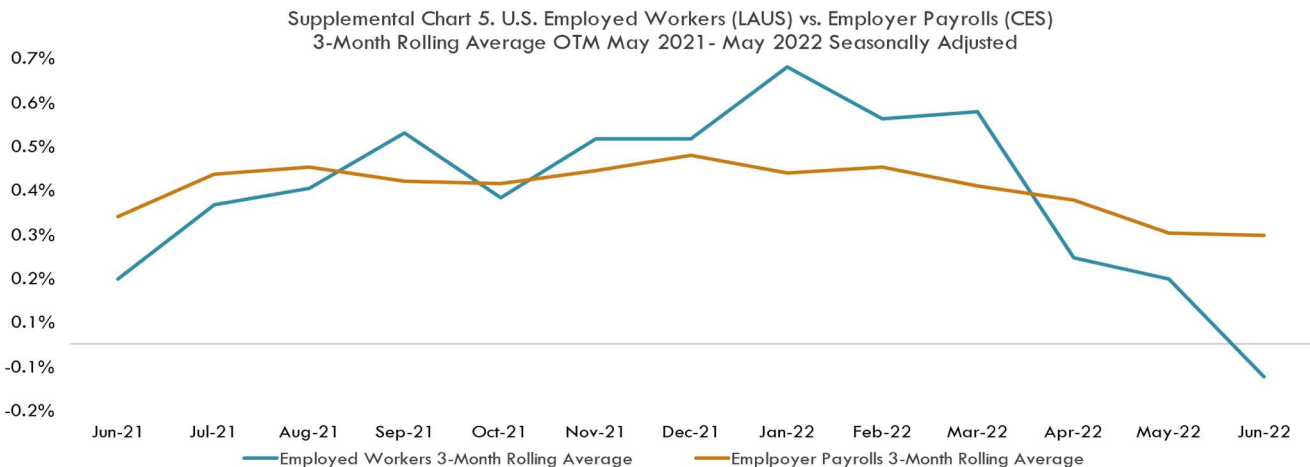
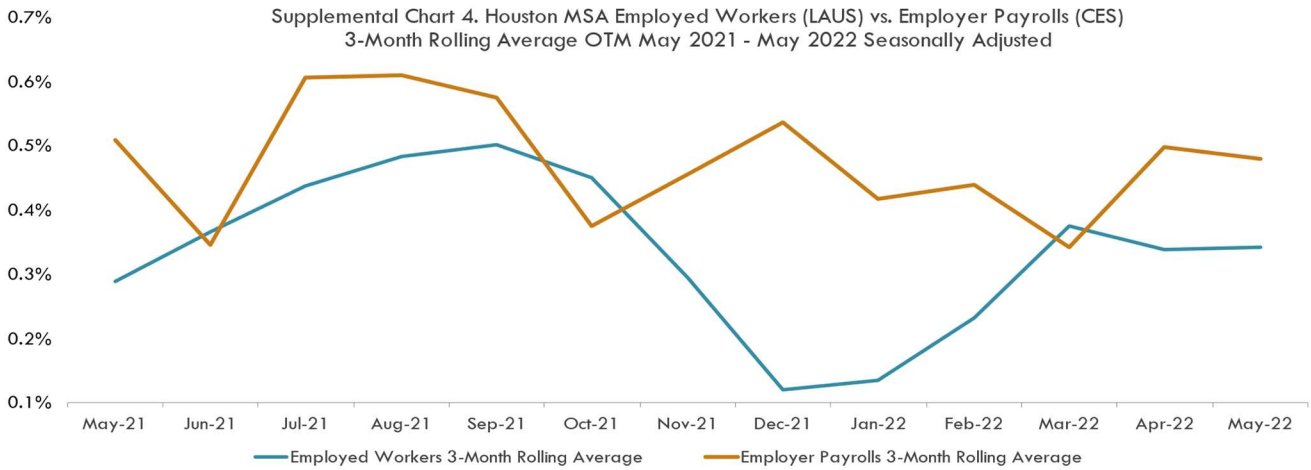
Supplemental Chart 3. U.S. and 13-County Gulf Coast Region Weekly Initial Claims for Unemployment Insurance June 2021 - June 2022 NSA (Scaled)



Underlying Growth in Payroll Jobs versus Employed Workers

First, it's important to clarify that Total Nonfarm and Industry Sector-specific employment highlighted throughout the first three-quarters of the report measure employer payrolls, not employed workers. The unemployment stats on the other hand, found towards the end of the report, count employed workers as a by-product of calculating the unemployment rate. This distinction becomes especially important when analyzing industry sectors like Retail and Accommodation and Food Service where part-time employment is more prevalent versus Professional and Technical Services, for example, which is more likely to be made up of full-time positions. The confusion between the two data sets is why I rarely acknowledge trends among the number of employed workers in region. Furthermore, because the two measures are products of different surveys and measure related but different phenomena, it is possible to observe *positive* payroll job growth and a *decline* in the number of employed workers and vice versa. Regardless, these measures among others are used to look for signs of a recession.

With that primer out of the way, the recent rate of employed worker and employer payroll growth across Houston leading up to this May presents a neutral to slightly negative picture as seen in Supplemental Chart 4. Of the two series, employed workers is potentially weaker due to the dip at the start of the year however this spring saw notable improvement. Both of these trends contrast sharply with the national picture, which is current through June, and shows a clear deceleration in growth between March and April of this year with the measure of employed workers turning negative last month. (See Supplemental Chart 5.) Differences in timeframes aside, the case for an economic slowdown is more compelling at the national level than the local level based on these measures however it is important to keep in mind that neither is sufficient to establish a recession.

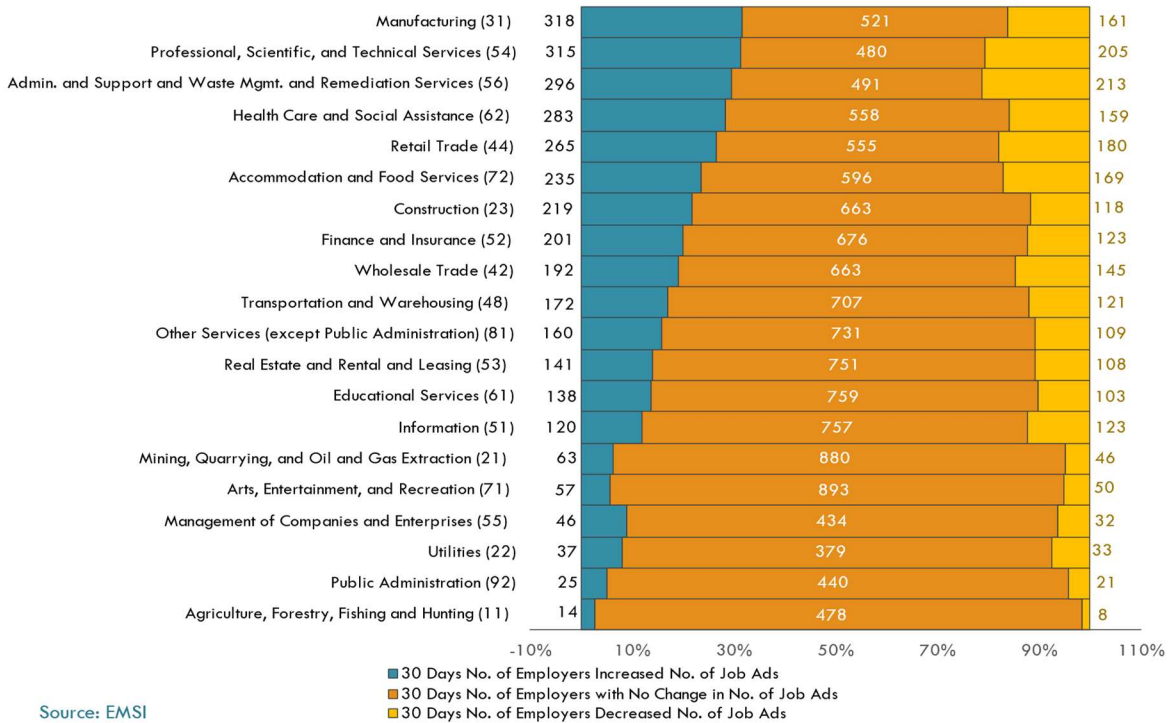


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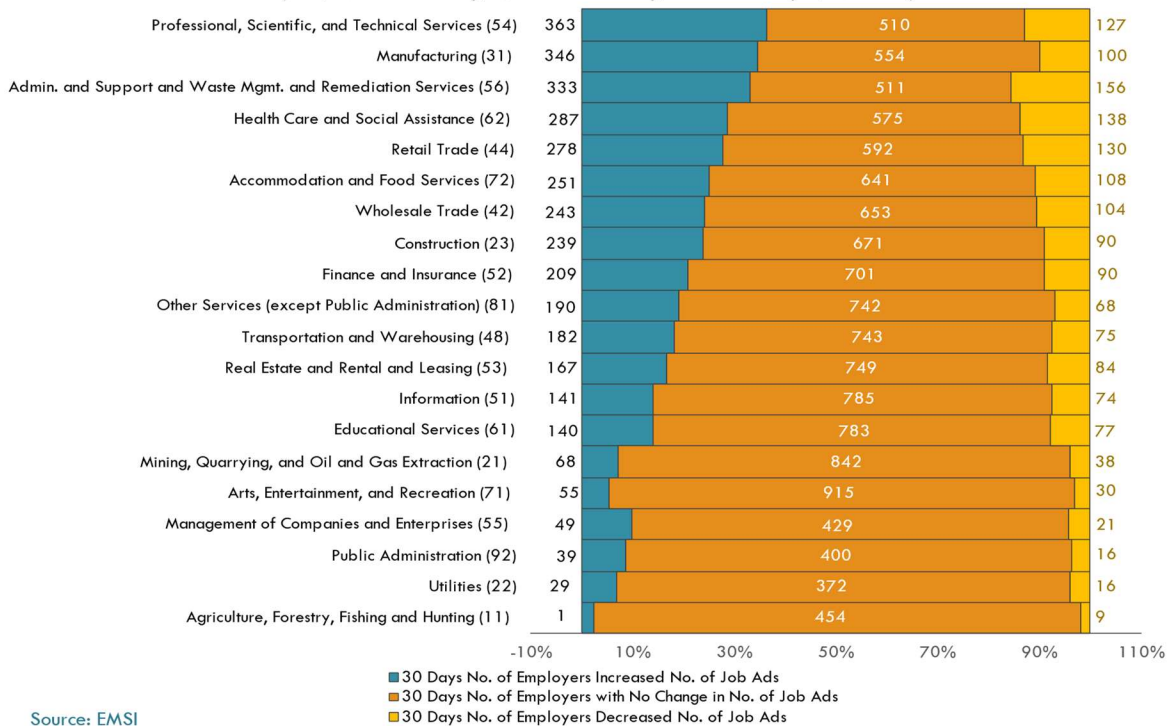
Job Ads

Job ads are yet another way of gauging the state of the labor market despite their limitations. The data below is not the product of a scientifically designed survey and hence may not be fully representative of the region. In addition, the ability to correctly identify an employer’s industry sector remains a challenge although advances in machine learning have significant progress on this front. Supplemental Chart 6, seen below, begins with a 30-day over 30-day lookback at the change in the number of job ads by industry sector. It then counts the number of employers increasing, decreasing, or maintaining a constant number of job ads live on the web over the two 30-day timeframes. The good news is that the most recent data through July 21, 2022, reveals that every industry sector continues to show more employers posting more jobs ads (shown in blue) than employers removing ads (shown in yellow), with the exception of Information, i.e., newspapers, local TV affiliates, etc. However, if we compare this look back to the previous one covering mid-June to mid-May over mid-May to mid-April, shown in Supplemental Chart 7, we see fewer employers removing job ads than at present. In other words, the most recent data indicates that the share of employers pulling job ads is starting to rise. This may lend credence to reports of increasing numbers of employers scaling back hiring as we move into the second half of the year. But for the time being, employers increasing ads still outnumber those removing them. Right now the “blue team” is winning but should the economic picture continue to deteriorate, we should expect to see “yellow team” begin to take the lead.

Supplemental Chart 6. Gulf Coast Region 30- Days over 30- Days Count of Employers Increasing or Decreasing Job Ads by Sector (July, 21 2022 to June, 21 2022 over June, 20 2022 to May, 21 2022)



Supplemental Chart 7. Gulf Coast Region 30- Days over 30- Days Count of Employers Increasing or Decreasing Job Ads by Sector (June, 16 2022 to May, 17 2022 over May, 16 2022 to April, 16 2022)



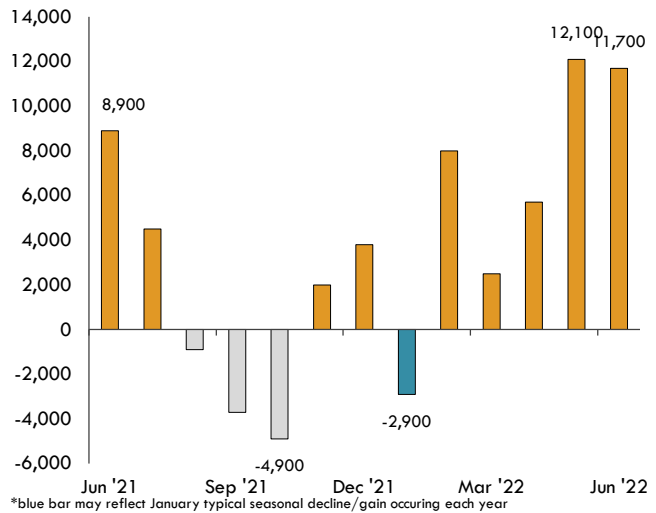
GAINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality was the largest gaining sector over the month up 11,700 jobs, or 3.4 percent (see Chart 6). This was the largest June gain since 2020 and the second-largest gain historically for the month of June since records began in 1990. Historically in the month of June, Leisure and Hospitality has added an average of 3,700 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 7,600 jobs over the month. The second-largest contributor was Arts, Entertainment, and Recreation, which added 4,100 jobs from May to June.

Chart 6. Leisure and Hospitality (NSA)
Over-the-month Net Change, Jun-21 to Jun-22

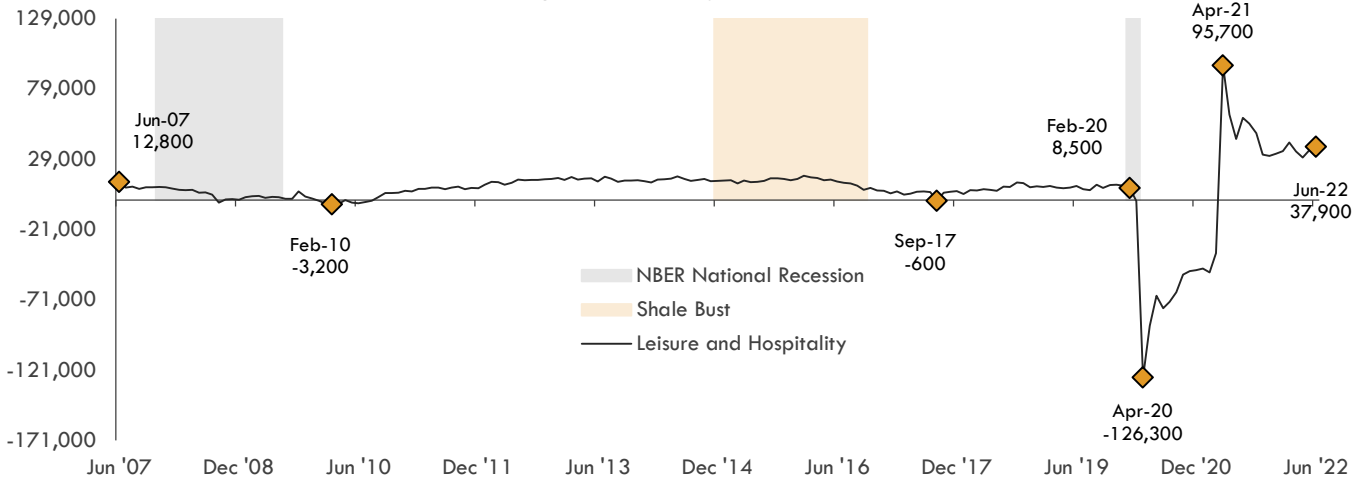


Over-the-year Change

Year over year, Leisure and Hospitality was up 37,900 jobs, or 11.9 percent (see Chart 7). This was the second-largest over-the-year gain in the month of June since records began in 1990 and the largest gain since February 2022's increase of 40,900 jobs. It also marks 15 consecutive months of over-the-year gains. Among sectors currently showing growth, this sector is the third-fastest growing in percentage terms across the Houston area. Furthermore, 19.0 percent of total (gross) jobs added across the region over the past year can be attributed to Leisure and Hospitality. Accommodation and Food Services was the largest

contributor to the overall sector's increase, up 30,400 jobs over the year. The second-largest contributor was Arts, Entertainment, and Recreation, which added 7,500 jobs from June a year ago. Total Leisure and Hospitality employment (NSA) now exceeds its February 2020 pre-pandemic level of 334,500 jobs by 21,500, or 6.4 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 10.4 percent to 10.9 percent over the past year.

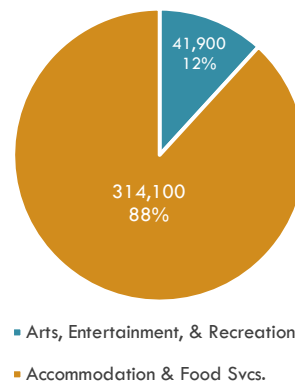
Chart 7. Leisure and Hospitality (NSA)
Over-the-year Net Change, Jun-07 to Jun-22



About This Sector

This sector is composed of establishments that produce and promote in live performances, events, of exhibits of historical, cultural, or educational interest or related to recreation or hobbies intended for public viewing; and provide customers with lodging and/or meals and beverages for immediate consumption. NOTE: movie theaters are classified under the Information sector rather than Leisure and Hospitality. Of the two main component industries, Accommodation and Food Services accounts for the majority of the sector's employment at 88 percent (see Chart 8). Across the Houston MSA, the concentration of jobs in the overall sector is 2 percent higher than the national average.

Chart 8. Employment in Component Industries of Leisure and Hospitality Sector - June 2022



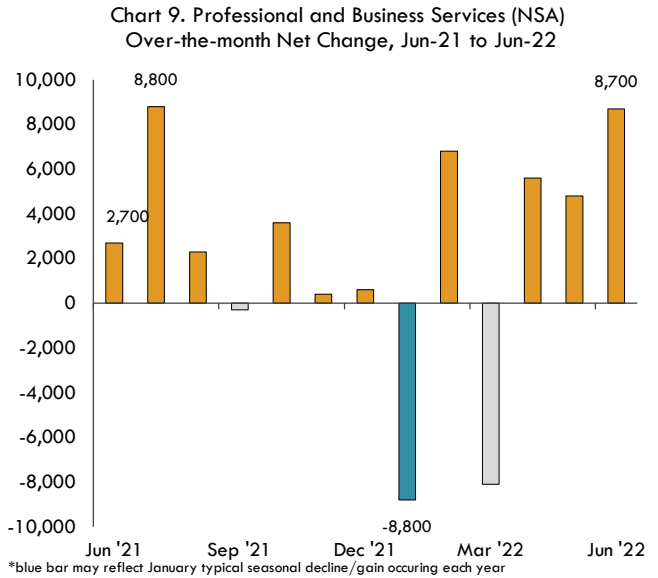
GAINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

Professional and Business Services was the second-largest gaining sector over the month up 8,700 jobs, or 1.7 percent (see Chart 9). This was the largest-ever gain in the month of June since records began in 1990, beating the previous June record of 7,700 jobs in 2000, and now stands as the third-largest over-the-month increase of any month in the past three decades. Historically in the month of June, Professional and Business Services has added an average of 3,900 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's increase, up 5,400 jobs over the month. The second-largest contributor was Professional, Scientific, and Technical Services, which added 2,400 jobs from May to June. Lastly, Management of Companies and Enterprises contributed, 900 jobs. Professional and Business Services employment was revised downward by -2,700 jobs for a April

to May smaller net gain of 4,800 compared to an original estimate of 7,500 jobs.

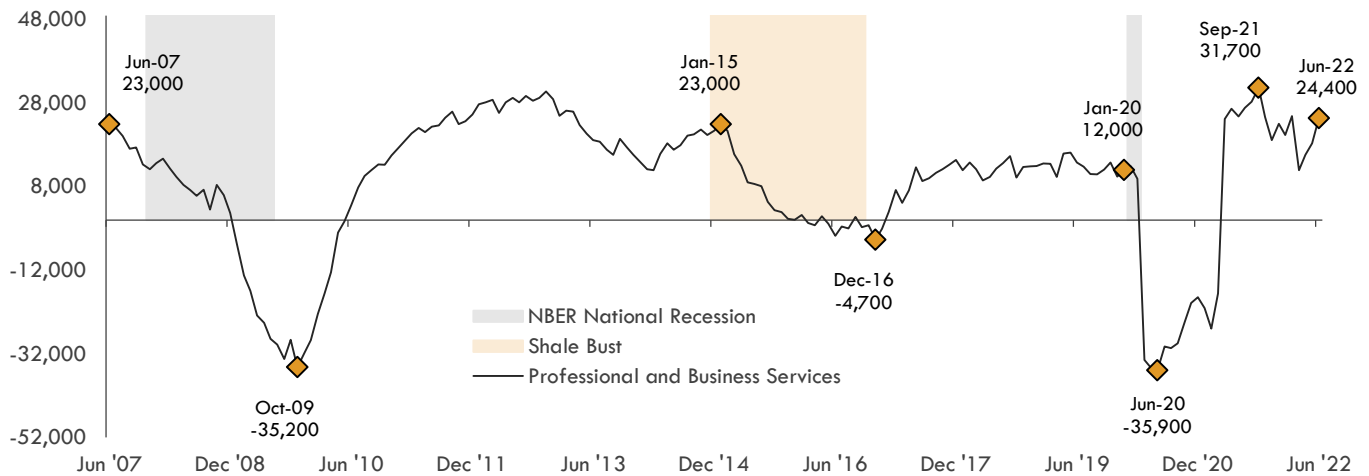


Over-the-year Change

Year over year, Professional and Business Services was up 24,400 jobs, or 4.9 percent (see Chart 10). This was the largest over-the-year gain since February 2022's increase of 24,900 jobs. It also marks 15 consecutive months of over-the-year gains. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's increase, up 13,000 jobs over the year. The second-largest contributor was Professional, Scientific, and Technical Services, which added 9,700 jobs from June a year ago. Lastly, Management of Companies and Enterprises contributed, 1,700

jobs. Total Professional and Business Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 514,700 jobs by 10,000, or 1.9 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 16.3 percent to 16.1 percent over the past year.

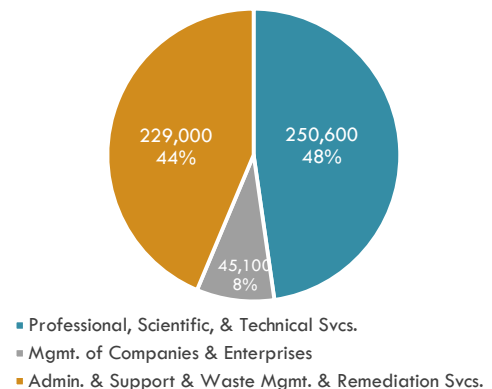
Chart 10. Professional and Business Services (NSA)
Over-the-year Net Change, Jun-07 to Jun-22



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 48 percent (see Chart 11). Across the Houston MSA, the concentration of jobs in the overall sector is 10 percent higher than the national average, due to a 12-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 - June 2022

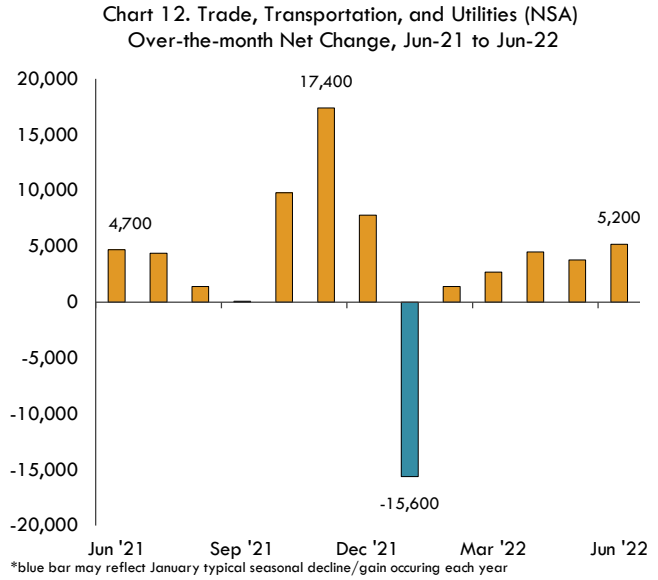


GAINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities was the third-largest gaining sector over the month up 5,200 jobs, or 0.8 percent (see Chart 12). This was the largest June over-the-month gain in since 2020. Historically in the month of June, Trade, Transportation, and Utilities has added an average of 3,400 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Transportation, Warehousing, and Utilities was the largest contributor to the overall sector's increase, up 4,100 jobs over the month. The second-largest contributor was Retail Trade, which added 1,000 jobs from May to June. Lastly, Wholesale Trade contributed, 100 jobs. Trade, Transportation, and Utilities employment was revised downward by -300 jobs for a April to May smaller net gain of 3,800 compared to an original estimate of 4,100 jobs.

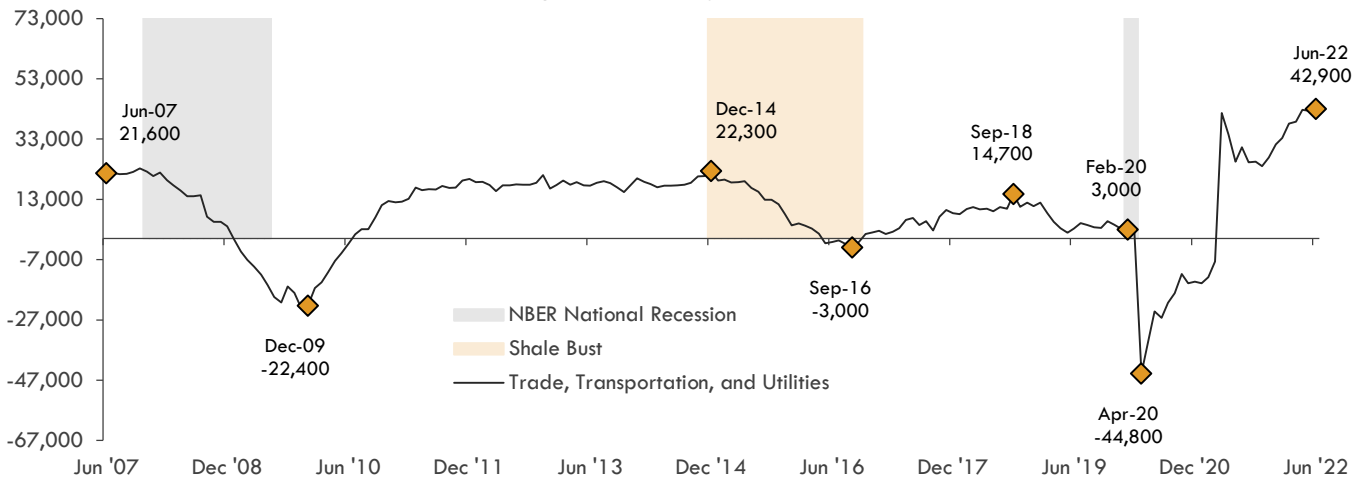


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 42,900 jobs, or 6.8 percent (see Chart 13). This was the largest-ever over-the-year gain in June or any other month since records began, beating the previous record of 42,700 jobs added in April 2022. It also marks 15 consecutive months of over-the-year gains. Furthermore, 21.5 percent of total (gross) jobs added across the region over the past year can be attributed to Trade, Transportation, and Utilities. Retail Trade was the largest contributor to the overall sector's increase, up 15,500 jobs over

the year. The second-largest contributor was Transportation, Warehousing, and Utilities, which added 15,100 jobs from June a year ago. Lastly, Wholesale Trade contributed, 12,300 jobs. Total Trade, Transportation, and Utilities employment (NSA) now exceeds its February 2020 pre-pandemic level of 628,900 jobs by 41,500, or 6.6 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 20.5 percent over the past year.

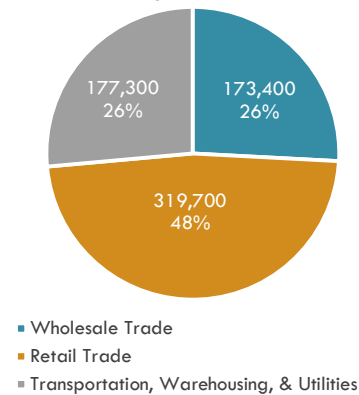
Chart 13. Trade, Transportation, and Utilities (NSA)
Over-the-year Net Change, Jun-07 to Jun-22



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 14). Across the Houston MSA, the concentration of jobs in the overall sector is 9 percent higher than the national average, due to a 37-percent higher concentration in Wholesale Trade primarily related to the oil and gas industry.

Chart 14. Employment in Component Industries of Trade, Transportation, and Utilities Sector - June 2022



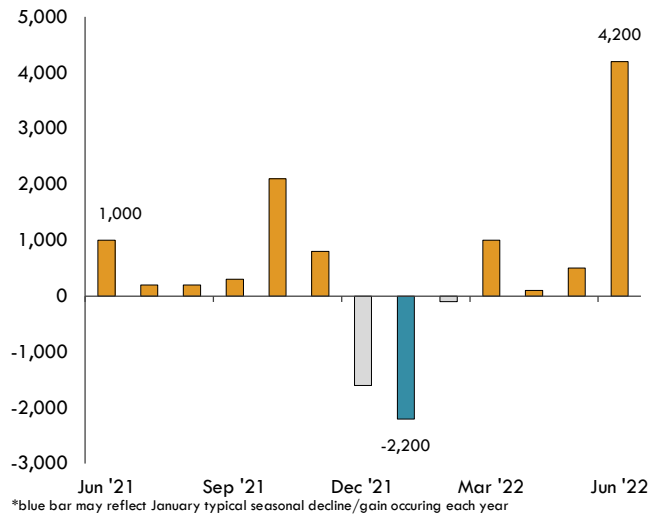
GAINING INDUSTRY HIGHLIGHTS

Other Services

Over-the-month Change

Other Services also saw an increase over the month up 4,200 jobs, or 3.8 percent (see Chart 15). This was the largest June over-the-month gain in since 2020. Historically in the month of June, Other Services has added an average of 3,600 jobs over the month, which indicates that this month's gains are moderately above the long-term average. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Other Services employment was revised downward by -200 jobs for a April to May smaller net gain of 500 compared to an original estimate of 700 jobs.

Chart 15. Other Services (NSA)
Over-the-month Net Change, Jun-21 to Jun-22

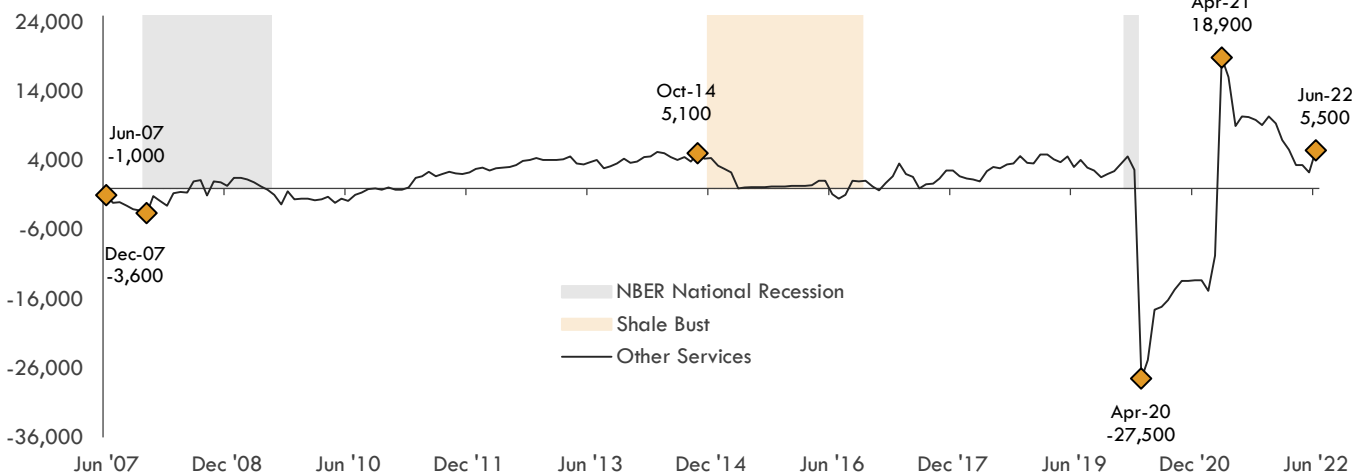


Over-the-year Change

Year over year, Other Services was up 5,500 jobs, or 5.0 percent (see Chart 16). This was the second-largest over-the-year gain in the month of June since records began in 1990 and the largest gain since February 2022's increase of 5,600 jobs. It also marks 15 consecutive months of over-the-year gains. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Total Other Services employment (NSA) remains -3,400 jobs, or -2.9 percent below its February 2020 pre-pandemic level of 119,100. At the same time, the sector's share of Houston area Total Nonfarm

Employment has remained constant at 3.6 percent over the past year.

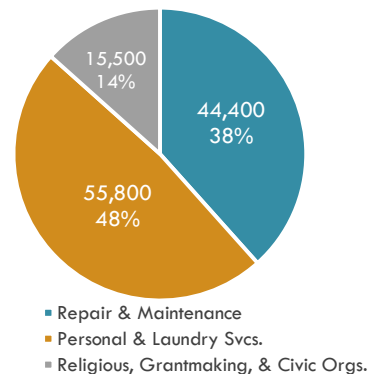
Chart 16. Other Services (NSA)
Over-the-year Net Change, Jun-07 to Jun-22



About This Sector

This sector comprises establishments engaged in services not classified elsewhere such as equipment and machinery repair, religious activities, grantmaking, advocacy, and providing dry-cleaning and laundry services, and personal care services. Of the three main component industries, Personal and Laundry Services accounts for a plurality of the sector's employment at 48 percent as a subsector where self-employment is prevalent (source: Census - Non Employer Statistics and BLS - Quarterly Census of Employment and Wages) (see Chart 17). Across the Houston MSA, the concentration of jobs in the overall Other Services sector is 6 percent less than the national average.

Chart 17. Employment in Component Industries of
Other Services Sector - June 2022



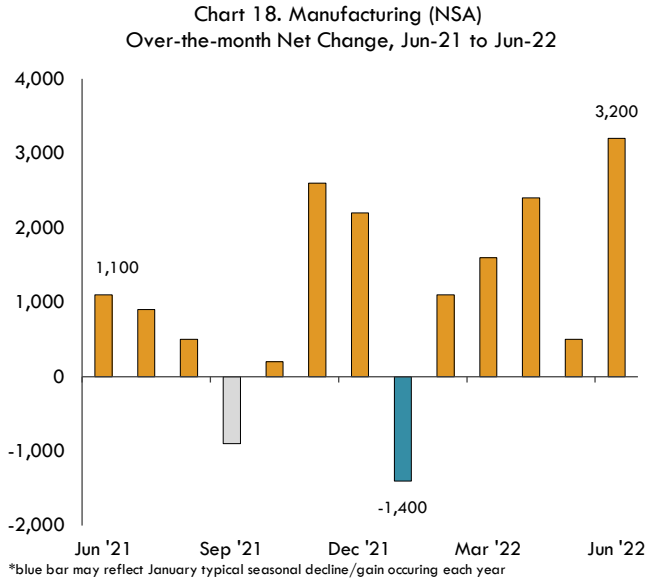
*estimated proportions based QCEW covered and NES self-employment

GAINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing also saw an increase over the month up 3,200 jobs, or 1.4 percent (see Chart 18). This June tied with 1990 for the largest-ever gain in the month of June since records began, also in 1990. Historically in the month of June, Manufacturing has added an average of 1,600 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Durable Goods was the largest contributor to the overall sector's increase, up 2,400 jobs over the month. The second-largest contributor was Non-Durable Goods, which added 800 jobs from May to June. Manufacturing employment was revised upward by 700 jobs for a April to May complete erasure of losses resulting in a net gain of 500 compared to an original estimate of -200 jobs.

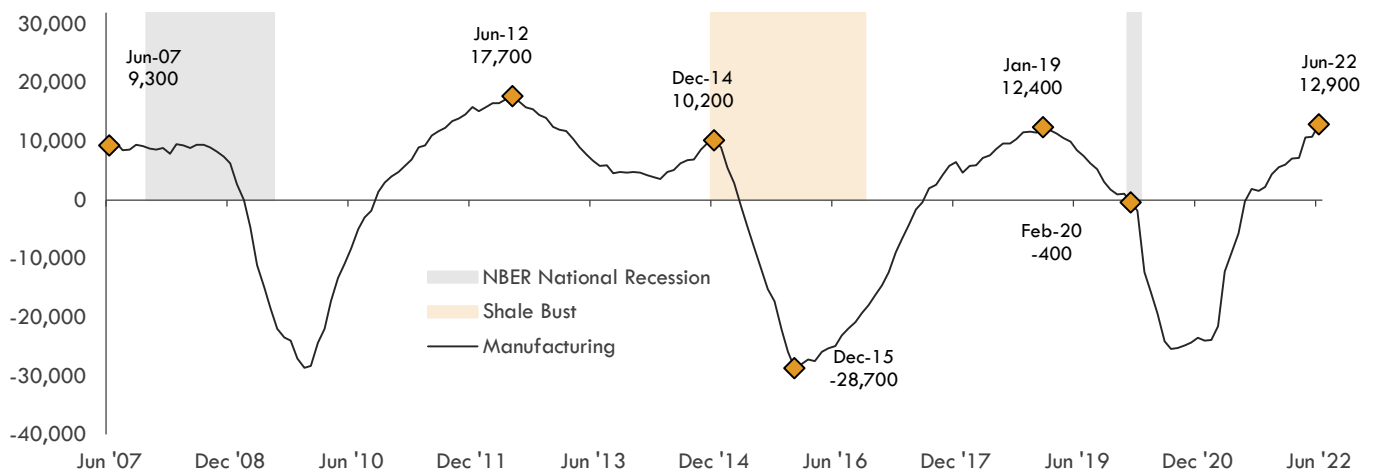


Over-the-year Change

Year over year, Manufacturing was up 12,900 jobs, or 6.1 percent (see Chart 19). This was the second-largest over-the-year gain in the month of June since records began in 1990 and the largest gain since November 2012's increase of 14,000 jobs. It also marks 11 consecutive months of over-the-year gains. Durable Goods was the largest contributor to the overall sector's increase, up 9,500 jobs over the year. The second-largest contributor was Non-Durable Goods, which added 3,400 jobs from June a year ago. Total Manufacturing employment (NSA) remains -9,100 jobs, or -3.9 percent below its February 2020

pre-pandemic level of 234,500. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 6.9 percent over the past year.

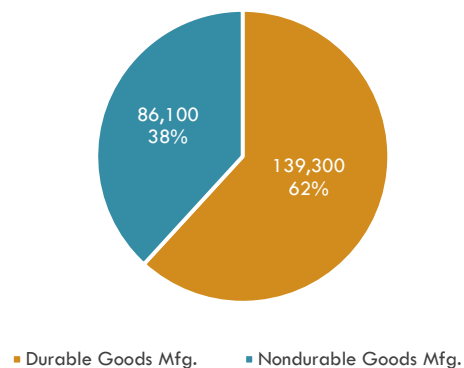
Chart 19. Manufacturing (NSA)
Over-the-year Net Change, Jun-07 to Jun-22



About This Sector

This sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. Of the two main component industries, Durable Goods accounts for the majority of the sector's employment at 62 percent (see Chart 20). Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 18 percent less than the national average.

Chart 20. Employment in Component Industries of Manufacturing Sector - June 2022

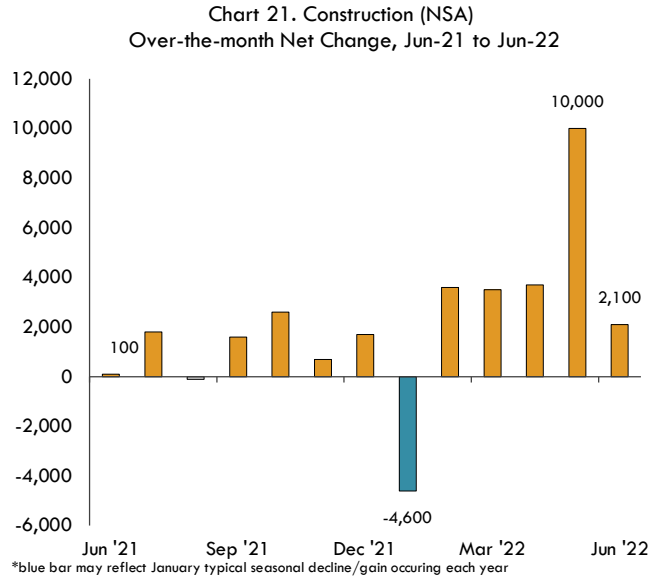


GAINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction also saw an increase over the month up 2,100 jobs, or 0.9 percent (see Chart 21). This was the largest June over-the-month gain in since 2011. Historically in the month of June, Construction has added an average of 600 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Specialty Trade Contractors was the largest contributor to the overall sector's increase, up 2,200 jobs over the month. The second-largest contributor was Construction of Buildings, which added 700 jobs from May to June. Lastly, Heavy and Civil Engineering Construction offset a portion of the sector's gains with a loss of -800 jobs. Construction employment was revised upward by 800 jobs for a April to May larger net gain of 10,000 compared to an original estimate of 9,200 jobs.

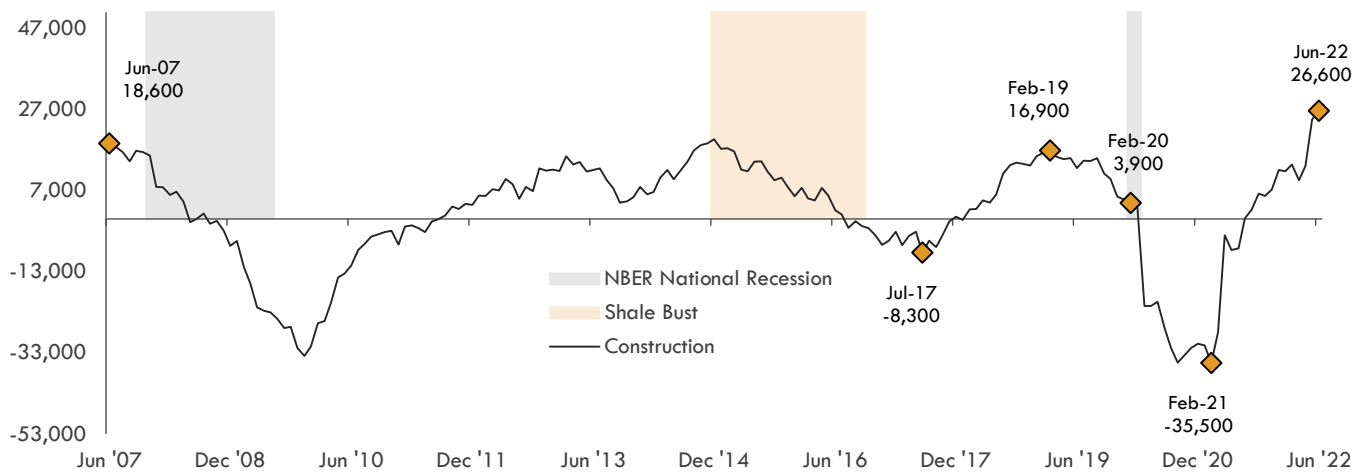


Over-the-year Change

Year over year, Construction was up 26,600 jobs, or 12.8 percent (see Chart 22). This was the largest-ever over-the-year gain in June or any other month since records began, beating the previous record of 24,600 jobs added in May 2022. It also marks 12 consecutive months of over-the-year gains. Among sectors currently showing growth, this sector is the second-fastest growing in percentage terms across the Houston area. Specialty Trade Contractors was the largest contributor to the overall sector's increase, up 14,300 jobs over the year. The second-largest contributor was Heavy and Civil Engineering Construction,

which added 6,300 jobs from June a year ago. Lastly, Construction of Buildings contributed, 6,000 jobs. Total Construction employment (NSA) remains -2,800 jobs, or -1.2 percent below its February 2020 pre-pandemic level of 237,400. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 6.8 percent to 7.2 percent over the past year.

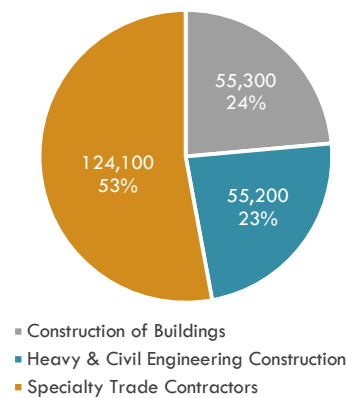
Chart 22. Construction (NSA)
Over-the-year Net Change, Jun-07 to Jun-22



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 53 percent (see Chart 23). Across the Houston MSA, the concentration of jobs in the overall Construction sector is 40 percent higher than the national average, due to 2.3 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

Chart 23. Employment in Component Industries of Construction Sector - June 2022

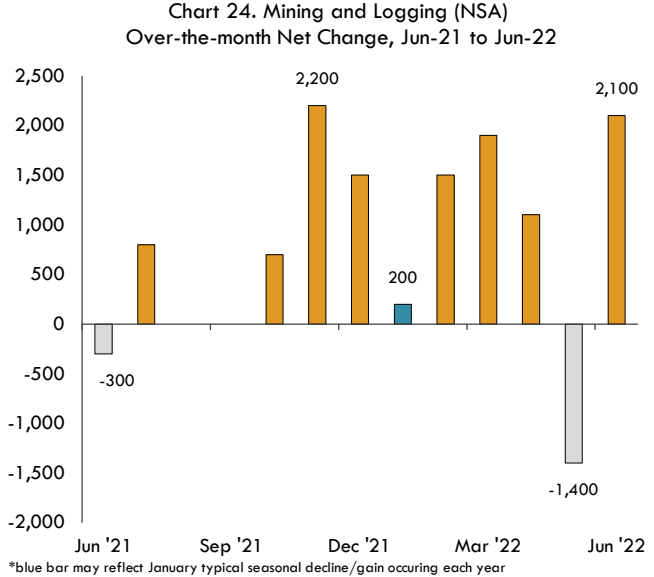


GAINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging also saw an increase over the month up 2,100 jobs, or 3.1 percent (see Chart 24). This was the largest June gain since 2011 and the second-largest gain historically for the month of June since records began in 1990. Historically in the month of June, Mining and Logging has added an average of 800 jobs over the month, which indicates that this month's gains are moderately above the long-term average. Oil and Gas Extraction was the largest contributor to the overall sector's increase, up 1,100 jobs over the month. The second-largest contributor was Support Activities for Mining, which added 900 jobs from May to June. Lastly, Other Mining and Logging Undefined contributed, 100 jobs. Mining and Logging employment was revised upward by 100 jobs for a April to May smaller net loss of -1,400 compared to an original estimate of -1,500 jobs.

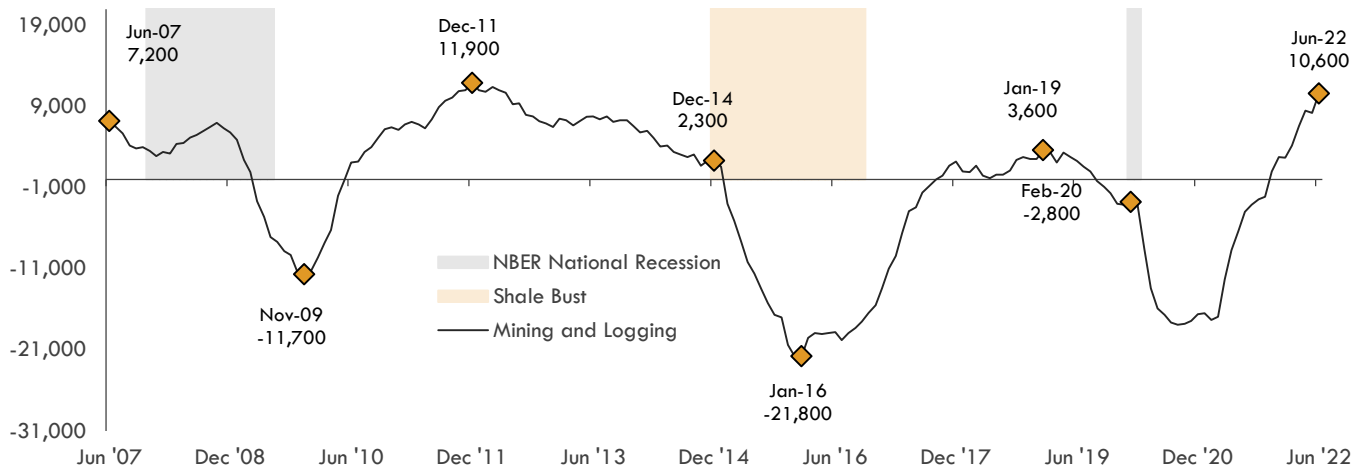


Over-the-year Change

Year over year, Mining and Logging was up 10,600 jobs, or 18.2 percent (see Chart 25). This was the largest June over-the-year increase on record and the largest gain since May 2012's increase of 10,700 jobs. It also marks eight consecutive months of over-the-year gains. Among sectors currently showing growth, this sector is the fastest-growing in percentage terms across the Houston area. Support Activities for Mining was the largest contributor to the overall sector's increase, up 5,600 jobs over the year. The second-largest contributor was Oil and Gas Extraction, which added 4,400 jobs from June a year ago.

Other Mining and Logging Undefined contributed, 600 jobs. Despite June's solid gains, total Mining and Logging employment (NSA) remains -9,400 jobs, or -12.0 percent below its February 2020 pre-pandemic level of 78,400 yet at the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 1.9 percent to 2.1 percent over the past year.

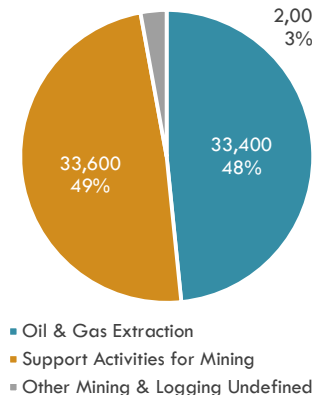
Chart 25. Mining and Logging (NSA) Over-the-year Net Change, Jun-07 to Jun-22



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 26). Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 5.1 times the national average, due to the region's role as a global hub for the oil and gas industry.

Chart 26. Employment in Component Industries of Mining and Logging Sector - June 2022

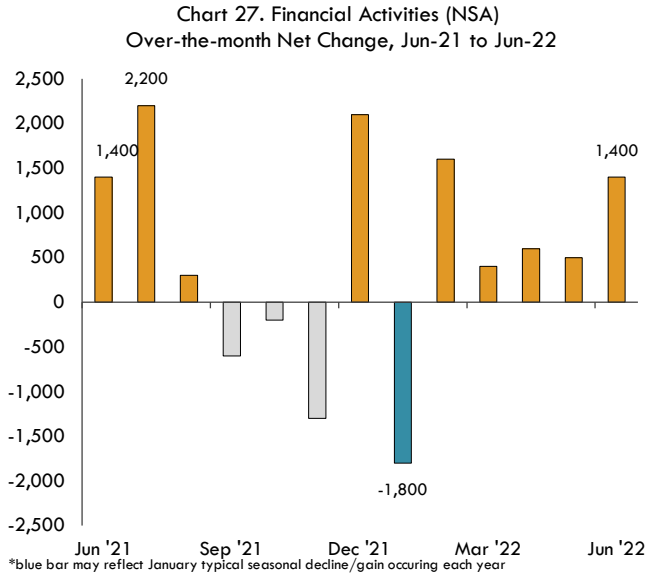


GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities also saw an increase over the month up 1,400 jobs, or 0.8 percent (see Chart 27). Historically in the month of June, Financial Activities has added an average of 900 jobs over the month, which indicates that this month's gains are slightly above the long-term average. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 1,700 jobs over the month. One component industry that provided a partial offset was Finance and Insurance, which lost 300 jobs from May to June. Financial Activities employment was revised upward by 300 jobs for a April to May larger net gain of 500 compared to an original estimate of 200 jobs.

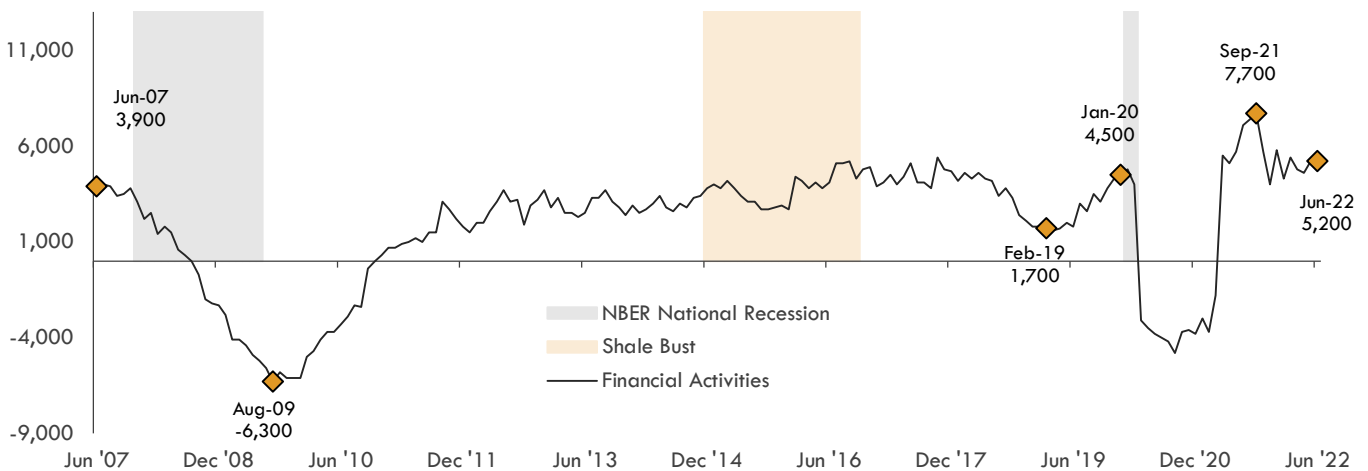


Over-the-year Change

Year over year, Financial Activities was up 5,200 jobs, or 3.1 percent (see Chart 28). This was the third-largest over-the-year gain in June since records began in 1990. It also marks nine consecutive months of over-the-year gains. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 3,100 jobs over the year. The second-largest contributor was Finance and Insurance, which added 2,100 jobs from June a year ago. Total Financial Activities employment (NSA) now exceeds its February 2020 pre-pandemic level of 169,200 jobs by 4,600, or 2.7 percent. At the

same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 5.5 percent to 5.3 percent over the past year.

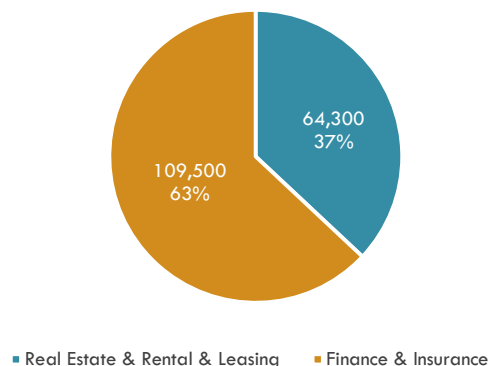
Chart 28. Financial Activities (NSA)
Over-the-year Net Change, Jun-07 to Jun-22



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 63 percent (see Chart 29). Across the Houston MSA, the concentration of jobs in the overall Financial Activities sector is 10 percent less than the national average, due to a 22-percent lower concentration in Finance and Insurance offsetting a 26-percent higher concentration in Real Estate and Rental and Leasing.

Chart 29. Employment in Component Industries of
Financial Activities Sector - June 2022

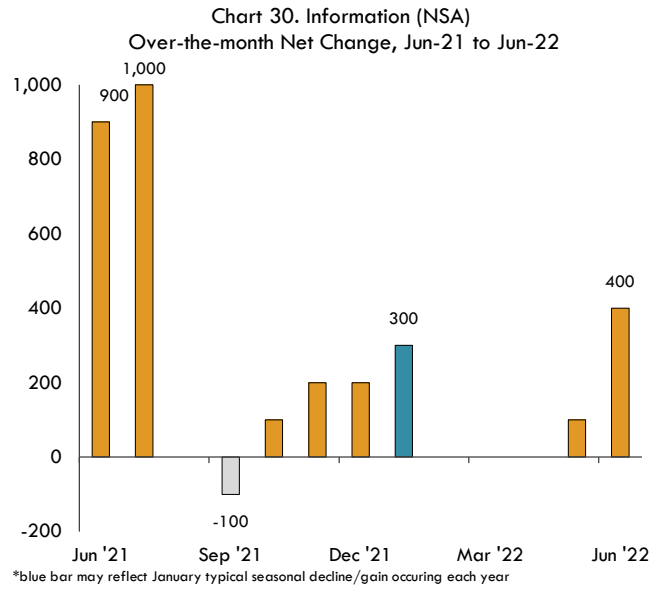


GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information also saw an increase over the month up 400 jobs, or 1.3 percent (see Chart 30). Historically in the month of June, Information has added an average of 300 jobs over the month, which indicates that this month's gains are slightly above the long-term average. Other Information Undefined was the largest contributor to the overall sector's increase, up 400 jobs over the month. One component industry, Telecommunications, saw no change from May to June. Information employment saw no revision from April to May leaving the previous month's original increase of 100 intact.

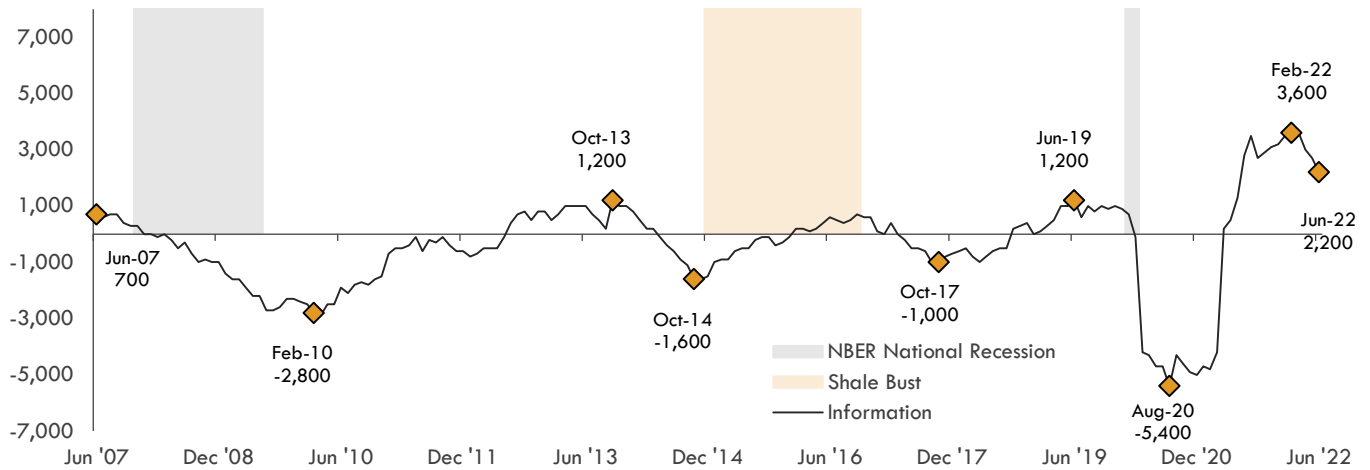


Over-the-year Change

Year over year, Information was up 2,200 jobs, or 7.4 percent (see Chart 31). This was the third-largest over-the-year gain in June since records began in 1990. It also marks 15 consecutive months of over-the-year gains. Other Information Undefined was the largest contributor to the overall sector's increase, up 2,000 jobs over the year. The second-largest contributor was Telecommunications, which added 200 jobs from June a year ago. Total Information employment (NSA) remains -700 jobs, or -2.1 percent below its February 2020 pre-pandemic level of 32,700. At the same time, the sector's share of Houston area

Total Nonfarm Employment has remained constant at 1.0 percent over the past year.

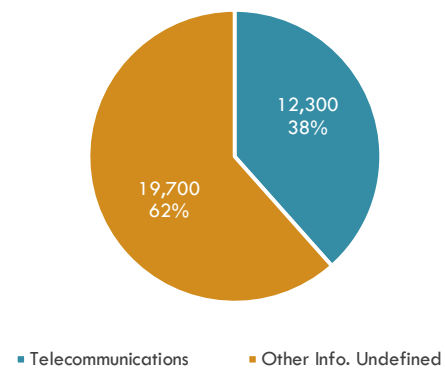
Chart 31. Information (NSA)
Over-the-year Net Change, Jun-07 to Jun-22



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 62 percent (see Chart 32). Across the Houston MSA, the concentration of jobs in the overall Information sector is 51 percent less than the national average.

Chart 32. Employment in Component Industries of Information Sector - June 2022

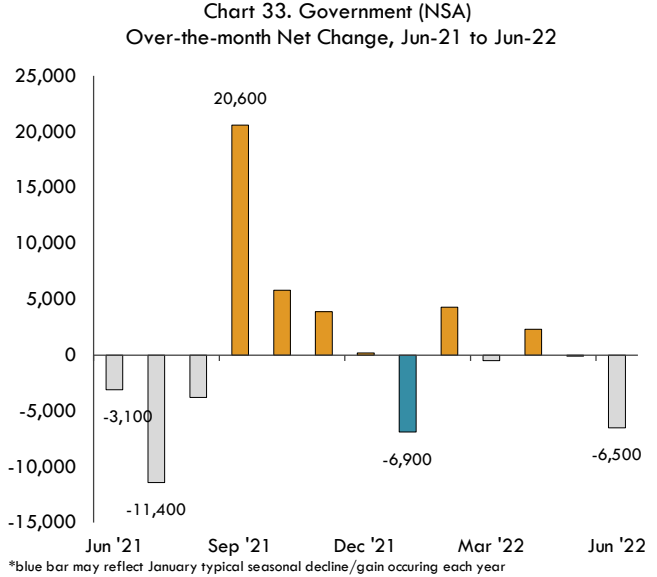


DECLINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

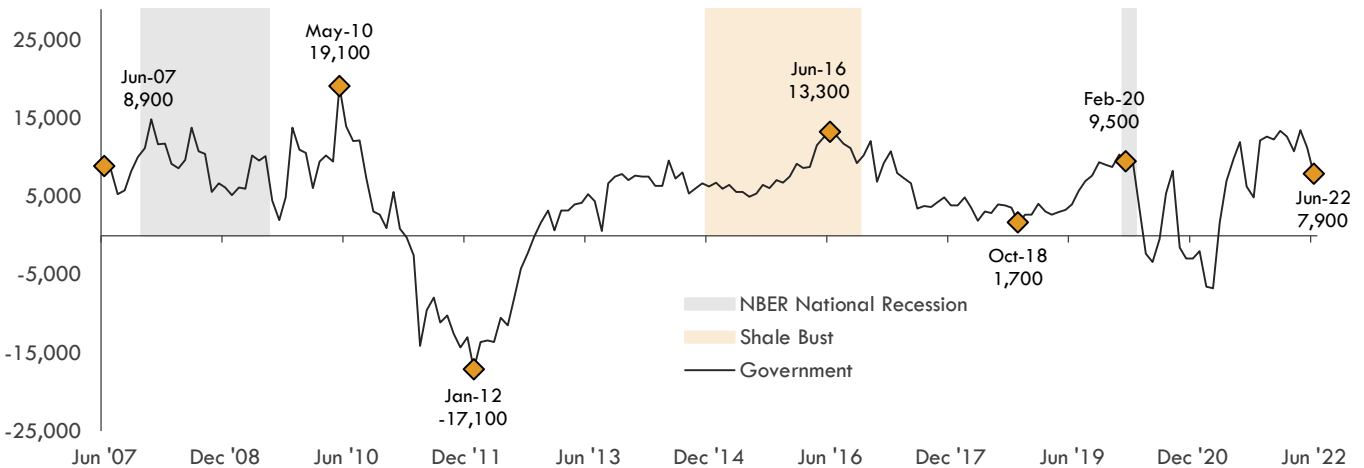
Government was the largest declining sector over the month down -6,500 jobs, or -1.5 (see Chart 33). This was the largest June over-the-month decline in since 2013. Historically in the month of June, Government has lost an average of -7,300 jobs over the month, which indicates that this month's losses are slightly smaller than the long-term average decline. Local Government was the largest contributor to the overall sector's decline, down -5,400 jobs over the month. The second-largest declining contributor was State Government, which lost -600 jobs from May to June. Lastly, Federal Government subtracted, -500 jobs. Government employment was revised upward by 600 jobs for a April to May smaller net loss of -100 compared to an original estimate of -700 jobs.



Over-the-year Change

Year over year, Government was up 7,900 jobs, or 1.9 percent (see Chart 34). This June also marks 15 consecutive months of over-the-year gains. Total Government employment (NSA) now exceeds its February 2020 pre-pandemic level of 428,400 jobs by 1,400, or 0.3 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 13.8 percent to 13.2 percent over the past year.

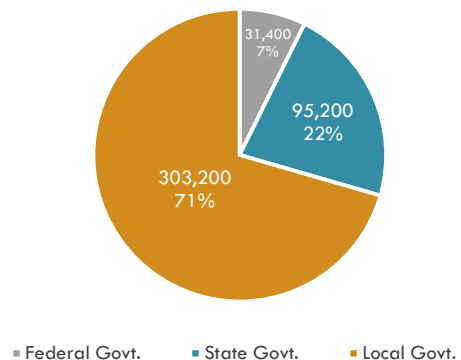
Chart 34. Government (NSA)
Over-the-year Net Change, Jun-07 to Jun-22



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

Chart 35. Employment in Component Industries of Government Sector - June 2022



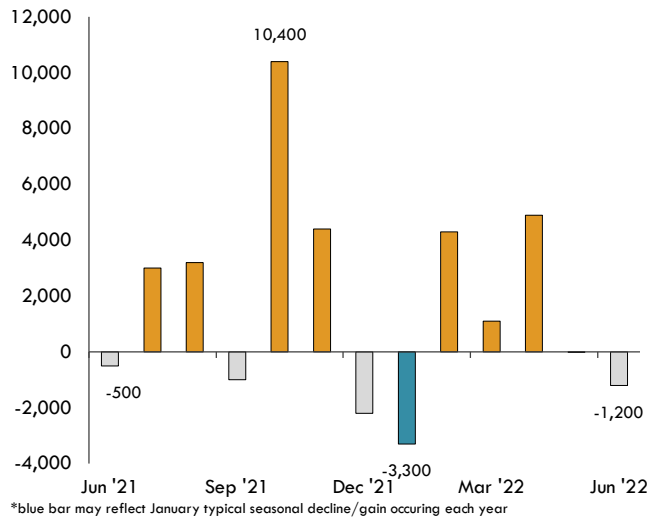
DECLINING INDUSTRY HIGHLIGHTS

Education and Health Services

Over-the-month Change

Education and Health Services was the second-largest declining sector over the month down -1,200 jobs, or -0.3 (see Chart 36). This was the largest June over-the-month decline in since 2019. Historically in the month of June, Education and Health Services has lost an average of -400 jobs over the month, which indicates that this month's losses are substantially larger than the long-term average decline. Educational Services was the largest contributor to the overall sector's decline, down -1,800 jobs over the month. One component industry that provided a partial offset was Health Care and Social Assistance, which gained 600 jobs from May to June. Education and Health Services employment was revised upward by 1,500 jobs for a April to May complete erasure of losses resulting in a net change of zero compared to an original estimate of -1,500 jobs.

Chart 36. Education and Health Services (NSA)
Over-the-month Net Change, Jun-21 to Jun-22

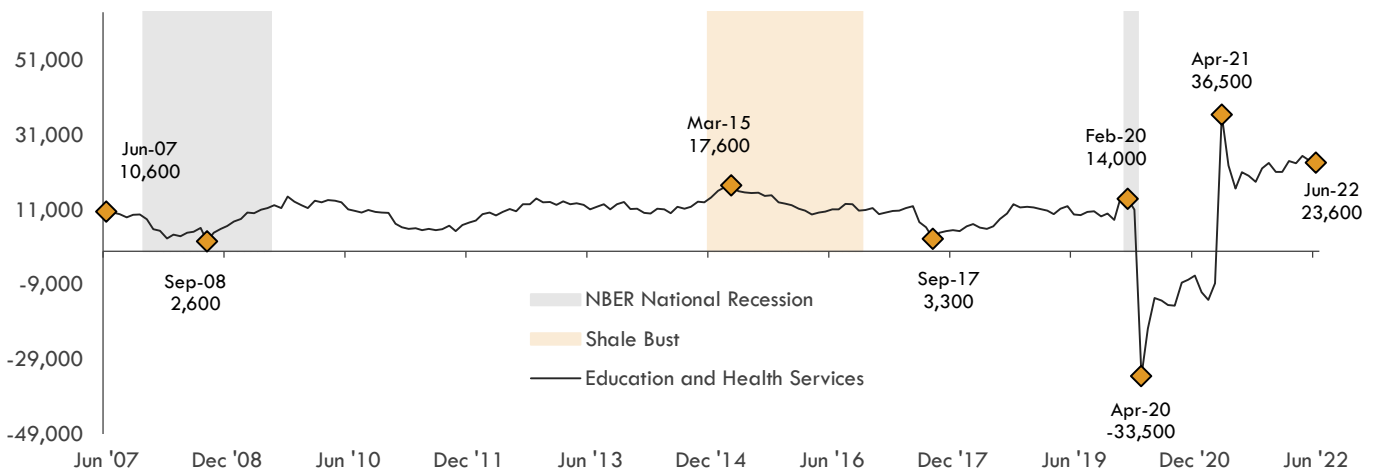


Over-the-year Change

Year over year, Education and Health Services was up 23,600 jobs, or 5.8 percent (see Chart 37). This was the largest June over-the-year increase on record. It also marks 15 consecutive months of over-the-year gains. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 15,300 jobs over the year. The second-largest contributor was Educational Services, which added 8,300 jobs from June a year ago. Total Education and Health Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 414,400 jobs by 15,800, or 3.8 percent. At the same time, the sector's

share of Houston area Total Nonfarm Employment has remained constant at 13.3 percent over the past year.

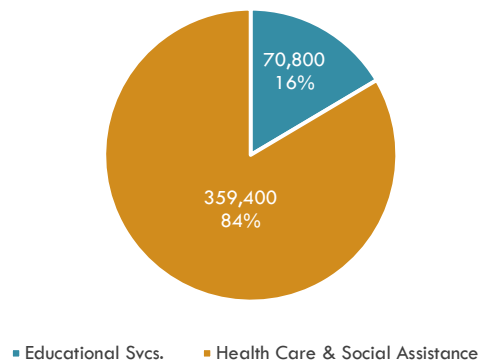
Chart 37. Education and Health Services (NSA)
Over-the-year Net Change, Jun-07 to Jun-22



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 38). Across the Houston MSA, the concentration of jobs in the overall sector is 17 percent less than the national average, despite the high physical concentration of healthcare jobs centered around Texas Medical Center.

Chart 38. Employment in Component Industries of Education and Health Services Sector - June 2022



Local Area Unemployment Statistics

Not-Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 4.8 percent in June, up from May's 4.3 percent and down from 7.1 percent a year ago. This was above the statewide rate of 4.4 percent and above the national rate of 3.8 percent. June typically exhibits an over-the-month decline with the only exception occurring in 2020 due to partial reopening after April's pandemic-driven closures making this month's increase consistent with historical seasonal trends. 170,429 individuals were unemployed in Houston in June, up from May's 148,845 and down from 242,765 in June 2021 (see Charts 39 and 40).

Chart 39. Unemployment Rates (NSA)
U.S., Texas, and Houston MSA
June 2022

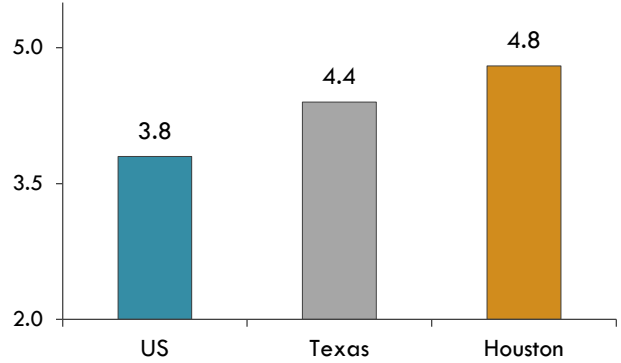
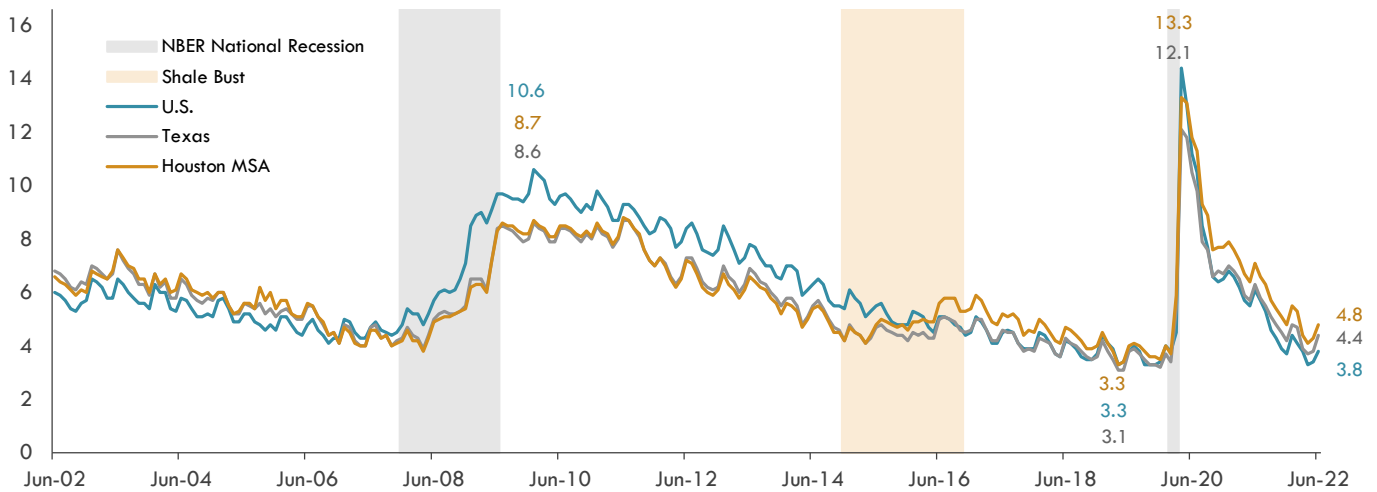


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
June 2002 to June 2022

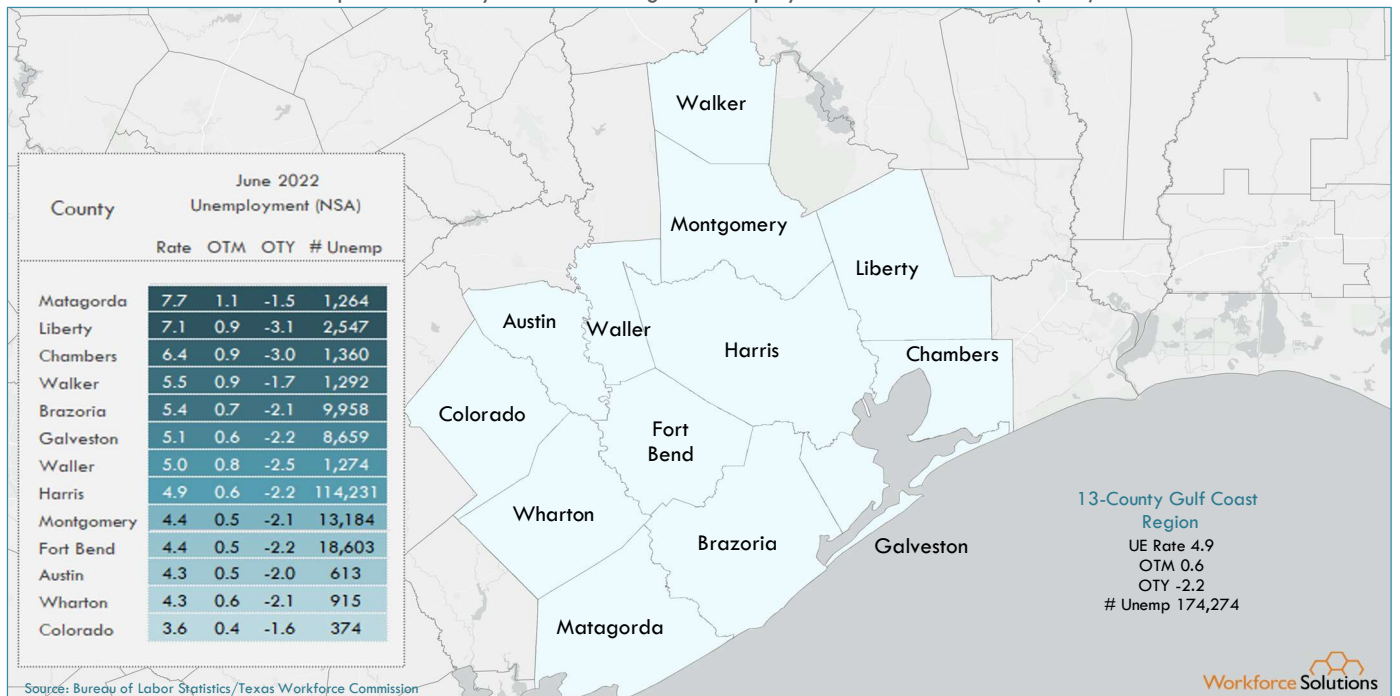


County-level Unemployment

Among the 13 counties that comprise the Gulf Coast Workforce Development Area, unemployment rates in June ranged from a high of 7.7 percent in Matagorda County to a low of 3.6 percent in Colorado. Over the month, all 13 counties saw their unemployment rates rise in keeping with the region-wide increase of 0.6 percentage points. Matagorda saw the largest percentage-point increase in unemployment up 1.1 pp. representing 183 more unemployed workers compared to the previous month. This was followed by Walker (0.9 pp, 210 workers) and Liberty (0.9 pp, 379 workers). Over the year

unemployment rates fell, with Liberty posting the largest decrease, down -3.1 percentage points representing -1,021 fewer unemployed workers compared to a year ago followed by Chambers (-3.0 pp, -593 workers) and Waller (-2.5 pp, -585 workers). Since peaking at 446,307 in May 2020 due to the COVID-19 global pandemic, the number of unemployed workers in the Gulf Coast Region has fallen by -272,033 as of this June (see Map 1 legend).

Map 1. 13-County Gulf Coast Region Unemployment Rates June 2022 (NSA)



Local Area Unemployment Statistics (continued)

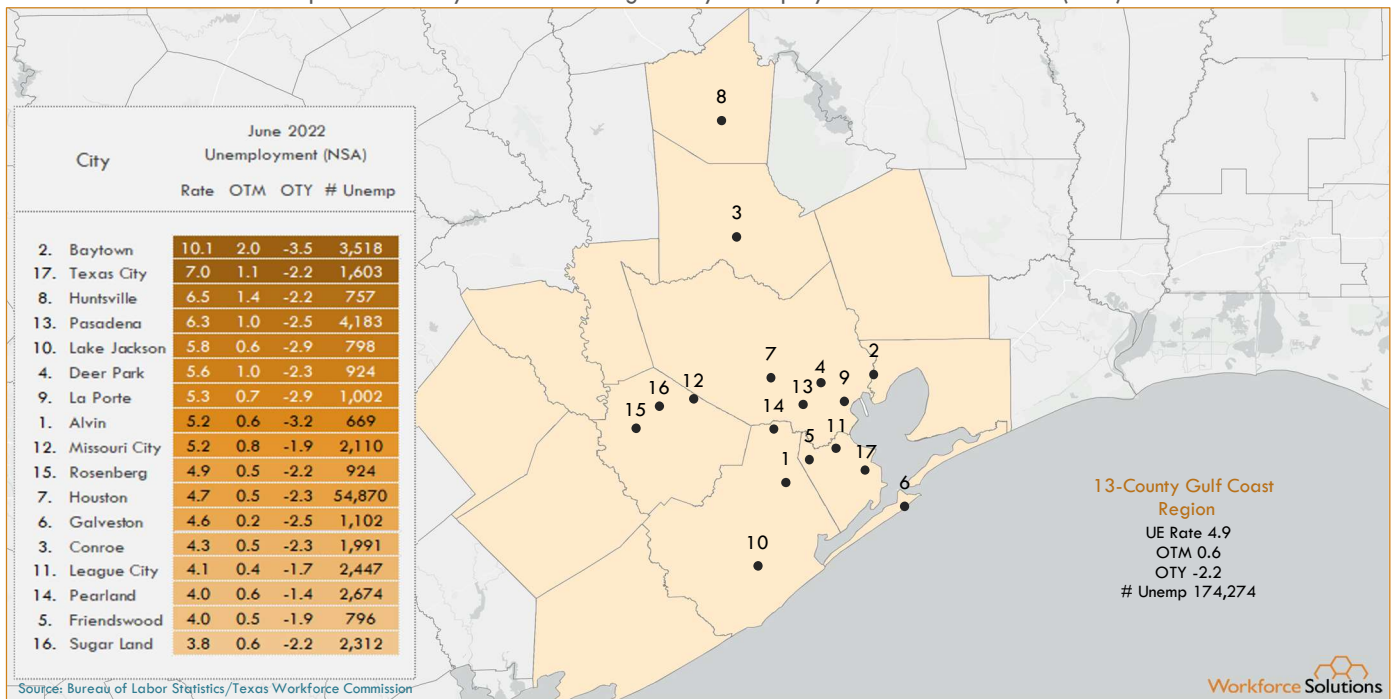
Not-Seasonally Adjusted

Unemployment Rates for Select Municipalities

Among the 17 cities in the Gulf Coast Workforce Development Area for which Local Area Unemployment Statistics are available, unemployment rates in June ranged from a high of 10.1 percent in Baytown to a low of 3.8 percent in Sugar Land (see Map 2 legend). Over the month, all 17 cities saw their unemployment rates rise in keeping with the region-wide increase of 0.6 percentage points. Baytown saw the largest percentage-point increase in unemployment up 2.0 pp. representing 765

unemployed workers compared to the previous month. This was followed by Huntsville (1.4 pp, 160 workers) and Texas City (1.1 pp, 260 workers). Over the year unemployment rates fell, with Baytown posting the largest decrease, down -3.5 percentage points representing -1,143 fewer unemployed workers compared to a year ago followed by Alvin (-3.2 pp, -390 workers) and La Porte (-2.9 pp, -496 workers). The 17 cities below accounted for 47 percent of the 174,274 unemployed workers across the Gulf Coast Region as of this June (see Map 2 legend).

Map 2. 13-County Gulf Coast Region City Unemployment Rates June 2022 (NSA)



Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (seasonally-adjusted) unemployment rate stood at 4.7 percent in May, down from April's 4.8 percent and down from 6.8 percent a year ago. This was above the statewide rate of 4.2 percent and above the national rate of 3.6 percent. 163,411 individuals were unemployed in Houston in May, down from April's 167,445 and down from 232,749 in May 2021 (see Charts 41 and 42). NOTE: Seasonally-adjusted data for the MSA are available with a one-month delay but are not available for the 13-County Region or 17 cities.

Chart 41. Unemployment Rates (SA)
 U.S., Texas, and Houston MSA
 May 2022

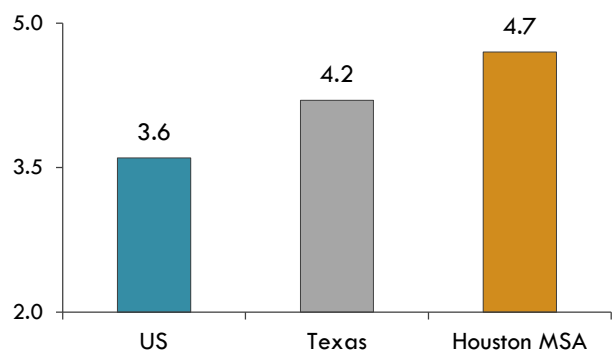
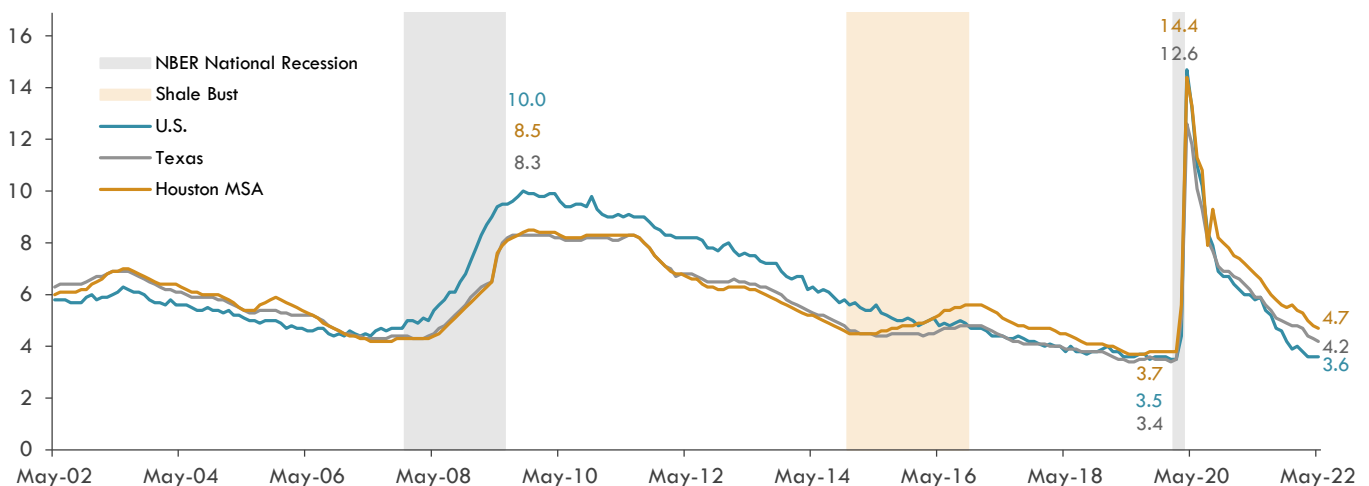


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
 May 2002 to May 2022



Gulf Coast Workforce Solutions Index (WSI)

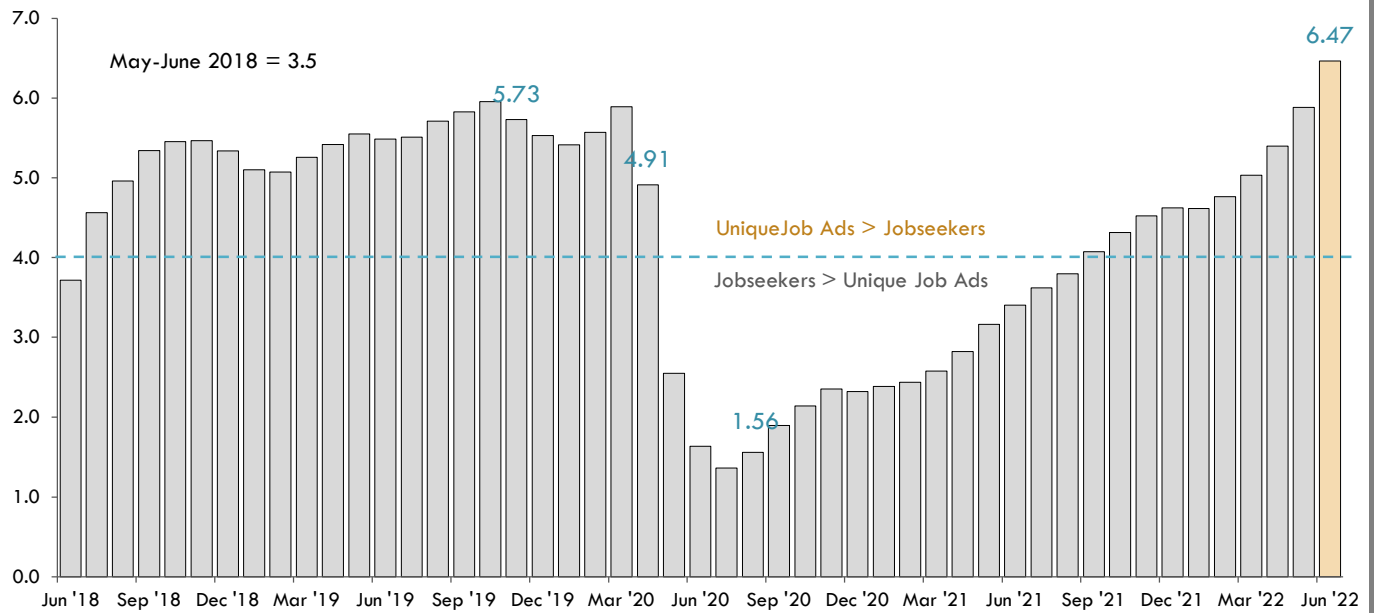


The Gulf Coast Workforce Solutions Index (WSI)

The WSI is an indicator designed to capture shifts in the local labor market, specifically the balance between available jobs and unemployed workers at a given point in time. Values above 4.0 signal a surplus of jobs while values less than 4.0 signal a surplus of jobseekers. The Gulf Coast Workforce Board monitors the WSI as part of its ongoing review of the region's unemployment insurance work search requirement and reserves the right to adjust the number of weekly job search contacts as labor market conditions warrant. In the event of change to the work search requirement, the Board will notify the Texas Workforce Commission who will in turn notify UI recipients.

WSI Reading
June
2022:
6.47

Gulf Coast Workforce Solutions Index - Houston MSA 2017 - 2022 (SA)



Source(s): Emsi-Burning Glass and BLS/TWC - LAUS



Workforce Solutions Index June 2022

The Houston MSA WSI for June left to a series high of 6.47, up from March's upwardly revised reading of 5.89, and marking 10 consecutive months with a reading at or above 4.0. June's record index was the result of an increase of 20,000 job ads over May and a relatively modest decrease in unemployed workers by 4,000. This June's reading reaffirms the strength of Houston's labor market and continues to suggest that a minimum requirement of five work search activities per week could be appropriate for unemployed individuals receiving UI benefits.



Houston Area Employment Situation

June 2022

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Jun-22	May-22	Jun-21	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,261,600	3,230,300	3,061,900	31,300	1.0%	199,700	6.5%
Total Private	2,831,800	2,794,000	2,640,000	37,800	1.4%	191,800	7.3%
Goods Producing	529,000	521,600	478,900	7,400	1.4%	50,100	10.5%
.Mining and Logging	69,000	66,900	58,400	2,100	3.1%	10,600	18.2%
...Oil and Gas Extraction	33,400	32,300	29,000	1,100	3.4%	4,400	15.2%
...Support Activities for Mining	33,600	32,700	28,000	900	2.8%	5,600	20.0%
.Construction	234,600	232,500	208,000	2,100	0.9%	26,600	12.8%
..Construction of Buildings	55,300	54,600	49,300	700	1.3%	6,000	12.2%
..Heavy and Civil Engineering Construction	55,200	56,000	48,900	-800	-1.4%	6,300	12.9%
..Specialty Trade Contractors	124,100	121,900	109,800	2,200	1.8%	14,300	13.0%
.Manufacturing	225,400	222,200	212,500	3,200	1.4%	12,900	6.1%
..Durable Goods	139,300	136,900	129,800	2,400	1.8%	9,500	7.3%
...Fabricated Metal Product Manufacturing	48,400	47,500	44,600	900	1.9%	3,800	8.5%
...Machinery Manufacturing	40,100	39,500	38,800	600	1.5%	1,300	3.4%
....Agriculture, Construction, and Mining Machinery Mfg.	20,400	20,000	19,800	400	2.0%	600	3.0%
...Computer and Electronic Product Manufacturing	13,100	12,900	12,800	200	1.6%	300	2.3%
..Non-Durable Goods	86,100	85,300	82,700	800	0.9%	3,400	4.1%
...Petroleum and Coal Products Manufacturing	8,400	8,200	8,100	200	2.4%	300	3.7%
...Chemical Manufacturing	40,600	40,100	39,700	500	1.2%	900	2.3%
Service Providing	2,732,600	2,708,700	2,583,000	23,900	0.9%	149,600	5.8%
.Private Service Providing	2,302,800	2,272,400	2,161,100	30,400	1.3%	141,700	6.6%
..Trade, Transportation, and Utilities	670,400	665,200	627,500	5,200	0.8%	42,900	6.8%
...Wholesale Trade	173,400	173,300	161,100	100	0.1%	12,300	7.6%
....Merchant Wholesalers, Durable Goods	105,100	105,700	99,000	-600	-0.6%	6,100	6.2%
....Prof. and Commercial Equip. Supplies Wholesalers	17,800	17,600	16,900	200	1.1%	900	5.3%
....Merchant Wholesalers, Nondurable Goods	55,900	55,700	51,500	200	0.4%	4,400	8.5%
...Retail Trade	319,700	318,700	304,200	1,000	0.3%	15,500	5.1%
....Motor Vehicle and Parts Dealers	43,400	43,300	41,700	100	0.2%	1,700	4.1%
....Bldg. Material and Garden Equip. and Supplies Dealers	24,200	24,100	25,000	100	0.4%	-800	-3.2%
....Food and Beverage Stores	71,300	70,900	68,800	400	0.6%	2,500	3.6%
....Health and Personal Care Stores	20,400	20,500	19,600	-100	-0.5%	800	4.1%
....Clothing and Clothing Accessories Stores	24,200	23,700	23,200	500	2.1%	1,000	4.3%
....General Merchandise Stores	62,200	62,000	58,600	200	0.3%	3,600	6.1%
....Department Stores	20,000	19,800	18,900	200	1.0%	1,100	5.8%
....Other General Merchandise Stores	42,200	42,200	39,700	0	0.0%	2,500	6.3%
...Transportation, Warehousing, and Utilities	177,300	173,200	162,200	4,100	2.4%	15,100	9.3%
...Utilities	17,700	17,400	17,400	300	1.7%	300	1.7%
....Air Transportation	19,400	19,200	17,700	200	1.0%	1,700	9.6%
....Truck Transportation	29,300	28,800	27,300	500	1.7%	2,000	7.3%
....Pipeline Transportation	12,800	12,600	12,200	200	1.6%	600	4.9%
..Information	32,000	31,600	29,800	400	1.3%	2,200	7.4%
...Telecommunications	12,300	12,300	12,100	0	0.0%	200	1.7%
..Financial Activities	173,800	172,400	168,600	1,400	0.8%	5,200	3.1%
...Finance and Insurance	109,500	109,800	107,400	-300	-0.3%	2,100	2.0%
....Credit Intermediation and Related Activities	46,000	46,100	45,500	-100	-0.2%	500	1.1%
....Depository Credit Intermediation	29,700	29,800	29,300	-100	-0.3%	400	1.4%
....Securities, Commodity Contracts, and Fin. Investments	21,600	21,500	21,300	100	0.5%	300	1.4%
....Insurance Carriers and Related Activities	41,900	42,200	40,600	-300	-0.7%	1,300	3.2%
...Real Estate and Rental and Leasing	64,300	62,600	61,200	1,700	2.7%	3,100	5.1%
..Professional and Business Services	524,700	516,000	500,300	8,700	1.7%	24,400	4.9%
...Professional, Scientific, and Technical Services	250,600	248,200	240,900	2,400	1.0%	9,700	4.0%
....Legal Services	30,500	29,900	29,500	600	2.0%	1,000	3.4%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	26,300	26,300	25,500	0	0.0%	800	3.1%
....Architectural, Engineering, and Related Services	71,500	70,300	65,400	1,200	1.7%	6,100	9.3%
....Computer Systems Design and Related Services	39,000	38,700	37,000	300	0.8%	2,000	5.4%
...Management of Companies and Enterprises	45,100	44,200	43,400	900	2.0%	1,700	3.9%
...Admin. and Support and Waste Mgmt. and Remediation	229,000	223,600	216,000	5,400	2.4%	13,000	6.0%
....Administrative and Support Services	219,100	213,700	204,600	5,400	2.5%	14,500	7.1%
....Employment Services	86,400	85,000	78,100	1,400	1.6%	8,300	10.6%
....Services to Buildings and Dwellings	51,900	51,100	53,500	800	1.6%	-1,600	-3.0%
..Educational and Health Services	430,200	431,400	406,600	-1,200	-0.3%	23,600	5.8%
...Educational Services	70,800	72,600	62,500	-1,800	-2.5%	8,300	13.3%
...Health Care and Social Assistance	359,400	358,800	344,100	600	0.2%	15,300	4.4%
....Ambulatory Health Care Services	176,100	176,400	172,500	-300	-0.2%	3,600	2.1%
....Hospitals	92,200	91,800	88,100	400	0.4%	4,100	4.7%
..Leisure and Hospitality	356,000	344,300	318,100	11,700	3.4%	37,900	11.9%
...Arts, Entertainment, and Recreation	41,900	37,800	34,400	4,100	10.8%	7,500	21.8%
...Accommodation and Food Services	314,100	306,500	283,700	7,600	2.5%	30,400	10.7%
....Accommodation	26,200	25,100	22,200	1,100	4.4%	4,000	18.0%
....Food Services and Drinking Places	287,900	281,400	261,500	6,500	2.3%	26,400	10.1%
..Other Services	115,700	111,500	110,200	4,200	3.8%	5,500	5.0%
Government	429,800	436,300	421,900	-6,500	-1.5%	7,900	1.9%
.Federal Government	31,400	31,900	30,900	-500	-1.6%	500	1.6%
.State Government	95,200	95,800	92,100	-600	-0.6%	3,100	3.4%
..State Government Educational Services	54,800	55,400	52,400	-600	-1.1%	2,400	4.6%
.Local Government	303,200	308,600	298,900	-5,400	-1.7%	4,300	1.4%
..Local Government Educational Services	210,800	215,700	203,300	-4,900	-2.3%	7,500	3.7%