

Houston Area Employment Situation

October 2021

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

October Sees Solid Job Growth but Caution Is Still Warranted

Total Nonfarm

Over-the-month Change

Houston MSA Total Nonfarm (not-seasonally adjusted) employment stood at 3,099,800 in October, up 33,100 jobs over the month, or 1.1 percent. A year ago Houston registered an over-the-month increase of 35,900 jobs making this October the second-best on record. 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.) Prior to the pandemic, historically in the month of October, Total Nonfarm has on average added 11,400 jobs over the month, which indicates that this month's gains are substantially above the long-term average however since 2017, gains between 20,000 and 33,000 have occurred suggesting that this October's increase may not be as exception as it appears.

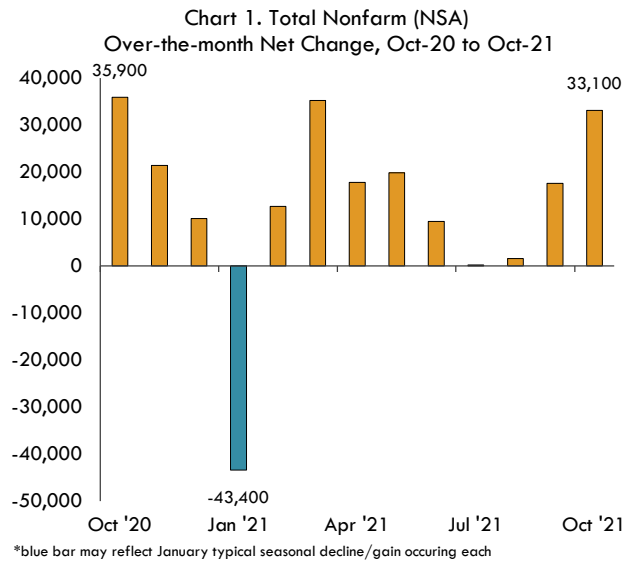
The primary drivers of this October's growth were increases in Education and Health Services, Trade, Transportation, and Utilities, and Government. Gains were also recorded in Professional and Business Services, Construction, and Other Services. The net increase in jobs over the month was partially offset by losses in Leisure and Hospitality and Financial Activities. (see Chart 2.) Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,085,600, up 10,300 jobs over the month, or 0.3 percent vs. a historical average of 5,500. 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 October

- Education and Health Services: 11,800
- Trade, Transportation, and Utilities: 7,600
- Government: 7,400

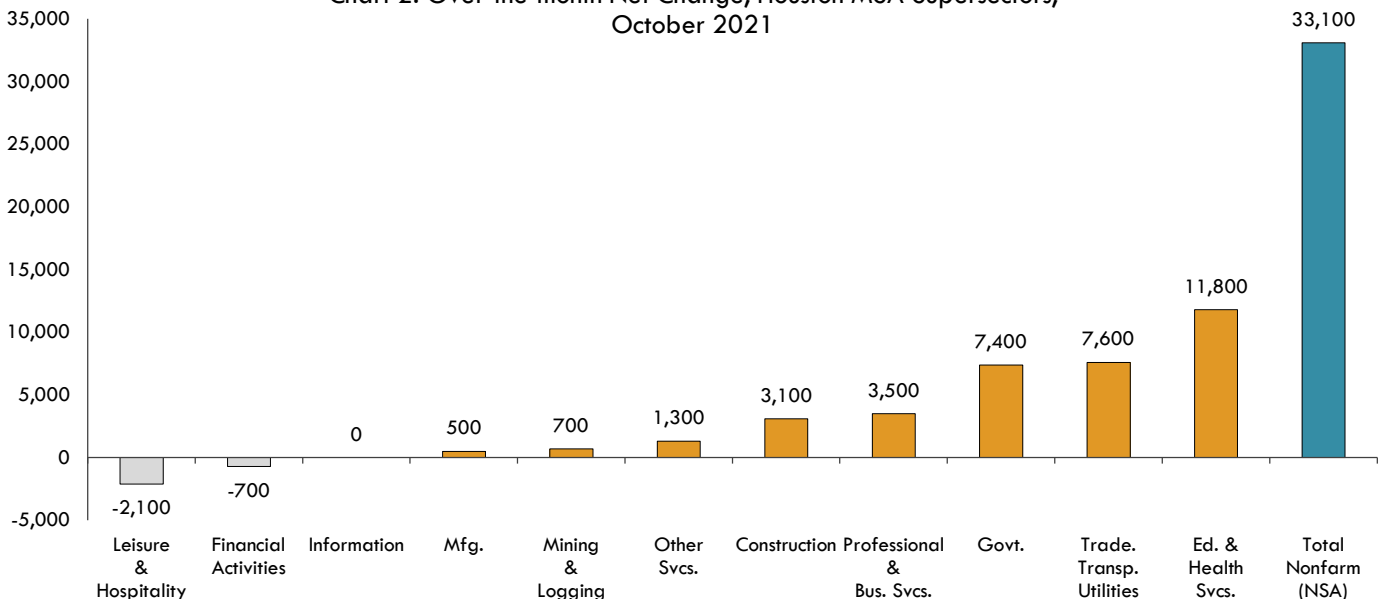
Over-the-year Change

Over the year, Total Nonfarm employment was up 135,600 or 4.6 percent on a not-seasonally-adjusted basis and up 135,000 or 4.6 percent on a seasonally-adjusted basis. (see NSA Chart 3.) To compare, October 2020 saw a year-over-year loss of -221,200 jobs (NSA) from October 2019. The largest over-the-year gain on record for Total Nonfarm Employment occurred in April 2021, up 187,200 jobs. The largest over-the-year decline on record occurred in April 2020, down -313,700 jobs.



Currently 9 out of 11 sectors show growth year over year of which the top-three are Professional and Business Services (31,800), Leisure and Hospitality (30,800), and Education and Health Services (24,800). (see Chart 4.) COVID-19 resulted in the loss of -361,400 jobs over March and April 2020 of which approximately 70 percent of Total Nonfarm employment has been recovered to date.

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



Houston Area Employment Situation

October 2021

Previous Month's Revisions

Total Nonfarm employment was revised downward by -9,700 jobs for a August to September smaller net gain of 17,600 compared to an original estimate of 27,300 jobs. A downward revision of -4,700 jobs in Government was the largest contributor followed by Leisure and Hospitality (-1,500) and Education and Health Services (-1,500). Upward revisions in Financial Activities (+600), Other Services (+300), and Information (+100) 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 October

- Professional and Business Services: 31,800
- Leisure and Hospitality: 30,800
- Education and Health Services: 24,800

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

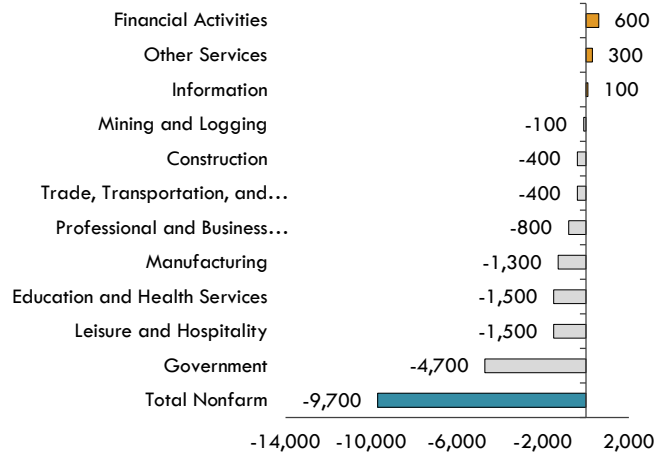


Chart 3. Total Nonfarm (NSA) Over-the-year Net Change, Oct-06 to Oct-21

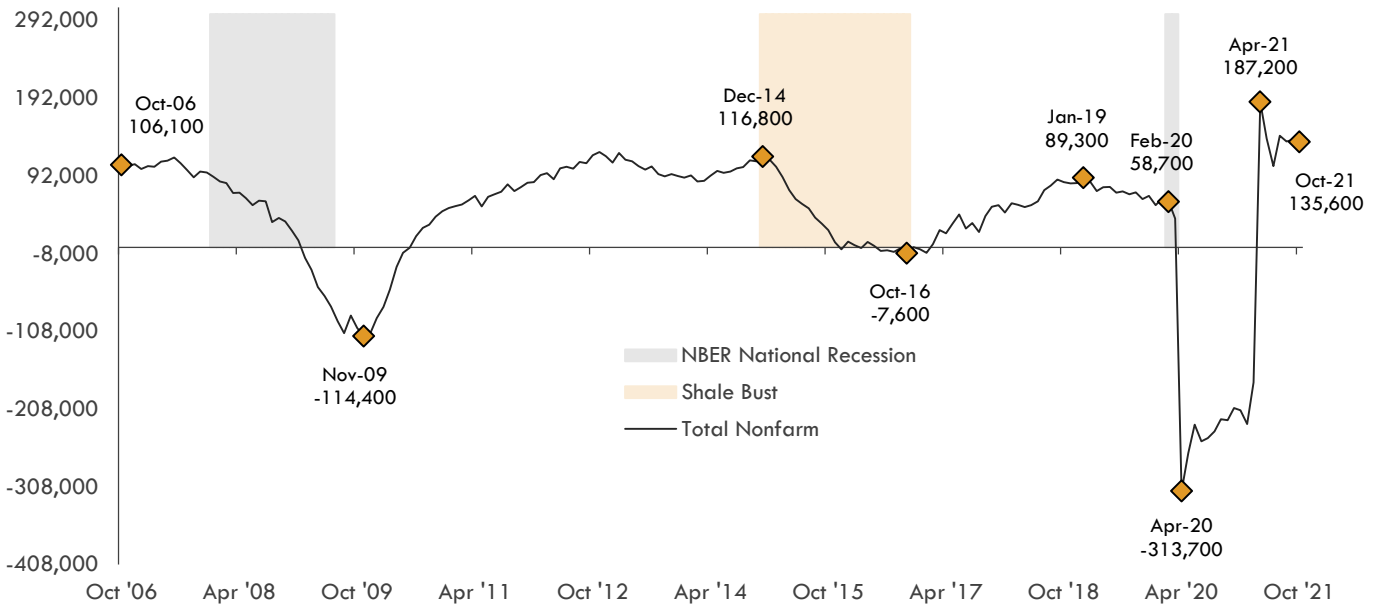
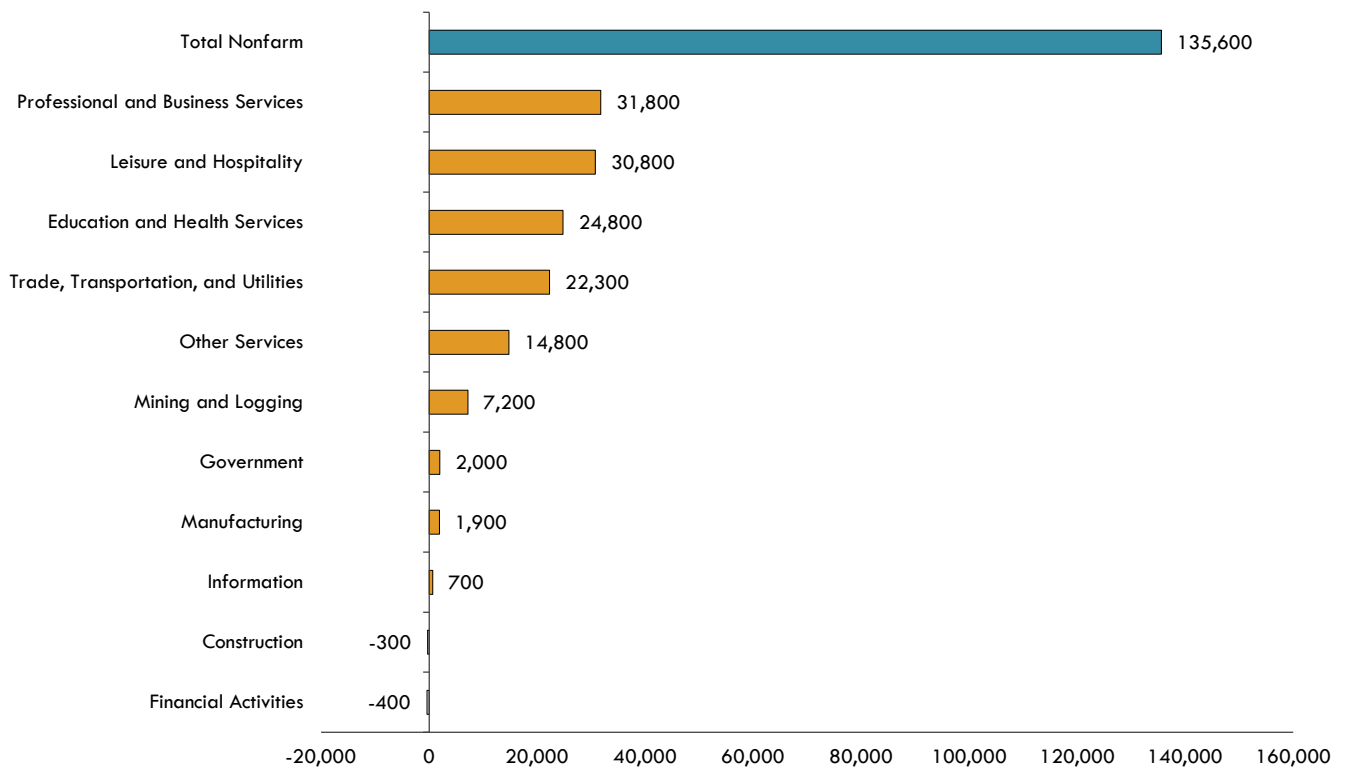


Chart 4. Over-the-year Net Change, Houston MSA Supersectors, October 2020 to October 2021



Supplemental Commentary

Overall Impressions

As was the case in September, October posted solid job growth when taken at face value. The 33,100 jobs added over the month on a not-seasonally-adjusted basis makes this October the second-best recorded over the last three decades while the 10,300 seasonally-adjusted gain ranks 9th. Both of these increases are above their pre-pandemic long-term averages however the average gain in October has grown over the past five years suggesting that stronger seasonal growth, likely related to the holiday shopping season, is becoming the norm.

This remains the case despite the fact that Education and Health Services saw an unprecedented increase of 11,800 jobs over the month. This is more than three times the previous October record in 2014 and nearly 14 times the pre-pandemic average of roughly 800 jobs for this same month. Education Services, specifically private education, accounted for 3,900 of jobs added in this sector. Healthcare and Social Assistance added 7,900 of which 3,500 were Ambulatory Services. Given that Hospitals saw no change over the month, this implies that Social Assistance comprised the balance with a gain of 4,400 jobs since this subcomponent is not directly published by the Current Employment Statistics survey. If accurate, each of the above examples would constitute new records for October and furthermore leave the sector with a recovery rate of 110 percent of the jobs lost during March and April 2020. Ultimately it may be prudent to discount such anomalies until initial revisions next month at the very least and preferably annual benchmark revisions next year.

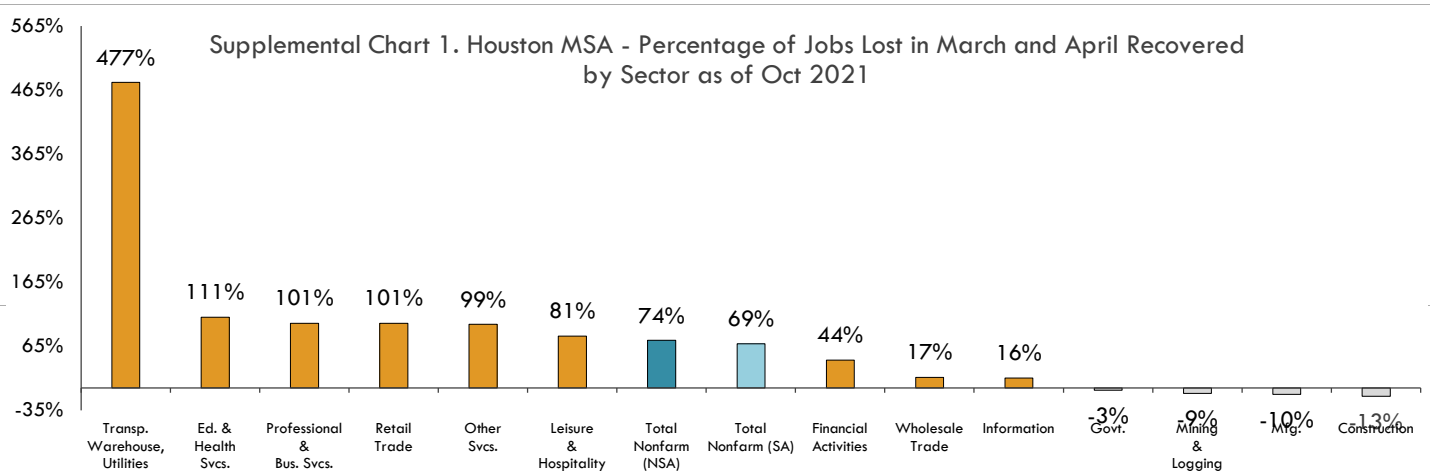
Other sectors such as Transportation, Warehousing and Utilities; Government; and Professional and Business Services all posted gains within plausible ranges for October with Leisure and Hospitality posting typical losses for the month. With that said, cumulatively over August, September, and October Leisure and Hospitality has shed -18,000 jobs. Net losses over the three-month period are typical however this year sets a new record low. Definitive evidence of the “Great Resignation” touted by various outlets is hard to come by for the Houston region. However, if this phenomenon is occurring locally, then there is a reasonable chance that it is occurring within the bar, restaurant, and hotel space give the size and the timing of the decline.

September’s Revisions

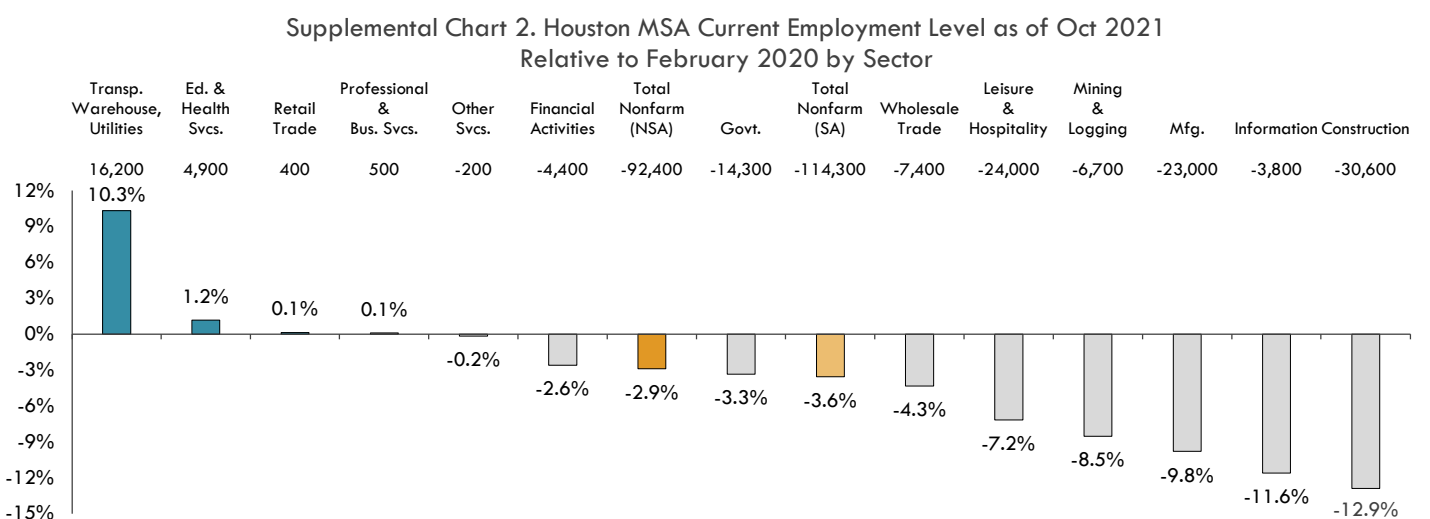
Revisions to September’s gains were substantial with more than one-third of the originally reported increase subtracted from the total. Government’s supposed record growth in September was revised downward nearly 5,000 jobs to a more typical level. Despite this, September stands as a record month for the region, albeit by a much smaller margin, compared to the previous record set in September of 2020.

March-April 2020 Recovery Rates and Absolute Returns to Pre-pandemic Employment

Disregarding the potential for overestimated growth in September and October as noted earlier, the Houston region’s overall recovery rate rose to 69 to 74 percent, seasonally and not-seasonally-adjusted respectively. In addition, three sectors: Education and Health; Professional and Business Services; and Retail Trade have crossed the 100 percent threshold for the first time with October’s report with another, Other Services, at 99 percent. (See Supplemental Chart 1.)



The reaching, or near-reaching, of this important milestone signals continued recovery however the full scope of what is needed to return to pre-pandemic absolute levels of employment is better captured by the chart below. While this also reflects the recoveries previously mentioned, it also highlights their precarious nature as even slight downward revisions or declines driven by fundamentals could delay their full recovery by months. (See Supplemental Chart 2.)



Year-end 2022 Houston Area Employment Forecast

Industry Sector	Net Change
Professional and Business Services	17,400
Leisure and Hospitality	11,300
Transportation Warehousing Utilities	9,100
Mining and Logging	8,900
Healthcare and Social Assistance	8,900
Durable Goods Manufacturing	7,900
Other Services	3,900
Wholesale Trade	2,200
Financial Activities	2,100
Construction	1,900
Educational Services	1,700
Government	100
Information	-200
Nondurable Goods Manufacturing	-200
Retail Trade	-3,800
Total	71,200

Houston's Outlook for 2022

Looking back on the first eight months of 2021, the Houston metro has seen its share of ups and downs as we navigate our way back to full recovery. So what does the future hold, particularly next year as we approach the start of year three of the pandemic? 2022 will stand as the first year since 2019 that job growth for the region returns to normal. The table above and sections below describe what we can expect by December of next year:

- Professional and Business Services will lead the way with over 17,000 jobs next year as the professional, scientific and technical portions that support oil and gas continue to build on the early momentum that they've shown this year.
- Leisure and Hospitality, after seeing massive over-the-year gains throughout 2021, will start to revert back to a more normal pace of growth of around 11,000.
- Likewise, Transportation, Warehousing, and Utilities will also start to see its growth moderate after setting multiple records this year. Mining and Logging will start to participate more fully in the recovery also building on some of the improvement that we've seen in the past few months.
- Healthcare and Social Assistance will continue to be the steady reliable source of job growth that it's almost always been.
- And with Mining and Logging and Professional and Business Services we can expect Durable Goods Manufacturing to finally see some improvement next year.
- Other Services, with things like beauty salons and repair services will also start to moderate after a tremendous rebound throughout much of this year.
- Wholesale Trade will likewise be a beneficiary of improvements in areas related to oil and gas.
- Construction, after being down every month on a year-over-year basis since the start of the pandemic will end the year up 2,100 jobs.
- Lastly, the remaining sectors will post a mixture of modest growth and even a few declines with Retail, the most notable one, resuming its pre-pandemic downward trend as the shift to online shopping, that got a major boost from the pandemic, continues to dominate over traditional brick-and-mortar establishments.

Overall, by next December Houston's over-the-year job growth will come in at 71,200. This is admittedly a much lower number than our current 135,000 as of October. However, the 100,000 plus year-over-year growth that we've seen throughout 2021 is a byproduct of the extreme drop in 2020 rather than true reflect our job market's health. Consequently as we get further and further from year one of the pandemic, we will begin to see more reasonable growth like the forecast above. As a bonus, if we manage to stay the course, this will also get us back to our pre-pandemic level of 3.2 million jobs by next December and with it, the single-most important milestone in the recovery thus far.



Here's wishing you a happy Thanksgiving!



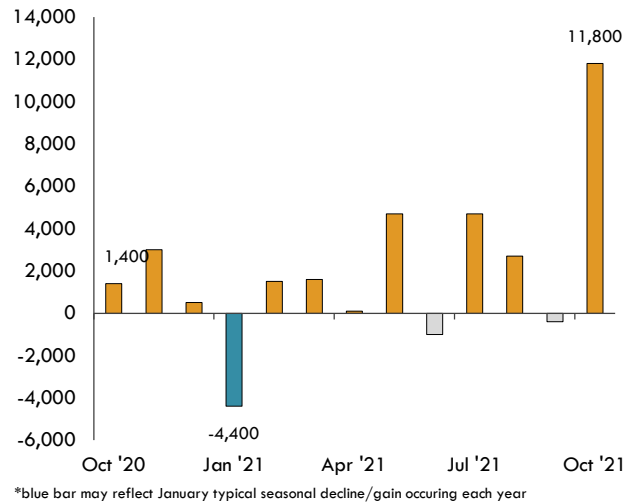
GAINING INDUSTRY HIGHLIGHTS

Education and Health Services

Over-the-month Change

Education and Health Services was the largest gaining sector over the month up 11,800 jobs, or 2.9 percent. (see Chart 6.) This was the largest-ever gain in the month of October since records began in 1990. 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 October, Education and Health Services has added an average of 800 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 7,900 jobs over the month. The second-largest contributor was Educational Services, which added 3,900 jobs from September to October. Education and Health Services employment was revised downward by -1,500 jobs for a August to September complete erasure of gains leaving a net loss of -400 compared to an original estimate of 1,100 jobs.

Chart 6. Education and Health Services (NSA)
Over-the-month Net Change, Oct-20 to Oct-21

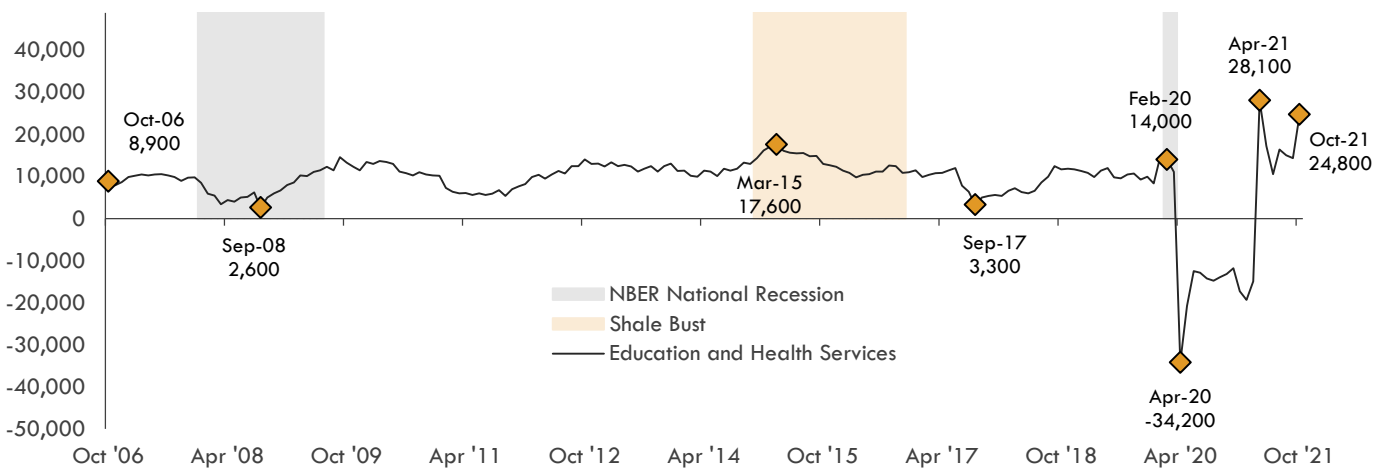


Over-the-year Change

Year over year, Education and Health Services was up 24,800 jobs, or 6.3 percent. (see Chart 7.) This was the largest-ever year-over-year gain in the month of October since records began in 1990. Furthermore, 18.2 percent of total (gross) jobs added across the region over the past year can be attributed to Education and Health Services. The largest over-the-year gain on record for this sector occurred in April 2021, up 28,100 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 increase, up 17,500 jobs over

the year. The second-largest contributor was Educational Services, which added 7,300 jobs from October 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 110 percent of jobs lost as of October. Education and Health Services's share of Houston area Total Nonfarm Employment has risen from 13.3 percent to 13.5 percent over the past year.

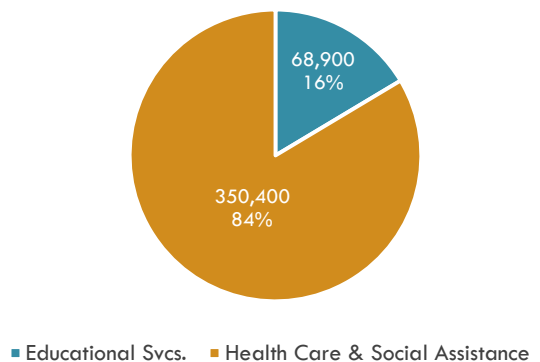
Chart 7. Education and Health Services (NSA)
Over-the-year Net Change, Oct-06 to Oct-21



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 8.)

Chart 8. Employment in Component Industries of
Education and Health Services Sector - October 2021



GAINING INDUSTRY HIGHLIGHTS

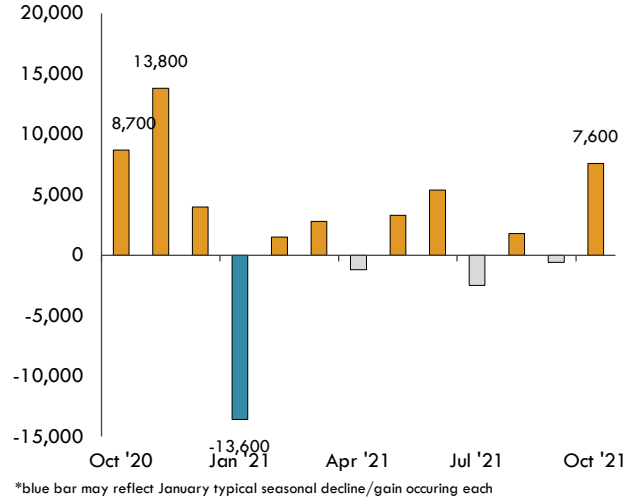
Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities was the second-largest gaining sector over the month up 7,600 jobs, or 1.2 percent. (see Chart 9.) 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 October, Trade, Transportation, and Utilities has added an average of 3,000 jobs over the month, which indicates that this month's gains are substantially above the long-term average. October marks the start of temporary increases in payrolls related to the holiday season. Retail hiring typically peaks in November of each year while December typically sees only modest increases. Retail Trade was the largest contributor to the overall sector's increase, up 5,800 jobs over the month. The second-largest contributor was Wholesale Trade, which added 1,200 jobs from September to October. Lastly, Transportation, Warehousing, and Utilities contributed, 600 jobs. Trade, Transportation, and Utilities

employment was revised downward by -400 jobs for a August to September larger net loss of -600 compared to an original estimate of -200 jobs.

Chart 9. Trade, Transportation, and Utilities (NSA)
Over-the-month Net Change, Oct-20 to Oct-21

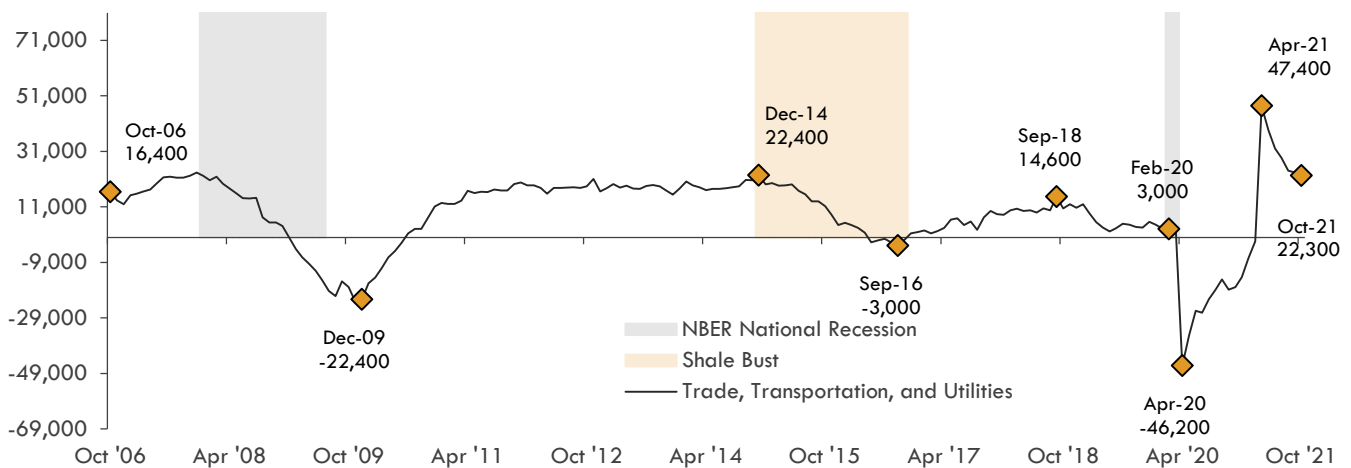


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 22,300 jobs, or 3.6 percent. (see Chart 10.) This was the largest-ever year-over-year gain in the month of October since records began in 1990. Furthermore, 16.4 percent of total (gross) jobs added across the region over the past year can be attributed to Trade, Transportation, and Utilities. The largest over-the-year gain on record for this sector occurred in April 2021, up 47,400 jobs. The largest decline on record occurred in April 2020, down -46,200 jobs. Transportation, Warehousing, and Utilities was the largest contributor to the overall sector's increase, up 11,600

jobs over the year. The second-largest contributor was Wholesale Trade, which added 5,600 jobs from October a year ago. Lastly, Retail Trade contributed, 5,100 jobs. Trade, Transportation, and Utilities's share of Houston area Total Nonfarm Employment has fallen from 20.8 percent to 20.6 percent over the past year.

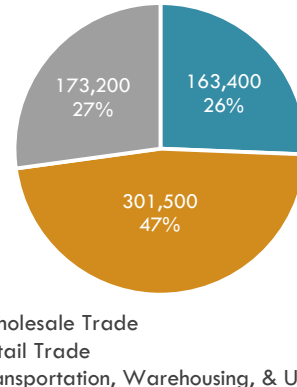
Chart 10. Trade, Transportation, and Utilities (NSA)
Over-the-year Net Change, Oct-06 to Oct-21



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 47 percent. (see Chart 11.) Across the Houston MSA, the concentration of jobs in the overall sector is 11 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 11. Employment in Component Industries of Trade, Transportation, and Utilities Sector - October 2021



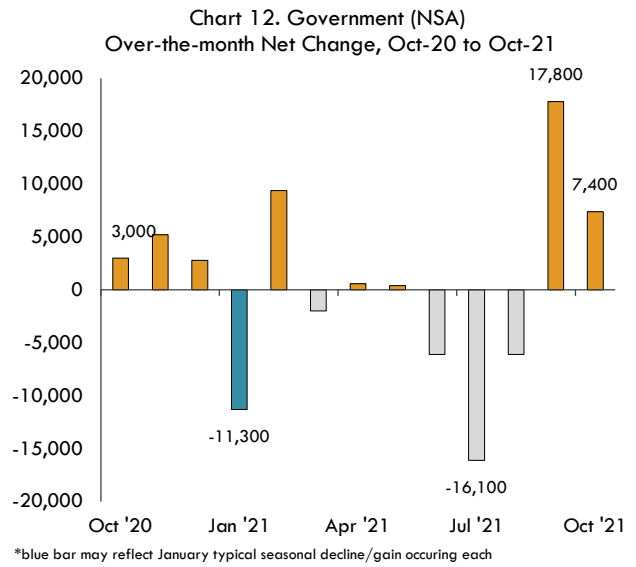
GAINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was the third-largest gaining sector over the month up 7,400 jobs, or 1.8 percent. (see Chart 12.) 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 October, Government has added an average of 6,100 jobs over the month, which indicates that this month's gains are slightly above the long-term average. Government, which includes primary, secondary, and postsecondary public education, sees an attenuated continuation of the gains observed in September related to the start of the academic year. Local Government was the largest contributor to the overall sector's increase, up 6,100 jobs over the month. The second-largest contributor was State Government, which added 1,500 jobs from September to October. Lastly, Federal Government offset a portion of the sector's gains with a loss of -200 jobs. Government employment was revised downward by

-4,700 jobs for a August to September smaller net gain of 17,800 compared to an original estimate of 22,500 jobs.

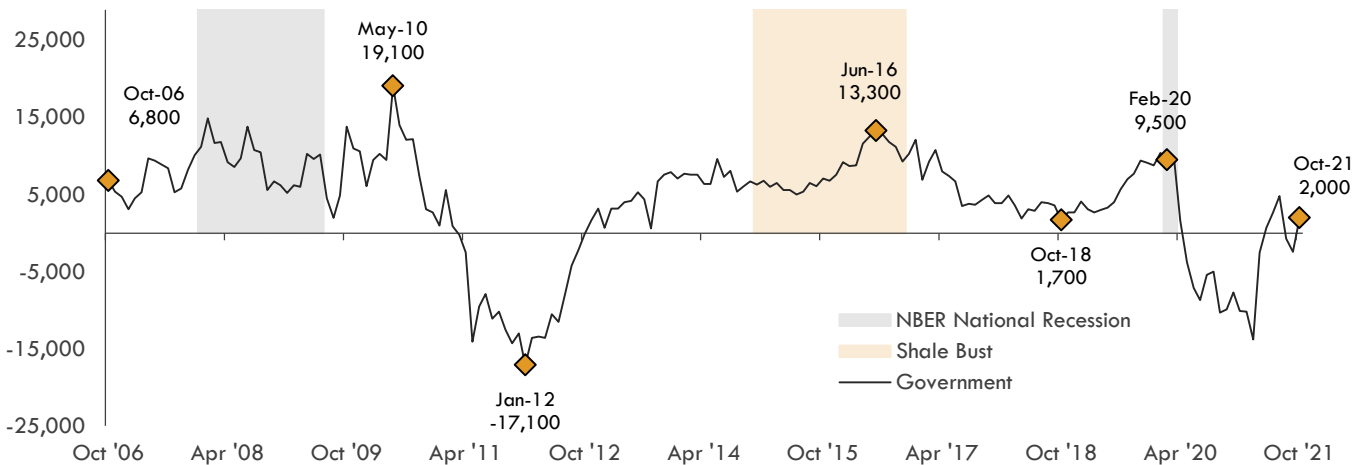


Over-the-year Change

Year over year, Government was up 2,000 jobs, or 0.5 percent. (see Chart 13.) 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 increase, up 1,900 jobs over the year. The second-largest contributor was State Government, which added 1,400 jobs from October a year ago. Lastly, Federal Government offset a portion of the sector's gains with a loss of -1,300 jobs. Since shedding -9,100 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 3 percent below levels reported in February 2020. Government's share of Houston area Total Nonfarm Employment has fallen from 13.9 percent to 13.4 percent over the past year.

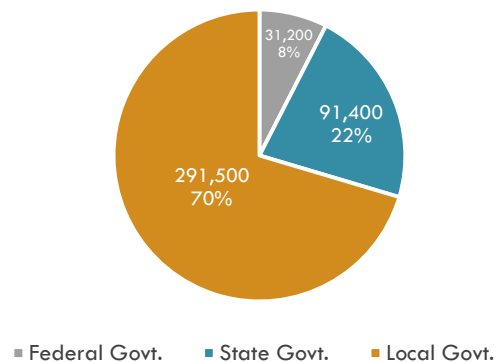
Chart 13. Government (NSA)
Over-the-year Net Change, Oct-06 to Oct-21



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 70 percent. (see Chart 14.)

Chart 14. Employment in Component Industries of Government Sector - October 2021



GAINING INDUSTRY HIGHLIGHTS

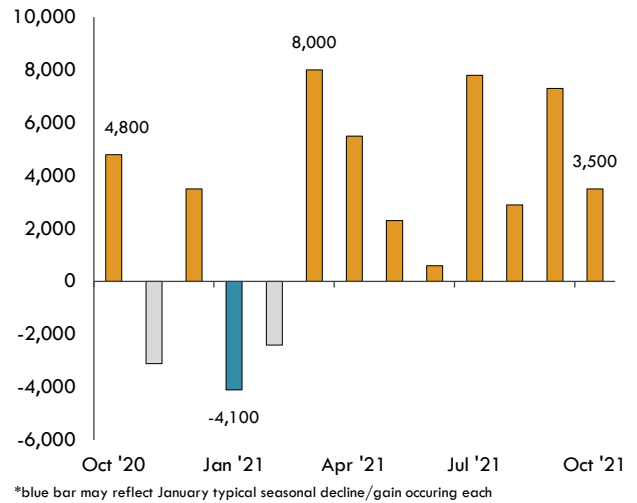
Professional and Business Services

Over-the-month Change

Professional and Business Services also saw an increase over the month up 3,500 jobs, or 0.7 percent. (see Chart 15.) The largest all-time one-month gain on record for this sector occurred in March 2021, up 8,000 jobs. The largest decline on record occurred in April 2020, down -37,800 jobs. Historically in the month of October, Professional and Business Services has added an average of 1,200 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's increase, up 2,900 jobs over the month. The second-largest contributor was Administrative and Support and Waste Management and Remediation Services, which added 500 jobs from September to October. Lastly, Management of Companies and Enterprises contributed, 100 jobs. Professional and Business Services employment was revised downward by -800 jobs for a August to September smaller net gain of 7,300 compared to an

original estimate of 8,100 jobs.

Chart 15. Professional and Business Services (NSA)
Over-the-month Net Change, Oct-20 to Oct-21

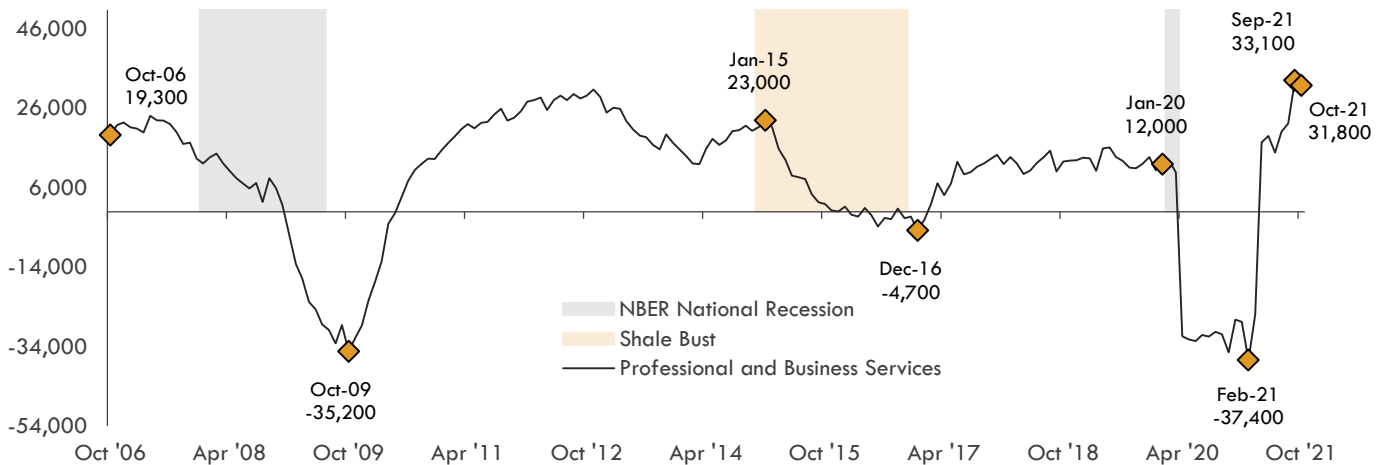


Over-the-year Change

Year over year, Professional and Business Services was up 31,800 jobs, or 6.6 percent. (see Chart 16.) This was the largest-ever year-over-year gain in the month of October since records began in 1990. Furthermore, 23.3 percent of total (gross) jobs added 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 September 2021, up 33,100 jobs. The largest decline on record occurred in February 2021, down -37,400 jobs. Administrative and Support and Waste Management and Remediation Services was the largest

contributor to the overall sector's increase, up 17,500 jobs over the year. The second-largest contributor was Professional, Scientific, and Technical Services, which added 14,800 jobs from October a year ago. Lastly, Management of Companies and Enterprises offset a portion of the sector's gains with a loss of -500 jobs. Since shedding -41,400 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 100 percent of jobs lost as of October. Professional and Business Services's share of Houston area Total Nonfarm Employment has risen from 16.3 percent to 16.6 percent over the past year.

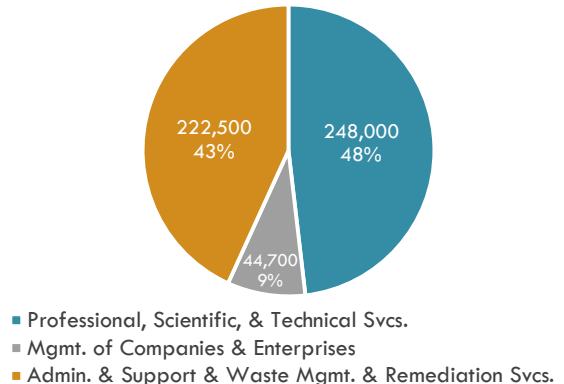
Chart 16. Professional and Business Services (NSA)
Over-the-year Net Change, Oct-06 to Oct-21



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 48 percent. (see Chart 17.) Across the Houston MSA, the concentration of jobs in the overall sector is 15 percent higher than the national average, due to times more jobs in Professional, Scientific, and Technical Services serving the oil and gas industry.

Chart 17. Employment in Component Industries of Professional and Business Services Sector - October 2021



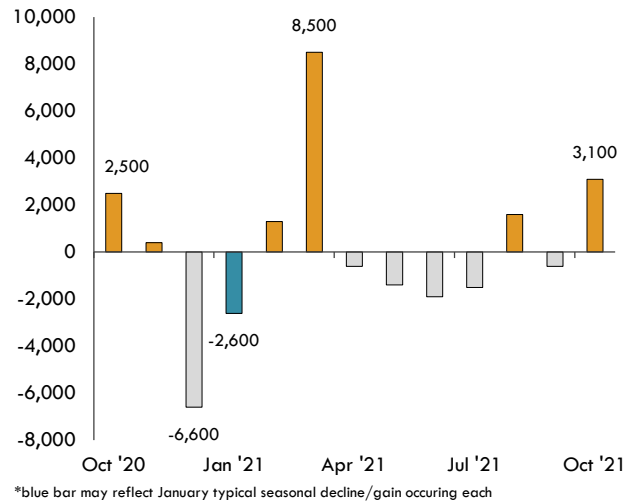
GAINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction also saw an increase over the month up 3,100 jobs, or 1.5 percent. (see Chart 18.) The largest all-time one-month gain on record for this sector occurred in March 2021, up 8,500 jobs. The largest decline on record occurred in April 2020, down -23,700 jobs. Historically in the month of October, Construction has added an average of 2,000 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Heavy and Civil Engineering Construction was the largest contributor to the overall sector's increase, up 1,900 jobs over the month. The second-largest contributor was Construction of Buildings, which added 1,200 jobs from September to October. Lastly, Specialty Trade Contractors saw no change over the month. Construction employment was revised downward by -400 jobs for a August to September larger net loss of -600 compared to an original estimate of -200 jobs.

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

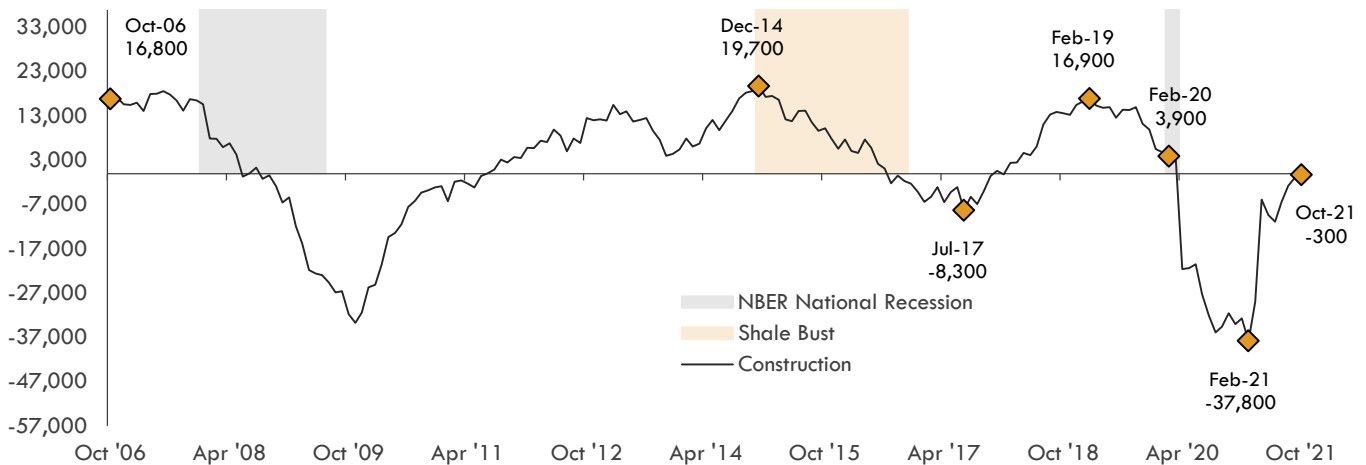


Over-the-year Change

Year over year, Construction was down -300 jobs, or -0.1 percent. (see Chart 19.) Among sectors currently showing contraction, this sector is the second-fastest declining in percentage terms across the Houston area. Furthermore, 42.9 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. The largest decline on record occurred in February 2021, down -37,800 jobs. Specialty Trade Contractors was the largest contributor to the overall sector's

jobs over the year. The second-largest declining contributor was Construction of Buildings, which lost -900 jobs from October a year ago. Lastly, Heavy and Civil Engineering Construction offset a portion of the sector's losses with a gain of 2,000 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 -10 percent below levels reported in February 2020. Construction's share of Houston area Total Nonfarm Employment has fallen from 7.0 percent to 6.7 percent over the past year.

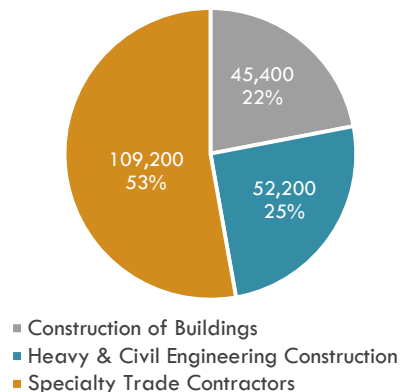
Chart 19. Construction (NSA)
Over-the-year Net Change, Oct-06 to Oct-21



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 53 percent. (see Chart 20.) Across the Houston MSA, the concentration of jobs in the overall Construction sector is 30 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 20. Employment in Component Industries of Construction Sector - October 2021



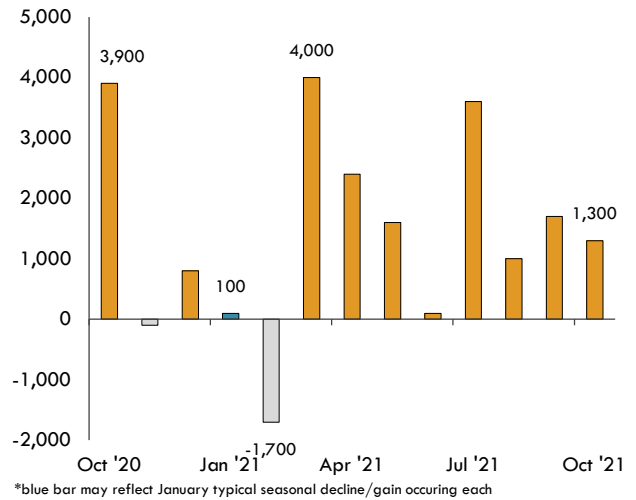
GAINING INDUSTRY HIGHLIGHTS

Other Services

Over-the-month Change

Other Services also saw an increase over the month up 1,300 jobs, or 1.1 percent. (see Chart 21.) 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 October, Other Services has lost an average of -300 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Historically October is typically a mixed month for Other Services with gains or losses encountered with near equal frequency. 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 300 jobs for a August to September larger net gain of 1,700 compared to an original estimate of 1,400 jobs.

Chart 21. Other Services (NSA)
Over-the-month Net Change, Oct-20 to Oct-21

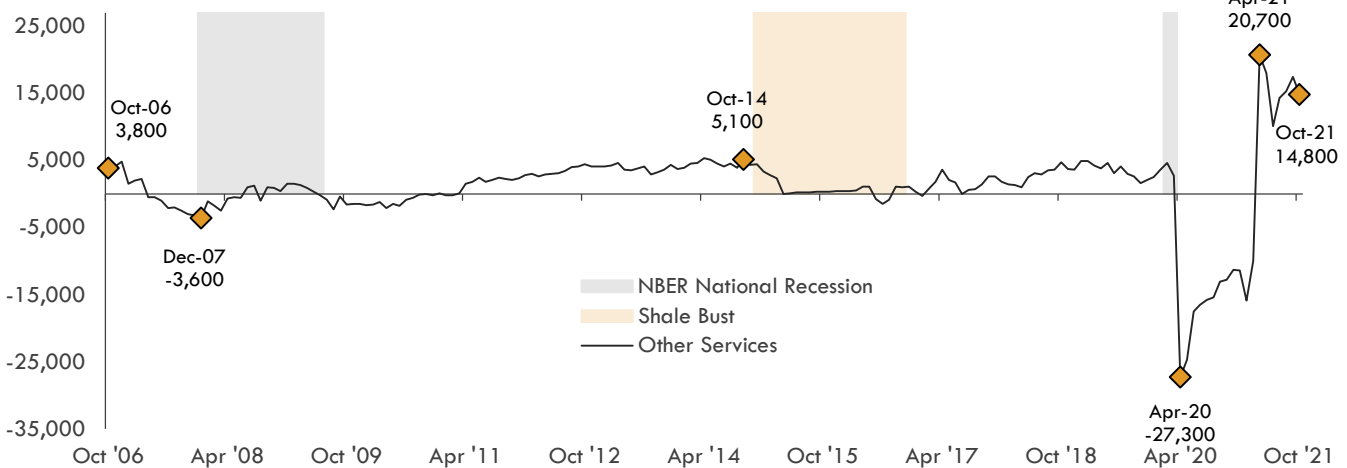


Over-the-year Change

Year over year, Other Services was up 14,800 jobs, or 14.2 percent. (see Chart 22.) This was the largest-ever year-over-year gain in the month of October since records began in 1990. Among sectors currently showing growth, this sector is the fastest-growing in percentage terms across the Houston area. The largest over-the-year gain on record for this sector occurred in April 2021, up 20,700 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 100 percent of jobs lost as of October. Other Services's share of Houston area Total Nonfarm Employment has risen from 3.5 percent to 3.8 percent over the past year.

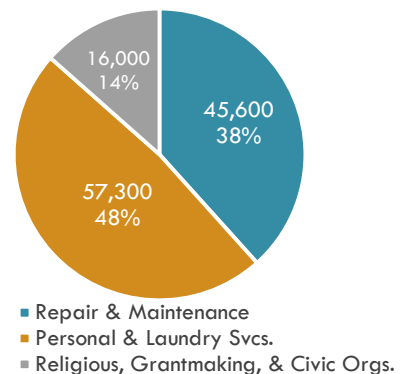
Chart 22. Other Services (NSA)
Over-the-year Net Change, Oct-06 to Oct-21



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 23.)

Chart 23. Employment in Component Industries of Other Services Sector - October 2021



*estimated proportions based QCEW covered and NES self-employment

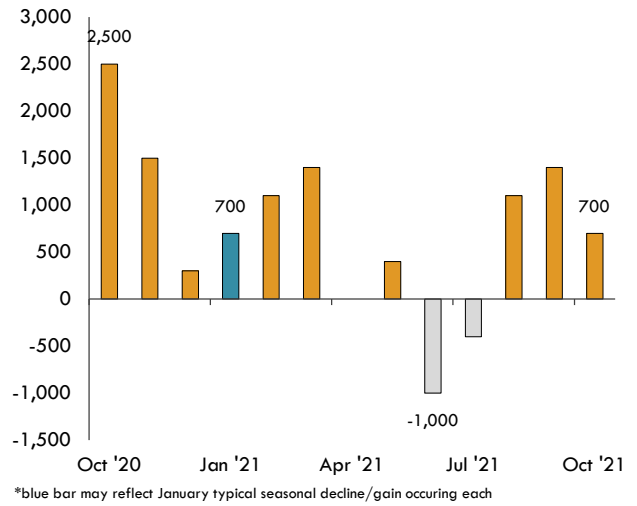
GAINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging also saw an increase over the month up 700 jobs, or 1.0 percent. (see Chart 24.) 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 October, Mining and Logging has added an average of 400 jobs over the month, which indicates that this month's gains are slightly above the long-term average. Support Activities for Mining was the largest contributor to the overall sector's increase, up 400 jobs over the month. The second-largest contributor was Oil and Gas Extraction, which added 300 jobs from September to October. Lastly, Other Mining and Logging Undefined saw no change over the month. Mining and Logging employment was revised downward by -100 jobs for a August to September smaller net gain of 1,400 compared to an original estimate of 1,500 jobs.

Chart 24. Mining and Logging (NSA)
Over-the-month Net Change, Oct-20 to Oct-21

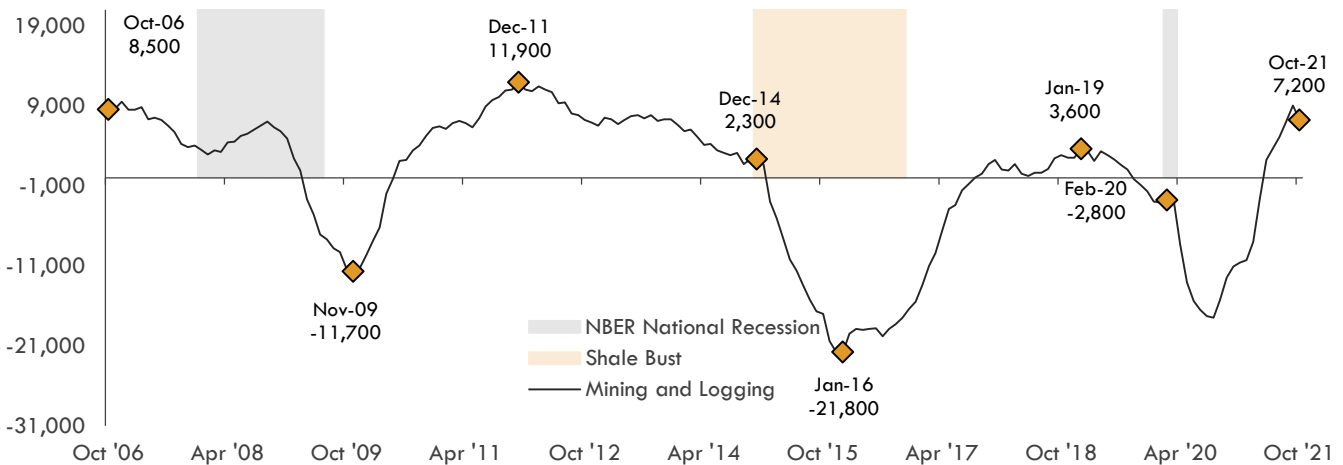


Over-the-year Change

Year over year, Mining and Logging was up 7,200 jobs, or 11.2 percent. (see Chart 25.) Among sectors currently showing growth, this sector is the second-fastest growing 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 increase, up 5,100 jobs over the year. The second-largest contributor was Oil and Gas Extraction, which added 1,200 jobs from October a year ago.

Lastly, Other Mining and Logging Undefined contributed, 900 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 risen from 2.2 percent to 2.3 percent over the past year.

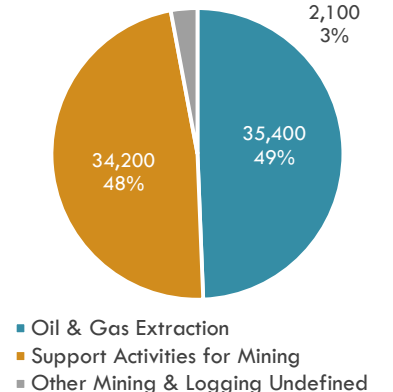
Chart 25. Mining and Logging (NSA)
Over-the-year Net Change, Oct-06 to Oct-21



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 49 percent. (see Chart 26.) Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 5.3 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 - October 2021



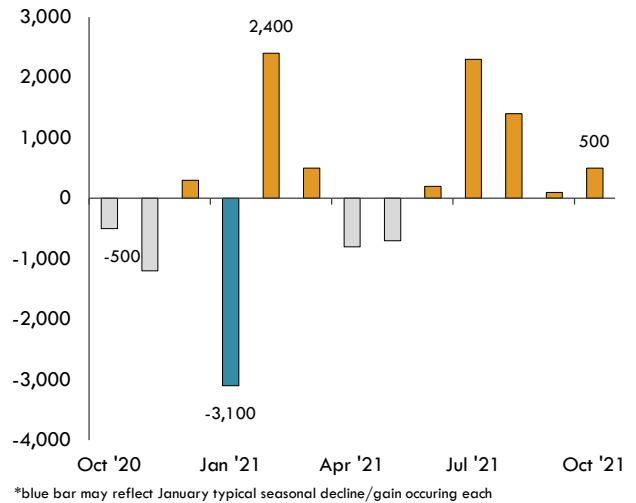
GAINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing also saw an increase over the month up 500 jobs, or 0.2 percent. (see Chart 27.) 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 October, Manufacturing has lost an average of -400 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Durable Goods was the largest contributor to the overall sector's increase, up 900 jobs over the month. One component industry that provided a partial offset was Non-Durable Goods, which lost -400 jobs from September to October. Manufacturing employment was revised downward by -1,300 jobs for a August to September smaller net gain of 100 compared to an original estimate of 1,400 jobs.

Chart 27. Manufacturing (NSA)
Over-the-month Net Change, Oct-20 to Oct-21

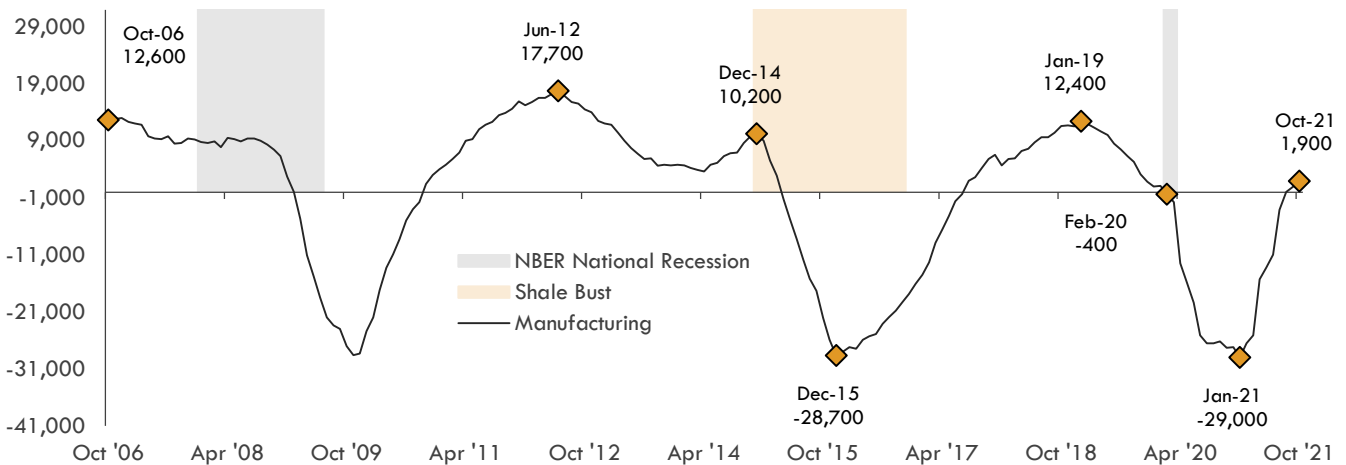


Over-the-year Change

Year over year, Manufacturing was up 1,900 jobs, or 0.9 percent. (see Chart 28.) The largest over-the-year gain on record for this sector occurred in June 2012, up 17,700 jobs. The largest decline on record occurred in January 2021, down -29,000 jobs. Durable Goods was the largest contributor to the overall sector's increase, up 2,500 jobs over the year. One component industry that provided a partial offset was Non-Durable Goods, which lost -600 jobs from October 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 7.1 percent to 6.8 percent over the past year.

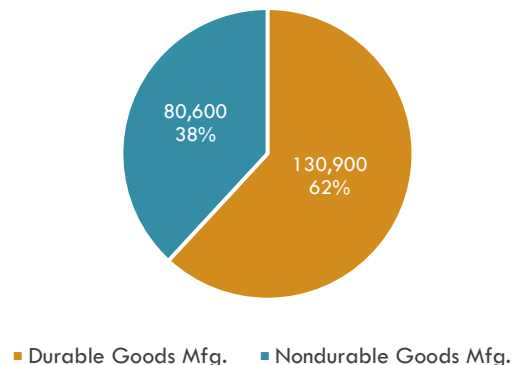
Chart 28. Manufacturing (NSA)
Over-the-year Net Change, Oct-06 to Oct-21



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 62 percent. (see Chart 29.) Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 19 percent less than the national average.

Chart 29. Employment in Component Industries of Manufacturing Sector - October 2021



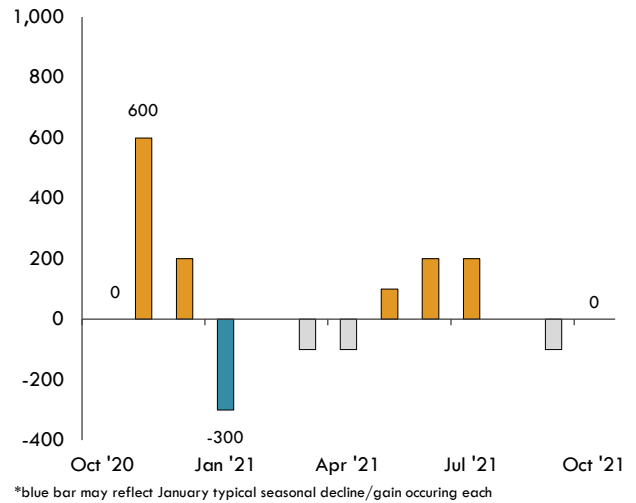
GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information was unchanged over the month. (see Chart 30.) 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 October, Information has lost an average of -10 jobs over the month, which indicates that this month's net zero change is slightly smaller than the long-term average decline. Information employment was revised upward by 100 jobs for a August to September smaller net loss of -100 compared to an original estimate of -200 jobs.

Chart 30. Information (NSA)
Over-the-month Net Change, Oct-20 to Oct-21

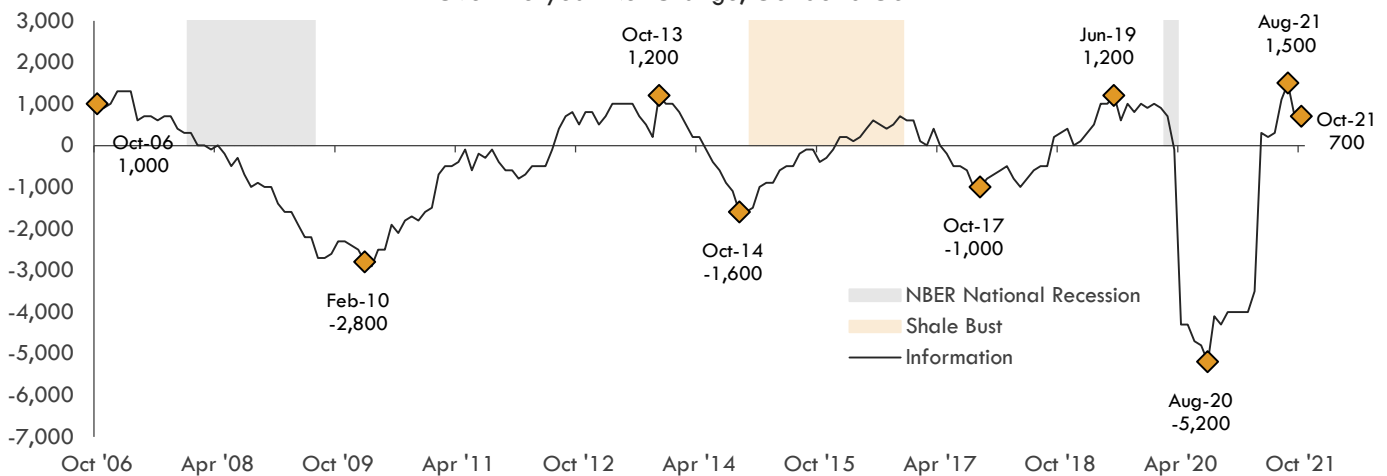


Over-the-year Change

Year over year, Information was up 700 jobs, or 2.5 percent. (see Chart 31.) 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 increase, up 800 jobs over the year. One component industry that provided a partial offset was Telecommunications, which lost -100 jobs from October 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 20 percent

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

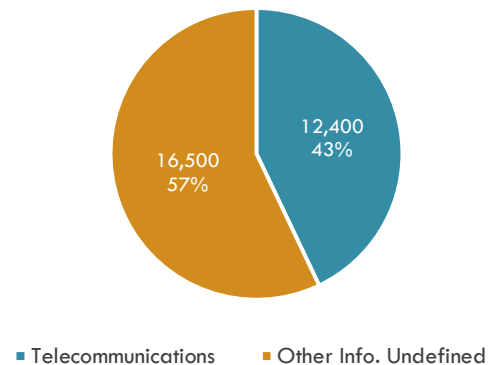
Chart 31. Information (NSA)
Over-the-year Net Change, Oct-06 to Oct-21



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 57 percent. (see Chart 32.) Across the Houston MSA, the concentration of jobs in the overall Information sector is 50 percent less than the national average.

Chart 32. Employment in Component Industries of Information Sector - October 2021



DECLINING INDUSTRY HIGHLIGHTS

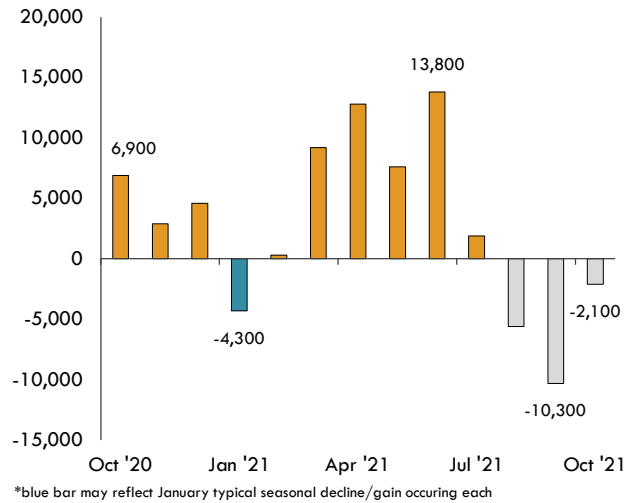
Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality was the largest declining sector over the month down -2,100 jobs, or -0.7 percent. (see Chart 33.) 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 October, Leisure and Hospitality has lost an average of -2,200 jobs over the month, which indicates that this month's losses are on par with smaller than the long-term average decline. Job losses are typical in October in Leisure and Hospitality with only three examples of gains ever recorded during this month since records began. Arts, Entertainment, and Recreation was the largest contributor to the overall sector's decline, down -1,900 jobs over the month. The second-largest declining contributor was Accommodation and Food Services, which lost -200 jobs from September to October. Leisure and Hospitality employment was revised downward by -1,500 jobs for a August to September larger net loss

of -10,300 compared to an original estimate of -8,800 jobs.

Chart 33. Leisure and Hospitality (NSA)
Over-the-month Net Change, Oct-20 to Oct-21

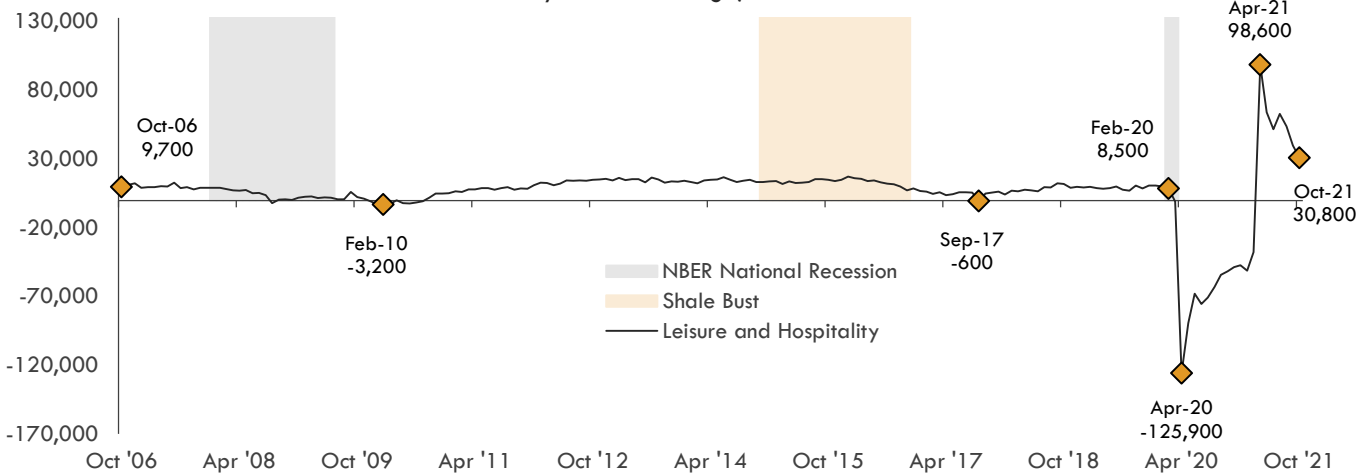


Over-the-year Change

Year over year, Leisure and Hospitality was up 30,800 jobs, or 11.0 percent. (see Chart 34.) This was the largest-ever year-over-year gain in the month of October since records began in 1990. Among sectors currently showing growth, this sector is the third-fastest growing in percentage terms across the Houston area. Furthermore, 22.6 percent of total (gross) jobs added 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 April 2021, up 98,600 jobs. The largest decline on record occurred in April 2020, down -

Accommodation and Food Services was the largest contributor to the overall sector's increase, up 27,600 jobs over the year. The second-largest contributor was Arts, Entertainment, and Recreation, which added 3,200 jobs from October 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 80 percent of jobs lost as of October. Leisure and Hospitality's share of Houston area Total Nonfarm Employment has risen from 9.4 percent to 10.0 percent over the past year.

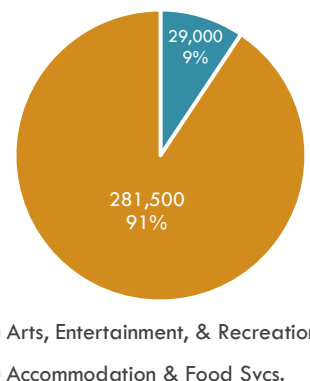
Chart 34. Leisure and Hospitality (NSA)
Over-the-year Net Change, Oct-06 to Oct-21



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 35.)

Chart 35. Employment in Component Industries of Leisure and Hospitality Sector - October 2021

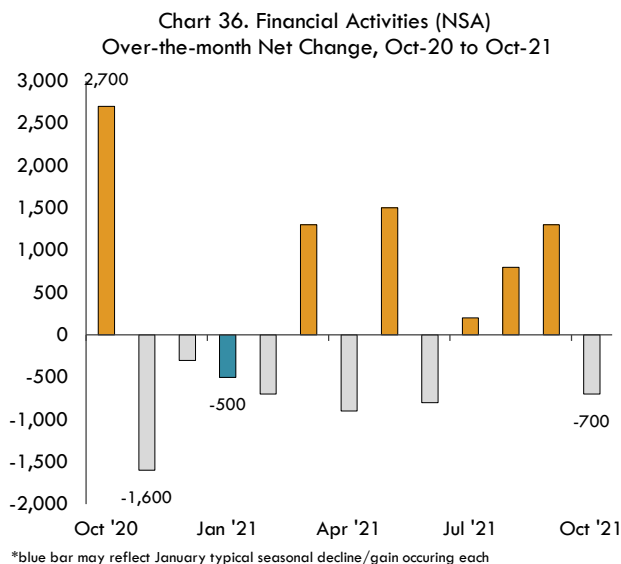


DECLINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities was the second-largest declining sector over the month down -700 jobs, or -0.4 percent. (see Chart 36.) 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 October, 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. Real Estate and Rental and Leasing was the largest contributor to the overall sector's decline, down -1,400 jobs over the month. One component industry that provided a partial offset was Finance and Insurance, which gained 700 jobs from September to October. Financial Activities employment was revised upward by 600 jobs for a August to September larger net gain of 1,300 compared to an original estimate of 700 jobs.

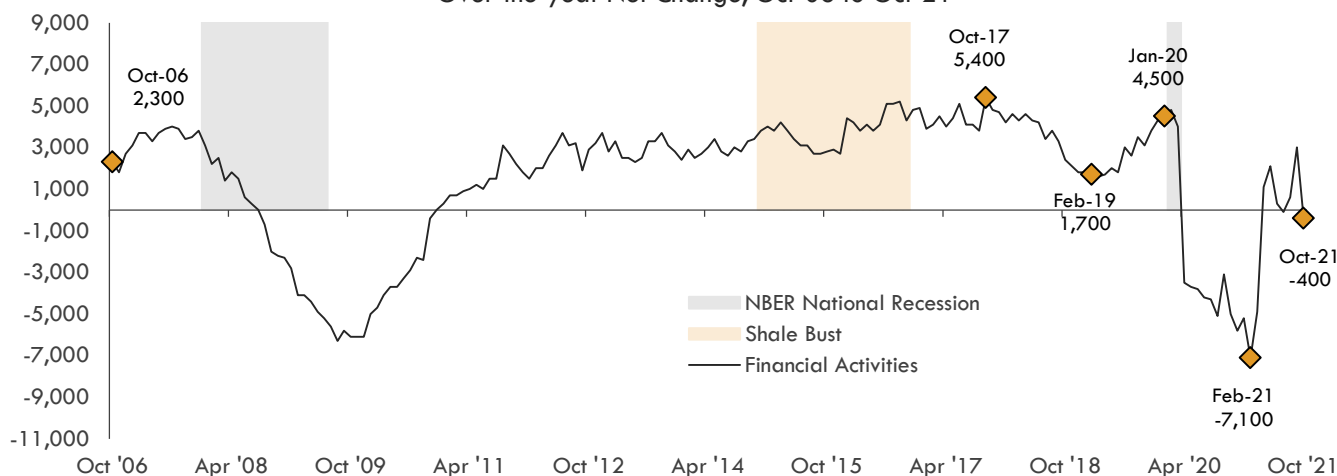


Over-the-year Change

Year over year, Financial Activities was down -400 jobs, or -0.2 percent. (see Chart 37.) Among sectors currently showing contraction, this sector is the fastest declining in percentage terms across the Houston area. Furthermore, 57.1 percent of total (gross) jobs lost across the region over the past year can be attributed to Financial Activities. The largest over-the-year gain on record for this sector occurred in September 1998, up 9,000 jobs. The largest decline on record occurred in February 2021, down -7,100 jobs. Real Estate and Rental and Leasing was the largest contributor to the overall sector's decline, down -

jobs over the year. One component industry that provided a partial offset was Finance and Insurance, which gained 3,400 jobs from October 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 40 percent of jobs lost as of October. Financial Activities's share of Houston area Total Nonfarm Employment has fallen from 5.6 percent to 5.3 percent over the past year.

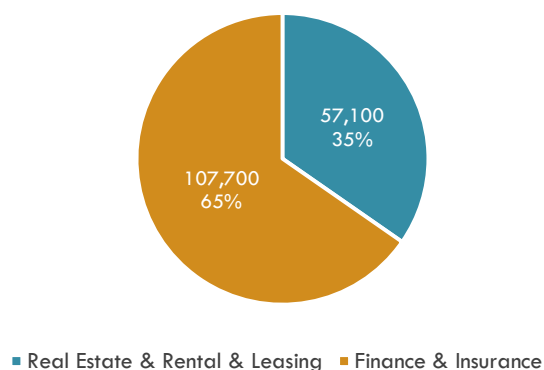
Chart 37. Financial Activities (NSA)
Over-the-year Net Change, Oct-06 to Oct-21



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 65 percent. (see Chart 38.) 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 21-percent lower concentration in Finance and Insurance offsetting a 17-percent higher concentration in Real Estate and Rental and Leasing.

Chart 38. Employment in Component Industries of
Financial Activities Sector - October 2021



Unemployment Rates

Not-Seasonally Adjusted

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 5.4 percent in October, down from September's 5.6 percent and down from 8.0 percent a year ago. This was above the statewide rate of 4.8 percent and above the national rate of 4.3 percent. 184,892 individuals were unemployed in Houston in October, down from September's 191,437 and down from 272,957 in October 2020.

Chart 39. Unemployment Rates (NSA)
U.S., Texas, and Houston MSA
October 2021

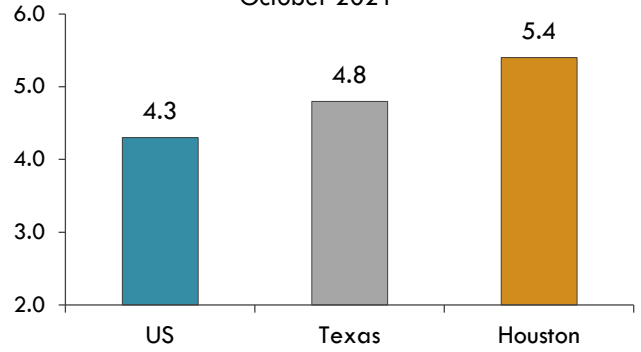
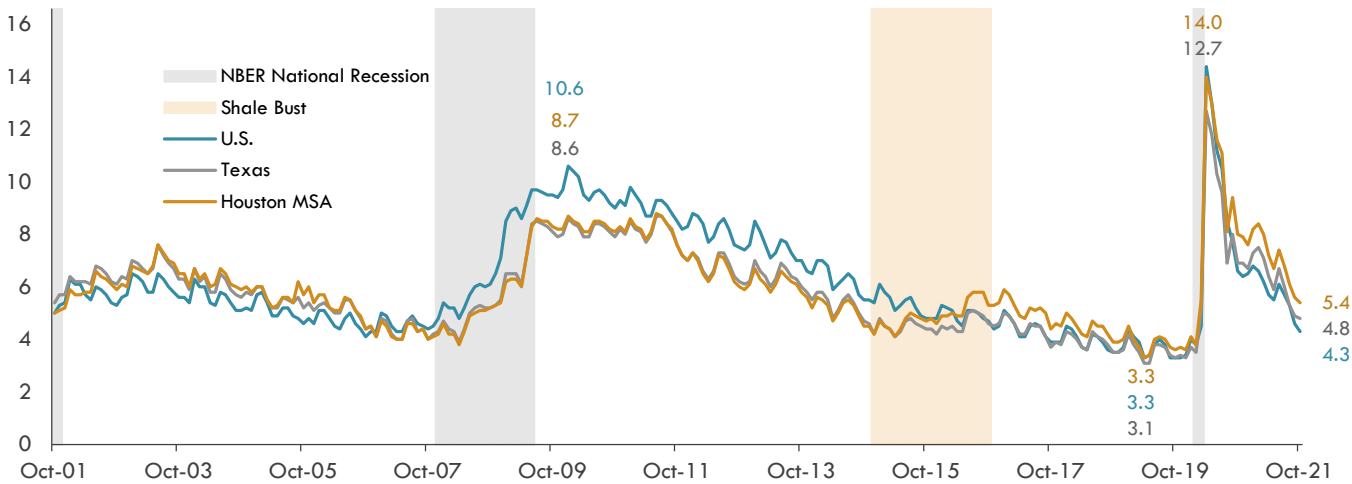


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
October 2001 to October 2021



Seasonally Adjusted

The Houston MSA (seasonally-adjusted) unemployment rate stood at 5.8 percent in September, down slightly from August's 5.9 percent and down from 9.6 percent a year ago. This was above the statewide rate of 5.6 percent and above the national rate of 4.8 percent. 198,678 individuals were unemployed in Houston in September, virtually unchanged, down slightly from August's 201,739 and down from 333,568 in September 2020.

Chart 41. Unemployment Rates (SA)
U.S., Texas, and Houston MSA
September 2021

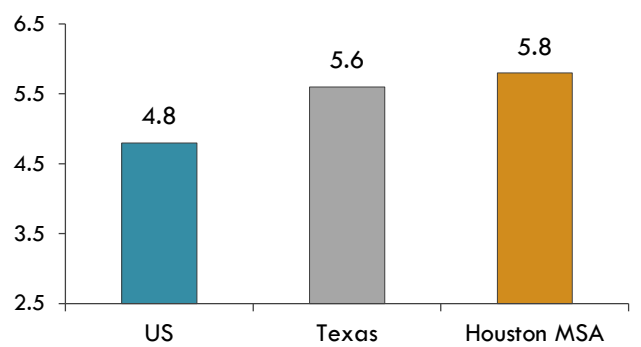
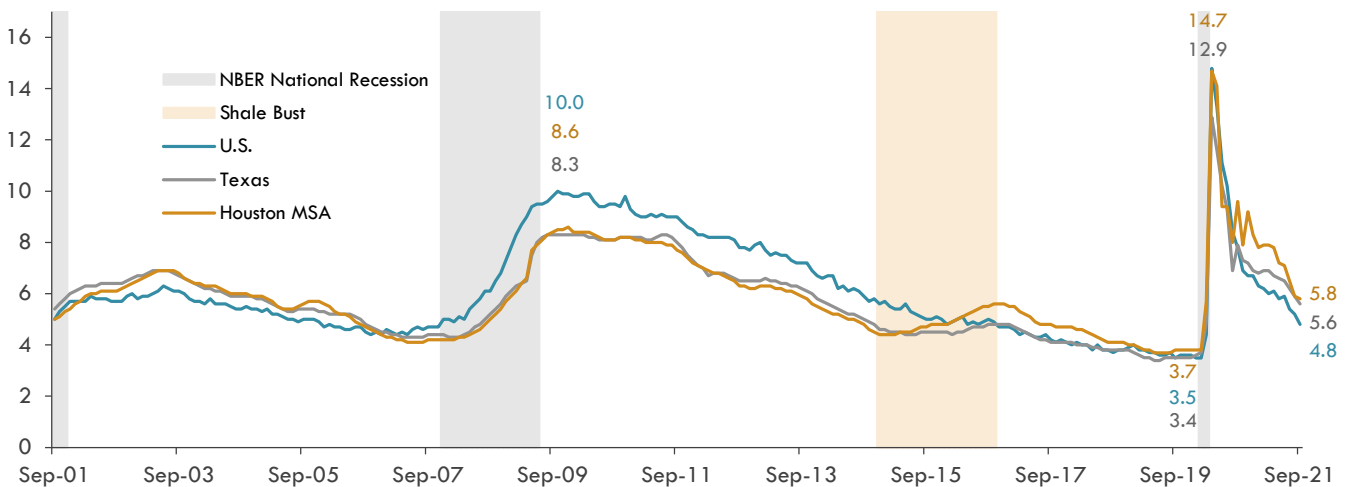


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
September 2001 to September 2021



Houston Area Employment Situation

October 2021

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Oct-21	Sep-21	Oct-20	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,099,800	3,066,700	2,964,200	33,100	1.1%	135,600	4.6%
Total Private	2,685,700	2,660,000	2,552,100	25,700	1.0%	133,600	5.2%
Goods Producing	490,000	485,700	481,200	4,300	0.9%	8,800	1.8%
.Mining and Logging	71,700	71,000	64,500	700	1.0%	7,200	11.2%
...Oil and Gas Extraction	35,400	35,100	34,200	300	0.9%	1,200	3.5%
...Support Activities for Mining	34,200	33,800	29,100	400	1.2%	5,100	17.5%
.Construction	206,800	203,700	207,100	3,100	1.5%	-300	-0.1%
..Construction of Buildings	45,400	44,200	46,300	1,200	2.7%	-900	-1.9%
..Heavy and Civil Engineering Construction	52,200	50,300	50,200	1,900	3.8%	2,000	4.0%
..Specialty Trade Contractors	109,200	109,200	110,600	0	0.0%	-1,400	-1.3%
.Manufacturing	211,500	211,000	209,600	500	0.2%	1,900	0.9%
..Durable Goods	130,900	130,000	128,400	900	0.7%	2,500	1.9%
...Fabricated Metal Product Manufacturing	43,800	43,600	43,100	200	0.5%	700	1.6%
...Machinery Manufacturing	37,000	37,600	39,300	-600	-1.6%	-2,300	-5.9%
....Agriculture, Construction, and Mining Machinery Mfg.	19,600	19,700	20,800	-100	-0.5%	-1,200	-5.8%
...Computer and Electronic Product Manufacturing	12,900	12,900	13,000	0	0.0%	-100	-0.8%
..Non-Durable Goods	80,600	81,000	81,200	-400	-0.5%	-600	-0.7%
...Petroleum and Coal Products Manufacturing	9,100	8,900	8,600	200	2.2%	500	5.8%
...Chemical Manufacturing	38,300	38,500	39,100	-200	-0.5%	-800	-2.0%
Service Providing	2,609,800	2,581,000	2,483,000	28,800	1.1%	126,800	5.1%
.Private Service Providing	2,195,700	2,174,300	2,070,900	21,400	1.0%	124,800	6.0%
..Trade, Transportation, and Utilities	638,100	630,500	615,800	7,600	1.2%	22,300	3.6%
...Wholesale Trade	163,400	162,200	157,800	1,200	0.7%	5,600	3.5%
....Merchant Wholesalers, Durable Goods	101,200	100,000	97,000	1,200	1.2%	4,200	4.3%
.....Prof. and Commercial Equip. Supplies Wholesalers	16,900	16,900	16,700	0	0.0%	200	1.2%
....Merchant Wholesalers, Nondurable Goods	50,500	49,900	50,500	600	1.2%	0	0.0%
...Retail Trade	301,500	295,700	296,400	5,800	2.0%	5,100	1.7%
....Motor Vehicle and Parts Dealers	42,000	41,500	40,700	500	1.2%	1,300	3.2%
....Bldg. Material and Garden Equip. and Supplies Dealers	23,200	23,700	23,500	-500	-2.1%	-300	-1.3%
....Food and Beverage Stores	72,000	70,200	70,000	1,800	2.6%	2,000	2.9%
....Health and Personal Care Stores	19,400	18,600	18,400	800	4.3%	1,000	5.4%
....Clothing and Clothing Accessories Stores	25,100	24,500	22,600	600	2.4%	2,500	11.1%
....General Merchandise Stores	59,500	57,700	57,500	1,800	3.1%	2,000	3.5%
.....Department Stores	17,100	16,600	16,100	500	3.0%	1,000	6.2%
.....Other General Merchandise Stores	42,400	41,100	41,400	1,300	3.2%	1,000	2.4%
...Transportation, Warehousing, and Utilities	173,200	172,600	161,600	600	0.3%	11,600	7.2%
....Utilities	17,100	17,000	17,100	100	0.6%	0	0.0%
.....Air Transportation	18,300	18,300	18,300	0	0.0%	0	0.0%
.....Truck Transportation	27,300	27,300	26,500	0	0.0%	800	3.0%
.....Pipeline Transportation	11,600	11,500	12,000	100	0.9%	-400	-3.3%
..Information	28,900	28,900	28,200	0	0.0%	700	2.5%
...Telecommunications	12,400	12,400	12,500	0	0.0%	-100	-0.8%
..Financial Activities	164,800	165,500	165,200	-700	-0.4%	-400	-0.2%
...Finance and Insurance	107,700	107,000	104,300	700	0.7%	3,400	3.3%
....Credit Intermediation and Related Activities	43,400	43,100	43,700	300	0.7%	-300	-0.7%
.....Depository Credit Intermediation	28,200	28,300	29,100	-100	-0.4%	-900	-3.1%
....Securities, Commodity Contracts, and Fin. Investments	21,000	20,900	20,600	100	0.5%	400	1.9%
....Insurance Carriers and Related Activities	43,300	43,000	40,000	300	0.7%	3,300	8.3%
...Real Estate and Rental and Leasing	57,100	58,500	60,900	-1,400	-2.4%	-3,800	-6.2%
..Professional and Business Services	515,200	511,700	483,400	3,500	0.7%	31,800	6.6%
...Professional, Scientific, and Technical Services	248,000	245,100	233,200	2,900	1.2%	14,800	6.3%
....Legal Services	28,700	28,400	28,300	300	1.1%	400	1.4%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	24,200	23,700	23,900	500	2.1%	300	1.3%
....Architectural, Engineering, and Related Services	66,400	66,600	66,500	-200	-0.3%	-100	-0.2%
....Computer Systems Design and Related Services	37,800	37,700	33,300	100	0.3%	4,500	13.5%
...Management of Companies and Enterprises	44,700	44,600	45,200	100	0.2%	-500	-1.1%
...Admin. and Support and Waste Mgmt. and Remediation	222,500	222,000	205,000	500	0.2%	17,500	8.5%
....Administrative and Support Services	208,600	208,500	193,500	100	0.0%	15,100	7.8%
.....Employment Services	85,200	82,900	71,600	2,300	2.8%	13,600	19.0%
.....Services to Buildings and Dwellings	53,600	54,800	51,100	-1,200	-2.2%	2,500	4.9%
..Educational and Health Services	419,300	407,500	394,500	11,800	2.9%	24,800	6.3%
...Educational Services	68,900	65,000	61,600	3,900	6.0%	7,300	11.9%
...Health Care and Social Assistance	350,400	342,500	332,900	7,900	2.3%	17,500	5.3%
....Ambulatory Health Care Services	174,800	171,300	165,400	3,500	2.0%	9,400	5.7%
....Hospitals	89,300	89,300	87,900	0	0.0%	1,400	1.6%
..Leisure and Hospitality	310,500	312,600	279,700	-2,100	-0.7%	30,800	11.0%
...Arts, Entertainment, and Recreation	29,000	30,900	25,800	-1,900	-6.1%	3,200	12.4%
...Accommodation and Food Services	281,500	281,700	253,900	-200	-0.1%	27,600	10.9%
....Accommodation	22,000	22,300	19,200	-300	-1.3%	2,800	14.6%
....Food Services and Drinking Places	259,500	259,400	234,700	100	0.0%	24,800	10.6%
..Other Services	118,900	117,600	104,100	1,300	1.1%	14,800	14.2%
Government	414,100	406,700	412,100	7,400	1.8%	2,000	0.5%
.Federal Government	31,200	31,400	32,500	-200	-0.6%	-1,300	-4.0%
.State Government	91,400	89,900	90,000	1,500	1.7%	1,400	1.6%
..State Government Educational Services	53,100	51,500	52,400	1,600	3.1%	700	1.3%
.Local Government	291,500	285,400	289,600	6,100	2.1%	1,900	0.7%
..Local Government Educational Services	195,900	191,200	195,500	4,700	2.5%	400	0.2%