

Houston Area Employment Situation

February 2023

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

2023 Remains off to a Solid Start but 2022 Laggards Remain

Total Nonfarm

Over-the-month Change

Houston MSA Total Nonfarm employment stood at 3,314,600 in February, up 29,200 jobs over the month, or 0.9 percent on a not-seasonally-adjusted basis (see Chart 1). A year ago Houston registered an over-the-month increase of 44,600 jobs. Prior to the pandemic, historically in the month of February, Total Nonfarm has on average added 18,500 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Not-seasonally adjusted February data tends to exaggerate over-the-month job growth each year due to seasonal job losses in January. As a result gains in most sectors and Total Nonfarm employment should be viewed with caution. It is recommended to compare to all previous Februaries to determine if "growth" is in line with historical trends.

The primary drivers of this February's growth were increases in Government; Professional and Business Services; and Education and Health Services. Gains were also recorded in Leisure and Hospitality; Financial Activities; and Construction. The net increase in jobs over the month was partially offset by losses in Trade, Transportation, and Utilities; Manufacturing; and Mining and Logging. (see Chart 2). Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,330,900, up 9,000 jobs over the month, or 0.3 percent vs. a historical average of 3,700. This February marks 24 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.

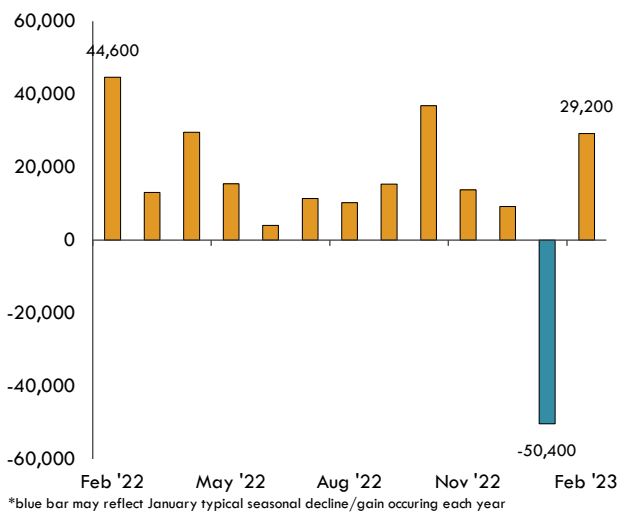
Top-3 Drivers of Over-the-month Job Growth in February

- Government: 10,000
- Professional and Business Services: 8,600
- Education and Health Services: 7,700

Over-the-year Change

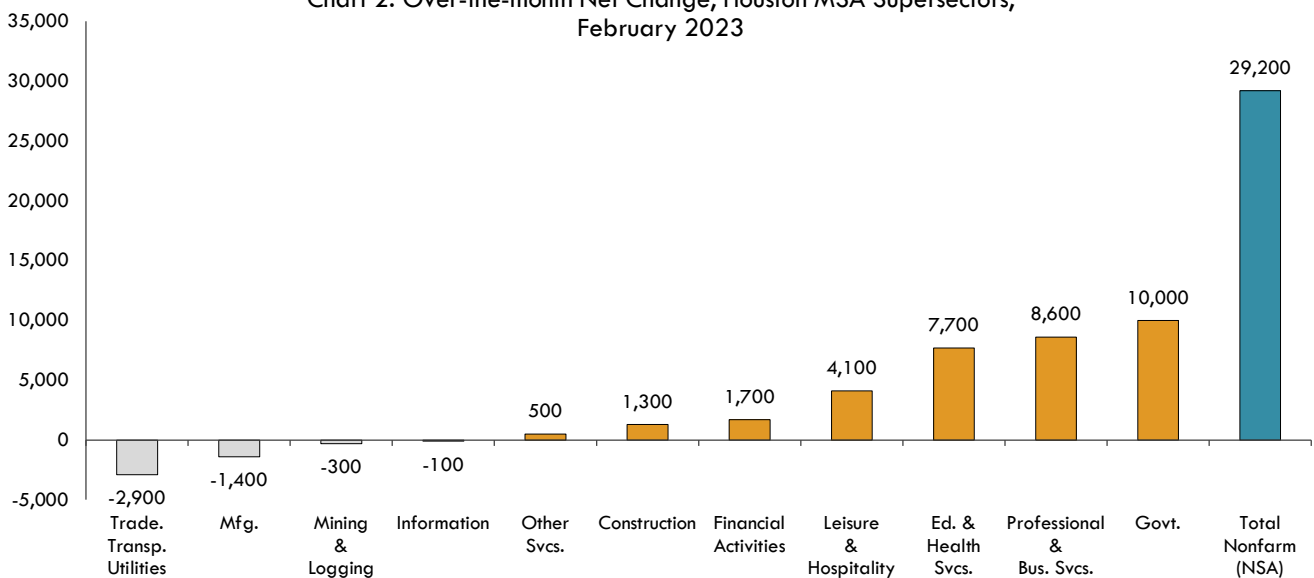
Over the year, Total Nonfarm employment was up 137,300 or 4.3 percent on a not-seasonally-adjusted basis and up 148,500 or 4.7 percent on a seasonally-adjusted basis (see NSA Chart 3). To compare, February 2022 saw a year-over-year gain of 193,800 jobs (NSA) from February 2021. This was the second-largest over-the-year gain in the month of February since records began in 1990. Currently 10 out of 11 sectors show growth year over year of which the top-three are Professional and Business

Chart 1. Total Nonfarm (NSA)
Over-the-month Net Change, Feb-22 to Feb-23



Services (28,900); Education and Health Services (24,400); and Government (19,800) (see Chart 4). Total Nonfarm employment not-seasonally-adjusted now exceeds its February 2020 pre-pandemic level of 3,191,800 jobs by 122,800, or 3.8 percent (133,000 jobs, 4.2 percent above 3,197,900 seasonally adjusted).

Chart 2. Over-the-month Net Change, Houston MSA Supersectors, February 2023



Houston Area Employment Situation

February 2023

Previous Month's Revisions

Total Nonfarm employment was revised downward by -200 jobs for a December to January larger net loss of -50,400 compared to an original estimate of -50,200 jobs. A downward revision of -2,000 jobs in Trade, Transportation, and Utilities was the largest contributor followed by Other Services (-1,000) and Manufacturing (-900). Upward revisions in Professional and Business Services (+2,300), Leisure and Hospitality (+1,400), and Government (+500) 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 February

- Professional and Business Services: 28,900
- Education and Health Services: 24,400
- Government: 19,800

Chart 5. Net Revisions for Selected Supersectors and Major Industries, January 2023

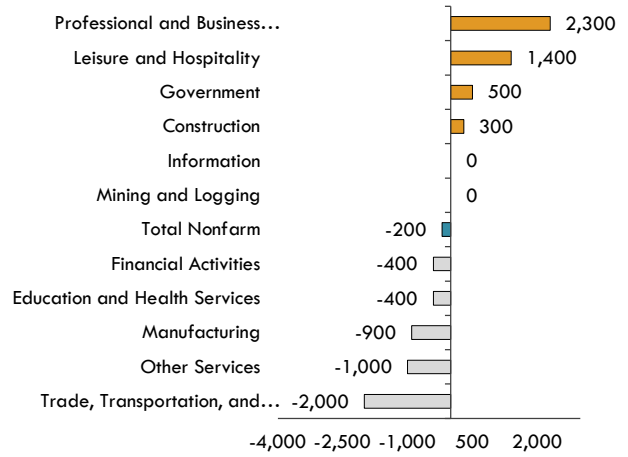


Chart 3. Total Nonfarm (NSA)
Over-the-year Net Change, Feb-08 to Feb-23

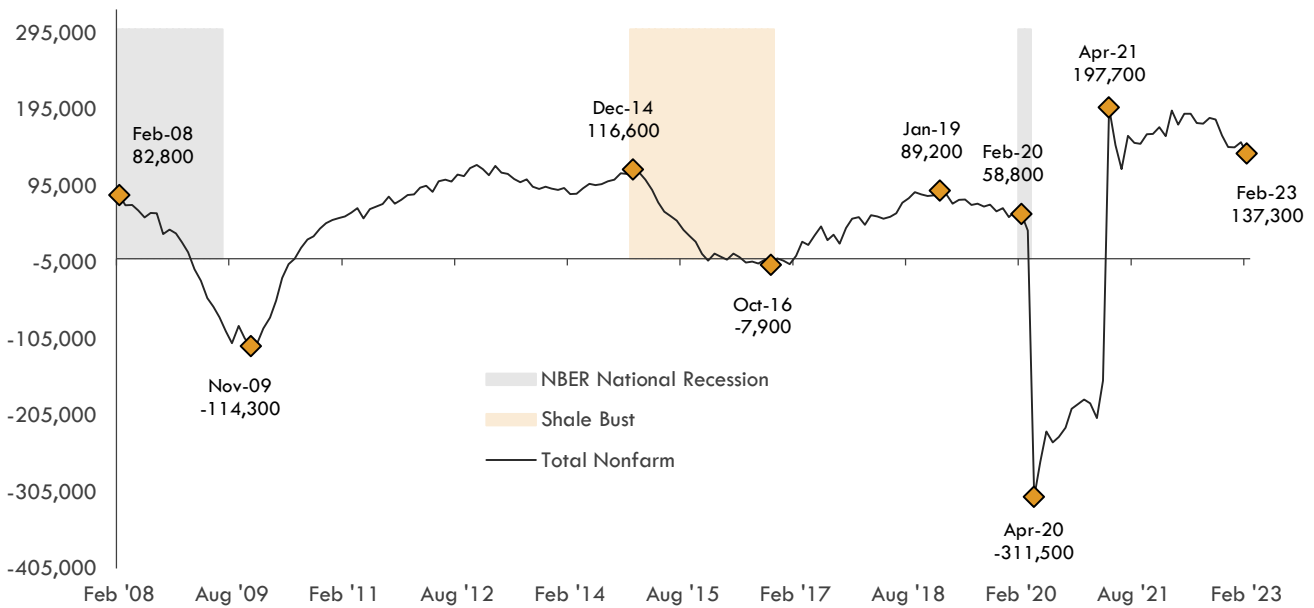
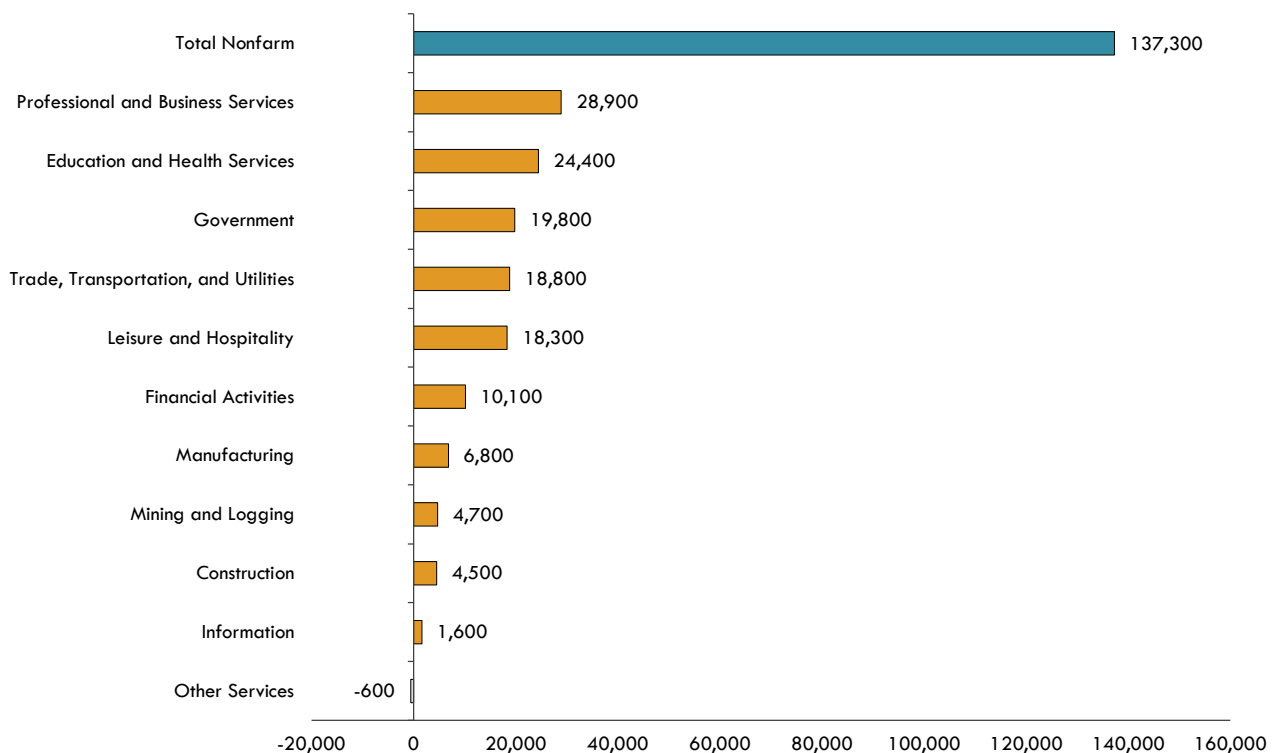


Chart 4. Over-the-year Net Change, Houston MSA Supersectors, February 2022 to February 2023



Supplemental Commentary

Overall Impressions - Major Industry Sectors

Overall, February was another decent month for job growth in Houston with some 29,000 jobs added not-seasonally-adjusted and 9,000 seasonally-adjusted and seemingly continuing where 2022 left off.

Government, mostly driven by Local Government Educational Services, saw an unusually strong but not unprecedented February adding 10,000 jobs over the month. February's gains helped accelerate the sector's over-the-year momentum, first revealed in the 2022 benchmark revisions released two weeks ago, further to the upside giving Government it's best year-over-year growth figure on record.

Professional and Business Services added a respectable 8,600 jobs over the month however virtually all of the month's gains came from Administrative Support Waste Management and Remediation Services with negligible contributions from Professional and Technical Services and Management of Companies and Enterprises. The larger of the two, Professional and Technical Services, which includes oil and gas-related Architecture and Engineering Services, accordingly, saw limited gains.

(Private) Education and Health Services rounded out the top-three gainers in February with this sector, with the education component echoing Government's showing this month.

Trade, Transportation, and Utilities lost -2,900 jobs over the month however this was in line with typical behavior seen in this sector each February as remaining Retail jobs from the holiday season roll off.

Manufacturing on the other hand had a decidedly poor showing in February with -1,400 jobs lost, which is atypical as this sector tends to add jobs each February with previous negative February's occurring during economic downturns in 2020 due to the pandemic, 2015 and 2016 due to the shale bust, and 2009 during the Great Recession. While concerning, March figures to be released in April could show smaller losses or even gains depending on the size of the revisions.

Lastly, Mining and Logging saw a small loss of -300 jobs over the month. Despite having seen some recovery from the pandemic in terms of year-over-year trends, driven entirely by Support Services for Mining (i.e. oil field services), Mining and Logging remains some -13.0 percent below its 2020 levels and in this regard continues to be poorest performing sector in the region. If one removes Oil and Gas Extraction from the equation, the sector is down roughly -8.0 percent from February 2020 making it clear that this subcomponent of Mining and Logging is largely responsible for the sector's failure to rebound. (See Supplemental Chart 1.)

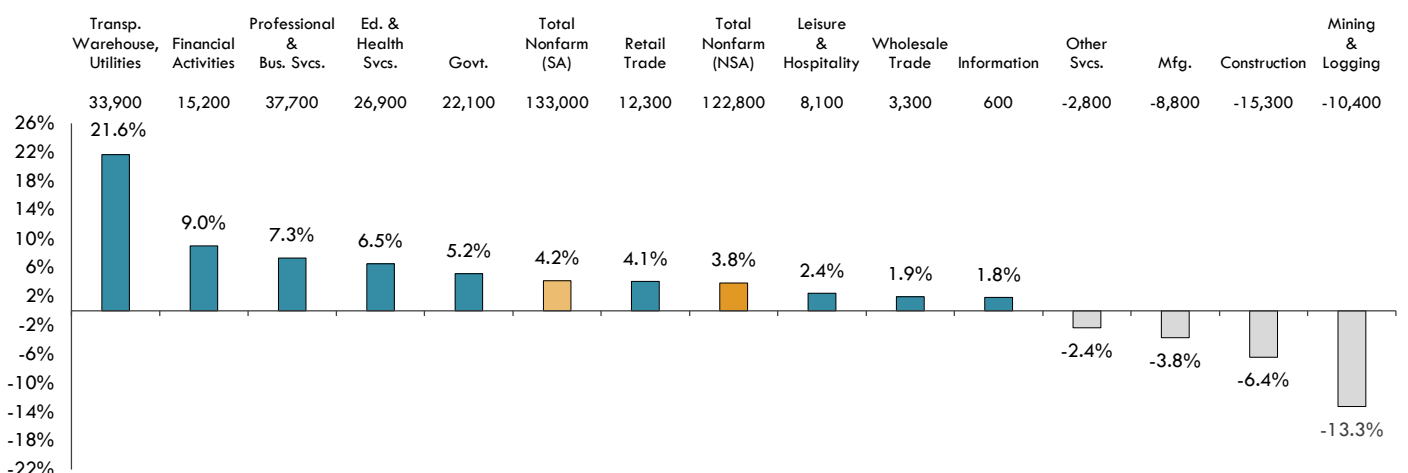
Unemployment Rates, Workforce Solutions Index, and the End of Job Ad "Reverse Tug-o-war" Analysis

In other news, February's not-seasonally-adjusted unemployment rate ticked up to 4.8 in contrast to the typical behavior of a decline most years. Barring revised figures in April, this over-the-month percentage point increase in February's unemployment rate will stand as the largest February increase since records began in 1990. This coupled with January's slightly higher than average unemployment remains an area of concern as we reach the end of the first quarter. However, it should be noted that weekly initial claims for unemployment insurance remain within the pre-pandemic range of 3,000 to 4,000 and the seasonally-adjusted unemployment rate, which is current only through January, continues to show an uninterrupted decline month to month.

The Workforce Solutions Index fell for seventh consecutive month. Furthermore, the month-to-month declines have gotten progressively larger since starting August 2022. Should this continue, the number of job postings and unemployed individuals will reach parity in the next month or two, with employers on the verge of obtaining the upper-hand for the first time since August 2021.

On final disappointing note, Lightcast, previously known as EMSI-Burning Glass has altered the format of its job ad data. As a result, it will no longer be possible to produce the Reverse Tug-o-war chart showing the number of employers ramping up hiring, remaining flat, or pulling ads from the web. The search for a replacement indicator is in progress and we hope to have more news to share in a future Employment Situation.

Supplemental Chart 1. Houston MSA Current Employment Levels as of February 2023 Relative to February 2020 by Sector (NSA)



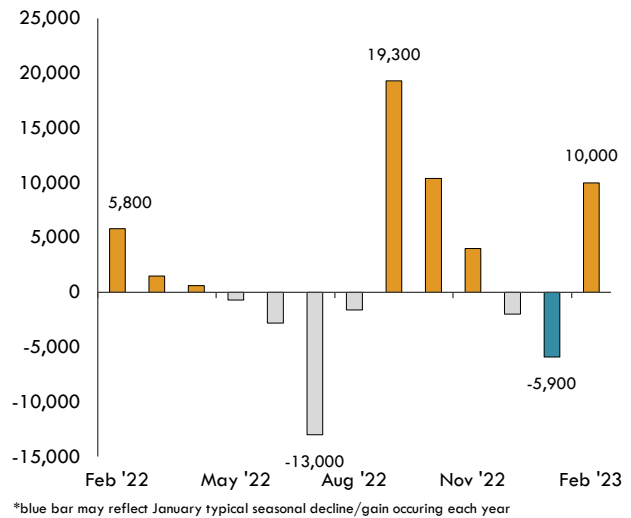
GAINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was the largest gaining sector over the month up 10,000 jobs, or 2.3 percent (see Chart 6). This was the largest February over-the-month gain in since 2019. Historically in the month of February, Government has added an average of 6,400 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Local Government was the largest contributor to the overall sector's increase, up 9,400 jobs over the month. The second-largest contributor was State Government, which added 500 jobs from January to February. Lastly, Federal Government contributed, 100 jobs.

Chart 6. Government (NSA)
Over-the-month Net Change, Feb-22 to Feb-23

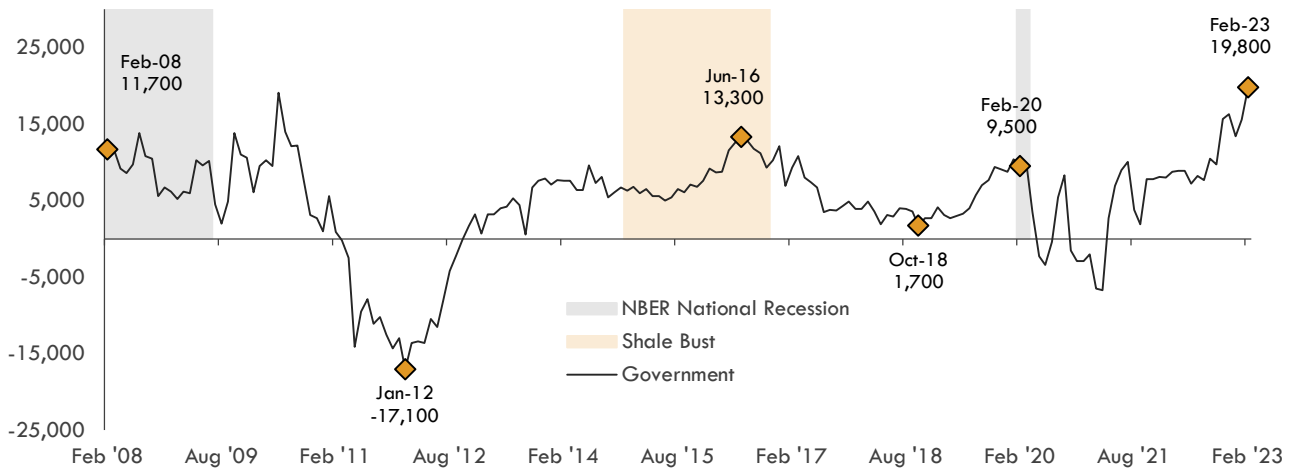


Over-the-year Change

Year over year, Government was up 19,800 jobs, or 4.6 percent (see Chart 7). This was the largest-ever over-the-year gain in February or any other month since records began, beating the previous record of 19,100 jobs added in May 2010. It also marks 23 consecutive months of over-the-year gains. Furthermore, 14.4 percent of total (gross) jobs added across the region over the past year can be attributed to Government. Local Government was the largest contributor to the overall sector's increase, up 13,400 jobs over the year. The second-largest contributor was State Government, which added 5,300

jobs from February a year ago. Lastly, Federal Government contributed, 1,100 jobs. Total Government employment (NSA) now exceeds its February 2020 pre-pandemic level of 428,400 jobs by 22,100, or 5.2 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 13.6 percent over the past year.

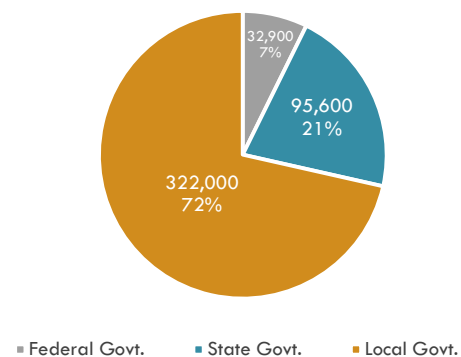
Chart 7. Government (NSA)
Over-the-year Net Change, Feb-08 to Feb-23



About This Sector

This sector consists of establishments of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area that are not performed by private establishments. For MSA data, this includes public education but excludes healthcare. Of the three main component industries, Local Government accounts for the majority of the sector's employment at 71 percent (see Chart 8). Across the Houston MSA, the concentration of jobs in the overall Government sector is 8 percent less than the national average.

Chart 8. Employment in Component Industries of Government Sector - February 2023

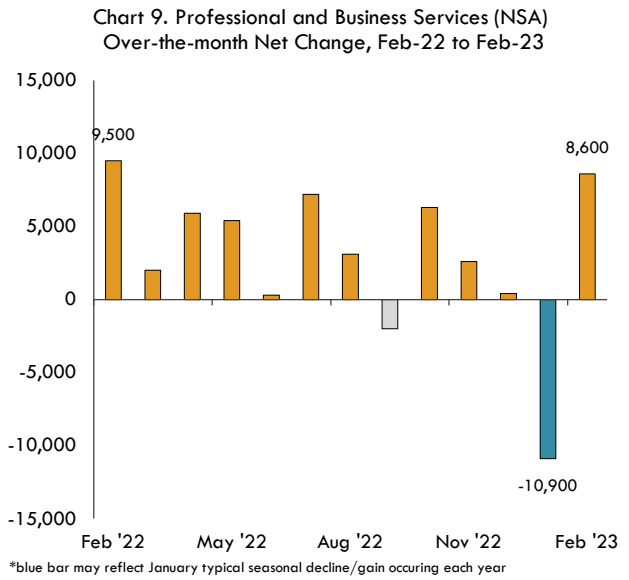


GAINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

Professional and Business Services was the second-largest gaining sector over the month up 8,600 jobs, or 1.6 percent (see Chart 9). This was the largest February gain since 2022 and the second-largest gain historically for the month of February since records began in 1990. Typically in the month of February, Professional and Business Services has added an average of 3,300 jobs over the month, indicating 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 8,300 jobs over the month. The second-largest contributor was Management of Companies and Enterprises, which added 200 jobs from January to February. Lastly, Professional, Scientific, and Technical Services contributed, 100 jobs. Professional and Business Services employment was revised upward by 2,300 jobs for a December to January smaller net loss of -10,900 compared to an original estimate of -13,200 jobs.

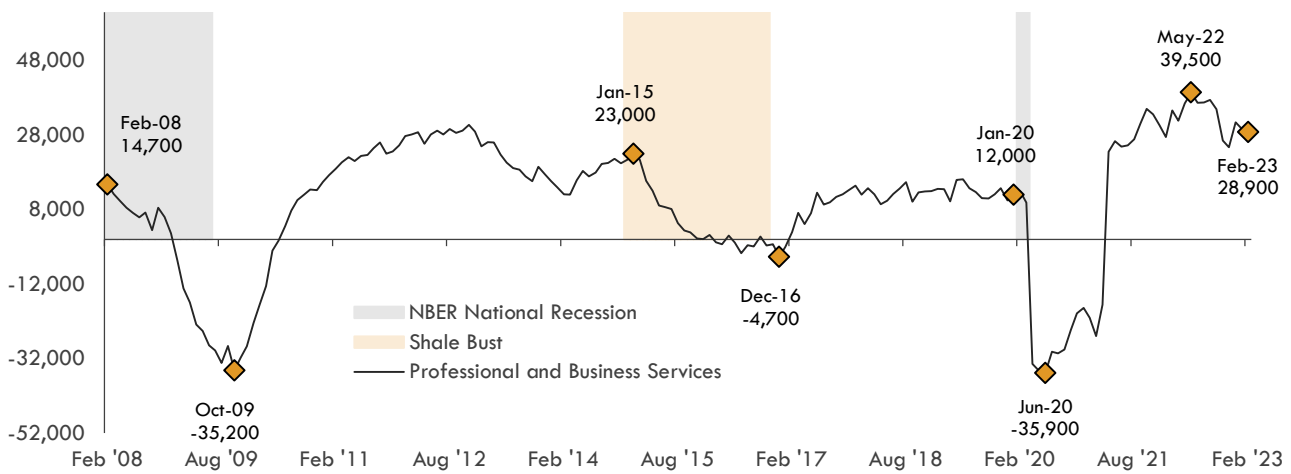


Over-the-year Change

Year over year, Professional and Business Services was up 28,900 jobs, or 5.5 percent (see Chart 10). This was the second-largest over-the-year gain in the month of February since records began in 1990. It also marks 23 consecutive months of over-the-year gains. Furthermore, 21.0 percent of total (gross) jobs added across the region over the past year can be attributed to Professional and Business Services. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's increase, up 19,800 jobs over the year. The second-largest contributor was Administrative and Support and Waste

Management and Remediation Services, which added 6,400 jobs from February a year ago. Lastly, Management of Companies and Enterprises contributed, 2,700 jobs. Total Professional and Business Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 514,700 jobs by 37,700, or 7.3 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 16.5 percent to 16.7 percent over the past year.

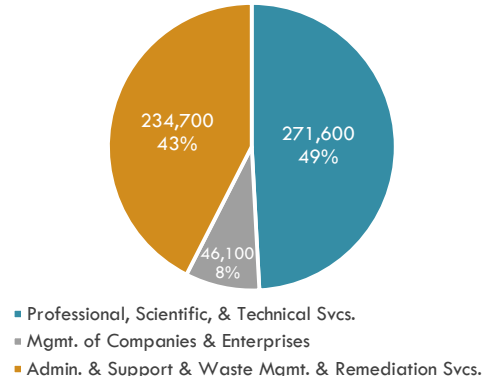
Chart 10. Professional and Business Services (NSA) Over-the-year Net Change, Feb-08 to Feb-23



About This Sector

This sector is composed of establishments specializing in professional, scientific, and technical activities; management of establishments holding equity interests in order to influence management decisions; and office administration, hiring of personnel, security, cleaning, and waste disposal. Of the three main component industries, Professional, Scientific, and Technical Services accounts for a plurality of the sector's employment at 49 percent (see Chart 11). Across the Houston MSA, the concentration of jobs in the overall sector is 13 percent higher than the national average, due to a 17-percent higher concentration in Professional, Scientific, and Technical Services serving the oil and gas industry.

Chart 11. Employment in Component Industries of Professional and Business Services Sector - February 2023

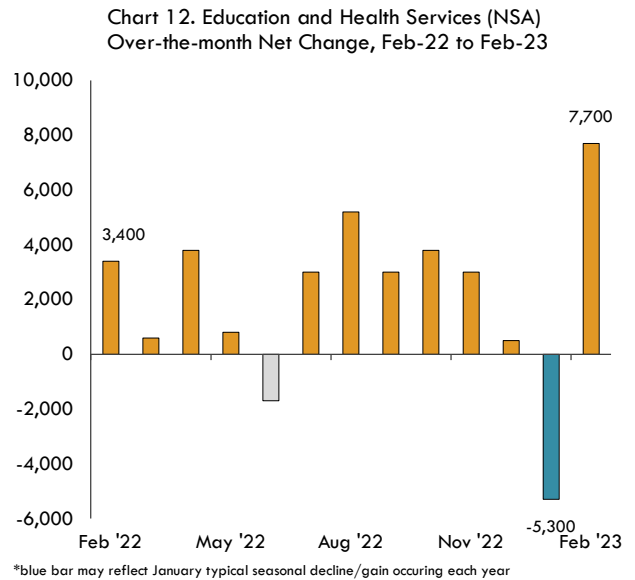


GAINING INDUSTRY HIGHLIGHTS

Education and Health Services

Over-the-month Change

Education and Health Services was the third-largest gaining sector over the month up 7,700 jobs, or 1.8 percent (see Chart 12). This was the largest-ever gain in the month of February since records began in 1990, beating the previous February record of 4,800 jobs in 2018, and now stands as the second-largest over-the-month increase of any month in the past three decades. Historically in the month of February, Education and Health Services has added an average of 1,900 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 4,900 jobs over the month. The second-largest contributor was Educational Services, which added 2,800 jobs from January to February. Education and Health Services employment was revised downward by -400 jobs for a December to January larger net loss of -5,300 compared to an original estimate of -4,900 jobs.

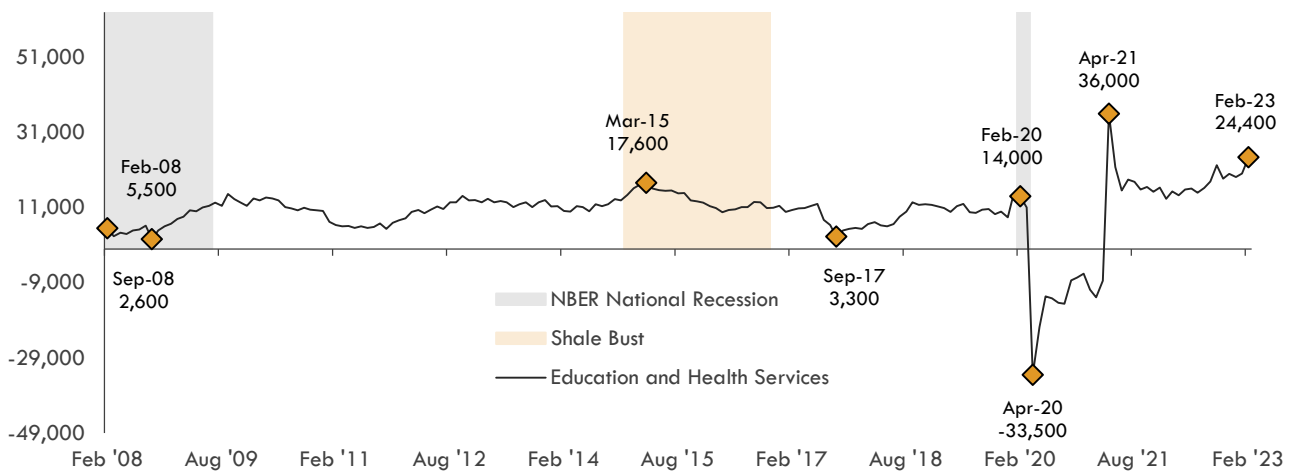


Over-the-year Change

Year over year, Education and Health Services was up 24,400 jobs, or 5.9 percent (see Chart 13). This was the largest-ever over-the-year gain in February and the second-largest gain on record. It also marks 23 consecutive months of over-the-year gains. Among sectors currently showing growth, this sector is the second-fastest growing in percentage terms across the Houston area. Furthermore, 17.7 percent of total (gross) jobs added across the region over the past year can be attributed to Education and Health Services. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up

19,300 jobs over the year. The second-largest contributor was Educational Services, which added 5,100 jobs from February a year ago. Total Education and Health Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 414,400 jobs by 26,900, or 6.5 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 13.1 percent to 13.3 percent over the past year.

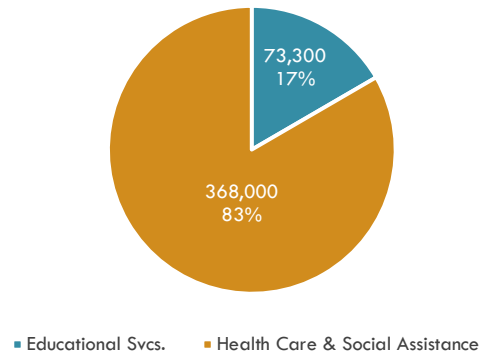
Chart 13. Education and Health Services (NSA)
Over-the-year Net Change, Feb-08 to Feb-23



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 83 percent (see Chart 14). Across the Houston MSA, the concentration of jobs in the overall sector is 18 percent less than the national average, despite the high physical concentration of healthcare jobs centered around Texas Medical Center.

Chart 14. Employment in Component Industries of Education and Health Services Sector - February 2023

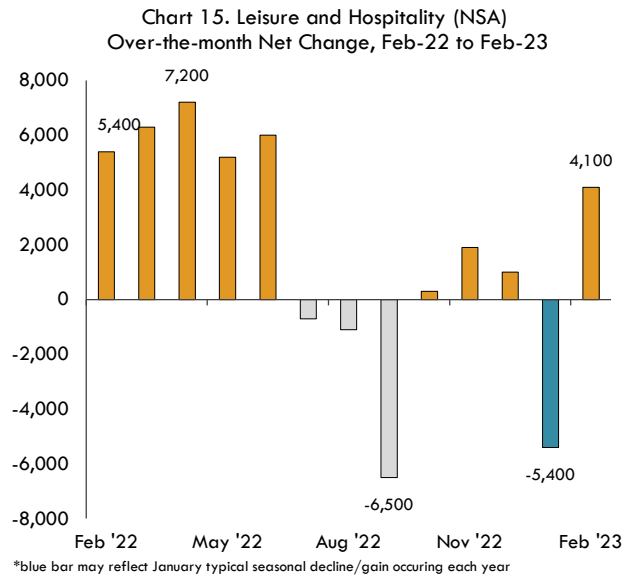


GAINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality also saw an increase over the month up 4,100 jobs, or 1.2 percent (see Chart 15). Historically in the month of February, Leisure and Hospitality has added an average of 3,600 jobs over the month, which indicates that this month's gains are slightly above the long-term average. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 3,300 jobs over the month. The second-largest contributor was Arts, Entertainment, and Recreation, which added 800 jobs from January to February. Leisure and Hospitality employment was revised upward by 1,400 jobs for a December to January smaller net loss of -5,400 compared to an original estimate of -6,800 jobs.

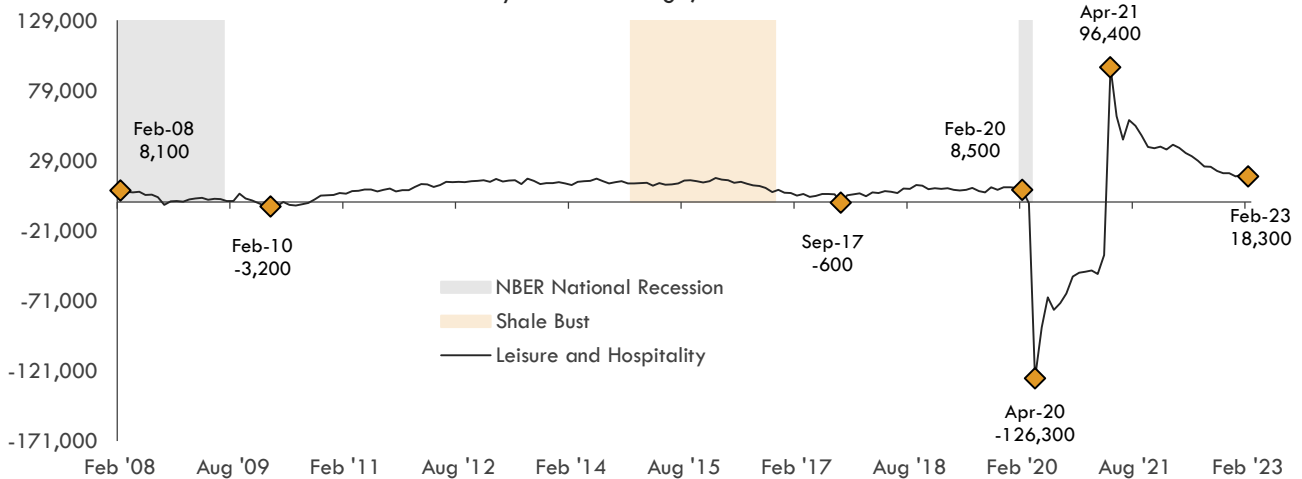


Over-the-year Change

Year over year, Leisure and Hospitality was up 18,300 jobs, or 5.6 percent (see Chart 16). This was the second-largest over-the-year gain in the month of February since records began in 1990. It also marks 23 consecutive months of over-the-year gains. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 15,000 jobs over the year. The second-largest contributor was Arts, Entertainment, and Recreation, which added 3,300 jobs from February a year ago. Total Leisure and Hospitality employment (NSA) now exceeds its February 2020 pre-pandemic level of 334,500

jobs by 8,100, or 2.4 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 10.2 percent to 10.3 percent over the past year.

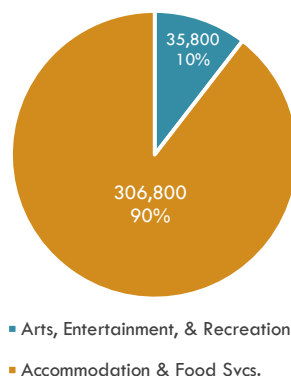
Chart 16. Leisure and Hospitality (NSA) Over-the-year Net Change, Feb-08 to Feb-23



About This Sector

This sector is composed of establishments that produce and promote in live performances, events, or 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 90 percent (see Chart 17). Across the Houston MSA, the concentration of jobs in the overall sector is 0 percent higher than the national average.

Chart 17. Employment in Component Industries of Leisure and Hospitality Sector - February 2023

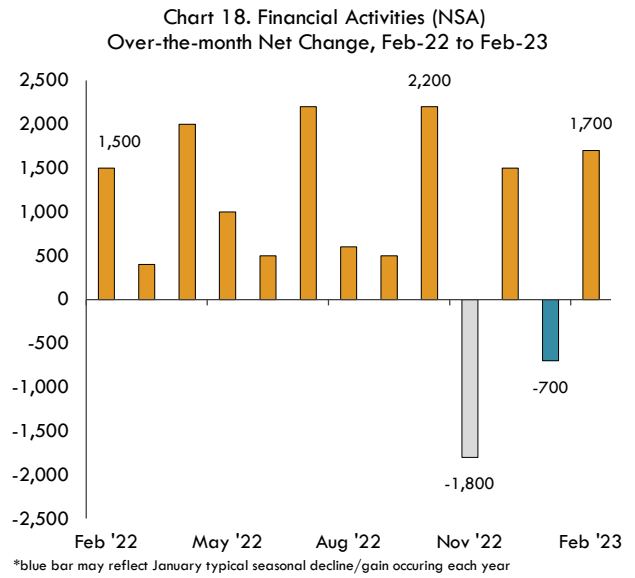


GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities also saw an increase over the month up 1,700 jobs, or 0.9 percent (see Chart 18). This was the largest-ever gain in the month of February since records began in 1990, beating the previous February record of 1,500 jobs in 2022. Historically in the month of February, Financial Activities has added an average of 500 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 1,500 jobs over the month. The second-largest contributor was Finance and Insurance, which added 200 jobs from January to February. Financial Activities employment was revised downward by -400 jobs for a December to January larger net loss of -700 compared to an original estimate of -300 jobs.

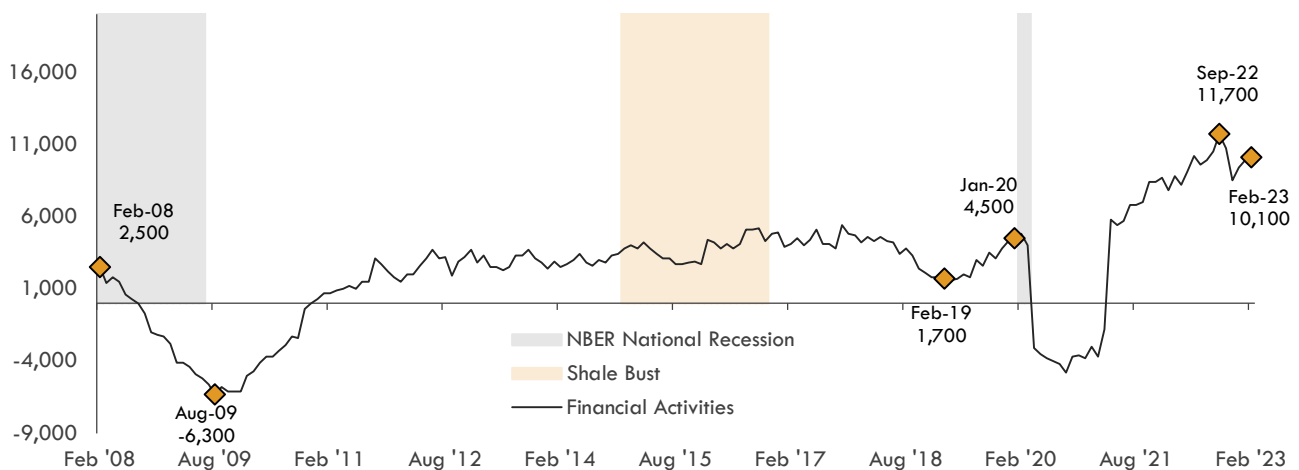


Over-the-year Change

Year over year, Financial Activities was up 10,100 jobs, or 5.8 percent (see Chart 19). This was the largest February over-the-year increase on record and the largest gain since October 2022's increase of 10,700 jobs. It also marks nine 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. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 5,600 jobs over the year. The second-largest contributor was Finance and Insurance, which added 4,500 jobs

from February a year ago. Total Financial Activities employment (NSA) now exceeds its February 2020 pre-pandemic level of 169,200 jobs by 15,200, or 9.0 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 5.5 percent over the past year.

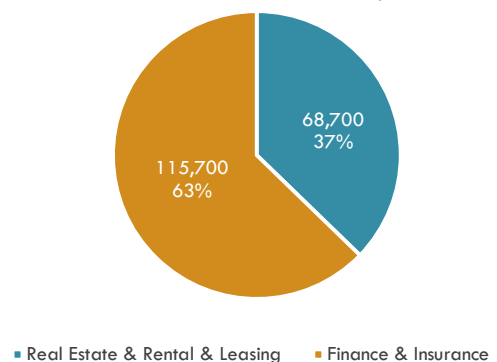
Chart 19. Financial Activities (NSA) Over-the-year Net Change, Feb-08 to Feb-23



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 20). Across the Houston MSA, the concentration of jobs in the overall Financial Activities sector is 5 percent less than the national average, due to a 19-percent lower concentration in Finance and Insurance offsetting a 35-percent higher concentration in Real Estate and Rental and Leasing.

Chart 20. Employment in Component Industries of Financial Activities Sector - February 2023

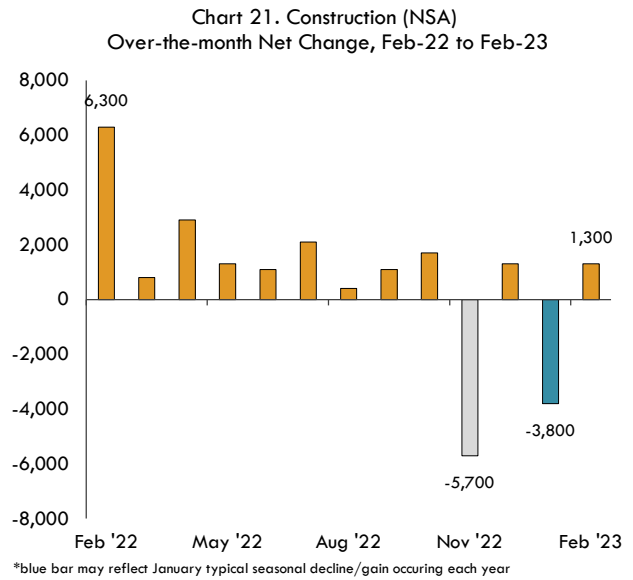


GAINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

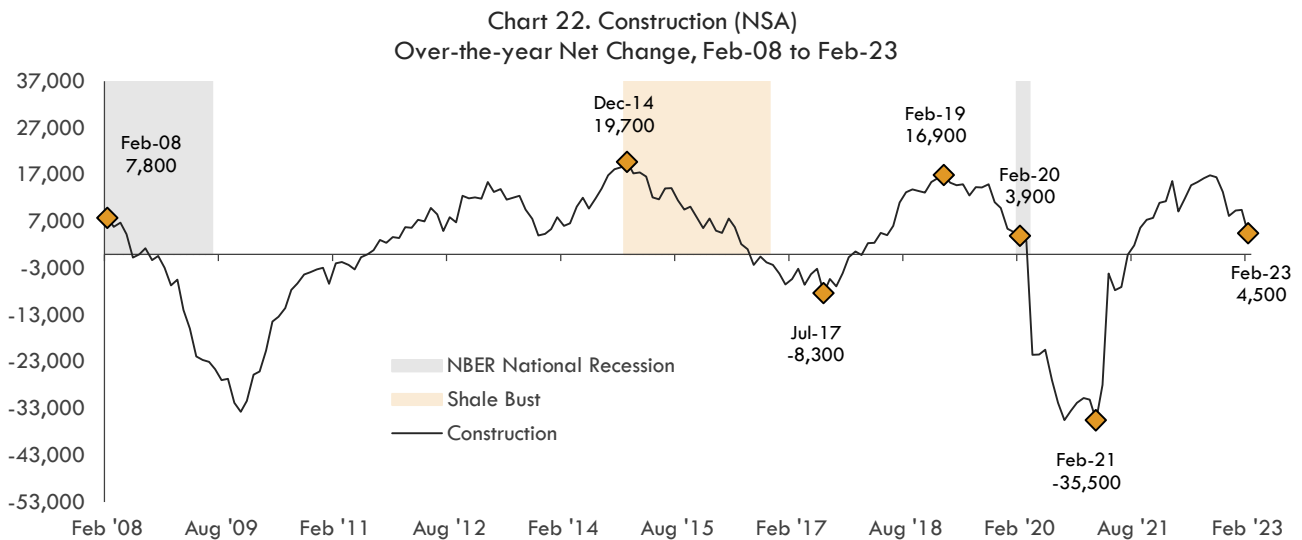
Construction also saw an increase over the month up 1,300 jobs, or 0.6 percent (see Chart 21). Historically in the month of February, Construction has added an average of 3,600 jobs over the month, which indicates that this month's gains are substantially below the long-term average. Heavy and Civil Engineering Construction was the largest contributor to the overall sector's increase, up 1,700 jobs over the month. The second-largest contributor was Construction of Buildings, which added 100 jobs from January to February. Lastly, Specialty Trade Contractors offset a portion of the sector's gains with a loss of -500 jobs. Construction employment was revised upward by 300 jobs for a December to January smaller net loss of -3,800 compared to an original estimate of -4,100 jobs.



Over-the-year Change

Year over year, Construction was up 4,500 jobs, or 2.1 percent (see Chart 22). This February also marks 19 consecutive months of over-the-year gains. Construction of Buildings was the largest contributor to the overall sector's increase, up 2,800 jobs over the year. The second-largest contributor was Heavy and Civil Engineering Construction, which added 2,700 jobs from February a year ago. Lastly, Specialty Trade Contractors offset a portion of the sector's gains with a loss of -1,000 jobs. Total Construction employment (NSA) remains -15,300 jobs, or -6.4 percent below its February 2020 pre-pandemic level of

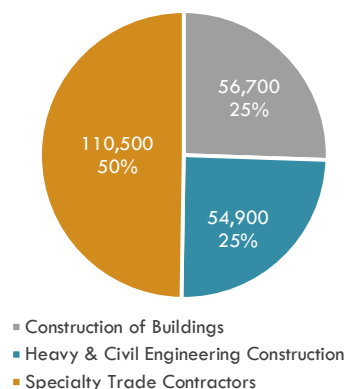
237,400. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 6.8 percent to 6.7 percent over the past year.



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 plurality of the sector's employment at 50 percent (see Chart 23). Across the Houston MSA, the concentration of jobs in the overall Construction sector is 36 percent higher than the national average, due to 2.5 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

Chart 23. Employment in Component Industries of Construction Sector - February 2023

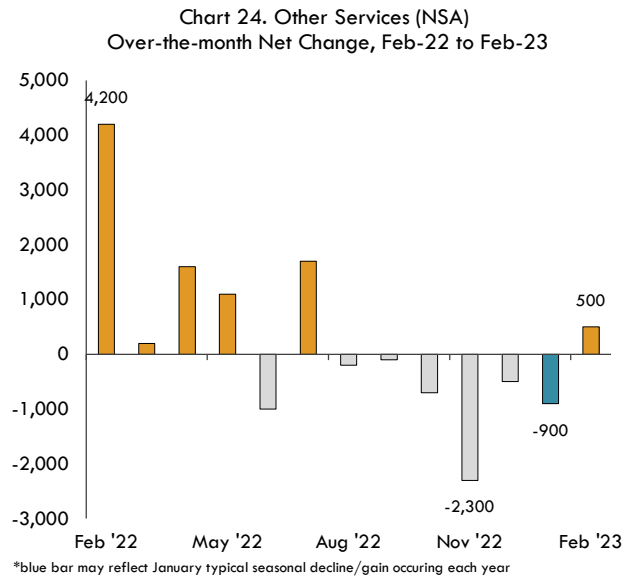


GAINING INDUSTRY HIGHLIGHTS

Other Services

Over-the-month Change

Other Services also saw an increase over the month up 500 jobs, or 0.4 percent (see Chart 24). Historically in the month of February, Other Services has added an average of 1,000 jobs over the month, which indicates that this month's gains are moderately below 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 -1,000 jobs for a December to January complete erasure of gains leaving a net loss of -900 compared to an original estimate of 100 jobs.

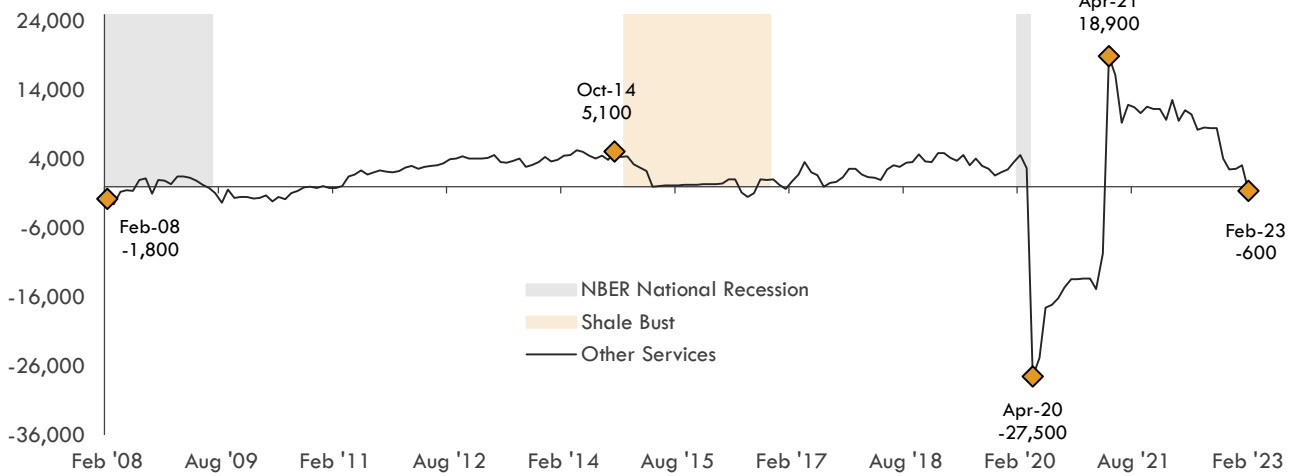


Over-the-year Change

Year over year, Other Services was down -600 jobs, or -0.5 percent (see Chart 25). This was the largest over-the-year decline since March 2021's decrease of -9,700 jobs. Furthermore, 100.0 percent of total (gross) jobs lost across the region over the past year can be attributed to Other Services. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Total Other Services employment (NSA) remains -2,800 jobs, or -2.4 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 fallen from 3.7 percent to 3.5 percent over the past year.

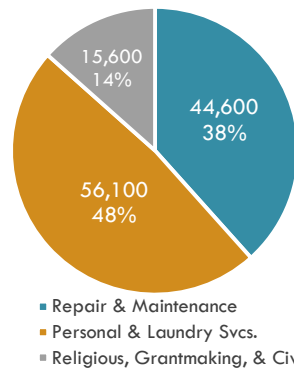
Chart 25. Other Services (NSA)
Over-the-year Net Change, Feb-08 to Feb-23



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

Chart 26. Employment in Component Industries of Other Services Sector - February 2023



*estimated proportions based QCEW covered and NES self-employment

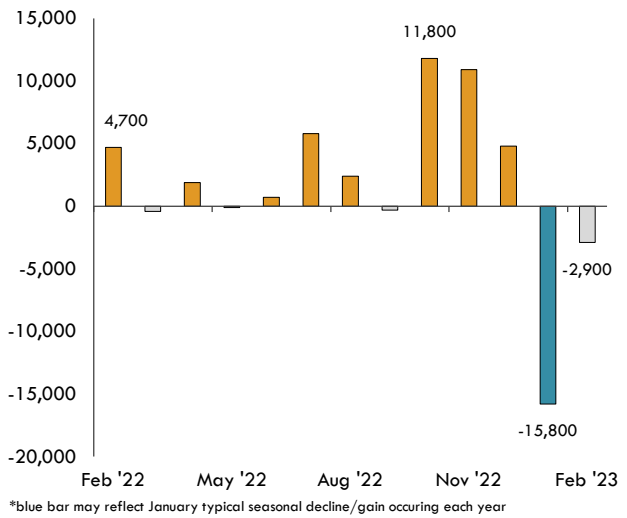
DECLINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities was the largest declining sector over the month down -2,900 jobs, or -0.4 (see Chart 27). This was the largest February over-the-month decline in since 2021. Historically in the month of February, Trade, Transportation, and Utilities has lost an average of -2,400 jobs over the month, which indicates that this month's losses are slightly larger than the long-term average decline. Retail Trade was the largest contributor to the overall sector's decline, down -2,400 jobs over the month. The second-largest declining contributor was Transportation, Warehousing, and Utilities, which lost -600 jobs from January to February. Lastly, Wholesale Trade offset a portion of the sector's losses with a gain of 100 jobs. Trade, Transportation, and Utilities employment was revised downward by -2,000 jobs for a December to January larger net loss of -15,800 compared to an original estimate of -13,800 jobs.

Chart 27. Trade, Transportation, and Utilities (NSA)
Over-the-month Net Change, Feb-22 to Feb-23

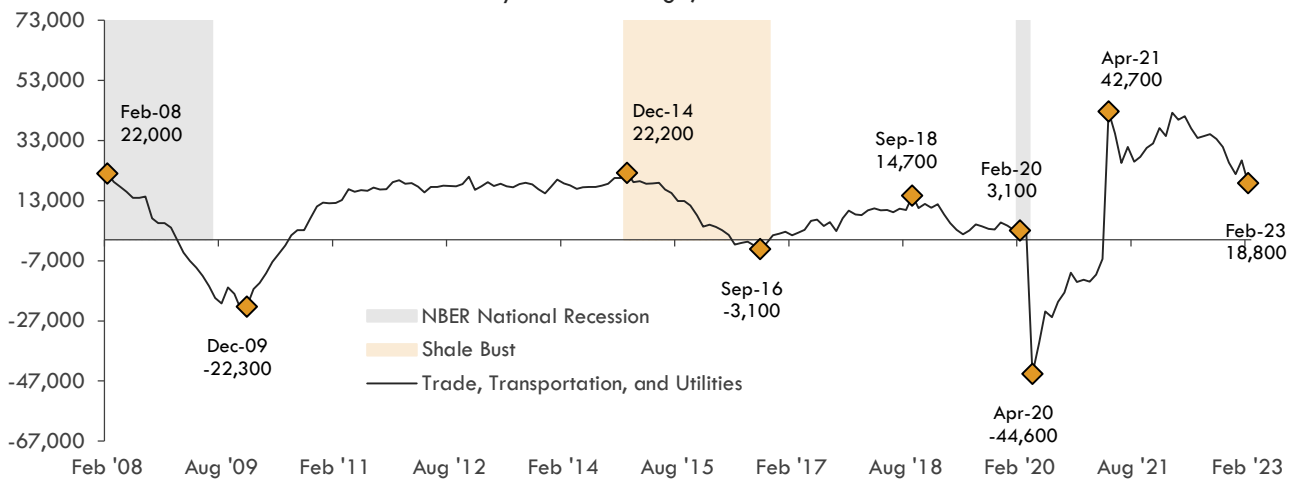


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 18,800 jobs, or 2.9 percent (see Chart 28). This February also marks 23 consecutive months of over-the-year gains. Transportation, Warehousing, and Utilities was the largest contributor to the overall sector's increase, up 8,900 jobs over the year. The second-largest contributor was Wholesale Trade, which added 8,100 jobs from February a year ago. Lastly, Retail Trade contributed, 1,800 jobs. Total Trade, Transportation, and Utilities employment (NSA) now exceeds its February 2020 pre-pandemic level of 628,500 jobs by 49,500, or 7.9 percent.

At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 20.7 percent to 20.5 percent over the past year.

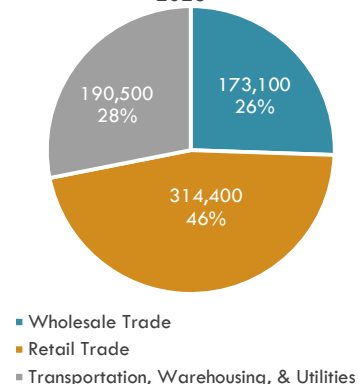
Chart 28. Trade, Transportation, and Utilities (NSA)
Over-the-year Net Change, Feb-08 to Feb-23



About This Sector

This sector is composed of establishments wholesaling agriculture, mining, and manufactured goods; retailing goods in small quantities to the public incl. online; transporting passengers and cargo; warehousing and storage; and providing electricity, natural gas, water, and sewage removal. Of the three main component industries, Retail Trade accounts for a plurality of the sector's employment at 46 percent (see Chart 29). Across the Houston MSA, the concentration of jobs in the overall sector is 10 percent higher than the national average, due to a 34-percent higher concentration in Wholesale Trade primarily related to the oil and gas industry.

Chart 29. Employment in Component Industries of Trade, Transportation, and Utilities Sector - February 2023

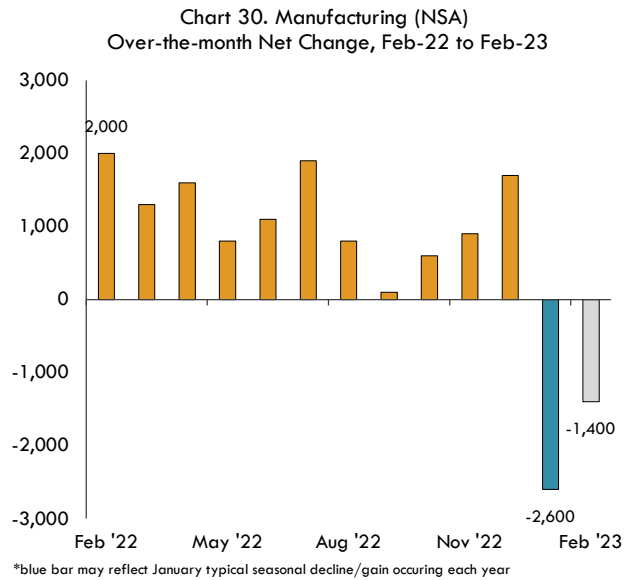


DECLINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing was the second-largest declining sector over the month down -1,400 jobs, or -0.6 (see Chart 30). This February tied with 2016 for the third-largest decline in the month of February since records began in 1990. Historically in the month of February, Manufacturing has added an average of 600 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Durable Goods was the largest contributor to the overall sector's decline, down -1,500 jobs over the month. One component industry that provided a partial offset was Non-Durable Goods, which gained 100 jobs from January to February. Manufacturing employment was revised downward by -900 jobs for a December to January larger net loss of -2,600 compared to an original estimate of -1,700 jobs.

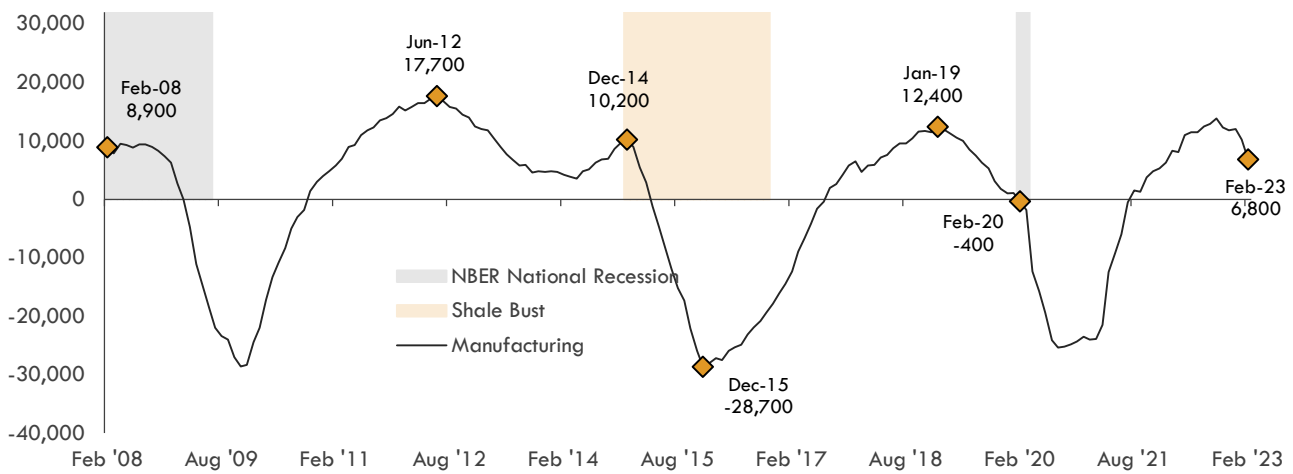


Over-the-year Change

Year over year, Manufacturing was up 6,800 jobs, or 3.1 percent (see Chart 31). This February also marks 19 consecutive months of over-the-year gains. Non-Durable Goods was the largest contributor to the overall sector's increase, up 3,800 jobs over the year. The second-largest contributor was Durable Goods, which added 3,000 jobs from February a year ago. Total Manufacturing employment (NSA) remains -8,800 jobs, or -3.8 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.

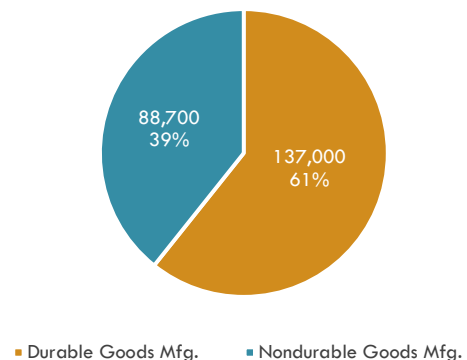
Chart 31. Manufacturing (NSA)
Over-the-year Net Change, Feb-08 to Feb-23



About This Sector

This sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. Of the two main component industries, Durable Goods accounts for the majority of the sector's employment at 61 percent (see Chart 32). Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 19 percent less than the national average.

Chart 32. Employment in Component Industries of Manufacturing Sector - February 2023

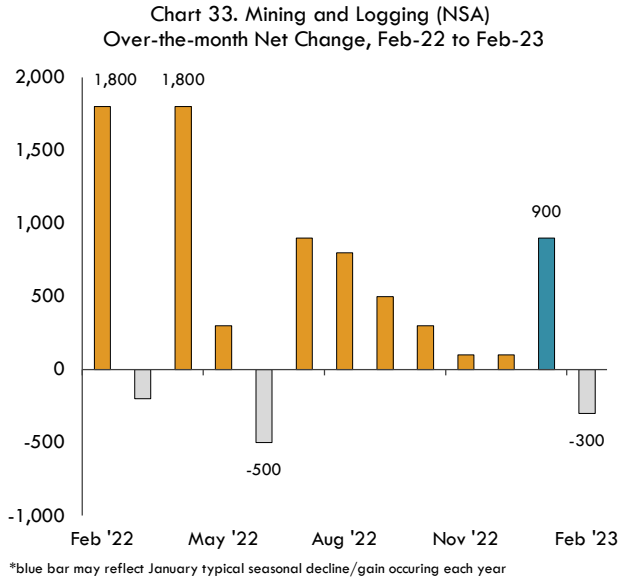


DECLINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging was the third-largest declining sector over the month down -300 jobs, or -0.4 (see Chart 33). This was the largest February over-the-month decline in since 2016. Other Mining and Logging Undefined was the largest contributor to the overall sector's decline, down -200 jobs over the month. The second-largest declining contributor was Oil and Gas Extraction, which lost -100 jobs from January to February. Lastly, Support Activities for Mining saw no change over the month. Mining and Logging employment saw no revision from December to January leaving the previous month's original increase of 900 intact.

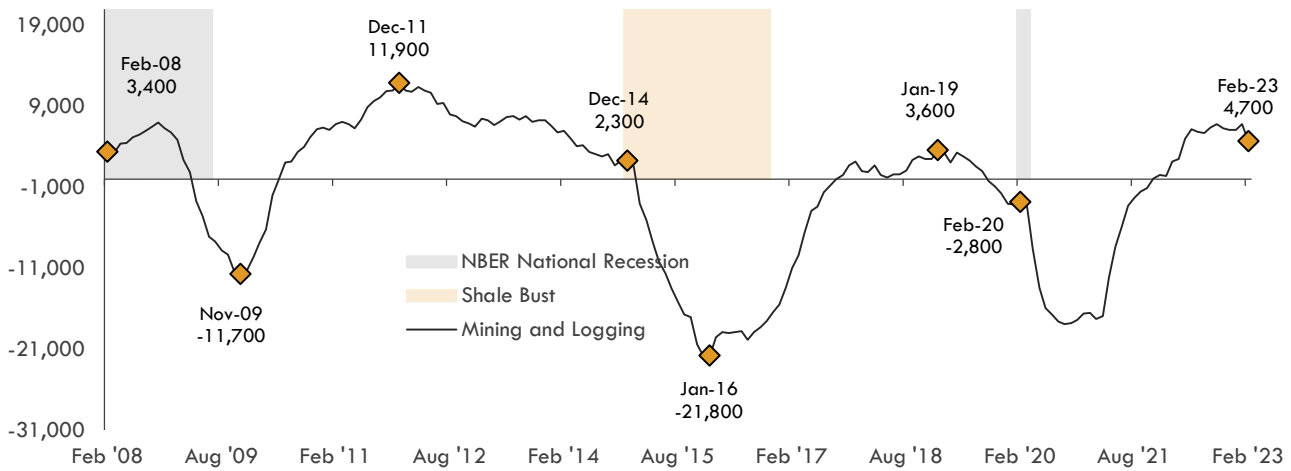


Over-the-year Change

Year over year, Mining and Logging was up 4,700 jobs, or 7.4 percent (see Chart 34). This February also marks 16 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 4,400 jobs over the year. The second-largest contributor was Other Mining and Logging Undefined, which added 300 jobs from February a year ago. Lastly, Oil and Gas Extraction saw no change over the month. Total Mining and Logging employment

(NSA) remains -10,400 jobs, or -13.3 percent below its February 2020 pre-pandemic level of 78,400. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 2.0 percent over the past year.

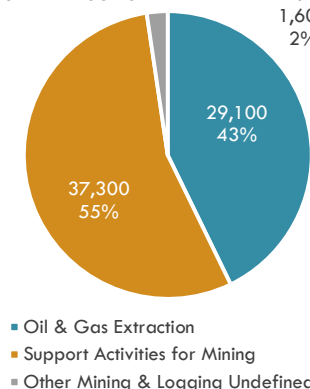
Chart 34. Mining and Logging (NSA) Over-the-year Net Change, Feb-08 to Feb-23



About This Sector

This sector comprises establishments extracting naturally occurring minerals such as coal and ores; liquid minerals, such as crude petroleum and natural gas; and timber. Of the three main component industries, Support Activities for Mining accounts for a slight majority of the sector's employment at just over 55 percent (see Chart 35). 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 35. Employment in Component Industries of Mining and Logging Sector - February 2023



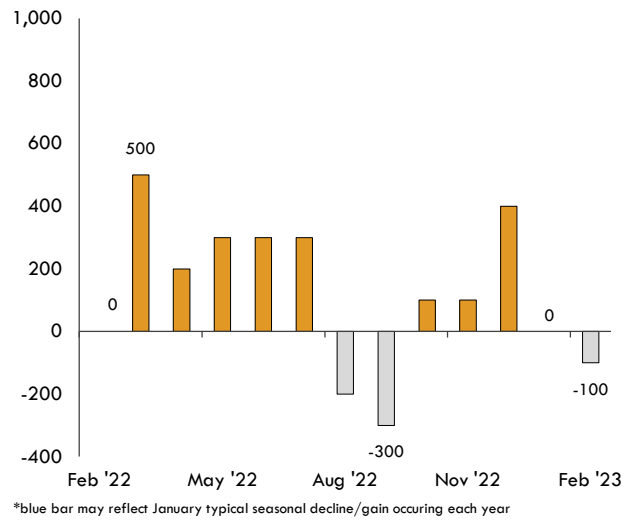
DECLINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information also saw a decrease over the month down -100 jobs, or -0.3 (see Chart 36). This was the largest February over-the-month decline in since 2021. Historically in the month of February, Information has added an average of 100 jobs over the month, which indicates that this month's losses are moderately in contrast to the long-term average gain. Other Information Undefined was the largest contributor to the overall sector's decline, down -100 jobs over the month. One component industry, Telecommunications, saw no change from January to February. Information employment saw no revision from December to January leaving the previous month's original estimate of zero net change intact.

Chart 36. Information (NSA)
Over-the-month Net Change, Feb-22 to Feb-23

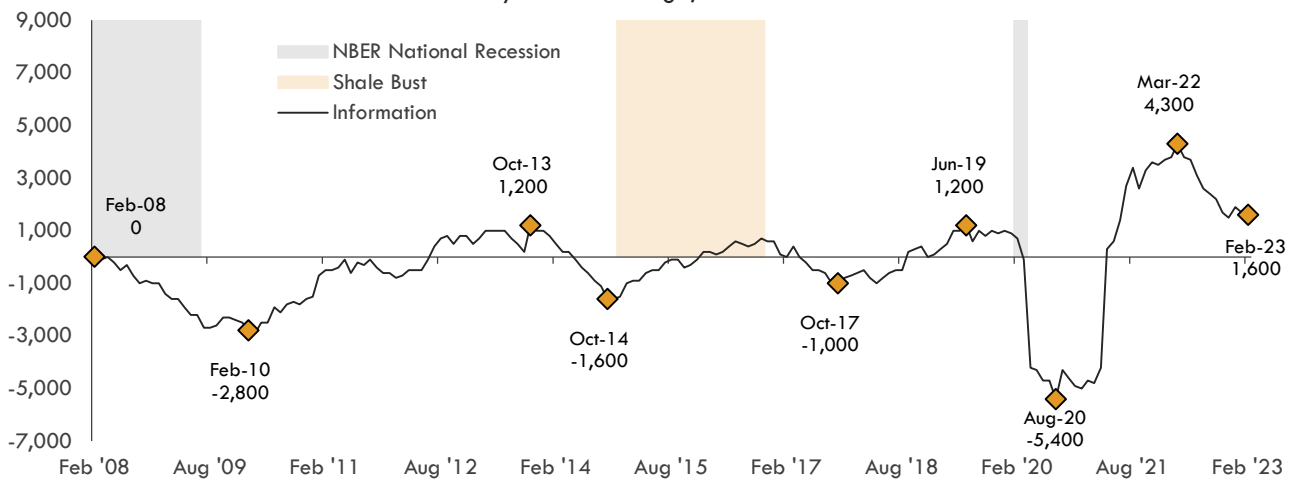


Over-the-year Change

Year over year, Information was up 1,600 jobs, or 5.0 percent (see Chart 37). This February also marks 23 consecutive months of over-the-year gains. Other Information Undefined was the largest contributor to the overall sector's increase, up 1,500 jobs over the year. The second-largest contributor was Telecommunications, which added 100 jobs from February a year ago. Total Information employment (NSA) now exceeds its February 2020 pre-pandemic level of 32,700 jobs by 600, or 1.8 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 1.0 percent

over the past year.

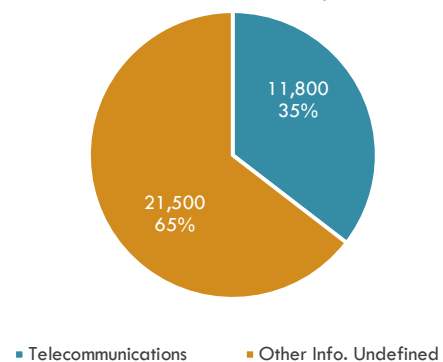
Chart 37. Information (NSA)
Over-the-year Net Change, Feb-08 to Feb-23



About This Sector

This sector comprises establishments producing and distributing information and cultural products, e.g. traditional and online news publishing; software publishing; the motion picture and sound recording; TV broadcasting; and telecommunications. Of the two main component industries, Other Information Undefined accounts for the majority of the sector's employment at 65 percent (see Chart 38). Across the Houston MSA, the concentration of jobs in the overall Information sector is 49 percent less than the national average.

Chart 38. Employment in Component Industries of Information Sector - February 2023



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 February, up from January's 4.5 percent and up from 4.7 percent a year ago. This was above the statewide rate of 4.5 percent and above the national rate of 3.9 percent. An over-the-month decline in February is typical having occurred roughly 80 percent of the time over the past three decades making this month's increase stand in contrast to historical seasonal trends. 171,504 individuals were unemployed in Houston in February, up from January's 159,536 and up from 165,121 in February 2022 (see Charts 39 and 40).

Chart 39. Unemployment Rates (NSA)
U.S., Texas, and Houston MSA
February 2023

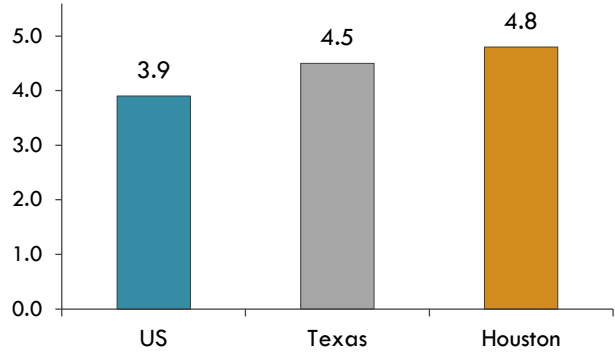
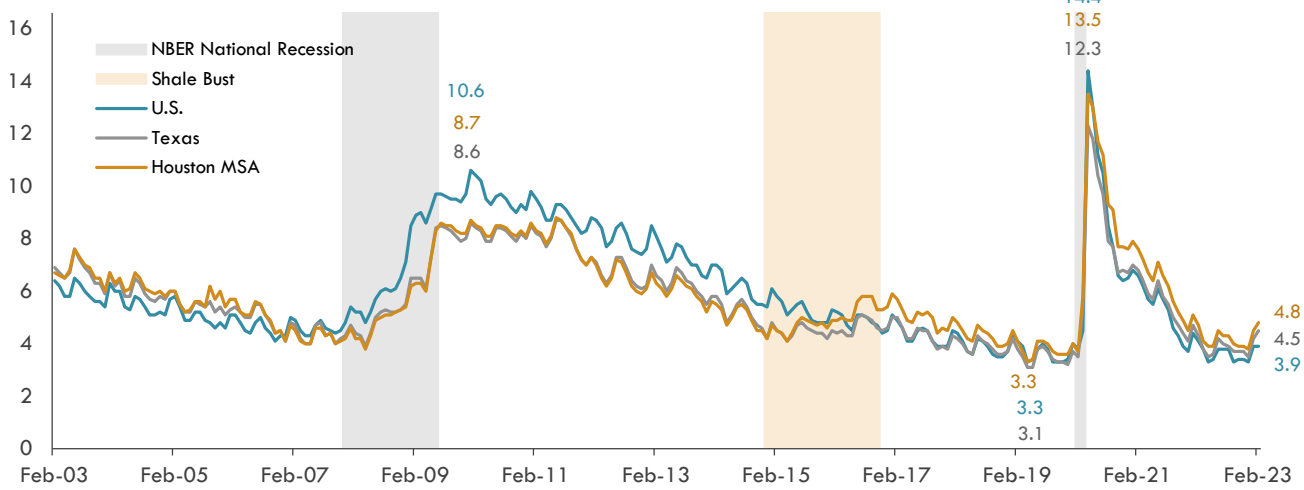


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
February 2003 to February 2023

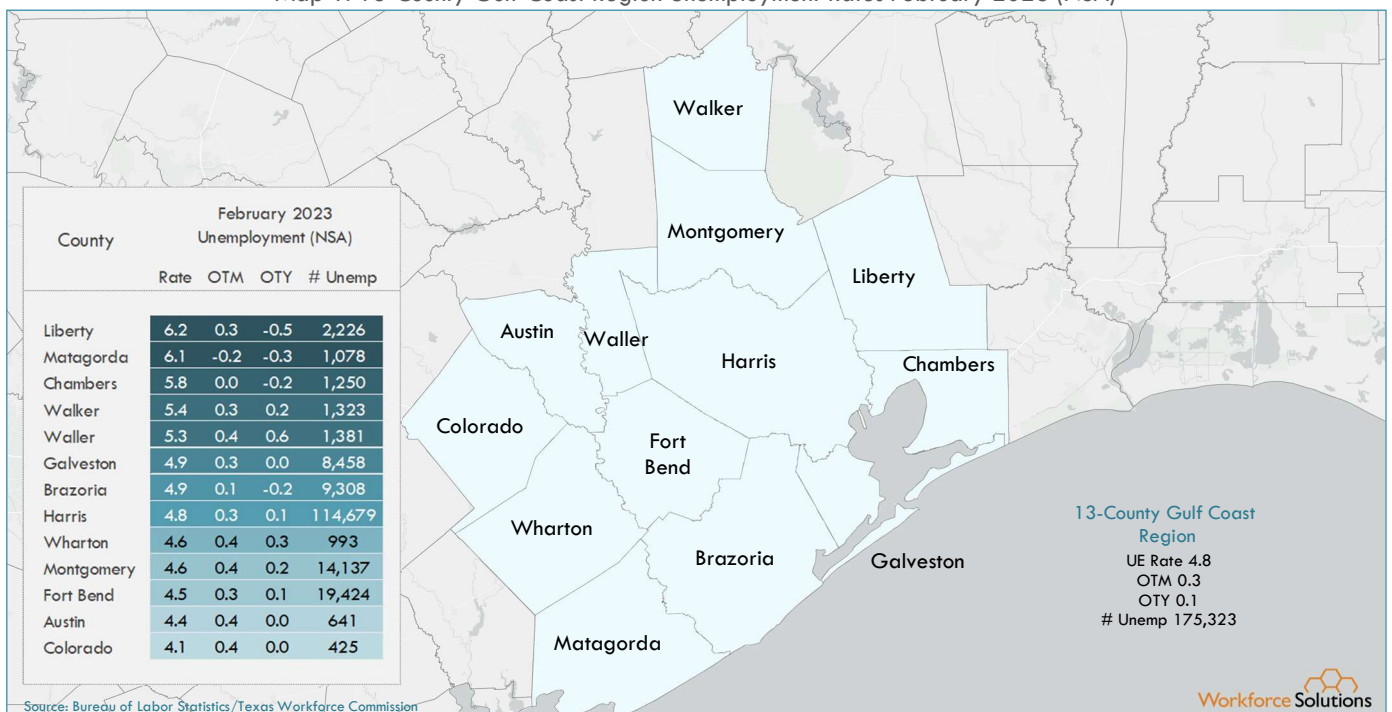


County-level Unemployment

Among the 13 counties that comprise the Gulf Coast Workforce Development Area, unemployment rates in February ranged from a high of 6.2 percent in Liberty County to a low of 4.1 percent in Colorado. Over the month, 11 counties saw their unemployment rates rise in keeping with the region-wide increase of 0.3 percentage points while one declined and one saw no change. Colorado saw the largest percentage-point increase in unemployment up 0.4 pp. representing 51 more unemployed workers compared to the previous month. This was followed by Wharton (0.4 pp, 92 workers) and Waller (0.4 pp, 111

workers). Over the year unemployment rates also rose with Waller posting the largest increase, up 0.6 percentage points representing 180 more unemployed workers compared to a year ago followed by Wharton (0.3 pp, 68 workers) and Walker (0.2 pp, 67 workers). Since peaking at 449,312 in April 2020 due to the COVID-19 global pandemic, the number of unemployed workers in the Gulf Coast Region has fallen by -273,989 as of this February (see Map 1 legend).

Map 1. 13-County Gulf Coast Region Unemployment Rates February 2023 (NSA)



Local Area Unemployment Statistics (continued)

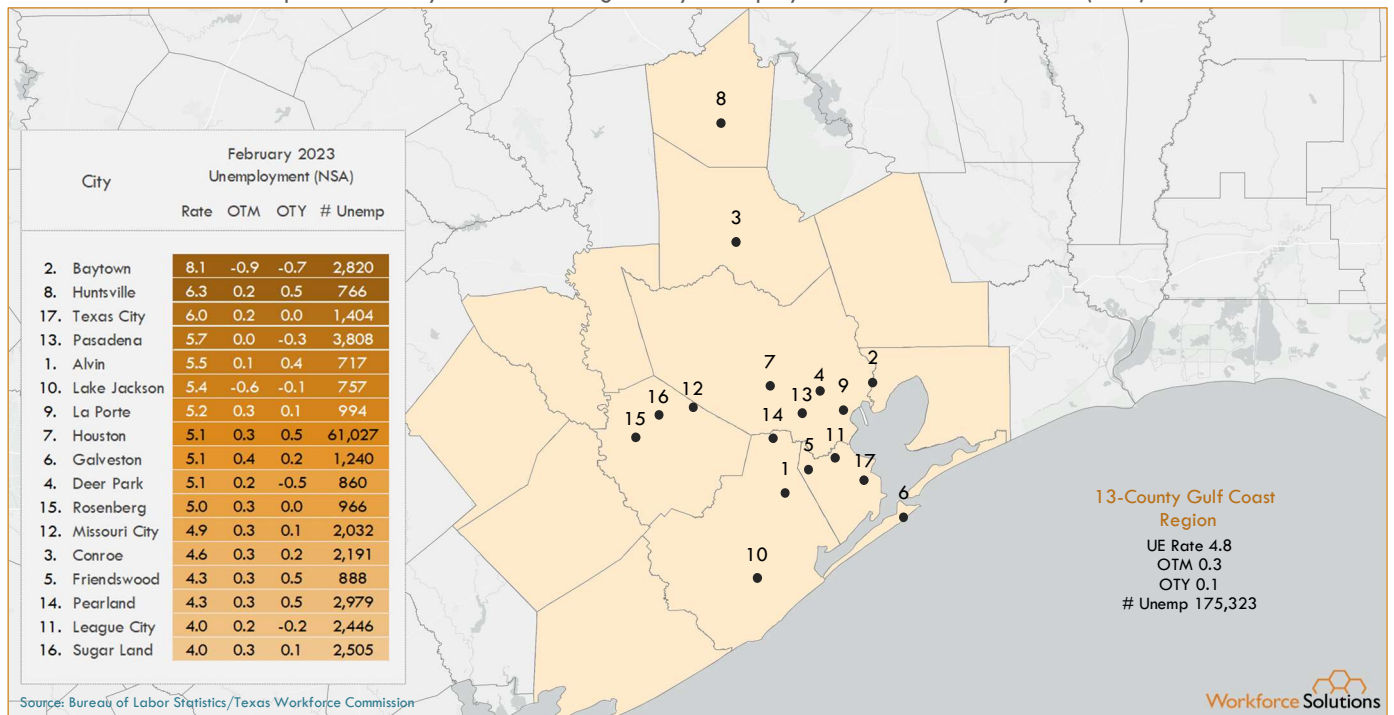
Not-Seasonally Adjusted

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 February ranged from a high of 8.1 percent in Baytown to a low of 4.0 percent in Sugar Land (see Map 2 legend). Over the month, 14 cities saw their unemployment rates rise in keeping with the region-wide increase of 0.3 percentage points while two declined and one saw no change. Galveston saw the largest percentage-point increase

in unemployment up 0.4 pp. representing 110 more unemployed workers compared to the previous month. This was followed by La Porte (0.3 pp, 73 workers) and Houston (0.3 pp, 4,329 workers). Over the year unemployment rates also rose with, Huntsville posting the largest increase, up 0.5 percentage points representing 81 more unemployed workers compared to a year ago followed by Pearland (0.5 pp, 455 workers) and Houston (0.5 pp, 7,759 workers). The 17 cities below accounted for 50 percent of the 175,323 unemployed workers across the Gulf Coast Region as of this February (see Map 2 legend).

Map 2. 13-County Gulf Coast Region City Unemployment Rates February 2023 (NSA)



Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (seasonally-adjusted) unemployment rate stood at 4.2 percent in January, down from December's 4.3 percent and down from 5.4 percent a year ago. This was above the statewide rate of 3.9 percent and above the national rate of 3.4 percent. 149,724 individuals were unemployed in Houston in January, down from December's 151,170 and down from 185,857 in January 2022 (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
January 2023

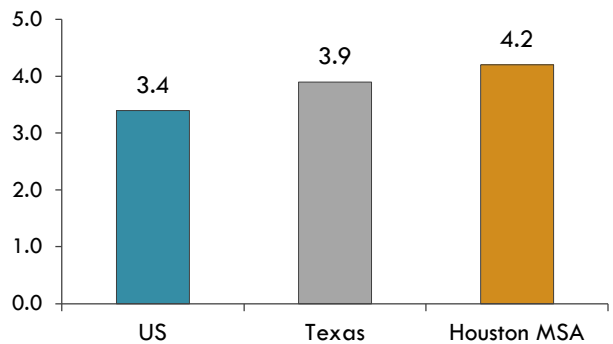
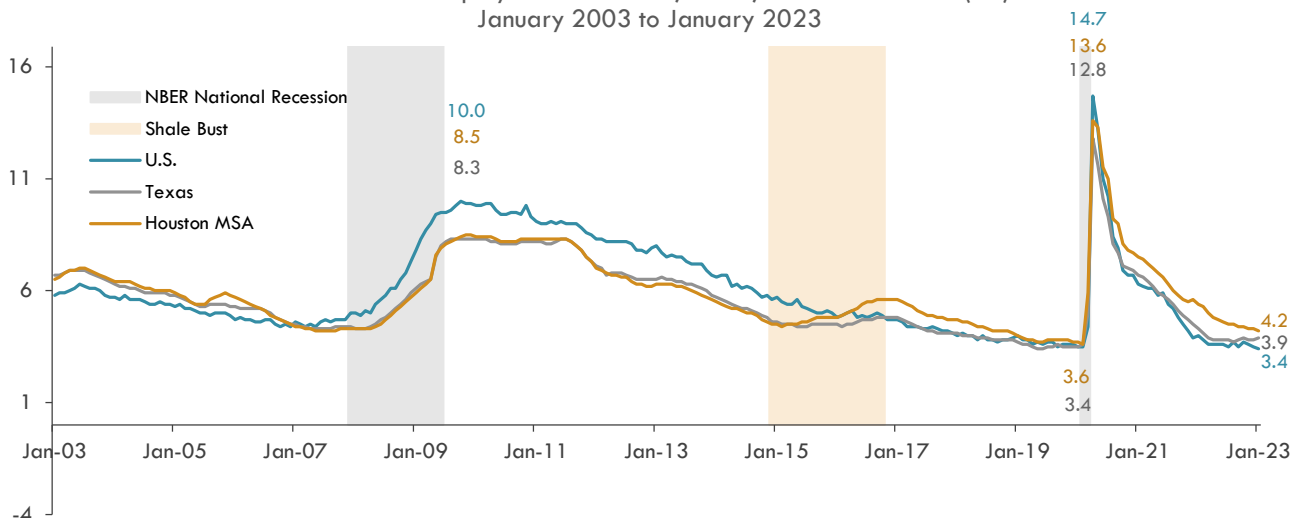


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
January 2003 to January 2023



Gulf Coast Workforce Solutions Index (WSI)

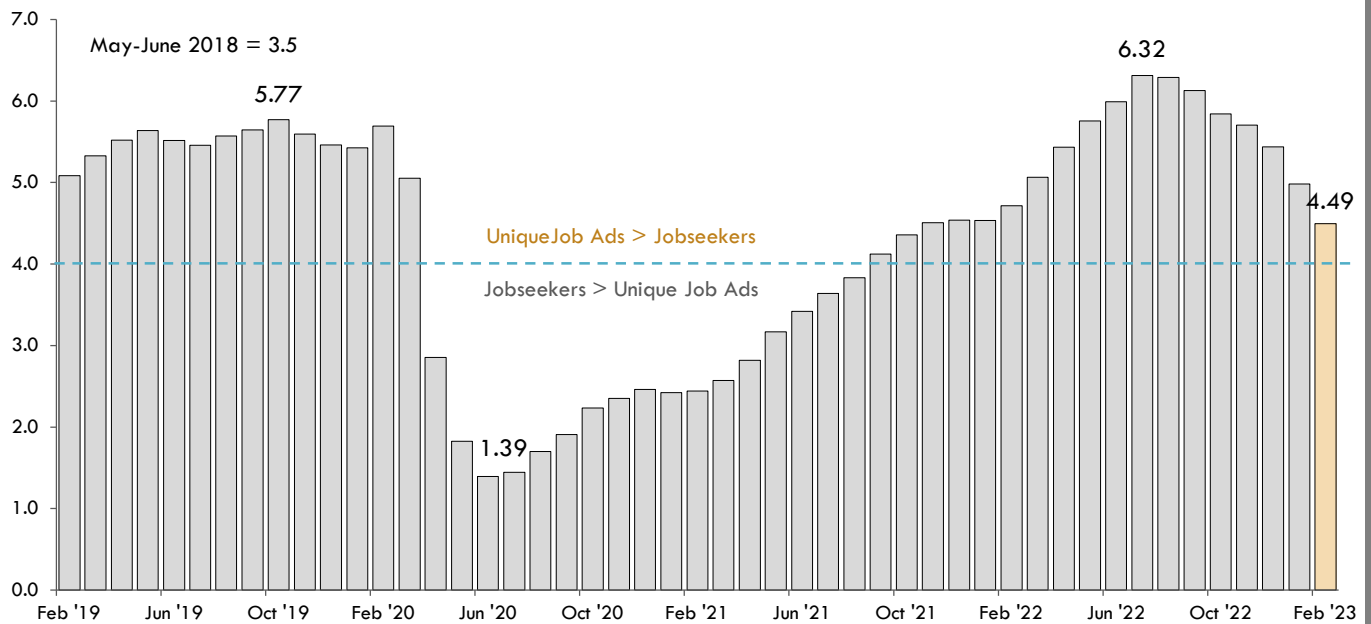


The Gulf Coast Workforce Solutions Index (WSI)

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
February
2023:
4.49

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



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



Workforce Solutions Index February 2023

The Houston MSA WSI for February stood at 4.49, down from January's reading of 4.98. February marks seven over-the-month consecutive declines in the index confirming a peak for the cycle in July 2022 of 6.32. This February's decline was the result of a nearly 12,000 decline in job ads over from January compared to a much smaller decrease in unemployed workers by only 5,600 from December to January (SA). February's reading continues to suggest that a requirement of four work search activities may be appropriate for individuals receiving unemployment insurance given the relative availability of jobs at present.



Houston Area Employment Situation

February 2023

Table 1. Houston MSA Sectors and Major Industry Subcomponents

| NAICS Industry | Feb-23 | Jan-23 | Feb-22 | Monthly | Monthly | Yearly | Yearly % |
|-----------------------------------------------------------|------------------|------------------|------------------|---------------|--------------|----------------|--------------|
| Total Nonfarm | 3,314,600 | 3,285,400 | 3,177,300 | 29,200 | 0.9% | 137,300 | 4.3% |
| Total Private | 2,864,100 | 2,844,900 | 2,746,600 | 19,200 | 0.7% | 117,500 | 4.3% |
| Goods Producing | 515,800 | 516,200 | 499,800 | -400 | -0.1% | 16,000 | 3.2% |
| .Mining and Logging | 68,000 | 68,300 | 63,300 | -300 | -0.4% | 4,700 | 7.4% |
| ...Oil and Gas Extraction | 29,100 | 29,200 | 29,100 | -100 | -0.3% | 0 | 0.0% |
| ...Support Activities for Mining | 37,300 | 37,300 | 32,900 | 0 | 0.0% | 4,400 | 13.4% |
| .Construction | 222,100 | 220,800 | 217,600 | 1,300 | 0.6% | 4,500 | 2.1% |
| ..Construction of Buildings | 56,700 | 56,600 | 53,900 | 100 | 0.2% | 2,800 | 5.2% |
| ..Heavy and Civil Engineering Construction | 54,900 | 53,200 | 52,200 | 1,700 | 3.2% | 2,700 | 5.2% |
| ..Specialty Trade Contractors | 110,500 | 111,000 | 111,500 | -500 | -0.5% | -1,000 | -0.9% |
| .Manufacturing | 225,700 | 227,100 | 218,900 | -1,400 | -0.6% | 6,800 | 3.1% |
| ..Durable Goods | 137,000 | 138,500 | 134,000 | -1,500 | -1.1% | 3,000 | 2.2% |
| ...Fabricated Metal Product Manufacturing | 48,000 | 48,400 | 45,400 | -400 | -0.8% | 2,600 | 5.7% |
| ...Machinery Manufacturing | 41,100 | 41,700 | 39,700 | -600 | -1.4% | 1,400 | 3.5% |
|Agriculture, Construction, and Mining Machinery Mfg. | 21,400 | 21,700 | 20,000 | -300 | -1.4% | 1,400 | 7.0% |
| ...Computer and Electronic Product Manufacturing | 13,900 | 14,000 | 13,600 | -100 | -0.7% | 300 | 2.2% |
| ..Non-Durable Goods | 88,700 | 88,600 | 84,900 | 100 | 0.1% | 3,800 | 4.5% |
| ...Petroleum and Coal Products Manufacturing | 7,800 | 7,800 | 7,800 | 0 | 0.0% | 0 | 0.0% |
| ...Chemical Manufacturing | 41,600 | 41,600 | 40,300 | 0 | 0.0% | 1,300 | 3.2% |
| Service Providing | 2,798,800 | 2,769,200 | 2,677,500 | 29,600 | 1.1% | 121,300 | 4.5% |
| .Private Service Providing | 2,348,300 | 2,328,700 | 2,246,800 | 19,600 | 0.8% | 101,500 | 4.5% |
| ..Trade, Transportation, and Utilities | 678,000 | 680,900 | 659,200 | -2,900 | -0.4% | 18,800 | 2.9% |
| ...Wholesale Trade | 173,100 | 173,000 | 165,000 | 100 | 0.1% | 8,100 | 4.9% |
|Merchant Wholesalers, Durable Goods | 107,500 | 107,200 | 101,400 | 300 | 0.3% | 6,100 | 6.0% |
|Prof. and Commercial Equip. Supplies Wholesalers | 17,500 | 17,400 | 17,100 | 100 | 0.6% | 400 | 2.3% |
|Merchant Wholesalers, Nondurable Goods | 53,900 | 54,500 | 52,400 | -600 | -1.1% | 1,500 | 2.9% |
| ...Retail Trade | 314,400 | 316,800 | 312,600 | -2,400 | -0.8% | 1,800 | 0.6% |
|Motor Vehicle and Parts Dealers | 43,000 | 42,900 | 42,900 | 100 | 0.2% | 100 | 0.2% |
|Bldg. Material and Garden Equip. and Supplies Dealers | 23,600 | 23,700 | 24,500 | -100 | -0.4% | -900 | -3.7% |
|Food and Beverage Stores | 74,000 | 73,400 | 71,600 | 600 | 0.8% | 2,400 | 3.4% |
|Health and Personal Care Stores | 61,600 | 62,000 | 61,800 | -400 | -0.6% | -200 | -0.3% |
|Clothing and Clothing Accessories Stores | 19,600 | 20,100 | 19,900 | -500 | -2.5% | -300 | -1.5% |
|General Merchandise Stores | 42,000 | 41,900 | 41,900 | 100 | 0.2% | 100 | 0.2% |
|Department Stores | 20,600 | 20,800 | 21,400 | -200 | -1.0% | -800 | -3.7% |
|Other General Merchandise Stores | 25,300 | 26,400 | 24,400 | -1,100 | -4.2% | 900 | 3.7% |
| ...Transportation, Warehousing, and Utilities | 190,500 | 191,100 | 181,600 | -600 | -0.3% | 8,900 | 4.9% |
|Utilities | 20,100 | 20,100 | 19,000 | 0 | 0.0% | 1,100 | 5.8% |
|Air Transportation | 20,000 | 20,000 | 19,000 | 0 | 0.0% | 1,000 | 5.3% |
|Truck Transportation | 30,800 | 30,700 | 29,300 | 100 | 0.3% | 1,500 | 5.1% |
|Pipeline Transportation | 12,900 | 12,700 | 12,100 | 200 | 1.6% | 800 | 6.6% |
| ..Information | 33,300 | 33,400 | 31,700 | -100 | -0.3% | 1,600 | 5.0% |
| ...Telecommunications | 11,800 | 11,800 | 11,700 | 0 | 0.0% | 100 | 0.9% |
| ..Financial Activities | 184,400 | 182,700 | 174,300 | 1,700 | 0.9% | 10,100 | 5.8% |
| ...Finance and Insurance | 115,700 | 115,500 | 111,200 | 200 | 0.2% | 4,500 | 4.0% |
|Credit Intermediation and Related Activities | 46,200 | 46,400 | 46,100 | -200 | -0.4% | 100 | 0.2% |
|Depository Credit Intermediation | 29,800 | 29,800 | 29,300 | 0 | 0.0% | 500 | 1.7% |
|Securities, Commodity Contracts, and Fin. Investments | 23,100 | 23,000 | 21,800 | 100 | 0.4% | 1,300 | 6.0% |
|Insurance Carriers and Related Activities | 46,400 | 46,100 | 43,300 | 300 | 0.7% | 3,100 | 7.2% |
| ...Real Estate and Rental and Leasing | 68,700 | 67,200 | 63,100 | 1,500 | 2.2% | 5,600 | 8.9% |
| ..Professional and Business Services | 552,400 | 543,800 | 523,500 | 8,600 | 1.6% | 28,900 | 5.5% |
| ...Professional, Scientific, and Technical Services | 271,600 | 271,500 | 251,800 | 100 | 0.0% | 19,800 | 7.9% |
|Legal Services | 31,600 | 31,600 | 30,000 | 0 | 0.0% | 1,600 | 5.3% |
|Accounting, Tax Preparation, Bookkeeping, and Payroll | 29,200 | 28,800 | 28,700 | 400 | 1.4% | 500 | 1.7% |
|Architectural, Engineering, and Related Services | 74,300 | 74,200 | 66,400 | 100 | 0.1% | 7,900 | 11.9% |
|Computer Systems Design and Related Services | 42,900 | 42,900 | 40,400 | 0 | 0.0% | 2,500 | 6.2% |
| ...Management of Companies and Enterprises | 46,100 | 45,900 | 43,400 | 200 | 0.4% | 2,700 | 6.2% |
| ...Admin. and Support and Waste Mgmt. and Remediation | 234,700 | 226,400 | 228,300 | 8,300 | 3.7% | 6,400 | 2.8% |
|Administrative and Support Services | 221,200 | 213,800 | 216,100 | 7,400 | 3.5% | 5,100 | 2.4% |
|Employment Services | 86,200 | 84,100 | 89,500 | 2,100 | 2.5% | -3,300 | -3.7% |
|Services to Buildings and Dwellings | 53,700 | 52,400 | 50,000 | 1,300 | 2.5% | 3,700 | 7.4% |
| ..Educational and Health Services | 441,300 | 433,600 | 416,900 | 7,700 | 1.8% | 24,400 | 5.9% |
| ...Educational Services | 73,300 | 70,500 | 68,200 | 2,800 | 4.0% | 5,100 | 7.5% |
| ...Health Care and Social Assistance | 368,000 | 363,100 | 348,700 | 4,900 | 1.3% | 19,300 | 5.5% |
|Ambulatory Health Care Services | 186,100 | 183,800 | 176,800 | 2,300 | 1.3% | 9,300 | 5.3% |
|Hospitals | 93,300 | 92,400 | 87,500 | 900 | 1.0% | 5,800 | 6.6% |
| ..Leisure and Hospitality | 342,600 | 338,500 | 324,300 | 4,100 | 1.2% | 18,300 | 5.6% |
| ...Arts, Entertainment, and Recreation | 35,800 | 35,000 | 32,500 | 800 | 2.3% | 3,300 | 10.2% |
| ...Accommodation and Food Services | 306,800 | 303,500 | 291,800 | 3,300 | 1.1% | 15,000 | 5.1% |
|Accommodation | 26,100 | 25,700 | 23,800 | 400 | 1.6% | 2,300 | 9.7% |
|Food Services and Drinking Places | 280,700 | 277,800 | 268,000 | 2,900 | 1.0% | 12,700 | 4.7% |
| ..Other Services | 116,300 | 115,800 | 116,900 | 500 | 0.4% | -600 | -0.5% |
| Government | 450,500 | 440,500 | 430,700 | 10,000 | 2.3% | 19,800 | 4.6% |
| .Federal Government | 32,900 | 32,800 | 31,800 | 100 | 0.3% | 1,100 | 3.5% |
| .State Government | 95,600 | 95,100 | 90,300 | 500 | 0.5% | 5,300 | 5.9% |
| ..State Government Educational Services | 54,700 | 54,200 | 50,900 | 500 | 0.9% | 3,800 | 7.5% |
| .Local Government | 322,000 | 312,600 | 308,600 | 9,400 | 3.0% | 13,400 | 4.3% |
| ..Local Government Educational Services | 224,200 | 216,000 | 214,800 | 8,200 | 3.8% | 9,400 | 4.3% |