

Houston Area Employment Situation

September 2022

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

Job Growth Continues as Storm Clouds Gather over 2023

Total Nonfarm

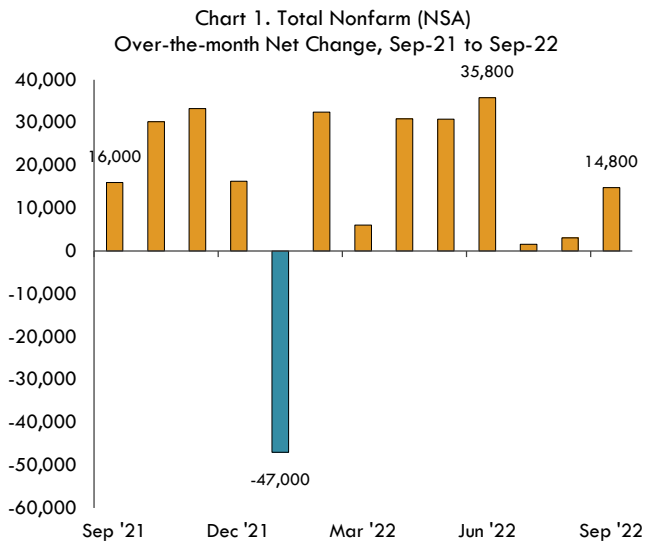
Over-the-month Change

Houston MSA Total Nonfarm employment stood at 3,285,600 in September, up 14,800 jobs over the month, or 0.5 percent on a not-seasonally-adjusted basis (see Chart 1). A year ago Houston registered an over-the-month increase of 16,000 jobs. Prior to the pandemic, historically in the month of September, Total Nonfarm has on average added 5,900 jobs over the month, which indicates that this month's gains are substantially above the long-term average.

The primary drivers of this September's growth were increases in Government; Leisure and Hospitality; and Professional and Business Services. Gains were also recorded in Financial Activities; Information; and Education and Health Services. The net increase in jobs over the month was partially offset by losses in Trade, Transportation, and Utilities; Construction; and Other Services. (see Chart 2). Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,293,500, up 10,600 jobs over the month, or 0.3 percent vs. a historical average of 2,800. This was the largest September over-the-month gain in since 2020. This September marks 19 consecutive month-over-month gains on a seasonally-adjusted basis. **NOTE:** On a seasonally-adjusted basis, the Houston MSA is only 6,500 jobs shy of 3.3 million total jobs, which would make it an all-time record high level of employment for the region. All analysis pertains to not-seasonally adjusted data unless otherwise noted. Data source: BLS/TWC.

Over-the-year Change

Over the year, Total Nonfarm employment was up 188,400 or 6.1 percent on a not-seasonally-adjusted basis and up 192,900 or 6.2 percent on a seasonally-adjusted basis (see NSA Chart 3). To compare, September 2021 saw a year-over-year gain of 153,800 jobs (NSA) from September 2020. This was the largest September over-the-year increase on record. Currently all 11 sectors show growth year over year of which the top-three are Leisure and Hospitality (43,400); Construction (29,100); and



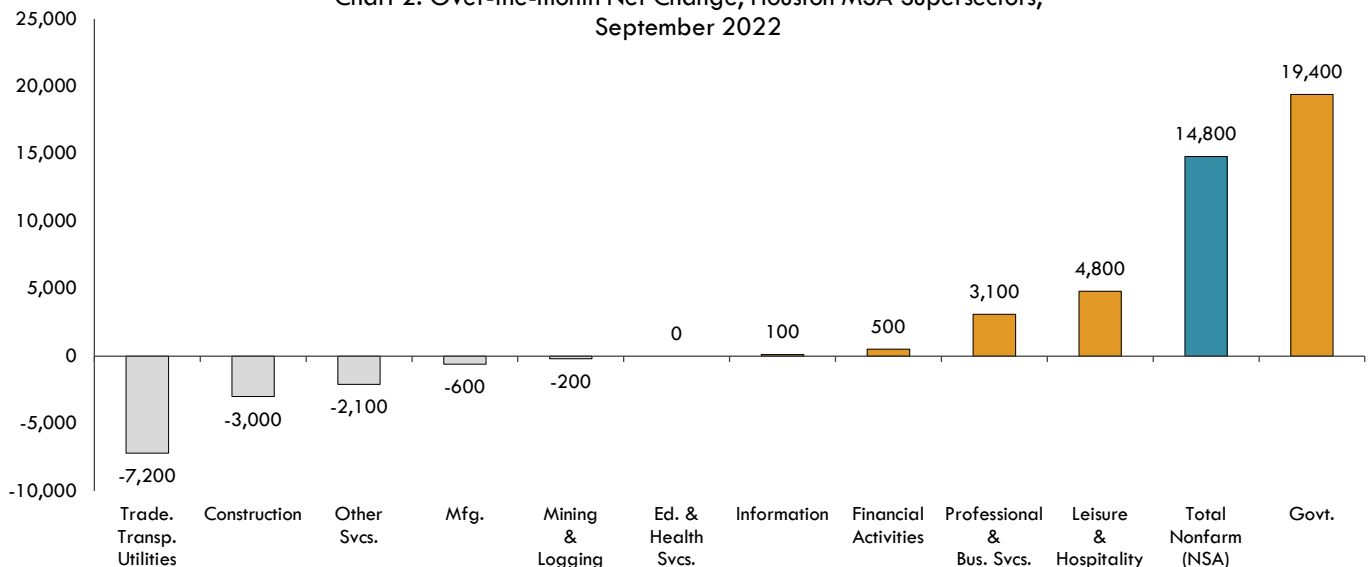
*blue bar may reflect January typical seasonal decline/gain occurring each year

Trade, Transportation, and Utilities (28,300) (see Chart 4). Total Nonfarm employment not-seasonally-adjusted now exceeds its February 2020 pre-pandemic level of 3,192,200 jobs by 93,400, or 2.9 percent (93,300 jobs, 2.9 percent above 3,200,200 seasonally adjusted).

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

- Government: 19,400
- Leisure and Hospitality: 4,800
- Professional and Business Services: 3,100

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



Previous Month's Revisions

Total Nonfarm employment was revised downward by -2,300 jobs for a July to August smaller net gain of 3,100 compared to an original estimate of 5,400 jobs. A downward revision of -4,100 jobs in Leisure and Hospitality was the largest contributor followed by Trade, Transportation, and Utilities (-2,200) and Professional and Business Services (-1,000). Upward revisions in Government (+6,300), Construction (+200), and Mining and Logging (+200) 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 September

- Leisure and Hospitality: 43,400
- Construction: 29,100
- Trade, Transportation, and Utilities: 28,300

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

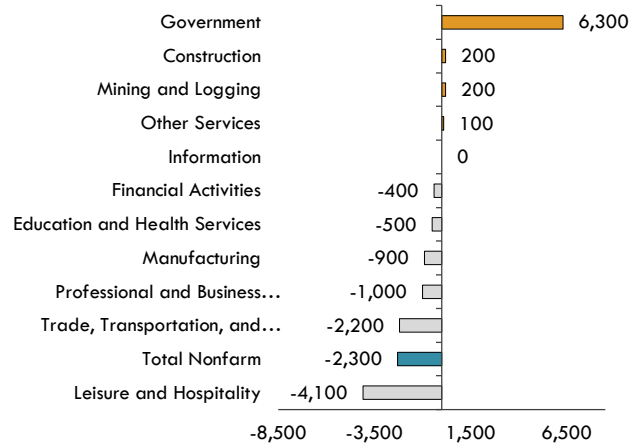


Chart 3. Total Nonfarm (NSA) Over-the-year Net Change, Sep-07 to Sep-22

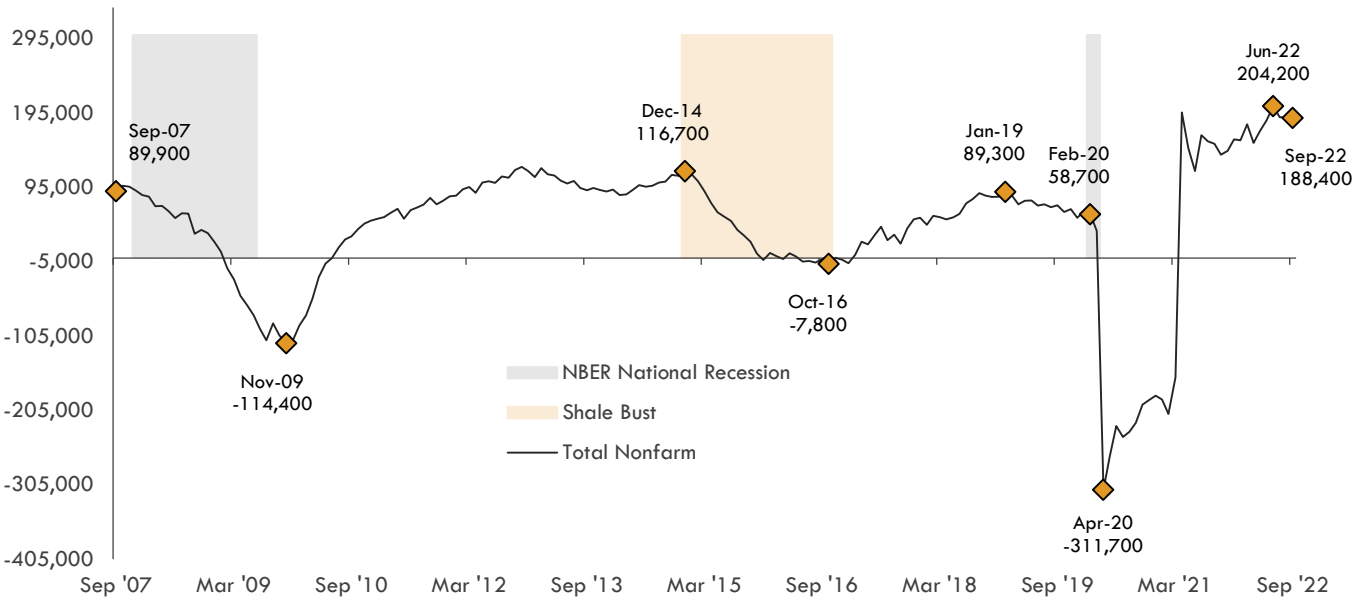
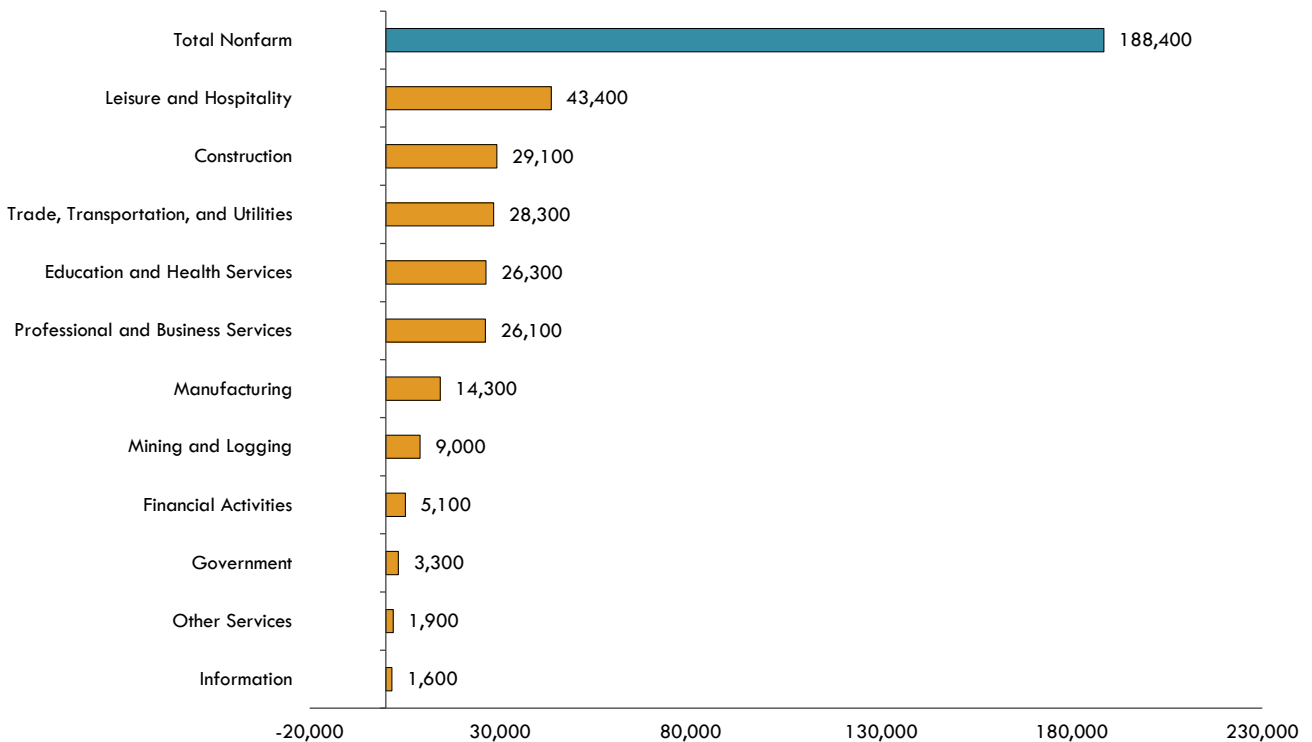


Chart 4. Over-the-year Net Change, Houston MSA Supersectors, September 2021 to September 2022



Year-end 2023 Houston Area Employment Forecast

Industry Sector	Over-the-year Net Change		
	High	Middle	Low
Professional and Business Services	12,600	8,300	5,400
Transportation Warehousing and Utilities	9,500	8,600	8,500
Health Care and Social Assistance	6,700	5,500	5,000
Government	6,400	6,200	6,200
Durable Goods Manufacturing	5,500	2,700	-1,400
Leisure and Hospitality	5,300	-1,600	-3,200
Wholesale Trade	4,900	1,800	1,000
Construction	3,900	1,500	-700
Educational Services	3,100	2,800	2,700
Retail Trade	1,400	800	400
Non-durable Goods Manufacturing	1,200	800	700
Mining and Logging	1,100	-100	-400
Other Services	400	-400	-700
Financial Activities	300	300	200
Information	-400	-900	-1,000
Total	61,900	36,300	22,700

Houston's Outlook for 2023

As we near the end of 2022, a great deal of uncertainty remains when it comes to the direction of the economy. After all, we're still reeling from the effects of a global pandemic with negative impacts to public health, the ripple effects of a temporary shutdown of the economy, supply chain disruptions, changes in consumer behavior that are likely to persist for years, and worker shortages causing upward wage pressures. The end result is the highest inflation in four decades, prompting several interest rate hikes this year with the potential for more as we enter 2023. All of this uncertainty is reflected in next year's forecast which made it necessary to include not just one but three scenarios for Houston's job growth next year, which I've dubbed "High" "Middle" and "Low".

Our "High" estimate, and arguably our best-case scenario at just under 62,000 jobs by December next year, assumes that interest rates top out at four percent next year, up from nearly three to three and a quarter at currently, and in that time inflation falls to more tolerable levels. For some readers, 62,000 might seem too high given the sheer amount of pessimism in the media lately along with recent volatility in the financial markets. However it's important to remember that as of September, job growth in Houston remains up 188,000 year over year. Hence 62,000 translates to about 70 percent less job growth than we're seeing right now, which makes it far less bullish that it might initially appear. Also, keep in mind that 60,000 to 65,000 is a perfectly average year for Houston historically so in this "soft-landing" scenario we simply return to pre-pandemic growth after two years of record-breaking numbers in both directions.

Under our "Middle" scenario with year end job growth just over 36,000, interest rates top out at five percent with slower progress bringing down inflation than under our High estimate. This leads to lower growth in a number of industry sectors coupled with small to moderate job losses in others, e.g. discretionary sectors like Leisure and Hospitality. While still positive, 36,000 is a little less than half of our High scenario reflecting the toll that persistent inflation and additional interest rate hikes will potentially take on the job market.

Under our "Low" scenario Houston ends 2023 with a mere 23,000 jobs. In this case, interest rates briefly top out at six percent as progress towards lowering inflation is the slowest among our 3 scenarios. Industries that were already negative under the "Middle" scenario weaken even further and areas like Durable Goods Manufacturing and Construction start to post job losses as well. Across the three scenarios however there are pockets of resilience like Transportation, Warehousing, and Utilities, which even after pushing the assumptions underlying these models to extremes, estimates for this industry remained steady, seemingly preserving its outperformance during the pandemic thus far. Other areas like Healthcare and Social Assistance, Government, and Educational Services also tended to hold up relatively well across all scenarios given their relatively lower sensitivity to a moderate economic slowdown, with emphasis on the word "moderate."

On a final note, it is important to remember that these forecasts are only through the end of 2023 meaning that further slowing and perhaps broad-based job losses and a national recession could still be in the cards as we enter 2024. Since these forecasts were finalized in early-to-mid September, various pundits have begun making increasingly dire predictions with some moving up the timeline for a recession by several months. Nonetheless, based on our local data through September, the "High" estimate scenario with 62,000 jobs by end of next year still remains plausible. But with the lingering effects from 2020 highlighted at the beginning still out there, namely persistently high inflation, and the expressed commitment of the Fed to bring down inflation even if that means much lower economic growth, we can't discount the possibility of things start to slow much faster than anticipated. Fingers crossed for a "soft landing." In the meantime **"Go 'Stros!"**



Here's wishing you a happy Halloween!

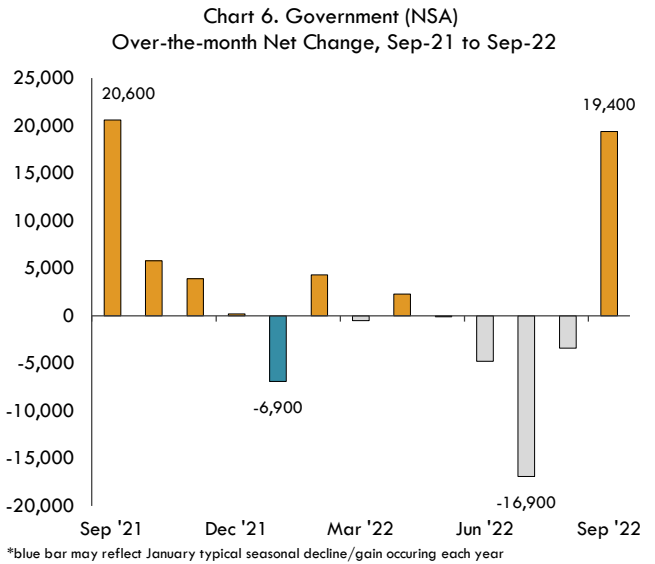


GAINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was the largest gaining sector over the month up 19,400 jobs, or 4.7 percent (see Chart 6). Historically in the month of September, Government has added an average of 15,100 jobs over the month, which indicates that this month's gains are moderately above the long-term average. Local Government was the largest contributor to the overall sector's increase, up 19,100 jobs over the month. The second-largest contributor was Federal Government, which added 200 jobs from August to September. Lastly, State Government contributed, 100 jobs. **NOTE:** Government, particularly Local Government Educational Services experienced typical over-the-month gains in September with the start of the new academic year. It also saw massive upward revisions in August, trimming its seasonal losses for that month to a more typical -3,400 compared to -9,700 originally. Government has seen an increasing number of upward revisions from month to month since the start of the pandemic for reasons that are currently unclear.

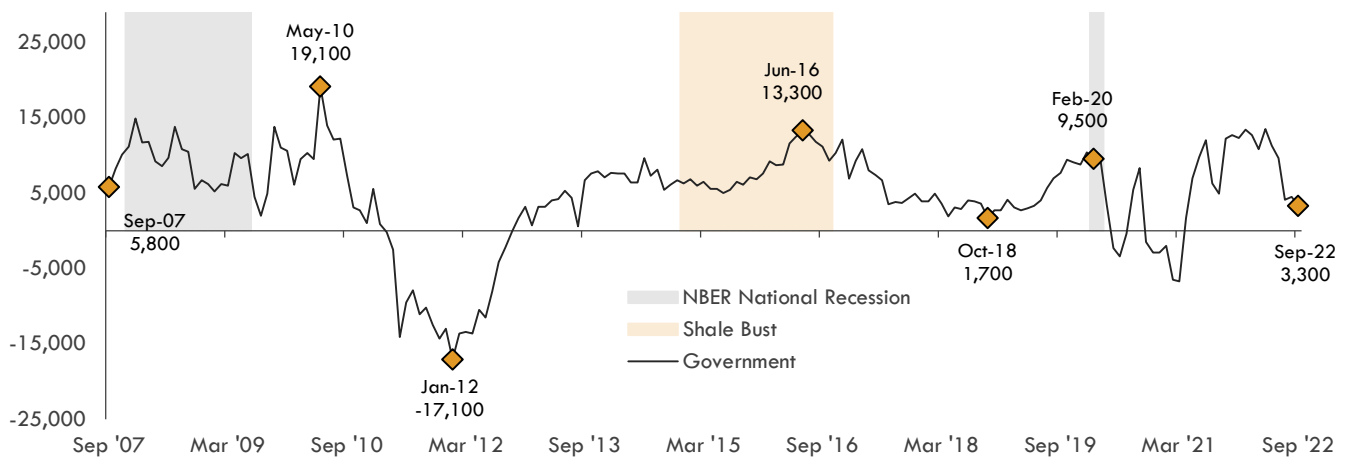


Over-the-year Change

Year over year, Government was up 3,300 jobs, or 0.8 percent (see Chart 7). This September also marks 18 consecutive months of over-the-year gains. State Government was the largest contributor to the overall sector's increase, up 1,900 jobs over the year. The second-largest contributor was Local Government, which added 800 jobs from September a year ago. Lastly, Federal Government contributed, 600 jobs. Total Government employment (NSA) now exceeds its February 2020 pre-pandemic level of 428,400 jobs by 2,200, or 0.5 percent. At the same time, the sector's share of Houston area Total Nonfarm

Employment has fallen from 13.8 percent to 13.1 percent over the past year.

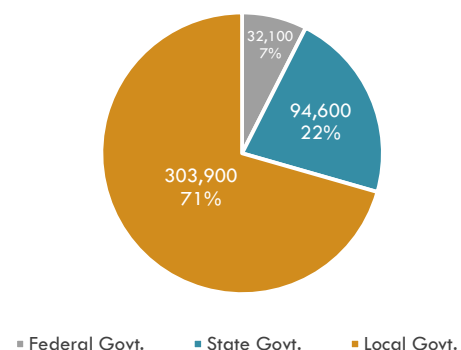
Chart 7. Government (NSA)
Over-the-year Net Change, Sep-07 to Sep-22



About This Sector

This sector consists of establishments of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area that are not performed by private establishments. For MSA data, this includes public education but excludes healthcare. 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 10 percent less than the national average.

Chart 8. Employment in Component Industries of Government Sector - September 2022



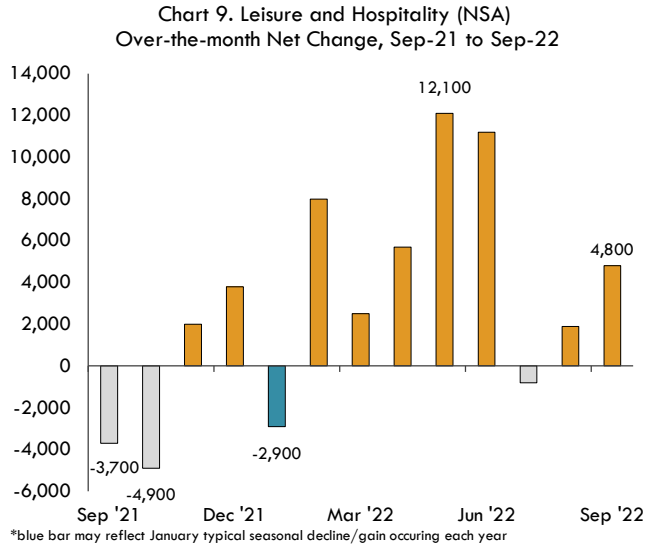
GAINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality was the second-largest gaining sector over the month up 4,800 jobs, or 1.3 percent (see Chart 9). This was the largest-ever gain in the month of September since records began in 1990, beating the previous September record of 3,100 jobs in 2020. Historically in the month of September, Leisure and Hospitality has lost an average of -3,800 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 5,500 jobs over the month. One component industry that provided a partial offset was Arts, Entertainment, and Recreation, which lost -700 jobs from August to September. Leisure and Hospitality employment was revised downward by -4,100 jobs for a July to August smaller net gain of 1,900 compared to an original estimate of 6,000 jobs. **NOTE:** this September is only the second time in history it has added jobs during this month (the other being 2020) suggesting

overestimation. As a result Leisure and Hospitality now shows the highest percentage recovery rate above February 2020 employment levels surpassing perennial outperformer Transportation, Warehousing, and Utilities.

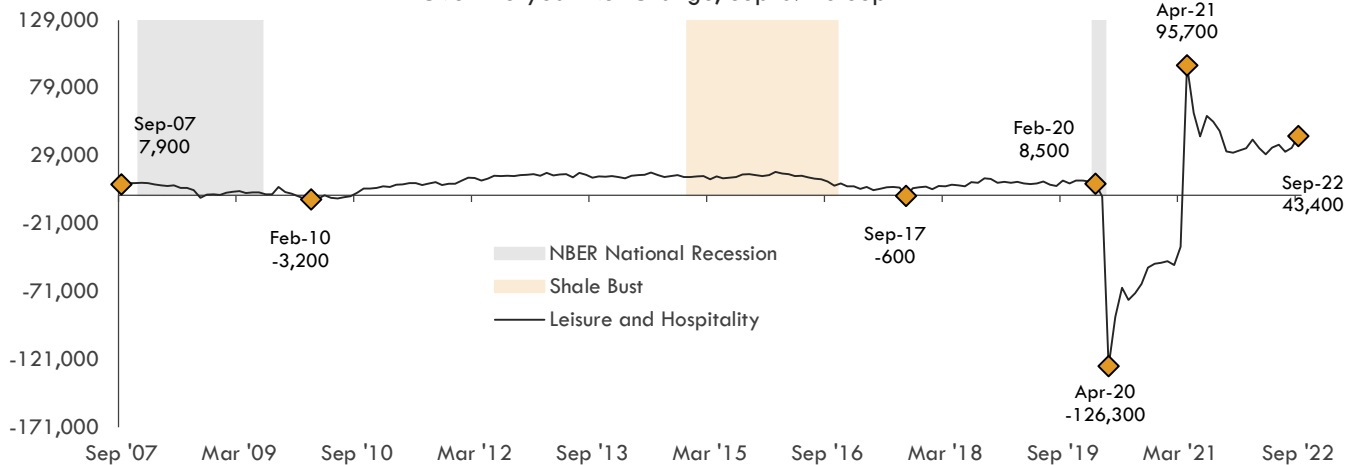


Over-the-year Change

Year over year, Leisure and Hospitality was up 43,400 jobs, or 13.6 percent (see Chart 10). This was the second-largest over-the-year gain in the month of September since records began in 1990 and the largest gain since September 2021's increase of 47,500 jobs. It also marks 18 consecutive months of over-the-year gains. Among sectors currently showing growth, this sector is the third-fastest growing in percentage terms across the Houston area. Furthermore, 23.0 percent of total (gross) jobs added across the region over the past year can be attributed to Leisure and Hospitality. Accommodation and Food Services was the

largest contributor to the overall sector's increase, up 37,900 jobs over the year. The second-largest contributor was Arts, Entertainment, and Recreation, which added 5,500 jobs from September a year ago. Total Leisure and Hospitality employment (NSA) now exceeds its February 2020 pre-pandemic level of 334,500 jobs by 26,900, or 8.0 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 10.3 percent to 11.0 percent over the past year.

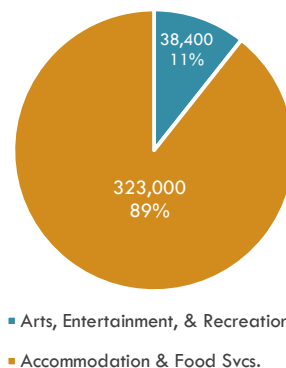
Chart 10. Leisure and Hospitality (NSA)
Over-the-year Net Change, Sep-07 to Sep-22



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 89 percent (see Chart 11). Across the Houston MSA, the concentration of jobs in the overall sector is 6 percent higher than the national average.

Chart 11. Employment in Component Industries of Leisure and Hospitality Sector - September 2022



GAINING INDUSTRY HIGHLIGHTS

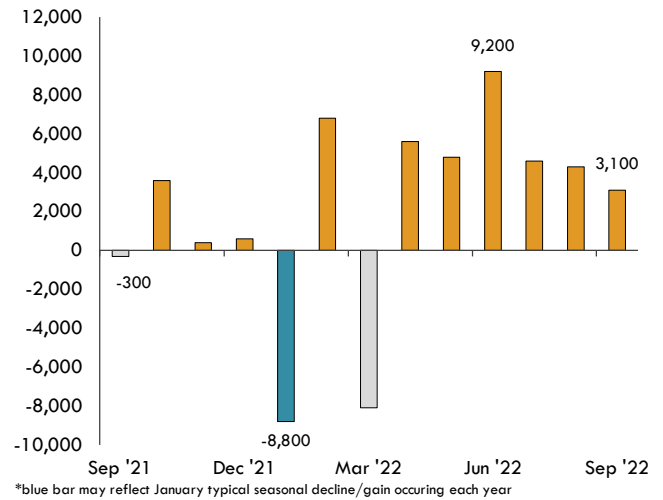
Professional and Business Services

Over-the-month Change

Professional and Business Services was the third-largest gaining sector over the month up 3,100 jobs, or 0.6 percent (see Chart 12). This was the largest September gain since 2005 and the second-largest gain historically for the month of September since records began in 1990. Historically in the month of September, Professional and Business Services has lost an average of -1,100 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's increase, up 3,900 jobs over the month. One component industry that provided a partial offset was Management of Companies and Enterprises, which lost -200 jobs from August to September. Lastly, Administrative and Support and Waste Management and Remediation Services offset a portion of the sector's gains with a loss of -600 jobs. Professional and Business Services employment was revised downward by -1,000 jobs for a July to August

smaller net gain of 4,300 compared to an original estimate of

Chart 12. Professional and Business Services (NSA)
Over-the-month Net Change, Sep-21 to Sep-22

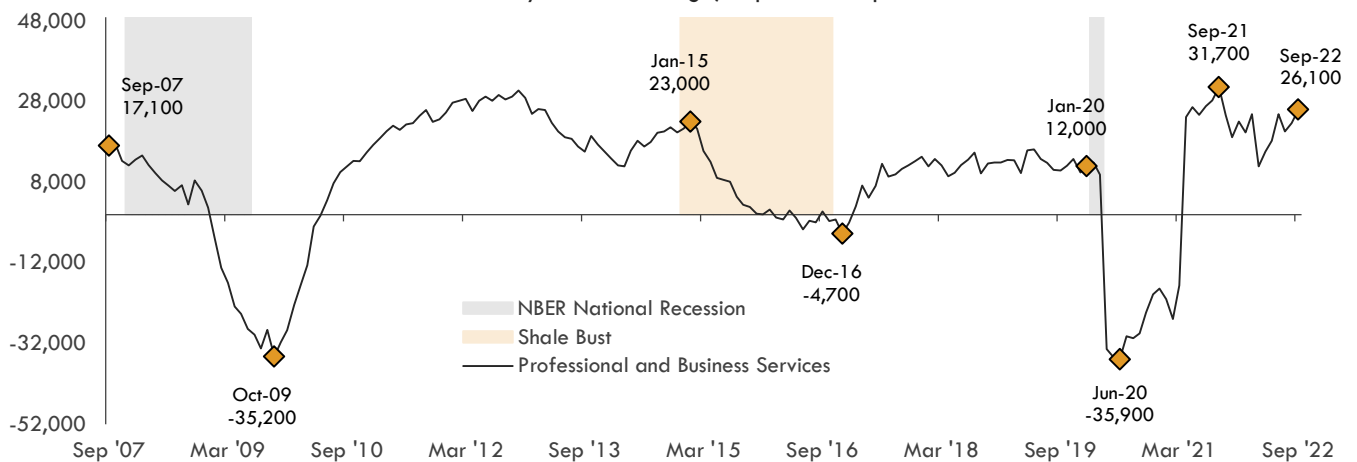


Over-the-year Change

Year over year, Professional and Business Services was up 26,100 jobs, or 5.1 percent (see Chart 13). This was the third-largest over-the-year gain in September since records began in 1990 and the largest gain since September 2021's increase of 31,700 jobs. It also marks 18 consecutive months of over-the-year gains. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's increase, up 14,700 jobs over the year. The second-largest contributor was Administrative and Support and Waste Management and Remediation Services, which added 9,600 jobs from September

a year ago. Lastly, Management of Companies and Enterprises contributed, 1,800 jobs. Total Professional and Business Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 514,700 jobs by 22,500, or 4.4 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 16.5 percent to 16.4 percent over the past year.

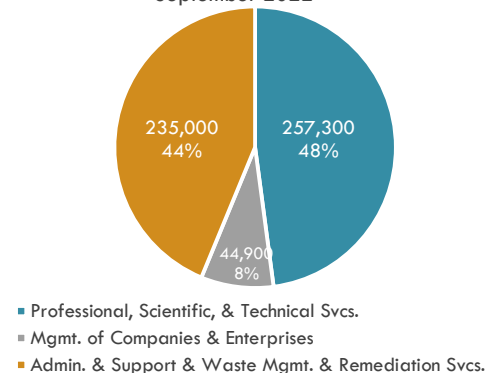
Chart 13. Professional and Business Services (NSA)
Over-the-year Net Change, Sep-07 to Sep-22



About This Sector

This sector is composed of establishments specializing in professional, scientific, and technical activities; management of establishments holding equity interests in order to influence management decisions; and office administration, hiring of personnel, security, cleaning, and waste disposal. Of the three main component industries, Professional, Scientific, and Technical Services accounts for a plurality of the sector's employment at 48 percent (see Chart 14). Across the Houston MSA, the concentration of jobs in the overall sector is 11 percent higher than the national average, due to a 15-percent higher concentration in Professional, Scientific, and Technical Services serving the oil and gas industry.

Chart 14. Employment in Component Industries of Professional and Business Services Sector - September 2022

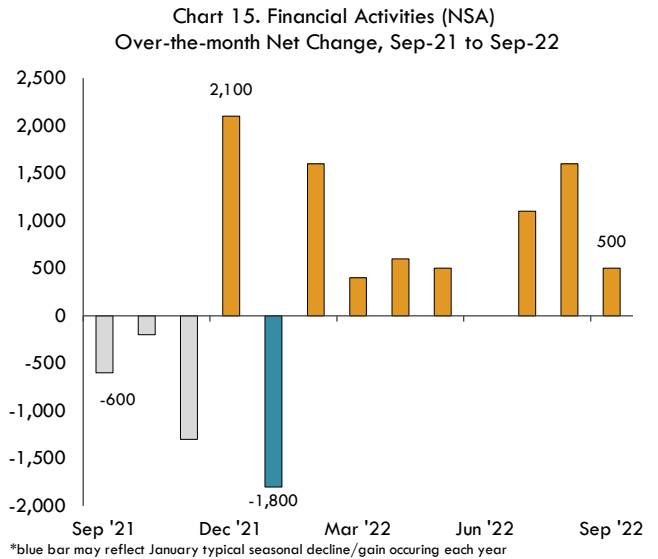


GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities also saw an increase over the month up 500 jobs, or 0.3 percent (see Chart 15). This was the largest September gain since 2011 and the second-largest gain historically for the month of September since records began in 1990. Historically in the month of September, Financial Activities has lost an average of -500 jobs over the month, which indicates that this month's gains are moderately in contrast to the long-term average decline. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 1,000 jobs over the month. One component industry that provided a partial offset was Finance and Insurance, which lost -500 jobs from August to September. Financial Activities employment was revised downward by -400 jobs for a July to August smaller net gain of 1,600 compared to an original estimate of 2,000 jobs.

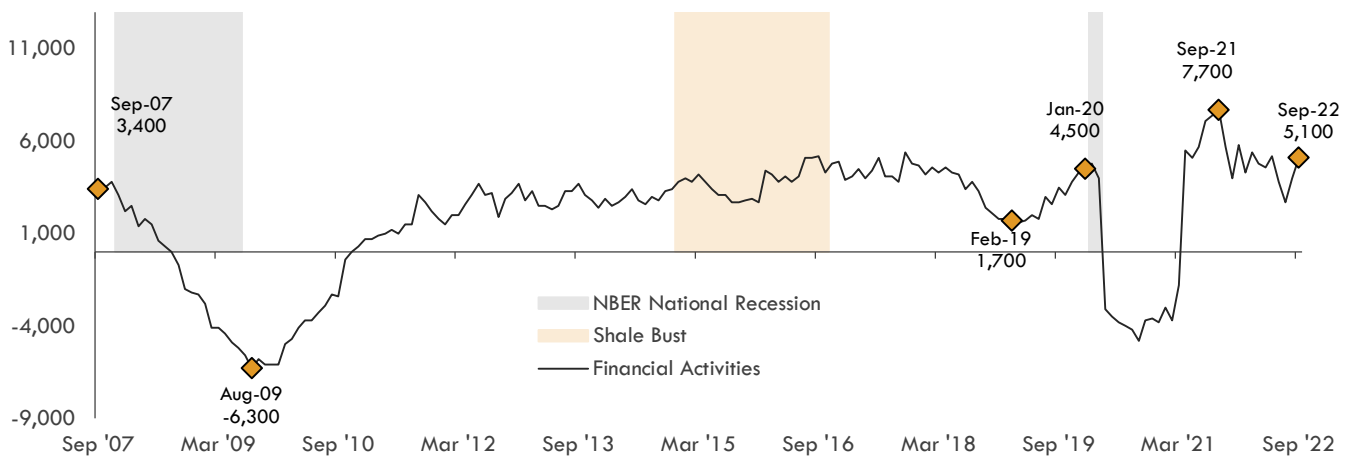


Over-the-year Change

Year over year, Financial Activities was up 5,100 jobs, or 3.0 percent (see Chart 16). This was the largest over-the-year gain since May 2022's increase of 5,200 jobs. It also marks nine consecutive months of over-the-year gains. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 3,500 jobs over the year. The second-largest contributor was Finance and Insurance, which added 1,600 jobs from September a year ago. Total Financial Activities employment (NSA) now exceeds its February 2020 pre-pandemic level of 169,200 jobs by 6,400, or 3.8 percent. At the

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

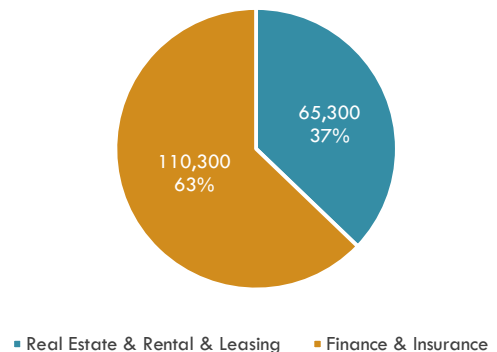
Chart 16. Financial Activities (NSA)
Over-the-year Net Change, Sep-07 to Sep-22



About This Sector

This sector is composed of establishments renting, leasing, or allowing use of assets, and financial transactions such as creation, liquidation, or change in ownership of financial assets, underwriting of insurance, and annuities. Of the two main component industries, Finance and Insurance accounts for the majority of the sector's employment at 63 percent (see Chart 17). Across the Houston MSA, the concentration of jobs in the overall Financial Activities sector is 9 percent less than the national average, due to a 22-percent lower concentration in Finance and Insurance offsetting a 28-percent higher concentration in Real Estate and Rental and Leasing.

Chart 17. Employment in Component Industries of
Financial Activities Sector - September 2022

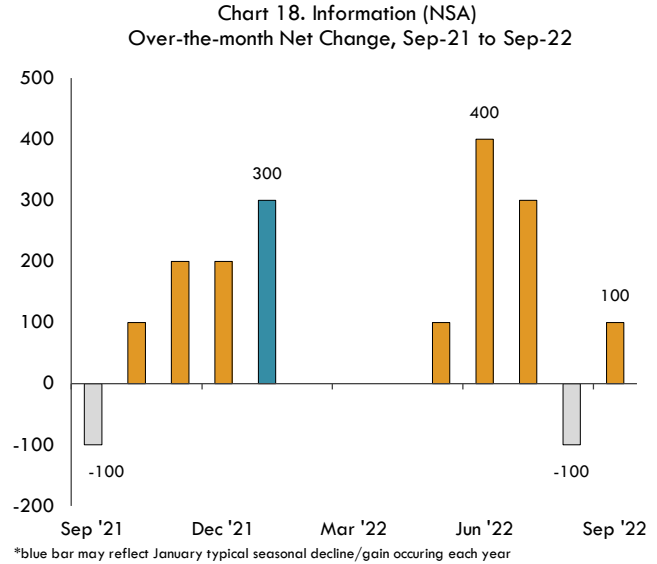


GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information also saw an increase over the month up 100 jobs, or 0.3 percent (see Chart 18). This September tied with several previous years for the second-largest gain in the month of September since records began in 1990. Historically in the month of September, Information has lost an average of -300 jobs over the month, which indicates that this month's gains are moderately in contrast to the long-term average decline. Other Information Undefined was the largest contributor to the overall sector's increase, up 100 jobs over the month. One component industry, Telecommunications, saw no change from August to September. Information employment saw no revision from July to August leaving the previous month's original decrease of -100 intact.

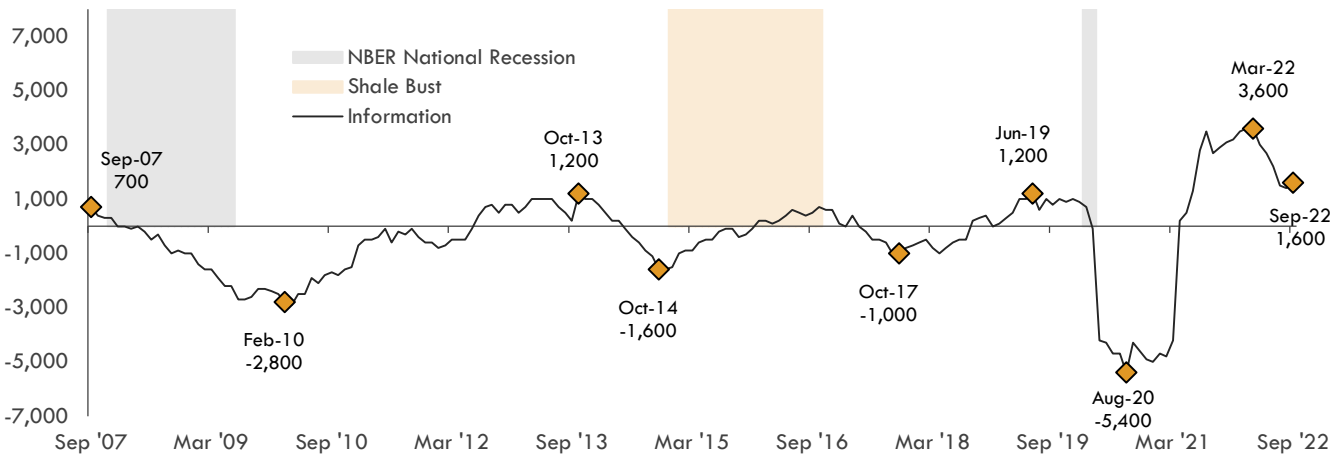


Over-the-year Change

Year over year, Information was up 1,600 jobs, or 5.2 percent (see Chart 19). This was the largest over-the-year gain since June 2022's increase of 2,200 jobs. It also marks 18 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 September a year ago. Total Information employment (NSA) remains -400 jobs, or -1.2 percent below its February 2020 pre-pandemic level of 32,700. At the same time, the sector's share of Houston

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

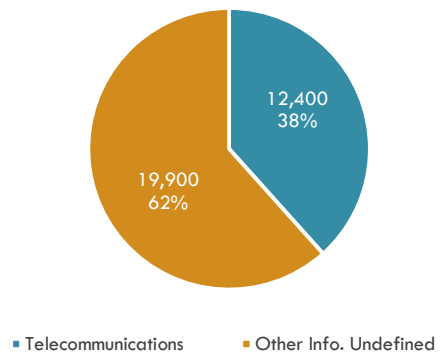
Chart 19. Information (NSA) Over-the-year Net Change, Sep-07 to Sep-22



About This Sector

This sector comprises establishments producing and distributing information and cultural products, e.g. traditional and online news publishing; software publishing; the motion picture and sound recording; TV broadcasting; and telecommunications. Of the two main component industries, Other Information Undefined accounts for the majority of the sector's employment at 62 percent (see Chart 20). Across the Houston MSA, the concentration of jobs in the overall Information sector is 51 percent less than the national average.

Chart 20. Employment in Component Industries of Information Sector - September 2022



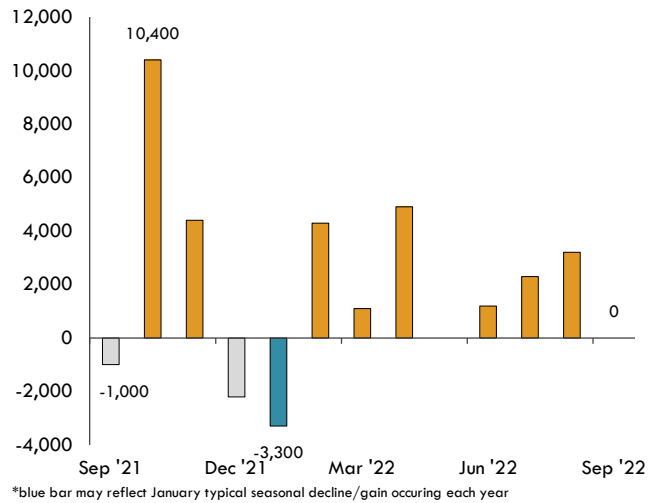
GAINING INDUSTRY HIGHLIGHTS

Education and Health Services

Over-the-month Change

Education and Health Services was unchanged over the month. (see Chart 21). Historically in the month of September, Education and Health Services has added an average of 1,300 jobs over the month, which indicates that this month's net zero change is substantially below the long-term average. Education and Health Services employment was revised downward by -500 jobs for a July to August smaller net gain of 3,200 compared to an original estimate of 3,700 jobs.

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

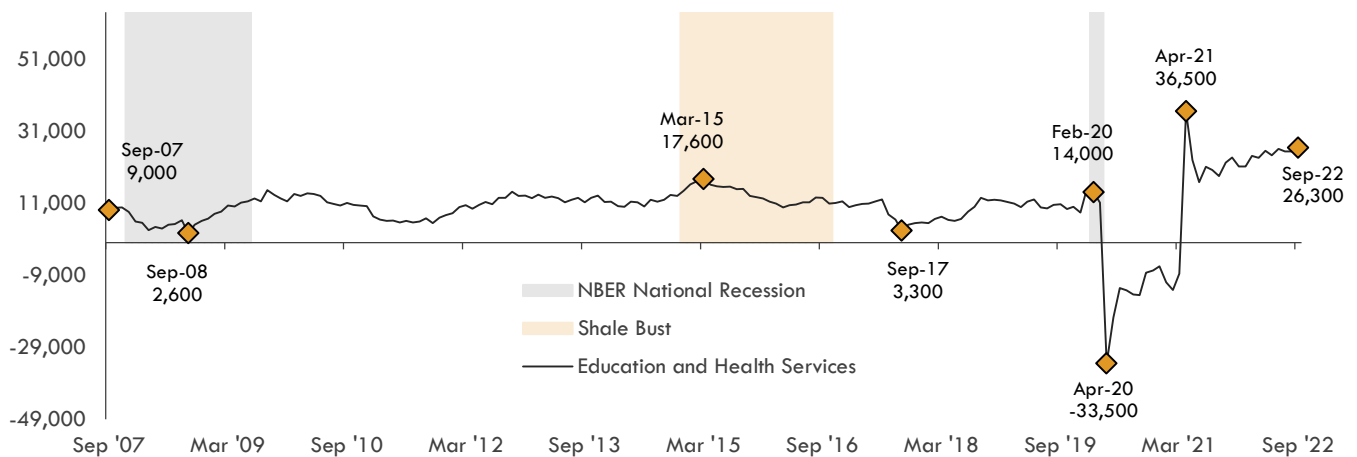


Over-the-year Change

Year over year, Education and Health Services was up 26,300 jobs, or 6.4 percent (see Chart 22). This was the largest-ever over-the-year gain in September and the second-largest gain on record. It also marks 18 consecutive months of over-the-year gains. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 17,400 jobs over the year. The second-largest contributor was Educational Services, which added 8,900 jobs from September a year ago. Total Education and Health Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 414,400 jobs

by 23,700, or 5.7 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 13.3 percent over the past year.

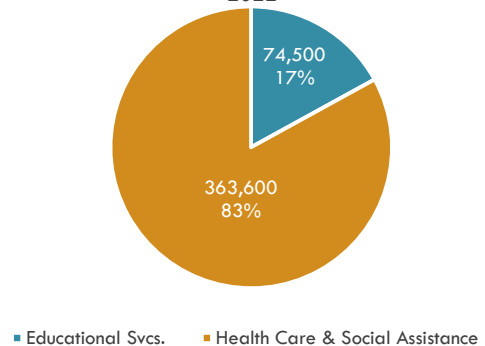
Chart 22. Education and Health Services (NSA)
Over-the-year Net Change, Sep-07 to Sep-22



About This Sector

This sector is composed of establishments that provide private education services (i.e. excluding publicly-funded primary, secondary, and postsecondary institutions) and establishments that provide healthcare and social assistance to individuals. Of the two main component industries, Health Care and Social Assistance accounts for the majority of the sector's employment at 83 percent (see Chart 23). Across the Houston MSA, the concentration of jobs in the overall sector is 17 percent less than the national average, despite the high physical concentration of healthcare jobs centered around Texas Medical Center.

Chart 23. Employment in Component Industries of Education and Health Services Sector - September 2022



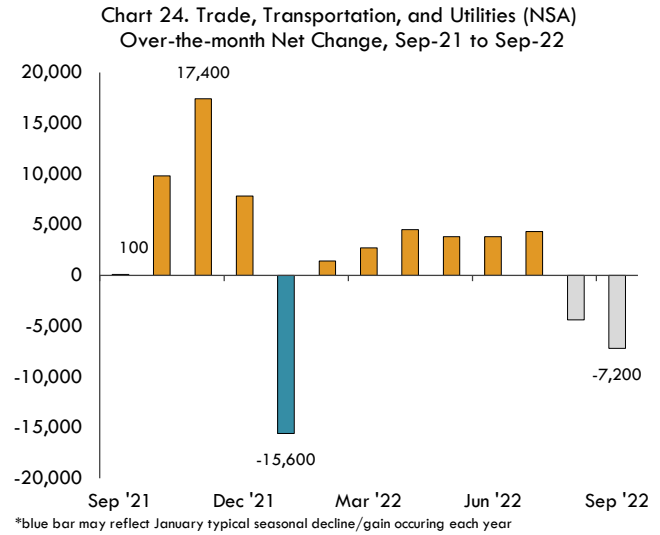
DECLINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities was the largest declining sector over the month down -7,200 jobs, or -1.1 (see Chart 24). This was the largest September decline since 2017 and the third-largest decline historically in the month of September since records began in 1990. Historically in the month of September, Trade, Transportation, and Utilities has lost an average of -2,200 jobs over the month, which indicates that this month's losses are substantially larger than the long-term average decline. Retail Trade was the largest contributor to the overall sector's decline, down -2,800 jobs over the month. The second-largest declining contributor was Wholesale Trade, which lost -2,200 jobs from August to September. Lastly, Transportation, Warehousing, and Utilities subtracted, -2,200 jobs. Trade, Transportation, and Utilities employment was revised downward by -2,200 jobs for a July to August larger net loss of -4,400 compared to an original estimate of -2,200 jobs. **NOTE:** Transportation, Warehousing, and Utilities, which has been the

subsector with the largest percentage recovery in employment above February 2020 levels, has now posted two consecutive months of losses totaling -7,000 job offsetting gains of 6,600 jobs between February and July of this year. October through



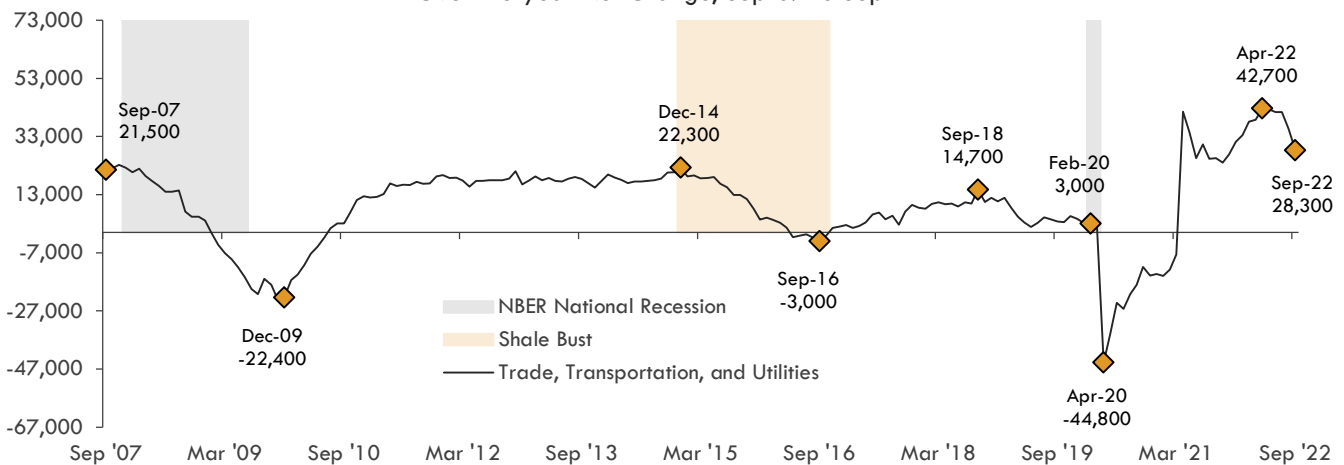
December is typically the strongest period for this subsector, primarily due to the holiday season. Therefore if job losses continue this fall/winter, this may suggest the start of a partial correction to the expansion (or over-expansion) of this subsector driven by the early stages of the pandemic.

percent of total (gross) jobs added across the region over the past year can be attributed to Trade, Transportation, and Utilities. Retail Trade was the largest contributor to the overall sector's increase, up 12,800 jobs over the year. The second-largest contributor was Wholesale Trade, which added 12,000 jobs from September a year ago. Lastly, Transportation, Warehousing, and Utilities contributed, 3,500 jobs. Total Trade, Transportation, and Utilities employment (NSA) now exceeds its February 2020 pre-pandemic level of 628,900 jobs by 32,800, or 5.2 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 20.5 percent to 20.1 percent over the past year.

Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 28,300 jobs, or 4.5 percent (see Chart 25). This was the largest September over-the-year increase on record. It also marks 18 consecutive months of over-the-year gains. Furthermore, 15.0

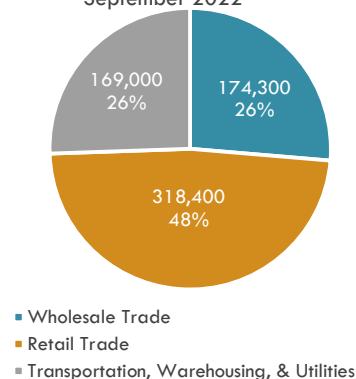
Chart 25. Trade, Transportation, and Utilities (NSA)
Over-the-year Net Change, Sep-07 to Sep-22



About This Sector

This sector is composed of establishments wholesaling agriculture, mining, and manufactured goods; retailing goods in small quantities to the public incl. online; transporting passengers and cargo; warehousing and storage; and providing electricity, natural gas, water, and sewage removal. Of the three main component industries, Retail Trade accounts for a plurality of the sector's employment at 48 percent (see Chart 26). Across the Houston MSA, the concentration of jobs in the overall sector is 8 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 26. Employment in Component Industries of Trade, Transportation, and Utilities Sector - September 2022



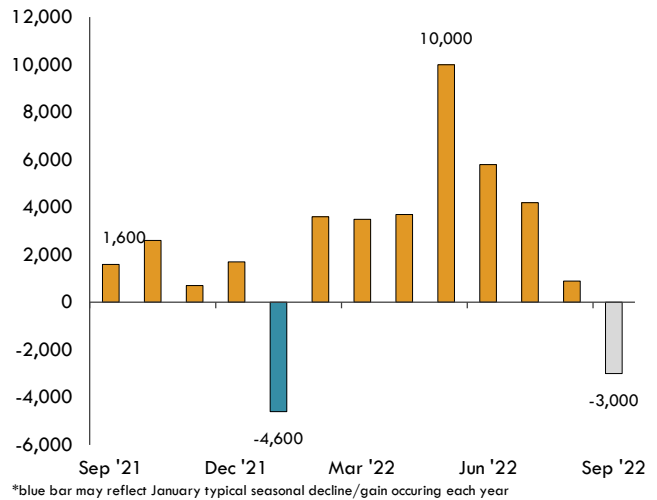
DECLINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction was the second-largest declining sector over the month down -3,000 jobs, or -1.2 (see Chart 27). This was the largest-ever decline in the month of September since records began in 1990. Historically in the month of September, Construction has added an average of 500 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Construction of Buildings was the largest contributor to the overall sector's decline, down -2,000 jobs over the month. The second-largest declining contributor was Specialty Trade Contractors, which lost -1,500 jobs from August to September. Lastly, Heavy and Civil Engineering Construction offset a portion of the sector's losses with a gain of 500 jobs. Construction employment was revised upward by 200 jobs for a July to August larger net gain of 900 compared to an original estimate of 700 jobs.

Chart 27. Construction (NSA)
Over-the-month Net Change, Sep-21 to Sep-22

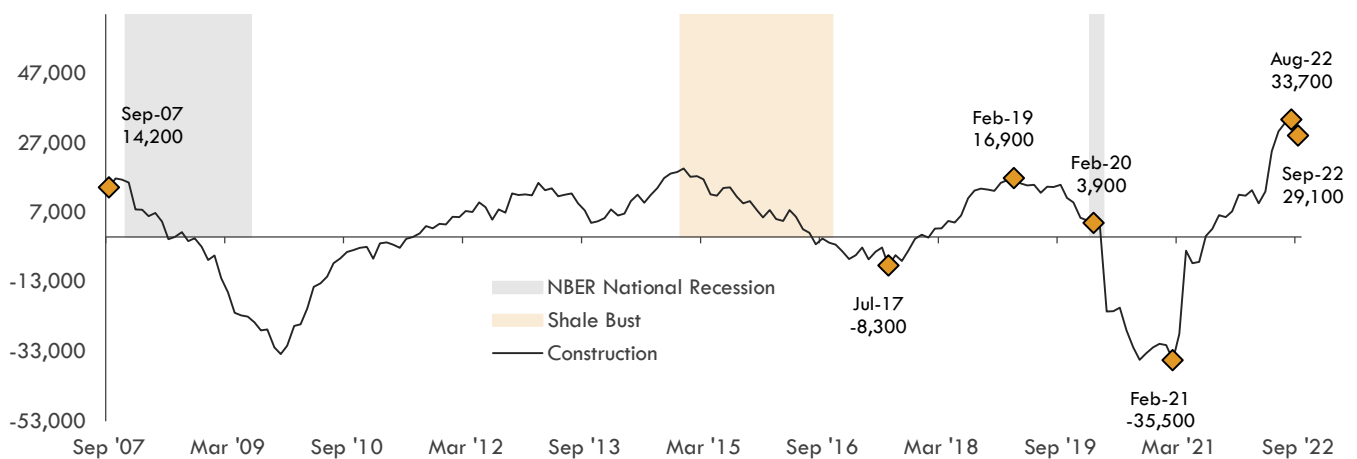


Over-the-year Change

Year over year, Construction was up 29,100 jobs, or 13.8 percent (see Chart 28). This was the largest September over-the-year increase on record. It also marks 15 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, 15.4 percent of total (gross) jobs added across the region over the past year can be attributed to Construction. Specialty Trade Contractors was the largest contributor to the overall sector's increase, up 17,800 jobs over the year. The second-largest contributor was Heavy and Civil

Engineering Construction, which added 7,500 jobs from September a year ago. Lastly, Construction of Buildings contributed, 3,800 jobs. Total Construction employment (NSA) now exceeds its February 2020 pre-pandemic level of 237,400 jobs by 3,000, or 1.3 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 6.8 percent to 7.3 percent over the past year.

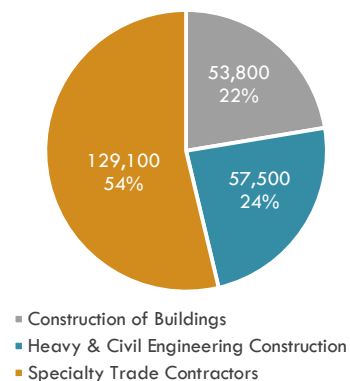
Chart 28. Construction (NSA)
Over-the-year Net Change, Sep-07 to Sep-22



About This Sector

This sector comprises establishments engaged in the construction of buildings, infrastructure, site preparation and subdivision, and specialty trades e.g. masonry, painting, and electrical work. Of the three main component industries, Specialty Trade Contractors accounts for a slight majority of the sector's employment at just over 54 percent (see Chart 29). Across the Houston MSA, the concentration of jobs in the overall Construction sector is 42 percent higher than the national average, due to 2.4 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

Chart 29. Employment in Component Industries of Construction Sector - September 2022

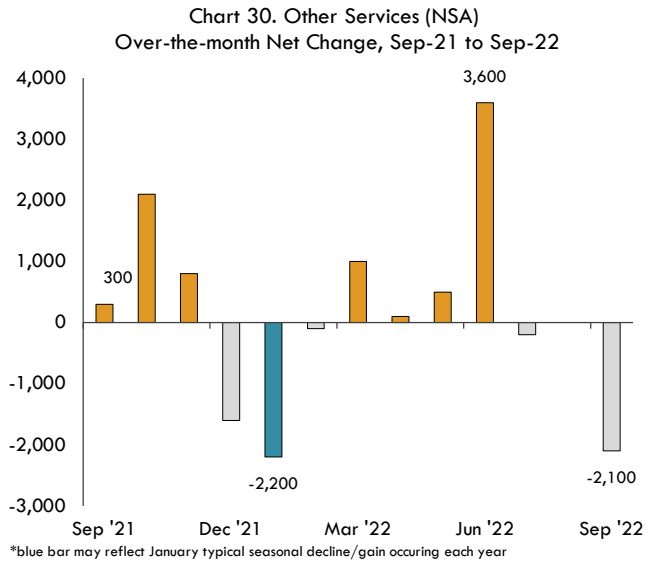


DECLINING INDUSTRY HIGHLIGHTS

Other Services

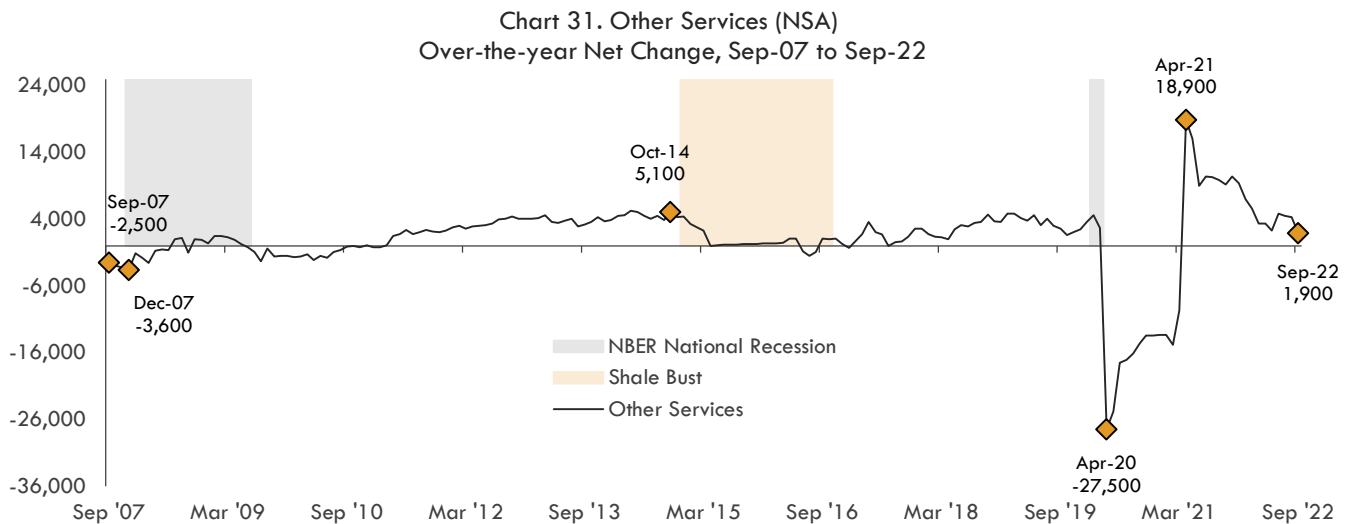
Over-the-month Change

Other Services was the third-largest declining sector over the month down -2,100 jobs, or -1.8 (see Chart 30). This was the largest September over-the-month decline in since 2015. Historically in the month of September, Other Services has lost an average of -2,400 jobs over the month, which indicates that this month's losses are slightly smaller than the long-term average decline. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Other Services employment was revised upward by 100 jobs for a July to August complete erasure of losses resulting in a net change of zero compared to an original estimate of -100 jobs.



Over-the-year Change

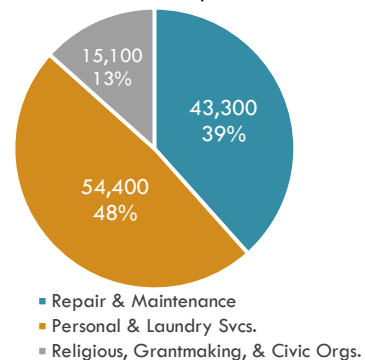
Year over year, Other Services was up 1,900 jobs, or 1.7 percent (see Chart 31). This September also marks 18 consecutive months of over-the-year gains. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Total Other Services employment (NSA) remains -6,300 jobs, or -5.3 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 3.6 percent to 3.4 percent over the past year.



About This Sector

This sector comprises establishments engaged in services not classified elsewhere such as equipment and machinery repair, religious activities, grantmaking, advocacy, and providing dry-cleaning and laundry services, and personal care services. Of the three main component industries, Personal and Laundry Services accounts for a plurality of the sector's employment at 48 percent as a subsector where self-employment is prevalent (source: Census - Non Employer Statistics and BLS - Quarterly Census of Employment and Wages) (see Chart 32). Across the Houston MSA, the concentration of jobs in the overall Other Services sector is 8 percent less than the national average.

Chart 32. Employment in Component Industries of Other Services Sector - September 2022



*estimated proportions based QCEW covered and NES self-employment

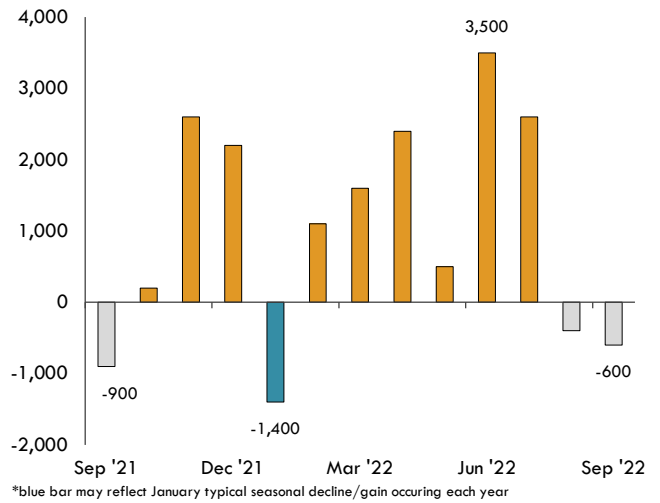
DECLINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing also saw a decrease over the month down -600 jobs, or -0.3 (see Chart 33). Historically in the month of September, Manufacturing has lost an average of -400 jobs over the month, which indicates that this month's losses are slightly larger than the long-term average decline. Non-Durable Goods was the largest contributor to the overall sector's decline, down -1,200 jobs over the month. One component industry that provided a partial offset was Durable Goods, which gained 600 jobs from August to September. Manufacturing employment was revised downward by -900 jobs for a July to August complete erasure of gains leaving a net loss of -400 compared to an original estimate of 500 jobs.

Chart 33. Manufacturing (NSA)
Over-the-month Net Change, Sep-21 to Sep-22

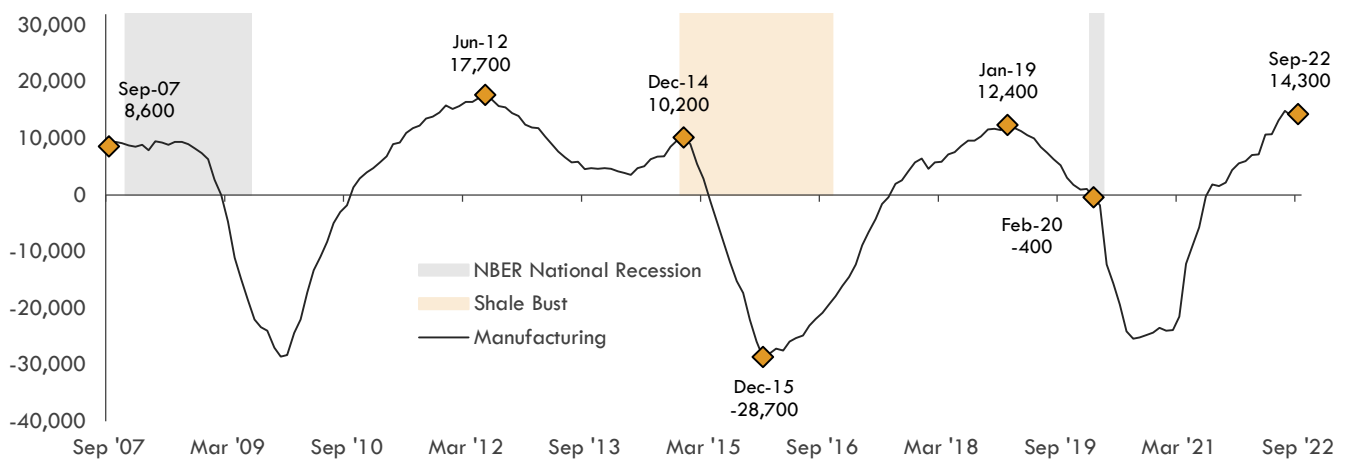


Over-the-year Change

Year over year, Manufacturing was up 14,300 jobs, or 6.7 percent (see Chart 34). This was the second-largest over-the-year gain in the month of September since records began in 1990. It also marks 14 consecutive months of over-the-year gains. Durable Goods was the largest contributor to the overall sector's increase, up 11,400 jobs over the year. The second-largest contributor was Non-Durable Goods, which added 2,900 jobs from September a year ago. Total Manufacturing employment (NSA) remains -7,200 jobs, or -3.1 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.

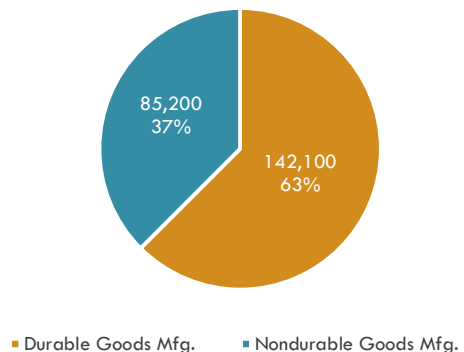
Chart 34. Manufacturing (NSA)
Over-the-year Net Change, Sep-07 to Sep-22



About This Sector

This sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. Of the two main component industries, Durable Goods accounts for the majority of the sector's employment at 63 percent (see Chart 35). Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 18 percent less than the national average.

Chart 35. Employment in Component Industries of Manufacturing Sector - September 2022

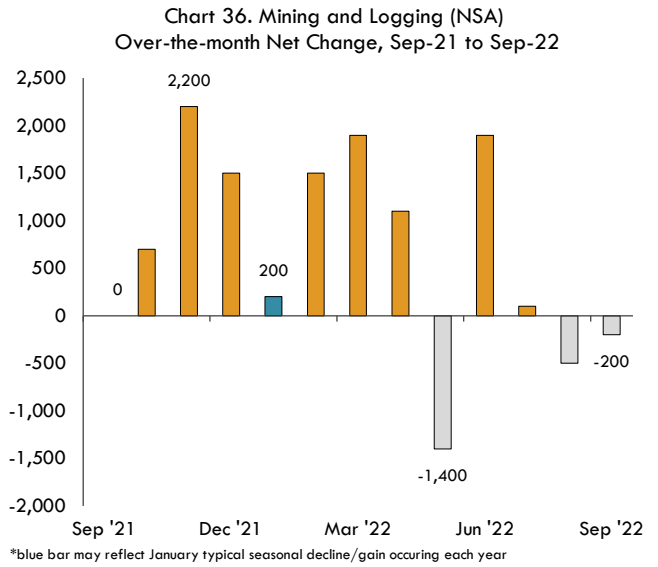


DECLINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging also saw a decrease over the month down -200 jobs, or -0.3 (see Chart 36). This was the largest September over-the-month decline in since 2020. Historically in the month of September, Mining and Logging has lost an average of -300 jobs over the month, which indicates that this month's losses are slightly smaller than the long-term average decline. Oil and Gas Extraction was the largest contributor to the overall sector's decline, down -200 jobs over the month. The second-largest declining contributor was Other Mining and Logging Undefined, which lost -200 jobs from August to September. Lastly, Support Activities for Mining offset a portion of the sector's losses with a gain of 200 jobs. Mining and Logging employment was revised upward by 200 jobs for a July to August smaller net loss of -500 compared to an original estimate of -700 jobs.

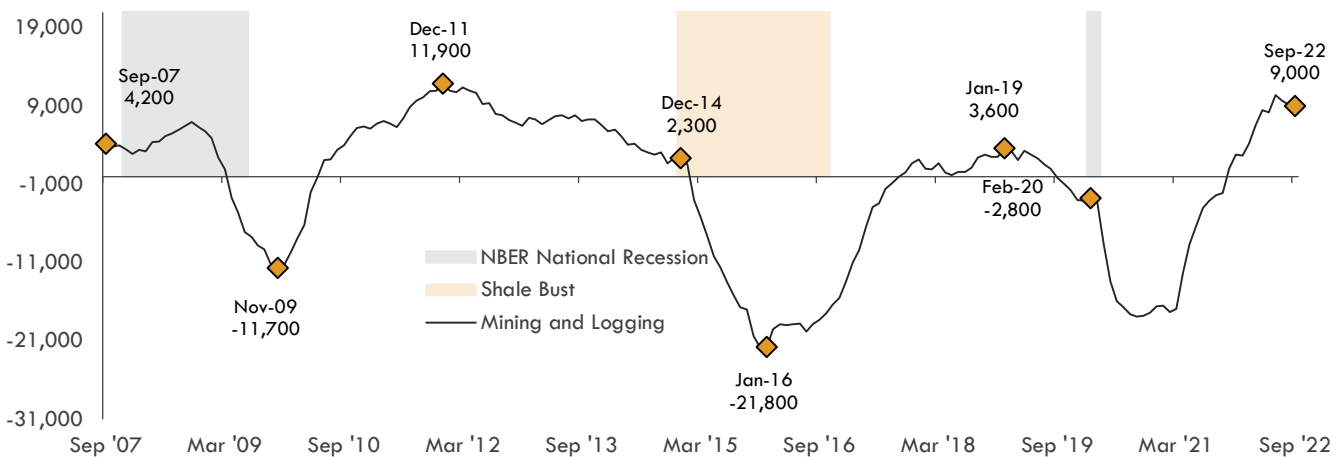


Over-the-year Change

Year over year, Mining and Logging was up 9,000 jobs, or 15.2 percent (see Chart 37). This was the second-largest over-the-year gain in the month of September since records began in 1990. It also marks 11 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 4,700 jobs over the year. The second-largest contributor was Oil and Gas Extraction, which added 4,000 jobs from September a year ago. Lastly, Other

Mining and Logging Undefined contributed, 300 jobs. Total Mining and Logging employment (NSA) remains -10,200 jobs, or -13.0 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 risen from 1.9 percent to 2.1 percent over the past year.

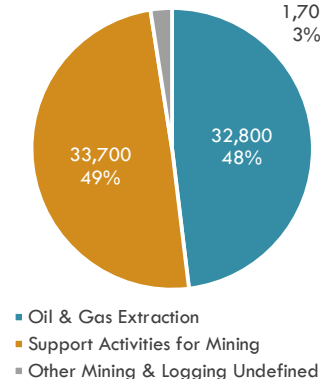
Chart 37. Mining and Logging (NSA) Over-the-year Net Change, Sep-07 to Sep-22



About This Sector

This sector comprises establishments extracting naturally occurring minerals such as coal and ores; liquid minerals, such as crude petroleum and natural gas; and timber. Of the three main component industries, Support Activities for Mining accounts for a plurality of the sector's employment at 49 percent (see Chart 38). Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 5.0 times the national average, due to the region's role as a global hub for the oil and gas industry.

Chart 38. Employment in Component Industries of Mining and Logging Sector - September 2022



Local Area Unemployment Statistics

Not-Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 4.2 percent in September, down from August's 4.6 percent and down from 5.7 percent a year ago. This was above the statewide rate of 3.8 percent and above the national rate of 3.3 percent. An over-the-month decline in August is typical having occurred roughly two-thirds of the time over the past three decades making this month's decrease consistent with historical seasonal trends. 148,513 individuals were unemployed in Houston in September, down from August's 163,052 and down from 196,116 in September 2021 (see Charts 39 and 40).

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

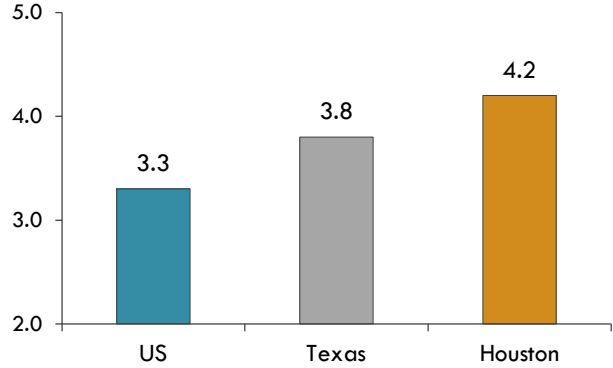
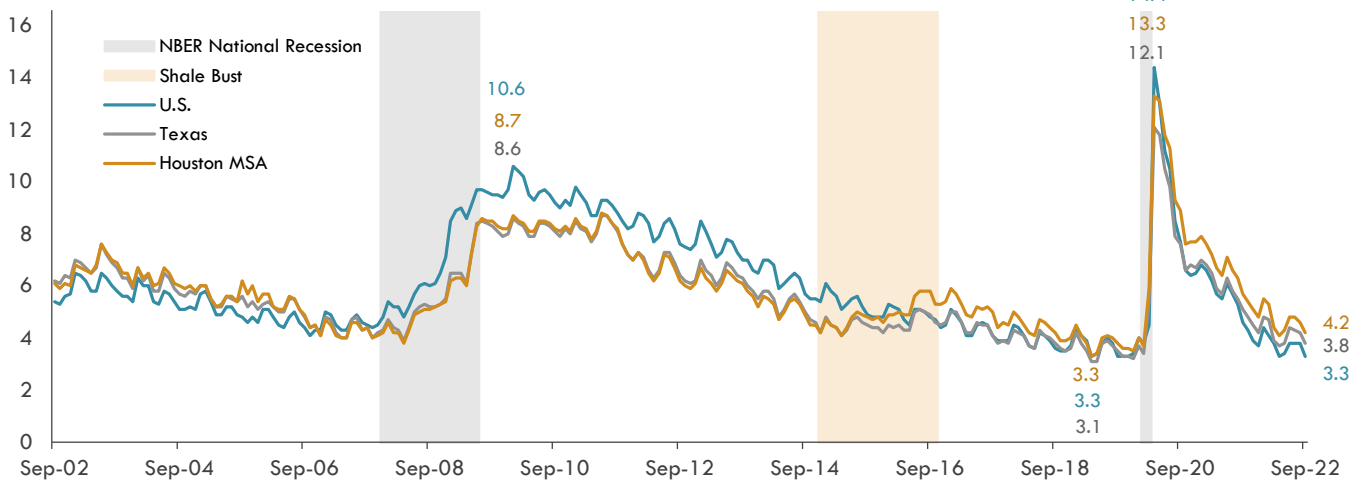


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
September 2002 to September 2022

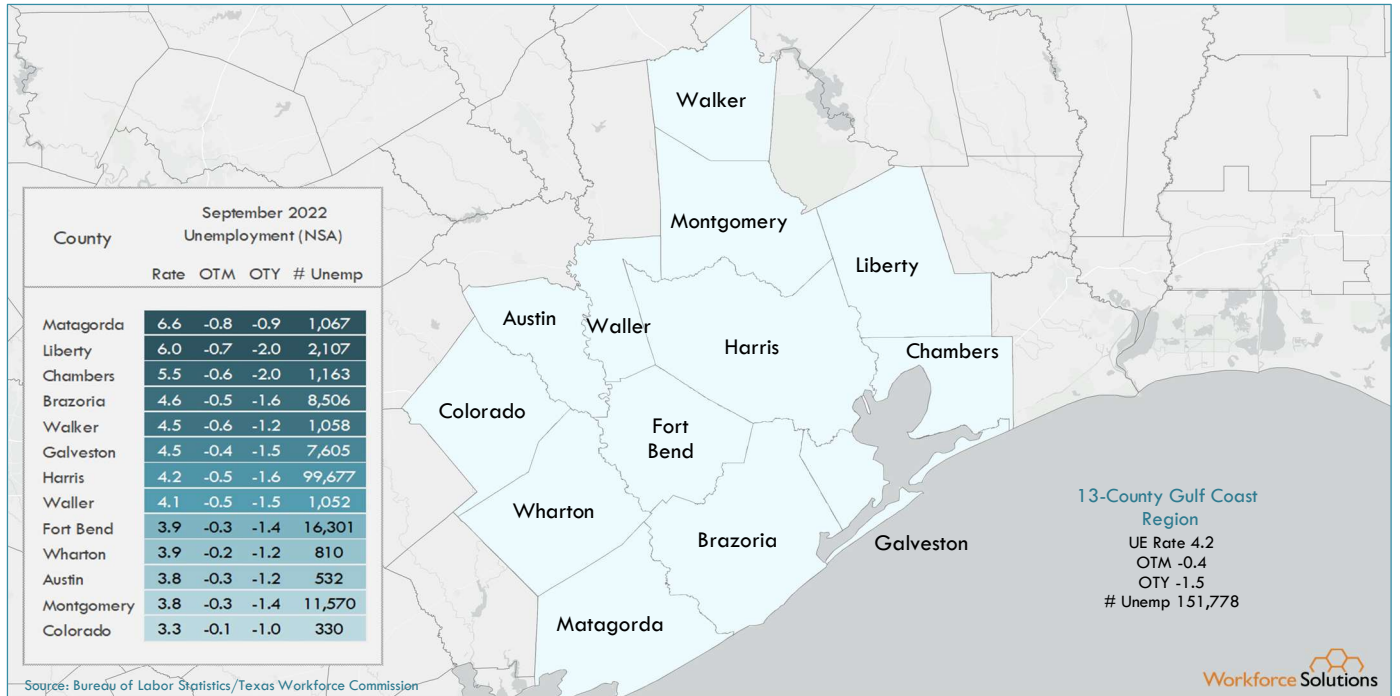


County-level Unemployment

Among the 13 counties that comprise the Gulf Coast Workforce Development Area, unemployment rates in September ranged from a high of 6.6 percent in Matagorda County to a low of 3.3 percent in Colorado. Over the month, all 13 counties saw their unemployment rates decline in keeping with region-wide decrease of -0.4 percentage points. Matagorda saw the largest percentage-point decrease in unemployment down -0.8 pp. representing -132 fewer unemployed workers compared to the previous month. This was followed by Liberty (-0.7 pp, -281 workers) and Chambers (-0.6 pp, -120 workers).

Over the year unemployment rates also fell, with Chambers posting the largest decrease, down -2.0 percentage points representing -395 fewer unemployed workers compared to a year ago followed by Liberty (-2.0 pp, -681 workers) and Harris (-1.6 pp, -32,106 workers). Since peaking at 446,307 in May 2020 due to the COVID-19 global pandemic, the number of unemployed workers in the Gulf Coast Region has fallen by -294,529 as of this September (see Map 1 legend).

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



Local Area Unemployment Statistics (continued)

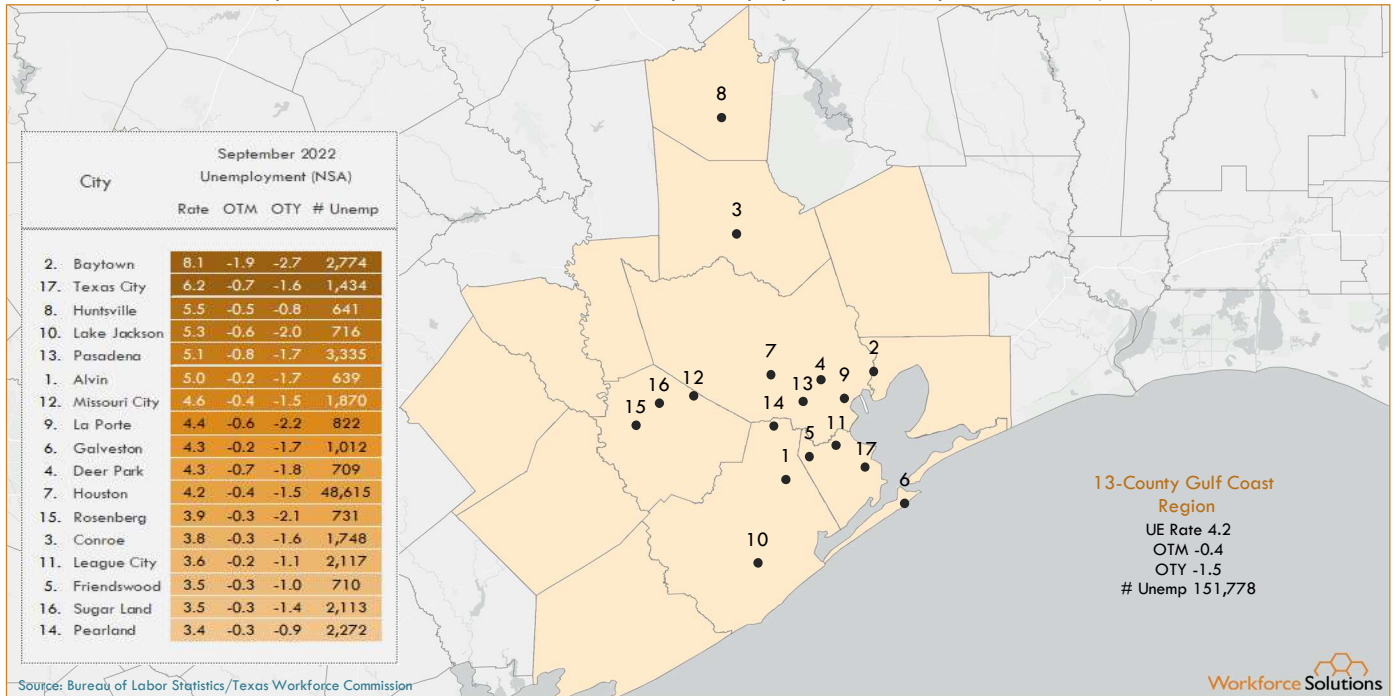
Not-Seasonally Adjusted

Unemployment Rates for Select Municipalities

Among the 17 cities in the Gulf Coast Workforce Development Area for which Local Area Unemployment Statistics are available, unemployment rates in September ranged from a high of 8.1 percent in Baytown to a low of 3.4 percent in Pearland (see Map 2 legend). Over the month, all 17 cities saw their unemployment rates decline in keeping with region-wide decrease of -0.4 percentage points. Baytown saw the largest percentage-point decrease in unemployment down -1.9 pp.

representing -699 fewer unemployed workers compared to the previous month. This was followed by Pasadena (-0.8 pp, -551 workers) and Deer Park (-0.7 pp, -117 workers). Over the year unemployment rates also fell, with Baytown posting the largest decrease, down -2.7 percentage points representing -874 fewer unemployed workers compared to a year ago followed by La Porte (-2.2 pp, -388 workers) and Rosenberg (-2.1 pp, -376 workers). The 17 cities below accounted for 48 percent of the 151,778 unemployed workers across the Gulf Coast Region as of this September (see Map 2 legend).

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



Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

down from 6.0 percent a year ago. This was above the statewide rate of 4.1 percent and above the national rate of 3.7 percent. down from 207,633 in August 2021 (see Charts 41 and 42). NOTE: Seasonally-adjusted data for the MSA are available with a one-month delay but are not available for the 13-County Region or 17 cities.

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

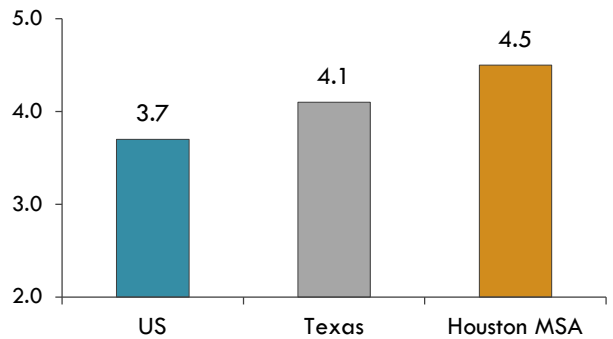
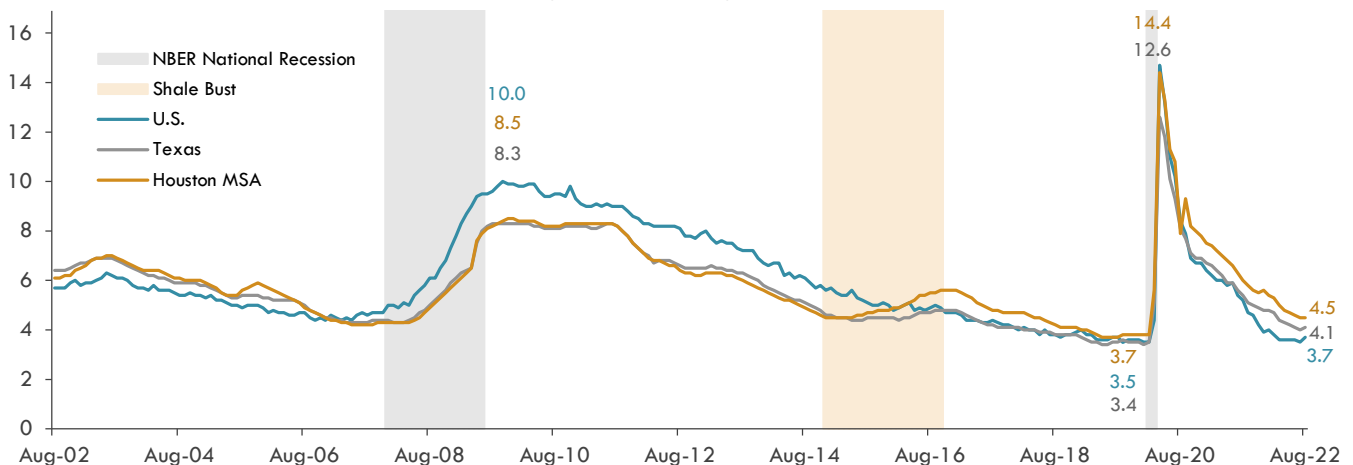


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
 August 2002 to August 2022



Gulf Coast Workforce Solutions Index (WSI)

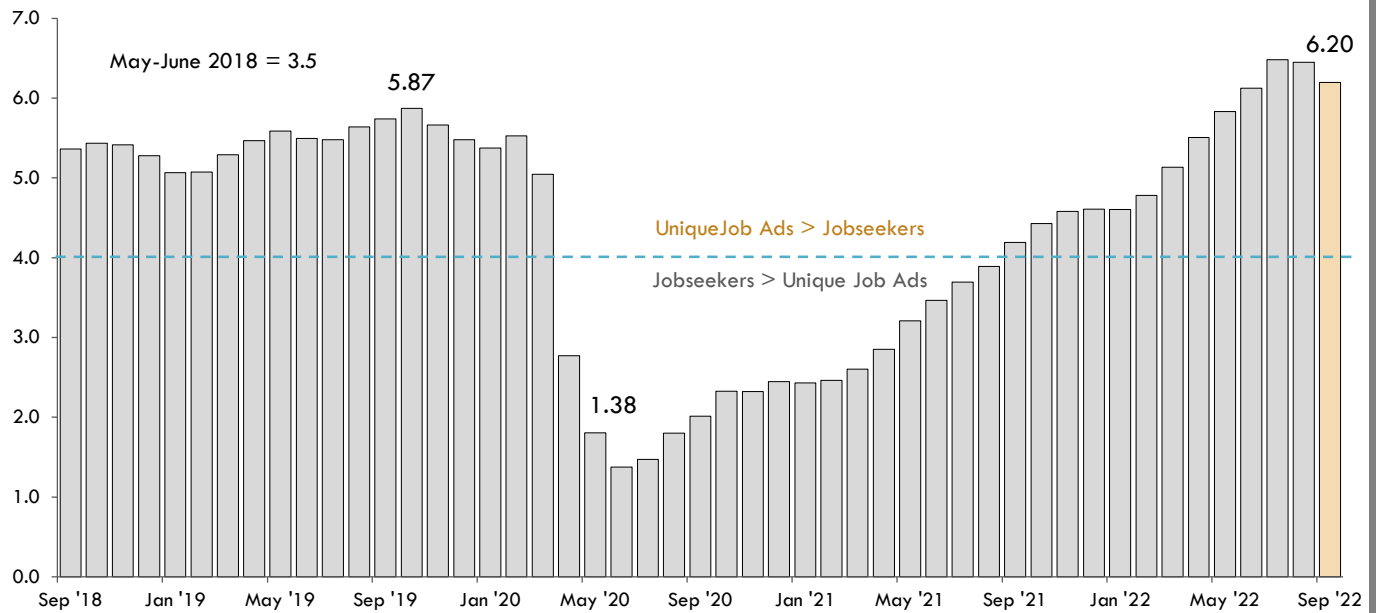


The Gulf Coast Workforce Solutions Index (WSI)

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

WSI Reading
September
2022:
6.20

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



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



Workforce Solutions Index September 2022

The Houston MSA WSI for September stood at 6.20, down from August's slightly downward revised reading of 6.45. While still near the series high, September's reading marks the first month-over-month decline in the index since January 2021 and the largest month-over-month decline since June 2020. This September's decline was the result of a decrease of nearly 6,400 job ads over August overshadowing a relatively modest decrease in unemployed workers by 1,200 from July to August (SA). Nonetheless, the indicator suggests that a requirement of five work search activities may be appropriate for individuals receiving unemployment insurance given the relative availability of jobs at present.



Houston Area Employment Situation

September 2022

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Sep-22	Aug-22	Sep-21	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,285,600	3,270,800	3,097,200	14,800	0.5%	188,400	6.1%
Total Private	2,855,000	2,859,600	2,669,900	-4,600	-0.2%	185,100	6.9%
Goods Producing	535,900	539,700	483,500	-3,800	-0.7%	52,400	10.8%
.Mining and Logging	68,200	68,400	59,200	-200	-0.3%	9,000	15.2%
...Oil and Gas Extraction	32,800	33,000	28,800	-200	-0.6%	4,000	13.9%
...Support Activities for Mining	33,700	33,500	29,000	200	0.6%	4,700	16.2%
.Construction	240,400	243,400	211,300	-3,000	-1.2%	29,100	13.8%
..Construction of Buildings	53,800	55,800	50,000	-2,000	-3.6%	3,800	7.6%
..Heavy and Civil Engineering Construction	57,500	57,000	50,000	500	0.9%	7,500	15.0%
..Specialty Trade Contractors	129,100	130,600	111,300	-1,500	-1.1%	17,800	16.0%
.Manufacturing	227,300	227,900	213,000	-600	-0.3%	14,300	6.7%
..Durable Goods	142,100	141,500	130,700	600	0.4%	11,400	8.7%
...Fabricated Metal Product Manufacturing	48,700	48,900	45,100	-200	-0.4%	3,600	8.0%
...Machinery Manufacturing	39,900	40,000	39,300	-100	-0.3%	600	1.5%
....Agriculture, Construction, and Mining Machinery Mfg.	20,300	20,400	19,800	-100	-0.5%	500	2.5%
...Computer and Electronic Product Manufacturing	13,100	13,100	12,800	0	0.0%	300	2.3%
..Non-Durable Goods	85,200	86,400	82,300	-1,200	-1.4%	2,900	3.5%
...Petroleum and Coal Products Manufacturing	8,200	8,300	8,000	-100	-1.2%	200	2.5%
...Chemical Manufacturing	40,200	39,900	39,300	300	0.8%	900	2.3%
Service Providing	2,749,700	2,731,100	2,613,700	18,600	0.7%	136,000	5.2%
.Private Service Providing	2,319,100	2,319,900	2,186,400	-800	0.0%	132,700	6.1%
..Trade, Transportation, and Utilities	661,700	668,900	633,400	-7,200	-1.1%	28,300	4.5%
...Wholesale Trade	174,300	176,500	162,300	-2,200	-1.2%	12,000	7.4%
....Merchant Wholesalers, Durable Goods	105,100	107,800	99,500	-2,700	-2.5%	5,600	5.6%
....Prof. and Commercial Equip. Supplies Wholesalers	18,000	18,000	16,900	0	0.0%	1,100	6.5%
....Merchant Wholesalers, Nondurable Goods	56,700	56,600	51,600	100	0.2%	5,100	9.9%
...Retail Trade	318,400	321,200	305,600	-2,800	-0.9%	12,800	4.2%
....Motor Vehicle and Parts Dealers	43,400	43,600	41,900	-200	-0.5%	1,500	3.6%
....Bldg. Material and Garden Equip. and Supplies Dealers	23,500	23,900	23,200	-400	-1.7%	300	1.3%
....Food and Beverage Stores	72,000	71,900	69,200	100	0.1%	2,800	4.0%
....Health and Personal Care Stores	20,800	20,500	19,500	300	1.5%	1,300	6.7%
....Clothing and Clothing Accessories Stores	23,900	24,500	22,600	-600	-2.4%	1,300	5.8%
....General Merchandise Stores	62,800	62,800	61,300	0	0.0%	1,500	2.4%
....Department Stores	20,200	20,200	19,800	0	0.0%	400	2.0%
....Other General Merchandise Stores	42,600	42,600	41,500	0	0.0%	1,100	2.7%
...Transportation, Warehousing, and Utilities	169,000	171,200	165,500	-2,200	-1.3%	3,500	2.1%
...Utilities	17,600	17,700	17,300	-100	-0.6%	300	1.7%
....Air Transportation	19,100	19,400	17,800	-300	-1.5%	1,300	7.3%
....Truck Transportation	29,100	29,300	27,500	-200	-0.7%	1,600	5.8%
....Pipeline Transportation	12,700	12,700	12,200	0	0.0%	500	4.1%
..Information	32,300	32,200	30,700	100	0.3%	1,600	5.2%
...Telecommunications	12,400	12,400	12,300	0	0.0%	100	0.8%
..Financial Activities	175,600	175,100	170,500	500	0.3%	5,100	3.0%
...Finance and Insurance	110,300	110,800	108,700	-500	-0.5%	1,600	1.5%
....Credit Intermediation and Related Activities	46,500	46,600	45,700	-100	-0.2%	800	1.8%
....Depository Credit Intermediation	29,900	30,000	29,400	-100	-0.3%	500	1.7%
....Securities, Commodity Contracts, and Fin. Investments	21,900	22,100	21,300	-200	-0.9%	600	2.8%
....Insurance Carriers and Related Activities	41,900	42,100	41,700	-200	-0.5%	200	0.5%
...Real Estate and Rental and Leasing	65,300	64,300	61,800	1,000	1.6%	3,500	5.7%
..Professional and Business Services	537,200	534,100	511,100	3,100	0.6%	26,100	5.1%
...Professional, Scientific, and Technical Services	257,300	253,400	242,600	3,900	1.5%	14,700	6.1%
....Legal Services	30,500	30,500	28,900	0	0.0%	1,600	5.5%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	26,500	26,500	25,500	0	0.0%	1,000	3.9%
....Architectural, Engineering, and Related Services	73,500	73,300	66,500	200	0.3%	7,000	10.5%
....Computer Systems Design and Related Services	39,300	39,400	37,800	-100	-0.3%	1,500	4.0%
...Management of Companies and Enterprises	44,900	45,100	43,100	-200	-0.4%	1,800	4.2%
...Admin. and Support and Waste Mgmt. and Remediation	235,000	235,600	225,400	-600	-0.3%	9,600	4.3%
....Administrative and Support Services	224,300	224,900	213,800	-600	-0.3%	10,500	4.9%
....Employment Services	88,500	88,100	85,600	400	0.5%	2,900	3.4%
....Services to Buildings and Dwellings	53,700	53,600	51,900	100	0.2%	1,800	3.5%
..Educational and Health Services	438,100	438,100	411,800	0	0.0%	26,300	6.4%
...Educational Services	74,500	73,600	65,600	900	1.2%	8,900	13.6%
...Health Care and Social Assistance	363,600	364,500	346,200	-900	-0.2%	17,400	5.0%
....Ambulatory Health Care Services	178,300	179,100	173,700	-800	-0.4%	4,600	2.6%
....Hospitals	94,400	93,700	88,500	700	0.7%	5,900	6.7%
..Leisure and Hospitality	361,400	356,600	318,000	4,800	1.3%	43,400	13.6%
...Arts, Entertainment, and Recreation	38,400	39,100	32,900	-700	-1.8%	5,500	16.7%
...Accommodation and Food Services	323,000	317,500	285,100	5,500	1.7%	37,900	13.3%
....Accommodation	26,300	26,100	22,900	200	0.8%	3,400	14.8%
....Food Services and Drinking Places	296,700	291,400	262,200	5,300	1.8%	34,500	13.2%
..Other Services	112,800	114,900	110,900	-2,100	-1.8%	1,900	1.7%
Government	430,600	411,200	427,300	19,400	4.7%	3,300	0.8%
.Federal Government	32,100	31,900	31,500	200	0.6%	600	1.9%
.State Government	94,600	94,500	92,700	100	0.1%	1,900	2.0%
..State Government Educational Services	54,100	53,800	53,000	300	0.6%	1,100	2.1%
.Local Government	303,900	284,800	303,100	19,100	6.7%	800	0.3%
..Local Government Educational Services	209,000	192,500	208,800	16,500	8.6%	200	0.1%