

# Houston Area Employment Situation

June 2023

## CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

*Bars, Restaurants, and Hotels (apparently) Jettisoned Workers while Construction Bounced Back from a Weak Spring*

### Total Nonfarm

#### Over-the-month Change

Houston MSA Total Nonfarm employment stood at 3,360,800 in June, up 5,400 jobs over the month, or 0.2 percent on a not-seasonally-adjusted basis (see Chart 1). A year ago Houston registered an over-the-month increase of 4,000 jobs. This was the largest June over-the-month gain in since 2021. Prior to the pandemic, historically in the month of June, Total Nonfarm has on average added 11,000 jobs over the month, which indicates that this month's gains are substantially below the long-term average. In the history of the series, Total Nonfarm employment has lost jobs in June on only two occasions: 2009 and 2016, during the Great Recession and the late-2014 fracking bust.

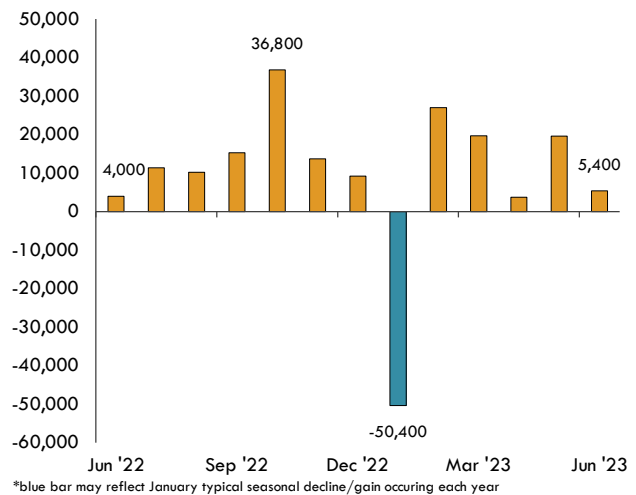
The primary drivers of this June's growth were increases in Construction; Professional and Business Services; and Trade, Transportation, and Utilities. Gains were also recorded in Manufacturing; Financial Activities; and Mining and Logging. The net increase in jobs over the month was partially offset by losses in Government; Leisure and Hospitality; and Education and Health Services. (see Chart 2). Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,345,100, down -2,900 jobs over the month, or -0.1 percent vs. a historical average of 4,300. This was the largest June over-the-month decline in since 2016. All analysis pertains to not-seasonally adjusted data unless otherwise noted. Data source: BLS/TWC.

- Top-3 Drivers of Over-the-month Job Growth in June**
- Construction: 6,500
  - Professional and Business Services: 5,800
  - Trade, Transportation, and Utilities: 4,300

#### Over-the-year Change

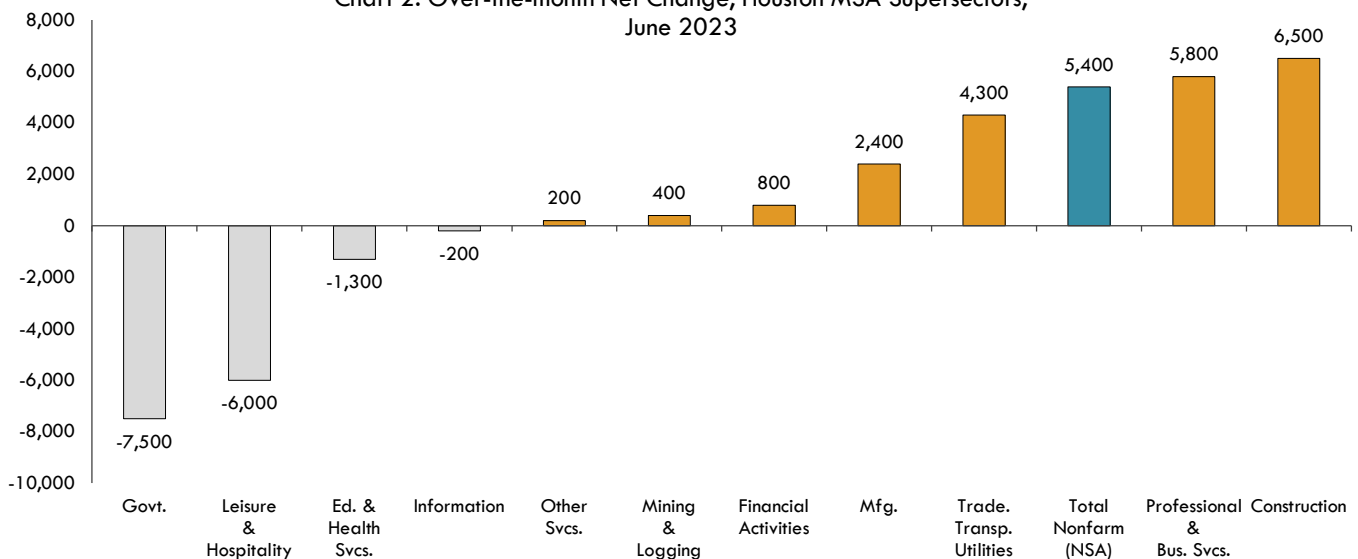
Over the year, Total Nonfarm employment was up 121,600 or 3.8 percent on a not-seasonally-adjusted basis and up 113,000 or 3.5 percent on a seasonally-adjusted basis (see NSA Chart 3). To compare, June 2022 saw a year-over-year gain of 177,200 jobs (NSA) from June 2021. This was the second-largest over-the-year gain in the month of June since records began in 1990 and the largest gain since March 2023's increase of 141,800 jobs. Currently 10 out of 11 sectors show growth year over year of

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



which the top-three are Trade, Transportation, and Utilities (31,600); Professional and Business Services (28,100); and Education and Health Services (25,800) (see Chart 4). Total Nonfarm employment not-seasonally-adjusted now exceeds its February 2020 pre-pandemic level of 3,191,800 jobs by 169,000, or 5.3 percent (147,200 jobs, 4.6 percent above 3,197,900 seasonally adjusted).

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



## Previous Month's Revisions

Total Nonfarm employment was revised upward by 1,100 jobs for a April to May larger net gain of 19,600 compared to an original estimate of 18,500 jobs. An upward revision of +2,000 jobs in Leisure and Hospitality was the largest contributor followed by Mining and Logging (+600) and Education and Health Services (+500). Downward revisions in Construction (-1,500), Professional and Business Services (-700), and Trade, Transportation, and Utilities (-300) provided a partial offset of the overall upward revision to Total Nonfarm employment (see Chart 5).

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

- Trade, Transportation, and Utilities: 31,600
- Professional and Business Services: 28,100
- Education and Health Services: 25,800

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

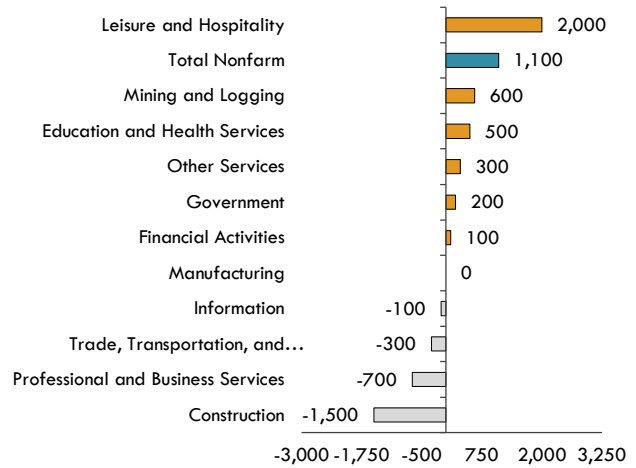


Chart 3. Total Nonfarm (NSA) Over-the-year Net Change, Jun-08 to Jun-23

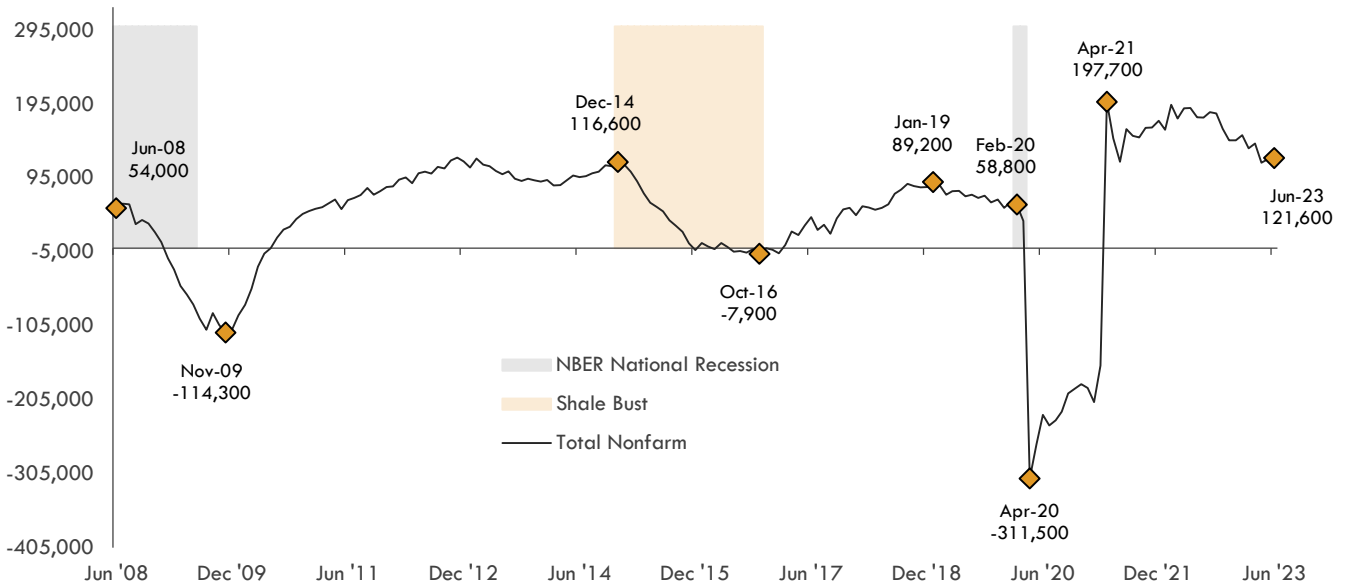
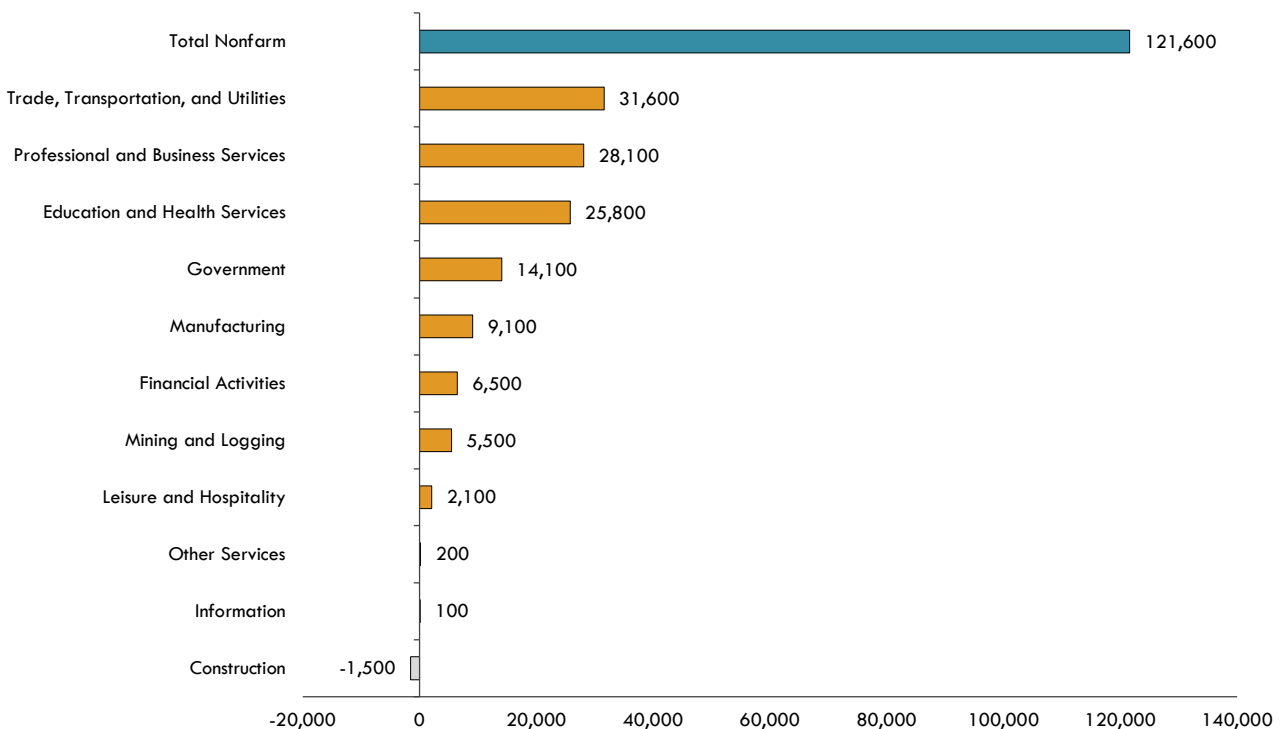


Chart 4. Over-the-year Net Change, Houston MSA Supersectors, June 2022 to June 2023



## Supplemental Commentary

### Overall Impressions

Ideally with the release of June job numbers, we would have a mostly complete picture of Houston’s performance in the first half of the year. But recent anomalies in the data such as those observed in Construction continue to cloud our understanding. Over the month, Houston added 5,400 jobs before seasonal adjustments and lost -2,900 jobs afterwards. Taking the former number at face value leaves us with a mediocre month for job growth but within the range of possibilities based on historical June performance. The latter number is a different story. With few exceptions, seasonally-adjusted losses in June have only ever occurred in and around national recessions or localized downturns like the Shale Bust of 2015-2016. This is not to suggest a local downturn is occurring, although it is possible, but rather to highlight that data anomalies are at least partially responsible for June’s unimpressive results regardless of which figure you prefer.

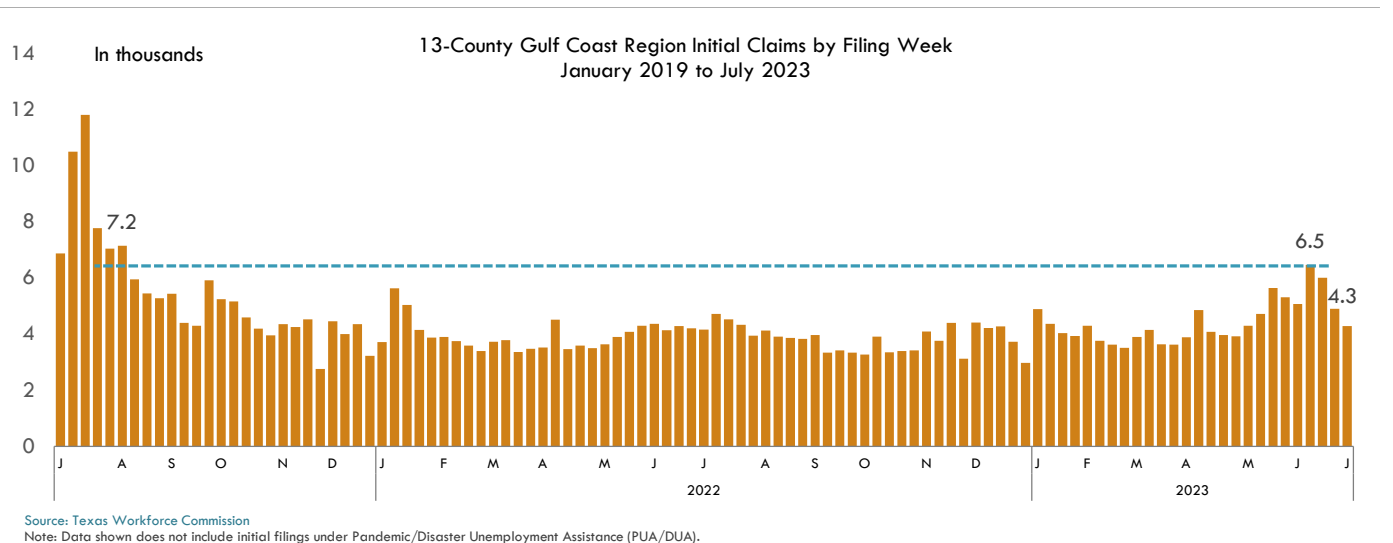
Government shed jobs this June as is typical due to the end of the academic year for public educational institutions. However, a loss of -7,500 looks to be excessive by anywhere from -2,000 to -3,000. While the TEA takeover of HISD will likely result in some job losses, those are likely to be better captured at the start of the new academic year come late-August early-September.

The performance of Leisure and Hospitality on the other hand either defies all logic or signals that sector’s post-pandemic fortunes have come to an end. The sector saw a loss of -6,000 jobs in June, which would be the first loss in this individual month since records began in 1990. To be clear, the data suggests that a sector whose employment should be reaching its annual high coinciding with the summer vacation season saw mass layoffs. This isn’t the only unusual figure this year as February saw a gain of only 200 jobs versus a more normal 6,000 pre-pandemic. With all that said the sector has been slowing year-over-year, but not outright declining, since its rebound peak in April 2021. The challenge in understanding this sector going forward is that July marks the start of a four-month period each year where the sector generally experiences month-over-month job losses with September accounting for the bulk of it as the school year begins. If we see consistently larger-than-average losses over the next few months then June may not have been a fluke after all.

At the opposite extreme was Construction, which after seeing losses of -1,000 jobs in May and -7,600 in April, rebounded to post its best June on record with a gain of 6,500. Despite, June’s performance the sector remains down year over year by -1,500 jobs, and as noted in May’s Employment Situation, this makes Houston an outlier when compared to other major Texas metros and the nation. Overall, the sector’s month-to-month volatility results in a trend that can’t easily be described as positive or negative making its second-half of 2023 performance difficult to gauge. Switching gears to talk about unemployment, at 4.5 percent as of June (NSA) Houston’s rate is now back where it was exactly a year ago. In between, the rate reached a cycle low of 3.8 percent in December 2022 and generally appears to be trending upward, albeit at a very gradual pace. Interestingly, the number of job ads has also been trending upward over this same period, which may indicate a growing mismatch between employer and jobseeker expectations when it comes to skills versus pay. Rather than hiring out of desperation, as was the case during the early rebound phase of the pandemic, employers may be becoming more selective with the quality of talent hired reasserting its importance after a multi-year hiatus.

Initial claims for unemployment insurance spent most of the month of June above 5,000 each week, reaching their highest level since the first week of August 2021 with 6,472 during the week of June 10th. Claims during the week of July 1st fell back below 4,300 but this may be the result of Independence Day falling on a Tuesday. Based on a four-week rolling average, and similar to the unemployment rate, initial claims appear have to reached a cycle low last October and are now gradually trending upward as well. (See Supplemental Chart 1 below.)

On a final note, despite some concerning developments, which may prove to be estimation errors rather than genuine a genuine slowdown, topline job growth remains well-above what we’d expect as we move past the third anniversary of the pandemic. The fact that we’re still up 120,000 jobs year over year this far into 2023 bodes well for end of year growth, especially with fewer if any more interest rate hikes on the horizon. Here’s hoping the second half of 2023 proves to be equally resilient.



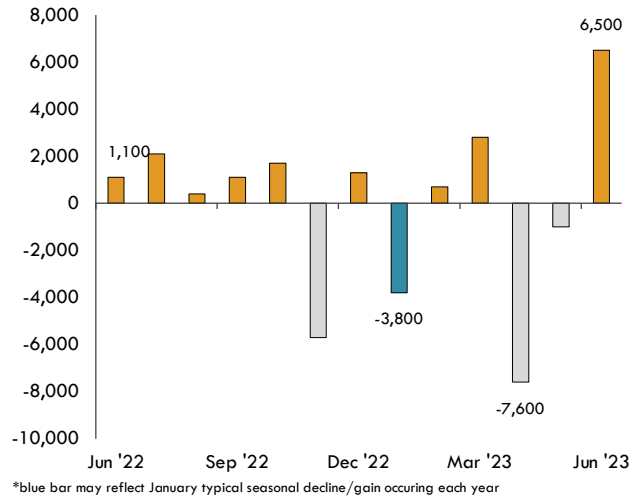
GAINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction was the largest gaining sector over the month up 6,500 jobs, or 3.0 percent (see Chart 6). This was the largest-ever gain in the month of June since records began in 1990, beating the previous June record of 3,500 jobs in 2007. Historically in the month of June, Construction has added an average of 600 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Specialty Trade Contractors was the largest contributor to the overall sector's increase, up 3,600 jobs over the month. The second-largest contributor was Construction of Buildings, which added 1,900 jobs from May to June. Lastly, Heavy and Civil Engineering Construction contributed, 1,000 jobs.

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

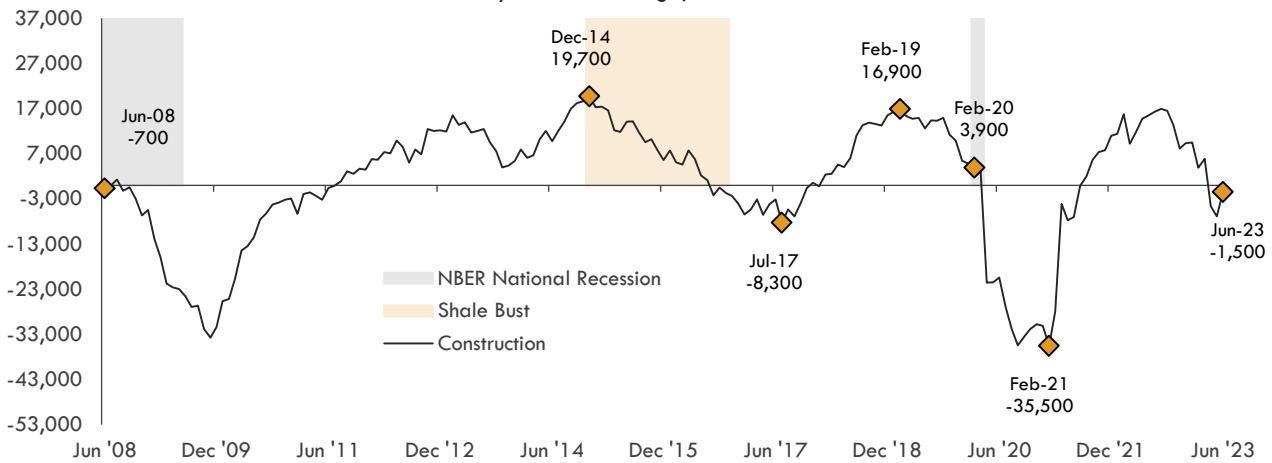


Over-the-year Change

Year over year, Construction was down -1,500 jobs, or -0.7 percent (see Chart 7). This June also marks three consecutive months of over-the-year losses. Furthermore, 100.0 percent of total (gross) jobs lost across the region over the past year can be attributed to Construction. Specialty Trade Contractors was the largest contributor to the overall sector's decline, down -5,000 jobs over the year. One component industry that provided a partial offset was Heavy and Civil Engineering Construction, which gained 1,600 jobs from June a year ago. Lastly, Construction of Buildings offset a portion of the sector's losses

with a gain of 1,900 jobs. Total Construction employment (NSA) remains -15,200 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 6.9 percent to 6.6 percent over the past year.

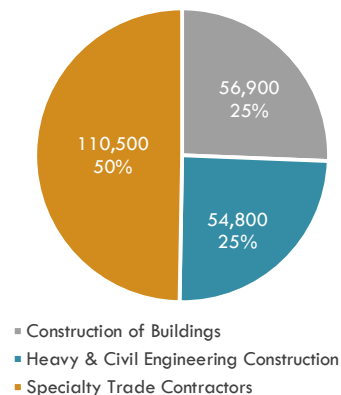
Chart 7. Construction (NSA)  
Over-the-year Net Change, Jun-08 to Jun-23



About This Sector

This sector comprises establishments engaged in the construction of buildings, infrastructure, site preparation and sub-division, 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 8). Across the Houston MSA, the concentration of jobs in the overall Construction sector is 28 percent higher than the national average, due to 2.2 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

Chart 8. Employment in Component Industries of Construction Sector - June 2023

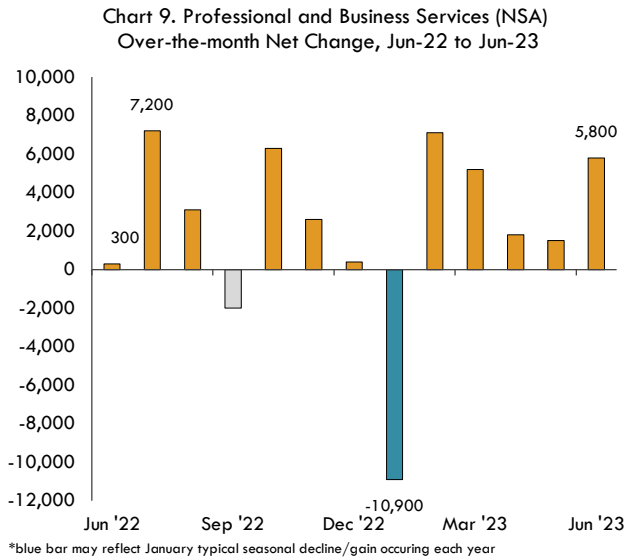


GAINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

Professional and Business Services was the second-largest gaining sector over the month up 5,800 jobs, or 1.0 percent (see Chart 9). This was the largest June over-the-month gain in since 2018. Historically in the month of June, Professional and Business Services has added an average of 3,900 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's increase, up 2,100 jobs over the month. The second-largest contributor was Professional, Scientific, and Technical Services, which added 2,000 jobs from May to June. Lastly, Management of Companies and Enterprises contributed, 1,700 jobs. Professional and Business Services employment was revised downward by -700 jobs for a April to May smaller net gain of 1,500 compared to an original estimate of 2,200 jobs.

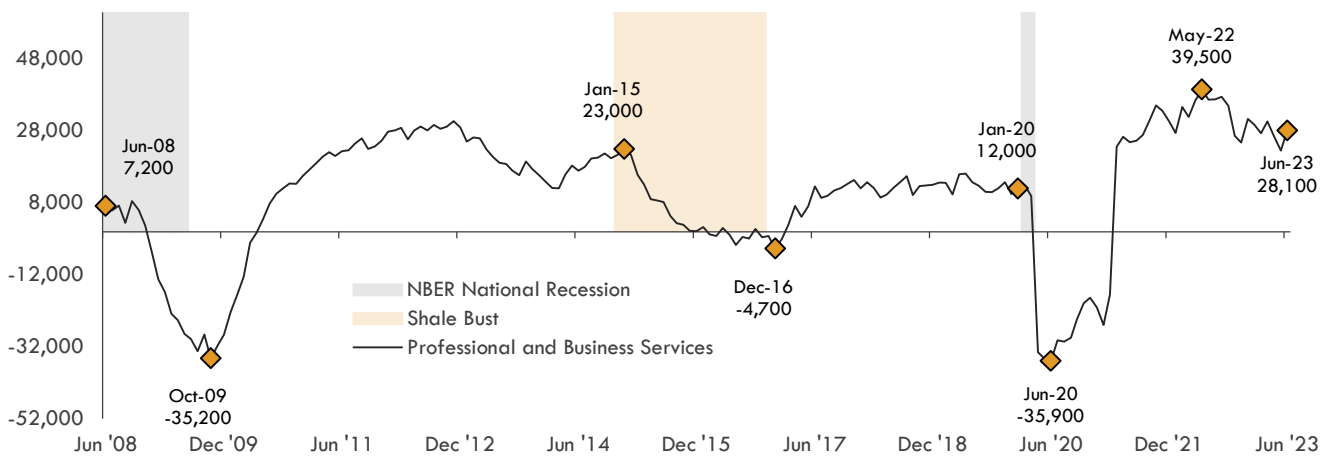


Over-the-year Change

Year over year, Professional and Business Services was up 28,100 jobs, or 5.2 percent (see Chart 10). This was the third-largest over-the-year gain in June since records began in 1990 and the largest gain since March 2023's increase of 30,600 jobs. It also marks 27 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, 22.8 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 19,600 jobs over the year. The second-largest contributor was Administrative and Support and Waste Management and Remediation Services, which added 4,700 jobs from June a year ago. Lastly, Management of Companies and Enterprises contributed, 3,800 jobs. Total Professional and Business Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 514,700 jobs by 50,500, or 9.8 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 16.6 percent to 16.8 percent over the past year.

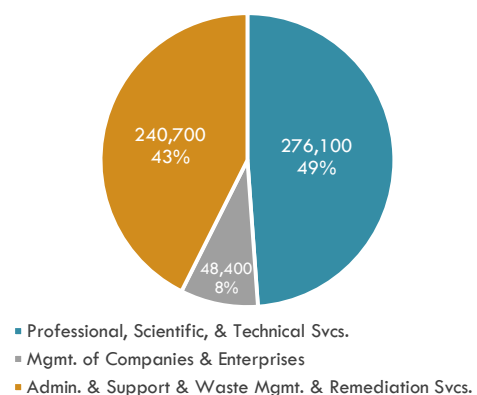
Chart 10. Professional and Business Services (NSA)  
Over-the-year Net Change, Jun-08 to Jun-23



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 14 percent higher than the national average, due to a 18-percent higher concentration in Professional, Scientific, and Technical Services serving the oil and gas industry.

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



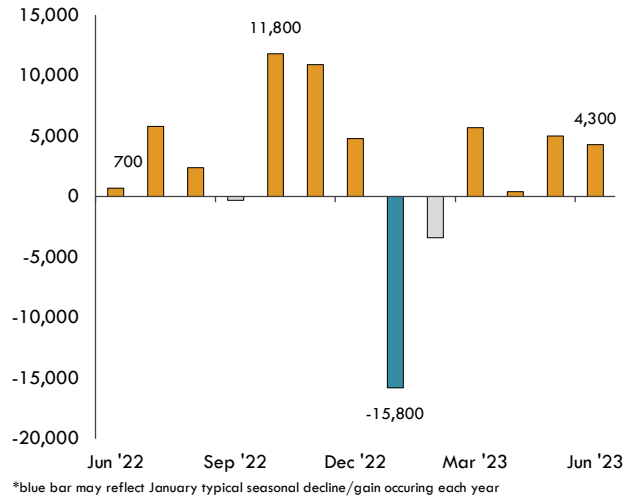
GAINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities was the third-largest gaining sector over the month up 4,300 jobs, or 0.6 percent (see Chart 12). This was the largest June over-the-month gain in since 2020. Historically in the month of June, Trade, Transportation, and Utilities has added an average of 3,400 jobs over the month, which indicates that this month's gains are moderately above the long-term average. Transportation, Warehousing, and Utilities was the largest contributor to the overall sector's increase, up 2,800 jobs over the month. The second-largest contributor was Retail Trade, which added 1,700 jobs from May to June. Lastly, Wholesale Trade offset a portion of the sector's gains with a loss of -200 jobs. Trade, Transportation, and Utilities employment was revised downward by -300 jobs for a April to May smaller net gain of 5,000 compared to an original estimate of 5,300 jobs.

Chart 12. Trade, Transportation, and Utilities (NSA)  
Over-the-month Net Change, Jun-22 to Jun-23

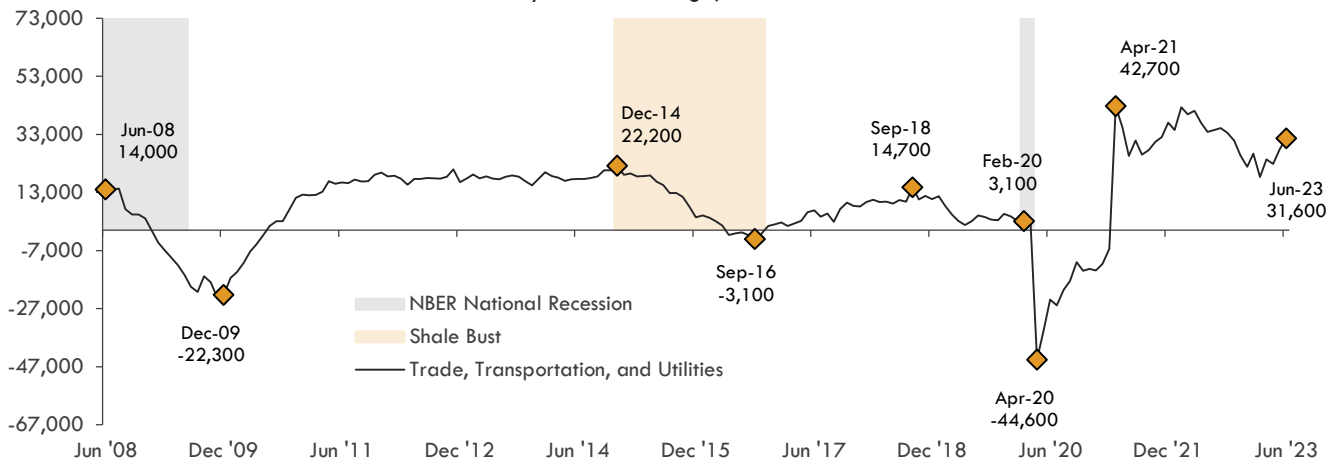


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 31,600 jobs, or 4.8 percent (see Chart 13). This was the second-largest over-the-year gain in the month of June since records began in 1990 and the largest gain since September 2022's increase of 33,500 jobs. It also marks 27 consecutive months of over-the-year gains. Furthermore, 25.7 percent of total (gross) jobs added across the region over the past year can be attributed to Trade, Transportation, and Utilities. Transportation, Warehousing, and Utilities was the largest contributor to the overall sector's increase, up 13,500 jobs over the year. The

second-largest contributor was Wholesale Trade, which added 9,700 jobs from June a year ago. Lastly, Retail Trade contributed, 8,400 jobs. Total Trade, Transportation, and Utilities employment (NSA) now exceeds its February 2020 pre-pandemic level of 628,500 jobs by 64,400, or 10.2 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 20.4 percent to 20.6 percent over the past year.

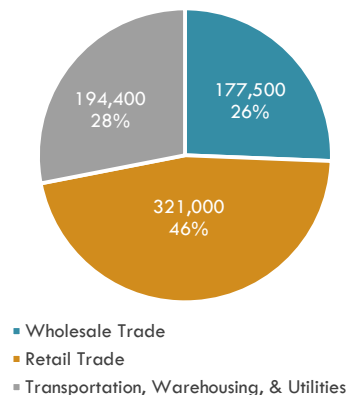
Chart 13. Trade, Transportation, and Utilities (NSA)  
Over-the-year Net Change, Jun-08 to Jun-23



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 14). Across the Houston MSA, the concentration of jobs in the overall sector is 12 percent higher than the national average, due to a 36-percent higher concentration in Wholesale Trade primarily related to the oil and gas industry.

Chart 14. Employment in Component Industries of  
Trade, Transportation, and Utilities Sector - June 2023

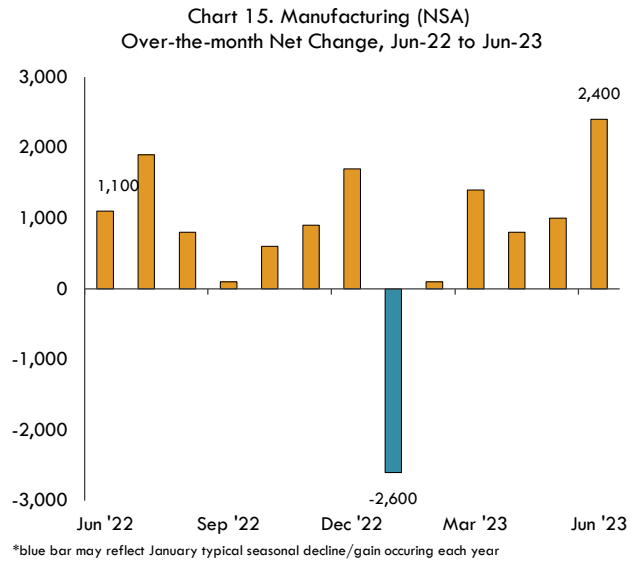


## GAINING INDUSTRY HIGHLIGHTS

### Manufacturing

#### Over-the-month Change

Manufacturing also saw an increase over the month up 2,400 jobs, or 1.0 percent (see Chart 15). This was the largest June over-the-month gain in since 2018. Historically in the month of June, Manufacturing has added an average of 1,600 jobs over the month, which indicates that this month's gains are moderately above the long-term average. Durable Goods was the largest contributor to the overall sector's increase, up 1,400 jobs over the month. The second-largest contributor was Non-Durable Goods, which added 1,000 jobs from May to June. Manufacturing employment saw no revision from April to May leaving the previous month's original increase of 1,000 intact.

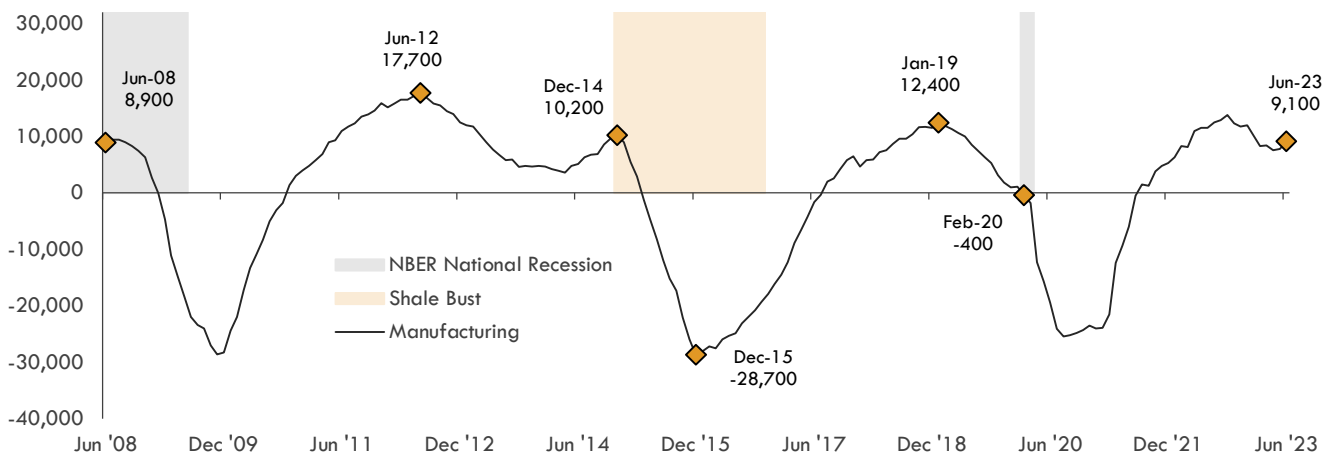


#### Over-the-year Change

Year over year, Manufacturing was up 9,100 jobs, or 4.1 percent (see Chart 16). This was the largest over-the-year gain since January 2023's increase of 10,200 jobs. It also marks 23 consecutive months of over-the-year gains. Durable Goods was the largest contributor to the overall sector's increase, up 6,000 jobs over the year. The second-largest contributor was Non-Durable Goods, which added 3,100 jobs from June a year ago. Total Manufacturing employment (NSA) remains -1,700 jobs, or -0.7 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.

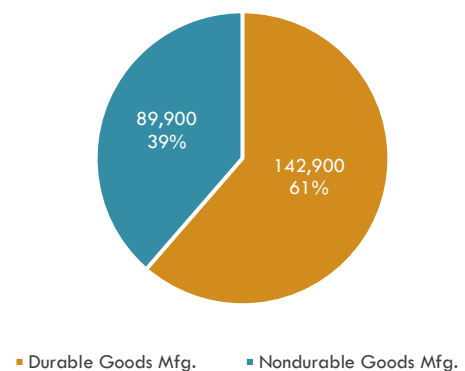
Chart 16. Manufacturing (NSA) Over-the-year Net Change, Jun-08 to Jun-23



#### 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 17). Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 17 percent less than the national average.

Chart 17. Employment in Component Industries of Manufacturing Sector - June 2023

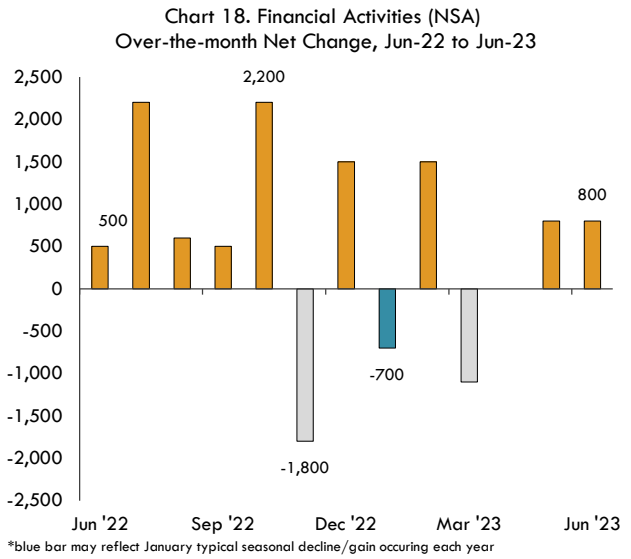


GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities also saw an increase over the month up 800 jobs, or 0.4 percent (see Chart 18). This was the largest June over-the-month gain in since 2021. Historically in the month of June, Financial Activities has added an average of 900 jobs over the month, which indicates that this month's gains are on par with the long-term average. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 500 jobs over the month. The second-largest contributor was Finance and Insurance, which added 300 jobs from May to June. Financial Activities employment was revised upward by 100 jobs for a April to May larger net gain of 800 compared to an original estimate of 700 jobs.

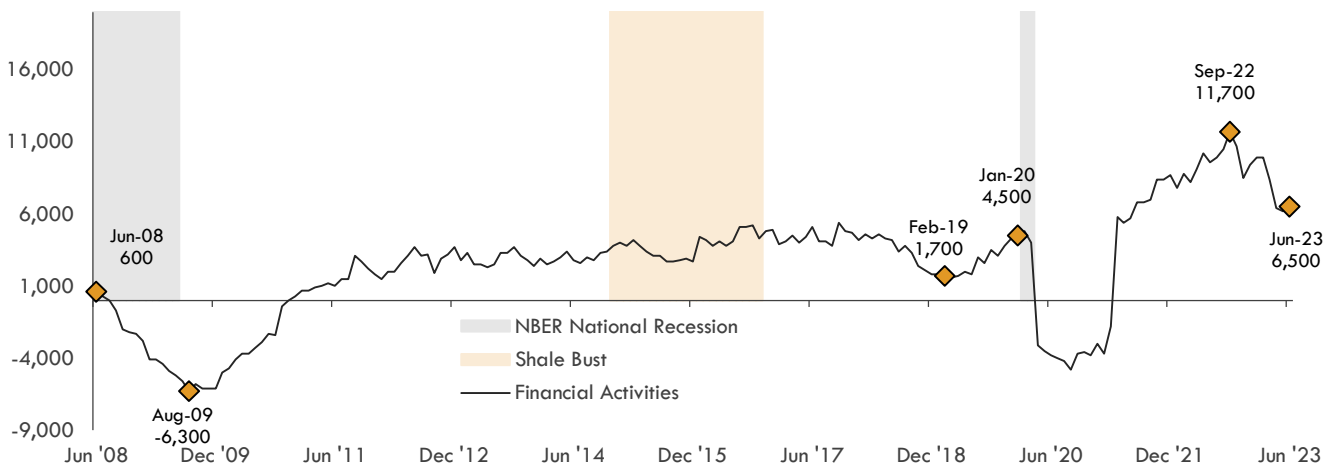


Over-the-year Change

Year over year, Financial Activities was up 6,500 jobs, or 3.6 percent (see Chart 19). This was the third-largest over-the-year gain in June since records began in 1990 and the largest gain since March 2023's increase of 8,400 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 5,100 jobs over the year. The second-largest contributor was Finance and Insurance, which added 1,400 jobs from June a year ago. Total Financial Activities employment (NSA) now exceeds its February 2020 pre-pandemic level of

169,200 jobs by 15,500, or 9.2 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.

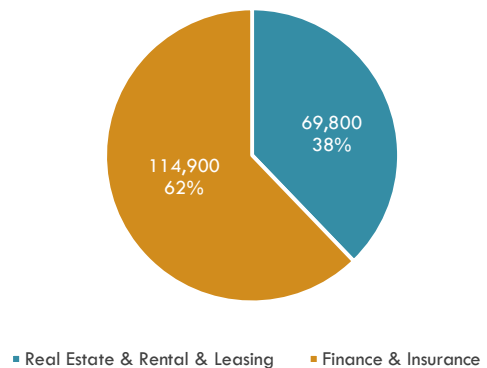
Chart 19. Financial Activities (NSA) Over-the-year Net Change, Jun-08 to Jun-23



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 62 percent (see Chart 20). Across the Houston MSA, the concentration of jobs in the overall Financial Activities sector is 6 percent less than the national average, due to a 20-percent lower concentration in Finance and Insurance offsetting a 33-percent higher concentration in Real Estate and Rental and Leasing.

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



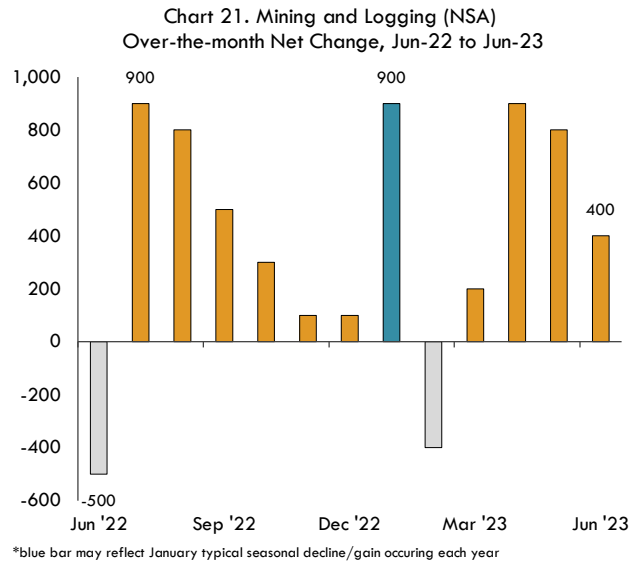


GAINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging also saw an increase over the month up 400 jobs, or 0.6 percent (see Chart 21). This was the largest June over-the-month gain in since 2014. Historically in the month of June, Mining and Logging has added an average of 800 jobs over the month, which indicates that this month's gains are slightly below the long-term average. Oil and Gas Extraction was the largest contributor to the overall sector's increase, up 200 jobs over the month. The second-largest contributor was Support Activities for Mining, which added 200 jobs from May to June. Lastly, Other Mining and Logging Undefined saw no change over the month. Mining and Logging employment was revised upward by 600 jobs for a April to May larger net gain of 800 compared to an original estimate of 200 jobs.

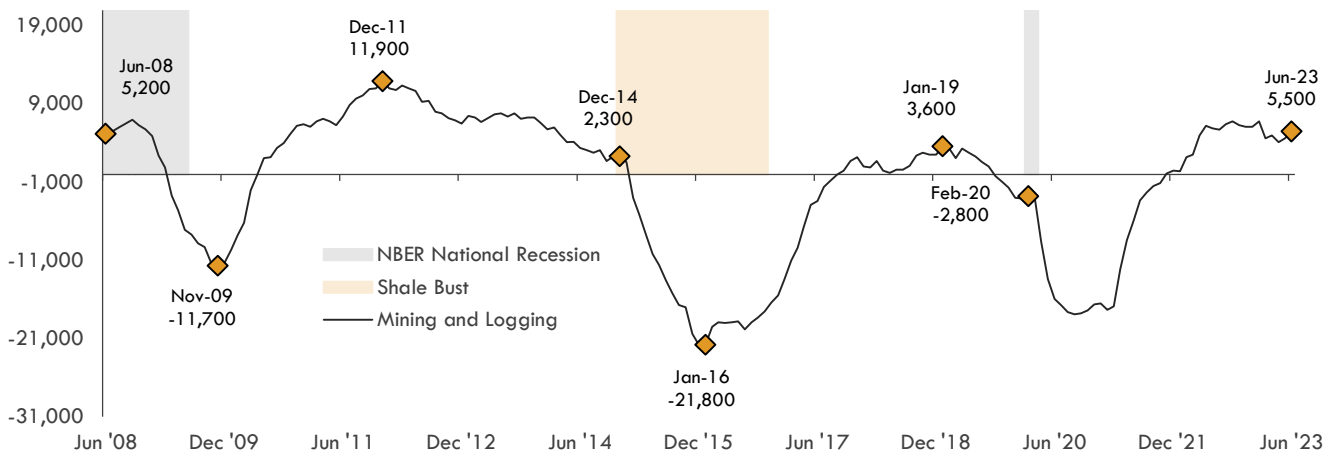


Over-the-year Change

Year over year, Mining and Logging was up 5,500 jobs, or 8.5 percent (see Chart 22). This was the largest over-the-year gain since January 2023's increase of 6,800 jobs. It also marks 20 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 4,000 jobs over the year. The second-largest contributor was Oil and Gas Extraction, which added 1,100 jobs from June a year ago. Lastly, Other Mining and Logging Undefined

contributed, 400 jobs. Total Mining and Logging employment (NSA) remains -8,200 jobs, or -10.5 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.

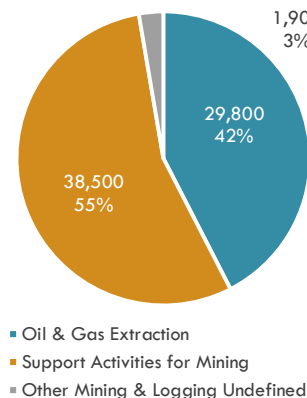
Chart 22. Mining and Logging (NSA) Over-the-year Net Change, Jun-08 to Jun-23



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 23). 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 23. Employment in Component Industries of Mining and Logging Sector - June 2023

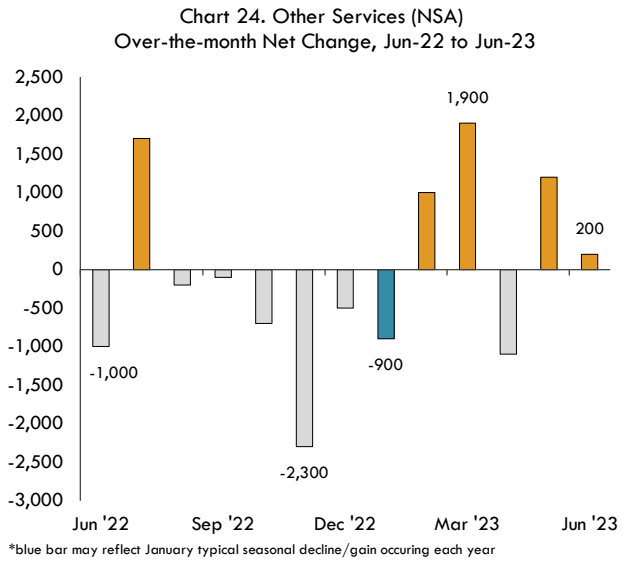


GAINING INDUSTRY HIGHLIGHTS

Other Services

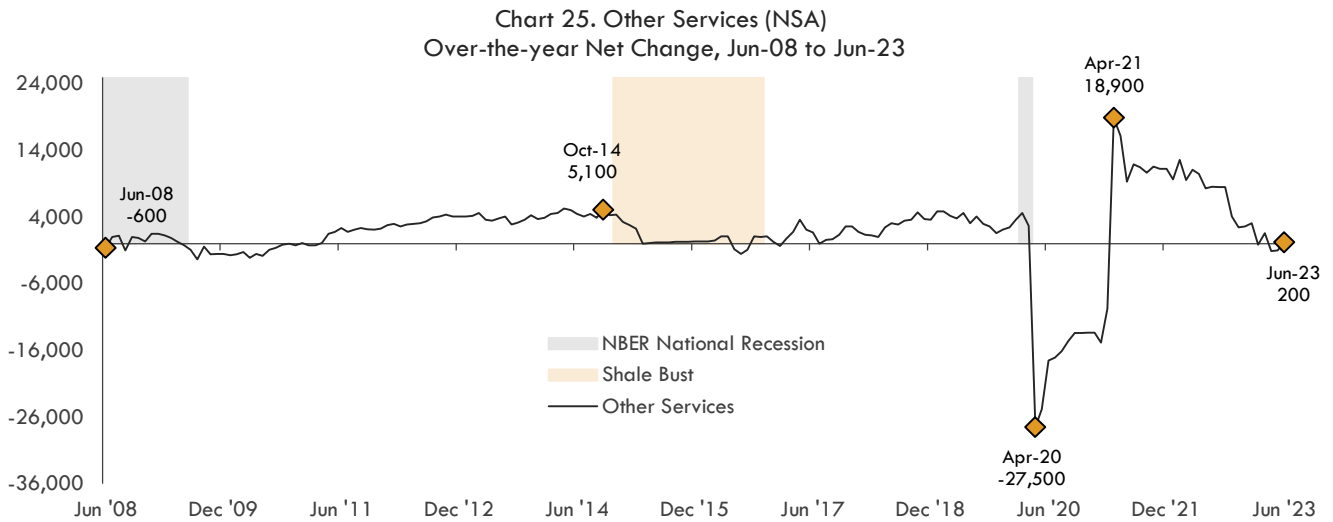
Over-the-month Change

Other Services also saw an increase over the month up 200 jobs, or 0.2 percent (see Chart 24). This was the largest June over-the-month gain in since 2021. Historically in the month of June, Other Services has added an average of 3,600 jobs over the month, which indicates that this month's gains are substantially 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 upward by 300 jobs for a April to May larger net gain of 1,200 compared to an original estimate of 900 jobs.



Over-the-year Change

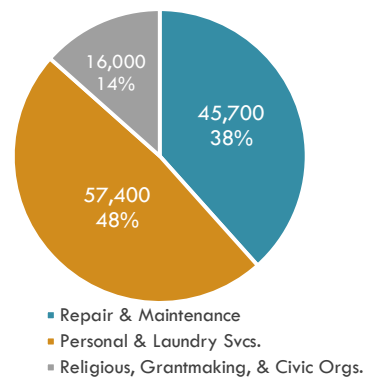
Year over year, Other Services was up 200 jobs, or 0.2 percent (see Chart 25). This was the largest over-the-year gain since March 2023's increase of 1,600 jobs. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Total Other Services employment (NSA) remains -100 jobs, or -0.1 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.



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 7 percent less than the national average.

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



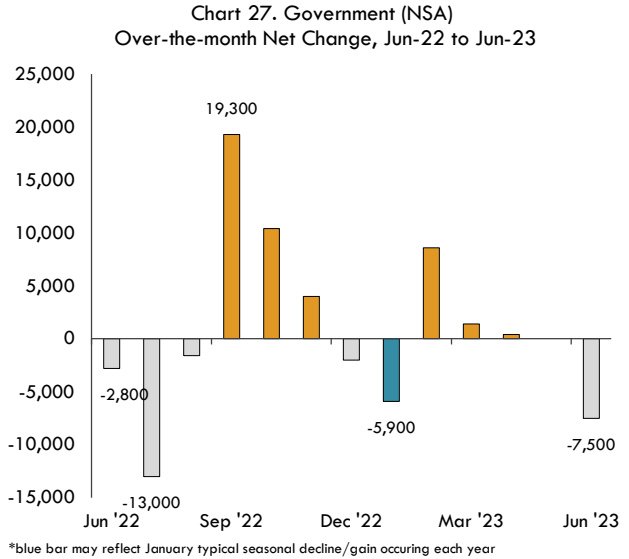
\*estimated proportions based QCEW covered and NES self-employment

DECLINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was the largest declining sector over the month down -7,500 jobs, or -1.7 (see Chart 27). This was the largest June over-the-month decline in since 2013. Historically in the month of June, Government has lost an average of -7,300 jobs over the month, which indicates that this month's losses are on par with the long-term average. Local Government was the largest contributor to the overall sector's decline, down -7,000 jobs over the month. The second-largest declining contributor was State Government, which lost -500 jobs from May to June. Lastly, Federal Government saw no change over the month. Government employment was revised upward by 200 jobs for a April to May complete erasure of losses resulting in a net change of zero compared to an original estimate of -200 jobs.

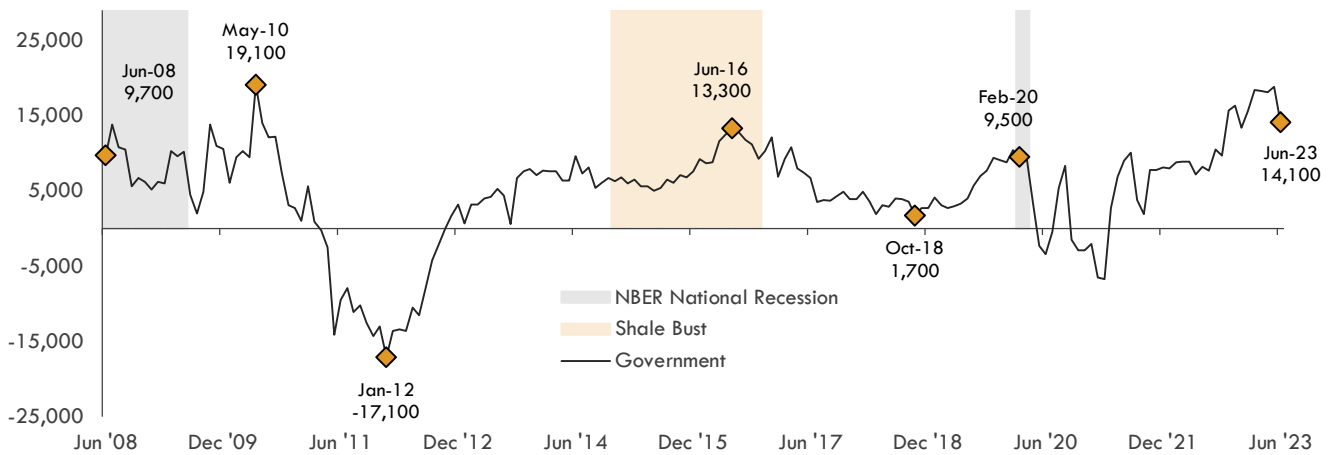


Over-the-year Change

Year over year, Government was up 14,100 jobs, or 3.3 percent (see Chart 28). This was the second-largest over-the-year gain in the month of June since records began in 1990. It also marks 27 consecutive months of over-the-year gains. Local Government was the largest contributor to the overall sector's increase, up 8,100 jobs over the year. The second-largest contributor was State Government, which added 4,400 jobs from June a year ago. Lastly, Federal Government contributed, 1,600 jobs. Total Government employment (NSA) now exceeds its February 2020 pre-pandemic level of 428,400 jobs by 15,000,

or 3.5 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.

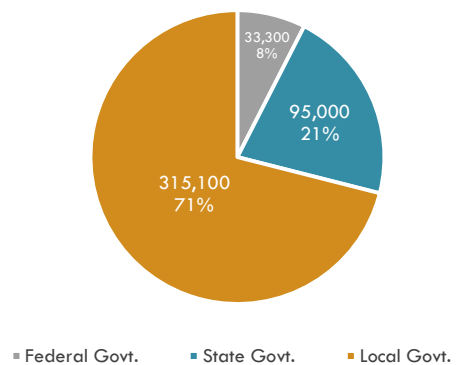
Chart 28. Government (NSA) Over-the-year Net Change, Jun-08 to Jun-23



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

Chart 29. Employment in Component Industries of Government Sector - June 2023

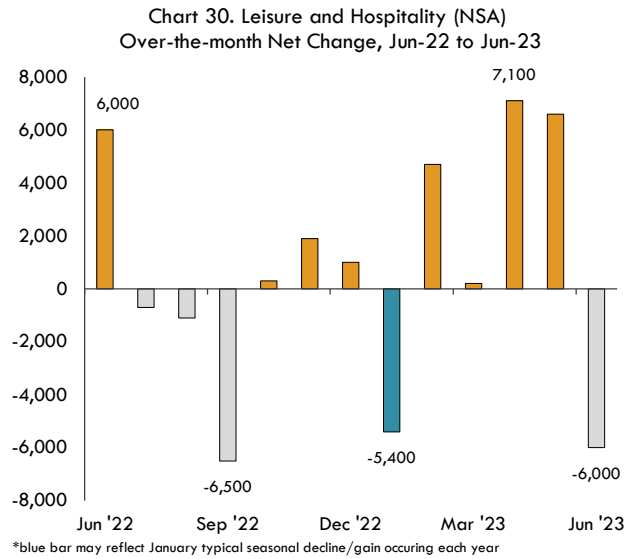


DECLINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality was the second-largest declining sector over the month down -6,000 jobs, or -1.7 (see Chart 30). This was the largest-ever decline in the month of June since records began in 1990. Historically in the month of June, Leisure and Hospitality has added an average of 3,700 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Accommodation and Food Services was the largest contributor to the overall sector's decline, down -5,600 jobs over the month. The second-largest declining contributor was Arts, Entertainment, and Recreation, which lost -400 jobs from May to June. Leisure and Hospitality employment was revised upward by 2,000 jobs for a April to May larger net gain of 6,600 compared to an original estimate of 4,600 jobs.

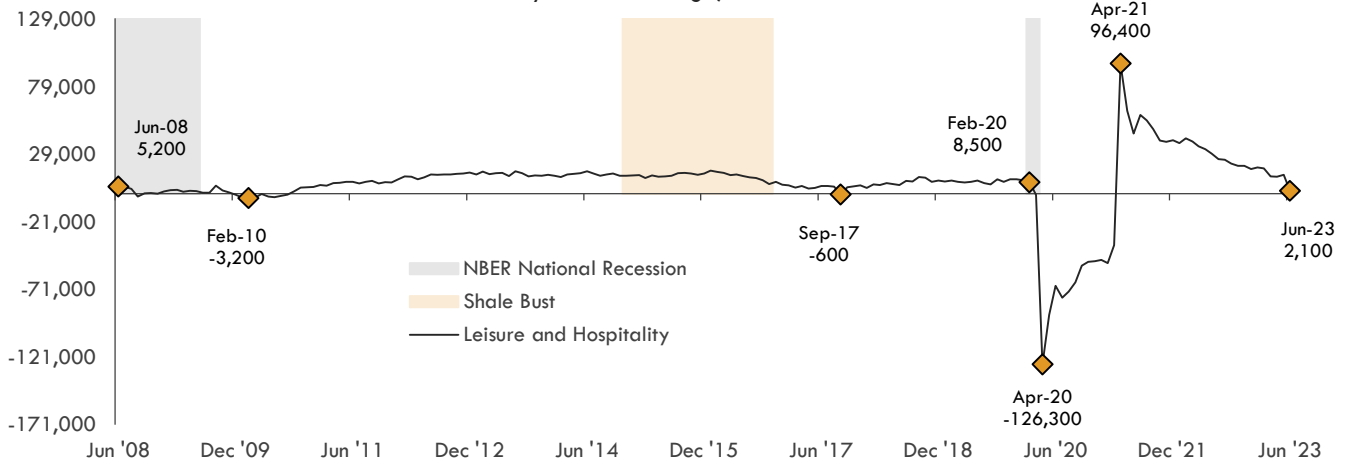


Over-the-year Change

Year over year, Leisure and Hospitality was up 2,100 jobs, or 0.6 percent (see Chart 31). This June also marks 27 consecutive months of over-the-year gains. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 2,200 jobs over the year. One component industry that provided a partial offset was Arts, Entertainment, and Recreation, which lost -100 jobs from June a year ago. Total Leisure and Hospitality employment (NSA) now exceeds its February 2020 pre-pandemic level of 334,500 jobs by 16,600, or 5.0 percent. At the same time, the sector's share of Houston

area Total Nonfarm Employment has fallen from 10.8 percent to 10.4 percent over the past year.

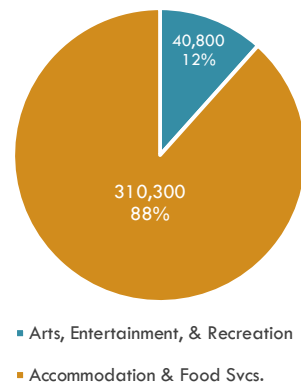
Chart 31. Leisure and Hospitality (NSA) Over-the-year Net Change, Jun-08 to Jun-23



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 88 percent (see Chart 32). Across the Houston MSA, the concentration of jobs in the overall sector is 5 percent less than the national average.

Chart 32. Employment in Component Industries of Leisure and Hospitality Sector - June 2023



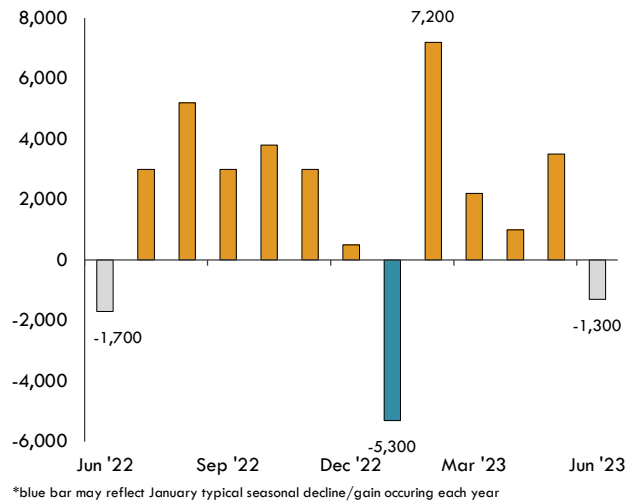
DECLINING INDUSTRY HIGHLIGHTS

Education and Health Services

Over-the-month Change

Education and Health Services was the third-largest declining sector over the month down -1,300 jobs, or -0.3 (see Chart 33). Historically in the month of June, Education and Health Services has lost an average of -400 jobs over the month, which indicates that this month's losses are substantially larger than the long-term average decline. Educational Services was the largest contributor to the overall sector's decline, down -2,200 jobs over the month. One component industry that provided a partial offset was Health Care and Social Assistance, which gained 900 jobs from May to June. Education and Health Services employment was revised upward by 500 jobs for a April to May larger net gain of 3,500 compared to an original estimate of 3,000 jobs.

Chart 33. Education and Health Services (NSA)  
Over-the-month Net Change, Jun-22 to Jun-23

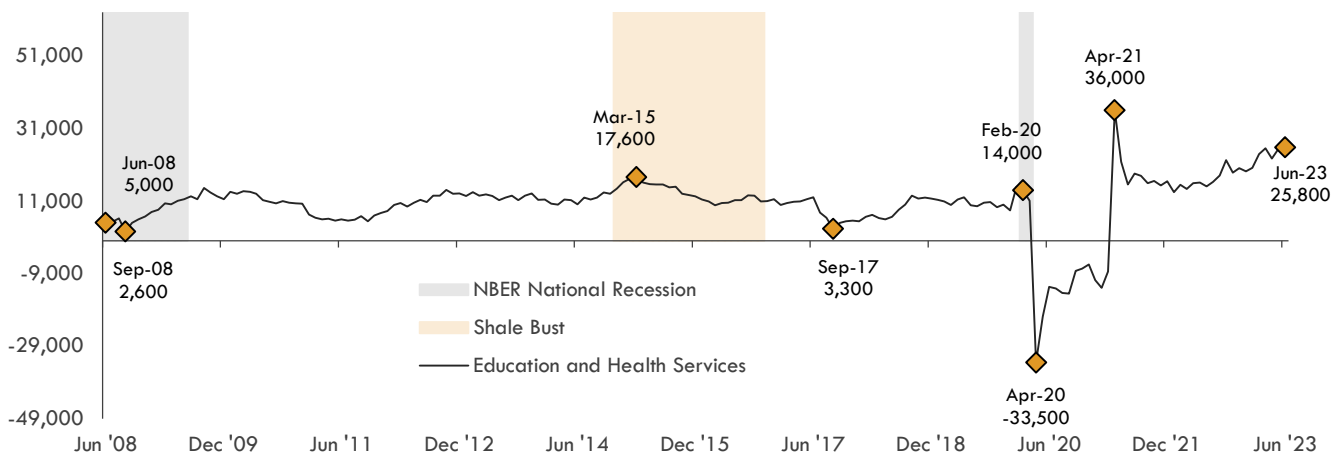


Over-the-year Change

Year over year, Education and Health Services was up 25,800 jobs, or 6.1 percent (see Chart 34). This was the largest-ever over-the-year gain in June and the second-largest gain on record. It also marks 27 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, 21.0 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

22,200 jobs over the year. The second-largest contributor was Educational Services, which added 3,600 jobs from June a year ago. Total Education and Health Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 414,400 jobs by 31,800, or 7.7 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 13.0 percent to 13.3 percent over the past year.

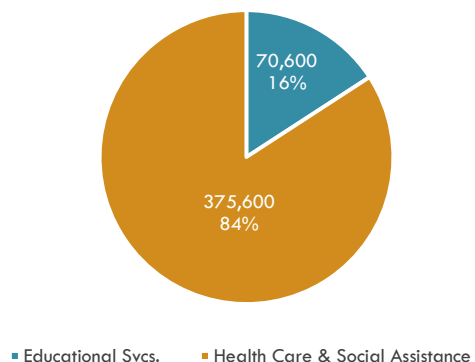
Chart 34. Education and Health Services (NSA)  
Over-the-year Net Change, Jun-08 to Jun-23



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 84 percent (see Chart 35). 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 35. Employment in Component Industries of  
Education and Health Services Sector - June 2023

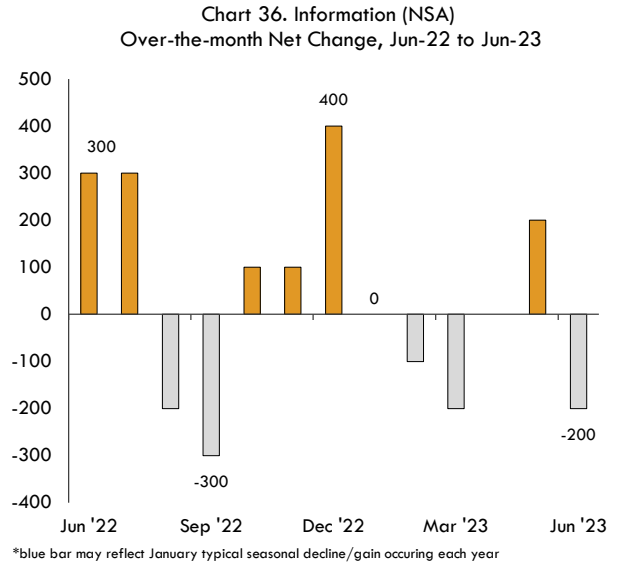


DECLINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information also saw a decrease over the month down -200 jobs, or -0.6 (see Chart 36). This was the largest-ever decline in the month of June since records began in 1990, beating the previous June record of -100 jobs lost in 2001. Historically in the month of June, Information has added an average of 300 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 -200 jobs over the month. One component industry, Telecommunications, saw no change. Information employment was revised downward by -100 jobs for a April to May smaller net gain of 200 compared to an original estimate of 300 jobs.

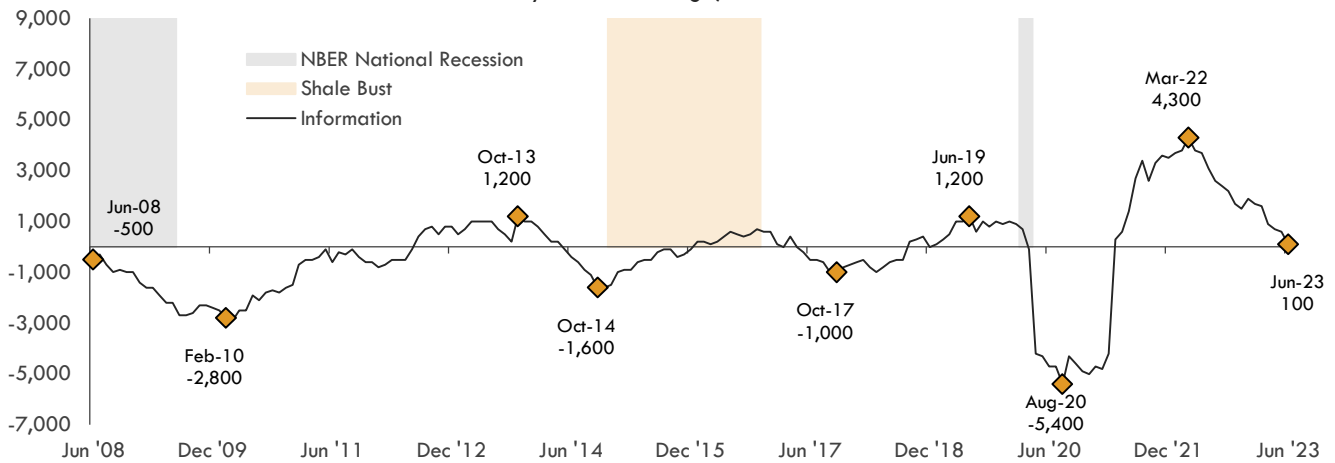


Over-the-year Change

Year over year, Information was up 100 jobs, or 0.3 percent (see Chart 37). This June also marks 27 consecutive months of over-the-year gains. Telecommunications was the largest contributor to the overall sector's increase, up 200 jobs over the year. One component industry that provided a partial offset was Other Information Undefined, which lost -100 jobs from June a year ago. Total Information employment (NSA) now exceeds its February 2020 pre-pandemic level of 32,700 jobs by 400, or 1.2 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.

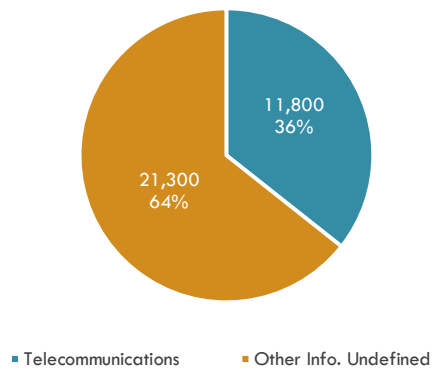
Chart 37. Information (NSA) Over-the-year Net Change, Jun-08 to Jun-23



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 64 percent (see Chart 38). Across the Houston MSA, the concentration of jobs in the overall Information sector is 50 percent less than the national average.

Chart 38. Employment in Component Industries of Information Sector - June 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 4.5 percent in June, up from May's 4.4 percent and unchanged from a year ago. This was above the statewide rate of 4.2 percent and above the national rate of 3.8 percent. June typically exhibits an over-the-month increase with the only exception occurring in 2020 due to partial reopening after April's pandemic-driven closures making this month's increase consistent with historical seasonal trends. 160,913 individuals were unemployed in Houston in June, up from May's 158,622 and up from 157,960 in June 2022 (see Charts 39 and 40).

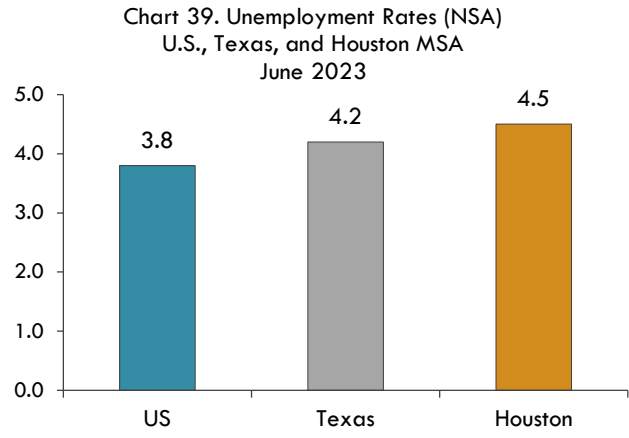
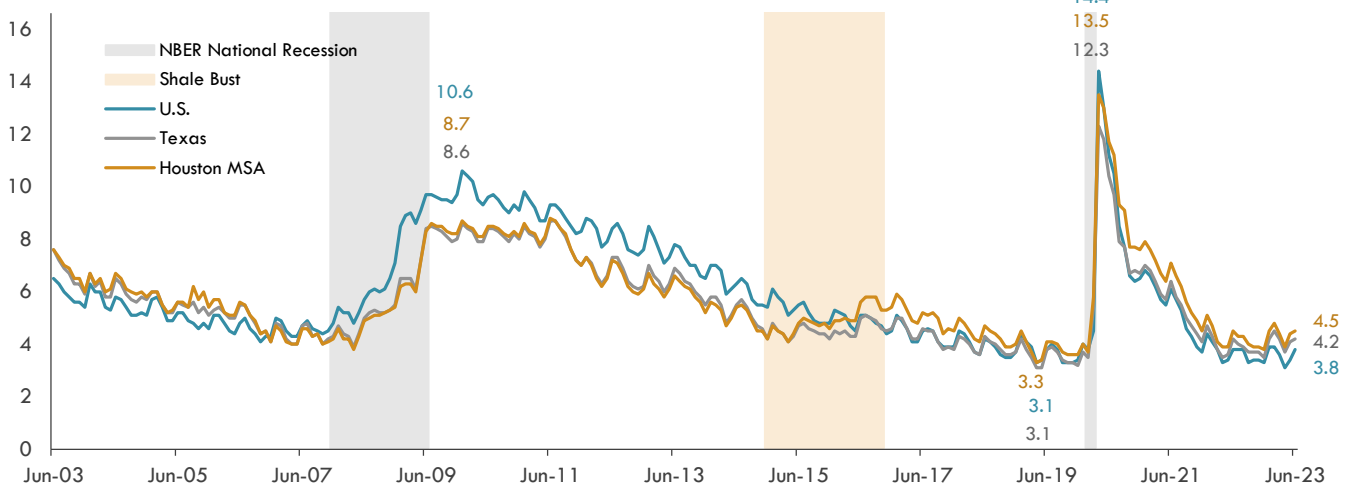


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA) June 2003 to June 2023

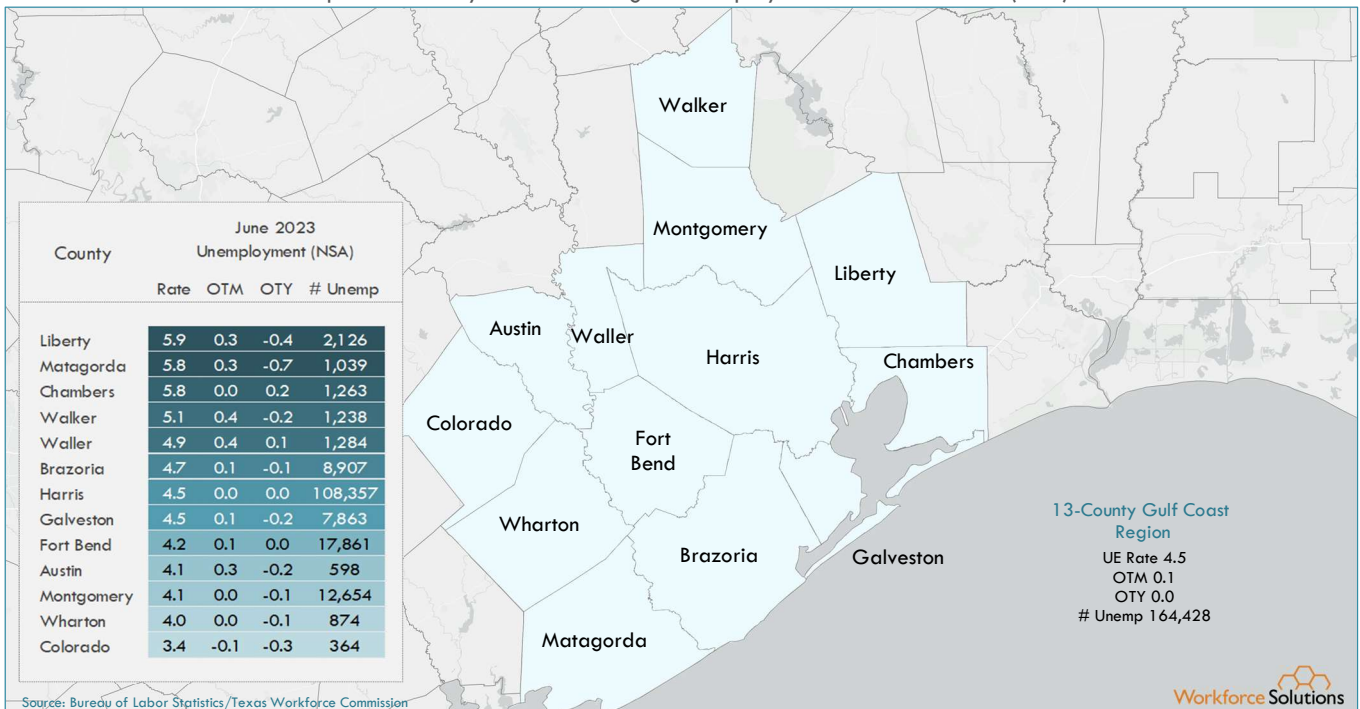


#### County-level Unemployment

Among the 13 counties that comprise the Gulf Coast Workforce Development Area, unemployment rates in June ranged from a high of 5.9 percent in Liberty County to a low of 3.4 percent in Colorado. Over the month, eight counties saw their unemployment rates rise in keeping with the region-wide increase of 0.1 percentage points while four saw no changes and one declined. Waller saw the largest percentage-point increase in unemployment up 0.4 pp. representing 122 more unemployed workers compared to the previous month. This was followed by Walker (0.4 pp, 95 workers) and Austin (0.3 pp, 57 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 -284,884 as of this June (see Map 1 legend).

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



## Local Area Unemployment Statistics (continued)

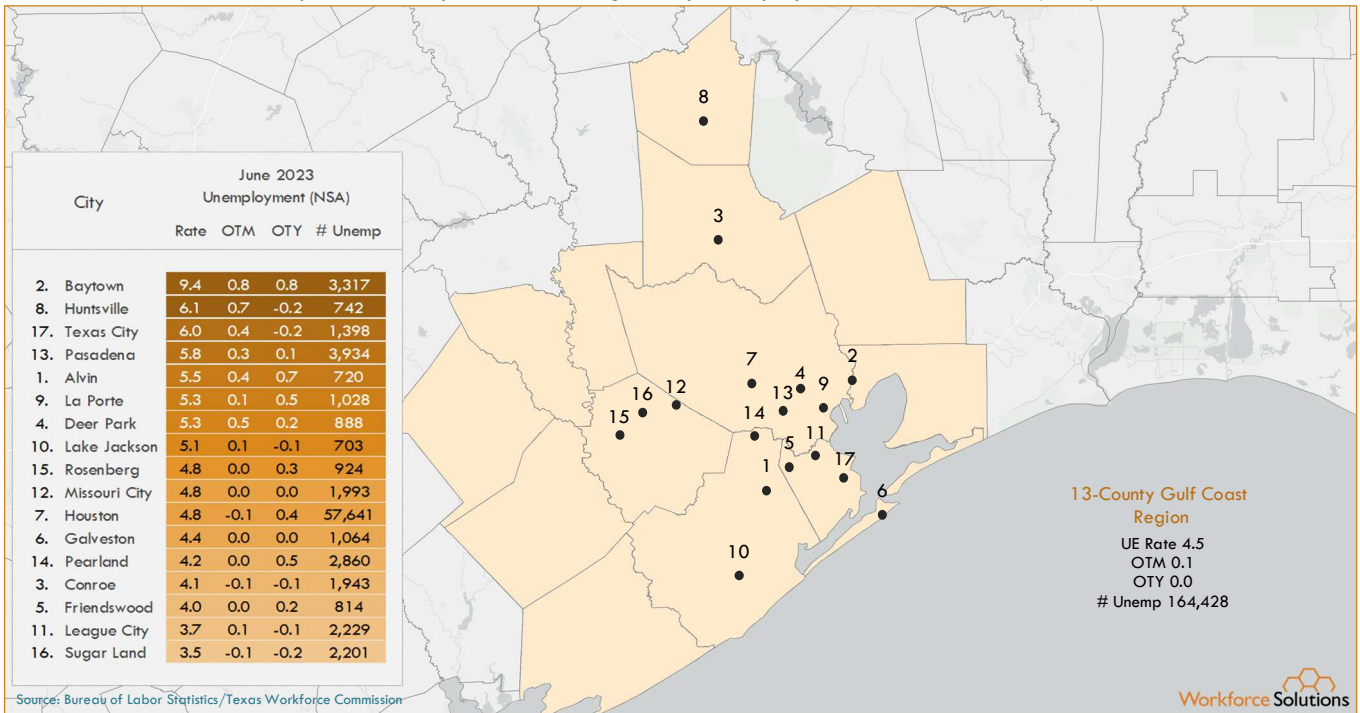
### Not-Seasonally Adjusted

#### 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 June ranged from a high of 9.4 percent in Baytown to a low of 3.5 percent in Sugar Land (see Map 2 legend). Over the month, nine cities saw their unemployment rates rise in keeping with the region-wide increase of 0.1 percentage points while five saw no changes and three declined. Baytown saw the largest percentage-point increase in unemployment up

0.8 pp. representing 315 more unemployed workers compared to the previous month. This was followed by Huntsville (0.7 pp, 93 workers) and Deer Park (0.5 pp, 81 workers). The 17 cities below accounted for 51 percent of the 164,428 unemployed workers across the Gulf Coast Region as of this June (see Map 2 legend).

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



### Seasonally Adjusted

#### Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (seasonally-adjusted) unemployment rate stood at 4.4 percent in May, up from April's 4.3 percent and up from 4.2 percent a year ago. This was above the statewide rate of 4.1 percent and above the national rate of 3.7 percent. 158,069 individuals were unemployed in Houston in May, up from April's 154,059 and up from 145,730 in May 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  
 May 2023

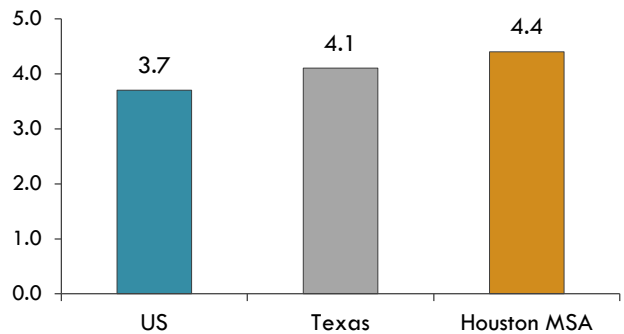
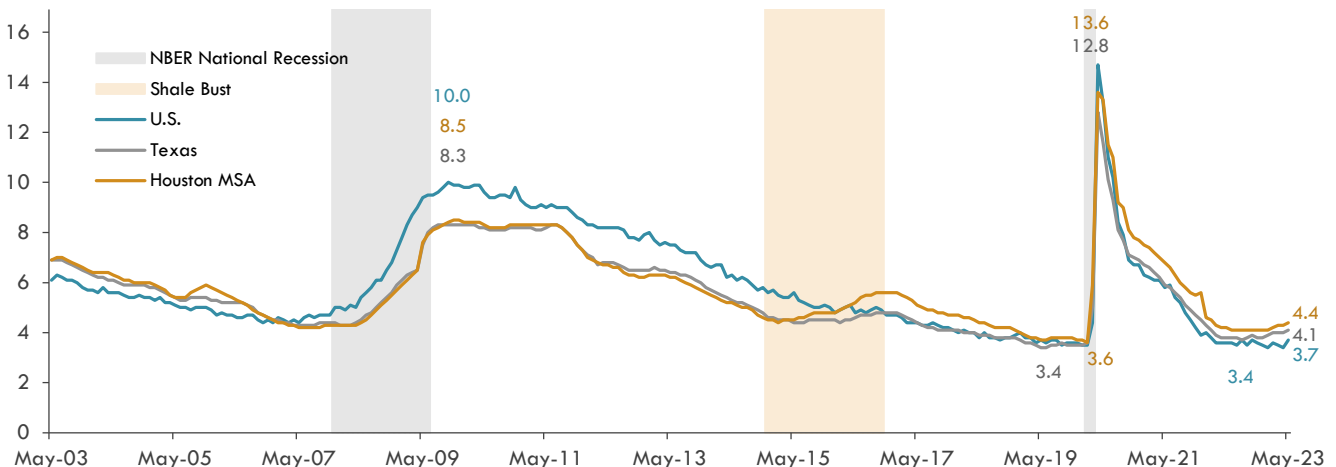


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)  
 May 2003 to May 2023





Gulf Coast Workforce Solutions Index (WSI)

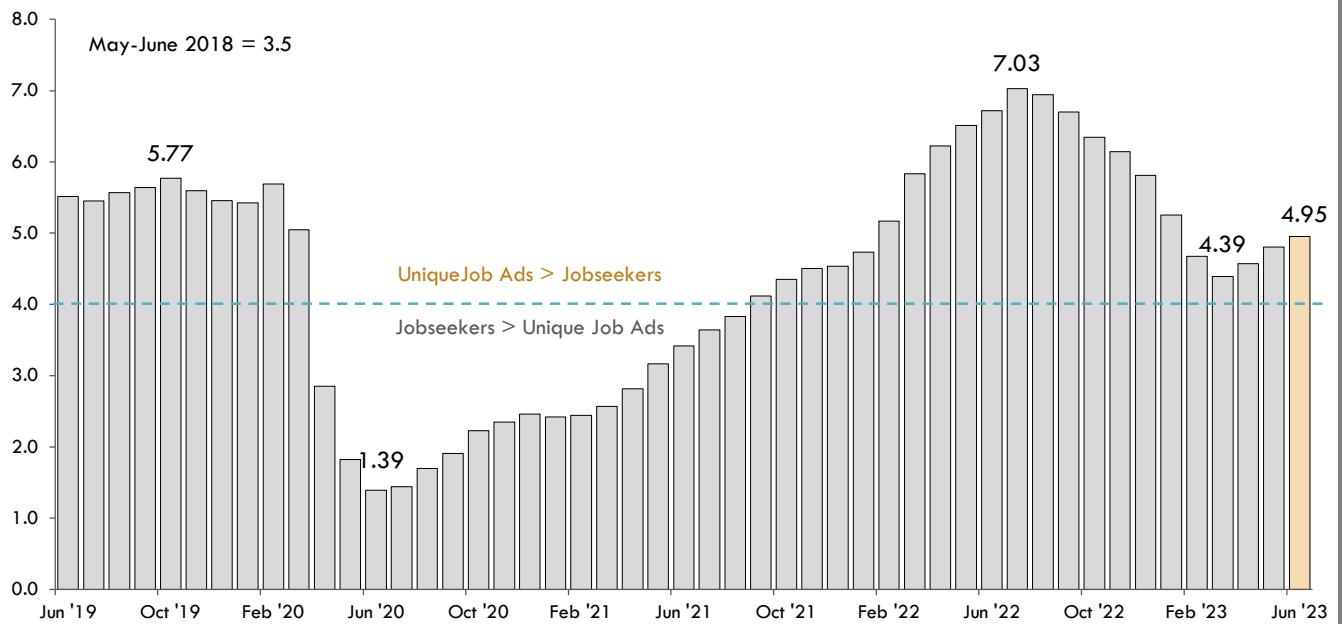


**The Gulf Coast Workforce Solutions Index (WSI)**

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  
June  
2023:  
**4.95**

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 June 2023**

The Houston MSA WSI for June stood at 4.95, up from May's downward revised reading of 4.80. This marks three consecutive months of gains in the index suggesting that jobseekers may be regaining leverage in the job market after the recent trough in March of 4.39. The underlying cause of this change in trend is an increase in job ads month over month since February of a larger magnitude than the increase in unemployed individuals over this same timeframe. Despite nearing a reading of 5.0 in June, the WSI 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. However given recent trends, the suggested requirement is likely to rise to 5 work search activities in the coming month.



# Houston Area Employment Situation

June 2023

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Jun-23	May-23	Jun-22	Monthly	Monthly	Yearly	Yearly %
<b>Total Nonfarm</b>	<b>3,360,800</b>	<b>3,355,400</b>	<b>3,239,200</b>	<b>5,400</b>	<b>0.2%</b>	<b>121,600</b>	<b>3.8%</b>
Total Private	2,917,400	2,904,500	2,809,900	12,900	0.4%	107,500	3.8%
Goods Producing	525,200	515,900	512,100	9,300	1.8%	13,100	2.6%
<b>.Mining and Logging</b>	<b>70,200</b>	<b>69,800</b>	<b>64,700</b>	<b>400</b>	<b>0.6%</b>	<b>5,500</b>	<b>8.5%</b>
...Oil and Gas Extraction	29,800	29,600	28,700	200	0.7%	1,100	3.8%
...Support Activities for Mining	38,500	38,300	34,500	200	0.5%	4,000	11.6%
<b>.Construction</b>	<b>222,200</b>	<b>215,700</b>	<b>223,700</b>	<b>6,500</b>	<b>3.0%</b>	<b>-1,500</b>	<b>-0.7%</b>
..Construction of Buildings	56,900	55,000	55,000	1,900	3.5%	1,900	3.5%
..Heavy and Civil Engineering Construction	54,800	53,800	53,200	1,000	1.9%	1,600	3.0%
..Specialty Trade Contractors	110,500	106,900	115,500	3,600	3.4%	-5,000	-4.3%
<b>.Manufacturing</b>	<b>232,800</b>	<b>230,400</b>	<b>223,700</b>	<b>2,400</b>	<b>1.0%</b>	<b>9,100</b>	<b>4.1%</b>
..Durable Goods	142,900	141,500	136,900	1,400	1.0%	6,000	4.4%
...Fabricated Metal Product Manufacturing	49,900	49,200	46,900	700	1.4%	3,000	6.4%
...Machinery Manufacturing	42,400	41,800	40,200	600	1.4%	2,200	5.5%
....Agriculture, Construction, and Mining Machinery Mfg.	22,300	21,900	20,600	400	1.8%	1,700	8.3%
...Computer and Electronic Product Manufacturing	14,500	14,200	13,700	300	2.1%	800	5.8%
..Non-Durable Goods	89,900	88,900	86,800	1,000	1.1%	3,100	3.6%
...Petroleum and Coal Products Manufacturing	8,000	7,900	7,800	100	1.3%	200	2.6%
...Chemical Manufacturing	42,800	42,200	41,000	600	1.4%	1,800	4.4%
Service Providing	2,835,600	2,839,500	2,727,100	-3,900	-0.1%	108,500	4.0%
.Private Service Providing	2,392,200	2,388,600	2,297,800	3,600	0.2%	94,400	4.1%
<b>..Trade, Transportation, and Utilities</b>	<b>692,900</b>	<b>688,600</b>	<b>661,300</b>	<b>4,300</b>	<b>0.6%</b>	<b>31,600</b>	<b>4.8%</b>
...Wholesale Trade	177,500	177,700	167,800	-200	-0.1%	9,700	5.8%
....Merchant Wholesalers, Durable Goods	109,600	110,400	103,300	-800	-0.7%	6,300	6.1%
....Prof. and Commercial Equip. Supplies Wholesalers	17,600	17,600	17,000	0	0.0%	600	3.5%
....Merchant Wholesalers, Nondurable Goods	54,500	53,900	53,000	600	1.1%	1,500	2.8%
...Retail Trade	321,000	319,300	312,600	1,700	0.5%	8,400	2.7%
....Motor Vehicle and Parts Dealers	44,200	43,900	43,300	300	0.7%	900	2.1%
....Bldg. Material and Garden Equip. and Supplies Dealers	24,600	24,800	24,800	-200	-0.8%	-200	-0.8%
....Food and Beverage Stores	74,000	73,600	71,200	400	0.5%	2,800	3.9%
....Health and Personal Care Stores	62,300	61,600	60,800	700	1.1%	1,500	2.5%
....Clothing and Clothing Accessories Stores	20,000	19,800	19,800	200	1.0%	200	1.0%
....General Merchandise Stores	42,300	41,800	41,000	500	1.2%	1,300	3.2%
....Department Stores	20,600	20,600	20,900	0	0.0%	-300	-1.4%
....Other General Merchandise Stores	25,100	25,100	25,200	0	0.0%	-100	-0.4%
...Transportation, Warehousing, and Utilities	194,400	191,600	180,900	2,800	1.5%	13,500	7.5%
....Utilities	20,400	20,200	19,600	200	1.0%	800	4.1%
....Air Transportation	20,500	20,400	19,900	100	0.5%	600	3.0%
....Truck Transportation	30,900	31,000	30,300	-100	-0.3%	600	2.0%
....Pipeline Transportation	13,000	12,900	12,100	100	0.8%	900	7.4%
<b>..Information</b>	<b>33,100</b>	<b>33,300</b>	<b>33,000</b>	<b>-200</b>	<b>-0.6%</b>	<b>100</b>	<b>0.3%</b>
...Telecommunications	11,800	11,800	11,600	0	0.0%	200	1.7%
<b>..Financial Activities</b>	<b>184,700</b>	<b>183,900</b>	<b>178,200</b>	<b>800</b>	<b>0.4%</b>	<b>6,500</b>	<b>3.6%</b>
...Finance and Insurance	114,900	114,600	113,500	300	0.3%	1,400	1.2%
....Credit Intermediation and Related Activities	45,800	45,600	46,100	200	0.4%	-300	-0.7%
....Depository Credit Intermediation	29,600	29,500	29,400	100	0.3%	200	0.7%
....Securities, Commodity Contracts, and Fin. Investments	23,100	22,900	22,500	200	0.9%	600	2.7%
....Insurance Carriers and Related Activities	46,000	46,100	44,900	-100	-0.2%	1,100	2.4%
...Real Estate and Rental and Leasing	69,800	69,300	64,700	500	0.7%	5,100	7.9%
<b>..Professional and Business Services</b>	<b>565,200</b>	<b>559,400</b>	<b>537,100</b>	<b>5,800</b>	<b>1.0%</b>	<b>28,100</b>	<b>5.2%</b>
...Professional, Scientific, and Technical Services	276,100	274,100	256,500	2,000	0.7%	19,600	7.6%
....Legal Services	33,000	32,200	31,300	800	2.5%	1,700	5.4%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	28,700	28,500	27,600	200	0.7%	1,100	4.0%
....Architectural, Engineering, and Related Services	77,200	77,500	68,000	-300	-0.4%	9,200	13.5%
....Computer Systems Design and Related Services	44,000	43,800	40,800	200	0.5%	3,200	7.8%
...Management of Companies and Enterprises	48,400	46,700	44,600	1,700	3.6%	3,800	8.5%
...Admin. and Support and Waste Mgmt. and Remediation	240,700	238,600	236,000	2,100	0.9%	4,700	2.0%
....Administrative and Support Services	226,700	225,000	223,300	1,700	0.8%	3,400	1.5%
....Employment Services	85,700	86,600	89,800	-900	-1.0%	-4,100	-4.6%
....Services to Buildings and Dwellings	57,000	56,600	55,100	400	0.7%	1,900	3.4%
<b>..Educational and Health Services</b>	<b>446,200</b>	<b>447,500</b>	<b>420,400</b>	<b>-1,300</b>	<b>-0.3%</b>	<b>25,800</b>	<b>6.1%</b>
...Educational Services	70,600	72,800	67,000	-2,200	-3.0%	3,600	5.4%
...Health Care and Social Assistance	375,600	374,700	353,400	900	0.2%	22,200	6.3%
....Ambulatory Health Care Services	189,800	188,700	177,900	1,100	0.6%	11,900	6.7%
....Hospitals	94,800	94,700	88,400	100	0.1%	6,400	7.2%
<b>..Leisure and Hospitality</b>	<b>351,100</b>	<b>357,100</b>	<b>349,000</b>	<b>-6,000</b>	<b>-1.7%</b>	<b>2,100</b>	<b>0.6%</b>
...Arts, Entertainment, and Recreation	40,800	41,200	40,900	-400	-1.0%	-100	-0.2%
...Accommodation and Food Services	310,300	315,900	308,100	-5,600	-1.8%	2,200	0.7%
....Accommodation	27,300	27,300	26,900	0	0.0%	400	1.5%
....Food Services and Drinking Places	283,000	288,600	281,200	-5,600	-1.9%	1,800	0.6%
<b>..Other Services</b>	<b>119,000</b>	<b>118,800</b>	<b>118,800</b>	<b>200</b>	<b>0.2%</b>	<b>200</b>	<b>0.2%</b>
<b>Government</b>	<b>443,400</b>	<b>450,900</b>	<b>429,300</b>	<b>-7,500</b>	<b>-1.7%</b>	<b>14,100</b>	<b>3.3%</b>
.Federal Government	33,300	33,300	31,700	0	0.0%	1,600	5.0%
.State Government	95,000	95,500	90,600	-500	-0.5%	4,400	4.9%
..State Government Educational Services	53,600	54,200	50,600	-600	-1.1%	3,000	5.9%
.Local Government	315,100	322,100	307,000	-7,000	-2.2%	8,100	2.6%
..Local Government Educational Services	218,300	224,500	210,900	-6,200	-2.8%	7,400	3.5%