

# Houston Area Employment Situation

May 2023

## CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

*Job Growth Rebounds in May while Construction Remains in Serious but Stable Condition*

### Total Nonfarm

#### Over-the-month Change

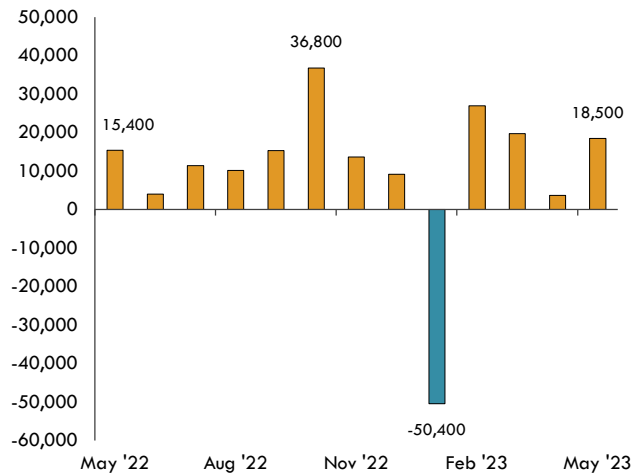
Houston MSA Total Nonfarm employment stood at 3,354,300 in May, up 18,500 jobs over the month, or 0.6 percent on a not-seasonally-adjusted basis (see Chart 1). A year ago Houston registered an over-the-month increase of 15,400 jobs. This was the largest May over-the-month gain in since 2020. Prior to the pandemic, historically in the month of May, Total Nonfarm has on average added 12,600 jobs over the month, which indicates that this month's gains are substantially above the long-term average.

The primary drivers of this May's growth were increases in Trade, Transportation, and Utilities; Leisure and Hospitality; and Education and Health Services. Gains were also recorded in Professional and Business Services; Manufacturing; and Other Services. The net increase in jobs over the month was partially offset by losses in Government. (see Chart 2). Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,349,600, up 10,500 jobs over the month, or 0.3 percent vs. a historical average of 4,300. This was the largest May over-the-month gain in since 2020. 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 119,100 or 3.7 percent on a not-seasonally-adjusted basis and up 118,900 or 3.7 percent on a seasonally-adjusted basis (see NSA Chart 3). To compare, May 2022 saw a year-over-year gain of 189,700 jobs (NSA) from May 2021. This was the third-largest over-the-year gain in May since records began in 1990. Currently 9 out of 11 sectors show growth year over year of which the top-three are Trade, Transportation, and Utilities (28,300); Education and

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



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

Health Services (24,900); and Professional and Business Services (23,300) (see Chart 4). Total Nonfarm employment not-seasonally-adjusted now exceeds its February 2020 pre-pandemic level of 3,191,800 jobs by 162,500, or 5.1 percent (151,700 jobs, 4.7 percent above 3,197,900 seasonally adjusted).

#### Top-3 Drivers of Over-the-month Job Growth in May

- Trade, Transportation, and Utilities: 5,300
- Leisure and Hospitality: 4,600
- Education and Health Services: 3,000

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



## Previous Month's Revisions

Total Nonfarm employment was revised upward by 3,400 jobs for a March to April larger net gain of 3,700 compared to an original estimate of 300 jobs. An upward revision of +1,800 jobs in Leisure and Hospitality was the largest contributor followed by Trade, Transportation, and Utilities (+600) and Financial Activities (+600). Downward revisions in Professional and Business Services (-400), Manufacturing (-100), and Information (-100) 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 May

- Trade, Transportation, and Utilities: 28,300
- Education and Health Services: 24,900
- Professional and Business Services: 23,300

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

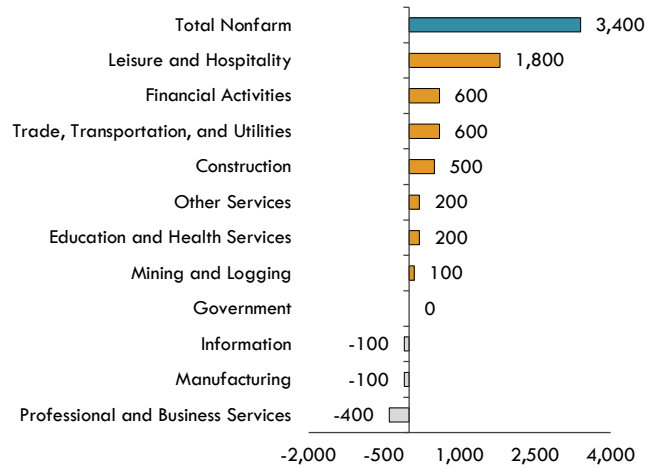


Chart 3. Total Nonfarm (NSA)  
Over-the-year Net Change, May-08 to May-23

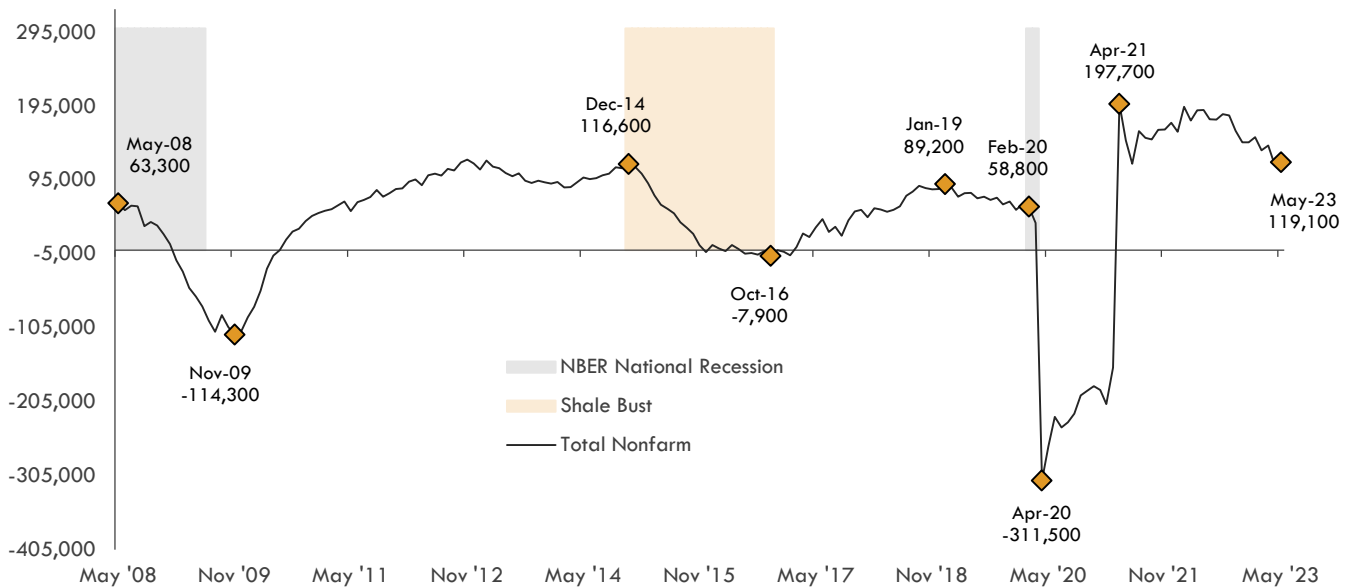
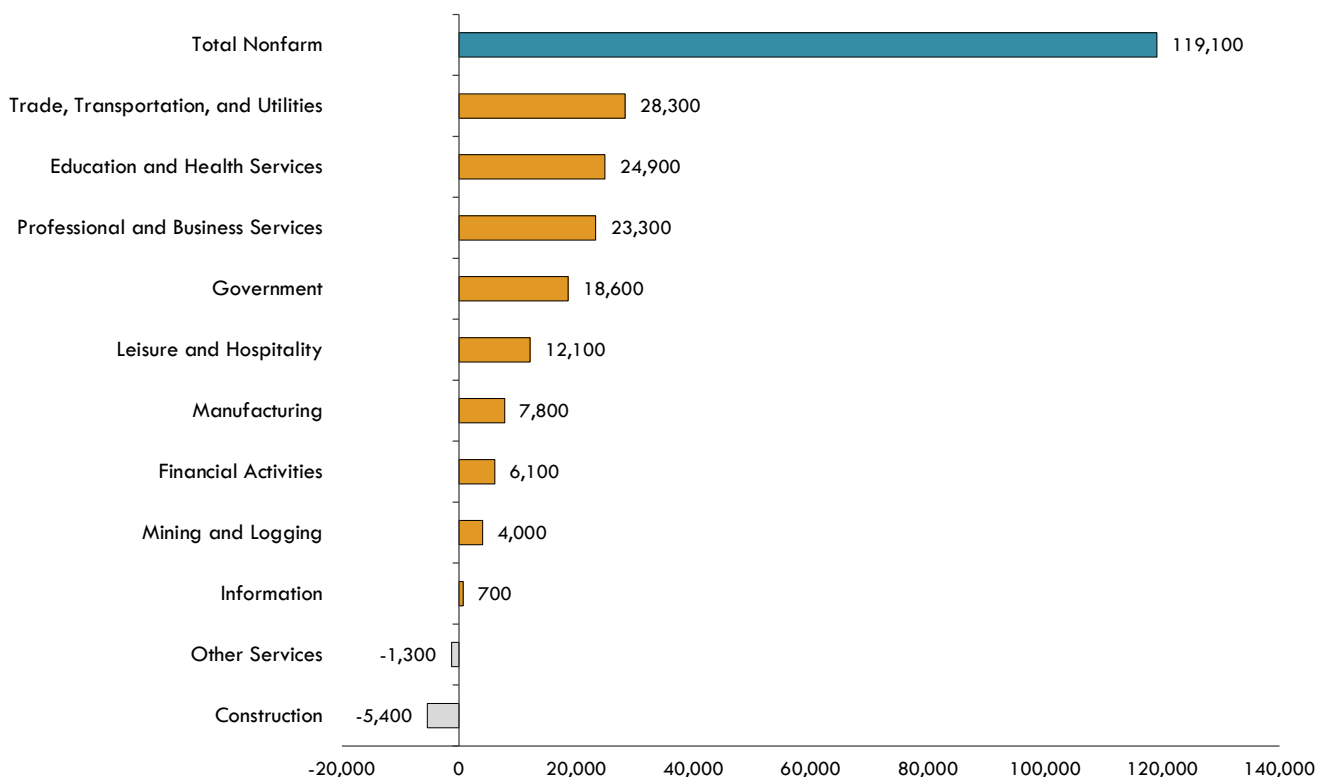


Chart 4. Over-the-year Net Change, Houston MSA Supersectors,  
May 2022 to May 2023



## Supplemental Commentary

**Overall Impressions**

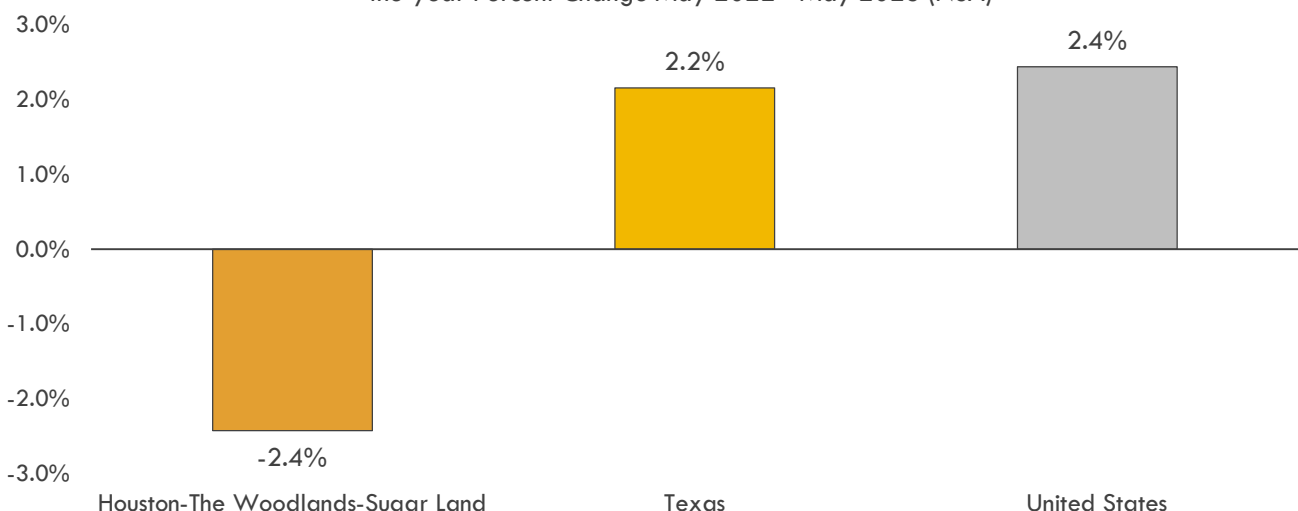
You may recall that last month the Houston area saw a dramatic decline in Construction employment, which in turn dragged Total Nonfarm job growth down to near zero. In an unexpected turn of events, Total Nonfarm in April saw a substantial upward revision from an initial over-the-month gain of 300 jobs to 3,700, without much help from Construction whose losses settled in at -7,600 versus an initial -8,100. That brings us to this May where the region posted an over-the-month increase of 18,500 jobs, also without much help from the Construction sector, which managed to add just 500 jobs. Thanks to solid albeit typical season gains in Leisure and Hospitality; Trade, Transportation, and Utilities; Education and Healthcare; and Professional and Business Services Houston's job market managed to post a topline number on par with the performance we've grown accustomed to over the past two years.

So was April a fluke? It's hard to say. The overall picture for Construction remains poor with the sector down -5,400 job year over year. But digging a bit deeper, we again might wonder if the sudden deterioration in Construction was the cumulative effect of 10 interest rate hikes since March 2022 leading to higher borrowing costs and ultimately less activity on the part of builders and buyers. While this could still be a cause, it does not appear to be the cause of this turn of events. A look at construction trends at the national and Texas statewide levels reveals that these other two areas continue to show year-over-year growth in stark contrast to Houston. While not impossible, it's hard to imagine rising interest rates taking their toll on Construction here more so than other areas. After all, a significant portion of the Construction sector here is deeply intertwined with the building and maintenance of the petrochemical plants, an industry with its own unique commodity price driven cycles, as opposed to other areas where residential and commercial construction tend to dominate. (See Supplemental Chart 1.)

To that point, taking our regional comparisons a step further, which requires combining the Mining and Logging and Construction sectors together as is standard in most parts of the country, we find that among Texas metros only Houston, Waco, and Longview are currently posting year-over-year losses. Houston's closest peer in terms of size, Dallas-Fort Worth-Arlington, continues to show strong growth in this space, up 5.3 percent over-the-year with San Antonio and Austin posting similar annual gains. As a result, it appears that whatever the cause of Construction's decline in this region, it is likely to be the result of local factors assuming the estimates within the Current Employment Statistics (CES) survey are more or less correct in direction and magnitude. (See Supplemental Chart 2.)

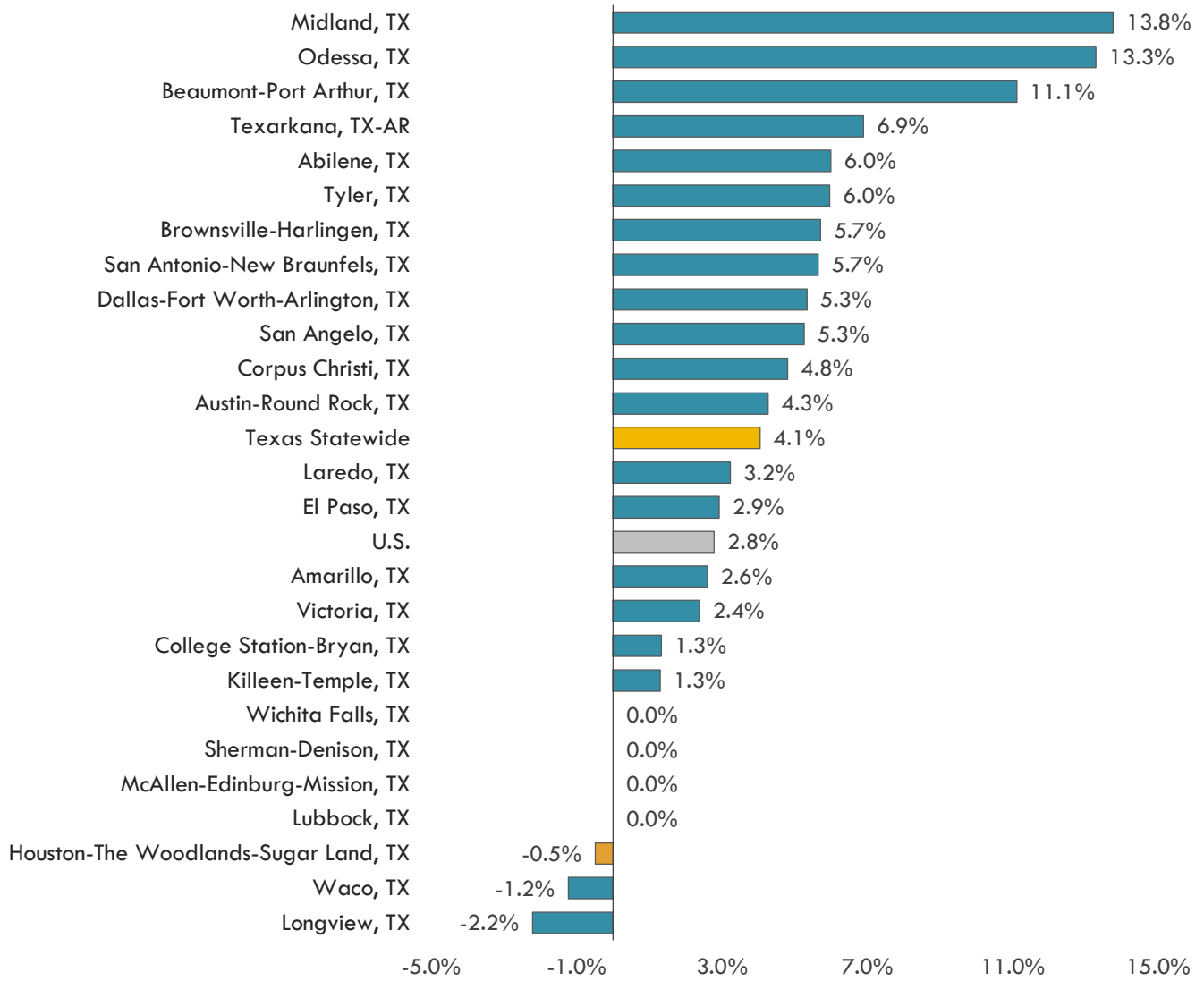
On a final note, the ambiguity highlighted above doesn't stop there. May saw an increase of nearly 17,000 unemployed individuals over the month, making it among the largest May-increases over the past 30 years and driving the unemployment rate, not-seasonally-adjusted, to 4.4 percent. However, April's over-the-month decline of -19,000, the second-largest April-specific decline on record, more than offset May's increase. Initial claims for unemployment insurance breached 5,000 during the week of May 20th for the first time since January 2022 and have remained there for three consecutive weeks as of June 3rd. Whether this is related to April's losses in Construction is unclear however the trend, albeit nascent, is concerning. At the same time, the combination of a large increase in job ads in March and April coupled with modest declines in the number of unemployed individuals caused the Workforce Solutions Index to rise after eight consecutive months of declines. Readings above 4 signal an advantage held by jobseekers relative to employers and assuming the data revisions announced by Lightcast back in March aren't grossly distorting figures, the strengthening of the index for two consecutive months marks the reversal of trend that has been in place since summer 2022. So where does that leave Houston for the second half of the year? Nowhere that hasn't already been predicted by me and others over the past two years: slower in terms of job growth compared to where we've been but more in line with what was typical before the pandemic. Case in point, Houston's over-the-year job growth now sits at nearly 119,000 versus 190,000 in May 2022. With a pause in interest rate hikes for now and no more than two over the remainder of the year coupled with national job growth that continues to beat expectations, there's still enough positive momentum for a relatively soft landing.

Supplemental Chart 1. U.S., Texas Statewide, and Houston MSA Construction Employment Over-the-year Percent Change May 2022 - May 2023 (NSA)

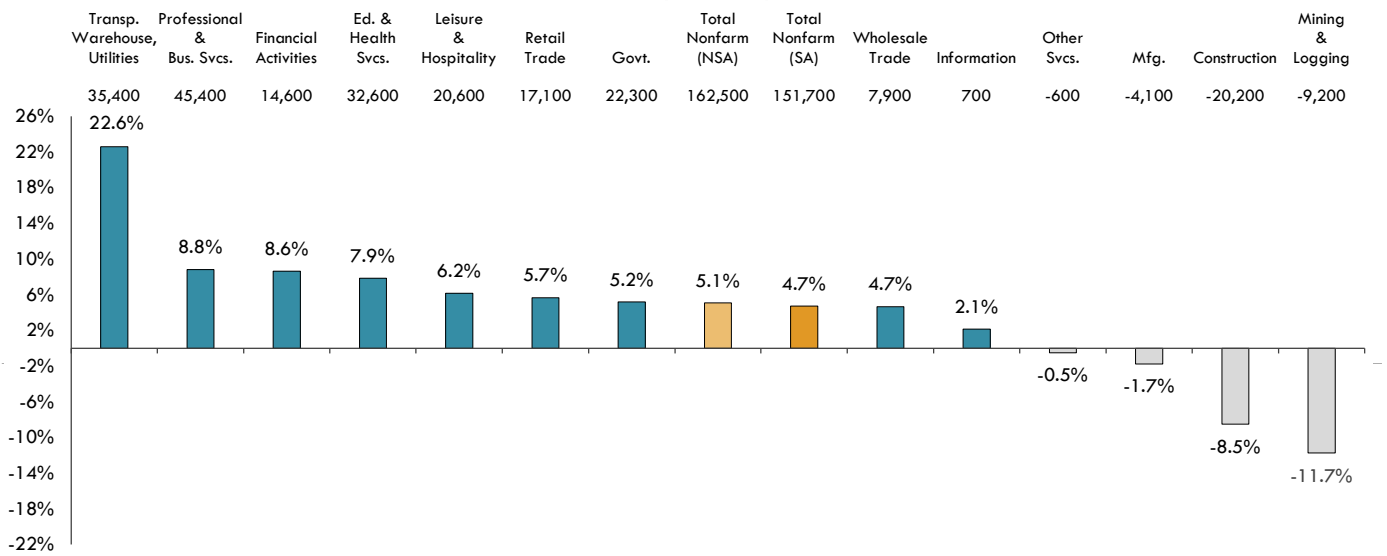


## Supplemental Commentary

Supplemental Chart 2. U.S., Texas Statewide, and Texas Metros Over-the-year Percent Change in Mining, Logging, and Construction Employment May 2022 - May 2023 (NSA)



Supplemental Chart 3. Houston MSA Current Employment Levels as of May 2023 Relative to February 2020 by Sector (NSA)



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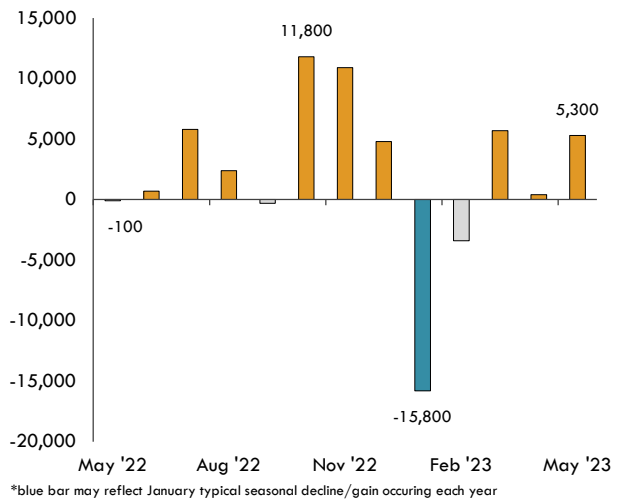
GAINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities was the largest gaining sector over the month up 5,300 jobs, or 0.8 percent (see Chart 6). This was the largest May gain since 2020 and the second-largest gain historically for the month of May since records began in 1990. Historically in the month of May, Trade, Transportation, and Utilities has added an average of 1,900 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Transportation, Warehousing, and Utilities was the largest contributor to the overall sector's increase, up 2,100 jobs over the month. The second-largest contributor was Retail Trade, which added 1,600 jobs from April to May. Lastly, Wholesale Trade contributed, 1,600 jobs.

Chart 6. Trade, Transportation, and Utilities (NSA)  
Over-the-month Net Change, May-22 to May-23

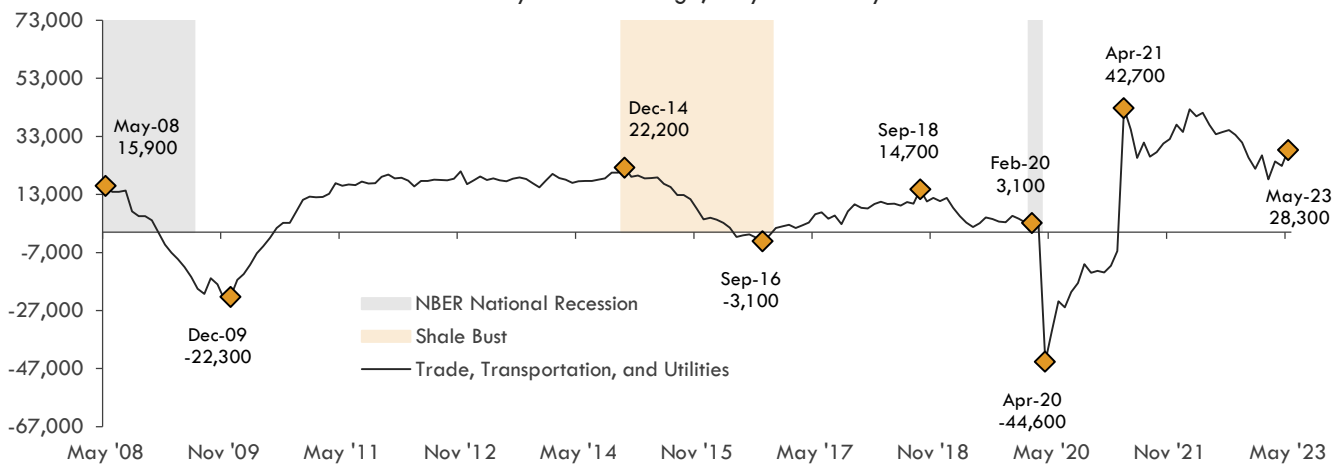


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 28,300 jobs, or 4.3 percent (see Chart 7). This was the third-largest over-the-year gain in May since records began in 1990 and the largest gain since October 2022's increase of 30,900 jobs. It also marks 26 consecutive months of over-the-year gains. Furthermore, 22.5 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 11,600 jobs over the year. The second-largest contributor

was Wholesale Trade, which added 9,300 jobs from May a year ago. Lastly, Retail Trade contributed, 7,400 jobs. Total Trade, Transportation, and Utilities employment (NSA) now exceeds its February 2020 pre-pandemic level of 628,500 jobs by 60,400, or 9.6 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 20.4 percent to 20.5 percent over the past year.

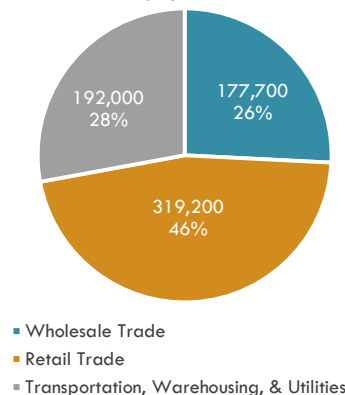
Chart 7. Trade, Transportation, and Utilities (NSA)  
Over-the-year Net Change, May-08 to May-23



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 8). Across the Houston MSA, the concentration of jobs in the overall sector is 12 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 8. Employment in Component Industries of  
Trade, Transportation, and Utilities Sector - May  
2023

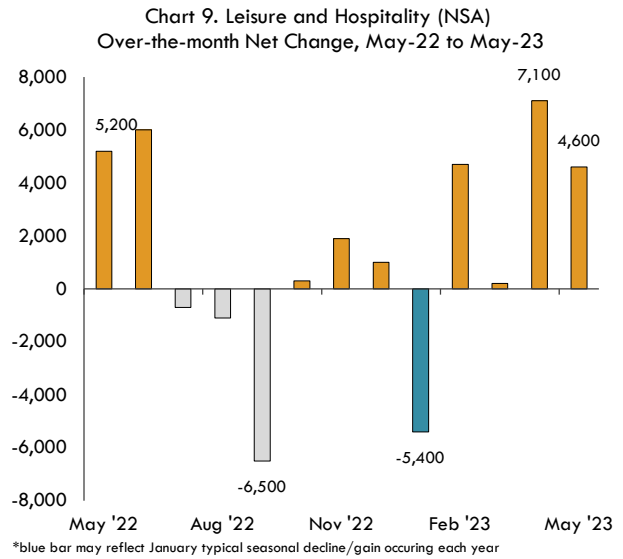


GAINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality was the second-largest gaining sector over the month up 4,600 jobs, or 1.3 percent (see Chart 9). Historically in the month of May, Leisure and Hospitality has added an average of 4,400 jobs over the month, which indicates that this month's gains are on par with the long-term average. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 2,700 jobs over the month. The second-largest contributor was Arts, Entertainment, and Recreation, which added 1,900 jobs from April to May. Leisure and Hospitality employment was revised upward by 1,800 jobs for a March to April larger net gain of 7,100 compared to an original estimate of 5,300 jobs.

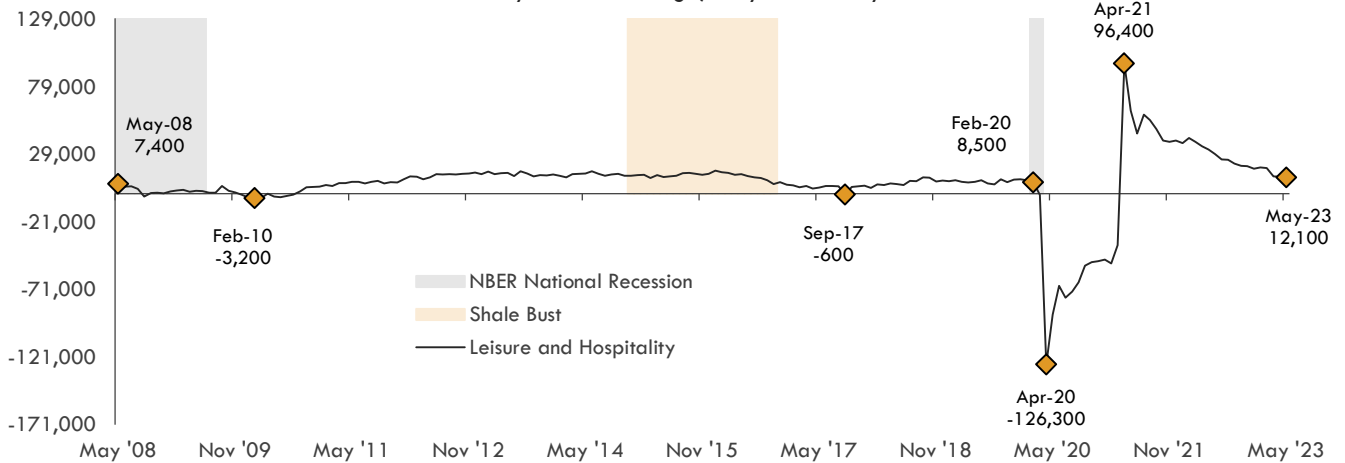


Over-the-year Change

Year over year, Leisure and Hospitality was up 12,100 jobs, or 3.5 percent (see Chart 10). This May also marks 26 consecutive months of over-the-year gains. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 10,300 jobs over the year. The second-largest contributor was Arts, Entertainment, and Recreation, which added 1,800 jobs from May a year ago. Total Leisure and Hospitality employment (NSA) now exceeds its February 2020 pre-pandemic level of 334,500 jobs by 20,600, or 6.2 percent. At the same time, the sector's share of Houston area Total Nonfarm

Employment has remained constant at 10.6 percent over the past year.

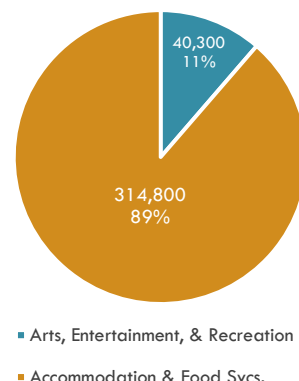
Chart 10. Leisure and Hospitality (NSA) Over-the-year Net Change, May-08 to May-23



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 89 percent (see Chart 11). Across the Houston MSA, the concentration of jobs in the overall sector is 2 percent less than the national average.

Chart 11. Employment in Component Industries of Leisure and Hospitality Sector - May 2023

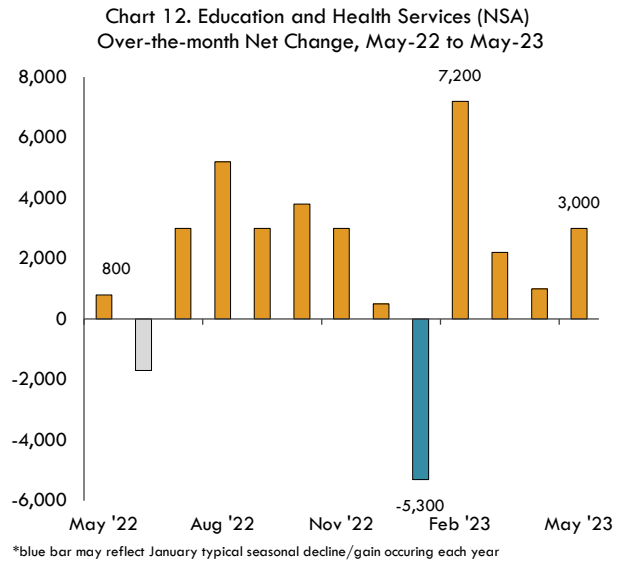


GAINING INDUSTRY HIGHLIGHTS

Education and Health Services

Over-the-month Change

Education and Health Services was the third-largest gaining sector over the month up 3,000 jobs, or 0.7 percent (see Chart 12). This was the largest May gain since 2020 and the second-largest gain historically for the month of May since records began in 1990. Historically in the month of May, Education and Health Services has added an average of 1,200 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 2,300 jobs over the month. The second-largest contributor was Educational Services, which added 700 jobs from April to May. Education and Health Services employment was revised upward by 200 jobs for a March to April larger net gain of 1,000 compared to an original estimate of 800 jobs.

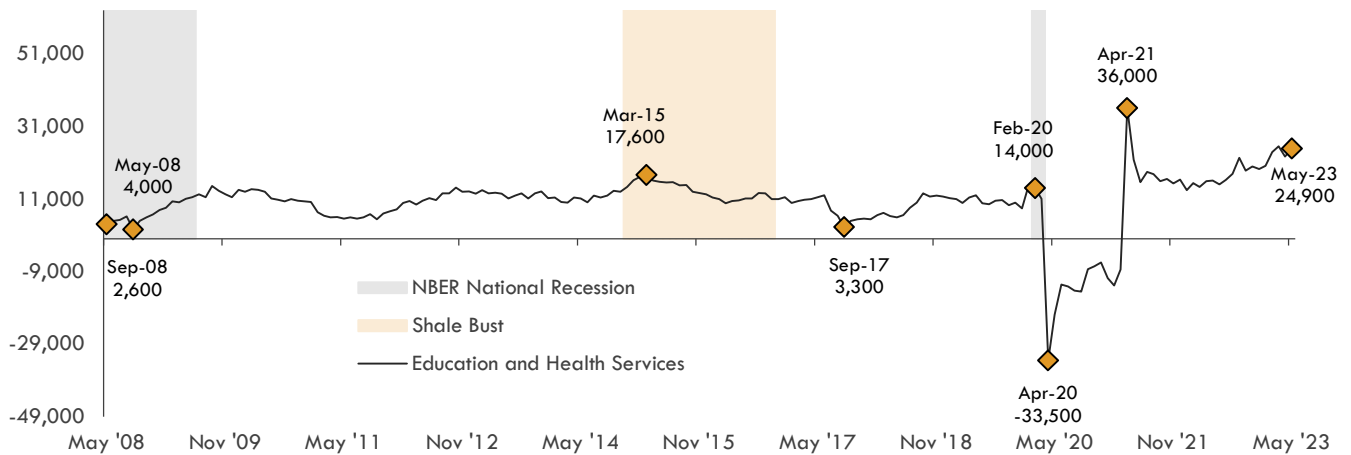


Over-the-year Change

Year over year, Education and Health Services was up 24,900 jobs, or 5.9 percent (see Chart 13). This was the largest-ever over-the-year gain in May and the third-largest gain on record. It also marks 26 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, 19.8 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 20,300

jobs over the year. The second-largest contributor was Educational Services, which added 4,600 jobs from May a year ago. Total Education and Health Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 414,400 jobs by 32,600, or 7.9 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.

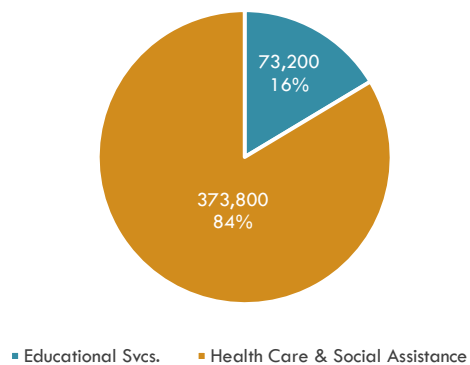
Chart 13. Education and Health Services (NSA) Over-the-year Net Change, May-08 to May-23



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

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



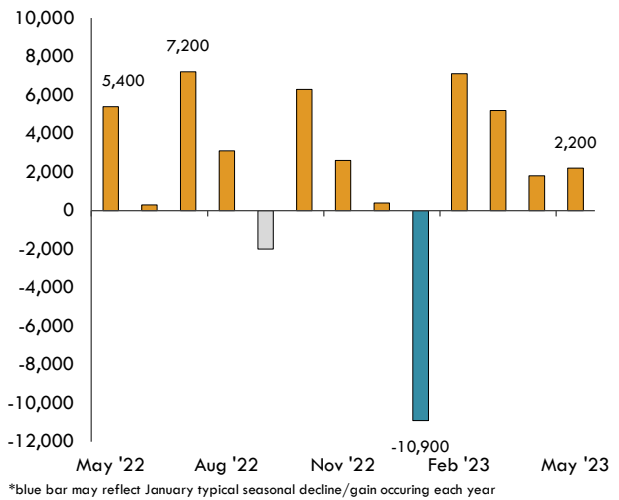
GAINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

Professional and Business Services also saw an increase over the month up 2,200 jobs, or 0.4 percent (see Chart 15). Historically in the month of May, Professional and Business Services has added an average of 1,000 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's increase, up 1,100 jobs over the month. The second-largest contributor was Administrative and Support and Waste Management and Remediation Services, which added 1,000 jobs from April to May. Lastly, Management of Companies and Enterprises contributed, 100 jobs. Professional and Business Services employment was revised downward by -400 jobs for a March to April smaller net gain of 1,800 compared to an original estimate of 2,200 jobs.

Chart 15. Professional and Business Services (NSA)  
Over-the-month Net Change, May-22 to May-23

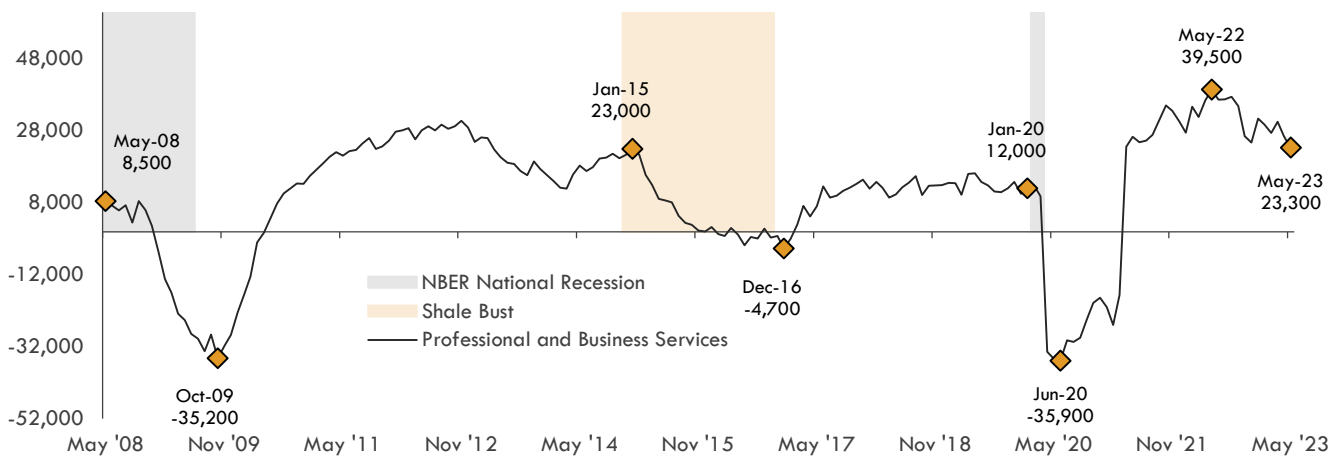


Over-the-year Change

Year over year, Professional and Business Services was up 23,300 jobs, or 4.3 percent (see Chart 16). This May also marks 26 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, 18.5 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 19,300 jobs over the year. The second-largest contributor was Management of

Companies and Enterprises, which added 2,500 jobs from May a year ago. Lastly, Administrative and Support and Waste Management and Remediation Services contributed, 1,500 jobs. Total Professional and Business Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 514,700 jobs by 45,400, or 8.8 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 16.6 percent to 16.7 percent over the past year.

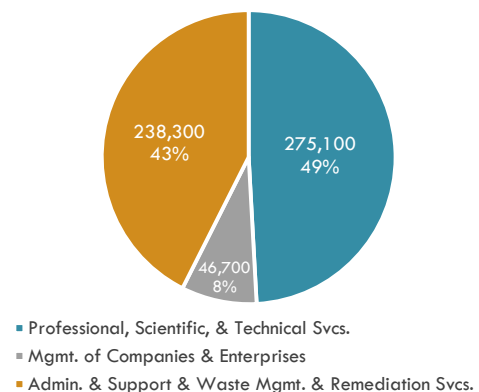
Chart 16. Professional and Business Services (NSA)  
Over-the-year Net Change, May-08 to May-23



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 17). Across the Houston MSA, the concentration of jobs in the overall sector is 14 percent higher than the national average, due to a 19-percent higher concentration in Professional, Scientific, and Technical Services serving the oil and gas industry.

Chart 17. Employment in Component Industries of  
Professional and Business Services Sector - May 2023



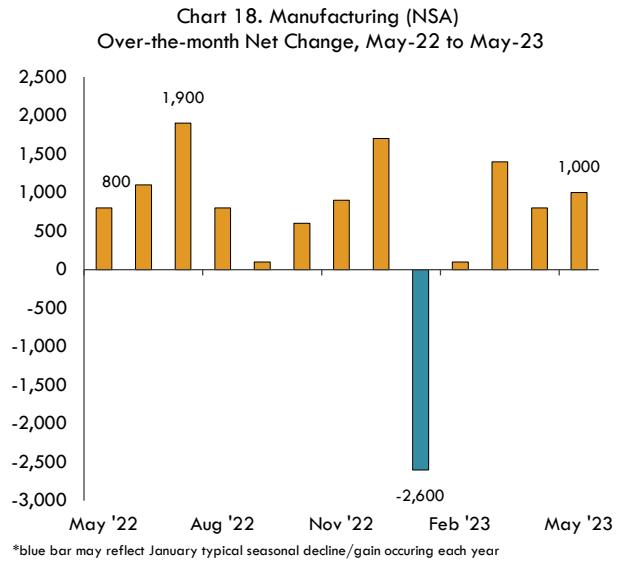


GAINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing also saw an increase over the month up 1,000 jobs, or 0.4 percent (see Chart 18). This was the largest May over-the-month gain in since 2018. Historically in the month of May, Manufacturing has added an average of 500 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 800 jobs over the month. The second-largest contributor was Non-Durable Goods, which added 200 jobs from April to May. Manufacturing employment was revised downward by -100 jobs for a March to April smaller net gain of 800 compared to an original estimate of 900 jobs.

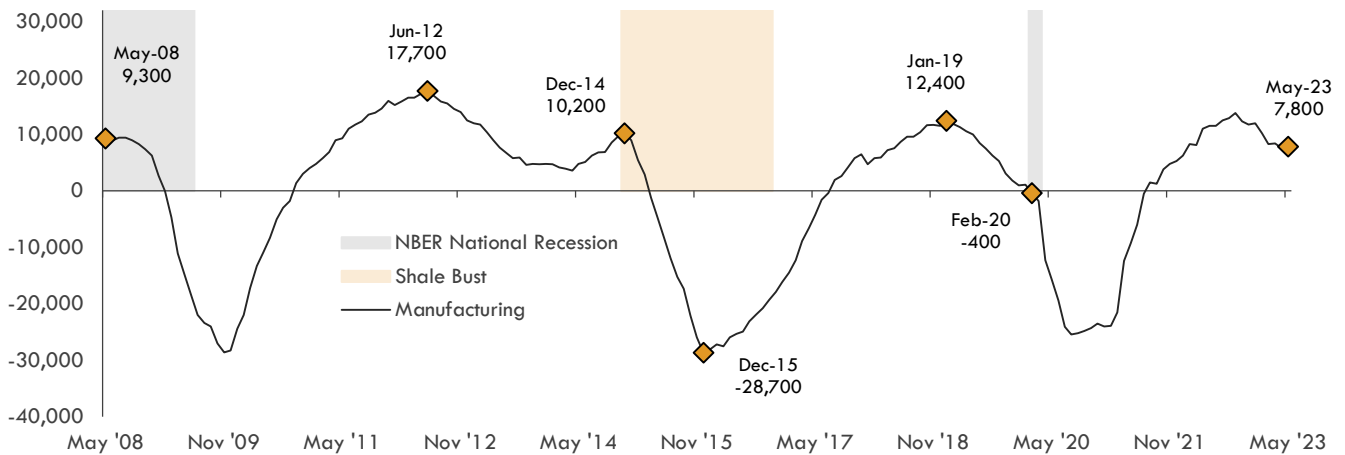


Over-the-year Change

Year over year, Manufacturing was up 7,800 jobs, or 3.5 percent (see Chart 19). This May also marks 22 consecutive months of over-the-year gains. Durable Goods was the largest contributor to the overall sector's increase, up 5,400 jobs over the year. The second-largest contributor was Non-Durable Goods, which added 2,400 jobs from May a year ago. Total Manufacturing employment (NSA) remains -4,100 jobs, or -1.7 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.

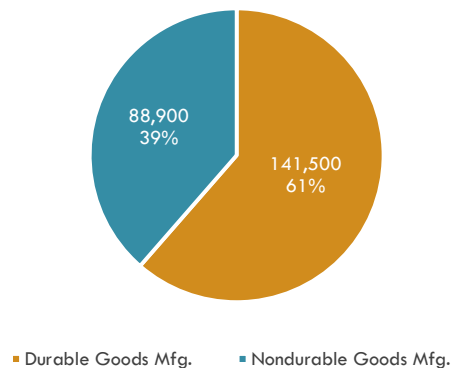
Chart 19. Manufacturing (NSA) Over-the-year Net Change, May-'08 to May-'23



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

Chart 20. Employment in Component Industries of Manufacturing Sector - May 2023

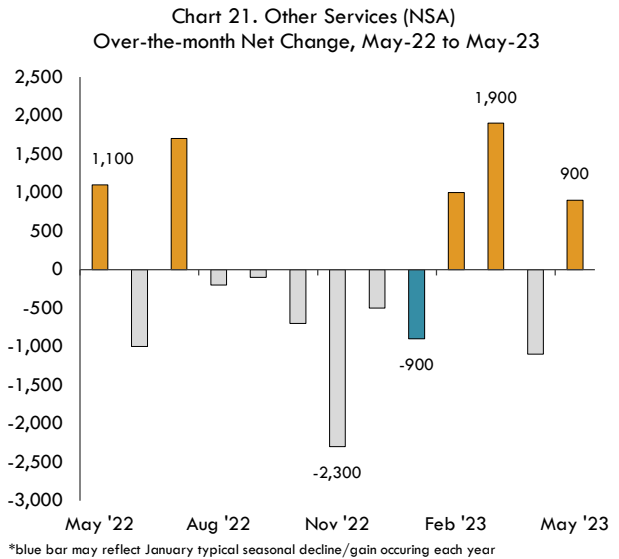


GAINING INDUSTRY HIGHLIGHTS

Other Services

Over-the-month Change

Other Services also saw an increase over the month up 900 jobs, or 0.8 percent (see Chart 21). Historically in the month of May, Other Services has added an average of 500 jobs over the month, which indicates that this month's gains are slightly above the long-term average. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Other Services employment was revised upward by 200 jobs for a March to April smaller net loss of -1,100 compared to an original estimate of -1,300 jobs.

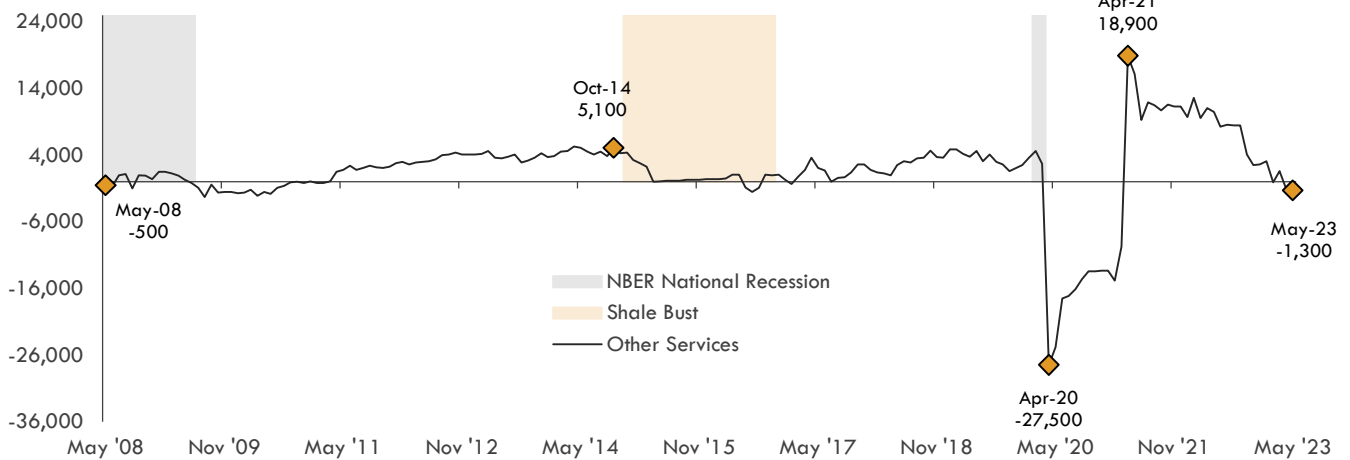


Over-the-year Change

Year over year, Other Services was down -1,300 jobs, or -1.1 percent (see Chart 22). This was the largest over-the-year decline since March 2021's decrease of -9,700 jobs. Among sectors currently showing contraction, this sector is the second-fastest declining in percentage terms across the Houston area. Furthermore, 19.4 percent of total (gross) jobs lost across the region over the past year can be attributed to Other Services. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Total Other Services employment (NSA) remains -600 jobs, or -0.5 percent

below its February 2020 pre-pandemic level of 119,100. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 3.7 percent to 3.5 percent over the past year.

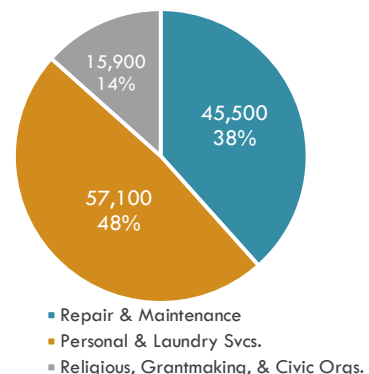
Chart 22. Other Services (NSA) Over-the-year Net Change, May-08 to May-23



About This Sector

This sector comprises establishments engaged in services not classified elsewhere such as equipment and machinery repair, religious activities, grantmaking, advocacy, and providing dry-cleaning and laundry services, and personal care services. Of the three main component industries, Personal and Laundry Services accounts for a plurality of the sector's employment at 48 percent as a subsector where self-employment is prevalent (source: Census - Non Employer Statistics and BLS - Quarterly Census of Employment and Wages) (see Chart 23). Across the Houston MSA, the concentration of jobs in the overall Other Services sector is 6 percent less than the national average.

Chart 23. Employment in Component Industries of Other Services Sector - May 2023



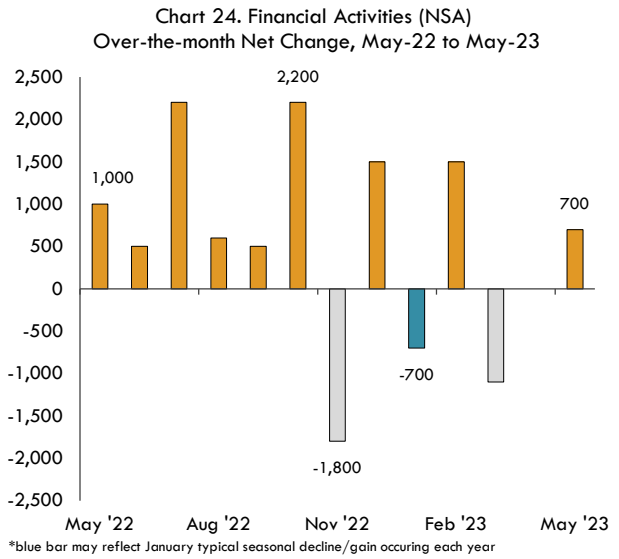
\*estimated proportions based QCEW covered and NES self-employment

GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities also saw an increase over the month up 700 jobs, or 0.4 percent (see Chart 24). Historically in the month of May, Financial Activities has added an average of 400 jobs over the month, which indicates that this month's gains are slightly above the long-term average. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 800 jobs over the month. One component industry that provided a partial offset was Finance and Insurance, which lost -100 jobs from April to May. Financial Activities employment was revised upward by 600 jobs for a March to April complete erasure of losses resulting in a net change of zero compared to an original estimate of -600 jobs.

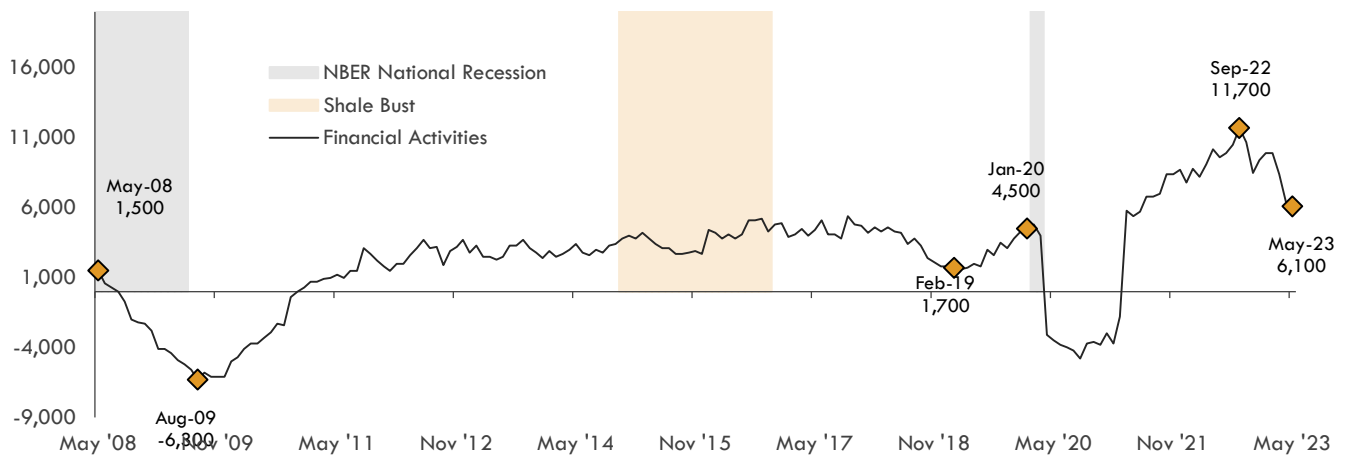


Over-the-year Change

Year over year, Financial Activities was up 6,100 jobs, or 3.4 percent (see Chart 25). This May 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 4,500 jobs over the year. The second-largest contributor was Finance and Insurance, which added 1,600 jobs from May a year ago. Total Financial Activities employment (NSA) now exceeds its February 2020 pre-pandemic level of 169,200 jobs by 14,600, or 8.6 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.

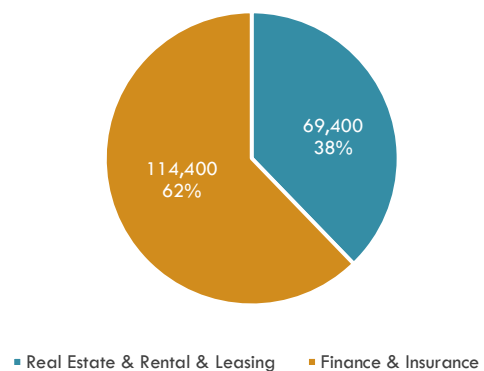
Chart 25. Financial Activities (NSA) Over-the-year Net Change, May-08 to May-23



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 26). 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 34-percent higher concentration in Real Estate and Rental and Leasing.

Chart 26. Employment in Component Industries of Financial Activities Sector - May 2023

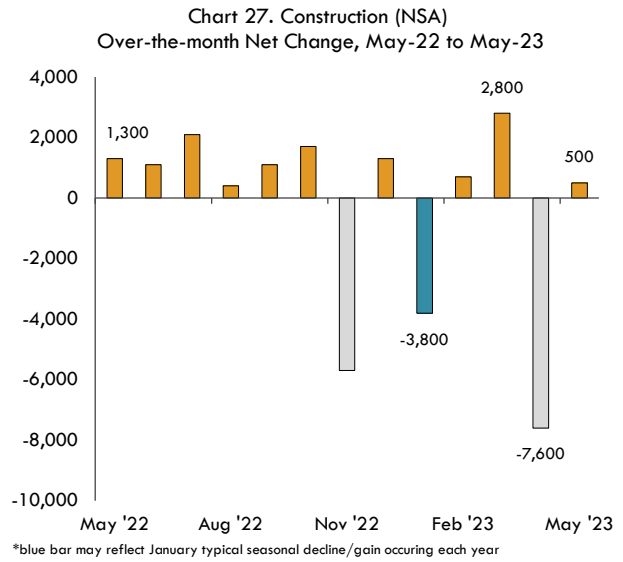


GAINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction also saw an increase over the month up 500 jobs, or 0.2 percent (see Chart 27). Historically in the month of May, Construction has added an average of 1,300 jobs over the month, which indicates that this month's gains are moderately below the long-term average. Specialty Trade Contractors was the largest contributor to the overall sector's increase, up 400 jobs over the month. The second-largest contributor was Construction of Buildings, which added 100 jobs from April to May. Lastly, Heavy and Civil Engineering Construction saw no change over the month. Construction employment was revised upward by 500 jobs for a March to April smaller net loss of -7,600 compared to an original estimate of -8,100 jobs.

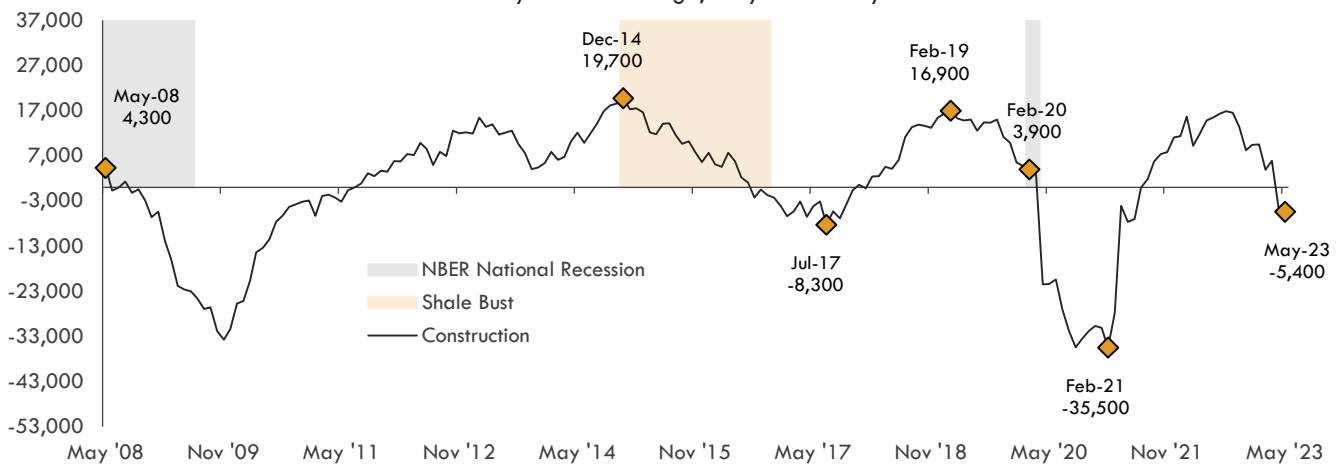


Over-the-year Change

Year over year, Construction was down -5,400 jobs, or -2.4 percent (see Chart 28). This was the largest over-the-year decline since June 2021's decrease of -7,000 jobs. Among sectors currently showing contraction, this sector is the fastest declining in percentage terms across the Houston area. Furthermore, 80.6 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 -6,600 jobs over the year. One component industry that provided a partial offset was Construction of

Buildings, which gained 500 jobs from May a year ago. Lastly, Heavy and Civil Engineering Construction offset a portion of the sector's losses with a gain of 700 jobs. Total Construction employment (NSA) remains -20,200 jobs, or -8.5 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 6.5 percent over the past year.

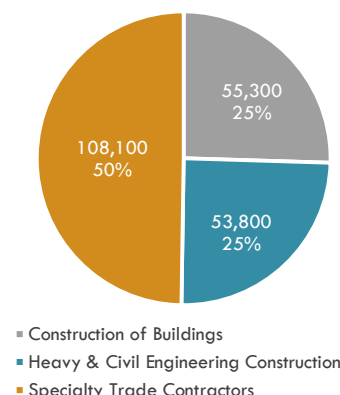
Chart 28. Construction (NSA) Over-the-year Net Change, May-'08 to May-'23



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 29). Across the Houston MSA, the concentration of jobs in the overall Construction sector is 27 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 29. Employment in Component Industries of Construction Sector - May 2023



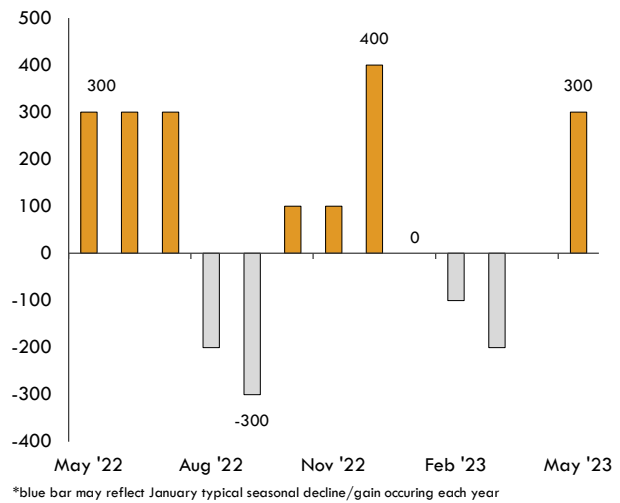
GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information also saw an increase over the month up 300 jobs, or 0.9 percent (see Chart 30). Historically in the month of May, Information has added an average of 100 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Other Information Undefined was the largest contributor to the overall sector's increase, up 200 jobs over the month. The second-largest contributor was Telecommunications, which added 100 jobs from April to May. Information employment was revised downward by -100 jobs for a March to April complete loss of gains resulting in a net change of zero compared to an original estimate of 100 jobs.

Chart 30. Information (NSA)  
Over-the-month Net Change, May-22 to May-23

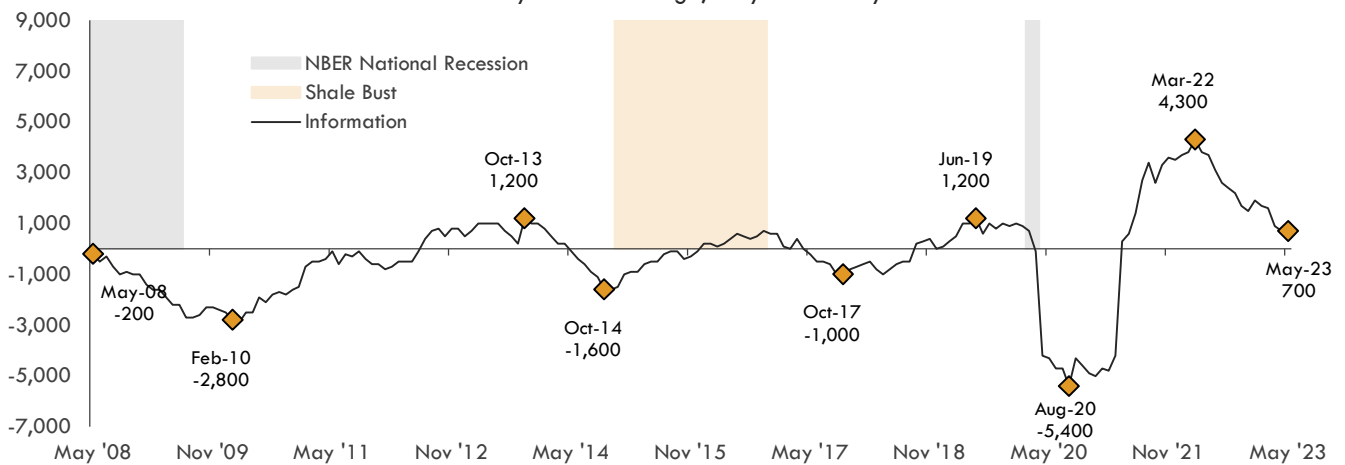


Over-the-year Change

Year over year, Information was up 700 jobs, or 2.1 percent (see Chart 31). This May also marks 26 consecutive months of over-the-year gains. Other Information Undefined was the largest contributor to the overall sector's increase, up 500 jobs over the year. The second-largest contributor was Telecommunications, which added 200 jobs from May a year ago. Total Information employment (NSA) now exceeds its February 2020 pre-pandemic level of 32,700 jobs by 700, or 2.1 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.

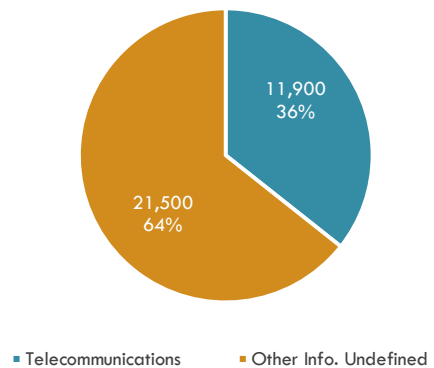
Chart 31. Information (NSA)  
Over-the-year Net Change, May-08 to May-23



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 32). Across the Houston MSA, the concentration of jobs in the overall Information sector is 49 percent less than the national average.

Chart 32. Employment in Component Industries of Information Sector - May 2023

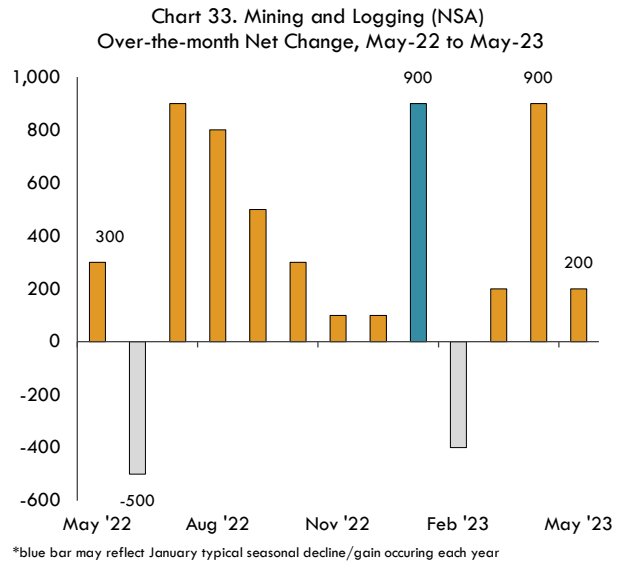


GAINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging also saw an increase over the month up 200 jobs, or 0.3 percent (see Chart 33). Historically in the month of May, Mining and Logging has added an average of 100 jobs over the month, which indicates that this month's gains are moderately above the long-term average. Support Activities for Mining was the largest contributor to the overall sector's increase, up 200 jobs over the month. The second-largest contributor was Oil and Gas Extraction, which added 100 jobs from April to May. Lastly, Other Mining and Logging Undefined offset a portion of the sector's gains with a loss of -100 jobs. Mining and Logging employment was revised upward by 100 jobs for a March to April larger net gain of 900 compared to an original estimate of 800 jobs.

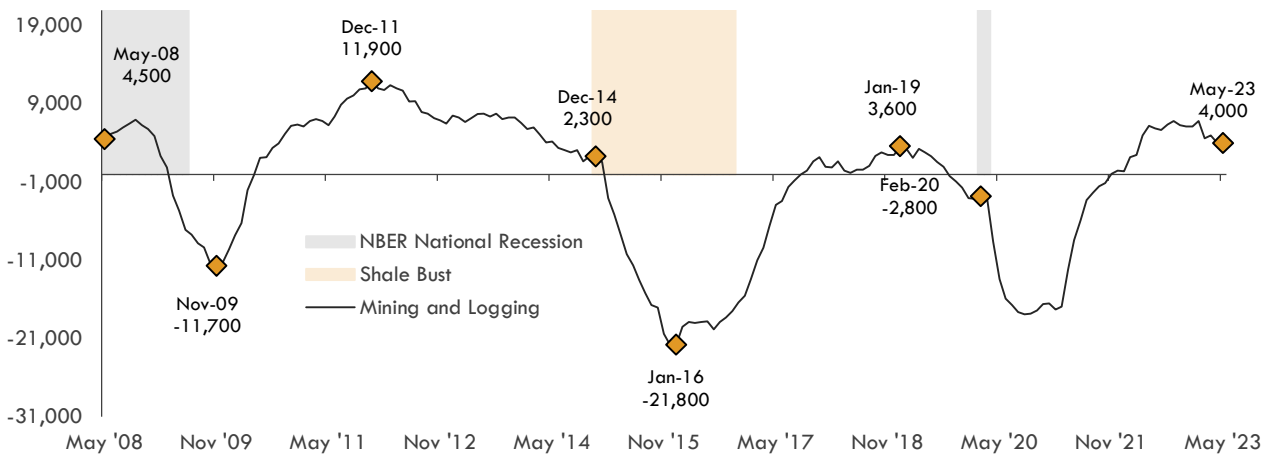


Over-the-year Change

Year over year, Mining and Logging was up 4,000 jobs, or 6.1 percent (see Chart 34). This May also marks 19 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 2,800 jobs over the year. The second-largest contributor was Oil and Gas Extraction, which added 800 jobs from May a year ago. Lastly, Other Mining and Logging Undefined contributed, 400 jobs. Total Mining and Logging employment (NSA) remains -9,200

jobs, or -11.7 percent below its February 2020 pre-pandemic level of 78,400. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 2.0 percent over the past year.

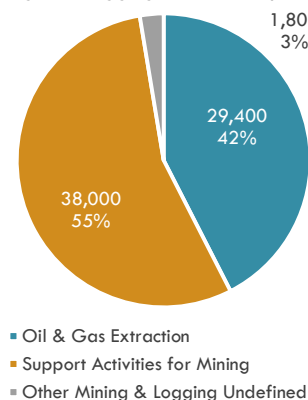
Chart 34. Mining and Logging (NSA) Over-the-year Net Change, May-08 to May-23



About This Sector

This sector comprises establishments extracting naturally occurring minerals such as coal and ores; liquid minerals, such as crude petroleum and natural gas; and timber. Of the three main component industries, Support Activities for Mining accounts for a slight majority of the sector's employment at just over 55 percent (see Chart 35). Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 5.0 times the national average, due to the region's role as a global hub for the oil and gas industry.

Chart 35. Employment in Component Industries of Mining and Logging Sector - May 2023



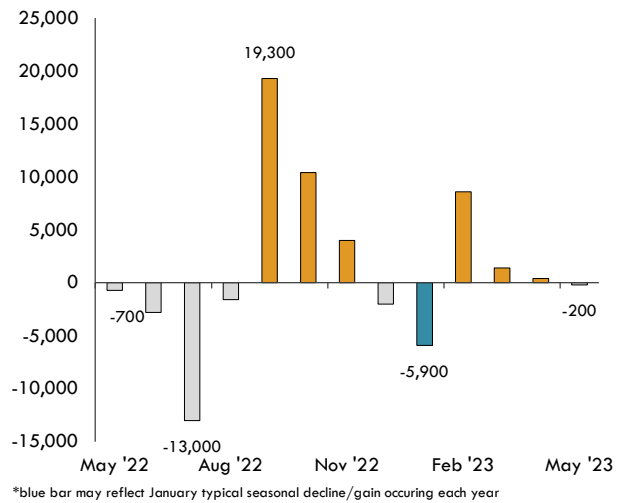
DECLINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was the largest declining sector over the month down -200 jobs, or 0.0 (see Chart 36). Historically in the month of May, Government has added an average of 1,300 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Local Government was the largest contributor to the overall sector's decline, down -400 jobs over the month. One component industry that provided a partial offset was Federal Government, which gained 100 jobs from April to May. Lastly, State Government offset a portion of the sector's losses with a gain of 100 jobs. Government employment saw no revision from March to April leaving the previous month's original increase of 400 intact.

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

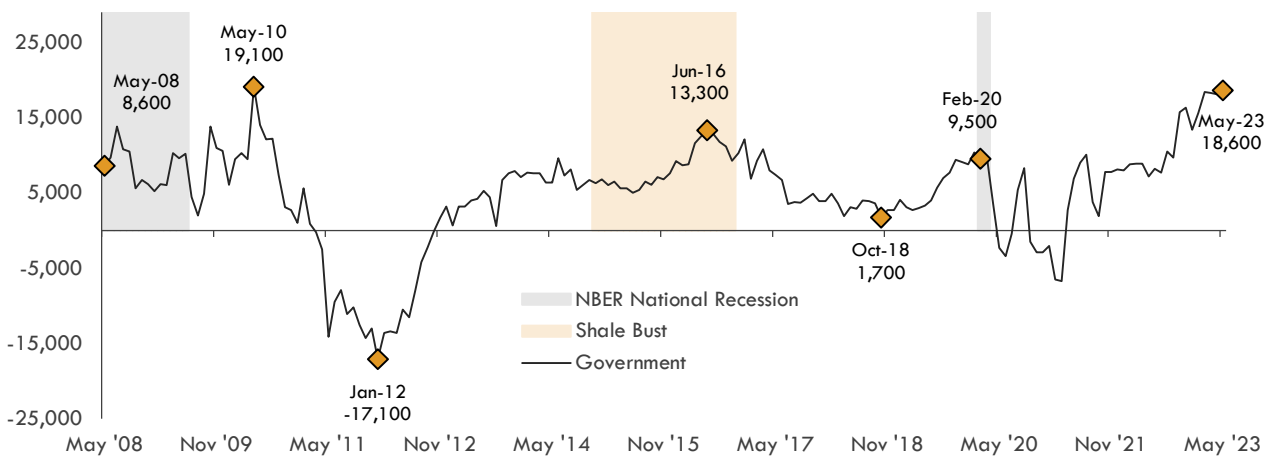


Over-the-year Change

Year over year, Government was up 18,600 jobs, or 4.3 percent (see Chart 37). This was the second-largest over-the-year gain in May or any other month and the largest gain since May 2010's increase of 19,100 jobs. It also marks 26 consecutive months of over-the-year gains. Furthermore, 14.8 percent of total (gross) jobs added across the region over the past year can be attributed to Government. Local Government was the largest contributor to the overall sector's increase, up 12,800 jobs over the year. The second-largest contributor was State Government, which added 4,600 jobs from May a year ago. Lastly, Federal

Government contributed, 1,200 jobs. Total Government employment (NSA) now exceeds its February 2020 pre-pandemic level of 428,400 jobs by 22,300, or 5.2 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 13.4 percent over the past year.

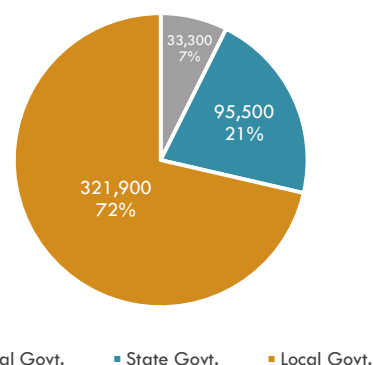
Chart 37. Government (NSA)  
Over-the-year Net Change, May-'08 to May-'23



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

Chart 38. Employment in Component Industries of Government Sector - May 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 4.4 percent in May, up from April's 3.9 percent and up from 3.9 percent a year ago. This was above the statewide rate of 4.1 percent and above the national rate of 3.4 percent. Houston's unemployment rate typically rises in May of each year and has occurred 80 percent of the time over the past three decades making this month's increase consistent with historical seasonal trends. 158,624 individuals were unemployed in Houston in May, up from April's 141,761 and up from 137,243 in May 2022 (see Charts 39 and 40).

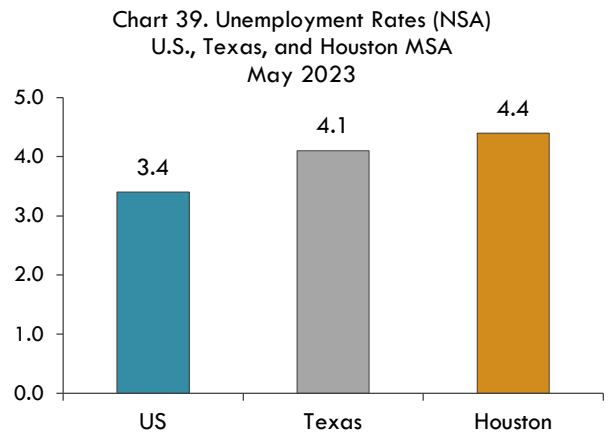
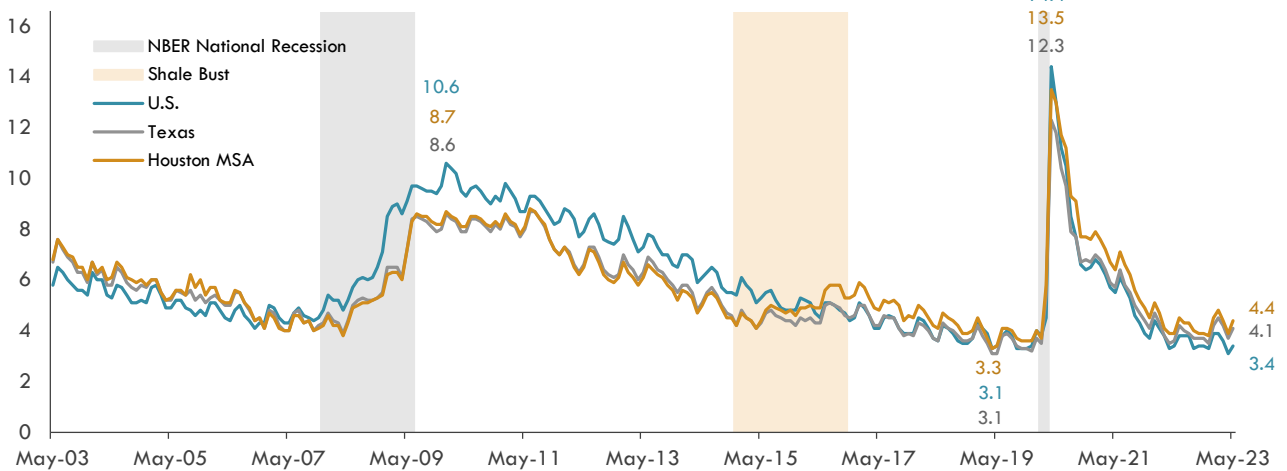


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA) May 2003 to May 2023

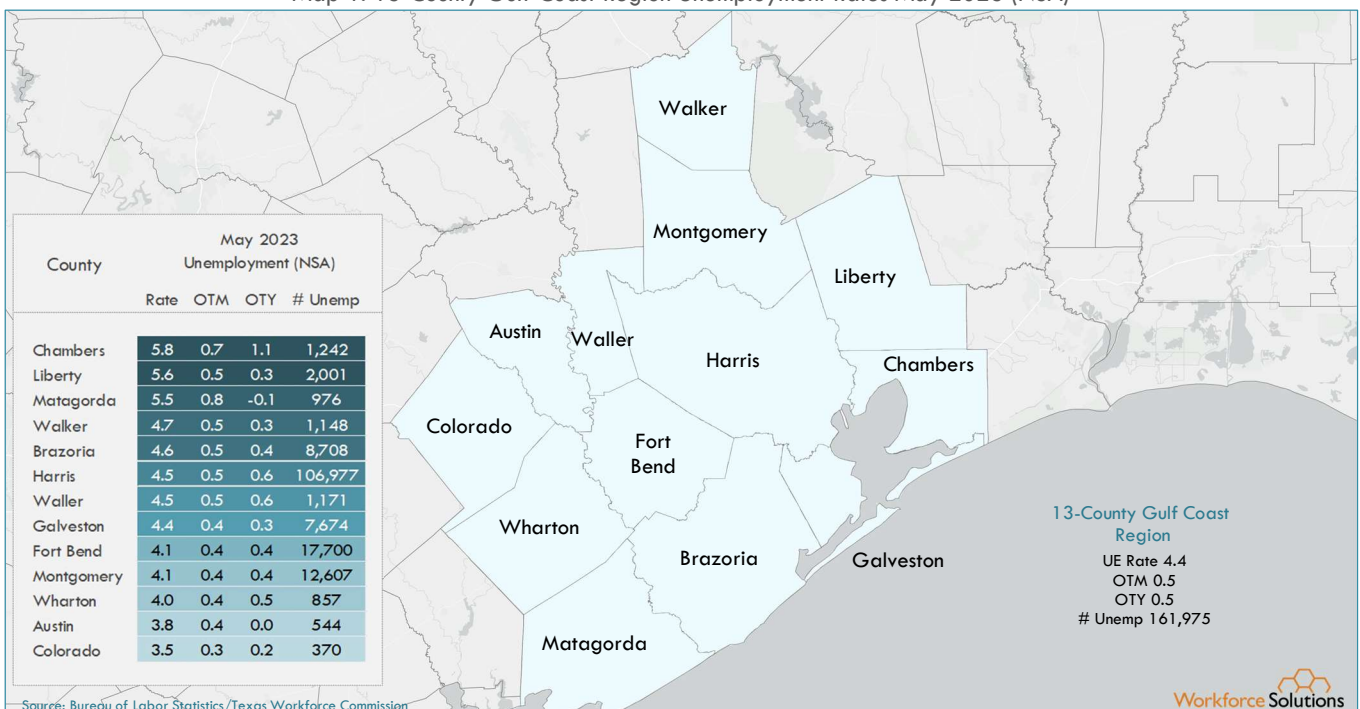


#### County-level Unemployment

Among the 13 counties that comprise the Gulf Coast Workforce Development Area, unemployment rates in May ranged from a high of 5.8 percent in Chambers County to a low of 3.5 percent in Colorado. Over the month, all 13 counties saw their unemployment rates rise in keeping with the region-wide increase of 0.5 percentage points. Matagorda saw the largest percentage-point increase in unemployment up 0.8 pp. representing 132 more unemployed workers compared to the previous month. This was followed by Chambers (0.7 pp, 150 workers) and Liberty (0.5 pp, 181 workers). Over the year

unemployment rates also rose with, Chambers posting the largest increase, up 1.1 percentage points representing 251 more unemployed workers compared to a year ago followed by Harris (0.6 pp, 15,146 workers) and Waller (0.6 pp, 171 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 -287,337 as of this May (see Map 1 legend).

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





## Local Area Unemployment Statistics (continued)

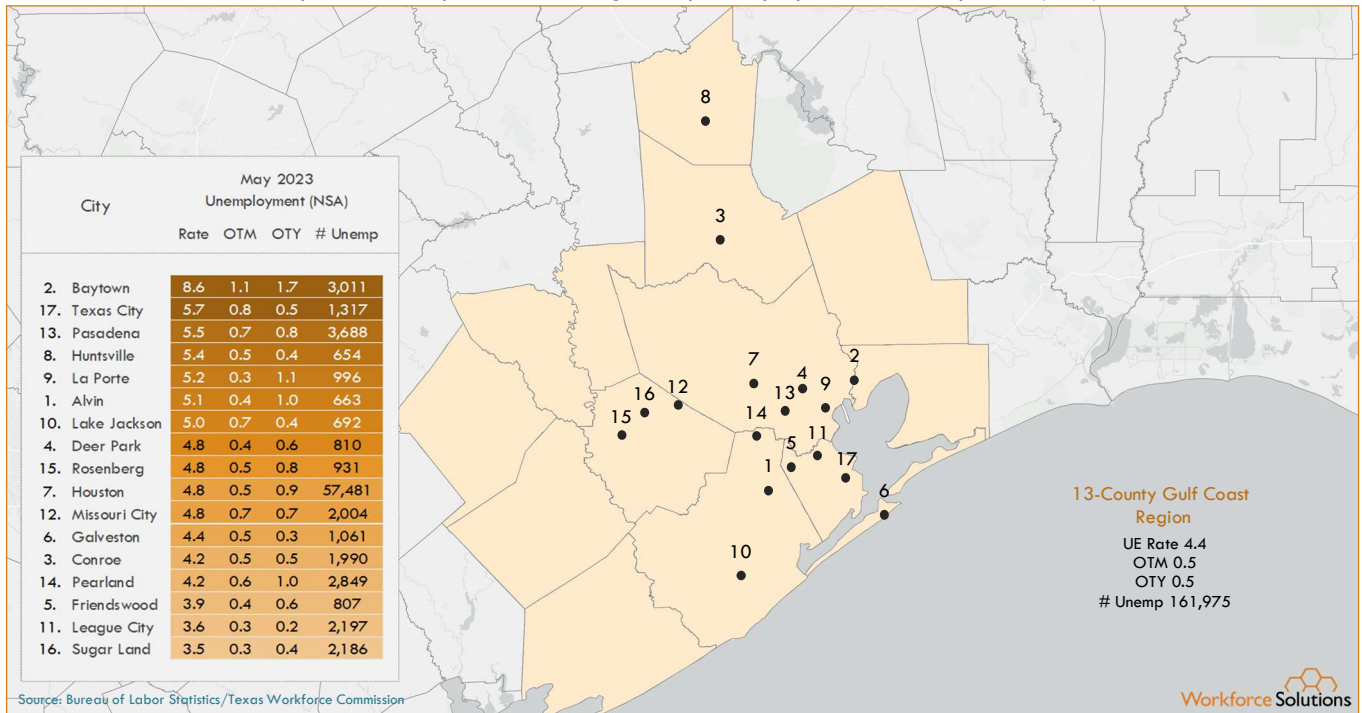
### Not-Seasonally Adjusted

#### 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 May ranged from a high of 8.6 percent in Baytown to a low of 3.5 percent in Sugar Land (see Map 2 legend). Over the month, all 17 cities saw their unemployment rates rise in keeping with the region-wide increase of 0.5 percentage points. Baytown saw the largest percentage-point increase in unemployment up 1.1 pp. representing 398 more

unemployed workers compared to the previous month. This was followed by Texas City (0.8 pp, 180 workers) and Missouri City (0.7 pp, 311 workers). Over the year unemployment rates also rose with, Baytown posting the largest increase, up 1.7 percentage points representing 706 more unemployed workers compared to a year ago followed by La Porte (1.1 pp, 231 workers) and Alvin (1.0 pp, 138 workers). The 17 cities below accounted for 51 percent of the 161,975 unemployed workers across the Gulf Coast Region as of this May (see Map 2 legend).

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



### Seasonally Adjusted

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

The Houston MSA (seasonally-adjusted) unemployment rate stood at 4.3 percent in April, unchanged from March's 4.3 percent and up from 4.2 percent a year ago. This was above the statewide rate of 4.0 percent and above the national rate of 3.4 percent. 154,053 individuals were unemployed in Houston in April, down slightly from March's 152,457 and up from 148,224 in April 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  
 April 2023

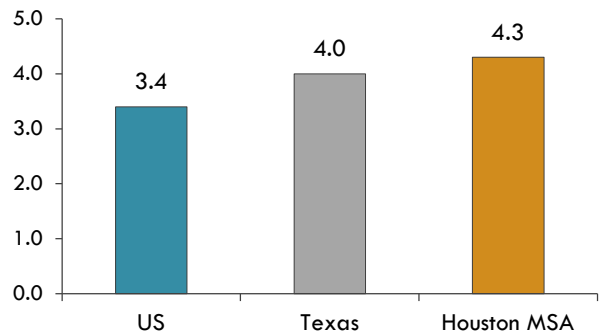
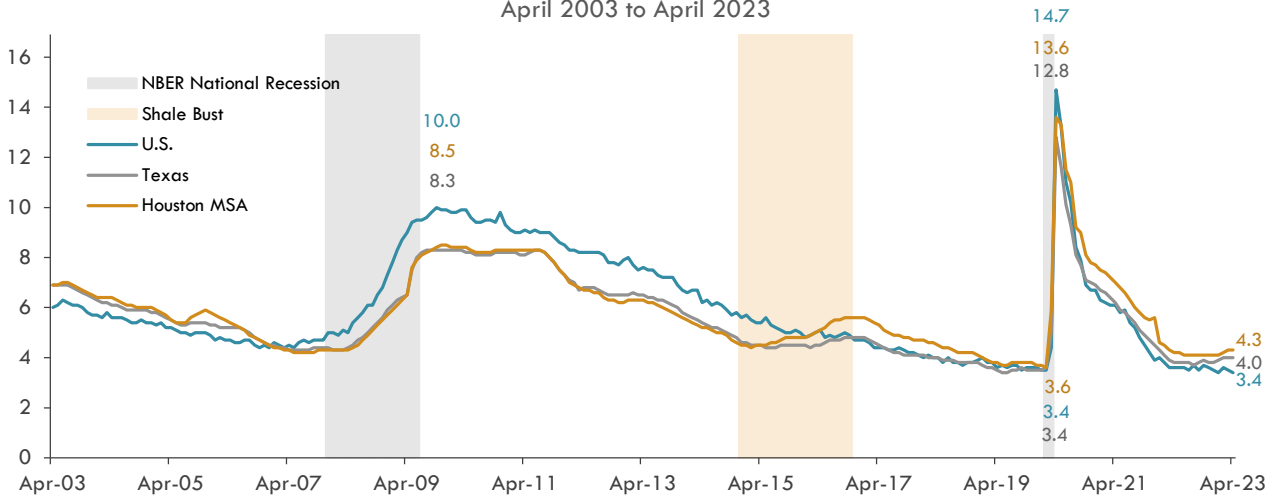


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)  
 April 2003 to April 2023



Gulf Coast Workforce Solutions Index (WSI)

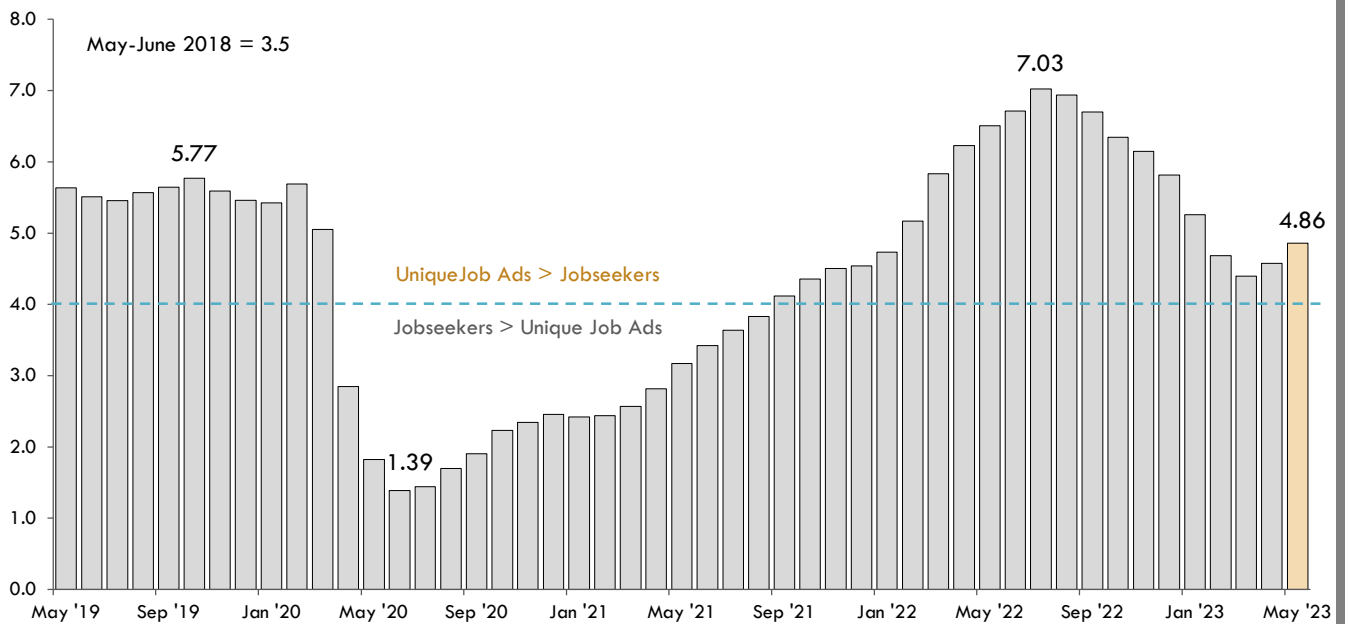


**The Gulf Coast Workforce Solutions Index (WSI)**

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  
 May  
 2023:  
**4.86**

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 May 2023**

The Houston MSA WSI for April stood at 4.86, up from April's upwardly revised reading of 4.58. This marks two months of gains in the index suggesting that jobseekers may be regaining leverage in the job market after the recent trough in March of 4.40. Note that May's reading, along with all other months, incorporates data from the prior two months. In this instance March and April combined saw an increase of nearly 40,000 jobs ads versus an increase of just over 5,600 unemployed individuals. However as noted in April's report, Lightcast issued a notice stating that it has

*"completed its restatement of US posting data covering March and April 2023, effective May 12th. Total postings have decreased by 23% compared to previous numbers, so any analysis including those months completed prior to the restatement may overstate results."*

Nonetheless, May's reading continues to suggest that a requirement of four work search activities may be appropriate for individuals receiving unemployment insurance given the relative availability of jobs at present.



# Houston Area Employment Situation

May 2023

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	May-23	Apr-23	May-22	Monthly	Monthly	Yearly	Yearly %
<b>Total Nonfarm</b>	<b>3,354,300</b>	<b>3,335,800</b>	<b>3,235,200</b>	<b>18,500</b>	<b>0.6%</b>	<b>119,100</b>	<b>3.7%</b>
Total Private	2,903,600	2,884,900	2,803,100	18,700	0.6%	100,500	3.6%
Goods Producing	516,800	515,100	510,400	1,700	0.3%	6,400	1.3%
<b>.Mining and Logging</b>	<b>69,200</b>	<b>69,000</b>	<b>65,200</b>	<b>200</b>	<b>0.3%</b>	<b>4,000</b>	<b>6.1%</b>
...Oil and Gas Extraction	29,400	29,300	28,600	100	0.3%	800	2.8%
...Support Activities for Mining	38,000	37,800	35,200	200	0.5%	2,800	8.0%
<b>.Construction</b>	<b>217,200</b>	<b>216,700</b>	<b>222,600</b>	<b>500</b>	<b>0.2%</b>	<b>-5,400</b>	<b>-2.4%</b>
..Construction of Buildings	55,300	55,200	54,800	100	0.2%	500	0.9%
..Heavy and Civil Engineering Construction	53,800	53,800	53,100	0	0.0%	700	1.3%
..Specialty Trade Contractors	108,100	107,700	114,700	400	0.4%	-6,600	-5.8%
<b>.Manufacturing</b>	<b>230,400</b>	<b>229,400</b>	<b>222,600</b>	<b>1,000</b>	<b>0.4%</b>	<b>7,800</b>	<b>3.5%</b>
..Durable Goods	141,500	140,700	136,100	800	0.6%	5,400	4.0%
...Fabricated Metal Product Manufacturing	49,000	48,800	46,400	200	0.4%	2,600	5.6%
...Machinery Manufacturing	41,700	41,800	40,000	-100	-0.2%	1,700	4.3%
....Agriculture, Construction, and Mining Machinery Mfg.	21,900	21,900	20,500	0	0.0%	1,400	6.8%
...Computer and Electronic Product Manufacturing	14,200	14,200	13,700	0	0.0%	500	3.6%
..Non-Durable Goods	88,900	88,700	86,500	200	0.2%	2,400	2.8%
...Petroleum and Coal Products Manufacturing	7,900	7,800	7,800	100	1.3%	100	1.3%
...Chemical Manufacturing	42,200	42,200	40,600	0	0.0%	1,600	3.9%
Service Providing	2,837,500	2,820,700	2,724,800	16,800	0.6%	112,700	4.1%
.Private Service Providing	2,386,800	2,369,800	2,292,700	17,000	0.7%	94,100	4.1%
<b>..Trade, Transportation, and Utilities</b>	<b>688,900</b>	<b>683,600</b>	<b>660,600</b>	<b>5,300</b>	<b>0.8%</b>	<b>28,300</b>	<b>4.3%</b>
...Wholesale Trade	177,700	176,100	168,400	1,600	0.9%	9,300	5.5%
....Merchant Wholesalers, Durable Goods	110,400	109,700	103,600	700	0.6%	6,800	6.6%
....Prof. and Commercial Equip. Supplies Wholesalers	17,600	17,600	17,200	0	0.0%	400	2.3%
....Merchant Wholesalers, Nondurable Goods	54,100	53,800	53,100	300	0.6%	1,000	1.9%
...Retail Trade	319,200	317,600	311,800	1,600	0.5%	7,400	2.4%
....Motor Vehicle and Parts Dealers	43,900	43,500	43,200	400	0.9%	700	1.6%
....Bldg. Material and Garden Equip. and Supplies Dealers	24,900	24,700	24,900	200	0.8%	0	0.0%
....Food and Beverage Stores	73,700	73,600	70,700	100	0.1%	3,000	4.2%
....Health and Personal Care Stores	61,600	61,400	60,700	200	0.3%	900	1.5%
....Clothing and Clothing Accessories Stores	19,800	19,700	19,400	100	0.5%	400	2.1%
....General Merchandise Stores	41,800	41,700	41,300	100	0.2%	500	1.2%
....Department Stores	20,600	20,600	21,100	0	0.0%	-500	-2.4%
....Other General Merchandise Stores	25,000	25,000	24,800	0	0.0%	200	0.8%
...Transportation, Warehousing, and Utilities	192,000	189,900	180,400	2,100	1.1%	11,600	6.4%
....Utilities	20,200	20,200	19,300	0	0.0%	900	4.7%
....Air Transportation	20,500	20,300	20,100	200	1.0%	400	2.0%
....Truck Transportation	31,000	30,900	30,100	100	0.3%	900	3.0%
....Pipeline Transportation	12,900	12,900	12,200	0	0.0%	700	5.7%
<b>..Information</b>	<b>33,400</b>	<b>33,100</b>	<b>32,700</b>	<b>300</b>	<b>0.9%</b>	<b>700</b>	<b>2.1%</b>
...Telecommunications	11,900	11,800	11,700	100	0.8%	200	1.7%
<b>..Financial Activities</b>	<b>183,800</b>	<b>183,100</b>	<b>177,700</b>	<b>700</b>	<b>0.4%</b>	<b>6,100</b>	<b>3.4%</b>
...Finance and Insurance	114,400	114,500	112,800	-100	-0.1%	1,600	1.4%
....Credit Intermediation and Related Activities	45,500	45,600	46,000	-100	-0.2%	-500	-1.1%
....Depository Credit Intermediation	29,400	29,500	29,200	-100	-0.3%	200	0.7%
....Securities, Commodity Contracts, and Fin. Investments	22,800	22,800	22,200	0	0.0%	600	2.7%
....Insurance Carriers and Related Activities	46,100	46,100	44,600	0	0.0%	1,500	3.4%
...Real Estate and Rental and Leasing	69,400	68,600	64,900	800	1.2%	4,500	6.9%
<b>..Professional and Business Services</b>	<b>560,100</b>	<b>557,900</b>	<b>536,800</b>	<b>2,200</b>	<b>0.4%</b>	<b>23,300</b>	<b>4.3%</b>
...Professional, Scientific, and Technical Services	275,100	274,000	255,800	1,100	0.4%	19,300	7.5%
....Legal Services	32,200	32,000	30,700	200	0.6%	1,500	4.9%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	28,500	29,500	27,200	-1,000	-3.4%	1,300	4.8%
....Architectural, Engineering, and Related Services	77,600	75,900	67,900	1,700	2.2%	9,700	14.3%
....Computer Systems Design and Related Services	43,600	43,600	41,400	0	0.0%	2,200	5.3%
...Management of Companies and Enterprises	46,700	46,600	44,200	100	0.2%	2,500	5.7%
...Admin. and Support and Waste Mgmt. and Remediation	238,300	237,300	236,800	1,000	0.4%	1,500	0.6%
....Administrative and Support Services	224,800	223,700	224,100	1,100	0.5%	700	0.3%
....Employment Services	86,400	85,800	90,500	600	0.7%	-4,100	-4.5%
....Services to Buildings and Dwellings	56,900	55,600	54,100	1,300	2.3%	2,800	5.2%
<b>..Educational and Health Services</b>	<b>447,000</b>	<b>444,000</b>	<b>422,100</b>	<b>3,000</b>	<b>0.7%</b>	<b>24,900</b>	<b>5.9%</b>
...Educational Services	73,200	72,500	68,600	700	1.0%	4,600	6.7%
...Health Care and Social Assistance	373,800	371,500	353,500	2,300	0.6%	20,300	5.7%
....Ambulatory Health Care Services	187,800	187,200	178,300	600	0.3%	9,500	5.3%
....Hospitals	94,600	94,300	88,100	300	0.3%	6,500	7.4%
<b>..Leisure and Hospitality</b>	<b>355,100</b>	<b>350,500</b>	<b>343,000</b>	<b>4,600</b>	<b>1.3%</b>	<b>12,100</b>	<b>3.5%</b>
...Arts, Entertainment, and Recreation	40,300	38,400	38,500	1,900	4.9%	1,800	4.7%
...Accommodation and Food Services	314,800	312,100	304,500	2,700	0.9%	10,300	3.4%
....Accommodation	27,200	27,000	26,100	200	0.7%	1,100	4.2%
....Food Services and Drinking Places	287,600	285,100	278,400	2,500	0.9%	9,200	3.3%
<b>..Other Services</b>	<b>118,500</b>	<b>117,600</b>	<b>119,800</b>	<b>900</b>	<b>0.8%</b>	<b>-1,300</b>	<b>-1.1%</b>
<b>Government</b>	<b>450,700</b>	<b>450,900</b>	<b>432,100</b>	<b>-200</b>	<b>0.0%</b>	<b>18,600</b>	<b>4.3%</b>
.Federal Government	33,300	33,200	32,100	100	0.3%	1,200	3.7%
.State Government	95,500	95,400	90,900	100	0.1%	4,600	5.1%
..State Government Educational Services	54,200	54,100	51,200	100	0.2%	3,000	5.9%
.Local Government	321,900	322,300	309,100	-400	-0.1%	12,800	4.1%
..Local Government Educational Services	224,400	224,800	214,300	-400	-0.2%	10,100	4.7%