

Houston Area Employment Situation

October 2023

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

October Sees Seasonal Growth While Construction Can't Catch a Break / 2024 Employment Forecast

Total Nonfarm

Over-the-month Change

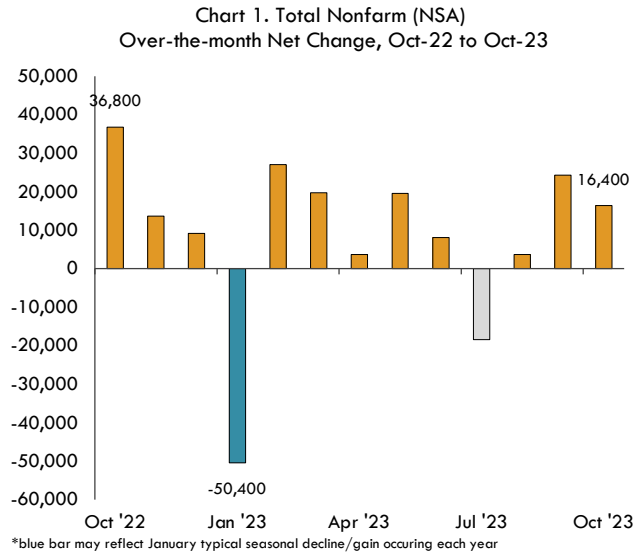
Houston MSA Total Nonfarm employment stood at 3,389,500 in October, up 16,400 jobs over the month, or 0.5 percent on a not-seasonally-adjusted basis (see Chart 1). A year ago Houston registered an over-the-month increase of 36,800 jobs. Prior to the pandemic, historically in the month of October, Total Nonfarm has on average added 10,600 jobs over the month, which indicates that this month's gains are substantially above the long-term average.

The primary drivers of this October's growth were increases in Government; Trade, Transportation, and Utilities; and Private Education and Health Services. Gains were also recorded in Financial Activities; Manufacturing; and Information. The net increase in jobs over the month was partially offset by losses in Leisure and Hospitality; Construction; and Professional and Business Services. (see Chart 2). Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,374,300, down -4,200 jobs over the month, or -0.1 percent vs. a historical average of 3,600. This was the largest October over-the-month decline in since 2019. 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 October**
- Government: 6,400
 - Trade, Transportation, and Utilities: 6,300
 - Private Education and Health Services: 5,900

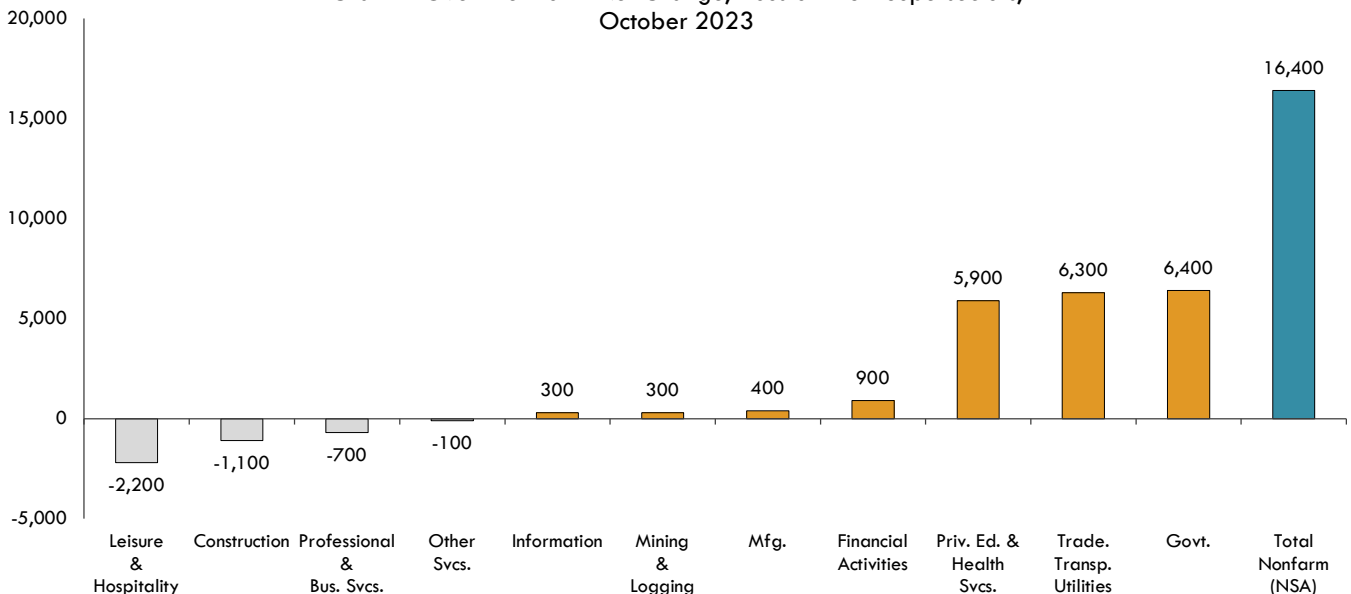
Over-the-year Change

Over the year, Total Nonfarm employment was up 76,600 or 2.3 percent on a not-seasonally-adjusted basis and up 77,200 or 2.3 percent on a seasonally-adjusted basis (see NSA Chart 3). To compare, October 2022 saw a year-over-year gain of 161,300 jobs (NSA) from October 2021. Currently 9 out of 11 sectors show growth year over year of which the top-three are Private Education and Health Services (24,600); Trade, Transportation, and Utilities (21,100); and Government (9,400) (see Chart 4). Total Nonfarm employment



not-seasonally-adjusted now exceeds its February 2020 pre-pandemic level of 3,191,800 jobs by 197,700, or 6.2 percent (176,400 jobs, 5.5 percent above 3,197,900 seasonally adjusted).

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



Houston Area Employment Situation

October 2023

Previous Month's Revisions

Total Nonfarm employment was revised upward by 2,300 jobs for a August to September larger net gain of 24,300 compared to an original estimate of 22,000 jobs. An upward revision of +1,900 jobs in Professional and Business Services was the largest contributor followed by Manufacturing (+1,500) and Government (+1,200). Downward revisions in Leisure and Hospitality (-1,400), Private Education and Health Services (-800), and Financial Activities (-600) 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 October

- Private Education and Health Services: 24,600
- Trade, Transportation, and Utilities: 21,100
- Government: 9,400

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

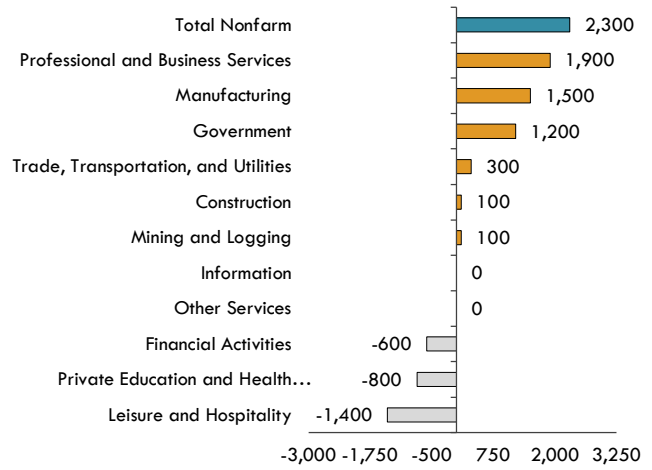


Chart 3. Total Nonfarm (NSA)
Over-the-year Net Change, Oct-08 to Oct-23

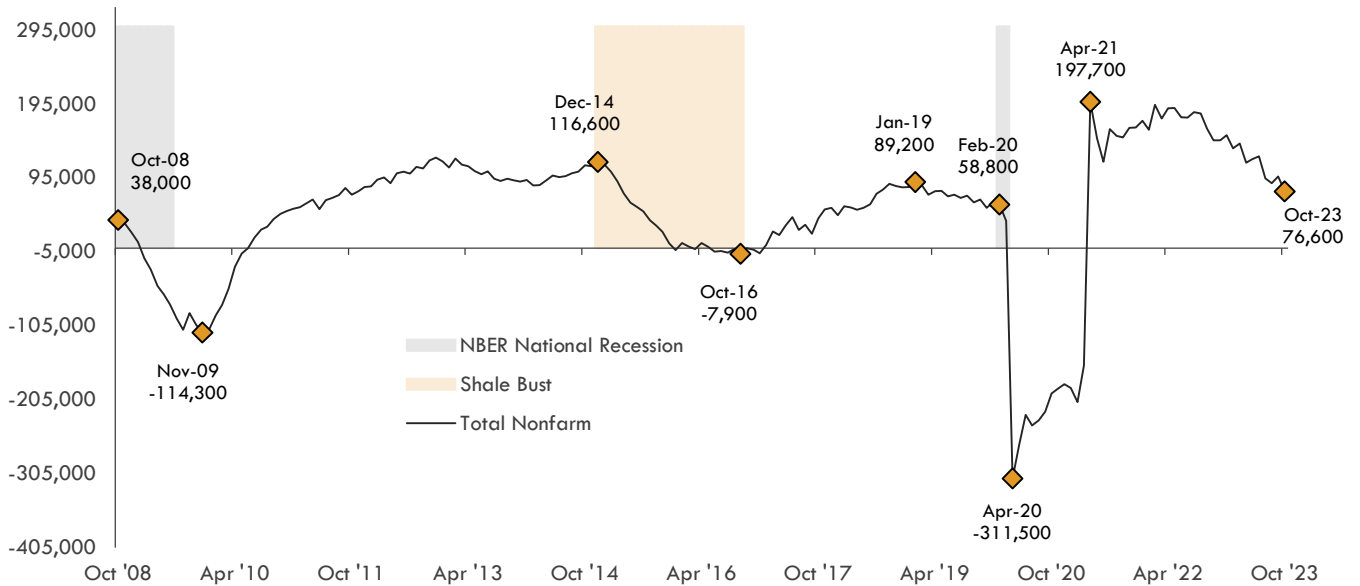
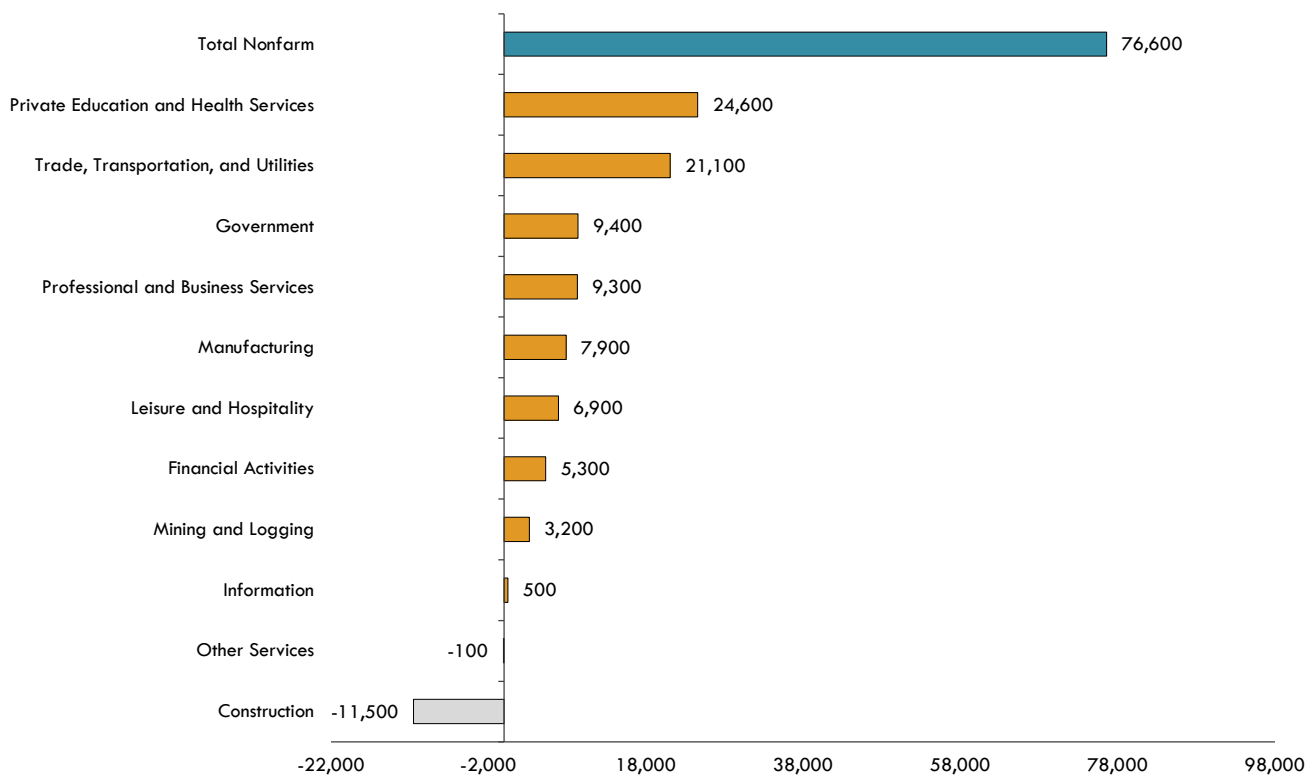


Chart 4. Over-the-year Net Change, Houston MSA Supersectors,
October 2022 to October 2023



Supplemental Commentary

Overall Impressions

Houston area job growth over the month was a bit of a mixed bag in October with 16,400 jobs added, not seasonally adjusted, and a loss of -4,200 jobs, seasonally adjusted. Coming off of September's record 24,300 jobs added (NSA), it's possible that some portion of October's growth was pulled forward however October's weak seasonally adjusted number proves more challenging to explain. Past October seasonally-adjusted losses have tended to occur around national recessions and the 2015-2016 Shale Bust with exceptions in 2019 and 2011 that lacked an explanation. As a result, this October may simply be anomaly. Regardless, October's over-the-month figures for either measure of Total Nonfarm Employment brings the region's year-over-year growth down to roughly 77,000 jobs from 86,000-97,000 last month.

In terms of the drivers of October's over-the-month growth (NSA), Government added 6,400 jobs consistent with the usual return of public education payrolls each fall. Retail and Transportation Warehousing drove the overall Trade Transportation and Utilities sector's growth in October for a gain of 6,300 reflecting the start of the holiday shopping season. Lastly, Private Education and Healthcare, primarily the latter component, resulted in the overall sector adding 5,900 jobs in October.

Conversely, Leisure and Hospitality shed -2,200 jobs in October which is typical for the sector this time of year. Construction lost -1,100 jobs over the month, which on the other hand is not typical as the sector traditionally adds jobs most Octobers. Unfortunately, this just further cements its status as the worst performing sector throughout 2023 with year-over-year losses now totaling -11,500. Data and anecdotes from other sources fail to shed light on the cause of Construction's supposed declines. Benchmark revisions in March are likely to show much smaller losses if any. Lastly, Professional and Business Services lost -700 jobs over the month. Given September's unusual gain of 1,100 jobs, this may simply be another case of growth being pulled forward. Nonetheless, the slowing pace of year-over-year growth from September's 16,300 jobs to October's 9,300 mirrors Total Nonfarm's trend noted above.

In other news, Workforce Solutions Index dropped to 3.61 in October, the first reading below 4.0 since August 2021 . As a reminder, values below 4.0 indicate a surplus of jobseekers relative to active job postings based on underlying rolling averages over the past few months. This in turn suggests that employers may be regaining leverage over jobseekers for the first time in roughly two years. If confirmed over the next two the three months, we may observe employers becoming more selective when considering candidates and less inclined to negotiate compensation when making offers.

2024 Houston Area Employment Forecast

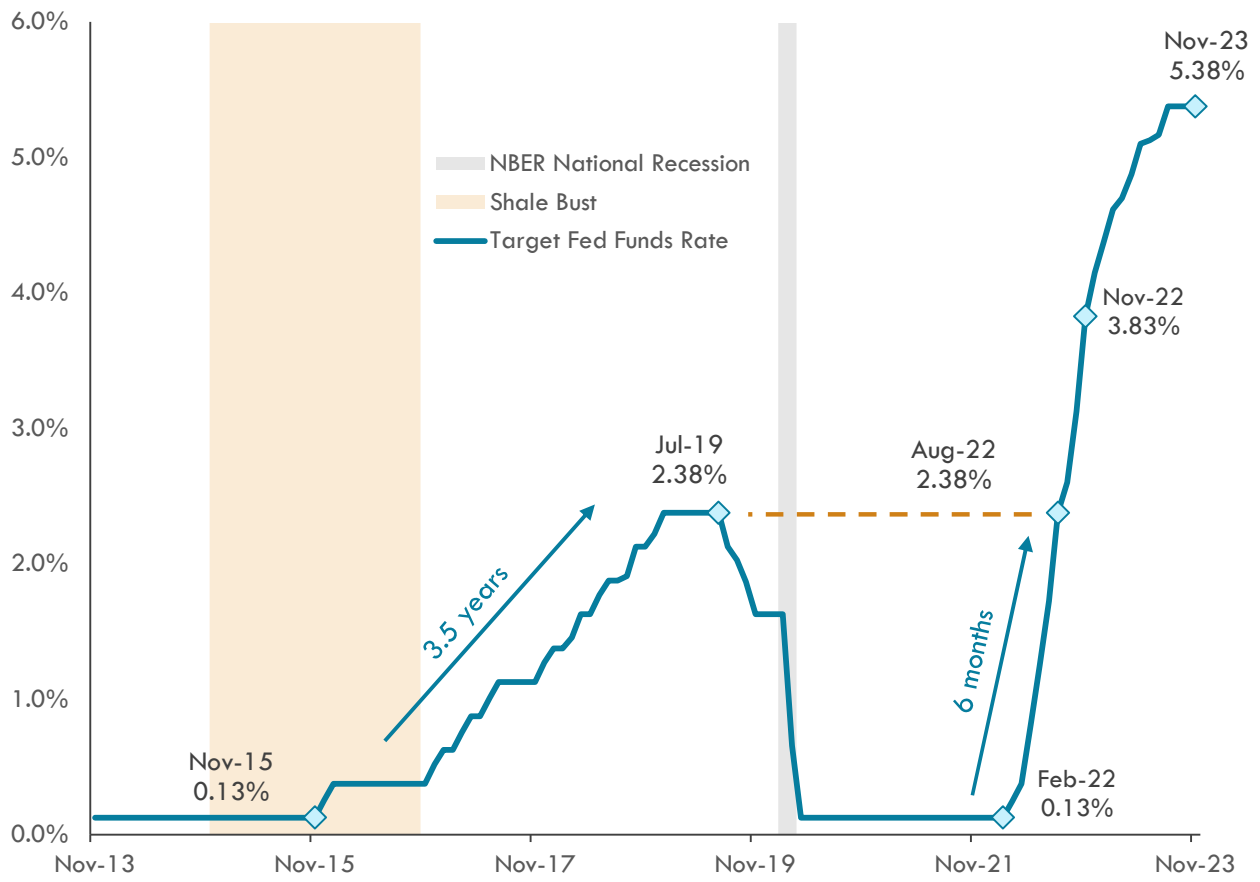
As we approach the end of 2023, let's take a moment to reflect on how Houston's job market got to where it is today given developments of the past few years and where we may be headed in 2024.

- 2019 saw a record number of total jobs but a slowing pace of growth as the nation completed its longest-ever economic expansion at 128 months.
- 2020 = pandemic (obviously)
- 2021 was characterized by recovery of just over half of the jobs lost in spring 2020, an unemployment rate cut nearly in half, a dramatic drop in initial claims for unemployment, and early signs of a spike in inflation.
- 2022 technically saw a 100 percent recovery of the jobs lost in 2020, though several major sectors failed to contribute to this milestone, while four-decade high inflation firmly took hold accompanied by the start of a quick succession of aggressive interest hikes.

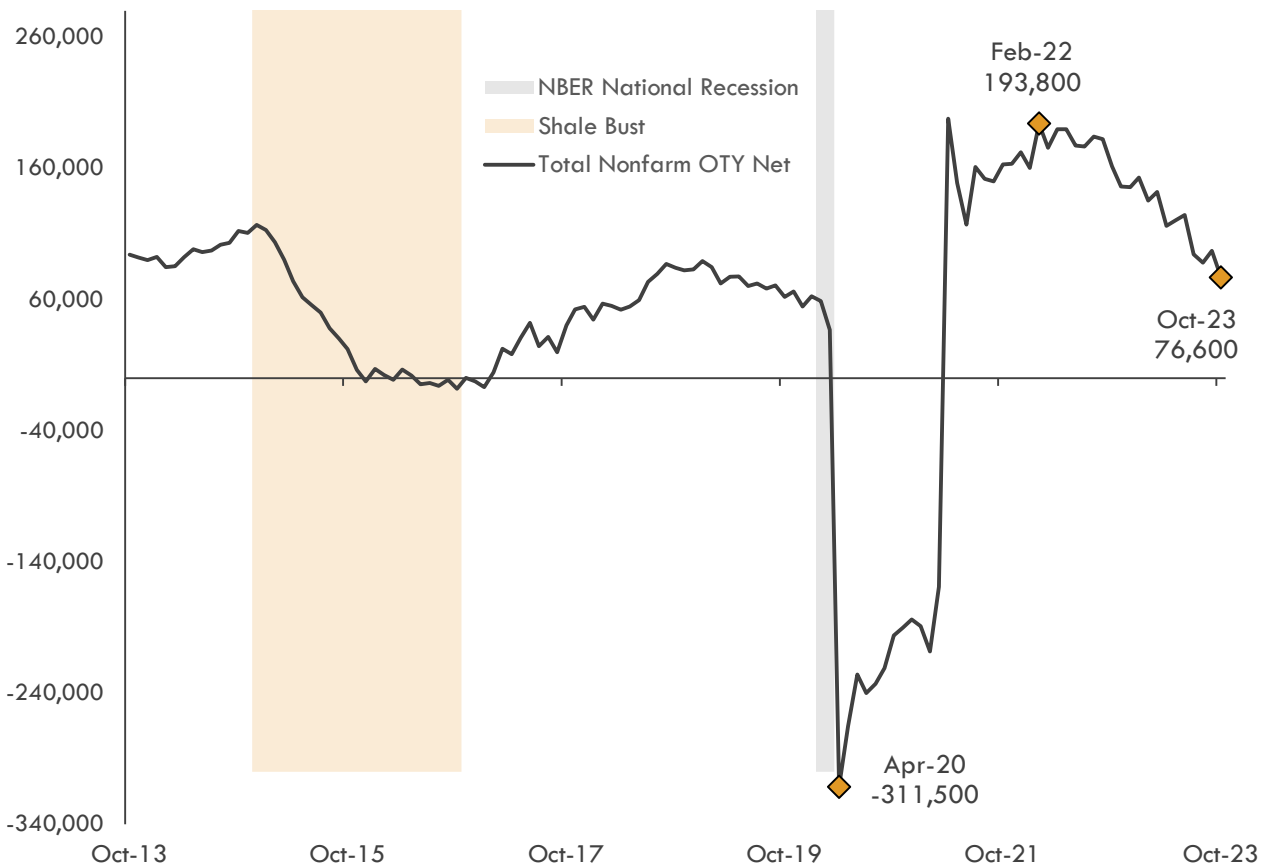
That leaves 2023 as the year of elevated interest rates and a slowdown in job growth but nothing approaching the type of broad-based economic downturn characterized by mass layoffs anticipated by many. To illustrate, the charts below show the paths taken by the Federal Funds Rate and Houston area Total Nonfarm Employment through November and October of this year, respectively.

Supplemental Commentary (continued)

Supplemental Chart 1. Federal Funds Rate Target Range Avg. of Lower and Upper Limits
November 2013 – November 2023



Supplemental Chart 2. Houston MSA Total Nonfarm Employment OTY Net Change (NSA)
October 2013 – October 2023



Continues on next page

Supplemental Commentary (continued)

The thing to note is that interest rates returned to their previous 2019 highs of roughly 2.4 percent in just six months from February to August 2022 whereas the previous cycle took nearly three and a half years to reach the same level. Rates have now been close to four percent or higher for about a year. Meanwhile, over the year job growth in Houston has in fact slowed since peaking in February 2022 at a near record-setting but unsustainable 193,800 jobs. Even without rising interest rates, a slower pace of growth was inevitable. But more importantly, we're still at nearly 77,000 jobs year over year.

In the interest of full transparency, below is the forecast that I published last year around this same time. Under a best-case scenario, I predicted Houston would end 2023 at around 62,000 jobs year over year assuming rates would top out at around four percent. Rates closer to five percent would've lowered our growth to around 36,000. Closer to six percent and we'd eke out a gain of 23,000 for the year. While the year isn't over yet, let's consider the following: rates are at currently five plus percent while our over-the-year job growth is roughly 15,000 jobs above my best-case scenario for 2023.

Forecasted OTY Net Change by Dec 2023

Industry Sector	High	Middle	Low	Current OTY Net Change as of Nov 2022
Professional and Business Services	12,600	8,300	5,400	31,800
Transportation Warehousing and Utilities	9,500	8,600	8,500	2,200
Health Care and Social Assistance	6,700	5,500	5,000	12,000
Government	6,400	6,200	6,200	5,800
Durable Goods Manufacturing	5,500	2,700	-1,400	7,900
Leisure and Hospitality	5,300	-1,600	-3,200	49,800
Wholesale Trade	4,900	1,800	1,000	14,300
Construction	3,900	1,500	-700	18,500
Educational Services	3,100	2,800	2,700	6,400
Retail Trade	1,400	800	400	9,900
Non-durable Goods Manufacturing	1,200	800	700	4,300
Mining and Logging	1,100	-100	-400	7,700
Other Services	400	-400	-700	-3,000
Financial Activities	300	300	200	7,000
Information	-400	-900	-1,000	1,700
Total	61,900	36,300	22,700	176,300

Could the cumulative effects of a year and a half's worth of rate hikes finally kick in all at once slowing things to a crawl? Possibly but here's why I don't think that will happen: the job market has already proven it can withstand rates more than double the highs of the previous cycle in 2019, though we may be pushing our luck. That alone works against the case for more hikes next year and possibly strengthens it for cuts should there be any signs of trouble. And let's not forget, 2024 is a presidential election year. Hence, we can expect a concerted effort to avoid tipping the economy into a recession ahead of next November, which will be supportive of job growth both nationally and locally next year.

Ultimately, in light of the job market's resilience in the face of rate hikes thus far, few if any additional hikes next year, national elections, and any remaining pandemic rebound momentum finally dissipating, Houston's job market is positioned for slower but respectable addition of just over 66,000 jobs in 2024. Some areas such as Professional and Business and Construction will likely see their slowest growth in the first half of the year followed by moderate improvement in the second half. Most other areas will see gradually slower growth over the course of the entire year. However, some sectors such as Mining and Logging, Construction, and Durable Goods Manufacturing despite being projected to add jobs, will fail to reach their pre-pandemic levels of total employment by next December. Therefore we're likely looking at 2025 or beyond for those sectors to reach that milestone. Nonetheless, barring some unforeseen economic event, it appears that the region has avoided the worst of the interest rate storm as we head into 2024.

Continues on next page

Year-end 2024 Houston Area Employment Forecast

Industry Sector	Net Change
Professional and Business Services	10,900
Transportation Warehousing and Utilities	9,900
Government	9,800
Health Care and Social Assistance	8,700
Leisure and Hospitality	6,800
Wholesale Trade	4,500
Financial Activities	3,700
Private Educational Services	2,400
Other Services	2,400
Construction	2,000
Retail Trade	1,900
Non-durable Goods Manufacturing	1,400
Mining and Logging	1,000
Durable Goods Manufacturing	600
Information	400
Total	66,400

Section intentionally left blank



Here's wishing you a happy Thanksgiving!

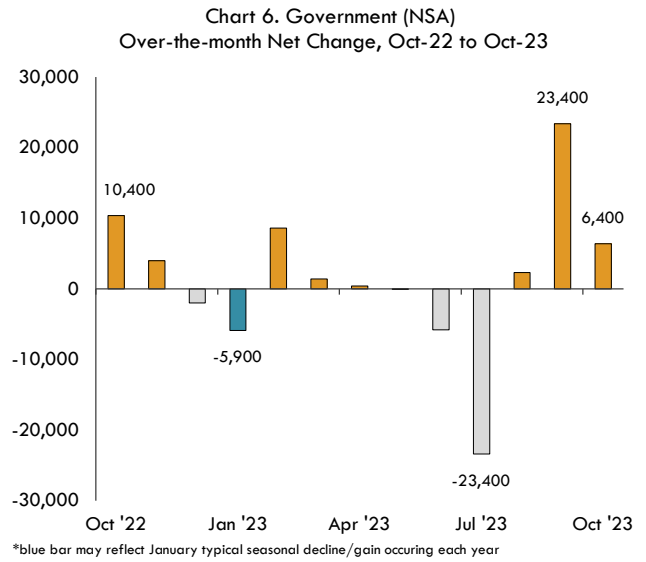


GAINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was the largest gaining sector over the month up 6,400 jobs, or 1.4 percent (see Chart 6). Historically in the month of October, Government has added an average of 6,200 jobs over the month, which indicates that this month's gains are on par with the long-term average. Local Government was the largest contributor to the overall sector's increase, up 5,300 jobs over the month. The second-largest contributor was State Government, which added 1,100 jobs from September to October. Lastly, Federal Government saw no change over the month. Government employment was revised upward by 1,200 jobs for a August to September larger net gain of 23,400 compared to an original estimate of 22,200 jobs.

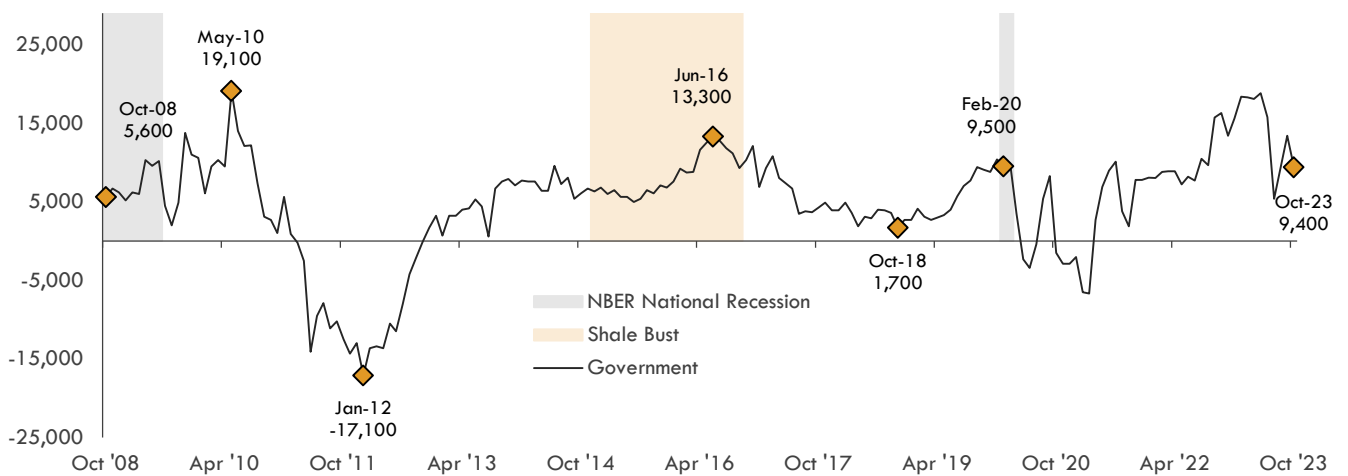


Over-the-year Change

Year over year, Government was up 9,400 jobs, or 2.1 percent (see Chart 7). This October also marks 31 consecutive months of over-the-year gains. Local Government was the largest contributor to the overall sector's increase, up 6,700 jobs over the year. The second-largest contributor was State Government, which added 1,800 jobs from October a year ago. Lastly, Federal Government contributed, 900 jobs. Total Government employment (NSA) now exceeds its February 2020 pre-pandemic level of 428,400 jobs by 25,400, or 5.9 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.

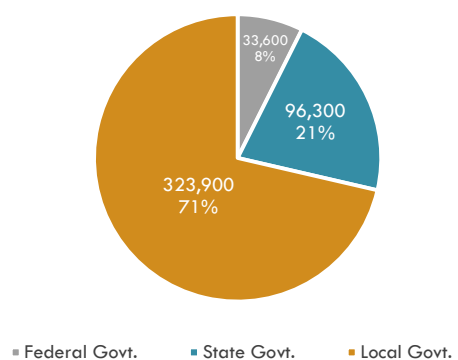
Chart 7. Government (NSA)
Over-the-year Net Change, Oct-08 to Oct-23



About This Sector

This sector consists of establishments of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area that are not performed by private establishments. For MSA data, this includes public education but excludes healthcare. Of the three main component industries, Local Government accounts for the majority of the sector's employment at 71 percent (see Chart 8). Across the Houston MSA, the concentration of jobs in the overall Government sector is 9 percent less than the national average.

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

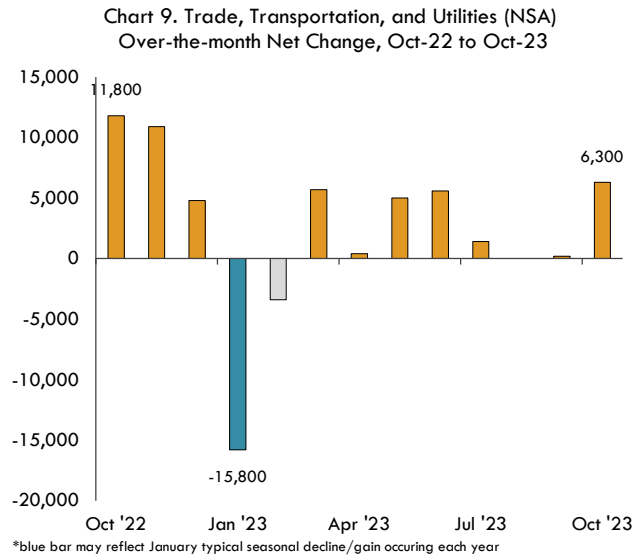


GAINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities was the second-largest gaining sector over the month up 6,300 jobs, or 0.9 percent (see Chart 9). Historically in the month of October, Trade, Transportation, and Utilities has added an average of 2,800 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Retail Trade was the largest contributor to the overall sector's increase, up 3,400 jobs over the month. The second-largest contributor was Transportation, Warehousing, and Utilities, which added 2,700 jobs from September to October. Lastly, Wholesale Trade contributed, 200 jobs. Trade, Transportation, and Utilities employment was revised upward by 300 jobs for a August to September complete erasure of losses resulting in a net gain of 200 compared to an original estimate of -100 jobs.

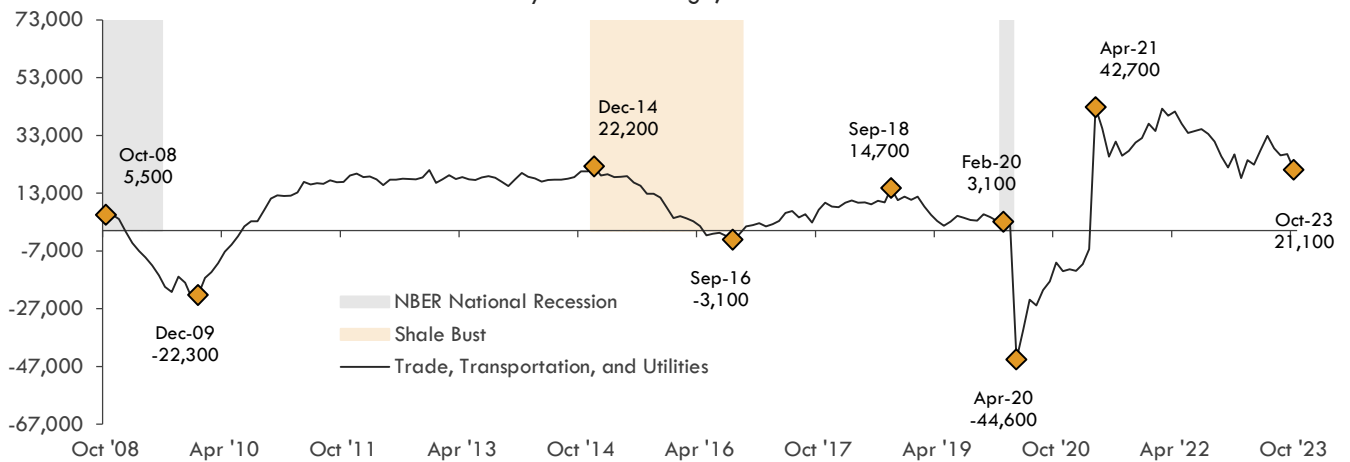


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 21,100 jobs, or 3.1 percent (see Chart 10). This October also marks 31 consecutive months of over-the-year gains. Furthermore, 23.9 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 10,600 jobs over the year. The second-largest contributor was Retail Trade, which added 6,100 jobs from October a year ago. Lastly, Wholesale Trade contributed, 4,400 jobs. Total Trade

Transportation, and Utilities employment (NSA) now exceeds its February 2020 pre-pandemic level of 628,500 jobs by 73,600, or 11.7 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 20.6 percent to 20.7 percent over the past year.

Chart 10. Trade, Transportation, and Utilities (NSA) Over-the-year Net Change, Oct-08 to Oct-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 11).

Chart 11. Employment in Component Industries of Trade, Transportation, and Utilities Sector - October 2023

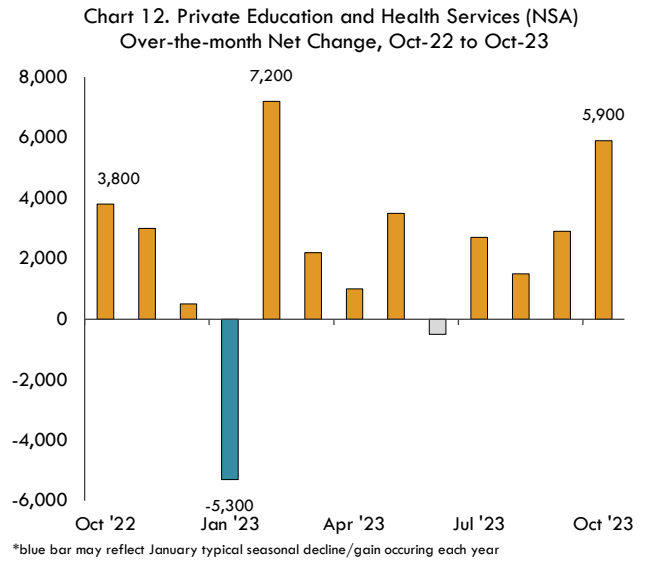


GAINING INDUSTRY HIGHLIGHTS

Private Education and Health Services

Over-the-month Change

Private Education and Health Services was the third-largest gaining sector over the month up 5,900 jobs, or 1.3 percent (see Chart 12). This was the largest October gain since 2021 and the third-largest gain historically for the month of October since records began in 1990. Historically in the month of October, Private Education and Health Services has added an average of 800 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 5,500 jobs over the month. The second-largest contributor was Private Educational Services, which added 400 jobs from September to October. Private Education and Health Services employment was revised downward by -800 jobs for a August to September smaller net gain of 2,900 compared to an original estimate of 3,700 jobs.

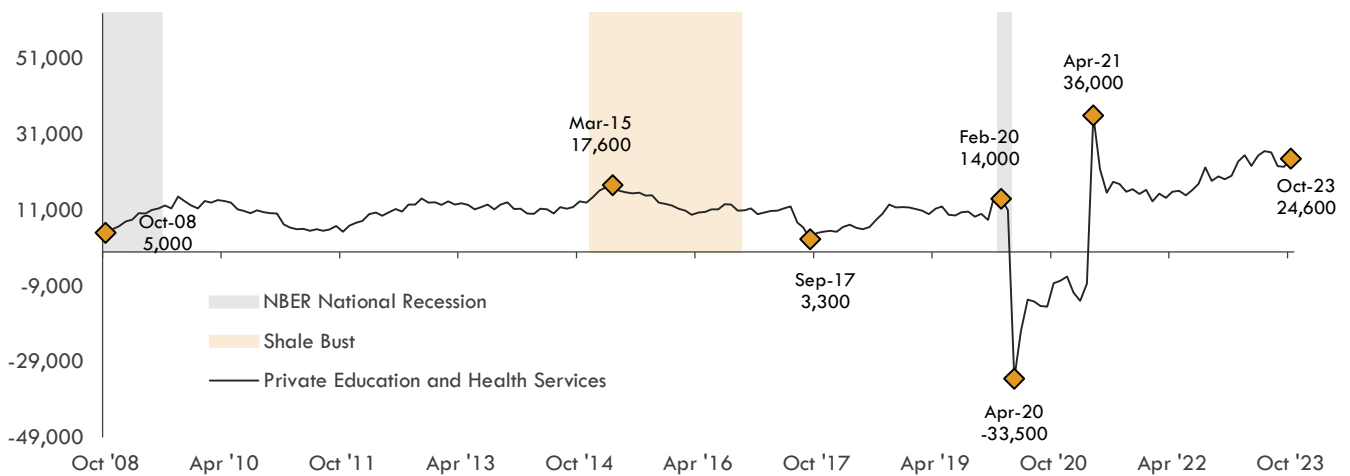


Over-the-year Change

Year over year, Private Education and Health Services was up 24,600 jobs, or 5.6 percent (see Chart 13). This was the largest October over-the-year increase on record and the largest gain since July 2023's increase of 26,300 jobs. Among sectors currently showing growth, this sector is the fastest-growing in percentage terms across the Houston area. Furthermore, 27.9 percent of total (gross) jobs added across the region over the past year can be attributed to Private Education and Health Services. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 23,300 jobs over

the year. The second-largest contributor was Private Educational Services, which added 1,300 jobs from October a year ago. Total Private Education and Health Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 414,400 jobs by 45,600, or 11.0 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 13.1 percent to 13.6 percent over the past year.

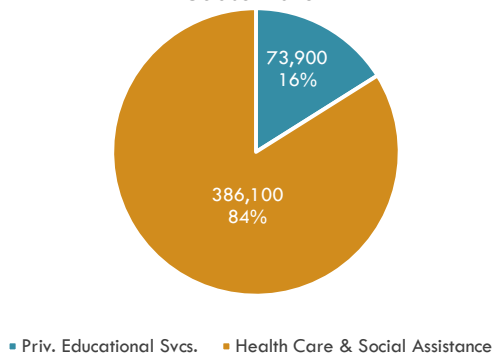
Chart 13. Private Education and Health Services (NSA) Over-the-year Net Change, Oct-08 to Oct-23



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 17 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 Private Education and Health Services Sector - October 2023

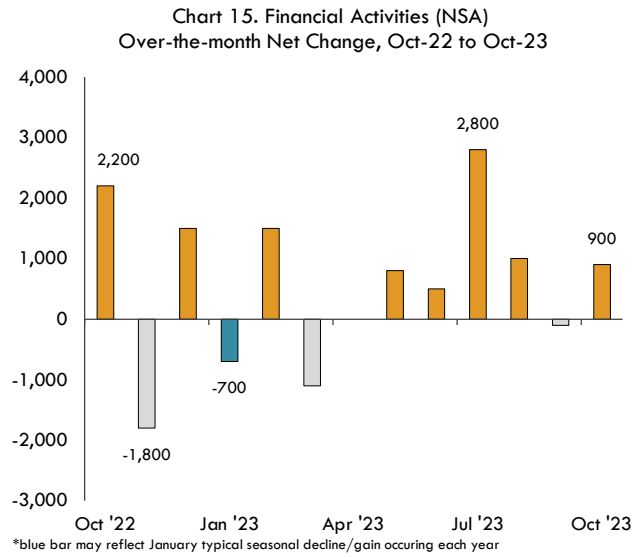


GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities also saw an increase over the month up 900 jobs, or 0.5 percent (see Chart 15). Historically in the month of October, Financial Activities has added an average of 400 jobs over the month, which indicates that this month's gains are moderately above the long-term average. Finance and Insurance was the largest contributor to the overall sector's increase, up 600 jobs over the month. The second-largest contributor was Real Estate and Rental and Leasing, which added 300 jobs from September to October. Financial Activities employment was revised downward by -600 jobs for a August to September complete erasure of gains leaving a net loss of -100 compared to an original estimate of 500 jobs.

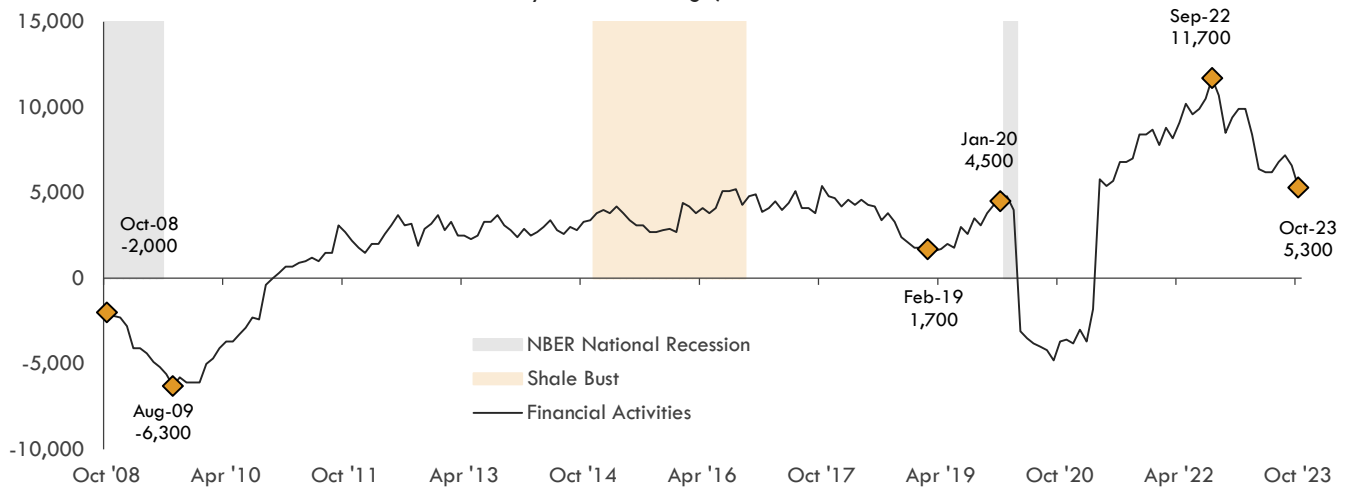


Over-the-year Change

Year over year, Financial Activities was up 5,300 jobs, or 2.9 percent (see Chart 16). This October also marks nine consecutive months of over-the-year gains. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 3,500 jobs over the year. The second-largest contributor was Finance and Insurance, which added 1,800 jobs from October a year ago. Total Financial Activities employment (NSA) now exceeds its February 2020 pre-pandemic level of 169,200 jobs by 19,800, or 11.7 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.

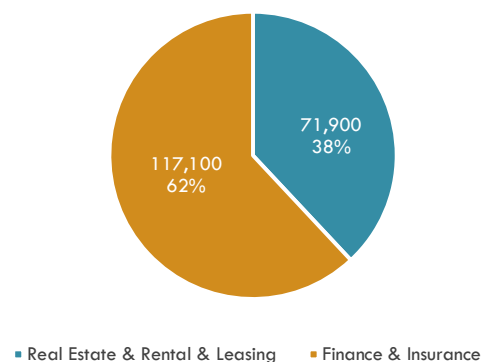
Chart 16. Financial Activities (NSA) Over-the-year Net Change, Oct-08 to Oct-23



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 17). Across the Houston MSA, the concentration of jobs in the overall Financial Activities sector is 4 percent less than the national average, due to a 19-percent lower concentration in Finance and Insurance offsetting a 36-percent higher concentration in Real Estate and Rental and Leasing.

Chart 17. Employment in Component Industries of Financial Activities Sector - October 2023

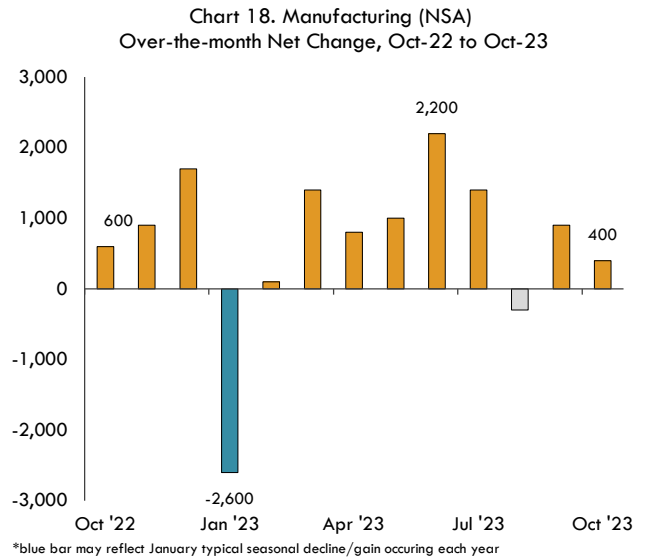


GAINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing also saw an increase over the month up 400 jobs, or 0.2 percent (see Chart 18). Historically in the month of October, Manufacturing has lost an average of -400 jobs over the month, which indicates that this month's gains are moderately in contrast to the long-term average decline. Durable Goods was the largest contributor to the overall sector's increase, up 700 jobs over the month. One component industry that provided a partial offset was Non-Durable Goods, which lost -300 jobs from September to October. Manufacturing employment was revised upward by 1,500 jobs for a August to September complete erasure of losses resulting in a net gain of 900 compared to an original estimate of -600 jobs.

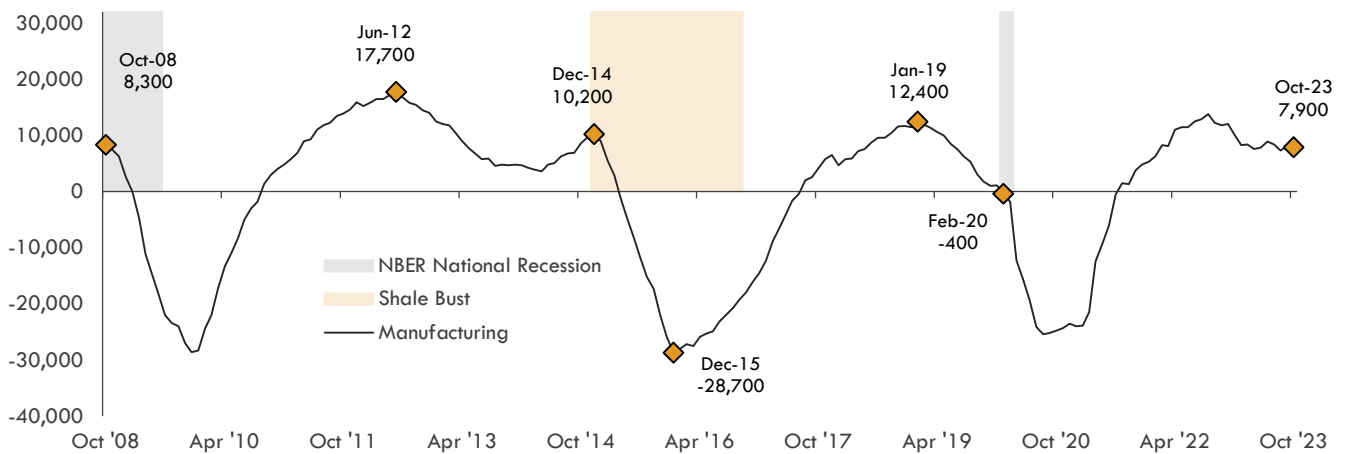


Over-the-year Change

Year over year, Manufacturing was up 7,900 jobs, or 3.5 percent (see Chart 19). This October 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. Durable Goods was the largest contributor to the overall sector's increase, up 7,200 jobs over the year. The second-largest contributor was Non-Durable Goods, which added 700 jobs from October a year ago. Total Manufacturing employment (NSA) now exceeds its February 2020 pre-pandemic level of 234,500 jobs by 500, or 0.2

percent. 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.

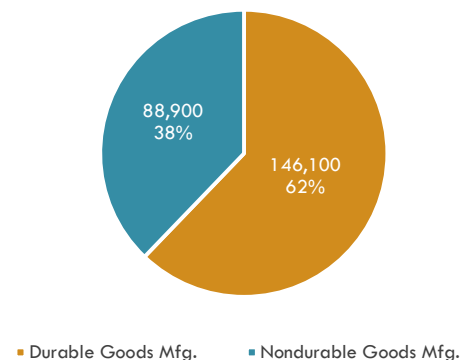
Chart 19. Manufacturing (NSA) Over-the-year Net Change, Oct-08 to Oct-23



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 62 percent (see Chart 20). Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 15 percent less than the national average.

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



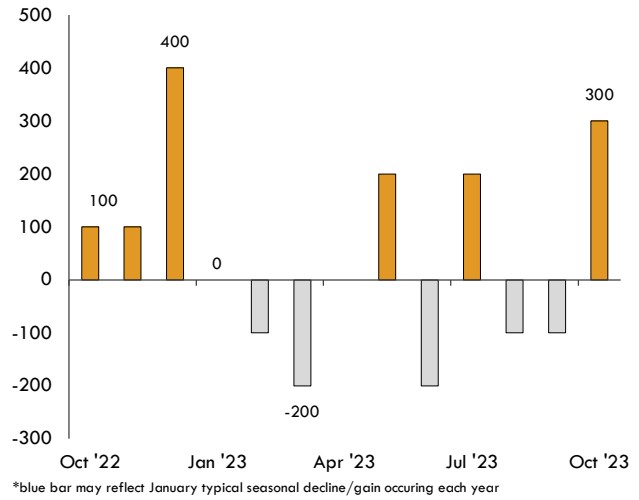
GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information also saw an increase over the month up 300 jobs, or 0.9 percent (see Chart 21). This was the largest October over-the-month gain in since 2021. 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 September to October. Information employment saw no revision from August to September leaving the previous month's original decrease of -100 intact.

Chart 21. Information (NSA)
Over-the-month Net Change, Oct-22 to Oct-23

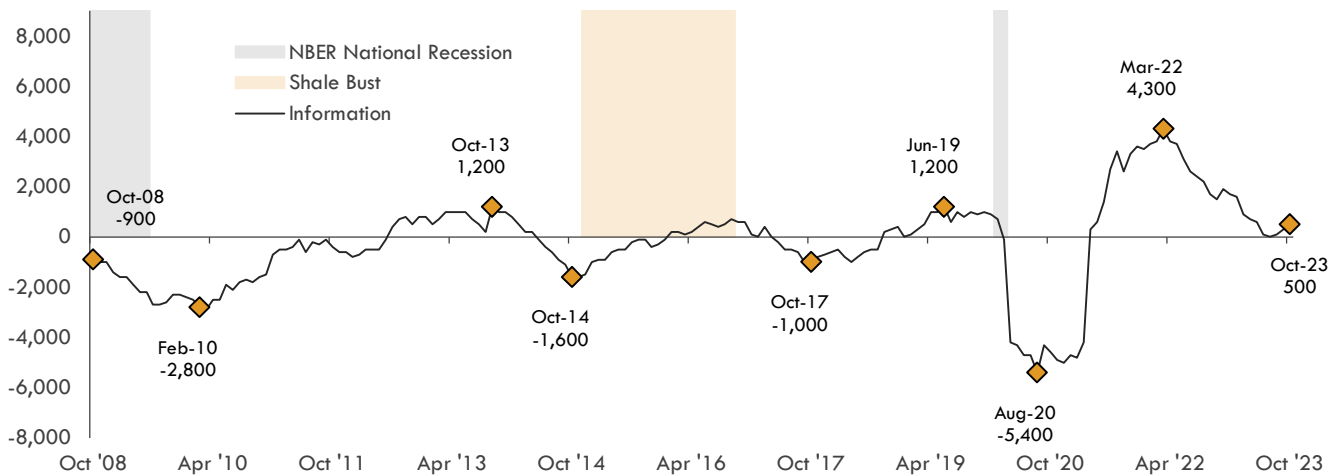


Over-the-year Change

Year over year, Information was up 500 jobs, or 1.5 percent (see Chart 22). This was the largest over-the-year gain since May 2023's increase of 600 jobs. It also marks 30 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. One component industry, Telecommunications, saw no change from October 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.

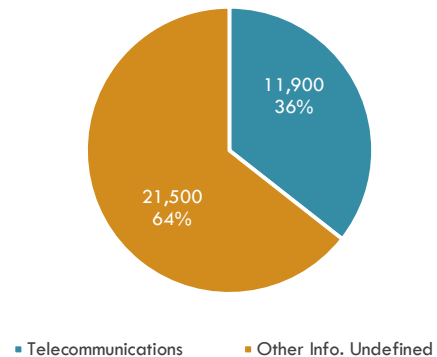
Chart 22. Information (NSA)
Over-the-year Net Change, Oct-08 to Oct-23



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

Chart 23. Employment in Component Industries of Information Sector - October 2023

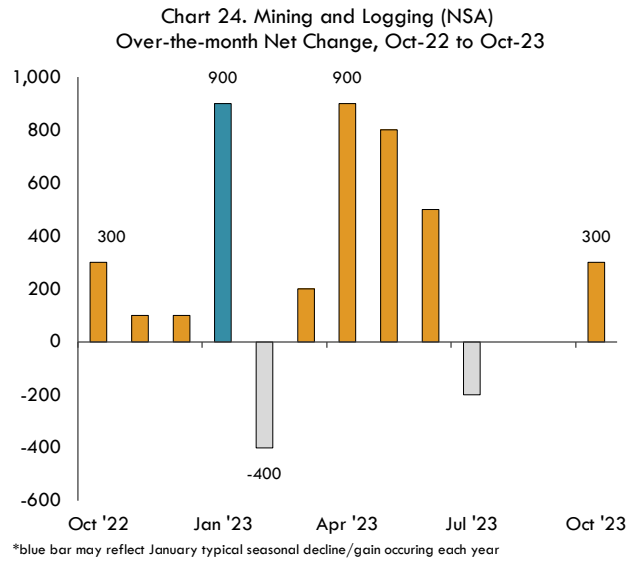


GAINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging also saw an increase over the month up 300 jobs, or 0.4 percent (see Chart 24). Historically in the month of October, Mining and Logging has added an average of 300 jobs over the month, which indicates that this month's gains are on par with 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 September to October. Lastly, Other Mining and Logging Undefined saw no change over the month. Mining and Logging employment was revised upward by 100 jobs for a August to September complete erasure of losses resulting in a net change of zero compared to an original estimate of -100 jobs.

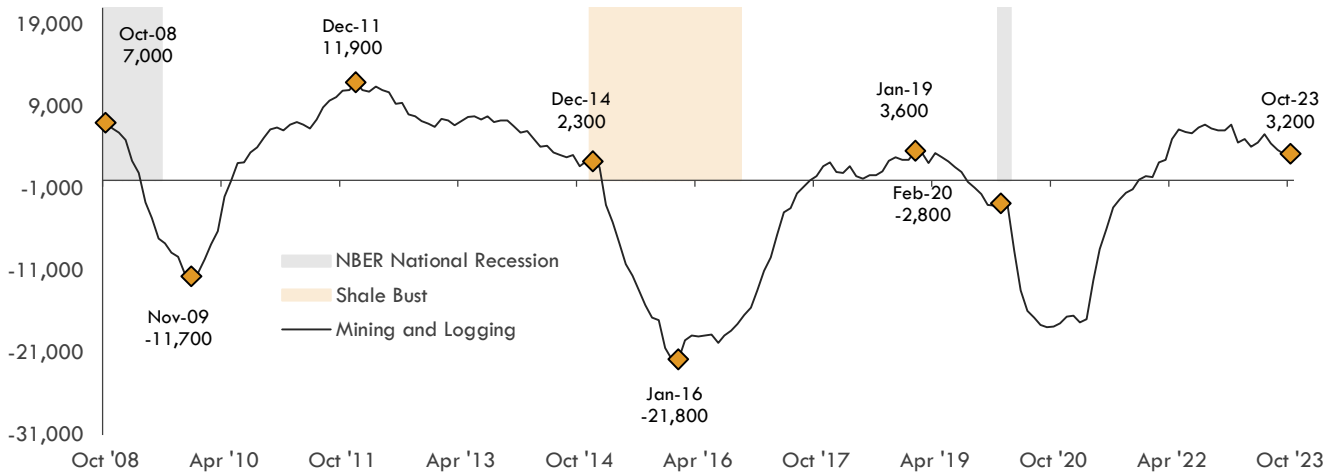


Over-the-year Change

Year over year, Mining and Logging was up 3,200 jobs, or 4.8 percent (see Chart 25). This October also marks 24 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. Support Activities for Mining was the largest contributor to the overall sector's increase, up 2,400 jobs over the year. The second-largest contributor was Oil and Gas Extraction, which added 700 jobs from October a year ago. Lastly, Other Mining and Logging Undefined contributed, 100 jobs. Total Mining and Logging

employment (NSA) remains -8,000 jobs, or -10.2 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.

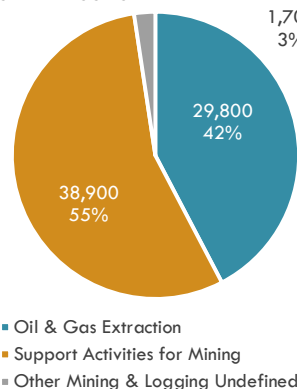
Chart 25. Mining and Logging (NSA)
Over-the-year Net Change, Oct-08 to Oct-23



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 the majority of the sector's employment at 55 percent (see Chart 26). 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 26. Employment in Component Industries of Mining and Logging Sector - October 2023

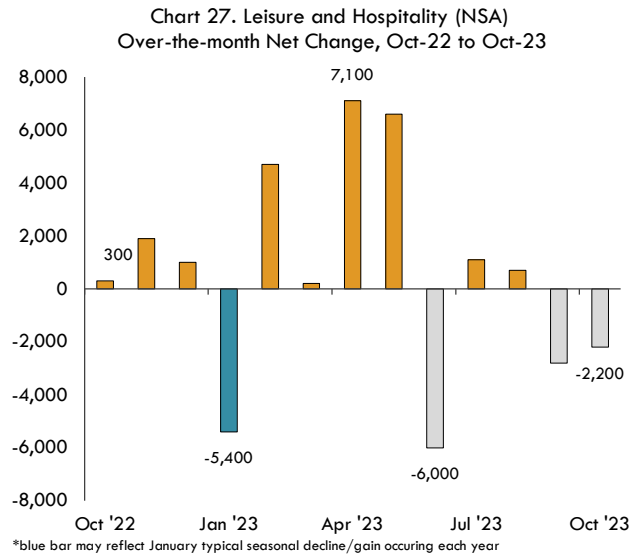


DECLINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality was the largest declining sector over the month down -2,200 jobs, or -0.6 (see Chart 27). This was the largest October over-the-month decline in since 2016. Historically in the month of October, Leisure and Hospitality has lost an average of -2,500 jobs over the month, which indicates that this month's losses are slightly smaller than the long-term average decline. Accommodation and Food Services was the largest contributor to the overall sector's decline, down -2,300 jobs over the month. One component industry that provided a partial offset was Arts, Entertainment, and Recreation, which gained 100 jobs from September to October. Leisure and Hospitality employment was revised downward by -1,400 jobs for a August to September larger net loss of -2,800 compared to an original estimate of -1,400 jobs.

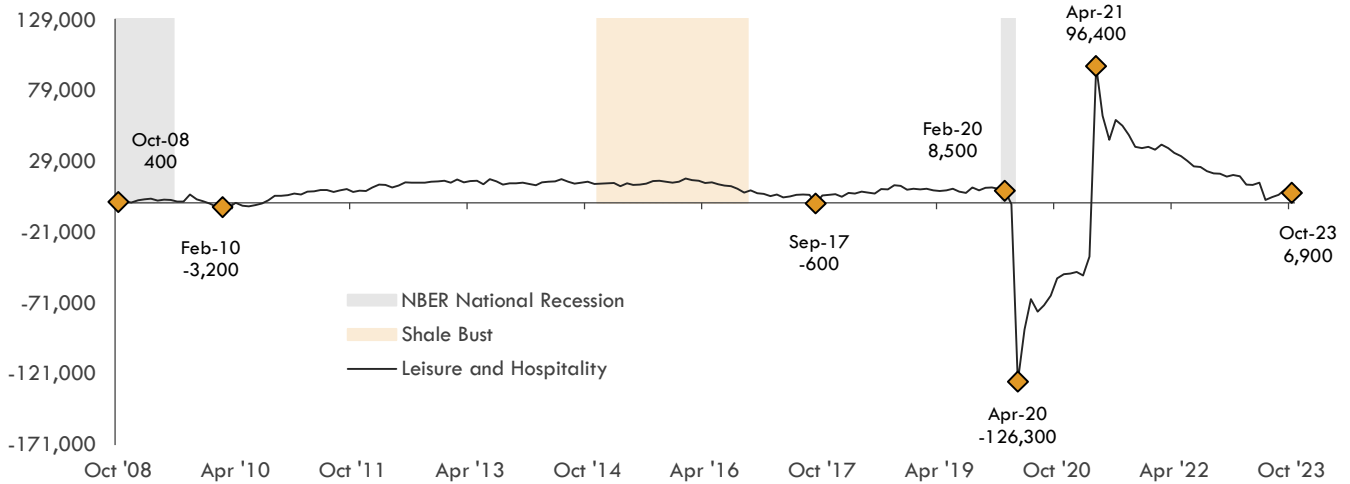


Over-the-year Change

Year over year, Leisure and Hospitality was up 6,900 jobs, or 2.0 percent (see Chart 28). This October also marks 31 consecutive months of over-the-year gains. Arts, Entertainment, and Recreation was the largest contributor to the overall sector's increase, up 4,600 jobs over the year. The second-largest contributor was Accommodation and Food Services, which added 2,300 jobs from October a year ago. Total Leisure and Hospitality employment (NSA) now exceeds its February 2020 pre-pandemic level of 334,500 jobs by 13,400, or 4.0 percent. At the same time, the sector's share of Houston area Total

Nonfarm Employment has remained constant at 10.3 percent over the past year.

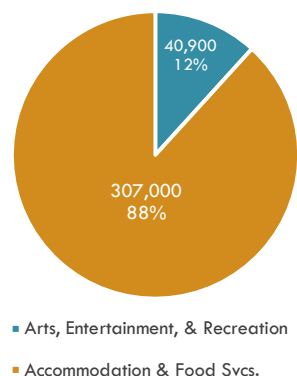
Chart 28. Leisure and Hospitality (NSA) Over-the-year Net Change, Oct-08 to Oct-23



About This Sector

This sector is composed of establishments that produce and promote in live performances, events, of exhibits of historical, cultural, or educational interest or related to recreation or hobbies intended for public viewing; and provide customers with lodging and/or meals and beverages for immediate consumption. 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 29). Across the Houston MSA, the concentration of jobs in the overall sector is 3 percent less than the national average.

Chart 29. Employment in Component Industries of Leisure and Hospitality Sector - October 2023

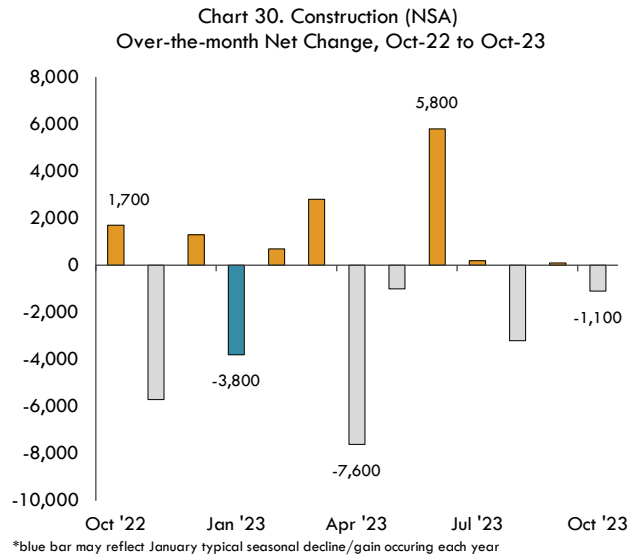


DECLINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction was the second-largest declining sector over the month down -1,100 jobs, or -0.5 (see Chart 30). This October tied with 1990 for the second-largest decline in the month of October since records began, which also happens to be 1990. Historically in the month of October, Construction has added an average of 2,000 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Specialty Trade Contractors was the largest contributor to the overall sector's decline, down -1,400 jobs over the month. The second-largest declining contributor was Construction of Buildings, which lost -100 jobs from September to October. Lastly, Heavy and Civil Engineering Construction offset a portion of the sector's losses with a gain of 400 jobs. Construction employment was revised upward by 100 jobs for a August to September net gain of 100 compared to an original estimate of zero net change in jobs over the month.

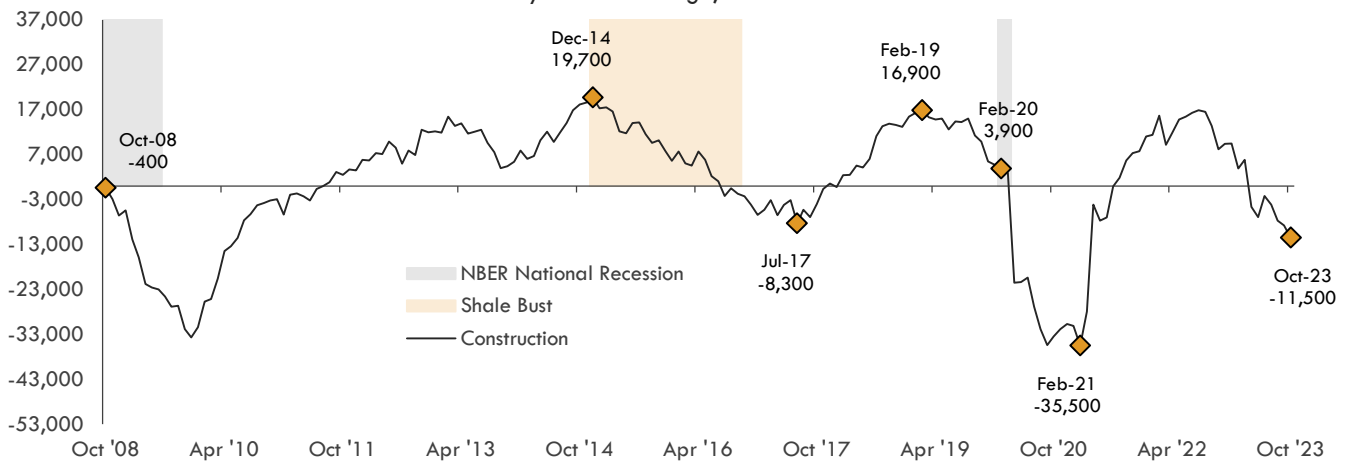


Over-the-year Change

Year over year, Construction was down -11,500 jobs, or -5.0 percent (see Chart 31). This was the third-largest over-the-year decline in October since records began in 1990 and the largest over-the-year decline since March 2021's loss of -27,900 jobs. It also marks seven consecutive months of over-the-year losses. Among sectors currently showing contraction, this sector is the fastest declining in percentage terms across the Houston area. Furthermore, 99.1 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 -9,900 jobs over the year. The second-largest declining contributor was Heavy and Civil Engineering Construction, which lost -1,100 jobs from October a year ago. Lastly, Construction of Buildings subtracted, -500 jobs. Total Construction employment (NSA) remains -19,900 jobs, or -8.4 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 6.4 percent over the past year.

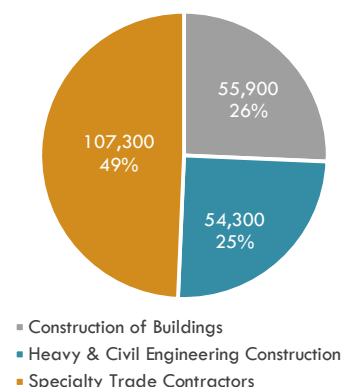
Chart 31. Construction (NSA) Over-the-year Net Change, Oct-08 to Oct-23



About This Sector

This sector comprises establishments engaged in the construction of buildings, infrastructure, site preparation and subdivision, and specialty trades e.g. masonry, painting, and electrical work. Of the three main component industries, Specialty Trade Contractors accounts for a plurality of the sector's employment at 49 percent (see Chart 32). Across the Houston MSA, the concentration of jobs in the overall Construction sector is 24 percent higher than the national average, due to 2.1 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

Chart 32. Employment in Component Industries of Construction Sector - October 2023

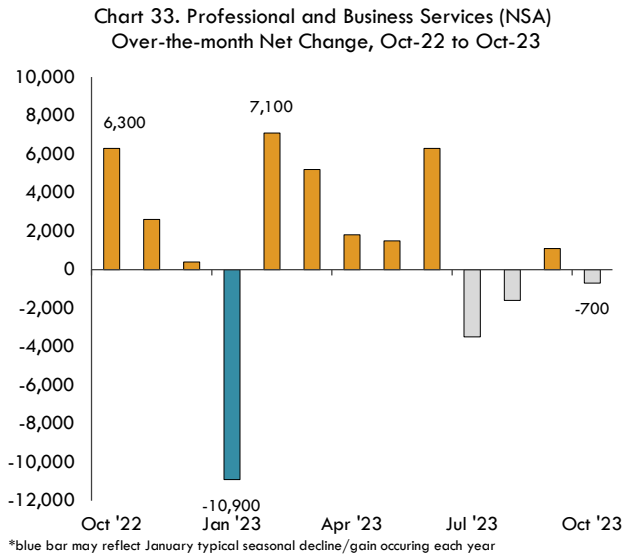


DECLINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

Professional and Business Services was the third-largest declining sector over the month down -700 jobs, or -0.1 (see Chart 33). This was the largest October over-the-month decline in since 2012. Historically in the month of October, Professional and Business Services has added an average of 1,100 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's decline, down -1,700 jobs over the month. The second-largest declining contributor was Management of Companies and Enterprises, which lost -400 jobs from September to October. Lastly, Professional, Scientific, and Technical Services offset a portion of the sector's losses with a gain of 1,400 jobs. Professional and Business Services employment was revised upward by 1,900 jobs for a August to September complete erasure of losses resulting in a net gain of 1,100 compared to an original estimate of -800 jobs.

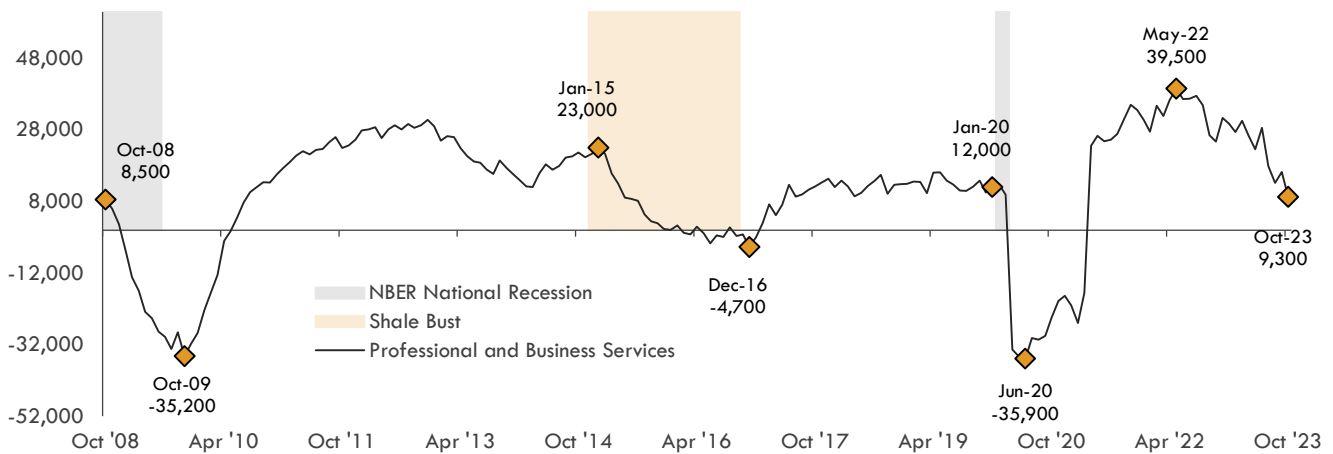


Over-the-year Change

Year over year, Professional and Business Services was up 9,300 jobs, or 1.7 percent (see Chart 34). This October also marks 31 consecutive months of over-the-year gains. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's increase, up 10,900 jobs over the year. The second-largest contributor was Management of Companies and Enterprises, which added 1,000 jobs from October a year ago. Lastly, Administrative and Support and Waste Management and Remediation Services offset a portion of the sector's gains with a loss of -2,600 jobs. Total Professional and Business Services

employment (NSA) now exceeds its February 2020 pre-pandemic level of 514,700 jobs by 46,300, or 9.0 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 16.7 percent to 16.6 percent over the past year.

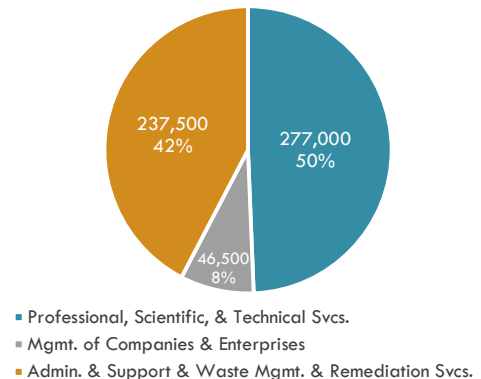
Chart 34. Professional and Business Services (NSA) Over-the-year Net Change, Oct-08 to Oct-23



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 35). Across the Houston MSA, the concentration of jobs in the overall sector is 12 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 35. Employment in Component Industries of Professional and Business Services Sector - October 2023

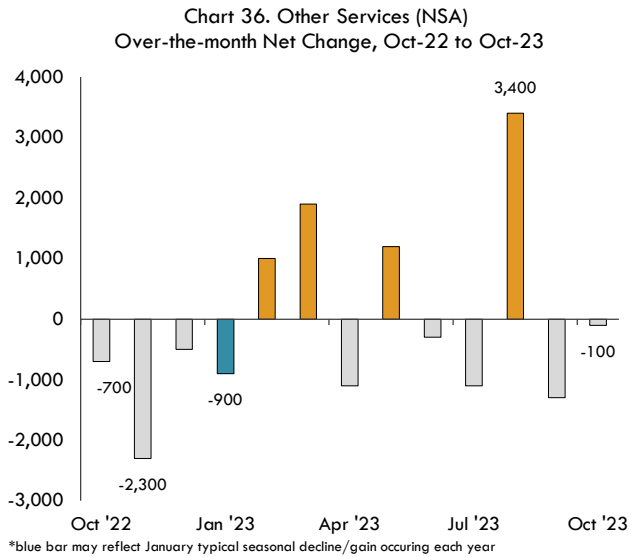


DECLINING INDUSTRY HIGHLIGHTS

Other Services

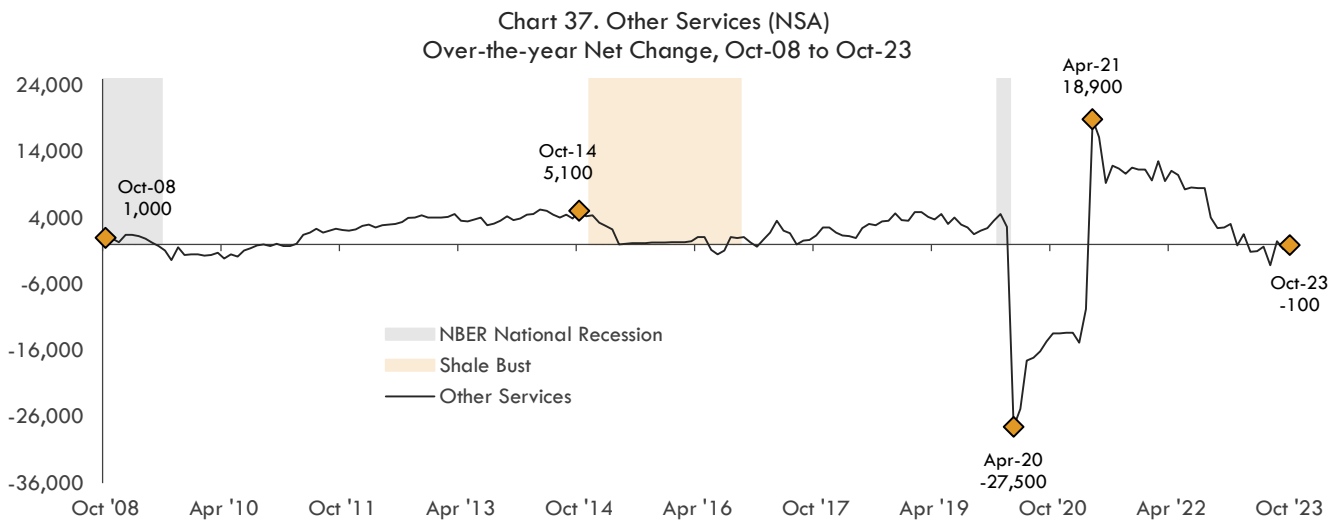
Over-the-month Change

Other Services also saw a decrease over the month down -100 jobs, or -0.1 (see Chart 36). Historically in the month of October, Other Services has lost an average of -400 jobs over the month, which indicates that this month's losses are slightly smaller than the long-term average decline. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Other Services employment saw no revision from August to September leaving the previous month's original decrease of -1,300 intact.



Over-the-year Change

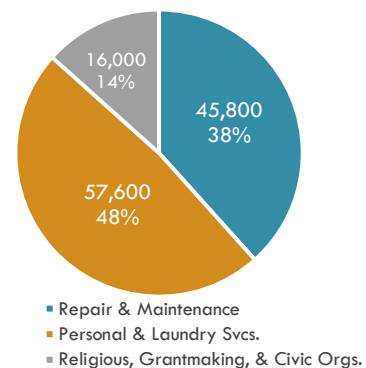
Year over year, Other Services was down -100 jobs, or -0.1 percent (see Chart 37). Among sectors currently showing contraction, this sector is the second-fastest declining in percentage terms across the Houston area. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Total Other Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 119,100 jobs by 300, or 0.3 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 3.6 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 38). Across the Houston MSA, the concentration of jobs in the overall Other Services sector is 6 percent less than the national average.

Chart 38. Employment in Component Industries of Other Services Sector - October 2023



*estimated proportions based QCEW covered and NES self-employment

Local Area Unemployment Statistics

Not-Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 4.1 percent in October, down from September's 4.4 percent and up from 3.9 percent a year ago. This was above the statewide rate of 3.8 percent and above the national rate of 3.6 percent. October typically exhibits an over-the-month decline with only two exceptions over the past three decades making this month's decrease consistent with historical seasonal trends. 148,237 individuals were unemployed in Houston in October, down from September's 159,842 and up from 139,151 in October 2022 (see Charts 39 and 40).

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

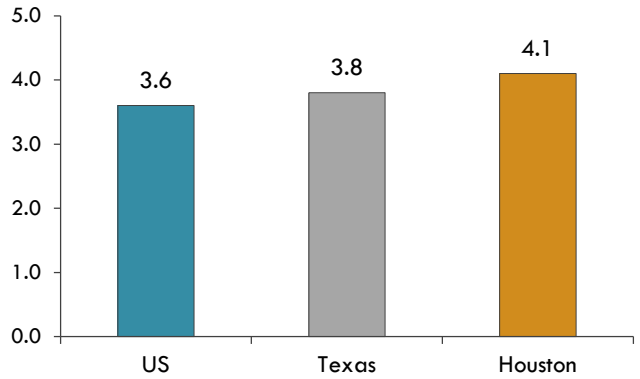
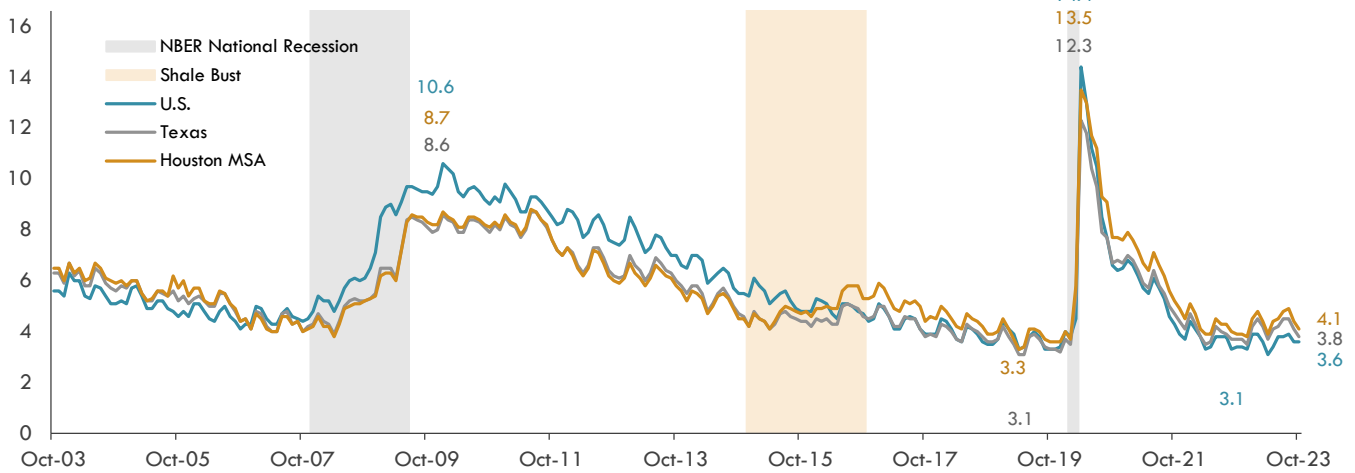


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
October 2003 to October 2023

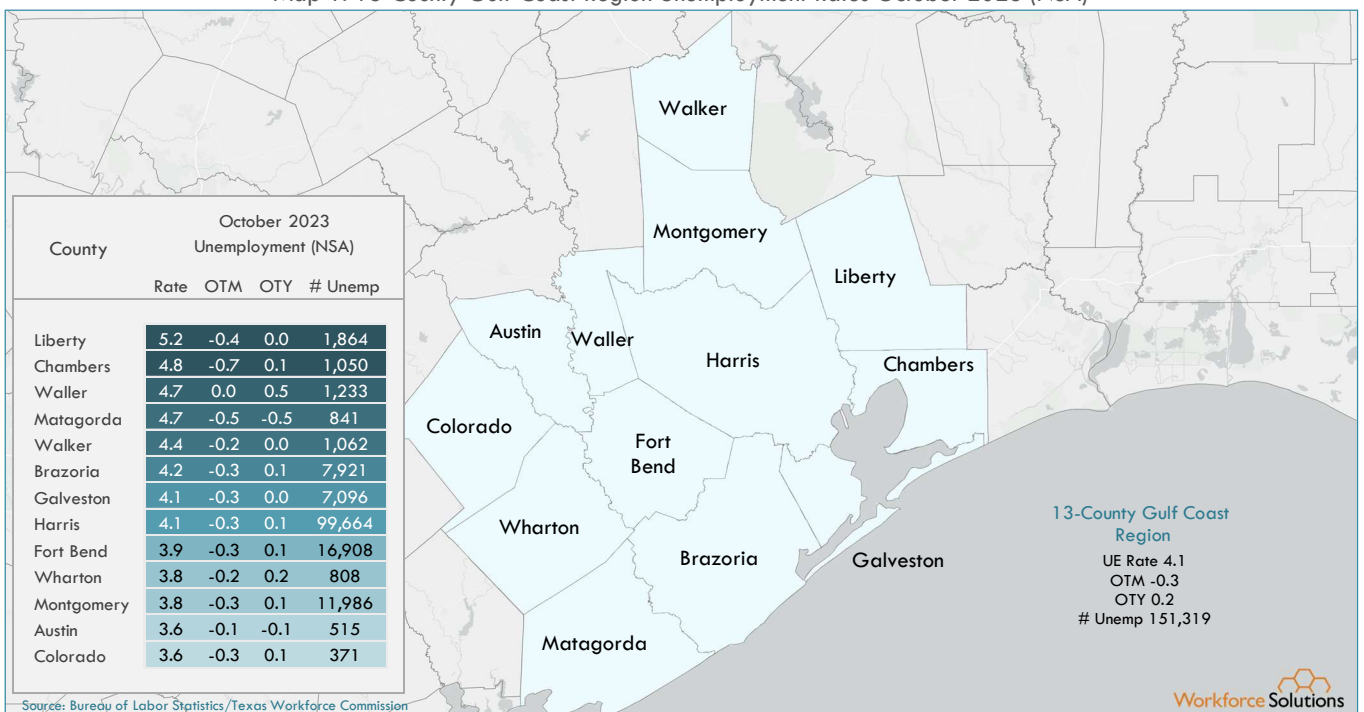


County-level Unemployment

Among the 13 counties that comprise the Gulf Coast Workforce Development Area, unemployment rates in October ranged from a high of 5.2 percent in Liberty County to a low of 3.6 percent in Colorado. Over the month, 12 counties saw their unemployment rates decline in keeping with the region-wide decrease of -0.3 percentage points while one saw no change. Chambers saw the largest percentage-point decrease in unemployment down -0.7 pp. representing -148 fewer unemployed workers compared to the previous month. This was followed by Matagorda (-0.5 pp, -95 workers) and Liberty (-0.4

pp, -152 workers). Over the year unemployment rates rose with, Waller posting the largest increase, up 0.5 percentage points representing 171 more unemployed workers compared to a year ago followed by Wharton (0.2 pp, 46 workers) and Brazoria (0.1 pp, 312 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 -297,993 as of this October (see Map 1 legend).

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



Source: Bureau of Labor Statistics/Texas Workforce Commission

Local Area Unemployment Statistics (continued)

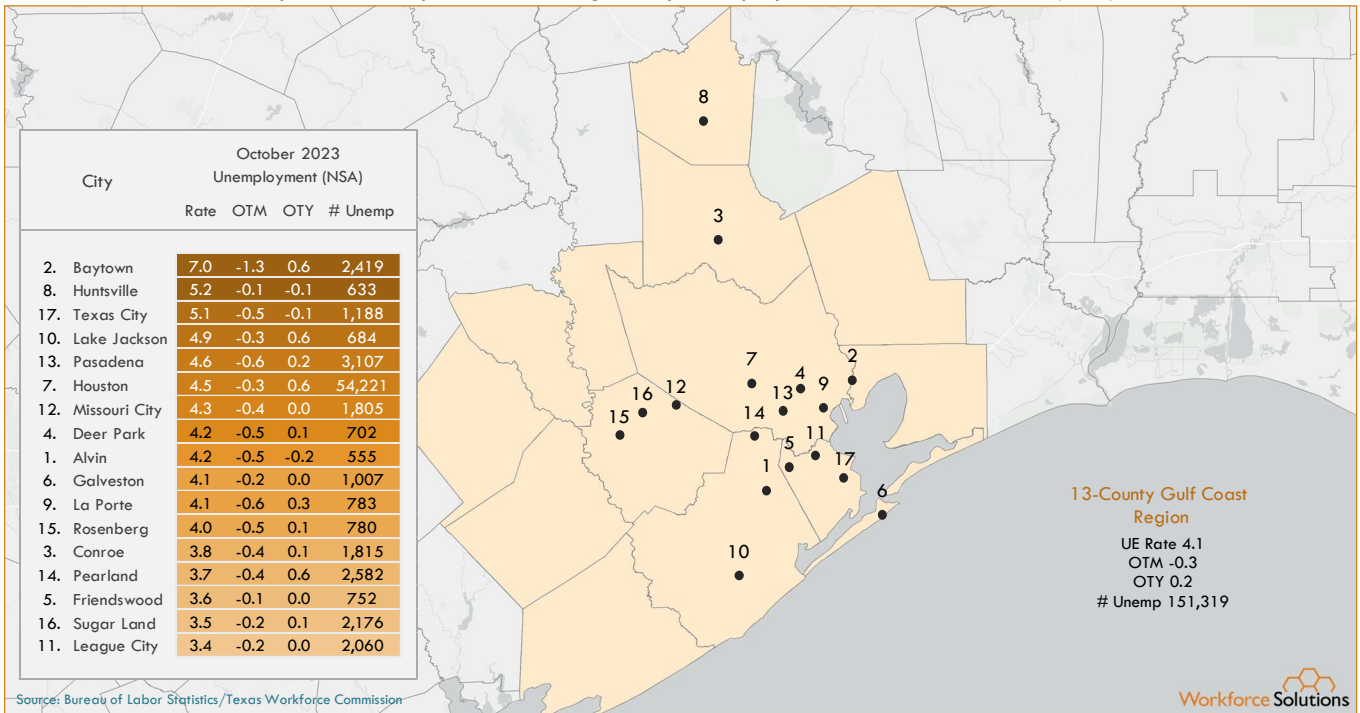
Not-Seasonally Adjusted

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 October ranged from a high of 7.0 percent in Baytown to a low of 3.4 percent in League City (see Map 2 legend). Over the month, all 17 cities saw their unemployment rates decline in keeping with region-wide decrease of -0.3 percentage points. Baytown saw the largest percentage-point decrease in unemployment down -1.3

representing -505 fewer unemployed workers compared to the previous month. This was followed by Pasadena (-0.6 pp, -399 workers) and La Porte (-0.6 pp, -132 workers). Over the year unemployment rates rose with, Lake Jackson posting the largest increase, up 0.6 percentage points representing 106 more unemployed workers compared to a year ago followed by Houston (0.6 pp, 8,615 workers) and Baytown (0.6 pp, 267 workers). The 17 cities below accounted for 51 percent of the 151,319 unemployed workers across the Gulf Coast Region as of this October (see Map 2 legend).

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



Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (seasonally-adjusted) unemployment rate stood at 4.5 percent in September, unchanged from August's 4.5 percent and up from 4.1 percent a year ago. This was above the statewide rate of 4.1 percent and above the national rate of 3.8 percent. 161,816 individuals were unemployed in Houston in September, down slightly from August's 161,387 and up from 143,534 in September 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
 September 2023

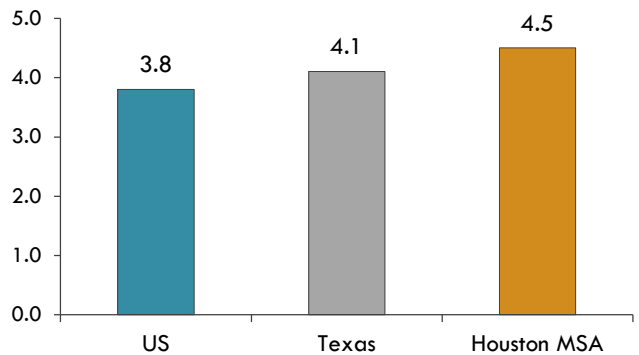
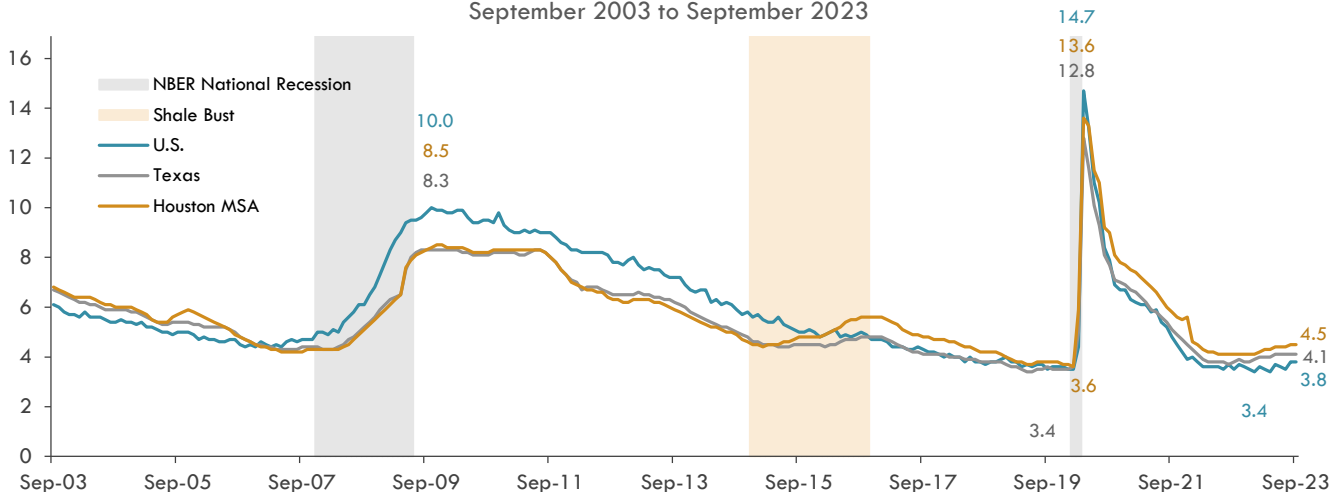


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
 September 2003 to September 2023



Gulf Coast Workforce Solutions Index (WSI)

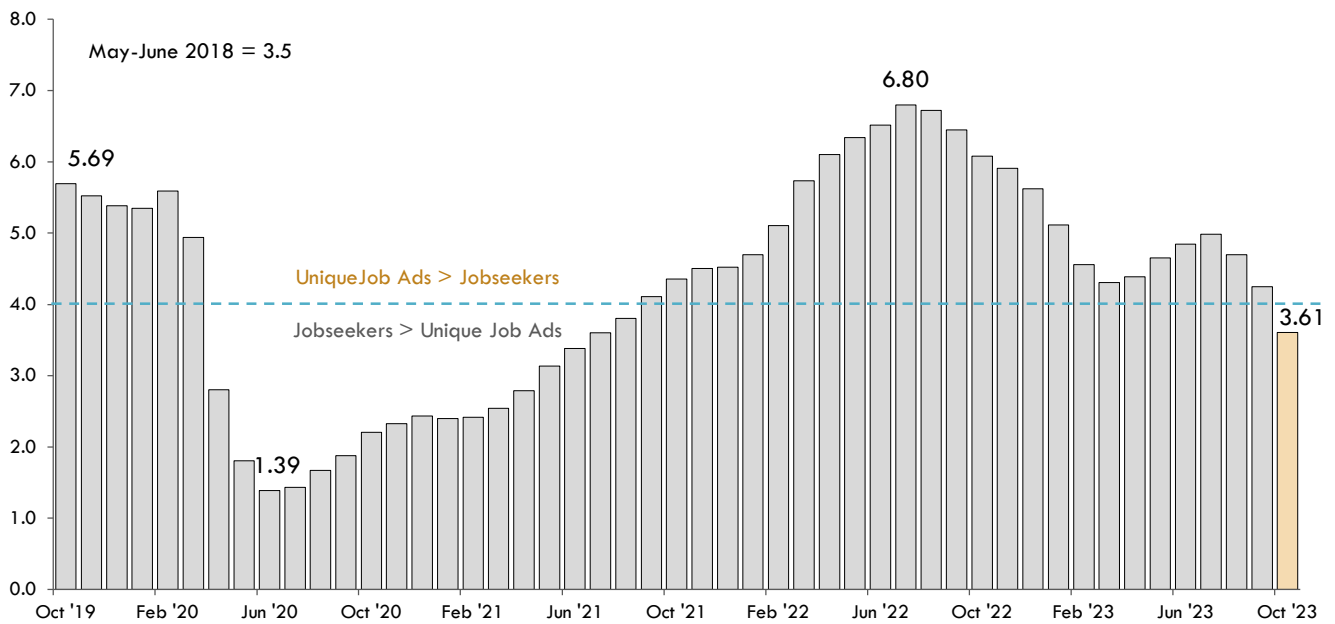


The Gulf Coast Workforce Solutions Index (WSI)

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
October
2023:
3.61

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 October 2023

The Houston MSA WSI for October stood at 3.61, down from September's slightly upward revised reading of 4.25. This was the result of modest increases in the number of unemployed individuals in recent months coupled with 70,000 fewer job postings cumulatively across August, September, and October.

This October's reading is the first to fall below 4.0 since August 2021 and may signal that employers have regained bargaining power relative to job seekers for the first time in roughly two years. Data for November and December will be needed to confirm this potential inflection point.

With October's decline below 4.0, the WSI suggests that a requirement of three, down from four in September, work search activities may be appropriate for individuals receiving unemployment insurance given the relative availability of jobs at present.



Houston Area Employment Situation

October 2023

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Oct-23	Sep-23	Oct-22	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,389,500	3,373,100	3,312,900	16,400	0.5%	76,600	2.3%
Total Private	2,935,700	2,925,700	2,868,500	10,000	0.3%	67,200	2.3%
Goods Producing	522,900	523,300	523,300	-400	-0.1%	-400	-0.1%
.Mining and Logging	70,400	70,100	67,200	300	0.4%	3,200	4.8%
...Oil and Gas Extraction	29,800	29,700	29,100	100	0.3%	700	2.4%
...Support Activities for Mining	38,900	38,700	36,500	200	0.5%	2,400	6.6%
.Construction	217,500	218,600	229,000	-1,100	-0.5%	-11,500	-5.0%
..Construction of Buildings	55,900	56,000	56,400	-100	-0.2%	-500	-0.9%
..Heavy and Civil Engineering Construction	54,300	53,900	55,400	400	0.7%	-1,100	-2.0%
..Specialty Trade Contractors	107,300	108,700	117,200	-1,400	-1.3%	-9,900	-8.4%
.Manufacturing	235,000	234,600	227,100	400	0.2%	7,900	3.5%
..Durable Goods	146,100	145,400	138,900	700	0.5%	7,200	5.2%
...Fabricated Metal Product Manufacturing	50,200	50,100	48,200	100	0.2%	2,000	4.1%
...Machinery Manufacturing	42,400	42,300	41,300	100	0.2%	1,100	2.7%
....Agriculture, Construction, and Mining Machinery Mfg.	22,400	22,300	21,500	100	0.4%	900	4.2%
...Computer and Electronic Product Manufacturing	14,500	14,500	14,200	0	0.0%	300	2.1%
..Non-Durable Goods	88,900	89,200	88,200	-300	-0.3%	700	0.8%
...Petroleum and Coal Products Manufacturing	8,000	8,000	7,800	0	0.0%	200	2.6%
...Chemical Manufacturing	42,600	42,600	41,400	0	0.0%	1,200	2.9%
Service Providing	2,866,600	2,849,800	2,789,600	16,800	0.6%	77,000	2.8%
.Private Service Providing	2,412,800	2,402,400	2,345,200	10,400	0.4%	67,600	2.9%
..Trade, Transportation, and Utilities	702,100	695,800	681,000	6,300	0.9%	21,100	3.1%
...Wholesale Trade	179,400	179,200	175,000	200	0.1%	4,400	2.5%
....Merchant Wholesalers, Durable Goods	111,200	110,700	108,900	500	0.5%	2,300	2.1%
....Prof. and Commercial Equip. Supplies Wholesalers	17,600	17,600	17,400	0	0.0%	200	1.1%
....Merchant Wholesalers, Nondurable Goods	54,700	54,800	53,800	-100	-0.2%	900	1.7%
...Retail Trade	322,900	319,500	316,800	3,400	1.1%	6,100	1.9%
....Motor Vehicle and Parts Dealers	44,700	44,700	43,300	0	0.0%	1,400	3.2%
....Bldg. Material and Garden Equip. and Supplies Dealers	23,400	23,700	23,700	-300	-1.3%	-300	-1.3%
....Food and Beverage Stores	74,300	73,700	72,800	600	0.8%	1,500	2.1%
....Health and Personal Care Stores	62,600	61,700	61,700	900	1.5%	900	1.5%
....Clothing and Clothing Accessories Stores	20,600	20,000	20,000	600	3.0%	600	3.0%
....General Merchandise Stores	42,000	41,700	41,700	300	0.7%	300	0.7%
....Department Stores	21,000	20,600	20,900	400	1.9%	100	0.5%
....Other General Merchandise Stores	25,700	25,100	25,500	600	2.4%	200	0.8%
...Transportation, Warehousing, and Utilities	199,800	197,100	189,200	2,700	1.4%	10,600	5.6%
....Utilities	20,800	20,500	20,000	300	1.5%	800	4.0%
....Air Transportation	20,800	20,700	19,600	100	0.5%	1,200	6.1%
....Truck Transportation	31,600	31,300	31,000	300	1.0%	600	1.9%
....Pipeline Transportation	13,200	13,100	12,600	100	0.8%	600	4.8%
..Information	33,400	33,100	32,900	300	0.9%	500	1.5%
...Telecommunications	11,900	11,800	11,900	100	0.8%	0	0.0%
..Financial Activities	189,000	188,100	183,700	900	0.5%	5,300	2.9%
...Finance and Insurance	117,100	116,500	115,300	600	0.5%	1,800	1.6%
....Credit Intermediation and Related Activities	46,600	46,300	46,200	300	0.6%	400	0.9%
....Depository Credit Intermediation	30,200	30,000	29,700	200	0.7%	500	1.7%
....Securities, Commodity Contracts, and Fin. Investments	23,500	23,300	23,100	200	0.9%	400	1.7%
....Insurance Carriers and Related Activities	47,000	46,900	46,000	100	0.2%	1,000	2.2%
...Real Estate and Rental and Leasing	71,900	71,600	68,400	300	0.4%	3,500	5.1%
..Professional and Business Services	561,000	561,700	551,700	-700	-0.1%	9,300	1.7%
...Professional, Scientific, and Technical Services	277,000	275,600	266,100	1,400	0.5%	10,900	4.1%
....Legal Services	33,200	32,800	31,500	400	1.2%	1,700	5.4%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	28,600	28,600	27,600	0	0.0%	1,000	3.6%
....Architectural, Engineering, and Related Services	78,700	77,500	71,400	1,200	1.5%	7,300	10.2%
....Computer Systems Design and Related Services	44,100	44,000	42,300	100	0.2%	1,800	4.3%
...Management of Companies and Enterprises	46,500	46,900	45,500	-400	-0.9%	1,000	2.2%
...Admin. and Support and Waste Mgmt. and Remediation	237,500	239,200	240,100	-1,700	-0.7%	-2,600	-1.1%
....Administrative and Support Services	223,300	225,100	227,100	-1,800	-0.8%	-3,800	-1.7%
....Employment Services	85,400	85,500	90,000	-100	-0.1%	-4,600	-5.1%
....Services to Buildings and Dwellings	55,700	56,200	55,200	-500	-0.9%	500	0.9%
..Educational and Health Services	460,000	454,100	435,400	5,900	1.3%	24,600	5.6%
...Educational Services	73,900	73,500	72,600	400	0.5%	1,300	1.8%
...Health Care and Social Assistance	386,100	380,600	362,800	5,500	1.4%	23,300	6.4%
....Ambulatory Health Care Services	194,200	192,000	183,900	2,200	1.1%	10,300	5.6%
....Hospitals	96,900	96,300	91,300	600	0.6%	5,600	6.1%
..Leisure and Hospitality	347,900	350,100	341,000	-2,200	-0.6%	6,900	2.0%
...Arts, Entertainment, and Recreation	40,900	40,800	36,300	100	0.2%	4,600	12.7%
...Accommodation and Food Services	307,000	309,300	304,700	-2,300	-0.7%	2,300	0.8%
....Accommodation	26,600	26,800	25,800	-200	-0.7%	800	3.1%
....Food Services and Drinking Places	280,400	282,500	278,900	-2,100	-0.7%	1,500	0.5%
..Other Services	119,400	119,500	119,500	-100	-0.1%	-100	-0.1%
Government	453,800	447,400	444,400	6,400	1.4%	9,400	2.1%
.Federal Government	33,600	33,600	32,700	0	0.0%	900	2.8%
.State Government	96,300	95,200	94,500	1,100	1.2%	1,800	1.9%
..State Government Educational Services	54,700	53,600	53,900	1,100	2.1%	800	1.5%
.Local Government	323,900	318,600	317,200	5,300	1.7%	6,700	2.1%
..Local Government Educational Services	225,500	220,500	220,800	5,000	2.3%	4,700	2.1%