

Houston Area Employment Situation

August 2021

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

August Job Growth Keeps Recovery Momentum Intact Bolstered by July Revisions

Total Nonfarm

Over-the-month Change

Houston MSA Total Nonfarm (not-seasonally adjusted) employment stood at 3,052,300 in August, up 4,800 jobs over the month, or 0.2 percent. A year ago Houston registered an over-the-month increase of 9,100 jobs. The largest all-time one-month gain on record for this sector occurred in May 2020, up 67,200 jobs. The largest one-month decline on record outside of seasonal job losses in January and July occurred in April 2020, down -343,400 jobs. (see Chart 1.) Prior to the pandemic, historically in the month of August, Total Nonfarm has on average added 7,400 jobs over the month, which indicates that this month's gains are moderately below the long-term average. **NOTE:** see Supplemental Commentary on page 3 for additional context given July's upward revisions.

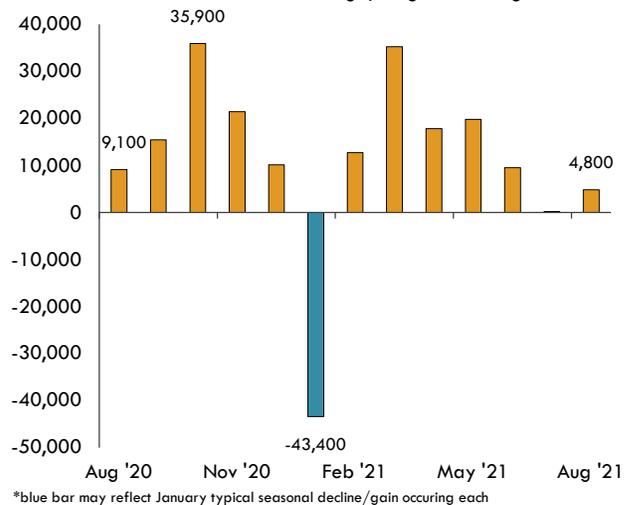
The primary drivers of this August's growth were increases in Professional and Business Services, Education and Health Services, and Construction. Gains were also recorded in Trade, Transportation, and Utilities, Financial Activities, and Mining and Logging. The net increase in jobs over the month was partially offset by losses in Government, Leisure and Hospitality, and Other Services. (see Chart 2.) Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,063,000, up 14,900 jobs over the month, or 0.5 percent vs. a historical average of 4,700. Note that analysis throughout the remainder of this report references not-seasonally adjusted data as seasonally-adjusted data is unavailable for major sectors and their sub-components.

- Top-3 Drivers of Over-the-month Job Growth in August**
- Professional and Business Services: 5,500
 - Education and Health Services: 4,000
 - Construction: 2,100

Over-the-year Change

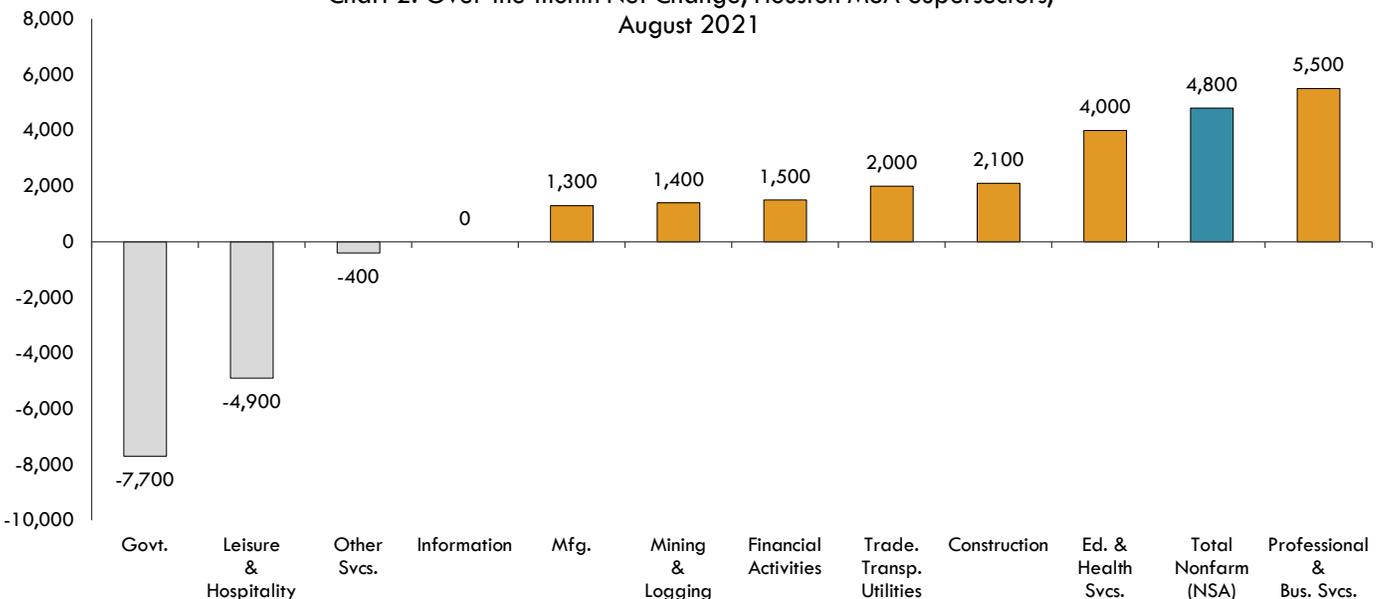
Over the year, Total Nonfarm employment was up 139,400 or 4.8 percent on a not-seasonally-adjusted basis and up 138,400 or 4.7 percent on a seasonally-adjusted basis. (see NSA Chart 3.) To compare, August 2020 saw a year-over-year loss of -245,300 jobs (NSA) from August 2019. The largest over-the-year gain on record for Total Nonfarm Employment occurred in April 2021, up 187,200 jobs. The largest over-the-year decline on record occurred in April 2020, down -313,700 jobs.

Chart 1. Total Nonfarm (NSA)
Over-the-month Net Change, Aug-20 to Aug-21



Currently 8 out of 11 sectors show growth year over year of which the top-three are Leisure and Hospitality (54,500), Professional and Business Services (24,900), and Trade, Transportation, and Utilities (24,300). (see Chart 4.) COVID-19 resulted in the loss of -361,400 jobs over March and April 2020 of which approximately 60 percent of Total Nonfarm employment has been recovered to date.

Chart 2. Over-the-month Net Change, Houston MSA Supersectors, August 2021



Houston Area Employment Situation

August 2021

Previous Month's Revisions

Total Nonfarm employment was revised upward by 7,300 jobs for a June to July complete erasure of losses resulting in a net gain of 200 compared to an original estimate of -7,100 jobs. An upward revision of +3,900 jobs in Education and Health Services was the largest contributor followed by Government (+2,500) and Other Services (+2,000). Downward revisions in Manufacturing (-1,400), Leisure and Hospitality (-700), and Financial Activities (-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 August

- Leisure and Hospitality: 54,500
- Professional and Business Services: 24,900
- Trade, Transportation, and Utilities: 24,300

Chart 5. Net Revisions for Selected Supersectors and Major Industries, July 2021

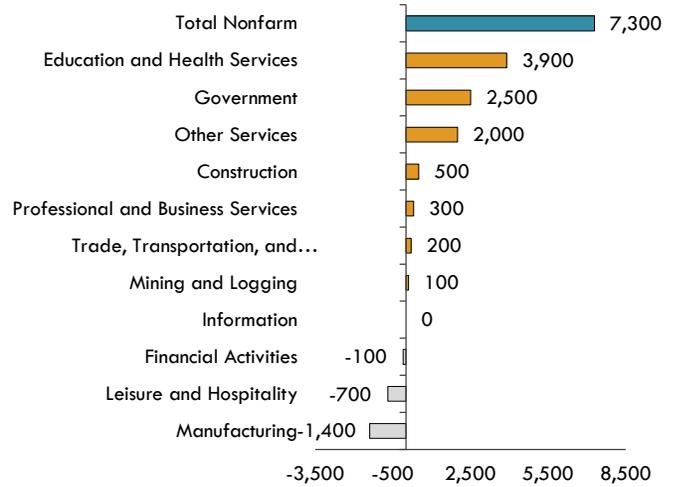


Chart 3. Total Nonfarm (NSA)
Over-the-year Net Change, Aug-06 to Aug-21

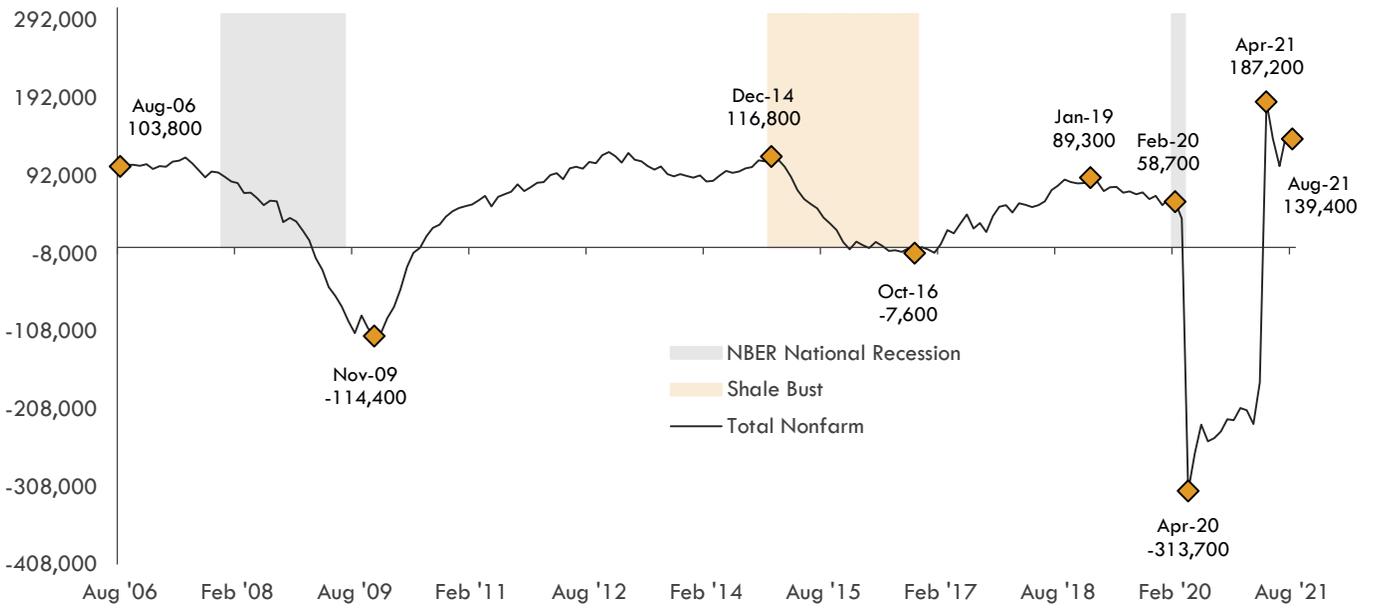
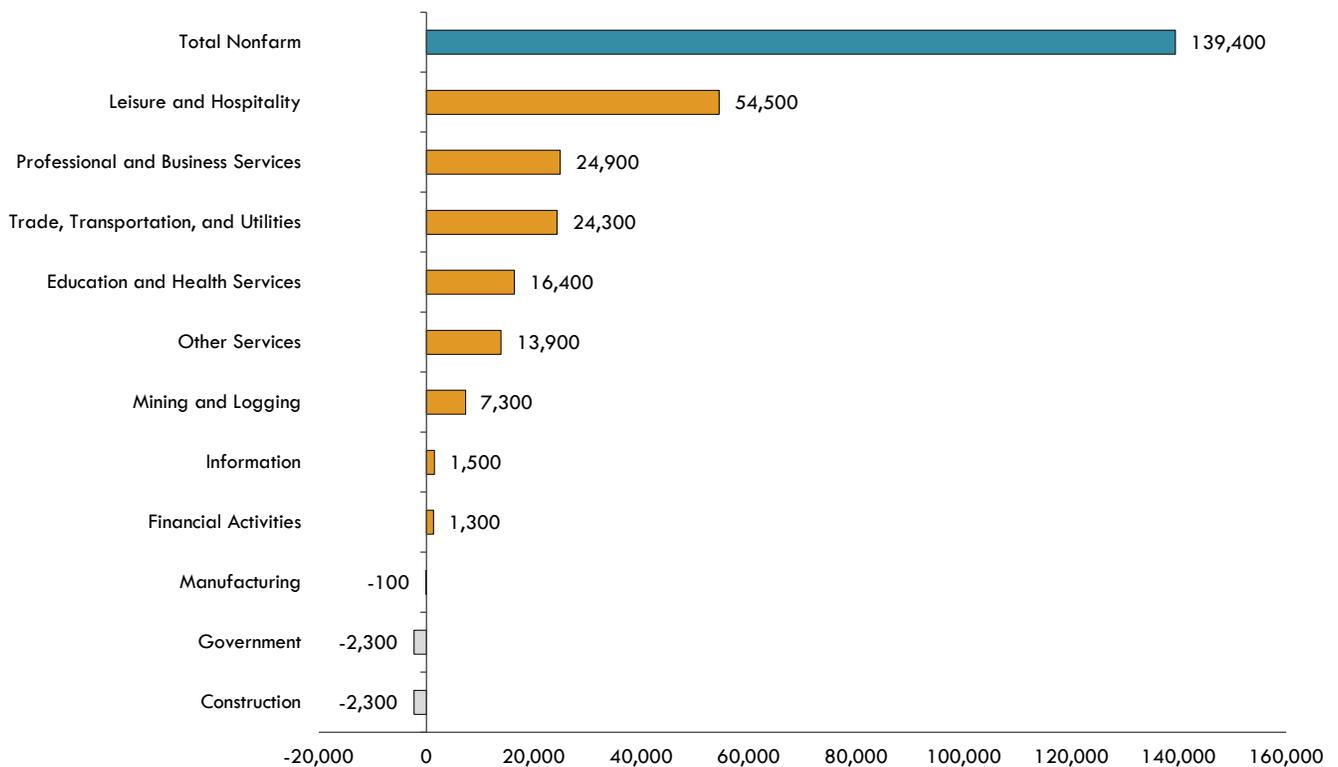


Chart 4. Over-the-year Net Change, Houston MSA Supersectors,
August 2020 to August 2021



Supplemental Commentary

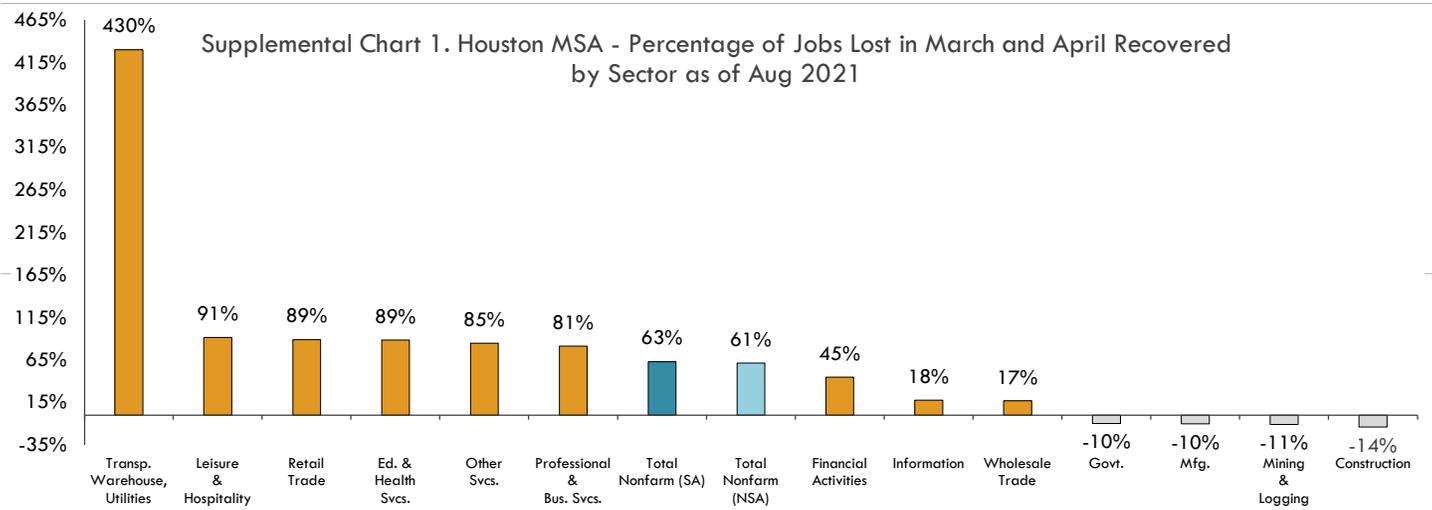
Overall Impressions

On the face of it, August's not-seasonally adjusted gain of 4,800 jobs appears mediocre when compared to a historical average of 7,400 but taking into July's upward revision from -7,100 jobs to +200 paints a much stronger picture when considering that the two-month period now posts a net gain of 5,000 jobs. July's upward revision is significant in that makes July 2021 the only July on record to ever experience an over-the-month increase in employment as this month typically sees a seasonal loss of -15,600 jobs on average. It appears that a combination of smaller seasonal Government losses coupled with stronger growth in Professional and Business Services and a record July for Other Services worked to deliver atypical growth. Whether or not this was the result of Texas' discontinuation of federal pandemic UI benefits is unclear as distortions in employment patterns and subsequent job survey results remain factors nearly a year and half into the pandemic. At the same time, August's seasonally-adjusted gain of 14,900 is nearly 2.5 times greater than the historical average and now stands as the second-largest gain in the month of August since records began preceded only by August 2020. Viewed as a whole, July and August have helped to maintain if not add to recent momentum for the Houston area.

Beyond job growth, the Houston metro's unemployment rate continues to track both state and national trends directionally while remaining a few tenths of a percentage point higher, likely due to continued weakness in oil and gas, including manufacturing, and construction. Nonetheless, regular initial claims for unemployment insurance remain near the lowest levels recorded since the start of the pandemic while detailed claims data by program type for the most recent week of September 11th indicates that the region has reached a milestone of fewer claims than were reported during the week of March 4, 2020 before the effects of the pandemic. (See charts in the separate COVID-19 Infographic report updated 9/17/21.)

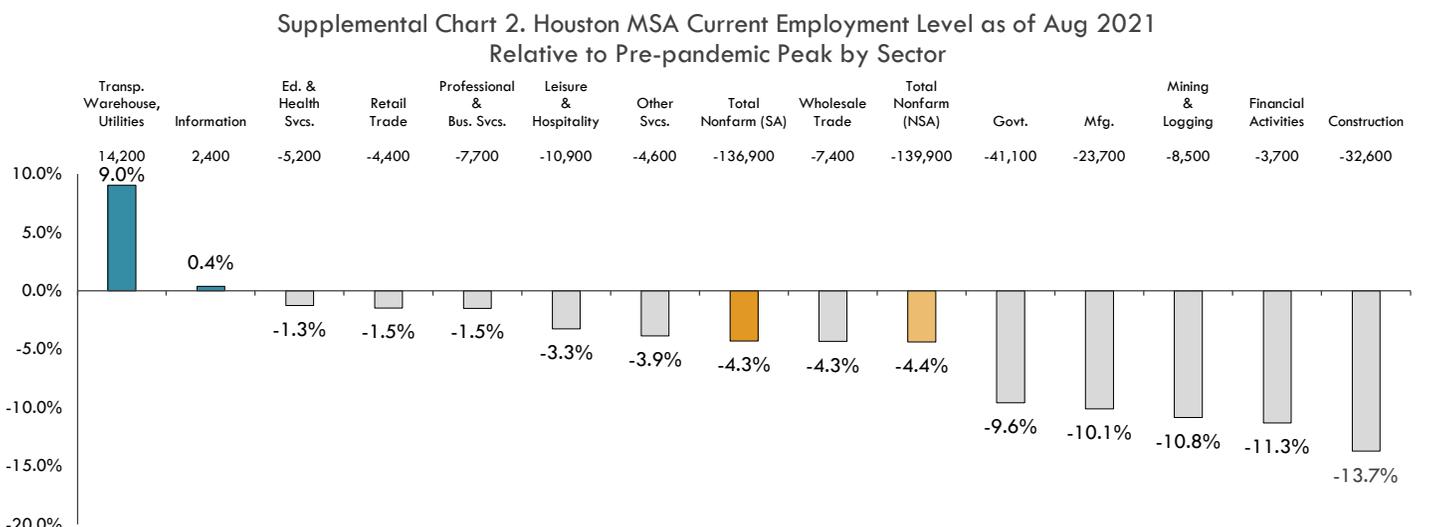
Jobs Lost over March and April 2020 Recovered To-date

With the gains reported in August, overall recovery rates, either seasonally or not-seasonally adjusted have now officially crossed the 60 percent mark. Professional and Business Services, Other Services, Education and Health Services, Retail, and Leisure and Hospitality all show recovery rates of 80 percent or better. Despite Construction, Mining and Logging, and Manufacturing all gaining jobs over the month in August, these sectors remain between 10 percent to 14 percent below their respective employment levels recorded in late-2019 to early 2020. (See Supplemental Chart 1.)



Employment Gaps August 2021 Versus Pre-Pandemic Highs

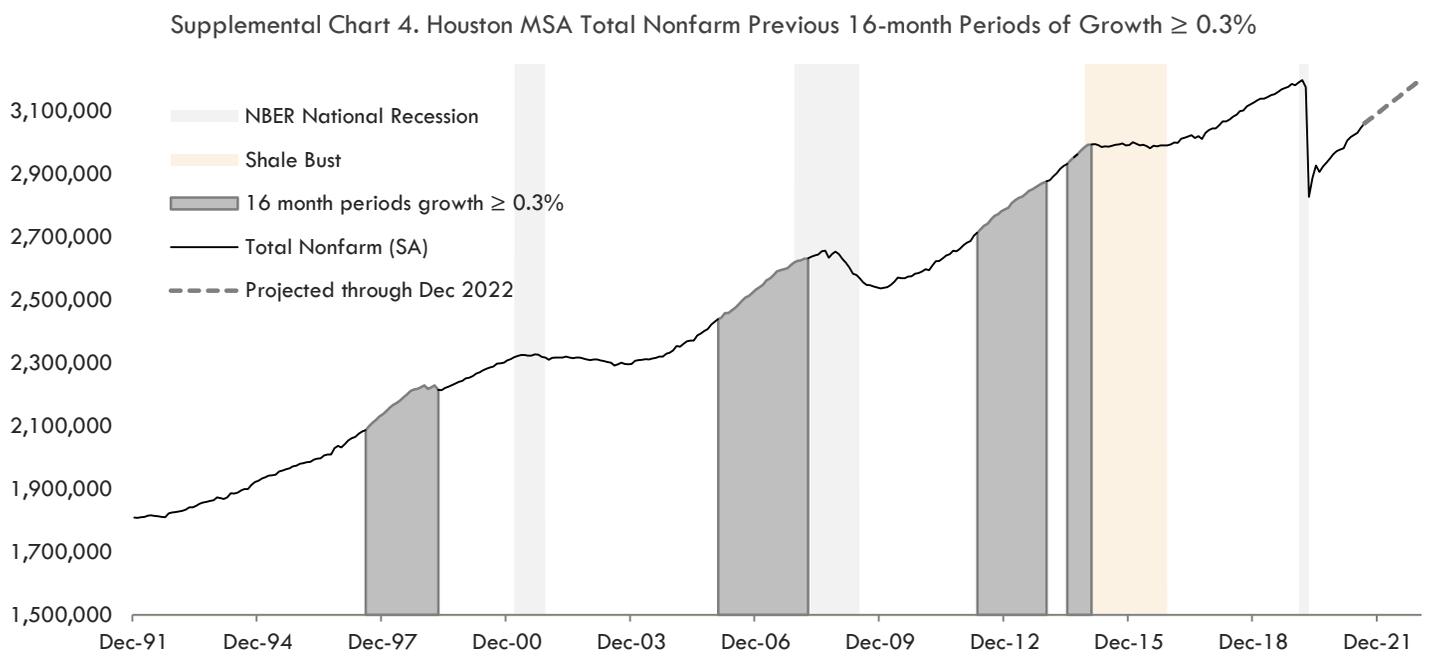
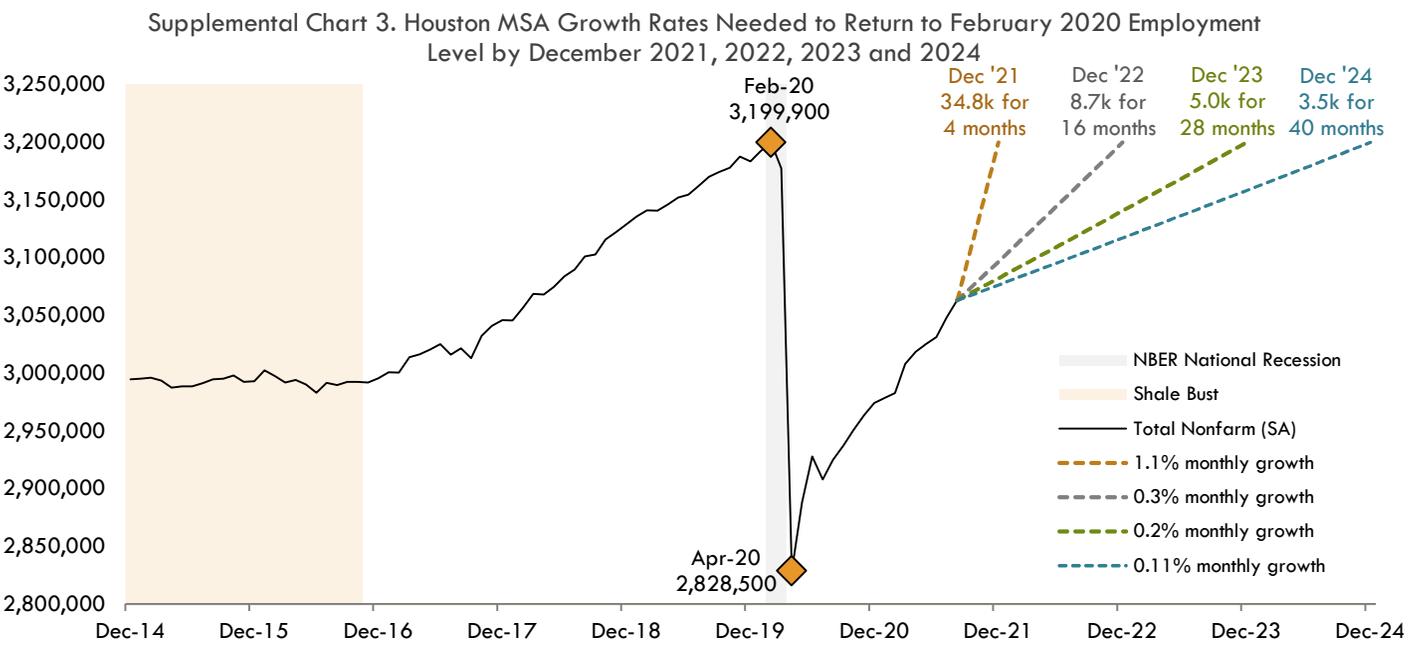
The March-April recovery rates discussed above show multiple sectors closing in on 100 percent however this does not indicate that these are other sectors are nearing returns to their absolute employment level highs recorded prior to the pandemic. In fact, only Transportation, Warehousing, and Utilities and Information have exceeded their pre-pandemic highs with the former a full 9 percent higher than its December 2019 level of 163,800 jobs. Education and Health Services, Retail Trade, and Professional and Business Services are all less than 2 percent below their previous highs suggesting true full recovery is possible over the next few months. At the other end of the spectrum, Construction, Financial Activities, Mining and Logging, and Manufacturing remain nearly 10 percent or more below their previous highs suggesting a longer road to recovery for these sectors. (See Supplemental Chart 2.)



Supplemental Commentary (continued)

Paths to Full Recovery by December 2021, 2022, and 2023

On average, seasonally-adjusted, the Houston MSA has added 11,000 jobs for a 0.4-percent growth rate each month since the start of the year. This pace of growth, boosted especially by the most recent three to four months, continues to make full recovery back to February 2020's pre-pandemic employment high of 3.2 million jobs by the next three Decembers viable possibilities. Recovery by December 2023 and 2024 are virtual certainties given that average monthly growth rates needed to meet these target dates are a mere 5,000 jobs (0.2 percent) or 3,500 jobs (0.11 percent) over the next 28 to 40 months. Prospects for recovery by December 2022 have improved, i.e., fewer jobs and a lower average monthly growth rate are needed as a result of August's jobs report, with roughly 8,700 jobs and 0.3-percent growth needed for the next 16 months. As noted in previous Employment Situations and special reports, 0.3 percent is on par with Houston's long-term average monthly growth rate as a result recovery by December 2022 increasingly likely barring unforeseen disruptions from the ongoing pandemic or a collapse in commodity prices. (See Supplemental Charts 3 and 4.)



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GAINING INDUSTRY HIGHLIGHTS

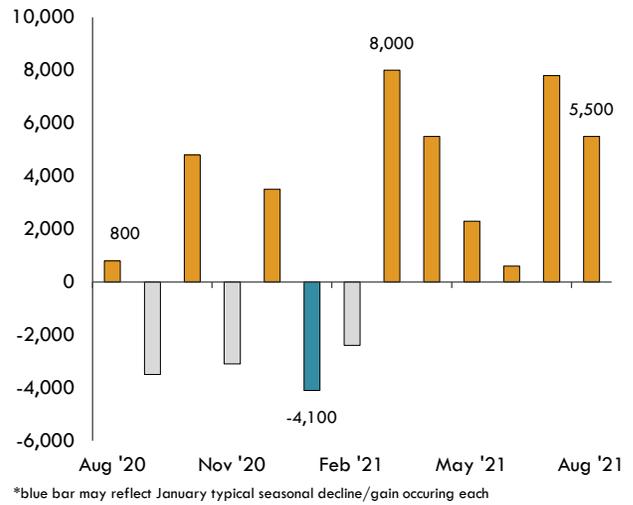
Professional and Business Services

Over-the-month Change

Professional and Business Services was the largest gaining sector over the month up 5,500 jobs, or 1.1 percent. (see Chart 6.) This was the largest-ever gain in the month of August since records began in 1990. The largest all-time one-month gain on record for this sector occurred in March 2021, up 8,000 jobs. The largest decline on record occurred in April 2020, down -37,800 jobs. Historically in the month of August, Professional and Business Services has added an average of 1,800 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 3,600 jobs over the month. The second-largest contributor was Administrative and Support and Waste Management and Remediation Services, which added 2,000 jobs from July to August. Lastly, Management of Companies and Enterprises offset a portion of the sector's gains with a loss of -100 jobs. Professional and Business Services employment was

revised upward by 300 jobs for a June to July larger net gain of 7,800 compared to an original estimate of 7,500 jobs.

Chart 6. Professional and Business Services (NSA)
Over-the-month Net Change, Aug-20 to Aug-21

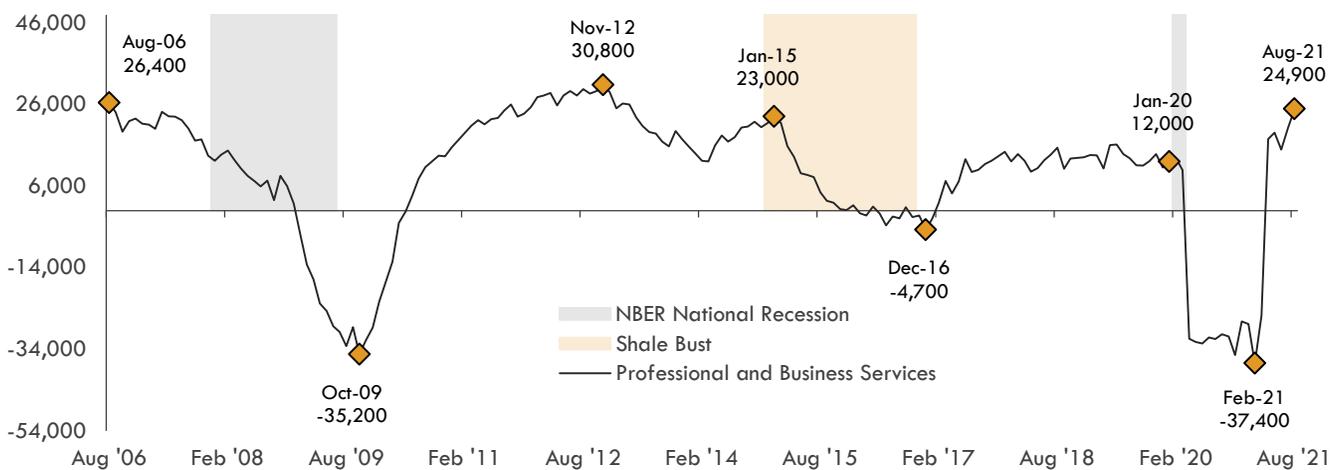


Over-the-year Change

Year over year, Professional and Business Services was up 24,900 jobs, or 5.2 percent. (see Chart 7.) Furthermore, 17.3 percent of total (gross) jobs added across the region over the past year can be attributed to Professional and Business Services. The largest over-the-year gain on record for this sector occurred in November 2012, up 30,800 jobs. The largest decline on record occurred in February 2021, down -37,400 jobs. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's increase, up 13,700 jobs over the year. The second-largest contributor was Administrative and

Support and Waste Management and Remediation Services, which added 10,500 jobs from August a year ago. Lastly, Management of Companies and Enterprises contributed, 700 jobs. Since shedding -41,400 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 80 percent of jobs lost as of August. Professional and Business Services's share of Houston area Total Nonfarm Employment has remained constant at 16.6 percent over the past year.

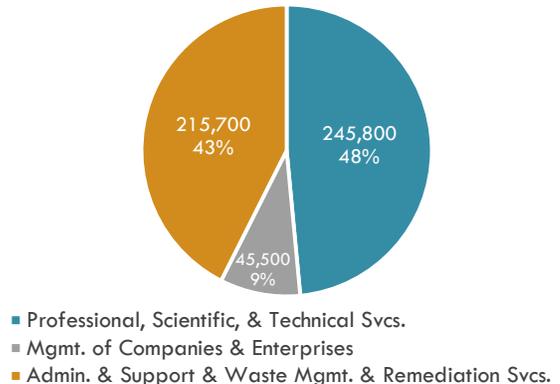
Chart 7. Professional and Business Services (NSA)
Over-the-year Net Change, Aug-06 to Aug-21



About This Sector

This sector is composed of establishments specializing in professional, scientific, and technical activities; management of establishments holding equity interests in order to influence management decisions; and office administration, hiring of personnel, security, cleaning, and waste disposal. Of the three main component industries, Professional, Scientific, and Technical Services accounts for a plurality of the sector's employment at 48 percent. (see Chart 8.) Across the Houston MSA, the concentration of jobs in the overall sector is 15 percent higher than the national average, due to times more jobs in Professional, Scientific, and Technical Services serving the oil and gas industry.

Chart 8. Employment in Component Industries of Professional and Business Services Sector - August 2021



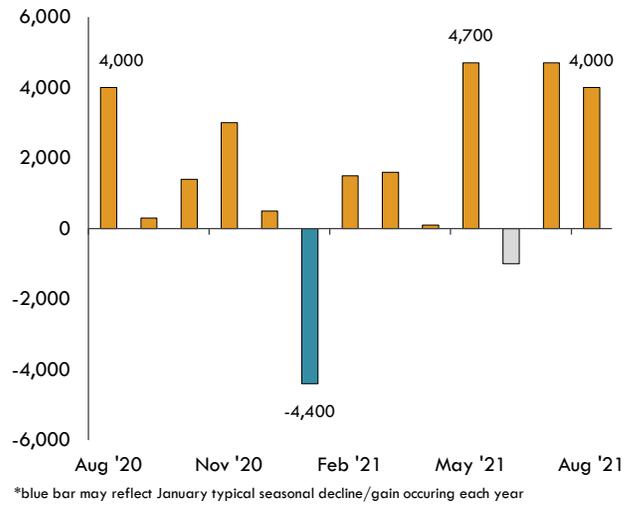
GAINING INDUSTRY HIGHLIGHTS

Education and Health Services

Over-the-month Change

Education and Health Services was the second-largest gaining sector over the month up 4,000 jobs, or 1.0 percent. (see Chart 9.) The largest all-time one-month gain on record for this sector occurred in May 2020, up 15,500 jobs. The largest decline on record occurred in April 2020, down -42,900 jobs. Historically in the month of August, Education and Health Services has added an average of 2,600 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Educational Services was the largest contributor to the overall sector's increase, up 3,000 jobs over the month. The second-largest contributor was Health Care and Social Assistance, which added 1,000 jobs from July to August. Education and Health Services employment was revised upward by 3,900 jobs for a June to July larger net gain of 4,700 compared to an original estimate of 800 jobs.

Chart 9. Education and Health Services (NSA)
Over-the-month Net Change, Aug-20 to Aug-21

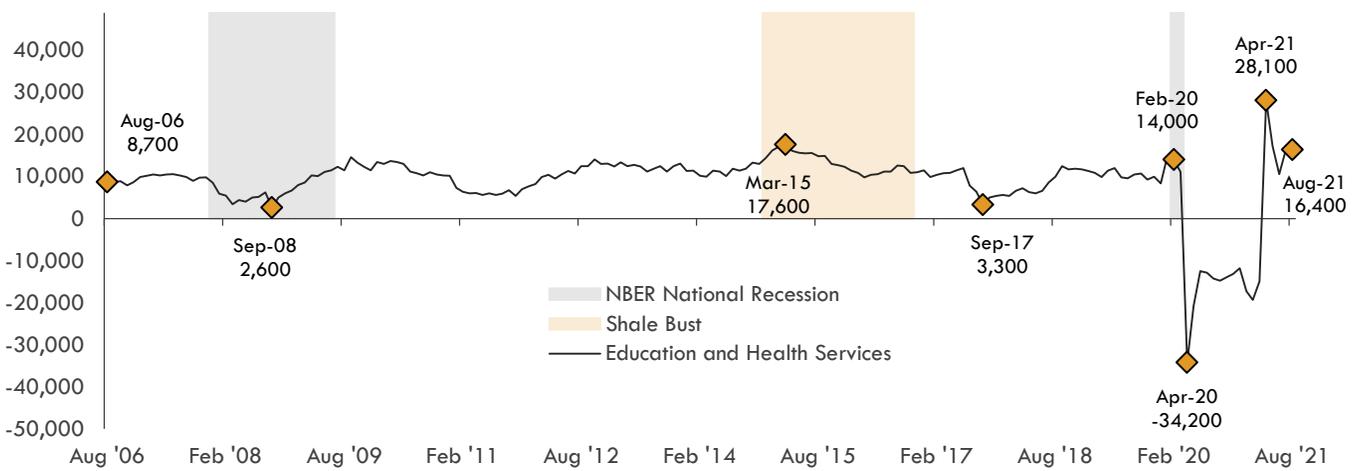


Over-the-year Change

Year over year, Education and Health Services was up 16,400 jobs, or 4.2 percent. (see Chart 10.) This was the largest-ever year-over-year gain in the month of August since records began in 1990. The largest over-the-year gain on record for this sector occurred in April 2021, up 28,100 jobs. The largest decline on record occurred in April 2020, down -34,200 jobs. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 11,900 jobs over the year. The second-largest contributor was Educational Services, which added 4,500 jobs from August a year ago. Since shedding -45,700 jobs

over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 90 percent of jobs lost as of August. Education and Health Services's share of Houston area Total Nonfarm Employment has remained constant at 13.5 percent over the past year.

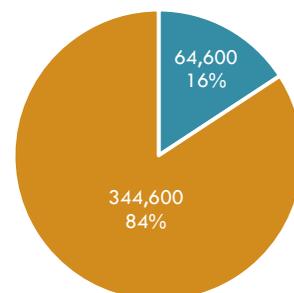
Chart 10. Education and Health Services (NSA)
Over-the-year Net Change, Aug-06 to Aug-21



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 11.) Across the Houston MSA, the concentration of jobs in the overall sector is 16 percent less than the national average, despite the high physical concentration of healthcare jobs centered around Texas Medical Center.

Chart 11. Employment in Component Industries of
Education and Health Services Sector - August 2021



■ Educational Svcs. ■ Health Care & Social Assistance

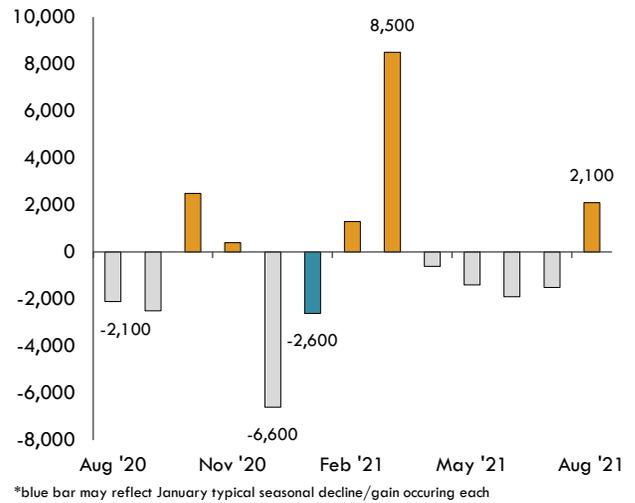
GAINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction was the third-largest gaining sector over the month up 2,100 jobs, or 1.0 percent. (see Chart 12.) The largest all-time one-month gain on record for this sector occurred in March 2021, up 8,500 jobs. The largest decline on record occurred in April 2020, down -23,700 jobs. Historically in the month of August, Construction has added an average of 1,100 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Specialty Trade Contractors was the largest contributor to the overall sector's increase, up 1,500 jobs over the month. The second-largest contributor was Heavy and Civil Engineering Construction, which added 400 jobs from July to August. Lastly, Construction of Buildings contributed, 200 jobs. Construction employment was revised upward by 500 jobs for a June to July smaller net loss of -1,500 compared to an original estimate of -2,000 jobs.

Chart 12. Construction (NSA)
Over-the-month Net Change, Aug-20 to Aug-21

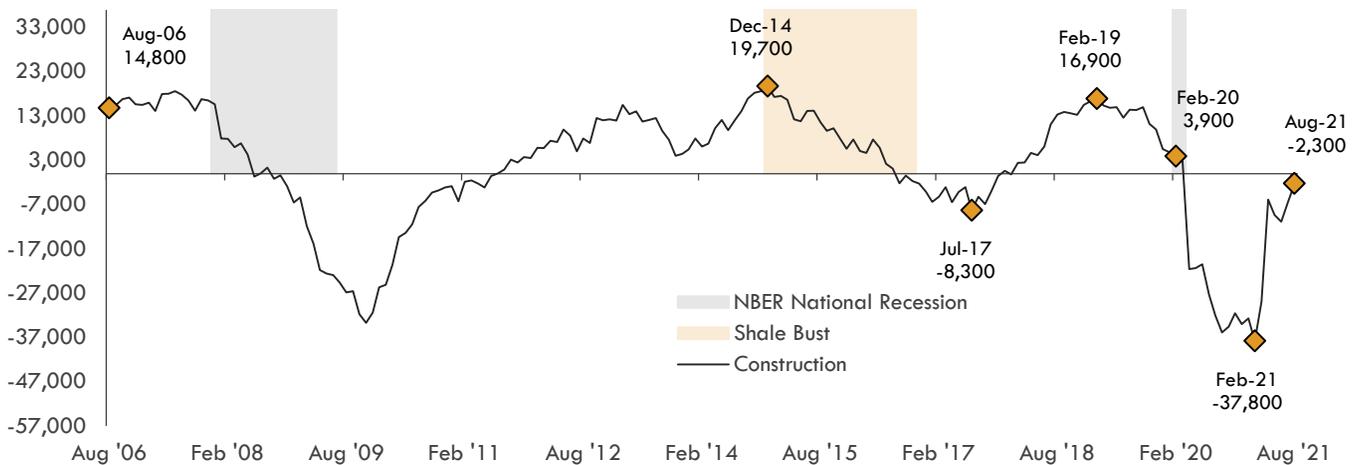


Over-the-year Change

Year over year, Construction was down -2,300 jobs, or -1.1 percent. (see Chart 13.) Among sectors currently showing contraction, this sector is the fastest declining in percentage terms across the Houston area. Furthermore, 48.9 percent of total (gross) jobs lost across the region over the past year can be attributed to Construction. The largest over-the-year gain on record for this sector occurred in December 2014, up 19,700 jobs. The largest decline on record occurred in February 2021, down -37,800 jobs. Heavy and Civil Engineering Construction was the largest contributor to the overall sector's decline, down

-2,200 jobs over the year. The second-largest declining contributor was Construction of Buildings, which lost -500 jobs from August a year ago. Lastly, Specialty Trade Contractors offset a portion of the sector's losses with a gain of 400 jobs. Since shedding -24,000 jobs over March and April 2020 due to the impact of COVID-19, this sector continues to post losses resulting in total employment that remains -10 percent below levels reported in February 2020. Construction's share of Houston area Total Nonfarm Employment has fallen from 7.1 percent to 6.7 percent over the past year.

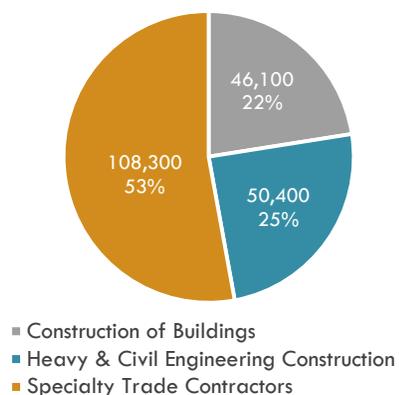
Chart 13. Construction (NSA)
Over-the-year Net Change, Aug-06 to Aug-21



About This Sector

This sector comprises establishments engaged in the construction of buildings, infrastructure, site preparation and subdivision, and specialty trades e.g. masonry, painting, and electrical work. Of the three main component industries, Specialty Trade Contractors accounts for a slight majority of the sector's employment at just over 53 percent. (see Chart 14.) Across the Houston MSA, the concentration of jobs in the overall Construction sector is 29 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 14. Employment in Component Industries of Construction Sector - August 2021



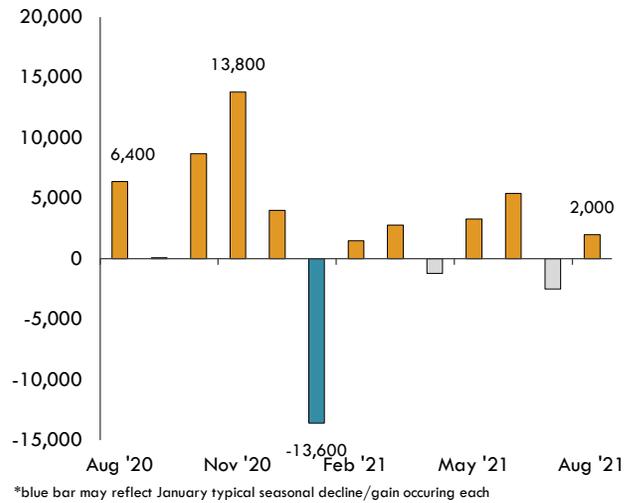
GAINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities also saw an increase over the month up 2,000 jobs, or 0.3 percent. (see Chart 15.) The largest all-time one-month gain on record for this sector occurred in November 2019, up 17,400 jobs. The largest decline on record occurred in April 2020, down -50,000 jobs. Historically in the month of August, Trade, Transportation, and Utilities has added an average of 2,700 jobs over the month, which indicates that this month's gains are moderately below the long-term average. Wholesale Trade was the largest contributor to the overall sector's increase, up 900 jobs over the month. The second-largest contributor was Retail Trade, which added 600 jobs from July to August. Lastly, Transportation, Warehousing, and Utilities contributed, 500 jobs. Trade, Transportation, and Utilities employment was revised upward by 200 jobs for a June to July smaller net loss of -2,500 compared to an original estimate of -2,700 jobs.

Chart 15. Trade, Transportation, and Utilities (NSA)
Over-the-month Net Change, Aug-20 to Aug-21

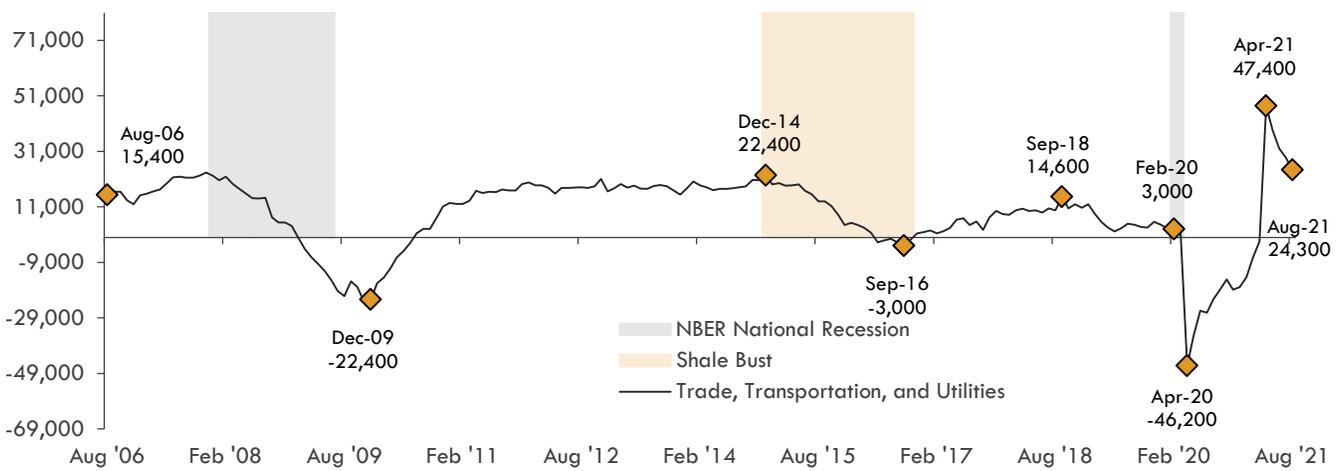


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 24,300 jobs, or 4.0 percent. (see Chart 16.) This was the largest-ever year-over-year gain in the month of August since records began in 1990. Furthermore, 16.9 percent of total (gross) jobs added across the region over the past year can be attributed to Trade, Transportation, and Utilities. The largest over-the-year gain on record for this sector occurred in April 2021, up 47,400 jobs. The largest decline on record occurred in April 2020, down -46,200 jobs. Transportation, Warehousing, and Utilities was the largest contributor to the overall sector's increase, up 15,500

jobs over the year. The second-largest contributor was Wholesale Trade, which added 4,600 jobs from August a year ago. Lastly, Retail Trade contributed, 4,200 jobs. Trade, Transportation, and Utilities's share of Houston area Total Nonfarm Employment has fallen from 20.8 percent to 20.7 percent over the past year.

Chart 16. Trade, Transportation, and Utilities (NSA)
Over-the-year Net Change, Aug-06 to Aug-21



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 47 percent. (see Chart 17.) Across the Houston MSA, the concentration of jobs in the overall sector is 11 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 17. Employment in Component Industries of Trade, Transportation, and Utilities Sector - August 2021



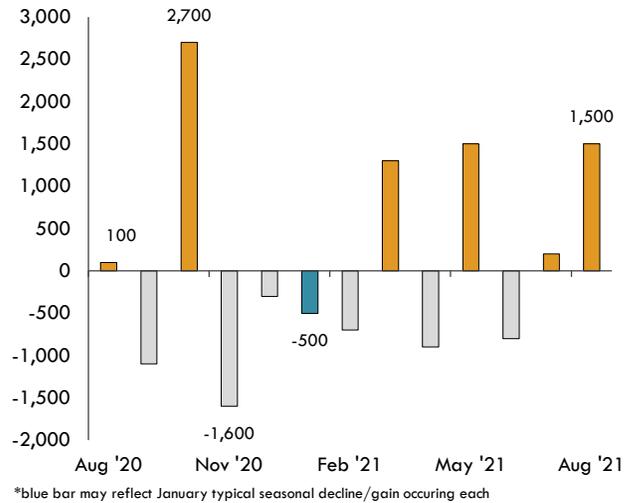
GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities also saw an increase over the month up 1,500 jobs, or 0.9 percent. (see Chart 18.) This was the largest-ever gain in the month of August since records began in 1990. The largest all-time one-month gain on record for this sector occurred in October 2020, up 2,700 jobs. The largest decline on record occurred in April 2020, down -6,900 jobs. Historically in the month of August, Financial Activities has added an average of 200 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 1,400 jobs over the month. The second-largest contributor was Finance and Insurance, which added 100 jobs from July to August. Financial Activities employment was revised downward by -100 jobs for a June to July smaller net gain of 200 compared to an original estimate of 300 jobs.

Chart 18. Financial Activities (NSA)
Over-the-month Net Change, Aug-20 to Aug-21

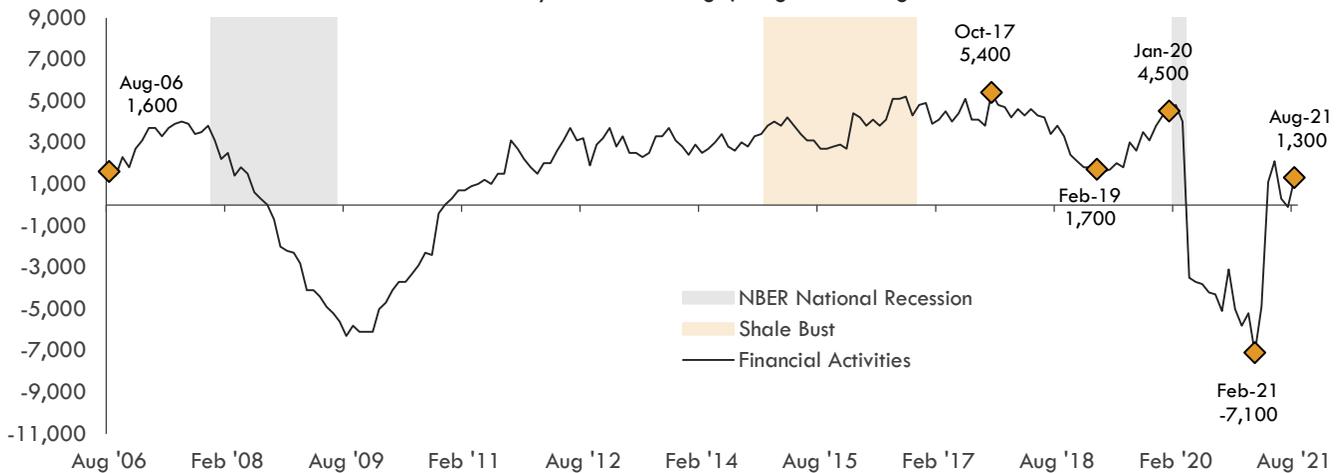


Over-the-year Change

Year over year, Financial Activities was up 1,300 jobs, or 0.8 percent. (see Chart 19.) The largest over-the-year gain on record for this sector occurred in September 1998, up 9,000 jobs. The largest decline on record occurred in February 2021, down -7,100 jobs. Finance and Insurance was the largest contributor to the overall sector's increase, up 2,600 jobs over the year. One component industry that provided a partial offset was Real Estate and Rental and Leasing, which lost -1,300 jobs from August a year ago. Since shedding -7,800 jobs over March and April 2020 due to the impact of COVID-19, this sector has

recovered approximately 40 percent of jobs lost as of August. Financial Activities's share of Houston area Total Nonfarm Employment has fallen from 5.6 percent to 5.4 percent over the past year.

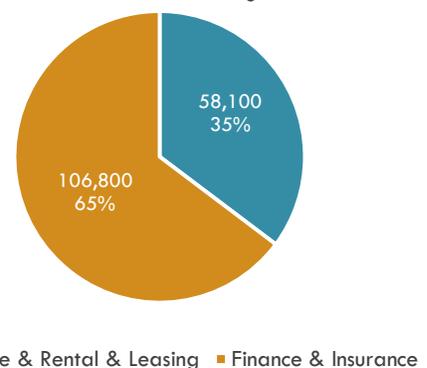
Chart 19. Financial Activities (NSA)
Over-the-year Net Change, Aug-06 to Aug-21



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 65 percent. (see Chart 20.) Across the Houston MSA, the concentration of jobs in the overall Financial Activities sector is 11 percent less than the national average, due to a 22-percent lower concentration in Finance and Insurance offsetting a 20-percent higher concentration in Real Estate and Rental and Leasing.

Chart 20. Employment in Component Industries of
Financial Activities Sector - August 2021



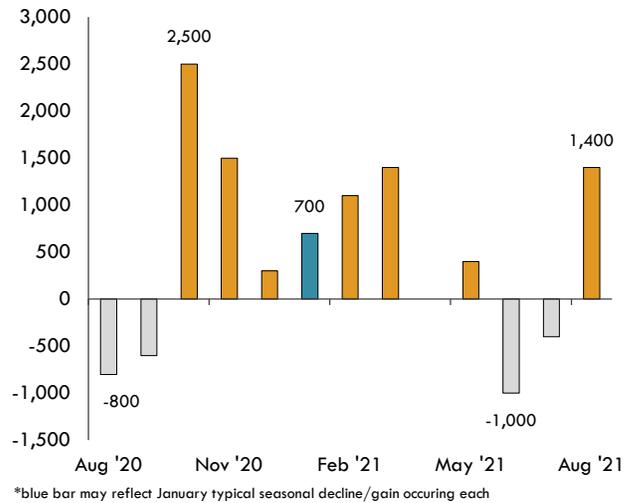
GAINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging also saw an increase over the month up 1,400 jobs, or 2.0 percent. (see Chart 21.) The largest all-time one-month gain on record for this sector occurred in June 2011, up 2,800 jobs. The largest decline on record occurred in April 2020, down -5,200 jobs. Historically in the month of August, Mining and Logging has added an average of 70 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Oil and Gas Extraction was the largest contributor to the overall sector's increase, up 800 jobs over the month. The second-largest contributor was Support Activities for Mining, which added 600 jobs from July to August. Lastly, Other Mining and Logging Undefined saw no change over the month. Mining and Logging employment was revised upward by 100 jobs for a June to July smaller net loss of -400 compared to an original estimate of -500 jobs.

Chart 21. Mining and Logging (NSA)
Over-the-month Net Change, Aug-20 to Aug-21

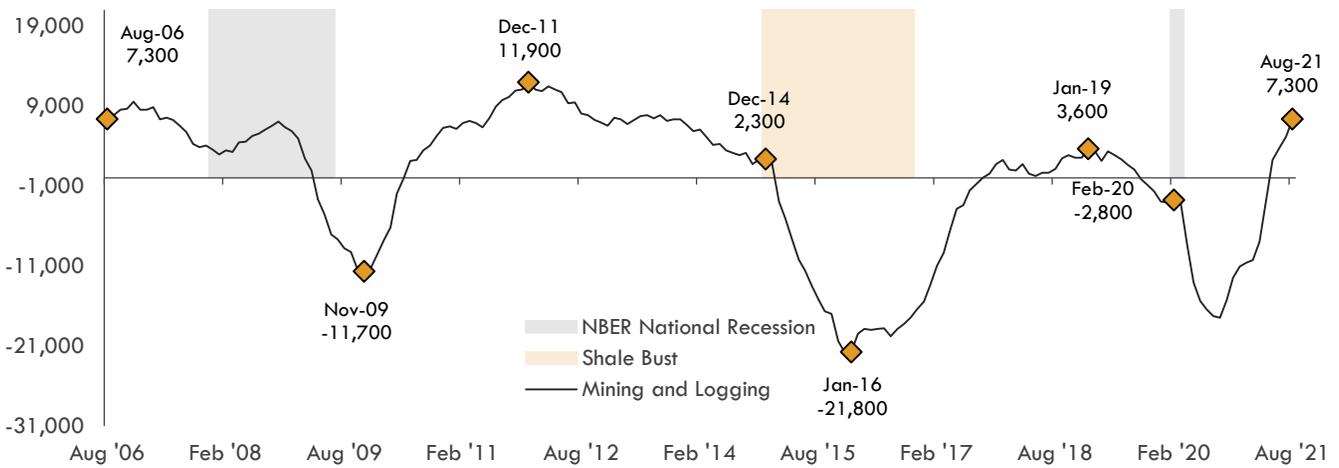


Over-the-year Change

Year over year, Mining and Logging was up 7,300 jobs, or 11.7 percent. (see Chart 22.) Among sectors currently showing growth, this sector is the third-fastest growing in percentage terms across the Houston area. The largest over-the-year gain on record for this sector occurred in December 2011, up 11,900 jobs. The largest decline on record occurred in January 2016, down -21,800 jobs. Support Activities for Mining was the largest contributor to the overall sector's increase, up 5,600 jobs over the year. The second-largest contributor was Oil and Gas Extraction, which added 1,100 jobs from August a year ago.

Lastly, Other Mining and Logging Undefined contributed, 600 jobs. Since shedding -6,100 jobs over March and April 2020 due to the impact of COVID-19, this sector continues to post losses resulting in total employment that remains -10 percent below levels reported in February 2020. Mining and Logging's share of Houston area Total Nonfarm Employment has risen from 2.1 percent to 2.3 percent over the past year.

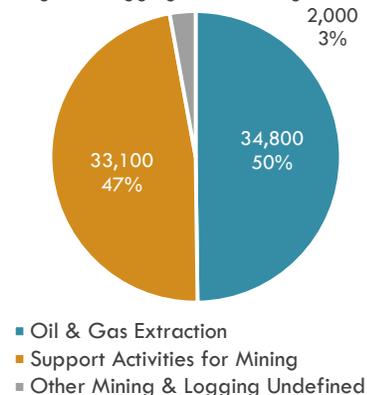
Chart 22. Mining and Logging (NSA)
Over-the-year Net Change, Aug-06 to Aug-21



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, Oil and Gas Extraction accounts for a plurality of the sector's employment at 50 percent. (see Chart 23.) Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 5.2 times the national average, due to the region's role as a global hub for the oil and gas industry.

Chart 23. Employment in Component Industries of Mining and Logging Sector - August 2021



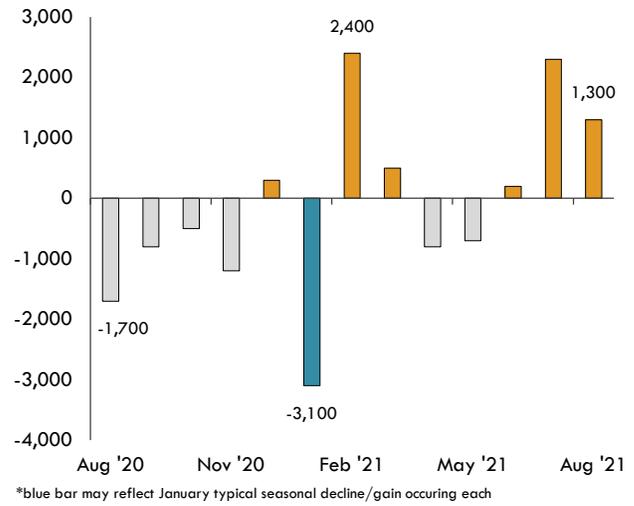
GAINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing also saw an increase over the month up 1,300 jobs, or 0.6 percent. (see Chart 24.) This was the largest-ever gain in the month of August since records began in 1990. The largest all-time one-month gain on record for this sector occurred in June 1990, up 3,200 jobs. The largest decline on record occurred in April 2020, down -10,600 jobs. Historically in the month of August, Manufacturing has added an average of 40 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Durable Goods was the largest contributor to the overall sector's increase, up 1,700 jobs over the month. One component industry that provided a partial offset was Non-Durable Goods, which lost -400 jobs from July to August. Manufacturing employment was revised downward by -1,400 jobs for a June to July smaller net gain of 2,300 compared to an original estimate of 3,700 jobs.

Chart 24. Manufacturing (NSA)
Over-the-month Net Change, Aug-20 to Aug-21

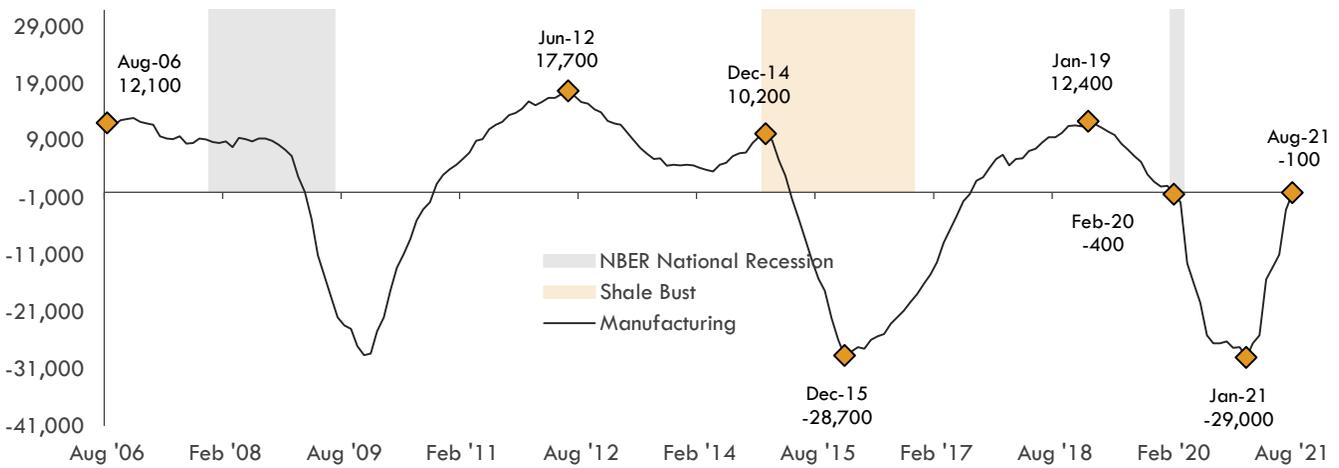


Over-the-year Change

Year over year, Manufacturing was down -100 jobs, or 0.0 percent. (see Chart 25.) Among sectors currently showing contraction, this sector is the third-fastest declining in percentage terms across the Houston area. The largest over-the-year gain on record for this sector occurred in June 2012, up 17,700 jobs. The largest decline on record occurred in January 2021, down -29,000 jobs. Durable Goods was the largest contributor to the overall sector's decline, down -400 jobs over the year. One component industry that provided a partial offset was Non-Durable Goods, which gained 300 jobs from August a year ago.

Since shedding -11,500 jobs over March and April 2020 due to the impact of COVID-19, this sector continues to post losses resulting in total employment that remains -10 percent below levels reported in February 2020. Manufacturing's share of Houston area Total Nonfarm Employment has fallen from 7.2 percent to 6.9 percent over the past year.

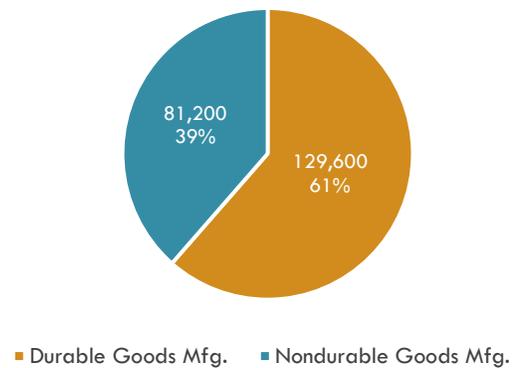
Chart 25. Manufacturing (NSA)
Over-the-year Net Change, Aug-06 to Aug-21



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 26.) Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 19 percent less than the national average.

Chart 26. Employment in Component Industries of Manufacturing Sector - August 2021



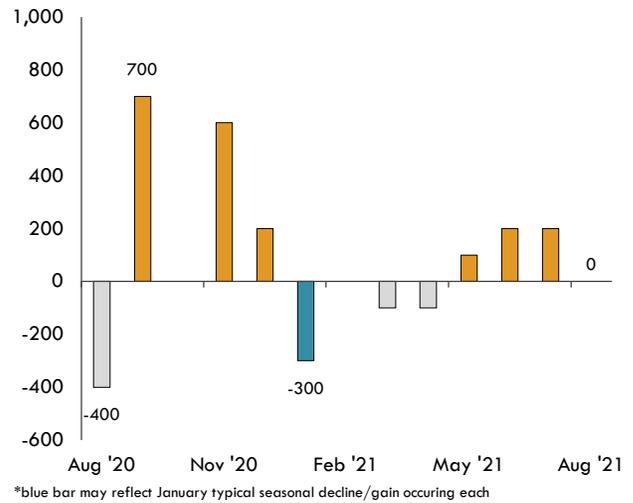
GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information was unchanged over the month. (see Chart 27.) The largest all-time one-month gain on record for this sector occurred in July 1994, up 1,500 jobs. The largest decline on record occurred in April 2020, down -3,900 jobs. Historically in the month of August, Information has lost an average of -70 jobs over the month, which indicates that this month's net zero change is slightly smaller than the long-term average decline. Information employment saw no revision from June to July leaving the previous month's original increase of 200 intact.

Chart 27. Information (NSA)
Over-the-month Net Change, Aug-20 to Aug-21

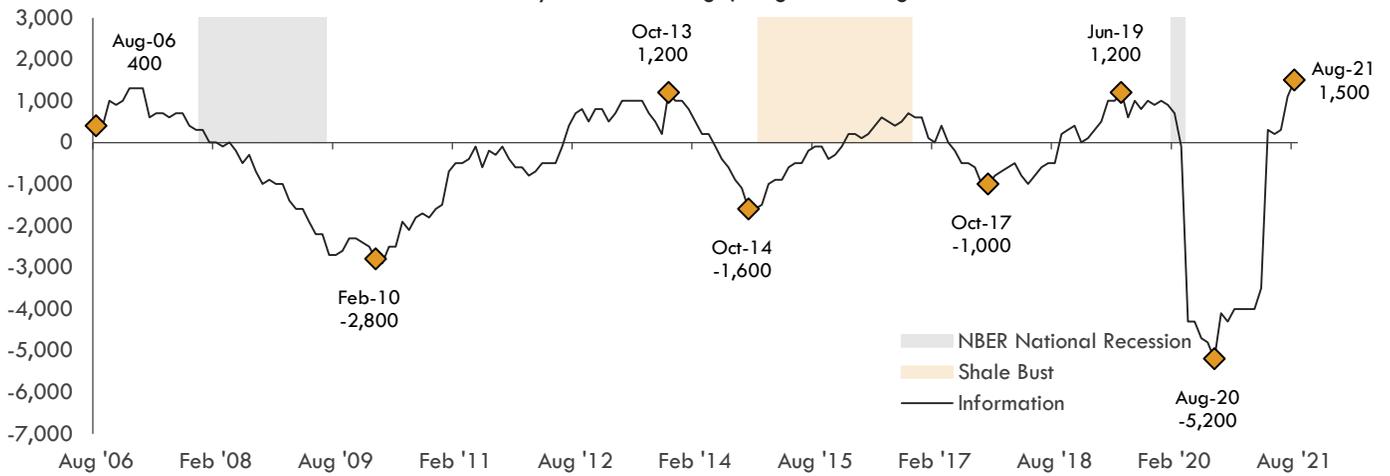


Over-the-year Change

Year over year, Information was up 1,500 jobs, or 5.5 percent. (see Chart 28.) The largest over-the-year gain on record for this sector occurred in June 1997, up 4,600 jobs. The largest decline on record occurred in April 2002, down -7,000 jobs. Other Information Undefined was the largest contributor to the overall sector's increase, up 1,600 jobs over the year. One component industry that provided a partial offset was Telecommunications, which lost -100 jobs from August a year ago. Since shedding -4,500 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered

approximately 20 percent of jobs lost as of August. Information's share of Houston area Total Nonfarm Employment has remained constant at 0.9 percent over the past year.

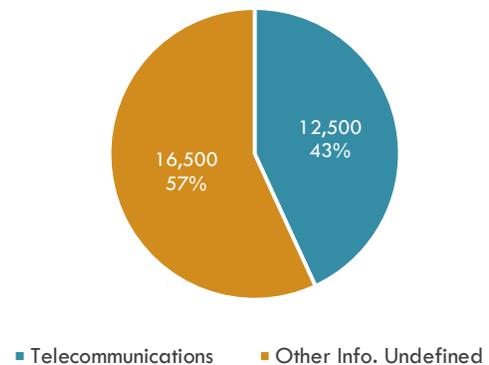
Chart 28. Information (NSA)
Over-the-year Net Change, Aug-06 to Aug-21



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 57 percent. (see Chart 29.) Across the Houston MSA, the concentration of jobs in the overall Information sector is 50 percent less than the national average.

Chart 29. Employment in Component Industries of Information Sector - August 2021



DECLINING INDUSTRY HIGHLIGHTS

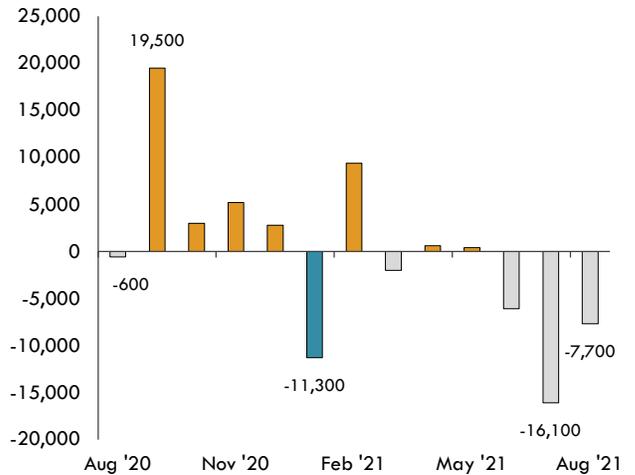
Government

Over-the-month Change

Government was the largest declining sector over the month down -7,700 jobs, or -1.9 percent. (see Chart 30.) This was the largest-ever decline in the month of August since records began in 1990. The largest all-time one-month gain on record for this sector occurred in September 2013, up 22,500 jobs. The largest decline on record occurred in April 2020, down -10,700 jobs. Historically in the month of August, Government has lost an average of -200 jobs over the month, which indicates that this month's losses are substantially larger than the long-term average decline. August declines in Government are typical, mainly driven by Local Government Educational Services, which concludes three months of seasonal losses beginning in June. Local Government was the largest contributor to the overall sector's decline, down -8,300 jobs over the month. One component industry that provided a partial offset was Federal Government, which gained 200 jobs from July to August. Lastly, State Government offset a portion of the sector's losses with a

gain of 400 jobs. Government employment was revised upward by 2,500 jobs for a June to July smaller net loss of -16,100 compared to an original estimate of -18,600 jobs.

Chart 30. Government (NSA)
Over-the-month Net Change, Aug-20 to Aug-21

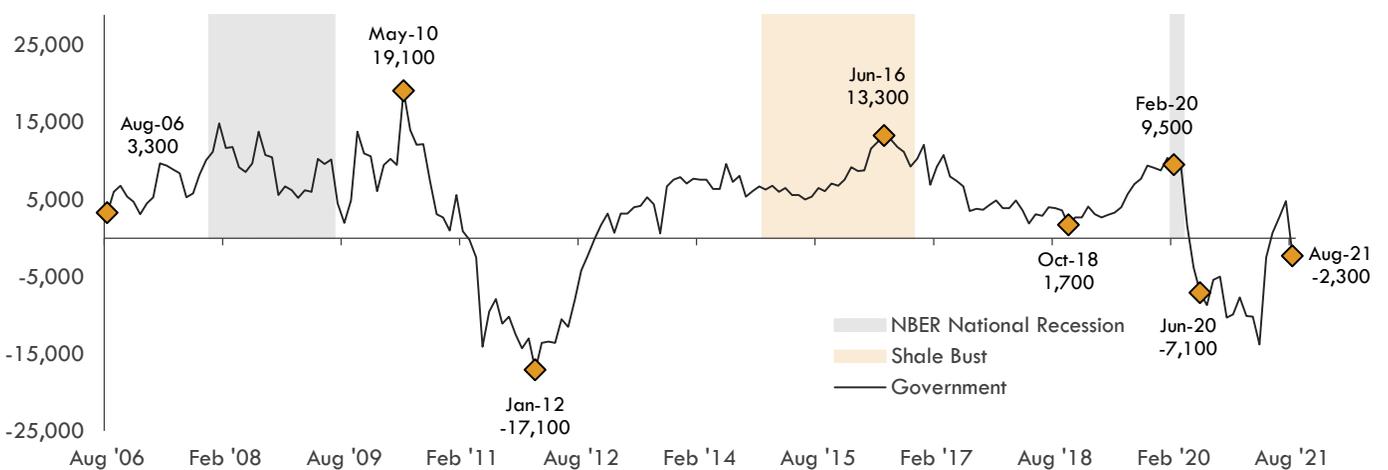


Over-the-year Change

Year over year, Government was down -2,300 jobs, or -0.6 percent. (see Chart 31.) Among sectors currently showing contraction, this sector is the second-fastest declining in percentage terms across the Houston area. Furthermore, 48.9 percent of total (gross) jobs lost across the region over the past year can be attributed to Government. The largest over-the-year gain on record for this sector occurred in May 2010, up 19,100 jobs. The largest decline on record occurred in January 2012, down -17,100 jobs. Federal Government was the largest contributor to the overall sector's decline, down -4,200 jobs over

the year. One component industry that provided a partial offset was Local Government, which gained 900 jobs from August a year ago. Lastly, State Government offset a portion of the sector's losses with a gain of 1,000 jobs. Since shedding -9,100 jobs over March and April 2020 due to the impact of COVID-19, this sector continues to post losses resulting in total employment that remains -10 percent below levels reported in February 2020. Government's share of Houston area Total Nonfarm Employment has fallen from 13.4 percent to 12.7 percent over the past year.

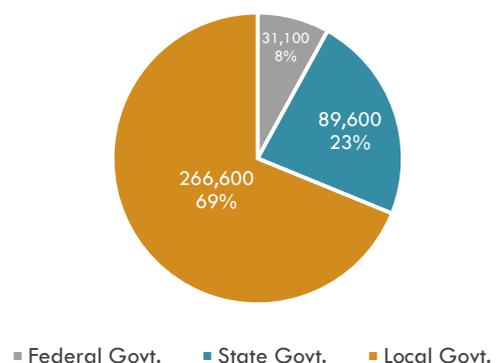
Chart 31. Government (NSA)
Over-the-year Net Change, Aug-06 to Aug-21



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 69 percent. (see Chart 32.) Across the Houston MSA, the concentration of jobs in the overall Government sector is 11 percent less than the national average.

Chart 32. Employment in Component Industries of Government Sector - August 2021



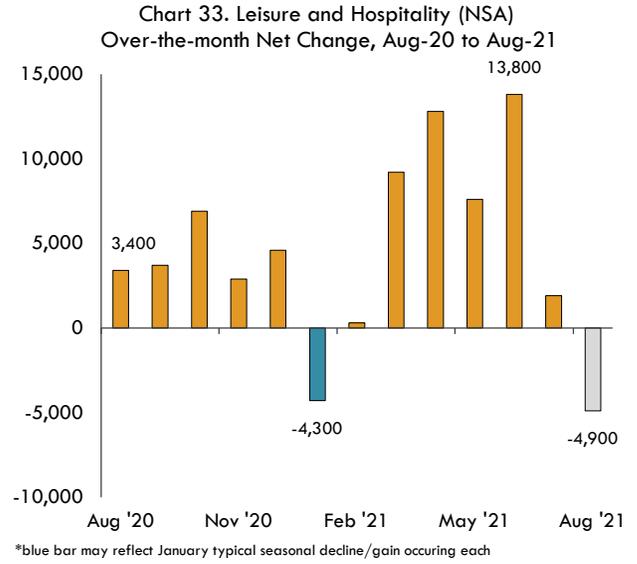
DECLINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality was the second-largest declining sector over the month down -4,900 jobs, or -1.5 percent. (see Chart 33.) This was the largest-ever decline in the month of August since records began in 1990. The largest all-time one-month gain on record for this sector occurred in May 2020, up 42,100 jobs. The largest decline on record occurred in April 2020, down -123,400 jobs. Historically in the month of August, Leisure and Hospitality has added an average of 40 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Historically, job gains have been recorded in the month of August approximately 60 percent of the time since records began. Accommodation and Food Services was the largest contributor to the overall sector's decline, down -3,200 jobs over the month. The second-largest declining contributor was Arts, Entertainment, and Recreation, which lost -1,700 jobs from July to August. Leisure and Hospitality employment was revised downward by -700 jobs for

a June to July smaller net gain of 1,900 compared to an original estimate of 2,600 jobs.

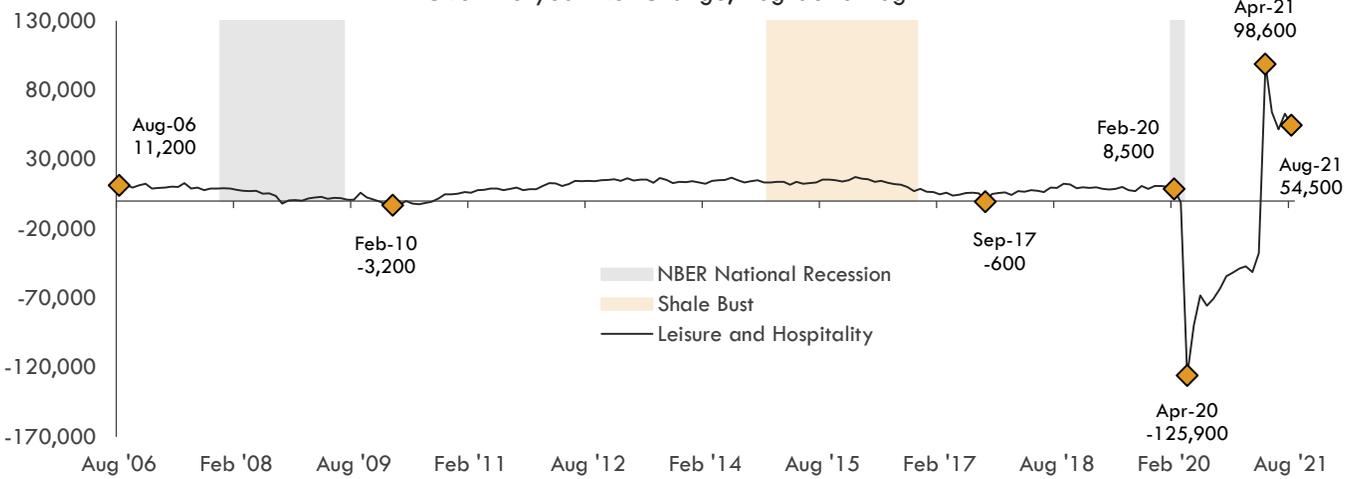


Over-the-year Change

Year over year, Leisure and Hospitality was up 54,500 jobs, or 20.3 percent. (see Chart 34.) This was the largest-ever year-over-year gain in the month of August since records began in 1990. Among sectors currently showing growth, this sector is the fastest-growing in percentage terms across the Houston area. Furthermore, 37.8 percent of total (gross) jobs added across the region over the past year can be attributed to Leisure and Hospitality. The largest over-the-year gain on record for this sector occurred in April 2021, up 98,600 jobs. The largest decline on record occurred in April 2020, down -125,900

jobs. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 49,700 jobs over the year. The second-largest contributor was Arts, Entertainment, and Recreation, which added 4,800 jobs from August a year ago. Since shedding -127,900 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 90 percent of jobs lost as of August. Leisure and Hospitality's share of Houston area Total Nonfarm Employment has risen from 9.2 percent to 10.6 percent over the past year.

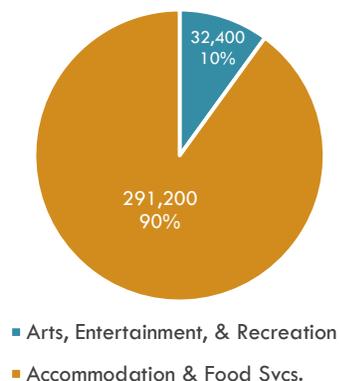
Chart 34. Leisure and Hospitality (NSA)
Over-the-year Net Change, Aug-06 to Aug-21



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. Of the two main component industries, Accommodation and Food Services accounts for the majority of the sector's employment at 90 percent. (see Chart 35.) Across the Houston MSA, the concentration of jobs in the overall sector is 1 percent less than the national average.

Chart 35. Employment in Component Industries of Leisure and Hospitality Sector - August 2021



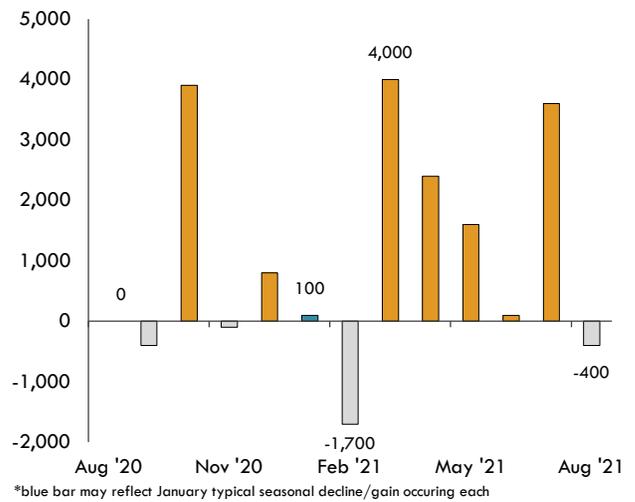
DECLINING INDUSTRY HIGHLIGHTS

Other Services

Over-the-month Change

Other Services was the third-largest declining sector over the month down -400 jobs, or -0.3 percent. (see Chart 36.) The largest all-time one-month gain on record for this sector occurred in June 2020, up 8,000 jobs. The largest decline on record occurred in April 2020, down -28,300 jobs. Historically in the month of August, Other Services has lost an average of -800 jobs over the month, which indicates that this month's losses are slightly smaller than the long-term average decline. Job losses are typically recorded in August of each year with only a handful of exceptions in the history of the series. 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 2,000 jobs for a June to July larger net gain of 3,600 compared to an original estimate of 1,600 jobs.

Chart 36. Other Services (NSA)
Over-the-month Net Change, Aug-20 to Aug-21

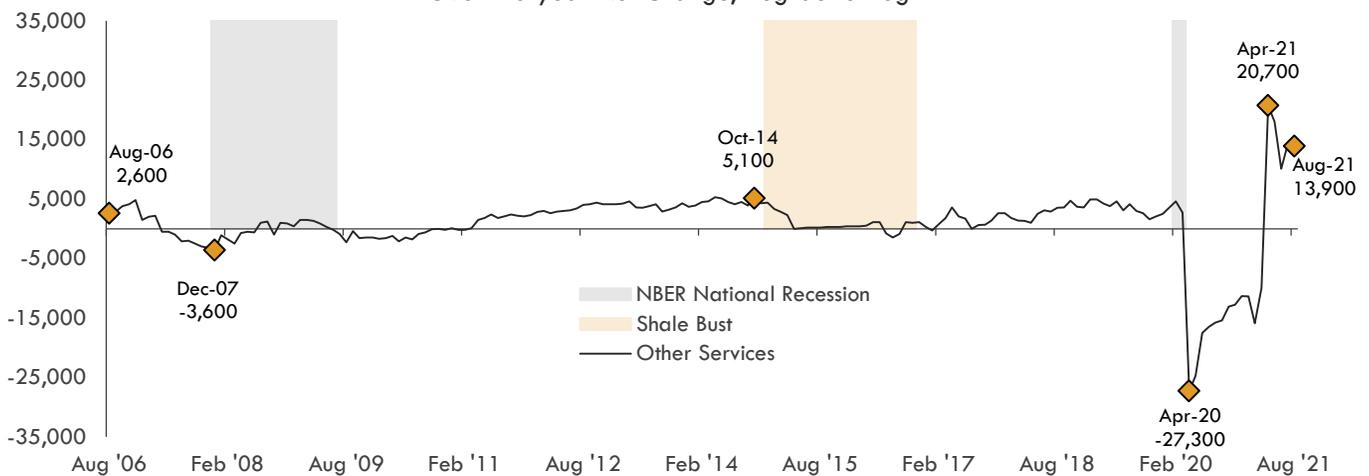


Over-the-year Change

Year over year, Other Services was up 13,900 jobs, or 13.8 percent. (see Chart 37.) This was the largest-ever year-over-year gain in the month of August since records began in 1990. Among sectors currently showing growth, this sector is the second-fastest growing in percentage terms across the Houston area. The largest over-the-year gain on record for this sector occurred in April 2021, up 20,700 jobs. The largest decline on record occurred in April 2020, down -27,300 jobs. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Since shedding -30,200 jobs over March

and April 2020 due to the impact of COVID-19, this sector has recovered approximately 80 percent of jobs lost as of August. Other Services's share of Houston area Total Nonfarm Employment has risen from 3.5 percent to 3.8 percent over the past year.

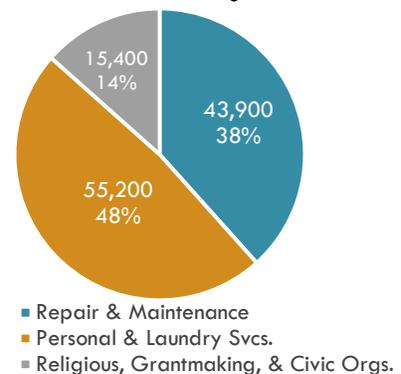
Chart 37. Other Services (NSA)
Over-the-year Net Change, Aug-06 to Aug-21



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 5 percent less than the national average.

Chart 38. Employment in Component Industries of Other Services Sector - August 2021



*estimated proportions based QCEW covered and NES self-employment

Unemployment Rates

Not-Seasonally Adjusted

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 6.1 percent in August, down from July's 6.8 percent and down from 8.1 percent a year ago. This was above the statewide rate of 5.3 percent and above the national rate of 5.3 percent. 209,340 individuals were unemployed in Houston in August, down from July's 233,654 and down from 277,140 in August 2020.

Chart 39. Unemployment Rates (NSA)
U.S., Texas, and Houston MSA
August 2021

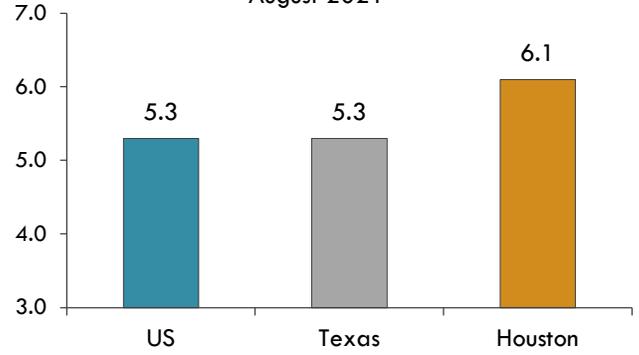
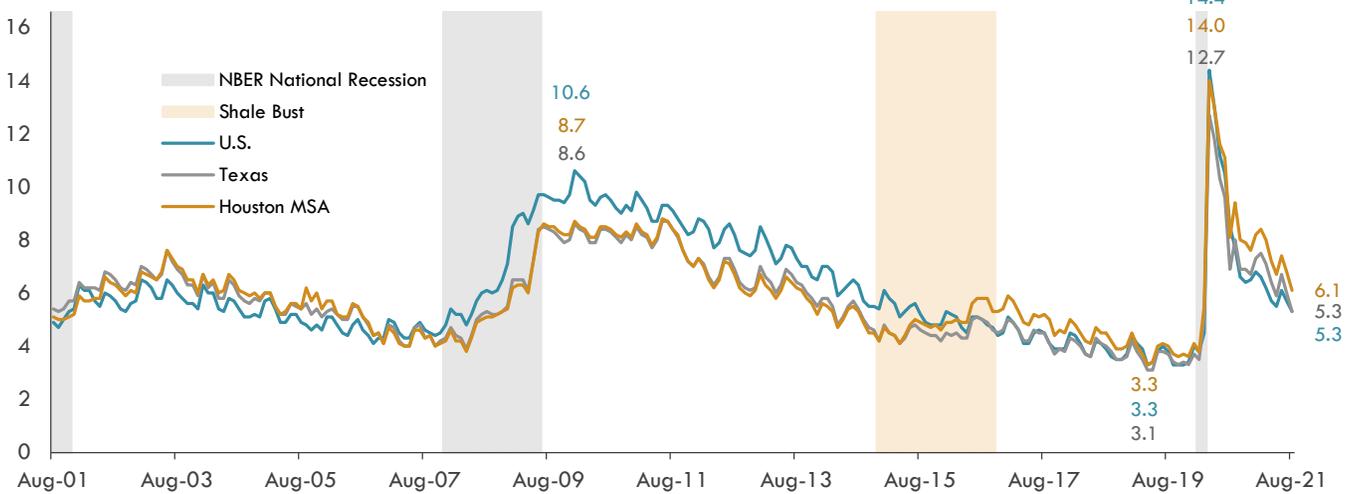


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
August 2001 to August 2021



Seasonally Adjusted

The Houston MSA (seasonally-adjusted) unemployment rate stood at 6.5 percent in July, down from June's 7.1 percent and down from 9.4 percent a year ago. This was above the statewide rate of 6.2 percent and above the national rate of 5.4 percent. 220,937 individuals were unemployed in Houston in July, down from June's 241,583 and down from 315,341 in July 2020.

Chart 41. Unemployment Rates (SA)
U.S., Texas, and Houston MSA
July 2021

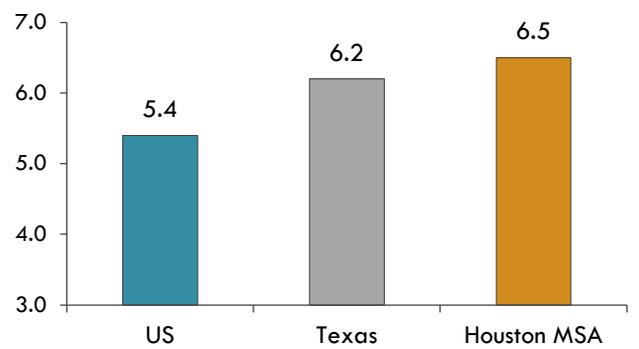
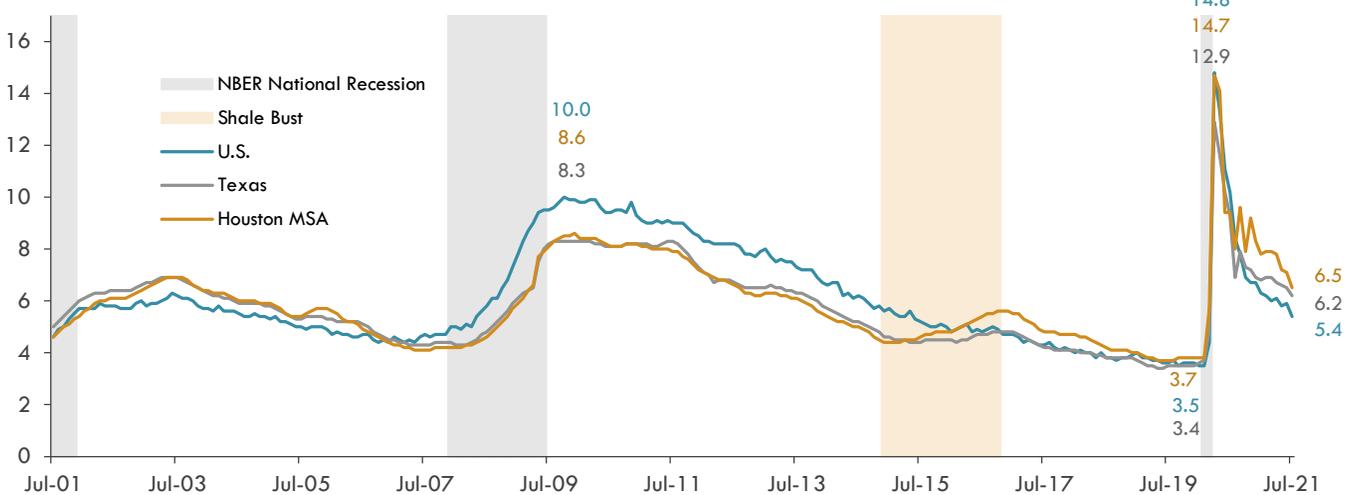


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
July 2001 to July 2021



Houston Area Employment Situation

August 2021

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Aug-21	Jul-21	Aug-20	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,052,300	3,047,500	2,912,900	4,800	0.2%	139,400	4.8%
Total Private	2,665,000	2,652,500	2,523,300	12,500	0.5%	141,700	5.6%
Goods Producing	485,500	480,700	480,600	4,800	1.0%	4,900	1.0%
.Mining and Logging	69,900	68,500	62,600	1,400	2.0%	7,300	11.7%
...Oil and Gas Extraction	34,800	34,000	33,700	800	2.4%	1,100	3.3%
...Support Activities for Mining	33,100	32,500	27,500	600	1.8%	5,600	20.4%
.Construction	204,800	202,700	207,100	2,100	1.0%	-2,300	-1.1%
..Construction of Buildings	46,100	45,900	46,600	200	0.4%	-500	-1.1%
..Heavy and Civil Engineering Construction	50,400	50,000	52,600	400	0.8%	-2,200	-4.2%
..Specialty Trade Contractors	108,300	106,800	107,900	1,500	1.4%	400	0.4%
.Manufacturing	210,800	209,500	210,900	1,300	0.6%	-100	0.0%
..Durable Goods	129,600	127,900	130,000	1,700	1.3%	-400	-0.3%
...Fabricated Metal Product Manufacturing	43,900	42,800	44,100	1,100	2.6%	-200	-0.5%
...Machinery Manufacturing	37,400	37,800	39,400	-400	-1.1%	-2,000	-5.1%
....Agriculture, Construction, and Mining Machinery Mfg.	19,500	19,700	21,100	-200	-1.0%	-1,600	-7.6%
...Computer and Electronic Product Manufacturing	12,800	12,900	13,100	-100	-0.8%	-300	-2.3%
..Non-Durable Goods	81,200	81,600	80,900	-400	-0.5%	300	0.4%
...Petroleum and Coal Products Manufacturing	9,000	9,000	8,500	0	0.0%	500	5.9%
...Chemical Manufacturing	38,700	38,800	39,500	-100	-0.3%	-800	-2.0%
Service Providing	2,566,800	2,566,800	2,432,300	0	0.0%	134,500	5.5%
..Private Service Providing	2,179,500	2,171,800	2,042,700	7,700	0.4%	136,800	6.7%
..Trade, Transportation, and Utilities	631,300	629,300	607,000	2,000	0.3%	24,300	4.0%
...Wholesale Trade	163,400	162,500	158,800	900	0.6%	4,600	2.9%
....Merchant Wholesalers, Durable Goods	100,900	100,100	98,100	800	0.8%	2,800	2.9%
.....Prof. and Commercial Equip. Supplies Wholesalers	16,900	16,800	17,300	100	0.6%	-400	-2.3%
....Merchant Wholesalers, Nondurable Goods	50,600	50,500	50,100	100	0.2%	500	1.0%
...Retail Trade	296,700	296,100	292,500	600	0.2%	4,200	1.4%
....Motor Vehicle and Parts Dealers	41,500	41,300	39,800	200	0.5%	1,700	4.3%
....Bldg. Material and Garden Equip. and Supplies Dealers	23,400	23,700	23,700	-300	-1.3%	-300	-1.3%
....Food and Beverage Stores	70,400	70,400	69,600	0	0.0%	800	1.1%
....Health and Personal Care Stores	18,500	18,400	17,900	100	0.5%	600	3.4%
....Clothing and Clothing Accessories Stores	24,900	24,800	22,700	100	0.4%	2,200	9.7%
....General Merchandise Stores	57,300	57,100	56,600	200	0.4%	700	1.2%
.....Department Stores	16,400	16,300	15,400	100	0.6%	1,000	6.5%
.....Other General Merchandise Stores	40,900	40,800	41,200	100	0.2%	-300	-0.7%
...Transportation, Warehousing, and Utilities	171,200	170,700	155,700	500	0.3%	15,500	10.0%
....Utilities	17,100	17,300	17,100	-200	-1.2%	0	0.0%
.....Air Transportation	18,400	18,400	18,600	0	0.0%	-200	-1.1%
.....Truck Transportation	27,300	27,200	26,500	100	0.4%	800	3.0%
.....Pipeline Transportation	11,500	11,500	12,100	0	0.0%	-600	-5.0%
..Information	29,000	29,000	27,500	0	0.0%	1,500	5.5%
...Telecommunications	12,500	12,500	12,600	0	0.0%	-100	-0.8%
..Financial Activities	164,900	163,400	163,600	1,500	0.9%	1,300	0.8%
...Finance and Insurance	106,800	106,700	104,200	100	0.1%	2,600	2.5%
....Credit Intermediation and Related Activities	42,600	43,000	43,600	-400	-0.9%	-1,000	-2.3%
.....Depository Credit Intermediation	28,300	28,200	29,400	100	0.4%	-1,100	-3.7%
....Securities, Commodity Contracts, and Fin. Investments	21,200	21,000	20,900	200	1.0%	300	1.4%
....Insurance Carriers and Related Activities	43,000	42,700	39,700	300	0.7%	3,300	8.3%
...Real Estate and Rental and Leasing	58,100	56,700	59,400	1,400	2.5%	-1,300	-2.2%
..Professional and Business Services	507,000	501,500	482,100	5,500	1.1%	24,900	5.2%
...Professional, Scientific, and Technical Services	245,800	242,200	232,100	3,600	1.5%	13,700	5.9%
....Legal Services	28,600	28,700	27,900	-100	-0.3%	700	2.5%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	24,000	23,900	23,600	100	0.4%	400	1.7%
....Architectural, Engineering, and Related Services	67,600	67,800	66,700	-200	-0.3%	900	1.3%
....Computer Systems Design and Related Services	37,400	36,800	34,200	600	1.6%	3,200	9.4%
...Management of Companies and Enterprises	45,500	45,600	44,800	-100	-0.2%	700	1.6%
...Admin. and Support and Waste Mgmt. and Remediation	215,700	213,700	205,200	2,000	0.9%	10,500	5.1%
....Administrative and Support Services	202,300	200,400	193,700	1,900	0.9%	8,600	4.4%
.....Employment Services	73,600	73,300	68,900	300	0.4%	4,700	6.8%
.....Services to Buildings and Dwellings	56,200	55,900	52,700	300	0.5%	3,500	6.6%
..Educational and Health Services	409,200	405,200	392,800	4,000	1.0%	16,400	4.2%
...Educational Services	64,600	61,600	60,100	3,000	4.9%	4,500	7.5%
...Health Care and Social Assistance	344,600	343,600	332,700	1,000	0.3%	11,900	3.6%
....Ambulatory Health Care Services	171,200	170,900	165,200	300	0.2%	6,000	3.6%
....Hospitals	89,400	88,900	87,200	500	0.6%	2,200	2.5%
..Leisure and Hospitality	323,600	328,500	269,100	-4,900	-1.5%	54,500	20.3%
...Arts, Entertainment, and Recreation	32,400	34,100	27,600	-1,700	-5.0%	4,800	17.4%
...Accommodation and Food Services	291,200	294,400	241,500	-3,200	-1.1%	49,700	20.6%
....Accommodation	22,800	23,500	18,600	-700	-3.0%	4,200	22.6%
....Food Services and Drinking Places	268,400	270,900	222,900	-2,500	-0.9%	45,500	20.4%
..Other Services	114,500	114,900	100,600	-400	-0.3%	13,900	13.8%
Government	387,300	395,000	389,600	-7,700	-1.9%	-2,300	-0.6%
..Federal Government	31,100	30,900	35,300	200	0.6%	-4,200	-11.9%
..State Government	89,600	89,200	88,600	400	0.4%	1,000	1.1%
...State Government Educational Services	51,000	50,800	50,900	200	0.4%	100	0.2%
..Local Government	266,600	274,900	265,700	-8,300	-3.0%	900	0.3%
...Local Government Educational Services	173,500	180,100	174,000	-6,600	-3.7%	-500	-0.3%