Houston Area Employment Situation

December 2023

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

Another Year in the Books with Retail Up, Transportation Down, and Unemployment "Zero"

Total Nonfarm

Over-the-month Change

Houston MSA Total Nonfarm employment stood at 3,405,900 in December, up 3,600 jobs over the month, or 0.1 percent on a not-seasonally-adjusted basis (see Chart 1). A year ago Houston registered an over-the-month increase of 9,200 jobs. Prior to the pandemic, historically in the month of December, Total Nonfarm has on average added 10,400 jobs over the month, which indicates that this month's gains are substantially below the long-term average.
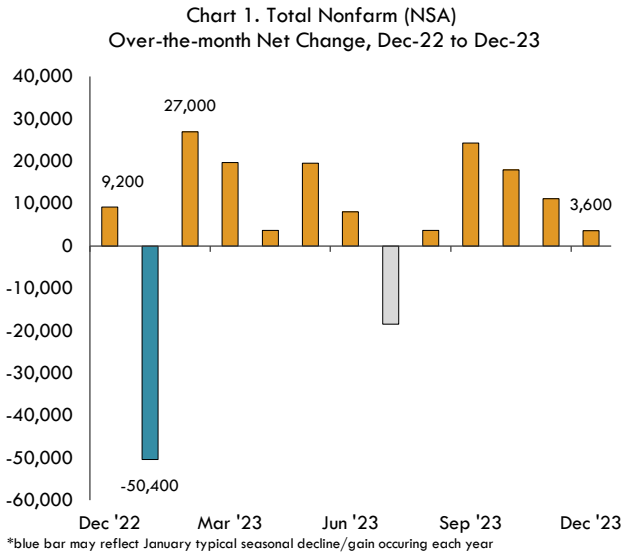
The primary drivers of this December's growth were increases in Trade, Transportation, and Utilities; Private Education and Health Services; and Mining and Logging. Gains were also recorded in Information; Government; and Financial Activities. The net increase in jobs over the month was partially offset by losses in Professional and Business Services; Leisure and Hospitality; and Manufacturing. (see Chart 2). Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,381,600, up 5,000 jobs over the month, or 0.1 percent vs. a historical average of 4,600. 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 December**
> • Trade, Transportation, and Utilities: 6,600
> • Private Education and Health Services: 2,100
> • Mining and Logging: 500

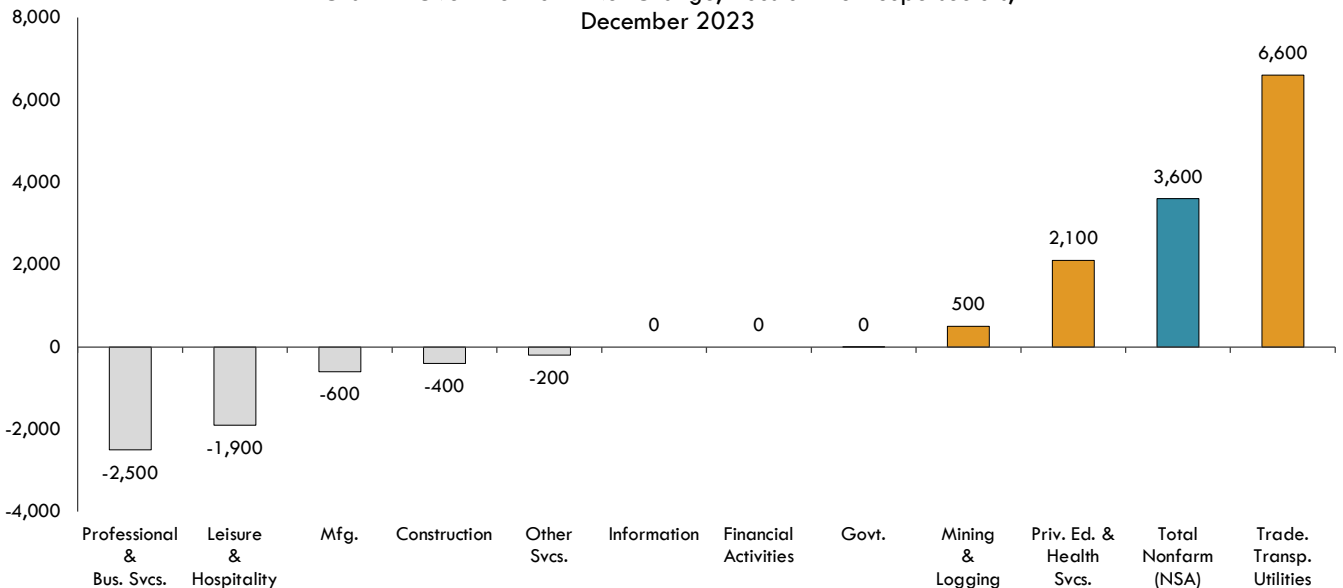*Over-the-year Change*

Over the year, Total Nonfarm employment was up 70,100 or 2.1 percent on a not-seasonally-adjusted basis and up 69,600 or 2.1 percent on a seasonally-adjusted basis (see NSA Chart 3). To compare, December 2022 saw a year-over-year gain of 145,700 jobs (NSA) from December 2021. Currently 9 out of 11 sectors show growth year over year of which the top-three are Private Education and Health Services (24,700); Trade, Transportation, and Utilities (20,200); and Government (11,200) (see Chart 4). Total Nonfarm employment

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

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

not-seasonally-adjusted now exceeds its February 2020 pre-pandemic level of 3,191,800 jobs by 214,100, or 6.7 percent (183,700 jobs, 5.7 percent above 3,197,900 seasonally adjusted).

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

Previous Month's Revisions

Total Nonfarm employment was revised downward by -2,100 jobs for a October to November smaller net gain of 11,200 compared to an original estimate of 13,300 jobs. A downward revision of -1,500 jobs in Professional and Business Services was the largest contributor followed by Financial Activities (-600) and Leisure and Hospitality (-500). Upward revisions in Construction (+700), Information (+200), and Trade, Transportation, and Utilities (+100) provided a partial offset of the overall downward revision to Total Nonfarm employment (see Chart 5).

Top-3 Drivers of Over-the-year Job Growth in December
- Private Education and Health Services: 24,700
- Trade, Transportation, and Utilities: 20,200
- Government: 11,200

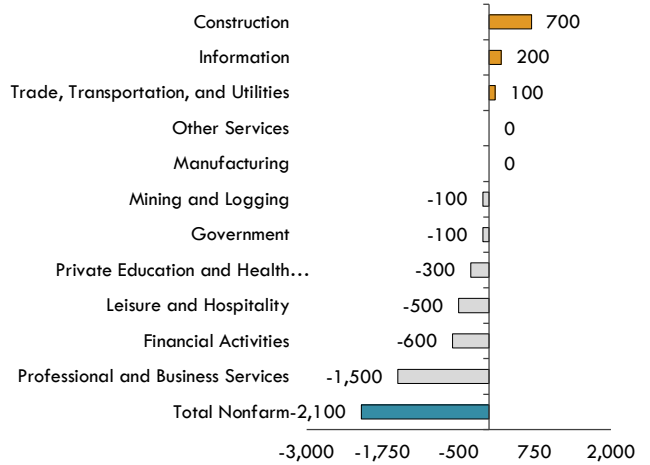### Chart 5. Net Revisions for Selected Supersectors and Major Industries, November 2023

Category	Value
Construction	700
Information	200
Trade, Transportation, and Utilities	100
Other Services	0
Manufacturing	0
Mining and Logging	-100
Government	-100
Private Education and Health...	-300
Leisure and Hospitality	-500
Financial Activities	-600
Professional and Business Services	-1,500
Total Nonfarm	-2,100

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

Dec-08 21,500
Nov-09 -114,300
Dec-14 116,600
Oct-16 -7,900
Jan-19 89,200
Feb-20 58,800
Apr-20 -311,500
Apr-21 197,700
Dec-23 70,100

Legend:
- NBER National Recession
- Shale Bust
- Total Nonfarm
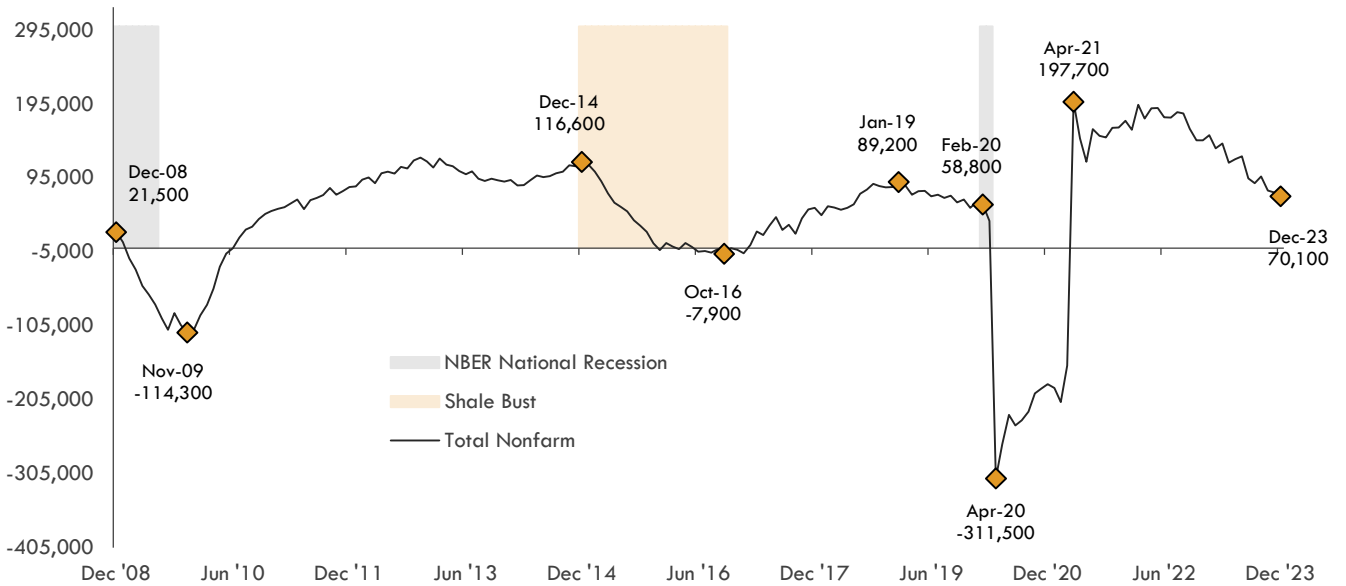
Chart 4. Over-the-year Net Change, Houston MSA Supersectors, December 2022 to December 2023

Supersector	Net Change
Total Nonfarm	70,100
Private Education and Health Services	24,700
Trade, Transportation, and Utilities	20,200
Government	11,200
Professional and Business Services	6,100
Financial Activities	4,800
Manufacturing	3,900
Mining and Logging	2,800
Other Services	1,600
Leisure and Hospitality	900
Information	-200
Construction	-5,900

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Supplemental Commentary

Overall Impressions

Well, that's a wrap for Houston's job market in 2023, which saw December add 3,600 jobs over the month not-seasonally-adjusted and 5,000 seasonally-adjusted. Neither figure was groundbreaking, but they managed to help the region close out the year at around 70,000 total jobs added.

In terms of sector and subsector performance, December saw a mixture of typical and atypical results. Trade, Transportation, and Utilities added 6,600 jobs over the month, which was in line with the past several years, including the early phase of the pandemic, and overall proved consistent with typical seasonal trends. However, drilling down in to TTU's subcomponents, we saw some unusual behaviors. Retail, which had its best December in over two decades adding 7,100 jobs over the month, managed to add more jobs in December than November resulting in a pattern this holiday season of progressively larger gains each month starting in October. In other words, Retail job growth accelerated into the end of the holiday season rather than peaking in November and leveling off in December as has been the case since the year 2000. On the other hand, Transportation, Warehousing, and Utilities, i.e. logistics, which has more or less followed Retail's typical pattern over the years saw progressively slower job growth over this holiday season culminating in a net loss of jobs in December of -800. Even more unusual is the fact that this December's loss marks only the third time Transportation, Warehousing, and Utilities has lost jobs during this month since records began in 1990. It remains to be seen whether the divergence of these two industries is resolved by annual benchmark revisions to be released in just two months' time.

Private Education and Health Services added 2,100 jobs in December setting a new all-time December record for growth. Ambulatory Health Services, i.e. outpatient facilities, doctors' offices, and home health services were responsible for the majority of the gains, collectively up 1,600 over the month. Private Education Services, which typically sheds a few hundred jobs each December added 600 setting its own new record for the month.

Thanks to the underperformance of several other sectors in December, Mining and Logging was the third-largest contributor to December job growth, up 500 over the month. While not an especially impressive figure compared to other sectors, December's gains constituted nearly one-fifth of Mining and Logging jobs added in 2023.

Professional and Business Services lost -2,500 jobs in December. Between 1990 and 2015, the sector could be expected to add around 1,300 jobs on average for the month however a seasonal trend of job losses each December began emerging around 2016. As a result, this December's losses are in line with those observed over the last six to seven years.

Leisure and Hospitality also lost jobs in December, down -1,900 over the month for its worst December on record. Losses in December are uncommon though not unprecedented however this December's losses only serve to compound those recorded in November and October for a holiday season cumulative decline of -5,300. Readers should keep in mind that anomalies such as the inexplicable loss of -6,000 jobs in June 2023 were observed last year. As a result, there remains a strong possibility that revisions will paint a different picture in the coming months.

Circling back to the Houston area's job growth for the full-year, the award for best-performing sector goes to Private Education and Health Services whose nearly 25,000 jobs accounted for more than one-third of total jobs added in 2023. This sector also ended the year as the fastest-growing in percentage terms up 5.6 percent. Trade, Transportation, and Utilities was the runner-up accounting for another 20,000 of the roughly 70,000 total jobs added last year. It should be pointed out that the logistics portion of the sector has been the primary driver of growth overshadowing both the Wholesale and Retail Trade components for most of the pandemic rebound era. However in recent months it appears that Transportation and Warehousing's contributions are beginning to revert back to the much smaller proportions seen before the pandemic. Lastly, an honorable mention goes to Mining and Logging, which started out 2023 as the fastest-growing sector in percentage terms (11.1 percent as of January 2023), a trend that began as early as July 2022. The sector held on to that title until September 2023 when it was finally overtaken by Private Education and Health Services. However, as has been pointed many times throughout 2023, the sector remains -10.5 percent, or -8,200 jobs, below its pre-pandemic level of employment despite its impressive stretch of year-over-year percentage growth including posting the second-fastest rate of any sector in December at 4.2 percent.

In terms of unemployment, Houston ended 2023 on a respectable note. On one hand, not-seasonally-adjusted, the region posted an unemployment rate of 3.8 percent in December, identical to the rate in December 2022, suggesting a reasonably stable labor market over the past year. On the other hand, the seasonally adjusted rate as of November 2023 at 4.4 percent *is* somewhat higher than the 4.1 percent seen twelve months earlier. However, echoing the last several reports, initial and continuing claims for unemployment remained at roughly 4,000 and 32,000 each week through the end of the year, respectively. This was consistent with performance throughout 2023 and perhaps more importantly consistent with the levels of claims seen towards the end of 2019 prior to the pandemic. That leaves the Workforce Solutions Index as one indicator reflecting a more pronounced change in trend as we closed out 2023. For three consecutive months the WSI has sat below 4.0, which as a reminder is the threshold where the ratio of available jobs to jobseekers is roughly in balance. The growing "imbalance" is being driven by decreasing numbers of job postings coupled with modest increases in the number of unemployed individuals across the region. Given this dynamic, rather than one characterized by large increases in unemployed workers and large decreases in job postings, the trend remains an area of concern but not alarm, at least for the time being.
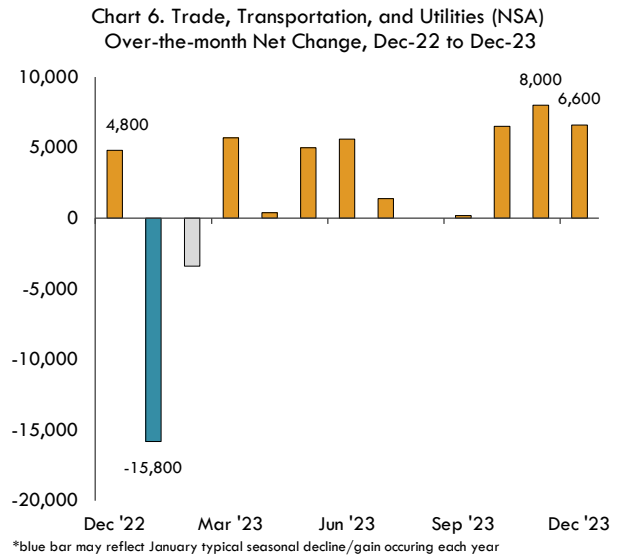
As a reminder, there will be no Employment Situation released in February due to 2023 benchmark revisions and January 2024 data being released together on March 8th. February's Employment Situation will be released two weeks later on March 22nd. Here's hoping the revisions clear up the many mysteries of 2023!

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GAINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities was the largest gaining sector over the month up 6,600 jobs, or 0.9 percent (see Chart 6). This was the largest December over-the-month gain in since 2021. Historically in the month of December, Trade, Transportation, and Utilities has added an average of 8,000 jobs over the month, which indicates that this month's gains are slightly below the long-term average. Retail Trade was the largest contributor to the overall sector's increase, up 7,100 jobs over the month. The second-largest contributor was Wholesale Trade, which added 300 jobs from November to December. Lastly, Transportation, Warehousing, and Utilities offset a portion of the sector's gains with a loss of -800 jobs. Trade, Transportation, and Utilities employment was revised upward by 100 jobs for a October to November larger net gain of 8,000 compared to an original estimate of 7,900 jobs.


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

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

Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 20,200 jobs, or 2.9 percent (see Chart 7). This December also marks 33 consecutive months of over-the-year gains. Among sectors currently showing growth, this sector is the third-fastest growing in percentage terms across the Houston area. Furthermore, 26.5 percent of total (gross) jobs added across the region over the past year can be attributed to Trade, Transportation, and Utilities. Retail Trade was the largest contributor to the overall sector's increase, up 10,100 jobs over the year. The second-largest contributor was Wholesale Trade,

which added 6,700 jobs from December a year ago. Lastly, Transportation, Warehousing, and Utilities contributed, 3,400 jobs. Total Trade, Transportation, and Utilities employmnent (NSA) now exceeds its February 2020 pre-pandemic level of 628,500 jobs by 88,400, or 14.1 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 20.9 percent to 21.0 percent over the past year.

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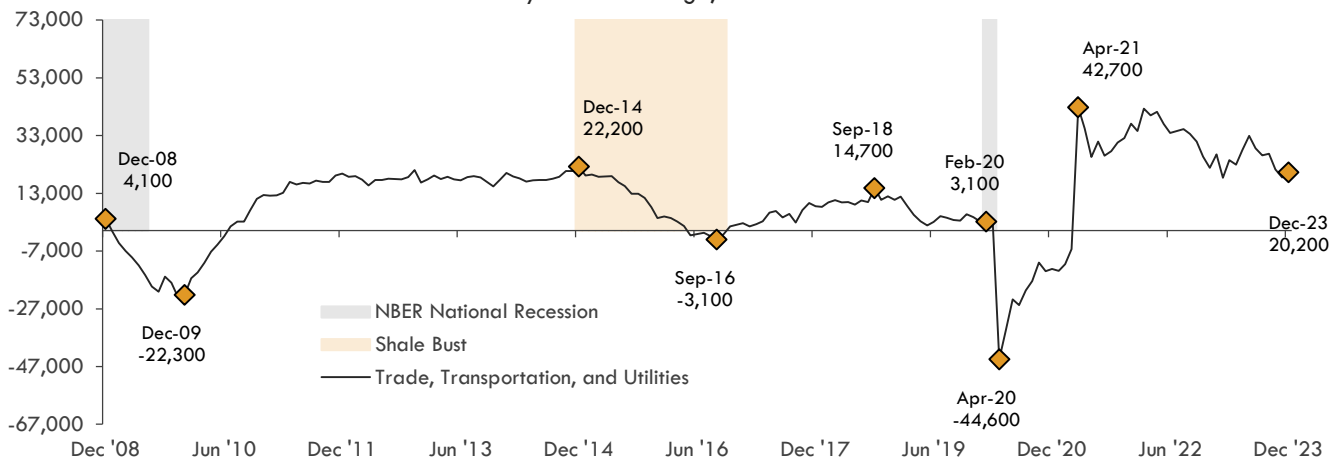
About This Sector

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 47 percent (see Chart 8).

Chart 8. Employment in Component Industries of Trade, Transportation, and Utilities Sector - December 2023
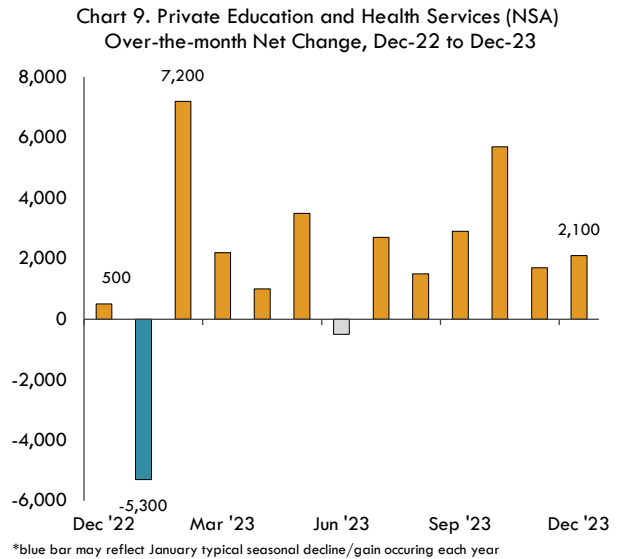
- Wholesale Trade
- Retail Trade
- Transportation, Warehousing, & Utilities

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GAINING INDUSTRY HIGHLIGHTS

Private Education and Health Services

Over-the-month Change

Private Education and Health Services was the second-largest gaining sector over the month up 2,100 jobs, or 0.5 percent (see Chart 9). This was the largest-ever gain in the month of December since records began in 1990, beating the previous December record of 1,700 jobs in 2006. Historically in the month of December, Private Education and Health Services has added an average of 600 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 1,500 jobs over the month. The second-largest contributor was Private Educational Services, which added 600 jobs from November to December. Private Education and Health Services employment was revised downward by -300 jobs for a October to November smaller net gain of 1,700 compared to an original estimate of 2,000 jobs.


Chart 9. Private Education and Health Services (NSA) Over-the-month Net Change, Dec-22 to Dec-23

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

Over-the-year Change

Year over year, Private Education and Health Services was up 24,700 jobs, or 5.6 percent (see Chart 10). This was the largest December 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, 32.4 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 22,800 jobs over

the year. The second-largest contributor was Private Educational Services, which added 1,900 jobs from December a year ago. Total Private Education and Health Services employmnent (NSA) now exceeds its February 2020 pre-pandemic level of 414,400 jobs by 49,200, or 11.9 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 13.2 percent to 13.6 percent over the past year.


Chart 10. Private Education and Health Services (NSA) Over-the-year Net Change, Dec-08 to Dec-23
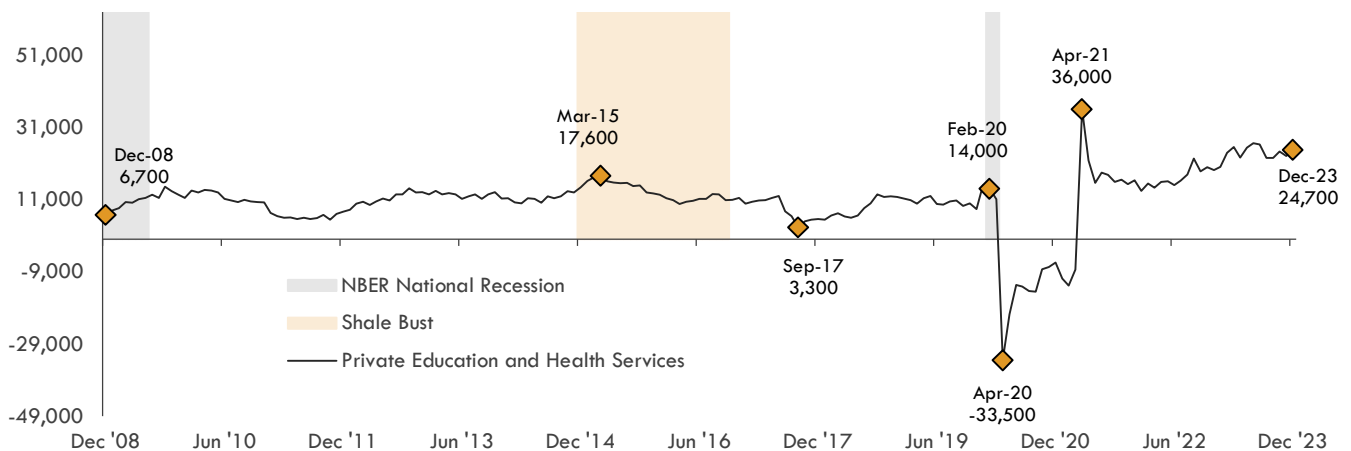
About This Sector

This sector is composed of establishments that provide private education services (i.e. excluding pubicly-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 17 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 Private Education and Health Services Sector - December 2023
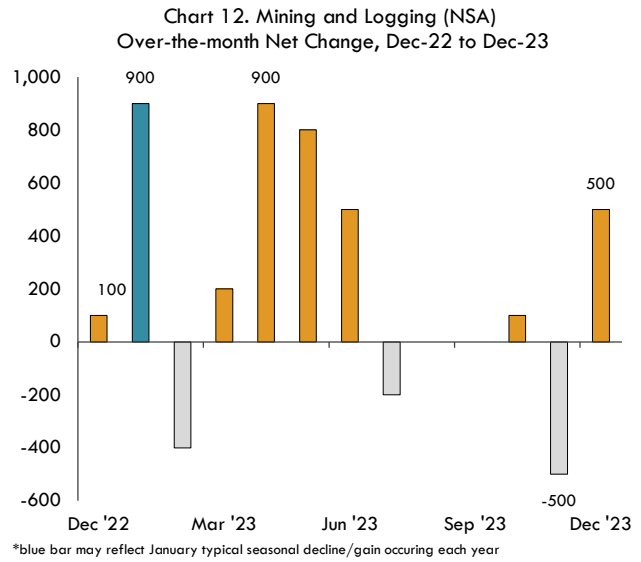
- Priv. Educational Svcs. ■ Health Care & Social Assistance

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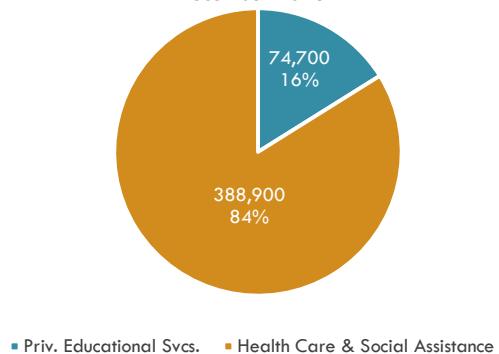
GAINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging was the third-largest gaining sector over the month up 500 jobs, or 0.7 percent (see Chart 12). This was the largest December over-the-month gain in since 2012. Historically in the month of December, Mining and Logging has added an average of 400 jobs over the month, which indicates that this month's gains are slightly above the long-term average. Oil and Gas Extraction was the largest contributor to the overall sector's increase, up 300 jobs over the month. The second-largest contributor was Support Activities for Mining, which added 200 jobs from November to December. Lastly, Other Mining and Logging Undefined saw no change over the month. Mining and Logging employment was revised downward by -100 jobs for a October to November larger net loss of -500 compared to an original estimate of -400 jobs.

Chart 12. Mining and Logging (NSA)
Over-the-month Net Change, Dec-22 to Dec-23

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

Over-the-year Change

Year over year, Mining and Logging was up 2,800 jobs, or 4.2 percent (see Chart 13). This December also marks 26 consecutive months of over-the-year gains. Among sectors currently showing growth, this sector is the second-fastest growing in percentage terms across the Houston area. Support Activities for Mining was the largest contributor to the overall sector's increase, up 2,100 jobs over the year. The second-largest contributor was Oil and Gas Extraction, which added 900 jobs from December a year ago. Lastly, Other Mining and Logging Undefined offset a portion of the sector's gains with a loss of

-200 jobs. Total Mining and Logging employmnent (NSA) remains -8,200 jobs, or -10.5 percent below its February 2020 pre-pandemic level of 78,400. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 2.0 percent over the past year.

Chart 13. Mining and Logging (NSA)
Over-the-year Net Change, Dec-08 to Dec-23
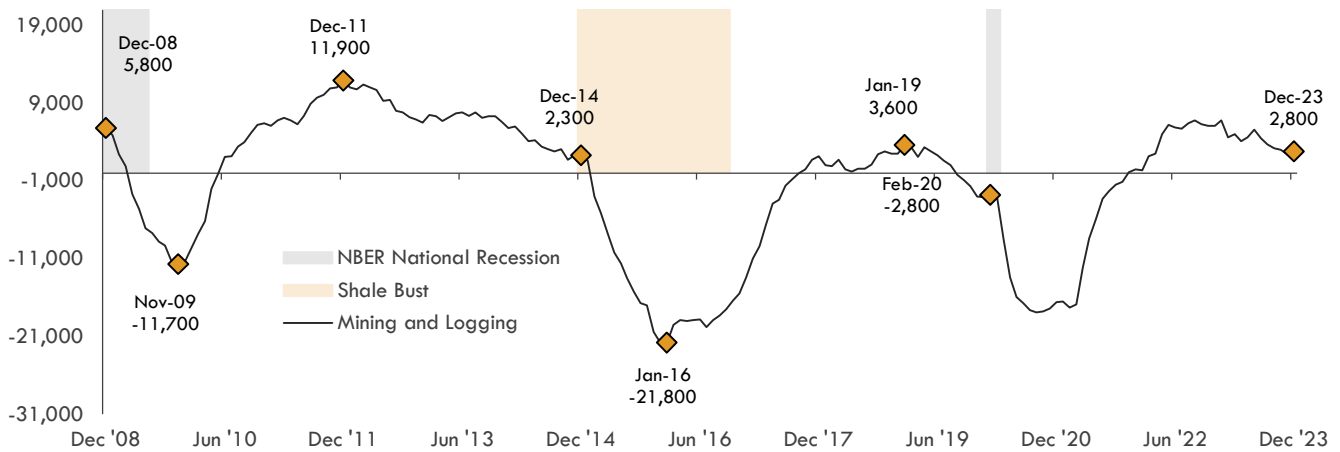
About This Sector

This sector comprises establishments extracting naturally occurring minerals such as coal and ores; liquid minerals, such as crude petroleum and natural gas; and timber. Of the three main component industries, Support Activities for Mining accounts for a slight majority of the sector's employment at just over 55 percent (see Chart 14). Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 5.1 times the national average, due to the region's role as a global hub for the oil and gas industry.

Chart 14. Employment in Component Industries of Mining and Logging Sector - December 2023

- Oil & Gas Extraction
- Support Activities for Mining
- Other Mining & Logging Undefined
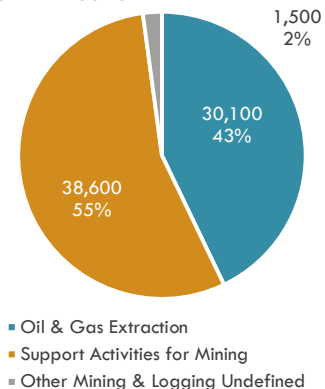
GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information was unchanged over the month. (see Chart 15). Historically in the month of December, Information has added an average of 200 jobs over the month, which indicates that this month's net zero change is slightly below the long-term average. Information employment was revised upward by 200 jobs for a October to Novembernet gain of 200 compared to an original estimate of zero net change in jobs over the month.

Chart 15. Information (NSA)
Over-the-month Net Change, Dec-22 to Dec-23

*blue bar may reflect January typical seasonal decline/gain occuring each year
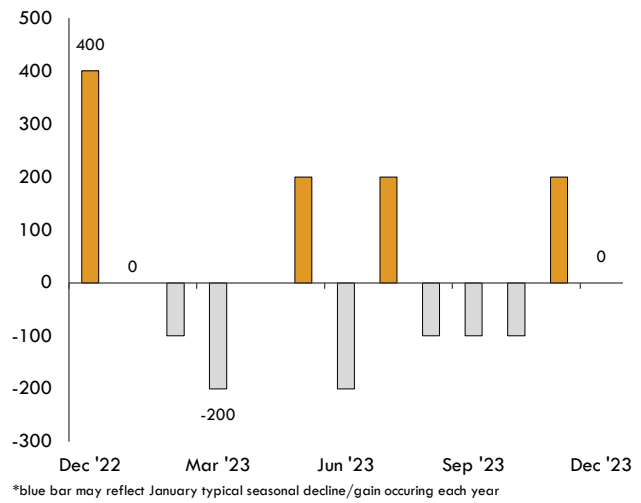
Over-the-year Change

Year over year, Information was down -200 jobs, or -0.6 percent (see Chart 16). This was the largest over-the-year decline since March 2021's decrease of -4,200 jobs. Among sectors currently showing contraction, this sector is the second-fastest declining in percentage terms across the Houston area. Other Information Undefined was the largest contributor to the overall sector's decline, down -100 jobs over the year. The second-largest declining contributor was Telecommunications, which lost -100 jobs from December a year ago. Total Information employmnent (NSA) now exceeds its February 2020

pre-pandemic level of 32,700 jobs by 500, or 1.5 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 16. Information (NSA)
Over-the-year Net Change, Dec-08 to Dec-23
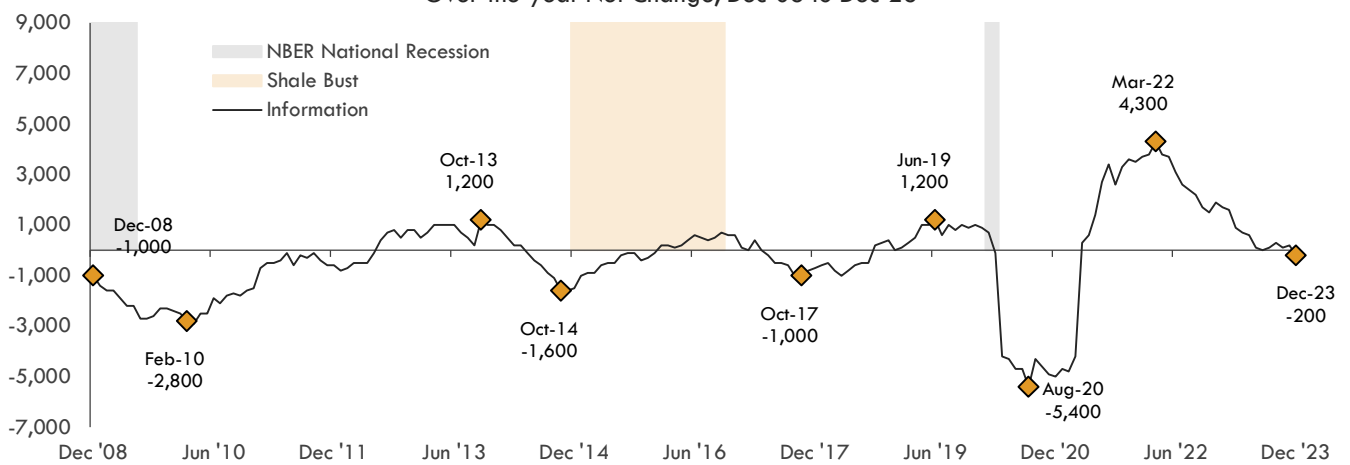
About This Sector

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 65 percent (see Chart 17). Across the Houston MSA, the concentration of jobs in the overall Information sector is 50 percent less than the national average.

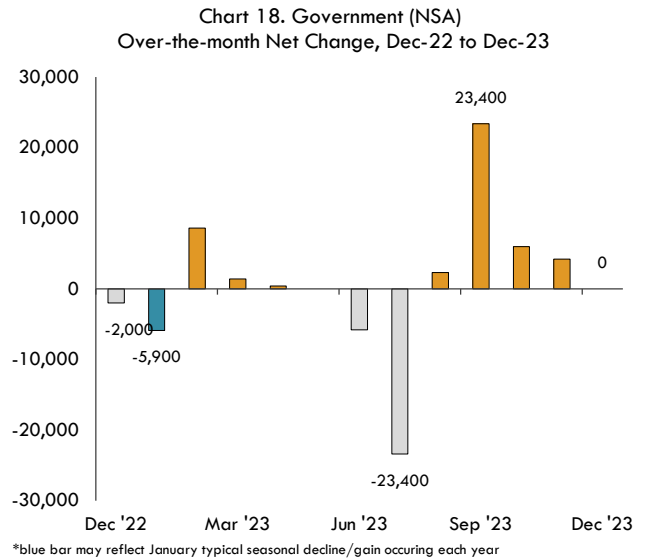**Chart 17. Employment in Component Industries of Information Sector - December 2023**

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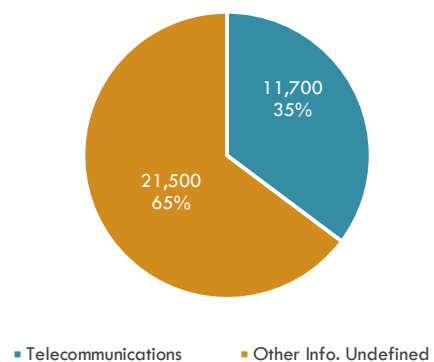
GAINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was unchanged over the month. (see Chart 18). Historically in the month of December, Government has lost an average of -400 jobs over the month, which indicates that this month's net zero change is moderately in contrast to the long-term average decline. Government employment was revised downward by -100 jobs for a October to November smaller net gain of 4,200 compared to an original estimate of 4,300 jobs.

Chart 18. Government (NSA)
Over-the-month Net Change, Dec-22 to Dec-23

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

Over-the-year Change

Year over year, Government was up 11,200 jobs, or 2.5 percent (see Chart 19). This was the largest over-the-year gain since September 2023's increase of 13,400 jobs. It also marks 33 consecutive months of over-the-year gains. Furthermore, 14.7 percent of total (gross) jobs added across the region over the past year can be attributed to Government. Local Government was the largest contributor to the overall sector's increase, up 8,300 jobs over the year. The second-largest contributor was State Government, which added 1,800 jobs from December a year ago. Lastly, Federal Government contributed, 1,100 jobs.

Total Government employmnent (NSA) now exceeds its February 2020 pre-pandemic level of 428,400 jobs by 29,200, or 6.8 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 19. Government (NSA)
Over-the-year Net Change, Dec-08 to Dec-23
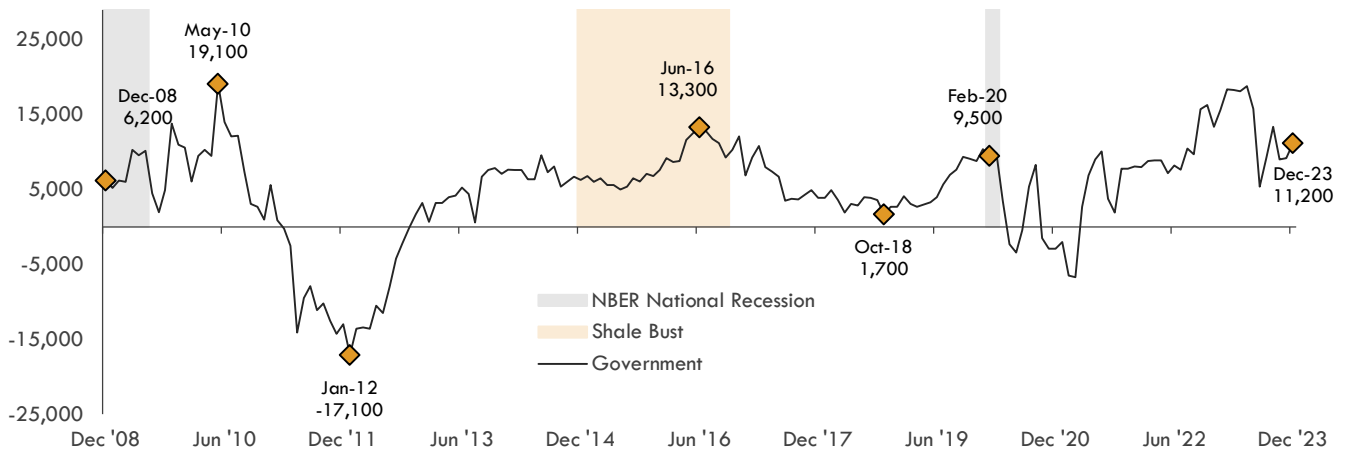
About This Sector

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 20). Across the Houston MSA, the concentration of jobs in the overall Government sector is 9 percent less than the national average.

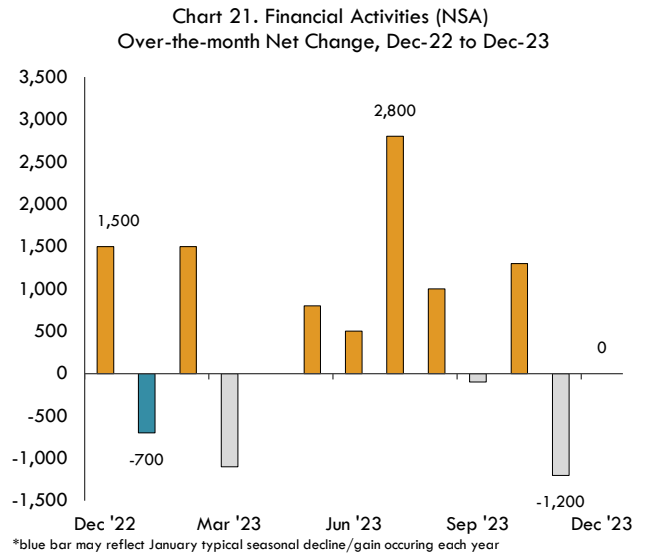Chart 20. Employment in Component Industries of Government Sector - December 2023

- Federal Govt.   - State Govt.   - Local Govt.

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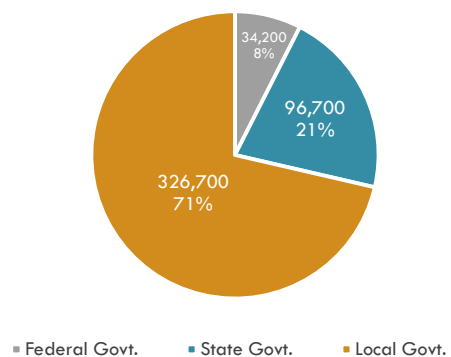
GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities was unchanged over the month. (see Chart 21). Historically in the month of December, Financial Activities has added an average of 500 jobs over the month, which indicates that this month's net zero change is slightly below the long-term average. Financial Activities employment was revised downward by -600 jobs for a October to November larger net loss of -1,200 compared to an original estimate of -600 jobs.

Chart 21. Financial Activities (NSA)
Over-the-month Net Change, Dec-22 to Dec-23

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

Over-the-year Change

Year over year, Financial Activities was up 4,800 jobs, or 2.6 percent (see Chart 22). This December also marks nine consecutive months of over-the-year gains. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 4,500 jobs over the year. The second-largest contributor was Finance and Insurance, which added 300 jobs from December a year ago. Total Financial Activities employmnent (NSA) now exceeds its February 2020 pre-pandemic level of 169,200 jobs by 19,000, or 11.2 percent. At the same time, the sector's share of Houston area Total

Nonfarm Employment has remained constant at 5.5 percent over the past year.

Chart 22. Financial Activities (NSA)
Over-the-year Net Change, Dec-08 to Dec-23
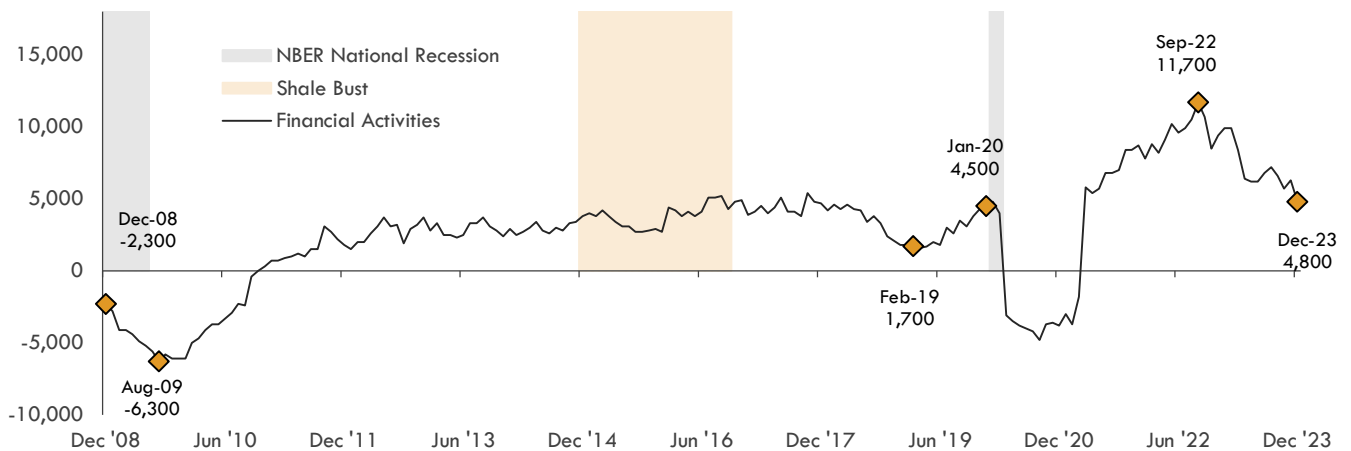
About This Sector

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 23). Across the Houston MSA, the concentration of jobs in the overall Financial Activities sector is 5 percent less than the national average, due to a 19-percent lower concentration in Finance and Insurance offsetting a 35-percent higher concentration in Real Estate and Rental and Leasing.

Chart 23. Employment in Component Industries of Financial Activities Sector - December 2023

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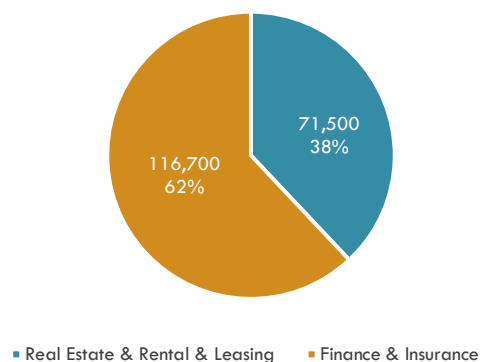
DECLINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

Professional and Business Services was the largest declining sector over the month down -2,500 jobs, or -0.4 (see Chart 24). This was the largest December over-the-month decline in since 2021. Historically in the month of December, Professional and Business Services has added an average of 700 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 -2,100 jobs over the month. The second-largest declining contributor was Professional, Scientific, and Technical Services, which lost -500 jobs from November to December. Lastly, Management of Companies and Enterprises offset a portion of the sector's losses with a gain of 100 jobs. Professional and Business Services employment was revised downward by -1,500 jobs for a October to November smaller net gain of 700 compared to an original estimate of 2,200 jobs.

Chart 24. Professional and Business Services (NSA) Over-the-month Net Change, Dec-22 to Dec-23

*blue bar may reflect January typical seasonal decline/gain occuring each year
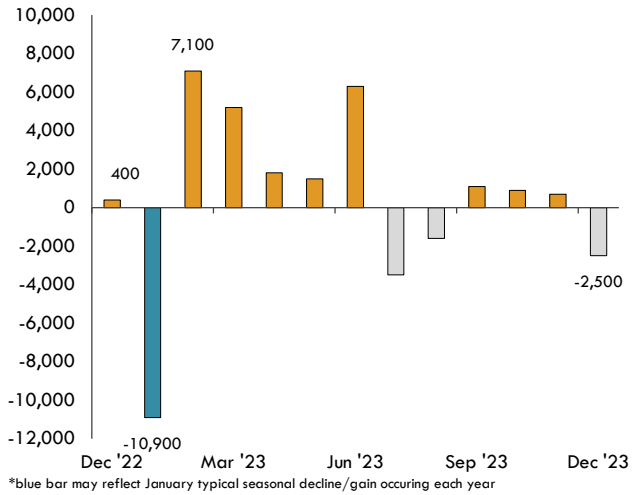
Over-the-year Change

Year over year, Professional and Business Services was up 6,100 jobs, or 1.1 percent (see Chart 25). This December also marks 33 consecutive months of over-the-year gains. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's increase, up 4,600 jobs over the year. The second-largest contributor was Management of Companies and Enterprises, which added 1,100 jobs from December a year ago. Lastly, Administrative and Support and Waste Management and Remediation Services contributed, 400 jobs. Total Professional and Business Services employmnent (NSA) now exceeds its

February 2020 pre-pandemic level of 514,700 jobs by 46,100, or 9.0 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 16.6 percent to 16.5 percent over the past year.

Chart 25. Professional and Business Services (NSA) Over-the-year Net Change, Dec-08 to Dec-23
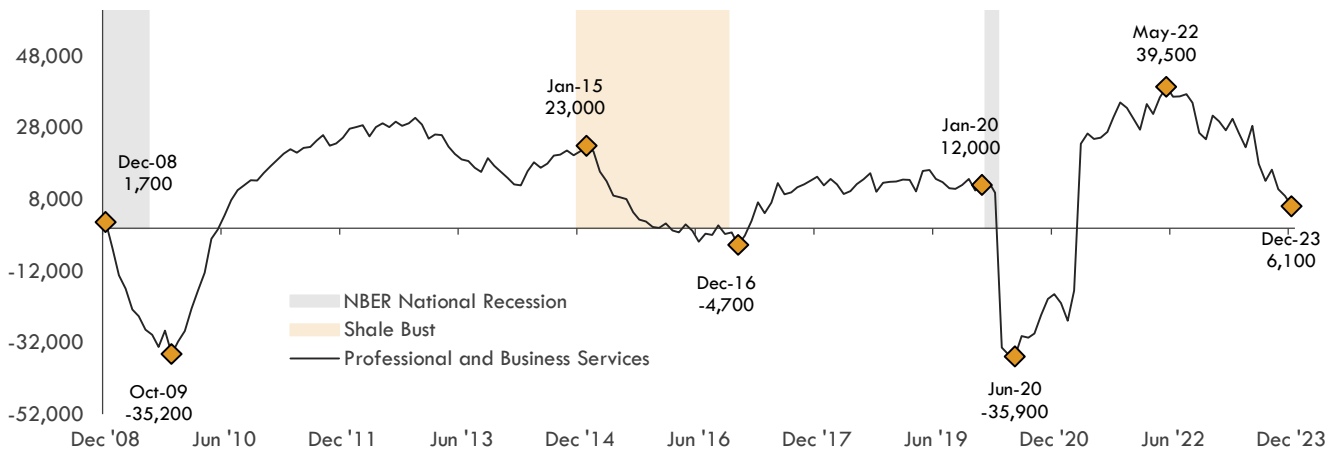
About This Sector

This sector is composed of establishments specializing in professional, scientific, and technical activities; managment 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 50 percent (see Chart 26). Across the Houston MSA, the concentration of jobs in the overall sector is 13 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 26. Employment in Component Industries of Professional and Business Services Sector - December 2023

- ■ Professional, Scientific, & Technical Svcs.
- ■ Mgmt. of Companies & Enterprises
- ■ Admin. & Support & Waste Mgmt. & Remediation Svcs.

Workforce Solutions

DECLINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality was the second-largest declining sector over the month down -1,900 jobs, or -0.5 (see Chart 27). This was the largest-ever decline in the month of December since records began in 1990. Historically in the month of December, Leisure and Hospitality has added an average of 700 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Accommodation and Food Services was the largest contributor to the overall sector's decline, down -1,700 jobs over the month. The second-largest declining contributor was Arts, Entertainment, and Recreation, which lost -200 jobs from November to December. Leisure and Hospitality employment was revised downward by -500 jobs for a October to November larger net loss of -1,000 compared to an original estimate of -500 jobs.

Chart 27. Leisure and Hospitality (NSA)
Over-the-month Net Change, Dec-22 to Dec-23

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

Over-the-year Change

Year over year, Leisure and Hospitality was up 900 jobs, or 0.3 percent (see Chart 28). This December also marks 33 consecutive months of over-the-year gains. Arts, Entertainment, and Recreation was the largest contributor to the overall sector's increase, up 5,500 jobs over the year. One component industry that provided a partial offset was Accommodation and Food Services, which lost -4,600 jobs from December a year ago. Total Leisure and Hospitality employmnent (NSA) now exceeds its February 2020 pre-pandemic level of 334,500 jobs by 10,300, or 3.1 percent. At the same time, the sector's share of Houston

area Total Nonfarm Employment has fallen from 10.3 percent to 10.1 percent over the past year.
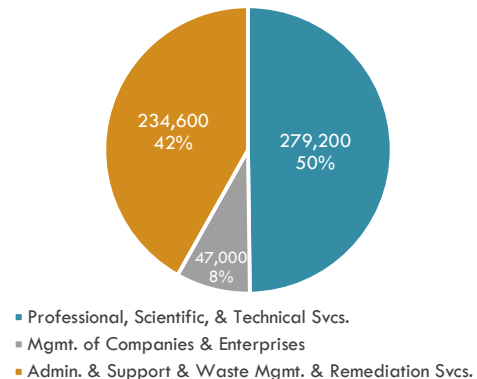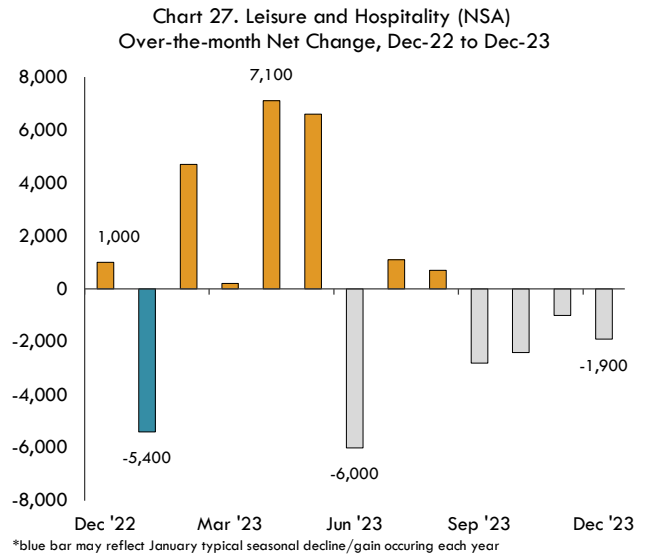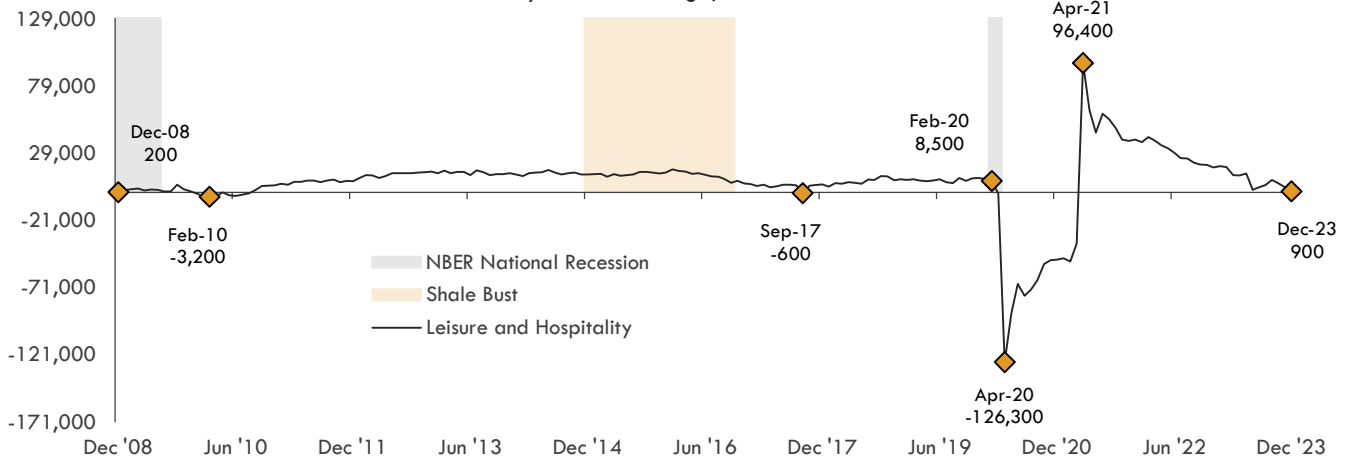

Chart 28. Leisure and Hospitality (NSA)
Over-the-year Net Change, Dec-08 to Dec-23

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 - December 2023

- Arts, Entertainment, & Recreation
- Accommodation & Food Svcs.

DECLINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing was the third-largest declining sector over the month down -600 jobs, or -0.3 (see Chart 30). This was the largest December decline since 2015 and the third-largest decline historically in the month of December since records began in 1990. Historically in the month of December, Manufacturing has added an average of 700 jobs over the month, which indicates that this month's losses are moderately in contrast to the long-term average gain. Durable Goods was the largest contributor to the overall sector's decline, down -900 jobs over the month. One component industry that provided a partial offset was Non-Durable Goods, which gained 300 jobs from November to December. Manufacturing employment saw no revision from October to November leaving the previous month's original decrease of -1,000 intact.

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

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

Over-the-year Change

Year over year, Manufacturing was up 3,900 jobs, or 1.7 percent (see Chart 31). This December also marks 29 consecutive months of over-the-year gains. Durable Goods was the largest contributor to the overall sector's increase, up 4,300 jobs over the year. One component industry that provided a partial offset was Non-Durable Goods, which lost -400 jobs from December a year ago. Total Manufacturing employmnent (NSA) remains -900 jobs, or -0.4 percent below its February 2020 pre-pandemic level of 234,500. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 6.9 percent over the past year.

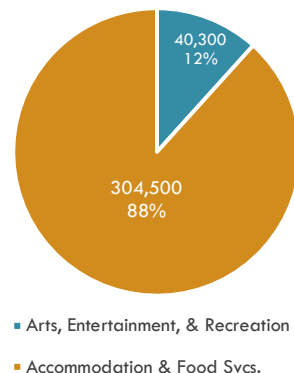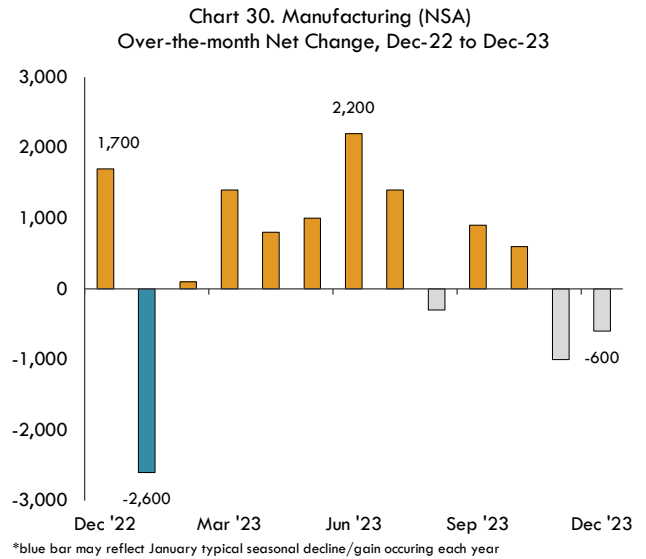Chart 31. Manufacturing (NSA)
Over-the-year Net Change, Dec-08 to Dec-23
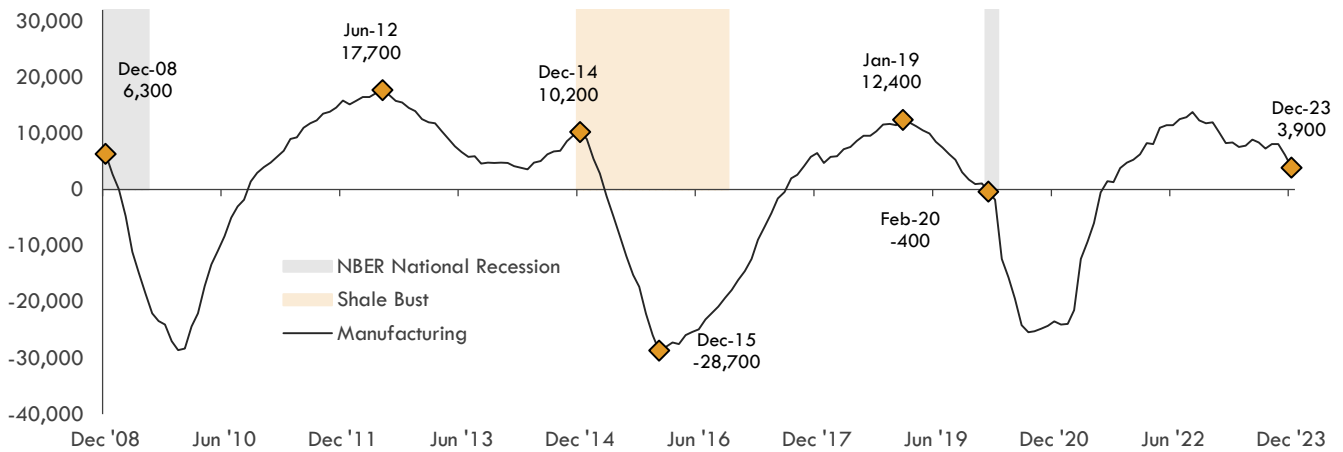
About This Sector

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

Chart 32. Employment in Component Industries of Manufacturing Sector - December 2023

Durable Goods Mfg.   Nondurable Goods Mfg.

Workforce Solutions

DECLINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction also saw a decrease over the month down -400 jobs, or -0.2 (see Chart 33). This was the largest December over-the-month decline in since 2020. Historically in the month of December, Construction has lost an average of -1,000 jobs over the month, which indicates that this month's losses are moderately smaller than the long-term average decline. Heavy and Civil Engineering Construction was the largest contributor to the overall sector's decline, down -700 jobs over the month. The second-largest declining contributor was Construction of Buildings, which lost -100 jobs from November to December. Lastly, Specialty Trade Contractors offset a portion of the sector's losses with a gain of 400 jobs. Construction employment was revised upward by 700 jobs for a October to November larger net gain of 1,100 compared to an original estimate of 400 jobs.

Chart 33. Construction (NSA)
Over-the-month Net Change, Dec-22 to Dec-23

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

Over-the-year Change

Year over year, Construction was down -5,900 jobs, or -2.6 percent (see Chart 34). This December also marks nine 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, 96.7 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 -7,500 jobs over the year. One component industry that provided a partial offset was Construction of

Buildings, which gained 700 jobs from December a year ago. Lastly, Heavy and Civil Engineering Construction offset a portion of the sector's losses with a gain of 900 jobs. Total Construction employmnent (NSA) remains -18,700 jobs, or -7.9 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 6.7 percent to 6.4 percent over the past year.
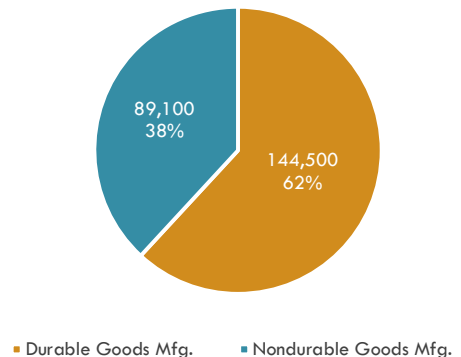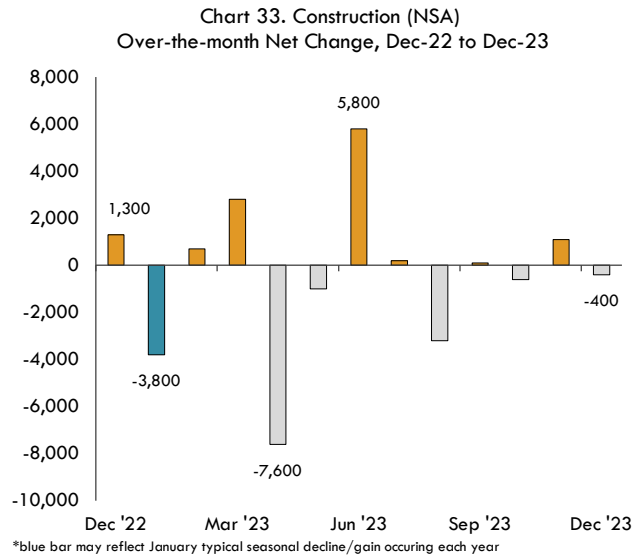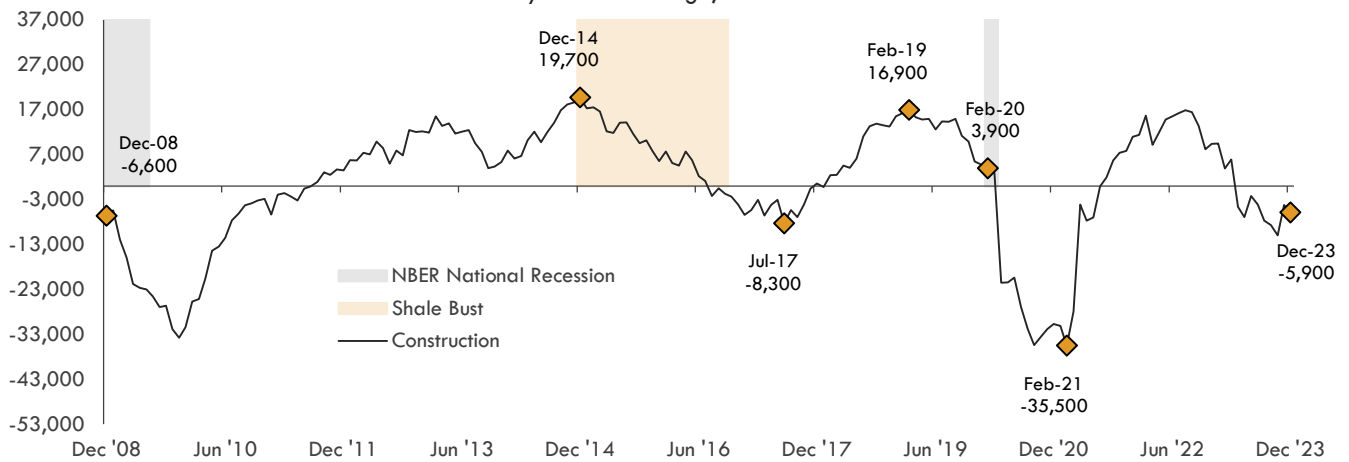

Chart 34. Construction (NSA)
Over-the-year Net Change, Dec-08 to Dec-23

About This Sector

This sector comprises establishments engaged in the construction of buildings, infrastructure, site preparation and sub-division, and specialty trades e.g. masonry, painting, and electrical work. Of the three main component industries, Specialty Trade Contractors accounts for a plurality of the sector's employment at 49 percent (see Chart 35). Across the Houston MSA, the concentration of jobs in the overall Construction sector is 27 percent higher than the national average, due to 2.3 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

Chart 35. Employment in Component Industries of Construction Sector - December 2023

- Construction of Buildings
- Heavy & Civil Engineering Construction
- Specialty Trade Contractors

Workforce Solutions

DECLINING INDUSTRY HIGHLIGHTS

Other Services

Over-the-month Change

Other Services also saw a decrease over the month down -200 jobs, or -0.2 (see Chart 36). Historically in the month of December, Other Services has lost an average of -100 jobs over the month, which indicates that this month's losses are moderately larger 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 October to November leaving the previous month's original decrease of -1,000 intact.

Chart 36. Other Services (NSA)
Over-the-month Net Change, Dec-22 to Dec-23

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

Over-the-year Change

Year over year, Other Services was up 1,600 jobs, or 1.4 percent (see Chart 37). This was the largest over-the-year gain since March 2023's increase of 1,600 jobs. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Total Other Services employmnent (NSA) remains -800 jobs, or -0.7 percent below its February 2020 pre-pandemic level of 119,100. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 3.5 percent over the past year.

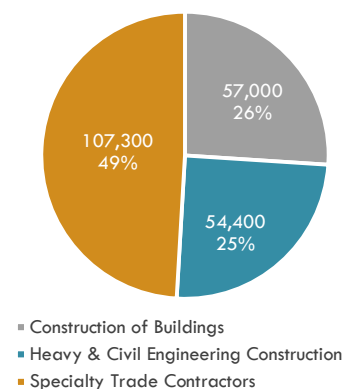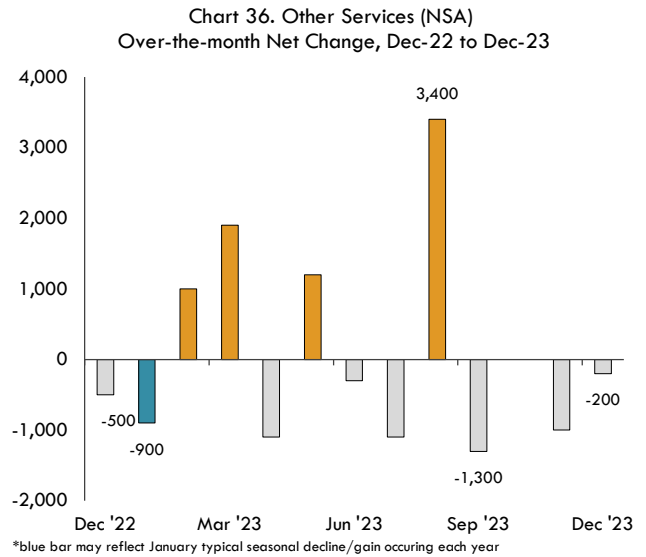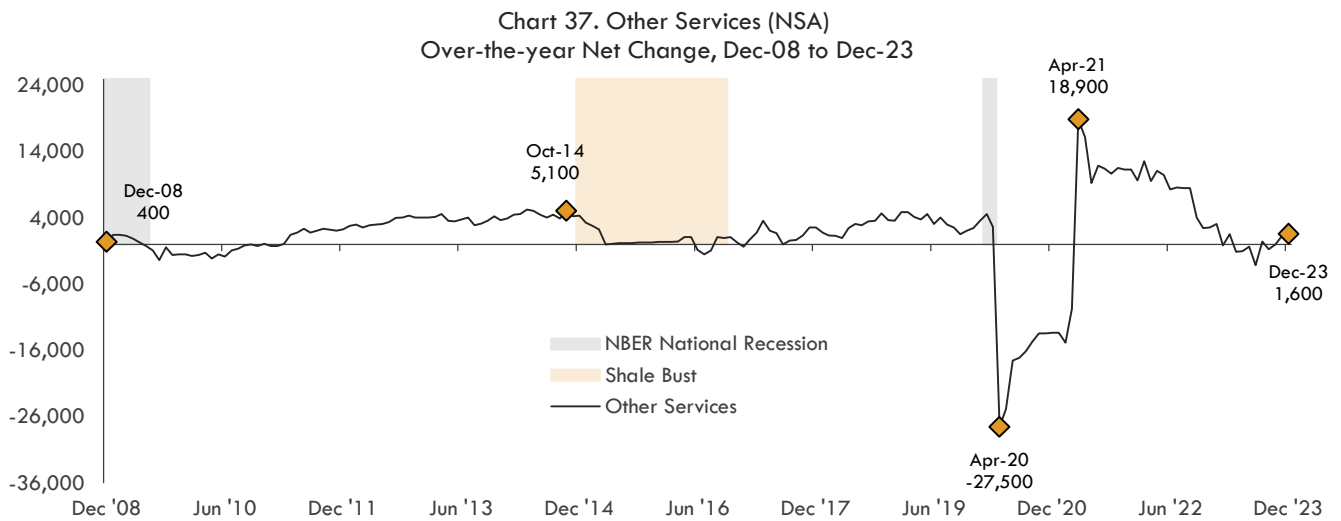**Chart 37. Other Services (NSA)**
Over-the-year Net Change, Dec-08 to Dec-23

About This Sector

This sector comprises establishments engaged in services not classified elsewhere such as equipment and machinery repair, religious activities, grantmaking, advocacy, and providing dry-cleaning and laundry services, and personal care services. Of the three main component industries, Personal and Laundry Services accounts for a plurality of the sector's employment at 48 percent as a subsector where self-employment is prevalent (source: Census - Non Employer Statistics and BLS - Quarterly Census of Employment and Wages) (see Chart 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 - December 2023

■ Repair & Maintenance
■ Personal & Laundry Svcs.
■ Religious, Grantmaking, & Civic Orgs.
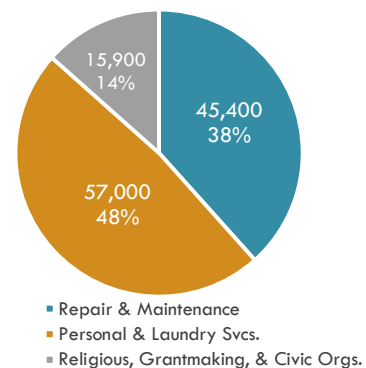
*estimated proportions based QCEW covered and NES self-employment

Workforce Solutions

Local Area Unemployment Statistics

Not-Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 3.8 percent in December, unchanged from November's 3.8 percent and also unchanged from December 2022. This December's was above the statewide rate of 3.5 percent and above the national rate of 3.5 percent. An over-the-month decline in December is typical having occurred roughly 70 percent of the time over the past three decades 137,940 individuals were unemployed in Houston in December, down slightly from November's 138,448 and up from 132,818 in December 2022 (see Charts 39 and 40).

Chart 39. Unemployment Rates (NSA)
U.S., Texas, and Houston MSA
December 2023
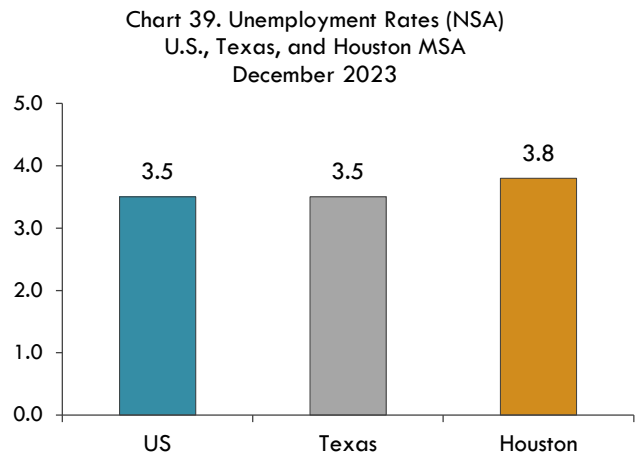
Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
December 2003 to December 2023
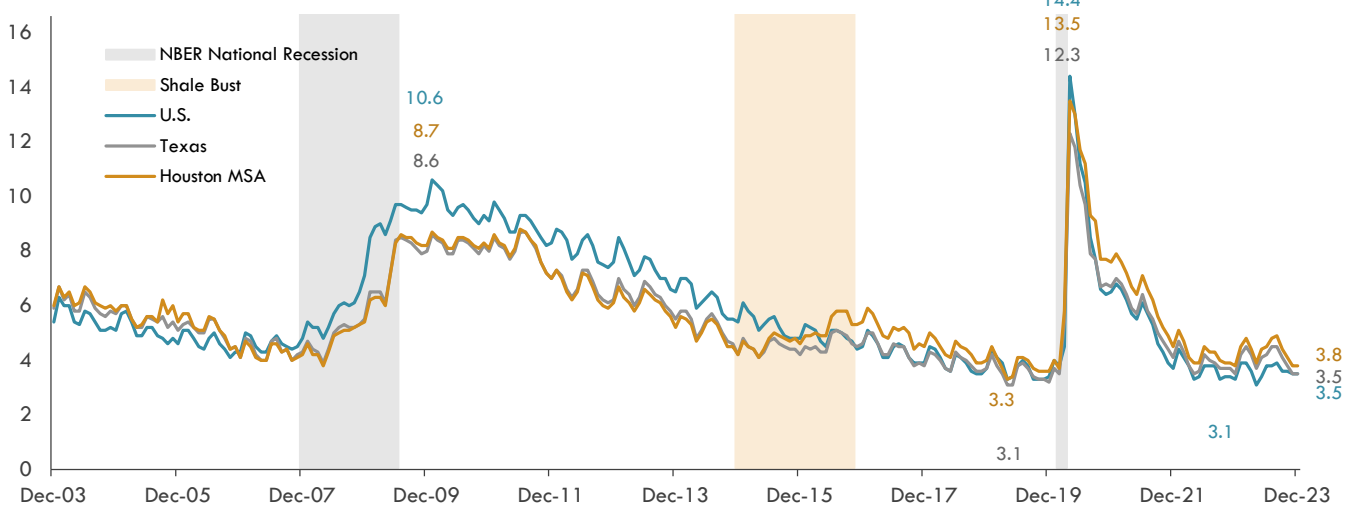
County-level Unemployment

Among the 13 counties that comprise the Gulf Coast Workforce Development Area, unemployment rates in December ranged from a high of 5.2 percent in Liberty County to a low of 3.0 percent in Colorado. Over the month, six counties saw their unemployment rates rise in contrast to no change on average across the region while four saw no changes and three declined. 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 -308,563 as of this December (see Map 1 legend).

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

County	December 2023 Unemployment (NSA)			
	Rate	OTM	OTY	# Unemp
Liberty	5.2	0.1	0.0	1,873
Chambers	5.0	0.2	0.0	1,092
Matagorda	4.6	0.3	-1.0	808
Waller	4.2	-0.1	0.3	1,098
Brazoria	4.0	0.1	-0.1	7,504
Galveston	3.9	0.1	0.0	6,724
Walker	3.9	0.0	-0.2	936
Harris	3.8	0.0	0.0	92,820
Fort Bend	3.6	0.0	0.1	15,365
Montgomery	3.5	-0.1	0.1	11,009
Wharton	3.5	0.1	0.1	749
Austin	3.2	0.0	0.0	455
Colorado	3.0	-0.2	0.0	316

13-County Gulf Coast Region
UE Rate 3.8
OTM 0.0
OTY 0.0
Unemp 140,749

Source: Bureau of Labor Statistics/Texas Workforce Commission

Workforce Solutions

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 December ranged from a high of 8.1 percent in Baytown to a low of 3.0 percent in Sugar Land (see Map 2 legend). Over the month, nine cities saw their unemployment rates rise in contrast to no change on average across the region while four declined and four saw no changes. The 17 cities below accounted for 52 percent of the 140,749 unemployed workers across the Gulf Coast Region as of this December (see Map 2 legend).

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

City	Rate	OTM	OTY	# Unemp
2. Baytown	8.1	0.6	0.4	2,866
10. Lake Jackson	5.0	0.5	0.4	697
17. Texas City	5.0	0.1	-0.2	1,161
13. Pasadena	4.8	0.2	-0.1	3,274
1. Alvin	4.6	0.5	0.3	609
9. La Porte	4.5	0.3	0.5	878
8. Huntsville	4.4	-0.3	-0.4	528
4. Deer Park	4.4	0.3	0.3	751
7. Houston	4.2	0.0	0.5	50,214
15. Rosenberg	4.0	0.3	0.4	767
12. Missouri City	3.9	-0.2	0.1	1,634
3. Conroe	3.5	0.0	-0.1	1,642
6. Galveston	3.5	-0.2	-0.3	861
14. Pearland	3.5	0.0	0.6	2,401
11. League City	3.2	0.2	0.1	1,926
5. Friendswood	3.2	0.0	0.0	665
16. Sugar Land	3.0	-0.1	0.0	1,859

Column headers: December 2023 Unemployment (NSA)

13-County Gulf Coast Region
UE Rate 3.8
OTM 0.0
OTY 0.0
Unemp 140,749

Source: Bureau of Labor Statistics/Texas Workforce Commission

Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (seasonally-adjusted) unemployment rate stood at 4.4 percent in November, unchanged from October's 4.4 percent and up from 4.1 percent a year ago. This was above the statewide rate of 4.1 percentand above the national rate of 3.7 percent. 157,966 individuals were unemployed in Houston in November, down slightly from October's 161,082 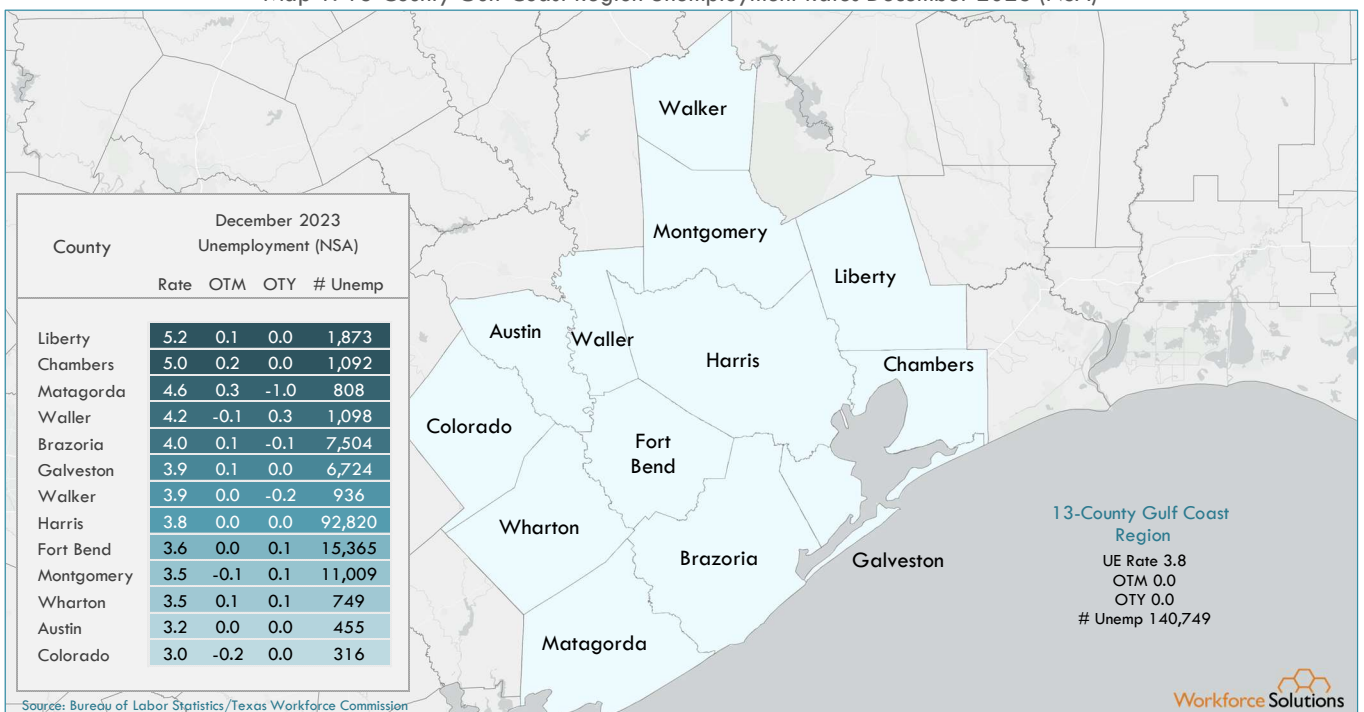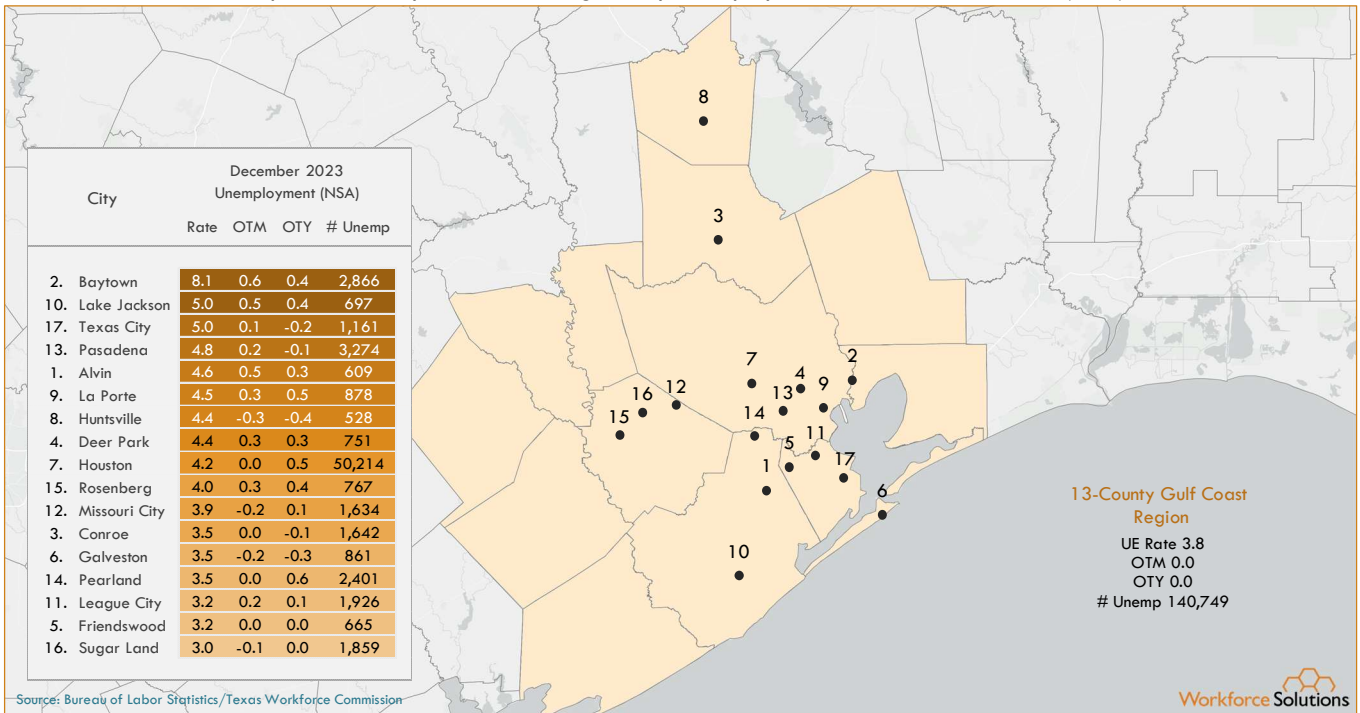and up from 143,152 in November 2022 (see Charts 41 and 42). NOTE: Seasonally-adjusted data for the MSA are available with a one-month delay but are not available for the 13-County Region or 17 cities.

Chart 41. Unemployment Rates (SA)
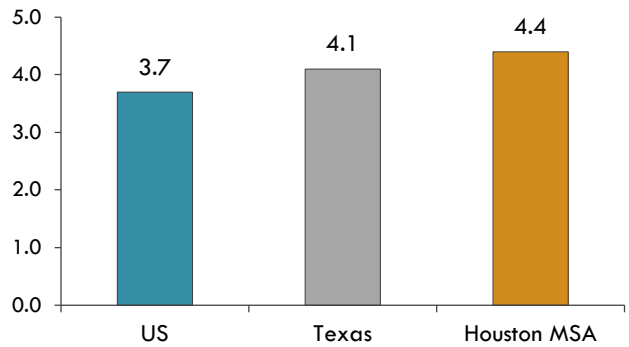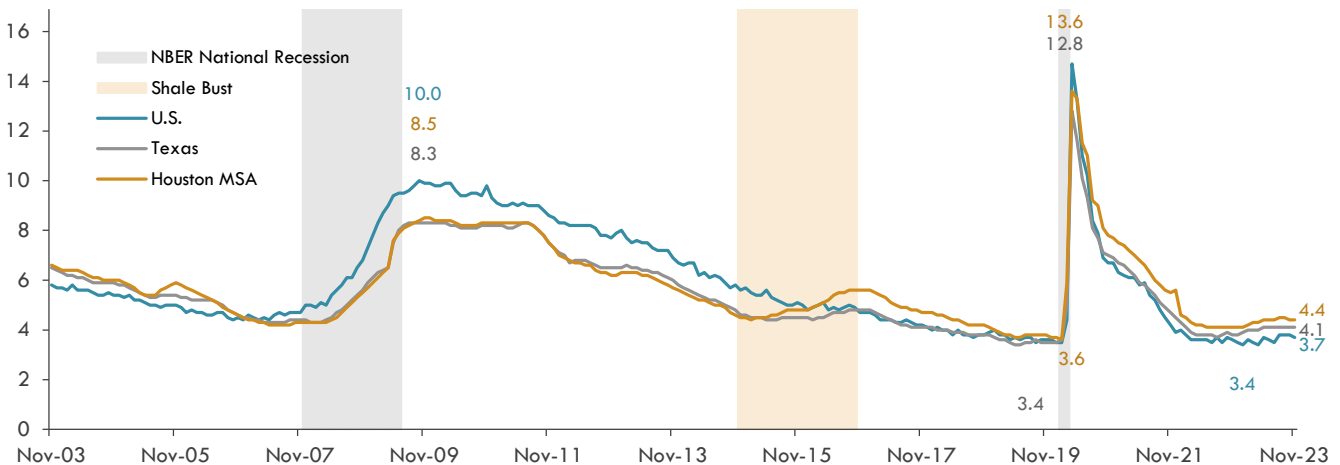U.S., Texas, and Houston MSA
November 2023

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

3.29

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

May-June 2018 = 3.5

6.80

5.60

UniqueJob Ads > Jobseekers

Jobseekers > Unique Job Ads

1.39

3.29
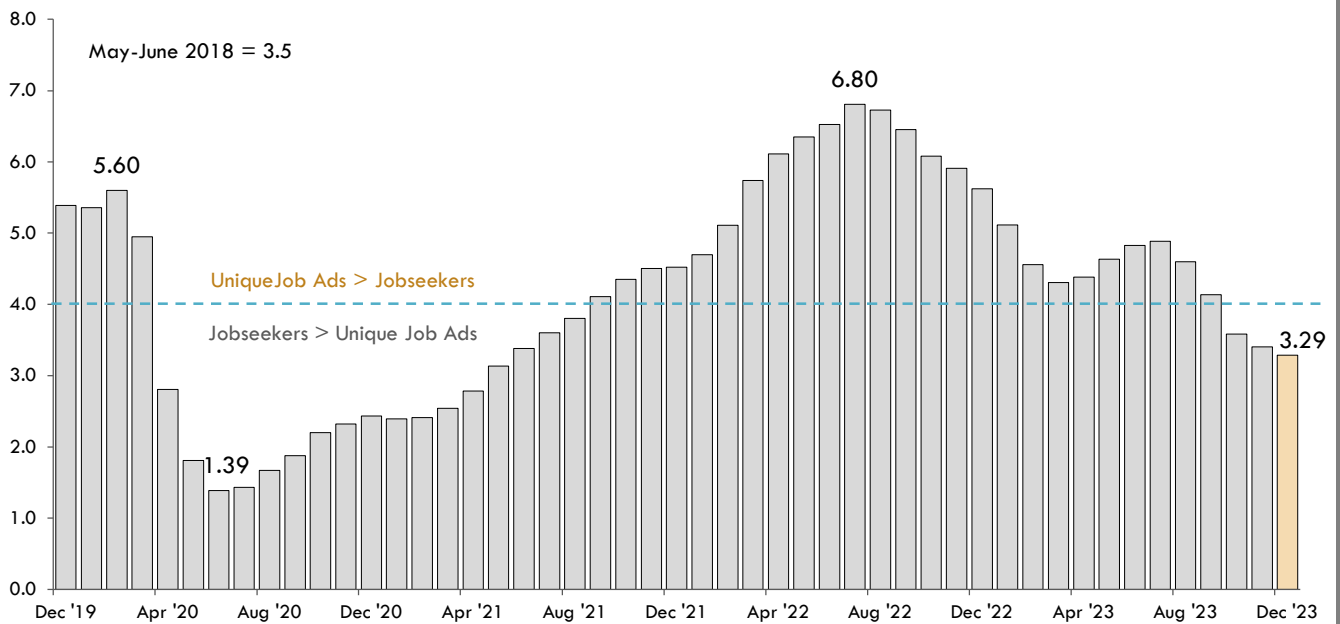
Source(s): Emsi-Burning Glass and BLS/TWC - LAUS
Note: data subject to revisions.

Workforce Solutions Index December 2023

The Houston MSA WSI for December stood at 3.29, down from November's slightly upward revised reading of 3.4. This was due to the number of unemployed individuals continuing to average approximately 155,000 in recent months while the number of job postings has continued to fall reaching a post-pandemic low of 123,000 in December. Prior to this, the most recent low occurred in May 2020 with 133,000 postings.

This December marks the third consecutive reading below 4.0 and further signals that employers have regained some measure of bargaining power relative to job seekers for the first time in roughly two years.

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

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Dec-23	Nov-23	Dec-22	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	**3,405,900**	**3,402,300**	**3,335,800**	**3,600**	**0.1%**	**70,100**	**2.1%**
Total Private	2,948,300	2,944,700	2,889,400	3,600	0.1%	58,900	2.0%
Goods Producing	522,500	523,000	521,700	-500	-0.1%	800	0.2%
.Mining and Logging	**70,200**	**69,700**	**67,400**	**500**	**0.7%**	**2,800**	**4.2%**
...Oil and Gas Extraction	30,100	29,800	29,200	300	1.0%	900	3.1%
...Support Activities for Mining	38,600	38,400	36,500	200	0.5%	2,100	5.8%
.Construction	**218,700**	**219,100**	**224,600**	**-400**	**-0.2%**	**-5,900**	**-2.6%**
..Construction of Buildings	57,000	57,100	56,300	-100	-0.2%	700	1.2%
..Heavy and Civil Engineering Construction	54,400	55,100	53,500	-700	-1.3%	900	1.7%
..Specialty Trade Contractors	107,300	106,900	114,800	400	0.4%	-7,500	-6.5%
.Manufacturing	**233,600**	**234,200**	**229,700**	**-600**	**-0.3%**	**3,900**	**1.7%**
..Durable Goods	144,500	145,400	140,200	-900	-0.6%	4,300	3.1%
...Fabricated Metal Product Manufacturing	50,300	50,400	48,700	-100	-0.2%	1,600	3.3%
...Machinery Manufacturing	42,200	42,300	41,900	-100	-0.2%	300	0.7%
....Agriculture, Construction, and Mining Machinery Mfg.	22,300	22,300	21,800	0	0.0%	500	2.3%
...Computer and Electronic Product Manufacturing	14,500	14,500	14,200	0	0.0%	300	2.1%
..Non-Durable Goods	89,100	88,800	89,500	300	0.3%	-400	-0.4%
...Petroleum and Coal Products Manufacturing	8,000	8,000	7,900	0	0.0%	100	1.3%
...Chemical Manufacturing	42,300	42,400	41,700	-100	-0.2%	600	1.4%
Service Providing	2,883,400	2,879,300	2,814,100	4,100	0.1%	69,300	2.5%
.Private Service Providing	2,425,800	2,421,700	2,367,700	4,100	0.2%	58,100	2.5%
..Trade, Transportation, and Utilities	**716,900**	**710,300**	**696,700**	**6,600**	**0.9%**	**20,200**	**2.9%**
...Wholesale Trade	179,800	179,500	173,100	300	0.2%	6,700	3.9%
....Merchant Wholesalers, Durable Goods	110,500	111,200	108,700	-700	-0.6%	1,800	1.7%
.....Prof. and Commercial Equip. Supplies Wholesalers	17,600	17,600	17,500	0	0.0%	100	0.6%
....Merchant Wholesalers, Nondurable Goods	55,800	55,000	54,200	800	1.5%	1,600	3.0%
...Retail Trade	336,500	329,400	326,400	7,100	2.2%	10,100	3.1%
....Motor Vehicle and Parts Dealers	44,700	44,700	43,400	0	0.0%	1,300	3.0%
....Bldg. Material and Garden Equip. and Supplies Dealers	24,300	23,700	24,400	600	2.5%	-100	-0.4%
....Food and Beverage Stores	76,000	75,100	73,900	900	1.2%	2,100	2.8%
....Health and Personal Care Stores	66,800	64,800	65,300	2,000	3.1%	1,500	2.3%
....Clothing and Clothing Accessories Stores	22,600	21,700	21,900	900	4.1%	700	3.2%
....General Merchandise Stores	44,200	43,100	43,400	1,100	2.6%	800	1.8%
.....Department Stores	21,400	21,200	21,300	200	0.9%	100	0.5%
.....Other General Merchandise Stores	28,800	27,800	28,100	1,000	3.6%	700	2.5%
...Transportation, Warehousing, and Utilities	200,600	201,400	197,200	-800	-0.4%	3,400	1.7%
....Utilities	21,100	21,100	20,400	0	0.0%	700	3.4%
.....Air Transportation	20,800	20,900	19,900	-100	-0.5%	900	4.5%
.....Truck Transportation	31,500	31,600	30,800	-100	-0.3%	700	2.3%
.....Pipeline Transportation	13,300	13,200	12,800	100	0.8%	500	3.9%
..Information	**33,200**	**33,200**	**33,400**	**0**	**0.0%**	**-200**	**-0.6%**
...Telecommunications	11,700	11,800	11,800	-100	-0.8%	-100	-0.8%
..Financial Activities	**188,200**	**188,200**	**183,400**	**0**	**0.0%**	**4,800**	**2.6%**
...Finance and Insurance	116,700	116,600	116,400	100	0.1%	300	0.3%
....Credit Intermediation and Related Activities	46,300	46,300	46,500	0	0.0%	-200	-0.4%
.....Depository Credit Intermediation	30,200	30,100	29,900	100	0.3%	300	1.0%
....Securities, Commodity Contracts, and Fin. Investments	23,500	23,400	23,300	100	0.4%	200	0.9%
....Insurance Carriers and Related Activities	46,900	46,900	46,600	0	0.0%	300	0.6%
...Real Estate and Rental and Leasing	71,500	71,600	67,000	-100	-0.1%	4,500	6.7%
..Professional and Business Services	**560,800**	**563,300**	**554,700**	**-2,500**	**-0.4%**	**6,100**	**1.1%**
...Professional, Scientific, and Technical Services	279,200	279,700	274,600	-500	-0.2%	4,600	1.7%
....Legal Services	33,500	33,700	31,600	-200	-0.6%	1,900	6.0%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	29,200	29,200	28,200	0	0.0%	1,000	3.5%
....Architectural, Engineering, and Related Services	79,100	79,700	76,300	-600	-0.8%	2,800	3.7%
....Computer Systems Design and Related Services	44,400	44,700	42,500	-300	-0.7%	1,900	4.5%
...Management of Companies and Enterprises	47,000	46,900	45,900	100	0.2%	1,100	2.4%
...Admin. and Support and Waste Mgmt. and Remediation	234,600	236,700	234,200	-2,100	-0.9%	400	0.2%
....Administrative and Support Services	220,500	222,500	221,600	-2,000	-0.9%	-1,100	-0.5%
.....Employment Services	83,500	85,400	87,700	-1,900	-2.2%	-4,200	-4.8%
.....Services to Buildings and Dwellings	54,000	54,600	53,700	-600	-1.1%	300	0.6%
..Educational and Health Services	**463,600**	**461,500**	**438,900**	**2,100**	**0.5%**	**24,700**	**5.6%**
...Educational Services	74,700	74,100	72,800	600	0.8%	1,900	2.6%
...Health Care and Social Assistance	388,900	387,400	366,100	1,500	0.4%	22,800	6.2%
....Ambulatory Health Care Services	196,700	195,100	186,600	1,600	0.8%	10,100	5.4%
....Hospitals	97,600	97,500	92,100	100	0.1%	5,500	6.0%
..Leisure and Hospitality	**344,800**	**346,700**	**343,900**	**-1,900**	**-0.5%**	**900**	**0.3%**
...Arts, Entertainment, and Recreation	40,300	40,500	34,800	-200	-0.5%	5,500	15.8%
...Accommodation and Food Services	304,500	306,200	309,100	-1,700	-0.6%	-4,600	-1.5%
....Accommodation	26,300	26,400	26,100	-100	-0.4%	200	0.8%
....Food Services and Drinking Places	278,200	279,800	283,000	-1,600	-0.6%	-4,800	-1.7%
..Other Services	**118,300**	**118,500**	**116,700**	**-200**	**-0.2%**	**1,600**	**1.4%**
Government	**457,600**	**457,600**	**446,400**	**0**	**0.0%**	**11,200**	**2.5%**
.Federal Government	34,200	34,300	33,100	-100	-0.3%	1,100	3.3%
.State Government	96,700	96,800	94,900	-100	-0.1%	1,800	1.9%
..State Government Educational Services	55,000	55,200	54,200	-200	-0.4%	800	1.5%
.Local Government	326,700	326,500	318,400	200	0.1%	8,300	2.6%
..Local Government Educational Services	228,000	228,000	221,600	0	0.0%	6,400	2.9%

Workforce Solutions