

Houston Area Employment Situation

January 2022

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

2022 Starts with Middling Growth while Benchmark Revisions Show Ups and Downs

Total Nonfarm

Over-the-month Change

Houston MSA Total Nonfarm employment stood at 3,125,300 in January, down -51,700 jobs over the month, or -1.6 percent on a not-seasonally-adjusted basis (see Chart 1). A year ago Houston registered an over-the-month decrease of 45,700 jobs. This was the largest January over-the-month decline in since 2018. Historically in the month of January, Total Nonfarm has on average lost -44,400 jobs over the month, which indicates that this month's losses are slightly larger than the long-term average decline. Note that over-the-month losses are typical each January in most sectors and Total Nonfarm employment (NSA) due to the conclusion of holiday-related seasonal jobs and downward adjustments to population estimates by BLS.

The primary drivers of this January's decline were decreases in Trade, Transportation, and Utilities; Government; and Professional and Business Services. Losses were also recorded in Construction; Leisure and Hospitality; and Education and Health Services. The net decrease in jobs over the month was partially offset by gains in Information, and Mining and Logging (see Chart 2). Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,152,100, up 1,300 jobs over the month, or 0.0 percent vs. a historical average of 3,600. This January marks 10 consecutive month-over-month gains on a seasonally-adjusted basis. NOTE: The Houston-Woodlands-Sugar Land, TX Metropolitan Statistical Area (MSA) consists of Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties. Analysis of major sectors and their sub-components throughout the remainder of this report references not-seasonally adjusted data. All data provided by BLS/TWC unless otherwise noted.

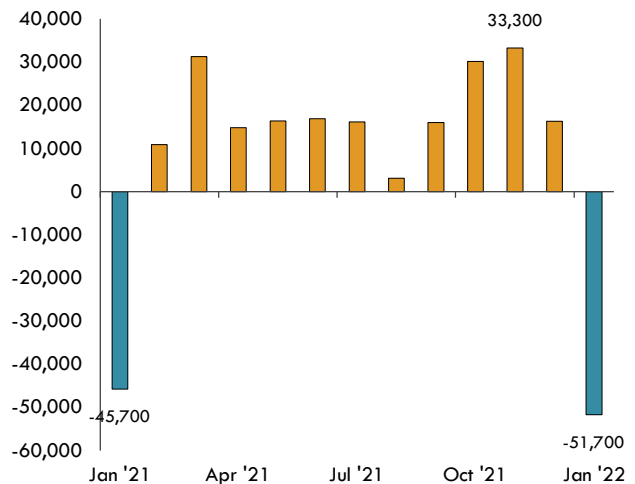
Top-3 Drivers of Over-the-month Job Loss in January

- Trade, Transportation, and Utilities: -19,100
- Government: -7,600
- Professional and Business Services: -7,400

Over-the-year Change

Over the year, Total Nonfarm employment was up 153,700 or 5.2 percent on a not-seasonally-adjusted basis and up 151,700 or 5.1 percent on a seasonally-adjusted basis (see NSA Chart 3). To compare, January 2021 saw a year-over-year loss of -190,300 jobs (NSA) from January 2020. This was the largest January over-the-year increase on record. Currently 11 out of 11 sectors show growth year over year of which the top-three are Leisure and Hospitality (31,600); Trade, Transportation, and

Chart 1. Total Nonfarm (NSA)
Over-the-month Net Change, Jan-21 to Jan-22

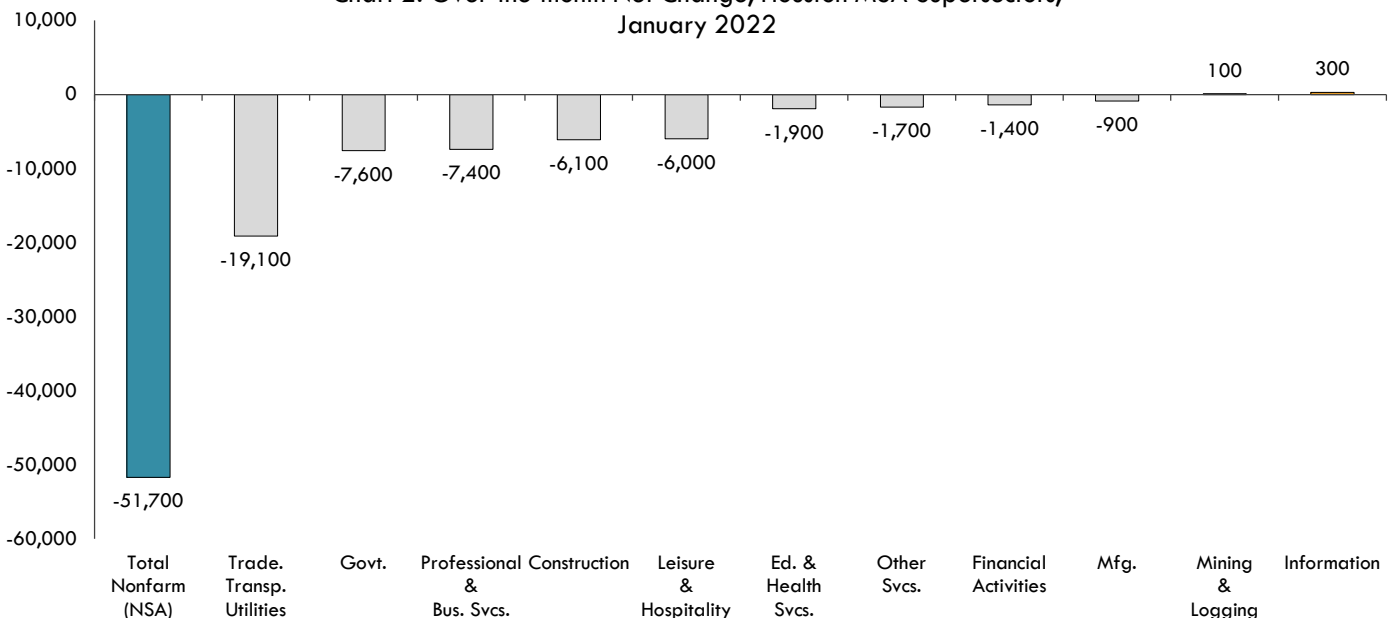


*blue bar may reflect January typical seasonal decline/gain occurring each

and Utilities (29,900); and Education and Health Services (22,600) (see Chart 4). Total Nonfarm employment not-seasonally-adjusted remains -66,900 jobs, or -2.1 percent below its February 2020 pre-pandemic level of 3,192,200 (-48,100 jobs, -1.5 percent below 3,200,200 seasonally adjusted).

NOTICE: SPECIAL REPORT ON 2021 BENCHMARK REVISIONS CAN BE FOUND ON PAGE 18

Chart 2. Over-the-month Net Change, Houston MSA Supersectors, January 2022



Houston Area Employment Situation

January 2022

Previous Month's Revisions

See benchmark revisions at the end of this report for details.

- Top-3 Drivers of Over-the-year Job Growth in January
- Leisure and Hospitality: 31,600
 - Trade, Transportation, and Utilities: 29,900
 - Education and Health Services: 22,600

Chart 3. Total Nonfarm (NSA)
Over-the-year Net Change, Jan-07 to Jan-22

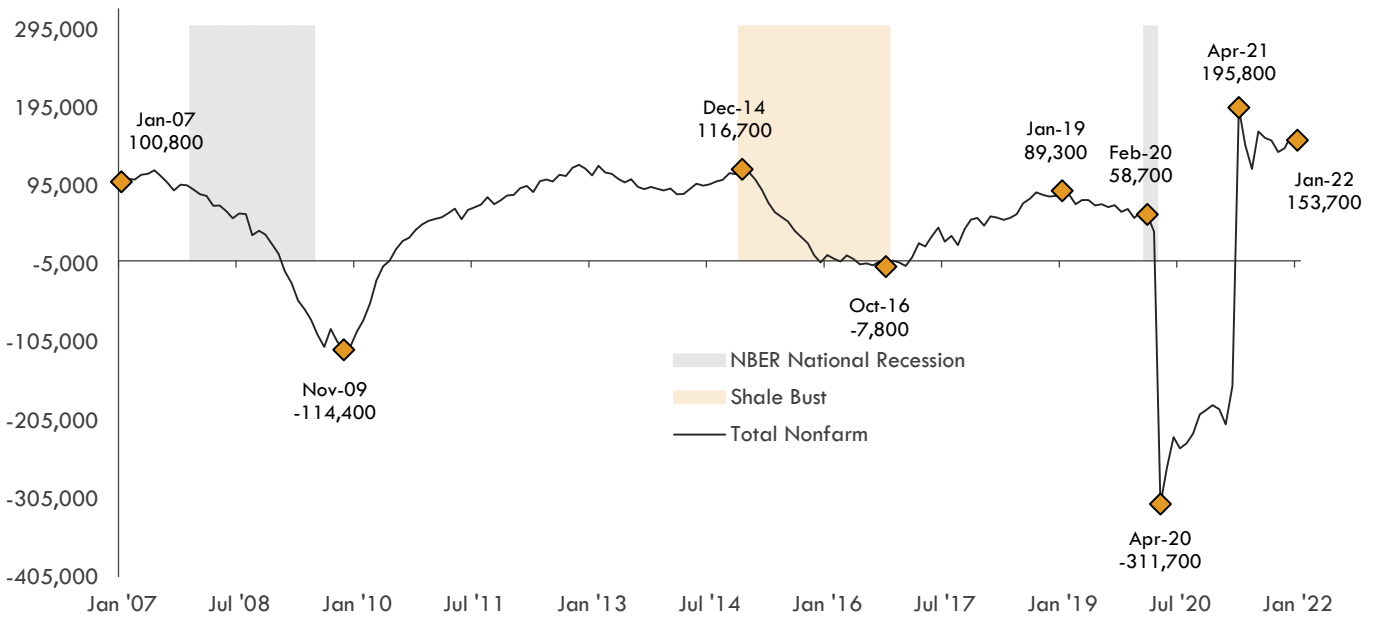
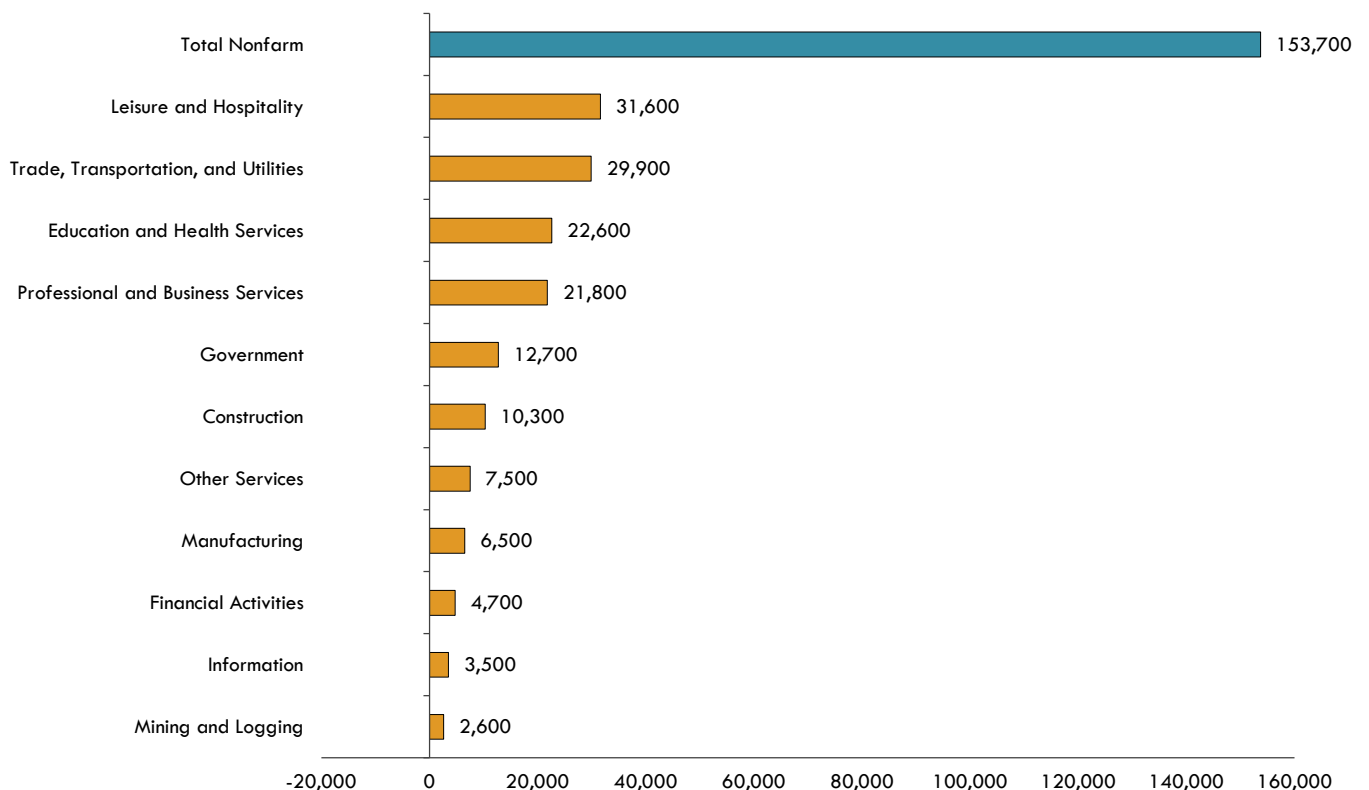


Chart 4. Over-the-year Net Change, Houston MSA Supersectors,
January 2021 to January 2022



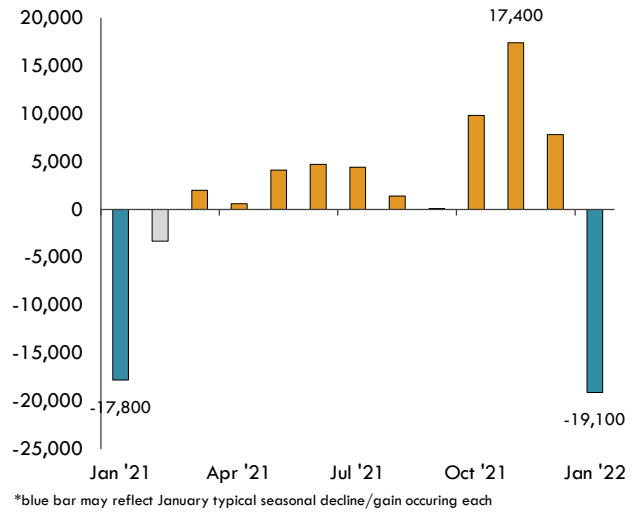
DECLINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities was the largest declining sector over the month down -19,100 jobs, or -2.9 percent (see Chart 6). This was the largest January over-the-month decline in since 2009. Historically in the month of January, Trade, Transportation, and Utilities has lost an average of -17,600 jobs over the month, which indicates that this month's losses are on par with the long-term average. Transportation, Warehousing, and Utilities was the largest contributor to the overall sector's decline, down -10,500 jobs over the month. The second-largest declining contributor was Retail Trade, which lost -7,200 jobs from December to January. Lastly, Wholesale Trade subtracted, -1,400 jobs.

Chart 6. Trade, Transportation, and Utilities (NSA)
Over-the-month Net Change, Jan-21 to Jan-22

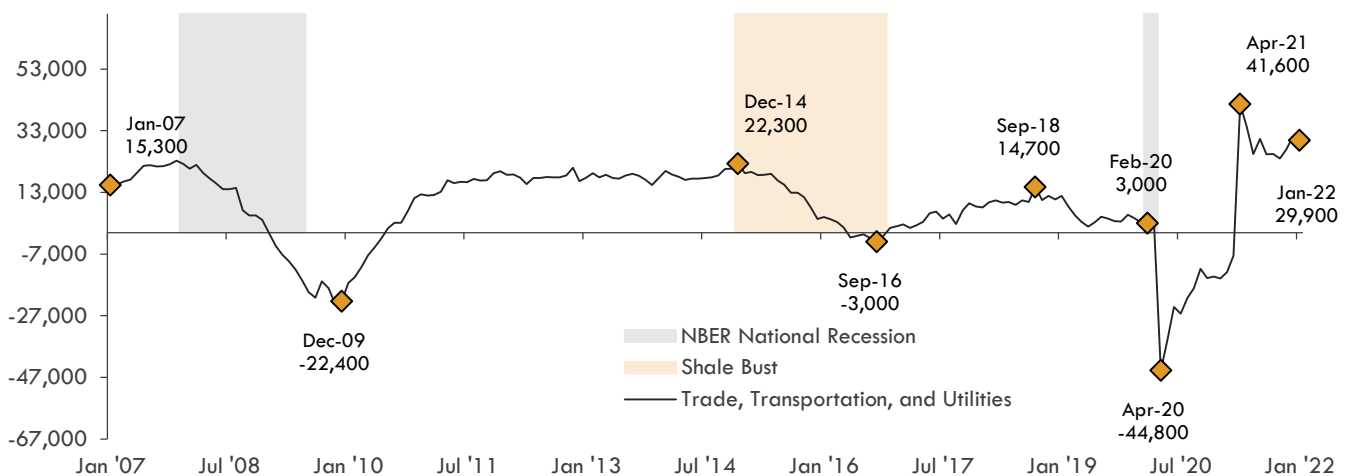


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 29,900 jobs, or 4.8 percent (see Chart 7). This was the largest January over-the-year increase on record. It also marks nine consecutive months of over-the-year gains. Furthermore, 19.5 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 16,900 jobs over the year. The second-largest contributor was Transportation, Warehousing, and Utilities, which added 6,700 jobs from January a year ago.

Wholesale Trade contributed, 6,300 jobs. Total Trade, Transportation, and Utilities employment (NSA) now exceeds its February 2020 pre-pandemic level of 628,900 jobs by 20,400, or 3.2 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 20.8 percent over the past year.

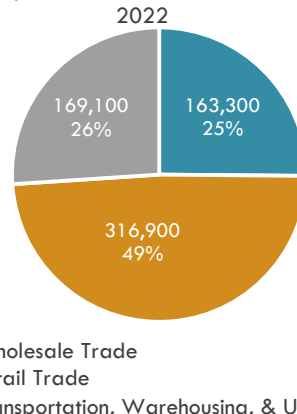
Chart 7. Trade, Transportation, and Utilities (NSA)
Over-the-year Net Change, Jan-07 to Jan-22



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 49 percent (see Chart 8). Across the Houston MSA, the concentration of jobs in the overall sector is 8 percent higher than the national average, due to a 34-percent higher concentration in Wholesale Trade primarily related to the oil and gas industry.

Chart 8. Employment in Component Industries of Trade, Transportation, and Utilities Sector - January 2022



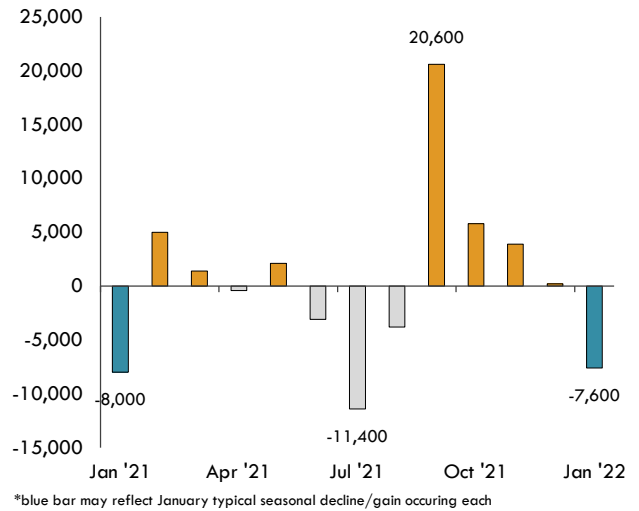
DECLINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was the second-largest declining sector over the month down -7,600 jobs, or -1.7 percent (see Chart 9). This was the largest January over-the-month decline in since 2020. Historically in the month of January, Government has lost an average of -5,300 jobs over the month, which indicates that this month's losses are substantially larger than the long-term average decline. Local Government was the largest contributor to the overall sector's decline, down -6,700 jobs over the month. The second-largest declining contributor was Federal Government, which lost -1,100 jobs from December to January. Lastly, State Government offset a portion of the sector's losses with a gain of 200 jobs.

Chart 9. Government (NSA)
Over-the-month Net Change, Jan-21 to Jan-22

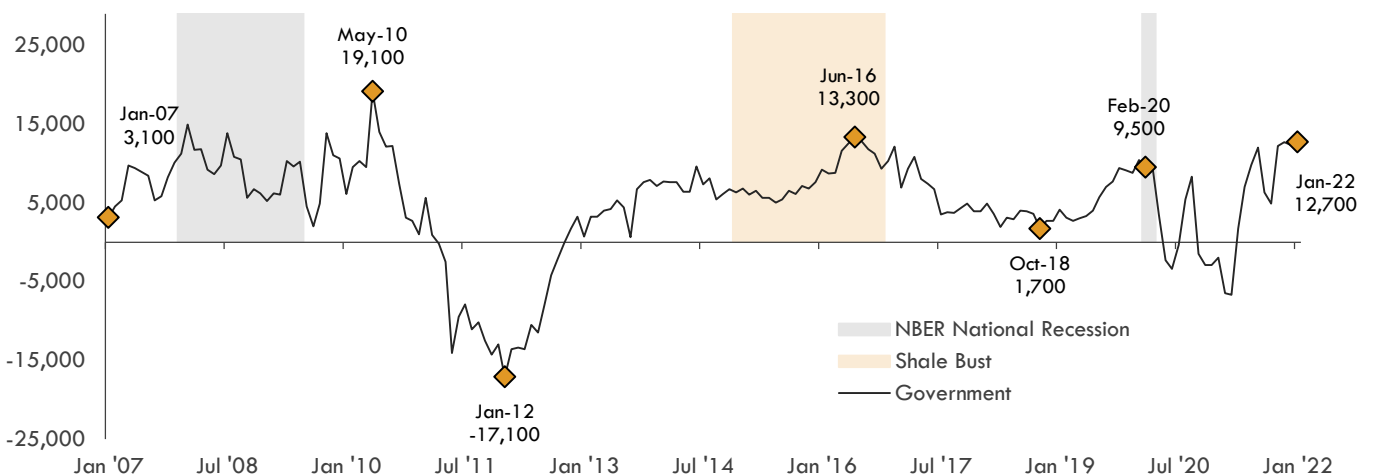


Over-the-year Change

Year over year, Government was up 12,700 jobs, or 3.0 percent (see Chart 10). This was the third-largest over-the-year gain in January since records began in 1990. It also marks nine consecutive months of over-the-year gains. Local Government was the largest contributor to the overall sector's increase, up 9,300 jobs over the year. The second-largest contributor was State Government, which added 2,400 jobs from January a year ago. Lastly, Federal Government contributed, 1,000 jobs. Total Government employment (NSA) now exceeds its February 2020 pre-pandemic level of 428,400 jobs by 1,200, or 0.3

percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 14.0 percent to 13.7 percent over the past year.

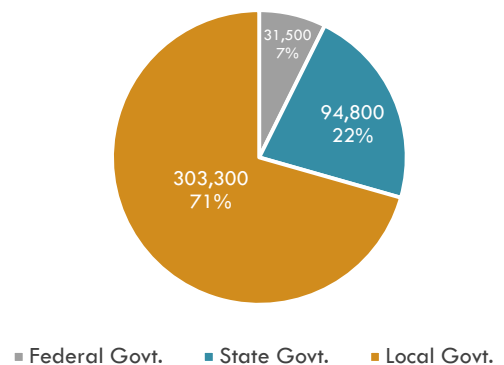
Chart 10. Government (NSA)
Over-the-year Net Change, Jan-07 to Jan-22



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

Chart 11. Employment in Component Industries of Government Sector - January 2022



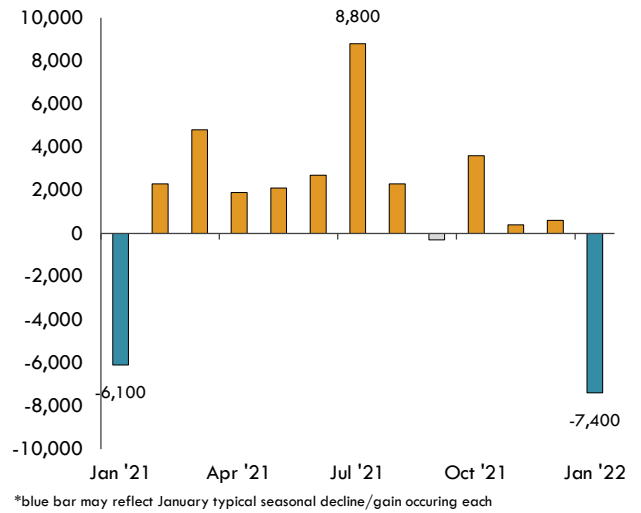
DECLINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

Professional and Business Services was the third-largest declining sector over the month down -7,400 jobs, or -1.4 percent (see Chart 12). This was the largest January over-the-month decline in since 2014. Historically in the month of January, Professional and Business Services has lost an average of -6,100 jobs over the month, which indicates that this month's losses are slightly larger than the long-term average decline. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's decline, down -6,000 jobs over the month. The second-largest declining contributor was Professional, Scientific, and Technical Services, which lost -1,100 jobs from December to January. Lastly, Management of Companies and Enterprises subtracted, -300 jobs.

Chart 12. Professional and Business Services (NSA)
Over-the-month Net Change, Jan-21 to Jan-22

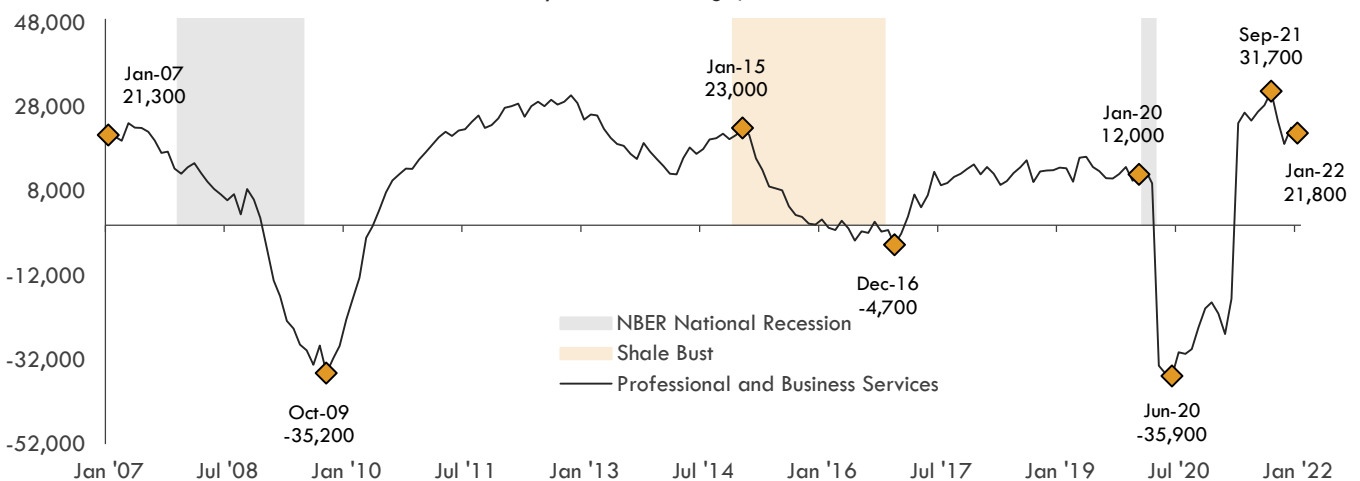


Over-the-year Change

Year over year, Professional and Business Services was up 21,800 jobs, or 4.5 percent (see Chart 13). This January also marks nine consecutive months of over-the-year gains. Furthermore, 14.2 percent of total (gross) jobs added across the region over the past year can be attributed to Professional and Business Services. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's increase, up 13,100 jobs over the year. The second-largest contributor was Professional, Scientific, and Technical Services, which added 9,300 jobs

from January a year ago. Lastly, Management of Companies and Enterprises offset a portion of the sector's gains with a loss of -600 jobs. Total Professional and Business Services employment (NSA) remains -6,400 jobs, or -1.2 percent below its February 2020 pre-pandemic level of 514,700. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 16.4 percent to 16.3 percent over the past year.

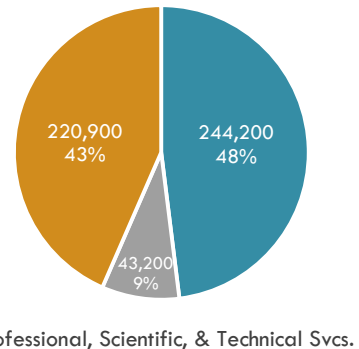
Chart 13. Professional and Business Services (NSA)
Over-the-year Net Change, Jan-07 to Jan-22



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 14). Across the Houston MSA, the concentration of jobs in the overall sector is 11 percent higher than the national average, due to a 13-percent higher concentration in Professional, Scientific, and Technical Services serving the oil and gas industry.

Chart 14. Employment in Component Industries of Professional and Business Services Sector - January 2022



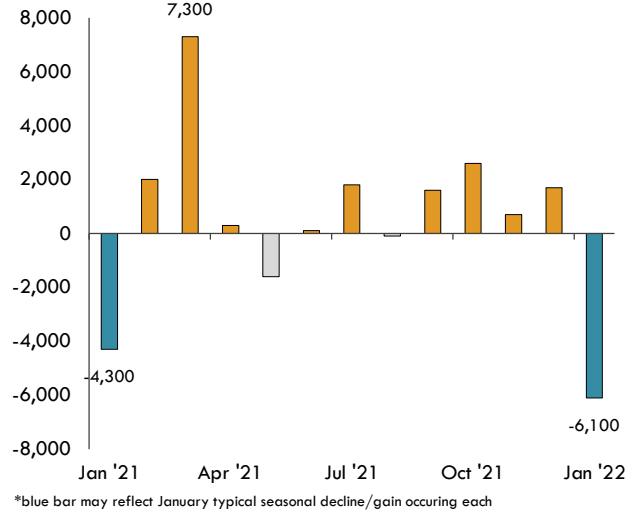
DECLINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction also saw a decrease over the month down -6,100 jobs, or -2.8 percent (see Chart 15). This was the largest January over-the-month decline in since 2009. Historically in the month of January, Construction has lost an average of -3,400 jobs over the month, which indicates that this month's losses are substantially larger than the long-term average decline. Specialty Trade Contractors was the largest contributor to the overall sector's decline, down -3,300 jobs over the month. The second-largest declining contributor was Heavy and Civil Engineering Construction, which lost -1,600 jobs from December to January. Lastly, Construction of Buildings subtracted, -1,200 jobs.

Chart 15. Construction (NSA)
Over-the-month Net Change, Jan-21 to Jan-22

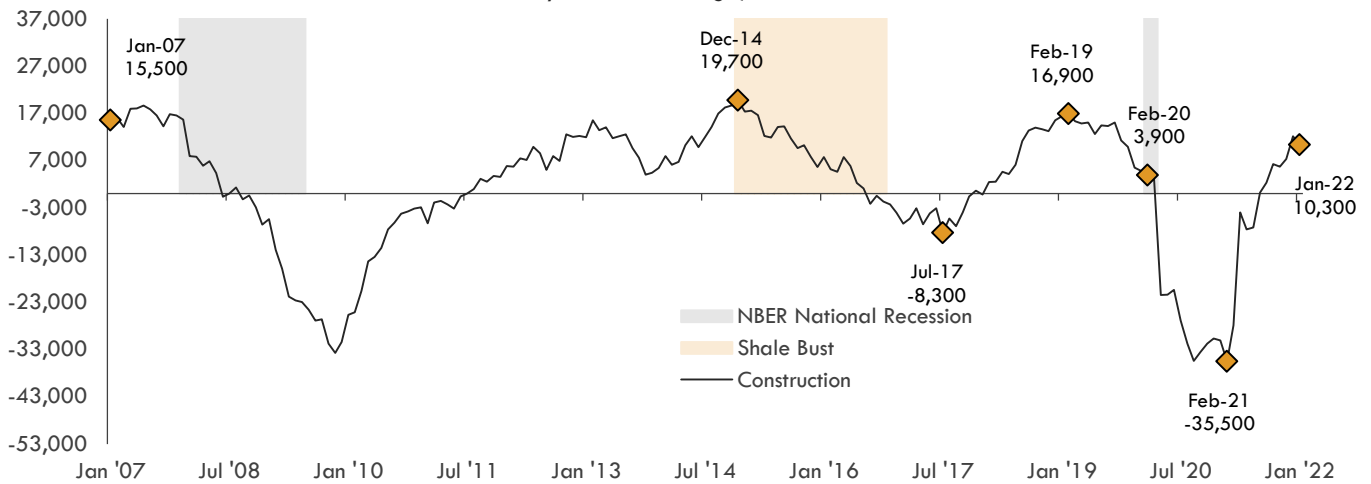


Over-the-year Change

Year over year, Construction was up 10,300 jobs, or 5.2 percent (see Chart 16). This January also marks six consecutive months of over-the-year gains. Construction of Buildings was the largest contributor to the overall sector's increase, up 5,000 jobs over the year. The second-largest contributor was Specialty Trade Contractors, which added 4,400 jobs from January a year ago. Lastly, Heavy and Civil Engineering Construction contributed, 900 jobs. Total Construction employment (NSA) remains -27,200 jobs, or -11.5 percent below its February 2020 pre-pandemic level of 237,400. At the same time, the sector's

share of Houston area Total Nonfarm Employment has remained constant at 6.7 percent over the past year.

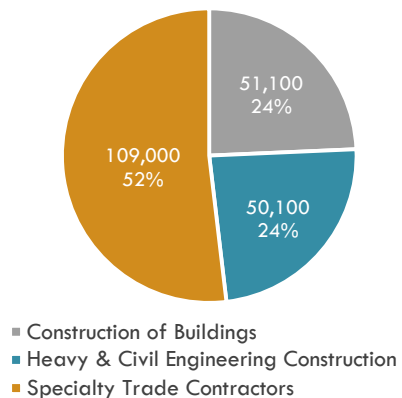
Chart 16. Construction (NSA)
Over-the-year Net Change, Jan-07 to Jan-22



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 52 percent (see Chart 17). Across the Houston MSA, the concentration of jobs in the overall Construction sector is 38 percent higher than the national average, due to 2.5 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

Chart 17. Employment in Component Industries of Construction Sector - January 2022



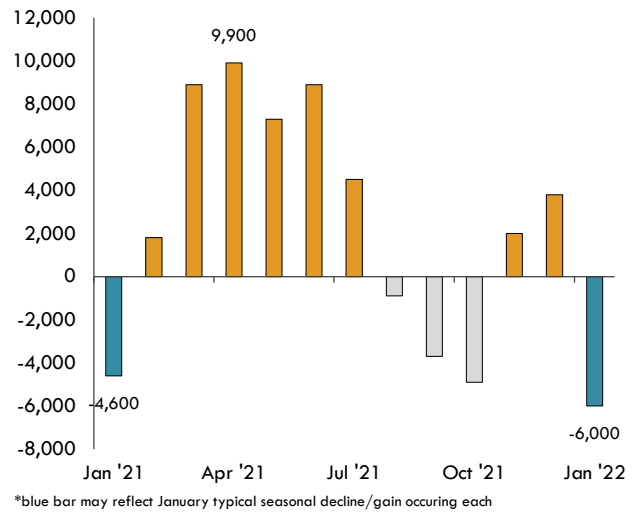
DECLINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality also saw a decrease over the month down -6,000 jobs, or -1.9 percent (see Chart 18). This was the largest January over-the-month decline in since 2010. Historically in the month of January, Leisure and Hospitality has lost an average of -4,500 jobs over the month, which indicates that this month's losses are moderately larger than the long-term average decline. Accommodation and Food Services was the largest contributor to the overall sector's decline, down -4,200 jobs over the month. The second-largest declining contributor was Arts, Entertainment, and Recreation, which lost -1,800 jobs from December to January.

Chart 18. Leisure and Hospitality (NSA)
Over-the-month Net Change, Jan-21 to Jan-22

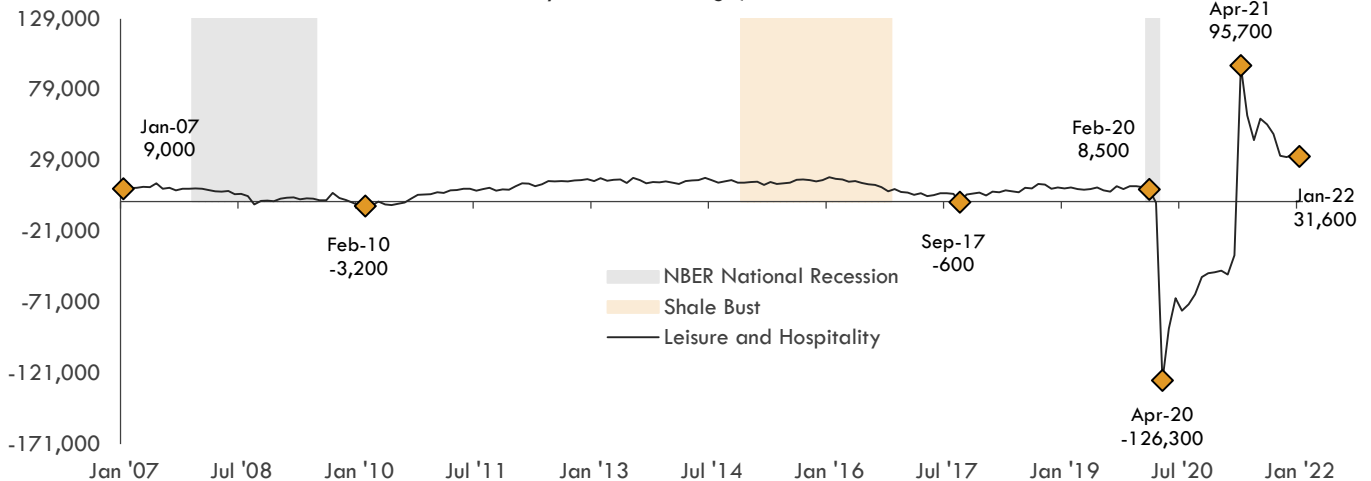


Over-the-year Change

Year over year, Leisure and Hospitality was up 31,600 jobs, or 11.2 percent (see Chart 19). This was the largest January over-the-year increase on record. It also marks nine consecutive months of over-the-year gains. Among sectors currently showing growth, this sector is the second-fastest growing in percentage terms across the Houston area. Furthermore, 20.6 percent of total (gross) jobs added across the region over the past year can be attributed to Leisure and Hospitality. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 28,400 jobs over the year. The second-largest

contributor was Arts, Entertainment, and Recreation, which added 3,200 jobs from January a year ago. Total Leisure and Hospitality employment (NSA) remains -21,600 jobs, or -6.5 percent below its February 2020 pre-pandemic level of 334,500. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 9.5 percent to 10.0 percent over the past year.

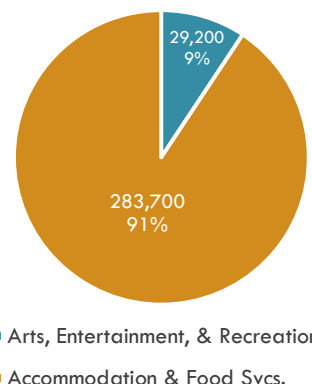
Chart 19. Leisure and Hospitality (NSA)
Over-the-year Net Change, Jan-07 to Jan-22



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 91 percent (see Chart 20). Across the Houston MSA, the concentration of jobs in the overall sector is 2 percent higher than the national average.

Chart 20. Employment in Component Industries of Leisure and Hospitality Sector - January 2022



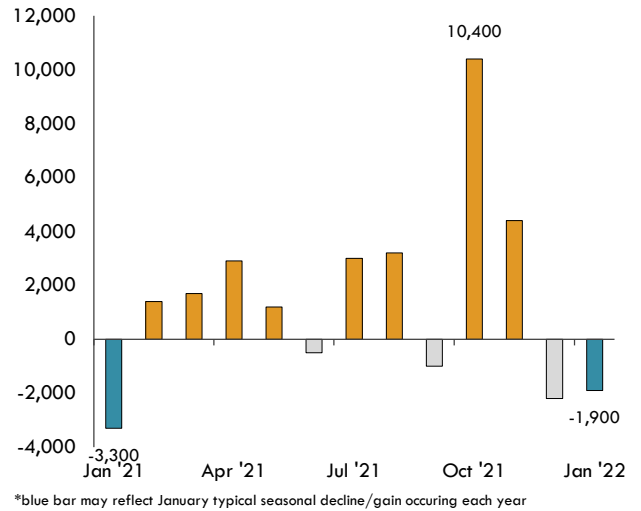
DECLINING INDUSTRY HIGHLIGHTS

Education and Health Services

Over-the-month Change

Education and Health Services also saw a decrease over the month down -1,900 jobs, or -0.4 percent (see Chart 21). This was the largest January over-the-month decline in since 2019. Historically in the month of January, Education and Health Services has lost an average of -3,000 jobs over the month, which indicates that this month's losses are moderately smaller than the long-term average decline. Health Care and Social Assistance was the largest contributor to the overall sector's decline, down -1,000 jobs over the month. The second-largest declining contributor was Educational Services, which lost -900 jobs from December to January.

Chart 21. Education and Health Services (NSA)
Over-the-month Net Change, Jan-21 to Jan-22

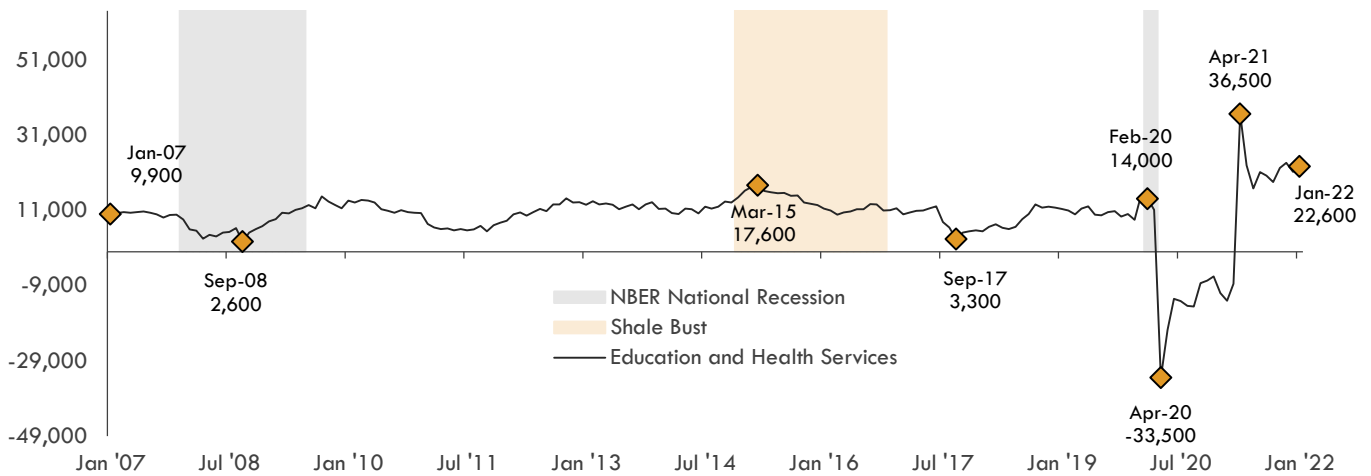


Over-the-year Change

Year over year, Education and Health Services was up 22,600 jobs, or 5.7 percent (see Chart 22). This was the largest January over-the-year increase on record. It also marks nine 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 Education and Health Services. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 14,800 jobs over the year. The second-largest contributor was Educational Services, which added 7,800 jobs from January a year ago. Total Education

and Health Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 414,400 jobs by 8,100, or 2.0 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 13.5 percent over the past year.

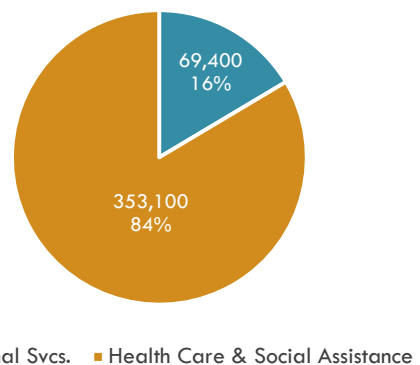
Chart 22. Education and Health Services (NSA)
Over-the-year Net Change, Jan-07 to Jan-22



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 23). 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 23. Employment in Component Industries of
Education and Health Services Sector - January 2022



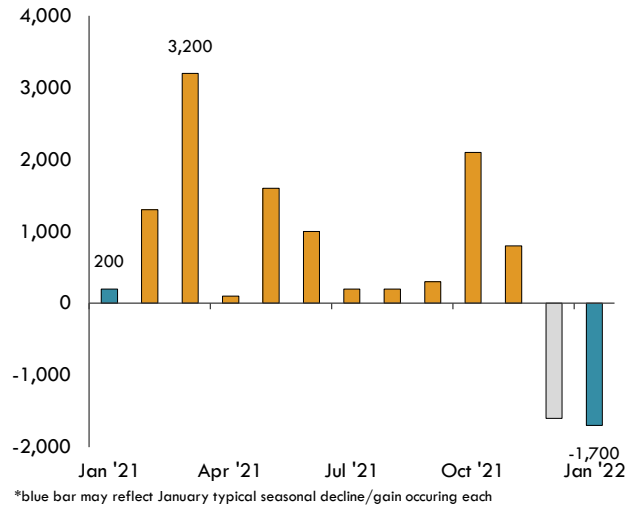
DECLINING INDUSTRY HIGHLIGHTS

Other Services

Over-the-month Change

Other Services also saw a decrease over the month down -1,700 jobs, or -1.5 percent (see Chart 24). This was the largest January decline since 2018 and the third-largest decline historically in the month of January since records began in 1990. Historically in the month of January, Other Services 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. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information.

Chart 24. Other Services (NSA)
Over-the-month Net Change, Jan-21 to Jan-22

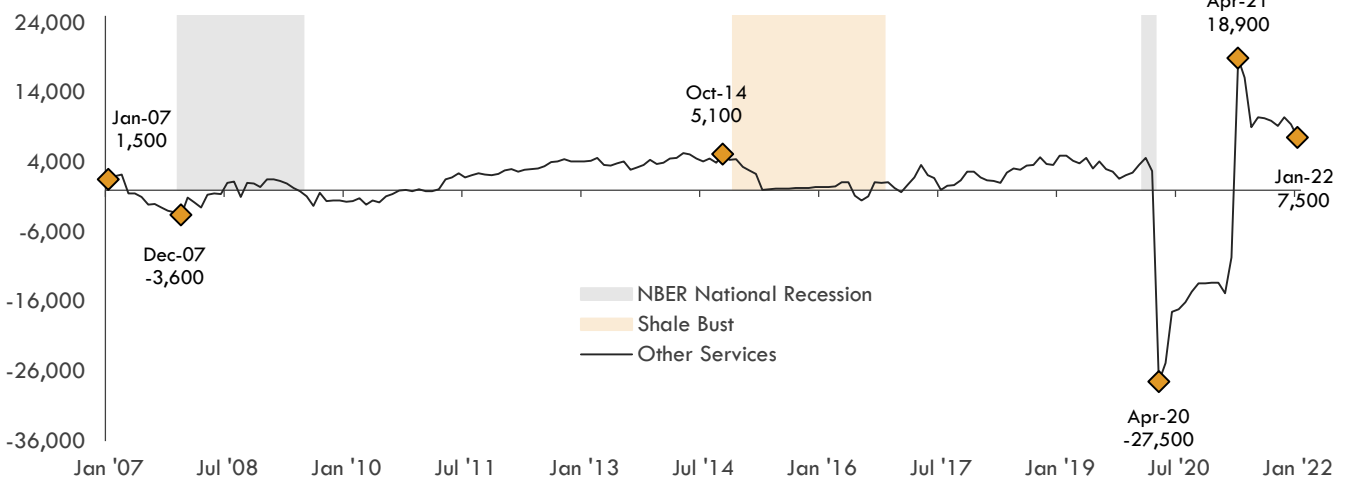


Over-the-year Change

Year over year, Other Services was up 7,500 jobs, or 7.3 percent (see Chart 25). This was the largest January over-the-year increase on record. It also marks nine 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. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Total Other Services employment (NSA) remains -8,600 jobs, or -7.2 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.

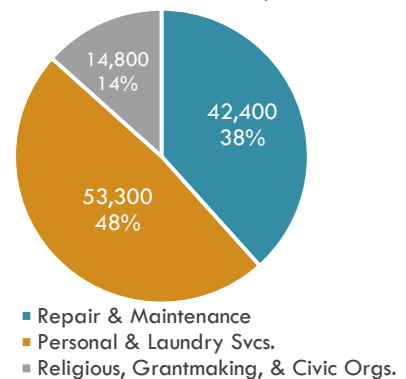
Chart 25. Other Services (NSA)
Over-the-year Net Change, Jan-07 to Jan-22



About This Sector

This sector comprises establishments engaged in services not classified elsewhere such as equipment and machinery repair, religious activities, grantmaking, advocacy, and providing dry-cleaning and laundry services, and personal care services. Of the three main component industries, Personal and Laundry Services accounts for a plurality of the sector's employment at 48 percent as a subsector where self-employment is prevalent (source: Census - Non Employer Statistics and BLS - Quarterly Census of Employment and Wages) (see Chart 26). Across the Houston MSA, the concentration of jobs in the overall Other Services sector is 6 percent less than the national average.

Chart 26. Employment in Component Industries of Other Services Sector - January 2022



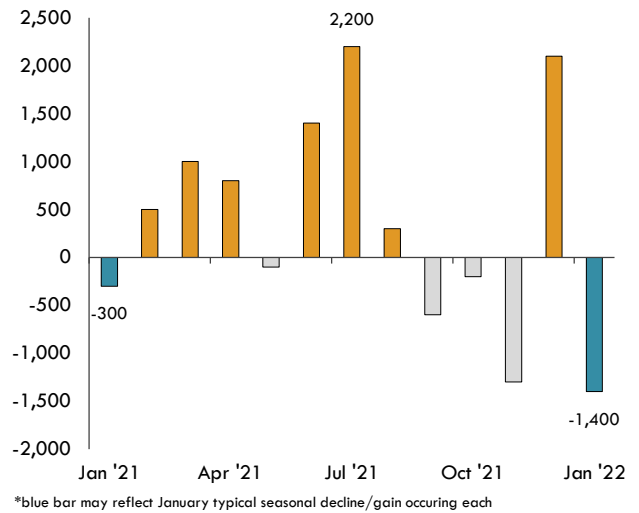
DECLINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities also saw a decrease over the month down -1,400 jobs, or -0.8 percent (see Chart 27). This was the largest January over-the-month decline in since 2015. Historically in the month of January, Financial Activities has lost an average of -1,400 jobs over the month, which indicates that this month's losses are on par with the long-term average. Real Estate and Rental and Leasing was the largest contributor to the overall sector's decline, down -1,100 jobs over the month. The second-largest declining contributor was Finance and Insurance, which lost -300 jobs from December to January.

Chart 27. Financial Activities (NSA)
Over-the-month Net Change, Jan-21 to Jan-22

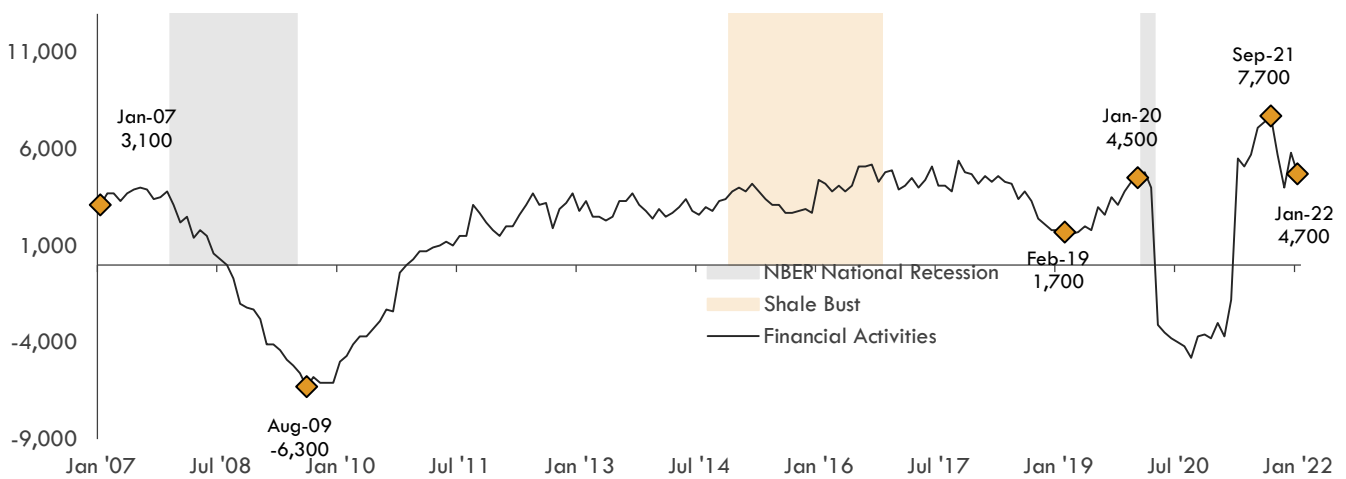


Over-the-year Change

Year over year, Financial Activities was up 4,700 jobs, or 2.8 percent (see Chart 28). This was the third-largest over-the-year gain in January since records began in 1990. It also marks nine consecutive months of over-the-year gains. Finance and Insurance was the largest contributor to the overall sector's increase, up 3,600 jobs over the year. The second-largest contributor was Real Estate and Rental and Leasing, which added 1,100 jobs from January a year ago. Total Financial Activities employment (NSA) now exceeds its February 2020 pre-pandemic level of 169,200 jobs by 500, or 0.3 percent.

At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 5.6 percent to 5.4 percent over the past year.

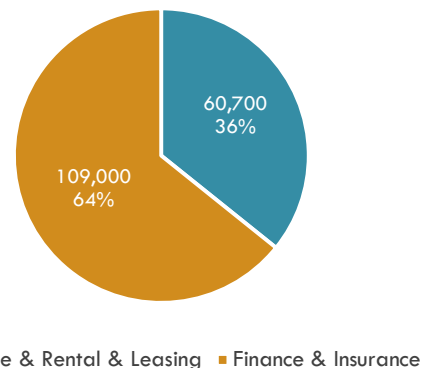
Chart 28. Financial Activities (NSA)
Over-the-year Net Change, Jan-07 to Jan-22



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 64 percent (see Chart 29). Across the Houston MSA, the concentration of jobs in the overall Financial Activities sector is 9 percent less than the national average, due to a 21-percent lower concentration in Finance and Insurance offsetting a 26-percent higher concentration in Real Estate and Rental and Leasing.

Chart 29. Employment in Component Industries of
Financial Activities Sector - January 2022



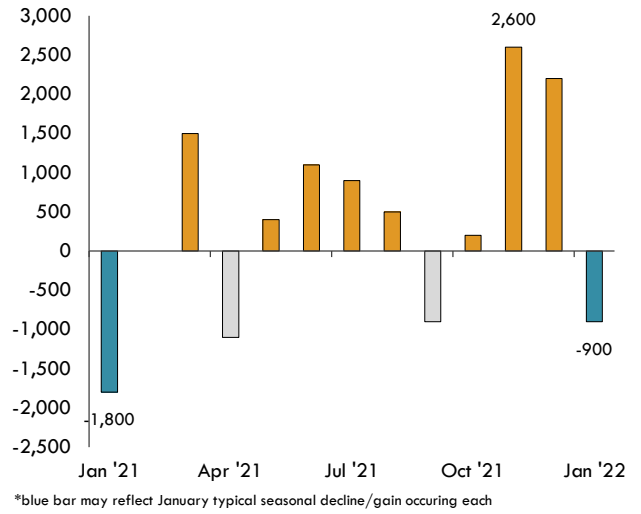
DECLINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing also saw a decrease over the month down -900 jobs, or -0.4 percent (see Chart 30). This was the largest January over-the-month decline in since 2020. Historically in the month of January, Manufacturing has lost an average of -1,700 jobs over the month, which indicates that this month's losses are moderately smaller than the long-term average decline. Non-Durable Goods was the largest contributor to the overall sector's decline, down -1,300 jobs over the month. One component industry that provided a partial offset was Durable Goods, which gained 400 jobs from December to January.

Chart 30. Manufacturing (NSA)
Over-the-month Net Change, Jan-21 to Jan-22

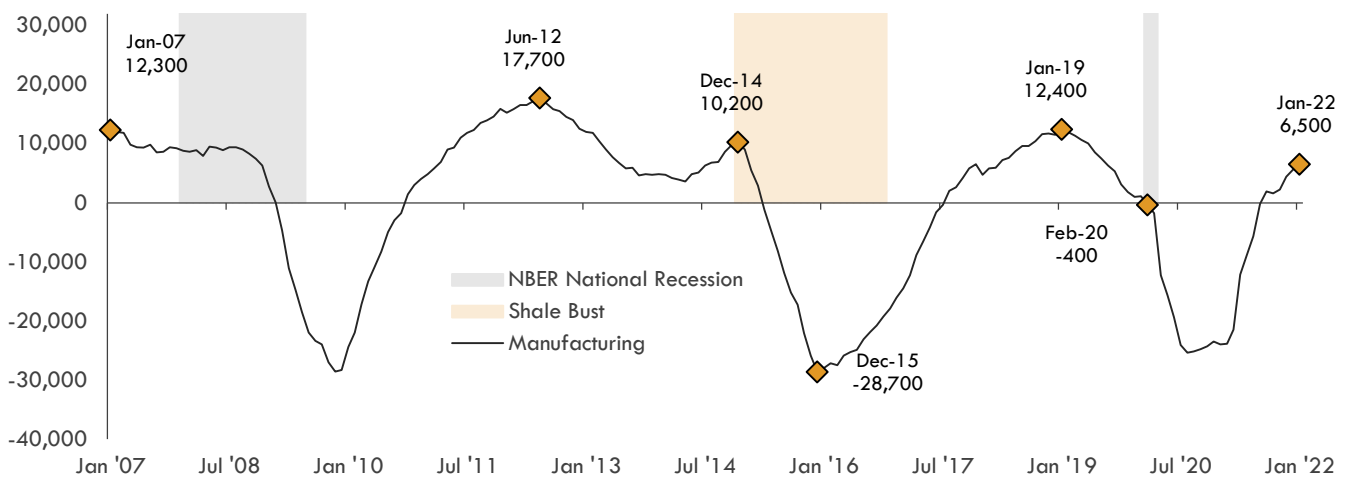


Over-the-year Change

Year over year, Manufacturing was up 6,500 jobs, or 3.1 percent (see Chart 31). This was the largest over-the-year gain since July 2019's increase of 7,500 jobs. It also marks five consecutive months of over-the-year gains. Durable Goods was the largest contributor to the overall sector's increase, up 8,400 jobs over the year. One component industry that provided a partial offset was Non-Durable Goods, which lost -1,900 jobs from January a year ago. Total Manufacturing employment (NSA) remains -17,400 jobs, or -7.4 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 fallen from 7.1 percent to 6.9 percent over the past year.

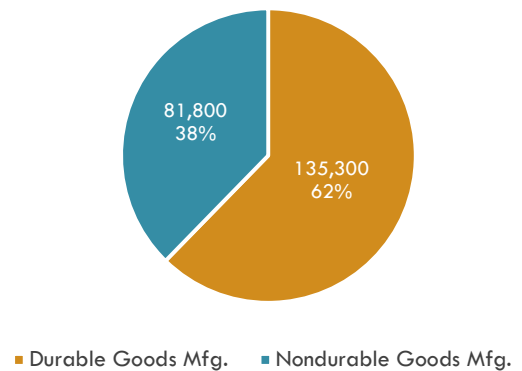
Chart 31. Manufacturing (NSA)
Over-the-year Net Change, Jan-07 to Jan-22



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 18 percent less than the national average.

Chart 32. Employment in Component Industries of Manufacturing Sector - January 2022



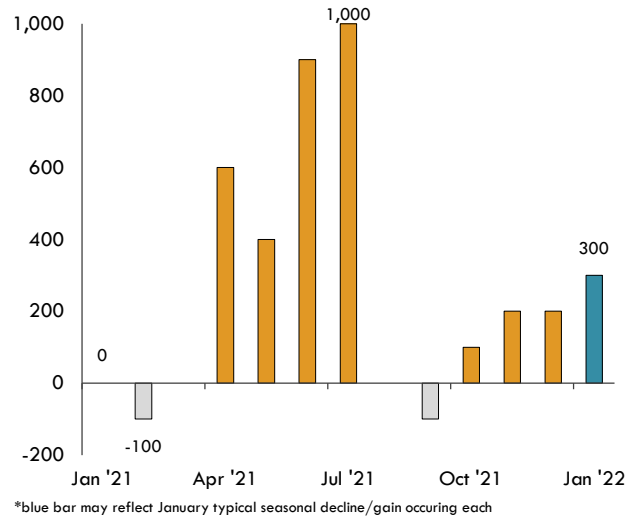
GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information was the largest gaining sector over the month up 300 jobs, or 1.0 (see Chart 33). This was the largest January gain since 2005 and the second-largest gain historically for the month of January since records began in 1990. Historically in the month of January, Information has lost an average of -500 jobs over the month, which indicates that this month's gains are moderately in contrast to the long-term average decline. Other Information Undefined was the largest contributor to the overall sector's increase, up 300 jobs over the month. One component industry, Telecommunications, saw no change from December to January.

Chart 33. Information (NSA)
Over-the-month Net Change, Jan-21 to Jan-22

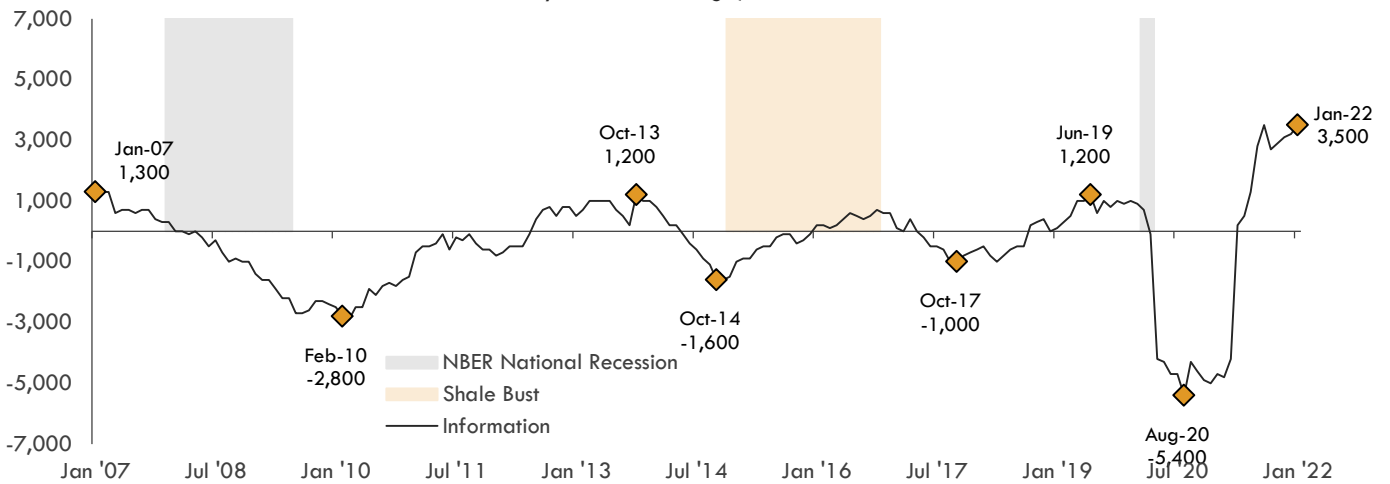


Over-the-year Change

Year over year, Information was up 3,500 jobs, or 12.5 percent (see Chart 34). This was the largest January over-the-year increase on record and the largest gain since August 2021's increase of 3,500 jobs. It also marks nine consecutive months of over-the-year gains. Among sectors currently showing growth, this sector is the fastest-growing in percentage terms across the Houston area. Other Information Undefined was the largest contributor to the overall sector's increase, up 3,500 jobs over the year. One component industry, Telecommunications, saw no change from January a year ago. Total Information

employment (NSA) remains -1,200 jobs, or -3.7 percent below its February 2020 pre-pandemic level of 32,700. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 0.9 percent over the past year.

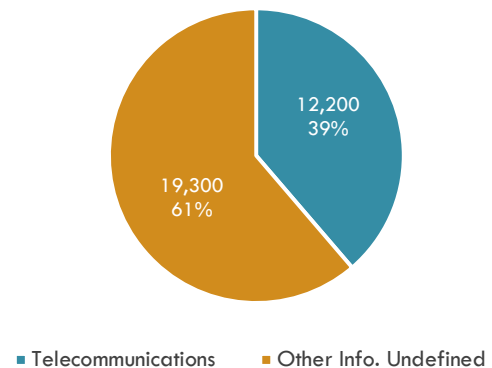
Chart 34. Information (NSA)
Over-the-year Net Change, Jan-07 to Jan-22



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 61 percent (see Chart 35). Across the Houston MSA, the concentration of jobs in the overall Information sector is 49 percent less than the national average.

Chart 35. Employment in Component Industries of Information Sector - January 2022



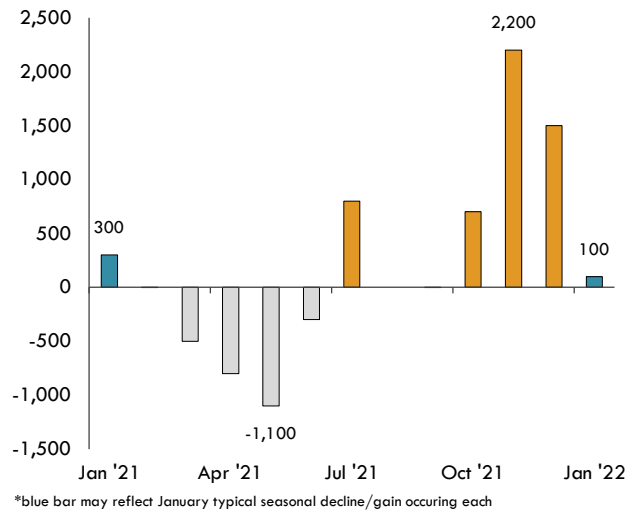
GAINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging was the second-largest gaining sector over the month up 100 jobs, or 0.2 (see Chart 36). This was the largest January over-the-month gain in since 2020. Historically in the month of January, Mining and Logging has lost an average of -700 jobs over the month, which indicates that this month's gains are moderately in contrast to the long-term average decline. Other Mining and Logging Undefined was the largest contributor to the overall sector's increase, up 100 jobs over the month. One component industry, Oil and Gas Extraction, saw no change from December to January. Lastly, Support Activities for Mining saw no change over the month.

Chart 36. Mining and Logging (NSA)
Over-the-month Net Change, Jan-21 to Jan-22

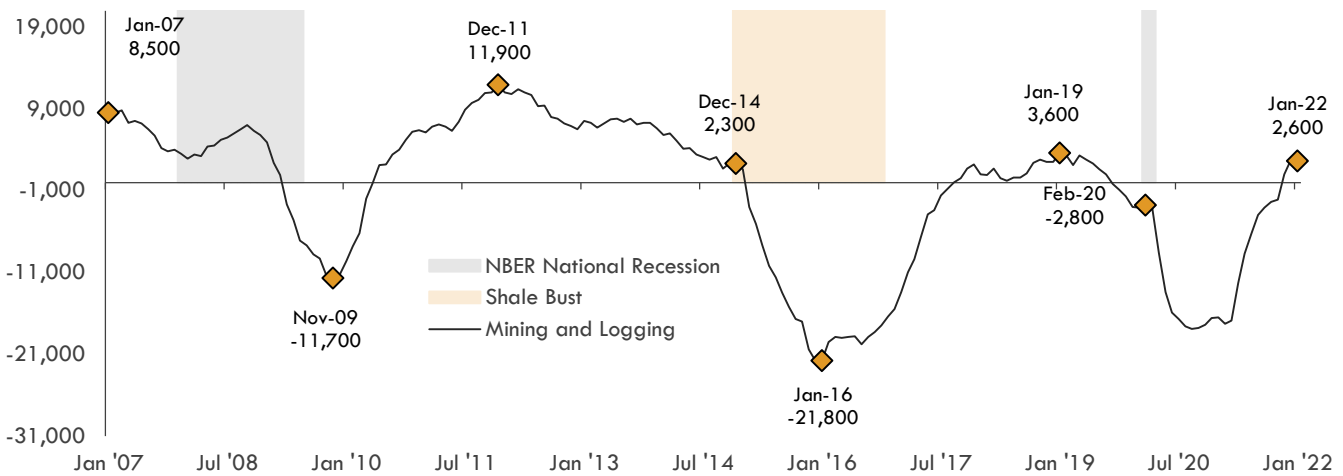


Over-the-year Change

Year over year, Mining and Logging was up 2,600 jobs, or 4.3 percent (see Chart 37). Support Activities for Mining was the largest contributor to the overall sector's increase, up 2,800 jobs over the year. The second-largest contributor was Other Mining and Logging Undefined, which added 1,000 jobs from January a year ago. Lastly, Oil and Gas Extraction offset a portion of the sector's gains with a loss of -1,200 jobs. Total Mining and Logging employment (NSA) remains -14,700 jobs, or -18.7 percent below its February 2020 pre-pandemic level of 78,400. At the same time, the sector's share of Houston area Total

Nonfarm Employment has remained constant at 2.1 percent over the past year.

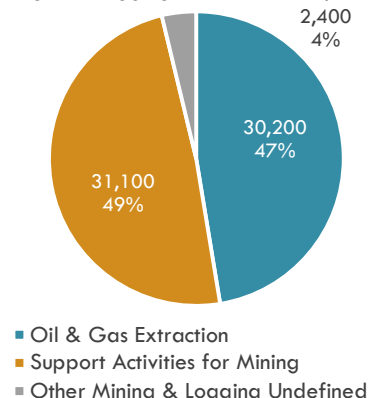
Chart 37. Mining and Logging (NSA)
Over-the-year Net Change, Jan-07 to Jan-22



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 plurality of the sector's employment at 49 percent (see Chart 38). 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 38. Employment in Component Industries of Mining and Logging Sector - January 2022



Local Area Unemployment Statistics

Not-Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 5.5 percent in January, up from December's 4.8 percent and down from 7.9 percent a year ago. This was above the statewide rate of 4.8 percent and above the national rate of 4.4 percent. An over-the-month increase is typical each January due to the conclusion of holiday-related seasonal jobs making this month's increase consistent with historical seasonal trends. 188,920 individuals were unemployed in Houston in January, up from December's 166,817 and down from 268,263 in January 2021 (see Charts 39 and 40).

Chart 39. Unemployment Rates (NSA)
U.S., Texas, and Houston MSA
January 2022

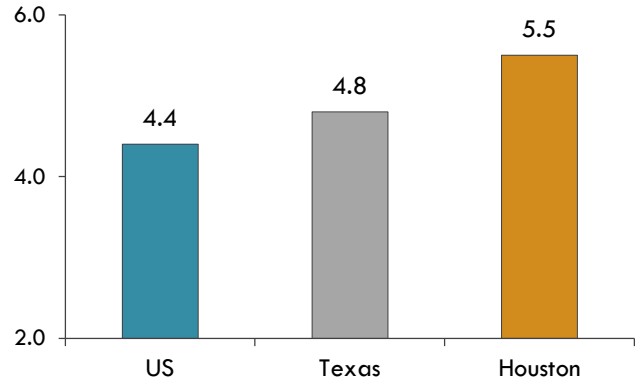
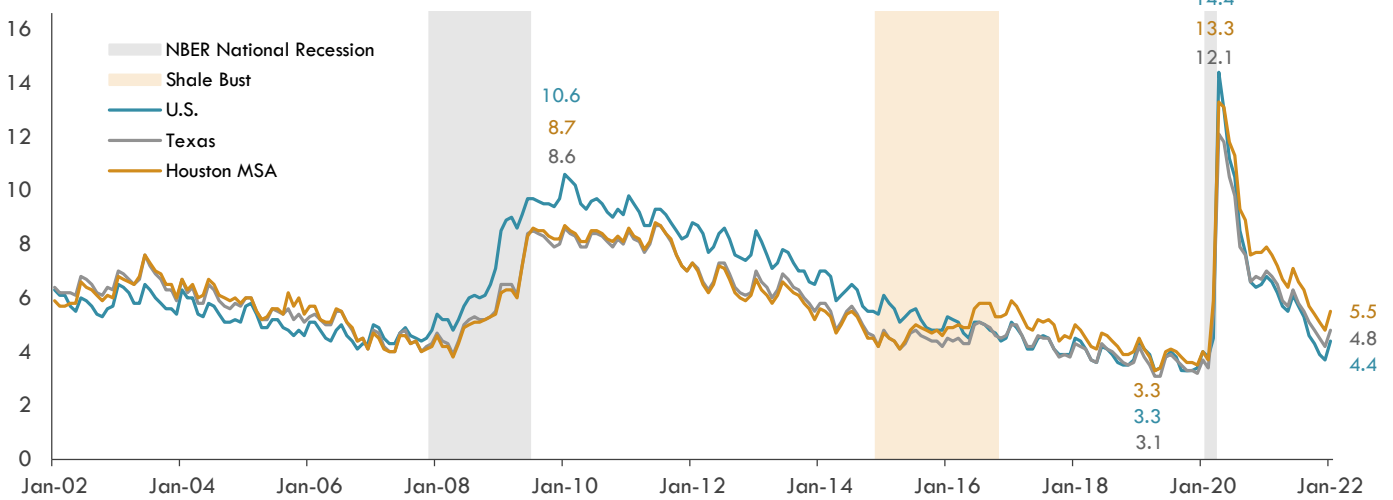


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
January 2002 to January 2022

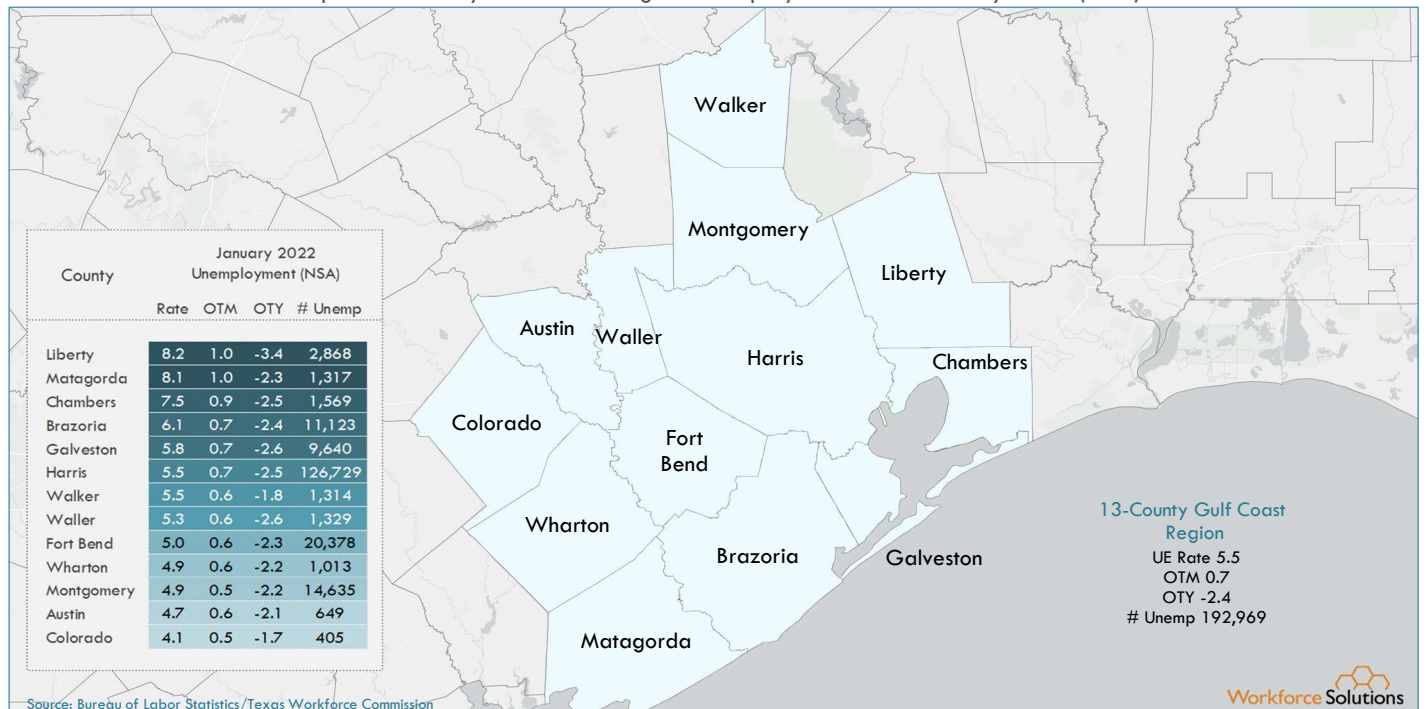


County-level Unemployment

Among the 13 counties that comprise the Gulf Coast Workforce Development Area, unemployment rates in January ranged from a high of 8.2 percent in Liberty County to a low of 4.1 percent in Colorado. Over the month, all 13 counties saw their unemployment rates rise in keeping with the region-wide increase of 0.7 percentage points. Matagorda saw the largest percentage-point increase in unemployment up 1.0 pp. representing 167 more unemployed workers compared to the previous month. This was followed by Liberty (1.0 pp, 362 workers) and Chambers (0.9 pp, 187 workers). Over the year

unemployment rates fell, with Liberty posting the largest decrease, down -3.4 percentage points representing -1,174 fewer unemployed workers compared to a year ago followed by Galveston (-2.6 pp, -4,059 workers) and Waller (-2.6 pp, -613 workers). Since peaking at 446,307 in May 2020 due to the COVID-19 global pandemic, the number of unemployed workers in the Gulf Coast Region has fallen by -253,338 as of this January (see Map 1 legend).

Map 1. 13-County Gulf Coast Region Unemployment Rates January 2022 (NSA)



Local Area Unemployment Statistics (continued)

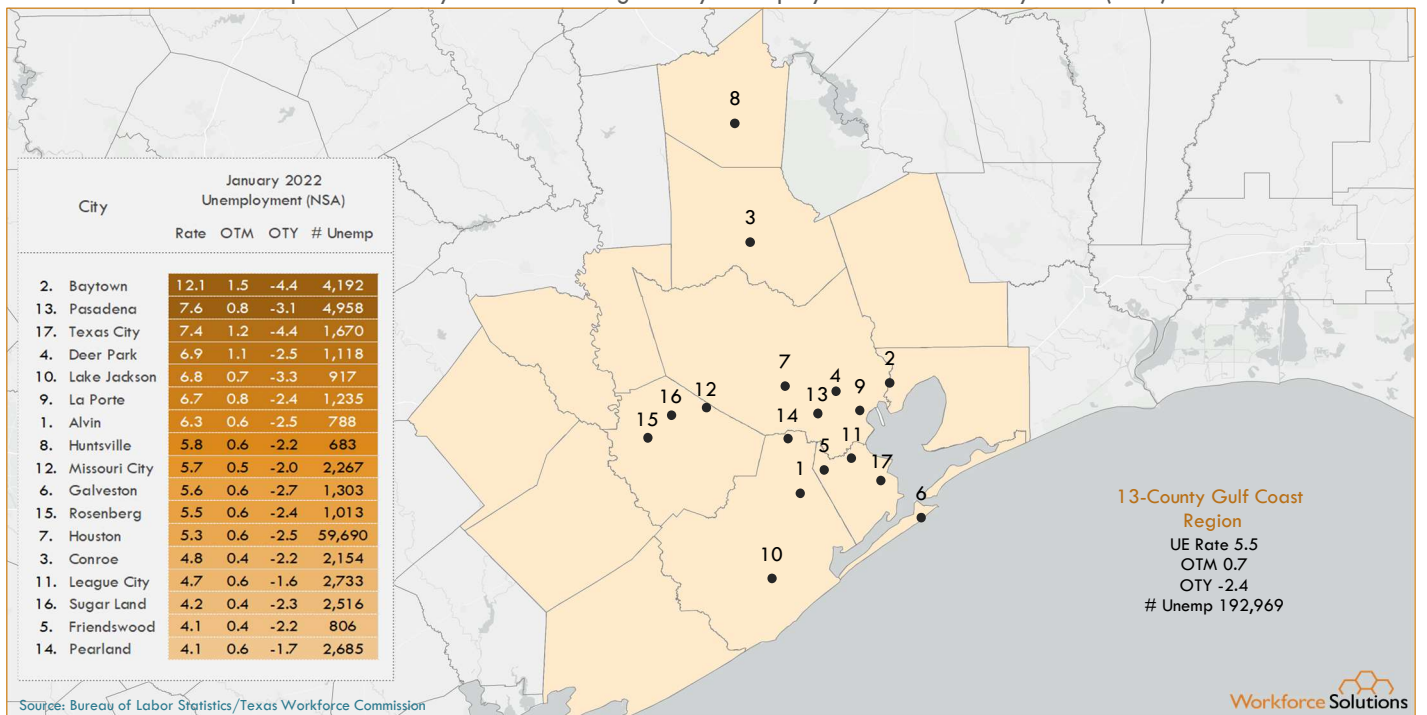
Not-Seasonally Adjusted

Unemployment Rates for Select Municipalities

Among the 17 cities in the Gulf Coast Workforce Development Area for which Local Area Unemployment Statistics are available, unemployment rates in January ranged from a high of 12.1 percent in Baytown to a low of 4.1 percent in Pearland (see Map 2). Over the month, all 17 cities saw their unemployment rates rise in keeping with the region-wide increase of 0.7 percentage points. Baytown saw the largest percentage-point increase in unemployment up 1.5 pp.

unemployed workers compared to the previous month. This was followed by Texas City (1.2 pp, 280 workers) and Deer Park (1.1 pp, 170 workers). Over the year unemployment rates fell, with Texas City posting the largest decrease, down -4.4 percentage points representing -1,003 fewer unemployed workers compared to a year ago followed by Baytown (-4.4 pp, -1,551 workers) and Lake Jackson (-3.3 pp, -423 workers). The 17 cities below accounted for 47 percent of the 192,969 unemployed workers across the Gulf Coast Region as of this January (see Map 2 legend).

Map 2. 13-County Gulf Coast Region City Unemployment Rates January 2022 (NSA)



Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

down from 7.8 percent a year ago. This was above the statewide rate of 4.8 percent and above the national rate of 3.9 percent. down from 264,355 in December 2020 (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
 December 2021

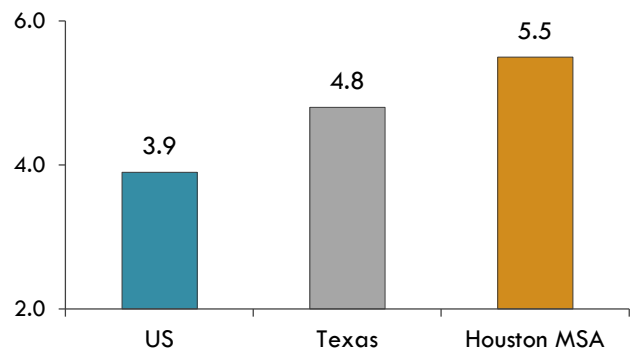
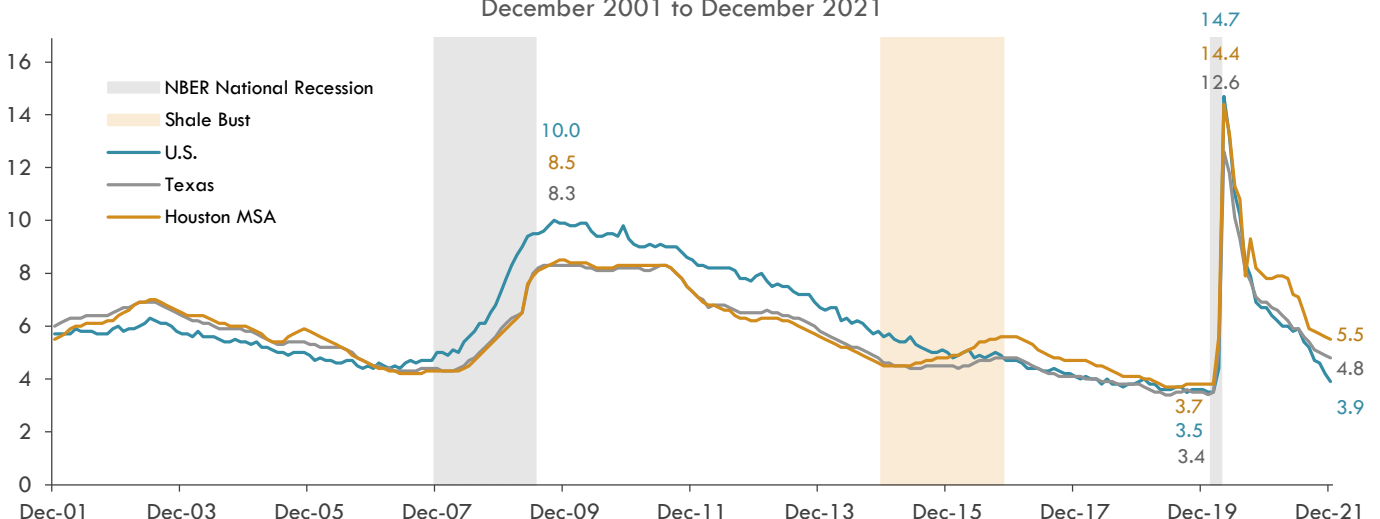


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
 December 2001 to December 2021



Gulf Coast Workforce Solutions Index (WSI)

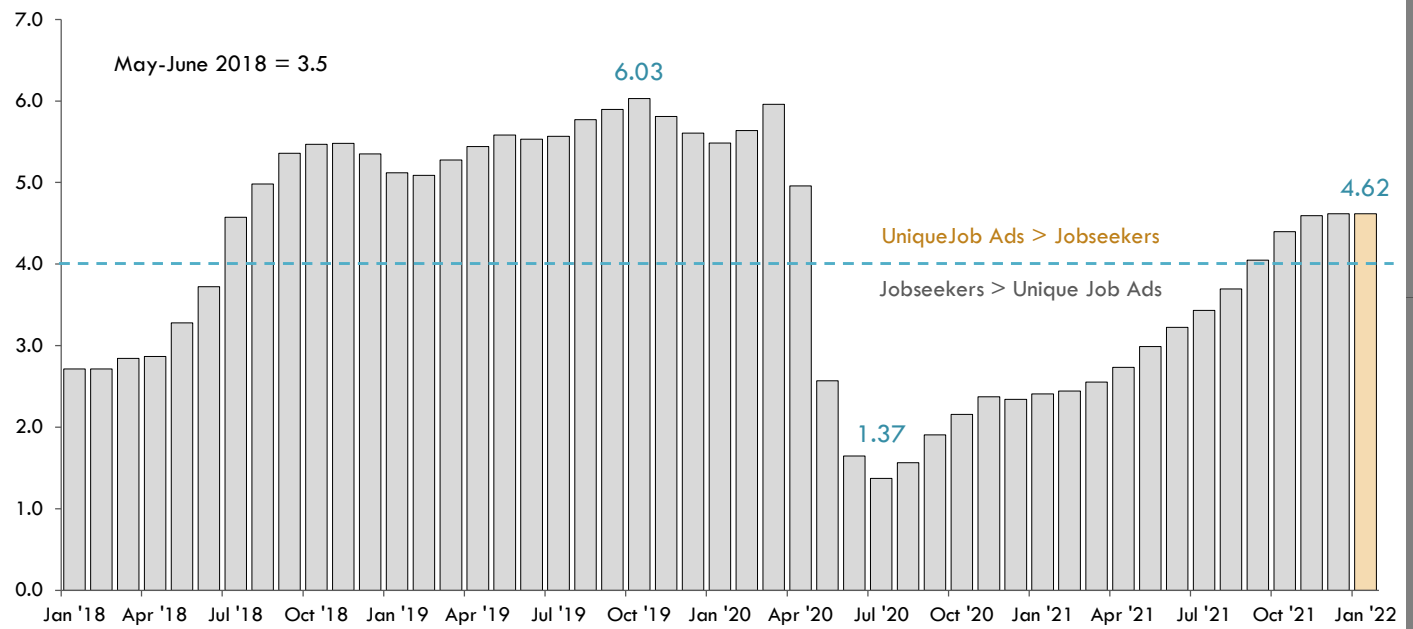


The Gulf Coast Workforce Solutions Index (WSI)

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
January
2022:
4.62

Gulf Coast Workforce Solutions Index - Houston MSA 2017 - 2021 (SA)



Source(s): Emsi-Burning Glass and BLS/TWC - LAUS



Workforce Solutions Index January

The Houston MSA WSI for January stood at 4.62, unchanged from December's revised reading, and marking five consecutive months with a reading above 4.0. The most recent similar inflection point occurred between April and May 2018, roughly a year and a half into the recovery from the 2015-2016 Shale Bust. January's reading reflects continued improvement in the local economy observed throughout 2021 and further indicates that employer demand for workers continues to exceed supply reflecting the phenomenon dubbed "The Great Resignation."



Houston Area Employment Situation

January 2022

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Jan-22	Dec-21	Jan-21	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,125,300	3,177,000	2,971,600	-51,700	-1.6%	153,700	5.2%
Total Private	2,695,700	2,739,800	2,554,700	-44,100	-1.6%	141,000	5.5%
Goods Producing	491,000	497,900	471,600	-6,900	-1.4%	19,400	4.1%
.Mining and Logging	63,700	63,600	61,100	100	0.2%	2,600	4.3%
...Oil and Gas Extraction	30,200	30,200	31,400	0	0.0%	-1,200	-3.8%
...Support Activities for Mining	31,100	31,100	28,300	0	0.0%	2,800	9.9%
.Construction	210,200	216,300	199,900	-6,100	-2.8%	10,300	5.2%
..Construction of Buildings	51,100	52,300	46,100	-1,200	-2.3%	5,000	10.8%
..Heavy and Civil Engineering Construction	50,100	51,700	49,200	-1,600	-3.1%	900	1.8%
..Specialty Trade Contractors	109,000	112,300	104,600	-3,300	-2.9%	4,400	4.2%
.Manufacturing	217,100	218,000	210,600	-900	-0.4%	6,500	3.1%
..Durable Goods	135,300	134,900	126,900	400	0.3%	8,400	6.6%
...Fabricated Metal Product Manufacturing	46,600	46,700	43,100	-100	-0.2%	3,500	8.1%
...Machinery Manufacturing	39,200	39,300	38,100	-100	-0.3%	1,100	2.9%
....Agriculture, Construction, and Mining Machinery Mfg.	19,900	19,900	19,600	0	0.0%	300	1.5%
...Computer and Electronic Product Manufacturing	12,800	12,800	12,600	0	0.0%	200	1.6%
..Non-Durable Goods	81,800	83,100	83,700	-1,300	-1.6%	-1,900	-2.3%
...Petroleum and Coal Products Manufacturing	8,000	8,200	8,300	-200	-2.4%	-300	-3.6%
...Chemical Manufacturing	39,400	39,500	39,500	-100	-0.3%	-100	-0.3%
Service Providing	2,634,300	2,679,100	2,500,000	-44,800	-1.7%	134,300	5.4%
.Private Service Providing	2,204,700	2,241,900	2,083,100	-37,200	-1.7%	121,600	5.8%
..Trade, Transportation, and Utilities	649,300	668,400	619,400	-19,100	-2.9%	29,900	4.8%
...Wholesale Trade	163,300	164,700	157,000	-1,400	-0.9%	6,300	4.0%
....Merchant Wholesalers, Durable Goods	98,800	99,900	96,400	-1,100	-1.1%	2,400	2.5%
.....Prof. and Commercial Equip. Supplies Wholesalers	17,300	17,200	16,500	100	0.6%	800	4.8%
....Merchant Wholesalers, Nondurable Goods	53,400	53,500	50,400	-100	-0.2%	3,000	6.0%
...Retail Trade	316,900	324,100	300,000	-7,200	-2.2%	16,900	5.6%
....Motor Vehicle and Parts Dealers	42,300	42,200	40,700	100	0.2%	1,600	3.9%
....Bldg. Material and Garden Equip. and Supplies Dealers	23,600	23,500	23,500	100	0.4%	100	0.4%
....Food and Beverage Stores	70,900	71,600	69,400	-700	-1.0%	1,500	2.2%
....Health and Personal Care Stores	21,100	21,200	19,000	-100	-0.5%	2,100	11.1%
....Clothing and Clothing Accessories Stores	24,600	25,900	21,600	-1,300	-5.0%	3,000	13.9%
....General Merchandise Stores	64,700	68,200	59,900	-3,500	-5.1%	4,800	8.0%
.....Department Stores	21,100	23,000	18,900	-1,900	-8.3%	2,200	11.6%
.....Other General Merchandise Stores	43,600	45,200	41,000	-1,600	-3.5%	2,600	6.3%
...Transportation, Warehousing, and Utilities	169,100	179,600	162,400	-10,500	-5.8%	6,700	4.1%
....Utilities	17,300	17,400	17,400	-100	-0.6%	-100	-0.6%
.....Air Transportation	18,300	18,200	18,200	100	0.5%	100	0.5%
.....Truck Transportation	27,900	27,700	26,700	200	0.7%	1,200	4.5%
.....Pipeline Transportation	12,400	12,400	12,200	0	0.0%	200	1.6%
..Information	31,500	31,200	28,000	300	1.0%	3,500	12.5%
...Telecommunications	12,200	12,200	12,200	0	0.0%	0	0.0%
..Financial Activities	169,700	171,100	165,000	-1,400	-0.8%	4,700	2.8%
...Finance and Insurance	109,000	109,300	105,400	-300	-0.3%	3,600	3.4%
....Credit Intermediation and Related Activities	46,200	46,400	44,200	-200	-0.4%	2,000	4.5%
.....Depository Credit Intermediation	29,700	29,800	29,000	-100	-0.3%	700	2.4%
....Securities, Commodity Contracts, and Fin. Investments	21,500	21,700	21,400	-200	-0.9%	100	0.5%
....Insurance Carriers and Related Activities	41,300	41,200	39,800	100	0.2%	1,500	3.8%
...Real Estate and Rental and Leasing	60,700	61,800	59,600	-1,100	-1.8%	1,100	1.8%
..Professional and Business Services	508,300	515,700	486,500	-7,400	-1.4%	21,800	4.5%
...Professional, Scientific, and Technical Services	244,200	245,300	234,900	-1,100	-0.4%	9,300	4.0%
....Legal Services	29,400	29,700	27,900	-300	-1.0%	1,500	5.4%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	26,700	26,400	25,700	300	1.1%	1,000	3.9%
....Architectural, Engineering, and Related Services	68,200	67,200	64,400	1,000	1.5%	3,800	5.9%
....Computer Systems Design and Related Services	38,200	38,400	35,700	-200	-0.5%	2,500	7.0%
...Management of Companies and Enterprises	43,200	43,500	43,800	-300	-0.7%	-600	-1.4%
...Admin. and Support and Waste Mgmt. and Remediation	220,900	226,900	207,800	-6,000	-2.6%	13,100	6.3%
....Administrative and Support Services	209,000	214,900	196,500	-5,900	-2.7%	12,500	6.4%
.....Employment Services	83,400	86,600	75,100	-3,200	-3.7%	8,300	11.1%
.....Services to Buildings and Dwellings	48,300	48,900	49,000	-600	-1.2%	-700	-1.4%
..Educational and Health Services	422,500	424,400	399,900	-1,900	-0.4%	22,600	5.7%
...Educational Services	69,400	70,300	61,600	-900	-1.3%	7,800	12.7%
...Health Care and Social Assistance	353,100	354,100	338,300	-1,000	-0.3%	14,800	4.4%
....Ambulatory Health Care Services	175,900	177,400	170,200	-1,500	-0.8%	5,700	3.3%
....Hospitals	89,500	89,700	86,600	-200	-0.2%	2,900	3.3%
..Leisure and Hospitality	312,900	318,900	281,300	-6,000	-1.9%	31,600	11.2%
...Arts, Entertainment, and Recreation	29,200	31,000	26,000	-1,800	-5.8%	3,200	12.3%
...Accommodation and Food Services	283,700	287,900	255,300	-4,200	-1.5%	28,400	11.1%
....Accommodation	22,100	22,500	18,300	-400	-1.8%	3,800	20.8%
....Food Services and Drinking Places	261,600	265,400	237,000	-3,800	-1.4%	24,600	10.4%
..Other Services	110,500	112,200	103,000	-1,700	-1.5%	7,500	7.3%
Government	429,600	437,200	416,900	-7,600	-1.7%	12,700	3.0%
.Federal Government	31,500	32,600	30,500	-1,100	-3.4%	1,000	3.3%
.State Government	94,800	94,600	92,400	200	0.2%	2,400	2.6%
..State Government Educational Services	55,100	54,900	52,600	200	0.4%	2,500	4.8%
.Local Government	303,300	310,000	294,000	-6,700	-2.2%	9,300	3.2%
..Local Government Educational Services	210,900	216,100	200,500	-5,200	-2.4%	10,400	5.2%

Houston Area Employment Situation

SPECIAL REPORT

2021 Current Employment Statistics (CES) Annual Benchmark Revisions

Houston Area 2021 Job Growth Revised Upward but Recovery Timeline for Oil and Gas Pushed Back

Revisions and the Impact on Employment in 2021

With the release of the 2021 annual benchmark revisions to the Current Employment Statistics payroll estimates, we now have a clearer picture of Houston's job growth nearly two years after the start of the COVID-19 global pandemic. Prior to revisions, December 2021 year-over-year job growth for Total Nonfarm Employment stood at 151,800, an exaggerated figure due to extreme declines that persisted throughout the end of 2020. After revisions, over-the-year growth was a somewhat higher 159,700 jobs for an under-estimated gain of 7,900 or roughly 5 percent (see Charts 1 and 2 and Exhibit 1). However these modest revisions at the topline belie larger revisions among the region's major industry sectors (see Chart 8).

First the good news. There were several sectors with more jobs added over the year than originally reported. Government, composed of mainly primary through postsecondary public education, saw a massive revision from a loss of -2,500 jobs year over year as of December to a gain of 12,300 for a difference of nearly 15,000 jobs. Large over-the-month revisions also occurred earlier in 2021 suggesting that the disruptive effects of the pandemic prevented accurate reporting of payroll figures by public sector data respondents (see Chart 3).

Leisure and Hospitality, made up of primarily restaurants, bars, and hotels, saw its over-the-year growth revised upward from 24,400 to 33,000 for a difference of 8,600 jobs reaffirming the strength of the recovery in this sector as all businesses were permitted to reopen or return to full capacity last spring (see Chart 4).

Construction saw an upward revision from 8,800 to 12,100. While the absolute difference isn't especially large, revisions revealed that this sector returned to positive year-over-year growth much earlier in the year, specifically July rather December, setting the stage for an even stronger rebound throughout 2022 (see Chart 5).

Other sectors with upwardly revised growth included Information (2,600 additional jobs), Trade, Transportation, and Utilities (2,100 additional jobs), and Financial Activities (800 additional jobs). Note that the upward revision to Trade, Transportation and Utilities came entirely from Retail Trade (+2,300) and Wholesale Trade (+2,100) while the Transportation, Warehousing, and Utilities component saw its over-the-year growth revised downward by -2,900 jobs (see Chart 6). Nonetheless Transportation Warehousing and Utilities remains the best performer in terms of overall recovery having exceeded its February 2020 pre-pandemic level of employment by 12,100 jobs, or roughly 8 percent as of January 2022.

Now for the bad news. Mining and Logging saw its growth revised downward from an over-the-year gain of 11,900 to 2,800 meaning that nearly 9,000 fewer jobs were added than originally reported. Moreover, the return to over-the-year growth for this sector, which before revisions was thought to have occurred in May 2021, was pushed out to November. Accordingly, this lowered the recovery rate back to February 2020 employment levels from -0.3 percent to nearly -19.0 percent putting the sector in last place (see Supplemental Charts 1 and 2). However, oil prices have risen significantly reaching levels last seen just prior the Great Recession. However given ongoing global uncertainty related to the pandemic and the recent development of conflict between Ukraine and Russia, it is unclear whether the current spate of high oil prices will fully translate into robust job growth of the type seen during the Shale Boom (see Chart 7).

Professional and Business Services saw its over-the-year growth, revised downward from a gain of 30,300 jobs to 23,100 for a difference of 7,900. Professional, Scientific, and Technical Services, the largest component of Professional and Business Services comprising just under half of all employment in this sector, saw its growth revised downward by nearly 5,000 jobs. Given that many of these are effectively energy jobs, their disappearance only adds to concerns that the recovery timeline for the oil and gas industry may face delays given the substantial downward revisions to Mining and Logging noted above (see Chart 8).

Surprisingly, Manufacturing, despite its significant role in the energy industry value chain, saw a relatively small downward revision to its over-the-year growth from 7,600 jobs to 5,600, leaving the overall recovery trend it exhibited throughout 2021 intact (see Chart 9).

To summarize, the overall picture of Houston's job growth in 2021 remains largely same as it was originally reported, which given the disruptions to economic patterns as well as the survey that it is ultimately the source of the data in this report, is an impressive feat. On one hand, the region saw just over 24,000 jobs that were originally reported revised away, Mining and Logging a.k.a. upstream oil and gas, accounting for more than one-third of the over-estimation. On the other hand, public sector employment did much to maintain the current momentum along with other areas that performed well throughout 2021, such as Leisure and Hospitality, while others like Construction, which appeared consistently weak were participating in the recovery far more than originally thought. How much all of this affects the return to 3.2 million total jobs by this December will be revealed in short order.

2021 Current Employment Statistics (CES) Annual Benchmark Revisions

Chart 1. 2021 Benchmark Revisions
 (+) Under and (-) Over-Estimation of Employment (NSA) Over-the-year December 2021 by Sector

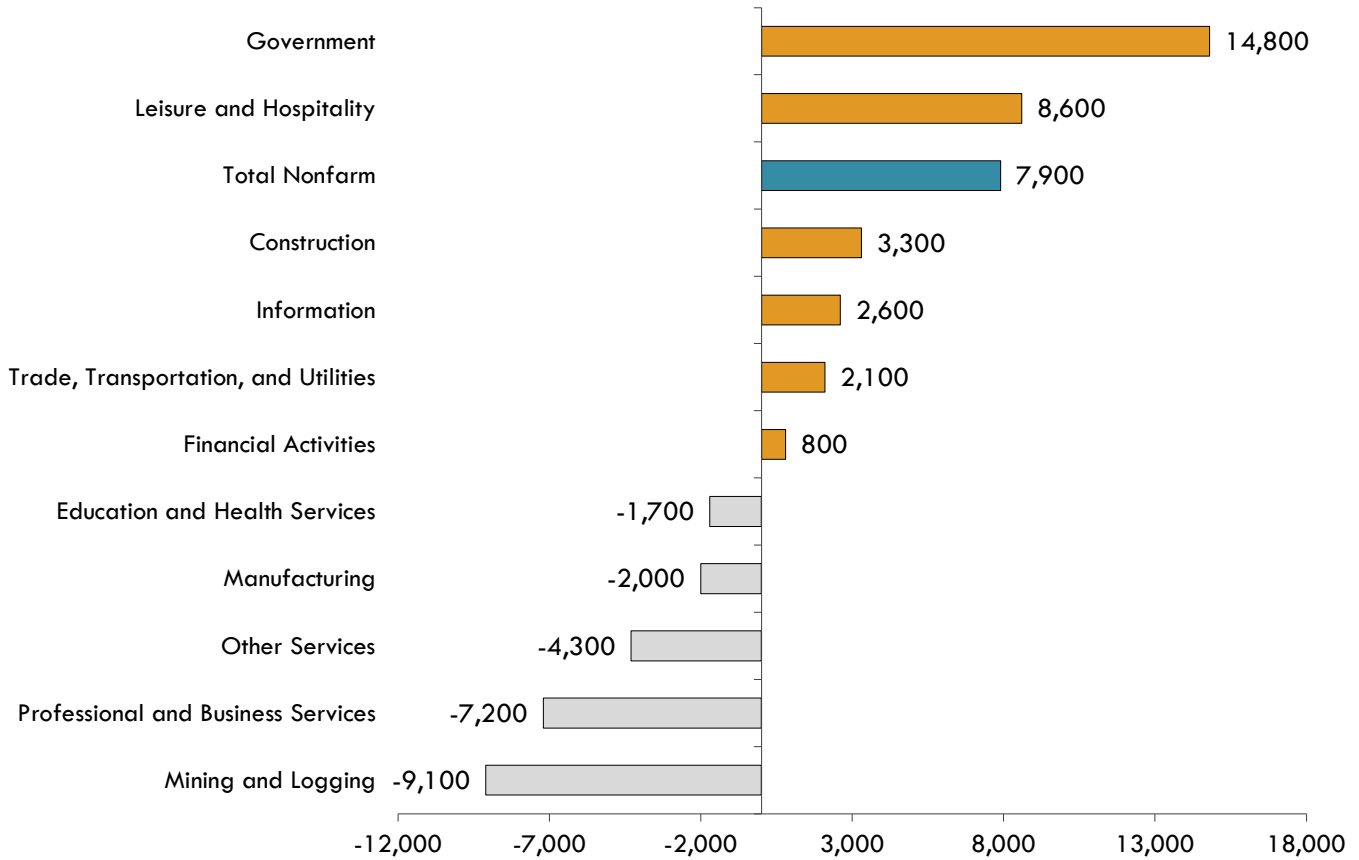
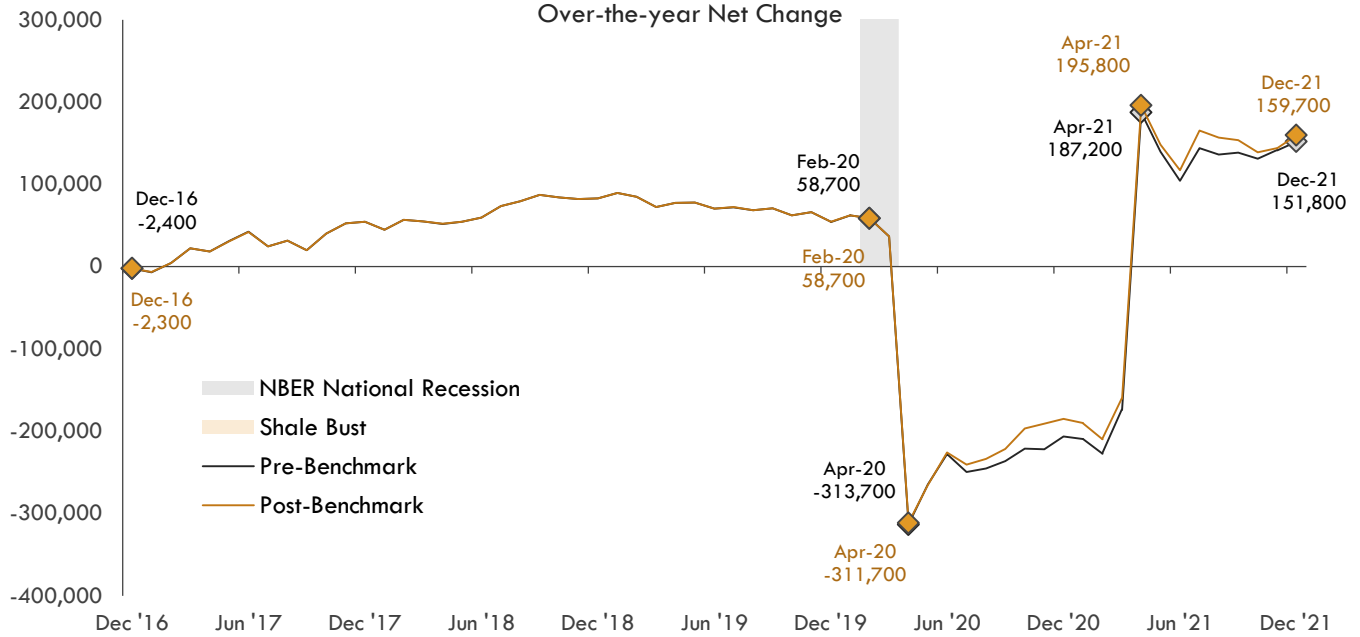


Chart 2. Total Nonfarm (NSA)
 Pre and Post-2021 Benchmark Revisions, Dec-16 to Dec-21
 Over-the-year Net Change



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2021 Current Employment Statistics (CES) Annual Benchmark Revisions

Chart 3. Government (NSA)
Pre and Post-2021 Benchmark Revisions, Dec-16 to Dec-21
Over-the-year Net Change

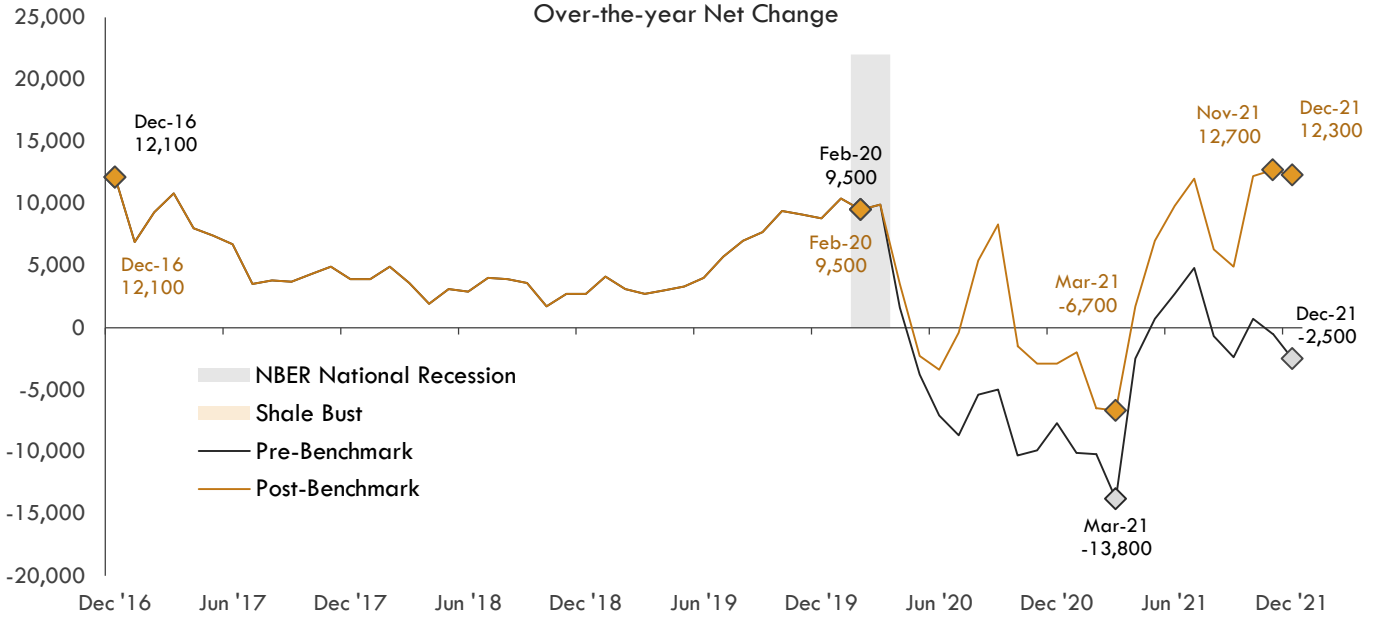
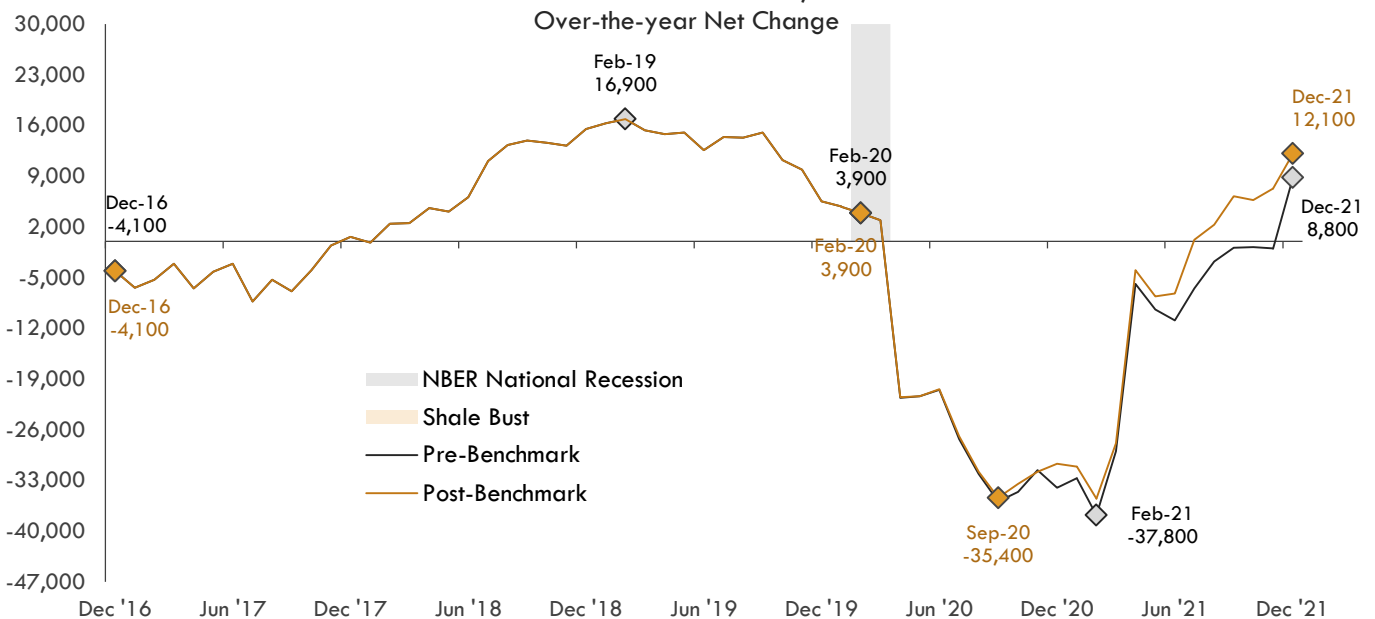


Chart 4. Leisure and Hospitality (NSA)
Pre and Post-2021 Benchmark Revisions, Dec-16 to Dec-21
Over-the-year Net Change

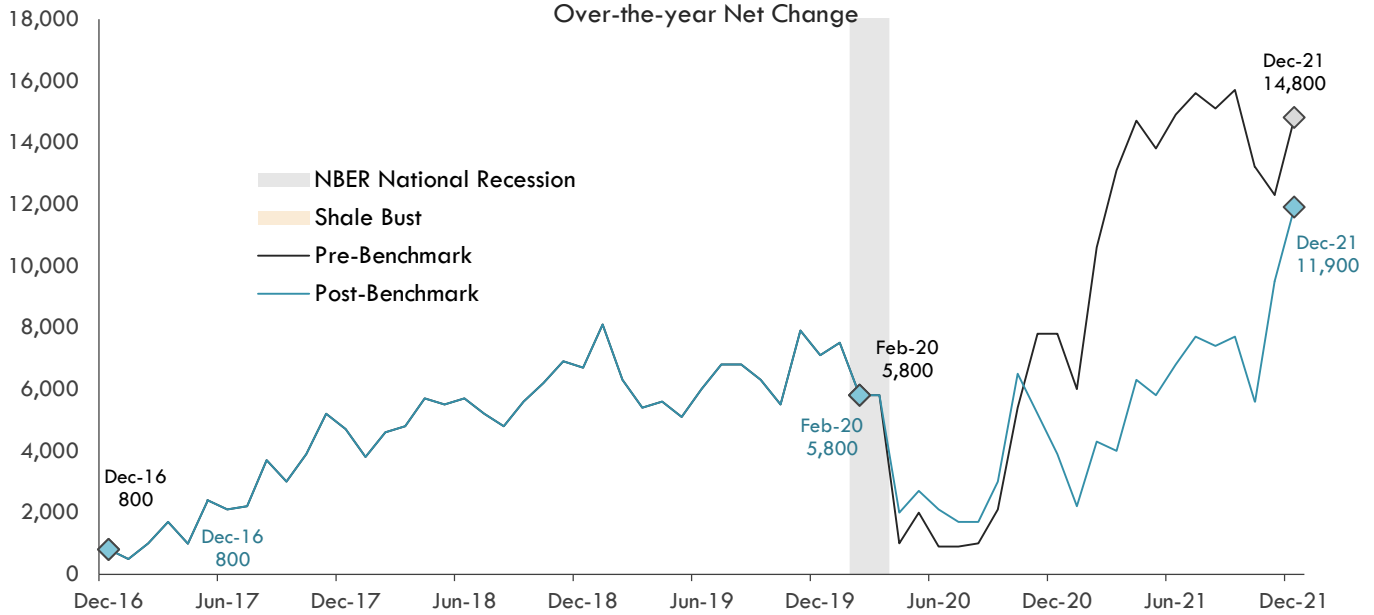


Chart 5. Construction (NSA)
Pre and Post-2021 Benchmark Revisions, Dec-16 to Dec-21
Over-the-year Net Change



2021 Current Employment Statistics (CES) Annual Benchmark Revisions

Chart 6. Transportation, Warehousing, and Utilities (NSA)
Pre Post-2021 Benchmark Revisions, Dec-16 to Dec-21



Denotes sub-component of super-sector.

Chart 7. Mining and Logging (NSA)
Pre and Post-2021 Benchmark Revisions, Dec-16 to Dec-21

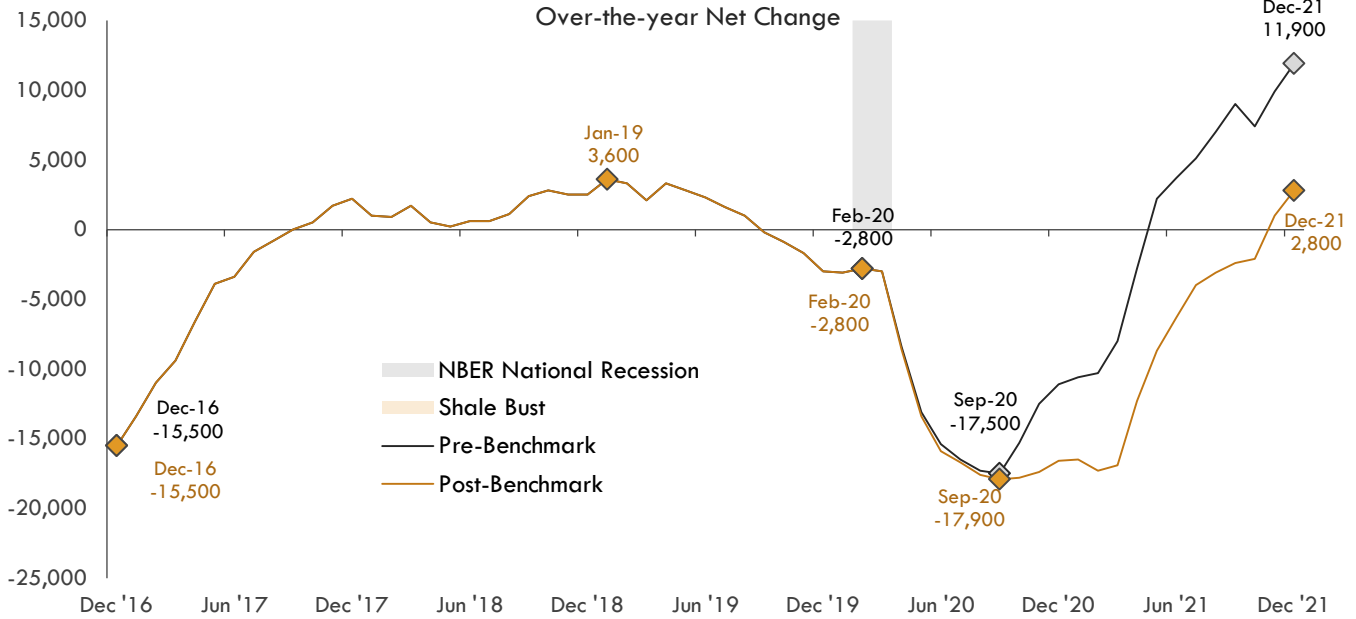
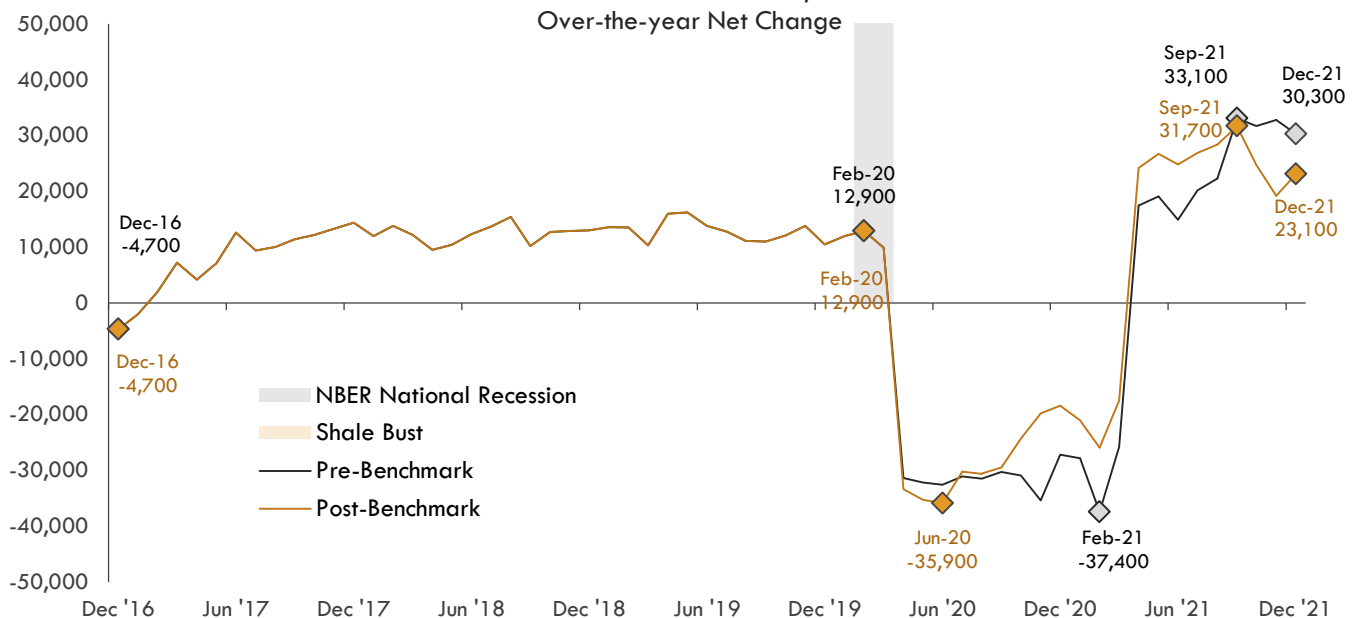
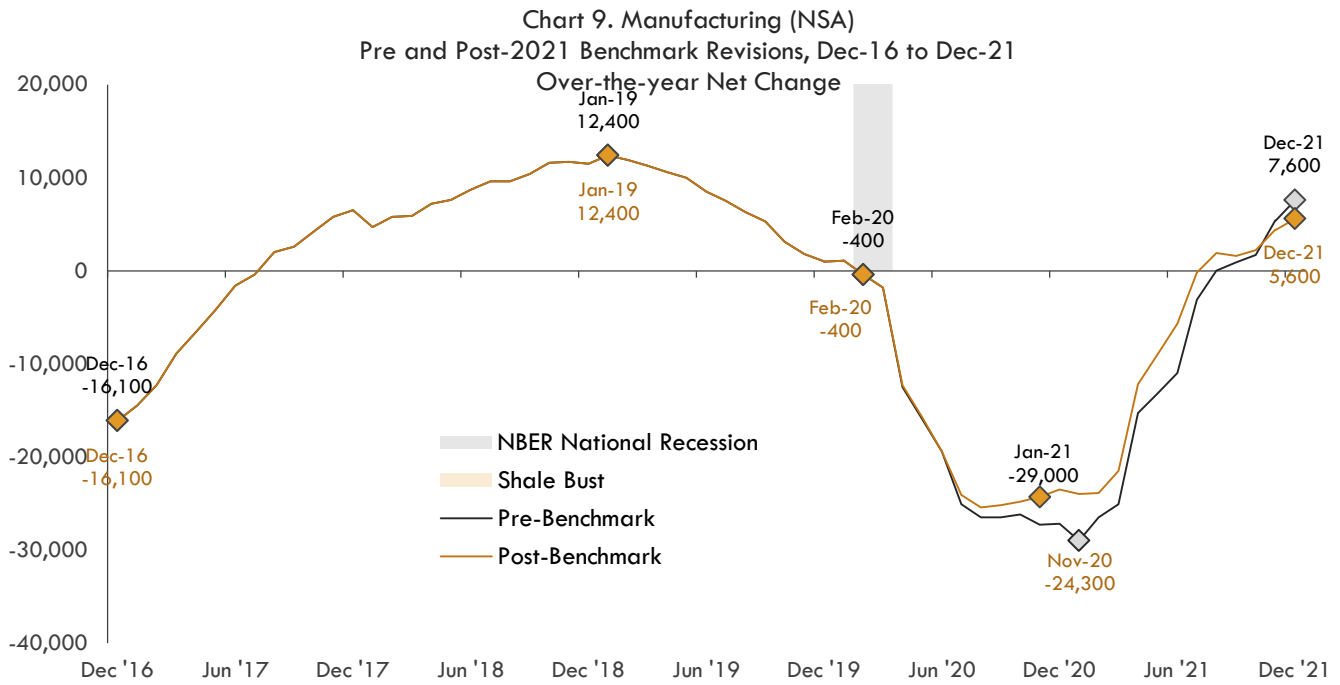


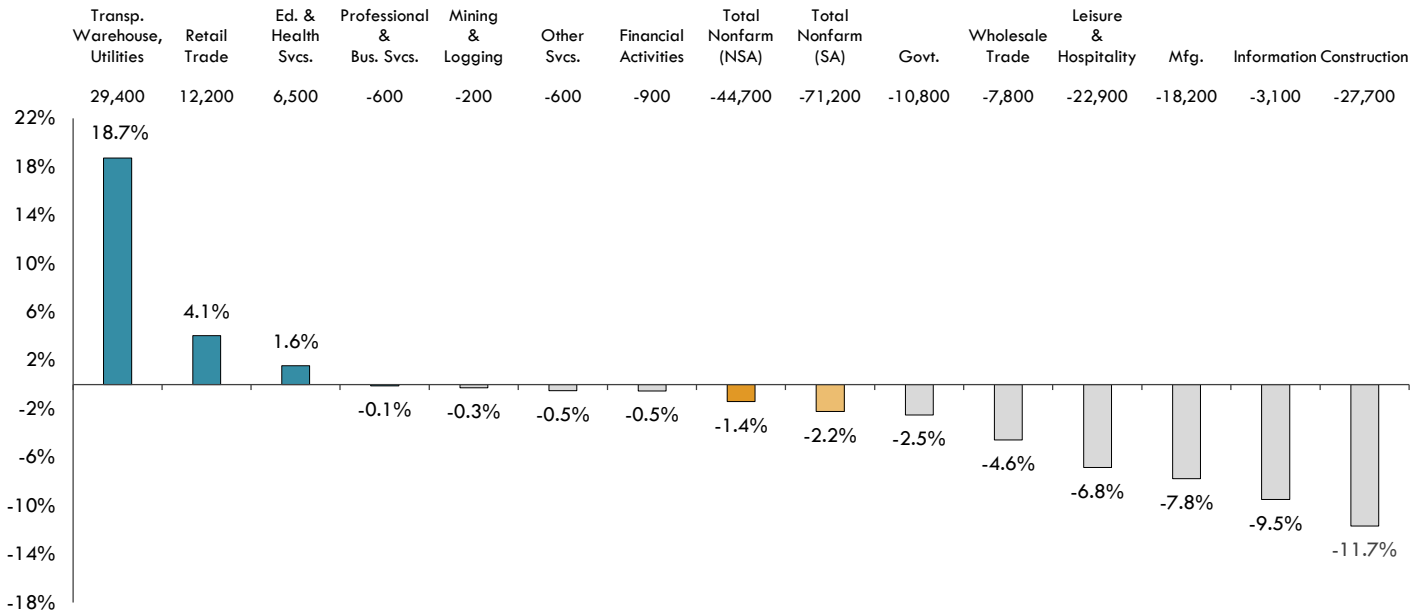
Chart 8. Professional and Business Services (NSA)
Pre and Post-2021 Benchmark Revisions, Dec-16 to Dec-21



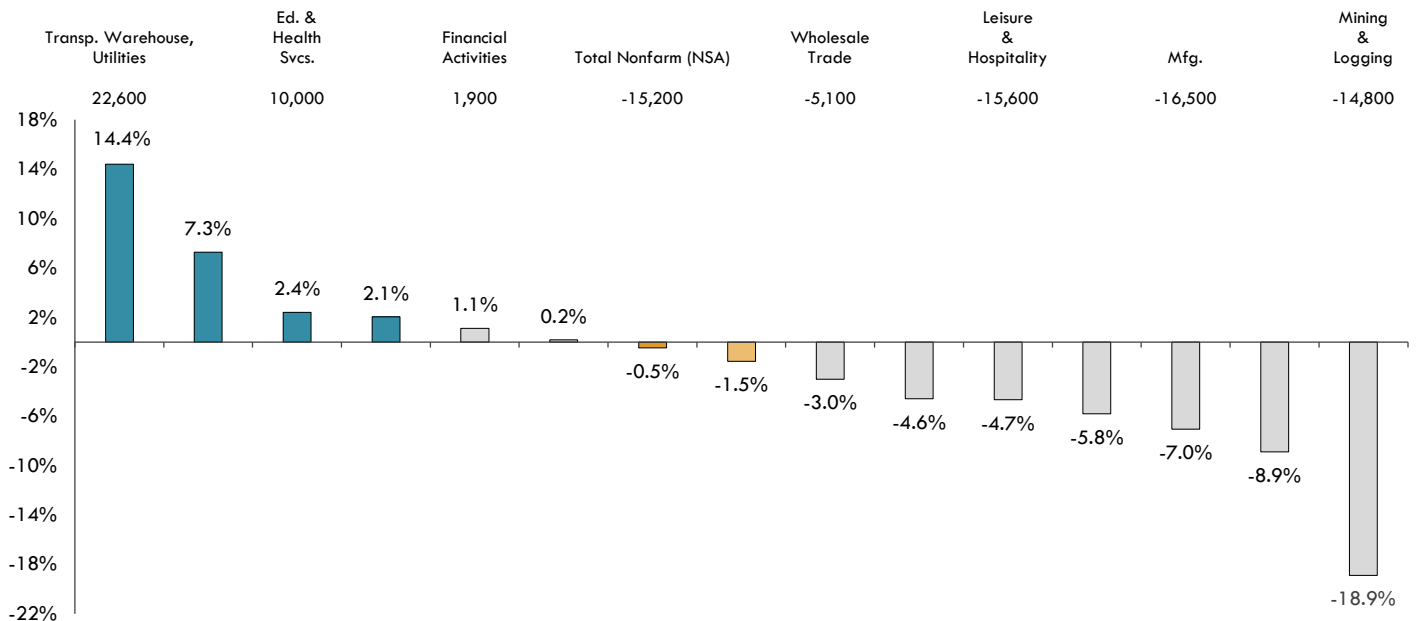
2021 Current Employment Statistics (CES) Annual Benchmark Revisions



Supplemental Chart 1. Houston MSA Current Employment Level as of Dec 2021 Relative to February 2020 by Sector - Pre 2021 Benchmark Revisions



Supplemental Chart 2. Houston MSA Current Employment Level as of Dec 2021 Relative to February 2020 by Sector - Post 2021 Benchmark Revisions



2021 Current Employment Statistics (CES) Annual Benchmark Revisions

Exhibit 1. 2020 Benchmark Revisions, Over and Under-Estimation of December 2021 Over-The-Year Employment Growth by Sector

	Over (-) / Under (+)
Sectors where we lost fewer jobs than originally thought	
Government	14,800
	<u>14,800</u>
Sectors that saw no revisions	
	<u>0</u>
Sectors where we added more jobs than originally thought	
Leisure and Hospitality	8,600
Information	2,600
Construction	3,300
Trade, Transportation, and Utilities	2,100
Financial Activities	800
	<u>17,400</u>
Sectors where we gained fewer jobs than originally thought	
Professional and Business Services	-7,200
Education and Health Services	-1,700
Other Services	-4,300
Mining and Logging	-9,100
Manufacturing	-2,000
	<u>-24,300</u>
Sectors where we lost more jobs than originally thought	
	<u>0</u>
Fewer jobs lost + More jobs added =	32,200
Fewer jobs gained + More jobs lost =	-24,300
Net under estimation =	<u>7,900</u>