

Houston Area Employment Situation

September 2021

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

Growth Continues...but with an Asterisk

Total Nonfarm

Over-the-month Change

Houston MSA Total Nonfarm (not-seasonally adjusted) employment stood at 3,076,400 in September, up 27,300 jobs over the month, or 0.9 percent. A year ago Houston registered an over-the-month increase of 15,400 jobs. This was the largest-ever gain in the month of September since records began in 1990. The largest all-time one-month gain on record for this sector occurred in May 2020, up 67,200 jobs. The largest one-month decline on record outside of seasonal job losses in January and July occurred in April 2020, down -343,400 jobs. (see Chart 1.) Prior to the pandemic, historically in the month of September, Total Nonfarm has on average added 5,900 jobs over the month, which indicates that this month's gains are substantially above the long-term average.

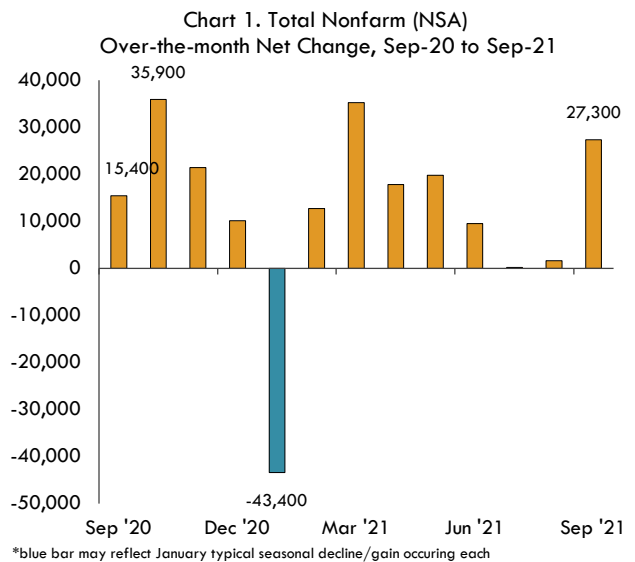
The primary drivers of this September's growth were increases in Government, Professional and Business Services, and Mining and Logging. Gains were also recorded in Manufacturing, Other Services, and Education and Health Services. The net increase in jobs over the month was partially offset by losses in Leisure and Hospitality, Trade, Transportation, and Utilities, and Information. (see Chart 2.) Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,082,600, up 20,000 jobs over the month, or 0.7 percent vs. a historical average of 2,800. Note that analysis throughout the remainder of this report references not-seasonally adjusted data as seasonally-adjusted data is unavailable for major sectors and their sub-components.

Top-3 Drivers of Over-the-month Job Growth in September

- Government: 22,500
- Professional and Business Services: 8,100
- Mining and Logging: 1,500

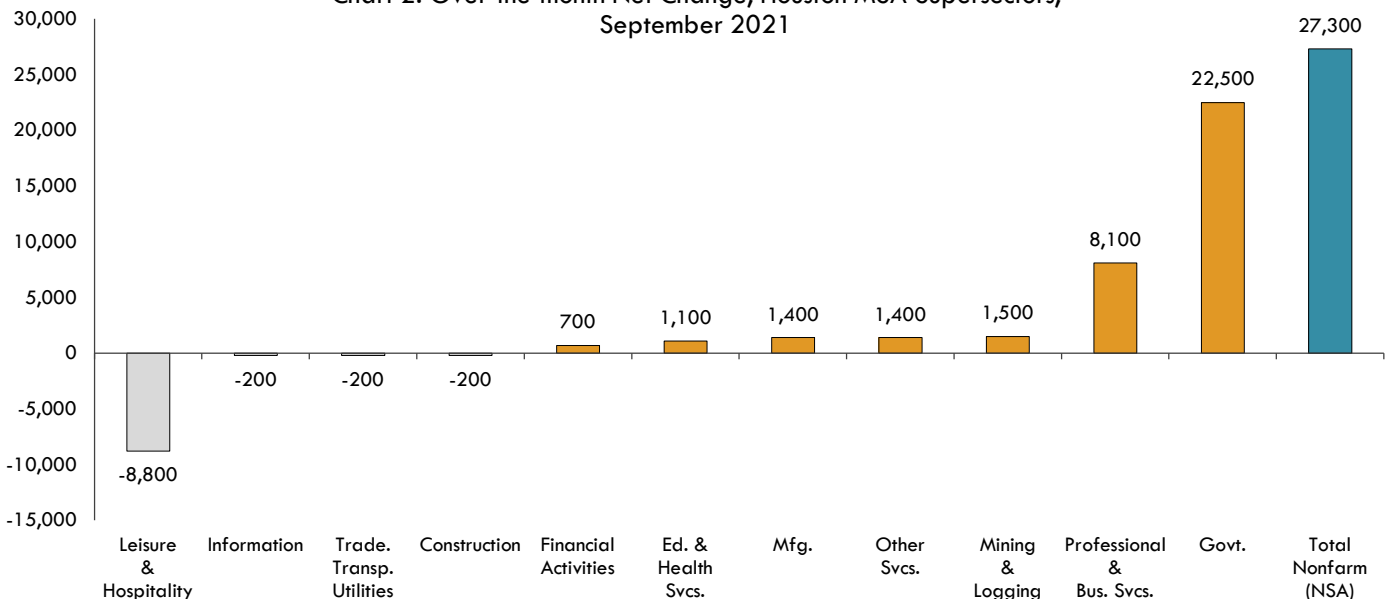
Over-the-year Change

Over the year, Total Nonfarm employment was up 148,100 or 5.1 percent on a not-seasonally-adjusted basis and up 145,500 or 5.0 percent on a seasonally-adjusted basis. (see NSA Chart 3.) To compare, September 2020 saw a year-over-year loss of -236,600 jobs (NSA) from September 2019. The largest over-the-year gain on record for Total Nonfarm Employment occurred in April 2021, up 187,200 jobs. The largest over-the-year decline on record occurred in April 2020, down -313,700 jobs.



Currently 10 out of 11 sectors show growth year over year of which the top-three are Leisure and Hospitality (41,300), Professional and Business Services (33,900), and Trade, Transportation, and Utilities (23,800). (see Chart 4.) COVID-19 resulted in the loss of -361,400 jobs over March and April 2020 of which approximately 70 percent of Total Nonfarm employment has been recovered to date.

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



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Previous Month's Revisions

Total Nonfarm employment was revised downward by -3,200 jobs for a July to August smaller net gain of 1,600 compared to an original estimate of 4,800 jobs. A downward revision of -2,600 jobs in Professional and Business Services was the largest contributor followed by Education and Health Services (-1,300) and Leisure and Hospitality (-700). Upward revisions in Government (+1,600), Other Services (+1,400), and Manufacturing (+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 September

- Leisure and Hospitality: 41,300
- Professional and Business Services: 33,900
- Trade, Transportation, and Utilities: 23,800

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

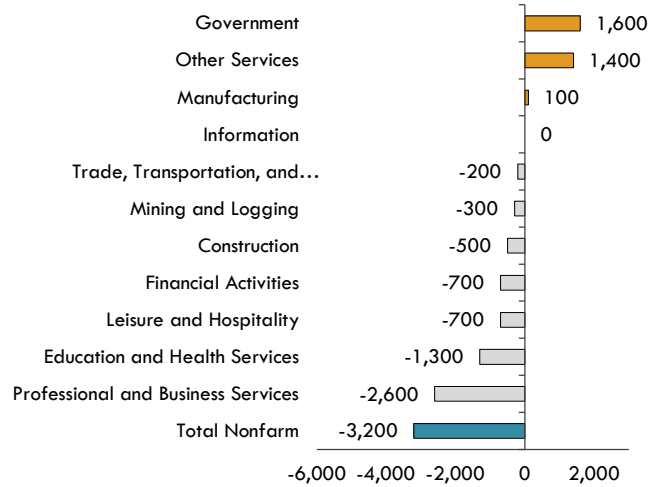


Chart 3. Total Nonfarm (NSA) Over-the-year Net Change, Sep-06 to Sep-21

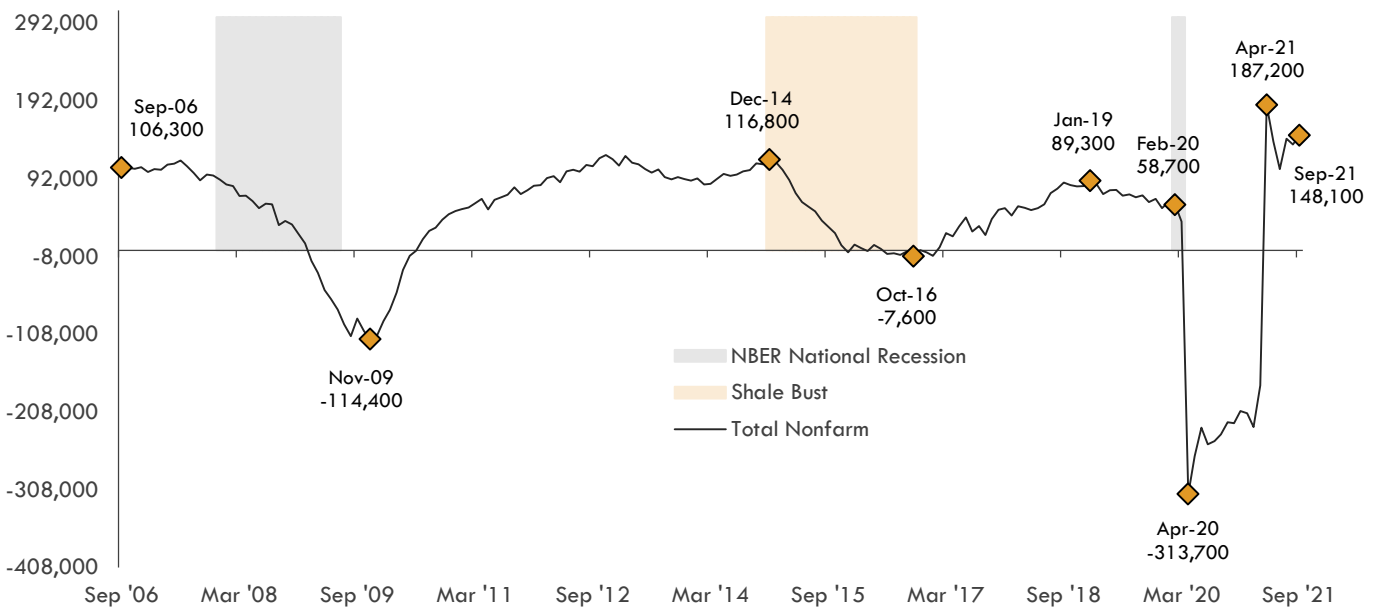
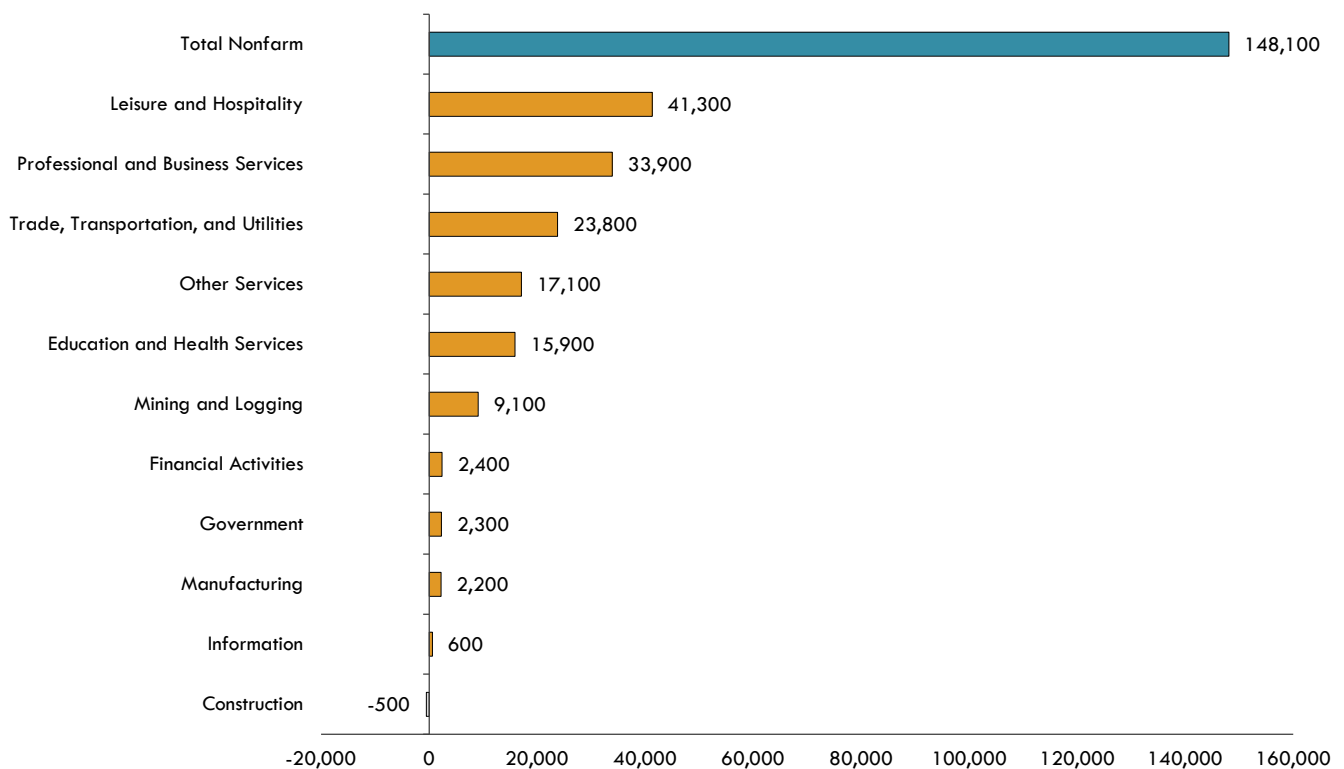


Chart 4. Over-the-year Net Change, Houston MSA Supersectors, September 2020 to September 2021

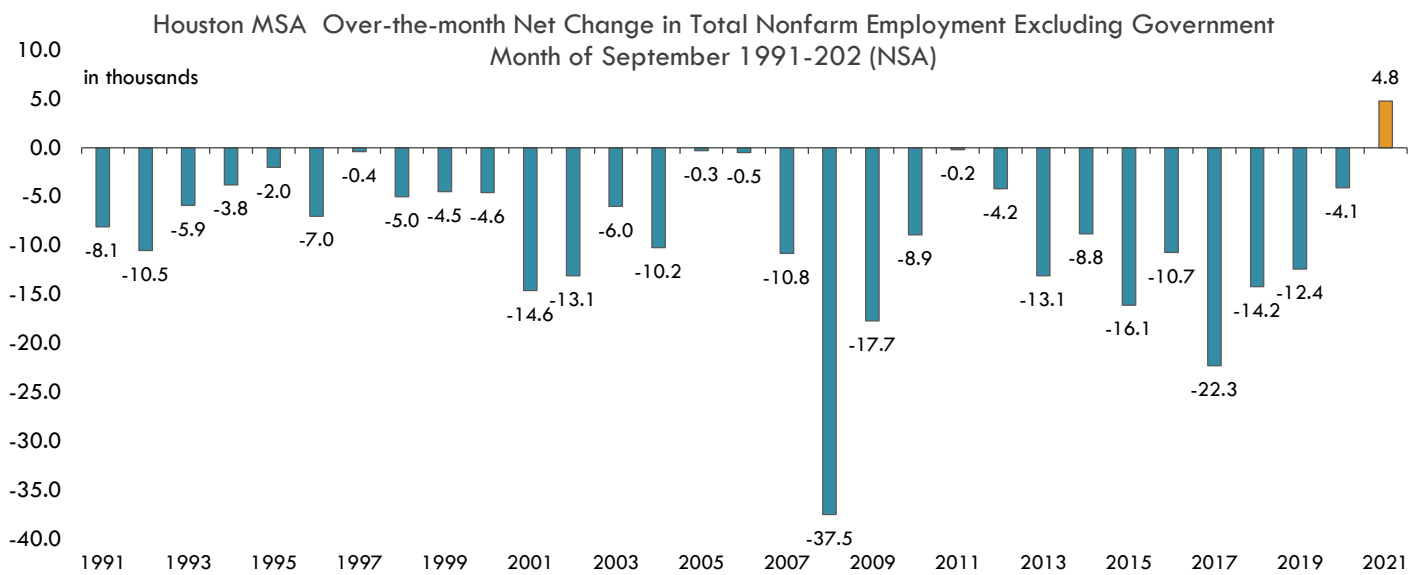


Supplemental Commentary

Overall Impressions

Taking September's not-seasonally-adjusted headline number at face value, the over-the-month gain of 27,300 jobs is record-setting, beating the previous September record from 2020, by nearly 12,000 jobs. While most of the NSA increase is the result of record gains in local government education jobs, the seasonally-adjusted increase of 20,000 is equally unprecedented for September. Unfortunately, the lack of seasonally-adjusted data for individual sectors prevents us from determining the specific drivers behind this figure.

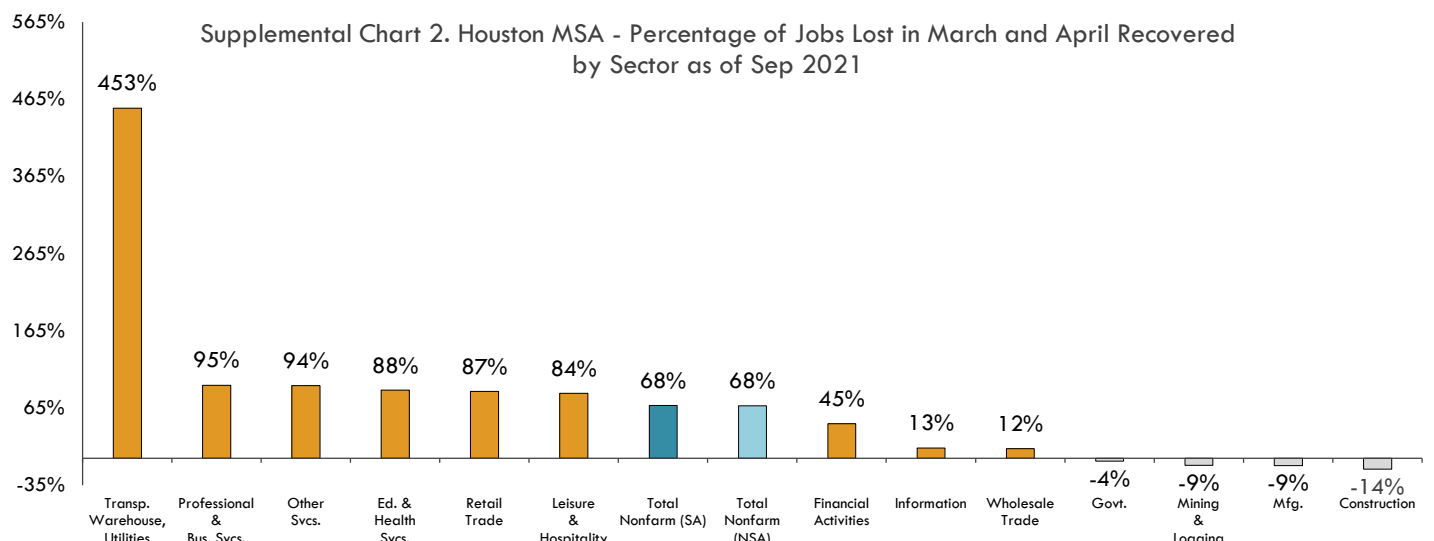
Closer inspection of not-seasonally-adjusted figures by sector provides some clues as to September's growth. Removing the 22,500 Government jobs from this month's total leaves an increase of 4,800, which is also an unprecedented result. The chart below shows the net change in employment for all Septembers, minus Government, from 1991 to present. The removal of Government results in declines across every September with this month's exception. Further examination of the remaining sectors reveals that a few posted modest gains in contrast to typical seasonal losses with Other Services, Mining and Logging, and Manufacturing as minor contributors. On a side note, had Leisure and Hospitality seen a smaller, more historically typical decline, topline growth would have exceeded 32,000 jobs for the month. This leaves Professional and Business Services, specifically Employment Services, i.e. temporary staffing firms, as the biggest source of September's unusual display. This industry posted an over-the-month gain of 10,200 jobs, the largest gain on record of any month, and double the previous record of 5,100 jobs in May of this year also tied with September 2017.



While Employment Services' record increase may be possible given the environment of the preceding 18 months, we should be skeptical of an estimate that is between six and seven standard deviations above the historical average. Furthermore, Professional and Business Services has, in the past, seen vastly overstated job growth upon the release of benchmark revisions the following spring. Ultimately, a respectable amount of job growth likely did occur in Houston during the month of September with some sectors posting gains that are reasonable in the context of recent recovery trends. However, when estimates deviate excessively from historical norms, as was the case this September, it becomes necessary to await confirmation of developments via additional, and ideally, revised data.

Jobs Lost over March and April 2020 Recovered To-date

Thanks in large part to September's unusually strong growth, see discussion above, the region is now approaching a recovery rate of nearly 70 percent. Another byproduct of this potentially exaggerated growth is the catapulting of Professional and Business Services from a recovery rate of 81 percent in August to 95 percent in September, giving it the second-highest rate among the major sectors. Readers should be aware that the decline in recovery of Leisure and Hospitality from 91 percent to 84 percent is the result of a larger-than-normal seasonal decline this September. This is followed by a moderate degree of recovery in November and December before returning to its strongest period of growth, generally the first two quarters of the year.



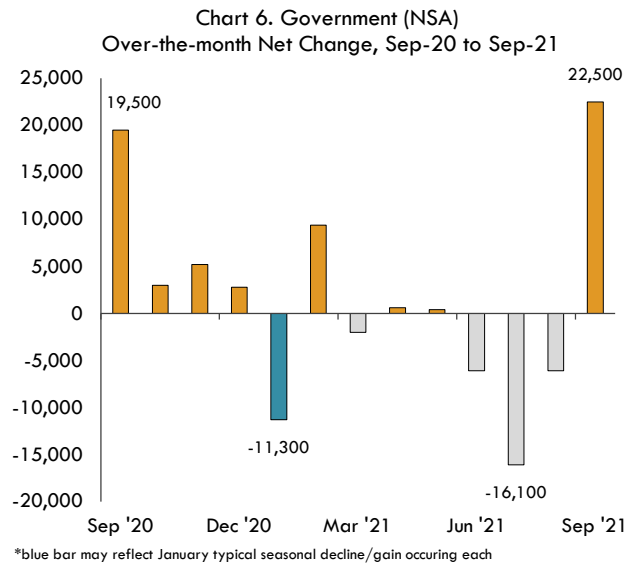
GAINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was the largest gaining sector over the month up 22,500 jobs, or 5.8 percent. (see Chart 6.) This was the largest-ever gain in the month of September, or any other month, since records began in 1990. The largest decline on record occurred in April 2020, down -10,700 jobs. Historically in the month of September, Government has added an average of 15,100 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Government, which includes primary, secondary, and postsecondary public education, tends to rise sharply in September coinciding with the start of the academic year and accounting for roughly two-thirds of all education jobs added each fall. Local Government was the largest contributor to the overall sector's increase, up 21,900 jobs over the month. The second-largest contributor was Federal Government, which added 300 jobs from August to September. Lastly, State Government contributed, 300 jobs. Government employment was revised upward by 1,600 jobs for a July to

August smaller net loss of -6,100 compared to an original estimate of -7,700 jobs.

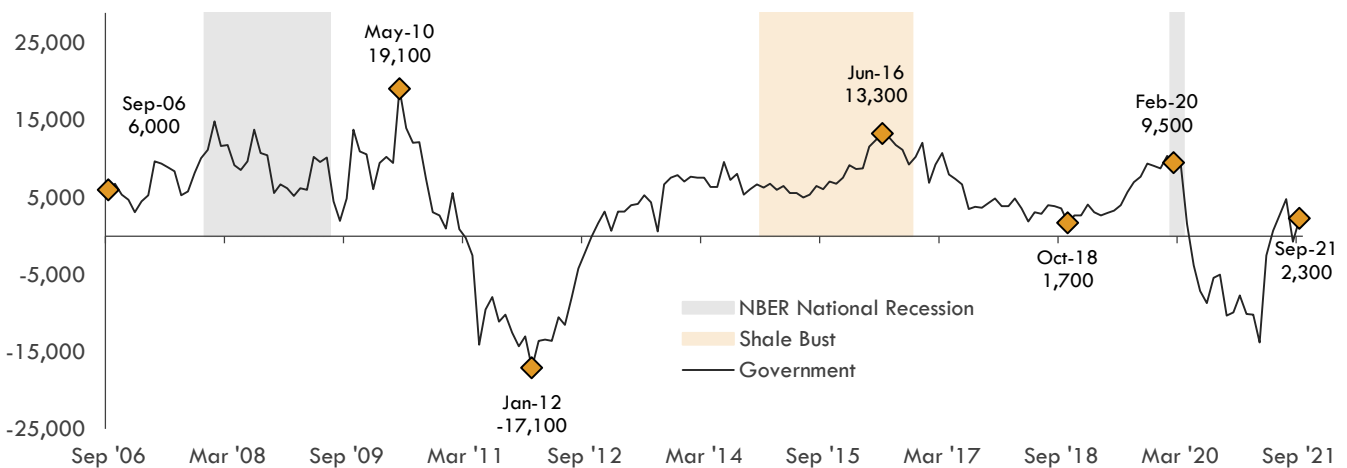


Over-the-year Change

Year over year, Government was up 2,300 jobs, or 0.6 percent. (see Chart 7.) The largest over-the-year gain on record for this sector occurred in May 2010, up 19,100 jobs. The largest decline on record occurred in January 2012, down -17,100 jobs. Local Government was the largest contributor to the overall sector's increase, up 6,000 jobs over the year. The second-largest contributor was State Government, which added 1,400 jobs from September a year ago. Lastly, Federal Government offset a portion of the sector's gains with a loss of -5,100 jobs. Since shedding -9,100 jobs over March and April

due to the impact of COVID-19, this sector continues to post losses resulting in total employment that remains 0 percent below levels reported in February 2020. Government's share of Houston area Total Nonfarm Employment has fallen from 14.0 percent to 13.4 percent over the past year.

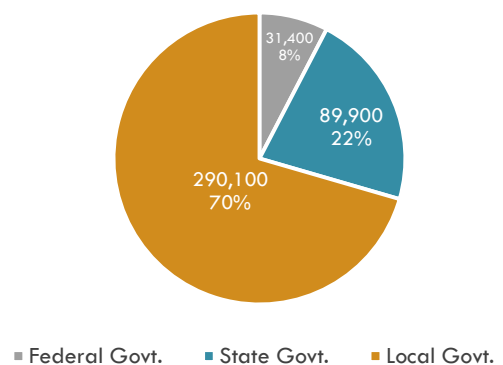
Chart 7. Government (NSA)
Over-the-year Net Change, Sep-06 to Sep-21



About This Sector

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

Chart 8. Employment in Component Industries of Government Sector - September 2021



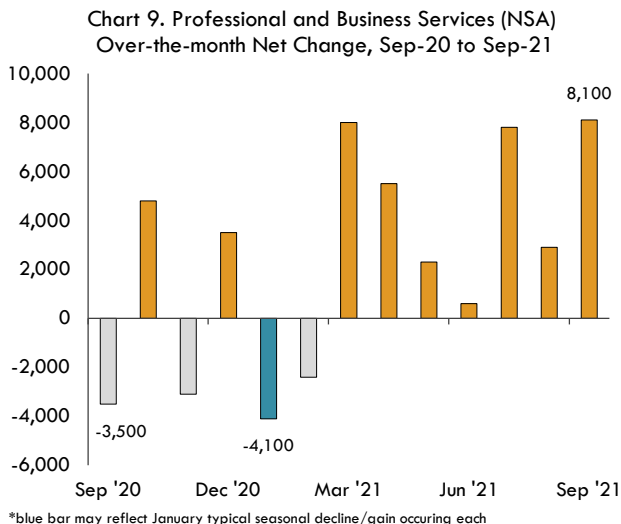
GAINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

Professional and Business Services was the second-largest gaining sector over the month up 8,100 jobs, or 1.6 percent. (see Chart 9.) This was the largest-ever gain in the month of September, or any other month, since records began in 1990. The largest decline on record occurred in April 2020, down -37,800 jobs. Historically in the month of September, the sector has lost an average of -1,100 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Note that September employment declines in the sector have occurred roughly two-thirds of the time since records began in 1990 and are not uncommon with several of its component industries showing seasonal losses. Admin., Support and Waste Mgmt. and Remediation Services was the largest contributor to the overall sector's increase, up 8,300 jobs over the month. The second-largest contributor was Professional, Scientific, and Technical Services, which added 100 jobs from August to September.

Lastly, Management of Companies and Enterprises offset a portion of the sector's gains with a loss of -300 jobs. Professional and Business Services employment was revised downward by -2,600 jobs for a July to August smaller net gain of 2,900 compared to an original estimate of 5,500 jobs.

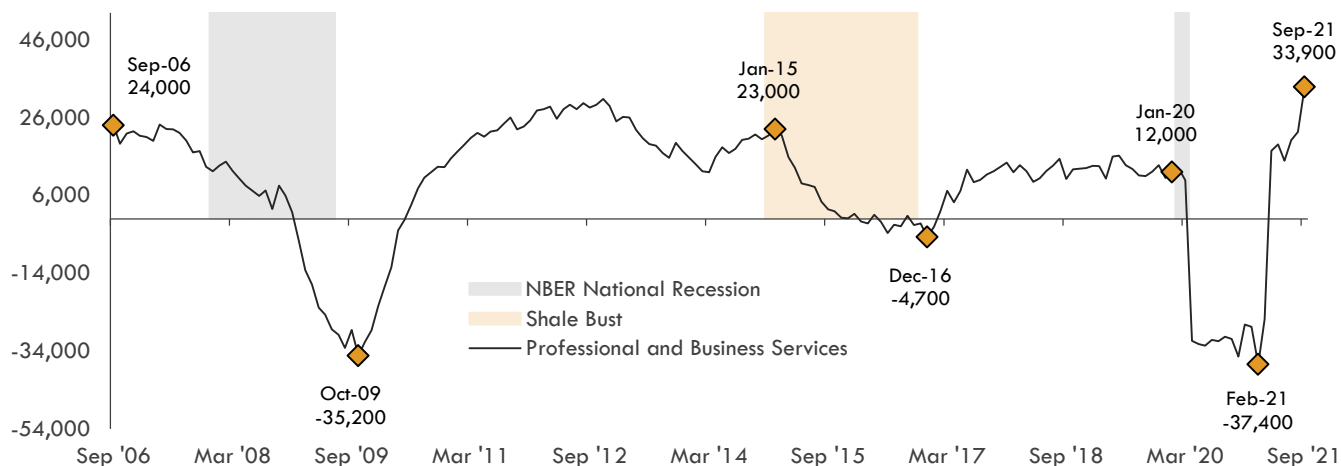


Over-the-year Change

Year over year, Professional and Business Services was up 33,900 jobs, or 7.1 percent. (see Chart 10.) This was the largest-ever year-over-year gain in the month of September, or any other month, since records began in 1990. Furthermore, 22.8 percent of total (gross) jobs added across the region over the past year can be attributed to Professional and Business Services. The largest decline on record occurred in February 2021, down -37,400 jobs. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's increase, up 18,600 jobs over

the year. The second-largest contributor was Professional, Scientific, and Technical Services, which added 14,900 jobs from September a year ago. Lastly, Management of Companies and Enterprises contributed, 400 jobs. Since shedding -41,400 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 90 percent of jobs lost as of September. Professional and Business Services's share of Houston area Total Nonfarm Employment has risen from 16.3 percent to 16.7 percent over the past year.

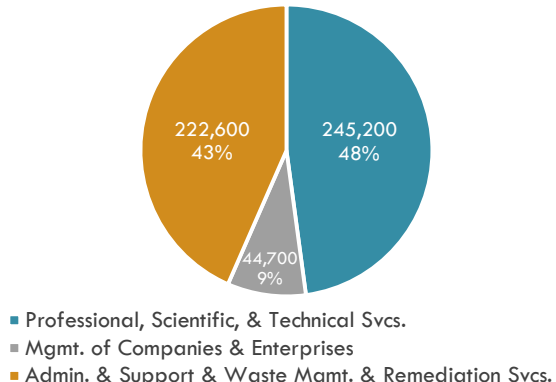
Chart 10. Professional and Business Services (NSA)
Over-the-year Net Change, Sep-06 to Sep-21



About This Sector

This sector is composed of establishments specializing in professional, scientific, and technical activities; management of establishments holding equity interests in order to influence management decisions; and office administration, hiring of personnel, security, cleaning, and waste disposal. Of the three main component industries, Professional, Scientific, and Technical Services accounts for a plurality of the sector's employment at 48 percent. (see Chart 11.) Across the Houston MSA, the concentration of jobs in the overall sector is 16 percent higher than the national average, due to times more jobs in Professional, Scientific, and Technical Services serving the oil and gas industry.

Chart 11. Employment in Component Industries of Professional and Business Services Sector - September 2021



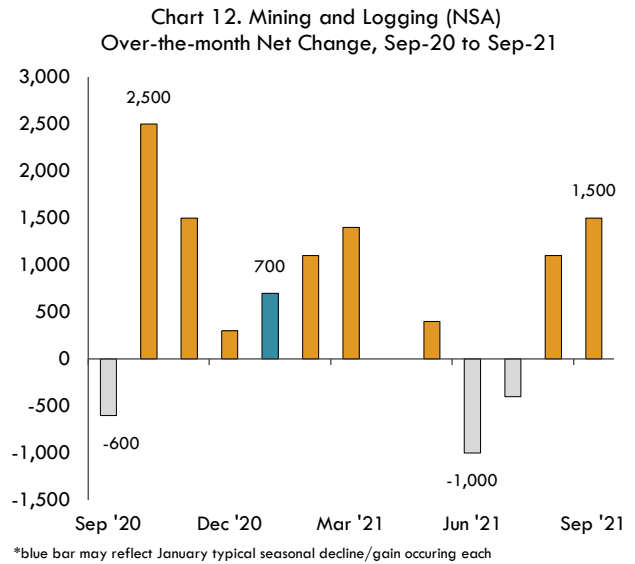
GAINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging was the third-largest gaining sector over the month up 1,500 jobs, or 2.2 percent. (see Chart 12.) This was the largest-ever gain in the month of September since records began in 1990. The largest all-time one-month gain on record for this sector occurred in June 2011, up 2,800 jobs. The largest decline on record occurred in April 2020, down -5,200 jobs. Historically in the month of September, Mining and Logging has lost an average of -300 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Job losses are typically recorded in September of each year with only a handful of exceptions in the history of the series. Support Activities for Mining was the largest contributor to the overall sector's increase, up 900 jobs over the month. The second-largest contributor was Oil and Gas Extraction, which added 400 jobs from August to September. Lastly, Other Mining and Logging Undefined contributed, 200 jobs. Mining and Logging employment was revised downward

by -300 jobs for a July to August smaller net gain of 1,100 compared to an original estimate of 1,400 jobs.

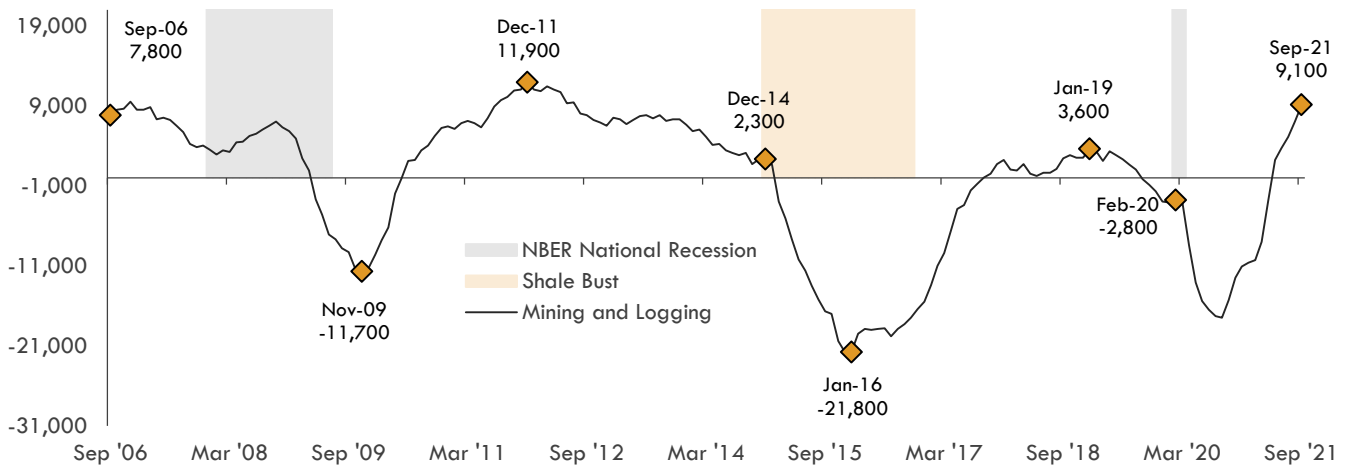


Over-the-year Change

Year over year, Mining and Logging was up 9,100 jobs, or 14.7 percent. (see Chart 13.) Among sectors currently showing growth, this sector is the third-fastest growing in percentage terms across the Houston area. The largest over-the-year gain on record for this sector occurred in December 2011, up 11,900 jobs. The largest decline on record occurred in January 2016, down -21,800 jobs. Support Activities for Mining was the largest contributor to the overall sector's increase, up 6,400 jobs over the year. The second-largest contributor was Oil and Gas Extraction, which added 1,900 jobs from September a year

ago. Lastly, Other Mining and Logging Undefined contributed, 800 jobs. Since shedding -6,100 jobs over March and April 2020 due to the impact of COVID-19, this sector continues to post losses resulting in total employment that remains -10 percent below levels reported in February 2020. Mining and Logging's share of Houston area Total Nonfarm Employment has risen from 2.1 percent to 2.3 percent over the past year.

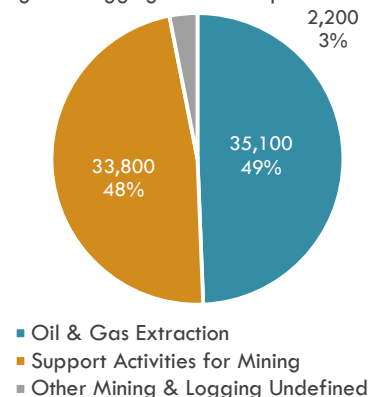
Chart 13. Mining and Logging (NSA)
Over-the-year Net Change, Sep-06 to Sep-21



About This Sector

This sector comprises establishments extracting naturally occurring minerals such as coal and ores; liquid minerals, such as crude petroleum and natural gas; and timber. Of the three main component industries, Oil and Gas Extraction accounts for a plurality of the sector's employment at 49 percent. (see Chart 14.) Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 5.3 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 - September 2021



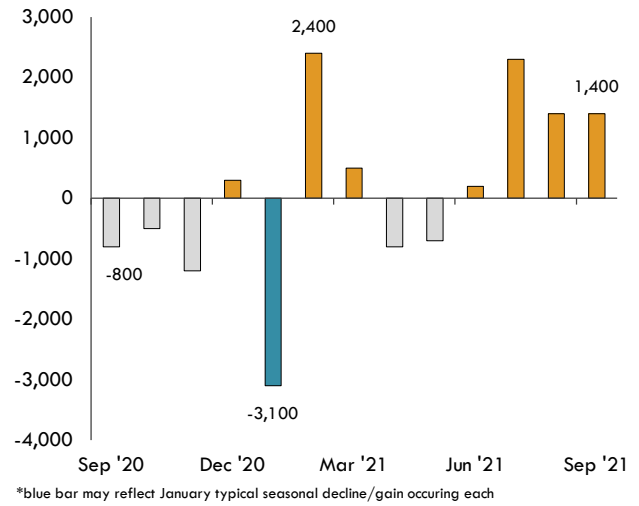
GAINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing also saw an increase over the month up 1,400 jobs, or 0.7 percent. (see Chart 15.) This was the largest-ever gain in the month of September since records began in 1990. The largest all-time one-month gain on record for this sector occurred in June 1990, up 3,200 jobs. The largest decline on record occurred in April 2020, down -10,600 jobs. Historically in the month of September, Manufacturing has lost an average of -400 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Durable Goods was the largest contributor to the overall sector's increase, up 1,100 jobs over the month. The second-largest contributor was Non-Durable Goods, which added 300 jobs from August to September. Manufacturing employment was revised upward by 100 jobs for a July to August larger net gain of 1,400 compared to an original estimate of 1,300 jobs.

Chart 15. Manufacturing (NSA)
Over-the-month Net Change, Sep-20 to Sep-21

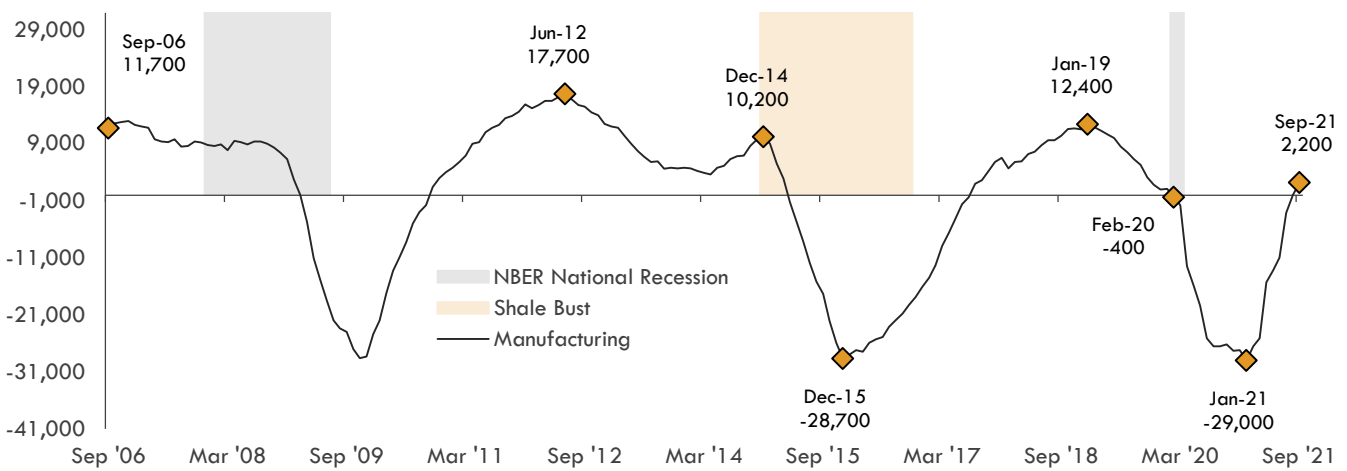


Over-the-year Change

Year over year, Manufacturing was up 2,200 jobs, or 1.0 percent. (see Chart 16.) The largest over-the-year gain on record for this sector occurred in June 2012, up 17,700 jobs. The largest decline on record occurred in January 2021, down -29,000 jobs. Durable Goods was the largest contributor to the overall sector's increase, up 1,800 jobs over the year. The second-largest contributor was Non-Durable Goods, which added 400 jobs from September a year ago. Since shedding -11,500 jobs over March and April 2020 due to the impact of COVID-19, this sector continues to post losses resulting in total

employment that remains -10 percent below levels reported in February 2020. Manufacturing's share of Houston area Total Nonfarm Employment has fallen from 7.2 percent to 6.9 percent over the past year.

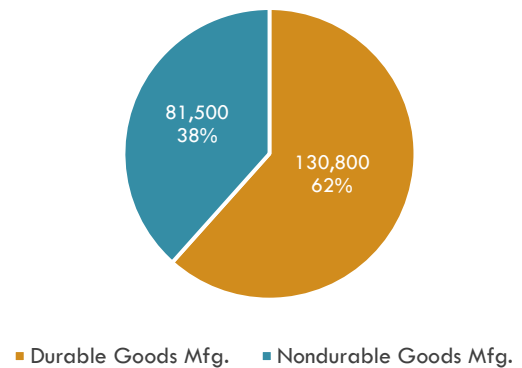
Chart 16. Manufacturing (NSA)
Over-the-year Net Change, Sep-06 to Sep-21



About This Sector

This sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. Of the two main component industries, Durable Goods accounts for the majority of the sector's employment at 62 percent. (see Chart 17.) Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 18 percent less than the national average.

Chart 17. Employment in Component Industries of Manufacturing Sector - September 2021



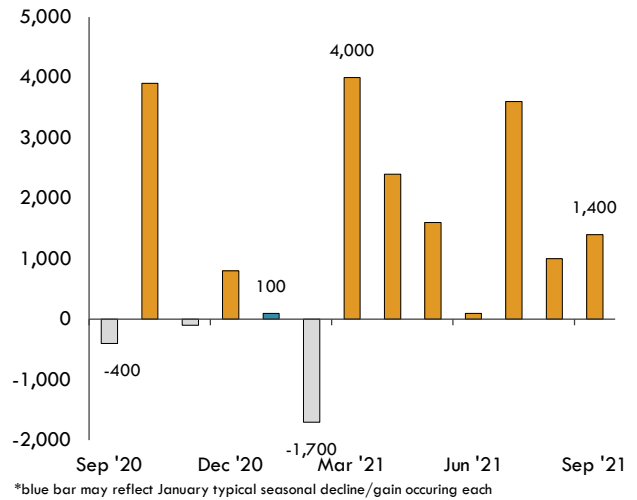
GAINING INDUSTRY HIGHLIGHTS

Other Services

Over-the-month Change

Other Services also saw an increase over the month up 1,400 jobs, or 1.2 percent. (see Chart 18.) This was the largest-ever gain in the month of September since records began in 1990. The largest all-time one-month gain on record for this sector occurred in June 2020, up 8,000 jobs. The largest decline on record occurred in April 2020, down -28,300 jobs. Historically in the month of September, Other Services has lost an average of -2,400 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Job losses are typically recorded in September of each year with only a handful of exceptions in the history of the series. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Other Services employment was revised upward by 1,400 jobs for a July to August complete erasure of losses resulting in a net gain of 1,000 compared to an original estimate of -400 jobs.

Chart 18. Other Services (NSA)
Over-the-month Net Change, Sep-20 to Sep-21

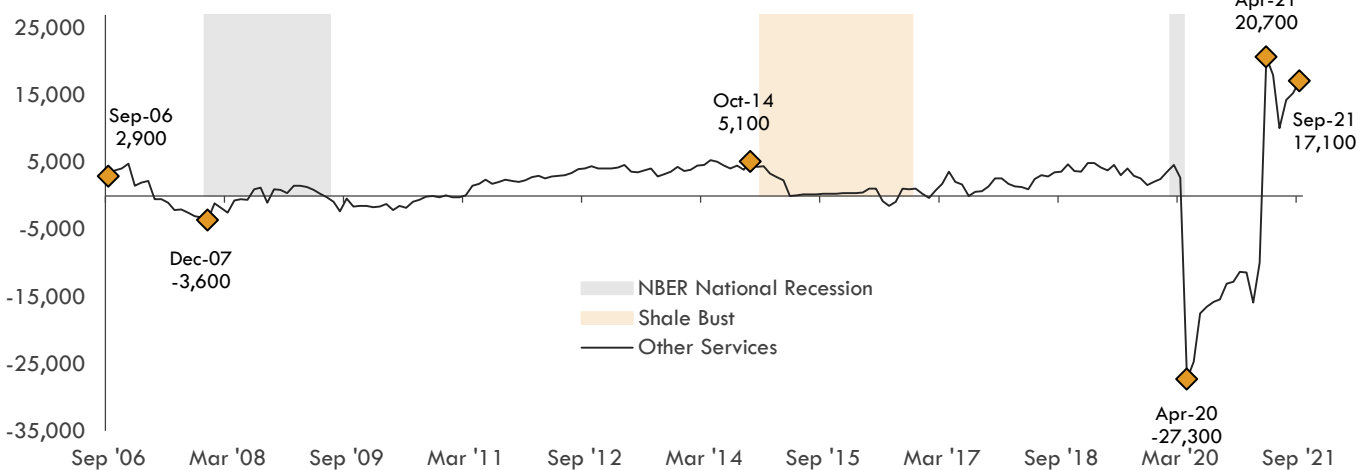


Over-the-year Change

Year over year, Other Services was up 17,100 jobs, or 17.1 percent. (see Chart 19.) This was the largest-ever year-over-year gain in the month of September since records began in 1990. Among sectors currently showing growth, this sector is the fastest-growing in percentage terms across the Houston area. The largest over-the-year gain on record for this sector occurred in April 2021, up 20,700 jobs. The largest decline on record occurred in April 2020, down -27,300 jobs. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Since shedding -30,200 jobs over March

and April 2020 due to the impact of COVID-19, this sector has recovered approximately 90 percent of jobs lost as of September. Other Services's share of Houston area Total Nonfarm Employment has risen from 3.4 percent to 3.8 percent over the past year.

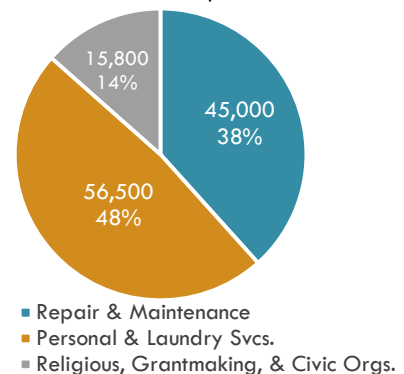
Chart 19. Other Services (NSA)
Over-the-year Net Change, Sep-06 to Sep-21



About This Sector

This sector comprises establishments engaged in services not classified elsewhere such as equipment and machinery repair, religious activities, grantmaking, advocacy, and providing dry-cleaning and laundry services, and personal care services. Of the three main component industries, Personal and Laundry Services accounts for a plurality of the sector's employment at 48 percent as a subsector where self-employment is prevalent (source: Census - Non Employer Statistics and BLS - Quarterly Census of Employment and Wages). (see Chart 20.)

Chart 20. Employment in Component Industries of
Other Services Sector - September 2021



*estimated proportions based QCEW covered and NES self-employment

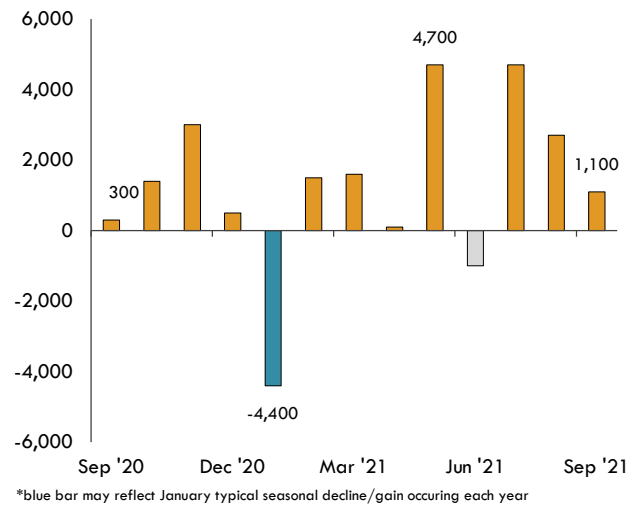
GAINING INDUSTRY HIGHLIGHTS

Education and Health Services

Over-the-month Change

Education and Health Services also saw an increase over the month up 1,100 jobs, or 0.3 percent. (see Chart 21.) The largest all-time one-month gain on record for this sector occurred in May 2020, up 15,500 jobs. The largest decline on record occurred in April 2020, down -42,900 jobs. Historically in the month of September, Education and Health Services has added an average of 1,300 jobs over the month, which indicates that this month's gains are slightly below the long-term average. Educational Services was the largest contributor to the overall sector's increase, up 600 jobs over the month. The second-largest contributor was Health Care and Social Assistance, which added 500 jobs from August to September. Education and Health Services employment was revised downward by -1,300 jobs for a July to August smaller net gain of 2,700 compared to an original estimate of 4,000 jobs.

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

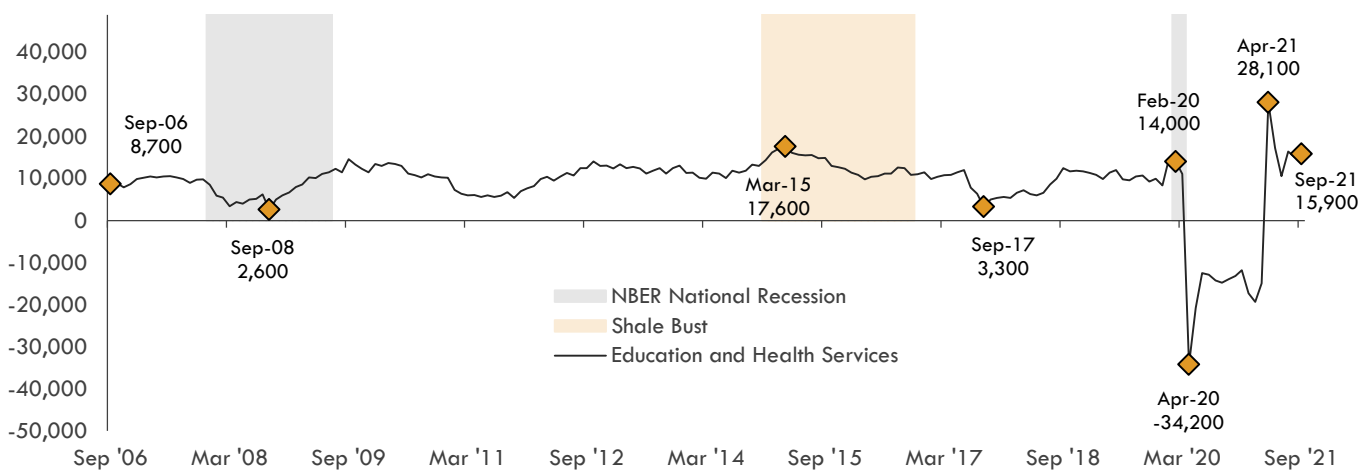


Over-the-year Change

Year over year, Education and Health Services was up 15,900 jobs, or 4.0 percent. (see Chart 22.) This was the largest-ever year-over-year gain in the month of September since records began in 1990. The largest over-the-year gain on record for this sector occurred in April 2021, up 28,100 jobs. The largest decline on record occurred in April 2020, down -34,200 jobs. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 11,100 jobs over the year. The second-largest contributor was Educational Services, which added 4,800 jobs from September a year ago. Since

shedding -45,700 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 90 percent of jobs lost as of September. Education and Health Services's share of Houston area Total Nonfarm Employment has fallen from 13.4 percent to 13.3 percent over the past year.

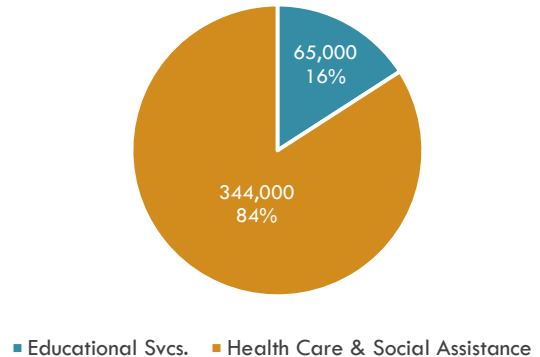
Chart 22. Education and Health Services (NSA)
Over-the-year Net Change, Sep-06 to Sep-21



About This Sector

This sector is composed of establishments that provide private education services (i.e. excluding publicly-funded primary, secondary, and postsecondary institutions) and establishments that provide healthcare and social assistance to individuals. Of the two main component industries, Health Care and Social Assistance accounts for the majority of the sector's employment at 84 percent. (see Chart 23.) 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 23. Employment in Component Industries of Education and Health Services Sector - September 2021



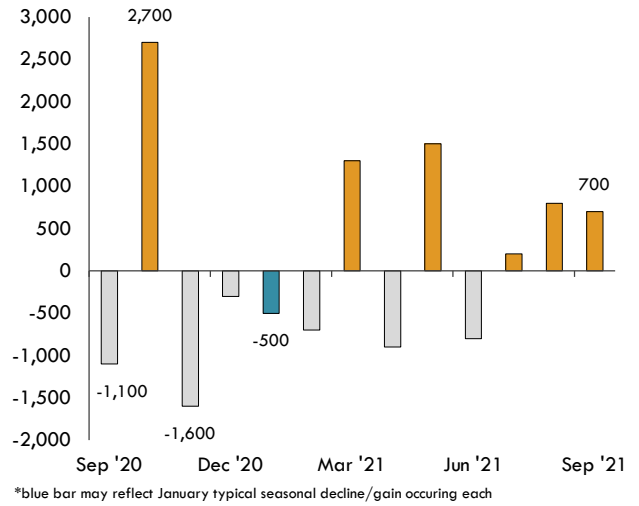
GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities also saw an increase over the month up 700 jobs, or 0.4 percent. (see Chart 24.) This was the largest-ever gain in the month of September since records began in 1990. The largest all-time one-month gain on record for this sector occurred in October 2020, up 2,700 jobs. The largest decline on record occurred in April 2020, down -6,900 jobs. Historically in the month of September, Financial Activities has lost an average of -500 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Finance and Insurance was the largest contributor to the overall sector's increase, up 400 jobs over the month. The second-largest contributor was Real Estate and Rental and Leasing, which added 300 jobs from August to September. Financial Activities employment was revised downward by -700 jobs for a July to August smaller net gain of 800 compared to an original estimate of 1,500 jobs.

Chart 24. Financial Activities (NSA)
Over-the-month Net Change, Sep-20 to Sep-21

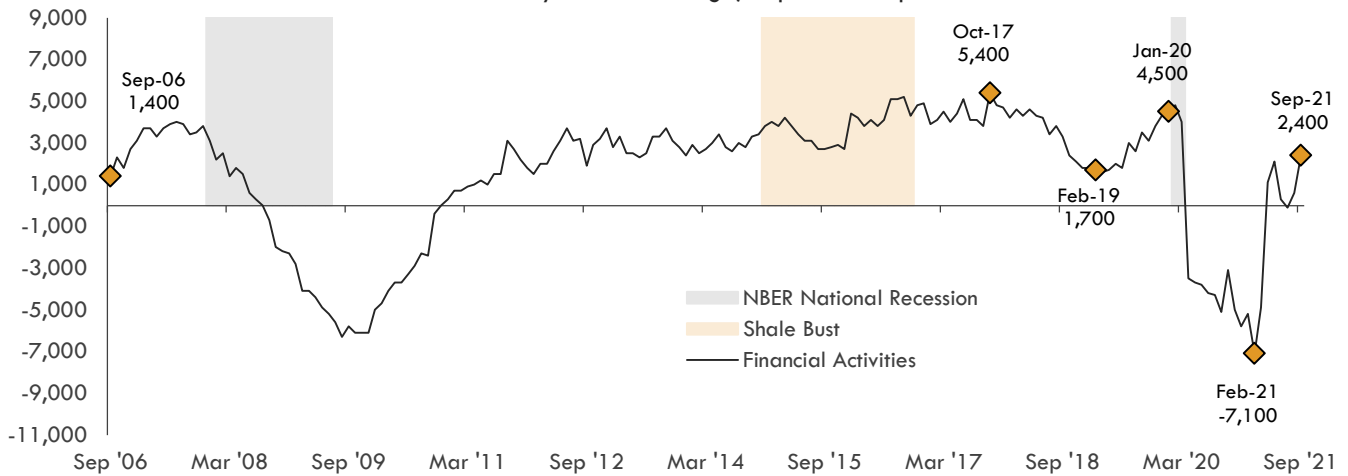


Over-the-year Change

Year over year, Financial Activities was up 2,400 jobs, or 1.5 percent. (see Chart 25.) The largest over-the-year gain on record for this sector occurred in September 1998, up 9,000 jobs. The largest decline on record occurred in February 2021, down -7,100 jobs. Finance and Insurance was the largest contributor to the overall sector's increase, up 3,200 jobs over the year. One component industry that provided a partial offset was Real Estate and Rental and Leasing, which lost -800 jobs from September a year ago. Since shedding -7,800 jobs over March and April 2020 due to the impact of COVID-19, this

sector has recovered approximately 40 percent of jobs lost as of September. Financial Activities's share of Houston area Total Nonfarm Employment has fallen from 5.5 percent to 5.4 percent over the past year.

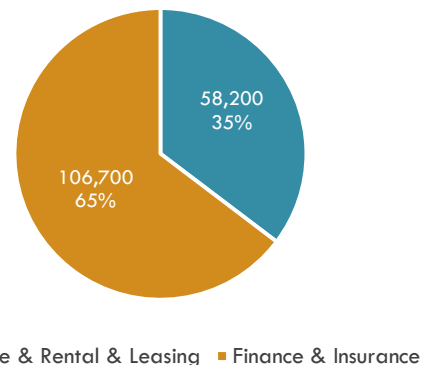
Chart 25. Financial Activities (NSA)
Over-the-year Net Change, Sep-06 to Sep-21



About This Sector

This sector is composed of establishments renting, leasing, or allowing use of assets, and financial transactions such as creation, liquidation, or change in ownership of financial assets, underwriting of insurance, and annuities. Of the two main component industries, Finance and Insurance accounts for the majority of the sector's employment at 65 percent. (see Chart 26.) Across the Houston MSA, the concentration of jobs in the overall Financial Activities sector is 11 percent less than the national average, due to a 22-percent lower concentration in Finance and Insurance offsetting a 21-percent higher concentration in Real Estate and Rental and Leasing.

Chart 26. Employment in Component Industries of
Financial Activities Sector - September 2021



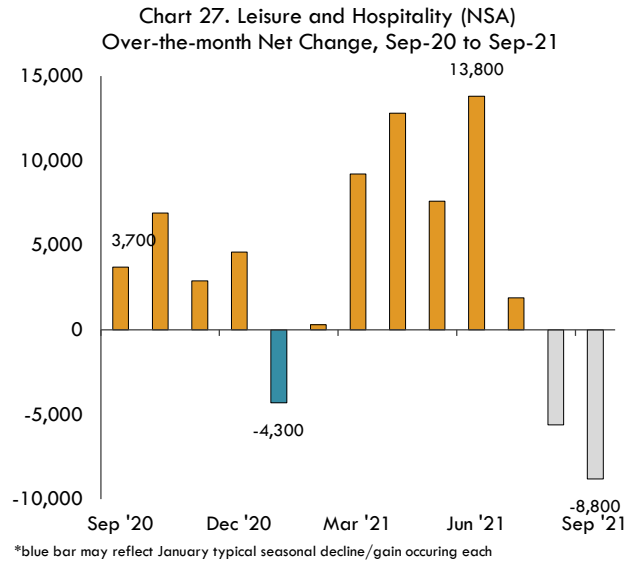
DECLINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality was the largest declining sector over the month down -8,800 jobs, or -2.7 percent. (see Chart 27.) The largest all-time one-month gain on record for this sector occurred in May 2020, up 42,100 jobs. The largest decline on record occurred in April 2020, down -123,400 jobs. Historically in the month of September, Leisure and Hospitality has lost an average of -3,800 jobs over the month, which indicates that this month's losses are substantially larger than the long-term average decline. Job losses are typical in September in Leisure and Hospitality with no example of gains ever recorded in the history of the series for this month. Accommodation and Food Services was the largest contributor to the overall sector's decline, down -7,300 jobs over the month. The second-largest declining contributor was Arts, Entertainment, and Recreation, which lost -1,500 jobs from August to September. Leisure and Hospitality employment was revised downward by -700 jobs for a July to August larger net loss of -5,600 compared to an original

estimate of -4,900 jobs.

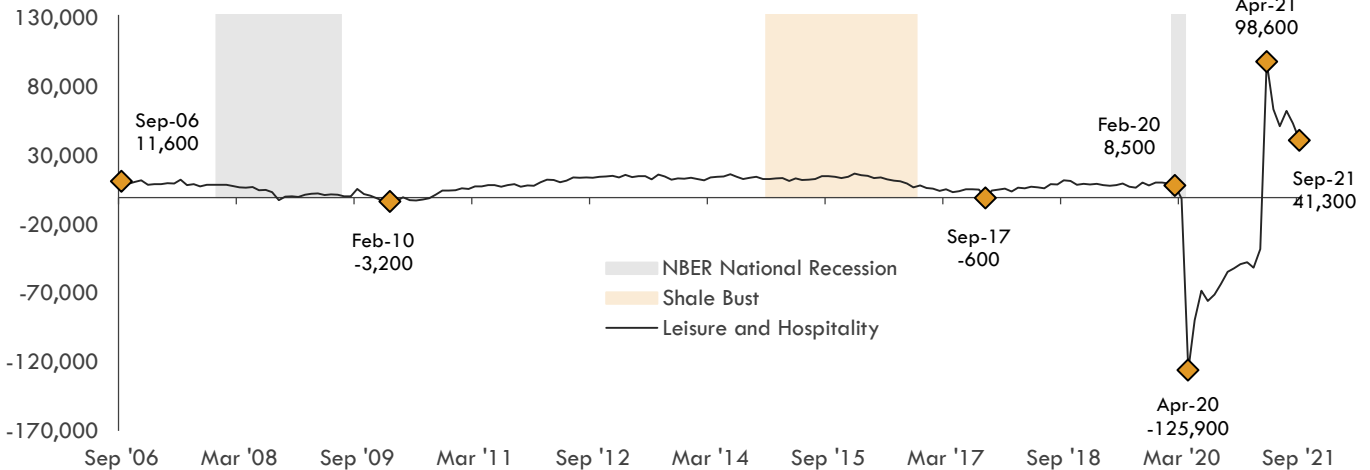


Over-the-year Change

Year over year, Leisure and Hospitality was up 41,300 jobs, or 15.1 percent. (see Chart 28.) This was the largest-ever year-over-year gain in the month of September since records began in 1990. Among sectors currently showing growth, this sector is the second-fastest growing in percentage terms across the Houston area. Furthermore, 27.8 percent of total (gross) jobs added across the region over the past year can be attributed to Leisure and Hospitality. The largest over-the-year gain on record for this sector occurred in April 2021, up 98,600 jobs. The largest decline on record occurred in April 2020, down

-125,900 jobs. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 37,100 jobs over the year. The second-largest contributor was Arts, Entertainment, and Recreation, which added 4,200 jobs from September a year ago. Since shedding -127,900 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately 80 percent of jobs lost as of September. Leisure and Hospitality's share of Houston area Total Nonfarm Employment has risen from 9.3 percent to 10.2 percent over the past year.

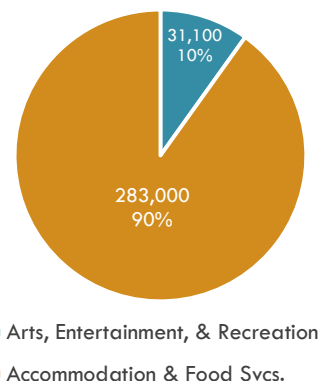
Chart 28. Leisure and Hospitality (NSA) Over-the-year Net Change, Sep-06 to Sep-21



About This Sector

This sector is composed of establishments that produce and promote in live performances, events, of exhibits of historical, cultural, or educational interest or related to recreation or hobbies intended for public viewing; and provide customers with lodging and/or meals and beverages for immediate consumption. Of the two main component industries, Accommodation and Food Services accounts for the majority of the sector's employment at 90 percent. (see Chart 29.) Across the Houston MSA, the concentration of jobs in the overall sector is 2 percent less than the national average.

Chart 29. Employment in Component Industries of Leisure and Hospitality Sector - September 2021



DECLINING INDUSTRY HIGHLIGHTS

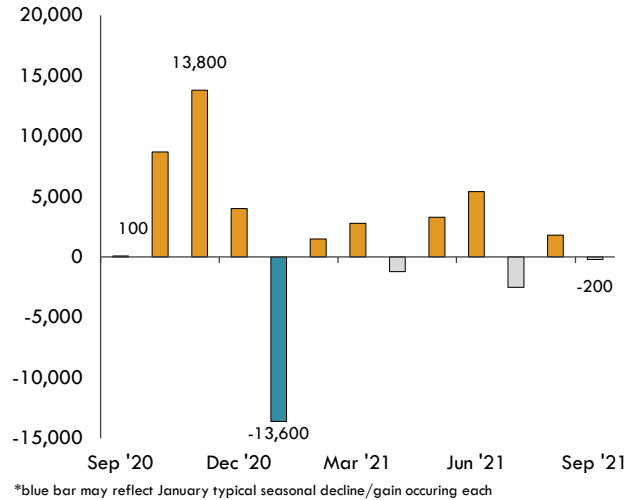
Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities was the second-largest declining sector over the month down -200 jobs, or 0.0 percent. (see Chart 30.) The largest all-time one-month gain on record for this sector occurred in November 2019, up 17,400 jobs. The largest decline on record occurred in April 2020, down -50,000 jobs. Historically in the month of September, Trade, Transportation, and Utilities has lost an average of -2,200 jobs over the month, which indicates that this month's losses are substantially smaller than the long-term average decline. September is typically a month of job losses for Trade, Transportation, and Utilities driven largely by declines in Retail Trade employment as many workers transition back to school at the start of the academic year. Retail Trade was the largest contributor to the overall sector's decline, down -1,200 jobs over the month. The second-largest declining contributor was Wholesale Trade, which lost -400 jobs from August to September. Lastly, Transportation, Warehousing, and Utilities

offset a portion of the sector's losses with a gain of 1,400 jobs. Trade, Transportation, and Utilities employment was revised downward by -200 jobs for a July to August smaller net gain of 1,800 compared to an original estimate of 2,000 jobs.

Chart 30. Trade, Transportation, and Utilities (NSA)
Over-the-month Net Change, Sep-20 to Sep-21

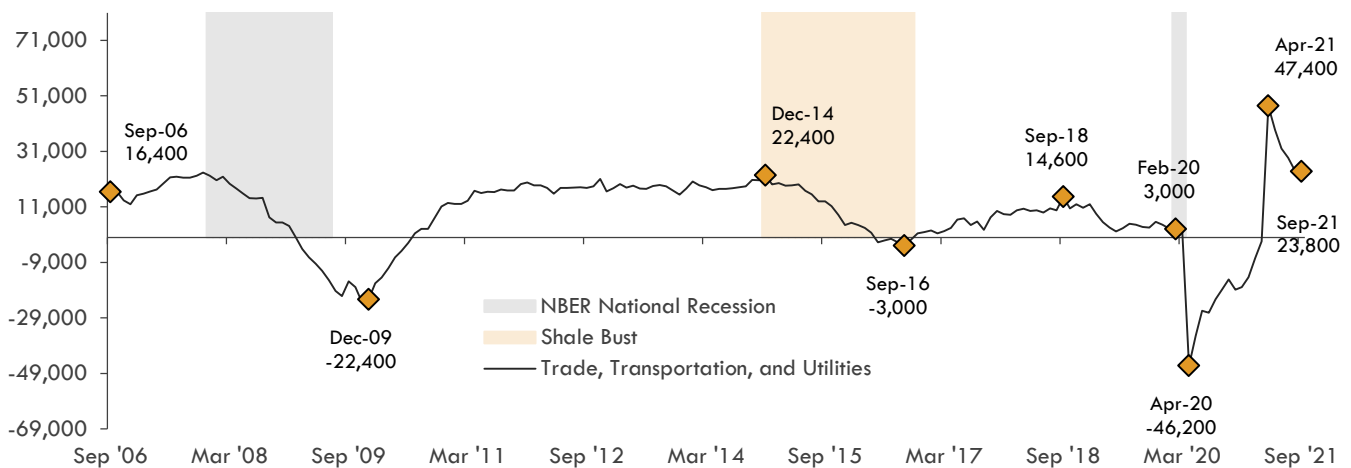


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 23,800 jobs, or 3.9 percent. (see Chart 31.) This was the largest-ever year-over-year gain in the month of September since records began in 1990. Furthermore, 16.0 percent of total (gross) jobs added across the region over the past year can be attributed to Trade, Transportation, and Utilities. The largest over-the-year gain on record for this sector occurred in April 2021, up 47,400 jobs. The largest decline on record occurred in April 2020, down -46,200 jobs. Transportation, Warehousing, and Utilities was the largest contributor to the overall sector's

increase, up 15,300 jobs over the year. The second-largest contributor was Wholesale Trade, which added 5,200 jobs from September a year ago. Lastly, Retail Trade contributed, 3,300 jobs. Trade, Transportation, and Utilities's share of Houston area Total Nonfarm Employment has fallen from 20.7 percent to 20.5 percent over the past year.

Chart 31. Trade, Transportation, and Utilities (NSA)
Over-the-year Net Change, Sep-06 to Sep-21



About This Sector

This sector is composed of establishments wholesaling agriculture, mining, and manufactured goods; retailing goods in small quantities to the public incl. online; transporting passengers and cargo; warehousing and storage; and providing electricity, natural gas, water, and sewage removal. Of the three main component industries, Retail Trade accounts for a plurality of the sector's employment at 47 percent. (see Chart 32.) Across the Houston MSA, the concentration of jobs in the overall sector is 10 percent higher than the national average, due to a 36-percent higher concentration in Wholesale Trade primarily related to the oil and gas industry.

Chart 32. Employment in Component Industries of
Trade, Transportation, and Utilities Sector -
September 2021



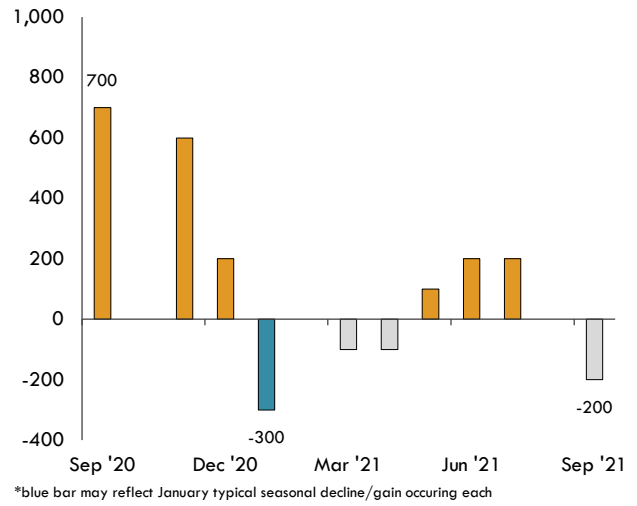
DECLINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information was the third-largest declining sector over the month down -200 jobs, or -0.7 percent. (see Chart 33.) The largest all-time one-month gain on record for this sector occurred in July 1994, up 1,500 jobs. The largest decline on record occurred in April 2020, down -3,900 jobs. Historically in the month of September, Information has lost an average of -300 jobs over the month, which indicates that this month's losses are slightly smaller than the long-term average decline. Other Information Undefined was the largest contributor to the overall sector's decline, down -100 jobs over the month. The second-largest declining contributor was Telecommunications, which lost -100 jobs from August to September. Information employment saw no revision from July to August leaving the previous month's original estimate of zero net change intact.

Chart 33. Information (NSA)
Over-the-month Net Change, Sep-20 to Sep-21

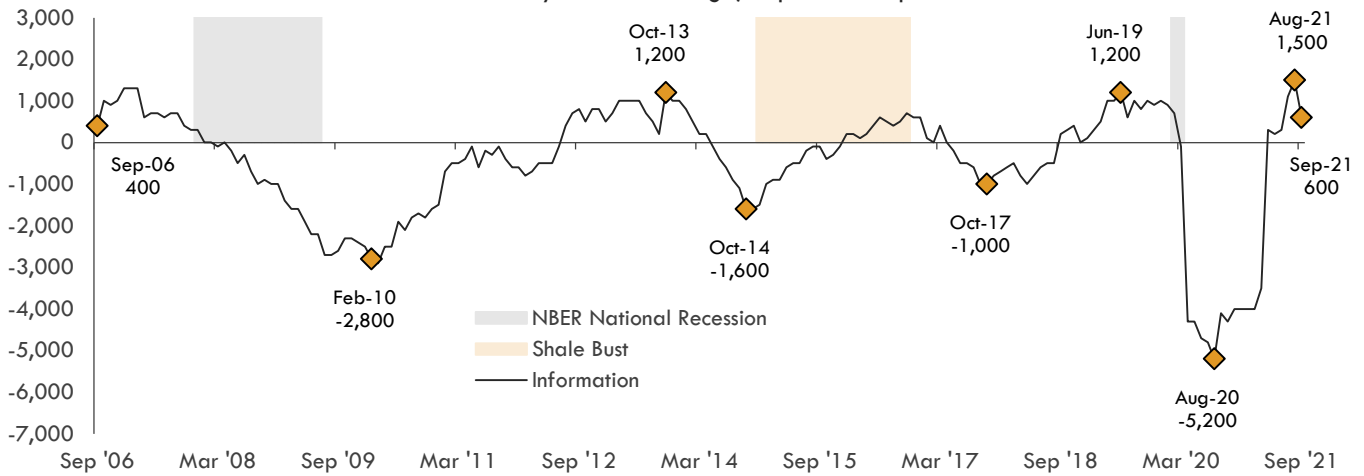


Over-the-year Change

Year over year, Information was up 600 jobs, or 2.1 percent. (see Chart 34.) The largest over-the-year gain on record for this sector occurred in June 1997, up 4,600 jobs. The largest decline on record occurred in April 2002, down -7,000 jobs. Other Information Undefined was the largest contributor to the overall sector's increase, up 800 jobs over the year. One component industry that provided a partial offset was Telecommunications, which lost -200 jobs from September a year ago. Since shedding -4,500 jobs over March and April 2020 due to the impact of COVID-19, this sector has recovered approximately

10 percent of jobs lost as of September. Information's share of Houston area Total Nonfarm Employment has remained constant at 1.0 percent over the past year.

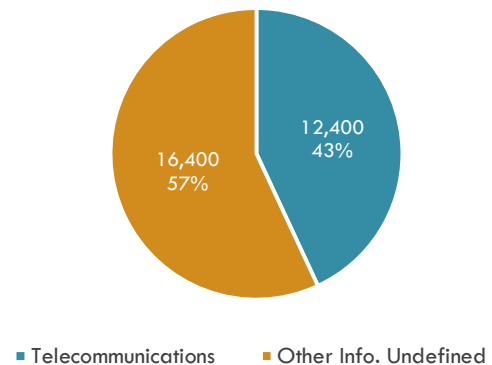
Chart 34. Information (NSA)
Over-the-year Net Change, Sep-06 to Sep-21



About This Sector

This sector comprises establishments producing and distributing information and cultural products, e.g. traditional and online news publishing; software publishing; the motion picture and sound recording; TV broadcasting; and telecommunications. Of the two main component industries, Other Information Undefined accounts for the majority of the sector's employment at 57 percent. (see Chart 35.) Across the Houston MSA, the concentration of jobs in the overall Information sector is 51 percent less than the national average.

Chart 35. Employment in Component Industries of Information Sector - September 2021



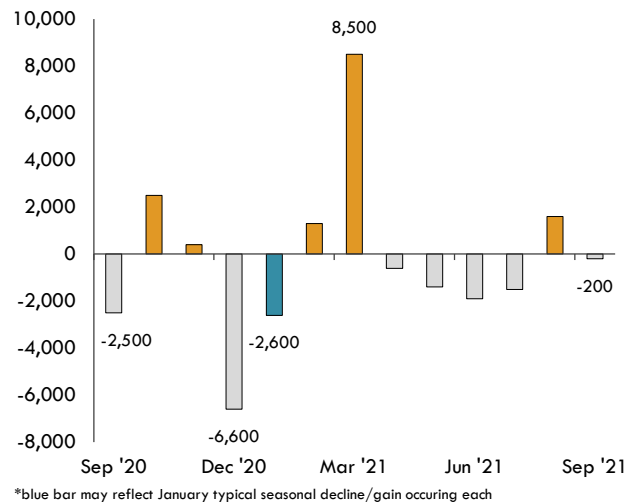
DECLINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction also saw a decrease over the month down -200 jobs, or -0.1 percent. (see Chart 36.) The largest all-time one-month gain on record for this sector occurred in March 2021, up 8,500 jobs. The largest decline on record occurred in April 2020, down -23,700 jobs. Historically in the month of September, Construction has added an average of 500 jobs over the month, which indicates that this month's losses are moderately in contrast to the long-term average gain. Construction of Buildings was the largest contributor to the overall sector's decline, down -1,900 jobs over the month. One component industry that provided a partial offset was Heavy and Civil Engineering Construction, which gained 200 jobs from August to September. Lastly, Specialty Trade Contractors offset a portion of the sector's losses with a gain of 1,500 jobs. Construction employment was revised downward by -500 jobs for a July to August smaller net gain of 1,600 compared to an original estimate of 2,100 jobs.

Chart 36. Construction (NSA)
Over-the-month Net Change, Sep-20 to Sep-21

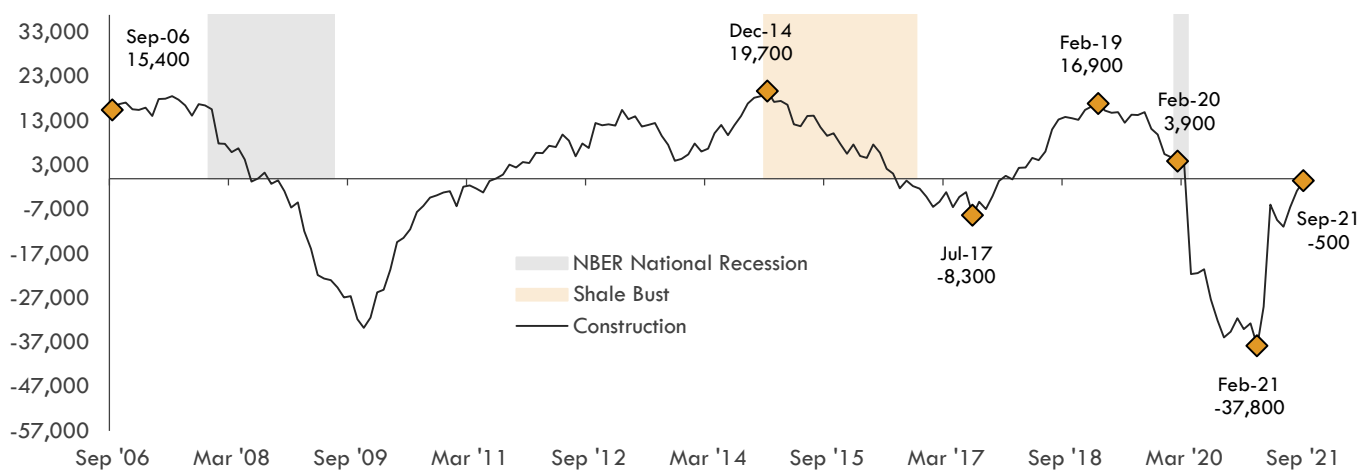


Over-the-year Change

Year over year, Construction was down -500 jobs, or -0.2 percent. (see Chart 37.) Furthermore, 100.0 percent of total (gross) jobs lost across the region over the past year can be attributed to Construction. The largest over-the-year gain on record for this sector occurred in December 2014, up 19,700 jobs. The largest decline on record occurred in February 2021, down -37,800 jobs. Construction of Buildings was the largest contributor to the overall sector's decline, down -2,400 jobs over the year. The second-largest declining contributor was Heavy and Civil Engineering Construction, which lost -900 jobs from

September a year ago. Lastly, Specialty Trade Contractors offset a portion of the sector's losses with a gain of 2,800 jobs. Since shedding -24,000 jobs over March and April 2020 due to the impact of COVID-19, this sector continues to post losses resulting in total employment that remains -10 percent below levels reported in February 2020. Construction's share of Houston area Total Nonfarm Employment has fallen from 7.0 percent to 6.6 percent over the past year.

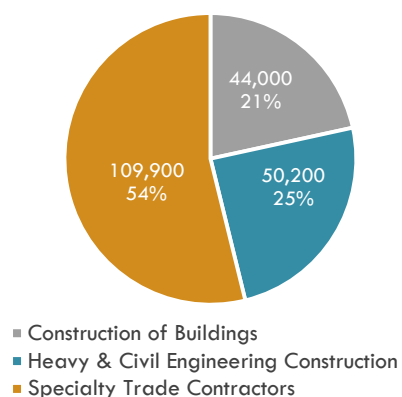
Chart 37. Construction (NSA)
Over-the-year Net Change, Sep-06 to Sep-21



About This Sector

This sector comprises establishments engaged in the construction of buildings, infrastructure, site preparation and subdivision, and specialty trades e.g. masonry, painting, and electrical work. Of the three main component industries, Specialty Trade Contractors accounts for a slight majority of the sector's employment at just over 54 percent. (see Chart 38.) Across the Houston MSA, the concentration of jobs in the overall Construction sector is 28 percent higher than the national average, due to 2.2 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

Chart 38. Employment in Component Industries of Construction Sector - September 2021



Unemployment Rates

Not-Seasonally Adjusted

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 5.5 percent in September, down from August's 6.1 percent and down from 9.4 percent a year ago. This was above the statewide rate of 4.9 percent and above the national rate of 4.6 percent. 190,991 individuals were unemployed in Houston in September, down from August's 209,352 and down from 318,998 in September 2020.

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

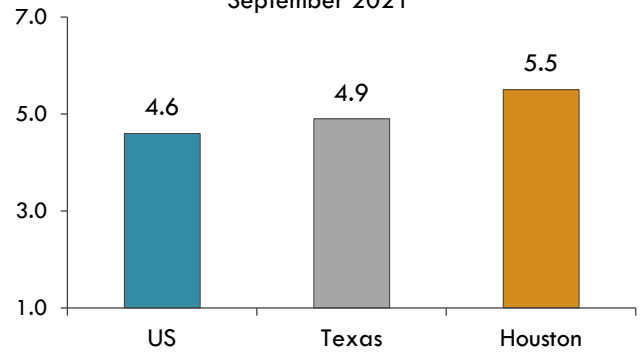
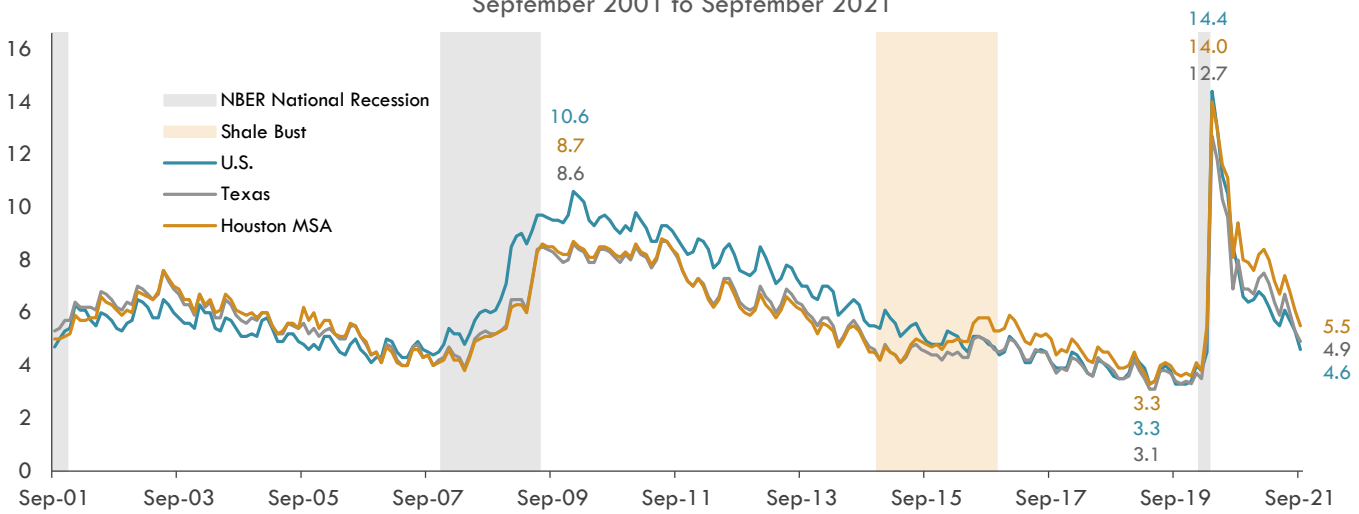


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
September 2001 to September 2021



Seasonally Adjusted

The Houston MSA (seasonally-adjusted) unemployment rate stood at 5.9 percent in August, down from July's 6.5 percent and down from 8.0 percent a year ago. This was the same as the statewide rate and above the national rate of 5.2 percent. 199,743 individuals were unemployed in Houston in August, down from July's 220,877 and down from 279,690 in August 2020.

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

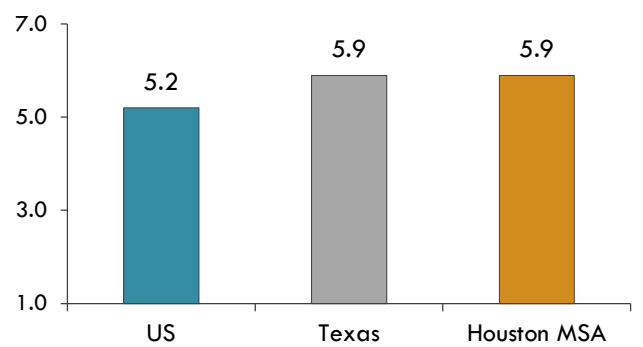
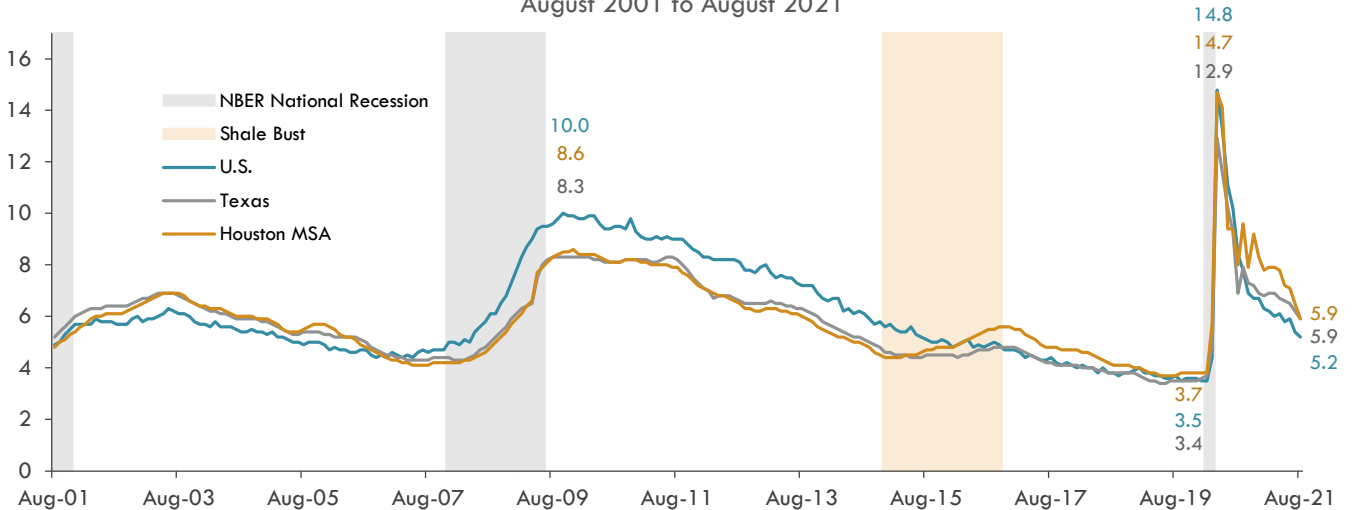


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
August 2001 to August 2021



Houston Area Employment Situation

September 2021

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Sep-21	Aug-21	Sep-20	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,076,400	3,049,100	2,928,300	27,300	0.9%	148,100	5.1%
Total Private	2,665,000	2,660,200	2,519,200	4,800	0.2%	145,800	5.8%
Goods Producing	487,500	484,800	476,700	2,700	0.6%	10,800	2.3%
.Mining and Logging	71,100	69,600	62,000	1,500	2.2%	9,100	14.7%
...Oil and Gas Extraction	35,100	34,700	33,200	400	1.2%	1,900	5.7%
...Support Activities for Mining	33,800	32,900	27,400	900	2.7%	6,400	23.4%
.Construction	204,100	204,300	204,600	-200	-0.1%	-500	-0.2%
..Construction of Buildings	44,000	45,900	46,400	-1,900	-4.1%	-2,400	-5.2%
..Heavy and Civil Engineering Construction	50,200	50,000	51,100	200	0.4%	-900	-1.8%
..Specialty Trade Contractors	109,900	108,400	107,100	1,500	1.4%	2,800	2.6%
.Manufacturing	212,300	210,900	210,100	1,400	0.7%	2,200	1.0%
..Durable Goods	130,800	129,700	129,000	1,100	0.8%	1,800	1.4%
...Fabricated Metal Product Manufacturing	43,700	43,800	43,700	-100	-0.2%	0	0.0%
...Machinery Manufacturing	37,600	37,600	39,000	0	0.0%	-1,400	-3.6%
....Agriculture, Construction, and Mining Machinery Mfg.	19,700	19,600	20,900	100	0.5%	-1,200	-5.7%
...Computer and Electronic Product Manufacturing	12,900	12,800	12,900	100	0.8%	0	0.0%
..Non-Durable Goods	81,500	81,200	81,100	300	0.4%	400	0.5%
...Petroleum and Coal Products Manufacturing	9,000	8,900	8,500	100	1.1%	500	5.9%
...Chemical Manufacturing	38,500	38,700	39,400	-200	-0.5%	-900	-2.3%
Service Providing	2,588,900	2,564,300	2,451,600	24,600	1.0%	137,300	5.6%
.Private Service Providing	2,177,500	2,175,400	2,042,500	2,100	0.1%	135,000	6.6%
..Trade, Transportation, and Utilities	630,900	631,100	607,100	-200	0.0%	23,800	3.9%
...Wholesale Trade	163,000	163,400	157,800	-400	-0.2%	5,200	3.3%
....Merchant Wholesalers, Durable Goods	100,700	100,900	97,200	-200	-0.2%	3,500	3.6%
.....Prof. and Commercial Equip. Supplies Wholesalers	16,900	16,900	16,800	0	0.0%	100	0.6%
....Merchant Wholesalers, Nondurable Goods	49,800	50,200	50,000	-400	-0.8%	-200	-0.4%
...Retail Trade	295,700	296,900	292,400	-1,200	-0.4%	3,300	1.1%
....Motor Vehicle and Parts Dealers	41,400	41,500	40,100	-100	-0.2%	1,300	3.2%
....Bldg. Material and Garden Equip. and Supplies Dealers	23,700	23,400	23,900	300	1.3%	-200	-0.8%
....Food and Beverage Stores	70,200	70,600	69,300	-400	-0.6%	900	1.3%
....Health and Personal Care Stores	18,600	18,500	18,100	100	0.5%	500	2.8%
....Clothing and Clothing Accessories Stores	24,500	24,900	22,300	-400	-1.6%	2,200	9.9%
....General Merchandise Stores	57,600	57,300	56,400	300	0.5%	1,200	2.1%
.....Department Stores	16,500	16,400	15,500	100	0.6%	1,000	6.5%
.....Other General Merchandise Stores	41,100	40,900	40,900	200	0.5%	200	0.5%
...Transportation, Warehousing, and Utilities	172,200	170,800	156,900	1,400	0.8%	15,300	9.8%
....Utilities	17,000	17,100	17,100	-100	-0.6%	-100	-0.6%
.....Air Transportation	18,300	18,400	18,300	-100	-0.5%	0	0.0%
.....Truck Transportation	27,300	27,300	26,500	0	0.0%	800	3.0%
.....Pipeline Transportation	11,500	11,500	12,000	0	0.0%	-500	-4.2%
..Information	28,800	29,000	28,200	-200	-0.7%	600	2.1%
...Telecommunications	12,400	12,500	12,600	-100	-0.8%	-200	-1.6%
..Financial Activities	164,900	164,200	162,500	700	0.4%	2,400	1.5%
...Finance and Insurance	106,700	106,300	103,500	400	0.4%	3,200	3.1%
....Credit Intermediation and Related Activities	43,000	42,400	43,500	600	1.4%	-500	-1.1%
.....Depository Credit Intermediation	28,300	28,200	29,100	100	0.4%	-800	-2.7%
....Securities, Commodity Contracts, and Fin. Investments	20,900	21,100	20,600	-200	-0.9%	300	1.5%
....Insurance Carriers and Related Activities	42,800	42,800	39,400	0	0.0%	3,400	8.6%
...Real Estate and Rental and Leasing	58,200	57,900	59,000	300	0.5%	-800	-1.4%
..Professional and Business Services	512,500	504,400	478,600	8,100	1.6%	33,900	7.1%
...Professional, Scientific, and Technical Services	245,200	245,100	230,300	100	0.0%	14,900	6.5%
....Legal Services	28,400	28,600	27,600	-200	-0.7%	800	2.9%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	23,700	23,900	23,400	-200	-0.8%	300	1.3%
....Architectural, Engineering, and Related Services	66,500	67,000	66,000	-500	-0.7%	500	0.8%
....Computer Systems Design and Related Services	37,700	37,800	33,800	-100	-0.3%	3,900	11.5%
...Management of Companies and Enterprises	44,700	45,000	44,300	-300	-0.7%	400	0.9%
...Admin. and Support and Waste Mgmt. and Remediation	222,600	214,300	204,000	8,300	3.9%	18,600	9.1%
....Administrative and Support Services	209,100	200,900	192,500	8,200	4.1%	16,600	8.6%
.....Employment Services	83,000	72,800	69,500	10,200	14.0%	13,500	19.4%
.....Services to Buildings and Dwellings	54,800	56,200	51,200	-1,400	-2.5%	3,600	7.0%
..Educational and Health Services	409,000	407,900	393,100	1,100	0.3%	15,900	4.0%
...Educational Services	65,000	64,400	60,200	600	0.9%	4,800	8.0%
...Health Care and Social Assistance	344,000	343,500	332,900	500	0.1%	11,100	3.3%
....Ambulatory Health Care Services	171,800	170,200	165,300	1,600	0.9%	6,500	3.9%
....Hospitals	89,400	89,400	87,400	0	0.0%	2,000	2.3%
..Leisure and Hospitality	314,100	322,900	272,800	-8,800	-2.7%	41,300	15.1%
...Arts, Entertainment, and Recreation	31,100	32,600	26,900	-1,500	-4.6%	4,200	15.6%
...Accommodation and Food Services	283,000	290,300	245,900	-7,300	-2.5%	37,100	15.1%
....Accommodation	22,400	22,700	18,600	-300	-1.3%	3,800	20.4%
....Food Services and Drinking Places	260,600	267,600	227,300	-7,000	-2.6%	33,300	14.7%
..Other Services	117,300	115,900	100,200	1,400	1.2%	17,100	17.1%
Government	411,400	388,900	409,100	22,500	5.8%	2,300	0.6%
.Federal Government	31,400	31,100	36,500	300	1.0%	-5,100	-14.0%
.State Government	89,900	89,600	88,500	300	0.3%	1,400	1.6%
..State Government Educational Services	51,500	51,000	50,900	500	1.0%	600	1.2%
.Local Government	290,100	268,200	284,100	21,900	8.2%	6,000	2.1%
..Local Government Educational Services	193,600	173,800	190,900	19,800	11.4%	2,700	1.4%