

Houston Area Employment Situation

January 2021

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

Typical January Job Growth Overshadowed by Underestimated Job Losses throughout 2020 after Benchmark Revisions

Total Nonfarm

Over-the-month Change

Houston MSA Total Nonfarm (not-seasonally adjusted) employment stood at 2,947,800 in January, down -47,900 jobs over the month, or -1.6 percent. A year ago Houston registered an over-the-month decrease of 40,400 jobs. The largest all-time one-month gain on record for this sector occurred in May 2020, up 67,200 jobs. The largest one-month decline on record outside of seasonal job losses in January and July occurred in April 2020, down -343,400 jobs. (see Chart 1.) Historically in the month of January, Total Nonfarm has on average lost -44,300 jobs over the month, which indicates that this month's losses are on par with larger than the long-term average decline. Note that over-the-month losses are typical each January in most sectors and Total Nonfarm employment due to the conclusion of holiday-related seasonal jobs and downward adjustments to population estimates by BLS.

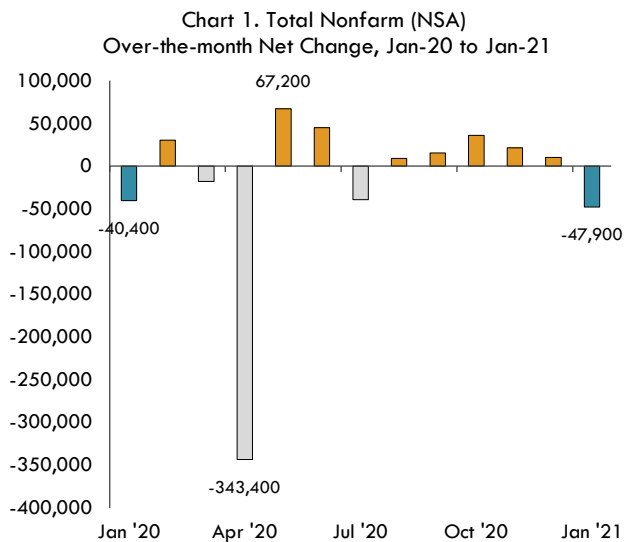
The primary drivers of this January's decline were decreases in Trade, Transportation, and Utilities, Government, and Professional and Business Services. Losses were also recorded in Manufacturing, Education and Health Services, and Leisure and Hospitality. The net decrease in jobs over the month was partially offset by gains in Mining and Logging and Other Services. (see Chart 2.) Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 2,977,900, up 3,900 jobs over the month, or 0.1 percent. 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 Loss in January

- Trade, Transportation, and Utilities: -13,600
- Government: -11,500
- Professional and Business Services: -5,700

Over-the-year Change

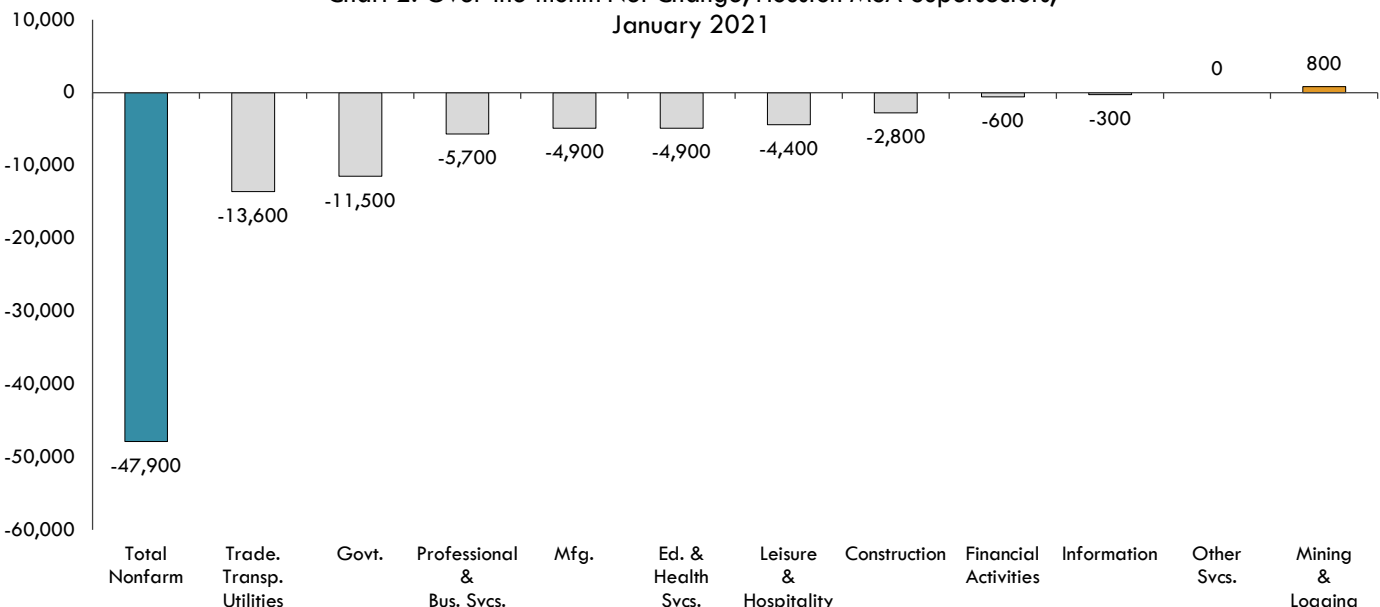
Over the year, Total Nonfarm employment was down -214,100 or -6.8 percent on a not-seasonally-adjusted basis and down -214,300 or -6.7 percent on a seasonally-adjusted basis. To compare, January 2020 saw a year-over-year gain of 62,400 jobs (NSA) from January 2019. The largest over-the-year gain on record for Total Nonfarm Employment occurred in November 2012, up 122,600 jobs. The largest over-the-year decline on record



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

occurred in April 2020, down -313,700 jobs. Currently all 11 sectors show declines in employment year over year of which the top-three are Leisure and Hospitality (-47,300), Construction (-32,900), and Manufacturing (-30,800). (see Chart 4.) COVID-19 resulted in the loss of -361,400 jobs over March and April 2020 of which approximately 40 percent of Total Nonfarm employment has been recovered to date. (See 2020 benchmark revisions section at the end of the report for details.)

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



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January 2021

Previous Month's Revisions

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

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

- Leisure and Hospitality: -47,300
- Construction: -32,900
- Manufacturing: -30,800

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

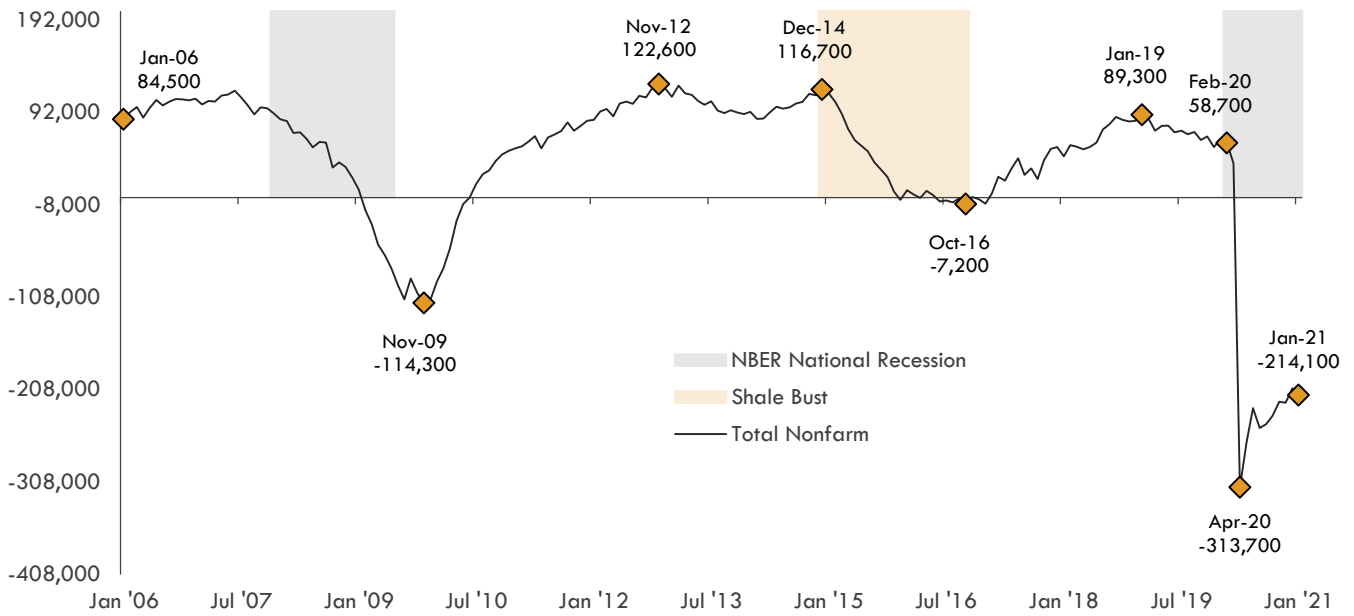
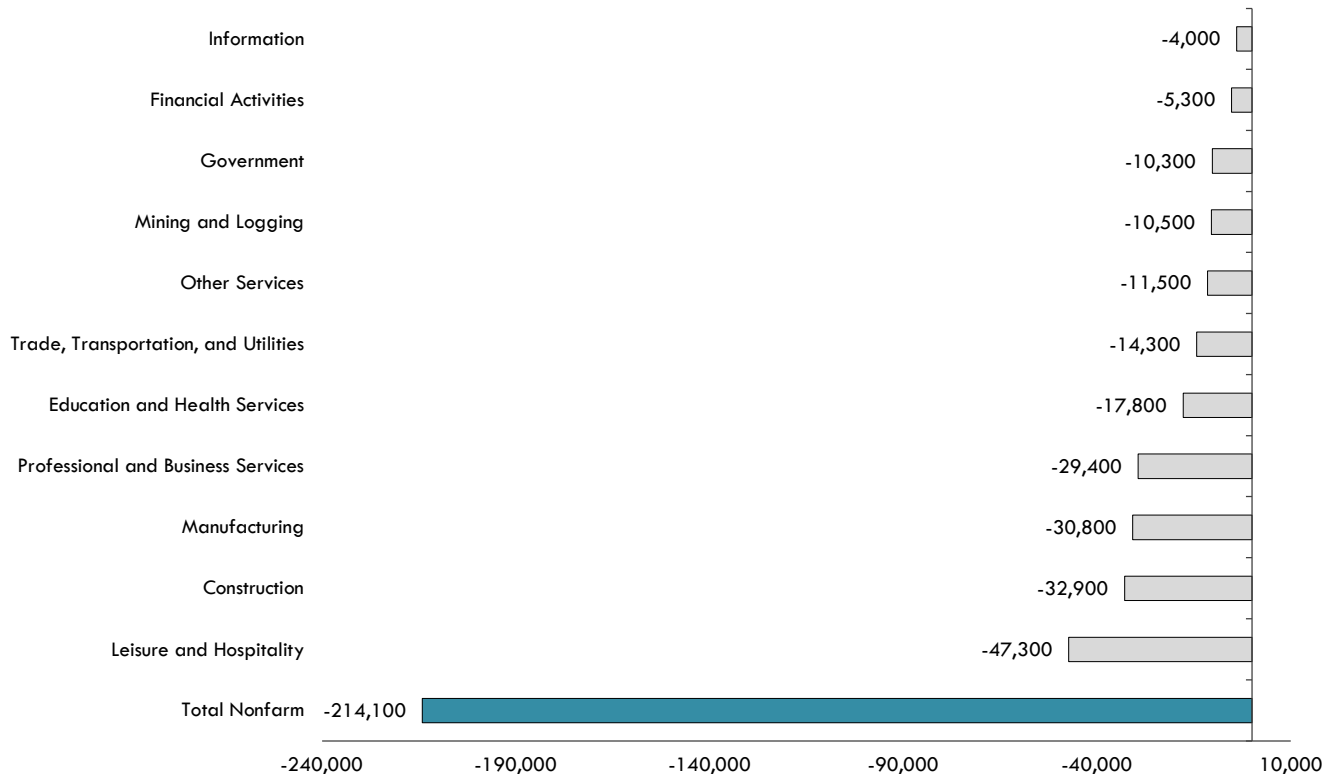


Chart 4. Over-the-year Net Change, Houston MSA Supersectors,
January 2020 to January 2021



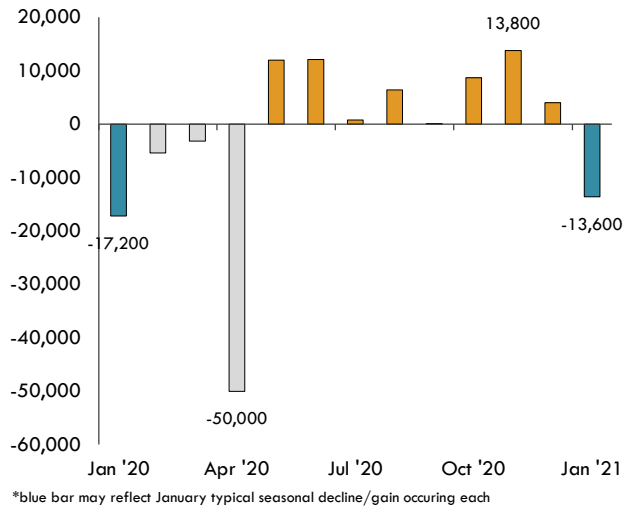
DECLINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities was the largest declining sector over the month down -13,600 jobs, or -2.1 percent. (see Chart 6.) 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 January, Trade, Transportation, and Utilities has lost an average of -17,600 jobs over the month, which indicates that this month's losses are slightly smaller than the long-term average decline. Over-the-month losses occur each January in this sector due to shedding of holiday-related seasonal jobs in Retail Trade and downward adjustments to population estimates by BLS. Retail Trade was the largest contributor to the overall sector's decline, down -9,400 jobs over the month. The second-largest declining contributor was Transportation, Warehousing, and Utilities, which lost -5,300 jobs from December to January. Lastly, Wholesale Trade offset a portion of the sector's losses with a gain of 1,100 jobs.

Chart 6. Trade, Transportation, and Utilities (NSA)
Over-the-month Net Change, Jan-20 to Jan-21

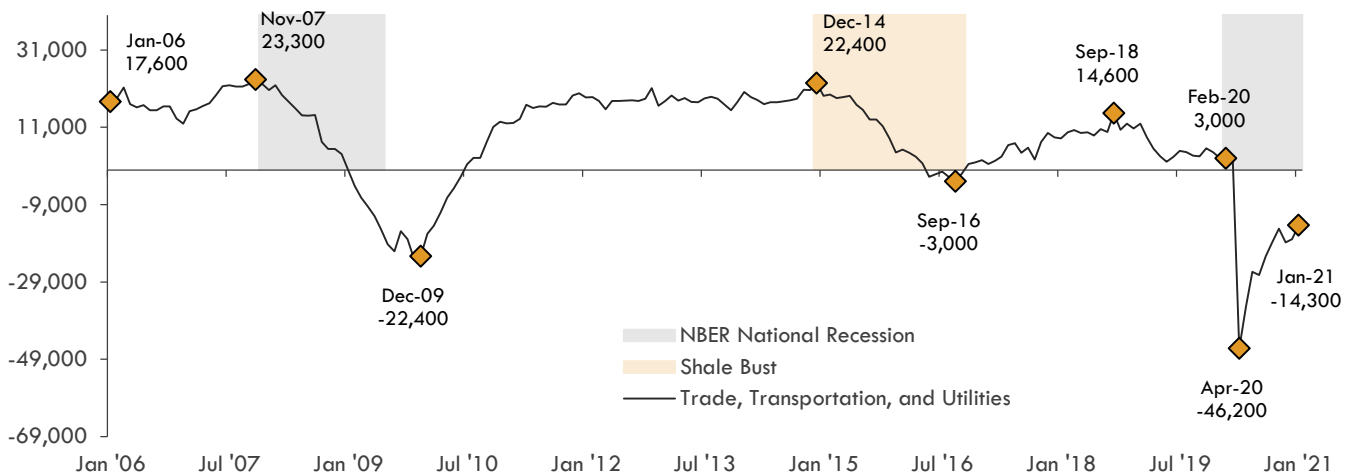


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was down -14,300 jobs, or -2.3 percent. (see Chart 7.) The largest over-the-year gain on record for this sector occurred in November 2007, up 23,300 jobs. The largest decline on record occurred in April 2020, down -46,200 jobs. Wholesale Trade was the largest contributor to the overall sector's decline, down -10,800 jobs over the year. The second-largest declining contributor was Retail Trade, which lost -9,600 jobs from January a year ago. Lastly, Transportation, Warehousing, and Utilities offset a portion of the sector's losses with a gain of 6,100 jobs. Trade,

Transportation, and Utilities's share of Houston area Total Nonfarm Employment has risen from 20.1 percent to 21.0 percent over the past year.

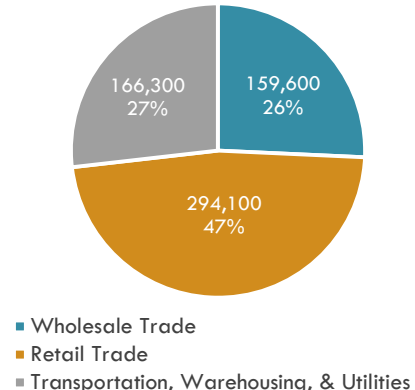
Chart 7. Trade, Transportation, and Utilities (NSA)
Over-the-year Net Change, Jan-06 to Jan-21



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 8.) 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 8. Employment in Component Industries of
Trade, Transportation, and Utilities Sector - January
2021



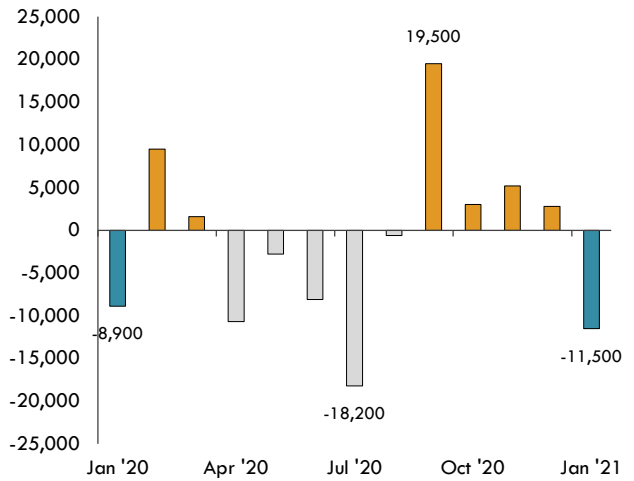
DECLINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was the second-largest declining sector over the month down -11,500 jobs, or -2.7 percent. (see Chart 9.) The largest all-time one-month gain on record for this sector occurred in September 2013, up 22,500 jobs. The largest decline on record occurred in April 2020, down -10,700 jobs. Historically in the month of January, Government has lost an average of -5,200 jobs over the month, which indicates that this month's losses are substantially larger than the long-term average decline. As is the case for many sectors, over-the-month job losses are typical in January within Government. Local Government was the largest contributor to the overall sector's decline, down -10,400 jobs over the month. The second-largest declining contributor was Federal Government, which lost -1,200 jobs from December to January. Lastly, State Government offset a portion of the sector's losses with a gain of 100 jobs.

Chart 9. Government (NSA)
Over-the-month Net Change, Jan-20 to Jan-21

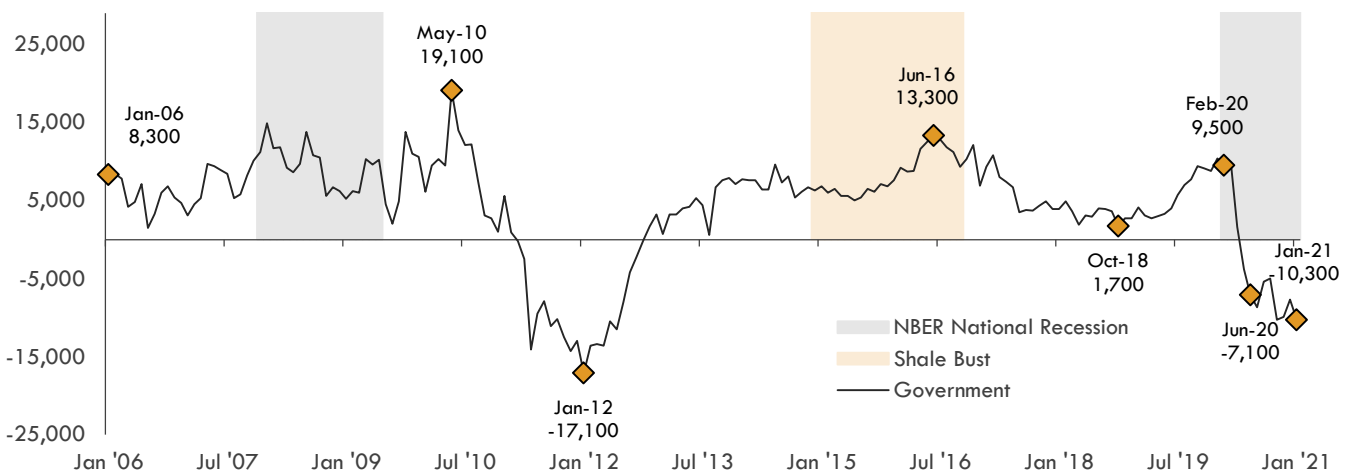


Over-the-year Change

Year over year, Government was down -10,300 jobs, or -2.5 percent. (see Chart 10.) 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 decline, down -10,000 jobs over the year. The second-largest declining contributor was State Government, which lost -600 jobs from January a year ago. Lastly, Federal Government offset a portion of the sector's losses with a gain of 300 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 -4.6 percent below levels reported in February 2020. Government's share of Houston area Total Nonfarm Employment has risen from 13.2 percent to 13.9 percent over the past year.

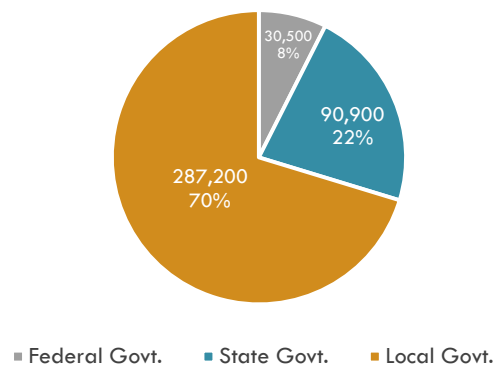
Chart 10. Government (NSA)
Over-the-year Net Change, Jan-06 to Jan-21



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 70 percent. (see Chart 11.) Across the Houston MSA, the concentration of jobs in the overall Government sector is 9 percent less than the national average.

Chart 11. Employment in Component Industries of Government Sector - January 2021



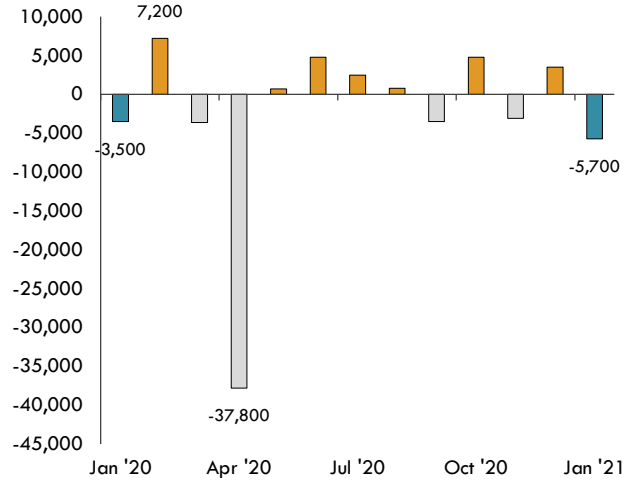
DECLINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

Professional and Business Services was the third-largest declining sector over the month down -5,700 jobs, or -1.2 percent. (see Chart 12.) The largest all-time one-month gain on record for this sector occurred in June 2018, up 7,600 jobs. The largest decline on record occurred in April 2020, down -37,800 jobs. Historically in the month of January, Professional and Business Services has lost an average of -6,000 jobs over the month, which indicates that this month's losses are on par with the long-term average decline. Note that over-the-month job losses are typical in January for this sector. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's decline, down -3,700 jobs over the month. The second-largest declining contributor was Management of Companies and Enterprises, which lost -1,000 jobs from December to January. Lastly, Professional, Scientific, and Technical Services subtracted, -1,000 jobs.

Chart 12. Professional and Business Services (NSA)
Over-the-month Net Change, Jan-20 to Jan-21



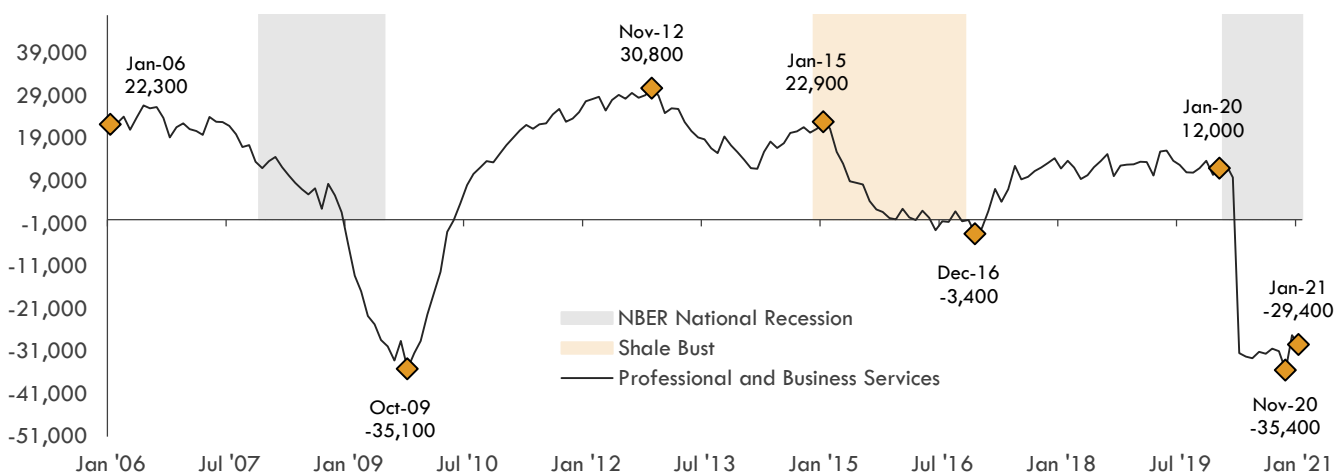
*blue bar may reflect January typical seasonal decline/gain occurring each

Over-the-year Change

Year over year, Professional and Business Services was down -29,400 jobs, or -5.8 percent. (see Chart 13.) This was the largest-ever year-over-year decline in the month of January since records began in 1990. Furthermore, 13.7 percent of total (gross) jobs lost across the region over the past year can be attributed to Professional and Business Services. The largest over-the-year gain on record for this sector occurred in November 2012, up 30,800 jobs. The largest decline on record occurred in November 2020, down -35,400 jobs. Professional, Scientific, and Technical Services was the largest contributor to the overall

decline, down -13,600 jobs over the year. The second-largest declining contributor was Administrative and Support and Waste Management and Remediation Services, which lost -12,700 jobs from January a year ago. Lastly, Management of Companies and Enterprises subtracted, -3,100 jobs. Since shedding -41,400 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 January. Professional and Business Services's share of Houston area Total Nonfarm Employment has risen from 16.1 percent to 16.2 percent over the past year.

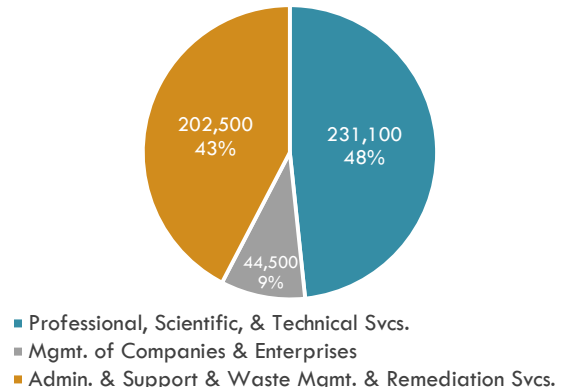
Chart 13. Professional and Business Services (NSA)
Over-the-year Net Change, Jan-06 to Jan-21



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 14.) Across the Houston MSA, the concentration of jobs in the overall sector is 13 percent higher than the national average, due to times more jobs 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
2021



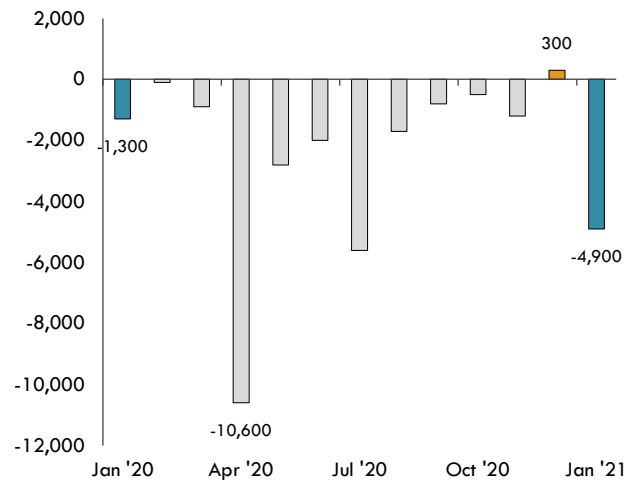
DECLINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing also saw a decrease over the month down -4,900 jobs, or -2.3 percent. (see Chart 15.) 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 January, Manufacturing has lost an average of -1,700 jobs over the month, which indicates that this month's losses are substantially larger than the long-term average decline. Note that over-the-month job losses are typical in January for this sector however there has been one instances of gains in the month of January since records began in 1990. Durable Goods was the largest contributor to the overall sector's decline, down -2,500 jobs over the month. The second-largest declining contributor was Non-Durable Goods, which lost -2,400 jobs from December to January.

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

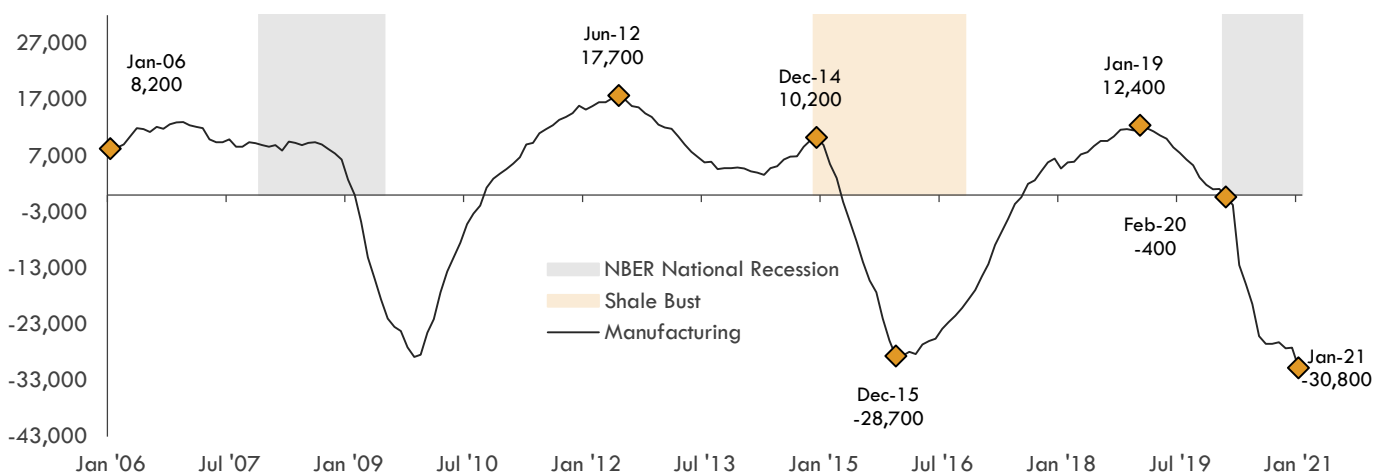


Over-the-year Change

Year over year, Manufacturing was down -30,800 jobs, or -13.1 percent. (see Chart 16.) This was the largest-ever year-over-year decline in the month of January, or any other month, since records began in 1990. Furthermore, 14.4 percent of total (gross) jobs lost across the region over the past year can be attributed to Manufacturing. The largest over-the-year gain on record for this sector occurred in June 2012, up 17,700 jobs. Durable Goods was the largest contributor to the overall sector's decline, down -26,700 jobs over the year. The second-largest declining contributor was Non-Durable Goods, which lost -4,100

January 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 7.4 percent to 6.9 percent over the past year.

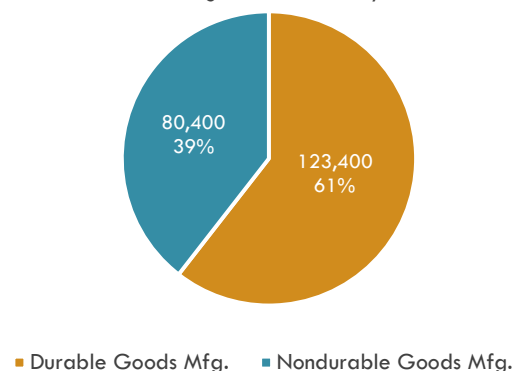
Chart 16. Manufacturing (NSA)
Over-the-year Net Change, Jan-06 to Jan-21



About This Sector

This sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. Of the two main component industries, Durable Goods accounts for the majority of the sector's employment at 61 percent. (see Chart 17.) Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 20 percent less than the national average.

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



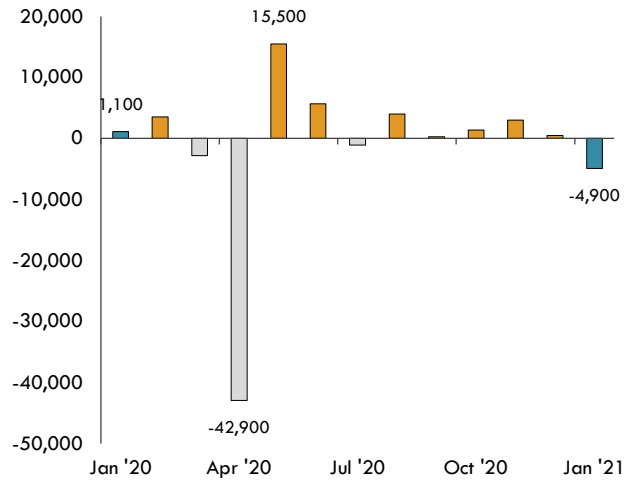
DECLINING INDUSTRY HIGHLIGHTS

Education and Health Services

Over-the-month Change

Education and Health Services also saw a decrease over the month down -4,900 jobs, or -1.2 percent. (see Chart 18.) 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 January, Education and Health Services has lost an average of -3,000 jobs over the month, which indicates that this month's losses are substantially larger than the long-term average decline. Health Care and Social Assistance was the largest contributor to the overall sector's decline, down -4,100 jobs over the month. The second-largest declining contributor was Educational Services, which lost -800 jobs from December to January.

Chart 18. Education and Health Services (NSA)
Over-the-month Net Change, Jan-20 to Jan-21

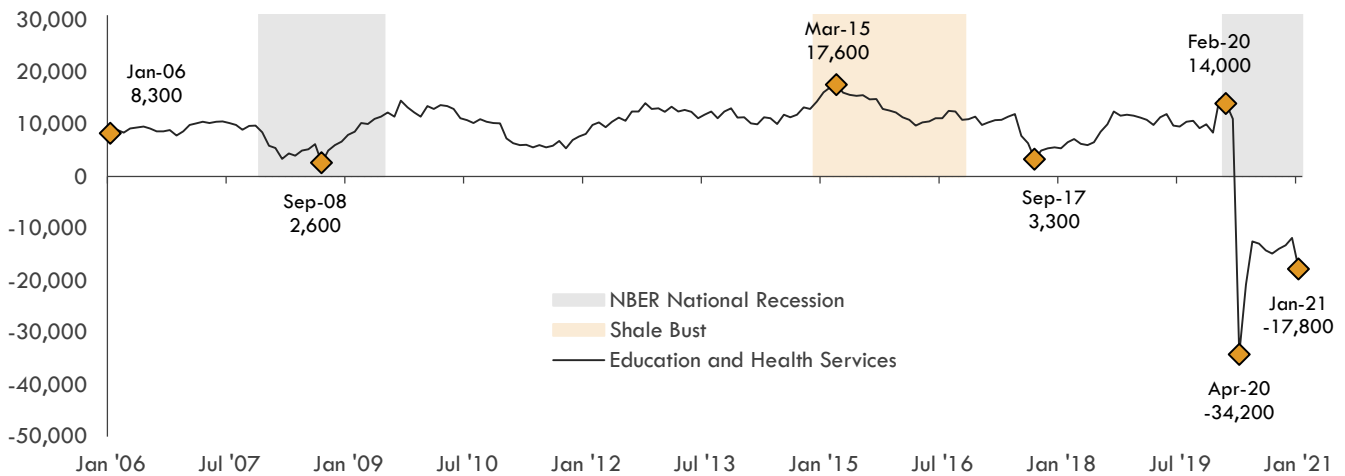


Over-the-year Change

Year over year, Education and Health Services was down -17,800 jobs, or -4.3 percent. (see Chart 19.) This was the largest-ever year-over-year decline in the month of January since records began in 1990. The largest over-the-year gain on record for this sector occurred in March 2015, up 17,600 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 decline, down -14,100 jobs over the year. The second-largest declining contributor was Educational Services, which lost -3,700 jobs from January 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 50 percent of jobs lost as of January. Education and Health Services's share of Houston area Total Nonfarm Employment has risen from 13.0 percent to 13.3 percent over the past year.

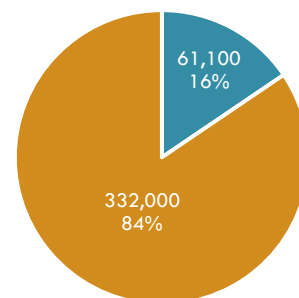
Chart 19. Education and Health Services (NSA)
Over-the-year Net Change, Jan-06 to Jan-21



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 20.) Across the Houston MSA, the concentration of jobs in the overall sector is 19 percent less than the national average, despite the high physical concentration of healthcare jobs centered around Texas Medical Center.

Chart 20. Employment in Component Industries of
Education and Health Services Sector - January 2021



■ Educational Svcs. ■ Health Care & Social Assistance

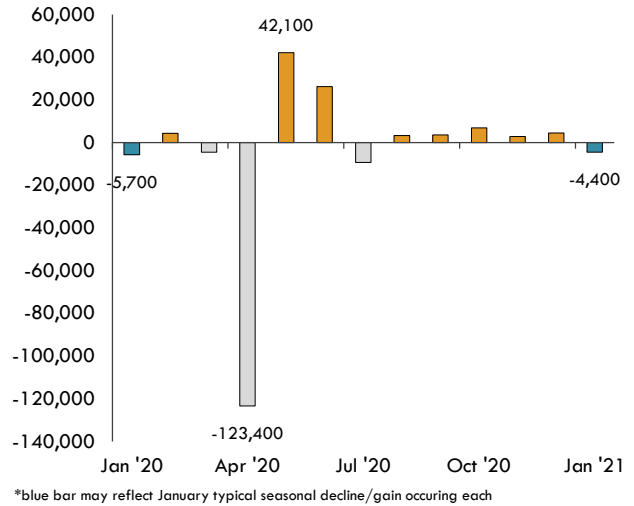
DECLINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality also saw a decrease over the month down -4,400 jobs, or -1.5 percent. (see Chart 21.) 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 January, Leisure and Hospitality has lost an average of -4,500 jobs over the month, which indicates that this month's losses are on par with smaller than the long-term average decline. Like Total Nonfarm employment, over-the-month job losses in this sector occur each January without exception due to the conclusion of holiday-related seasonal jobs and downward adjustments to population estimates by BLS. Accommodation and Food Services was the largest contributor to the overall sector's decline, down -3,800 jobs over the month. The second-largest declining contributor was Arts, Entertainment, and Recreation, which lost -600 jobs from December to January.

Chart 21. Leisure and Hospitality (NSA)
Over-the-month Net Change, Jan-20 to Jan-21

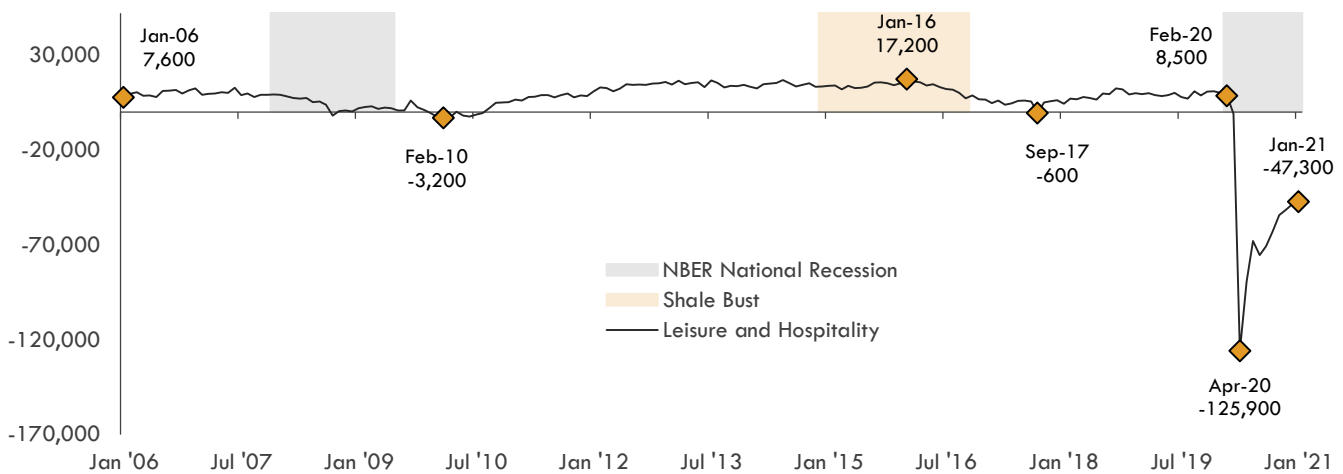


Over-the-year Change

Year over year, Leisure and Hospitality was down -47,300 jobs, or -14.3 percent. (see Chart 22.) This was the largest-ever year-over-year decline in the month of January since records began in 1990. Among sectors currently showing contraction, this sector is the fastest declining in percentage terms across the Houston area. Furthermore, 22.1 percent of total (gross) jobs lost 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 January 2016, up 17,200 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 decline, down -37,700 jobs over the year. The second-largest declining contributor was Arts, Entertainment, and Recreation, which lost -9,600 jobs from January 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 60 percent of jobs lost as of January. Leisure and Hospitality's share of Houston area Total Nonfarm Employment has fallen from 10.4 percent to 9.6 percent over the past year.

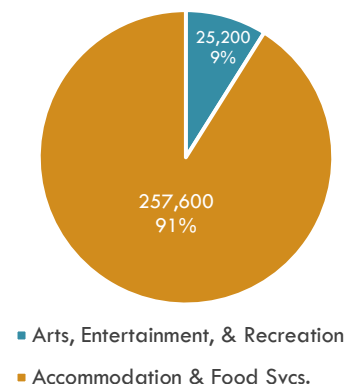
Chart 22. Leisure and Hospitality (NSA)
Over-the-year Net Change, Jan-06 to Jan-21



About This Sector

This sector is composed of establishments that produce and promote in live performances, events, or 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 23.) Across the Houston MSA, the concentration of jobs in the overall sector is 8 percent higher than the national average.

Chart 23. Employment in Component Industries of Leisure and Hospitality Sector - January 2021

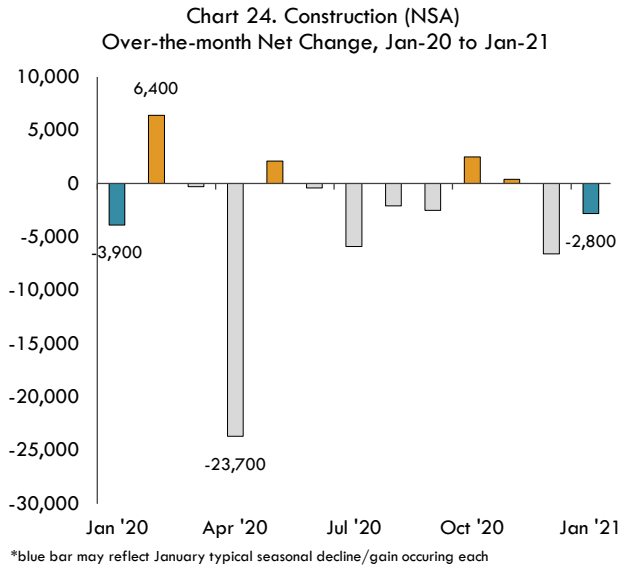


DECLINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction also saw a decrease over the month down -2,800 jobs, or -1.4 percent. (see Chart 24.) The largest all-time one-month gain on record for this sector occurred in February 2019, up 7,300 jobs. The largest decline on record occurred in April 2020, down -23,700 jobs. Historically in the month of January, Construction has lost an average of -3,300 jobs over the month, which indicates that this month's losses are slightly smaller than the long-term average decline. Construction typically experiences over-the-month job losses in January however there have been two instances of job gains in this sector in the month of January since records began in 1990. Construction of Buildings was the largest contributor to the overall sector's decline, down -1,500 jobs over the month. The second-largest declining contributor was Heavy and Civil Engineering Construction, which lost -800 jobs from December to January. Lastly, Specialty Trade Contractors subtracted, -500 jobs.

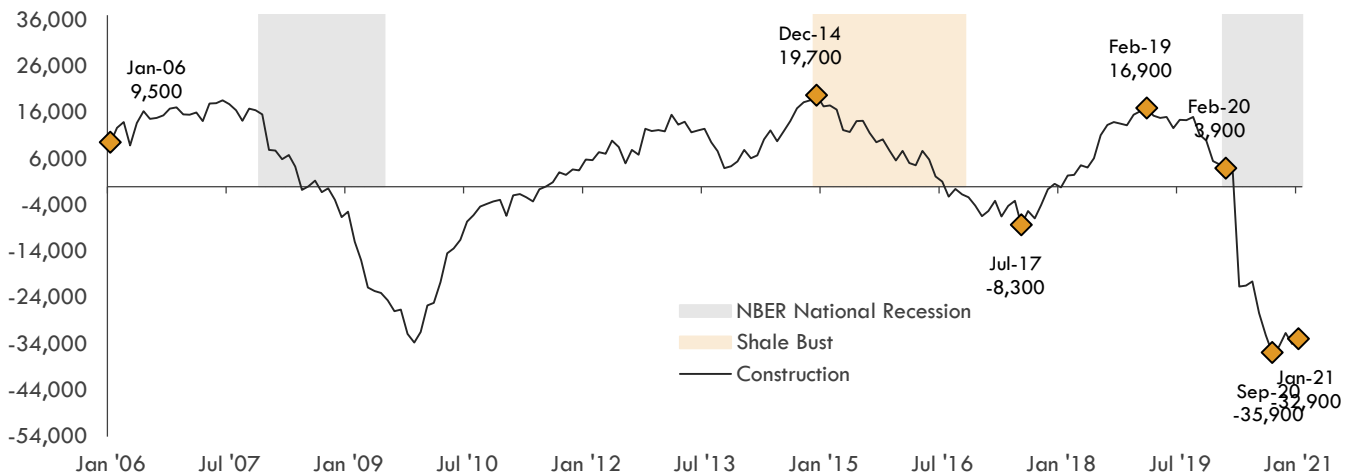


Over-the-year Change

Year over year, Construction was down -32,900 jobs, or -14.2 percent. (see Chart 25.) This was the largest-ever year-over-year decline in the month of January since records began in 1990. Among sectors currently showing contraction, this sector is the second-fastest declining in percentage terms across the Houston area. Furthermore, 15.4 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 September 2020, down -35,900

jobs. Construction of Buildings was the largest contributor to the overall sector's decline, down -11,200 jobs over the year. The second-largest declining contributor was Specialty Trade Contractors, which lost -11,100 jobs from January a year ago. Lastly, Heavy and Civil Engineering Construction subtracted, -10,600 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 -20 percent below levels reported in February 2020. Construction's share of Houston area Total Nonfarm Employment has fallen from 7.3 percent to 6.7 percent over the past year.

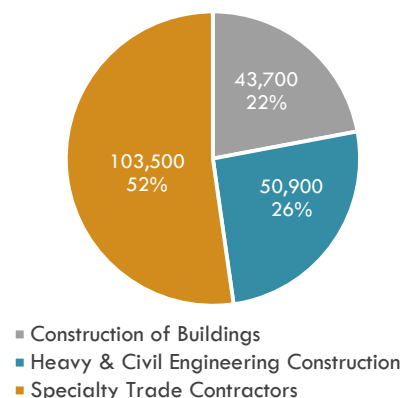
Chart 25. Construction (NSA)
Over-the-year Net Change, Jan-06 to Jan-21



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 52 percent. (see Chart 26.) Across the Houston MSA, the concentration of jobs in the overall Construction sector is 34 percent higher than the national average, due to 2.6 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

Chart 26. Employment in Component Industries of Construction Sector - January 2021



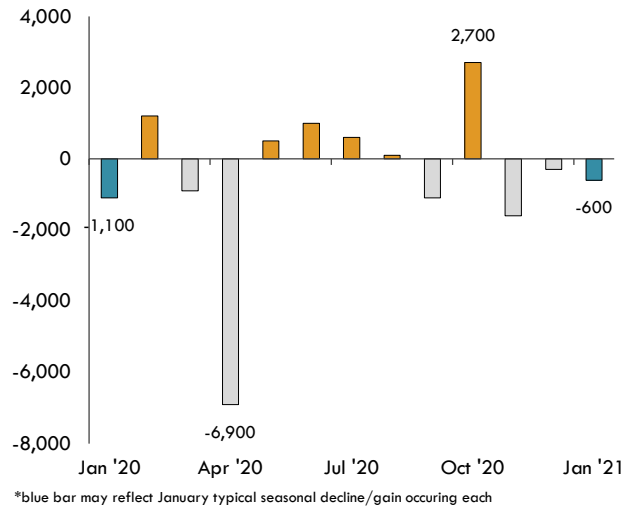
DECLINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities also saw a decrease over the month down -600 jobs, or -0.4 percent. (see Chart 27.) 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 January, Financial Activities has lost an average of -1,400 jobs over the month, which indicates that this month's losses are moderately smaller than the long-term average decline. Note that over-the-month job losses are typical in January for this sector. Finance and Insurance was the largest contributor to the overall sector's decline, down -300 jobs over the month. The second-largest declining contributor was Real Estate and Rental and Leasing, which lost -300 jobs from December to January.

Chart 27. Financial Activities (NSA)
Over-the-month Net Change, Jan-20 to Jan-21

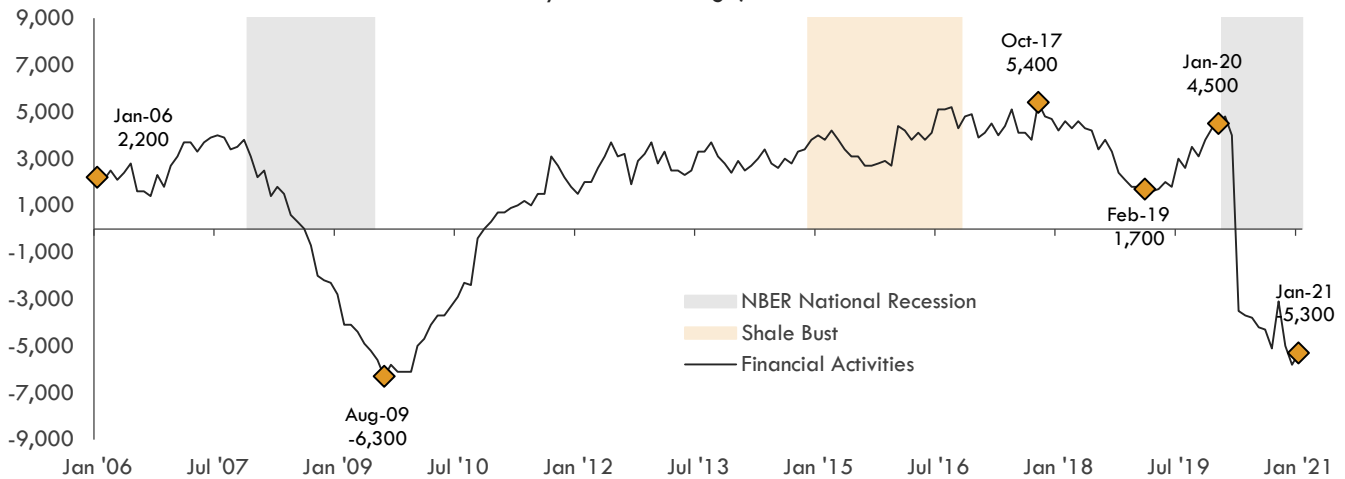


Over-the-year Change

Year over year, Financial Activities was down -5,300 jobs, or -3.2 percent. (see Chart 28.) This was the largest-ever year-over-year decline in the month of January since records began in 1990. 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 August 2009, down -6,300 jobs. Real Estate and Rental and Leasing was the largest contributor to the overall sector's decline, down -5,500 jobs over the year. One component industry that provided a partial offset was Finance and Insurance, which gained 200 jobs from January 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 20 percent of jobs lost as of January. Financial Activities's share of Houston area Total Nonfarm Employment has risen from 5.3 percent to 5.5 percent over the past year.

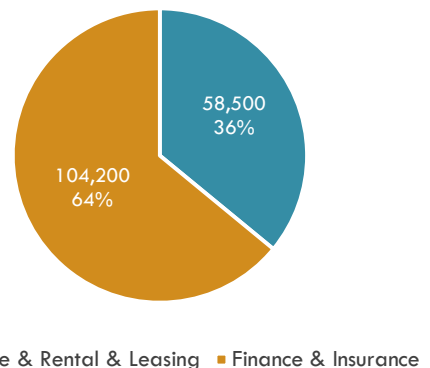
Chart 28. Financial Activities (NSA)
Over-the-year Net Change, Jan-06 to Jan-21



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 64 percent. (see Chart 29.) 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 24-percent lower concentration in Finance and Insurance offsetting a 27-percent higher concentration in Real Estate and Rental and Leasing.

Chart 29. Employment in Component Industries of
Financial Activities Sector - January 2021



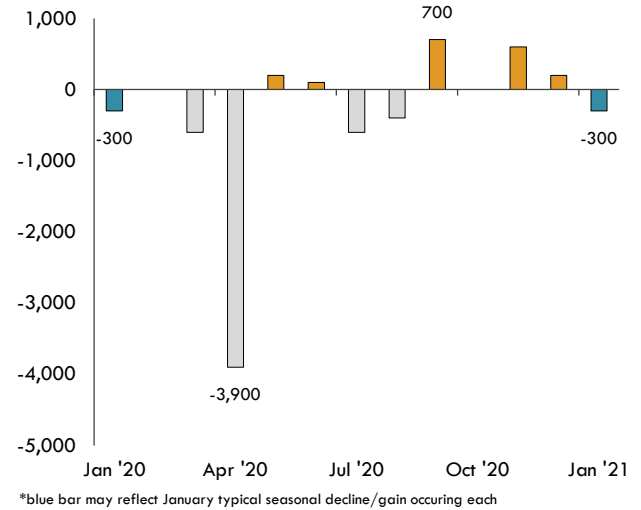
DECLINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information also saw a decrease over the month down -300 jobs, or -1.0 percent. (see Chart 30.) 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 January, Information has lost an average of -500 jobs over the month, which indicates that this month's losses are slightly smaller than the long-term average decline. While over-the-month job losses are typical in this sector each January, the magnitude of the declines has shrunk in recent years due to continued long-term structural job losses in media and publishing-related industries. Other Information Undefined was the largest contributor to the overall sector's decline, down -200 jobs over the month. The second-largest declining contributor was Telecommunications, which lost -100 jobs from December to January.

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

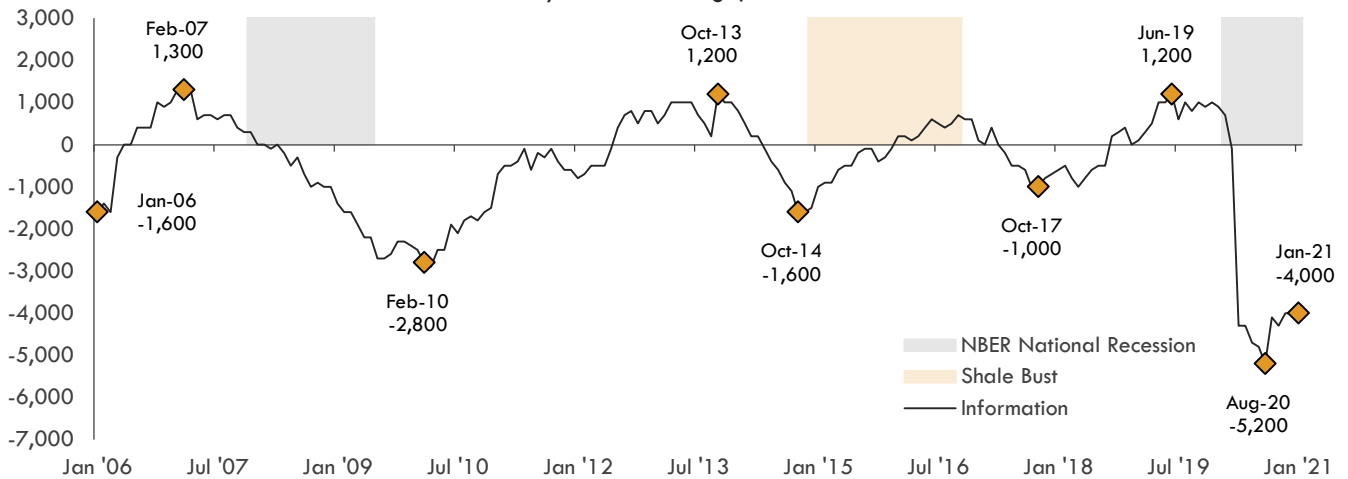


Over-the-year Change

Year over year, Information was down -4,000 jobs, or -12.2 percent. (see Chart 31.) 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 decline, down -3,200 jobs over the year. The second-largest declining contributor was Telecommunications, which lost -800 jobs from January 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 January. Information's share of Houston area Total Nonfarm Employment has remained constant at 1.0 percent over the past year.

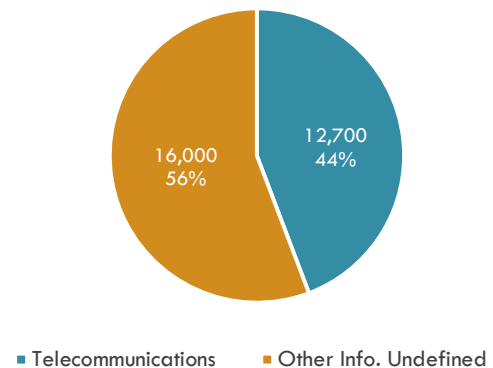
Chart 31. Information (NSA)
Over-the-year Net Change, Jan-06 to Jan-21



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 56 percent. (see Chart 32.) Across the Houston MSA, the concentration of jobs in the overall Information sector is 48 percent less than the national average.

Chart 32. Employment in Component Industries of Information Sector - January 2021



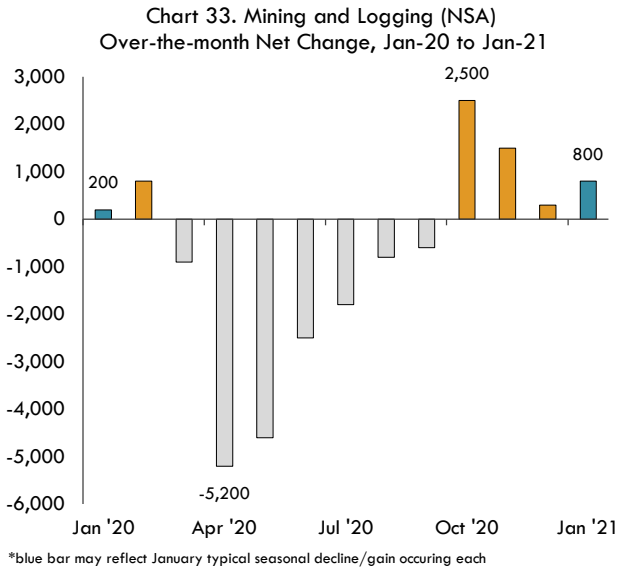
GAINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging was the largest gaining sector over the month up 800 jobs, or 1.2 percent. (see Chart 33.) 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 January, Mining and Logging has lost an average of -800 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Mining and Logging typically experiences over-the-month job losses in January however there have been three instances of job gains and one instance of zero net change in this sector in the month of January since records began in 1990. Support Activities for Mining was the largest contributor to the overall sector's increase, up 1,900 jobs over the month. The second-largest contributor was Other Mining and Logging Undefined, which added 800 jobs from December to January. Lastly, Oil and Gas Extraction offset a portion of the sector's gains with a loss of

-1,900 jobs.

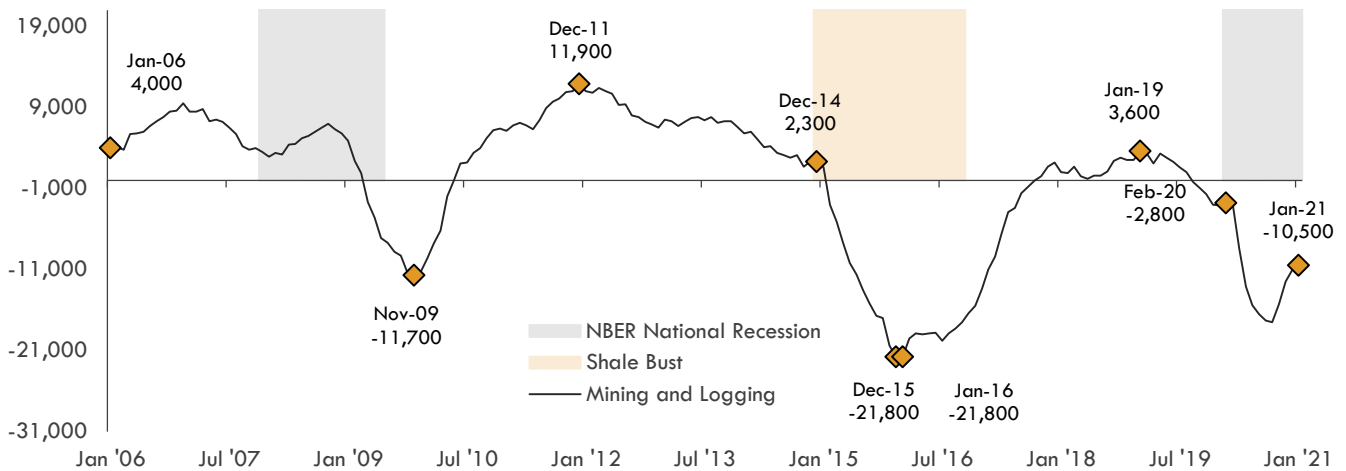


Over-the-year Change

Year over year, Mining and Logging was down -10,500 jobs, or -13.5 percent. (see Chart 34.) Among sectors currently showing contraction, this sector is the third-fastest declining in percentage terms across the Houston area. The largest over-the-year gain on record for this sector occurred in December 2011, up 11,900 jobs. The largest decline on record occurred in December 2015, down -21,800 jobs. Support Activities for Mining was the largest contributor to the overall sector's decline, down -7,500 jobs over the year. The second-largest declining contributor was Oil and Gas Extraction, which lost -3,800 jobs

from January a year ago. Lastly, Other Mining and Logging Undefined offset a portion of the sector's losses with a gain of 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 fallen from 2.5 percent to 2.3 percent over the past year.

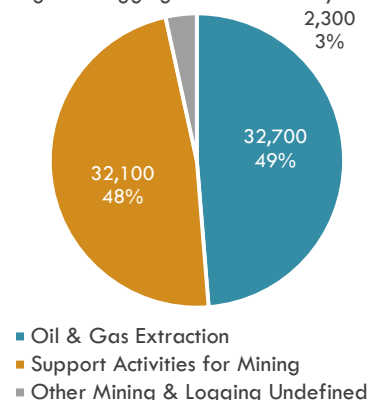
Chart 34. Mining and Logging (NSA) Over-the-year Net Change, Jan-06 to Jan-21



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 35.) Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 5.4 times the national average, due to the region's role as a global hub for the oil and gas industry.

Chart 35. Employment in Component Industries of Mining and Logging Sector - January 2021

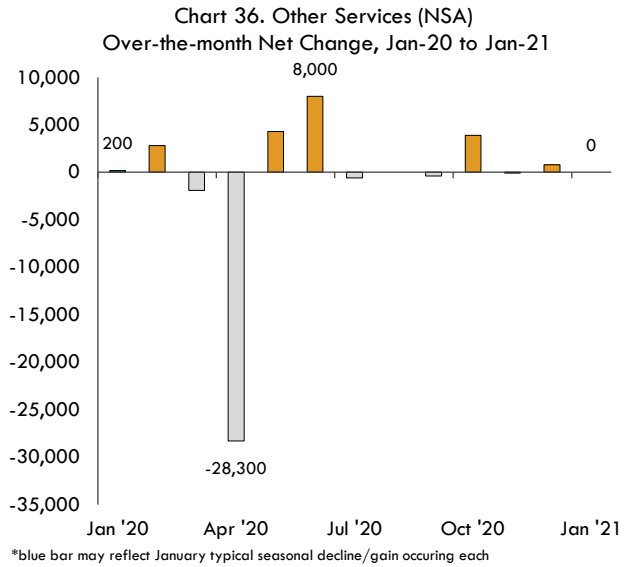


GAINING INDUSTRY HIGHLIGHTS

Other Services

Over-the-month Change

Other Services was unchanged over the month. (see Chart 36.) The largest all-time one-month gain on record for this sector occurred in June 2020, up 8,000 jobs. The largest decline on record occurred in April 2020, down -28,300 jobs. Historically in the month of January, Other Services has lost an average of -200 jobs over the month, which indicates that this month's net zero change is moderately in contrast to the long-term average decline. Other Services typically experiences over-the-month job losses in January however there have been four instances of job gains in this sector in the month of January since records began in 1990. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information.

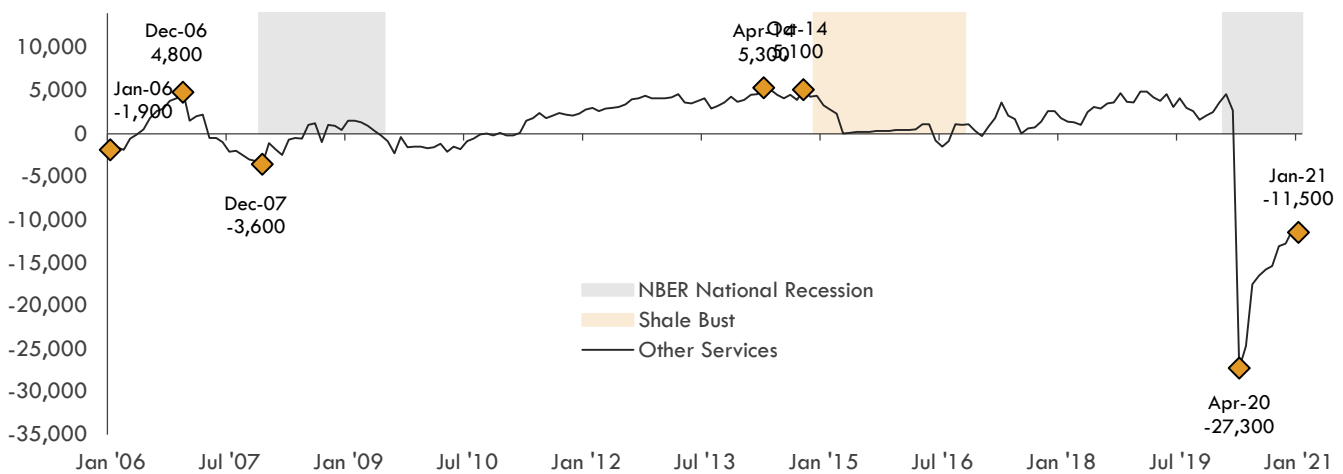


Over-the-year Change

Year over year, Other Services was down -11,500 jobs, or -9.9 percent. (see Chart 37.) This was the largest-ever year-over-year decline in the month of January since records began in 1990. The largest over-the-year gain on record for this sector occurred in April 2014, up 5,300 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 50 percent of jobs lost as

of January. Other Services's share of Houston area Total Nonfarm Employment has fallen from 3.7 percent to 3.6 percent over the past year.

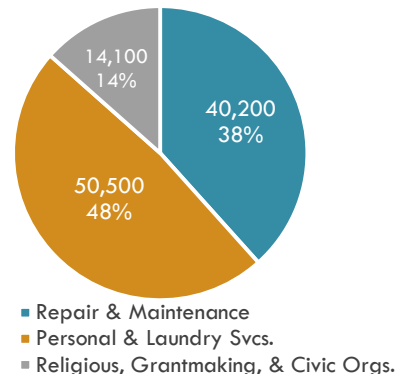
Chart 37. Other Services (NSA)
Over-the-year Net Change, Jan-06 to Jan-21



About This Sector

This sector comprises establishments engaged in services not classified elsewhere such as equipment and machinery repair, religious activities, grantmaking, advocacy, and providing dry-cleaning and laundry services, and personal care services. Of the three main component industries, Personal and Laundry Services accounts for a plurality of the sector's employment at 48 percent as a subsector where self-employment is prevalent (source: Census - Non Employer Statistics and BLS - Quarterly Census of Employment and Wages). (see Chart 38.) Across the Houston MSA, the concentration of jobs in the overall Other Services sector is 7 percent less than the national average.

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



*estimated proportions based QCEW covered and NES self-employment

Unemployment Rates

Not-Seasonally Adjusted

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 8.3 percent in January, up from December's 7.6 percent and up from 4.1 percent a year ago. This was above the statewide rate of 7.3 percent and above the national rate of 6.8 percent. 278,201 individuals were unemployed in Houston in January, up from December's 260,520 and up from 139,979 in January 2020.

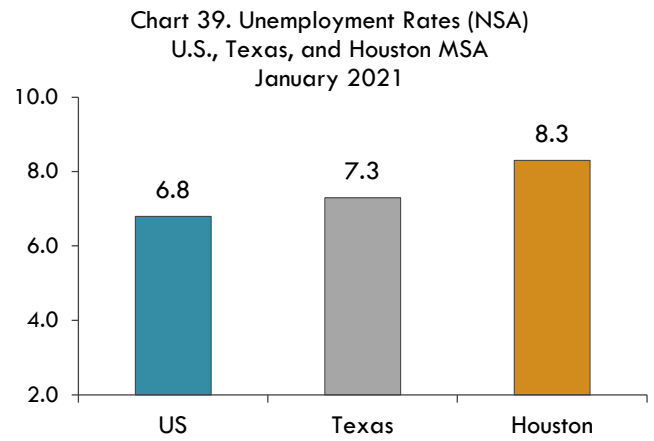
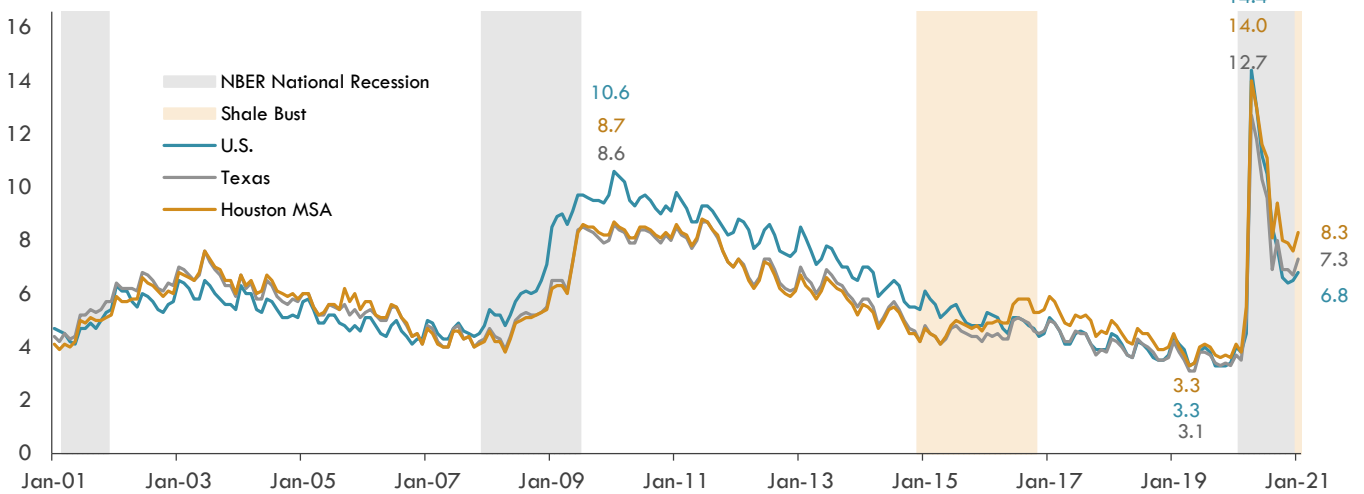


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA)
January 2001 to January 2021



Seasonally Adjusted

The Houston MSA (seasonally-adjusted) unemployment rate stood at 8.3 percent in December, down from November's 9.2 percent and up from 3.8 percent a year ago. This was above the statewide rate of 6.9 percent and above the national rate of 6.7 percent. 284,211 individuals were unemployed in Houston in December, down from November's 316,785 and up from 131,756 in December 2019.

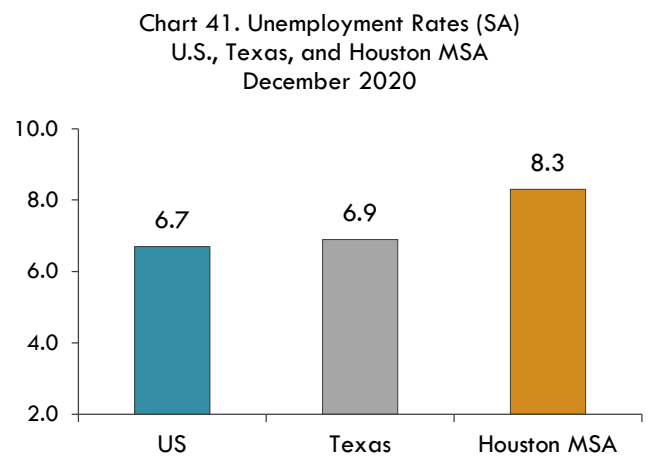
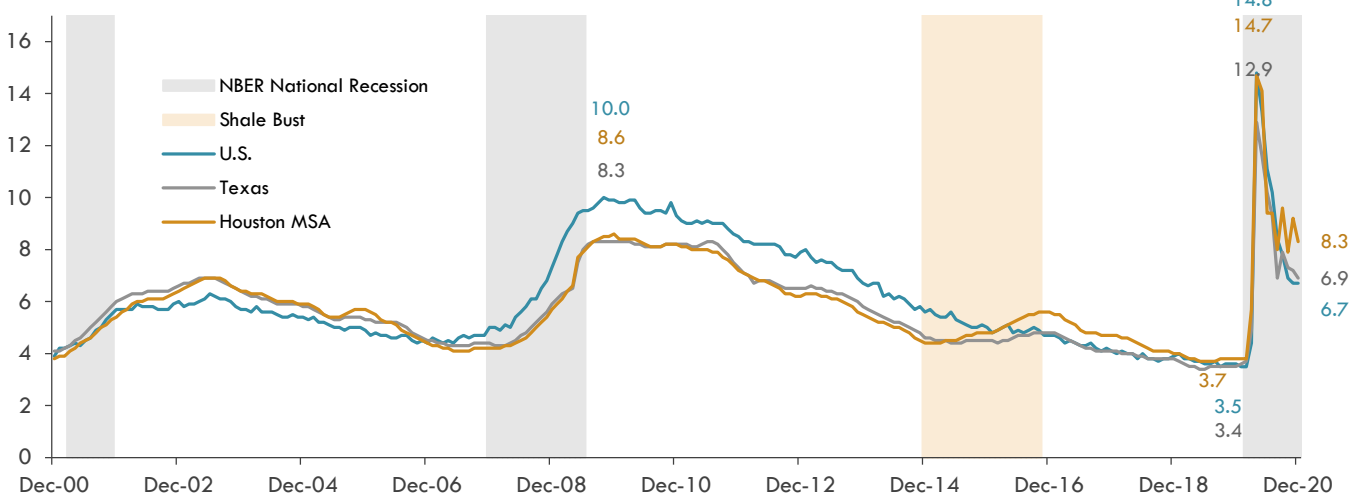


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
December 2000 to December 2020



Houston Area Employment Situation

January 2021

Table 1. Houston MSA Sectors and Major Industry Subcomponents

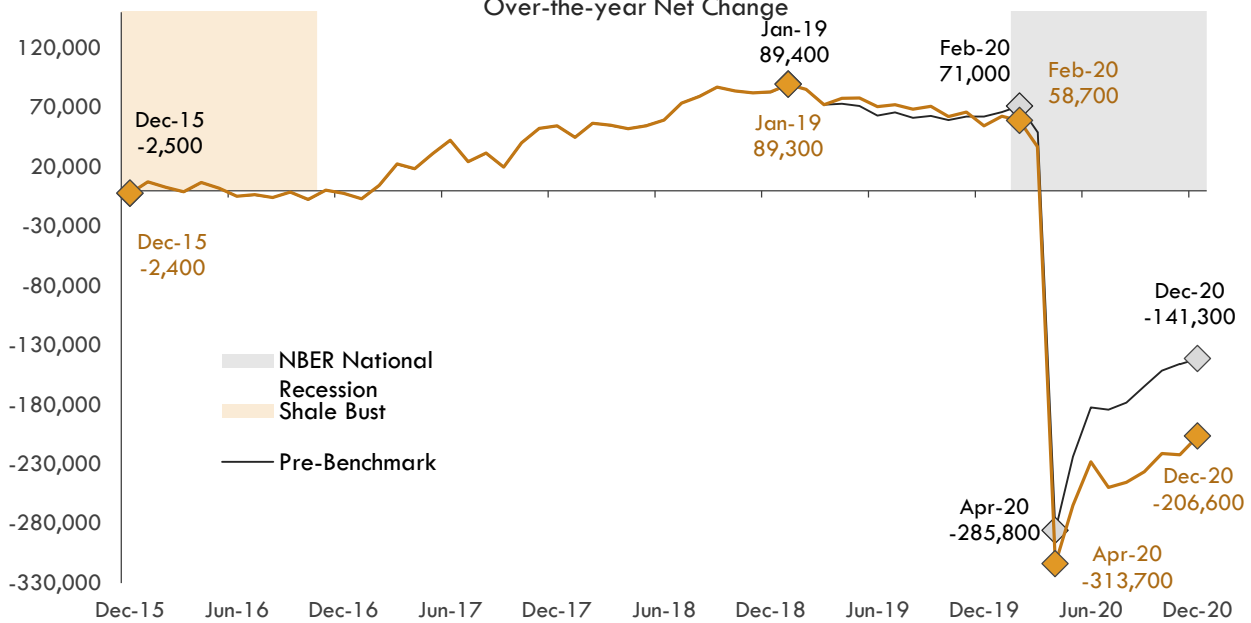
NAICS Industry	Jan-21	Dec-20	Jan-20	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	2,947,800	2,995,700	3,161,900	-47,900	-1.6%	-214,100	-6.8%
Total Private	2,539,200	2,575,600	2,743,000	-36,400	-1.4%	-203,800	-7.4%
Goods Producing	469,000	475,900	543,200	-6,900	-1.4%	-74,200	-13.7%
..Mining and Logging	67,100	66,300	77,600	800	1.2%	-10,500	-13.5%
...Oil and Gas Extraction	32,700	34,600	36,500	-1,900	-5.5%	-3,800	-10.4%
...Support Activities for Mining	32,100	30,200	39,600	1,900	6.3%	-7,500	-18.9%
..Construction	198,100	200,900	231,000	-2,800	-1.4%	-32,900	-14.2%
..Construction of Buildings	43,700	45,200	54,900	-1,500	-3.3%	-11,200	-20.4%
..Heavy and Civil Engineering Construction	50,900	51,700	61,500	-800	-1.5%	-10,600	-17.2%
..Specialty Trade Contractors	103,500	104,000	114,600	-500	-0.5%	-11,100	-9.7%
..Manufacturing	203,800	208,700	234,600	-4,900	-2.3%	-30,800	-13.1%
..Durable Goods	123,400	125,900	150,100	-2,500	-2.0%	-26,700	-17.8%
...Fabricated Metal Product Manufacturing	42,200	42,900	53,400	-700	-1.6%	-11,200	-21.0%
...Machinery Manufacturing	38,900	38,900	47,000	0	0.0%	-8,100	-17.2%
....Agriculture, Construction, and Mining Machinery Mfg.	20,300	20,600	28,400	-300	-1.5%	-8,100	-28.5%
...Computer and Electronic Product Manufacturing	12,700	12,800	14,000	-100	-0.8%	-1,300	-9.3%
..Non-Durable Goods	80,400	82,800	84,500	-2,400	-2.9%	-4,100	-4.9%
...Petroleum and Coal Products Manufacturing	8,400	8,900	8,700	-500	-5.6%	-300	-3.4%
...Chemical Manufacturing	39,000	39,400	40,600	-400	-1.0%	-1,600	-3.9%
Service Providing	2,478,800	2,519,800	2,618,700	-41,000	-1.6%	-139,900	-5.3%
..Private Service Providing	2,070,200	2,099,700	2,199,800	-29,500	-1.4%	-129,600	-5.9%
..Trade, Transportation, and Utilities	620,000	633,600	634,300	-13,600	-2.1%	-14,300	-2.3%
...Wholesale Trade	159,600	158,500	170,400	1,100	0.7%	-10,800	-6.3%
....Merchant Wholesalers, Durable Goods	97,800	96,700	106,200	1,100	1.1%	-8,400	-7.9%
.....Prof. and Commercial Equip. Supplies Wholesalers	16,900	16,900	17,800	0	0.0%	-900	-5.1%
....Merchant Wholesalers, Nondurable Goods	51,000	51,800	52,900	-800	-1.5%	-1,900	-3.6%
...Retail Trade	294,100	303,500	303,700	-9,400	-3.1%	-9,600	-3.2%
....Motor Vehicle and Parts Dealers	40,700	40,800	43,000	-100	-0.2%	-2,300	-5.3%
....Bldg. Material and Garden Equip. and Supplies Dealers	23,400	24,100	21,400	-700	-2.9%	2,000	9.3%
....Food and Beverage Stores	69,100	69,900	66,600	-800	-1.1%	2,500	3.8%
....Health and Personal Care Stores	18,400	18,700	19,100	-300	-1.6%	-700	-3.7%
....Clothing and Clothing Accessories Stores	24,300	26,800	29,200	-2,500	-9.3%	-4,900	-16.8%
....General Merchandise Stores	57,300	60,100	57,700	-2,800	-4.7%	-400	-0.7%
.....Department Stores	16,100	17,200	19,700	-1,100	-6.4%	-3,600	-18.3%
.....Other General Merchandise Stores	41,200	42,900	38,000	-1,700	-4.0%	3,200	8.4%
...Transportation, Warehousing, and Utilities	166,300	171,600	160,200	-5,300	-3.1%	6,100	3.8%
....Utilities	17,200	17,200	17,000	0	0.0%	200	1.2%
.....Air Transportation	18,500	18,400	21,000	100	0.5%	-2,500	-11.9%
.....Truck Transportation	26,600	26,700	27,500	-100	-0.4%	-900	-3.3%
.....Pipeline Transportation	11,500	11,600	12,200	-100	-0.9%	-700	-5.7%
..Information	28,700	29,000	32,700	-300	-1.0%	-4,000	-12.2%
...Telecommunications	12,700	12,800	13,500	-100	-0.8%	-800	-5.9%
..Financial Activities	162,700	163,300	168,000	-600	-0.4%	-5,300	-3.2%
...Finance and Insurance	104,200	104,500	104,000	-300	-0.3%	200	0.2%
....Credit Intermediation and Related Activities	43,700	43,900	44,300	-200	-0.5%	-600	-1.4%
.....Depository Credit Intermediation	28,800	29,000	30,000	-200	-0.7%	-1,200	-4.0%
....Securities, Commodity Contracts, and Fin. Investments	20,200	20,600	20,600	-400	-1.9%	-400	-1.9%
....Insurance Carriers and Related Activities	40,300	40,000	39,100	300	0.8%	1,200	3.1%
...Real Estate and Rental and Leasing	58,500	58,800	64,000	-300	-0.5%	-5,500	-8.6%
..Professional and Business Services	478,100	483,800	507,500	-5,700	-1.2%	-29,400	-5.8%
...Professional, Scientific, and Technical Services	231,100	232,100	244,700	-1,000	-0.4%	-13,600	-5.6%
....Legal Services	27,600	28,000	27,700	-400	-1.4%	-100	-0.4%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	25,500	24,700	27,000	800	3.2%	-1,500	-5.6%
....Architectural, Engineering, and Related Services	66,100	65,000	74,800	1,100	1.7%	-8,700	-11.6%
....Computer Systems Design and Related Services	35,300	35,500	34,200	-200	-0.6%	1,100	3.2%
...Management of Companies and Enterprises	44,500	45,500	47,600	-1,000	-2.2%	-3,100	-6.5%
...Admin. and Support and Waste Mgmt. and Remediation	202,500	206,200	215,200	-3,700	-1.8%	-12,700	-5.9%
....Administrative and Support Services	189,700	193,100	203,300	-3,400	-1.8%	-13,600	-6.7%
.....Employment Services	70,000	72,600	74,100	-2,600	-3.6%	-4,100	-5.5%
.....Services to Buildings and Dwellings	50,200	50,400	50,000	-200	-0.4%	200	0.4%
..Educational and Health Services	393,100	398,000	410,900	-4,900	-1.2%	-17,800	-4.3%
...Educational Services	61,100	61,900	64,800	-800	-1.3%	-3,700	-5.7%
...Health Care and Social Assistance	332,000	336,100	346,100	-4,100	-1.2%	-14,100	-4.1%
....Ambulatory Health Care Services	166,000	167,900	166,600	-1,900	-1.1%	-600	-0.4%
....Hospitals	87,800	88,500	89,600	-700	-0.8%	-1,800	-2.0%
..Leisure and Hospitality	282,800	287,200	330,100	-4,400	-1.5%	-47,300	-14.3%
...Arts, Entertainment, and Recreation	25,200	25,800	34,800	-600	-2.3%	-9,600	-27.6%
...Accommodation and Food Services	257,600	261,400	295,300	-3,800	-1.5%	-37,700	-12.8%
....Accommodation	19,000	19,300	28,100	-300	-1.6%	-9,100	-32.4%
....Food Services and Drinking Places	238,600	242,100	267,200	-3,500	-1.4%	-28,600	-10.7%
..Other Services	104,800	104,800	116,300	0	0.0%	-11,500	-9.9%
Government	408,600	420,100	418,900	-11,500	-2.7%	-10,300	-2.5%
..Federal Government	30,500	31,700	30,200	-1,200	-3.8%	300	1.0%
..State Government	90,900	90,800	91,500	100	0.1%	-600	-0.7%
..State Government Educational Services	52,900	52,900	53,600	0	0.0%	-700	-1.3%
..Local Government	287,200	297,600	297,200	-10,400	-3.5%	-10,000	-3.4%
..Local Government Educational Services	192,500	201,800	204,800	-9,300	-4.6%	-12,300	-6.0%

2020 Current Employment Statistics (CES) Annual Benchmark Revisions

Summary of 2020 Benchmark Revisions Impacts on 2020 Employment Picture

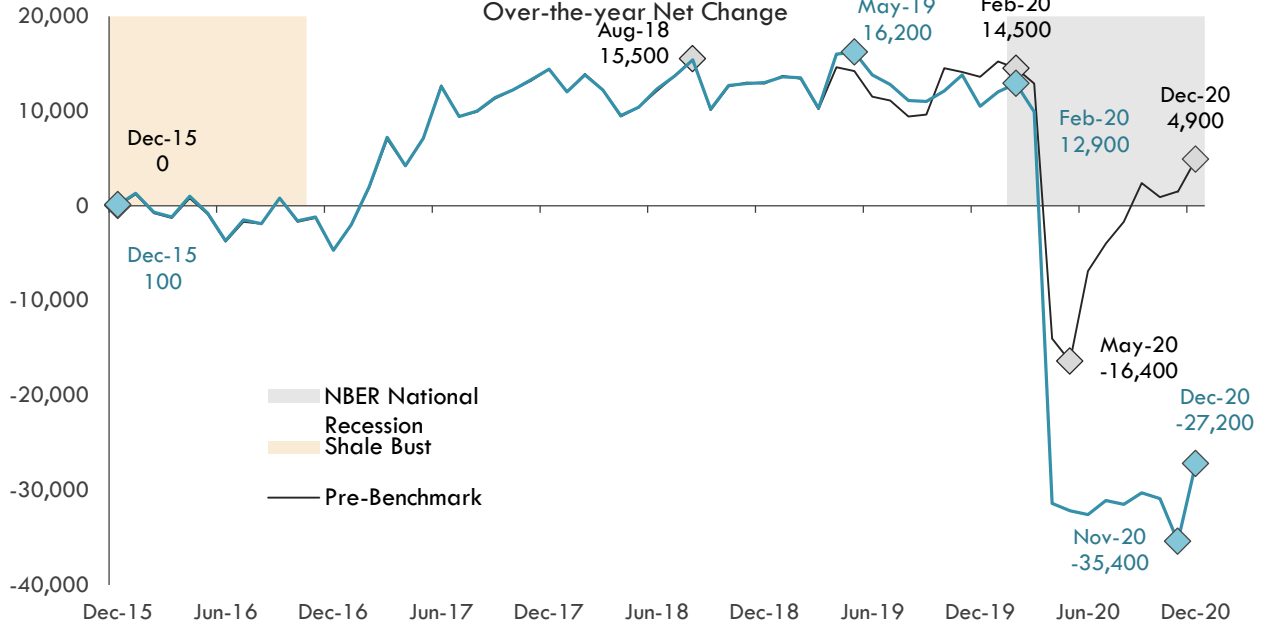
With the release of the 2020 annual benchmark revisions to the Current Employment Statistics payroll estimates, a clearer picture has emerged regarding the magnitude of disruption and job losses in 2020 resulting from the global pandemic. Prior to revisions, year-over-year job losses for Total Nonfarm Employment were -141,300. While an improvement over losses during the depths of pandemic in March and April 2020, December's initial estimate remained unprecedented. However, revised data now shows that the Houston MSA ended 2020 down -206,600 jobs. Put differently, total job losses for 2020 were understated by 65,300. Underestimation occurred across nearly all major sector and supersectors with two minor exceptions: Mining and Logging and Other Services although both still experienced significant declines year over year. As for the source of the underestimated losses, Professional and Business Services lead the pack with an estimated gain of 4,900 jobs pre-benchmark to a loss of -27,200, completely erasing any semblance of recovery in this sector. Prior to revisions, this sector was the only one to have shown positive year-over-year growth in the wake of the worst of the pandemic suggesting a level of resilience due to the remote work capabilities of many jobs in this sector. Instead it now appears Professional and Business Services faced similar levels of disruption as other segments of Houston's job market as those for which we intuitively expected extreme adverse impacts such as Leisure and Hospitality. While this latter sector saw the second-largest underestimation of losses among the major sectors, the overall trend remained the same pre- and post-benchmark with only the magnitude of loss found to be greater to the tune of -12,300 additional jobs shed by this sector. The cumulative effect of the underestimated losses across these and other sectors is that Houston's percentage of jobs recovered through December 2020 has now fallen from roughly 60 percent to 46 percent (NSA) to just under 50 percent (SA). Regardless, this indicates that the path to recovery is now less certain than it was just a few short months ago and further improvement hinges on continued progress in mass vaccinations coupled with a full resumption of operations by businesses no longer subject to restrictions.

Chart 1. Total Nonfarm
Pre and Post-2020 Benchmark Revisions, Dec-15 to Dec-20
Over-the-year Net Change



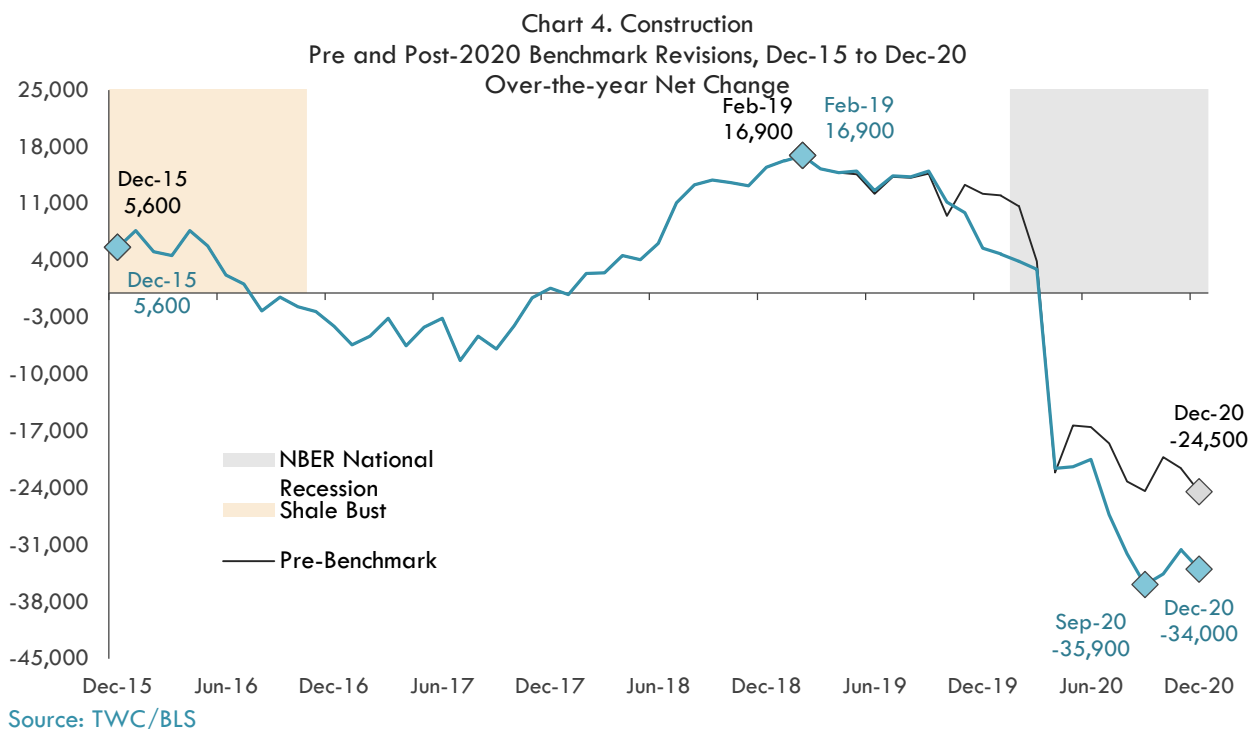
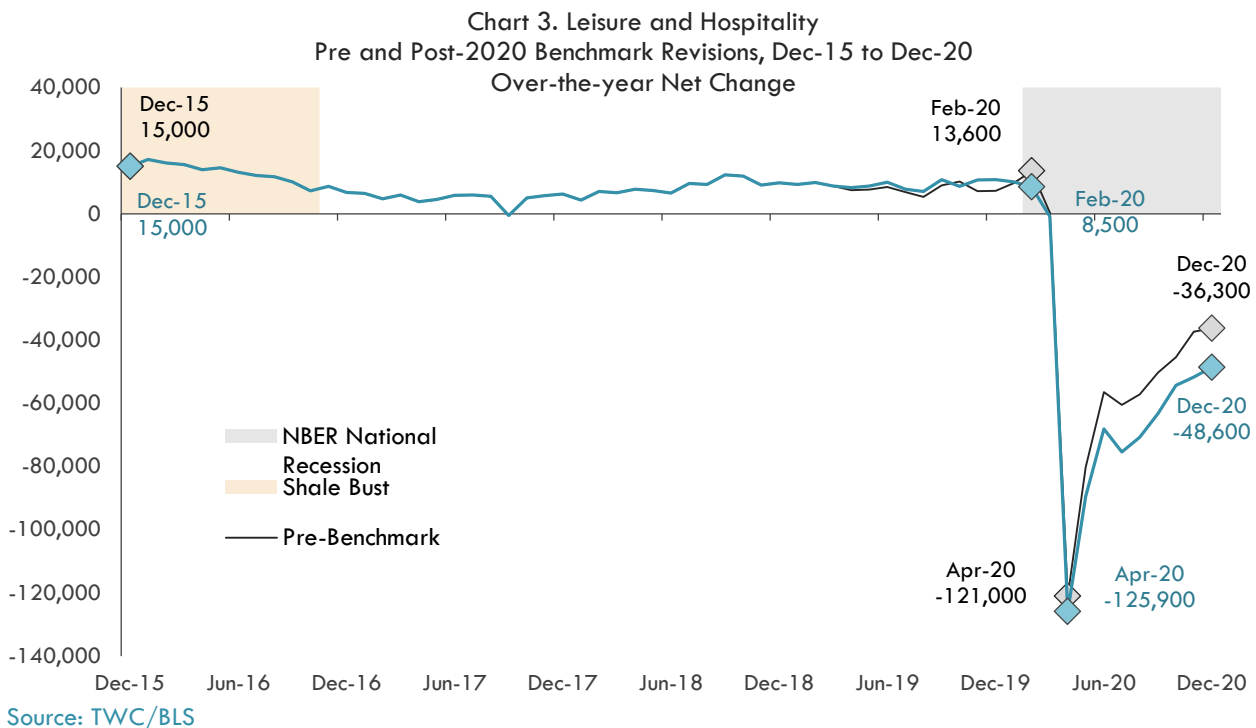
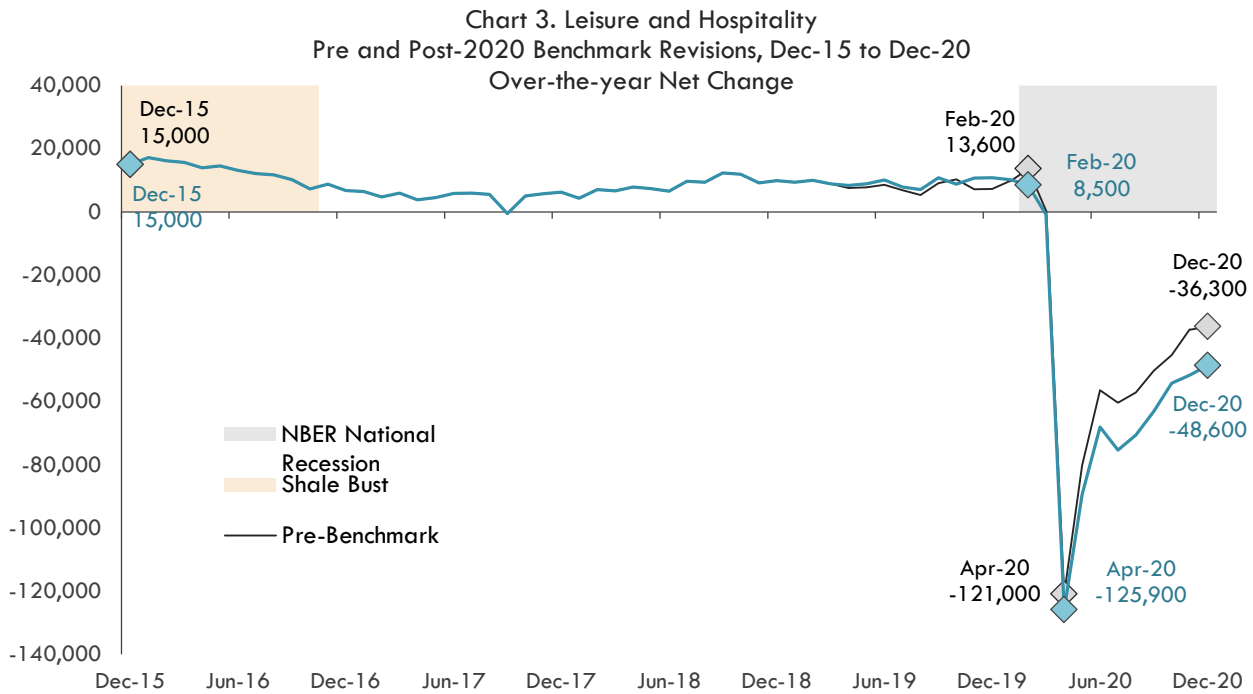
Source: TWC/BLS

Chart 2. Professional and Business Services
Pre and Post-2020 Benchmark Revisions, Dec-15 to Dec-20
Over-the-year Net Change



Source: TWC/BLS

2020 Current Employment Statistics (CES) Annual Benchmark Revisions



2020 Current Employment Statistics (CES) Annual Benchmark Revisions

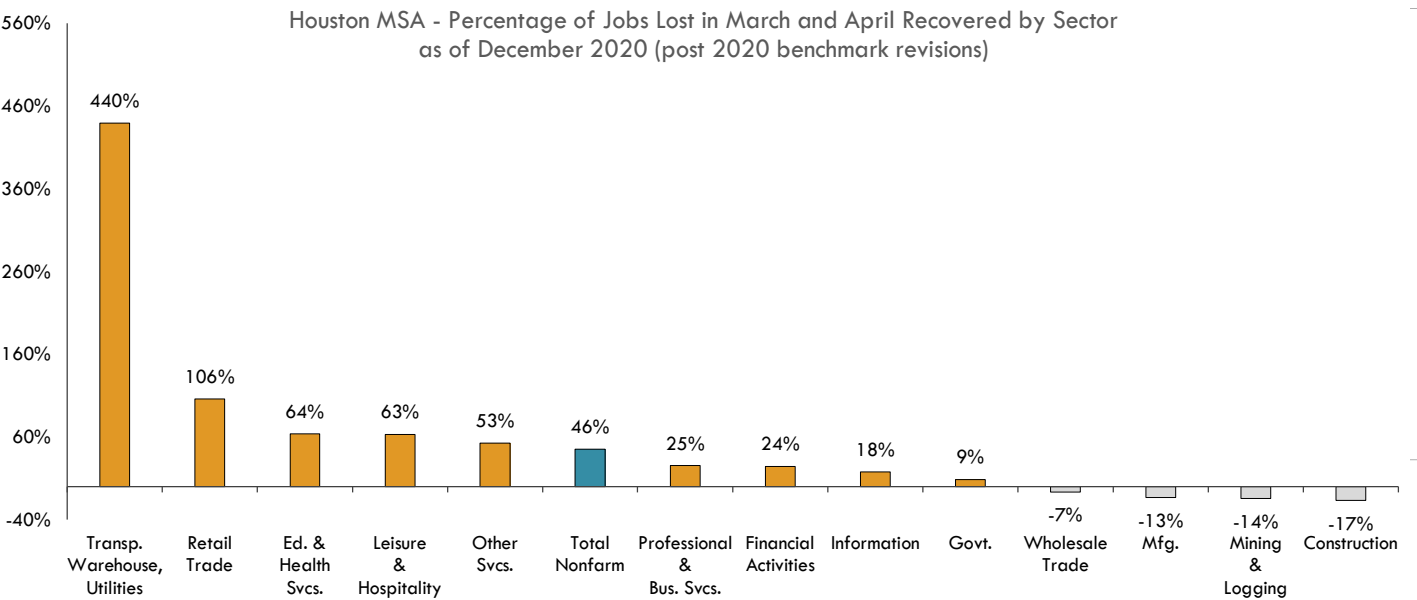
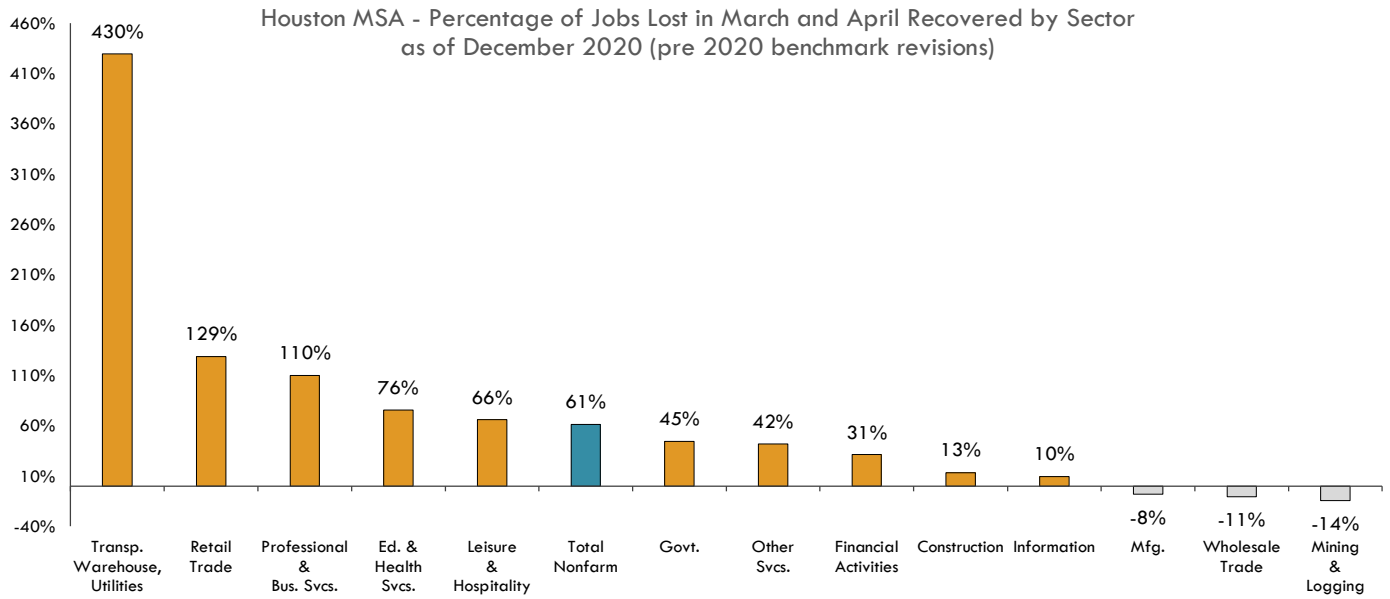
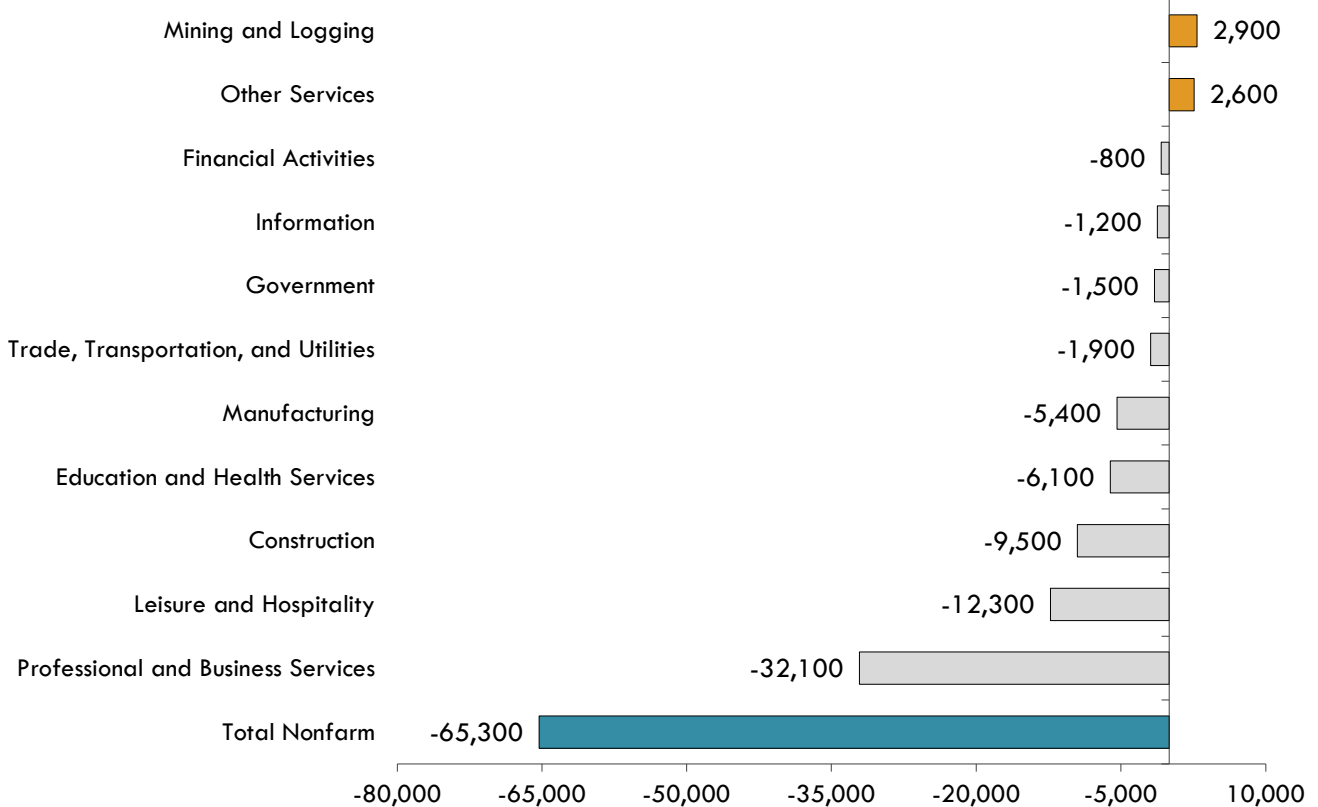


Chart 1. 2020 Benchmark Revisions
(+) Under and (-) Over-Estimation of Employment OTY December 2020 by Sector



2020 Current Employment Statistics (CES) Annual Benchmark Revisions

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

Sectors where we lost fewer jobs than originally thought	Over (-) / Under (+)
Other Services	2,600
Mining and Logging	2,900
	<u>5,500</u>
Sectors that saw no revisions	
	<u>0</u>
Sectors where we added more jobs than originally thought	
	<u>0</u>
Sectors where we gained fewer jobs than originally thought	
Professional and Business Services	-32,100
	<u>-32,100</u>
Sectors where we lost more jobs than originally thought	
Education and Health Services	-6,100
Leisure and Hospitality	-12,300
Government	-1,500
Information	-1,200
Construction	-9,500
Manufacturing	-5,400
Trade, Transportation, and Utilities	-1,900
Financial Activities	-800
	<u>-38,700</u>
Fewer jobs lost + More jobs added =	5,500
Fewer jobs gained + More jobs lost =	-70,800
Net over estimation =	<u>-65,300</u>