

Houston Area Employment Situation

August 2023

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

Another Month of Calm Surfaces and Volatile Undercurrents

Total Nonfarm

Over-the-month Change

Houston MSA Total Nonfarm employment stood at 3,348,400 in August, up 3,300 jobs over the month, or 0.1 percent on a not-seasonally-adjusted basis (see Chart 1). A year ago Houston registered an over-the-month increase of 10,200 jobs. Prior to the pandemic, historically in the month of August, Total Nonfarm has on average added 7,500 jobs over the month, which indicates that this month's gains are substantially below the long-term average.

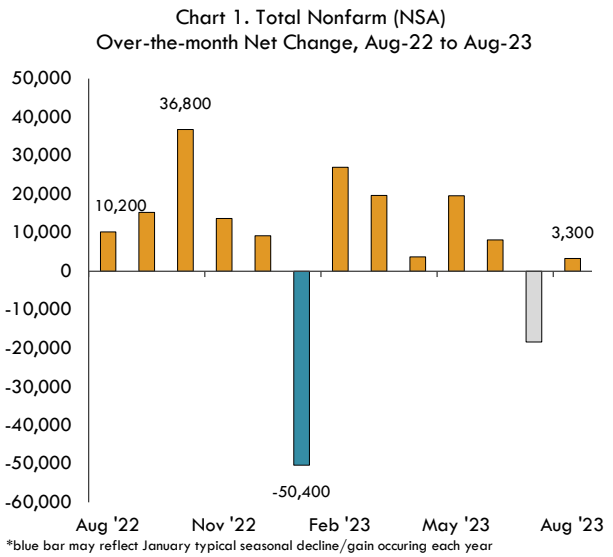
The primary drivers of this August's growth were increases in Other Services; Leisure and Hospitality; and Financial Activities. Gains were also recorded in Private Education and Health Services. The net increase in jobs over the month was partially offset by losses in Professional and Business Services; Construction; and Trade, Transportation, and Utilities. (see Chart 2). Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,360,800, up 11,300 jobs over the month, or 0.3 percent vs. a historical average of 5,100. All analysis pertains to not-seasonally adjusted data unless otherwise noted. Data source: BLS/TWC.

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

- Other Services: 3,900
- Leisure and Hospitality: 3,400
- Financial Activities: 1,800

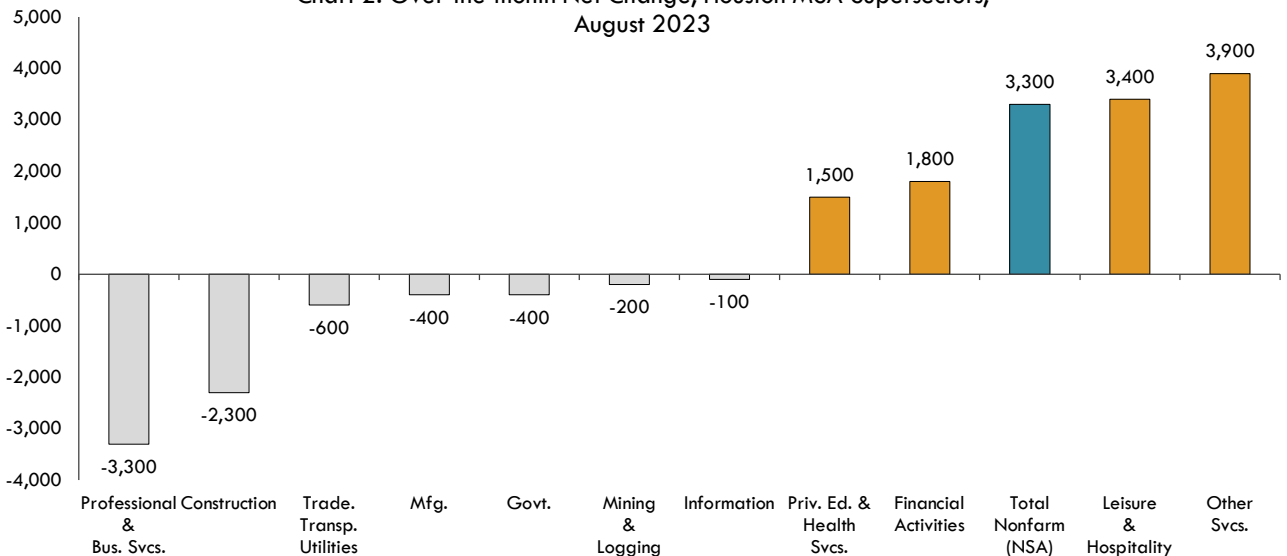
Over-the-year Change

Over the year, Total Nonfarm employment was up 87,600 or 2.7 percent on a not-seasonally-adjusted basis and up 84,600 or 2.6 percent on a seasonally-adjusted basis (see NSA Chart 3). To compare, August 2022 saw a year-over-year gain of 184,100 jobs (NSA) from August 2021. Currently 10 out of 11 sectors show growth year over year of which the top-three are Trade, Transportation, and Utilities (25,500); Private Education and Health Services (22,600); and Professional and Business Services (11,500) (see Chart 4). Total Nonfarm employment



now exceeds its February 2020 pre-pandemic level of 3,191,800 jobs by 156,600, or 4.9 percent (162,900 jobs, 5.1 percent above 3,197,900 seasonally adjusted).

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



Houston Area Employment Situation

August 2023

Previous Month's Revisions

Total Nonfarm employment was revised downward by -2,300 jobs for a June to July larger net loss of -18,400 compared to an original estimate of -16,100 jobs. A downward revision of -2,900 jobs in Construction was the largest contributor followed by Private Education and Health Services (-1,500) and Other Services (-700). Upward revisions in Leisure and Hospitality (+2,100) and Professional and Business Services (+1,800) 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 August

- Trade, Transportation, and Utilities: 25,500
- Private Education and Health Services: 22,600
- Professional and Business Services: 11,500

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

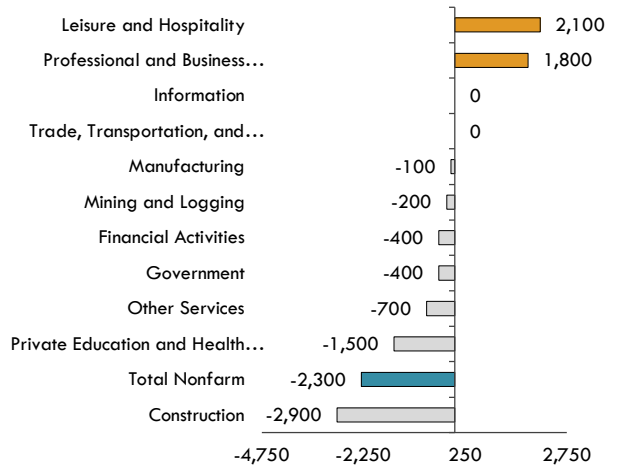


Chart 3. Total Nonfarm (NSA)
Over-the-year Net Change, Aug-08 to Aug-23

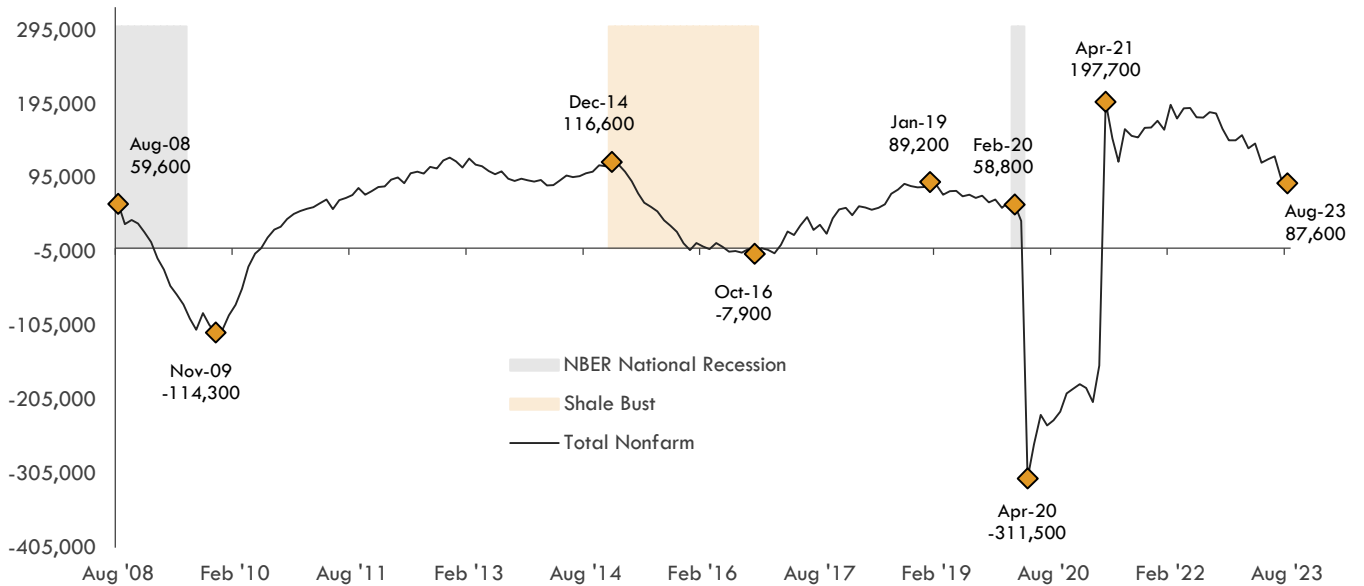
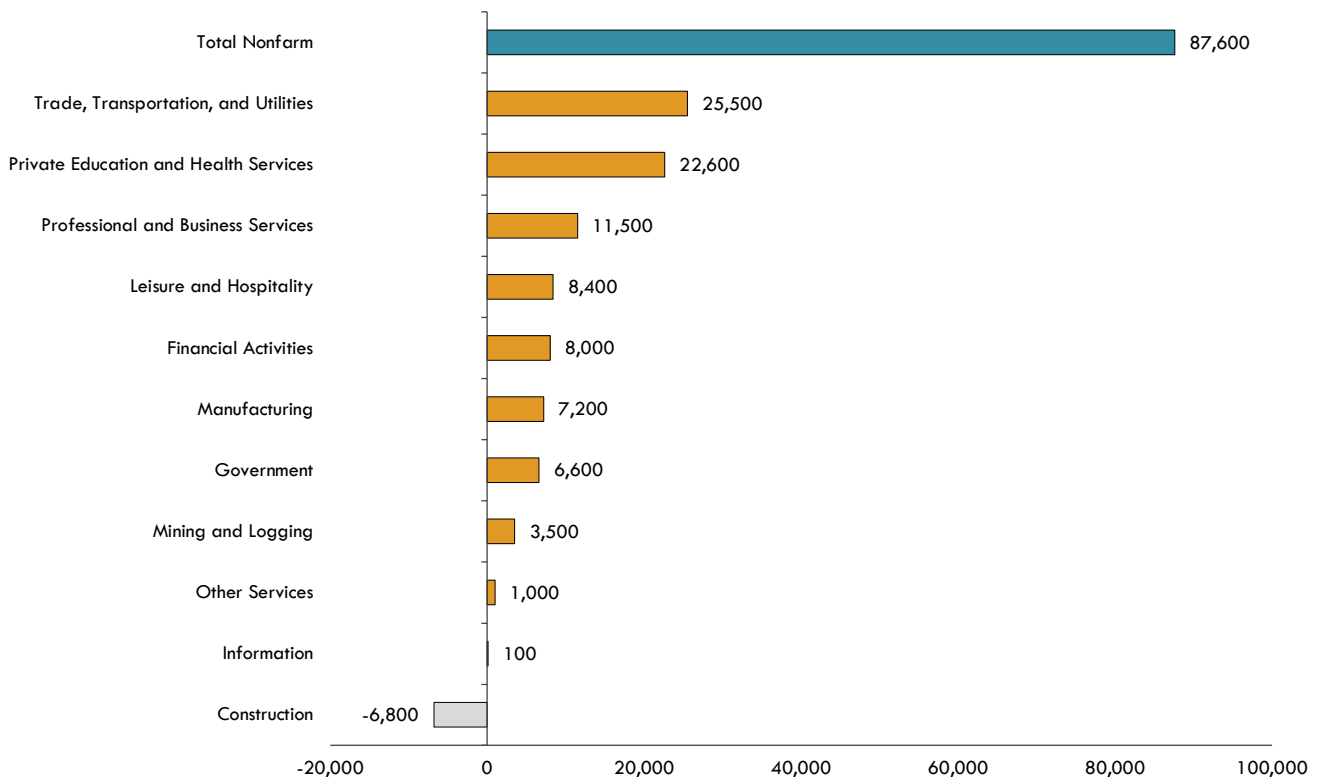


Chart 4. Over-the-year Net Change, Houston MSA Supersectors,
August 2022 to August 2023



Supplemental Commentary

Overall Impressions

Performance of Houston's job market in August was yet another month rife with head-scratchers and mixed messages leaving us with more questions than answers about where a number of our major industry sectors will land when 2023 is said and done. Over the month, we added 3,300 jobs not seasonally-adjusted. While not terrible, it's hardly a cause for celebration given that 7 sectors lost jobs, albeit mostly in the low hundreds outside of Professional and Business Services and Construction, while only 4 saw gains. In other words, a handful of sectors did most of the heavy lifting to make that 3,300-gain possible last month. Seasonally adjusted, Houston added 11,300 jobs from July to August, which in the context of pre-pandemic Augusts was slightly more inspiring but still nothing to write home about.

Turning our attention to the sectors that did add jobs in August, leading the charge with 3,900 jobs was Other Services, a catchall category that includes everything from automotive repair, to drycleaners, to beauty salons to religious organizations. For a sector that's never added more than 400 jobs in the month of August, this year stands out though the exact source of those gains are unclear as no additional details are published.

Leisure and Hospitality, which started off the summer with a loss of -6,000 jobs in June has seen its fortunes turnaround to some degree culminating with a record over-the-month gain of 3,400 jobs in August on top of strong upward revisions in July. September has only experienced one gain in its history, that being 2020, so another month of gains, while they'd be welcome, would only serve to cast more doubts on the monthly estimates.

Financial Activities, mainly driven by Real Estate Rental and Leasing, also had a record month with 1,800 jobs added in August preceded by 2,800 in July, also a record. Job growth in the sector has proven surprisingly resilient in the face of elevated interest rates over the past year and a half.

Private Education and Health Services, with healthcare the far larger of the two components, managed a respectable increase of 1,500 jobs over the month with Private Education contributing 1,000 jobs in the lead up to the start of the academic year.

Moving on to the sectors that didn't add jobs in August, Professional and Business Services lost -3,300 making this August its worst on record and one of only 4 instances of declines in this month since records began. All previous declines coincided during or around nationally declared recessions. Coupled with July's loss of -3,500 jobs, the sector may be showing early signs of losing momentum especially if September posts losses larger than those normally recorded each year.

Construction's rocky road (no pun intended) returned in August with a loss of -2,300 jobs for its second-worst August on record. While that alone would be concerning, July saw 2,900 of its initial 3,100 jobs added revised away for a meager gain of only 200. Unfortunately, this just further cements Construction's status as the poorest performing segment of Houston's job market pushing it into deep negative year-over-year territory with losses totaling -6,800 since August last year.

Trade, Transportation, and Utilities' losses in August weren't large at only -600 jobs however the fact that there were losses at all remains puzzling as gains have been recorded every prior August since 1990. Retail was almost entirely responsible with a first-of-its-kind loss in August of -2,300 jobs. Note that Retail typically sees a month of losses in September before seeing sharp increases related to the holiday season starting in October.

Readers will recall that Government, primarily made up of public education, lost a record-breaking -23,000 jobs in July, which was revised to slightly larger loss of -23,400 jobs. So, what happened in August? The sector did in fact lose jobs as it does every August before seeing most return in September however this August saw one of the smallest declines on record with a loss of only -400 jobs. In short, it appears that some losses that would have occurred in August were pulled forward into July. That then begs the question, how does this July and August combined stack up against this same two-month period historically? When viewed from his standpoint, 2023 becomes the second-worst year on record preceded only by 2017's loss of -24,500 jobs and only slightly better than 2018's loss of -23,500 jobs. Given the absence of anything comparable to the public ed job cuts announced earlier this summer during either of those years, does that mean we're in the clear? Not necessarily. Since 2012, Houston has seen an average of 20,000 jobs return in September, 7,000 in October, and 3,500 in November. There's no question that we'll see gains across each of those three months. It's just a matter of whether they fall short of those thresholds and if so by how much.

On a final note about the payroll numbers, year-over-year growth for topline Total Nonfarm employment continues its steady march towards a year-end target of roughly 70,000 jobs. As of August, it stands at 87,600 down from 152,700 at the beginning of the year. While the volatility of individual industry sectors noted above creates near-term uncertainty, it's clear that the region is returning to pre-pandemic levels of growth after more than two years of demolishing annual records.

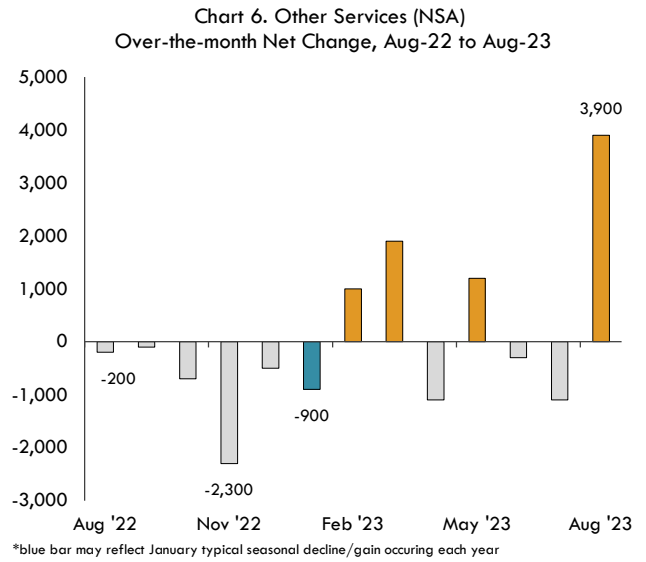
Lastly, a few words about Houston's unemployment rate and initial UI claims. The not-seasonally-adjusted unemployment rate reached 4.9 percent versus 4.3 percent a year ago, making it the highest seen since January 2022 and bringing us uncomfortably close to a psychologically important rate of 5.0 percent. A quick glance at the charts towards the end of this report show it trending upward since late last year as noted in past employment situations. Yet the seasonally-adjusted rate for Houston has shown a less pronounced increase, holding steady at 4.3 or 4.4 percent for most of this year and pointing towards a slight divergence between the two series. At the same time, initial claims for unemployment insurance continue to trend down week over week since peaking in mid-June, reaching just over 3,700 claims during the week of September 2nd and effectively matching levels from late-March of this year. The divergence between the not-seasonally-adjusted unemployment rate and initial claims, while not impossible, certainly adds to the mixed signals sent by much of the data in this and previous reports. In short, the behavior of Houston's job market remains as perplexing as ever.

GAINING INDUSTRY HIGHLIGHTS

Other Services

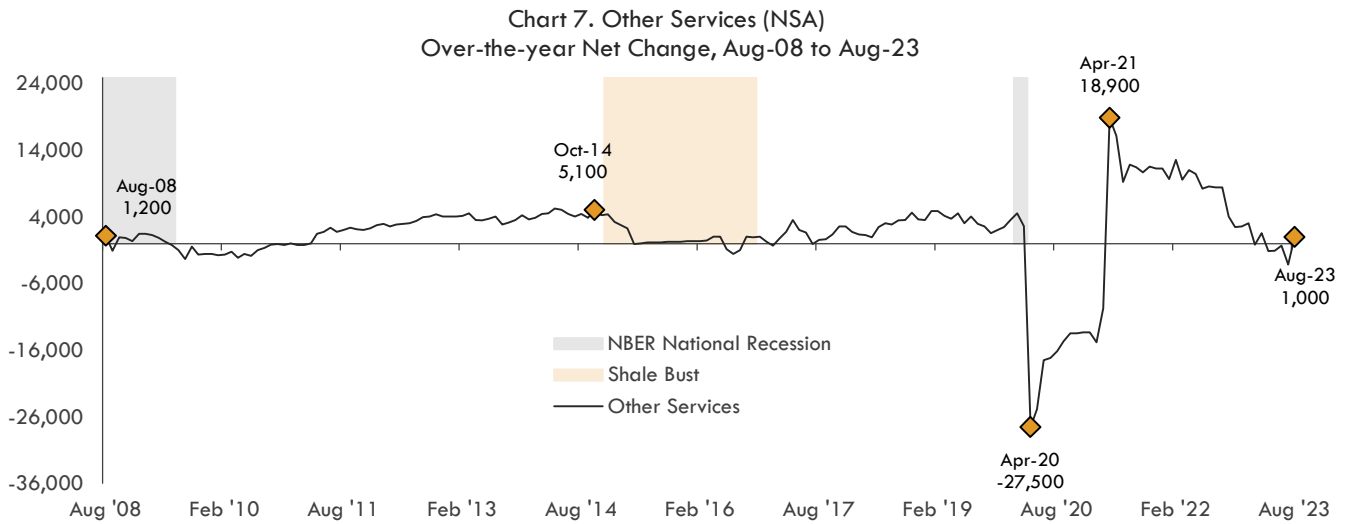
Over-the-month Change

Other Services was the largest gaining sector over the month up 3,900 jobs, or 3.3 percent (see Chart 6). This was the largest-ever gain in the month of August since records began in 1990, beating the previous August record of 400 jobs in 2018. Historically in the month of August, Other Services 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. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information.



Over-the-year Change

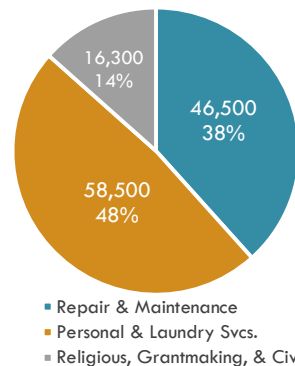
Year over year, Other Services was up 1,000 jobs, or 0.8 percent (see Chart 7). This was the largest over-the-year gain since March 2023's increase of 1,600 jobs. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Total Other Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 119,100 jobs by 2,200, or 1.8 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 3.7 percent over the past year.



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 8). Across the Houston MSA, the concentration of jobs in the overall Other Services sector is 5 percent less than the national average.

Chart 8. Employment in Component Industries of Other Services Sector - August 2023



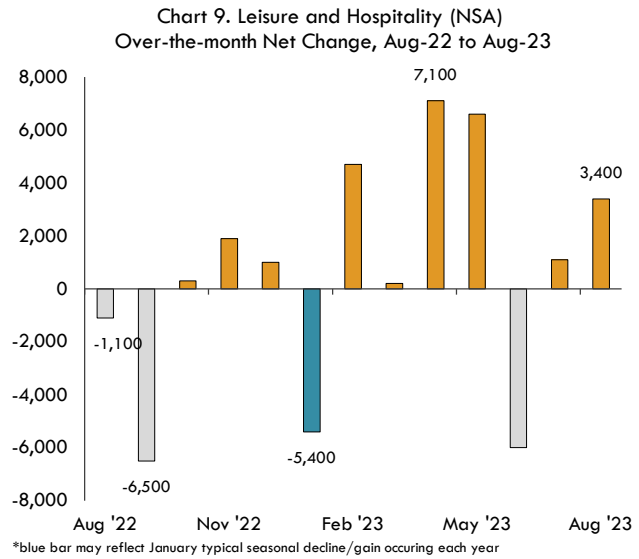
*estimated proportions based QCEW covered and NES self-employment

GAINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

Leisure and Hospitality was the second-largest gaining sector over the month up 3,400 jobs, or 1.0 percent (see Chart 9). This was the largest-ever gain in the month of August since records began in 1990, beating the previous August record of 3,300 jobs in 2020. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 3,300 jobs over the month. The second-largest contributor was Arts, Entertainment, and Recreation, which added 100 jobs from July to August. Leisure and Hospitality employment was revised upward by 2,100 jobs for a June to July complete erasure of losses resulting in a net gain of 1,100 compared to an original estimate of -1,000 jobs.

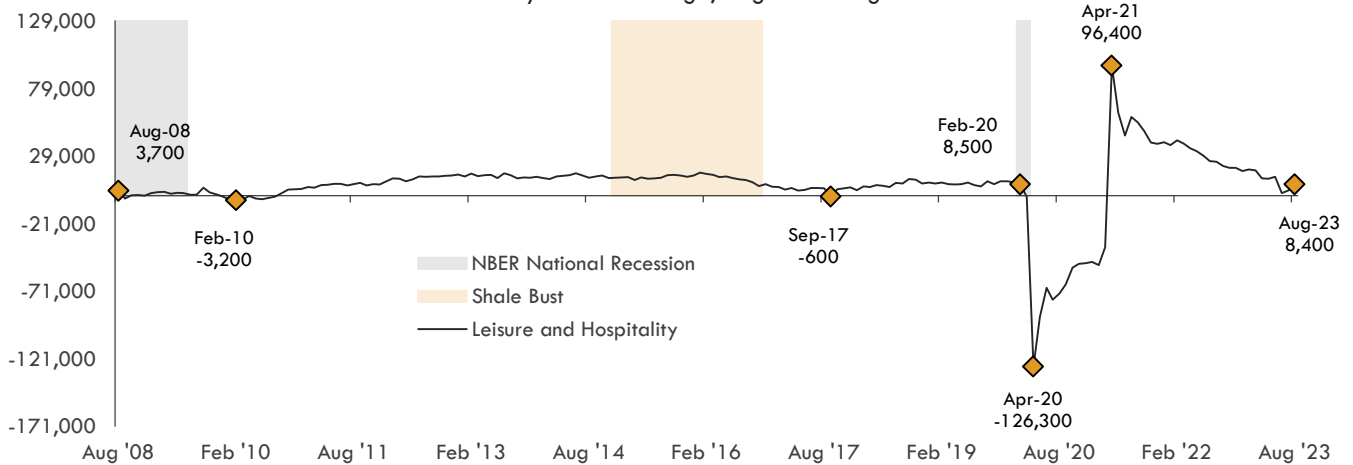


Over-the-year Change

Year over year, Leisure and Hospitality was up 8,400 jobs, or 2.4 percent (see Chart 10). This was the largest over-the-year gain since May 2023's increase of 14,100 jobs. It also marks 29 consecutive months of over-the-year gains. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 5,400 jobs over the year. The second-largest contributor was Arts, Entertainment, and Recreation, which added 3,000 jobs from August a year ago. Total Leisure and Hospitality employment (NSA) now exceeds its February 2020 pre-pandemic level of 334,500 jobs by 21,100, or 6.3 percent. At

the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 10.6 percent over the past year.

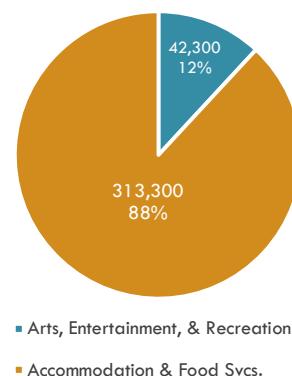
Chart 10. Leisure and Hospitality (NSA) Over-the-year Net Change, Aug-08 to Aug-23



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. NOTE: movie theaters are classified under the Information sector rather than Leisure and Hospitality. Of the two main component industries, Accommodation and Food Services accounts for the majority of the sector's employment at 88 percent (see Chart 11). Across the Houston MSA, the concentration of jobs in the overall sector is 4 percent less than the national average.

Chart 11. Employment in Component Industries of Leisure and Hospitality Sector - August 2023

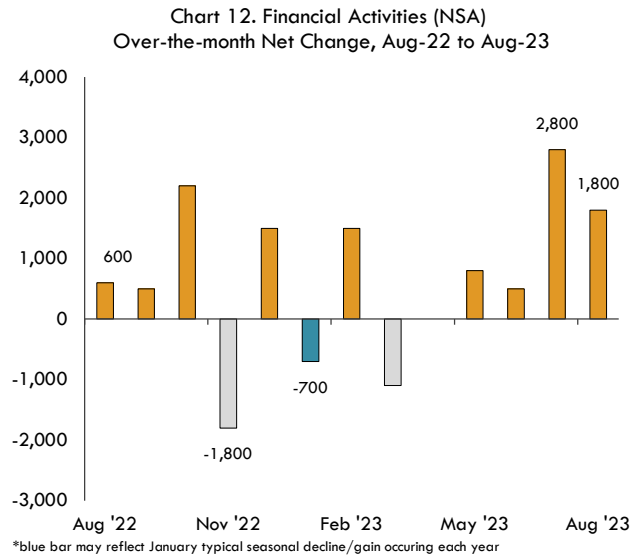


GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities was the third-largest gaining sector over the month up 1,800 jobs, or 1.0 percent (see Chart 12). This was the largest-ever gain in the month of August since records began in 1990, beating the previous August record of 1,000 jobs in 2003. Historically in the month of August, Financial Activities has added an average of 200 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 1,400 jobs over the month. The second-largest contributor was Finance and Insurance, which added 400 jobs from July to August. Financial Activities employment was revised downward by -400 jobs for a June to July smaller net gain of 2,800 compared to an original estimate of 3,200 jobs.

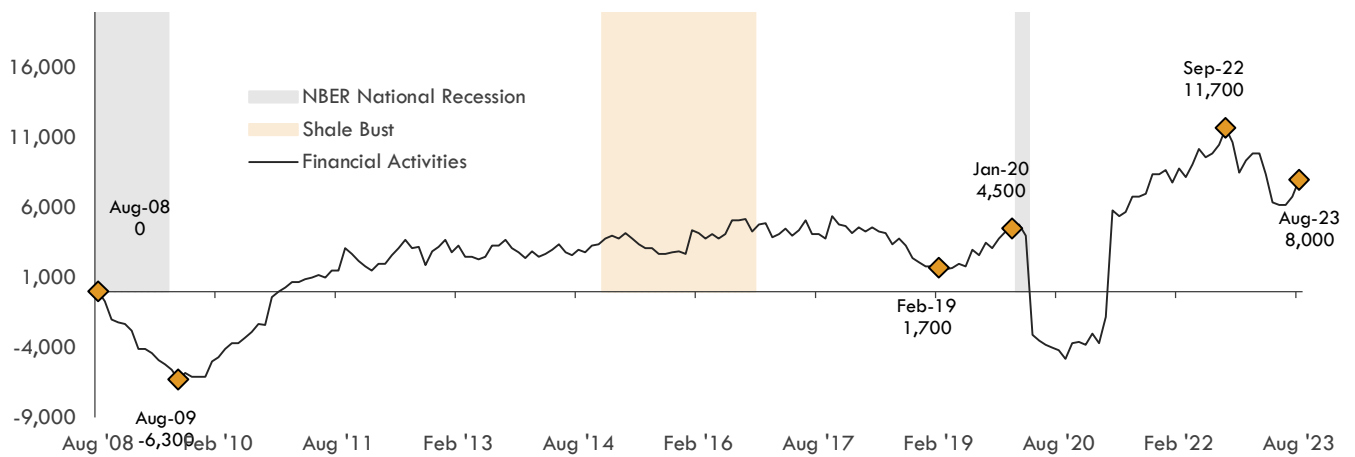


Over-the-year Change

Year over year, Financial Activities was up 8,000 jobs, or 4.4 percent (see Chart 13). This was the third-largest over-the-year gain in August since records began in 1990 and the largest gain since March 2023's increase of 8,400 jobs. It also marks nine consecutive months of over-the-year gains. Among sectors currently showing growth, this sector is the third-fastest growing in percentage terms across the Houston area. Real Estate and Rental and Leasing was the largest contributor to the overall sector's increase, up 6,000 jobs over the year. The second-largest contributor was Finance and Insurance, which added 2,000 jobs

from August a year ago. Total Financial Activities employment (NSA) now exceeds its February 2020 pre-pandemic level of 169,200 jobs by 19,800, or 11.7 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 5.6 percent over the past year.

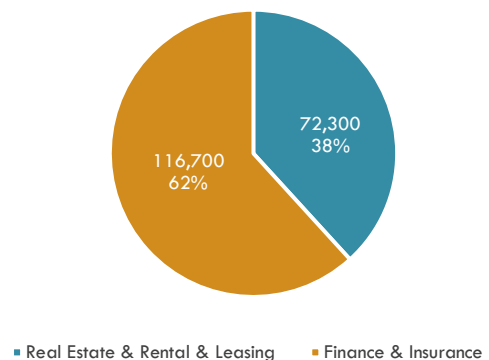
Chart 13. Financial Activities (NSA) Over-the-year Net Change, Aug-08 to Aug-23



About This Sector

This sector is composed of establishments renting, leasing, or allowing use of assets, and financial transactions such as creation, liquidation, or change in ownership of financial assets, underwriting of insurance, and annuities. Of the two main component industries, Finance and Insurance accounts for the majority of the sector's employment at 62 percent (see Chart 14). Across the Houston MSA, the concentration of jobs in the overall Financial Activities sector is 4 percent less than the national average, due to a 19-percent lower concentration in Finance and Insurance offsetting a 37-percent higher concentration in Real Estate and Rental and Leasing.

Chart 14. Employment in Component Industries of Financial Activities Sector - August 2023

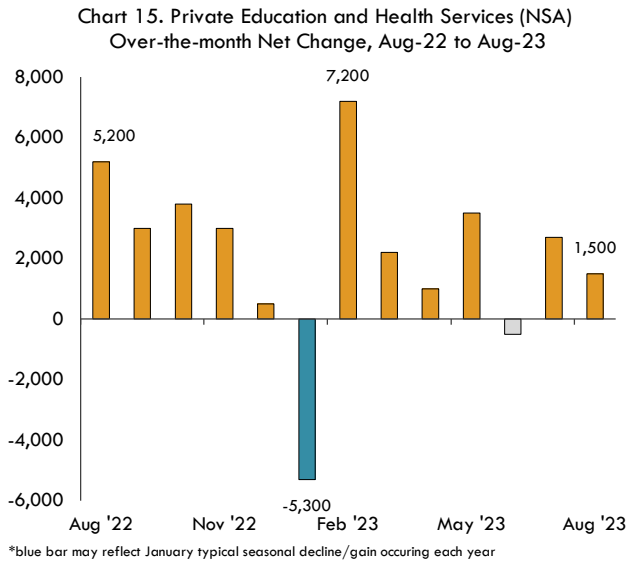


GAINING INDUSTRY HIGHLIGHTS

Private Education and Health Services

Over-the-month Change

Private Education and Health Services also saw an increase over the month up 1,500 jobs, or 0.3 percent (see Chart 15). Historically in the month of August, Private Education and Health Services has added an average of 2,600 jobs over the month, which indicates that this month's gains are substantially below the long-term average. Private Educational Services was the largest contributor to the overall sector's increase, up 1,000 jobs over the month. The second-largest contributor was Health Care and Social Assistance, which added 500 jobs from July to August. Private Education and Health Services employment was revised downward by -1,500 jobs for a June to July smaller net gain of 2,700 compared to an original estimate of 4,200 jobs.

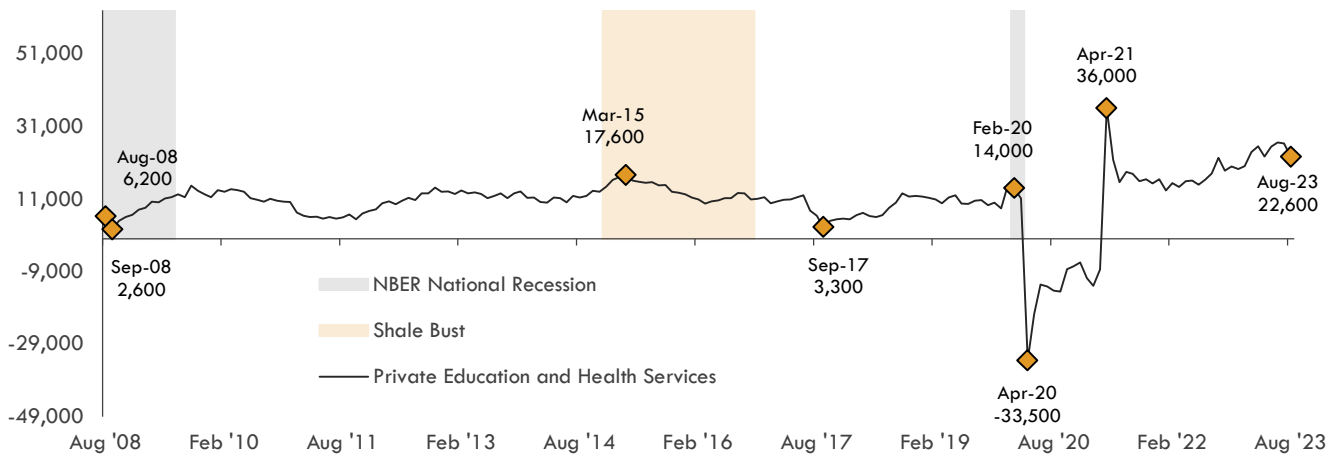


Over-the-year Change

Year over year, Private Education and Health Services was up 22,600 jobs, or 5.3 percent (see Chart 16). This was the largest August over-the-year increase on record. Among sectors currently showing growth, this sector is the fastest-growing in percentage terms across the Houston area. Furthermore, 23.9 percent of total (gross) jobs added across the region over the past year can be attributed to Private Education and Health Services. Health Care and Social Assistance was the largest contributor to the overall sector's increase, up 20,500 jobs over the year. The second-largest contributor was Private Educational Services, which

added 2,100 jobs from August a year ago. Total Private Education and Health Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 414,400 jobs by 36,800, or 8.9 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 13.1 percent to 13.5 percent over the past year.

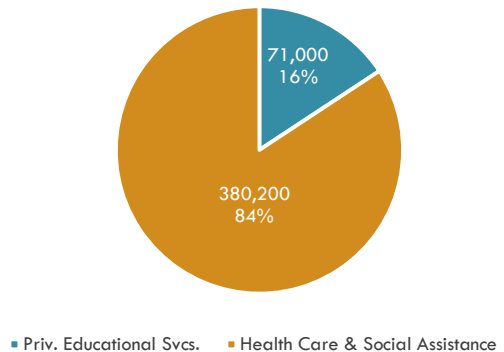
Chart 16. Private Education and Health Services (NSA) Over-the-year Net Change, Aug-08 to Aug-23



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 17). 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 17. Employment in Component Industries of Private Education and Health Services Sector - August 2023

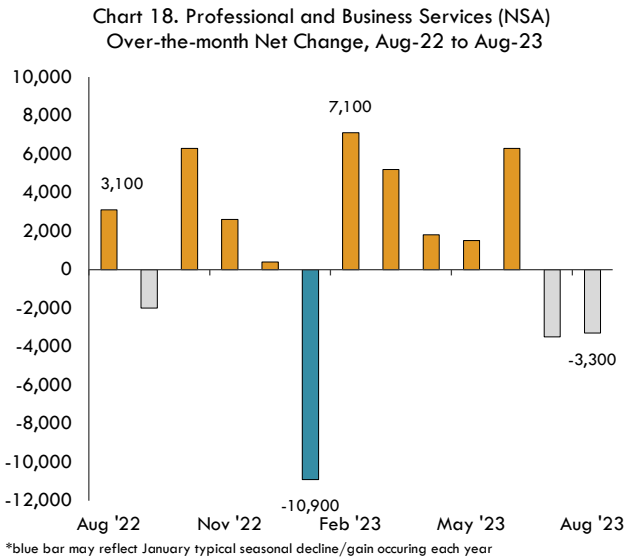


DECLINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

Professional and Business Services was the largest declining sector over the month down -3,300 jobs, or -0.6 (see Chart 18). This was the largest-ever decline in the month of August since records began in 1990, beating the previous August record of -1,700 jobs lost in 2009. Historically in the month of August, Professional and Business Services has added an average of 1,800 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's decline, down -2,500 jobs over the month. The second-largest declining contributor was Management of Companies and Enterprises, which lost -500 jobs from July to August. Lastly, Administrative and Support and Waste Management and Remediation Services subtracted, -300 jobs. Professional and Business Services employment was revised upward by 1,800 jobs for a June to July smaller net loss of -3,500 compared to an original estimate of -5,300 jobs.

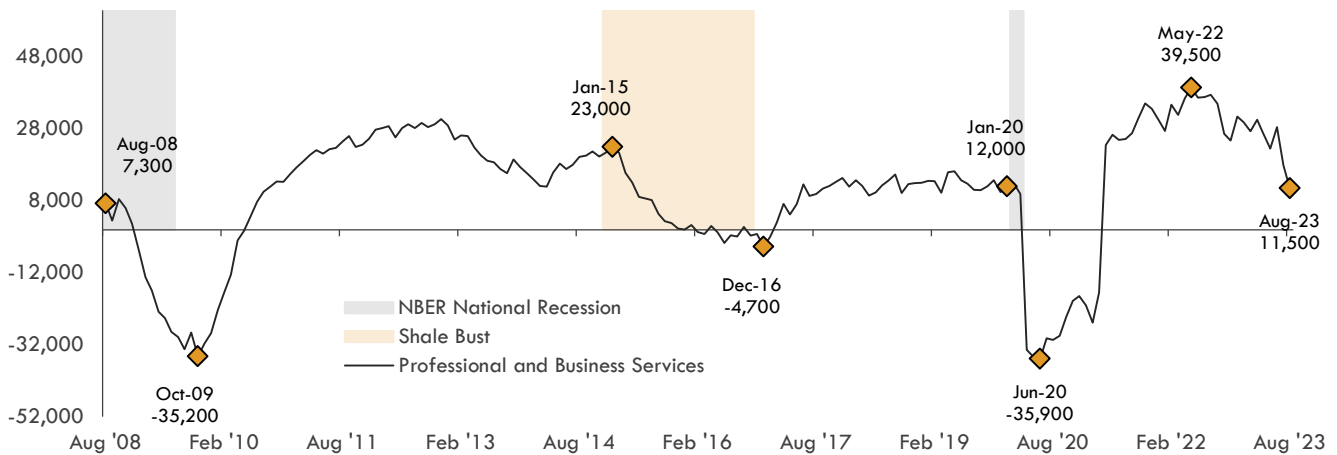


Over-the-year Change

Year over year, Professional and Business Services was up 11,500 jobs, or 2.1 percent (see Chart 19). This August also marks 29 consecutive months of over-the-year gains. Professional, Scientific, and Technical Services was the largest contributor to the overall sector's increase, up 9,900 jobs over the year. The second-largest contributor was Management of Companies and Enterprises, which added 1,300 jobs from August a year ago. Lastly, Administrative and Support and Waste Management and Remediation Services contributed, 300 jobs. Total Professional and Business Services employment (NSA) now exceeds its

February 2020 pre-pandemic level of 514,700 jobs by 44,200, or 8.6 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 16.8 percent over the past year.

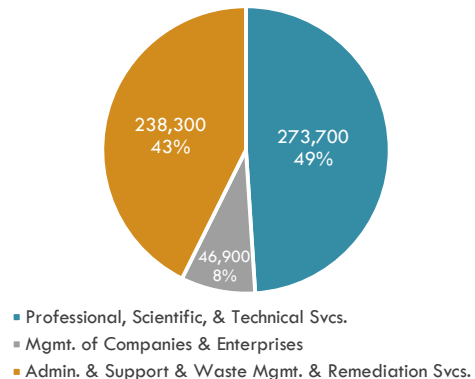
Chart 19. Professional and Business Services (NSA)
Over-the-year Net Change, Aug-08 to Aug-23



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 49 percent (see Chart 20). Across the Houston MSA, the concentration of jobs in the overall sector is 13 percent higher than the national average, due to a 17-percent higher concentration in Professional, Scientific, and Technical Services serving the oil and gas industry.

Chart 20. Employment in Component Industries of Professional and Business Services Sector - August 2023

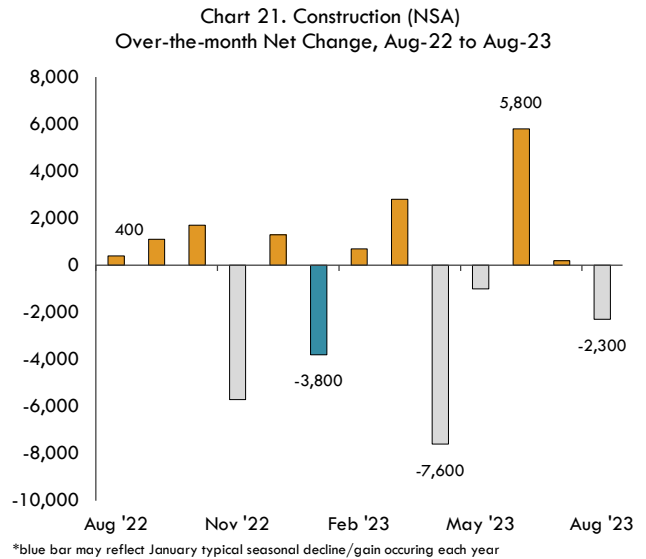


DECLINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction was the second-largest declining sector over the month down -2,300 jobs, or -1.0 (see Chart 21). This was the largest August decline since 2016 and the second-largest decline historically for the month of August since records began in 1990. Historically in the month of August, Construction has added an average of 1,100 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Specialty Trade Contractors was the largest contributor to the overall sector's decline, down -1,400 jobs over the month. The second-largest declining contributor was Construction of Buildings, which lost -500 jobs from July to August. Lastly, Heavy and Civil Engineering Construction subtracted, -400 jobs. Construction employment was revised downward by -2,900 jobs for a June to July smaller net gain of 200 compared to an original estimate of 3,100 jobs.

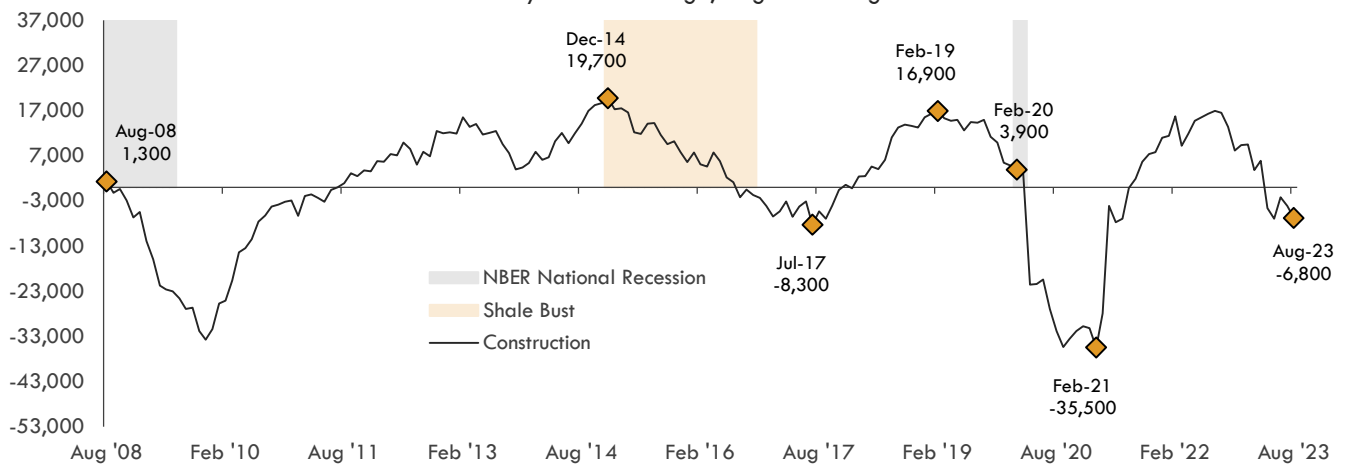


Over-the-year Change

Year over year, Construction was down -6,800 jobs, or -3.0 percent (see Chart 22). This was the largest over-the-year decline since May 2023's decrease of -6,900 jobs. It also marks five consecutive months of over-the-year losses. Furthermore, 100.0 percent of total (gross) jobs lost across the region over the past year can be attributed to Construction. Specialty Trade Contractors was the largest contributor to the overall sector's decline, down -7,700 jobs over the year. One component industry that provided a partial offset was Heavy and Civil Engineering Construction, which gained 100 jobs from August a

year ago. Lastly, Construction of Buildings offset a portion of the sector's losses with a gain of 800 jobs. Total Construction employment (NSA) remains -18,000 jobs, or -7.6 percent below its February 2020 pre-pandemic level of 237,400. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 6.9 percent to 6.6 percent over the past year.

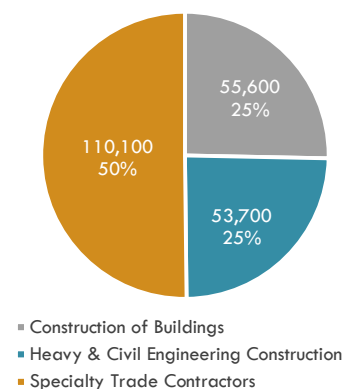
Chart 22. Construction (NSA)
Over-the-year Net Change, Aug-08 to Aug-23



About This Sector

This sector comprises establishments engaged in the construction of buildings, infrastructure, site preparation and sub-division, and specialty trades e.g. masonry, painting, and electrical work. Of the three main component industries, Specialty Trade Contractors accounts for a slight majority of the sector's employment at just over 50 percent (see Chart 23). Across the Houston MSA, the concentration of jobs in the overall Construction sector is 25 percent higher than the national average, due to 2.1 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

Chart 23. Employment in Component Industries of Construction Sector - August 2023

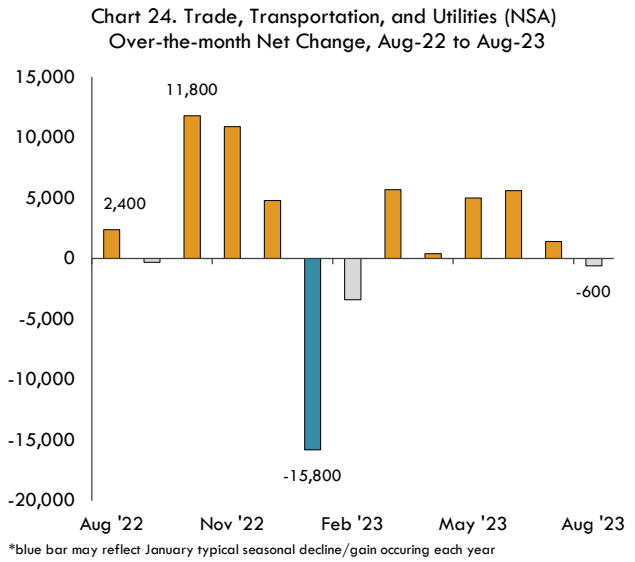


DECLINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities was the third-largest declining sector over the month down -600 jobs, or -0.1 (see Chart 24). This was the largest-ever decline in the month of August since records began in 1990. Historically in the month of August, Trade, Transportation, and Utilities has added an average of 2,700 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Retail Trade was the largest contributor to the overall sector's decline, down -2,300 jobs over the month. One component industry that provided a partial offset was Transportation, Warehousing, and Utilities, which gained 600 jobs from July to August. Lastly, Wholesale Trade offset a portion of the sector's losses with a gain of 1,100 jobs. Trade, Transportation, and Utilities employment saw no revision from June to July leaving the previous month's original increase of 1,400 intact.

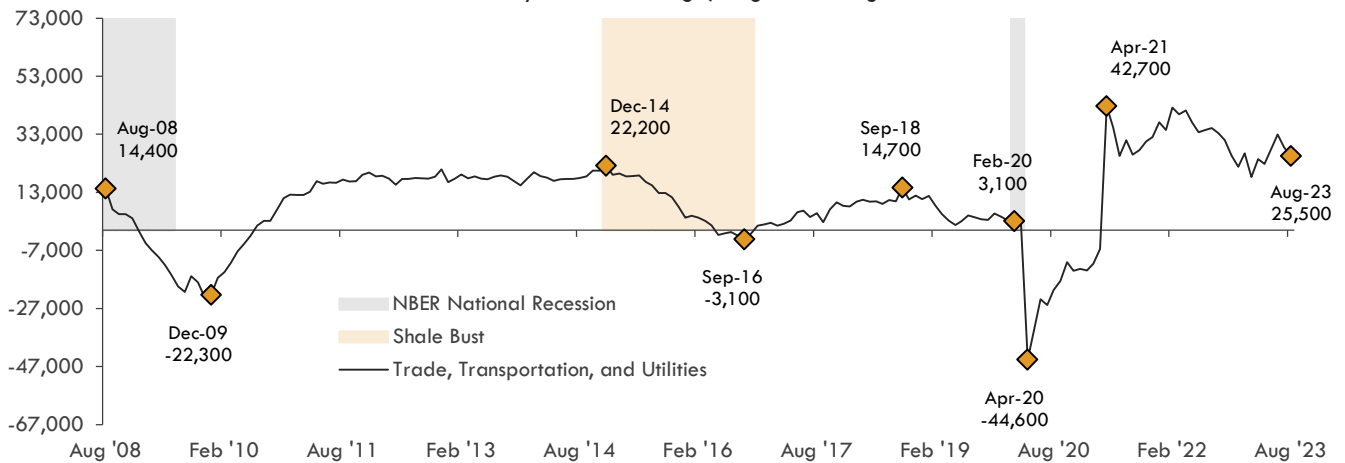


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 25,500 jobs, or 3.8 percent (see Chart 25). This was the third-largest over-the-year gain in August since records began in 1990. It also marks 29 consecutive months of over-the-year gains. Furthermore, 27.0 percent of total (gross) jobs added across the region over the past year can be attributed to Trade, Transportation, and Utilities. Wholesale Trade was the largest contributor to the overall sector's increase, up 10,000 jobs over the year. The second-largest contributor was Transportation, Warehousing, and Utilities, which added 9,600 jobs from

August a year ago. Lastly, Retail Trade contributed, 5,900 jobs. Total Trade, Transportation, and Utilities employment (NSA) now exceeds its February 2020 pre-pandemic level of 628,500 jobs by 66,500, or 10.6 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 20.5 percent to 20.8 percent over the past year.

Chart 25. Trade, Transportation, and Utilities (NSA)
Over-the-year Net Change, Aug-08 to Aug-23



About This Sector

This sector is composed of establishments wholesaling agriculture, mining, and manufactured goods; retailing goods in small quantities to the public incl. online; transporting passengers and cargo; warehousing and storage; and providing electricity, natural gas, water, and sewage removal. Of the three main component industries, Retail Trade accounts for a plurality of the sector's employment at 46 percent (see Chart 26).

Chart 26. Employment in Component Industries of Trade, Transportation, and Utilities Sector - August 2023

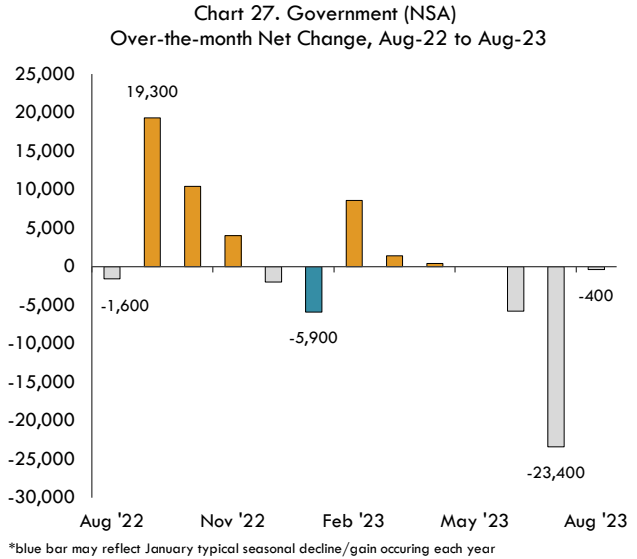


DECLINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government also saw a decrease over the month down -400 jobs, or -0.1 (see Chart 27). Historically in the month of August, Government has lost an average of -200 jobs over the month, which indicates that this month's losses are slightly larger than the long-term average decline. Local Government was the largest contributor to the overall sector's decline, down -700 jobs over the month. One component industry, Federal Government, saw no change from July to August. Lastly, State Government offset a portion of the sector's losses with a gain of 300 jobs. Government employment was revised downward by -400 jobs for a June to July larger net loss of -23,400 compared to an original estimate of -23,000 jobs.

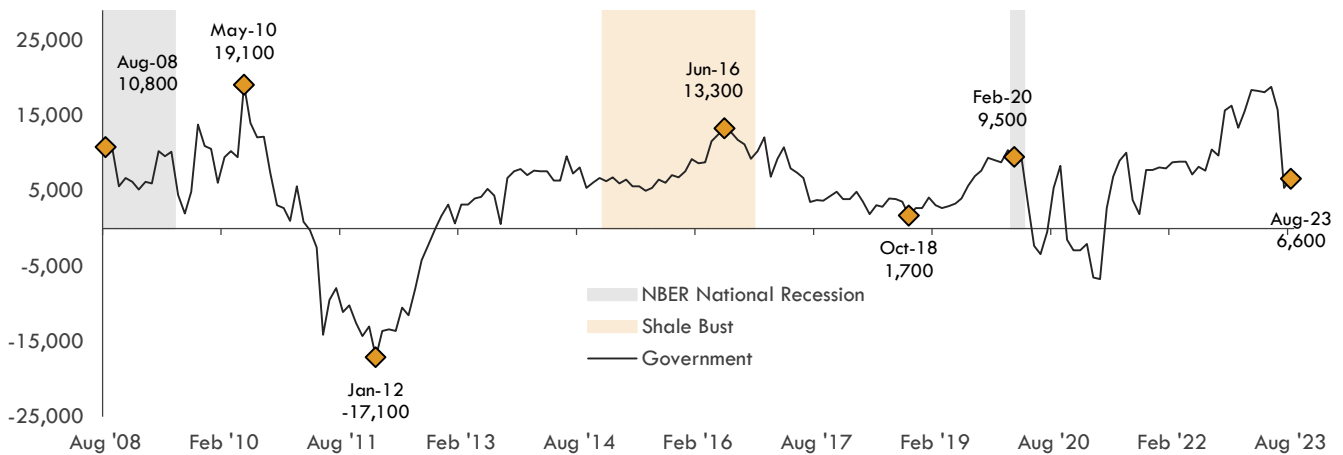


Over-the-year Change

Year over year, Government was up 6,600 jobs, or 1.6 percent (see Chart 28). This August also marks 29 consecutive months of over-the-year gains. Local Government was the largest contributor to the overall sector's increase, up 3,100 jobs over the year. The second-largest contributor was State Government, which added 2,300 jobs from August a year ago. Lastly, Federal Government contributed, 1,200 jobs. Total Government employment (NSA) remains -7,100 jobs, or -1.7 percent below its February 2020 pre-pandemic level of 428,400. At the same time, the sector's share of Houston area Total Nonfarm

Employment has fallen from 12.7 percent to 12.6 percent over the past year.

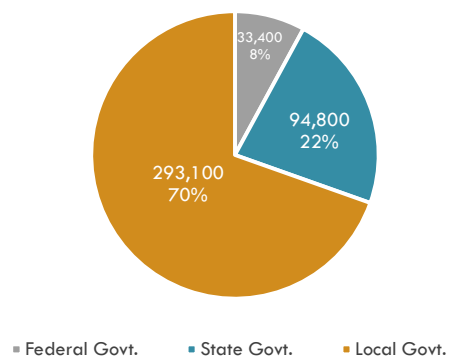
Chart 28. Government (NSA)
Over-the-year Net Change, Aug-08 to Aug-23



About This Sector

This sector consists of establishments of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area that are not performed by private establishments. For MSA data, this includes public education but excludes healthcare. Of the three main component industries, Local Government accounts for the majority of the sector's employment at 70 percent (see Chart 29). Across the Houston MSA, the concentration of jobs in the overall Government sector is 10 percent less than the national average.

Chart 29. Employment in Component Industries of Government Sector - August 2023

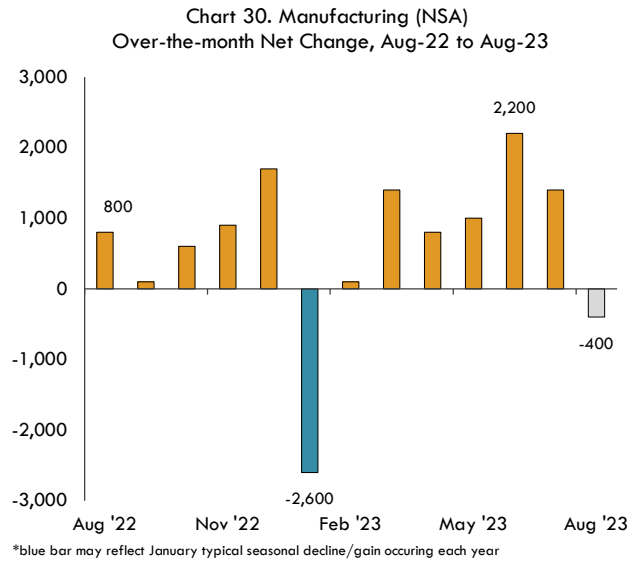


DECLINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing also saw a decrease over the month down -400 jobs, or -0.2 (see Chart 30). This was the largest August over-the-month decline in since 2020. Non-Durable Goods was the largest contributor to the overall sector's decline, down -1,000 jobs over the month. One component industry that provided a partial offset was Durable Goods, which gained 600 jobs from July to August. Manufacturing employment was revised downward by -100 jobs for a June to July smaller net gain of 1,400 compared to an original estimate of 1,500 jobs.

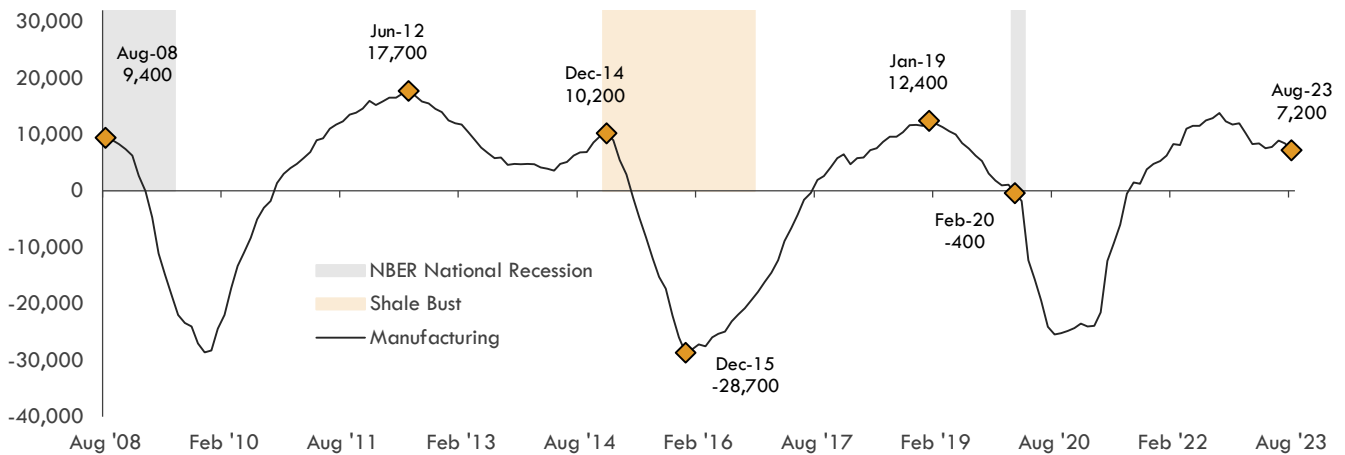


Over-the-year Change

Year over year, Manufacturing was up 7,200 jobs, or 3.2 percent (see Chart 31). This August also marks 25 consecutive months of over-the-year gains. Durable Goods was the largest contributor to the overall sector's increase, up 5,600 jobs over the year. The second-largest contributor was Non-Durable Goods, which added 1,600 jobs from August a year ago. Total Manufacturing employment (NSA) remains -900 jobs, or -0.4 percent below its February 2020 pre-pandemic level of 234,500. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 6.9 percent

over the past year.

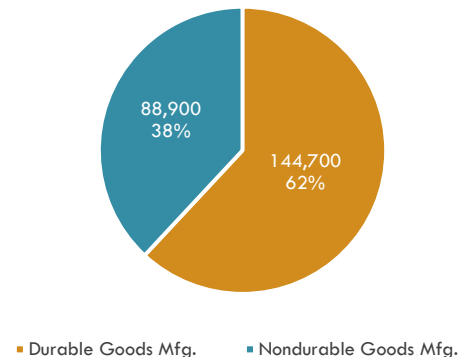
Chart 31. Manufacturing (NSA) Over-the-year Net Change, Aug-08 to Aug-23



About This Sector

This sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. Of the two main component industries, Durable Goods accounts for the majority of the sector's employment at 62 percent (see Chart 32). Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 16 percent less than the national average.

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

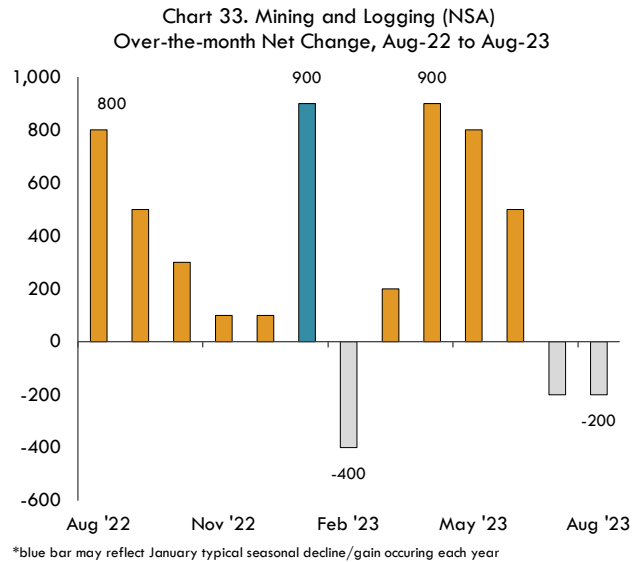


DECLINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging also saw a decrease over the month down -200 jobs, or -0.3 (see Chart 33). This was the largest August over-the-month decline in since 2020. Historically in the month of August, Mining and Logging has added an average of 100 jobs over the month, which indicates that this month's losses are substantially in contrast to the long-term average gain. Support Activities for Mining was the largest contributor to the overall sector's decline, down -100 jobs over the month. The second-largest declining contributor was Other Mining and Logging Undefined, which lost -100 jobs from July to August. Lastly, Oil and Gas Extraction saw no change over the month. Mining and Logging employment was revised downward by -200 jobs for a June to July net loss of -200 compared to an original estimate of zero net change in jobs over the month.

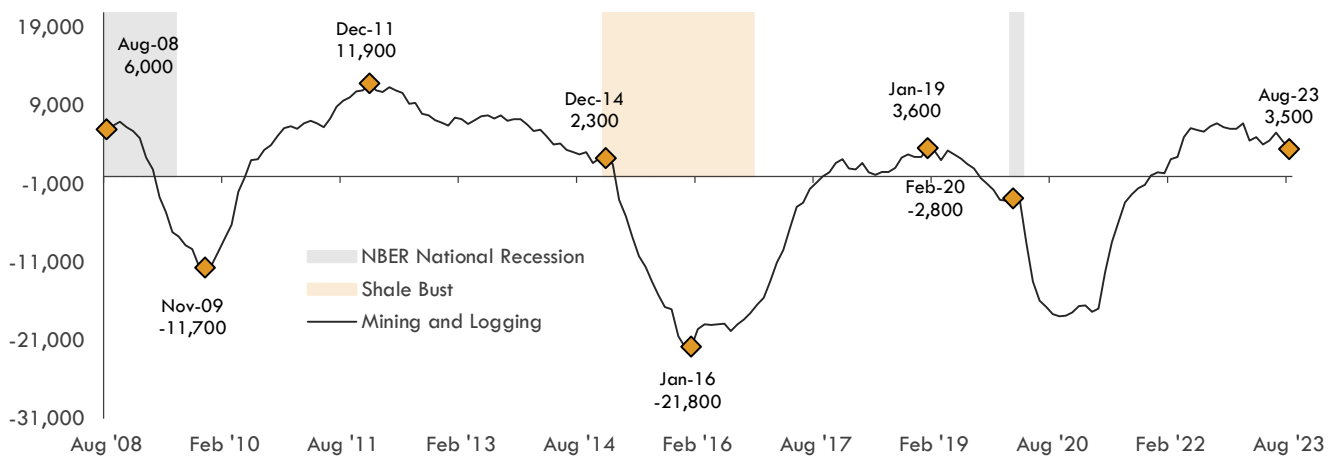


Over-the-year Change

Year over year, Mining and Logging was up 3,500 jobs, or 5.3 percent (see Chart 34). This August also marks 22 consecutive months of over-the-year gains. Among sectors currently showing growth, this sector is the second-fastest growing in percentage terms across the Houston area. Support Activities for Mining was the largest contributor to the overall sector's increase, up 2,700 jobs over the year. The second-largest contributor was Oil and Gas Extraction, which added 600 jobs from August a year ago. Lastly, Other Mining and Logging Undefined contributed, 200 jobs. Total Mining and Logging employment (NSA) remains

-8,500 jobs, or -10.8 percent below its February 2020 pre-pandemic level of 78,400. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 2.0 percent over the past year.

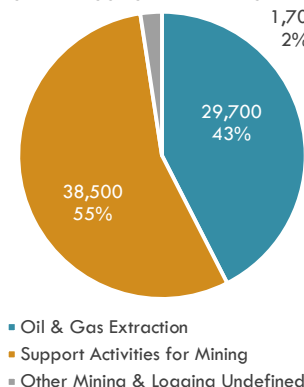
Chart 34. Mining and Logging (NSA) Over-the-year Net Change, Aug-08 to Aug-23



About This Sector

This sector comprises establishments extracting naturally occurring minerals such as coal and ores; liquid minerals, such as crude petroleum and natural gas; and timber. Of the three main component industries, Support Activities for Mining accounts for the majority of the sector's employment at 55 percent (see Chart 35). Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 5.0 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 - August 2023



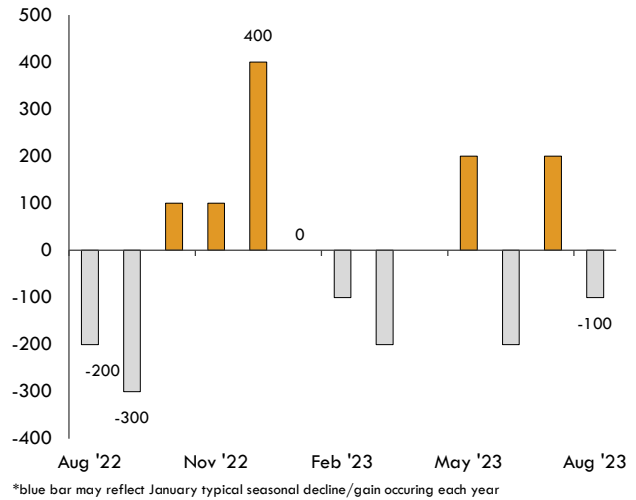
DECLINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information also saw a decrease over the month down -100 jobs, or -0.3 (see Chart 36). Historically in the month of August, Information has lost an average of -100 jobs over the month, which indicates that this month's losses are on par with the long-term average. Other Information Undefined was the largest contributor to the overall sector's decline, down -100 jobs over the month. One component industry, Telecommunications, saw no change from July to August. Information employment saw no revision from June to July leaving the previous month's original increase of 200 intact.

Chart 36. Information (NSA)
Over-the-month Net Change, Aug-22 to Aug-23

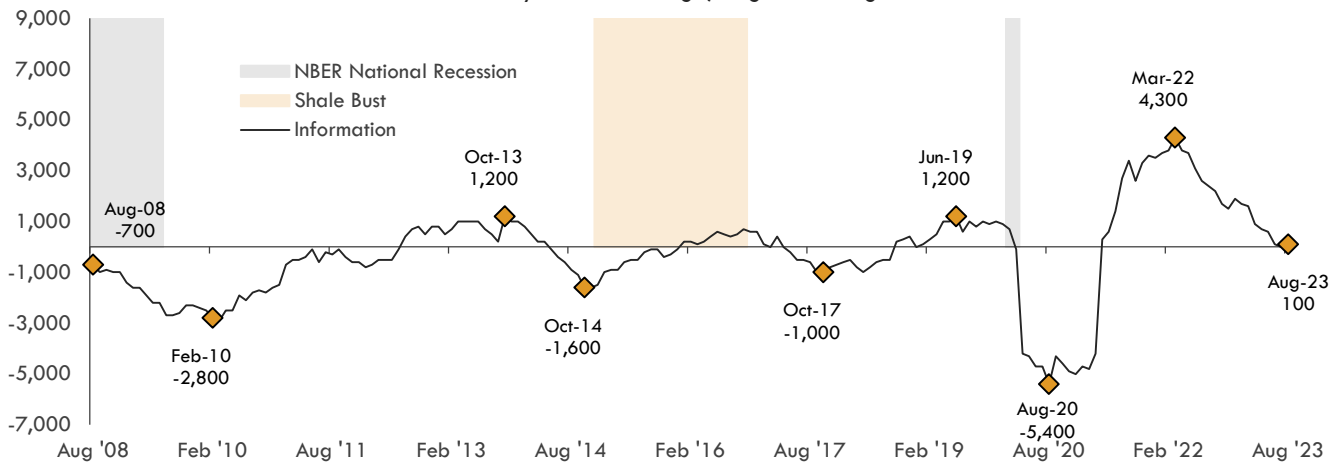


Over-the-year Change

Year over year, Information was up 100 jobs, or 0.3 percent (see Chart 37). This August also marks 28 consecutive months of over-the-year gains. Other Information Undefined was the largest contributor to the overall sector's increase, up 100 jobs over the year. One component industry, Telecommunications, saw no change from August a year ago. Total Information employment (NSA) now exceeds its February 2020 pre-pandemic level of 32,700 jobs by 500, or 1.5 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 1.0 percent over the past

year.

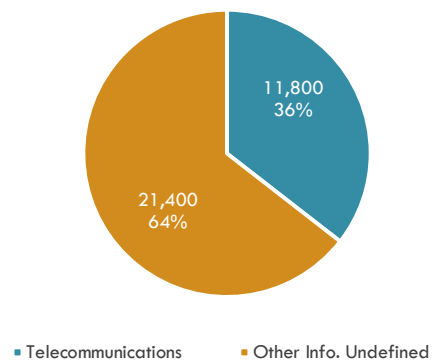
Chart 37. Information (NSA)
Over-the-year Net Change, Aug-08 to Aug-23



About This Sector

This sector comprises establishments producing and distributing information and cultural products, e.g. traditional and online news publishing; software publishing; the motion picture and sound recording; TV broadcasting; and telecommunications. Of the two main component industries, Other Information Undefined accounts for the majority of the sector's employment at 64 percent (see Chart 38). Across the Houston MSA, the concentration of jobs in the overall Information sector is 49 percent less than the national average.

Chart 38. Employment in Component Industries of Information Sector - August 2023



Local Area Unemployment Statistics

Not-Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 4.9 percent in August, up from July's 4.8 percent and up from 4.3 percent a year ago. This was above the statewide rate of 4.5 percent and above the national rate of 3.9 percent. An over-the-month decline in August is typical having occurred roughly 75 percent of the time over the past three decades making this month's increase stand in contrast to historical seasonal trends. 176,656 individuals were unemployed in Houston in August, up from July's 174,430 and up from 150,900 in August 2022 (see Charts 39 and 40).

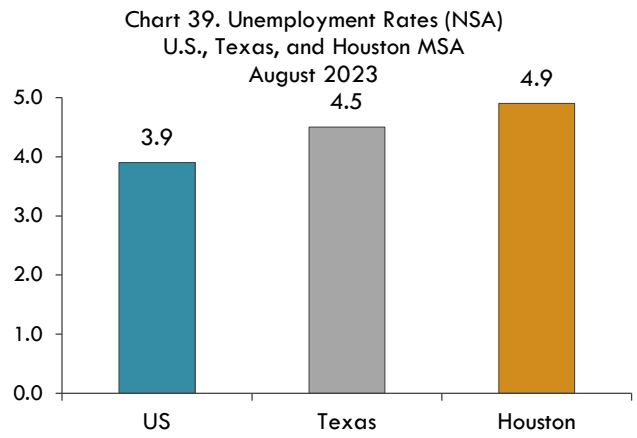
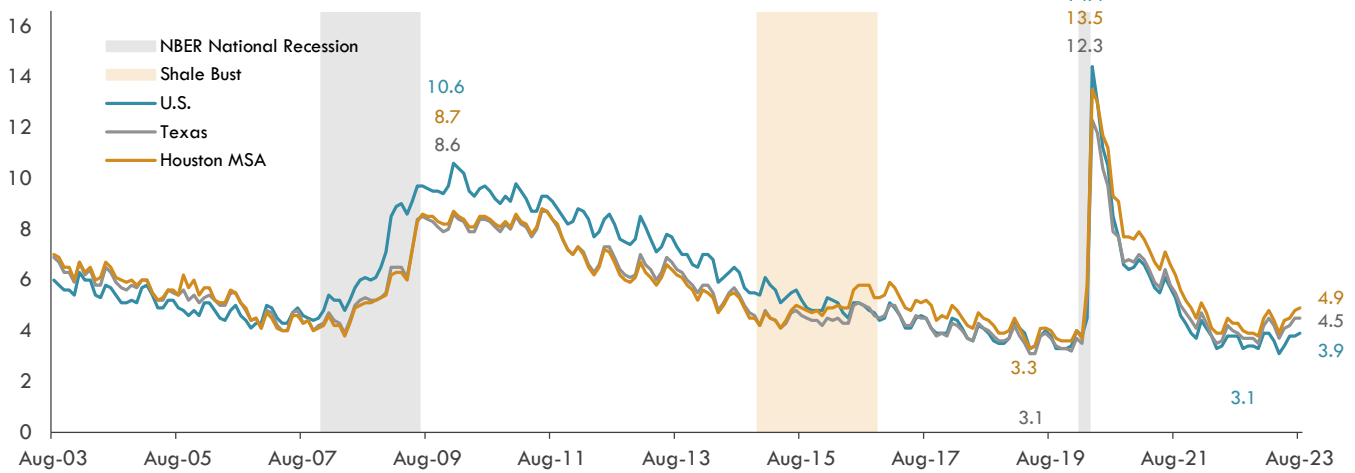


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA) August 2003 to August 2023

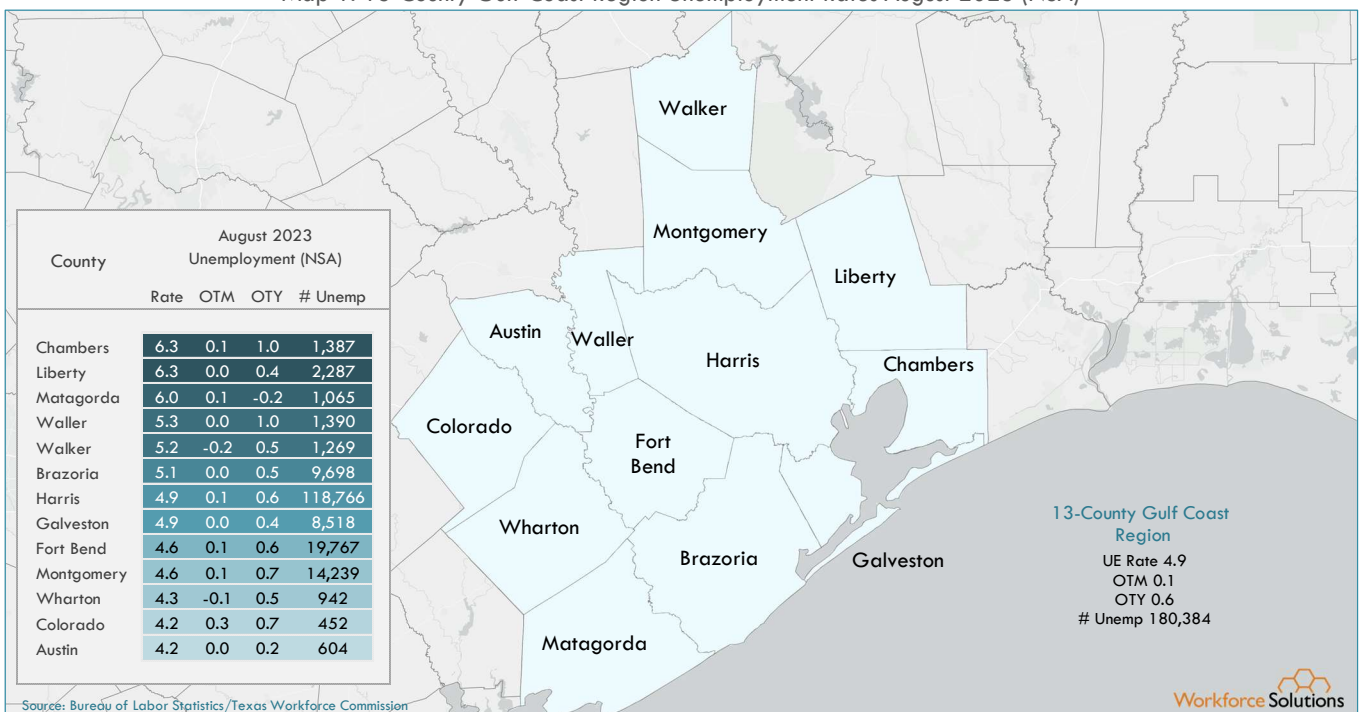


County-level Unemployment

Among the 13 counties that comprise the Gulf Coast Workforce Development Area, unemployment rates in August ranged from a high of 6.3 percent in Chambers County to a low of 4.2 percent in Austin. Over the month, six counties saw their unemployment rates rise in keeping with the region-wide increase of 0.1 percentage points while five saw no changes and two declined. Colorado saw the largest percentage-point increase in unemployment up 0.3 pp. representing 28 more unemployed workers compared to the previous month. This was followed by Harris (0.1 pp, 1,576 workers) and Fort Bend (0.1 pp, 231

workers). Over the year unemployment rates also rose with, Chambers posting the largest increase, up 1.0 percentage points representing 270 more unemployed workers compared to a year ago followed by Waller (1.0 pp, 291 workers) and Colorado (0.7 pp, 94 workers). Since peaking at 449,312 in April 2020 due to the COVID-19 global pandemic, the number of unemployed workers in the Gulf Coast Region has fallen by - 268,928 as of this August (see Map 1 legend).

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



Local Area Unemployment Statistics (continued)

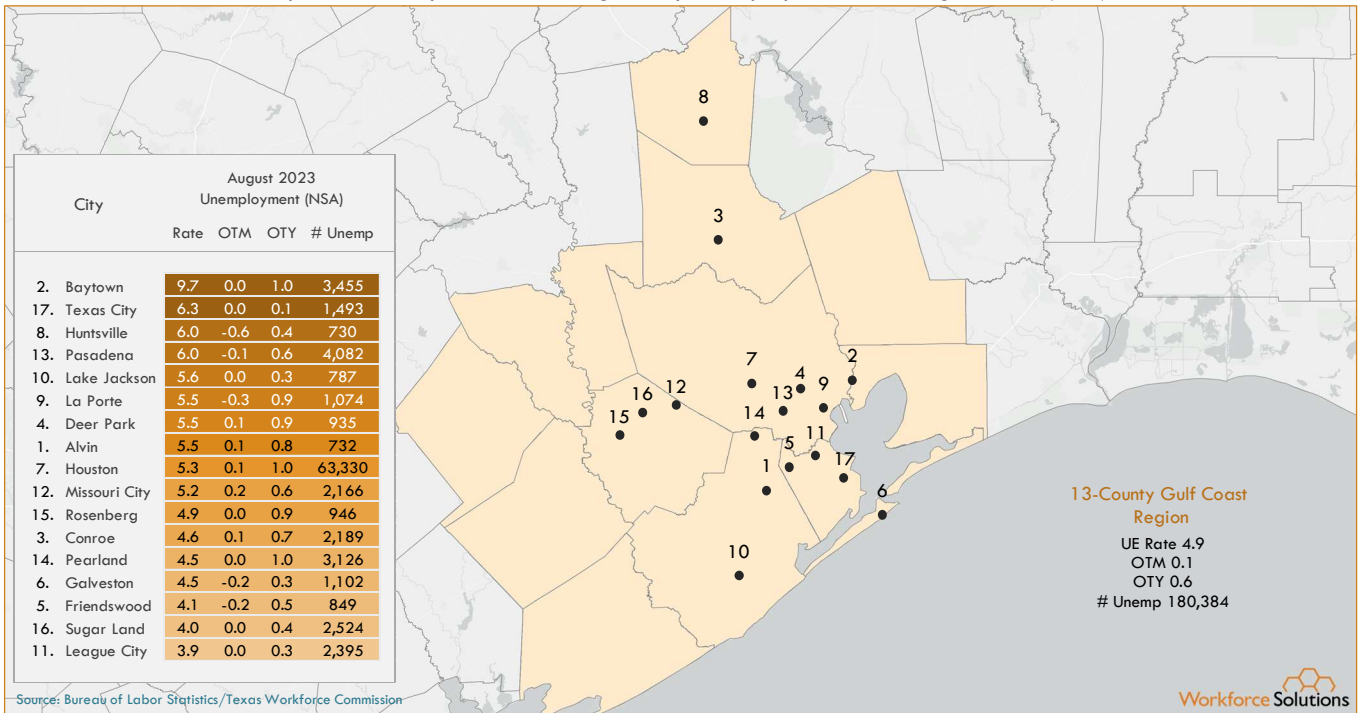
Not-Seasonally Adjusted

Unemployment Rates for Select Municipalities

Among the 17 cities in the Gulf Coast Workforce Development Area for which Local Area Unemployment Statistics are available, unemployment rates in August ranged from a high of 9.7 percent in Baytown to a low of 3.9 percent in League City (see Map 2 legend). Over the month, seven cities saw their unemployment unchanged in contrast to region-wide increase of 0.1 percentage points while five declined and five increased. Missouri City saw the largest percentage-point increase in

unemployment up 0.2 pp. representing 61 more unemployed workers compared to the previous month. This was followed by Conroe (0.1 pp, 34 workers) and Deer Park (0.1 pp, 14 workers). Over the year unemployment rates also rose with, Pearland posting the largest increase, up 1.0 percentage points representing 813 more unemployed workers compared to a year ago followed by Baytown (1.0 pp, 480 workers) and Houston (1.0 pp, 14,096 workers). The 17 cities below accounted for 51 percent of the 180,384 unemployed workers across the Gulf Coast Region as of this August (see Map 2 legend).

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



Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (seasonally-adjusted) unemployment rate stood at 4.4 percent in July, unchanged from June's 4.4 percent and up from 4.1 percent a year ago. This was above the statewide rate of 4.1 percent and above the national rate of 3.5 percent. 158,916 individuals were unemployed in Houston in July, down slightly from June's 157,171 and up from 143,755 in July 2022 (see Charts 41 and 42). NOTE: Seasonally-adjusted data for the MSA are available with a one-month delay but are not available for the 13-County Region or 17 cities.

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

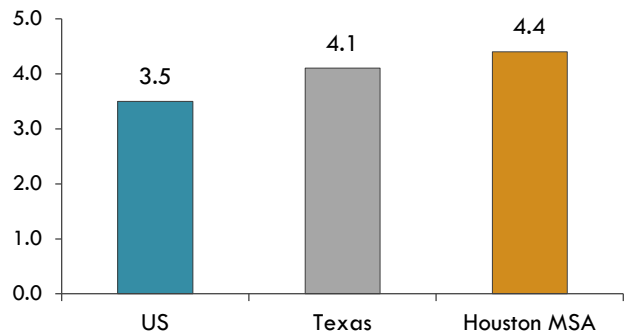
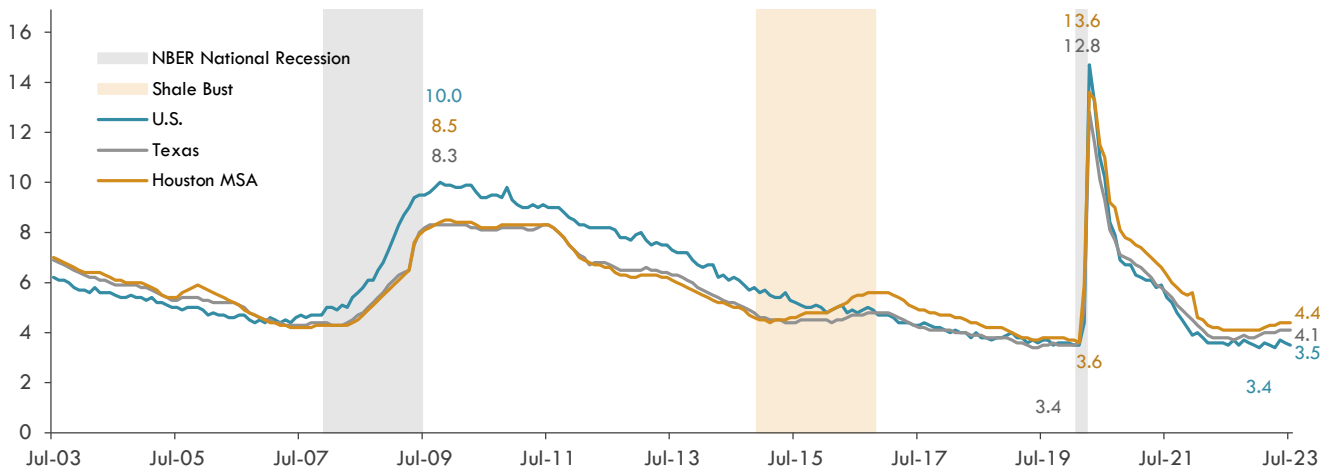


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
 July 2003 to July 2023



Gulf Coast Workforce Solutions Index (WSI)

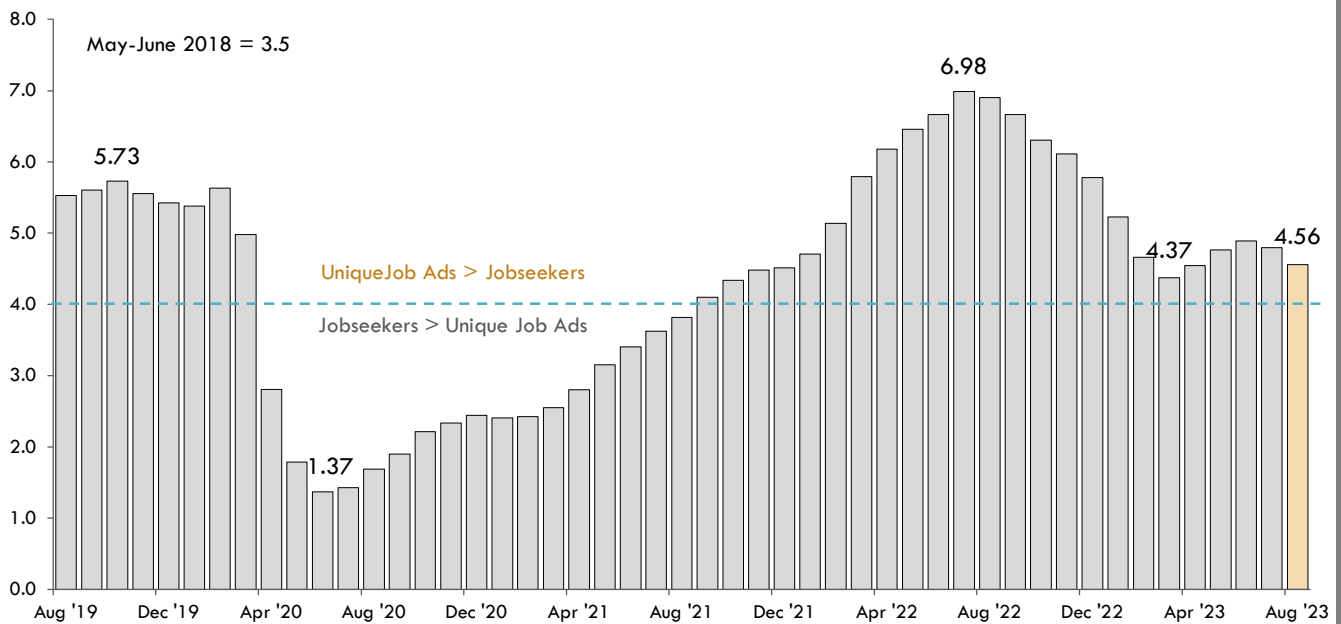


The Gulf Coast Workforce Solutions Index (WSI)

The WSI is an indicator designed to capture shifts in the local labor market, specifically the balance between available jobs and unemployed workers at a given point in time. Values above 4.0 signal a surplus of jobs while values less than 4.0 signal a surplus of jobseekers. The Gulf Coast Workforce Board monitors the WSI as part of its ongoing review of the region's unemployment insurance work search requirement and reserves the right to adjust the number of weekly job search contacts as labor market conditions warrant. In the event of change to the work search requirement, the Board will notify the Texas Workforce Commission who will in turn notify UI recipients.

WSI Reading
August
2023:
4.56

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



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



Workforce Solutions Index August 2023

The Houston MSA WSI for July stood at 4.56, down from July's slightly downward revised reading of 4.79. This was the result of modest increases in the number of unemployed individuals in recent months coupled a sizable -25,000-decline in active job postings.

Nonetheless, August's reading continues to suggest that jobseekers retain a moderate advantage relative to employers and that a requirement of four work search activities may be appropriate for individuals receiving unemployment insurance given the relative availability of jobs at present.



Houston Area Employment Situation

August 2023

Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Aug-23	Jul-23	Aug-22	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,348,400	3,345,100	3,260,800	3,300	0.1%	87,600	2.7%
Total Private	2,927,100	2,923,400	2,846,100	3,700	0.1%	81,000	2.8%
Goods Producing	522,900	525,800	519,000	-2,900	-0.6%	3,900	0.8%
..Mining and Logging	69,900	70,100	66,400	-200	-0.3%	3,500	5.3%
...Oil and Gas Extraction	29,700	29,700	29,100	0	0.0%	600	2.1%
...Support Activities for Mining	38,500	38,600	35,800	-100	-0.3%	2,700	7.5%
..Construction	219,400	221,700	226,200	-2,300	-1.0%	-6,800	-3.0%
..Construction of Buildings	55,600	56,100	54,800	-500	-0.9%	800	1.5%
..Heavy and Civil Engineering Construction	53,700	54,100	53,600	-400	-0.7%	100	0.2%
..Specialty Trade Contractors	110,100	111,500	117,800	-1,400	-1.3%	-7,700	-6.5%
..Manufacturing	233,600	234,000	226,400	-400	-0.2%	7,200	3.2%
..Durable Goods	144,700	144,100	139,100	600	0.4%	5,600	4.0%
...Fabricated Metal Product Manufacturing	49,700	50,100	47,500	-400	-0.8%	2,200	4.6%
...Machinery Manufacturing	42,200	42,200	41,100	0	0.0%	1,100	2.7%
....Agriculture, Construction, and Mining Machinery Mfg.	22,200	22,300	21,200	-100	-0.4%	1,000	4.7%
...Computer and Electronic Product Manufacturing	14,500	14,600	14,200	-100	-0.7%	300	2.1%
..Non-Durable Goods	88,900	89,900	87,300	-1,000	-1.1%	1,600	1.8%
...Petroleum and Coal Products Manufacturing	8,000	8,100	7,800	-100	-1.2%	200	2.6%
...Chemical Manufacturing	42,600	42,700	41,300	-100	-0.2%	1,300	3.1%
Service Providing	2,825,500	2,819,300	2,741,800	6,200	0.2%	83,700	3.1%
.Private Service Providing	2,404,200	2,397,600	2,327,100	6,600	0.3%	77,100	3.3%
..Trade, Transportation, and Utilities	695,000	695,600	669,500	-600	-0.1%	25,500	3.8%
...Wholesale Trade	181,000	179,900	171,000	1,100	0.6%	10,000	5.8%
....Merchant Wholesalers, Durable Goods	111,500	111,200	106,100	300	0.3%	5,400	5.1%
....Prof. and Commercial Equip. Supplies Wholesalers	17,600	17,700	17,400	-100	-0.6%	200	1.1%
....Merchant Wholesalers, Nondurable Goods	55,000	54,800	53,000	200	0.4%	2,000	3.8%
...Retail Trade	319,400	321,700	313,500	-2,300	-0.7%	5,900	1.9%
....Motor Vehicle and Parts Dealers	44,400	44,400	43,500	0	0.0%	900	2.1%
....Bldg. Material and Garden Equip. and Supplies Dealers	24,000	24,400	24,400	-400	-1.6%	-400	-1.6%
....Food and Beverage Stores	74,200	74,400	71,600	-200	-0.3%	2,600	3.6%
....Health and Personal Care Stores	61,800	62,300	61,300	-500	-0.8%	500	0.8%
....Clothing and Clothing Accessories Stores	20,000	20,100	19,700	-100	-0.5%	300	1.5%
....General Merchandise Stores	41,800	42,200	41,600	-400	-0.9%	200	0.5%
....Department Stores	20,400	20,500	20,100	-100	-0.5%	300	1.5%
....Other General Merchandise Stores	25,700	25,600	26,300	100	0.4%	-600	-2.3%
...Transportation, Warehousing, and Utilities	194,600	194,000	185,000	600	0.3%	9,600	5.2%
....Utilities	20,400	20,400	19,800	0	0.0%	600	3.0%
....Air Transportation	20,500	20,600	20,100	-100	-0.5%	400	2.0%
....Truck Transportation	31,300	31,200	30,700	100	0.3%	600	2.0%
....Pipeline Transportation	13,100	13,000	12,500	100	0.8%	600	4.8%
..Information	33,200	33,300	33,100	-100	-0.3%	100	0.3%
...Telecommunications	11,800	11,800	11,800	0	0.0%	0	0.0%
..Financial Activities	189,000	187,200	181,000	1,800	1.0%	8,000	4.4%
...Finance and Insurance	116,700	116,300	114,700	400	0.3%	2,000	1.7%
....Credit Intermediation and Related Activities	46,400	46,200	45,900	200	0.4%	500	1.1%
....Depository Credit Intermediation	30,100	30,000	29,500	100	0.3%	600	2.0%
....Securities, Commodity Contracts, and Fin. Investments	23,500	23,500	23,000	0	0.0%	500	2.2%
....Insurance Carriers and Related Activities	46,800	46,600	45,800	200	0.4%	1,000	2.2%
...Real Estate and Rental and Leasing	72,300	70,900	66,300	1,400	2.0%	6,000	9.0%
..Professional and Business Services	558,900	562,200	547,400	-3,300	-0.6%	11,500	2.1%
...Professional, Scientific, and Technical Services	273,700	276,200	263,800	-2,500	-0.9%	9,900	3.8%
....Legal Services	32,800	33,200	31,000	-400	-1.2%	1,800	5.8%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	28,800	28,900	27,300	-100	-0.3%	1,500	5.5%
....Architectural, Engineering, and Related Services	76,900	76,900	69,900	0	0.0%	7,000	10.0%
....Computer Systems Design and Related Services	43,900	44,000	42,500	-100	-0.2%	1,400	3.3%
...Management of Companies and Enterprises	46,900	47,400	45,600	-500	-1.1%	1,300	2.9%
...Admin. and Support and Waste Mgmt. and Remediation	238,300	238,600	238,000	-300	-0.1%	300	0.1%
....Administrative and Support Services	224,000	224,500	225,200	-500	-0.2%	-1,200	-0.5%
....Employment Services	84,700	85,100	88,400	-400	-0.5%	-3,700	-4.2%
....Services to Buildings and Dwellings	56,400	56,800	56,300	-400	-0.7%	100	0.2%
..Educational and Health Services	451,200	449,700	428,600	1,500	0.3%	22,600	5.3%
...Educational Services	71,000	70,000	68,900	1,000	1.4%	2,100	3.0%
...Health Care and Social Assistance	380,200	379,700	359,700	500	0.1%	20,500	5.7%
....Ambulatory Health Care Services	192,800	192,000	181,600	800	0.4%	11,200	6.2%
....Hospitals	95,800	95,400	89,700	400	0.4%	6,100	6.8%
..Leisure and Hospitality	355,600	352,200	347,200	3,400	1.0%	8,400	2.4%
...Arts, Entertainment, and Recreation	42,300	42,200	39,300	100	0.2%	3,000	7.6%
...Accommodation and Food Services	313,300	310,000	307,900	3,300	1.1%	5,400	1.8%
....Accommodation	26,900	27,300	25,900	-400	-1.5%	1,000	3.9%
....Food Services and Drinking Places	286,400	282,700	282,000	3,700	1.3%	4,400	1.6%
..Other Services	121,300	117,400	120,300	3,900	3.3%	1,000	0.8%
Government	421,300	421,700	414,700	-400	-0.1%	6,600	1.6%
.Federal Government	33,400	33,400	32,200	0	0.0%	1,200	3.7%
.State Government	94,800	94,500	92,500	300	0.3%	2,300	2.5%
..State Government Educational Services	53,100	52,900	51,800	200	0.4%	1,300	2.5%
.Local Government	293,100	293,800	290,000	-700	-0.2%	3,100	1.1%
..Local Government Educational Services	196,800	197,500	195,000	-700	-0.4%	1,800	0.9%