

Houston Area Employment Situation

October 2024

CURRENT EMPLOYMENT AND LOCAL AREA UNEMPLOYMENT STATISTICS

October and the Case of the Missing Jobs

Total Nonfarm

Over-the-month Change

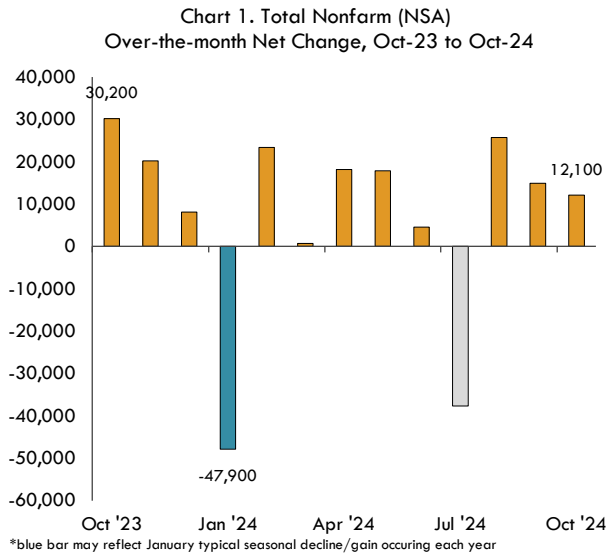
Houston MSA Total Nonfarm employment stood at 3,474,000 in October, up 12,100 jobs over the month, or 0.3 percent on a not-seasonally-adjusted basis (see Chart 1). A year ago Houston registered an over-the-month increase of 30,200 jobs.

The primary drivers of this October's growth were increases in Government; Trade, Transportation, and Utilities; and Financial Activities. Gains were also recorded in Construction; Mining and Logging; and Leisure and Hospitality. The net increase in jobs over the month was partially offset by losses in Professional and Business Services; Private Education and Health Services; and Other Services. (see Chart 2). Houston MSA Total Nonfarm (seasonally adjusted) employment stood at 3,462,400, down -3,300 jobs over the month, or -0.1 percent vs. a historical average of 3,700. This was the largest October over-the-month decline in since 2019. All analysis pertains to not-seasonally adjusted data unless otherwise noted. Data source: BLS/TWC. NOTE: The Houston-Woodlands-Sugar Land, TX Metropolitan Statistical Area (MSA) consists of Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties. Analysis of major sectors and their sub-components throughout the remainder of this report references not-seasonally adjusted data. All data provided by BLS/TWC unless otherwise noted.

- Top-3 Drivers of Over-the-month Job Growth in October**
- Government: 6,000
 - Trade, Transportation, and Utilities: 4,900
 - Financial Activities: 1,200

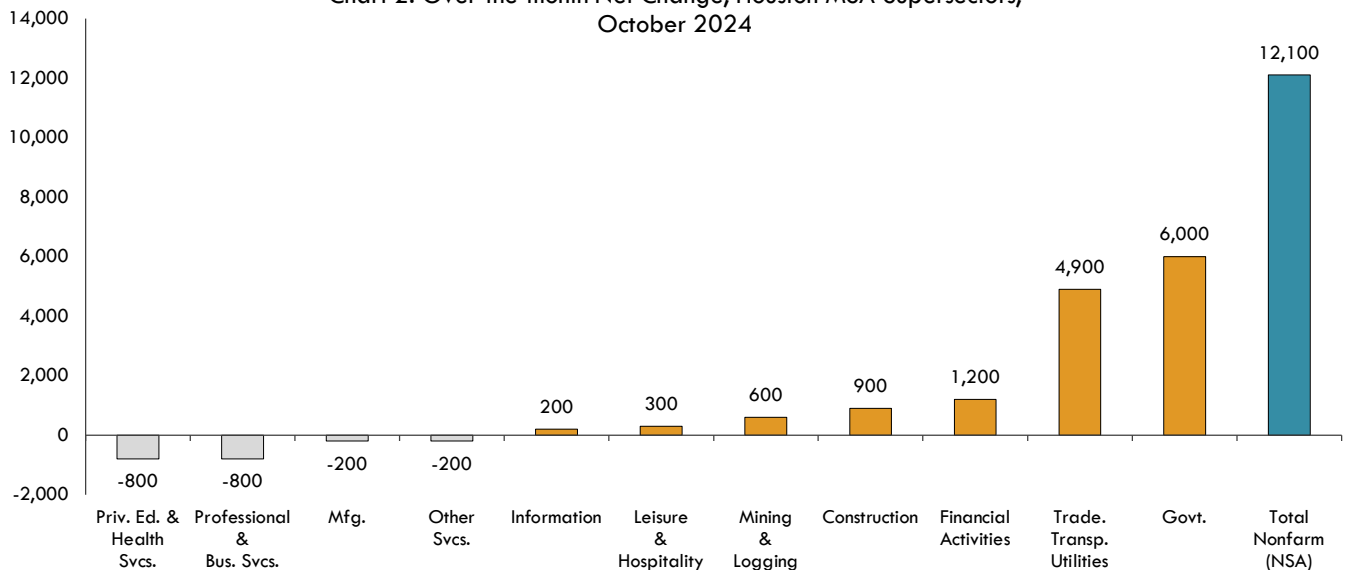
Over-the-year Change

Over the year, Total Nonfarm employment was up 60,200 or 1.8 percent on a not-seasonally-adjusted basis and up 61,700 or 1.8 percent on a seasonally-adjusted basis (see NSA Chart 3). To compare, October 2023 saw a year-over-year gain of 98,300 jobs (NSA) from October 2022. Currently 9 out of 11 sectors show growth year over year of which the top-three are Construction (17,800); Private Education and Health Services (11,700); and Government (6,200) (see Chart 4). Total Nonfarm employment not-seasonally-adjusted now exceeds its February



2020 pre-pandemic level of 3,191,800 jobs by 282,200, or 8.8 percent (265,400 jobs, 8.3 percent above 3,197,000 seasonally adjusted).

Chart 2. Over-the-month Net Change, Houston MSA Supersectors, October 2024



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October 2024

Previous Month's Revisions

Total Nonfarm employment was revised upward by 3,200 jobs for a August to September larger net gain of 14,900 compared to an original estimate of 11,700 jobs. An upward revision of +3,400 jobs in Government was the largest contributor followed by Financial Activities (+1,000) and Private Education and Health Services (+400). Downward revisions in Professional and Business Services (-1,200), Other Services (-400), and Mining and Logging (-200) provided a partial offset of the overall upward revision to Total Nonfarm employment (see Chart 5).

Top-3 Drivers of Over-the-year Job Growth in October

- Construction: 17,800
- Private Education and Health Services: 11,700
- Government: 6,200

Chart 5. Net Revisions for Selected Supersectors and Major Industries, September 2024

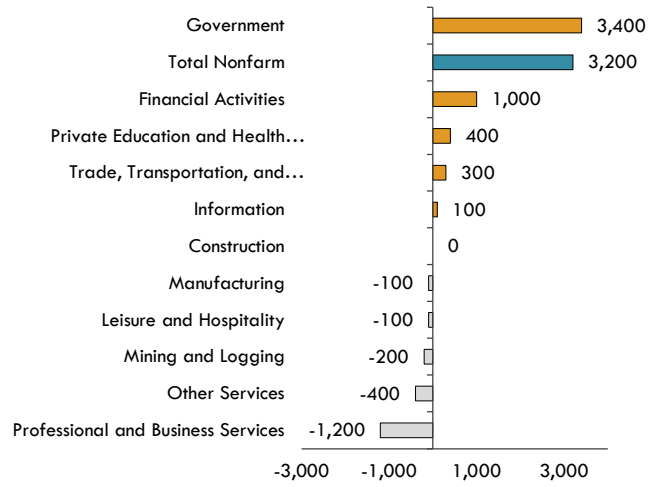


Chart 3. Total Nonfarm (NSA)
Over-the-year Net Change, Oct-09 to Oct-24

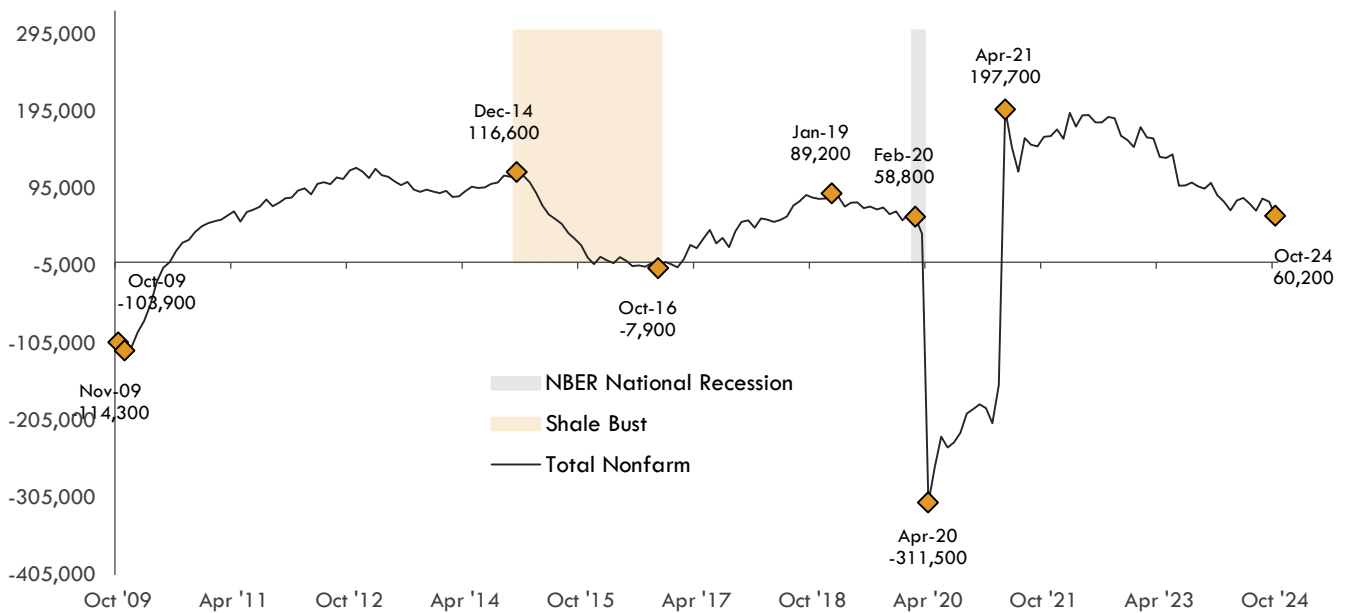
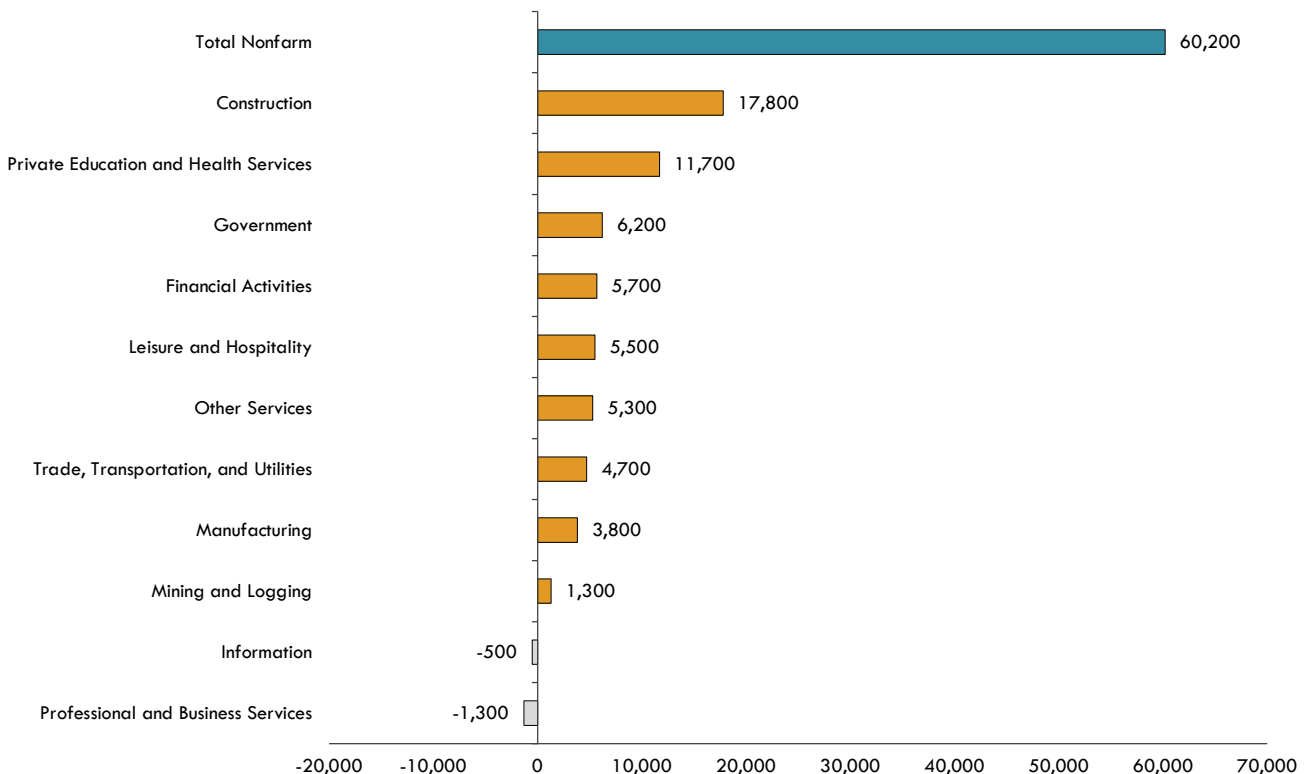


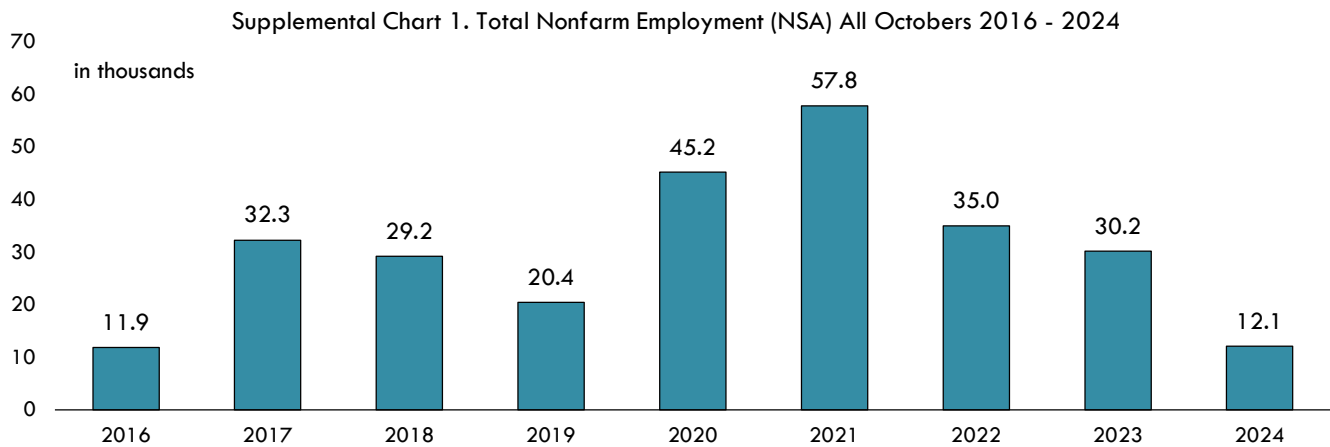
Chart 4. Over-the-year Net Change, Houston MSA Supersectors,
October 2023 to October 2024



Supplemental Commentary

Highlights from October

Houston's job growth came up short in October. Total Nonfarm, not-seasonally-adjusted, saw a gain of 12,100. This might seem like a respectable number however it marks the smallest over-the-month October increase since 2016. Moreover this is only one-third of the gains observed each October between 2017 and 2023. (See Supplemental Chart 1.) Seasonally adjusted, Houston saw a loss of -3,300 jobs. Given that gains have been recorded across 75 percent of all Octobers over the past 30+ years, this further highlights Total Nonfarm Employment's (SA) underperformance this October.



First, here are the sectors that performed more or less in line with expectations over the month: Government (+6,000) reflecting continued back-to-school momentum from last month, Mining and Logging i.e. upstream oil and gas (+600), Financial Activities (+1,200), and Information (+200). Construction came in a bit light compared to recent years but still managed to add 900 jobs over the month. Trade, Transportation, and Utilities (+4,400) fared reasonably well largely thanks to holiday seasonal gains in Retail (+3,300) but was held back by extremely weak job growth in the warehousing and logistic segment, which added 300 jobs in a departure from recent years where 1,500 to as much 6,800 jobs were the norm.

As for the sectors that categorically underperformed in October, Professional and Business Services stood out with a loss of -800 jobs versus an average gain of around 5,000 jobs in recent years, excluding record-highs in 2020 and 2021. Subcategory of Professional and Business Services, Administrative Support Services saw an unprecedented loss of -4,400 jobs for its worst October on record. The exact source(s) of these losses remains a mystery however staffing firm contract workers and facilities management workers appear to have suffered the brunt of the losses.

Private Education and Health Services also saw unexpected job cuts in October with a loss of -800. Like Professional and Business Services, this sector also enjoyed gains averaging around 5,000, if not more, in recent years. The losses were concentrated on the healthcare side with Ambulatory Health Services, i.e. outpatient clinics, etc. shedding -800 jobs. Interestingly enough, Hospitals added 100 jobs over the month despite known layoffs at Texas Children's Hospital approaching 1,000 in October per the TWC WARN notice.

Catchall category Other Services lost -200 jobs over the month versus typical gains north of 1,500 since 2017. Making this October's decline all the more notable is that the sector has seen shift in seasonal patterns from losses to gains starting in 2014. Unfortunately, the cause of this month's losses and changing seasonal patterns defy easy explanation as no subsector data is published under the Current Employment Statistics survey.

With overall job growth positive but subpar in October, you're probably wondering did we see confirmation of weakness in the unemployment rate? To some degree, yes. The not-seasonally-adjusted rate rose to 4.5 percent from 4.4 percent in September. This marks only the third time in the past three decades that an October over-the-month increase has been recorded with the previous examples occurring in 2001 and 2008. In the case of the former, the increase was only detectable when examining the actual increase in unemployed workers (+297) as the change in the rate registered as zero due to rounding. Nonetheless, it is somewhat concerning that the only other precedents for a rise in unemployment coincided with national recessions. With that said, this is hardly enough evidence to suggest either Houston or the U.S. has entered a recession. In fact the uptick in the unemployment rate was not accompanied by an increase in initial unemployment insurance claims, which remain between 3,500 and 4,000 as has been the case for much of the past three years. Even continuing claims for UI saw -3,000 decline from September to October while remaining near 35,000 where it has been for the past year and a half.

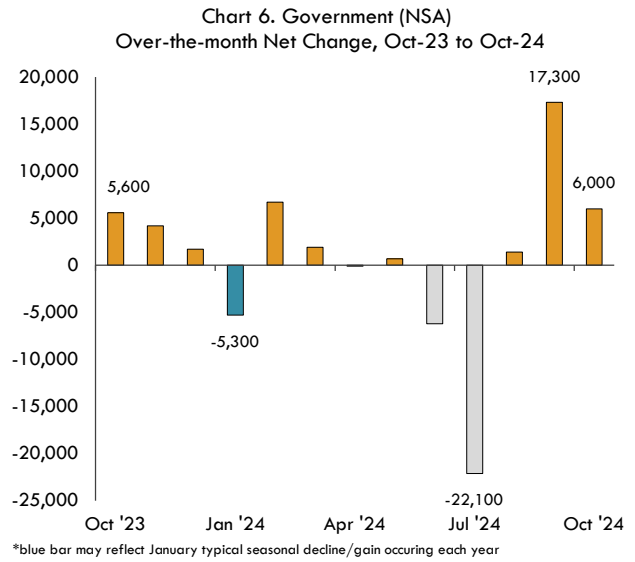
So, what are we to take away from October's report? I'd say that the roughly 10,000 to 15,000 "missing jobs" over the month have taken their toll on our over-the-year job growth. Last month we stood at 78,300 jobs year over year (NSA). That fell to 60,200 in October (70,300 to 61,700 seasonally adjusted). Furthermore, as noted Professional and Business Services was a major contributor. In fact the damage to itself was severe enough to cause the sector to turn negative year over year for the first time since April 2021 with a loss of -1,300 jobs. Considering the sector was up 8,600 jobs last month, this is a distressing change in fortunes. Now the concern, is whether October's loss of momentum continues into November and December. If that's the case, we may find ourselves on the back foot as we enter 2025.

GAINING INDUSTRY HIGHLIGHTS

Government

Over-the-month Change

Government was the largest gaining sector over the month up 6,000 jobs, or 1.3 percent (see Chart 6). This was the largest October over-the-month gain in since 2019. Historically in the month of October, Government has added an average of 6,200 jobs over the month, which indicates that this month's gains are on par with the long-term average. Local Government was the largest contributor to the overall sector's increase, up 5,500 jobs over the month. The second-largest contributor was State Government, which added 600 jobs from September to October. Lastly, Federal Government offset a portion of the sector's gains with a loss of -100 jobs. Government employment was revised upward by 3,400 jobs for a August to September larger net gain of 17,300 compared to an original estimate of 13,900 jobs.

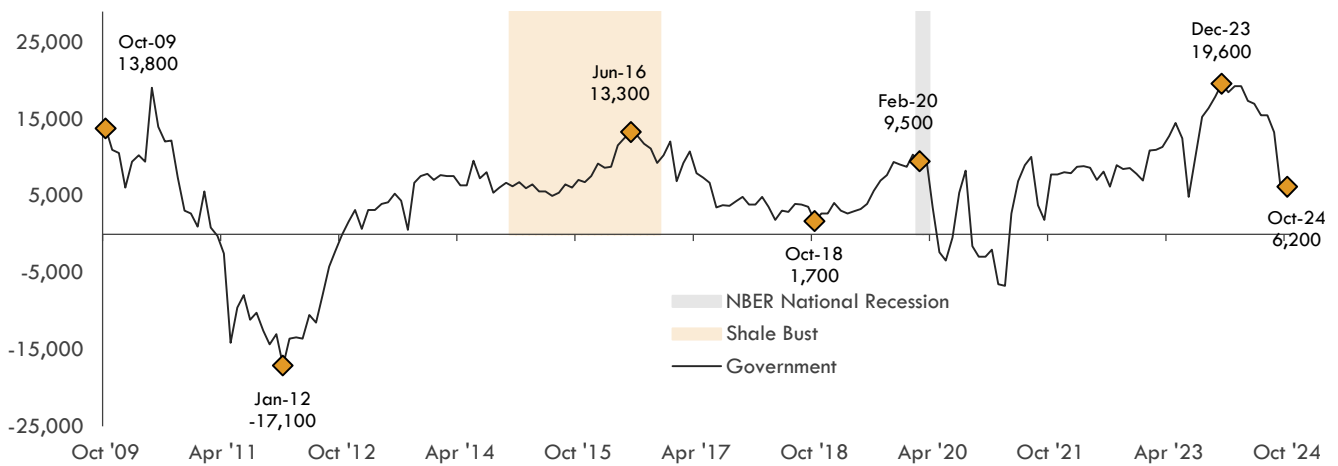


Over-the-year Change

Year over year, Government was up 6,200 jobs, or 1.4 percent (see Chart 7). This October also marks 43 consecutive months of over-the-year gains. Local Government was the largest contributor to the overall sector's increase, up 2,800 jobs over the year. The second-largest contributor was State Government, which added 2,300 jobs from October a year ago. Lastly, Federal Government contributed, 1,100 jobs. Total Government employment (NSA) now exceeds its February 2020 pre-pandemic level of 428,400 jobs by 31,500, or 7.4 percent. At the same time, the sector's share of Houston area Total Nonfarm

Employment has remained constant at 13.3 percent over the past year.

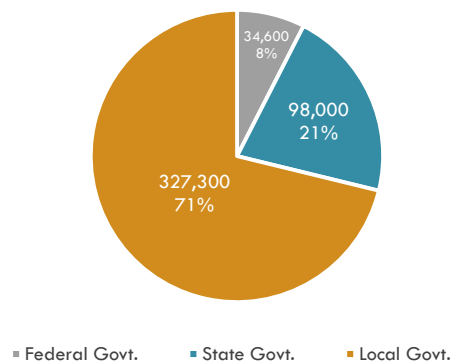
Chart 7. Government (NSA)
Over-the-year Net Change, Oct-09 to Oct-24



About This Sector

This sector consists of establishments of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area that are not performed by private establishments. For MSA data, this includes public education but excludes healthcare. Of the three main component industries, Local Government accounts for the majority of the sector's employment at 71 percent (see Chart 8). Across the Houston MSA, the concentration of jobs in the overall Government sector is 11 percent less than the national average.

Chart 8. Employment in Component Industries of Government Sector - October 2024

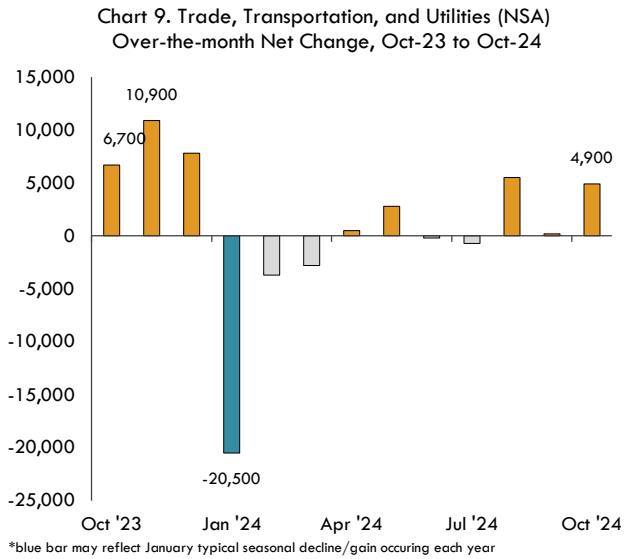


GAINING INDUSTRY HIGHLIGHTS

Trade, Transportation, and Utilities

Over-the-month Change

Trade, Transportation, and Utilities was the second-largest gaining sector over the month up 4,900 jobs, or 0.7 percent (see Chart 9). Historically in the month of October, Trade, Transportation, and Utilities has added an average of 2,800 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Retail Trade was the largest contributor to the overall sector's increase, up 3,300 jobs over the month. The second-largest contributor was Wholesale Trade, which added 1,300 jobs from September to October. Lastly, Transportation, Warehousing, and Utilities contributed, 300 jobs. Trade, Transportation, and Utilities employment was revised upward by 300 jobs for a August to September complete erasure of losses resulting in a net gain of 200 compared to an original estimate of -100 jobs.

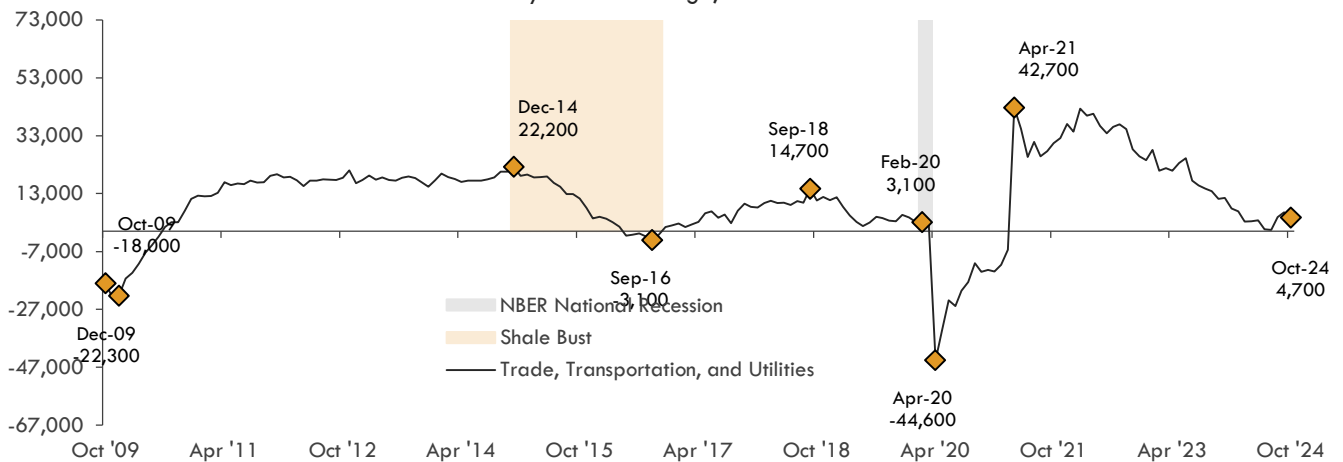


Over-the-year Change

Year over year, Trade, Transportation, and Utilities was up 4,700 jobs, or 0.7 percent (see Chart 10). This October also marks 43 consecutive months of over-the-year gains. Wholesale Trade was the largest contributor to the overall sector's increase, up 6,600 jobs over the year. One component industry, Retail Trade, saw no change from October a year ago. Lastly, Transportation, Warehousing, and Utilities offset a portion of the sector's gains with a loss of -1,900 jobs. Total Trade, Transportation, and Utilities employment (NSA) now exceeds its February 2020 pre-pandemic level of 628,500 jobs by 68,600,

or 10.9 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 20.3 percent to 20.1 percent over the past year.

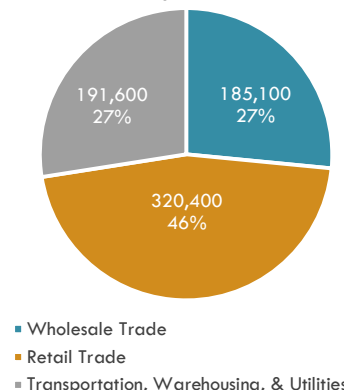
Chart 10. Trade, Transportation, and Utilities (NSA) Over-the-year Net Change, Oct-09 to Oct-24



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 11).

Chart 11. Employment in Component Industries of Trade, Transportation, and Utilities Sector - October 2024

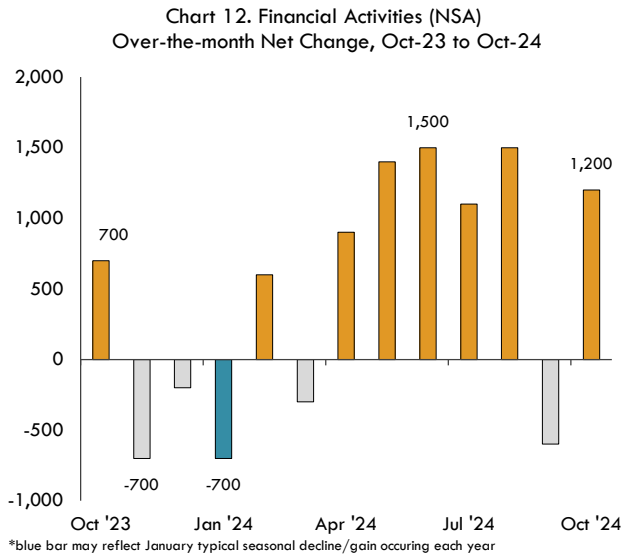


GAINING INDUSTRY HIGHLIGHTS

Financial Activities

Over-the-month Change

Financial Activities was the third-largest gaining sector over the month up 1,200 jobs, or 0.6 percent (see Chart 12). This was the largest October over-the-month gain in since 2022. Historically in the month of October, Financial Activities has added an average of 400 jobs over the month, which indicates that this month's gains are substantially above the long-term average. Finance and Insurance was the largest contributor to the overall sector's increase, up 900 jobs over the month. The second-largest contributor was Real Estate and Rental and Leasing, which added 300 jobs from September to October. Financial Activities employment was revised upward by 1,000 jobs for a August to September smaller net loss of -600 compared to an original estimate of -1,600 jobs.

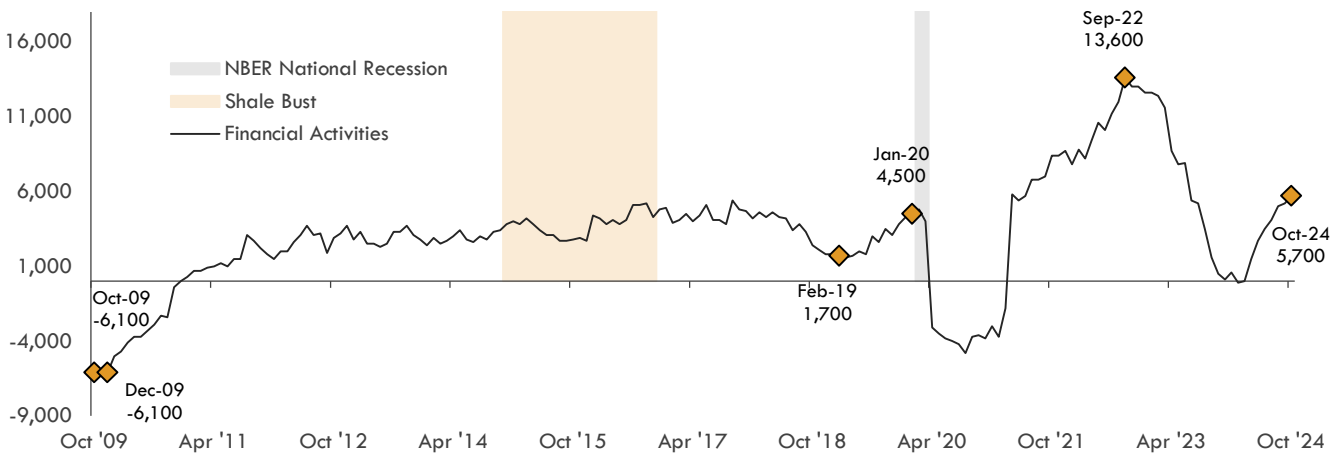


Over-the-year Change

Year over year, Financial Activities was up 5,700 jobs, or 3.0 percent (see Chart 13). This was the largest over-the-year gain since June 2023's increase of 7,900 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. Finance and Insurance was the largest contributor to the overall sector's increase, up 4,000 jobs over the year. The second-largest contributor was Real Estate and Rental and Leasing, which added 1,700 jobs from October a year ago. Total Financial Activities employment

(NSA) now exceeds its February 2020 pre-pandemic level of 169,200 jobs by 24,100, or 14.2 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 5.5 percent over the past year.

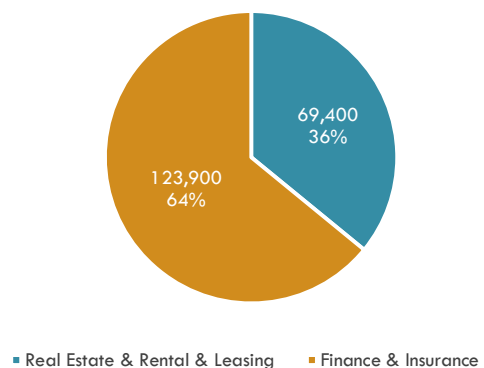
Chart 13. Financial Activities (NSA) Over-the-year Net Change, Oct-09 to Oct-24



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 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 15-percent lower concentration in Finance and Insurance offsetting a 27-percent higher concentration in Real Estate and Rental and Leasing.

Chart 14. Employment in Component Industries of Financial Activities Sector - October 2024

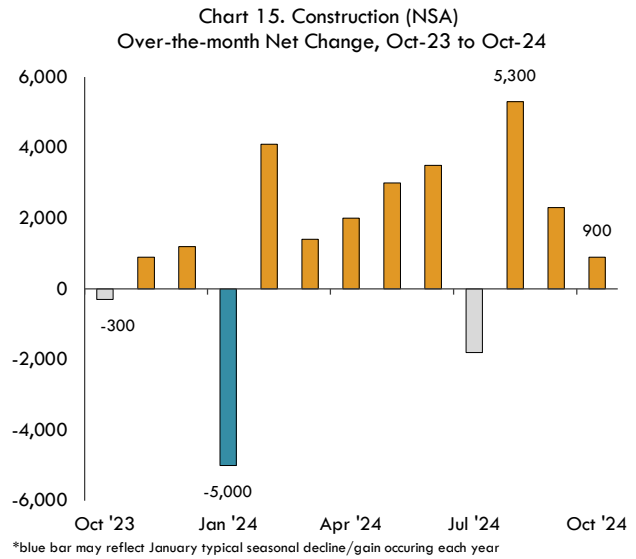


GAINING INDUSTRY HIGHLIGHTS

Construction

Over-the-month Change

Construction also saw an increase over the month up 900 jobs, or 0.4 percent (see Chart 15). This was the largest October over-the-month gain in since 2022. Historically in the month of October, Construction has added an average of 2,000 jobs over the month, which indicates that this month's gains are substantially below the long-term average. Specialty Trade Contractors was the largest contributor to the overall sector's increase, up 600 jobs over the month. The second-largest contributor was Heavy and Civil Engineering Construction, which added 300 jobs from September to October. Lastly, Construction of Buildings saw no change over the month. Construction employment saw no revision from August to September leaving the previous month's original increase of 2,300 intact.

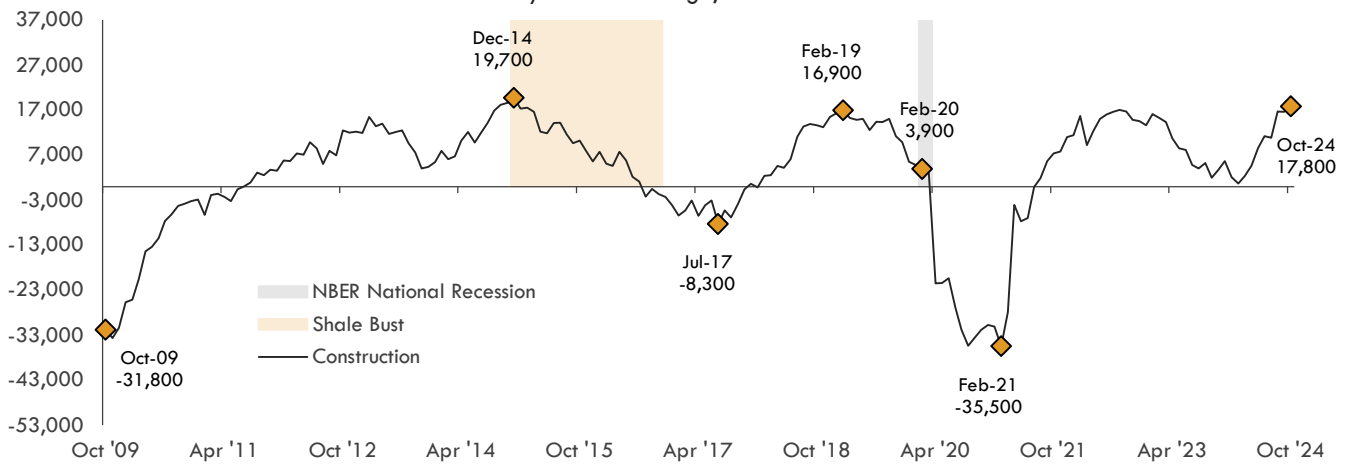


Over-the-year Change

Year over year, Construction was up 17,800 jobs, or 7.7 percent (see Chart 16). This was the second-largest over-the-year gain in the month of October since records began in 1990 and the largest gain since December 2014's increase of 19,700 jobs. It also marks 39 consecutive months of over-the-year gains. Among sectors currently showing growth, this sector is the fastest-growing in percentage terms across the Houston area. Furthermore, 28.7 percent of total (gross) jobs added across the region over the past year can be attributed to Construction. Specialty Trade Contractors was the largest contributor to the

overall sector's increase, up 6,900 jobs over the year. The second-largest contributor was Heavy and Civil Engineering Construction, which added 6,800 jobs from October a year ago. Lastly, Construction of Buildings contributed, 4,100 jobs. Total Construction employment (NSA) now exceeds its February 2020 pre-pandemic level of 237,400 jobs by 12,800, or 5.4 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 6.8 percent to 7.2 percent over the past year.

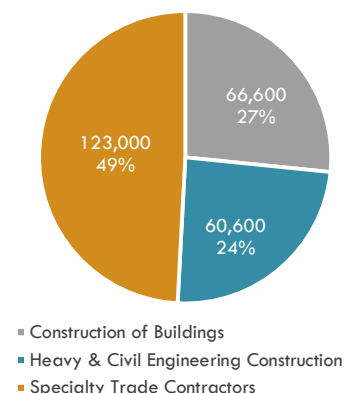
Chart 16. Construction (NSA) Over-the-year Net Change, Oct-09 to Oct-24



About This Sector

This sector comprises establishments engaged in the construction of buildings, infrastructure, site preparation and sub-division, and specialty trades e.g. masonry, painting, and electrical work. Of the three main component industries, Specialty Trade Contractors accounts for a plurality of the sector's employment at 49 percent (see Chart 17). Across the Houston MSA, the concentration of jobs in the overall Construction sector is 36 percent higher than the national average, due to 2.3 times more jobs in Heavy and Civil Engineering Construction related to turnaround maintenance of petrochemical facilities.

Chart 17. Employment in Component Industries of Construction Sector - October 2024

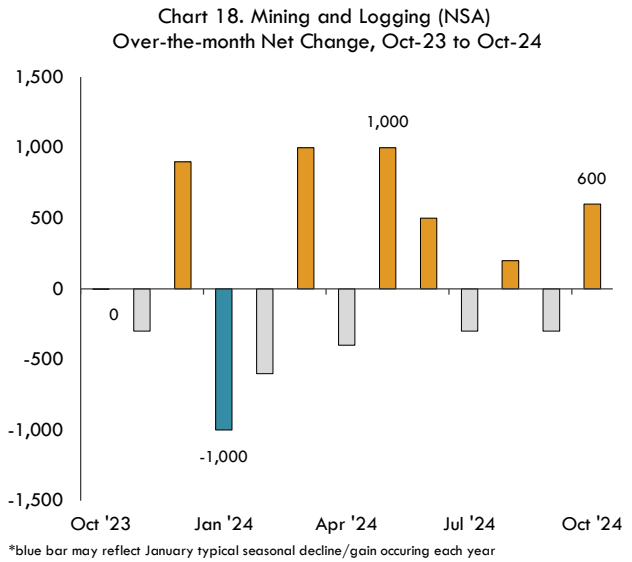


GAINING INDUSTRY HIGHLIGHTS

Mining and Logging

Over-the-month Change

Mining and Logging also saw an increase over the month up 600 jobs, or 0.8 percent (see Chart 18). This was the largest October over-the-month gain in since 2022. Historically in the month of October, Mining and Logging has added an average of 300 jobs over the month, which indicates that this month's gains are moderately above the long-term average. Support Activities for Mining was the largest contributor to the overall sector's increase, up 300 jobs over the month. The second-largest contributor was Oil and Gas Extraction, which added 200 jobs from September to October. Lastly, Other Mining and Logging Undefined contributed, 100 jobs. Mining and Logging employment was revised downward by -200 jobs for a August to September larger net loss of -300 compared to an original estimate of -100 jobs.

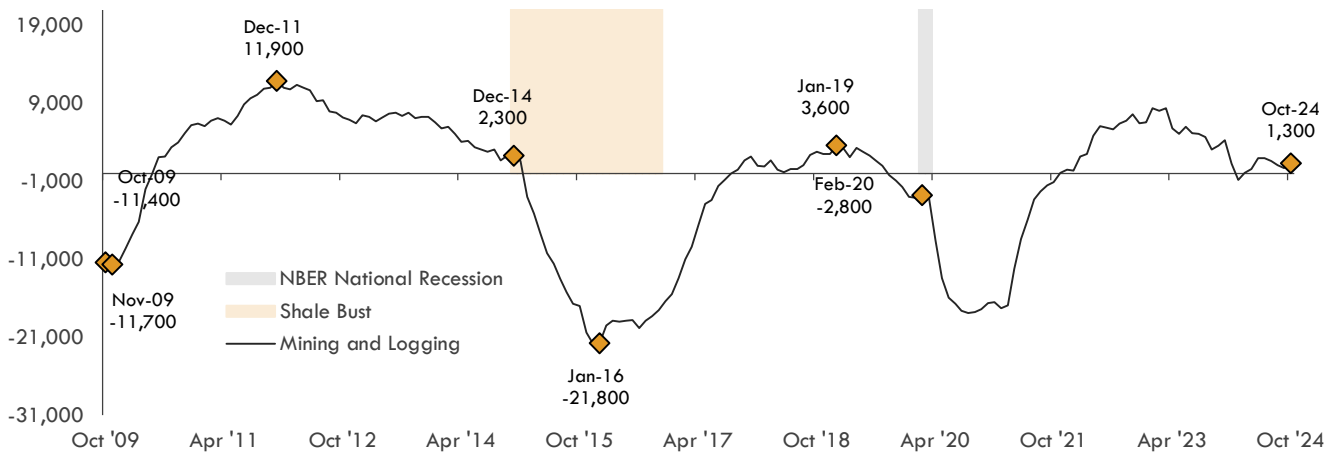


Over-the-year Change

Year over year, Mining and Logging was up 1,300 jobs, or 1.8 percent (see Chart 19). This was the largest over-the-year gain since July 2024's increase of 1,600 jobs. It also marks eight consecutive months of over-the-year gains. Oil and Gas Extraction was the largest contributor to the overall sector's increase, up 700 jobs over the year. The second-largest contributor was Other Mining and Logging Undefined, which added 400 jobs from October a year ago. Lastly, Support Activities for Mining contributed, 200 jobs. Total Mining and Logging employment (NSA) remains -5,500 jobs, or -7.0 percent

below its February 2020 pre-pandemic level of 78,400. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 2.1 percent over the past year.

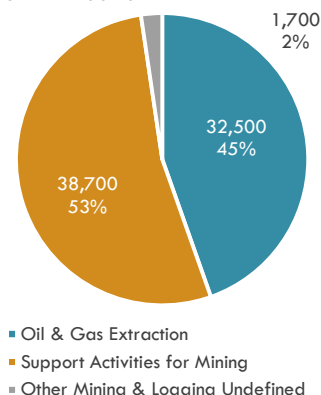
Chart 19. Mining and Logging (NSA)
Over-the-year Net Change, Oct-'09 to Oct-'24



About This Sector

This sector comprises establishments extracting naturally occurring minerals such as coal and ores; liquid minerals, such as crude petroleum and natural gas; and timber. Of the three main component industries, Support Activities for Mining accounts for a slight majority of the sector's employment at just over 53 percent (see Chart 20). Across the Houston MSA, the concentration of jobs in the overall Mining and Logging sector is 5.2 times the national average, due to the region's role as a global hub for the oil and gas industry.

Chart 20. Employment in Component Industries of Mining and Logging Sector - October 2024

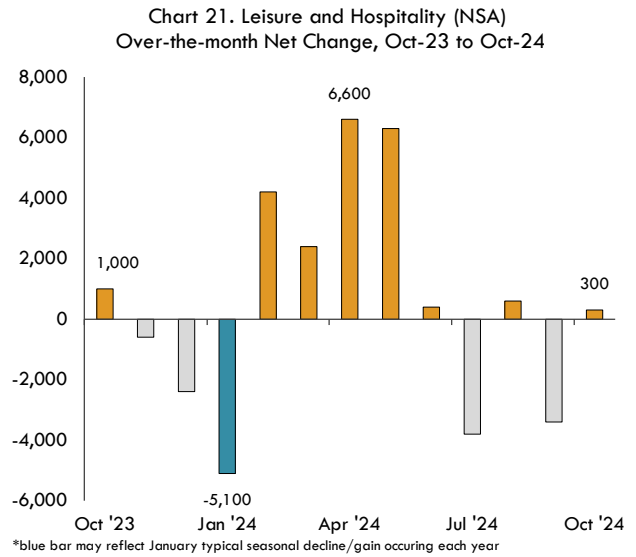


GAINING INDUSTRY HIGHLIGHTS

Leisure and Hospitality

Over-the-month Change

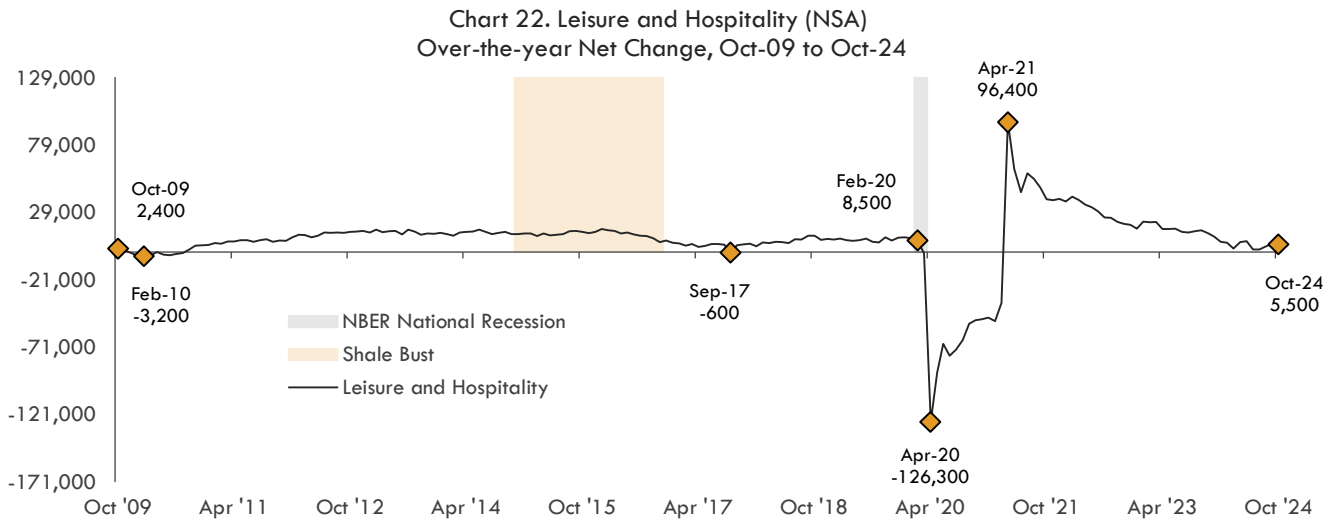
Leisure and Hospitality also saw an increase over the month up 300 jobs, or 0.1 percent (see Chart 21). Historically in the month of October, Leisure and Hospitality has lost an average of -2,500 jobs over the month, which indicates that this month's gains are substantially in contrast to the long-term average decline. Arts, Entertainment, and Recreation was the largest contributor to the overall sector's increase, up 300 jobs over the month. One component industry, Accommodation and Food Services, saw no change from September to October. Leisure and Hospitality employment was revised downward by -100 jobs for a August to September larger net loss of -3,400 compared to an original estimate of -3,300 jobs.



Over-the-year Change

Year over year, Leisure and Hospitality was up 5,500 jobs, or 1.5 percent (see Chart 22). This October also marks 43 consecutive months of over-the-year gains. Accommodation and Food Services was the largest contributor to the overall sector's increase, up 3,900 jobs over the year. The second-largest contributor was Arts, Entertainment, and Recreation, which added 1,600 jobs from October a year ago. Total Leisure and Hospitality employment (NSA) now exceeds its February 2020 pre-pandemic level of 334,500 jobs by 28,100, or 8.4 percent. At the same time, the sector's share of Houston area Total

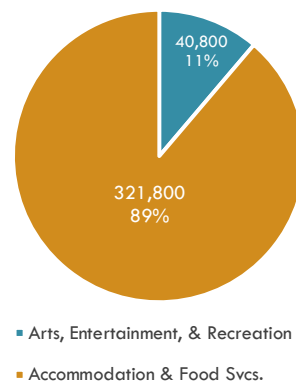
Nonfarm Employment has remained constant at 10.5 percent over the past year.



About This Sector

This sector is composed of establishments that produce and promote in live performances, events, of exhibits of historical, cultural, or educational interest or related to recreation or hobbies intended for public viewing; and provide customers with lodging and/or meals and beverages for immediate consumption. NOTE: movie theaters are classified under the Information sector rather than Leisure and Hospitality. Of the two main component industries, Accommodation and Food Services accounts for the majority of the sector's employment at 89 percent (see Chart 23). Across the Houston MSA, the concentration of jobs in the overall sector is 1 percent less than the national average.

Chart 23. Employment in Component Industries of Leisure and Hospitality Sector - October 2024



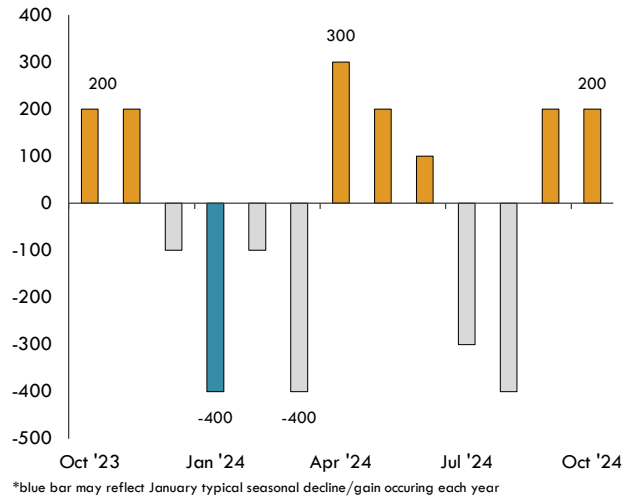
GAINING INDUSTRY HIGHLIGHTS

Information

Over-the-month Change

Information also saw an increase over the month up 200 jobs, or 0.6 percent (see Chart 24). Historically in the month of October, Information has seen no change in jobs over the month, which indicates that this month's gains are on par with the long-term average. Other Information Undefined was the largest contributor to the overall sector's increase, up 200 jobs over the month. One component industry, Telecommunications, saw no change from September to October. Information employment was revised upward by 100 jobs for a August to September larger net gain of 200 compared to an original estimate of 100 jobs.

Chart 24. Information (NSA)
Over-the-month Net Change, Oct-23 to Oct-24

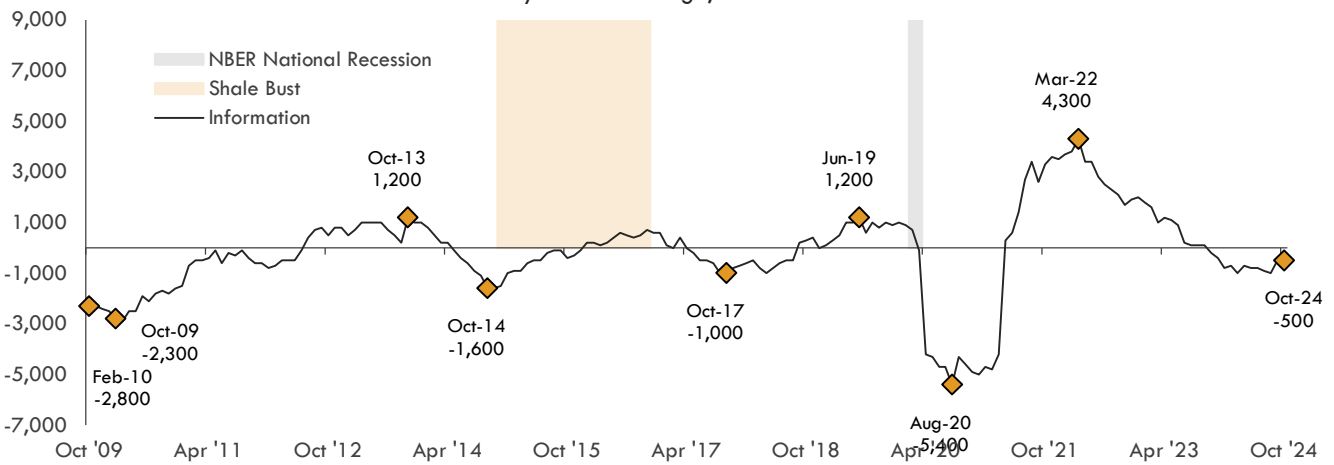


Over-the-year Change

Year over year, Information was down -500 jobs, or -1.5 percent (see Chart 25). This October also marks 12 consecutive months of over-the-year losses. Among sectors currently showing contraction, this sector is the fastest declining in percentage terms across the Houston area. Furthermore, 27.8 percent of total (gross) jobs lost across the region over the past year can be attributed to Information. Other Information Undefined was the largest contributor to the overall sector's decline, down -400 jobs over the year. The second-largest declining contributor was Telecommunications, which lost -100 jobs from October a year

ago. Total Information employment (NSA) remains -200 jobs, or -0.6 percent below its February 2020 pre-pandemic level of 32,700. At the same time, the sector's share of Houston area Total Nonfarm Employment has remained constant at 1.0 percent over the past year.

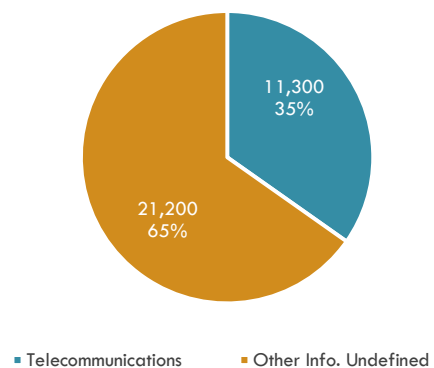
Chart 25. Information (NSA)
Over-the-year Net Change, Oct-09 to Oct-24



About This Sector

This sector comprises establishments producing and distributing information and cultural products, e.g. traditional and online news publishing; software publishing; the motion picture and sound recording; TV broadcasting; and telecommunications. Of the two main component industries, Other Information Undefined accounts for the majority of the sector's employment at 65 percent (see Chart 26). Across the Houston MSA, the concentration of jobs in the overall Information sector is 50 percent less than the national average.

Chart 26. Employment in Component Industries of Information Sector - October 2024

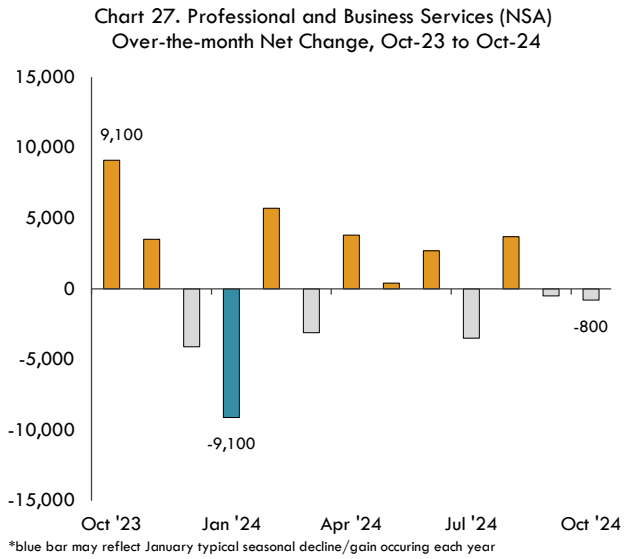


DECLINING INDUSTRY HIGHLIGHTS

Professional and Business Services

Over-the-month Change

Professional and Business Services was the largest declining sector over the month down -800 jobs, or -0.1 (see Chart 27). This was the largest October over-the-month decline in since 2012. Historically in the month of October, Professional and Business Services 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. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's decline, down -4,400 jobs over the month. The second-largest declining contributor was Management of Companies and Enterprises, which lost -100 jobs from September to October. Lastly, Professional, Scientific, and Technical Services offset a portion of the sector's losses with a gain of 3,700 jobs. Professional and Business Services employment was revised downward by -1,200 jobs for a August to September complete erasure of gains leaving a net loss of -500 compared to an original estimate of 700 jobs.

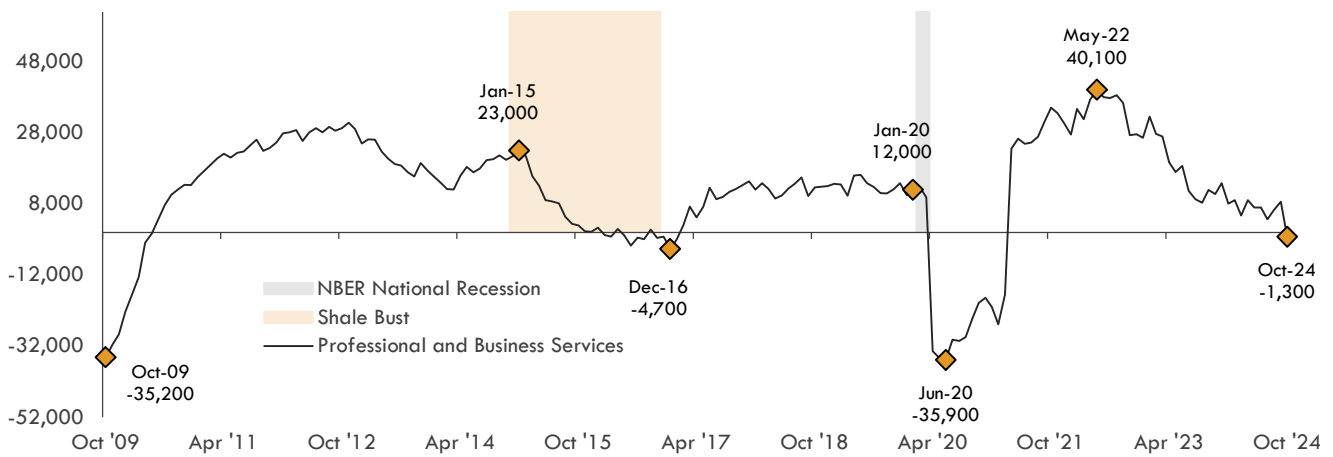


Over-the-year Change

Year over year, Professional and Business Services was down -1,300 jobs, or -0.2 percent (see Chart 28). This was the largest over-the-year decline since March 2021's decrease of -17,500 jobs. Among sectors currently showing contraction, this sector is the second-fastest declining in percentage terms across the Houston area. Furthermore, 72.2 percent of total (gross) jobs lost across the region over the past year can be attributed to Professional and Business Services. Administrative and Support and Waste Management and Remediation Services was the largest contributor to the overall sector's decline, down -8,200 jobs

over the year. One component industry that provided a partial offset was Management of Companies and Enterprises, which gained 700 jobs from October a year ago. Lastly, Professional, Scientific, and Technical Services offset a portion of the sector's losses with a gain of 6,200 jobs. Total Professional and Business Services employment (NSA) now exceeds its February 2020 pre-pandemic level of 514,700 jobs by 48,300, or 9.4 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has fallen from 16.5 percent to 16.2 percent over the past year.

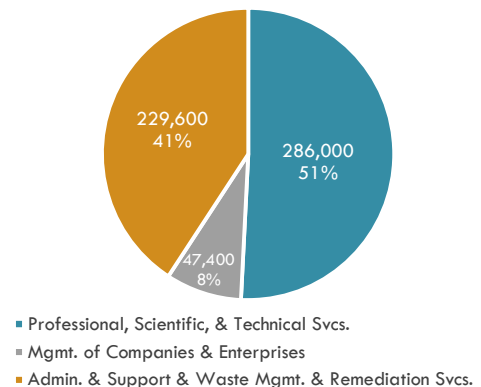
Chart 28. Professional and Business Services (NSA)
Over-the-year Net Change, Oct-09 to Oct-24



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 slight majority of the sector's employment at just over 51 percent (see Chart 29). Across the Houston MSA, the concentration of jobs in the overall sector is 12 percent higher than the national average, due to a 19-percent higher concentration in Professional, Scientific, and Technical Services serving the oil and gas industry.

Chart 29. Employment in Component Industries of Professional and Business Services Sector - October 2024

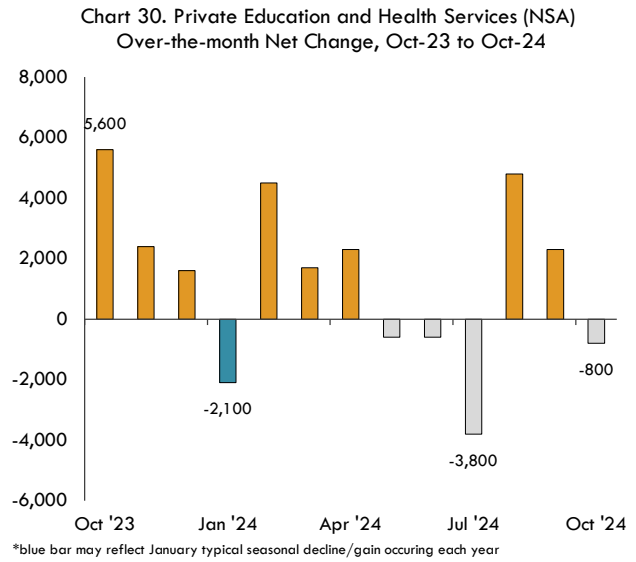


DECLINING INDUSTRY HIGHLIGHTS

Private Education and Health Services

Over-the-month Change

Private Education and Health Services was the second-largest declining sector over the month down -800 jobs, or -0.2 (see Chart 30). This was the largest October over-the-month decline in since 2002. Historically in the month of October, Private Education and Health Services has added an average of 800 jobs over the month, which indicates that this month's losses are moderately in contrast to the long-term average gain. Health Care and Social Assistance was the largest contributor to the overall sector's decline, down -1,100 jobs over the month. One component industry that provided a partial offset was Private Educational Services, which gained 300 jobs from September to October. Private Education and Health Services employment was revised upward by 400 jobs for a August to September larger net gain of 2,300 compared to an original estimate of 1,900 jobs.

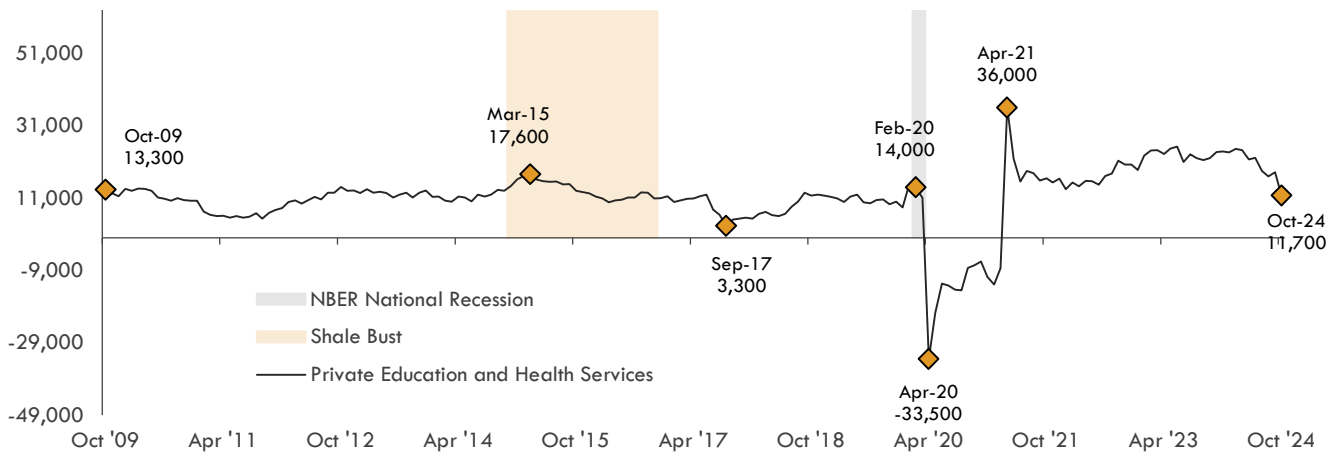


Over-the-year Change

Year over year, Private Education and Health Services was up 11,700 jobs, or 2.6 percent (see Chart 31). Furthermore, 18.9 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 10,300 jobs over the year. The second-largest contributor was Private Educational Services, which added 1,400 jobs from October a year ago. Total Private Education and Health Services employment (NSA) now exceeds its February 2020 pre-pandemic level of

414,400 jobs by 55,600, or 13.4 percent. At the same time, the sector's share of Houston area Total Nonfarm Employment has risen from 13.4 percent to 13.5 percent over the past year.

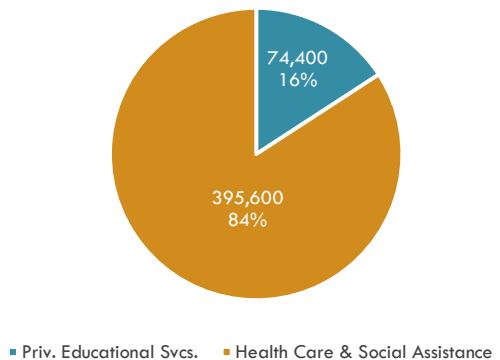
Chart 31. Private Education and Health Services (NSA) Over-the-year Net Change, Oct-09 to Oct-24



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 32). 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 32. Employment in Component Industries of Private Education and Health Services Sector - October 2024



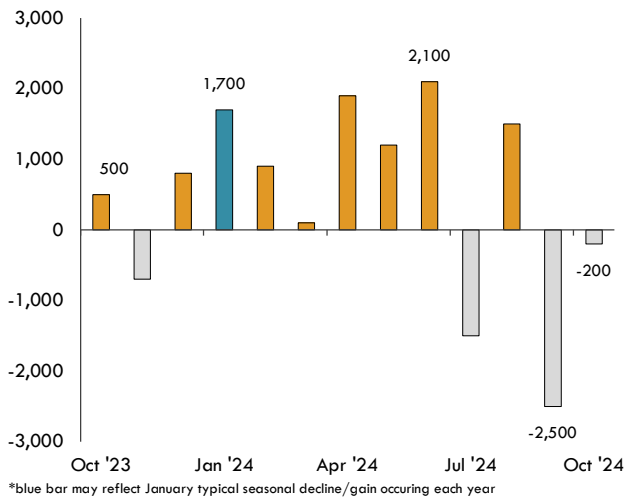
DECLINING INDUSTRY HIGHLIGHTS

Other Services

Over-the-month Change

Other Services was the third-largest declining sector over the month down -200 jobs, or -0.1 (see Chart 33). This was the largest October over-the-month decline in since 2013. Historically in the month of October, Other Services has lost an average of -400 jobs over the month, which indicates that this month's losses are slightly smaller than the long-term average decline. NOTE: No subsector is published at the MSA level by the CES survey. See below for additional information. Other Services employment was revised downward by -400 jobs for a August to September larger net loss of -2,500 compared to an original estimate of -2,100 jobs.

Chart 33. Other Services (NSA)
Over-the-month Net Change, Oct-23 to Oct-24

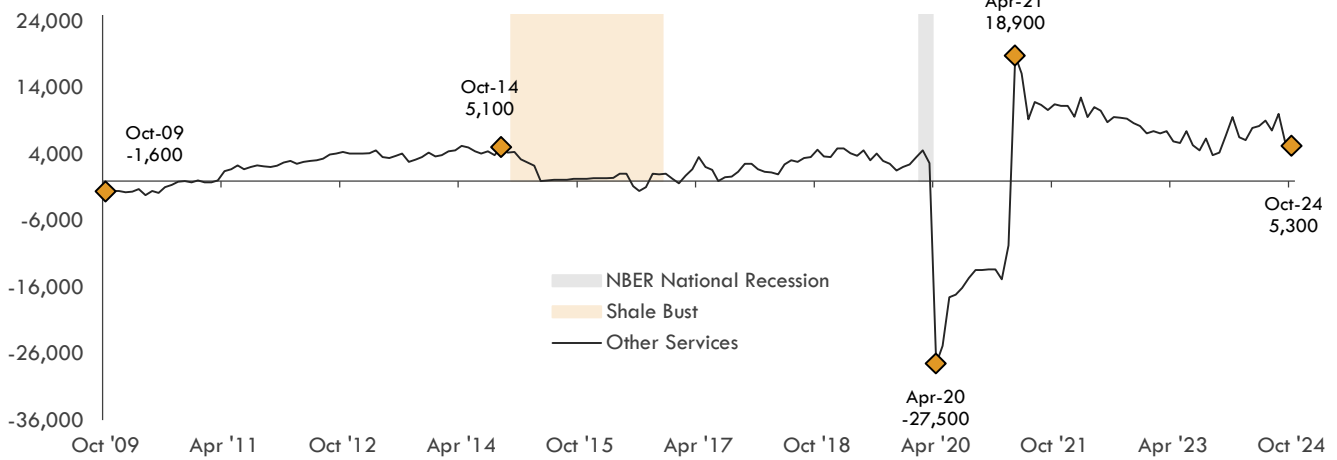


Over-the-year Change

Year over year, Other Services was up 5,300 jobs, or 4.1 percent (see Chart 34). This was the third-largest over-the-year gain in October since records began in 1990. It also marks 43 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. 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 14,200, or 11.9 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.

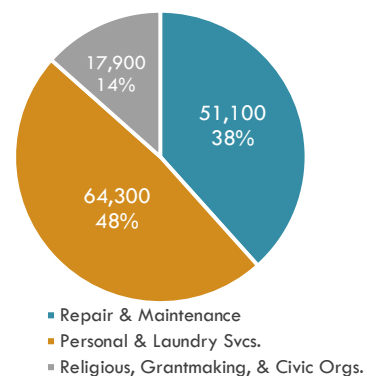
Chart 34. Other Services (NSA)
Over-the-year Net Change, Oct-09 to Oct-24



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 35). Across the Houston MSA, the concentration of jobs in the overall Other Services sector is 4 percent higher than the national average.

Chart 35. Employment in Component Industries of Other Services Sector - October 2024



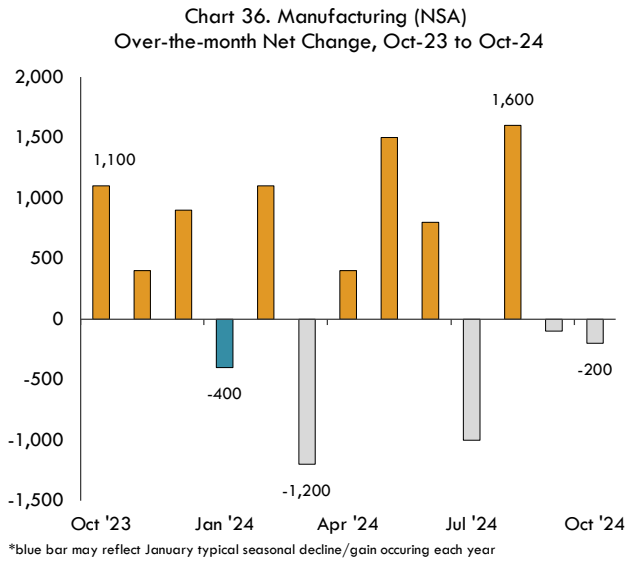
*estimated proportions based QCEW covered and NES self-employment

DECLINING INDUSTRY HIGHLIGHTS

Manufacturing

Over-the-month Change

Manufacturing also saw a decrease over the month down -200 jobs, or -0.1 (see Chart 36). This was the largest October over-the-month decline in since 2020. Historically in the month of October, Manufacturing has lost an average of -400 jobs over the month, which indicates that this month's losses are slightly smaller than the long-term average decline. Durable Goods was the largest contributor to the overall sector's decline, down -400 jobs over the month. One component industry that provided a partial offset was Non-Durable Goods, which gained 200 jobs from September to October. Manufacturing employment was revised downward by -100 jobs for a August to September net loss of -100 compared to an original estimate of zero net change in jobs over the month.

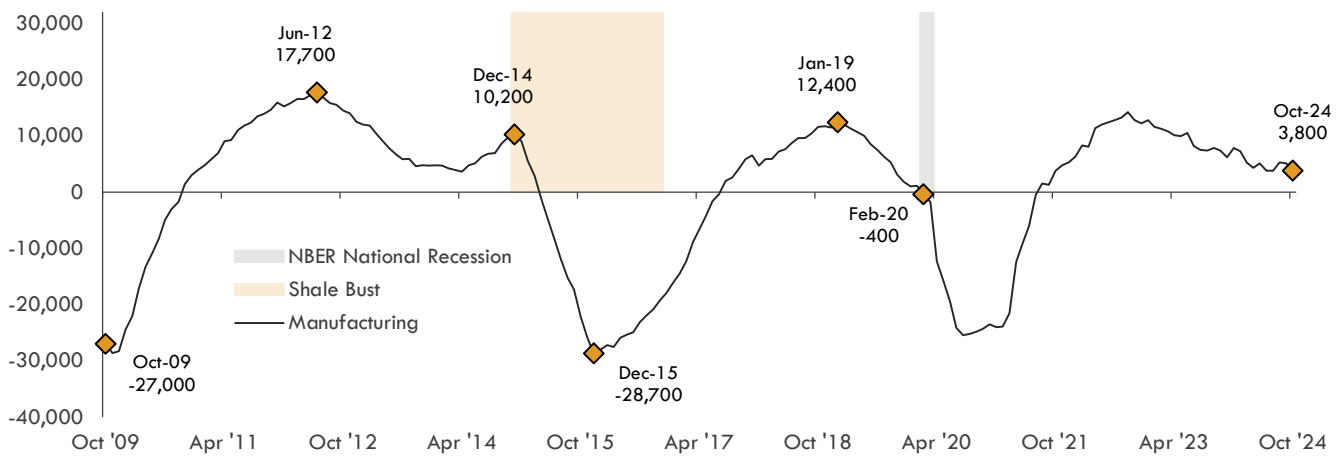


Over-the-year Change

Year over year, Manufacturing was up 3,800 jobs, or 1.6 percent (see Chart 37). This October also marks 39 consecutive months of over-the-year gains. Durable Goods was the largest contributor to the overall sector's increase, up 2,700 jobs over the year. The second-largest contributor was Non-Durable Goods, which added 1,100 jobs from October a year ago. Total Manufacturing employment (NSA) now exceeds its February 2020 pre-pandemic level of 234,500 jobs by 4,700, or 2.0 percent. 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.

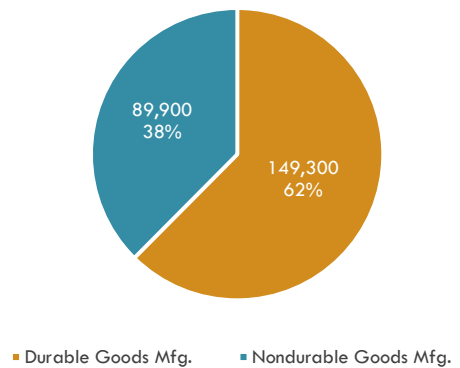
Chart 37. Manufacturing (NSA) Over-the-year Net Change, Oct-09 to Oct-24



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 38). Across the Houston MSA, the concentration of jobs in the overall Manufacturing sector is 14 percent less than the national average.

Chart 38. Employment in Component Industries of Manufacturing Sector - October 2024



Local Area Unemployment Statistics

Not-Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (not-seasonally-adjusted) unemployment rate stood at 4.5 percent in October, up from September's 4.4 percent and up from 4.0 percent a year ago. This was above the statewide rate of 4.1 percent and above the national rate of 3.9 percent. October typically exhibits an over-the-month decline with only two exceptions over the past three decades making this month's increase stand in contrast to historical seasonal trends. 167,278 individuals were unemployed in Houston in October, up from September's 166,835 and up from 144,723 in October 2023 (see Charts 39 and 40).

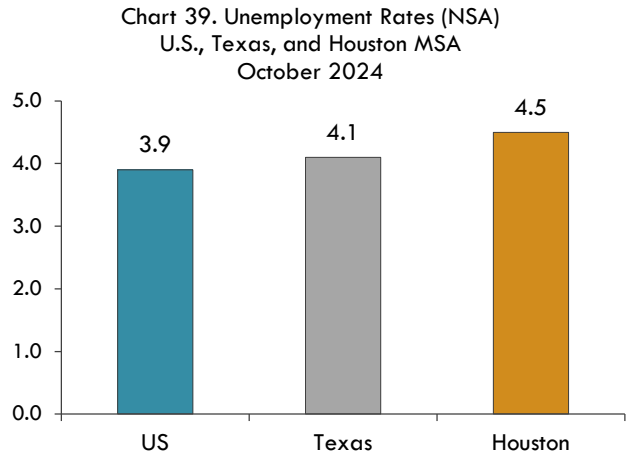
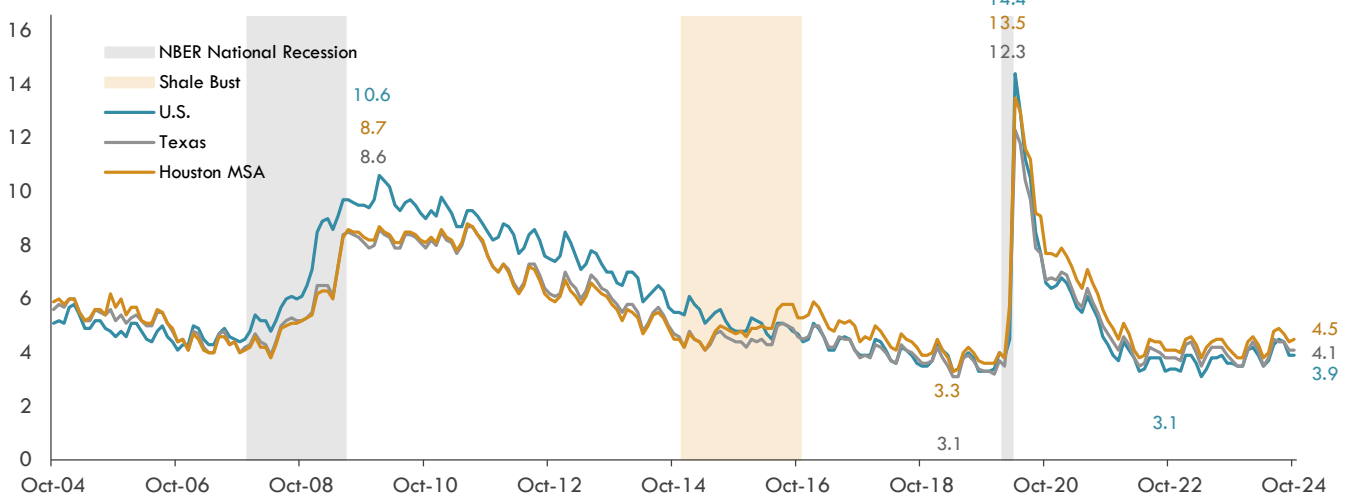


Chart 40. Unemployment Rates U.S., Texas, and Houston MSA (NSA) October 2004 to October 2024

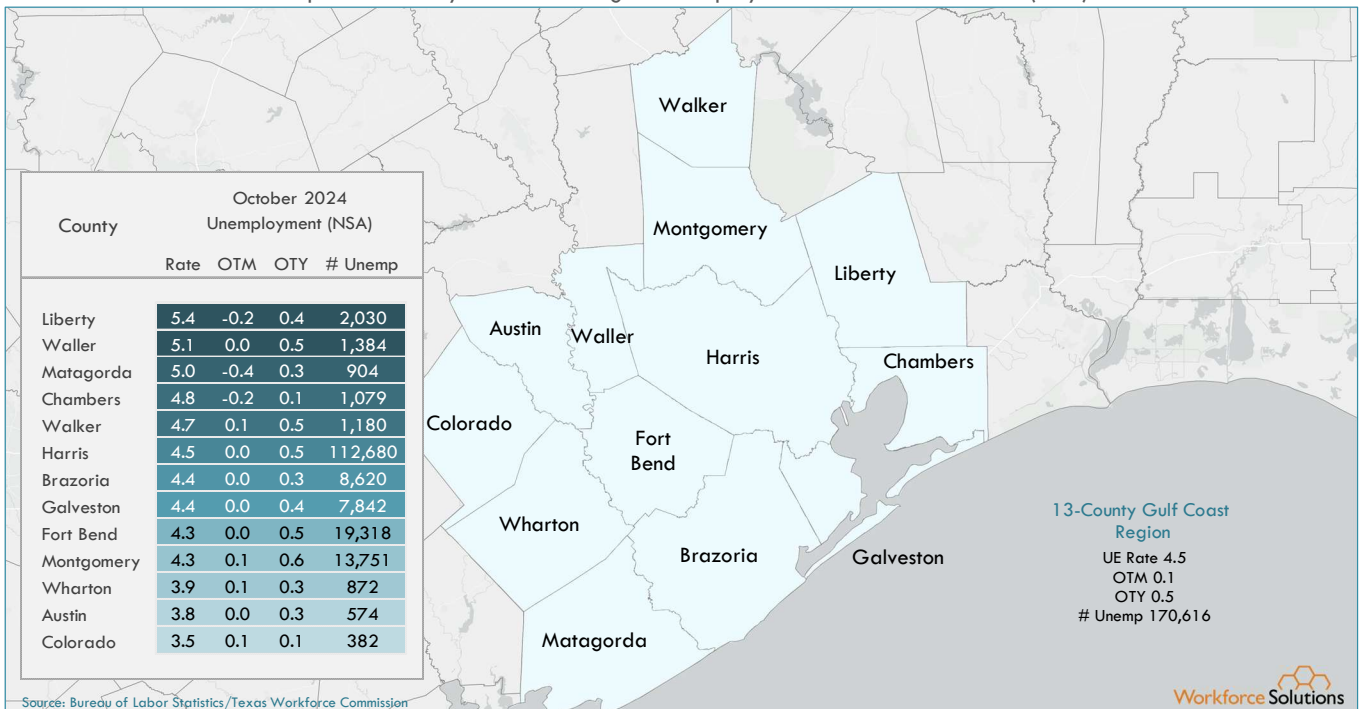


County-level Unemployment

Among the 13 counties that comprise the Gulf Coast Workforce Development Area, unemployment rates in October ranged from a high of 5.4 percent in Liberty County to a low of 3.5 percent in Colorado. Over the month, six counties saw their unemployment unchanged in contrast to region-wide increase of 0.1 percentage points while four increased and three declined. Wharton saw the largest percentage-point increase in unemployment up 0.1 pp. representing 28 more unemployed workers compared to the previous month. This was followed by Montgomery (0.1 pp, 164 workers) and Walker (0.1 pp, 28

workers). Over the year unemployment rates also rose with, Montgomery posting the largest increase, up 0.6 percentage points representing 2,038 more unemployed workers compared to a year ago followed by Fort Bend (0.5 pp, 2,794 workers) and Harris (0.5 pp, 15,392 workers). Since peaking at 448,855 in April 2020 due to the COVID-19 global pandemic, the number of unemployed workers in the Gulf Coast Region has fallen by - 278,239 as of this October (see Map 1 legend).

Map 1. 13-County Gulf Coast Region Unemployment Rates October 2024 (NSA)



Source: Bureau of Labor Statistics/Texas Workforce Commission

Local Area Unemployment Statistics (continued)

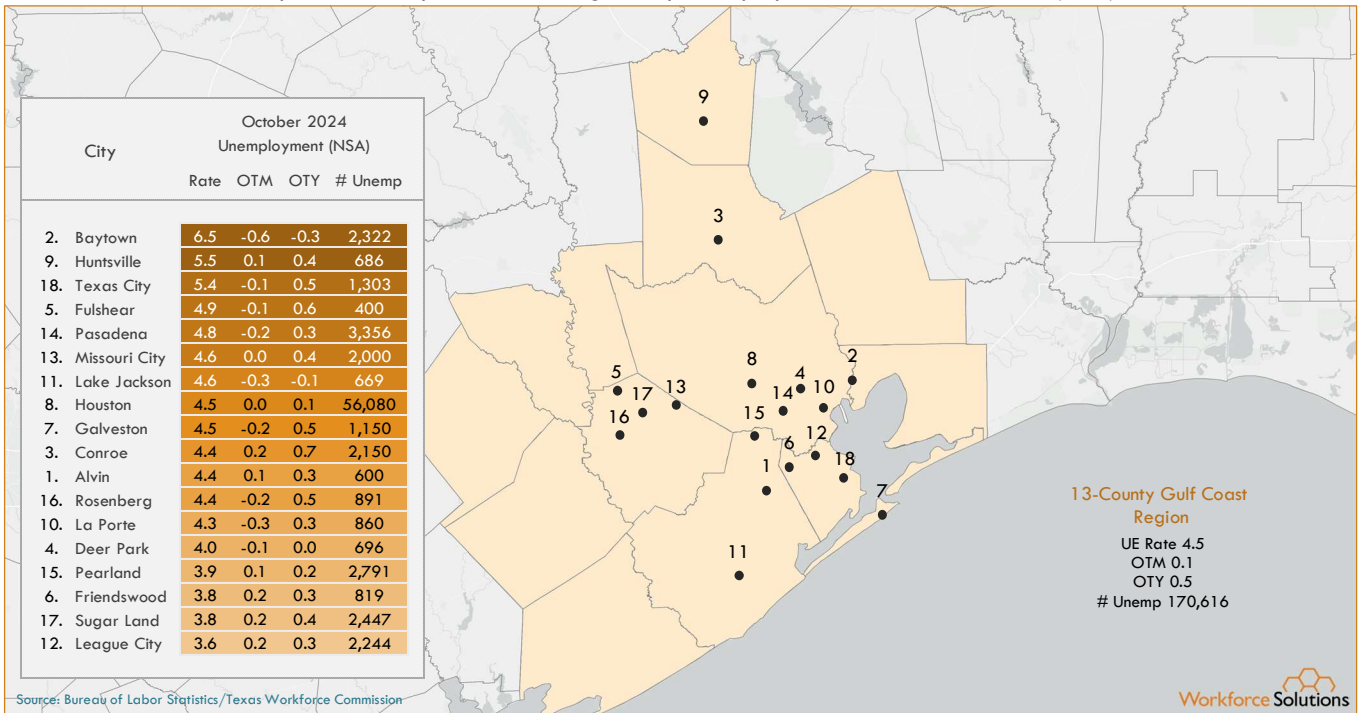
Not-Seasonally Adjusted

Unemployment Rates for Select Municipalities

Among the 18 cities in the Gulf Coast Workforce Development Area for which Local Area Unemployment Statistics are available, unemployment rates in October ranged from a high of 6.5 percent in Baytown to a low of 3.6 percent in League City (see Map 2 legend). Over the month, nine cities saw their unemployment rates decline in contrast to region-wide increase of 0.1 percentage points while seven increased and two saw no changes. Conroe saw the largest percentage-point increase in

unemployment up 0.2 pp. representing 63 more unemployed workers compared to the previous month. This was followed by Friendswood (0.2 pp, 45 workers) and Sugar Land (0.2 pp, 91 workers). Over the year unemployment rates also rose with, Conroe posting the largest increase, up 0.7 percentage points representing 372 more unemployed workers compared to a year ago followed by Fulshear (0.6 pp, 58 workers) and Rosenberg (0.5 pp, 132 workers). The 18 cities below accounted for 48 percent of the 170,616 unemployed workers across the Gulf Coast Region as of this October (see Map 2 legend).

Map 2. 13-County Gulf Coast Region City Unemployment Rates October 2024 (NSA)



Seasonally Adjusted

Houston Metro, Texas, and U.S. Unemployment

The Houston MSA (seasonally-adjusted) unemployment rate stood at 4.4 percent in September, unchanged from August's 4.4 percent and up from 4.2 percent a year ago. This was above the statewide rate of 4.1 percent and the national rate of 4.1 percent. 165,782 individuals were unemployed in Houston in September, down slightly from August's 164,338 and up from 152,053 in September 2023 (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 18 cities.

Chart 41. Unemployment Rates (SA)
 U.S., Texas, and Houston MSA
 September 2024

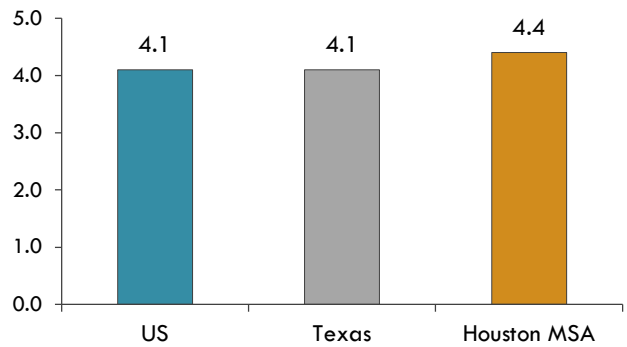
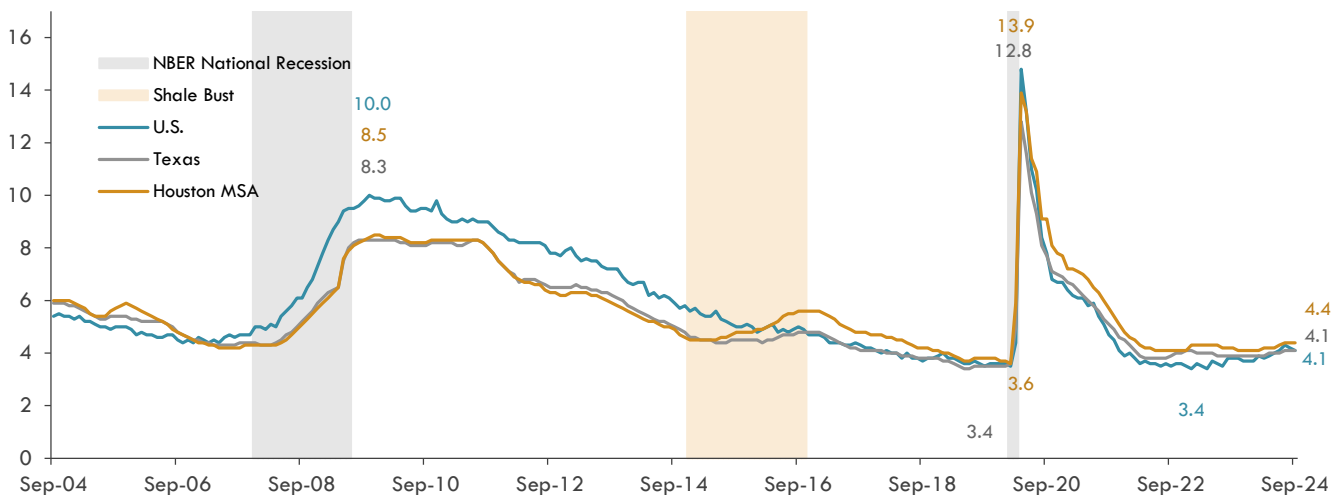


Chart 42. Unemployment Rates U.S., Texas, and Houston MSA (SA)
 September 2004 to September 2024



Gulf Coast Workforce Solutions Index (WSI)

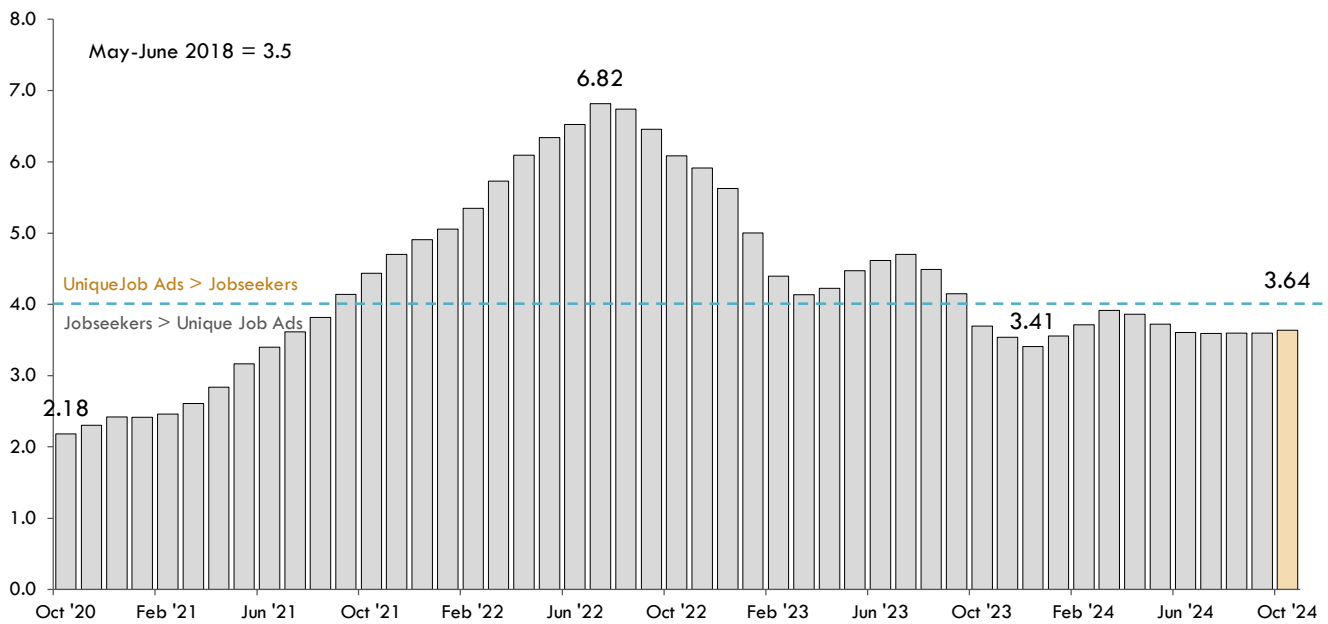


The Gulf Coast Workforce Solutions Index (WSI)

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
October
2024:
3.64

Gulf Coast Workforce Solutions Index - Houston MSA 2020 - 2024 (SA)



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



Workforce Solutions Index October 2024

The Houston MSA WSI for October stood at 3.64, reflecting little change from September's downward revised reading of 3.60. This was the result of extremely modest increases in both the number of active job ads and unemployed individuals in recent months.

After rising slightly since December 2023 and trending sideways to date, the index remains below the equilibrium value of 4.0. As a result, the WSI continues to suggest that a requirement of three work search activities may be appropriate for individuals receiving unemployment insurance given the relative availability of jobs at present.



Table 1. Houston MSA Sectors and Major Industry Subcomponents

NAICS Industry	Oct-24	Sep-24	Oct-23	Monthly	Monthly	Yearly	Yearly %
Total Nonfarm	3,474,000	3,461,900	3,413,800	12,100	0.3%	60,200	1.8%
Total Private	3,014,100	3,008,000	2,960,100	6,100	0.2%	54,000	1.8%
Goods Producing	562,300	561,000	539,400	1,300	0.2%	22,900	4.2%
..Mining and Logging	72,900	72,300	71,600	600	0.8%	1,300	1.8%
...Oil and Gas Extraction	32,500	32,300	31,800	200	0.6%	700	2.2%
...Support Activities for Mining	38,700	38,400	38,500	300	0.8%	200	0.5%
..Construction	250,200	249,300	232,400	900	0.4%	17,800	7.7%
..Construction of Buildings	66,600	66,600	62,500	0	0.0%	4,100	6.6%
..Heavy and Civil Engineering Construction	60,600	60,300	53,800	300	0.5%	6,800	12.6%
..Specialty Trade Contractors	123,000	122,400	116,100	600	0.5%	6,900	5.9%
..Manufacturing	239,200	239,400	235,400	-200	-0.1%	3,800	1.6%
..Durable Goods	149,300	149,700	146,600	-400	-0.3%	2,700	1.8%
...Fabricated Metal Product Manufacturing	52,700	52,800	51,300	-100	-0.2%	1,400	2.7%
...Machinery Manufacturing	43,000	43,000	42,900	0	0.0%	100	0.2%
....Agriculture, Construction, and Mining Machinery Mfg.	23,000	23,000	22,900	0	0.0%	100	0.4%
...Computer and Electronic Product Manufacturing	14,600	14,600	14,400	0	0.0%	200	1.4%
..Non-Durable Goods	89,900	89,700	88,800	200	0.2%	1,100	1.2%
...Petroleum and Coal Products Manufacturing	8,300	8,200	8,000	100	1.2%	300	3.8%
...Chemical Manufacturing	42,800	42,700	42,400	100	0.2%	400	0.9%
Service Providing	2,911,700	2,900,900	2,874,400	10,800	0.4%	37,300	1.3%
.Private Service Providing	2,451,800	2,447,000	2,420,700	4,800	0.2%	31,100	1.3%
..Trade, Transportation, and Utilities	697,100	692,200	692,400	4,900	0.7%	4,700	0.7%
...Wholesale Trade	185,100	183,800	178,500	1,300	0.7%	6,600	3.7%
....Merchant Wholesalers, Durable Goods	115,800	115,100	111,500	700	0.6%	4,300	3.9%
.....Prof. and Commercial Equip. Supplies Wholesalers	19,200	19,100	18,800	100	0.5%	400	2.1%
....Merchant Wholesalers, Nondurable Goods	57,300	56,900	55,100	400	0.7%	2,200	4.0%
...Retail Trade	320,400	317,100	320,400	3,300	1.0%	0	0.0%
....Motor Vehicle and Parts Dealers	44,900	44,400	44,900	500	1.1%	0	0.0%
....Bldg. Material and Garden Equip. and Supplies Dealers	24,100	24,100	23,500	0	0.0%	600	2.6%
....Food and Beverage Stores	75,500	74,300	74,900	1,200	1.6%	600	0.8%
....Health and Personal Care Stores	62,800	62,100	62,400	700	1.1%	400	0.6%
....Clothing and Clothing Accessories Stores	20,000	19,400	20,000	600	3.1%	0	0.0%
....General Merchandise Stores	42,800	42,700	42,400	100	0.2%	400	0.9%
.....Department Stores	21,100	20,900	22,100	200	1.0%	-1,000	-4.5%
.....Other General Merchandise Stores	26,100	25,700	26,200	400	1.6%	-100	-0.4%
...Transportation, Warehousing, and Utilities	191,600	191,300	193,500	300	0.2%	-1,900	-1.0%
....Utilities	23,400	23,400	22,700	0	0.0%	700	3.1%
.....Air Transportation	22,400	22,500	22,400	-100	-0.4%	0	0.0%
.....Truck Transportation	30,400	30,300	30,300	100	0.3%	100	0.3%
.....Pipeline Transportation	14,400	14,400	14,000	0	0.0%	400	2.9%
..Information	32,500	32,300	33,000	200	0.6%	-500	-1.5%
...Telecommunications	11,300	11,300	11,400	0	0.0%	-100	-0.9%
..Financial Activities	193,300	192,100	187,600	1,200	0.6%	5,700	3.0%
...Finance and Insurance	123,900	123,000	119,900	900	0.7%	4,000	3.3%
....Credit Intermediation and Related Activities	49,400	49,100	47,800	300	0.6%	1,600	3.3%
.....Depository Credit Intermediation	31,700	31,400	30,800	300	1.0%	900	2.9%
.....Securities, Commodity Contracts, and Fin. Investments	25,400	25,100	24,600	300	1.2%	800	3.3%
....Insurance Carriers and Related Activities	49,100	48,800	47,500	300	0.6%	1,600	3.4%
...Real Estate and Rental and Leasing	69,400	69,100	67,700	300	0.4%	1,700	2.5%
..Professional and Business Services	563,000	563,800	564,300	-800	-0.1%	-1,300	-0.2%
...Professional, Scientific, and Technical Services	286,000	282,300	279,800	3,700	1.3%	6,200	2.2%
....Legal Services	33,400	32,700	32,500	700	2.1%	900	2.8%
....Accounting, Tax Preparation, Bookkeeping, and Payroll	29,500	28,900	29,300	600	2.1%	200	0.7%
....Architectural, Engineering, and Related Services	78,900	78,200	76,000	700	0.9%	2,900	3.8%
....Computer Systems Design and Related Services	41,600	41,000	41,700	600	1.5%	-100	-0.2%
...Management of Companies and Enterprises	47,400	47,500	46,700	-100	-0.2%	700	1.5%
...Admin. and Support and Waste Mgmt. and Remediation	229,600	234,000	237,800	-4,400	-1.9%	-8,200	-3.4%
....Administrative and Support Services	216,500	220,000	225,000	-4,200	-1.9%	-8,500	-3.8%
.....Employment Services	80,100	81,800	82,700	-1,700	-2.1%	-2,600	-3.1%
.....Services to Buildings and Dwellings	55,300	56,700	55,700	-1,400	-2.5%	-400	-0.7%
..Educational and Health Services	470,000	470,800	458,300	-800	-0.2%	11,700	2.6%
...Educational Services	74,400	74,100	73,000	300	0.4%	1,400	1.9%
...Health Care and Social Assistance	395,600	396,700	385,300	-1,100	-0.3%	10,300	2.7%
....Ambulatory Health Care Services	200,000	200,800	195,400	-800	-0.4%	4,600	2.4%
....Hospitals	99,800	99,700	96,200	100	0.1%	3,600	3.7%
..Leisure and Hospitality	362,600	362,300	357,100	300	0.1%	5,500	1.5%
...Arts, Entertainment, and Recreation	40,800	40,500	39,200	300	0.7%	1,600	4.1%
...Accommodation and Food Services	321,800	321,800	317,900	0	0.0%	3,900	1.2%
....Accommodation	27,100	27,100	26,600	0	0.0%	500	1.9%
....Food Services and Drinking Places	294,700	294,700	291,300	0	0.0%	3,400	1.2%
..Other Services	133,300	133,500	128,000	-200	-0.1%	5,300	4.1%
Government	459,900	453,900	453,700	6,000	1.3%	6,200	1.4%
.Federal Government	34,600	34,700	33,500	-100	-0.3%	1,100	3.3%
.State Government	98,000	97,400	95,700	600	0.6%	2,300	2.4%
..State Government Educational Services	53,400	52,700	52,800	700	1.3%	600	1.1%
.Local Government	327,300	321,800	324,500	5,500	1.7%	2,800	0.9%
..Local Government Educational Services	225,000	220,100	225,900	4,900	2.2%	-900	-0.4%