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May 26, 2020

EMPLOYMENT

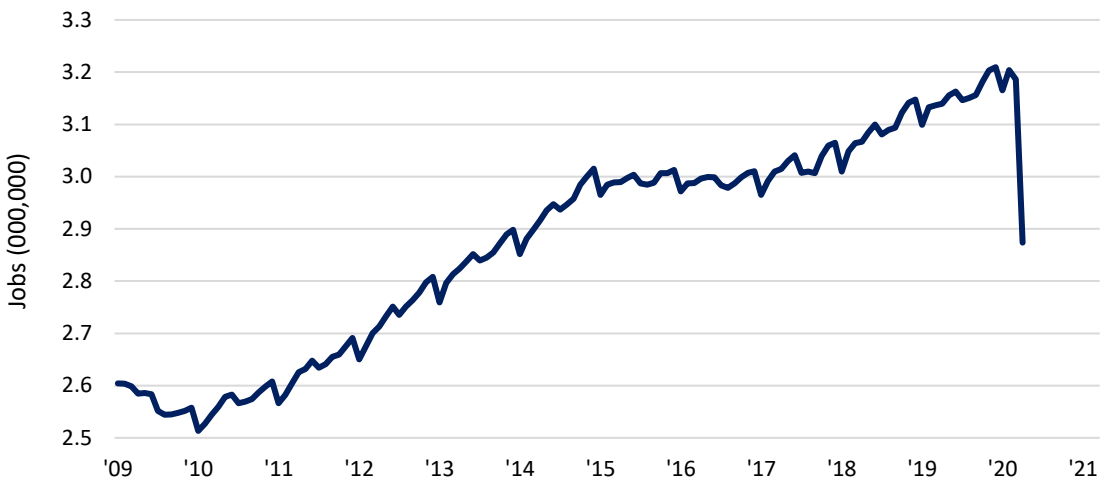
The nine-county Metro Houston area has lost 330,100 jobs since the nation's economy shut down due to the COVID-19 pandemic, with 18,000 losses in March and 312,100 in April, according to the Texas Workforce Commission (TWC). Losses have occurred across all sectors of the economy, with restaurants and bars, health care and social assistance, and construction suffering the most. No sector or subsector has recorded job gains over the period.

CHANGE IN METRO HOUSTON PAYROLL EMPLOYMENT DUE TO COVID-19 PANDEMIC Ranked by Cumulative Job Losses

Sector or Subsector	Jobs Lost Since Feb '20	
	Count	% Change
Total Nonfarm Payroll Jobs Lost	-330,100	-10.3
Food Services and Drinking Places	-100,000	-36.5
Health Care and Social Assistance	-45,500	-12.9
Construction	-29,000	-11.9
Professional and Business Services	-26,100	-5.1
Retail Trade	-23,900	-7.9
Other Services	-19,300	-16.2
Arts, Entertainment, and Recreation	-15,500	-42.0
Administrative and Support and Waste Management	-14,200	-6.5
Manufacturing	-13,400	-5.8
Wholesale Trade	-11,200	-6.3
Hotels	-9,900	-34.3
Energy (Exploration, Oil Field Services)	-8,900	-12.1
Transportation, Warehousing, and Utilities	-4,400	-2.8
Real Estate and Equipment Rentals	-4,400	-6.9
Educational Services	-4,100	-6.3
Air Transportation	-3,600	-17.9
Oil and Gas Extraction	-2,700	-7.5
Government	-11,200	-5.2
Information	-2,600	-2.6
Finance and Insurance	-1,000	-1.0

Source: Partnership calculations based on Texas Workforce Commission data

Metro Houston Nonfarm Employment*



Source: Texas Workforce Commission

* not seasonally adjusted

The data, as bad as it is, likely understates the extent of the losses due to the pandemic. The jobs report is based on a survey of employers. The survey asks for the number of workers on payroll in the pay period that includes the 12th day of the month. Any job cuts that have occurred since mid-April, therefore, won't appear in the data until TWC releases May employment numbers. Figures from another source, initial claims for unemployment insurance, indicate at least 150,000 area workers have filed for benefits since mid-April.

Some of Houston's reported job losses don't mesh with national trends. For example, TWC reports that restaurants and bars lost 100,000 jobs, or 36.5 percent of the total. Nationally, the loss was 46.2 percent. Likewise, Houston's retail sector lost 23,900 jobs, a 7.9 percent reduction. Nationally, the nation lost 13.5 percent of all retail jobs. Finally, the "100,000" jobs lost in restaurants and bars seems too round, too perfect a number. Past experience has shown that perfect numbers often get revised in later reports.

Energy has lost 13,200 jobs since February. The media only began reporting on mass energy layoffs in mid-April. Any layoffs that occurred since then will also appear in the May jobs report, which will be released in late June. Layoffs have been underway for a while, though. The industry has lost 21,200 jobs since April of last year.

To put the extent of job losses in perspective, the region lost 221,000 jobs during the '80s energy bust, or one in every seven jobs. Houston's economy is significantly larger now, so the 330,100 jobs lost in COVID-19 recession represents a somewhat smaller share of employment, about one in ten jobs in the region. However, if Houston loses another 120,000 jobs, the region would match the one-in-seven ratio of jobs losses in the '80s. Also, it took the region nearly five years to lose one in every seven jobs. With COVID-19, the losses have occurred in less than three months.

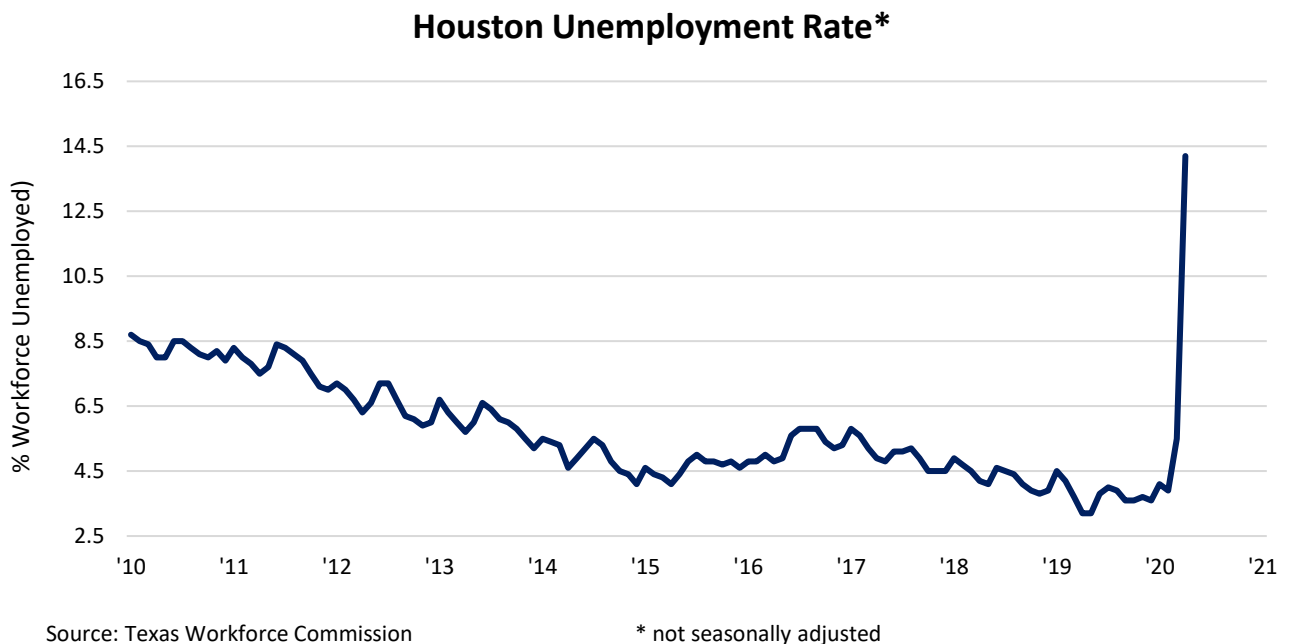
UNEMPLOYMENT

The region's unemployment rate, as low as 3.9 percent in February, rose to 14.2 percent in April. The rates are not seasonally adjusted. Again, TWC has likely understated unemployment.

The rate is based on a survey of households conducted by the U.S. Census Bureau on behalf of the U.S. Bureau of Labor Statistics (BLS). Respondents are asked about the number of adults working in the household, adults not working but actively engaged in a job search, and the adults not working and not seeking employment.

Under BLS definitions, anyone who is not looking for work is not part of the workforce and thus not counted as unemployed. This is a common phenomenon in a recession. If the unemployed perceive the job market as bad, they may decide to stop looking for work until the economy improves. That's likely what is happening now.

Houston's labor force has shrunk by nearly 300,000 workers since February. If the 300,000 disillusioned workers were counted among the unemployed, Houston's rate would exceed 20 percent. To put that in perspective, the rate topped out at 12.9 percent in June '86, the depth of the '80s oil bust.



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