



Federal Reserve
Bank of Dallas

Texas Economic Performance and Outlook

(March 2025)

“Job Growth Strengthens in January”

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DISCLAIMER: The views expressed are the authors' and do not necessarily reflect the views of the Federal Reserve Bank of Dallas or Federal Reserve System. Any data requests can be addressed to Diego Morales-Burnett at Diego.Morales-Burnett@dal.frb.org.

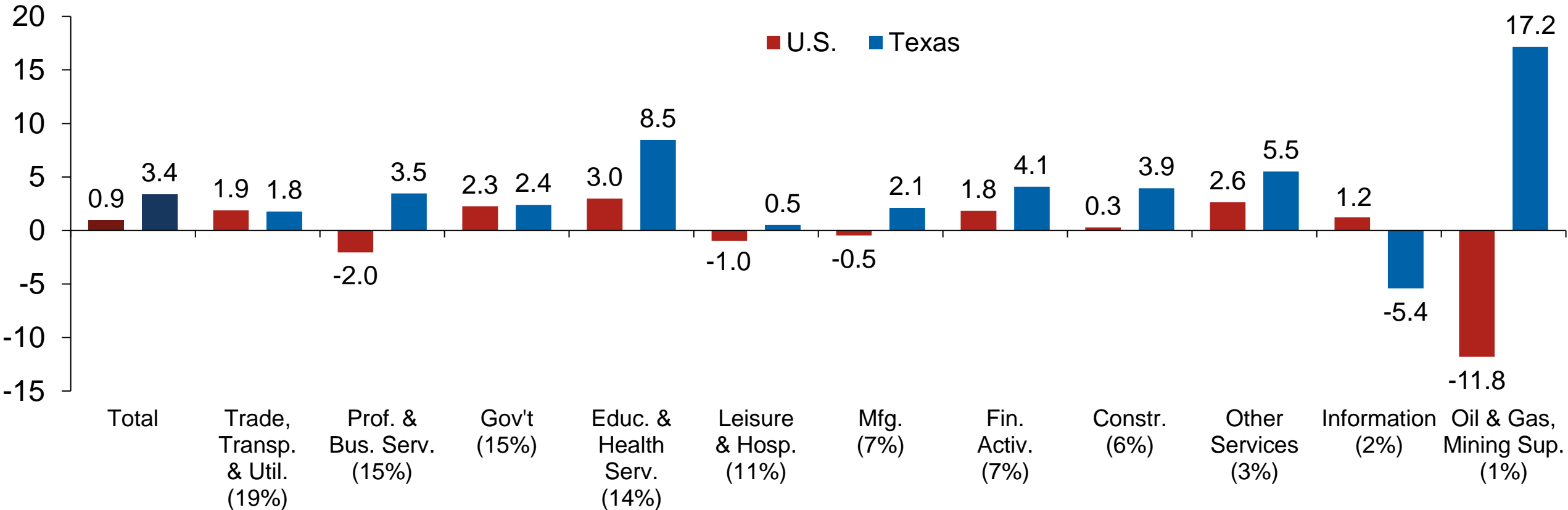
What's New: Job growth strong in January, unemployment rate ticks down

- Texas employment rose 3.4% in January, faster than December's 2.9% increase
 - U.S. job growth was 0.9% in January
- The Dallas Fed's Texas Employment Forecast indicates jobs will increase by 1.9 percent in 2025
- Texas unemployment ticked down to 4.1% in January
 - U.S. unemployment rate was 4.1% in February
- February Texas Business Outlook Surveys (TBOS) show continued expansion in the service sector but a sharp contraction in manufacturing
 - Nearly 60% of respondents expect an increase in demand over the next six months
 - 24% of firms report reliance on immigrant workers in Feb.'25, up from 15% in Feb.'24
 - Among firms impacted by changes in federal immigration policies, 43% plan to increase worker utilization or cross training, 40% plan to implement labor-saving technology and 29% plan to hire more native-born workers or permanent residents

Overall Economic Activity

Texas employment growth fastest in oil & gas and education & health in January

Job Growth January 2025/December 2024 (%)*



*Seasonally adjusted, annualized rate.

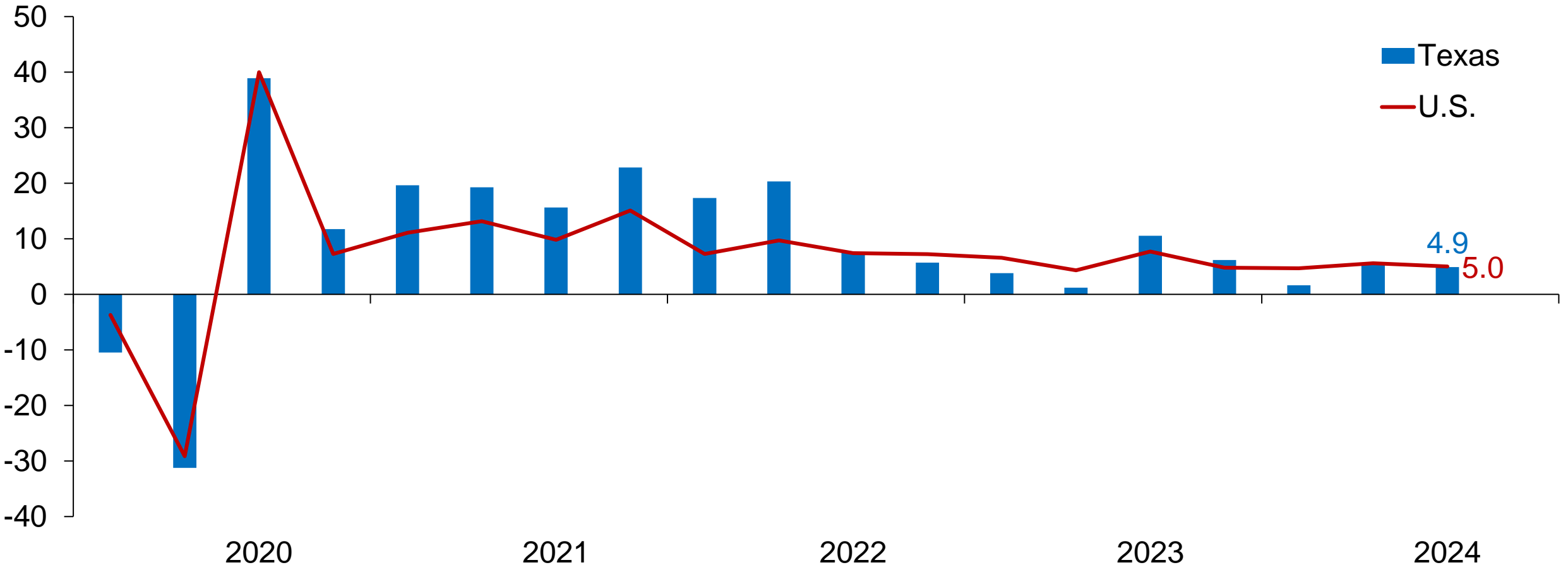
NOTE: Numbers in parenthesis indicate share of total state employment in January 2025.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.

DATA: [Texas Employment by Industry - Dallasfed.org](https://www.dallasfed.org/topics/employment)

Solid GDP growth in Texas and U.S. in 2024

Percent, Q/Q*



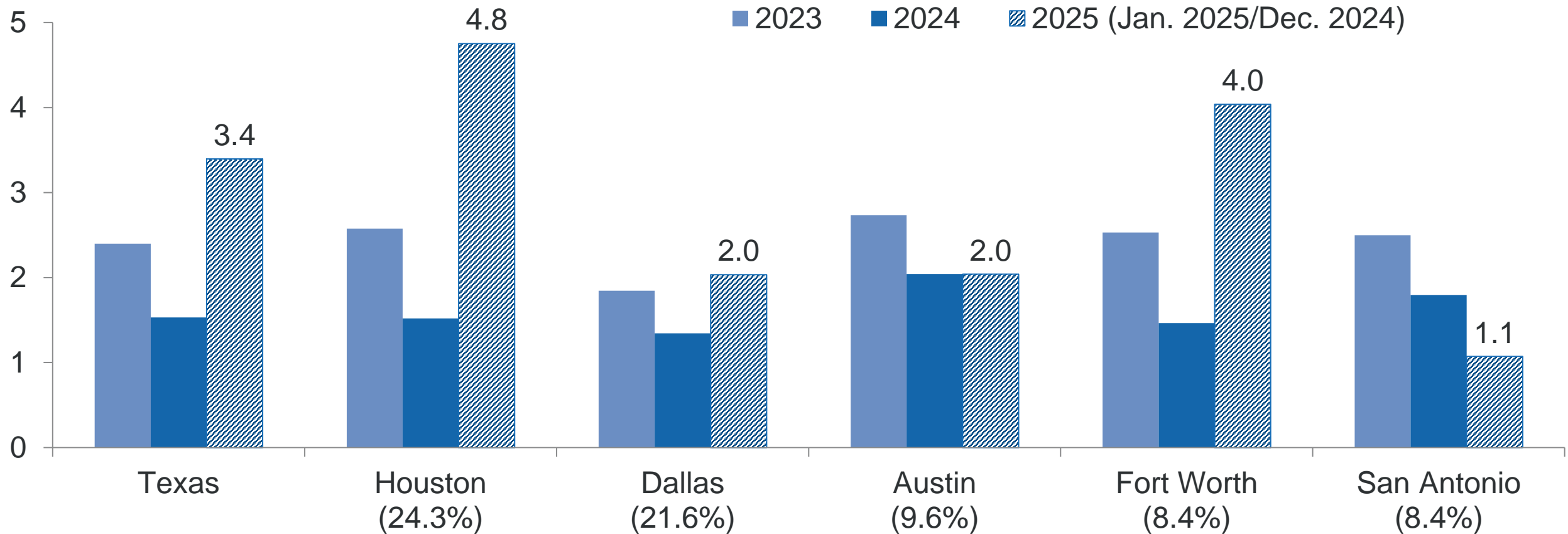
*Seasonally adjusted, annualized rate.

NOTE: Shown are quarterly, nominal GDP growth for the U.S. and GSP (gross state product) growth. Data are quarterly through Q3 2024.

SOURCES: Bureau of Economic Analysis; Federal Reserve Bank of Dallas.

Houston leads major Texas metros in job growth followed by Fort Worth

Job Growth (%), Dec./Dec.*



*Seasonally adjusted, annualized rate.

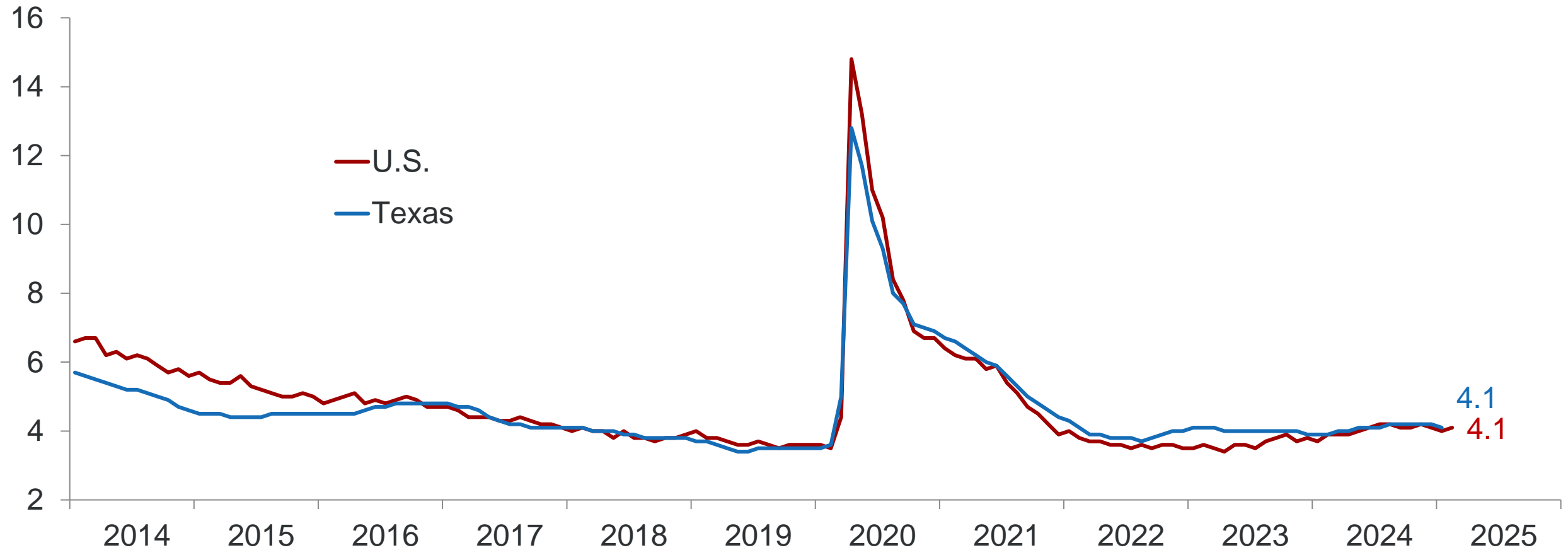
NOTE: Numbers in parenthesis indicate share of state employment for January 2025.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas.

DATA: [Texas Employment Data - Dallasfed.org](https://www.dallasfed.org/research/texas-employment-data)

Texas unemployment ticks down to 4.1% in January

Unemployment rate (%)*



*Seasonally adjusted.

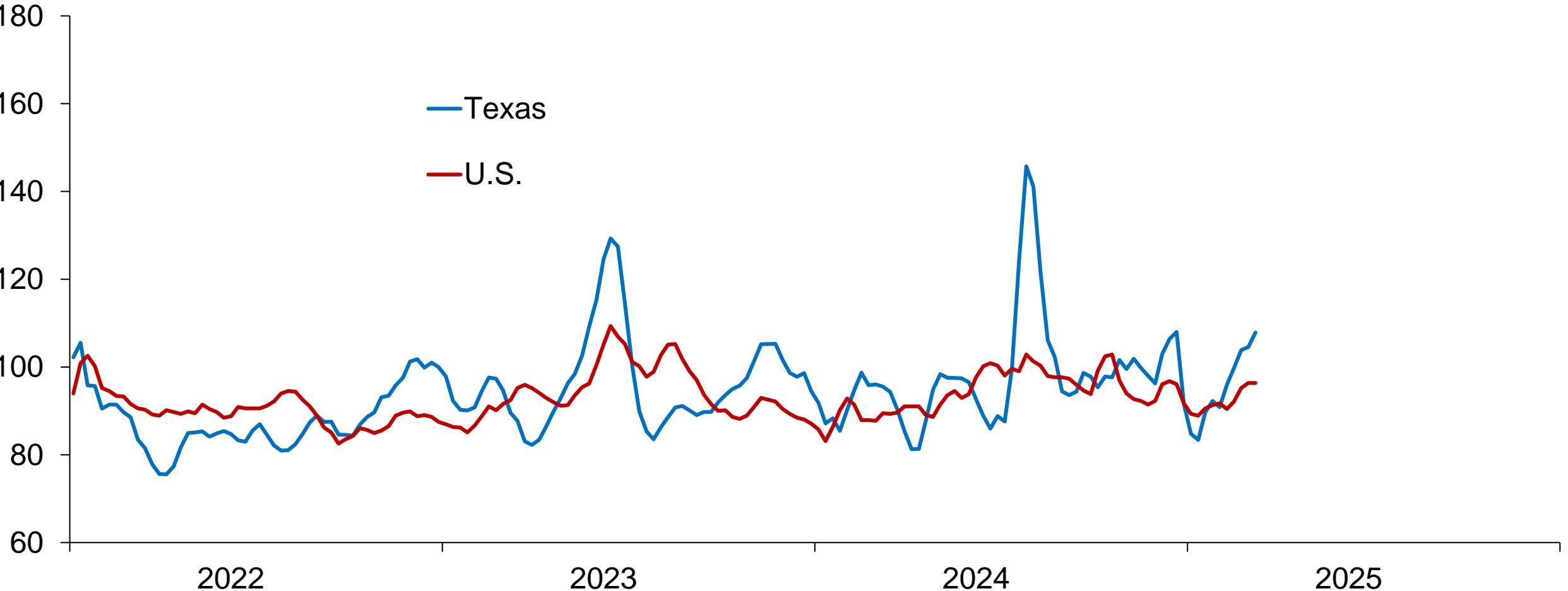
NOTE: Data are through January 2025 for Texas and February 2025 for the U.S.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.

DATA: [Texas Employment by Industry - Dallasfed.org](https://dallasfed.org/research/employment)

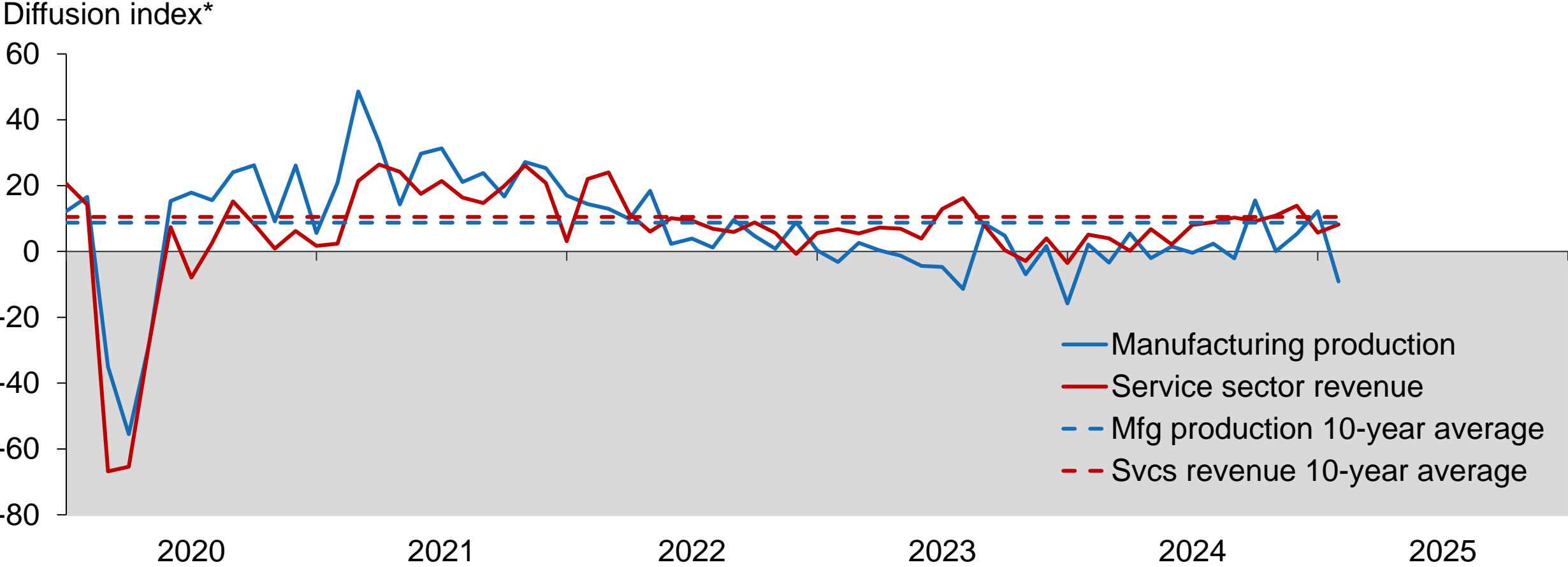
Unemployment claims rising in Texas

Index, Jan. 2022 = 100*



*Seasonally adjusted, three-week moving average.
NOTE: Data are through the week ending March 8th, 2025.
SOURCE: Department of Labor.

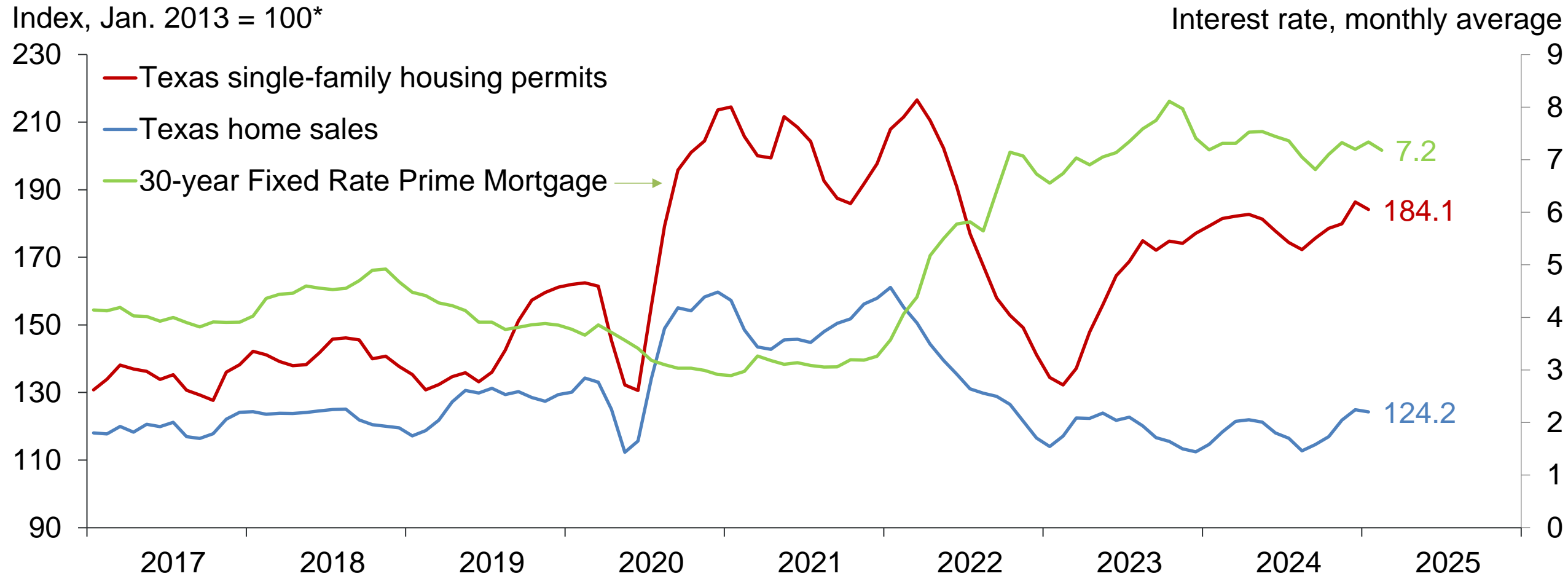
Service sector revenue gains remain positive while manufacturing production plummets in Feb.



*Seasonally adjusted.
 NOTES: Data through February 2025. Shaded area represents contractionary territory.
 SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.
 DATA: [Surveys - Dallasfed.org](https://www.dallasfed.org/outlook/surveys)

Real Estate, Finance and Energy

Texas housing market holding steady

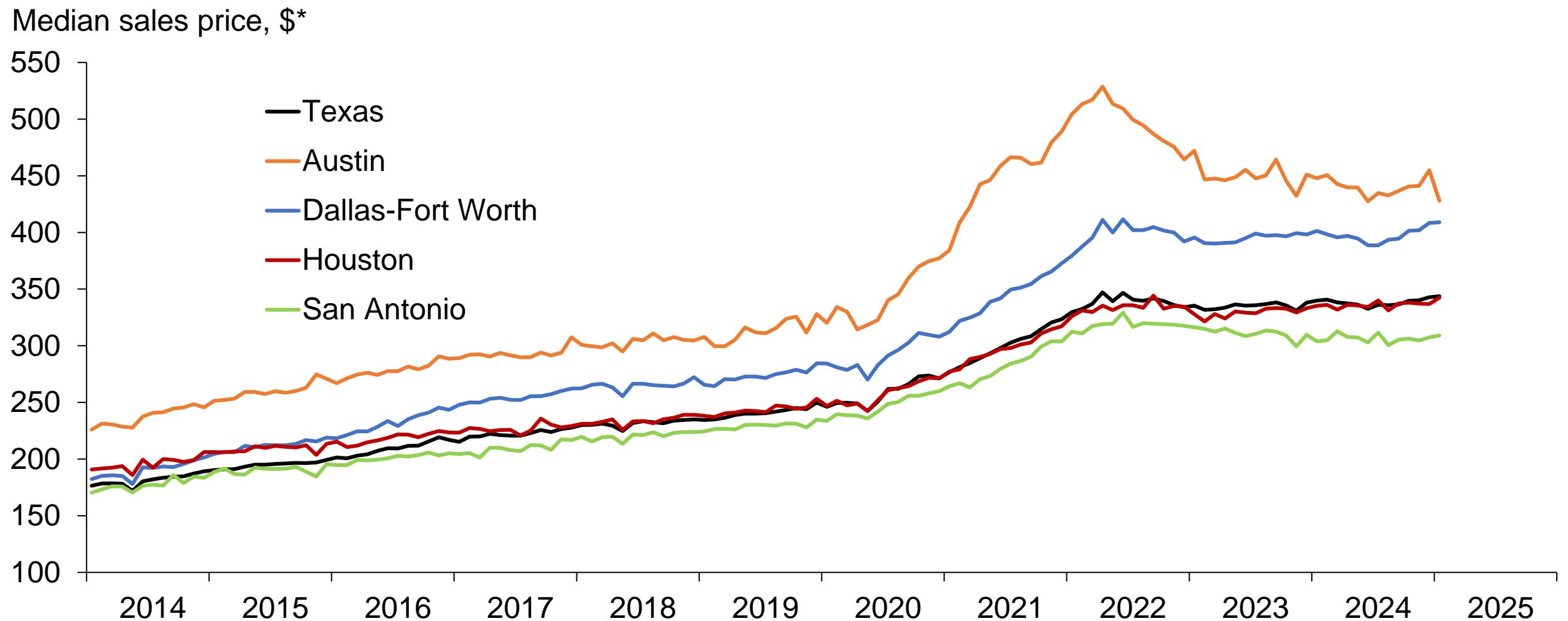


*Seasonally adjusted, three-month moving average.

NOTE: Data are monthly through January 2025 for housing permits and home sales; February 2025 for mortgage rates.

SOURCES: MLS; A&M Real Estate Center; Freddie Mac Primary Mortgage Market Survey; U.S. Census.

Median-home prices dip in Austin, flat elsewhere in Texas



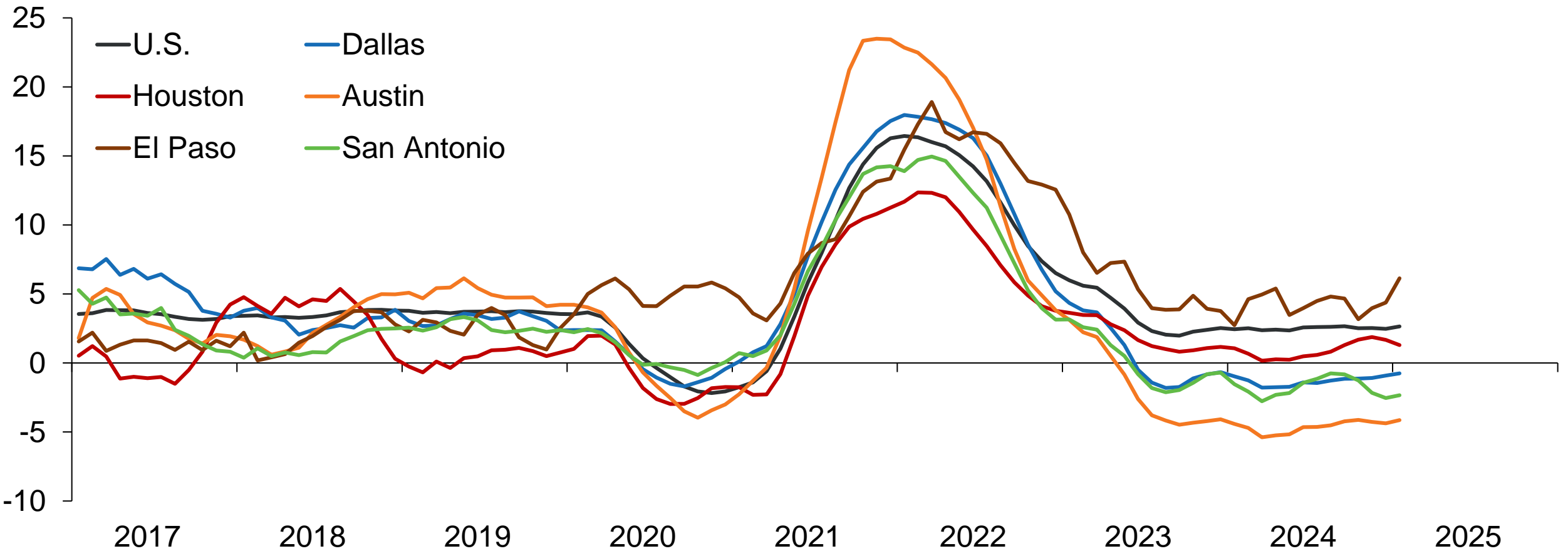
*Seasonally adjusted.

NOTE: Data are monthly through January 2025.

SOURCES: Multiple Listing Service; seasonal and other adjustments by Federal Reserve Bank of Dallas.

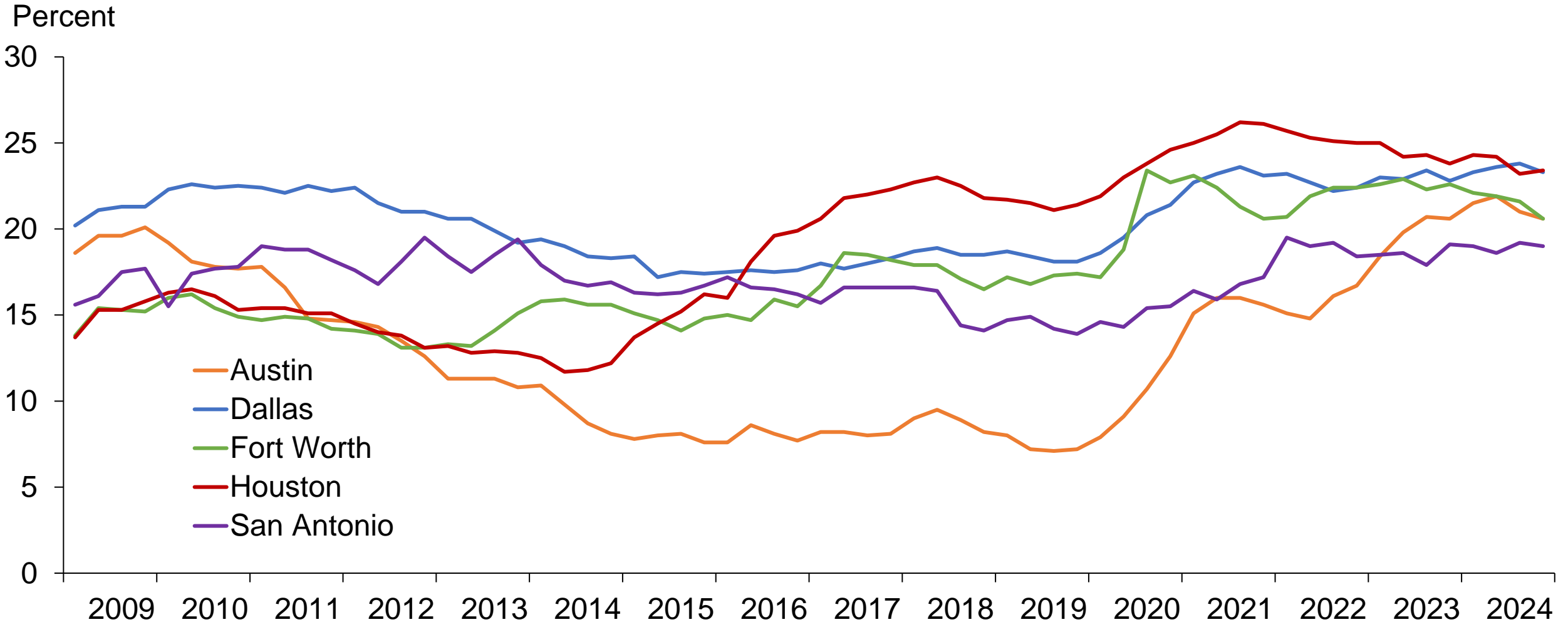
Apartment rents still increasing in Houston and El Paso, down in other Texas major metros

Percent, Y/Y*



*Smoothed and seasonally adjusted
NOTES: Data are monthly through January 2025.
SOURCE: Zillow.

Office vacancy stabilizes in Texas markets

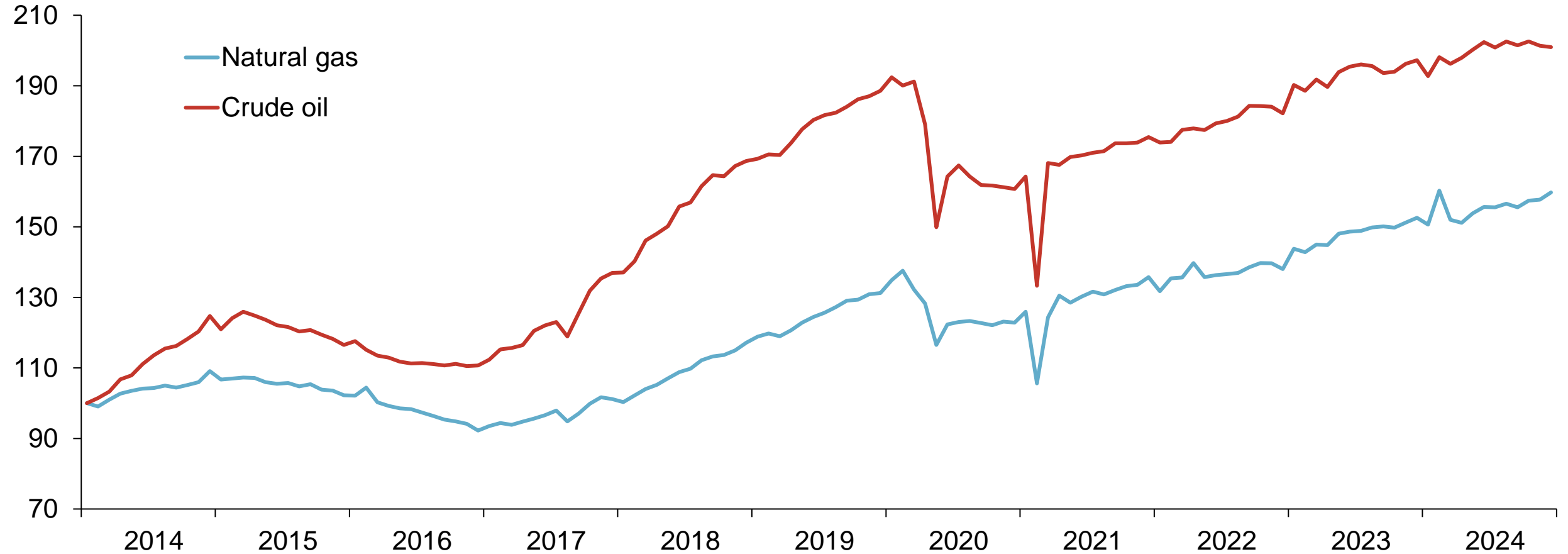


NOTE: Data through Q4 2024.

SOURCE: CBRE Econometric Advisors.

Texas gas production ticks up, oil edges down at yearend 2024

Index, Jan. 2014 = 100*



*Seasonally adjusted.

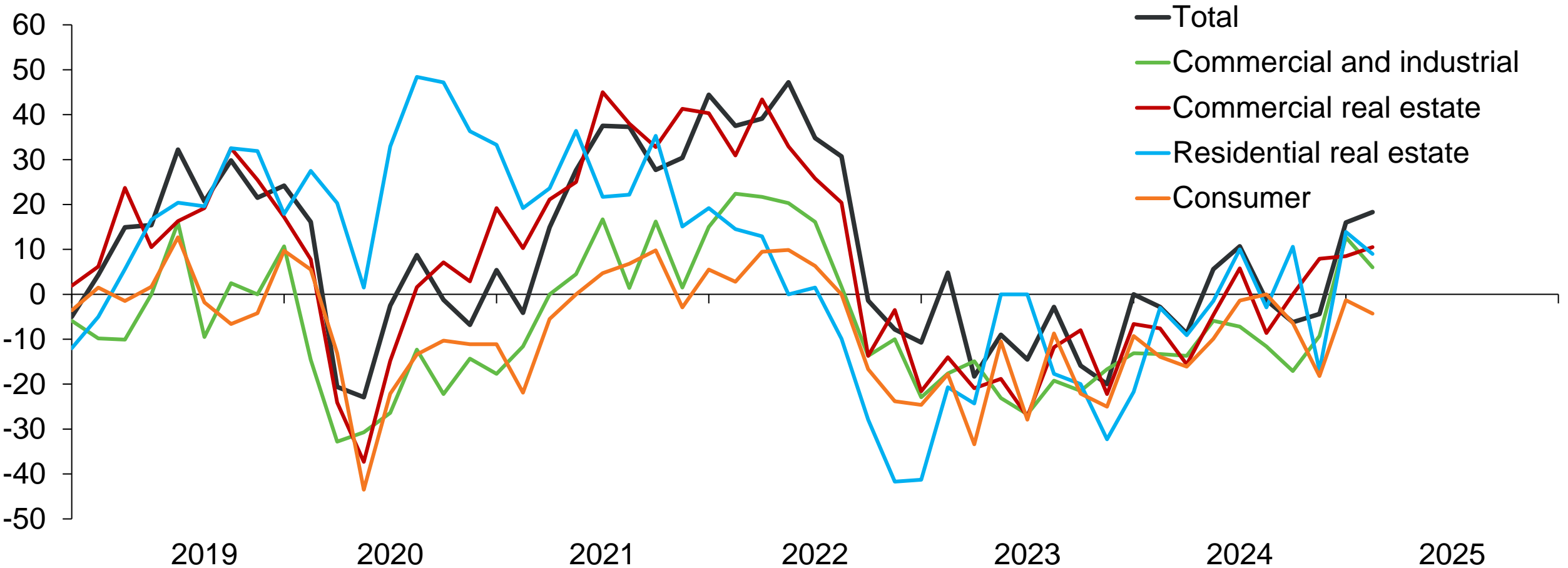
NOTES: Shown are crude oil and natural gas marketed production through December 2024. Production of natural gas are based on billion cubic feet while crude oil is based on million barrels per day.

SOURCE: Energy Information Administration.

Loan volumes continue expanding in February

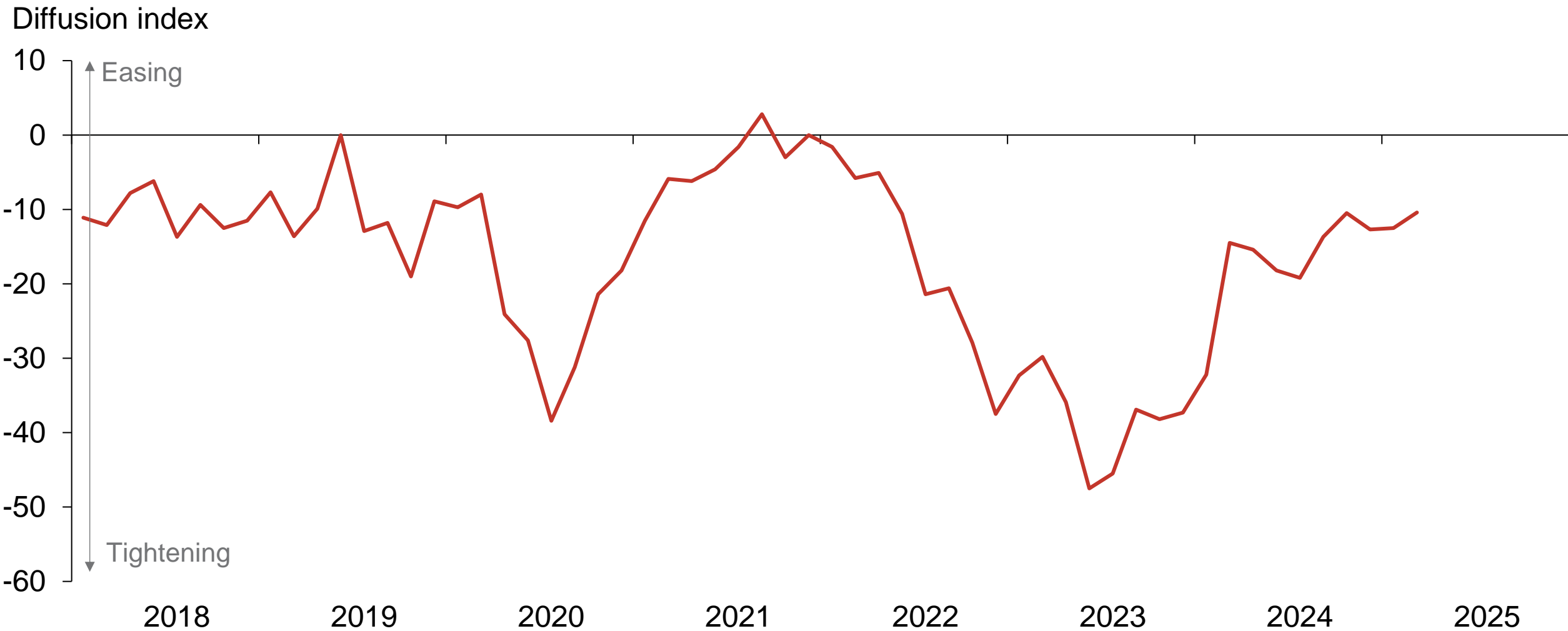
(11th District banks)

Diffusion index



NOTE: Data through February 2025.
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

Texas banks report continued credit tightening

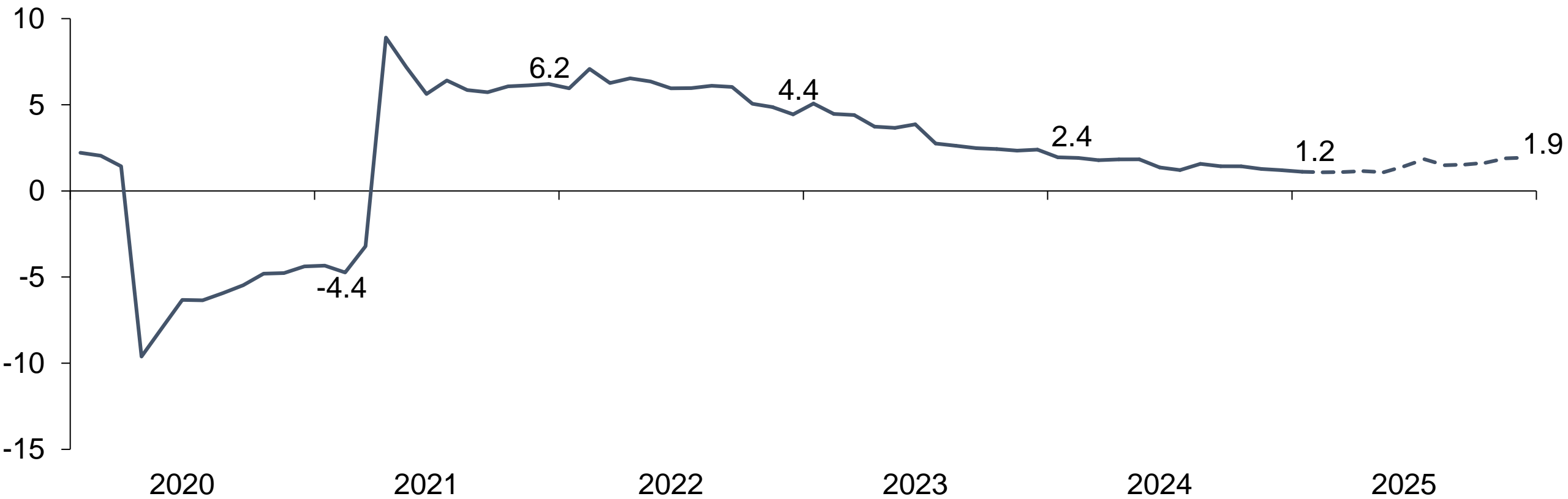


NOTES: Includes credits and terms. Data are through February 2025.
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

Outlook

The Texas employment forecast indicates 1.9% growth in 2025, inline with 2% long-run trend

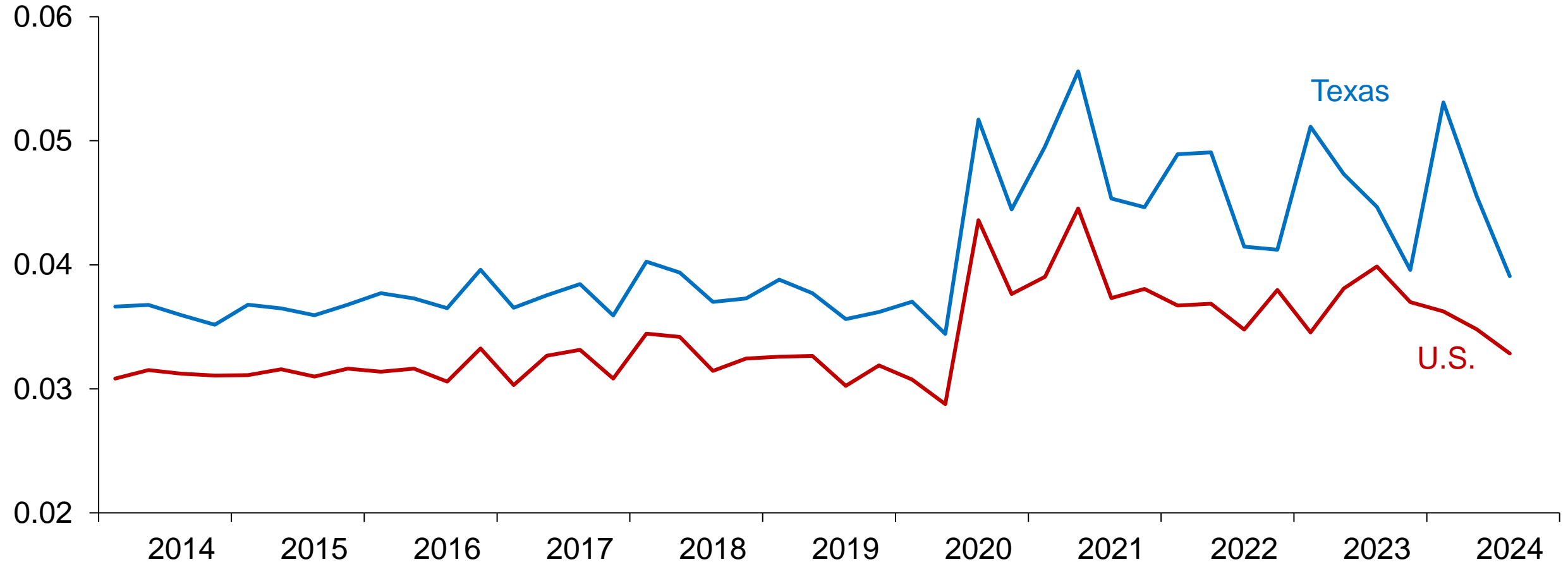
Percent, Y/Y



NOTE: The Dallas Fed Texas Employment Forecast is based on the average of four models. Three models are VARs where Texas payroll employment is regressed on WTI oil prices, the US leading index and the Texas leading index, respectively. The fourth model is a regression of payroll employment on lags of payroll employment, expectations for U.S. GDP growth, WTI oil prices, and four COVID-19 dummy variables (March-June 2020).

Rate of business formation in Texas declines but continues to outpace the nation

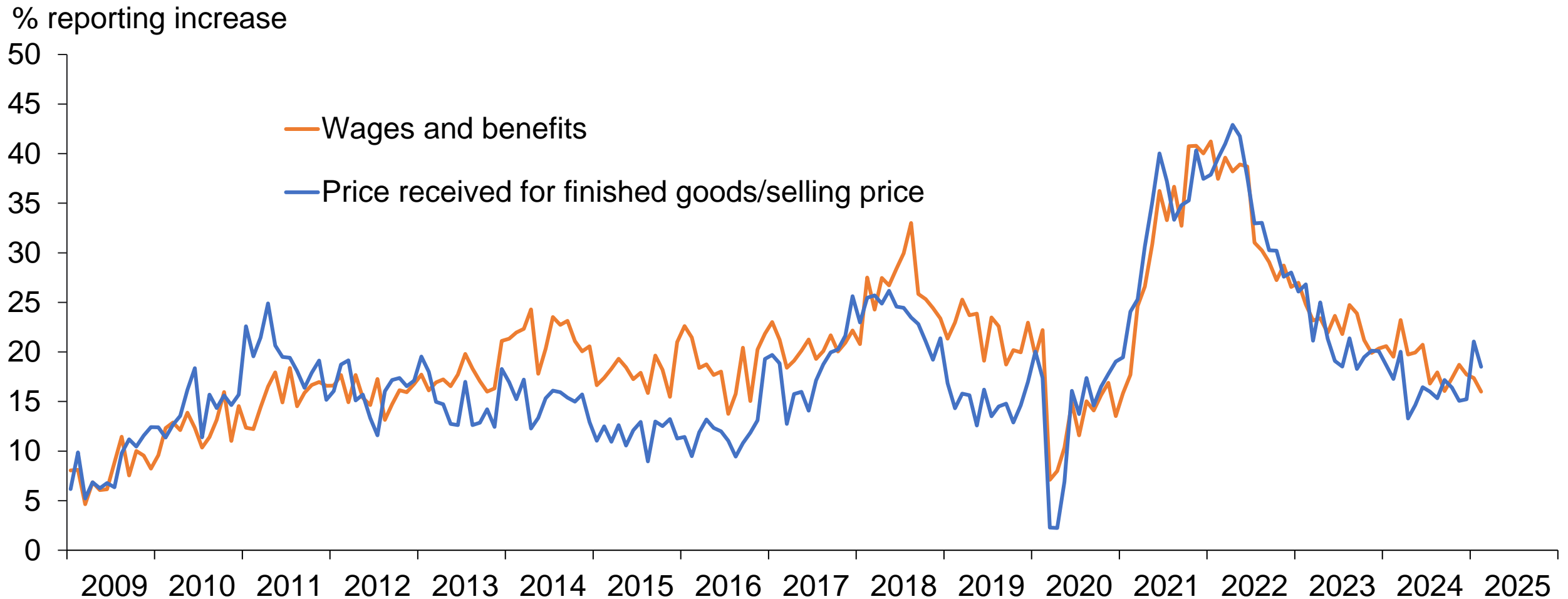
Business applications per business establishments



NOTES: Data are quarterly through Q3 2024. Business applications data are missing for the first week of January 2021.

SOURCE: U.S. Census Bureau.

Share of Texas firms reporting an increase in wages and prices little changed at the start of 2025

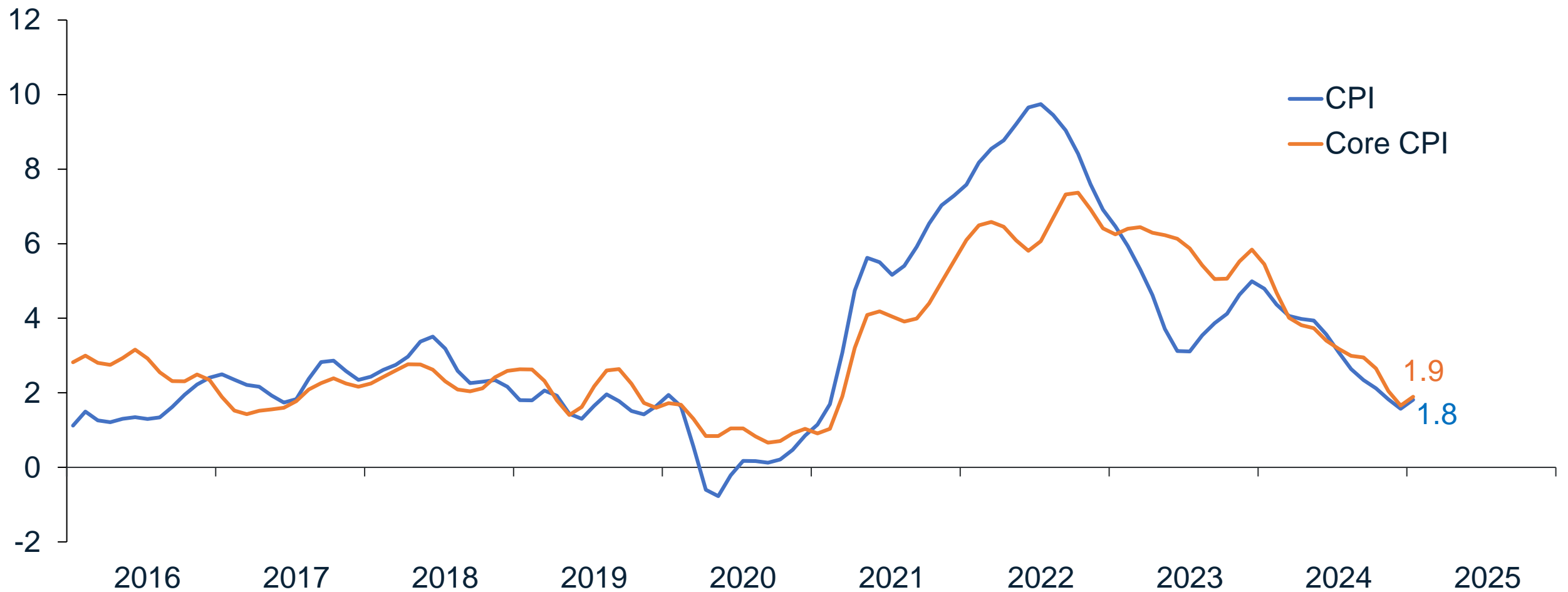


NOTES: Percent reporting increase was constructed by weighting the respective component of TMOS and TSSOS according to GDP shares. Data through February 2025.

SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

Texas CPI remains below 2% despite recent uptick

Percent change, Y/Y*



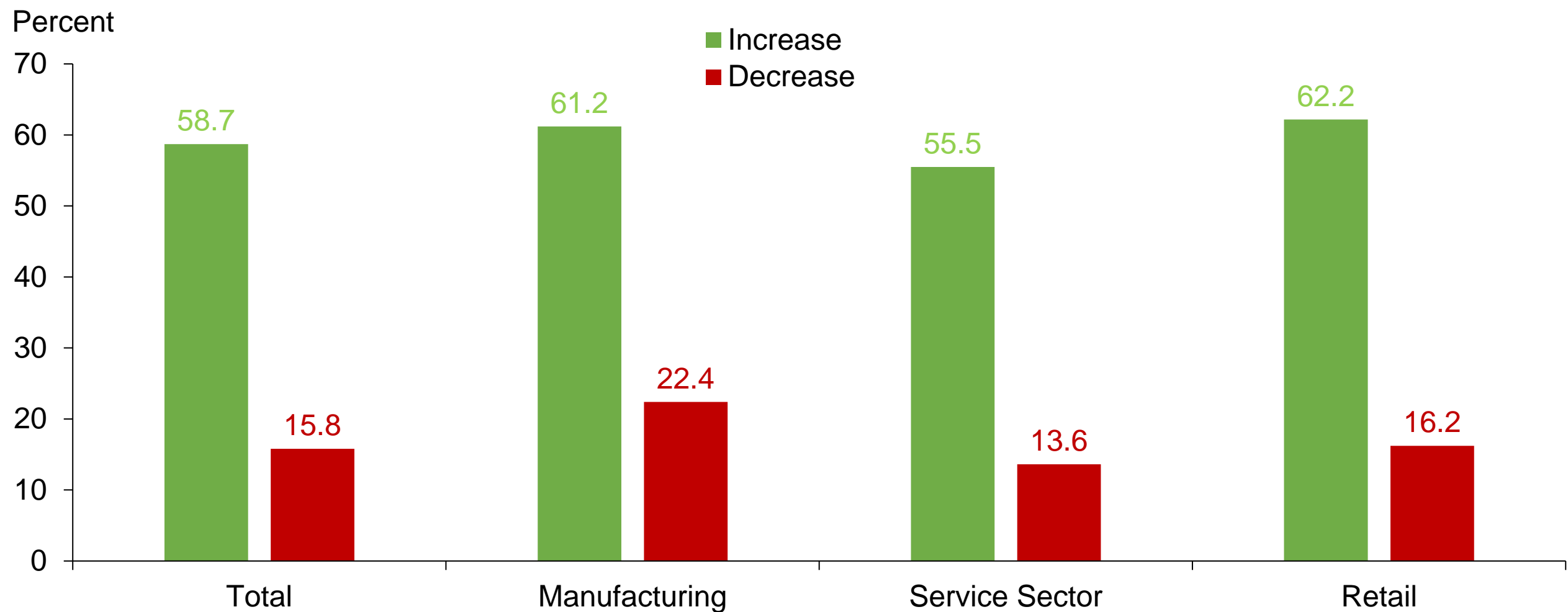
*Seasonally adjusted.

NOTE: CPI data through January 2025.

SOURCE: Bureau of Labor Statistics.

Texas Business Outlook Surveys Special Questions

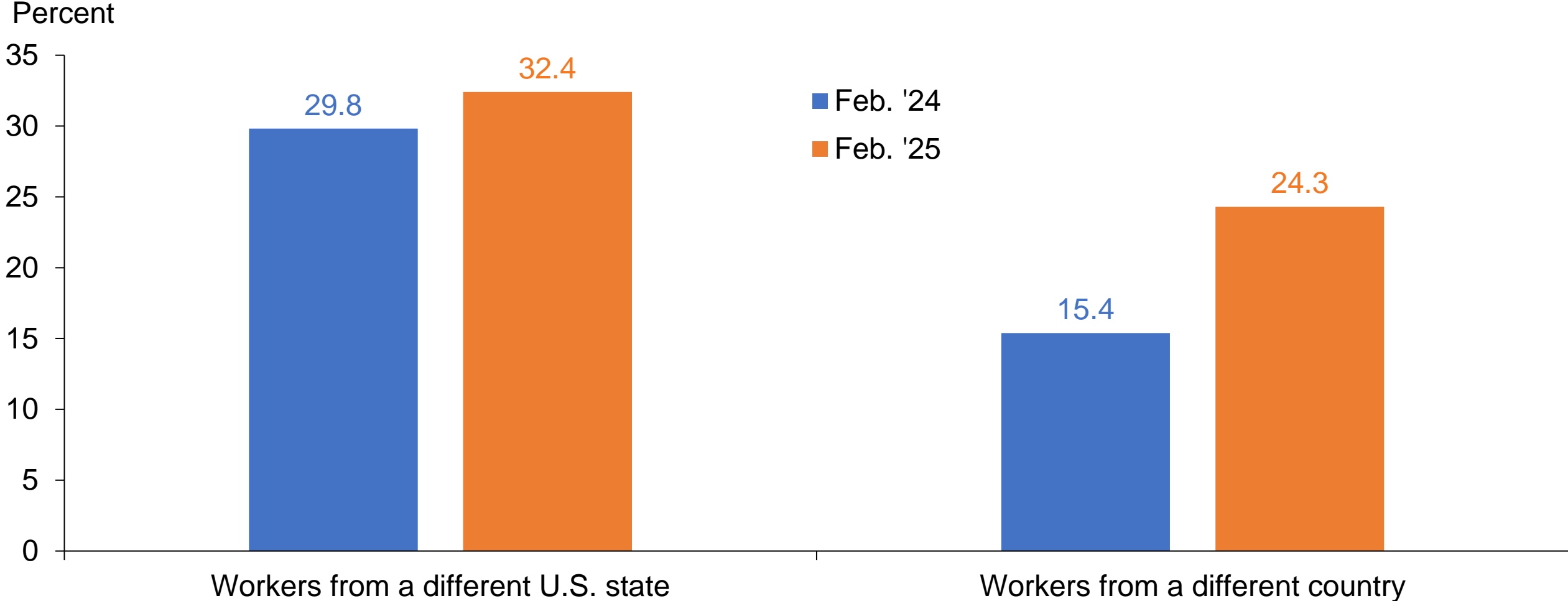
Majority of TBOS respondents expect an increase in demand over the next six months



NOTES: Firms were asked, "How do you expect demand for your firm's goods and/or services over the next six months to compare with the past six months, aside from seasonal variation?" N = 302 responses in February 2025. Answer choice "Remain the same" is excluded.

SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

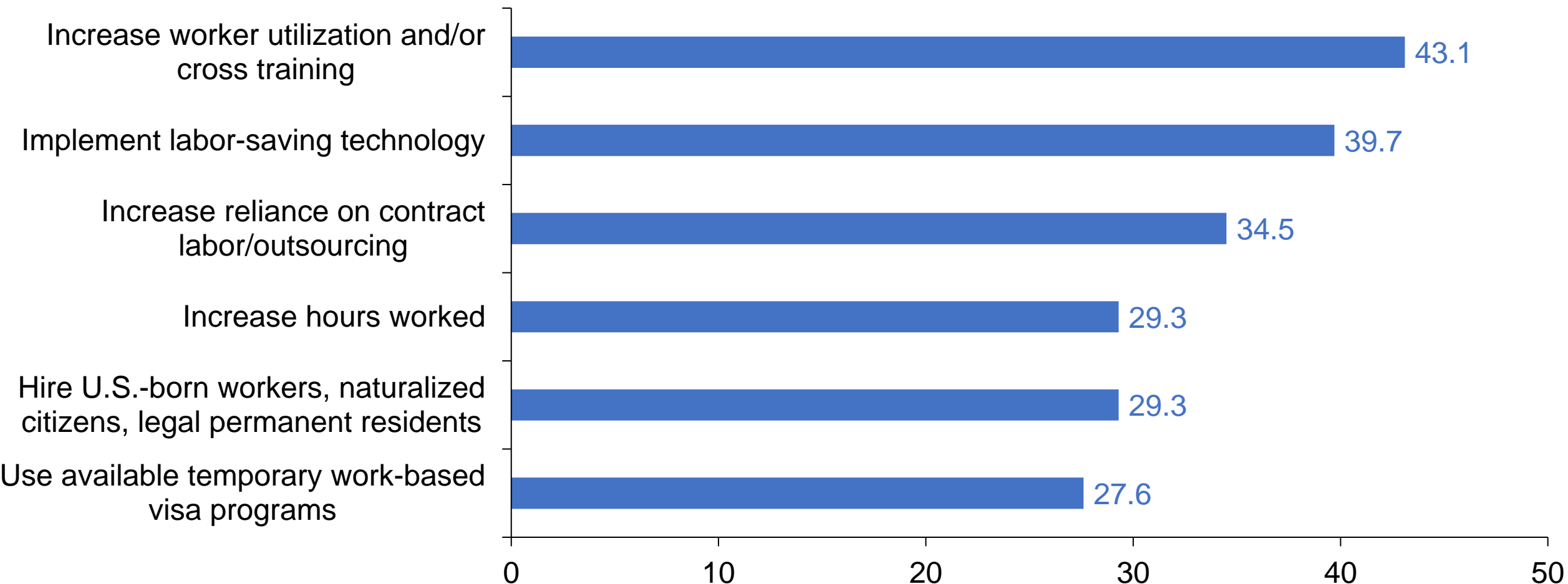
Higher share of Texas firms report reliance on immigrant workers in 2025 vs. 2024



NOTES: Firms were asked, "Over the past year, to what extent has your firm relied on hiring workers who moved to Texas from either a different U.S. state or a different country?" N = 302 responses in February 2025. Shown are the percent who answered "Significant reliance" or "Some reliance."

SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

Texas firms' response to hiring and worker retention challenges from immigration policy changes



NOTES: Firms were asked, "What actions if any, are you taking? Please select all that apply." N = 58 responses in February 2025. This question was only posed to those answering yes to the question "Do you expect changes to immigration policy to impact your ability to hire and retain workers this year?".

SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

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