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# **Texas Economic Performance and Outlook**

**(March 2024)**

## **“Employment Growth Accelerates”**

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Federal Reserve Bank of Dallas

3/22/2024

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.

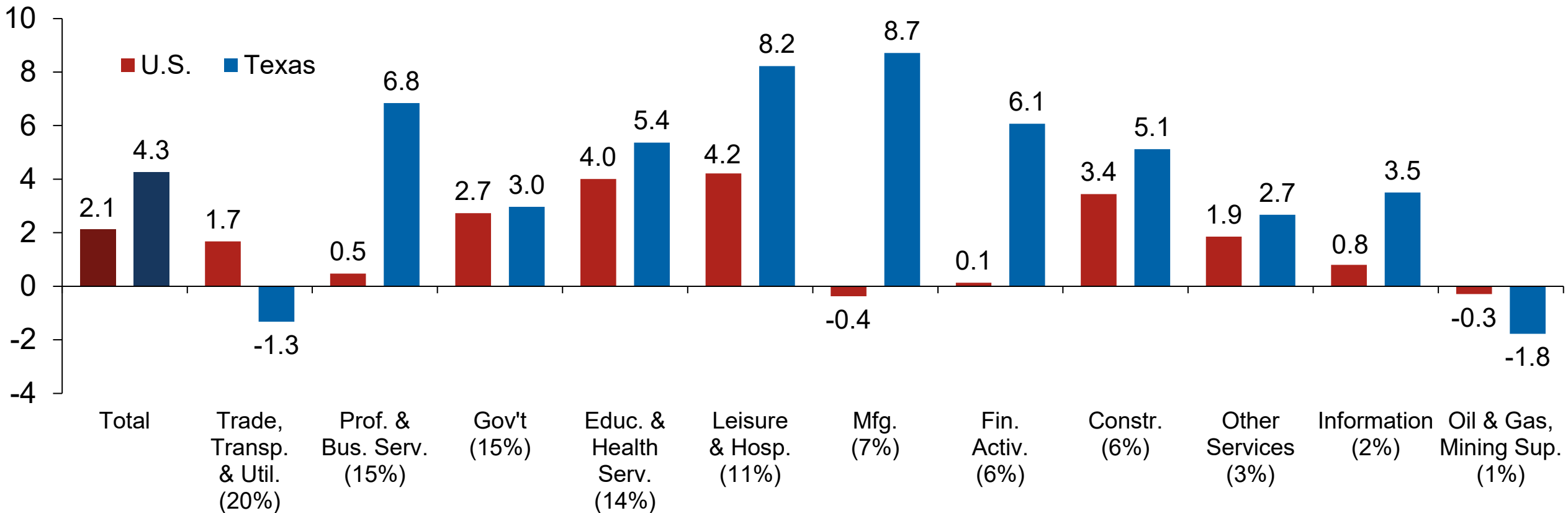
# **What's New: Job growth picks up in February, 2024 employment forecast revised up**

- Texas employment rose 4.3 percent in Feb., faster than January's 1.9 percent increase.
  - Texas job growth outpaced the nation's 2.1 percent rise in February.
- The Dallas Fed's Texas Employment Forecast indicates jobs will increase by 2.5 percent in 2024.
  - Previous forecast was for 2.2 percent job growth this year.
- Texas unemployment held steady at 3.9 percent in February.
  - U.S. unemployment rate rose to 3.9 percent in February.
- February Texas Business Outlook Surveys (TBOS) show improvement in both service sector and manufacturing activity.
  - Texas firms were more bullish in demand expectations compared to last quarter.
    - 52% of respondents expect demand to increase over the next six months, up from 38% in Nov.'23.
  - 30% of firms have relied on hiring workers who moved to Texas from a different state and 15% noted relying on hiring workers who moved to Texas from abroad.

# Overall Economic Activity

# Texas payrolls grow strongly in February, significant gains seen across most sectors

Job Growth February 2024/January 2024 (%)\*



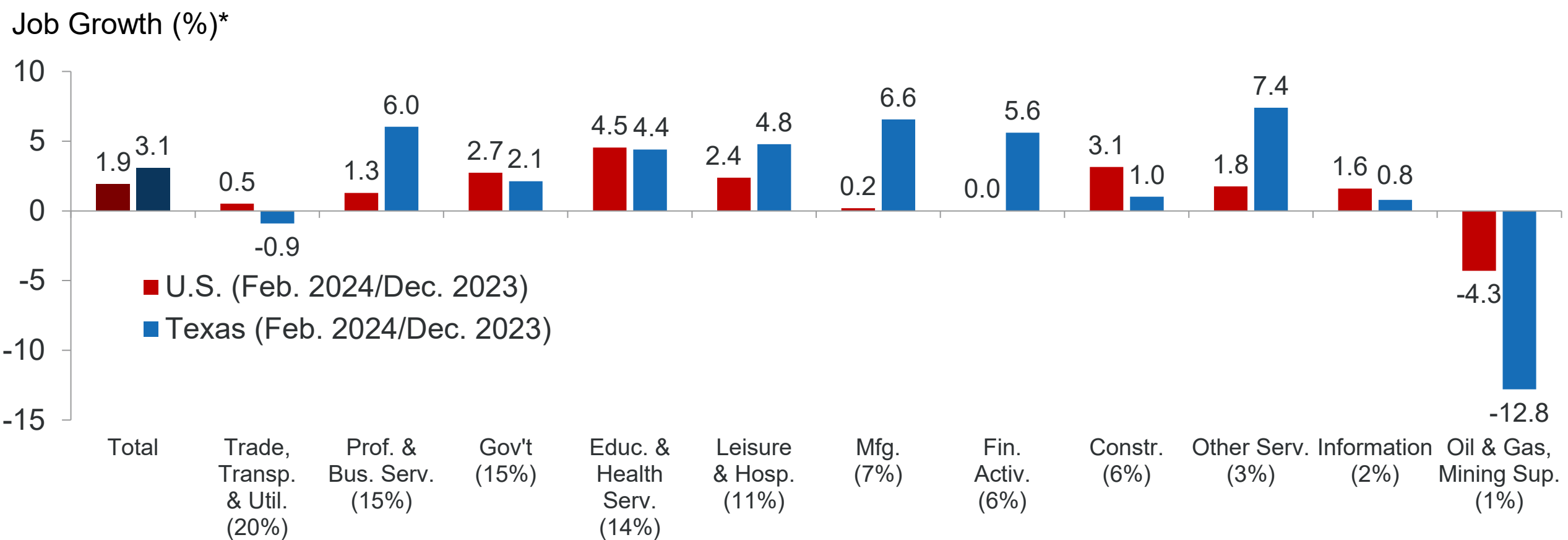
\*Seasonally adjusted, annualized rate.

NOTE: Numbers in parenthesis indicate share of total state employment in February 2024.

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

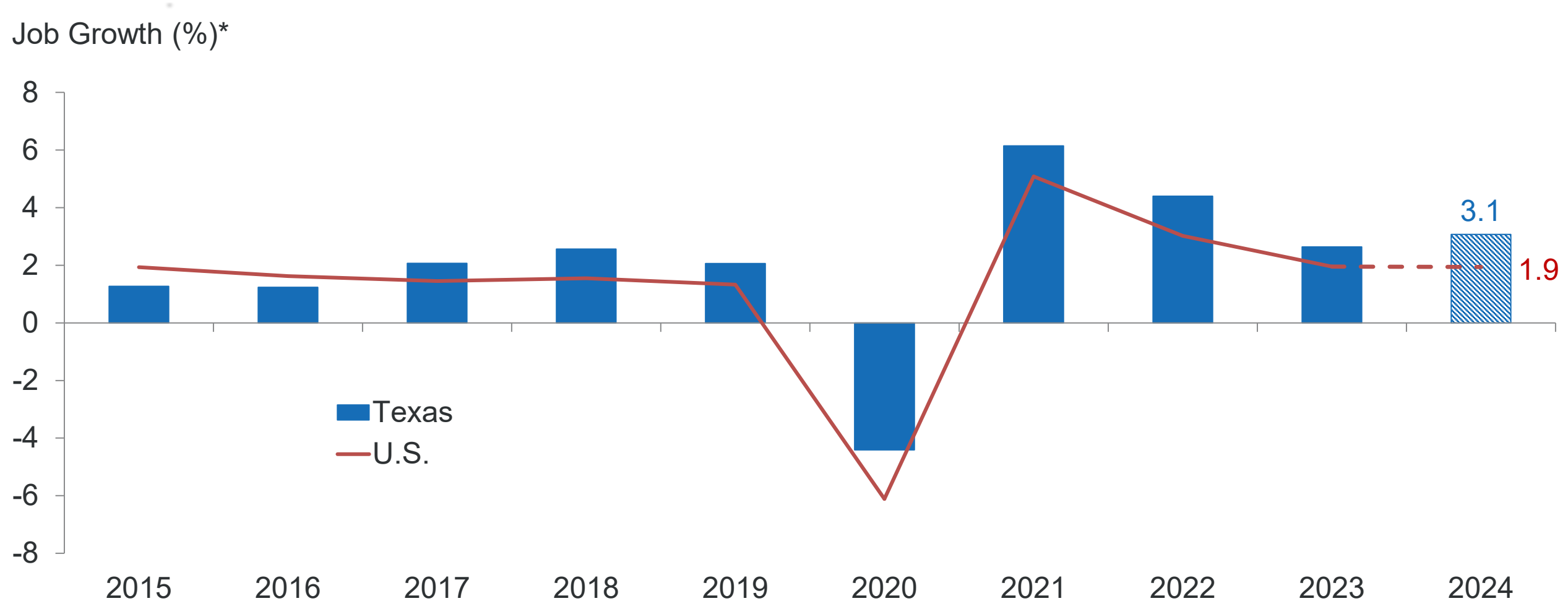
DATA: [Texas Employment by Industry - Dallasfed.org](https://dallasfed.org/economic/texas/texas-employment-by-industry)

# YTD Texas employment growth led by manufacturing and professional and business services



\*Seasonally adjusted, annualized rate.  
NOTE: Numbers in parentheses indicate share of total state employment for February 2024.  
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas.  
DATA: [Texas Employment by Industry - Dallasfed.org](https://dallasfed.org/research/texas-employment-by-industry)

# Texas job growth continues to outpace the nation



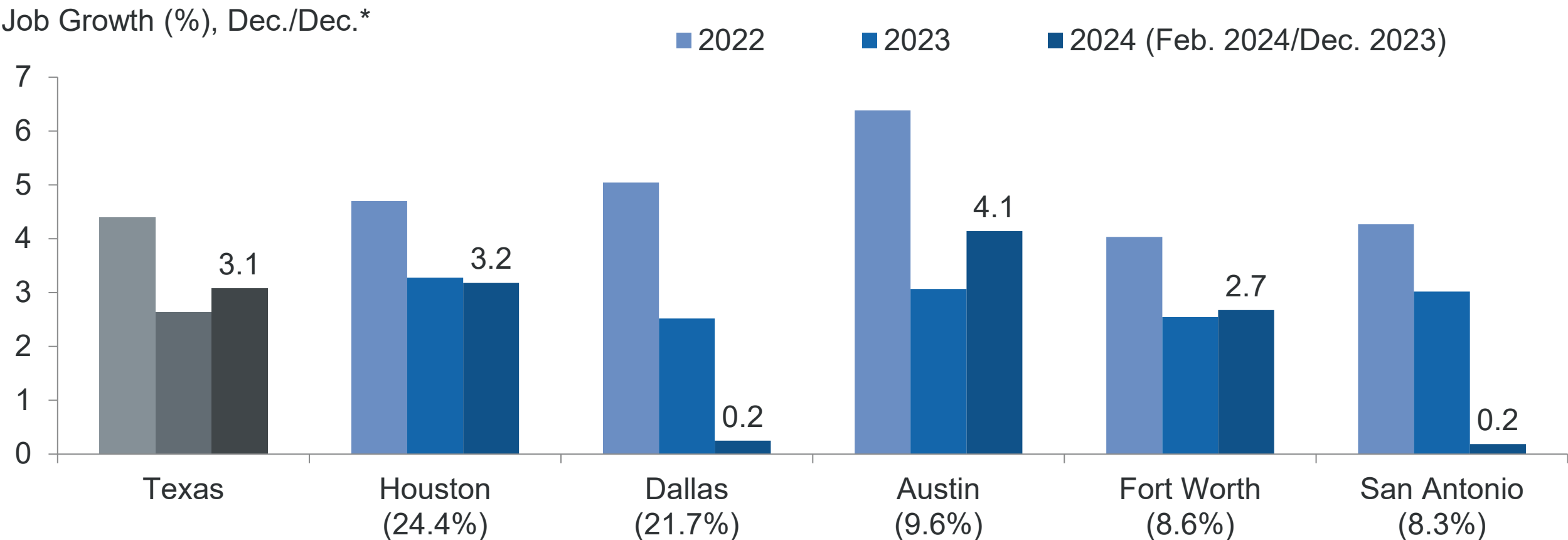
\*Seasonally adjusted, annualized rate.

NOTES: Last data points are annualized job growth for Feb. 2024/Dec. 2023. Yearly growth is Dec/Dec.

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

DATA: [Texas Payroll Employment - Total Nonfarm - Dallasfed.org](#)

# Austin leads large metros job growth, employment flat in Dallas and San Antonio



\*Seasonally adjusted, annualized rate.

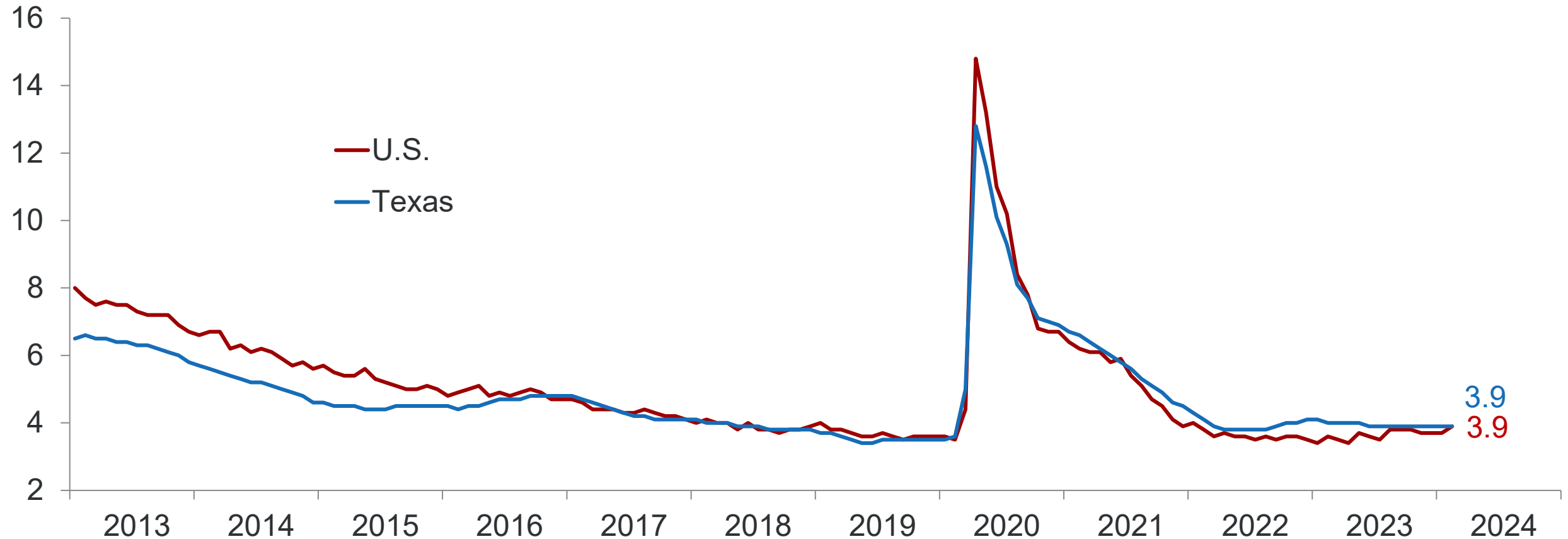
NOTE: Numbers in parenthesis indicate share of state employment for February 2024.

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)

# Texas unemployment rate holds steady at 3.9 percent for the ninth straight month

Unemployment rate (%)\*



\*Seasonally adjusted.

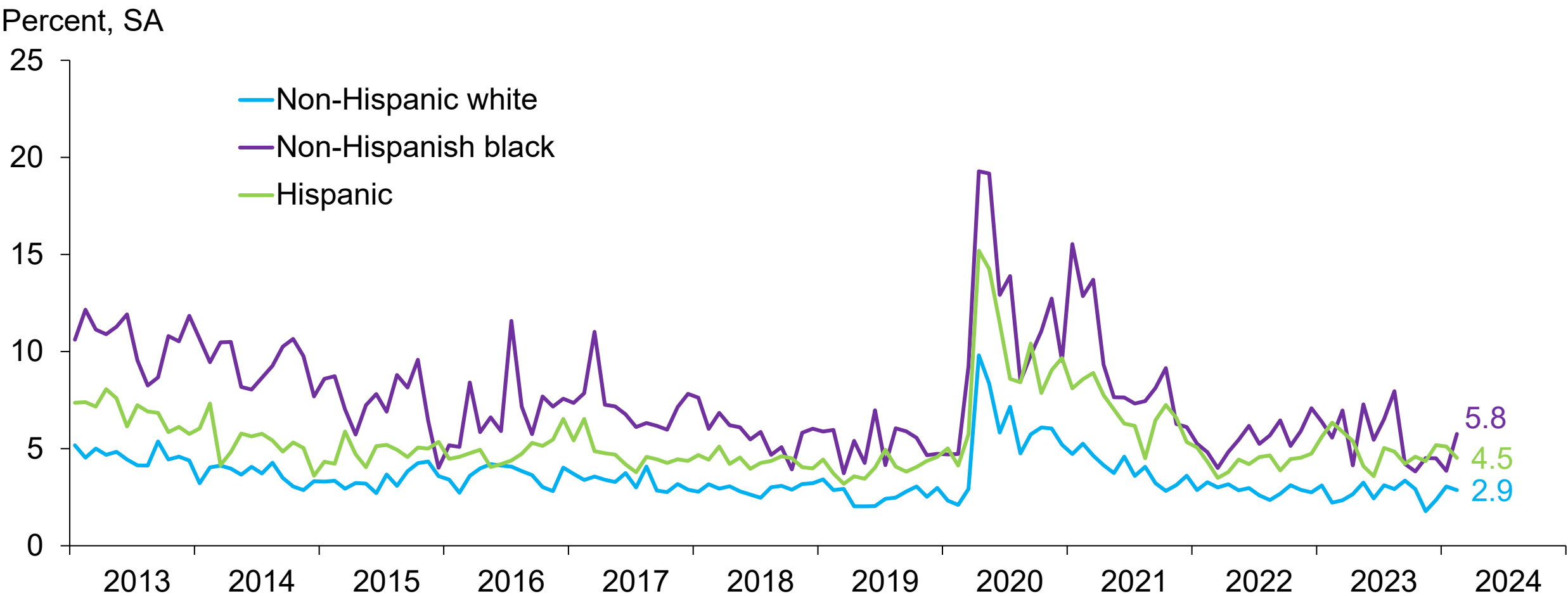
NOTE: Data are through February 2024.

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

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

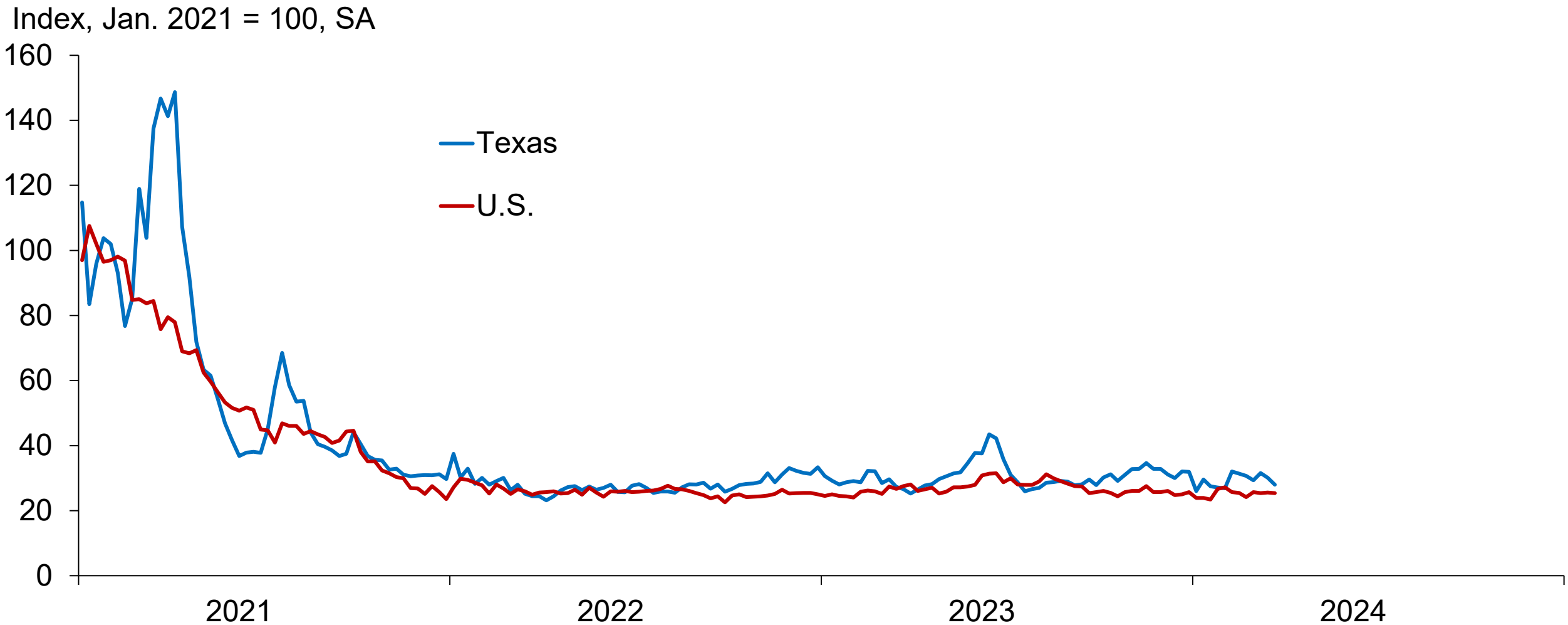


# Unemployment rises for Blacks, declines for Hispanics and Non-Hispanic Whites



NOTE: Last data points are February 2024 values.  
SOURCE: Current Population Survey, authors' calculations.

# Texas total jobless claims flat

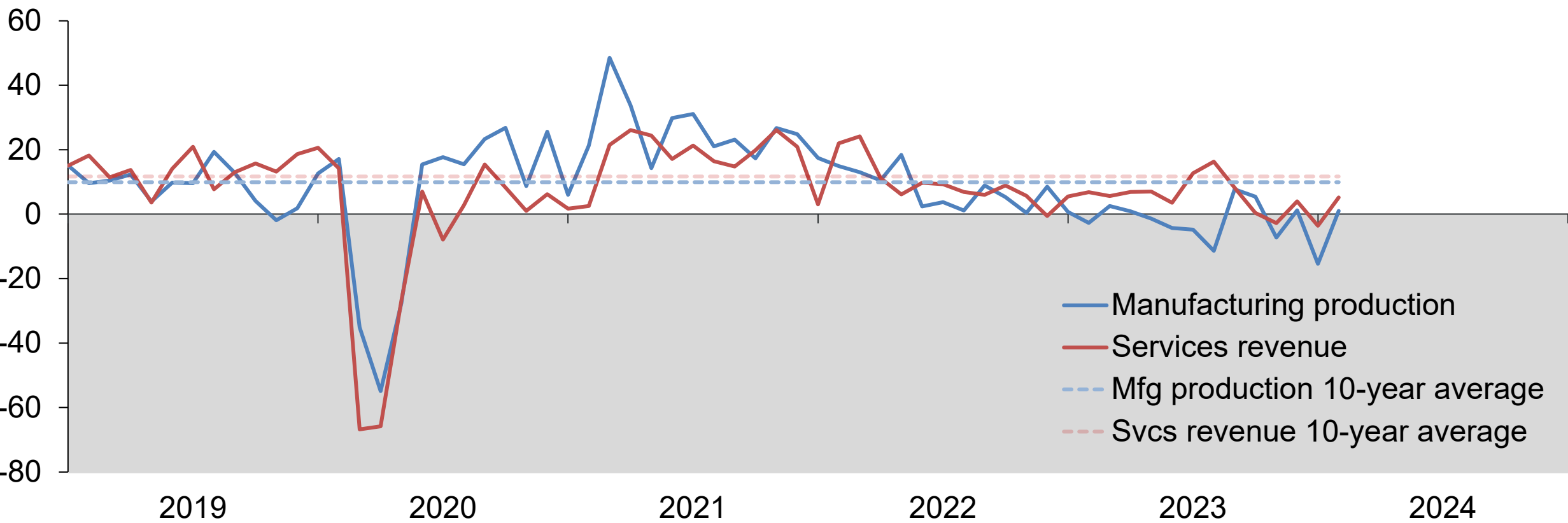


NOTE: Data are through the week ending Mar. 16, 2024.

SOURCE: Department of Labor.

# Manufacturing activity stabilizes in February and service sector revenues tick up

Diffusion Index, SA



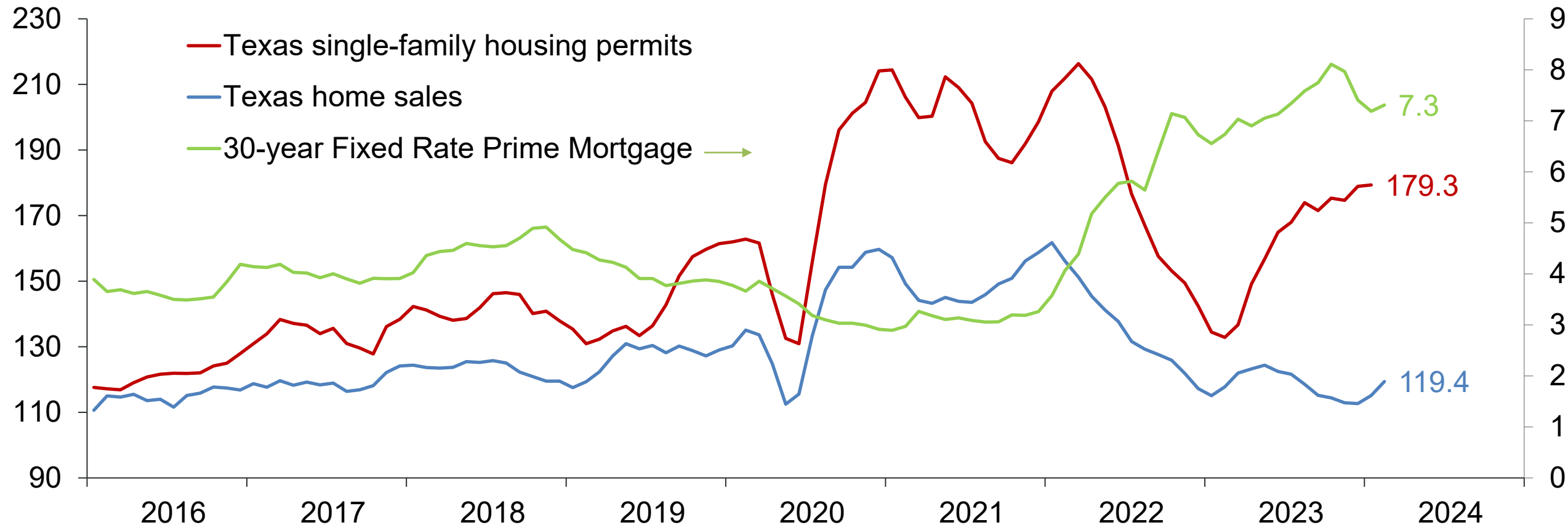
NOTES: Data through February 2024. Shaded area represents contractionary territory.  
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.  
DATA: [Surveys - Dallasfed.org](https://www.dallasfed.org/outlook/surveys)

# Real Estate, Finance and Energy

# Housing: Texas home sales rebound and housing permits flat

Index, Jan. 2013 = 100, 3MMA, SA

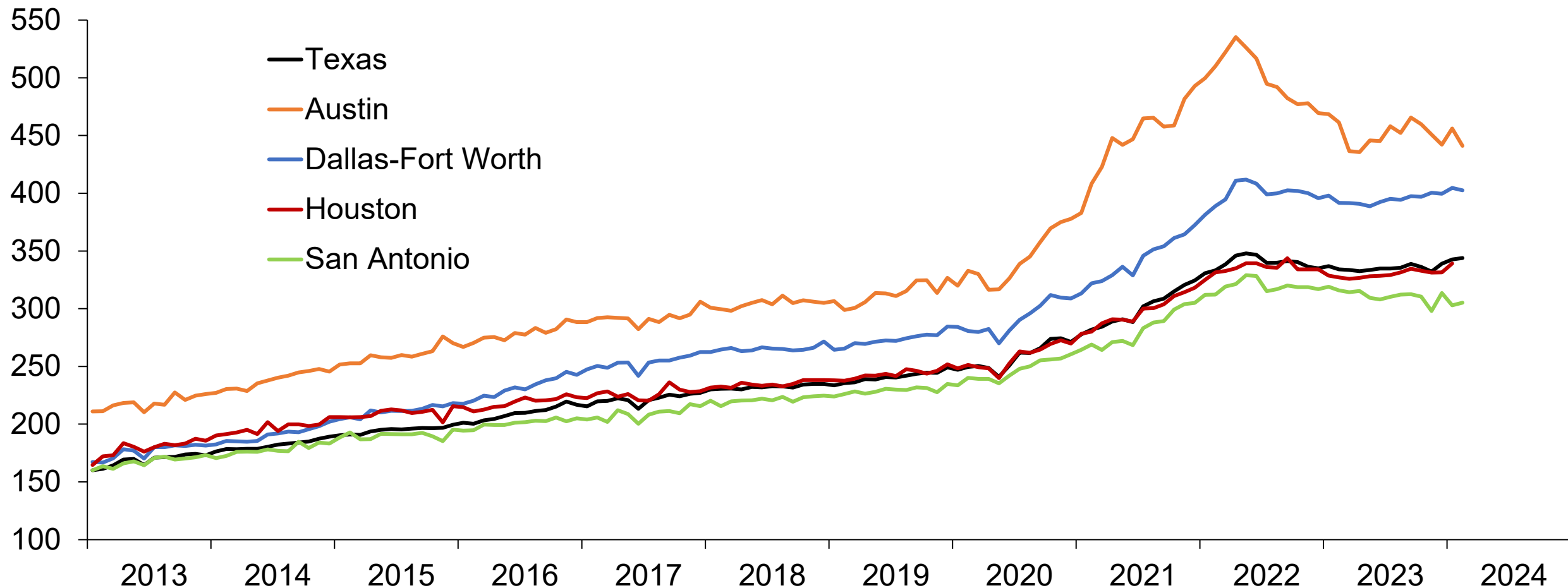
Interest rate, monthly average



NOTE: Data are monthly through January 2024 for housing permits and February 2024 for the rest.  
SOURCES: MLS; A&M Real Estate Center; Freddie Mac Primary Mortgage Market Survey; U.S. Census.

# House prices move sideways

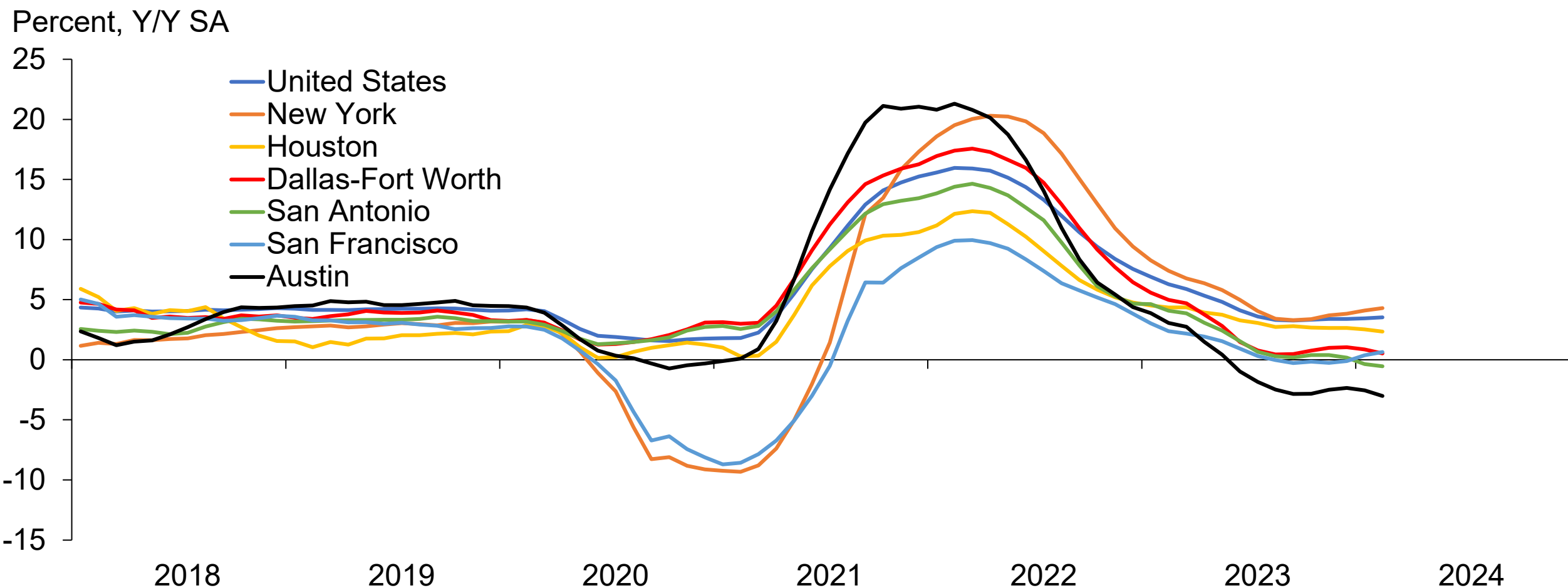
Median sales price, \$ SA



NOTES: Data through January 2024 for Houston and February 2024 for the rest.

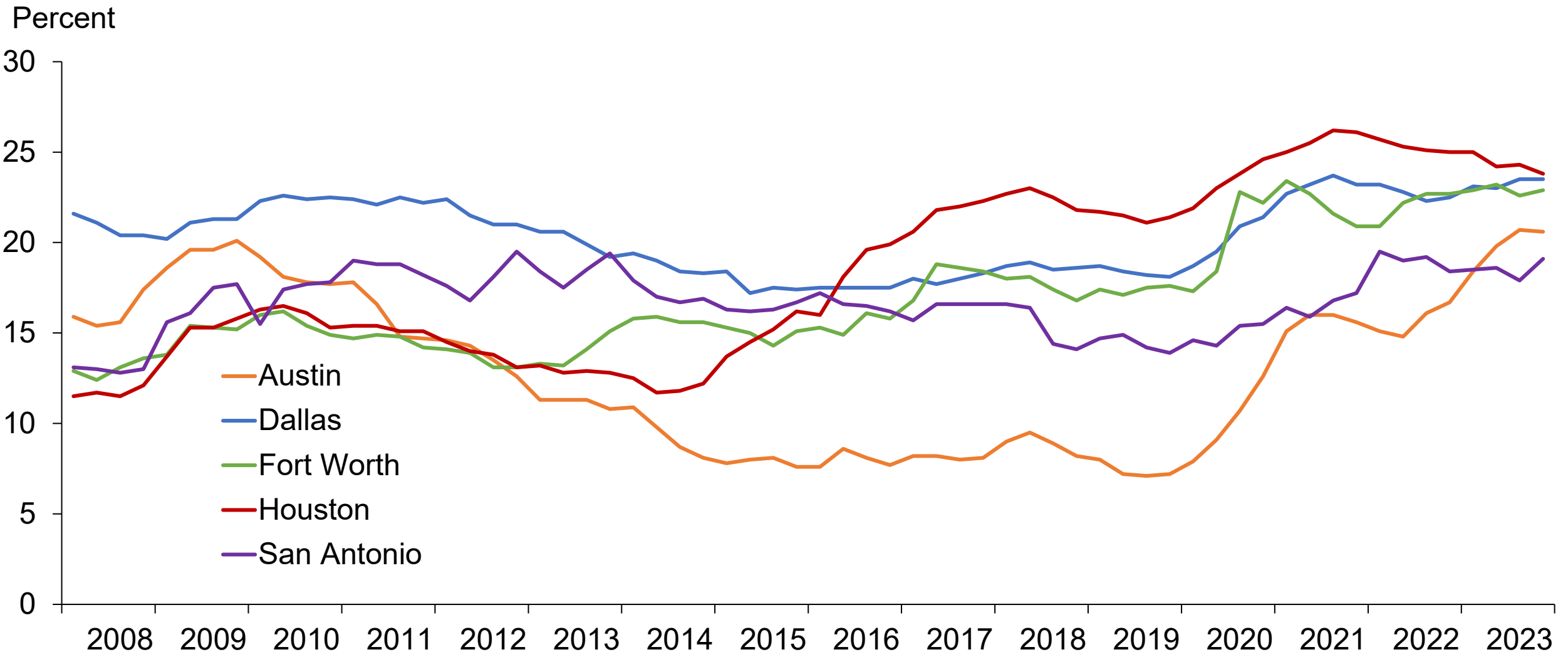
SOURCES: Multiple Listing Service; seasonal and other adjustments by Federal Reserve Bank of Dallas.

# Apartment rents flat to down in most Texas markets



NOTES: Data are monthly, seasonally adjusted through January 2024. New York is missing March through September 2020 data. San Francisco is missing June through October 2020 data. Missing data are linearly interpolated.

# Office vacancy stabilizes across Texas

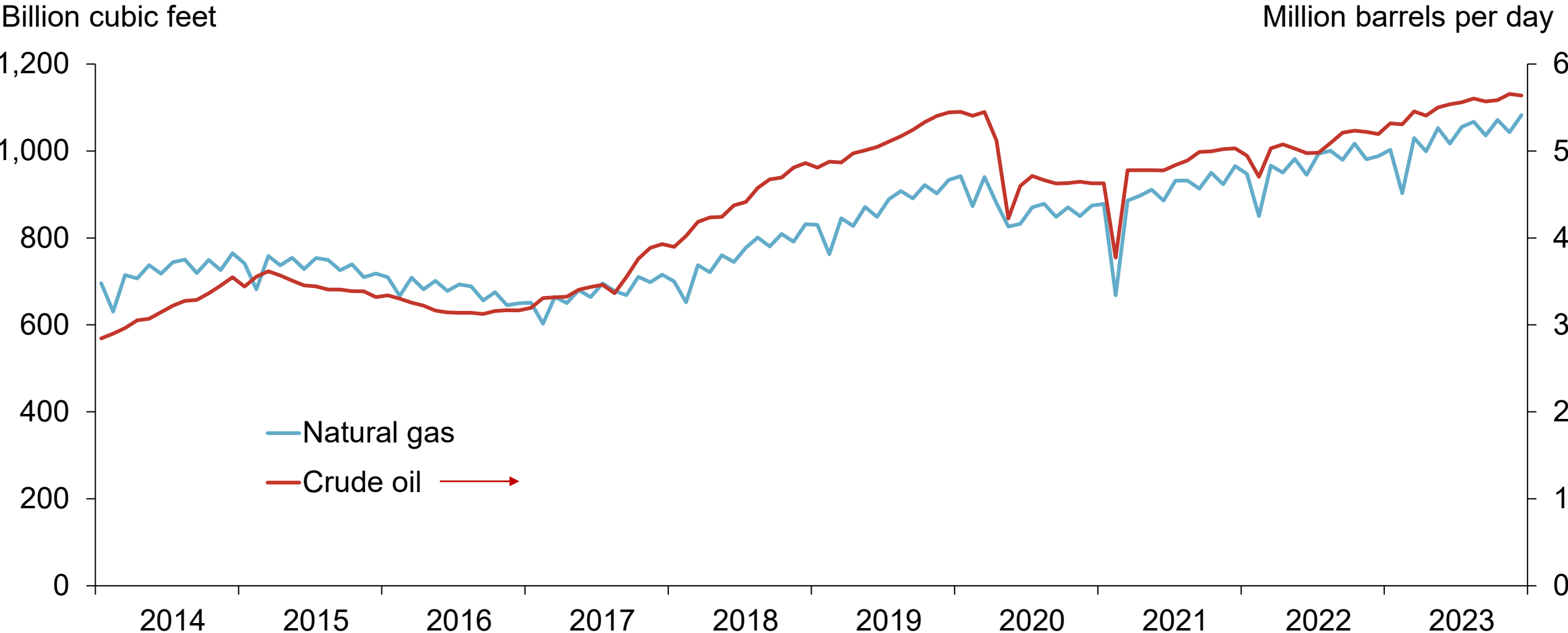


NOTE: Data through Q4 2023.

SOURCE: CBRE Econometric Advisors.



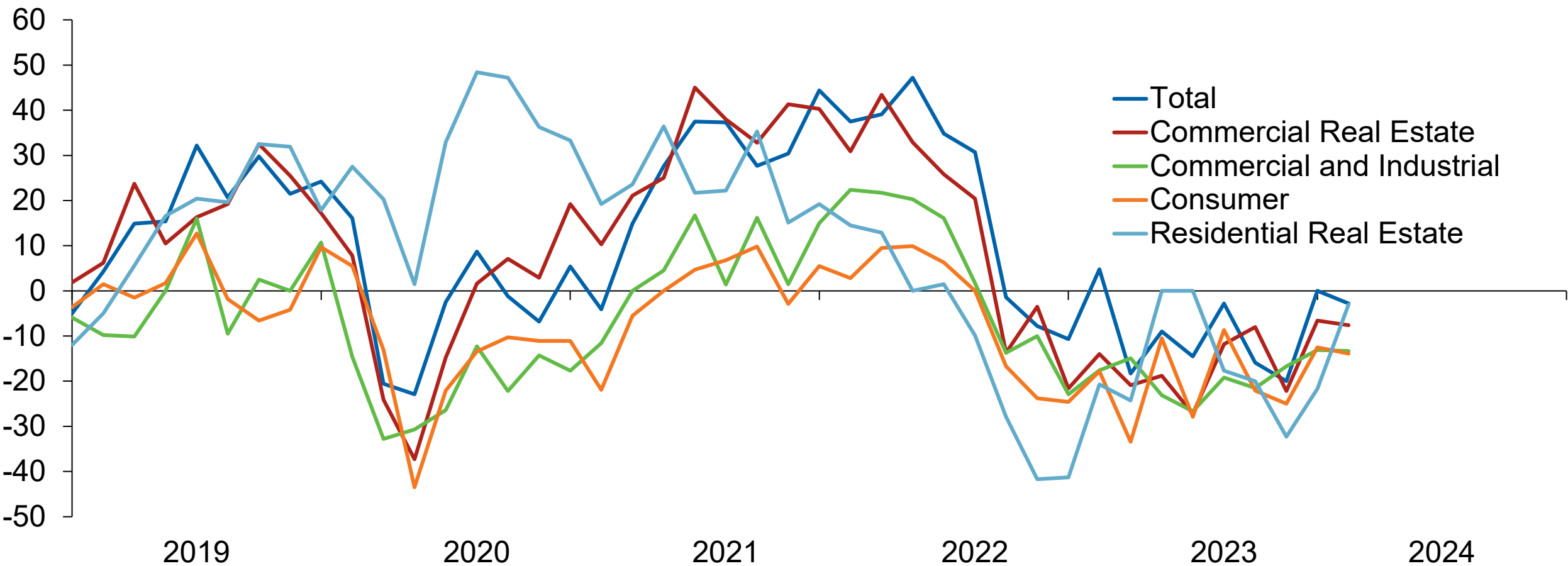
# Texas oil and gas production above pre-pandemic peak



NOTE: Shown are crude oil and natural gas marketed production through December 2023.  
SOURCE: Energy Information Administration.

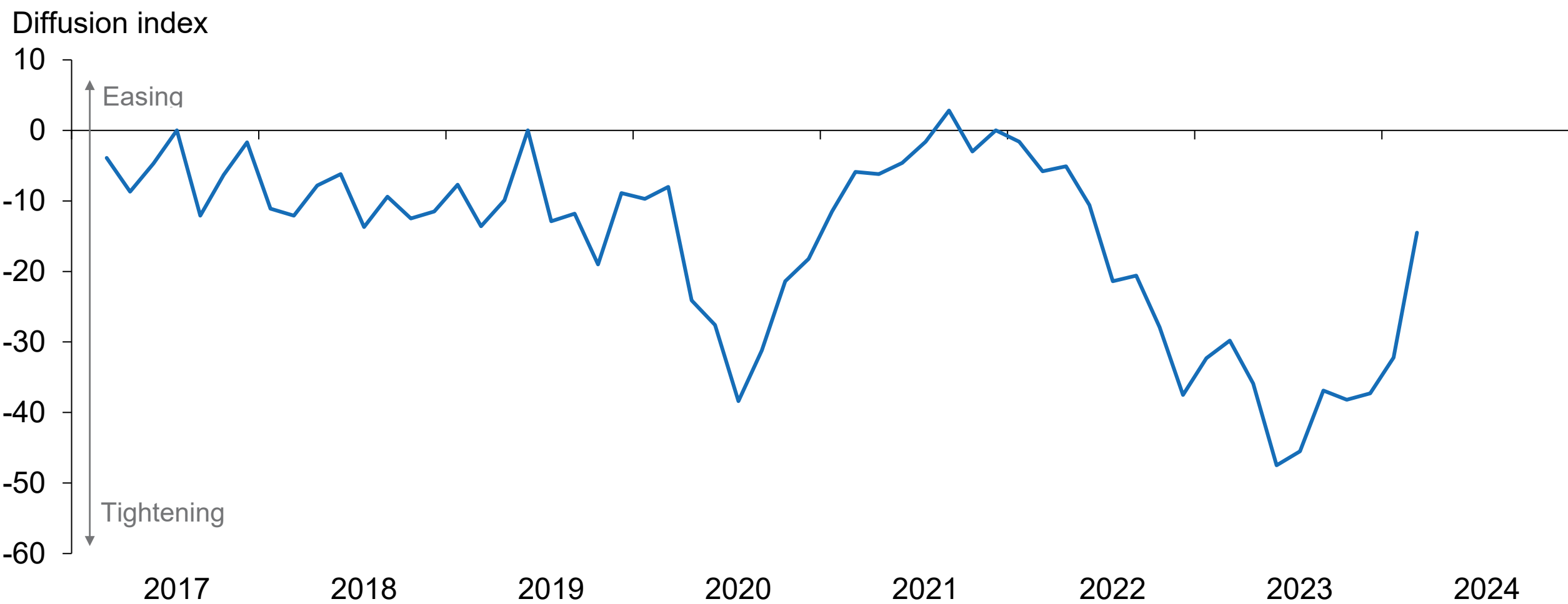
# Overall loan volumes flat in February, according to 11<sup>th</sup> District bankers

Diffusion index



NOTE: Data through February 2024.  
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

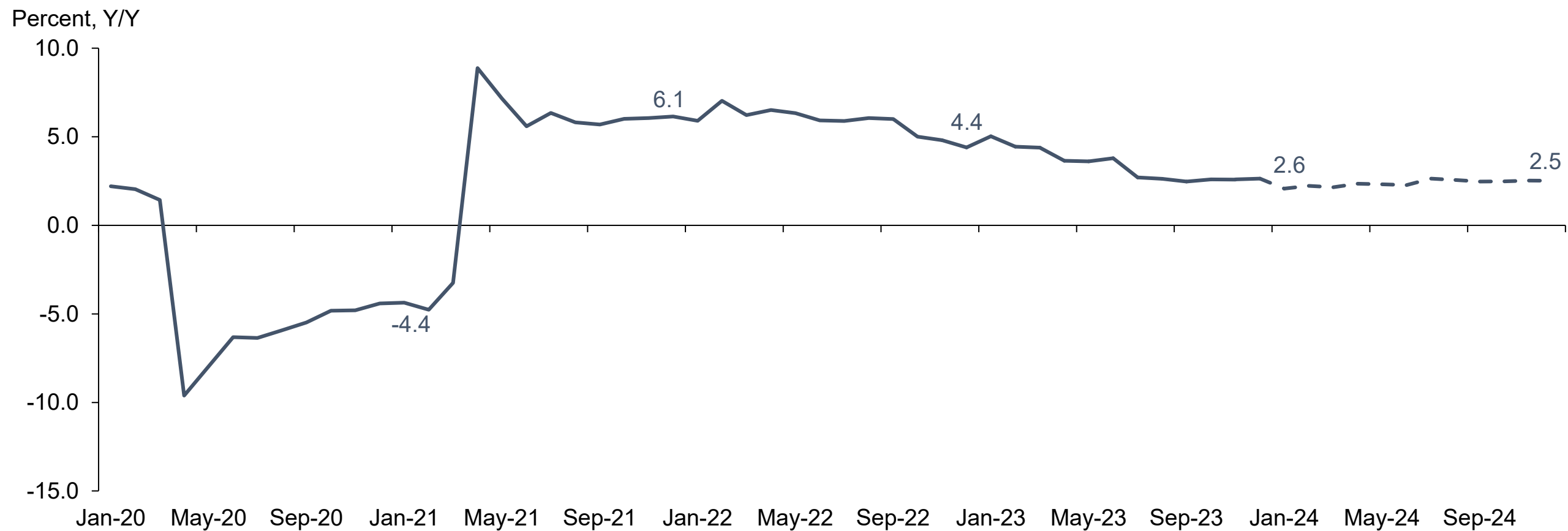
# Texas banks report continued tightening of credit standards albeit at a slower pace



NOTES: Includes credits and terms. Data are through February 2024.  
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

## **Outlook for 2024**

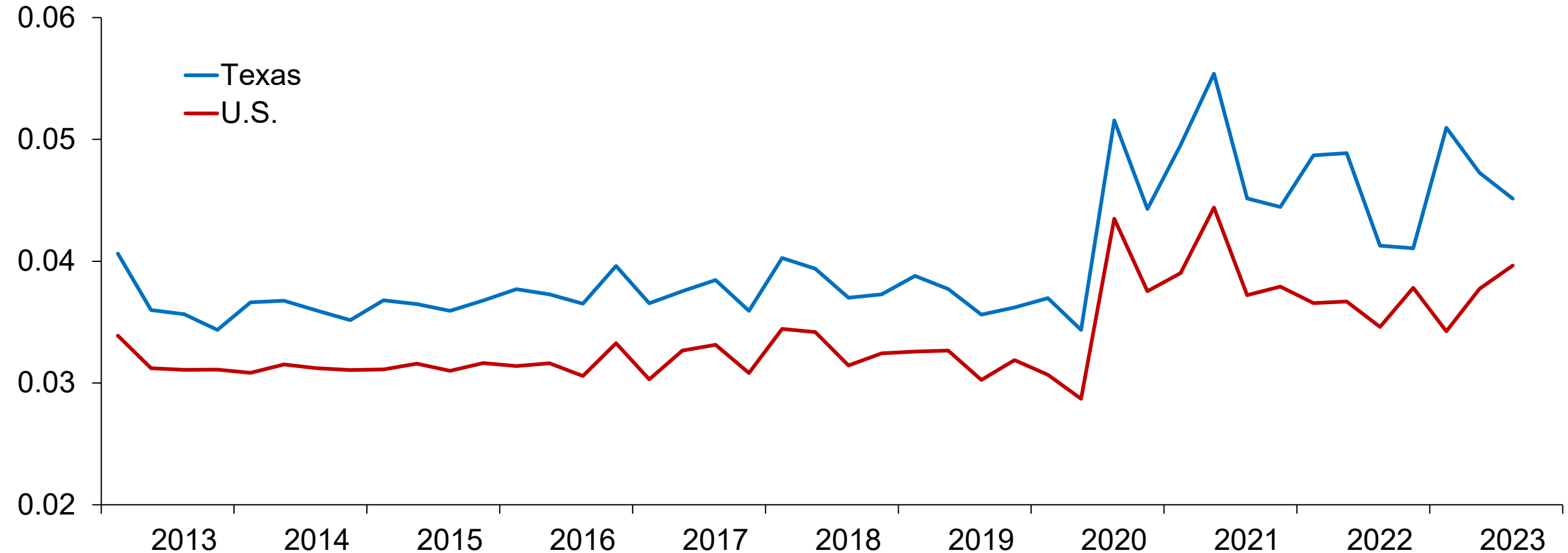
# The Texas employment forecast indicates 2.5 percent growth in 2024 after rising 2.6% in 2023



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 slows but remains above the nation

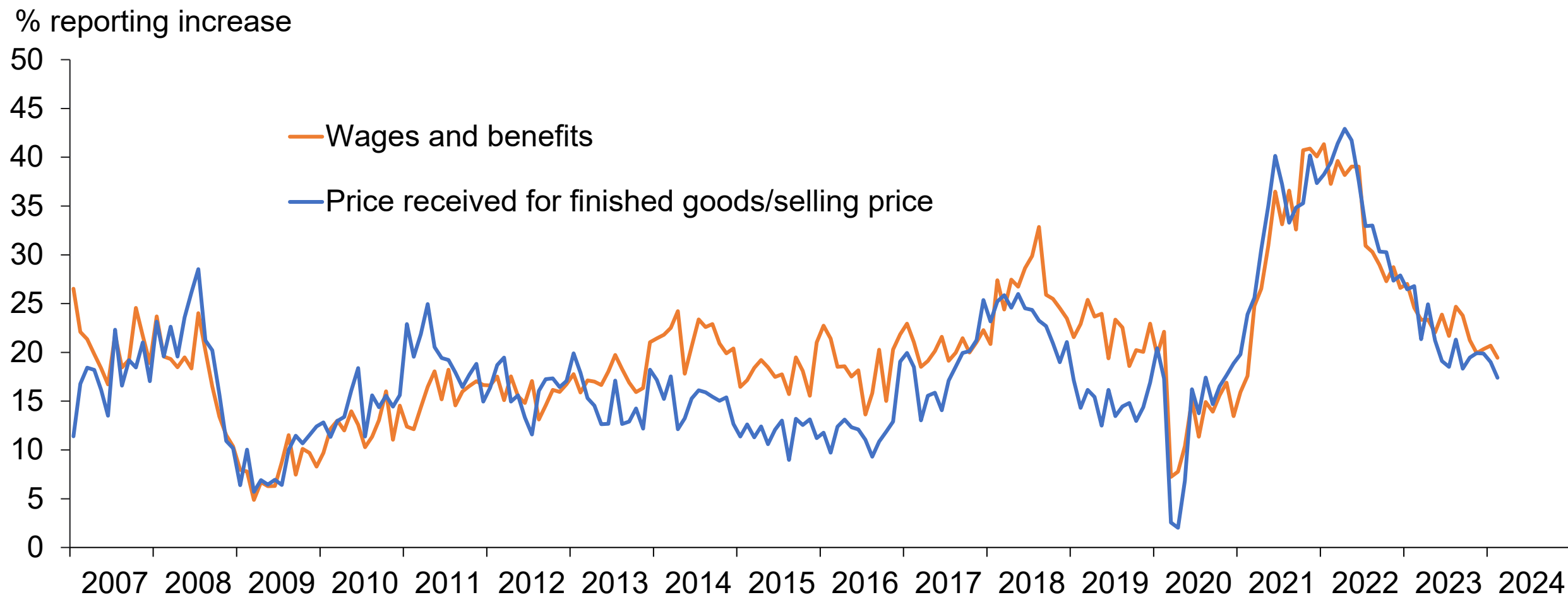
Business applications per business establishments



NOTES: Data are quarterly through Q3 2023. Business applications data are missing for the first week of January 2021.

SOURCE: U.S. Census Bureau.

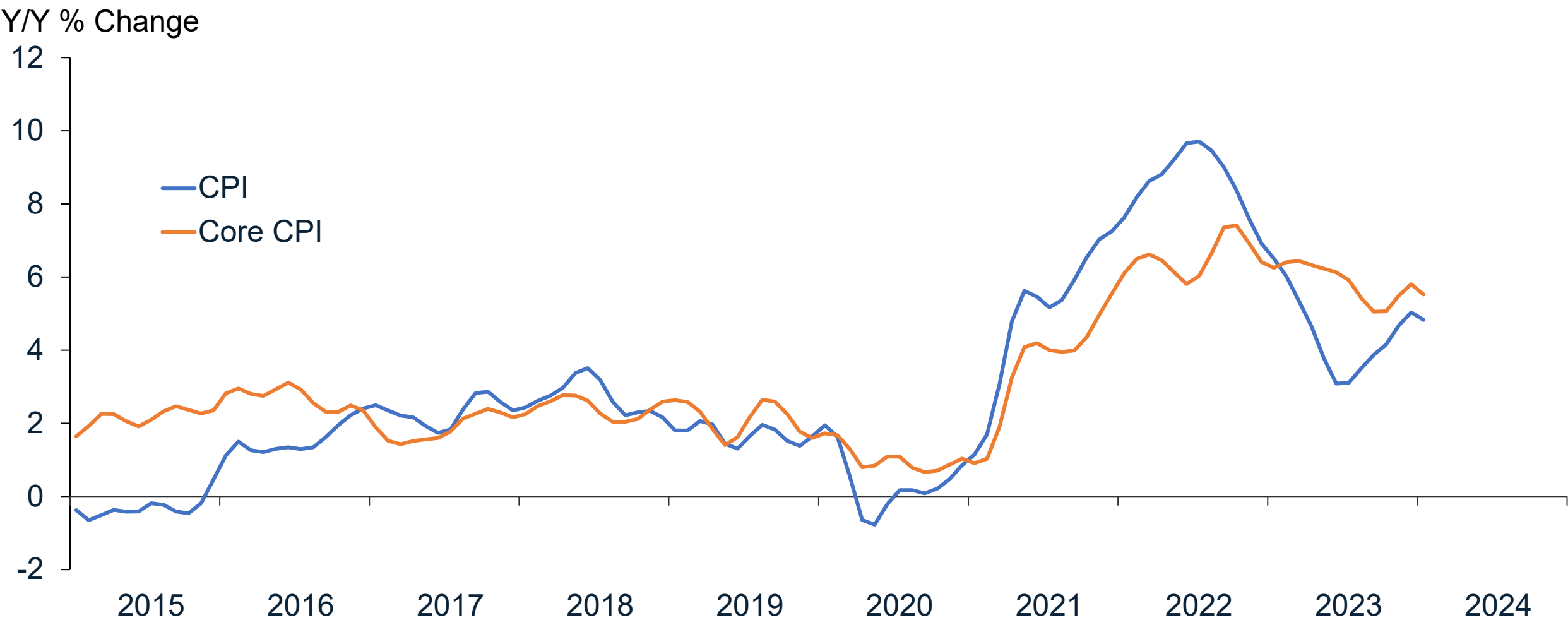
# Fewer Texas firms raise wages and prices in February



NOTES: Percent reporting increase was constructed by weighting the respective component of TMOS and TSSOS according to GDP shares. Data through February 2024.

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

# Texas CPI ticks down in January

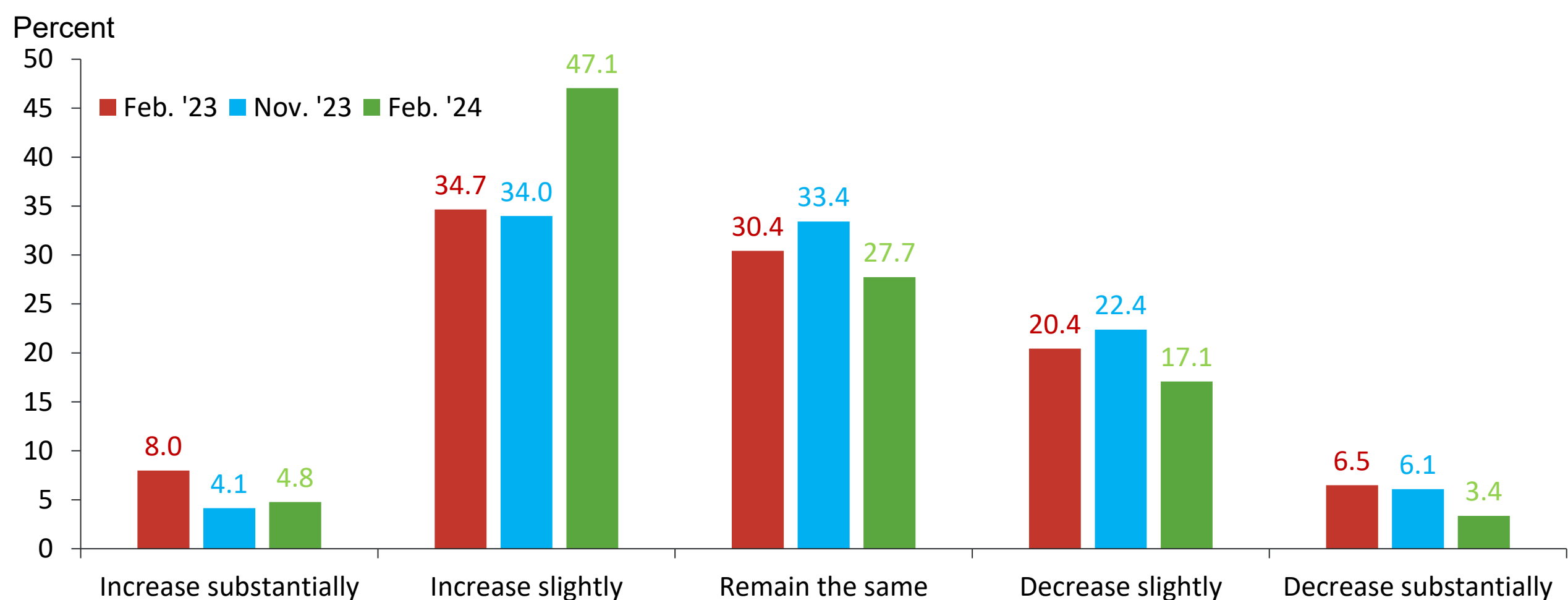


NOTE: CPI data through January 2024.  
SOURCE: Bureau of Labor Statistics.



# Survey Special Questions

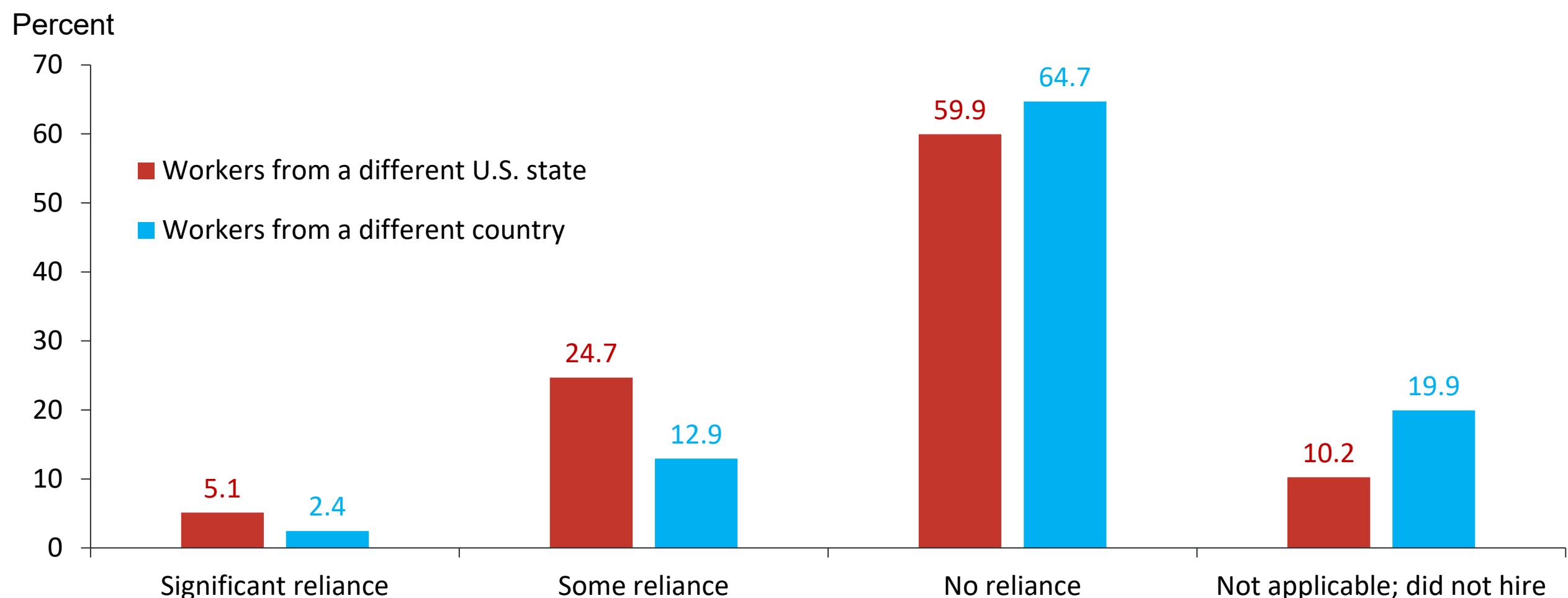
# 52% of Texas firms expect an increase in demand over the next six months, up from 38% in November



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 normal seasonal variation?". N = 357 in February 2024. In Feb. '23 the question asked about 2023 versus 2022.

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

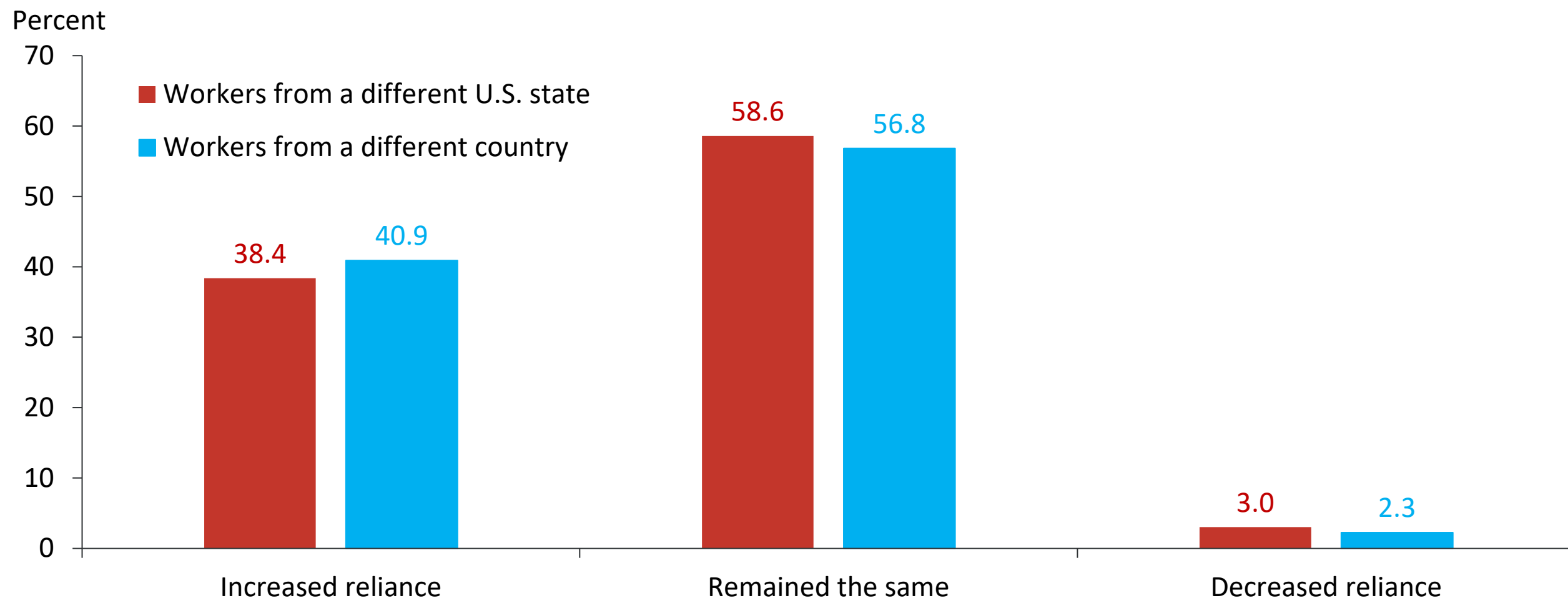
# Several firms report relying on migrant workers



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 = 332 in February 2024.

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

# Reliance on migrant workers flat to up for most firms



NOTES: Firms were asked, "Over the past year, how has your reliance on these workers changed?". N = 99 in February 2024. This question was only posed to those answering "significant reliance" or "some reliance" to the previous question.

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

**Thank you!**  
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