Texas Economic Performance and Outlook
(March 2024)

“Employment Growth Accelerates”

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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.
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.


DATA: Texas Employment by Industry - Dallasfed.org
YTD Texas employment growth led by manufacturing and professional and business services

Job Growth (%)*

*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
Texas job growth continues to outpace the nation

Job Growth (%)*

*Seasonally adjusted, annualized rate.
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

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

- **Texas**: 3.1%
- **Houston** (24.4%): 3.2%
- **Dallas** (21.7%): 0.2%
- **Austin** (9.6%): 4.1%
- **Fort Worth** (8.6%): 2.7%
- **San Antonio** (8.3%): 0.2%

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

Unemployment rate (%)*

*Seasonally adjusted.
NOTE: Data are through February 2024.
DATA: Texas Employment by Industry - Dallasfed.org
Unemployment rises for Blacks, declines for Hispanics and Non-Hispanic Whites

NOTE: Last data points are February 2024 values.
Texas total jobless claims flat

Index, Jan. 2021 = 100, SA

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

NOTES: Data through February 2024. Shaded area represents contractionary territory. SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys. DATA: Surveys - Dallasfed.org
Real Estate, Finance and Energy
Housing: Texas home sales rebound and housing permits flat

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

- Texas single-family housing permits
- Texas home sales
- 30-year Fixed Rate Prime Mortgage

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

- Texas
- Austin
- Dallas-Fort Worth
- Houston
- San Antonio

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.
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 11th District bankers

NOTE: Data through February 2024.
Texas banks report continued tightening of credit standards albeit at a slower pace

NOTES: Includes credits and terms. Data are through February 2024.
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

% reporting increase

Wages and benefits
Price received for finished goods/selling price

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

NOTE: CPI data through January 2024.
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.

Several firms report relying on migrant workers

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<tr>
<th>Significant reliance</th>
<th>Some reliance</th>
<th>No reliance</th>
<th>Not applicable; did not hire</th>
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<tbody>
<tr>
<td>Workers from a different U.S. state</td>
<td>5.1</td>
<td>24.7</td>
<td>59.9</td>
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<tr>
<td>Workers from a different country</td>
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<td>12.9</td>
<td>64.7</td>
</tr>
<tr>
<td>Percent</td>
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</tbody>
</table>

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.

Reliance on migrant workers flat to up for most firms

Noted: 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.

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