



Federal Reserve
Bank of Dallas

Texas Economic Performance and Outlook

(December 2024)

**“Employment Growth Up Slightly
in November”**

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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.

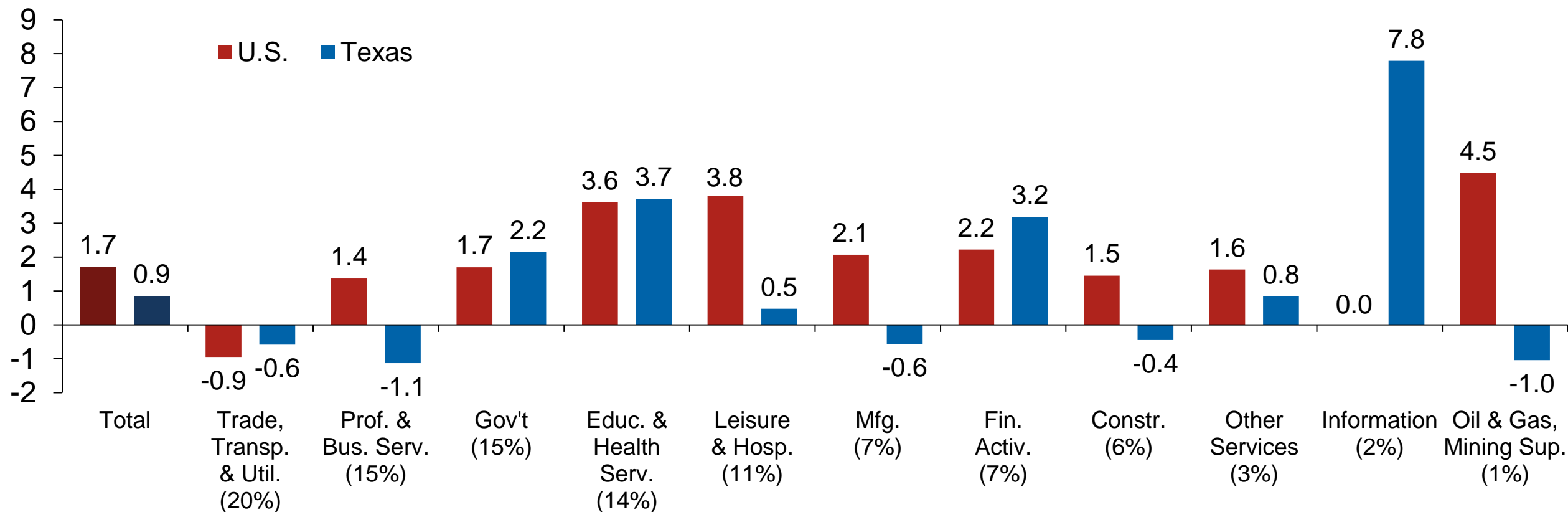
What's New: Job growth modest in November, 2024 employment forecast decreases

- Texas employment increased 0.9% in November, faster than October's 0.1% increase
 - U.S. job growth was 1.7% in November
- The Dallas Fed's Texas Employment Forecast indicates jobs will increase by 1.6% in 2024
 - Forecast was 2.1% percent previously
- Year-to-date Texas employment growth is 1.6%, above the U.S. 1.4% growth
- Texas unemployment ticked up to 4.2% in November
 - U.S. unemployment rate likewise ticked up to 4.2% in November
- November Texas Business Outlook Surveys (TBOS) show a flat manufacturing sector and an expanding service sector.
 - Texas firms expect an increase in demand over the next six months mainly due to greater general economic conditions, leading to greater operating margins.

Overall Economic Activity

Texas employment grew strongest in information

Job Growth November 2024/October 2024 (%)*



*Seasonally adjusted, annualized rate.

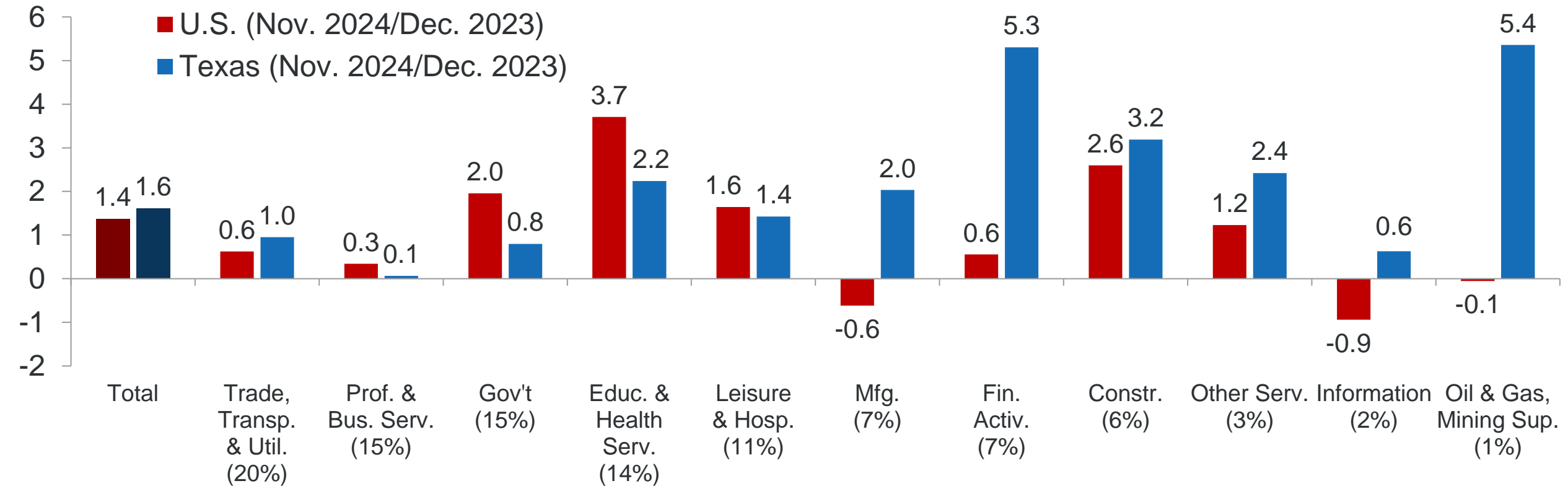
NOTE: Numbers in parenthesis indicate share of total state employment in November 2024.

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

DATA: [Texas Employment by Industry - Dallasfed.org](#)

YTD Texas employment growth remains ahead of the nation, strongest gains in financial activity and oil and gas

Job Growth (%)*



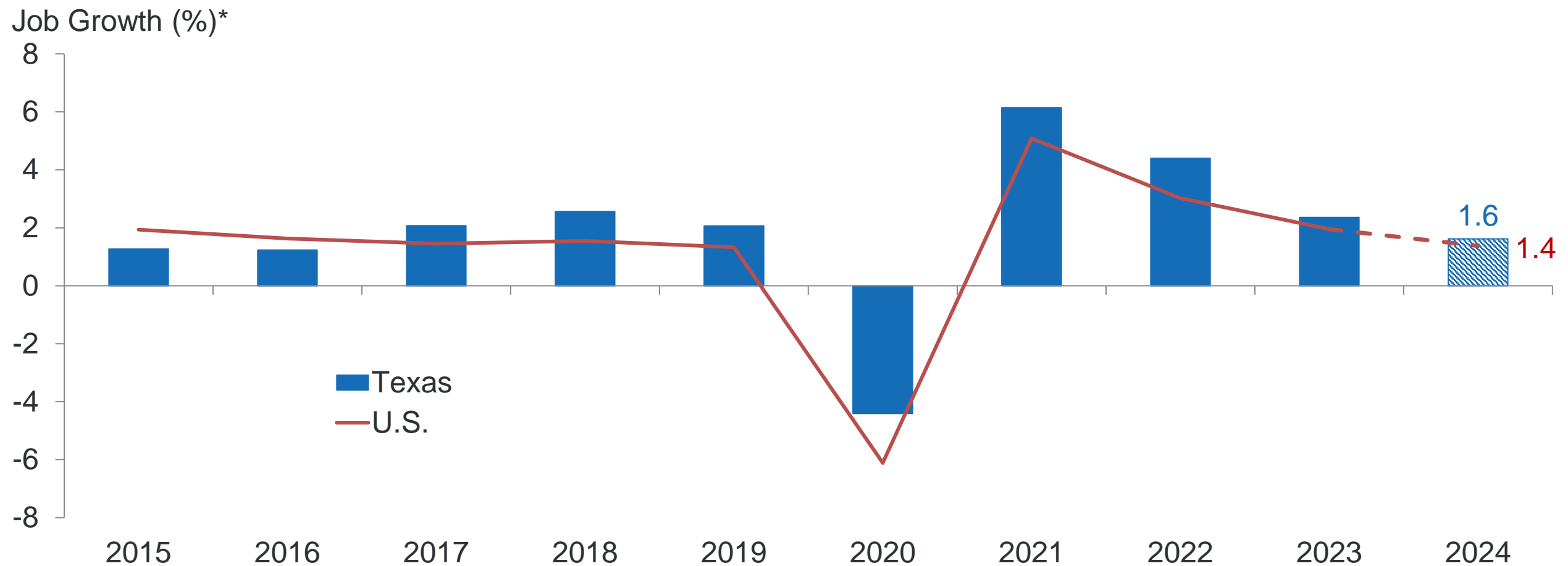
*Seasonally adjusted, annualized rate.

NOTE: Numbers in parentheses indicate share of total state employment for November 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' 2024 job growth below trend, slightly above the nation's



*Seasonally adjusted, annualized rate.

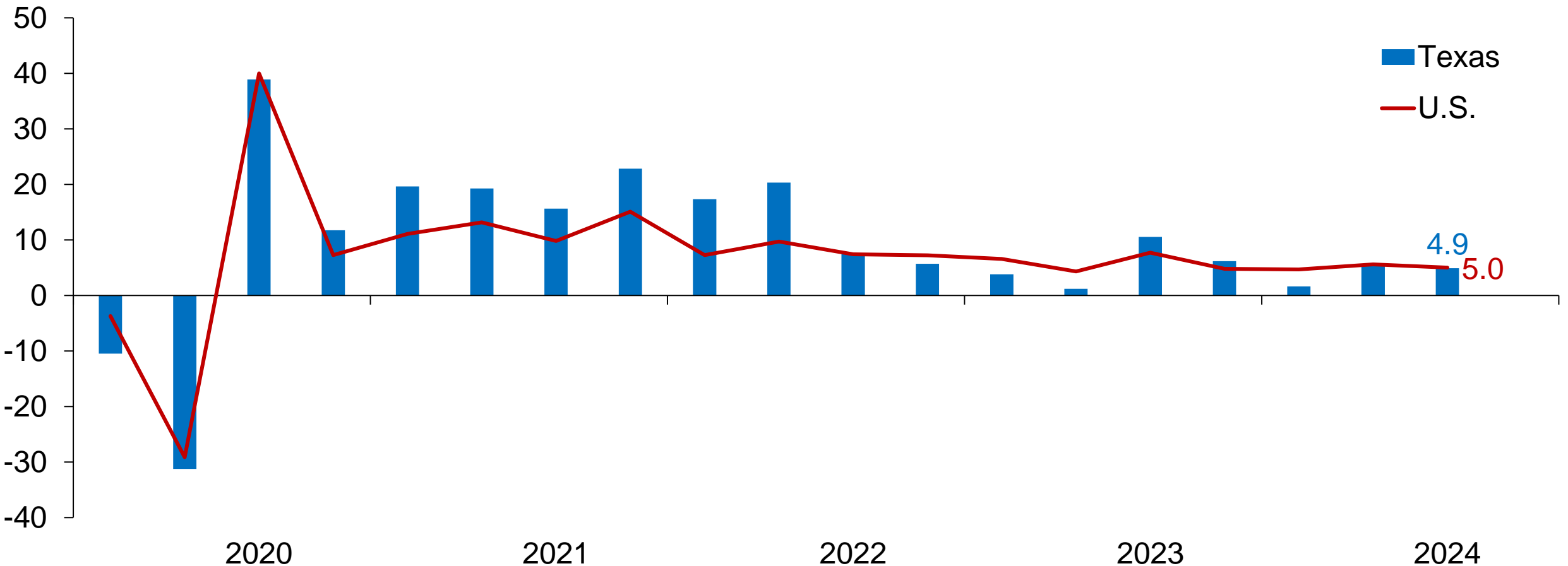
NOTES: Last data points are annualized job growth for Nov. 2024/Dec. 2023. Yearly growth is Dec/Dec.

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](#)

Strong GDP growth for Texas and the nation

Percent, Q/Q*



*Seasonally adjusted, annualized rate.

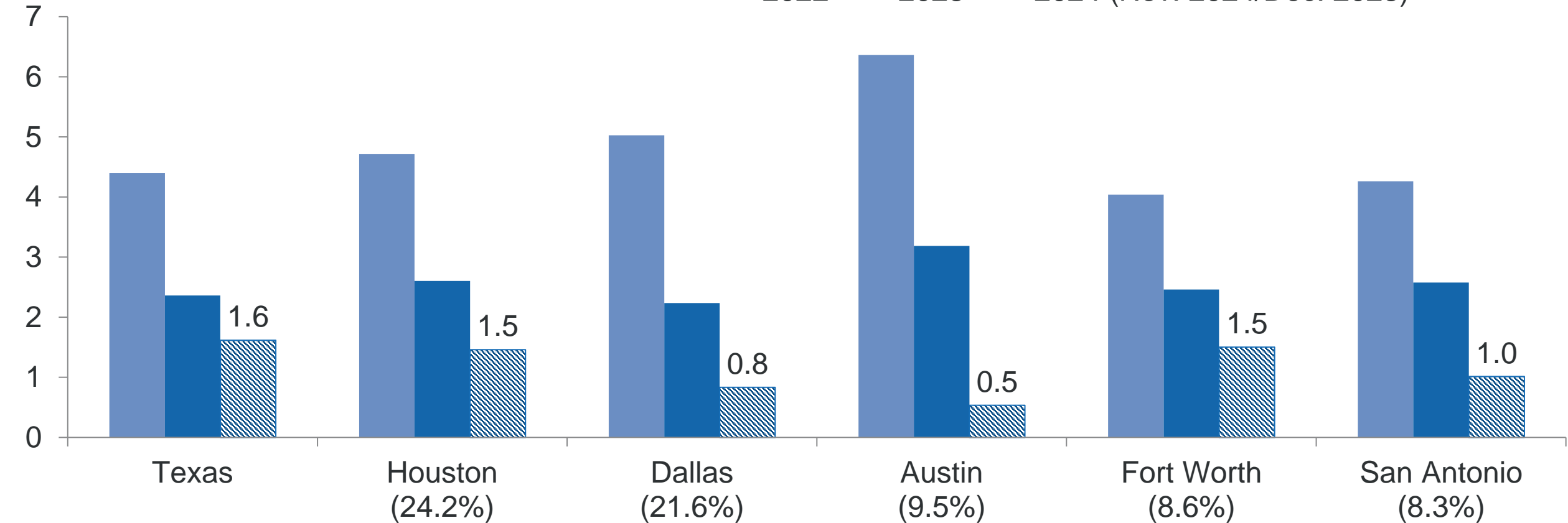
NOTE: Shown are quarterly, nominal GDP growth for the U.S. and GSP (gross state product) growth. Data is quarterly through Q3 2024.

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

Fort Worth and Houston lead major metros in YTD employment growth

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

■ 2022 ■ 2023 ■ 2024 (Nov. 2024/Dec. 2023)



*Seasonally adjusted, annualized rate.

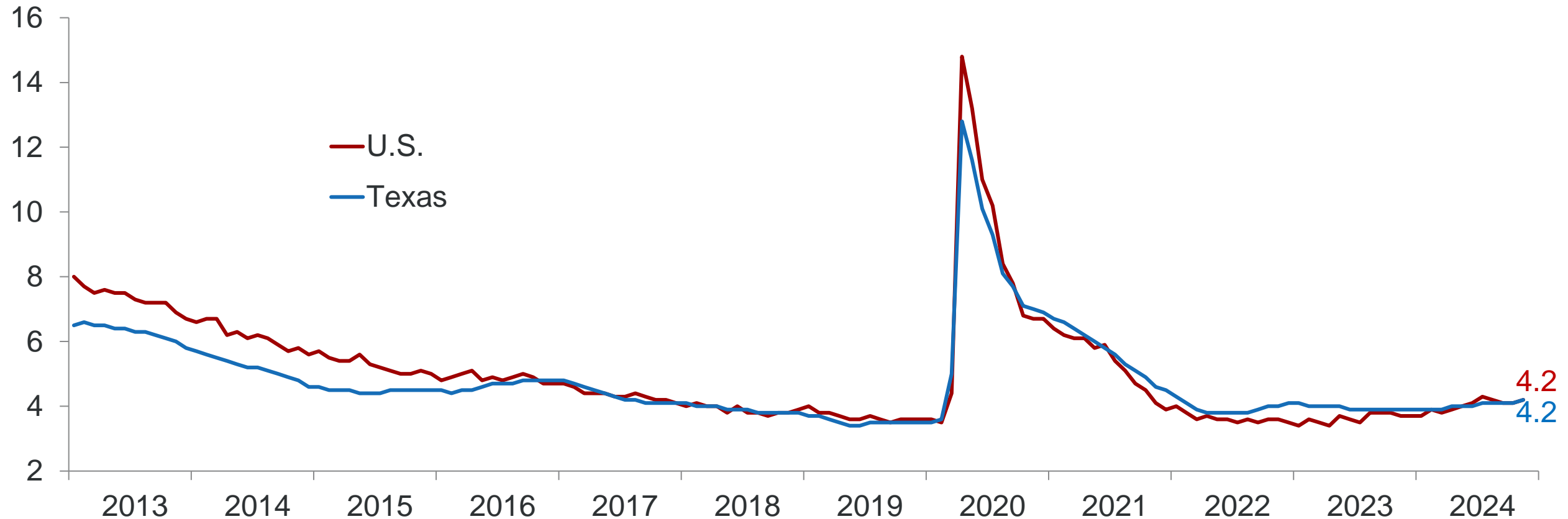
NOTE: Numbers in parenthesis indicate share of state employment for November 2024.

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://dallasfed.org/research/texas-employment-data)

Unemployment rate ticks up in Texas and the nation

Unemployment rate (%)*



*Seasonally adjusted.

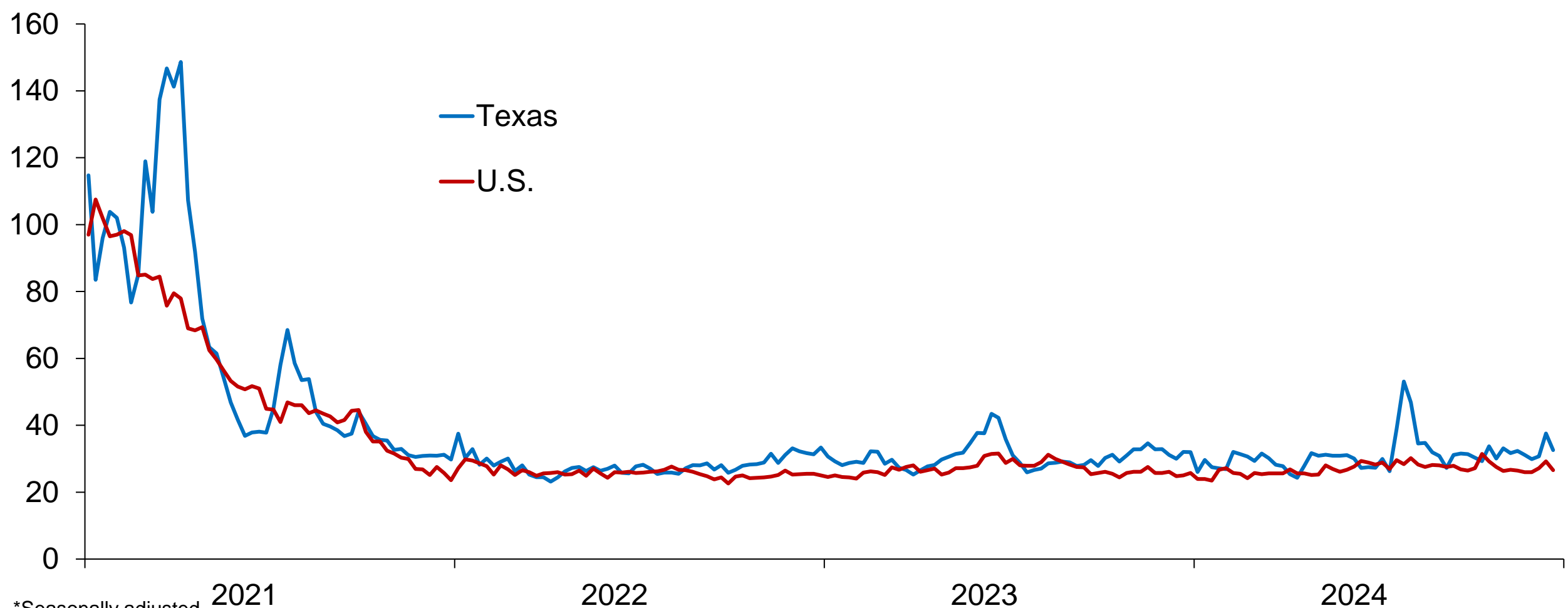
NOTE: Data are through November 2024.

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 claims tick down after slight rise

Index, Jan. 2021 = 100*

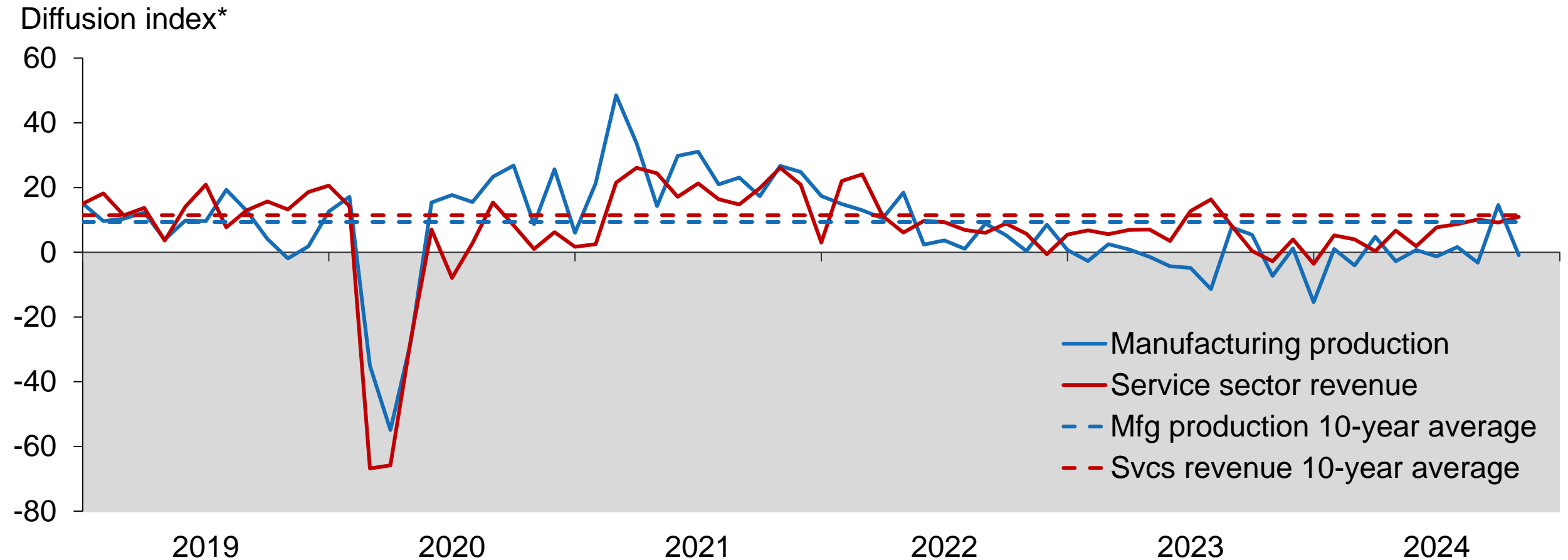


*Seasonally adjusted.

NOTE: Data are through the week ending December 14, 2024.

SOURCE: Department of Labor.

Service sector revenue remains positive while manufacturing production flattens



*Seasonally adjusted.

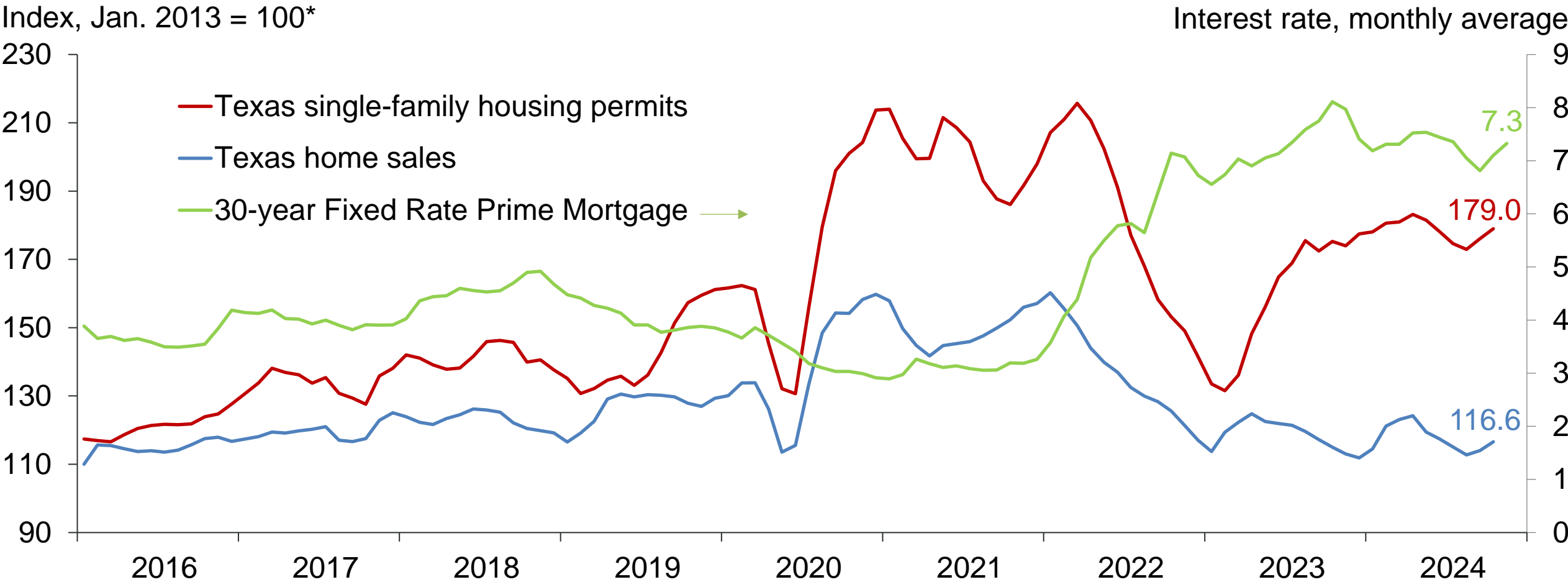
NOTES: Data through November 2024. Shaded area represents contractionary territory.

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

DATA: [Surveys - Dallasfed.org](https://surveys.dallasfed.org)

Real Estate, Finance and Energy

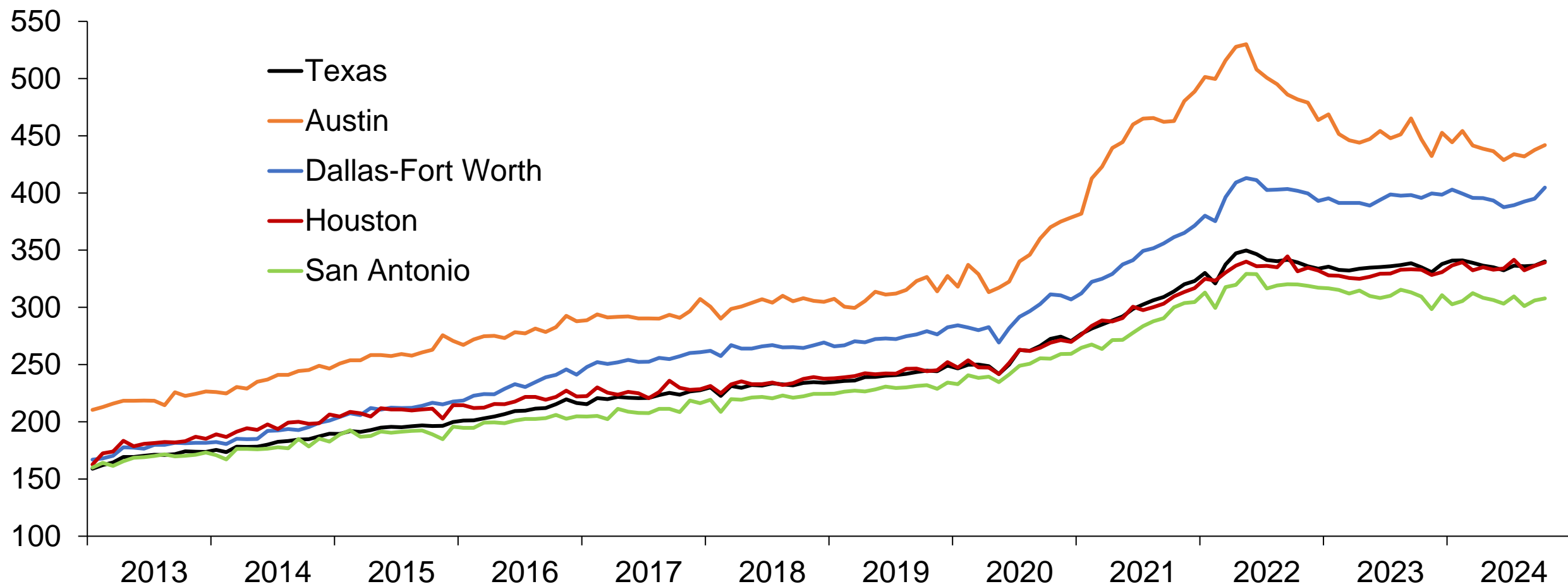
Texas home sales, permits and mortgage rates tick up



*Seasonally adjusted, three-month moving average.
NOTE: Data are monthly through October 2024 for housing permits and home sales and November 2024 for mortgage rates.
SOURCES: MLS; A&M Real Estate Center; Freddie Mac Primary Mortgage Market Survey; U.S. Census.

Texas house prices rise in October

Median sales price, \$*

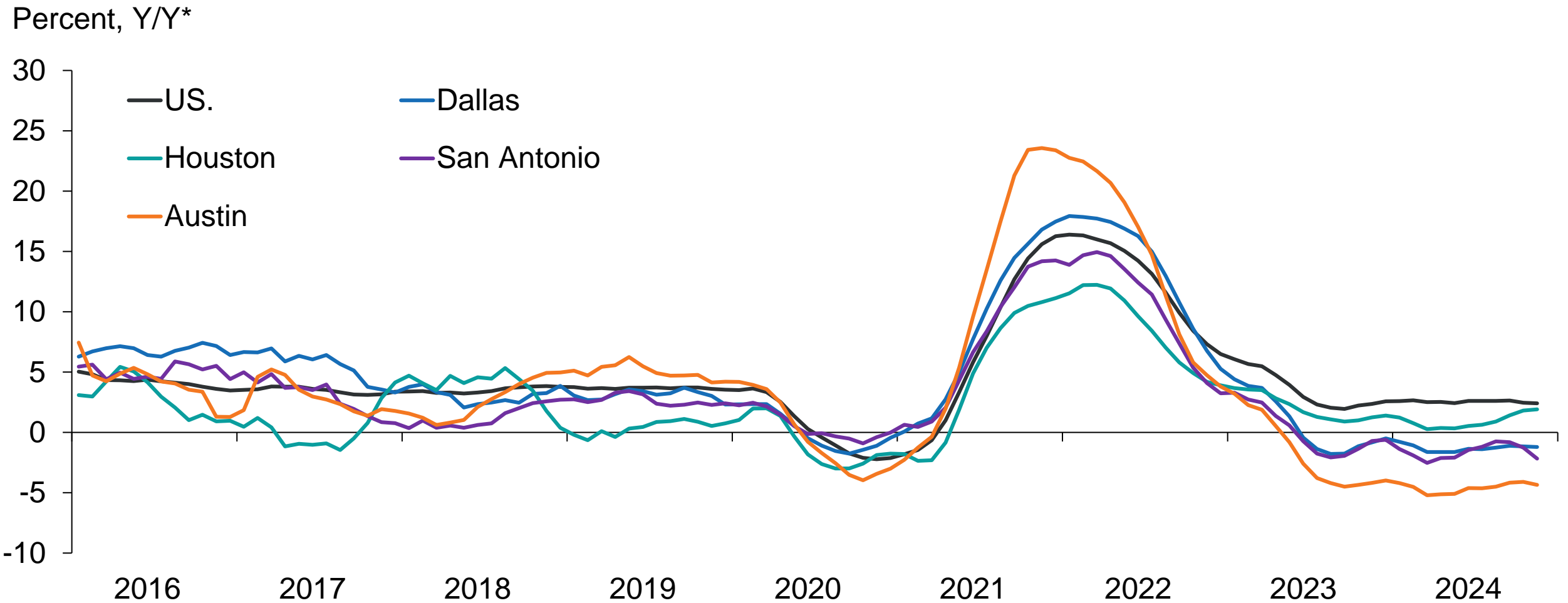


*Seasonally adjusted.

NOTE: Data are monthly through October 2024.

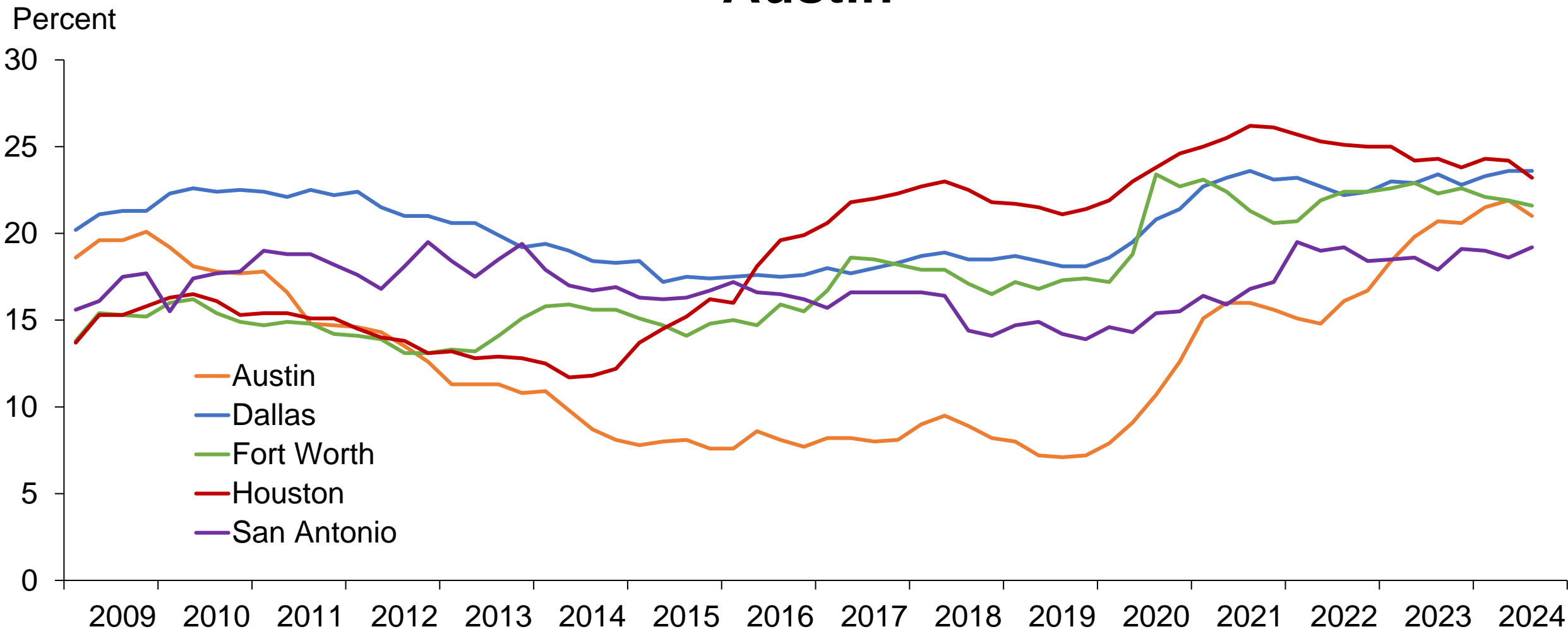
SOURCES: Multiple Listing Service; seasonal and other adjustments by Federal Reserve Bank of Dallas.

Apartment rents rising in Houston



*Smoothed and seasonally adjusted
NOTES: Data are monthly through November 2024.
SOURCE: Zillow.

Office vacancy ticks down in Houston, Fort Worth, and Austin

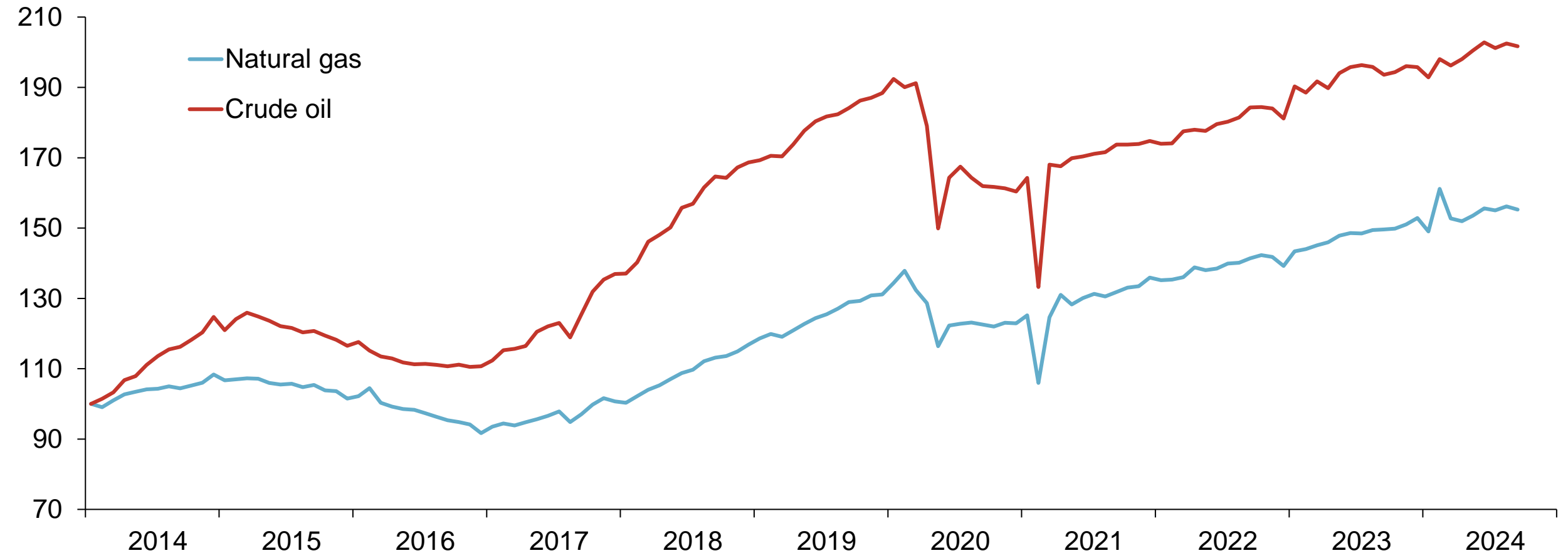


NOTE: Data through Q3 2024.

SOURCE: CBRE Econometric Advisors.

Texas oil and gas production tick down in September

Index, Jan. 2014 = 100*



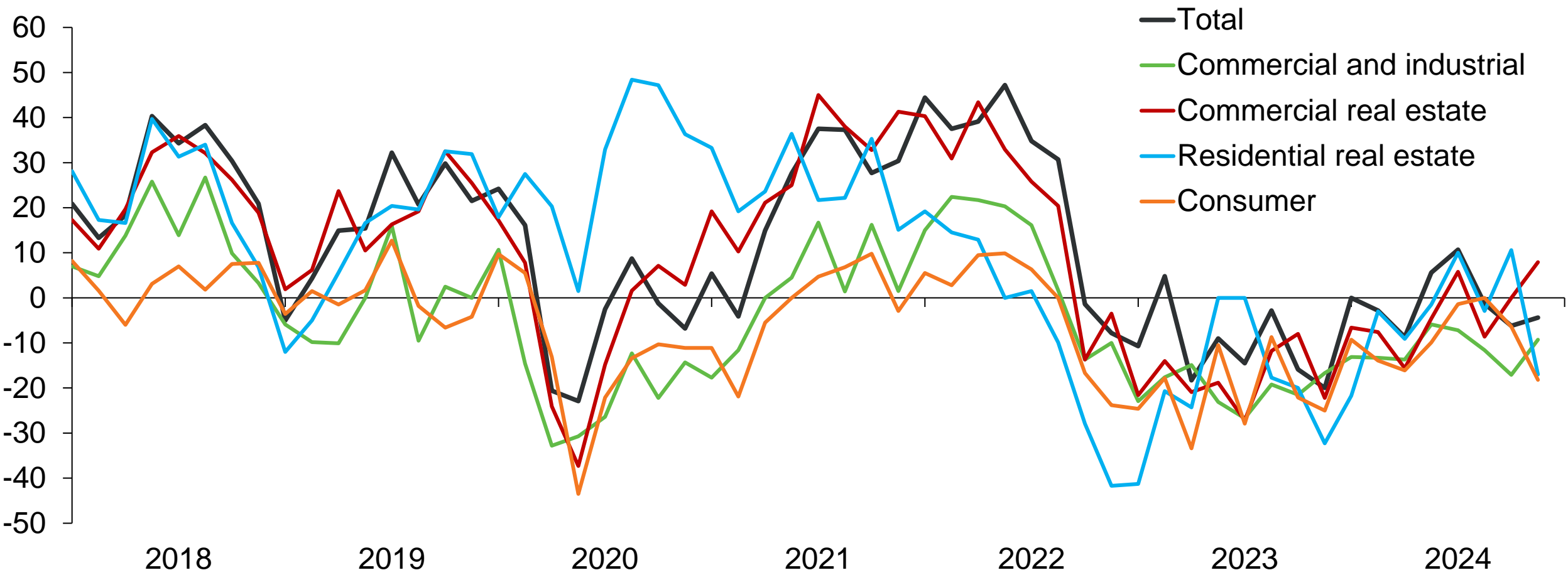
*Seasonally adjusted.

NOTES: Shown are crude oil and natural gas marketed production through September 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.

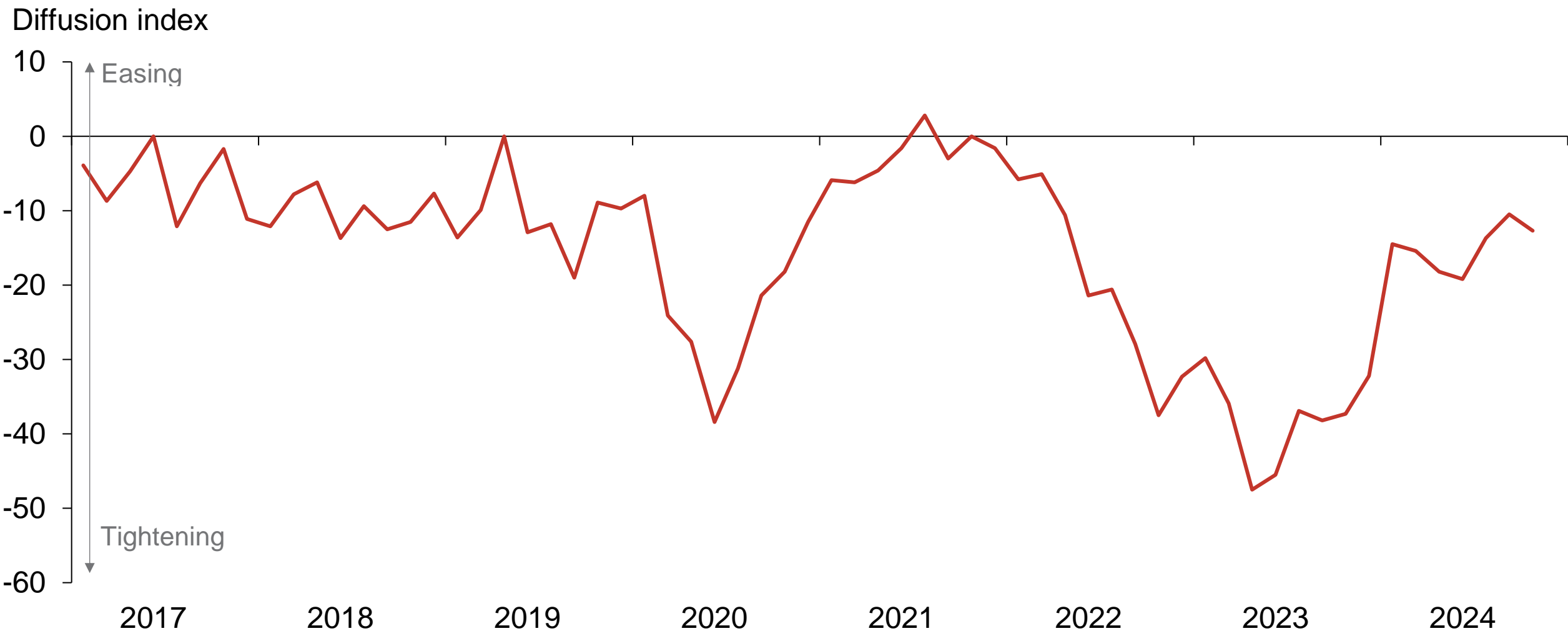
Overall loan volumes down in November, according to 11th District bankers

Diffusion index



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

Texas banks report continued credit tightening

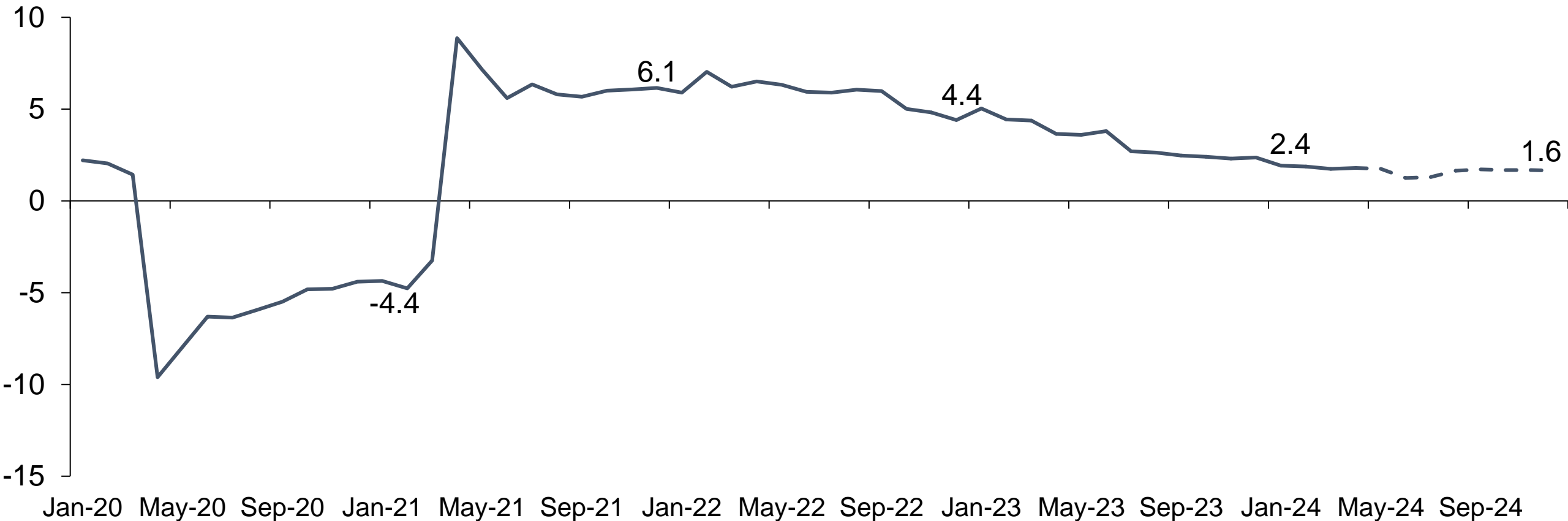


NOTES: Includes credits and terms. Data are through November 2024.
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

Outlook for 2024

The Texas employment forecast indicates 1.6% growth in 2024, below 2% long-run trend

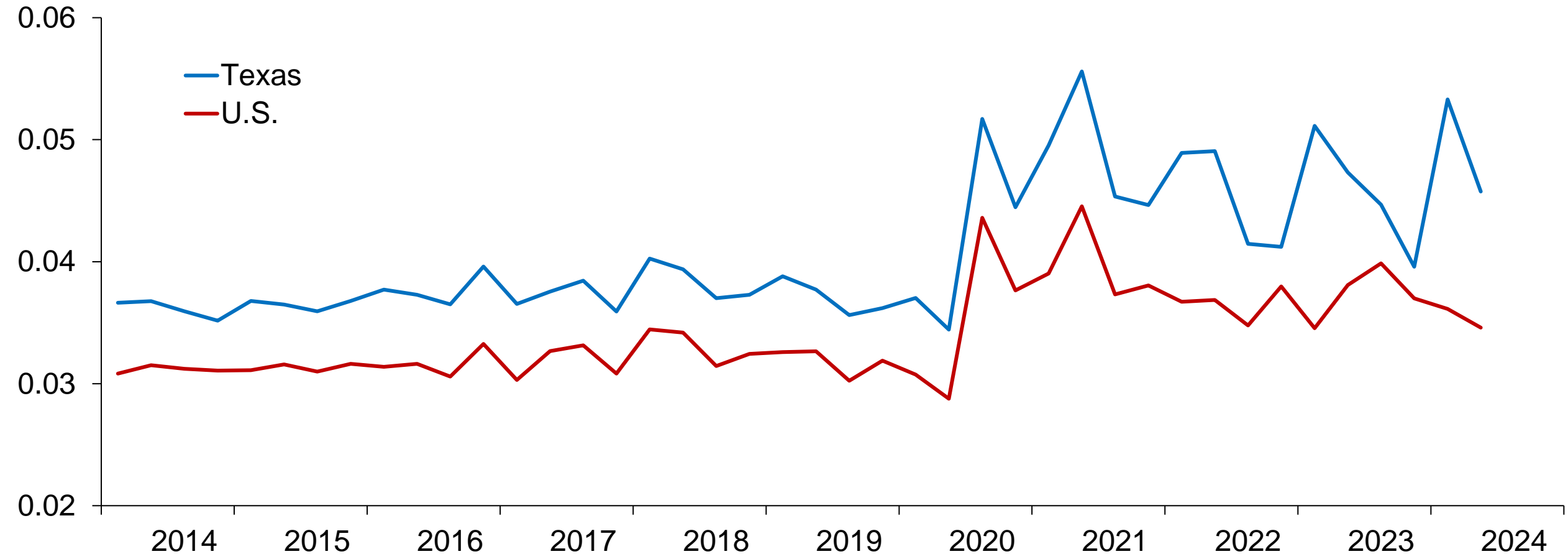
Percent, Y/Y



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 ticks down yet remains faster than the nation midyear

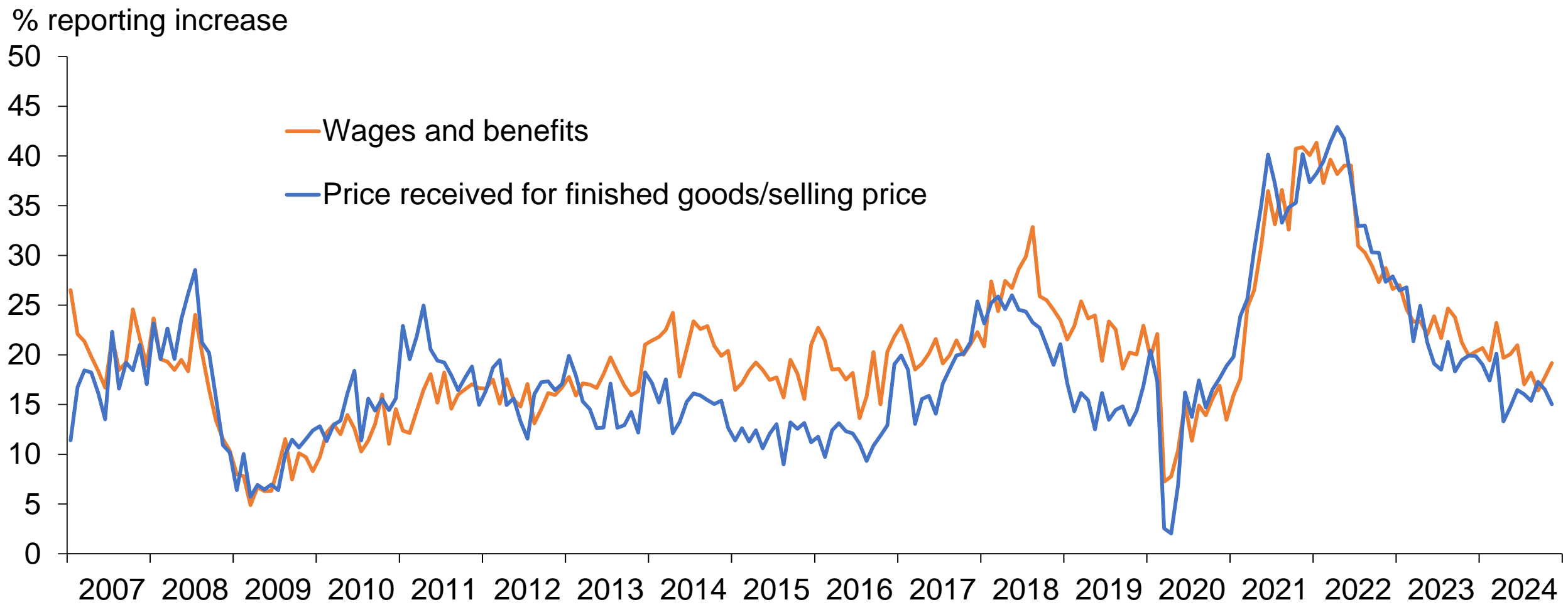
Business applications per business establishments



NOTES: Data are quarterly through Q2 2024. Business applications data are missing for the first week of January 2021.

SOURCE: U.S. Census Bureau.

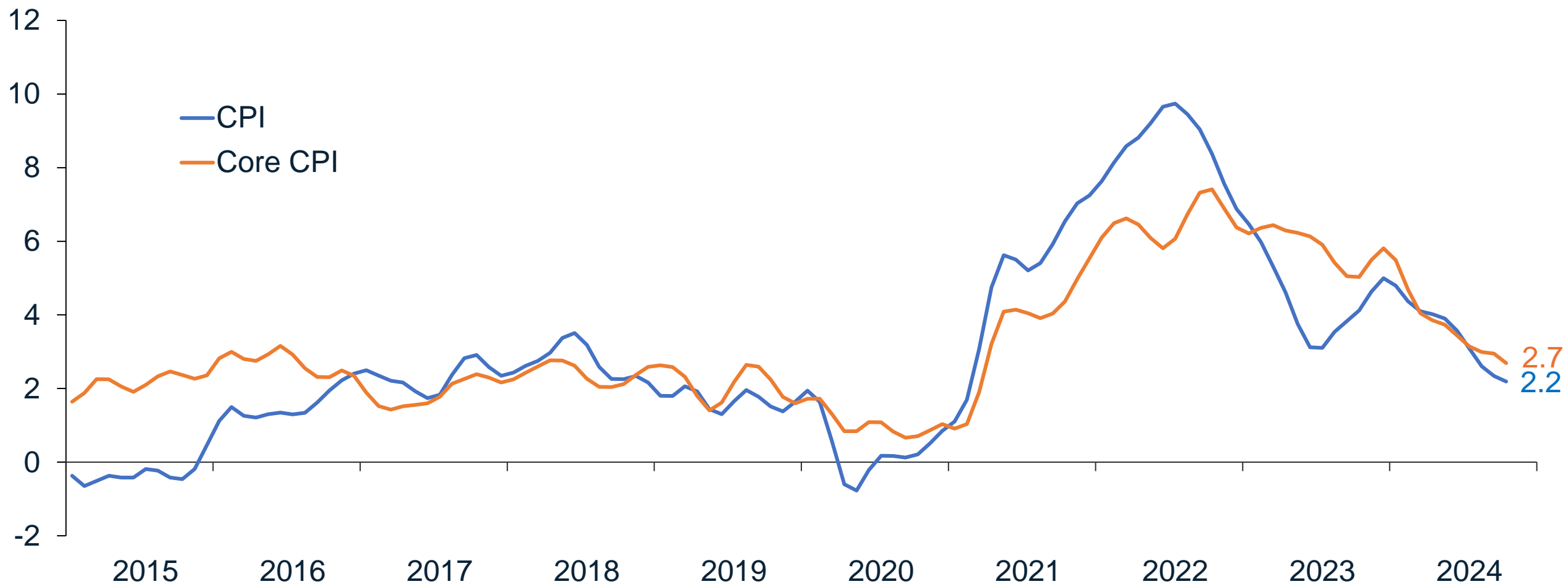
Share of Texas firms reporting an increase wages ticks up while prices tick down in November



NOTES: Percent reporting increase was constructed by weighting the respective component of TMOS and TSSOS according to GDP shares. Data through November 2024.
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

Texas CPI moving in the right direction through October

Percent change, Y/Y*



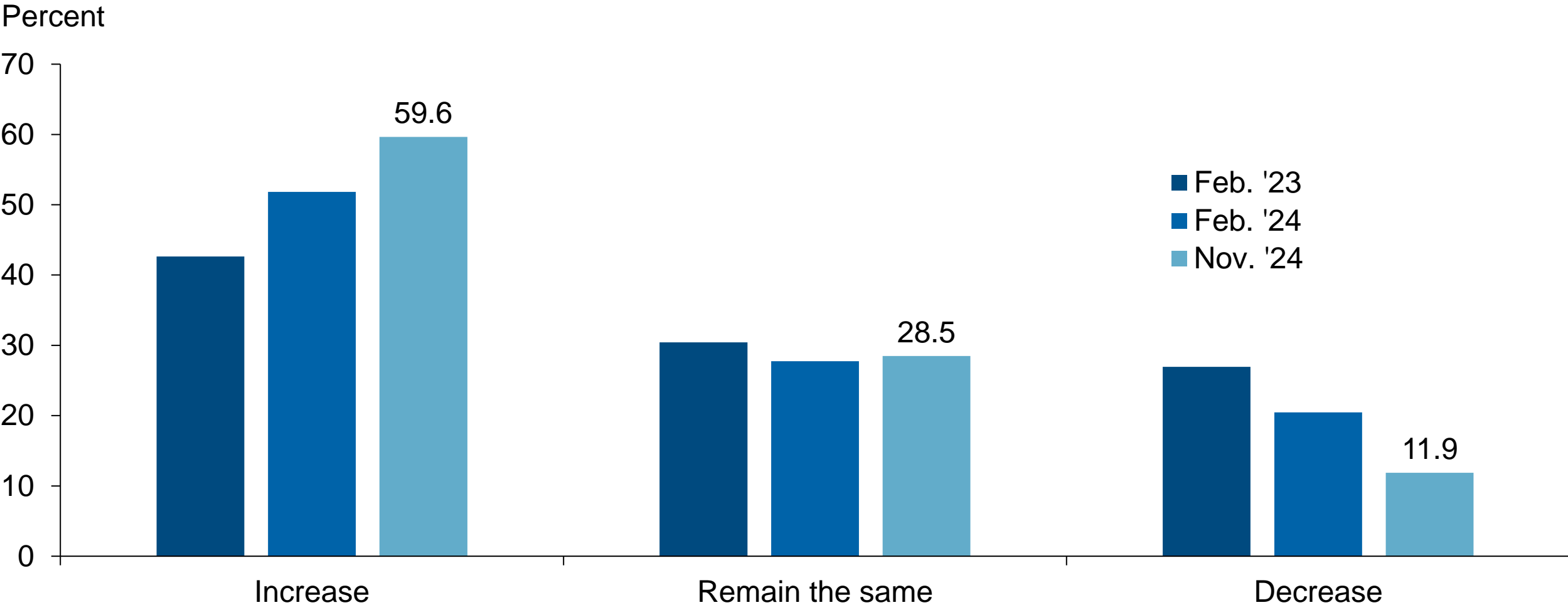
*Seasonally adjusted.

NOTE: CPI data through October 2024.

SOURCE: Bureau of Labor Statistics.

Survey Special Questions

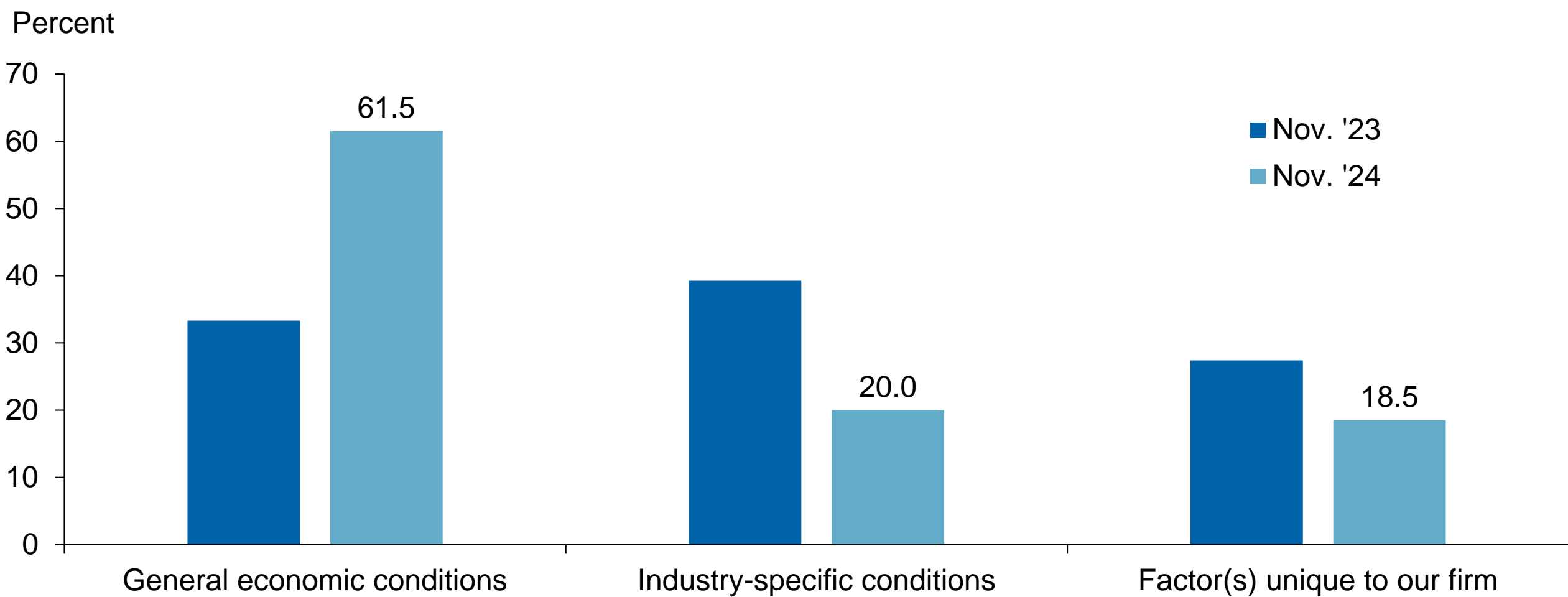
60 percent of Texas firms expect greater demand over the next six months



NOTES: Respondents 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?" In Feb. '23, the question asked about 2023 versus 2022. N=337 in November 2024.

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

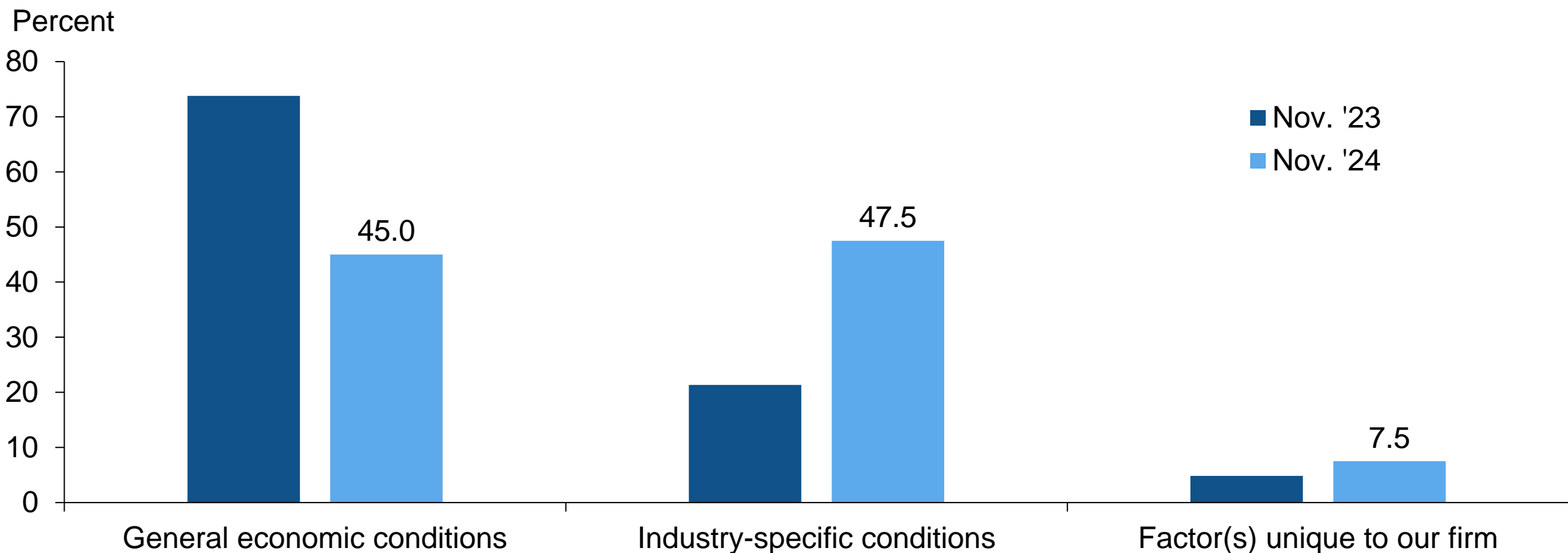
Of those who expect greater demand, the majority attribute the increase to a more favorable economic climate



NOTES: Respondents who reported an increase in expected demand were asked "Is this expected increase in demand primarily attributable to changes in general economic conditions, conditions specific to your industry or a factor unique to your firm?" N=200 in November 2024.

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

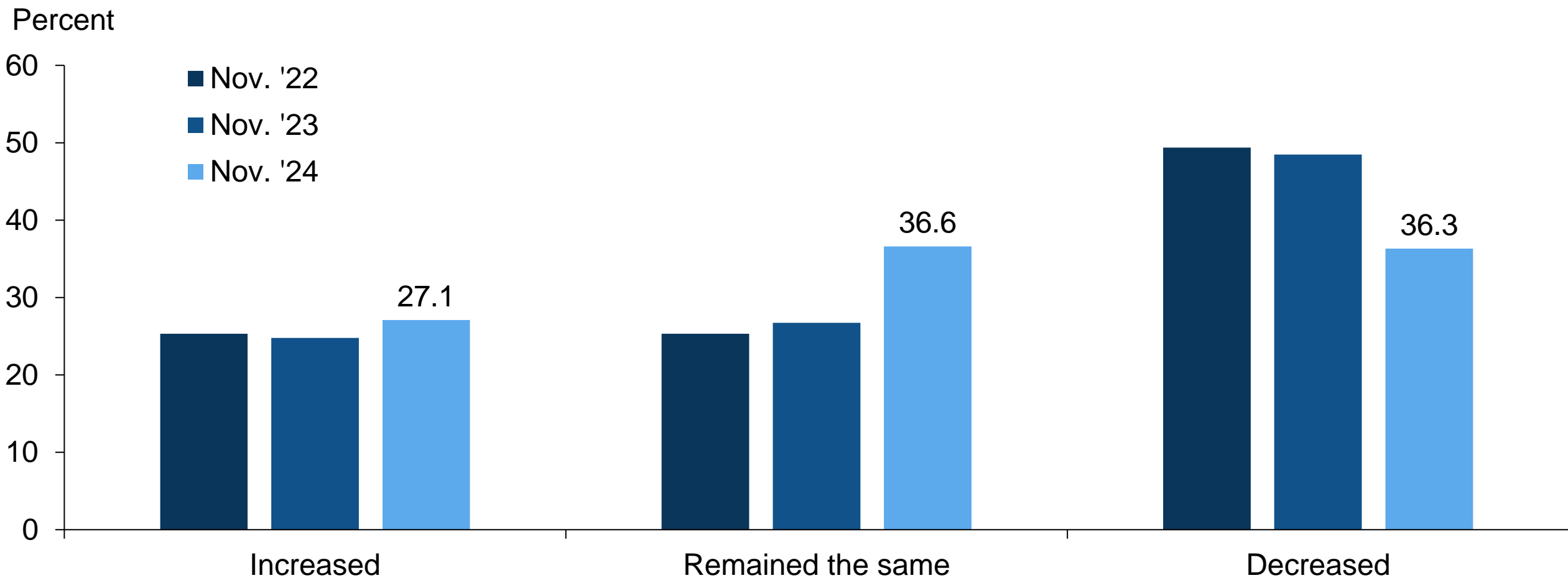
Texas firms who expect less demand attribute the decrease to industry-specific conditions as well as the overall economy



NOTES: Respondents who reported an decrease in expected demand were asked "Is this expected decrease in demand primarily attributable to changes in general economic conditions, conditions specific to your industry or a factor unique to your firm?" N=40 in November 2024.

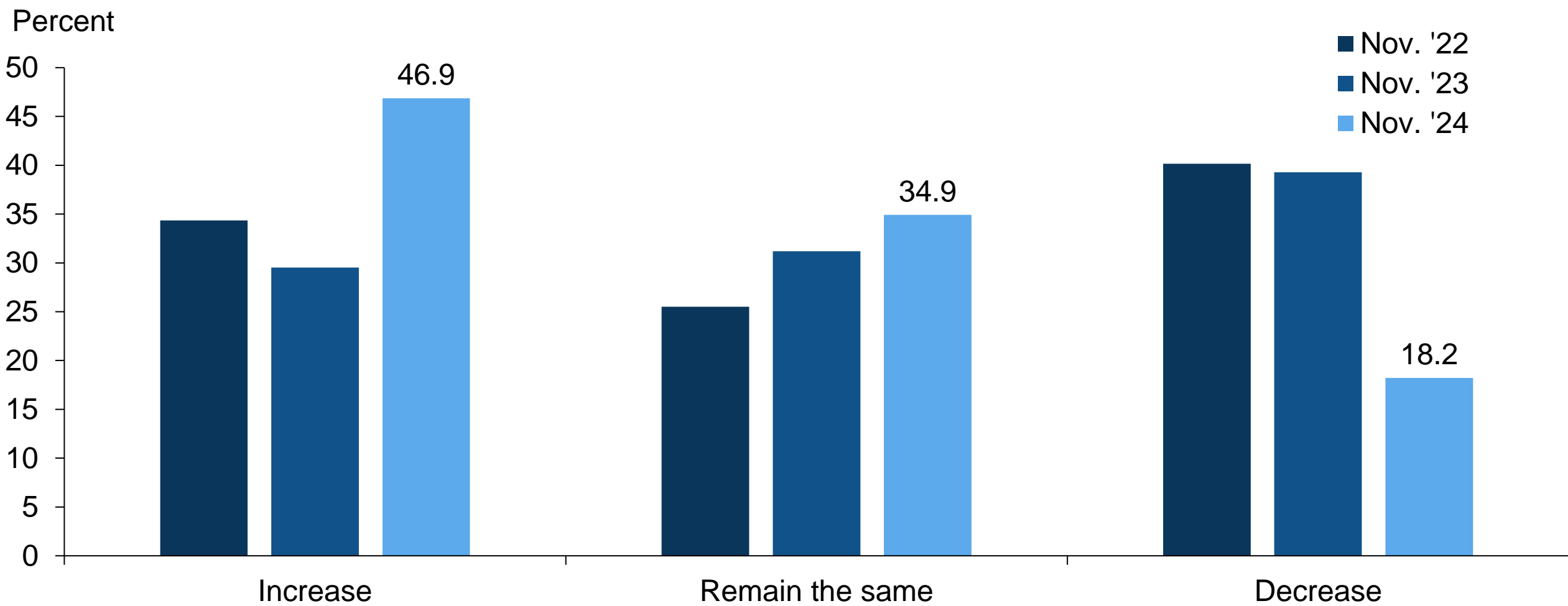
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Survey.

Relative to the last two years, fewer firms are reporting a decrease in operating margins



NOTE: Respondents were asked "How has your firm's operating margin, defined as earnings before interest and taxes (EBIT) as a share of total revenue, changed over the past six months?" N=336 in November 2024.
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Survey.

Nearly half of TBOS firms expect an increase in operating margins over the next six months



NOTES: Respondents were asked "How do you expect your firm's operating margin, defined as earnings before interest and taxes (EBIT) as a share of total revenue, to change over the next six months?" N=335 in November 2024.

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

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