



Federal Reserve
Bank of Dallas

Texas Economic Performance and Outlook

(January 2025)

“Strong Employment Growth in December”

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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.

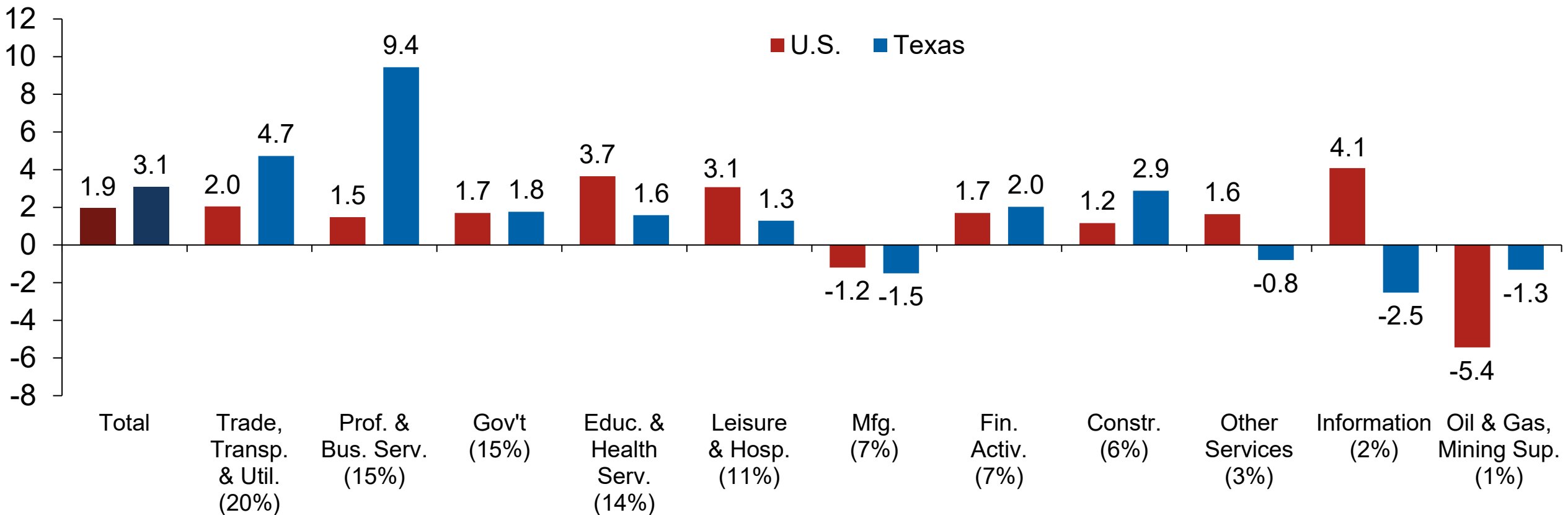
What's New: Job growth strong in December, 2024 employment growth below trend

- Texas employment increased 3.1% in December, faster than November's 0.9% increase
 - U.S. job growth was 1.9% in December
- 2024 Texas employment growth is 1.7%, above the U.S. 1.4% growth
- Texas unemployment was flat at 4.2% in December
 - U.S. unemployment rate ticked down to 4.1% in December
- December Texas Business Outlook Surveys (TBOS) show an expanding manufacturing and service sector.
 - Relative to 2024, Texas firms expect wages and costs to rise at a slower pace, while selling prices to increase at a faster rate
 - Over the next six months, Texas firms' primary concerns remain domestic policy uncertainty and inflation
 - 38 percent of firms report ideal staffing levels, 12 percent report being overstaffed
 - 56 percent of businesses are not taking any actions yet in anticipation of tariffs

Overall Economic Activity

Texas employment grew strongest in professional and business services in December

Job Growth December 2024/November 2024 (%)*



*Seasonally adjusted, annualized rate.

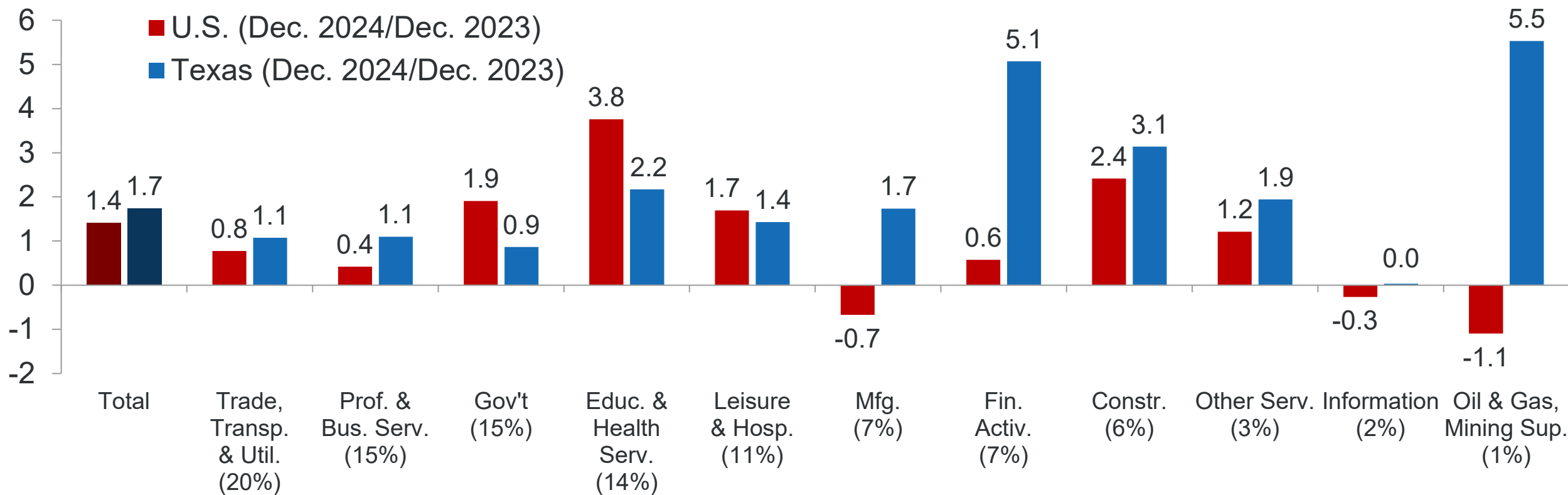
NOTE: Numbers in parenthesis indicate share of total state employment in December 2024.

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)

2024 Texas job growth strongest in oil & gas and financial activities

Job Growth (%)*



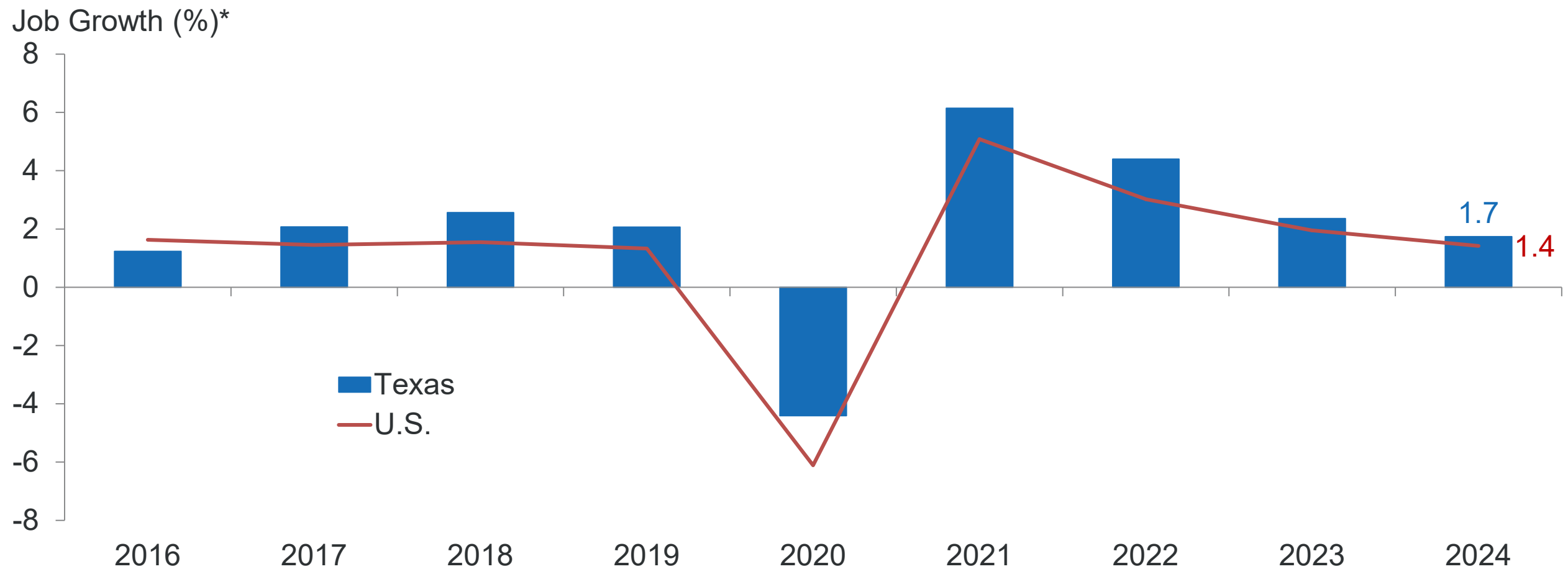
*Seasonally adjusted, annualized rate.

NOTE: Numbers in parentheses indicate share of total state employment for December 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 2% trend, but outpaced the nation



*Seasonally adjusted, annualized rate.

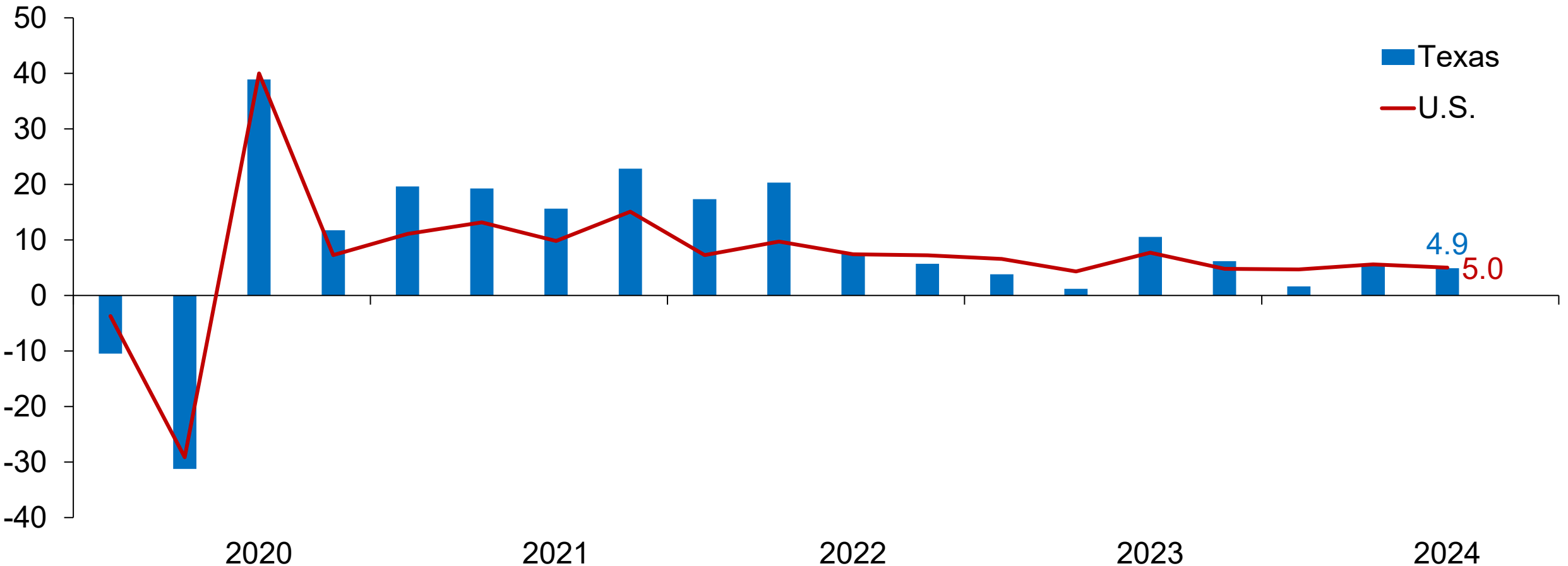
NOTE: Shown is yearly growth: Dec/Dec.

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](#)

GDP growth solid for Texas and the nation in 2024

Percent, Q/Q*



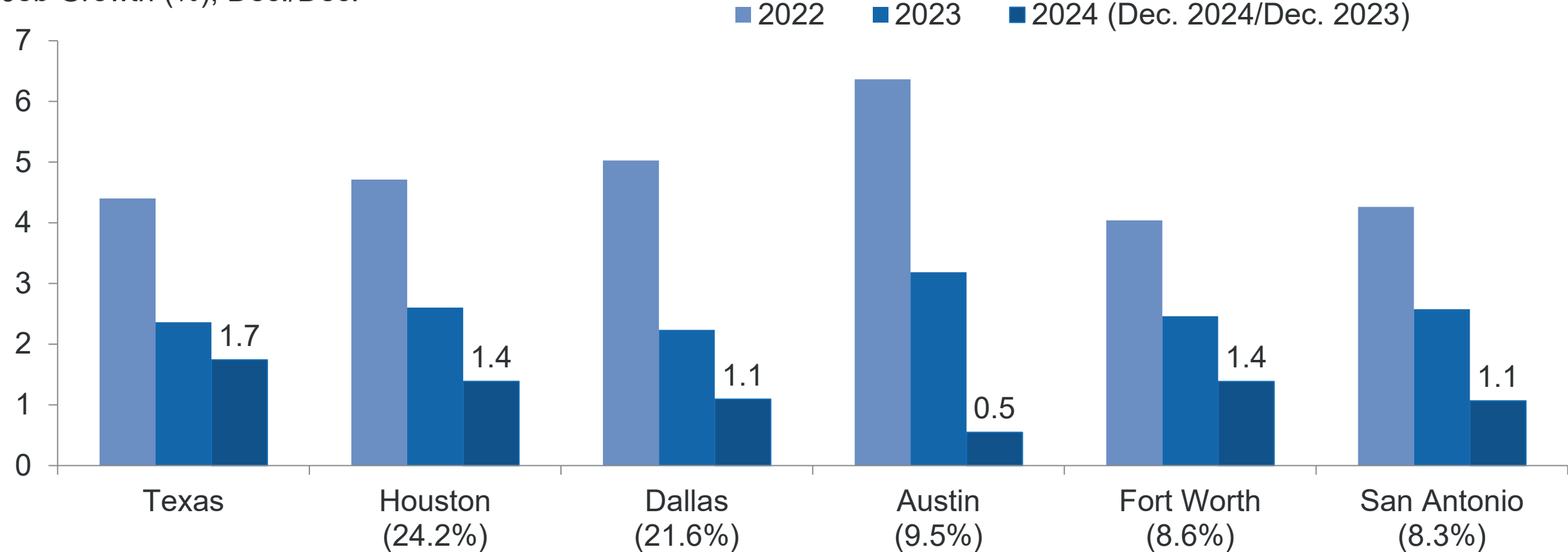
*Seasonally adjusted, annualized rate.

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

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

2024 Texas employment growth led by smaller metros

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



*Seasonally adjusted, annualized rate.

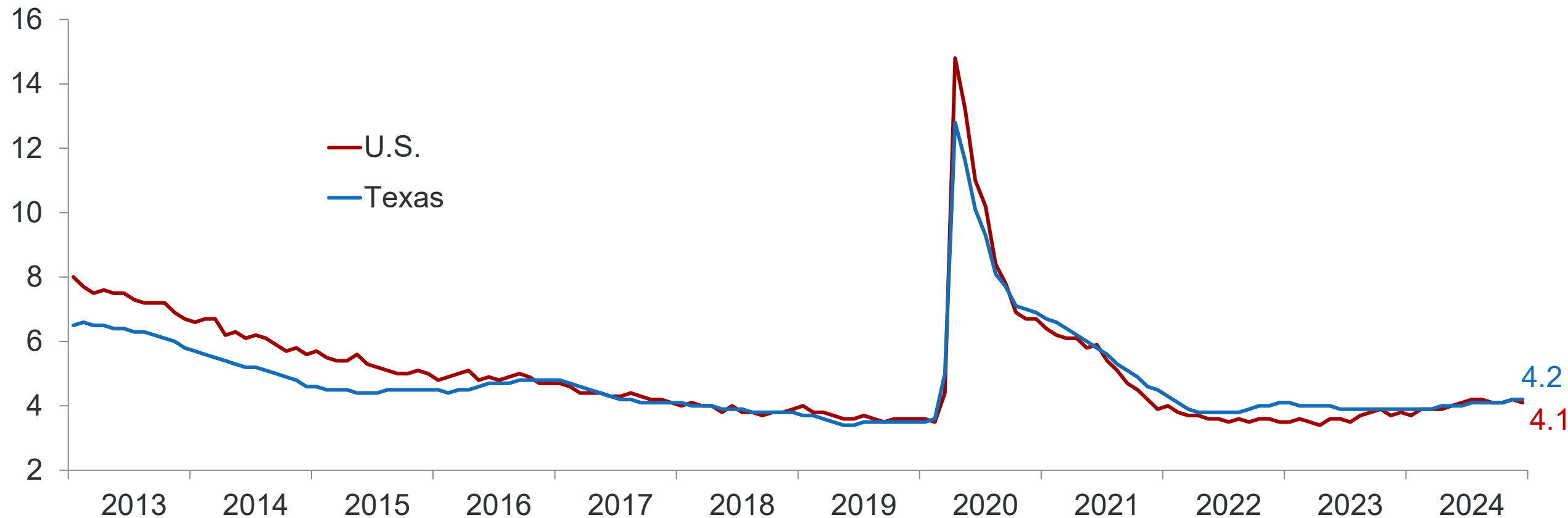
NOTE: Numbers in parenthesis indicate share of state employment for December 2024.

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 flat in Texas in Dec.

Unemployment rate (%)*



*Seasonally adjusted.

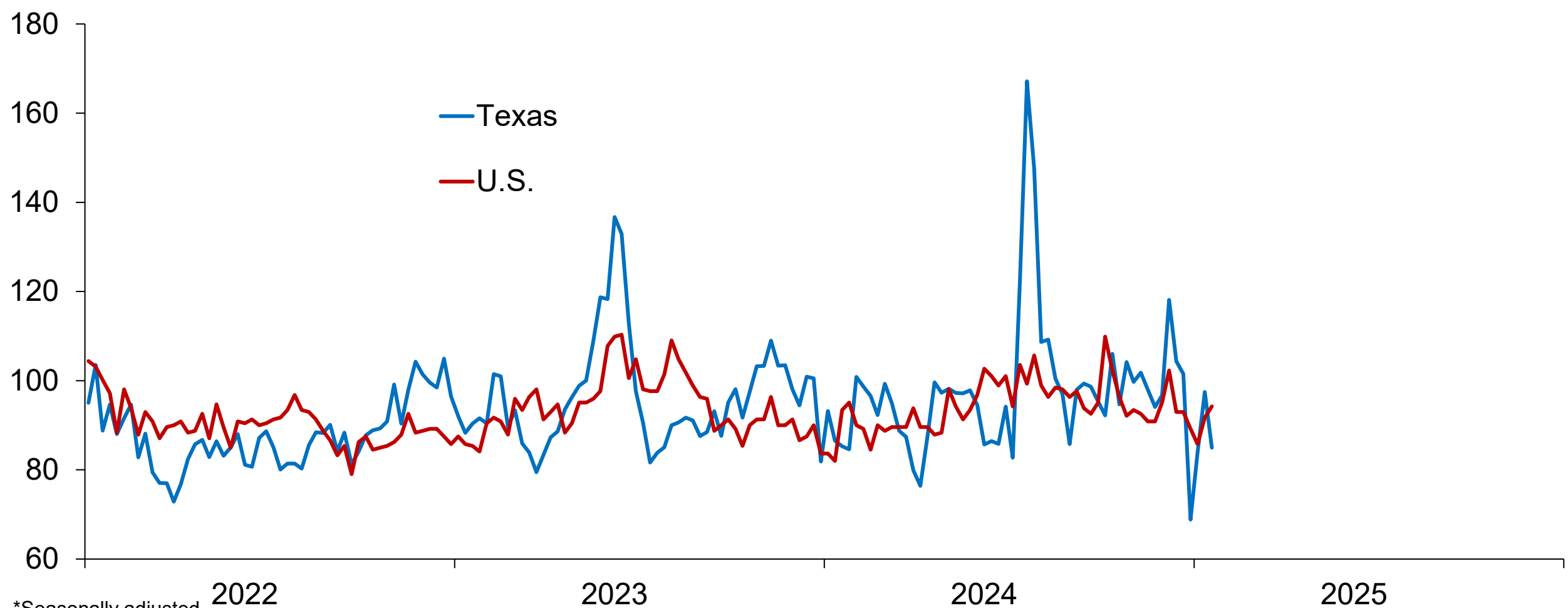
NOTE: Data are through December 2024.

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 little changed in mid-January

Index, Jan. 2022 = 100*

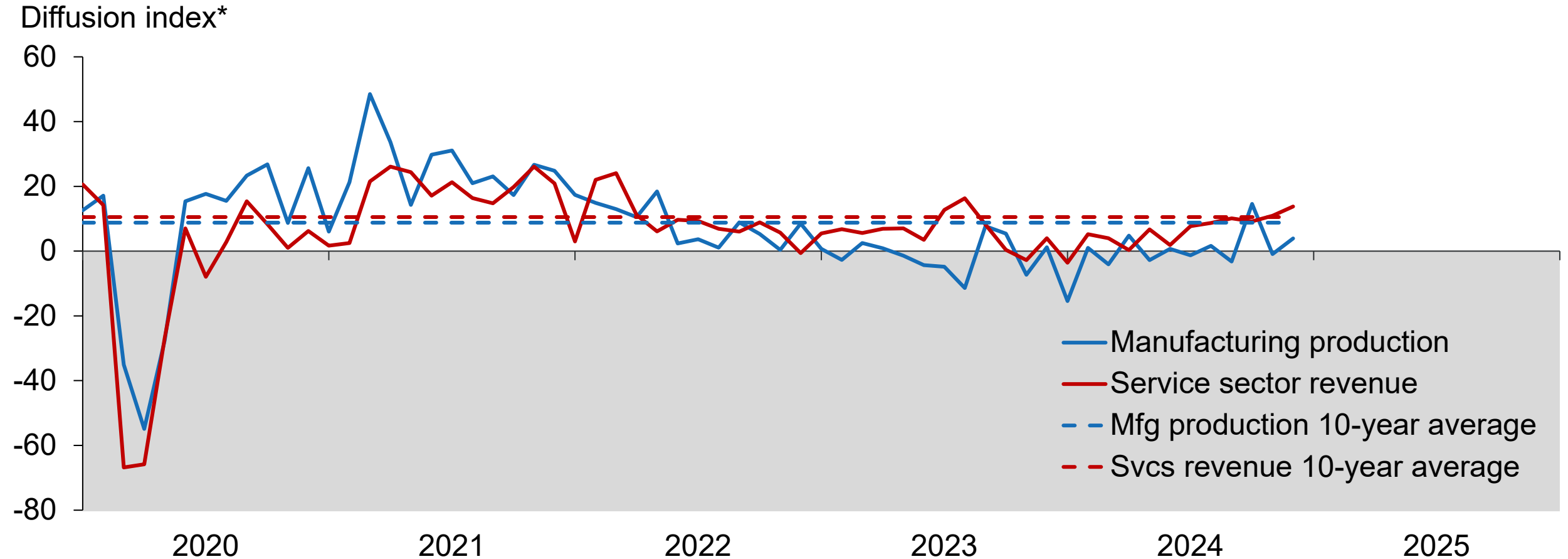


*Seasonally adjusted.

NOTE: Data are through the week ending January 18, 2024.

SOURCE: Department of Labor.

Service sector revenue remains above average while manufacturing production expands slightly



*Seasonally adjusted.

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

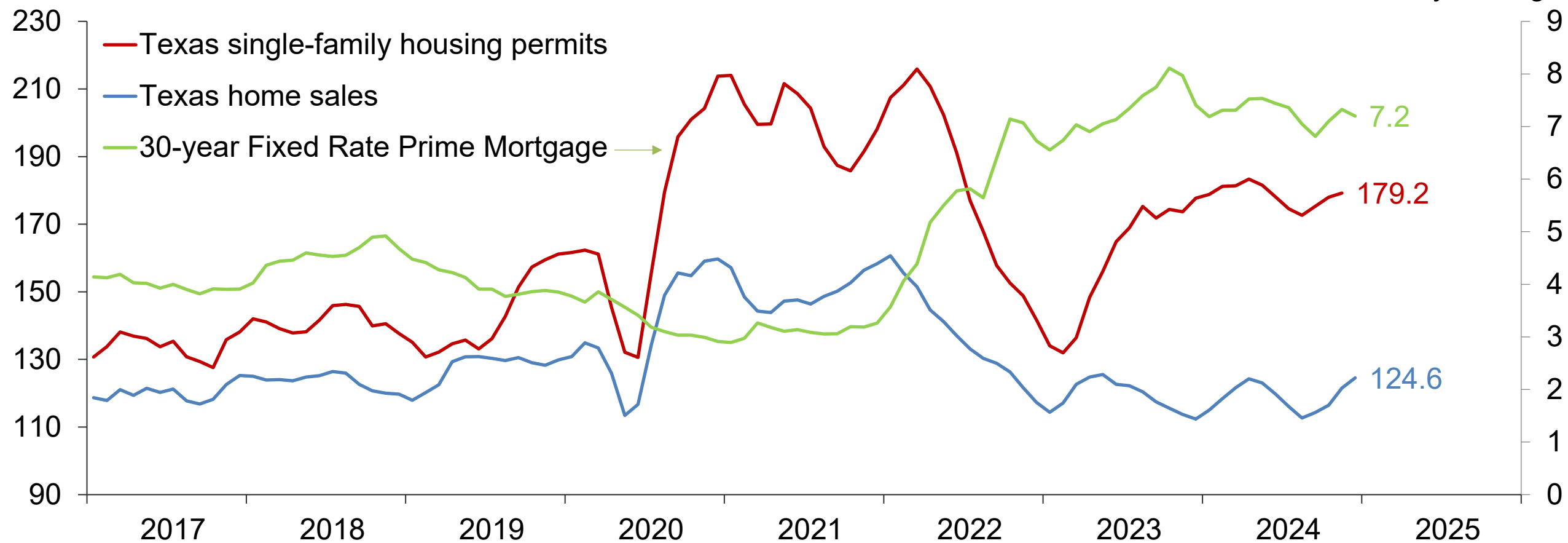
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

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

Real Estate, Finance and Energy

Texas home sales and permits rise as mortgage rates tick down

Index, Jan. 2013 = 100*

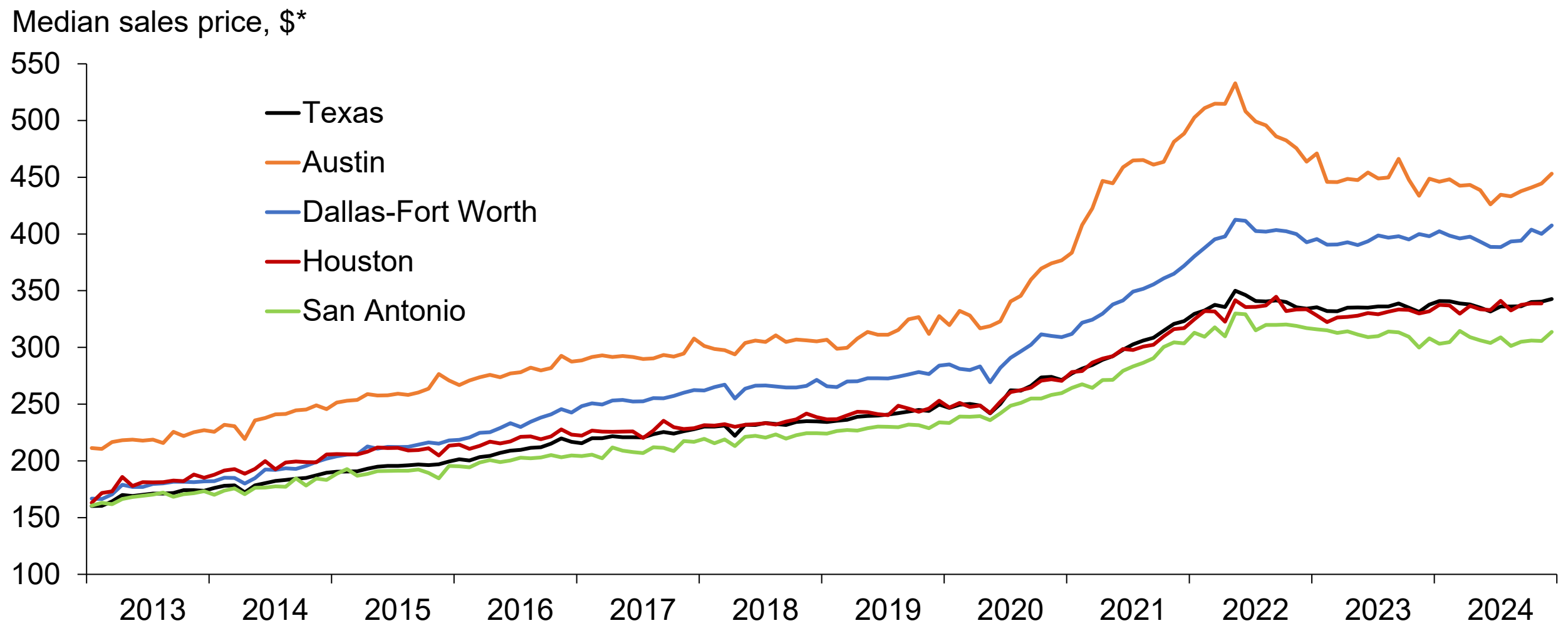


*Seasonally adjusted, three-month moving average.

NOTE: Data are monthly through November 2024 for housing permits; December 2024 for mortgage rates and home sales.

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

House prices edged higher at year-end 2024



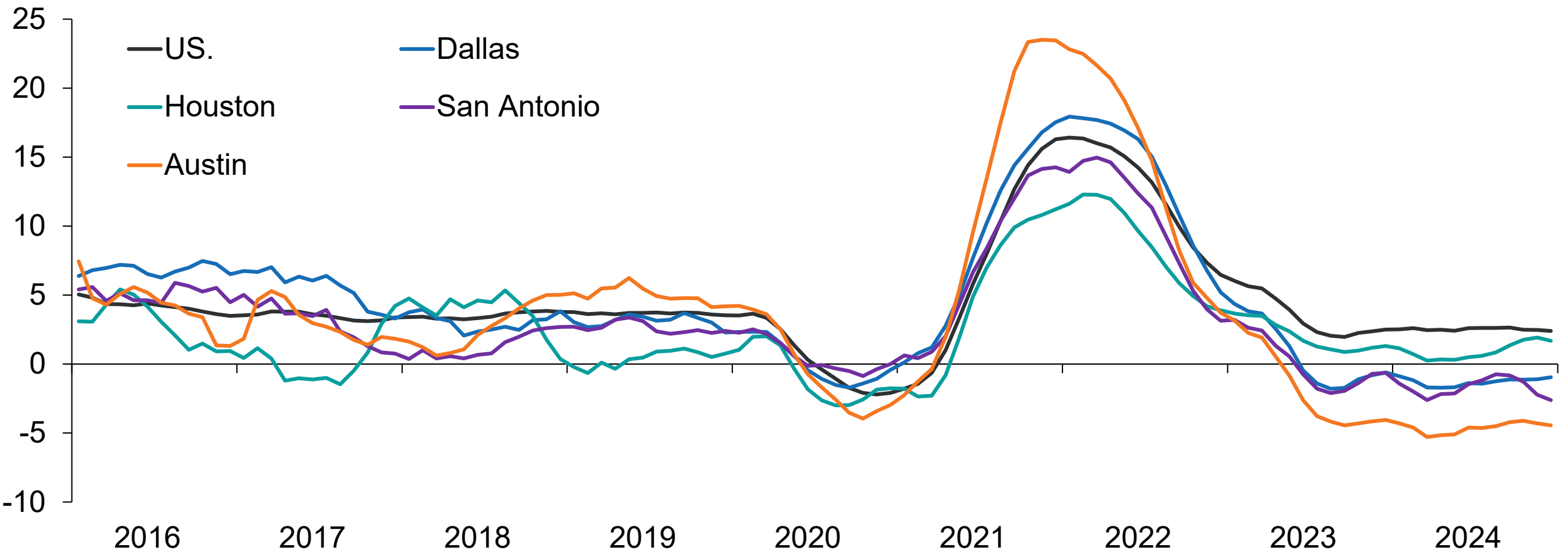
*Seasonally adjusted.

NOTE: Data are monthly through December 2024.

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

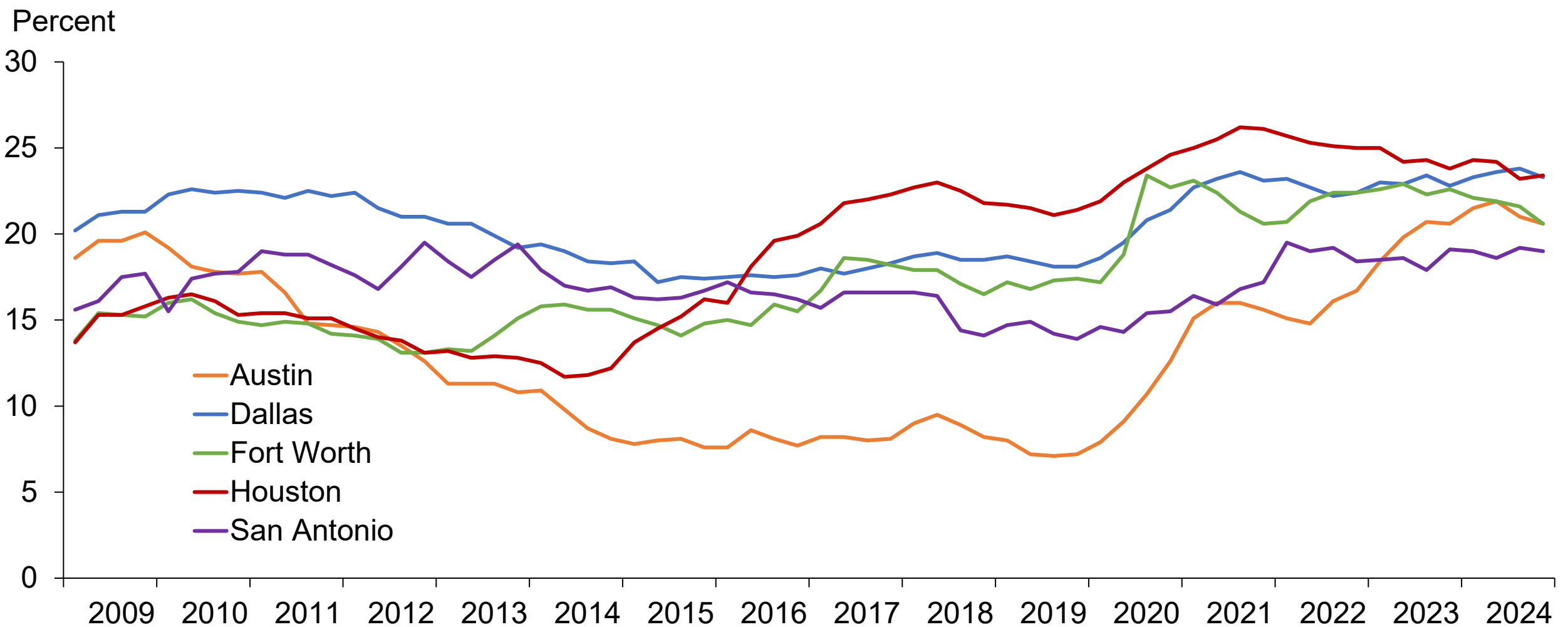
Apartment rents rise in Houston, down in other Texas major metros

Percent, Y/Y*



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

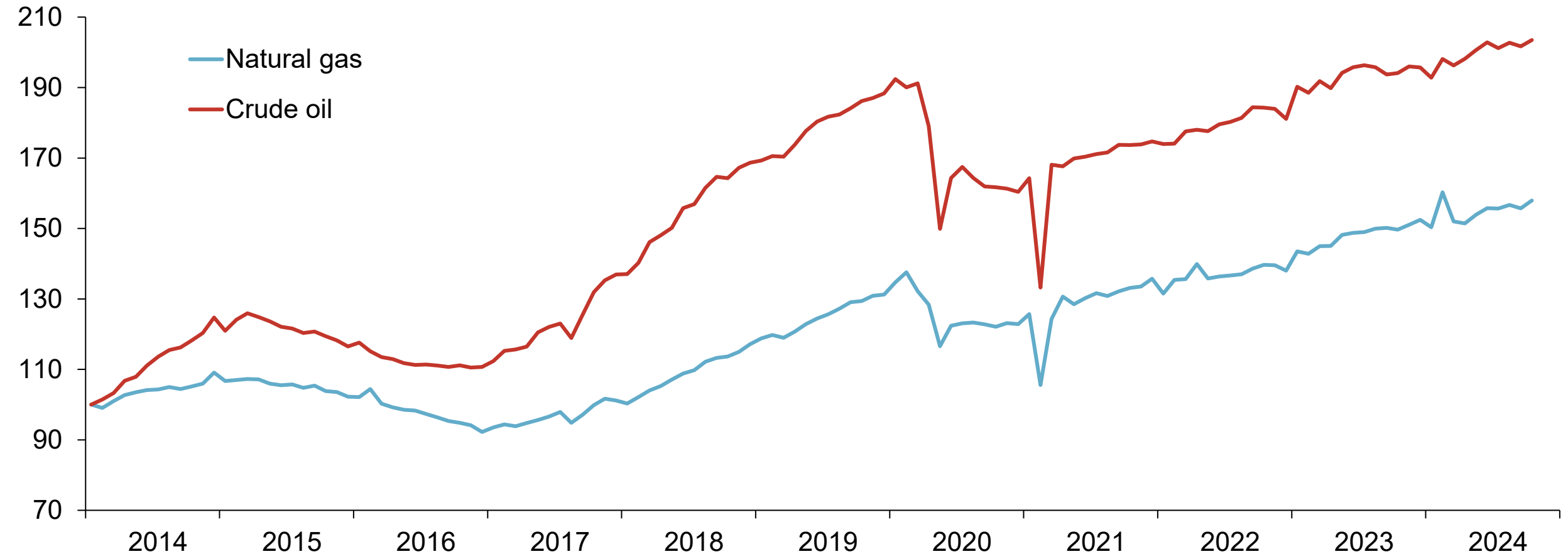
Office vacancy stabilizes in Texas markets



NOTE: Data through Q4 2024.
SOURCE: CBRE Econometric Advisors.

Texas oil and gas production tick up in October

Index, Jan. 2014 = 100*



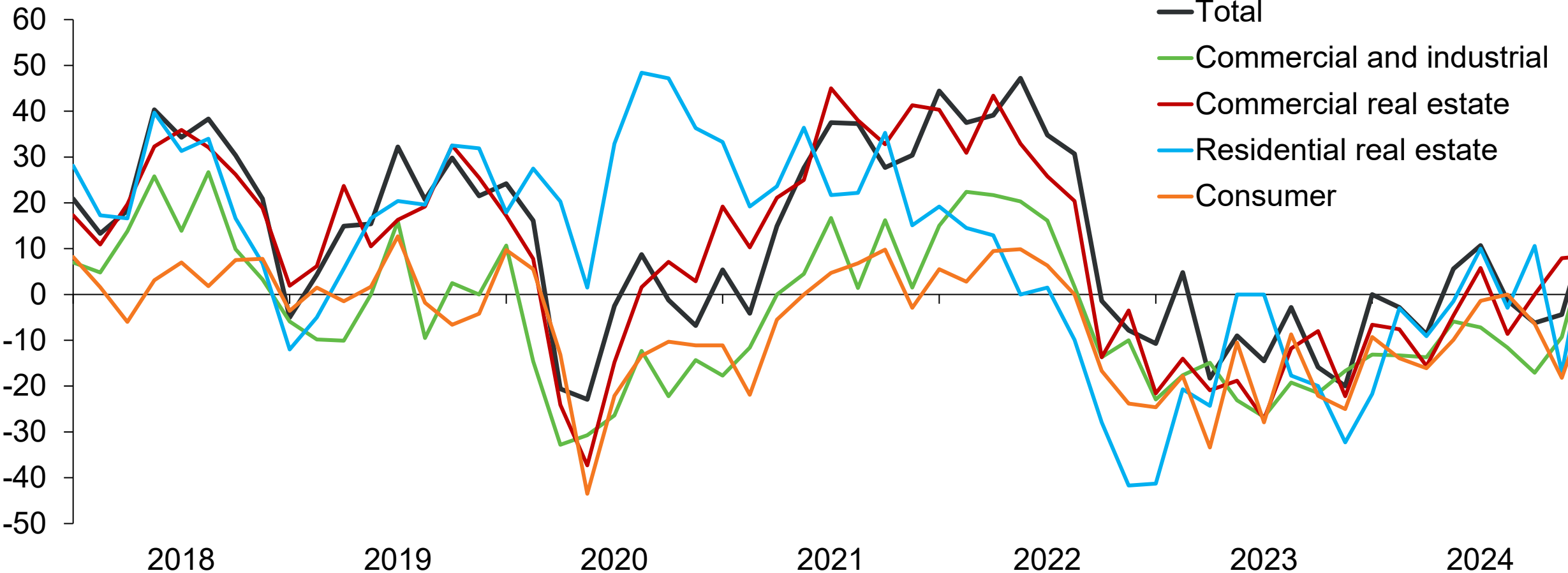
*Seasonally adjusted.

NOTES: Shown are crude oil and natural gas marketed production through October 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 expand in December, according to 11th District bankers

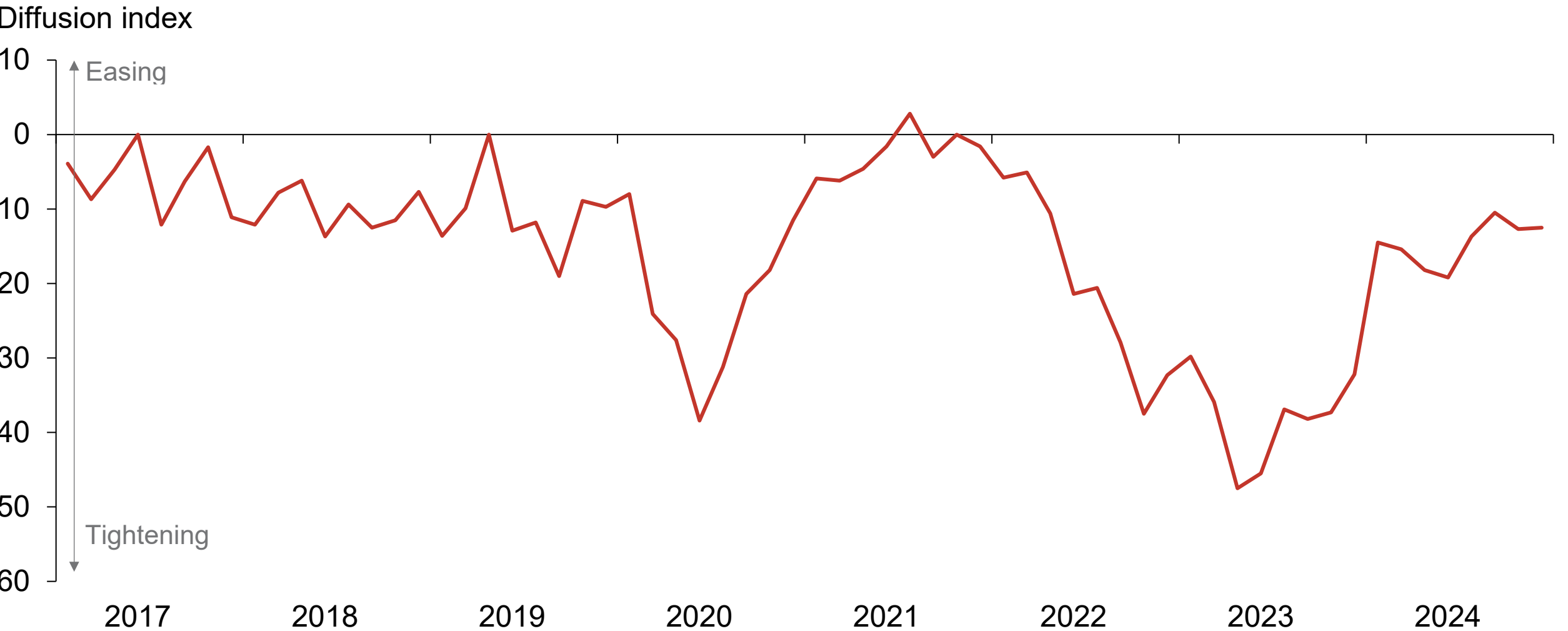
Diffusion index



NOTE: Data through December 2024.

SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

Texas banks report no change in the pace of credit tightening

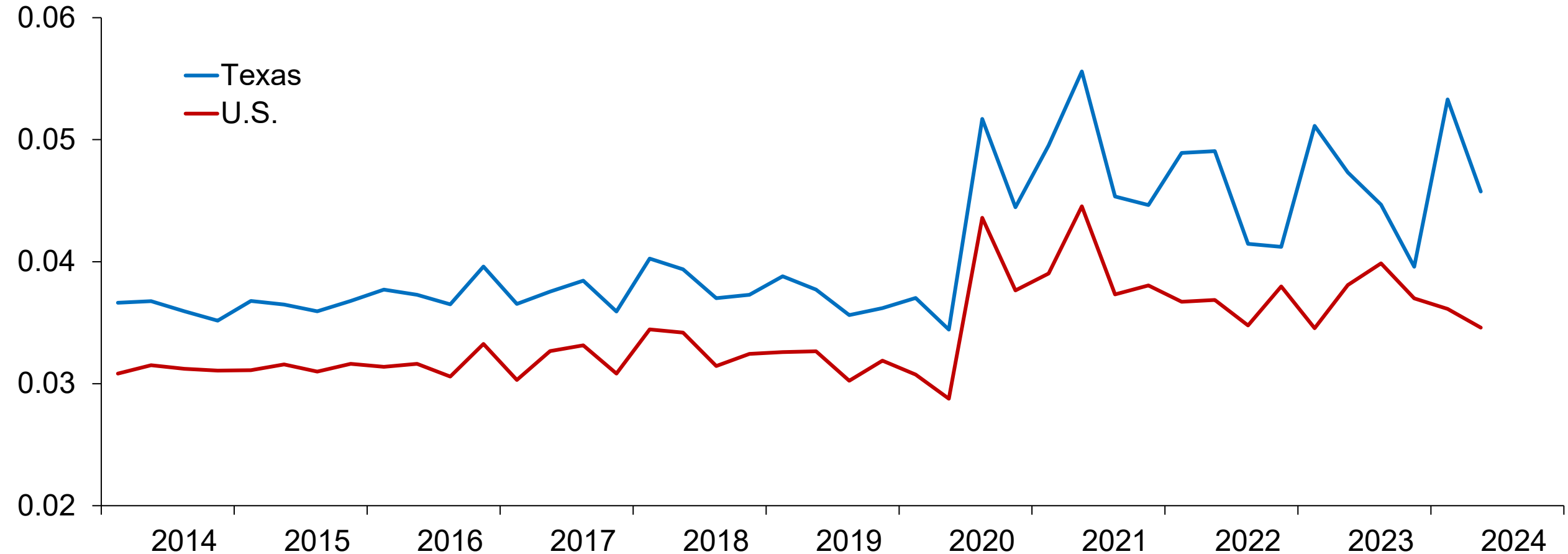


NOTES: Includes credits and terms. Data are through December 2024.
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

Outlook for 2024

Rate of business formation in Texas ticks down in mid-2024 but continues to outpace the nation

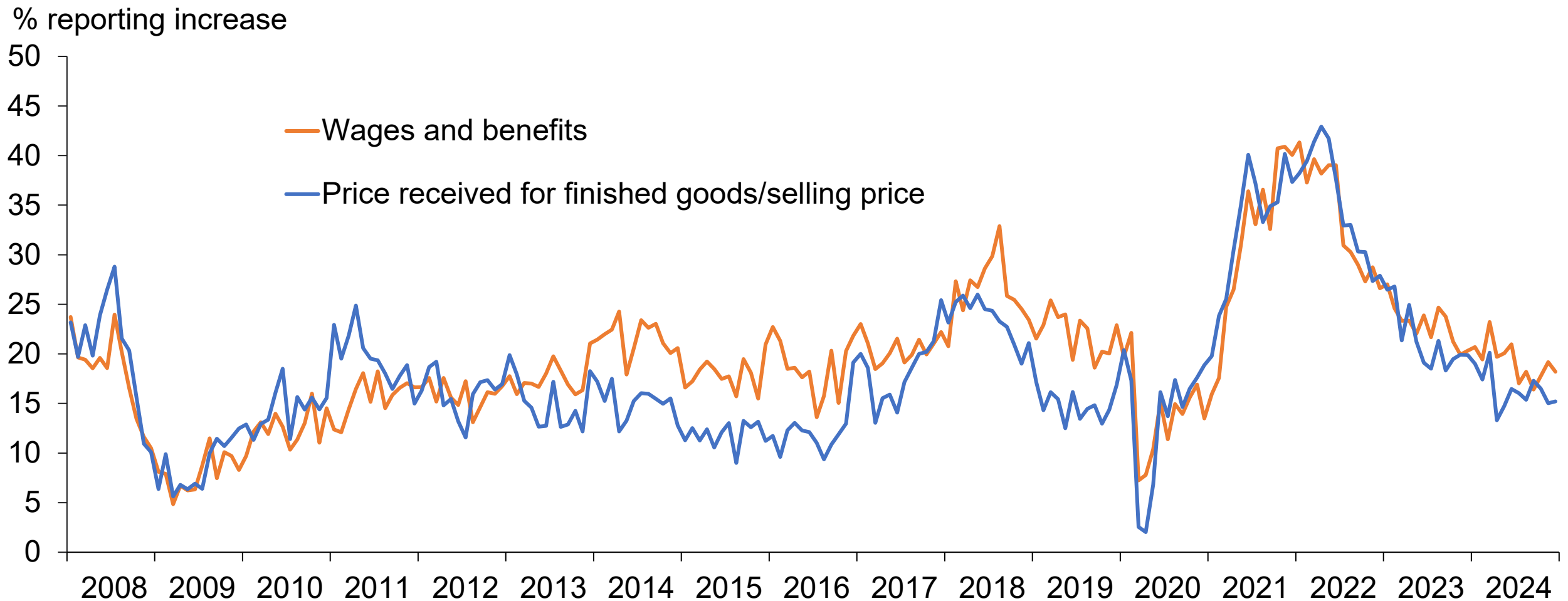
Business applications per business establishments



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 in wages and prices little changed in December

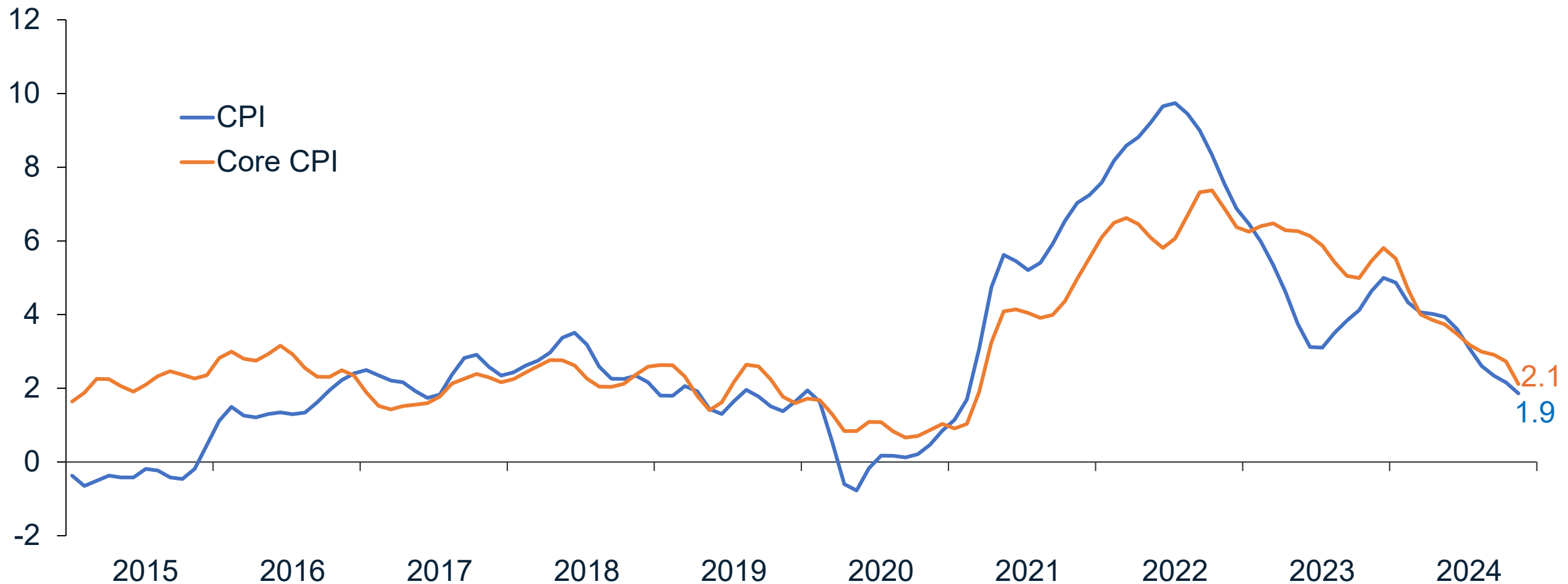


NOTES: Percent reporting increase was constructed by weighting the respective component of TMOS and TSSOS according to GDP shares. Data through December 2024.

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

Texas CPI continues to trend lower

Percent change, Y/Y*



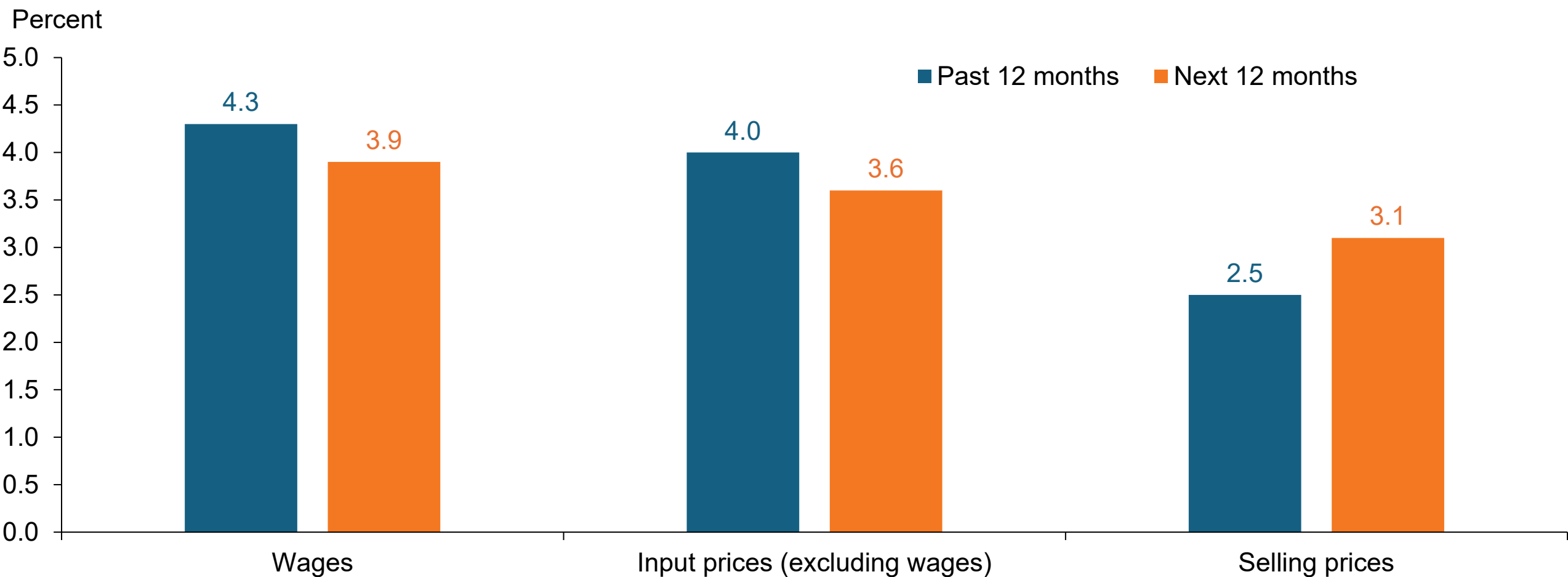
*Seasonally adjusted.

NOTE: CPI data through November 2024.

SOURCE: Bureau of Labor Statistics.

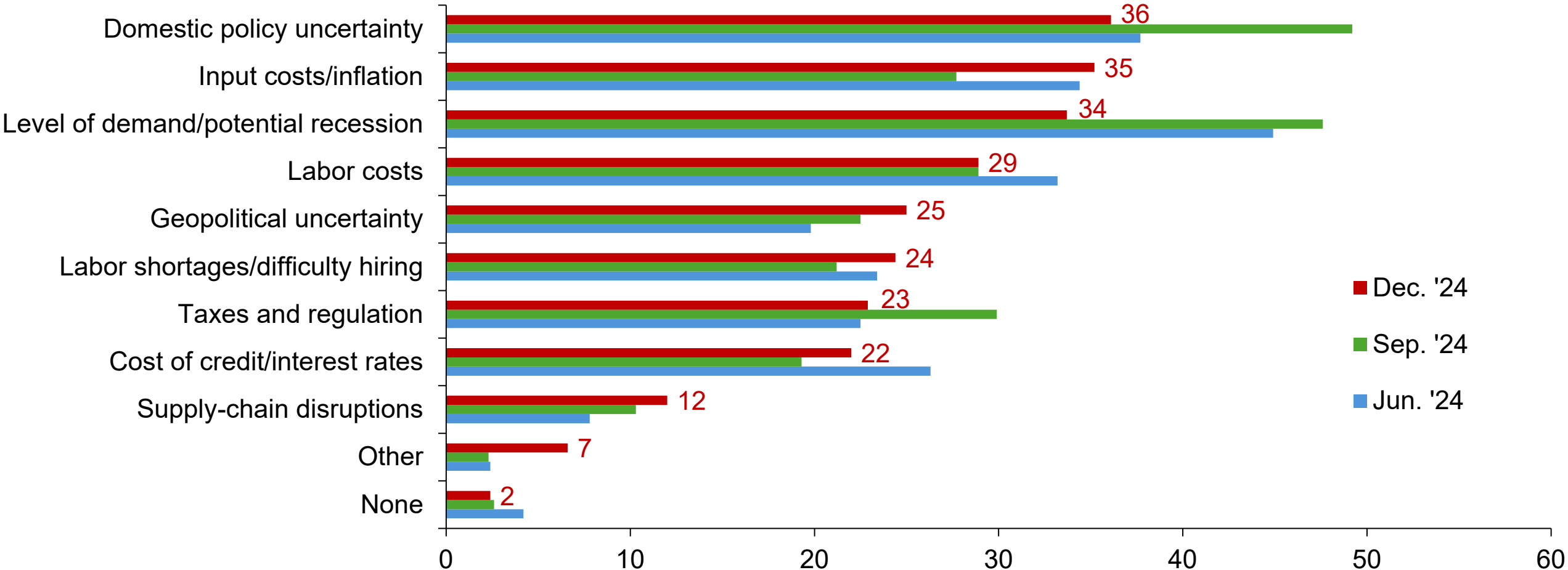
Texas Business Outlook Surveys Special Questions

Texas firms expect slower wage and input cost growth but faster selling price increases in 2025 compared with 2024



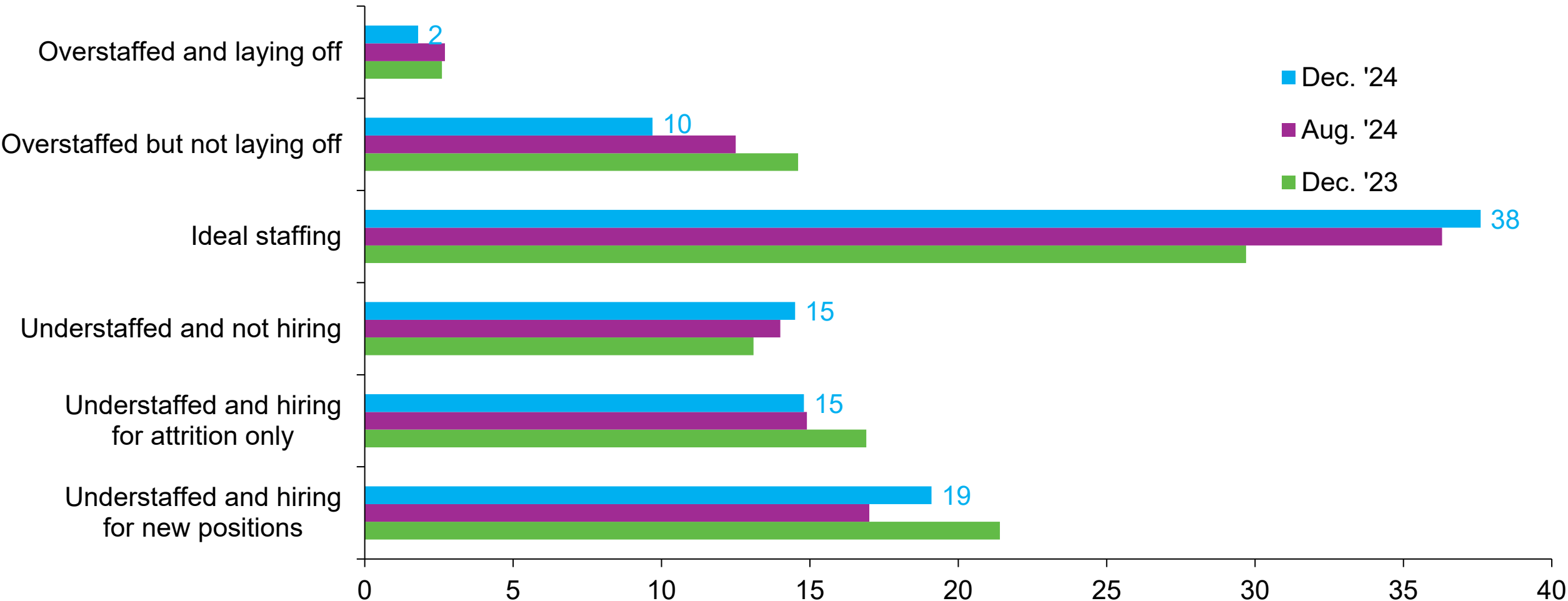
NOTES: Participants were asked, "What percent change in wages, input prices and selling prices did your firm experience over the past 12 months, and what do you expect over the next 12 months?" N=302 responses in December 2024. Shown are averages, calculated as trimmed means with the lowest and highest 5 percent of responses omitted.
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

Texas firms continue to cite domestic policy uncertainty and inflation as top concerns over the next six months



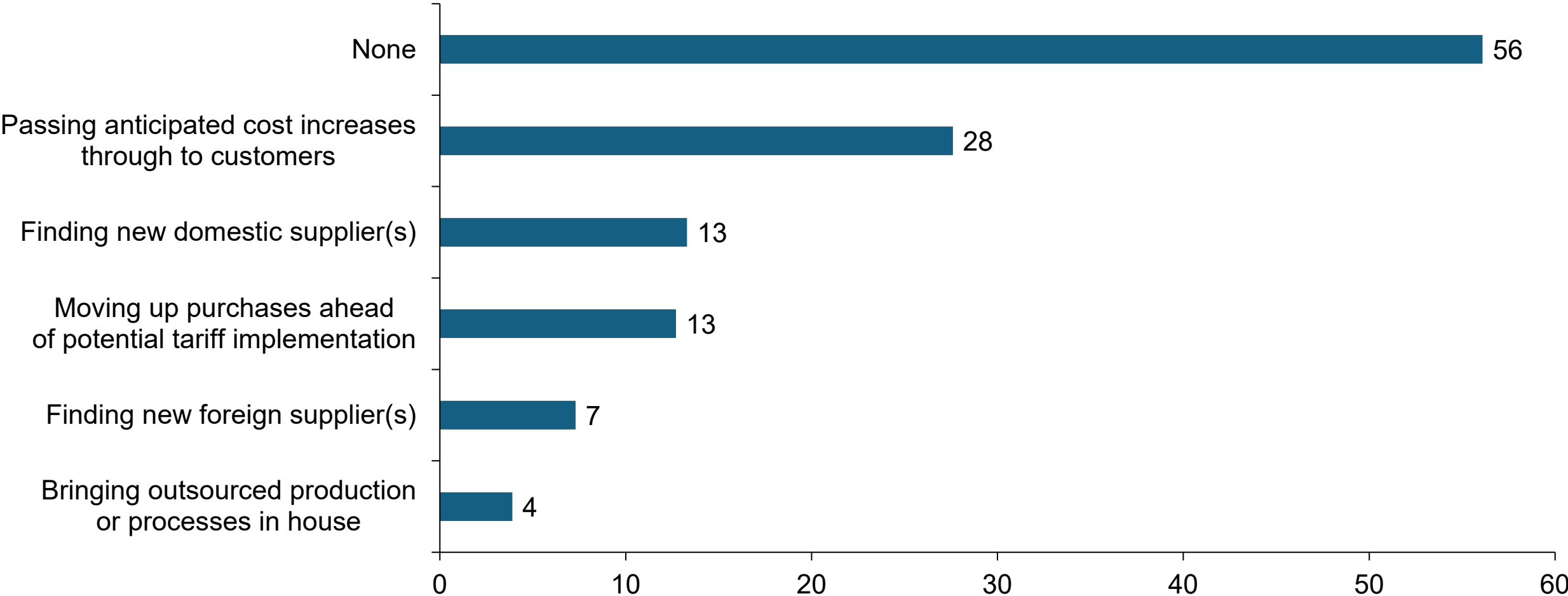
NOTES: Participants were asked, "What are the primary concerns around your firm's outlook over the next six months, if any? Please select up to three." N=332 responses in December 2024. "None" and "Other" are excluded. "Domestic policy uncertainty" includes national elections.
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

38% of Texas firms report ideal staffing levels, 12% report being overstaffed



NOTES: Participants were asked, "What is your assessment of your firm's current employment situation in light of your six-month outlook?" N=330 responses in December 2024.
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

Majority of Texas firms not taking any anticipatory actions in response to tariffs



NOTES: Participants were asked, "What actions, if any, are you taking in anticipation of potentially higher tariffs next year? Please select all that apply." N=330 responses in December 2024. "Other" is excluded.

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

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