



Federal Reserve
Bank of Dallas

Texas Economic Performance and Outlook

(April 2025)

“Job Growth Decelerates in March”

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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.

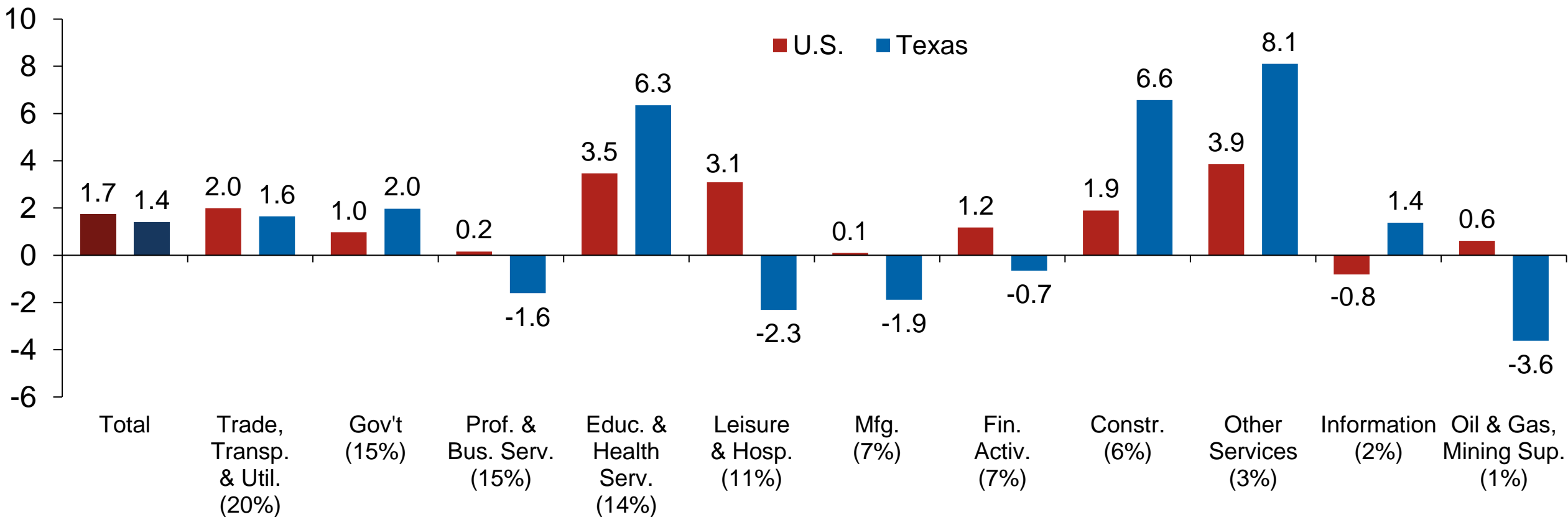
What's New: Slower job growth in March, unemployment rate flat

- Texas employment rose 1.4% in March, slower than February's upwardly revised 2.4% increase
 - U.S. job growth was 1.7% in March
- The Dallas Fed's Texas Employment Forecast indicates jobs will increase 1.5 percent in 2025
 - The previous forecast was 1.4 percent
- Texas and U.S. unemployment held steady at 4.1% in March
- March Texas Business Outlook Surveys (TBOS) show expansion in the service sector and manufacturing sector
 - Respondents expect input prices, wages, and selling prices to rise 4.3%, 3.4%, and 3.1% a year from now
 - Demand levels or potential recession marked as top concern, followed by domestic policy uncertainty
 - 38 percent of Texas firms expect no impact of reduced government spending on their business performance

Overall Economic Activity

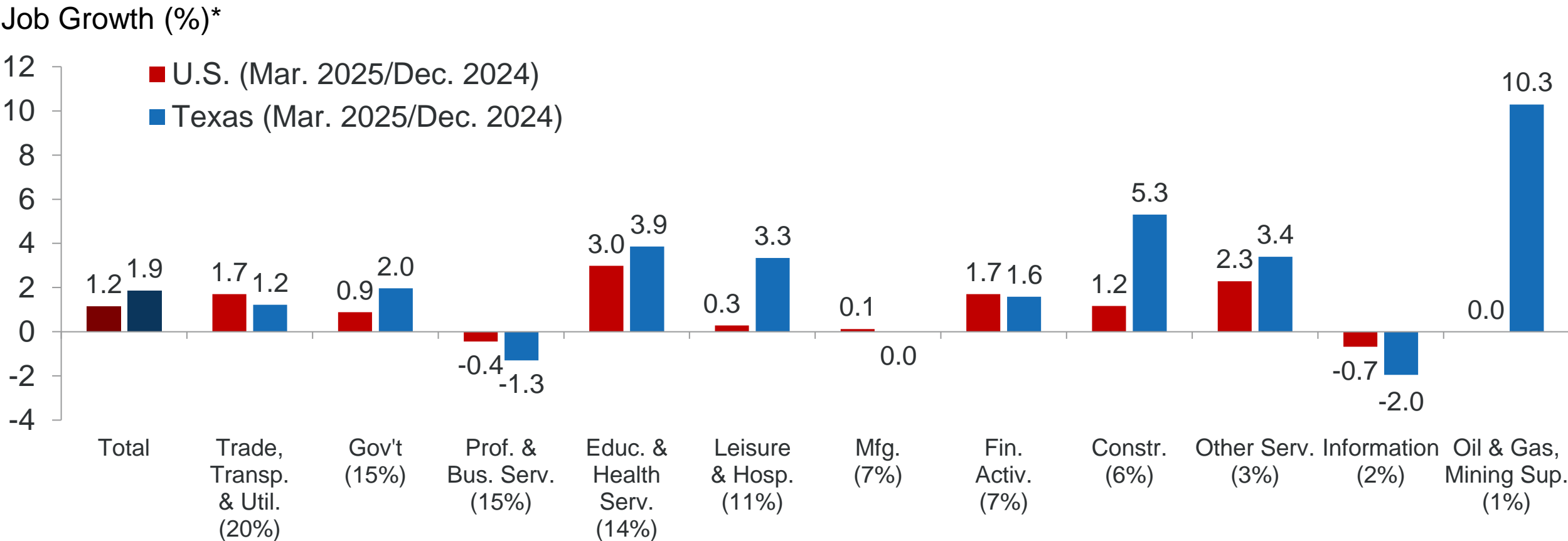
Texas employment growth mixed across sectors in March, and below the nation

Job Growth March 2025/February 2025 (%)*



*Seasonally adjusted, annualized rate.
NOTE: Numbers in parenthesis indicate share of total state employment in March 2025.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.
DATA: [Texas Employment by Industry - Dallasfed.org](#)

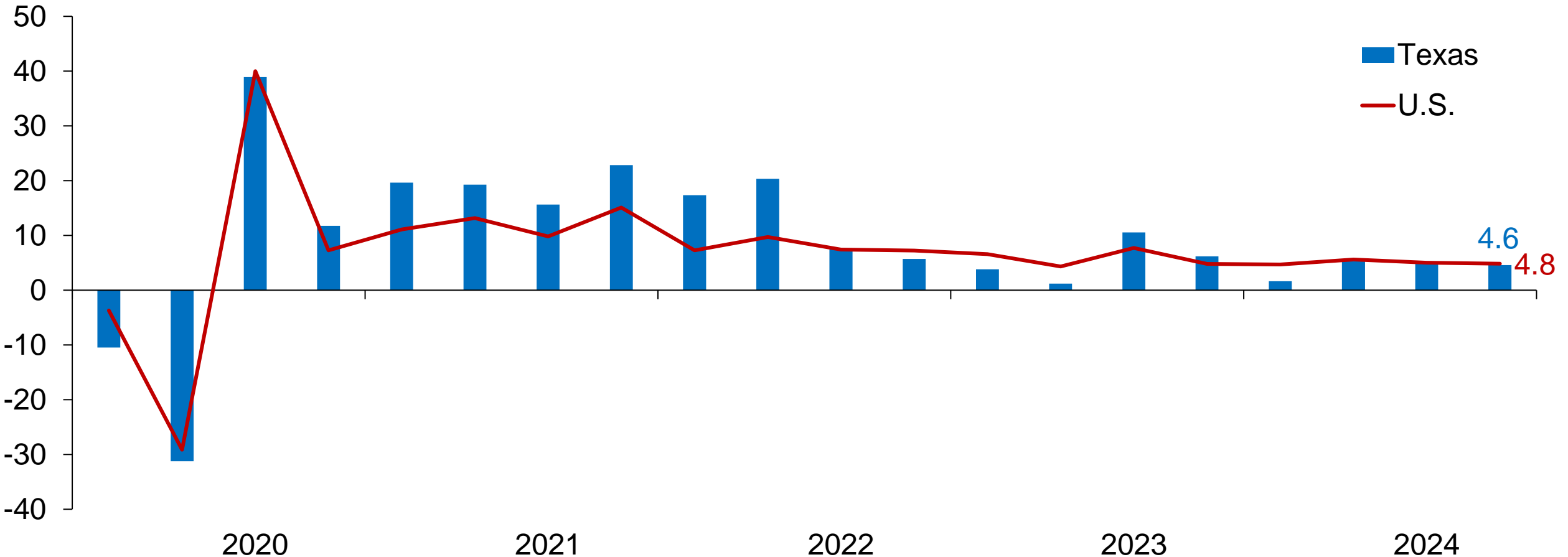
Strong YTD employment growth in energy and construction



*Seasonally adjusted, annualized rate.
NOTE: Numbers in parentheses indicate share of total state employment for March 2025.
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)

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

Percent, Q/Q*

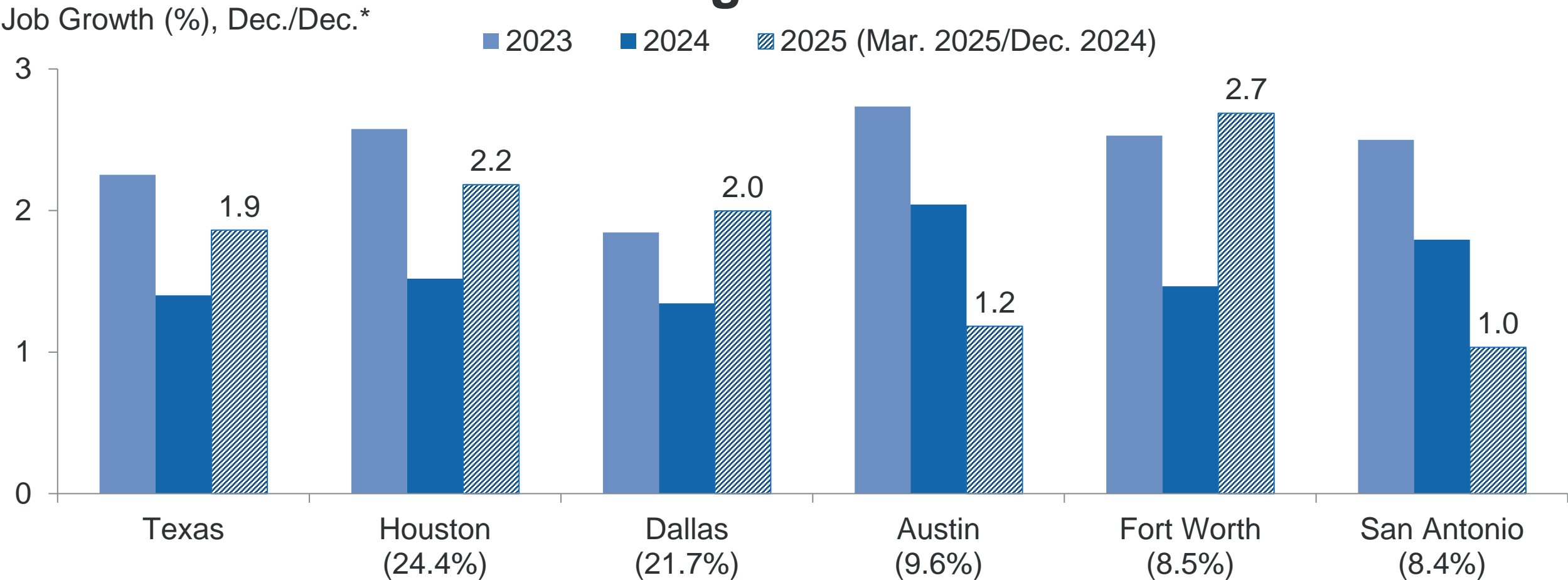


*Seasonally adjusted, annualized rate.

NOTE: Shown are quarterly, nominal GDP growth for the U.S. and GSP (gross state product) growth. Data are quarterly through Q4 2024.

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

Fort Worth and Houston lead major Texas metros in 2025 job growth



*Seasonally adjusted, annualized rate.

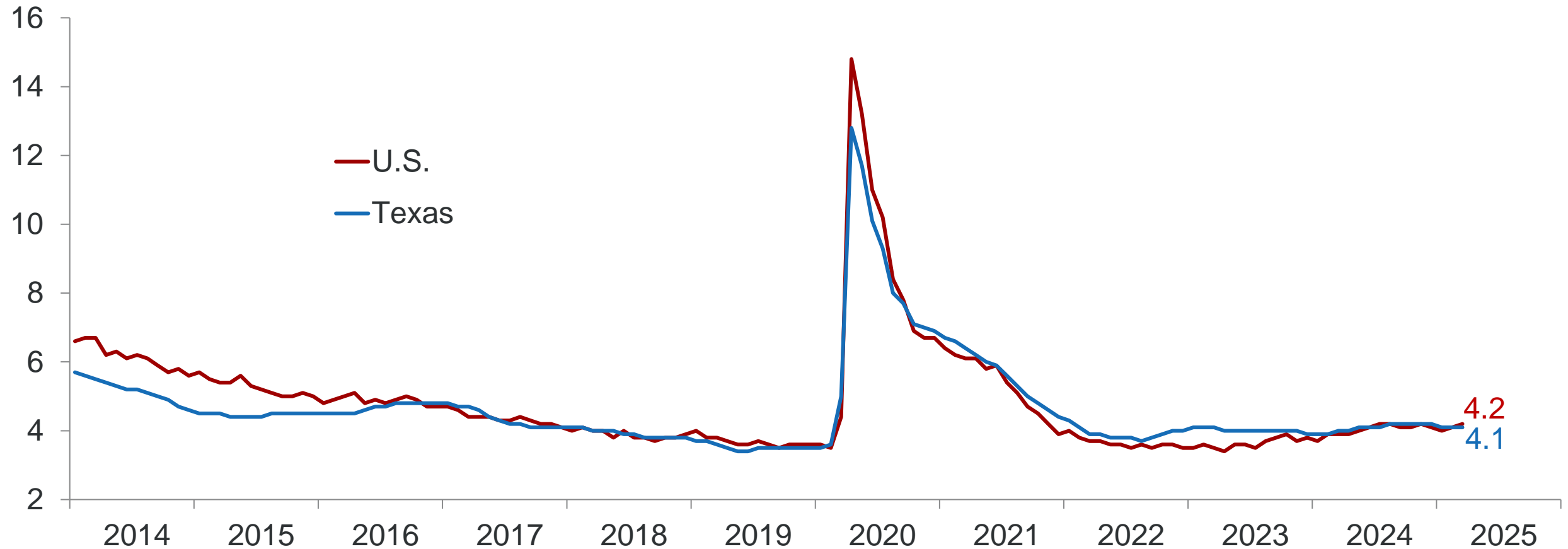
NOTE: Numbers in parenthesis indicate share of state employment for March 2025.

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

Texas unemployment remains at 4.1 percent

Unemployment rate (%)*



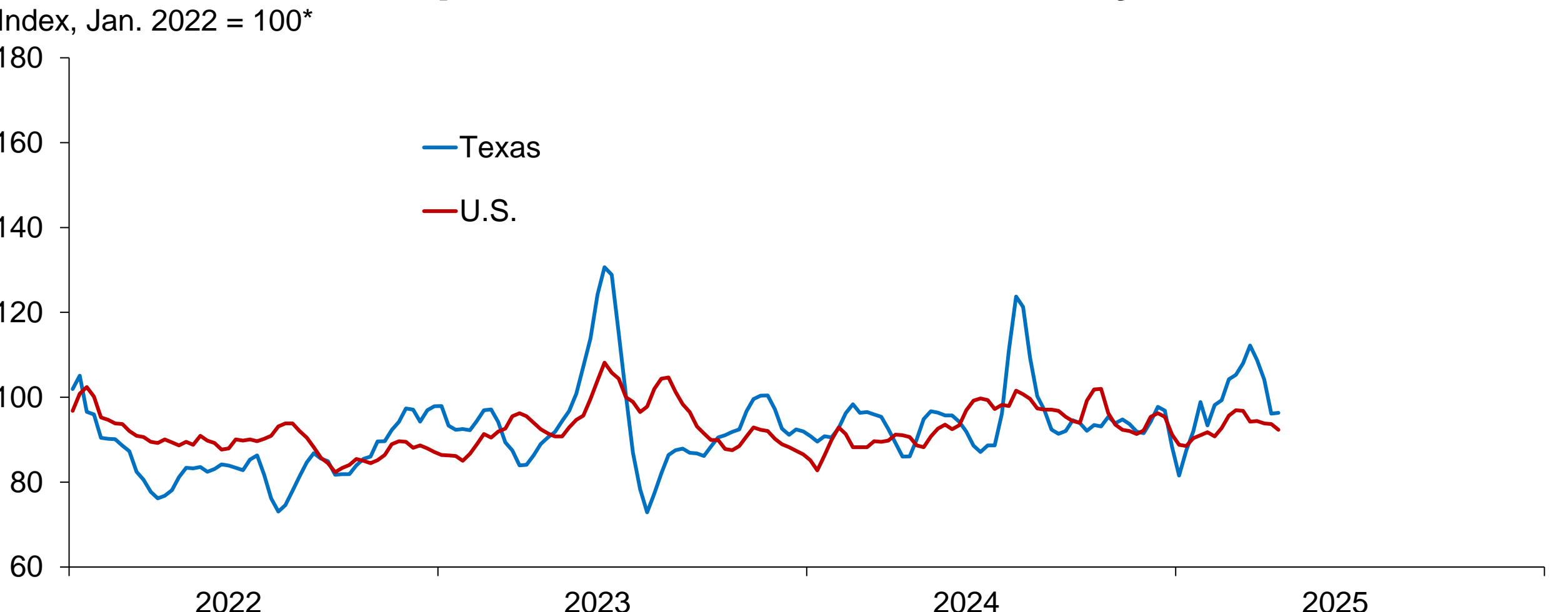
*Seasonally adjusted.

NOTE: Data are through March 2025.

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

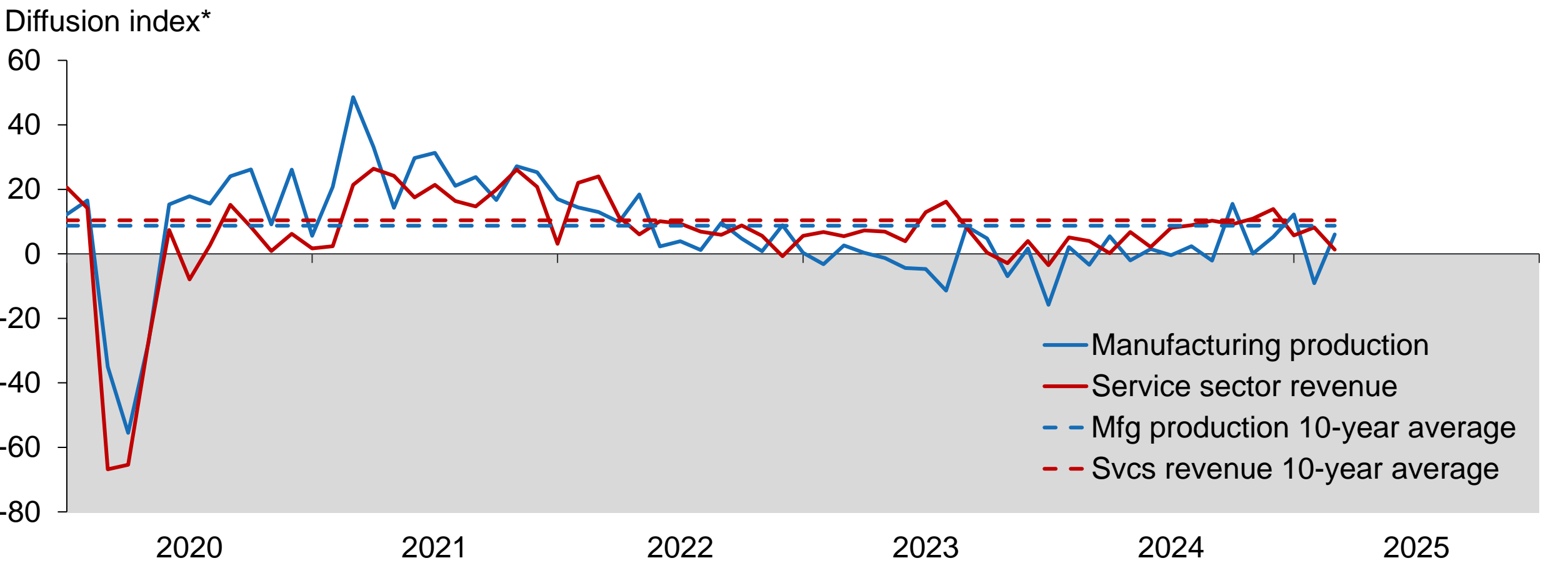
DATA: [Texas Employment by Industry - Dallasfed.org](https://dallasfed.org/research/texas-employment-by-industry)

Texas unemployment claims stabilize in mid-April following a rapid increase earlier in the year



*Seasonally adjusted, three-week moving average.
NOTE: Data are through the week ending April 12th, 2025.
SOURCE: Department of Labor.

Manufacturing and service sector post slight expansion in March

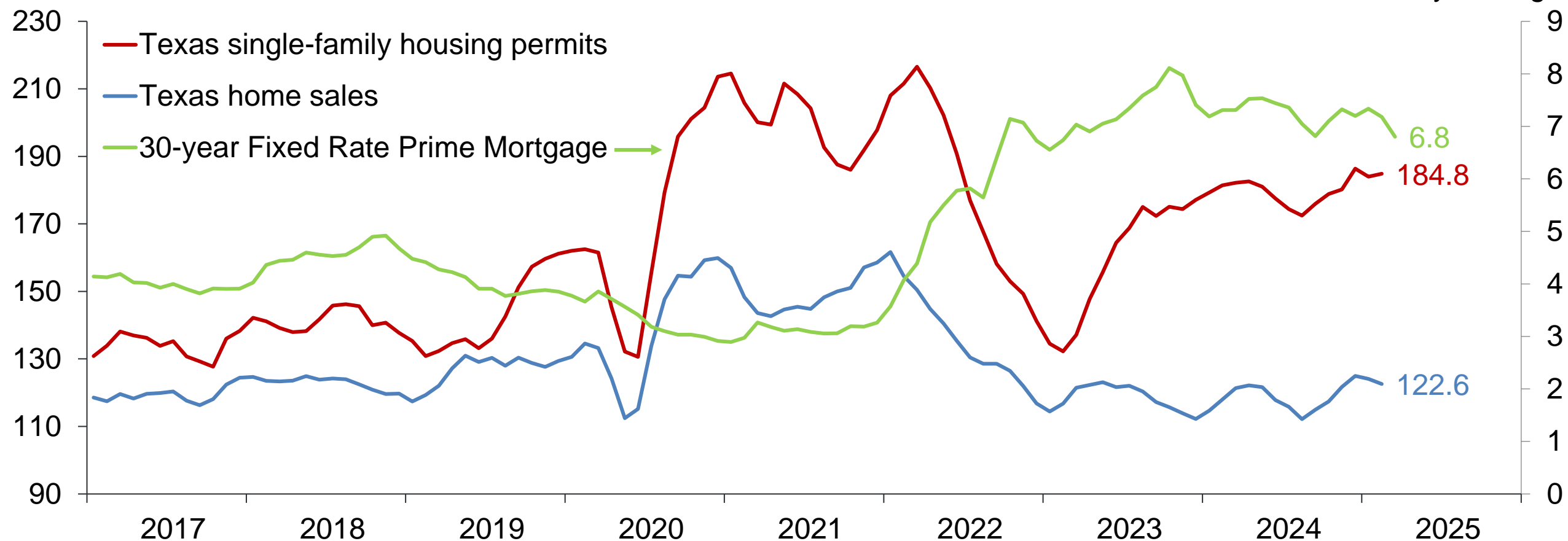


*Seasonally adjusted.
NOTES: Data through March 2025. Shaded area represents contractionary territory.
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.
DATA: [Surveys - Dallasfed.org](https://www.dallasfed.org/surveys)

Real Estate, Finance and Energy

Texas housing sales decline while permits slightly increased in February, mortgage rates fall in March

Index, Jan. 2013 = 100*

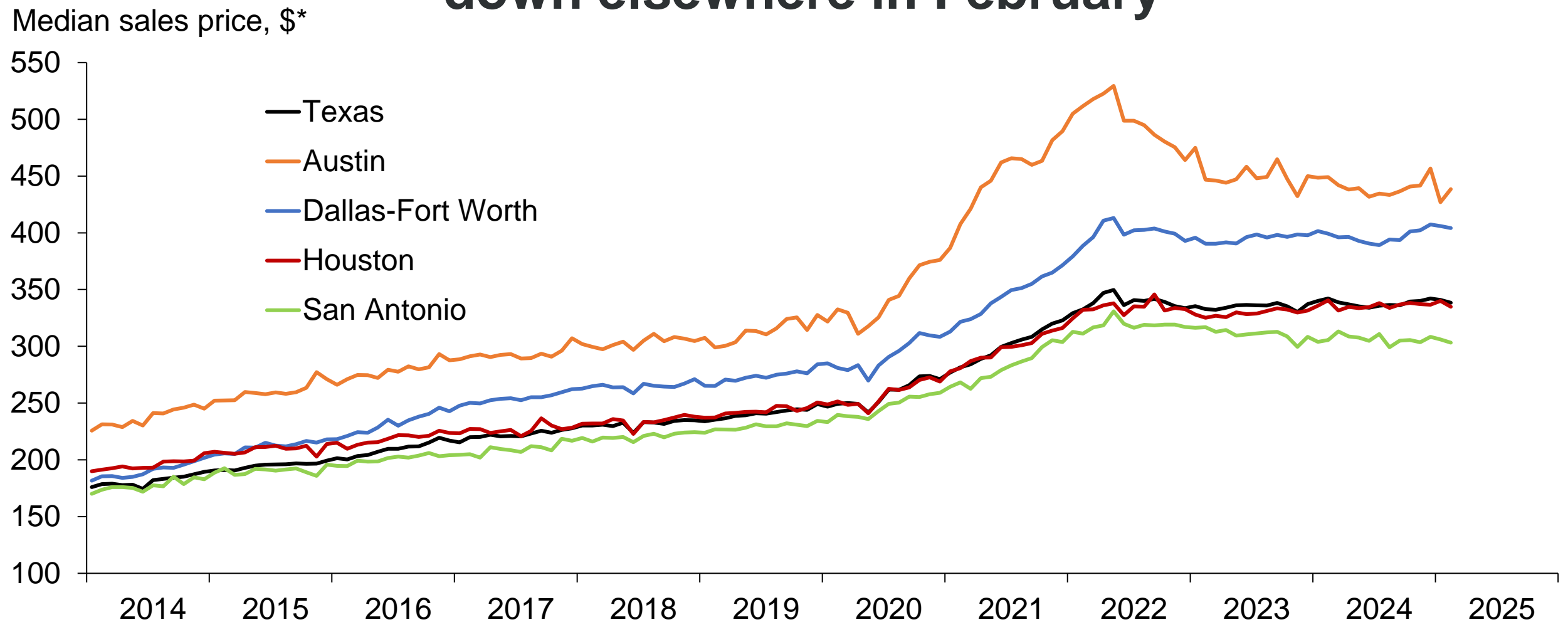


*Seasonally adjusted, three-month moving average.

NOTE: Mortgage data are monthly through March 2025; the rest through February 2025.

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

Median-home prices tick up in Austin, down elsewhere in February



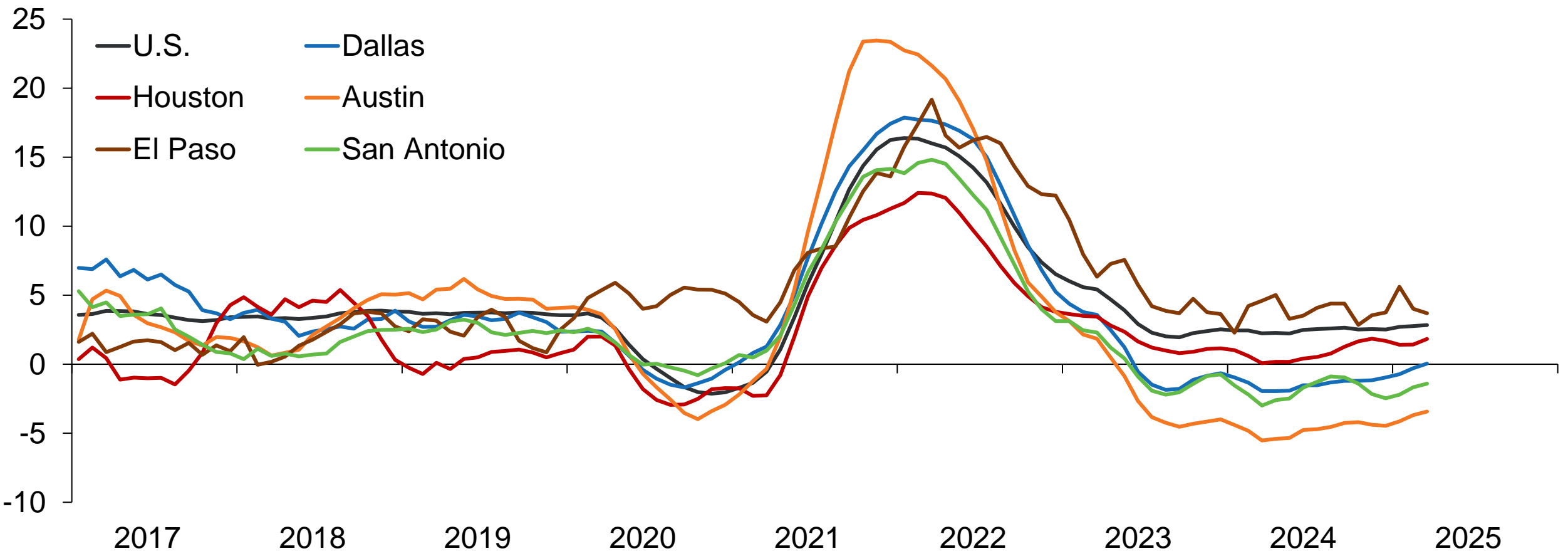
*Seasonally adjusted.

NOTE: Data are monthly through February 2025.

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

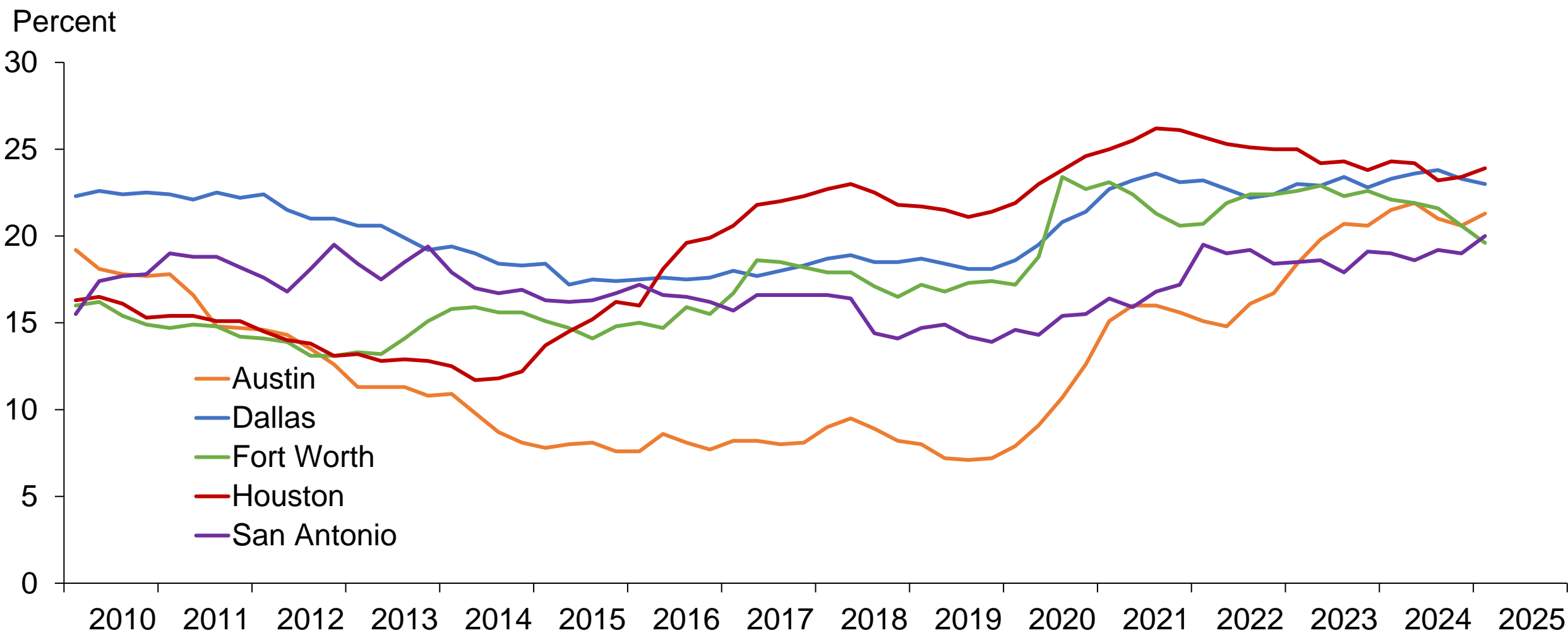
Apartment rents flat to up in Houston, El Paso and Dallas, while down in Austin and San Antonio

Percent, Y/Y*



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

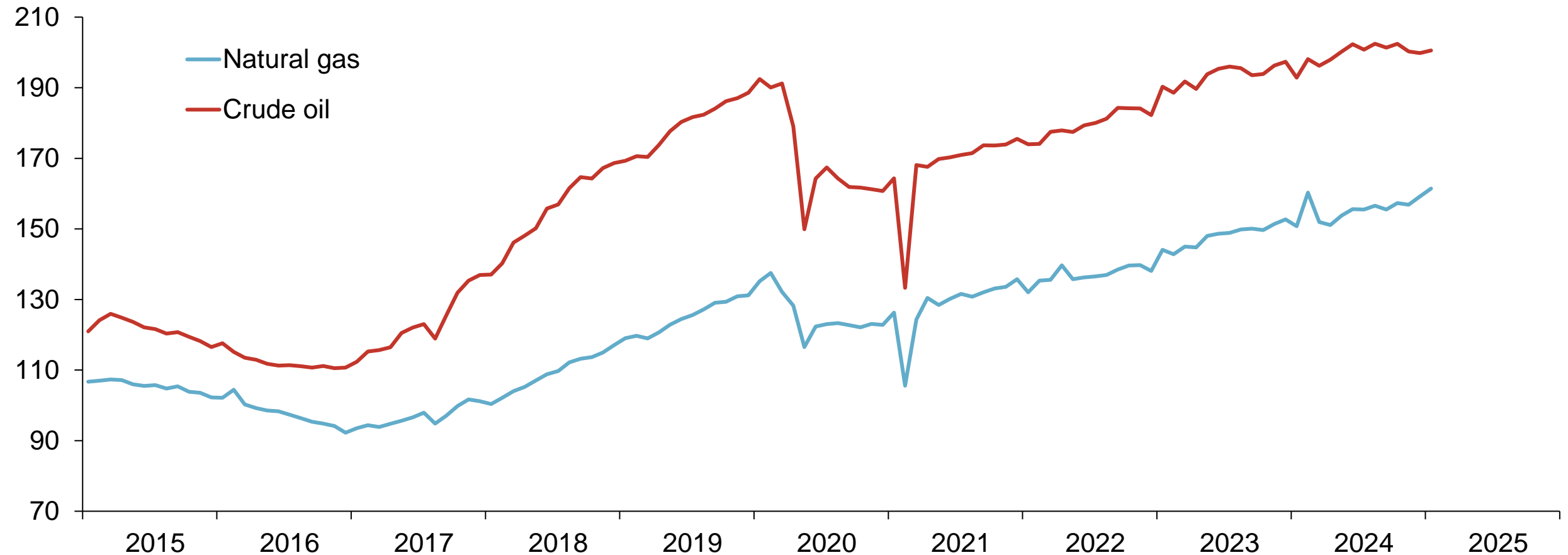
Office vacancy ticks up in Texas markets, except in DFW



NOTE: Data are quarterly through Q1 2025.
SOURCE: CBRE Econometric Advisors.

Texas oil and gas production ticks up at the start of 2025

Index, Jan. 2014 = 100*



*Seasonally adjusted.

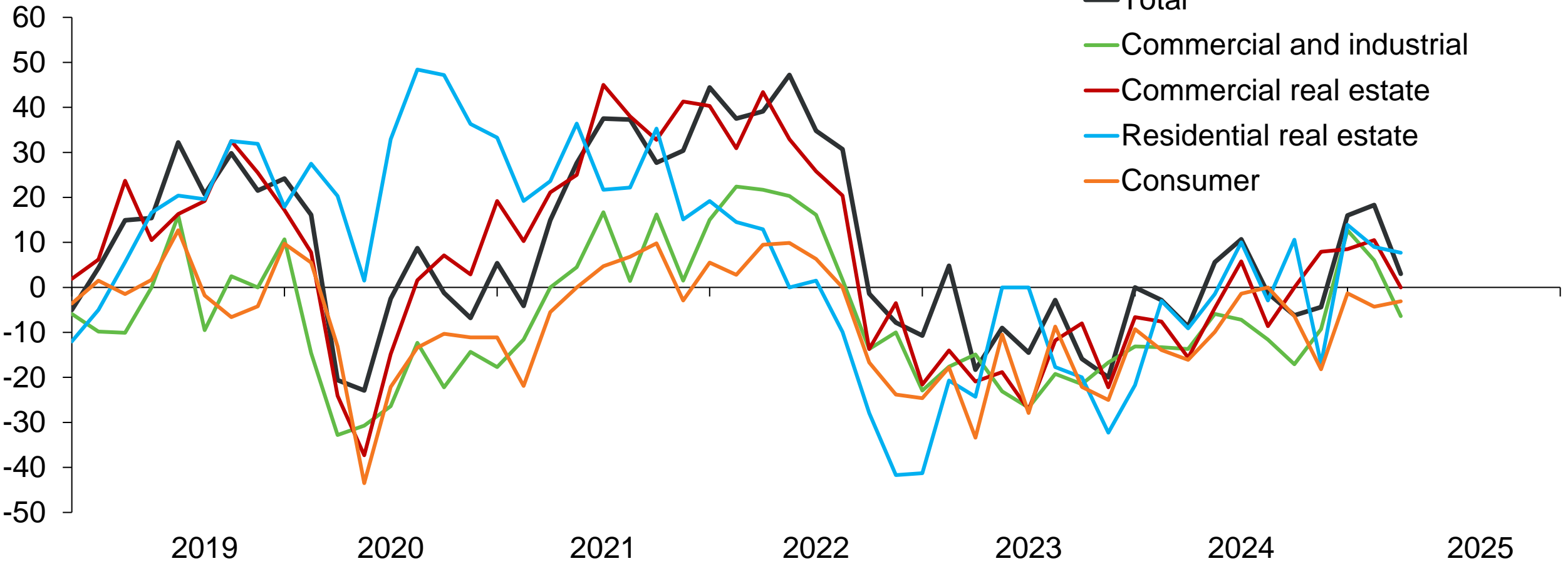
NOTES: Shown are crude oil and natural gas marketed production through January 2025. Production of natural gas are based on billion cubic feet while crude oil is based on million barrels per day.

SOURCE: Energy Information Administration.

Total loan volumes expand slightly, while commercial and industrial loans contract

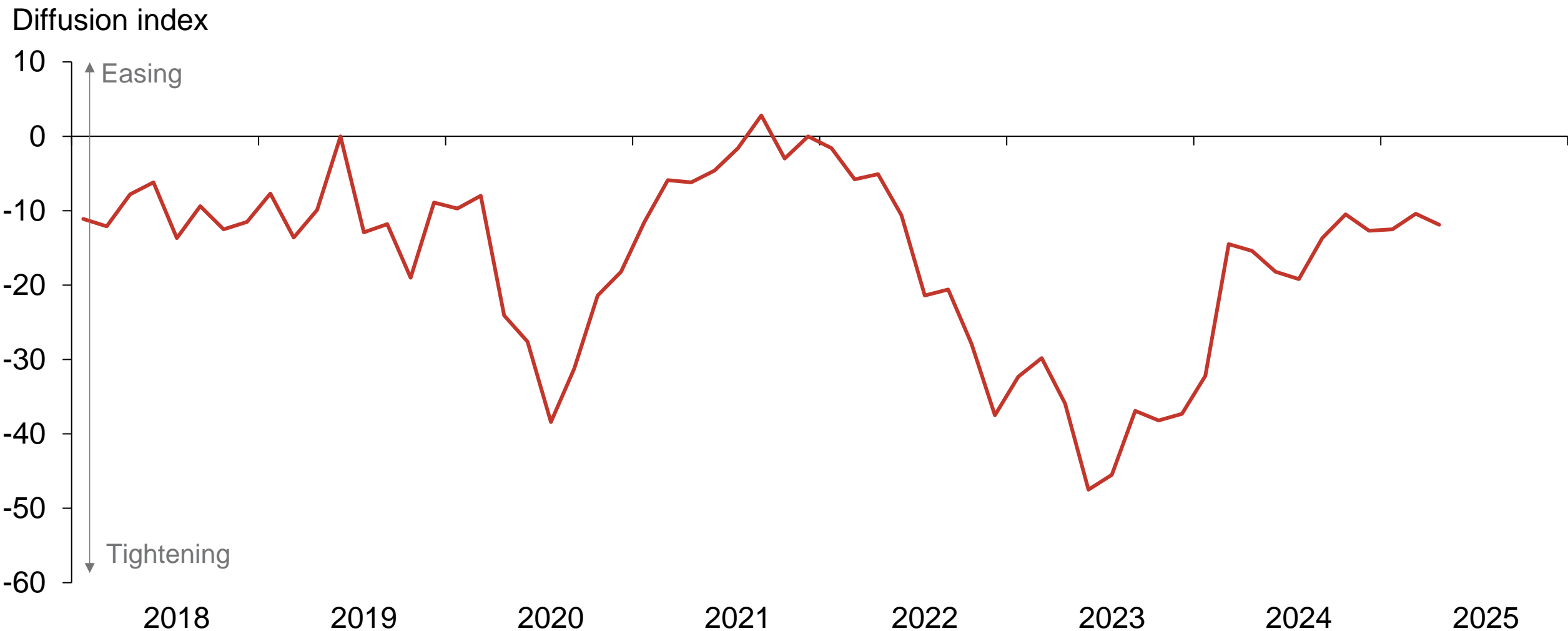
(11th District banks)

Diffusion index



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

Texas banks report continued credit tightening

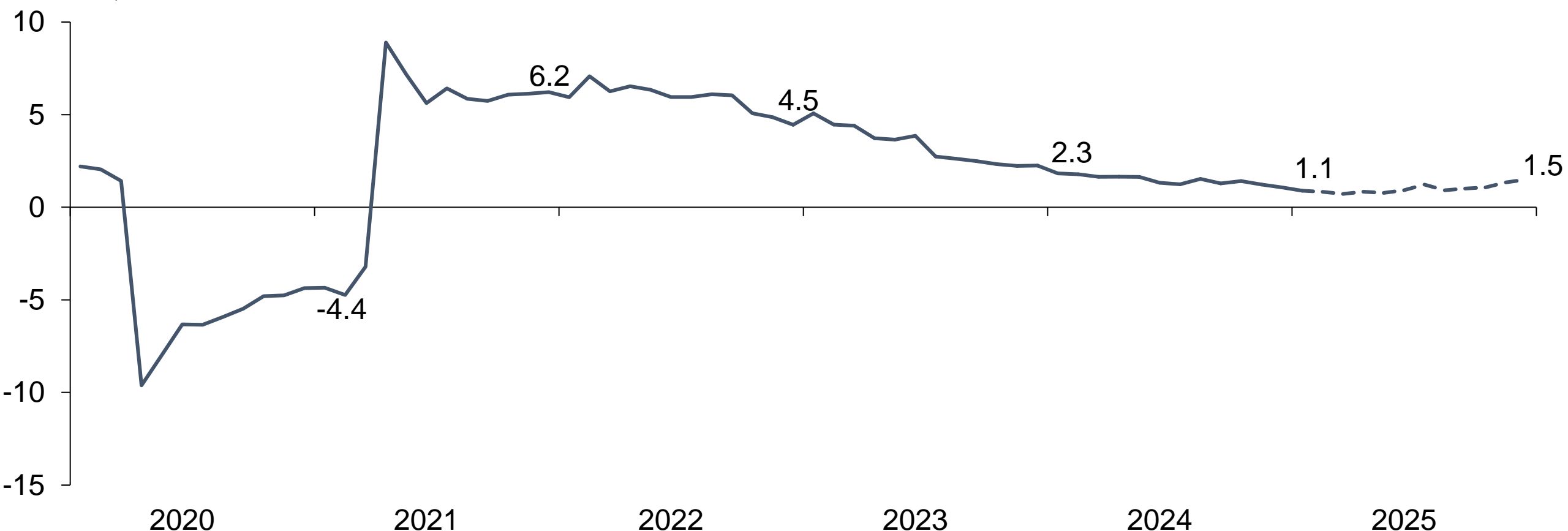


NOTES: Includes credits and terms. Data are through April 2025.
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

Outlook

The Texas employment forecast indicates 1.5% growth in 2025, below the 2% long-run trend

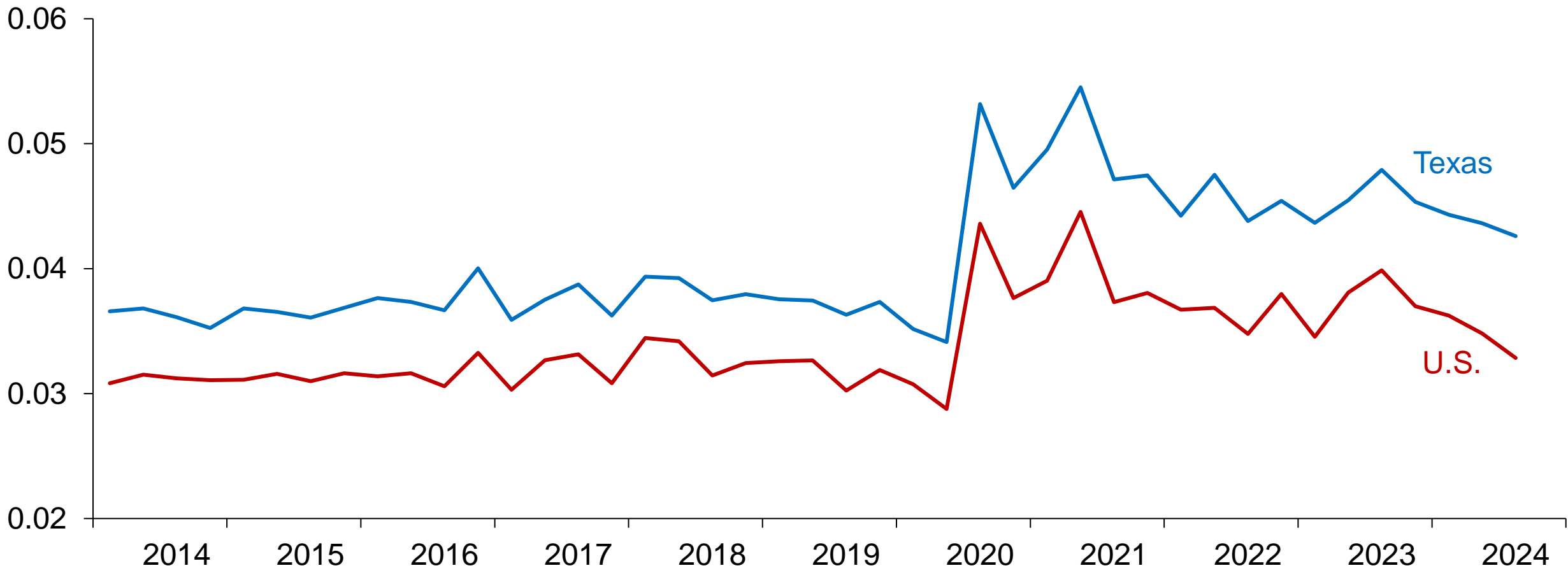
Percent, Y/Y



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

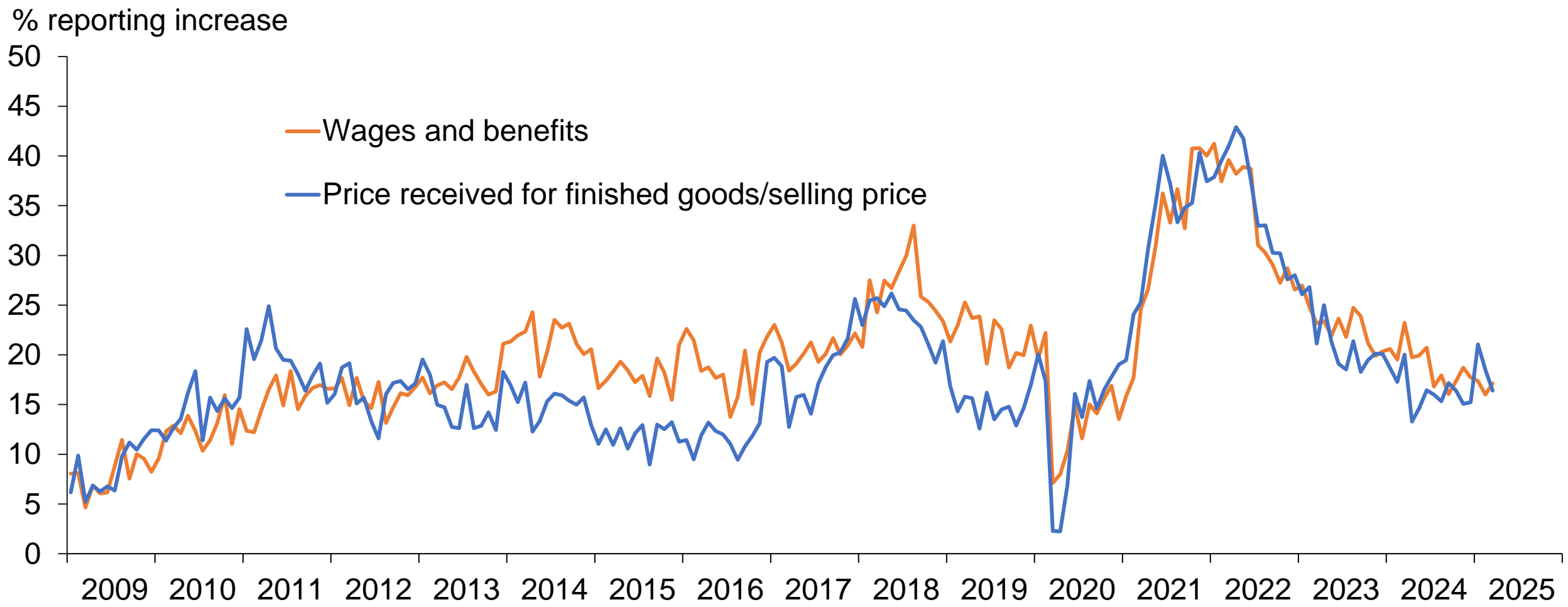
Business applications per business establishments



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

SOURCE: U.S. Census Bureau.

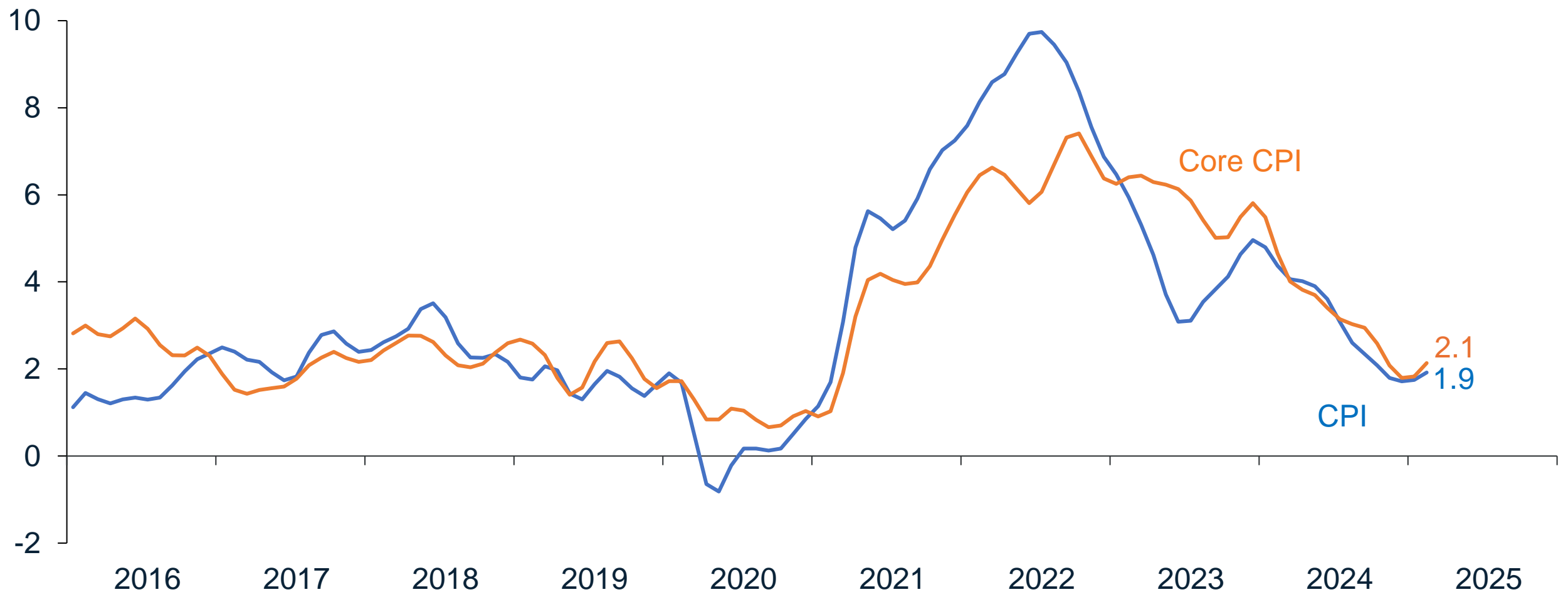
Share of Texas firms reporting an increase in selling prices ticks down in March



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

SOURCE: Bureau of Labor Statistics.

Texas Business Outlook Surveys Special Questions

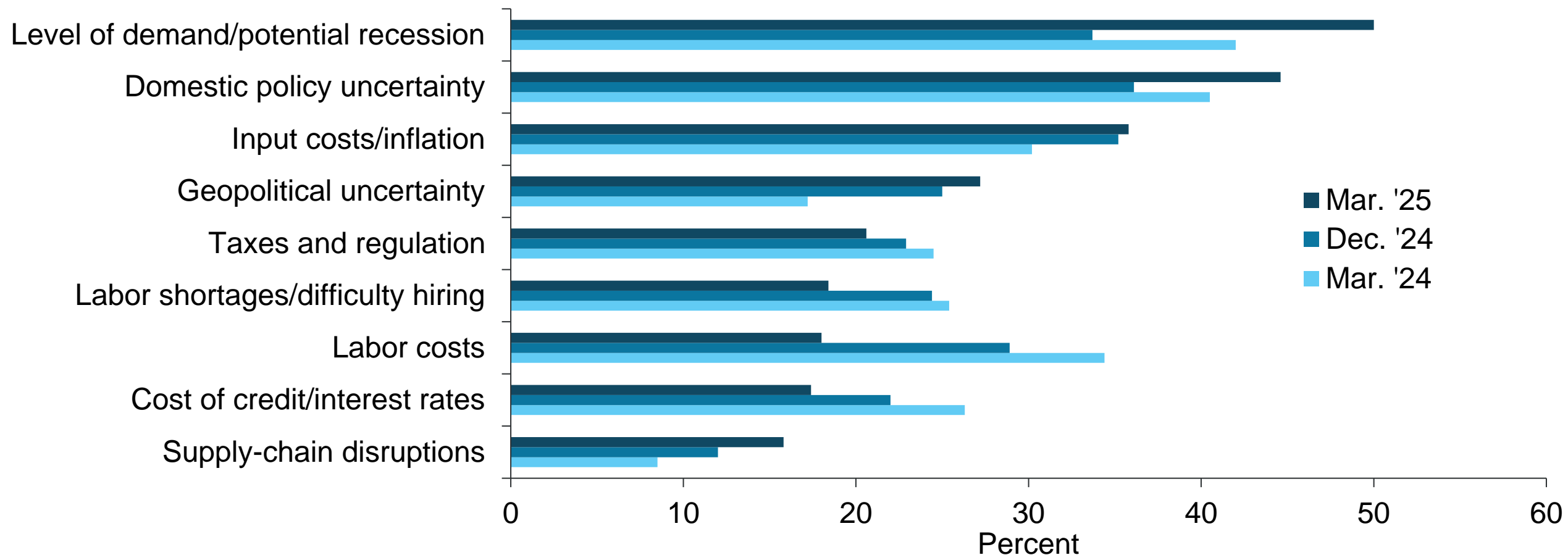
Texas firms' expectations for input prices rise compared to December



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 = 283 responses in Mar. 2025. 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.

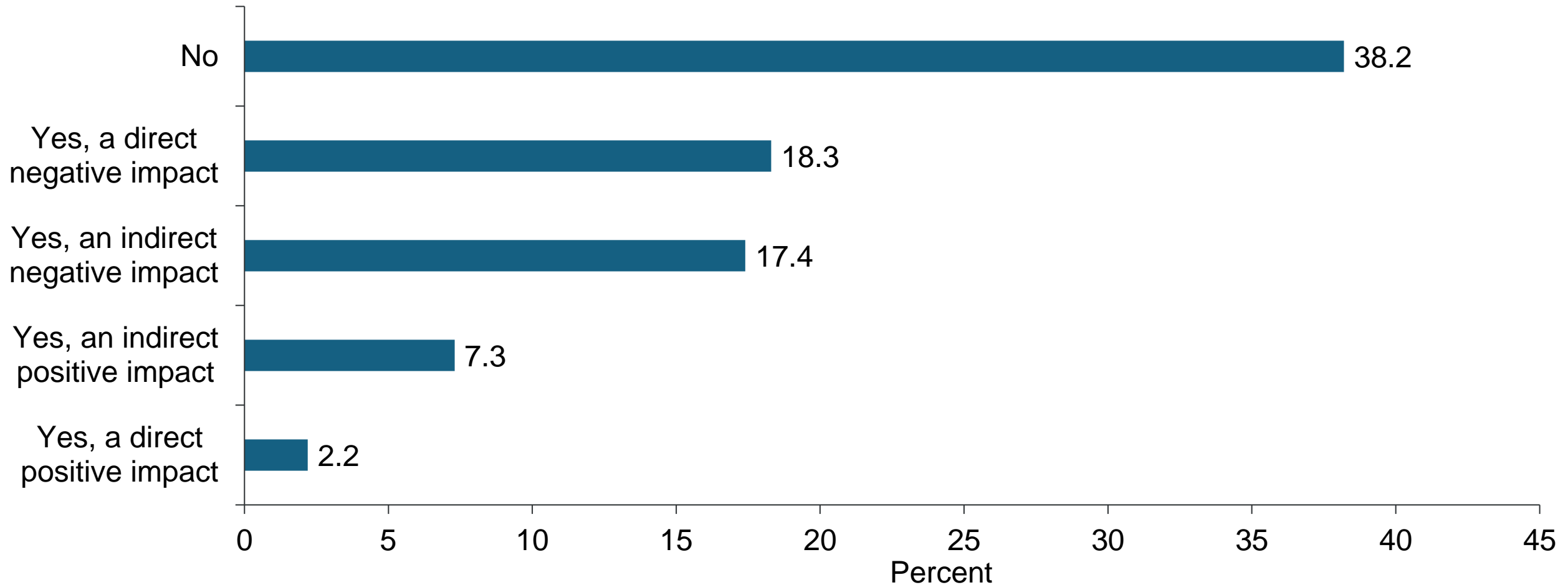
TBOS respondents cite level of demand/potential recession as primary concern in the coming six months



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 = 316 responses in Mar. 2025. “None” and “Other” are excluded.

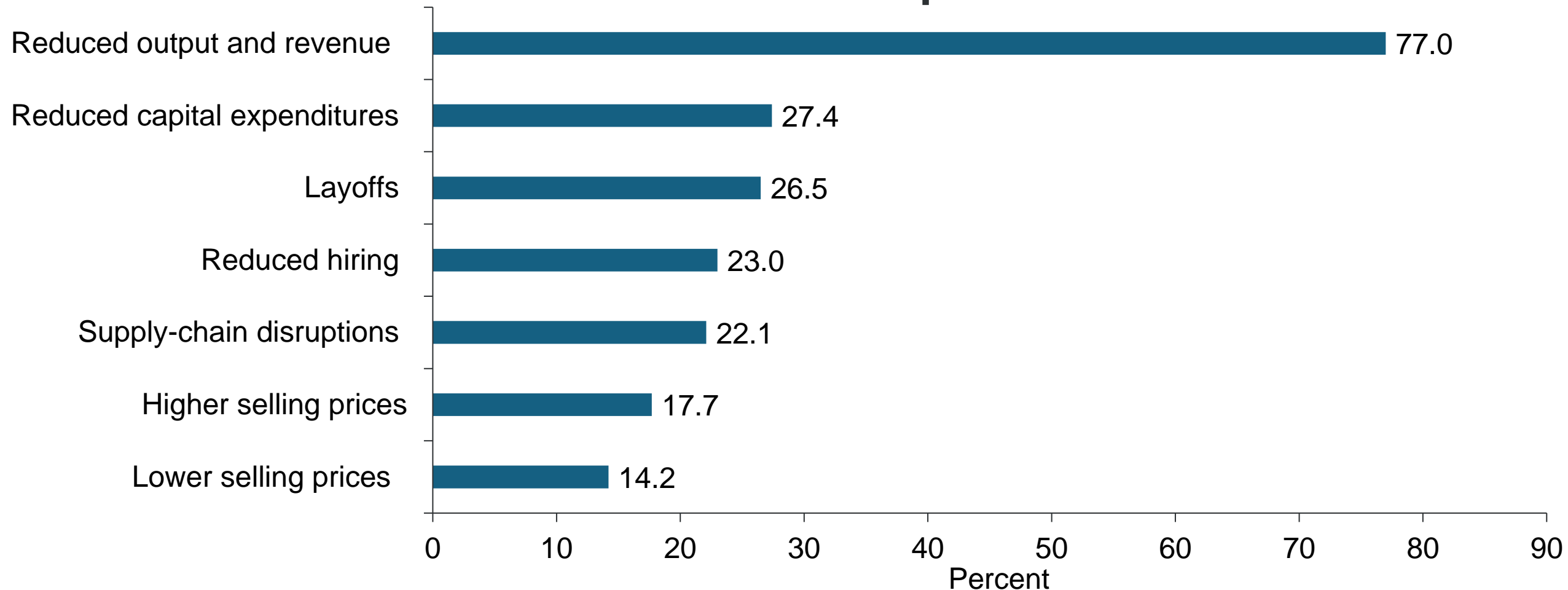
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.

Texas businesses expect mixed effects from a reduction in government spending



NOTES: Participants were asked, “Do you expect changes in government spending to affect your business this year?” N = 317 responses in Mar. 2025. “Don’t know” is excluded.
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.

Firms who believe reduced government spending will adversely affect them cite reduced output and revenue



NOTES: Participants were asked, "In what way(s) do you expect this negative impact to affect your business? Please select all that apply." N = 113 responses in Mar. 2025. This question was only posed to those indicating a negative impact to the previous question.

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

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