



Federal Reserve
Bank of Dallas

Texas Economic Performance and Outlook

(August 2025)

“Modest Employment Growth in July”

Mariam Yousuf, Luis Torres, and Diego Morales-Burnett

Federal Reserve Bank of Dallas

8/15/2025

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.

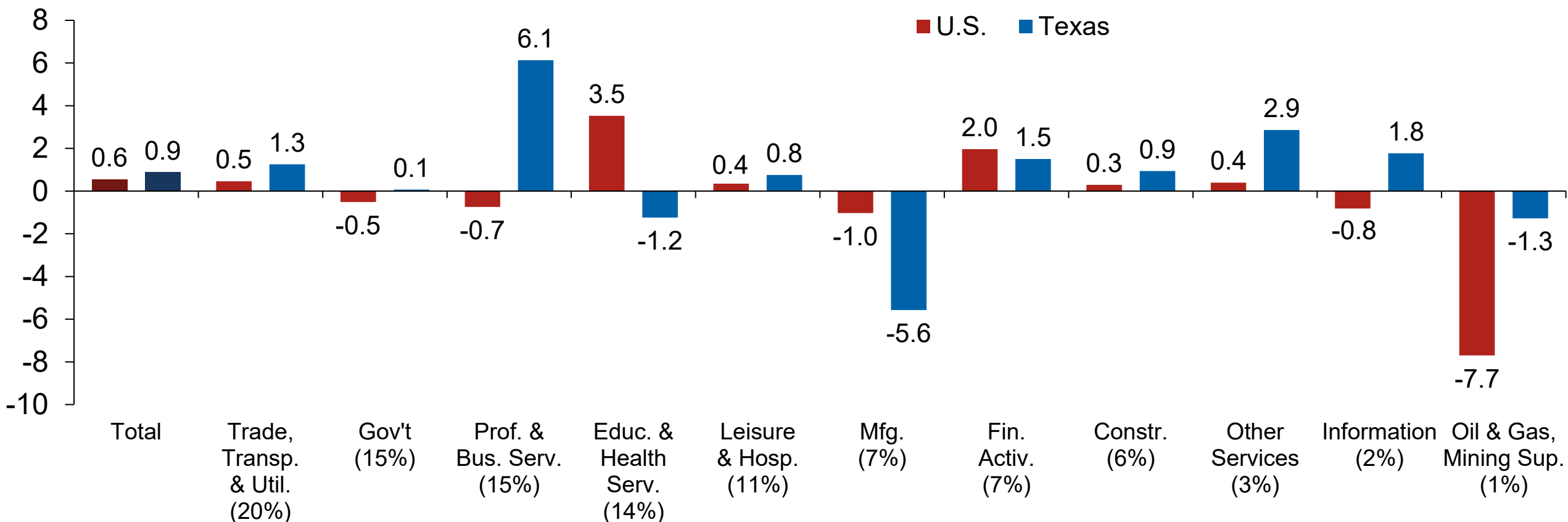
What's New: Texas payrolls expand in July

- Texas employment grew 0.9% in July. June's employment was revised down to -1.6%
 - U.S. job growth was 0.6% in July
- The Dallas Fed's Texas Employment Forecast indicates jobs will increase 1.5% in 2025
 - The previous forecast was 1.7%
- Texas unemployment remained at 4.0% in July
 - U.S. unemployment ticked up to 4.2% in July
- July Texas Business Outlook Surveys (TBOS) show a sharp rebound in manufacturing output and in service sector revenue
 - Around half of firms are looking to hire workers in in July
 - TBOS cites lack of available workers, lack of hard skills, and applicants demanding higher pay as top impediments to hiring
 - Yet, availability of applicants has improved slightly, over the past three months
 - However, ability to retain workers has worsened over the same period
 - Most firms report that current immigration policy is not impacting their ability to hire foreign-born workers

Overall Economic Activity

Texas job growth was broad-based in July

Job Growth July 2025/June 2025 (%)*



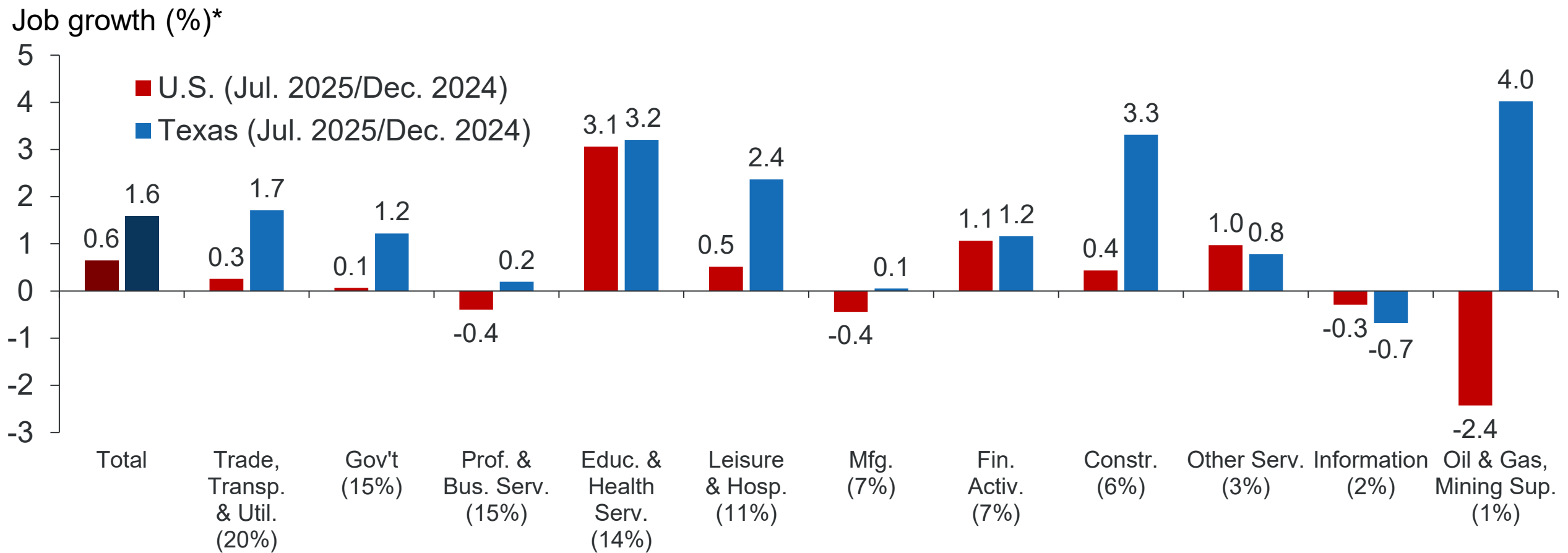
*Seasonally adjusted, annualized rate.

NOTE: Numbers in parenthesis indicate share of total state employment in July 2025.

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

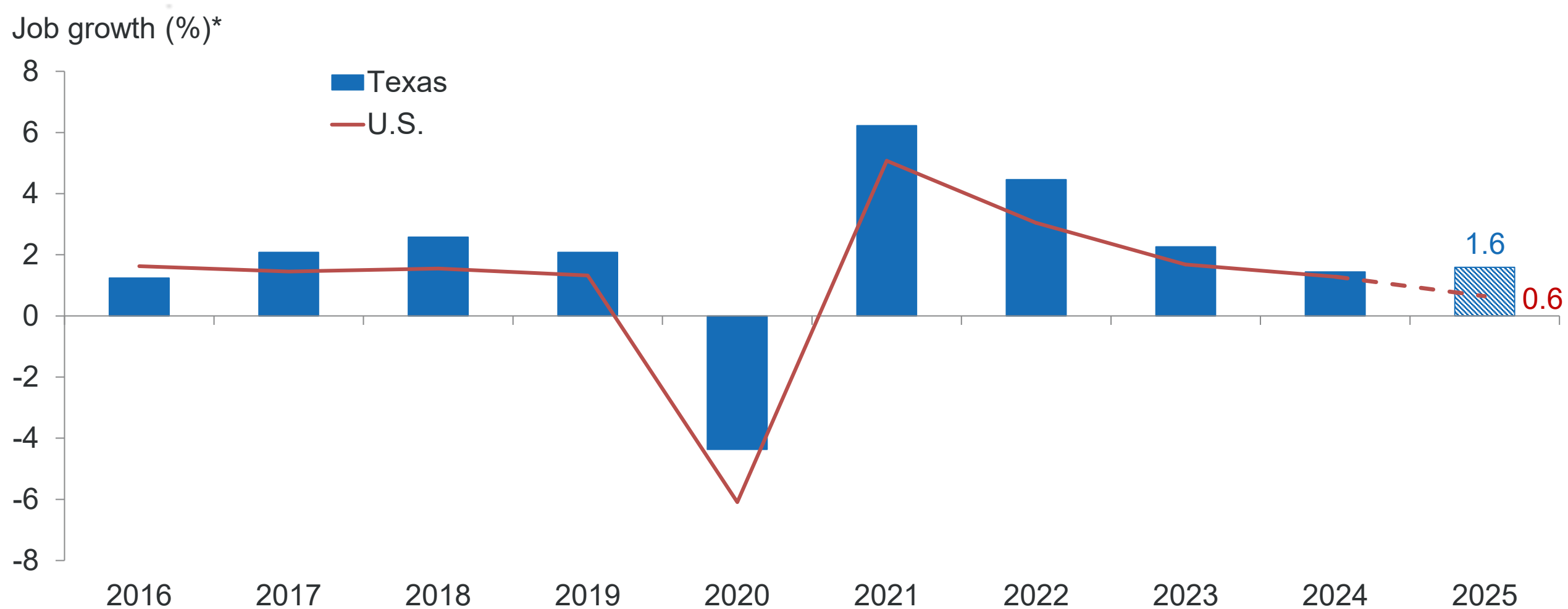
DATA: [Texas Employment by Industry - Dallasfed.org](https://dallasfed.org/research/texas-employment-by-industry)

Strong YTD employment growth in oil and gas, construction, and education and health



*Seasonally adjusted, annualized rate.
NOTE: Numbers in parentheses indicate share of total state employment for July 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](#)

Texas' 2025 job growth outpacing the nation



*Seasonally adjusted, annualized rate.

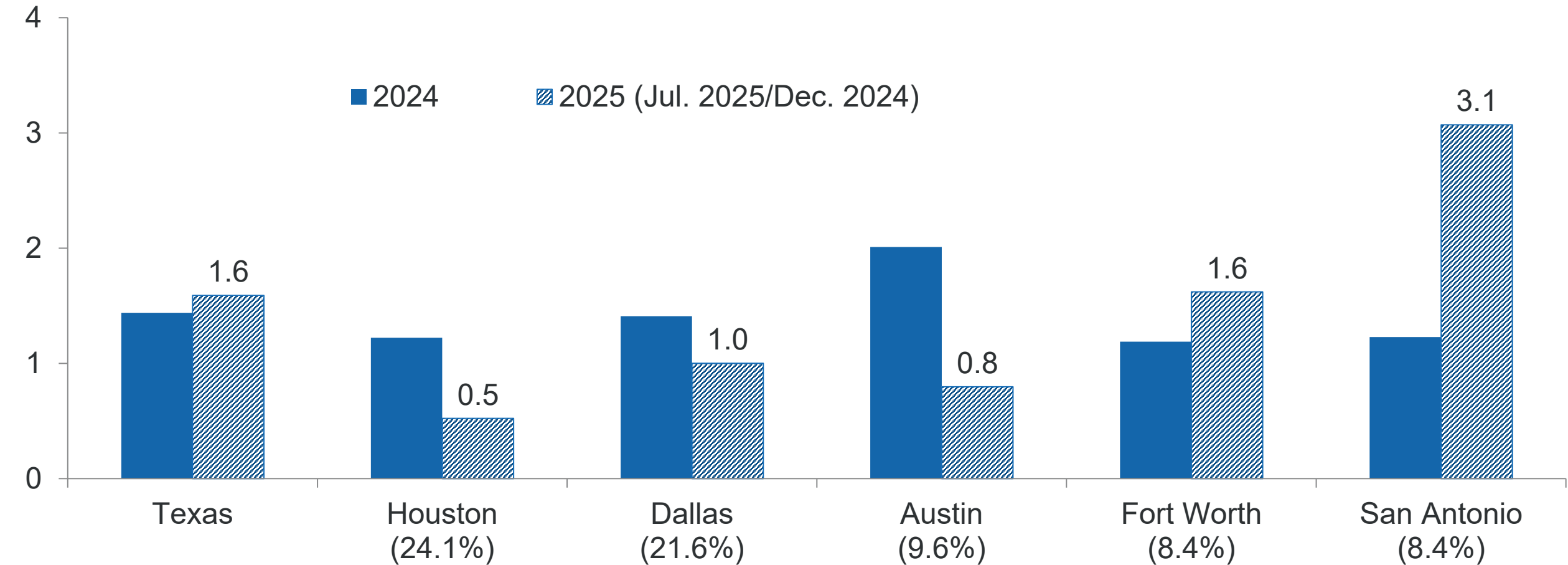
NOTES: Last data points are annualized job growth for Jul. 2025/Dec. 2024. Yearly growth is Dec/Dec.

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](#)

2025 YTD job growth fastest in San Antonio

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



*Seasonally adjusted, annualized rate.

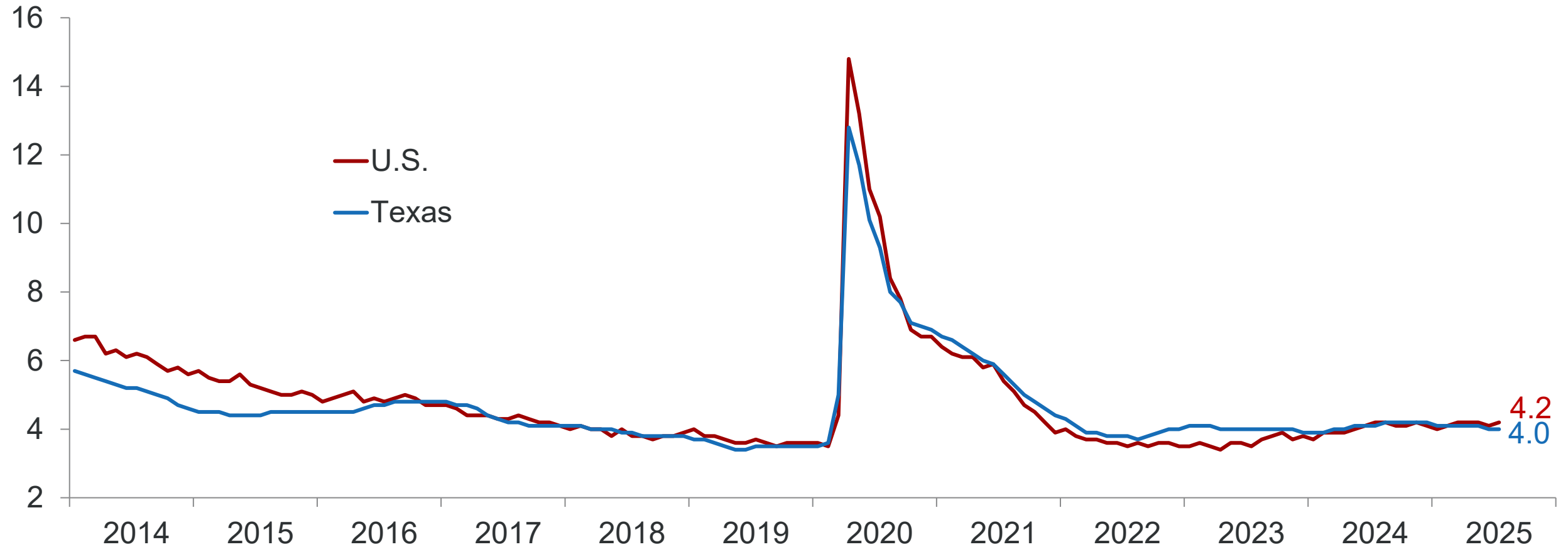
NOTE: Numbers in parenthesis indicate share of state employment for July 2025.

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://www.dallasfed.org/research/economic-conditions/texas)

Texas unemployment remains at 4.0 percent, US ticks up

Unemployment rate (%)*



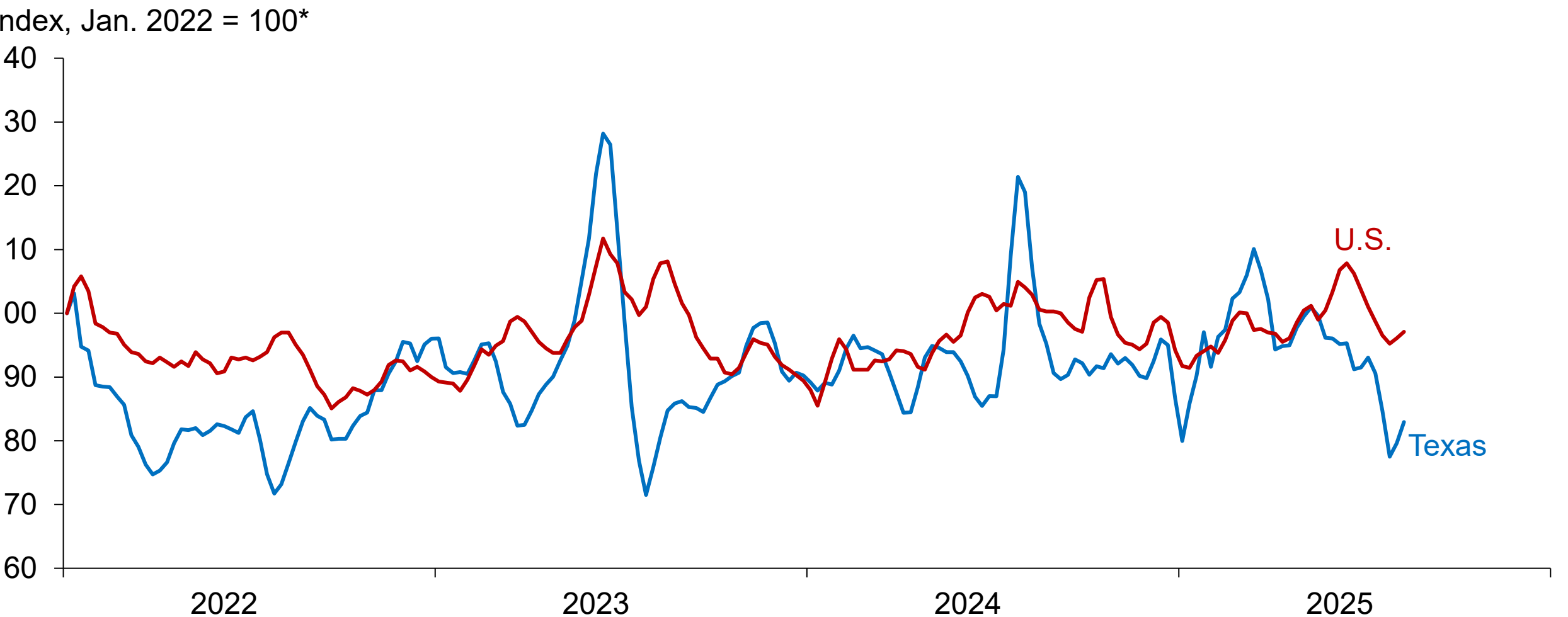
*Seasonally adjusted.

NOTE: Data are through July 2025.

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

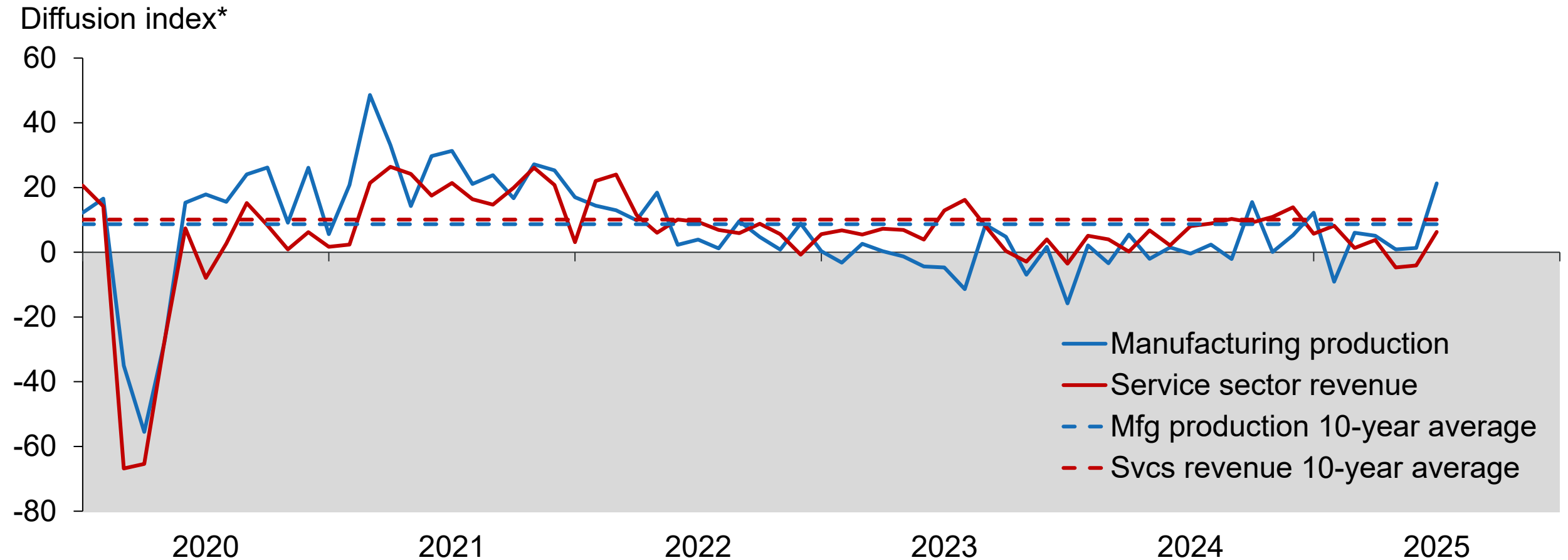
DATA: [Texas Employment by Industry - Dallasfed.org](https://dallasfed.org/research/texas-employment-by-industry)

Initial unemployment claims tick up in Texas and the nation



*Seasonally adjusted, three-week moving average.
NOTE: Data are through the week ending August 8th, 2025.
SOURCE: Department of Labor.

TBOS headline indexes rebound in July



*Seasonally adjusted.

NOTES: Data through July 2025. Shaded area represents contractionary territory.

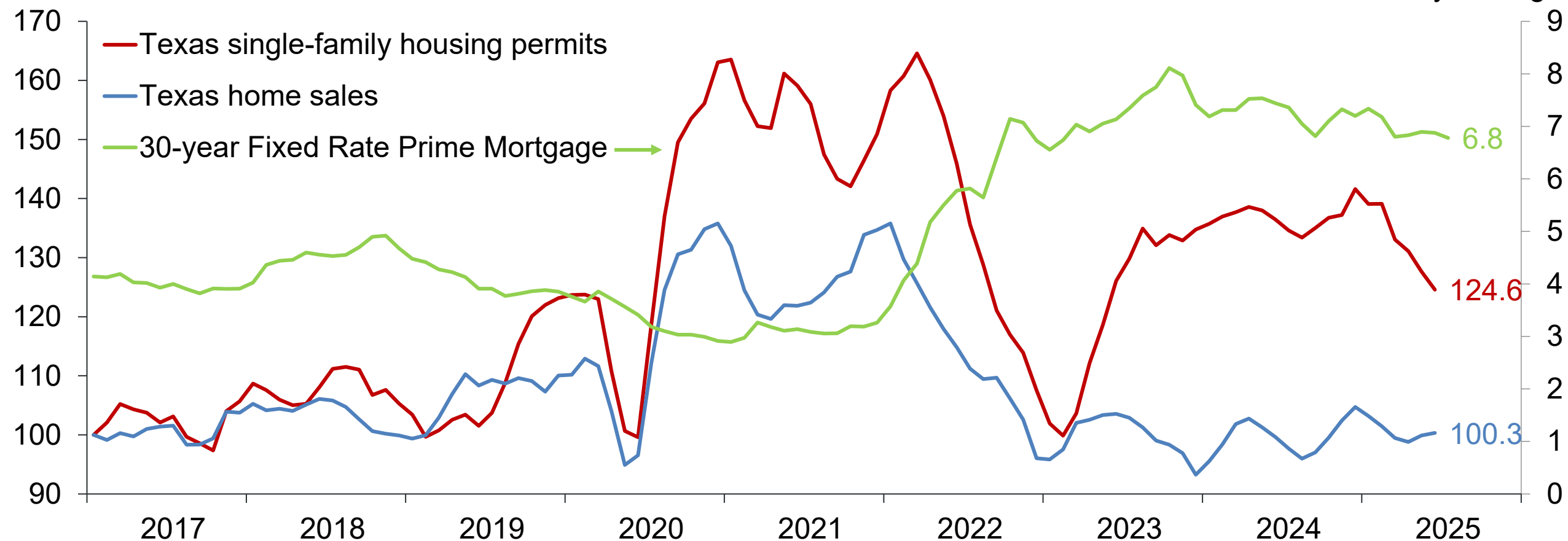
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.

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

Real Estate, Energy and Finance

Texas housing sales tick up, permits and mortgage rates tick down

Index, Jan. 2017 = 100*

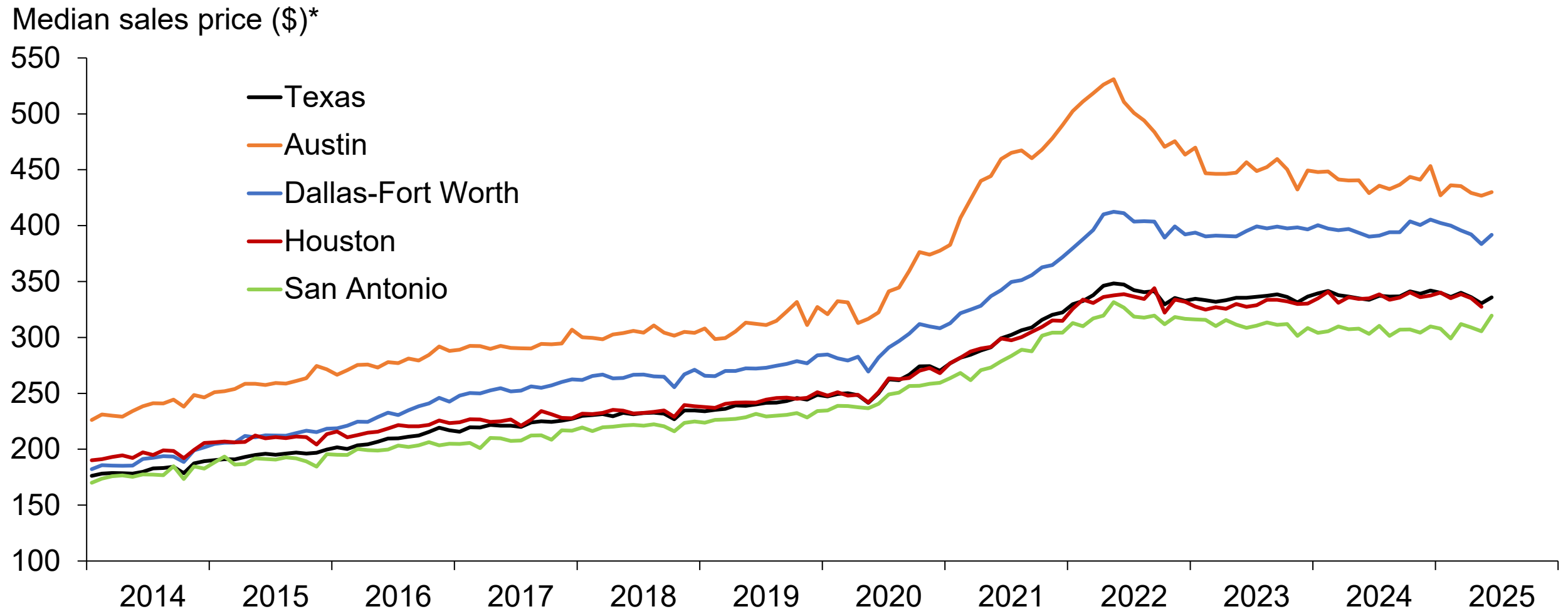


*Seasonally adjusted, three-month moving average.

NOTE: Mortgage data are monthly through July 2025; the rest through June 2025.

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

Median home prices tick up in most major metros



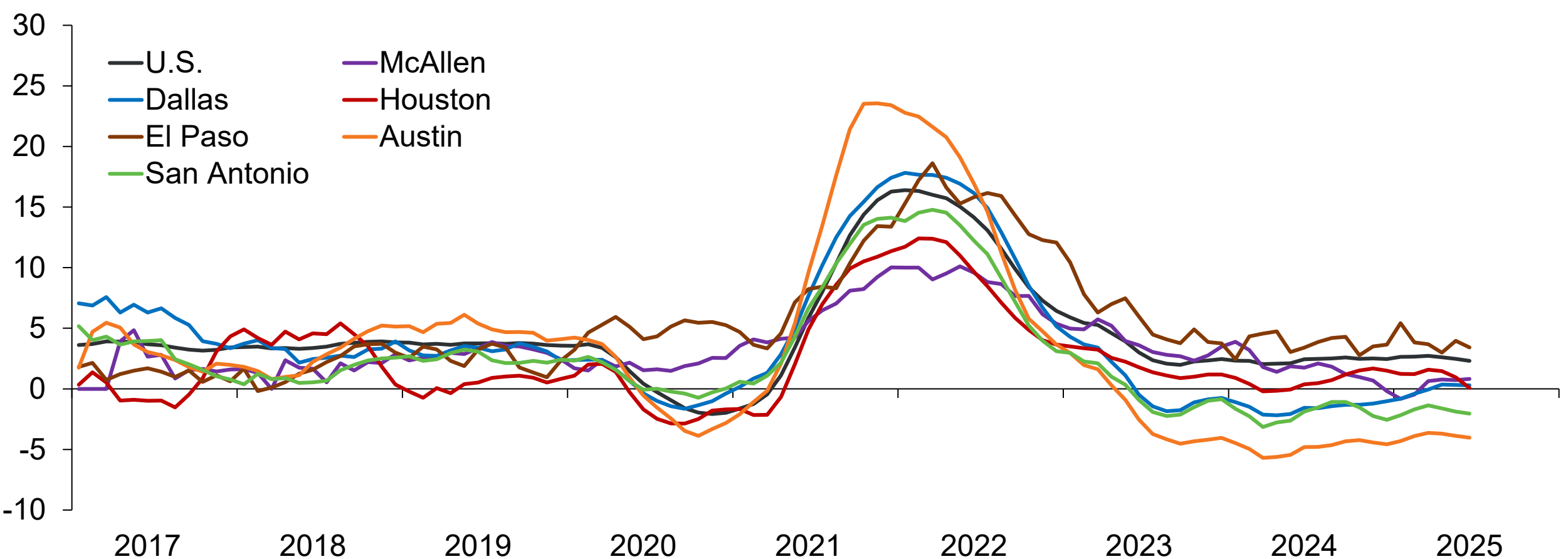
*Seasonally adjusted.

NOTE: Data are monthly through May 2025 for Houston; June 2025 for the rest.

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

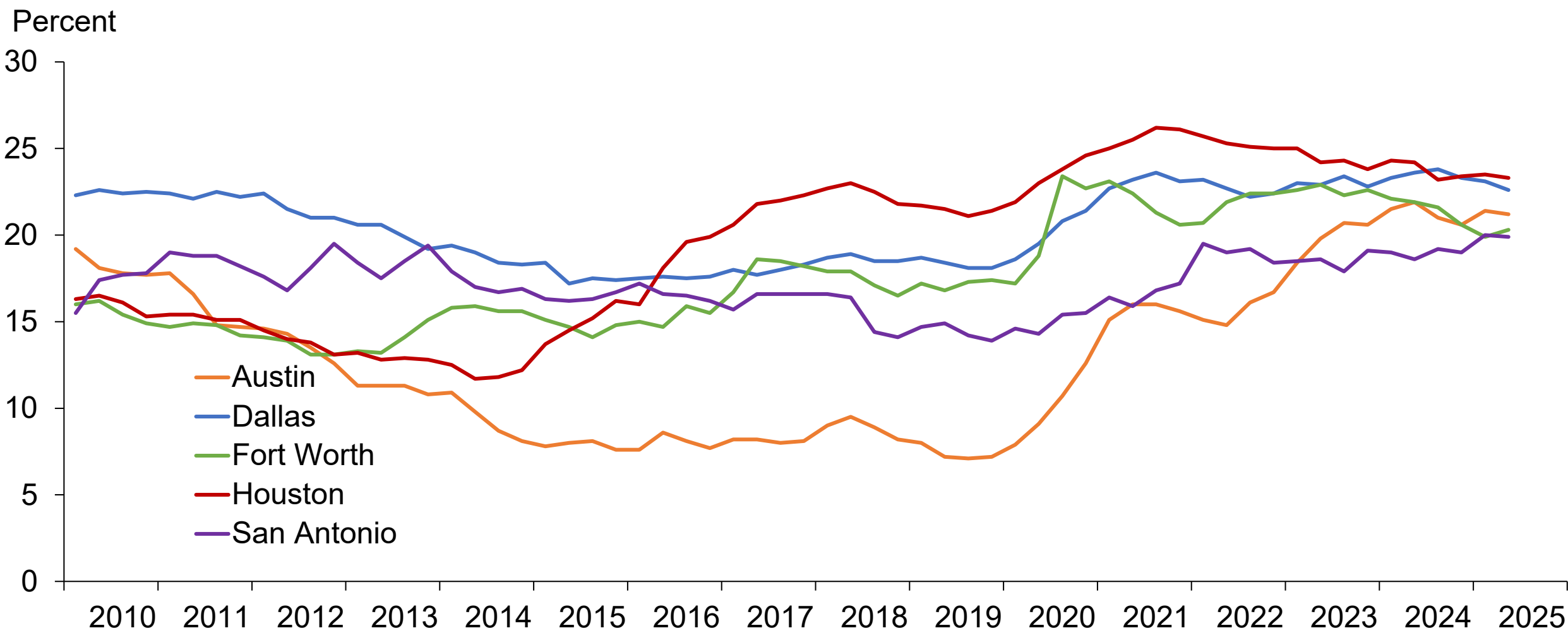
Apartment rents falling in Austin and San Antonio, flat to up in other major metros

Percent, Y/Y*



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

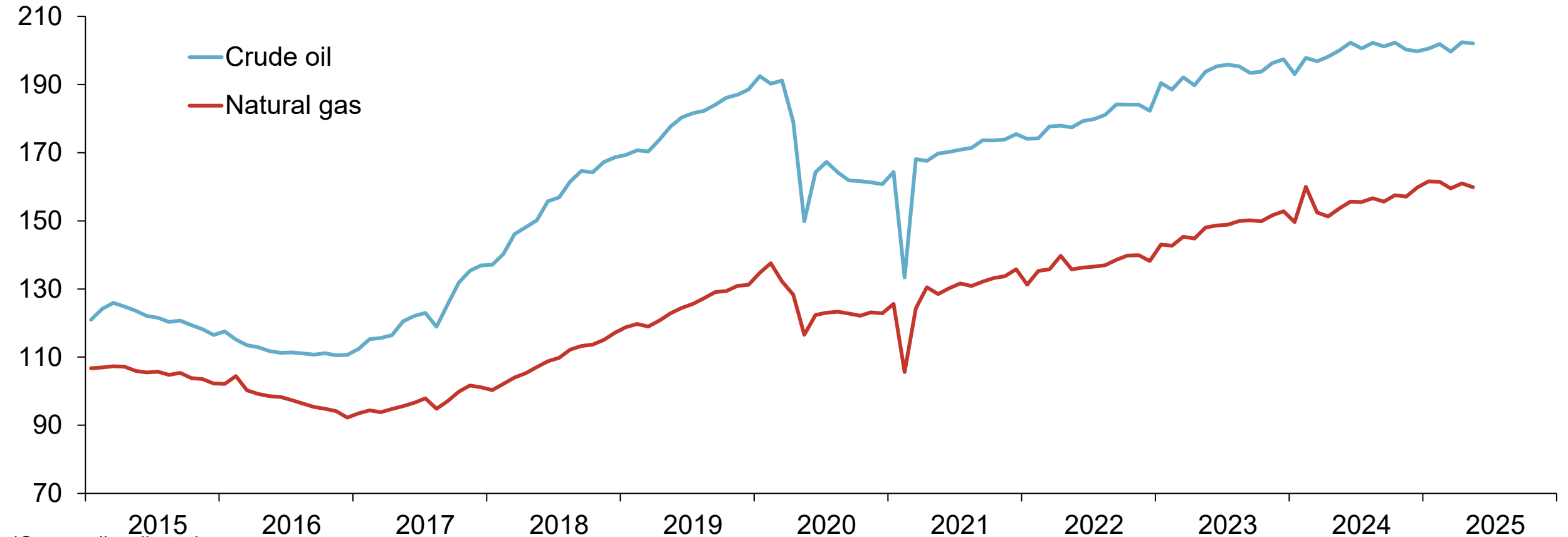
Office vacancy ticks down in most Texas markets except in Fort Worth



NOTE: Data are quarterly through Q2 2025.
SOURCE: CBRE Econometric Advisors.

Texas oil and gas production ticks down in May

Index, Jan. 2014 = 100*



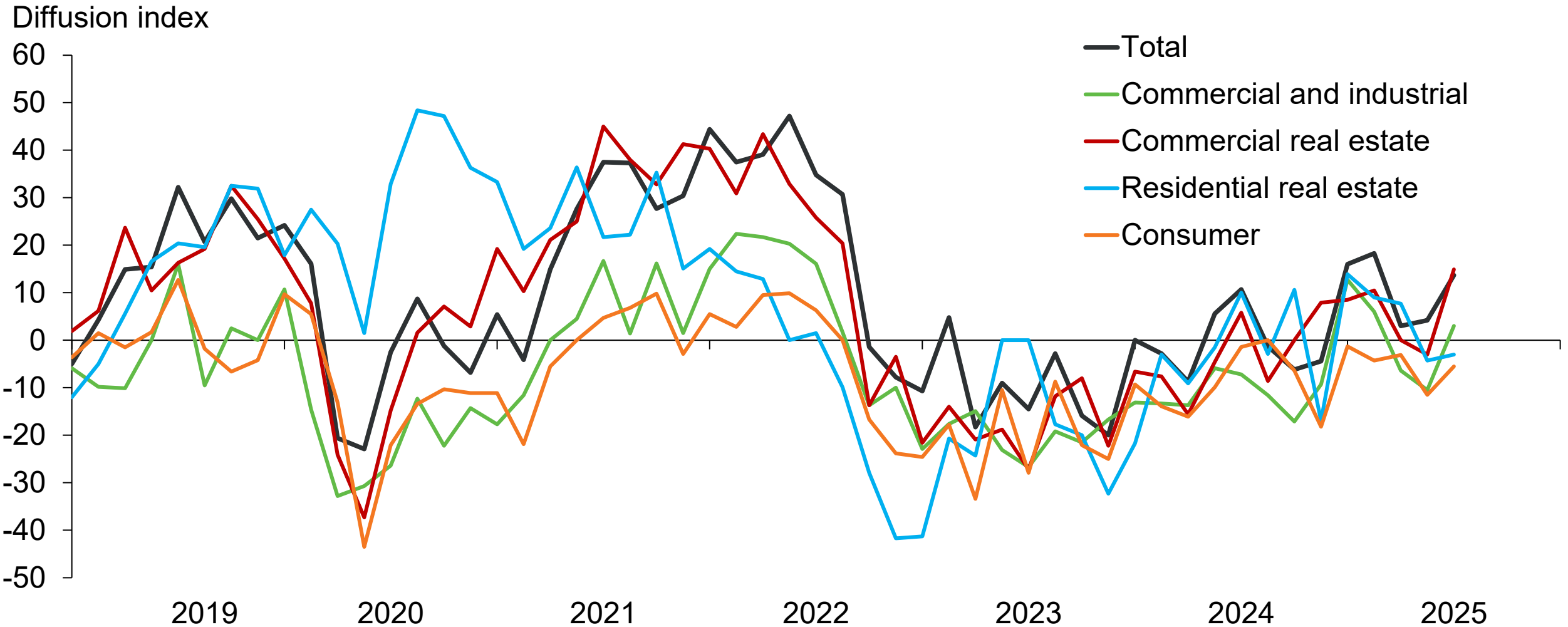
*Seasonally adjusted.

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

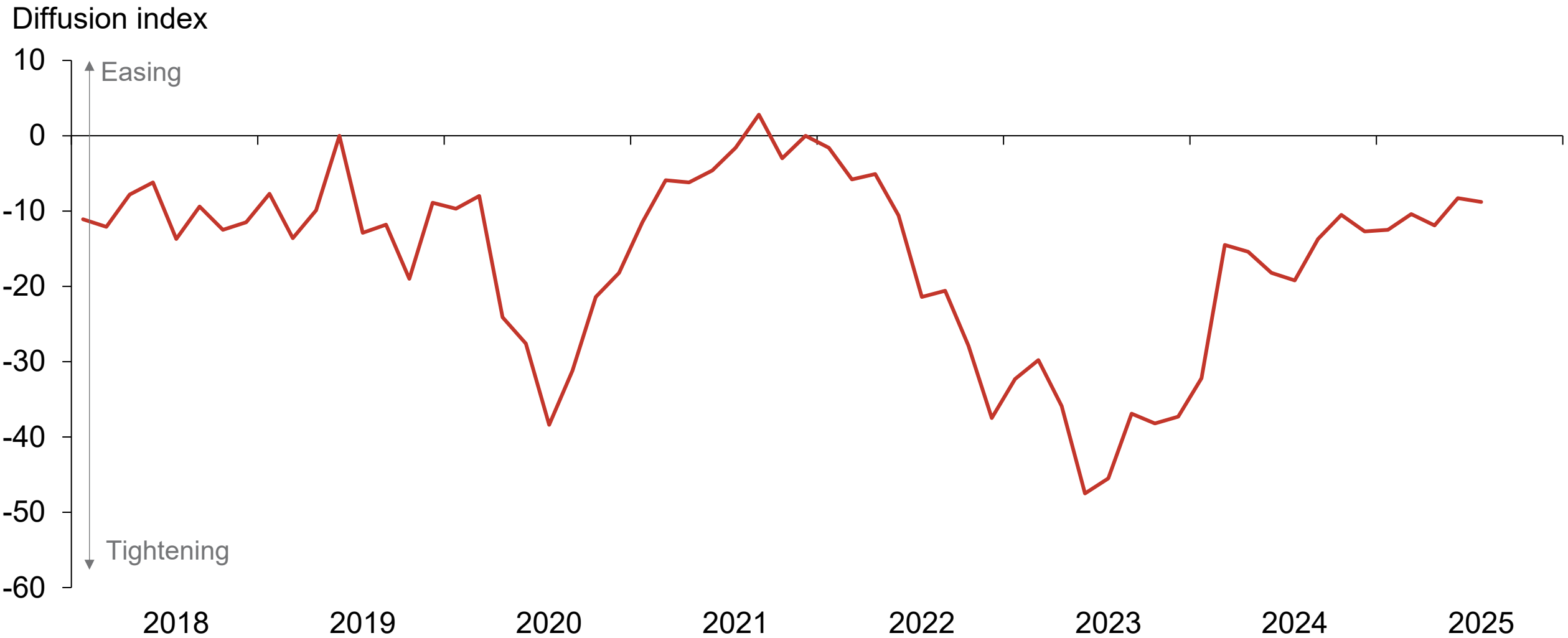
Total loan volumes expand in June

(11th District banks)



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

Texas banks report continued credit tightening

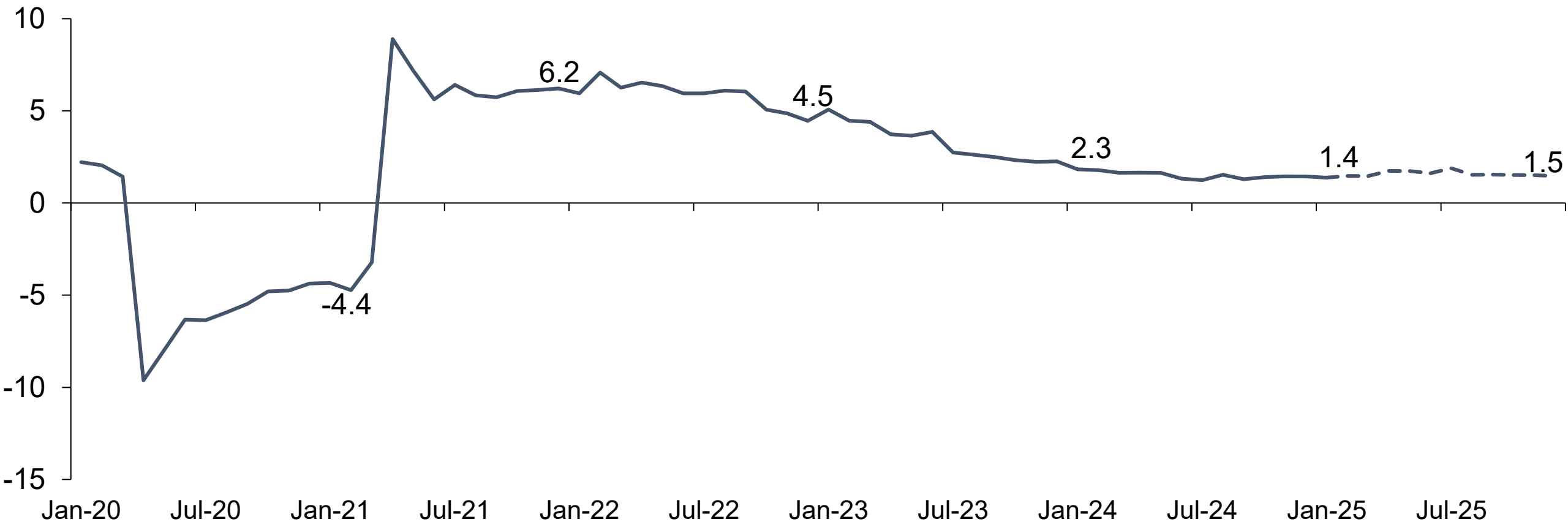


NOTES: Includes credits and terms. Data are through June 2025.
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

Outlook

The Dallas Fed's Texas employment forecast suggests 1.5% growth in 2025, slightly below the 2% long-run trend

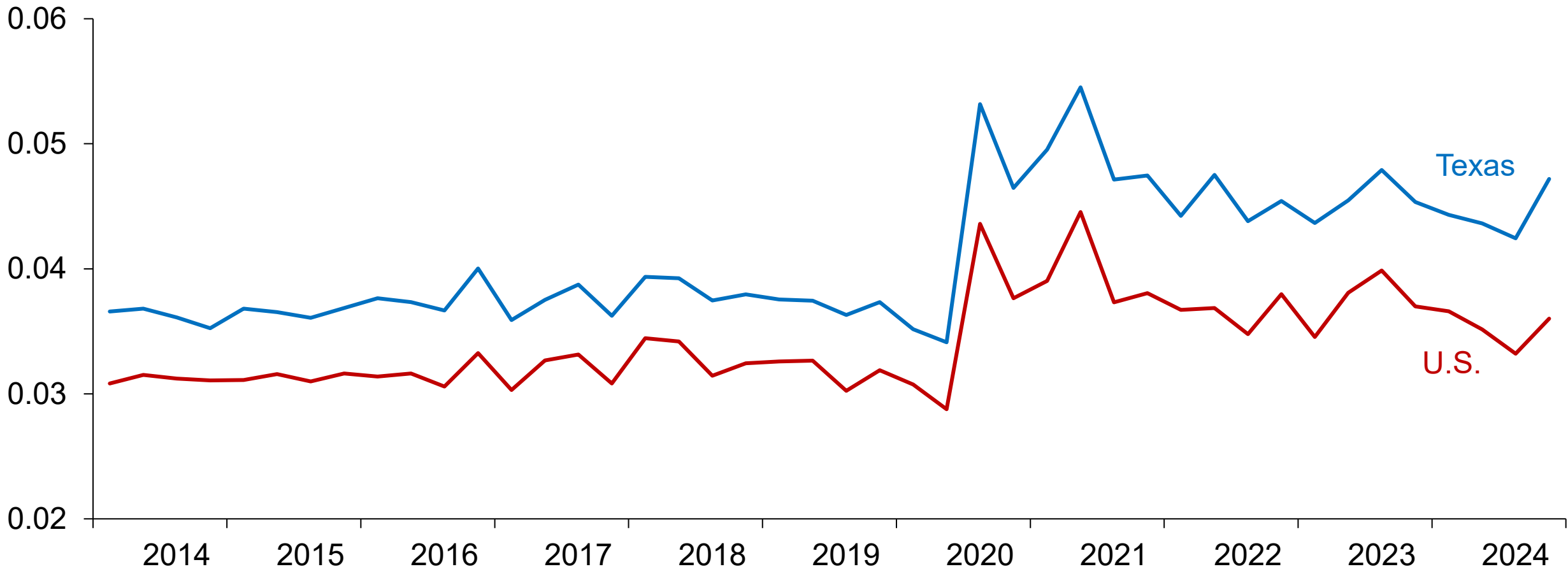
Percent, Y/Y



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).

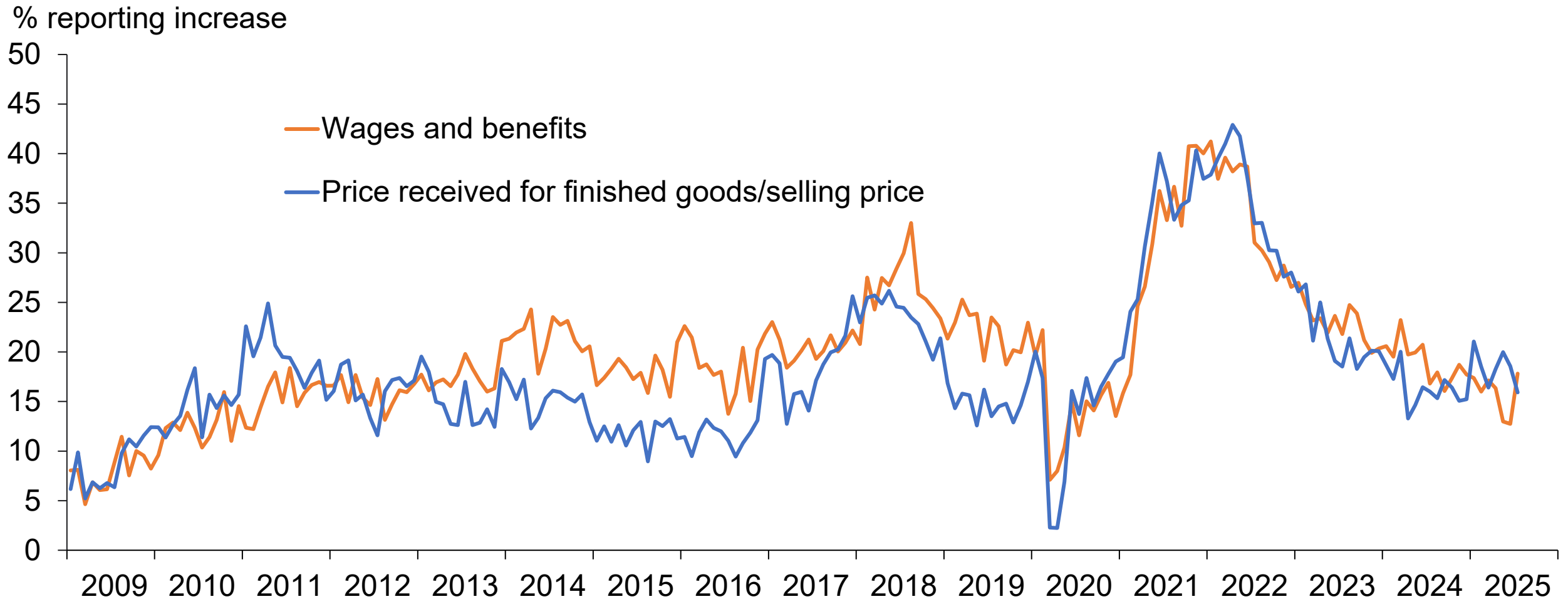
Rate of business formation in Texas picked up in Q4 2024, continues to outpace the nation

Business applications per business establishments



NOTES: Data are quarterly through Q4 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 benefits rises in July

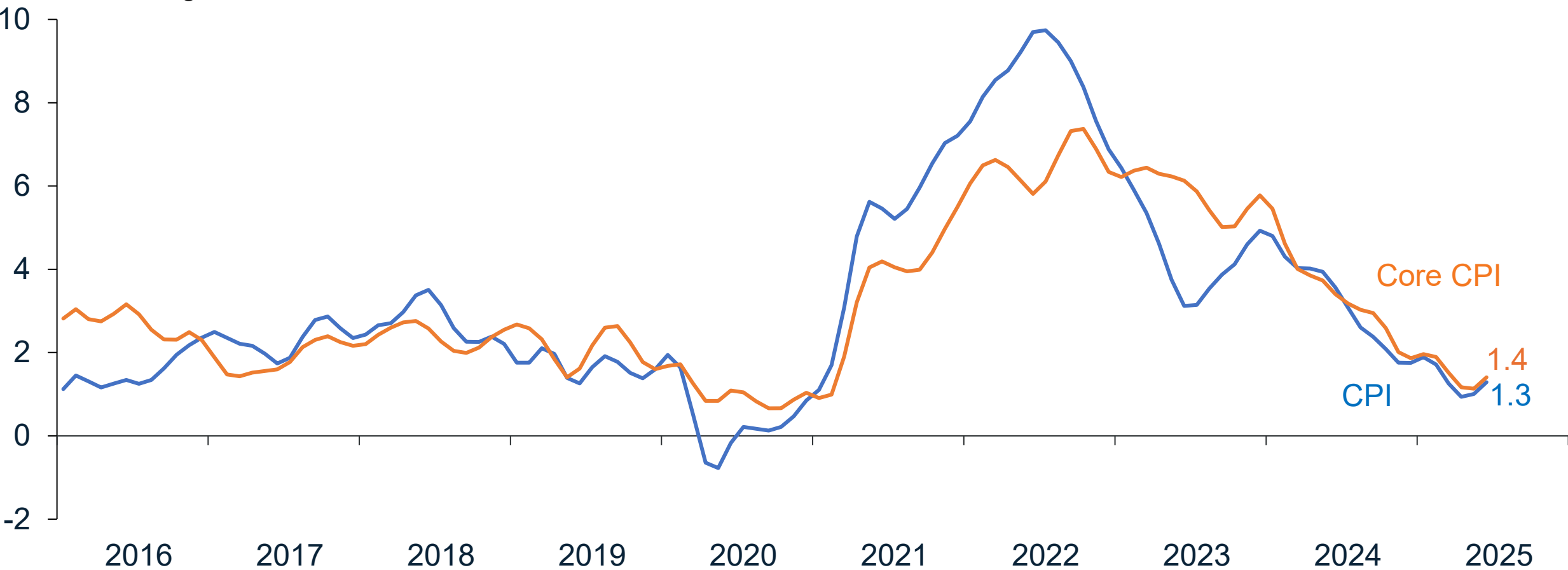


NOTES: Percent reporting increase was constructed by weighting the respective component of TMOS and TSSOS according to GDP shares. Data through July 2025.

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

In June, Texas CPI ticks up for the second consecutive month

Percent change, Y/Y*



*Seasonally adjusted.

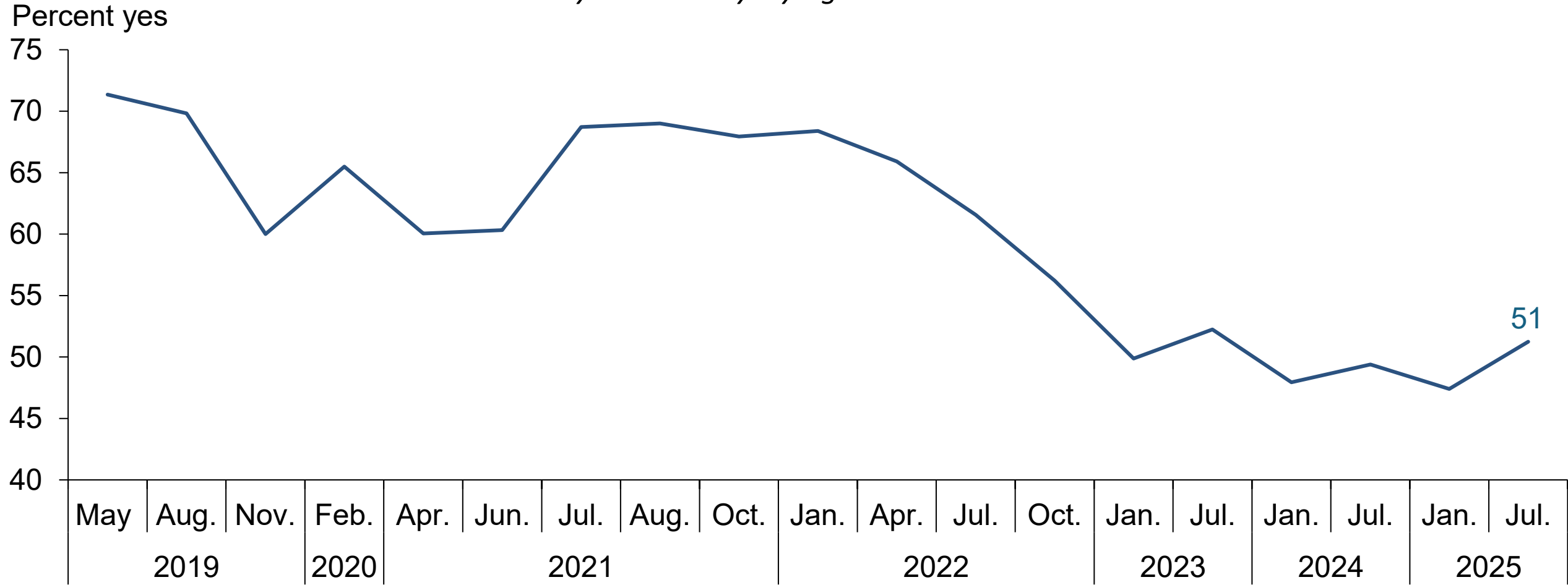
NOTE: CPI data through June 2025.

SOURCE: Bureau of Labor Statistics.

Texas Business Outlook Surveys Special Questions

Half of TBOS firms are looking to hire workers

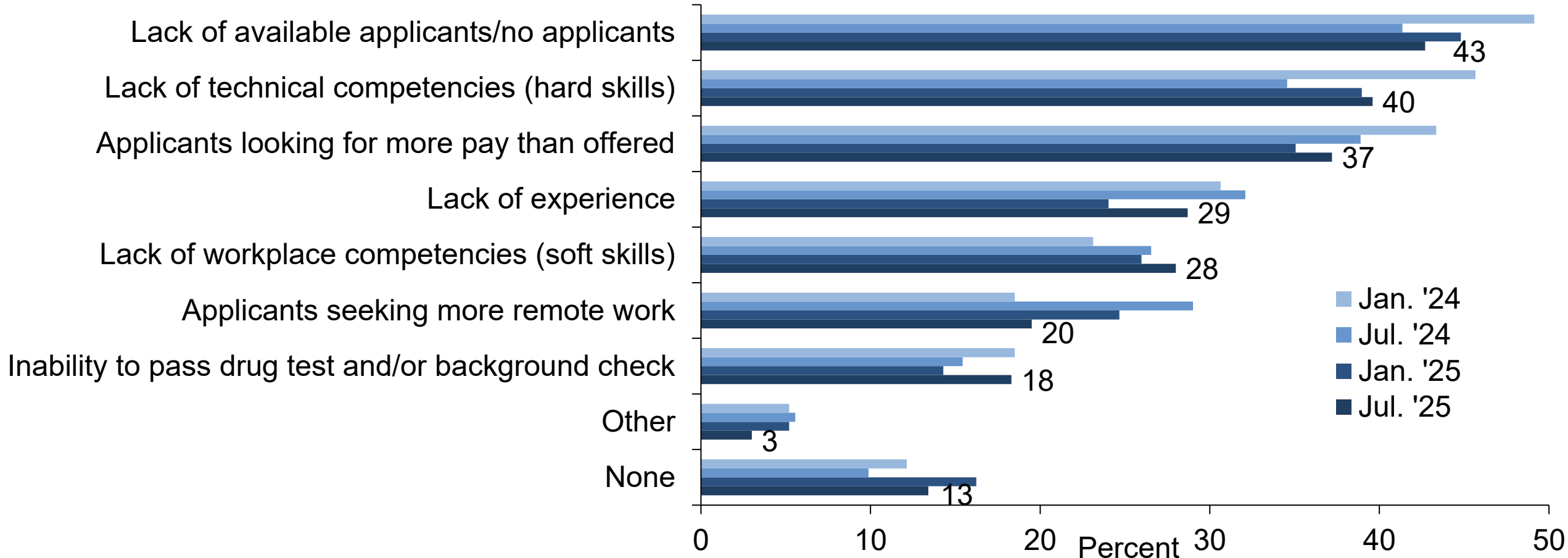
“Are you currently trying to hire workers?”



NOTE: Executives from 322 Texas businesses answered this question during the survey collection period, July 15-23, 2025.
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.

TBOS firms cite lack of applicants as top impediment to hiring workers

“Are there any impediments to hiring workers? Please select all that apply.”

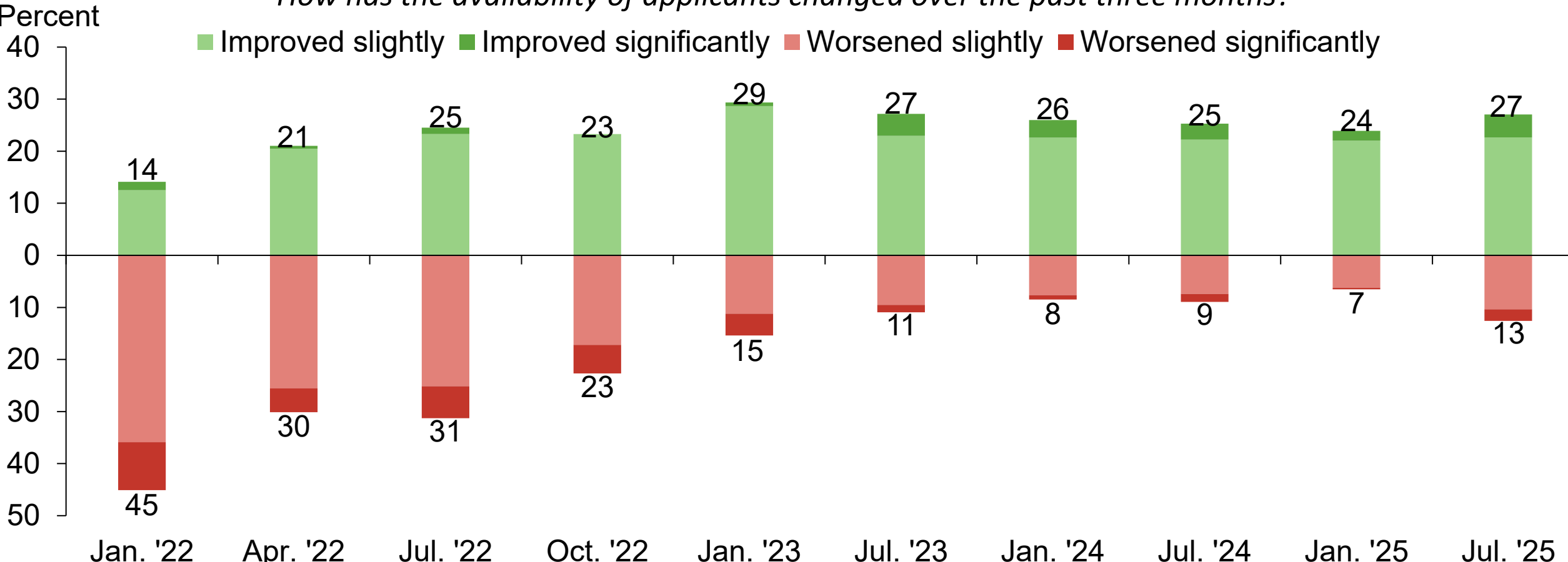


NOTES: Executives from 164 Texas businesses answered this question during the survey collection period, July 15-23, 2025. Results shown include only firms currently trying to hire.

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

Availability of applicants has improved in the past three months, according to TBOS

“How has the availability of applicants changed over the past three months?”

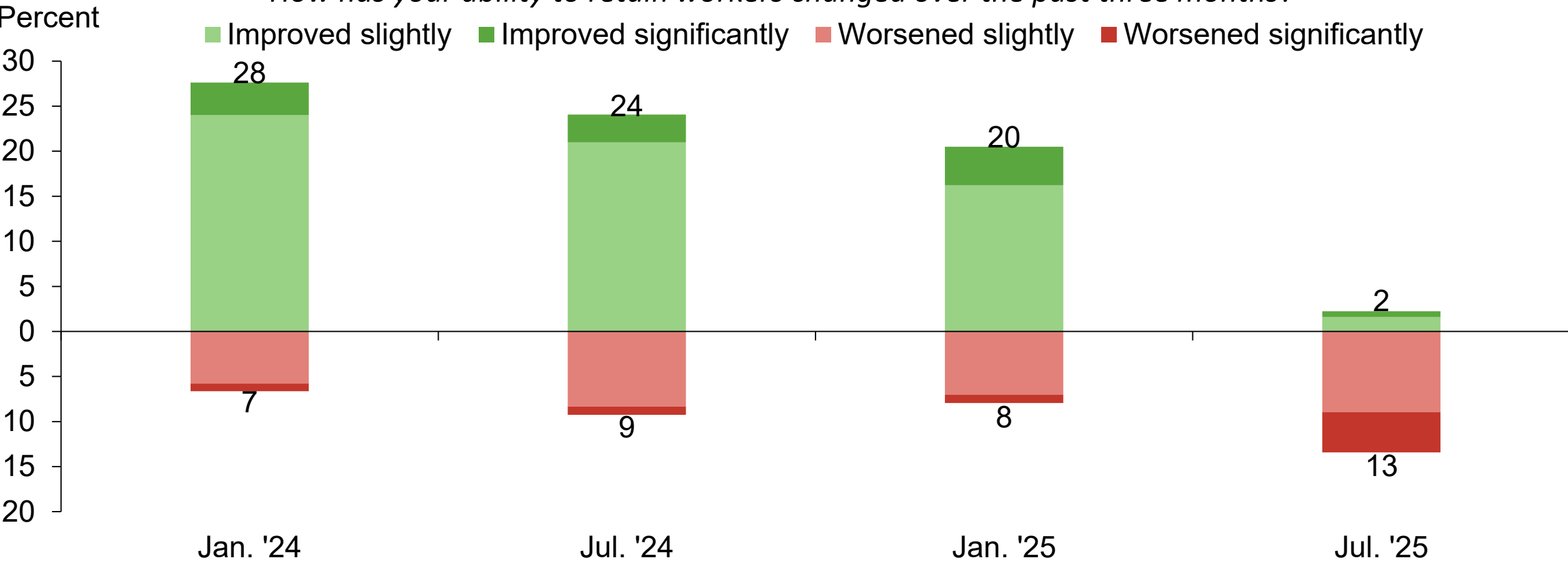


NOTES: Executives from 318 Texas businesses answered this question during the survey collection period, July 15-23, 2025. Prior to Jul. '25, the question asked about the change over the past month. Share reporting no change not shown.

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

On net, Texas firms report worsening ability to retain workers

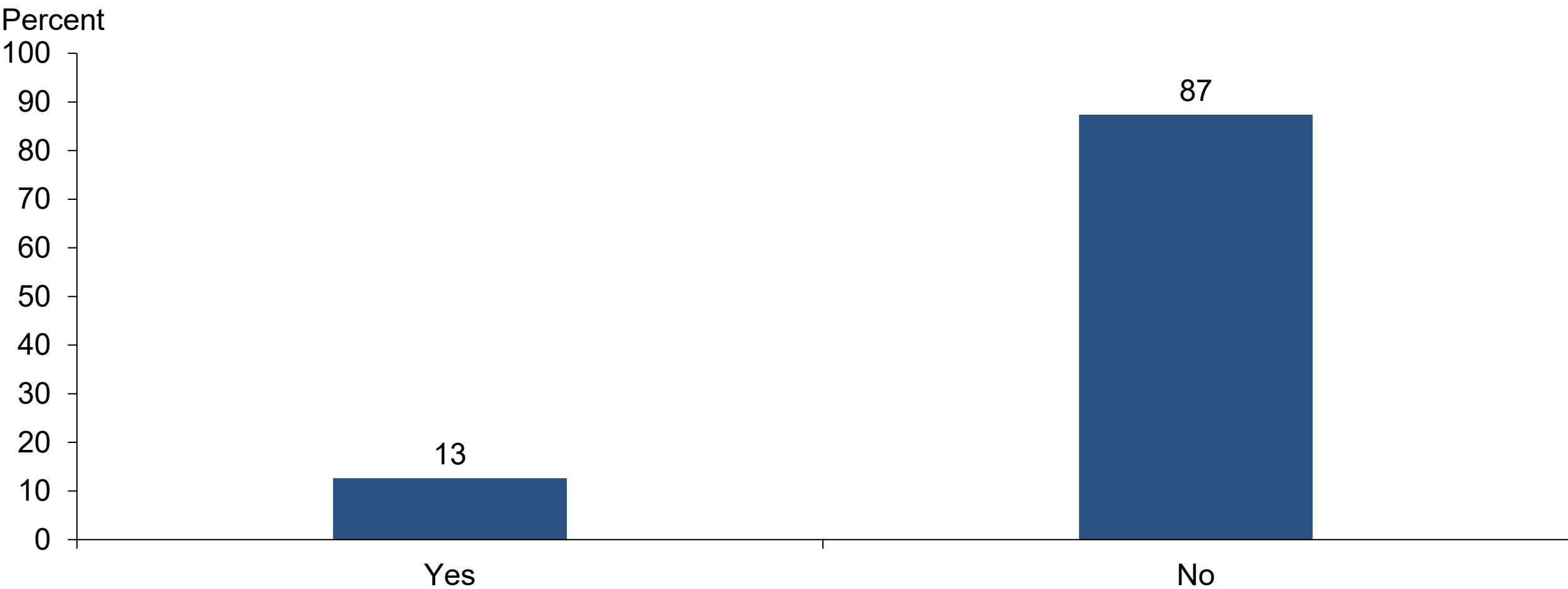
“How has your ability to retain workers changed over the past three months?”



NOTES: Executives from 313 Texas businesses answered this question during the survey collection period, July 15-23, 2025. Prior to Jul. '25, the question asked about the change over the past month. Share reporting no change not shown.

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

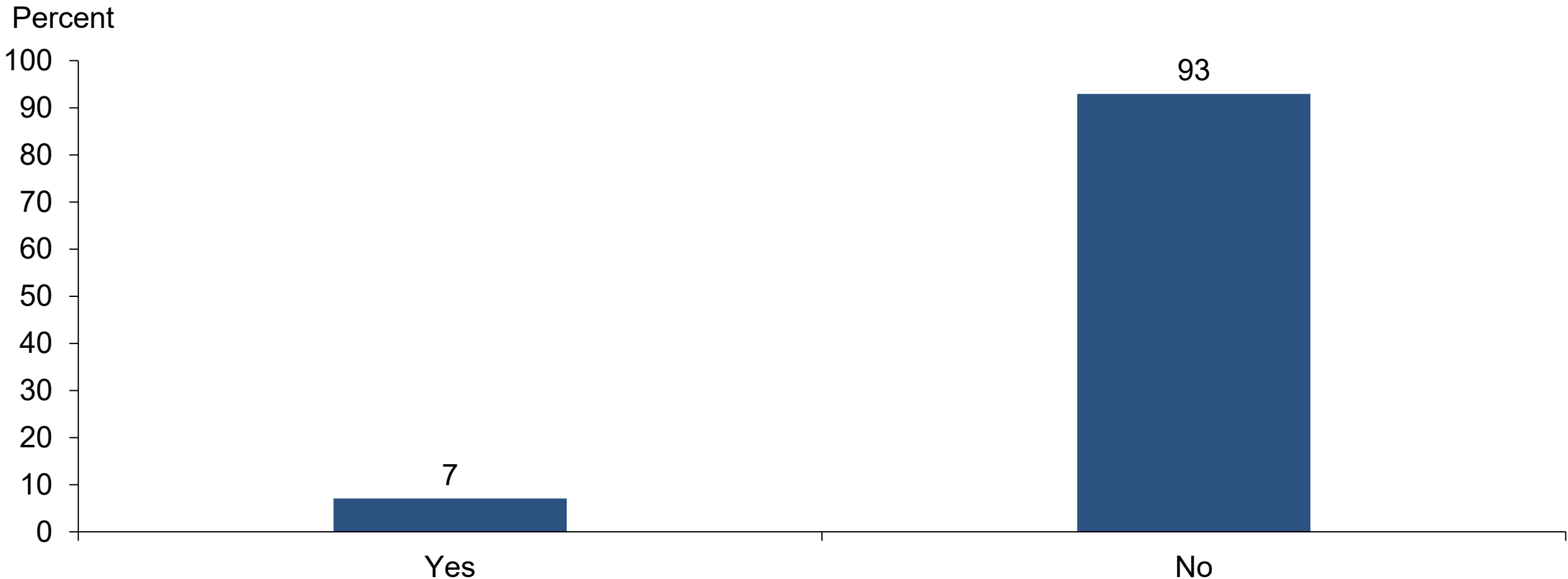
Majority of firms report no impact of immigration changes on hiring



NOTES: Executives from 237 Texas businesses answered "Have changes to immigration policy impacted your ability to hire and retain foreign-born workers this year?" during the survey collection period, July 15-23, 2025.

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

Looking ahead, most firms still don't expect much impact from immigration on hiring foreign-born workers



NOTES: Executives from 269 Texas businesses answered "Do you expect changes to immigration policy to impact your ability to hire and retain foreign-born workers this year?" during the survey collection period, July 15-23, 2025.

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

Thank you!
**Please visit dallasfed.org for more
information**



Dallas Fed Economics

Texas Economic Indicators

Texas Business Outlook Surveys

Southwest Economy

Special Reports

Texas Employment Forecast

Weekly Economic Index

Dallas Fed Publications

