



Federal Reserve  
Bank of Dallas

---

# Texas Economic Performance and Outlook (September 2025)

## “Employment Growth Accelerates in August”

**Mariam Yousuf, Luis Torres, and Diego Morales-Burnett**

Federal Reserve Bank of Dallas

9/19/2025

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. Data requests can be addressed to Diego Morales-Burnett at [Diego.Morales-Burnett@dal.frb.org](mailto:Diego.Morales-Burnett@dal.frb.org).

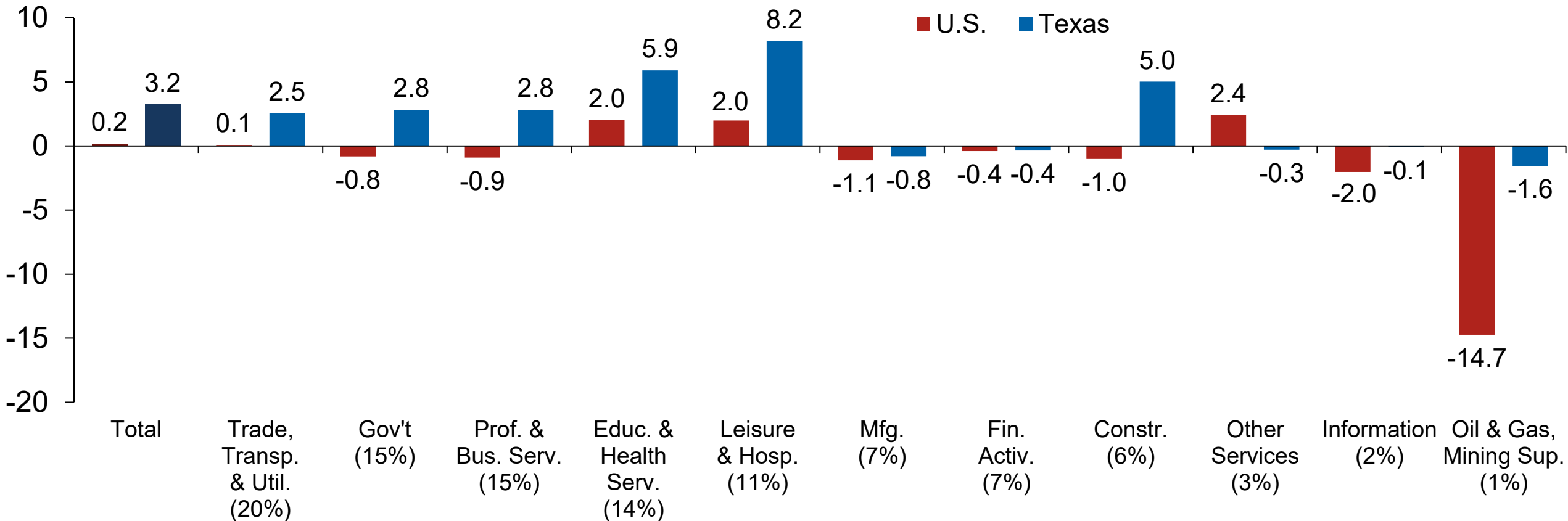
# What's New: Texas payrolls expand sharply in August

- Texas employment grew 3.2% in August. July's employment growth was revised down to 0.4%
  - U.S. job growth was 0.2% in August
- The Dallas Fed's Texas Employment Forecast indicates jobs will increase 1.3% in 2025
  - The previous forecast was 1.1%
- Texas unemployment ticked up to 4.1% in August
  - U.S. unemployment ticked up to 4.3% in August
- August Texas Business Outlook Surveys (TBOS) show an expansion in manufacturing output and in service sector revenue
  - 44% of firms expect demand to increase over the next six months in August, down from 59% in February
  - In August, a third of firms find it harder to pass price increases onto customers over the past three months
  - Uncertainty about actual tariff policy and their effects on rising costs are the main reasons firms delay price increases

# Overall Economic Activity

# Strong Texas job growth in August led by leisure and hospitality, health services, and construction

Job Growth August 2025/July 2025 (%)\*



\*Seasonally adjusted, annualized rate.

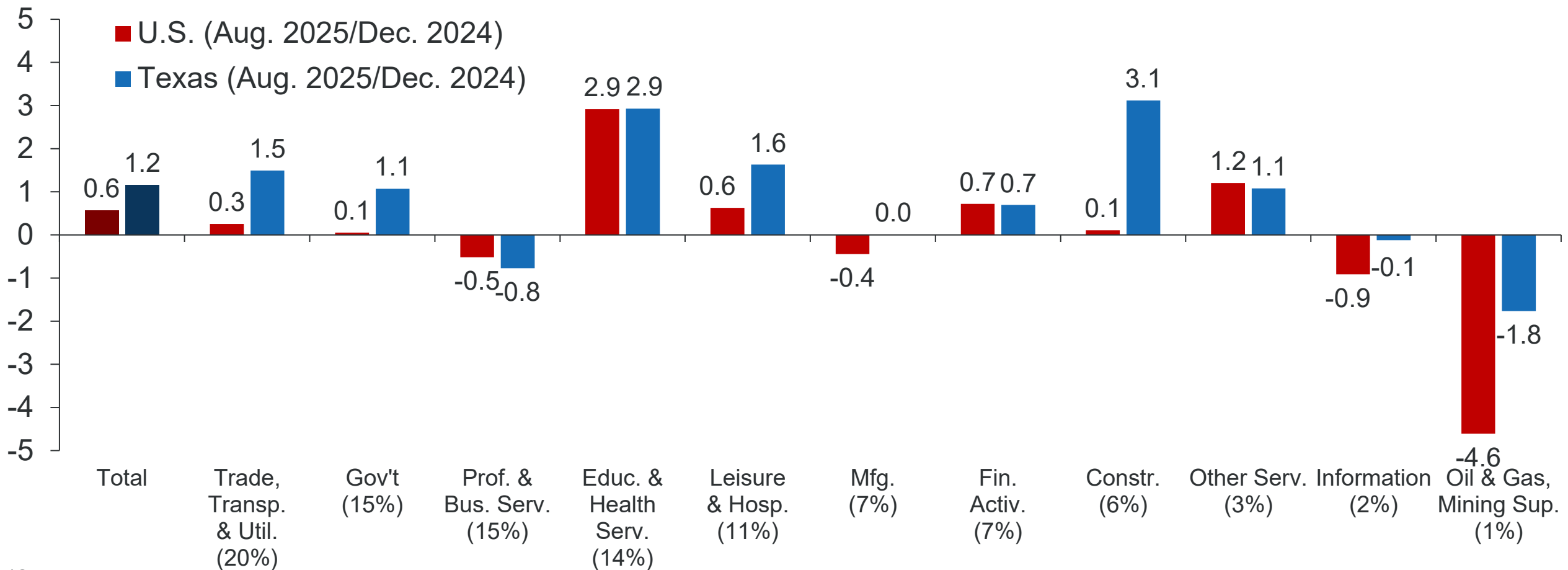
NOTE: Numbers in parenthesis indicate share of total state employment in August 2025.

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

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

# Total Texas YTD employment growth ahead of the nation's

Job growth (%)\*



\*Seasonally adjusted, annualized rate.

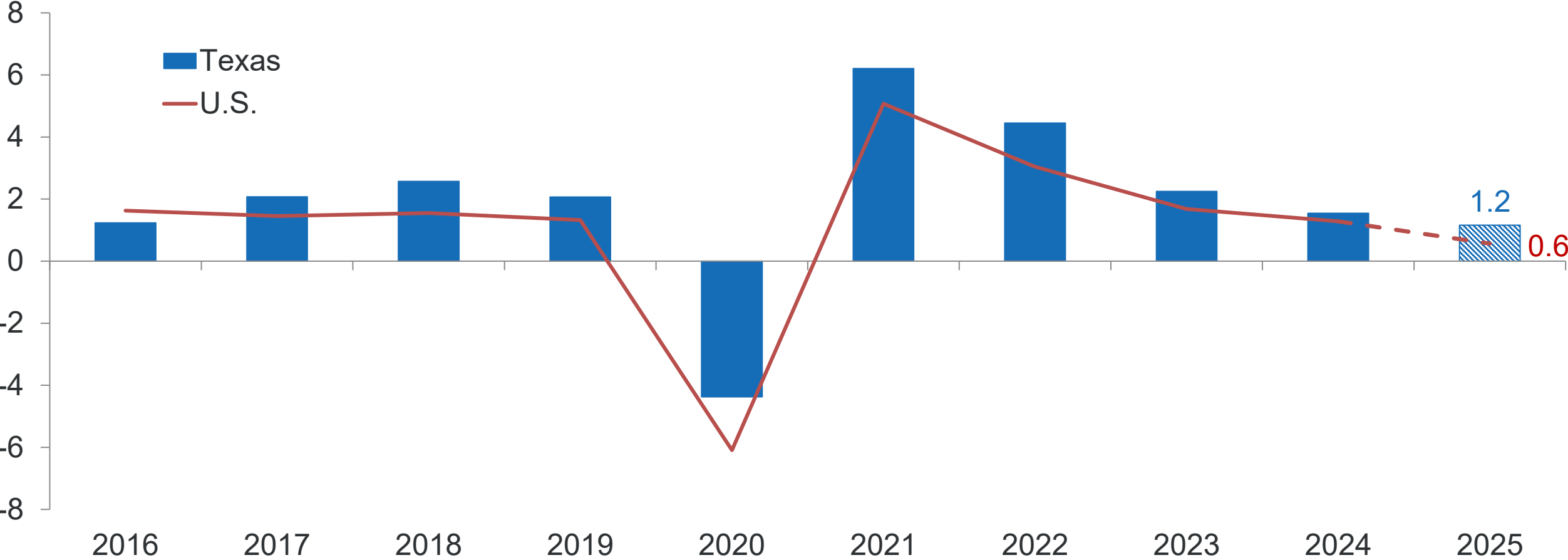
NOTE: Numbers in parentheses indicate share of total state employment for August 2025.

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-and-data/texas-employment-by-industry)

# Texas' 2025 job growth below trend but double the nation's

Job growth (%)\*



\*Seasonally adjusted, annualized rate.

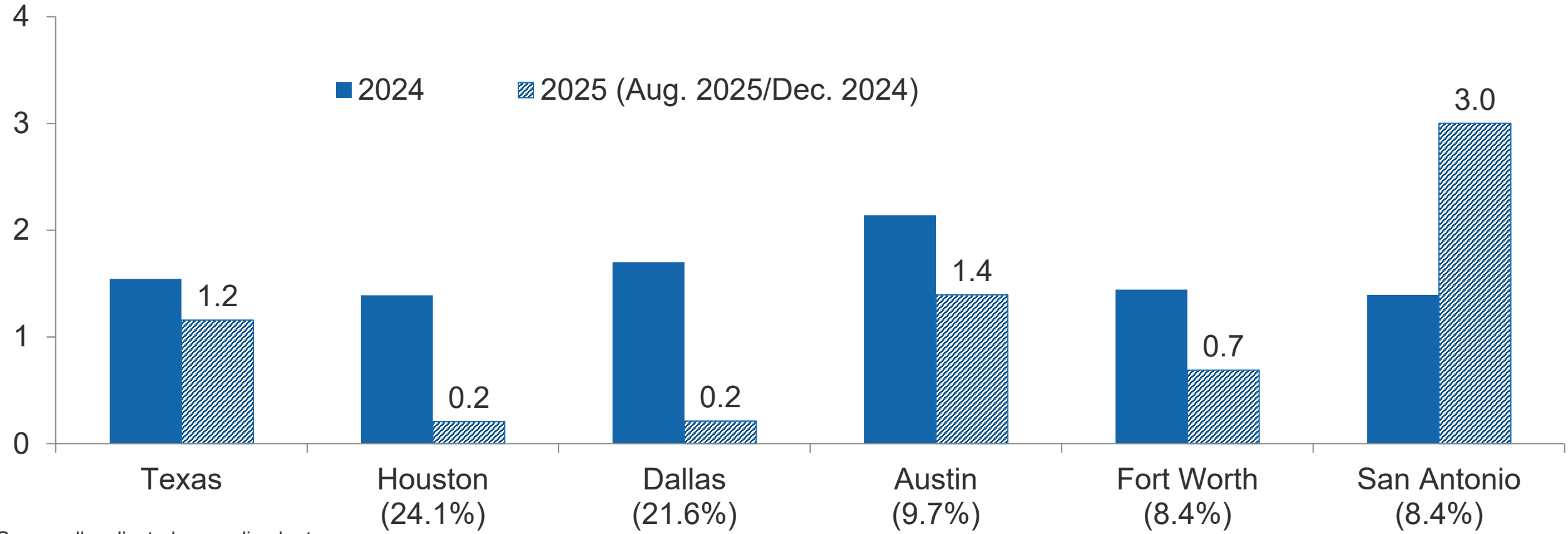
NOTES: Last data points are annualized job growth for Aug. 2025/Dec. 2024. Yearly growth is Dec/Dec.

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 strong in San Antonio, while Houston and Dallas lag behind

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



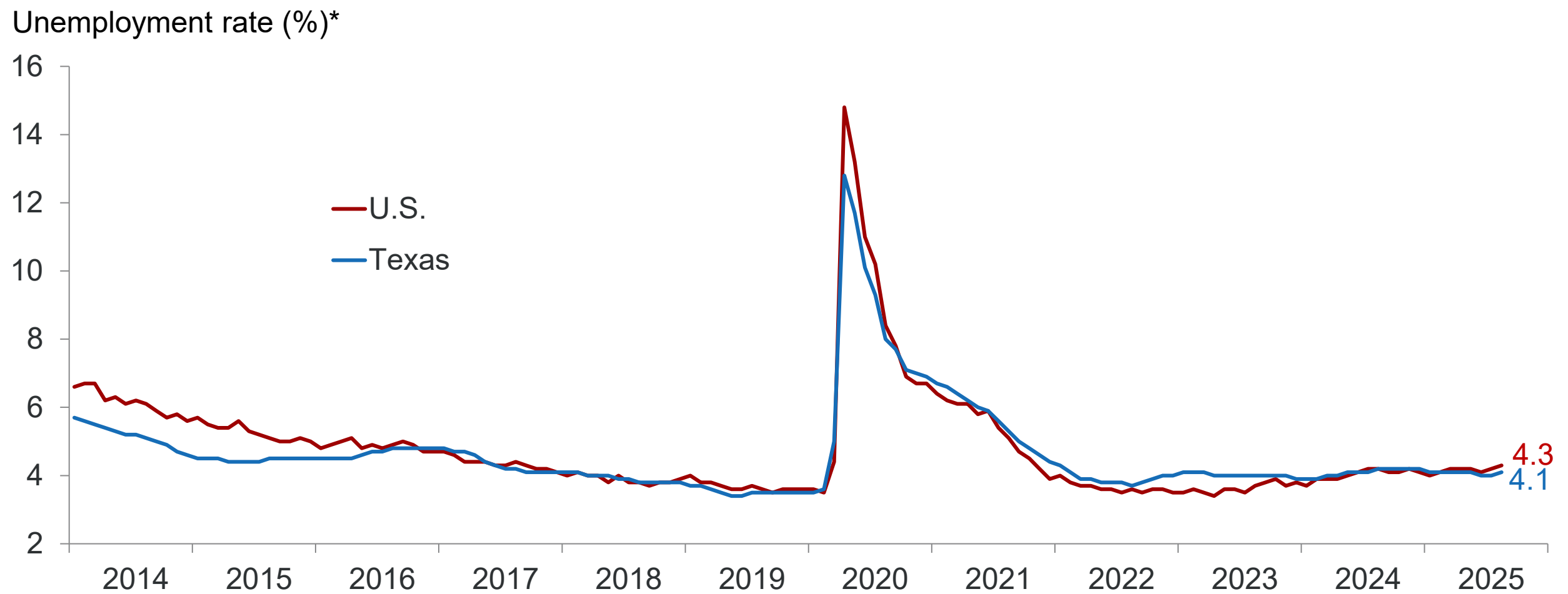
\*Seasonally adjusted, annualized rate.

NOTE: Numbers in parenthesis indicate share of state employment for August 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/economic/texas)

# Unemployment rate ticks up in Texas and the nation



\*Seasonally adjusted.

NOTE: Data are through August 2025.

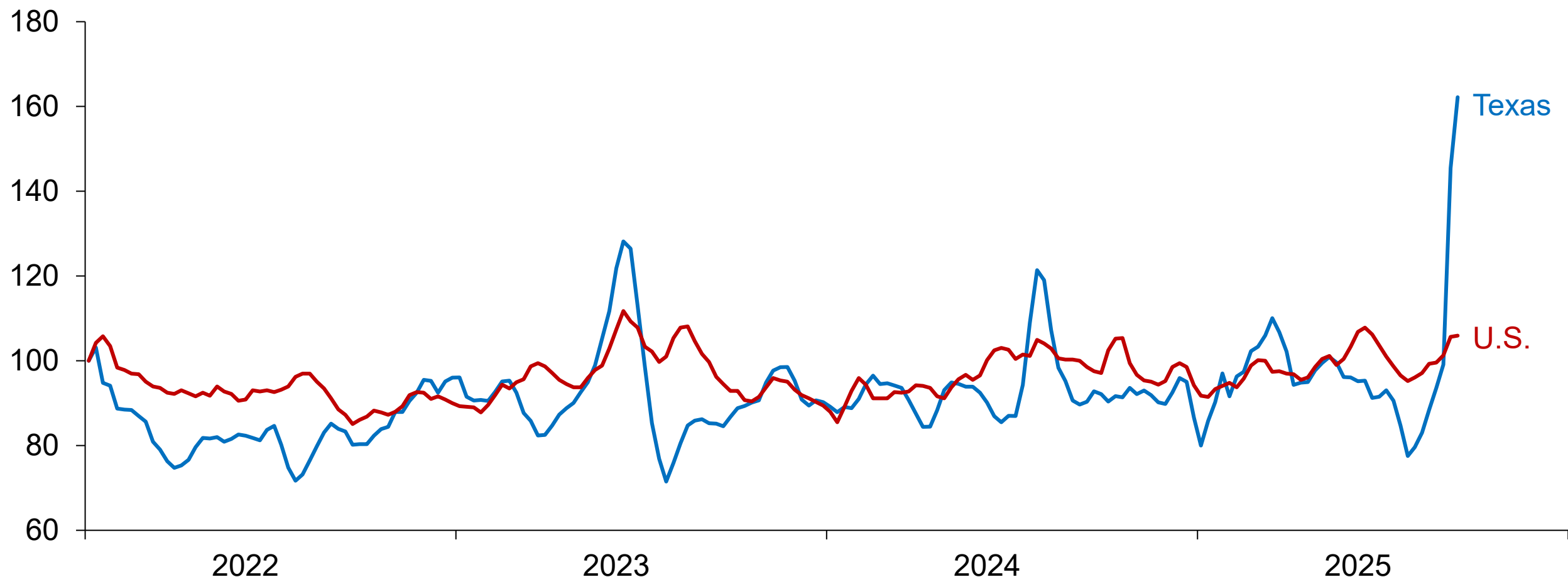
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.

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



# Initial unemployment claims soar in Texas, resulting from a rise in fraudulent claims

Index, Jan. 2022 = 100\*



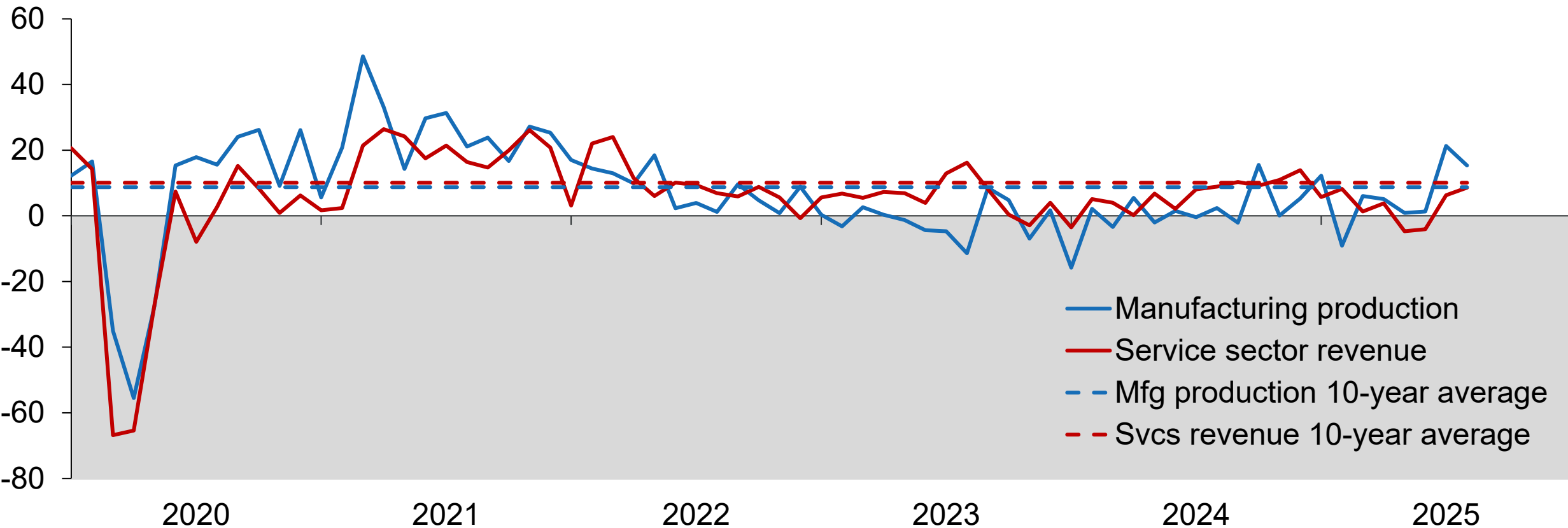
\*Seasonally adjusted, three-week moving average.

NOTE: Data are through the week ending September 13<sup>th</sup>, 2025.

SOURCE: Department of Labor.

# TBOS headline indexes continue to grow in August

Diffusion index\*



\*Seasonally adjusted.

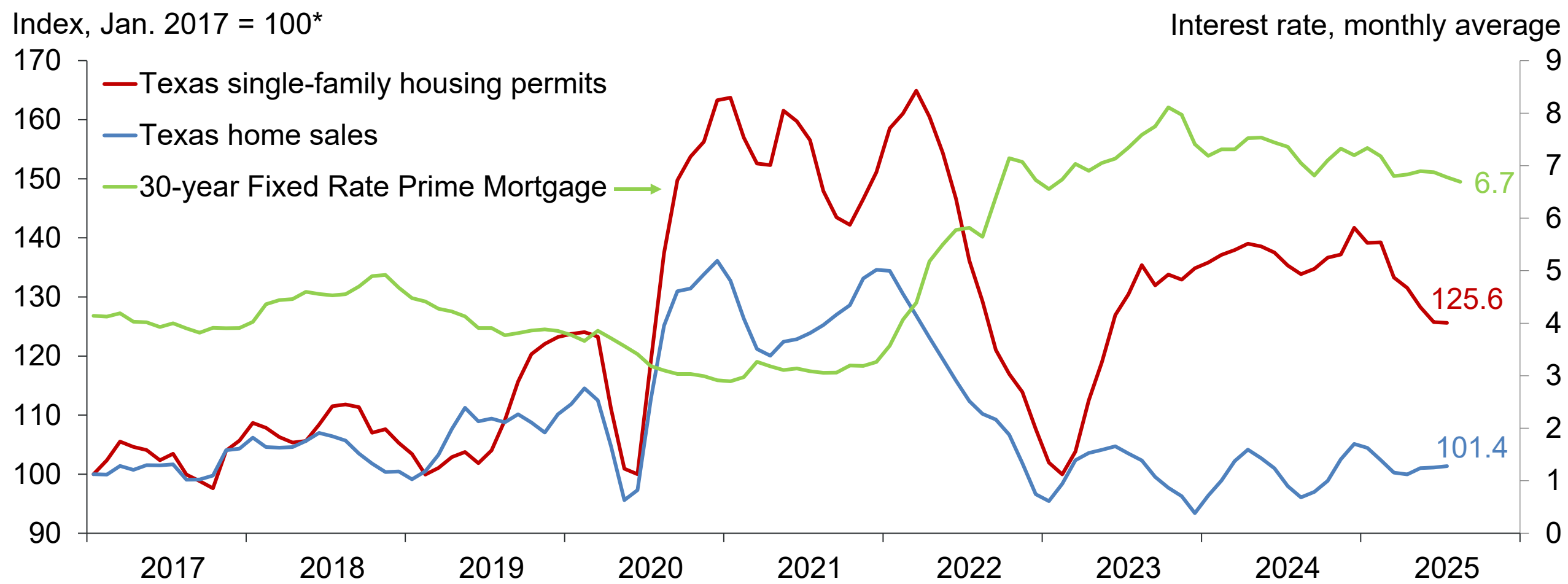
NOTES: Data through August 2025. Shaded area represents contractionary territory.

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

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

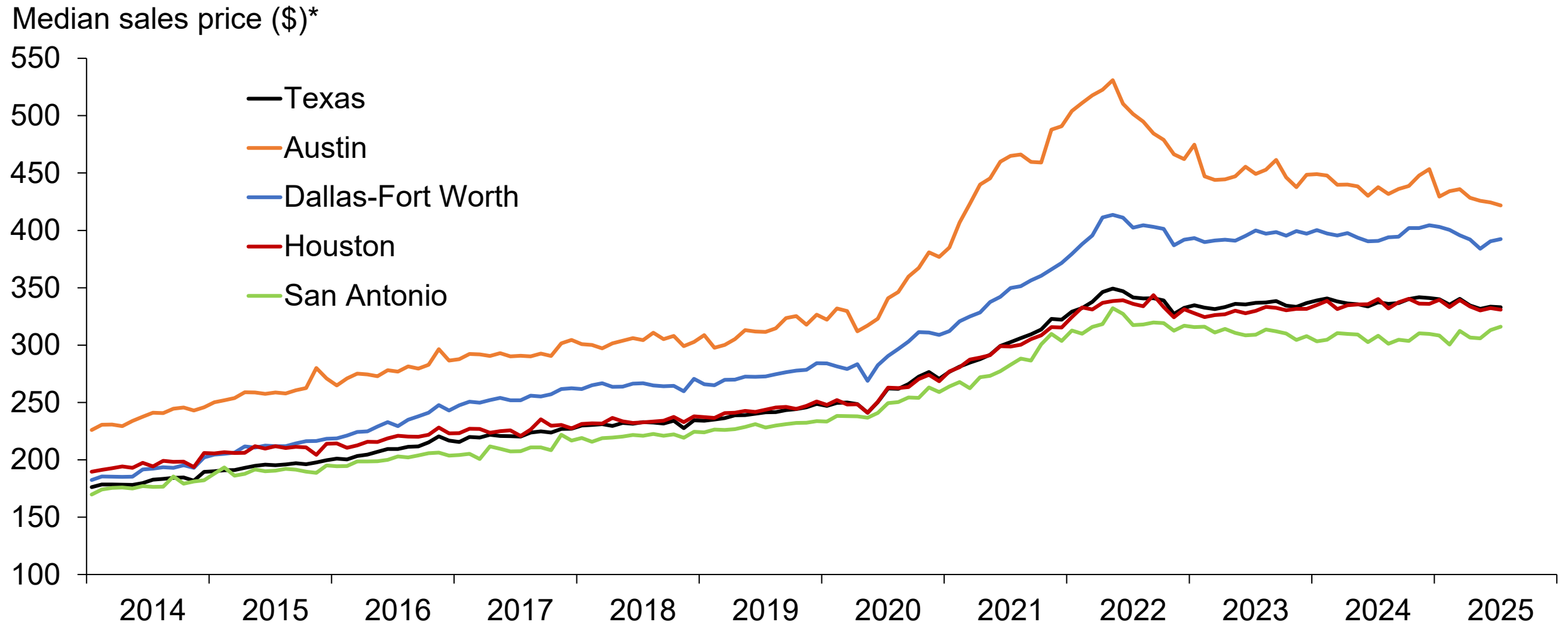
# Real Estate, Energy and Finance

# Texas housing sales and permits are flat, mortgage rates tick down



\*Seasonally adjusted, three-month moving average.  
 NOTE: Mortgage data are monthly through August 2025; the rest through July 2025.  
 SOURCES: MLS; A&M Real Estate Center; Freddie Mac Primary Mortgage Market Survey; U.S. Census.

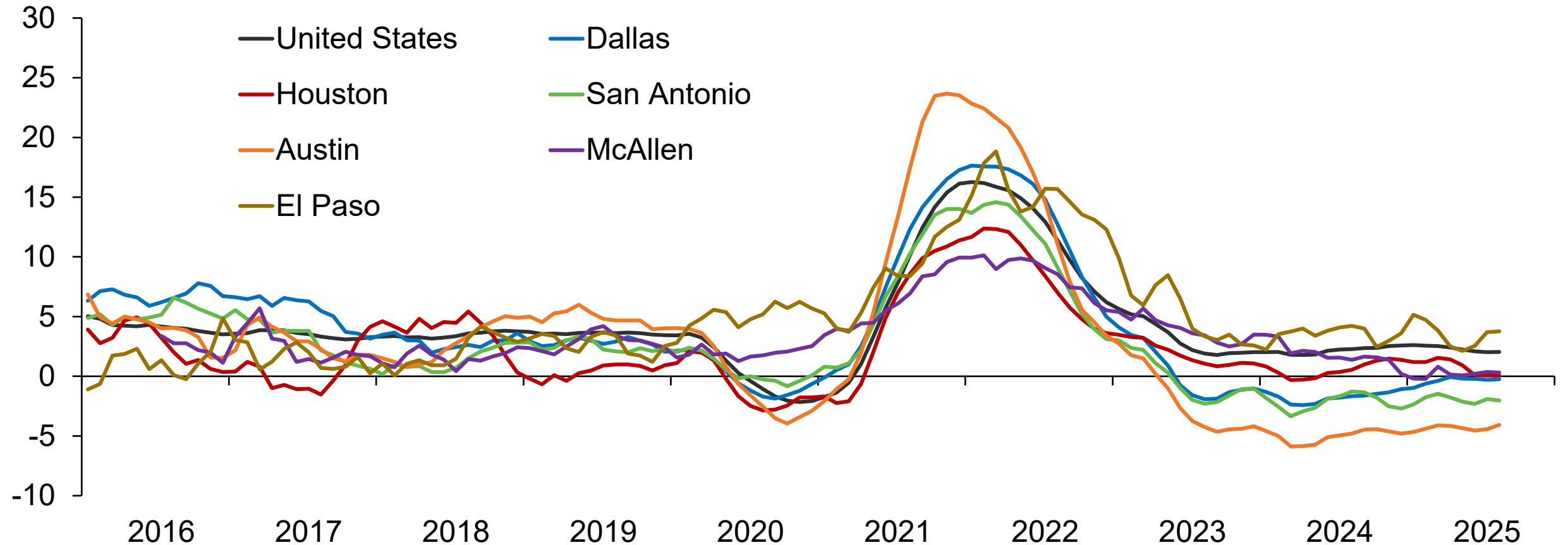
# Texas median home prices flat in July



\*Seasonally adjusted.  
NOTE: Data are monthly through July 2025.  
SOURCES: Multiple Listing Service; seasonal and other adjustments by Federal Reserve Bank of Dallas.

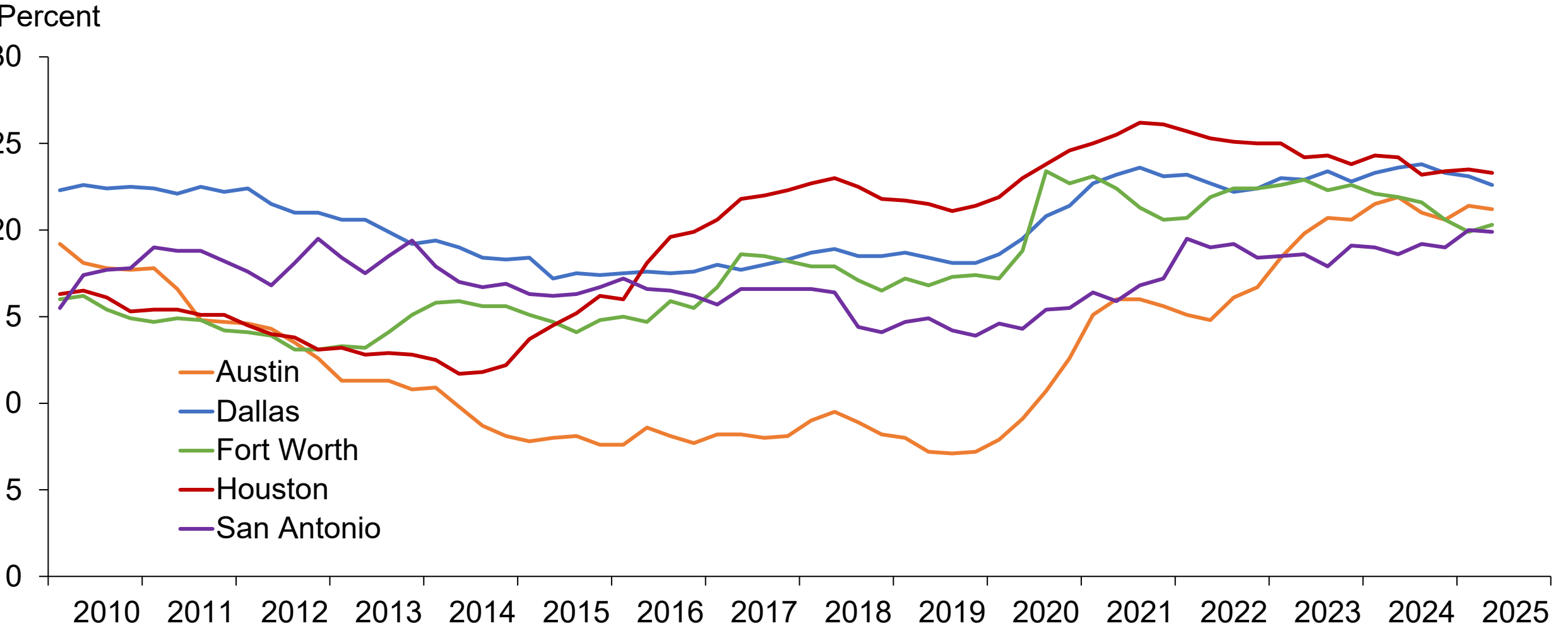
# Apartment rents falling in Austin, San Antonio and Dallas, flat to up in other major metros

Percent, Y/Y\*



\*Smoothed and seasonally adjusted.  
NOTE: Data are monthly through August 2025.  
SOURCE: Zillow.

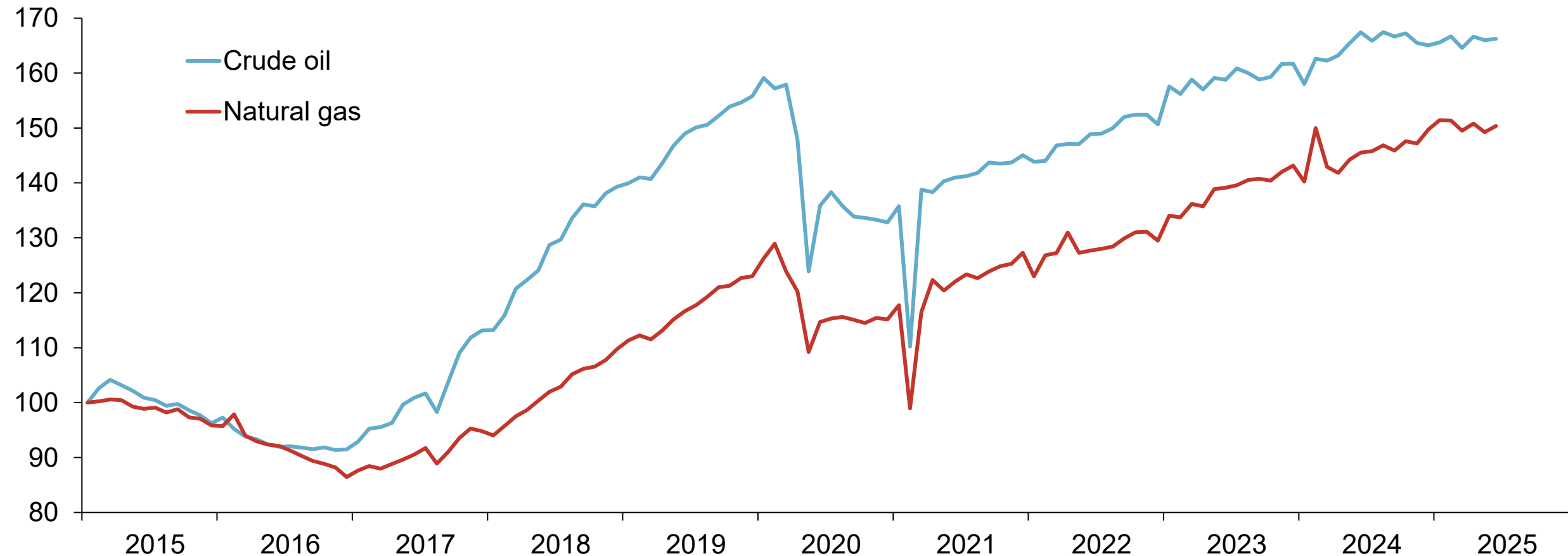
# Office vacancy ticks down in most Texas markets except in Fort Worth



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

# Texas oil and gas production little changed in June

Index, Jan. 2015 = 100\*



\*Seasonally adjusted.

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

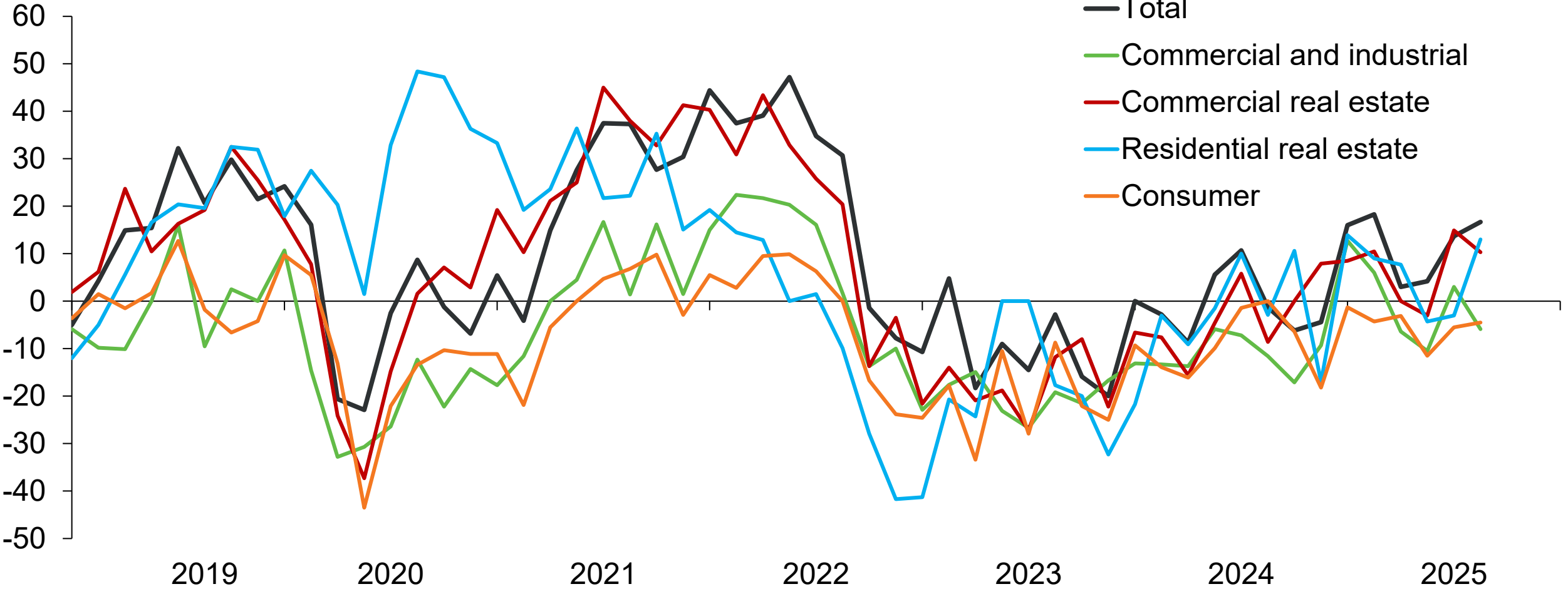
SOURCE: Energy Information Administration.



# Total loan volumes expand further in August

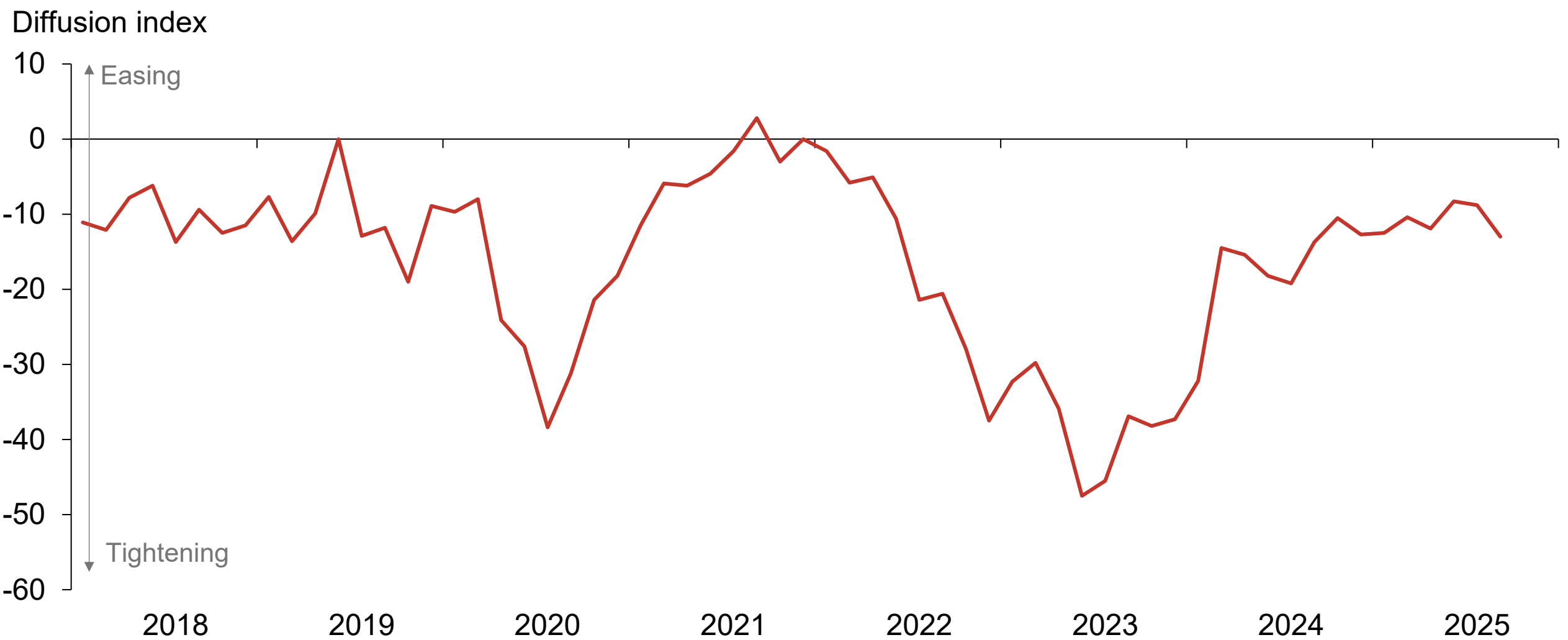
(11<sup>th</sup> District banks)

Diffusion index



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

# Texas banks report continued credit tightening

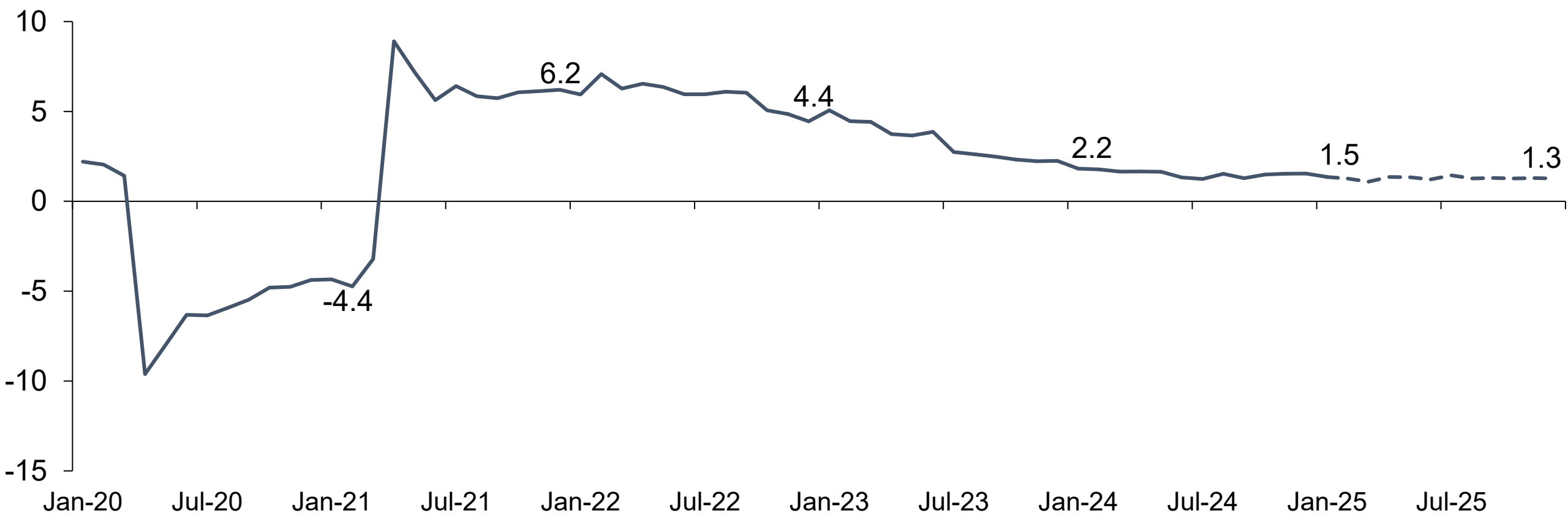


NOTES: Includes credits and terms. Data are through August 2025.  
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

# Outlook

# The Dallas Fed's Texas employment forecast suggests 1.3% growth in 2025, below the 2% long-run trend

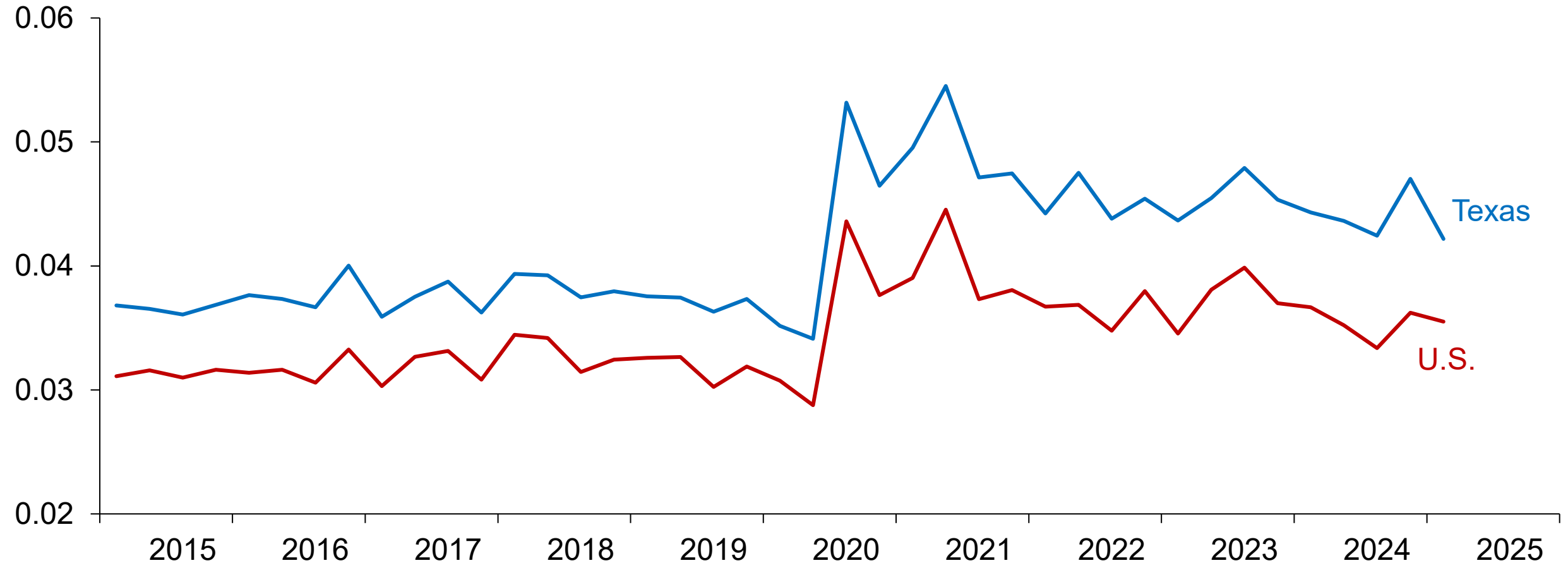
Percent, Y/Y



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 ticked down in Q1 2025, continues to outpace the nation

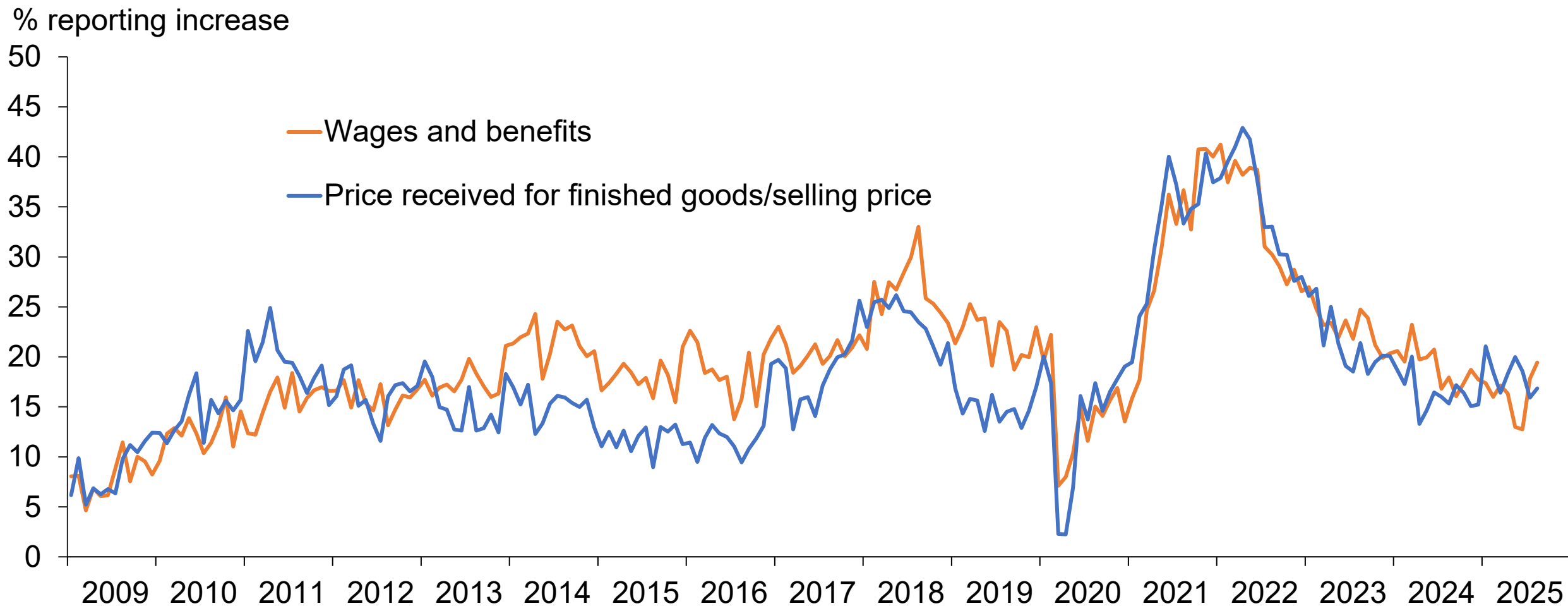
Business applications per business establishments



NOTES: Data are quarterly through Q1 2025. 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 August

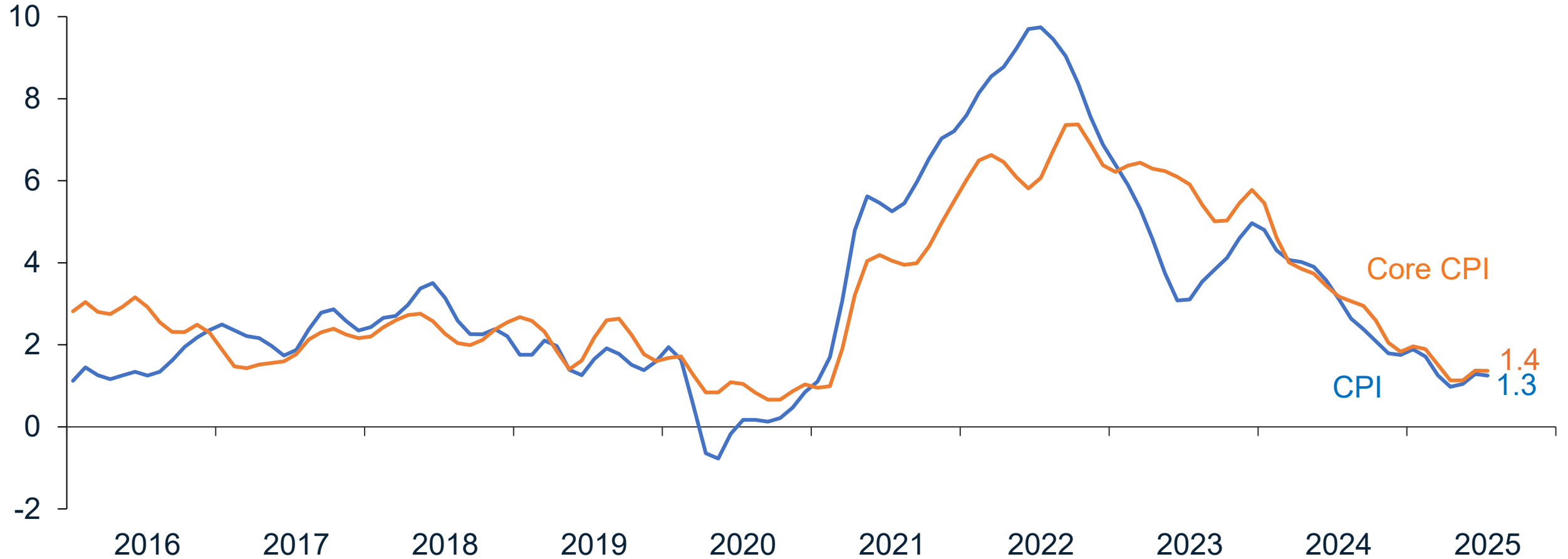


NOTES: Percent reporting increase was constructed by weighting the respective component of TMOS and TSSOS according to GDP shares. Data through July 2025.

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

# In July, Texas CPI moves sideways

Percent change, Y/Y\*



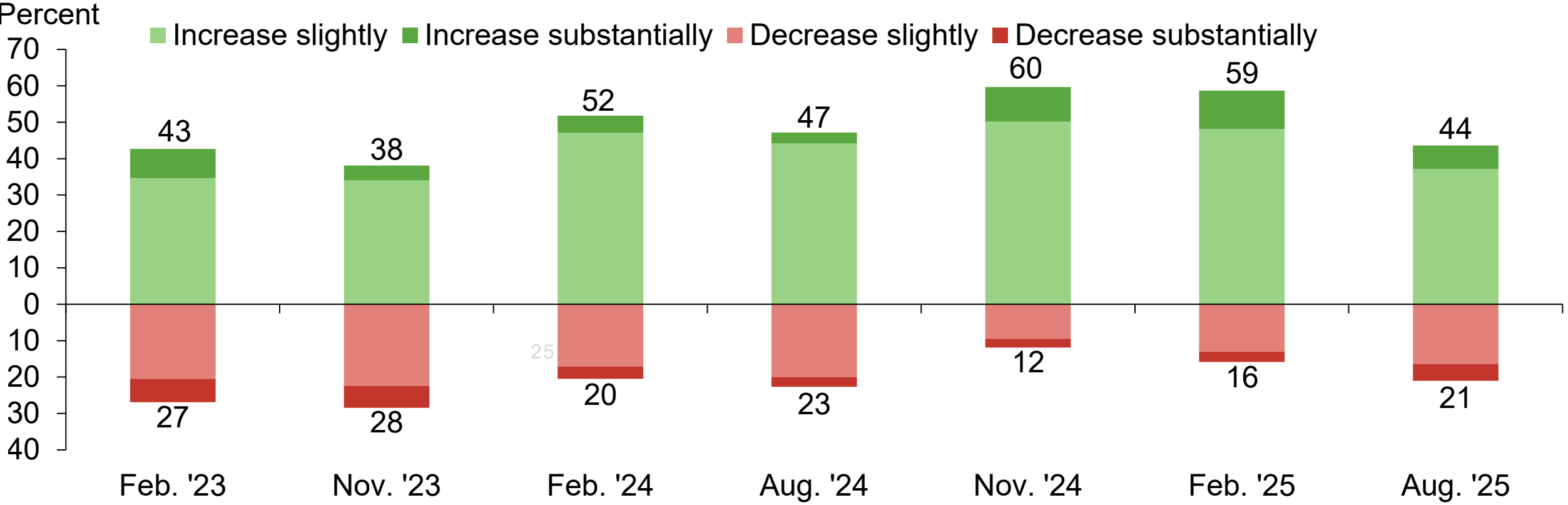
\*Seasonally adjusted.  
NOTE: CPI data through July 2025.  
SOURCE: Bureau of Labor Statistics.

# Texas Business Outlook Surveys Special Questions



# TBOS firms expect demand to improve on net, though share shrinks

*“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?”*

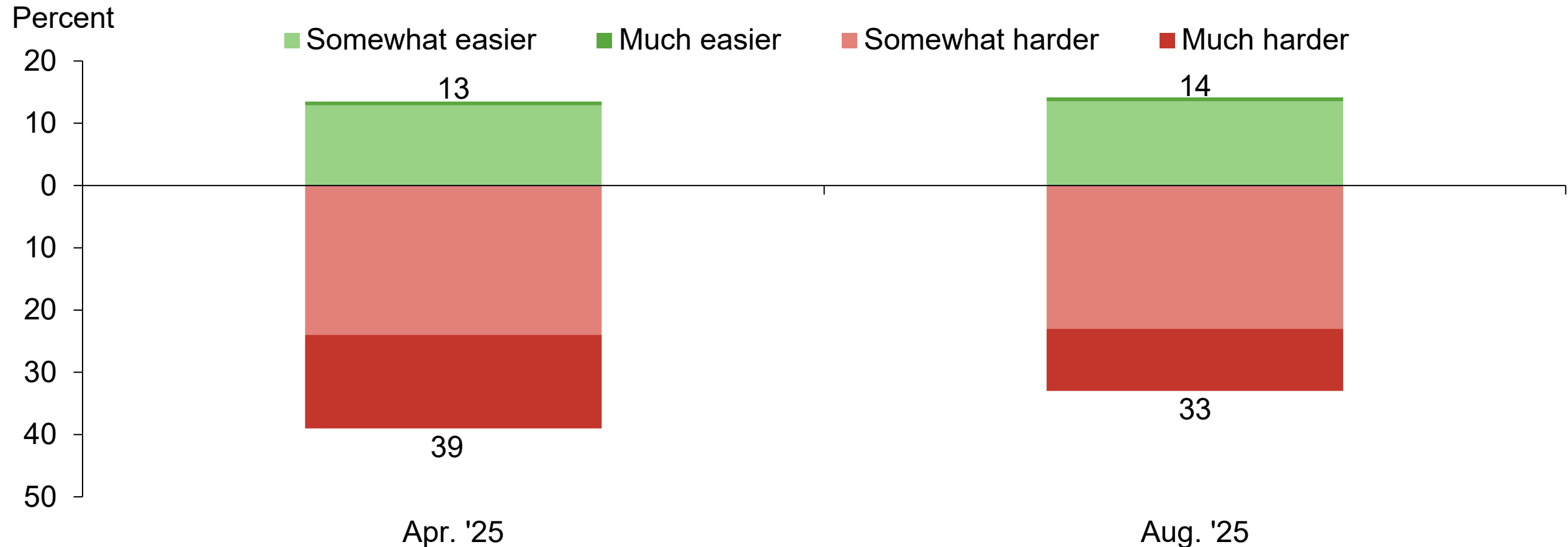


NOTES: Executives from 328 Texas businesses answered “How do you expect demand for your firm's goods and/or services over the next six months to compare with the past six months, aside from seasonal variation?” during the survey collection period, August 12-20, 2025. In Feb. '23 the question asked about 2023 versus 2022. Share reporting no change not shown.

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

# Pricing power has declined on net over the past three months, share citing “harder” fell compared to April

*“Compared to three months ago, how has your firm’s ability to pass price increases on to customers changed?”*

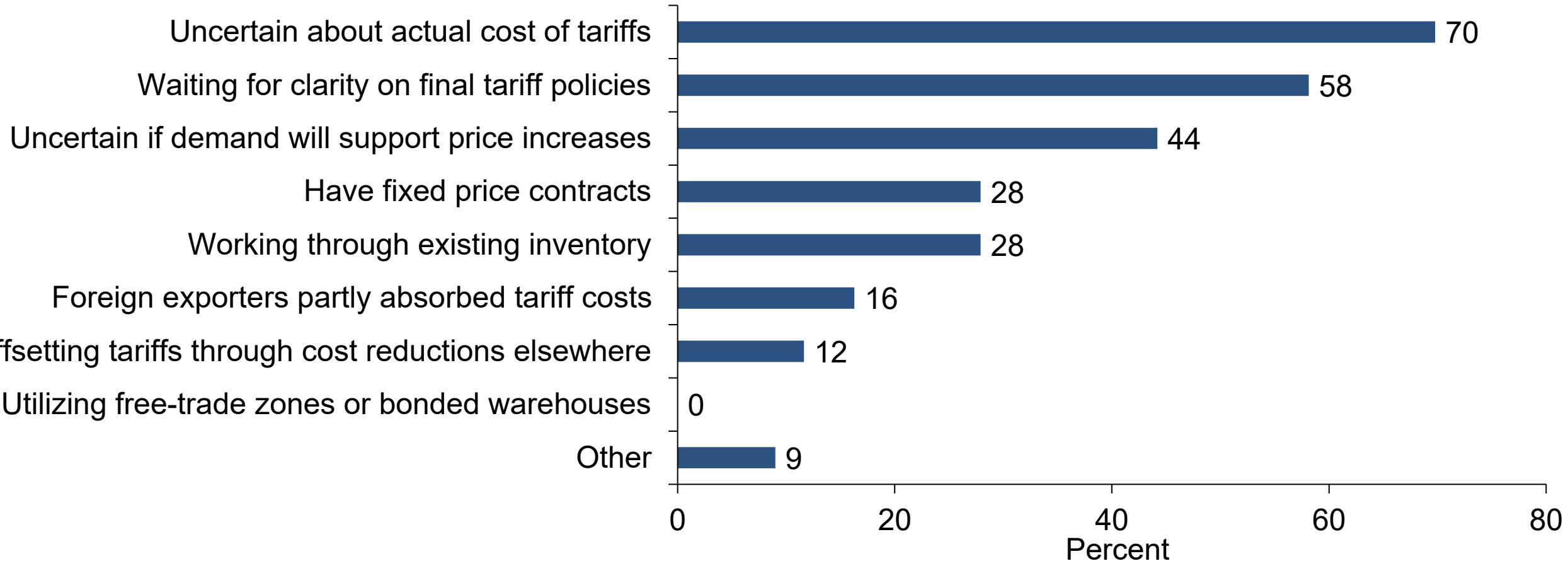


NOTES: Executives from 329 Texas businesses answered this question during the survey collection period, August 12-20, 2025. Results shown exclude the 5.5 percent of respondents that selected "Don't know/not applicable" in Aug. '25. Share reporting no change not shown.

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

# Uncertainty around tariff costs and implementation delaying pass through

*“What factors are contributing to your decision to delay tariff cost pass-through? Please select all that apply.”*



NOTES: Executives from 43 Texas businesses answered this question during the survey collection period, August 12-20, 2025. This question was only posed to those answering "1-12 months after tariff takes effect" to question 3d.

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

**Thank you!**  
**Please visit [dallasfed.org](https://dallasfed.org) for more  
information**



# Dallas Fed Publications

[Dallas Fed Economics](#)

[Texas Economic Indicators](#)

[Texas Business Outlook Surveys](#)

[Southwest Economy](#)

[Special Reports](#)

[Texas Employment Forecast](#)

[Weekly Economic Index](#)

