



Federal Reserve
Bank of Dallas

Texas Economic Performance and Outlook **(January 2026)**

“December employment expands”

Laila Assanie, Luis Torres, and Diego Morales-Burnett

Federal Reserve Bank of Dallas

1/30/2026

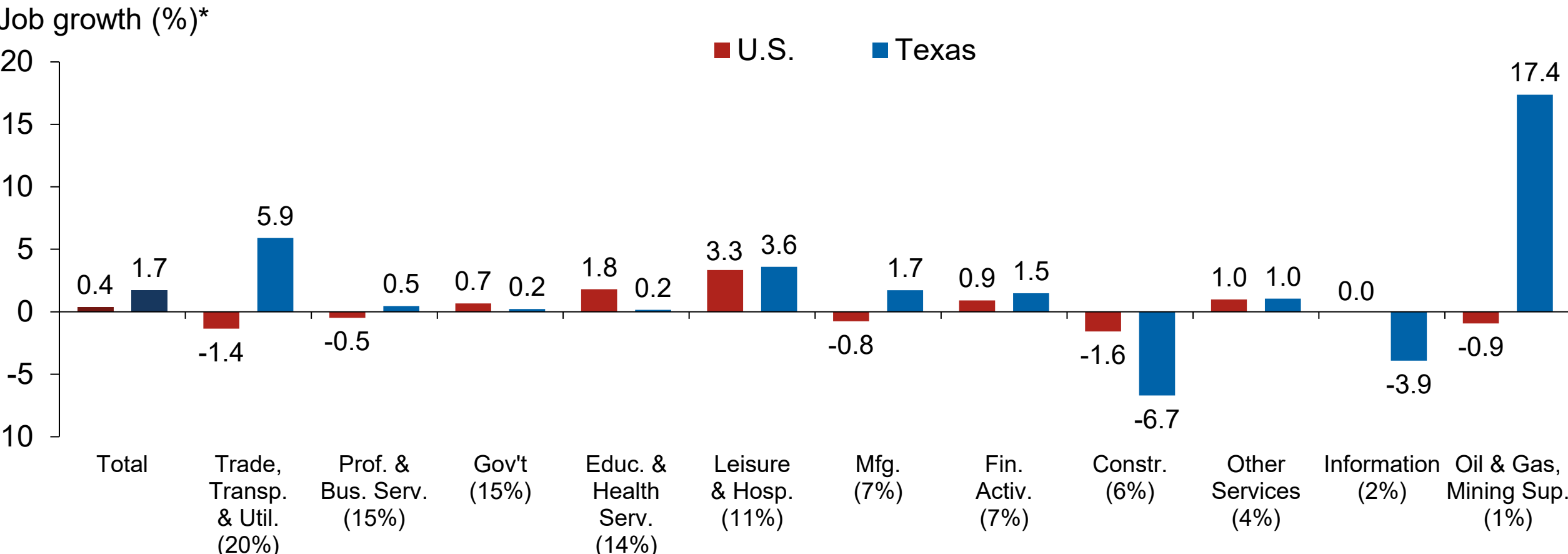
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What's New: Payrolls grow in December, 2025 employment flat

- Texas employment grew 1.7% in December. November's employment contracted 0.5%
 - U.S. job growth was 0.4% in December
- 2025 Texas employment growth was 0.1%, below the U.S. 0.4% growth
- Texas unemployment ticked up to 4.3% in December
 - U.S. unemployment remained at 4.4% in December
- January Texas Business Outlook Surveys (TBOS) show an expansion in manufacturing output and service sector activity
 - Forty-four percent of surveyed firms are currently trying to hire, down from 51 percent in July 2025
 - Lack of applicants retreated as an obstacle to hiring, while the share of respondents citing lack of experience increased
 - Majority of firms note no change in their ability to retain workers
 - Nearly half of the firms expect growth in capital expenditures, representing a more positive outlook on net than the prior two years

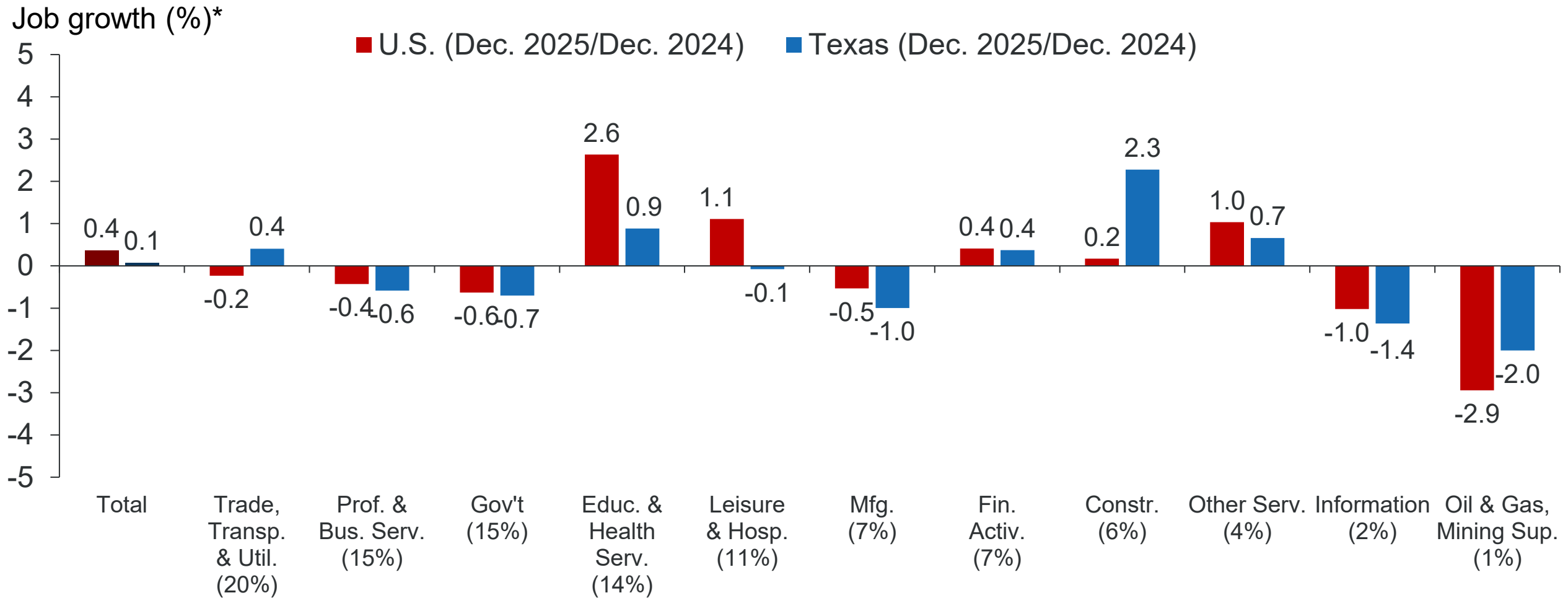
Overall Economic Activity

Texas employment grew in most major sectors in December



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

Texas employment levels flat in 2025



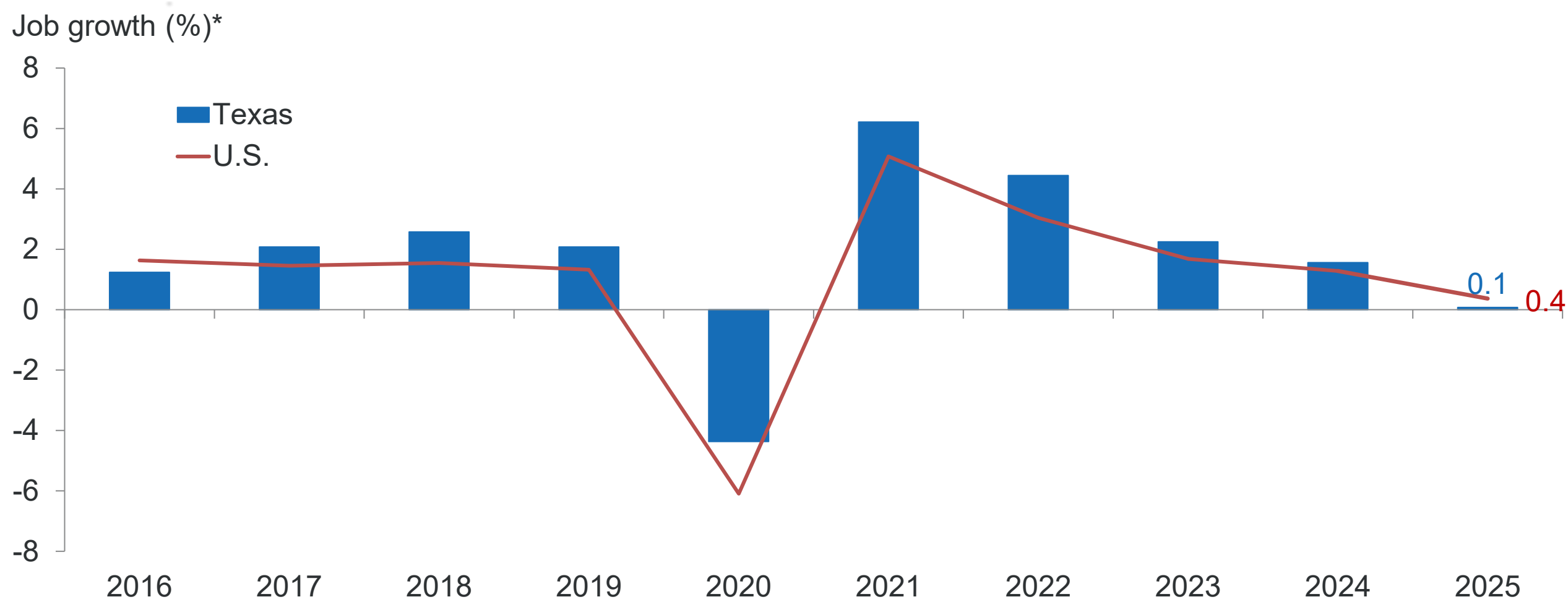
*Seasonally adjusted, annualized rate.

NOTE: Numbers in parentheses indicate share of total state employment for December 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://www.dallasfed.org/outlook/texas-employment-by-industry)

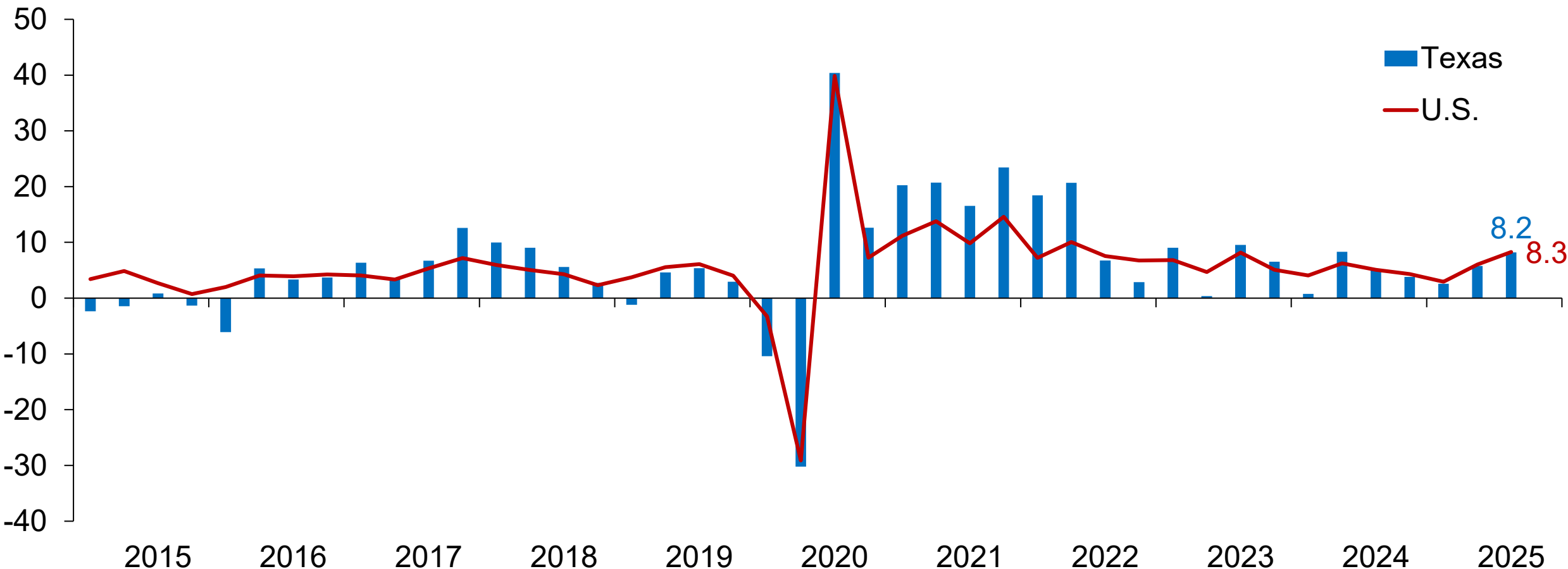
Texas payrolls held steady in 2025



*Seasonally adjusted, annualized rate.
NOTE: 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](#)

Texas Q3 GDP growth above pre-pandemic increases

Percent, Q/Q*

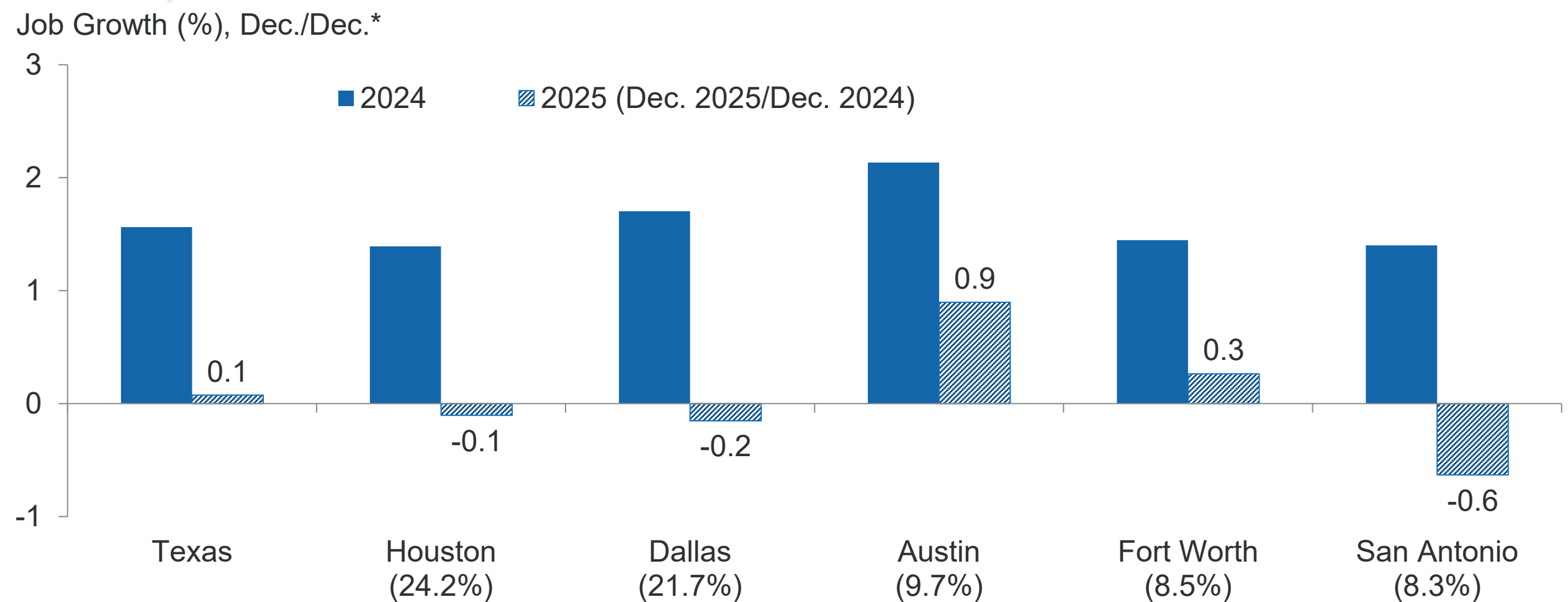


*Seasonally adjusted, annualized rate.

NOTE: Shown are quarterly, nominal GDP growth for the U.S. and GSP (gross state product) growth. Data is quarterly through Q3 2025.

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

2025 job growth positive in Austin and Fort Worth



*Seasonally adjusted, annualized rate.

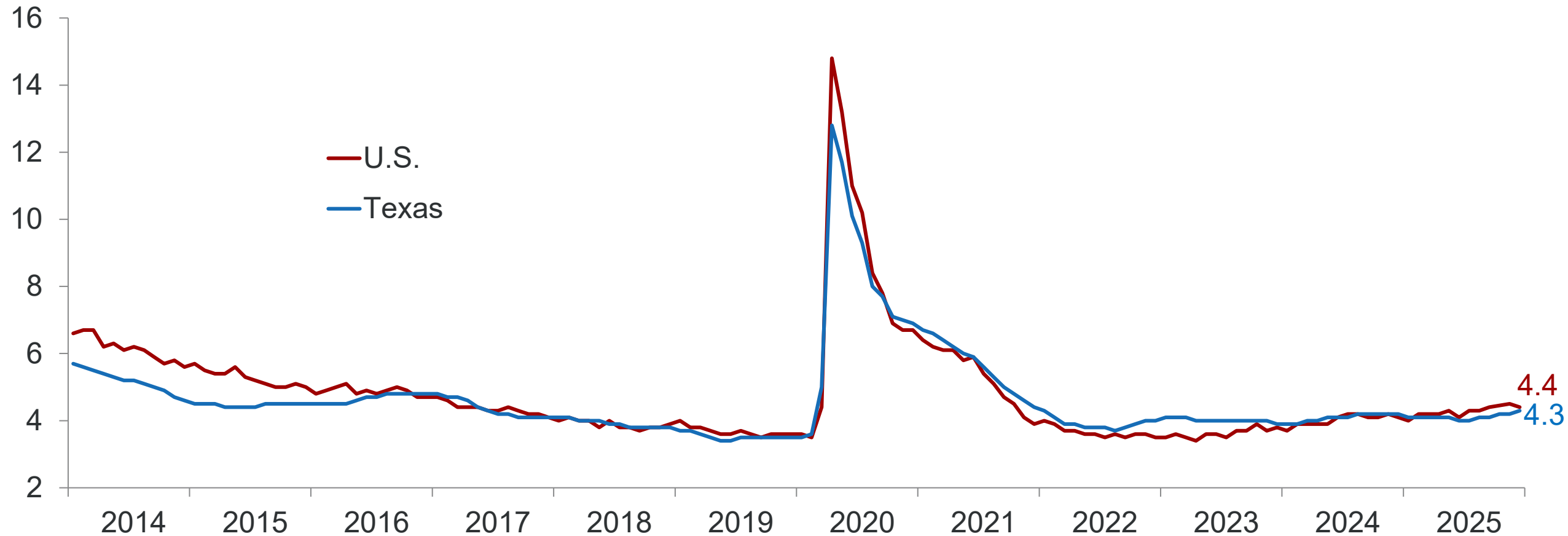
NOTE: Numbers in parenthesis indicate share of state employment for December 2025.

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-research/texas-economic-research/texas-employment-data)

Unemployment ticks up in Texas but dips in the nation in December

Unemployment rate (%)*



*Seasonally adjusted.

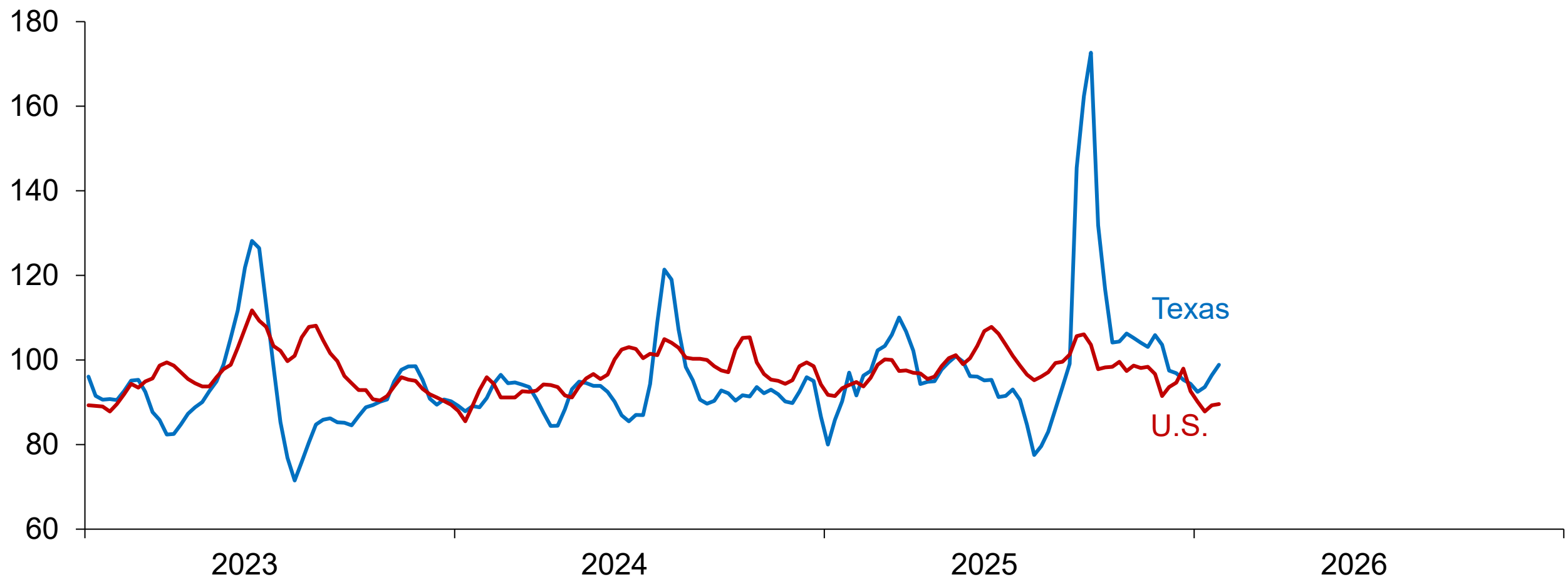
NOTE: Data are through December 2025.

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 mid-January

Index, Jan. 2022 = 100*

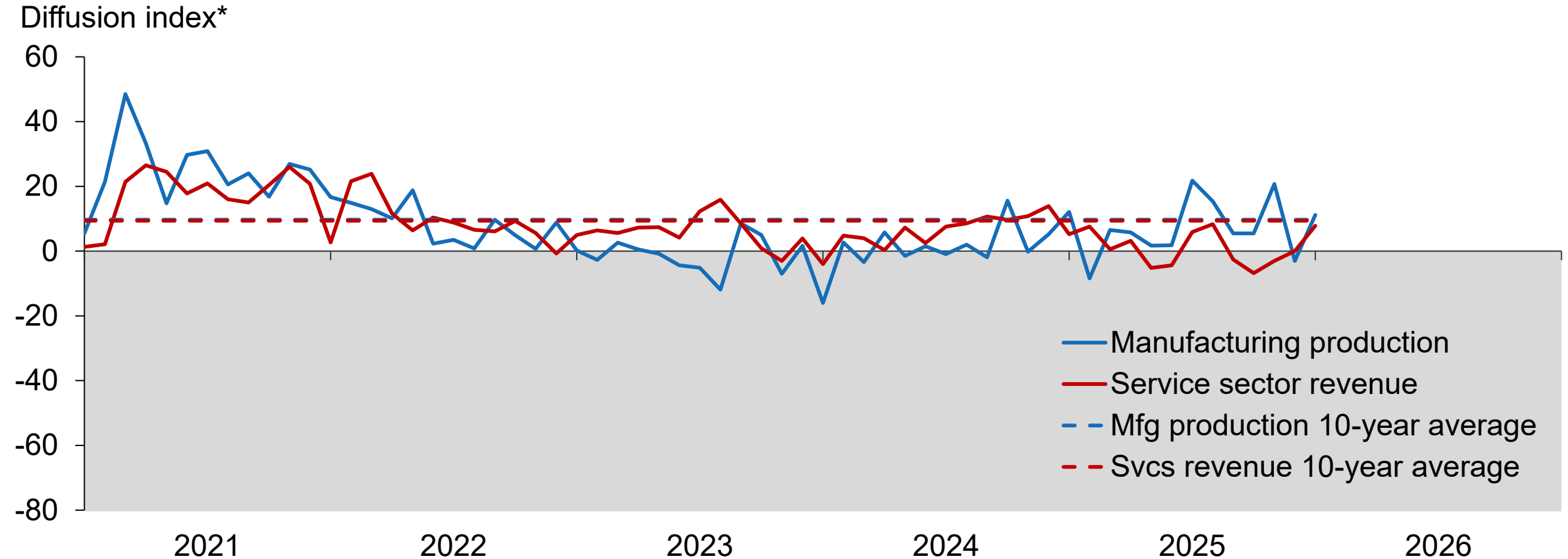


*Seasonally adjusted, three-week moving average.

NOTE: Data are through the week ending January 12th, 2026.

SOURCE: Department of Labor.

TBOS points to a rebound in activity in January

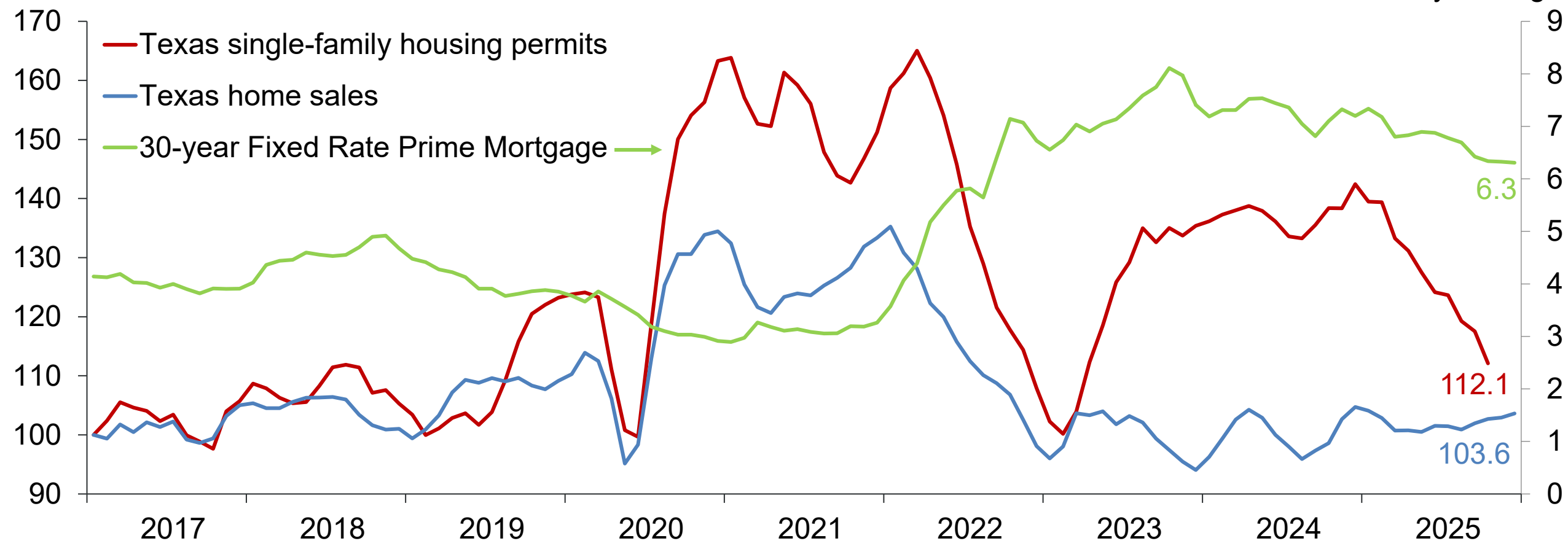


*Seasonally adjusted.
NOTES: Data through January 2026. Shaded area represents contractionary territory.
SOURCE: Federal Reserve Bank of Dallas' Texas Business Outlook Surveys.
DATA: [Surveys - Dallasfed.org](https://surveys.dallasfed.org)

Real Estate, Energy and Finance

Texas home sales up slightly, mortgage rates flat in December, while permits decline in October

Index, Jan. 2017 = 100*

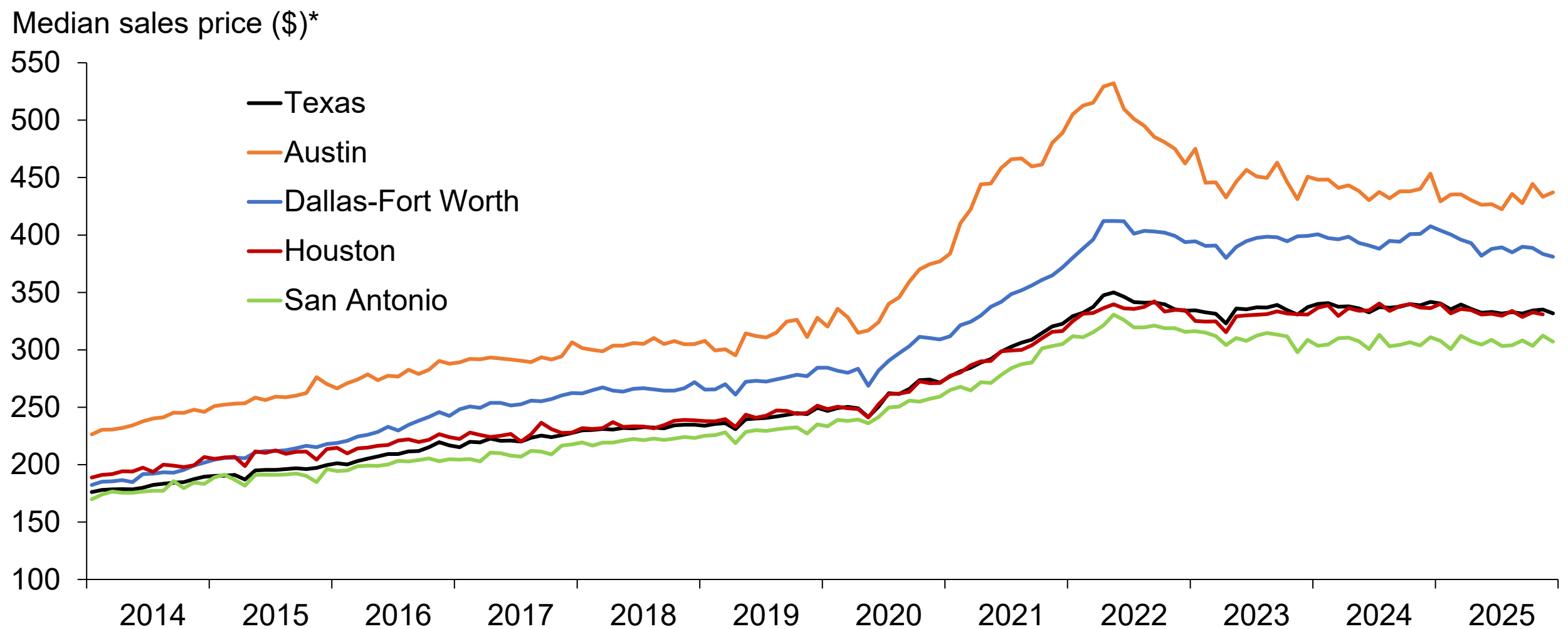


*Seasonally adjusted, three-month moving average.

NOTES: Mortgage data and home sales data are monthly through December 2025; permits data are through October 2025.

SOURCES: U.S. Census; Multiple Listing Service; *Wall Street Journal*.

Texas median home prices tick down except in Austin

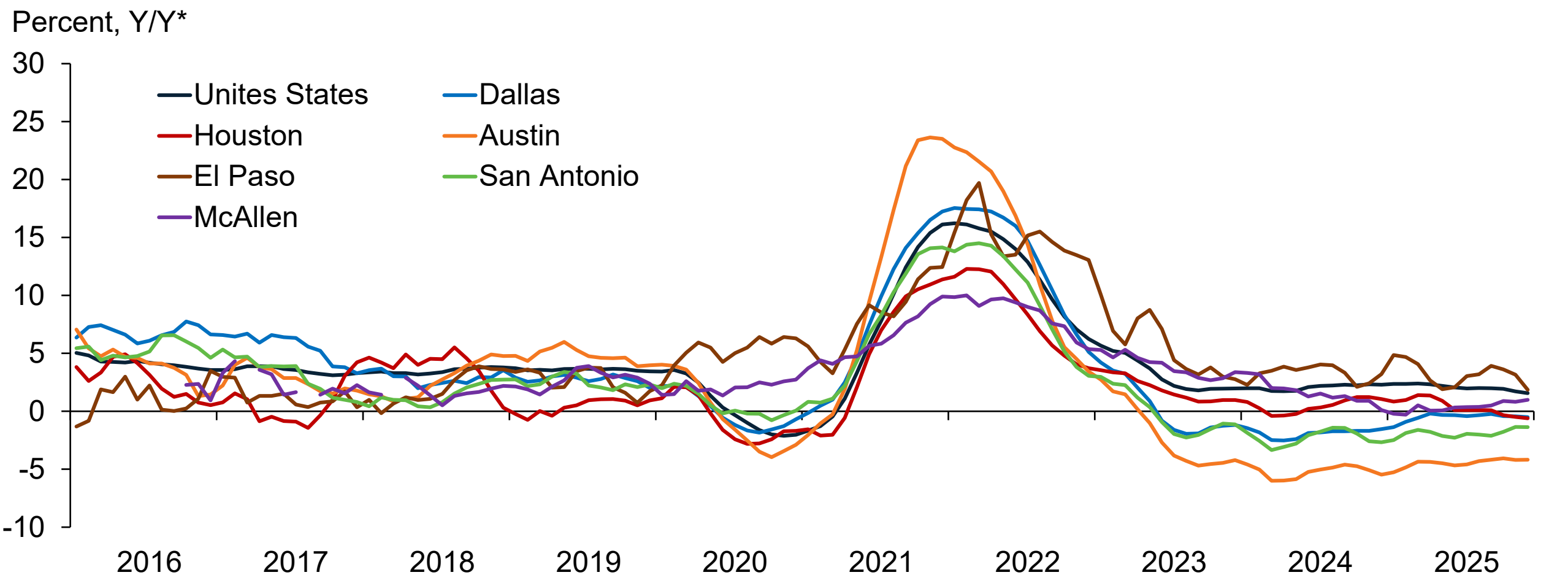


*Seasonally adjusted.

NOTES: Data are monthly through November 2025 for Houston; December 2025 for the rest.

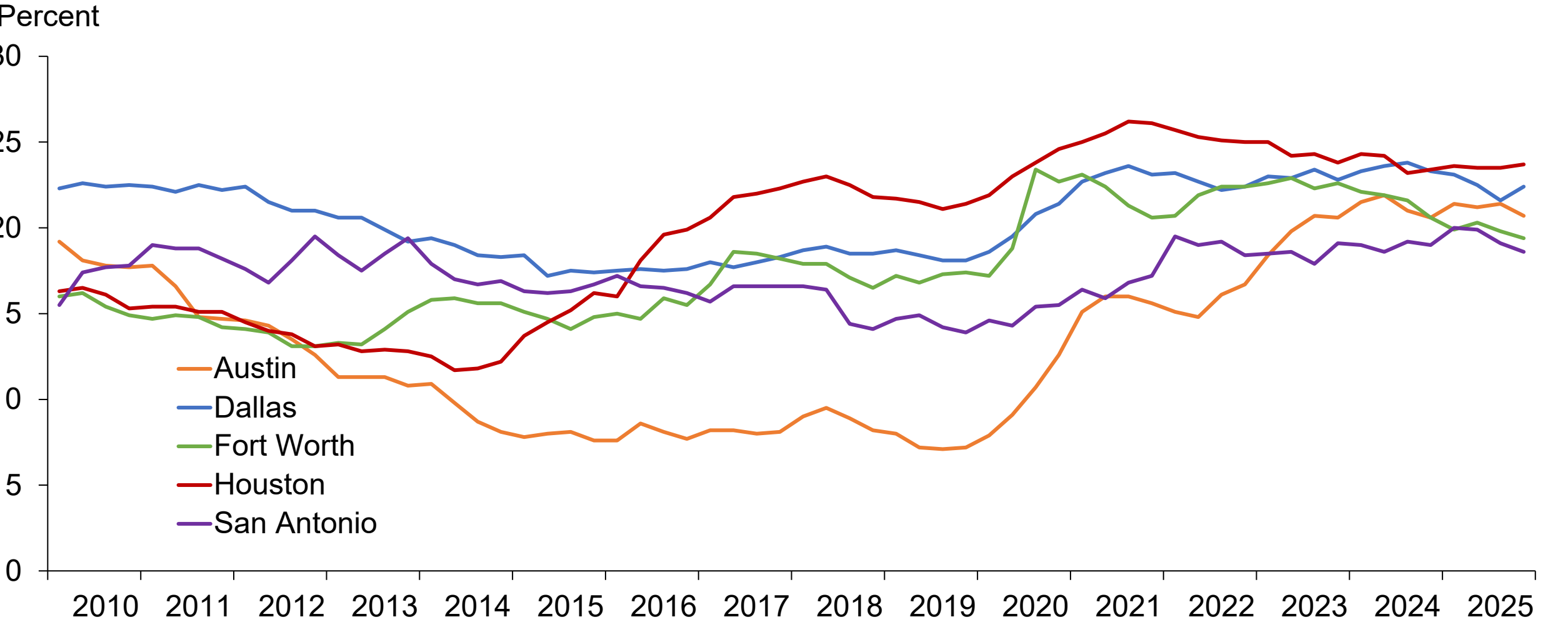
SOURCES: Multiple Listing Service; seasonal and other adjustments by Federal Reserve Bank of Dallas.

Apartment rents trending down across most Texas major metros



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

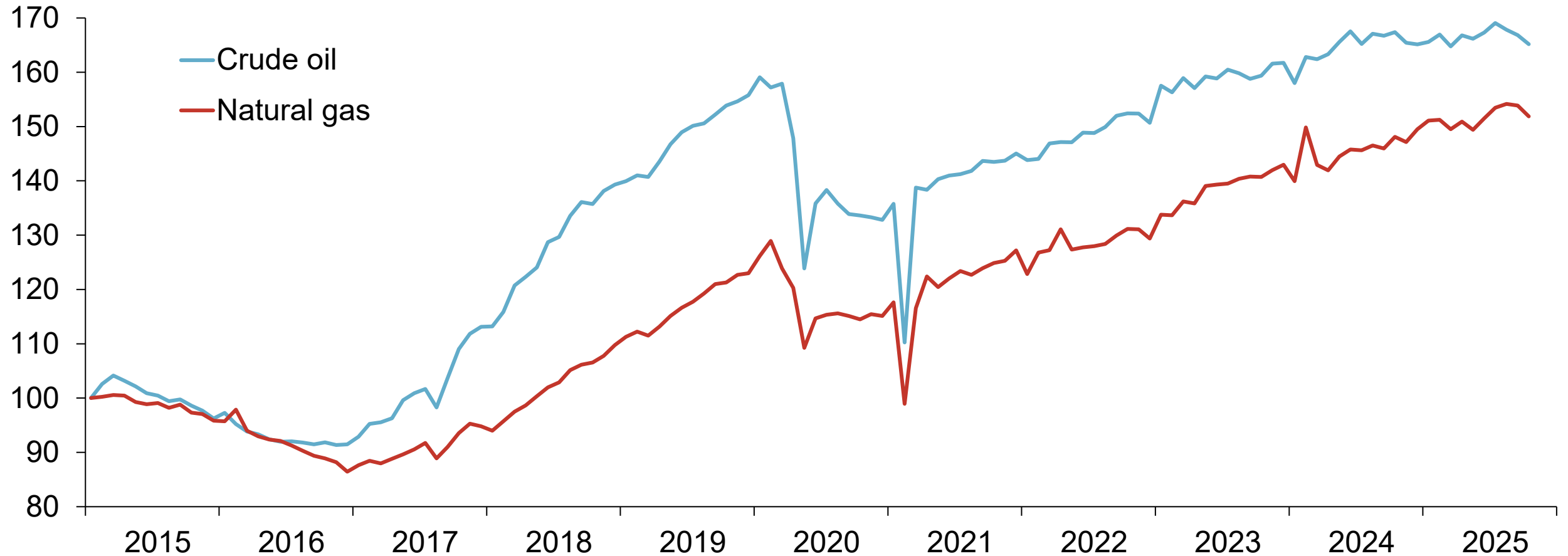
Office vacancy ticks up in Dallas and Houston, dips in other major metros



NOTE: Data are quarterly through Q4 2025.
SOURCE: CBRE Econometric Advisors.

Texas oil and gas production falls in October

Index, Jan. 2015 = 100*



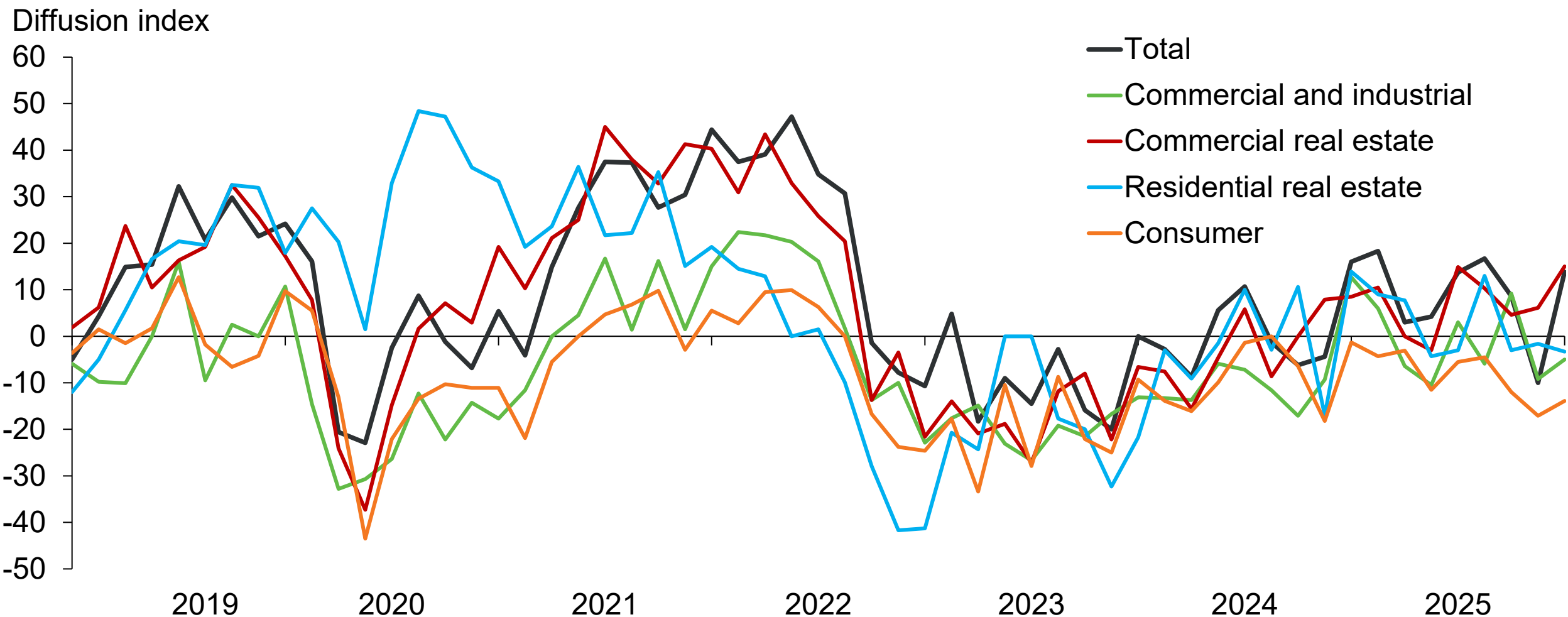
*Seasonally adjusted.

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

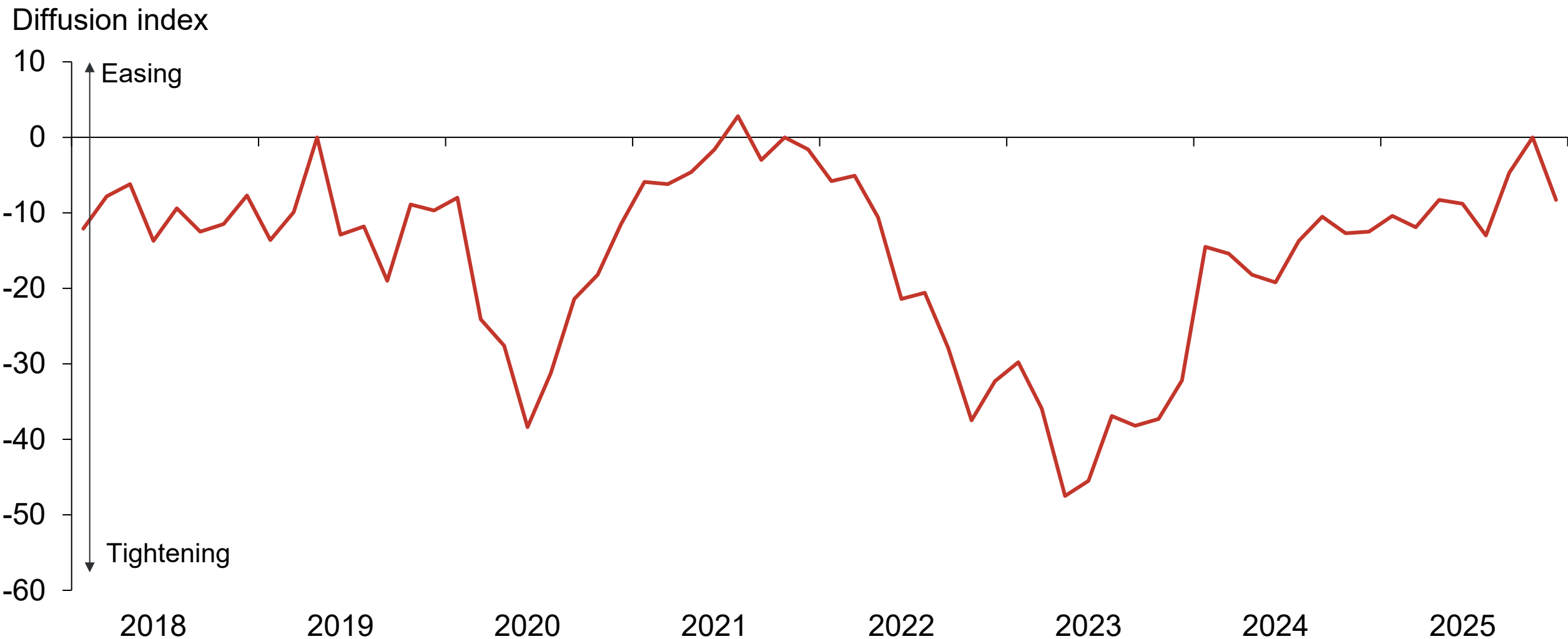
SOURCE: Energy Information Administration.

Total loan volumes rebound at yearend 2025

(11th District banks)



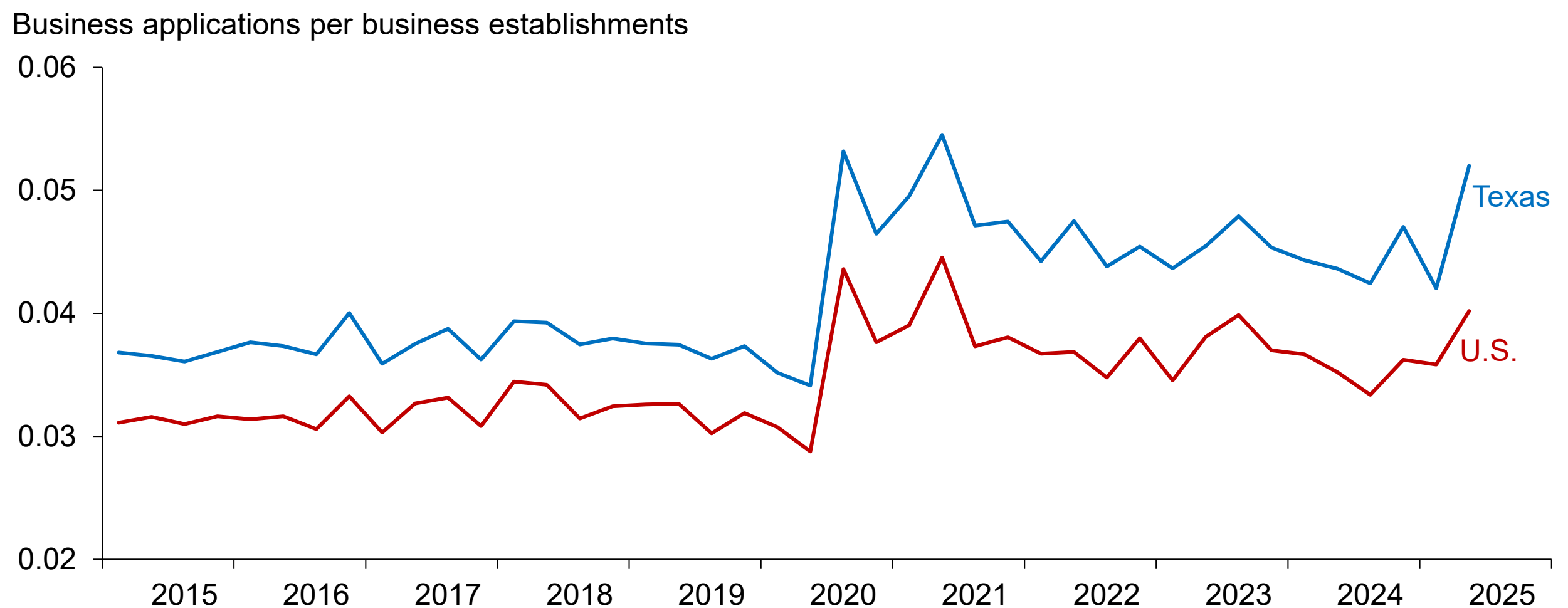
Texas banks report tightening credit standards



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

Outlook

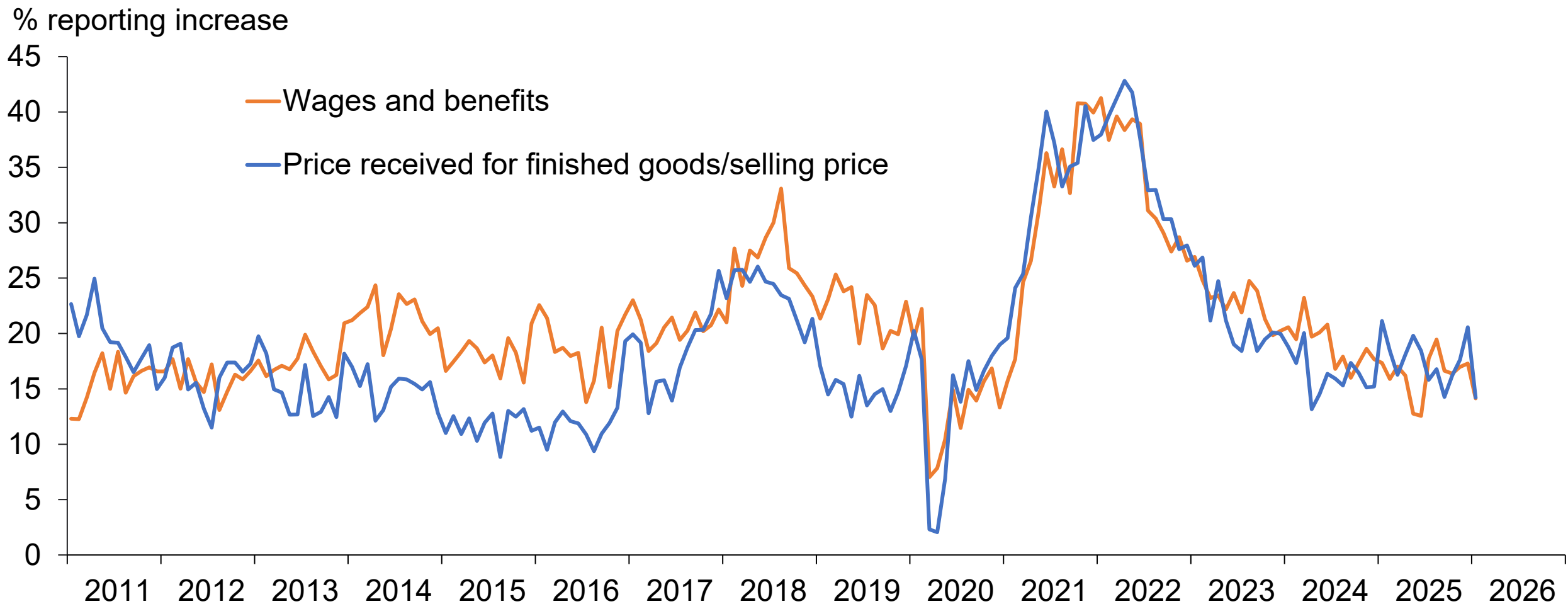
Rate of business formation picks up in Q2 2025



NOTES: Data are quarterly through Q2 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 selling prices falls in January

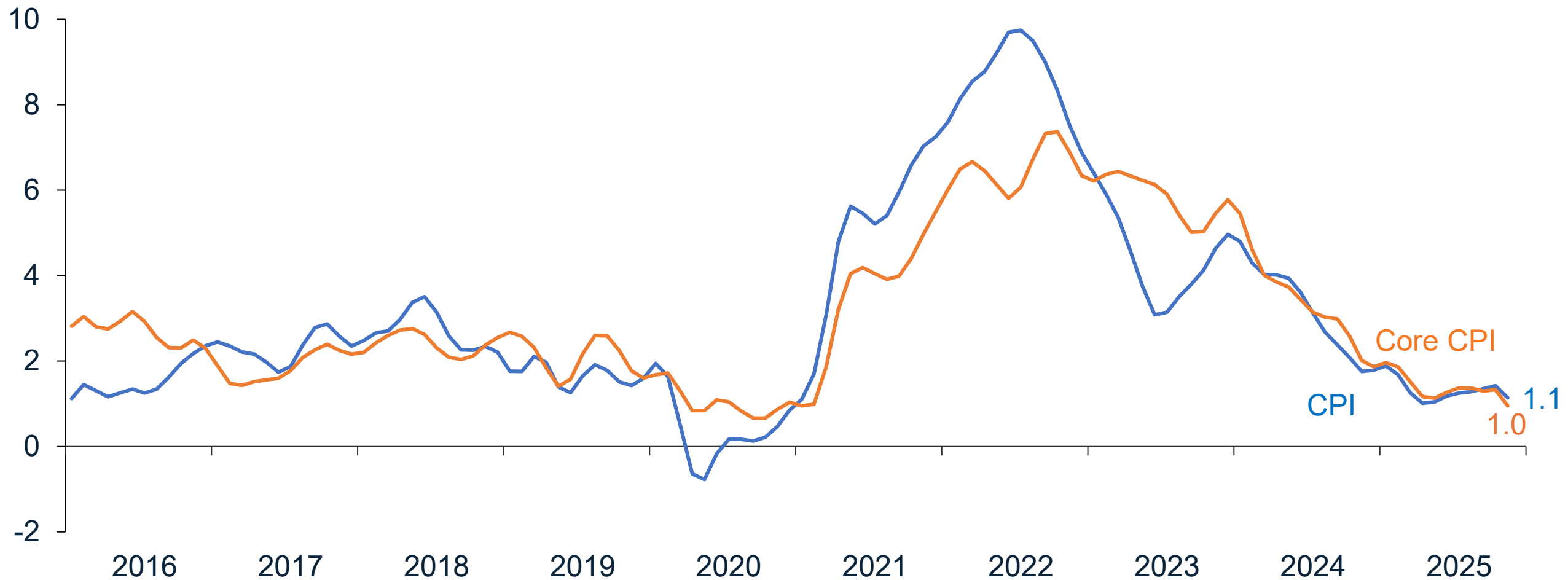


NOTES: Percent reporting increase was constructed by weighting the respective component of TMOS and TSSOS according to GDP shares. Data through January 2026.

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

Texas CPI ticks down in November

Percent change, Y/Y*



*Seasonally adjusted.

NOTE: CPI data through November 2025.

SOURCE: Bureau of Labor Statistics.

Texas Business Outlook Surveys Special Questions

TBOS reports lowest share of firms trying to hire workers since Jan. 2023

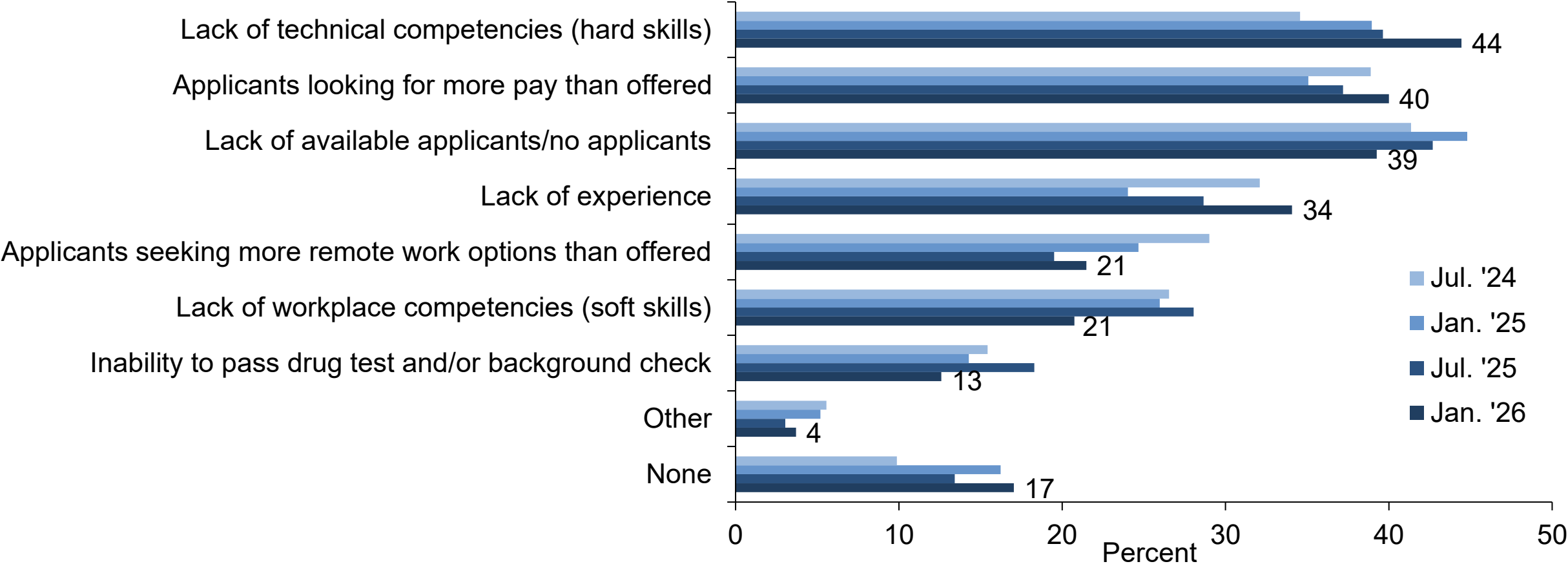


NOTE: Executives from 311 Texas businesses answered this question during the survey collection period, January 13-21, 2026.

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

Lack of hard skills among applicants cited as the top impediment to hiring

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

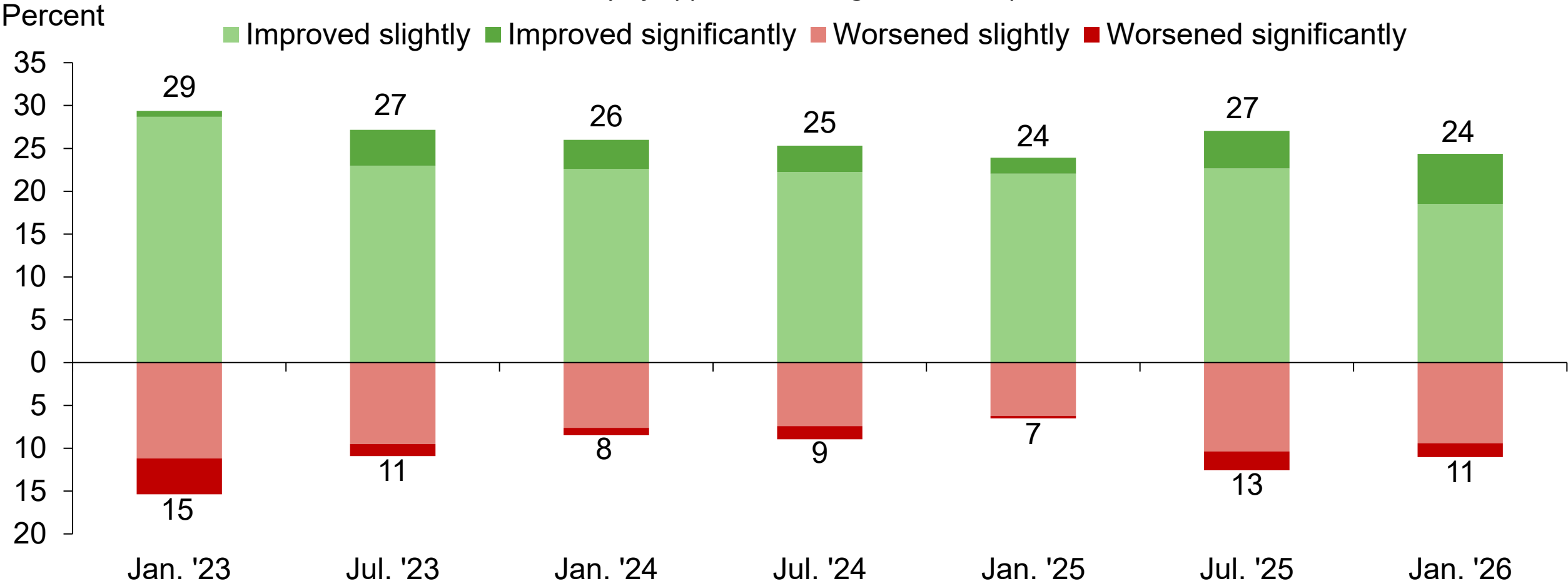


NOTES: Executives from 135 Texas businesses answered this question during the survey collection period, January 13-21, 2026. This question was only posed to those currently trying to hire workers. "Applicants seeking more remote work options than offered" was added in January 2024.

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

Availability of applicants improved on net over the past three months, continuing the trend seen since the beginning of 2023

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

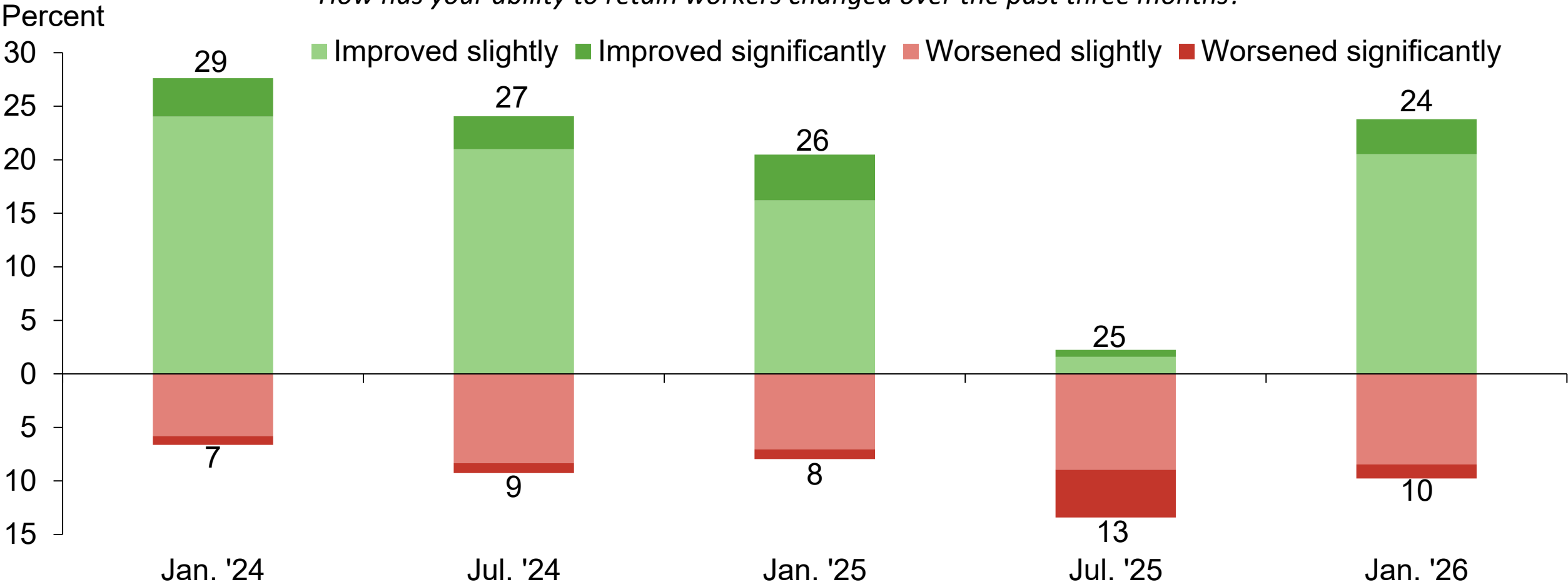


NOTES: Executives from 308 Texas businesses answered this question during the survey collection period, January 13-21, 2026. Prior to Jul. '25, the question asked about the change over the past month. Share reporting no change not shown.

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

Worker retention has become easier over the past three months on net, a change from mid-2025

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

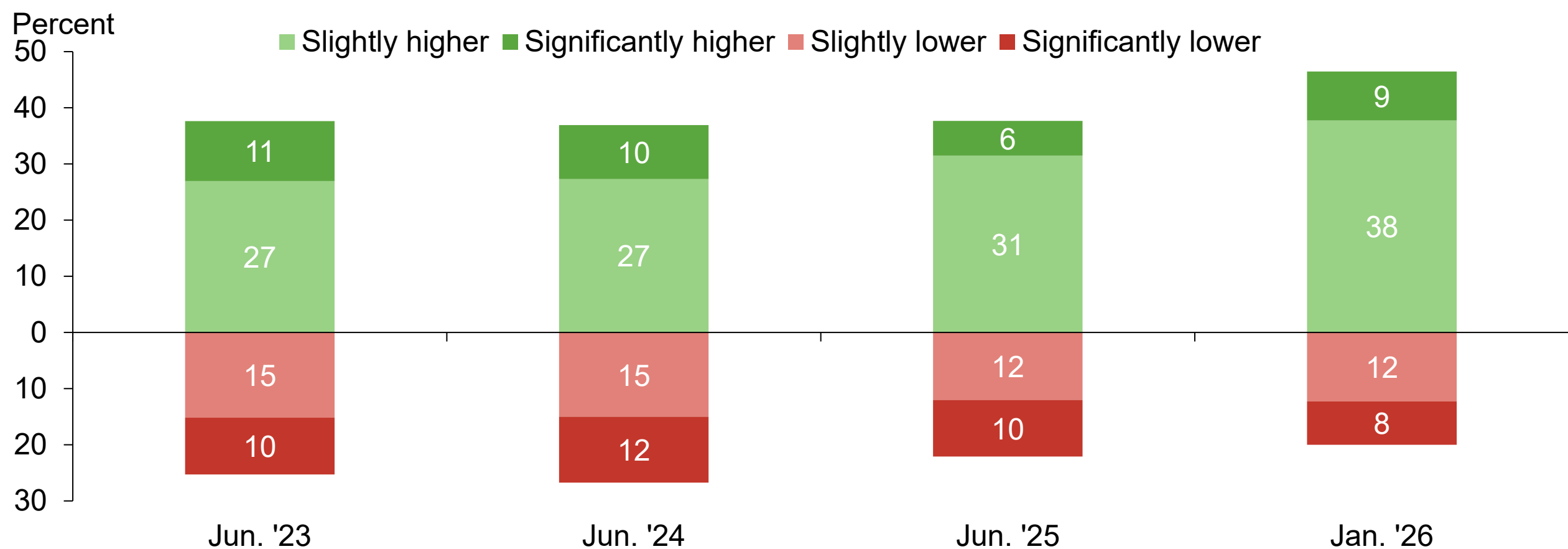


NOTES: Executives from 307 Texas businesses answered this question during the survey collection period, January 13-21, 2026. Prior to Jul. '25, the question asked about the change over the past month. Share reporting no change not shown.

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

46 percent of firms expect growth in capital expenditures in 2026, exceeding the 20 percent share expecting lower spending

“What are your firm's expectations for capital expenditures this year compared with last year?”



NOTES: Executives from 310 Texas businesses answered this question during the survey collection period, January 13-21, 2026. The question wording changes slightly between periods to account for different years. The share reporting no change is not shown and was 37 percent in June '23, 36 percent in June '24, 40 percent in June '25, and 34 percent in January '26.

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

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