



Federal Reserve
Bank of Dallas

Texas Economic Performance and Outlook

(April 2026)

“February employment growth moderates”

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Federal Reserve Bank of Dallas

4/17/2026

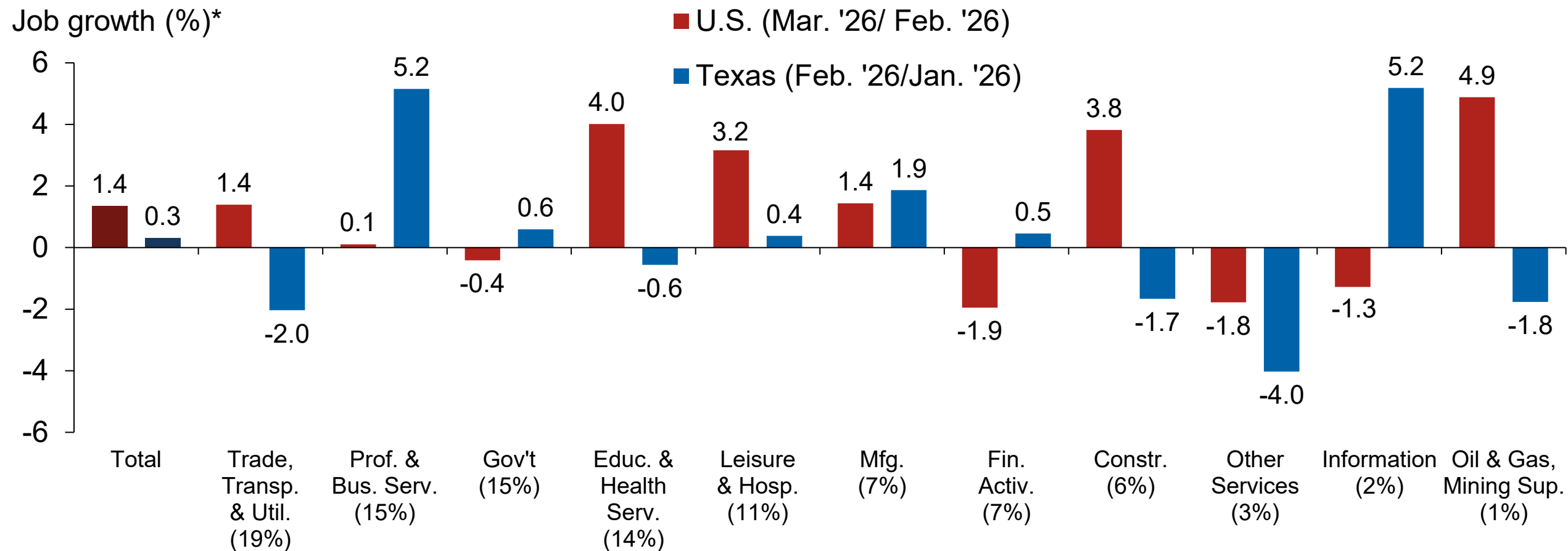
DISCLAIMER: The views expressed are the authors' and do not necessarily reflect the views of the Federal Reserve Bank of Dallas or Federal Reserve System. Data requests can be addressed to Diego Morales-Burnett at Diego.Morales-Burnett@dal.frb.org.

What's New: Payrolls slow in February

- Texas employment grew 0.3% in February. January's employment growth was revised down to 1.1%
 - U.S. job growth was 1.4% in March
- The Dallas Fed's Texas Employment Forecast indicates jobs will increase by 1.4% in 2026
 - We expect job growth to be more in line with the low end of the forecast range (0.7%)
- Texas unemployment remained at 4.3% in February
 - U.S. unemployment ticked down to 4.3% in March
- March Texas Business Outlook Surveys (TBOS) record modest growth in manufacturing production and flat service sector activity
 - TBOS firms cite faster price growth but steady wage growth over the past 12 months
 - Compared to December, expectations for wage growth are unchanged but ticked up for growth in input and selling prices over the next 12 months
 - Geopolitical risk is the primary outlook concern over the next six months

Overall Economic Activity

February Texas job growth strong in professional and business services and information



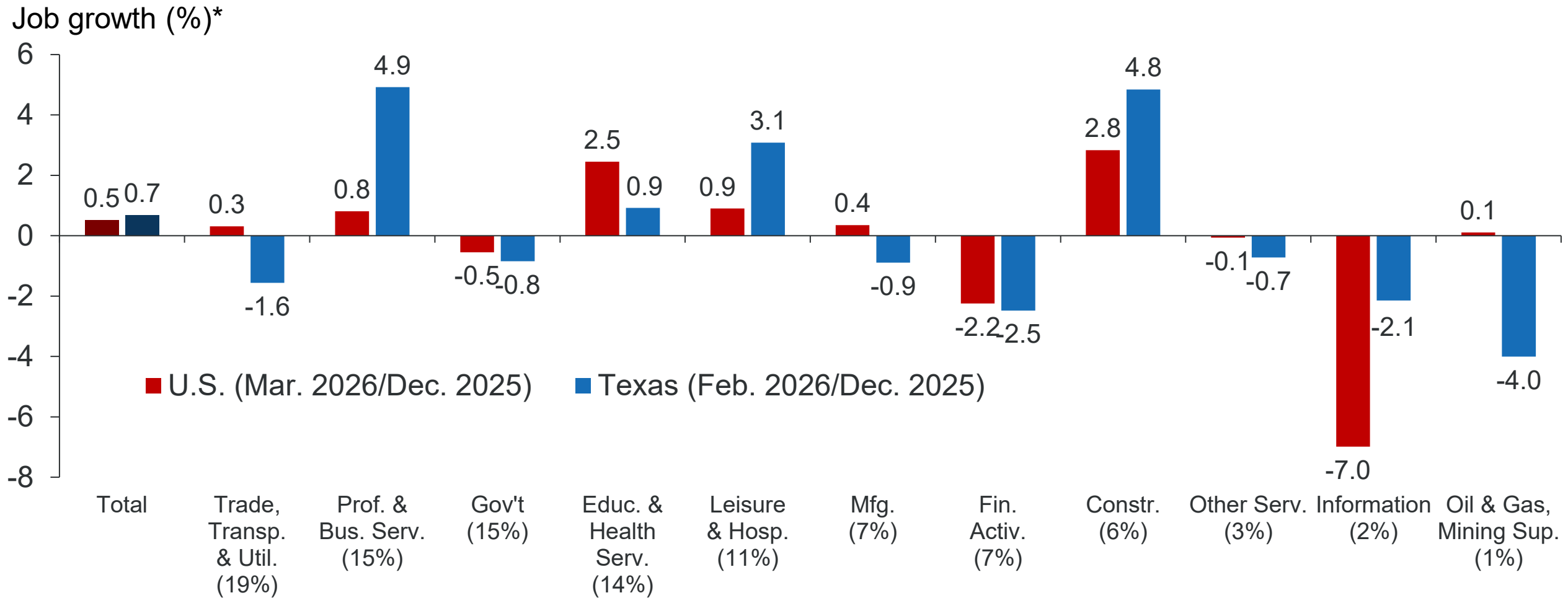
*Seasonally adjusted, annualized rate.

NOTES: Numbers in parenthesis indicate share of total state employment in February 2026.

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)

2026 Texas employment growth below trend



*Seasonally adjusted, annualized rate.

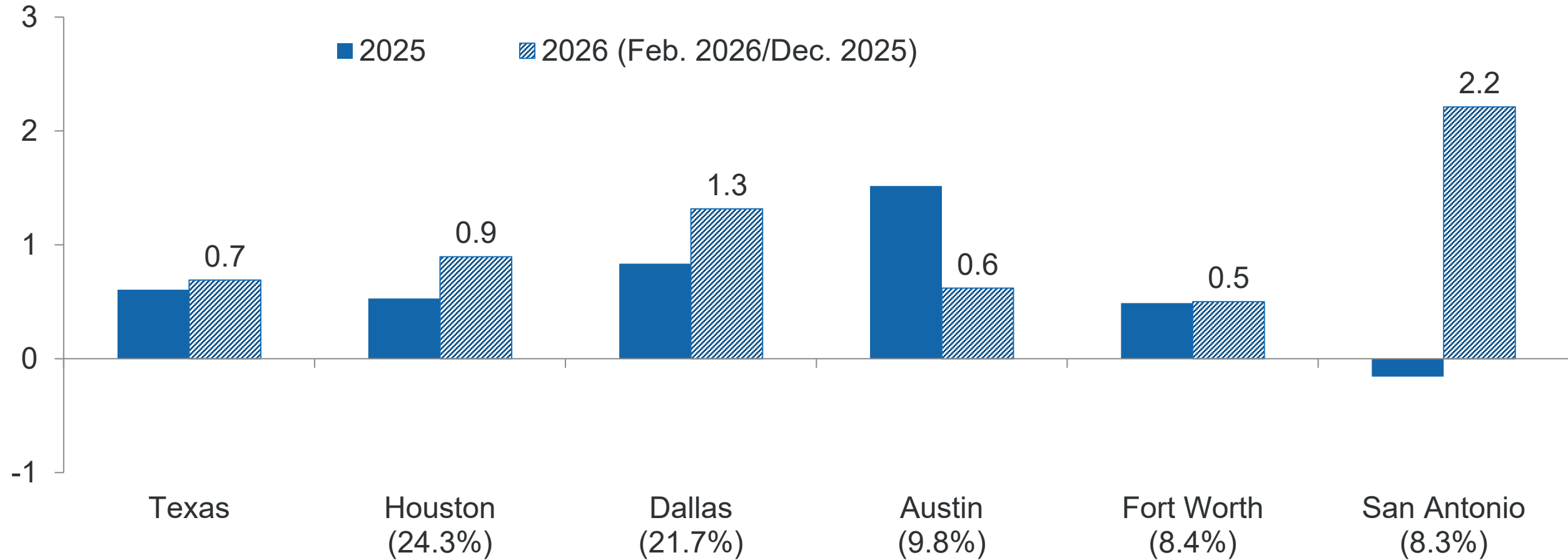
NOTE: Numbers in parentheses indicate share of total state employment for February 2026.

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)

YTD growth strongest in San Antonio

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



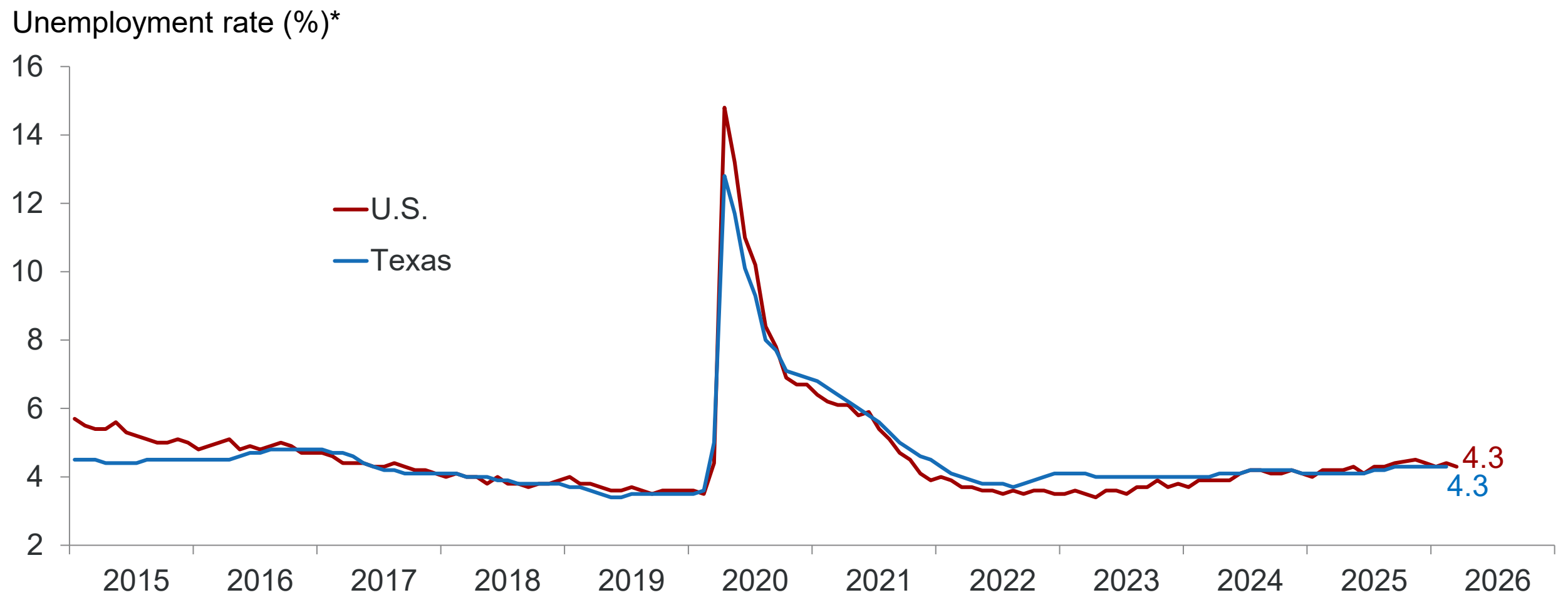
*Seasonally adjusted, annualized rate.

NOTE: Numbers in parenthesis indicate share of state employment for February 2026.

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-employment)

Unemployment flat in Texas but dips in the nation



*Seasonally adjusted.

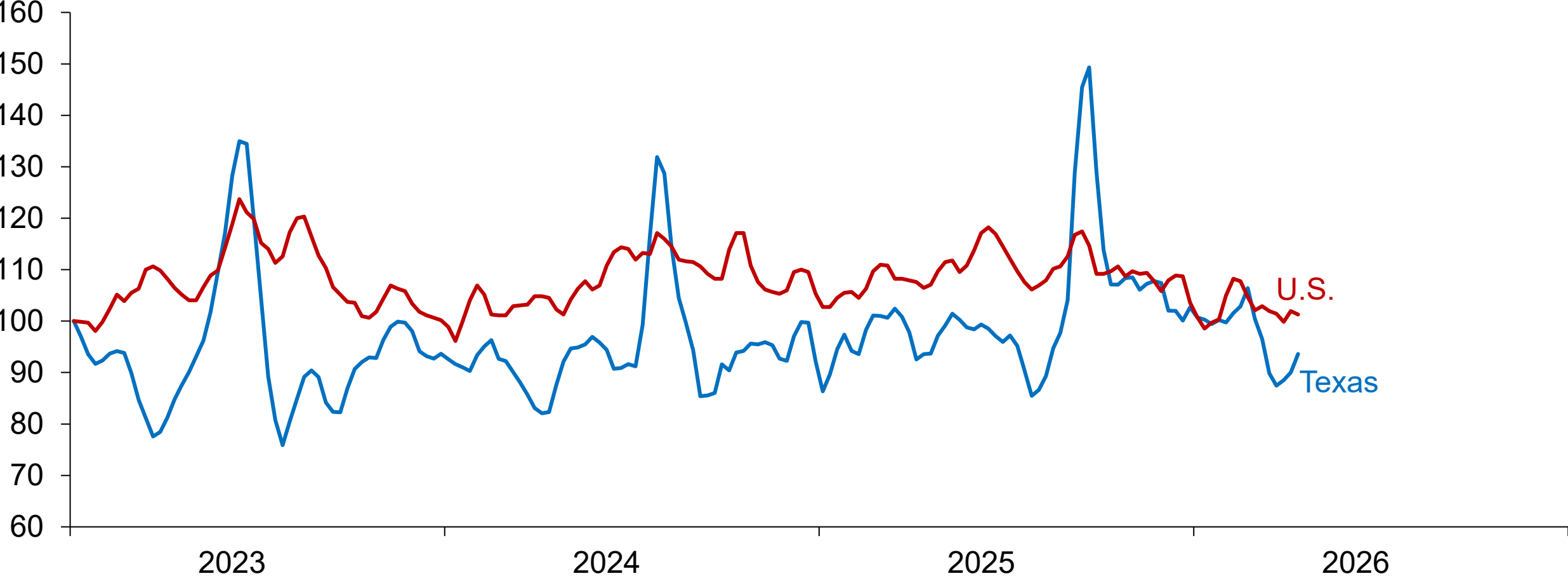
NOTE: Data are through February 2026 for Texas; March 2026 for the U.S.

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

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

Texas initial unemployment claims tick up in April

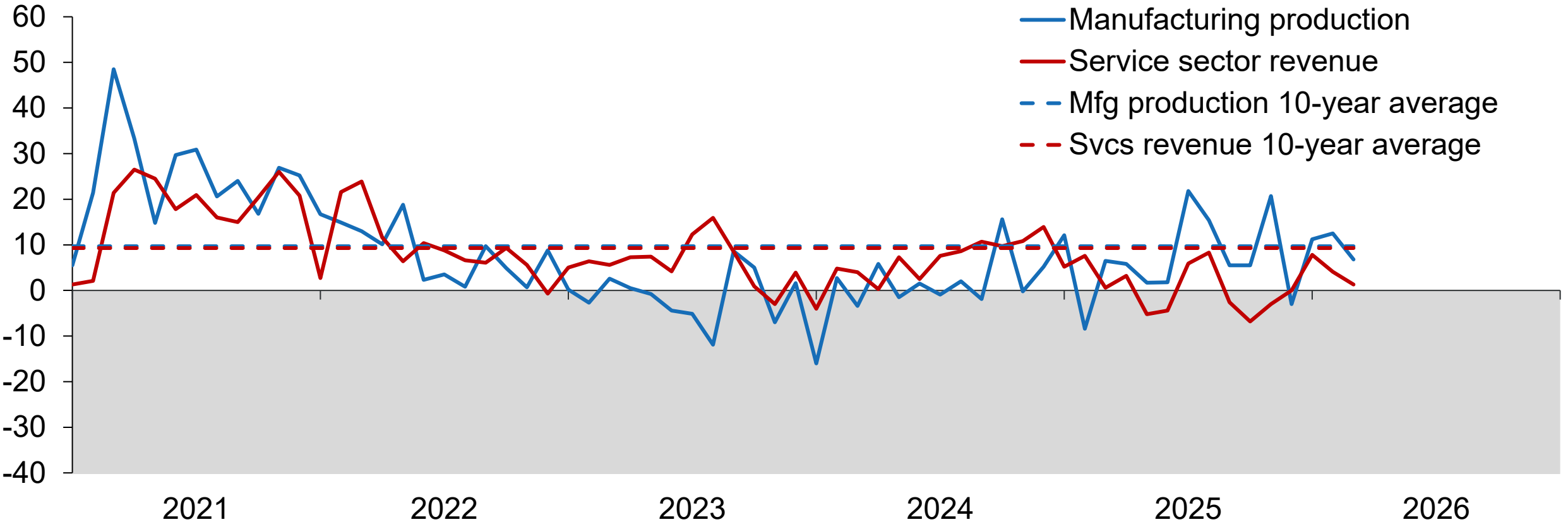
Index, Jan. 2023 = 100*



*Seasonally adjusted, three-week moving average.
NOTE: Data are through the week ending April 11th, 2026.
SOURCE: Department of Labor.

TBOS points to flat activity in services and slow output growth in March

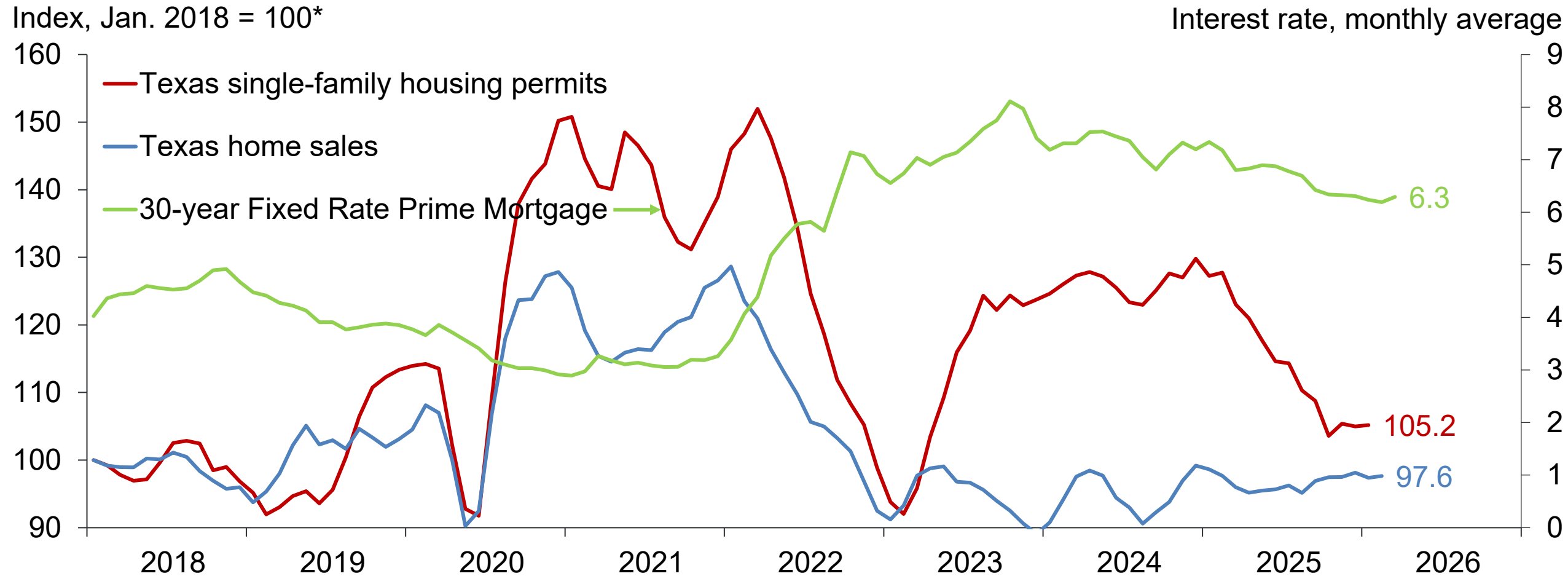
Diffusion index*



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

Real Estate, Energy and Finance

Texas permits flat in January, home sales flat in February, mortgage rates tick up in March



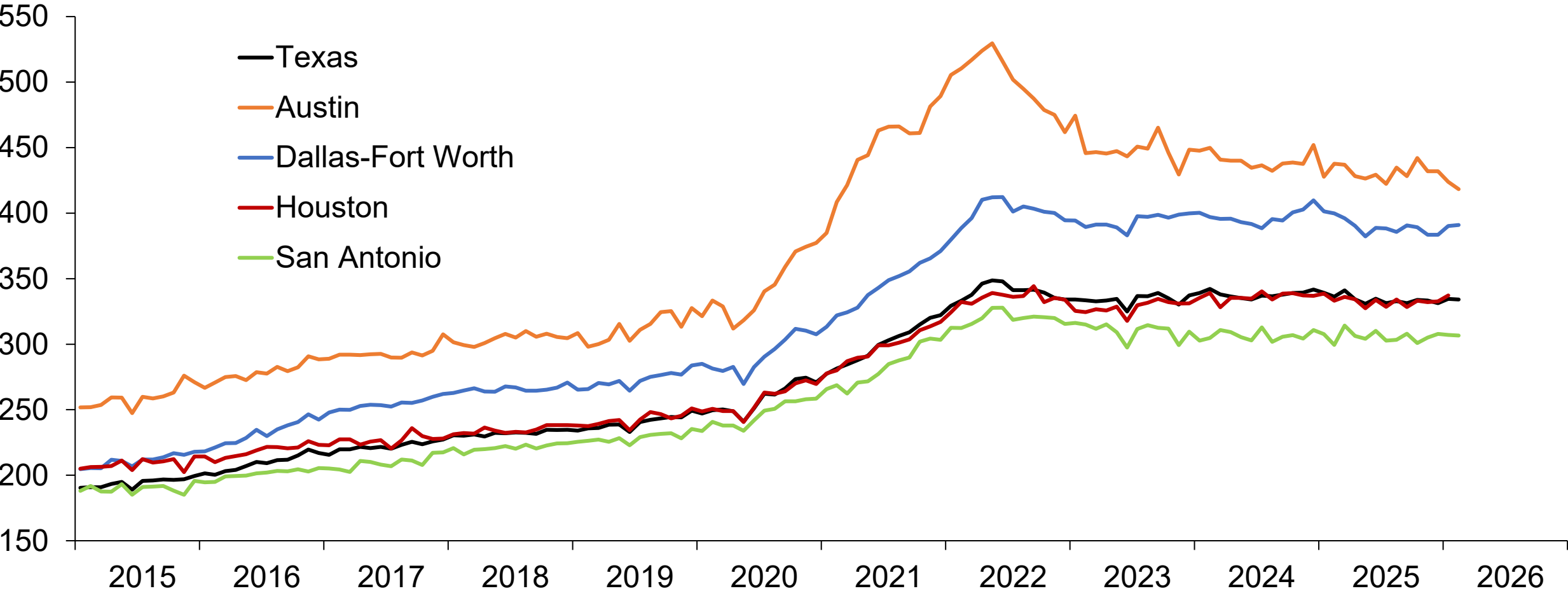
*Seasonally adjusted, three-month moving average.

NOTES: Permits data are through January 2026; home sales data are through February 2026; mortgage rates data are through March 2026.

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

Median home prices dip in Austin, little changed elsewhere

Median sales price (\$)*



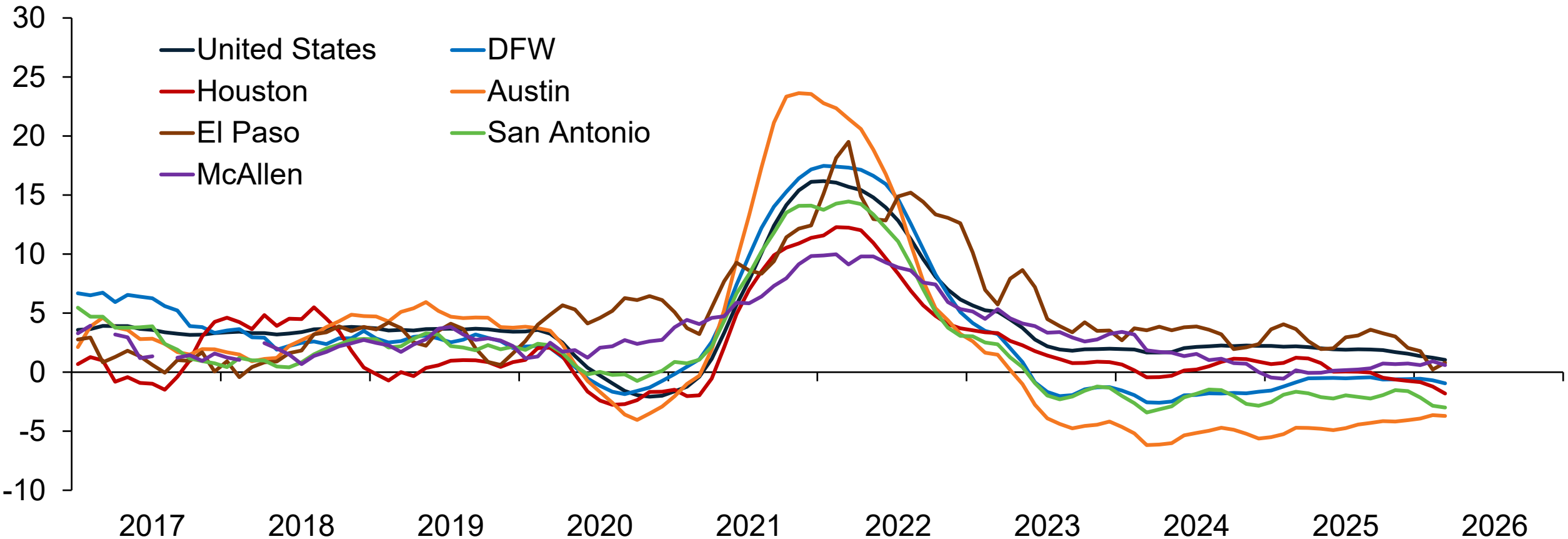
*Seasonally adjusted.

NOTES: Data are monthly through January 2026 for Houston; February 2026 for the rest.

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

Apartment rents continue falling across most Texas major metros

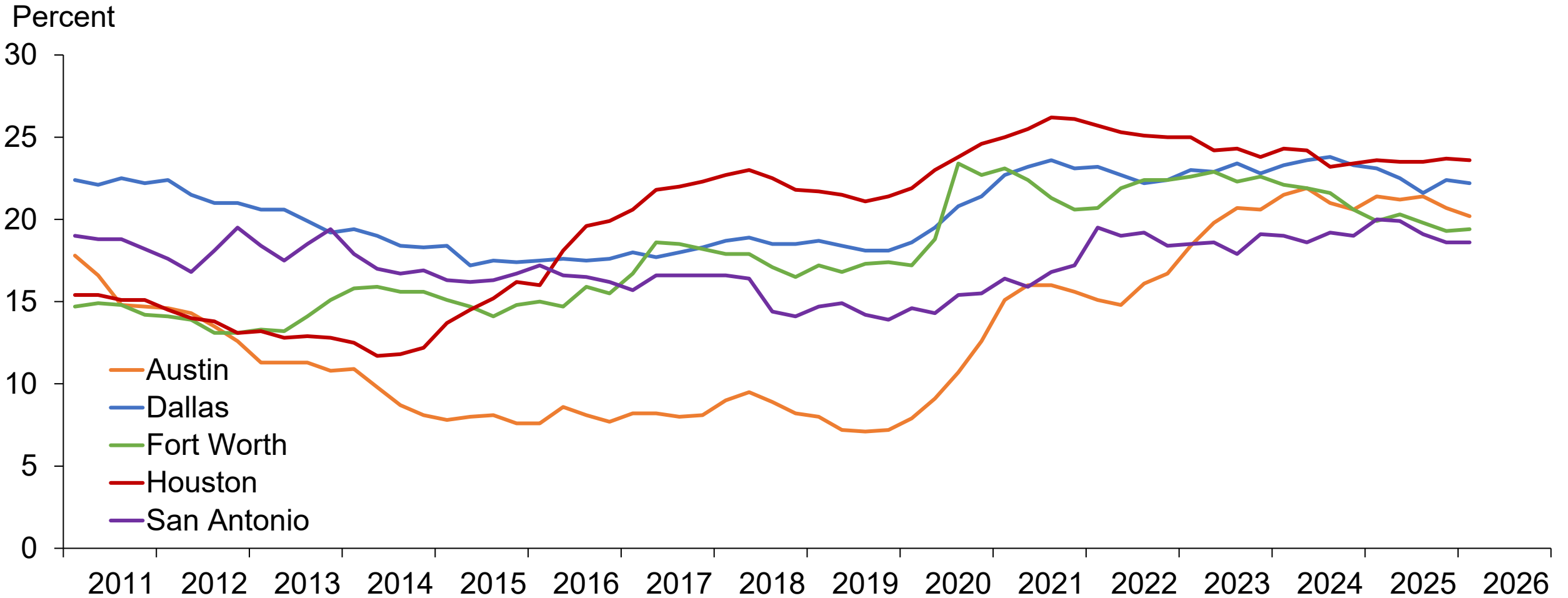
Percent, Y/Y*



*Smoothed and seasonally adjusted.
NOTE: Data are monthly through March 2026.
SOURCE: Zillow.

Office vacancy rates flat to down in Texas major metros

(Q1 2026)

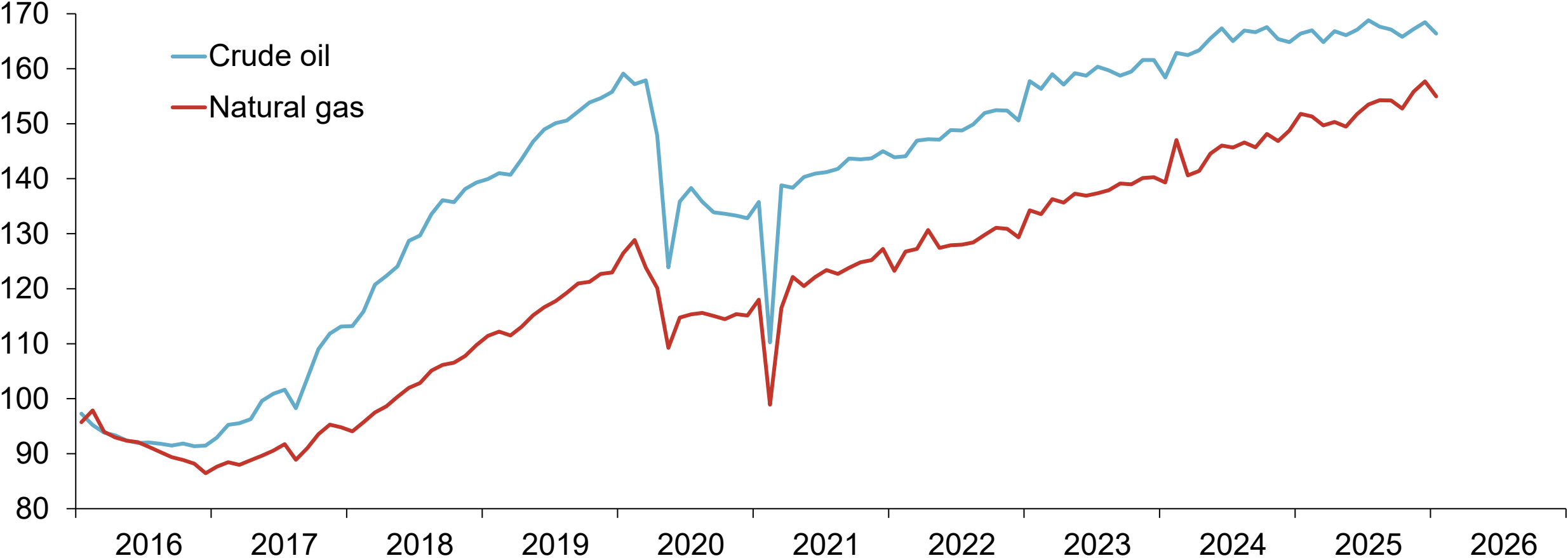


NOTE: Data are quarterly through Q1 2026.

SOURCE: CBRE Econometric Advisors.

Texas oil and gas production ticks down in January

Index, Jan. 2015 = 100*



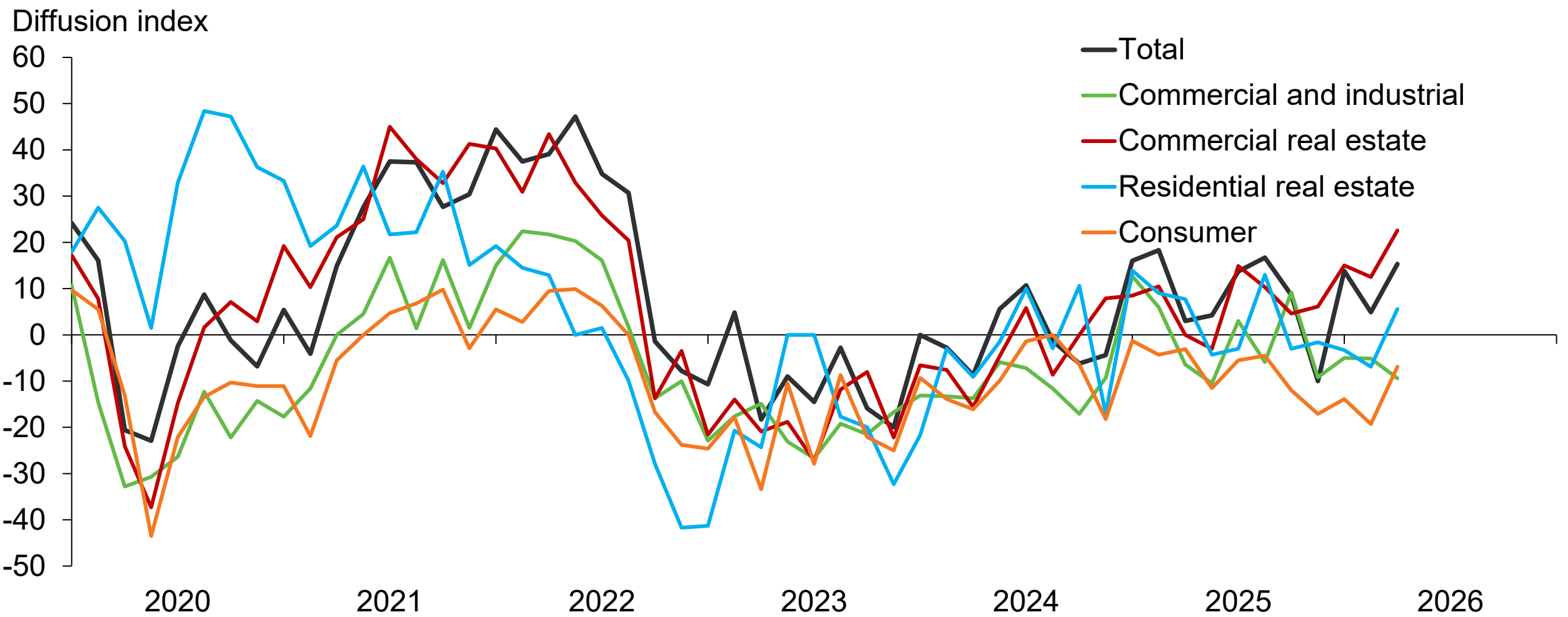
*Seasonally adjusted.

NOTES: Shown are crude oil and natural gas marketed production through January 2026. Production of natural gas are based on billion cubic feet while crude oil is based on million barrels per day.

SOURCE: Energy Information Administration.

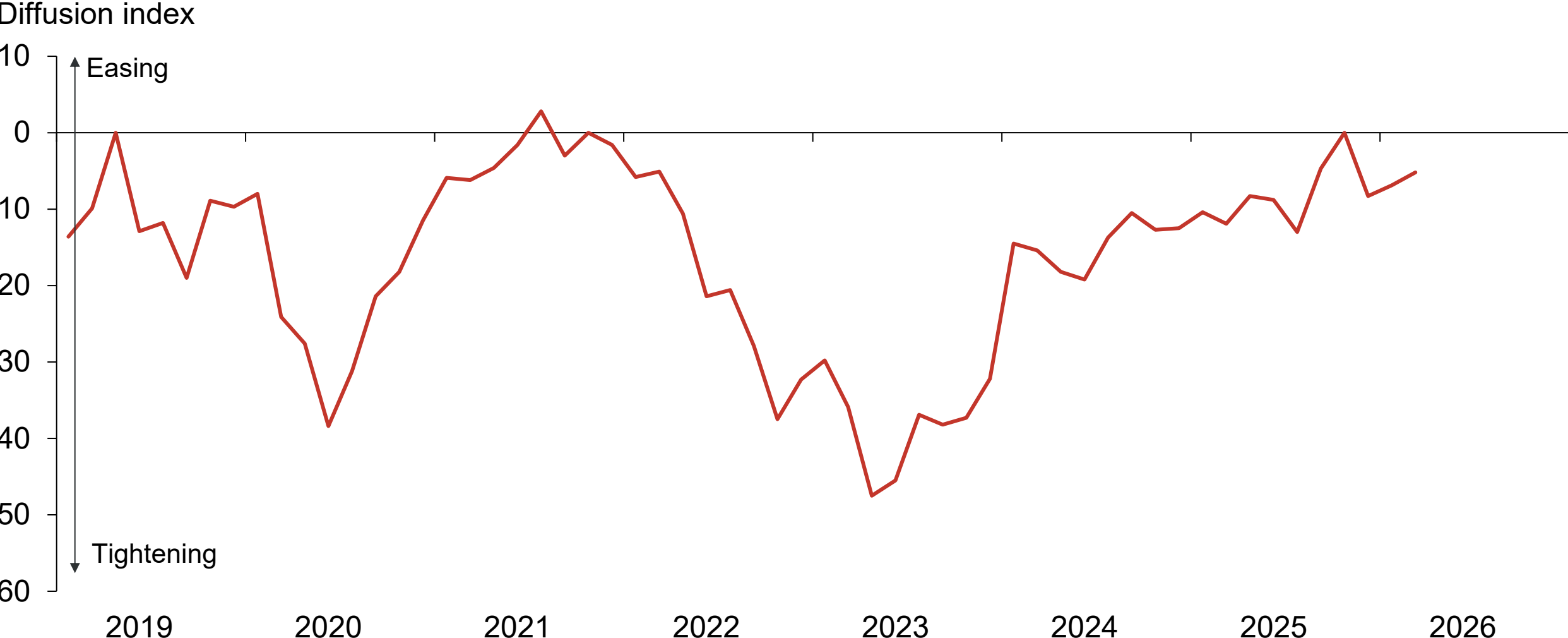
Total loan volumes expand in first quarter 2026

(11th District banks)



NOTE: Data through March 2026.
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

Texas banks continue to report tightening credit standards

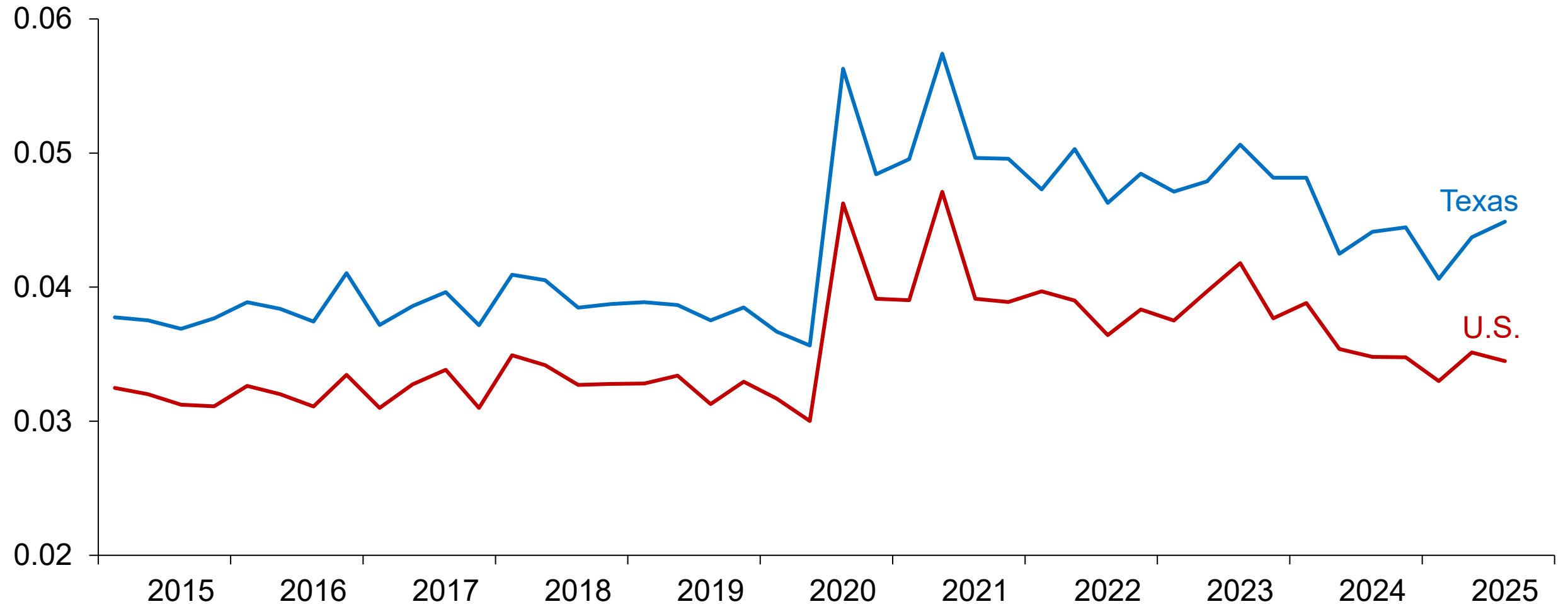


NOTES: Includes credits and terms. Data are through March 2026.
SOURCE: Federal Reserve Bank of Dallas' Banking Conditions Survey.

Outlook

Rate of business formation picks up in Q3 2025

Business applications per business establishments

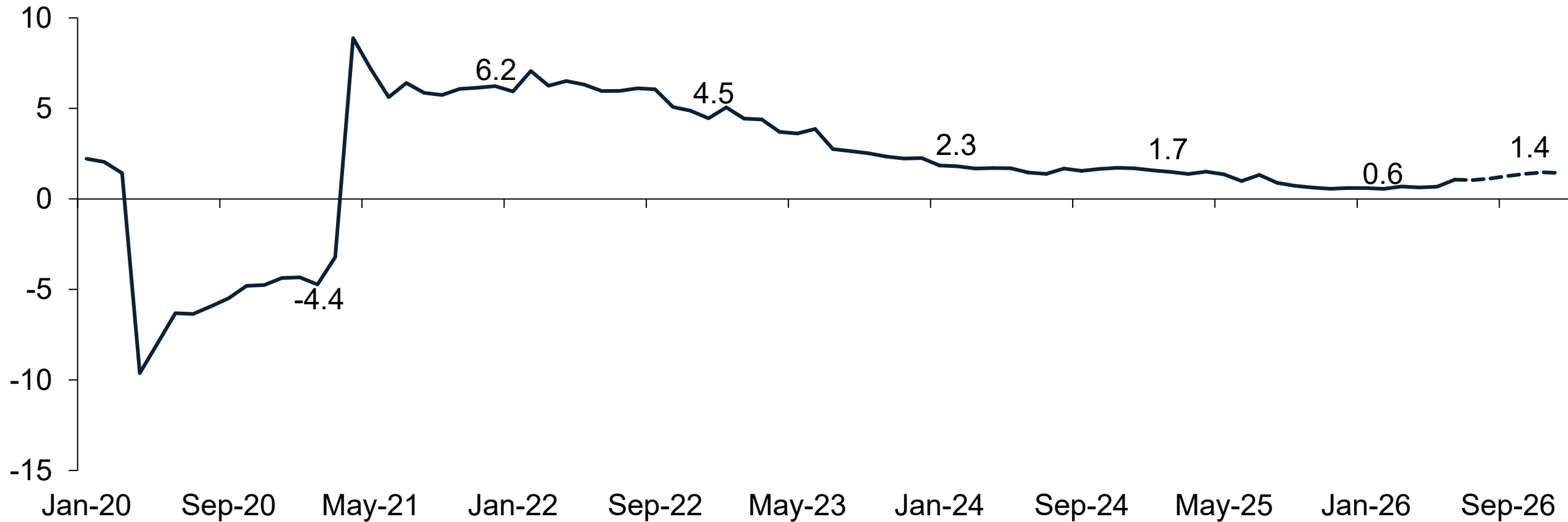


NOTES: Data are quarterly through Q3 2025. Business applications data are missing for the first week of January 2021.

SOURCE: U.S. Census Bureau.

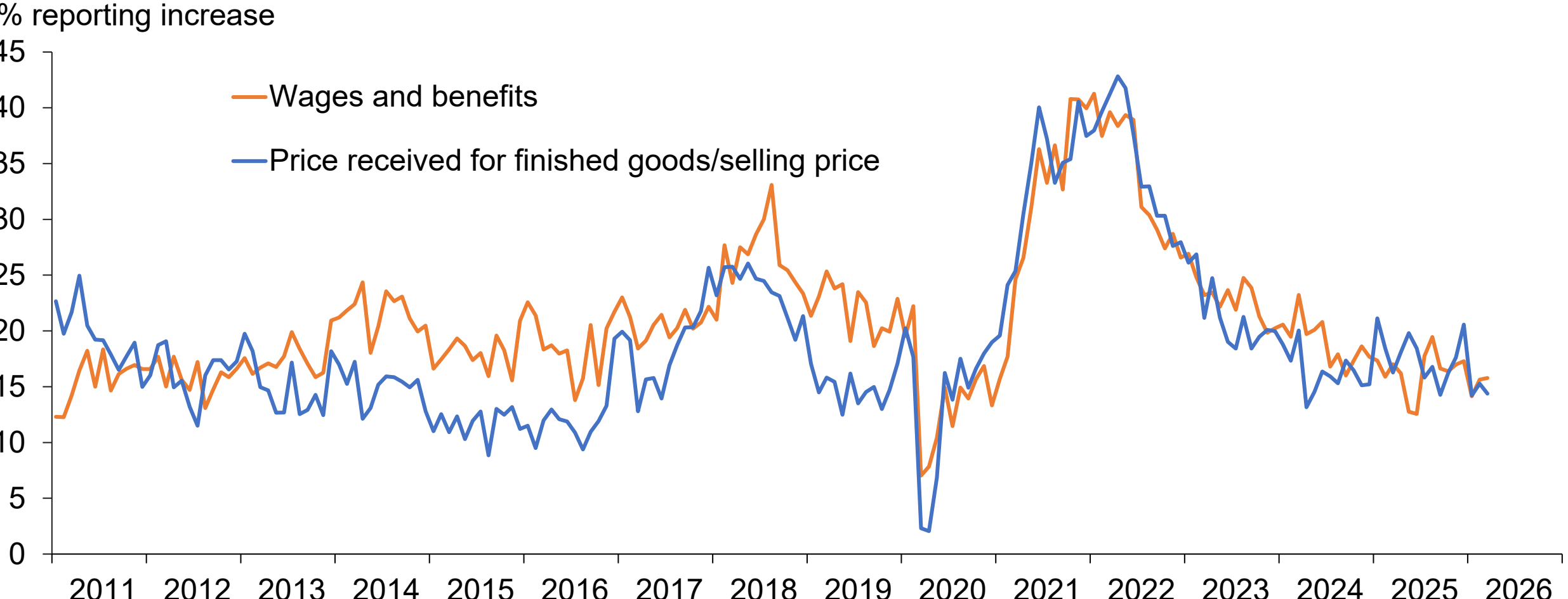
The Texas employment forecast indicates 1.4% growth in 2026 (range 0.7-2.1), with risks to the downside

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).

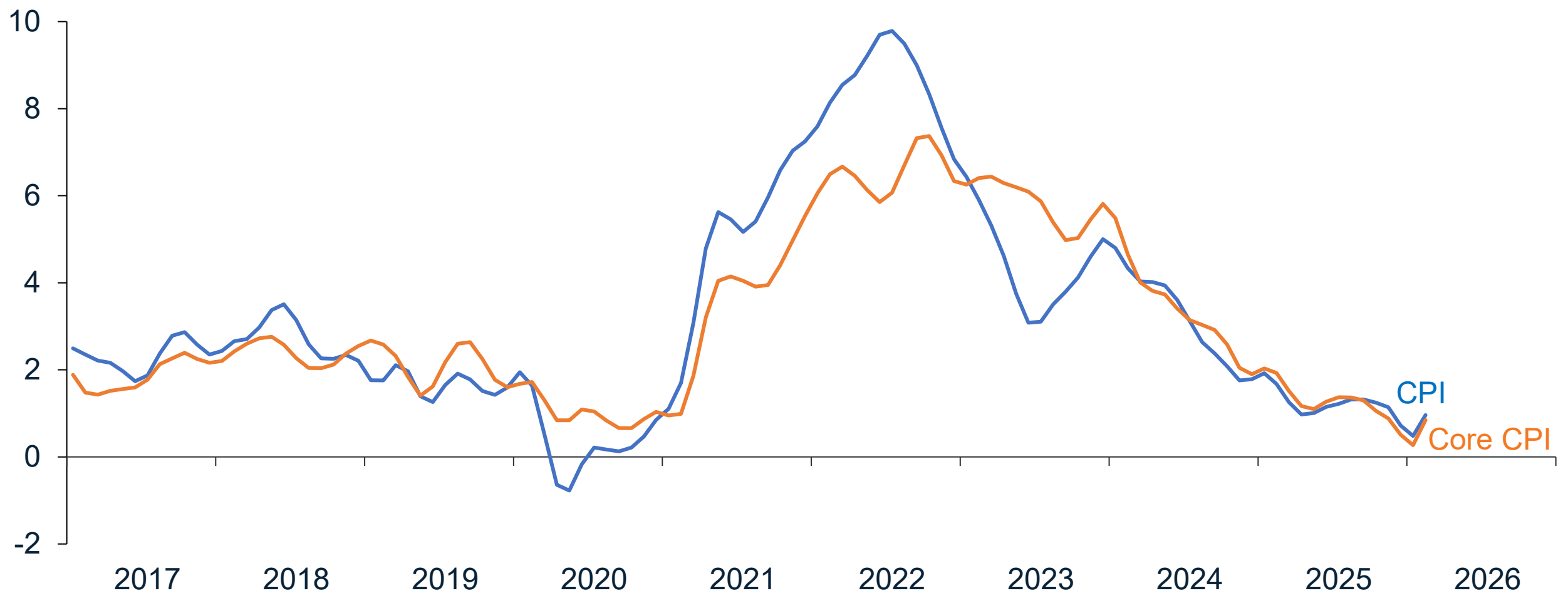
Share of Texas firms reporting an increase in selling prices ticks down in March



NOTES: Percent reporting increase was constructed by weighting the respective component of TMOS and TSSOS according to GDP shares. Data through March 2026.
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.

Growth in Texas CPI picks up in February

Percent change, Y/Y*



*Seasonally adjusted.

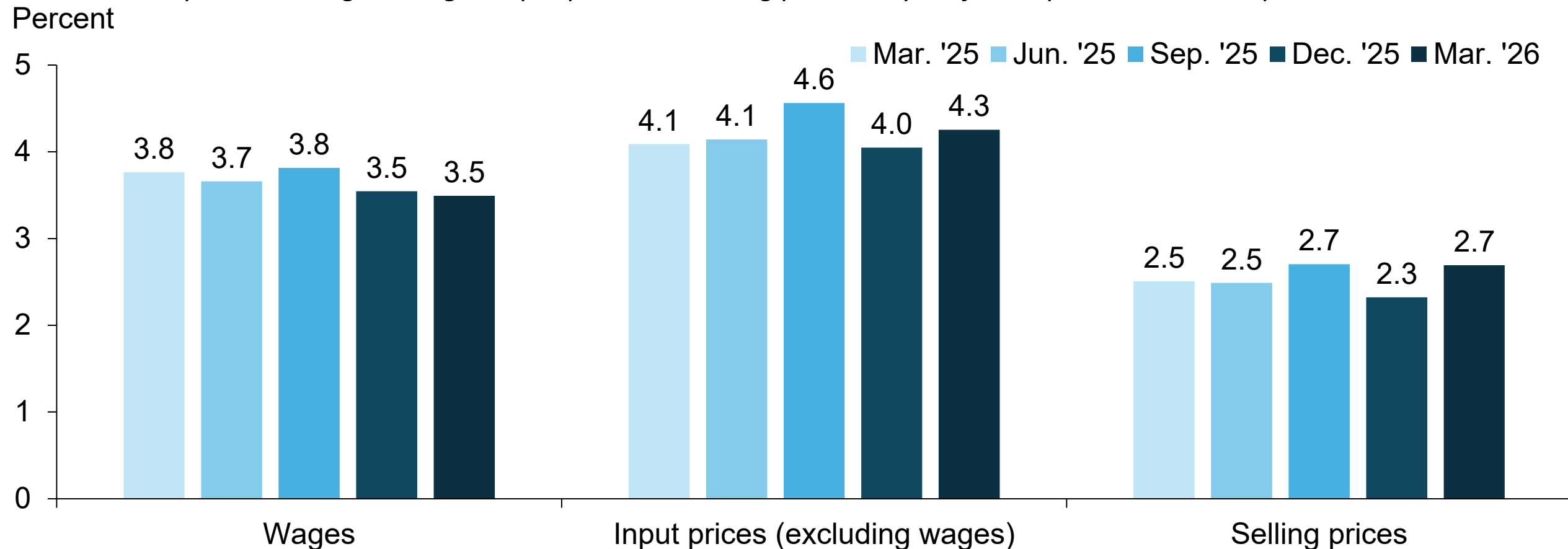
NOTE: CPI data through February 2026.

SOURCE: Bureau of Labor Statistics.

Texas Business Outlook Surveys Special Questions

TBOS firms report an uptick in price growth and no change in wage growth in March

“What percent change in wages, input prices and selling prices did your firm experience over the past 12 months?”

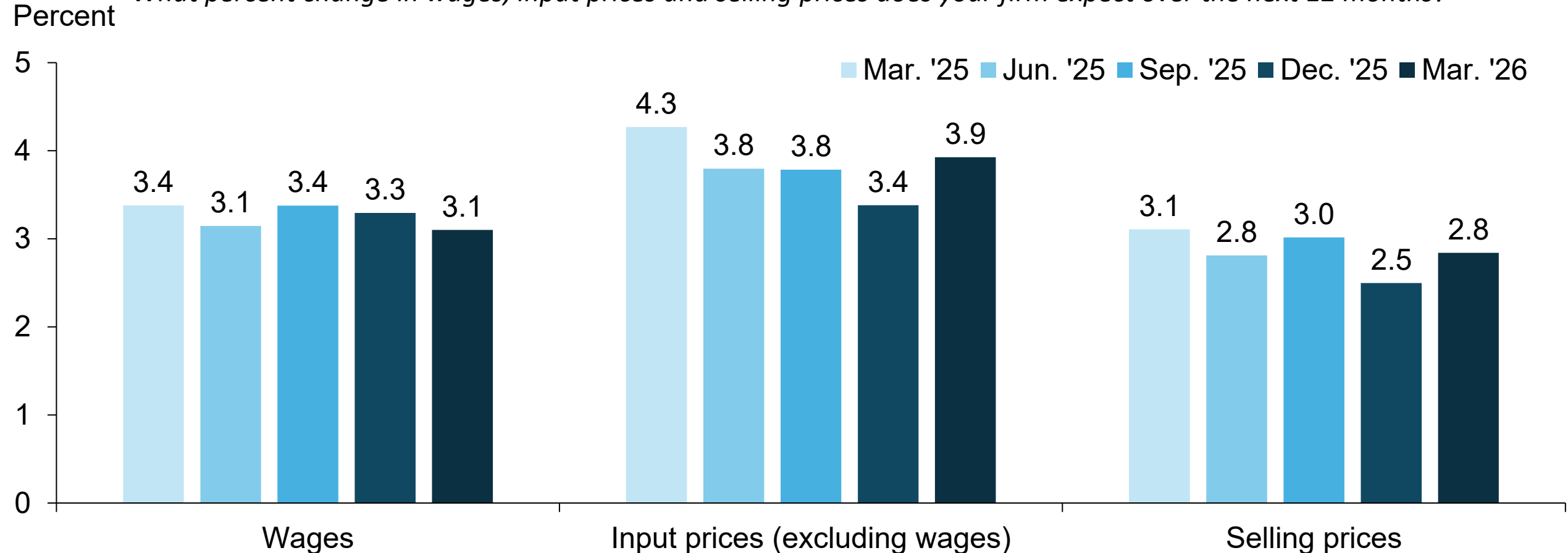


NOTES: Executives from 266 Texas businesses answered this question during the survey collection period, March 17-25, 2026. Shown are averages, calculated as trimmed means with the lowest and highest 5 percent of responses omitted.

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

Firms expect faster growth in prices and slower growth in wages a year from now

“What percent change in wages, input prices and selling prices does your firm expect over the next 12 months?”

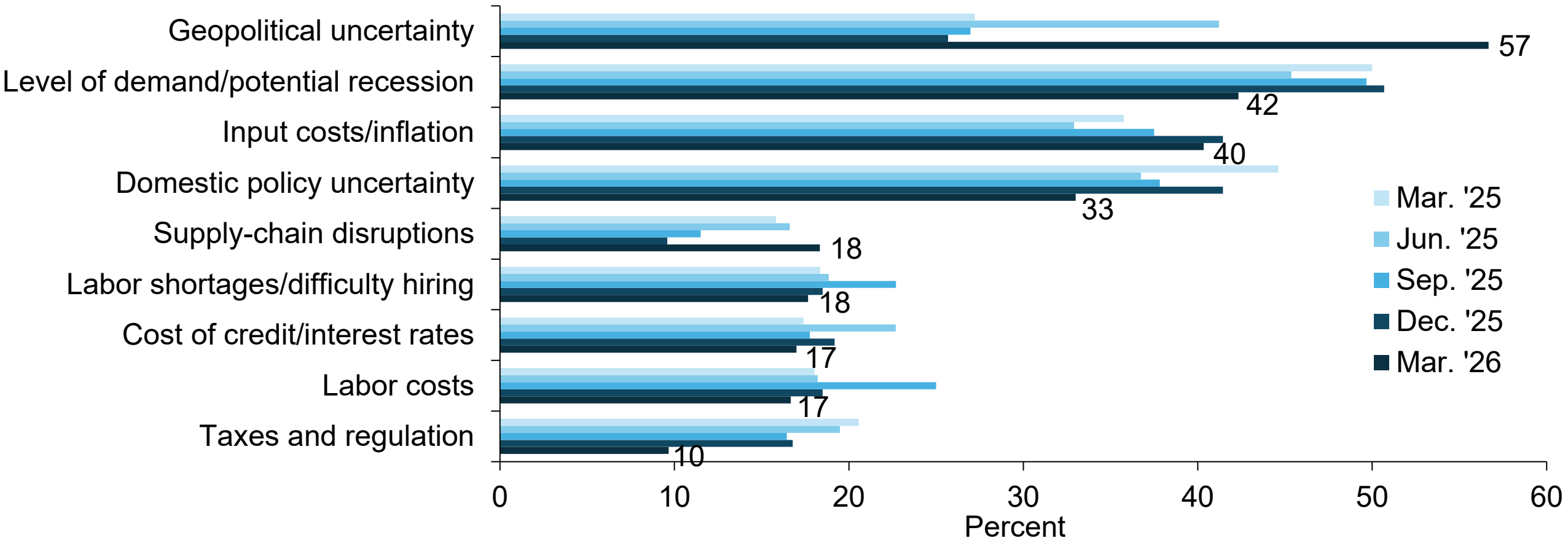


NOTES: Executives from 266 Texas businesses answered this question during the survey collection period, March 17-25, 2026. Shown are averages, calculated as trimmed means with the lowest and highest 5 percent of responses omitted.

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

Geopolitical uncertainty, level of demand, and inflation among top concerns

“What are the primary concerns around your firm's outlook over the next six months, if any? Please select up to three.”



NOTES: Executives from 300 Texas businesses answered this question during the survey collection period, March 17-25, 2026. The shares reporting other (8 percent in March '26) and none (2 percent) are not shown.

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

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