Federal Reserve Bank of Dallas

Texas Economic Performance and Outlook
(October 2026)

“Employment climbs in October”

Laila Assanie, Luis Torres, and Jackie Balanovsky

Federal Reserve Bank of Dallas

11/20/2026

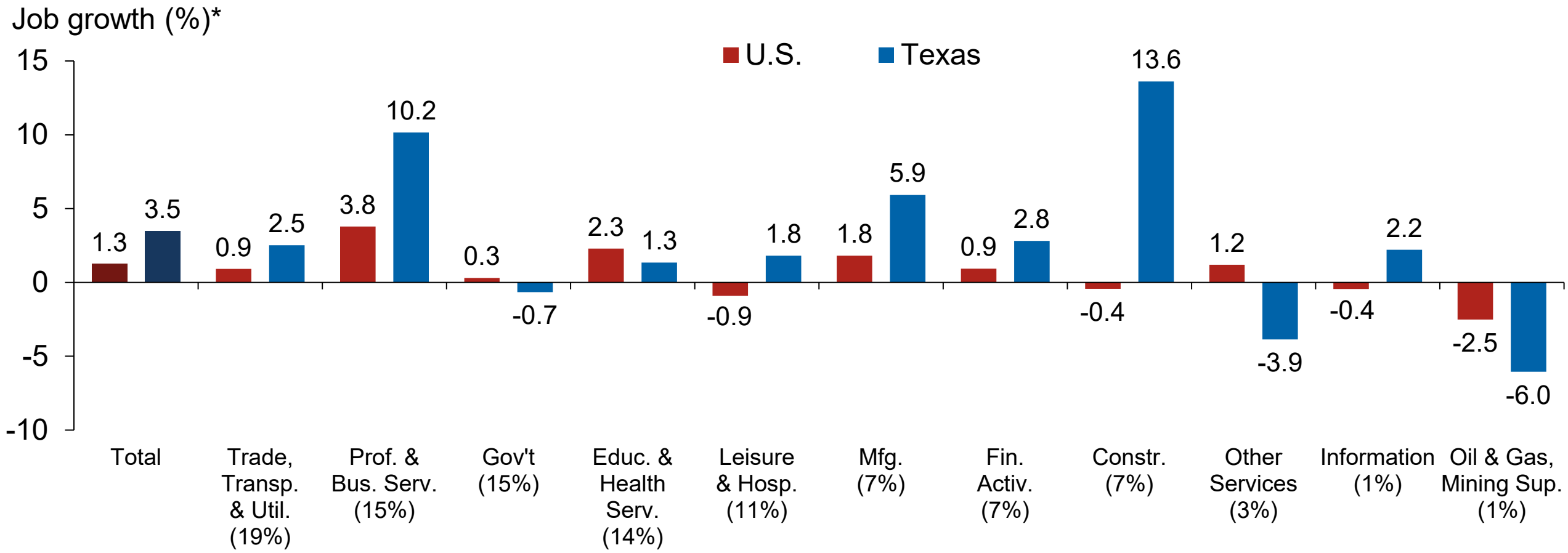
DISCLAIMER: The views expressed are the authors’ and do not necessarily reflect the views of the Federal Reserve Bank of Dallas or Federal Reserve System.
Data requests can be addressed to Jackie Balanovsky at Jackie.Balanovsky@dal.frb.org.

What's New: Hiring picked up steam in October

- Texas employment increased 3.5% in October. September's employment decline was revised up to -1.4 percent
  - U.S. employment rose 1.3% in October
- The Dallas Fed's Texas Employment Forecast indicates jobs will increase by 1.1% in 2026
- Texas unemployment remained at 4.4% in October
  - U.S. unemployment was 4.1% in October
- The October Texas Business Outlook Surveys (TBOS) indicated increases in the cost of credit for Texas firms
  - Share of firms noting difficulties obtaining short-term and long-term financing unchanged from October 2025.
  - Firms accessing credit that experienced rising costs are taking various actions such as increasing reliance on internal funds or reducing hiring and expansion.

Overall Economic Activity

Employment strengthens in October; large increases in construction and professional and business services



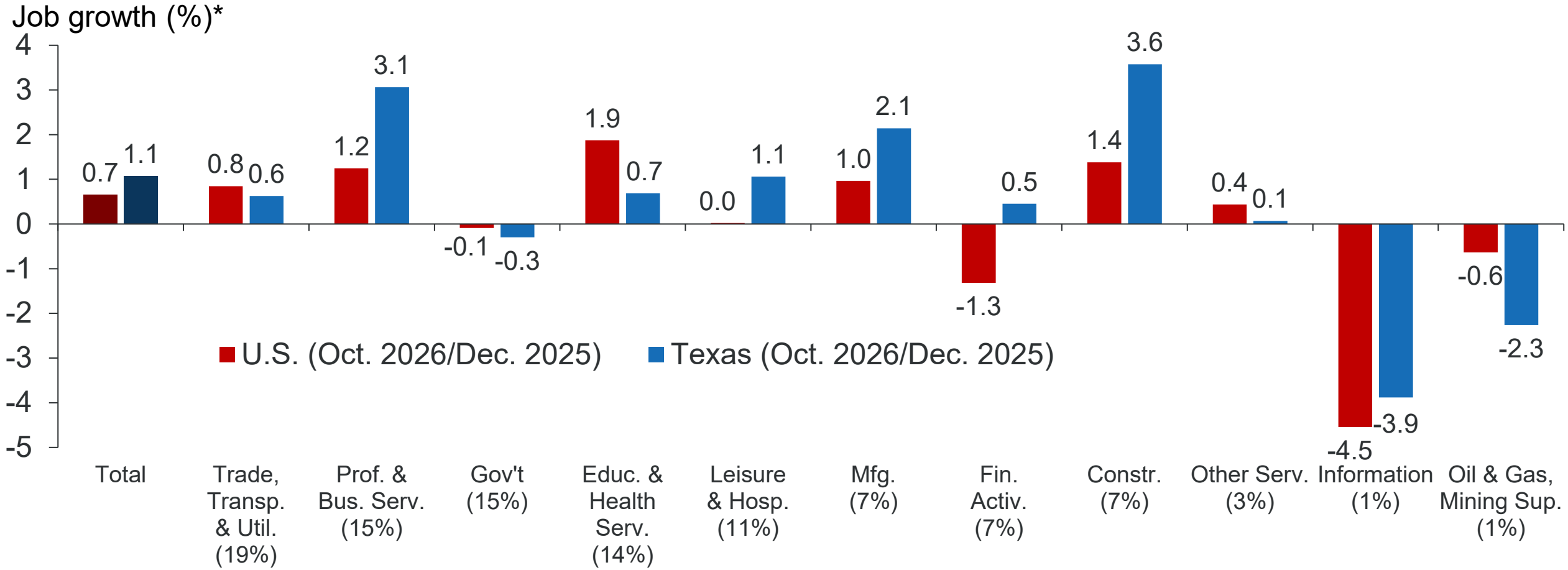
*Seasonally adjusted, annualized rate.

NOTES: Data are October '26/September '26 employment growth by sector. Numbers in parentheses indicate share of total state employment in October 2026.

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

DATA: Texas Employment by Industry - Dallasfed.org

Texas job growth YTD driven by professional and business services, construction and manufacturing



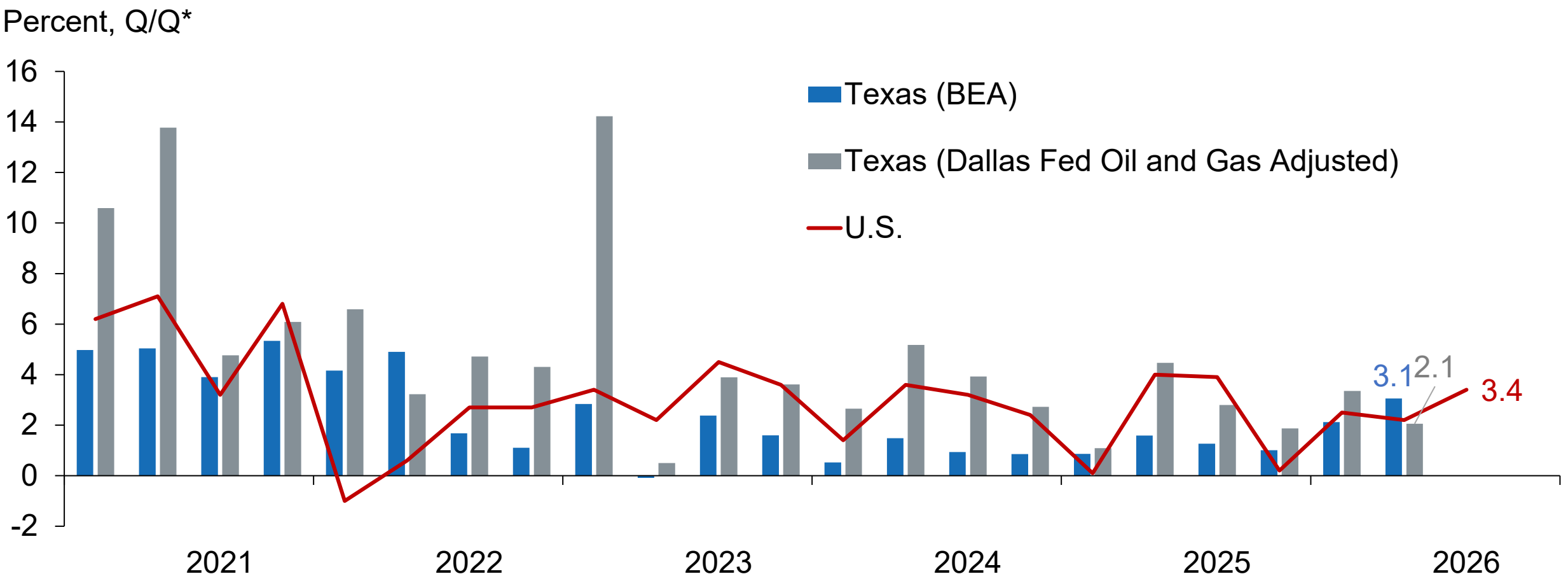
*Seasonally adjusted, annualized rate.

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

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by Federal Reserve Bank of Dallas.

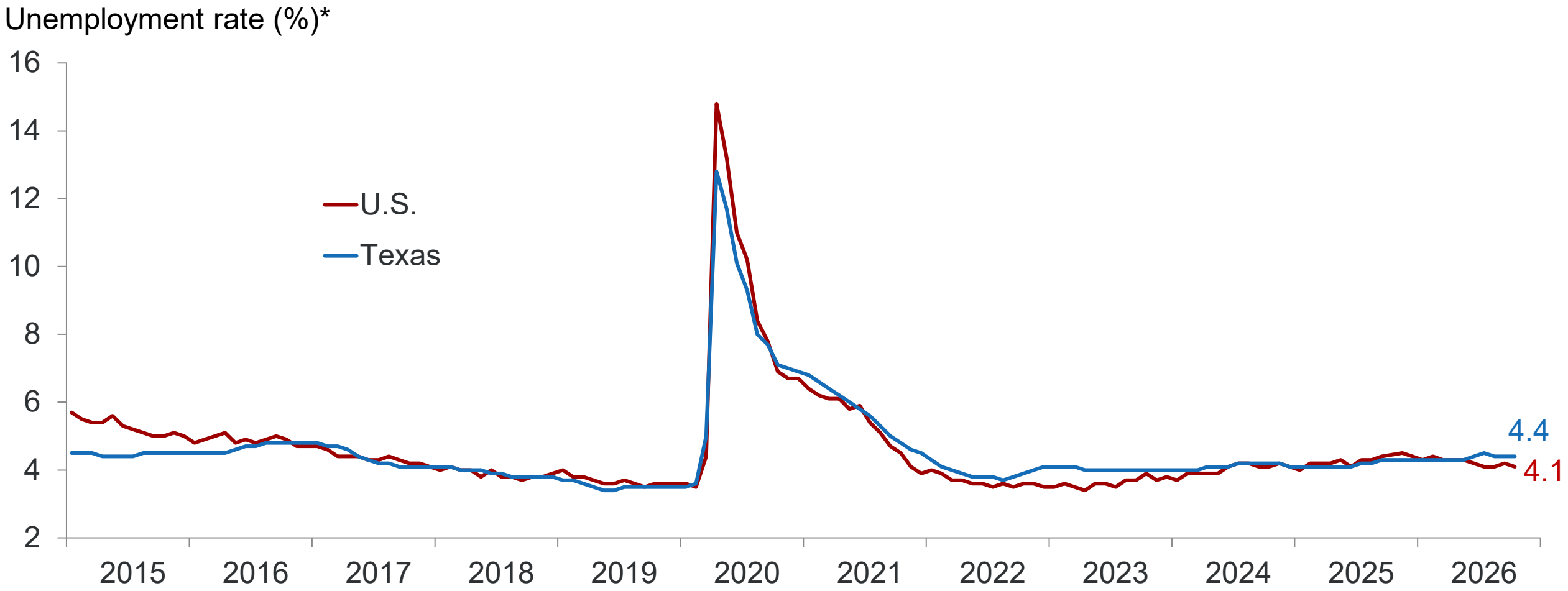
DATA: Texas Employment by Industry - Dallasfed.org

GDP growth remains solid in Texas and U.S.



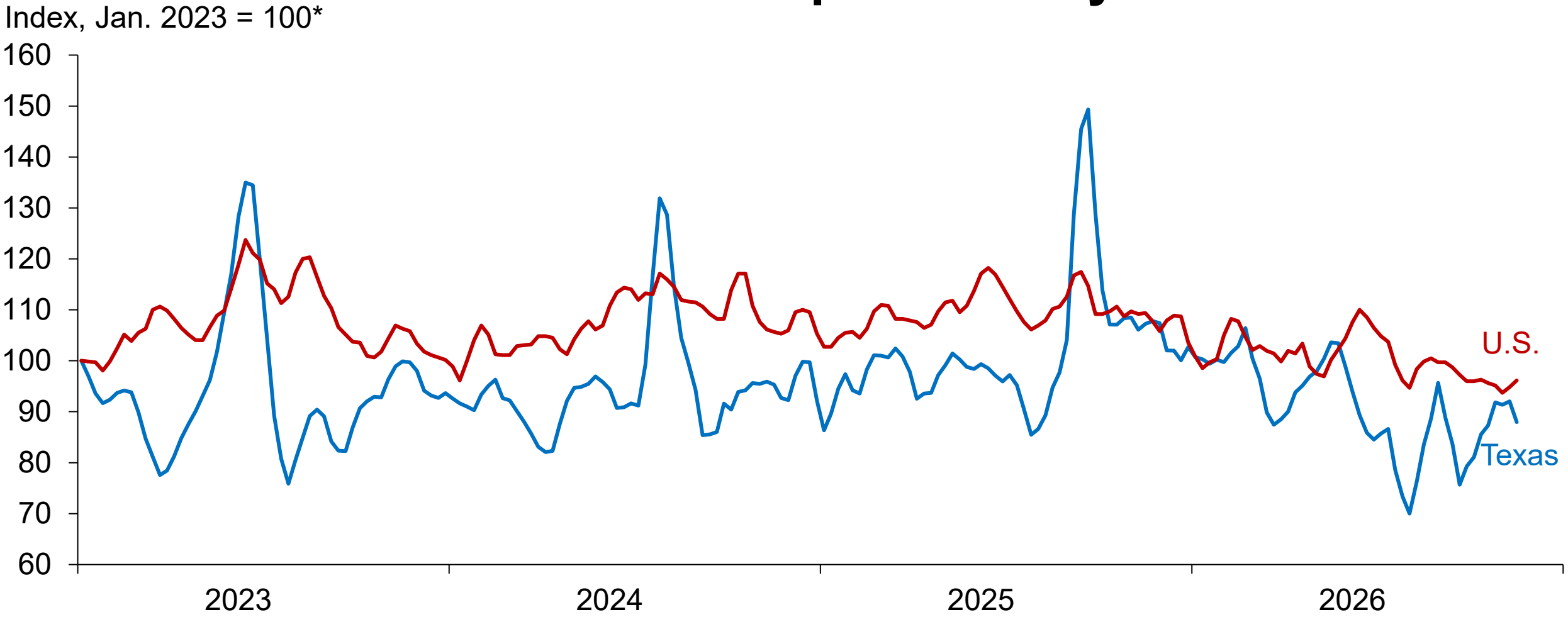
*Seasonally adjusted, annualized rate.
NOTE: Shown are quarterly, real GDP growth for the U.S. and GSP (gross state product) growth. Texas data are quarterly through Q2 2026 and U.S. data are quarterly through Q3 2026.
SOURCES: Bureau of Economic Analysis; Federal Reserve Bank of Dallas.

Texas unemployment stable



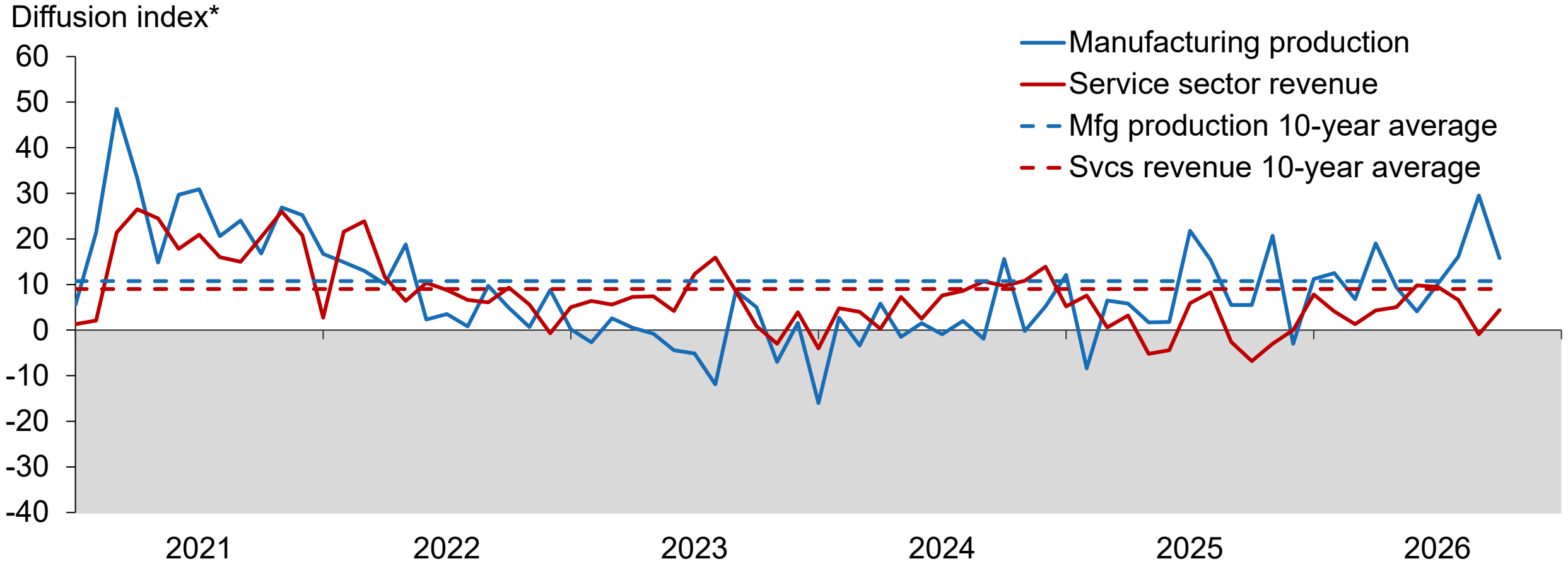
*Seasonally adjusted.
NOTE: Data are through October 2026.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.
DATA: Texas Employment by Industry - Dallasfed.org

Texas initial unemployment claims dip in recent weeks; claims tick up nationally



*Seasonally adjusted, three-week moving average.
NOTE: Data are through the week ending November 14th, 2026.
SOURCE: Department of Labor.

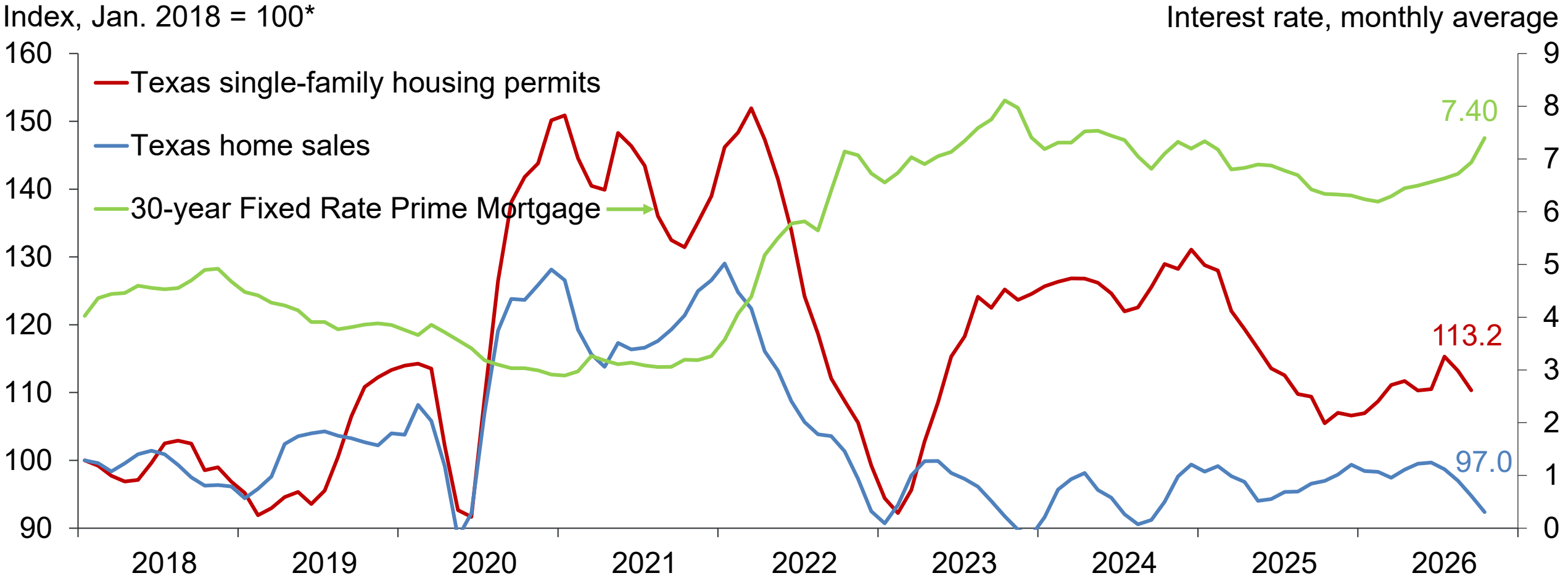
TBOS indicates growing activity in services; manufacturing growth slows



*Seasonally adjusted.
NOTES: Data are through October 2026. Shaded area represents contractionary territory.
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.
DATA: Surveys - Dallasfed.org

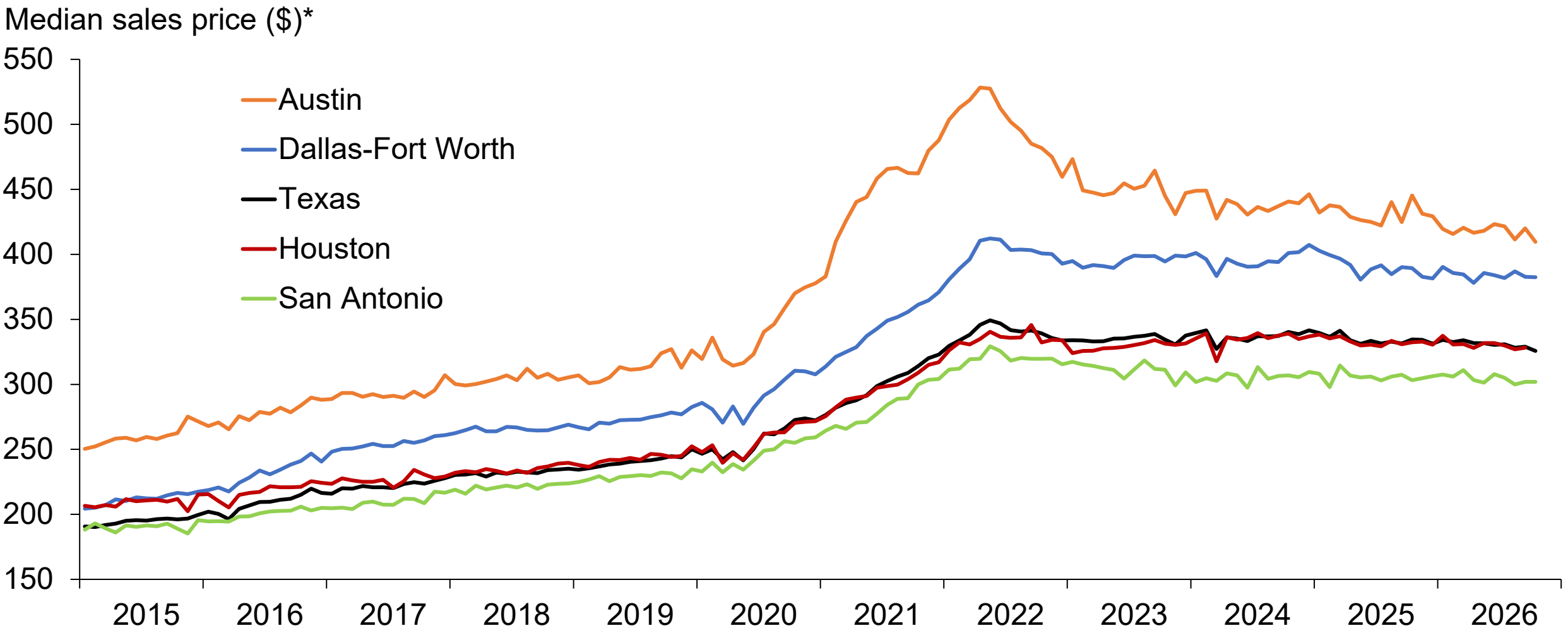
Real Estate, Energy and Finance

Texas home sales and permits dip as mortgage rates rise



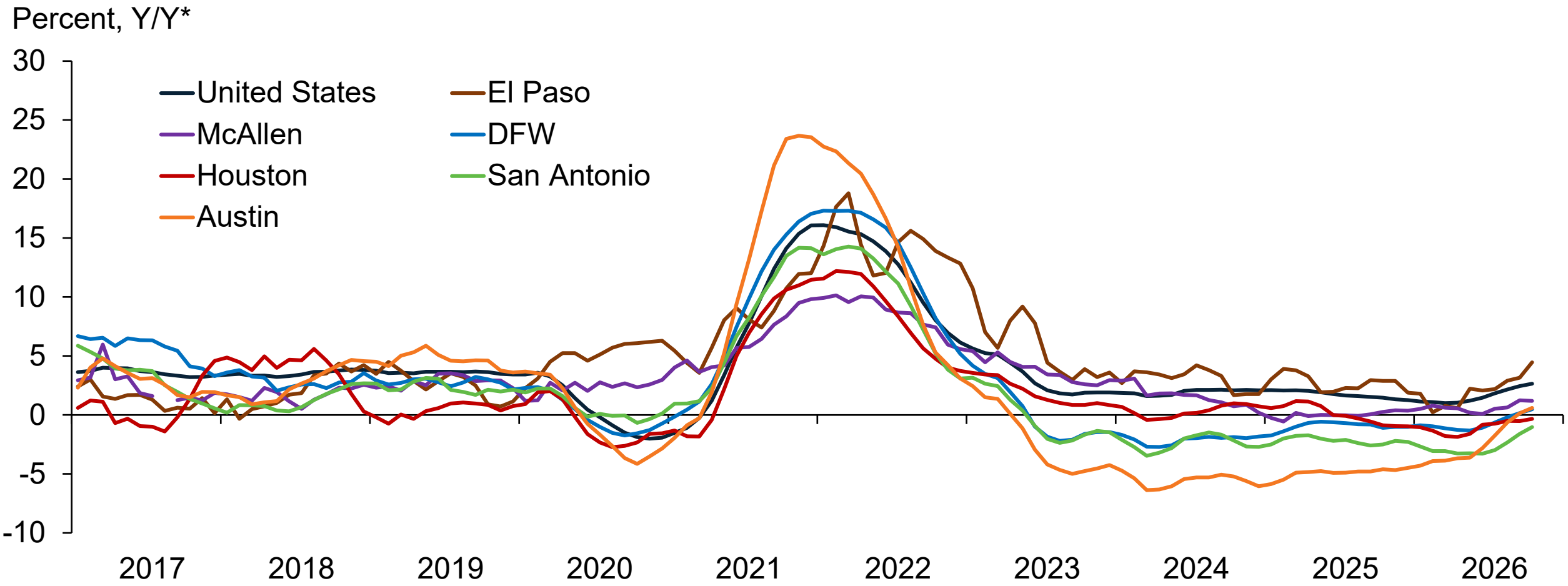
*Seasonally adjusted, three-month moving average.
NOTES: Data are through October 2026.
SOURCES: U.S. Census; Multiple Listing Service; *Wall Street Journal*.

Texas median home prices relatively flat in October



*Seasonally adjusted.
NOTES: Data are monthly through September 2026 for Houston; October 2026 for the rest.
SOURCES: Multiple Listing Service; seasonal and other adjustments by Federal Reserve Bank of Dallas.

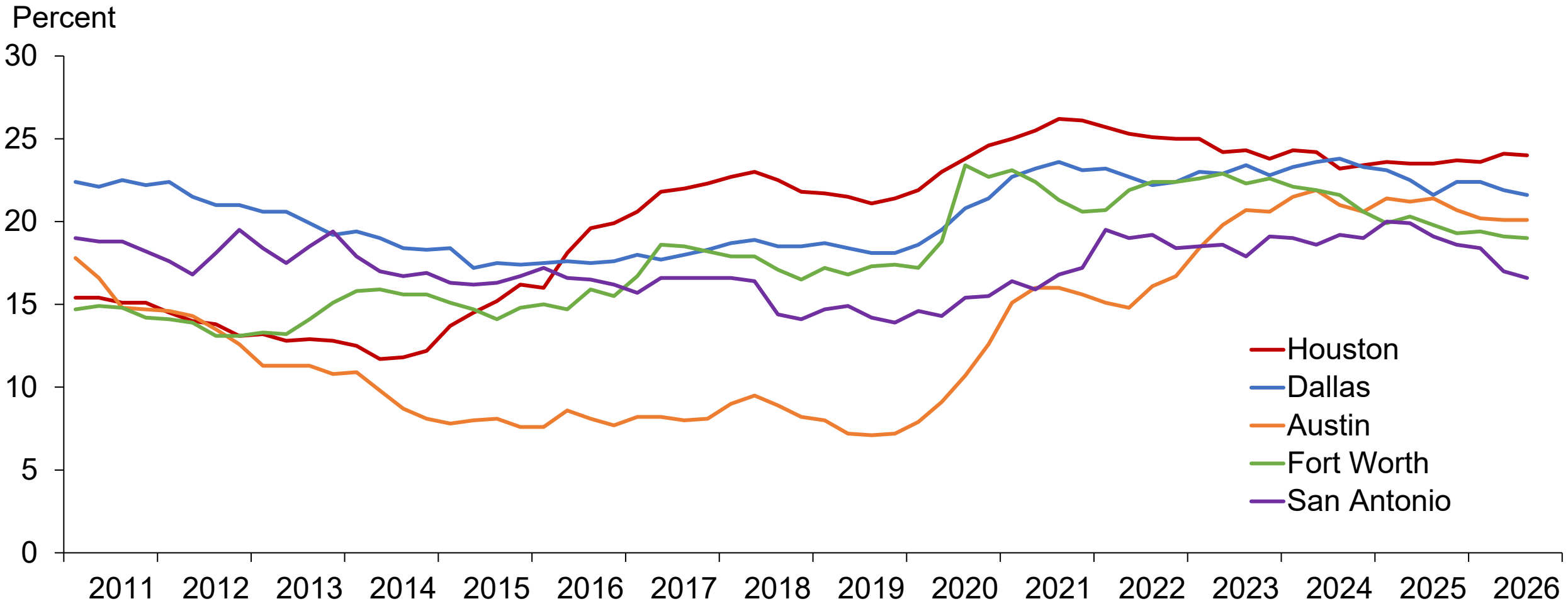
Apartment rents flat to down year-over-year in most major Texas metros



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

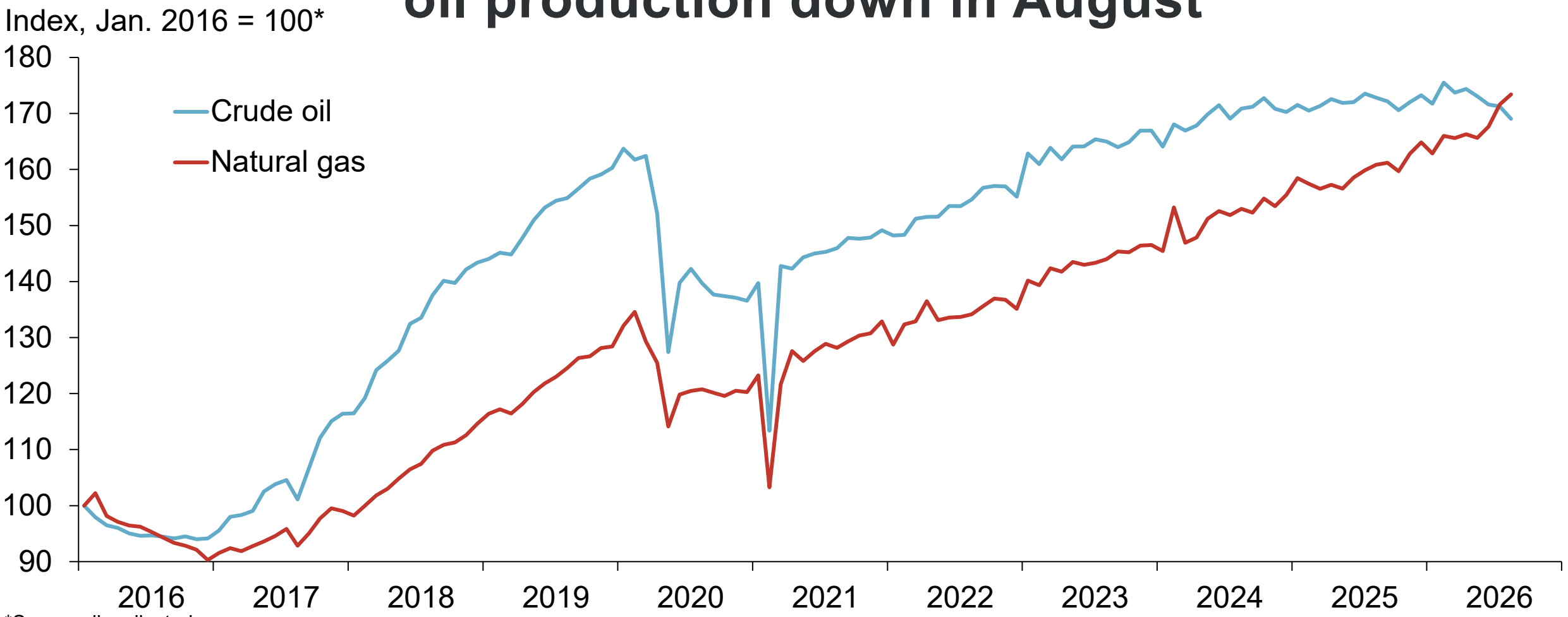
Office vacancy rates flat to down in Texas major metros

(Q3 2026)



NOTE: Data are quarterly through Q3 2026.
SOURCE: CBRE Econometric Advisors.

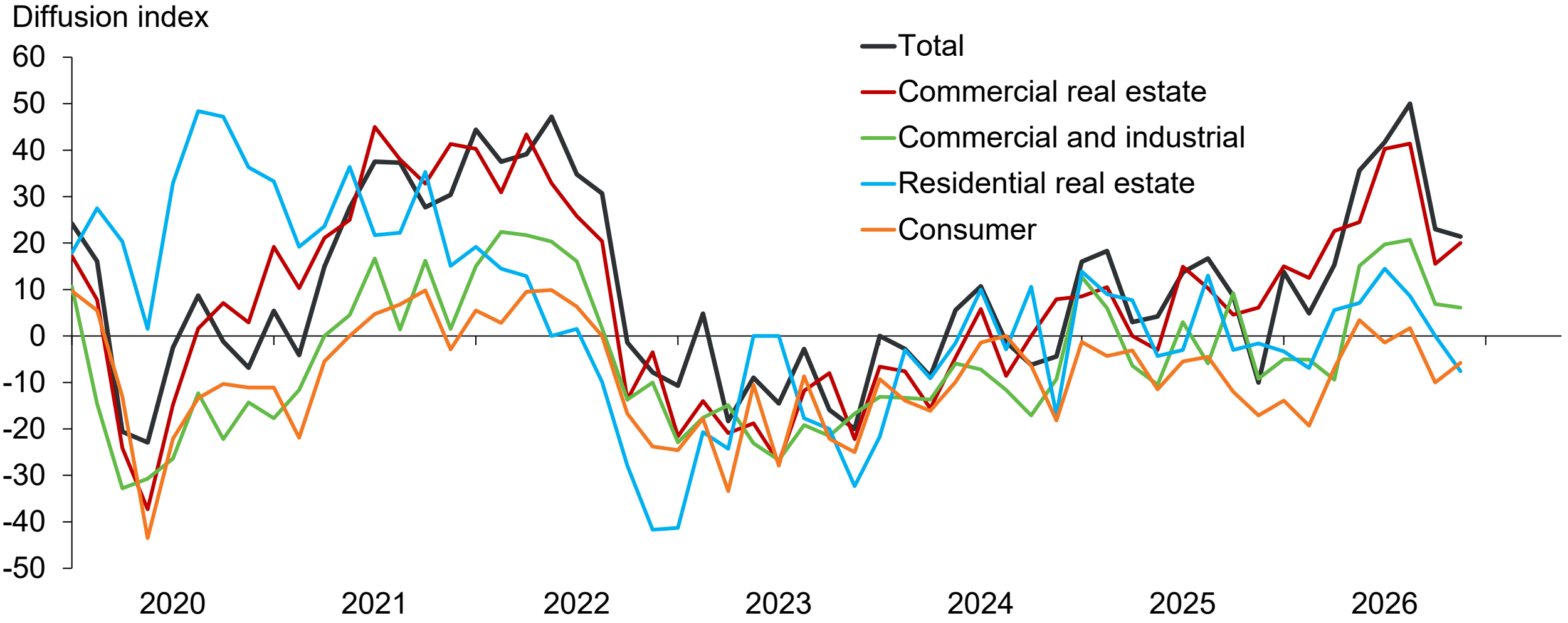
Texas natural gas production increases, oil production down in August



*Seasonally adjusted.
NOTES: Shown are crude oil and natural gas marketed production through August 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.

Pace of total loan volume expansion slows in November

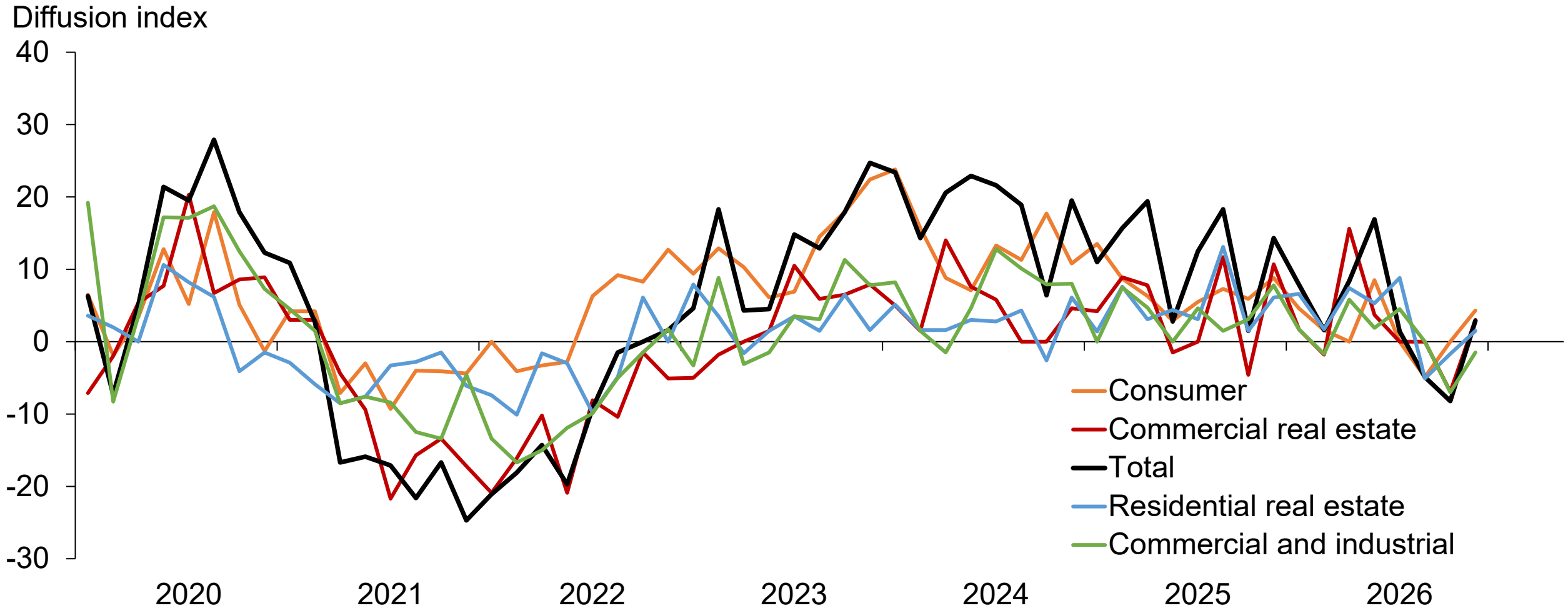
(11th District banks)



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

Total nonperforming loan volumes expand in November

(11th District banks)

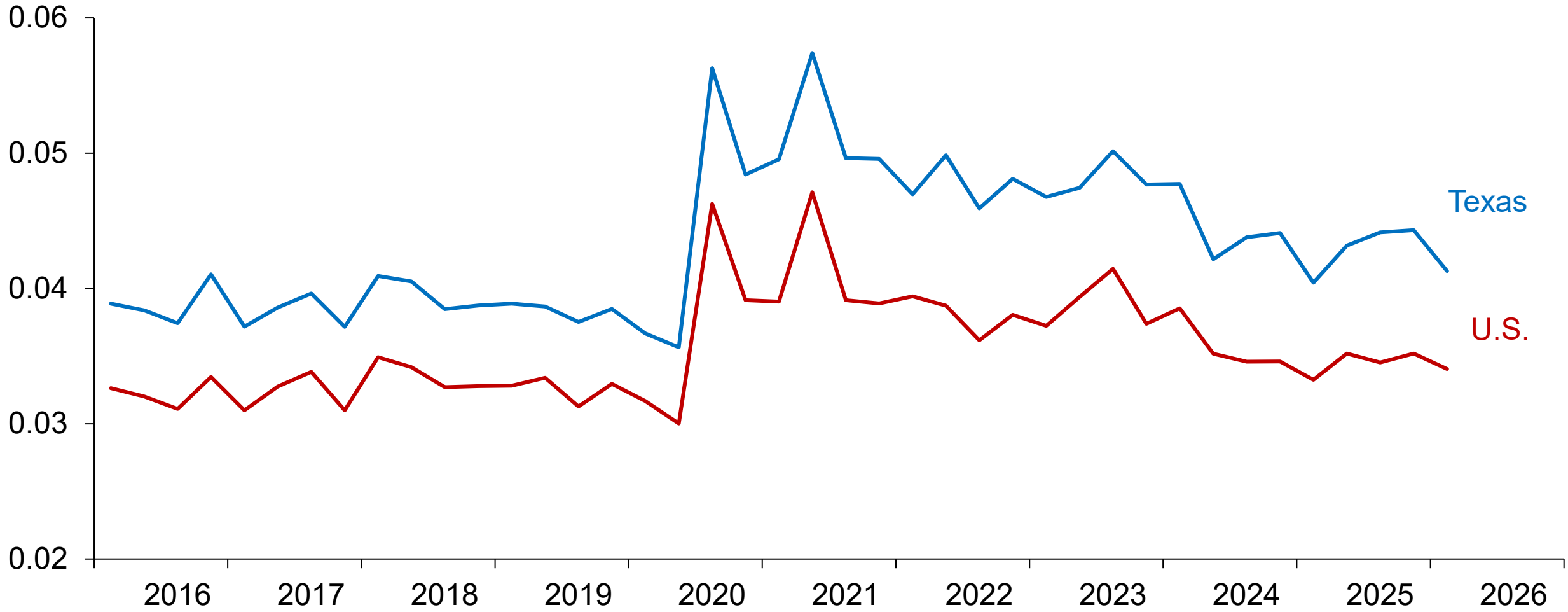


NOTE: Data through November 2026.
SOURCE: Federal Reserve Bank of Dallas Banking Conditions Survey.

Outlook

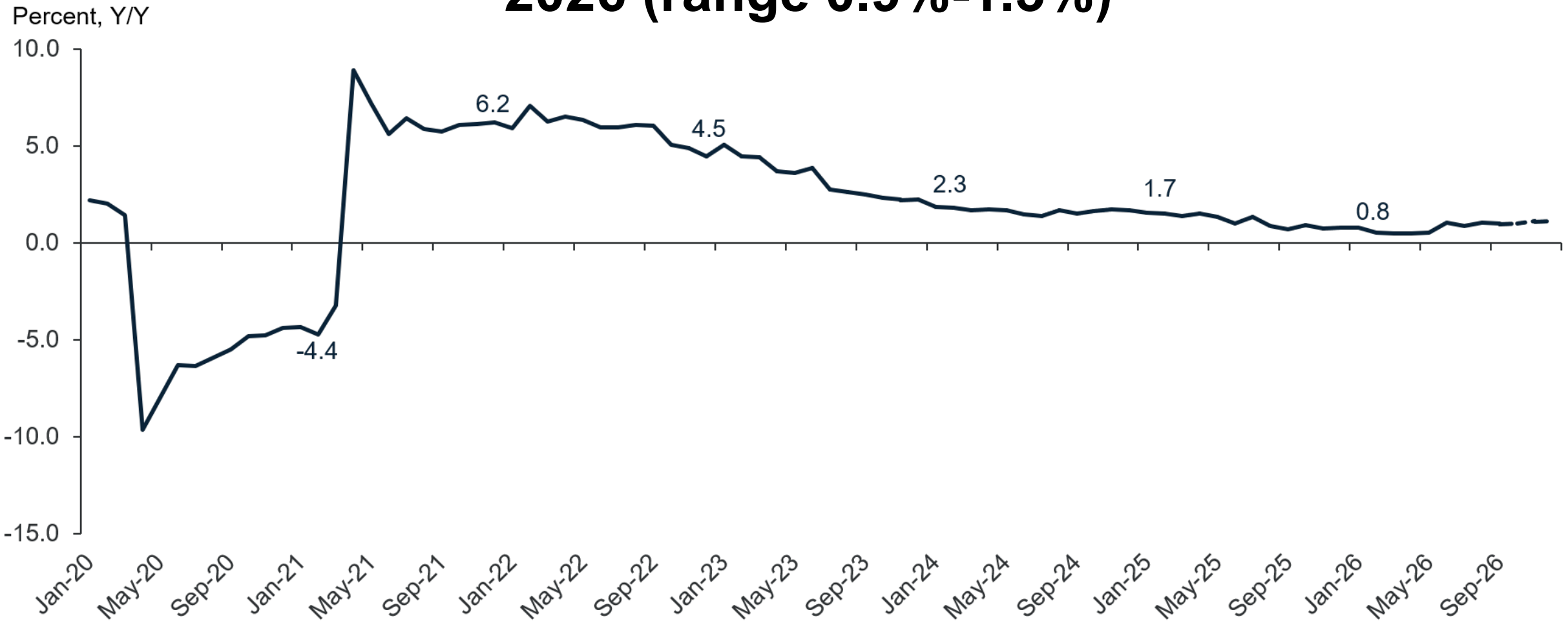
Rate of business formation declined in Q1 2026

Business applications per business establishments



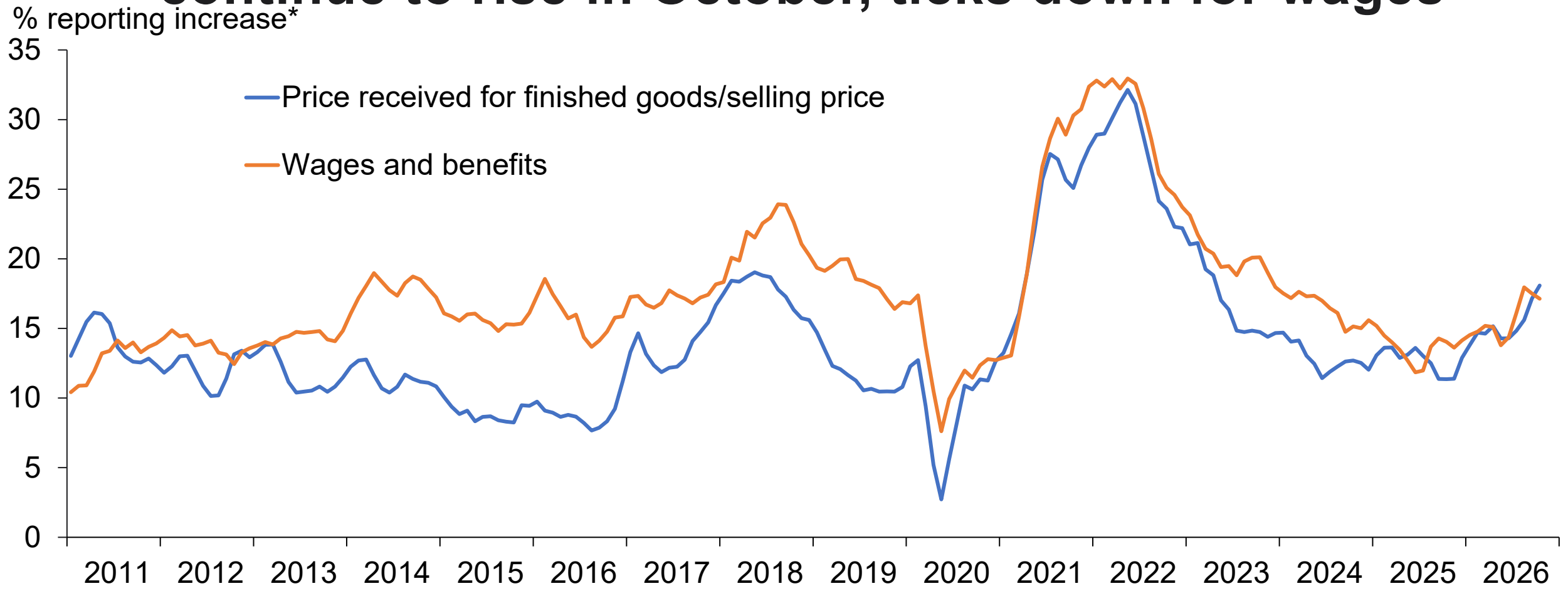
NOTES: Data are quarterly through Q1 2026. Business applications data are missing for the first week of January 2021.
SOURCE: U.S. Census Bureau.

Texas employment forecast indicates 1.1% growth in 2026 (range 0.9%-1.3%)



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 continue to rise in October, ticks down for wages

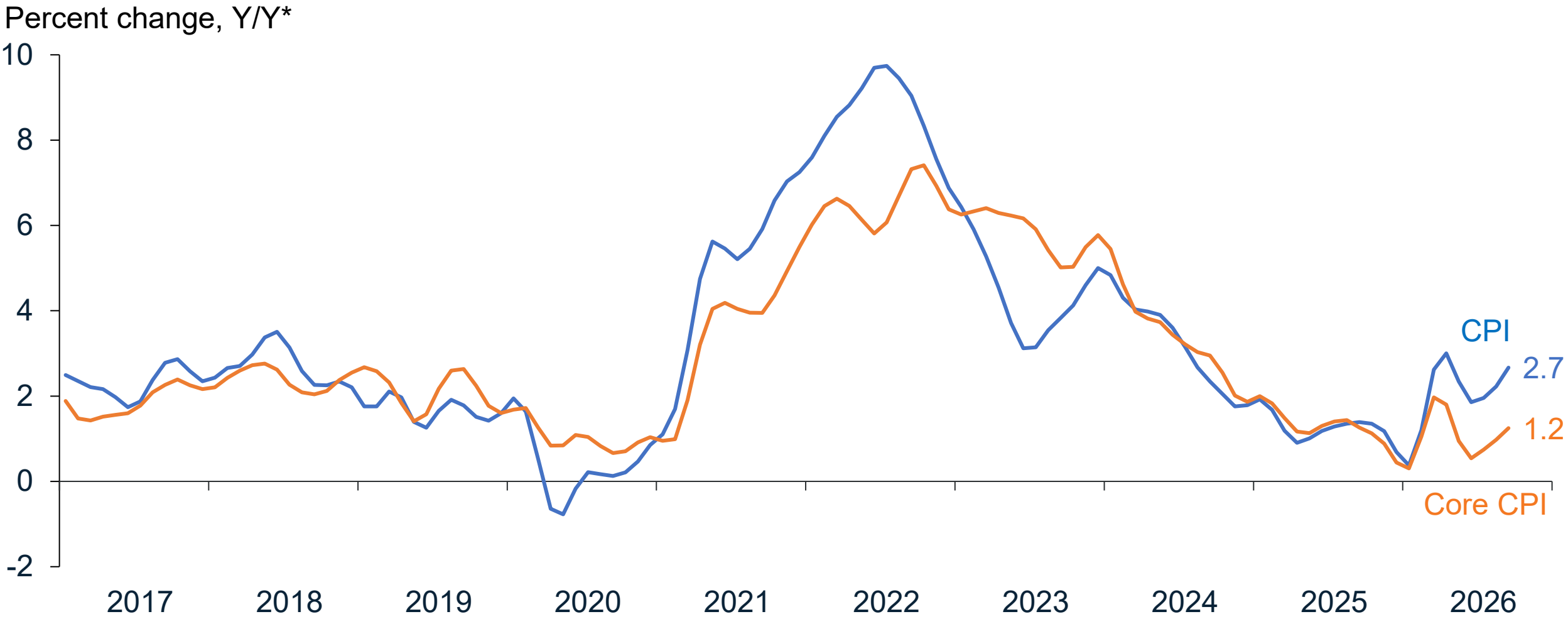


*Seasonally adjusted, three month-moving average.

NOTES: Percent reporting increase was constructed by weighting the respective component of TMOS and TSSOS according to GDP shares for selling prices and employment for wages. Data through October 2026.

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

Texas CPI edges up in September

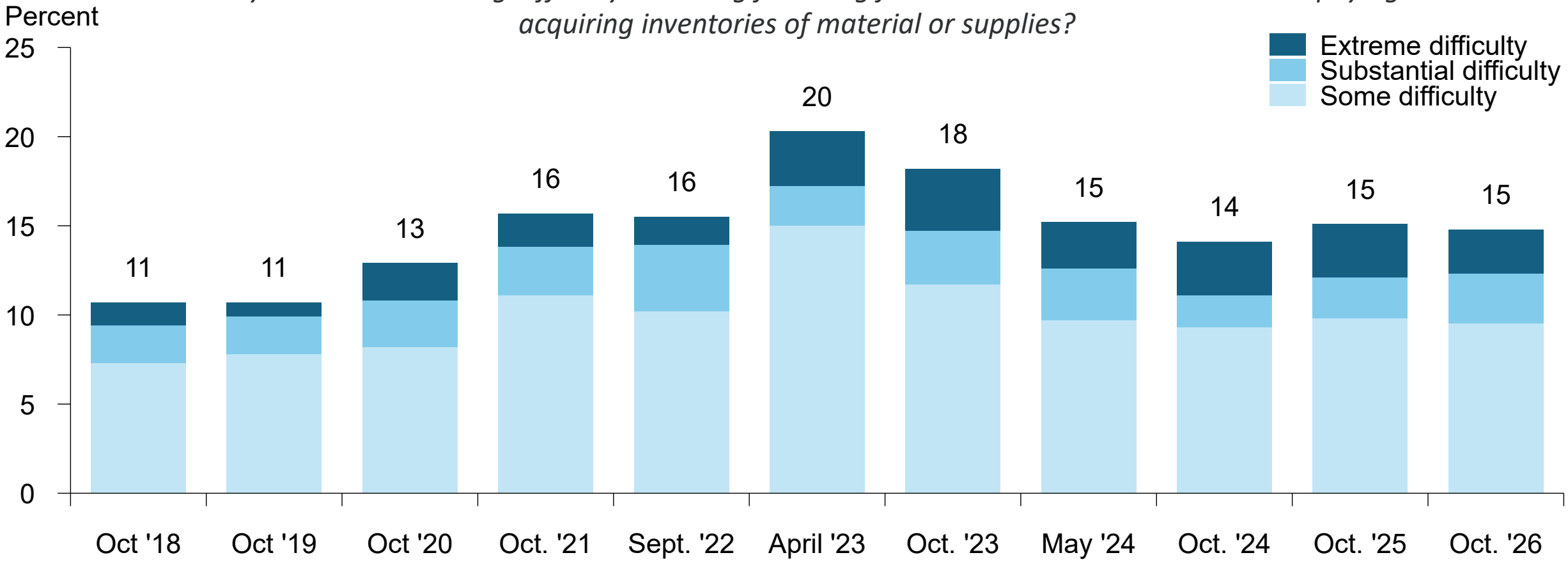


*Seasonally adjusted.
NOTE: CPI data through September 2026.
SOURCE: Bureau of Labor Statistics.

Texas Business Outlook Surveys Special Questions

Share of TBOS firms having difficulty accessing short-term credit unchanged from last year

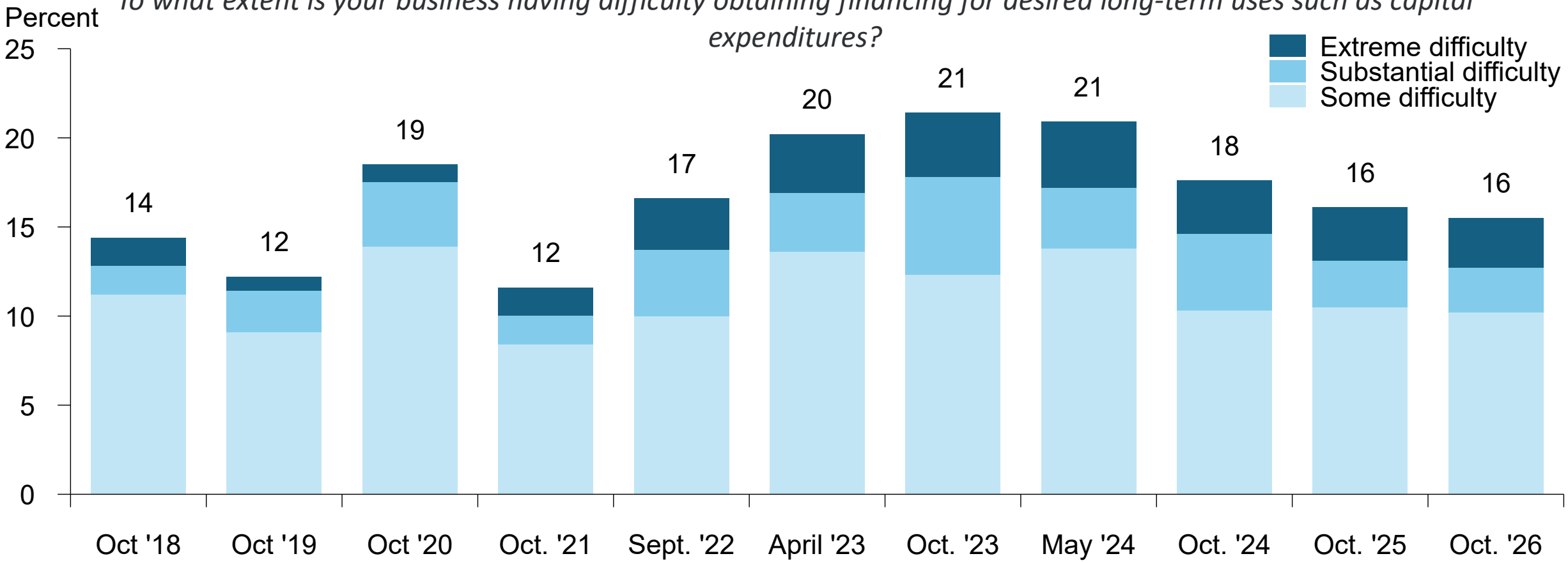
To what extent is your business having difficulty obtaining financing for desired short-term uses such as paying workers and acquiring inventories of material or supplies?



NOTES: Executives from 283 Texas businesses answered this question during the survey collection period, October 13-21, 2026. Not shown are the percentage of "No difficulty" and "Not applicable-haven't sought credit" responses.
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.

Share of TBOS firms having difficulty accessing long-term credit also unchanged from last year

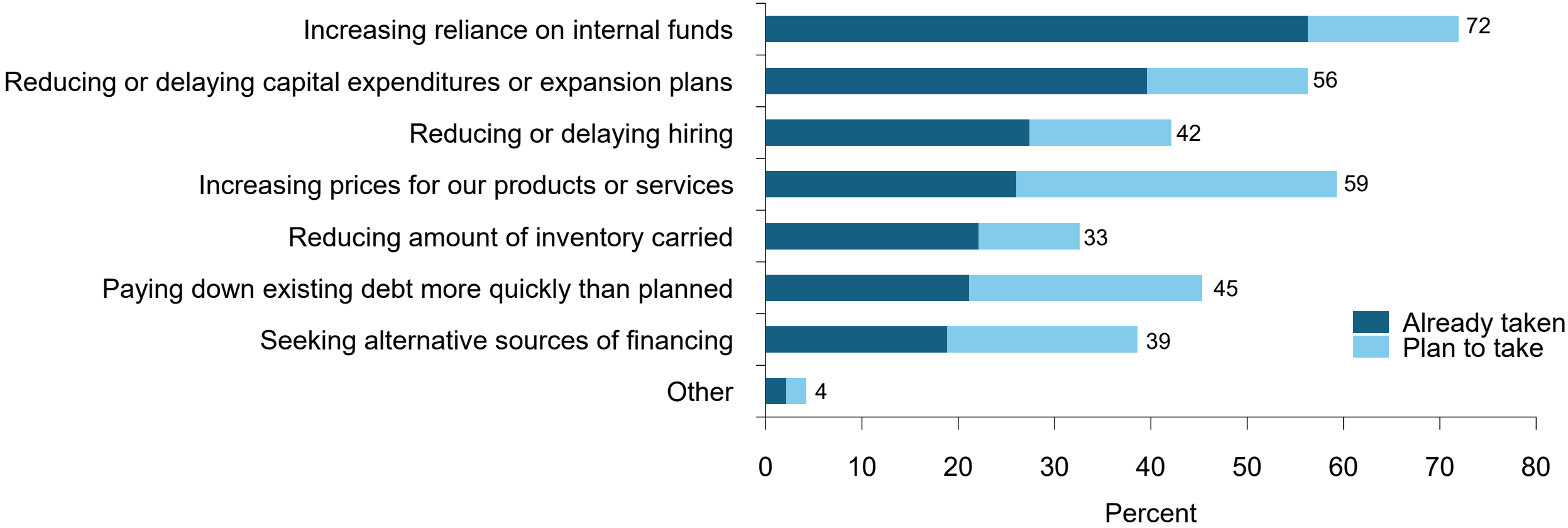
To what extent is your business having difficulty obtaining financing for desired long-term uses such as capital expenditures?



NOTES: Executives from 283 Texas businesses answered this question during the survey collection period, October 13-21, 2026. Not shown are the percentage of "No difficulty" and "Not applicable-haven't sought credit" responses.
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.

Among Texas firms reporting higher credit costs, more than half increased their reliance on internal funds and 40% reduced capital expenditures

What actions, if any, have you taken and/or do you plan to take in response to the higher cost of credit?



NOTES: Executives from 96 Texas businesses answered this question during the survey collection period, October 13-21, 2026. This question was only posed to those who said their cost of credit has increased over the past 12 months.
SOURCE: Federal Reserve Bank of Dallas Texas Business Outlook Surveys.

Thank you!
Please visit 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]

