

# Outlook for the Texas Economy



JOSHUA ROBERSON  
DATA SCIENTIST

JUNQING WU  
RESEARCH INTERN



TEXAS A&M UNIVERSITY  
Texas Real Estate  
Research Center

2046

JANUARY 2025 DATA

TECHNICAL REPORT

**About this Report .....2**

**January 2025 Summary.....3**

**Economic Activity .....6**

**Employment.....8**

**Energy.....10**

**Housing.....12**

**Employment.....15**

**Manufacturing .....14**

**Services.....16**

**Trade .....17**



## About this Report

Texas Real Estate Research Center economists continuously monitor many facets of the global, national, and Texas economies. *Outlook for the Texas Economy* summarizes significant state economic activity and trends. All measurements are calculated using seasonally adjusted data, and percentage changes are calculated month over month, unless stated otherwise.

This publication is designed to be a one-stop resource for economic indicators. We hope you find them as useful as we do. Your feedback is always appreciated. Send comments and suggestions to <mailto:info@recenter.tamu.edu>.

Joshua Roberson and Junqing Wu

© 2025, Texas Real Estate Research Center. All rights reserved.



# January 2025 Summary

UNEMPLOYMENT RATE  
▼ 4.1%

AVERAGE HOURLY WAGE  
▲ 4.0% YOY

CONSUMER PRICE INDEX  
▲ 3.0% YOY

TOTAL NONFARM EMPLOYMENT  
▲ 0.2% MOM

## Summary

In January, inflation increased with the CPI rising 3 percent year over year (YoY) and core inflation up 3.3 percent. Texas employment grew modestly, with nonfarm jobs increasing 0.2 percent month over month (MoM) and 1.3 percent YoY. The labor force participation rate held steady at 64.8 percent, and the unemployment rate dipped to 4.1 percent, indicating a resilient job market.

### January CPI Shows Persistent Inflation

The Consumer Price Index (CPI) increased by 3 percent YoY before seasonal adjustment. On a seasonally adjusted basis, the CPI rose 0.5 percent MoM, slightly higher than the 0.4 percent increase recorded in December, marking the third consecutive month of acceleration. This upward trend suggests persistent inflationary pressures despite efforts to stabilize price growth.

Core inflation, which excludes the volatile food and energy components, rose by 3.3 percent over the past 12 months. On a monthly basis, the core CPI advanced 0.4 percent in January, reflecting continued underlying inflation momentum. The steady increase in core prices underscores lingering price stickiness in key sectors, potentially influencing future monetary policy decisions.

### Positive Start for Texas Employment in January

Texas nonfarm employment continued its upward trajectory in January 2025, posting a 0.2 percent MoM increase and a 1.3 percent YoY gain, building on December's growth. All four major metro areas experienced slight employment gains, with Houston leading at 0.3 percent MoM, followed by Dallas, Austin, and San Antonio, each increasing by 0.1 percent.

The trade, transportation, and utilities sectors added 2,000 jobs in January, maintaining the same growth pattern as the previous month. The professional and business services sector saw a modest 0.2 percent increase, contributing 3,700 new jobs. Meanwhile, the education and health services sector recorded the most significant growth, expanding by 0.5 percent and adding 9,700 jobs.

The labor force participation rate held steady at 64.8 percent for the second consecutive month in January. Last September, the participation rate reached 65.1 percent, the highest level for Texas in almost ten years. Since then, it has gradually dropped back down to 64.8 percent. The unemployment rate edged down slightly to 4.1 percent, while continued unemployment claims averaged approximately 160,062 per week, 963 more than in December. This slight uptick in

continued claims suggests ongoing challenges in certain job sectors. However, the steady participation rate and unemployment figures reflect a resilient labor market with consistent workforce engagement despite minor fluctuations in jobless claims.

### Mixed Performance in Texas Home Sales

In January, total home sales in Texas edged down by 0.3 percent, with 29,082 transactions recorded statewide, indicating a relatively stable housing market. Despite the marginal decline at the state level, major metropolitan areas exhibited varied performance, with most experiencing notable growth.

Dallas led the gains with a 19.3 percent increase, reaching 8,102 transactions, reflecting strong demand and a potentially competitive market. Houston followed with an 8.5 percent rise, totaling 7,472 transactions, suggesting continued buyer activity. Austin saw a modest increase of 2.4 percent to 2,787 transactions, indicating steady market conditions. In contrast, San Antonio was the only major metro area to record a decline, with sales falling 2 percent to 2,980 transactions.

Home Sales Volume			
	Dec	Jan	MOM Change
Dallas-Fort Worth-Arlington	6,790	8,102	19.3%
Houston-Pasadena-The Woodlands	6,888	7,472	8.5%
Austin-Round Rock-San Marcos	2,721	2,787	2.4%
Texas	29,162	29,082	-0.3%
San Antonio-New Braunfels	3,040	2,980	-2.0%

Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University  
 Note: Data are seasonally adjusted

### Service Sector Employment Expanded

Texas service sector activity continued to increase in January but at a slower pace. Private service sector employment added 13,800 jobs. According to business executives surveyed in the *Texas Service Sector Outlook Survey*, the revenue index dropped 8 points to 5.7, hitting a seven-month low and signaling slower-than-average growth. This decline suggests weakening demand or other headwinds affecting the service sector.

Meanwhile, the employment index slipped from 2.3 to -1.4, indicating a shift from modest job gains to slight contraction, which could point to cautious hiring or workforce reductions in response to economic uncertainty. On a more positive note, the company outlook index edged up from 12 to

14.8, suggesting that despite near-term challenges, businesses remain somewhat optimistic about future conditions.

### **Texas Exports Decreased**

Texas, a key player in U.S. energy exports, experienced a moderate decline in total commodity exports in December, with a MoM decrease of 3.9 percent and a YoY decline of 2.2 percent. The state's leading exports—oil and natural gas—saw a notable YoY drop of 5.8 percent, while their MoM decrease was minimal at just 0.3 percent, indicating relative stability. Meanwhile, petroleum and coal product exports fell by 5.1 percent YoY and 4.1 percent MoM. Notably, November recorded a boost in exports across all categories, making December's decline appear more pronounced, though it remains within the typical range observed in earlier months.

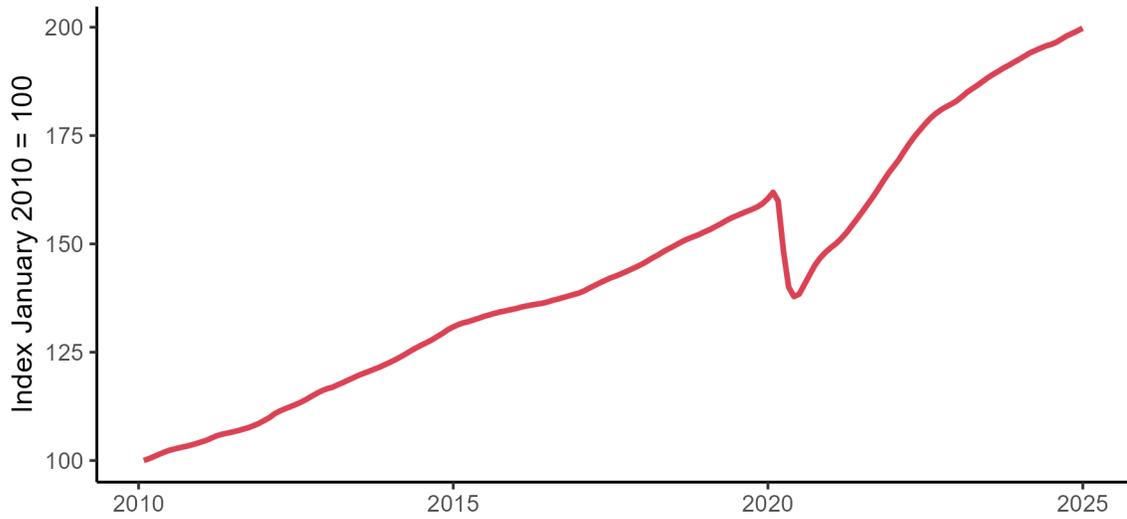
### **Select Economic Indicators**

- In January, the Texas Leading Economic Index rose to 126.2, up from 126.1 in December, marking a 0.1 MoM increase.
- Nominal average hourly earnings increased to \$34.21 in January, reflecting a 4 percent YoY increase.
- Earnings rose across all four major metro areas in December, though Houston saw a decline of \$0.14 per hour. Dallas recorded a \$0.32 increase, while Austin and San Antonio saw gains of \$0.42 and \$0.21 per hour, respectively.
- Texas consumer confidence decreased by 11 percent MoM in January, reaching 118.7.
- The ten-year U.S. Treasury bond rose by 24 basis points, standing at **4.63 percent**.
- The **Federal Home Loan Mortgage Corporation's 30-year fixed-rate** increased 24 basis points to 6.96 percent.
- The West Texas Intermediate (WTI) crude oil spot price increased by 8 percent MoM to \$75.74. The Henry Hub natural gas spot price increased by 37.2 percent MoM from \$3.01 to \$4.13 per million British thermal units (BTU).



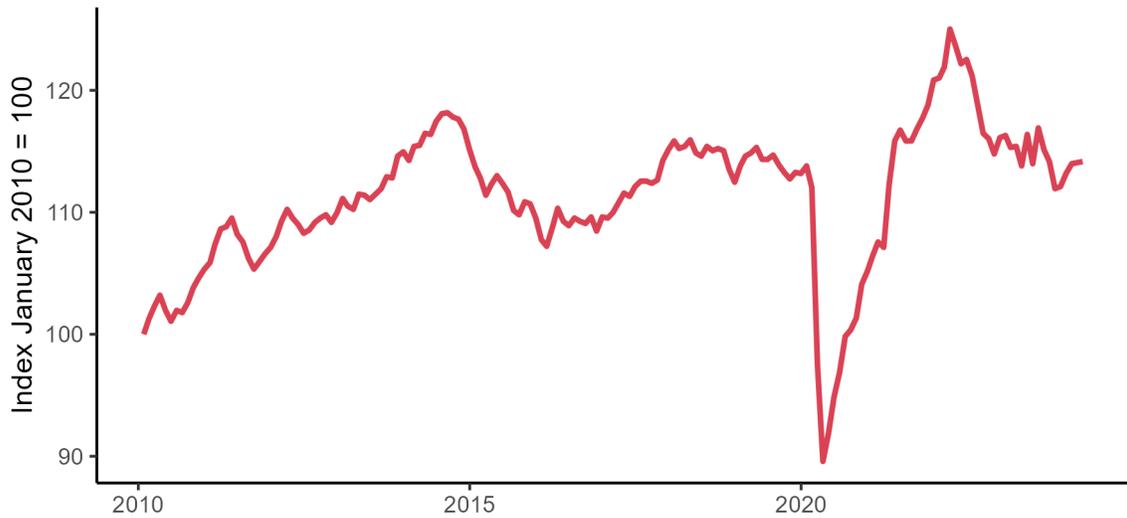
# Economic Activity

## Texas Business-Cycle Index



Source: Federal Reserve Bank of Dallas

## Texas Leading Index



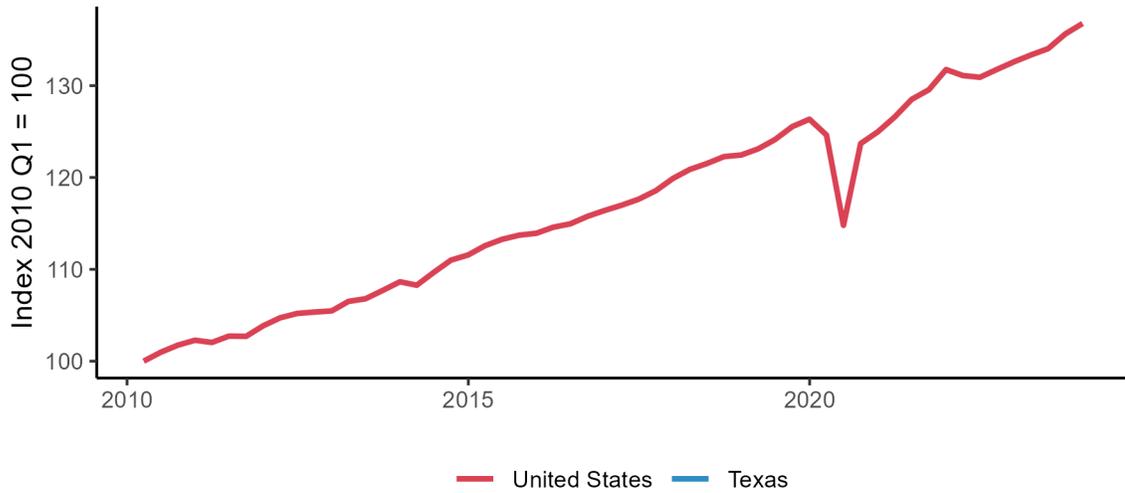
Source: Federal Reserve Bank of Dallas





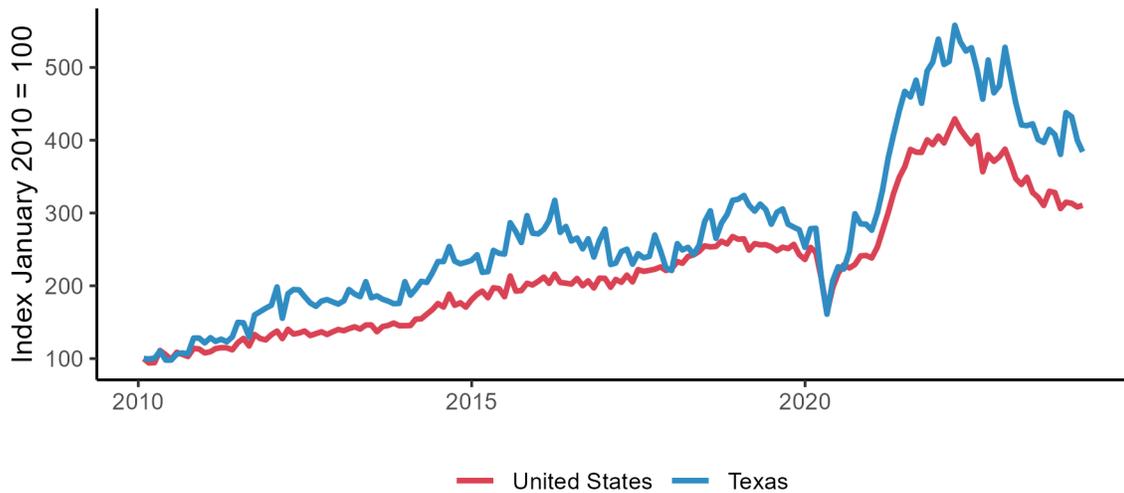
# Economic Activity

## Gross Domestic Product



Source: Bureau of Economic Analysis

## Job Openings

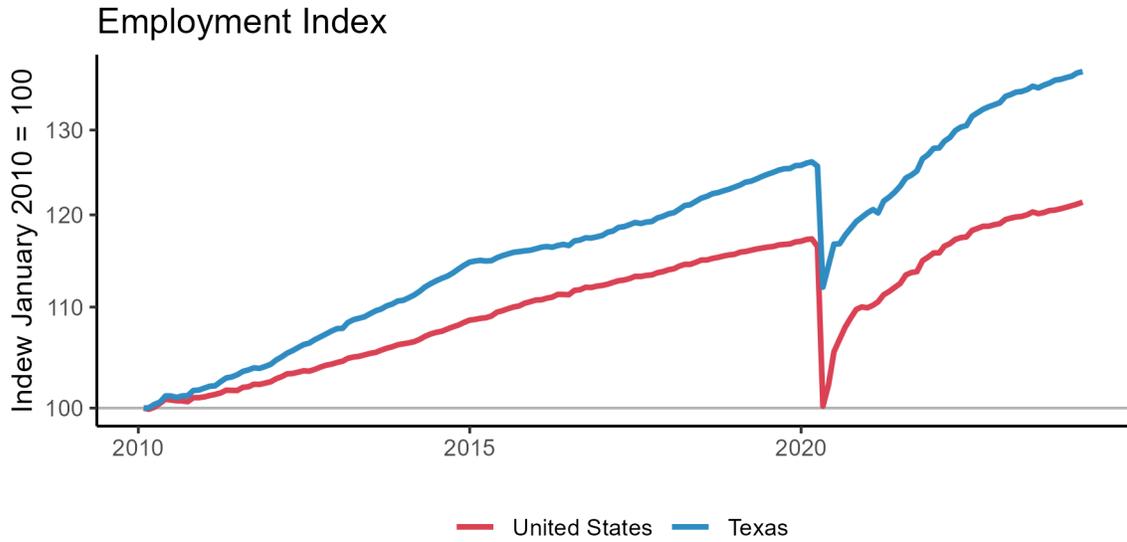


Source: Bureau of Labor Statistics

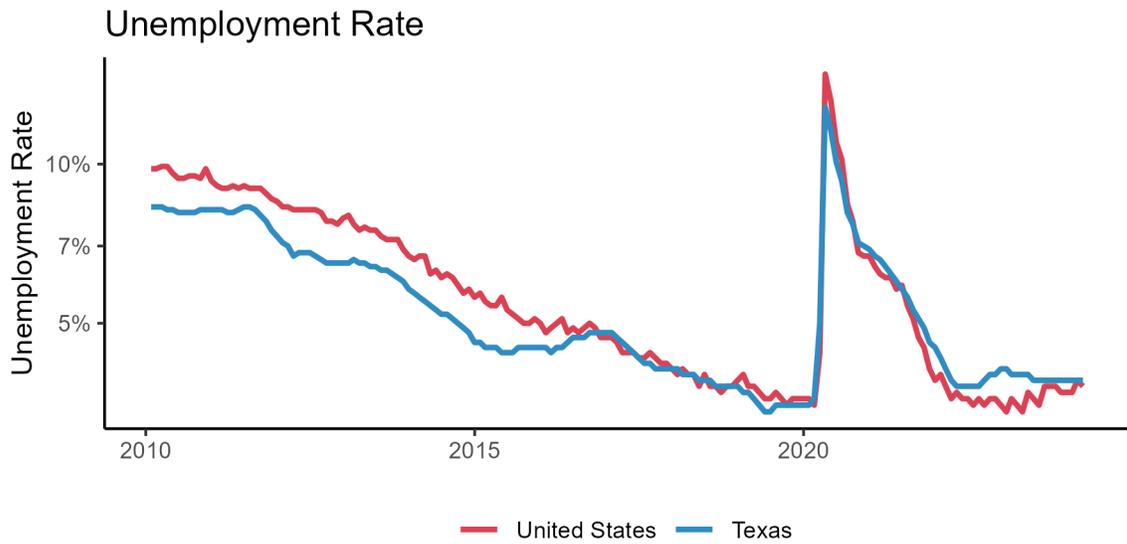




# Employment



Source: Bureau of Labor Statistics



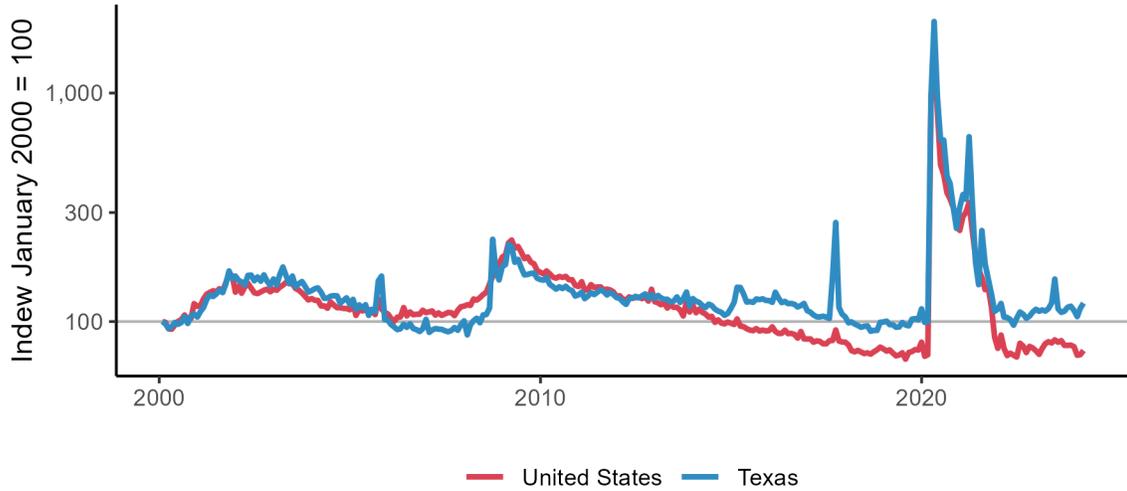
Source: Bureau of Labor Statistics





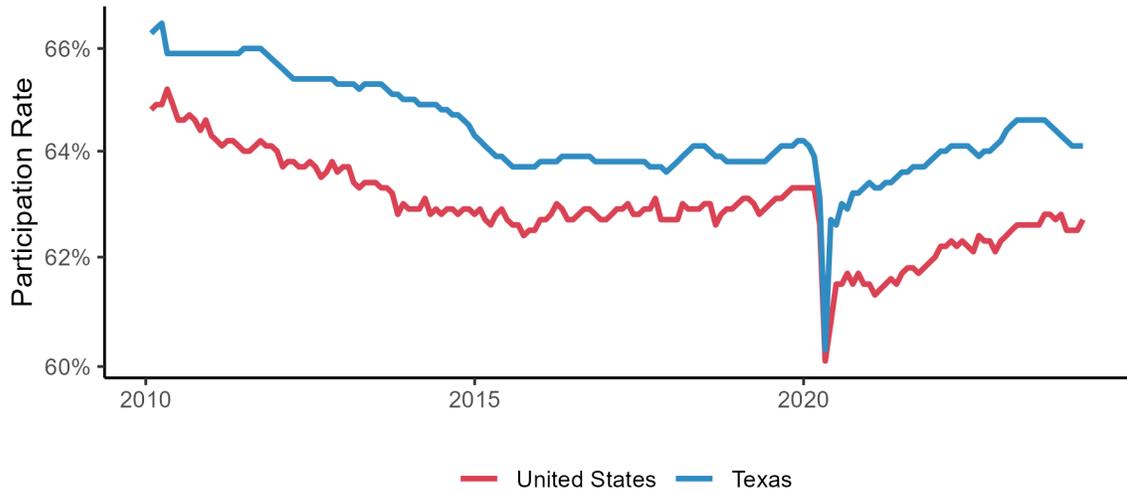
# Employment

## Initial Unemployment Claims



Source: Department of Labor

## Labor Force Participation Rate



Source: Bureau of Labor Statistics





# Energy

### Crude Oil Price



Source: Energy Information Administration

### Texas Crude Oil Production



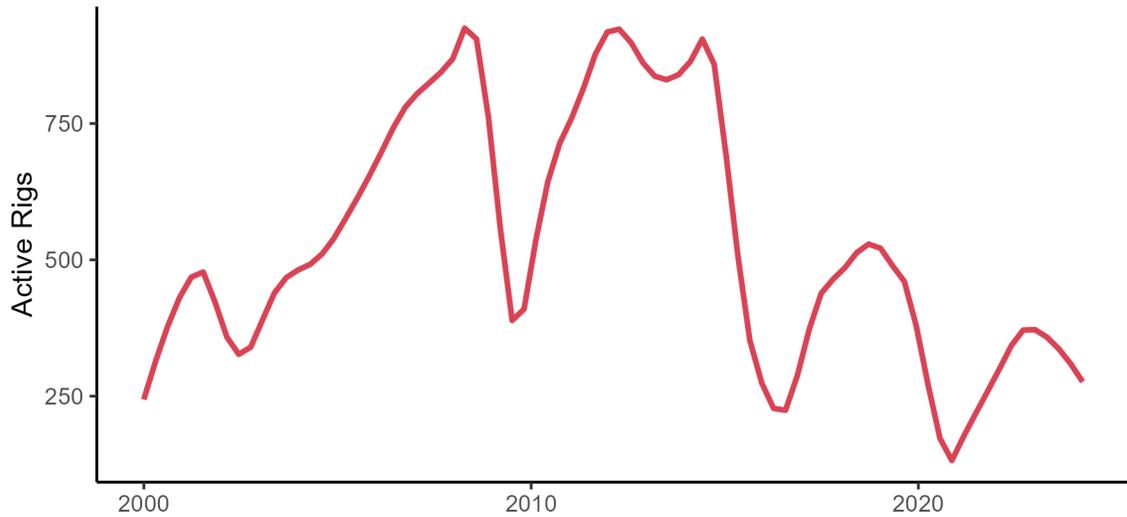
Source: Energy Information Administration





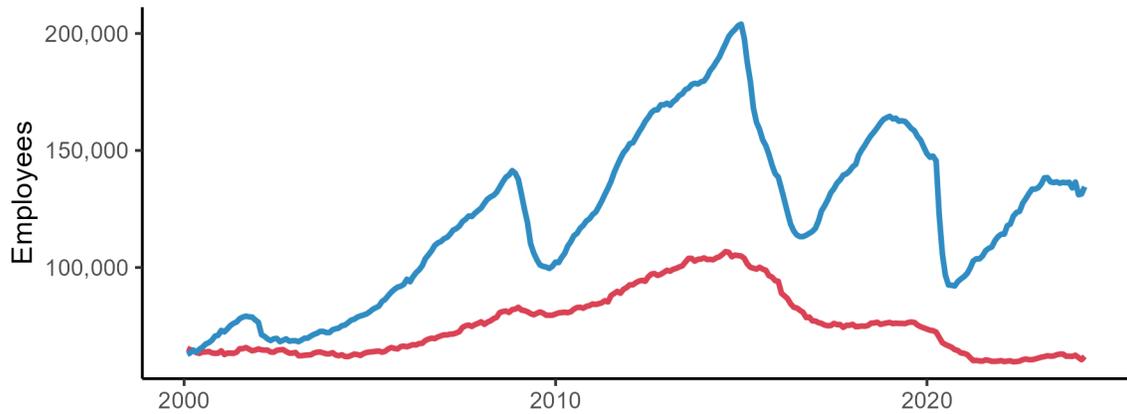
# Energy

### Texas Active Rotary Rig Count



Source: Baker Hughes

### Oil and Gas Extraction Employment



— Oil and Gas Extraction — Support Activities

Source: Bureau of Labor Statistics

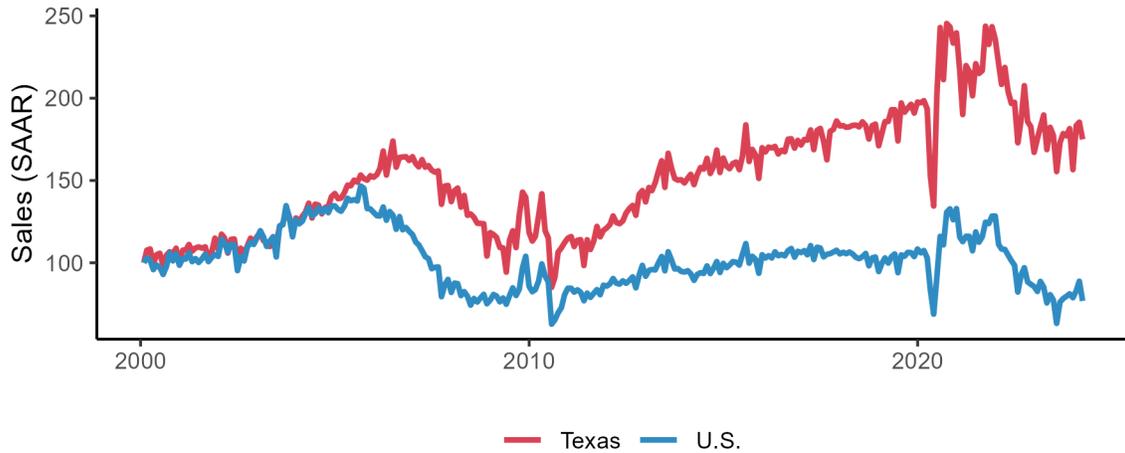




# Housing

## Residential Home Sales

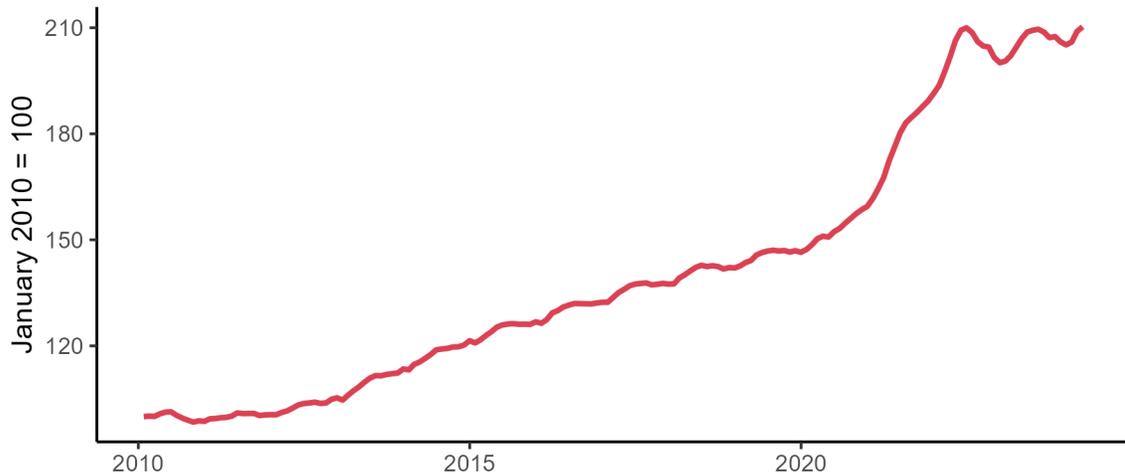
Seasonally Adjusted Annualized Rate



Source: National Association of Realtors - Texas Real Estate Research Center at Texas A&M University

## Texas Home Price Index

Seasonally Adjusted Annualized Rate



Source: Texas Real Estate Research Center at Texas A&M University



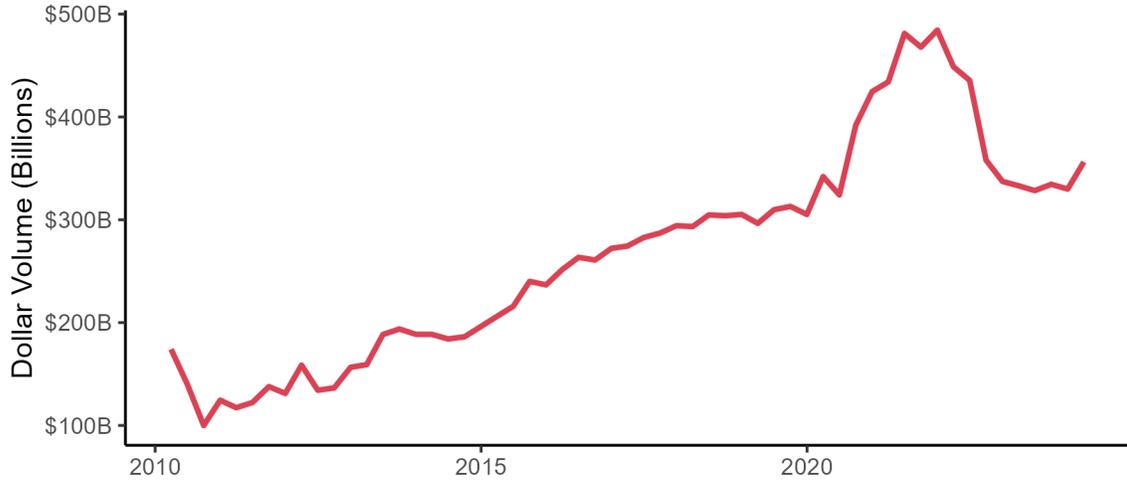
TEXAS A&M UNIVERSITY

Texas Real Estate Research Center



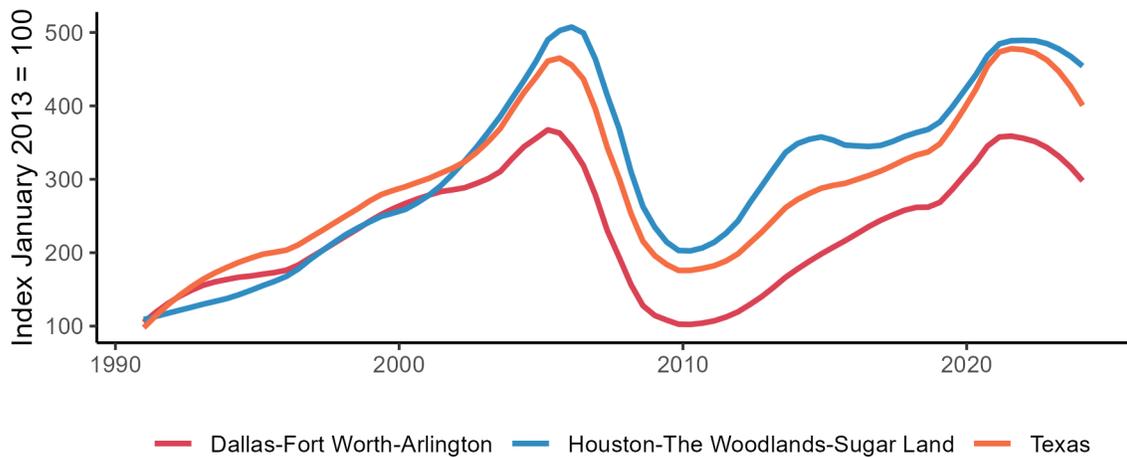
# Housing

### U.S. Purchase Mortgage Origination Dollar Volume Seasonally Adjusted



Source: Mortgage Bankers Association

### Single-Family Housing Starts Seasonally Adjusted Index



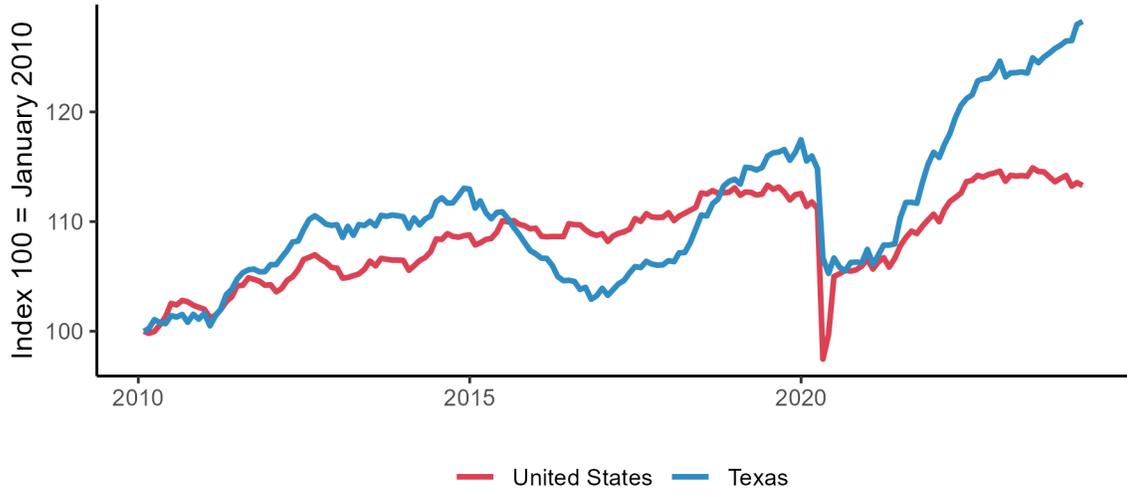
Source: Dodge Construction Network - Texas Real Estate Research Center at Texas A&M University





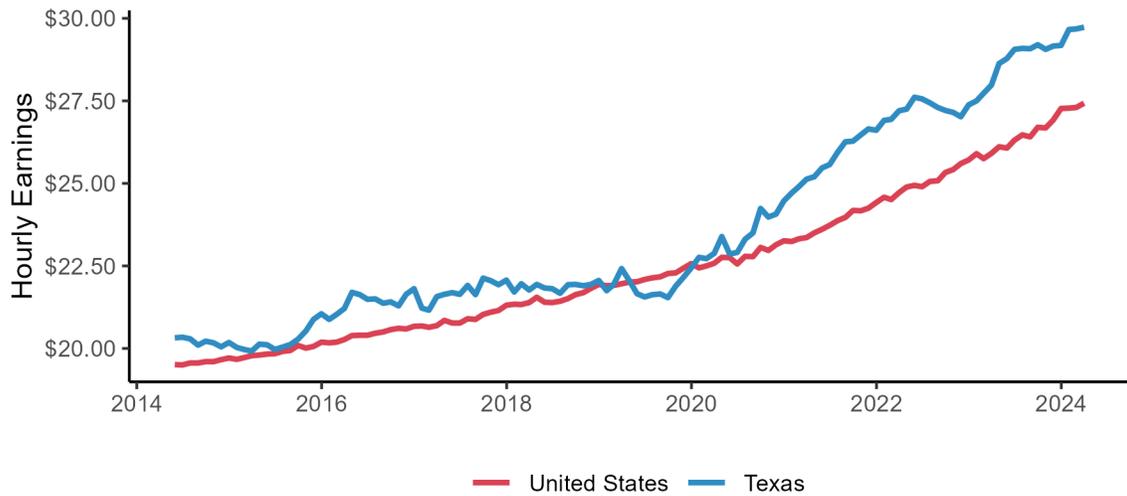
# Manufacturing

### Texas and U.S. Manufacturing Employment Index



Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University

### Texas and U.S. Manufacturing Employee Hourly Earnings



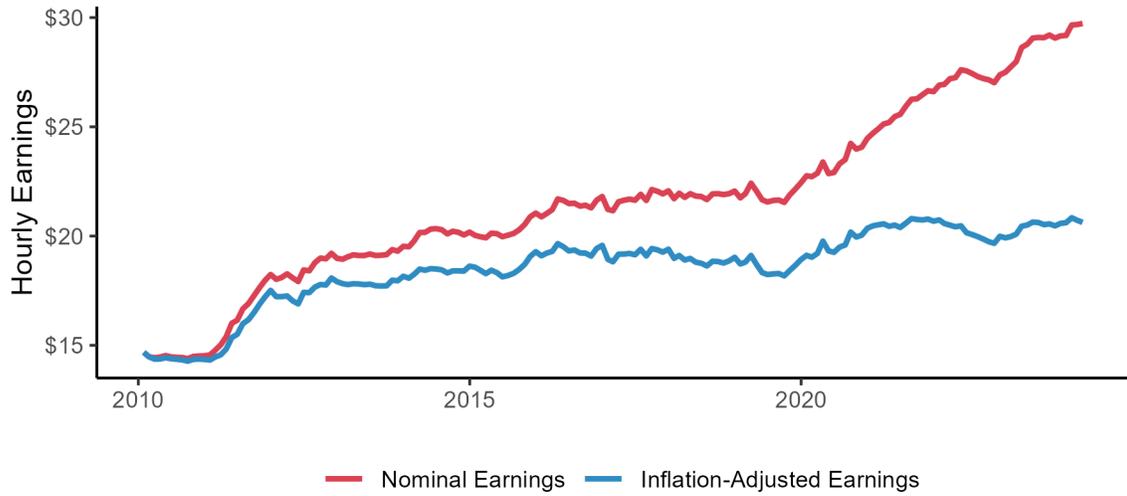
Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University





# Manufacturing

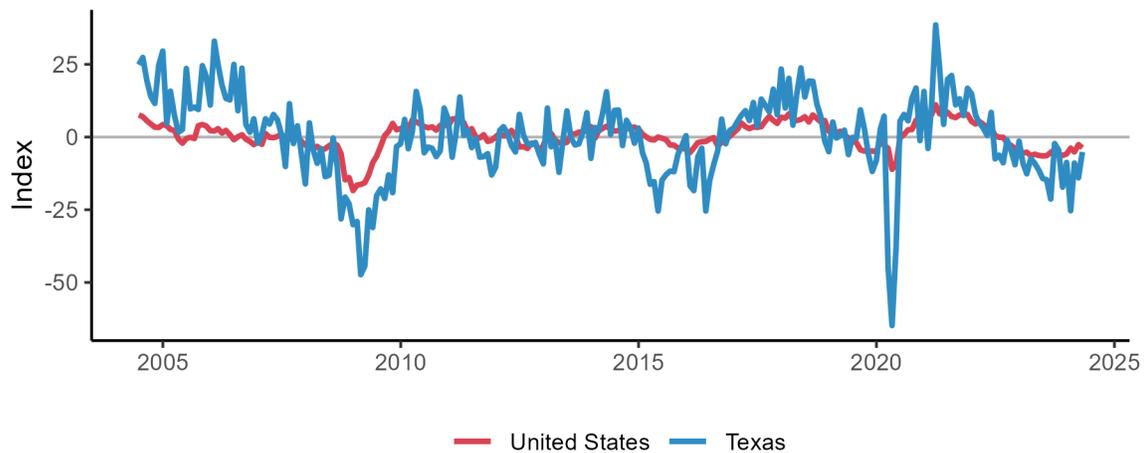
### Texas Manufacturing Employee Hourly Earnings



Source: Bureau of Labor Statistics - Texas Real Estate Research Center at Texas A&M University

### Manufacturing Outlook Index

0+ = Expansion



Source: Institute for Supply Management - Federal Reserve Bank of Dallas

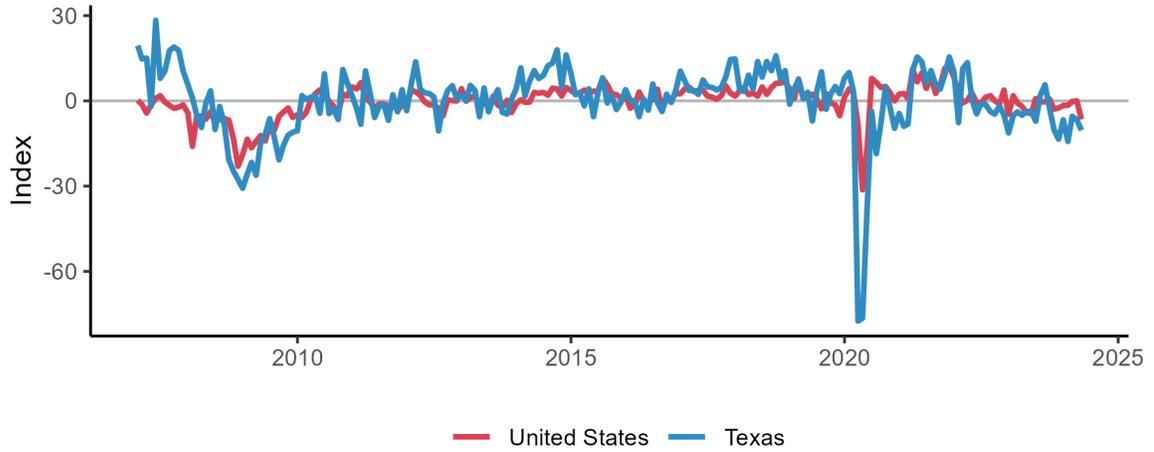




# Services

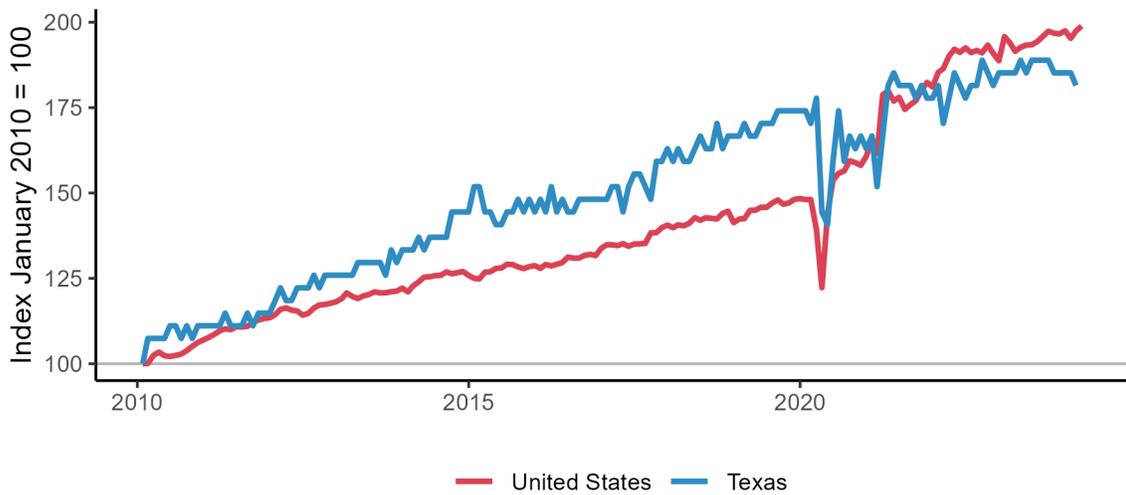
## Services Sector Outlook Index

0+ = Expansion



Source: Institute for Supply Management - Federal Reserve Bank of Dallas

## Retail Sales Index



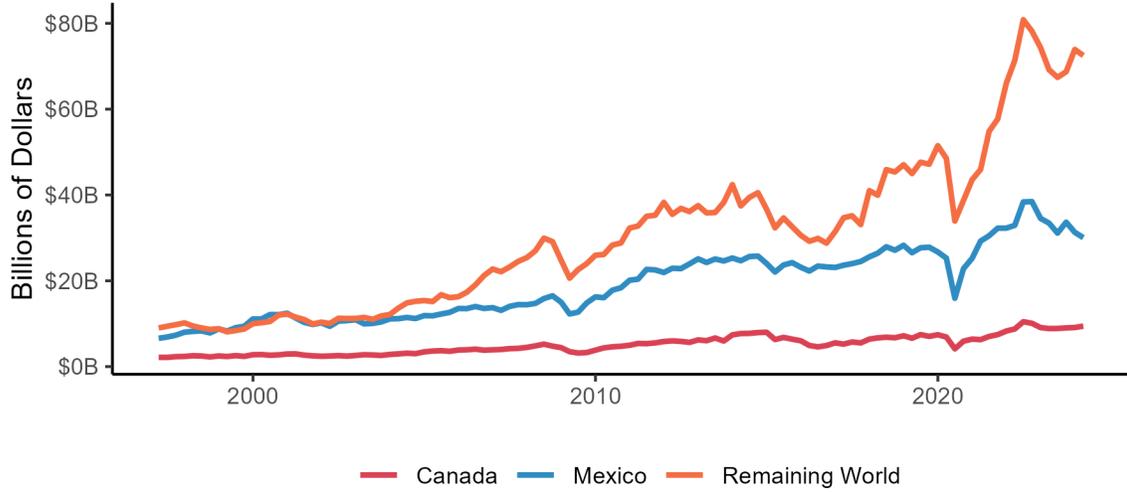
Source: Census Bureau - Federal Reserve Bank of Dallas





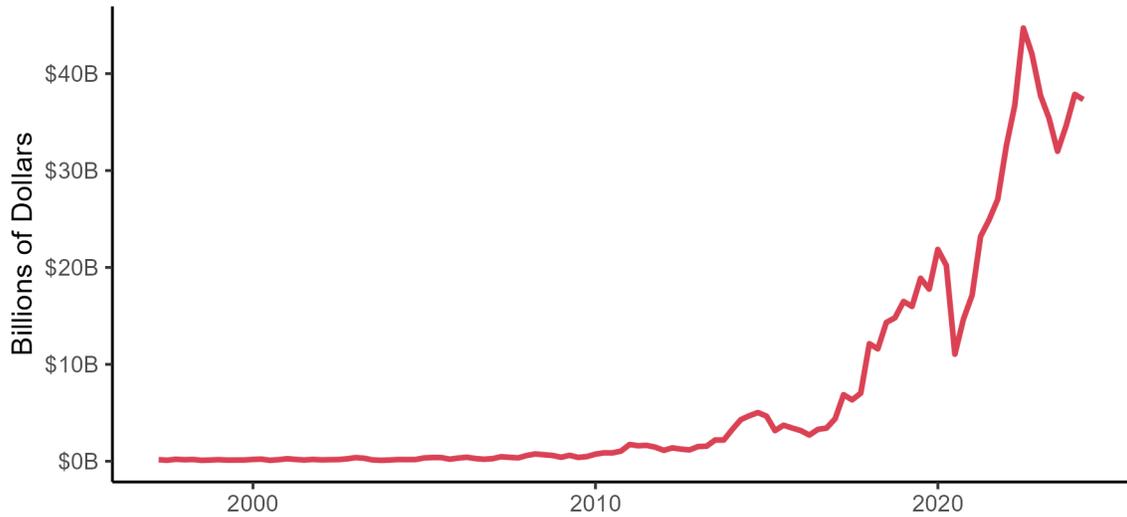
# Trade

### Texas Export Values by Destination



Source: Census Bureau via WISER

### Texas Oil and Gas Exports



Source: Census Bureau via WISER





TEXAS A&M UNIVERSITY

Texas Real Estate Research Center

DIVISION OF RESEARCH

Texas A&M University  
2115 TAMU  
College Station, TX 77843-2115

<https://trerc.tamu.edu/>  
979-845-2031

**EXECUTIVE DIRECTOR**

PAMELA CANON

**ADVISORY COMMITTEE**

BESA MARTIN, PRESIDING OFFICER Boerne	VICKI FULLERTON, ASSISTANT PRESIDING OFFICER The Woodlands
TROY ALLEY, JR. DeSoto	PATRICK GEDDES Dallas
KRISTI DAVIS Carrollton	DOUG JENNINGS Fort Worth
DOUG FOSTER Lockhart	BECKY VAJDAK Temple
HARRY GIBBS Georgetown	BARBARA RUSSELL, EX-OFFICIO Denton



LinkedIn  
[linkedin.com/company/recentertx](https://www.linkedin.com/company/recentertx)



Instagram  
[instagram.com/recentertx](https://www.instagram.com/recentertx)



YouTube  
[youtube.com/@recentertx](https://www.youtube.com/@recentertx)



Facebook  
[facebook.com/recentertx](https://www.facebook.com/recentertx)



Twitter  
[twitter.com/recentertx](https://www.twitter.com/recentertx)