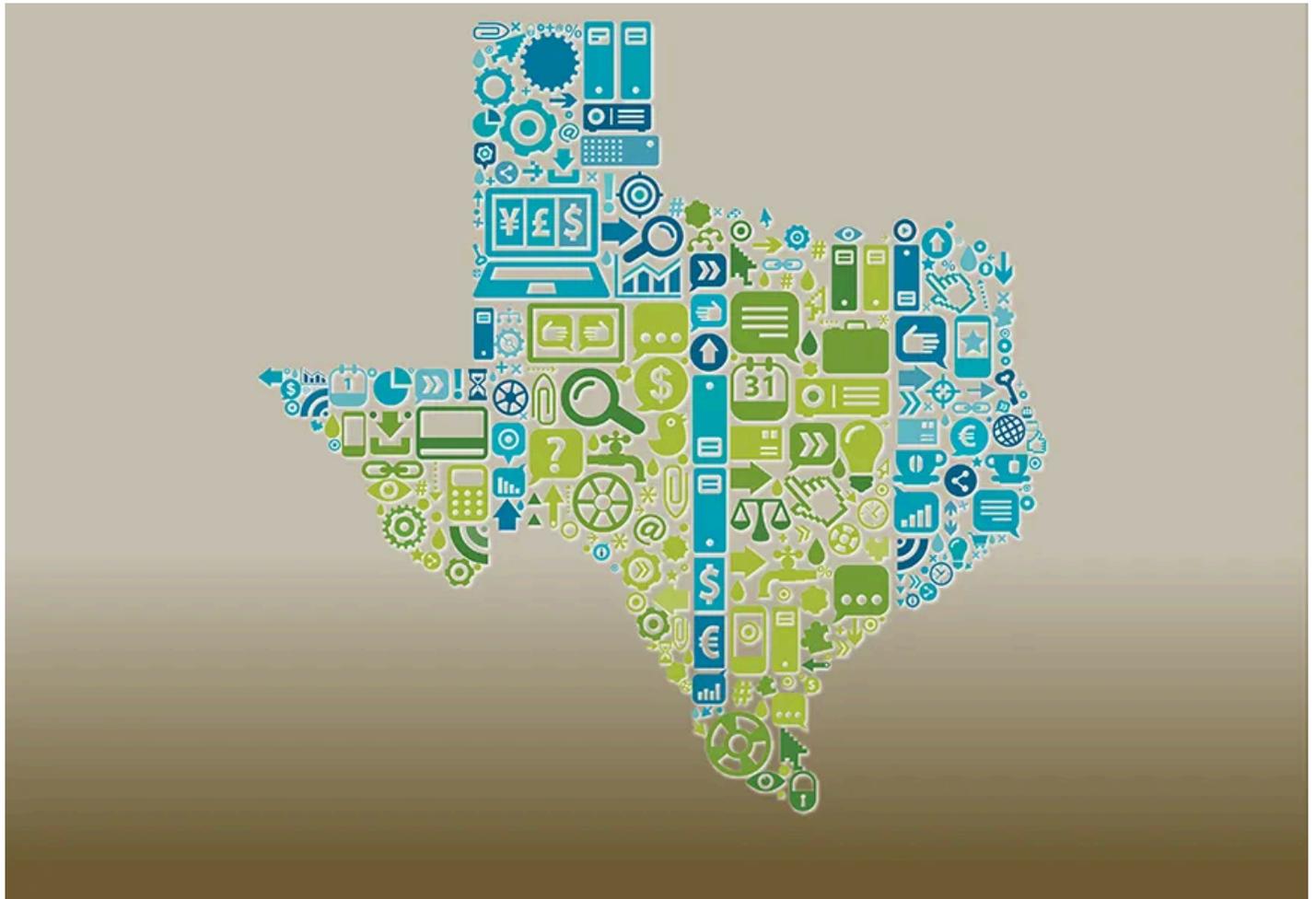


MAY 21, 2025

Outlook for the Texas Economy | March 2025



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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.* [Click here \(https://trerc.tamu.edu/follow-us/\)](https://trerc.tamu.edu/follow-us/) to receive email notifications each time this report is published.

UNEMPLOYMENT RATE

 **4.1%**

AVERAGE HOURLY WAGE

 **5.8% YOY**

CONSUMER PRICE INDEX

 **0.1% MOM**

TOTAL NONFARM EMPLOYMENT

 **0.2% MOM**

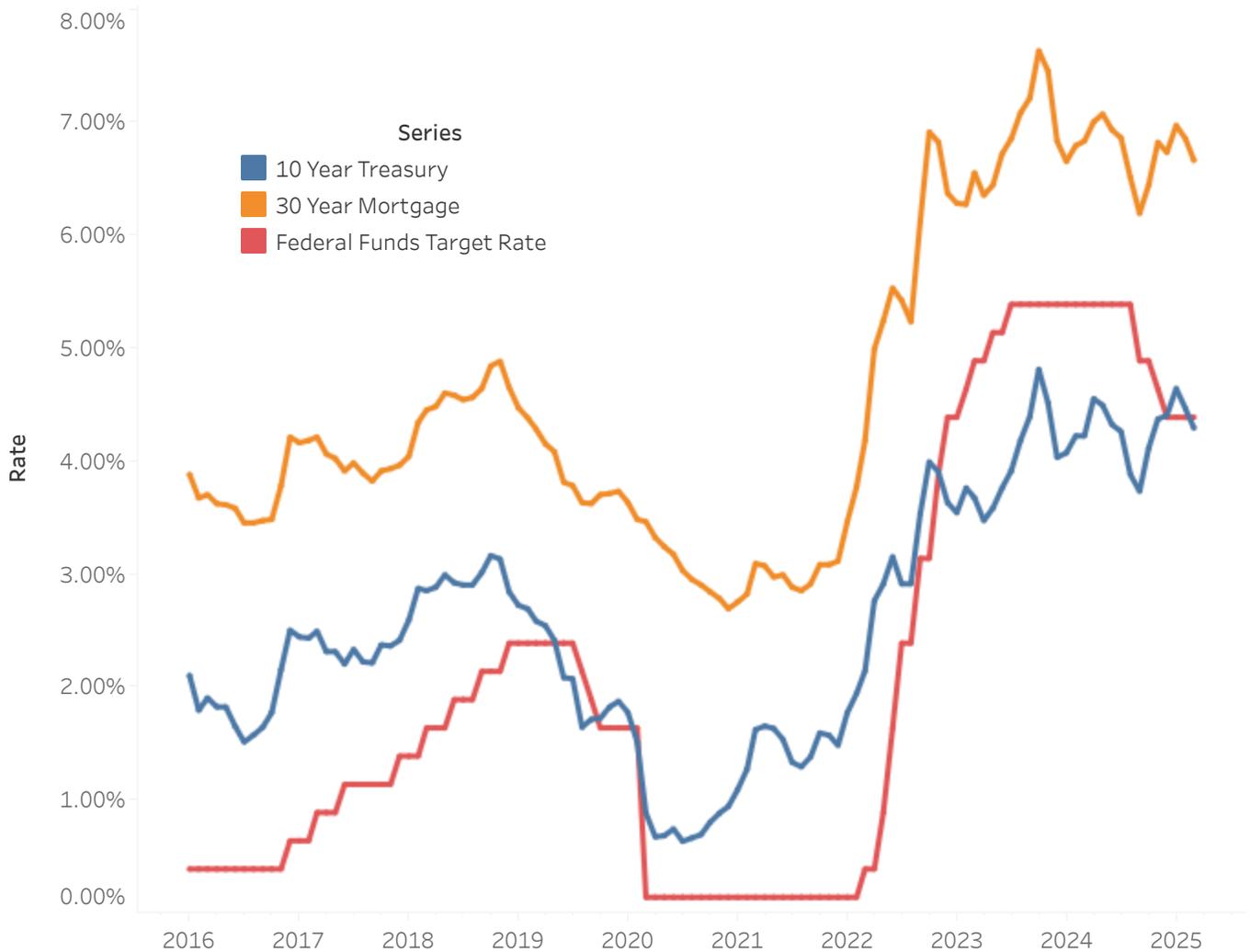
Texas employment expanded for the fourth consecutive month. However, despite sustained growth, the unemployment rate has not changed in three months. Even though inflation continues to fall, the Federal Reserve kept its target rate the same. Mortgage rates also remained relatively unchanged, contributing to lagging home sales.

CPI Slightly Decreased

The Consumer Price Index (CPI) rose 2.4 percent over the last 12 months on an unadjusted basis. Seasonally adjusted, the CPI fell 0.1 percent month-over-month (MoM), showing the first decline since May 2020. Core inflation, which excludes the volatile food and energy components, increased 2.8 percent over the past 12 months. On a monthly basis, the core CPI edged up 0.1 percent in March.

The modest decline in the headline of CPI suggests easing price pressures, largely driven by falling energy costs. Meanwhile, the persistent increase in core inflation indicates that underlying inflationary trends remain sticky, particularly in services and shelter categories.

Interest Rates



Source: Federal Reserve Board & Wall Street Journal
Visualization: Texas Real Estate Research Center at Texas A&M University

Positive Trends for Texas Employment in March

Texas nonfarm employment edged up slightly in March 2025, recording a 0.2 percent MoM increase and a 1.4 percent year-over-year (YoY) gain. All four major metropolitan areas reported modest job growth. Houston, Dallas, and San Antonio each saw a 0.3 percent MoM increase, while Austin posted a more moderate gain of 0.1 percent.

By sector, employment in trade, transportation, and utilities rose by 6,100 positions, representing a 0.2 percent monthly increase. The education and health services sector led all industries, adding 9,500 jobs—a robust 0.5 percent rise—reflecting sustained demand in healthcare-related occupations. Meanwhile, the professional and business services sector remained unchanged from February, signaling a potential pause in white-collar hiring momentum.

The labor force participation rate held steady at 64.8 percent for the fourth consecutive month, suggesting stability in worker engagement. The unemployment rate was unchanged at 4.1 percent, remaining above pre-pandemic levels but in line with recent trends. Continued unemployment claims averaged 158,842 per week in March—an increase of 2,300 from February—potentially reflecting seasonal job transitions or emerging soft spots in certain industries. However, the overall stability in participation and jobless rates suggests the state's labor market remains resilient amid mixed national economic signals.

Mixed Performance in Texas Home Sales

In March, total home sales across Texas declined by 3.9 percent, with 27,258 transactions recorded statewide. Elevated mortgage rates have contributed to a slower sales start to the year so far in 2025. While the overall market softened slightly, regional trends varied significantly across major metropolitan areas.

San Antonio experienced the steepest decline, with sales falling 14 percent to 2,577 transactions, reflecting continued affordability concerns and limited inventory. Austin saw a more modest decrease of 1.4 percent, totaling 2,481 transactions, suggesting a market nearing stabilization after prior volatility. On the other hand, Dallas recorded a 1.1 percent increase in sales, reaching 7,816 transactions—driven in part by sustained demand and a relatively balanced supply. Houston remained steady, edging up 0.1 percent to 7,290 transactions, indicating a resilient market amid broader statewide headwinds.

Home Sales Volume

	Feb	Mar	MOM Change
Dallas-Fort Worth-Arlington	7,728	7,816	1.1%
Houston-Pasadena-The Woodlands	7,286	7,290	0.1%
Austin-Round Rock-San Marcos	2,517	2,481	-1.4%
Texas	28,357	27,258	-3.9%
San Antonio-New Braunfels	2,998	2,577	-14.0%

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

Note: Data are seasonally adjusted

Service Sector Employment Stalled

Texas service sector activity stalled in March, signaling a potential loss of momentum in the state's economic recovery. Private service sector employment added 15,700 jobs, which was a 0.2 MoM percent change since February.

Number of Employees Six Months from Now



Source: Federal Reserve Bank of Dallas

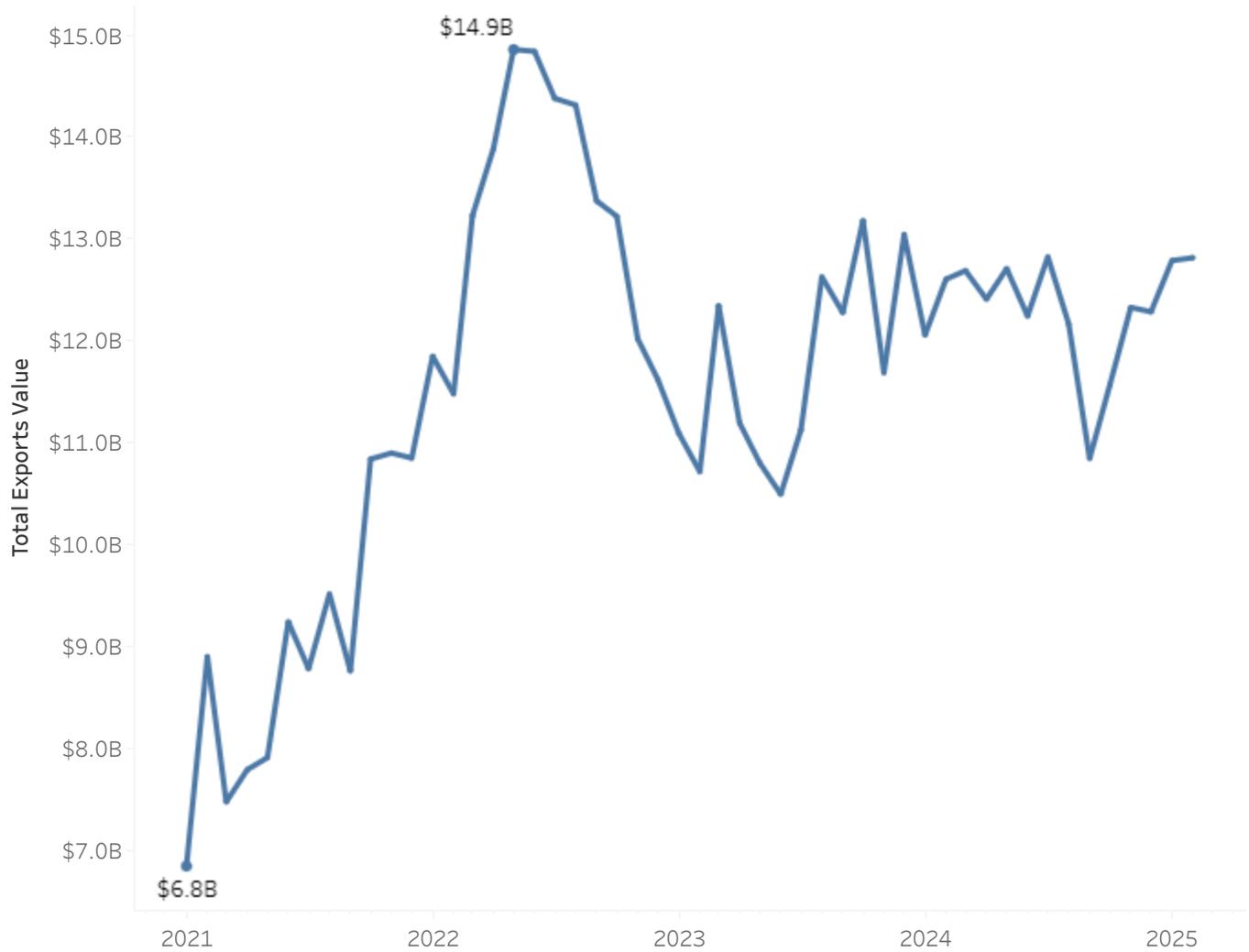
Positive index means a higher percentage of firms anticipate an increase in employees than decrease six months from now.

According to respondents of the Texas Service Sector Outlook Survey, the revenue index dropped sharply by 7 points to 1.3, indicating a significant deceleration in business activity. Meanwhile, the employment index ticked up to 2.2 from -0.1, suggesting a slight improvement in hiring, though overall labor market conditions remain fragile. Notably, the company outlook index fell to -12.5, its lowest level since mid-2022, reflecting growing concerns among business leaders about future economic conditions. The decline in outlook may be driven by persistent inflationary pressures, interest rate uncertainty, and tariff policy uncertainty.

Texas Exports Decreased

Texas experienced a moderate decline in total commodity exports in February, with a MoM decrease of 3.3 percent and a YoY decline of 1.3 percent, reflecting weakened global trade demand and seasonal fluctuations. As a key player in U.S. energy exports, the state's leading exports—oil and natural gas—posted a 1.7 percent YoY increase, while MoM changes edged up 0.2 percent, signaling relatively flat short-term growth. Meanwhile, petroleum and coal product exports experienced a steep decline of 10.5 percent YoY and 10.7 percent MoM. The sharp drop may be partially related to the closure of a major Houston refinery that occurred earlier that month.

Texas Oil & Gas Exports Value



Source: Census Bureau

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

Select Economic Indicators

In March, the Texas Leading Economic Index decreased to 123.9, down from 126.9 in February, marking a 2.4 percent MoM decline.

Nominal average hourly earnings reached \$34.49 in March, reflecting a 5.8 percent YoY increase.

Earnings were mixed across the four major metro areas in March. Houston, Dallas, and Austin posted declines of \$0.13 per hour, \$0.07 per hour, and \$0.11 per hour, respectively. San Antonio, meanwhile, recorded a \$0.05-per-hour increase.

Texas consumer confidence decreased by 3.9 percent MoM in March, reaching 119.2.

The ten-year U.S. Treasury bond decreased 17 basis points, standing at **4.28 percent**.

The **Federal Home Loan Mortgage Corporation's 30-year fixed-rate** declined by 19basis points to 6.65 percent.

The West Texas Intermediate (WTI) crude oil spot price decreased by 4.6 percent MoM to \$68.24. The Henry Hub natural gas spot price declined by 1.6 percent MoM from \$4.19 to \$4.12 per million British thermal units (BTU).

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