



# Regional & Macro Trends

AREAA  
January 21, 2026

# Overview

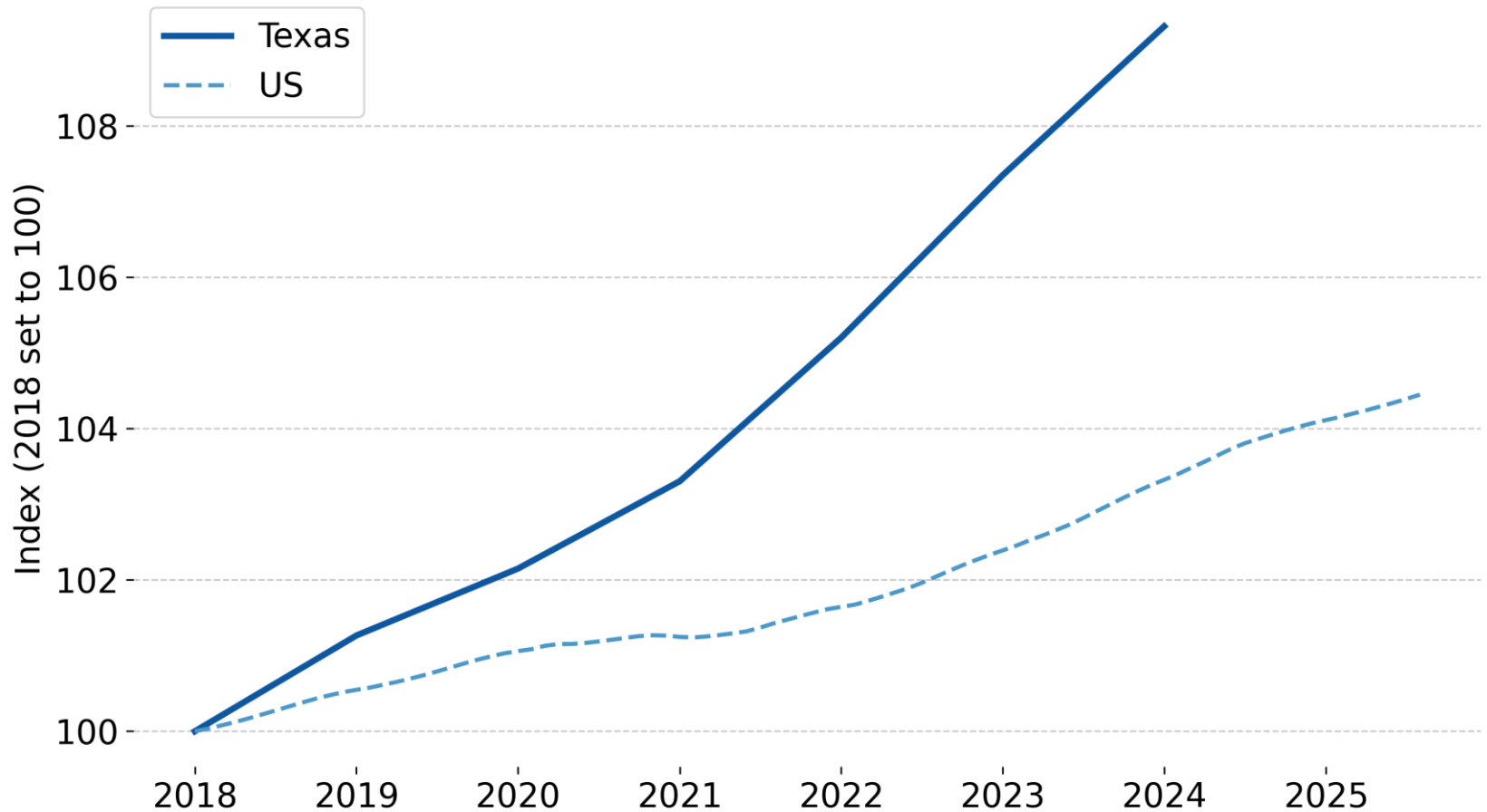
- Texas Demographic Overview
- Economic Outlook

# Texas Demographic Overview

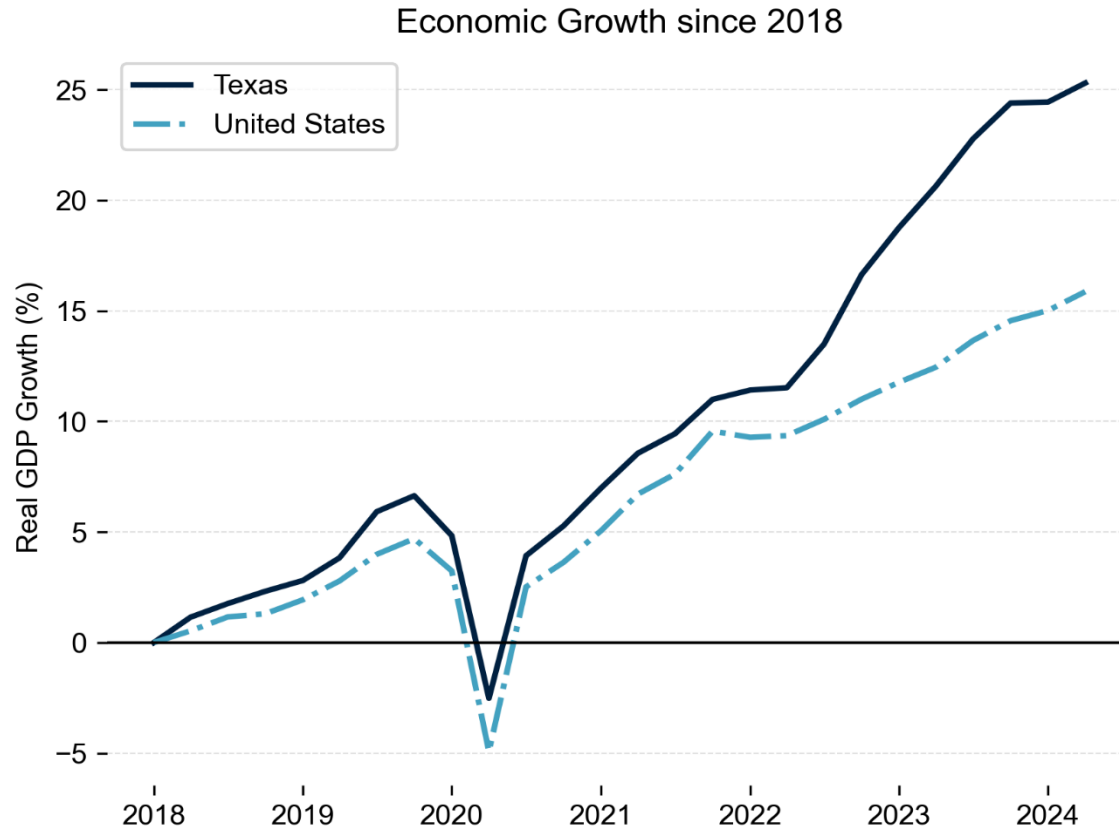


# Population Growth

Population Growth (2018-2025)



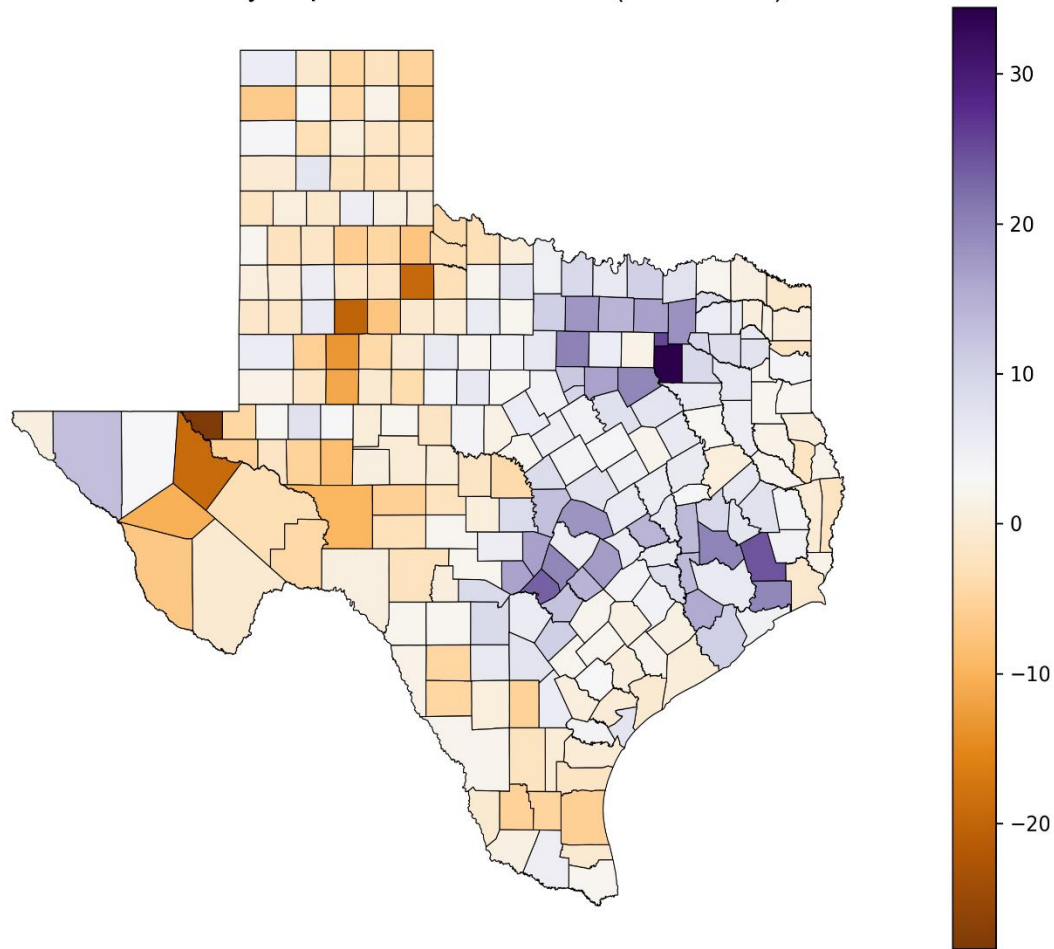
# Economic Growth



Source: BEA, and Author's Calculations

# Texas Regional Population Growth

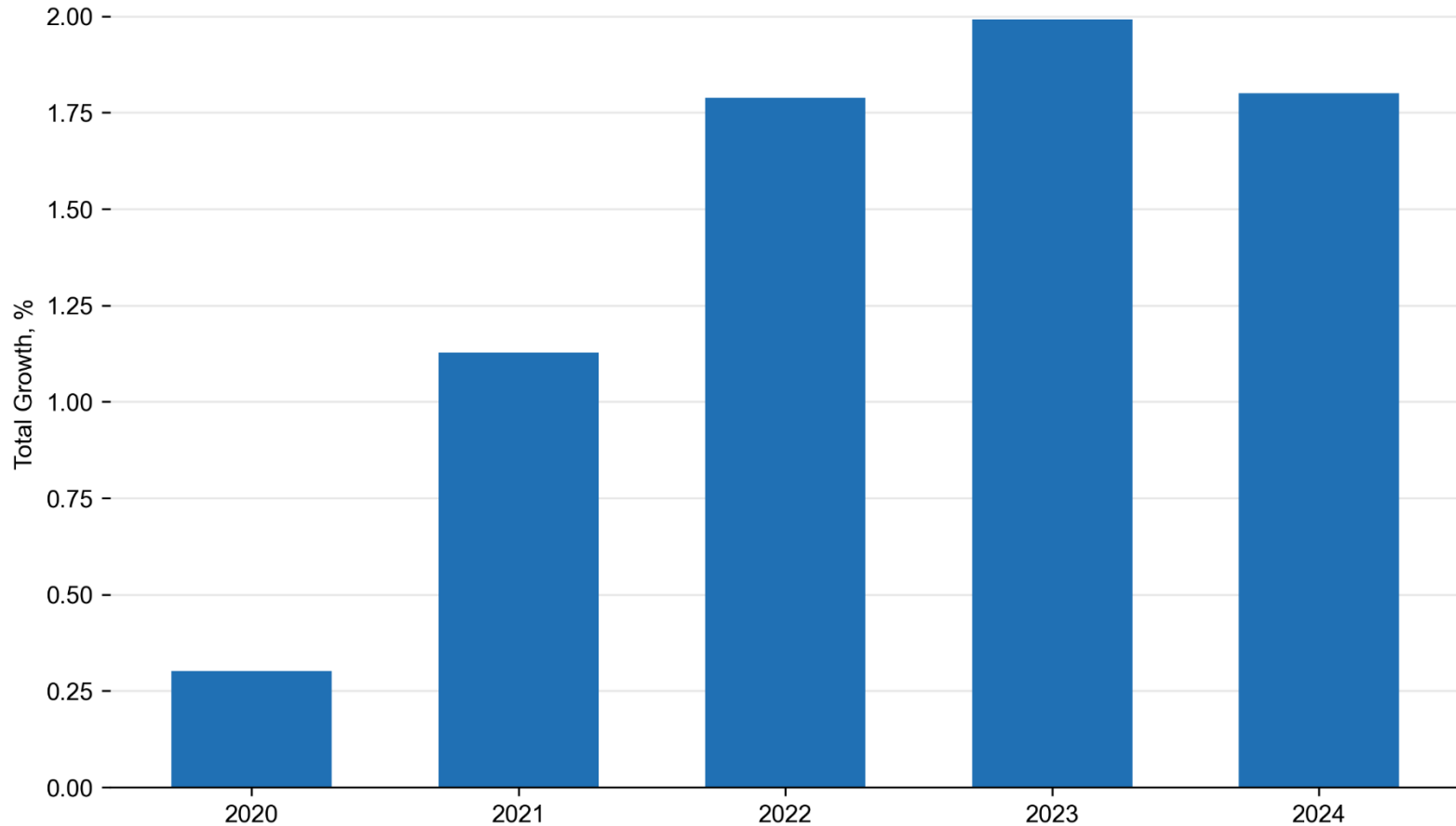
Texas County Population Growth Rate (2020-2024)



Source: U.S. Census data and Author's calculations.

# Population Growth: 2024

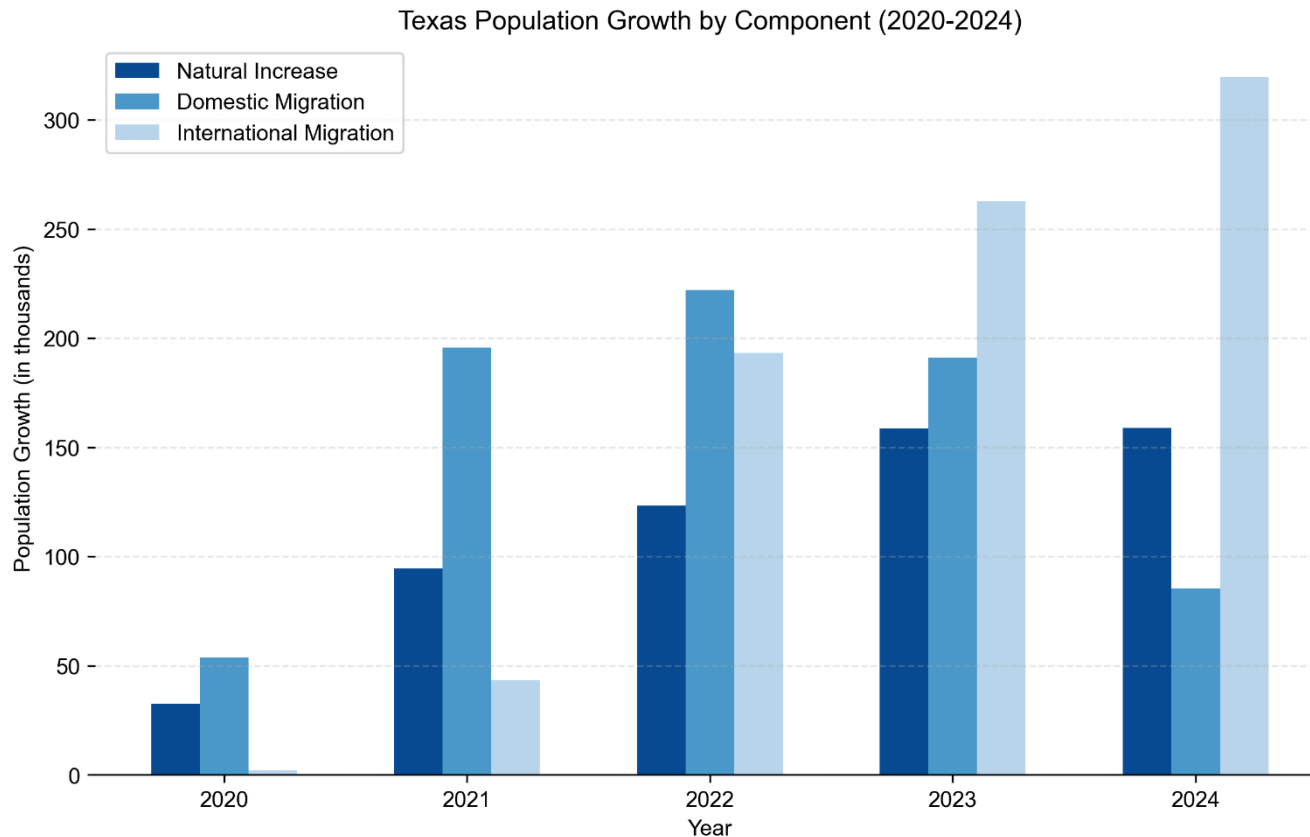
Texas Population Growth (2020-2024)



Source: U.S. Census Bureau

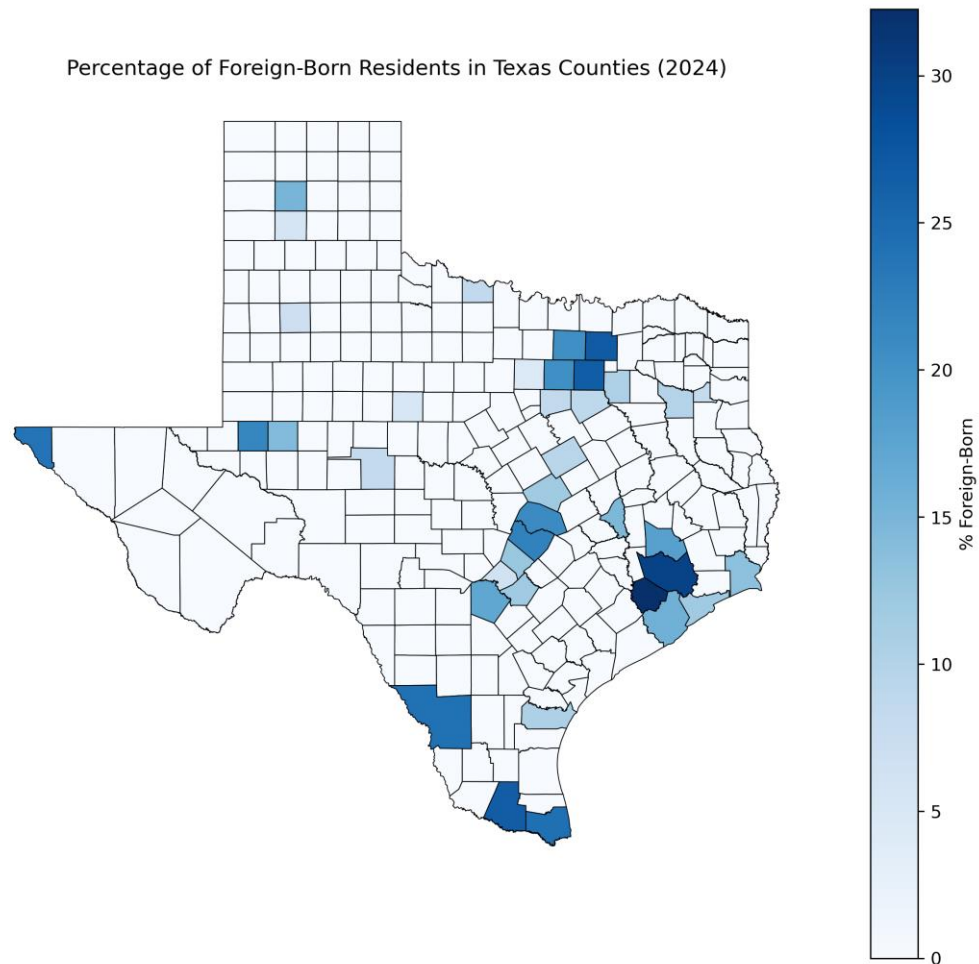


# Population Growth Components



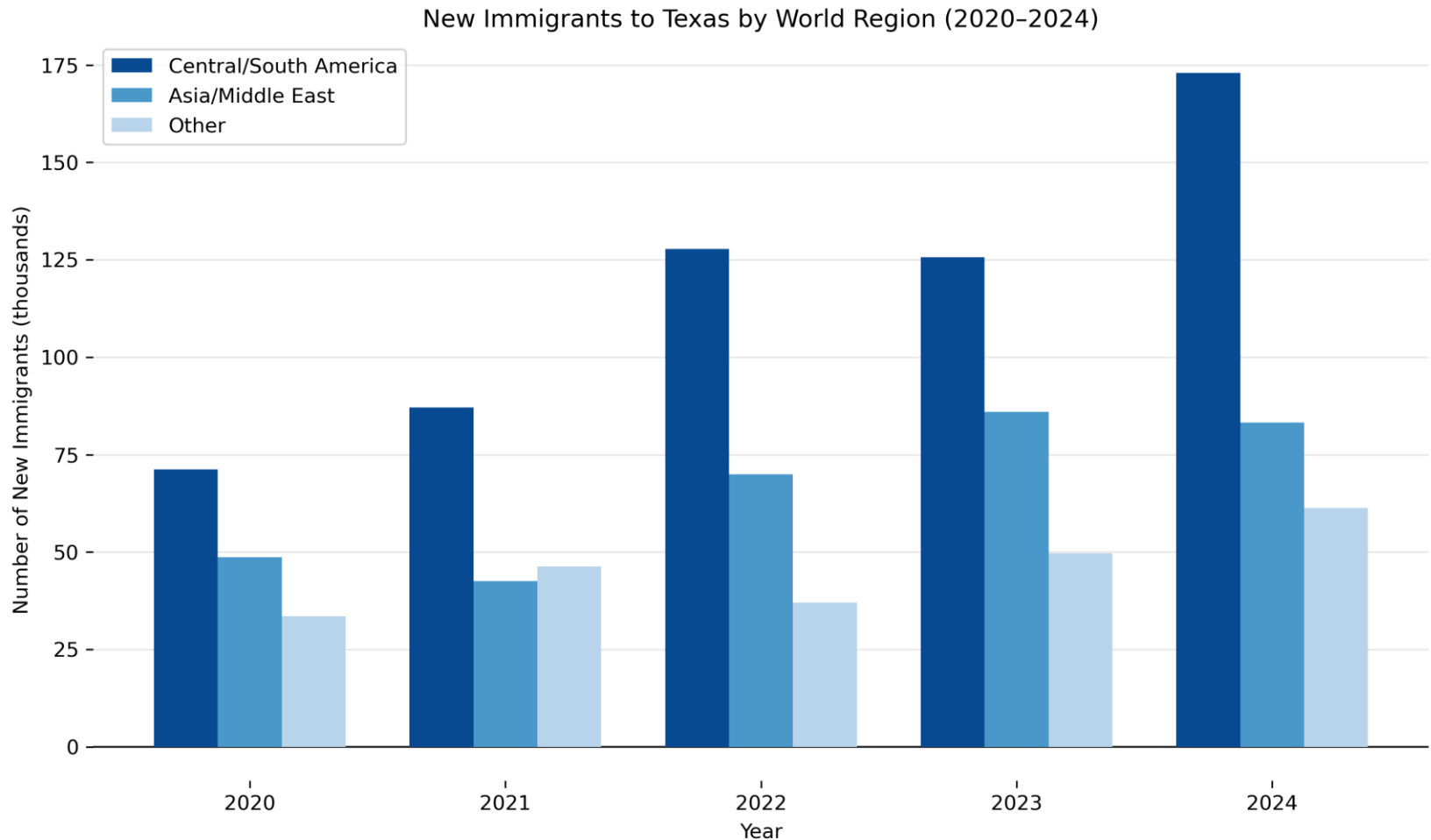
Source: U.S. Census Bureau

# Texas Foreign-born Population





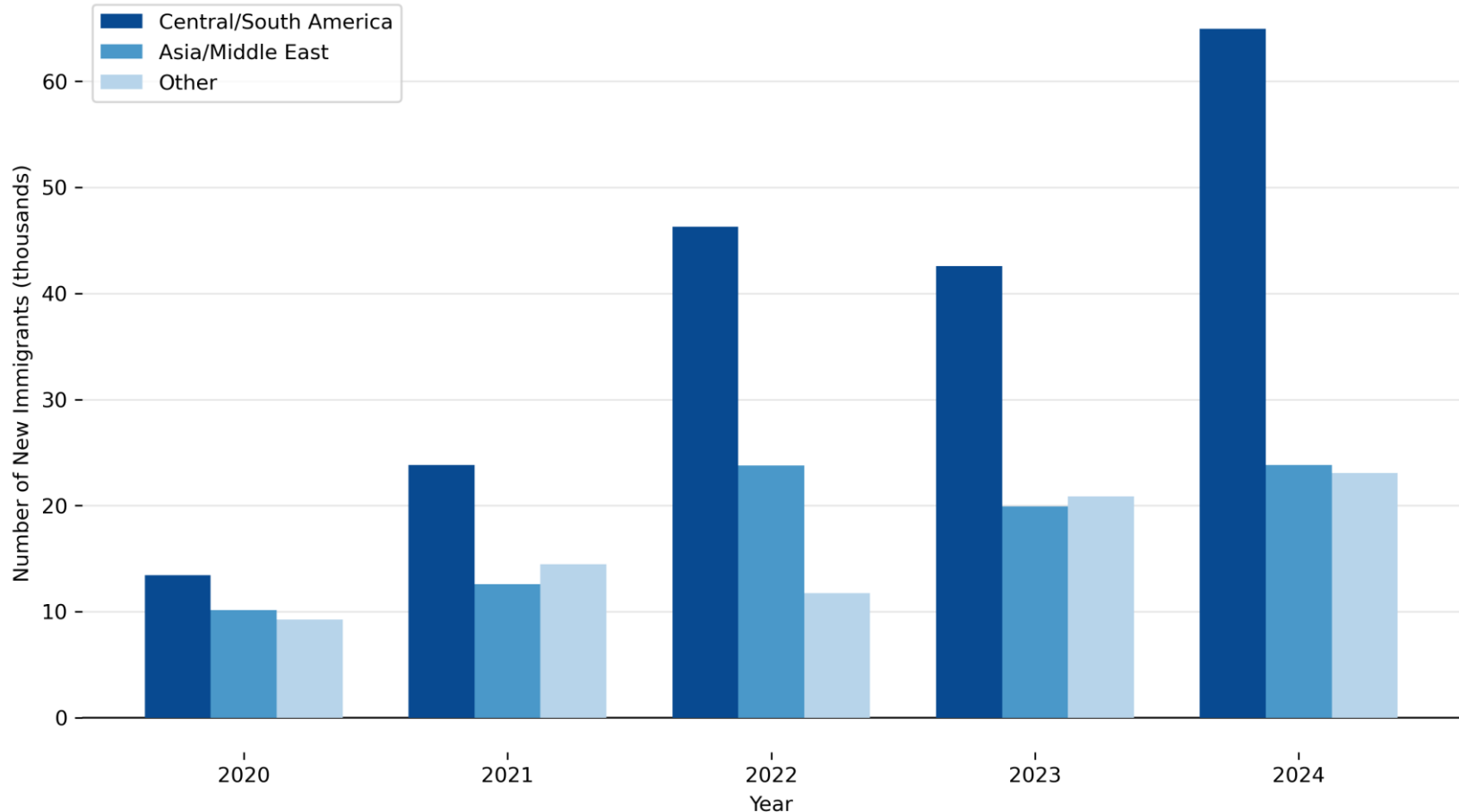
# International Migration to Texas



Source: American Community Survey and author's calculations

# International Migration to Houston

New Immigrants to Greater Houston by World Region (2020-2024)



Source: American Community Survey and author's calculations

# Net Migration Outlook

- International immigration largely affected by federal policy.
- Domestic migration affected by economic opportunity, policy (e.g., SALT deduction).

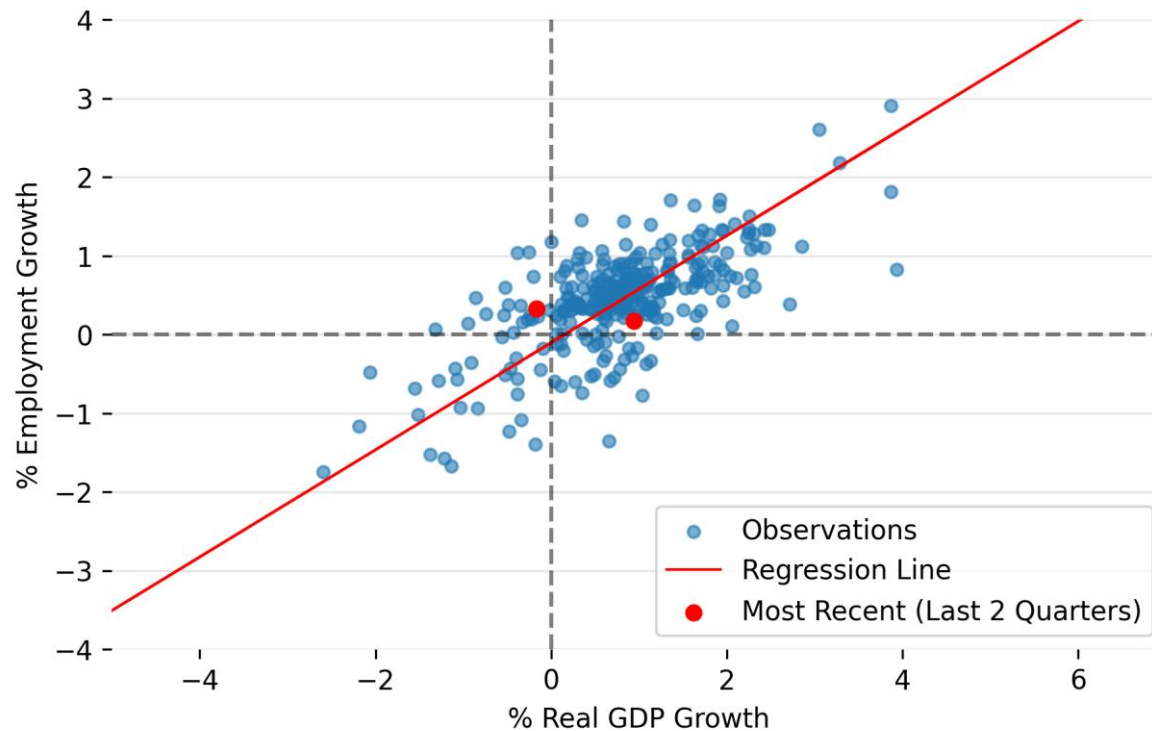
# Macroeconomic Outlook



# State of the Economy

- Economic growth is high: 4.3% RGDP Q3 2025
- Employment growth is low: 0.36% Dec. '25 YoY
- Unusual and likely unsustainable

# RGDP vs Employment Growth



# Outlook Growth and Jobs?

- Trend likely normalizes: growth congruency
- Economic growth ↓ or job growth ↑?
- Prediction: job growth ↑.

# Labor Market Outlook

- Business sentiment is improving.
- Rebounding from the trade war lull.
- Pre-pandemic unemployment was very low.

# Hiring Outlook (NFIB 1)

## Are small businesses planning to hire?

% planning increase - % planning decrease, Jan.'10 – Dec. '25



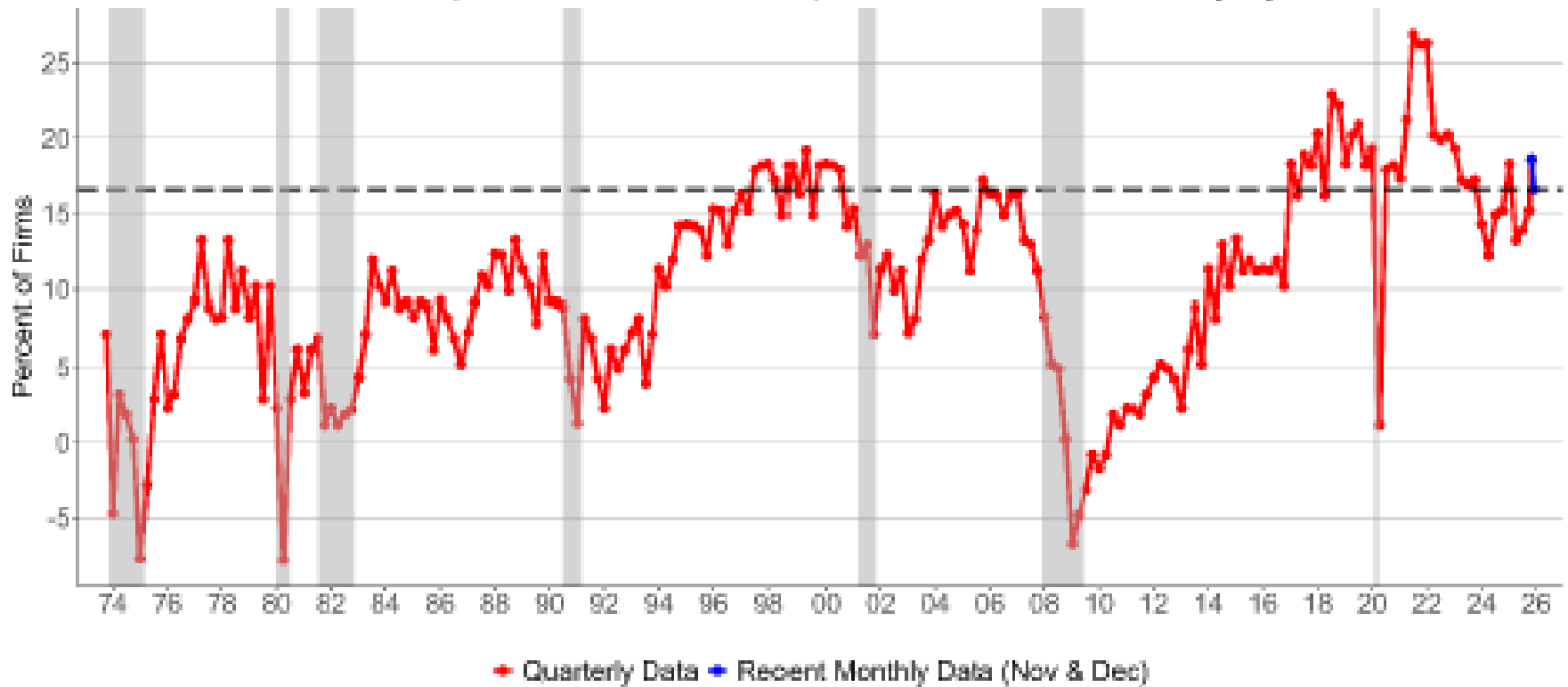
[NFIB.com/jobs](https://www.nfib.com/jobs)



# Hiring Outlook (NFIB 2)

## Job Creation Plans

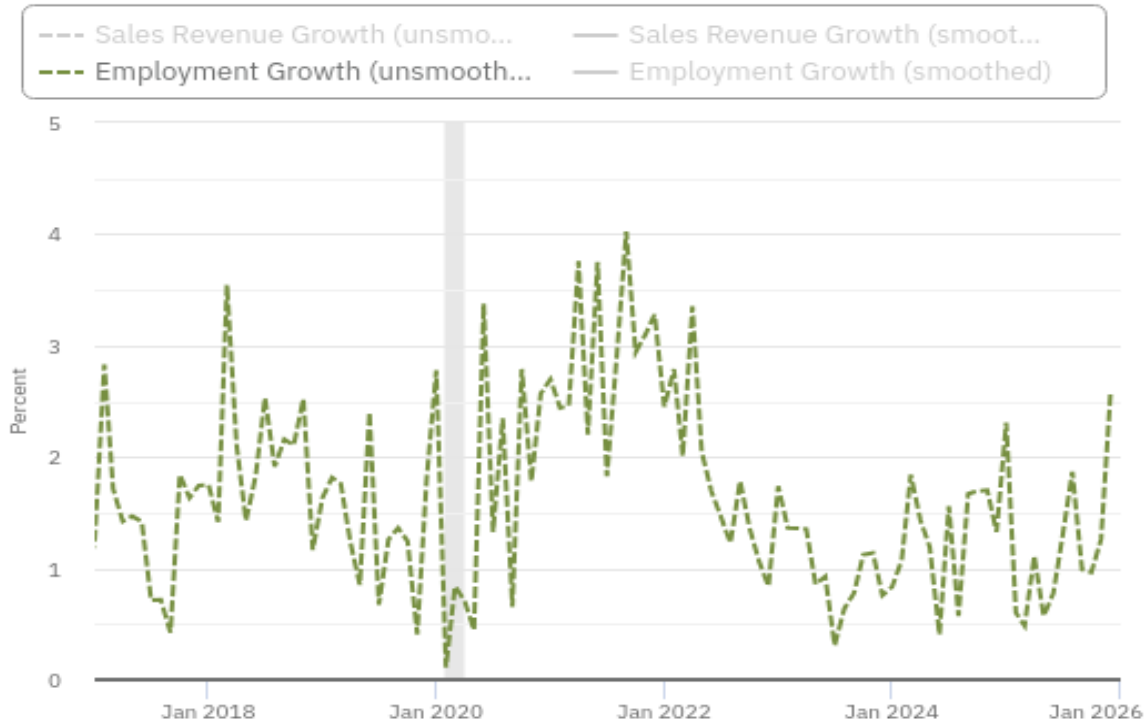
Net Percent ("Increase" minus "Decrease") in Next Three Months-Seasonally Adjusted



# Atlanta Fed Expected Hiring Growth

## Business Expectations

4-quarter ahead expectations



Notes: Aggregate employment and sales growth series are weighted averages of firms' probabilistic expectations over the year ahead. Gray bars indicate periods of recession.

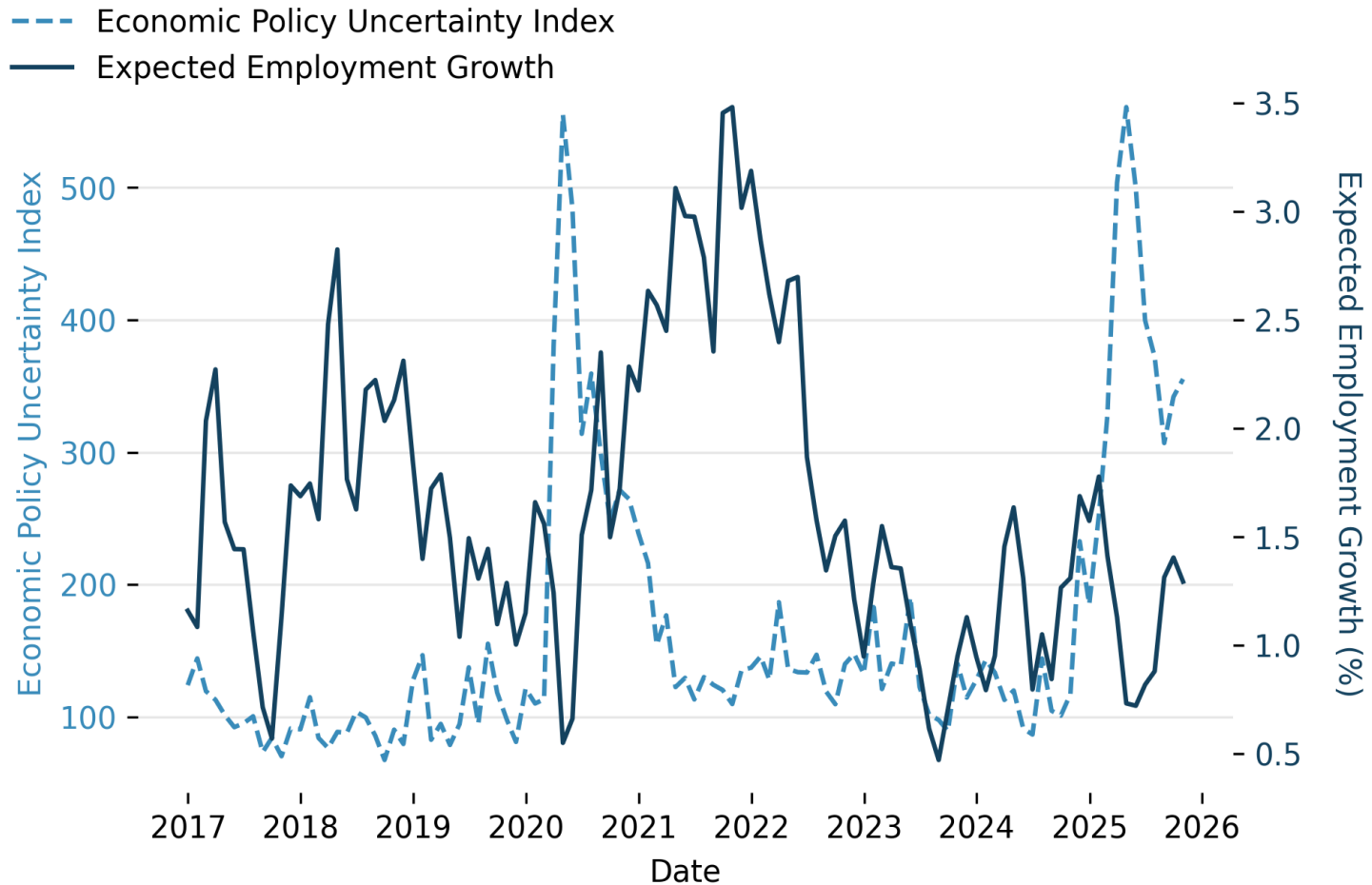
Source: Atlanta Fed/Chicago Booth/Stanford Survey of Business Uncertainty

Updated on: December 24, 2025

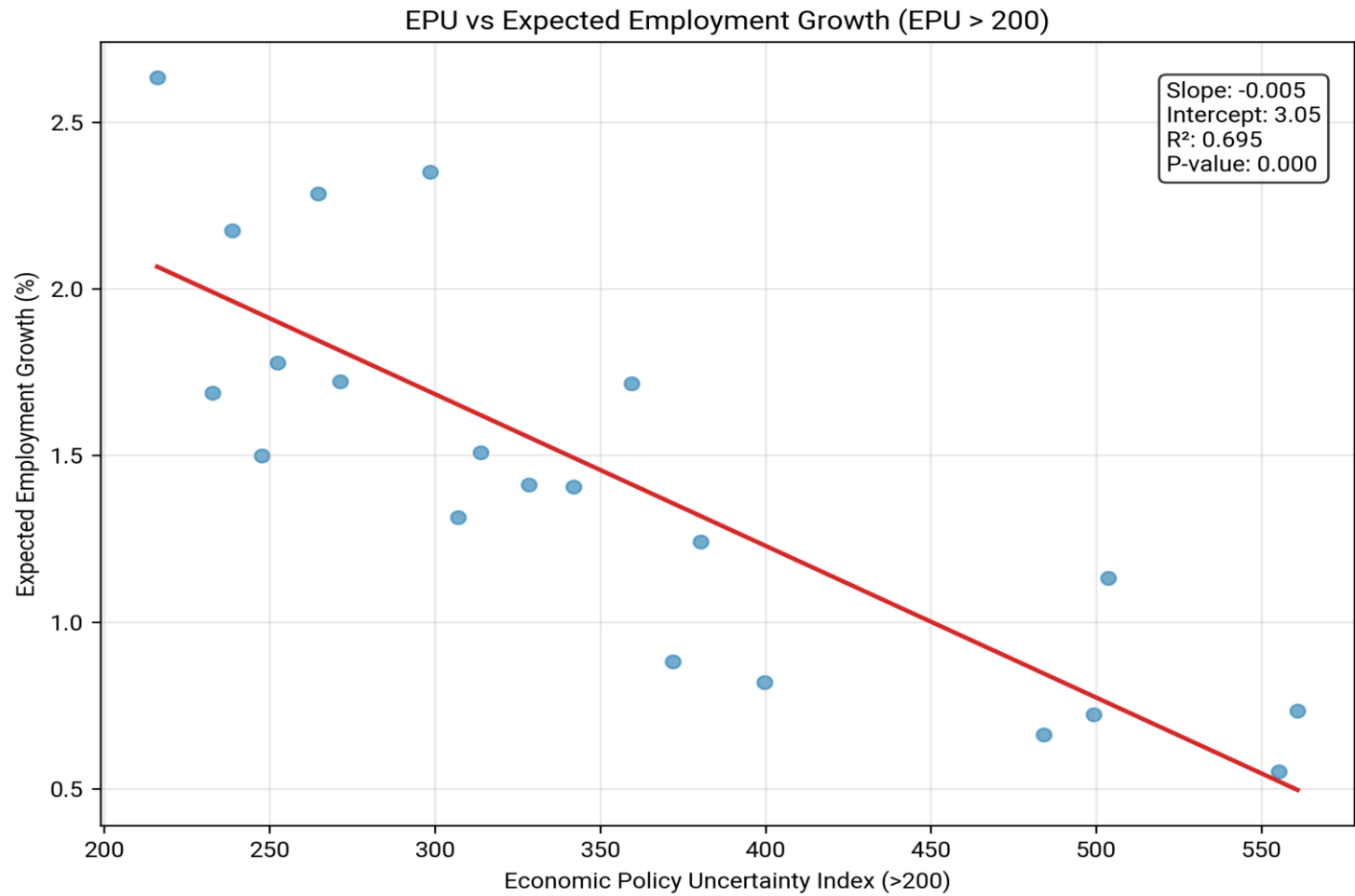
# Labor Market Outlook

- Hiring outlook is improving.
- Critical variable for labor markets (layoffs often flat).
- May depend on outlook for policy uncertainty.

# Policy Uncertainty & Hiring Outlook



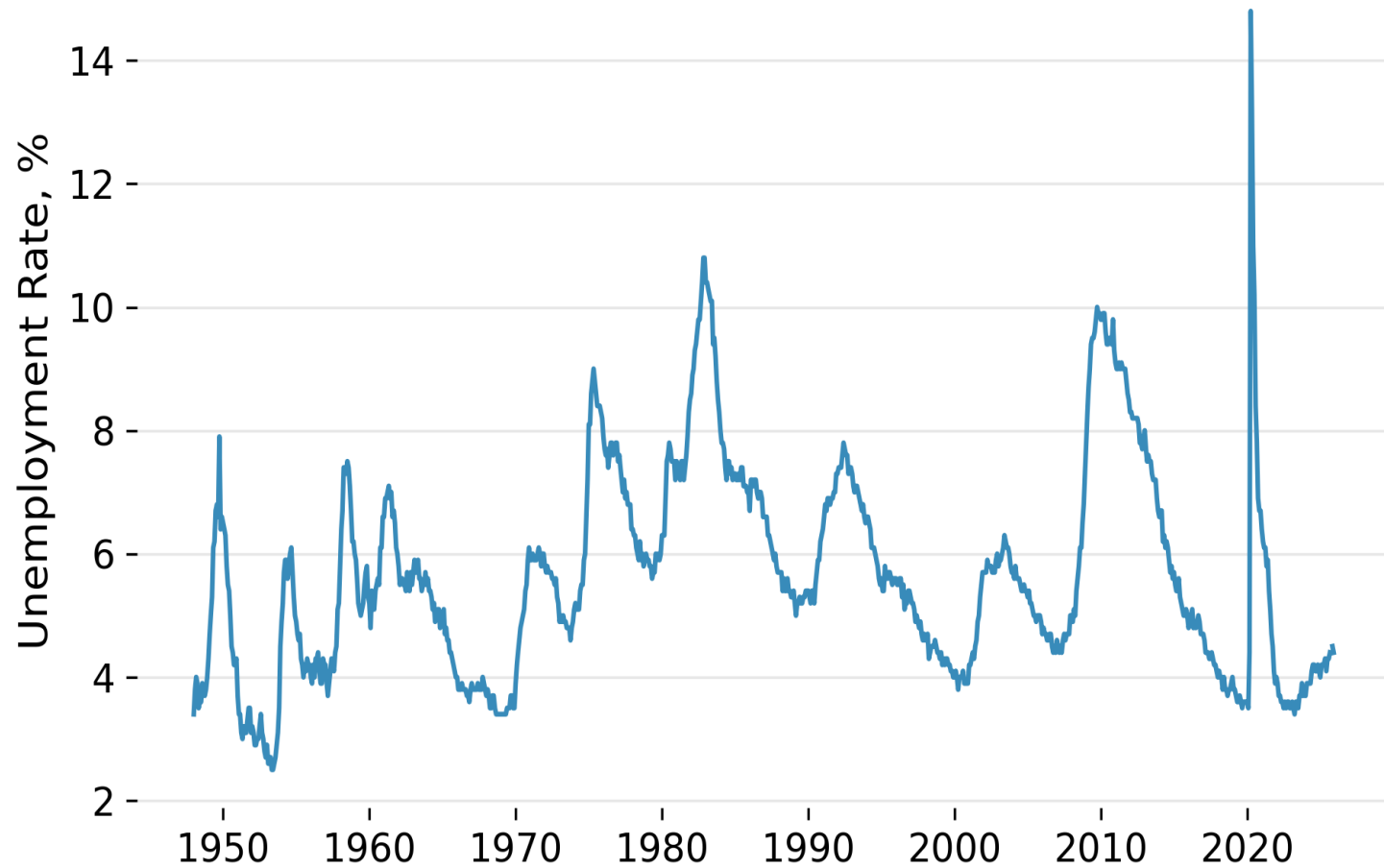
# Policy Uncertainty & Hiring Outlook



# Unemployment

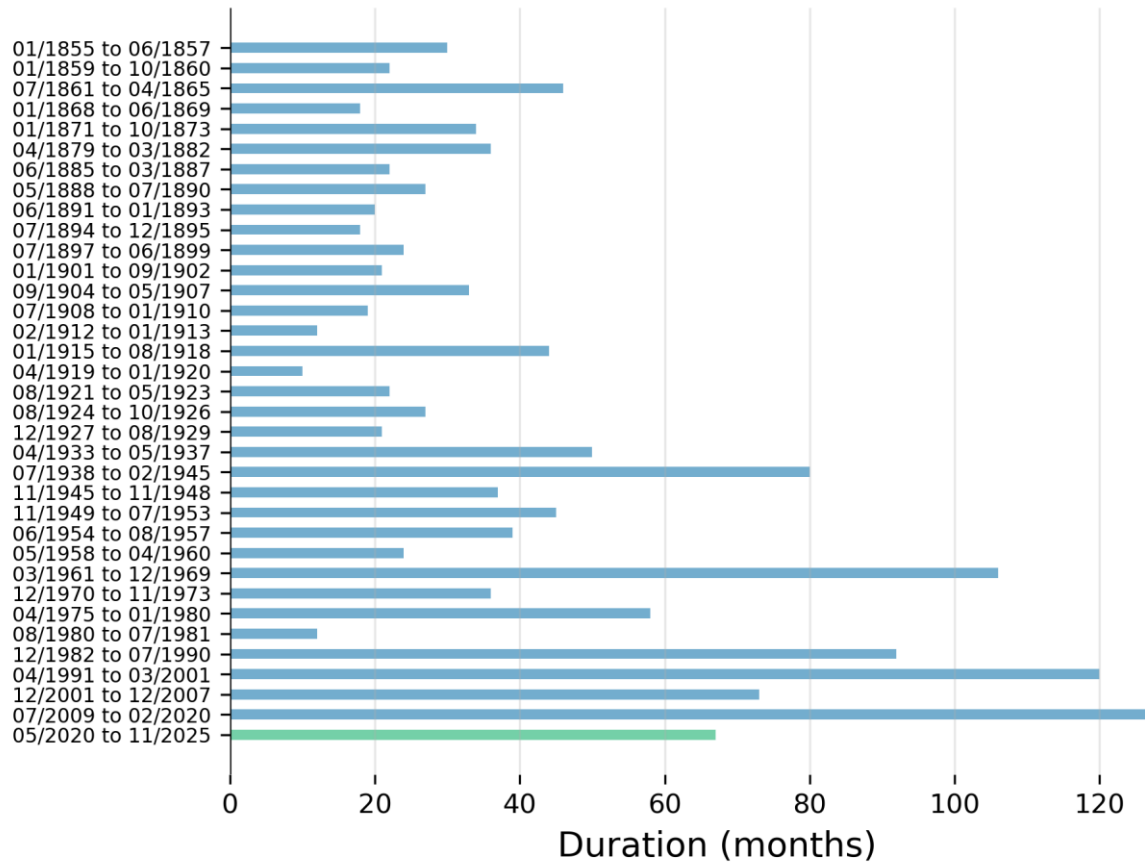
- Before the pandemic: 3.5% (Feb. 2020)
- Post-pandemic trough: 3.4% (April 2023)
- Current contractionary peak: 4.5% (Nov. 2025)
- Current value: 4.4% (Dec. 2025)

# Unemployment Rate



# Recession Risk

## Historical US Economic Expansion Durations

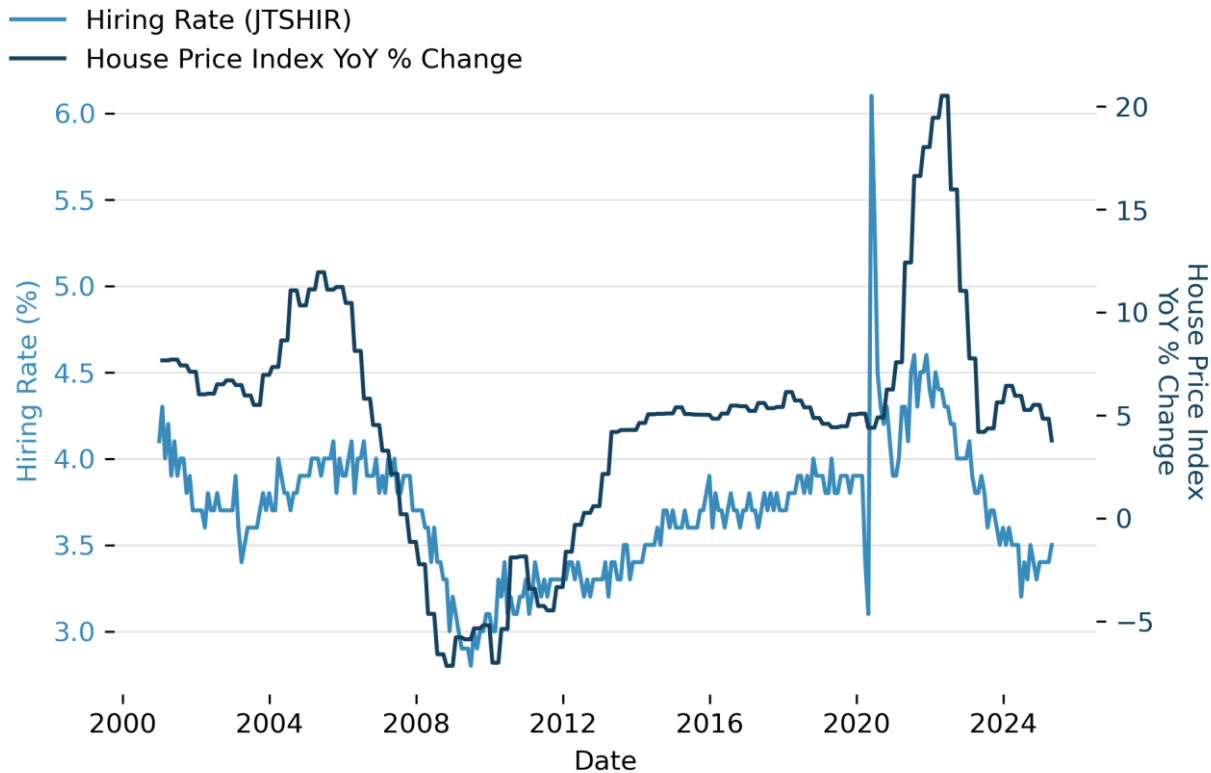


Source: NBER

# Labor Market Outlook?

- Sentiment and hiring outlook improving.
- Low pre-pandemic unemployment, maturing economic expansion. Return to 3.5%?
- Sustained economic growth → more job growth.
- Improvement in hiring could cause housing rebound.

# Hiring & Home Prices



**Source:** FHFA, Bureau of Labor Statistics

# Interest Rate Outlook



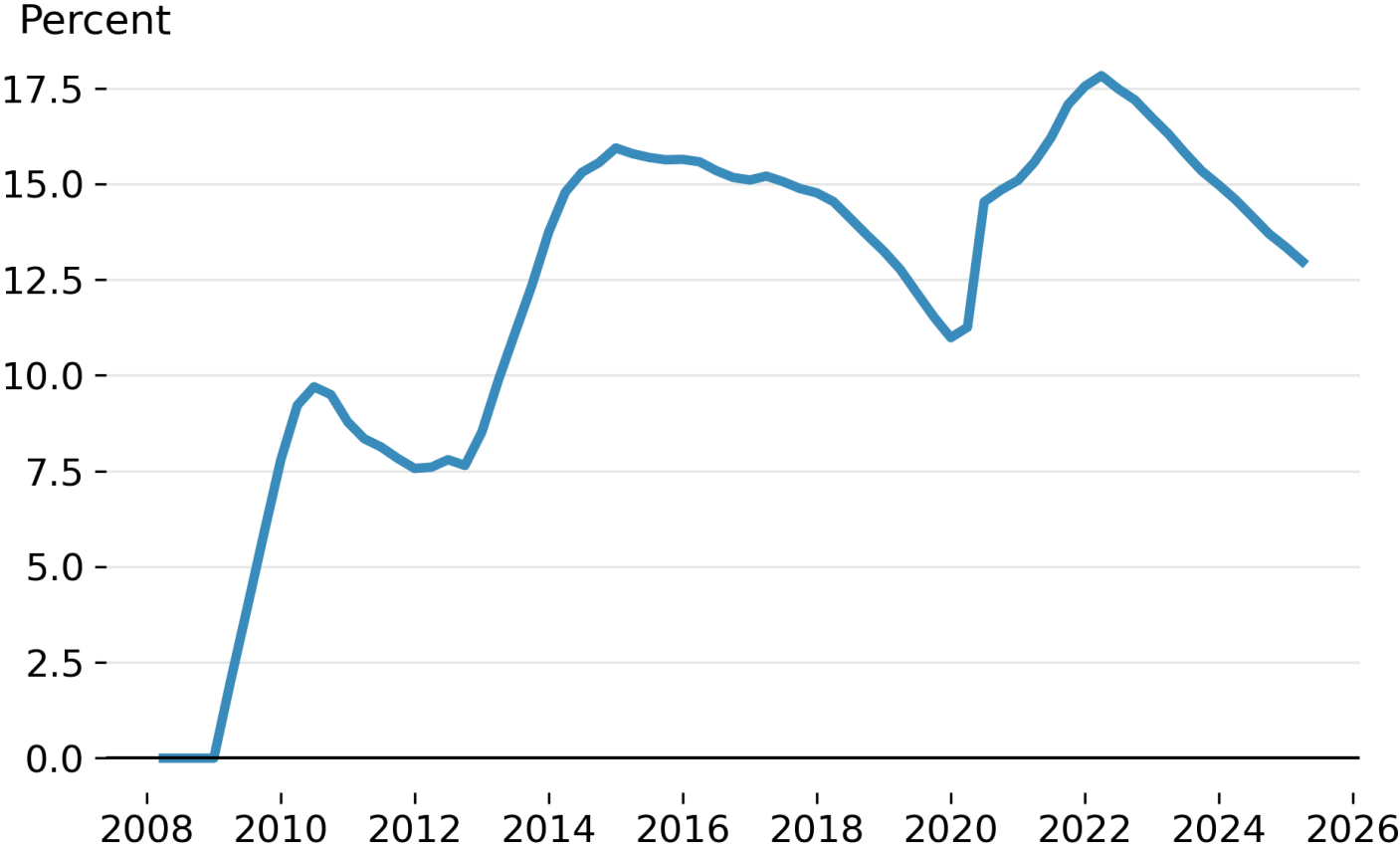
# Fed Policy

- Dual mandate: price stability and “full” employment.
- Tension between both objectives.
- Labor market is greater risk → interest rate cuts.

# Fed Policy

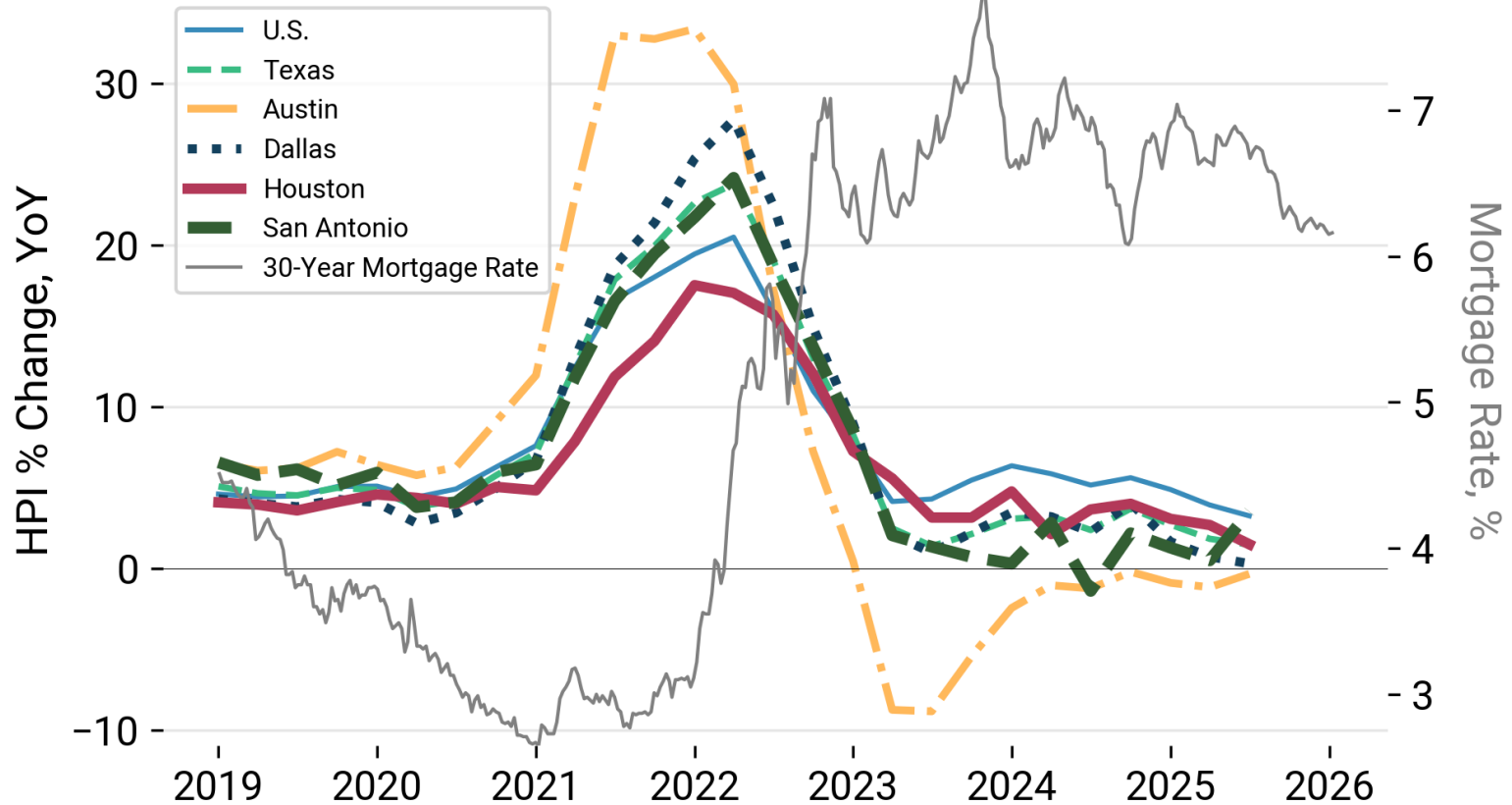
- Short-term interest rate changes
- “Balance sheet” operations
- GFC/Covid-19 Pandemic → Quantitative Easing
- Impacted housing market via mortgage rates

# % of Mortgage Market Held by Fed



Source: Federal Reserve Board of Governors and Author's Calculations

# Mortgage Rates & Home Prices



Source: FHFA and Freddie Mac

# Interest Rate Outlook

- Fed ending QT but not MBS run-off
- Steepening the yield curve
- ↓ federal funds rate **might** ↓ mortgage rates
- Long-term: mortgage rates are likely to decline

# Housing Policy Proposals

- 50-year mortgage: ↑ home ownership
- Mortgage portability: ↑ housing market turnover, expect rates to go up (↑ duration)
- 401K exclusion for first house: ↑ housing demand

# Conclusion

- Economic outlook remains strong
- Strong case for labor market rebound
- Interest rates could fall, timeline uncertain
- Policies could improve housing market, maybe!

# Questions?

- Contact info
  - TRERC Website: [trerc.tamu.edu](http://trerc.tamu.edu)
  - TRERC X: @recentertx
  - Also on Facebook, Instagram, and LinkedIn

# Questions?

Contact: [jbarro@tamu.edu](mailto:jbarro@tamu.edu)

X: [@jorge\\_barro](#)

