



Texas Capital

2025

Texas Economic Outlook

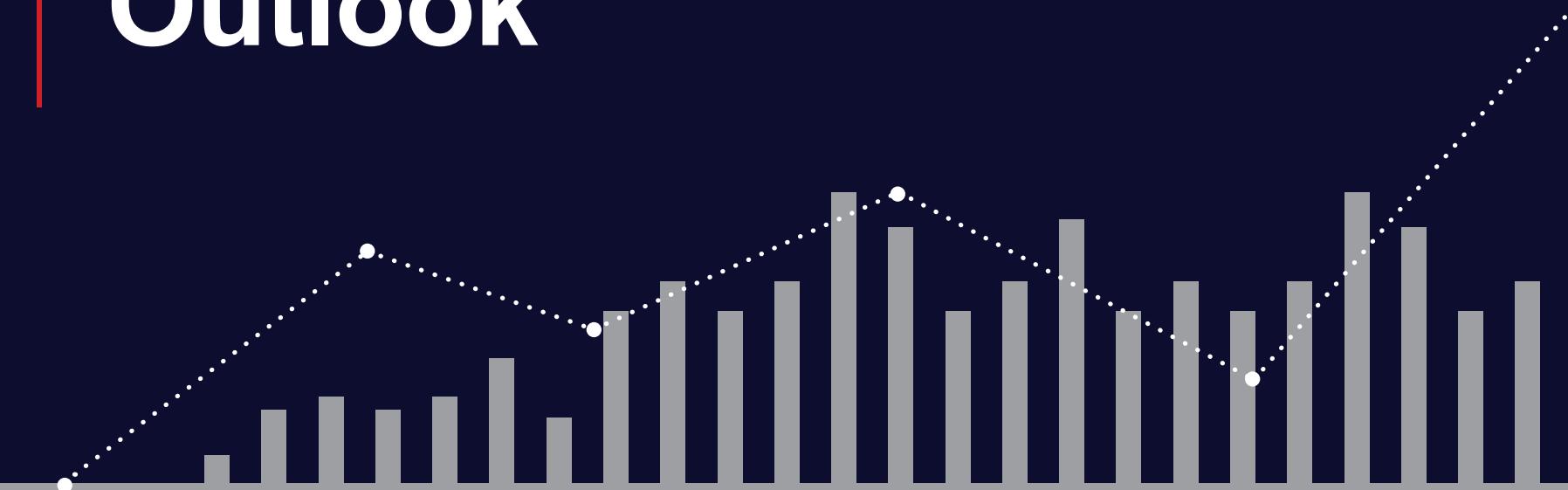




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Background

Section 1

Research Purpose and Method



Purpose

The 2025 Texas Economic Outlook study was designed to uncover insights from business leaders across the four major Texas metro areas (Austin, Dallas, Houston and San Antonio) on the current and expected states of their business and economic conditions both nationally and specifically in Texas.

Method

The Austin, Dallas, Houston and San Antonio Business Journals conducted an online quantitative survey. Respondents were recruited through an email campaign targeting business journal subscribers in the four markets. A survey link was sent in an email from each local market publisher. Additional recruitment took place via in-article modules on the publication's website. The responses were fielded from October 10 to October 22, 2024.

Participation

A total of 767 respondents participated in the research. A majority of survey participants were management business executives, with the largest cross-section being owners, founders and partners.

- Austin — 199
- Dallas — 223
- Houston — 229
- San Antonio — 116





Overview

Texas business leaders are more confident in and optimistic about current and future conditions of both the national and state economies. In fact, business leaders this year are significantly more likely to indicate positive outlooks toward the economies compared to the previous two years. Roughly half have a positive outlook toward the national economy, up from less than one-third last year. In addition, nearly eight of 10 business leaders have a positive outlook toward the state economy, up from less than two-thirds last year. The presidential election did somewhat play a role in shaping their outlook, as one-third stated their outlook was based mostly, if not entirely, on their assumption about the outcome of the presidential election results.

Overall, Texas business leaders are excited about what 2025 holds for their businesses and the state's economy. They are most excited about the opportunities for growth and expansion, the impacts of the presidential election, economic conditions and businesses and people moving to the state. While excited about the coming year, a few uncertainties still loom, such as governmental concerns (particularly at the state level) and ongoing issues with the border and immigration.



Business Impact

In the previous two Texas Economic Outlook studies, business leaders shared that factors such as inflation and rising interest rates had significantly impacted their business. However, this year we observed a significant decline in the number of business leaders who cited these two factors as having a fairly large or great deal of impact on their business. Only among Houston business leaders was there a slight increase in those who cited both inflation and rising interest rates as having a significant impact on their business over the past year. Fewer business leaders in the three other markets cited these factors as having a substantial impact. In general, we see fewer business leaders citing factors such as rising real estate costs, labor availability and supply chain issues as having a significant impact on their business over the past year; they anticipate these factors to have less of an impact in the coming year.





| Revenue

Compared to the previous two years, significantly more business leaders expect their companies to have an increase in revenue in the coming year. San Antonio had the highest percentage of business leaders who expected an increase, with eight of 10 expecting an increase, followed closely by Dallas and Houston business leaders. One-third of Dallas business leaders expect a large increase in revenue, which is up significantly from the previous year when less than one-fifth expected a large increase. Furthermore, the research saw a significant increase from the previous year in the number of small businesses (those with less than \$25 million in revenue) who expect a revenue increase. The expected revenue increase in 2025 is likely to be attributed to the expansion of a current product or service line, launching a new product or service or expansion into a new geography.

| Capital Expenditures

Similar to the past two years, roughly half of the business leaders expect their companies' capital expenditures to increase in the coming year. Another four of 10 anticipate expenditures will remain flat. Two-thirds of businesses with \$25 million to \$300 million in revenue expect their capital expenditures budgets to increase in the coming year, which is up significantly from the previous year. Among those businesses increasing their capital expenditures budget, their primary areas of focus will continue to be around technology upgrades, marketing efforts and employee training and development. Furthermore, we observed significantly more Dallas business leaders citing investing in technology adoption and upgrades this year than they did in the previous years.

| Hiring

In terms of hiring, businesses can now more easily fill their open roles with talent. Significantly fewer Texas business leaders this year stated they had an extremely or significantly difficult time hiring compared to the past two years. Roughly half of business leaders in Austin, Houston and San Antonio stated they had little to no difficulty hiring in the past year. As for talent acquisition plans in 2025, six of 10 plan to increase the size of their workforce, which is on par with what we have seen in years past. Furthermore, nearly three-quarters of Dallas business leaders plan to increase their workforce in the coming year, which is significantly higher than what leaders in that market said the previous year.

How to Read Data in this Report



All market, company revenue and trended data have been tested for statistical significance at the 90%-plus confidence level. Data highlighted in orange with a corresponding letter (A, B, C or D) reflects a result that is significantly higher for that segment than for other segments. An * reflects a sample size of fewer than 50 respondents.

Future State of the Texas Economy	AUSTIN (A)	DALLAS (B)	HOUSTON (C)	SAN ANTONIO (D)
NET (Generally/Somewhat Positive Outlook)	79% C	85% C	68%	86% C

This would read as follows:

Respondents in Austin, Dallas and San Antonio are significantly more likely to say they have a positive outlook toward the future state of the Texas economy than respondents in the Houston market.

	UNDER \$25 MILLION (A)	\$25 MILLION TO UNDER \$300 MILLION (B)	\$300 MILLION OR MORE (C)
NET (Great Deal/Slight Increase)	44%	65% A	63% A

This would read as follows:

Respondents at businesses with at least \$25 million in revenue are significantly more likely to state that their company plans to increase their capital expenditures budget in the coming year than respondents at businesses with under \$25 million in revenue.

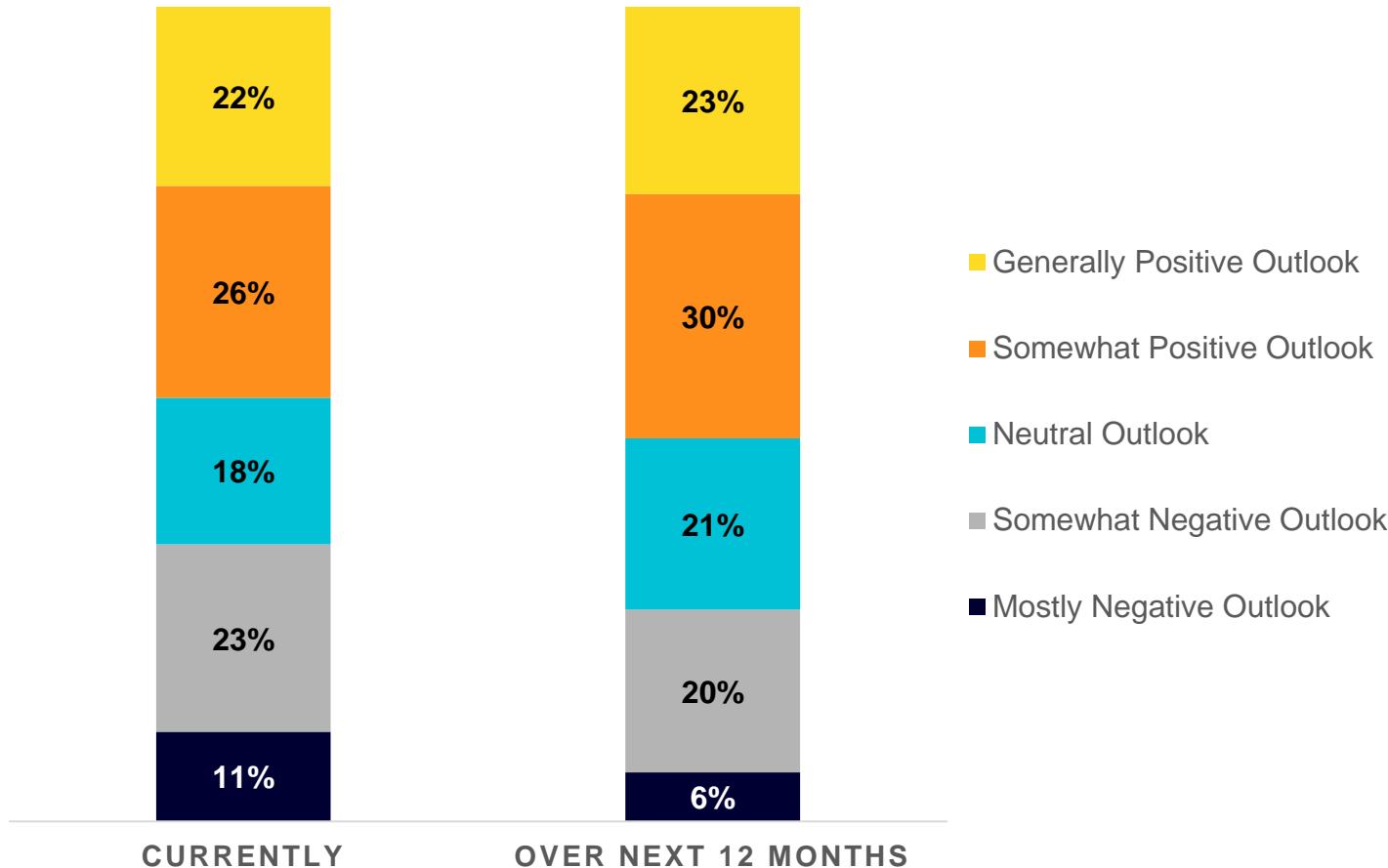
Economic Outlook

Section 2

National Economic Outlook



Currently and over the next 12 months, roughly half of business leaders have either a somewhat positive or generally positive outlook toward the national economy. Slightly more have positive perceptions about the state of the national economy in the coming year.



"Overall, how are you feeling about the current state of the national economy?"

"Overall, how are you feeling about the future of the national economy over the next year?"

National Economic Outlook | *Continued*



Texas business leaders are significantly more optimistic about the current and future states of the national economy compared to the previous two years. Roughly half have a positive outlook, compared to only one-third having similar optimism last year.

Current State of the National Economy	2022 (A)	2023 (B)	2024 (C)
NET (Generally/Somewhat Positive Outlook)	31%	32%	48% AB
Generally positive outlook	10%	13%	22% AB
Somewhat positive outlook	21%	19%	26% AB
Neutral Outlook	17%	21% A	18%
NET (Somewhat/Mostly Negative Outlook)	53% BC	47% C	34%
Somewhat negative outlook	35% C	33% C	23%
Mostly negative outlook	18% C	14%	11%
Future State of the National Economy	2022 (A)	2023 (B)	2024 (C)
NET (Generally/Somewhat Positive Outlook)	27%	32% A	53% AB
Generally positive outlook	7%	10% A	23% AB
Somewhat positive outlook	20%	22%	30% AB
Neutral Outlook	15%	19% A	21% A
NET (Somewhat/Mostly Negative Outlook)	58% BC	49% C	26%
Somewhat negative outlook	35% C	32% C	20%
Mostly negative outlook	23% BC	17% C	6%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

"Overall, how are you feeling about the current state of the national economy?"

"Overall, how are you feeling about the future of the national economy over the next year?"

National Economic Outlook by Market



Across the four markets, significantly fewer business leaders have a negative outlook toward the national economy. San Antonio had the highest percentage of business leaders who feel positive about the current state of the national economy, followed by just under half stating the same in Austin, Dallas and Houston.

Current State of the National Economy	AUSTIN			DALLAS			HOUSTON			SAN ANTONIO		
	2022 (A)	2023 (B)	2024 (C)									
NET (Generally/Somewhat Positive Outlook)	28%	36%	49% AB	29%	31%	49% AB	37%	32%	43% B	30%	28%	51% AB
Generally positive outlook	11%	13%	23% AB	8%	12%	23% AB	11%	14%	19% A	11%	15%	23% A
Somewhat positive outlook	17%	23%	26% A	21%	19%	26%	26% B	18%	24%	19%	13%	28% B
Neutral Outlook	18%	20%	21%	15%	26% AC	18%	9%	14%	17% A	23% C	22% C	12%
NET (Somewhat/Mostly Negative Outlook)	54% BC	44% C	30%	56% BC	43% C	33%	54% C	54% C	40%	47%	50% C	37%
Somewhat negative outlook	34% C	28% C	20%	36% C	32% C	22%	35%	38% C	27%	35% C	37% C	24%
Mostly negative outlook	20% C	16%	10%	20% BC	11%	11%	19%	16%	13%	12%	13%	13%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

National Economic Outlook by Market | Continued



Again, we see San Antonio with the highest percentage of business leaders who have a positive perception of the future state of the national economy. Across all markets, fewer than three of 10 have a negative outlook toward the national economy.

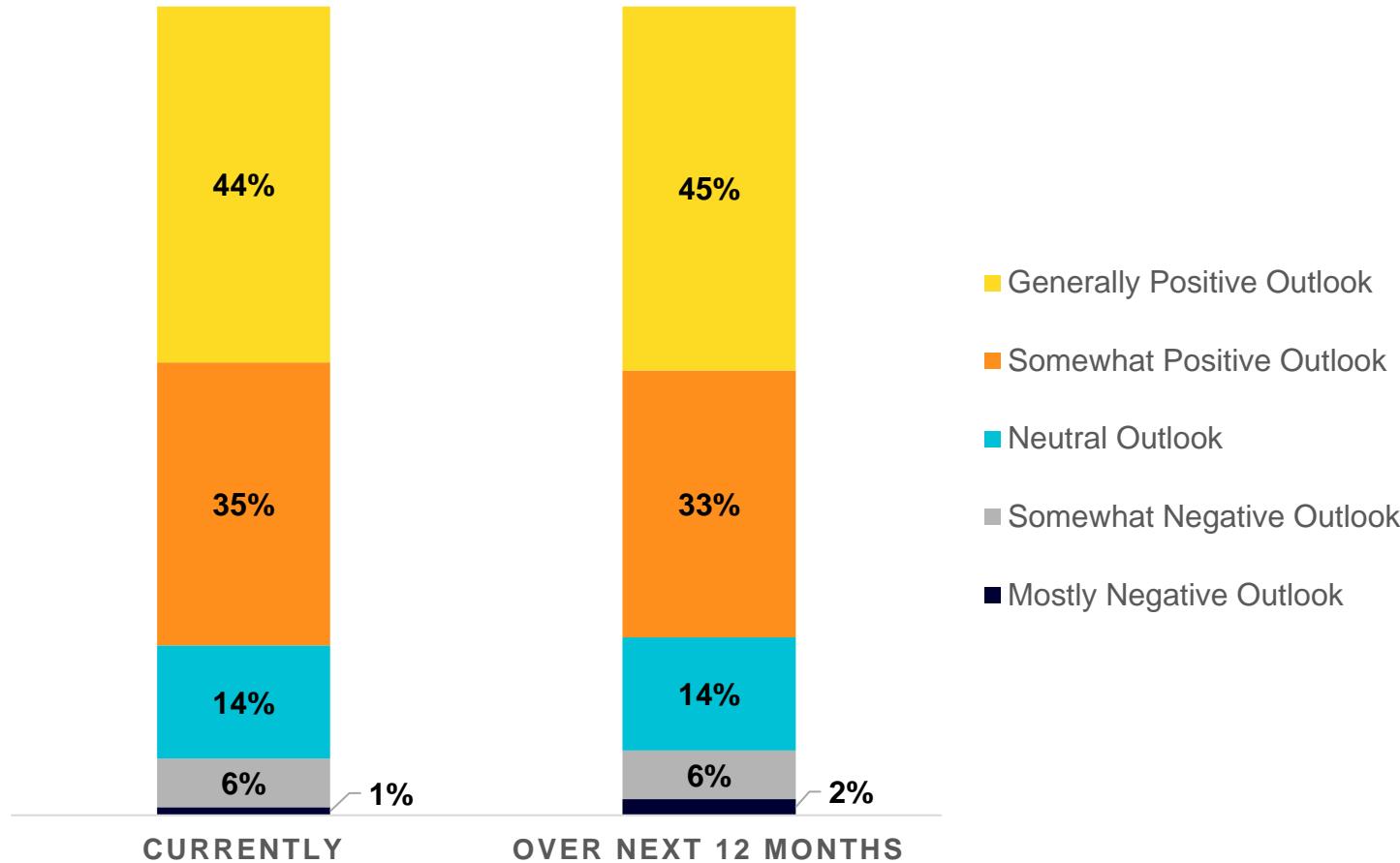
Future State of the National Economy	AUSTIN			DALLAS			HOUSTON			SAN ANTONIO		
	2022 (A)	2023 (B)	2024 (C)									
NET (Generally/Somewhat Positive Outlook)	27%	35%	54% AB	27%	30%	53% AB	26%	30%	46% AB	34%	30%	61% AB
Generally positive outlook	7%	10%	27% AB	5%	9%	22% AB	7%	9%	18% AB	11%	11%	25% AB
Somewhat positive outlook	20%	25%	27%	22%	21%	31% AB	19%	21%	28% A	23%	19%	36% AB
Neutral Outlook	14%	16%	21%	16%	26% A	20%	14%	15%	25% AB	16%	16%	18%
NET (Somewhat/Mostly Negative Outlook)	59% BC	49% C	25%	57% BC	44% C	27%	60% C	55% C	29%	50% C	54% C	21%
Somewhat negative outlook	38% BC	29% C	20%	34% C	30% C	22%	33% C	36% C	22%	30% C	36% C	14%
Mostly negative outlook	21% C	20% C	5%	23% BC	14% C	5%	27% BC	19% C	7%	20% C	18% C	7%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

Texas Economic Outlook



Currently and over the next 12 months, nearly eight of 10 business leaders have either a somewhat positive or generally positive outlook toward the Texas economy. Interestingly, the positive perceptions of the current state of the Texas economy are slightly higher than perceptions of the Texas economy over the next 12 months.



"Overall, how are you feeling about the current state of the Texas economy?"

"Overall, how are you feeling about the future of the Texas economy over the next year?"

Texas Economic Outlook | *Continued*



Similar to what we saw with the national economy, Texas business leaders are significantly more optimistic about the current and future states of the Texas economy than they were in the previous two years. Nearly eight of 10 have a positive outlook about both the current and future states of the Texas economy; very few have a negative outlook.

Current State of the Texas Economy	2022 (A)	2023 (B)	2024 (C)
NET (Generally/Somewhat Positive Outlook)	61%	65%	79% AB
Generally positive outlook	25%	28%	44% AB
Somewhat positive outlook	36%	37%	35%
Neutral Outlook	19% C	18% C	14%
NET (Somewhat/Mostly Negative Outlook)	20% C	17% C	7%
Somewhat negative outlook	17% C	14% C	6%
Mostly negative outlook	3% C	3% C	1%
Future State of the Texas Economy	2022 (A)	2023 (B)	2024 (C)
NET (Generally/Somewhat Positive Outlook)	60%	65% A	78% AB
Generally positive outlook	25%	27%	45% AB
Somewhat positive outlook	35%	38% C	33%
Neutral Outlook	20% C	17%	14%
NET (Somewhat/Mostly Negative Outlook)	20% C	18% C	8%
Somewhat negative outlook	17% C	15% C	6%
Mostly negative outlook	3%	3%	2%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

"Overall, how are you feeling about the current state of the Texas economy?"

"Overall, how are you feeling about the future of the Texas economy over the next year?"

Texas Economic Outlook by Market



Business leaders across all markets have significantly higher positive perceptions of the current state of the Texas economy than in previous years. Nearly nine of 10 business leaders in Dallas have a positive outlook toward the current state of the Texas economy, which is the highest among the four markets and significantly higher than the previous two years.

Current State of the Texas Economy	AUSTIN			DALLAS			HOUSTON			SAN ANTONIO		
	2022 (A)	2023 (B)	2024 (C)									
NET (Generally/Somewhat Positive Outlook)	59%	63%	77% AB	67%	76% A	88% AB	59%	62%	71% AB	55%	59%	80% AB
Generally positive outlook	25%	30%	48% AB	25%	35% A	51% AB	28%	20%	33% B	21%	26%	43% AB
Somewhat positive outlook	34%	33%	29%	42%	41%	37%	31%	42% A	38%	34%	33%	37%
Neutral Outlook	17%	17%	12%	16% C	13%	10%	22%	19%	18%	23%	21%	15%
NET (Somewhat/Mostly Negative Outlook)	24% C	20% C	11%	17% C	11% C	2%	19% C	19% C	11%	22% C	20% C	5%
Somewhat negative outlook	21% C	17% C	10%	15% C	10% C	2%	16% C	16% C	8%	20% C	16% C	3%
Mostly negative outlook	3%	3%	1%	2% C	1%	0%	3%	3%	3%	2%	4%	2%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

Texas Economic Outlook by Market | *Continued*



Like business leaders' perceptions of the current state of the Texas economy, many also have positive perceptions about the future state of the Texas economy. Significantly more business leaders in Austin, Dallas and San Antonio have a positive outlook toward the Texas economy compared to the previous two years.

Future State of the Texas Economy	AUSTIN			DALLAS			HOUSTON			SAN ANTONIO		
	2022 (A)	2023 (B)	2024 (C)									
NET (Generally/Somewhat Positive Outlook)	58%	61%	79% AB	67%	73%	85% AB	57%	65%	68% A	54%	60%	86% AB
Generally positive outlook	27%	26%	44% AB	26%	32%	55% AB	23%	22%	38% AB	24%	30%	38% A
Somewhat positive outlook	31%	35%	35%	41% C	41% C	30%	34%	43% C	30%	30%	30%	48% AB
Neutral Outlook	17%	17%	12%	17%	13%	12%	23% B	15%	19%	27% C	21% C	9%
NET (Somewhat/Mostly Negative Outlook)	25% C	22% C	9%	16% C	14% C	3%	20% C	19%	13%	19% C	19% C	5%
Somewhat negative outlook	21% C	18% C	7%	14% C	12% C	3%	17% C	16% C	9%	17% C	15% C	4%
Mostly negative outlook	4%	4%	2%	2% C	2% C	0%	3%	3%	4%	2%	4%	1%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

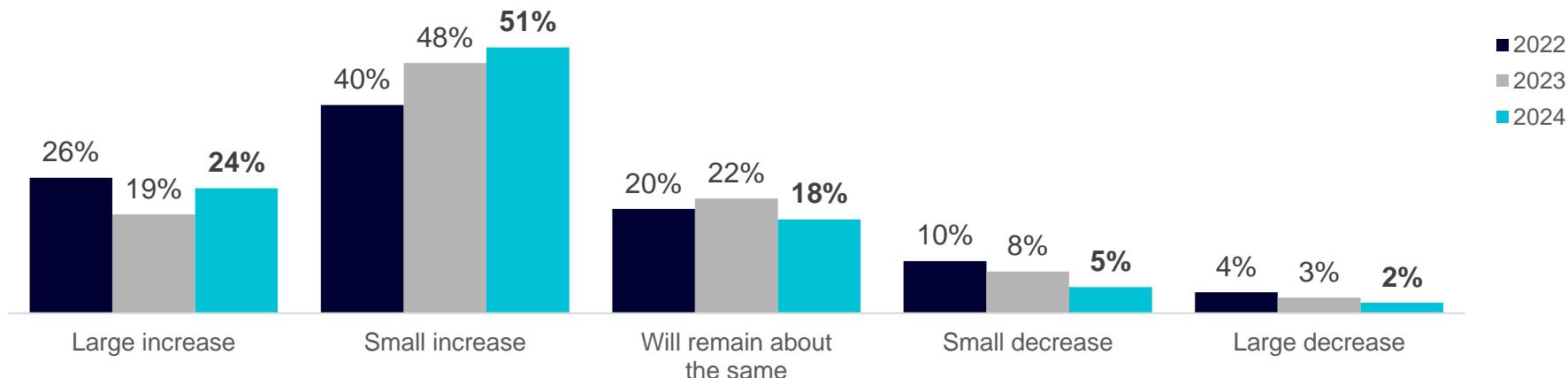
Revenue

Section 3

Projected Revenue Change



Three-quarters of business leaders across the four markets anticipate their revenue to increase in the coming year. This percentage is significantly higher than what business leaders over the past two years thought regarding expected revenue increases for the coming year.



	2022 (A)	2023 (B)	2024 (C)
NET (Large/Small Increase)	66%	67%	75% AB
Large increase		26% B	19%
Small increase	40%		51% A
Will Remain About the Same	20%	22%	18%
NET (Small/Large Decrease)	14% C	11% C	7%
Small decrease		8%	5%
Large decrease	4%	3%	2%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

Projected Revenue Change by Market



Across all markets, more business leaders expect their revenue to increase in the coming year. In fact, more than seven of 10 business leaders expect an increase. Significantly more business leaders in San Antonio expect their revenue to increase in the coming year than they did in previous years.

	AUSTIN			DALLAS			HOUSTON			SAN ANTONIO		
	2022 (A)	2023 (B)	2024 (C)									
NET (Large/Small Increase)	61%	62%	72%	69%	69%	77%	70%	75%	75%	64%	64%	81% AB
Large increase	26%	25%	17%	25% B	12%	33% B	31%	21%	22%	22%	18%	23%
Small increase	35%	37%	55% AB	44%	57% AC	44%	39%	54% A	53% A	42%	46%	58% A
Will Remain About the Same	28%	26%	20%	17%	19%	17%	16%	18%	19%	19%	25%	15%
NET (Small/Large Decrease)	11%	12%	8%	14% C	12%	6%	14% C	7%	6%	17% C	11%	4%
Small decrease	10%	9%	7%	9%	9%	5%	10% C	5%	3%	12% C	11% C	2%
Large decrease	1%	3%	1%	5% C	3%	1%	4%	2%	3%	5%	0%	2%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

Reasons for Expected Increases in Revenue



Among Those Who Expect Revenue To Increase

Although most cited expanding the scope of their current product/service lines and expansion into new geographic markets as reasons for the expected increase in revenue, a greater number of business leaders cited more client/project bids/accounts and increased marketing/business development efforts this year than the previous year.

	2022 (A)	2023 (B)	2024 (C)
Expanding the scope of the current product/service line	41%	39%	41%
Launching a new product/service	29%	27%	30%
Expanding into new geographic markets	36%	32%	31%
Organic growth	8% C	7% C	3%
More client/project bids/accounts	5%	3%	8% B
Higher prices	3%	4%	2%
Staffing changes	3%	4%	2%
Market share	--	2%	2%
Increased marketing/business development	--	2%	5% B
Improved interest rates	--	--	3%
Acquisitions	--	--	2%
Other	12%	9%	8%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

Reasons for Expected Increases in Revenue by Market



Among Those Who Expect Revenue To Increase

Across all markets, most business leaders cited expanding the scope of their current product/service line as a reason for an expected increase in revenue in 2025. Business leaders in Houston were significantly more likely this year to cite launching a new product/service versus their expectations last year.

	AUSTIN			DALLAS			HOUSTON			SAN ANTONIO		
	2022 (A)	2023 (B)	2024 (C)									
Expanding the scope of the current product/service line	38%	44%	35%	51%	38%	48%	42%	39%	42%	23%	36%	37%
Launching a new product/service	26%	33%	32%	35%	28%	31%	27%	21%	34% B	26%	28%	21%
Expanding into new geographic markets	41%	33%	29%	41% B	26%	28%	30%	32%	35%	31%	41%	33%
More client/project bids/accounts	2%	2%	9% AB	3%	3%	7%	5%	5%	8%	5%	5%	9%
Organic growth	7%	5%	6%	6%	6%	--	--	10% C	1%	8%	5%	5%
Increased marketing/business development	--	2%	6%	--	6%	7%	--	--	3%	--	--	5%
Improved interest rates	--	--	5%	--	--	1%	--	--	1%	--	--	7%
Higher prices	4%	3%	3%	4%	3%	3%	5%	5%	--	--	5%	--
Staffing changes	--	5%	3%	--	2%	3%	5%	2%	1%	5%	5%	1%
Market share	--	2%	--	--	--	5%	--	6%	3%	--	--	--
Acquisitions	--	--	--	--	--	4%	--	--	3%	--	--	--
Other	18% BC	8%	8%	9%	12%	5%	16%	10%	8%	23% B	8%	12%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

"Why do you expect your company revenue to increase in the coming year? Please select all that apply."

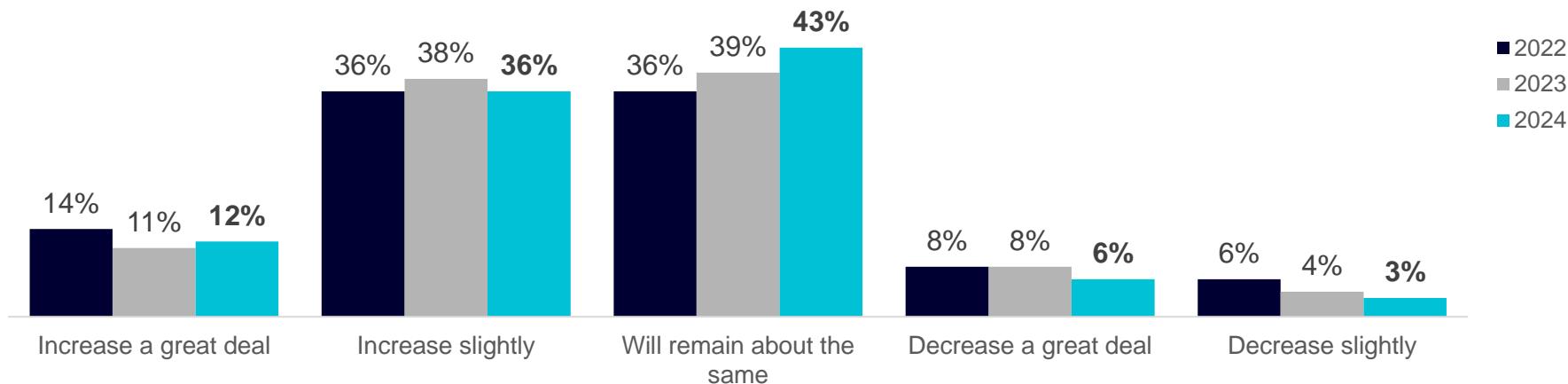
Capital Expenditures Projections

Section 4

Coming Year Change in Capital Expenditures



Over the past three years, roughly half of business leaders expected their capital expenditures budget to increase. In 2024, significantly more business leaders stated their company's capital expenditures budget will remain about the same compared to previous years.



	2022 (A)	2023 (B)	2024 (C)
NET (Great Deal/Slight Increase)	50%	49%	48%
Increase a great deal	14%	11%	12%
Increase slightly	36%	38%	36%
Will Remain About the Same	36%	39%	43% A
NET (Great Deal/Slight Decrease)	14% C	12%	9%
Decrease a great deal	8%	8%	6%
Decrease slightly	6% C	4%	3%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

Coming Year Change in Capital Expenditures by Market



A slightly higher percentage of business leaders in Dallas and Houston compared to business leaders in Austin and San Antonio stated they expect their company's capital expenditures budget to increase in 2025.

	AUSTIN			DALLAS			HOUSTON			SAN ANTONIO		
	2022 (A)	2023 (B)	2024 (C)									
NET (Great Deal/Slight Increase)	51%	53%	43%	55% B	40%	51%	53%	45%	51%	43%	55%	47%
Increase a great deal	19% C	12%	9%	12%	12%	13%	17%	10%	13%	9%	8%	13%
Increase slightly	32%	41%	34%	43% B	28%	38%	36%	35%	38%	34%	47%	34%
Will Remain About the Same	36%	35%	44%	29%	43% A	42% A	36%	42%	41%	42%	36%	43%
NET (Great Deal/Slight Decrease)	13%	12%	13%	16% C	17% C	7%	11%	13%	8%	15%	9%	10%
Decrease a great deal	8%	6%	11%	9%	12% C	5%	8%	11%	5%	8%	7%	6%
Decrease slightly	5%	6%	2%	7% C	5%	2%	3%	2%	3%	7%	2%	4%

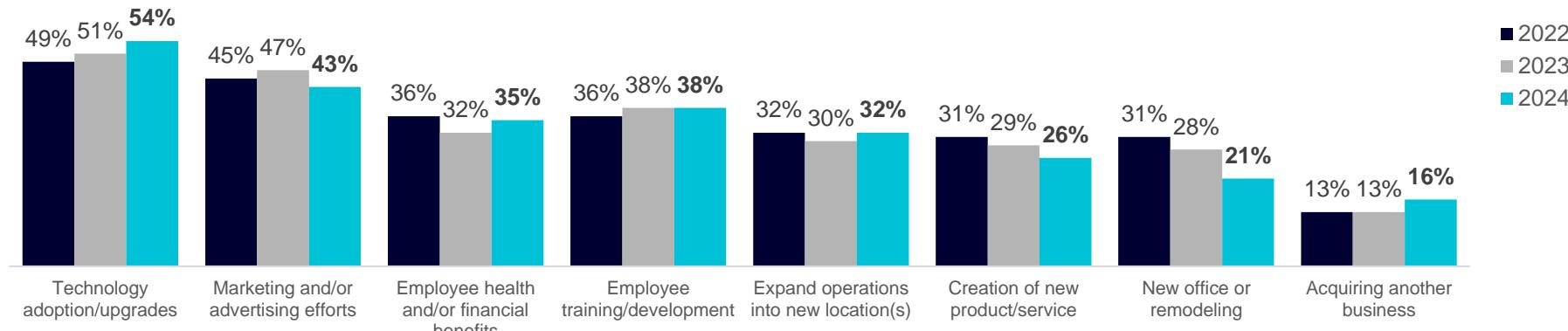
Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

Areas Where Capital Expenditures Will Increase



Among Those Who Expect To Increase Capital Expenditures

Over the past three years, technology adoption/upgrades and marketing and/or advertising efforts have been the two top areas in which business leaders anticipate focusing their increased capital expenditures budget. Significantly fewer business leaders will focus their increased capital expenditures budget on new offices or remodeling.



	2022 (A)	2023 (B)	2024 (C)
Technology adoption/upgrades	49%	51%	54%
Marketing and/or advertising efforts	45%	47%	43%
Employee health and/or financial benefits	36%	32%	35%
Employee training/development	36%	38%	38%
Expand operations into new location(s)	32%	30%	32%
Creation of new product/service	31%	29%	26%
New office or remodeling	31% C	28%	21%
Acquiring another business	13%	13%	16%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

"In which of the following areas will your capital expenditures increase in the coming year? Please select all that apply."

Areas Where Capital Expenditures Will Increase by Market



Among Those Who Expect To Increase Capital Expenditures

Compared to the past two years, significantly more business leaders in Dallas plan to focus their increased capital expenditures budget on technology adoption/upgrades.

	AUSTIN			DALLAS			HOUSTON			SAN ANTONIO		
	2022 (A)	2023 (B)	2024 (C)									
Technology adoption/upgrades	50%	62%	54%	44%	42%	63% AB	53%	54%	53%	56%	44%	44%
Employee training/development	32%	44%	54% A	33%	42%	29%	43%	32%	31%	40%	35%	44%
Marketing and/or advertising efforts	41%	56%	44%	52%	45%	45%	43%	43%	43%	44%	41%	36%
Expand operations into new location(s)	27%	29%	36%	39% C	26%	18%	34%	35%	41%	24%	29%	36%
New office or remodeling	34%	29%	33%	31% C	32% C	16%	34% C	22%	14%	20%	32%	28%
Employee health and/or financial benefits	20%	42% A	31%	43% B	26%	37%	43%	27%	33%	36%	29%	36%
Creation of new product/service	27%	31%	28%	33%	18%	20%	36% B	19%	29%	24%	47% A	32%
Acquiring another business	9%	16%	10%	15%	8%	22%	19%	8%	18%	4%	15%	16%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

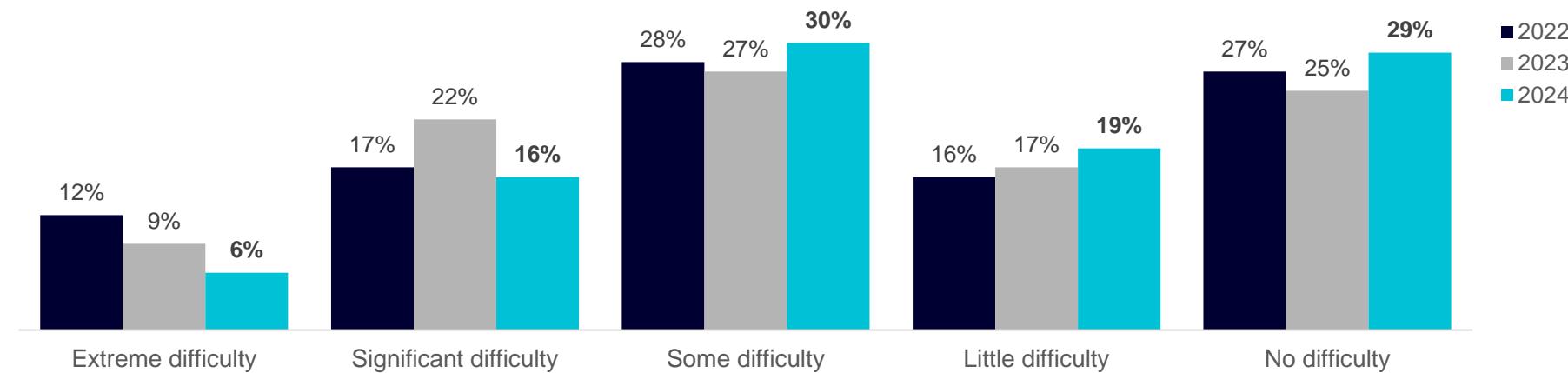
Hiring

Section 5

Level of Difficulty Finding/Retaining Talent over the Past Year



For many business leaders, hiring talent for their organizations has gotten easier over the past couple of years. Significantly fewer leaders this year stated it has been extremely or significantly difficult to hire top talent compared to 2022 and 2023. Nearly half stated they had little to no difficulty when it came to hiring.



	2022 (A)	2023 (B)	2024 (C)
NET (Extreme/Significant Difficulty)	29% C	31% C	22%
Extreme difficulty	12% C	9%	6%
Significant difficulty	17%	22% AC	16%
Some Difficulty	28%	27%	30%
NET (Little/No Difficulty)	43%	42%	48%
Little difficulty	16%	17%	19%
No difficulty	27%	25%	29%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

Level of Difficulty Finding/Retaining Talent over the Past Year by Market



Across all markets, fewer than one-quarter of business leaders reported an extremely or significantly difficult time with hiring over the past year. In Austin, more than half stated they had little to no difficulty hiring, which was a significantly higher percentage than stated last year. Additionally, in Houston, hiring talent for open roles has gotten easier year over year during the past three years.

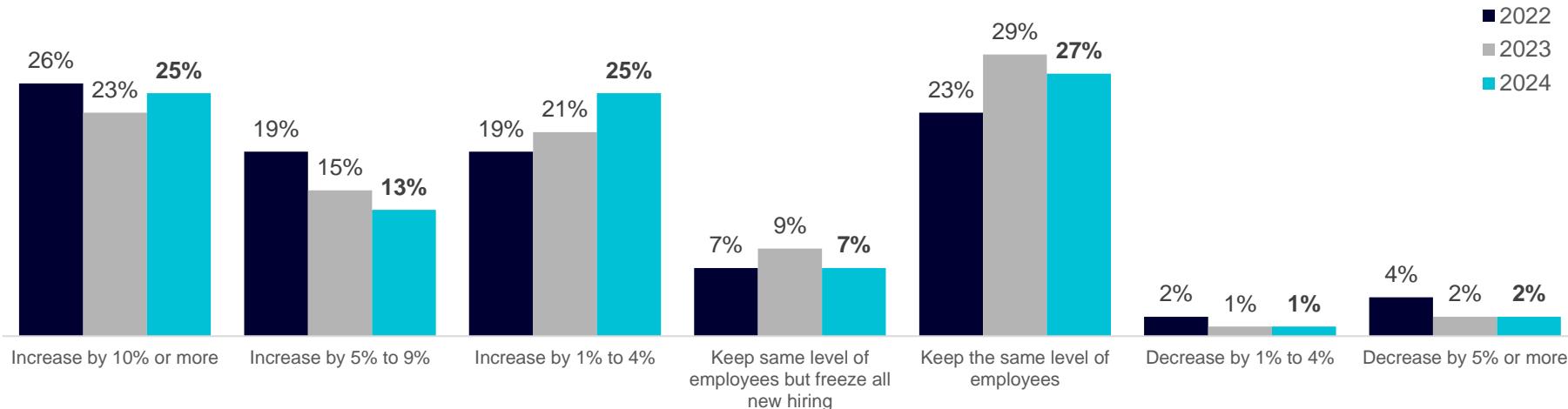
	AUSTIN			DALLAS			HOUSTON			SAN ANTONIO		
	2022 (A)	2023 (B)	2024 (C)									
NET (Extreme/Significant Difficulty)	26%	33% C	19%	28%	30%	24%	36% C	25%	21%	31%	34%	23%
Extreme difficulty	10%	12%	7%	11%	7%	6%	14% BC	5%	5%	17% C	8%	2%
Significant difficulty	16%	21% C	12%	17%	23%	18%	22%	20%	16%	14%	26% A	21%
Some Difficulty	29%	27%	26%	30%	23%	37% B	34%	31%	30%	18%	27%	23%
NET (Little/No Difficulty)	45%	40%	55% B	42%	47%	39%	30%	44% A	49% A	51%	39%	54%
Little difficulty	18%	14%	22%	17%	19%	15%	10%	21% A	17%	20%	18%	26%
No difficulty	27%	26%	33%	25%	28%	24%	20%	23%	32% A	31%	21%	28%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

Talent Acquisition Plans for Next Year



As the research has shown over the previous two years, most business leaders plan to increase the size of their workforce in the coming year.



	2022 (A)	2023 (B)	2024 (C)
NET (Increase Workforce)	64%	59%	63%
Increase by 10% or more	26%	23%	25%
Increase by 5% to 9%	19% C	15%	13%
Increase by 1% to 4%	19%	21%	25% A
Keep Same Level of Employees but Freeze All New Hiring	7%	9%	7%
Keep the Same Level of Employees	23%	29% A	27%
NET (Decrease Workforce)	6% BC	3%	3%
Decrease by 1% to 4%	2%	1%	1%
Decrease by 5% or more	4%	2%	2%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

"What are your plans for talent acquisition over the next year?"

Talent Acquisition Plans for Next Year by Market



More than seven of 10 business leaders in Dallas plan to increase their workforce size in the coming year; in the other three markets, just under two-thirds plan to increase their workforce size.

	AUSTIN			DALLAS			HOUSTON			SAN ANTONIO		
	2022 (A)	2023 (B)	2024 (C)									
NET (Increase Workforce)	63%	63%	59%	71% B	59%	72% B	64%	54%	60%	58%	60%	66%
Increase by 10% or more	27%	33%	23%	24%	19%	26%	30%	23%	26%	25%	14%	23%
Increase by 5% to 9%	13%	18%	13%	31% BC	19%	11%	16% B	6%	12%	12%	16%	26% A
Increase by 1% to 4%	23% B	12%	23% B	16%	21%	35% AB	18%	25%	22%	21%	30%	17%
Keep Same Level of Employees but Freeze All New Hiring	5%	12%	5%	8%	9%	7%	5%	12%	7%	13% B	2%	9%
Keep the Same Level of Employees	25%	22%	34% B	17%	30% AC	19%	25%	32%	29%	19%	32%	23%
NET (Decrease Workforce)	7%	3%	2%	4%	2%	2%	6%	2%	4%	10% C	6%	2%
Decrease by 1% to 4%	1%	1%	1%	4% B	0%	1%	3%	1%	0%	0%	2%	0%
Decrease by 5% or more	6% C	2%	1%	0%	2%	1%	3%	1%	4%	10% C	4%	2%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

Business Impact

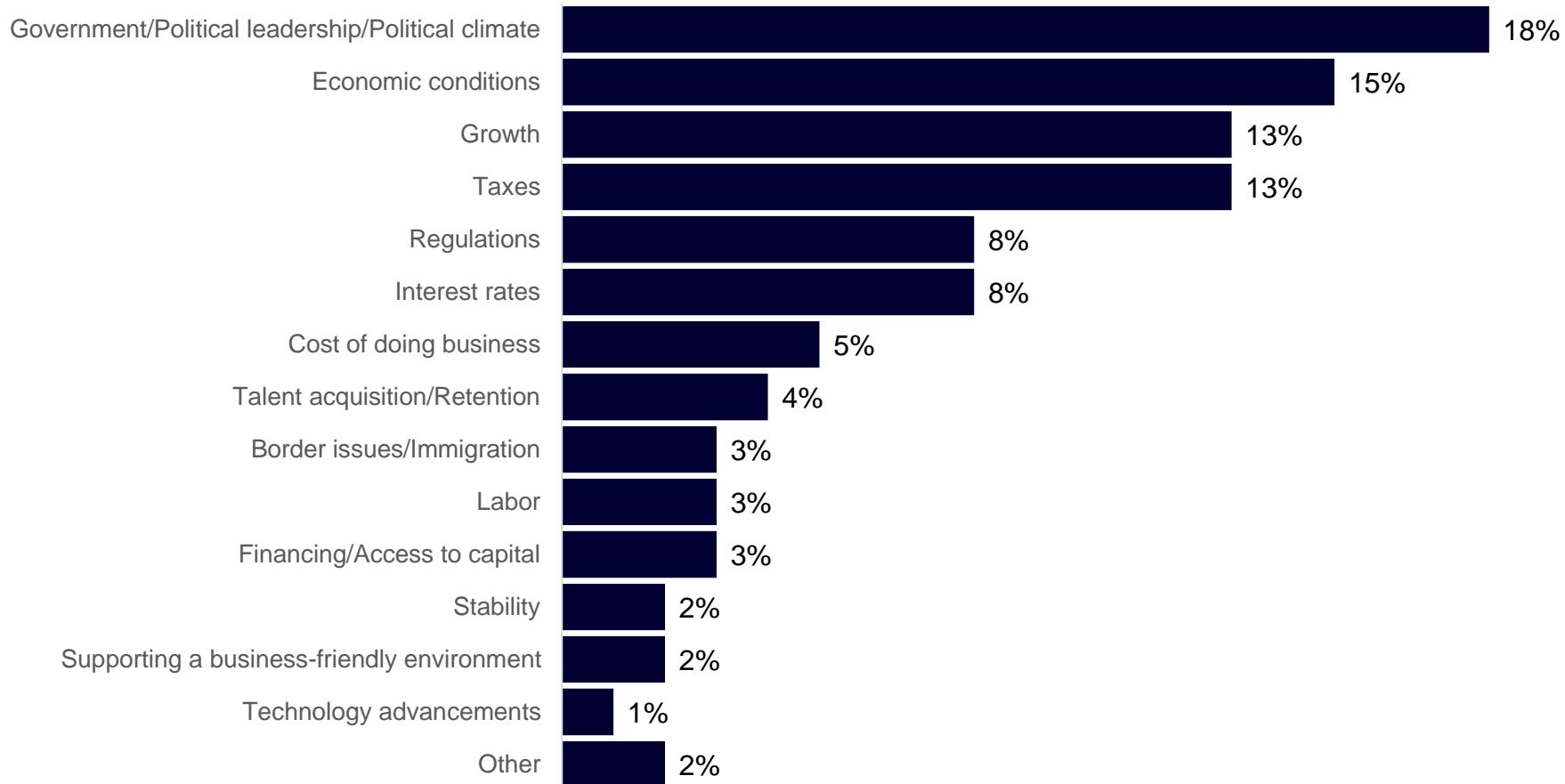
Section 6

Most Important to Texas Business Leaders



Among Business Leaders

For Texas business leaders, one of the most important things at the time of the survey was how the political climate might impact their business. They additionally focused on the overall economic condition of the country and the state, taxes, regulations and interest rates.



"What is most important to you as a business owner/operator in Texas right now?"

Most Important to Texas Business Leaders by Market



Among Business Leaders

The political climate/leadership was the most important aspect to business leaders across the state at the time of the survey.

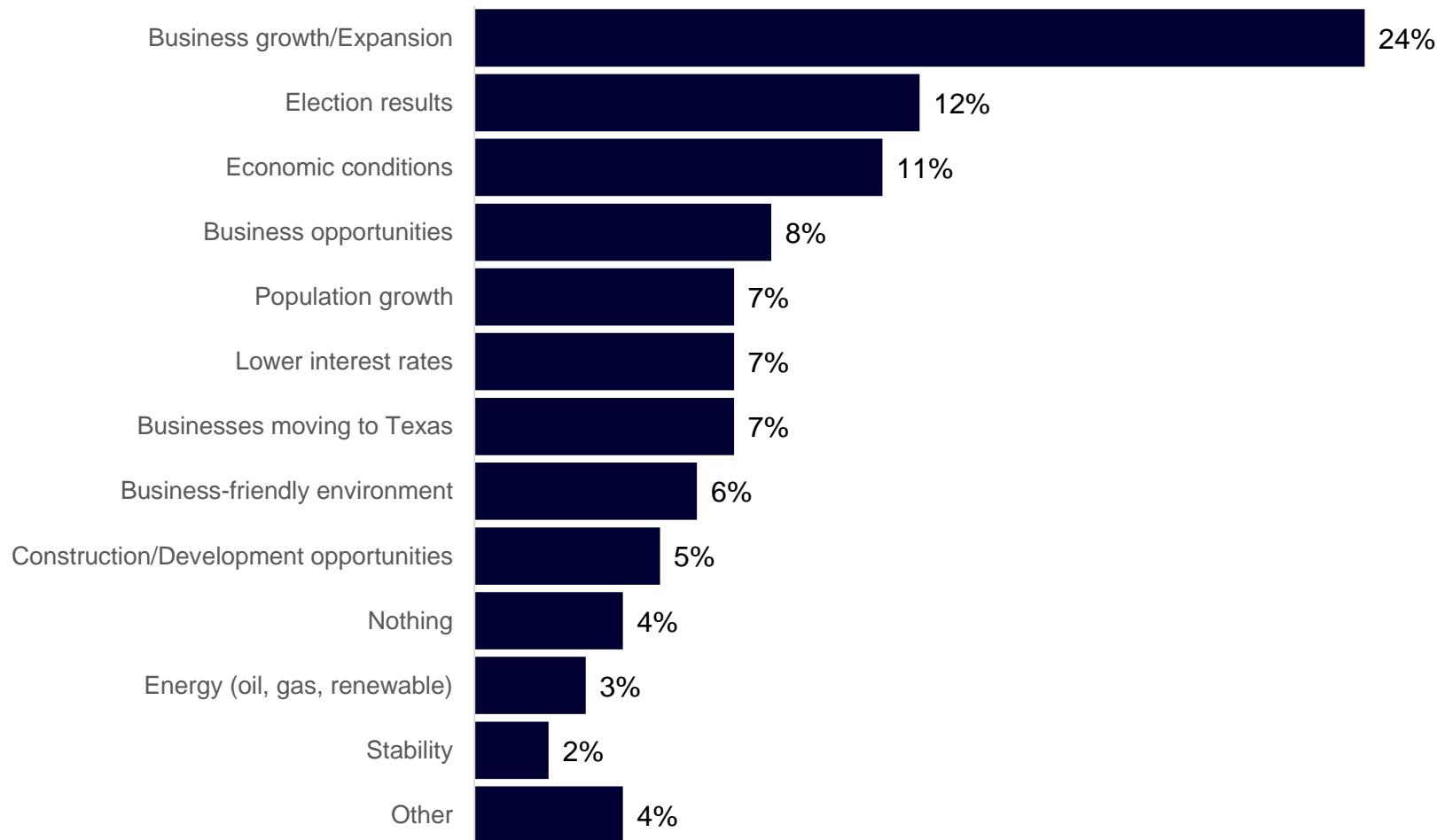
	AUSTIN (A)	DALLAS (B)	HOUSTON (C)	SAN ANTONIO (D)
Economic conditions (inflation, recession)	20%	13%	11%	20%
Government/Political leadership/Political climate	16%	13%	21%	24% B
Growth (new business, opportunity, etc.)	14%	10%	14%	16%
Interest rates	13% D	7%	7%	2%
Taxes	12%	13%	14%	14%
Regulations	10%	10%	7%	4%
Talent acquisition/Retention	4%	7%	2%	4%
Stability	3%	2%	1%	4%
Financing/Access to capital	3%	2%	4%	2%
Supporting a business-friendly environment	1%	3%	1%	--
Border issues/Immigration	1%	5%	2%	4%
Labor (shortage, unemployment, wages, etc.)	1%	2%	5%	2%
Cost of doing business	--	9%	6%	2%
Technology advancements	0%	1%	1%	--
Other	0%	3%	2%	4%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

Most Excited About for Your Business and the Texas Economy



Business leaders across Texas are excited about a variety of things related to their business and the Texas economy. Business growth and expansion prospects for the coming year was by far the top area that businesses expressed most excitement about, followed by the outcome of the presidential election and the economic conditions of the state.



"What are you most excited about for your business and the Texas economy over the next year?"

Most Excited About for Your Business and the Texas Economy by Market



Austin business leaders are significantly more likely to cite excitement about the business-friendly environments of the state and their city compared to those leaders in Dallas and San Antonio.

Dallas business leaders are significantly more likely to cite excitement about the various businesses that are moving to the state than those leaders in Houston and San Antonio.

Houston business leaders are significantly more likely to cite excitement about the outcome of the presidential election than those leaders in Austin and Dallas.

San Antonio business leaders are significantly more likely to cite excitement about business growth and expansion as well as construction/development opportunities than those leaders in Houston.

	AUSTIN (A)	DALLAS (B)	HOUSTON (C)	SAN ANTONIO (D)
Business growth/Expansion	24%	25%	18%	32% C
Lower interest rates	11% B	4%	8%	6%
Business-friendly environment	11% BD	4%	6%	2%
Election results	9%	9%	19% AB	11%
Business opportunities	8%	9%	7%	10%
Businesses moving to Texas	7% C	13% CD	2%	5%
Population growth	7%	8%	6%	10%
Economic conditions	5%	14% A	13% A	8%
Construction/Development opportunities	4%	6%	3%	10% C
Energy (oil, gas, renewable)	4%	--	8%	--
Nothing	4%	2%	6% B	5%
Stability	2%	1%	1%	--
Other	4%	6%	3%	2%

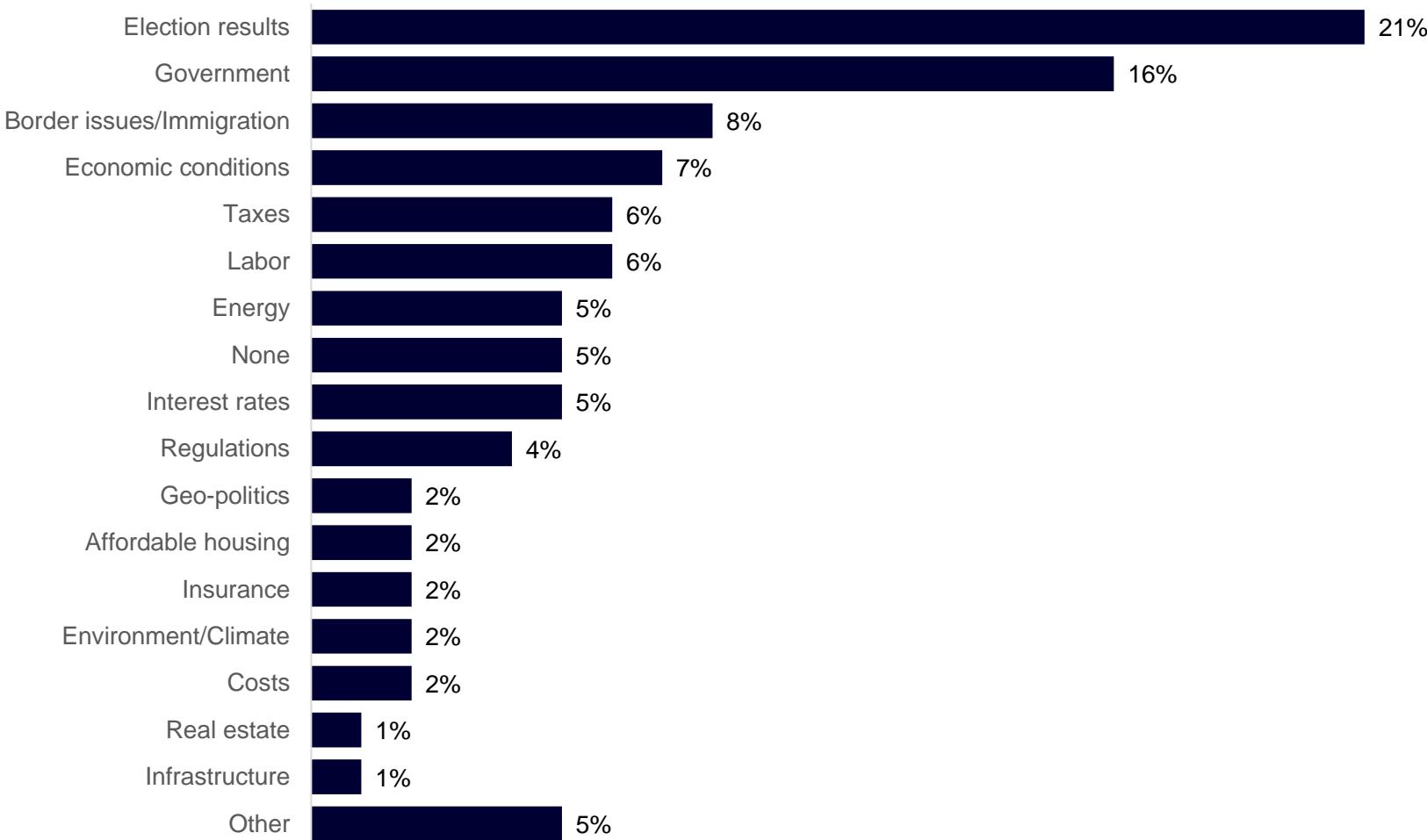
Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

"What are you most excited about for your business and the Texas economy over the next year?"

Uncertainties Regarding the Texas Economy for the Coming Year



Top uncertainties that Texas business leaders cited focused primarily around the impact of the presidential election as well as concerns about government leadership at the state level. Border issues/immigration was another area that many business leaders were uncertain about, as well as a potential downturn in economic conditions.



"What uncertainties about the Texas economy worry you most for the coming year?"

Uncertainties Regarding the Texas Economy for the Coming Year by Market



Business leaders in Houston and San Antonio were significantly more likely than leaders in Austin and Dallas to cite the presidential election results as a top area for uncertainty regarding the Texas economy for the coming year. Austin business leaders were significantly more likely to cite government issues and the political climate as a top uncertainty, more so than Houston and San Antonio.

	AUSTIN (A)	DALLAS (B)	HOUSTON (C)	SAN ANTONIO (D)
Government issues/Climate	22% CD	17% C	10%	11%
Election results	12%	15%	32% AB	30% AB
Labor	10% C	5%	3%	5%
Economic conditions	7%	9% C	3%	8%
Border issues/Immigration	7%	10%	10%	7%
None	7%	4%	3%	5%
Environment/Climate	5%	--	1%	--
Affordable housing	5% B	1%	--	2%
Interest rates	3%	6%	5%	3%
Taxes	3%	6%	10% AD	3%
Energy-related	2%	6% A	6% A	5%
Cost of doing business	2%	3%	--	3%
Insurance	2%	1%	2%	2%
Real estate	2%	2%	2%	--
Regulations	2%	5%	4%	3%
Geo-politics	1%	3%	3%	2%
Infrastructure	--	2%	--	2%
Other	8%	6%	6%	10%

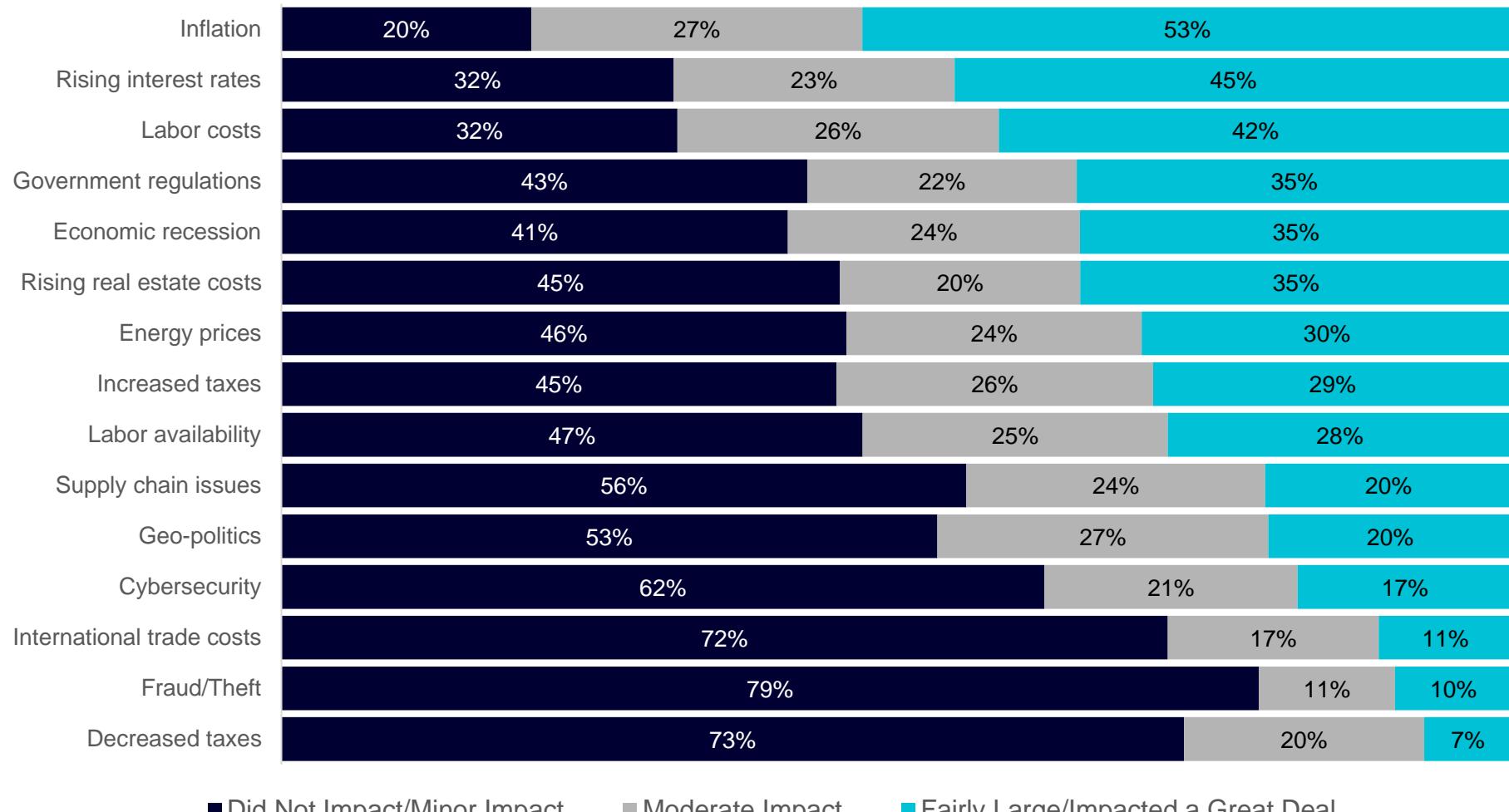
Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

"What uncertainties about the Texas economy worry you most for the coming year?"

Factors Impacting Companies over the Past Year



For more than half of business leaders in all four markets, inflation had either a fairly large or great deal of impact on their business in the past year. Additionally, four of 10 cited rising interest rates and labor costs as having a significant impact on their business in the past year.



"How much have each of the following factors affected your company over the past year?"

Factors Impacting Companies over the Past Year



Year-Over-Year Comparison

As businesses move further away from the pandemic, pandemic-related challenges like supply chain issues, labor costs and energy prices have dropped significantly as measured by impact on businesses over the past year.

% Fairly Large/Impacted a Great Deal	2022 (A)	2023 (B)	2024 (C)
Inflation	62% C	58%	53%
Rising interest rates	44%	56% AC	45%
Labor costs	52% BC	44%	42%
Government regulations	36%	35%	35%
Economic recession	--	38%	35%
Rising real estate costs	37%	42% C	35%
Energy prices	44% BC	33%	30%
Increased taxes	--	35% C	29%
Labor availability	45% BC	39% C	28%
Geo-politics	--	21%	20%
Supply chain issues	47% BC	30% C	20%
Cybersecurity	19% B	13%	17%
International trade costs	--	11%	11%
Decreased taxes	--	--	7%
Fraud/Theft	--	7%	10%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

"How much have each of the following factors affected your company over the past year?"

Factors Impacting Companies over the Past Year by Market



Inflation has continued to have a fairly large or great deal of impact on roughly half of businesses across the four markets. Supply chain issues were far less of a problem for businesses this past year versus two years ago.

% Fairly Large/Impacted a Great Deal	AUSTIN			DALLAS			HOUSTON			SAN ANTONIO		
	2022 (A)	2023 (B)	2024 (C)	2022 (A)	2023 (B)	2024 (C)	2022 (A)	2023 (B)	2024 (C)	2022 (A)	2023 (B)	2024 (C)
Inflation	68% C	61%	50%	60% C	59% C	46%	56%	52%	60%	68%	59%	55%
Rising interest rates	43%	61% AC	47%	47%	62% AC	39%	48%	47%	50%	37%	53% A	47%
Rising real estate costs	49%	50%	39%	37%	44% C	29%	28%	31%	32%	33%	40%	45%
Labor costs	53% C	50% C	37%	52%	45%	41%	51% B	33%	42%	55%	49%	50%
Economic recession	--	39%	35%	--	41%	33%	--	31%	40%	--	43%	30%
Government regulations	35%	34%	31%	31%	34%	34%	41%	39%	38%	42%	35%	38%
Labor availability	46% C	44% C	28%	43% C	39% C	28%	45% BC	30%	26%	48% C	41%	32%
Increased taxes	--	34% C	21%	--	30%	27%	--	34%	35%	--	44%	37%
Energy prices	43% C	33%	28%	42% C	34%	26%	45% B	33%	37%	50% BC	29%	30%
Supply chain issues	48% BC	30% C	15%	50% BC	32% C	19%	42% BC	25%	21%	55% BC	29%	27%
Geo-politics	--	24%	15%	--	20%	19%	--	19%	27%	--	19%	17%
Cybersecurity	14%	11%	11%	23%	16%	16%	23% B	11%	21% B	15%	13%	22%
Fraud/Theft	--	6%	10%	--	10%	6%	--	6%	8%	--	4%	17% B
International trade costs	--	12%	9%	--	12%	13%	--	7%	10%	--	12%	12%
Decreased taxes	--	--	6%	--	--	9%	--	--	6%	--	--	7%

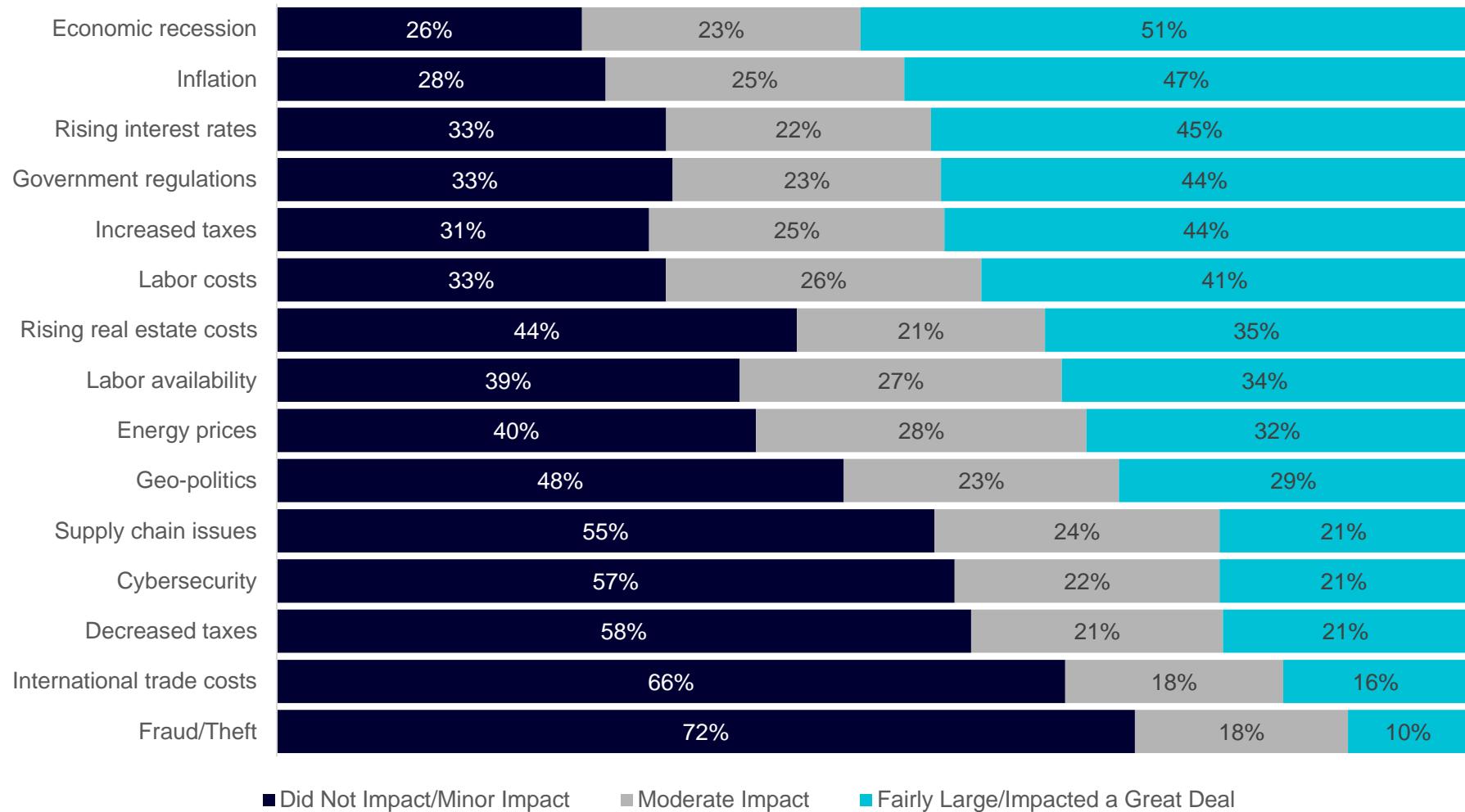
Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

"How much have each of the following factors affected your company over the past year?"

Factors Impacting Companies in the Coming Year



Over half of business leaders expect an economic recession to have a fairly large or great deal of impact on their business in the coming year.



Factors Impacting Companies in the Coming Year



Year-Over-Year Comparison

In the coming year, roughly half of business leaders anticipate an economic recession, inflation and rising interest rates to continue to have a fairly large or great deal of impact on their business.

% Fairly Large/Will Impact a Great Deal	2022 (A)	2023 (B)	2024 (C)
Economic recession	--	56%	51%
Inflation	62% C	59% C	47%
Rising interest rates	52% C	59% AC	45%
Increased taxes	--	45%	44%
Government regulations	38%	39%	44%
Labor costs	51% C	45%	41%
Rising real estate costs	40%	42% C	35%
Labor availability	46% C	41% C	34%
Energy prices	46% BC	34%	32%
Geo-politics	--	29%	29%
Cybersecurity	18%	17%	21%
Decreased taxes	--	--	21%
Supply chain issues	41% BC	28% C	21%
International trade costs	--	16%	16%
Fraud/Theft	--	12%	11%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

Factors Impacting Companies in the Coming Year by Market



Business leaders in Austin and Dallas were significantly less likely to state that rising interest rates and inflation will have a fairly large or great deal of impact on their business in the coming year as compared to the previous two years.

% Fairly Large/Will Impact a Great Deal	AUSTIN			DALLAS			HOUSTON			SAN ANTONIO		
	2022 (A)	2023 (B)	2024 (C)	2022 (A)	2023 (B)	2024 (C)	2022 (A)	2023 (B)	2024 (C)	2022 (A)	2023 (B)	2024 (C)
Economic recession	--	59%	48%	--	69% C	50%	--	49%	51%	--	58%	57%
Inflation	63% C	58% C	42%	57% C	63% C	44%	70% C	57%	51%	60%	56%	57%
Rising interest rates	54% C	58% C	41%	55% C	68% AC	39%	58%	52%	50%	38%	55%	56% A
Rising real estate costs	49%	48%	40%	37%	48% C	30%	39% B	24%	34%	35%	47%	41%
Government regulations	42%	41%	39%	37%	37%	46%	41%	43%	47%	35%	33%	46%
Increased taxes	--	52% C	38%	--	37%	40%	--	44%	50%	--	45%	52%
Labor costs	53% C	47%	37%	54% C	46%	39%	45%	37%	43%	55%	52%	46%
Labor availability	44% C	45% C	31%	49% C	43%	36%	42%	35%	32%	53%	41%	39%
Energy prices	39% B	27%	28%	48% C	38% C	26%	46%	37%	40%	55% C	33%	30%
Geo-politics	--	29%	23%	--	29%	28%	--	24%	39% B	--	33%	24%
Decreased taxes	--	--	18%	--	--	19%	--	--	22%	--	--	22%
Cybersecurity	18%	14%	15%	19%	22%	22%	15%	16%	22%	18%	15%	24%
Supply chain issues	40% C	29% C	15%	43% BC	29% C	18%	39% BC	21%	24%	47% C	30%	28%
International trade costs	--	18%	13%	--	16%	15%	--	12%	18%	--	18%	17%
Fraud/Theft	--	9%	8%	--	13%	9%	--	11%	14%	--	12%	11%

Data highlighted in orange reflects a result that is significantly higher than the other years shown for that segment.

"How much do you expect each of the following factors to impact your company over the coming year?"

Thank you.



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