



2025 December  
**Midland &  
Permian Basin  
Economic  
Indices**



The

**Perryman Group**

Effective economics, accessible analysis

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## OVERVIEW

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The Perryman Midland and Permian Basin Indices were down in December, with significant drops in several industry groups including Energy.

The pace of US population growth has slowed significantly according to recently released estimates by the US Census Bureau, driven primarily by a drop in international migration. For the United States, population grew by 1.8 million (0.5%) between July 1, 2024, and July 1, 2025, with international migration dropping to 1.3 million from 2.7 million in the prior year.

While the pace of population growth slowed in Texas as well, the increase was far larger than any other state at more than 391,240. The 1.25% rate of increase was substantially larger than the national pace of 0.52%. However, the most recent uptick represents significant slowing from the previous years, when population gains were approximately 599,330 (2024) and 601,250 (2023). As with the nation, the primary reason for the drop is international migration, which fell from over 354,860 for the year ended July 2024 to 167,480 last year. In-migration from other states was also down (from 86,070 to 67,300).

Opportunities in Texas continue to draw new residents to the state, and these people represent workers essential to the ongoing expansion of the economy. With well over a thousand people arriving in Texas every day (even after recent slowing), significant infrastructure investments will be needed to maintain quality of life, productivity, and even sustainability. From education to highways, water, and electricity, a growing population requires expanding infrastructure.

New data related to educational attainment indicates notable improvement for Texas over the last decade. As of 2024, 86.7% of people in the state have at least a high school diploma, and 35.2% have a bachelor's degree or higher. In 2019, the percentages were 84.6% and 30.8%, and in 2014 they were 82.2% and 27.8%. The improvement over the decade was, thus, 4.5 percentage points in the proportion of high school graduates and 7.4 percentage points for those with bachelor's degrees. Clearly, there are many paths to in-demand occupations, financial success, and rewarding work including associate's degrees or effective technical training. While the labor force is currently undergoing significant shifts with the deployment of AI, improving education levels can enhance personal financial options and potential economic growth.

At this time, oil markets are reacting rapidly to news related to Iran and the potential for escalation of the conflict, which could also affect the Strait of Hormuz. As new information becomes available, short-term prices may surge, with the potential for longer-term effects if there is a major escalation. Expectations of higher prices for a period of time could spur additional activity in the Permian Basin. At the same time, continuing uncertainty related to tariffs and other issues will work to decrease demand and, therefore, prices.

Selected economic indicators and December results for the Midland and Permian Basin indices are summarized in the following pages, with additional detail in the accompanying workbook.



## SELECTED MIDLAND ECONOMIC INDICATORS: DECEMBER 2025

Indicator	2023	2024	2025	2024-25 % Change
<b>Permian Basin Rig Count</b>				
November	311	304	248	-18.34%
Average Year to Date	335	308	273	-11.48%
<b>WTI Oil Price</b>				
November	\$ 71.90	\$70.12	\$57.97	-17.33%
Average Year to Date	\$77.64	\$76.56	\$65.46	-14.50%
<b>Henry Hub Natural Gas Price</b>				
November	\$2.52	\$3.01	\$4.26	+41.53%
Average Year to Date	\$2.54	\$2.19	\$3.53	+60.91%
<b>Housing Permits</b>				
November	92	177	49	-72.32%
Total Year to Date	818	1,509	1,322	-12.39%
<b>Average Housing Permit Value</b>				
October	\$130,714	\$177,438	\$266,019	+49.92%
Average Year to Date	\$250,942	\$201,011	\$225,716	+12.29%
<b>Airline Boardings</b>				
October	60,688	63,461	57,018	-10.15%
Total Year to Date	622,401	695,311	698,436	0.45%
<b>Hotel Receipts</b>				
November	\$9,154,811	\$9,779,099	\$10,745,688	+9.88%
Total Year to Date	\$138,436,666	\$144,676,428	\$156,551,404	+8.21%
<b>Employment (Seasonally Adjusted)</b>				
November	122,800	125,100	127,000	+1.52%
Average Year to Date	121,033	124,808	126,850	+1.64%
<b>Unemployment Rate</b>				
November	2.72%	2.98%	+3.19%	N/A
Average Year to Date	2.83%	2.91%	+3.02%	N/A
<b>Midland Index (2012=100)</b>				
November	121.6	123.1	119.9	N/A
Average Year to Date	123.0	124.5	122.4	N/A

Sources: Baker-Hughes, Energy Information Administration, Census Bureau, Bureau of Transportation Statistics, Texas Comptroller of Public Accounts, Bureau of Labor Statistics, The Perryman Group



## MIDLAND MSA

The Midland Economic Index measured 119.0 in December, a decrease of -1.2.

The overall index was down due to a drop in the important Energy sector of -0.6, as well as declines in several other industries including Construction (-15.8), Real Estate (-8.0), Professional & Business Services (-1.1), and others. Increases were observed in Retail (+2.1), Hospitality & Tourism (+1.5), and Health Care (+0.4).

### MIDLAND MSA ECONOMIC INDEX

RECENT RESULTS (2012=100)

Current Index Reading	119.9
Change from Previous Month	Down -1.2

### MIDLAND MSA ECONOMIC INDEX

RESULTS BY INDUSTRY (2012=100)

Industry	November	December	Change
Energy	110.5	109.9	-0.6
Construction	181.1	165.3	-15.8
Manufacturing	135.8	135.6	-0.2
Retail	125.6	127.7	+2.1
Financial Services	228.1	227.7	-0.4
Real Estate	151.3	143.3	-8.0
Professional & Business Services	132.2	131.1	-1.1
Health Care	133.8	134.2	+0.4
Hospitality & Tourism	157.9	159.4	+1.5
Other Activity	142.9	141.7	-1.2
<b>Midland Composite</b>	<b>121.1</b>	<b>119.9</b>	<b>-1.2</b>

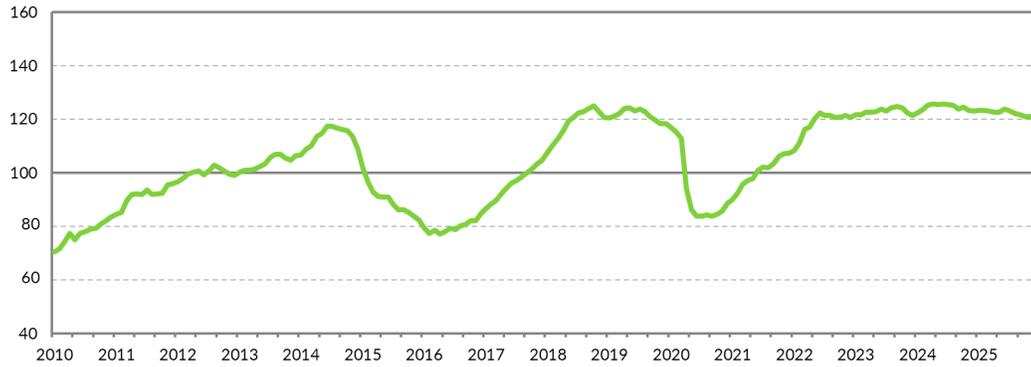
Note: Industries are not weighted equally in calculating the Industry Composite; see the Appendix for further explanation. The Midland Metropolitan Statistical Area (MSA) includes Midland and Martin counties.

Source: The Perryman Group



## Midland Economic Index

(Index adjusted such that 100 represents economic status in 2012)

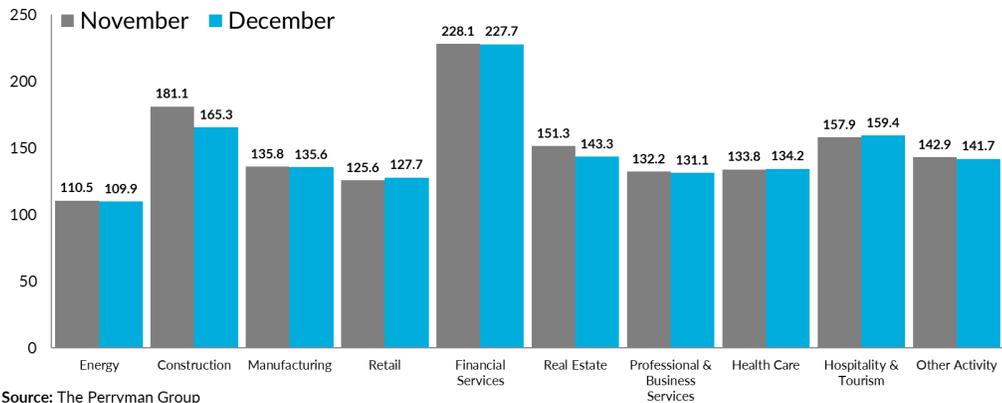


Source: The Perryman Group

## Midland Economic Index

Recent values by sector

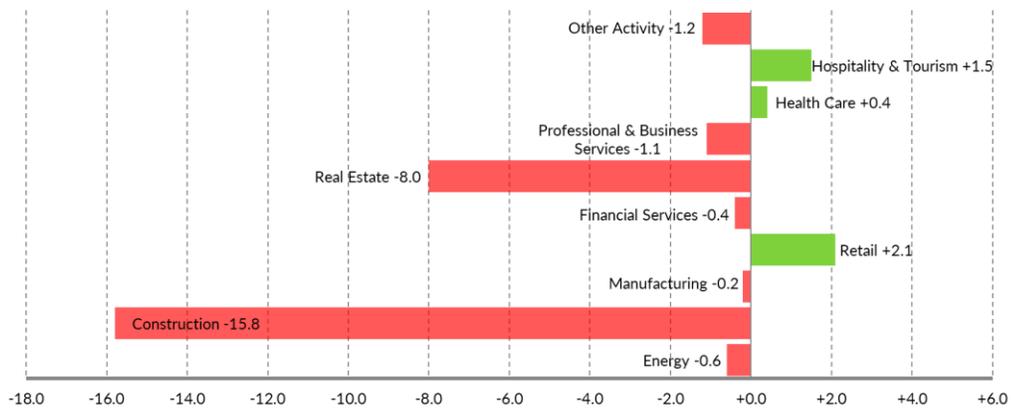
(Index adjusted such that 100 represents economic status in 2012)



Source: The Perryman Group

## Midland Economic Index

Change from previous month by sector



Source: The Perryman Group



## PERMIAN BASIN REGION

The Permian Basin Economic Index for December measured 104.1, indicating a decrease from the prior month of -1.5.

Performance across industry groups was mixed, with losses in Construction (-13.8) as well as Real Estate (-12.1) and Energy (-1.1) leading to a reduction in the overall index. However, there were increases in Retail (+1.3), Hospitality & Tourism (+0.6), and several other sectors.

Current Index Reading	104.1
Change from Previous Month	Down -1.5

## PERMIAN BASIN ECONOMIC INDEX

RESULTS BY INDUSTRY (2012=100)

Industry	November	December	Change
Energy	96.4	95.3	-1.1
Construction	168.9	155.1	-13.8
Manufacturing	92.6	92.4	-0.2
Retail	124.5	125.8	+1.3
Financial Services	136.9	137.2	+0.3
Real Estate	160.8	148.7	-12.1
Professional & Business Services	125.5	124.9	-0.6
Health Care	118.0	117.7	-0.3
Hospitality & Tourism	146.3	146.9	+0.6
Other Activity	129.7	129.3	-0.4
<b>Permian Basin Composite</b>	<b>105.6</b>	<b>104.1</b>	<b>-1.5</b>

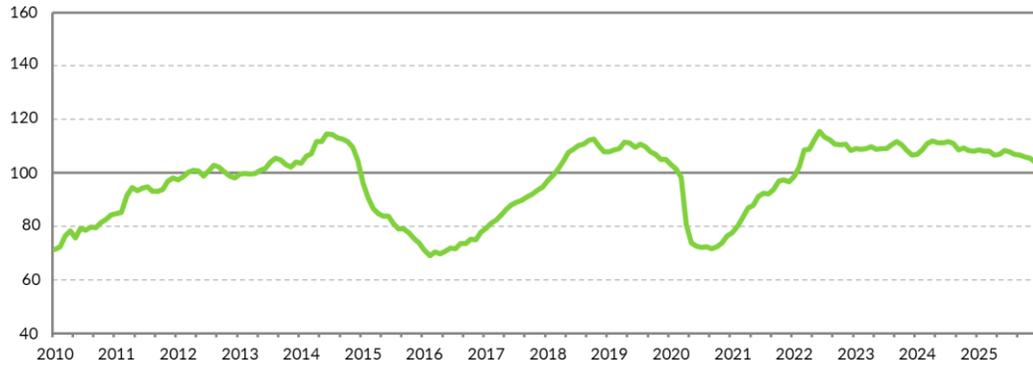
Note: Industries are not weighted equally in calculating the Industry Composite; see the Appendix for further explanation. The Permian Basin Region includes Andrews, Borden, Crane, Dawson, Ector, Gaines, Glasscock, Howard, Loving, Martin, Midland, Pecos, Reeves, Terrell, Upton, Ward, and Winkler counties.

Source: The Perryman Group



### Permian Basin Economic Index

(Index adjusted such that 100 represents economic status in 2012)

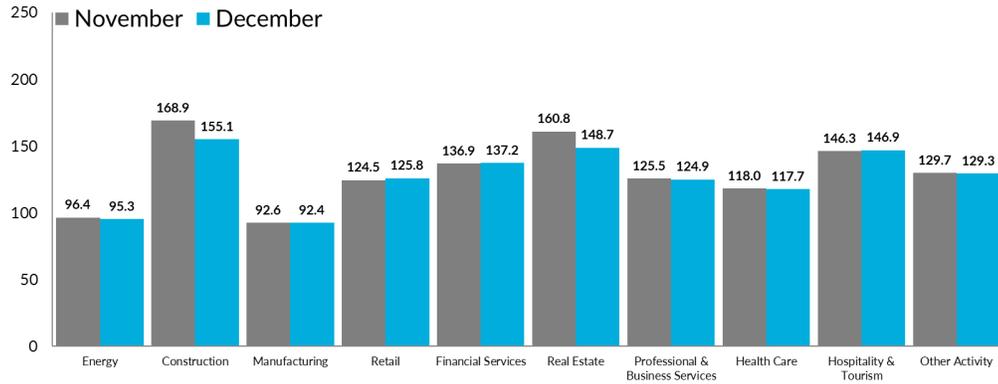


Source: The Perryman Group

### Permian Basin Economic Index

Recent values by sector

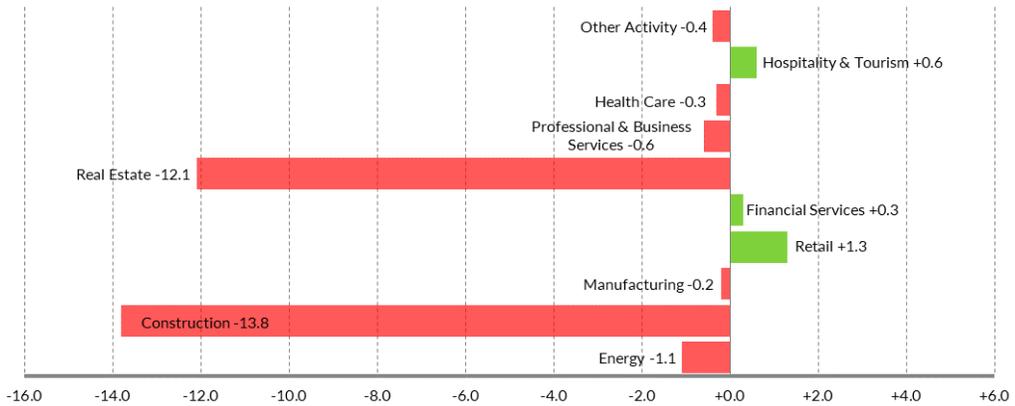
(Index adjusted such that 100 represents economic status in 2012)



Source: The Perryman Group

### Permian Basin Economic Index

Change from previous month by sector



Source: The Perryman Group



## METHODOLOGY

The goal of the Midland and Permian Basin indices is to encapsulate, in a single measure, the current status of the local and regional economy, how it is changing, and what is driving the change. The indices include measures of industrial performance, with sub-indices for the various components to indicate the role they play in overall performance. The indices are based on complex economic modeling processes, but it provides a simple measure of the health of the local and regional economy and how and why it is changing.

The indices reflect shifts in key industries and performance. The relative weights of each component were determined based on typical patterns in the relationships of variables to overall economic performance. The indices include variables ranging from oil prices to construction which describe the evolving status of key industries. These measures reflect analysis of numerous indicators of the level of activity and how it is changing. Beginning with the May 2025 report, an extensive revision of historical employment data from the Bureau of Labor Statistics is reflected in the Index values.

The Midland and Permian Basin indices were developed and are maintained by The Perryman Group, an economic and financial analysis firm based in Waco, Texas with decades of experience in analyzing the local and regional economies. Dr. M. Ray Perryman, President and CEO of The Perryman Group, has more than 40 years of experience in index construction and regional economic modeling. In particular, Dr. Perryman derived the indices of monetary policy that are used by the Federal Reserve System and

more than 60 other central banks around the world. He also developed regional and small-area indices of Industrial Production and Unit Labor Costs that are widely used on a global basis, as well as measures of systematic risk for non-homogenous assets and the degree of trade integration among nations. Dr. Perryman has been an advisor to the US Department of Labor on the Consumer Price Index as well as numerous other governmental entities on index-related issues. He has also developed the world's largest regional econometric modeling system and has been analyzing the economy of Midland and the Permian Basin on an ongoing basis since the mid-1970s.

### Index Construction

Economic indices are typically constructed in one of two ways, both of which are widely used and have been successfully employed by Dr. Perryman over the course of his career. One common method is to identify a set of relevant variables and then use principal component analysis (PCA) or a variation (such as a factor rotation) to assign weights to the individual components on an empirical basis. In essence, this process converts a set of variables into an equal number of new measures such that each of the new variables is (1) a linear combination of the original ones and (2) orthogonal to each of the others. The new measures also have the property of collectively containing all of the information in the original variables. When this approach is used, the first principal component (the one which explains the largest percentage of the variation) is typically used to determine the weights in the indices. This approach has advantages in that (1) weights are

empirically generated based on their explanatory power and (2) it is relatively simple to implement. Its major disadvantages are (1) in many instances, particularly where a large number of variables are being examined (as in the current analysis), spurious correlations with relatively minor factors that are unlikely to be sustained over time can occur; (2) the first principle component, despite exhibiting the largest explanatory power, often accounts for only a small amount of the total variation, thus failing to incorporate a substantial portion of the available information.

The second approach is to rely on economic data, theory, and models to develop an index of the desired phenomena. The primary difficulty with this method is the fact that it can become complex in its execution. The advantages are the ability to (1) systematically incorporate very large sets of variables without loss of underlying information, (2) develop sub-indices to provide a focus on specific index elements, and (3) incorporate specific economic content in a detailed and systematic manner.

In the present instance, the second option appeared to be more appropriate in that the process included the incorporation of a complex multi-dimensional framework which allows both individual and integrated consideration of a variety of segments that span multiple sectoral components. Nonetheless, a principal components model was originally attempted for purposes of completeness and to meet the conditions for statistical efficiency. As anticipated, the resulting assessment across a broad spectrum of variables across industries resulted in both weighting on relatively minor variables which were not stable across sub-periods and relatively



little (less than 10 percent) information capture by the primary principal components. Consequently, the Midland and Permian Basin indices were developed using a more formal and comprehensive data and modeling effort. This process is described below.

### **Industrial Variations**

As noted, the indices seek to encapsulate, in a single measure, the many facets of the local and regional economy. Sub-indices are also generated for key industries in order to examine the various components and the role that they play in overall performance. Aggregates available on a monthly basis are incorporated into the indices in order to permit regular monitoring of changes in business activity. Broader measures (such as total expenditures and gross product by industry) which have greater information content but less frequent periodicity are used in defining the relative weights. In this manner, it is possible to enhance the comprehensiveness of the indices.

The segments of the economy that are included in the indices are:

- Energy,
- Construction (residential and non-residential),
- Manufacturing,
- Retail,
- Financial Services,
- Real Estate,
- Professional & Business Services,
- Health Care,
- Hospitality & Tourism, and
- Other Activity

The relative weights to be applied to each segment were derived based on the stabilized percentage of each sector of a relevant overall aggregate (gross area product).

The next phase of the analysis is the construction of the various sectoral indices. Measures that were available on a monthly basis were employed and were selected based on their role in being reflective of aspects of the relevant segment. They were then tested relative to one another to assure that they were not subject to excessive multicollinearity. Once the final set was determined, each quarterly series was transformed into a common format in which 2012 was defined as equal to 100. The base year is consistent with most official economic series that are presented either as indices or on a constant-dollar basis. All monetary values were similarly expressed in constant 2012 dollars to avoid artificial growth generated by inflation. In a few instances, quarterly series were converted to monthly aggregates using a regression approach developed by Dr. Perryman that is widely utilized throughout the world.

The variables utilized in the indices include items such as oil and gas prices, rig counts, retail sales, single and multi-family housing permits and values, housing sales and values, bank loans and deposits, employment by detailed industrial category, and numerous other factors. Where appropriate, inputs were adjusted to eliminate seasonal patterns that are not reflective of underlying economic conditions.

In each of the indices, the weights assigned to the individual components are determined based on the relative standard errors of the normalized values. This approach allows greater weight to be assigned to those measures

which exhibit more pronounced fluctuations to influence industry performance. These individual sectoral indices were aggregated into an overall Composite Index using the weighting described above. Separate individual sectoral measures and Composite Index values were generated for the Midland Metropolitan Statistical Area and the Permian Basin Region. It should be noted that the monthly indices always use the latest available economic data. Because much of the information normally is subject to both short-term revisions and periodic benchmarking, historical values will often change from month to month. These variations are typically minor.

### **Historical Performance**

Historical performance of components of the Midland and Permian Basin indices are provided in the accompanying workbook.

### **Conclusion**

The Midland and Permian Basin indices provide a measure of changes in the economy that is easy to grasp and compare over time. Although the modeling process that went into the indices was complex, the result is a simple and straightforward assessment of the direction of patterns in business activity and the reasons for changes in overall performance.



# THE PERRYMAN GROUP



The Perryman Group is a focused team of analysts who know how to address complex economic information tasks and present our findings effectively.

Our in-house professionals bring expertise in economics, finance, statistics, mathematics, real estate, valuation, systems analysis, engineering, technical communications, and marketing. Dr. Ray Perryman, President and CEO, has 40 years of experience in developing systems, analyzing complex problems, and communicating effectively. We have considerable pride in what we do. Our enthusiasm is both unbridled and contagious; every day brings a new opportunity for us to tackle a different problem or create a product or service specifically tailored to our clients.

## OUR SERVICES

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### SPEECHES

Dr. Perryman addresses dozens of audiences throughout the world every year, catering to a wide variety of events.

## M. RAY PERRYMAN, PH.D.

Dr. Ray Perryman is President and CEO of The Perryman Group, an economic research and analysis firm based in Waco, Texas. His firm has served the needs of more than 3,000 clients, including two-thirds of the Global 25, over half of the Fortune 100, the 12 largest technology firms in the world, 12 US Cabinet Departments, the 9 largest firms in the US, the 6 largest energy companies operating in the US, and the 5 largest US banking institutions.

Dr. Perryman was named Outstanding Young Person of the World for Business and Economic Innovation in 1987 and was designated Texan of the Year by the Texas Legislative Conference in 2012. He received the Baylor University Distinguished Service Medal in 2013, was inducted into the Texas Leadership Hall of Fame in 2014, received the Cesar E. Chavez Conscience Builders Award in 2016 for his

humanitarian efforts, and received the Lifetime Achievement Award for philanthropy from the Association of Fundraising Professionals in 2023. He

dedicates a significant portion of his time to pro bono work aimed at helping to solve pressing social problems such as hunger, indigent healthcare, poverty, and child maltreatment.

