

Regional Forecast: Panhandle

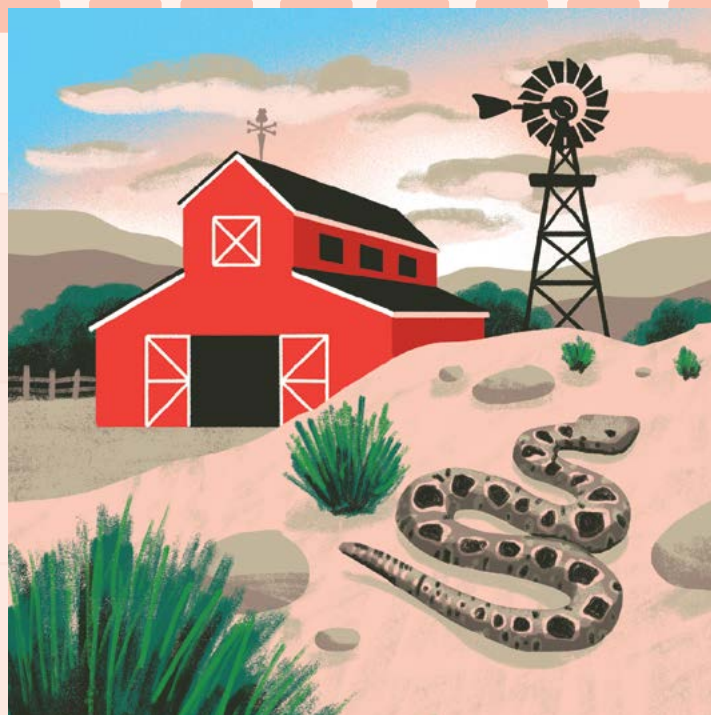
The issues, projects, and trends that will impact Amarillo in 2026.

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**PUBLICATION 2484
JANUARY 2026**



by Anne Macy

What issues, projects, or policies will significantly impact the local economy in 2026?

Compared with other areas of Texas, the Panhandle has more available land and lower energy costs. As a result, several new data centers in the Texas Panhandle are driving construction demand for workers and inputs.

The largest is the Fermi AI campus near the Pantex Plant, which will feature 18 million square feet of AI data centers across 5,769 acres and will be powered by about 11 gigawatts of electricity. While the project will be completed in phases, Fermi anticipates having three 500,000-square-foot data centers built by the end of 2026.

Google is also constructing a data center south of Claude in Armstrong County as part of its \$40 billion investment in Texas AI centers. The Claude facility will cover 3.5 million square feet on roughly 1,300 acres. Rental units near these construction sites are showing strong demand.

A concern with large data centers is the potential negative impact on electricity prices and significant consumption of water.

Will the local economy perform better, about the same, or worse in 2026 compared to 2025?

The 2026 outlook for Amarillo's commodity-driven economy is positive. Record cattle prices are boosting returns to feedyards. Fed cattle prices are 23 percent higher than last year. Herd size has decreased and will take several years to rebuild, helping stabilize prices for producers. Milk prices are about 13 percent lower than a year ago; input

costs have also decreased, reducing some of the pressure on profitability. Dairies are resizing herds in response.

Oil prices are also down about 13 percent from a year ago. However, natural gas is up over 50 percent, offsetting some of the negative impact of oil prices. Corn prices have remained steady over the past year, and wheat prices are beginning to recover. That said, some farmers are struggling due to a decline in global demand.

Overall, producers in the Panhandle are expected to have a successful 2026. Farming remains a concern for 2026, which could have a significant impact on smaller Panhandle communities.

What are some key trends to look for in local real estate markets in 2026?

Residential housing shows some signs of weakness. Higher interest rates have reduced demand, but the recent rate drop has led to a small rise in starts. Still, starts are more than 10 percent below last year's level. The median home sale price increased to \$270,000 from \$242,500 last year. The market is strongest for homes priced below \$400,000, while the market for homes above \$500,000 remains weak. Overall, days on market have increased to over 50 days, and inventory stands at 3.7 months. The resilience of Amarillo's economy is best shown in its steady 3.1 percent unemployment rate. The solid job market has given Amarillo households the confidence to continue spending. Sales tax collections are up about 12 percent from a year ago. Notably, new-vehicle sales are up over 30 percent, while used-car sales are up over 45 percent from a year ago.

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