

Austin Economic Indicators

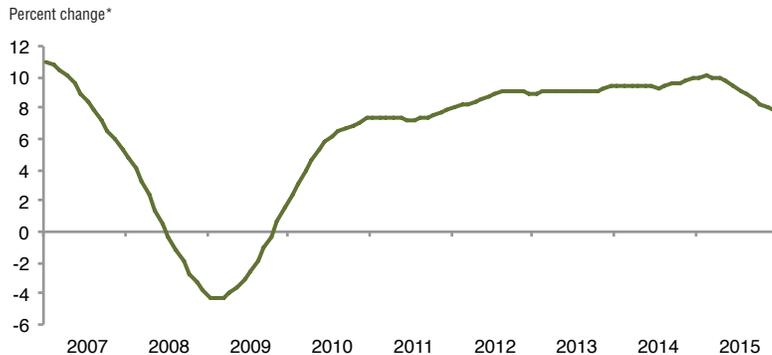
DALLAS FED

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Summary

The Austin economy continued to expand in December. The Austin Business-Cycle Index grew strongly, but job growth moderated to a modest 1.1 percent annualized rate. The unemployment rate fell slightly, reflecting further tightness in the local labor market. For 2015 overall, Austin saw job growth of 4.5 percent—the fastest pace since 2012 and triple the state’s 1.5 percent rate.

Austin Business-Cycle Index



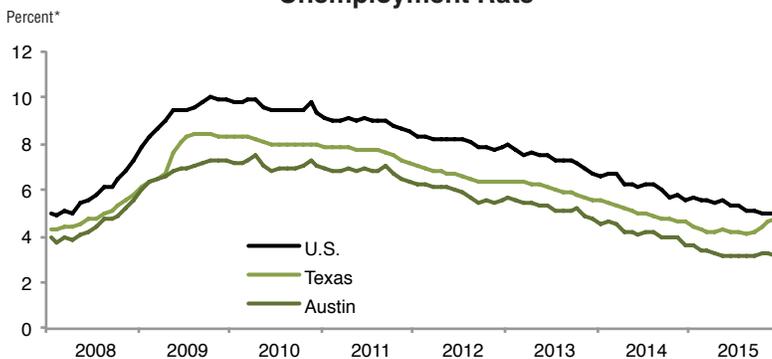
*Month-over-month annualized rate, seasonally adjusted.

SOURCES: Texas Workforce Commission; Bureau of Labor Statistics; Dallas Fed.

► The Austin Business-Cycle Index expanded at a 7.7 percent annualized rate in December, decelerating slightly to just below its postrecession average growth pace. Austin’s strong job growth and low unemployment rate last year fueled continued growth in the index despite the drag of weak retail sales in the first half of the year.

Employment

Unemployment Rate



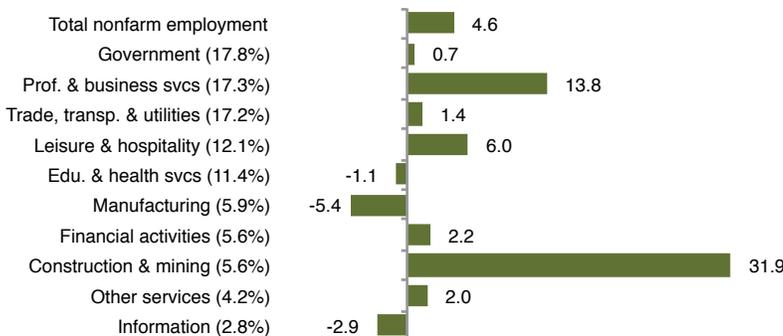
*Seasonally adjusted.

SOURCES: Bureau of Labor Statistics; Dallas Fed.

► The Austin unemployment rate fell to 3.2 percent in December, in contrast to the increase in the state unemployment rate to 4.7 percent. The local labor force expanded at a moderate pace in December, and its growth rate for 2015, while slower than average, was still faster in than in any other major Texas metro.

► Austin jobs grew at a 4.6 percent annualized rate during the fourth quarter. Growth was mostly positive across industries, although manufacturing remained weak and private education and health care employment declined modestly. Construction employment surged to its fastest three-month rate since the mid-1990s. Professional and business services also grew at a robust pace due to an increase in hiring for technical and administrative services. Leisure and hospitality job growth moderated to a still-healthy 6 percent pace, thanks to continued expansion at eating and drinking establishments. Trade, transportation and utilities growth was positive but weaker due to a decline in retail trade jobs, which fell 3.5 percent over the quarter.

Employment Growth

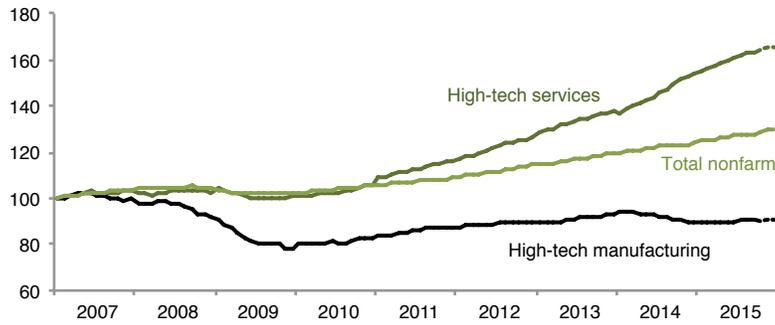


NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector for October-December 2015. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

High-Tech Manufacturing and Services Employment

Index, January 2007 = 100



NOTES: Data are seasonally adjusted. Dashed lines represent estimates based on broader industry data.

SOURCES: Texas Workforce Commission; Bureau of Labor Statistics; Dallas Fed.

► In third quarter 2015, job growth in the service and manufacturing sectors of Austin’s technology industry continued to diverge. Hiring in the high-tech service sector, which includes computer systems design, data processing, research and development, and software publishing, was robust at a 5.2 percent annualized rate of growth. Meanwhile, hiring in high-tech manufacturing, which encompasses semiconductor equipment and aerospace parts production, was subdued but positive at 2.0 percent. Broader industry data suggest that service sector growth continued at a rapid pace in the fourth quarter, while manufacturing employment flattened out.

Housing

Multifamily Vacancy Rates and Permits



*Seasonally adjusted.

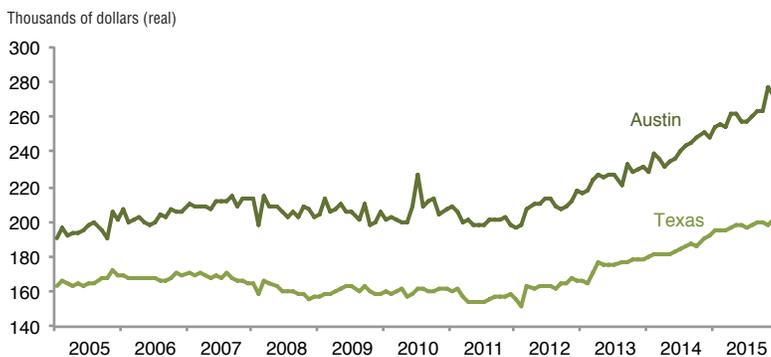
**Three-quarter centered moving average, seasonally adjusted.

SOURCES: CBRE Group; Census Bureau; adjustments by the Dallas Fed.

► The Austin multifamily housing market remained robust in the second half of 2015. Apartment vacancy rates dipped to 4.6 percent in the third quarter, while permits for new multifamily construction picked up, with the three-quarter average rising 9.1 percent. Rent growth in Austin was the second highest among the major Texas metros at 5.5 percent in the fourth quarter, according to MPF Research, suggesting tightness in multifamily housing markets last year.

► The median sales price of a single-family home in Austin dipped slightly in December to \$272,466. Nevertheless, year-over-year price growth was 9.7 percent, double the growth for Texas homes overall. Home inventories fell to 2.5 months’ supply, while existing-home sales in December breached an all-time high. If employment and population growth in 2016 are comparable to last year, local housing markets should grow at a healthy pace.

Median Home Price



SOURCE: Multiple Listing Service.

NOTE: Data may not match previously published numbers due to revisions.

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