

Austin Economic Indicators

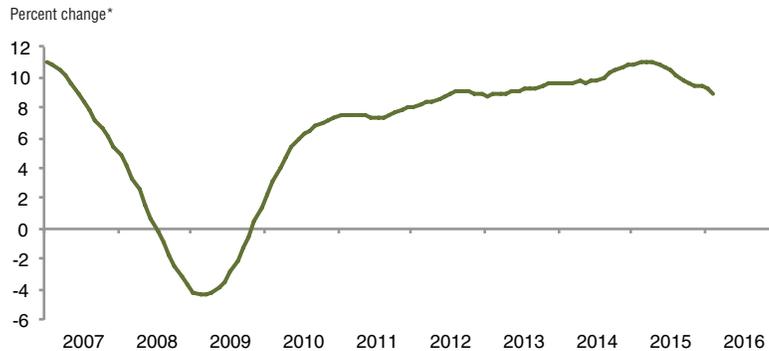
DALLAS FED

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Summary

The Austin economy continued to expand in January. The Austin Business-Cycle Index increased at a rapid pace, and job growth rose at a 2.7 percent annualized rate, slightly above that of the state. The unemployment rate declined for a second month, indicating continued local labor market tightness. In 2015, strong expansion in areas such as leisure and hospitality, technical services and construction fueled the fastest pace of job growth in Austin since 2006.

Austin Business-Cycle Index



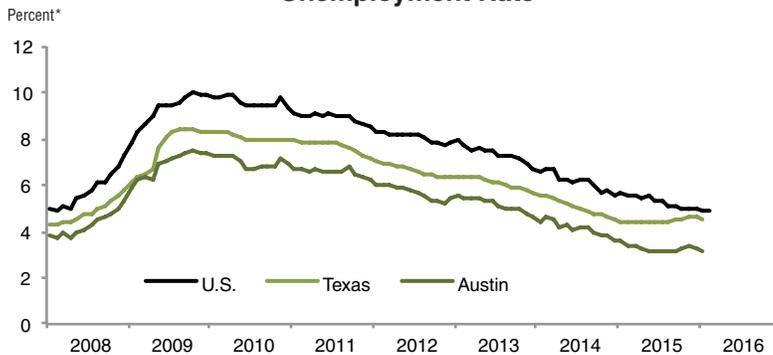
*Month-over-month annualized rate, seasonally adjusted.

SOURCE: Dallas Fed.

► The Austin Business-Cycle Index expanded at a 9.0 percent annualized rate in January, a slight deceleration from December but still well above its long-term trend. Revisions to 2015 data show that the Austin economy grew at its fastest pace since before the Great Recession. While January job growth was a moderate 2.7 percent, it, along with the further fall in the unemployment rate, fueled continued expansion in the index.

Employment

Unemployment Rate



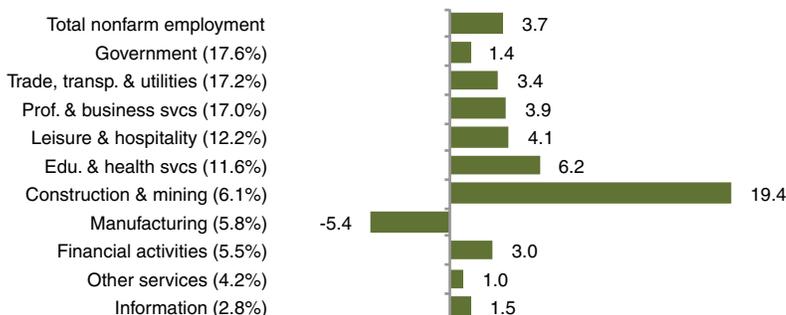
*Seasonally adjusted.

SOURCES: Bureau of Labor Statistics.

► The Austin unemployment rate fell to 3.2 percent in January, far below the state rate of 4.5 percent and the national rate of 4.9 percent. Such a low jobless rate was last seen during the peak of the late 1990s high-tech boom and reflects the severe shortage of skilled workers in the area. While the labor force expanded at just a 0.5 percent annualized pace in January, labor force growth has been slowly picking up since the beginning of 2015.

► Austin jobs grew at a 3.7 percent annualized rate over the three months ending in January. Aside from year-end weakness in manufacturing, all major industries added jobs. Construction and mining continued to lead growth at a swift 19.4 percent pace. Education and health services picked up as health care employment rebounded sharply in December and January. Leisure and hospitality and professional and business services continued to post strong increases despite slowing somewhat from early 2015. Growth in trade, transportation and utilities was good despite being dragged down by weak retail hiring.

Employment Growth



NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector for November 2015-January 2016. 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.

Housing Affordability

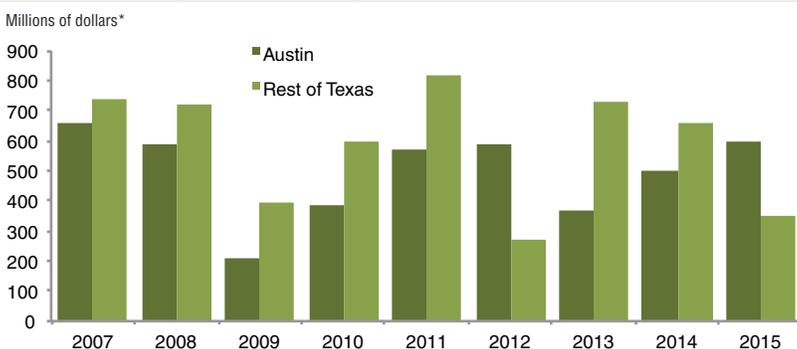


*Texas Triangle data are a population-weighted average of the Dallas, Fort Worth, Houston and San Antonio indexes.

SOURCE: National Association of Home Builders/Wells Fargo.

► Austin home affordability declined slightly in fourth quarter 2015, contrasting with the other Texas Triangle metros of Houston, Dallas, Fort Worth and San Antonio. The percent of homes sold that a median-income family could afford dropped from 59.1 percent in the third quarter to 58.4 percent in the fourth. Median home prices ticked up 4.1 percent in the fourth quarter, while home sales were near record highs in January. Home inventories held at a low 2.4-months' supply, indicating continued strong demand for homes in Austin.

Venture Capital Funding

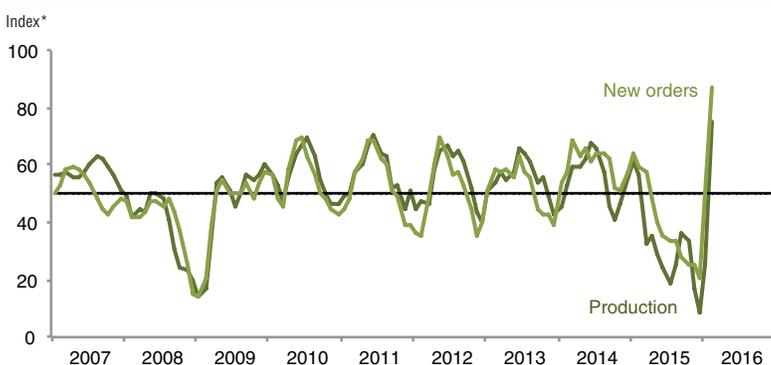


*Inflation adjusted.

SOURCES: PricewaterhouseCoopers; Thomson Reuters; National Venture Capital Association.

► In 2015, inflation-adjusted funding hit its highest level since 2007, proving to be a very good year for venture capital in Austin. Year-over-year funding was up 20.2 percent, contrasting with the sharp drop across the rest of the state. Last year, Austin accounted for 1.3 percent of total venture capital funding in the U.S.—up from 1.2 percent in 2014.

Purchasing Managers Index



*Three-month moving average, seasonally adjusted; values greater than 50 indicate expansion.

SOURCE: Institute for Supply Management–Austin.

► The Austin Purchasing Managers Index flattened out in January and rose sharply in February, indicating improvement in local manufacturing. Both the production and new orders indexes indicated expansion for the first time since the end of 2014, and in February, all surveyed firms noted an increase in production and new orders. However, Austin manufacturing activity continues to face strong headwinds from the strengthening dollar and softening global demand.

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

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