

Austin Economic Indicators

DALLAS FED

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Summary

The Austin economy grew moderately in July. The Austin Business-Cycle Index leveled off after 17 consecutive months of deceleration. Jobs grew well above the trend rate of 3 percent, and wage growth remains robust. The unemployment rate jumped by nearly half a percentage point but continues to be among the lowest of all Texas metros.

Austin Business-Cycle Index



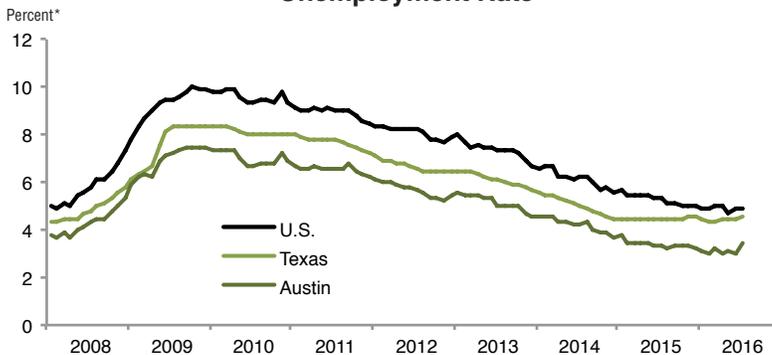
*Month-over-month annualized rate, seasonally adjusted.

SOURCE: Dallas Fed.

► The Austin Business-Cycle Index expanded at a 4.4 percent annualized rate in July, similar to June's rate. Indicators were mixed: Job growth was a rapid 5.4 percent, but the unemployment rate increased significantly. Growth in Austin has picked up after a weak first quarter, and help-wanted data for July and August suggest continued moderate labor demand in coming months.

Employment

Unemployment Rate



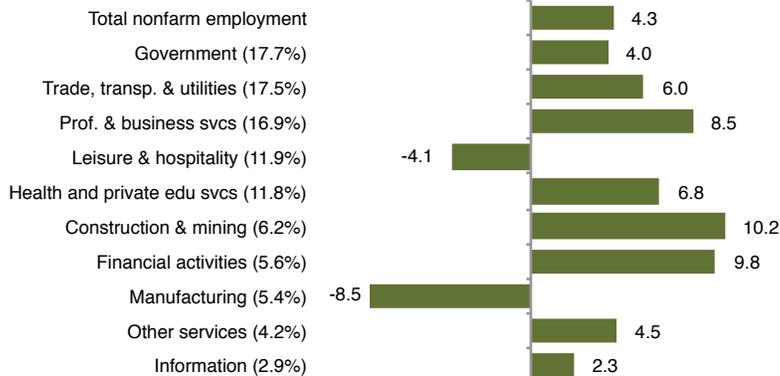
*Seasonally adjusted.

SOURCE: Bureau of Labor Statistics.

► The Austin unemployment rate picked up to 3.4 percent in July, rising sharply from June's 3.0 percent. The jobless rate for Texas picked up to 4.6 percent and held steady for the U.S. at 4.9 percent. The increase in the Austin rate stems from a 12.3 percent annualized expansion in the labor force, the largest one-month rise since 2010.

► Job growth in Austin accelerated to a 4.3 percent annualized rate over the three months through July. Growth was broad-based, although employment in manufacturing and leisure and hospitality continued to decline sharply. Construction employment led the expansion, rebounding sharply after flattening out earlier in the year. Financial activities was next, with a significant pickup in insurance-related employment. Scientific and technical services jobs grew sharply as well, buoying professional and business services. Areas such as health services, retail trade and government made up for weakness earlier in the year. Federal government employment in particular rose by its fastest pace since the 2010 census.

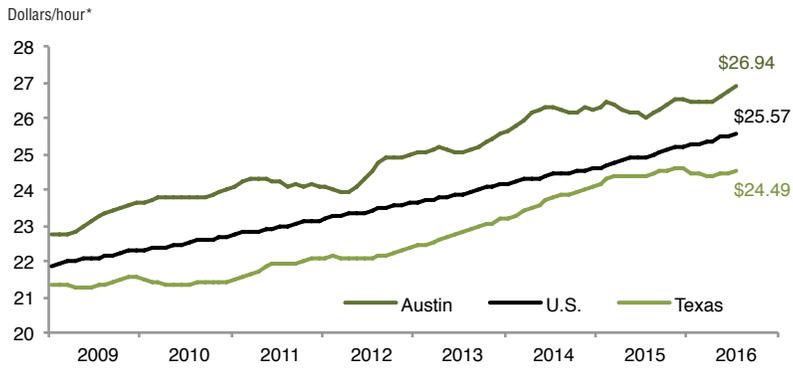
Employment Growth



NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector for May-July 2016. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

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

Private Sector Average Hourly Earnings



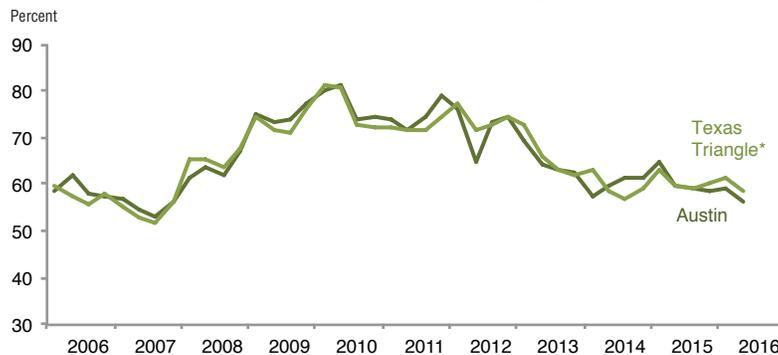
*Seasonally adjusted; five-month moving average.

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

► Average private sector wages in Austin rose rapidly in July and remain well above average wages for the state and the nation. Wages over the six months through July rose an annualized 3.8 percent in Austin, compared with 2.6 percent in the U.S. and 1.0 percent in Texas. Recent growth in high-paying professional services and financial activities jobs, along with a decline in low-paying leisure and hospitality jobs, has likely been a significant factor in this increase.

Housing

Housing Affordability



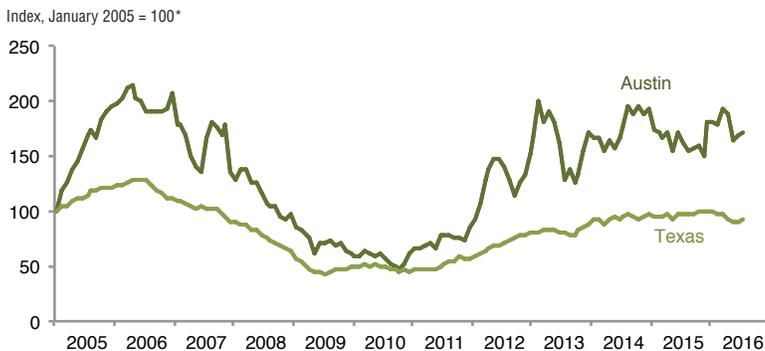
*Population-weighted average of the Dallas, Fort Worth, Houston and San Antonio indexes.

SOURCE: National Association of Home Builders/Wells Fargo.

► Home affordability in Austin dipped in second quarter 2016 as the percentage of homes on the market that a median-income family could afford fell from 59.4 percent to 56.3 percent. This is below the average for the other large Texas metros. However, because of high median household income, housing in Austin is more affordable than in Dallas. Home price appreciation moderated in the second quarter, but existing-home sales reached a new high.

► Permits for new-home construction in Austin ticked up slightly in July. While multifamily permits have tapered off compared with last year, single-family permits recently reached a postrecession high. Austin's housing market remains very tight. Inventories remained at 2.4 months' supply in July, well below the six months considered normal and second only to Dallas's 2.2 months among the large Texas metros.

Housing Permits



*Seasonally adjusted; indexed on five-month moving average.

SOURCES: Census Bureau; adjustments by the Dallas Fed.

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

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