

# Austin Economic Indicators

DALLAS FED

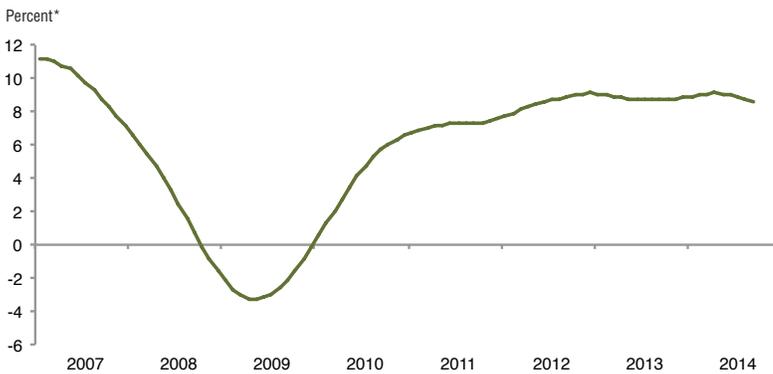
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## Summary

The Austin-Round Rock economy strengthened in August. Private sector jobs grew at an annualized pace of 3.5 percent in August, although overall job growth slowed to 1.6 percent. The unemployment rate ticked up to 4.4 percent but remains close to prerecession levels. Housing overall and multifamily housing in particular remain strong, with apartment vacancies and home inventories near historic lows and permits for new housing increasing sharply in the second quarter.

## Economic Activity

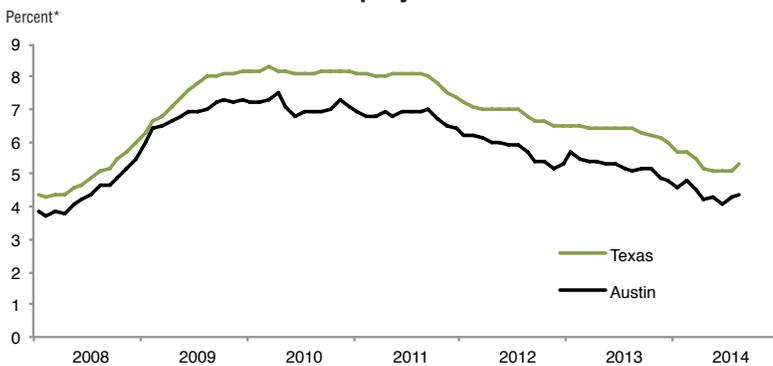
### Austin Business-Cycle Index



► The Austin Business-Cycle Index—a measure of payroll employment growth, the unemployment rate, real retail sales and real wages paid—posted a six-month annualized growth rate of 8.5 percent in August. The index has maintained a growth rate of over 7 percent since the beginning of 2011, reflecting the recovery’s strength. In 2014, growth has moderated somewhat, which may be partly due to tightening labor market conditions.

## Employment

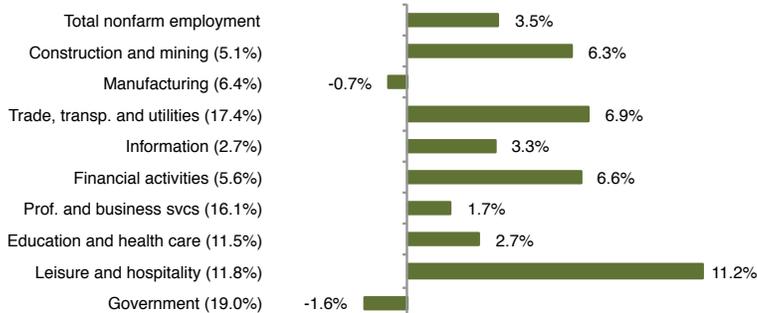
### Unemployment Rate



► The Austin-area unemployment rate rose from 4.3 to 4.4 percent in August, although this remains significantly below the statewide rate of 5.3 percent. Unemployment has been consistently lower in Austin than in the state since the 1990s, and the gap has widened to an average of more than 1 percentage point since 2010. Long term, continued labor market tightness due to skilled worker shortages could eventually lead to a stabilization of the unemployment rate around the historical range of 3.5 to 4 percent seen during boom years.

► Job growth was an annualized 3.5 percent in the three months ended in August—above the 3.1 percent average annual growth rate over the past two decades. Growth was broad-based, but leisure and hospitality grew the fastest, driven by food-service employment, which added two-thirds of the industry’s 2,800 new jobs. Trade, transportation and utilities employment picked up sharply as well, with retail trade growing 9.8 percent over this period. Construction and financial activities jobs rebounded after showing weakness earlier in the year. Meanwhile, manufacturing employment slowed as jobs in computer and electronics fabrication and assembly fell 6.7 percent. Government employment also fell, with local government job growth particularly weak over this period.

### Employment Growth (June–August)



NOTES: Numbers in parentheses represent share of total employment and may not sum to 100 percent due to rounding. Job growth data are seasonally adjusted and annualized.

## Manufacturing

### Austin Purchasing Managers Index

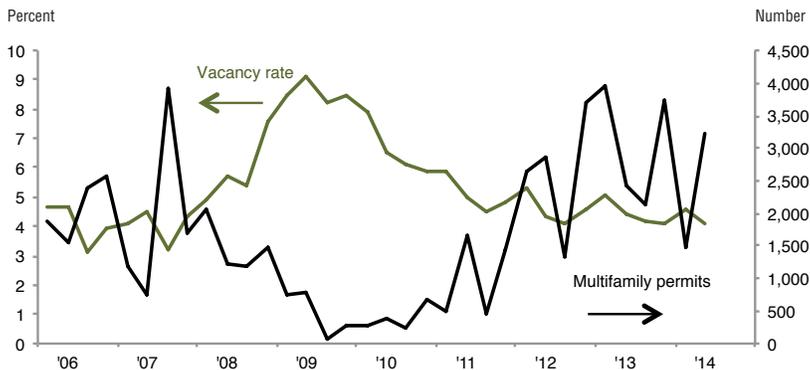


\*Seasonally adjusted.

► The Austin Purchasing Managers Index (PMI) is a composite of survey data from manufacturers in indicators of production, new orders, employment, supplier deliveries and inventories. Values greater than 50 represent net growth in manufacturing, while those below 50 represent contraction. The Austin PMI has grown since March 2013. However, some deceleration has occurred in recent months, with August's value falling from 56.3 to 51.1, due largely to reported decreases in production and employment.

## Housing

### Multifamily Vacancy Rates and Permits



NOTES: The most recent data are through second quarter 2014. Data are seasonally adjusted.

► Multifamily vacancy rates in the area fell from 4.6 to 4.1 percent in the second quarter, less than a percentage point off of a 10-year low. Demand for apartments has grown sharply since the beginning of the recovery, reflected in increases in permits for multifamily housing since the beginning of 2011. Total housing inventories have risen slightly in recent months but remain tight at 2.6 months' supply, well below the 6 months' supply typical of a healthy housing market. This has put continued upward pressure on housing construction and development.

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

SOURCES: **Economic activity:** Bureau of Labor Statistics (BLS), Texas Workforce Commission and Federal Reserve Bank of Dallas; **employment:** BLS and Dallas Fed; **manufacturing:** Institute for Supply Management–Austin; **housing:** Census Bureau, CBRE-EA and Dallas Fed.

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