

Austin Economic Indicators

DALLAS FED

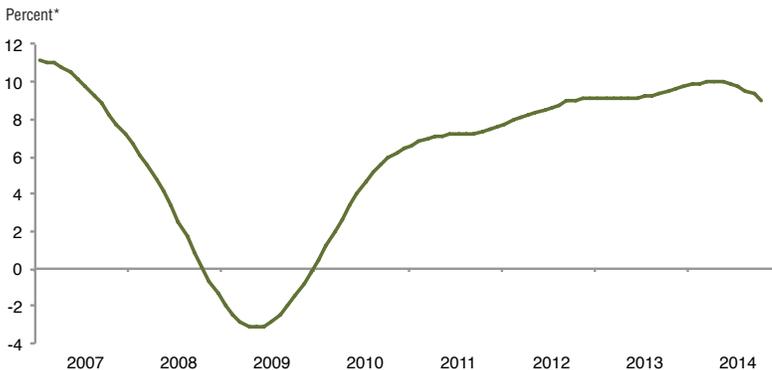
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Summary

Austin's economy continued to grow briskly in September. Payroll employment expanded robustly at 3.5 percent, driven by strong hiring in the private sector. The unemployment rate ticked down to 4.2 from 4.4 percent in August. Housing markets remained strong, and tight inventories, strong construction hiring and sustained price appreciation are likely to drive continued growth. Manufacturing in Austin slowed in September, with both employment and production showing signs of moderation from earlier in the year.

Economic Activity

Austin Business-Cycle Index

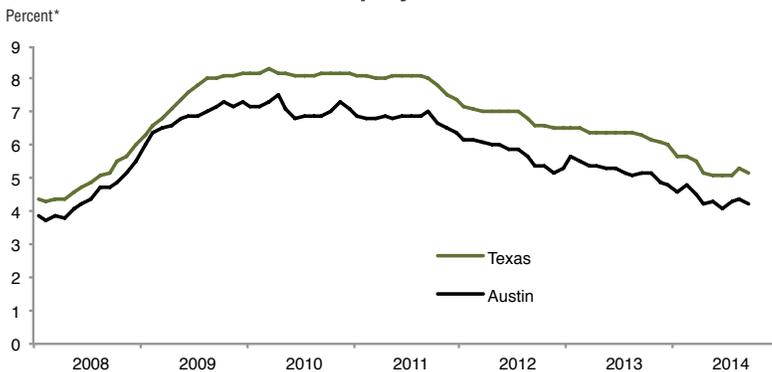


*Six-month annualized rate.

► The Austin Business-Cycle Index grew at a rapid six-month annualized rate of 9.1 percent in September. Though falling slightly from last month's 9.6 percent rate, this remains far above the long-term 6.3 percent average since 1990.

Employment

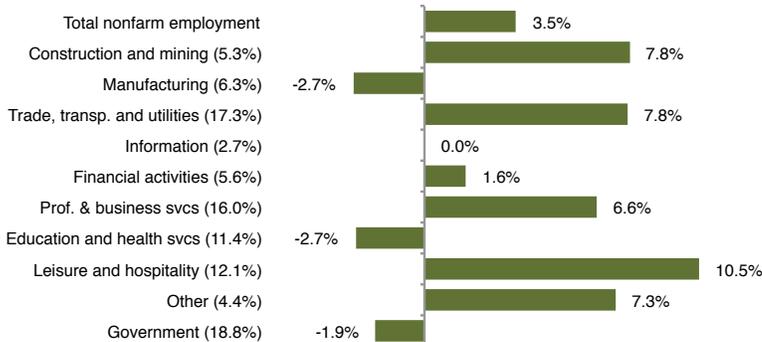
Unemployment Rate



*Seasonally adjusted.

► Austin's unemployment rate fell 0.2 percentage points to 4.2 percent in September, well below the state's rate of 5.2 percent. In the past 12 months, the rate has fallen from 5.2 percent and maintained close to a 1-percentage point gap with the rest of the state over that time. Although the Austin rate has been much more volatile in 2014 than in previous years, since March it has remained below the long-term average of 4.5 percent.

Employment Growth (July–September)

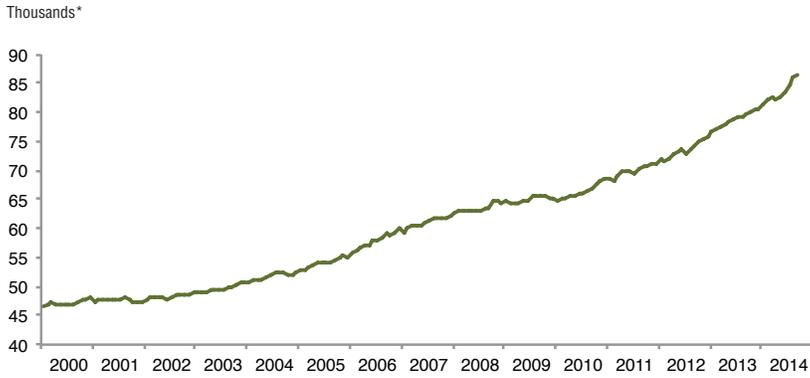


► Austin jobs grew an annualized 3.5 percent in the third quarter, slightly below second quarter's 4.1 percent but still above the long-term average of 3.1 percent. Leisure and hospitality employment continued to grow strongly as food services employment expanded 15.7 percent. Construction jobs saw continued growth of 7.8 percent, as did trade, transportation and utilities employment. Business services jobs expanded at a brisk 6.6 percent rate, primarily from increased hiring in scientific, technical and administrative fields. Unlike much of the rest of Texas, hiring for employment services and temporary workers fell sharply, contracting at a 9.2 percent annualized rate. Meanwhile, education and health services declined moderately, reversing strong growth in the second quarter. Manufacturing employment also declined.

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.

Employment

Food Services Employment

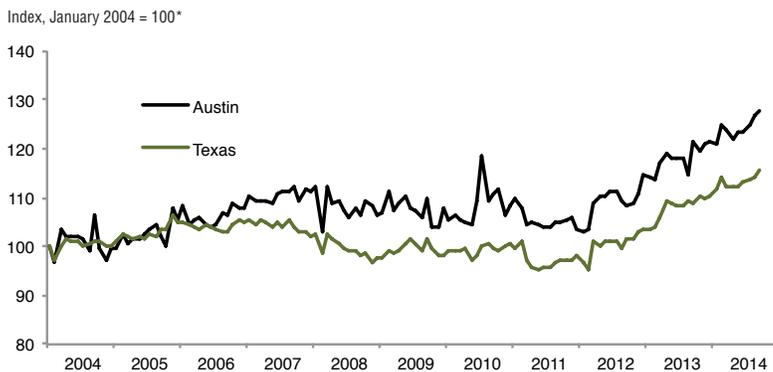


*Seasonally adjusted.

► The food services category has been the main driver of job growth in the leisure and hospitality industry in Austin over the past several years. Since 2000, the number of food services jobs has nearly doubled, and annual growth has averaged 4.1 percent. Growth has quickened to 9.9 percent this year, and a continued demand for workers seen in the Conference Board's help-wanted advertising data suggests that the industry will continue to expand the rest of the year. Food services, which primarily consists of restaurants, bars and other food and drinking places, is a large employer with 9.6 percent of overall jobs. Growth in this industry is often stimulated by growth in housing—as new houses and apartments are built, restaurants and bars typically follow.

Housing

Median Home Sales Price



*Seasonally adjusted.

► Home sales prices have risen rapidly in Austin, as they have in the rest of Texas. Through September, area home prices are up an annualized 7 percent, compared with 6.3 percent for the state. Home inventories held at a tight 2.6 months' supply. Sales of existing homes are up 5.3 percent over the past 12 months. When combined with a surge in help-wanted advertising for construction workers since May, these factors point toward a strong real estate market in Austin for the foreseeable future.

Manufacturing

Austin Purchasing Managers Index



*Seasonally adjusted.

► The Austin Purchasing Managers Index fell in September to 50, indicating no net change in overall activity among respondents. Much of the fall from August's 51.1 came from sharp declines in reported production, which contracted further from 44.4 to 35.8, and in new orders, which decelerated from 61.1 to 50.1. The persistent drop in manufacturing employment since June supports the notion that local area manufacturing has slowed from the relatively fast-paced growth of 2013.

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; **housing:** Multiple Listing Service; **manufacturing:** Institute for Supply Management–Austin.

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