

Austin Economic Indicators

DALLAS FED

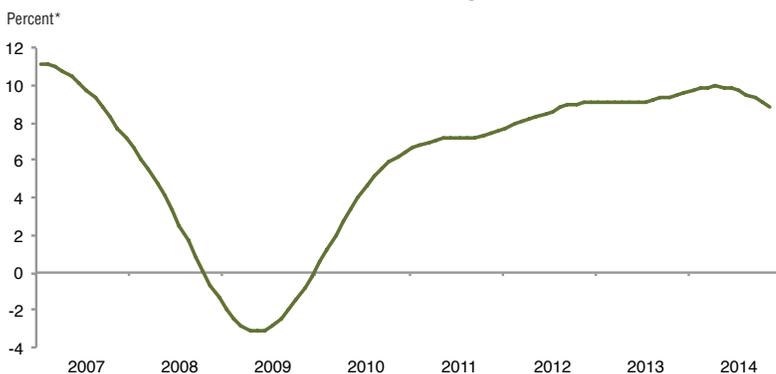
FEDERAL RESERVE BANK OF DALLAS • DECEMBER 2014

Summary

Austin's economy continued to surge in October. Payroll employment grew at an annual rate of 1.6 percent, with public sector hiring outpacing the private sector for the first time since May. The unemployment rate continued to fall, dropping from 4.2 to 4.1 percent. The housing market remained strong, with continued price appreciation, construction employment growth, and brisk home sales. Manufacturing in Austin picked up in November after production and new orders contracted in October.

Economic Activity

Austin Business-Cycle Index

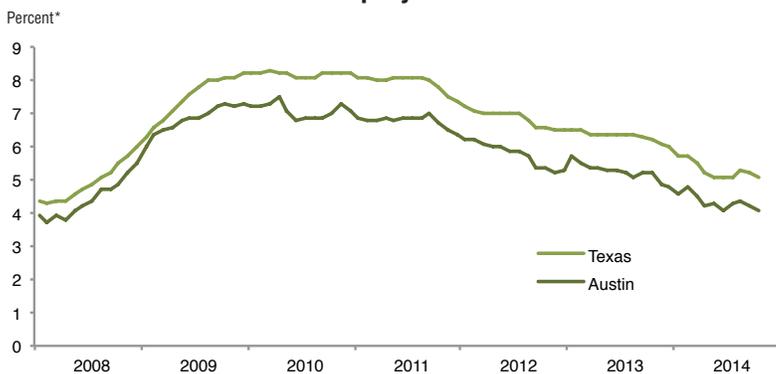


*Six-month annualized rate.

► The Austin Business-Cycle Index continued to grow over the six months through October. Despite some moderation in recent months from the peak rate of 10 percent in March, October's 8.8 percent pace is still 2.5 percentage points above the long-term trend.

Employment

Unemployment Rate

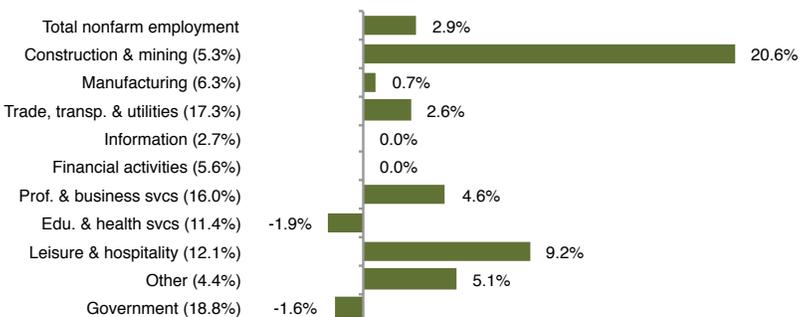


*Seasonally adjusted.

► Austin's unemployment rate in October was a full percentage point below the state rate of 5.1 percent and near its prerecession average of 4 percent. This indicates that excess labor market slack in Austin is rapidly disappearing.

► Job growth slowed to an annualized 2.9 percent for the three months ended in October, below the 4.2 percent in the prior seven months of 2014. Growth was mixed across industries. Construction and mining increased at a vigorous 20.6 percent rate. Leisure and hospitality remained a source of robust growth, with restaurants and bars in particular adding jobs at an 11.3 percent rate. Professional and business services grew at a 4.6 percent rate despite recent weakness in hiring for scientific and technical services. Moderate growth in retail and wholesale trade buoyed growth in the trade, transportation and utilities industry. Meanwhile, manufacturing, financial activities, and information saw little or no net growth over this time. Despite some gains in October, government employment saw a net contraction over the three-month period.

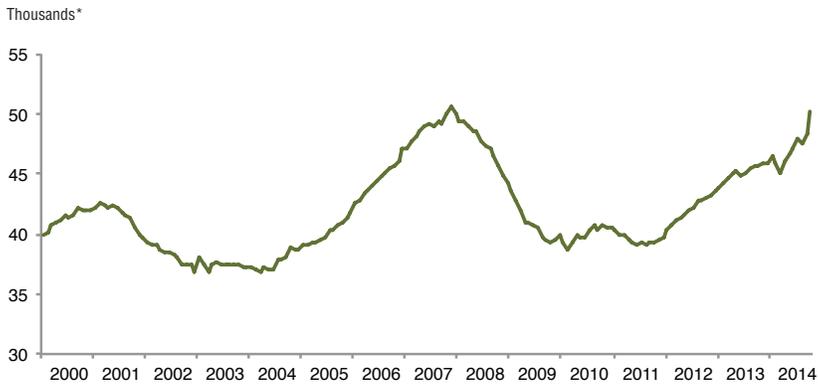
Employment Growth (August–October)



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

Construction and Mining Employment

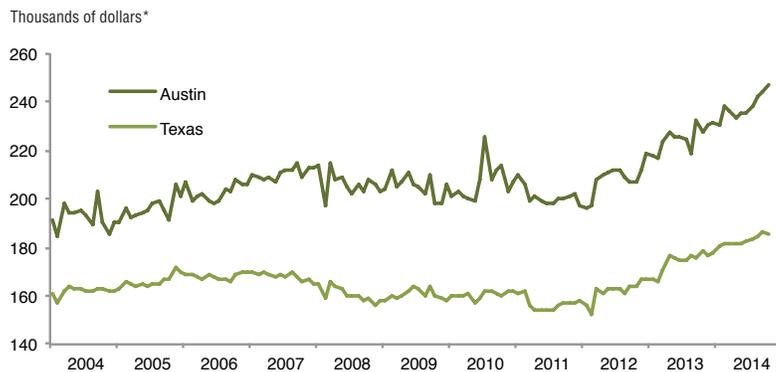


*Seasonally adjusted.

► Construction and mining employment has grown sharply in 2014. Construction accounts for over 90 percent of the category in Austin. Year to date, the industry has expanded at an 11.6 percent annual pace—the fastest since 2006. Employment is approaching the all-time peak reached in late 2007, while help-wanted advertising for construction and maintenance workers is at its highest level since the Conference Board began tracking this data in 2005. Given steady demand for housing and office space in Austin in recent years, construction is likely to remain one of the strongest industries in 2015.

Housing

Median Home Sales Price



*Seasonally adjusted, real.

► October median home sales prices rose in Austin even as they declined slightly in the rest of the state. Median prices are up an annualized 8.2 percent year to date, about 3.4 percentage points higher than in Texas. Home inventories loosened slightly but were still at a tight 2.7 months' supply. With existing-home sales continuing to surpass their prerecession highs, Austin housing markets show little sign of slowing in 2015.

Manufacturing

Austin Purchasing Managers Index



*Seasonally adjusted.

► The Austin Purchasing Managers Index picked up to 56.6 in November, its strongest reading in five months, after October's data indicated a contraction for the first time in over a year. November indicators for production, new orders and employment pointed toward expansion after falling steadily over the prior two months. Inventories fell sharply after increasing slightly in October.

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

SOURCES: **Austin Business-Cycle Index:** Bureau of Labor Statistics (BLS), Texas Workforce Commission and Federal Reserve Bank of Dallas; **unemployment rate:** BLS and Dallas Fed; **employment:** BLS and Dallas Fed; **housing:** Multiple Listing Service; **Austin Purchasing Managers Index:** Institute for Supply Management–Austin.

CONTACT: Questions regarding *Austin Economic Indicators* can be addressed to Christopher Slijk at christopher.slijk@dal.frb.org.