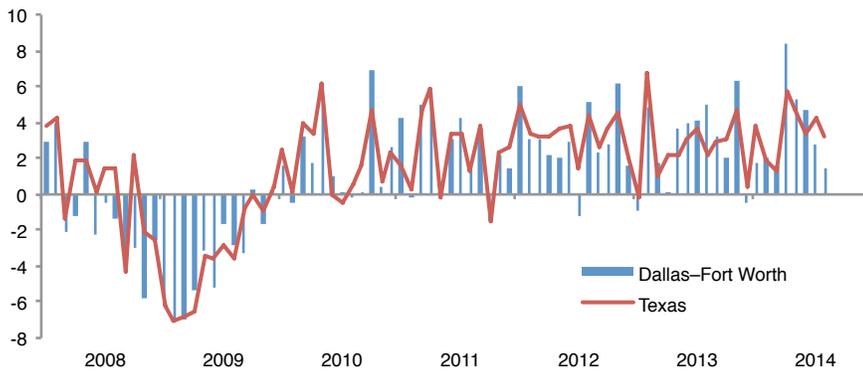


## Summary

The Dallas–Fort Worth economy grew at a slower pace in August, following stronger growth in previous months. So far this year, DFW employment has grown an annualized 3.5 percent, matching the state’s 3.5 percent pace. Job creation remains broad-based across sectors. Activity in the housing sector is healthy, and home prices are rising at a more moderate pace than earlier in the year. The unemployment rates for Dallas and Fort Worth ticked up in August but remain below that of the U.S. The Dallas Fed business-cycle indexes point to continued expansion for the metroplex.

### Employment

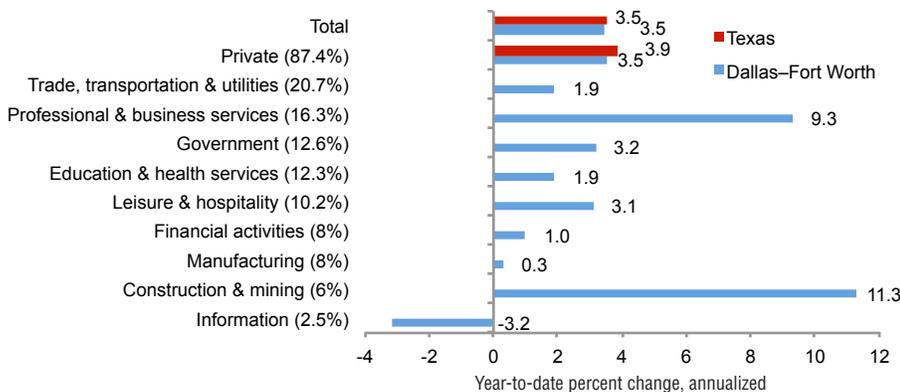
Month-over-month percent change, annualized



► Dallas–Fort Worth employment expanded at a slower clip in August. Jobs grew at an annual rate of 1.4 percent in August, down from the 2.8 percent increase recorded in July. Payroll declines in trade, transportation and utilities (the largest sector) and the leisure and hospitality industry contributed mostly to slower growth during the month.

► For the year, Dallas–Fort Worth has added 72,400 jobs—a 3.5 percent annualized pace. Most of the increase in the area’s employment has come from rapid expansion in the Dallas economy, which has added jobs at an annual rate of 3.8 percent year to date.

### Employment Growth by Sector



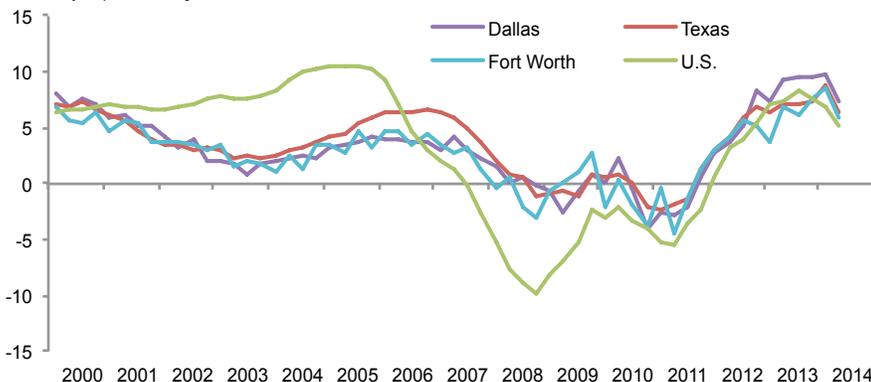
► The metroplex has seen broad-based job growth so far this year, with the construction and mining sector recording the fastest pace of growth at 11.3 percent. Job creation in professional and business services, which includes lawyers, accountants, architects, engineers and other IT professionals, has been particularly strong as well. Only the information services sector has shed jobs, with employment contracting by 1,700 jobs year to date.

► In August, construction and mining was the fastest-growing sector, followed by financial activities and professional and business services industries.

NOTE: Numbers in parentheses are shares of total Dallas–Fort Worth nonfarm employment.

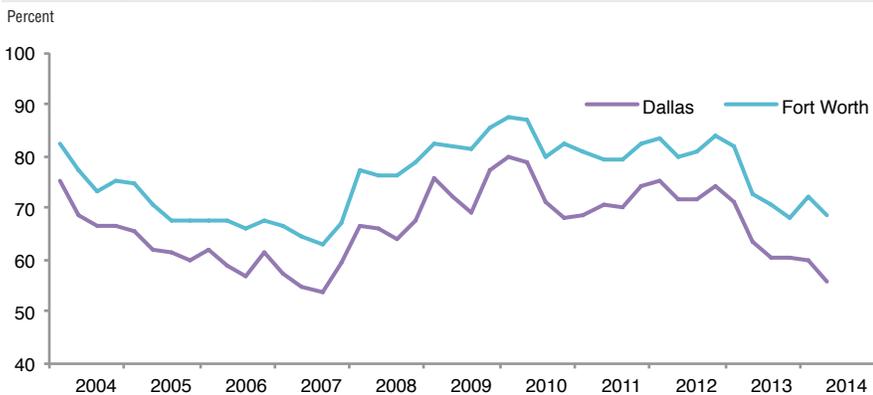
### Home Prices

Year-over-year percent change



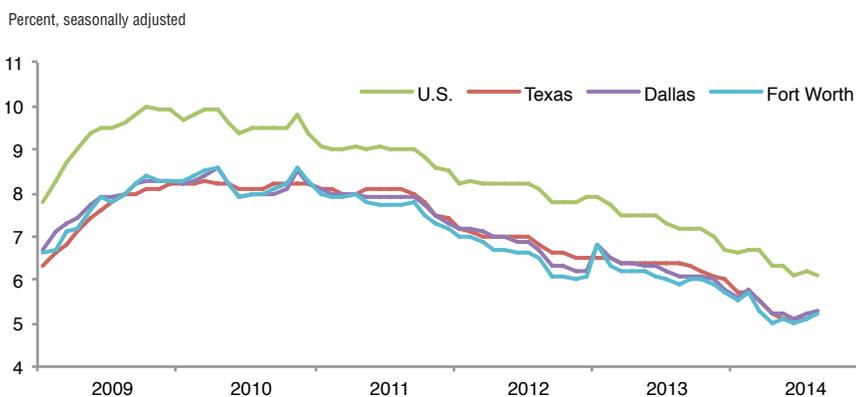
► Home prices are trending upward at a more moderate pace than earlier in the year. Home prices edged up 0.8 percent in Dallas and 0.9 percent in Fort Worth in second quarter 2014, according to data from the Federal Home Finance Agency (FHFA) purchase-only house price index. This compares with an increase of 1.7 percent in Dallas and 1.4 percent in Fort Worth in the first quarter. On a year-over-year basis, prices are up 7.5 percent in Dallas and 5.9 percent in Fort Worth—higher than the national average gain of 5.2 percent. Prices in the metroplex have risen to levels well above their pre-housing bust peak in part due to low inventories and solid demand.

## Housing Affordability



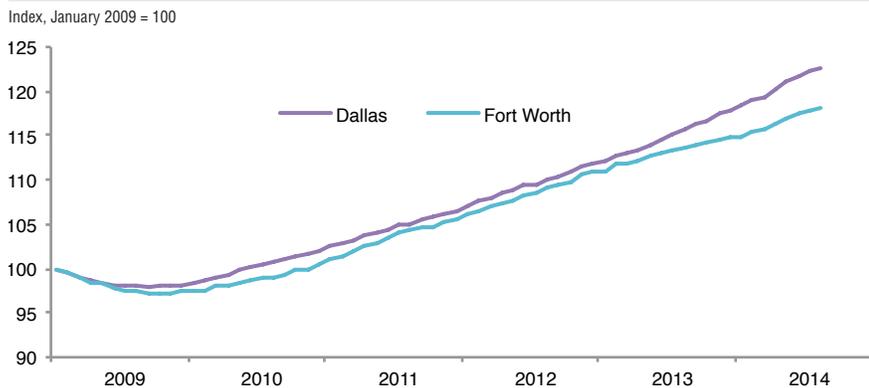
► Rising home prices have resulted in a decline in home affordability in the metroplex. The National Association of Home Builders/Wells Fargo Housing Opportunity Index (HOI) for Dallas fell from 59.8 to 55.7 in second quarter 2014, suggesting that about 56 percent of the homes sold during the quarter were affordable to median-income families. The HOI for Fort Worth dropped from 72.3 to 68.9 over the same period. The indexes for both metros are nearing their prerecession lows reached in third quarter 2007. Still, Dallas and Fort Worth continue to fare better than large metros such as Los Angeles and New York, where only 18.1 percent and 23.3 percent of homes sold were affordable to median-income families in the second quarter.

## Unemployment Rate



► In August, the unemployment rate edged up to 5.3 percent in Dallas, 5.2 percent in Fort Worth and 5.3 percent in Texas. Both metros and the state have rates lower than the 6.1 percent U.S. rate.

## Business-Cycle Index



► Overall economic activity continues to expand in the metroplex, according to the Dallas Fed's metro business-cycle indexes. Through August, the Dallas index has risen an annualized 6.3 percent and the Fort Worth index has increased 4.5 percent. Robust job creation and a decline in the unemployment rate have contributed to gains in the business-cycle indexes for both Dallas and Fort Worth year to date.

► The Dallas Fed produces business-cycle indexes for Texas and its major and border metros to help gauge the current state of the economy. The metro indexes are constructed using payroll employment, the unemployment rate, inflation-adjusted real wages and inflation-adjusted retail sales.

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

SOURCES: **Employment:** Bureau of Labor Statistics' Current Employment Statistics, Texas Workforce Commission and Federal Reserve Bank of Dallas; **housing:** Federal Housing Finance Agency, National Association of Home Builders and Wells Fargo; **unemployment:** Census Bureau and Federal Reserve Bank of Dallas; **business-cycle indexes:** Federal Reserve Bank of Dallas.

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