

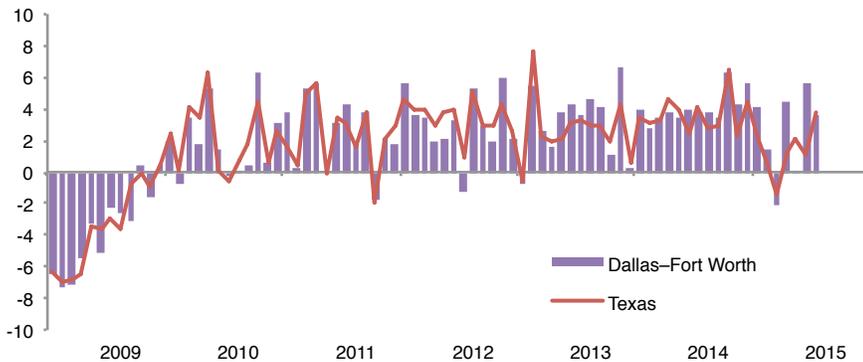
FEDERAL RESERVE BANK OF DALLAS • AUGUST 25, 2015

Summary

The Dallas–Fort Worth economy expanded strongly in July. Year to date, the metroplex has created jobs at a 2.4 percent annualized pace, outperforming both the state’s 1.3 percent and the nation’s 1.8 percent rate. Home sales rose at a solid pace in July, and demand for office space remained strong in the second quarter. Unemployment in Dallas and Fort Worth held steady in July. Dallas Fed business-cycle indexes point to continued growth for the metroplex.

Employment

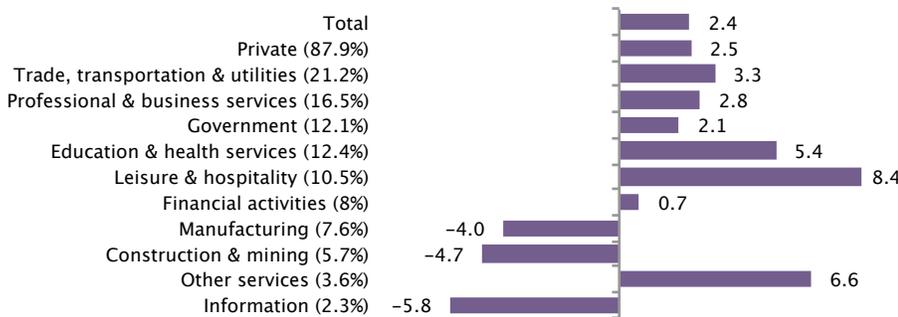
Month/month percent change, annualized*



*With seasonal and other adjustments.

► DFW employment grew at a rapid clip of 3.7 percent in July, following a 5.6 percent increase in June. DFW employment growth has moderated to a 2.4 percent annualized rate year to date, slower than the brisk 4.1 percent pace seen last year. Currently, area employment stands at 3.39 million, according to the Bureau of Labor Statistics’ payroll survey. Through July, Dallas added 44,000 jobs and Fort Worth gained 3,300.

Employment Growth by Sector

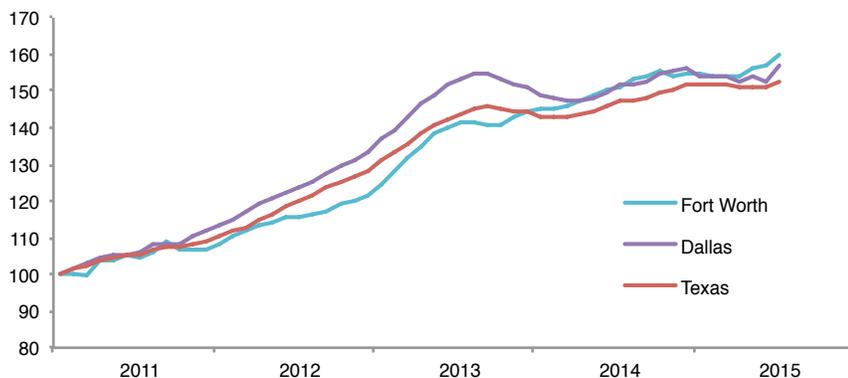


NOTES: Annualized percent change, December 2014–July 2015. Numbers in parentheses are shares of total Dallas-Fort Worth nonfarm employment and may not sum to 100 due to rounding.

► Employment in the goods-producing industries continues to contract, while service sector jobs grew strongly in the first seven months of the year. Among the service industries, leisure and hospitality services continued to register the fastest increase at an 8.4 percent annualized rate, followed by gains in other services and education and health services jobs. The leisure and hospitality sector accounted for a third of the increase in DFW payrolls from January through July. Payrolls in the construction and mining sector shrunk notably during the period, declining 4.7 percent (5,500 jobs), and manufacturing employment fell by 4 percent (6,200 jobs).

Home Sales

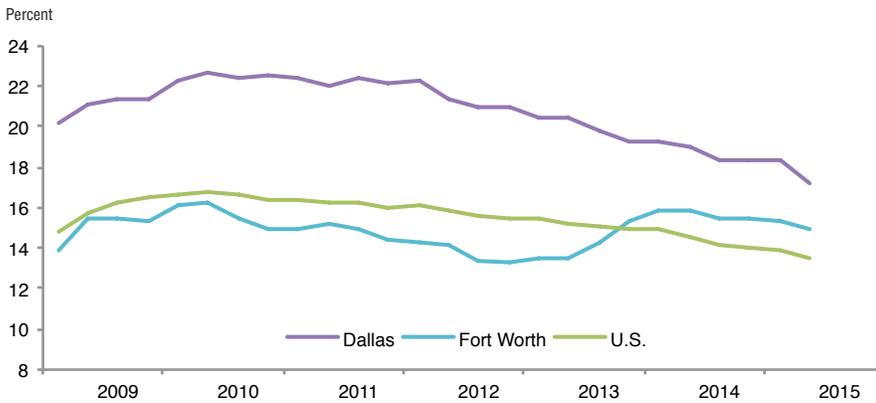
Index, January 2011 = 100*



*Six-month moving average, seasonally adjusted.

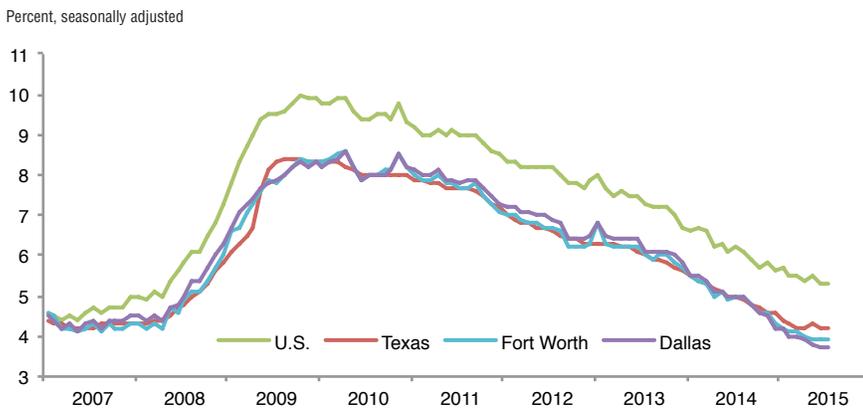
► The DFW housing market remains healthy, and home sales and prices continue to trend upward. In July, existing-home sales rose 9.7 percent in Dallas and 6.5 percent in Fort Worth. Six-month moving averages also show acceleration in DFW sales activity in recent months. Year-over-year sales were up a strong 9.6 percent in Dallas and 13 percent in Fort Worth in July. Home inventories remain tight at 2.2 months of supply in Dallas and Fort Worth. Strong demand and a limited supply have continued to spur home price appreciation. The real median sales price in Dallas was up 7.5 percent year over year in July, and prices were up 10.8 percent in Fort Worth. With employment continuing to grow, it is likely that the local housing market will remain healthy this year.

Office Vacancy



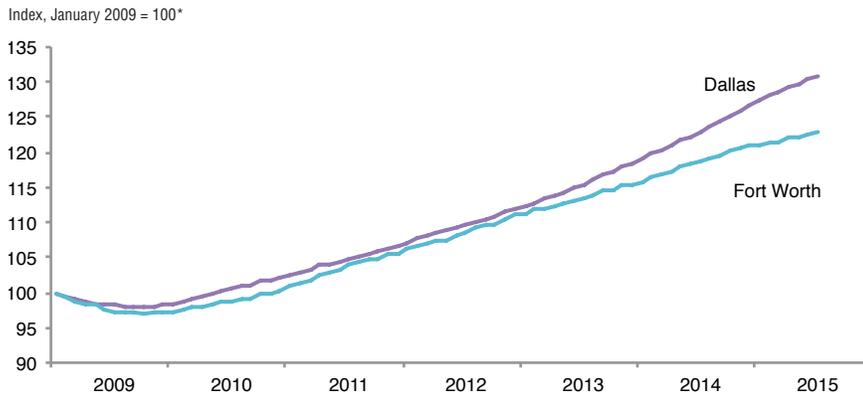
► The DFW office market continues to see strong leasing activity. DFW experienced its 20th consecutive quarter of positive net absorption in the second quarter, according to CBRE Research. Office vacancy rates in Dallas fell from 18.4 percent to 17.2 percent in the second quarter and in Fort Worth edged down from 15.3 percent to 15 percent. Sustained job creation is driving demand for office space in the metroplex, and vacancy rates remain at relatively low levels even with strong ongoing construction activity. In the second quarter, 7.3 million square feet of office space was under construction in the metroplex and overall, rents continue to rise moderately, according to data from CBRE Research.

Unemployment Rate



► Unemployment in the metroplex remains low. In July, the unemployment rate held steady at 3.7 percent in Dallas, 3.9 percent in Fort Worth and 4.2 percent in Texas. All three figures are lower than the U.S. rate of 5.3 percent. Unemployment in both Dallas and Fort Worth is at a 14-year low, suggesting a very tight labor market in the metroplex. Over the past 12 months, the rate has dropped 1.3 percentage points in Dallas and 1.1 percentage points in Fort Worth.

Business-Cycle Index



*Monthly, seasonally adjusted.

► Overall economic growth was solid in the metroplex, according to the Dallas Fed's metro business-cycle indexes. In July, the Dallas index rose at an annualized pace of 6.2 percent, following a 7.5 percent increase in June. The Fort Worth index climbed 4.2 percent in July, following a 4.6 percent increase in June. Year over year, the indexes are up 6.6 percent in Dallas and 3.5 percent in Fort Worth thanks to continued job creation and declines in unemployment.

► 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 revisions.

SOURCES: **Employment:** Bureau of Labor Statistics, Texas Workforce Commission and Dallas Fed; **housing:** Multiple Listing Service; **office:** CBRE Econometric Advisors; **unemployment:** Census Bureau and Dallas Fed; **business-cycle indexes:** Dallas Fed.

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