Summary

The Dallas–Fort Worth economy continued to expand in December, although employment took a slight dip. For all of 2013, DFW employment grew a moderate 2.3 percent, roughly in line with the state’s rate of 2.4 percent and well above the U.S. pace of 1.6 percent. Residential activity remains healthy, with tight home inventories and strong growth in apartment construction. The Dallas and Fort Worth unemployment rates remain below those of the U.S and Texas, and the Dallas Fed business-cycle indexes suggest continued expansion in the DFW metroplex.

Employment

Month-over-month percent change, annualized

While DFW employment edged down in December, monthly numbers are subject to revision. The metro area lost jobs at an annual rate of 1.4 percent in December; however, jobs grew at a 0.6 percent pace in the fourth quarter. For the year, DFW added 70,600 jobs. Currently, area employment stands at 3.14 million, according to the Bureau of Labor Statistics’ payroll survey.

Employment Growth by Sector

Year-to-date percent change, annualized

The metroplex recorded job growth in all major sectors in 2013. Professional and business services, construction and mining, and financial activities recorded the strongest growth last year. In December, the professional and business services sector—which makes up 16 percent of DFW employment—rose at a strong pace of 5.3 percent.

Home Inventories

Months of supply

Home inventories remain tight and prices continue to rise. At year-end, home inventories were 2.4 months in Dallas, 3.2 months in Fort Worth and 3.7 months in Texas, according to the Multiple Listing Service. These figures are below the U.S. level of 5.1 months and well below the six-month threshold that usually signals a balanced housing market. In 2013, median housing prices rose 11.2 percent to $197,441 in Dallas and 13.2 percent to $136,983 in Fort Worth. At year-end, the Texas median home price was $175,721.
Residential construction activity remains strong. DFW multifamily, or apartment, construction increased almost 20 percent from November 2012 to November 2013. Dallas Fed business contacts report that demand remains strong thanks to robust population growth. November single-family construction was slightly higher than it was a year ago. With little inventory of new and existing homes, home construction is likely to continue to add to the economy’s strength in 2014.

In December, the unemployment rate edged down to 5.9 percent in Dallas and 5.8 percent in Fort Worth. Both metros have rates lower than Texas and the U.S., which at year-end were at 6 percent and 6.7 percent, respectively.

Overall economic activity continues to expand in Dallas and Fort Worth, according to the Dallas Fed’s metro business-cycle indexes. Through December, the Dallas index rose 4.3 percent and the Fort Worth index increased 4.7 percent—both slower rates than in 2012. The Dallas and Fort Worth economies grew at a faster pace than the state overall in 2013. The Dallas Fed produces business-cycle indexes for Texas, its major metros and its border metros to help gauge the current state of the economy. The indexes are constructed using payroll employment, the unemployment rate, inflation-adjusted real wages and inflation-adjusted retail sales.