The Dallas–Fort Worth economy expanded at a modest pace in November. Year to date, DFW employment has grown 3.2 percent, slightly slower than the state’s 3.6 percent rate. Job creation remains mostly broad-based across sectors. Activity in the housing sector is characterized by rising home prices and declining affordability. The unemployment rate for Fort Worth fell again in November, while Dallas held steady. The Dallas Fed business-cycle indexes point to continued robust expansion for the Dallas–Fort Worth metroplex.

**Summary**

DFW employment expanded at an annual rate of 1.6 percent in November, down notably from the 5.0 percent increase in October. Payroll declines in leisure and hospitality and construction and mining contributed partly to sluggish growth during the month. For the year, Dallas–Fort Worth has added 92,500 jobs—a 3.2 percent annualized pace.

The Conference Board’s Help-Wanted On-Line Index for Dallas indicated the number of new job ads in the area rose 1.8 percent in November, following a 6.0 percent increase in October. The total number of job ads also edged up 0.6 percent during the month and is up 6.5 percent this year.

The metroplex has seen broad-based job growth through November, with the construction and mining sector recording the fastest pace of increase at 7.6 percent (annualized). Year-to-date job creation in professional and business services, which includes lawyers, accountants, architects, engineers and other IT professionals, remained strong at 6.1 percent, and the sector has accounted for 29 percent of the jobs added in the metroplex so far in 2014. Only the information services sector on net has seen a decline in employment this year, contracting 1.2 percent (900 jobs).

The housing market in the metroplex remains solid, with home prices trending upward. Home prices edged up 2.8 percent in Dallas and 1.3 percent in Fort Worth in third quarter 2014, according to data from the Federal Housing Finance Agency purchase-only house price index. This compares with an increase of 1.6 percent in Dallas and 1.2 percent in Fort Worth in the second quarter. On a year-over-year basis, prices are up 9.4 percent in Dallas and 6.3 percent in Fort Worth—higher than the national average gain of 4.5 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.
Rising home prices have led to a decline in home affordability in the DFW metroplex. The National Association of Home Builders/Wells Fargo Housing Opportunity Index (HOI) for Dallas fell from 55.7 to 55 in third quarter 2014, suggesting that about 55 percent of the homes sold during the quarter were affordable to median-income families. The HOI for Fort Worth dropped from 68.9 to 64.6 over the same period. The indexes for both metros are nearing their prerecession lows reached in third quarter 2007.

In November, the unemployment rate held steady at 4.9 percent in Dallas and fell to 4.8 percent in Fort Worth and 4.9 percent in Texas. Both metros have unemployment rates lower than the U.S. rate of 5.8 percent. In the past 12 months, the unemployment rate in both metros has fallen by 1.1 percentage points.

Overall economic activity continues to expand at a rapid clip in the metroplex, according to the Dallas Fed’s metro business-cycle indexes. Through November, the Dallas index has risen an annualized 6.1 percent and the Fort Worth index has increased 4.6 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.

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.


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