

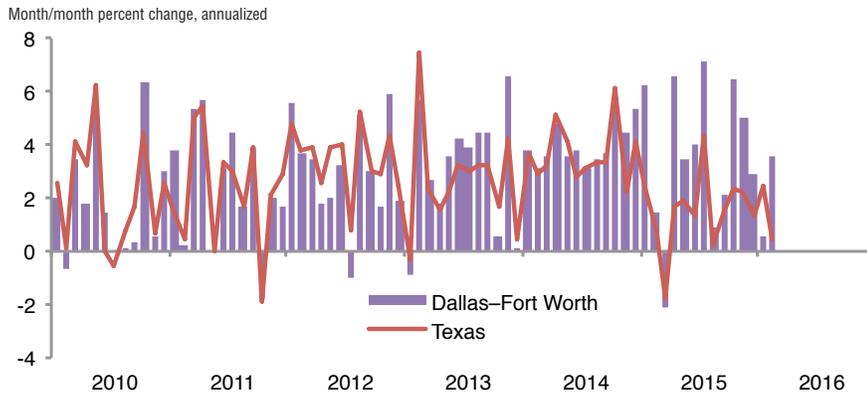
FEDERAL RESERVE BANK OF DALLAS • MARCH 29, 2016

Summary

The Dallas–Fort Worth economy expanded in February. Home sales dipped during the month but remained well above year-earlier levels, and home inventories continued to be tight. Home prices trended upward in the fourth quarter. Dallas Fed business-cycle indexes point to continued growth for the metroplex.

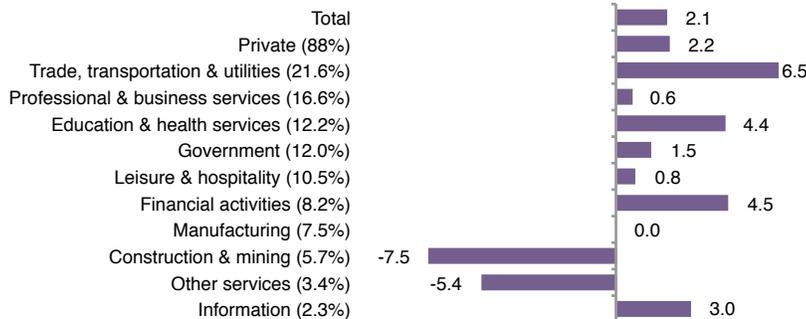
Employment

Employment Growth



SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed.

Employment Growth by Sector



NOTES: Data show seasonally adjusted, annualized percentage employment growth by industry supersector for December 2015–February 2016. Numbers in parentheses represent shares of total Dallas-Fort Worth nonfarm employment and may not sum to 100 due to rounding.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed.

► DFW employment grew an annualized 3.6 percent in February as 10,200 jobs were added. The strong increase was due to payroll gains in both the Dallas and Fort Worth metro areas, a departure from the previous month, when Fort Worth employment shrank. Job growth remains uneven in Fort Worth while increasing consistently in Dallas. More detail on diverging growth in Dallas and Fort Worth is available in the Dallas Fed special report [“At the Heart of Texas.”](#)

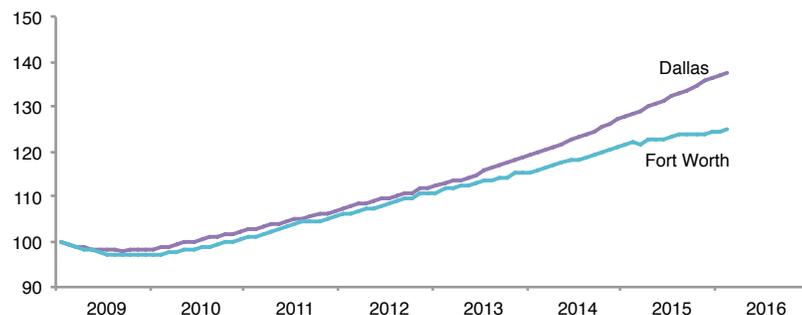
► Overall, employment in the DFW goods sector (manufacturing, and construction and mining) contracted further in February. However, the picture differed by metro. In February, manufacturing employment and employment tied to specialty trades were up in Dallas but fell in Fort Worth.

► Job gains in the DFW service sector continued, albeit at a slightly slower pace than last year. Employment in the trade, transportation and utilities sector—which makes up the largest share of DFW employment—saw the fastest year-to-date increase at 6.5 percent (7,800 jobs). Gains in financial activities and education and health services were strong as well. Employment growth in leisure and hospitality and professional and business services was sluggish; both sectors posted strong gains in 2015.

► Unemployment in February edged down to 3.6 percent in Dallas and held steady at 3.9 percent in Fort Worth, reflecting further tightness in the DFW labor market. Both figures remain lower than the U.S. rate of 4.9 percent.

Business-Cycle Indexes

Index, January 2009 = 100*



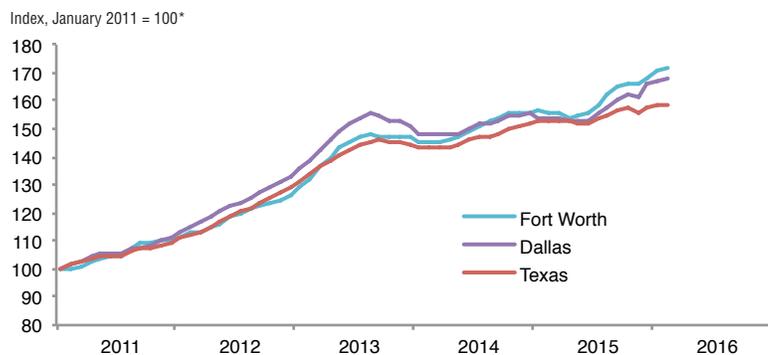
*Monthly, seasonally adjusted.

SOURCE: Dallas Fed.

► Overall economic growth remained solid in Dallas and picked up in Fort Worth, according to the metro business-cycle indexes. The Dallas index climbed an annualized 7.0 percent in February following a 6.3 percent increase in January. The Fort Worth index rose 2.8 percent after dipping 0.9 percent in January. Year over year in February, the Dallas index is up 7.0 percent, while the Fort Worth index has increased a more modest 2.4 percent as a result of continued job creation and low unemployment.

Housing

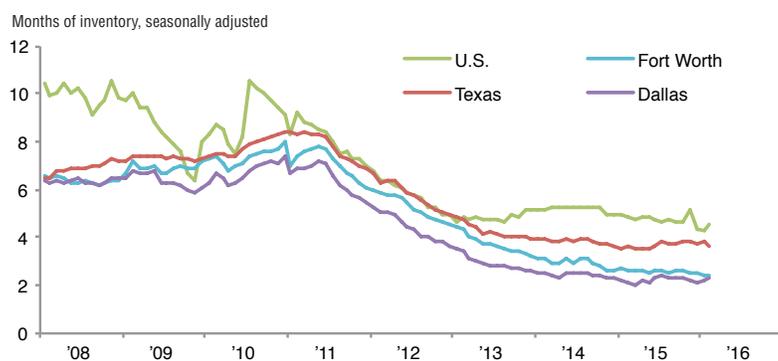
Home Sales



*Six-month moving average; seasonally adjusted.

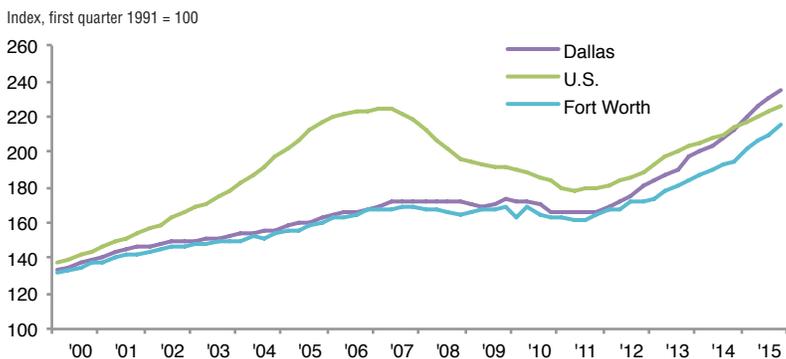
SOURCES: Multiple Listing Service; seasonal adjustments by the Dallas Fed.

Home Inventories



SOURCES: Multiple Listing Service; seasonal adjustments by the Dallas Fed.

Home Prices



SOURCE: Federal Housing Finance Agency.

► Existing-home sales dipped 1.8 percent in Dallas and 4.7 percent in Fort Worth in February. However, six-month moving averages show continued increases in both metro areas. Year-over-year sales are up 8.1 percent in Dallas and 18.7 percent in Fort Worth, far outpacing the 4.1 percent increase for Texas. Even new-home sales remain healthy in the metroplex and are strongest for low- to mid-priced homes, according to Dallas Fed business contacts. Solid job growth is buoying DFW housing demand.

► Home inventories remain tight. In February, supplies were 2.3 months in Dallas, 2.4 months in Fort Worth and 3.6 months in Texas, according to the Multiple Listing Service. These figures are below the U.S. level of 4.6 months and the 6-month threshold that usually signals a balanced housing market. Inventories in both metros are near historic lows and are lower than the levels seen during the U.S. housing boom.

► The DFW housing market remains healthy, and home prices continue to trend upward. Home prices rose 1.8 percent in Dallas and 2.7 percent in Fort Worth in the fourth quarter, according to the Federal Housing Finance Agency purchase-only house price index. On a year-over-year basis, prices were up 10.8 percent in Dallas and 10.9 percent in Fort Worth—both higher than in Texas (7.6 percent) and the nation (5.8 percent). Prices in the metroplex are well above their peak before the housing bust, in part due to low inventories and continued strong demand. In the fourth quarter, U.S. home prices finally reached the highs seen during the housing boom.

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

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