

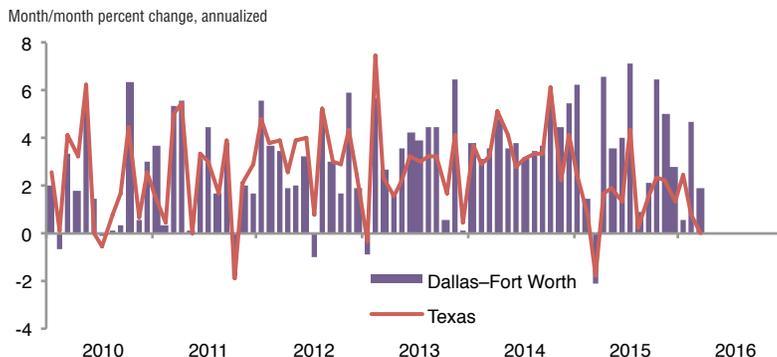
FEDERAL RESERVE BANK OF DALLAS • APRIL 19, 2016

## Summary

The Dallas–Fort Worth economy expanded in March. Housing affordability declined further in the fourth quarter, and home prices continued to increase in January. Unemployment ticked up in March, and the Dallas Fed business-cycle indexes point to continued growth for the metroplex.

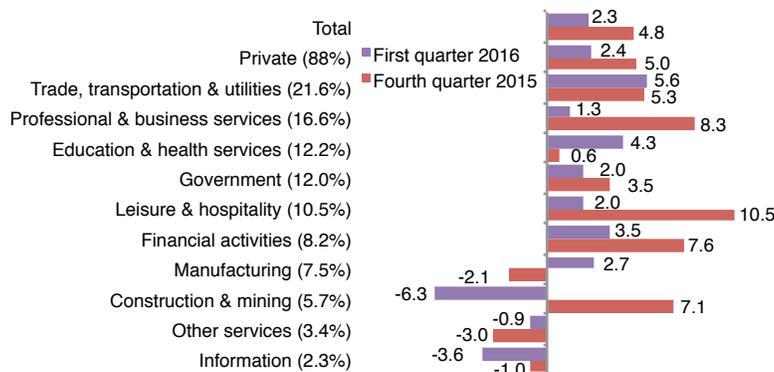
## Employment

### Employment Growth



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

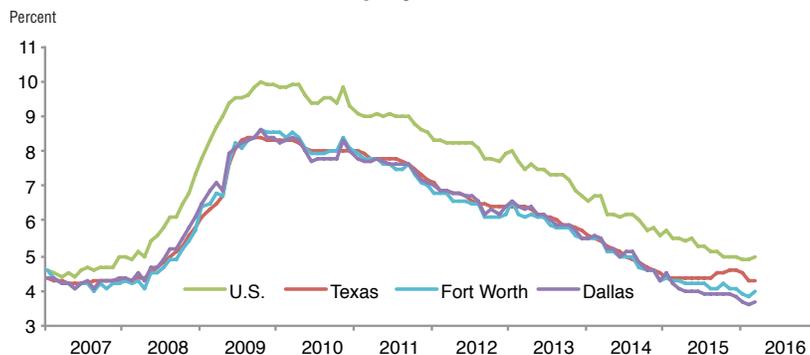
### Employment Growth by Sector



NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector. 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.

### Unemployment Rate



SOURCES: Census Bureau; seasonal adjustments by the Dallas Fed.

► DFW employment grew an annualized 1.9 percent in March with the addition of 5,300 jobs. March job growth was weak in Dallas at an annual 0.9 percent rate but solid in Fort Worth at 4.2 percent, a reversal from the previous 12 months when Dallas job growth largely outpaced Fort Worth. Texas employment held steady during the month.

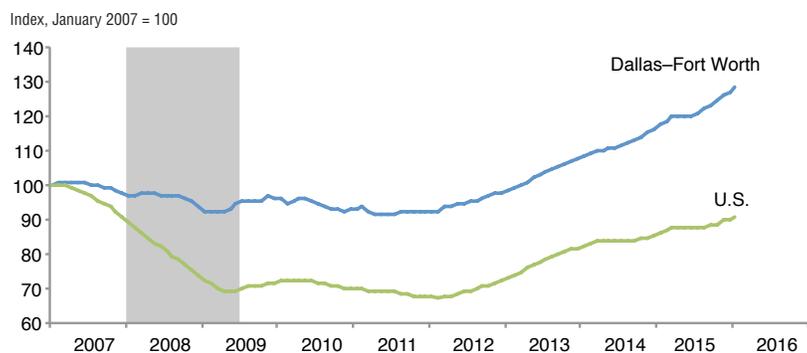
► DFW payroll employment grew an annualized 2.3 percent in the first quarter, slower than the 4.8 percent increase posted in the fourth quarter. First-quarter job gains were moderate because of a sharp decline in construction and mining employment combined with decelerating job growth in the professional and business services, leisure and hospitality, and financial activities sectors.

► The top three contributors to first-quarter growth were the trade, transportation and utilities, education and health services and financial services categories, which added a combined 17,000 jobs. Losses in construction and mining, information, and other services totaled 4,300 jobs. During the quarter, employment in Dallas climbed an annualized 2.8 percent (17,300 jobs), while in Fort Worth it rose 1.1 percent (2,800 jobs).

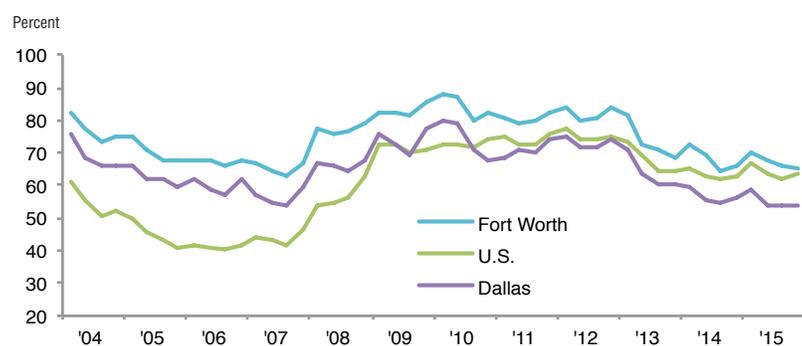
► In March, the unemployment rate edged up to 3.7 percent in Dallas and 4 percent in Fort Worth and held steady at 4.3 percent in Texas. All three figures remain lower than the U.S. rate, which ticked up to 5.0 percent. Despite the rise, unemployment in both Dallas and Fort Worth is close to multiyear lows, suggesting a very tight labor market in the metroplex. Unemployment is down 0.4 percentage points in Dallas and 0.3 percentage points in Fort Worth compared with year-ago levels.

## Housing

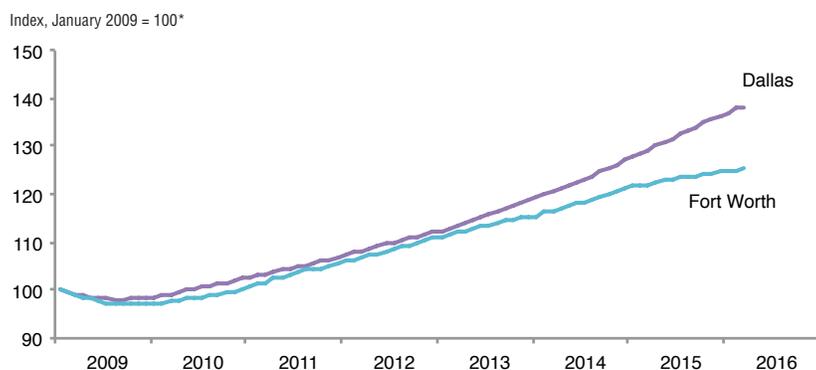
### Home Prices



### Housing Affordability



## Business-Cycle Indexes



► Strong demand and tight inventories have led to rapid house-price appreciation in the metroplex. The S&P Case-Shiller Home Price Index for DFW rose 0.7 percent in January. The composite index for the U.S., which covers 20 major metros, rose 0.8 percent. In 2015, home prices jumped more rapidly in DFW (9.5 percent) than in the nation as a whole (5.7 percent). In January, DFW prices were nearly 27 percent above their April 2007 prerecession high, while U.S. prices remained below their peak.

► Nevertheless, home-price appreciation is moderating, and median home prices in the metroplex dipped in February, according to data from the Multiple Listing Service. Nominal prices were up 3.9 percent in Dallas in February 2016 from year-ago levels and 5.6 percent in Fort Worth. This is slower than the 10.5 percent year-over-year hike in Dallas and 12 percent surge in Fort Worth in February 2015. Median home prices in Dallas are currently well above those of the nation.

► Rising home prices have resulted in lower housing affordability in the metroplex. The National Association of Home Builders/Wells Fargo Housing Opportunity Index (HOI) for Dallas dipped from 54.2 to 54 in fourth quarter 2015, suggesting that about 54 percent of the homes sold were affordable to median-income families. The HOI for Fort Worth also edged down from 65.9 to 64.9 over the same period. The indexes for both metros are close to 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 14.9 percent and 22 percent of homes sold, respectively, were affordable to median-income families.

► Overall economic growth slowed in Dallas but picked up in Fort Worth, according to the Dallas Fed's metro business-cycle indexes. The Dallas index rose an annualized 3.9 percent in March following a 7.5 percent rise in February. The Fort Worth index climbed 5.0 percent in March after posting a strong 4.1 percent gain in February. In the first quarter, the Dallas index was up an annualized 5.8 percent, while the Fort Worth index has increased 2.7 percent—a result of continued job creation and low 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 wages and inflation-adjusted retail sales.

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

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