

Austin Economic Indicators

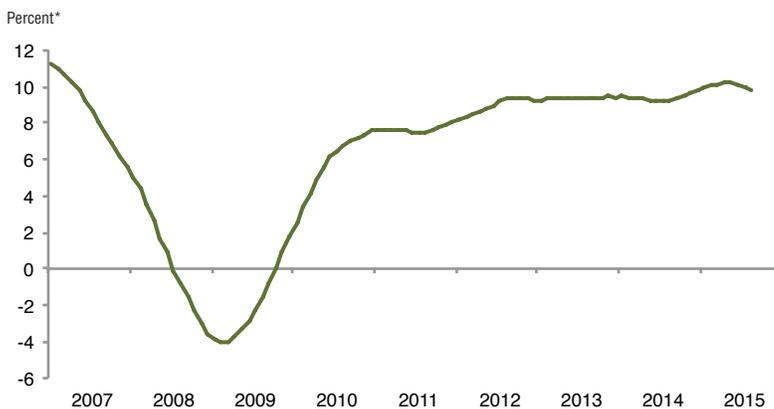
DALLAS FED

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Summary

The Austin economy continued to expand rapidly in July. The metro business-cycle index grew at a brisk pace, while job growth picked up after decelerating markedly in June. The unemployment rate ticked up slightly but remains indicative of a very tight labor market. With annualized job growth of 4.5 percent so far this year—more than triple the state rate—the overall Austin economy shows few signs of slowing even as labor constraints and the strong value of the dollar weigh down certain industries.

Austin Business-Cycle Index

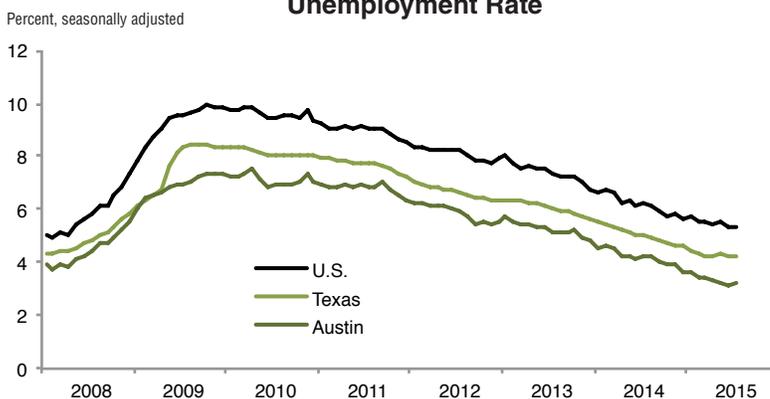


*Month-over-month annualized rate, seasonally adjusted.

► The business-cycle index grew at a 9.8 percent annualized rate in July after reaching a postrecession peak of 10.2 percent in May. Growth so far this year has averaged 10 percent, outperforming 2014 growth by 0.6 percentage points. A small exposure to the oil and gas sector and a bright outlook for sectors such as high-tech, health care and tourism suggest continued strength in the Austin economy in the second half of the year.

Employment

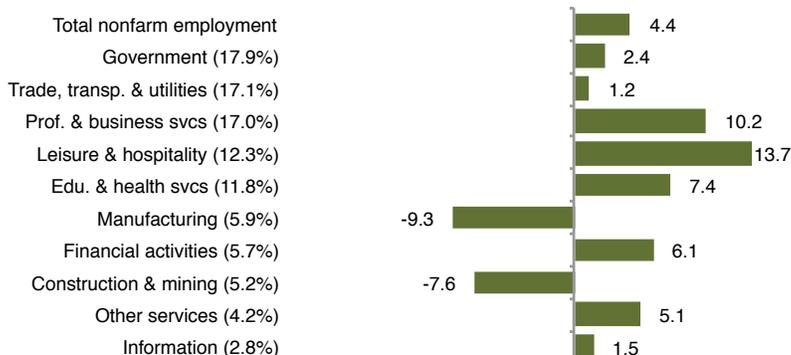
Unemployment Rate



► The Austin unemployment rate increased for the first time in 12 months, rising in July to 3.2 percent from 3.1. The reading remains well below the state and national rates of 4.2 and 5.3 percent, respectively. Continued high demand for labor, as measured by help-wanted advertising, suggests that workers—especially those with skilled technical expertise—remain difficult to find in the area.

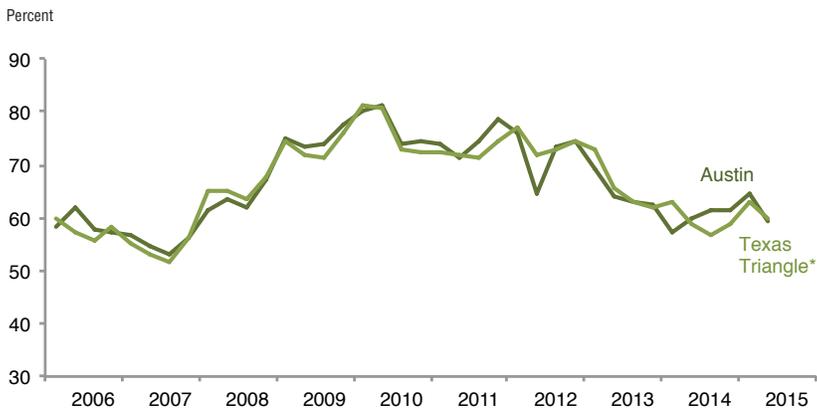
► Job growth held steady at a rapid 4.4 percent annualized rate over the three months through July. While growth in manufacturing and construction continued to weaken, expansion was broad based across service industries. Leisure and hospitality was a strong driver of growth, adding 3,700 net new jobs. Professional and business services jobs also picked up, primarily due to an 18.7 percent jump in administrative positions. Financial activities and education and health care growth decelerated from previous months but continued to expand. Government saw its first significant pickup since the end of the first quarter, with hiring in local government constituting the bulk of this new growth. Meanwhile, the manufacturing sector and construction and mining continued to underperform compared with the service sector, shedding a combined 2,500 jobs over this time.

Employment Growth



NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector for May–July 2015. Numbers in parentheses represent share of total employment and may not sum to 100 percent due to rounding.

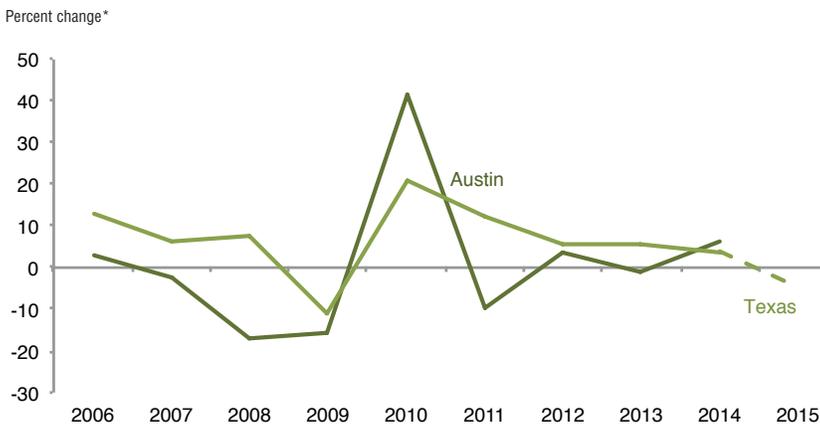
Housing Affordability



► Home affordability declined in the second quarter in Austin and the other Texas Triangle metros. The percentage of homes sold that were affordable to median-income families fell from 64.6 to 59.6 percent in Austin. The pace of price increases is similar to last year's; the median sales price rose at an 8.2 percent annualized rate to \$260,456 in the second quarter. Nevertheless, above-average incomes in Austin have helped buoy home affordability to levels near those of other large Texas cities.

*Population-weighted average of the Dallas, Fort Worth, Houston and San Antonio indexes.

International Exports



► Austin's international goods exports picked up in 2014, growing at a 6.5 percent rate to reach \$9.4 billion. The rate exceeds the 3.9 percent growth in Texas exports and is the fastest pace since the postrecession rebound in 2010. The vast majority of exports are related to computer/electronics and machinery manufacturing—sectors that have consistently made up close to 90 percent of total exports over the past 10 years. However, recent weaknesses stemming from slowing global demand and the strong value of the U.S. dollar are likely to hinder growth in 2015. State-level data show that exports in these industries were flat over the first two quarters of 2015, suggesting softness in Austin manufacturing exports.

*Year-over-year growth, seasonally adjusted; dashed line represents period from June 2014 to June 2015.

Venture-Capital Funding



► Venture-capital funding in Austin continued to trend upward, with four-quarter average growth up 48 percent year over year through the second quarter, compared with 38 percent for the nation as a whole. Venture funding in Austin continues to fare much better than in the rest of the state, where growth has been flat over the past year. While Austin has started to catch up to some of the larger U.S. coastal cities in attracting capital, its share of nationwide venture funding remains below its peak in mid-2012.

*Indexed on four-quarter moving average; data are inflation-adjusted.

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

SOURCES: **Austin Business-Cycle Index:** Bureau of Labor Statistics (BLS), Texas Workforce Commission (TWC) and Dallas Fed; **unemployment rate:** BLS and Dallas Fed; **employment growth:** BLS, TWC and Dallas Fed; **housing affordability:** National Association of Home Builders/Wells Fargo; **international exports:** International Trade Administration and WISERTrade; **venture-capital funding:** PricewaterhouseCoopers, Thomson Reuters and National Venture Capital Association.

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