

Austin Economic Indicators

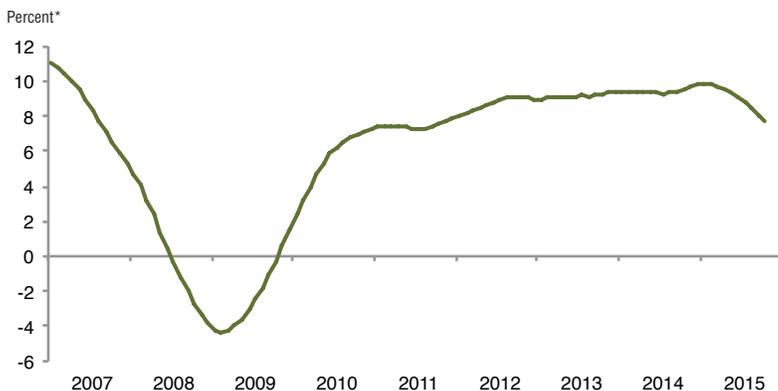
DALLAS FED

FEDERAL RESERVE BANK OF DALLAS • NOVEMBER 5, 2015

Summary

Growth in the Austin economy slowed in September. The Austin Business-Cycle Index decelerated but maintained an above-average growth rate, while jobs increased modestly. The unemployment rate ticked up but continued to reflect a tight labor market. Improvement in construction activity and real estate, along with robust growth in high-tech services, suggests continued strength in the Austin economy for the remainder of the year.

Austin Business-Cycle Index

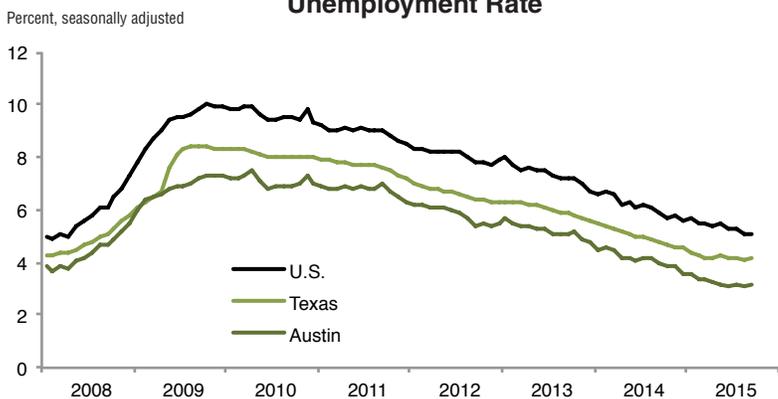


*Month-over-month, annualized rate, seasonally adjusted.

► The business-cycle index expanded at a 7.7 percent annualized rate in September. Although index growth has tapered off since peaking at 9.9 percent in January, it remains well above its 20-year average of 5.8 percent, indicating above-trend expansion in the local economy.

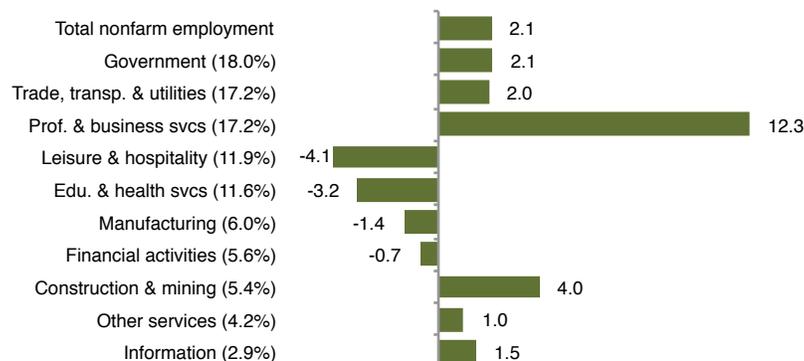
Employment

Unemployment Rate



► The Austin unemployment rate rose slightly to 3.2 percent in September but remains below the state and national rates of 4.2 and 5.1 percent, respectively. This rate, near a 15-year low for Austin, is indicative of a very tight labor market. With labor demand still strong—on-line help-wanted advertising reached an all-time high in October—some of the slowing in third-quarter job growth is more likely attributable to difficulty finding qualified workers than to underlying weakness in the economy.

Employment Growth

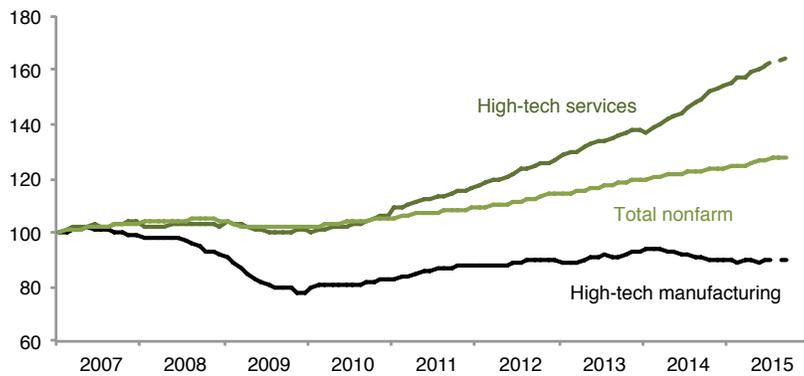


► Job growth decelerated to a 2.1 percent annualized rate in the third quarter from 5.6 percent in the second. Growth was mixed across industries. Professional and business services expanded as hiring in administrative services grew strongly at 16.5 percent. Construction accelerated after growing moderately in the second quarter as hiring for trade contractors picked up to its fastest pace since mid-2014. Trade, transportation and utilities growth softened, mainly due to weakness in retail hiring, but it remained positive overall. Meanwhile, leisure and hospitality reversed course after posting strong growth through the first half of the year. The financial activities and education and health service categories also dipped into negative territory. Manufacturing employment remained weak as well.

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

High-Tech Manufacturing and Services Employment

Index, January 2007 = 100

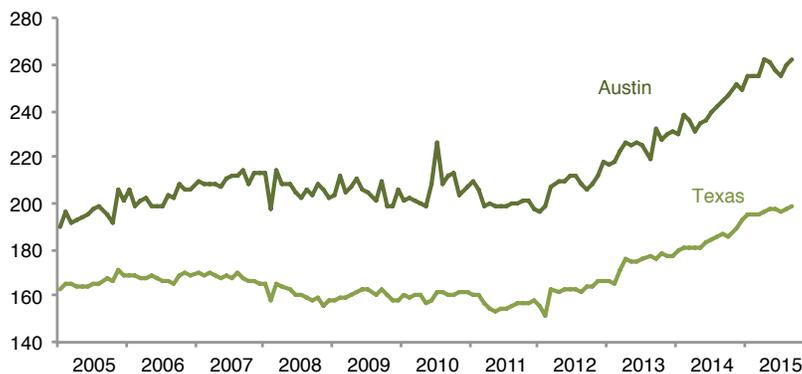


NOTES: Data are seasonally adjusted. Dashed lines represent estimates based on broader industry data.

► Job growth in Austin’s technology sector has diverged since the early 2000s: Employment in high-tech services continues to outpace overall job growth in Austin, while high-tech manufacturing has been on a long-term decline. Since 2007, growth in services has averaged 5.9 percent annually, dipping slightly during the 2008–09 recession before rebounding strongly. High-tech manufacturing employment fell 22.1 percent from 2007 to 2009 and then picked up weakly through the end of 2013. Estimates based on broader industry data suggest that high-tech services employment grew at a 6.8 percent rate in the third quarter, while high-tech manufacturing declined 1.3 percent.

Median Home Prices

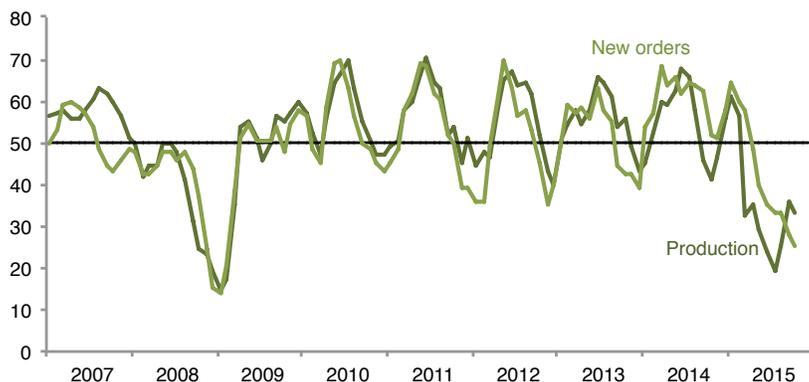
Thousands of dollars, real



► Median home prices continued to rise in Austin, reaching an all-time high of \$262,432 in September. Year to date, home prices are up 5.3 percent in Austin versus 3.1 percent in the state. Total home sales remain near record highs, and inventories are at a lean 2.6 months’ supply, suggesting continued strong demand in Austin housing markets.

Austin Purchasing Managers Index

Index, seasonally adjusted*



*Three-month moving average; values greater than 50 indicate expansion.

► The Austin Purchasing Managers Index continued to slip in October after seeing some improvement in September. The three-month average in the production index was 33.3 in October, down from 36.2 the month before. Both values indicate continued declines in overall production. The new-orders index weakened further, falling to a postrecession low of 25 in October. These readings indicate that continued weakness in the Austin manufacturing sector is likely at least through the end of the year.

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 and high-tech manufacturing and services employment:** BLS, TWC and Dallas Fed; **median home prices:** Multiple Listing Service; **Austin Purchasing Managers Index:** Institute for Supply Management–Austin.

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