

Austin Economic Indicators

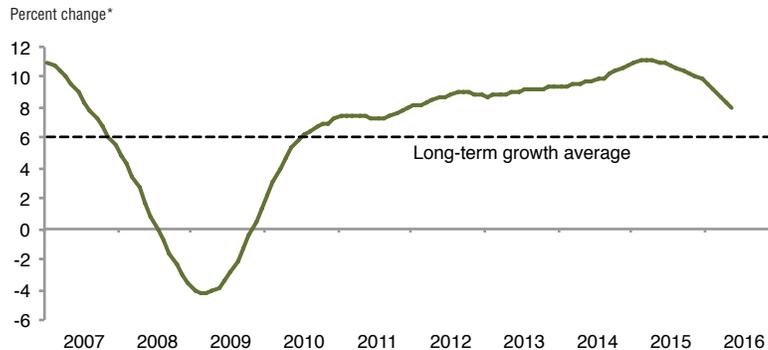
DALLAS FED

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Summary

The Austin economy grew moderately in April. The Austin Business-Cycle Index decelerated but growth remained above its long-term trend. Job growth slowed to an annualized 1.1 percent in April, mirroring the state rate. The unemployment rate held steady at a low level, indicating a tight labor market. Over the past several months, a technology sector slowdown has become a potential headwind to growth in Austin.

Austin Business-Cycle Index



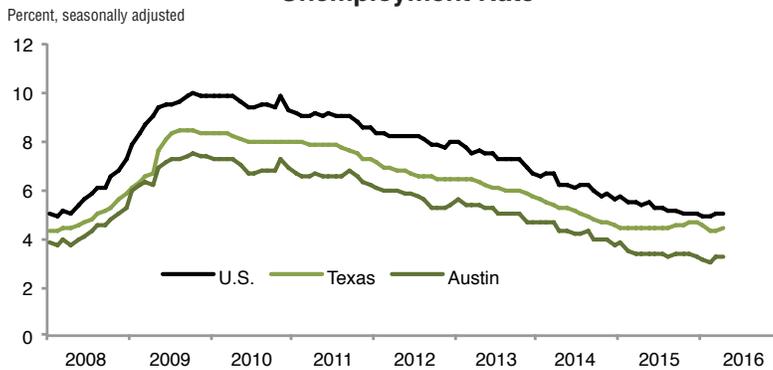
*Month-over-month annualized rate, seasonally adjusted.

SOURCE: Dallas Fed.

► The Austin Business-Cycle Index expanded at a 7.9 percent annualized rate in April, continuing a gradual deceleration that started in early 2015. This moderation likely stems from a stabilizing unemployment rate in recent months coupled with below-average annualized job growth of 2.1 percent year to date. However, indicators such as retail trade employment and local sales tax rebates suggest a recent pickup in retail sales, one of the four components of the business-cycle index.

Employment

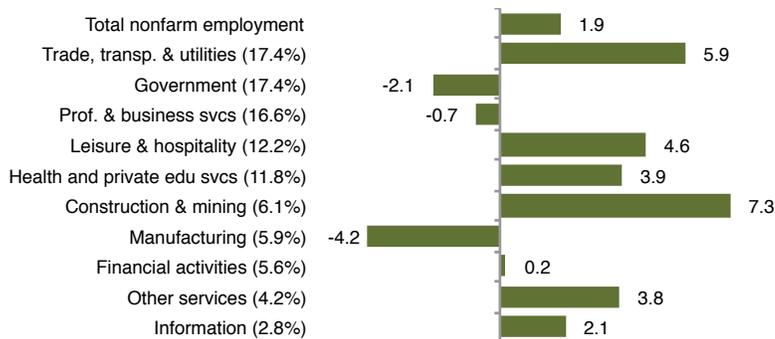
Unemployment Rate



SOURCE: Bureau of Labor Statistics.

► The Austin unemployment rate held steady in April at 3.2 percent, slightly above its 15-year low of 3 percent, reached in February. This follows trends in the state and nation, both of which are 0.1 percentage points above postrecession lows, also reached in February. The labor force contracted slightly in April; however, it has expanded at a moderate pace so far this year.

Employment Growth



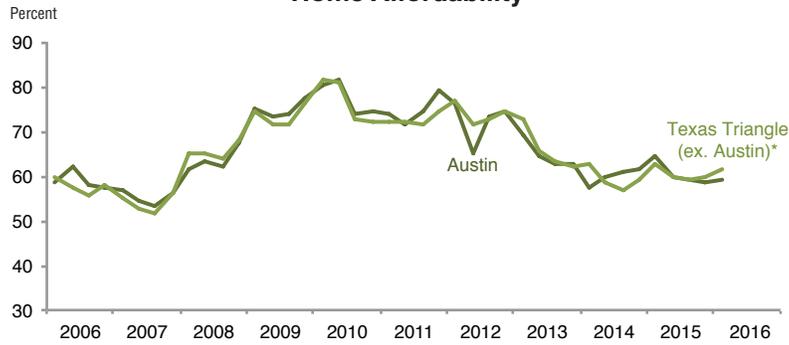
► Austin job growth held steady at a 1.9 percent annualized rate over the three months through April. Growth was mixed across industries, and private sector industries related to technology—notably manufacturing and professional services—slowed markedly over this time. Construction employment, particularly among specialty trade contractors, expanded at a rapid pace. Strong growth in retail trade jobs continued to boost the trade, transportation and utilities sector. Leisure and hospitality and health services expanded at a moderate pace but decelerated compared with 2015. Federal government declines were a significant drag on public sector employment. Manufacturing jobs continued to be affected by weakness in the global economy and the relatively strong dollar.

NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector for the three months ending in April. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

SOURCES: Bureau of Labor Statistics; adjustments by the Dallas Fed.

Housing

Home Affordability



*Population-weighted average of the Dallas, Fort Worth, Houston and San Antonio housing affordability indexes.
SOURCE: National Association of Home Builders/Wells Fargo.

► Housing affordability in Austin increased in first quarter 2016. The National Association of Home Builders/Wells Fargo Housing Opportunity Index, which measures the percentage of homes sold that a median-income family could afford, moved up to 59.4 percent from 58.4 percent in fourth quarter 2015. Due to rising incomes in Austin, home affordability remains comparable to the 61.5 percent average of the other large metros in the Texas Triangle.

► The Austin multifamily market continues to grow robustly. Permits for new apartment construction rose further and remain well above the historical average, while apartment vacancies dipped to a low 4.7 percent. Rents climbed 5.7 percent year over year in the first quarter, according to MPF Research—the second-highest pace among Texas metros this year.

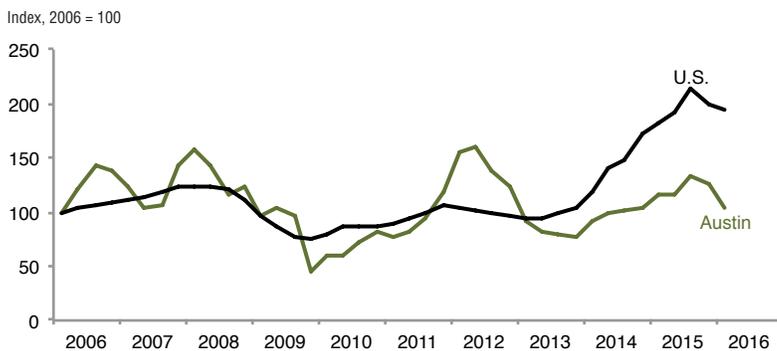
Multifamily Vacancy Rate and Permits



*Seasonally adjusted.
**Three-quarter centered moving average, seasonally adjusted.
SOURCES: CBRE Group; Census Bureau; adjustments by the Dallas Fed.

► Venture capital funding in Austin fell nearly 23 percent in the first quarter after reaching a three-year high in mid-2015. The decline in funding at the national level was more shallow but still significant over this time at nearly 9 percent. The proportion of investments in early stage companies dropped 9 percentage points to less than half of total funding, according to the National Venture Capital Association. The top 10 largest deals accounted for nearly one-quarter of total funding, compared with 18 percent the previous quarter.

Venture Capital Funding



NOTES: Indexed on four-quarter moving average. Data are inflation-adjusted.
SOURCES: PricewaterhouseCoopers; Thomson Reuters; National Venture Capital Association.

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

CONTACT: Questions regarding *Austin Economic Indicators* can be addressed to Christopher Slijk at christopher.slijk@dal.frb.org.