

Austin Economic Indicators

DALLAS FED

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Summary

The Austin economy grew modestly in June. While job growth has accelerated in recent months, it remains below the strong growth rate posted for 2015. The unemployment rate held steady at just over 3 percent. The economy is still expanding, but the Austin Business-Cycle Index continued a gradual deceleration that began in February 2015.

Austin Business-Cycle Index



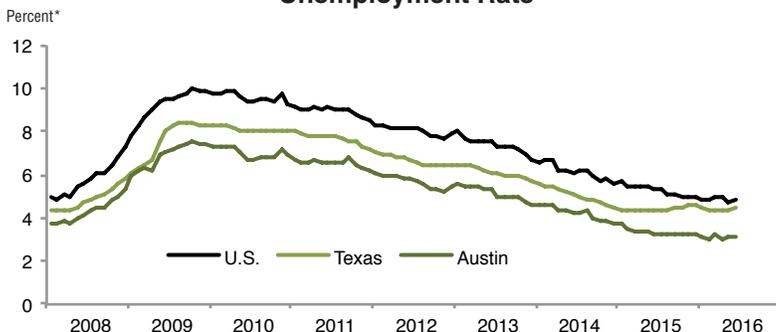
*Month-over-month annualized rate, seasonally adjusted.

SOURCE: Dallas Fed.

► The Austin Business-Cycle Index expanded at a 4.5 percent annualized rate in June. With sharp revisions to first-quarter employment and slowing declines in the unemployment rate, the index grew below its long-term trend for the fifth consecutive month. Help-wanted advertising declined in the second quarter but surged in July to levels suggesting sustained growth in the second half of the year.

Employment

Unemployment Rate



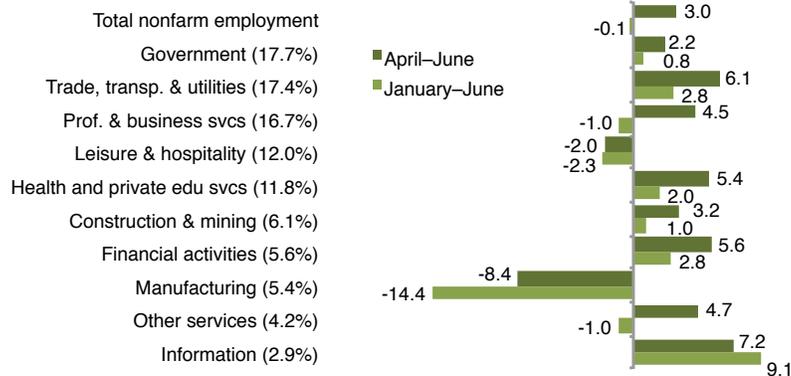
*Seasonally adjusted.

SOURCE: Bureau of Labor Statistics.

► The Austin unemployment rate held steady at a low 3.1 percent rate, over a percentage point below the state rate of 4.5 percent and the national rate of 4.9 percent. The Austin jobless rate has been below its long-term average for over two years, and the weaker-than-expected first-quarter job data suggest that difficulties in finding high-skilled workers may be playing a larger role in hampering growth.

► Austin employment accelerated to a 3.0 percent annualized growth rate in the second quarter. Declines have been concentrated in manufacturing, which continued to shed jobs in the face of a strong dollar and a weak global economy. Leisure and hospitality employment also declined moderately, reversing some of the gains made from a very strong 2015. Hiring in information services outside of telecommunications continued at a rapid pace. Expansion in trade, transportation and utilities was broad based, with retail hiring reaching its fastest pace since early 2014. Hiring in ambulatory health care services buoyed growth in the health and private education sector, while the professional, financial and other services categories also grew briskly.

Employment Growth

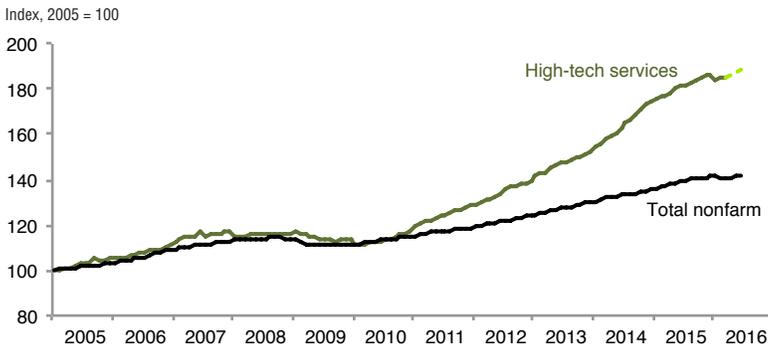


NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

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

► With significant downward first-quarter revisions following the [Dallas Fed's early benchmark](#), year-to-date growth in total employment for Austin is flat. Declines have been concentrated in manufacturing, which fell sharply in January but moderated somewhat in the following months. Professional and business services also fell sharply in January, but growth since then has been a mild but positive 1.5 percent.

High-Tech Services Employment

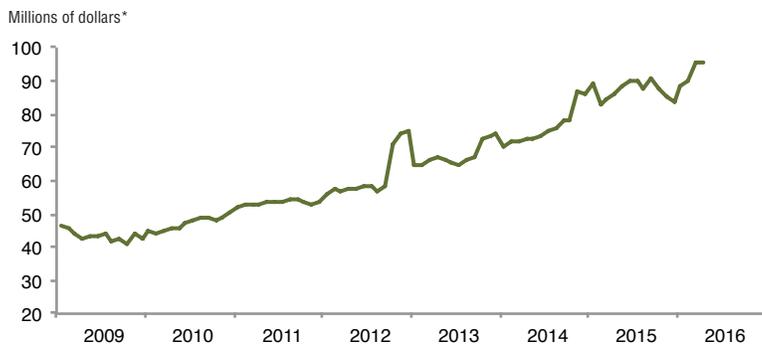


NOTES: Data are seasonally adjusted. Dashed lines represent estimates based on broader industry data.

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

► Employment in high-tech services in Austin softened in the first quarter. Growth in the sector, which includes engineering, data processing, computer system design, and research and development services, contracted at a 2.9 percent annualized pace. This was comparable to the 3.1 percent decline in total Austin employment in the quarter. However, broader industry data suggest that second-quarter sector employment rebounded sharply at an 8.8 percent rate, nearly three times the pace for total Austin jobs.

Hotel Receipts



*Seasonally adjusted, three-month centered moving average.

SOURCES: Texas Comptroller of Public Accounts; adjustments by the Dallas Fed.

► Total hotel and lodging receipts in Austin have trended upward since the beginning of the year. After falling to a 14-month low at the end of 2015, the three-month average of receipts rebounded and reached an all-time high in April of \$96 million. This strong growth suggests that accommodation and food services employment, which picked up sharply in June, is likely to continue expanding.

Median Home Prices



SOURCE: Multiple Listing Service.

► The median home price in Austin ticked up in June to \$276,785, the highest among Texas' major metros and well above the median state price of \$207,917. Although moderating somewhat compared with 2015, Austin prices have continued to rise at a rapid 6.5 percent pace year over year. Inventories held steady at a tight 2.3 months' supply, while existing-home sales reached an all-time high.

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

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