

# Austin Economic Indicators

DALLAS FED

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## Summary

The Austin economy slowed slightly in August. Growth in the Austin Business-Cycle Index has steadied over the last two months but remains well below its long-term trend. The unemployment rate increased for the third consecutive month, although it held below other large Texas metros. Jobs declined in August for the first time since March 2016. Recently released data on Austin gross domestic product (GDP) showed that output growth was very strong last year.

### Austin Business-Cycle Index



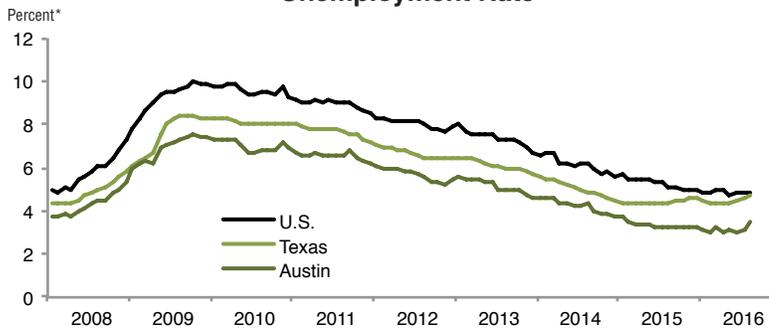
\*Month-over-month annualized rate, seasonally adjusted.

SOURCE: Dallas Fed.

► Expansion in the Austin Business-Cycle Index decelerated slightly to a 3.0 percent annualized rate in August, which is down from a 5.5 percent growth rate at the beginning of the year and from its recent peak of 10.2 percent at the end of 2014. This slowing is largely due to weak job growth and a rising unemployment rate in recent months. Although economic activity has slowed since the beginning of the year, leading indicators such as help-wanted advertising suggest moderate labor demand in the months ahead.

### Employment

#### Unemployment Rate



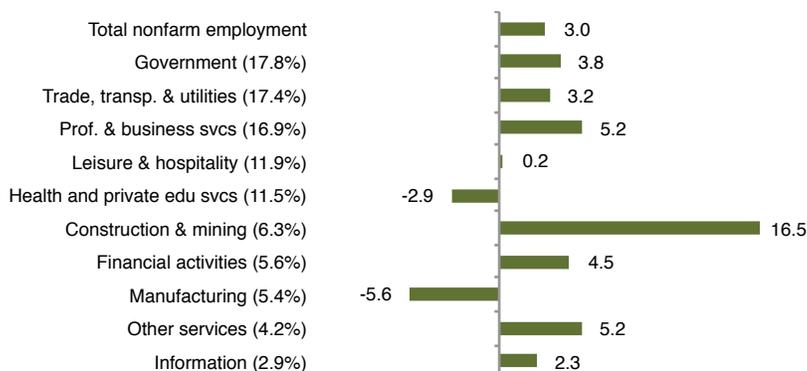
\*Seasonally adjusted.

SOURCE: Bureau of Labor Statistics.

► The Austin unemployment rate increased to 3.5 percent in August, rising sharply from July's 3.1 percent. The rate for Texas increased slightly to 4.7 percent, and the U.S. rate held steady at 4.9 percent. The continued increase in Austin's jobless rate is due in part to ongoing expansion in the local labor force, which grew by a 1.5 percent annualized rate in August.

► Jobs in Austin grew at a 3.0 percent annualized rate over the three months through August. Expansion was apparent in most industries with the exceptions of manufacturing, which continued to decline, and health and private education services. Jobs in outpatient health care services in particular experienced their sharpest one-month decline since the beginning of 1995. Construction and mining employment again led overall expansion at a rate of 16.5 percent. Strong hiring in scientific and technical services buoyed growth in professional and business services. Leisure and hospitality showed weak growth but improved after prior declines earlier in the year.

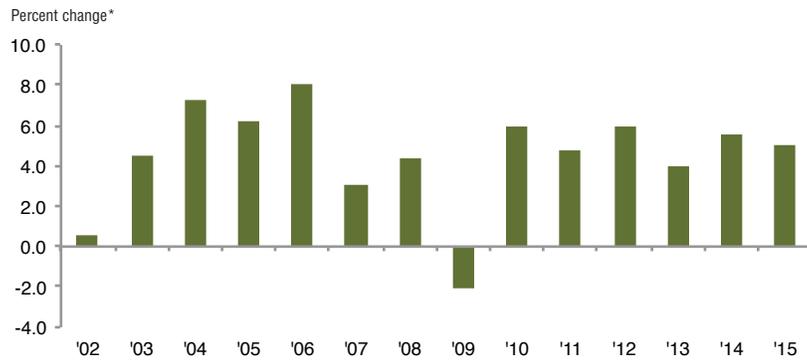
#### Employment Growth



NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector for June–August 2016. 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.

## Metro Gross Domestic Product

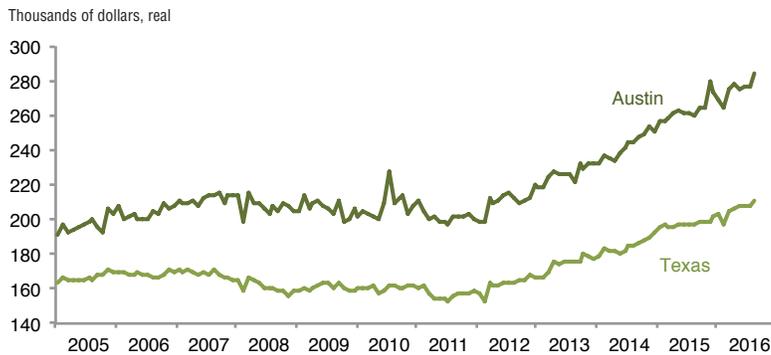


\*Year-over-year, chained 2009 dollars.

SOURCE: Bureau of Economic Analysis.

► Recently released data show Austin's inflation-adjusted GDP grew at a 5.0 percent rate, the second-fastest-growing metro in Texas behind San Antonio. Tech-related industries such as information and scientific and technical services expanded output at double-digit rates, highlighting the strength of the tech sector last year. Areas of weakness centered primarily on transportation and utilities, which fell at a 4.3 percent rate. Trade recovered from the previous year, as wholesale trade rebounded from a sharp decline in 2014 to 6.1 percent growth in 2015.

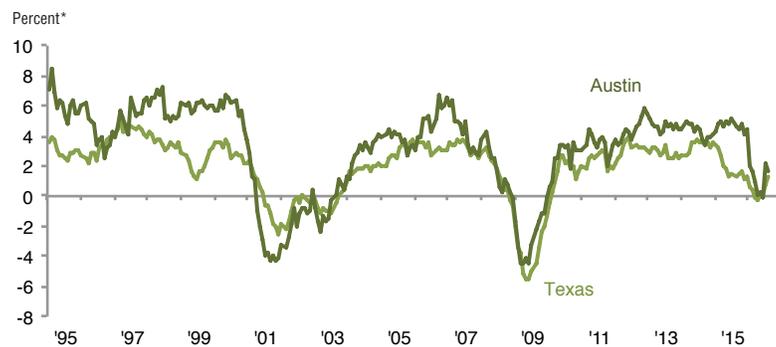
## Median Home Prices



SOURCE: Multiple Listing Service.

► The median home price for Austin rose for the third consecutive month in August to \$283,667. This contrasts with the median price for Texas homes, which increased only slightly to \$210,171. Year over year, Austin home prices have appreciated at an 8.9 percent rate, compared with 6.4 percent for Texas, and Austin's median home price remains the highest of any of the major metro areas within the state. Home inventories have held at 2.4 months' supply for the last three months, well below the six months' supply generally considered to be a balanced market.

## Long-Term Job Growth



\*Seasonally adjusted; six-month annualized change.

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

► Austin job growth has been uncharacteristically weak this year, as softness in professional services, leisure and hospitality, and health care has dragged on overall hiring. Historically, Austin adds jobs at a significantly faster rate than Texas. However, a steep decline at the beginning of this year pushed Austin's six-month annualized growth rate slightly below that of Texas for the first time since 2010. Recently, Austin jobs have recovered slightly to 1.7 percent in the six months ending in August.

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

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