

Austin Economic Indicators

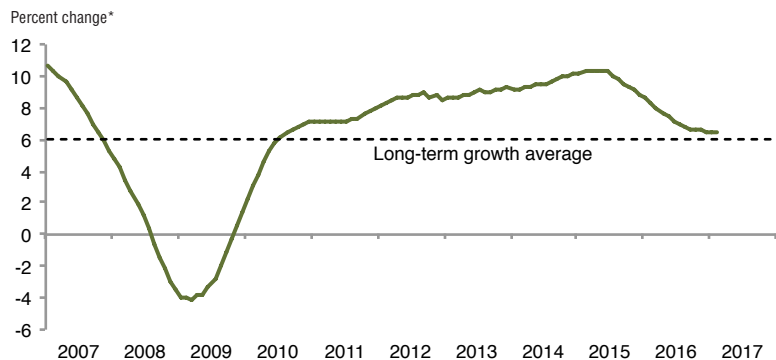
DALLAS FED

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Summary

The Austin economy expanded at a brisk pace in January. The Austin Business-Cycle Index rose slightly on strong January job growth and a continued low unemployment rate. The Bureau of Labor Statistics' annual employment benchmark revision shows that Austin jobs grew at a much faster rate last year than originally estimated.

Austin Business-Cycle Index



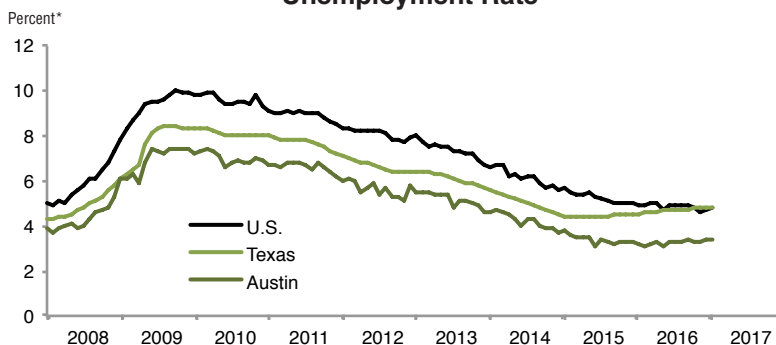
*Month-over-month annualized rate, seasonally adjusted.

SOURCE: Dallas Fed.

► The Austin Business-Cycle Index accelerated to a 6.5 percent annualized rate in January, driven by job growth of 5.5 percent. Upward revisions to employment last year show that while economic activity has decelerated since 2015, growth remains above the long-term average of 6 percent.

Employment

Unemployment Rate



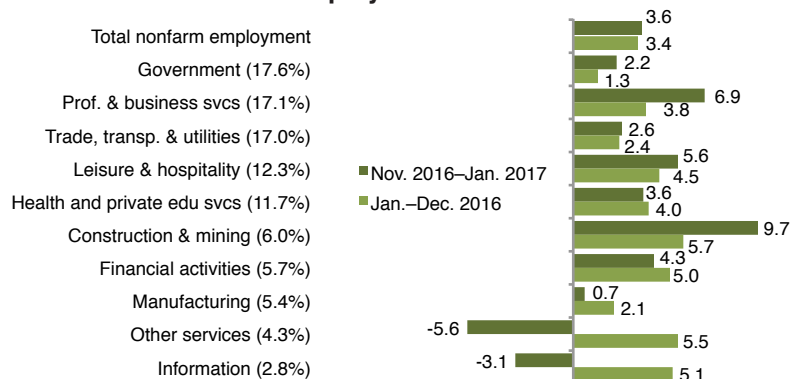
*Seasonally adjusted.

SOURCE: Bureau of Labor Statistics.

► The Austin unemployment rate held steady at 3.4 percent in January, well below the state and national rates of 4.8 percent. The labor force grew at a modest 1.1 percent annualized rate, below last year's revised growth of 3.3 percent.

► Austin jobs grew at a 3.6 percent annualized pace over the three months through January. Growth was broad based across industries, with the exception of information and other services. Construction employment rose at its fastest pace since the end of 2015. Professional and business services also accelerated, driven in part by a notable uptick in hiring at temp agencies—a potential leading indicator for future job growth. Leisure and hospitality picked up as food services employment expanded. Finance, health care and retail also continued to grow strongly.

Employment Growth

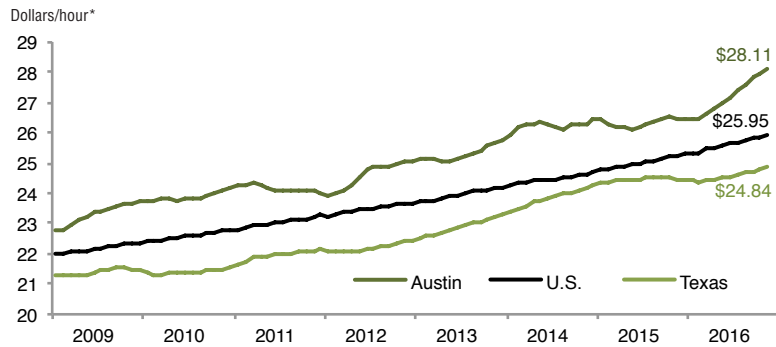


NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

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

► The annual Bureau of Labor Statistics benchmark shows a significant upward revision in Austin employment growth for 2016 to 3.4 percent, up from the 2.3 percent reported in the previous issue of this publication. Across industries, manufacturing saw the greatest upward revision, from a strong decline to a moderate increase. Other large sectors such as professional and business services and retail trade were also revised higher. Only government and information services saw slight downward revisions.

Private Sector Average Hourly Earnings



*Seasonally adjusted; five-month centered moving average.

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

► Wages in Austin continued to rise in January and were well above the state and national averages. The five-month moving average of private sector hourly earnings was up 6.5 percent in January compared with 12 months prior. In contrast, hourly earnings were up 2.9 percent nationally and just 1.5 percent in the state. Continued strong growth in high-paying industries such as scientific and technical services and financial activities has propelled strong average wage growth in Austin over the past year.

Housing

Housing Permits

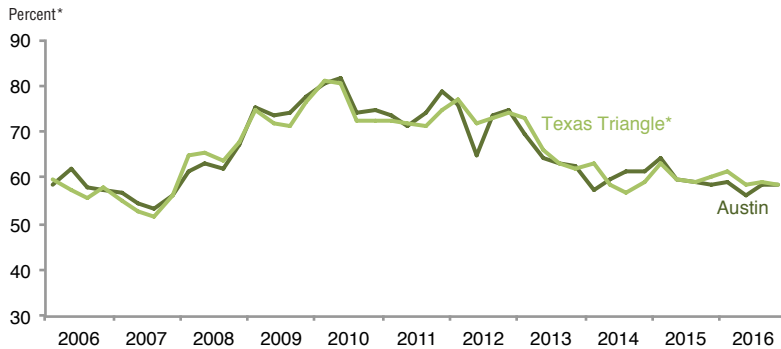


*Seasonally adjusted; indexed on five-month moving average.

SOURCE: Census Bureau.

► Permits for new-home construction held steady in Austin in January while picking up for the state overall. Last year, new permits rose 1.2 percent in Austin and declined 6.1 percent in Texas. Home prices and existing-home sales reached all-time highs in Austin last quarter, and a tight inventory of 2.4 months' supply will continue to incentivize residential construction.

Housing Affordability



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

SOURCE: National Association of Home Builders/Wells Fargo.

► Home affordability was flat in Austin in the fourth quarter of last year. The share of homes sold that a median-income family could afford dipped to 58.6 percent from 58.7 percent in the prior quarter. This is in line with the average for the rest of Texas' major metros, which declined to 58.4 percent from 58.9 percent. Though home prices in Austin reached record levels in 2016, median income has continued to rise and kept home affordability relatively steady since 2014.

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

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