

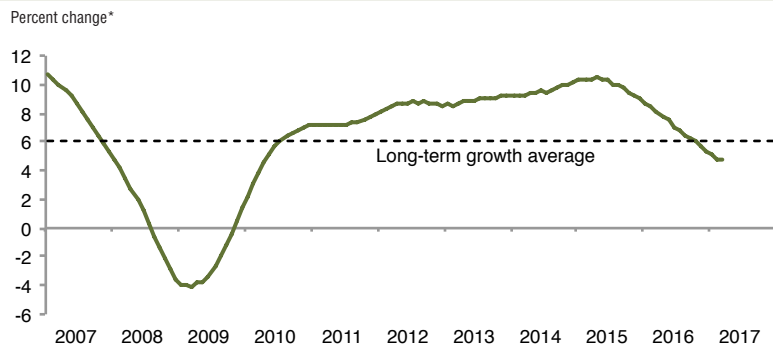
Austin Economic Indicators



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Summary Austin continued its economic expansion in February, albeit at a slower pace. The Austin Business-Cycle Index softened and grew below its long-term average. Job growth slipped, and the unemployment rate rose notably, although it remains the lowest among Texas' major metro areas. Population growth remains strong in Austin, suggesting that despite a very low unemployment rate, the metro is likely to continue to have the workers to support healthy job growth in 2017.

Austin Business-Cycle Index

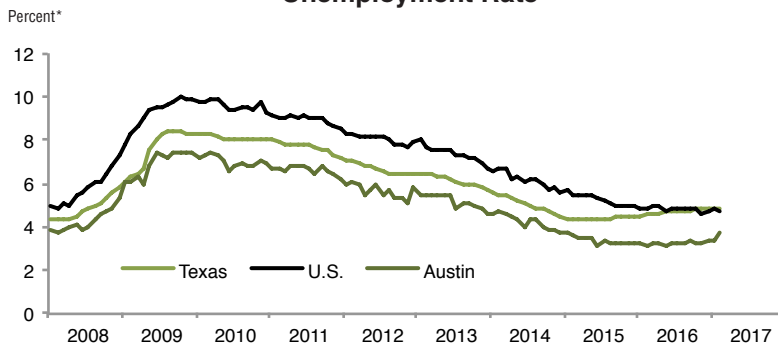


*Month-over-month annualized rate, seasonally adjusted.
SOURCE: Dallas Fed.

► Growth in the Austin Business-Cycle Index flattened out at a 4.8 percent annualized rate in February. The sharp uptick in the unemployment rate and decline in February jobs contributed to recent weakness, while slower growth in total wages paid and retail sales in 2016 contributed to the moderation in index growth from its peak in mid-2015.

Employment

Unemployment Rate

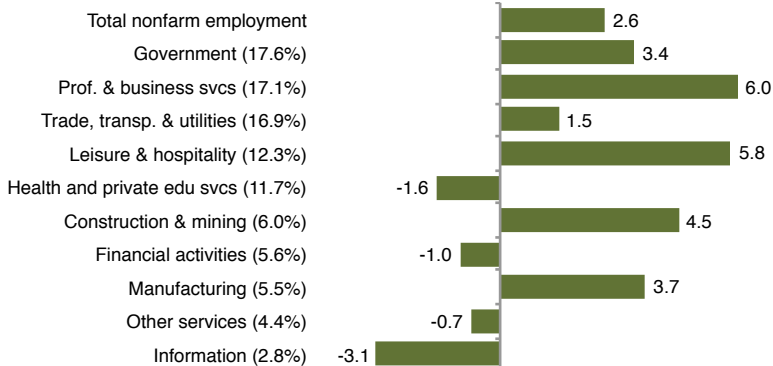


*Seasonally adjusted.
SOURCE: Bureau of Labor Statistics.

► The Austin unemployment rate spiked to 3.8 percent in February. The uptick stemmed from an increase in the local labor force, which rose at its fastest pace since July 2016, and a decline in household employment, which had its weakest month since April 2016. However, the jobless rate remains well below the national rate of 4.7 percent and the state rate of 4.9 percent.

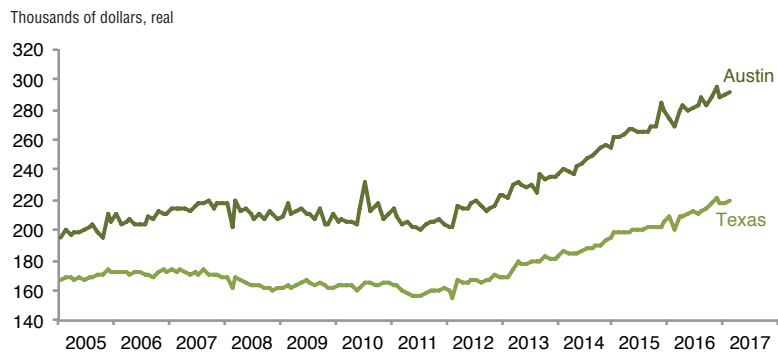
► Austin jobs grew at a 2.6 percent annualized pace over the three months through February. Growth was diversified across most industries, notably in the goods-producing sectors of construction and manufacturing. Professional and business services, particularly jobs in administrative services, grew at a strong pace, while hiring in food services bolstered expansion in leisure and hospitality. Government employment, particularly at the state and local level, was up moderately as well. Weighing down total employment were information services, health care services and financial activities.

Employment Growth



NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector from December 2016 to February 2017. 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.

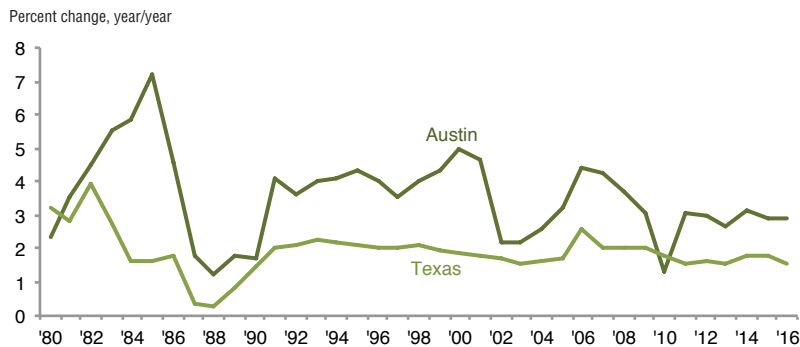
Median Home Prices



SOURCE: Multiple Listing Service.

► The median home price in Austin rose to \$291,702 in February, slightly shy of its all-time high of \$294,827. Existing-home sales also remain near all-time highs. With home inventories at 2.4 months of supply, Austin remains one of the tightest residential real estate markets in Texas. However, growth in new-housing permits, particularly for single-family homes, has continued to trend upward and suggests some balancing of the market this year.

Population Growth

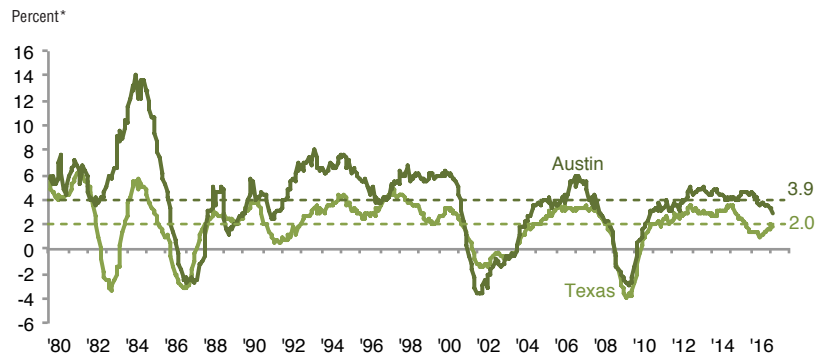


NOTE: The 2010 decline in Austin is partially due to decennial census adjustments.

SOURCE: Census Bureau.

► Population growth in the Austin metropolitan area held steady last year, according to recently released data from the Census Bureau. In 2016, Austin's population expanded 2.9 percent and surpassed 2 million for the first time. While nearly double the state's population growth of 1.6 percent, this rate is slightly below Austin's long-term rate of 3.5 percent since the 1980s.

Long-Term Job Growth



*Year-over-year change.

NOTE: Dashed lines represent long-term averages for Austin and Texas.

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

► Year-over-year job growth in Austin dipped to 3.4 percent in 2016, slightly below its long-term average of 3.9 percent. Austin recovered the jobs lost from the Great Recession by 2011, and the area outperformed its long-term average from 2012 to 2015, much as it did during previous economic expansions. While job growth softened in 2016, it remained well above the state rate of 1.7 percent.

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.