

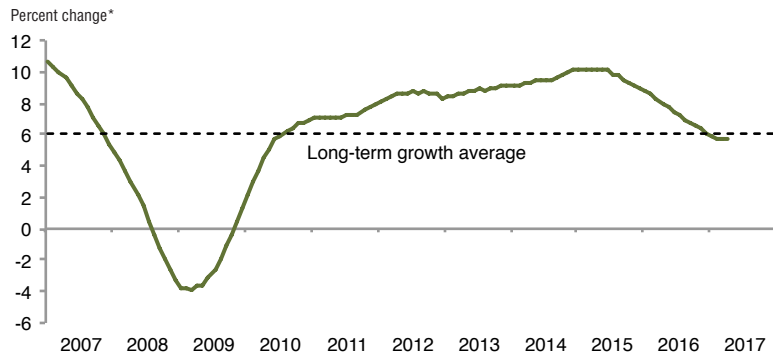
Austin Economic Indicators

DALLAS FED

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Summary The Austin economy continued to expand in March. Growth in the Austin Business-Cycle Index held steady at slightly below its long-term average. Jobs grew at an accelerated rate, while the unemployment rate was stable at a low level compared with other large Texas metros. Average wages have grown at a rapid pace, and residential real estate markets, though softening somewhat in recent months, remain tight.

Austin Business-Cycle Index



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

SOURCE: Dallas Fed.

► Growth in the Austin Business-Cycle Index held at a 5.7 percent annualized rate in March. While job growth was very strong, the gradual rise in the unemployment rate and softness in retail sales in the latter half of last year have moderated expansion in the index.

Business-Cycle Index Components

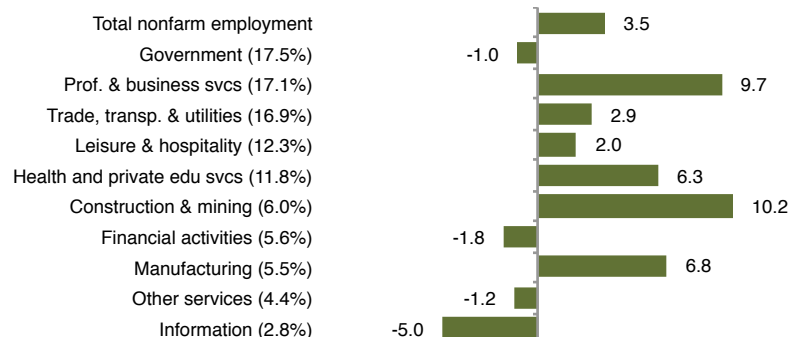
	Austin (percent)	Texas (percent)	U.S. (percent)
Annualized job growth (March)	6.1	1.5	0.8
Unemployment rate (March)	3.6	5.0	4.5
Year-over-year change in real retail sales (2016:Q3)*	1.2	-2.9	1.5
Year-over-year change in real wages paid (2016:Q3)*	7.0	2.0	3.5

*Most recent data available for Austin.

SOURCES: Bureau of Labor Statistics; Bureau of Economic Analysis; Texas Comptroller of Public Accounts; adjustments by the Dallas Fed.

► Austin economic indicators were strong in March. Job growth was a very robust 6.1 percent, far above the state and national averages. The unemployment rate held steady at 3.6 percent, nearly a percentage point below the nation and well below the 5.0 percent rate for Texas. The most recent data available for retail sales show modest growth in line with the U.S. average of 1.5 percent, while growth in total wages paid continues to surpass the state and nation significantly.

Employment Growth

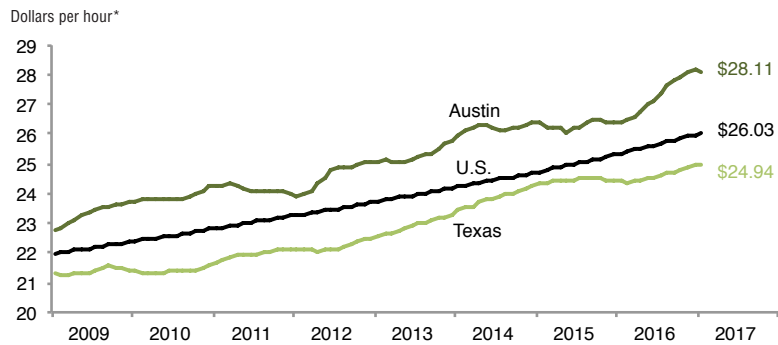


NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector from January to March 2017. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

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

► Austin jobs grew at a 3.5 percent annualized pace in the first quarter. Growth was strong across most industries, and manufacturing and construction in particular accelerated sharply compared with 2016. Professional and business services also saw robust growth, and temporary agencies had their strongest quarter of expansion since 2015—a potential leading indicator of stronger full-time hiring later this year. Health care employment was up, although hiring for outpatient health care services was unusually weak. Hiring in transportation and warehousing led the overall expansion in trade, transportation and utilities, and leisure and hospitality made moderate gains as well. Information services saw the most significant decline, while government jobs—most notably federal jobs—declined.

Private-Sector Average Hourly Earnings



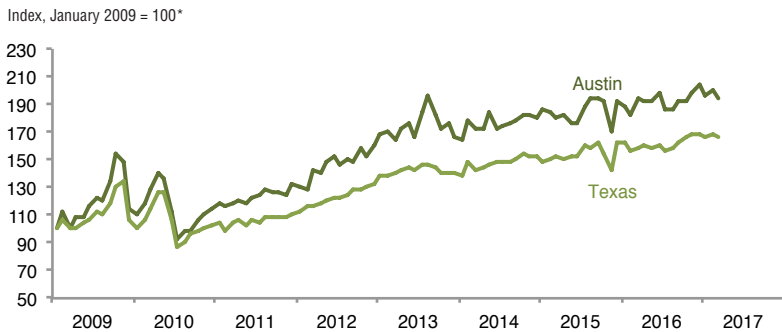
*Seasonally adjusted, five-month centered moving average.

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

► Average wages for private-sector workers in Austin held steady in recent months and are well above the state and national averages. Despite plateauing since January, year-over-year earnings growth is still a very strong 6.3 percent, compared with 2.7 percent for the U.S. and 2.2 percent for Texas. Ongoing labor market tightness has likely continued to put upward pressure on wages overall, while the fast pace of growth in the area's high-paying professional and business services sector has also helped pull the average up.

Housing

Existing-Home Sales



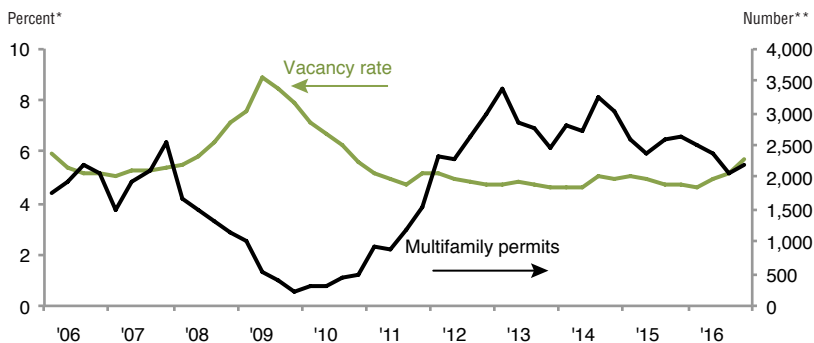
*Seasonally adjusted.

SOURCE: Multiple Listing Service.

► Home sales in Austin dipped slightly in March but remained elevated overall in the first quarter of the year, holding just slightly below an all-time high of 2,902 set in December 2016. The median home price also remained high at \$289,691, well above the state median price of \$221,130. Inventories for new homes ticked up moderately but remained very tight at 2.7 months' supply. Permits for new single-family homes rose sharply in March to their highest level in over 10 years.

► Multifamily markets softened somewhat in Austin in fourth quarter 2016. Apartment vacancy rates rose to the long-term average of 5.6 percent, slightly above Dallas-Fort Worth but below Texas' other large metro areas. Meanwhile, permits for new multifamily construction picked up moderately. While the number of permits issued in 2016 was down from 2015, it was close to the five-year average.

Multifamily Vacancy Rates and Permits



*Seasonally adjusted.

**Three-quarter centered moving average, seasonally adjusted.

SOURCES: CBRE Econometric Advisors; Census Bureau; adjustments by the Dallas Fed.

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

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