

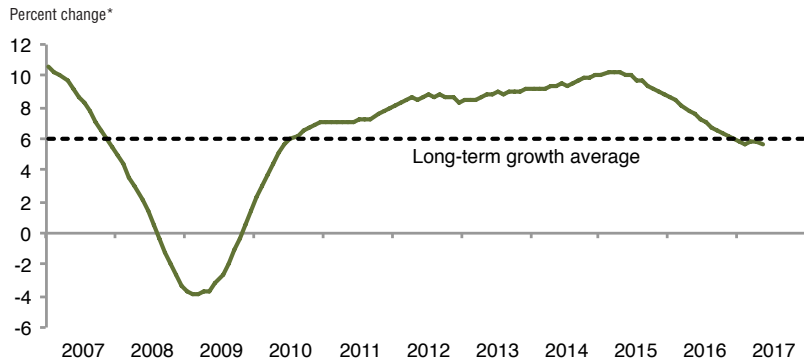
Austin Economic Indicators



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Summary The Austin economy continued to see steady growth in April. The Austin Business-Cycle Index grew near its long-term average as jobs increased modestly and the unemployment rate declined. Employment in tech-related industries was robust through the end of 2016 but has shown signs of softening in recent months.

Austin Business-Cycle Index

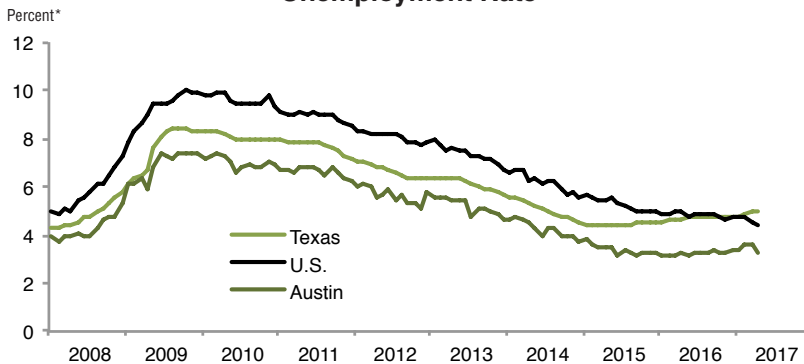


*Month-over-month annualized rate, seasonally adjusted.
SOURCE: Dallas Fed.

► The business-cycle index expanded at a 5.7 percent annualized rate in April and has stayed just below its 6 percent long-term growth rate since late 2016. Below-average job growth of 2.6 percent this year through April has been somewhat counterbalanced by a decline in the metro jobless rate.

Employment

Unemployment Rate

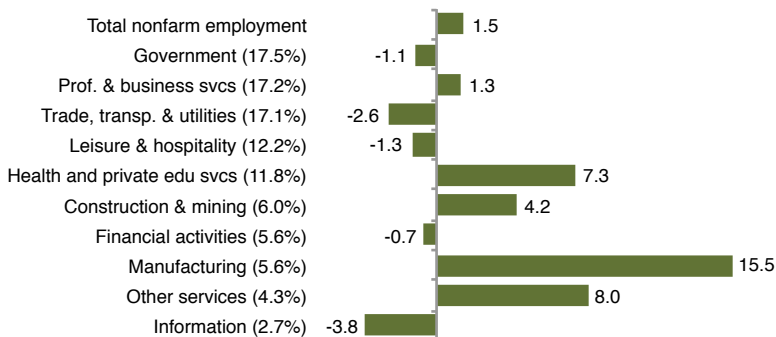


*Seasonally adjusted.
SOURCE: Bureau of Labor Statistics.

► The Austin unemployment rate declined in April to 3.3 percent, near the 15-year low of 3.1 percent reached in mid-2016. Labor markets remain very tight compared with the state and nation, which both have unemployment rates over a percentage point higher than in Austin. Labor force growth slowed but remained positive in April and has so far this year exceeded the strong rates of expansion seen in 2016.

► Austin jobs grew at a relatively mild 1.5 percent annualized pace over the three months through April. Employment accelerated sharply in manufacturing, and it cooled but remained healthy in construction. Health care and other services were the strongest drivers of growth in the service sector, followed distantly by professional and business services. Trade, transportation and utilities declined on weakness in retail, while leisure and hospitality slumped as food service and drinking places shed jobs. Government employment also declined, particularly at the federal level.

Employment Growth

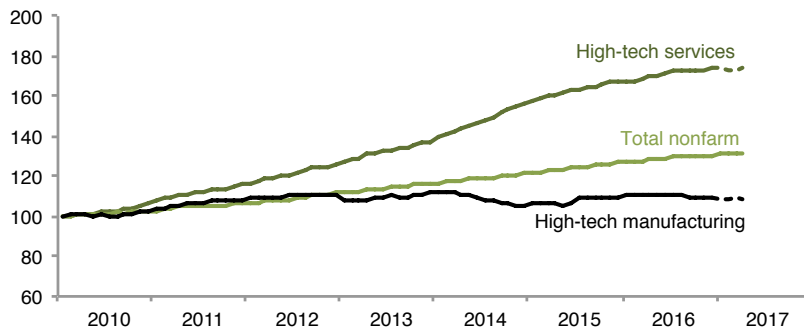


NOTES: Data show seasonally adjusted and annualized percentage employment growth by sector from February to April 2017. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

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

High-Tech Manufacturing and Services Jobs

Index, January 2010 = 100



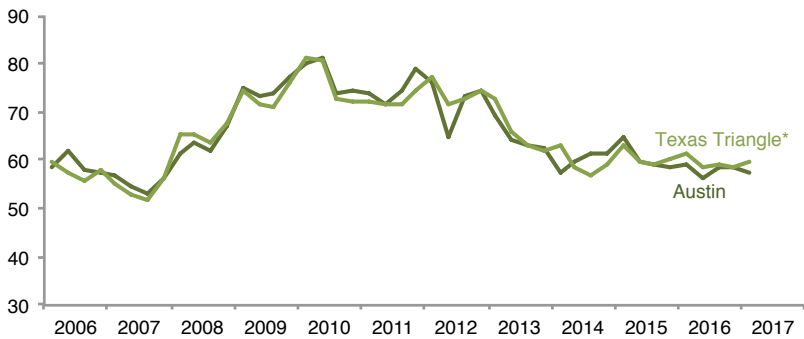
NOTES: Data are seasonally adjusted. Dashed lines represent estimates based on broader industry data.

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

► Growth in high-tech employment has been mixed in Austin since the end of third quarter 2016, with high-tech services and manufacturing continuing to diverge. Tech services, which include computer system design, scientific research and development, data processing and other related industries, grew at a 2.6 percent annualized rate in fourth quarter 2016. Conversely, tech manufacturing, which includes computer and electronics equipment production and other advanced manufacturing, declined 2.1 percent over the same time. Broader industry data suggest that both services and manufacturing weakened in first quarter 2017, with services falling 1.5 percent and manufacturing slipping 0.2 percent.

Housing Affordability

Percent*



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

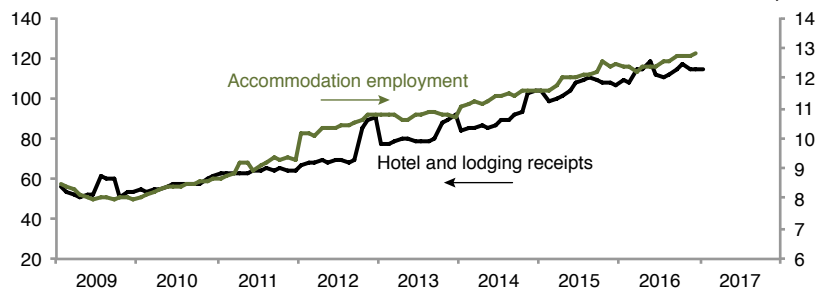
SOURCE: National Association of Home Builders/Wells Fargo.

► Home affordability in Austin dipped in first quarter 2017 as the percentage of homes sold that a median-income family could afford declined from 58.6 to 57.5 percent. This contrasts with the other major metros in the state, where affordability rose from 58.4 to 59.6 percent. The Austin median home price held at just below \$290,000 in April. While home inventories rose to a recent high, they remain lean at 2.7 months' supply. Existing-home sales reached an all-time high of nearly 3,000 in April. Permits for new housing continue to rise, particularly for single-family units, which have reached their highest levels since 2007.

Accommodation Services

Percent*

Thousands of jobs**



*Seasonally adjusted, three-month moving average.

**Seasonally adjusted.

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

► Recent hotel revenues suggest continued strong visitor stays in Austin. Data over the three months through February showed a 4.2 percent increase in receipts from hotels and lodging places compared with the year prior. Receipts were only slightly below all-time highs reached in mid-2016. Similarly, employment in the accommodation industry remained robust, and data at the end of 2016 showed growth of 2.8 percent compared with December 2015.

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.