

# Austin Economic Indicators

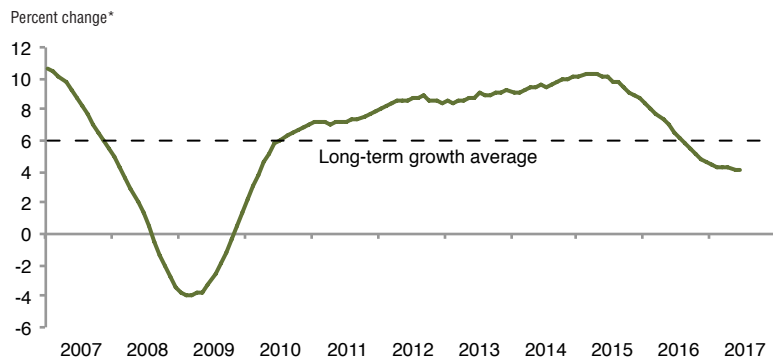
DALLAS FED

FEDERAL RESERVE BANK OF DALLAS • JULY 6, 2017

**Summary** Growth in the Austin economy remained soft in May. Following the release of updated retail sales and wage data, growth in the Austin Business-Cycle Index year to date was revised down and remained weak relative to the past several years. Jobs declined slightly and the unemployment rate remained near its 15-year low.

## Economic Indicators

### Austin Business-Cycle Index



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

SOURCE: Dallas Fed.

► The Austin Business-Cycle Index expanded at a 4.1 percent annualized rate in May, its slowest pace since the early stages of economic recovery in 2010 and below its 15-year average of 6 percent. Weakness in job growth and a leveling off of the unemployment rate contributed to this slowing, although the low level of unemployment suggests a tight labor market. Soft fourth-quarter retail sales and wage data have also restrained growth.

► Economic indicators in Austin have been quite modest in recent months. Jobs declined in May even while they grew moderately in the state and the U.S. However, the area jobless rate remains at 3.3 percent, a percentage point below the nation, ranking Austin among the 10 metro areas nationwide with the lowest unemployment rates. Retail sales declined sharply in fourth quarter 2016, the most recent data available. Growth in total wages paid was somewhat soft, although stronger than in Texas and the nation. The softness in Austin was attributable more to recent sluggishness in job growth than weakness in per-worker wage growth, which was more robust.

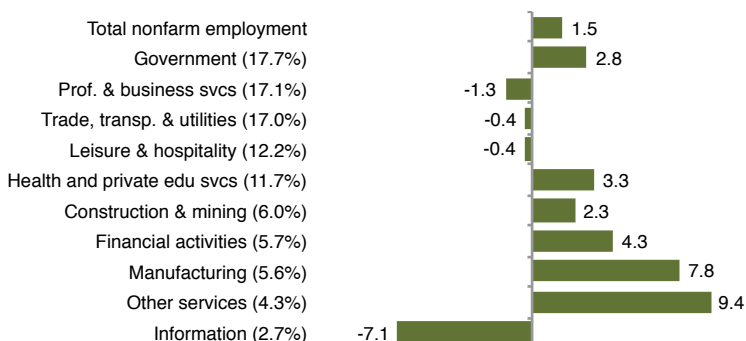
### Business-Cycle Index Components

	Austin (percent)	Texas (percent)	U.S. (percent)
Annualized job growth (May)	-1.8	2.4	1.1
Unemployment rate (May)	3.3	4.8	4.3
Year-over-year change in real retail sales (2016:Q4)*	-4.9	-0.3	2.0
Year-over-year change in real wages paid (2016:Q4)*	1.2	-0.2	0.8

\*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.

## Employment Growth

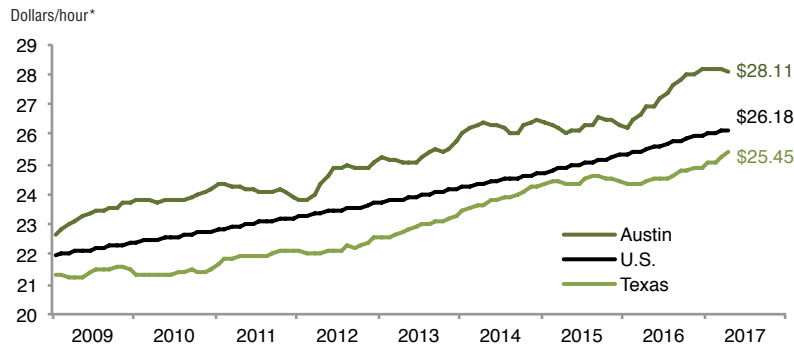


NOTES: Data show seasonally adjusted and annualized percentage employment growth by sector from March to May 2017. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

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

► Austin jobs grew at a mild 1.5 percent annualized pace over the three months through May. While most sectors added jobs at a healthy rate, the large professional and business services industry shed jobs, primarily in administrative services such as executive assistants and facilities support services. Declines in transportation employment led the slip in the trade, transportation and utilities sector, while weakness in accommodation services led to a slight decline in leisure and hospitality employment. Conversely, the goods-producing industries, particularly electronic parts and machinery production, have continued to boom in recent months. Finance and health care saw broad-based increases in jobs, and a surge in state government hiring buoyed overall growth in the public sector.

## Private Sector Average Hourly Earnings

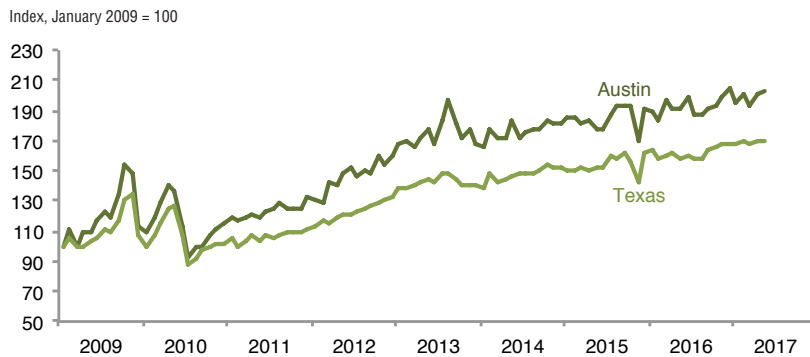


\*Seasonally adjusted, three-month centered moving average.

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

► Average hourly earnings in Austin held relatively steady at \$28.11 in May and remained well above the state and national averages, which have recently seen faster growth. Year-over-year wage growth in the metro has been a healthy 4.4 percent, above the state's 4.0 percent and the nation's 2.5 percent. Recent weakness in the region's high-paying professional and business services sector may explain much of the leveling off of wage growth.

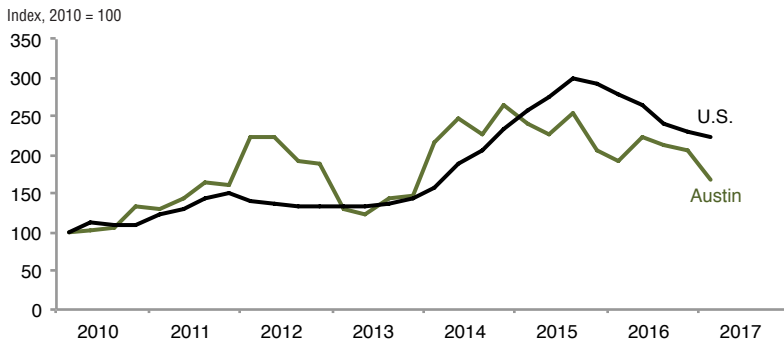
## Existing-Home Sales



SOURCE: Multiple Listing Service.

► Home sales in Austin rebounded in May, nearing all-time highs. Sales in both Austin and the state overall continue to trend upward, with year-to-date growth of 4.5 percent in Austin and 5.4 percent in Texas. Meanwhile, home prices in Austin continued to increase in May and were also near all-time highs at a median of \$293,665. Home inventories held steady at 2.7 months' supply, indicating continued tightness in the local real estate market.

## Venture Capital Funding



NOTES: Indexed on four-quarter moving average. Data are inflation adjusted.

SOURCES: Austin Chamber of Commerce; PricewaterhouseCoopers; Thomson Reuters; National Venture Capital Association.

► Inflation-adjusted venture capital funding in Austin declined in the first quarter of 2017, following broader trends seen in the nation. Year-over-year funding was down 11.5 percent, though this was better than the 20.8 percent decline in the national average. The average funding per deal in Austin in the first quarter was slightly higher than the average of \$6.9 million over the past six years.

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

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