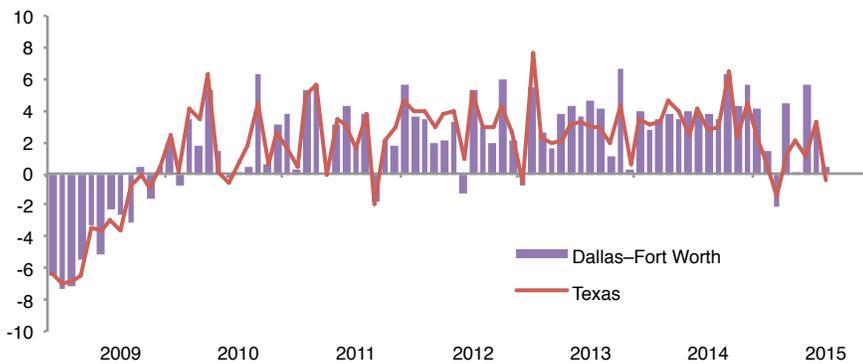


FEDERAL RESERVE BANK OF DALLAS • SEPTEMBER 22, 2015

Summary The Dallas–Fort Worth economy expanded modestly in August. Year to date, the metroplex has created jobs at a 2.1 percent pace, outperforming both the state’s 1.1 percent and the nation’s 1.8 percent rate. Home prices rose further in the second quarter, and residential construction remained strong. Unemployment in Dallas held steady but ticked down in Fort Worth in August. Dallas Fed business-cycle indexes point to continued growth for the metroplex.

Employment

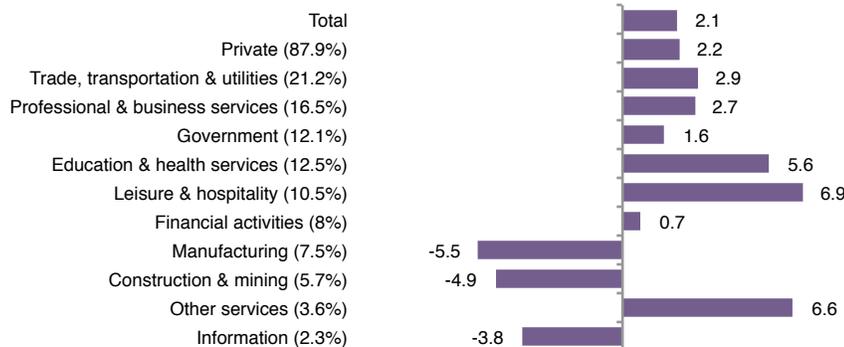
Month/month percent change, annualized*



*Seasonal and other adjustments.

► DFW employment grew an annualized 0.5 percent in August, following a 2.8 percent increase in July. The weakness in August was due to a 5.3 percent (annualized) drop in Fort Worth metro-area employment, while Dallas job gains remained strong at a 3 percent annual rate. Employment losses in Fort Worth have been concentrated in the goods-producing sector, which has been hemorrhaging jobs since the beginning of the year—down 10.2 percent (annualized) through August. Payrolls in the Fort Worth service sector have registered net gains of 1.7 percent (annualized) over the same period. Year to date, Dallas has added 48,700 jobs while Fort Worth has shed 2,300.

Employment Growth by Sector

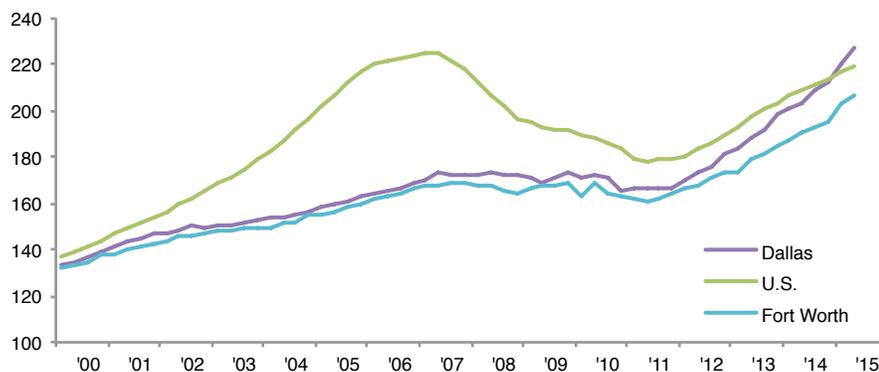


► DFW employment in the goods-producing industries continues to contract, while service-sector jobs grew strongly in the first eight months of the year. Among the service industries, leisure and hospitality services continued to register the fastest increase at a 6.9 percent annualized rate, followed by gains in other services and education and health services jobs. The leisure and hospitality sector as well as the education and health services sector each have added just over 15,000 jobs to the metro area’s economy, accounting for nearly two-thirds of the year-to-date increase. Payrolls in the construction and mining sector shrank notably during the period, declining 4.9 percent (6,500 jobs), and manufacturing employment fell by 5.5 percent (9,800 jobs).

NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector, December 2014–August 2015. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

Home Prices

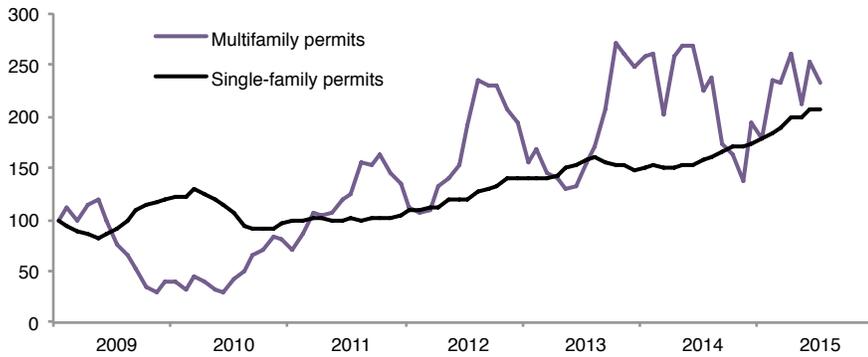
Index, first quarter 1991 = 100



► The DFW housing market remains healthy, and home prices continue to trend upward, albeit at a slower pace. Home prices rose 2.8 percent in Dallas and 1.7 percent in Fort Worth in the second quarter, according to the Federal Housing Finance Agency purchase-only house price index. This is slower than the first-quarter appreciation of 3.8 percent in Dallas and 4.1 percent in Fort Worth. On a year-over-year basis, prices were up 11.5 percent in Dallas and 8.7 percent in Fort Worth—both higher than the national average gain of 5.4 percent. Prices in the metroplex have risen to levels well above their peak before the housing bust, in part due to low inventories and continued strong demand.

Residential Construction

Index, January 2009 = 100*



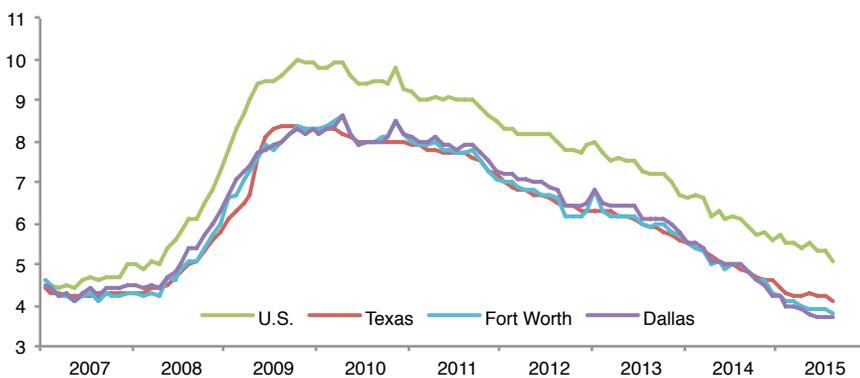
*Five-month moving average, seasonally adjusted.

► Single-family home construction continues to increase. Year to date through July, total single-family permits were up 29 percent over the same period last year. However, homebuilding activity (measured by permits issued) remains below its prerecession peak and below levels seen in 2002 and 2003—before the onset of the housing boom—due to persistent labor shortages, constrained lending for land development and higher input costs.

► DFW apartment construction remains solid. After posting a strong increase in June, the number of apartment permits issued dipped in July. Year to date through July, a total of 11,602 multifamily permits have been issued, up 2.7 percent from the same period last year.

Unemployment

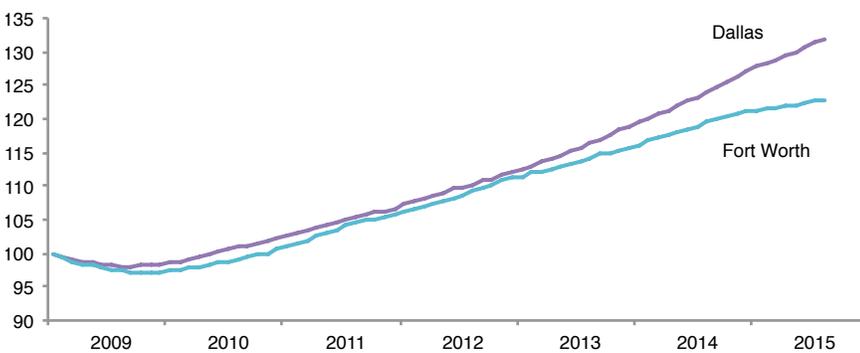
Percent, seasonally adjusted



► Unemployment in the metroplex remains low. In August, the unemployment rate held steady at 3.7 percent in Dallas, but edged down to 3.8 percent in Fort Worth and 4.1 percent in Texas. All three figures remain lower than the U.S. rate of 5.1 percent. Unemployment in both Dallas and Fort Worth is at a 14-year low, suggesting a very tight labor market in the metroplex. Over the past 12 months, the rate has dropped 1.3 percentage points in Dallas and 1.2 percentage points in Fort Worth.

Business-Cycle Index

Index, January 2009 = 100*



*Monthly, seasonally adjusted.

► Overall economic growth remained solid in Dallas but slowed in Fort Worth, according to the Dallas Fed's metro business-cycle indexes. In August, the Dallas index rose at an annualized pace of 5.3 percent following a 5.8 percent increase in July. The Fort Worth index fell 2.2 percent in August, largely due to declines in payroll employment. Year over year, the indexes are up 6.4 percent in Dallas and a more modest 2.7 percent in Fort Worth thanks to continued job creation and declines in unemployment.

► The Dallas Fed produces business-cycle indexes for Texas and its major and border metros to help gauge the current state of the economy. The metro indexes are constructed using payroll employment, the unemployment rate, inflation-adjusted real wages and inflation-adjusted retail sales.

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

SOURCES: **Employment:** Bureau of Labor Statistics, Texas Workforce Commission and Dallas Fed; **housing:** Federal Housing Finance Agency; **residential construction:** Census Bureau; **unemployment:** Census Bureau and Dallas Fed; **business-cycle indexes:** Dallas Fed.

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