Dallas–Fort Worth economic growth slowed in June as employment contracted and unemployment rose. After benchmark revisions, DFW employment was flat in the first half of the year, slightly better than the state’s −0.1 percent rate. DFW’s office and industrial markets saw continued expansion in the second quarter, and home prices rose further. The Dallas Fed business-cycle indexes indicate continued modest growth for the metroplex.

Summary

DFW payroll employment shrank an annualized 1.3 percent in June, a loss of 3,700 jobs. June job growth contracted in Dallas at 2.1 percent annual rate but increased in Fort Worth at a 0.7 percent rate—a reversal from the previous two months, when job growth in Dallas largely outpaced that in Fort Worth. Texas employment increased 1.1 percent during the month.

In the second quarter, the metroplex added 17,700 jobs at a 2.1 percent annualized rate. Revised figures show first-quarter employment contracted at a 1.9 percent annual rate, nearly offsetting second-quarter growth.

Second-quarter job gains were broad based across sectors, with government, financial activities, and leisure and hospitality seeing the fastest growth. Losses were limited to the professional and business services sector, where payrolls shrank an annualized 2.6 percent (3,600 jobs).

In June, the unemployment rate rose to 3.8 percent in Dallas, 3.9 percent in Fort Worth and 4.5 percent in Texas. All three figures remain lower than the U.S. rate, which ticked up to 4.9 percent. Unemployment in both Dallas and Fort Worth remains near multiyear lows.

Overall economic growth slowed in Dallas and Fort Worth, according to the Dallas Fed’s metro business-cycle indexes. The Dallas index rose an annualized 0.8 percent in June following a 5.4 percent increase in May. The Fort Worth index climbed 1.6 percent in June after posting a 2.3 percent increase in May. In the first half of the year, the Dallas index was up an annualized 2.9 percent, while the Fort Worth index was 1.3 percent higher as a result of continued job creation and low unemployment.
The DFW housing market remains healthy, and home prices continue to trend upward, albeit at a slower pace. The S&P/Case-Shiller Home Price Index for DFW rose 0.5 percent in May. The composite index for the U.S., which covers 20 major metros, fell 0.1 percent. Through May, home prices this year have increased an annualized 7.2 percent in DFW, slower than the 2015 increase of 9.5 percent. U.S. home prices are up an annualized 5.3 percent through May.

DFW industrial demand was healthy in the second quarter, with net absorption at 6.6 million square feet, according to CBRE Research. Asking rents rose, and the industrial availability rate fell to 9.0 percent, indicating a tight industrial market. The DFW area is a major trade and distribution center in the U.S. thanks to its central location and the presence of several road, rail and air cargo routes. Employment in the trade, transportation and utilities sector makes up 21 percent of the metro's total employment. About 20.7 million square feet of space was under construction across the metroplex in the second quarter, down slightly from the first quarter.