

FEDERAL RESERVE BANK OF DALLAS • AUGUST 23, 2016

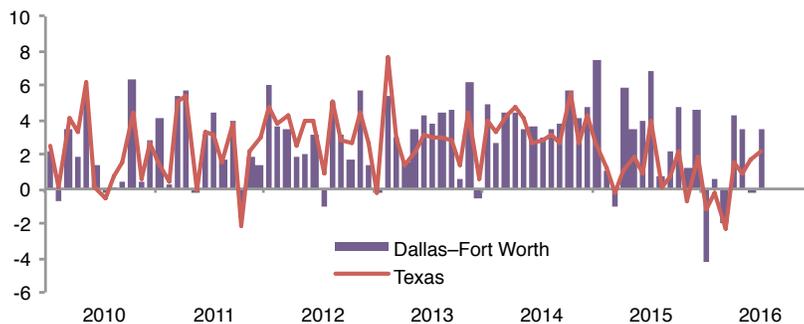
Summary

Dallas-Fort Worth economic growth picked up in July after slowing in June. Employment expanded during the month and continued to outperform the state as a whole, and unemployment remained below state and national rates. Existing-home sales dipped in July but are up this year through July versus the same period in 2015. Home inventories remained tight and residential construction strong. The Dallas Fed business-cycle indexes indicate continued growth for the metroplex.

Employment

Employment Growth

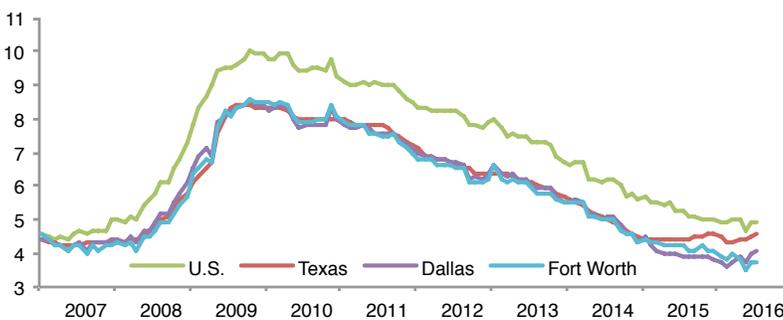
Month/month percent change, annualized



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

Unemployment Rate

Percent



SOURCES: Census Bureau; seasonal adjustments by the Dallas Fed.

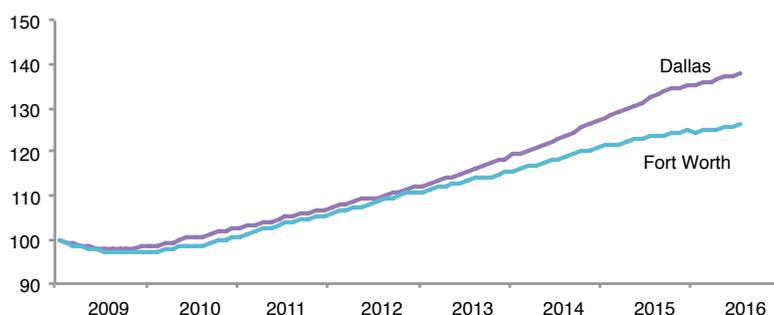
► Dallas-Fort Worth employment expanded in July as payrolls grew at an annual rate of 3.4 percent after holding steady in June. July job growth was strong in both Dallas and Fort Worth at an annualized 3.7 percent and 2.9 percent, respectively. DFW outperformed Texas and the U.S. during the month.

► Year to date, Dallas has outdone Fort Worth, which is experiencing slower job gains, likely due to its higher dependence on the energy and manufacturing sectors. The government sector in DFW has seen the fastest employment gains year to date.

► In July, the unemployment rate rose to 4.1 percent in Dallas and 4.6 percent in Texas and held steady at 3.7 percent in Fort Worth. All three figures remain lower than the U.S. rate, which was unchanged at 4.9 percent. Unemployment in both Dallas and Fort Worth is near multiyear lows.

Business-Cycle Indexes

Index, January 2009 = 100*



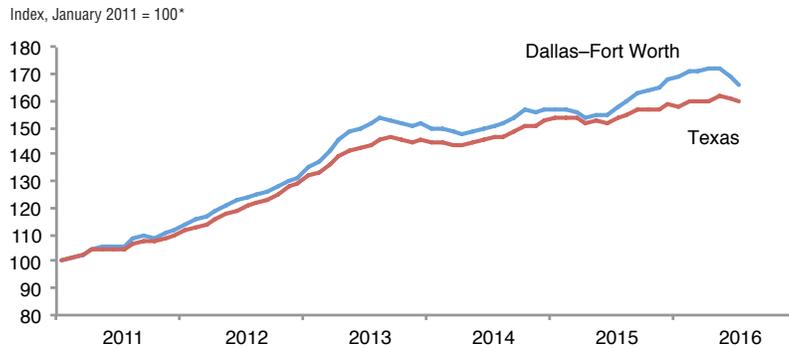
* Monthly, seasonally adjusted.

SOURCE: Dallas Fed.

► Overall economic growth picked up in Dallas and Fort Worth, according to the Dallas Fed's metro business-cycle indexes. The Dallas index rose an annualized 5.5 percent in July following a 1.3 percent increase in June, and the Fort Worth index climbed 4.0 percent after rising 3.3 percent in June. Year over year, the Dallas index is up 4.3 percent, while the Fort Worth index is 2.3 percent higher as a result of continued job creation and low unemployment.

Housing

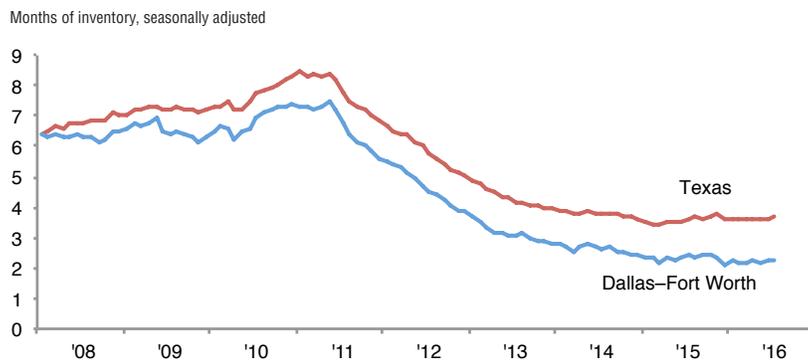
Home Sales



*Six-month moving average; seasonally adjusted.

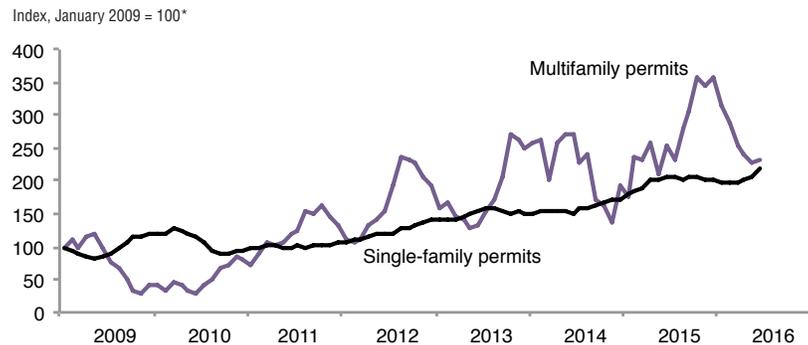
SOURCES: Multiple Listing Service; seasonal adjustments by the Dallas Fed.

Home Inventories



SOURCES: Multiple Listing Service; seasonal adjustments by the Dallas Fed.

Residential Construction



*Five-month moving average; seasonally adjusted.

SOURCE: Census Bureau.

► Existing-home sales fell 3.7 percent in Dallas-Fort Worth in July. This year through July, sales are up 6.6 percent in the metroplex compared with the same period last year, far outpacing the 4.1 percent increase for Texas. Even new-home sales remain healthy in the metroplex. Overall, sales are strongest for low- to mid-priced homes, according to Dallas Fed business contacts. Continued job growth is buoying DFW housing demand.

► Home inventories remain tight. In July, supplies were 2.3 months in Dallas-Fort Worth and 3.7 months in Texas, according to the Multiple Listing Service. These figures are below the U.S. level of 4.4 months (in June) and well below the six-month threshold that usually signals a balanced housing market. Inventories in the metroplex are near historic lows and well below the levels seen during the U.S. housing boom.

► Single-family home construction continues to increase, buoyed by strong housing demand. This year through June, total single-family permits are up 3 percent over the same period last year. However, home-building activity (measured by permits issued) remains below its prerecession peak and below levels seen in 2001—before the onset of the housing boom—in part due to persistent labor shortages and higher input costs.

► Data from Metrostudy show that around 7,200 new homes were started in the second quarter, a 1.8 percent increase from the first quarter and a 2.5 percent hike from the second quarter of last year.

► DFW apartment construction remains on par with last year's high levels. In the first half of 2016, 9,706 apartment permits were issued, similar to the 9,697 permits issued over the same period last year. DFW rent growth continues to be strong and apartment occupancy high despite elevated construction, according to Dallas Fed business contacts.

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

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More Dallas Fed economic updates: www.dallasfed.org/research/update/