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**Summary**

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**Employment**

Dallas–Fort Worth employment expanded at a fast clip in August as payrolls grew at an annual rate of 4.1 percent. August job growth was strong in Dallas at an annualized 5.3 percent but modest in Fort Worth at 1.1 percent. DFW outperformed Texas and the U.S. during the month.

Job growth over the past three months has been mostly broad based across sectors, with payrolls in both the goods-producing and service-providing industries expanding. Employment gains have been particularly strong in the construction and mining sector, likely due to elevated building activity in the metroplex.

Year to date, job growth in Dallas has outdone all other Texas major metros, including Fort Worth, which is witnessing slower gains likely due to its higher dependence on the energy and manufacturing sectors. The government sector has seen the fastest gains in employment year to date, followed by education and health services, and financial activities. Together, these three sectors account for 64 percent of the jobs added through August.

In August, the unemployment rate rose to 4.6 percent in Dallas, 3.7 percent in Fort Worth and 4.7 percent in Texas. All three figures remain lower than the U.S. rate, which was unchanged at 4.9 percent. The unemployment rate in Fort Worth remains near multiyear lows but has increased in Dallas to its highest level in nearly two years.

Overall economic growth was strong in Dallas but slowed in Fort Worth, according to the Dallas Fed’s metro business-cycle indexes. The Dallas index rose an annualized 6.2 percent in August, similar to last month’s pace. The Fort Worth index climbed 2.4 percent in August after posting a 5.5 percent increase in July. Year over year, the Dallas index was up 4.6 percent, while the Fort Worth index was 1.9 percent higher as a result of continued job creation.
DFW real median household income rose to $61,644 in 2015—a 3.4 percent increase from 2014, according to data recently released by the Census Bureau. Growth in median household income was slower in the metroplex compared with the state and nation, where incomes grew by 4.8 percent and 3.8 percent, respectively. The median household income in DFW is above the comparable figures for San Antonio, Texas and the U.S. With rising incomes, the DFW poverty rate fell from 14.8 percent in 2014 to 13.4 percent in 2015.

The DFW housing market remains tight, and home prices are rising faster than the state and national averages. Home prices rose 2.2 percent in Dallas and 2.8 percent in Fort Worth in the second quarter, according to the Federal Housing Finance Agency (FHFA) purchase-only house price index. This is in contrast to Houston, where prices held steady during the quarter. On a year-over-year basis, prices were up 10.3 percent in Dallas and 9.4 percent in Fort Worth—both higher than in Texas (7.0 percent) and the nation (5.6 percent). While prices in Dallas and Fort Worth are up significantly from their prehousing-bust peaks, U.S. home prices surpassed their housing-boom highs toward the end of last year.

The Multiple Listing Service (MLS) data, however, suggest July prices edged down 0.5 percent from June levels in Dallas while they rose 1.2 percent in Fort Worth. The MLS data are not as dependable as the FHFA purchase-only price index because MLS prices are influenced by the composition of homes sold. The Dallas Beige Book noted that demand is slowing at higher price points.

Continued rapid price appreciation has reduced housing affordability in the state, particularly the metroplex. The National Association of Home Builders/Wells Fargo Housing Opportunity Index (HOI) for Dallas fell from 55.9 in the first quarter to 50.9 in the second, suggesting just over half of the homes sold during the quarter were affordable to median-income families. The HOI for Fort Worth dropped from 70.8 to 66.0 during the same period. Affordability in Dallas is lower than the U.S., where 62 percent of homes sold during the quarter were affordable to median-income families.