Dallas–Fort Worth economic growth was solid in September. Employment expanded during the month and continued to outperform the state as a whole, and unemployment remained below state and national rates. The DFW multifamily housing market strengthened in the third quarter, and apartment construction stayed elevated. Home sales grew in September despite low inventories. The Dallas Fed business-cycle indexes point toward continued growth for the metroplex.

**Summary**

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**Employment**

DFW employment expanded at a rapid 5.3 percent annualized in September. September job growth was strong both in Dallas and Fort Worth at annualized rates of 4.6 and 7.1 percent, respectively. DFW outperformed Texas and the U.S. for the third straight month.

The pace of DFW job growth nearly doubled in the third quarter compared with the second and was more than two percentage points faster than Texas and three percentage points faster than the U.S. Third-quarter employment gains were generally broad based and particularly strong in the professional and business services, and construction and mining sectors, which together accounted for 23,000 jobs. Manufacturing payrolls contracted sharply at 4.5 percent, and employment dipped slightly in the leisure and hospitality and other services sectors as well.

Third-quarter job growth was the fastest in Dallas at an annualized 4.9 percent among the major Texas metros, followed by Fort Worth at 4.2 percent. Continued growth in the U.S. economy has been a tailwind for Dallas as its industry mix more closely mirrors that of the nation.

In September, the unemployment rate edged up to 4.7 percent in Dallas and 4.8 percent in Texas but dipped to 3.4 percent in Fort Worth. All three figures remain lower than the U.S. rate, which ticked up to 5.0 percent. The unemployment rate in Fort Worth remains near multiyear lows but has increased in Dallas to its highest level in two years.

Overall economic growth stayed strong in Dallas and improved in Fort Worth, according to the Dallas Fed’s metro business-cycle indexes. The Dallas index rose an annualized 5.7 percent in September, similar to last month’s pace. The Fort Worth index climbed 7.9 percent in September after posting a 2.7 percent increase in August. Year over year, the Dallas index was up 4.6 percent annualized, while the Fort Worth index was 2.6 percent higher as a result of continued healthy job creation.
Single-Family Housing

Months of inventory*

- The DFW multifamily market strengthened in the third quarter thanks to its expanding economy. Strong demand pushed up occupancy to a new high of 96.0 percent—considered essentially full occupancy, according to data from MPF Research. DFW absorption was strong at 9,300 units and was driven by demand in Dallas, which rose to its highest level since 2000. Absorption in Fort Worth was at a two-year high as well. Year-over-year rent growth in the third quarter was robust at 6.1 percent. Multifamily construction remains elevated with over 50,000 units under construction in the metroplex.

- Single-family homebuilding continues to increase, buoyed by strong housing demand. Through August, DFW single-family permits are up 6.6 percent over the same period last year. This compares with a 1.5 percent increase for Texas. However, homebuilding activity (measured by permits issued) remains below its precession 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.

- Home inventories remain tight. In September, supplies were 2.2 months in Dallas and in Fort Worth and 3.7 months in Texas, according to the Multiple Listing Service. These figures are below the U.S. level of 4.3 months and well below the six-month threshold that usually signals a balanced housing market. Inventories of homes priced $200,000 and under are even tighter at around one month for DFW.

- Existing-home sales grew by more than 4 percent in Dallas and Fort Worth in September and were up from year-ago levels in both metros. Dallas Fed business contacts tell us that home sales are slowing at the higher price points but remain solid at the lower end.

### Multifamily Housing

- Absorption in 2016:Q3 9,324 units
- Ongoing construction as of 2016:Q3 50,532 units
- Annual rent growth in 2016:Q3 6.10%
- Occupancy as of 2016:Q3 96.00%
- Rent $1,048

SOURCE: MPF Research.

### Residential Construction

Index, January 2009 = 100*

*Five-month moving average, seasonally adjusted.
SOURCE: Census Bureau.

### Home Inventories

Months of inventory*

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