

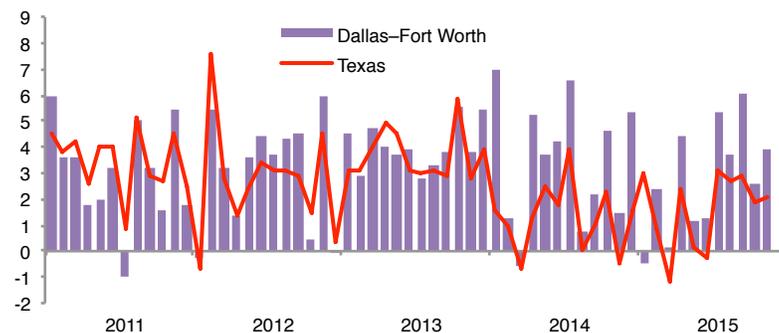
FEDERAL RESERVE BANK OF DALLAS • DECEMBER 20, 2016

Summary The Dallas–Fort Worth economy expanded at a vigorous pace in November, with employment growing during the month and continuing to outperform the state and the nation. Unemployment fell, and growth in the Dallas and Fort Worth business-cycle indexes accelerated. Home prices rose in the third quarter, and inventories remained tight.

Employment

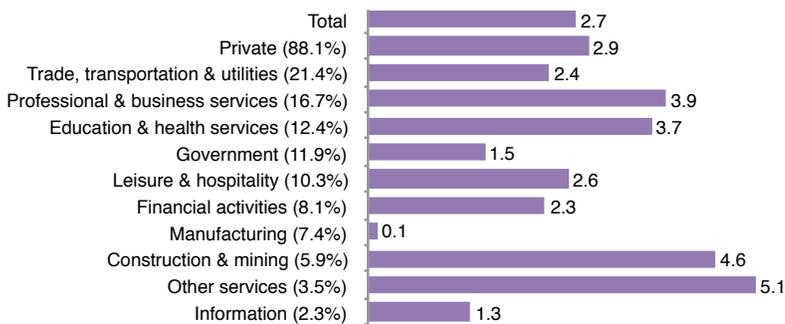
Employment Growth

Month/month percent change, annualized



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

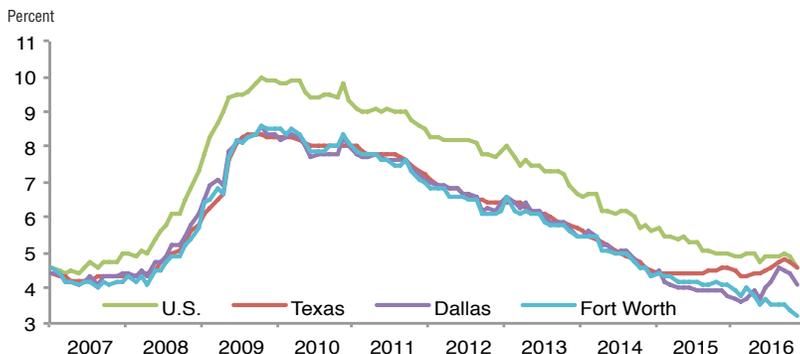
Employment Growth by Sector



NOTES: Data show seasonally adjusted, annualized percentage growth by supersector for December 2015–November 2016. Numbers in parentheses are shares of total Dallas–Fort Worth nonfarm employment and may not sum to 100 due to rounding.

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

Unemployment Rate



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

► DFW employment expanded an annualized 4.0 percent in November due to strong job growth in both the Dallas and Fort Worth metro areas. DFW job gains outperformed those in Texas and the U.S. for the fifth straight month. DFW year-to-date job growth of 2.7 percent is more than a full percentage point faster than that of the state (1.6 percent) and the U.S. (1.5 percent).

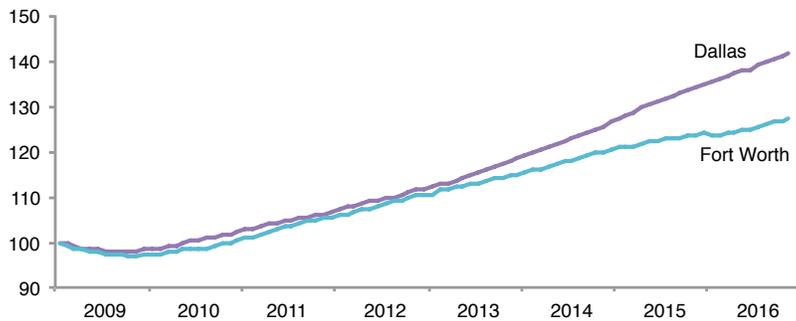
► DFW job growth has been broad based year to date, with all major sectors adding jobs. The construction and mining sector has continued to gain jobs at a rapid clip of 4.6 percent (annualized), likely due to an ongoing construction boom in the metroplex. Other large sectors such as professional and business services and education and health services have also seen solid employment growth, at 3.9 percent and 3.7 percent, respectively.

► Dallas leads the major Texas metros in year-to-date employment growth at an annualized 3.2 percent. Continued healthy growth in the U.S. economy has been a tailwind for Dallas because its industry mix more closely mirrors that of the nation. Meanwhile, payrolls in Fort Worth have seen more modest growth of 1.5 percent this year, likely due to its higher dependence on the manufacturing and energy sectors relative to Dallas.

► In November, the unemployment rate dipped to 4.1 percent in Dallas and 3.2 percent in Fort Worth. Both figures remain lower than the U.S. rate, which edged down to 4.6 percent. The unemployment rate is at a multiyear low in Fort Worth but is up 0.2 percentage points in Dallas compared with November 2015 levels.

Business-Cycle Indexes

Index, January 2009 = 100*



*Monthly, seasonally adjusted.

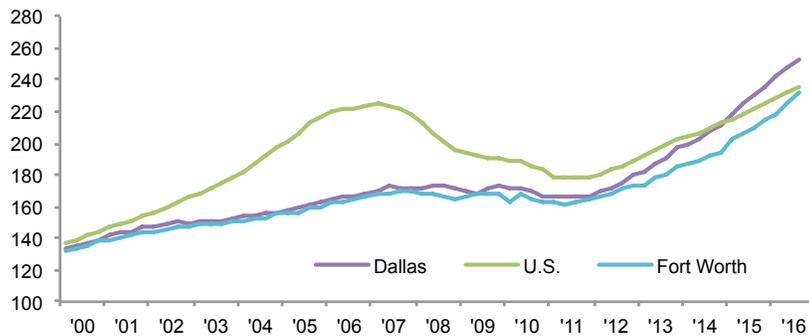
SOURCE: Dallas Fed.

► Overall economic growth was solid in Dallas and Fort Worth, according to the Dallas Fed's metro business-cycle indexes. The Dallas index climbed an annualized 6.7 percent in November, faster than last month's 5.9 percent pace, and the Fort Worth index grew at a rapid clip of 5.0 percent. Year over year, the Dallas index is up 5.6 percent, while the Fort Worth index is 3.2 percent higher as a result of continued healthy job creation and recent declines in unemployment.

Housing

Home Prices

Index, first quarter 1991 = 100*



*Quarterly, seasonally adjusted.

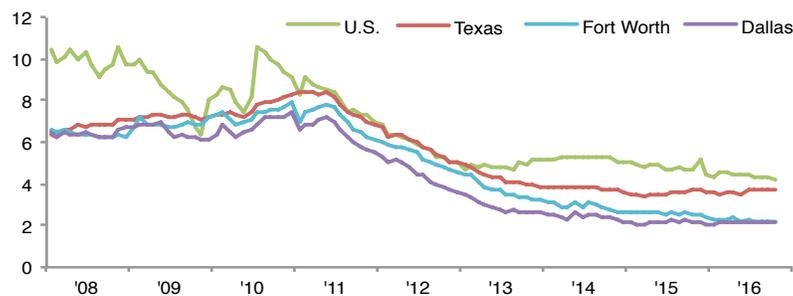
SOURCE: Federal Housing Finance Agency.

► The DFW housing market remains tight, and home prices in the metro are rising faster than the state and national averages. Prices rose 2.1 percent in Dallas and 2.7 percent in Fort Worth in the third quarter, according to the Federal Housing Finance Agency purchase-only house price index. On a year-over-year basis, prices are up 9.9 percent in Dallas and 10.8 percent in Fort Worth—both higher than in Texas (7.8 percent) and the nation (6.1 percent). Price appreciation in DFW is also outpacing increases in Austin, San Antonio and Houston, which have seen year-over-year growth of 9.1, 9.0 and 2.9 percent, respectively.

► Multiple Listing Service data also suggest strong price appreciation in the metroplex, with year-over-year median home prices up 8.9 percent in Dallas and 12.3 percent in Fort Worth. At \$261,465, the real median sales price in Dallas is well above the state and national figures, while Fort Worth at \$201,365 trails all three.

Home Inventories

Months of inventory, seasonally adjusted



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

► DFW home inventories remain tight at 2.2 months' supply, well below the six months' supply typically associated with a balanced market. Inventories have been around the two-month level since late 2014. The supply of homes priced \$200,000 or under is even lower at around one month.

► Single-family homebuilding continues to increase, buoyed by strong housing demand. DFW single-family permits ticked up 1.6 percent in October and are up 4.5 percent year to date compared with the same period last year. This growth in permits for new single-family home construction, coupled with strong gains in construction employment, suggests that the DFW residential real estate market will see continued growth in the near term.

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

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