

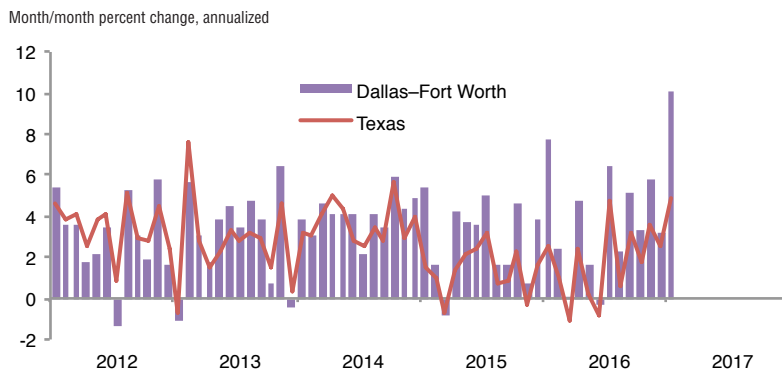
FEDERAL RESERVE BANK OF DALLAS • MARCH 14, 2017

## Summary

The Dallas–Fort Worth economy expanded in January. Job gains were solid, and DFW continued to lead growth in other major Texas metros. Unemployment fell, and growth in the Dallas and Fort Worth business-cycle indexes accelerated in January. Single-family housing inventory remained tight. The DFW multifamily market ended 2016 on a strong note and is seeing sustained growth.

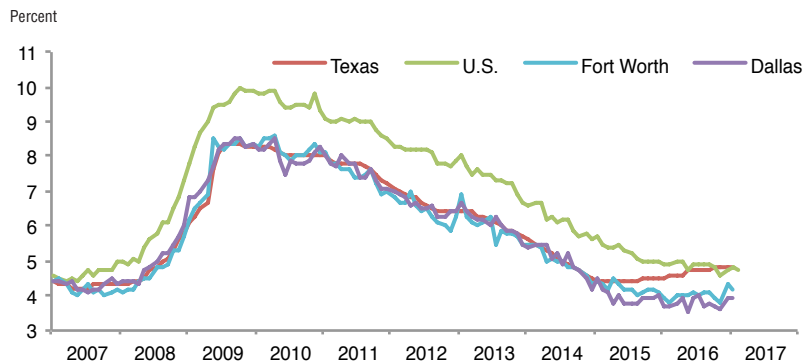
## Employment

### Employment Growth



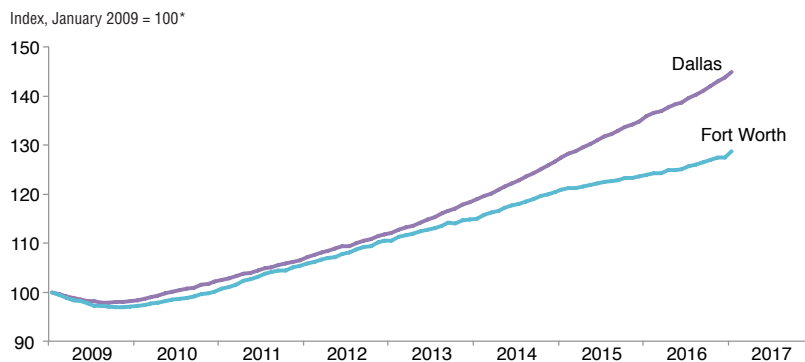
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed.

### Unemployment Rate



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

## Business-Cycle Indexes



\*Monthly, seasonally adjusted.

SOURCE: Dallas Fed.

► DFW employment growth was a vigorous 10.1 percent annualized in January, outpacing the 4.9 percent increase seen at the state level. January job growth was healthy in both Dallas and Fort Worth, and together the sister metropolitan divisions added 28,780 jobs.

► Similar to last year, DFW employment growth was broad based in January, with nearly all supersectors posting strong gains. Dallas led the major Texas metros in 2016 job growth at a revised 4.2 percent. Continued healthy growth in the U.S. economy has supported Dallas because the market’s industrial makeup closely mirrors that of the nation. Meanwhile, Fort Worth’s job growth at 1.8 percent has lagged Dallas, likely due to its higher reliance on the manufacturing and energy sectors relative to Dallas. (See the *Southwest Economy* article “[Dallas Booms Through Texas Oil Bust.](#)”)

► In January, the unemployment rate held steady in Dallas at 3.9 percent and edged down in Fort Worth to 4.2 percent. Both figures remain lower than the U.S. rate, which was 4.7 percent in February. The unemployment rate in both metros is near multiyear lows, indicating a tight labor market, although it has edged up in Dallas by 0.2 percentage points and in Fort Worth by 0.3 compared with January 2016 levels.

► Growth in the Dallas and Fort Worth business-cycle indexes accelerated in January. The Dallas index climbed an annualized 10.3 percent during the month, faster than December’s 7.1 percent pace. The Fort Worth index jumped 11.8 percent in January following December’s 0.8 percent increase. Year over year in January, the Dallas index was up 6.6 percent, while the Fort Worth index was 3.8 percent higher as a result of continued healthy job creation.

## Multifamily Housing

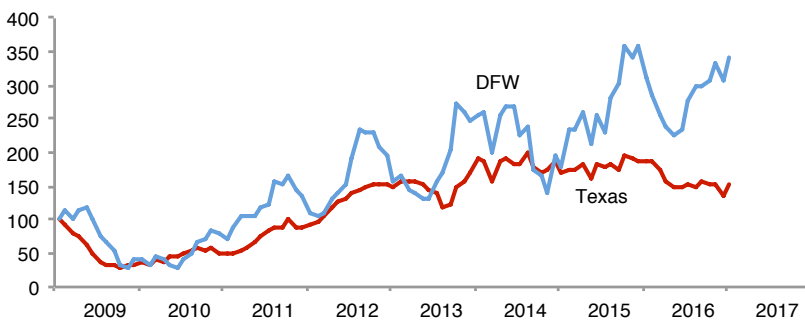
### Apartment Trends

Category	Period	Value
Annual absorption	2016	23,000 units
Annual deliveries	2016	20,700 units
Under construction	Q4:2016	49,800 units
Annual rent growth	Q4:2016	6.0%
Occupancy	Q4:2016	96.0%

SOURCE: MPF Research.

### Multifamily Permits

Index, January 2009 = 100\*



\*Five-month moving average; seasonally adjusted.

SOURCE: Census Bureau.

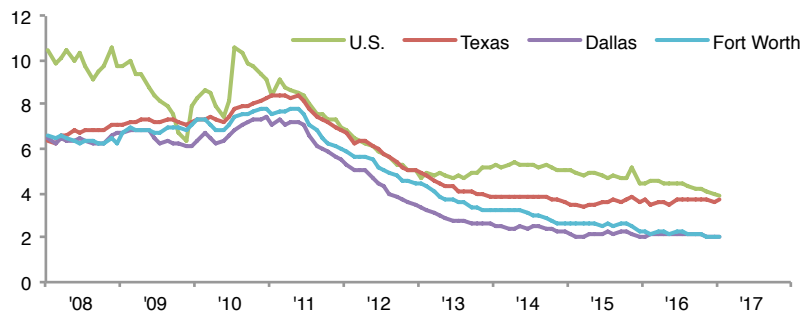
► The DFW multifamily housing market remained strong in fourth quarter 2016, thanks to the area's booming economy. Solid demand kept apartment occupancy high at 96.0 percent—considered essentially full occupancy, according to MPF Research. DFW apartment absorption was strong in 2016 at 23,000 units, far outpacing annual deliveries of 20,700. Year-over-year rent growth in the fourth quarter was a robust 6 percent, leading other Texas major metros. Austin and San Antonio saw increases of 2.8 and 2.2 percent, respectively, and Houston saw a decline of 1.4 percent. Apartment construction remains elevated in the metroplex at about 50,000 units, with DFW holding the top spot for apartments under construction among large U.S. metros, according to MPF Research.

► Multifamily permit issuance, which leads apartment construction, rose strongly in January. For 2016, DFW multifamily permits were down 3.4 percent from 2015 totals. By comparison, Texas multifamily permits fell 19.1 percent. [Dallas Fed Beige Book](#) contacts note tighter lending for new multifamily projects.

## Single-Family Housing

### Home Inventories

Months of inventory\*



\*Seasonally adjusted.

SOURCES: Texas Real Estate Center at A&M University; Multiple Listing Service; seasonal adjustments by the Dallas Fed.

► DFW home inventories remained tight at 2.1 months' supply in January, well below the six months' supply typically associated with a balanced market. Inventories have been around the two-month level since early 2015 and are below the state and national levels. Inventories in both metros are at historic lows and are lower than the levels seen during the U.S. housing boom. The supply of homes priced under \$250,000 is even tighter at around one month.

► Single-family construction remains on an upswing in the metroplex thanks to robust population and job growth. DFW single-family permits fell in January but were up year over year. In 2016, single-family permits climbed 6.3 percent from 2015 totals, while Texas registered a 2.2 percent increase. With a tight inventory of new and existing homes, home construction is likely to continue to add to the economy's growth this year.

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

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