

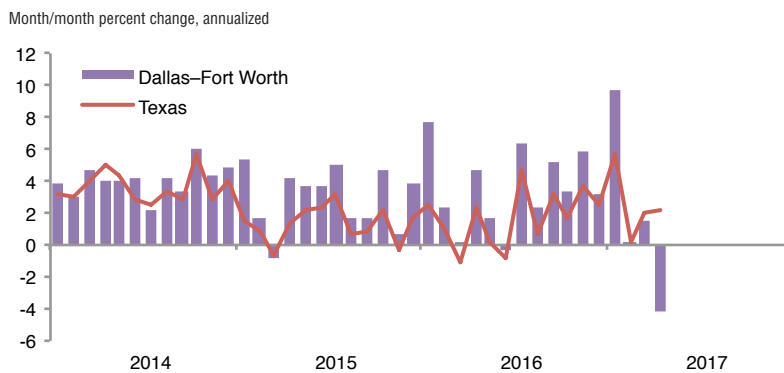
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## Summary

The Dallas–Fort Worth economy grew modestly in April. While still positive, the Dallas and Fort Worth business-cycle indexes decelerated during the month, with growth falling below their long-term averages. Payroll employment contracted, while the unemployment rate dipped. Demand for both office and industrial space was solid in the first quarter, although vacancy increased. Housing affordability remained low in Dallas, a result of continued rapid home price appreciation.

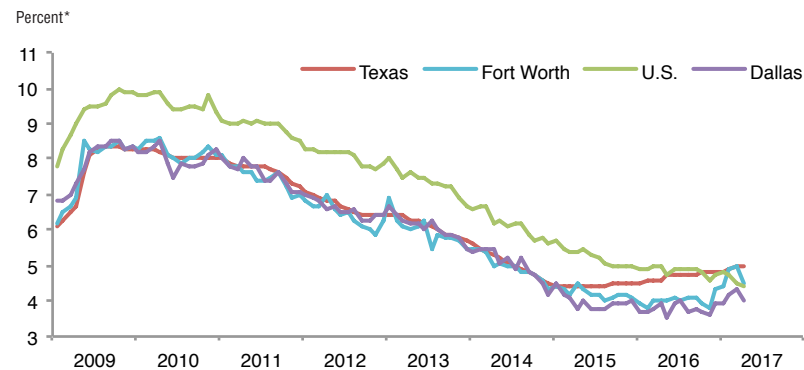
## Employment

### Employment Growth



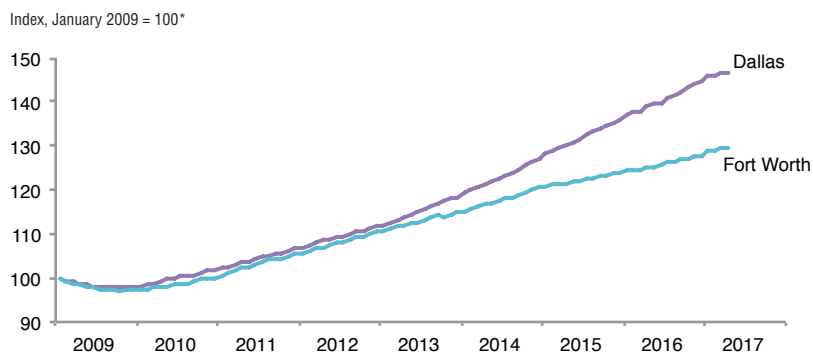
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed.

### Unemployment Rate



\*Seasonally adjusted.  
SOURCE: Bureau of Labor Statistics.

## Business-Cycle Indexes



\*Monthly, seasonally adjusted.  
SOURCE: Dallas Fed.

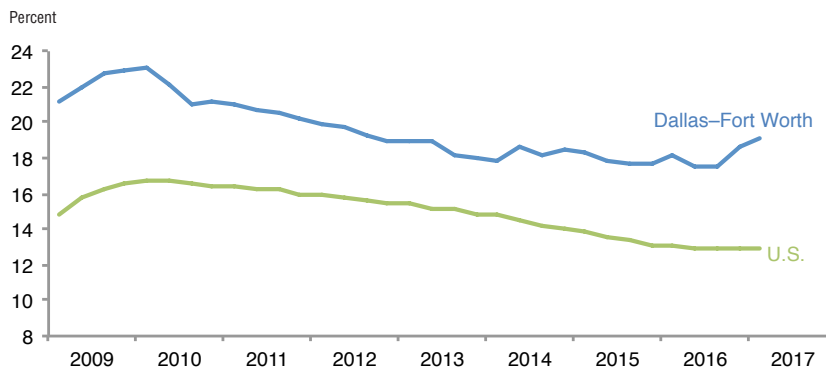
► DFW jobs declined at a 4.1 percent annualized rate in April, even as the state saw a 2.1 percent increase. Payrolls in both Dallas and Fort Worth contracted during the month. Year-to-date job growth in the metroplex has moderated to 1.7 percent, compared with 3.5 percent in 2016.

► Service-providing industries continued to add jobs from January through April, while employment in goods-producing industries such as manufacturing and construction fell. Employment in leisure and hospitality expanded at a rapid 4.7 percent annualized rate, and payrolls in financial activities and educational and health services saw more than a 3 percent increase.

► The labor market in the metroplex remained tight. The unemployment rate in Dallas fell from 4.3 percent in March to 4 percent in April—its lowest level in three months—and unemployment in Fort Worth decreased by 0.5 percentage points to 4.5 percent. The jobless rate for Texas held steady at 5 percent, while that for the U.S. dipped from 4.5 percent to 4.4 percent. The spread between Dallas and Fort Worth’s unemployment rates, which averaged around 0.1 percentage points from 2011 to 2014, has been gradually widening since 2015.

► Growth in the Dallas and Fort Worth business-cycle indexes slowed in April. While the unemployment rate declined, recent weakness in job growth likely slowed expansion in the indexes. The Dallas index was flat during the month and lagged behind Fort Worth’s 2.1 percent annualized increase. This is a reversal from the trend that we have seen since early 2014, with growth in the Dallas business-cycle index consistently outperforming Fort Worth’s index, likely due to stronger job gains in Dallas relative to Fort Worth. Year over year, the Dallas index was up a solid 5.6 percent, and the Fort Worth index was up 3.4 percent.

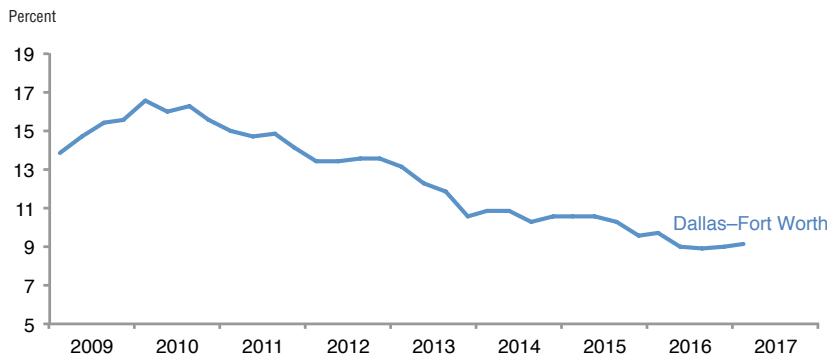
## Office Vacancy



SOURCE: CBRE Research.

► The DFW office market continued to see strong leasing activity as healthy job creation drove demand for office space. Net absorption was over half a million square feet in the first quarter and rents rose further, according to data from CBRE. Office vacancy in DFW increased from 18.6 percent in fourth quarter 2016 to 19.1 percent in first quarter 2017. Office construction remains elevated in the metroplex at 6.1 million square feet, although it has dipped from fourth quarter totals.

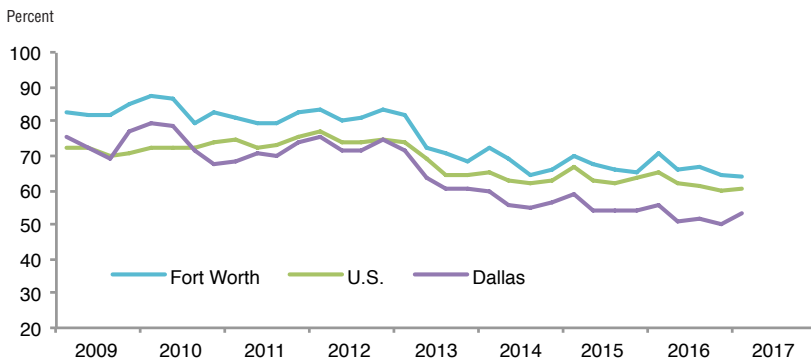
## Industrial Availability



SOURCE: CBRE Research.

► Leasing activity was strong in the first quarter, with 5.3 million square feet of industrial space absorbed, according to data from CBRE. Industrial availability rates in Dallas-Fort Worth edged up to 9.1 percent in the first quarter, and vacancy rose to 6.5 percent due to large speculative deliveries. Still, industrial vacancy in the metroplex remains near historic lows. The DFW area is one of the major trade and distribution centers in the U.S., and employment in the trade, transportation and utilities sector makes up about 21 percent of the metro's total. The construction pipeline stayed elevated at 16.9 million square feet, although it has been slowly declining since second quarter 2016.

## Housing Affordability



SOURCE: National Association of Home Builders/Wells Fargo Housing Opportunity Indexes.

► Record home price appreciation over the past five years has eroded housing affordability in the metroplex. According to the National Association of Home Builders/Wells Fargo Housing Opportunity Indexes, only 53 percent of the homes (new and existing) sold in Dallas were affordable for a median-income family—below the national figure (60.3 percent). Affordability has been declining in Dallas since 2010, and the index has dropped markedly from its peak set in first quarter 2010 amid the U.S. housing bust. Despite having a lower median home sales price than Austin, affordability in Dallas is the lowest among major Texas metros. (See the first quarter 2017 Southwest Economy article “[Texas Housing Market Soars to New Highs, Pricing Out Many.](#)”)

► Fort Worth is more affordable relative to Dallas and the nation, with 64 percent of homes sold in the first quarter viewed as affordable. The median home sales price in Fort Worth is below the national median.

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

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