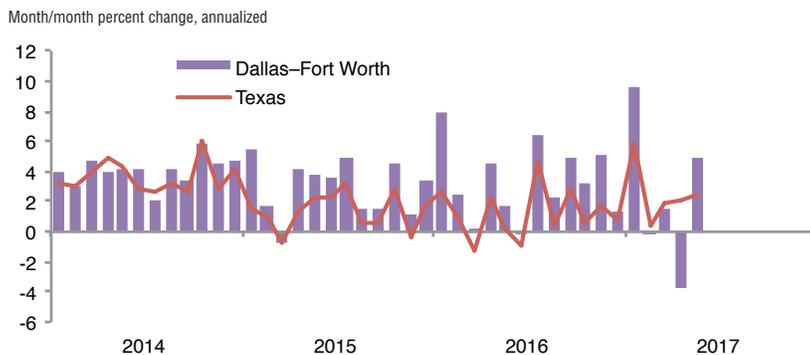


FEDERAL RESERVE BANK OF DALLAS • JUNE 20, 2017

Summary The Dallas–Fort Worth economy expanded in May, with payroll employment rising and growth in the Dallas and Fort Worth business-cycle indexes accelerating during the month. The unemployment rate dipped in Dallas and held steady in Fort Worth. Home prices climbed in the first quarter, while housing demand remained healthy and inventories tight.

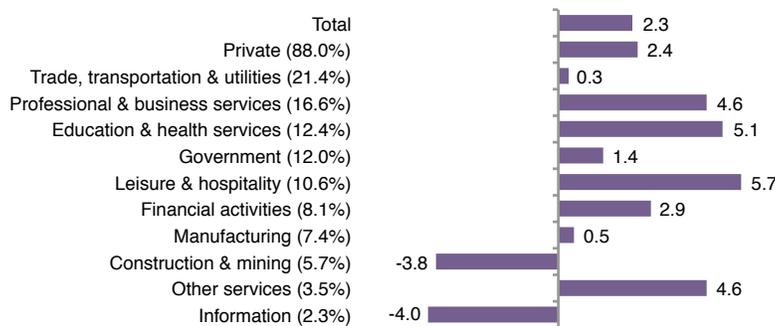
Employment

Employment Growth



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

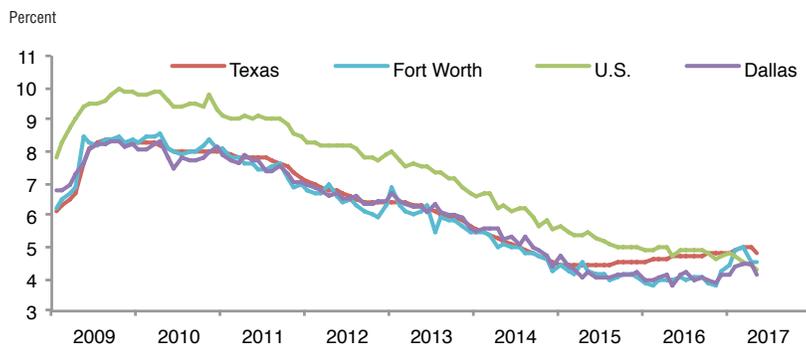
Employment Growth by Sector



NOTES: Data show seasonally adjusted, annualized percentage growth by sector for December 2016–May 2017. 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: Bureau of Labor Statistics; Texas Workforce Commission; seasonal adjustments by the Dallas Fed.

► DFW jobs grew at a 4.9 percent annualized rate in May, outpacing the state’s 2.4 percent increase. Payrolls in Dallas expanded 5.8 percent during the month, and Fort Worth saw 2.5 percent growth.

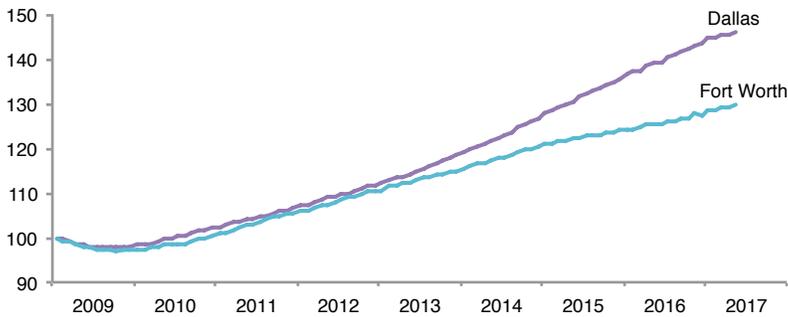
► Year-to-date job growth in the metroplex has moderated to an annualized 2.3 percent, compared with last year’s 3.3 percent pace, and is slower than the state’s 2.5 percent increase. Among the major Texas metros, Houston leads in year-to-date job growth at 2.8 percent, followed by Fort Worth at 2.7 percent and Dallas at 2.2 percent.

► Service-providing industries continued to add jobs in the first five months of the year, while employment in goods-producing industries such as construction and mining contracted. Employment in leisure and hospitality has seen the fastest growth year to date at an annualized 5.7 percent, followed by education and health services at a strong 5.1 percent. Payrolls in professional and business services continued to grow at a rapid clip of 4.6 percent, in part due to business relocations and expansions.

► The labor market remained tight. The unemployment rate fell in Dallas from 4.3 percent in April to 3.9 percent in May and held steady in Fort Worth at 4.5 percent. The Texas jobless rate dipped to 4.8 percent, while the U.S. rate edged down from 4.4 percent to 4.3 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. This is likely due to stronger job gains in Dallas relative to Fort Worth in 2015 and 2016.

Business-Cycle Indexes

Index, January 2009 = 100*



*Monthly, seasonally adjusted.

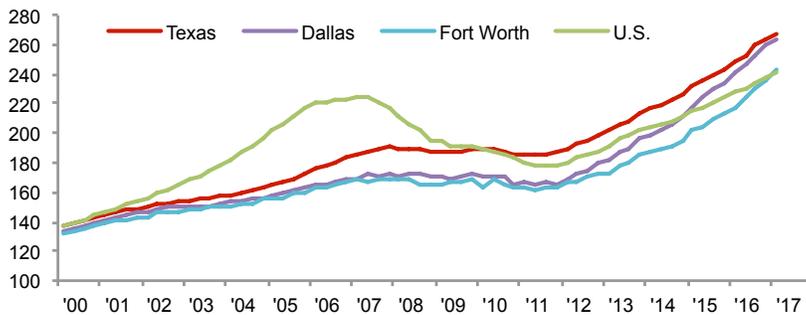
SOURCE: Dallas Fed.

► Growth in the [Dallas and Fort Worth business-cycle indexes](#) accelerated in May, likely buoyed by healthy job growth. The Dallas index climbed 6.5 percent (annualized) during the month, faster than the previous month's 1.3 percent pace. Fort Worth's index rose 4.4 percent, outpacing April's 1.2 percent rate. Year over year, the indexes are up 5.2 percent in Dallas and 3.5 percent in Fort Worth. Growth in the Dallas business-cycle index has outperformed growth in the Fort Worth index since 2013.

Housing

Home Prices

Index, first quarter 1991 = 100*



*Quarterly, seasonally adjusted.

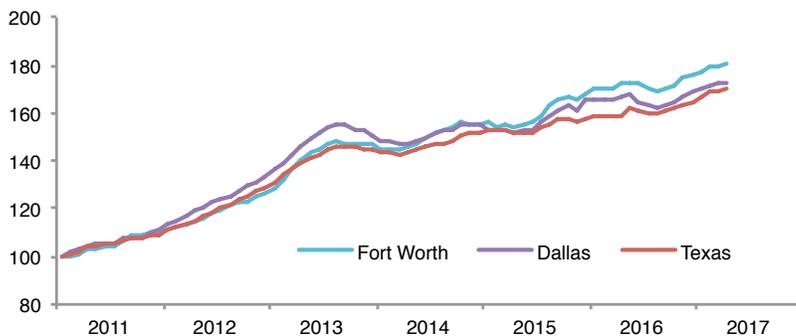
SOURCE: Federal Housing Finance Agency.

► The DFW housing market remains solid, with home price gains outpacing those in the state and U.S. Prices rose 2.6 percent in Fort Worth and 1.8 percent in Dallas in first quarter 2017, faster than the 1.4 percent increase registered in both Texas and the U.S., according to the Federal Housing Finance Agency purchase-only house price index.

► On a year-over-year basis in the first quarter, prices were up 11.7 percent in Fort Worth and 9.2 percent in Dallas—both higher than in Texas (7.2 percent) and the nation (6.0 percent). The price increases were also greater than in San Antonio, Austin and Houston, which were up 8.4, 6.3 and 5.2 percent, respectively. (See the *Southwest Economy* article "[Texas Housing Market Soars, Pricing Out Many.](#)")

Home Sales

Index, January 2011 = 100*



*Six-month moving average, seasonally adjusted.

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

► DFW existing-home sales rose in April, and six-month moving averages show continued increases in the metroplex as well as the state. In April, sales rose 3.3 percent in Fort Worth, 2.6 percent in Dallas and 1.9 percent in Texas. New-home sales also remain healthy in the metroplex, according to [Dallas Fed Beige Book](#) contacts, with sales of lower-priced homes seeing the strongest growth. Solid job growth is driving demand in the metroplex. DFW home inventories remain low at just over two months of supply and are the tightest among the major Texas metros.

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

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More Dallas Fed economic updates: www.dallasfed.org/research/update/