

# San Antonio Economic Indicators

Federal Reserve  
Bank of Dallas

October 24, 2019

San Antonio's economy expanded at a robust pace in September. The San Antonio Business-Cycle Index expanded at its fastest rate since 2016, and recent job growth surged despite tight labor markets. Wages rose in September, and office space demand was steady in the second quarter.

## Business-Cycle Index

The San Antonio Business-Cycle Index—a broad measure of economic activity in the metro—expanded at an annualized rate of 3.8 percent in September, well above its long-term trend of 2.9 percent (*Chart 1*). Recent strength in the index was driven by healthier job growth, lower unemployment rates and increased retail sales, which together suggest a hearty expansion in the regional economy.

**Chart 1**  
**San Antonio Business-Cycle Index**



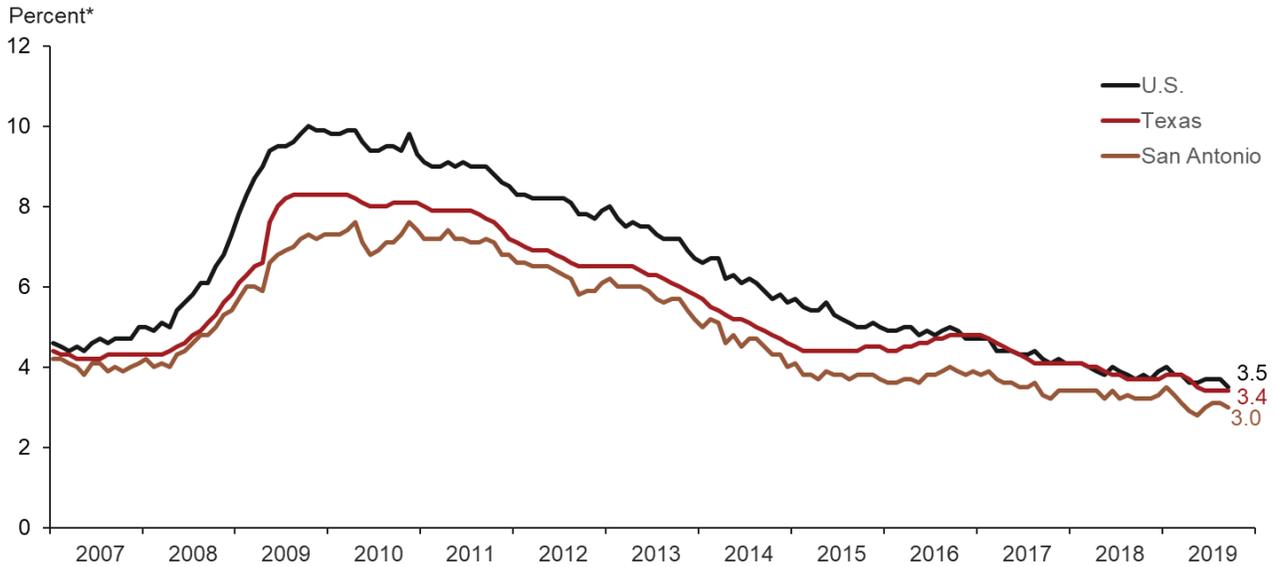
\*Seasonally adjusted, annualized rate.

SOURCE: Dallas Fed.

## Jobless Rate Declines

The San Antonio labor markets remain tight. The unemployment rate ticked down to 3.0 percent in September, the state's figure held steady at 3.4 percent, and the nation's rate declined to a five-decade record low of 3.5 percent (*Chart 2*). San Antonio's labor force growth accelerated to 5.4 percent annualized in the third quarter; growth so far this year is an annualized 1.7 percent, slightly above the state's rate of 1.3 percent.

**Chart 2**  
**Unemployment Rate**

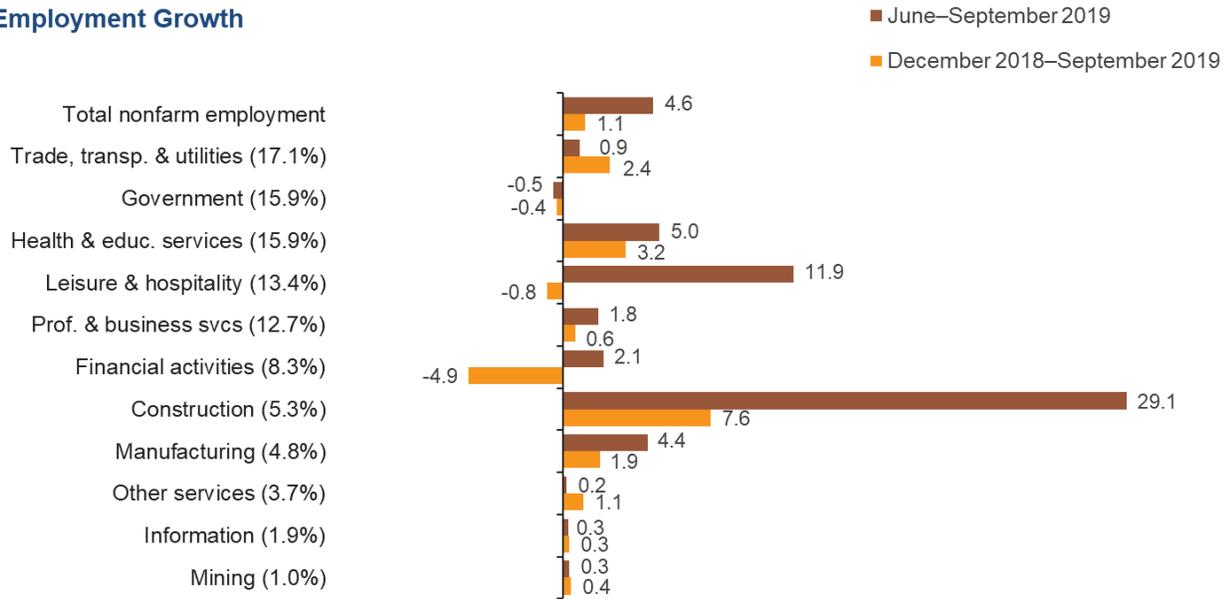


\*Seasonally adjusted.  
SOURCE: Bureau of Labor Statistics.

## Job Growth Strong in Third Quarter

San Antonio jobs grew at a robust 4.6 percent annualized rate in the third quarter (*Chart 3*). Growth across industries during this period was mainly positive, with construction jobs leading expansion with a substantial 29.1 percent increase (or 3,500 net jobs). Leisure and hospitality also saw substantial growth (3,800 jobs) after a weak second quarter. Trade, transportation and utilities, health care, and professional and business services also saw net hiring, adding a combined 3,100 jobs. Government jobs continued to contract.

**Chart 3**  
**Employment Growth**



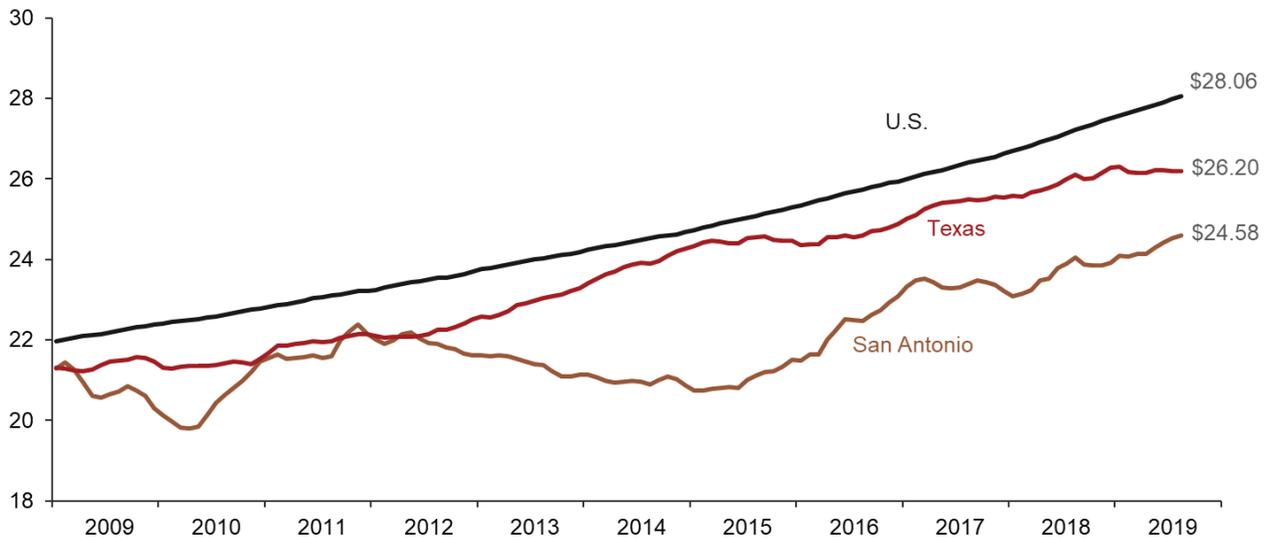
NOTES: Data show seasonally adjusted and annualized percentage employment growth by sector. Numbers in parentheses represent the share of total employment and may not sum to 100 due to rounding.  
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

**Wages Continue to Climb**

The three-month average for private sector hourly wages in San Antonio increased to \$24.58 in September (Chart 4). The metro's wages increased 2.7 percent year over year, slightly below the nation's 2.9 percent rise but well above the state's 0.7 percent increase.

**Chart 4**  
**Average Private Sector Hourly Wages**

Dollars/hour\*

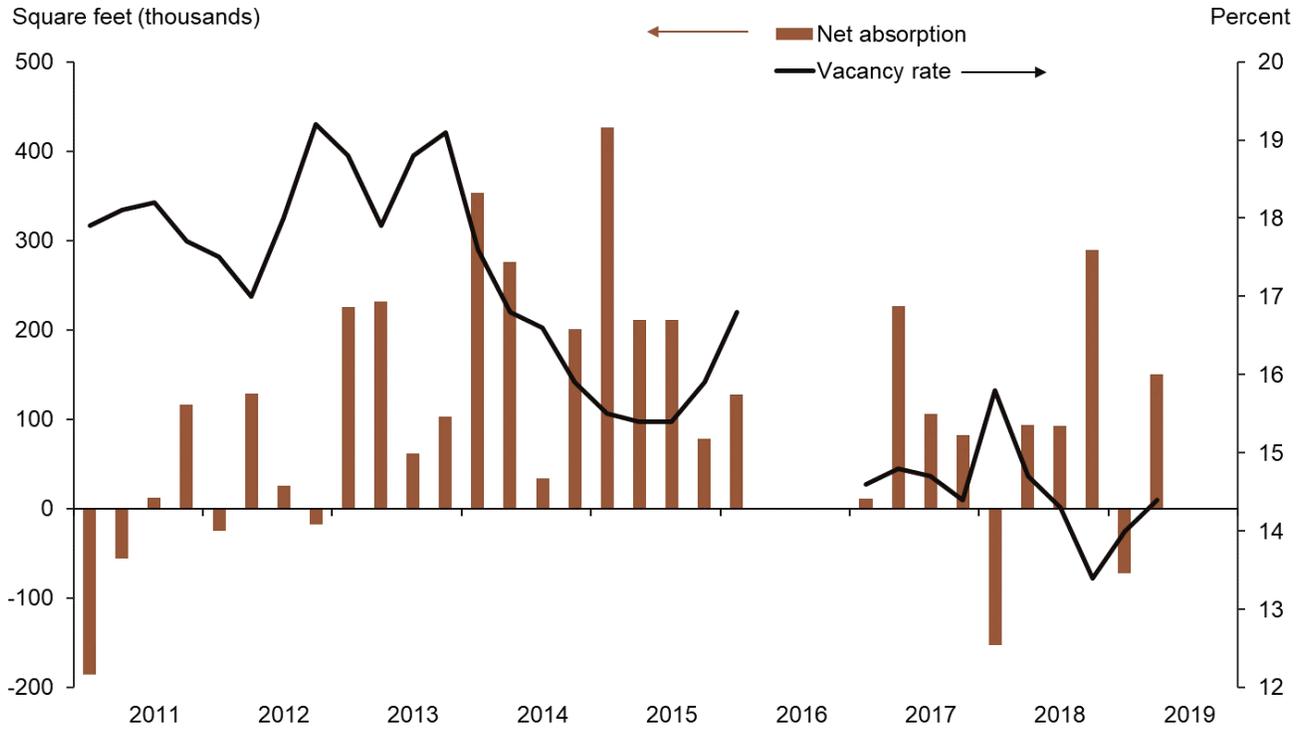


\*Seasonally adjusted, three-month centered moving average.  
SOURCES: Bureau of Labor Statistics; adjustments by the Dallas Fed.

## Real Estate

Demand for office space in San Antonio was steady in the second quarter (*Chart 5*). Net absorption was 150,368 square feet, up from a loss of 72,400 square feet during the second quarter. Vacancy rates ticked up slightly to 14.4 percent, although the average vacancy rate during the first half of the year is well below the long-term average of 16.2 percent. The average asking rent increased 0.7 percent in the second quarter and is up 5.3 percent year over year.

**Chart 5**  
**San Antonio Net Absorption and Vacancy Rate**



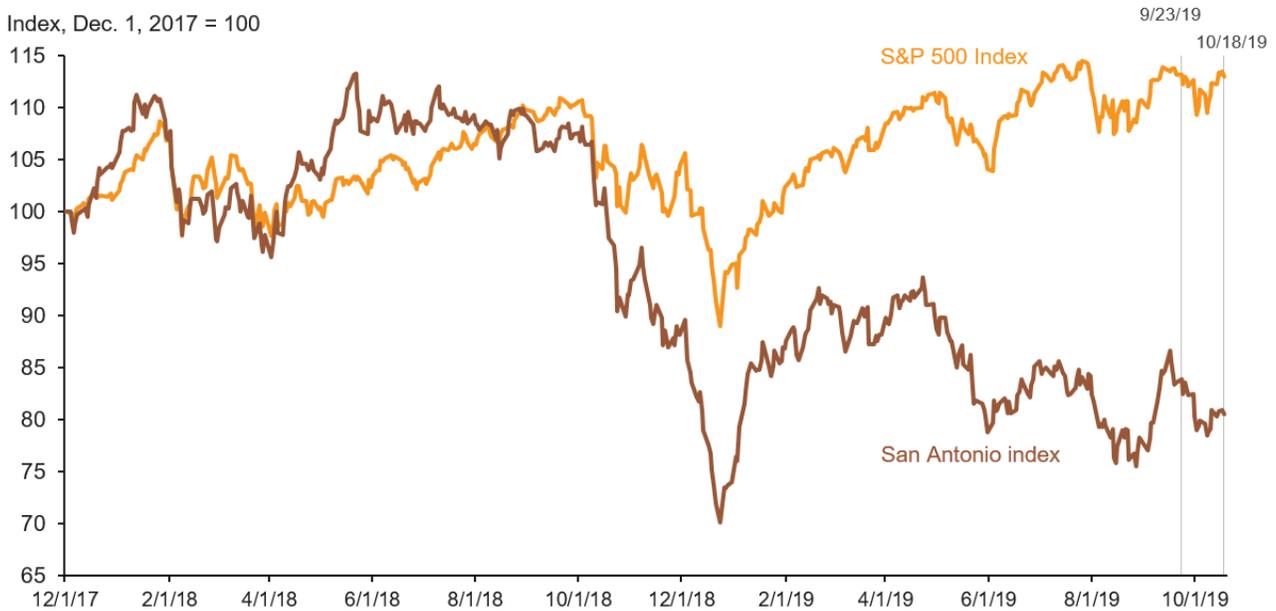
NOTES: Data are quarterly. Data from 2016:Q1 to 2016:Q3 are not available.  
SOURCE: CBRE Research.

## Stock Prices

Share prices of companies with a notable presence in San Antonio depreciated 4.1 percent from Sept. 23 to Oct. 18, while the S&P 500 Index fluctuated but ultimately recovered to the same level as the start of that period (*Chart 6*). Performance by industry was mixed for the San Antonio index. Companies related to manufacturing and finance experienced steady gains in share prices, while firms in food services, communications and energy had mixed performances.

**Chart 6**  
**Stock Indexes**

Index, Dec. 1, 2017 = 100



SOURCES: Bloomberg; Standard and Poor's.

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

### About San Antonio Economic Indicators

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