

February 7, 2019

The Austin economy expanded at a healthy pace in December. The Austin Business-Cycle Index accelerated and remained above its long-term trend. Job growth by sector was mixed, with the health and education services sector continuing to accelerate and government jobs declining. Hourly wages increased, and median home prices and existing-home sales dipped slightly.

## Business-Cycle Index

The Austin Business-Cycle Index expanded at an annualized rate of 7.4 percent in December, well above the long-run average of 6 percent (*Chart 1*). The unemployment rate ticked up to 2.9 percent, and jobs grew steadily in December.

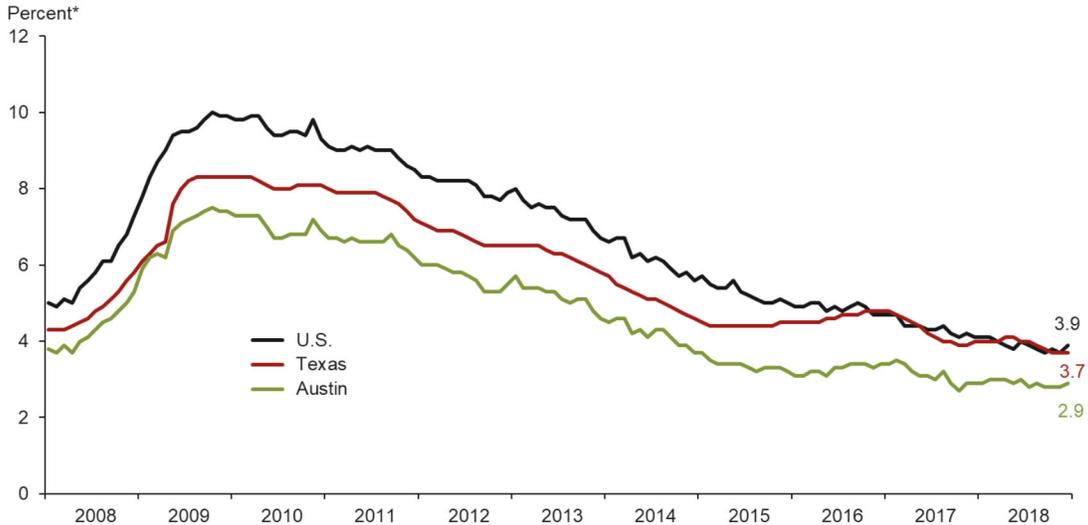


## Labor Market

### Unemployment Rate Low

Austin's December unemployment rate of 2.9 percent was well below Texas' rate of 3.7 percent and the U.S. rate of 3.9 percent (*Chart 2*). (The U.S. rate rose to 4 percent in January 2019.) The metro's labor force expanded at a strong 3.7 percent in 2018, whereas the state's labor force grew 2.3 percent.

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

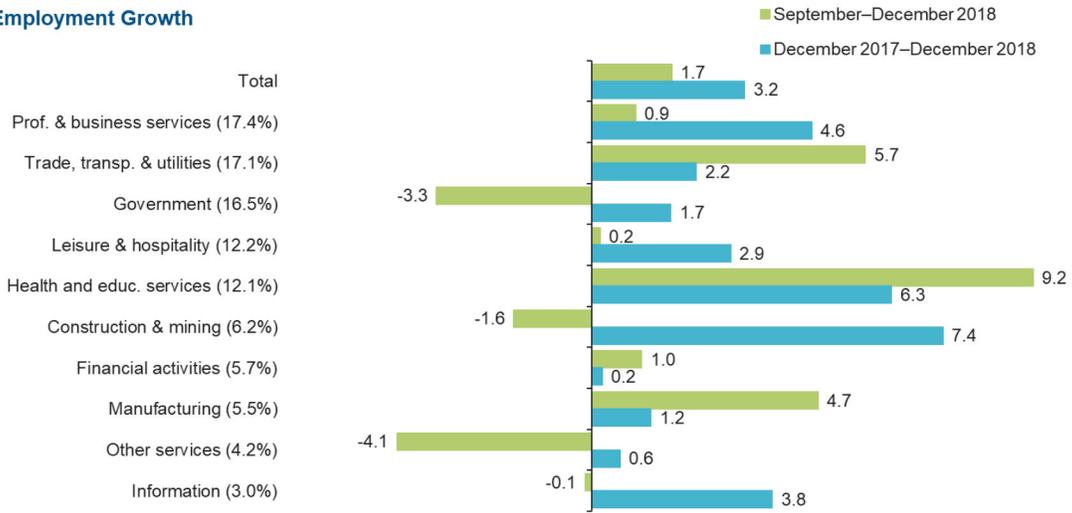


\*Seasonally adjusted.  
SOURCE: Bureau of Labor Statistics.

### Employment Accelerates Through December

Austin employment expanded at an annualized rate of 1.7 percent in the fourth quarter and a solid 3.2 percent in 2018 (*Chart 3*). Performance by sector was mixed. Growth was primarily led by health and education services, which grew at an annualized rate of 9.2 percent, or 2,800 jobs, in the three months ending in December. The trade, transportation and utilities and manufacturing sectors also experienced healthy gains. Government payrolls declined 3.3 percent and shed approximately 1,400 jobs during the same period.

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

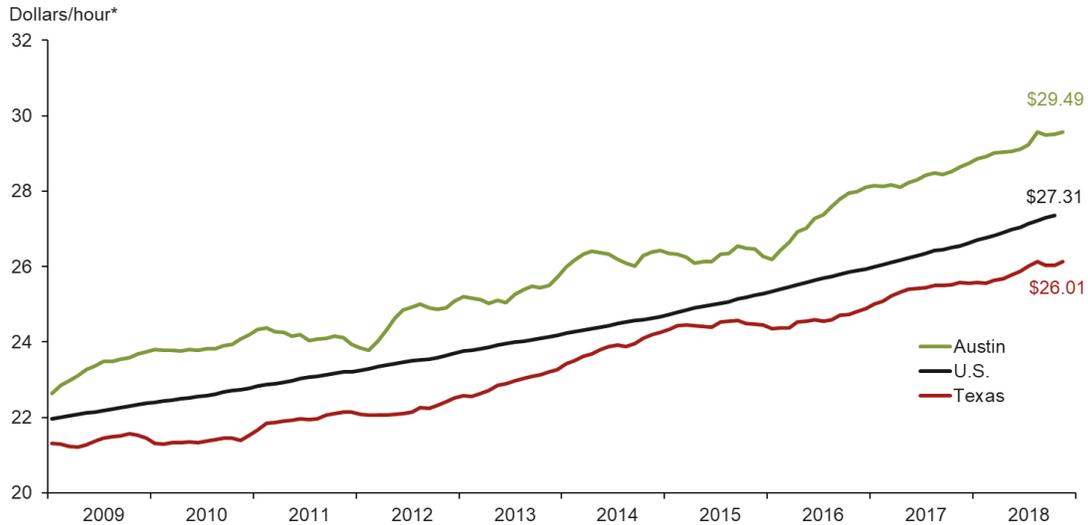


NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.  
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

### Hourly Wages Rise

Austin's three-month centered moving average for private sector hourly wages increased in December and remained above the state and national averages (*Chart 4*). Year over year, Austin wages grew 4.9 percent; the state and U.S. rates rose 3.5 percent and 3.3 percent, respectively.

**Chart 4**  
**Private Sector Average Hourly Earnings**



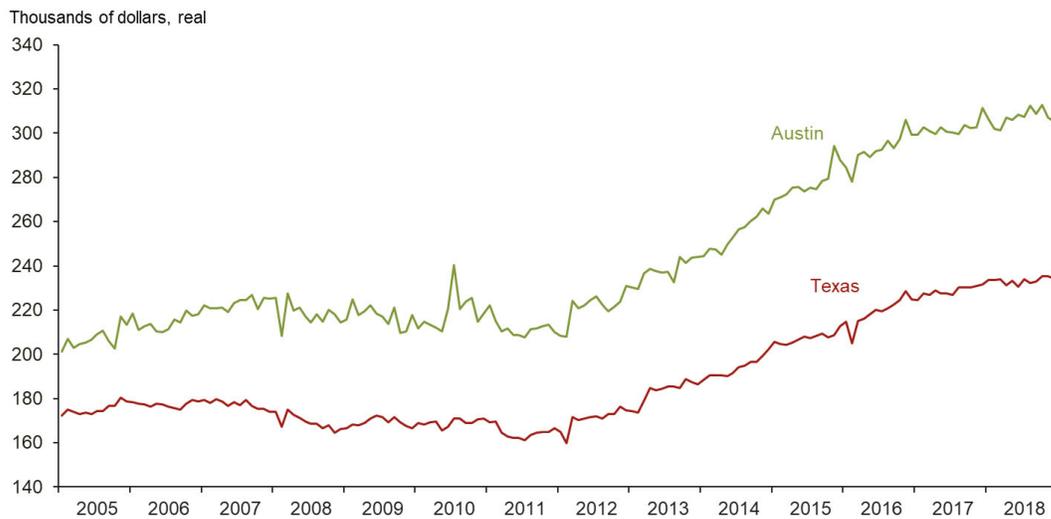
\*Seasonally adjusted, three-month centered moving average.  
 SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; adjustments by the Dallas Fed.

## Real Estate

### Median Home Prices Dip Slightly

The median home price in Austin declined to \$305,284 in December, or a 2 percent drop year over year (*Chart 5*). The median home price for Texas increased 1.1 percent to \$234,198 during the same period. The percentage of homes sold in Austin that the median-income household could afford stood at 54.5 percent in the third quarter.

**Chart 5**  
**Median Home Prices**



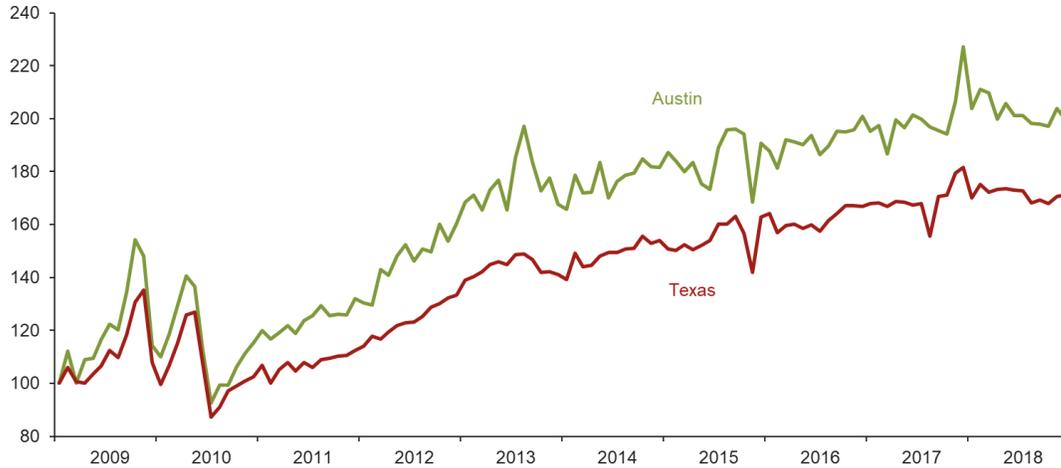
SOURCE: Multiple Listing Service.

### Home Sales Tick Down

Austin existing-home sales fell 1.9 percent in December (*Chart 6*). The metro's home sales in 2018 rose 1.4 percent from 2017, while the state's sales increased 1.2 percent.

**Chart 6**  
**Existing-Home Sales**

Index, January 2009 = 100\*



\*Seasonally adjusted.

NOTE: Data measure sales of existing single-family units.

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

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

### About Austin Economic Indicators

Questions can be addressed to Chris Slijk at [christopher.slijk@dal.frb.org](mailto:christopher.slijk@dal.frb.org). *Austin Economic Indicators* is released on the first Thursday of every month.