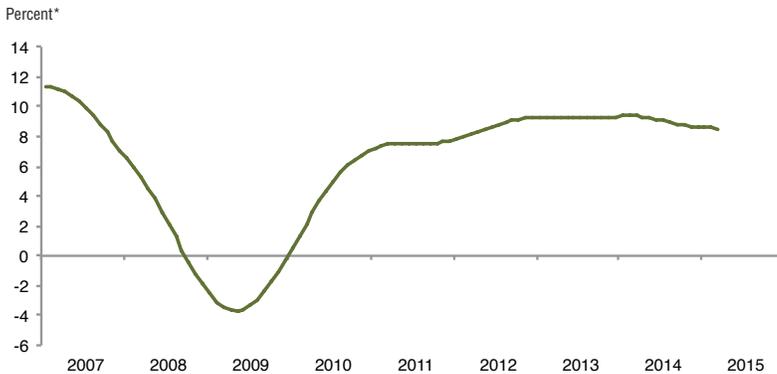


Summary

The Austin economy grew strongly in February. Jobs increased at an annualized rate of 4.5 percent—over 3 percentage points faster than the state. The unemployment rate also fell sharply to 3.4 percent, its lowest level since early 2001. Austin home prices continued to appreciate as the median sales price rose 6.8 percent year over year in February.

Economic Activity

Austin Business-Cycle Index

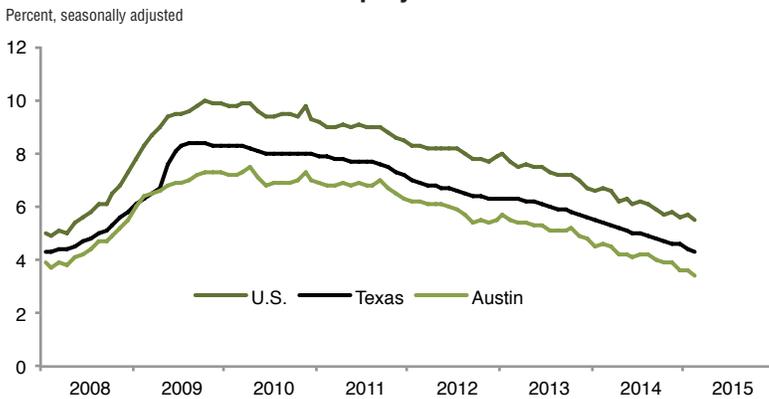


*Six-month, annualized rate.

► Despite moderating slightly, the Austin Business-Cycle Index expanded at an 8.5 percent annualized rate over the six months ending in February. While the index is monthly, retail sales and wages enter the index quarterly and with a lag. Real retail sales data for third quarter 2014 show an annualized 4.2 percent contraction, but real wage growth accelerated to 7.3 percent over this time. Combined with recent strong job expansion and a declining unemployment rate, the index is up 8.5 percent over the past five months.

Employment

Unemployment Rate

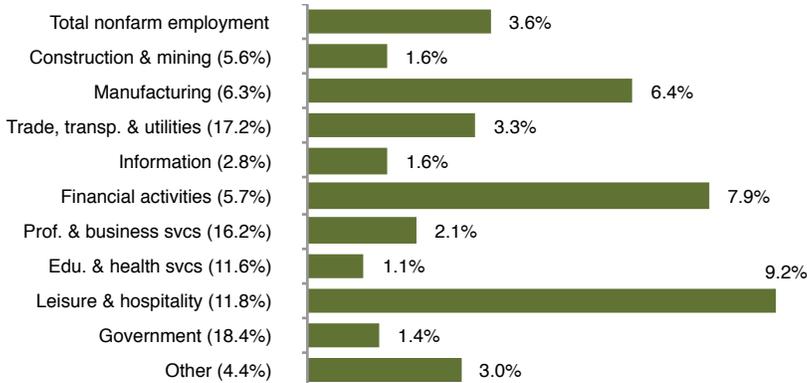


► Austin's unemployment rate fell from 3.6 percent in January to 3.4 in February, while the Texas rate fell from 4.4 percent to 4.3 percent. Austin's unemployment rate is at its lowest level since the end of the dot-com boom in the early 2000s.

► Austin job growth picked up to an annualized 3.6 percent rate in the three months ended in February. Growth was broad based, with all major sectors posting job gains. Leisure and hospitality growth picked up sharply to 9.2 percent, buoyed by both food and accommodation services. Financial activities and manufacturing employment slowed slightly but continued to grow at 7.9 and 6.4 percent, respectively. Trade, transportation and utilities picked up to 3.3 percent, thanks to a rebound in retail trade employment. Private education and health services slowed significantly, although health care and social services continued to grow at a rapid 6.7 percent pace.

Employment Growth

(December 2014–February 2015)



NOTES: Numbers in parentheses represent share of total employment and may not sum to 100 percent due to rounding. Job growth data are seasonally adjusted and annualized.

Employment

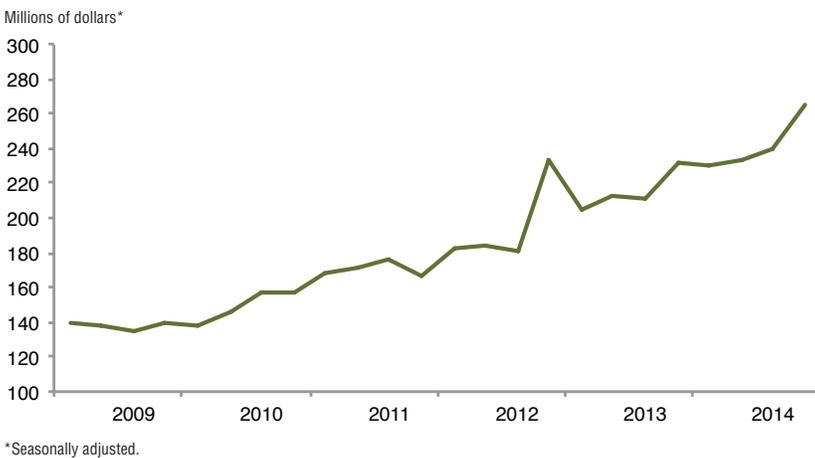
Relative Job Growth



► While the 12-month job growth rate in Austin typically outpaces that of Texas overall, growth in December slipped below the state average for the first time since 2009. Labor market tightness, a growing issue across much of Texas the past several years, has been particularly acute in Austin due to the low unemployment rate and the higher proportion of skilled labor demanded. Nevertheless, indicators such as help-wanted advertising continue to point toward underlying strength in the Austin economy. Given its relative insulation from recent declines in the energy sector, however, Austin's growth may exceed that of the state during 2015 even while Austin-area employers continue to struggle to find new workers.

Hospitality

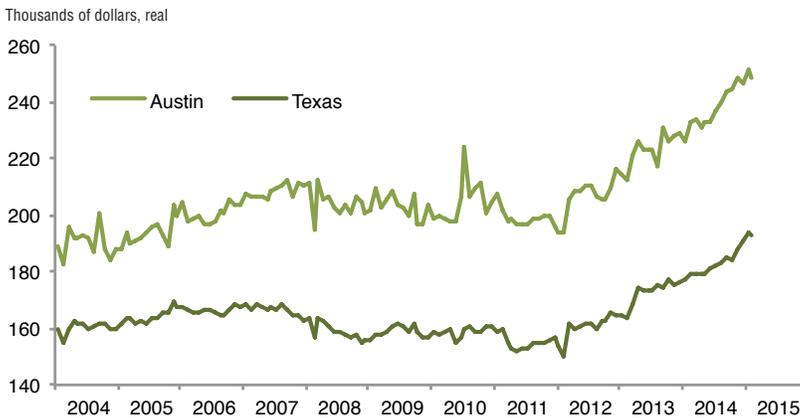
Quarterly Hotel Receipts



► Tourism and hospitality activity in Austin, as measured by total receipts from hotels and lodging, picked up sharply to 15 percent growth in the last quarter of 2014 from mild to moderate growth earlier in the year. January data indicate receipts are up 16 percent year over year, suggesting the category is on track for continued growth in 2015.

Housing

Median Home Sales Price



► Median home sales prices in Austin ticked down slightly in February to \$248,620 after reaching an all-time high of \$251,574 in January. Increasing demand and a limited supply of housing pushed home inventories down to 2.5 months over the first two months of the year. This, in turn, continued to spur additional residential construction, with housing permits in Austin up 27 percent year over year. With help-wanted advertising for construction workers at all-time highs, it is likely that Austin housing markets will continue to strengthen into the near future.

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

SOURCES: **Austin Business-Cycle Index:** Bureau of Labor Statistics (BLS), Texas Workforce Commission (TWC) and Federal Reserve Bank of Dallas; **unemployment rate:** BLS and Dallas Fed; **employment:** BLS and Dallas Fed; **hotel receipts:** Texas Comptroller of Public Accounts; **housing:** Multiple Listing Service.

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