

Austin Economic Indicators

DALLAS FED

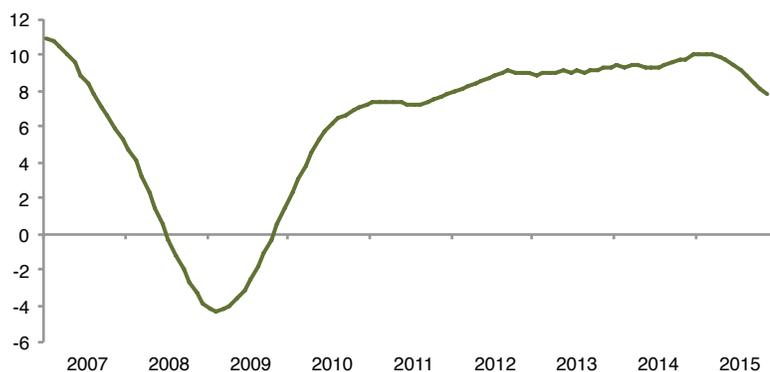
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Summary

Growth in the Austin economy moderated slightly in October but remained strong. The Austin Business-Cycle Index continued to expand, and job growth accelerated to a brisk 5 percent annualized rate. The unemployment rate rose for a second month but is still indicative of a tight labor market. Manufacturing remains weak, and leisure and health care have slowed from a rapid pace of growth earlier in the year. Healthy expansion in construction, high-tech and other industries should continue to propel the local economy the rest of this year.

Austin Business-Cycle Index

Percent change*



*Month-over-month annualized rate, seasonally adjusted.

► The Austin Business-Cycle Index expanded at a 7.1 percent annualized rate in October, continuing a deceleration that began after index growth peaked at 10.1 percent in January. While this pace is the slowest since 2011, it is above the 5.2 percent average over the past 30 years. Increases in the unemployment rate and moderation in job growth have contributed to this deceleration.

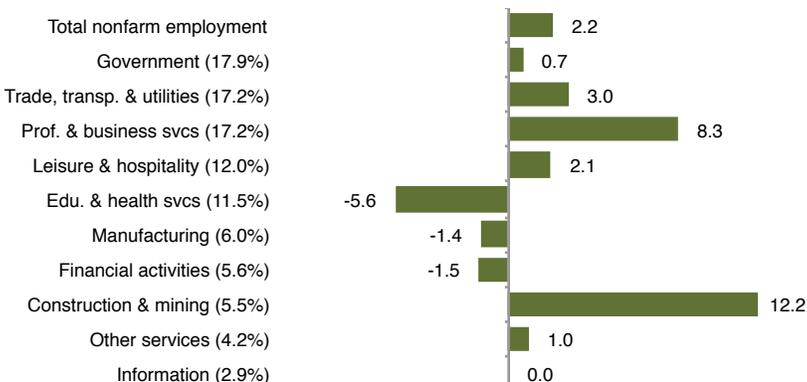
► Austin economic indicators were positive but more subdued in October. The unemployment rate rose from 3.2 to 3.3 percent, although it remains more than a full percentage point below the state rate and nearly 2 percentage points below the national rate. Job growth accelerated to 5.0 percent, more than double the state growth rate. While second-quarter retail sales growth was flat, hardly better than the -0.8 percent growth at the state level, growth in real wages paid accelerated to its fastest pace since early 2012 and was nearly double the state and national rates.

Business-Cycle Index Components

	Austin	Texas	U.S.
Annualized job growth (October)	5.0%	2.2%	2.0%
Unemployment rate (October)	3.3%	4.4%	5.0%
Year-over-year change in real retail sales (2015:Q2)*	0.0%	-0.8%	1.8%
Year-over-year change in real wages paid (2015:Q2)*	9.0%	4.8%	5.0%

*Most recent data available for Austin.

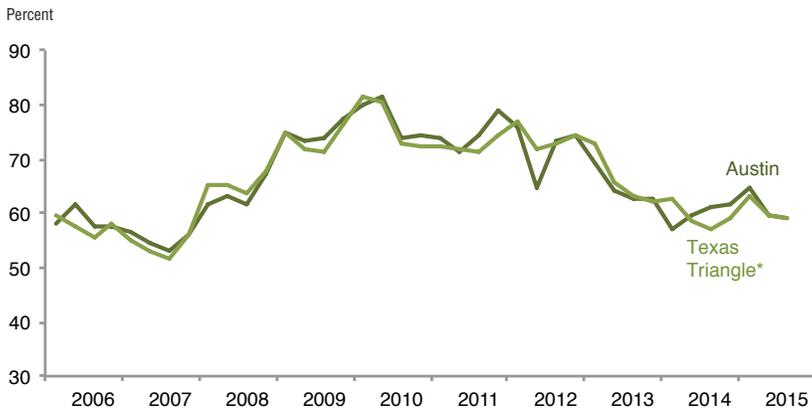
Employment Growth



► Job growth in Austin moderated to a 2.2 percent annualized rate over the three months through October. Industry growth was mixed as goods-producing sectors improved but some service sectors weakened. Construction rebounded sharply as hiring for trade contractors, the largest category within the sector, reached its fastest pace since early 2014. Professional and business services employment weakened slightly but remained robust as jobs in scientific and technical services continued to grow steadily. Jobs in leisure and hospitality and in trade, transportation and utilities also expanded after contracting in prior months. Education and health services continued to decline, largely due to a sharp drop in private education employment. Manufacturing slumped again but not as much as it did earlier in the year.

NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector for August–October 2015. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

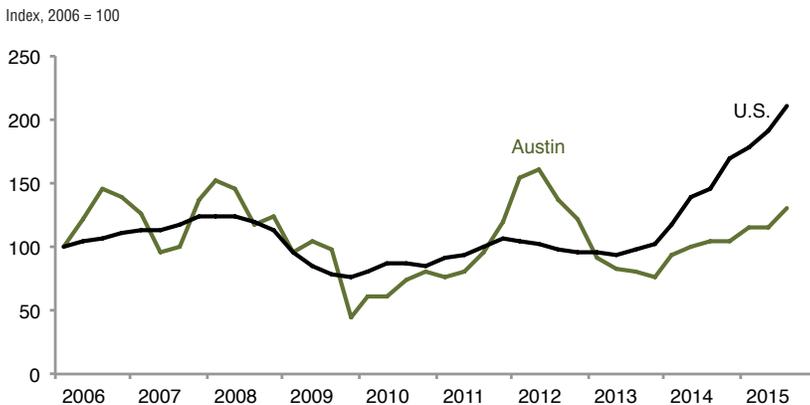
Housing Affordability



*Population-weighted average of the Dallas, Fort Worth, Houston and San Antonio indexes.

► Home affordability in Austin remained high but slid slightly in the third quarter. The percentage of homes that the median income family can afford fell from 59.6 to 59.1 percent. Home prices in Austin rose 5.5 percent year over year in October, while inventories dipped to 2.5 months. Nevertheless, high median incomes in Austin have kept affordability near the average for the rest of Texas' major metro areas.

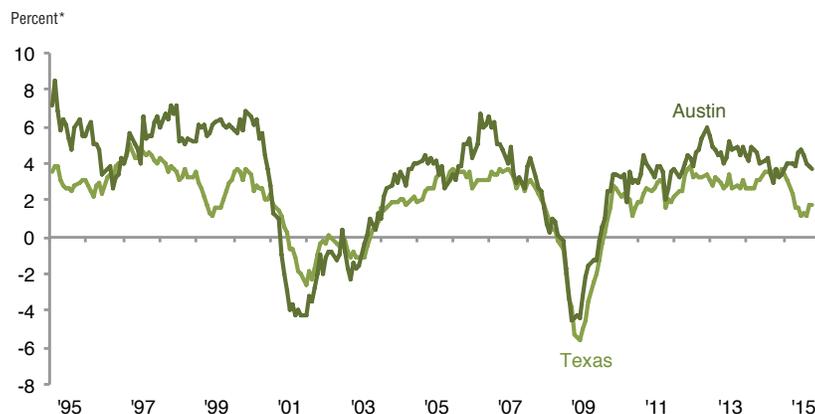
Venture Capital Funding



NOTES: Indexed on four-quarter moving average. Data are inflation adjusted.

► Venture capital funding in Austin picked up in the third quarter, with the four-quarter moving average up 27 percent year over year. However, growth has trailed that of the U.S. overall, which rose 44 percent over the same time, and has generally been in line with the state this year. Since peaking at 3.1 percent in mid-2012, Austin's share of national venture capital has declined to around 1.3 percent.

Historical Job Growth



*Seasonally adjusted, six-month annualized change.

► Job growth in Austin has historically outpaced the state by around 1.5 percent. While this differential has expanded in 2015, it has recently begun to narrow slightly. Austin's six-month annualized job growth rate fell from a rapid 4.8 percent in June to 3.7 percent in October—just 0.1 percentage points above the 25-year average.

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 Dallas Fed; **unemployment:** BLS and Dallas Fed; **employment and historical job growth:** BLS, TWC and Dallas Fed; **housing affordability:** National Association of Home Builders/Wells Fargo; **venture capital:** PricewaterhouseCoopers, Thomson Reuters and National Venture Capital Association.

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