

Austin Economic Indicators

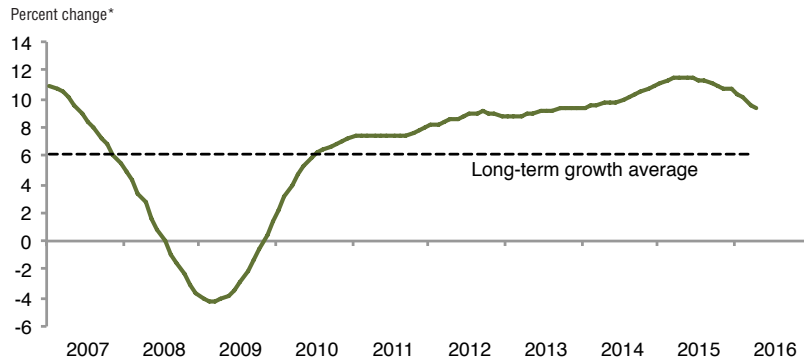
DALLAS FED

FEDERAL RESERVE BANK OF DALLAS • MAY 5, 2016

Summary

The Austin economy grew at a strong pace in March. The Austin Business-Cycle Index continued its steady deceleration but remained well above trend. Job growth was moderate and faster than in the state. The unemployment rate ticked up after reaching a 15-year low. While overall expansion has decelerated this year compared with last, the region's relative insulation from the state's oil and gas sector decline should allow for continued above-average growth.

Austin Business-Cycle Index



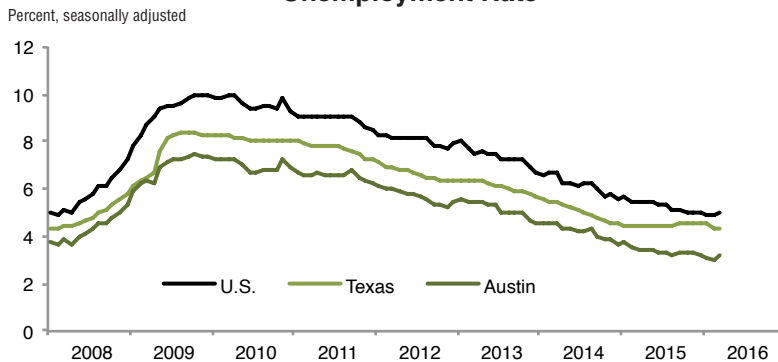
*Month-over-month annualized rate, seasonally adjusted.

SOURCE: Dallas Fed.

► The Austin Business-Cycle Index expanded at a 9.3 percent annualized rate in March, continuing a gradual deceleration that began in the middle of 2015. Revisions to fourth-quarter employment data from the Dallas Fed's [early benchmark](#) lowered index growth the past six months by 1 percentage point. Nevertheless, index growth continues to exceed the long-term average of 6.1 percent.

Employment

Unemployment Rate

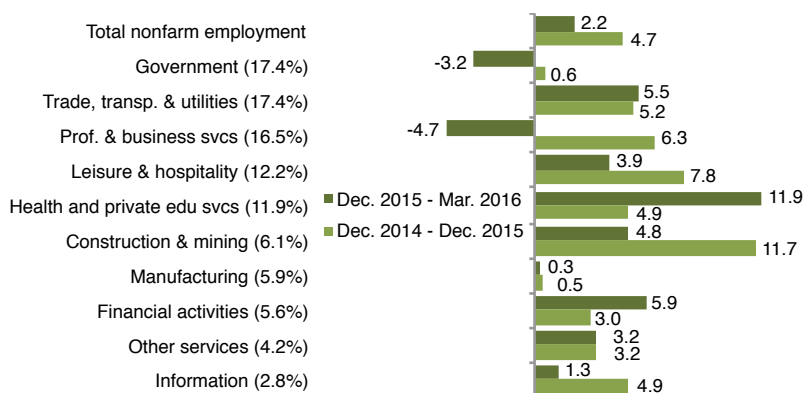


SOURCE: Bureau of Labor Statistics.

► Austin's unemployment rate rose for the first time since July 2015, ticking up 0.2 percentage points to 3.2 percent in March. This rise is attributable to a continued increase in the local labor force and to flattening household employment growth. The jobless rate remains more than 1 percentage point below that of the state and nearly 2 percentage points below that of the nation.

► Austin employment grew at a 2.2 percent annualized rate during the first quarter. Growth across sectors was mixed: While revised 2015 employment data show that all industries expanded last year, growth so far this year has decelerated across most major industries. Government and business services in particular have faced sharp declines. An increase in hiring at physicians' offices led expansion in health and education in the quarter. Retail trade and transportation services drove ongoing growth in the trade, transportation and utilities sector, while further hiring at banks aided the financial activities sector. Sectors such as construction, leisure and hospitality, and information continued to grow but at a notably slower pace than last year.

Employment Growth



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

SOURCES: Bureau of Labor Statistics; adjustments by the Dallas Fed.

Lodging and Hospitality

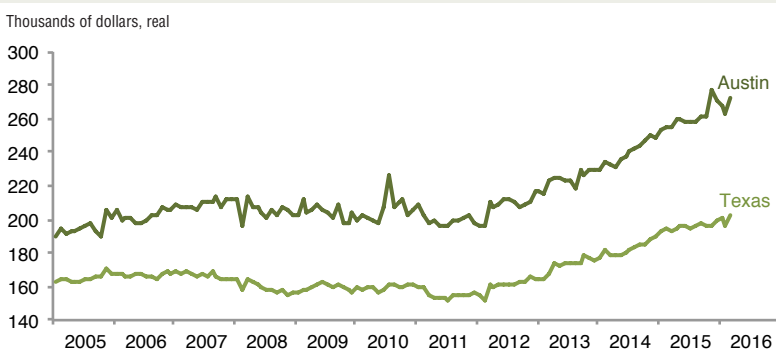


*Quarter over quarter, seasonally adjusted.

SOURCES: Texas Comptroller of Public Accounts; adjustments by the Dallas Fed.

► Hotel and lodging receipts dipped in the final quarter of last year, falling 3.2 percent from third quarter 2015. While overall growth last year was up 12.5 percent compared with 2014, hotel activity slowed in the second half of last year. Expansion in accommodation and food services jobs tends to follow growth in hotel activity, and slowing job growth in first quarter 2016 may be partly due to the fourth-quarter decline in receipts.

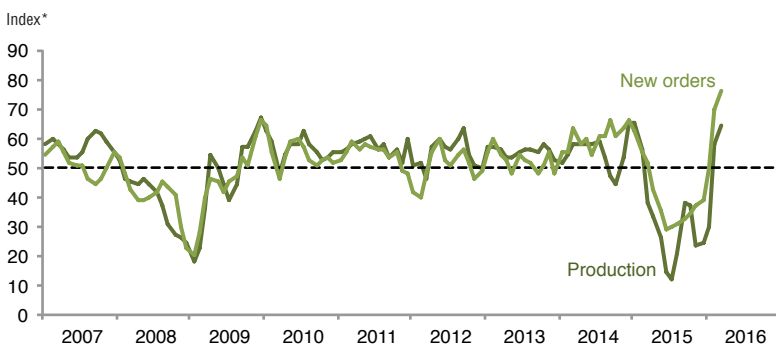
Median Home Prices



SOURCE: Multiple Listing Service.

► After falling for several months, the median home price in Austin rebounded to \$272,089 in March. This represents a 6.5 percent gain over March 2015 and compares to a 4.9 percent gain in home prices statewide. While permits for new construction of multifamily units moderated, permits for single-family home construction hit their highest level in 10 years. Meanwhile, home sales broke all-time highs as inventories held near all-time lows, indicating that the Austin housing market remains very strong.

Purchasing Managers Index



*Three-month moving average, seasonally adjusted; values greater than 50 indicate expansion.

SOURCES: Institute for Supply Management–Austin; adjustments by the Dallas Fed.

► The Austin Purchasing Managers Index rose sharply in March as all major components indicated expansion. Both production and new orders continued to rebound from a very weak 2015 and posted their highest average readings in nearly a decade. With production continuing to recover and the U.S. dollar softening, manufacturing employment is likely to strengthen this year.

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

CONTACT: Questions regarding *Austin Economic Indicators* can be addressed to Christopher Slijk at christopher.slijk@dal.frb.org.