

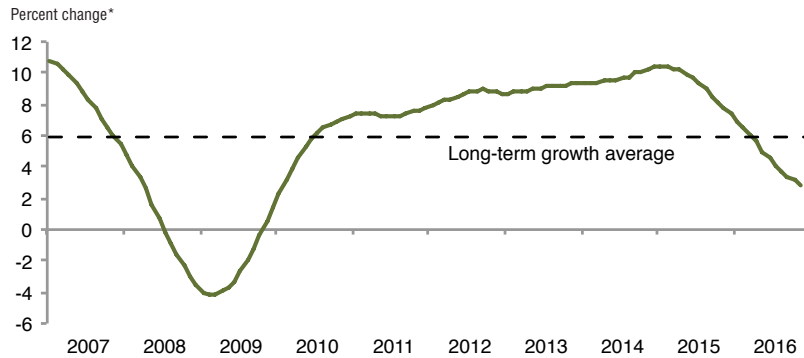
Austin Economic Indicators

DALLAS FED

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Summary The Austin economy continued to grow modestly in October. While still in positive territory, the Austin Business-Cycle Index decelerated again and remains well below its long-term average. Net job growth was flat, while the unemployment rate declined slightly.

Austin Business-Cycle Index



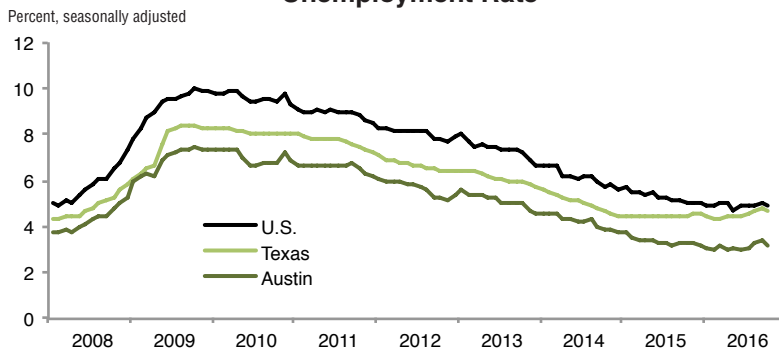
*Month-over-month annualized rate, seasonally adjusted.

SOURCE: Dallas Fed.

► The Austin Business-Cycle Index grew an annualized 2.9 percent in October, continuing a deceleration that began in late 2014. While the unemployment rate declined, recent weakness in job growth has slowed expansion in the index. However, local help-wanted advertising surged in October, suggesting that some of the weakness is due to difficulty in finding workers.

Employment

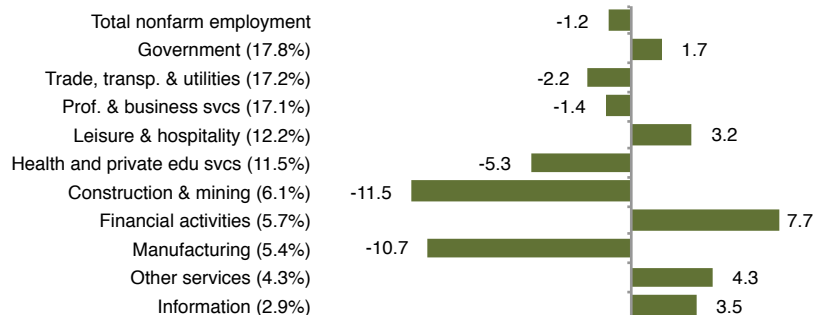
Unemployment Rate



SOURCE: Bureau of Labor Statistics.

► The Austin unemployment rate decreased from 3.4 percent in September to 3.2 percent in October—its lowest level in three months. The jobless rates for Texas and the U.S. also declined, to 4.7 and 4.9 percent, respectively. The local decline was largely due to a fall in the labor force in October; labor force growth year to date has been about 1 percentage point below the long-term average of 2.8 percent.

Employment Growth



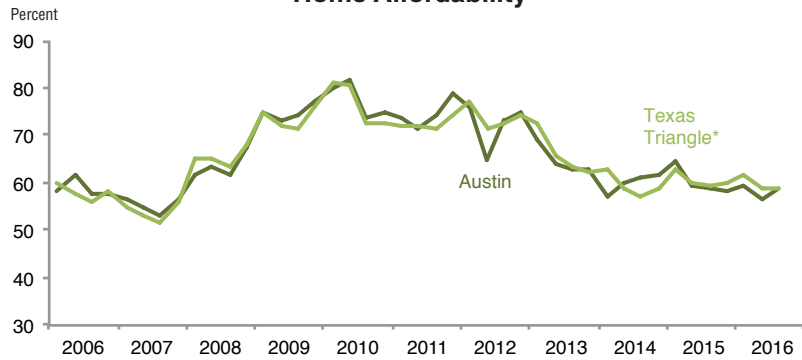
► Austin jobs declined at a 1.2 percent annualized rate over the three months through October as goods-producing industries such as manufacturing and construction fell sharply. Financial activities expanded at a rapid 7.7 percent rate, with a sharp increase in hiring for insurance-related activities. Leisure and hospitality and government also continued to grow at a steady pace. A decline in health care continues to stem from weakness in outpatient services as well as a slowdown in hiring at hospitals. Retail trade continued to dampen growth in trade, transportation and utilities, while scientific and technical services reversed course and contributed to weakness in professional and business services.

NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector from August to October 2016. 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.

Housing

Home Affordability



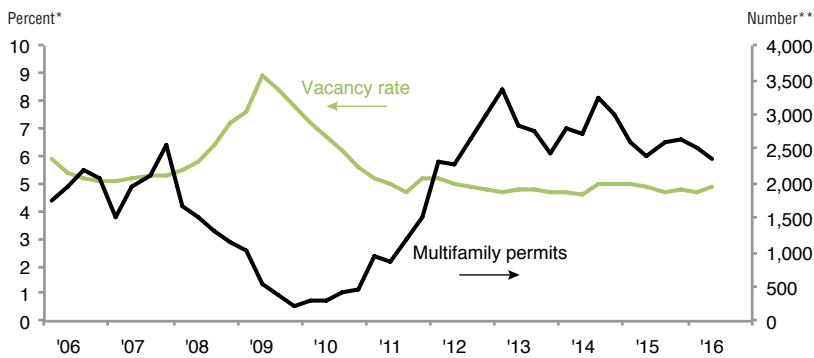
*Population-weighted average of the Dallas, Fort Worth, Houston and San Antonio Indexes.

SOURCE: National Association of Home Builders/Wells Fargo.

► Housing affordability in Austin increased in the third quarter. According to the National Association of Home Builders/Wells Fargo Housing Opportunity Index, the percentage of homes sold that were affordable for a median-income family rose to 58.7 percent from 56.3 percent in the second quarter. This is nearing the average of 58.9 percent for the other large Texas metros. Despite having the highest median-home price among the major Texas metros, Austin continues to be more affordable than Dallas (the least affordable of the metros) because of higher average income levels.

► Permits for new multifamily home construction have weakened slightly in Austin over the past three quarters, though they remain at a high level. Apartment vacancies continue to hold at very low levels, suggesting that there is little slack in the multifamily market. Year-over-year rents have increased 5.6 percent, only slightly behind growth in Dallas-Fort Worth among Texas' major metros.

Multifamily Vacancy Rate and Permits



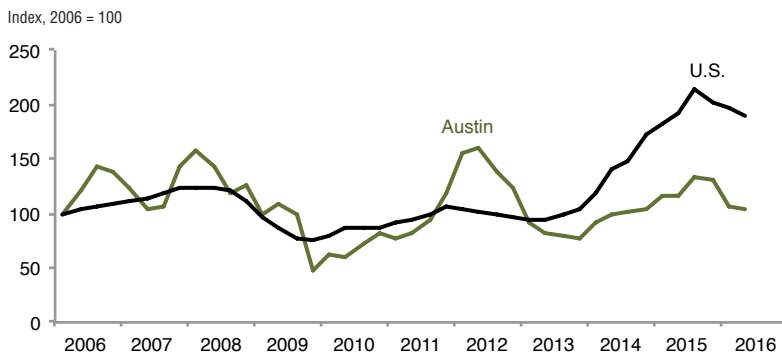
*Seasonally adjusted.

**Three-quarter centered moving average, seasonally adjusted.

SOURCES: CBRE Group; Census Bureau; adjustments by the Dallas Fed.

► Venture capital funding in Austin and the nation remained relatively soft in the second quarter. After peaking most recently in mid-2015 in both Austin and the U.S., venture capital investment has slowed considerably. This decline has been sharper in Austin, where funding is down 23 percent from its previous peak, compared with 11 percent in the U.S.

Venture Capital Funding



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

SOURCES: PricewaterhouseCoopers; Thomson Reuters; National Venture Capital Association.

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.