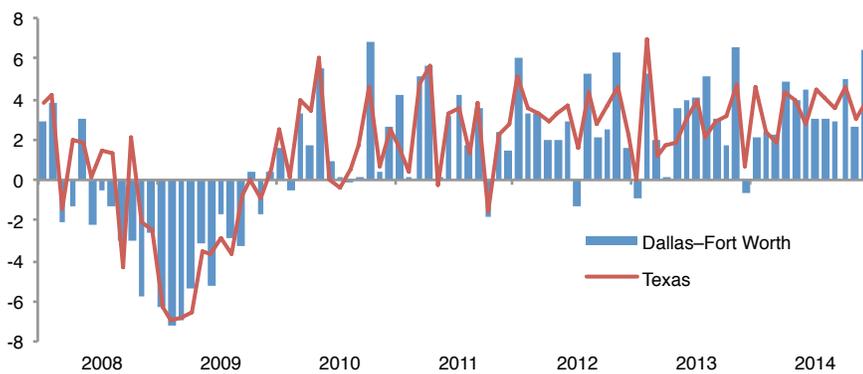


FEDERAL RESERVE BANK OF DALLAS • JANUARY 27, 2015

Summary The Dallas–Fort Worth economy continued to expand at a solid pace in December. In 2014, DFW employment grew at 3.6 percent, matching the state’s 3.6 percent rate but outpacing the nation’s 2.1 percent increase. Job creation remained broad-based across sectors. The residential housing market remained tight at year-end, characterized by low home inventories and rising house prices. Unemployment rates for Fort Worth and Dallas fell in December. The Dallas Fed business-cycle indexes point to continued expansion for the Dallas–Fort Worth metroplex.

Employment

Month/month percent change, annualized*

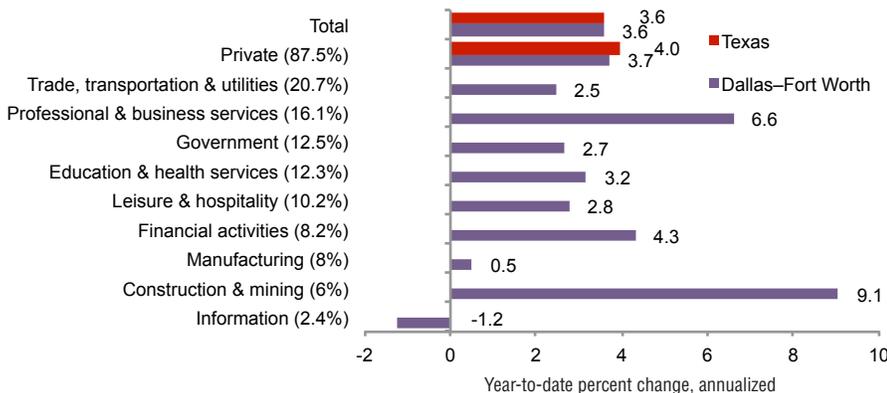


*Seasonal and other adjustments.

► Dallas–Fort Worth employment expanded at a rapid clip in December. Jobs grew at an annual rate of 6.5 percent in December, up notably from the 2.6 percent increase recorded in November. Job creation was broad-based across the major sectors last month, with payroll declines limited to the manufacturing, information and other services sectors. In 2014, Dallas–Fort Worth added 112,100 jobs—a 3.6 percent increase.

► The Conference Board’s Help Wanted On-Line Index for Dallas indicated the number of new job ads fell 4.0 percent in December, following a 1.8 percent increase in November. The total number of job ads, however, rose 1.0 percent during the month and was up 7.6 percent in 2014.

Employment Growth by Sector

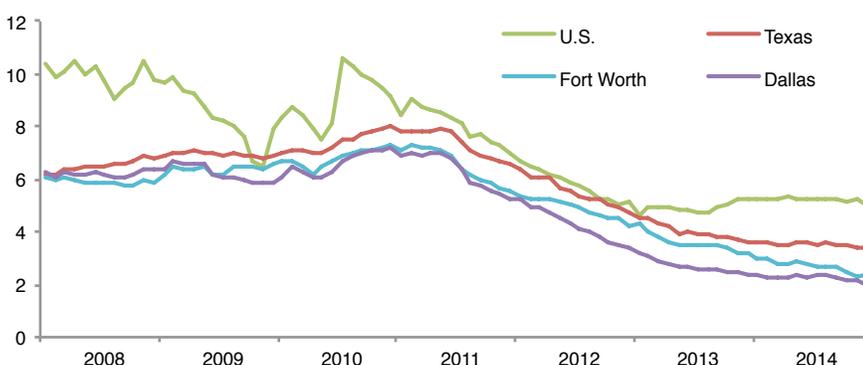


NOTE: Numbers in parentheses are shares of total Dallas-Fort Worth nonfarm employment.

► The metroplex saw broad-based job growth in 2014, with the construction and mining sector recording the fastest pace of increase at 9.1 percent. Job creation in professional and business services, which includes lawyers, accountants, architects, engineers and other IT professionals, was strong as well at 6.6 percent, and the sector accounted for 29 percent of the jobs created in the metroplex in 2014. Only the information services sector saw net employment declines last year, contracting by 1.2 percent (1,000 jobs).

Home Inventories

Months of inventory, seasonally adjusted

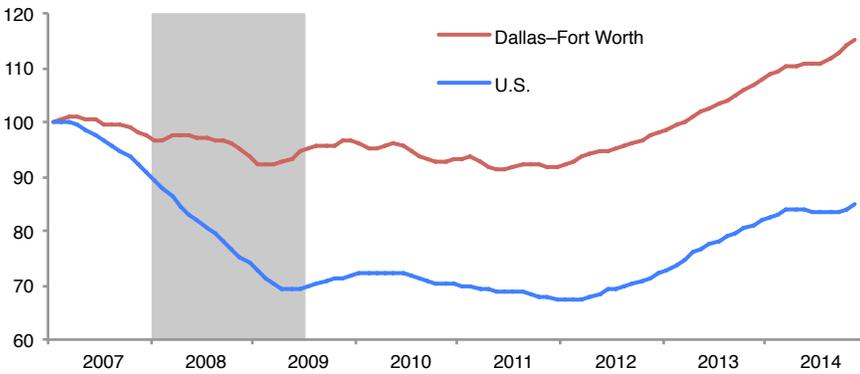


► Home inventories remain tight and, at year-end, were 2 months in Dallas, 2.4 months in Fort Worth and 3.4 months in Texas. These figures are below the U.S. level of five months and well below the six-month threshold that usually signals a balanced housing market.

► Existing-home sales grew 6.3 percent in Dallas and 7 percent in Fort Worth in December, according to the Multiple Listing Service. In 2014, home sales in Dallas rose 0.5 percent, while sales grew 6.6 percent in Fort Worth. Rapidly rising home prices, declining affordability and low inventory levels together contributed to modest sales growth in Dallas last year.

Home Prices

Index, January 2007 = 100



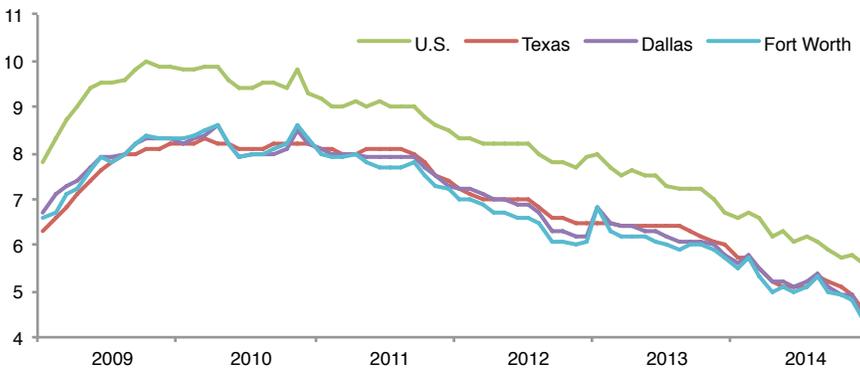
NOTE: Gray bar indicates U.S. recession.

► Tight inventories have in part led to rapid house price appreciation in the metroplex. The S&P Case-Shiller Home Price Index for DFW rose at an annualized pace of 12.2 percent in November. The composite index for the U.S., which covers 20 major metros, rose 9.2 percent. Home prices have increased more rapidly in DFW than in the nation as a whole, rising at a 7.7 percent pace from November 2013 to November 2014, compared with 4.3 percent in the U.S.

► According to data from Multiple Listing Service, in 2014, median housing prices (nominal) rose 11.3 percent to \$216,583 in Dallas and 12.7 percent to \$153,303 in Fort Worth. At year-end, the Texas median home price was \$191,109.

Unemployment Rate

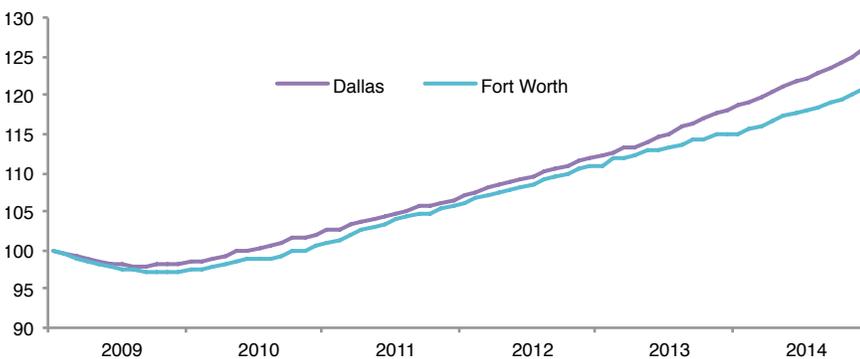
Percent, seasonally adjusted



► In December, the unemployment rate dropped to 4.4 percent in Dallas and in Fort Worth and to 4.6 percent in Texas. Both metros and the state have unemployment rates lower than the U.S. rate of 5.6 percent. The unemployment rate is at a six-year low in both Dallas and Fort Worth. In 2014, the unemployment rate in Dallas dropped by 1.4 percentage points and was down in Fort Worth by 1.3 percentage points.

Business-Cycle Index

Index, January 2009 = 100*



*Monthly; seasonally adjusted.

► Overall economic activity continues to expand at a rapid clip in the metroplex, according to the Dallas Fed's metro business-cycle indexes. In 2014, the Dallas index rose at a robust pace of 6.5 percent and the Fort Worth index increased 5 percent. Strong job creation and a sharp decline in the unemployment rate last year contributed to rapid gains in the business-cycle indexes for both Dallas and Fort Worth.

► The Dallas Fed produces business-cycle indexes for Texas and its major and border metros to help gauge the current state of the economy. The metro indexes are constructed using payroll employment, the unemployment rate, inflation-adjusted real wages and inflation-adjusted retail sales.

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

SOURCES: **Employment:** Bureau of Labor Statistics' Current Employment Statistics, Texas Workforce Commission and Federal Reserve Bank of Dallas; **housing:** S&P Case-Shiller and Multiple Listing Service; **unemployment:** Census Bureau and Federal Reserve Bank of Dallas; **business-cycle indexes:** Federal Reserve Bank of Dallas.

Questions can be addressed to Laila Assanie at laila.assanie@dal.frb.org. DFW Economic Indicators can be found online at www.dallasfed.org/research/indicators/index.cfm.