

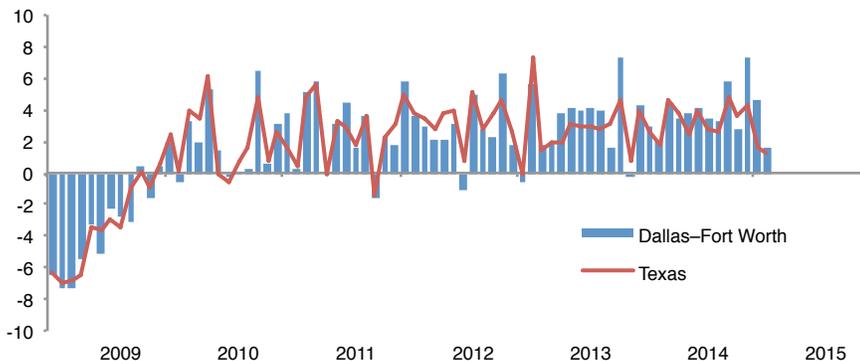
FEDERAL RESERVE BANK OF DALLAS • MARCH 31, 2015

Summary

The Dallas–Fort Worth economy continued to expand in February. DFW employment has grown 3.1 percent year to date, compared with 1.4 percent for the state and 2.3 percent for the nation. Home price appreciation has continued at a rapid clip, and apartment demand remains strong. Unemployment in Dallas and Fort Worth fell in February. Dallas Fed business-cycle indexes point to solid growth for the metroplex.

Employment

Month/month percent change, annualized*

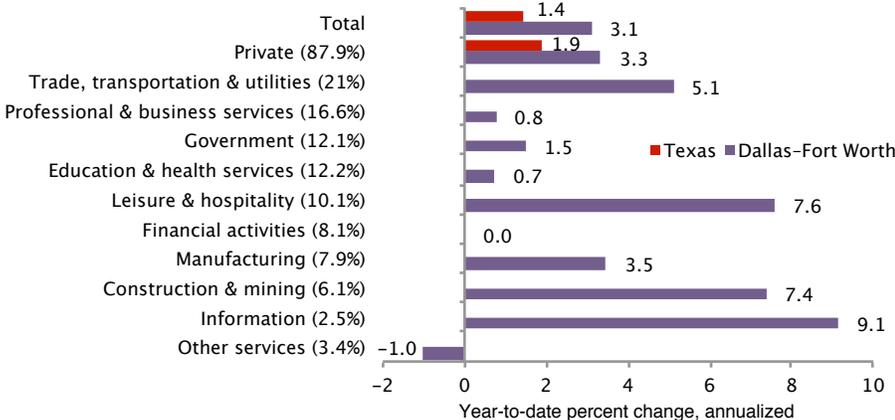


*Seasonal and other adjustments.

► DFW employment expanded at a moderate, 1.7 percent annual rate in February. It was the slowest pace since October 2013, when DFW payrolls grew 1.6 percent, adding 4,100 jobs. Over the past 12 months, the metroplex has created jobs at 3.9 percent pace—the fastest among the major Texas metros.

► The Conference Board's Help Wanted On-Line Index for Dallas indicated the number of new job ads rose 3.5 percent in February following a 2.2 percent decline in January. Total job ads increased 1.6 percent in February and were up 5 percent year over year.

Employment Growth by Sector

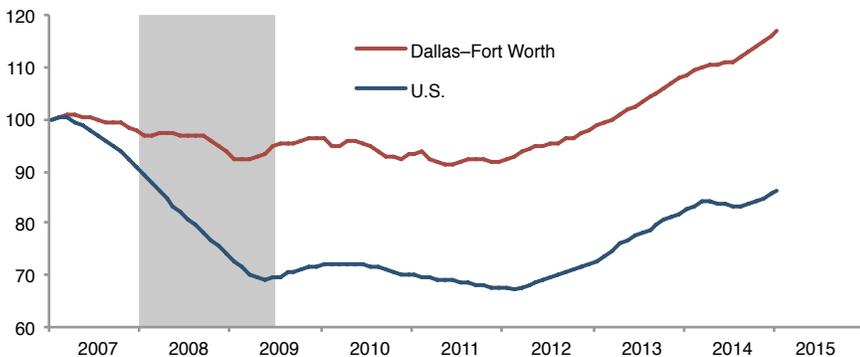


NOTE: Numbers in parentheses are shares of total Dallas-Fort Worth nonfarm employment.

► In the first two months, DFW employment grew by 17,000 positions and job creation was broad based, with payrolls expanding in nearly all major sectors. The information sector saw the fastest increase at 9.1 percent, followed by leisure and hospitality services and construction and mining. Employment growth in the largest sector—trade, transportation and utilities—was strong as well at 5.1 percent. The sector has accounted for more than a third of the jobs created year to date. The financial activities sector saw no net gain in employment levels through February, while the other services sector posted a decline.

Home Prices

Index, January 2007 = 100

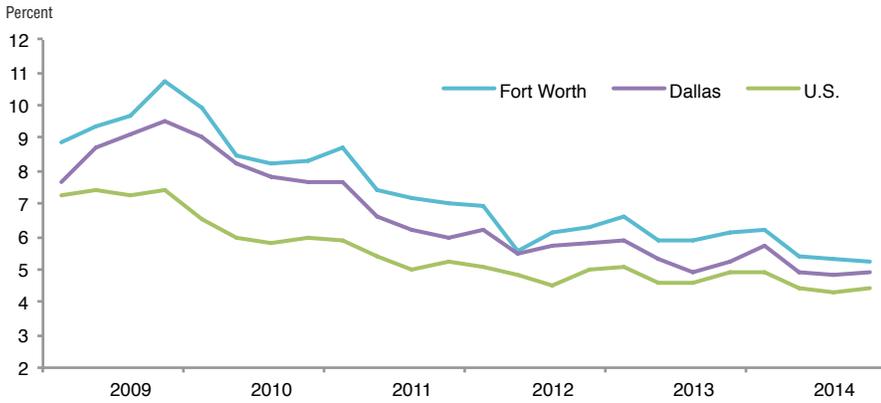


NOTE: Gray bar indicates U.S. recession.

► Strong demand and tight inventories have led to rapid house price appreciation in the metroplex. The S&P Case-Shiller Home Price Index for DFW rose 1 percent in January. The composite index for the U.S., which covers 20 major metros, rose 0.9 percent. In 2014, home prices increased more rapidly in DFW (7.5 percent) than in the nation as a whole (4.5 percent). In January, DFW prices were 16.2 percent above their April 2007 prerecession peak, while U.S. prices remain below their peak.

► According to Multiple Listing Service data, DFW home prices continued to climb the first two months of 2015, with nominal median prices up 1.6 percent to \$221,179 in Dallas and 3.7 percent to \$158,118 in Fort Worth.

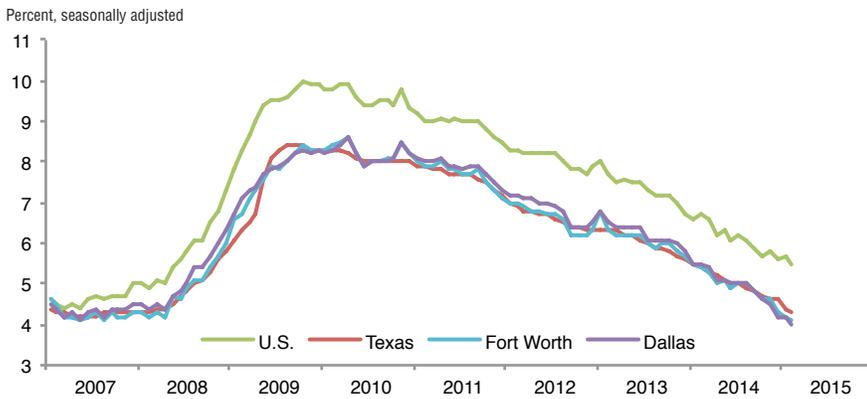
Multifamily Vacancy Rates



► Apartment vacancy rates in Dallas ticked up in the fourth quarter to 4.9 percent while edging down to 5.2 percent in Fort Worth. Overall, vacancy rates in both metros are near historic lows despite robust construction activity as healthy population and job growth in the metroplex benefit apartment demand.

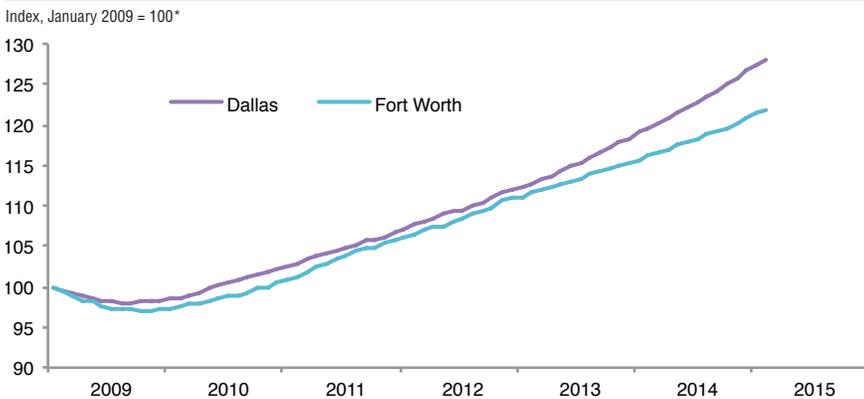
► In line with strong demand, rents rose 1.2 percent in Dallas and 1.3 percent in Fort Worth in the fourth quarter, according to CBRE Econometric Advisors. Last year, overall rent growth in the metroplex was 4.1 percent in Dallas and 4.2 percent in Fort Worth, compared with the nation's 3.2 percent increase. Apartment market analyst MPF Research reported that DFW rents grew a brisk 4.9 percent year over year in the fourth quarter and that occupancy was at a 13-year high.

Unemployment Rate



► In February, the unemployment rate edged down to 4 percent in Dallas, 4.1 percent in Fort Worth and 4.3 percent in Texas. Both figures are lower than the U.S. rate of 5.5 percent. Unemployment in Dallas has dipped below its prerecession low of 4.1 percent reached in May 2007, while the rate in Fort Worth is at a 7 ½-year low, suggesting a tight labor market. Over the past 12 months, the rate has dropped 1.5 percentage points in Dallas and 1.3 percentage points in Fort Worth.

Business-Cycle Index



*Monthly; seasonally adjusted.

► Overall economic activity continues to grow briskly in the metroplex, according to the Dallas Fed's metro business-cycle indexes. In February, the Dallas index rose at an annualized pace of 5.5 percent, while the Fort Worth index increased 3 percent. Year over year, the indexes climbed 6.9 percent in Dallas and 4.7 percent in Fort Worth, thanks to strong job creation and sharp declines in unemployment.

► 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 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; **multifamily:** CBRE Econometric Advisors; **unemployment:** Census Bureau and Dallas Fed; **business-cycle indexes:** Dallas Fed.

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