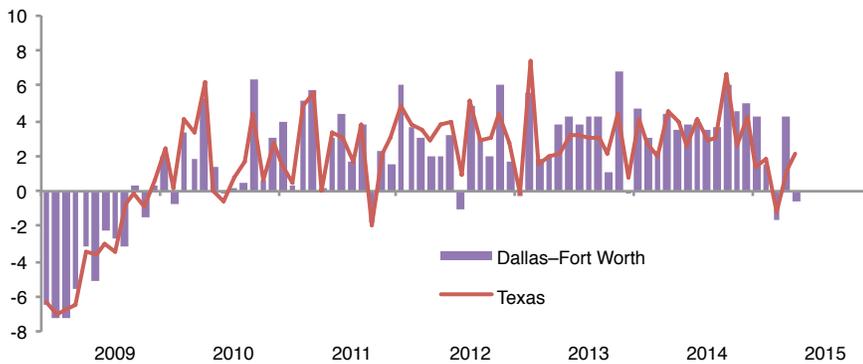


FEDERAL RESERVE BANK OF DALLAS • JUNE 23, 2015

**Summary** The Dallas–Fort Worth economy slowed in May, with job growth dipping at a 0.6 percent annualized rate. Year to date, DFW employment grew 1.5 percent, outperforming the state’s 1.1 percent rate. Home price appreciation continued at a rapid clip, and housing affordability improved in the first quarter. Unemployment in Dallas and Fort Worth fell in May. Dallas Fed business-cycle indexes point to continued growth, albeit at a slower pace, for the metroplex.

## Employment

Month/month percent change, annualized\*

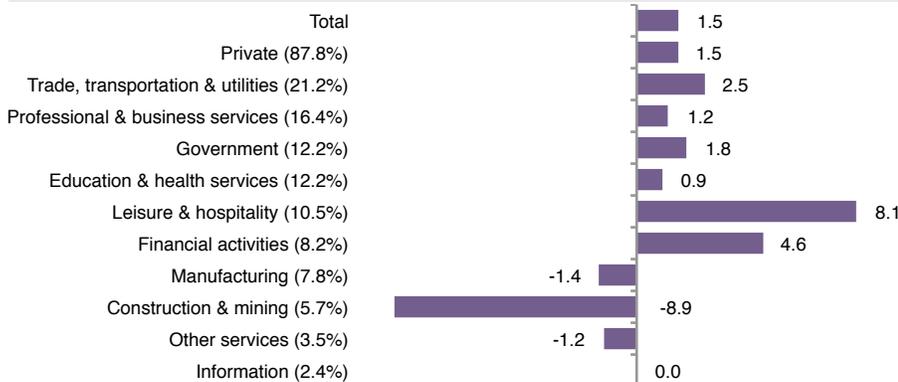


\*Seasonal and other adjustments.

► DFW employment dipped 0.6 percent in May, following a solid 4.3 percent increase in April. Over the past 12 months, the metroplex has created jobs at a 3.2 percent rate, matching San Antonio’s pace.

► The Conference Board’s Help Wanted On-Line Index for Dallas indicated the number of new job ads rose 10.1 percent in May following a 7.6 percent increase in April. Total job ads increased 3.2 percent in May and were up 11.8 percent year over year.

## Employment Growth by Sector

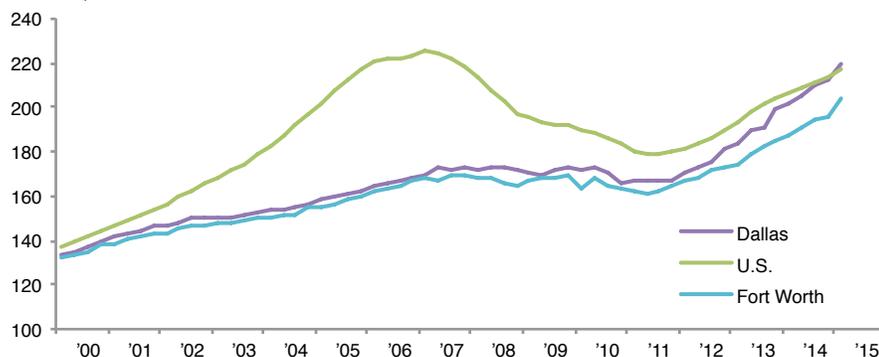


NOTES: Annualized percent change, December 2014–May 2015. Numbers in parentheses are shares of total Dallas-Fort Worth nonfarm employment and may not sum to 100 due to rounding.

► DFW job creation in the first five months was mixed, with the goods-producing sectors shedding jobs, while most service-providing industries saw increases. Among the service industries, the leisure and hospitality sector continued to register the fastest growth at 8.1 percent, followed by gains in financial activities and trade, transportation and utilities. The leisure and hospitality sector accounted for just over half the increase in DFW payrolls from January through May. Employment in the construction and mining sector shrunk notably, declining 8.9 percent (7,500 jobs) in part due to delays in construction activity resulting from unusually wet weather in the metroplex. The manufacturing sector lost 1,500 jobs during the period.

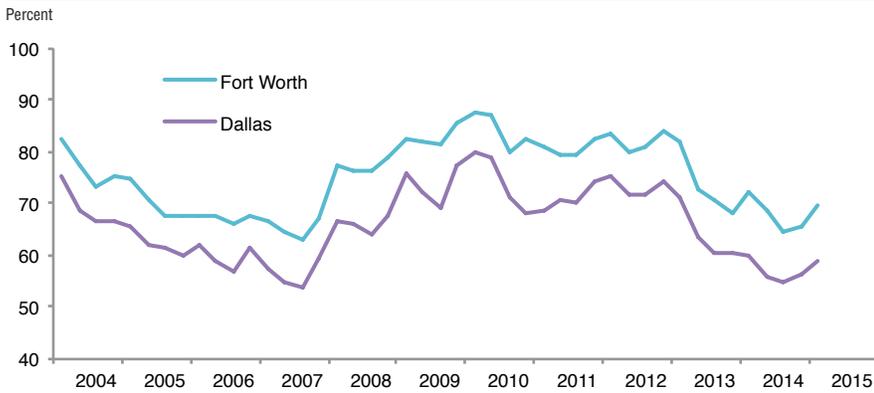
## Home Prices

Index, first quarter 1991 = 100



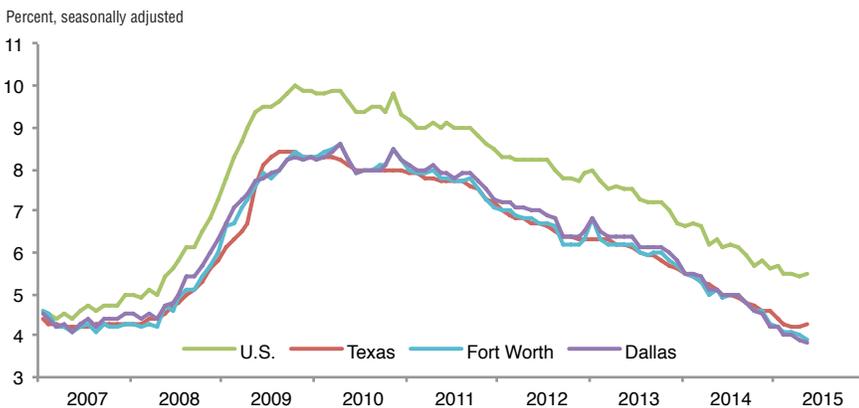
► The DFW housing market remains healthy, and home prices continue to trend upward at a swift pace. Home prices rose 3.3 percent in Dallas and 4.3 percent in Fort Worth in the first quarter, according to the Federal Housing Finance Agency purchase-only house price index. This is faster than the fourth-quarter appreciation of 1.3 percent in Dallas and 0.6 percent in Fort Worth. On a year-over-year basis, prices were up 9.2 percent in Dallas and 8.5 percent in Fort Worth—both higher than the national average gain of 5 percent. Prices in the metroplex have risen to levels well above their peak before the housing bust, in part due to low inventories and continued strong demand.

## Housing Affordability



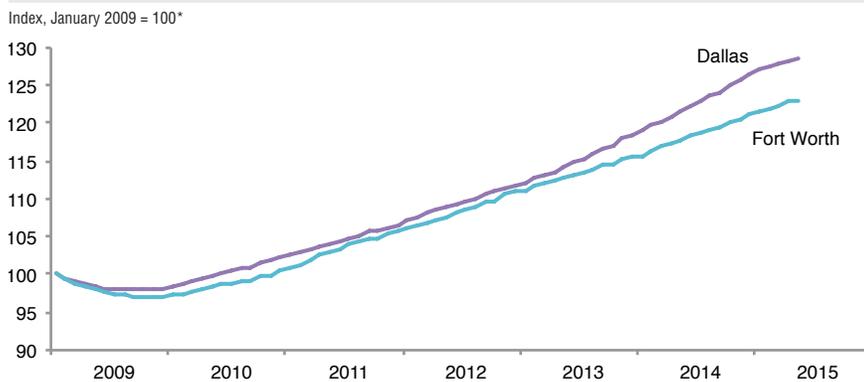
► Housing affordability improved slightly in the metroplex. The National Association of Home Builders/Wells Fargo Housing Opportunity Index (HOI) for Dallas ticked up from 56.3 to 58.7 in first quarter 2015, suggesting that about 59 percent of the homes sold during the quarter were affordable to median-income families. The HOI for Fort Worth also rose from 65.7 to 69.8 over the same period. The indexes for both metros have been rising for two consecutive quarters.

## Unemployment Rate



► In May, the unemployment rate fell to 3.8 percent in Dallas and 3.9 percent in Fort Worth, while edging up to 4.3 percent in Texas. All three figures are lower than the U.S. rate of 5.5 percent. Unemployment in both Dallas and Fort Worth is below its prerecession low of 4.1 percent, suggesting a tight labor market in the metroplex. Over the past 12 months, the rate has dropped 1.3 percentage points in Dallas and 1.2 percentage points in Fort Worth.

## Business-Cycle Index



\*Monthly, seasonally adjusted.

► Overall economic growth slowed in the metroplex, according to the Dallas Fed's metro business-cycle indexes. In May, the Dallas index rose at an annualized pace of 2.6 percent, following a 6.2 increase in April. The Fort Worth index climbed 1.2 percent in May, following a 6.6 percent increase in April. Year over year, the indexes are up 5.9 percent in Dallas and 4.3 percent in Fort Worth thanks to continued job creation and 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 Dallas Fed; **housing:** Federal Housing Finance Agency; **affordability:** National Association of Home Builders/Wells Fargo Housing Opportunity Index; **unemployment:** Census Bureau and Dallas Fed; **business-cycle indexes:** Dallas Fed.

Questions can be addressed to Laila Assanie at [laila.assanie@dal.frb.org](mailto:laila.assanie@dal.frb.org).