

FEDERAL RESERVE BANK OF DALLAS • JANUARY 26, 2016

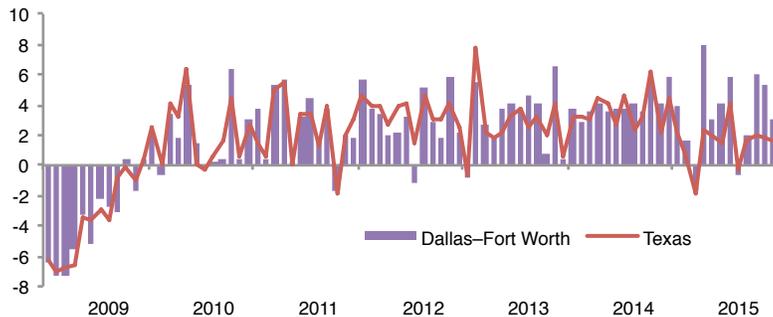
Summary

The Dallas–Fort Worth economy continued to expand at a rapid clip in December. For all of 2015, DFW employment grew 3.3 percent, outpacing both the state at 1.5 percent and the nation at 1.9 percent. Home sales rose in December and apartment demand remained strong in the fourth quarter. Unemployment in December edged down in both Dallas and Fort Worth. Dallas Fed business-cycle indexes point to continued growth for the metroplex.

Employment

Employment Growth

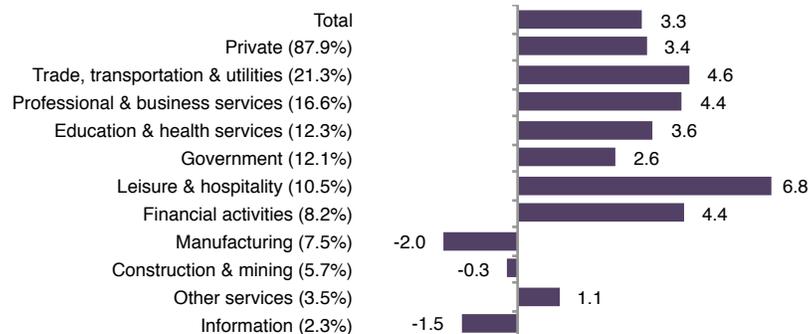
Month/month percent change, annualized*



*Seasonal and other adjustments.

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

Employment Growth by Sector

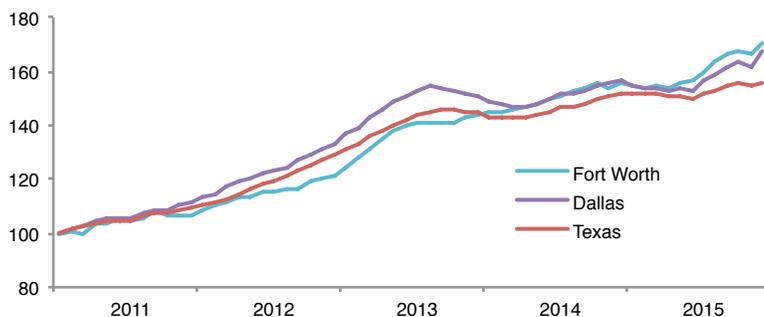


NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector, December 2014–December 2015. Numbers in parentheses represent share of total Dallas–Fort Worth nonfarm employment and may not sum to 100 due to rounding.

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

Home Sales

Index, January 2011 = 100*



*Six-month moving average; seasonally adjusted.

SOURCES: Multiple Listing Service; adjustments by the Dallas Fed.

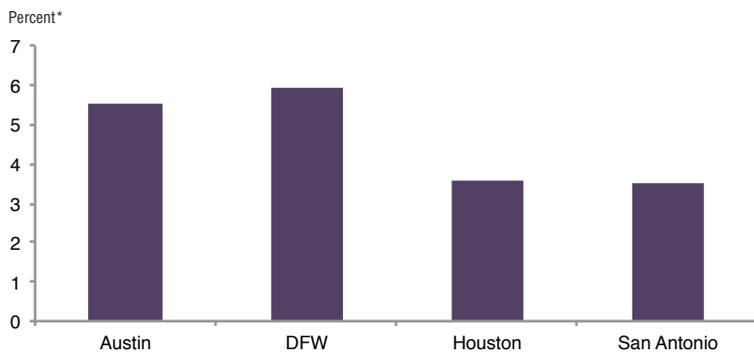
► DFW employment grew an annualized 3.1 percent in December with the addition of 8,800 jobs. The strong increase in December was due to payroll expansion in both Dallas and Fort Worth metro areas, a departure from the previous two months when Fort Worth employment shrank. Job growth in Fort Worth was uneven last year, while Dallas saw consistent increases. In 2015, employment in Dallas expanded 4.5 percent (106,200 jobs) while it ticked up 0.5 percent (5,400 jobs) in Fort Worth.

► In 2015, DFW employment in the goods-producing industries contracted (1.2 percent), while service-sector jobs were up strongly (4.1 percent). Leisure and hospitality was the fastest-growing sector in 2015 at 6.8 percent (23,100 jobs), and trade, transportation and utilities followed suit at 4.6 percent (32,300 jobs). Employment gains in professional and business services—which makes up the second-largest share of DFW employment—were strong as well at 4.4 percent (24,200 jobs).

► Manufacturing employment was down 2 percent (5,200 jobs). Employment in construction and mining was slightly down for the year, as gains in Dallas (3,900 jobs) were offset by losses in Fort Worth (4,400 jobs).

► Existing-home sales picked up strongly in both Dallas and Fort Worth in December. Six-month moving averages also show a pickup in sales at year-end. For all of 2015, home sales were up a hearty 4.8 percent in Dallas and 7.4 percent in Fort Worth, stronger than the state's 3.2 percent rise. Home inventories remained tight at year-end at two months' supply in Dallas and 2.2 months' supply in Fort Worth. Strong demand and a limited supply have continued to spur residential construction. Through November, single-family housing permits in DFW were up nearly 26 percent over the same period in 2014. With employment continuing to grow, it is likely that the local housing market will remain healthy in 2016.

Apartment Rents

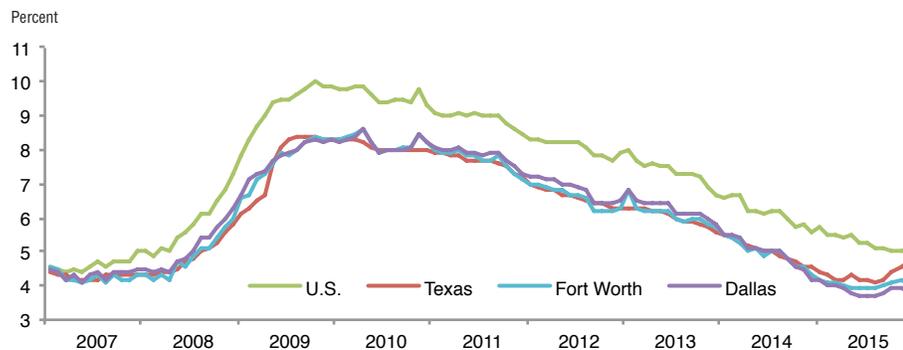


*Year-over-year rent growth in fourth quarter 2015.

SOURCE: MPF Research.

► The DFW apartment market saw continued robust growth in the fourth quarter, according to MPF Research. Year-over-year rent growth in the fourth quarter was 5.9 percent, the strongest gain among the four major Texas metros, and occupancy was high at 95.3 percent. In 2015, DFW annual demand was 18,754 units—nearly in line with deliveries of 18,470 units. Apartment building in North Texas was elevated, with around 39,200 units under construction. Despite the construction activity, apartment demand has benefited from healthy population and job growth in the metroplex.

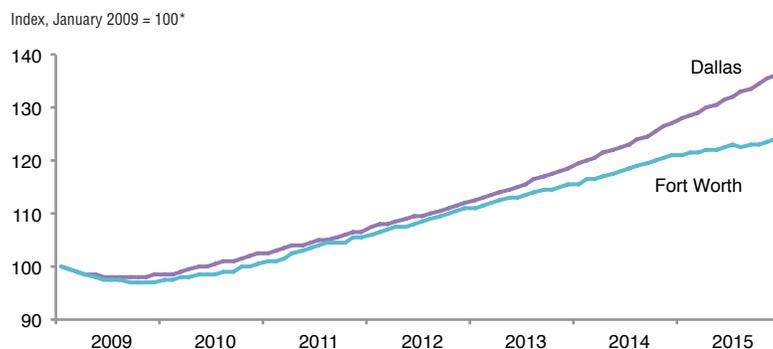
Unemployment



SOURCES: Census Bureau; seasonal adjustments by the Dallas Fed.

► At year-end 2015, the unemployment rate dipped to 3.8 percent in Dallas and 4 percent in Fort Worth. In contrast, unemployment rose from 4.6 percent to 4.7 percent in Texas. All three figures remain lower than the U.S. rate of 5 percent. Unemployment in both Dallas and Fort Worth remains close to multiyear lows, suggesting a very tight labor market in the metroplex. In 2015, unemployment fell 0.4 percentage points in Dallas and 0.3 percentage points in Fort Worth.

Business-Cycle Indexes



*Monthly, seasonally adjusted.

SOURCE: Dallas Fed.

► Overall economic growth remained solid in Dallas and picked up in Fort Worth, according to the Dallas Fed's metro business-cycle indexes. The Dallas index grew an annualized 5.6 percent in December following an 8.6 percent jump in November. The Fort Worth index ramped up 6.3 percent in December after inching up 0.7 percent in November. In 2015, the Dallas index climbed 7 percent, while the Fort Worth index increased a more modest 2.4 percent, thanks to continued job creation and low 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 wages and inflation-adjusted retail sales.

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

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