

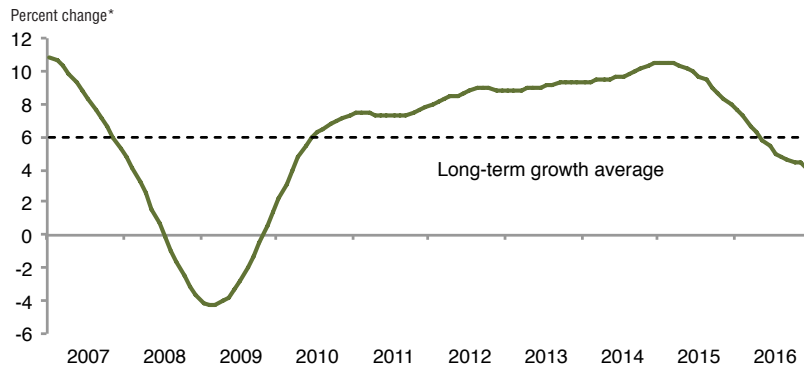
# Austin Economic Indicators

DALLAS FED

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**Summary** The Austin economy expanded at a moderate pace in November. The Austin Business-Cycle Index continued to decelerate, though growth remains positive. Jobs grew at their fastest pace since July, while the unemployment rate fell below its prerecession levels. Following a sharp recovery and expansion from 2010 to 2015, growth moderated last year due primarily to persistent labor market tightness and softness in some large sectors such as health care and hospitality.

## Austin Business-Cycle Index



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

SOURCE: Dallas Fed.

► The Austin Business-Cycle Index decelerated to a 4.1 percent annualized rate in November following a revised 4.4 percent in October. Since index growth peaked in January 2015, job growth has averaged 3.1 percent, and the unemployment rate has declined by less than one percentage point, both somewhat tame for Austin in periods of expansion. By comparison, in the prior two years of rapid expansion, job growth averaged 4.4 percent, and the unemployment rate fell nearly 2 percentage points.

## Business-Cycle Index Components

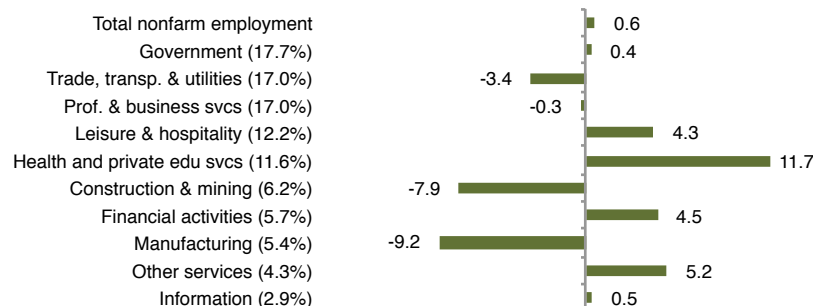
|   | Austin | Texas | U.S. |
|---|--------|-------|------|
| Annualized job growth (November)                      | 2.2%   | 2.1%  | 1.3% |
| Unemployment rate (November)                          | 3.0%   | 4.6%  | 4.6% |
| Year-over-year change in real retail sales (2016:Q2)* | 4.2%   | -6.5% | 1.6% |
| Year-over-year change in real wages paid (2016:Q2)*   | 4.3%   | 1.2%  | 3.2% |

\*Most recent data available for Austin.

SOURCES: Bureau of Labor Statistics; Bureau of Economic Analysis; Texas Comptroller of Public Accounts; adjustments by the Dallas Fed.

► Broad economic indicators for Austin show signs of strength relative to the state. Job growth in November picked up to a 2.2 percent annualized rate, faster than the state and U.S. Despite an increase in the labor force, the unemployment rate continued its fall and was at 3.0 percent in November. Second-quarter data show inflation-adjusted retail sales and wages were also above the state and national averages, although both are below their postrecession averages.

## Employment Growth

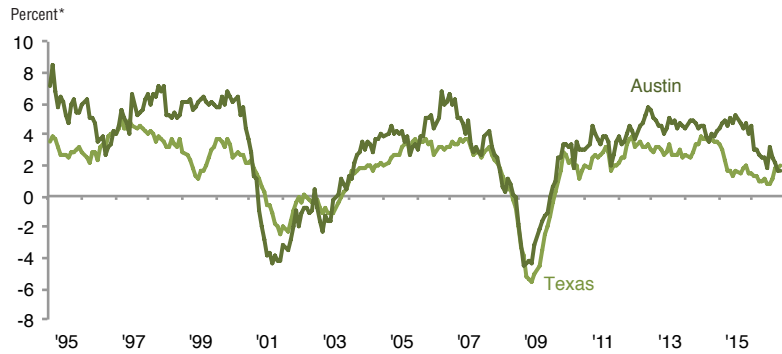


NOTES: Data show seasonally adjusted and annualized percentage employment growth by industry supersector from September to November 2016. Numbers in parentheses represent share of total employment and may not sum to 100 due to rounding.

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

► Austin jobs grew 0.6 percent annualized over the three months through November. Jobs in goods-producing sectors saw sharp decreases as manufacturing and construction have continued to shed jobs since the summer. Retail trade jobs continued to decline moderately, while wholesale trade fell sharply. Health care rebounded following steep declines during the summer—overall, this sector grew less than one percent for the year through November. Leisure and hospitality also rebounded after weakness in the summer, and financial activities employment moderated but continued to grow at a healthy pace.

## Long-Term Job Growth

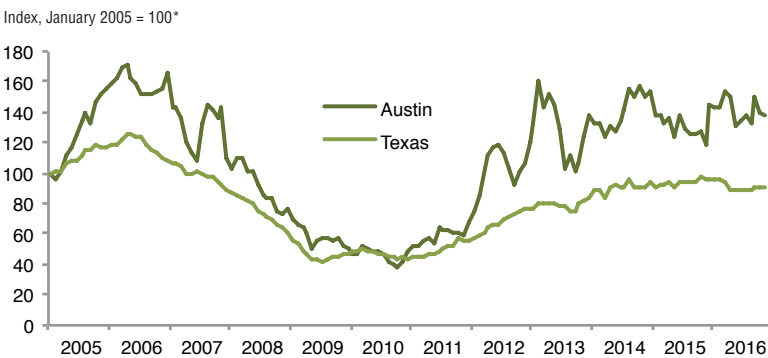


\*Seasonally adjusted, six-month annualized change.

SOURCES: Bureau of Labor Statistics; seasonal adjustments by the Dallas Fed.

► Since the end of 2015, job growth in Austin has slowed sharply. The six-month annualized job growth rate in Austin was below Texas for the second consecutive month in November—1.7 percent compared with the state’s 2.1 percent. Austin typically grows about 1.1 percent faster than the state, and the last time the six-month change fell below the state persistently was in early 2008.

## Housing Permits

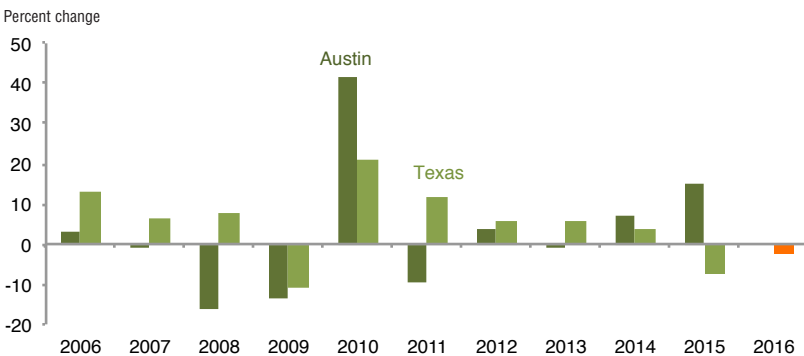


\*Seasonally adjusted, indexed on five-month moving average.

SOURCE: Census Bureau.

► Permits for new-home construction dipped in Austin in November, as new multifamily construction has declined in recent months. New single-family permits continue to inch upward, rising above their year-to-date average. The median home price continued to rise to new heights, increasing to \$295,810 in November.

## International Exports



NOTES: Data are inflation adjusted. Orange bar represents year-over-year growth in Texas exports in October 2016.

SOURCE: International Trade Administration; Bureau of Labor Statistics; adjustments by the Dallas Fed.

► International trade from the Austin metro area picked up sharply in 2015. Despite the strengthening dollar, the value of exports from Austin, which consists overwhelmingly of electronic products and machinery, rose by 15.2 percent. In contrast, statewide exports fell by 7.2 percent. This likely was one source of the relative strength in Austin in 2015—while Austin manufacturing jobs grew 0.4 percent, Texas manufacturing jobs fell by 4.6 percent. While 2016 numbers are not available for Austin, state-level data through October show a continued, although more muted, decrease in exports of 2.4 percent. The sharp drop in manufacturing jobs in Austin this year (-7.9 percent) relative to the state (-2.3 percent) suggests that exports from Austin may have declined even more than the state.

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

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