North Texas Update
Thriving DFW Economy Expands Broadly

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Federal Reserve Bank of Dallas
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The views expressed are my own and do not necessarily reflect official positions of the Federal Reserve System.
DFW Economy Expanding at a Blistering Pace in 2018

- DFW is the economic engine of the North Texas region
  - Largest MSA in Texas and fourth largest in the nation
  - Diversified industrial base, thrives regardless of the booms and busts in the state’s energy sector
- Job growth cooled to 2.4 percent in 2017 from 3.0 percent in 2016, but outperformed the state’s 1.9 percent increase
- DFW economy heats up again in 2018, with employment growth at a 3.7 percent annualized pace or 55,500 net new jobs added through May
  - Growth is broad based across sectors
  - Unemployment near historical lows
DFW Job Growth Outpaces Texas 2013-2018

Y/Y percent change, SA

NOTE: Last data points for Texas and DFW are 2018 YTD annualized employment growth through May.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed.
Employment Growth Continues to be Broad Based

NOTES: Data sorted by percent of total DFW employment. Data show seasonally adjusted annualized percentage growth by industry supersector for 2017 and YTD 2018 (December 2017 – May 2018). Numbers in parentheses are shares of total DFW nonfarm employment and may not sum to 100 due to rounding.

SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed.
Job Growth Accelerates in DFW and Houston

Sources: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed.
Unemployment Close to Historical Lows

NOTE: Last data point is May 2018.
Expansion in Dallas Outpaces Fort Worth

NOTE: Last data point is May 2018.
SOURCE: Federal Reserve Bank of Dallas.
Migration to DFW Remains Strong

SOURCE: U.S. Census Bureau.
DFW Leads Texas Major Metros in Gains From Net Migration

NOTE: Data are for April 2010 to July 2017.
SOURCE: U.S. Census Bureau, Population Division.
DFW Home Sales Rise Across Most Price Points

NOTE: Pie chart shows percentage of closed listings by price-point for May 2018. Series data through May 2018.
SOURCES: MLS; Real Estate Center at Texas A&M University; adjustments by Federal Reserve Bank of Dallas.
Inventories Tight for Low- to Mid-Priced Homes

MONTHS OF INVENTORY, SA

SOURCES: MLS; Real Estate Center at Texas A&M University; adjustments by Federal Reserve Bank of Dallas.
House Prices Ascend to New Highs

Index, Q1 '08=100

Median Sales Price
April 2018

- Austin  $303,628
- Dallas   $281,810
- Fort Worth $230,901
- Houston  $236,101
- Texas    $228,137
- U.S.     $259,081

NOTE: Index available through Q1 2018. Median home values for April 2018.
**Home Price Appreciation Begins to Moderate in 2018**

<table>
<thead>
<tr>
<th>Year</th>
<th>Composite 20</th>
<th>Dallas</th>
<th>San Francisco</th>
<th>New York</th>
<th>Chicago</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>4.37</td>
<td>7.46</td>
<td>9.41</td>
<td>1.60</td>
<td>1.33</td>
</tr>
<tr>
<td>2015</td>
<td>5.55</td>
<td>9.46</td>
<td>10.29</td>
<td>2.85</td>
<td>2.33</td>
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<tr>
<td>2016</td>
<td>5.41</td>
<td>8.02</td>
<td>5.99</td>
<td>3.02</td>
<td>4.18</td>
</tr>
<tr>
<td>2017</td>
<td>6.28</td>
<td>6.91</td>
<td>9.25</td>
<td>5.61</td>
<td>2.52</td>
</tr>
<tr>
<td>2018</td>
<td>7.00</td>
<td>4.57</td>
<td>7.68</td>
<td>2.68</td>
<td>5.06</td>
</tr>
</tbody>
</table>

NOTE: Data shown are year/year percent changes, except for 2018 which are ytd annualized growth. 
SOURCE: S&P/CoreLogic Case-Shiller Home Price Index.
Multifamily Construction Elevated in the Metroplex

Index, Jan.'06=100, 5 MMA, SA

<table>
<thead>
<tr>
<th></th>
<th>Single-family (percent growth)</th>
<th>Multifamily (percent growth)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018 YTD</td>
</tr>
<tr>
<td>DFW</td>
<td>15.8</td>
<td>2.3</td>
</tr>
<tr>
<td>Texas</td>
<td>10.5</td>
<td>3.3</td>
</tr>
</tbody>
</table>

NOTE: Last data point is April 2018. Table 2018 YTD data for December – April.
SOURCES: U.S. Census Bureau; seasonal adjustments by FRB of Dallas.
# DFW Apartment Market A Mixed Bag

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>Occupancy as of Q1 2018</th>
<th>Annual rent growth as of Q1 2018</th>
<th>Quarterly completions as of Q1 2018 (units)</th>
<th>Under construction as of Q1 2018 (units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dallas-Fort Worth</td>
<td>93.9%</td>
<td>1.9%</td>
<td>7,000</td>
<td>32,400</td>
</tr>
<tr>
<td>Austin</td>
<td>93.2%</td>
<td>-0.7%</td>
<td>2,600</td>
<td>7,600</td>
</tr>
<tr>
<td>Houston</td>
<td>93.2%</td>
<td>4.0%</td>
<td>3,300</td>
<td>7,500</td>
</tr>
<tr>
<td>San Antonio</td>
<td>91.7%</td>
<td>1.4%</td>
<td>1,600</td>
<td>5,900</td>
</tr>
</tbody>
</table>

SOURCE: Real Page Inc.
DFW Office Absorption Slows, Vacancy Rises

NOTES: Data through Q1 2018. Patterned bars and dashed lines denote partial year data.
SOURCE: CBRE Research.
Office Rent Growth Moderates, Houston Slumps

$ per sq. foot per year


NOTE: Date through Q1 2018.
SOURCE: CBRE Econometric Advisors.
Positive Outlook for DFW

- DFW employment gains are broad based and continue to lead most other major Texas metros this year
  - Professional and business services and construction sectors are driving job gains
- DFW continues to attract both international and domestic migrants
- Multifamily construction remains elevated, the housing market continues to be tight
- Office market activity appears to be moderating
- Solid job growth in DFW expected to continue
  - Tailwinds: Sustained expansion in U.S. and Texas economies
  - Headwinds: Labor constraints and uncertainty regarding trade policies
The Dallas–Fort Worth economy continued to expand at a torrid pace. The May jobs report showed the metro area growing at a 3.7 percent annualized rate in the first five months of the year, adding a total of 55,300 net new jobs. The unemployment rate remained near record lows, and the Dallas and Fort Worth business-cycle indexes posted above-trend growth. Home-price appreciation moderated in Dallas in the first quarter but stayed strong in Fort Worth. Housing affordability improved slightly in the first quarter but was lower in Dallas relative to other major Texas metros as well as the U.S.