

North Texas' economy has outperformed the state so far this year

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The North Texas economy is growing faster than the state as a whole.

Why? It's largely due to population growth, says D'Ann Petersen, a business economist for the Federal Reserve Bank of Dallas. From 2010 to 2012, Texas led the nation in net in migration as people moved here from other states that hadn't recovered as fast, and many of those people settled in the Dallas area, she said.

Robust population growth leads to job growth, which spurs construction, homebuying and rentals, retail sales and demand for services.

The Dallas-Fort Worth economy is outpacing state growth based on five economic indicators, according to a new Dallas Fed report.

For example, employment in Dallas, Austin and Houston has grown at a faster pace than the state average of 2.4 percent for the first 10 months of this year. Houston's growth was 3 percent, Dallas' 2.9 percent and Austin's 2.7 percent. San Antonio's job growth was 0.7 percent.

It's all about the "industrial mix" in regional economies, and Dallas-Fort Worth has more diversity than some other Texas metropolitan areas, economists say.

Emerging from the recession, Houston — an energy hub — benefited from high oil prices more than North Texas.

Now, the energy industry — "a major accelerator for Texas" — is starting to wane, hurting Houston more than other Texas metro areas, said Robert A. Dye, chief economist for Dallas-based Comerica Bank. Market prices for natural gas remain weak and oil prices have fallen, he said.

Dallas is more of a transportation and distribution hub, "so there may be a little bit of a shift here — in that Dallas may be growing faster than Houston," Dye said.

Last year, Austin's economy grew the most (up 6.5 percent from 2011) among the state's five biggest metro areas. Houston's economy rose 5.3 percent, Dallas-Fort Worth's was up 4.3 percent, San Antonio's rose 3.8 percent and El Paso's was up 0.5 percent, according to data from the U.S. Bureau of Economic Analysis. Dallas ranked last among the state's big cities from 2008 to 2011.

Here are some areas where Dallas-Fort Worth stands out:

Jobs: Dallas-Fort Worth's job growth has been broad-based but has been led by construction and professional and business services.

The region has seen major growth in financial services jobs, such as banking and insurance, said Mike Davis, a professor of economics at Southern Methodist University. The Dallas-Fort Worth area added more than 2.5 million financial services jobs this year through October. That's 40 percent more than the closest metro area's job growth in that industry.

Unemployment: October's unemployment rate was 6 percent in Fort Worth and 6.1 percent in Dallas. Both were lower than the Texas rate of 6.2 percent and the U.S. rate of 7.3 percent.

Housing: Home prices continue to rise as the number of homes for sale falls. D-FW prices surpassed their 2007 peak in April and were up an annualized 10.2 percent as of August, according to the S&P/Case-Shiller index. The average U.S. home price is rising at a faster pace but remains below the pre-recession peak.

In October, the median price of a home was \$196,004 in Dallas and \$136,380 in Fort Worth, according to the Multiple Listing Service. The statewide median price was \$175,177.

Housing permits in Dallas-Fort Worth grew 51 percent this year through October from a year earlier, compared with Houston's 16 percent and the U.S. average of 24.2 percent, Dye said.

Business cycle: The Dallas and Fort Worth business cycle indexes each rose at a 5 percent annualized rate for the first 10 months of 2013, slightly slower than a year earlier but faster than the state's 3.2 percent rate. Austin's business cycle index rose at 7.6 percent; Houston's was up 4.9 percent; and San Antonio's rose 3.2 percent.

The indexes show broad movements in local economies and are based on employment, the unemployment rate, inflation-adjusted real wages and inflation-adjusted retail sales.

While Texas' economic growth rate trails North Texas, it's still nothing to complain about.

BBVA Compass forecasts the Texas economy will grow 4 percent this year, down slightly from last year's 4.8 percent growth rate, but better than its projected growth rate of 1.6 percent for the U.S. economy.

Economists say Texas is returning to a sustainable long-term growth rate after rebounding earlier and stronger from the recession than many other states.