



March 16, 2016

Lubbock Economic Index

January 2016 employment data for Lubbock and other Texas metro areas was delayed until March, and was released as a part of the annual Texas Workforce Commission revision of monthly employment data for the previous two years (2014 and 2015), as well as the establishment of new benchmarks for monthly employment estimates in 2016.

The employment data revisions were generally favorable to Lubbock as the original monthly employment estimates for 2015 were revised upward (as was 2014 to a lesser extent). On average, about 600 jobs per month were added to the original estimates for 2015. By year-end, the December 2015 estimate was revised upward by 1,300 jobs compared to the original estimate for December, an increase of 2.7% compared to the revised December 2014 payroll employment estimate in Lubbock.

The Lubbock Economic Index was also revised for the January report to reflect a change in the way the index is calculated. In short, inflation adjustments have now been applied to all components of the index to make it fully adjusted for price changes over time. Previously, only retail sales, auto sales, and the dollar volume of residential real estate sales were inflation-adjusted. Now, in addition to those, building permit valuations and hotel/motel spending have been inflation-adjusted as well. With this change, every component of the index that is expressed in dollar form is adjusted for inflation by restating all prior periods in current dollars. (*Note – the monthly average home sale price continues to be stated in nominal, or unadjusted for inflation amounts on the table of economic indicators, though that sector's contribution to the calculation of the Lubbock Economic Index itself is fully inflation-adjusted.)

While these revisions altered the monthly index values over time, the trends remain very much the same. Under the data revisions and new methodology, the Lubbock Economic Index achieved its pre-recession peak in September 2008 (just as it did before) at 130.3, and hit its post-recession trough of 118.4 in August 2011. It surpassed its pre-recession high in March 2013 and continued to improve through December 2015, expanding by nearly 23% in 52 months. The revised Lubbock Economic Index finished the year 2015 at 145.2, an increase of a solid 3.2% compared to the December 2014 index of 140.7.

The Lubbock Economic Index began the year 2016 with a slight decline, dipping to 144.7 in January down from 145.2 in December, but still up 2.9% from the January 2014 LEI of 140.6.

Real general spending was down slightly compared to year-ago levels, as was spending on auto purchases and the number of new housing construction permits. Total construction was sharply higher, however, and the Lubbock housing market put up solid numbers in January as well. The Lubbock employment situation continued to improve in January with the addition of jobs and an unemployment rate that remains on the decline compared to year-ago levels.

CONCURRENT trends in two broad measures of the Lubbock economy best represent its current and ongoing health and status, and these are general consumer spending (retail sales) and payroll employment.

- General real (inflation-adjusted) taxable spending per January sales tax receipts was down just ever so slightly, posting a decline of less than a percent compared to January of a year

ago. For the 12 months ending January 2016 general real spending was up by a modest 1.1% compared to the 12 months ending January 2015, the lowest since 2011 as Lubbock was climbing its way out of recession.

- Under the new employment data benchmarks, the January 2016 estimate for payroll employment in Lubbock was up by a solid 3.3% compared to January of a year ago, reflecting the addition of about 4,500 jobs over the last 12 months. That number is subject to slight revision next month, but if it stands that would be the highest rate of year-over-year job growth since 2000. The unemployment rate continues to come down as well, registering a low 3.3% for the month compared to 3.6% in January of a year ago (and the lowest for the month of January since the 3.0% recorded in January 1999).

Auto sales in Lubbock posted a mild decline in January with inflation-adjusted spending on new and used motor vehicles down by 2.1% compared to January of a year ago. That has been the trend for about a year now; the average for the 12 months ending January 2016 was down by about 2.8% compared to the prior 12-month period.

The hotel/motel component of the Lubbock Economic Index was adjusted in two ways with the release of the January index report. First, the hotel/motel tax was converted to the dollar amount of spending on lodging in the city that generated that tax; second, those numbers were adjusted for inflation so that price change over time is more accurately accounted for. The January inflation-adjusted hotel/motel spending total was up by nearly 3% compared to January of a year ago.

An inflation adjustment was also added to the building permit valuation total, so this component's contribution to the Lubbock Economic Index over all of its history now reflects those numbers in real terms and the comparisons over time are much more valid. After a year of strong growth in 2015 the construction sector of the Lubbock economy began the year 2016 in record territory. The \$84.3 million in permits issued in January is the highest on record for the month of January, and is up by 64% compared to January of a year ago.

New single-family housing construction was down to begin the year, however, with the number of new home building permits down by 15% (12 fewer permits) in January compared to January of a year ago.

Existing home sales improved in January posting a 5% increase over January of a year ago. The price of those sales continues to rise as well with the January monthly average up by 3.5% compared to the January 2015 monthly average. The inflation-adjusted total dollar volume of those sales was up by a solid 6.5% in January compared to January of a year ago, and is the second-highest on record for the month of January behind only the January 2014 real housing sales total.

Lubbock Consumer Price Index

The overall rate of year-over-year price increase continues to come down in Lubbock falling to 1.3% in January, down from 1.4% in December and 2.4% in January of a year ago.

The rate of price increase in the food and grocery sector of the Lubbock Consumer Price Index fell below 2% in January to 1.9%, down from 2.1% in December and 3.3% in January 2015.

The housing sector of the Lubbock CPI was unchanged from December to January at 3.8%. In January 2015 the rate of year-over-year price increase in the housing component was 3.7%.

The rate of price increase in the energy/utilities sector declined again in January, falling to -3.2% for the month compared to -3.0% in December. The national "fuels & utilities" CPI is again down by 3.3% in January compared to January of a year ago, and that was the case in December as well.

The health care sector of the Lubbock CPI increased by a rate of 3.0% in December, up from a 2.8% rate of year-over-year increase in December. The rate of increase in the US national health care CPI moved upward in January as well to 3.0% compared to 2.6% in December.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock declined slightly to 1.0% in January compared to 1.1% in December.

The national CPI-U (the US Consumer Price Index, a broad measure of price change over time) increased at a year-over-year rate of 1.0% in January, up from .7% in December. The "core CPI", the Consumer Price Index minus food and energy, posted a 2.3% rate of year-over-year increase in January.

The CPI for the southern region of the US (which includes Texas) moved upward in January, rising to 1.2% compared to a .5% rate of year-over-year change in December.

The Dallas-Fort Worth metro area CPI was newly updated in January and climbed up to 1.1%, compared to a 0% rate of change in December. The Houston metro area CPI was last updated in December and climbed out of the cellar into positive territory at a .4% rate of year-over-year increase, compared to -.1 in October. The Dallas-Fort Worth and Houston metro area CPI values are calculated every other month on off months from one another.

The Lubbock Metro Area Economy

The Lubbock Economic Index

Lubbock Economic Indicators* January 2016	Base Year 1996	One Year Ago 2015	This Year 2016	% Change 2015-2016
Retail Sales - January	\$ 226,518,227	\$ 327,960,188	\$ 325,757,800	-0.7%
Retail Sales - Year-To-Date	\$ 226,518,227	\$ 327,960,188	\$ 325,757,800	-0.7%
Dollars Spent on Auto Purchases - January	\$ 31,716,279	\$ 71,852,883	\$ 70,360,574	-2.1%
Dollars Spent on Auto Purchases YTD	\$ 31,716,279	\$ 71,852,883	\$ 70,360,574	-2.1%
Hotel/Motel Spending - January	\$ 8,415,848	\$ 6,500,956	\$ 6,684,657	2.8%
Lubbock International Airport Passenger Enplanements - January	40,858	31,892	32,492	1.9%
Lubbock International Airport Passenger Enplanements - YTD	40,858	31,892	32,492	1.9%
Value All Construction Permits - January	\$ 25,079,327	\$ 51,275,100	\$ 84,249,225	64.3%
Value All Construction Permits - YTD	\$ 25,079,327	\$ 51,275,100	\$ 84,249,225	64.3%
New Home Permits - January	45	77	65	-15.6%
New Home Permits - YTD	45	77	65	-15.6%
Number of Home Sales - January	128	202	212	5.0%
Number of Home Sales - YTD	128	202	212	5.0%
Average Home Sale Price - January	\$ 86,201	\$ 160,346	\$ 166,022	3.5%
Average Home Sale Price - YTD	\$ 86,201	\$ 160,346	\$ 166,022	3.5%
Dollar Volume Residential Real Estate Sales - January	\$ 16,989,426	\$ 33,039,835	\$ 35,196,598	6.5%
Dollar Volume Residential Real Estate Sales - YTD	\$ 16,989,426	\$ 33,039,835	\$ 35,196,598	6.5%
Employment				
Wage and Salary Employment - January	108,900	137,100	141,600	3.3%
Wage and Salary Employment - YTD Avg	108,900	137,100	141,600	3.3%
Unemployment Rate - January	4.6%	3.6%	3.3%	-8.3%
Unemployment Rate - YTD Avg	4.6%	3.6%	3.3%	-8.3%
LUBBOCK ECONOMIC INDEX - January (Base=100 January 1996)	100.0	140.6	144.7	2.9%
* With the exception of the average home sale price, all indicators expressed in dollar form above are adjusted for inflation by restating prior periods in current dollars				
Oil and Gas (Regional)				
Oil Price/Barrel - January (WT Int. Crude)	\$ 17.31	\$ 44.46	\$ 28.44	-36.0%
Rig Count (Texas RRC District 8A) - January	23	26	11	-57.7%
Crude Oil Production (Texas RRC District 8A) - January	12,179	8,793	8,798	0.1%
Value of Oil Production (Texas RRC District 8A) - January	\$ 181,555	\$ 390,926	\$ 250,217	-36.0%
Agriculture (Regional)				
Cotton Price (West Texas, cents/pound) - January	79.75	57.06	57.85	1.4%
Cotton - South Plains Bales Ginned Crop Year Through January	2,495,400	2,836,250	3,452,400	21.7%
Fat Cattle Price (\$/hd. Wt.) - January	\$ 64.50	\$ 164.69	\$ 128.05	-22.2%
Value Cattle Marketed (\$000's) - January	\$ 24,510	\$ 27,963	\$ 25,610	-8.4%

The Lubbock Economy

The Lubbock Economic Index January 1996 - January 2016



