



May 5, 2016

## Lubbock Economic Index

**After two straight months of modest decline the Lubbock Economic Index reversed course in March, and in fact increased to a new record level at 145.5 for the month up from 144.6 in February (revised slightly downward due to a slight downward revision in February employment), and up 3.4% from the March 2015 LEI of 140.7.** The rate of growth declined in the first quarter, however, with an annualized growth rate in the Lubbock Economic Index of only .6% for the quarter.

Record building permit activity is helping to push the index upward through the first quarter, along with strong auto sales, rising home prices and above-average employment growth. General spending remains sales total in March of a year ago.

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 first quarter sales tax receipts in Lubbock was down by 2.6% compared to the first quarter 2015 real spending total. March spending was down by 1.4% compared to March of last year, marking the fourth straight year-over-year decline in monthly real spending. For the 12 months ending March 2015, general real spending is in slightly negative territory, down by .1% compared to the prior 12-month period.
- The March year-over-year employment growth rate of 3.2% ranks as sixth best among Texas metro areas, and suggests the addition of about 4,400 jobs over the last 12 months. Trade, Transportation and Utilities added an estimated 700 jobs over the last year; Professional and Business Services added 1,300 jobs since March of a year ago, and Education and Health Services added 1,000 jobs. An estimated 100 manufacturing jobs were lost over that period of time, however, and the "Information" employment sector dropped 100 jobs as well. The March unemployment rate of 3.3% is third best among Texas metro areas, and is unchanged compared to March of a year ago.

Auto sales were higher for the second straight month with inflation-adjusted spending on new and used automobiles up by 11% in March compared to March of a year ago. The first quarter real auto spending total was up by a solid 4.5% compared to the first three months of a year ago, and in fact is a record total for the first quarter.

The \$267.5 million in real (inflation-adjusted) building permit valuations in the city of Lubbock is by far a record total, not just for the first quarter but for any quarter. It marks only the second time that a quarterly total has exceeded \$200 million and the first time a quarterly total has surpassed \$250 million. The March monthly building permit total exceeded \$100 million for the first time every (again, not just for the month of March but for any month), and was up compared to March of a year ago by 185%. The March permit total includes \$74 million for new multi-family housing construction, \$21 million for new single-family housing construction, and \$34 million in new commercial construction.

Single-family housing construction remains on the rise with 90 permits issued in the month of March, an increase of 22% compared to the March 2015 monthly total. For the quarter, 240 permits were issued, an increase of nearly 14% over the first quarter of a year ago.

Existing home sales in Lubbock were down in March compared to March of a year ago; however, the March 2015 home sales total was a record for the month of March, and was up by 42% compared to March of the prior year. The first quarter 2016 home sales total was up by a slight 1.1% compared to March of a year ago, which in turn was up by 11% compared to the first quarter of the previous year. The monthly average sale price surged upward in March, posting an 11.3% increase over March of a year ago. The first quarter 2016 average sale price was 7.3% higher than the average for the first quarter 2015, which in turn was up by over 4% compared to the first quarter of the prior year.

## **Lubbock Consumer Price Index**

**Price growth continues to ease in Lubbock with the rate of year-over-year increase in the Lubbock Consumer Price Index dropping to 1.2% in March, down from 1.3% in January and February, and down from 2.3% in March of a year ago.**

The rate of price increase in the food and grocery sector of the Lubbock Consumer Price Index declined fairly significantly in March, falling to 1.5% compared to 1.8% in February (and 3.5% in March of a year ago). At the national level, the US “food at home” CPI remains in actual negative territory (meaning aggregate prices are lower compared to year-ago levels) and the same is true in the southern region of the US.

The rate of year-over-year change in the housing component of the Lubbock CPI was unchanged from February to March at 3.9%.

The rate of price change in the energy component of the Lubbock CPI remains in negative territory, but by a lesser amount in March at -3.1%, compared to -3.3% in February. The “fuels & utilities” component of the US southern region CPI is at -2.5% in March, compared to -2.8% in February.

The health care sector of the Lubbock CPI fell slightly in March, retreating to 3.1% for the month compared to 3.2% in February. The rate of increase in the US national health care CPI declined to 3.3% in March, down from 3.5% in February.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock fell in March to .8% compared to 1.0% in February.

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 1.1% in March, compared to 1.0% in February (the US Bureau of Labor Statistics revised these numbers slightly in late 2015 and early 2016). The “core CPI”, the Consumer Price Index minus food and energy, posted a 2.2% rate of year-over-year increase in March.

The CPI for the southern region of the US (which includes Texas) was unchanged from February to March at a very modest .7%.

The Dallas-Fort Worth metro area CPI was newly updated in March and declined to .6%, compared to a 1.1% rate of change in January. The Houston metro area CPI was last updated in February and increased fairly sharply to 2.0%, compared to a .4% rate of year-over-year increase in December 2015. 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

<b>Lubbock Economic Indicators* March 2016</b>	<b>Base Year 1996</b>	<b>One Year Ago 2015</b>	<b>This Year 2016</b>	<b>% Change 2015-2016</b>
Retail Sales - March	\$ 218,650,200	\$ 308,916,862	\$ 304,554,352	-1.4%
Retail Sales - 1st Quarter	\$ 806,417,462	\$ 1,133,937,897	\$ 1,104,228,645	-2.6%
Dollars Spent on Auto Purchases - March	\$ 39,816,871	\$ 69,363,486	\$ 76,841,872	10.8%
Dollars Spent on Auto Purchases 1st Qtr	\$ 106,511,400	\$ 202,140,841	\$ 211,311,270	4.5%
Hotel/Motel Spending - YTD Through March	\$ 10,472,222	\$ 18,859,834	\$ 20,310,371	7.7%
Lubbock International Airport Passenger Enplanements - March	54,170	35,973	38,750	7.7%
Lubbock International Airport Passenger Enplanements - 1st Qtr	139,591	99,160	105,749	6.6%
Value All Construction Permits - March	\$ 11,736,444	\$ 46,294,898	\$ 132,378,507	185.9%
Value All Construction Permits - 1st Qtr	\$ 37,793,813	\$ 155,695,042	\$ 267,539,671	71.8%
New Home Permits - March	64	74	90	21.6%
New Home Permits - 1st Qtr	167	211	240	13.7%
Number of Home Sales - March	143	372	360	-3.2%
Number of Home Sales - 1st Qtr	417	802	811	1.1%
Average Home Sale Price - March	\$ 79,502	\$ 159,323	\$ 177,360	11.3%
Average Home Sale Price - 1st Qtr	\$ 80,866	\$ 161,738	\$ 173,575	7.3%
Dollar Volume Residential Real Estate Sales - March	\$ 17,910,604	\$ 60,410,062	\$ 63,849,494	5.7%
Dollar Volume Residential Real Estate Sales - 1st Qtr	\$ 53,273,322	\$ 132,395,095	\$ 140,922,957	6.4%
<b>Employment</b>				
Wage and Salary Employment - March	110,000	139,100	143,500	3.2%
Wage and Salary Employment - 1st Qtr Avg	109,435	138,200	142,435	3.1%
Unemployment Rate - March	4.2%	3.3%	3.3%	0.0%
Unemployment Rate - 1st Qtr Avg	4.4%	3.4%	3.3%	-4.9%
<b>LUBBOCK ECONOMIC INDEX - March (Base=100 January 1996)</b>	<b>100.5</b>	<b>140.7</b>	<b>145.5</b>	<b>3.4%</b>
* 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				
<b>Oil and Gas (Regional)</b>				
Oil Price/Barrel - February (WT Int. Crude)	\$ 19.59	\$ 44.24	\$ 34.58	-21.8%
Rig Count (Texas RRC District 8A) - March	22	14	11	-21.4%
Crude Oil Production (Texas RRC District 8A) - March	37,287	26,853	26,211	-2.4%
Value of Oil Production (Texas RRC District 8A) - March	\$ 423,720	\$ 1,217,468	\$ 787,644	-35.3%
<b>Agriculture (Regional)</b>				
Cotton Price (West Texas, cents/pound) - March	79.25	58.49	54.25	-7.2%
Cotton - South Plains Bales Ginned Crop Year Through March	2,483,350	2,879,150	3,584,550	24.5%
Fat Cattle Price (\$/hd. Wt.) - March	\$ 61.74	\$ 162.54	\$ 136.82	-15.8%
Value Cattle Marketed (\$000's) - March	\$ 73,777	\$ 90,786	\$ 86,607	-4.6%

# The Lubbock Economy

The Lubbock Economic Index January 1996 - March 2016



