



June 2, 2015

## Lubbock Economic Index

**The Lubbock Economic Index posted a sizeable increase in April rising to 144.6 up from 143.4 in March, and is now up 3.5% from its year-ago level of 139.7 in April 2014.** Sharp year-over-year increases in construction and home building helped to push the LEI to a new record level in April, along with continued steady increases in virtually every component of the index, general spending and employment in particular.

The Lubbock Economic Index had flattened over the course of the first quarter of the year, and in fact was unchanged from December to March (though the December and March LEI level of 143.4 was its previous record high), but surged forward in April as the Lubbock economy continues its trend of general and steady growth over time.

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 sales tax receipts in April was up by 2.1% compared to April of a year ago. For the year-to-date, general real spending is up by a solid 3.0% compared to the first four months of 2014. For the 12 months ending April 2015 (akin to a moving annual total), taxable spending in Lubbock is even more impressive, up by 4.1% compared to the prior 12 month period of time.
- Payroll employment growth is averaging a respectable 2.0% over the first four months of the year, and is up by an estimated 1.6% in April compared to April of a year ago, reflecting the addition of about 2,200 jobs over the last 12 months. The Texas Workforce Commission has completed its updates to unemployment rate data in Texas metro areas, resulting in revisions to labor force, employment, and unemployment numbers dating back a number of years. But the general trend is the same – continued decline in the post-recession unemployment rate in Lubbock which is now at its lowest level since 2008. The April unemployment rate of 3.0% is down a half point compared to the April 2014 unemployment rate of 3.5%.

Auto sales activity was generally flat in April compared to April of a year ago; however, inflation-adjusted auto spending in April 2014 was up by nearly 10% compared to the prior year so in that context auto spending remains generally strong in Lubbock. For the year-to-date, real auto spending is down slightly compared to year-ago levels, but again the January-April 2014 total was up by over 15% compared to the first four months of the prior year.

Building activity remains strong in the city and in fact the \$217 million in permits is a record total by far for the first four months of the year, marking the first time permit valuations have exceeded \$200 million through April. The April building permit total – the estimated value of all construction projects for which permits were issued by the city – was up by over 18% compared to April of a year ago, and the total for the year-to-date is up by nearly 30% compared to the first four months of 2014.

The number of new single-family housing construction permits issued in April was up by 38% compared to April of a year ago (an additional 25 permits issued this year compared to last), pulling the year-to-date total back into positive territory with the number of permits issued for the YTD through April up by 2.7% year-over-year.

Existing home sales were up slightly in April with an additional five closed sales compared to April of a year ago. That was enough to post a new record for the month of April, however, at 360 closed sales for the month. The April monthly average price of those sales was up a modest 1.2% compared to April of a year ago, which in turn was up by a sharp 9.6% compared to April of a year ago. The real (inflation-adjusted) total dollar volume of activity thus far in 2015 is also at record levels, and is up by over 8% compared to the first four months of a year ago.

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## **Lubbock Consumer Price Index**

**The rate of year-over-year change in the Lubbock Consumer Price Index declined in April to 2.2% compared to a year-to-year overall rate of inflation of 2.3% in March.**

The rate of price increase as reflected by the food and grocery sector of the Lubbock Consumer Price Index was unchanged from March to April at 3.5%, but continues to trend generally upward based on sharply higher beef prices and the continuing effects of drought in California.

The rate of change in the housing portion of the Lubbock CPI declined again in April to 3.2% compared to 3.4% in March. Rents are largely unchanged to slightly lower compared to year-ago levels; mortgage rates are on the rise but remain lower compared to last year. These are generally offsetting the rising cost of new home building.

The rate of price increase in the energy/utilities sector remains on the decline, dropping to .2% in April, compared to .5% in March. And again, the national “energy” CPI remains negative compared to year-ago levels.

The health care sector of the Lubbock CPI was unchanged from March to April at 2.6%. The US national medical care CPI also posted a year-over-year increase of 2.9% in April compared to 2.5% in February.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock increased again slightly in April rising to 1.5% compared to 1.4% in March.

Falling energy prices continue to push the national CPI-U (the US Consumer Price Index) downward, and the rate of change in the April CPI declined even further to -.2%. When food and energy are removed the so-called “core CPI” increased by 1.8% in April (the same as in March).

The CPI for the southern region of the US (which includes Texas) continues to post numbers that are below year-ago levels with the April CPI down by .6% compared to April of a year ago. The March rate of year-over-year change was -.3%.

The Dallas-Fort Worth metro area CPI was last updated in March, also indicating an actual year-to-year decline in the CPI value of about .6% compared to March of a year ago. The Houston metro area CPI was newly updated in April and also remains in negative territory compared to its year-ago level, down by .4% compared to the April 2014 Houston metro area CPI value. Again, growth in the Houston CPI was as high as 3.4% as recently as October of last year. The Dallas-Fort Worth and Houston metro area CPI values are calculated every other month on off months from one another.

# The Lubbock Economic Index

<i>Lubbock Economic Indicators</i> <i>April 2015</i>	<i>Base Year</i> <i>1996</i>	<i>One Year Ago</i> <i>2014</i>	<i>This Year</i> <i>2015</i>	<i>Percent Change</i> <i>2014-2015</i>
Retail Sales - April (\$000s - Per Sales Tax Rebates in 1995\$)	\$ 150,463	\$ 204,800	\$ 209,141	2.1%
Retail Sales - Year-To-Date	\$ 684,220	\$ 932,080	\$ 959,680	3.0%
Dollars Spent on Auto Purchases - April (\$000s in 1995\$)	\$ 38,845	\$ 74,505	\$ 75,175	0.9%
Dollars Spent on Auto Purchases YTD	\$ 136,770	\$ 275,971	\$ 271,439	-1.6%
Lodging Tax Receipts - YTD	\$ 748,928	\$ 1,761,706	\$ 1,816,034	3.1%
Airline Boardings - April	48,422	39,289	40,014	1.8%
Airline Boardings - YTD	188,013	141,157	139,174	-1.4%
Value All Construction Permits - April	\$ 11,601,068	\$ 52,208,622	\$ 61,902,702	18.6%
Value All Construction Permits - YTD	\$ 49,394,881	\$ 168,155,133	\$ 217,597,744	29.4%
New Home Permits - April	58	66	91	37.9%
New Home Permits - YTD	225	294	302	2.7%
Number of Home Sales - April	199	355	360	1.4%
Number of Home Sales - YTD	616	1,080	1,162	7.6%
Average Home Sale Price - April	\$ 82,662	\$ 163,204	\$ 165,152	1.2%
Average Home Sale Price - YTD	\$ 82,091	\$ 157,888	\$ 162,796	3.1%
Dollar Volume Residential Real Estate Sales - April (1995\$)	\$ 15,869,261	\$ 37,167,545	\$ 37,175,864	0.0%
Dollar Volume Residential Real Estate Sales - YTD	\$ 48,606,789	\$ 109,701,228	\$ 118,535,313	8.1%
<b>Employment</b>				
Wage and Salary Employment - Month	110,000	137,000	139,200	1.6%
Wage and Salary Employment - YTD Average	109,575	135,625	138,400	2.0%
Unemployment Rate - April	4.0%	3.5%	3.0%	-14.3%
Unemployment Rate - YTD Avg	4.3%	4.0%	3.3%	-18.6%
<b>Oil and Gas (Regional)</b>				
Oil Price/Barrel - April (WT Int. Crude)	\$ 21.77	\$ 98.70	\$ 50.60	-48.7%
Rig Count - April *	19	37	14	-62.2%
Oil Production - YTD *	49,644	35,401	35,479	0.2%
Value of Oil Production - YTD *	\$ 793,194	\$ 3,399,921	\$ 1,649,331	-51.5%
<b>Agriculture (Regional)</b>				
Cotton Price - April (cents/pound) +	82.70	82.93	61.24	-26.2%
Cotton - Bales Ginned Crop Year ++	2,483,350	2,197,900	2,879,150	31.0%
Fat Cattle Price - April (\$/hd. Wt.)	\$ 59.70	\$ 148.17	\$ 162.60	9.7%
Value Cattle Marketed - YTD (\$000's) ++	\$ 101,239	\$ 152,870	\$ 134,687	-11.9%
<b>INDEX - April (Base=100 January 1996)</b>	<b>100.6</b>	<b>139.7</b>	<b>144.6</b>	<b>3.5%</b>

\* Texas Railroad Commission District 8A (Lubbock Area)

+ Spot Price for 41,4,34; mxd lots, net wt, compressed, FOB Car/Truck

++ South Plains Region

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