



August 4, 2015

June/2nd Quarter 2015

Lubbock Economic Index

The Lubbock Economic Index increased yet again, and to yet another record in June rising to 145.5 up from 145.3 in May, and up 3.1% from the June 2014 LEI of 141.1. It was a solid second quarter with growth in general spending, employment, construction, home building, and residential real estate activity. And in fact the Lubbock Economic Index over the course of the quarter grew at an annualized rate of a sharp 5.9% on the heels of a generally flat first quarter.

As June represents the end of the quarter, the table of economic indicators this month contains second quarter totals/averages, along with the monthly numbers and year-to-date totals/averages.

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 the second quarter of the year was up by nearly 4% compared to the second quarter of a year ago, and the total for the first six months of the year is up by a solid 3.5% compared to the first six months of 2014. For the month of June, general real spending was up by 2.6% compared to June of a year ago, which in turn was up by 5.7% compared to June of the prior year. This important category of local economic measurement is now in its fifth year of steady growth on the heels of the recession of 2009, which also kept spending down in 2010.
- The pace of job growth slowed in the second quarter, averaging 1.6% year-over-year compared to a 2.2% rate of year-over-year growth in the first quarter. Still, job growth has been very steady if not spectacular for the last five years or so, and that trend continues in 2015. The 1.6% rate of year-over-year job growth in June ranks as 14th best among Texas metro areas. However, the Lubbock unemployment rate of 3.8% for June ranks as 4th best, and compares favorably to the 4.5% rate of unemployment in Lubbock posted in June of a year ago. (The unemployment rate increased from May to June, but that is a seasonal occurrence and happens every year without fail. The proper comparison is to the same month in prior years.)

Auto sales are down just slightly in Lubbock thus far in 2015, but only compared to some very strong numbers from a year ago (and in fact the last five years or more). Real (inflation-adjusted) auto spending in the second quarter and in the first half of the year was off by about 2.6% in each period compared to the same time period in 2014. However, the second quarter real auto spending total was up by over 12% compared to the prior year, and the total through June 2014 was up by 15% compared to the first six months of the prior year. The auto sales total for June was actually up slightly compared to June of a year ago, which in turn was up by a whopping 22% compared to June of the prior year. So, even though growth in auto sales has flattened midway through 2015, the level of sales activity remains very high and in fact the total through June has grown by over 70% since bottoming out in the recession year of 2009.

The numbers in the construction sector of the city's economy just keep getting bigger and bigger, and June is the sixth straight month of double-digit year-over-year percentage increases in the valuation of projects for which building permits were issued. The June building permit valuation is the third-highest

monthly total on record (and is the highest on record for the month of June), and is over 46% higher than the June 2014 total. The second quarter building permit total is fully 50% higher compared to the second quarter of a year ago, which in turn was up by 22% compared to the prior year. The \$378.8 million in permits issued thus far in 2015 is easily a record for the first six months of the year and is up by 43% compared to the January-June 2014 total.

The number of new single-family housing construction permits was down a bit for the month of June compared to a relatively strong total in June of a year ago, but is up by over 11% for the quarter. For the year-to-date the number of permits is slightly ahead of year-ago levels, which were down compared to the prior year.

The Lubbock residential real estate market continues to set new records as well – the number of closed home sales in the second quarter is the highest quarterly total on record, and is up by about 5% compared to the second quarter of a year ago. The number of sales through June is not quite a record, down by a few sales from the 2,016 sales posted in the first six months of 2013. In terms of the dollar volume of real estate sales activity both the quarterly and midyear totals are new records even when adjusted for inflation, up by 4.7% and 7.5%, respectively, compared to year-ago levels.

Lubbock Consumer Price Index

Inflation is anything but a problem in the Lubbock economy midway through 2015 with the June Consumer Price Index posting a 2.0% year-over-year increase, compared to a 2.1% rate of growth in May (and 2.2% in April). Higher housing prices were offset by lower rates of growth in the food/grocery, energy, medical care, and miscellaneous goods and services CPI values.

The rate of price increase as reflected by the food and grocery sector of the Lubbock Consumer Price Index declined again in June falling to 3.0% down from 3.3% in May.

The rate of change in the housing portion of the Lubbock CPI rose again in June increasing to 3.4% up from 3.3% in May, again pressured upward by rising home sale prices.

The rate of price increase in the energy/utilities sector remains on the decline, and actually retreated into negative territory in June at -.2% (the rate of growth was 0 in May), meaning the monthly CPI value is actually lower than at the same point in June 2014. Crude oil prices peaked in June 2014 averaging over \$100/barrel, and have now declined by 50-60% from those levels pulling down the cost of transportation fuel and other energy products.

The health care sector of the Lubbock CPI remained unchanged yet again at 2.6% for the third straight month. The US national medical care CPI is up by 2.5% in June compared to 2.8% in May. In the southern region of the US, including Texas, the medical care portion of the Consumer Price Index was unchanged from May to June at 2.2%.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock declined to 1.4% in June, down from 1.5% in May.

The national CPI-U (the US Consumer Price Index, a broad measure of price change over time) is virtually flat compared to its year-ago level at a .1% rate of year-over-year increase (compared to 0.0% in May). When food and energy are removed the so-called “core CPI” increased by 1.8% in June, up from 1.7% in May.

The CPI for the southern region of the US (which includes Texas) remains slightly lower relative to year-ago levels at -.1% in June compared to -.4% in May.

The Dallas-Fort Worth metro area CPI was last updated in May, and again also remains negative compared to year-ago levels as it has all year long at -.5% compared to the May 2014 CPI value for the metro area. The Houston metro area CPI was freshly updated in June and remained at -.4%, unchanged compared to the April 2014 Houston metro area CPI value. The Dallas-Fort Worth and Houston metro area CPI values are calculated every other month on off months from one another.

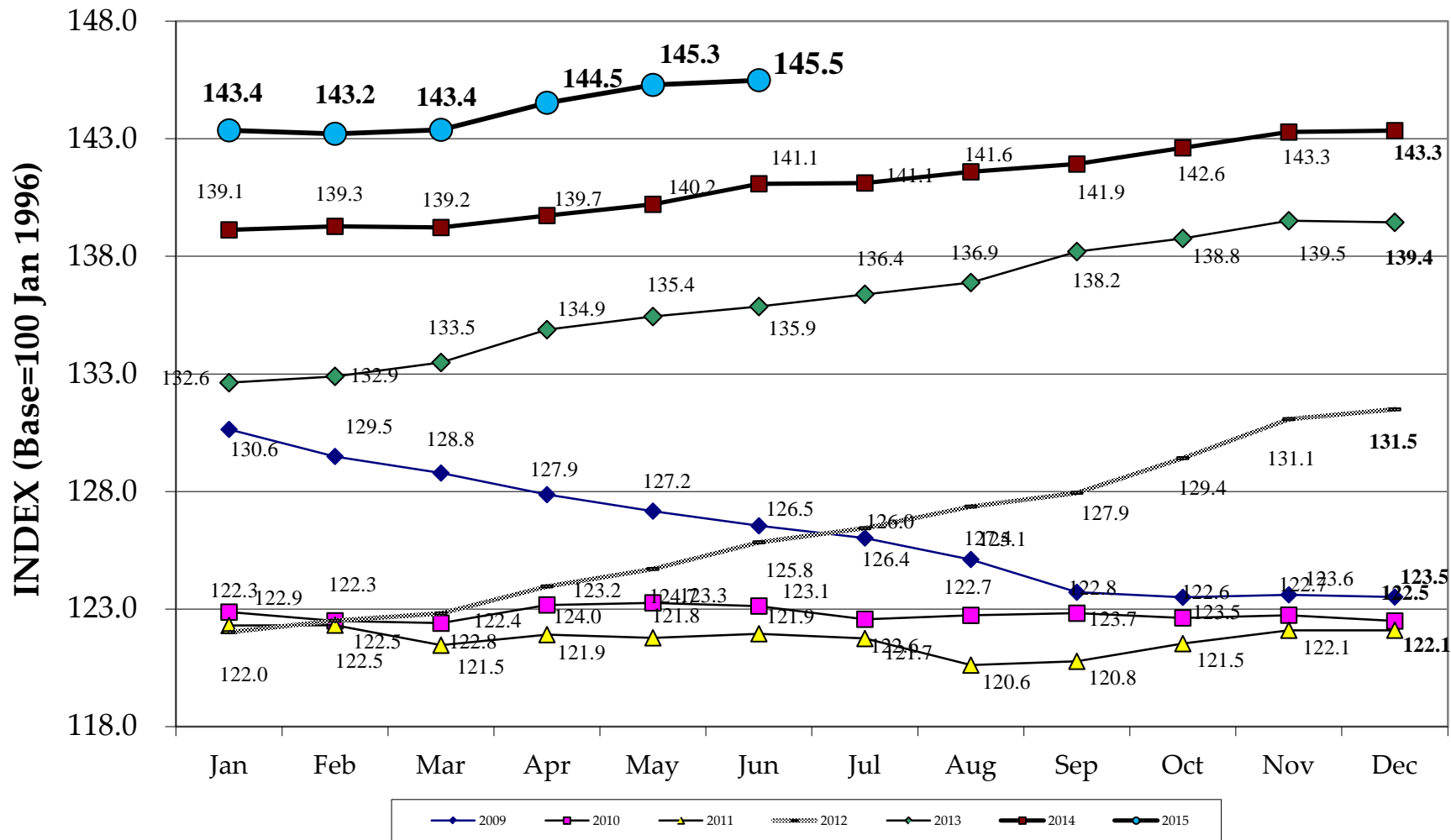
The Lubbock Economic Index

<i>Lubbock Economic Indicators</i> <i>June/2nd Quarter 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>
Taxable Spending - (\$000's, per June sales tax receipts in 1995\$)	\$ 155,816	\$ 219,534	\$ 225,151	2.6%
Taxable Spending - (Per 2nd quarter sales tax receipts)	\$ 490,974	\$ 697,804	\$ 725,132	3.9%
Taxable Spending - Year-To-Date	\$ 1,024,732	\$ 1,425,084	\$ 1,475,617	3.5%
Dollar Spent on Auto Purchases - June (\$000s in 1995\$)	\$ 38,334	\$ 68,575	\$ 68,816	0.4%
Dollars Spent on Auto Purchases - 2nd Qtr	\$ 119,051	\$ 212,106	\$ 206,555	-2.6%
Dollars Spent on Auto Purchases YTD	\$ 222,434	\$ 413,572	\$ 402,819	-2.6%
Lodging Tax Receipts - YTD	\$ 904,702	\$ 2,832,392	\$ 2,951,147	4.2%
Airline Boardings - June	\$ 53,196	\$ 42,308	\$ 39,958	-5.6%
Airline Boardings - 2nd Qtr	155,182	123,621	122,069	-1.3%
Airline Boardings - YTD	294,773	225,489	221,229	-1.9%
Value All Construction Permits - June	\$ 9,959,669	\$ 50,330,701	\$ 73,784,163	46.6%
Value All Construction Permits - 2nd Qtr	\$ 37,260,047	\$ 148,112,384	\$ 223,068,198	50.6%
Value All Construction Permits - YTD	\$ 75,053,860	\$ 264,058,895	\$ 378,763,240	43.4%
New Home Permits - June	55	89	82	-7.9%
New Home Permits - 2nd Qtr	158	231	257	11.3%
New Home Permits - YTD	325	459	468	2.0%
Number of Home Sales - June	195	436	425	-2.5%
Number of Home Sales - 2nd Qtr	607	1,152	1,207	4.8%
Number of Home Sales - YTD	1,024	1,877	2,009	7.0%
Average Home Sale Price - June	\$ 94,003	\$ 170,383	\$ 170,657	0.2%
Average Home Sale Price - 2nd Qtr	\$ 90,208	\$ 165,470	\$ 169,594	2.5%
Average Home Sale Price - YTD	\$ 86,404	\$ 161,641	\$ 166,458	3.0%
Dollar Volume Residential Real Estate Sales - June (1995\$)	\$ 17,572,167	\$ 47,451,991	\$ 45,204,559	-4.7%
Dollar Volume Residential Real Estate Sales - 2nd Qtr	\$ 52,658,470	\$ 122,000,293	\$ 127,775,717	4.7%
Dollar Volume Residential Real Estate Sales - YTD	\$ 85,395,998	\$ 194,533,977	\$ 209,135,166	7.5%
Employment				
Wage and Salary Employment - June	110,500	136,500	138,700	1.6%
Wage and Salary Employment - 2nd Qtr Average	110,265	137,000	139,235	1.6%
Wage and Salary Employment - YTD Average	109,850	136,085	138,685	1.9%
Unemployment Rate - June	5.1%	4.5%	3.8%	-15.6%
Unemployment Rate - 2nd Qtr Average	4.4%	3.9%	3.3%	-15.3%
Unemployment Rate - YTD Avg	4.4%	4.1%	3.4%	-18.0%
Oil and Gas (Regional)				
Oil Price/Barrel - June (WT Int. Crude)	\$ 18.83	\$ 101.68	\$ 56.24	-44.7%
Rig Count - June *	25	38	11	-71.1%
Oil Production - YTD *	74,295	52,313	52,931	1.2%
Value of Oil Production - YTD *	\$ 1,230,442	\$ 5,092,554	\$ 2,632,500	-48.3%
Agriculture (Regional)				
Cotton Price - June (cents/pound)	77.23	76.35	61.43	-19.5%
Cotton - Bales Ginned Crop Year (South Plains Region)	2,483,350	2,197,900	2,879,150	31.0%
Fat Cattle Price - June (\$/hd. Wt.)	\$ 61.33	\$ 149.75	\$ 151.19	1.0%
Value Cattle Marketed - YTD (\$000's - South Plains Region)	\$ 158,592	\$ 217,830	\$ 208,482	-4.3%
LUBBOCK ECONOMIC INDEX - JUNE	100.9	141.1	145.5	3.1%
(Base=100.0 January 1996)				

* Texas Railroad Commission District 8A (Lubbock Area)

The Lubbock Economy

The Lubbock Economic Index 2009 - 2015



The Lubbock Economy

The Lubbock Economic Index January 1996 - June 2015

