



# LUBBOCK NATIONAL BANK

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July 10, 2015

**The Lubbock Economic Index logged another impressive increase in May rising to 145.3 up from 144.6 in April, and up 3.7% from the May 2014 LEI of 140.2.** That marks the third straight monthly increase after a period of little or no movement for the few months prior to that. A record monthly building permit total helped to push the index higher in May, along with strong year-over-year growth in general real spending, new housing construction, existing home sales, and a new record monthly average home sale price.

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 May sales tax receipts was up by an impressive 6.4% compared to May of a year ago, pulling the year-to-date total to 3.8% improved over the first five months of 2014. Growth rates in this important local economic indicator have moved upward in 2015 after slowing a bit in 2014 (through May of last year, general real spending was up by only about 1% compared to the first five months of the prior year).
- An estimated 2,200 jobs were added to Lubbock metro area payrolls over the last 12 months for a year-over-year growth rate of about 1.6%. That remains consistent with rates of job growth in 2014 and thus far in 2015 (and in fact the average rate of year-over-year employment growth in 2014 was 1.6%) – generally modest but very steady job growth. The unemployment rate continues to come down as well, dropping by another 15% compared to May of a year ago at 3.2% for the month. That matches the May 2007 unemployment rate, the low point (for the month of May) in the city’s unemployment rate prior to the recession that began in late 2008.

Auto sales were down for the month with inflation-adjusted spending on new and used automobiles posting a 9.4% rate of decline compared to May of a year ago. Auto sales have been on a tear for the last five years (2010-2014) but have flattened thus far in 2015, down by just over 3% compared to the first five months of a year ago.

Construction in the city was already well into record territory through April before posting a monthly record for building permit valuations in May. The monthly total of \$87.4 million is a record for the month of May by far (and nearly doubling the May 2014 total) and is the second-highest total for any month behind only the \$90.5 million in permit valuations from July 2005. That brings the year-to-date through May total to a record \$305 million, up by over 42% compared to the first five months of a year ago.

New housing construction remains in positive year-over-year territory through May with the number of single-family residence permits up by just over 4% compared to the January-May 2014 total (which in turn was down by over 18% compared to the prior year). In May alone, an additional eight permits were issued compared to May of a year ago, an increase of about 10%.

Existing home sales were up sharply for the month with the number of closed sales nearly 17% higher compared to May of a year ago, and the second-highest total ever for the month of May (427 homes were sold in May in the record year of 2013, compared to 422 sales in May of this year). For the year-to-date

existing home sales in Lubbock are up by nearly 10% compared to the first five months of 2014. The May 2015 monthly average sale price surpassed \$172,000 for the first time ever, and is up by over 6% compared to May of a year ago.

Average home sale prices are posted in nominal terms (unadjusted for inflation). In inflation-adjusted terms, the total dollar volume of residential real estate sales activity is at a record level through May 2015, and is up by 11.5% compared to the total through May 2014. The May 2015 monthly total represents a May monthly record, and is up by a sharp 21.5% compared to May of a year ago.

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## Lubbock Consumer Price Index

### **Falling energy prices over the last year continue to push the rate of growth in the Lubbock Consumer Price Index downward, which dropped to 2.1% in May down from 2.2% in April.**

The rate of price increase as reflected by the food and grocery sector of the Lubbock Consumer Price Index moderated a bit in May falling back to 3.3%, down from 3.5% in March and April.

The rate of change in the housing portion of the Lubbock CPI ticked upward slightly in May increasing to 3.3% up from 3.2% in April, pushed upward a bit by rising home sale prices.

The rate of price increase in the energy/utilities sector continues to fall, dropping to 0 in May (meaning the CPI value is unchanged compared to May of a year ago). Crude oil prices have been sharply on the decline since mid-year 2014 and lower gasoline prices reflect that decline. Natural gas prices are lower as well, helping to keep a lid on electric power rates (natural gas is increasingly used as fuel for electric power generation). And again, for the very same reasons the national “energy” CPI remains actually negative compared to year-ago levels.

The health care sector of the Lubbock CPI was unchanged yet again from April to May at 2.6%. The US national medical care CPI is up by 2.8% in May down from 2.9% in April. In the southern region of the US, including Texas, the medical care portion of the Consumer Price Index rose in May to 2.2% up from 1.8% in April.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock was unchanged from April to May at 1.5%.

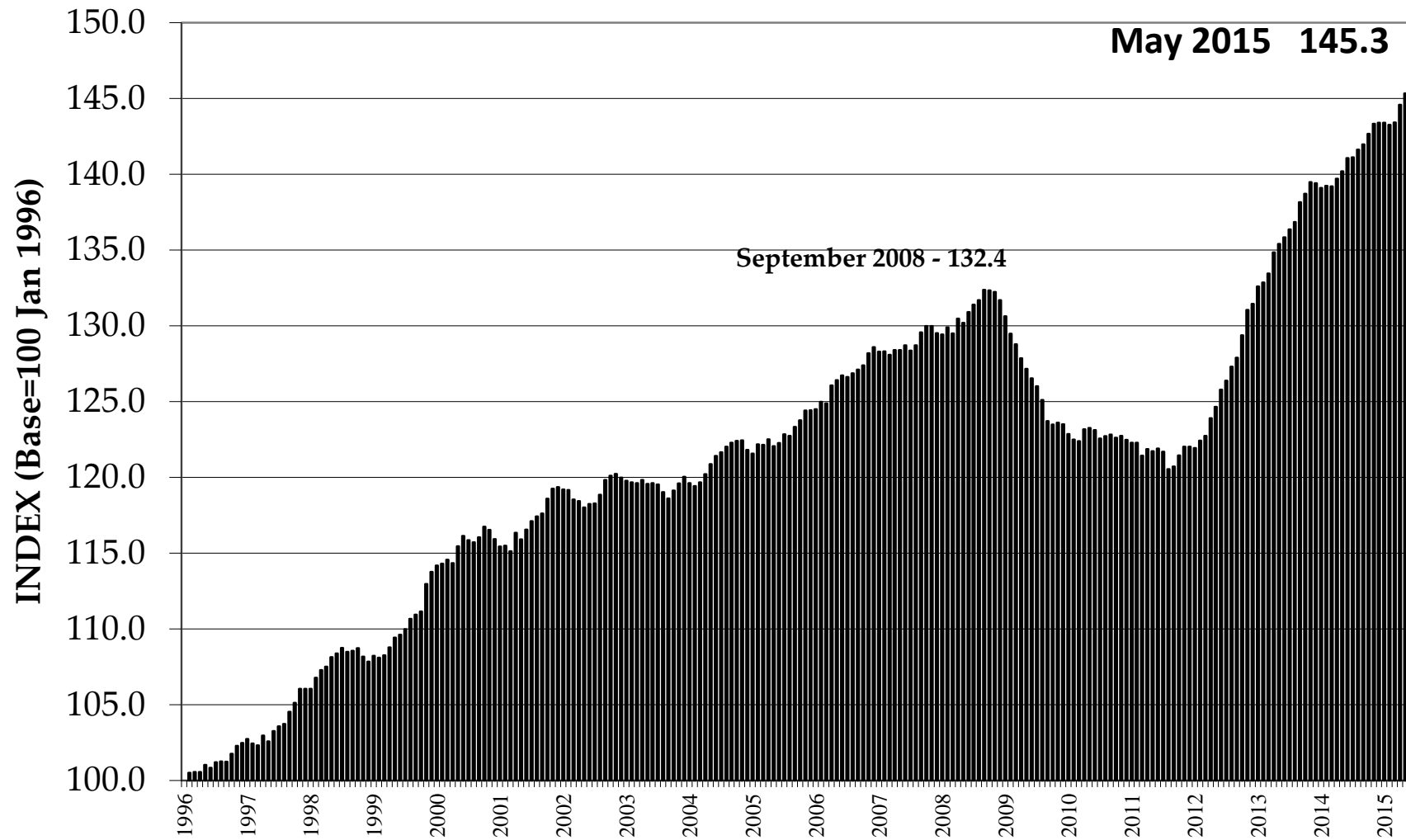
Again, falling energy prices continue to keep the national CPI-U (the US Consumer Price Index, a broad measure of price change over time) and the May 2015 CPI was unchanged compared to May of a year ago (a 0% rate of change). When food and energy are removed the so-called “core CPI” increased by 1.7% in May, down from 1.8% in April.

The CPI for the southern region of the US (which includes Texas) remains slightly lower relative to year-ago levels with the May CPI for the region down by .4% compared to May of a year ago, compared to a -.6% rate of change in April.

The Dallas-Fort Worth metro area CPI was newly updated in May, and 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 last 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. The Dallas-Fort Worth and Houston metro area CPI values are calculated every other month on off months from one another.

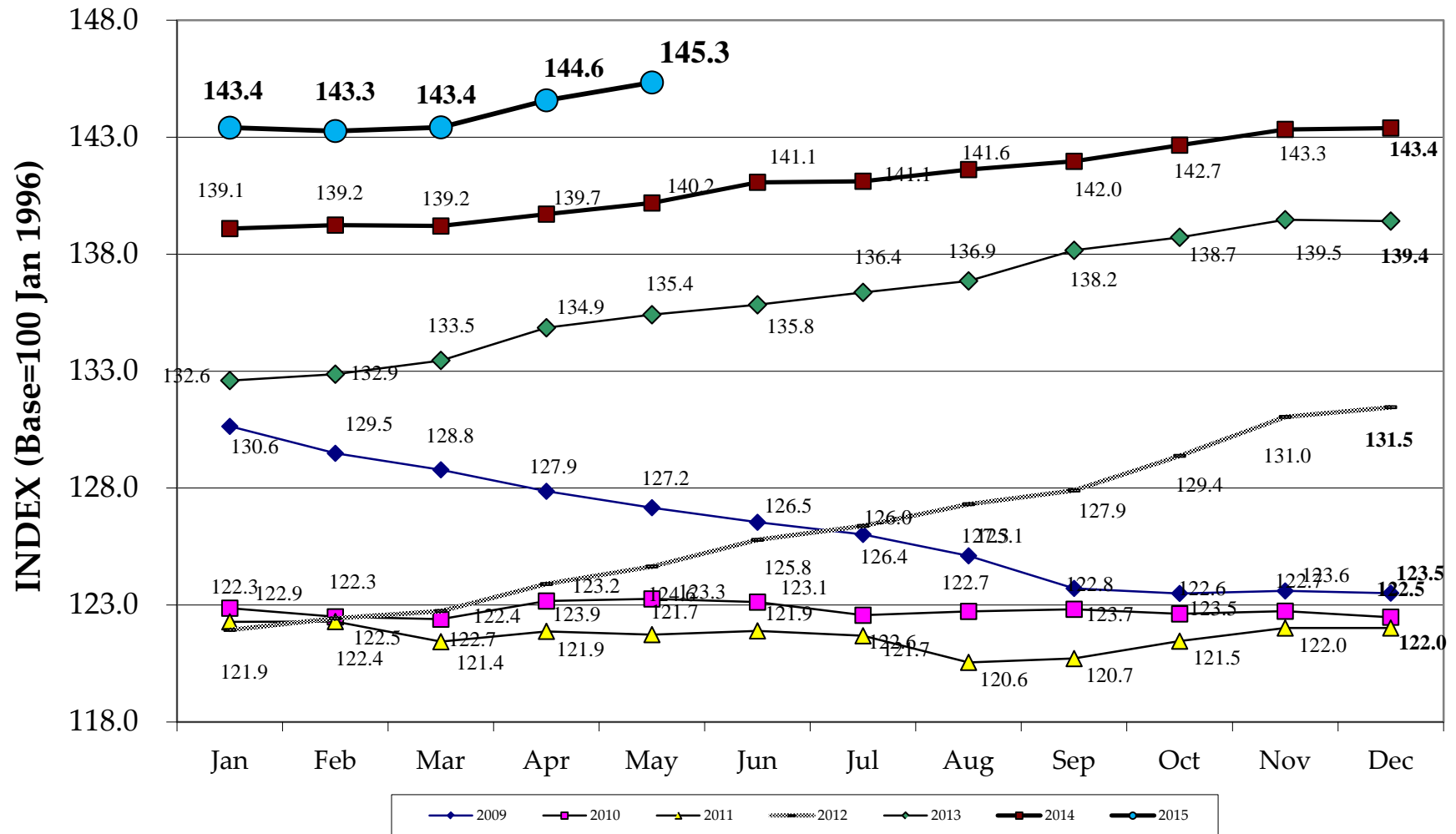
# The Lubbock Economy

The Lubbock Economic Index January 1996 - May 2015



# The Lubbock Economy

## The Lubbock Economic Index 2009 - 2015



# The Lubbock Economic Index

<i>Lubbock Economic Indicators May 2015</i>	<i>Base Year 1996</i>	<i>One Year Ago 2014</i>	<i>This Year 2015</i>	<i>Percent Change 2014-2015</i>
Retail Sales - April (\$000s - Per Sales Tax Rebates in 1995\$)	\$ 184,696	\$ 273,471	\$ 291,085	6.4%
Retail Sales - Year-To-Date	\$ 868,916	\$ 1,205,550	\$ 1,250,765	3.8%
Dollars Spent on Auto Purchases - April (\$000s in 1995\$)	\$ 45,293	\$ 69,027	\$ 62,564	-9.4%
Dollars Spent on Auto Purchases YTD	\$ 184,100	\$ 344,998	\$ 334,003	-3.2%
Lodging Tax Receipts - YTD	\$ 882,021	\$ 2,277,506	\$ 2,385,003	4.7%
Airline Boardings - April	53,564	42,024	42,097	0.2%
Airline Boardings - YTD	241,577	183,181	181,271	-1.0%
Value All Construction Permits - April	\$ 15,699,310	\$ 45,573,061	\$ 87,381,333	91.7%
Value All Construction Permits - YTD	\$ 65,094,191	\$ 213,728,194	\$ 304,979,077	42.7%
New Home Permits - April	45	76	84	10.5%
New Home Permits - YTD	270	370	386	4.3%
Number of Home Sales - April	213	361	422	16.9%
Number of Home Sales - YTD	829	1,441	1,584	9.9%
Average Home Sale Price - April	\$ 93,785	\$ 161,765	\$ 172,313	6.5%
Average Home Sale Price - YTD	\$ 84,429	\$ 158,860	\$ 165,331	4.1%
<b>Employment</b>				
Wage and Salary Employment - Month	110,300	137,500	139,700	1.6%
Wage and Salary Employment - YTD Average	109,720	136,000	138,680	2.0%
Unemployment Rate - April	4.1%	3.8%	3.2%	-15.8%
Unemployment Rate - YTD Avg	4.3%	4.0%	3.3%	-18.1%
<b>Oil and Gas (Regional)</b>				
Oil Price/Barrel - April (WT Int. Crude)	\$ 19.52	\$ 98.32	\$ 55.95	-43.1%
Rig Count - April *	29	38	13	-65.8%
Oil Production - YTD *	61,515	43,419	43,702	0.7%
Value of Oil Production - YTD *	\$ 988,954	\$ 4,188,241	\$ 2,109,179	-49.6%
<b>Agriculture (Regional)</b>				
Cotton Price - April (cents/pound) +	80.05	80.54	61.45	-23.7%
Cotton - Bales Ginned Crop Year ++	2,483,350	2,197,900	2,879,150	31.0%
Fat Cattle Price - April (\$/hd. Wt.)	\$ 59.76	\$ 145.75	\$ 160.60	10.2%
Value Cattle Marketed - YTD (\$000's) ++	\$ 135,899	\$ 186,393	\$ 179,756	-3.6%
<b>INDEX - April (Base=100 January 1996)</b>	<b>101.0</b>	<b>140.2</b>	<b>145.3</b>	<b>3.7%</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