



November 12, 2015

Lubbock Economic Index

The Lubbock Economic Index continued its rise in September improving to 146.9 up from 146.3 in August (which was revised upward from 146.2 due to an upward revision in August payroll employment), and up 3.5% from the September 2014 LEI of 141.9.

The housing indicators largely fueled growth in the Lubbock Economic Index in September with sharp monthly and third quarter increases in housing sales and new single-family housing construction permits. The employment situation certainly remains favorable as well with steady job growth and unemployment rate decline. General spending was generally flat for the month and quarter, and auto sales remain slightly negative compared to some very strong numbers in 2014.

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 third quarter sales tax receipts was up only modestly, posting a 1.4% increase over the third quarter 2014, which in turn was up by 4.1% compared to the prior year. The September real spending total was up by less than a percent compared to a strong total in September 2014, which was about 8% improved over September of the previous year. For the year-to-date through September general real spending is up by 2.8% compared to the first nine months of 2014.
- The rate of year-over-year employment growth ticked upward in September at 2.7%, the highest since the 3.1% recorded in January of this year. That suggests the addition of an estimated 3,700 jobs to the Lubbock economy over the last 12 months, the majority of which were added in trade/transportation/utilities, health services, and leisure & hospitality. The unemployment rate continues to come down fairly rapidly at 3.4% for September compared to 3.8% in September 2014. Not only is the current unemployment rate now below its pre-recession (2007-2008) level, it is actually the lowest September unemployment rate since 2000.

The auto sales sector continues to trend slightly downward in 2015 but again, that comes on the heels of five years of strong growth, the last three of which were years of double-digit percentage growth. Real (inflation-adjusted) spending on new and used automobiles in September was down by 4.8% compared to September of a year ago; however, the September 2014 auto spending total was up by 21% compared to September of the prior year, which in turn was also up by 21% compared to the year before that. Third quarter 2015 auto spending posted a 4% year-over-year decline compared to the third quarter 2014, which in turn was up by 14% compared to the prior year.

Third quarter building permit activity was down just slightly compared to the third quarter 2014, which in turn posted a 20% increase over the third quarter of the prior year. So construction activity remains very high in 2015 and the total building permit valuation total through September is easily a record total for the first nine months of the year at \$529 million, an increase of well over 25% compared to last year.

The 238 new single-family residence construction permits issued in the third quarter is the highest third quarter total since 2010, and is up by over 22% compared to the third quarter 2014. Of that total, 91 permits were issued in September, the highest September monthly total since the pre-recession year of

2008. The number of permits issued through September is up by a solid 8% compared to the first nine months of 2014 (which in turn was down by 8% compared to the prior year).

Existing home sales in Lubbock are simply booming in 2015 and September is no exception with the number of closed sales up by 20% compared to September of a year ago. The third quarter sales total is up by 13% year-over-year, and the year-to-date total remains well in record territory at over 9% improved over the first nine months of 2014. The rate of price increase is optimal at 2.1% for the third quarter, and 2% through September.

The regional influences are likely keeping a lid on growth rates in the Lubbock economy, and may well be at least partly responsible for the slowdown in general spending and auto sales. Crude oil prices – and thus regional exploration and production activity – are down sharply over the last year, and cattle and cotton prices are down as well compared to year-ago levels.

Lubbock Consumer Price Index

The rate of growth in the Lubbock Consumer Price Index continued its decline in September posting a 1.7% rate of year-over-year increase, compared to 1.8% in August.

The rate of price increase in the food and grocery sector of the Lubbock Consumer Price Index continues to come down, posting a 2.4% increase in September compared to 2.5% in August.

The rate of change in the housing portion of the Lubbock CPI was unchanged from August to September at 3.5%.

The rate of price increase in the energy/utilities sector fell yet further into actual negative territory with that portion of the Lubbock CPI down by 1% compared to its year-ago level. That compares to a -.8% rate of change in August.

The health care sector of the Lubbock CPI increased slightly in September to 2.5% compared to 2.4% in August. The US national health care CPI is also up by 2.5% in September, which is unchanged from August.

The rate of year-over-year price increase for various miscellaneous goods and services was unchanged (and is quite low) from August to September at 1.2%.

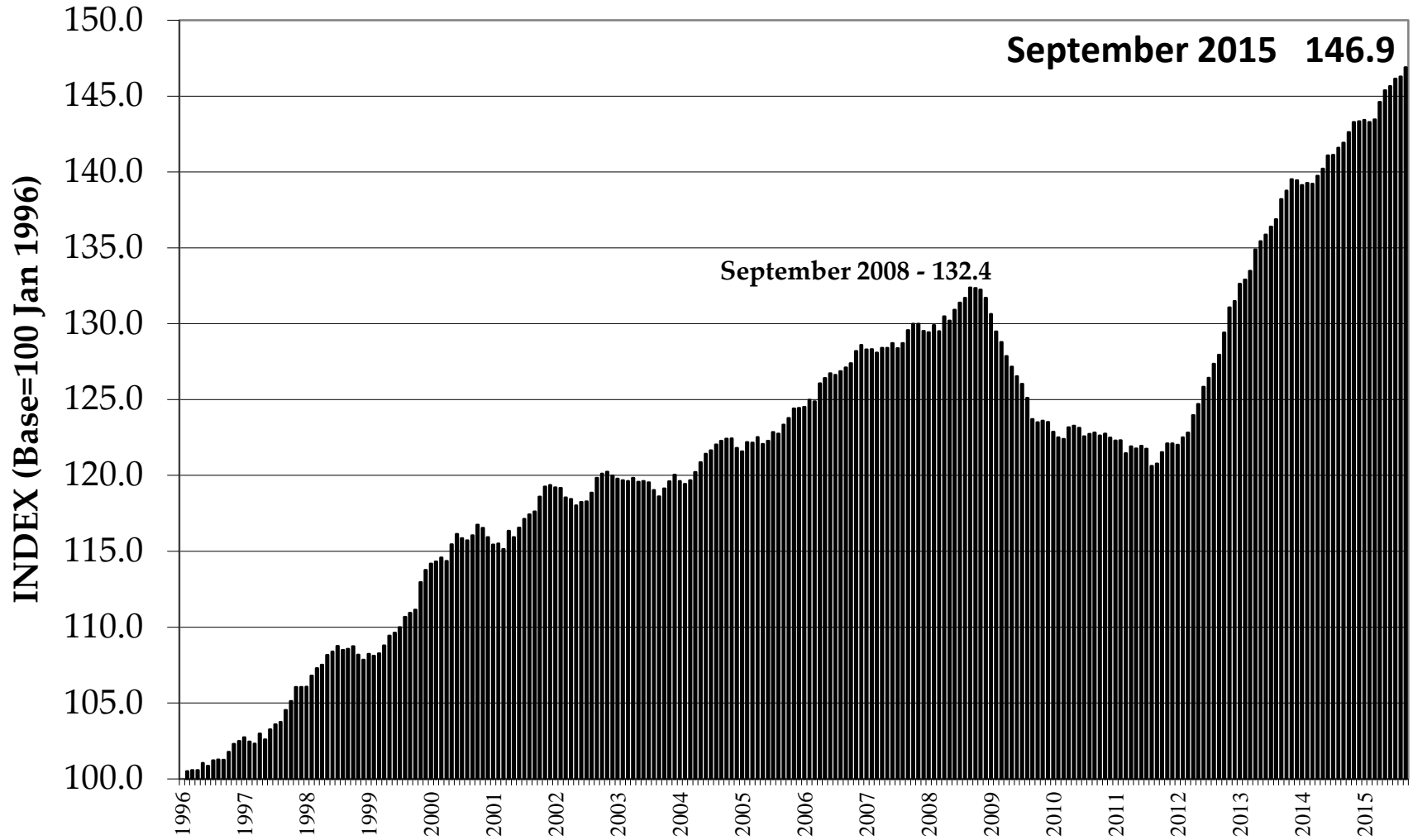
The national CPI-U (the US Consumer Price Index, a broad measure of price change over time) fell to 0 in September, compared to a very slight .2% rate of year-over-year change in August. When food and energy are removed the so-called “core CPI” rose slightly at a 1.9% rate in September, compared to 1.8% in August.

The CPI for the southern region of the US (which includes Texas) slid yet further into negative territory at -.4% in September, compared to -.2% in August.

The Dallas-Fort Worth metro area CPI was newly updated in September and continues to fall as well at a -.9% rate of change compared to September 2014, down from -.4% in July. The Houston metro area CPI was last updated in August and returned to positive year-over-year territory at .3% compared to August of a year ago, up from -.4% in July. The Dallas-Fort Worth and Houston metro area CPI values are calculated every other month on off months from one another.

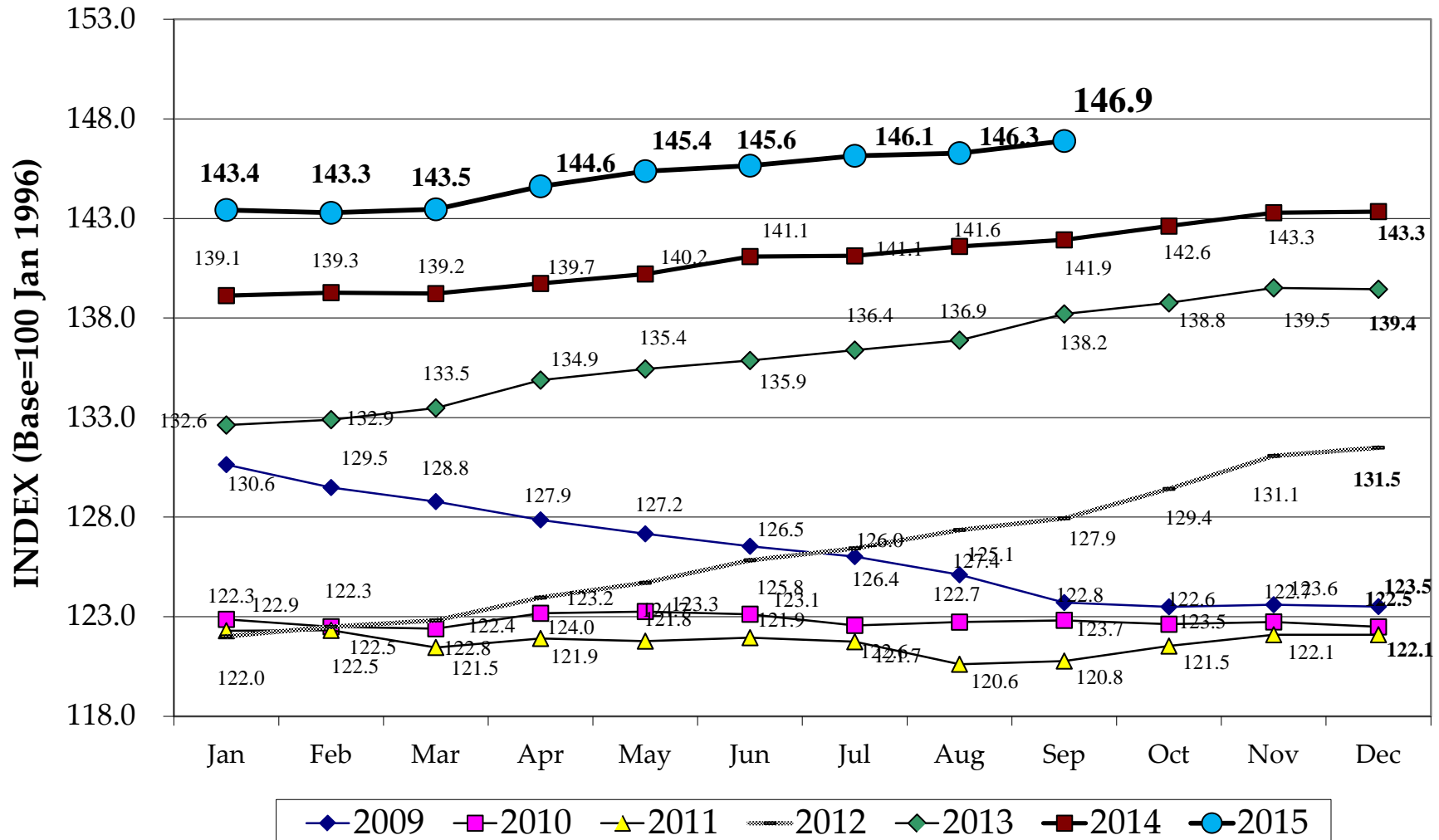
The Lubbock Economy

The Lubbock Economic Index January 1996 - September 2015



The Lubbock Economy

The Lubbock Economic Index 2009 - 2015



The Lubbock Economic Index

Lubbock Economic Indicators September 2015	Base Year 1996	One Year Ago 2014	This Year 2015	Percent Change 2014-2015
Retail Sales - September (\$000s in 1995 dollars)	\$ 161,304	\$ 225,901	\$ 227,266	0.6%
Retail Sales - 3rd Qtr	\$ 489,126	\$ 708,090	\$ 717,757	1.4%
Retail Sales - Year-To-Date	\$ 1,513,857	\$ 2,133,174	\$ 2,193,839	2.8%
Dollars Spent on Auto Purchases - September (\$000s in 1995 Dollars)	\$ 35,435	\$ 77,148	\$ 73,476	-4.8%
Dollars Spent on Auto Purchases - 3rd Qtr	\$ 117,539	\$ 222,329	\$ 213,442	-4.0%
Dollars Spent on Auto Purchases - YTD	\$ 339,973	\$ 635,901	\$ 616,261	-3.1%
Lodging Tax Receipts - YTD	\$ 1,400,656	\$ 4,503,455	\$ 5,455,210	21.1%
Airline Boardings - September	51,622	38,354	39,328	2.5%
Airline Boardings - 3rd Qtr	158,983	118,821	119,601	0.7%
Airline Boardings - YTD	453,756	344,310	340,830	-1.0%
Value All Construction Permits - September	\$ 13,529,596	\$ 47,155,752	\$ 48,206,192	2.2%
Value All Construction Permits - 3rd Qtr	\$ 56,133,376	\$ 153,371,716	\$ 150,186,766	-2.1%
Value All Construction Permits - YTD	\$ 131,187,236	\$ 417,427,611	\$ 528,950,006	26.7%
New Home Permits - September	43	59	91	54.2%
New Home Permits - 3rd Qtr	123	195	238	22.1%
New Home Permits - YTD	448	654	706	8.0%
Number of Home Sales - September	168	286	342	19.6%
Number of Home Sales - 3rd Qtr	607	1,053	1,197	13.7%
Number of Home Sales - YTD	1,631	2,930	3,206	9.4%
Average Home Sale Price - September	\$ 87,394	\$ 167,443	\$ 169,231	1.1%
Average Home Sale Price - 3rd Qtr	\$ 89,647	\$ 165,087	\$ 168,570	2.1%
Average Home Sale Price - YTD	\$ 87,286	\$ 162,870	\$ 167,246	2.7%
Dollar Volume Residential Real Estate Sales - September (1995\$)	\$ 13,957,221	\$ 30,381,826	\$ 35,898,732	18.2%
Dollar Volume Residential Real Estate Sales - 3rd Qtr	\$ 49,822,610	\$ 110,569,997	\$ 125,372,040	13.4%
Dollar Volume Residential Real Estate Sales - YTD	\$ 135,218,608	\$ 305,103,974	\$ 334,507,205	9.6%
Employment				
Wage and Salary Employment - September	111,400	137,200	140,900	2.7%
Wage and Salary Employment - 3rd Qtr Avg	110,435	136,765	139,700	2.1%
Wage and Salary Employment - YTD Avg	110,045	136,310	139,100	2.0%
Unemployment Rate - September	3.6%	3.8%	3.4%	-10.5%
Unemployment Rate - 3rd Qtr Avg	4.2%	4.2%	3.5%	-16.5%
Unemployment Rate - YTD Avg	4.3%	4.1%	3.4%	-18.0%
Oil and Gas (Regional)				
Oil Price/Barrel - September (WT Int. Crude)	\$ 22.23	\$ 89.57	\$ 41.91	-53.2%
Rig Count - September *	16	38	17	-55.3%
Oil Production (000 bbls) - YTD *	111,534	78,368	78,979	0.8%
Value of Oil Production (\$000s) - YTD *	\$ 1,956,597	\$ 7,534,782	\$ 3,755,342	-50.2%
Agriculture (Regional)				
Cotton Price - September (cents/pound) +	72.53	64.27	58.14	-9.5%
Fat Cattle Price - September (\$/hd. Wt.)	\$ 71.09	\$ 160.07	\$ 135.01	-15.7%
Value Cattle Marketed - YTD ++	\$ 219,965	\$ 317,840	\$ 271,624	-14.5%
LUBBOCK ECONOMIC INDEX - SEPTEMBER	101.3	141.9	146.9	3.5%
(Base=100.0 January 1996)				

* Texas Railroad Commission District 8A (Lubbock Area)

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

++ Tx Crop Reporting District 1-S