



# LUBBOCK NATIONAL BANK

## Lubbock Economic Index and Consumer Price Index

March/1<sup>st</sup> Quarter 2013

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April 25, 2013

### Lubbock Economic Index

**The Lubbock Economic Index improved significantly in March, rising to 133.5 up from 132.7 in February, and up 8.7% from the March 2012 LEI of 122.8.** The index improved by about 1.5% over the course of the first quarter, which translates to an annualized growth rate of 6%.

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 up a sharp 7.7% compared to the first quarter of a year ago, and again is easily a record total for the first quarter. In March, real spending per sales tax receipts was up by nearly 8% compared to March of 2012. The general spending sector, a critical local economic indicator, is beginning its third straight year of recovery and growth, and general real spending has gained momentum moving into 2013, posting some of the highest year-over-year growth rates ever observed over the history of the LEI analysis.
- Payroll employment growth continues at a respectable pace through the month of March, with the addition of an estimated 2,600 jobs over the course of the last 12 months, a year-over-year growth rate of some 2.0%. First quarter employment growth averaged about 2.2% compared to the first quarter of a year ago. The unemployment rate continues to come down steadily as well, and the net result is an employment situation in Lubbock that signals economic growth. Hopefully the pace of employment growth will continue to improve as the overall Lubbock economy continues to expand over the balance of the year 2013.

Auto sales continue to expand in Lubbock, with inflation-adjusted spending on new and used automobiles up by over 11% in the first quarter compared to the first quarter of 2012, which in turn was also up by about 11% compared to the prior year. March real auto spending was up by over 9% compared to the March 2012 inflation-adjusted total.

The March 2013 building permit valuation total was down by about 11% compared to March of a year ago; however, the March 2012 total was up by over 60% compared to the prior year, so the March 2013 total looks more respectable in that context. And for the first quarter, the building permit total was up by a solid 25% compared to the first quarter of 2012.

Housing construction remains on the rise as well with the first quarter single-family residence building permit total up by 60% compared to the first quarter year-ago total, and in fact, the first quarter 2013 total was the highest first quarter total since 2006. For the month, March housing construction permits were up by nearly 40% compared to March of a year ago.

The 828 closed housing sales in the first quarter of the year represent a record home sales total for the first quarter. The sales data for the Lubbock Economic Index dates back to 1995, and the Real Estate Center at Texas A&M University, a central collecting point for real estate data in Texas cities, has data as far back as 1990. It is extremely unlikely there is any point prior to that for which housing sales would have been higher, simply because the inventory did not exist to support a sales level that high. So these are indeed extraordinary times in the Lubbock residential real estate market in terms of the number of sales, the price of those sales, and the total dollar volume of activity.

The March monthly sales total, and the first quarter total were each up by over 34% compared to the year-ago numbers; the first quarter average price was up sharply – nearly 9% - compared to the first quarter 2012 average. The total dollar volume of real estate sales activity in the first quarter was up by a whopping 46% compared to the first quarter of 2012 (about 43.6% when adjusted for inflation).

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## Lubbock Consumer Price Index

**The rate of overall price increase in Lubbock continues to come down slowly but steadily, dipping to 2.2% in March, compared to 2.3% in February, and about 3.3% in March of 2012.**

The food/grocery sector of the Lubbock CPI remains on the decline, falling to 1.5% in March, down from 1.6% in February and well over 4% a year ago.

The rate of change in the housing portion of the Lubbock CPI increased again in March, rising to 3.4% up from 3.3% in February. The rate of year-over-year price increase in the energy/utilities sector declined in March, however, dipping to 2.1% down from 2.4% in February.

The health care sector of the Lubbock CPI was unchanged from February to March at 3.1%. The year-over-year rate of change in the US health care CPI was unchanged in March for the third straight month, also at 3.1%.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock declined in March to 1.0%, down from 1.2% in February.

The US CPI-U (the benchmark CPI for consumers of all goods and services at the national level) retreated in March after a sharp uptick in February; the rate of year-over-year change fell to 1.5% in March, down from 2.0% in February.

The rate of increase in the CPI in the southern region of the US (which includes Texas) also declined in March, dipping to 1.5% down from 1.8% in February.

The Dallas and Houston CPI values are calculated every other month (on off-months). The Dallas CPI was updated in March, falling to 1.8% compared to 2.1% in January. The Houston CPI was last updated in February, and, again, continued to decline yet further dipping to .7%, down from 1.0% in December.



## Lubbock Economic Indicators

Economic Indicators March/1st Quarter 2013	Base Year 1996	One Year Ago 2012	This Year 2013	Percent Change 2012-2013
Retail Sales - March (\$000s - Per Sales Tax Rebates in 1995\$)	\$ 144,722	\$ 185,609	\$ 200,202	7.9%
Retail Sales - 1st Quarter	\$ 533,757	\$ 668,312	\$ 719,735	7.7%
Dollars Spent on Auto Purchases - March (\$000s in 1995\$)	\$ 38,566	\$ 55,870	\$ 61,129	9.4%
Dollars Spent on Auto Purchases 1st Quarter	\$ 103,197	\$ 154,140	\$ 171,308	11.1%
Lodging Tax Receipts - 1st Quarter	\$ 467,309	\$ 1,149,173	\$ 1,150,330	0.1%
Airline Boardings - March	54,170	42,697	40,960	-4.1%
Airline Boardings - 1st Quarter	139,591	115,511	104,692	-9.4%
Value All Construction Permits - March	\$ 11,736,444	\$ 31,714,029	\$ 28,168,491	-11.2%
Value All Construction Permits - 1st Quarter	\$ 37,793,813	\$ 85,970,853	\$ 107,277,332	24.8%
New Home Permits - March	64	58	81	39.7%
New Home Permits - 1st Quarter	167	165	264	60.0%
Number of Home Sales - March	143	268	361	34.7%
Number of Home Sales - 1st Quarter	417	617	828	34.2%
Average Home Sale Price - March	\$ 79,502	\$ 141,823	\$ 146,923	3.6%
Average Home Sale Price - 1st Quarter	\$ 80,866	\$ 140,552	\$ 152,966	8.8%
<b>Employment</b>				
Wage and Salary Employment - March	108,200	128,300	131,000	2.1%
Wage and Salary Employment - 1st Quarter Avg	107,567	128,100	130,900	2.2%
Unemployment Rate - March	4.3%	5.8%	5.3%	-8.6%
Unemployment Rate - 1st Quarter Avg	4.4%	5.8%	5.3%	-9.1%
<b>Oil and Gas (Regional)</b>				
Oil Price/Barrel - March (WT Int. Crude)	\$ 19.59	\$ 102.79	\$ 89.73	-12.7%
Rig Count - March *	22	35	40	14.3%
Oil Production - YTD *	37,287	26,951	26,591	-1.3%
Value of Oil Production - YTD *	\$ 587,626	\$ 2,677,757	\$ 2,417,546	-9.7%
<b>Agriculture (Regional)</b>				
Cotton Price - March (cents/pound) +	79.25	81.98	80.36	-2.0%
Cotton - Bales Ginned Crop Year ++	2,483,350	1,450,700	2,365,750	63.1%
Fat Cattle Price - March (\$/hd. Wt.)	\$ 61.74	\$ 127.08	\$ 126.73	-0.3%
Value Cattle Marketed - 1st Quarter (\$000's) ++	\$ 73,777	\$ 89,950	\$ 101,710	13.1%
<b>INDEX - March (Base=100 January 1996)</b>	<b>100.6</b>	<b>122.8</b>	<b>133.5</b>	<b>8.7%</b>

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

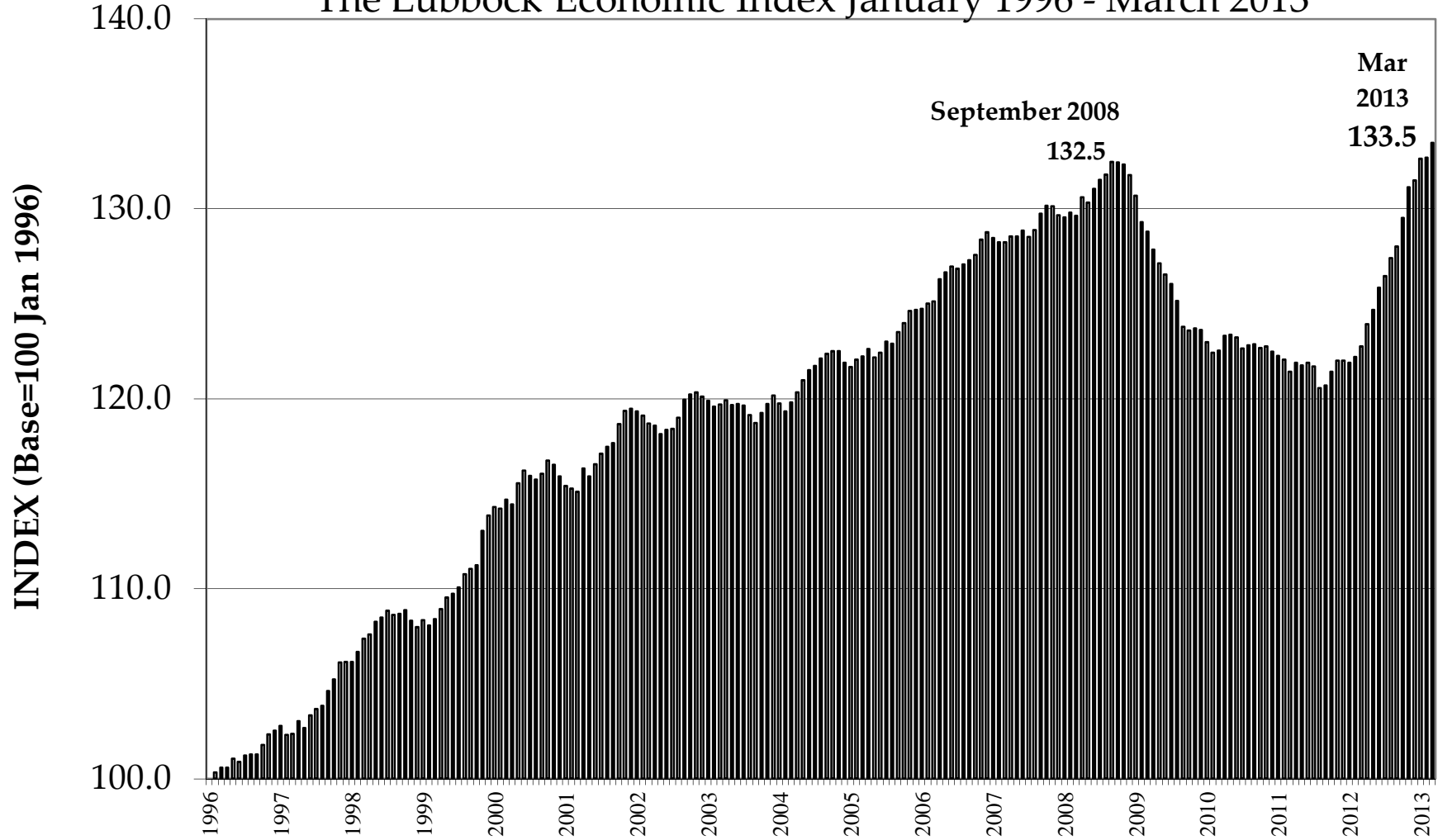
+ Average Monthly Spot Price for 41,4,34; mxd lots, net wt, compressed, FOB Car/Truck

++ Texas South Plains



# LUBBOCK NATIONAL BANK

The Lubbock Economic Index January 1996 - March 2013



**The Lubbock Economic Index 2007 - 2013**
