

The Lubbock Economy

JULY 2023



Awesome Service
No BS.

Lubbock Economic Analysis

Entering mid-year, we continue to see the local economy holding in light of increased interest rates for the full year of 2023 with a potential of a couple more interest rate increases in July and September. Inflation has cooled to 3% in the national economy due to rate increases from the Federal Reserve Bank, but still, not the 2% target rate the Fed would like to see. We saw increases in new and used vehicle sales and retail sales continue to improve year-over-year, although adjusted for inflation. Hotel/Motel tax was up from last year and employment has remained steady with a slight increase in labor wages. Looking through mid-year our economy remains steady and resilient.

Retail sales for June 2023 are up 4% since June 2022. YTD retail sales are up 4% from last year, mostly driven by higher prices. New vehicle sales saw a 44% increase from last June and used vehicle sales are up 10.5%.

Hotel/Motel tax collections saw a 4% increase from last June. Airline boardings are up 6% since June 2022.

Workers Employed are up 2,500 over the last 12 months on the Employer Survey and over 1,369 on the household survey. The labor force has increased 0.63% compared to June 2022 and wages are up 4% from last year. Unemployment is slightly lower at 3.7% compared to last year at this time, which was 3.9%.

The dollar amount of building permits for June totaled \$67 million, up 101% from last year. There were 186 new residential starts in June, up 118% from last year. We believe that we will continue to see residential activity in future months to replace low inventories, but not sure how much supply will be added. The median house price was \$245,000, down 2% from one year ago.

Commercial building activity YTD is down \$54 million from last year. There were 95 new commercial starts in June, down 8% from last year. Although Commercial activity for July 2023 still lags behind last year's activity, there were several commercial projects permitted primarily for small commercial projects and remodels. Lubbock's current residential activity has improved since June 2022, although still behind year-to-date in building permits and dollars. Depending on the possibility of increasing interest rates, the remainder of 2023 will be a reflection of activity in the building industry in the second half of 2023.

Oil prices compared to last year are down 23% and natural gas has dropped by 63%. Rig count has decreased from 15 to 14 compared to last year. For June, wheat is down 23%, corn is down 27% and cotton is down 39% when compared to June 2022. Drought conditions have improved with the recent rains and planting has been completed, but hot temperatures can affect growing crops. Additional moisture will be needed throughout the summer to ensure a good crop. Fat cattle are up 31% for the month when compared to June one year ago and milk prices are down 27%. Agricultural conditions are important as crops are progressing in the field and beginning to need rain. Crops look favorable as of mid-season.

Lubbock Economic Pulse

Economic Components	Current Month	Last Month	One Year Ago
Index (Base Jan. 88 @ 100)	279.88	306.94	575.07
Sales Tax Collections	\$ 7,909,081	\$ 7,600,632	\$ 7,603,664
Sales Tax Collections – Year to Date	\$ 57,987,668	\$ 50,078,587	\$ 55,660,144
New Vehicle Sales	1,001	995	697
Used Vehicle Sales	2,147	1,953	1,942
Airline Boardings	48,008	49,565	45,038
Hotel/Motel Receipt Tax	894,286	889,232	862,189
Population	263,648	263,648	263,648
Employment – CLF*	170,049	170,378	168,991
Unemployment Rate*	% 3.70	% 3.40	% 3.90
Total Workers Employed* (Household Survey)	163,704	164,620	162,335
Total Workers Employed* (Employer Survey)	158,400	159,500	155,900
Average Weekly Wages	\$ 966.00	\$ 966.00	\$ 928.00
Gas Meters	77,243	77,928	76,584
Interest Rates (30 year mortgage rates)	% 6.750	% 6.625	% 6.125
Building Permits (Dollar Amount)	67,283,164	\$ 122,865,440	\$ 33,457,586
Year to Date Permits (Dollar Amount)	186	\$ 154	\$ 85
Residential Starts	933	747	1,491
Year to Date Starts	634,654	641,288	959,155
Median House Sold Price	\$ 245,000	\$ 255,000	\$ 249,975
Drilling Rigs in Panhandle	14	19	15
Oil Per Barrel	\$ 74.43	\$ 71.29	\$ 96.30
Natural Gas	\$ 2.53	\$ 2.34	\$ 6.83
Wheat Per Bushel	\$ 7.13	\$ 6.91	\$ 9.27
Fed Cattle Per CWT	\$ 179.00	\$ 180.00	\$ 137.00
Corn	\$ 5.00	\$ 6.05	\$ 6.85
Cotton (Cents Per Pound)	\$ 77.27	\$ 79.22	\$ 127.09
Milk	\$ 16.40	\$ 16.75	\$ 22.50

Earn

5%^{APY*}

On our 6 & 12
month CDs!

We are committed to
paying you a Fair Rate.
Paying you **MORE** than
most other banks!

Rates



*Annual Percentage Yield (APY) is effective as of June 30, 2023. Rates are updated every Friday and are subject to change daily. \$1,000 minimum deposit required to open all Certificates of Deposit. Fees may reduce earnings. Penalty will be imposed for early withdrawal. For Certificates of Deposit with a stated maturity greater than one year, interest cannot remain on deposit and payout of interest is required annually.

LubbockNational.com | Member FDIC



Awesome Service
No BS.