

The Lubbock Economy

MARCH 2023



Branch of Amarillo National Bank

Lubbock Economic Analysis

In March, there was a whirlwind of economic activity. Concerns about rising prices remain high with the most recent report pegging inflation at 6% year over year. The Feds are continuing their balancing act of determining how much to raise interest rates to try and combat the swelling economy. Lubbock is facing some challenges with inflation and the potential for rate increases to fight it. However, our diverse economy continues to thrive even in times of economic downturn.

Retail sales for February 2023 are up 7% when compared to February 2022 driven by higher prices. YTD retail sales are up 6% from last year again mostly driven by higher prices. New vehicle sales saw a 3% decrease from last February, and used vehicle sales are down 4%. Both are affected by supply chain issues and increases in interest rates.

Hotel/motel tax collections have increased by 19% since last year, and airline boarding's are up 26% since February 2022. Both a reflection that our economy is open and regulations have softened.

Workers Employed are up 4,100 over 12 months ago on the Employer Survey and over 1,100 on the household survey. The labor force has increased 0.98% compared to February 2022, and Wages are up 4% from last year. Unemployment has gone up from 3.6% to 3.9% since last year.

The dollar amount of building permits for February totaled \$66 million down 68% from last year. There were 146 new residential starts in February, down 39% from last year. Residential numbers are indicating a slowdown in growth, possibly resulting from the persistently higher interest rate and continued escalation of prices for various supplies and services. The median house price for February 2023 was \$225,000, down 2% from one year ago.

Commercial building activity year over year was down \$113 million from last year. There were 39 new commercial starts in February down 60% from last year. Last year included in the commercial activity was the new UMC Southwest Hospital for \$102 million, South Plains College Downtown \$13 million, various smaller commercial projects of \$16 million.

Oil prices compared to last year are down 29%, and natural gas has dropped by 46%. Rig count has increased to 12 from 6 last year. For February, wheat is down 32%, corn is down 18% and cotton is down 14% when compared to February 2022. Drought conditions remain a concern for yields. Fat cattle are up 11% for the month when compared to February one year ago, and milk prices are down 19%. Without any significant rain, weather conditions will continue to cause concern for the agricultural sector of the economy. The severe drought remaining persistent in the region could affect both cotton production and price.

Lubbock Economic Pulse

Economic Components	Current Month	Last Month	One Year Ago
Index (Base Jan. 88 @ 100)	253.89	252.27	355.00
Sales Tax Collections	\$ 7,325,302	\$ 10,323,551	\$ 6,859,267
Sales Tax Collections – Year to Date	\$ 25,652,260	\$ 18,326,958	\$ 24,147,264
New Vehicle Sales	767	841	789
Used Vehicle Sales	1,829	1,716	1,901
Airline Boardings	39,010	36,719	30,922
Hotel/Motel Receipt Tax	619,962	550,882	521,486
Population	263,648	263,648	263,648
Employment – CLF*	172,308	170,075	170,636
Unemployment Rate*	% 3.90	% 3.60	% 3.60
Total Workers Employed* (Household Survey)	165,578	164,009	164,443
Total Workers Employed* (Employer Survey)	158,900	159,700	154,800
Average Weekly Wages	\$ 966.00	\$ 966.00	\$ 928.00
Gas Meters	77,420	77,451	76,554
Interest Rates (30 year mortgage rates)	% 6.625	% 6.875	% 5.25
Building Permits (Dollar Amount)	66,627,693	\$ 53,237,852	\$ 206,043,168
Year to Date Permits (Dollar Amount)	119,865,546	\$ 53,237,852	\$ 388,860,028
Residential Starts	146	130	241
Year to Date Starts	276	130	562
Median House Sold Price	\$ 225,000	\$ 260,000	\$ 229,900
Drilling Rigs in Panhandle	12	13	6
Oil Per Barrel	\$ 68.00	\$ 79.10	\$ 96.18
Natural Gas	\$ 2.43	\$ 2.50	\$ 4.54
Wheat Per Bushel	\$ 7.72	\$ 8.65	\$ 11.35
Fed Cattle Per CWT	\$ 165.00	\$ 158.00	\$ 148.00
Corn	\$ 6.25	\$ 6.85	\$ 7.60
Cotton (Cents Per Pound)	\$ 82.07	\$ 83.24	\$ 95.90
Milk	\$ 17.75	\$ 18.00	\$ 22.00



LNB is Nothing Like the California or New York Banks...

Why We Are Different:

March 22, 2023	LNB	Silicon Valley Bank
Fixed Rate Bonds % of Assets*	5%	45%
Bond Losses % of Capital*	4%	101%
Bankers on Board of Directors*	100%	5%
Duration of Bond Portfolio*	2.8 Years	5.9 Years
Asset Growth Rate from Last 2 Years*	26%	84%

*Sources: UBPR 12/31/22, WSJ for SVB and ANB Board reports from 2/28/23

