

The Lubbock Economy

APRIL 2023



Lubbock Economic Analysis

Many uncertainties still remain in the economic cycle in April. Possible additional rate increases in May have left the Federal Reserve Bank still trying to decide its course of action. The retail sector continues to face price increases in just about every area. These continued price increases complicate the Federal Reserve's plans for interest rates. The question remains whether a trend for reduced CPI will continue. Inflation pressure, fear of rising interest rates along with drought conditions continue to take a toll on residential and commercial building activity as well as commodity prices.

Retail sales for March 2023 are up 11% when compared to March 2022 driven by higher prices. YTD retail sales are up 7% from last year again mostly driven by higher prices. New vehicle sales saw a 34% increase from last March, and used vehicle sales are up 25%. Although car prices and interest rates continue to rise, the demand for cars is starting to prevail indicated by the increase in both new and used car sales.

Hotel Motel tax collection remains strong compared to previous months, with reports showing continued growth even exceeding pre-pandemic numbers. Airline boardings are up 18% since March 2022, indicating that pandemic fears have subsided and the economy is open.

Workers Employed are up 3,800 over 12 months ago on the Employer Survey and over 700 on the household survey. The labor force has increased 1.07% compared to March 2022, and wages are up 4% from last year. Unemployment has gone up from 3.1% to 3.7% since last year.

The dollar amount of building permits for March totaled \$80.6 million, up 10% from last year. This is most likely an indication that we have burned through inventory and builders and developers are preparing to rebuild supply. There were 161 new residential starts in March, down 19% from last year. Residential numbers continue to show stress with interest rates continuing to slowdown growth in the overall housing market. Median house price was \$240,000, down 8% from one year ago.

Commercial building activity YTD is down \$180 million from last year. There were 99 new commercial starts in March, up 11% from last year. Although commercial activity was up for March 2023 it still lags behind last year's activity. Commercial activity for March 2023 reflected mainly smaller commercial remodel projects in the city. Lubbock's current construction activity both residential and commercial for the year 2023 is reflecting a softening with higher interest rates.

Oil prices compared to last year are down 23%, and natural gas has dropped by 69%. Rig count has increased to 11 from 6 last year. For March, wheat is down 32%, corn is down 10% and cotton is down 21% when compared to March 2022. Drought conditions remain a concern for yields. Fat cattle are up 25% for the month when compared to March one year ago, and milk prices are down 25%. The agricultural sector of the economy still has many headwinds ahead with prices for some commodities falling and prices for producing a crop still at higher prices and much needed rainfall.

Lubbock Economic Pulse

Economic Components	Current Month	Last Month	One Year Ago
Index (Base Jan. 88 @ 100)	281.65	253.89	385.89
Sales Tax Collections	\$ 7,362,574	\$ 7,325,302	\$ 6,623,551
Sales Tax Collections – Year to Date	\$ 33,014,834	\$ 25,652,260	\$ 30,770,815
New Vehicle Sales	974	767	727
Used Vehicle Sales	2,632	1,829	2,098
Airline Boardings	46,665	39,010	39,434
Hotel/Motel Receipt Tax	619,962	619,962	641,182
Population	263,648	263,648	263,648
Employment – CLF*	172,760	172,288	170,937
Unemployment Rate*	% 3.70	% 3.90	% 3.10
Total Workers Employed* (Household Survey)	166,285	165,571	165,587
Total Workers Employed* (Employer Survey)	158,800	158,900	155,000
Average Weekly Wages	\$ 966.00	\$ 966.00	\$ 928.00
Gas Meters	78,179	77,420	77,438
Interest Rates (30 year mortgage rates)	% 6.250	% 6.625	% 5.500
Building Permits (Dollar Amount)	80,600,424	\$ 66,627,693	\$ 72,961,124
Year to Date Permits (Dollar Amount)	200,465,970	\$ 119,865,546	\$ 461,821,152
Residential Starts	161	146	198
Year to Date Starts	437	276	760
Median House Sold Price	\$ 240,000	\$ 225,000	\$ 261,000
Drilling Rigs in Panhandle	11	12	6
Oil Per Barrel	\$ 81.94	\$ 68.00	\$ 106.95
Natural Gas	\$ 2.29	\$ 2.43	\$ 7.30
Wheat Per Bushel	\$ 7.52	\$ 7.72	\$ 11.00
Fed Cattle Per CWT	\$ 175.00	\$ 165.00	\$ 140.00
Corn	\$ 6.64	\$ 6.25	\$ 7.35
Cotton (Cents Per Pound)	\$ 78.57	\$ 82.07	\$ 99.77
Milk	\$ 18.10	\$ 17.75	\$ 24.00

Housing Market Stats

February 2023

	<u>Amarillo</u>	<u>Lubbock</u>	<u>CS/Bryan</u>	<u>Austin</u>	<u>Ft. Worth</u>	<u>San Antonio</u>
Median Sales Price	\$210,000	\$225,000	\$352,533	\$530,000	\$325,000	\$310,000
% VS Last Year	11.4%	-1.80%	7.0%	-6.0%	2.1%	2.0%
Units Sold	154	297	241	577	776	228
% VS Last Year	-16.8%	-19.5%	-7.0%	-29.0%	-10.1%	-17.0%
Active Listings	311	962	344	1778	1772	971
% VS Last Year	108.7%	206.4%	-28.0%	384.0%	153.5%	135.0%
Days on Market	58	64	108	74	95	70
# of Days VS Last Year	-1	-2	25	44	36	30