

# The Lubbock Economy

MAY 2023



# Lubbock Economic Analysis

Recent rains have lifted spirits with great timing for planting season. There are still hurdles in our local economy with another potential rate increase in June as the Fed continues to try and slow inflation. No questions rising rates have caused some slow down in the residential market; however, homes are still moving. Overall listings are way up but the housing industry has done a good job burning through inventory. As a result, permits are up. School is mostly out and we see the effects of this in a decline in retail numbers for the month. Local employment is strong. Overall, our local economy remains resilient moving into the summer months.

Retail sales for April 2023 are down 2.5% when compared to April 2022. YTD retail sales are up 5% from last year again mostly driven by higher prices. New vehicle sales saw a 21% decrease from last April, and used vehicle sales are down 38%.

Hotel Motel tax collection remains strong compared to previous months, with reports showing continued growth even exceeding pre-pandemic numbers. Airline boardings are up 9% since April 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 1,200 on the household survey. The labor force has increased 0.82% compared to April 2022, and wages are up 4% from last year. Unemployment is even from where it was a year ago.

The dollar amount of building permits for April totaled \$244 million, up almost 200% from last year. There were 156 new residential starts in April, up 12% from last year. Builders have burned through inventory and are beginning to replenish their supply but there is still stress with interest rates continuing to slowdown growth in the overall housing market. Median house price was \$239,990, up 2% from one year ago.

Commercial building activity YTD is down \$11 million from last year. There were 62 new commercial starts in April, the same as last year. Although commercial activity was up for April 2023 it still lags behind last year's activity. Commercial activity for April 2023 included the new Frenship High School of \$190 million and smaller commercial construction and remodel projects in the city. Lubbock's current construction activity both residential and commercial for the year 2023 is continuing a softening with higher interest rates.

Oil prices compared to last year are down 38%, and natural gas has dropped by 70%. Rig count has increased to 19 from 17 last year. For April, wheat is down 40%, corn is down 25% and cotton is down 22% when compared to April 2022. Recent rains have come along just in time for planting season. Fat cattle are up 24% for the month when compared to April one year ago, and milk prices are down 24%. With recent rains generally over the South Plains crop forecasts look improved.

# Lubbock Economic Pulse

Economic Components	Current Month	Last Month	One Year Ago
Index (Base Jan. 88 @ 100)	379.06	281.65	303.49
Sales Tax Collections	\$ 9,463,121	\$ 7,362,574	\$ 9,707,021
Sales Tax Collections – Year to Date	\$ 42,477,956	\$ 33,014,834	\$ 40,477,836
New Vehicle Sales	645	974	812
Used Vehicle Sales	1,538	2,632	2,467
Airline Boardings	44,634	46,665	40,809
Hotel/Motel Receipt Tax	619,962	619,962	839,635
Population	263,648	263,648	263,648
Employment – CLF*	171,216	172,811	169,829
Unemployment Rate*	% 3.00	% 3.70	% 3.00
Total Workers Employed* (Household Survey)	166,090	166,355	164,804
Total Workers Employed* (Employer Survey)	159,100	158,800	155,300
Average Weekly Wages	\$ 966.00	\$ 966.00	\$ 928.00
Gas Meters	77,093	78,179	76,202
Interest Rates (30 year mortgage rates)	% 6.500	% 6.250	% 5.500
Building Permits (Dollar Amount)	244,038,703	\$ 80,600,424	\$ 81,486,610
Year to Date Permits (Dollar Amount)	445,004,673	\$ 200,465,970	\$ 543,307,762
Residential Starts	156	161	139
Year to Date Starts	593	437	899
Median House Sold Price	\$ 239,990	\$ 240,000	\$ 235,000
Drilling Rigs in Panhandle	19	11	17
Oil Per Barrel	\$ 71.32	\$ 81.94	\$ 114.20
Natural Gas	\$ 2.37	\$ 2.29	\$ 7.95
Wheat Per Bushel	\$ 7.02	\$ 7.52	\$ 11.78
Fed Cattle Per CWT	\$ 174.00	\$ 175.00	\$ 140.00
Corn	\$ 5.97	\$ 6.64	\$ 8.01
Cotton (Cents Per Pound)	\$ 79.16	\$ 78.57	\$ 102.00
Milk	\$ 18.25	\$ 18.10	\$ 24.00

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