

The Lubbock Economy

JUNE 2023



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Lubbock Economic Analysis

Our local economy is showing mixed results as you look at May economic numbers, retail sales are up but not significantly and inflation is part of that increase. You see some growth in new car sales but used car sales are down, employment numbers are good but there is a small percentage change in the overall number being up. Both residential and commercial permits and dollars are down compared to last year. Depending on how Fed moves interest rates in the future will continue to be a reflection on the economic activity in the summer months. Overall, our local economy remains steady with most sectors.

Retail sales for May 2023 are slightly up May 2022. YTD retail sales are up 4% from last year mostly driven by higher prices. New vehicle sales saw a 15% increase from last May, however used vehicle sales are down 14%.

Hotel Motel tax collections saw a 4% decrease from last May. Airline boardings are up 10% since May 2022.

Workers Employed are up 3,700 over 12 months ago on the Employer Survey and over 500 on the household survey. The labor force has increased 0.63% compared to May 2022, and ages are up 4% from last year. Unemployment is slightly higher at 3.4% compared to last year at this time which was 3.1%.

The dollar amount of building permits for May totaled \$123 million, down 64% from last year. There were 154 new residential starts in May, down 70% from last year. In future months we will begin to see more residential building with a low inventory supply in the market today, although the final product may look different compared to the product we have seen in prior years. For the rest of this year, we will continue to see interest rate stress. Median house price was \$255,000, up 2% from one year ago.

Commercial building activity YTD is down \$76 million from last year. There were 85 new commercial starts in May, down from last year 24%. Although Commercial activity for May 2023 still lags behind last year's activity, there were a number of commercial projects permitted including the expansion of a branch location for WL Plastics in the LEDA business park for \$18 million and smaller commercial remodel projects in the city. Lubbock's current construction activity both residential and commercial for the year 2023 is still reflects a softening with higher interest rates. We still see commercial activity around town being built out but many of these projects were permitted last year and completing the build out phase.

Oil prices compared to last year are down 40%, and natural gas has dropped by 69%. Rig count has increased to 19 from 14 last year. For May, wheat is down 34%, corn is down 21% and cotton is down 43% when compared to May 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 34% for the month when compared to May one year ago, and milk prices are down 32%.

Lubbock Economic Pulse

Economic Components	Current Month	Last Month	One Year Ago
Index (Base Jan. 88 @ 100)	376.57	379.06	316.75
Sales Tax Collections	\$ 7,600,632	\$ 9,463,121	\$ 7,578,644
Sales Tax Collections – Year to Date	\$ 50,078,587	\$ 42,477,956	\$ 48,056,480
New Vehicle Sales	995	645	866
Used Vehicle Sales	1,953	1,538	2,283
Airline Boardings	49,565	44,634	45,058
Hotel/Motel Receipt Tax	889,232	793,433	923,049
Population	263,648	263,648	263,648
Employment – CLF*	170,461	171,211	169,399
Unemployment Rate*	% 3.40	% 3.00	% 3.10
Total Workers Employed* (Household Survey)	164,672	166,092	164,125
Total Workers Employed* (Employer Survey)	159,500	159,100	155,800
Average Weekly Wages	\$ 966.00	\$ 966.00	\$ 928.00
Gas Meters	77,928	77,093	76,667
Interest Rates (30 year mortgage rates)	% 6.625	% 6.500	% 6.125
Building Permits (Dollar Amount)	122,865,440	\$ 244,038,703	\$ 340,614,598
Year to Date Permits (Dollar Amount)	567,370,113	\$ 445,004,673	\$ 883,922,360
Residential Starts	154	156	507
Year to Date Starts	747	593	1,406
Median House Sold Price	\$ 255,000	\$ 239,990	\$ 248,000
Drilling Rigs in Panhandle	19	19	14
Oil Per Barrel	\$ 71.29	\$ 71.32	\$ 118.78
Natural Gas	\$ 2.34	\$ 2.37	\$ 7.50
Wheat Per Bushel	\$ 6.91	\$ 7.02	\$ 10.50
Fed Cattle Per CWT	\$ 180.00	\$ 174.00	\$ 134.00
Corn	\$ 6.05	\$ 5.97	\$ 7.68
Cotton (Cents Per Pound)	\$ 79.22	\$ 79.16	\$ 140.06
Milk	\$ 16.75	\$ 18.25	\$ 24.50

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