

# The Lubbock Economy

March 2024



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# Lubbock Economic Analysis

## **Lubbock's economy holds a variety of variables including steady growth in retail sales along with new job creation and low unemployment.**

New car sales remain to steadily grow year-over-year with a slight decrease in used vehicle sales. Building activity, both commercial and residential, remains modest in overall growth year-over-year. Interest rates remain a challenge on building activity. The Fed has not decided when and how much interest rates might decrease. The Lubbock economy continues to march along with strengths in some areas and modest gains in others.

Retail sales for February 2024 are up 2.41%. YTD retail sales are up 3.57% from last year. New vehicle sales saw an 8.47% increase from last February, while used vehicle sales are down 2.95%.

Hotel/Motel tax collections saw a 2.37% decrease from last February, while Airline boardings saw a 7.40% increase.

Workers Employed are up 2,400 over the last 12 months on the Employer Survey and 2,936 on the Household Survey. The labor force has increased 1.71% compared to February 2023 and wages are up 6.21%. Unemployment is down 2.63% compared to last year at this time. Lubbock's labor force continues to be healthy with continued job gains and a low unemployment rate. Employment will continue to increase over the next year due to Leprino adding jobs in the Lubbock market.

February Building Permits totaled \$73 million, up 9.39% from last year. There were 172 new residential starts in February 2024, up 17.81% from last year. The median house price was \$230,028, up 2.23% from one year ago.

Total building activity, both residential and commercial, were up \$6 million from 2023. Residential is up \$9 million or 2% and Commercial is down \$3 million or 11%. There were more commercial building permits issued in January 2024 compared to January 2023, but the total dollars of permits were for smaller building projects with no large commercial building permits.

Oil prices compared to last year are up 9.25% and natural gas has dropped by 14.01%. Oil rig count has decreased from 14 to 11 from January 2024 to February 2024. Wheat is down 24.35%, corn is down 29.76% and cotton is up 7.36% since last year. Fat cattle are up 12.12% from one year ago, while milk prices are down 7.61%. Needed rainfall is still a factor for getting crops in the ground. The most recent rains have helped the moisture content, but more will be needed over the next couple of months.



# Lubbock Economic Pulse

Economic Components	Current Month	Last Month	One Year Ago
Index (Base Jan. 88 @ 100)	267.68	285.97	253.89
Sales Tax Collection	\$ 7,501,745	\$ 10,326,285	\$ 7,325,302
Sales Tax Collections (Year to Date)	\$ 26,568,692	\$ 19,066,946	\$ 25,652,260
New Vehicle Sales	832	871	767
Used Vehicle Sales	1,775	1,516	1,829
Airline Boardings	41,898	36,915	39,010
Hotel/Motel Receipt Tax	\$ 605,255	\$ 1,020,330	\$ 619,962
Population	263,648	263,648	263,648
Employment – CLF*	173,872	171,633	170,952
Unemployment Rate*	% 3.70	% 3.40	% 3.80
Total Worker Employed* (Household Survey)	167,401	165,850	164,465
Total Worker Employed* (Employer Survey)	161,300	160,200	158,900
Average Weekly Wages	\$ 1026.00	\$ 1026.00	\$ 966.00
Gas Meters	78,536	78,508	77,420
Interest Rates (30 year mortgage rates)	% 7.000	% 7.000	% 6.625
Building Permits (Dollar Amount)	\$ 72,881,947	\$ 102,194,632	\$ 66,627,693
Year to Date Permits (Dollar Amount)	\$ 175,076,576	\$ 102,194,632	\$ 119,865,546
Residential Starts	172	127	146
Year to Date Starts	299	127	276
Median House Sold Price	\$ 230,028	\$ 225,000	\$ 225,000
Drilling Rigs in Panhandle	11	14	12
Oil Per Barrell	\$ 79.72	\$ 78.87	\$ 72.97
Natural Gas	\$ 1.78	\$ 1.62	\$ 2.07
Wheat Per Bushel	\$ 5.84	\$ 6.09	\$ 7.72
Fed Cattle Per CWT	\$ 185.00	\$ 182.00	\$ 165.00
Corn	\$ 4.39	\$ 4.33	\$ 6.25
Cotton (Cents Per Pound)	\$ 88.11	\$ 78.80	\$ 82.07
Milk	\$ 16.40	\$ 16.20	\$ 17.75

# Economic Pulse Charts

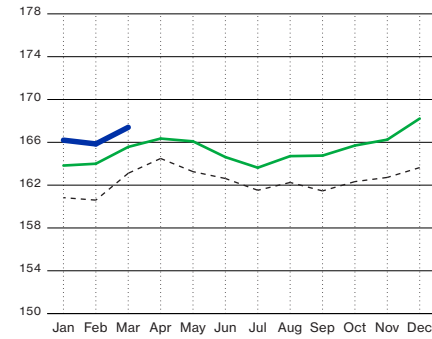
2024

2023

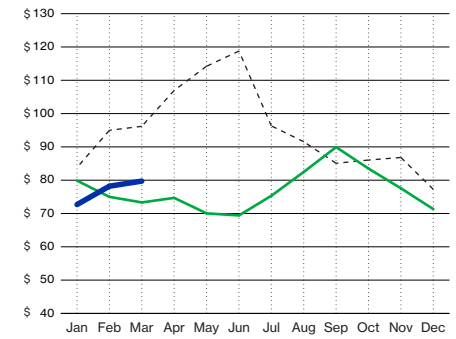
2022

## Workers Employed

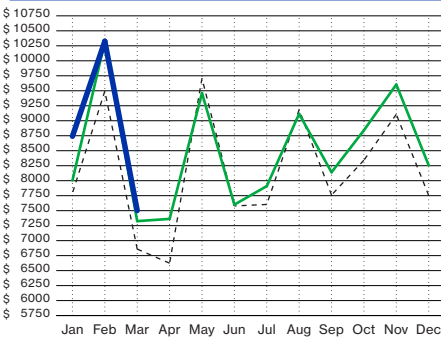
(In Thousands - Household Survey)



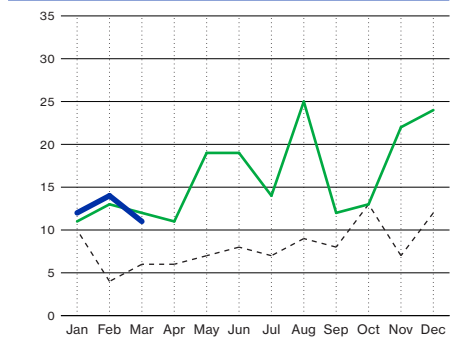
## Oil (Price Per Barrel - In Dollars)



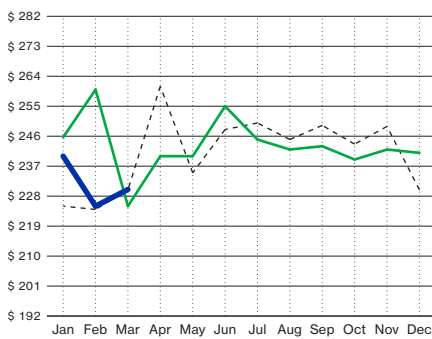
## Sales Tax Receipts (In Thousands)



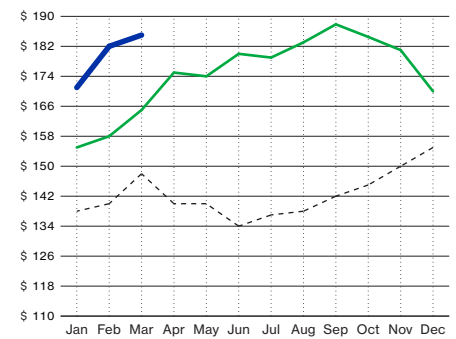
## Active Drilling Rigs in Panhandle



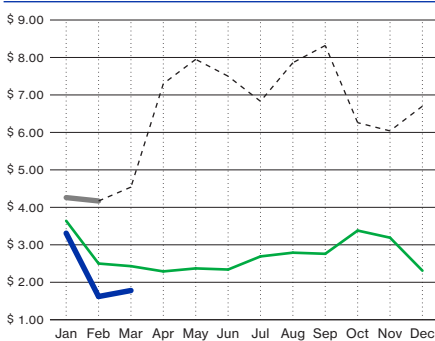
## Median House Sold Price (In Thousands)



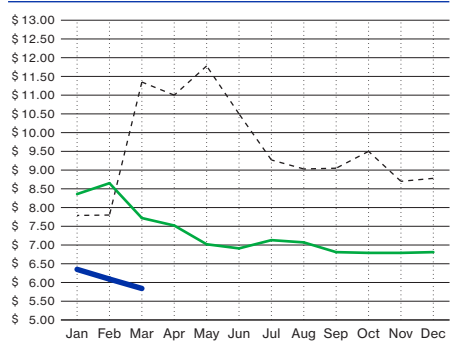
## Fed Cattle Per Hundred Weight (In Dollars)

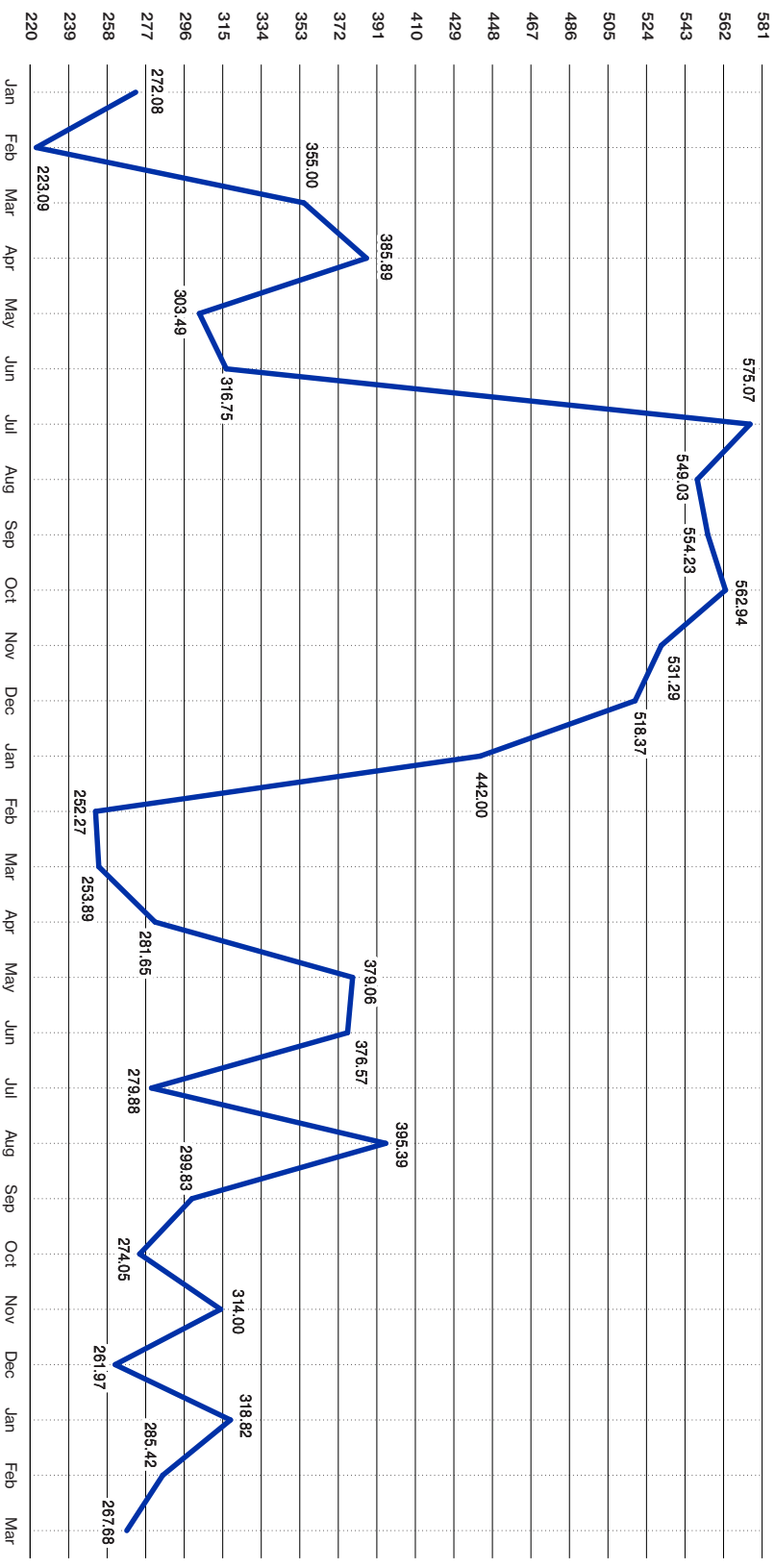


## Natural Gas (Price Per Mmbtu - In Thousands)



## Wheat (Price Per Bushel)





## **Insurance Cost Increases**

A little discussed component of business and personal finance is starting to get attention, as insurance costs rise dramatically across the board. Personal auto rates are up 20-40%, while commercial rates are up from 10-50%. These represent fixed costs for all businesses.

Rates on personal insurance for home and autos are affected by loss ratios. These losses have been increasing due to weather events and the higher costs for automobiles and auto parts. Auto insurance rates are up 39% from 2019, and they have added .5% to the increase in January's CPI.

Business insurance costs have increased due to losses, but also due to less insurance availability, as companies cut back due to state regulations or loss of reinsurance markets. Insurance costs have varied over the years, but these higher rates probably will be a fixed cost for businesses in the future

As most businesses face higher borrowing costs and higher insurance, they are also running into shrinking profit margins – putting strains on businesses from several directions.