



December 2, 2015

## Lubbock Economic Index

**The Lubbock Economic Index increased for the eighth straight month in October (and the ninth of the ten months thus far in 2015) rising to 147.2 up from 146.9 in September, and up 3.2% from the October 2014 LEI of 142.6.**

The LEI posted the monthly increase in October in spite of the fact that the basket of economic indicators was mixed for the month. General real spending was lower per October sales tax collections, while auto spending was higher for the month. Construction activity was slightly higher compared to a strong October total from a year ago, but new housing construction was down for the month. Existing home sales were down compared to year-ago levels after three straight months of double-digit percentage year-over-year increases, but the monthly average sale price was up by nearly 6% compared to October of a year ago. Employment growth continues at about the same pace as has been the case all year long, and the rate of year-over-year decline in the unemployment rate flattened out in October.

CONCURRENT trends in two broad measures of the Lubbock economy best represent its current and ongoing health and status, and these are general consumer spending (retail sales) and payroll employment.

- General real (inflation-adjusted) taxable spending per October sales tax receipts in Lubbock posted a year-over-year decline for only the second time thus far in 2015, down by about 3.6% compared to October of a year ago. For the year-to-date through October, spending is up by a modest 2.2% compared to the January-October 2014 total.
- Year-over-year employment growth in Lubbock has averaged about 2% most of the year, and stands at an estimated 2% in October, which suggests the addition of about 3,700 jobs over the last 12 months. Jobs were added across a broad mix of employment categories with Trade, Transportation, and Utilities leading the way at 1,500 jobs added since October of a year ago. The unemployment rate appears to be stabilizing after dropping sharply for several years, 2014 in particular in which the unemployment rate declined by a full point. The October unemployment rate of 3.4% is down a tenth of a point from the 3.5% rate of unemployment recorded in October 2014.

After three straight monthly declines real auto spending turned upward in October the inflation-adjusted spending on new and used automobiles up by nearly 6% compared to October of a year ago. For the year-to-date real auto spending remains slightly down compared to year-ago levels but again, auto spending through October of 2014 was up by nearly 15% compared to the first ten months of the previous year, and in fact spending had grown by double-digit percentage points in each year 2012-2014.

Construction activity in October as reflected by the valuation of building permits issued posted a slight gain over October of a year ago; however, the October 2014 total was 45% higher compared to October of the prior year. And for the year building activity remains on pace to smash last year's record total with permit valuations up by nearly 25% over the first ten months of a year ago.

Single-family housing construction permit activity dropped off a bit in October with the number of new permits down by 17% (14 fewer permits issued) compared to October of a year ago. The year-to-date

total remains in positive territory, however, with the number of permits up by some 5% compared to the January-October 2014 permit total.

On the heels of a record-setting third quarter existing home sales posted a year-over-year decline in October with the number of closed sales down by about 14% compared to the record (for the month of October) 312 sales recorded in October of a year ago. The year-to-date total remains in positive – and record – territory, up by over 7% compared to the first ten months of a year ago. The October monthly average sale price was up a sharp 5.7% compared to October of a year ago, and the January-October average is up a solid and healthy 3% compared to the year-to-date through October 2014 average.

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## Lubbock Consumer Price Index

**The rate of growth in the Lubbock Consumer Price Index was unchanged from September to October at 1.7%. The rate of inflation by this measure has been trending downward all year long, and that trend is likely to remain in place for the balance of 2015 and moving into 2016.**

The rate of price increase in the food and grocery sector of the Lubbock Consumer Price Index has been trending downward for the last six months, but was unchanged from September to October at 2.4%.

The rate of change in the housing portion of the Lubbock CPI moved upward in October, rising to 3.6% for the month compared to 3.5% in September.

The rate of price increase in the energy/utilities sector continues to reflect deep declines in gasoline prices and other end-use energy products, posting a year-over-year decline of 1.5%, compared to the decline of 1.0% in September.

The health care sector of the Lubbock CPI ticked upward again in October to 2.6% compared to 2.5% in September. The US national health care CPI moved up sharply in October increasing to 3.0%, compared to a 2.5% rate of year-over-year increase in September.

The rate of year-over-year price increase for various miscellaneous goods and services was unchanged in October at 1.2% for the third straight month.

The national CPI-U (the US Consumer Price Index, a broad measure of price change over time) moved back into positively territory (but just barely) at .2% compared to a rate of 0% (no change from September 2014 to September 2015) last month. When food and energy are removed the so-called “core CPI” was unchanged from September to October at 1.9%.

The CPI for the southern region of the US (which includes Texas) remains in negative year-over-year territory at -.1% for October compared to a decline of .4% in September.

The Dallas-Fort Worth metro area CPI was last updated in September and continues to fall as well at a -.9% rate of change compared to September 2014, down from -.4% in July. The Houston metro area CPI was freshly updated in October and is virtually at 0 – a decline in the CPI in October of .1% compared to an increase of .3% in August. The Dallas-Fort Worth and Houston metro area CPI values are calculated every other month on off months from one another.

## Lubbock Economic Indicators

<i>Lubbock Economic Indicators October 2015</i>	<i>Base Year 1996</i>	<i>One Year Ago 2014</i>	<i>This Year 2015</i>	<i>Percent Change 2014-2015</i>
Retail Sales - October (\$000s - Per Sales Tax Rebates in 1995\$)	\$ 142,877	\$ 228,439	\$ 220,139	-3.6%
Retail Sales - Year-To-Date	\$ 1,656,734	\$ 2,361,612	\$ 2,413,978	2.2%
Dollars Spent on Auto Purchases - October (\$000s in 1995\$)	\$ 36,940	\$ 71,207	\$ 75,412	5.9%
Dollars Spent on Auto Purchases YTD	\$ 375,990	\$ 707,109	\$ 691,673	-2.2%
Lodging Tax Receipts - YTD	\$ 1,788,467	\$ 5,181,512	\$ 5,455,210	5.3%
Airline Boardings - October	57,848	42,717	41,928	-1.8%
Airline Boardings - YTD	511,604	386,862	382,758	-1.1%
Value All Construction Permits - October	\$ 16,793,472	\$ 44,392,449	\$ 45,482,317	2.5%
Value All Construction Permits - YTD	\$ 147,980,708	\$ 461,823,060	\$ 574,432,323	24.4%
New Home Permits - October	42	83	69	-16.9%
New Home Permits - YTD	490	737	775	5.2%
Number of Home Sales - October	179	312	269	-13.8%
Number of Home Sales - YTD	1,810	3,242	3,475	7.2%
Average Home Sale Price - October	\$ 77,874	\$ 161,797	\$ 171,074	5.7%
Average Home Sale Price - YTD	\$ 86,345	\$ 162,714	\$ 167,543	3.0%
Dollar Volume Residential Real Estate Sales - October (1995\$)	\$ 13,214,445	\$ 31,951,712	\$ 28,495,009	-10.8%
Dollar Volume Residential Real Estate Sales - YTD	\$ 148,433,053	\$ 337,055,686	\$ 363,002,214	7.7%
<b>Employment</b>				
Wage and Salary Employment - October	111,800	138,100	140,800	2.0%
Wage and Salary Employment - YTD Avg	110,220	136,490	139,250	2.0%
Unemployment Rate - October	3.4%	3.5%	3.4%	-2.9%
Unemployment Rate - YTD Avg	4.3%	4.1%	3.4%	-16.5%
<b>Oil and Gas (Regional)</b>				
Oil Price/Barrel - October (WT Int. Crude)	\$ 23.34	\$ 80.94	\$ 42.90	-47.0%
Rig Count - October *	20	31	14	-54.8%
Oil Production (000 bbls) - YTD *	124,080	87,210	87,534	0.4%
Value of Oil Production (\$000s) - YTD *	\$ 2,197,654	\$ 8,250,500	\$ 4,114,017	-50.1%
<b>Agriculture (Regional)</b>				
Cotton Price - October (cents/pound) +	71.51	62.25	59.47	-4.5%
Fat Cattle Price - October (\$/hd. Wt.)	\$ 70.89	\$ 165.00	\$ 131.56	-20.3%
Value Cattle Marketed - YTD (\$000's) ++	\$ 254,701	\$ 359,090	\$ 295,305	-17.8%
<b>INDEX - October (Base=100 January 1996)</b>	<b>101.8</b>	<b>142.6</b>	<b>147.2</b>	<b>3.2%</b>

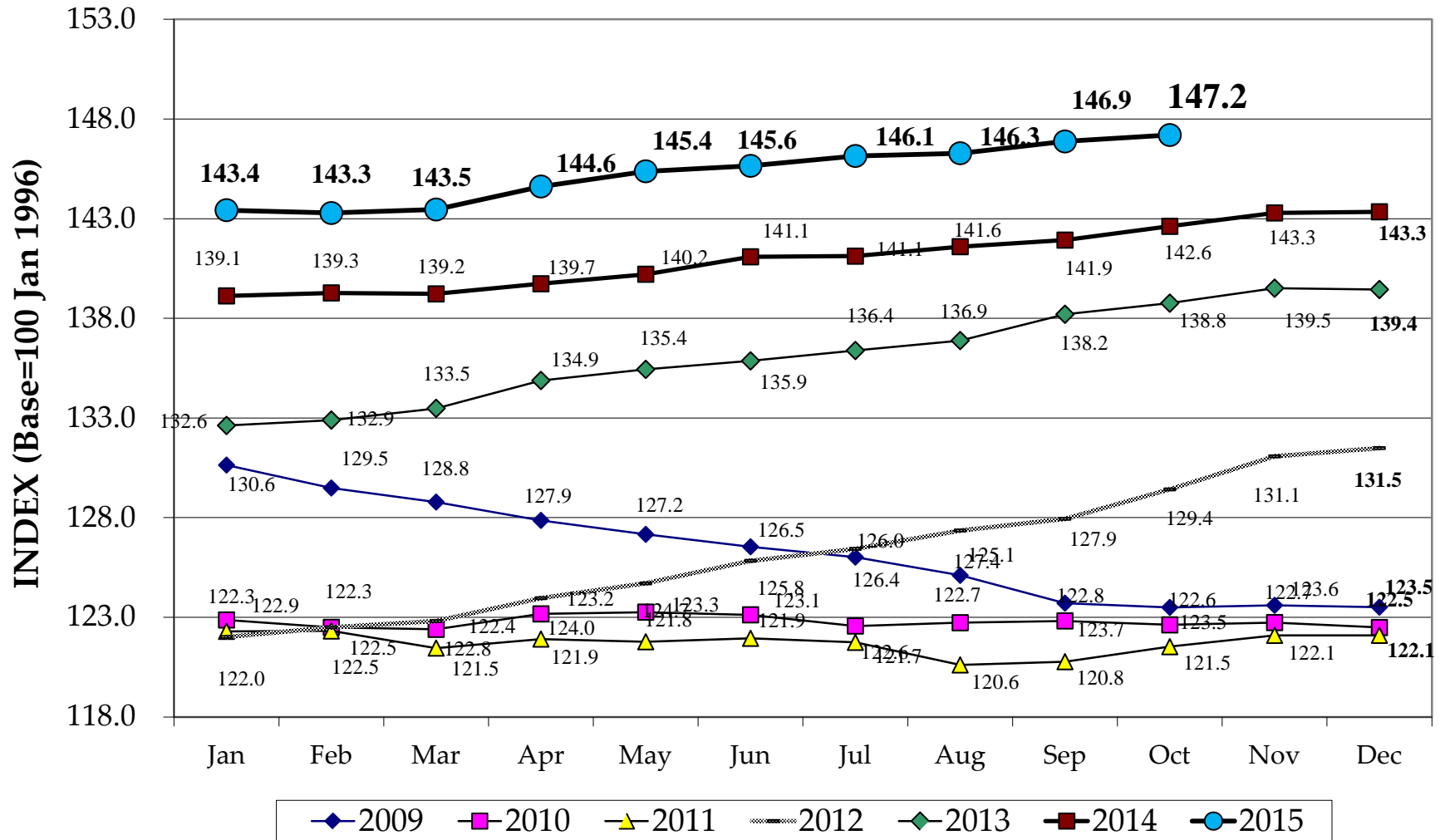
\* Texas Railroad Commission District 8A (Lubbock Area)

+ Spot Price for 41,4,34; mxd lots, net wt, compressed, FOB Car/Truck

++ South Plains Region

# The Lubbock Economy

## The Lubbock Economic Index 2009 - 2015



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The Lubbock Economic Index January 1996 - October 2015

