



October 6, 2015

Lubbock Economic Index

The Lubbock economy is now four years into the current expansion with the slight increase in the August 2015 Lubbock Economic Index. The index improved only very slightly for the month but it marked the 48th month of general expansion in the index – and thus the Lubbock economy – over which time the Lubbock Economic Index has grown by over 21%.

The Lubbock Economic Index improved to 146.2 in August up from 146.1 in July, and up 3.2% from the August 2014 LEI of 141.6. Following the recession of 2009 (the LEI peaked in September 2008 in advance of the deep decline that followed) the Lubbock Economic Index finally reached its post-recession trough of 120.6 in August 2011 before embarking on the current four-year expansion run.

General spending was impressively higher for the month, though auto spending was down slightly compared to year-ago levels. Construction activity was down in August compared to a big number in August of a year ago, but home building was up modestly for the month. Residential real estate activity continued its record-setting ways in August in terms of sales and prices. Employment growth remains steady, if not spectacular (though the rate of growth dipped in August compared to June and July), and the unemployment rate continues to fall sharply compared to year-ago levels.

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 August sales tax receipts rebounded after the first decline of the year in July, posting a 5.8% increase compared to August of a year ago. That strong monthly total pulled the year-to-date (January-August) total back above 3% compared to the first eight months of 2014. For the 12 months ending August 2015 total real spending per sales tax receipts is up a solid 3.8% compared to the preceding 12-month period.
- An estimated 2,000 jobs were added from August of last year to August of 2015 for a growth rate of 1.5% (down from over 2% in both June and July). The Lubbock economy has been steadily adding jobs since the fourth quarter of 2010, averaging about 1.7% over that period of time (in terms of monthly rates of year-over-year growth). Thus far in 2015 job growth is averaging about 1.9% so current rates of growth are certainly in line with – or are exceeding – rates of employment growth over the entire post-recession period. The Lubbock unemployment rate remains well on the decline dipping to 3.4% in August, the lowest (for the month of August) since the 3.1% unemployment rate in August 1999.

Real (inflation-adjusted) auto spending in Lubbock was off slightly in August down by 1.1% compared to August of a year ago. The year-to-date total is also down modestly compared to the first eight months of 2014; however, the January-August total from a year ago was nearly 14% higher compared to the prior year, so even though sales have flattened a bit in 2015 auto remain at high – and near record – levels through August.

The August building permit valuation was quite respectable at over \$51 million; however, it was down by nearly 28% compared to an extraordinarily high permit total in August 2014 (which was up by over 70% compared to August of the prior year, was a record for the month of August, and was the second-highest

total for any month on record). The year-to-date total easily remains in record territory at \$480.7 million through August, a 30% increase over the first eight months of a year ago.

New single-family housing construction continues to post modest increases compared to year-ago levels with an additional three permits issued in August 2015 compared to August 2014. For the year-to-date the number of new home building permits issued in Lubbock is up by 3.4% compared to the year-to-date through August 2014 total, which in turn was down by over 10% compared to the first eight months of the prior year.

The Lubbock residential real estate market remains impressive, and in fact continues to shatter all prior records for sales, prices and the real total dollar volume of sales activity. The number of homes sold was a record for the month of August and outpaced the August 2014 sales total (which was the previous record) by over 10%. The number of closed sales for the year-to-date is also a new record for the January-August period, and is up by 8.3% compared to last year. The August monthly average sale price of \$169,867 was a sharp 6.2% higher than the August 2014 monthly average, and the average price for the first eight months of the year is a healthy 2.9% improved over the January-August 2014 average price.

In inflation-adjusted terms, the dollar volume of residential real estate sales activity is also deep into record territory, of course, up by nearly 15% in August (year-over-year) and 8.7% for the year-to-date.

Lubbock Consumer Price Index

The impact of price increase on Lubbock consumers continues to ease with the year-over-year rate of increase in the Lubbock CPI falling again in August to 1.8% down from 1.9% in July.

The rate of price increase as reflected by the food and grocery sector of the Lubbock Consumer Price Index declined again in August falling to 2.5% down from 2.8% in July.

The rate of change in the housing portion of the Lubbock CPI increased in August (after a slight retreat in July), increasing to 3.5% compared to 3.3% in July.

The rate of price increase in the energy/utilities sector fell continues to fall with the CPI for that sector now in negative territory at -.8% in August, down from -.5% in July (and again, these reflect the change in these months compared to the same month in 2014).

The health care sector of the Lubbock CPI declined in July was unchanged from July to August at 2.4%. The US national health care CPI is up by 2.5% in August compared to August of a year ago.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock also remains on the decline, dipping to 1.2% for the month of August compared to 1.3% in July.

The national CPI-U (the US Consumer Price Index, a broad measure of price change over time) was unchanged from July to August at a very slight .2%. When food and energy are removed the so-called "core CPI" was also unchanged from July to August at 1.8%.

The CPI for the southern region of the US (which includes Texas) is also inching into negative territory at -.2% in August, compared to -.1% in July.

The Dallas-Fort Worth metro area CPI was last updated in July, and again was in negative territory compared to year-ago levels at -.4% compared to -.5% in June. The Houston metro area CPI was freshly

updated in August and returned to positive year-over-year territory at .3% compared to August of a year ago, up from -.4% in July. The Dallas-Fort Worth and Houston metro area CPI values are calculated every other month on off months from one another.

The Lubbock Economic Index

Lubbock Economic Indicators August 2015	Base Year 1996	One Year Ago 2014	This Year 2015	Percent Change 2014-2015
Retail Sales - (\$000s - Per August Sales Tax Rebates in 1995\$)	\$ 187,479	\$ 265,952	\$ 281,284	5.8%
Retail Sales - Year-To-Date	\$ 1,352,553	\$ 1,907,272	\$ 1,966,573	3.1%
Dollars Spent on Auto Purchases - August (\$000s in 1995\$)	\$ 39,298	\$ 70,339	\$ 69,583	-1.1%
Dollars Spent on Auto Purchases YTD	\$ 303,654	\$ 558,754	\$ 542,786	-2.9%
Lodging Tax Receipts - YTD	\$ 1,386,609	\$ 3,452,733	\$ 4,188,945	21.3%
Airline Boardings - August	51,947	40,868	39,820	-2.6%
Airline Boardings - YTD	402,134	305,956	301,502	-1.5%
Value All Construction Permits - August	\$ 21,766,819	\$ 71,286,160	\$ 51,611,525	-27.6%
Value All Construction Permits - YTD	\$ 117,657,640	\$ 370,271,859	\$ 480,743,814	29.8%
New Home Permits - August	35	76	79	3.9%
New Home Permits - YTD	405	595	615	3.4%
Number of Home Sales - August	252	376	416	10.6%
Number of Home Sales - YTD	1,463	2,644	2,864	8.3%
Average Home Sale Price - August	\$ 84,588	\$ 159,985	\$ 169,867	6.2%
Average Home Sale Price - YTD	\$ 86,023	\$ 162,311	\$ 167,009	2.9%
Dollar Volume Residential Real Estate Sales - August (1995\$)	\$ 20,320,321	\$ 38,253,667	\$ 43,901,489	14.8%
Dollar Volume Residential Real Estate Sales - YTD	\$ 121,261,387	\$ 274,722,148	\$ 298,608,473	8.7%
Employment				
Wage and Salary Employment - August	110,200	136,900	138,900	1.5%
Wage and Salary Employment - YTD Average	109,875	136,200	138,840	1.9%
Unemployment Rate - August	3.9%	4.2%	3.4%	-19.0%
Unemployment Rate - YTD Avg	4.4%	4.2%	3.4%	-18.6%
Oil and Gas (Regional)				
Oil Price/Barrel - August (WT Int. Crude)	\$ 20.35	\$ 92.70	\$ 39.67	-57.2%
Rig Count - August *	19	43	17	-60.5%
Oil Production - YTD *	99,201	69,883	70,821	1.3%
Value of Oil Production - YTD *	\$ 1,730,600	\$ 6,775,459	\$ 3,416,099	-49.6%
Agriculture (Regional)				
Cotton Price - August (cents/pound) +	72.33	63.33	58.95	-6.9%
Cotton - Bales Ginned Crop Year **	N/A	N/A	N/A	N/A
Fat Cattle Price - August (\$/hd. Wt.)	\$ 67.15	\$ 157.17	\$ 148.77	-5.3%
Value Cattle Marketed - YTD (\$000's) ++	\$ 196,506	\$ 281,026	\$ 248,673	-11.5%
LUBBOCK ECONOMIC INDEX - AUGUST	101.3	141.6	146.2	3.2%
(Base=100.0 January 1996)				

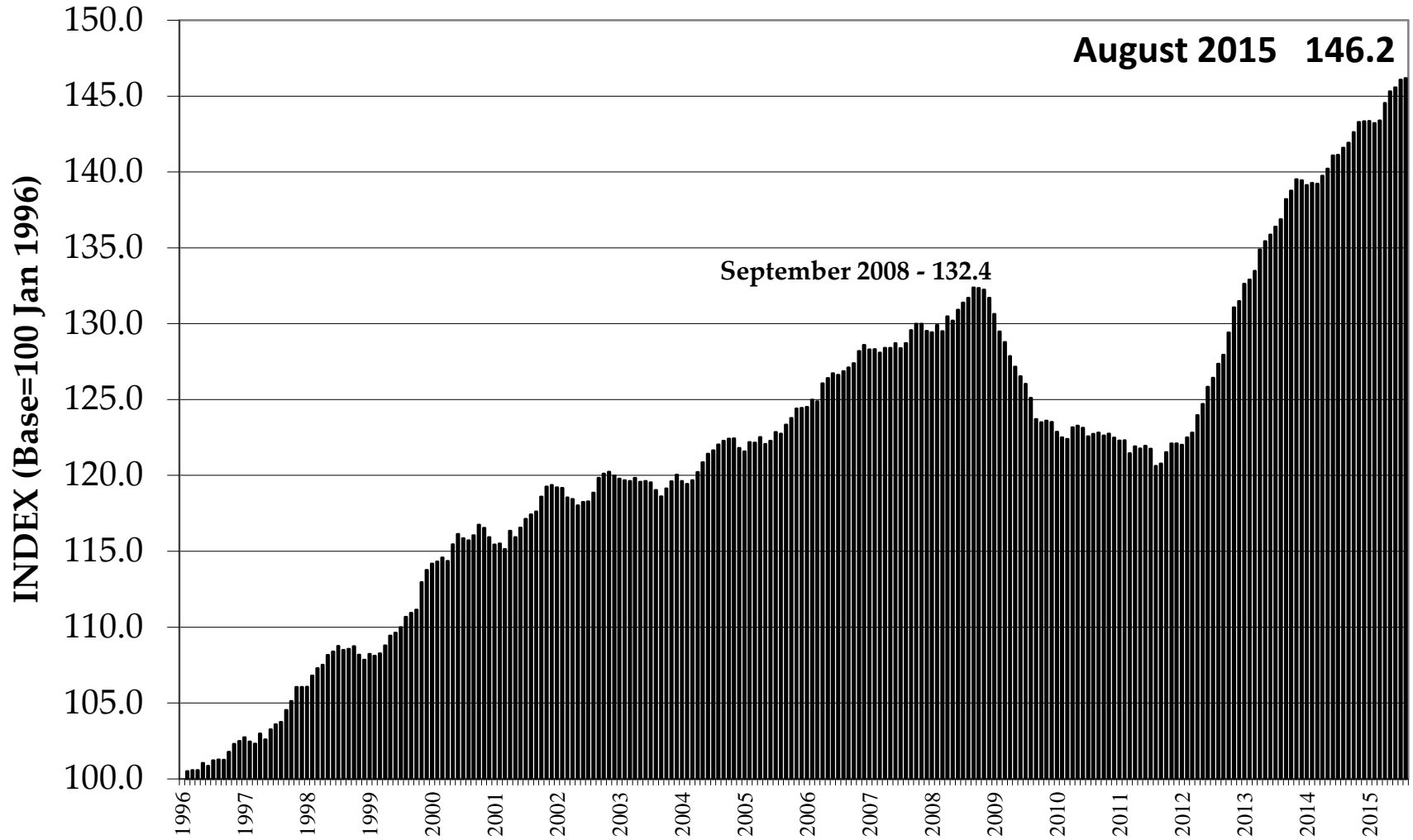
* Texas Railroad Commission District 8A (Lubbock Area)

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

** Texas South Plains Region

The Lubbock Economy

The Lubbock Economic Index January 1996 - August 2015



The Lubbock Economy

The Lubbock Economic Index 2009 - 2015

