



April 14, 2016

Lubbock Economic Index

The Lubbock Economic Index declined slightly for the second straight month in February, falling to 144.5 down from 144.7 in January, but still up 3.0% from the February 2015 LEI of 140.3. The index (which was reworked last month to account for employment data revisions in 2014 and 2015, and also to fully account for inflation in every component of the index) achieved its all-time high of 145.2 in December 2015 before posting very modest declines these past two months.

Weakness in general taxable spending is at the heart of the slight decline over the last two months. Elsewhere on the table of economic indicators, however, most other components are faring reasonably well compared to year-ago levels. Auto spending is higher for the month, along with hotel/motel activity in the city and passenger boardings at Lubbock International Airport. Housing construction was sharply higher in February, and existing home sales and prices are off to a solid start for the year. Employment growth continues quite consistent in the 2.5% range, and the unemployment rate is again among the lowest in the state.

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 February sales tax receipts was down fairly significantly compared to year-ago levels, posting a 4.7% decline compared to February of 2015. For the year-to-date, general spending is down by 3.1% compared to the first two months of a year ago. For the 12 months ending February 2016 the real spending total is unchanged from the total for the prior 12-month period.
- An estimated 3,400 jobs were added to the Lubbock economy over the last 12 months, a year-over-year growth rate of 2.5%. The Lubbock unemployment rate is at 3.3% in February for the second straight month, and is down slightly compared to the 3.4% unemployment rate in February of a year ago. The February Lubbock unemployment rate is the third-lowest among the state's 26 metro areas (Amarillo – 2.9%, Austin-Round Rock – 3.1%).

After two straight months of decline auto sales returned to year-over-year growth in February with inflation-adjusted spending on new and used motor vehicles up by over 5% compared to February of a year ago, and up by about 1.3% for the year-to-date through February compared to the first two months of 2015.

Lubbock building permit activity was down by about 7% in February compared to February of a year ago; however, the February 2015 real permit valuation total was up by 67% compared to February of the previous year. The total through February is the second-highest on record for the first two months of the year (the January-February 2008 total was higher), and is up by 28% compared to the year-to-date through February 2015 total.

The 85 new single-family residence permits issued in February is the highest February monthly total since 2006, and is up by over 40% compared to February of a year ago. Thus far in 2016, 150 permits have been issued, an increase of nearly 10% compared to the first two months of 2015.

The housing market continues to fare well in Lubbock through February with an increase of nearly 5% in housing sales for the month compared to February of a year ago (and for the year-to-date as well). The monthly average price of those sales was up by a solid 4.6% in February, and is up by 4.1% through February compared to the average for the first two months of 2015. That combination of higher sales and prices pushed the total real (inflation-adjusted) dollar volume of home sales activity to a 7.5% year-over-year increase in February, and 7.1% for the first two months of the year.

Lubbock Consumer Price Index

The overall rate of year-over-year price increase remains generally low in Lubbock, and was unchanged from January to February at 1.3%.

The rate of price increase in the food and grocery sector of the Lubbock Consumer Price Index declined again in February, falling to 1.8% compared to 1.9% in January (and 3.3% in February of a year ago). At the national level, the US “food at home” CPI is actually below its year-ago level by .5% or so. The same is true in the southern region of the US, for which the “food at home” CPI for February is down .7% compared to February of a year ago.

The housing sector of the Lubbock CPI crept upward again in February, increasing to 3.9% for the month compared to 3.8% in January.

The rate of price increase in the energy/utilities sector continues to decline, falling to -3.3% in February, down from -3.2% in January. The “fuels & utilities” component of the US southern region CPI is down by 2.8% in February compared to February 2015.

The health care sector of the Lubbock CPI ticked upward again as well, rising to 3.2% in February compared to 3.0% in January. The rate of increase in the US national health care CPI also increased again in February, rising to 3.5% compared to 3.3% in January.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock was unchanged from January to February at 1.1%.

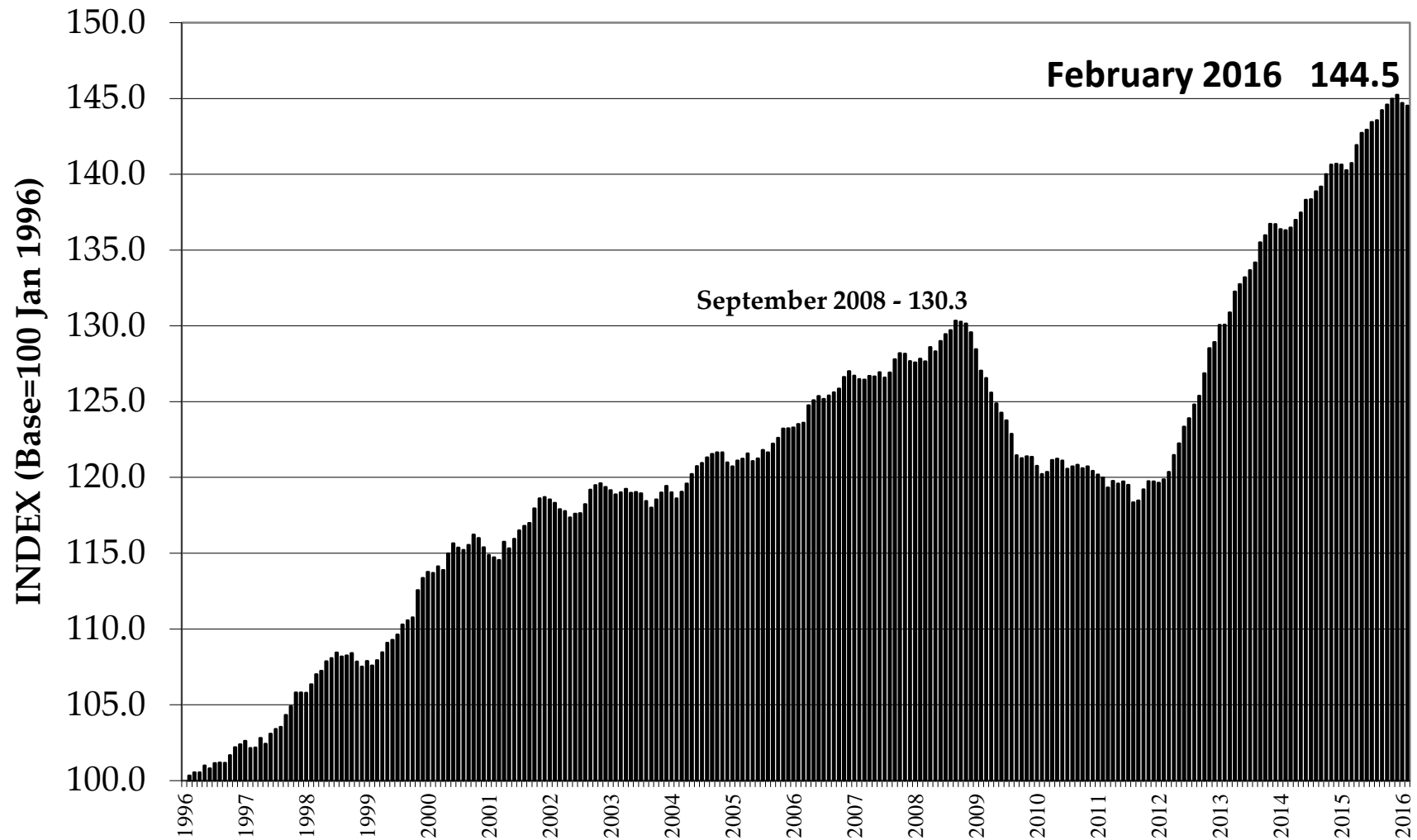
The national CPI-U (the US Consumer Price Index, a broad measure of price change over time) increased at a year-over-year rate of .9% in February, down slightly from the 1.0% rate of year-over-year change in January. The “core CPI”, the Consumer Price Index minus food and energy, posted a 2.2% rate of year-over-year increase in February.

The CPI for the southern region of the US (which includes Texas) fell in February, dropping to .7% for the month compared to 1.2% in January.

The Dallas-Fort Worth metro area CPI was last updated in January and climbed up to 1.1%, compared to a 0% rate of change in December. The Houston metro area CPI was freshly updated in February and increased fairly sharply to 2.0%, compared to a .4% rate of year-over-year increase in December 2015. The Dallas-Fort Worth and Houston metro area CPI values are calculated every other month on off months from one another.

The Lubbock Economy

The Lubbock Economic Index January 1996 - January 2016



The Lubbock Metro Area Economy

The Lubbock Economic Index

Lubbock Economic Indicators* February 2016	Base Year 1996	One Year Ago 2015	This Year 2016	% Change 2015-2016
Retail Sales - February	\$ 359,744,300	\$ 494,930,580	\$ 471,837,400	-4.7%
Retail Sales - Year-To-Date	\$ 586,673,155	\$ 823,485,288	\$ 798,185,728	-3.1%
Dollars Spent on Auto Purchases - February	\$ 34,964,717	\$ 60,877,700	\$ 64,066,937	5.2%
Dollars Spent on Auto Purchases YTD	\$ 66,753,199	\$ 132,894,158	\$ 134,587,690	1.3%
Hotel/Motel Spending - February	\$ 10,167,089	\$ 12,057,717	\$ 12,310,241	2.1%
Lubbock International Airport Passenger Enplanements - February	44,563	31,295	34,507	10.3%
Lubbock International Airport Passenger Enplanements - YTD	85,421	63,187	66,999	6.0%
Value All Construction Permits - February	\$ 21,190,166	\$ 54,692,802	\$ 50,911,939	-6.9%
Value All Construction Permits - YTD	\$ 46,204,770	\$ 105,835,574	\$ 134,944,669	27.5%
New Home Permits - February	58	60	85	41.7%
New Home Permits - YTD	103	137	150	9.5%
Number of Home Sales - February	146	228	239	4.8%
Number of Home Sales - YTD	274	430	451	4.9%
Average Home Sale Price - February	\$ 79,449	\$ 166,911	\$ 174,574	4.6%
Average Home Sale Price - YTD	\$ 81,578	\$ 163,827	\$ 170,554	4.1%
Dollar Volume Residential Real Estate Sales - February	\$ 18,301,612	\$ 38,801,502	\$ 41,723,268	7.5%
Dollar Volume Residential Real Estate Sales - YTD	\$ 35,315,424	\$ 71,888,762	\$ 76,970,387	7.1%
Employment				
Wage and Salary Employment - February	109,400	138,400	141,800	2.5%
Wage and Salary Employment - YTD Avg	109,150	137,750	141,650	2.8%
Unemployment Rate - February	4.4%	3.4%	3.3%	-2.9%
Unemployment Rate - YTD Avg	4.5%	3.5%	3.3%	-5.7%
LUBBOCK ECONOMIC INDEX - February (Base=100 January 1996)	100.3	140.3	144.5	3.0%
* With the exception of the average home sale price, all indicators expressed in dollar form above are adjusted for inflation by restating prior periods in current dollars				
Oil and Gas (Regional)				
Oil Price/Barrel - February (WT Int. Crude)	\$ 17.20	\$ 47.35	\$ 27.08	-42.8%
Rig Count (Texas RRC District 8A) - February	20	19	8	-57.9%
Crude Oil Production (Texas RRC District 8A) - February	24,557	17,656	17,323	-1.9%
Value of Oil Production (Texas RRC District 8A) - February	\$ 374,065	\$ 810,577	\$ 481,058	-40.7%
Agriculture (Regional)				
Cotton Price (West Texas, cents/pound) - February	79.76	57.85	56.85	-1.7%
Cotton - South Plains Bales Ginned Crop Year Through February	2,483,350	2,879,150	3,584,550	24.5%
Fat Cattle Price (\$/hd. Wt.) - February	\$ 62.97	\$ 159.70	\$ 136.82	-14.3%
Value Cattle Marketed (\$000's) - February	\$ 49,698	\$ 59,903	\$ 51,034	-14.8%