



September 14, 2016

## **Lubbock Economic Index And Consumer Price Index July 2016**

**The Lubbock Economic Index improved slightly in July, increasing to 146.7 up from 146.6 in June, and up 2.3% from the July 2015 LEI of 143.4.** General spending returned to growth per July sales tax receipts, but auto spending posted another double-digit percentage year-over-year decline for the month. Building permit activity returned to growth in July after three straight months of decline, and new housing construction was up by over 30% for the second straight month. Home sales activity remains in record territory through July with higher sales numbers at sharply higher prices. The Lubbock metro area continues to enjoy employment growth, though at a slower pace in July than has been the case prior to that in 2016.

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 July sales tax receipts was up by 3.6% compared to July of a year ago, marking just the second year-over-year increase in the first seven months of the year. And indeed the total for the year-to-date is down by about 1.7% compared to the January-July 2015 total. For the 12 months ending July 2016 (essentially a running annual total) general real spending is down by 1% compared to the previous 12-month period.
- The Lubbock economy added an estimated 3,500 jobs over the last 12 months, a growth rate of 2.5% in July compared to July of a year ago. Through July employment growth has average a solid 3.0% compared to the average in the first seven months of 2015; however, the July year-over-year growth rate of 2.5% is the lowest thus far in 2016. For the first time since September 2011, the Lubbock unemployment rate in July was above its year-ago level at 4.1%, compared to 4.0% in July 2015.

Auto sales activity weakened yet further in July with inflation-adjusted spending on new and used automobiles down by nearly 12% in July compared to July of a year ago, which in turn was down by 6% compared to July of the previous year. Through July real auto spending is now down by over 4% compared to the first seven months of a year ago, again after very strong growth in the preceding five years.

Building permit activity in July represents the highest July monthly total since 2005, and is up by over 9% compared to July of a year ago. Even though real permit activity in the previous three months posted a year-over-year decline in each of those months, the year-to-date total remains in record territory and is up by 15% compared to the January-July 2015 total, which in turn was up by 44% compared to the first seven months of the prior year.

The 610 new single-family housing construction permits is the highest year-to-date through July total since 2005, and is up by 14% compared to the same period in 2015. The July monthly total is the highest since 1999 represents a 34% increase compared to the July 2015 total.

Existing home sales remain in all-time record territory, both in terms of the July monthly total and the number of sales in the first seven months of the year. The 455 closed sales in July is up by nearly 4% compared to July 2015, which in turn was the previous record and was up by over 12% compared to July of the previous year. Through July, the number of sales is up by 4% compared to the January-July 2015 total. The price of those sales is sharply on the rise, logging the third double-digit percentage year-over-year increase in July up by nearly 15% compared to July of a year ago. Through the first seven months of the year, the average home sale price is up by nearly 10% compared to the January-July 2015 average.

## **Lubbock Consumer Price Index**

**Some components go up and some go down, but the overall result remains unchanged in July; the rate of year-over-year increase in the Lubbock Consumer Price Index was again 1.3% for the month, as it was in April, May and June.**

The rate of price increase in the food/grocery sector of the Lubbock CPI declined again in July, falling to .8% (the increase in July 2016 over July 2015), compared to a 1.0% rate of year-over-year change in June. And again, the US national and US southern region “food at home” CPI components are actually in negative territory, having declined by over 1% compared to the June 2015 CPI values. The US national “food at home” CPI value for July was down by 1.6% compared to July of a year ago.

The housing sector of the Lubbock CPI remains elevated, but was unchanged from June to July at 4.2%. Apartment rents are up only modestly compared to year-ago levels – between 1-2% -- but the median home sale price is up by about 10% in July compared to July of a year ago. And as the Lubbock Economic Index report indicates, the July monthly average home sale price is up by nearly 15% year-over-year.

The rate of year-over-year price change in the energy/utilities sector continues to be in negative territory, down by 2.5% in July, compared to a -2.8% rate of year-over-year change in June.

The health care sector of the Lubbock CPI increased again in July to 3.6% compared to 3.4% in June. The rate of increase in the US national health care CPI jumped up to 4.0% in July up from 3.6% in June. In the US southern region, the medical care CPI increased at a rate of 3.9% in July, up sharply in one month from 3.4% in June.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock was unchanged from June to July at .6%.

The national CPI-U (the US Consumer Price Index, a broad measure of price change over time) declined in July to .8%, down from 1.0% in June. The “core CPI”, the Consumer Price Index minus food and energy, retreated slightly in July, returning to 2.2% compared to 2.3% in June.

The CPI for the southern region of the US (which includes Texas) remains below 1% and fell again slightly in July to .7%, compared to .8% in June.

The Dallas-Fort Worth metro area CPI was newly updated in July and posted a year-over-year increase of 1.3%, compared to a 1.0% rate of change in May. The Houston metro area CPI was last updated in June and posted a slight increase, rising at a rate of 1.6% for the month compared to 1.4% in April. The Dallas-Fort Worth and Houston metro area CPI values are calculated every other month on off months from one another.

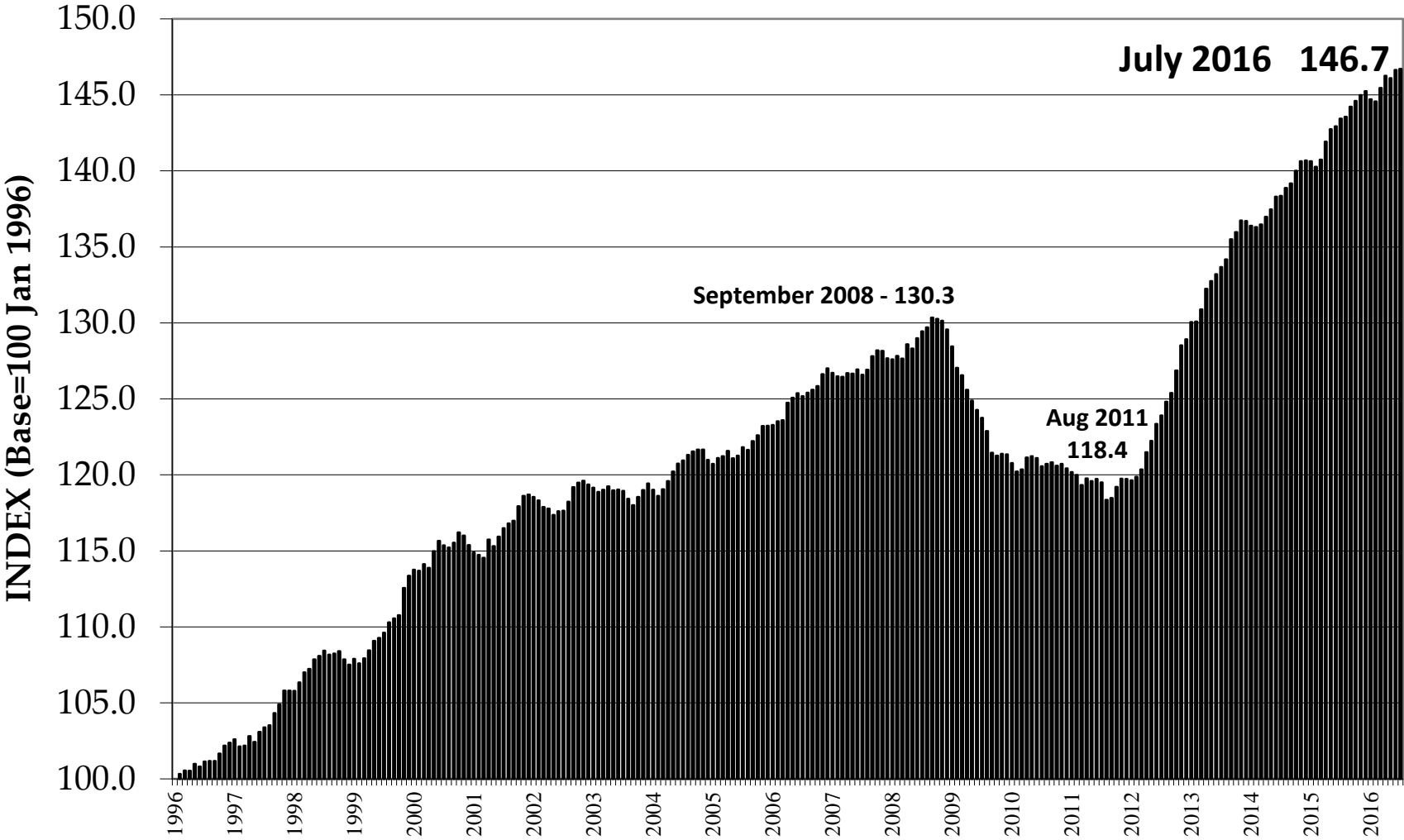
## The Lubbock Metro Area Economy

### The Lubbock Economic Index

<b>Lubbock Economic Indicators* July 2016</b>	<b>Base Year 1996</b>	<b>One Year Ago 2015</b>	<b>This Year 2016</b>	<b>% Change 2015-2016</b>
Retail Sales - July	\$ 213,857,653	\$ 318,793,078	\$ 328,726,074	3.1%
Retail Sales - Year-To-Date	\$ 1,775,367,811	\$ 2,568,081,933	\$ 2,524,849,373	-1.7%
Dollars Spent on Auto Purchases - July	\$ 43,457,768	\$ 71,708,778	\$ 63,161,750	-11.9%
Dollars Spent on Auto Purchases YTD	\$ 269,923,685	\$ 482,076,958	\$ 461,377,433	-4.3%
Hotel/Motel Spending - YTD Through July	\$ 28,863,446	\$ 53,322,694	\$ 55,692,661	4.4%
Lubbock International Airport Passenger Enplanements - July	55,414	40,453	38,074	-5.9%
Lubbock International Airport Passenger Enplanements - YTD	350,187	261,682	263,566	0.7%
Value All Construction Permits - July	\$ 36,297,036	\$ 48,857,764	\$ 53,420,922	9.3%
Value All Construction Permits - YTD	\$ 167,700,085	\$ 413,604,257	\$ 475,818,917	15.0%
New Home Permits - July	45	68	91	33.8%
New Home Permits - YTD	370	536	610	13.8%
Number of Home Sales - July	187	439	455	3.6%
Number of Home Sales - YTD	1,211	2,448	2,545	4.0%
Average Home Sale Price - July	\$ 86,960	\$ 166,825	\$ 191,219	14.6%
Average Home Sale Price - YTD	\$ 86,490	\$ 166,524	\$ 182,468	9.6%
Dollar Volume Residential Real Estate Sales - July	\$ 25,444,691	\$ 74,593,488	\$ 87,004,533	16.6%
Dollar Volume Residential Real Estate Sales - YTD	\$ 165,223,739	\$ 416,912,975	\$ 466,074,151	11.8%
<b>Employment</b>				
Wage and Salary Employment - July	109,700	139,600	143,100	2.5%
Wage and Salary Employment - YTD Avg	109,830	139,115	143,245	3.0%
Unemployment Rate - July	5.0%	4.0%	4.1%	2.5%
Unemployment Rate - YTD Avg	4.5%	3.5%	3.4%	-3.2%
<b>LUBBOCK ECONOMIC INDEX - JULY (Base=100 January 1996)</b>	<b>101.1</b>	<b>143.4</b>	<b>146.7</b>	<b>2.3%</b>
* 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				
<b>Oil and Gas (Regional)</b>				
Oil Price/Barrel - July (Posted WT Int. Crude)	\$ 19.69	\$ 47.93	\$ 41.55	-13.3%
Rig Count (Texas RRC District 8A) - July	24	13	8	-38.5%
Crude Oil Production (Texas RRC District 8A) - July	86,563	61,762	68,507	10.9%
Value of Oil Production (Texas RRC District 8A) - July	\$ 1,656,039	\$ 3,056,401	\$ 2,203,206	-27.9%
<b>Agriculture (Regional)</b>				
Cotton Price (West Texas, cents/pound) - July	71.10	59.84	67.45	12.7%
Cotton - South Plains Bales Ginned 2015-16 Crop Year)	2,483,350	2,879,150	3,584,550	24.5%
Fat Cattle Price (\$/hd. Wt.) - July	\$ 59.76	\$ 160.60	\$ 129.16	-19.6%
Value Cattle Marketed (\$000's) - July	\$ 178,718	\$ 226,358	\$ 221,662	-2.1%

# The Lubbock Economy

## The Lubbock Economic Index January 1996 - July 2016



# The Lubbock Economy

## The Lubbock Economic Index 2010 - 2016

