



# LUBBOCK NATIONAL BANK

## Lubbock Economic Index

November 2016

**Onward and upward for the Lubbock Economic Index, which improved again in November to 148.9 for the month up from 148.0 in October, and up 2.7% from the November 2015 LEI.** It is not always the case that the Lubbock Economic Index remains firmly on the rise during a time of general spending decline, but that has certainly been the case in recent months as other segments of the Lubbock economy have continued to exhibit strong growth, the housing indicators in particular.

General spending growth remains sluggish, but job growth continues at a steady clip (though at lower rates of growth compared to the first half of the year) and the unemployment rate remains below its year-ago level, and in fact is at its lowest level in 16 years. Auto spending continues to post mild declines, and building permit activity is down only compared to a very strong number in November 2015. The number of new home building permits issued in November was the highest monthly total in years, and the number of existing home sales for the month was near its all-time high as well.

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 November sales tax receipts to the city of Lubbock was down by 3.8% compared to the November 2015 total as the pattern of mild weakness in overall spending remains in place. The total for the year-to-date is down by a modest 1.6% through November compared to the first eleven months of 2015.
- The rate of employment growth remains in the 1.5% range, having fallen below 3% in July and August, and below 2% in September, October, and November. An estimated 2,100 jobs were added to the Lubbock economy over the last 12 months, and the city continues to enjoy job growth across the broad spectrum of employment categories. The 3.0% rate of unemployment is the lowest (for the month of November) since November 2000, and is down compared to 3.3% in November 2015.

Auto sales in Lubbock were down only slightly compared to November of 2015, but that marks the third straight year-over-year decline, and the 7<sup>th</sup> of the eleven months thus far in 2016. Through November, real auto spending is off by some 4.6% compared to the January-November 2015 total. Again, however, the general weakness in Lubbock auto sales is quite mild compared to the stout rates of growth enjoyed 2010-2014.

The November building permit valuation total was down modestly compared to November of a year ago, and in fact is the lowest monthly permit total thus far in 2016. The year-to-date total remains well into record territory, however, up by 22% compared to the January-November 2015 total, which in turn was up by 29% compared to the first eleven months of the prior year.

The home building sector of the Lubbock economy continues to put up some impressive numbers. Prior to June 2016 the monthly single-family residence permit total had not reached 100 since April 2013, and that was only the third time since 2008. The city has issued over 100 permits in five of the last six months, including the highest total yet this year at 131 permits in November, the highest monthly total since August 2010, and well more than double the November 2015 total. The total through November is now in excess of 1,000 for the first time in 10 years – the last time over 1,000 permits were issued over the course of a calendar year was in 2006.

Existing home sales were sharply higher as well with the number of closed sales up by 29% compared to November 2015. The average price for the month was up by about 2% compared to the November 2015 monthly average, which in turn was up by nearly 10% compared to the previous year. The Lubbock residential real estate market continues to enjoy an extraordinary and record year with higher sales and prices, and the inflation-adjusted total dollar volume of sales activity is up by over 12% through November 2016 (and was up by nearly 30% for the month of November).

## **Lubbock Consumer Price Index**

**The rate of year-over-year increase in the Lubbock Consumer Price Index was unchanged from October to November at 1.6%.**

The rate of year-over-year price increase in the food/grocery sector of the Lubbock CPI remains on the decline and in fact has dwindled to virtually 0 at this point, dipping to .1% in November compared to .3% in October.

The rate of growth in the Lubbock housing CPI remains elevated and on the rise, increasing to 4.9% in November compared to 4.8% in October.

The energy sector of the Lubbock CPI is actually increasing, though it remains below its year-ago level (but by a lesser amount compared to October). The November energy/utilities CPI in Lubbock is down by .8% year-over-year, compared to a decline rate of 1.5% in October.

The medical care component of the Lubbock CPI retreated a bit in November falling to 3.6% for the month compared to 3.9% in October. The US national health and US southern regional healthcare CPI rates of growth were also down in November compared to October.

The rate of year-over-year price increase for various miscellaneous goods and services in Lubbock was unchanged from October to November at .4%.

The national CPI-U (the US Consumer Price Index, a broad measure of price change over time) increased at a 1.7% annual rate in November, compared to 1.6% in October (and 1.5% in September). The “core CPI”, the Consumer Price Index minus food and energy, was unchanged from October to November at a 2.1% rate of year-over-year growth.

The CPI for the southern region of the US (which includes Texas) ticked up again in November to 1.6%, compared to 1.5% in October.

The Dallas-Fort Worth metro area CPI was freshly updated in November and increased to 2.4% compared to 2.0% in September (and 1.3% in July). The Houston metro area CPI was last updated in October and the rate of increase also moved up fairly sharply to 1.7% for the month, up from .9% in August. The Dallas-Fort Worth and Houston metro area CPI values are calculated every other month on off months from one another.

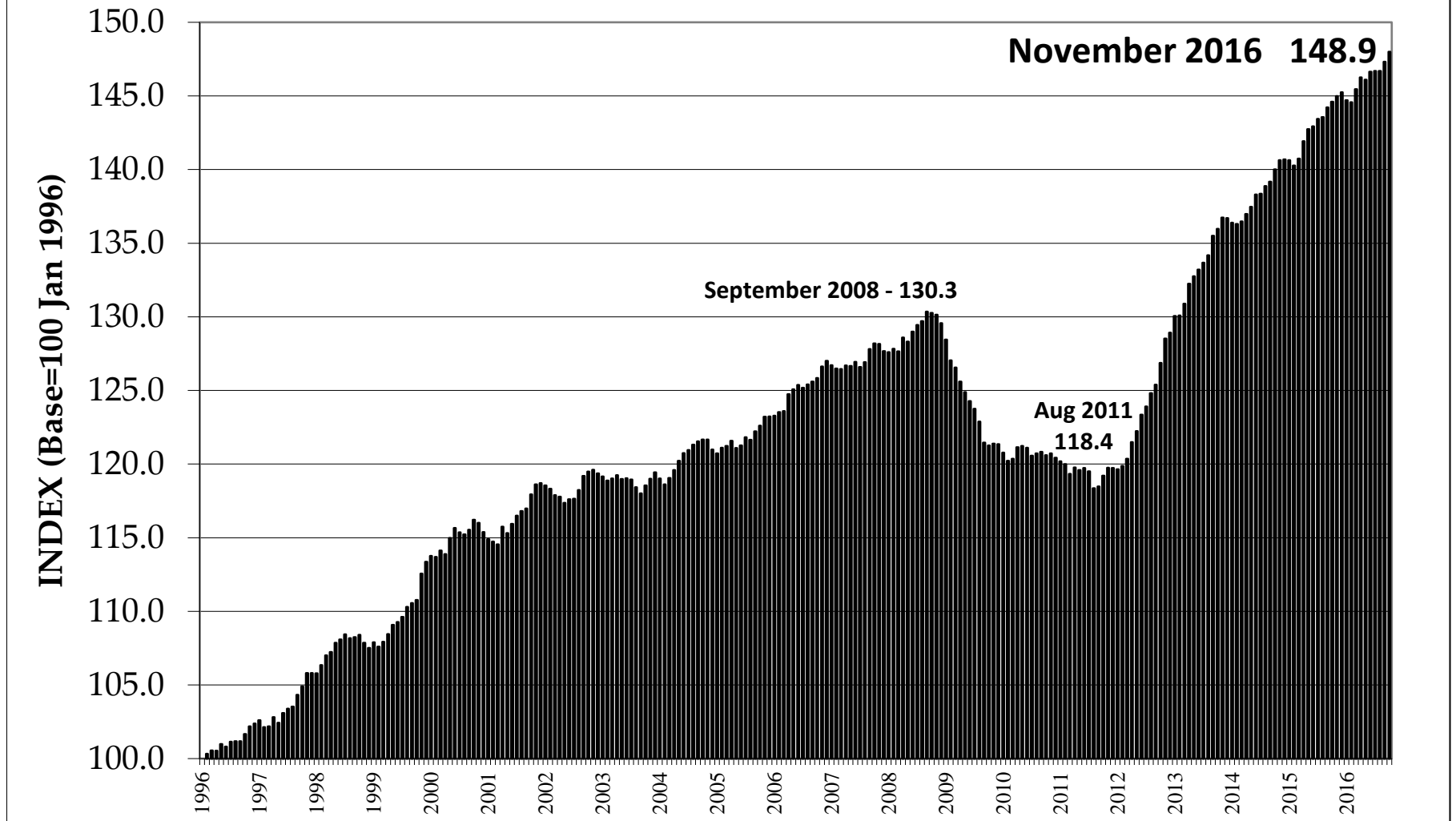
## The Lubbock Metro Area Economy

The Lubbock Economic Index

<b>Lubbock Economic Indicators*</b>	<b>Base Year</b>	<b>One Year Ago</b>	<b>This Year</b>	<b>% Change</b>
<b>November 2016</b>	<b>1996</b>	<b>2015</b>	<b>2016</b>	<b>2015-2016</b>
Retail Sales - (per sales tax receipts) November	\$ 284,825,938	\$ 422,939,810	\$ 406,802,308	-3.8%
Retail Sales - Year-To-Date	\$ 2,831,552,640	\$ 4,133,699,010	\$ 4,068,012,059	-1.6%
Dollars Spent on Auto Purchases - November	\$ 28,712,629	\$ 61,018,724	\$ 59,963,362	-1.7%
Dollars Spent on Auto Purchases YTD	\$ 410,455,611	\$ 761,429,345	\$ 726,685,878	-4.6%
Hotel/Motel Spending - YTD Through November	\$ 45,870,907	\$ 89,522,801	\$ 91,523,571	2.2%
Lubbock International Airport Passenger Enplanements - November	50,363	41,845	41,303	-1.3%
Lubbock International Airport Passenger Enplanements - YTD	561,967	424,603	425,421	0.2%
Value All Construction Permits - November	\$ 8,857,124	\$ 42,079,566	\$ 39,820,444	-5.4%
Value All Construction Permits - YTD	\$ 267,062,682	\$ 597,642,480	\$ 730,985,436	22.3%
New Home Permits - November	30	62	131	111.3%
New Home Permits - YTD	520	837	1,080	29.0%
Number of Home Sales - November	149	199	257	29.1%
Number of Home Sales - YTD	1,959	3,674	3,826	4.1%
Average Home Sale Price - November	\$ 81,519	\$ 179,900	\$ 183,747	2.1%
Average Home Sale Price - YTD	\$ 85,157	\$ 168,212	\$ 184,598	9.7%
Dollar Volume Residential Real Estate Sales - November	\$ 18,923,968	\$ 36,469,925	\$ 47,223,076	29.5%
Dollar Volume Residential Real Estate Sales - YTD	\$ 263,547,683	\$ 634,712,356	\$ 711,883,118	12.2%
<b>Employment</b>				
Wage and Salary Employment - November	113,200	142,900	145,000	1.5%
Wage and Salary Employment - YTD Avg	110,490	140,055	143,500	2.5%
Unemployment Rate - November	3.5%	3.3%	3.0%	-9.1%
Unemployment Rate - YTD Avg	4.2%	3.5%	3.4%	-2.3%
<b>LUBBOCK ECONOMIC INDEX - NOVEMBER (Base=100 January 1996)</b>	<b>102.2</b>	<b>145.0</b>	<b>148.9</b>	<b>2.7%</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 - November (Posted WT Int. Crude)	\$ 21.98	\$ 39.23	\$ 42.06	7.2%
Rig Count (Texas RRC District 8A) - November	21	18	14	-22.2%
Crude Oil Production (Texas RRC District 8A) - November	140,076	96,710	93,115	-3.7%
Value of Oil Production (Texas RRC District 8A) - November	\$ 2,749,749	\$ 4,486,550	\$ 3,628,346	-19.1%
<b>Agriculture (Regional)</b>				
Cotton Price (West Texas, cents/pound) - November	68.53	59.60	68.56	15.0%
Cotton - Bales Ginned Crop Year - Texas South Plains	1,629,300	2,546,950	2,473,700	-2.9%
Fat Cattle Price (\$/hd. Wt.) - November	\$ 70.67	\$ 127.26	\$ 108.38	-14.8%
Value Cattle Marketed - South Plains Crop District (\$000's) - November	\$ 287,916	\$ 327,112	\$ 344,159	5.2%

# The Lubbock Economy

The Lubbock Economic Index January 1996 - November 2016



# The Lubbock Economy

## The Lubbock Economic Index 2011 - 2016

