



COMMERCE NATIONAL BANK

The Bryan-College Station Economic Index

November 2012

January 2, 2012

The B-CS Economic Index experienced a mild (and likely temporary) setback in November, falling slightly to 124.6 down from 124.7 in October but up 4.8% from the November 2011 index of 118.9. Still-declining employment and a sharp year-over-year drop in building permit valuations relative to last year's high number are the culprits; however, general spending continues to improve, the metro area continues to add private sector jobs, and the unemployment rate continues to come down. In other words, the minor decline in the B-CS Economic Index from October to November almost surely does not represent a cyclical shift in the B-CS general economy from growth to decline.

The *concurrent* trends in two important sectors of the local economy best represent its current condition, and these are general consumer spending (as represented by inflation-adjusted retail spending), and the metro area's employment situation as represented by payroll employment and the unemployment rate.

- General taxable spending per November sales tax receipts in Bryan and College Station continued its steady improvement, up by 3.9% compared to November of a year ago, and up by a solid 4.2% compared to the first 11 months of 2011.
- Payroll employment – simply the number of jobs estimated to exist within the B-CS metro area – remains in negative year-over-year territory, down by about 1.2% (about 1,200 jobs) in November compared to November 2011. Again, the culprit is primarily public sector (government) employment, which is down by about 2,100 jobs compared to November of a year ago. The government sector is the largest employment sector in Bryan-College Station with over 36,000 jobs (over 37% of the employment total), and state government makes up the lion's share of that sector with over 24,000 jobs. Of those, over 22,000 are higher education (Texas A&M and Blinn) jobs, well over 1/5 of all jobs in B-CS.
- The unemployment rate remains on the decline, now at its lowest level since the onset of recession in late 2008 and early 2009 when the unemployment rate was on the way up. The November 2012 unemployment rate stands at an estimated 5.1%, compared to 5.9% in November 2011.

The auto sales sector continues to slice through record territory posting another gain in November, with inflation-adjusted spending on new and used automobiles up by 6% compared to November of a year ago, which in turn was up by 25% compared to November 2010. For the year-to-date, real auto spending in the metro area is up by nearly 15% compared to the January-November 2011 time frame.

The \$21 million in building permit valuations in November is actually quite a respectable number, but it is down by nearly 60% compared to the record (for November) 2011 total of over \$51 million for the month. The permit total is slightly positive for the year-to-date, but that margin of improvement will likely evaporate next month, and the year will finish lower compared to 2010 and 2011.

The housing construction sector remains solidly in positive year-over-year territory, with the number of new single-family residence permits issued in November up by some 35% compared to the November 2011 total (which was quite low, down by well over 60% compared to November of the prior year). For the year-to-date, new housing permits issued are up by 34% -- over 170 additional permits thus far in 2012 – compared to YTD through November 2011 total.

Housing sales continue to post double-digit percentage improvement with the number of homes sold for the month up by close to 30% compared to November of a year ago, pulling the year-to-date total positive by nearly 19%. The monthly average sale price was actually lower than November of a year ago by some 7%, the first year-over-year decline in prices in 2012. For the year-to-date, the average home sale price is up by just under 5%. The residential real estate market has experienced a significant recovery in 2012 both in terms of the number of sales, which suffered during the downturn, and prices, which did not. The total dollar volume of activity has exploded in 2012, and is up by nearly 25% compared to year-ago numbers, and is also the highest on record now (at least in terms of nominal, or unadjusted for inflation numbers).



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The B-CS Economic Index January 2000 - November 2012



