



COMMERCE NATIONAL BANK

Economic Index May 2013

June 27, 2013

The B-CS Economic Index posted another increase in May improving to 127.2 up from 126.9 in April, and up 4.2% from the May 2012 index of 122.1. The current expansion in the Bryan-College Station general economy is now 24 months in the making as of May 2013. The B-CS Economic Index is now only 2/10 of a point below its all-time peak of 127.4 achieved in December 2008. The growth in the metro area economy continues to be characterized by steady growth in spending and employment, strong growth in auto sales, and sharp improvement in the residential real estate market.

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 (adjusted for inflation) per May sales tax receipts in B-CS was up by 3.2% compared to May of a year ago, which in turn was up by over 5% compared to May of the prior year. For the year-to-date 2013, real taxable spending is up by 4.8% compared to the first five months of 2012.
- Payroll employment grew by about 2.0% in May compared to May of a year ago, the addition of an estimated 1,900 jobs over that period of time. That is down compared to higher year-over-year rates of growth in prior months, peaking at 3.1% in March; on average, payroll employment is up by about 2.5% in the first five months of the year. The unemployment rate took a seasonal move upward in May to 5.7%, as it typically does, and the May 2013 unemployment rate matched the May 2012 unemployment level. On balance, however, the unemployment rate in B-CS has been on the decline, and that likely will continue to be the case as the economy continues to improve.

Auto spending was up by only a small margin compared to inflation-adjusted spending on new and used automobiles in May of a year ago; however, the May 2012 real auto spending total was up by over 40% compared to May of the prior year, so auto spending in the metro area remains at high levels. For the year-to-date, real auto spending is up by over 9% compared to the January-May 2012 period, which in turn was up by over 24% compared to the first five months of 2011.

Building permit valuations were down by about 58% in May year-over-year; again, though, the May 2012 total was high, up by over 76% compared to May of the prior year. The construction sector continues to fare generally well in 2013; the year-to-date total is up by only about 2% compared to the same period a year ago, but that total was up by over 28% compared to the prior year.

Housing construction was flat for the month compared to year-ago levels in terms of the number of new single-family residence permits issued by the two cities. Home building is down for the year compared to strong numbers from a year ago, with the number of new permits issued thus far in 2013 off by about 12%.

The B-CS residential real estate market continues to improve by leaps and bounds with sharp increases in sales numbers and prices. The 341 closed sales in May marks the highest May sales total on record, and the 1,061 home sales thus far in 2013 is a record total for the first five months of the year. Prices are escalating as well with the May monthly average up by over 13%, and the average for the year-to-date up by 6.5% compared to the January-May 2012 average.



ECONOMIC INDICATORS

May 2013

	BASE YEAR 2000	LAST YEAR 2012	THIS YEAR 2013	% Change 2012 - 2013
Retail Sales (Per Sales Tax Rebates - May, Adjusted for Inflation)	\$ 140,151,686	\$ 170,643,293	\$ 176,038,337	3.2%
Retail Sales (Year-To-Date)	\$ 632,760,522	\$ 770,869,728	\$ 808,173,417	4.8%
Automobile Sales (Dollars Spent on Auto Purchases - May, Adjusted for Inflation)	\$ 20,451,664	\$ 30,223,592	\$ 30,740,365	1.7%
Automobile Sales (YTD)	\$ 96,442,477	\$ 145,116,037	\$ 158,479,705	9.2%
Hotel/Motel Tax Receipts (Year-To-Date)	\$ 783,019	\$ 1,611,689	\$ 2,123,839	31.8%
Airline Enplanements (May)	7,959	5,636	7,984	41.7%
Airline Enplanements (YTD)	37,616	27,009	34,248	26.8%
Value All Construction (May)	\$ 22,212,780	\$ 52,828,767	\$ 21,960,386	-58.4%
Value All Construction (YTD)	\$ 87,923,143	\$ 148,209,156	\$ 151,145,051	2.0%
Single-Family Housing Permits (May)	75	68	69	1.5%
Single-Family Housing Permits (YTD)	364	427	376	-11.9%
Number of Home Sales (May)	165	294	341	16.0%
Number of Home Sales (YTD)	510	875	1,061	21.3%
Average Home Sale Price (May)	\$ 116,333	\$ 175,904	\$ 199,886	13.6%
Average Home Sale Price (YTD)	\$ 114,245	\$ 176,135	\$ 187,573	6.5%
EMPLOYMENT				
Wage & Salary Employment (May)	84,000	96,800	98,700	2.0%
Wage & Salary Employment (YTD Average)	82,240	95,820	98,260	2.5%
Unemployment Rate (May)	3.8	5.7	5.7	0.0%
Unemployment Rate (YTD Average)	3.9	5.7	5.4	-5.6%
INDEX - April (Base = 100 January 2000)	101.3	122.1	127.2	4.2%



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The B-CS Economic Index January 2000 - May 2013

