



June 2, 2015

The Bryan-College Station Economic Index April 2015

The Bryan-College Station Economic Index declined in April for the first time in well over two years, and for only the second time in the last 44 months. The index dropped to 147.4 in April from a revised 147.6 in March, but remains 6.4% higher than the April 2014 B-CS Economic Index of 138.6. Rates of spending and employment growth have certainly narrowed in recent months, and in fact estimated payroll employment in the metro area has now fallen slightly below year-ago levels. Auto spending was down for the month along with home sales and construction, and new single-family housing permits were sharply lower compared to April of a year ago.

The totals/averages through April compared to the first four months of last year remain generally strong, and growth in the B-CS economy has been nothing short of extraordinary at 5.3%, 6.9%, and 7.4%, respectively, in 2012, 2013, and 2014. Year-over-year growth rates in the B-CS Economic Index have been well over seven percent in each of the last three months before dipping to 6.4% in April. The average month-to-month increase in the index over the last 12 months is 9/10 of a point, so the mild decline of .2 points in April is hardly cause for great concern.

If, however, the monthly decline in April signals the onset of an economic slowdown to some degree then the occurrence would be of greater significance. But the index would need to decline for a number of months for that to be the case, and while rates of growth may certainly moderate, it doesn't seem likely that a change in direction for the local economy is in the offing, much less a protracted period of economic contraction.

release of revised labor force/unemployment rate data which dates back to at least the beginning point of the B-CS Economic Index. The result is some minor change in monthly index values along the way, but no alteration of the general trends in unemployment rate over time or the index itself. Prior to the revision, the March 2015 B-CS Economic Index value was 147.8; post-revision, the March 2015 index stands at 147.6, so that explains the minor difference in the index value for March that was referenced last month.

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 employment situation as represented by payroll employment and the unemployment rate.

- Inflation-adjusted spending in the B-CS metro area per April 2015 sales tax receipts in Bryan and College Station was up by 2.7% compared to April of a year ago, the lowest margin of year-over-year improvement thus far in 2015. For the year-to-date through April general real spending is up by just over 7% compared to the same period in 2014, which in turn was up by over 5% compared to the first four months of the prior year.

- The pace of employment growth was particularly strong in the first half of 2014, in fact averaging about 3.5% through July of a year ago; compared to those lofty rates of increase

employment growth is slower thus far in 2014, averaging only about .4% through April, and actually going negative year-over-year according the preliminary April monthly estimate (which is subject to slight revision next month). But again, compared to strong growth and record employment numbers from a year ago the current year estimates are not particularly troubling, again assuming a sustained period of employment loss is not just around the corner – and there is no reason to believe that is the case. The April unemployment rate of 3.2% is the lowest since the pre-recession April 2008 unemployment rate of 3.1%, and is down by 4/10 of a point compared to the April 2014 unemployment rate of 3.6%.

Auto spending posted a year-over-year decline for the first time in over a year with inflation-adjusted spending on new and used automobiles down by about 3.5% compared to April of a year ago. For the year-to-date, real auto spending is up by a respectable 5.5% compared to the first four months of 2014, however.

Building activity remains high in the metro area with the total dollar valuation of permits issued generally flat compared with strong April permit totals in both 2013 and 2014. For the year-to-date building permit valuations are up a strong 34% compared to the first four months of a year ago. The number of new single-family residence permits dipped below 100 in April for the first time in 2014, and the 81 permits issued for the month is down by about 25% compared to April of a year ago. The numbers remain strong for the year thus far, however, with the number of permits up by over 20% for the year-to-date.

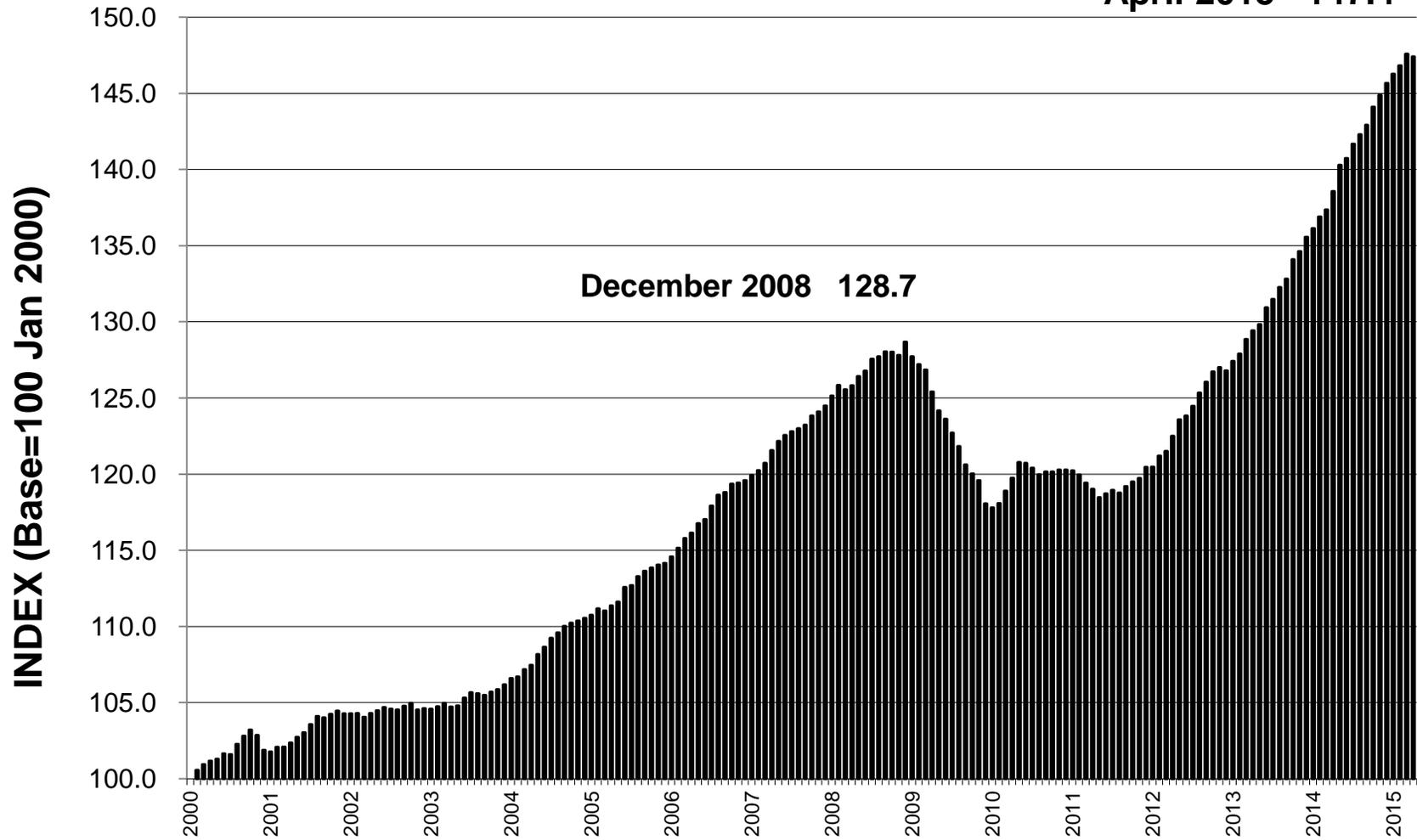
The number of existing home sales was down slightly compared to a strong April sales total from a year ago (the 303 sales recorded in April 2014 was an April record, and was up by over 13% over the prior year), and prices soared in April. The April monthly average price was up by over 15% for the second straight month, and the average home sale price for the first four months of the year is up by a whopping 12.7% compared to the same period a year ago, which in turn was up by over 6% compared to the prior year. While the number of sales was down for the month, the total real dollar volume of residential real estate sales activity was higher for the month, and in fact is at a record level for both the month and the year-to-date through April.

At this point, little should be made of the slight decline in the B-CS Economic Index in April. Again, it is only of consequence if it signals the beginning of a larger event – a change in direction for the local economy from growth to decline. It seems likely that growth will continue, though perhaps at lower rates just because growth rates of over 7% are nearly impossible to sustain indefinitely.

The Bryan-College Station Economy

The B-CS Economic Index January 2000 - April 2015

April 2015 147.4



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ECONOMIC INDICATORS	BASE YEAR	LAST YEAR	THIS YEAR	% Change
April 2015	2000	2014	2015	2014 - 2015
Retail Sales (Per Sales Tax Rebates - April) *	\$ 107,857,294	\$ 151,387,814	\$ 155,458,387	2.7%
Retail Sales (Year-To-Date) *	\$ 492,608,836	\$ 664,174,023	\$ 711,464,079	7.1%
Automobile Sales (Dollars Spent on Auto Purchases - April) *	\$ 18,452,729	\$ 36,116,626	\$ 34,864,396	-3.5%
Automobile Sales (YTD) *	\$ 75,990,813	\$ 130,093,438	\$ 137,297,423	5.5%
Hotel/Motel Tax Receipts (Year-To-Date)	\$ 554,903	\$ 1,538,324	\$ 1,723,796	12.1%
Value All Construction (April)	\$ 11,554,985	\$ 61,954,976	\$ 61,312,664	-1.0%
Value All Construction (YTD)	\$ 65,710,363	\$ 145,700,492	\$ 198,741,116	36.4%
Single-Family Housing Permits (April)	69	109	81	-25.7%
Single-Family Housing Permits (YTD)	289	385	463	20.3%
Number of Home Sales (April)	107	303	285	-5.9%
Number of Home Sales (YTD)	345	901	981	8.9%
Average Home Sale Price (April)	\$ 117,300	\$ 199,939	\$ 231,603	15.8%
Average Home Sale Price (YTD)	\$ 110,250	\$ 192,864	\$ 217,407	12.7%
Dollar Volume of Residential Home Sales Activity (April) *	\$ 12,270,398	\$ 42,900,706	\$ 45,560,184	6.2%
Dollar Volume of Residential Home Sales Activity (YTD) *	\$ 38,261,983	\$ 123,382,537	\$ 147,527,273	19.6%
EMPLOYMENT				
Wage & Salary Employment (April)	83,900	105,800	105,200	-0.6%
Wage & Salary Employment (YTD Average)	82,150	104,200	104,650	0.4%
Unemployment Rate (April)	3.4	3.6	3.2	-11.1%
Unemployment Rate (YTD Average)	3.8	4.2	3.4	-18.1%
B-CS ECONOMIC INDEX - April (Base = 100 January 2000)	101.2	138.6	147.4	6.4%

* Adjusted for inflation by re-stating in year 2000 dollars)