



February 15, 2016

The Bryan-College Station Economic Index December/4th Quarter/Annual 2015

The Bryan-College Station Economic Index finished the year on the rise, increasing to a record 150.6 in December up from 149.8 in October and November, and up 3.4% from the December 2014 B-CS Economic Index of 145.6 (which in turn was up by 7.4% compared to the December 2013 index). That brings the general cycle of expansion in the Bryan-College Station metro area economy to 55 months and counting, over which time the index has grown by over 27% for an annual average growth rate of a stout 5.9%.

In the fourth quarter 2015 the index grew at an annualized rate of 3.9%. Construction and housing helped to push the index upward in 2015, and at year-end; however, rates of overall economic growth slowed in 2015 as spending and employment weakened compared to very strong rates of growth in recent years and in 2014 in particular.

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.

- General real (inflation-adjusted) taxable spending per fourth quarter sales tax receipts in Bryan-College Station were actually down compared to the fourth quarter of a year ago; however, the fourth quarter 2014 total was up by 10% compared to the final three months of the previous year. Spending per December 2015 sales tax receipts in B-CS was up by only about 1.8% compared to December of the prior year; again, though the December 2014 was up by a sharp 12% compared to real spending per December 2013 sales tax figures. For the year as a whole, general real spending in the B-CS metro area was up by 2.6% compared to the 2014 annual total, which in turn was up by 7.7% compared to the previous year.
- The pace of employment growth slowed in 2015 as well, averaging less than one percent throughout the year and finishing the year with a .7% rate of year-over-year growth in December, reflecting the addition of an estimated 700 jobs over the course of the year. The average employment growth rate in 2014 was 2.5%, but was over 4% from mid-year 2013 to mid-year 2014, so current-year growth rates are generally being compared to some stout numbers over the past two years. The actual number of jobs in the Bryan-College Station metro area is at a record level, even though new jobs are being added at a slower rate. The unemployment rate remains quite favorable at 3.3% in December, though that is slightly higher than the 3.1% unemployment rate recorded in December 2014. The average unemployment rate in 2015 was 3.5%, the lowest annual average over the entire history of the B-CS Economic Index.

Auto sales were once again strong in 2015, especially considering the growth in automobile spending from 2010-2014. Inflation-adjusted spending on new and used vehicles in the B-CS metro area was up by 3.0% in 2015 compared to 2014, which in turn was up by over 9% compared to the previous year. In the fourth quarter 2015 real auto spending was up by over 9% compared to the fourth quarter 2014, which in turn was

up by over 14% compared to the prior year. In December, real auto spending was up by only 1.6% compared to December of a year ago; however, the December 2014 total was up by 22% year-over-year. Since the recession year of 2009, real auto spending in Bryan-College Station has increased by a whopping 67%, an average of over 11% per year.

Construction activity set a new nominal (unadjusted for inflation) record in 2015 with over \$543 million in permits issued, an increase of 31% compared to the 2014 annual permit valuation total. In real (inflation-adjusted) terms the 2008 total is the only year in which construction activity was higher than in 2015. The fourth quarter 2015 building permit valuation total is a record by any measure, surpassing the fourth quarter of 2014 by 158%.

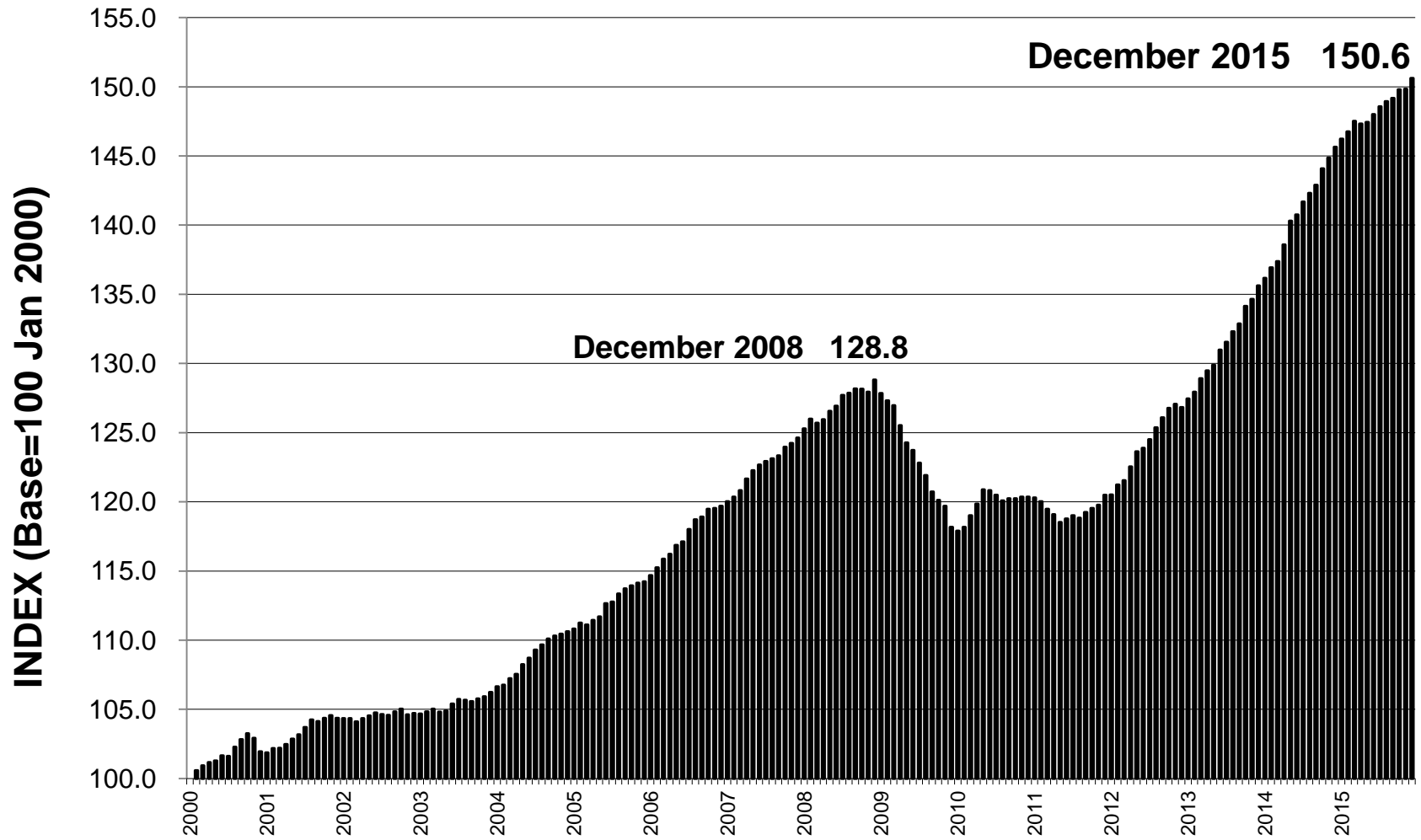
Home building surged to a new record in 2015 as well with the highest number of new single-family residence construction permits ever issued in Bryan-College Station. The total surpassed 1,000 in a calendar year for the first time ever, and the 1,142 permits issued in 2015 was up by over 15% compared to the second-highest total, the 987 permits issued in 2014 (which, by the way, was over 30% higher than the number of permits issued in 2013). Fourth quarter new home permits were only slightly improved compared to the fourth quarter of a year ago; however, (1) that represents a new fourth quarter record, and (2) the number of permits issued in the last three months of 2014 was about 40% higher compared to the previous year.

Existing home sales also set a new record in 2015 with the number of closed sales surpassing the 3,000 mark for only the second time (and the second straight year). The 3,340 sales in 2015 represents an increase of 7% compared to the 2014 annual total. The average home sale price continued to increase sharply in 2015 with the annual average price up by 6%, and the fourth quarter average up by 3% compared to the fourth quarter of a year ago, which in turn was up by over 12% compared to the last three months of the prior year. Just in the last four years, the average annual home sale price has increased by 25%. The total real (inflation-adjusted) dollar volume of residential real estate activity clearly set a new record in 2015, and exceeded the 2014 annual total (the previous record) by over 10%.

The effects of the recession of 2009 actually lasted well into 2011, and it was in June of that year that the Bryan-College Station Economic Index embarked on an impressive growth run that continues through year-end 2015 and on into 2016. The Texas Workforce Commission will issue revised employment data for 2015 (and perhaps 2014) for Bryan-College Station and other Texas metro areas in early March. This process will also establish the benchmarks under which monthly employment estimates will be issued for the balance of 2016. At that time we will take a look at the prospects for continued growth in the B-CS economy in the year ahead.

The Bryan-College Station Economy

The B-CS Economic Index January 2000 - December 2015



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The B-CS Economic Index

ECONOMIC INDICATORS	BASE YEAR	LAST YEAR	THIS YEAR	% Change
December/4th Quarter/Annual 2015	2000	2014	2015	2014 - 2015
Retail Sales (Per Sales Tax Rebates - December, Adjusted for Inflation)	\$ 105,286,816	\$ 171,232,831	\$ 174,287,516	1.8%
Retail Sales (4th Quarter)	\$ 384,034,334	\$ 562,250,098	\$ 548,801,418	-2.4%
Retail Sales (Annual)	\$ 1,473,192,339	\$ 2,077,741,782	\$ 2,132,328,530	2.6%
Automobile Sales (Dollars Spent on Auto Purchases - December, Adjusted for Inflation)	\$ 16,458,474	\$ 34,497,004	\$ 35,039,885	1.6%
Automobile Sales (4th Qtr)	\$ 52,293,516	\$ 93,546,515	\$ 102,137,968	9.2%
Automobile Sales (Annual)	\$ 227,864,501	\$ 407,009,001	\$ 419,186,246	3.0%
Hotel/Motel Tax Receipts (Annual)	\$ 1,975,805	\$ 6,199,774	\$ 6,597,003	6.4%
Value All Construction Permits (December)	\$ 21,108,516	\$ 27,226,509	\$ 69,073,950	153.7%
Value All Construction Permits (4th Qtr)	\$ 41,770,247	\$ 74,835,733	\$ 193,040,150	158.0%
Value All Construction Permits (Annual)	\$ 213,269,386	\$ 414,577,570	\$ 543,264,902	31.0%
Single-Family Housing Permits (December)	47	85	124	45.9%
Single-Family Housing Permits (4th Qtr)	144	251	255	1.6%
Single-Family Housing Permits (Annual)	697	987	1,142	15.7%
Number of Home Sales (December)	90	200	233	16.5%
Number of Home Sales (4th Qtr)	231	587	567	-3.4%
Number of Home Sales (Annual)	1,356	3,123	3,340	6.9%
Average Home Sale Price (December)	\$ 118,556	\$ 212,765	\$ 228,579	7.4%
Average Home Sale Price (4th Qtr)	\$ 125,390	\$ 211,143	\$ 217,954	3.2%
Average Home Sale Price (Annual)	\$ 118,603	\$ 202,931	\$ 215,186	6.0%
Dollar Volume of Residential Home Sales Activity (December - Adjusted for Inflation)	\$ 10,229,371	\$ 29,591,641	\$ 36,284,346	22.6%
Dollar Volume of Residential Home Sales Activity (4th Qtr)	\$ 27,834,107	\$ 86,400,320	\$ 84,316,185	-2.4%
Dollar Volume of Residential Home Sales Activity (Annual)	\$ 156,210,061	\$ 446,317,637	\$ 494,212,427	10.7%
EMPLOYMENT				
Wage & Salary Employment (December)	85,100	107,500	108,200	0.7%
Wage & Salary Employment (4th Qtr)	85,235	107,700	108,635	0.9%
Wage & Salary Employment (Annual Avg)	82,535	104,790	105,640	0.8%
Unemployment Rate (December)	3.0	3.1	3.3	6.5%
Unemployment Rate (4th Qtr)	3.2	3.4	3.4	2.0%
Unemployment Rate (Annual Average)	3.8	4.0	3.5	-13.4%
BRYAN-COLLEGE STATION ECONOMIC INDEX - DECEMBER	101.9	145.6	150.6	3.4%
(Base = 100.0 January 1996)				