



November 16, 2015

## The Bryan-College Station Economic Index September/3<sup>rd</sup> Quarter 2015

**After flattening in the second quarter 2015 the Bryan-College Station Economic Index strengthened in the third quarter, posting an annualized 3% rate of growth compared to 1.3% in the second quarter. The B-CS Economic Index improved to 149.1 in September up from 148.9 in August, and up 4.4% from the September 2014 index of 142.9.**

The housing indicators helped to push the index upward in September and the third quarter with sharp increases in new housing construction as well as existing home sales and prices. General spending was respectably higher, and employment growth rates remain generally low.

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 third quarter sales tax receipts in B-CS was up by 4.1% compared to the third quarter 2014 total, which in turn was up by over 6% compared to the prior year. Real spending per September tax receipts was up by 4% as well, and the total for the year-to-date is up by a solid 4.5% compared to the first nine months of a year ago, which in turn was up by 7% compared to the prior year.
- Employment growth remains sluggish in the B-CS metro area at well below 1% (year-over-year). The August estimate was revised upward to take it out of negative year-over-year territory but only about 300 jobs were added over the last 12 months for an employment growth rate in September of .3%. That compares to an average 4.2% in 2013 and over 3% in the first nine months of 2014. The unemployment rate remains favorable compared to year-ago levels though the margin of decline narrowed in September. At 3.5% the September unemployment rate remains the lowest for the month of September over the entire history of the B-CS Economic Index (based at 100.0 in January 2000), and is down compared to the September 2014 unemployment rate of 3.9%.

Auto sales posted a slight decline in the third quarter with inflation-adjusted spending on new and used automobiles down by 2.3% compared to the third quarter of last year. However, the third quarter 2014 real auto spending total was strong, up by over 12% compared to the third quarter of the prior year, which in turn was nearly 17% higher compared to the year before. So auto sales in that context remain at a high level, but have flattened in terms of growth compared to last year. The year-to-date total remains slightly in positive year-over-year territory, and September auto spending was up by a solid 7.4%.

Construction activity slowed a bit in the third quarter with the value of all building permits issued off by just over 4% compared to the third quarter 2014. The September total was higher at some 21.5% improved over the September 2014 building permit total. For the year-to-date construction activity by this measure remains moderately improved over the January-September 2014 total, which in turn was up by over 30% compared to the first nine months of the previous year.

Single-family home building continues to put up some solid numbers through the third quarter as the sector remains in its second straight year of strong growth. The number of new single-family residence permits issued was up by 46% in the third quarter compared to year-ago levels, and the September monthly total was the highest ever for the month of September. Through September the number of new single-family housing construction permits is up by over 20% compared to a year ago, which in turn was up by 28% compared to the first nine months of the prior year.

The existing home sales category yet again posted a monthly record in September with 247 closed sales, the highest ever for the month and 21% higher than in September of a year ago. The quarterly and year-to-date sales numbers are record totals as well, and are up by 11% and 9% year-over-year, respectively. Prices continue to climb as well with the September monthly average up by 8% compared to September of a year ago, which in turn was nearly 10% higher than in September of the prior year. On balance, the residential real estate market is in the midst of its fourth straight year of double-digit percentage growth with the inflation-adjusted total dollar volume of residential real estate activity up by 14% through September compared to year-ago levels.

The strong growth rates achieved in recent years were at least in part due to new oil & gas development in the Eagle Ford Shale in Brazos and surrounding counties. What was going to be solid growth in 2013 and 2014 became sharp growth with upstream (exploration and development) oil & gas activities adding at least two percentage points to overall growth (the B-CS Economic Index expanded by 6.9% and 7.4% in 2013 and 2014, respectively). As activity levels taper due to sharply lower oil prices some stimulus is removed from the local and regional economies and growth rates have narrowed in 2015.

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<b>ECONOMIC INDICATORS</b>	<b>BASE YEAR</b>	<b>LAST YEAR</b>	<b>THIS YEAR</b>	<b>% Change</b>
September/3rd Quarter 2015	<b>2000</b>	<b>2014</b>	<b>2015</b>	<b>2014 - 2015</b>
Retail Sales (Per Sales Tax Rebates - September, Adjusted for Inflation)	\$ 107,206,202	\$ 157,680,883	\$ 164,064,254	4.0%
Retail Sales (3rd Quarter)	\$ 351,319,315	\$ 489,752,684	\$ 509,665,901	4.1%
Retail Sales (Year-To-Date)	\$ 1,089,158,005	\$ 1,515,491,684	\$ 1,583,527,136	4.5%
Automobile Sales (Dollars Spent on Auto Purchases - September, Adjusted for Inflation)	\$ 19,754,579	\$ 36,601,567	\$ 39,301,781	7.4%
Automobile Sales (3rd Qtr)	\$ 60,413,879	\$ 114,824,692	\$ 112,206,081	-2.3%
Automobile Sales (YTD)	\$ 175,570,985	\$ 313,462,486	\$ 317,048,277	1.1%
Hotel/Motel Tax Receipts (Year-To-Date)	\$ 1,416,554	\$ 4,368,026	\$ 4,688,582	7.3%
Value All Construction Permits (September)	\$ 7,461,535	\$ 21,917,118	\$ 26,637,501	21.5%
Value All Construction Permits (3rd Qtr)	\$ 68,960,248	\$ 81,264,795	\$ 77,778,849	-4.3%
Value All Construction Permits (YTD)	\$ 171,499,139	\$ 339,741,837	\$ 350,224,752	3.1%
Single-Family Housing Permits (September)	45	67	120	79.1%
Single-Family Housing Permits (3rd Qtr)	138	182	266	46.2%
Single-Family Housing Permits (YTD)	553	736	887	20.5%
Number of Home Sales (September)	93	204	247	21.1%
Number of Home Sales (3rd Qtr)	429	905	1,002	10.7%
Number of Home Sales (YTD)	1,125	2,536	2,773	9.3%
Average Home Sale Price (September)	\$ 130,430	\$ 207,942	\$ 224,567	8.0%
Average Home Sale Price (3rd Qtr)	\$ 124,301	\$ 206,194	\$ 218,634	6.0%
Average Home Sale Price (YTD)	\$ 117,209	\$ 201,031	\$ 214,620	6.8%
Dollar Volume of Residential Home Sales Activity (September - Adjusted for Inflation)	\$ 11,718,419	\$ 29,708,055	\$ 37,978,421	27.8%
Dollar Volume of Residential Home Sales Activity (3rd Qtr)	\$ 51,669,368	\$ 131,057,050	\$ 150,276,982	14.7%
Dollar Volume of Residential Home Sales Activity (YTD)	\$ 128,375,954	\$ 359,917,317	\$ 409,896,243	13.9%
<b>EMPLOYMENT</b>				
Wage & Salary Employment (September)	83,300	106,000	106,300	0.3%
Wage & Salary Employment (3rd Qtr)	81,000	102,935	103,535	0.6%
Wage & Salary Employment (YTD Average)	81,635	103,820	104,705	0.9%
Unemployment Rate (September)	3.7	3.9	3.5	-10.3%
Unemployment Rate (3d Qtr)	4.0	4.4	3.7	-16.0%
Unemployment Rate (YTD Average)	3.9	4.3	3.5	-17.4%
<b>BRYAN-COLLEGE STATION ECONOMIC INDEX - SEPTEMBER</b>	<b>102.8</b>	<b>142.9</b>	<b>149.1</b>	<b>4.4%</b>
(Base = 100.0 January 1996)				

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## The B-CS Economic Index January 2000 - September 2015

