



August 26, 2016

The Bryan-College Station Economic Index July 2016

The Bryan-College Station Economic Index pressed upward again in July, and yet further into record territory increasing to 152.6 for the month up from 152.2 in June (which was revised upward from 151.1 due to an upward revision in June home sales data), and up 3.3% from the July 2015 index of 147.7.

A strong building permit total helped to push the index upward in July along with a sharply higher average monthly home sale price and continued strong employment growth. Spending remains sluggish, both for overall general spending and the big-ticket auto sales sector. Hotel/motel activity is lower thus far in 2016 as well, and new housing construction and the number of home sales were both down significantly in July compared to year-ago levels.

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 July sales tax receipts was generally flat compared to year-ago levels, posting a decline of .5% compared to the July 2015 total, which in turn was up by 3.4% compared to July of the previous year. For the year-to-date through July, general real spending is down by .8% compared to the January-July 2015 total, which in turn was up by 4.5% compared to the first seven months of the prior year.
- The Bryan-College Station year-over-year employment growth rate for July remains atop the list for all Texas metro areas at 4.5%, reflecting the addition of an estimated 4,700 jobs over the last 12 months. “Leisure and hospitality” led the way with 1,100 jobs added, an improvement of over 8% in that sector compared to July of a year ago. For the first time since September 2011, the monthly unemployment rate was higher than the same month the previous year at 4.2%, compared to 4.1% in July 2015.

The actual level of auto spending remains high – as high as it has ever been; however, the *growth rate* in auto sales has evaporated in 2016 and is simply flat compared to year-ago levels. The monthly inflation-adjusted auto spending total was up by .8% compared to July of a year ago, and the year-to-date total is down by the same amount. Again, though, auto sales activity exploded post-recession (beginning in 2010) and continued to expand at a high rate through 2014 before easing in 2015 and flattening in 2016.

Construction activity skyrocketed in July after a 29% year-over-year decline in the second quarter of the year. The \$64.3 million in building permits recorded in Bryan-College Station in July is the highest July monthly total since July 2000 (adjusted for inflation) and is well more than double the July total from a year ago. For the year-to-date, real building permit valuations are up by 48% compared to the first seven months of 2015, and construction activity continues at a record level in the metro area.

Home building dropped off in July compared to a high total in July of a year ago with the number of new single-family residence permits issued down by about 34% compared to July of a year ago (which in turn was up by 60% compared to July of the prior year). The number of new permits issued had been at a record level through June of this year, but slipped just slightly below its year-ago level in July with two fewer permits issued in 2016 compared to the first seven months of a year ago.

Housing sales continue to cool in 2016 after a record year in 2015; sales numbers in recent months were revised upward (though the number of sales was still down by about 3% through June) but dropped off sharply in July. The number of closed sales in July was down by 25% compared to July of a year ago, and is now down by over 7% for the year-to-date. The monthly average price of those sales, already soaring in 2016, spiked sharply upward in July to nearly \$271,000, an increase of over 30% compared to July of a year ago. That brings the average price through July to over 12% higher than the average for the first seven months of a year ago. Even though the number of sales has slowed in 2016 the strong price increases are sufficient to keep the real (inflation-adjusted) total dollar volume of residential real estate activity in record territory, up by 2% for the year-to-date through July.

ECONOMIC INDICATORS *	BASE YEAR	LAST YEAR	THIS YEAR	% Change
July 2016	2000	2015	2016	2015 - 2016
Retail Sales (per sales tax receipts - July)	\$ 154,407,153	\$ 214,889,428	\$ 213,718,032	-0.5%
Retail Sales (Year-to-date)	\$ 1,164,928,767	\$ 1,685,617,382	\$ 1,672,773,965	-0.8%
Automobile Sales (Dollars Spent on Auto Purchases - July)	\$ 19,191,355	\$ 38,522,160	\$ 38,819,939	0.8%
Automobile Sales (YTD)	\$ 137,670,849	\$ 249,274,240	\$ 247,158,318	-0.8%
Hotel/Motel Tax Receipts (YTD)	\$ 19,927,378	\$ 52,169,609	\$ 48,673,408	-6.7%
Value All Construction (July)	\$ 67,406,208	\$ 29,709,240	\$ 64,308,316	116.5%
Value All Construction (YTD)	\$ 234,940,813	\$ 292,002,727	\$ 430,776,353	47.5%
Single-Family Housing Permits (July)	50	83	55	-33.7%
Single-Family Housing Permits (YTD)	465	715	713	-0.3%
Number of Home Sales (July)	160	422	315	-25.4%
Number of Home Sales (YTD)	856	2,157	1,997	-7.4%
Average Home Sale Price (July)	\$ 129,250	\$ 206,644	\$ 270,983	31.1%
Average Home Sale Price (YTD)	\$ 115,905	\$ 206,633	\$ 232,054	12.3%
Dollar Volume of Residential Home Sales Activity (July)	\$ 29,776,428	\$ 88,820,004	\$ 85,359,542	-3.9%
Dollar Volume of Residential Home Sales Activity (YTD)	\$ 143,517,282	\$ 455,777,780	\$ 465,077,658	2.0%
EMPLOYMENT				
Wage & Salary Employment (July)	79,500	105,300	110,000	4.5%
Wage & Salary Employment (YTD Avg)	81,600	107,485	112,045	4.2%
Unemployment Rate (July)	4.3	4.1	4.2	2.4%
Unemployment Rate (YTD Avg)	4.0	3.6	3.6	-1.6%
BRYAN-COLLEGE STATION ECONOMIC INDEX - JULY	101.6	147.7	152.6	3.3%
(Base=100.0 January 2000)				

* With the exception of the average home sale price, all economic indicators expressed in dollar form above

The Bryan-College Station Economy

The B-CS Economic Index January 2000 - July 2016

