



July 6, 2016

The Bryan-College Station Economic Index May 2016

The Bryan-College Station Economic Index for the second straight month increased by only a modest 1/10 of a point, but again that is sufficient to push the index to a new record level at 151.9 in May compared to 151.8 in April. The May 2016 B-CS Economic Index is up by a solid 3.8% compared to May of a year ago. The May increase extends the pattern of expansion in the Bryan-College Station economy to a full five years – 60 months of general economic growth as reflected by the index dating back to May 2011 when the index finally began to improve on a sustained basis after the recession of 2009-2010.

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 May sales tax receipts in Bryan-College Station was down by 1.7% compared to May of a year ago; for the year-to-date, general real spending is down by a narrow .5% compared to the first five months of 2015. The weakness in spending growth dates back to the fourth quarter 2015; prior to that, general spending by households and businesses within the B-CS metro area had improved strongly and steadily since 2012.
- The May payroll employment growth rate of 3.7% marks the first time thus far in 2016 the year-over-year margin of growth dipped below 4% (the April estimate was revised upward, resulting in a 4.0% rate of growth as opposed to the originally reported 3.8%). Through the first five months of the year, though, employment growth in Bryan-College Station is averaging a stout 4.2%. The unemployment rate declined yet again compared to its year-ago level at 3.3% for the month of May, down from 3.5% in May of a year ago.

The auto sales sector continued its sluggish performance in May (at least in terms of the growth rate), down just slightly compared to May of a year ago, which in turn was down by over 8% compared to May of the prior year. Real auto spending for the year-to-date is up by a slight .5% compared to the first five months of 2016. In terms of the level of activity auto sales in May are actually at a record level; however, the growth rate has slowed considerably in 2016.

Construction activity per building permit valuations logged its second straight double-digit percentage year-over-year decline in May after posting a 107% increase in the first quarter. May monthly building permit activity was down by 31% compared to May of a year ago; however, the total for the year-to-date remains well into record territory and is up by 57% compared to the January-May 2015 total.

The 575 new single-family residence construction permits thus far in 2016 is up only slightly compared to the total for the first five months of a year ago; however, it is a record total for that period of time, outpacing the previous record total of 571 from a year ago. The May monthly total dropped off sharply, however, down by over 30% compared to May of last year.

Residential real estate activity was down in May with the number of existing home sales down by 13% for the month compared to May of a year ago. The total for the year-to-date is now down by about 5%

compared to the January-May 2015 sales total. The average price of those sales was sharply higher, however, up by 15% compared to the May 2015 monthly average. Through May, the average home sale price is up by a whopping 7.6% compared to the average through May of a year ago. The higher average prices helped to keep the total real (inflation-adjusted) dollar volume of home sales activity at a record level through May, but only by a scant .4%.

Even though the Bryan-College Station Economic Index has continued to improve, the month-to-month growth has been slight over the last two months as some negatives have begun to creep into the monthly table of economic indicators. Spending has weakened, but employment growth remains among the highest in the state, and other indicators offer a mixed bag of results. The next report will provide an assessment through mid-year 2016.

The Bryan-College Station Economy

The B-CS Economic Index

| ECONOMIC INDICATORS * | BASE YEAR | LAST YEAR | THIS YEAR | % Change |
|--|------------------|------------------|------------------|--------------------|
| May 2016 | 2000 | 2015 | 2016 | 2015 - 2016 |
| Retail Sales (May) | \$ 191,149,478 | \$ 266,160,701 | \$ 261,694,773 | -1.7% |
| Retail Sales (Year-to-date) | \$ 863,006,695 | \$ 1,236,509,271 | \$ 1,230,372,711 | -0.5% |
| Automobile Sales (Dollars Spent on Auto Purchases - May) | \$ 21,042,659 | \$ 31,557,563 | \$ 31,483,144 | -0.2% |
| Automobile Sales (YTD) | \$ 99,207,141 | \$ 172,904,536 | \$ 173,791,072 | 0.5% |
| Hotel/Motel Spending (YTD) | \$ 14,157,737 | \$ 31,390,319 | \$ 33,835,937 | 7.8% |
| Value All Construction (May) | \$ 36,242,651 | \$ 38,812,415 | \$ 26,649,089 | -31.3% |
| Value All Construction (YTD) | \$ 144,334,437 | \$ 209,667,310 | \$ 328,046,233 | 56.5% |
| Single-Family Housing Permits (May) | 75 | 97 | 67 | -30.9% |
| Single-Family Housing Permits (YTD) | 364 | 571 | 575 | 0.7% |
| Number of Home Sales (May) | 165 | 387 | 337 | -12.9% |
| Number of Home Sales (YTD) | 510 | 1,347 | 1,281 | -4.9% |
| Average Home Sale Price (May) | \$ 116,333 | \$ 195,671 | \$ 224,769 | 14.9% |
| Average Home Sale Price (YTD) | \$ 114,245 | \$ 206,280 | \$ 221,983 | 7.6% |
| Dollar Volume of Residential Home Sales Activity (May) | \$ 27,679,368 | \$ 77,144,800 | \$ 75,747,157 | -1.8% |
| Dollar Volume of Residential Home Sales Activity (YTD) | \$ 84,242,910 | \$ 283,825,835 | \$ 285,017,299 | 0.4% |
| EMPLOYMENT | | | | |
| Wage & Salary Employment (May) | 84,400 | 110,500 | 114,600 | 3.7% |
| Wage & Salary Employment (YTD Avg) | 82,600 | 108,160 | 112,660 | 4.2% |
| Unemployment Rate (May) | 3.7 | 3.5 | 3.3 | -5.7% |
| Unemployment Rate (YTD Avg) | 3.8 | 3.4 | 3.3 | -2.3% |
| BRYAN-COLLEGE STATION ECONOMIC INDEX - MAY | 101.3 | 146.3 | 151.9 | 3.8% |
| (Base=100.0 January 2000) | | | | |

* With the exception of the average home sale price, all economic indicators expressed in dollar form above are adjusted for inflation by restating prior periods in current dollars

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The B-CS Economic Index January 2000 - May 2016

