



# COMMERCE NATIONAL BANK

## The Bryan-College Station Economic Index October 2016

**The Bryan-College Station Economic Index enjoyed another strong monthly increase in October improving to 154.2 for the month up from 152.6 in September, and up 3.3% from the October 2016 index of 149.2.** That marks another record for the index, of course, and extends the pattern of virtually unfettered economic expansion in the Bryan-College Station economy to 65 months.

General spending in the metro area posted its strongest increase of 2016 thus far; auto spending was sharply lower, but only compared to a very strong total in October of a year ago. The construction sector continues to put up spectacular numbers through October, both in terms of total permit valuations for all types of construction and new single-family home building. Existing home sales continue to trend lower, but the prices remain sharply higher in 2016. And the employment situation remains strong in terms of employment growth and a low unemployment rate.

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 spending per October sales tax receipts in the metro area was up by a stout 9.5% in October compared to October of a year ago, easily the strongest year-over-year increase of the year. That was sufficient to pull the year-to-date total back into positive year-over-year territory, up by a slight .4% compared to the first ten months of 2015.
- An estimated 3,500 jobs were added to the B-CS economy over the last 12 months across all broad employment sectors, public and private alike. The October growth rate of 3.1% is the lowest of the year thus far, but still ranks as second-best (in a tie with Laredo) among the 26 metro areas in Texas, behind only the 3.8% rate of year-over-year growth in Dallas-Plano-Irving. After two months in which the monthly unemployment rate was higher than its year-ago level, the October unemployment rate was unchanged compared to October of a year ago at 3.4%.

Auto sales activity was down in October with inflation-adjusted spending on new and used motor vehicles off by 16% compared to October of a year ago; however, the October 2015 auto spending total was up by nearly 24% compared to the prior year, and was in fact the highest monthly real automobile sales total on record. The October 2016 auto sales total is the second-highest October sales total at some \$34.7 million. Auto spending for the year-to-date remains slightly lower compared to a year ago, down by 1.8% compared to the first ten months of 2015.

Construction activity remains nothing short of positively booming in 2016, easily surpassing all prior years and any prior records. The monthly valuation of building permits issued in Bryan and College Station has surpassed \$100 million only five times in the entire history of the B-CS Economic Index, and three of those have been in 2016. October was the latest, with a permit valuation total of \$118.6 million, an October record and an increase of 128% compared to October of a year ago. The total for the year-to-date through October (up by 78% over last year) has already surpassed every previous *annual* total, and in fact, that was very nearly the case in September of this year. (And again, these are inflation-adjusted values over time, so the comparisons to prior periods are real and comparative.

The number of new single-family residence permits issued set a record in 2015, and the 2016 permit totals have been roughly on par with those numbers, sometimes a little higher and sometimes a bit lower. The 153 permits issued in October pushed the number of permits issued for the year-to-date to over 6% improved over last year's record numbers, and home building in the metro area is once again on track to establish yet another record in 2016.

Existing home sales continue to trend a bit lower compared to last year's record numbers, at least in terms of the number of closed sales. The October sales total was off by nearly 7% year-over-year, and the total for the year-to-date is now down by about 5%. The average price of these sales is sharply higher, however, up by nearly 15% in October and over 10% for the year-to-date. So, even though the number of sales is down in 2016, due to rising prices the total real (inflation-adjusted) dollar volume of residential real estate sales activity maintains its record status through October, posting 2.6% increase over the first ten months of 2015.

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<b>ECONOMIC INDICATORS *</b>	<b>BASE YEAR</b>	<b>LAST YEAR</b>	<b>THIS YEAR</b>	<b>% Change</b>
October 2016	<b>2000</b>	<b>2015</b>	<b>2016</b>	<b>2015 - 2016</b>
Retail Sales (Per Sales Tax Receipts - October)	\$ 183,637,104	\$ 232,541,383	\$ 254,705,563	9.5%
Retail Sales (Year-to-date)	\$ 1,685,366,385	\$ 2,415,905,983	\$ 2,424,904,620	0.4%
Automobile Sales (Dollars Spent on Auto Purchases - October)	\$ 18,718,948	\$ 41,351,981	\$ 34,745,128	-16.0%
Automobile Sales (YTD)	\$ 199,103,605	\$ 367,092,847	\$ 360,306,436	-1.8%
Hotel/Motel Tax Receipts (YTD)	\$ 30,577,100	\$ 77,526,010	\$ 72,881,037	-6.0%
Value All Construction (October)	\$ 13,552,175	\$ 52,039,967	\$ 118,649,387	128.0%
Value All Construction (YTD)	\$ 292,647,797	\$ 389,913,803	\$ 695,282,689	78.3%
Single-Family Housing Permits (October)	55	63	150	138.1%
Single-Family Housing Permits (YTD)	608	961	1,022	6.3%
Number of Home Sales (October)	64	206	192	-6.8%
Number of Home Sales (YTD)	1,189	2,939	2,787	-5.2%
Average Home Sale Price (October)	\$ 130,900	\$ 212,385	\$ 243,370	14.6%
Average Home Sale Price (YTD)	\$ 117,340	\$ 210,109	\$ 231,699	10.3%
Dollar Volume of Residential Home Sales Activity (October)	\$ 29,510,206	\$ 69,576,775	\$ 85,135,460	22.4%
Dollar Volume of Residential Home Sales Activity (YTD)	\$ 173,257,378	\$ 526,084,632	\$ 552,448,072	5.0%
<b>EMPLOYMENT</b>				
Wage & Salary Employment (October)	85,100	112,500	116,000	3.1%
Wage & Salary Employment (YTD Avg)	81,980	108,080	112,510	4.1%
Unemployment Rate (October)	3.4	3.4	3.4	0.0%
Unemployment Rate (YTD Avg)	3.9	3.6	3.6	0.6%
<b>BRYAN-COLLEGE STATION ECONOMIC INDEX - OCTOBER</b>	<b>103.2</b>	<b>149.2</b>	<b>154.2</b>	<b>3.3%</b>
(Base=100.0 January 2000)				

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

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