



COMMERCE NATIONAL BANK

The Bryan-College Station Economic Index September 2016

The Bryan-College Station Economic Index improved again in September to another new record, increasing to 153.6 up from 153.4 in August (revised slightly upward from the original 153.3), and up 3.5% from the September 2015 index of 148.4. Construction and employment remain the driving forces behind index growth through September, and helped to offset declines in spending, home building, and existing home sales. Third quarter growth was stout as well, with the B-CS Economic Index improving at a 3.6% annualized rate over the course of the quarter.

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 September sales tax receipts was down by 3.8% compared to September of a year ago (which in turn was up by 4% compared to September of the prior year, and in fact spending growth has been strong dating back to 2010). Third quarter general real spending was generally flat compared to the third quarter of a year ago (a slight .2% decline), and the total for the year-to-date is off by .6% compared to the first nine months of 2015.
- The rate of year-over-year employment growth slipped below 4% in September, and the B-CS state ranking fell to second among Texas' 26 metro areas behind the Dallas-Plano-Irving metro area at 4.2%. Still, B-CS employment growth remains among the strongest in the state, and averaged 4.2% in the third quarter. An estimated 4,200 jobs were added over the last 12 months, 1,100 of which were public sector (government) jobs. About 900 leisure and hospitality jobs were added, and health services and trade/transportation/utilities each added 700 jobs over the last year. The unemployment rate remains slightly higher compared to year-ago levels, however, at 3.7% in September up from 3.5% in September of last year.

Auto sales activity was down slightly in September with inflation-adjusted spending on new and used motor vehicles down by 2.8% for the month compared to September of a year ago. The third quarter total was higher, however, posting a 1.9% year-over-year increase. For the year-to-date, real auto spending is generally flat compared to the total through September of a year ago. Auto spending growth has also been phenomenal since 2010, particularly through 2014 before the rate of growth began to slow a bit in 2015.

The third quarter real building permit valuation total in Bryan-College Station was easily a record for the third quarter, up by 178% compared to the third quarter of a year ago, and was the second-highest total for any quarter, behind only the first quarter of this year. The total through September 2016 is a record as well by far, up by over 70% compared to the first nine months of a year ago.



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New housing construction was down in the third quarter, but only compared to a strong record total in the third quarter of a year ago. The number of new single-family residence building permits was down by nearly 20% compared to the third quarter 2015 total, which in turn was up by over 46% compared to the third quarter of the prior year. The September monthly total was off sharply as well but again the September 2015 permit total was up by 80% compared to September of the previous year. Through September, the number of permits issued is down only slightly compared to the record 898 permits issued through the first nine months of 2015.

Existing home sales were down in the third quarter, posting a decline of about 8% compared to the third quarter of a year ago. The number of closed sales in September was off by over 13% year-over-year, pulling the year-to-date total down to a 4.6% decline compared to the first nine months of 2015. The September monthly average price was down by 4% compared to September of a year ago, which in turn was up by a stout 17% compared to September of the previous year. The third quarter 2016 average sale price was sharply higher, up by nearly 13% year-over-year. Through the first nine months of the year, the average home sale price is up by a whopping 10% compared to the January-September 2015 average.

Even though sales are down thus far in 2016, the rising average price of those sales means the real (inflation-adjusted) total dollar volume of residential real estate activity is higher in 2016, and in fact is at a record level. The September sales volume was down, but the third quarter total established a new record and was up by 1.5% year-over-year, and through September is up by 3% compared to the total through September of a year ago.

Crude oil prices have recovered somewhat in 2015 (declining prices were at least partly responsible for some downward pressure on the B-CS metro area economy in recent months, affecting the spending components most notably), and it appears the Texas statewide economy is going to avoid a recession at the hands of sharply declining oil & gas activity over the last two years. These outcomes bode well for the Bryan-College Station economy through the balance of the year 2016 and moving into 2017.

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ECONOMIC INDICATORS *	BASE YEAR	LAST YEAR	THIS YEAR	% Change
September/3rd Quarter 2016	2000	2015	2016	2015 - 2016
Retail Sales (Per Sales Tax Rebates - September)	\$ 147,494,783	\$ 225,720,350	\$ 217,115,609	-3.8%
Retail Sales (3rd Quarter)	\$ 483,346,718	\$ 701,200,644	\$ 699,788,642	-0.2%
Retail Sales (Year-To-Date)	\$ 1,498,468,559	\$ 2,178,623,836	\$ 2,165,486,705	-0.6%
Automobile Sales (Dollars Spent on Auto Purchases - September)	\$ 20,307,832	\$ 40,402,479	\$ 39,259,568	-2.8%
Automobile Sales (3rd Qtr)	\$ 62,105,849	\$ 115,348,559	\$ 117,580,616	1.9%
Automobile Sales (YTD)	\$ 180,488,080	\$ 325,927,628	\$ 325,747,966	-0.1%
Hotel/Motel Tax Receipts (Year-To-Date)	\$ 26,585,570	\$ 68,917,802	\$ 65,360,509	-5.2%
Value All Construction Permits (September)	\$ 12,045,737	\$ 25,991,949	\$ 43,436,169	67.1%
Value All Construction Permits (3rd Qtr)	\$ 111,554,149	\$ 75,617,411	\$ 210,197,639	178.0%
Value All Construction Permits (YTD)	\$ 278,960,937	\$ 337,710,787	\$ 576,366,240	70.7%
Single-Family Housing Permits (September)	45	120	72	-40.0%
Single-Family Housing Permits (3rd Qtr)	138	266	214	-19.5%
Single-Family Housing Permits (YTD)	553	898	872	-2.9%
Number of Home Sales (September)	93	249	216	-13.3%
Number of Home Sales (3rd Qtr)	429	998	914	-8.4%
Number of Home Sales (YTD)	1,125	2,733	2,606	-4.6%
Average Home Sale Price (September)	\$ 130,430	\$ 239,930	\$ 230,384	-4.0%
Average Home Sale Price (3rd Qtr)	\$ 124,301	\$ 215,688	\$ 243,556	12.9%
Average Home Sale Price (YTD)	\$ 117,209	\$ 209,938	\$ 230,936	10.0%
Dollar Volume of Residential Home Sales Activity (September)	\$ 17,433,478	\$ 60,854,505	\$ 49,762,893	-18.2%
Dollar Volume of Residential Home Sales Activity (3rd Qtr)	\$ 76,868,458	\$ 219,662,490	\$ 223,041,428	1.5%
Dollar Volume of Residential Home Sales Activity (YTD)	\$ 190,984,754	\$ 587,831,540	\$ 605,176,509	3.0%
EMPLOYMENT				
Wage & Salary Employment (September)	83,300	110,600	114,800	3.8%
Wage & Salary Employment (3rd Qtr)	81,000	107,065	111,565	4.2%
Wage & Salary Employment (YTD Average)	81,635	107,590	112,110	4.2%
Unemployment Rate (September)	3.7	3.5	3.7	5.7%
Unemployment Rate (3d Qtr)	4.0	3.8	4.0	6.2%
Unemployment Rate (YTD Average)	3.9	3.6	3.6	0.6%
BRYAN-COLLEGE STATION ECONOMIC INDEX - SEPTEMBER	102.8	148.4	153.6	3.5%
(Base = 100.0 January 1996)				

* 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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