



COMMERCE NATIONAL BANK

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The Bryan-College Station Economic Index February 2017

The Bryan-College Station Economic Index continued to press upward in February improving to 152.6 for the month up from 152.1 in January, and up 2.1% from the February 2016 index of 149.5. Again, the B-CS Economic Index was reset last month to incorporate sizable employment data revisions and it is on this basis the index is calculated moving forward in 2017. And employment growth continues at a roughly 2.5% clip, and housing construction was higher in February as well. Total construction is down for the month, but only compared to a high number from a year ago, and home sales activity was down in February 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 monthly sales tax receipts remains flat through February, down by 1.7% for the month and up 1% through the first two months of the year. Household and business consumer spending activity has been noticeably weaker for a year or more, probably as a result of slower growth in the statewide economy and a dramatic slowdown in regional oil & gas activity.
- An estimated 2,800 jobs were added to the B-CS economy over the last 12 months for a growth rate of 2.4%. Again, *rates* of employment growth were revised downward even as jobs were added for 2015 and 2016. Employment growth averaged nearly 4% in 2013, 3% in 2014, 2.4% in 2015, and 1.7% in 2016. The pace of employment growth is off to a good start in 2017 averaging 2.7% through the first two months of the year. The unemployment rate remains above its year-ago level, however, at 3.8% in February compared to 3.4% in February 2016.

Auto sales activity continues to slow with a 6% year-over-year decline in February, the third straight monthly decline and the fifth in the last six months. Real auto spending was down by about 2% in 2016, and is down by 3.6% through February 2017. Again, however, auto sales activity expanded by some 67% from 2009 to 2015 before flattening in 2016.

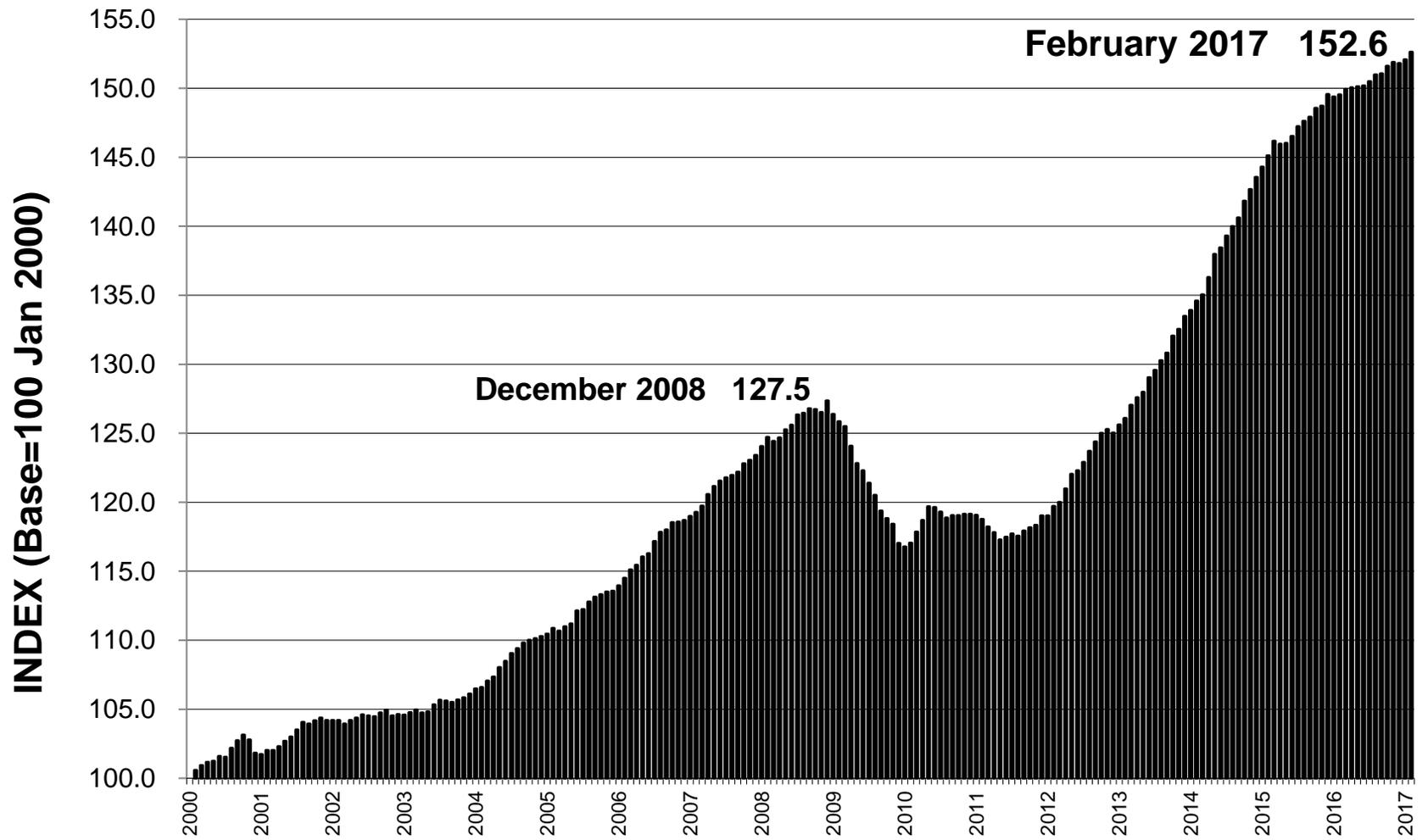
The \$43.3 million in building permit valuations (the total for the cities of Bryan and College Station) is actually quite respectable, and in fact is the second-highest total for the month of February over the entire history of the B-CS Economic Index (based in 2000). However, the February record was set in February 2016, nearly doubling the February 2015 total. The February 2017 permit valuation total is down by about 47% compared to that high mark, and permit valuations are off by about 14% through February compared to the first two months of a year ago.

Housing construction continued its hot start to the year in February with 154 new single-family residence permits issued, easily the highest February total on record and one of the highest for any month. In fact, the monthly permit total over the history of the B-CS Economic Index has reached or exceeded 150 only six times, and four of those were within the last 12 months. The 319 permits issued through February is a record for the first two months of the year by far, and is up by 37% year-over-year.

After a record month in January home sales eased a bit in February, down by 7.5% in terms of the number of sales compared to February of a year ago. Through the first two months of the year, however, the number of sales remains higher by about 6% and is also a record January-February total. The monthly average price was up by 1.1% compared to February 2016, which in turn was up by nearly 12% compared to the February 2015 monthly average. The inflation-adjusted total dollar volume of residential real estate sales is up by nearly 9% through February, and is a record total for the first two months of the year by far.

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ECONOMIC INDICATORS *	BASE YEAR	LAST YEAR	THIS YEAR	% Change
February 2017	2000	2016	2017	2016 - 2017
Retail Sales (February)	\$ 218,906,465	\$ 304,820,795	\$ 299,575,541	-1.7%
Retail Sales (Year-to-date)	\$ 371,900,159	\$ 540,338,049	\$ 545,512,469	1.0%
Automobile Sales (Dollars Spent on Auto Purchases - February)	\$ 19,011,524	\$ 31,100,284	\$ 29,261,921	-5.9%
Automobile Sales (YTD)	\$ 37,218,212	\$ 67,868,695	\$ 65,439,406	-3.6%
Hotel/Motel Spending (YTD)	\$ 4,228,847	\$ 11,473,244	\$ 11,750,958	2.4%
Value All Construction (February)	\$ 33,462,780	\$ 81,337,922	\$ 43,316,850	-46.7%
Value All Construction (YTD)	\$ 63,928,490	\$ 150,389,837	\$ 129,684,012	-13.8%
Single-Family Housing Permits (February)	88	133	154	15.8%
Single-Family Housing Permits (YTD)	133	233	319	36.9%
Number of Home Sales (February)	69	201	186	-7.5%
Number of Home Sales (YTD)	130	359	381	6.1%
Average Home Sale Price (February)	\$ 105,797	\$ 226,800	\$ 229,197	1.1%
Average Home Sale Price (YTD)	\$ 99,346	\$ 217,845	\$ 228,122	4.7%
Dollar Volume of Residential Home Sales Activity (February)	\$ 10,752,333	\$ 46,516,427	\$ 42,630,659	-8.4%
Dollar Volume of Residential Home Sales Activity (YTD)	\$ 19,038,945	\$ 79,848,993	\$ 86,914,370	8.8%
EMPLOYMENT				
Wage & Salary Employment (February)	87,300	114,500	117,300	2.4%
Wage & Salary Employment (YTD Avg)	85,300	113,450	116,500	2.7%
Unemployment Rate (February)	3.9	3.4	3.8	11.8%
Unemployment Rate (YTD Avg)	4.1	3.5	3.8	8.7%
INDEX - January (Base = 100 February 2000)	100.6	149.5	152.6	2.1%

* 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