



The Bryan-College Station Economic Index May 2018

The Bryan-College Station Economic Index logged another strong monthly increase in May improving to a record 156.2 up from 155.5 in April, and up 2.2% from the May 2017 index of 152.9. Growth in the spending indicators led the way in May with strong increases in both general spending and automobile sales in the metro area. The employment growth rate remains above 4% and is among the strongest in the state, and the unemployment rate continues to move yet further downward into record low territory.

Even though the B-CS Economic Index has exhibited some short periods of weakness over the past year, the index never slipped into a state of year-over-year decline and the general pattern of growth has not been interrupted (clearly the local economy did not slip into recession or anything close to it). The current expansion in the economy has been in place for a remarkable seven years now as of May 2018. On the heels of the 2009 recession the Bryan-College Station Economic Index did not actually regain its sustained growth footing until 2011, troughing in May 2011 and embarking on the current round of growth in June 2011.

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 posted its strongest increase in nearly a year with spending per May sales tax receipts up by over 6% compared to May of a year ago. Even at that spending remains slightly negative for the year-to-date, down by 0.2% compared to the first five months of a year ago. For the 12 months ending May 2018 inflation-adjusted taxable spending was up by only about 1.6% compared to the previous 12 months. While spending has remained generally positive the rates of growth have been low since 2015 relative to the preceding years.
- After dipping below 4% in April the rate of year-over-year employment growth rebounded in May with the monthly payroll employment estimate up by 4.5% compared to May of a year ago. A stout 5,300 jobs were added to the B-CS economy over the last 12 months and the 4.5% rate of growth surpassed Odessa to claim the number two spot in the state behind Midland. The B-CS unemployment rate for May is a low 2.8%, down from 3.1% in May of a year ago.

Auto sales activity continues to expand rapidly with inflation-adjusted spending on new and used motor vehicles at record levels and up by 29% in May and 14% for the year-to-date. The May monthly total is not simply the highest ever for the month of May (and there is a seasonal trend to B-CS auto sales), it is the highest single month sales total for any month, so it is truly a record in every sense. And, of course, the year-to-date total through May is at a record level as well.

The Bryan-College Station combined building permit valuation total for the month of May was respectable enough at nearly \$51 million; however, it was still down by over 20% compared to a strong total from May 2017. That marks the fourth double-digit percentage decline of the five months thus far in 2018, and the total for the year-to-date is now down by 38% compared to the total through May of a year ago.

Single-family housing construction is also sharply lower thus far in 2018; the May monthly permit total was down by some 32% compared to the May 2017 total, which was the second-highest May monthly total on record. For the year-to-date, the number of new housing construction permits issued is off by 24% compared to year-ago levels and is the lowest January-May total since 2013.

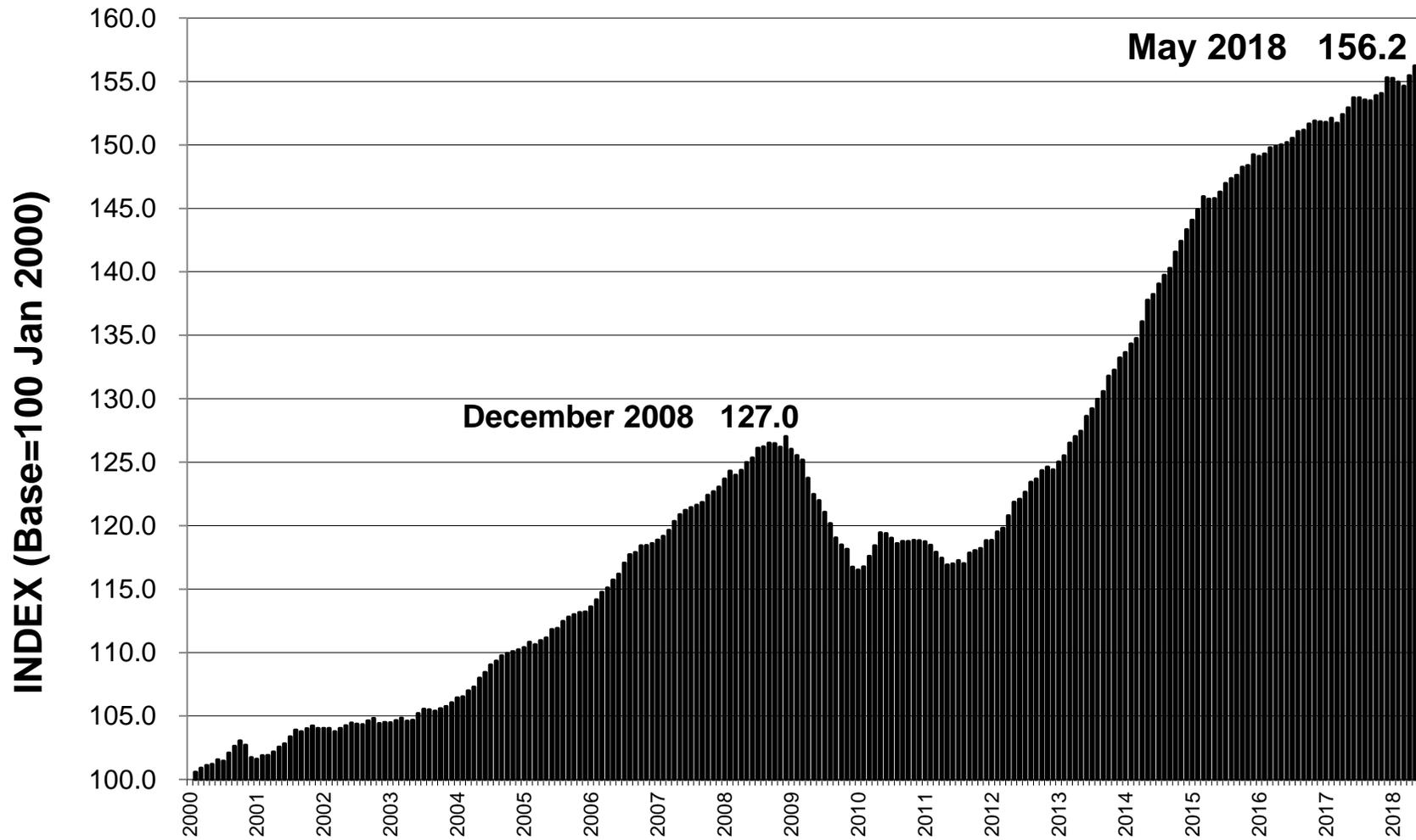
The 385 closed existing home sales ties the record for the month of May, achieved in May of both 2015 and 2017. Home sales for the year-to-date are down just slightly compared to the record total through May of a year ago. The average price of those sales was up by 4.6% for the month compared to May of a year ago, which in turn was up by over 6% compared to May of the prior year. The average price through the first five months of the year is up by 5.7% compared to a year ago, which in turn was up by nearly 8% compared to the previous year's average through May.

That pushes the inflation-adjusted total dollar volume of residential real estate sales activity to record levels in 2018, posting a 1.7% increase in May, and a 1.8% increase through the first five months of the year, which in turn were up by 17% and 15%, respectively, compared to the previous year.

General spending is finally beginning to exhibit some growth momentum after languishing for the better part of the last year, and that coupled with very strong employment growth reflects a healthy and growing economy. Other measures of economic activity continue to fare well, and only the construction indicators are down substantially compared to high numbers in recent years. The seven-year growth mark achieved in May is a milestone to be celebrated, and there is little to suggest growth will not continue for the balance of the year in the Bryan-College Station general economy.

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ECONOMIC INDICATORS *	BASE YEAR	LAST YEAR	THIS YEAR	% Change
May 2018	2000	2017	2018	2017 - 2018
Retail Sales (May)	\$ 199,278,269	\$ 279,443,830	\$ 296,525,783	6.1%
Retail Sales (Year-to-date)	\$ 899,706,773	\$ 1,324,957,913	\$ 1,322,504,419	-0.2%
Automobile Sales (Dollars Spent on Auto Purchases - May)	\$ 20,656,282	\$ 33,123,652	\$ 42,733,238	29.0%
Automobile Sales (YTD)	\$ 97,385,538	\$ 168,489,471	\$ 191,953,869	13.9%
Hotel/Motel Spending (YTD)	\$ 14,511,182	\$ 33,840,147	\$ 37,986,180	12.3%
Value All Construction (May)	\$ 38,469,196	\$ 64,695,911	\$ 50,829,413	-21.4%
Value All Construction (YTD)	\$ 153,201,536	\$ 332,984,495	\$ 207,570,181	-37.7%
Single-Family Housing Permits (May)	75	107	73	-31.8%
Single-Family Housing Permits (YTD)	364	572	436	-23.8%
Number of Home Sales (May)	165	385	385	0.0%
Number of Home Sales (YTD)	510	1,441	1,427	-1.0%
Average Home Sale Price (May)	\$ 116,333	\$ 244,537	\$ 255,719	4.6%
Average Home Sale Price (YTD)	\$ 114,245	\$ 242,612	\$ 256,342	5.7%
Dollar Volume of Residential Home Sales Activity (May)	\$ 31,358,895	\$ 96,763,760	\$ 98,451,634	1.7%
Dollar Volume of Residential Home Sales Activity (YTD)	\$ 92,957,782	\$ 360,633,636	\$ 367,153,960	1.8%
EMPLOYMENT				
Wage & Salary Employment (May)	87,900	116,600	121,900	4.5%
Wage & Salary Employment (YTD Avg)	86,660	116,080	121,300	4.5%
Unemployment Rate (May)	3.7	3.1	2.8	-9.7%
Unemployment Rate (YTD Avg)	3.8	3.3	2.9	-12.6%
BRYAN-COLLEGE STATION ECONOMIC INDEX - MAY	101.2	152.9	156.2	2.2%
(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