



LUBBOCK

ECONOMIC DEVELOPMENT ALLIANCE

## Lubbock Economic Index and Consumer Price Index April 2009

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May 26, 2009

### Lubbock Economic Index

**The Lubbock Economic Index fell sharply in April to 129.0, down from 131.1 in March, and down 2.3% from the April 2008 LEI of 132.1.** The Lubbock economy continued its general decline in April with the Lubbock Economic Index falling for the 7<sup>th</sup> consecutive month, and posting only its seventh – but by far the largest at 2.3% – year-over-year decline in its history. The Lubbock Economic Index peaked at 134.0 in September 2008, and has now declined by some 3.7% since then.

The CONCURRENT trends in two broad sectors of the Lubbock economy best represent its current and ongoing health and status, and these are general consumer spending (retail sales) and payroll employment.

- Taxable spending per the April sales tax rebate was actually considerably higher compared to April of a year ago. The actual rebate was up by 8.8% compared to April of last year, and the inflation-adjusted sales total that generated that rebate was up by 6.5%. Still, the overall trend is one of decline, not growth; the year-to-date sales total is up by only about 2%, and the margin of year-over-year growth generally continues to narrow.
- Job growth has dwindled in recent months; the April employment estimate is slightly below the April '08 total, suggesting job loss of about 200 over the last 12 months. The year-to-date average is flat compared to a year ago. The news is not all bad – some employment sectors actually added jobs over the last year, but the net result is a slight loss of jobs overall. The metro area unemployment rate remains relatively low compared to other Texas metro areas (and is in fact the 2<sup>nd</sup> lowest in the state), but is over a full point higher than the year-ago rate of unemployment.

The auto sales sector continues to worsen in Lubbock, in Texas and all across the country. Inflation-adjusted spending on new and used automobiles in Lubbock County in April was – astonishingly – less than half of what it was one year ago. For the year-to-date, auto spending is down about 34% compared to the first four months of 2008.

Building activity in the city is also off by about 50% thus far in 2009 compared to April and the first four months of 2008. The valuation of all building permits issued by the city was down about 53% in April, and the year-to-date total is down nearly 49%. After years of very active construction, the Lubbock building sector is presently on track to post its lowest level of activity in seven years.

Homebuilding remains in the dumps as well, with the number of new single-family residence (SFR) permits issued by the city down about 30% year-over-year in April, and 24% for the year-to-date. Housing construction numbers remain low at virtually every geographic level as the nation plays catch-up in terms of housing demand.

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The residential real estate market continues to exhibit the same trends through April – lower numbers of homes sold, but at healthy price levels that do not as yet suggest even the beginnings of the erosion of housing values in the city. A prolonged period of contraction or sluggishness could change that, but as of now, the value of Lubbock residential real estate remains intact.

The US economy technically slipped into recession in December 2007, according to the Bureau of Economic Analysis. The Dallas Federal Reserve Bank suggests the Texas economy was in recession at year-end 2008, and possibly in – and certainly on the brink of – recession for several months prior. The Lubbock Economic Index pinpoints the onset of recession in Lubbock in October 2008, on the heels of the September peak. These lag times make critical the timing of economic recovery at the national level. The lag time for recovery may or may not be as long as a full year (and let's hope it is not), but it will likely be at least several months. That means that even if the US economy comes out of recession in, say, the third quarter of 2009, that recovery in Texas and in Lubbock may well be on into 2010.

## **Lubbock Consumer Price Index**

**The rate of increase in the Lubbock CPI dipped to 4.4% in April, down from 4.5% in March.** The food/grocery sector is leveling off, energy/utilities was unchanged, housing price increases slowed over the month, while health care increased again in April, as did the rate of price increase for miscellaneous goods and services..

The rate of price increase in the food/grocery sector of the Lubbock CPI remained at 8.5% in April, unchanged from March. Price increases in this sector have remained persistently high, but are hopefully beginning to flatten and then slow over the coming months.

The housing portion of the CPI fell to 2.0% in April, down from 2.2% in March; the energy/utilities sector of the local CPI was unchanged again in April at 3.7%.

The health care CPI sector rose again in April to 4.0%, up from 3.5% in March. The rate of price increases for other miscellaneous goods and services also rose again in April to 3.0%, up from the 2.6% year-over-year rate of increase posted in March.

The nation currently is in the midst of a temporary reprieve from any noticeable level of inflation. The overall CPI for the nation – the CPI-U, which reflects price increases for all urban consumers in the US – remains below the year-ago level by .7%; the CPI for the southern region of the US, including Texas, also declined by .7% in April compared to April of last year. The Dallas and Houston metro areas continue to indicate slight rates of overall price increase, averaging only about .6% year-over-year.

## Lubbock Economic Indicators

Economic Indicators April 2009	Base Year 1996	One Year Ago 2008	This Year 2009	Percent Change 2008- 2009
Retail Sales - April (\$000s - Per Sales Tax Rebates in 1995\$)	\$ 150,463	\$ 173,087	\$ 184,365	6.5%
Retail Sales - Year-To-Date	\$ 684,220	\$ 815,593	\$ 831,745	2.0%
Dollars Spent on Auto Purchases - April (\$000s in 1995\$)	\$ 35,245	\$ 57,891	\$ 26,836	-53.6%
Dollars Spent on Auto Purchases YTD	\$ 138,442	\$ 230,171	\$ 152,082	-33.9%
Lodging Tax Receipts - YTD	\$ 748,928	\$ 1,486,999	\$ 1,492,333	0.4%
Airline Boardings - April	48,422	48,881	45,877	-6.1%
Airline Boardings - YTD	188,013	185,761	167,660	-9.7%
Value All Construction Permits - April	\$ 11,601,068	\$ 40,303,802	\$ 19,028,028	-52.8%
Value All Construction Permits - YTD	\$ 49,394,881	\$ 187,334,081	\$ 96,057,191	-48.7%
New Home Permits - April	58	88	62	-29.5%
New Home Permits - YTD	225	287	218	-24.0%
Number of Home Sales - April	199	345	289	-16.2%
Number of Home Sales - YTD	616	1,082	880	-18.7%
Average Home Sale Price - April	\$ 82,662	\$ 133,881	\$ 136,023	1.6%
Average Home Sale Price - YTD	\$ 82,091	\$ 128,742	\$ 131,862	2.4%
Electric Utility Customers - April	84,269	95,781	96,495	0.7%
<b>Employment</b>				
Wage and Salary Employment - Month	111,000	131,000	130,800	-0.2%
Wage and Salary Employment - YTD Average	110,300	130,200	130,200	0.0%
Unemployment Rate - April	4.1%	3.1%	4.2%	N/A
Unemployment Rate - YTD Avg	4.4%	3.4%	4.5%	N/A
<b>Oil and Gas (Regional)</b>				
Oil Price/Barrel - April (WT Int. Crude)	\$ 21.77	\$ 109.06	\$ 46.95	-57.0%
Rig Count - April *	19	23	11	-52.2%
Oil Production - YTD *	49,644	39,150	38,355	-2.0%
Value of Oil Production - YTD *	\$ 793,194	\$ 3,842,053	\$ 1,592,591	-58.5%
<b>Agriculture (Regional)</b>				
Cotton Price - April (cents/pound) +	82.70	63.22	42.15	-33.3%
Cotton - Bales Ginned Crop Year ++	2,483,350	5,381,550	2,683,650	-50.1%
Fat Cattle Price - April (\$/hd. Wt.)	\$ 59.70	\$ 89.20	\$ 86.79	-2.7%
Value Cattle Marketed - YTD (\$000's) ++	\$ 101,239	\$ 97,913	\$ 76,680	-21.7%
<b>INDEX - April (Base=100 January 1996)</b>	<b>100.8</b>	<b>132.1</b>	<b>129.0</b>	<b>-2.3%</b>

\* Texas Railroad Commission District 8A (Lubbock Area)

+ Spot Price for 41,4,34; mxd lots, net wt, compressed, FOB Car/Truck

++ South Plains Region



# The Lubbock Economy

The Lubbock Economic Index January 1996 - April 2009

