



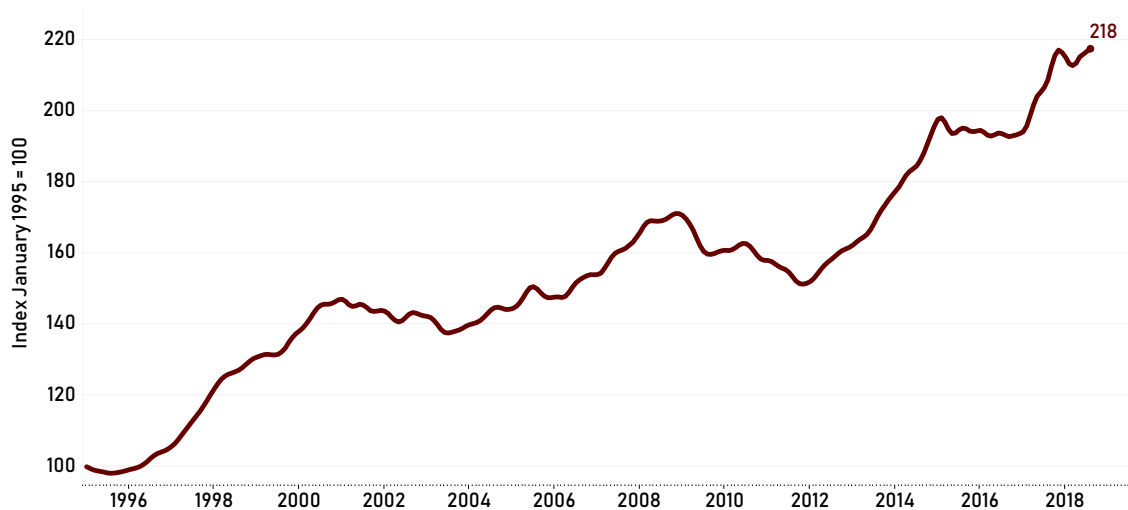
HIGHLIGHTS

- The Business-Cycle Index rose at an annualized rate of 4.3% in August, down slightly from the revised growth rate for July.
- The unemployment rate remained at 2.9% in August, a full percentage point lower than the state and national rates.
- Nonfarm employment dropped slightly in August relative to July's employment. On a year-to-year basis, employment has grown 2.9%.
- Real taxable sales also declined between July and August, but are up 6.1% from August of 2017.

THE COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

Each month, the College Station-Bryan (CSB) Business-Cycle Index is re-estimated, taking into account the new economic data for the four series used in our model. Three series are released monthly for the CSB Metropolitan Statistical Area (MSA): the unemployment rate, total nonfarm employment, and taxable sales. The fourth series, total wages, is released quarterly. Our estimate of the business-cycle index will change from month to month due to the addition of the most recently released data, revisions to these data series, and any methodological adjustments. With this said, the August estimate of the CSB Business-Cycle Index is 218, up 1 percentage point from July, as depicted in Figure 1.

FIGURE 1. COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

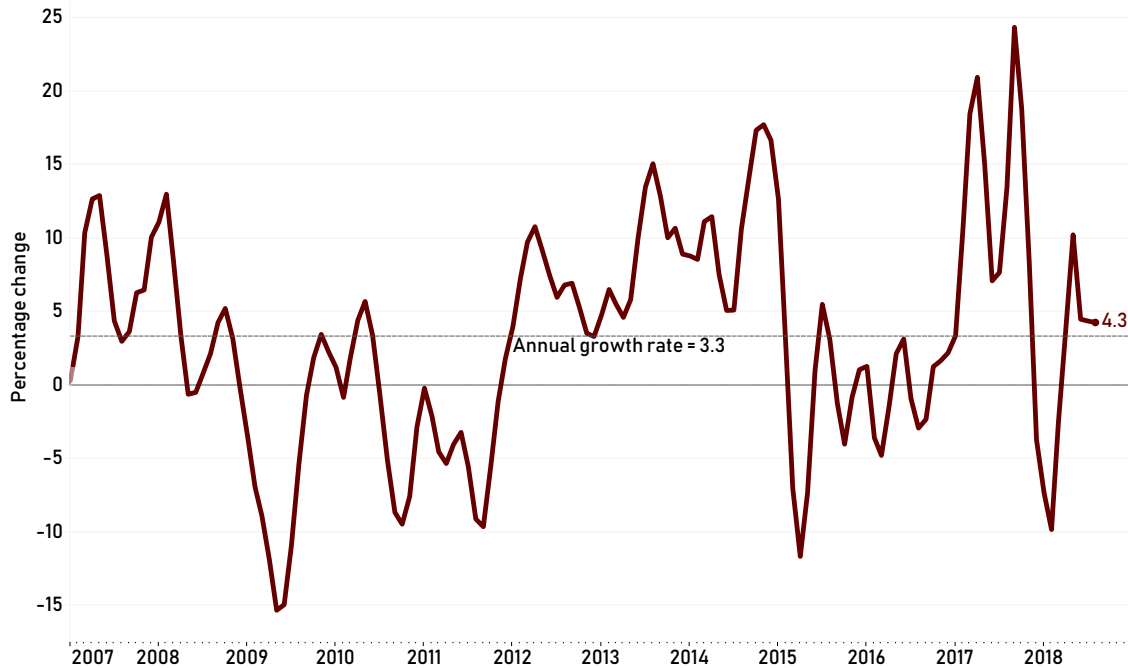


Last reported data point: August 2018 (monthly). Source: Private Enterprise Research Center.

THE COLLEGE STATION-BRYAN BUSINESS-CYCLE

The CSB Business-Cycle Index expanded at a 4.3% annualized rate in August, down slightly from July, but still above the long-run annual growth rate, as seen in Figure 2. Over the course of this year, the annualized growth rate has averaged 1%. Between July and August, nonfarm employment decreased slightly and real taxable sales declined at an annualized rate of -6.8%. However, since August of 2017, real taxable sales are up 6.1% on a year-to-year basis. The remaining monthly series used in our model, the unemployment rate, is depicted separately in Figure 3.

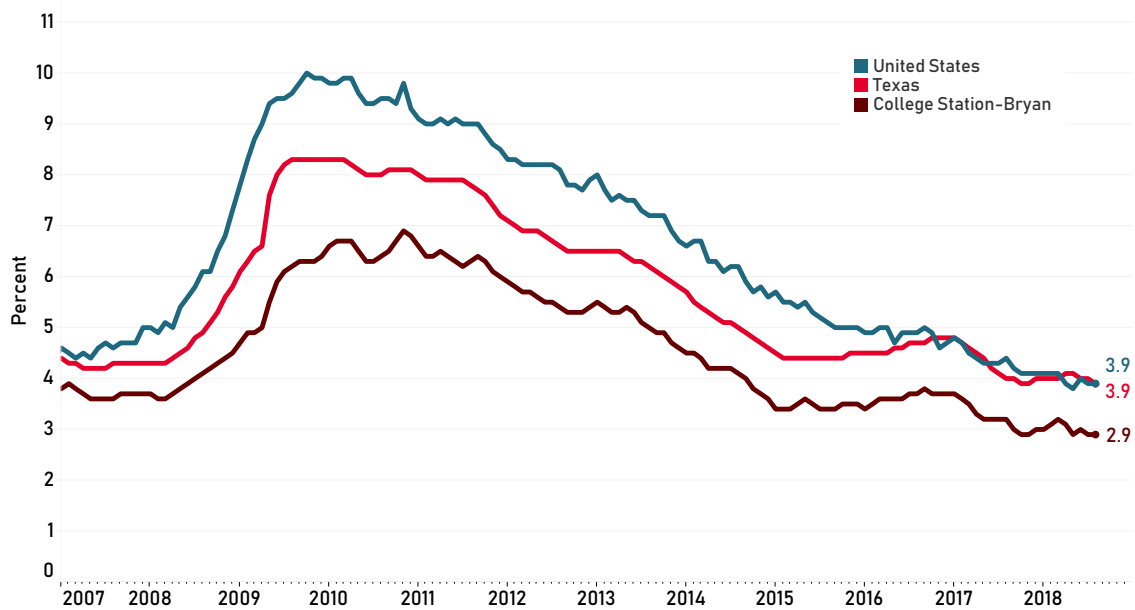
FIGURE 2. COLLEGE STATION-BRYAN BUSINESS-CYCLE



UNEMPLOYMENT RATE

Figure 3 depicts the unemployment rate in the College Station-Bryan MSA. In August, the unemployment rate remained at its July level of 2.9%. This is the lowest the unemployment rate has been in this area since 2000.

FIGURE 3. UNEMPLOYMENT RATE



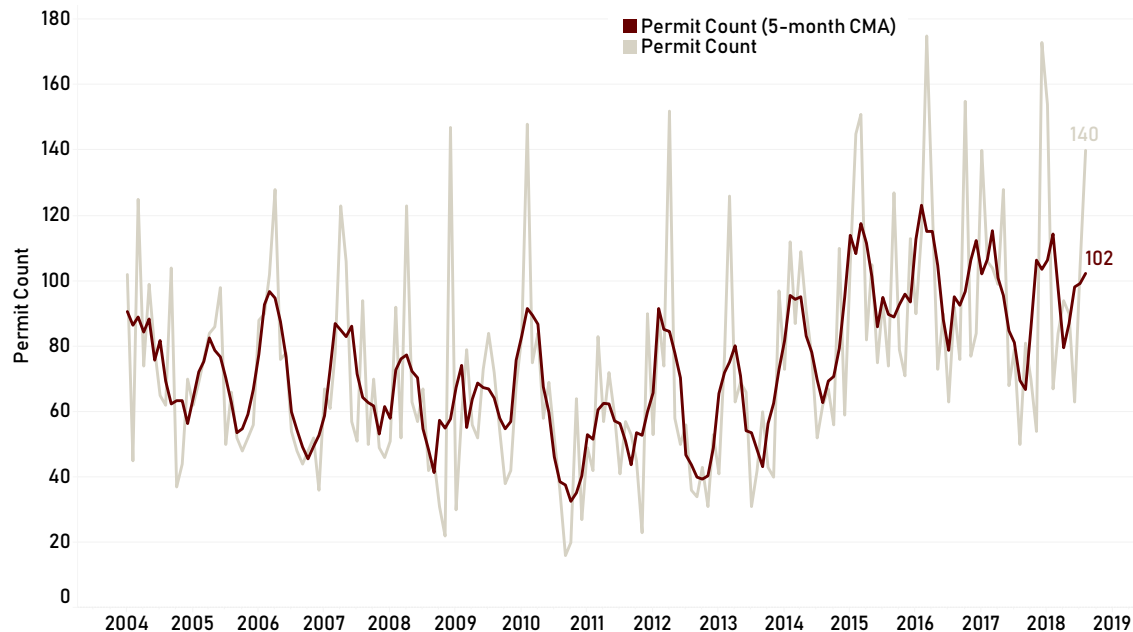
FOCUS ON THE COLLEGE STATION-BRYAN MSA

This section of *Economic Indicators* focuses on additional facets of the local economy and will be a regular feature in future issues. This month, we highlight some aspects of the local housing market, including the number new housing permits, the average valuation of the new permits, and an index of home prices.

NEW HOME PERMITS IN THE COLLEGE STATION-BRYAN MSA

New home building permits issued between January 2004 and August 2018 in the College Station-Bryan MSA are graphed in Figure 4. Two series are presented: the unadjusted monthly series and a five-month centered moving average. The moving average illustrates the underlying cycle in the series. Between 2004 and the latter half of 2010, monthly housing permits declined. The lowest number of actual monthly permits was 16 in September of 2010. March of 2016 had the highest number of monthly permits at 175 and the second highest permit count of 173 occurred in December of 2017. So far this year, 796 new home permits have been issued, up from 774 at the same time last year.

FIGURE 4. NEW HOME PERMITS IN THE COLLEGE STATION-BRYAN MSA

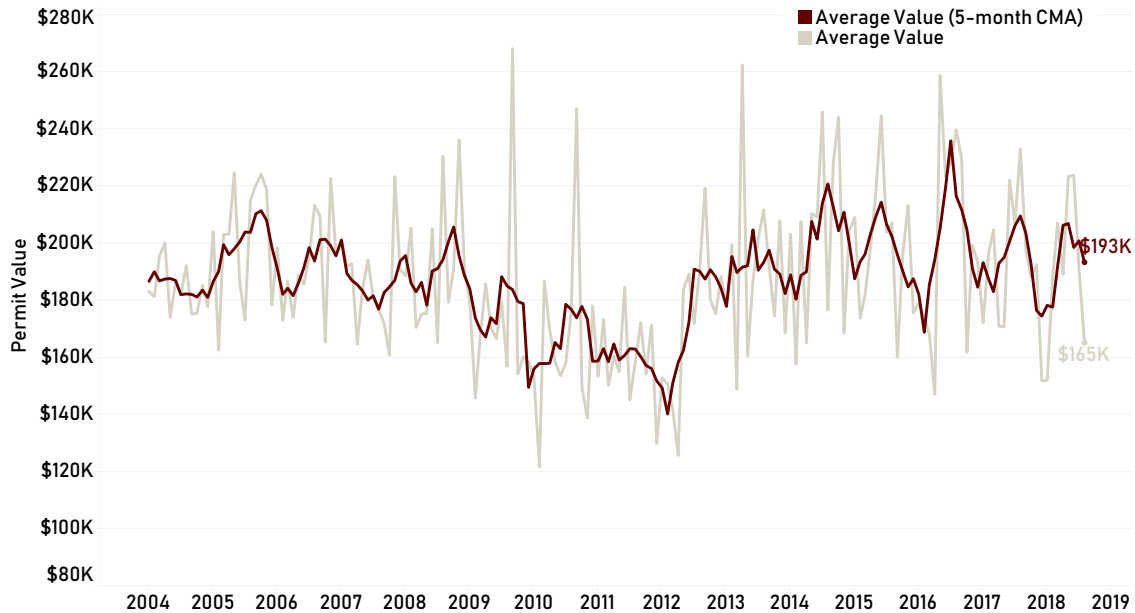


Last reported data point: August 2018. New single unit building permit count in College Station-Bryan MSA. Source: Census Bureau; Private Enterprise Research Center for 5-month centered moving average.

AVERAGE REAL VALUE OF NEW HOMES UNDER CONSTRUCTION (FROM BUILDING PERMITS) IN THE COLLEGE STATION-BRYAN MSA

Figure 5 depicts the average real (i.e. inflation-adjusted) valuation from Census Bureau data on building permits for new single-family homes in College Station-Bryan.² Both the unadjusted monthly series and the five-month centered moving average are shown. Over this period, the inflation-adjusted five-month centered moving average was lowest in February 2012, at \$140K, and highest in July 2016, at \$236K. To date for 2018, the average valuation from housing permits for new homes under construction is \$186K.

FIGURE 5. VALUE OF NEW HOUSING UNDER CONSTRUCTION

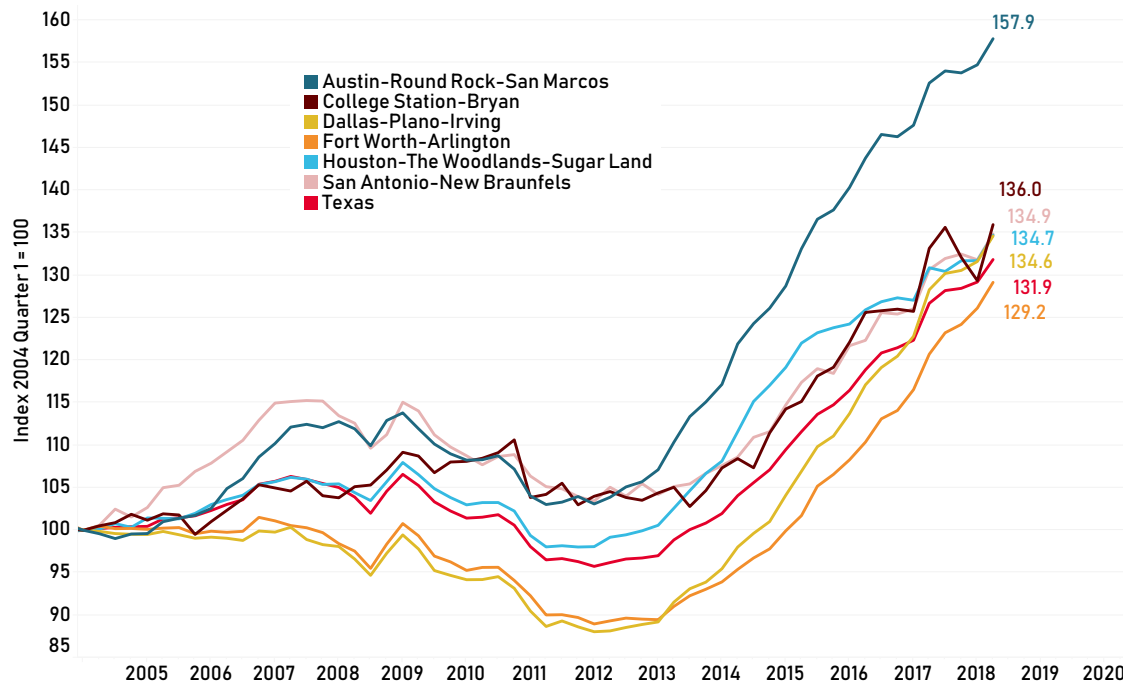


New single unit average value from housing permits in College Station-Bryan MSA. Last reported data point: August 2018. Source: Census Bureau; Private Enterprise Research Center for average calculation and 5-month centered moving average. Adjusted for inflation to 2018 dollars using CPI-U (August 2018). Graphed data calculated as the ratio for CSB of New Privately Owned Housing Units Authorized Valuation by Metropolitan Area (Table 3v) divided by New Privately Owned Housing Units Authorized Unadjusted Units by Metropolitan Area.(Table 3u), from the U.S. Census Bureau. See <https://www.census.gov/construction/bps/msamonthly.html>.

TEXAS HOME PRICE INDEXES

The real housing price indexes depicted in Figure 6 are from the U.S. Federal Housing Finance Agency and are based on all transactions using sales prices and appraisal data. For consistency with Figures 4 and 5, the data series begin in 2004 with 2004:Q1=100. Real housing prices generally declined from 2009 until 2012, corresponding to the period after The Great Recession. Housing prices in CSB have generally followed the housing prices elsewhere in Texas, but with less pronounced movements downward or upward. From the beginning of 2004 through the fourth quarter of 2010, the real housing price index for CSB increased to 110.6, indicating that after inflation, the CSB housing index increased 10.6% over this nearly six year period. After 2010, the index for CSB declined to 102.8 in the third quarter of 2013 before resuming an upward trend. As of the second quarter of 2018, the CSB index stood at 136. This means that the real (inflation-adjusted) home prices in CSB were 36% higher in the second quarter of 2018 than they were in the first quarter of 2004. This increase is similar to the increase in most of the other MSAs in Texas, except for Austin, where real home prices were 57.9% higher in the second quarter of 2018 than at the beginning of 2004.

FIGURE 6. HOUSE PRICE INDEXES - TEXAS MSAs



Last reported data point: Quarter 2, 2018. U.S. Federal Housing Finance Agency, All-Transactions House Price Index. Source: FRED; Federal Reserve Bank of St. Louis. Adjusted for inflation using CPI-U (Quarter 3, 2018=100). Rebased to Quarter 1, 2004.

NOTES AND LINKS

The extent of the College Station-Bryan MSA is defined by the Census Bureau and includes Brazos, Burleson, and Robertson counties. The Business-Cycle Index is re-estimated each month using the most recent data for the four economic variables included in the model: the unemployment rate, non-farm employment, real wages, and real taxable sales. The real wage series is released on a quarterly basis with the other three released monthly. The underlying data series are subject to revision. Due to new monthly data and revisions of past data, the Index and the Business-Cycle may differ from previous produced estimates.

For more details about the CSB Business-Cycle Index see: *An Economic Index of the College Station-Bryan MSA*.

ENDNOTES

¹Between July and August, new monthly data were released on the unemployment rate, nonfarm employment and taxable sales. The next quarterly release of total wages is scheduled for December 6, 2018.

²The Census Bureau notes that "The valuation is the estimated value of the residential structure as shown on the building permit. If no value is listed on the permit, we accept estimates from the permit official." <https://www.census.gov/construction/bps/definitions/> Thus, while these valuations are related to housing price trends, they may be lower than the actual sales prices of a new home and land.

DATA SOURCES

Unemployment Rate

Bureau of Labor Statistics, Unemployment by Metropolitan Area, Seasonally Adjusted, Local Area Unemployment Statistics, retrieved from Bureau of Labor Statistics, <https://www.bls.gov/lau/metrossa.htm>

Non-Farm Employment

Federal Reserve Bank of Dallas, Texas Workforce Commission, and Bureau of Labor Statistics, Total Nonfarm Payroll Employment for College Station-Bryan, TX (MSA), two-step Seasonally Adjusted, retrieved from Federal Reserve Bank of Dallas, <https://www.dallasfed.org/research/econdata/brysa.aspx>

Wages

Federal Reserve Bank of St. Louis and U.S. Bureau of Labor Statistics, Total Quarterly Wages in College Station-Bryan, TX (MSA) [ENUC177830010SA], Seasonally Adjusted, retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/graph/?g=I5Wo>

Taxable Sales (Sales and Use Tax Allocation)

Texas Comptroller of Public Accounts, Allocation Payment Detail, Current Period Collections. Data available through Texas Comptroller of Public Accounts: <https://mycpa.cpa.state.tx.us/allocation/AllocDetail> for years 2016 to 2018. Historical data prior to 2016 from Texas Comptroller of Public Accounts.

Inflation

U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items [CPIAUCSL], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CPIAUCSL>. Wages and Taxable Sales are converted to real dollars (inflation-adjusted) using the CPI-U.

Under-Construction Housing Values from Building Permits

U.S. Census Bureau, Building Permits, Permits by Metropolitan Area, Monthly Data, College Station-Bryan <https://www.census.gov/construction/bps/>, October 4, 2018

House Price Index for Austin-Round Rock-San Marcos

U.S. Federal Housing Finance Agency, All-Transactions House Price Index for Austin-Round Rock-San Marcos, TX (MSA) [ATNHPIUS12420Q], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/ATNHPIUS12420Q>, October 16, 2018.

House Price Index for College Station-Bryan

U.S. Federal Housing Finance Agency, All-Transactions House Price Index for College Station-Bryan, TX (MSA) [ATNHPIUS17780Q], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/ATNHPIUS17780Q>, October 16, 2018.

House Price Index for Dallas-Plano-Irving

U.S. Federal Housing Finance Agency, All-Transactions House Price Index for Dallas-Plano-Irving, TX (MSAD) [ATNHPIUS19124Q], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/ATNHPIUS19124Q>, October 16, 2018.

House Price Index for Fort Worth-Arlington

U.S. Federal Housing Finance Agency, All-Transactions House Price Index for Fort Worth-Arlington, TX (MSAD) [ATNHPIUS23104Q], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/ATNHPIUS23104Q>, October 16, 2018.

House Price Index for Houston-The Woodlands-Sugar Land

U.S. Federal Housing Finance Agency, All-Transactions House Price Index for Houston-The Woodlands-Sugar Land, TX (MSA) [ATNHPIUS26420Q], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/ATNHPIUS26420Q>, October 16, 2018.

House Price Index for San Antonio-New Braunfels

U.S. Federal Housing Finance Agency, All-Transactions House Price Index for San Antonio-New Braunfels, TX (MSA) [ATNHPIUS41700Q], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/ATNHPIUS41700Q>, October 16, 2018.

House Price Index for Texas

U.S. Federal Housing Finance Agency, All-Transactions House Price Index for Texas [TXSTHPI], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/TXSTHPI>, October 16, 2018.

CONTACT



BRAZOS VALLEY
ECONOMIC DEVELOPMENT
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The Brazos Valley Economic Development Corporation serves Brazos County, the City of Bryan, the City of College Station, Texas A&M University, the surrounding region and private sector investors through the Invest Brazos Valley program. BVEDC helps companies launch, grow, and locate in the Brazos Valley.

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