



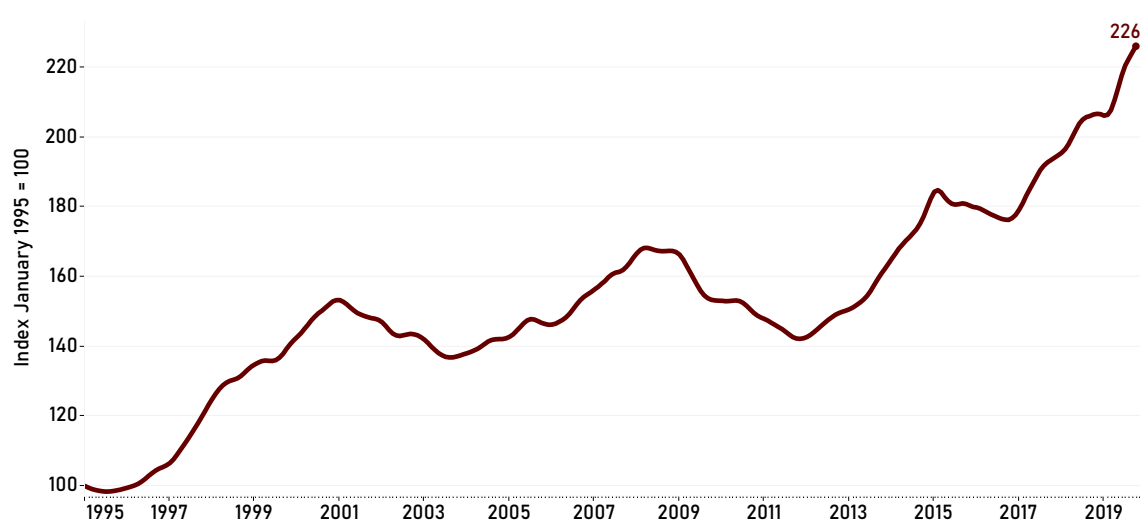
HIGHLIGHTS

- The College Station-Bryan Business-Cycle Index rose 0.8% between September and October for an annualized rate of 9.7%.
- The unemployment rate remains near its historical low but did exhibit a small 0.1 percentage point increase in October to 2.7%.
- Nonfarm employment figures were revised this month by the Federal Reserve Bank of Dallas. The revised series shows an increase in employment of 0.5% from September to October 2019 and a 3.4% increase relative to October 2018.
- Total wages in the local area increased at an annual rate of 0.6% between the first and second quarter of 2019.
- Taxable sales increased by 4.8% in October and are up 8.2% from the same month in 2018.
- The focus this month is on the characteristics of the local housing market and compares the changes in local housing prices to those in other Texas MSAs.

THE COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

Figure 1 depicts the College Station-Bryan (CSB) Business-Cycle Index. The October 2019 estimate of the CSB Business-Cycle Index rose to 226. Each month, the business cycle is re-estimated with the most recent monthly and quarterly data including any revisions of the four data series on which the index is estimated. Based on the latest estimates, the Business-Cycle Index has had positive growth for nine consecutive months.

FIGURE 1. COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX



Last reported data point: October 2019 (monthly). Source: Private Enterprise Research Center.

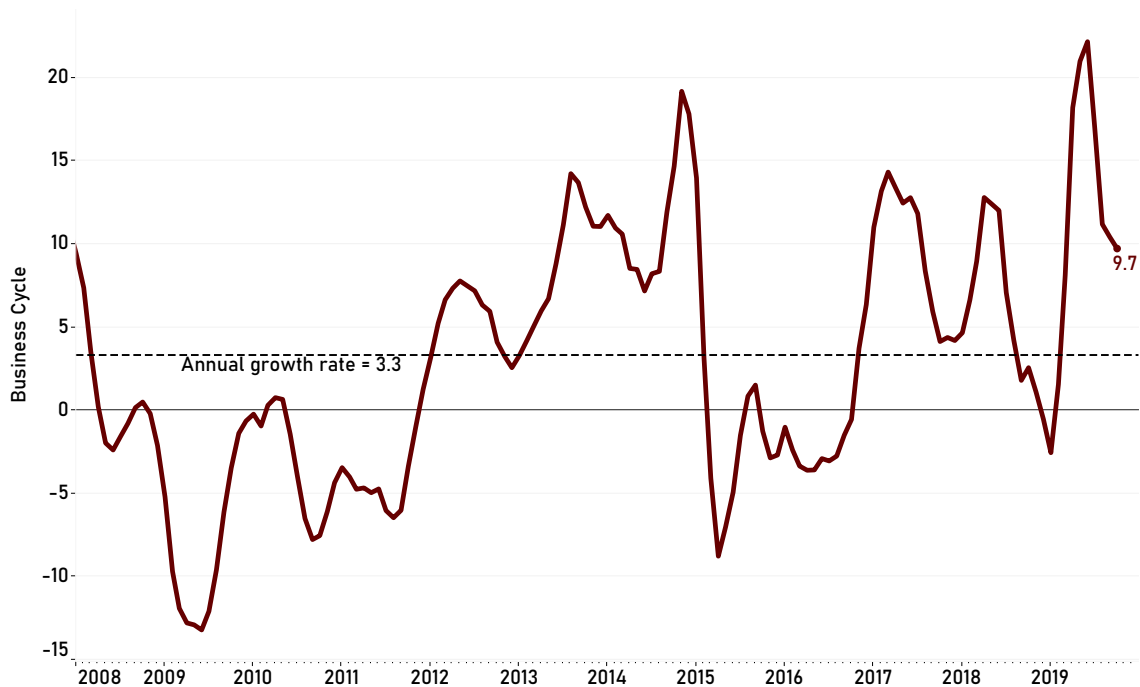
THE COLLEGE STATION-BRYAN BUSINESS-CYCLE

The CSB Business-Cycle Index grew 0.8% between September and October for an annualized rate of 9.7%. Several factors have contributed to the recent higher growth estimates for the past few months. This month's release of the nonfarm employment series by the Dallas Federal Reserve included an upward revision in employment for the past 9 months when compared to the nonfarm series release in November. Taxable sales increased by 4.8% in the month of October and total wages grew at an annual rate of 0.6% between the first and second quarter of the year. Thus, with the exception of the slight increase in the unemployment rate, the other series on which the business cycle is based indicate higher recent growth than previously estimated.

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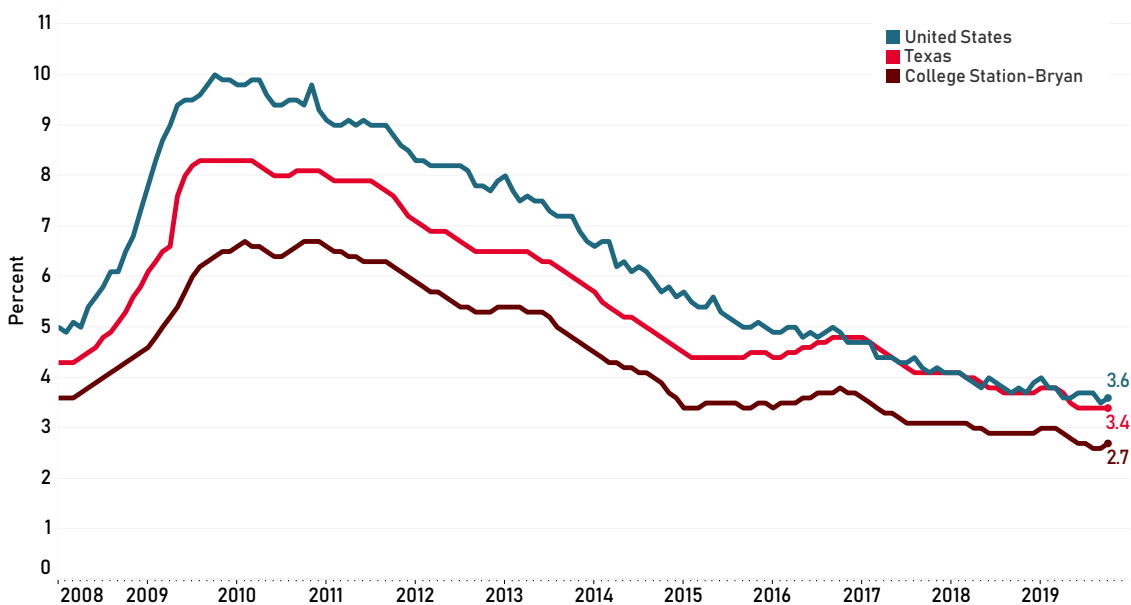
FIGURE 2. COLLEGE STATION-BRYAN BUSINESS-CYCLE



UNEMPLOYMENT RATE

Figure 3 depicts the unemployment rate from January 2008 to October 2019 in the College Station-Bryan MSA, along with the rate for Texas and the U.S. In October, the CSB unemployment rate increased slightly, from 2.6% to 2.7%. The U.S. unemployment rate also increased slightly, from 3.5% to 3.6%, while the rate in Texas remained constant at 3.4%.

FIGURE 3. UNEMPLOYMENT RATE



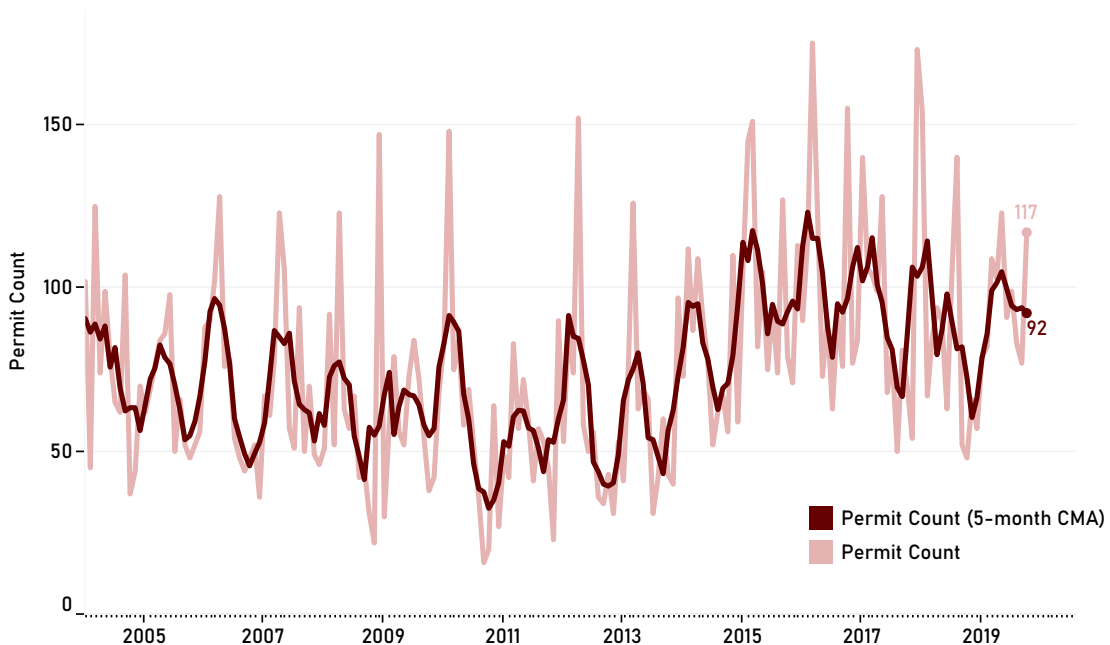
FOCUS ON THE COLLEGE STATION-BRYAN MSA

The focus this month is on the local housing market and includes the number of new housing permits and average permit values. We also compare local housing price growth to the price growth in other Texas MSAs.

NEW HOME PERMITS

Figure 4 depicts the number of new home permits issued each month from January 2004 to October 2019 in the CSB MSA. The two series shown in the figure are the unadjusted monthly series and a five-month centered moving average. The moving average smooths out the month-to-month variation and shows the underlying annual cycle as well as the business cycle. Monthly permits are typically highest in March and April and are lowest in October and November. Since 2004, the annual number of new home permits was lowest in 2011 at 671 and highest in 2015 at 1221. Over the first 10 months of 2019, the number of permits was 963, up from 896 at the same time last year.

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

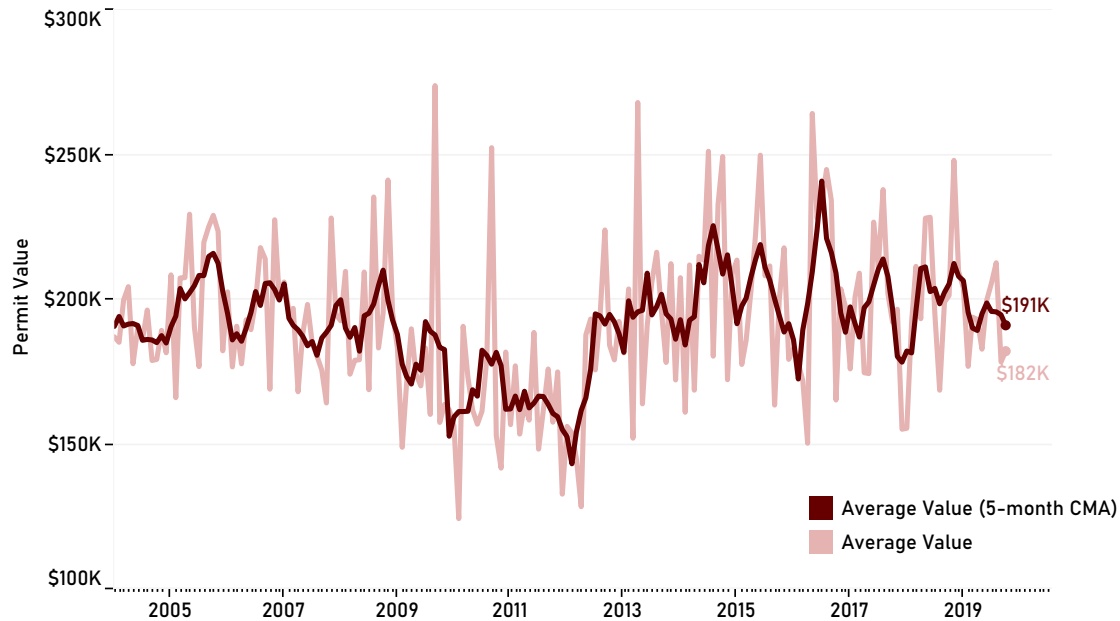


Last reported data point: October 2019. New single unit building permit count in College Station-Bryan MSA. Source: Census Bureau; Private Enterprise Research Center for 5-month centered moving average.

AVERAGE REAL VALUE OF NEW HOMES UNDER CONSTRUCTION (FROM BUILDING PERMITS)

The average real (inflation-adjusted) values of new homes, based on building permits valuations, are depicted in Figure 5.¹ Similar to Figure 4, the monthly series and the five-month centered moving average are shown. On an annual basis, the lowest average real permit value of \$159,068 occurred in 2010, and 2005 saw the highest annual average at \$205,125. Over the first ten months of this year, the average real permit value was \$192,544, up slightly from the average of \$191,562 over the same period of 2018.

FIGURE 5. AVERAGE PERMIT VALUE FOR NEW HOUSES UNDER CONSTRUCTION

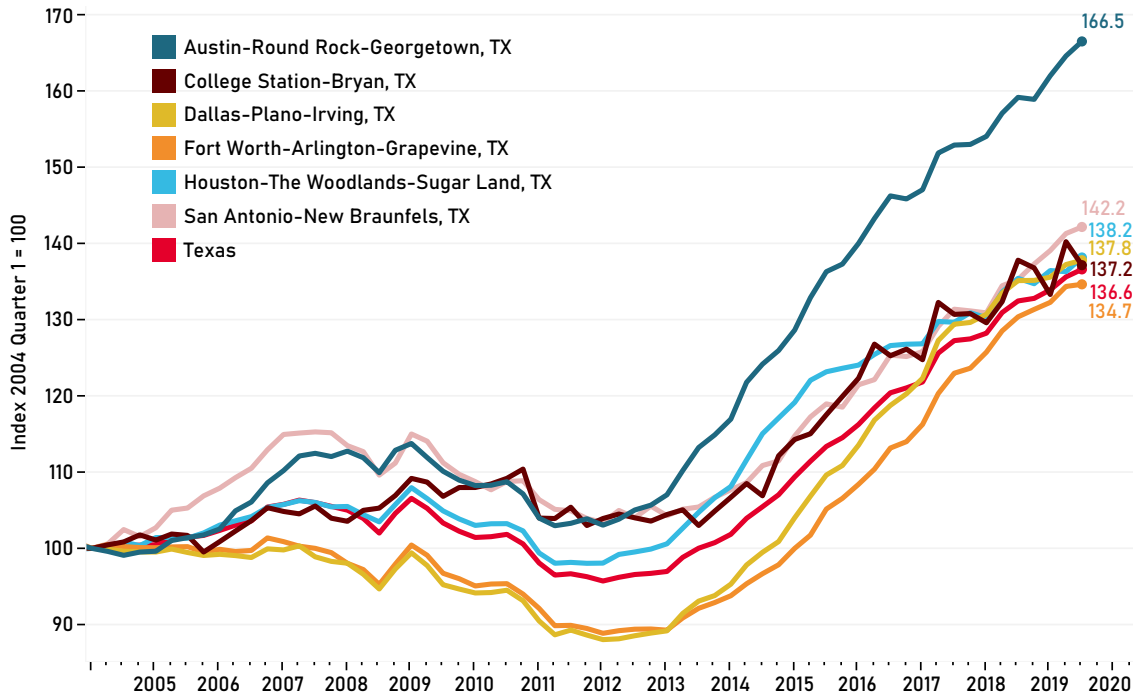


New single unit average value from housing permits in College Station-Bryan MSA. Last reported data point: October 2019. Source: Census Bureau; Private Enterprise Research Center for average calculation and 5-month centered moving average.

TEXAS HOME PRICE INDEXES

Figure 6 depicts real (inflation-adjusted) housing price indexes for select Texas MSAs, including College Station-Bryan, and the overall index for the state of Texas. The data source is the U.S. Federal Housing Finance Agency and the quarterly index values are based on all transactions using sale prices and appraisal data. In order to compare housing price changes across these different indexes, they are all rebased to begin at 100 in the first quarter of 2004. The local index stood at 137.2 in the third quarter of 2019, indicating that housing prices were 37.2% higher than at the beginning of 2004. This is similar to the growth in housing prices across Texas, up 36.6%, and for most of the other Texas MSAs. The exception is Austin-Round Rock-Georgetown, where real prices were 66.5% higher than in 2004. Also noticeable in the graph is the lower volatility of housing prices in College Station-Bryan. Housing prices in CSB took longer to begin declining after the Great Recession of 2007-2009, and they declined less than in other Texas MSAs. As we have noted in other contexts, the local business cycle is delayed relative to the experience in other areas of the state, and its severity is attenuated.

FIGURE 6. HOUSE PRICE INDEXES - TEXAS MSAs



Last reported data point: Quarter 3, 2019. 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, 2019=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, nonfarm employment, real wages, and real taxable sales. The real wage series is released on a quarterly basis and the other three are released monthly. The underlying data series are subject to revision. With new monthly data and revisions of past data, each month the Index and the Business-Cycle will differ from previous estimates.

For more details about the CSB Business-Cycle Index see: *Methodology for Constructing an Economic Index for the College Station-Bryan Metropolitan Statistical Area*.

ENDNOTES

¹The 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 for 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 prices of new homes and the land on which they are built. Permit values are adjusted for inflation using the CPI-U (October 2019=100). Graphed data calculated as the ratio for CSB of single-family housing units’ valuation (Table 3v) divided by the number of single family housing units (Table 3u). See <https://www.census.gov/construction/bps/msamonthly.html>.

DATA SOURCES

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.

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>

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>

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>

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>

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>

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>

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>

Nonfarm Employment

Federal Reserve Bank of Dallas, Texas Workforce Commission, and Bureau of Labor Statistics, Total Nonfarm Payroll Employment for Texas Metropolitan Statistical Areas, two-step Seasonally Adjusted, retrieved from Federal Reserve Bank of Dallas, <https://www.dallasfed.org/research/econdata/brysa.aspx>

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>. Historical data prior to 2016 from Texas Comptroller of Public Accounts. Seasonal Adjustment by Private Enterprise Research Center.

Quarterly Sales Tax Historical Data

Texas Comptroller of Public Accounts, Quarterly Sales by MSA. Data was obtained through a public information request.

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/>

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>

Wages

Bureau of Labor Statistics, Total Quarterly Wages in College Station-Bryan, TX (MSA), retrieved from <https://www.bls.gov/cew/datatoc.htm>. Quarterly files by area. Seasonal Adjustment by Private Enterprise Research Center.

CONTACT



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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