



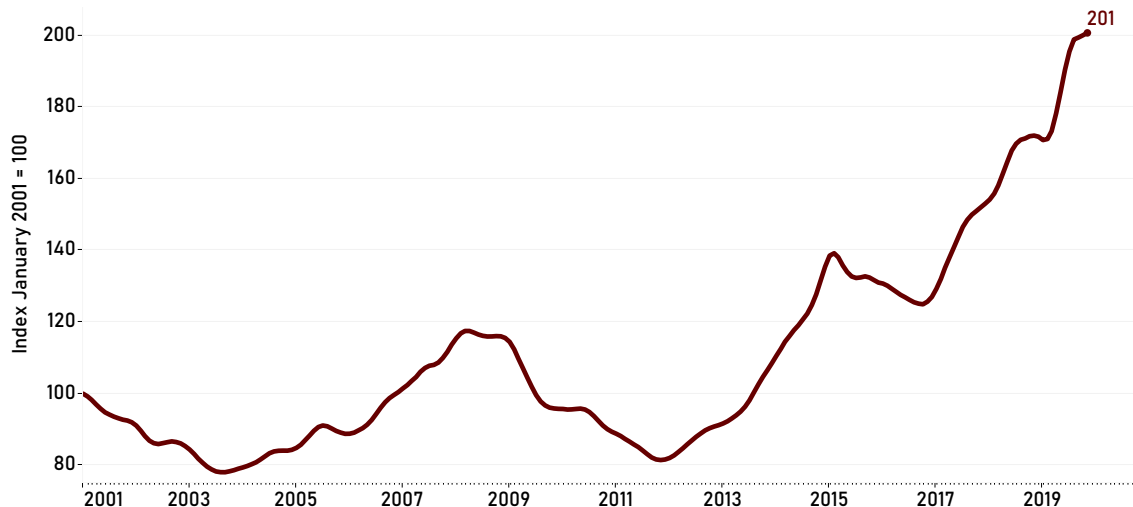
HIGHLIGHTS

- The College Station-Bryan Business-Cycle Index has been rebased to January 2001 starting with this month's edition of *Economic Indicators*.
- The value of the new index was 201 in November 2019, a 0.3% increase from October.
- The unemployment rate remained unchanged from its previous level of 2.7%.
- Nonfarm employment displayed a monthly increase of 0.6% in the month of November 2019 and is 3.6% higher than November 2018.
- Taxable sales decreased slightly in the month of November 2019 by 0.5% but were 6.4% higher than the same month in 2018.
- The focus section examines the local area Gross Domestic Product (GDP) data release by the Bureau of Economic Analysis (BEA) and compares College Station-Bryan (CSB) to other Texas localities.

THE COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

This issue of *Economic Indicators* introduces several changes to the Business-Cycle Index in response to changes in the BEA's historical data series on local area GDP.¹ The BEA's MSA-level GDP data were extensively revised, and for CSB this resulted in both a larger estimated growth rate and greater volatility in the series. Figure 1 depicts the CSB Business-Cycle Index. The November 2019 estimate of the CSB Business-Cycle Index is 201, indicating that the economy is just over twice as large as in January 2001.

FIGURE 1. COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

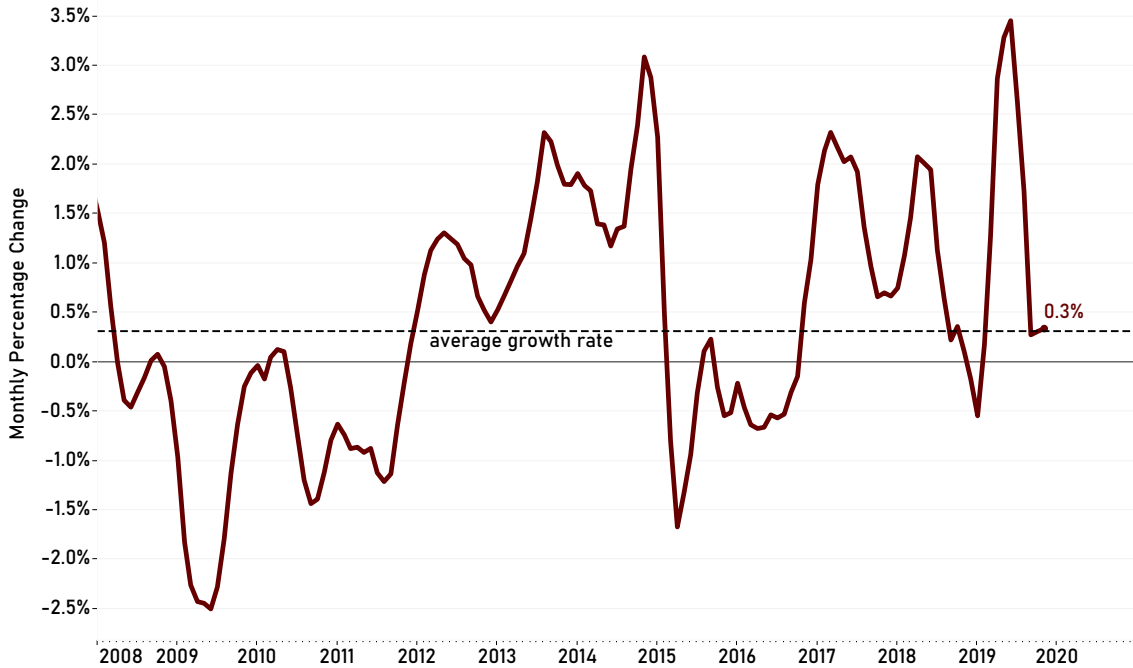


Last reported data point: November 2019 (monthly). Source: Private Enterprise Research Center.

THE COLLEGE STATION-BRYAN BUSINESS-CYCLE

The CSB Business-Cycle Index grew 0.34% between October and November, similar to the growth rate in the two previous months and almost identical to long-run average growth rate for the area. Growth is positive, but down 1.7 percentage points from the month of August. The recent increase in the unemployment rate is the main driver of this slowdown. This is the tenth consecutive month of positive growth.

FIGURE 2. COLLEGE STATION-BRYAN BUSINESS-CYCLE

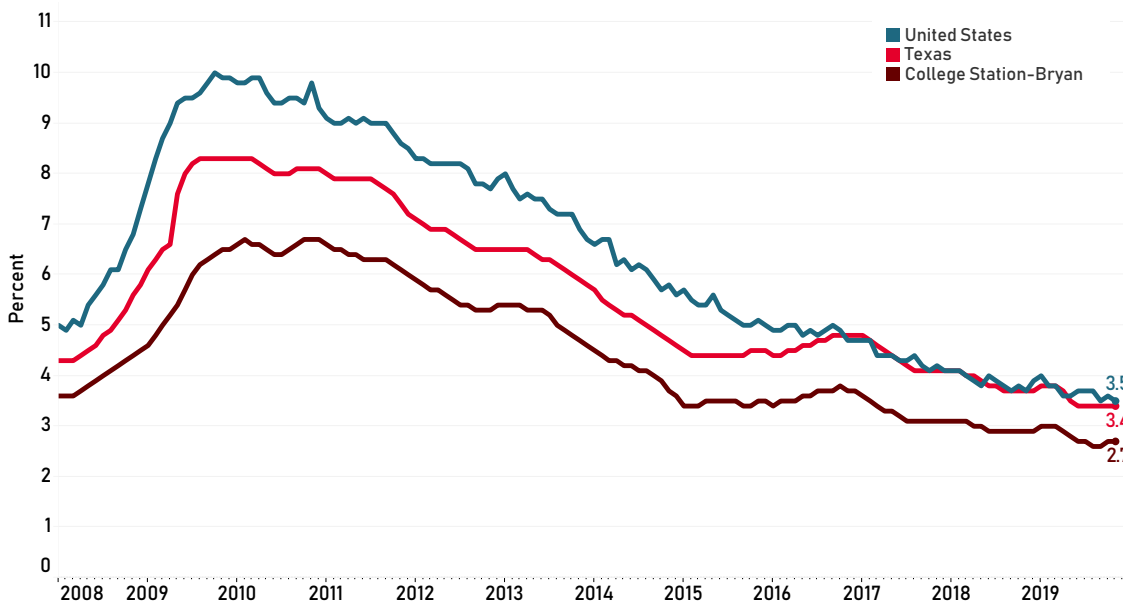


Annualized month-to-month growth rates. Last reported data point: November 2019 (monthly). Source: Private Enterprise Research Center.

UNEMPLOYMENT RATE

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

FIGURE 3. UNEMPLOYMENT RATE



Seasonally adjusted. Last reported data point: November 2019 (monthly). Source: Bureau of Labor Statistics.

FOCUS ON THE COLLEGE STATION-BRYAN MSA

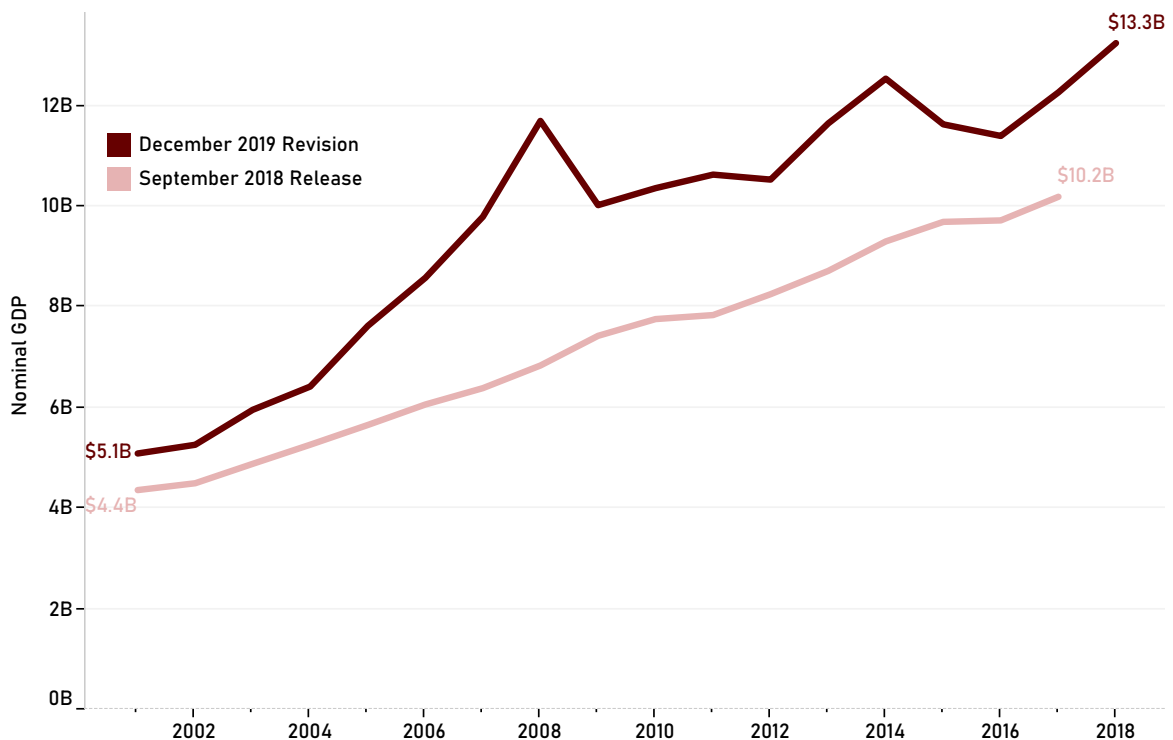
The focus this month is on Gross Domestic Product. GDP measures the total economic output produced in a given geographic area. The Bureau of Economic Analysis provides GDP estimates for the nation and also for states, counties, and metropolitan statistical areas (MSAs). This year the BEA released new county level estimates. These estimates are annual, and the December 2019 data release provides GDP estimates up to the year 2018. This long delay in the release of local area GDP data, and the lack of monthly updates, is a large motivation for the construction of the Business-Cycle Index. Still, the BEA's data series shows how the various MSAs have done through the end of 2018.

With this year's release, the entire historical annual series for MSAs — which are collections of counties — were revised. Some MSAs saw more substantial changes than others. The changes for our local series were substantial, as seen below. The following figures compare last year's data series to this year's series, depict the composition of GDP in College Station-Bryan by county (Brazos, Burleson, and Robertson), and compare the growth in the local economy from 2001 to 2018 to the growth in other Texas MSAs.

COLLEGE STATION-BRYAN GROSS DOMESTIC PRODUCT, 2018 VERSION COMPARED TO 2019

The degree to which the BEA's historical estimates of the local economy's GDP changed from the 2018 data release to the 2019 release are shown in Figure 4. The data are displayed in nominal (not adjusted for inflation) dollars. Two things are evident by comparing these series. First, based on the newly released data in the local MSA, the annual values of GDP are substantially higher than the corresponding annual values from last year's release. For example, in 2017, the newly released annual value was \$2.1 billion higher than the value from the 2018 version of the data. Second, the new estimates show considerably more variability year-to-year.

FIGURE 4. GDP IN COLLEGE STATION-BRYAN, 2018 RELEASE COMPARED TO 2019 RELEASE, NOT INFLATION ADJUSTED



Last reported data point: 2018 (annual). Source: Bureau of Economic Analysis; Local Area Gross Domestic Product, table CAGDP2: GDP by county and metropolitan area (2019).

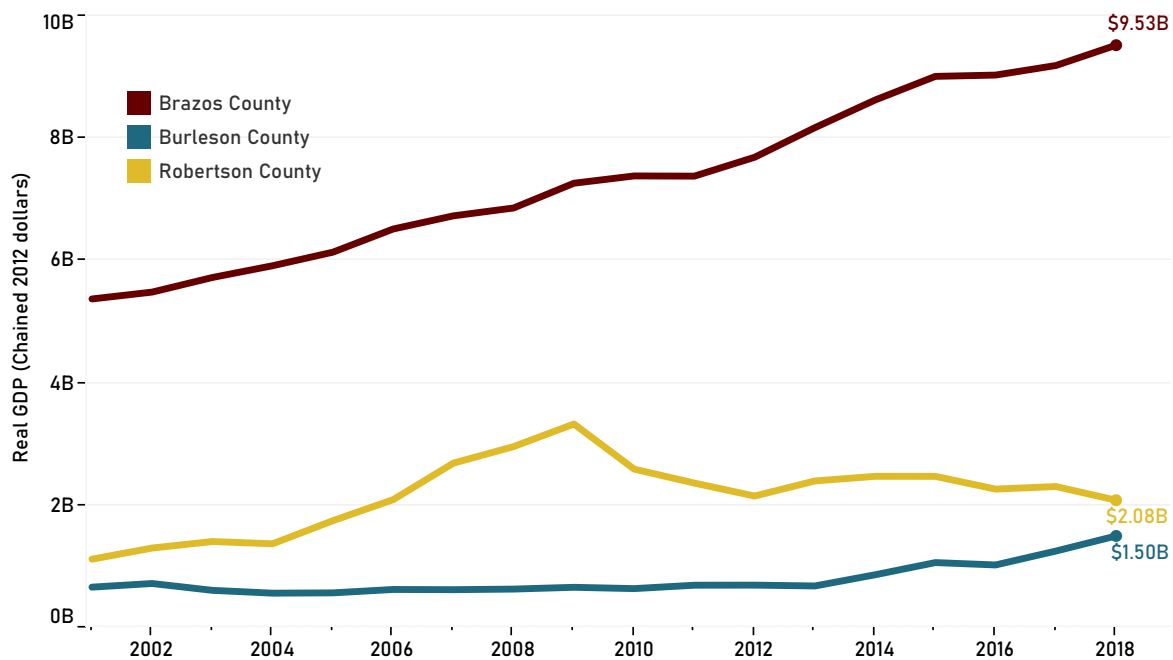
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COLLEGE STATION-BRYAN GROSS DOMESTIC PRODUCT BY COUNTY

The level of real (i.e., inflation-adjusted) gross domestic product in CSB is shown below for each county in the local metropolitan statistical area. Brazos County has the largest economy, with a GDP of over \$9.53 billion in 2018, or 73% of CSB's economic activity. In Brazos County, the private sector's share of the economy grew from 67% to 74% between 2001 and 2018. Robertson County has the second largest GDP at \$2.08 billion dollars in 2018, or 16% of the metro area's GDP. The increase in GDP in Robertson county in the late-2000s, and its variability, is mainly due to the Bureau of Economic Analysis's industry category that includes oil and gas extraction. Mining, Quarrying, and Oil and Gas Extraction constituted 88% of total GDP in Robertson county in 2009, but was 45% of total GDP in 2018. Burleson County has the smallest GDP, \$1.5 billion in 2018, representing about 11% of CSB's economic activity. Most of the recent growth in real GDP in Burleson County can also be attributed to Mining, Quarrying, and Oil and Gas Extraction. This industry grew from \$306 million to \$1.27 billion from 2013 to 2018, and from contributing 45% of county GDP in 2013 to 84% in 2018.

FIGURE 5. REAL GDP BY COUNTY IN COLLEGE STATION-BRYAN

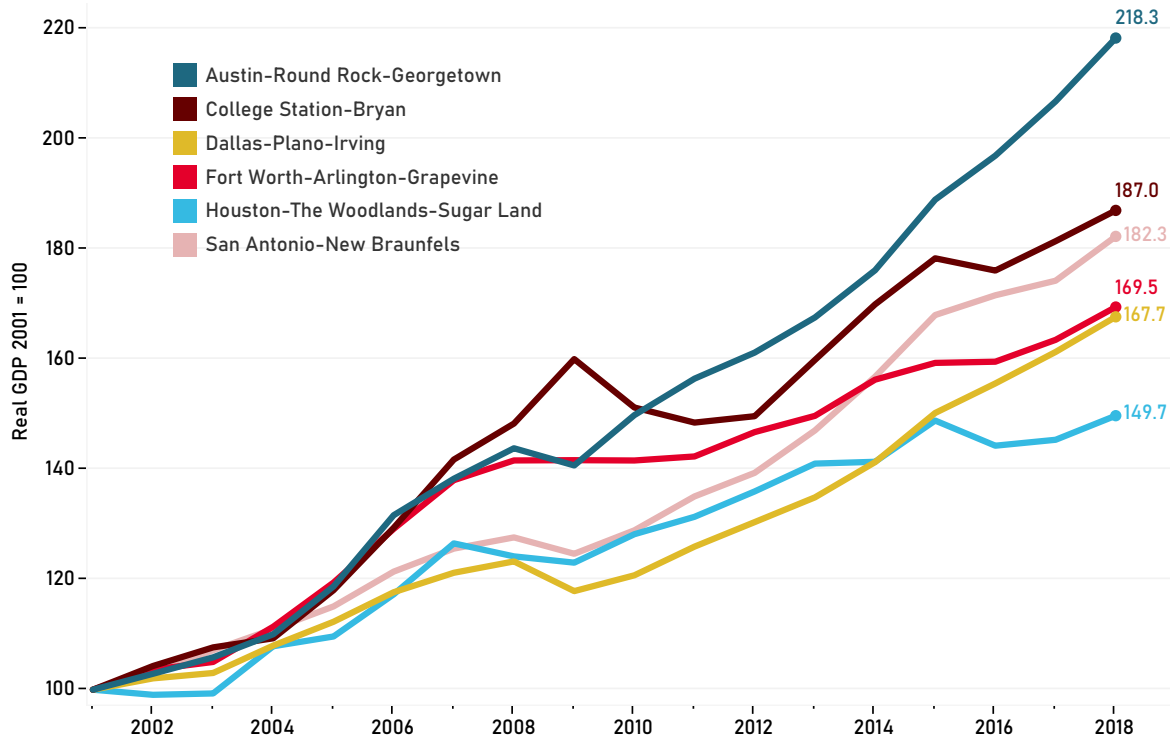


Last reported data point: 2018 (annual). Source: Bureau of Economic Analysis; Local Area Gross Domestic Product, table CAGDP9: Real GDP by county and metropolitan area (2019).

GDP GROWTH FROM 2001 TO 2018 IN SELECT TEXAS MSAS

The indexed series of real GDP from 2001 to 2018 are displayed in Figure 6, with 2001 as the base year. These are based on the Bureau of Economic Analysis's most recent estimates for CSB and a set of comparison MSAs. As expected, Austin-Round Rock-Georgetown has shown the largest growth, with real GDP growing 118.3% from 2001 to 2018. College Station-Bryan's real GDP index recorded an 87% increase from its 2001 value in 2018. With a 49.7% increase in real GDP since 2001, Houston-The Woodlands-Sugarland exhibited the lowest growth among these MSAs over this period.

FIGURE 6. INDEXED GDP IN SELECT MSAs



Last reported data point: 2018 (annual). Source: Bureau of Economic Analysis; Local Area Gross Domestic Product, table CAGDP9: Real GDP by county and metropolitan area (2019). Index calculations by PERC. GDP values for Dallas-Plano-Irving and Fort Worth-Arlington-Grapevine Metropolitan Divisions calculated with sum of constituting counties.

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

¹ Figure 1 now begins in January 2001 to conform to the first year of the BEA's local area GDP estimates. The statistical model that derives the underlying business-cycle is unchanged. The BEA's annual GDP series provides the estimates of the local economy's growth and the year-to-year volatility in GDP growth. The new, revised data series for counties and MSAs were released on December 12, 2019.

DATA SOURCES

Gross Domestic Product

Bureau of Economic Analysis, Regional Data, GDP and Personal Income; Table CAGDP2 for Nominal GDP; Table CAGDP9 for Real GDP. <https://www.bea.gov/data/by-place-county-metro-local>

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.

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.

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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