San Angelo
Quarterly Economic Review
The latest data, analysis, outlook

SAN ANGELO
Chamber of Commerce
Economic Development

JULY 2025
Issue #4-03

Economic Index
4.6% ↑
Q1 2025 137
Q1 2024 131

Business Cycle Index
2.2% ↑
Q1 2025 142
Q1 2024 139

Industrial Production Index
1.8% ↑
Q1 2025 112
Q1 2024 110

Housing Affordability Index
12.4% ↑
Q1 2025 154
Q1 2024 137

Housing Permits
42.6% ↑
Q1 2025 87
Q1 2024 61

Labor Force
2.1% ↑
Q1 2025 63,324
Q1 2024 62,040

Unemployment
-- ↔
Q1 2025 3.1%
Q1 2024 3.1%

Hotel Occupancy
7.6% ↑
Q1 2025 57.9%
Q1 2024 53.8%

Retail Sales Tax
-6.0% ↓
Q1 2025 $3.77M
Q1 2024 $4.01M

Assessment: San Angelo's economy demonstrated remarkable resilience and growth in Q1 2025. Our proprietary index averaged a robust 137, surpassing the last eight years' Q1 performance, signaling sustained expansion. The Business Cycle Index also moderately increased to 142, reflecting broad-based economic strength. This positive momentum is underpinned by a growing labor force and employment, maintaining a low 3.1% unemployment rate. While total job openings decreased, it indicates a more efficient labor market, with stable wages for available positions. Our housing market shows promising signs of future growth, with permits up 42.6%, and affordability significantly improving due to rising local wages and moderating inflation. Inventory levels are normalizing, offering buyers more choice. The manufacturing sector maintained stable jobs, with the Industrial Production Index increasing to 112, and efficient inventory management. Tourism is thriving, evidenced by higher hotel occupancy and average daily rates. Despite a dip in sales tax revenue, total retail sales surged, reflecting strong underlying consumer spending. Overall, San Angelo is experiencing a dynamic and healthy economic expansion.

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The San Angelo Quarterly Economic Review (QER) is more than just a publication; it's the definitive source for data-driven insights shaping our community's future. Read by the most influential decision-makers – elected officials, CEOs, bank presidents, real estate brokers, construction leaders, and key community stakeholders – the QER offers unparalleled strategic visibility.

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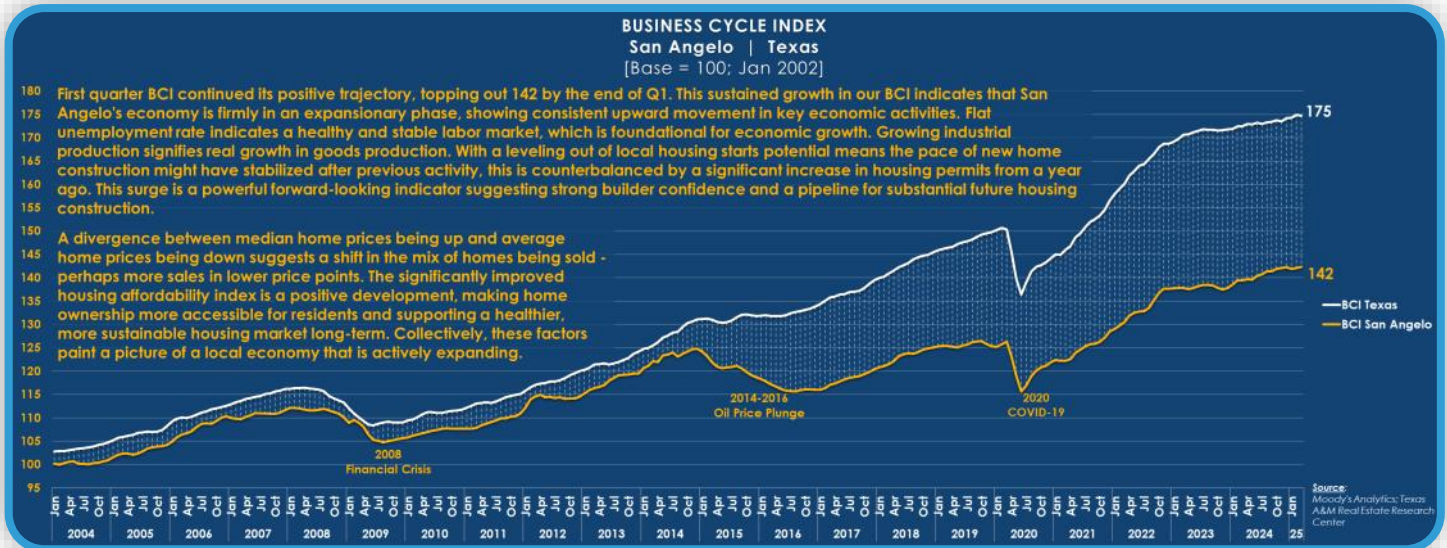
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ECONOMIC INDEX

The San Angelo Economic Index considers seven key economic indicators to provide insight about the state of the San Angelo economy. Three data sets are leading indicators and point to future changes in the economy - useful for short-term predictions of economic developments. The remaining data are lagging or coincident indicators; coming after the economy changes, helping to confirm specific patterns, yet still providing valuable information about the current state of the economy. The index is intended to help decision makers, and our community, evaluate the economic vitality of San Angelo.

ECONOMIC INDEX
San Angelo, TX
[Base = 100; Jan 2017]

RELATIVE COSTS		QUALITY
LIVING	BUSINESS	OF LIFE
96%	93%	48
U.S. = 100%		Best=1, Worst=378

The March 2025 index ended at 139, only down 2.1% from the previous March, elevated by increased economic activity, potentially more construction, a larger or more engaged workforce, and a thriving hospitality sector compared to a year ago.

1Q2025 averaged a score of 137, up 6 points from 1Q2024 and better than the last eight years' Q1 average index scores. While there are monthly fluctuations, the overarching quarterly trend remains positive and indicative of a vibrant local economic landscape.

QUARTERLY AVERAGE INDEX

ANNUAL AVERAGE INDEX

1. **New Residence Permits (LEADING Indicator):** Building permits tell you what will happen with new home construction twelve months from now.

2. **Retail Sales Tax Revenue (LEADING Indicator):** Decreases can raise fear of recession and increases often precede higher Consumer Price Index (CPI) numbers (a measure of cost-of-living changes, indicator of inflation).

3. **Labor Force:** Measure of the number of residents that make up workforce.

4. **Manufacturing Jobs (LEADING Indicator):** Indicates manufacturer's confidence level. When factory orders rise, companies need more workers.

5. **Unemployment Rate:** Measure of the underutilization of the labor supply. It reflects the inability of an economy to generate desired employment.

6. **Average Daily Hotel Room Rate:** The average daily rate (ADR) indicates average revenue earned for an occupied room on a given day. A rising ADR suggests that a hotel is increasing the money it's making from renting out rooms.

7. **% Hotel Room Occupancy:** Occupancy rates predict cash flow, and a way to compare financial attractiveness and performance of real estate.

BUSINESS CYCLE INDEX

The San Angelo business cycle index (BCI) is a measure meant to gauge the trend of underlying economic activity. Ultimately it seeks to forecast the strength of economic expansion or recession in the coming months, along with forecasts for other prominent economic measures. BCI must be used in conjunction with other statistics of an economy to understand the true nature of economic activity. Thus, it is important that users of this information realize it is unreasonable to believe that any single indicator, or even set of indicators, always gives true signals, and never fails to foresee a turning point in an economy.

BUSINESS CYCLE INDEX
San Angelo | Texas
[Base = 100; Jan 2002]

First quarter BCI continued its positive trajectory, topping out 142 by the end of Q1. This sustained growth in our BCI indicates that San Angelo's economy is firmly in an expansionary phase, showing consistent upward movement in key economic activities. Flat unemployment rate indicates a healthy and stable labor market, which is foundational for economic growth. Growing industrial production signifies real growth in goods production. With a leveling out of local housing starts potential means the pace of new home construction might have stabilized after previous activity, this is counterbalanced by a significant increase in housing permits from a year ago. This surge is a powerful forward-looking indicator suggesting strong builder confidence and a pipeline for substantial future housing construction.

A divergence between median home prices being up and average home prices being down suggests a shift in the mix of homes being sold - perhaps more sales in lower price points. The significantly improved housing affordability index is a positive development, making home ownership more accessible for residents and supporting a healthier, more sustainable housing market long-term. Collectively, these factors paint a picture of a local economy that is actively expanding.

This indicator is constructed using four components chosen for their timeliness, frequency, and availability.

1. **Employment:** The employment series used is from the Current Employment Statistics issued monthly by the Bureau of Labor Statistics.

2. **Housing starts:** The basis for housing starts estimates comes from monthly residential permit data from the Census Bureau (involving adjustment for the lag time between a permit becoming a start, adjustment for the share of permits that never become starts, and the share of starts that is not issued permits).

3. **House prices:** Provided by the Federal Housing Finance Agency. Included due to the importance of housing in the most recent recession. The house price data are led by six months. The argument for doing this is that it is generally believed that households react to changes to house prices with a lag.

4. **Industrial production:** Industrial production is estimated monthly at the sub-national level by combining in-house employment estimates and the monthly industrial production release from the Federal Reserve Board.

NEW RESIDENCE PERMITS

The chart below shows a 12-month rolling average of San Angelo new residence permits (single-family homes). The 12-month rolling average helps to smooth out short-term fluctuations and highlight longer-term trends or cycles. Overlaid are the monthly percentage of homes overvalued for San Angelo and the State of Texas.

NEW RESIDENCE PERMITS
New Residence Permits (12m Avg) | % Homes Overvalued

Housing permits were up 42.6% from 1Q2024. This signals strong confidence in San Angelo's population growth and economic future, as builders typically only pull permits when they anticipate demand.

The slight decrease in the number of homes sold year-over-year (303 vs 321) is likely due to higher interest rates impacting buyer affordability, since more homes were available on the market. A crucial counter point to this is the increase in sales dollar volume compared to a year ago. Despite fewer transactions, the total money exchanged for homes increased 4.8% suggesting the homes that did sell were more expensive, or prices rose sufficiently to offset lower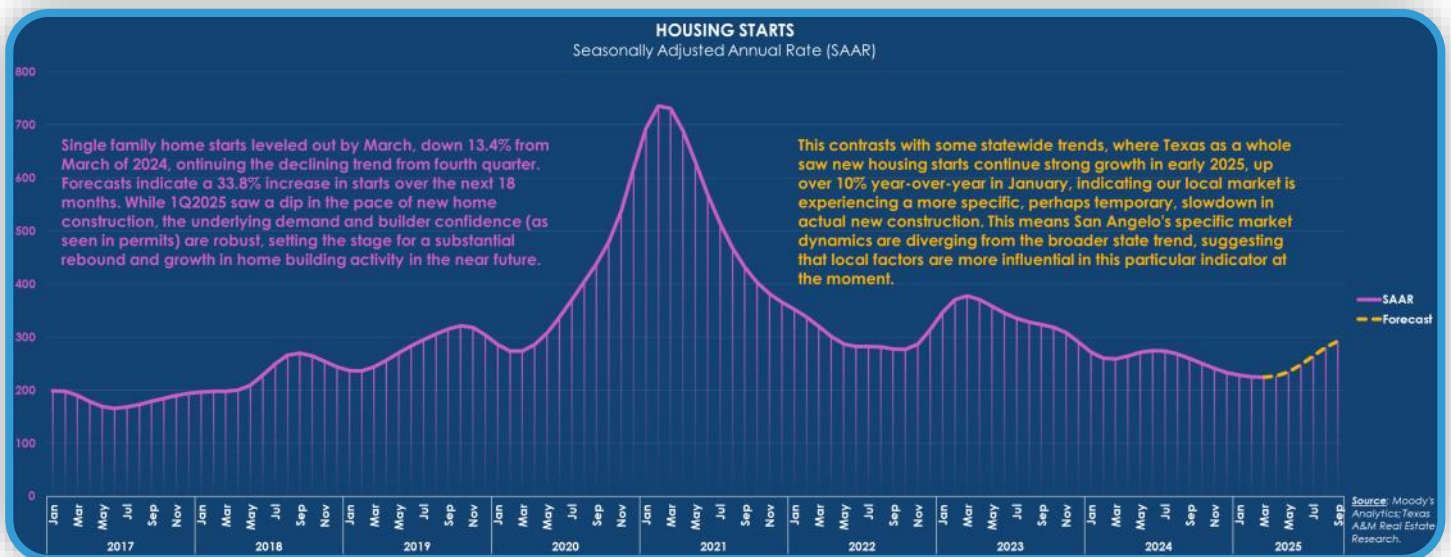 volume. The fact that both average and median home prices are up indicates genuine price appreciation across the market, reflecting continued demand outpacing supply, even with the slight dip in unit sales. The reduction in overvaluation suggests that home prices are becoming more aligned with underlying economic fundamentals and buyer affordability, making the market more sustainable and less risky.

Average and Median Home Price increased throughout Q1:
- Average Home Price = $291,380 (↑6.4% from 1Q2024)
- Median Home Price = $246,150 (↑4.8% from 1Q2024)

17.9%

— SA SFH Permits 12m AVG
— % SA Homes Overvalued
— % TX Homes Overvalued

Source: COSATX; Moody's Analytics; Texas A&M Real Estate Research Center

HOUSING STARTS

The housing starts data is presented as a seasonally adjusted annual rate (SAAR), which represents the total number of housing starts that would occur over a year if the current month's pace were to continue. This data provides valuable insights into the health of the housing market and the broader economy, as housing starts typically correlate with economic growth, employment, and consumer spending. Declining housing starts show a slowing economy, while increases in housing activity can pull an economy out of a downturn.

HOUSING STARTS
Seasonally Adjusted Annual Rate (SAAR)

Single family home starts leveled out by March, down 13.4% from March of 2024, continuing the declining trend from fourth quarter. Forecasts indicate a 33.8% increase in starts over the next 18 months. While 1Q2025 saw a dip in the pace of new home construction, the underlying demand and builder confidence (as seen in permits) are robust, setting the stage for a substantial rebound and growth in home building activity in the near future.

This contrasts with some statewide trends, where Texas as a whole saw new housing starts continue strong growth in early 2025, up over 10% year-over-year in January, indicating our local market is experiencing a more specific, perhaps temporary, slowdown in actual new construction. This means San Angelo's specific market dynamics are diverging from the broader state trend, suggesting that local factors are more influential in this particular indicator at the moment.

— SAAR
-- Forecast

Source: Moody's Analytics; Texas A&M Real Estate Research.

See following page for additional HOUSING data and analysis.

HOUSING
SA Average Weekly Earnings (All Employees - Private) | SA Average Home Price (3m AVG)

Median days on the market (DOM) minor uptick suggests that homes are taking just a little longer to sell, which, when combined with the increase in months of inventory from 3.2 to 4.1, indicates a gradual shift towards a more balanced market. A strong buyer's market typically holds 6+ MOI.

The financial health of local residents appears to be improving relative to costs. Local average weekly earnings rose significantly to $940.41 in 1Q2025 from $875.58 in 1Q2024. Coupled with a notable drop in the local CPI (Consumer Price Index) from 3.74% in 1Q2024 to 2.52% in 1Q2025, points to improved purchasing power and reduced inflationary pressures on household budgets. The cost of goods and services is rising at a slower pace, allows the gains in wages to translate into real improvements in financial well-being.

This combination of slightly more inventory, stable-to-rising home prices, and significantly improved affordability due to rising wages and moderating inflation creates a healthier, more sustainable housing environment. Despite some mixed signals in housing starts, the market is adjusting in a way that benefits local buyers and supports long-term community growth.

Legend:
- AVG Wkly Earnings
- Average Home Price

Source: Federal Reserve Bank of St. Louis - Economic Research Division; Texas A&M Real Estate Research Center

The housing affordability index is designed to measure the degree to which a typical middle-income family can afford the mortgage payments on a typical home. Higher values indicate greater affordability. A value of 100 means that a family with the median income has exactly enough income to qualify for a typical mortgage on a median-priced single-family home. An index above 100 signifies that the family has surplus income. For example, an HAI of 120.0 indicates the family has 120% of the income necessary to qualify for a conventional loan covering 80% of a typical home. A change in the HAI shows that homes are becoming more or less affordable based on changes in income, home prices and mortgage rates.

HOUSING AFFORDABILITY INDEX (HAI)
San Angelo | Texas
[Base = 100]

San Angelo's overall housing affordability improved by 17 points from a year ago. This substantial improvement signals a much healthier and more accessible housing market for our residents.

While 30-year mortgage rates remained relatively high, moving from 6.84% in Q1 2024 to 6.65% in Q1 2025, this slight decrease, though modest, contributes positively to affordability. Even with median home prices rising (as previously noted), the increased earning capacity and slightly lower interest rates have collectively made homeownership more attainable for the median-income household in San Angelo.

Q1 2025 compared to Q1 2024
- ↑ Average Median Home Price   +6.4%
- ↓ Homes Sales   -5.6%
- ↑ Time on Market   +1 days longer
- ↓ Mortgage Rate   -2.7%

Legend:
- HAI (San Angelo) — 154
- HAI (Texas) — 137
- 30-Year Mortgage Rate

Source: Moody's Analytics; Freddi Mac; Texas A&M Real Estate Resech Center

LABOR FORCE

The following chart compares the indexed labor force between San Angelo and the State of Texas, and similarly the relative unemployment rate for both, month over month. Unemployment rate is a lagging indicator.

LABOR MARKET
Labor Force (Base = 100; Jan 2017) | Unemployment Rate U-3 (%)

Our labor force expanded to 63,324 in 1Q2025, up from 62,040 in 1Q2024. This is a positive sign, suggesting growing confidence in local job opportunities and potentially attracting new residents to our community. Employment also saw a healthy rise indicating the local economy successfully absorbed the growth in the labor force, creating enough jobs to keep pace with the increasing number of people seeking work.

A reassuring figure is the unemployment rate, which remained flat at 3.1%. Maintaining such a low unemployment rate, especially while the labor force is expanding, is a testament to the strength and resilience of San Angelo's job market.

Source: Bureau of Labor and Statistics (BLS)

JOB OPENINGS

Fluctuations in the number of new job openings across specific industries and job levels provide signals to recruiters and job seekers about current economic performance. Generally, new job openings decline as the outlook weakens. Some industry sectors, such as manufacturing or retail, face a relatively early downturn in job postings due to a slowdown in consumer spending. Most often, these sectors are also the first to recover post-recession as the economy rebounds.

JOB OPENINGS
San Angelo | Texas
[Base = 100, January 2013]

We observed a notable decrease in the total number of job openings, falling to 2,977 in Q1 2025 from 4,295 in Q1 2024. This represents a significant reduction of 1,318 fewer open positions year-over-year. Concurrently, the average wages of these open jobs remained relatively stable at $66,497 in Q1 2025, a slight dip from $66,553 in Q1 2024. This trend is further illuminated by the number of job openings per unemployed worker, which decreased from 2.2 to 1.5.

The decrease in job openings, coupled with stable employment and low unemployment, suggests that businesses are becoming more efficient at filling their vacancies. Fewer openings per unemployed worker indicates that the market is less "tight" than a year ago, making it easier for employers to find the talent they need and for job seekers to secure positions more quickly. This implies a more balanced and less frictional labor market. Furthermore, demand for skilled labor, particularly in higher-paying roles, persists, and businesses are still willing to offer competitive compensation to attract the right talent.

Source: WorkInTexas.com, Federal Reserve Bank of St. Louis - Economic Research Division

Advertised jobs are spidered daily in real-time. Real-time advertised jobs are collected from employer corporate sites, hospitals, non-profits, local and federal government agencies, schools and universities, recruiter sites, newspapers, volunteer sites, and other public, private, and state job boards. Each site is individually reviewed and evaluated, and each sites data extraction is custom tailored to that site. Every job listing is spidered every day so that it can be removed from the database when the job is de-posted. Each job is processed for O*NET code assignment, NAICS code assignment, employer name normalization, and city/town name standardization.
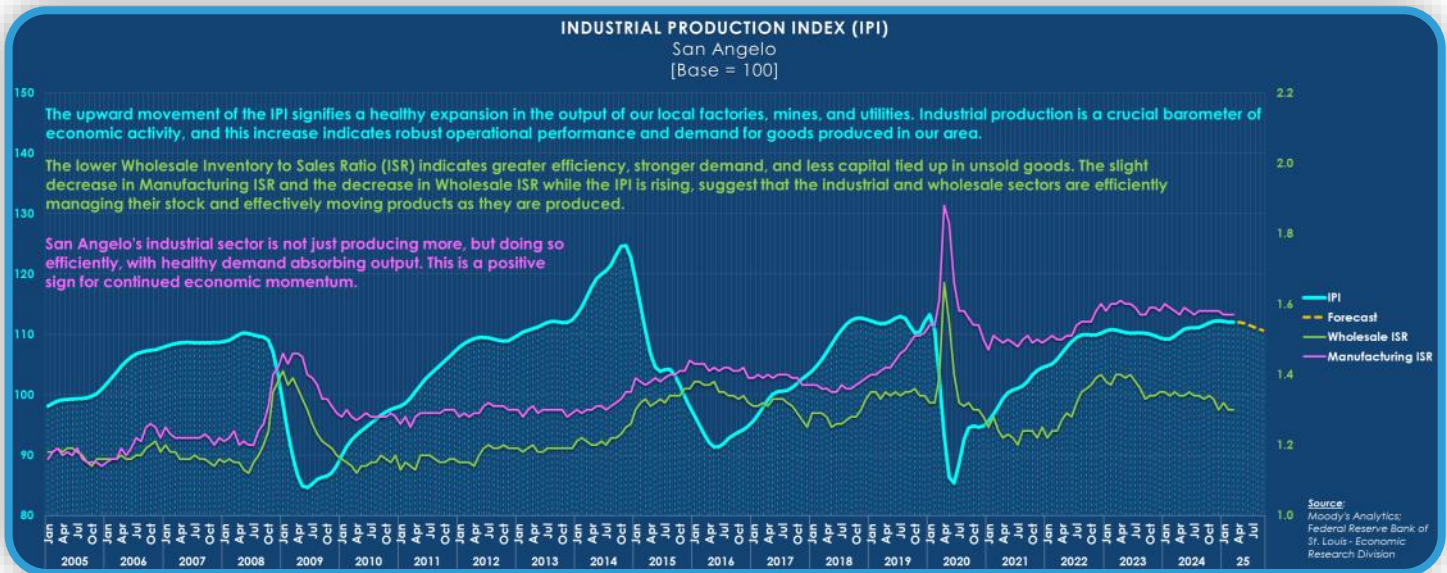
MANUFACTURING JOBS

Update: Manufacturing jobs remained stable 1Q2025 , representing a consistent 6.79% of our total labor force. This stability in the number of manufacturing jobs is positive , indicating that this vital sector is maintaining its workforce size. Broadening this to Goods Producing jobs (which includes manufacturing, construction, and natural resources), we see a slight an addition 50 jobs to from a year ago. This overall stability and slight growth in goods-producing employment provide a solid base. Manufacturing sales tax revenue experienced a slight decrease, amounting to only -1.0% from a year ago. The sector is maintaining its output indicating resilience in a challenging economic environment, but does not represent a significant downturn.

Outlook: Given the stable employment and surging revenue, we anticipate continued stability, driven by maintaining its current workforce, ability to hold its ground regarding revenue, with clear potential for renewed growth. San Angelo's manufacturing base is a reliable and stable component of our economy, consistently contributing to the tax base and providing steady employment - it bodes well for the sector's resilience and future growth potential.
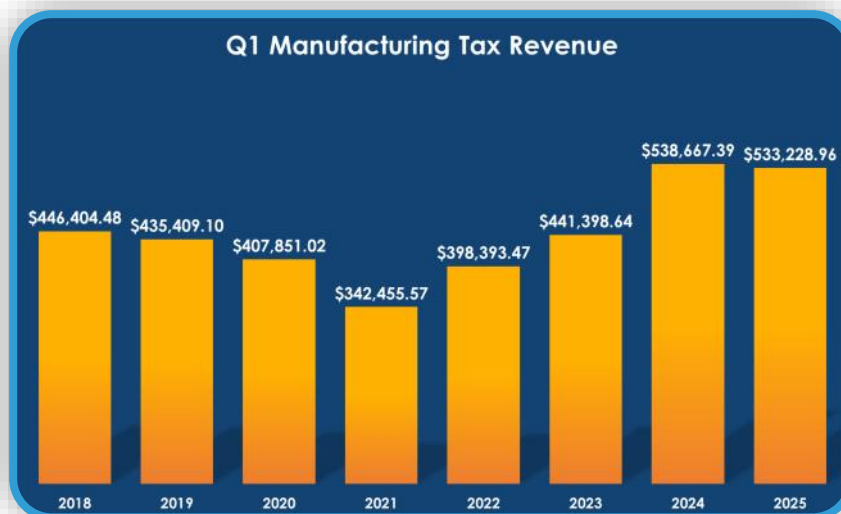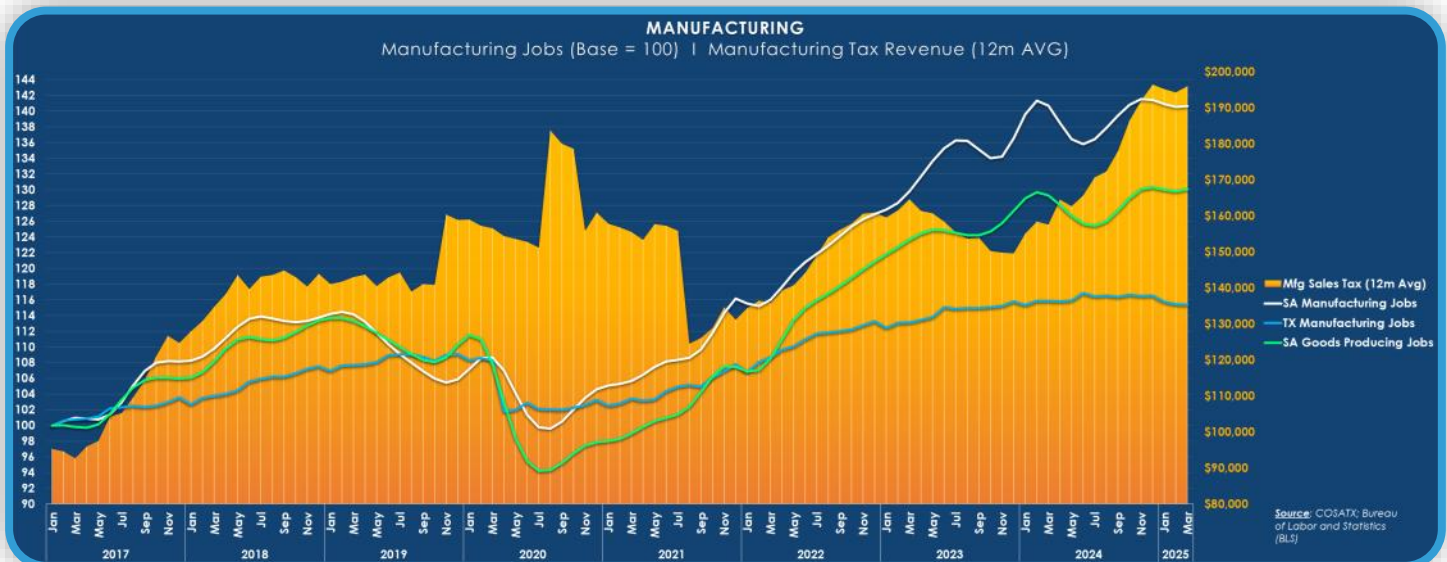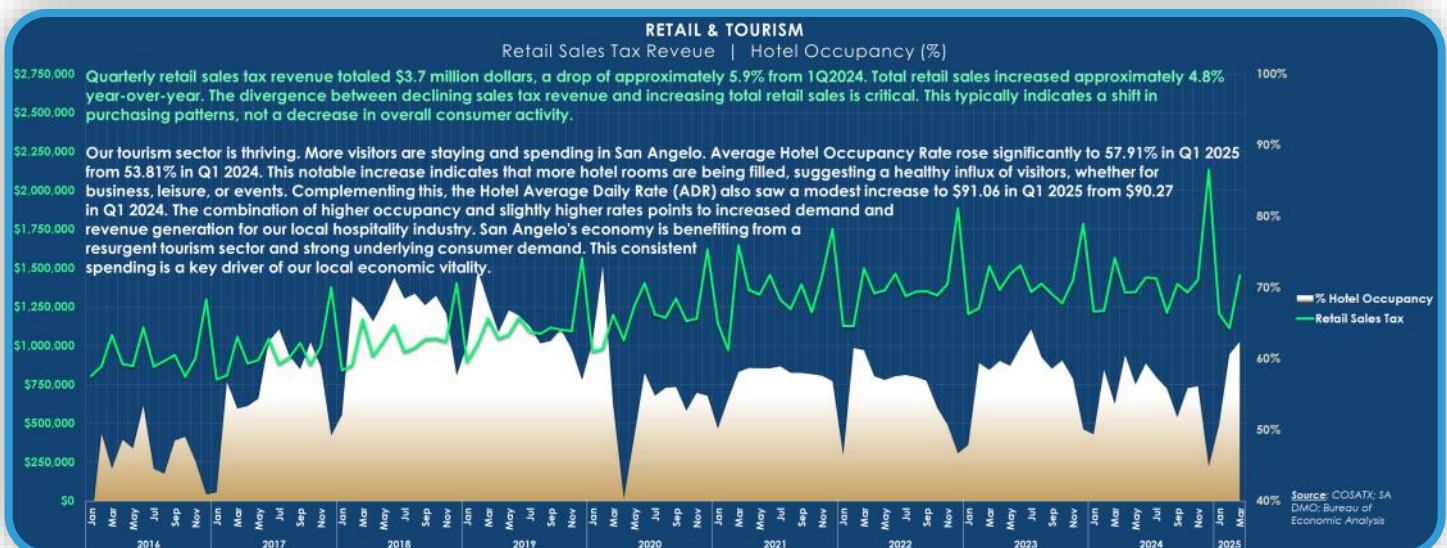
INDUSTRIAL PRODUCTION INDEX

The industrial production index indicates the monthly production of raw goods. It rises with a flourishing economy and falls with a sickly economy. Industrial production is estimated monthly at the sub-national level by combining employment estimates and the monthly industrial production release from the Federal Reserve Board. These data are then combined in two steps. First, monthly estimates of manufacturing employment at the three-digit and four-digit NAICS level are used to create industry weights for each geography. Second, these weights are applied to the national industry-level IP to aggregate each local geography's IP series.

INDUSTRIAL PRODUCTION INDEX (IPI)
San Angelo
[Base = 100]

The upward movement of the IPI signifies a healthy expansion in the output of our local factories, mines, and utilities. Industrial production is a crucial barometer of economic activity, and this increase indicates robust operational performance and demand for goods produced in our area.

The lower Wholesale Inventory to Sales Ratio (ISR) indicates greater efficiency, stronger demand, and less capital tied up in unsold goods. The slight decrease in Manufacturing ISR and the decrease in Wholesale ISR while the IPI is rising, suggest that the industrial and wholesale sectors are efficiently managing their stock and effectively moving products as they are produced.

San Angelo's industrial sector is not just producing more, but doing so efficiently, with healthy demand absorbing output. This is a positive sign for continued economic momentum.

Source:
Moody's Analytics;
Federal Reserve Bank of
St. Louis - Economic
Research Division

RETAIL SALES TAX REVENUE and TOURISM

Tourism is economic development, and destination marketing is the first date for economic development. Tourism (leisure / business) generates employment and income, directly and diffused through the economy. Destination promotion is an economic engine, raising our community's profile and fostering enhanced opportunities for traditional business relocation or expansion. Furthermore, targeted destination promotion possesses the potential to highlight the quality-of-life issues critical to relocation decisions and resident's attitude about where they live.

RETAIL & TOURISM
Retail Sales Tax Reveue | Hotel Occupancy (%)

Quarterly retail sales tax revenue totaled $3.7 million dollars, a drop of approximately 5.9% from 1Q2024. Total retail sales increased approximately 4.8% year-over-year. The divergence between declining sales tax revenue and increasing total retail sales is critical. This typically indicates a shift in purchasing patterns, not a decrease in overall consumer activity.

Our tourism sector is thriving. More visitors are staying and spending in San Angelo. Average Hotel Occupancy Rate rose significantly to 57.91% in Q1 2025 from 53.81% in Q1 2024. This notable increase indicates that more hotel rooms are being filled, suggesting a healthy influx of visitors, whether for business, leisure, or events. Complementing this, the Hotel Average Daily Rate (ADR) also saw a modest increase to $91.06 in Q1 2025 from $90.27 in Q1 2024. The combination of higher occupancy and slightly higher rates points to increased demand and revenue generation for our local hospitality industry. San Angelo's economy is benefiting from a resurgent tourism sector and strong underlying consumer demand. This consistent spending is a key driver of our local economic vitality.

Source: COSATX; SA
DMO; Bureau of
Economic Analysis

Check out the new Economic Development Marketing Video on our Website!

Unlock Your Business Growth in San Angelo Texas A Hotspot for Economic Prosperity

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or
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https://www.sanangelo.org/economic-development/

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Cornerstone funds are private investments the Chamber of Commerce uses to leverage our marketing efforts, recruit new industrial corporations and lobby at all levels of government, especially for Goodfellow Air Force Base.

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