

**2023  
Q2  
Review**

**SAN ANGELO**  
Chamber of Commerce  
Economic Development

# San Angelo Quarterly Economic Review

The latest data, analysis, outlook

"Without data you're just another person with an opinion" -W. Edwards Deming

**OCTOBER 2023**

Issue #2-04



**Economic Index**



**Business Cycle Index**



**Industrial Production Index**



**Housing Affordability Index**



**Housing Permits**



**Labor Force**



**Unemployment**



**Hotel Occupancy**



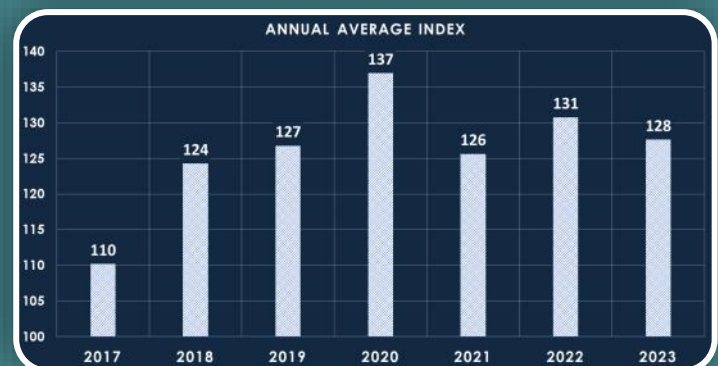
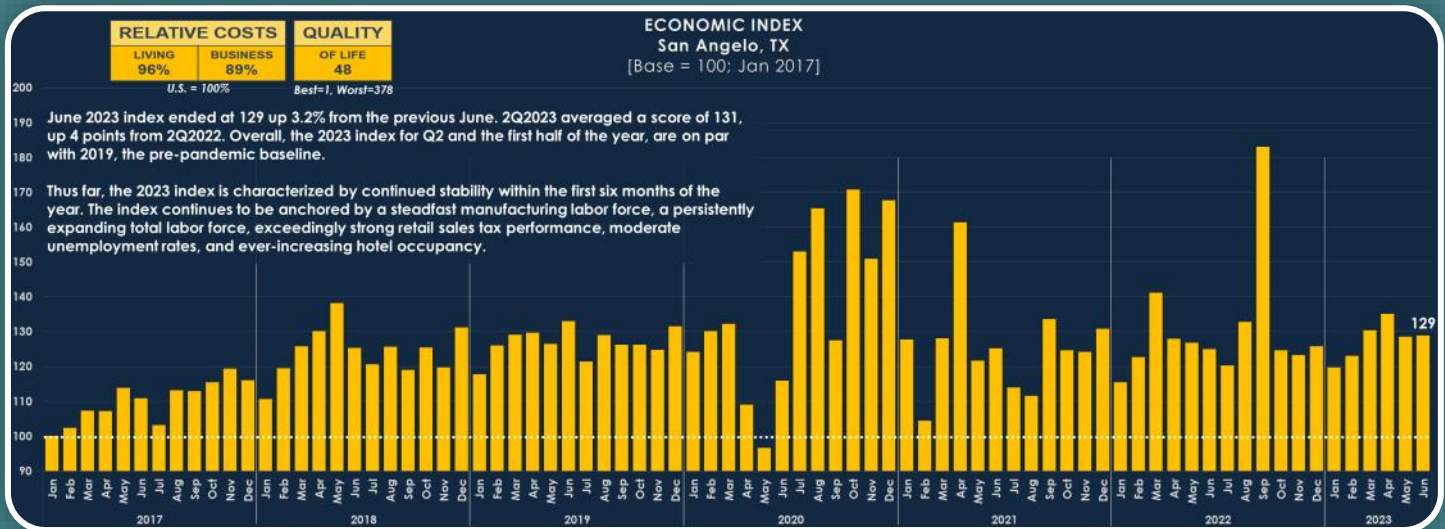
**Retail Sales Tax**

**Assessment:** For the first half of 2023, the San Angelo economy was characterized by continued stability. Payrolls have moved into expansion. Furthermore, natural population growth is stronger than nationwide, and the median age of the population is below average. The working-age population and labor force will grow faster as a result. As job creation increasingly hinges upon labor availability, this will help employers find employees as well as provide a faster growing consumer base. There remains a chronic labor shortage that shows no signs of going away and no ready replacement for the generation reaching retirement age. The job market is tight but is not yet operating beyond full employment. The energy industry and public sector will be pillars of support and provide spillover benefits for consumer services. Longer term, positive demographic trends will ensure San Angelo's position as a national outperformer. Overall, this summer, the economic data have been uniformly good, showing resilient growth and easing inflation. Inflation has throttled back, and prospects are good that it will continue to decelerate. The San Angelo economy's recent performance could not be much better. Nationally, growth has been close to the economy's potential with real GDP during the first half of the year advancing just over 2% annualized and estimates for real GDP growth indicates there will be another solid quarter. The economy is finding its footing despite aggressive interest rate hikes. Growth has moderated but remains strong, and inflation, while still too high, is abating. Recession risks are elevated, but they are waning. The data supports a pretty positive outlook, and manufacturing has played a key role in avoiding recession that was expected by this time. In general, the more production taking place in San Angelo and the U.S., the better. The export sector is growing and as reshoring becomes more common, the demand has shifted to U.S. facilities. There remains emphasis on protecting domestic production and reducing dependence on imports.



## ECONOMIC INDEX

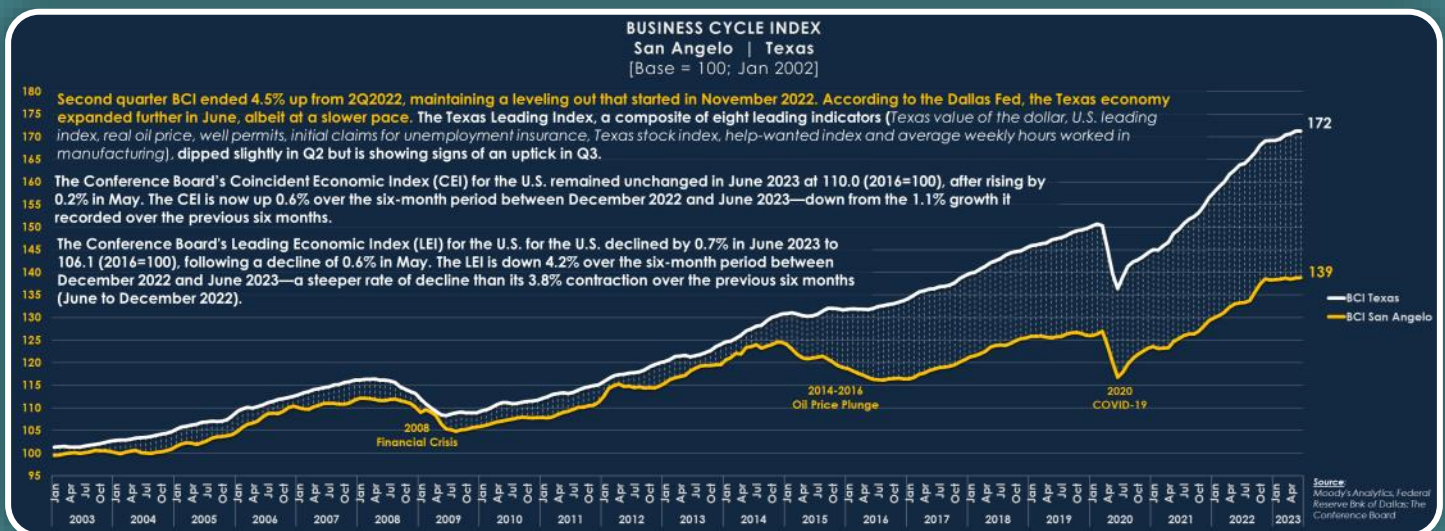
The San Angelo Economic Index considers seven key economic indicators to provide insight about the state of the San Angelo economy. Three data sets are leading indicators and point to future changes in the economy - useful for short-term predictions of economic developments. The remaining data are lagging 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.



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.

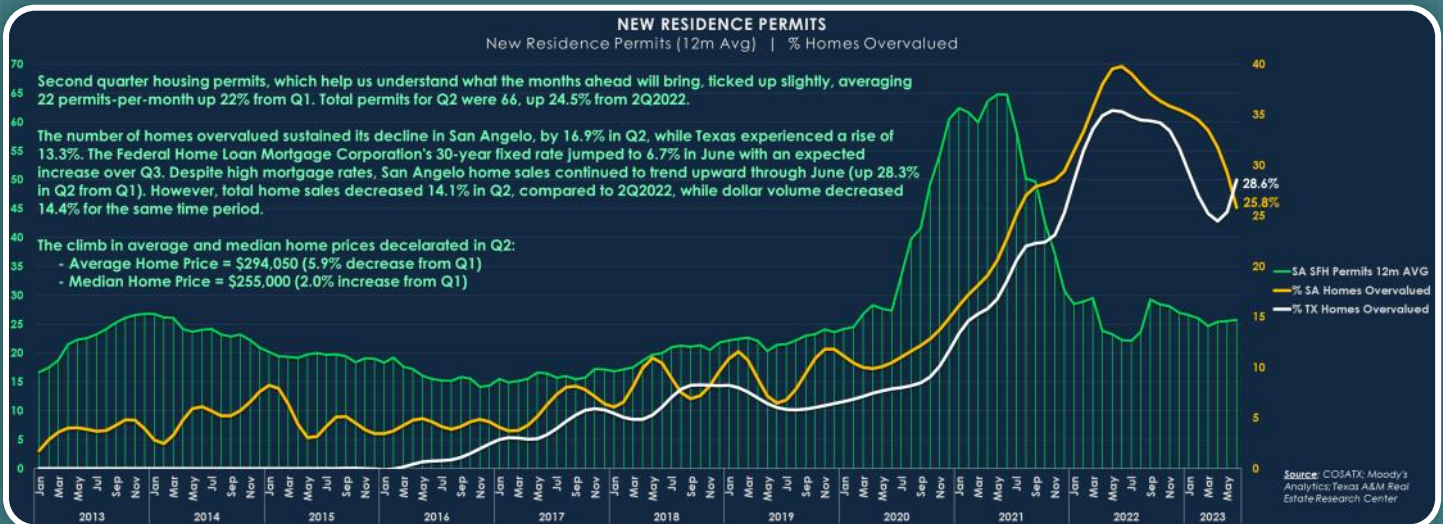


This indicator is constructed using four components chosen for their timeliness, frequency, and availability.

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

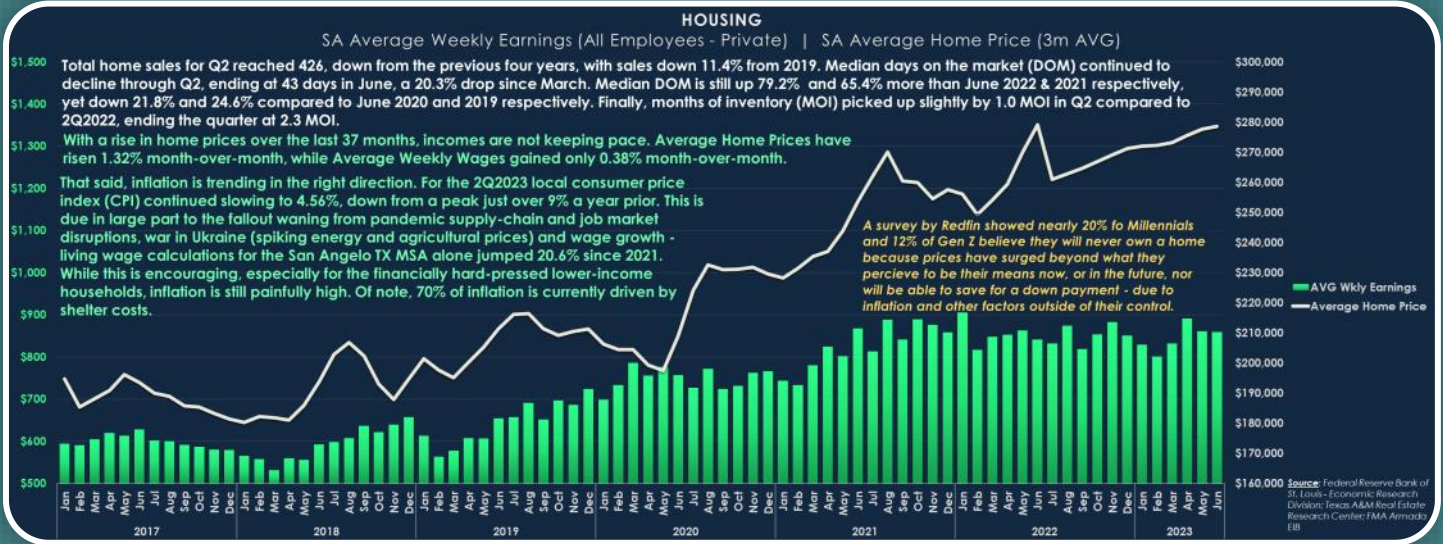
The chart below shows a 12-month rolling average of San Angelo new residence permits (single-family homes). The 12-month rolling average helps to smooth out short-term fluctuations and highlight longer-term trends or cycles. Overlaid are the monthly percentage of homes overvalued for San Angelo and the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



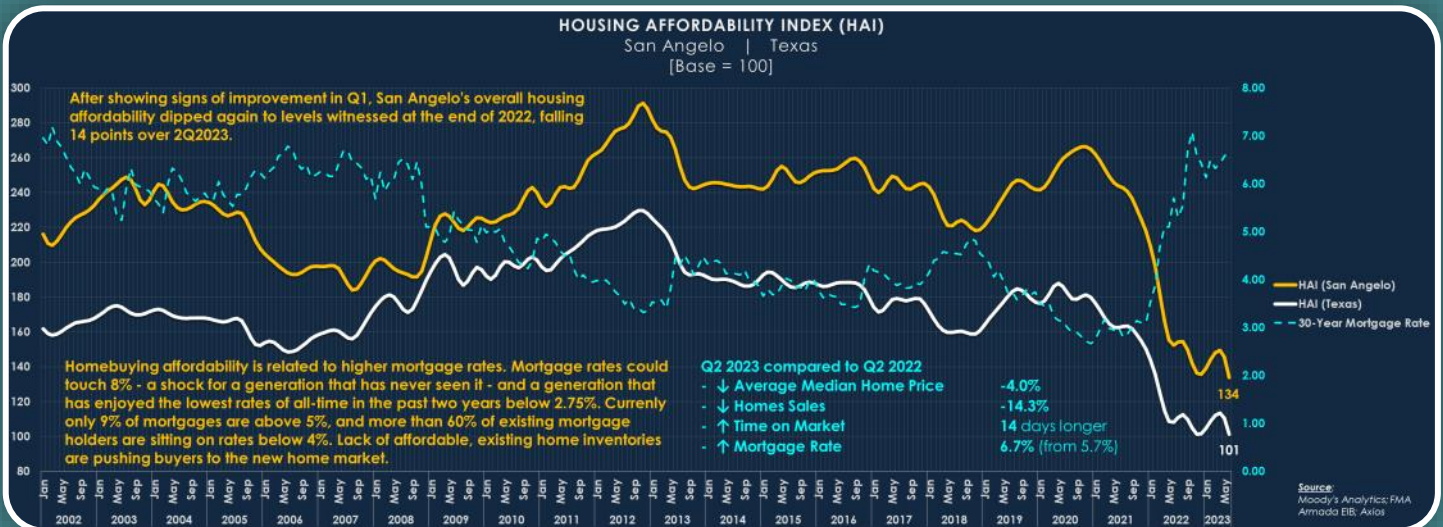
See following page for additional HOUSING data and analysis.



## HOUSING DATA continued...

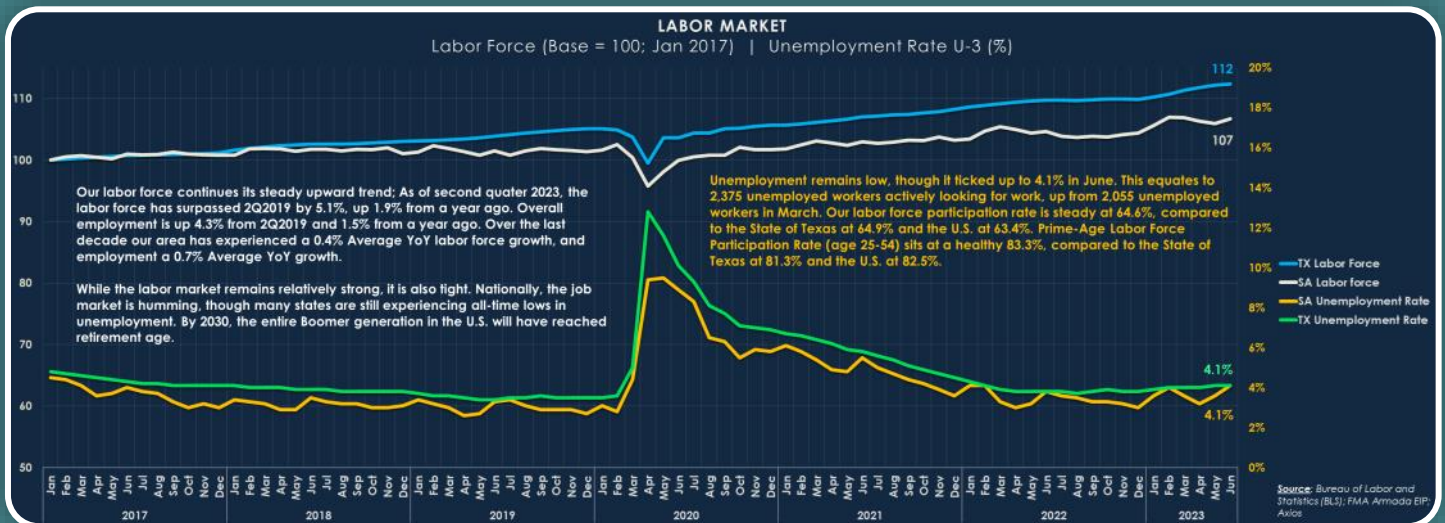


The housing affordability index is designed to measure the degree to which a typical middle-income family can afford the mortgage payments on a typical home. Higher values indicate greater affordability. A value of 100 means that a family with the median income has exactly enough income to qualify for 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.



## 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.



## 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.



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.

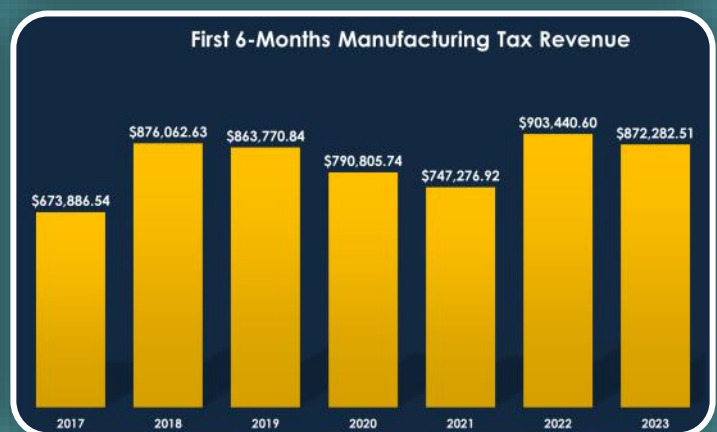
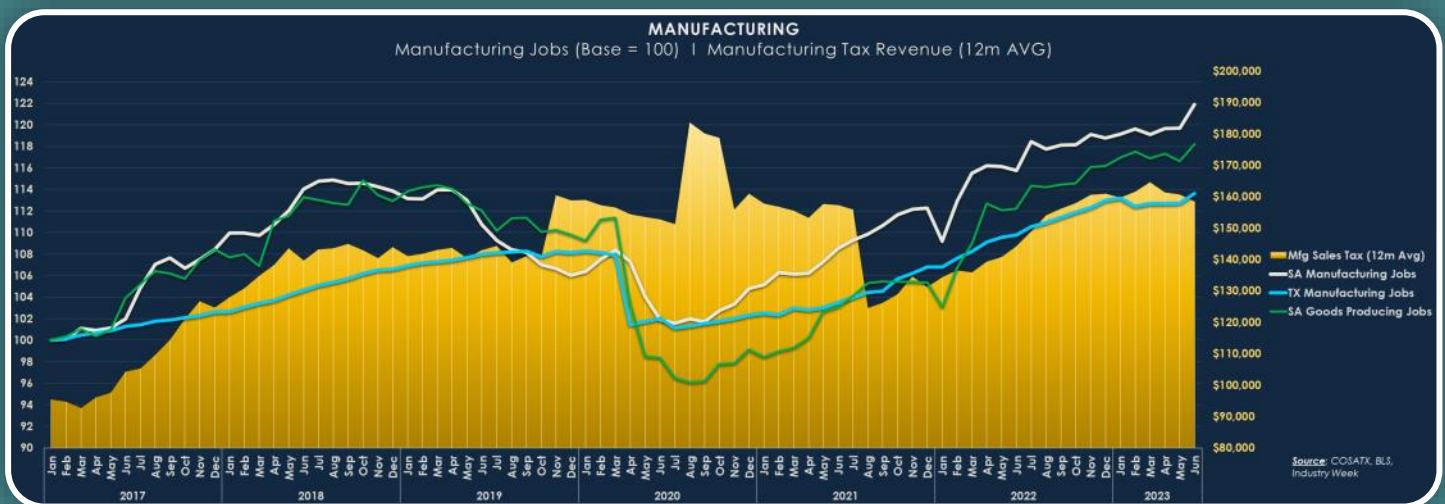


## MANUFACTURING JOBS

**Update:** Our manufacturing sector added 85 jobs to their payroll in the second quarter of 2023, residing at 3,693 jobs (6.4% of the total workforce), the highest its been since 2012. Remember, a rise in manufacturing workforce is typically an indication in a rise in factory orders. Total Goods Producing Jobs saw the same bump, driven by the manufacturing sector. Goods producing jobs include Agriculture, Forestry, Fishing and Hunting, Mining, Quarrying, and Oil and Gas Extraction, Construction, and Manufacturing.

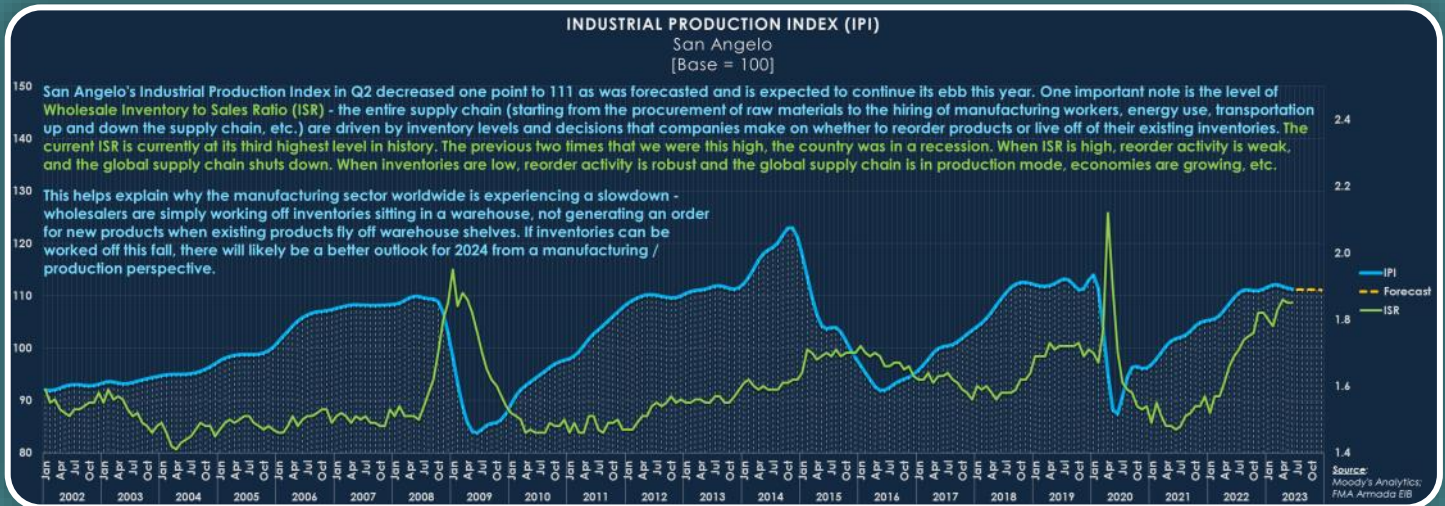
Q2 Manufacturing tax revenue reached \$430,883. Underperforming 2Q2022, it does outperform years 2017-2021 for the second quarter. The last 36 months (since June '20) have demonstrated an average month-over-month growth rate of 2.2% in manufacturing sales tax revenue.

**Outlook:** The National Association of Manufacturers forecasts that by 2030, the U.S. could have 2.1 million unfilled manufacturing jobs. Manufacturers are actively having to turn down business opportunities because they lack enough workers. The Congressional Budget Office predicts that the American labor force will grow by less than 0.2% per year through 2031. Locally the outlook is a bit more optimistic: the San Angelo area has experienced an average YoY percent labor force growth rate of 0.4%, with a projection of an average YoY percent population growth rate of 0.5%. Of note, for the ten years spanning 2011-2020, the San Angelo area experienced an average YoY decrease in manufacturing payrolls of -1.62%; however, from 2021 through the first-half of 2023 the area has experienced an average YoY increase of 4.86% in manufacturing payrolls.



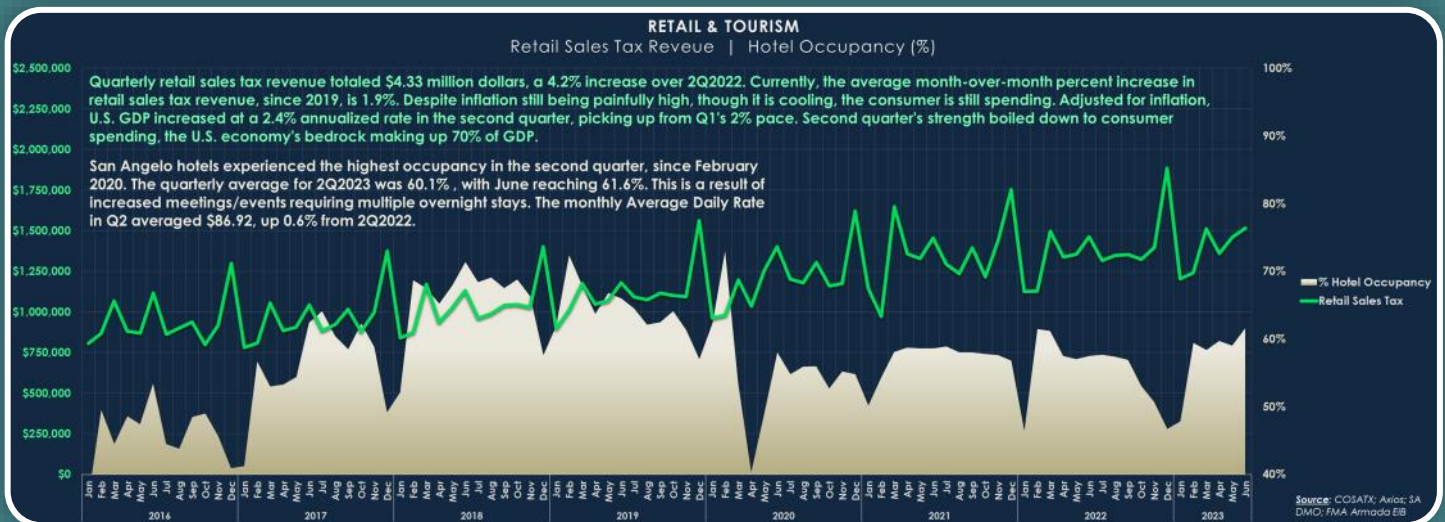
## INDUSTRIAL PRODUCTION INDEX

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.



## 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.





# ***Providing the certainty, simplicity, and speed necessary to build a strong business climate.***



*The San Angelo Chamber of Commerce Economic Development Department (EDD) works closely with our main economic development partner, the City of San Angelo Development Corporation (COSADC). This team approach is a “force-multiplier” for the recruitment of new industry and the expansion of existing industrial enterprises.*

*The San Angelo Chamber EDD also works with the Tom Green County Judge and Commissioners, Downtown San Angelo, Inc., Angelo State University Small Business Development Center, Howard College, San Angelo Independent School District, and the Angelo State University David L. Hirschfeld Department of Engineering.*

*It is through private community investments that allow the Chamber EDD team to leverage our marketing efforts, recruit new industrial corporations, facilitate business/industrial training and lobby at all levels of government, especially for Goodfellow Air Force Base.*

*The Economic Development Department is guided by two committees: the Economic Development Advisory Committee (EDAC), which counsels staff on initiatives, methods, policies, and goals; and the San Angelo Regional Manufacturers Alliance (SARMA), which advises staff on initiatives and goals to support the San Angelo manufacturing, fabrication, energy services, technology, and agricultural sectors in the Concho Valley.*

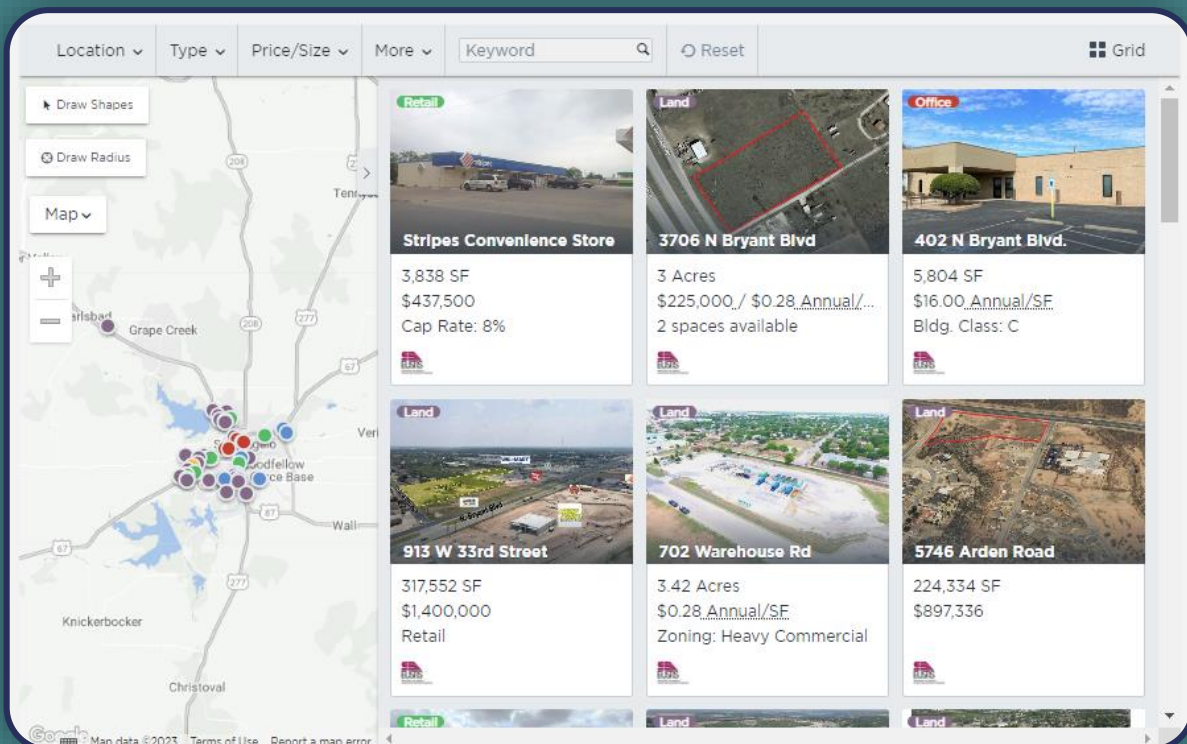


# Check out the new features on our website!

## LOCAL ADVANTAGES



## COMMERCIAL PROPERTY SEARCH



The screenshot shows a web application for commercial property search. At the top, there are filters for Location, Type, Price/Size, and More, along with a Keyword search bar and a Reset button. On the left, a map displays various colored pins indicating property locations. The main area features a grid of property listings, each with a thumbnail image, address, and key details.

Property Type	Address	Size	Price	Other Details
Retail	Stripes Convenience Store	3,838 SF	\$437,500	Cap Rate: 8%
Land	3706 N Bryant Blvd	3 Acres	\$225,000./ \$0.28 Annual/...	2 spaces available
Office	402 N Bryant Blvd.	5,804 SF	\$16.00 Annual/SF	Bldg. Class: C
Land	913 W 33rd Street	317,552 SF	\$1,400,000	Retail
Land	702 Warehouse Rd	3.42 Acres	\$0.28 Annual/SF	Zoning: Heavy Commercial
Land	5746 Arden Road	224,334 SF	\$897,336	

Scan Here



<https://www.sanangelo.org/economic-development/>





## CORNERSTONE INVESTORS PROGRAM

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.

### INVESTMENT LEVELS

Platinum	\$10,000 & Above
Diamond	\$5,000 – \$9,999
Silver	\$2,000 – \$4,999
Bronze	\$1,000 – \$1,999
Concho Pearl	\$500 – \$999

**Learn more here**



<https://www.sanangelo.org/cornerstone-investors/>

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