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

San Angelo
Chamber of Commerce
Economic Development

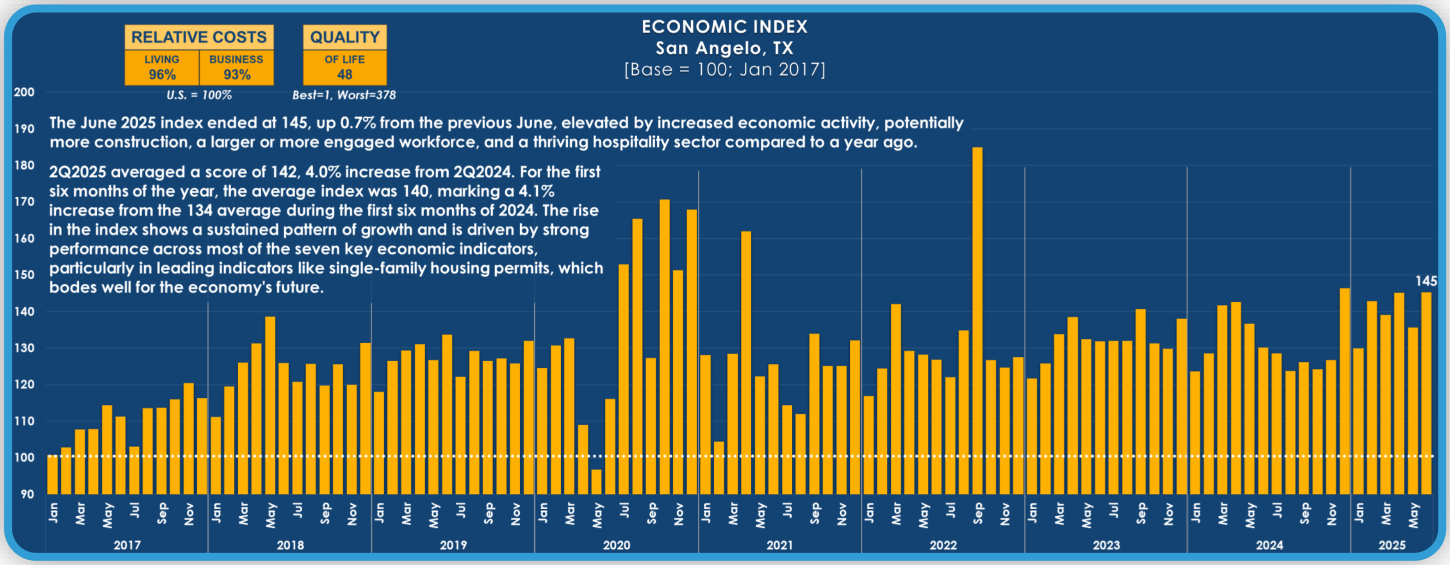
OCTOBER 2025
Issue #4-04

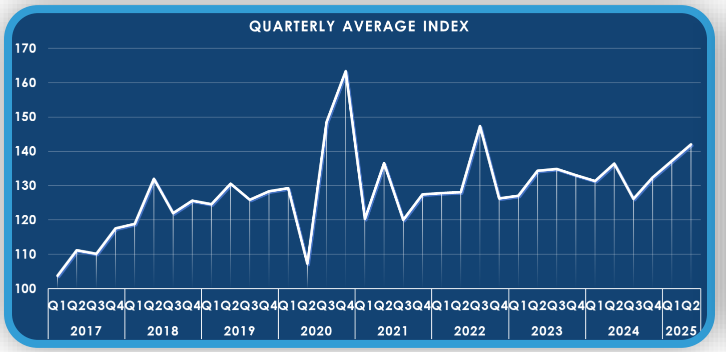
Indicator	Change	Q2 2025	Q2 2024
Economic Index	↑ 0.7%	145	144
Business Cycle Index	↑ 2.9%	144	140
Industrial Production Index	↑ 0.9%	112	111
Housing Affordability Index	↓ -2.9%	136	140
Housing Permits	↑ 18.5%	83	70
Labor Force	↑ 1.6%	63,328	62,318
Unemployment	↓ 11.4%	3.1%	3.5%
Hotel Occupancy	↑ 1.9%	59.8%	58.7%
Retail Sales Tax	↑ 1.7%	$4.19M	$4.12M

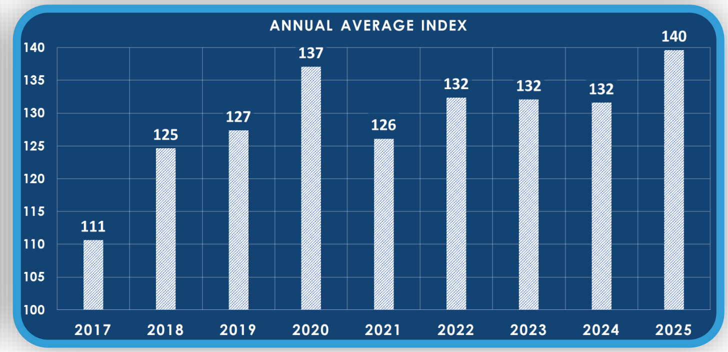
Assessment: The San Angelo economy is maintaining a firm expansionary course, demonstrating resilience and growth momentum driven primarily by an expanding job market and active housing sector. The Economic Index and the Business Cycle Index confirm a sustained pattern of expansion. Employment is a major strength, with the Labor Force and total employment growing, successfully absorbing new workers to maintain a historically low unemployment rate. The housing market is solid, marked by accelerating growth indicators: New Residence Permits are up significantly from a year ago, signaling strong builder confidence, and total Home Sales volume is up 13.9%. This demand has led to continued home price appreciation. The local industrial sector is expanding its footprint, with manufacturing jobs increasing by 4.1%, significantly outperforming the Texas state trend. Furthermore, the external economy is exceptionally healthy. Tourism is strong with the Average Daily Room Rate climbing 5.1% and Retail Sales Tax revenue showing modest growth, providing a stable external income stream for the local tax base. While the data suggests wage moderation and a potential reduction in high-value manufacturing output, this underlying economic engine remains structurally sound, driven by job creation and strong external demand.

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.



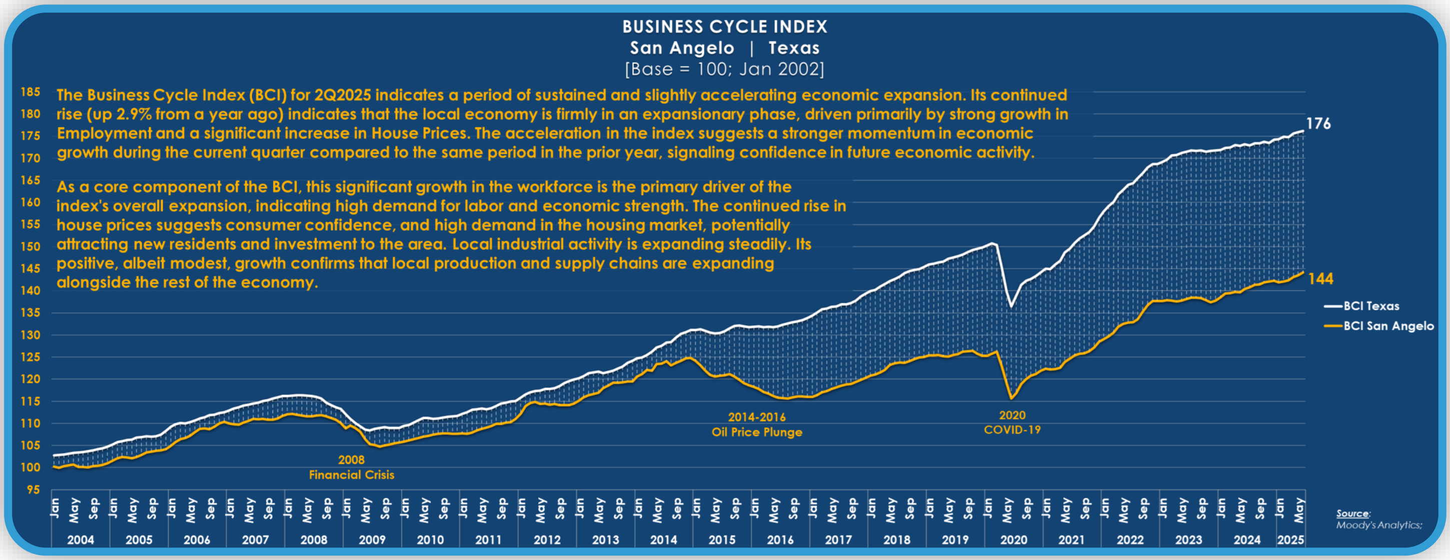




1. **New Residence Permits (LEADING Indicator):** Building permits tell you what will happen with new home construction twelve months from now.
2. **Retail Sales Tax Revenue (LEADING Indicator):** Decreases can raise fear of recession and increases often precede higher Consumer Price Index (CPI) numbers (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.

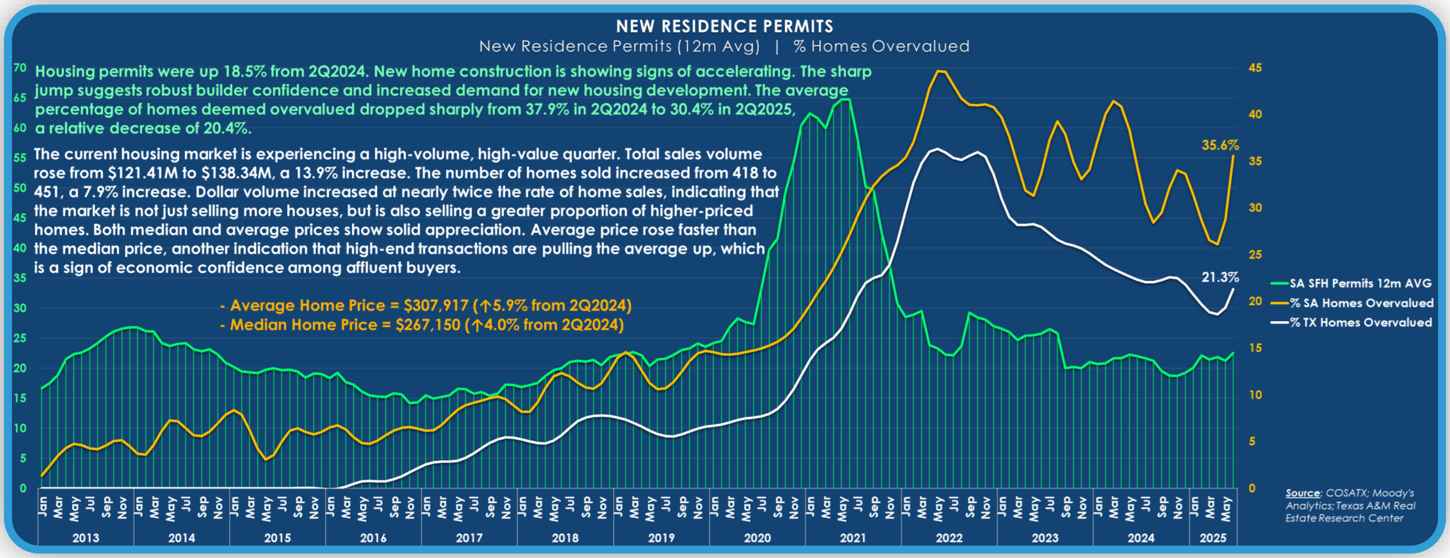


This indicator is constructed using four components chosen for their timeliness, frequency, and availability.

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.

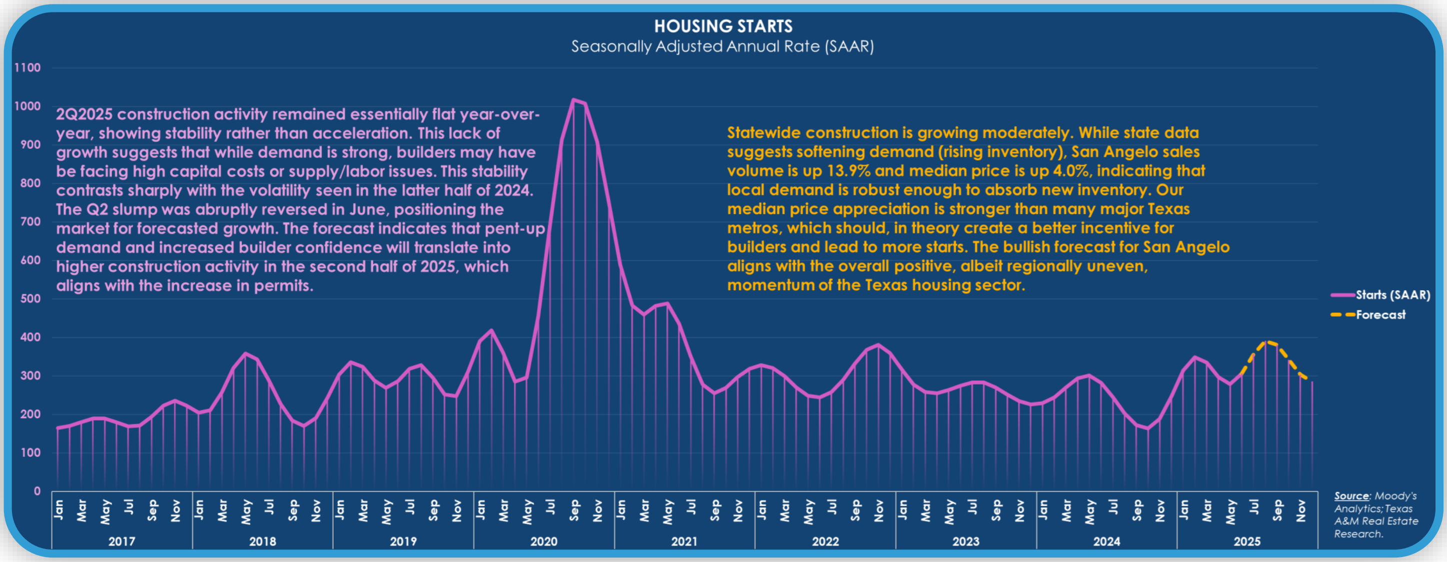
NEW RESIDENCE PERMITS

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.



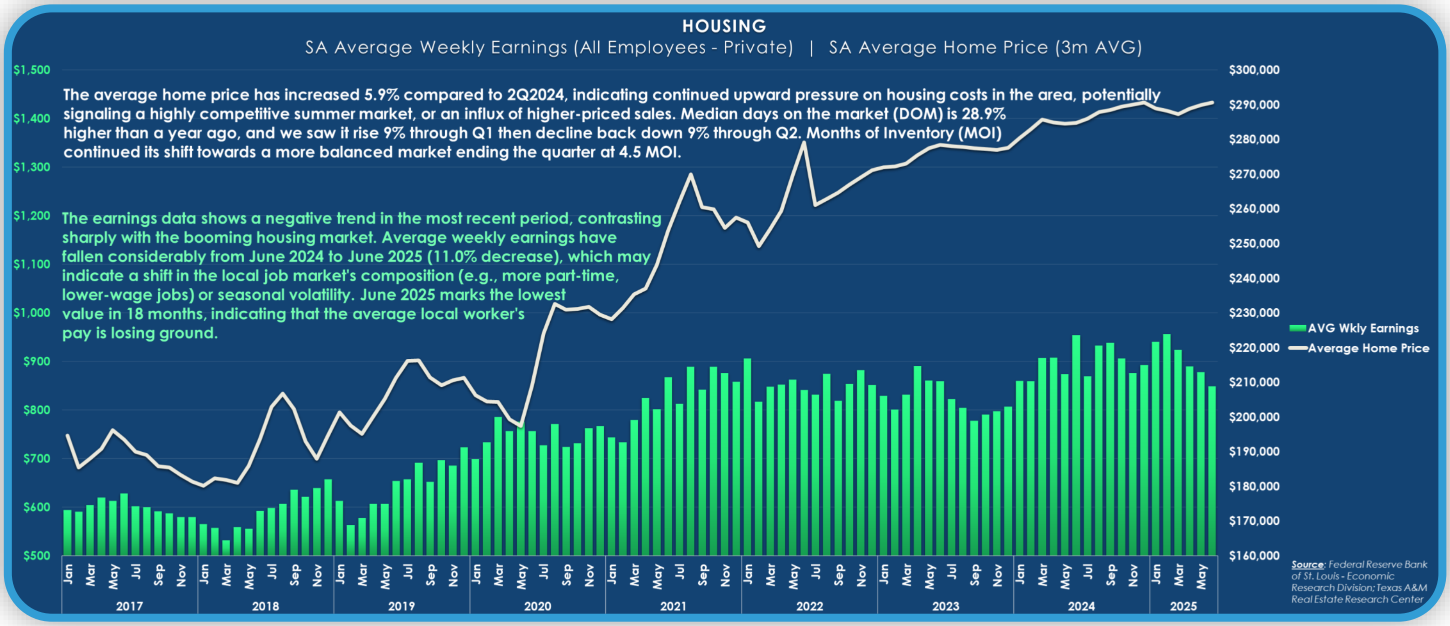
HOUSING STARTS

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.

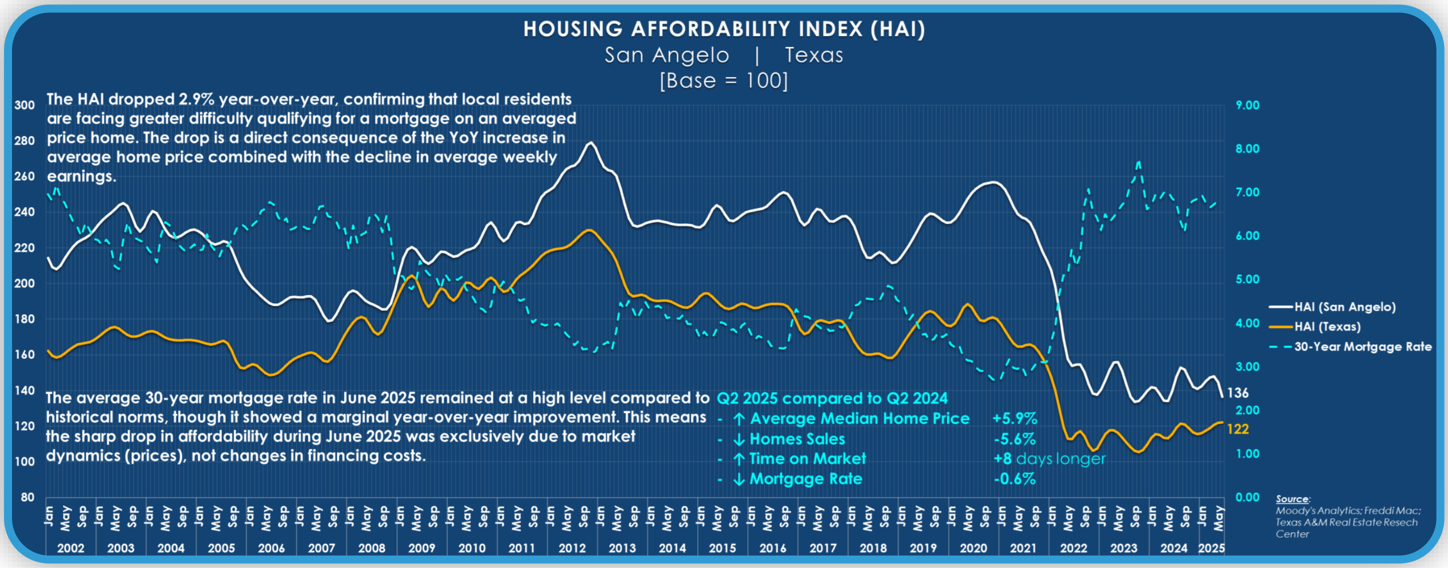


See following page for additional HOUSING data and analysis.

HOUSING DATA continued...

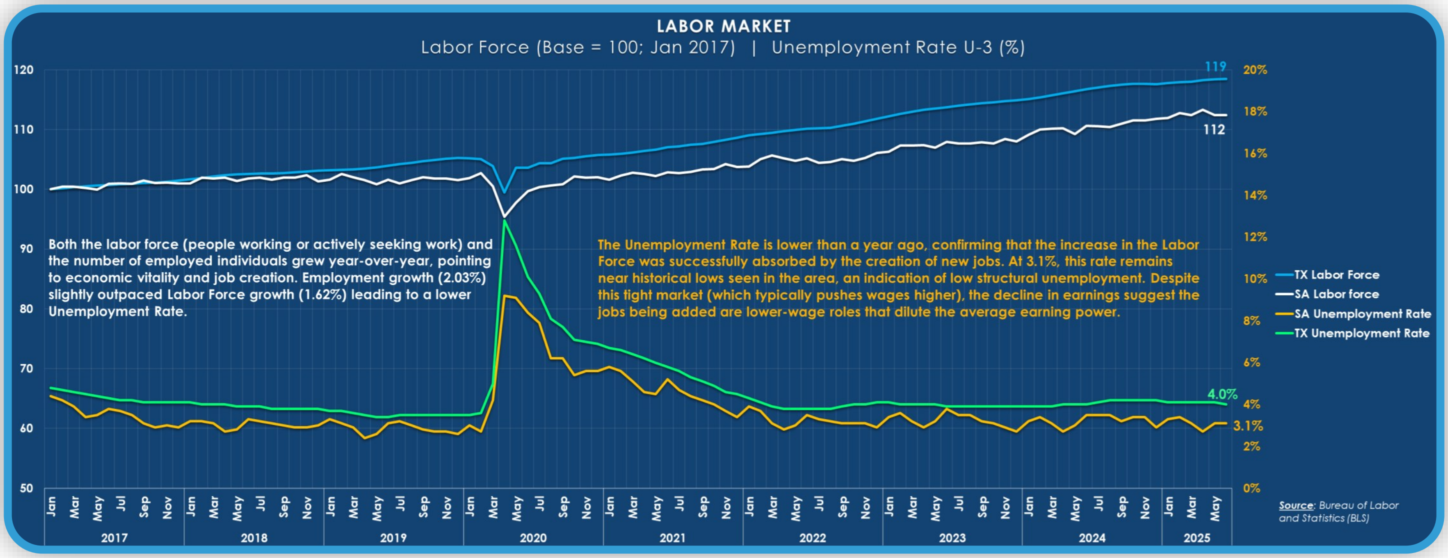


The housing affordability index is designed to measure the degree to which a typical middle-income family can afford the mortgage payments on a typical home. Higher values indicate greater affordability. A value of 100 means that a family with the median income has exactly enough income to qualify for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



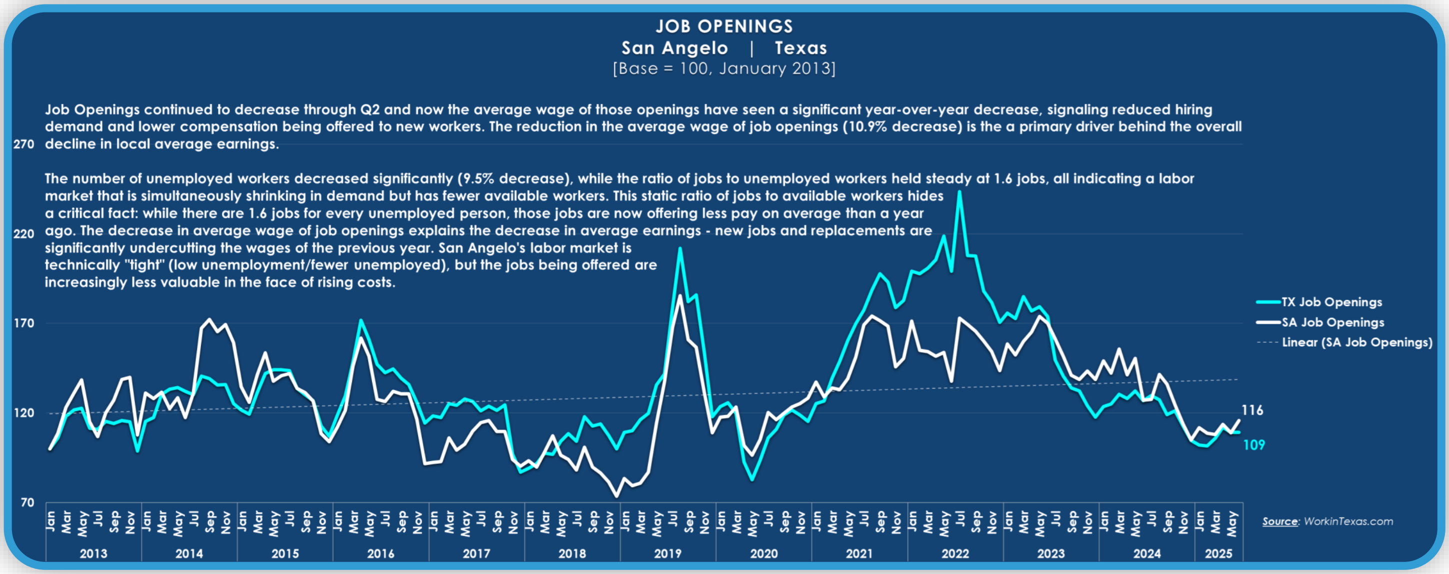
LABOR FORCE

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.

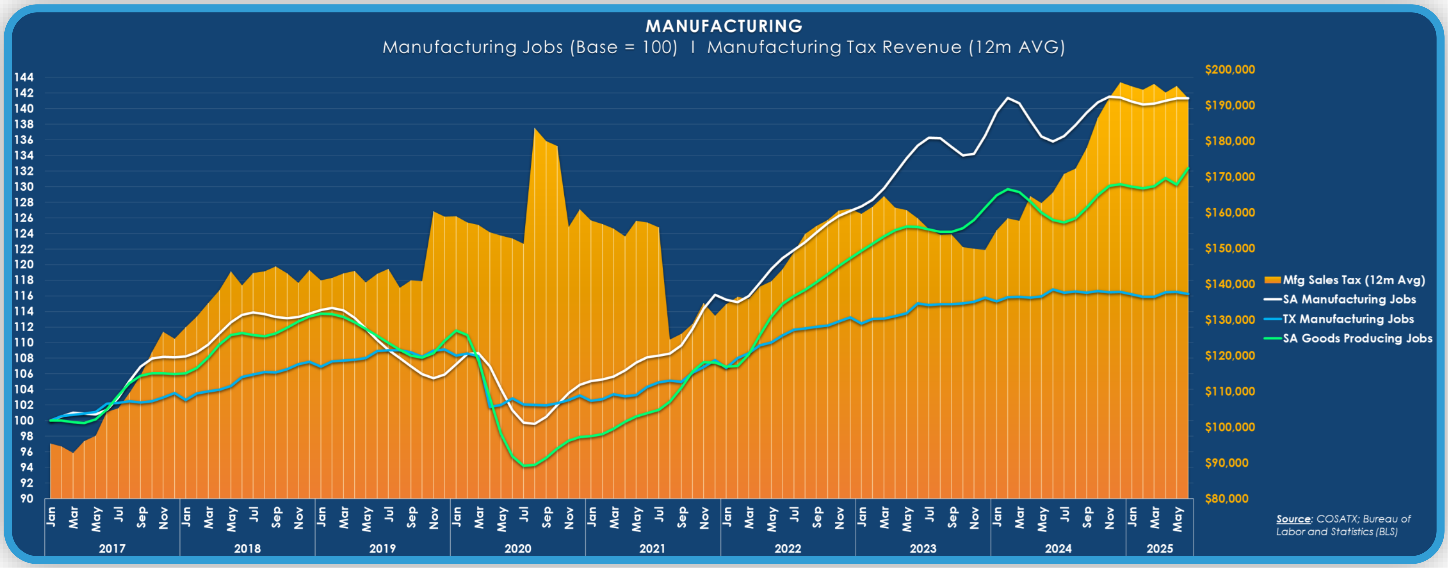


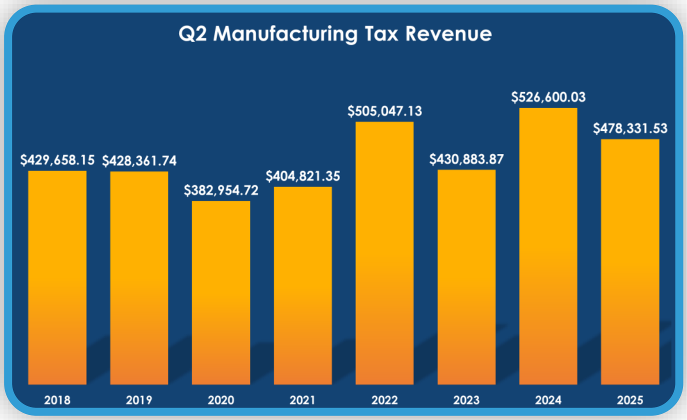
Advertised jobs are spidered daily in real-time. Real-time advertised jobs are collected from employer corporate sites, hospitals, non-profits, local and federal government agencies, schools and universities, recruiter sites, newspapers, volunteer sites, and other public, private, and state job boards. 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.

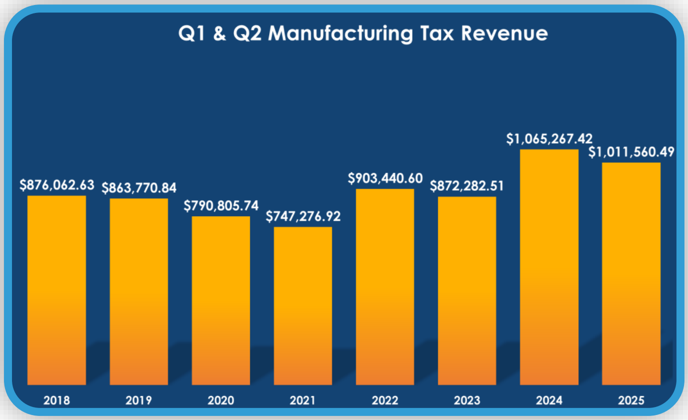
MANUFACTURING JOBS

Update: Both the Manufacturing sector and overall Goods Producing jobs saw significant year-over-year increases, indicating the local industrial sector is actively hiring and expanding its workforce. In fact, local Manufacturing jobs growth is outperforming the state of Texas, showing San Angleo as an outlier in the state. The 9.2% dip in manufacturing sales tax revenue in Q2 from a year ago suggests a contraction in high-value taxable production, sales, or capital expenditures by the sector.

Outlook: Given the appearance of a fundamental contraction in high-value manufacturing, somewhat mirroring what is being experienced across the state of Texas, future expectations remain positive despite current activity slowing down. National forecasts predict U.S. GDP growth will slow in 2025 and 2026; this slower overall economic expansion creates headwinds for Texas manufacturing as well as the more traditional local manufacturing economy which are expected to face significant competitive pressures and weaker pricing power. San Angelo manufacturing jobs will remain stable or continue to slow, and void of a dramatic shift in type of manufacturing, major capital investment, or new industry, the financial strength of the sector will remain relatively weakened for the near term.

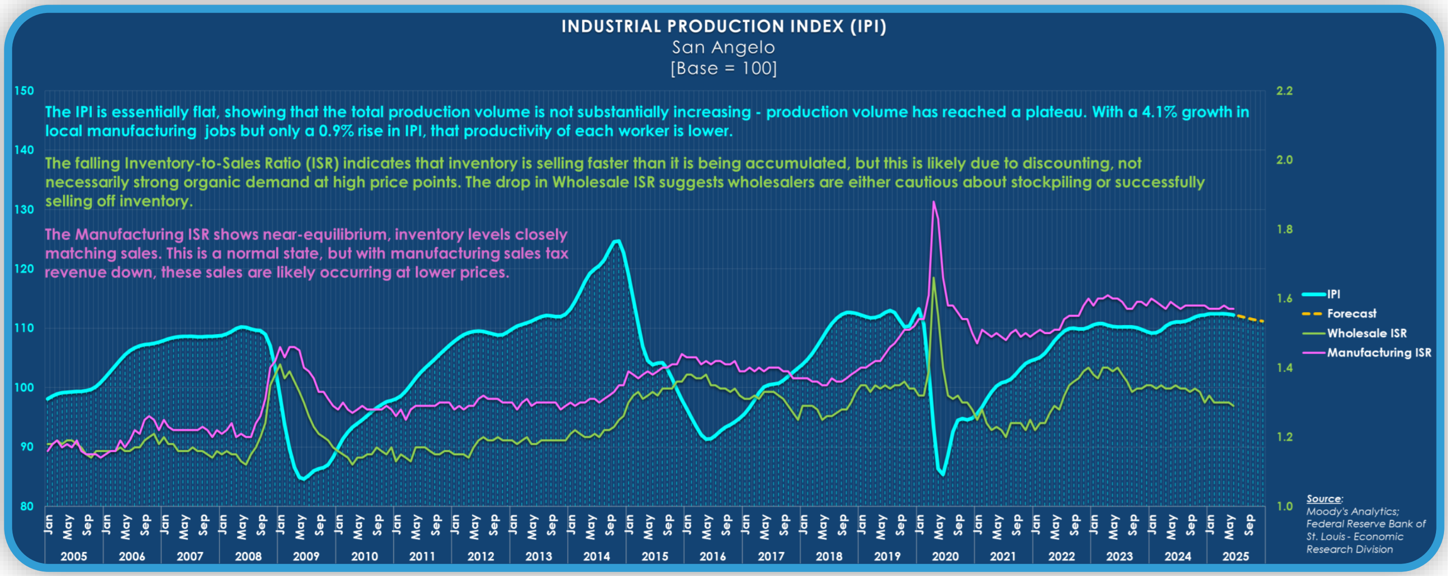






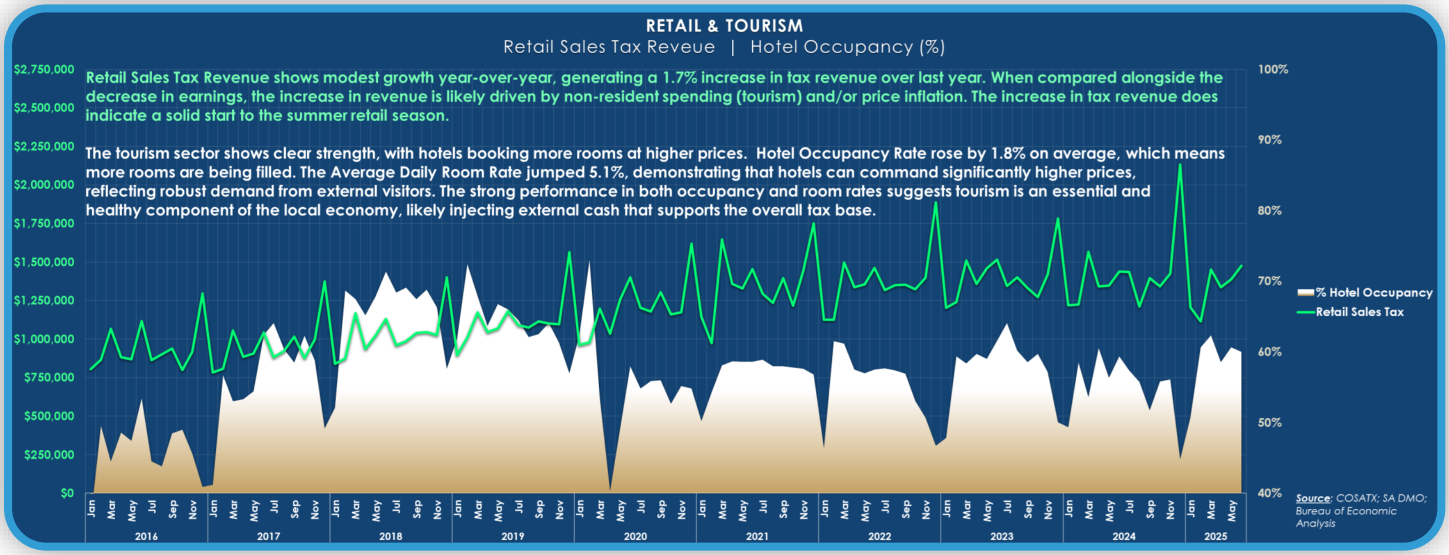
INDUSTRIAL PRODUCTION INDEX

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.



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+
Diamond	$5,000
Silver	$2,000
Bronze	$1,000
Concho Pearl	$500

Joe & Casey Thieman

For a full list of investors click or go here - https://www.sanangelo.org/cornerstone-investors/

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