SAN ANGELO
Chamber of Commerce
Economic Development

1861.56
1622.88
138?
2.33

San Angelo
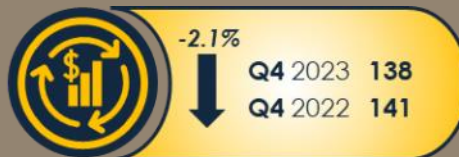# Quarterly Economic Review

The latest data, analysis, outlook
"Without data you're just another person with an opinion" -W. Edwards Deming

APRIL 2024

Economic Index
7.1% ↑
Q4 2023 135
Q4 2022 126

Business Cycle Index
-2.1% ↓
Q4 2023 138
Q4 2022 141

Industrial Production Index
1.0% ↑
Q4 2023 111
Q4 2022 110

Housing Affordability Index
-2.2% ↓
Q4 2023 133
Q4 2022 136

Housing Permits
28.6% ↑
Q4 2023 54
Q4 2022 42

Labor Force
1.4% ↑
Q4 2023 57,276
Q4 2022 56,492

Unemployment
-3.3% ↓
Q4 2023 2.9%
Q4 2022 3.0%

Hotel Occupancy
10.9% ↑
Q4 2023 55.7%
Q4 2022 50.2%
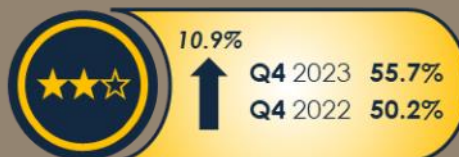
Retail Sales Tax
-2.8% ↓
Q4 2023 $4.4M
Q4 2022 $4.6M

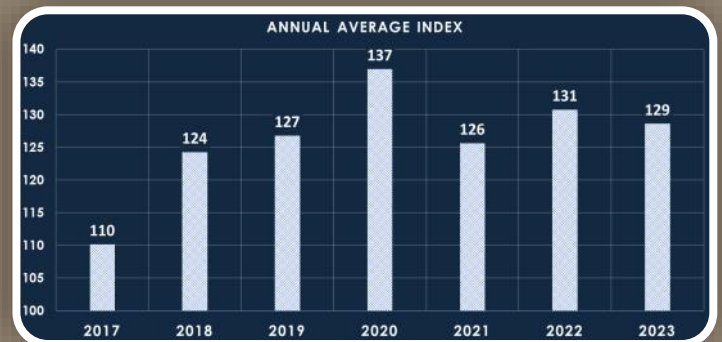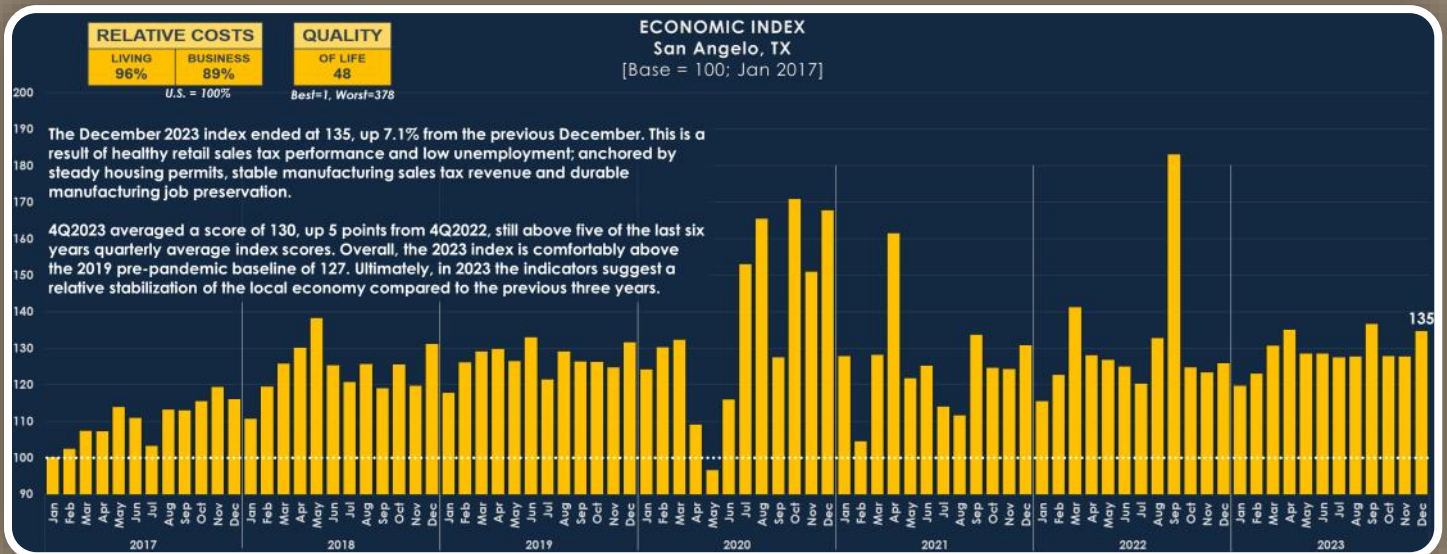**Assessment:** The 2023 indicators suggest a relative stabilization of the local economy compared to previous years, with the December index showing a 7.1% increase from the previous year. This growth is attributed to a relatively healthy retail sales tax performance and low unemployment rates. Housing permits have surged by 28.6%, reaching levels on par with pre-pandemic times, despite expectations of a prolonged downturn due to rising mortgage rates. However, the housing market remains limited by supply shortages, particularly affecting prospective buyers in the lower income brackets. The labor force in San Angelo shows consistent growth, with overall employment up by 1.7% from the previous year. The manufacturing sector has seen some growth, adding 32 jobs by the end of 2023, although manufacturing tax revenue fell short of pre-pandemic levels due to decreased demand and higher input costs. Despite these challenges, the manufacturing industry is poised for growth in 2024. Retail sales tax revenue saw a slight decrease, indicating some consumer pessimism driven by inflation concerns. At the national level however, drivers of growth in recent quarters include consumer spending, non-residential construction, government infrastructure spending, and inventory buildup due to supply chain disruptions. Looking ahead, there are debates about the economic trajectory for 2024, with some predicting a shallow recession in the first half of the year, while others anticipate decent growth initially but a slower end to the year. Dominant concerns for Texas businesses include interest rates, inflation, and rising labor costs. Conversely, confidence in revenue growth and planned investments suggest optimism for the state economy outperforming the national economy. Overall, the economic landscape is characterized by a mix of positive indicators such as steady employment and consumer spending, alongside challenges including supply chain disruptions and inflation. Vigilance and strategic planning will be essential to navigate uncertainties and sustain economic growth in the coming year.

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 — LIVING 96%, BUSINESS 89% (U.S. = 100%)
QUALITY OF LIFE 48 (Best=1, Worst=378)

The December 2023 index ended at 135, up 7.1% from the previous December. This is a result of healthy retail sales tax performance and low unemployment; anchored by steady housing permits, stable manufacturing sales tax revenue and durable manufacturing job preservation.

4Q2023 averaged a score of 130, up 5 points from 4Q2022, still above five of the last six years quarterly average index scores. Overall, the 2023 index is comfortably above the 2019 pre-pandemic baseline of 127. Ultimately, in 2023 the indicators suggest a relative stabilization of the local economy compared to the previous three years.

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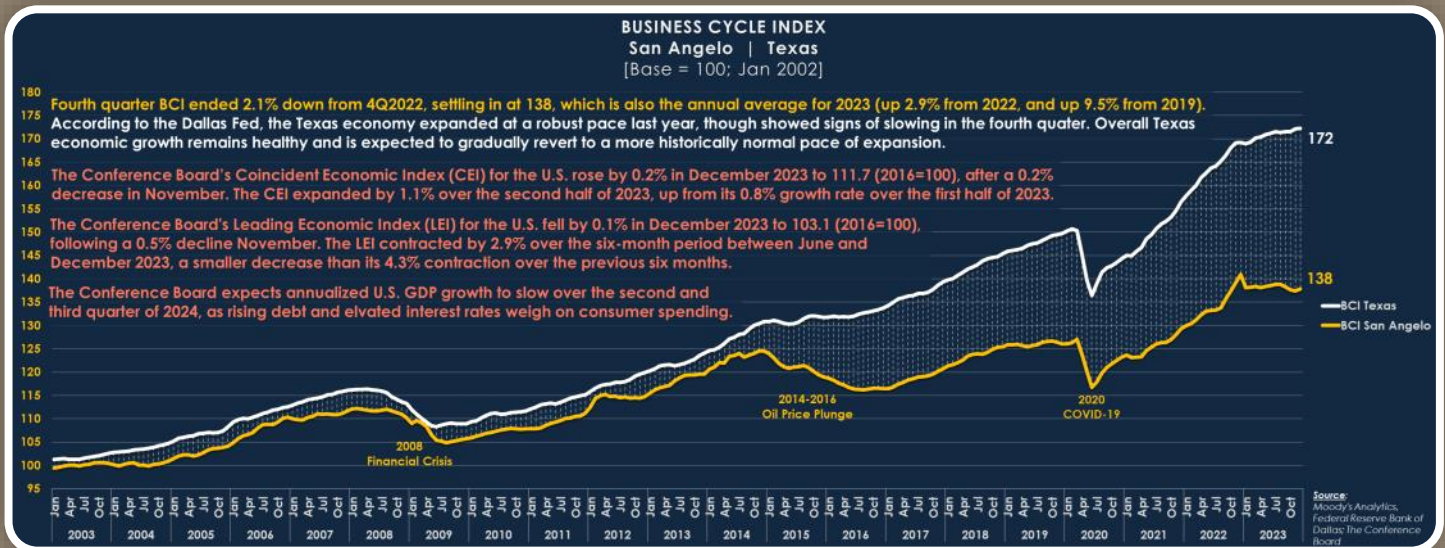
This indicator is constructed using four components chosen for their timeliness, frequency, and availability.

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.
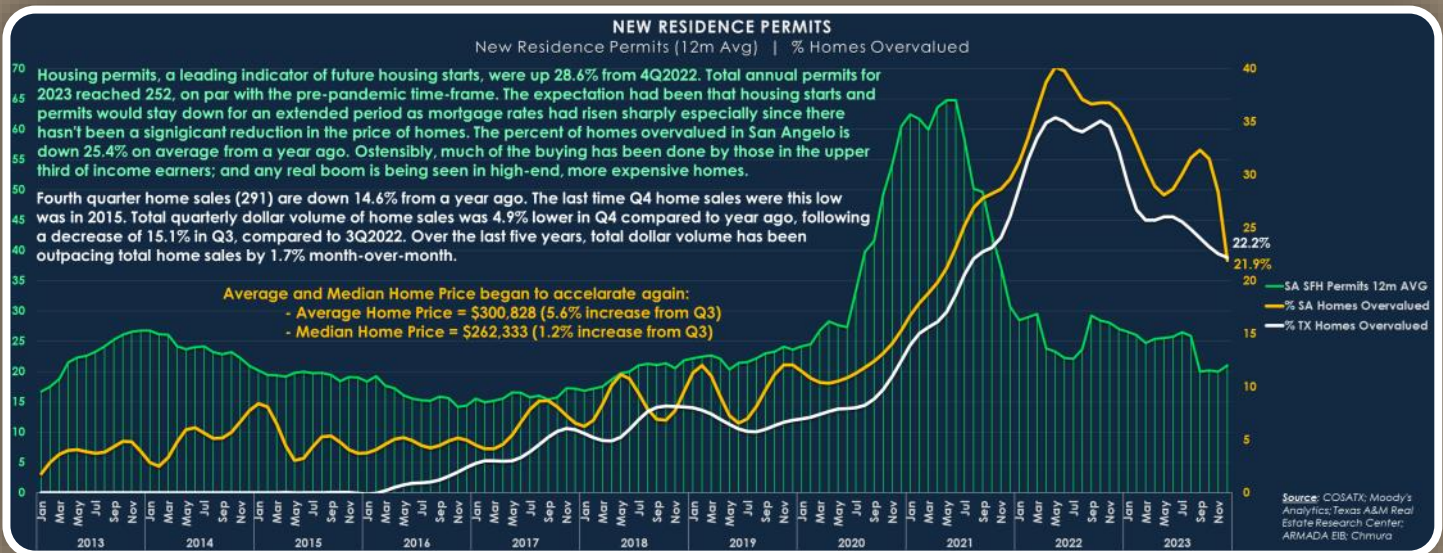
HOUSING STARTS

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.

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.

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

The San Angelo labor force is sturdy, growing a consistent 0.9% year-over-year (YoY) for the last 5 years. Overall employment is up 1.7% from a year ago, and has been growing at an average 0.8% YoY over the last 5 years. The unemployment rate dropped a full percentage point over Q4. The indicators don't currently suggest a definitive cooling labor market yet since we are not witnessing rising unemployment rates or a significant decrease in job vacancies. Rather, we have seen only a modest decrease in job openings (-0.06% month-over-month for '22 & '23) along side a relatively more significant decrease in the number of unemployed persons (-0.3% month-over-month for '22 & '23). This suggests complex and evolving labor market dynamics that will require more insights into trends throughout 2024 and detailed analysis to get a better understanding which potential scenario we are experiencing.

Unemployment claims for the week ending December 30 was at 20 claims, equating to 1,643 unemployed workers actively looking for work, down from 2,062 unemployed workers in September.

Our labor force participation rate remains steady at 64.6%, compared to the State of Texas at 64.9% and the U.S. at 63.4%. Prime-Age Labor Force Participation Rate (age 25-54) sits at a healthy 83.4%, compared to the State of Texas at 81.3% and the U.S. at 82.5%.

Legend: TX Labor Force, SA Labor force, SA Unemployment Rate, TX Unemployment Rate

Source: Bureau of Labor and Statistics (BLS); ARMADA EIB; Chmura

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]

Job openings only decreased 1.5% since 3Q2023, while the number of unemployed decreased 20.3% over the same period. There are 2.3 open jobs for every unemployed worker, as of December 2023, increasing by 21.0%, along with a 19.2% increase in average wage per job opening since Q3. Job openings continue to be highest in Healthcare/ Social Assistance, Wholesale and Retail Trade, Public Administration, Education, and Professional and Business Services.

Regarding unemployment insurance (a measure of layoffs) for the San Angelo area, average weekly initial unemployment claims continued is move down from 40 in Q3 to 36 in Q4, and data is showing a stasis at this amount through 1Q2024.

Regarding the Texas Worker Adjustment and Retraining Notification (WARN) notices (an act which requires businesses to provide notice 60 days in advance of plant closures or mass layoffs), the top six metro areas that account for 59% of the Texas layoffs in 2023 include Austin, San Antonio, Dallas, Fort Worth, Houston, and Richardson.

Legend: TX Job Openings, SA Job Openings, Linear (SA Job Openings)

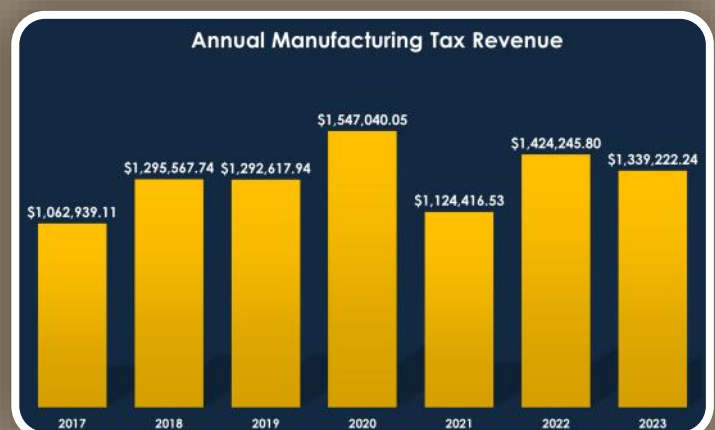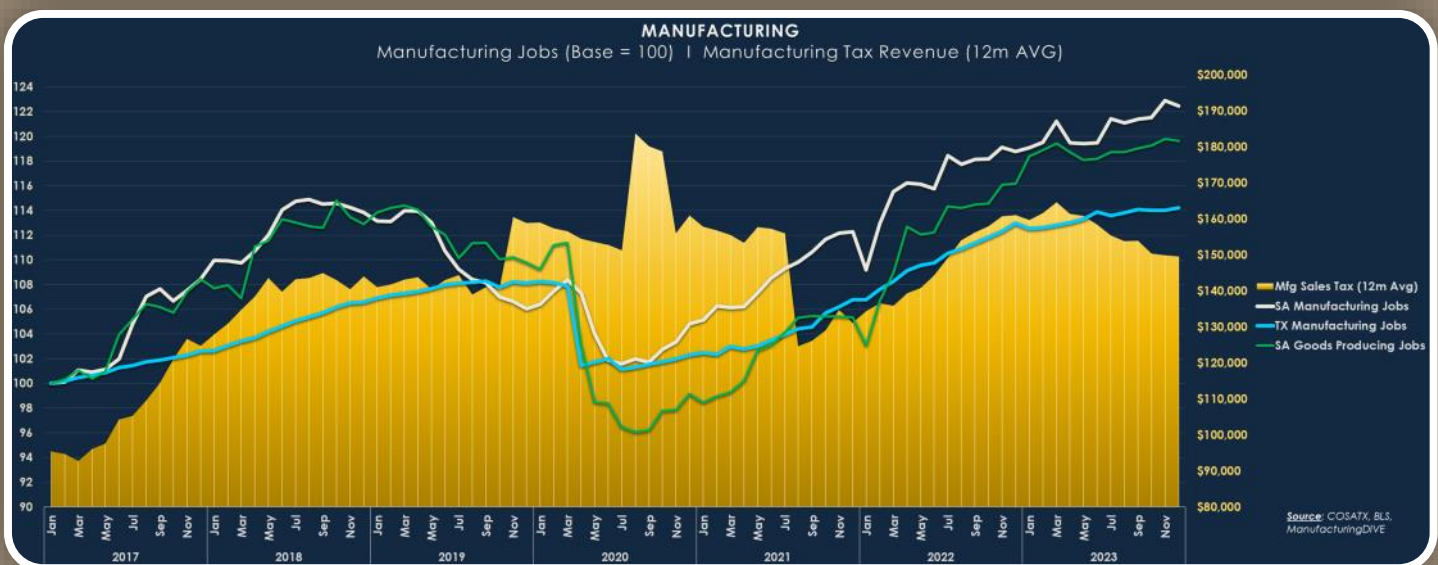*Source:* WorkInTexas.com, U.S. Census Bureau, ARMADA EIB

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 32 jobs to their payroll by the end of 4Q2023, residing at 3,710 jobs (6.4% of the total workforce), up 10.2% from the 2019 pre-pandemic annual average. Total Goods Producing jobs increased 38 jobs, almost recovering from the dip seen in Q3.
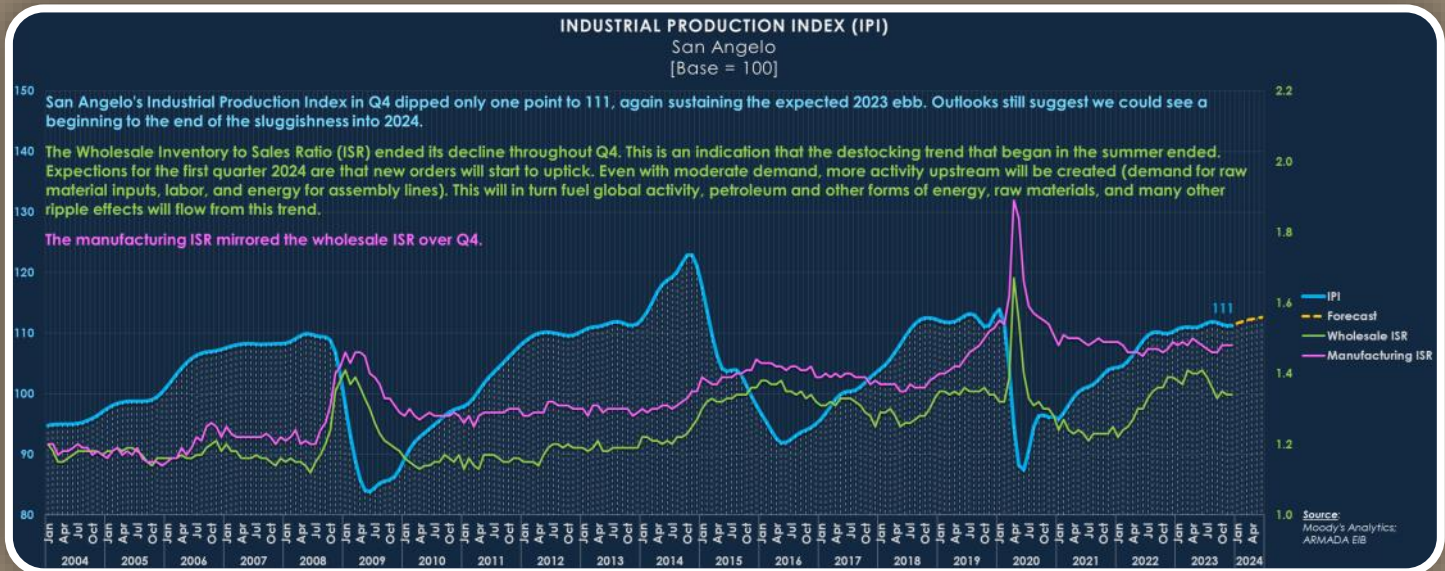
Q4 Manufacturing tax revenue reached $455,499, on-par with Q3 but underperforming the pre-pandemic Q4 revenues by 25.7%. The contraction was largely due to a fall in new orders, caused on average by lower purchasing power at customers and relative economic uncertainty. Additionally, higher input costs were a burden to manufacturers at the close of year, with hikes in prices for steel, aluminum, plastics, and overall shipping costs.

Outlook: In total, the manufacturing industry ended 2023 in contraction as companies dealt with higher input prices and low demand, closing the year in somewhat of a trough as some of the largest industry sectors that support capital investment continue to be impacted by long lead times and what was an uncertain market recovery. Despite the somewhat sour ending to the year's market performance, the industry appears poised for more growth in 2024.

MANUFACTURING
Manufacturing Jobs (Base = 100) | Manufacturing Tax Revenue (12m AVG)

Source: COSATX, BLS, ManufacturingDIVE.

Q4 Manufacturing Tax Revenue

- 2017: $411,545.69
- 2018: $400,023.83
- 2019: $613,516.72
- 2020: $384,449.15
- 2021: $449,798.10
- 2022: $507,770.32
- 2023: $455,499.07

Annual Manufacturing Tax Revenue

- 2017: $1,062,939.11
- 2018: $1,295,567.74
- 2019: $1,292,617.94
- 2020: $1,547,040.05
- 2021: $1,124,416.53
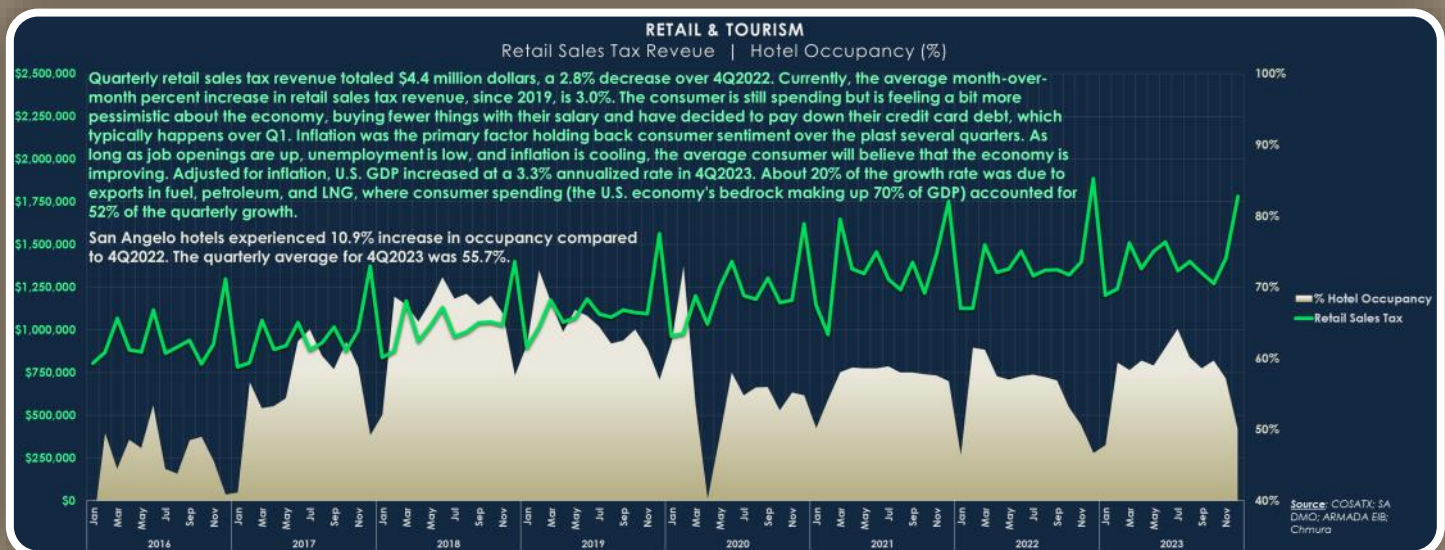- 2022: $1,424,245.80
- 2023: $1,339,222.24

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]

San Angelo's Industrial Production Index in Q4 dipped only one point to 111, again sustaining the expected 2023 ebb. Outlooks still suggest we could see a beginning to the end of the sluggishness into 2024.

The Wholesale Inventory to Sales Ratio (ISR) ended its decline throughout Q4. This is an indication that the destocking trend that began in the summer ended. Expectations for the first quarter 2024 are that new orders will start to uptick. Even with moderate demand, more activity upstream will be created (demand for raw material inputs, labor, and energy for assembly lines). This will in turn fuel global activity, petroleum and other forms of energy, raw materials, and many other ripple effects will flow from this trend.

The manufacturing ISR mirrored the wholesale ISR over Q4.

Source: Moody's Analytics; ARMADA EIB

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 $4.4 million dollars, a 2.8% decrease over 4Q2022. Currently, the average month-over-month percent increase in retail sales tax revenue, since 2019, is 3.0%. The consumer is still spending but is feeling a bit more pessimistic about the economy, buying fewer things with their salary and have decided to pay down their credit card debt, which typically happens over Q1. Inflation was the primary factor holding back consumer sentiment over the plast several quarters. As long as job openings are up, unemployment is low, and inflation is cooling, the average consumer will believe that the economy is improving. Adjusted for inflation, U.S. GDP increased at a 3.3% annualized rate in 4Q2023. About 20% of the growth rate was due to exports in fuel, petroleum, and LNG, where consumer spending (the U.S. economy's bedrock making up 70% of GDP) accounted for 52% of the quarterly growth.

San Angelo hotels experienced 10.9% increase in occupancy compared to 4Q2022. The quarterly average for 4Q2023 was 55.7%.

Source: COSATX; SA DMO; ARMADA EIB; Chmura

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

SAN ANGELO
Chamber of Commerce
Economic Development

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, transportation and agricultural sectors in the Concho Valley.
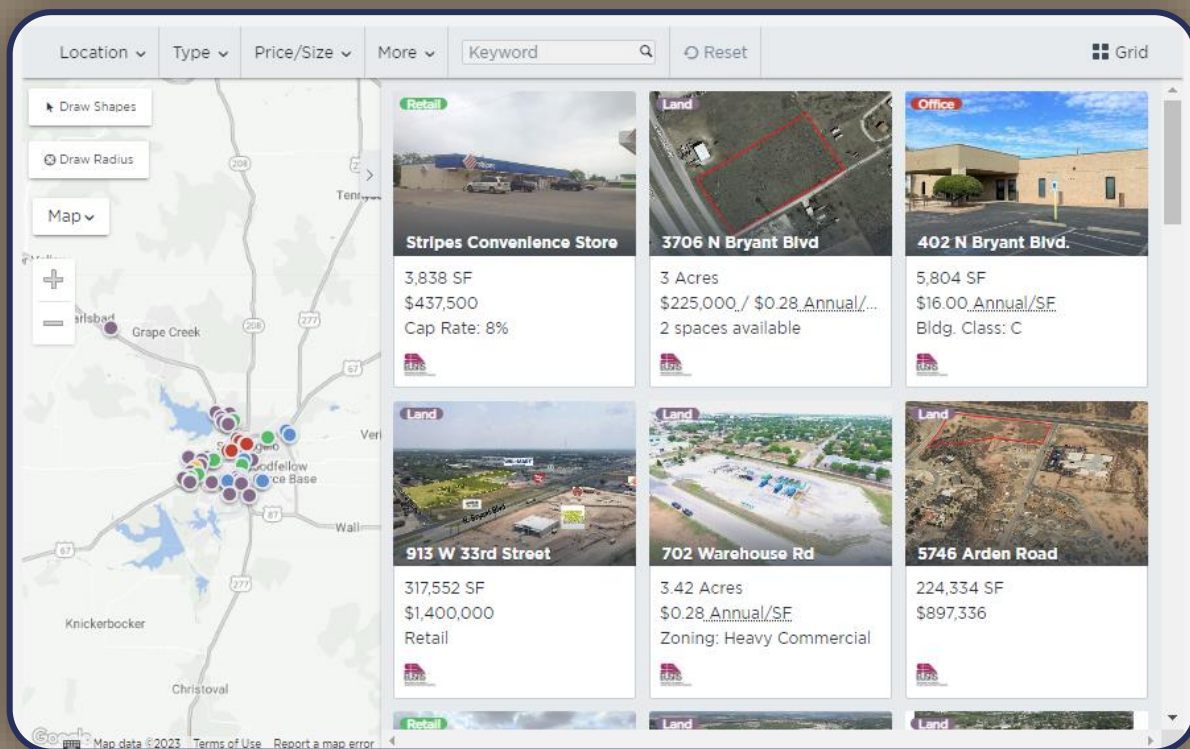
CITY OF
SAN ANGELO
TEXAS
Development Corporation

CORNERSTONE

TOM GREEN COUNTY
THE STATE OF TEXAS

SARMA
San Angelo Regional Manufacturers Alliance
— Est. 2017 —
SAN ANGELO
Chamber of Commerce
MANUFACTURING · AGRICULTURE · ENERGY

Check out the new features on our website!

LOCAL ADVANTAGES

QUALITY OF LIFE ADVANTAGES

LOGISTICS ADVANTAGES

COMMUNITY PROFILE

WORKFORCE ADVANTAGES

LARGEST INDUSTRIES

TALENT PIPELINE ADVANTAGES

COMMERCIAL PROPERTY SEARCH

| Location ∨ | Type ∨ | Price/Size ∨ | More ∨ | Keyword 🔍 | ↻ Reset | | ▦ Grid |

Draw Shapes
Draw Radius
Map ∨

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

Map data ©2023 Terms of Use Report a map error

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

REECE ALBERT INC.
HEAVY CONSTRUCTION
SAN ANGELO • MIDLAND • DEL RIO

SHANNON

Joe & Casey Thieman

FIRST FINANCIAL BANK

AEP TEXAS

ETHICON
Johnson&Johnson SURGICAL TECHNOLOGIES

Hydraulic Industrial Services, LLC

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

San Angelo
Quarterly Economic Review

The latest data, analysis, outlook

APRIL 2024

PREPARED BY

Mike Berry

Manager, Research and Intelligence

Economic Development Department
San Angelo Chamber of Commerce