

San Angelo Quarterly Economic Review

The latest data, analysis, outlook

JANUARY 2022

Issue #1-01



7.6%



Q3 2021	128
Q2 2021	119

Economic Index



54.3%



Q3 2021	64
Q2 2021	140

Housing Permits



0.48%



Q3 2021	54,844
Q2 2021	54,582

Labor Force



25.8%



Q3 2021	4.3%
Q2 2021	5.8%

Unemployment



2.6%



Q3 2021	\$4.08 MM
Q2 2021	\$3.97 MM

Retail Sales Tax



1.02%



Q3 2021	58.0%
Q2 2021	58.6%

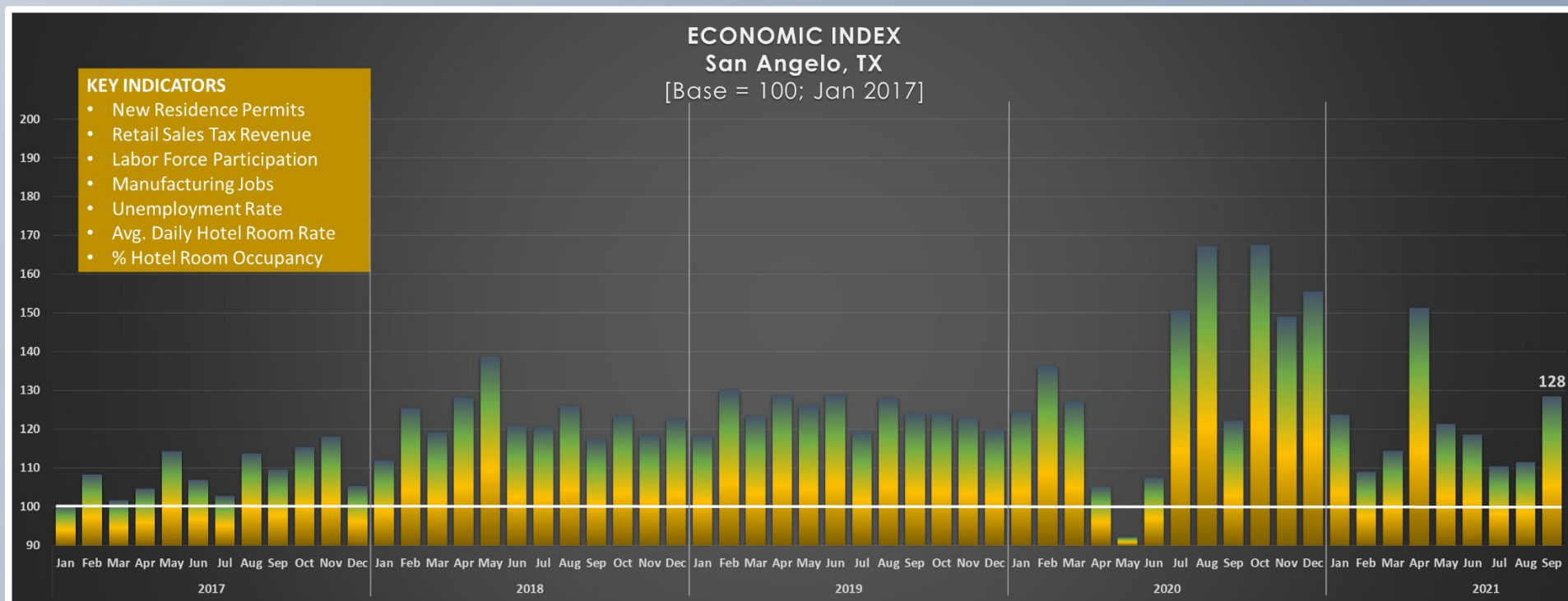
Hotel Occupancy

Q3 2020	129	240	54,376	6.6%	\$3.85 MM	56.0%
Q3 2019	127	74	55,612	2.9%	\$3.34 MM	62.5%

For questions or comments, please contact: mikeberry@sanangelo.org

ECONOMIC INDEX

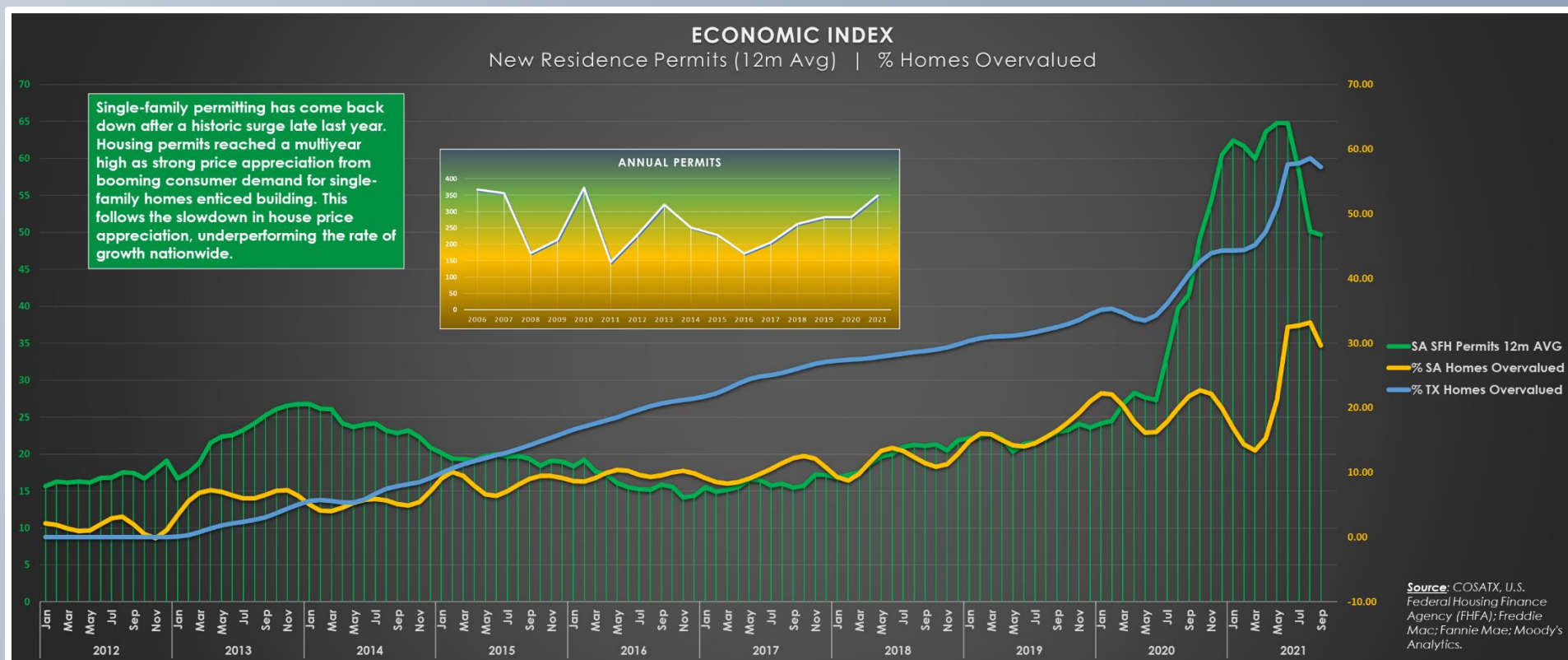
The San Angelo Economic Index considers seven key economic indicators to provide insight about the state of the San Angelo economy. Three data sets are leading indicators and point to future changes in the economy - useful for short-term predictions of economic developments. The remaining data are lagging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

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.



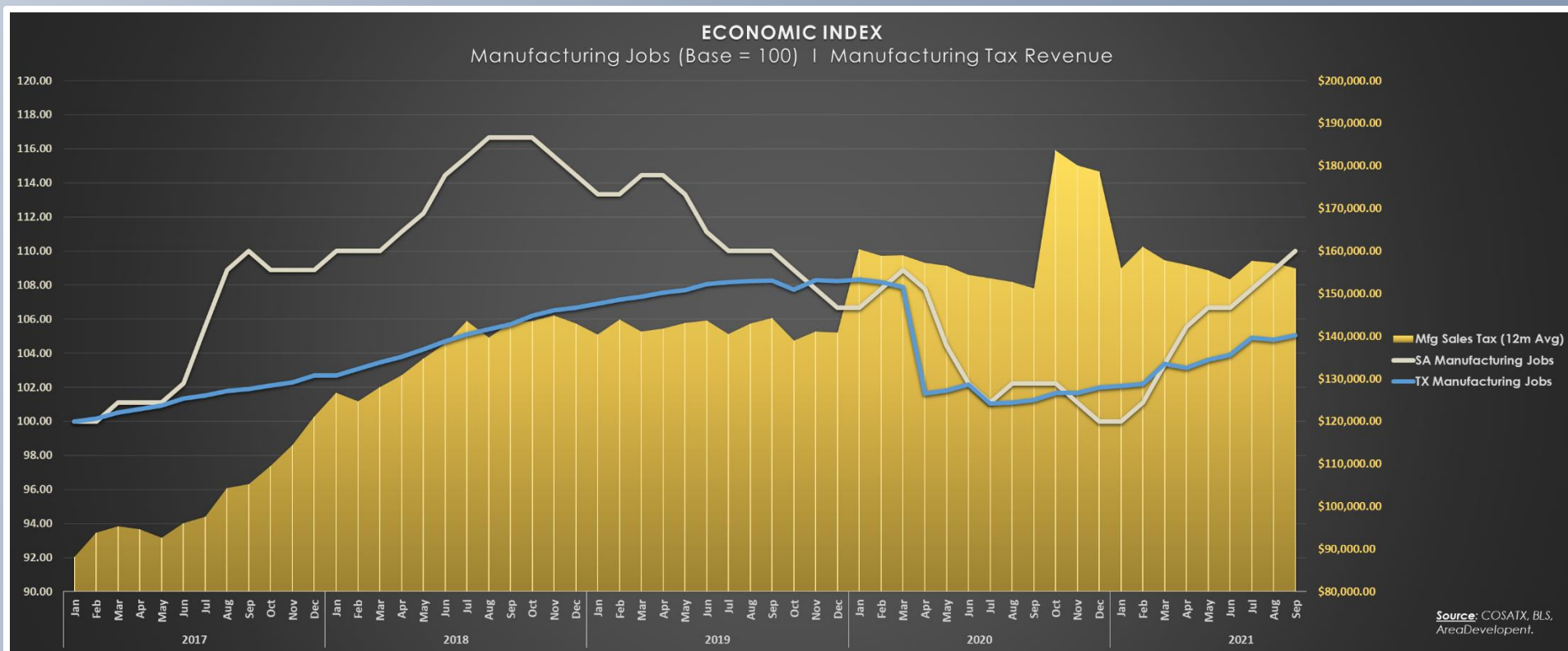
LABOR FORCE

The following chart compares the indexed labor force participation 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. Employers will tend to avoid laying off workers unless they absolutely have to, and they don't rehire until they are confident the economy is getting better. When more businesses are hiring, this is an indication that businesses are performing well.



MANUFACTURING JOBS

This chart depicts labor force participation in the Manufacturing sector in San Angelo and Texas, overlaying the local area manufacturing sales tax revenue for the same time period. Local area manufacturing experienced a delayed (and relatively prolonged) dip in labor force participation during spring/summer 2020, compared to the state. While San Angelo overall labor participation has been flat over the last 12 months, our manufacturing sector filled approximately 200 jobs since January 2021 (~8% increase), outperforming the state. Companies continue to report a need for skilled and semi-skilled employees, as a result of labor supply-demand imbalances. This is an indication that orders are on the rise (or at least continue to overtake sales forecasts), as well as manufactures overall confidence level. In order to sustain the hiring trend, manufactures must prioritize retraining programs, access to STEM education, and training on vocation/trade skills to attract labor to their industry.



RETAIL SALES TAX REVENUE and TOURISM

This final chart illustrates San Angelo monthly retail sales tax in relation to hotel occupancy rates. Tourism is economic development. Tourism (leisure or business) functions as a generator of employment and income, both directly and diffused through the economy. Proper destination promotion can serve as 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 our resident's attitude about where they live.

