

San Angelo

Quarterly Economic Review

The latest data, analysis, outlook

SAN ANGELO
Chamber of Commerce
Economic Development

JANUARY 2026

Issue #5-01



6.3%
↑ Q3 2025 134
Q3 2024 126

Economic Index



2.1%
↑ Q3 2025 145
Q3 2024 142

Business Cycle Index



0.9%
↑ Q3 2025 112
Q3 2024 111

Industrial Production Index



2.6%
↑ Q3 2025 156
Q3 2024 152

Housing Affordability Index



114.2%
↑ Q3 2025 105
Q3 2024 49

Housing Permits



0.6%
↑ Q3 2025 62,893
Q3 2024 62,540

Labor Force



6.2%
↑ Q3 2025 3.4%
Q3 2024 3.2%

Unemployment



10.2%
↑ Q3 2025 60.5%
Q3 2024 54.9%

Hotel Occupancy



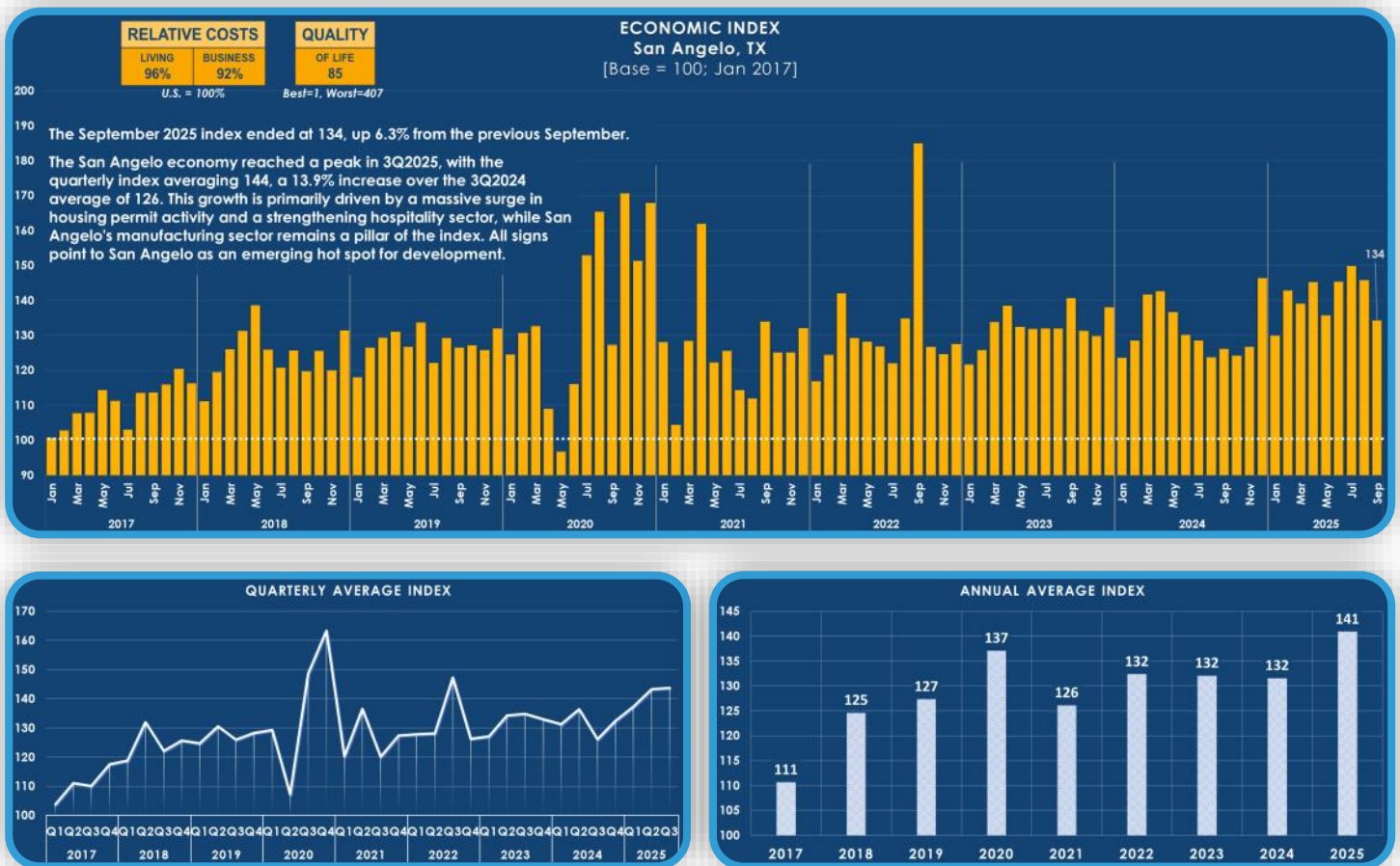
2.4%
↑ Q3 2025 \$4.14M
Q3 2024 \$4.04M

Retail Sales Tax

Assessment: San Angelo is currently navigating a historic economic peak, distinguishing itself as a premier development hotspot. While many metropolitan areas face stabilization or cooling, the local economy has decoupled from broader volatility, entering a new normal characterized by an aggressive growth cycle and non-volatile expansion that continues to outperform broader state trends. A central pillar of this strength is the acceleration in residential development. By increasing housing inventory, San Angelo is successfully rationalizing its market and lowering overvaluation, ensuring long-term sustainability for a growing workforce. This strategic supply-side response effectively buffers San Angelo against national headwinds, converting industrial momentum into tangible community growth and long-term price stability. The labor market is operating at high-intensity full employment, reaching historic participation levels. This robust workforce is the engine behind a resilient manufacturing sector that continues to outperform state averages in job creation. Local industry has matured from an initial phase of capital investment into a high-efficiency production cycle, marked by record physical output and lean inventory management that signals strong, consistent demand for locally produced goods. Bolstering this industrial core is a hospitality sector invigorated by industrial travel, providing a sustainable fiscal floor that funds public services without increasing the residential tax burden. Together, these indicators reveal a diverse economy operating at peak synergy.

ECONOMIC INDEX

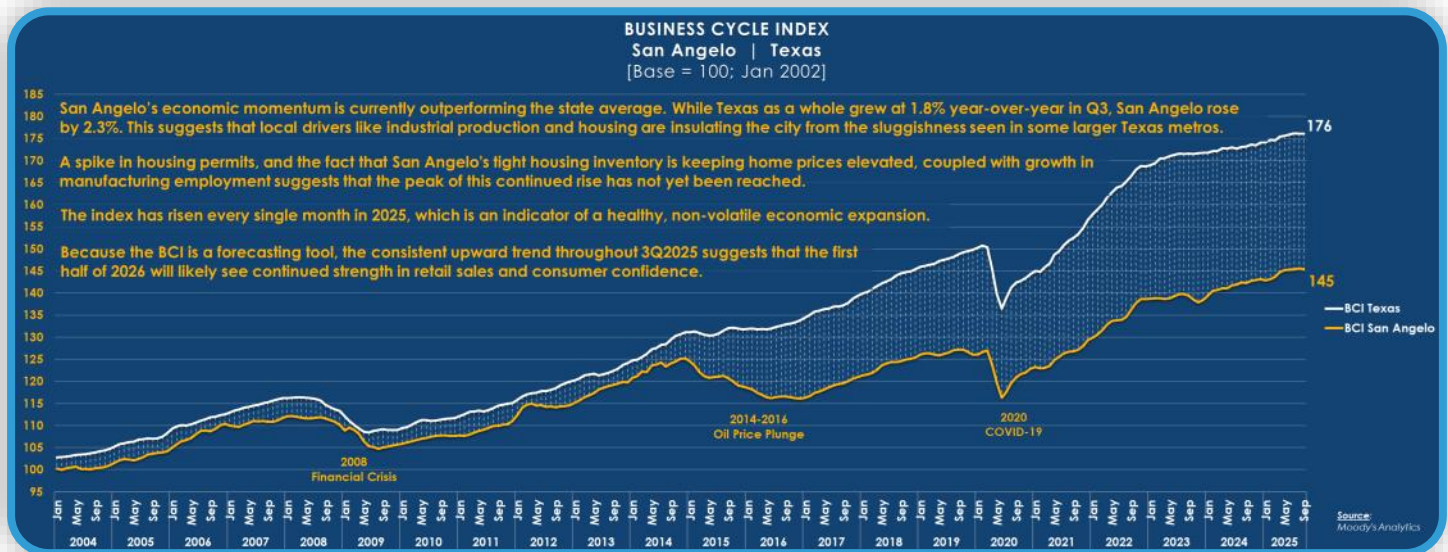
The San Angelo Economic Index considers seven key economic indicators to provide insight about the state of the San Angelo economy. Three data sets are leading indicators and point to future changes in the economy - useful for short-term predictions of economic developments. The remaining data are lagging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

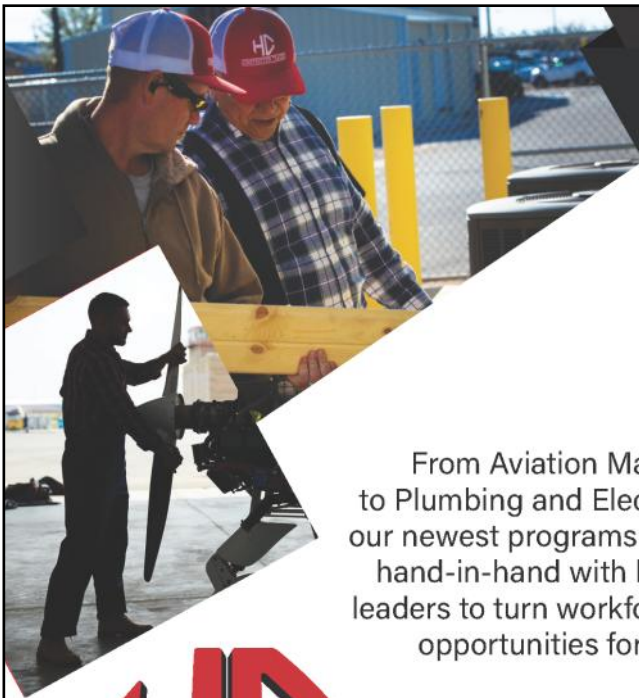
BUSINESS CYCLE INDEX

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.



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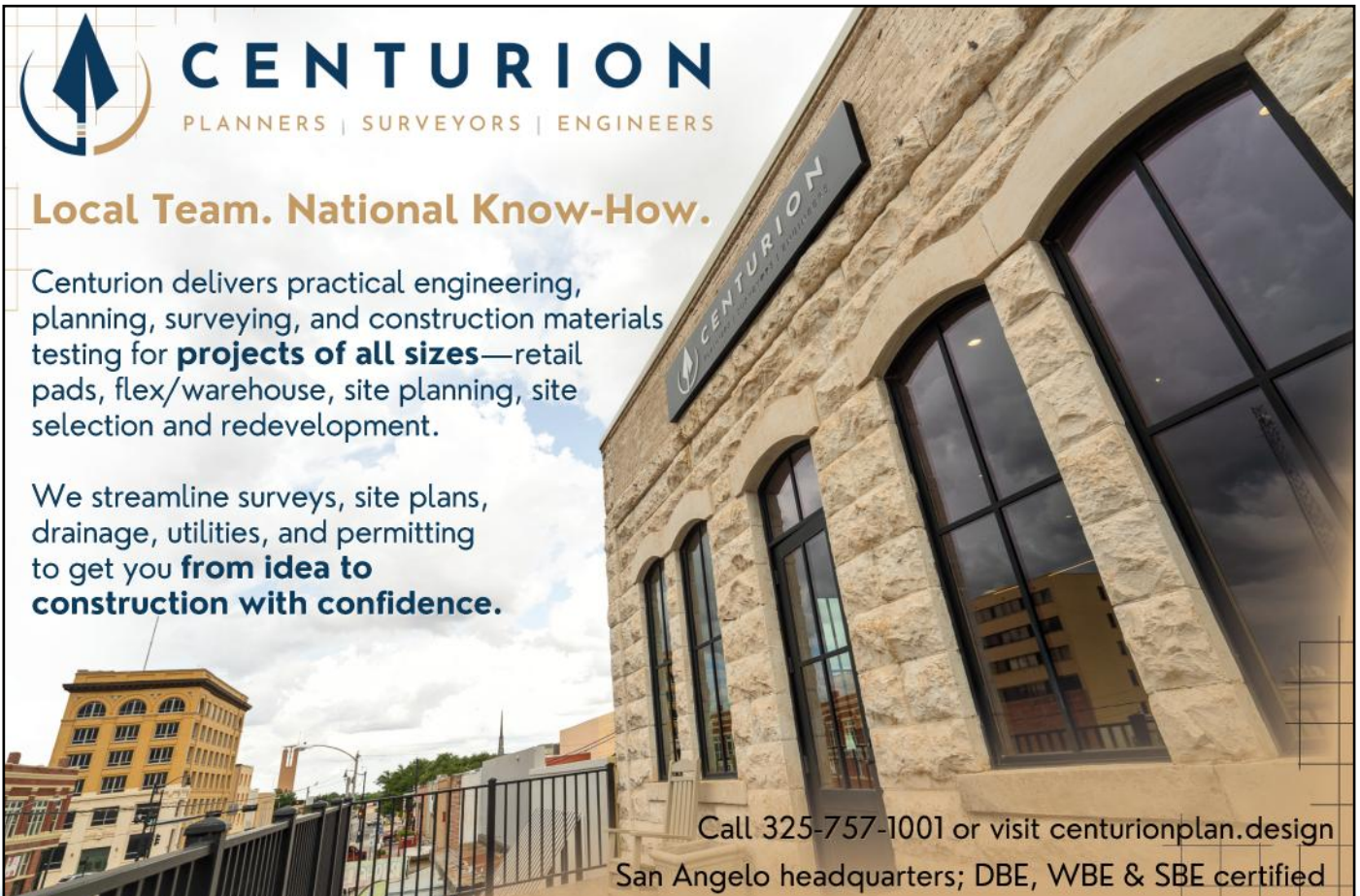
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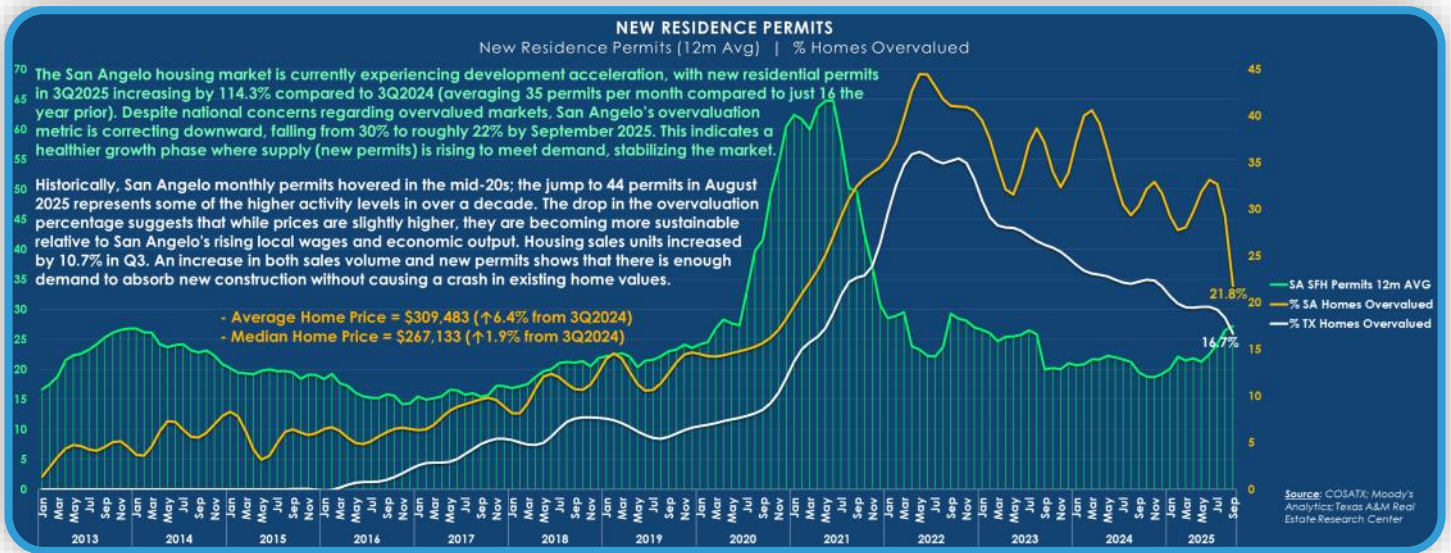
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NEW RESIDENCE PERMITS

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.



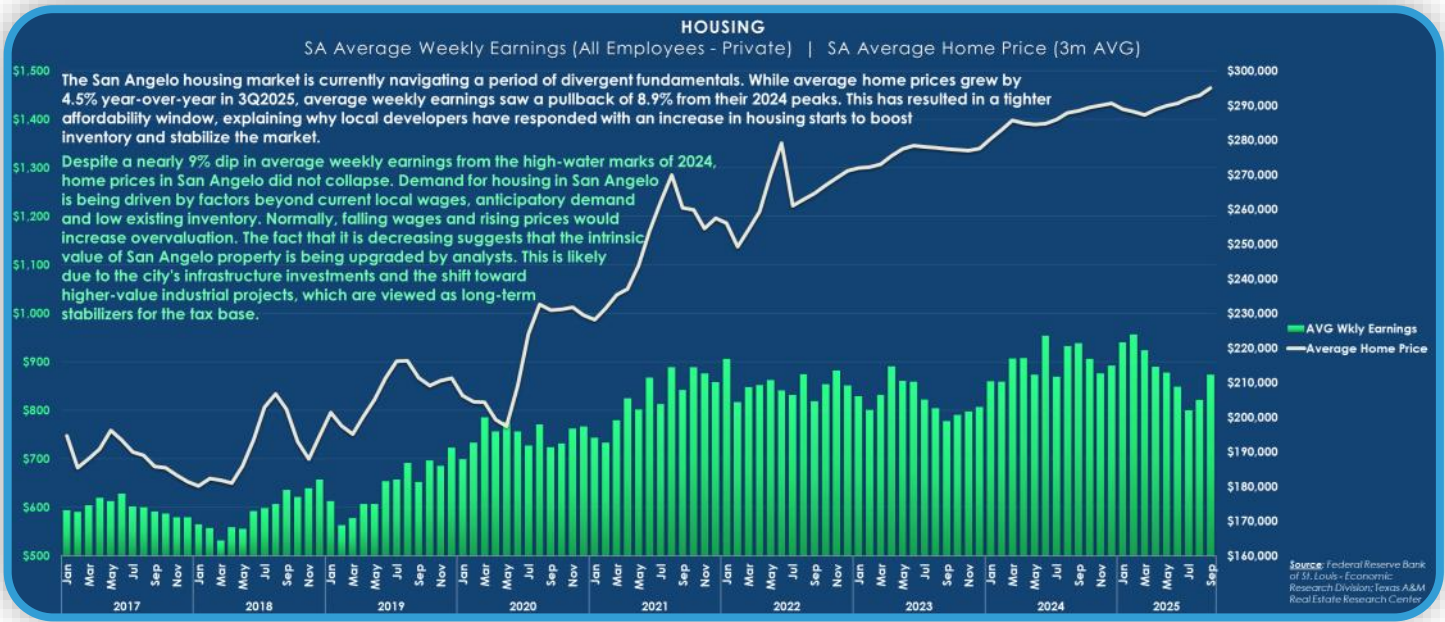
HOUSING STARTS

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.

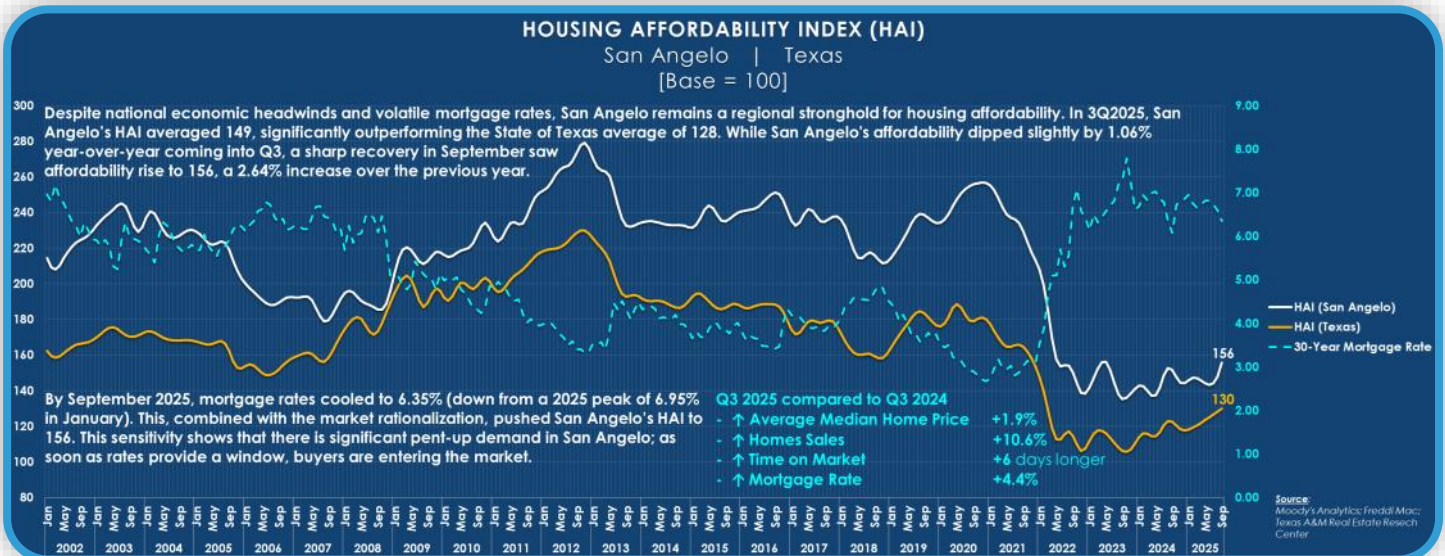


See following page for additional HOUSING data and analysis.

HOUSING DATA continued...

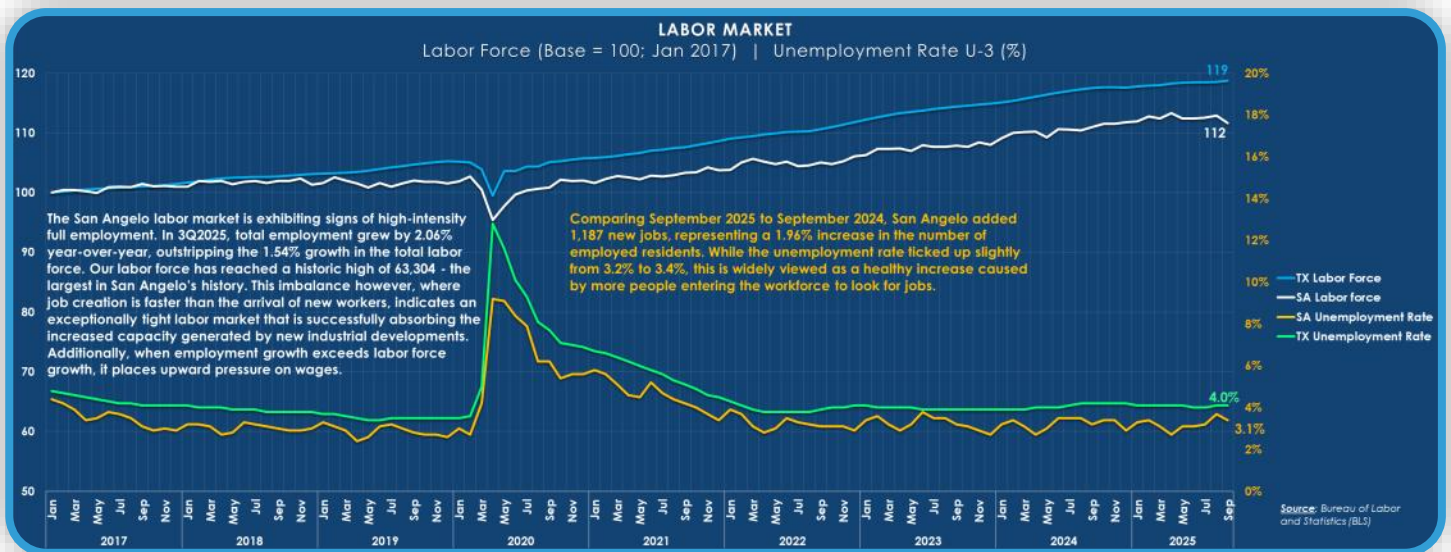


The housing affordability index is designed to measure the degree to which a typical middle-income family can afford the mortgage payments on a typical home. Higher values indicate greater affordability. A value of 100 means that a family with the median income has exactly enough income to qualify for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



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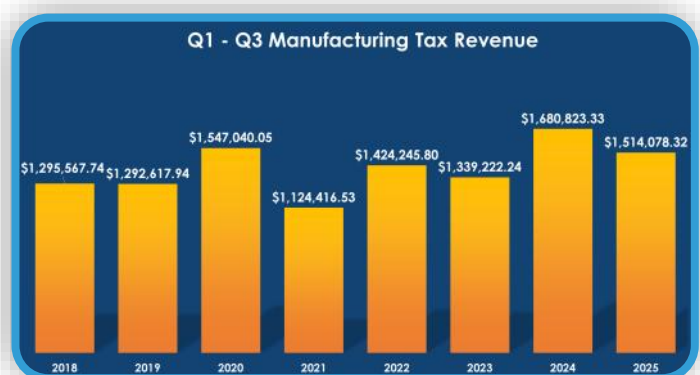
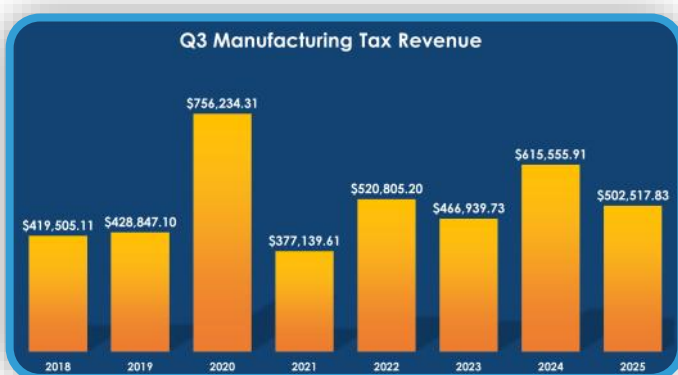
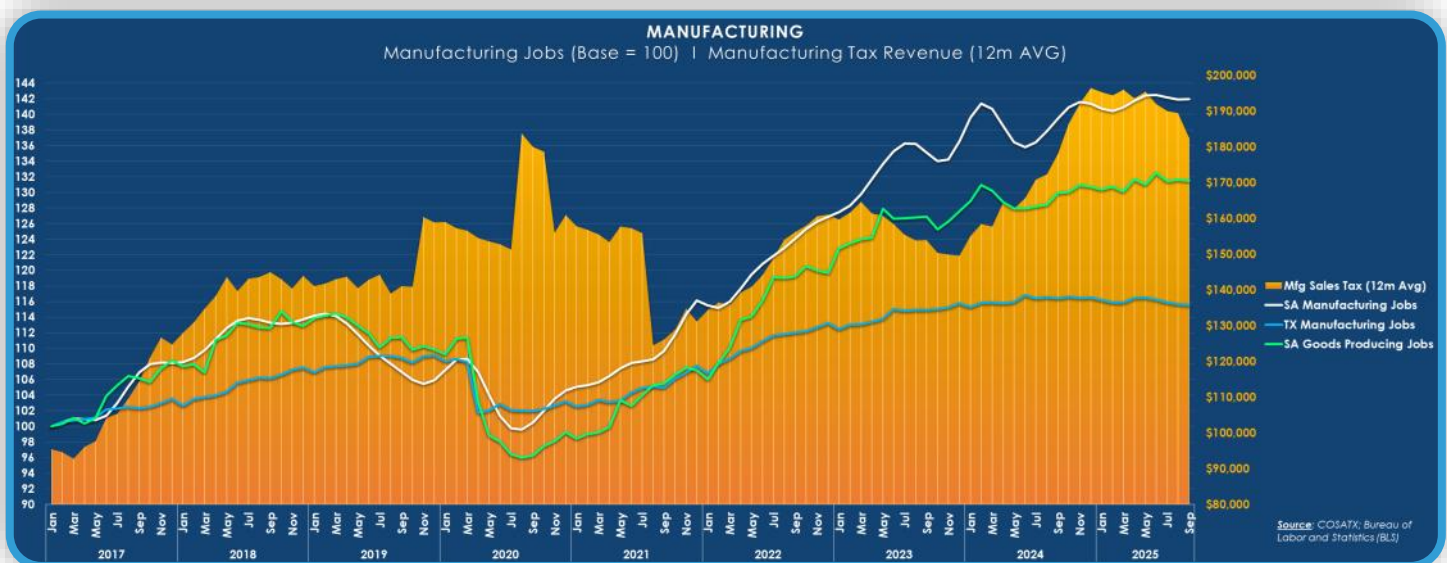
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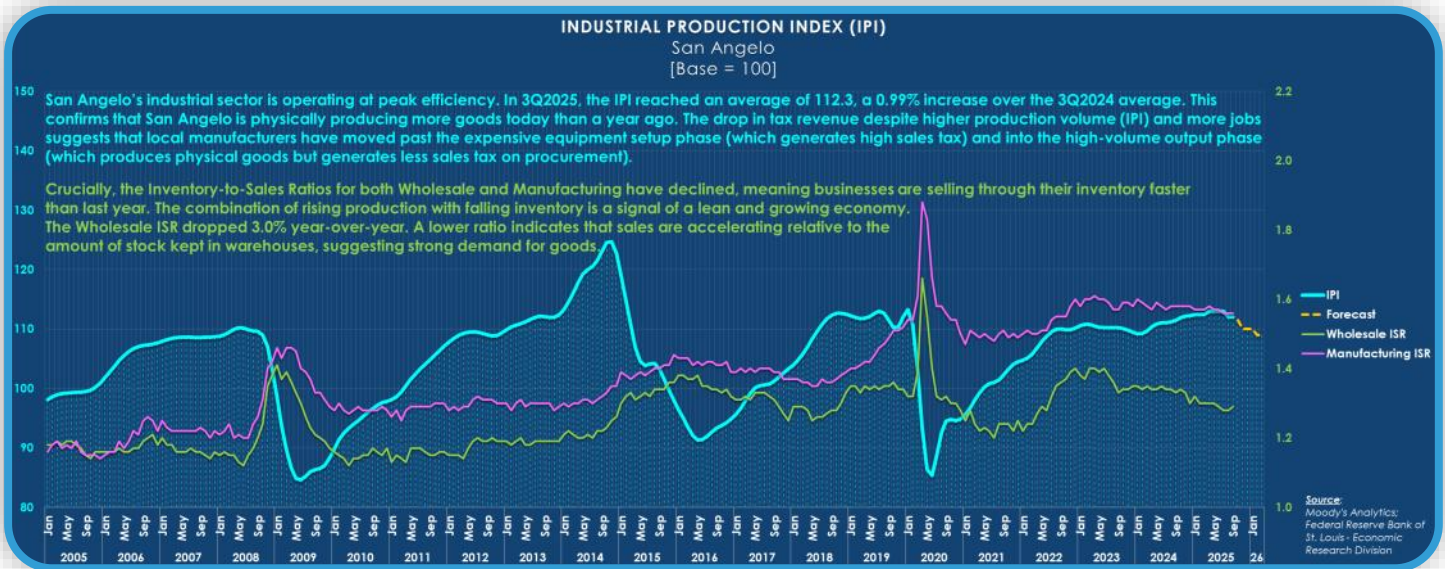
MANUFACTURING JOBS

Update: San Angelo's manufacturing sector is currently characterized by labor resilience amidst revenue normalization. Increase in payrolls is more important for long-term stability. While local manufacturing jobs grew by 2.95% year-over-year in Q3, Manufacturing Sales Tax Revenue saw a notable decline of 18.36% compared to the highs of 2024. This suggests that while production capacity and hiring are expanding—likely in preparation for upcoming industrial projects—actual sales and taxable procurement have stabilized from the post-pandemic super-cycle. Sales tax in manufacturing is often driven by one-time capital expenditures (buying large machinery or equipment). The 18% drop suggests that many local firms completed their major equipment upgrades in late 2023/2024. This is not a sign of weakness but rather a return to a sustainable baseline after a period of heavy equipment investment. San Angelo is currently outperforming the State of Texas in industrial job creation. While the state saw a 0.65% decline in manufacturing payrolls in Q3, San Angelo grew its manufacturing workforce by nearly 3%. This highlights the San Angelo's success in becoming a regional industrial hub, even as larger state metros face headwinds. With over 8,500 residents working in goods-producing roles, San Angelo has reached a level of industrial density that attracts secondary suppliers and service providers, creating a cluster effect.



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.



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Moves That Matter is the weekly podcast where smart economic development gets personal. Co-hosted by **Michael Looney** and **Mike Berry** on behalf of the **City of San Angelo Development Corporation**, the show digs into the bold decisions, big ideas, and behind-the-scenes strategies that fuel sustainable growth — especially in communities that do more with less.

From billion-dollar industrial sites to Main Street turnarounds, every episode features the people and policies behind the progress. Whether you're a site selector, economic developer, or business leader, this is your front-row seat to the moves that matter most.



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