

CHAMBER OF COMMERCE
BRYAN/COLLEGE STATION

Economic Outlook Conference 2023

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What's Happening; What's of Concern: **Same Old Stuff**

- **Inflation**
- **Supply chain/inventory problems**
- **Interest rates**
- **Recession NY Fed probability around 8% within 12 months based on yield curve**
- **Employment & Wages/Income**
- **Housing Costs and Rents**
- **Commercial RE**
- **Personal, Business and Government spending**
- **Politics**

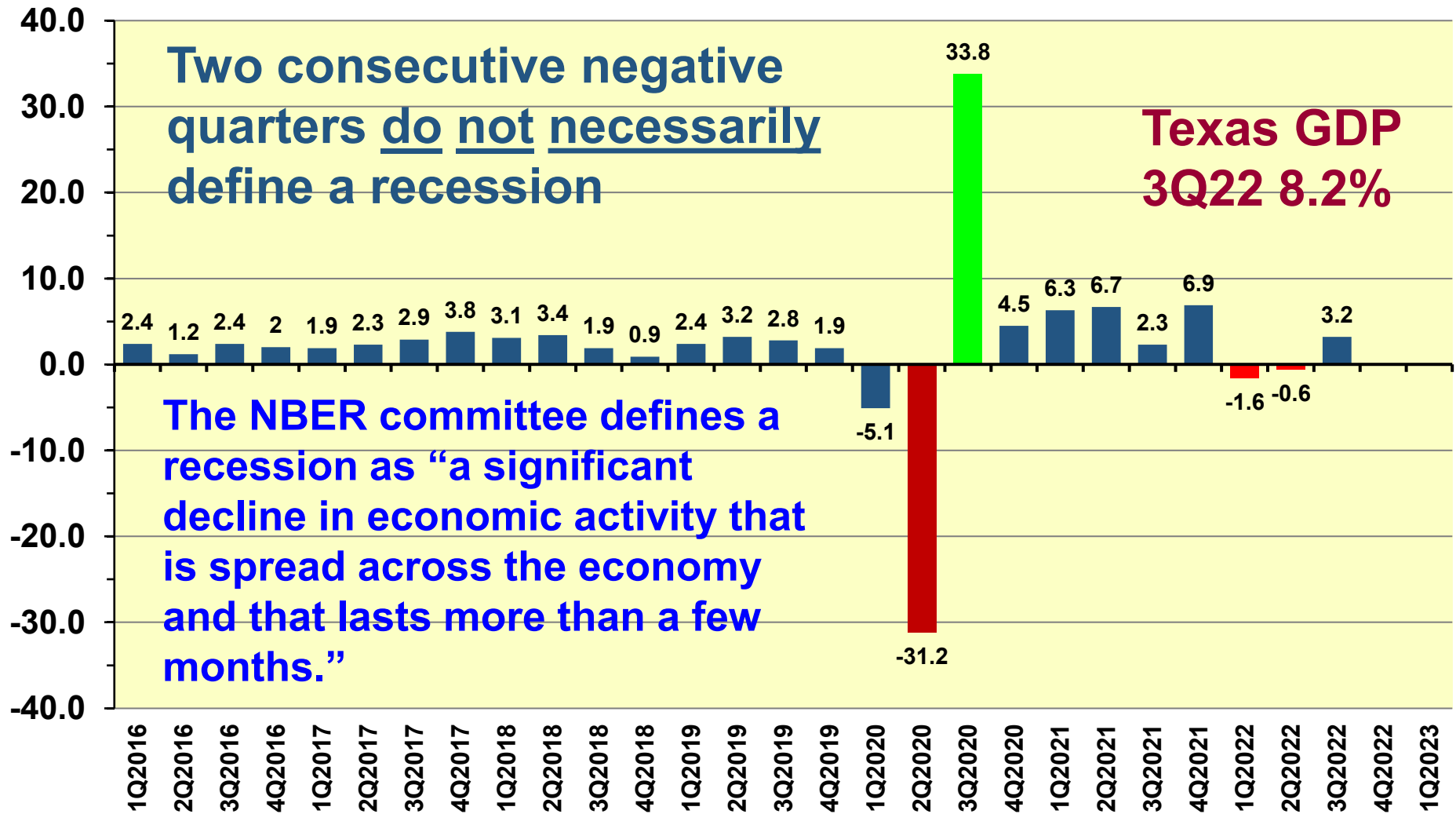
2022 Starting Out Slow

Annualized Percent Change in Real GDP

Two consecutive negative quarters do not necessarily define a recession

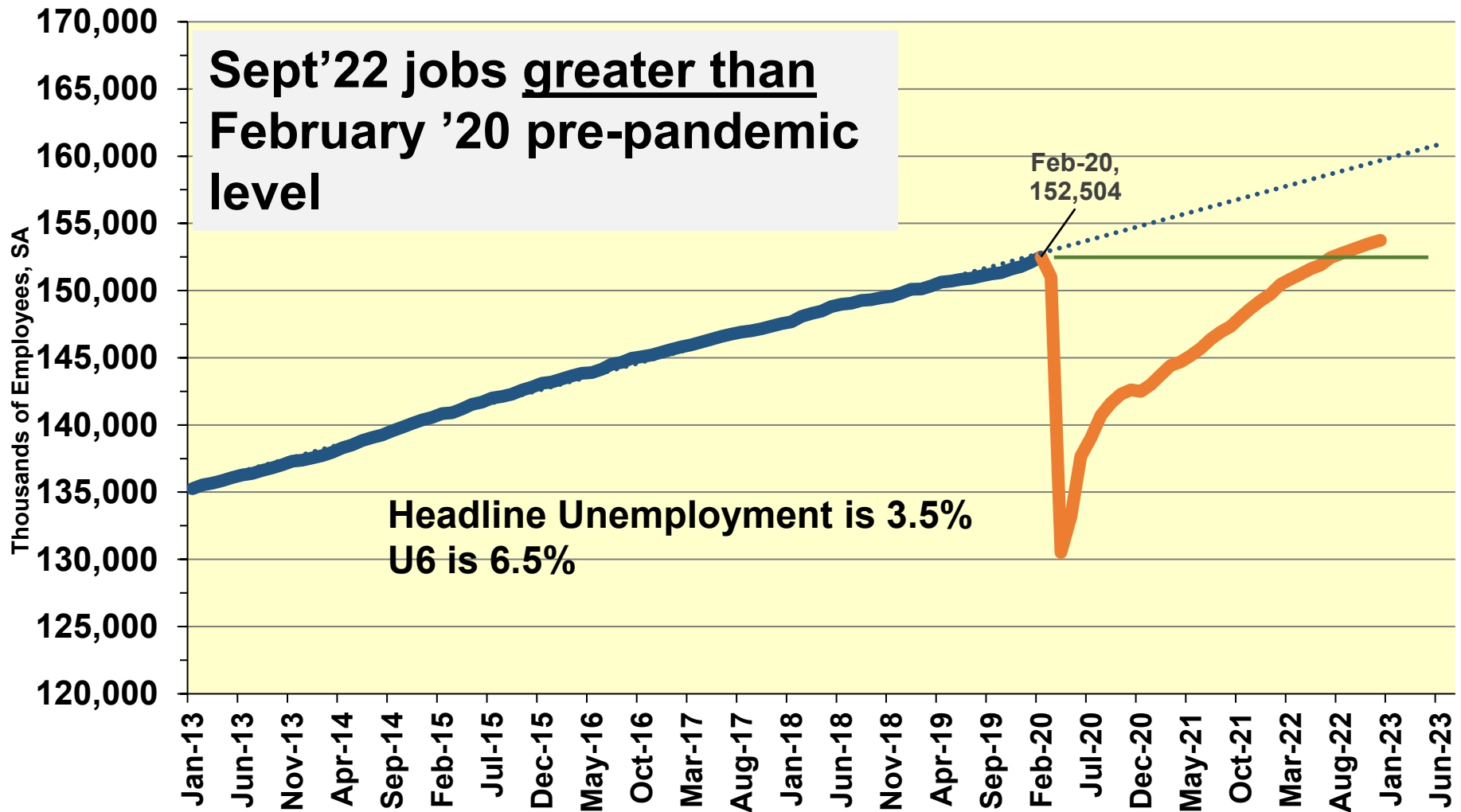
The NBER committee defines a recession as “a significant decline in economic activity that is spread across the economy and that lasts more than a few months.”

Texas GDP
3Q22 8.2%



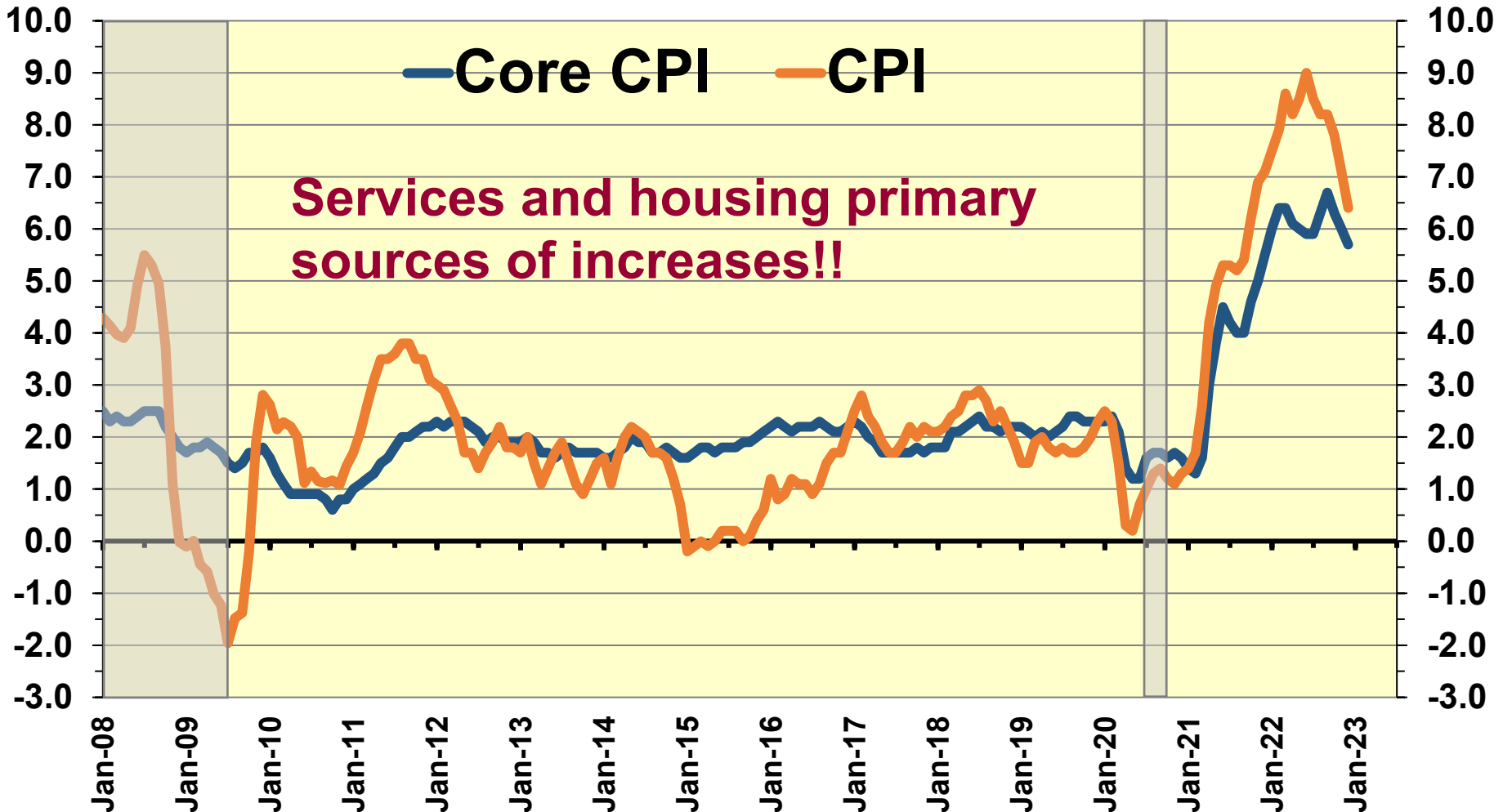
Total U.S. Nonfarm Employment

Finally Back to Pre-COVID!



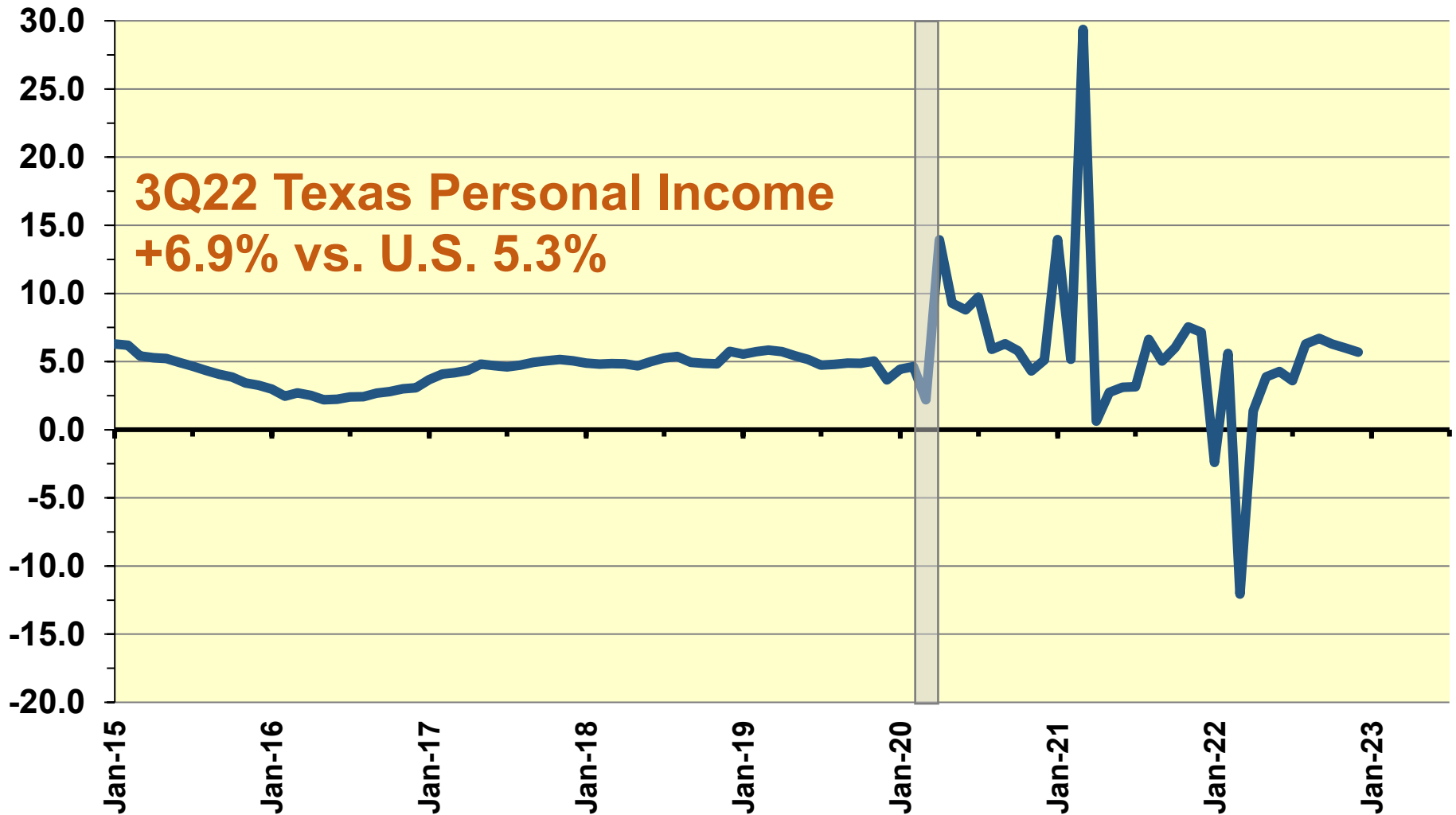
Some Slowdown in Inflation

(Y/Y Percent Change in Index, SA)

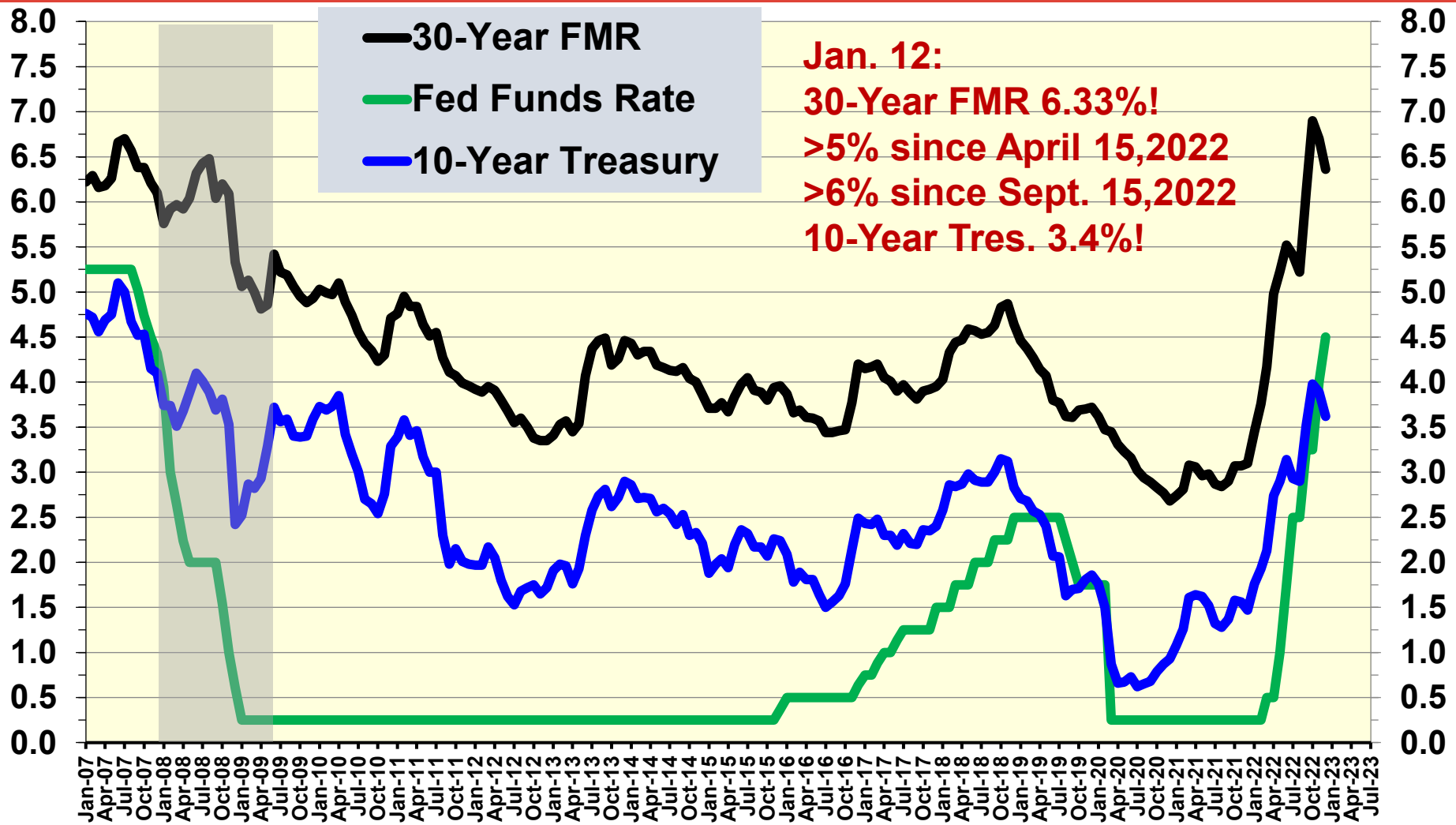


Total Personal Income

(Percent Change from a Year Ago, Monthly, SAAR)

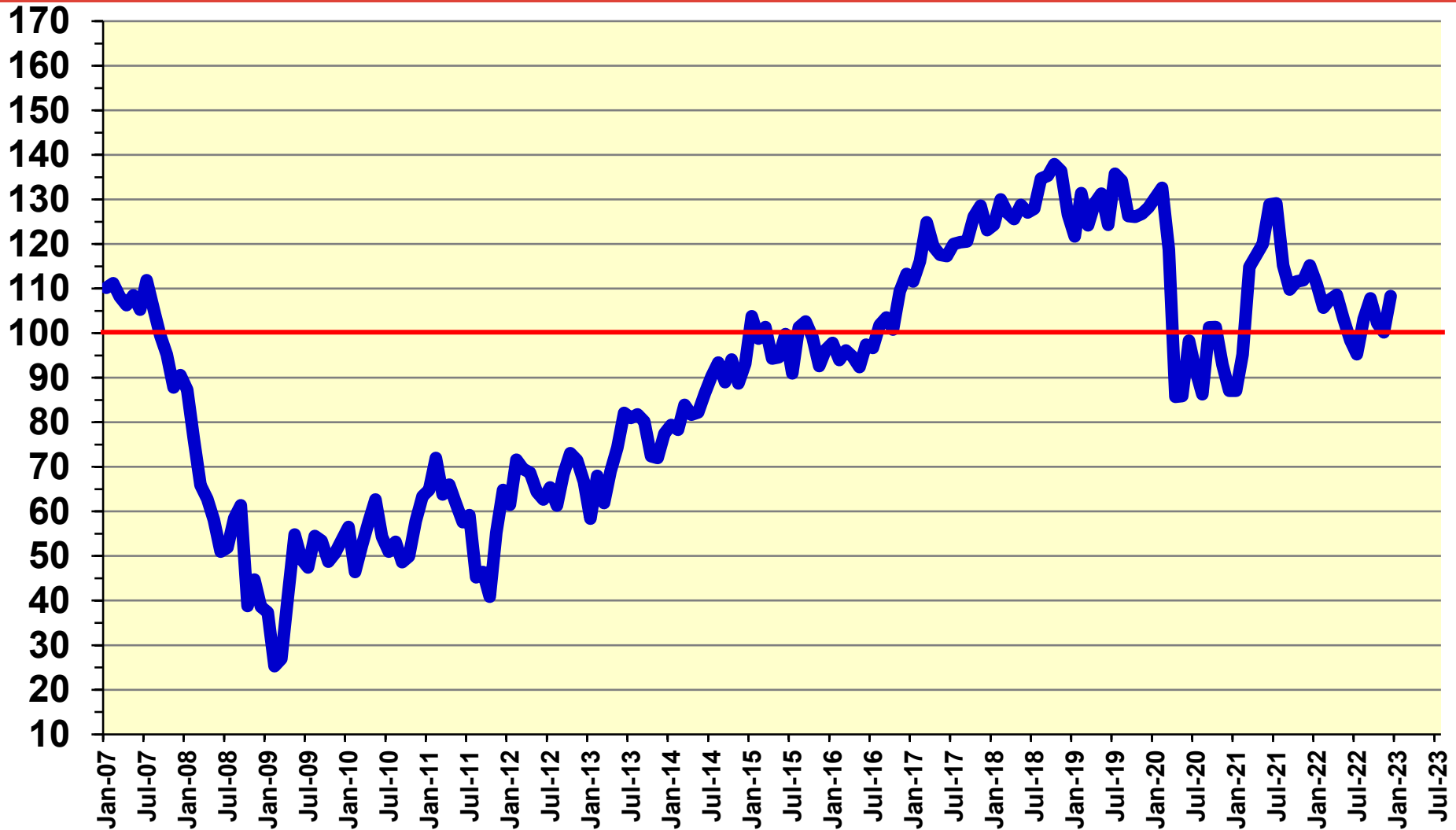


Monthly Fed Funds, 10-Year Treasury and 30-Year FMR Rates



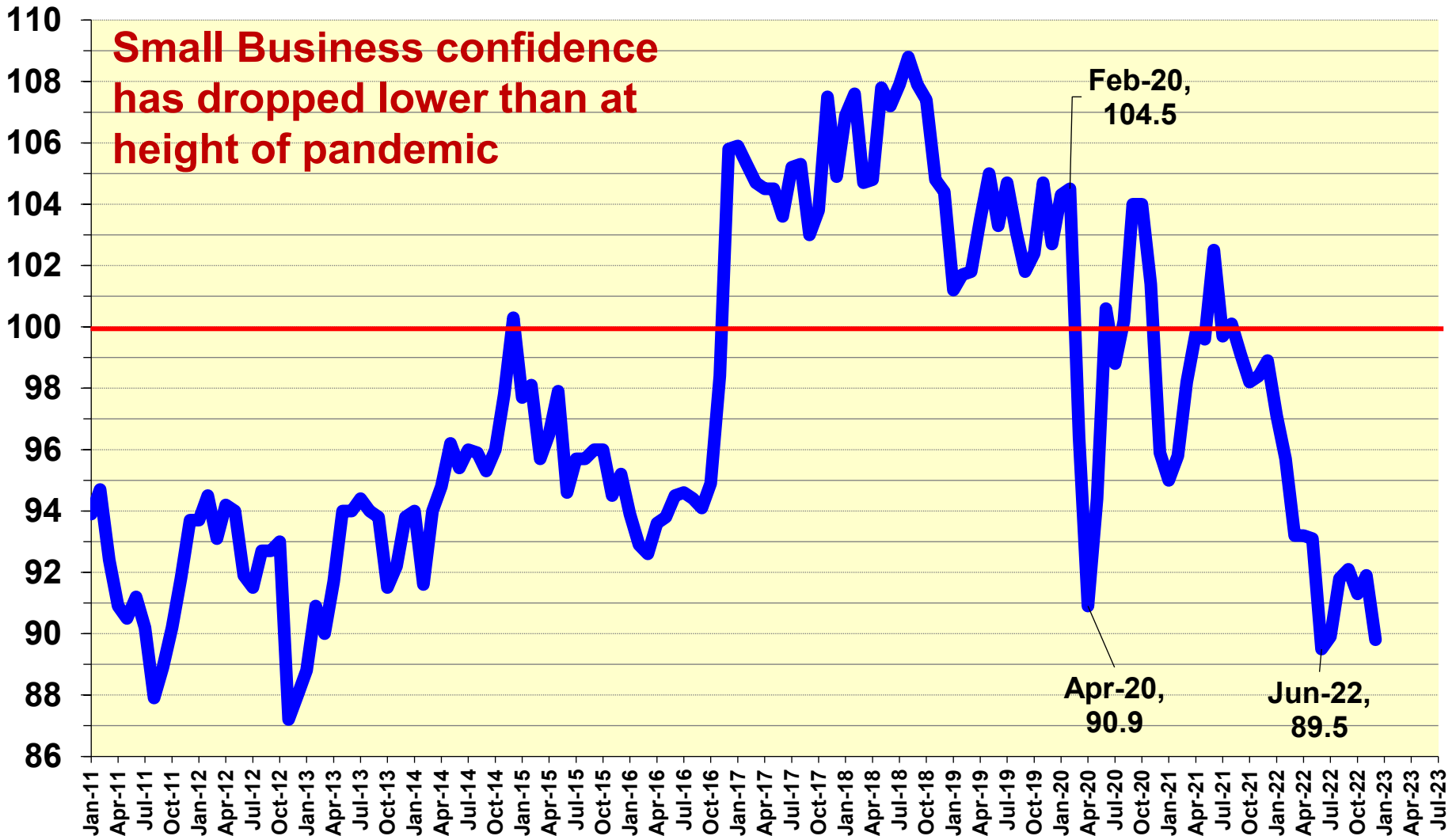
Consumer Confidence Index

(1985=100)



NFIB Small Business Optimism Index

(Overall Index SA 1986 = 100)



Source: National Federation of Independent Businesses; based on ten survey indicators

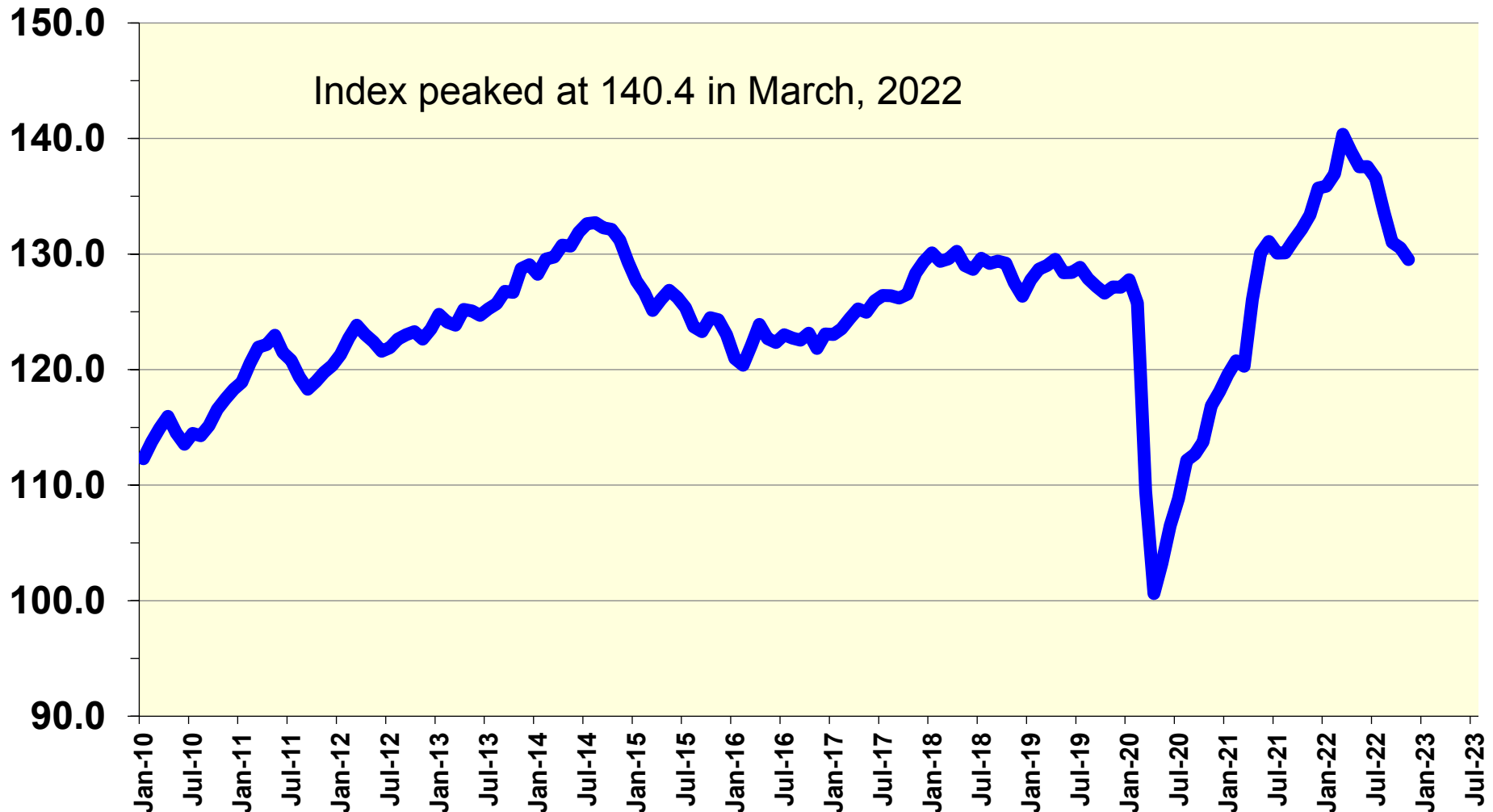
Texas Economy

Texas General Overview

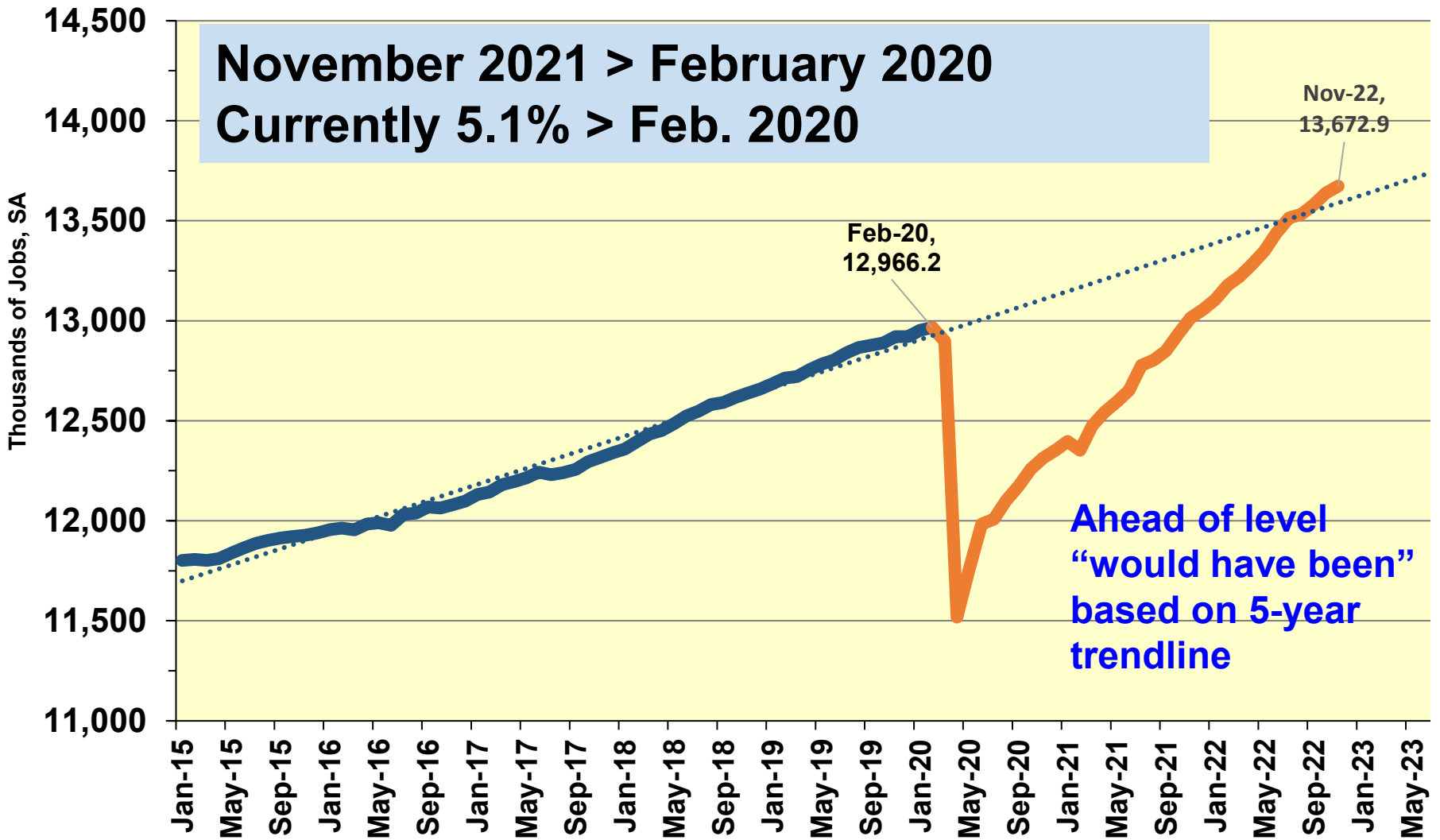
1. **Job** recovery essentially complete
2. **Income** growth following job growth
3. **Consumer & Business** attitudes and spending holding positively
4. **Energy** positive but a smaller economic driver than before
5. **Housing** slowing noticeably toward “normal”
6. **Distribution and bio-medical** major areas of growth
7. **State & Local governments'** budgets, employment & services in coming year(s)?
8. **Population** growth continues ~400,000/year

Texas Leading Economic Index

Index, 1987=100, Seasonally Adjusted

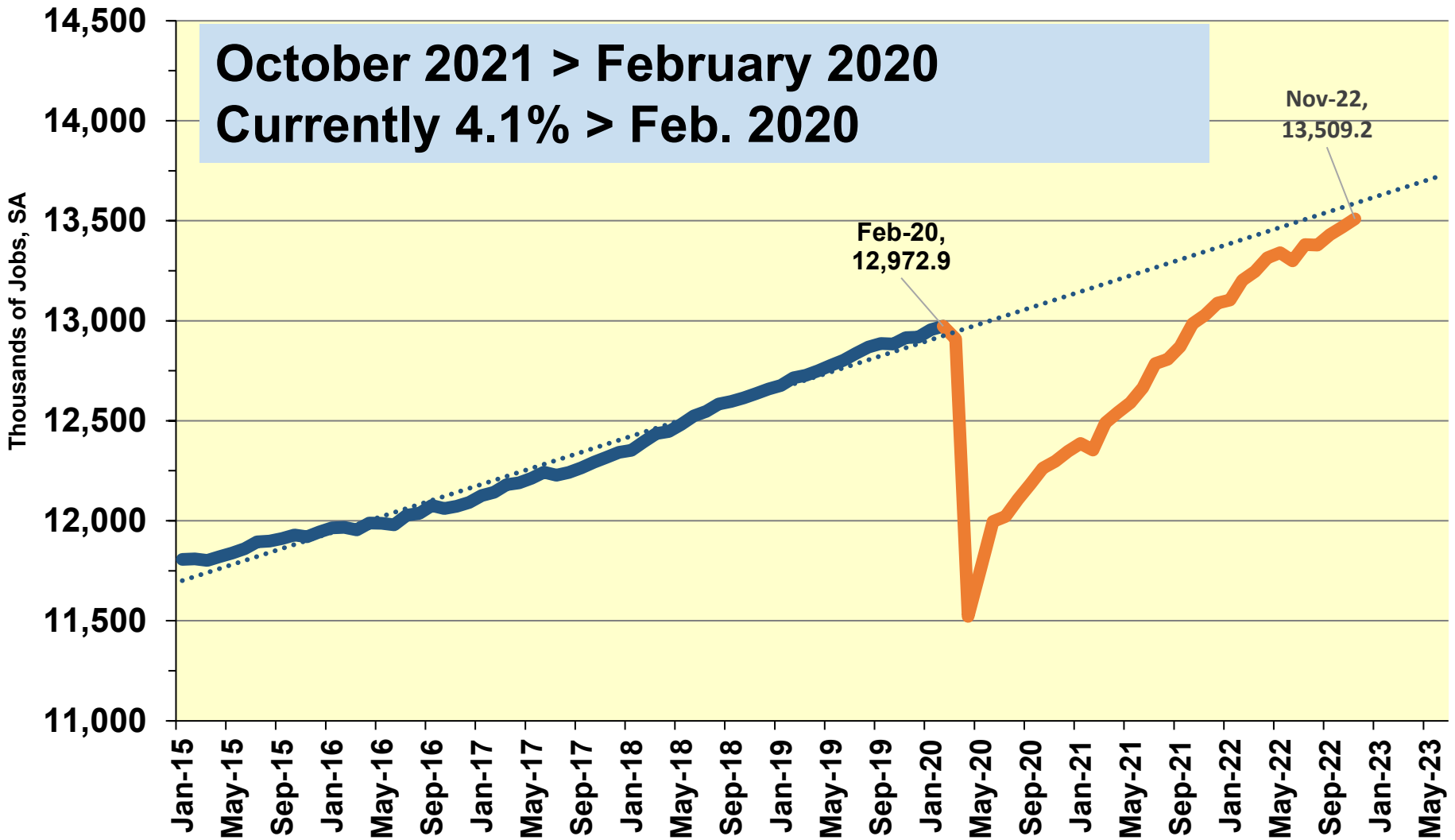


Texas Total Nonfarm Jobs

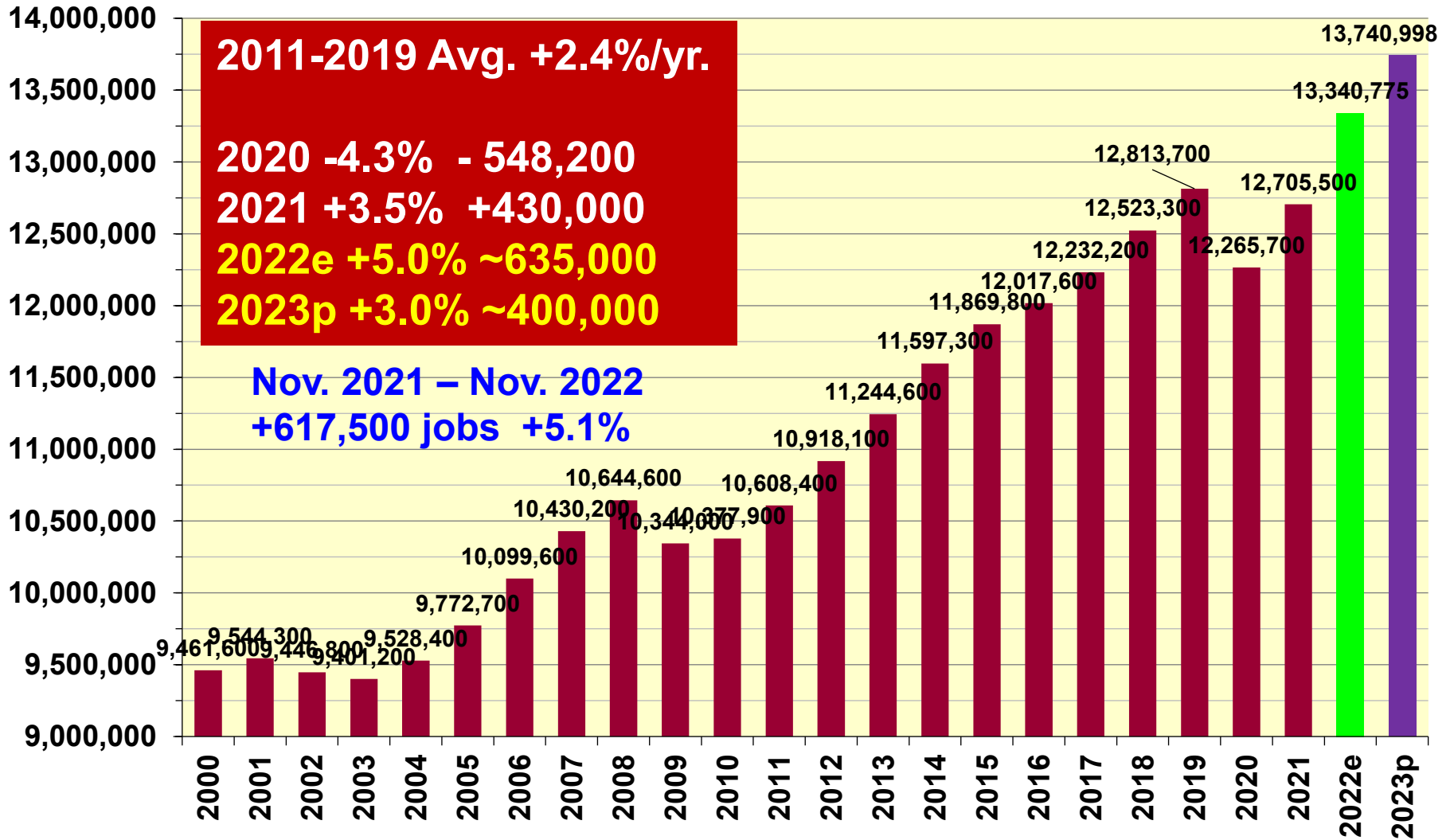


Texas Total Nonfarm Jobs

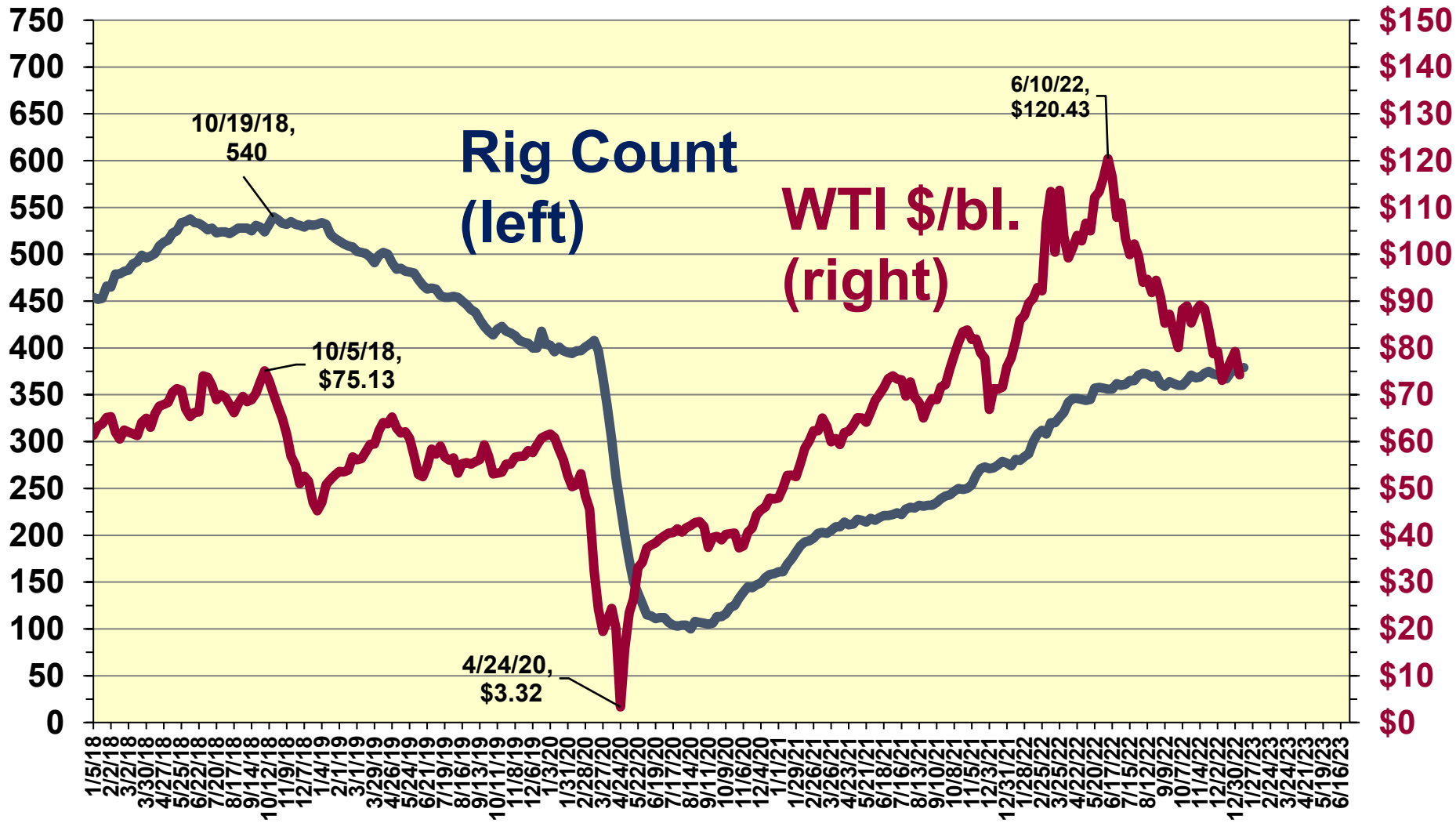
Revised 2Q2022 Benchmarking by Dallas Fed



Texas Annual Jobs



Weekly Active Texas Rig Count & Price of WTI Since Jan. 2018



Texas Demographics

**We're Still Adding
People in Significant
Numbers**

Most Population Growth 2010-2020

	2010 Population	2020 Population	Numeric Change 2010-2020	Percent Change 2010-2020
United States	308,745,538	331,449,281	22,703,743	7.4%
Texas	25,145,561	29,145,505	3,999,944	15.9%
Florida	18,801,310	21,538,187	2,736,877	14.6%
California	37,253,956	39,538,223	2,284,267	6.1%
Georgia	9,687,653	10,711,908	1,024,255	10.6%
Washington	6,724,540	7,705,281	980,741	14.6%
North Carolina	9,535,483	10,439,388	903,905	9.5%
New York	19,378,102	20,201,249	823,147	4.2%
Arizona	6,392,017	7,151,502	759,485	11.9%
Colorado	5,029,196	5,773,714	744,518	14.8%
Virginia	8,001,024	8,631,393	630,369	7.9%
Tennessee	6,346,105	6,910,840	564,735	8.9%
Utah	2,763,885	3,271,616	507,731	18.4%

Numeric Population Change for Texas Counties 2010 - 2020

143 out of 254 counties lost population between 2010 and 2020

Total Population Change 2010 to 2020



**Texas grew
20.6% 2000-2010
15.9% 2010-2020**

7/2020-7/2021:

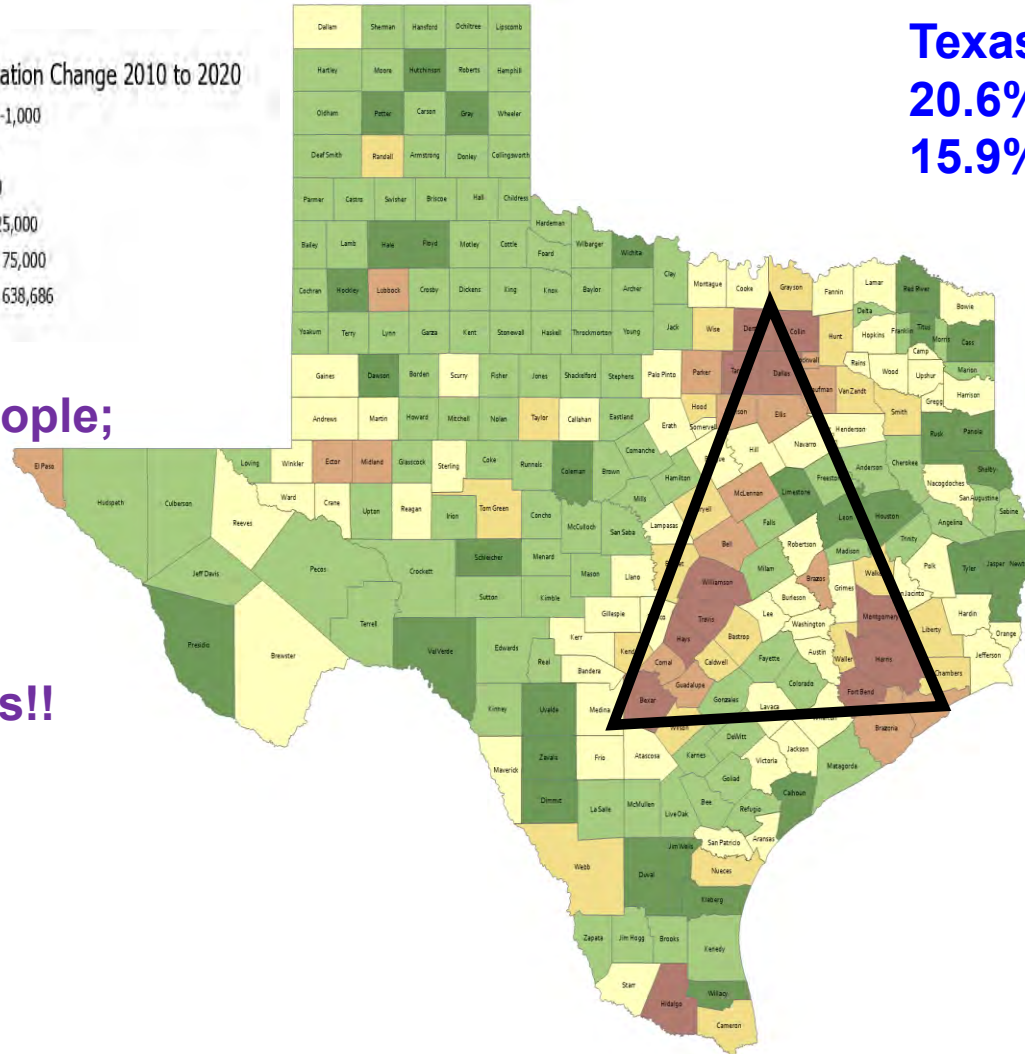
Texas added 326,390 people;

7/2021-7/2022

Added 470,708 people.

Nearly 800,000 in 2 years!!

Texas > 30 million residents in 2022



College Station-Bryan Population: 2020-2060: Almost Double

**2022 Revised
Projections:
+222,443 or 83%
increase 2020 to
2060**

**Brazos County
increases from 87%
to 93% of MSA total.**

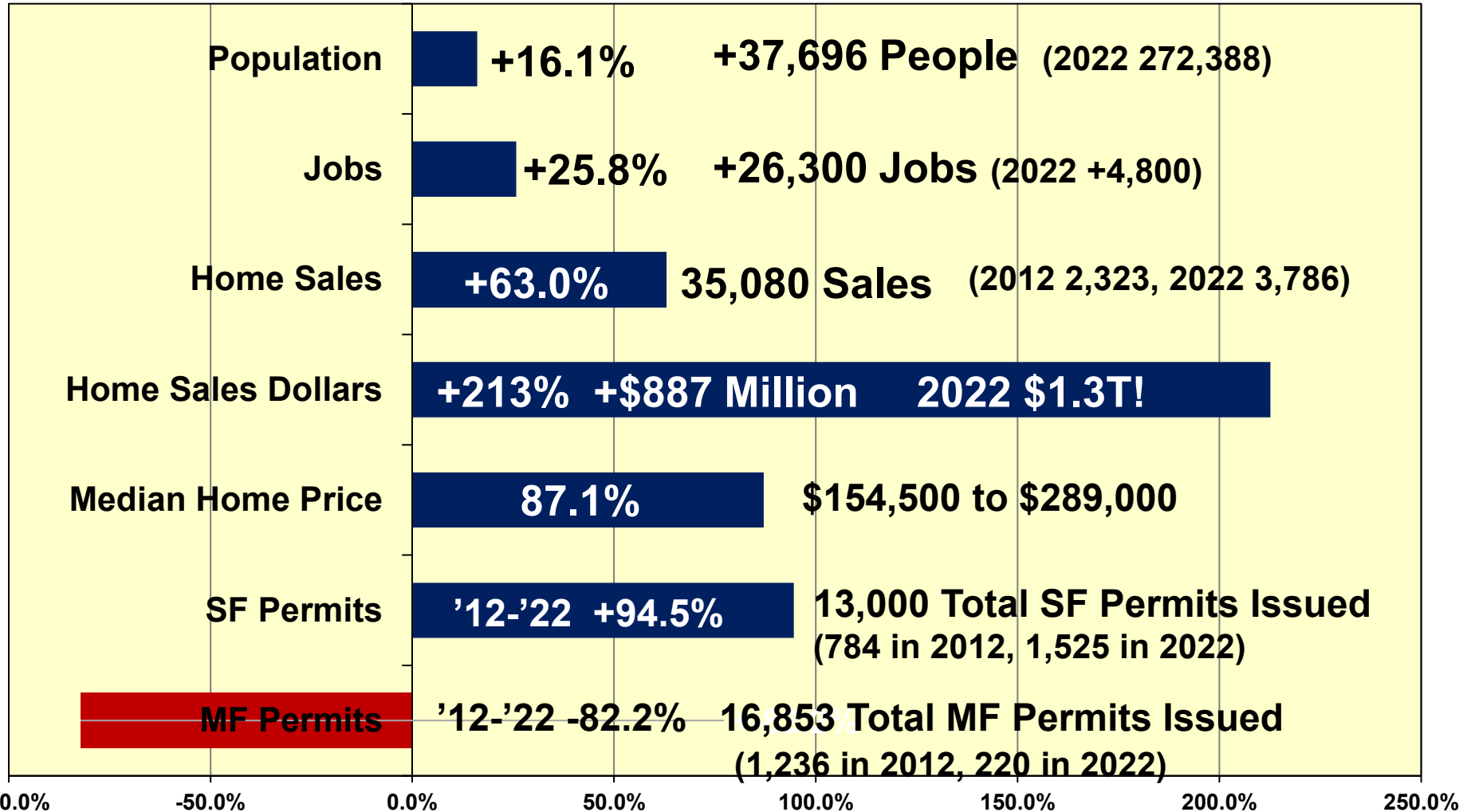
Year	Total Population
2020	268,248
2025	303,685
2030	328,705
2035	345,468
2040	365,938
2045	389,335
2050	421,771
2055	458,681
2060	490,691

College Station – Bryan MSA Economy

Brazos, Burleson &
Robertson Counties

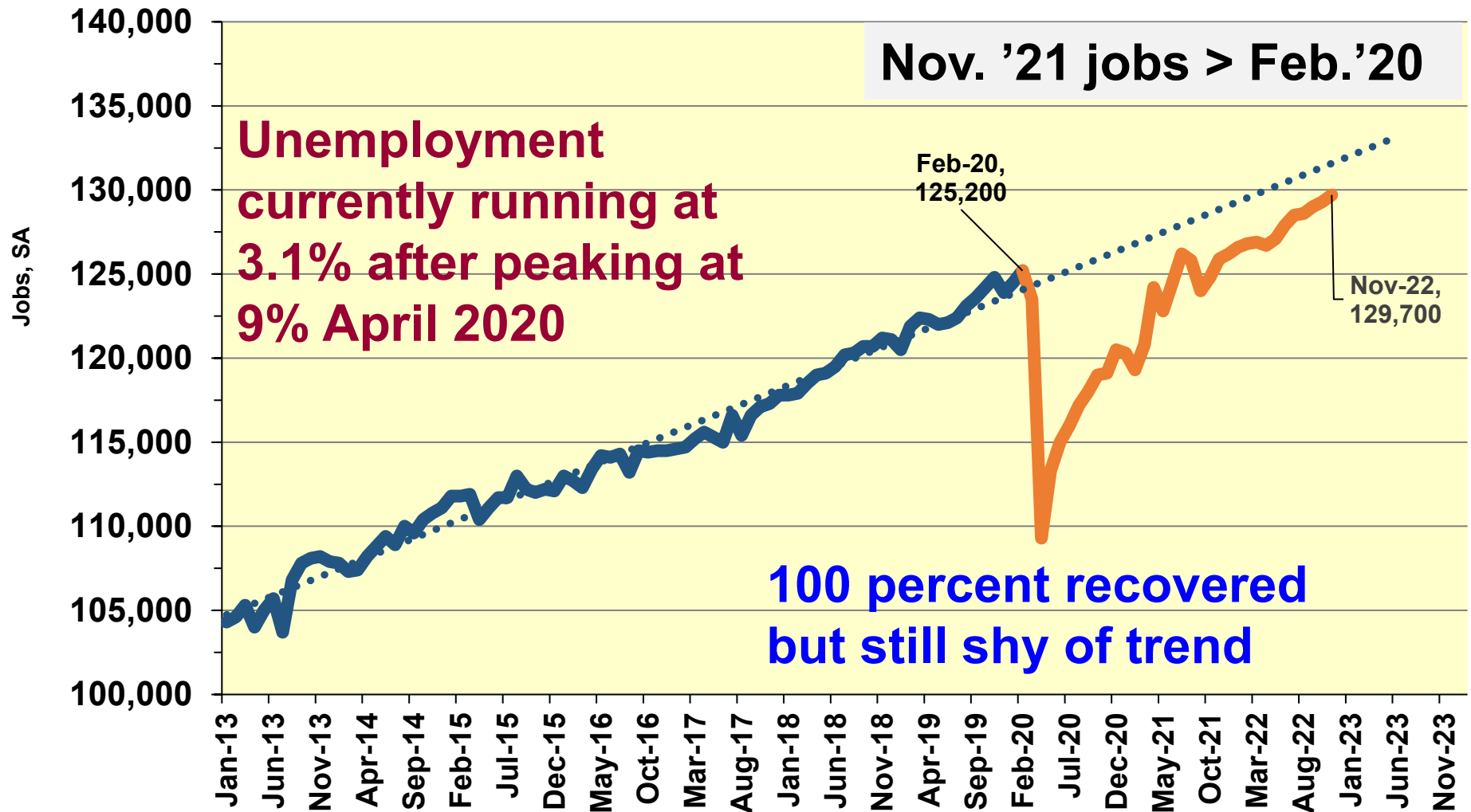
The Decade of 2012-2022

CS-B Growth

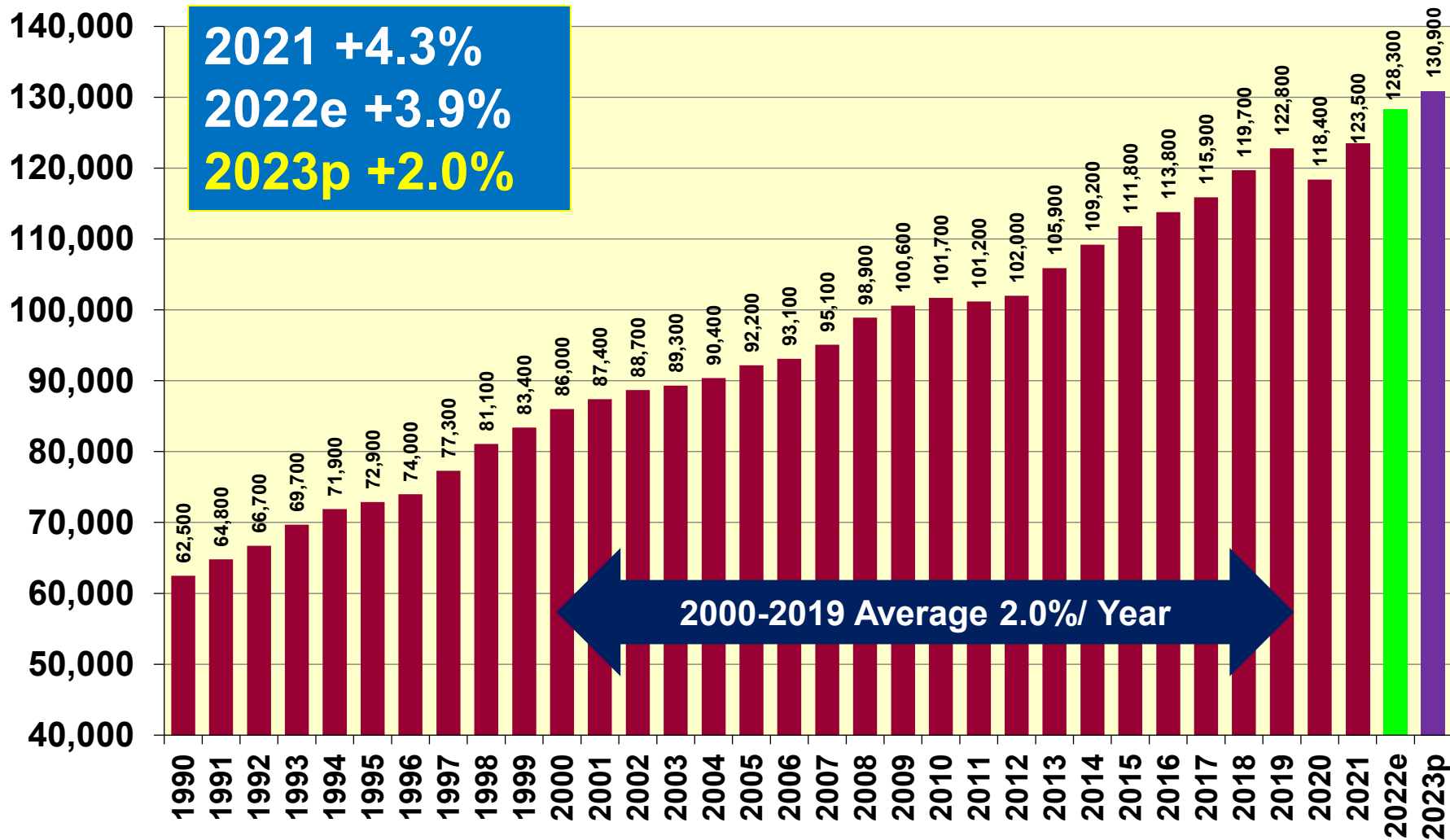


Sources: TWC; BCS Assoc. of Realtors; U.S. Census Bureau;
Real Estate Research Center at Texas A&M University

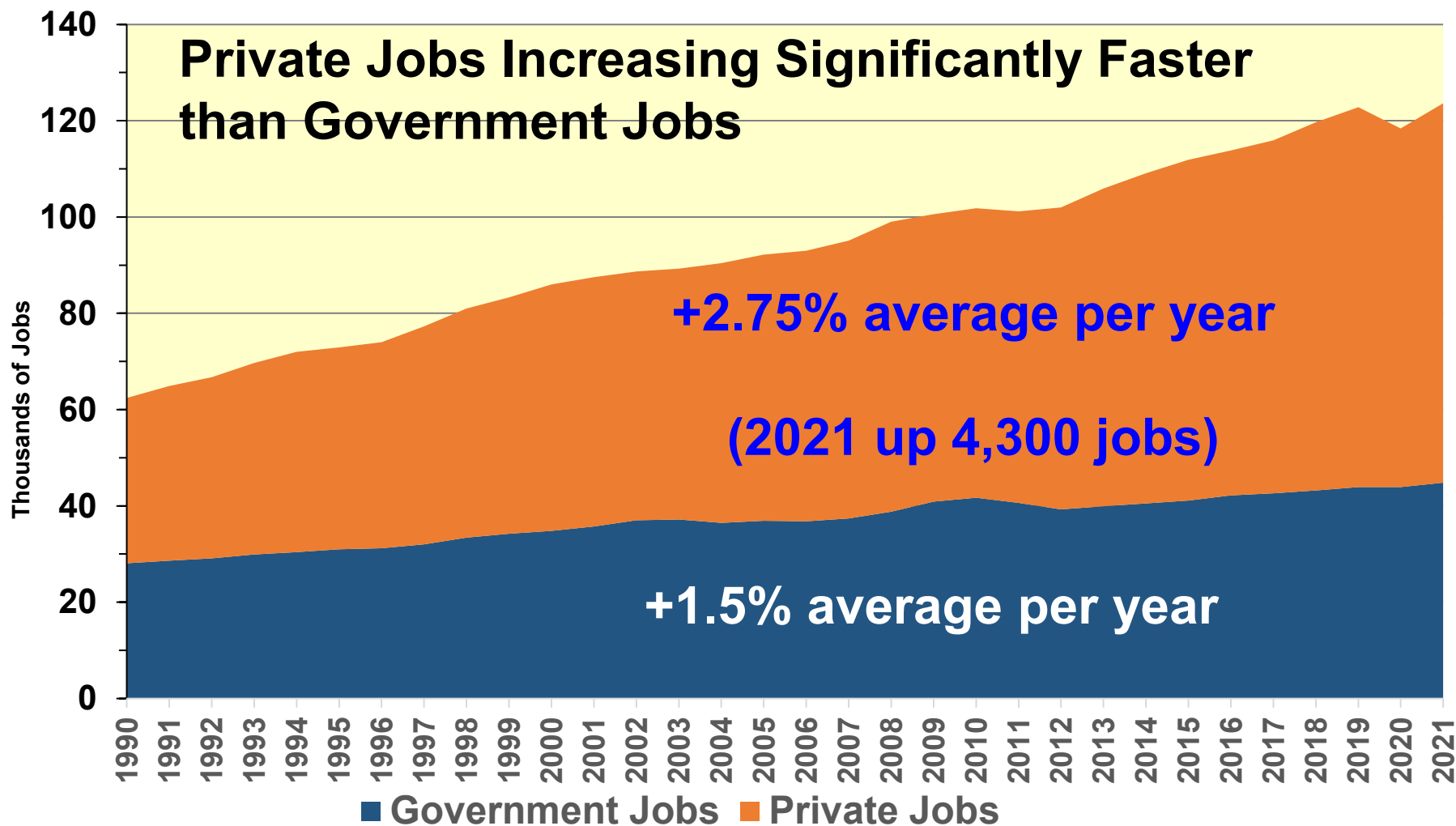
Total CS-B MSA Nonfarm Employment



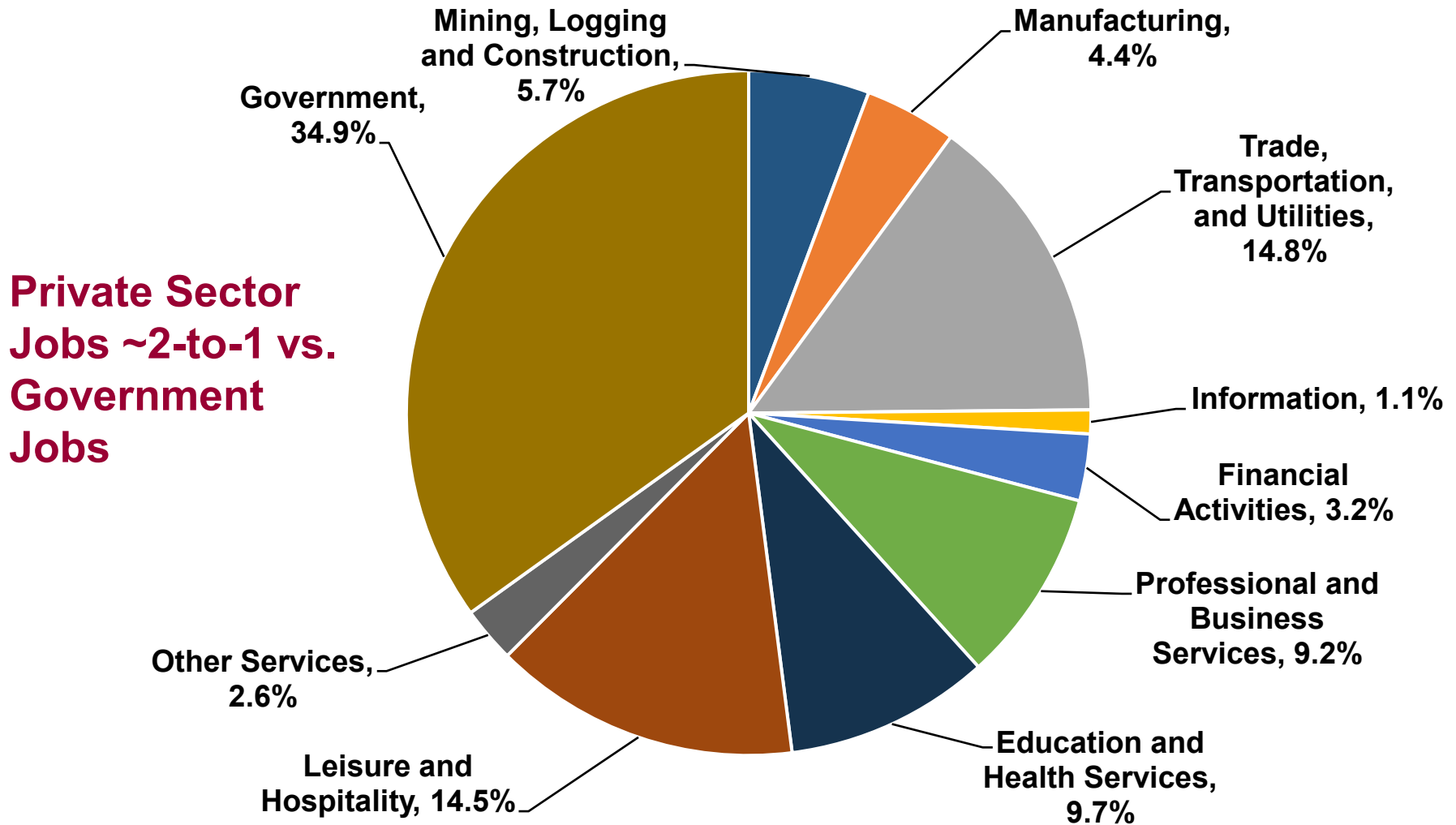
CS-B Annual Jobs



College Station-Bryan Private vs. Government Employment



Current CS-B Employment by Industry – November 2022



CS-B MSA Jobs by Industry

	Nov-21	Nov-22	Change	Percent Change
Total Nonfarm	129,000	133,200	4,200	3.3%
Mining, Logging & Construction	7,300	7,600	300	4.1%
Manufacturing	5,700	5,800	100	1.8%
Wholesale Trade	2,800	2,900	100	3.6%
Retail Trade	13,600	14,400	800	5.9%
Transportation, Warehousing, & Utilities	2,400	2,400	0	0.0%
Information	1,400	1,500	100	7.1%
Financial Activities	4,100	4,200	100	2.4%
Prof. & Bus. Services	11,400	12,200	800	7.0%
Ed. & Health Services	12,300	12,900	600	4.9%
Leisure and Hospitality	17,700	19,300	1,600	9.0%
Other Services	3,400	3,500	100	2.9%
Government	46,900	46,500	-400	-0.9%

Housing Markets

Sales Down; Prices Up

- **National Market**

- NAR 2022 total existing home sales down 18%; median price up 11%; still only 2.9 months inventory
- U. S. Census 2022 new home sales down ~16%, prices up ~13.5%; 8.9 months supply
- NAHB Home Builders' HMI around 35 indicating expected sales conditions are poor
- MBA mortgage purchase applications down 35% y/y; refis down even more ~80%

- **Texas**

- Total home sales down ~11% in 2022, but average and median home prices up 11% and 13.4%, respectively
- Still relatively short supply – 2.7 months inventory of listings

Housing Market Factors

Mixed for 2022 & 2023

- ❑ **Demographics:** 26-40 Millennials; Gen X & Boomers
- ❑ **Inventory** limited but expanding
- ❑ **Interest rates** critical variable for the year
- ❑ **Affordability** “sticker shock,” Price/Income,
- ❑ **Mortgage Financing** ease vs. tightening
- ❑ **Technology** more and faster information availability
- ❑ **Wealth Effect** stock market & savings, generational borrowing

SF Housing Starts Down 10.6% in 2022

**Significant Downturn in SF Starts Preceded
Almost All Recessions and Lead Coming Out**



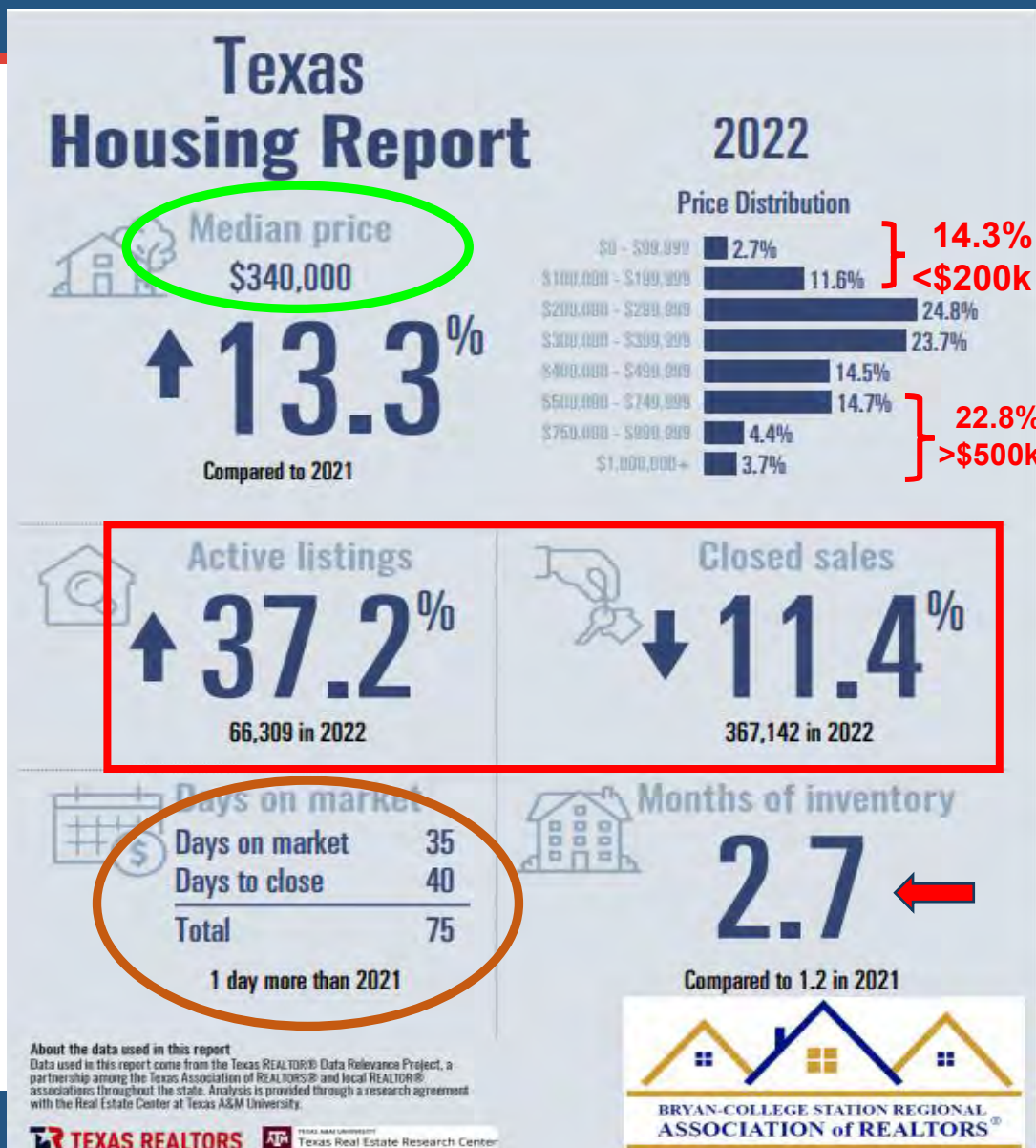
Texas 2022 Housing Summary

Total sales down but prices up

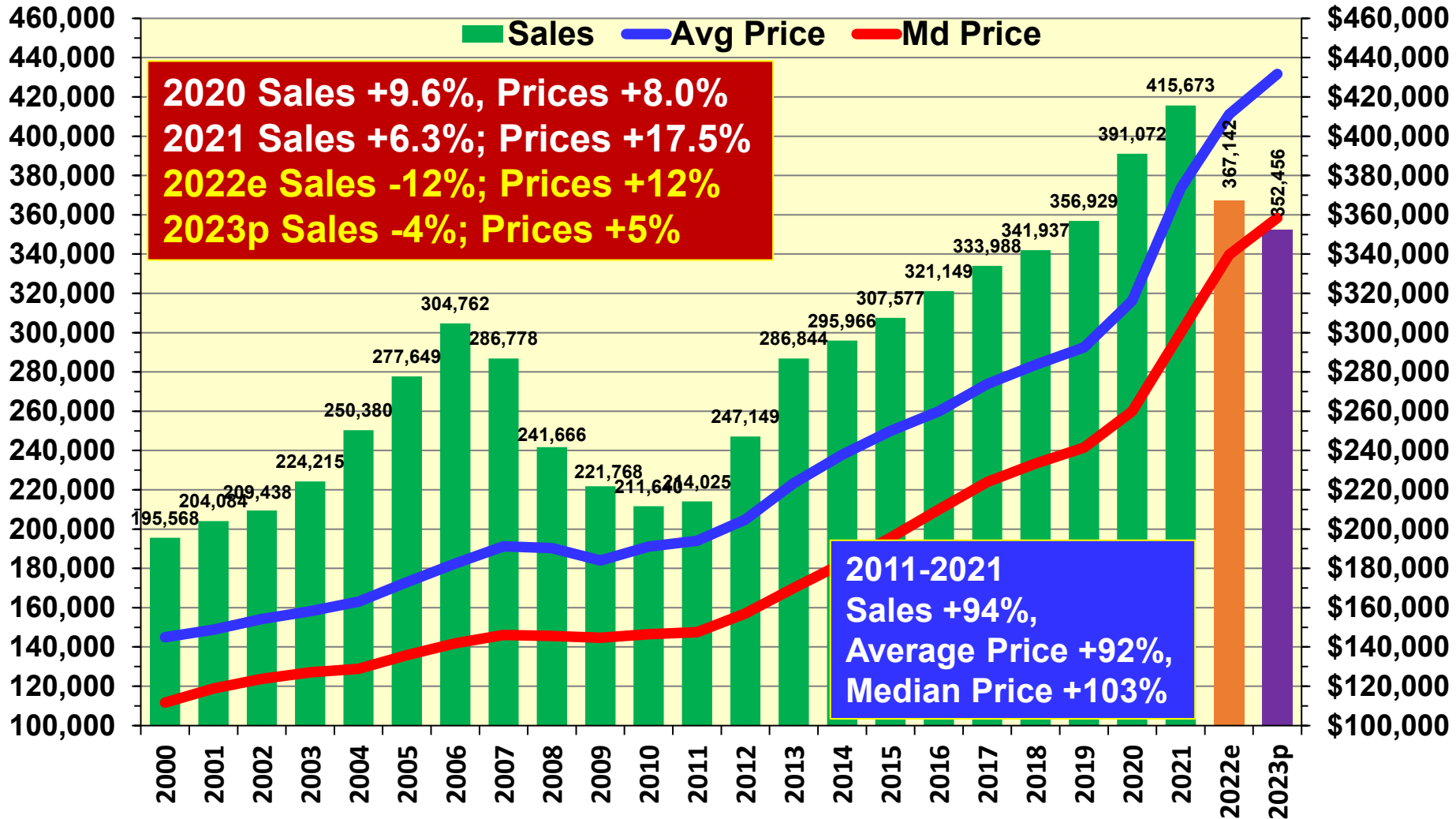
Relatively tight market continues with low months inventory and little more than 30 days on market

Listings up but still below overall demand

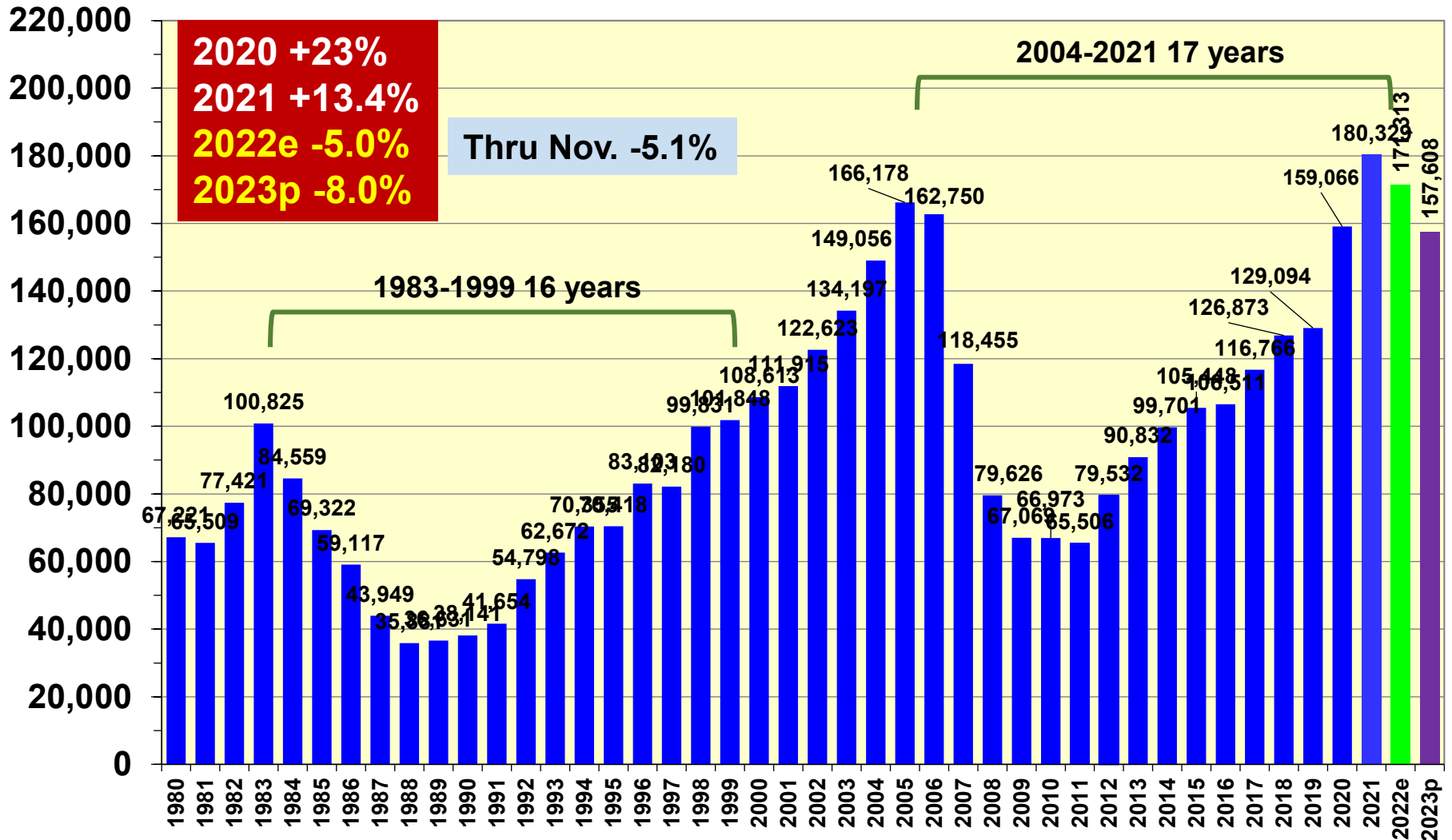
Market looks to be reverting to late 20-teens



Annual Texas Home Sales & Prices



Texas SF Building Permits: Not Enough and Slowing Down

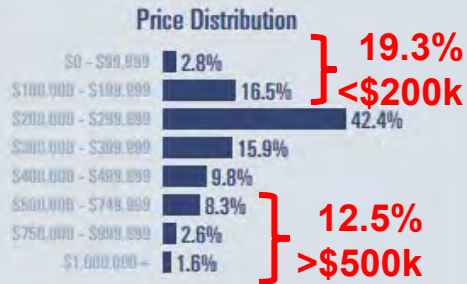
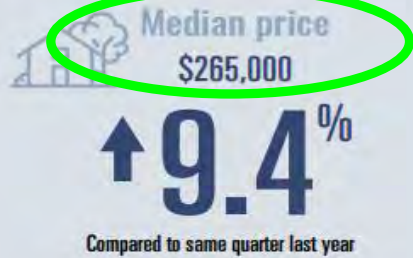


CS-B Housing Market

4Q21 vs. 4Q22

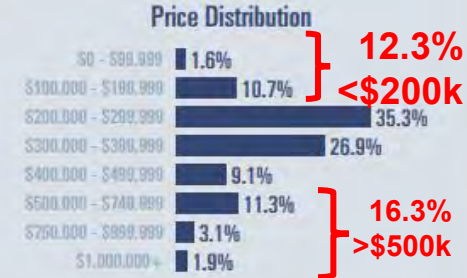
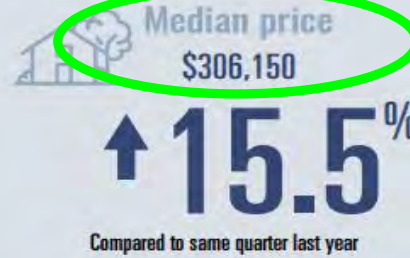
College Station-Bryan MSA Housing Report

2021 Q4

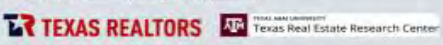


College Station-Bryan MSA Housing Report

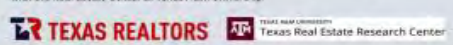
2022 Q4



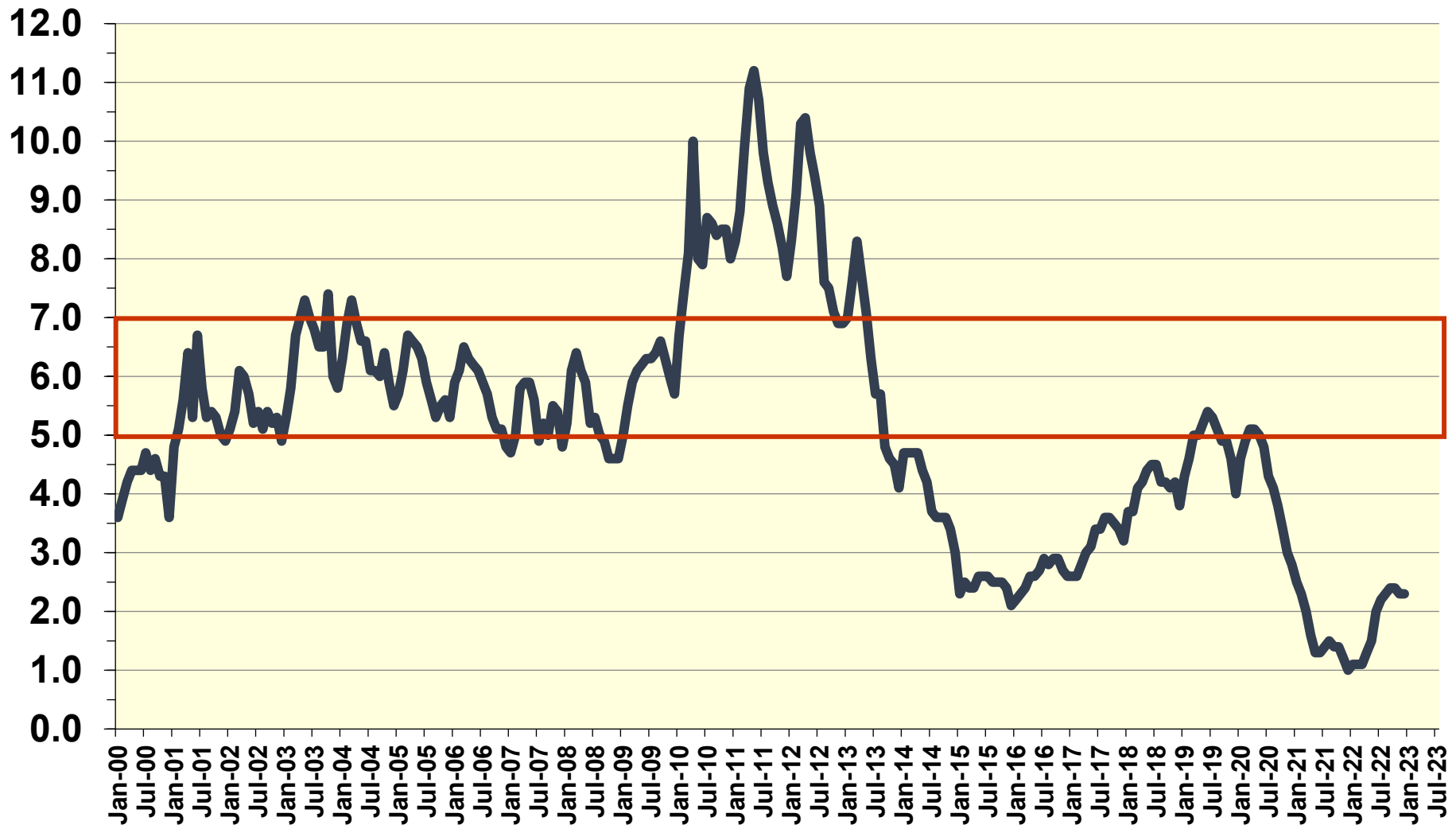
About the data used in this report
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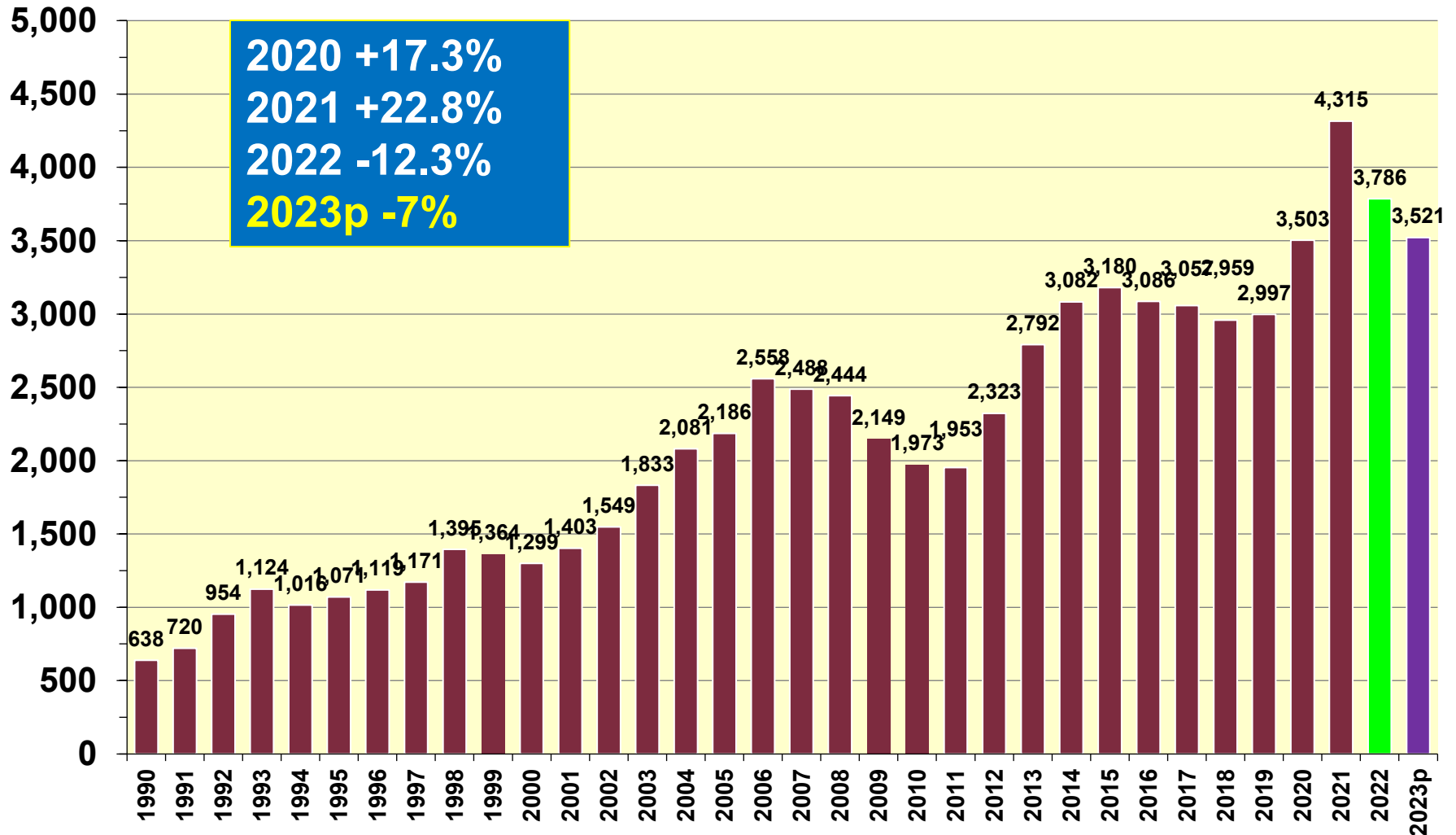
CS-B Months Inventory



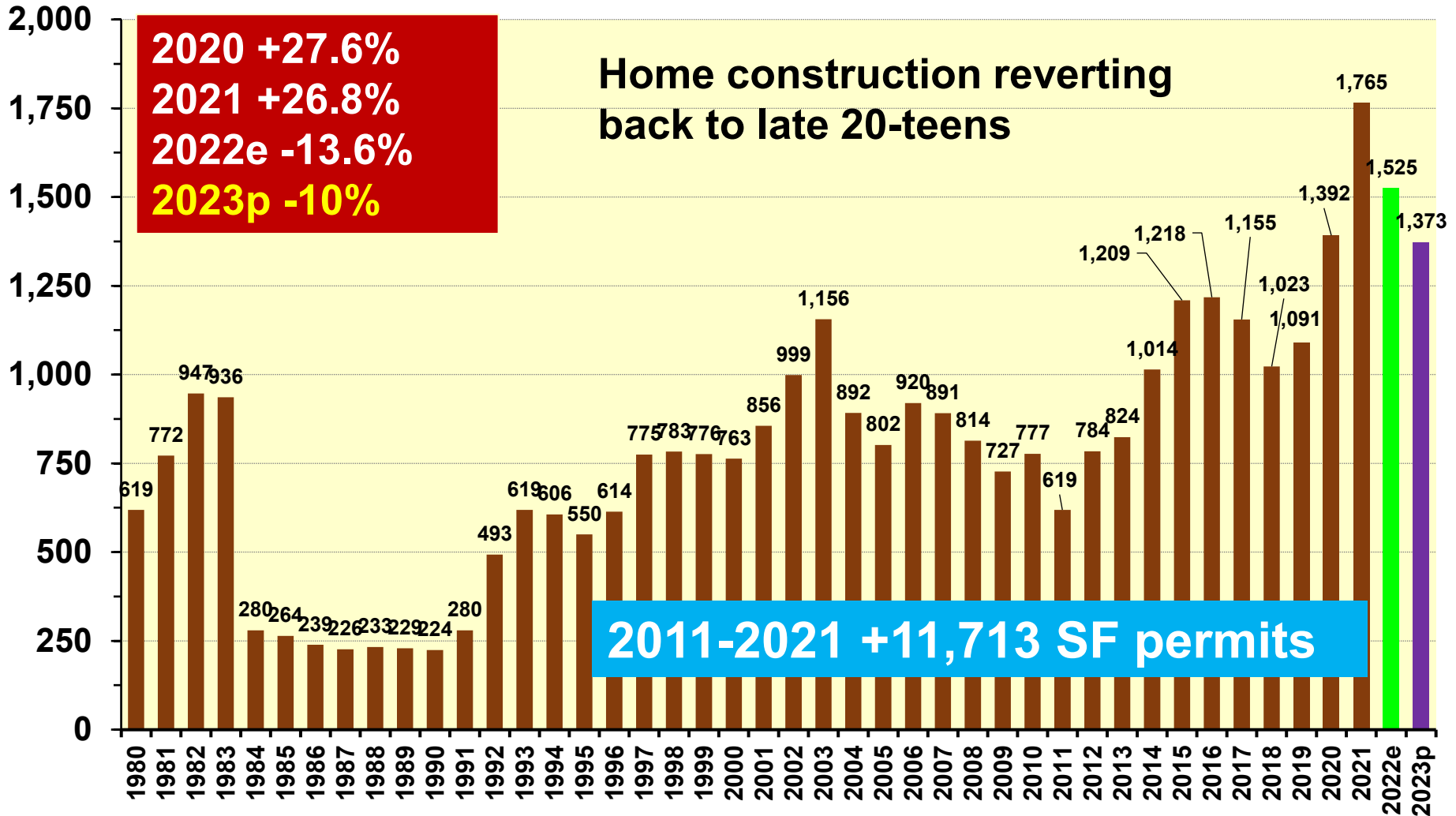
Source: BCS Regional Association of REALTORS®;
Real Estate Center at Texas A&M University

CS-B MSA Annual Home Sales

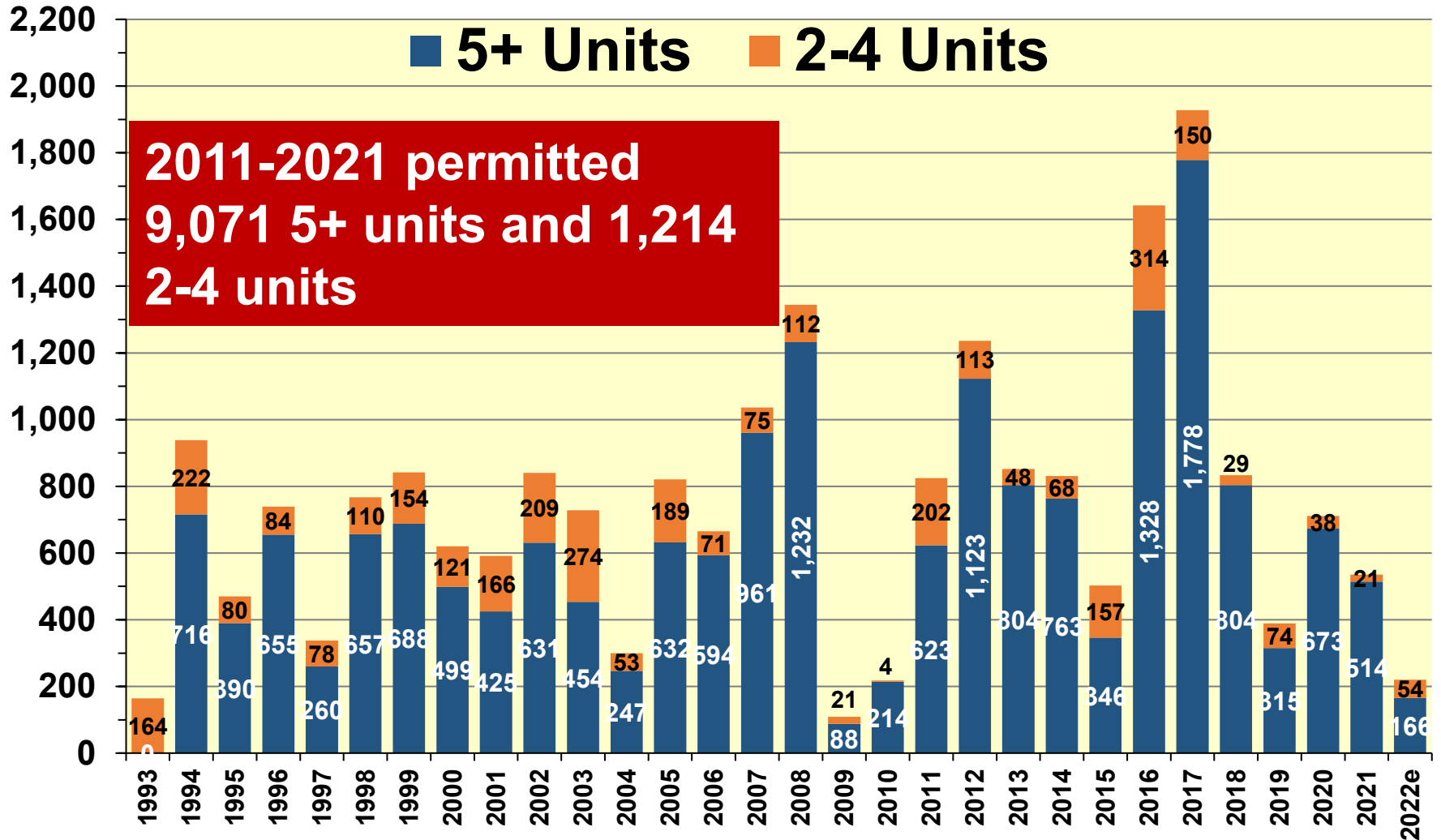
CS-B MSA: Brazos, Burleson & Robertson Counties



CS-B Single-Family Building Permits



CS-B Multi-Family Building Permits





Summary



- **U.S. economy shaky – probably a “minor” recession later in 2023 – MAYBE! Watch job growth!**
- **Texas will weather national economic slowdown better than most other states**
- **People will continue to come to Texas**
- **Jobs will continue to expand but probably at a slower rate than past couple of years**
- **CS-B somewhat insulated**
 - TAMU
 - Private job growth
 - Population
- **Housing slowdown for 2023 dependent on interest rates**



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