

The Lubbock Economy

January 2025



**Lubbock
National
Bank**
Branch of Amarillo National Bank

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Lubbock Economic Analysis

In 2024, Lubbock's economy showed continued growth, with retail sales up 4.61% year-to-date, despite a slight decline in December.

Employment numbers also saw positive gains. While tourism and vehicle sales experienced fluctuations, they remained stable overall when compared to 2023. Building activity reached \$1 billion in new investment, though it fell short of the five-year average of \$1.2 billion. In general, Lubbock's economy demonstrated moderate growth, although certain sectors faced challenges. Interest rates may continue to impact both residential and commercial building activity, and while inflation is expected to improve, concerns over elevated prices in some areas remain. As 2025 begins, there is cautious optimism for improvement across most sectors, though insurance and interest cost will continue to exert pressure on the economy.

In December 2024, retail sales saw a decline of 9.73% compared to December 2023. However, year-to-date retail sales for 2024 reached \$106.65 million, marking a \$4.7 million increase, or 4.61% growth compared to 2023. New vehicle sales saw a notable increase of 11.61% compared to the previous December, while used vehicles sales also rose by 9.67%.

Tourism has seen growth, with hotel/motel tax collections rising by 98.72% and airline boardings increasing by 4.89% compared to December of last year.

Over the past 12-months, the number of employed workers in Lubbock has risen by 0.93% (or 1,500) according to the Employer Survey, and by 1.96% (of 3,263) according to the Household Survey. The labor force has grown by 2.28% since December 2023, and wages have experienced a modest increase. As of December 2024, the unemployment rate stands at 3.00%, up slightly from 2.70% in December 2023. Job growth in Lubbock remained steady throughout 2024, with most business sectors continuing to add jobs. Looking ahead to 2025, the bank expects employment to keep growing, driven by the full-scale operations of Leprino Foods' plant, and expanding opportunities in the service and business sectors, although both opportunities and challenges are anticipated.

Residential building activity in 2024 saw a modest increase of 3.8%, or \$18 million, compared to 2023. In December 2024, 111 residential building permits were issued, marking an increase of 27 permits, or 32.14%, compared to December 2023. However, year-over-year residential building permits were down by 6.0%. The median home price for December 2024 was \$232,500, reflecting a 3.13% decrease from the previous year. Mortgage rates remain elevated, with current rates at 7.00%, up 5.66% from this time last year. High mortgage interest rates continue to influence the pace of housing starts.

In December 2024, building permits totaled \$52.15 million, a significant decrease of \$139.63 million, or 72.81%, compared to December 2023. Both residential and commercial building activity in 2024 were lower than in 2022 and 2023, years that saw several major projects permitted, such as Leprino Foods, the Texas Tech South End Zone expansion, UMC and Covenant expansions, and large commercial projects for Lubbock Cooper and Frenship ISD. Overall, total building activity for 2024 was down by 28.34%, or \$416 million, compared to 2023. The absence of major projects in 2024, as seen in the previous two years, contributed to this decline.

Oil prices have risen by 8.50% compared to last year, while natural gas prices have surged by 50.17%. The oil rig count decreased from 9 to 7 between November & December 2024. In agricultural markets, wheat prices have increased 0.63%, corn prices have risen by 7.88%, and cotton prices have dropped by 14.77% from the previous year. Fat cattle prices have increased by 16.96%, reflecting an increase to milk prices by 25.31%. Winter moisture is crucial for preparing the soil for the upcoming planting season, as it helps ensure adequate moisture levels for crop growth. This moisture is essential for farmers to start the season with healthy soil conditions, which can significantly impact crop yields.

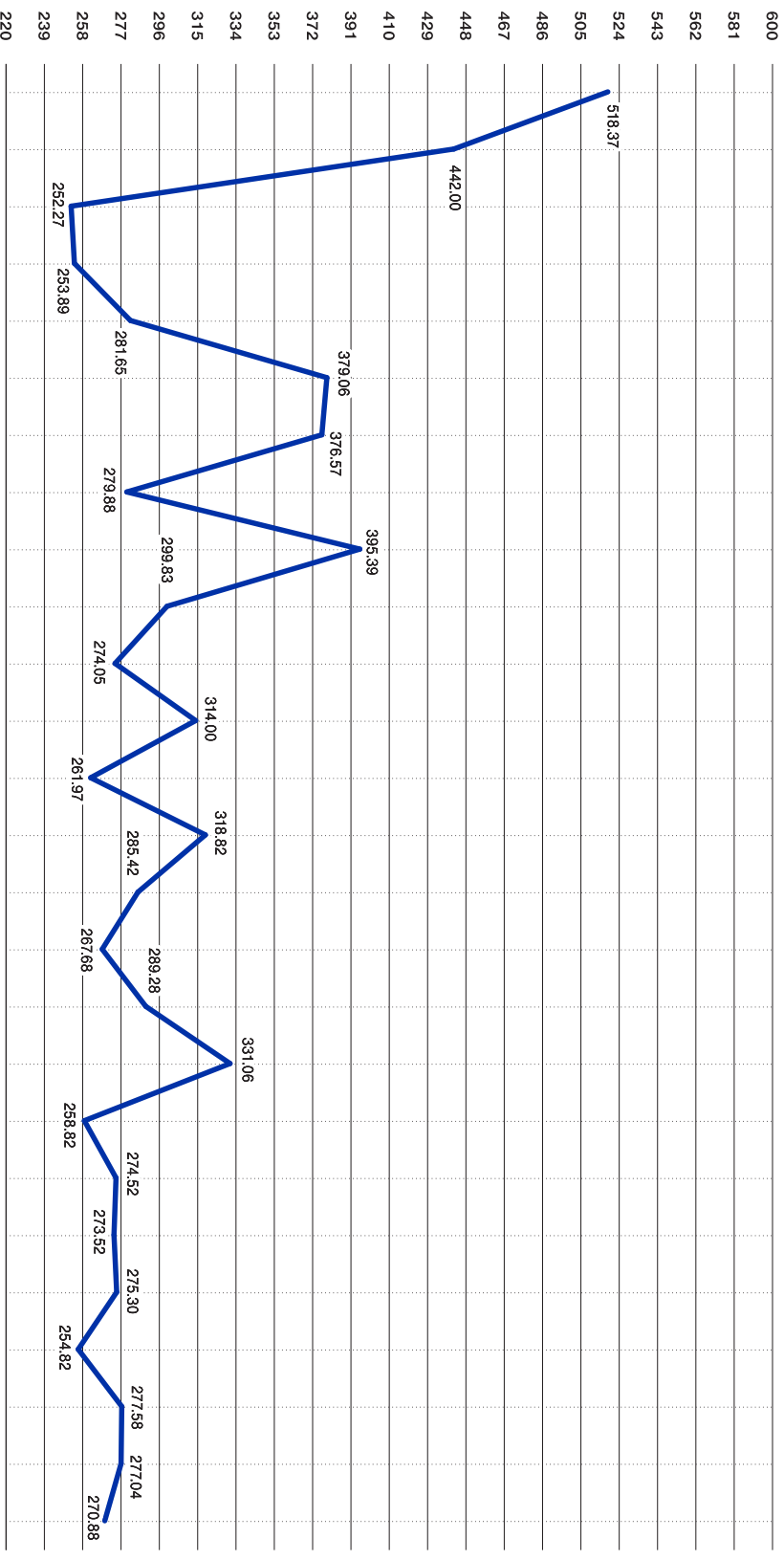


Lubbock Economic Pulse

Economic Components	Current Month	Last Month	One Year Ago
Index (Base Jan. 88 @ 100)	270.88	277.04	318.82
Sales Tax Collection	\$ 7,890,156	\$ 8,647,075	\$ 8,740,661
Sales Tax Collections (Year to Date)	\$ 7,890,156	\$ 106,646,261	\$ 8,740,661
New Vehicle Sales	846	974	758
Used Vehicle Sales	1,474	1,795	1,344
Airline Boardings	50,878	50,667	48,506
Hotel/Motel Receipt Tax	\$ 1,008,366	\$ 408,361	\$ 507,436
Population	263,648	263,648	263,648
Employment – CLF*	174,849	175,756	170,947
Unemployment Rate*	% 3.00	% 3.60	% 2.70
Total Worker Employed* (Household Survey)	169,532	169,476	166,269
Total Worker Employed* (Employer Survey)	163,400	163,700	161,900
Average Weekly Wages	\$ 1,024.00	\$ 1,024.00	\$ 1,014.00
Gas Meters	78,697	77,738	77,838
Interest Rates (30 year mortgage rates)	% 7.000	% 6.875	% 6.625
Building Permits (Dollar Amount)	\$ 52,154,858	\$ 120,004,733	\$ 191,788,043
Year to Date Permits (Dollar Amount)	\$ 1,053,739,936	\$ 1,001,585,078	\$ 1,470,402,816
Residential Starts	111	88	84
Year to Date Starts	1,592	1,481	1,693
Median House Sold Price	\$ 232,500	\$ 234,000	\$ 240,000
Drilling Rigs in Panhandle	7	9	12
Oil Per Barrel	\$ 78.89	\$ 70.83	\$ 72.71
Natural Gas	\$ 4.31	\$ 3.20	\$ 2.87
Wheat Per Bushel	\$ 6.39	\$ 6.67	\$ 6.35
Fed Cattle Per CWT	\$ 200.00	\$ 190.00	\$ 171.00
Corn	\$ 4.79	\$ 4.43	\$ 4.44
Cotton (Cents Per Pound)	\$ 64.96	\$ 65.16	\$ 76.22
Milk	\$ 20.05	\$ 18.75	\$ 16.00

Heads up, it's time for the legal spiel!

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