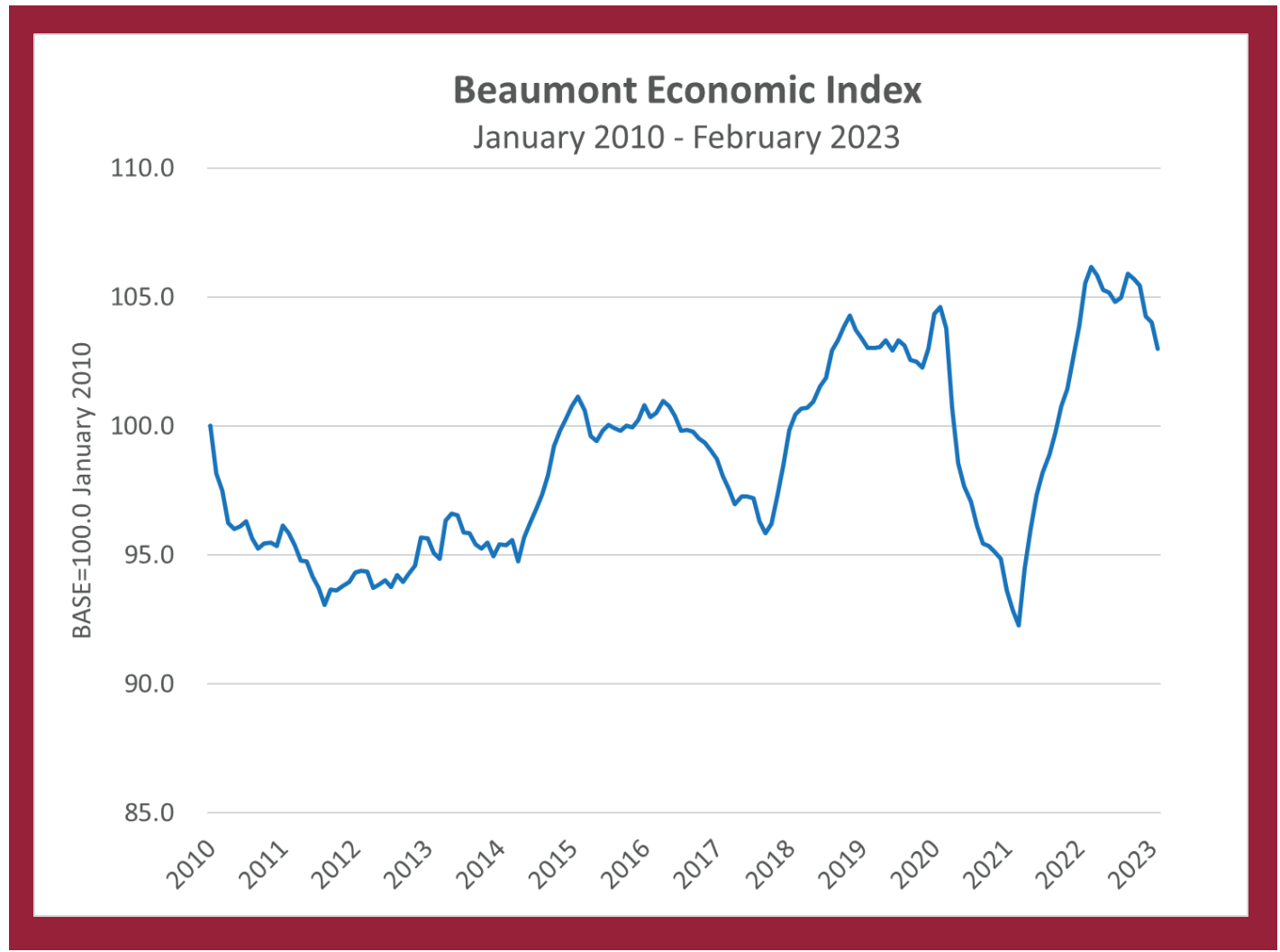


## The Beaumont Chamber of Commerce Economic Index

Welcome to the Beaumont Economic Index, the centerpiece of the Beaumont Economic Pulse. The index serves as tool for tracking growth rates and business cycles, and in general the overall performance of the Beaumont economy. It is fully adjusted for inflation, seasonality, and volatility, though local economies have some natural volatility that is difficult to scrub in its entirety without lowering its sensitivity to movements in the economy and/or its various indicators.



THE ECONOMIC INDICATORS ON PAGE 2 ARE USED TO FORMULATE THE OVERALL ECONOMIC PULSE.

## ECONOMIC INDICATORS

BASE YEAR  
FEB 2010

THIS YEAR  
FEB 2023

LAST YEAR  
FEB 2022

% CHANGE  
22-23

Retail Spending - Month <small>(Taxable-Per Sales Tax Rebates)</small>	\$296,826,528	\$356,714,501	\$397,849,202	-10.3%
Retail Spending - Year-To-Date <small>(Taxable-Per Sales Tax Rebates)</small>	\$521,100,000	\$621,056,994	\$674,862,028	-8.0%
Automobile Spending - Month	\$39,118,998	\$58,082,711	\$57,762,893	0.6%
Automobile Spending - YTD	\$83,534,305	\$126,110,883	\$119,588,860	5.5%
Hotel Motel Revenue - Month	\$3,193,756	\$3,939,311	\$2,433,542	61.9%
Hotel Motel Revenue - YTD	\$6,446,528	\$7,172,613	\$5,522,424	29.9%
Building Permits Issued - Dollar Valuation - Month	\$52,358,246	\$26,552,210	\$18,996,828	39.8%
Building Permits Issued - Dollar Valuation - YTD	\$60,861,519	\$ 53,106,525	\$44,629,224	19.0%
Single-Family Residence Permits - Month	36	14	34	-58.8%
Single-Family Residence Permits - YTD	54	33	82	-59.8%
Existing Home Sales - Month	49	66	97	-32.0%
Existing Home Sales - YTD	90	144	184	-21.7%
Average Home Sale Price - Month	\$167,369	\$221,401	\$228,432	-3.1%
Average Home Sale Price - YTD	\$169,742	\$223,979	\$227,196	-1.4%
Dollar Volume Home Sales Activity - Month	\$11,502,386	\$14,612,489	\$24,090,793	-39.3%
Dollar Volume Home Sales Activity - YTD	\$21,415,901	\$32,387,799	\$45,561,483	-28.9%
<b>EMPLOYMENT</b>				
Payroll Employment - Month	48,470	46,635	45,615	2.2%
Payroll Employment - YTD Average	48,325	46,465	45,345	2.5%
Unemployment Rate - Month	10.0 %	6.0 %	5.9 %	1.7%
Unemployment Rate - YTD Average	10.1 %	5.9 %	6.1 %	-4.1%
Beaumont Economic Index	98.2	103.0	105.5	-2.4%

With the exception of the monthly average home sale price, all economic indicators expressed in dollar form above, are adjusted for inflation by restating all prior periods in current dollars.

Those indicators are: general spending per Beaumont city sales tax receipts, auto spending per Jefferson County motor vehicle sales tax collections (there is no "Beaumont-only" version of this indicator), hotel/motel activity per Beaumont city hotel/motel tax receipts, the valuation of all building permits issued by the city, for new residential and commercial construction as well as residential and commercial alterations/remodels, the number of new single-family housing permits issued, the number of existing home sales in the Beaumont market area, the average price of those sales, and the total dollar volume of those sales, Local Area Unemployment Statistics (LAUS) data on the number of Beaumont residents who are employed, and the Beaumont city unemployment rate.

All of the above index components that are dollar-denominated are fully adjusted for inflation. There is more than one way to do that, but we do it by adjusting prior periods in current dollars. These inflation comparisons keep the Beaumont Economic Pulse relevant over time, and accurate as to what is really happening in the local economy. “Real” means adjusted for inflation, and “nominal” means not adjusted for inflation. While the analysis itself is fully inflation-adjusted, the monthly table of economic indicators lists the nominal monthly average home sale price, as that is what readers are most likely to relate to.

Of all of these indicators, the most important, and thus the most heavily weighted, are general real spending per Beaumont sales tax receipts (rebates), and employment. These are simply the best indicators of the state of the current economy. An economy with growing general spending and employment is an economy in expansion, and an economy with declining general spending and employment is virtually always an economy in contraction.

The Beaumont Economic Index is now updated through February 2023. The index finished the year with a 1.6% increase over the December 2021 BEI, before declining modestly in January and declining more significantly in February.

The February 2023 Beaumont Economic Index of 103.0 is now down by 2.4% compared to the February 2022 BEI of 105.5

The culprits behind the declines in early 2023 are easy to spot: general real spending down by over 10% per the February numbers, and 8.0% through the first two months of the year compared to year-ago levels, along with deep declines in the housing indicators (housing construction and existing home sales) and an unemployment rate that is higher compared to a year ago.

Real auto spending was flat in February, but up by 5.5% for the year-to-date. Total construction activity is higher thus far in 2023, and hotel/motel activity is sharply higher through the first two months of 2023.

As you can imagine, COVID did a number on the economy, and Texas local economies are no exception. Spending, employment, and other measures of economic activity fell sharply, and have been in the midst of a recovery to one degree or another since then.

A word about inflation – as we all know, inflation has been an issue in the post-COVID economy, and has wreaked havoc with these numbers. For example, at its height, auto sales inflation was 25% or higher, and the same is true of construction inflation (measured by a PPI, rather than CPI). Hotel/motel was in deep deflation in 2020, before that reversed course and shifted to sharp inflation in 2021 and 2022. Because the various components of the CPI are adjusted for inflation, the effect is to lower the numbers that are ultimately used to calculate the Beaumont Economic Index. In other words, inflation alone has nefariously dampened what would perhaps have been higher rates of growth.

We will calculate and report the BEI each month in the Chamber’s Beaumont Economic Pulse report.