

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
MAR 2010

LAST YEAR
MAR 2022

THIS YEAR
MAR 2023

% CHANGE
22-23

Retail Spending - Month <small>(Taxable-Per Sales Tax Rebates)</small>	\$ 200,928,104	\$343,314,583	\$251,066,463	-26.9%
Retail Spending - Year-To-Date <small>(Taxable-Per Sales Tax Rebates)</small>	\$ 724,705,376	\$1,021,643,871	\$875,314,282	-14.3%
New Businesses (Brick & Mortar) - Month	-	-	25	-
Automobile Spending - Month	\$ 54,224,672	\$69,050,536	\$68,559,396	-0.7%
Automobile Spending - YTD	\$ 137,582,734	\$188,387,084	\$194,404,207	3.2%
Hotel Motel Revenue - Month	\$4,195,207	\$4,981,030	\$2,059,215	-58.7%
Hotel Motel Revenue - YTD	\$10,679,252	\$10,535,593	\$9,273,570	-12.0%
Building Permits Issued - Dollar Valuation - Month	\$78,823,988	\$5,680,368	\$13,204,554	132.5%
Building Permits Issued - Dollar Valuation - YTD	\$139,738,537	\$50,348,47	\$66,370,209	31.8%
Single-Family Residence Permits - Month	33	27	31	14.8%
Single-Family Residence Permits - YTD	87	109	64	-41.3%
Existing Home Sales - Month	75	145	101	-30.3%
Existing Home Sales - YTD	165	329	244	-25.8%
Average Home Sale Price - Month	\$159,779	\$242,898	\$220,355	-9.3%
Average Home Sale Price - YTD	\$165,213	\$234,116	\$223,164	-4.7%
Dollar Volume Home Sales Activity - Month	\$ 16,945,969	\$38,365,408	\$22,255,853	-42.0%
Dollar Volume Home Sales Activity - YTD	\$38,519,700	\$84,262,669	\$54,824,158	-34.9%
EMPLOYMENT				
Payroll Employment - Month	48,545	46,105	47,030	2.0%
Payroll Employment - YTD Average	48,395	45,600	46,660	2.3%
Unemployment Rate - Month	10.1	5.2	5.8	11.5%
Unemployment Rate - YTD Average	10.1	5.8	5.8	-0.6%
Beaumont Economic Index	97.5	106.2	102.5	-3.4%

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.

Economic activity in Beaumont continues to weaken through the end of the first quarter 2023 with the Beaumont Economic Index declining again to 102.5 down from 103.0 in February, and down by 3.4% compared to the March 2022 BEI of 106.2.

The March/1st quarter table of Beaumont economic indicators (the components of the index) is peppered with year-over-year negatives, including general real spending, hotel/motel activity, and home sales and prices. Auto spending was down slightly for the month but remains higher for the year-to-date, while new housing construction was higher in March but down by 40% in the first quarter. Employment is improved compared to year-ago levels, but the unemployment rate is inching upward and is now higher year-over-year.

General real (inflation-adjusted) spending per the March Beaumont sales tax rebate was down by 27% compared to March of a year ago; however, the March 2022 total was up by 28%, so the March 2023 decline looks a little better in that context. The year-to-date spending total is off by over 14% compared to March 2022, which in turn was up by 30% compared to the first three months of the prior year.

Inflation-adjusted spending on new and used motor vehicles was down just slightly for the month compared to March of a year ago, but the total for the year-to-date is up by 3.2% compared to the first quarter 2022.

The hotel/motel data reflects some volatility in the data; real spending on lodging in Beaumont was down by 59% year-over-year according to city hotel/motel tax collections for March activity. That is not likely correct – and conversely, it seems unlikely that hotel/motel spending was some 62% higher in February. That said, hotel/motel spending does appear to be on the decline. The first quarter is down by about 12% year-over-year, and the total for the 12 months ending March 2023 is down by 21% compared to the previous 12 months.

The real valuation of all building permits issued (new and remodel alterations, commercial and residential) was up by 132% compared to a low March 2022 total, and first quarter building permits are up by a solid 32% compared to the first three months of a year ago.

The 31 new single-family residence construction permits was up by 15% (four additional permits) in March, the first year-over-year increase since December 2021. However, the year-to-date total still reflects that downward trend, down by 41% for the quarter compared to the first quarter 2022..

Existing home sales are on the decline as well compared to a record first quarter in 2022. March closed sales were down by about 30% compared to the March monthly record total from a year ago, and first quarter sales were down by over 25%, again compared to a record first quarter 2022. The average price of those sales is lower as well, though again compared to some impressive numbers from last year. The March 2023 average price was down by over 9% compared to the March 2022 average, which in turn was up by over 14% year-over-year, while the first quarter average was down by 4.7% compared to the first quarter of a year ago, which in turn was up by nearly 15% compared to the first three months of the previous year.

Lower numbers of sales at lower prices means the total dollar volume of sales is lower, and then the inflation adjustment makes that end result a bit worse. The real total dollar volume of residential real estate sales in the Beaumont market area was down by 42% and 35% for March and the first quarter, respectively, compared to year-ago levels. Again, however, the March and first quarter 2022 totals were impressive, and were records for those time periods.

Employment growth continues at a modest but steady pace, with the number of employed Beaumont residents (per the Local Area Unemployment Statistics – LAUS – data) up by 2.0% for the month compared to March of a year ago. The Beaumont city unemployment rate, which had been steadily lower year-over-year, has reversed course now and is higher compared to year-ago levels at 5.8% in March compared to 5.2% in March 2022.

A number of other Texas cities and metro areas have observed the same reversal in the unemployment rate. The chief concern at present remains potential economic weakness in 2023 as a result of the onset of recession in the U.S. before the year is out. Some reliable recession indicators continue to reflect the strong possibility of domestic recession sometime this year, which would almost certainly affect the Beaumont area along with other Texas cities and metro areas.