

SAN ANTONIO REGIONAL ECONOMY

Presented to:
Bank SNB
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Please contact Steve Nivin with any questions or comments at snivin@stmarytx.edu or 210-517-3609.

Texas leading index slowing growth in Texas over about the next 6-12 months.

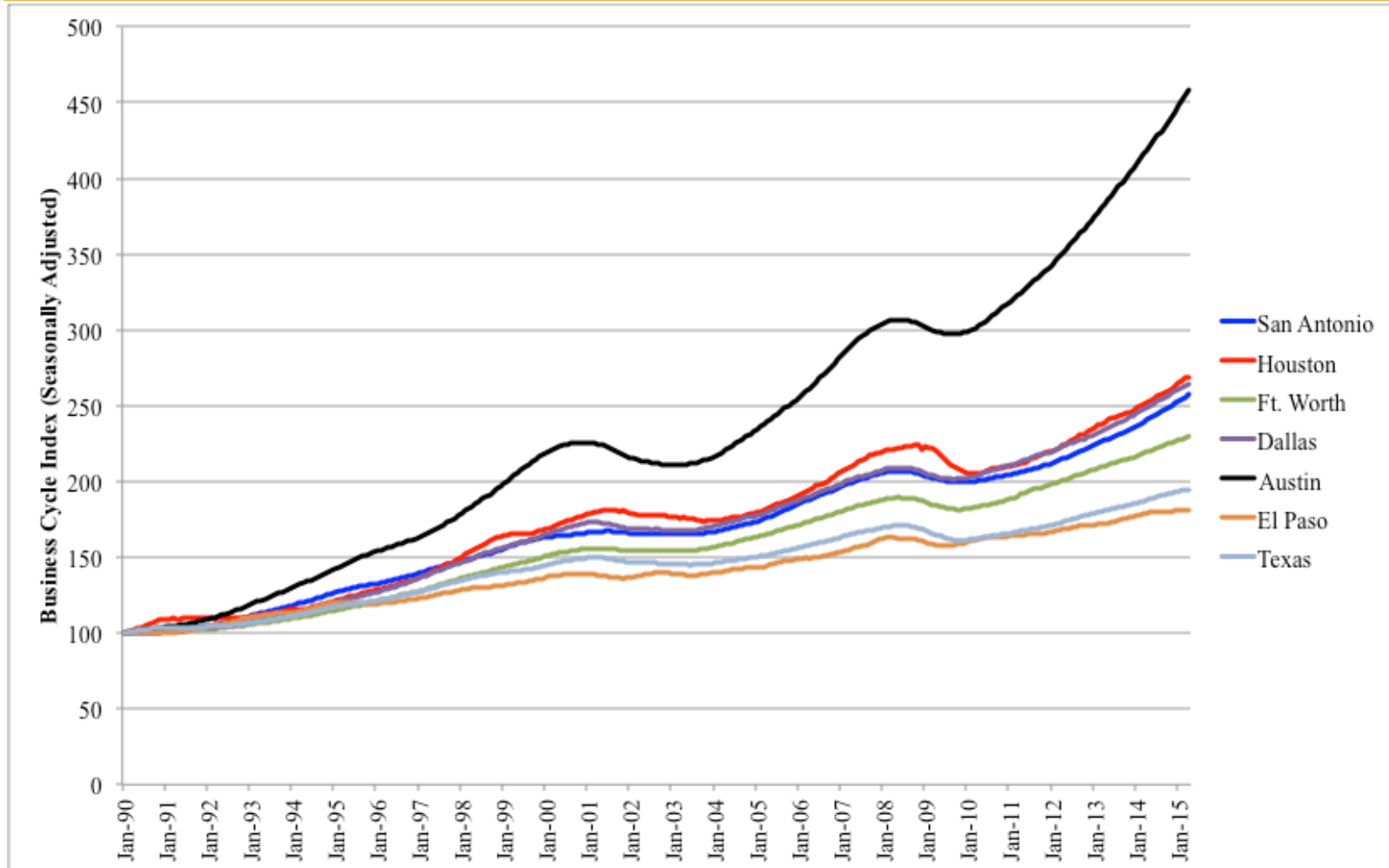
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Source: Federal Reserve Bank of Dallas

Business cycle index indicates continued growth across most major metro economies with Houston and El Paso economies leveling off in March and April.

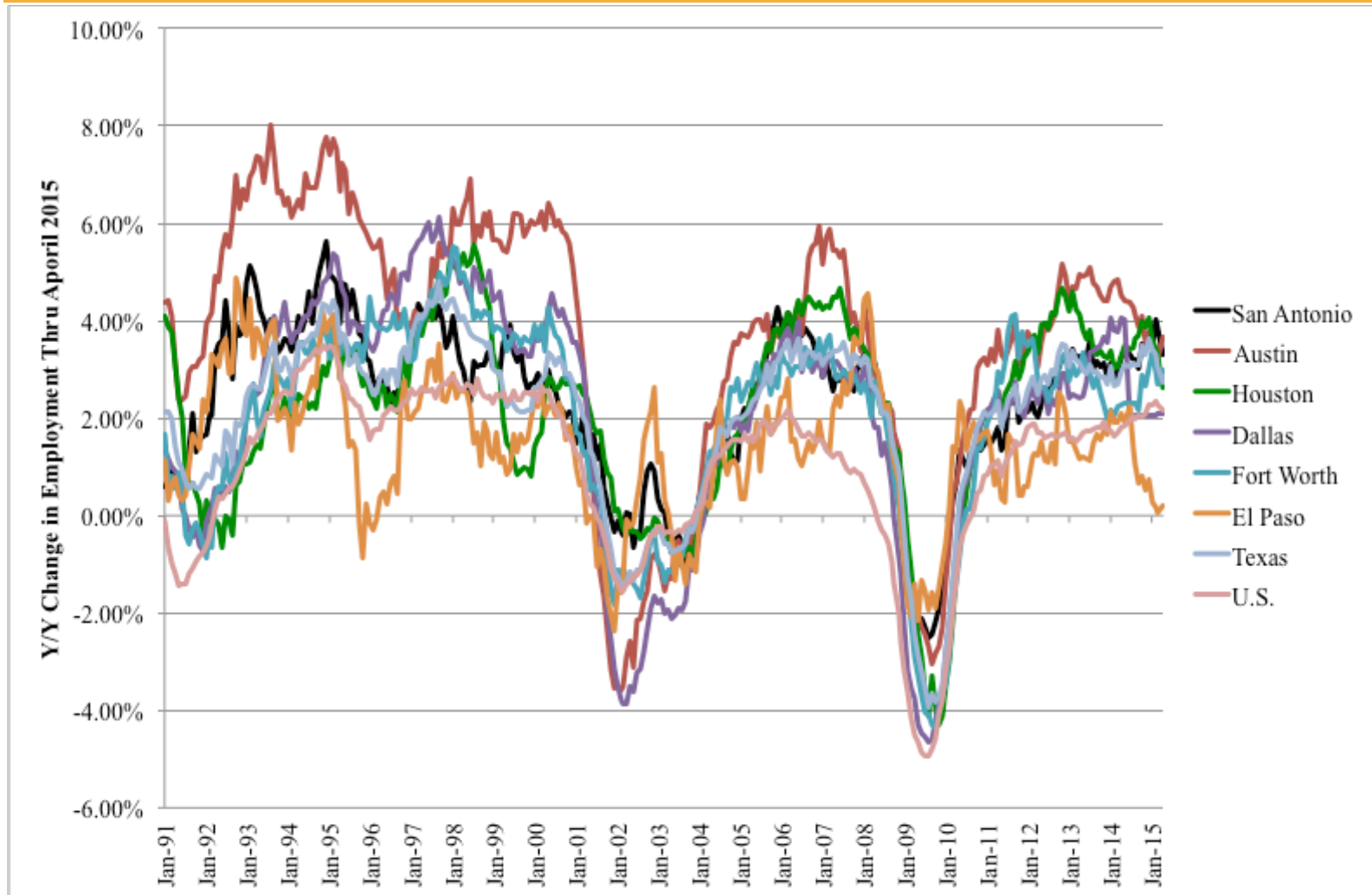
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Source: Federal Reserve Bank of Dallas

Major metros and Texas continue to show solid employment growth through April 2015.

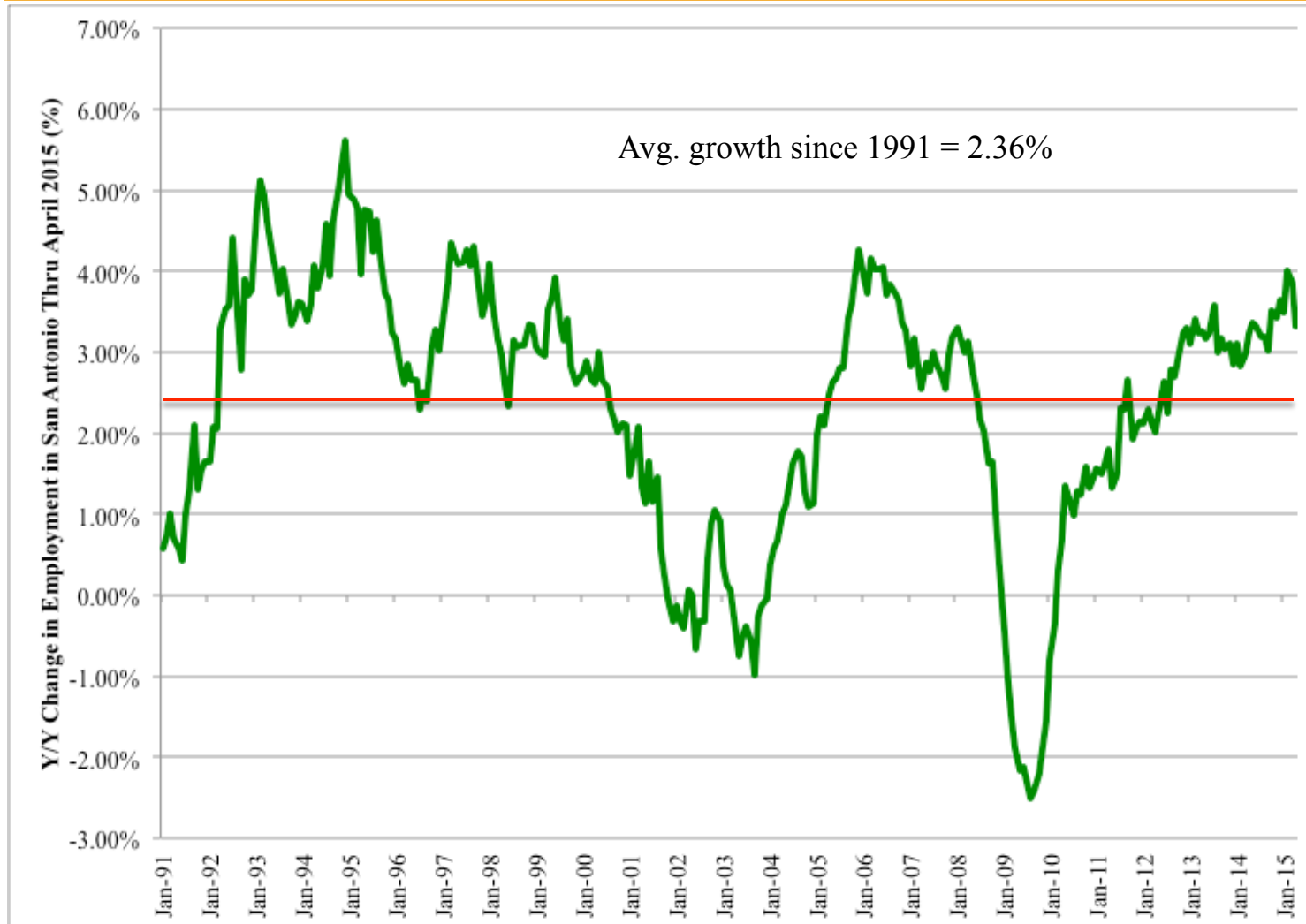
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Source: BLS; Federal Reserve Bank of Dallas; Calculations by Steve Nivin, Ph.D.

Employment in San Antonio continues to grow above the long-term (since 1991) trend.

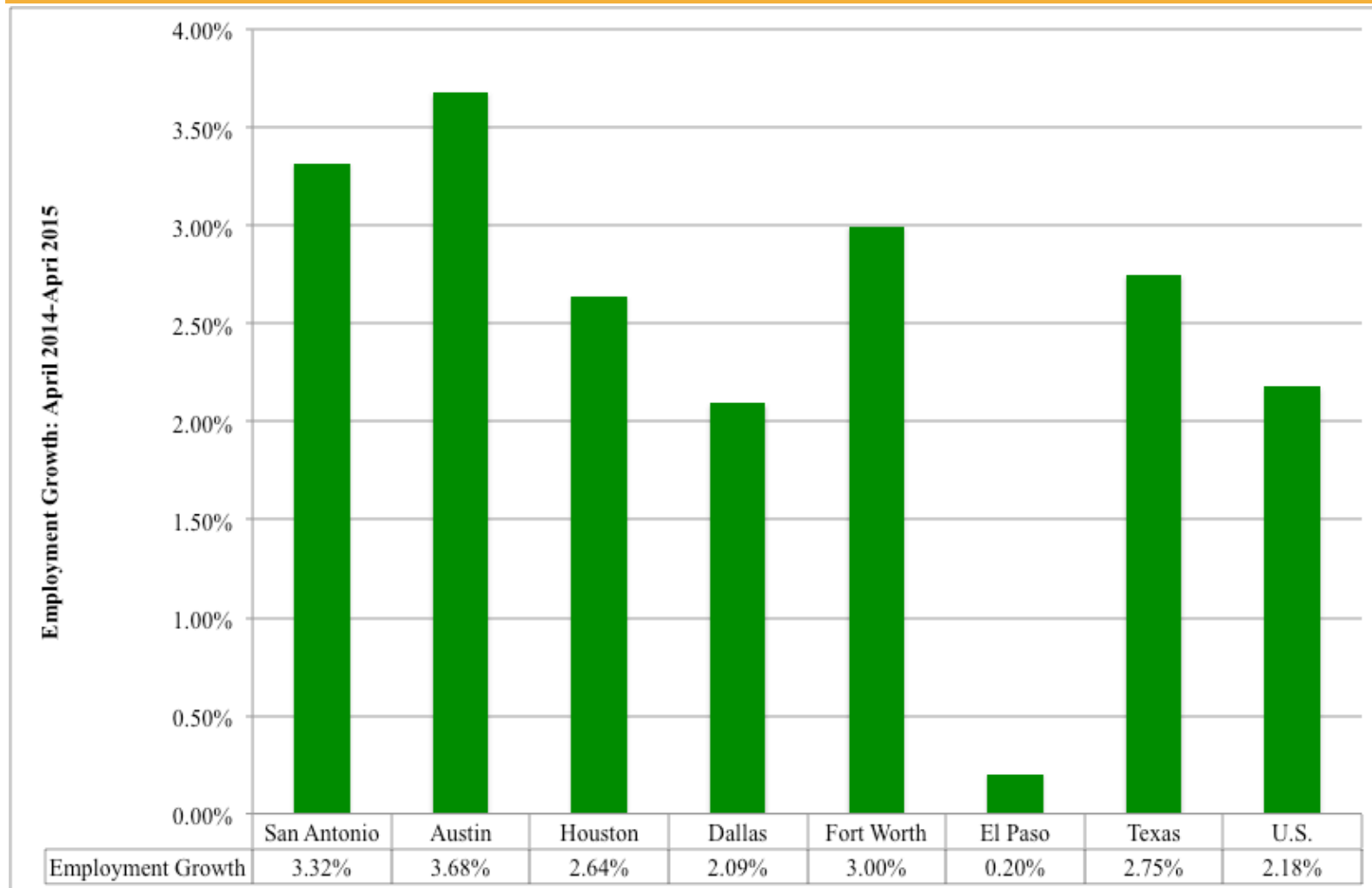
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Source: BLS; Federal Reserve Bank of Dallas; Calculations by Steve Nivin, Ph.D.

Employment growth in San Antonio outpaced all the major metros except Austin in April.

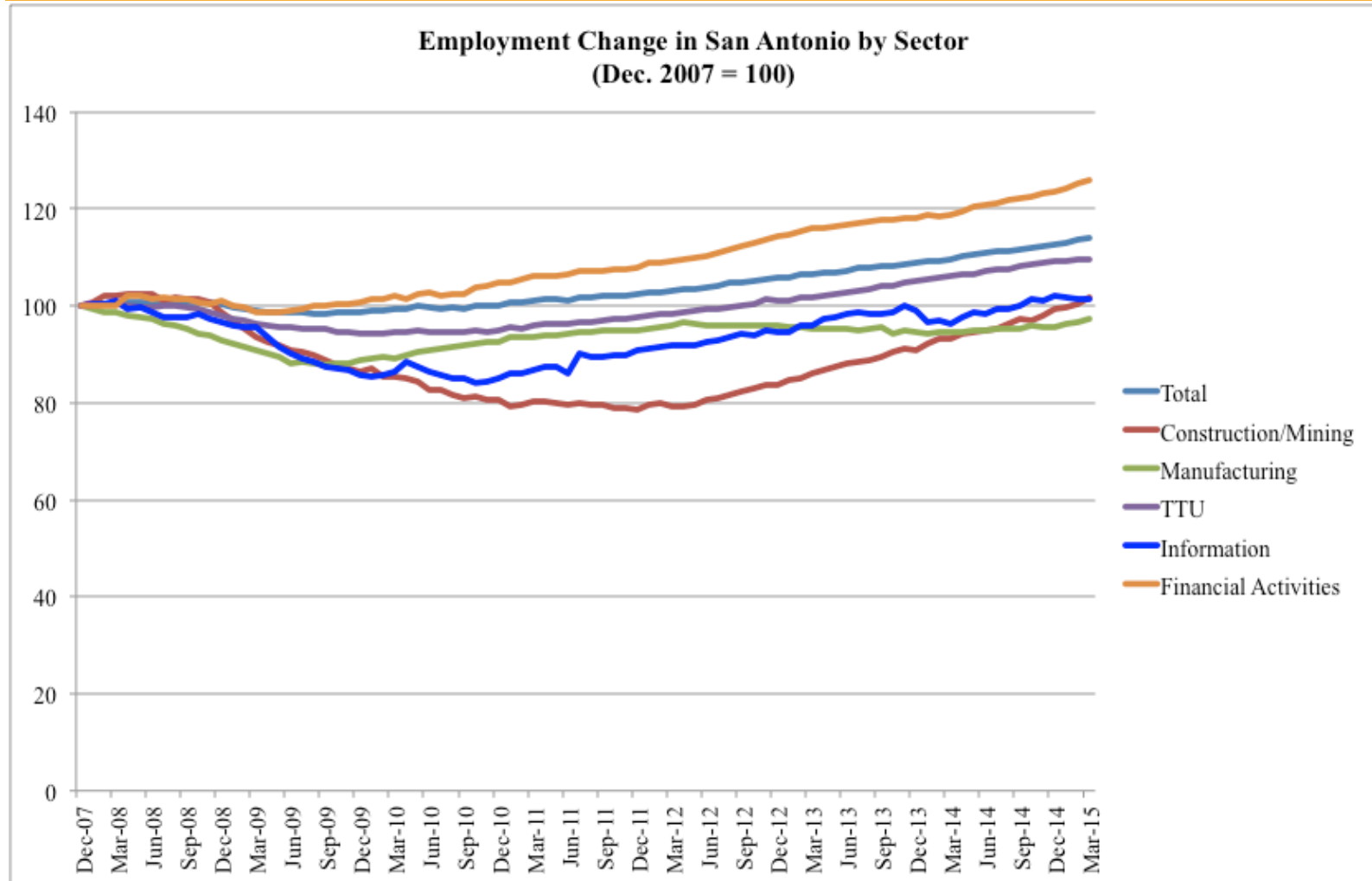
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Source: BLS; Federal Reserve Bank of Dallas; Calculations by Steve Nivin, Ph.D.

Financial activities showing strong growth and construction/mining employment finally back to pre-recession level, while manufacturing still facing headwinds.

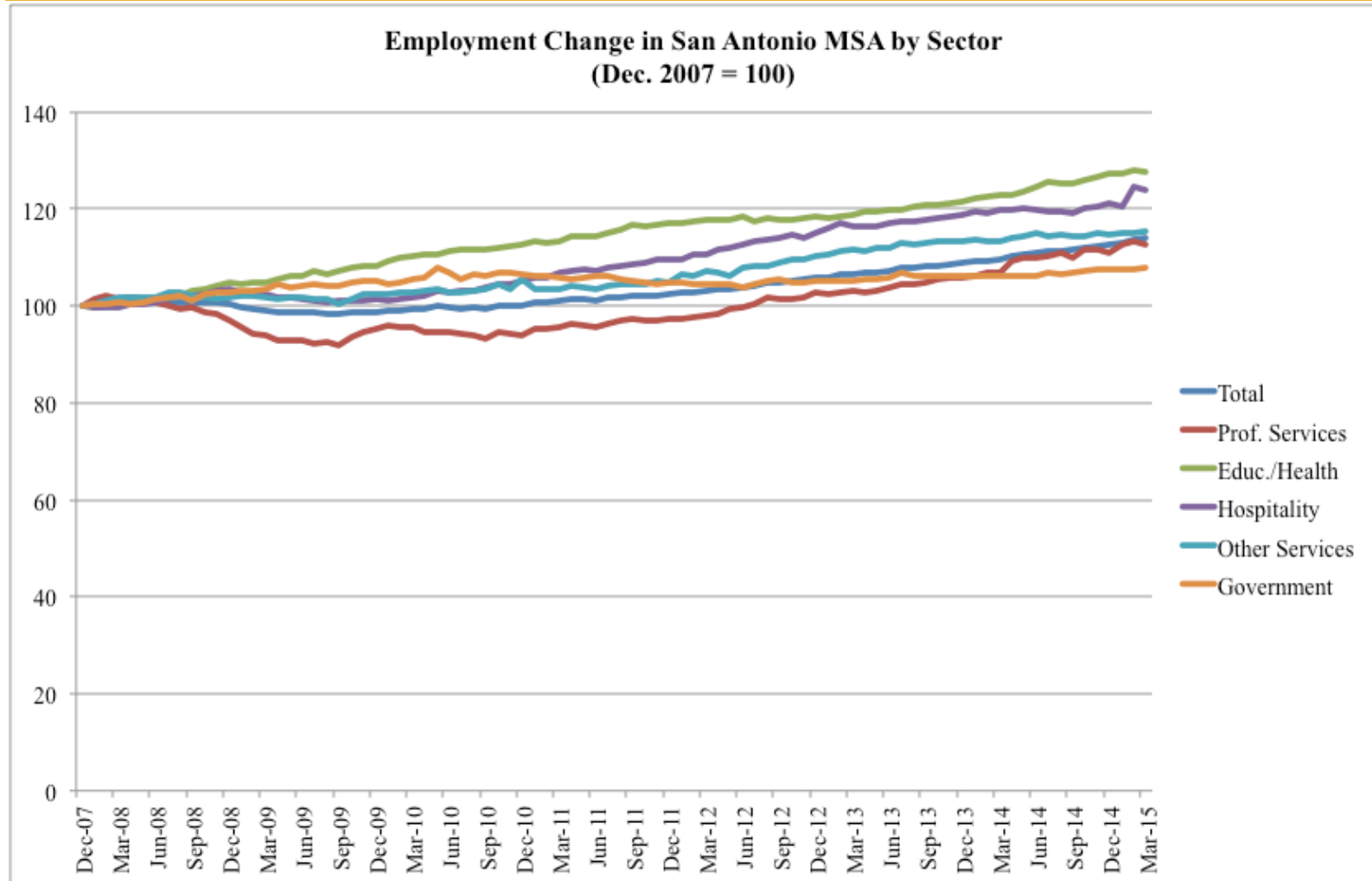
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Source: BLS; Federal Reserve Bank of Dallas; Calculations by Steve Nivin, Ph.D.

Professional services, education/health, and hospitality sectors continue healthy employment growth.

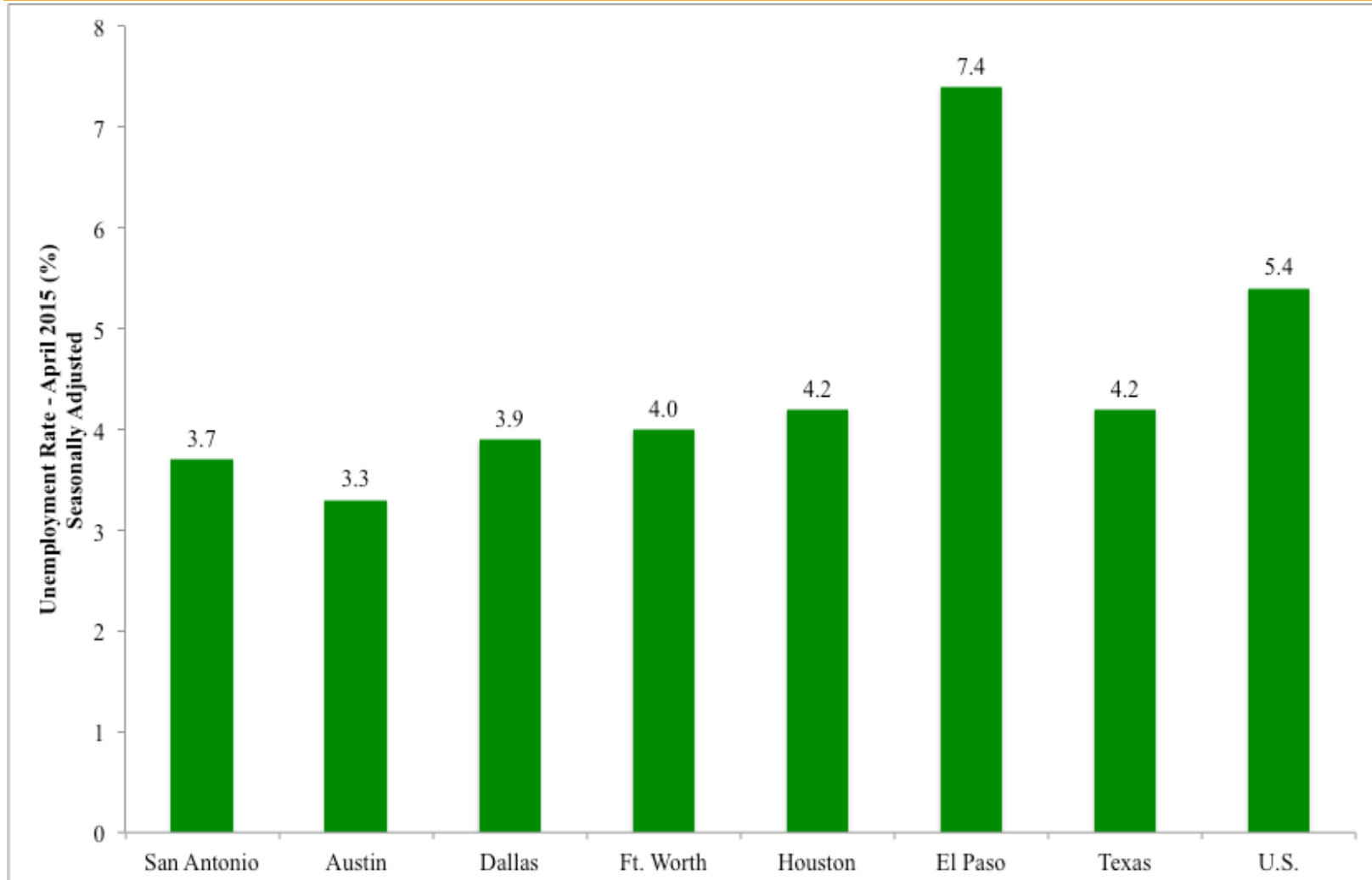
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Source: BLS; Federal Reserve Bank of Dallas; Calculations by Steve Nivin, Ph.D.

Unemployment rate in San Antonio second lowest among major metropolitan economies in Texas.

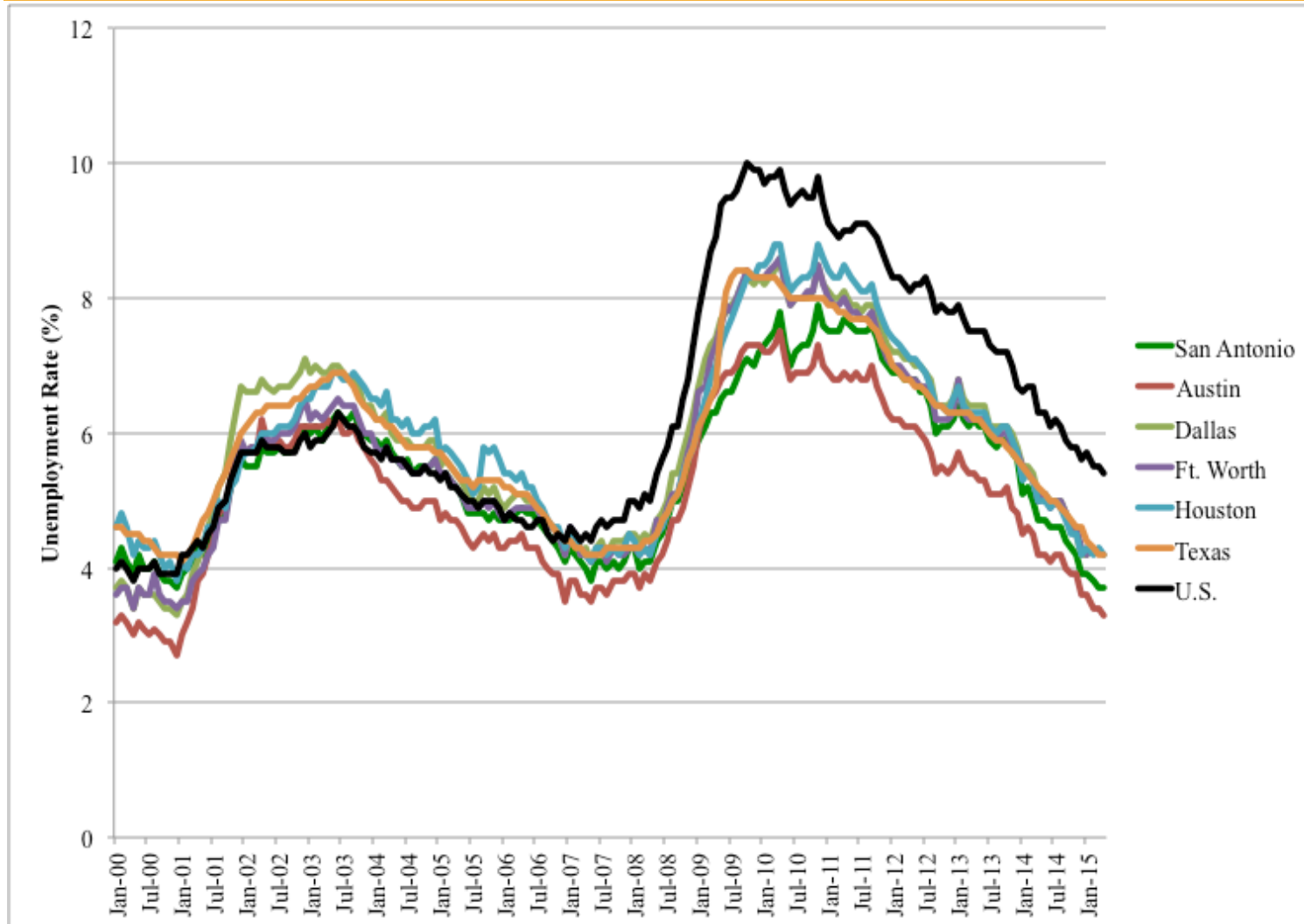
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Source: Bureau of Labor Statistics; Federal Reserve Bank of Dallas

Unemployment rate continues to trend downward. Labor markets have to be close to full-employment level, if not already at it.

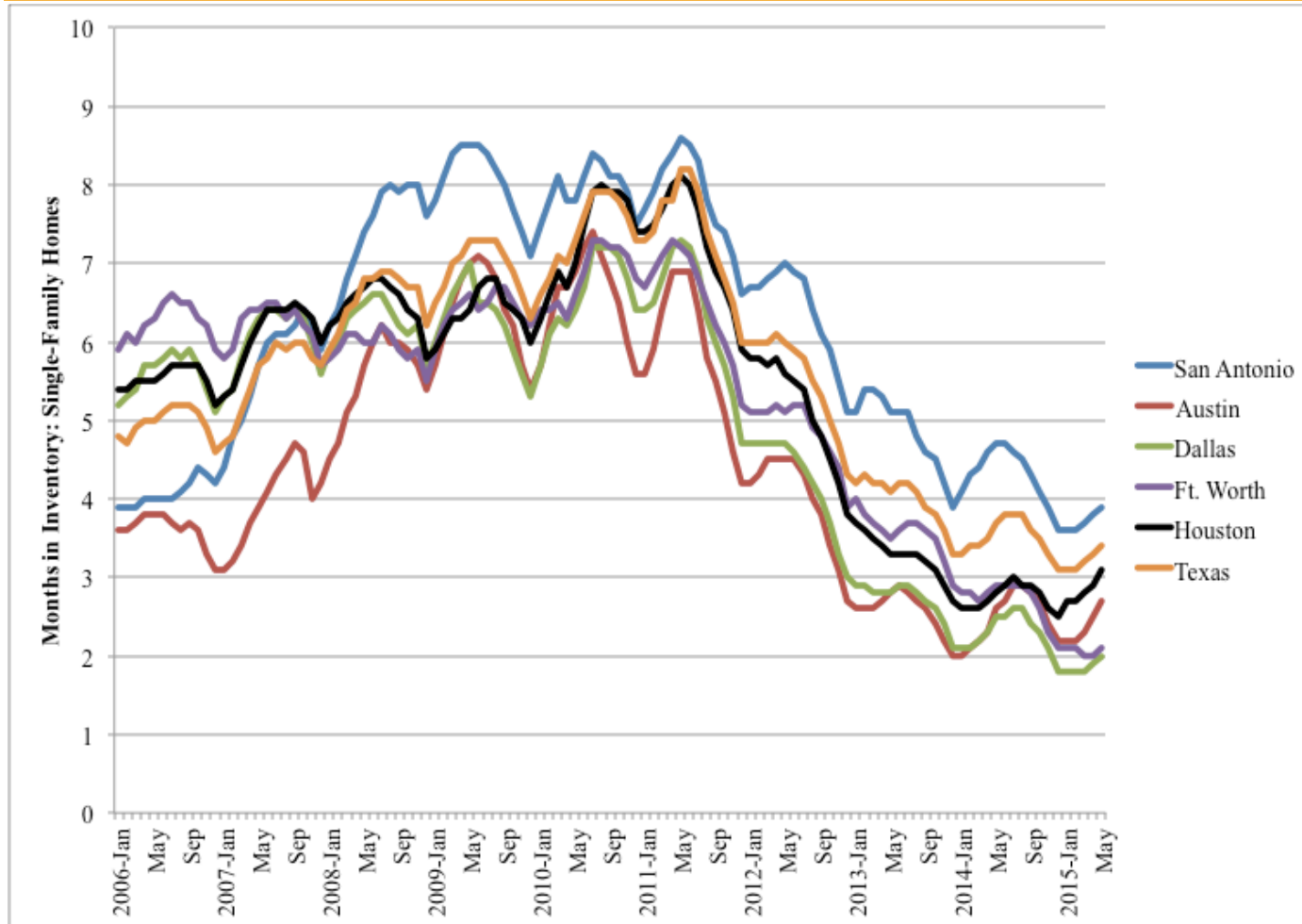
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Source: Bureau of Labor Statistics; seasonal adjustment by Federal Reserve Bank of Dallas

Single family housing market is very strong in San Antonio and across Texas.

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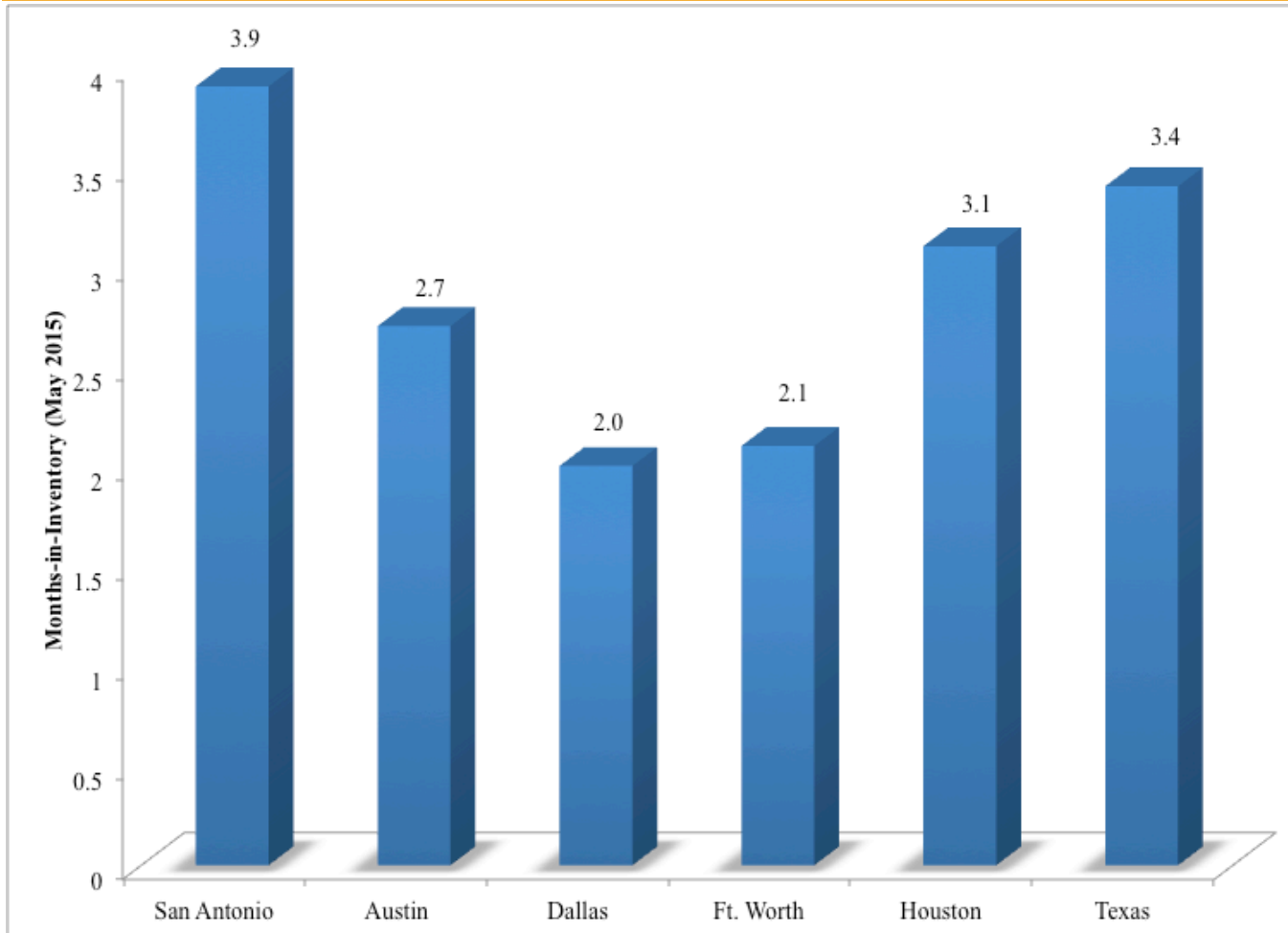


Source: Texas A&M Real Estate Center

Months in inventory measures how many months will take to sell the current inventory, based on the average number of sales per month in the previous year.

There is very little single family housing inventory in the major housing markets in Texas.

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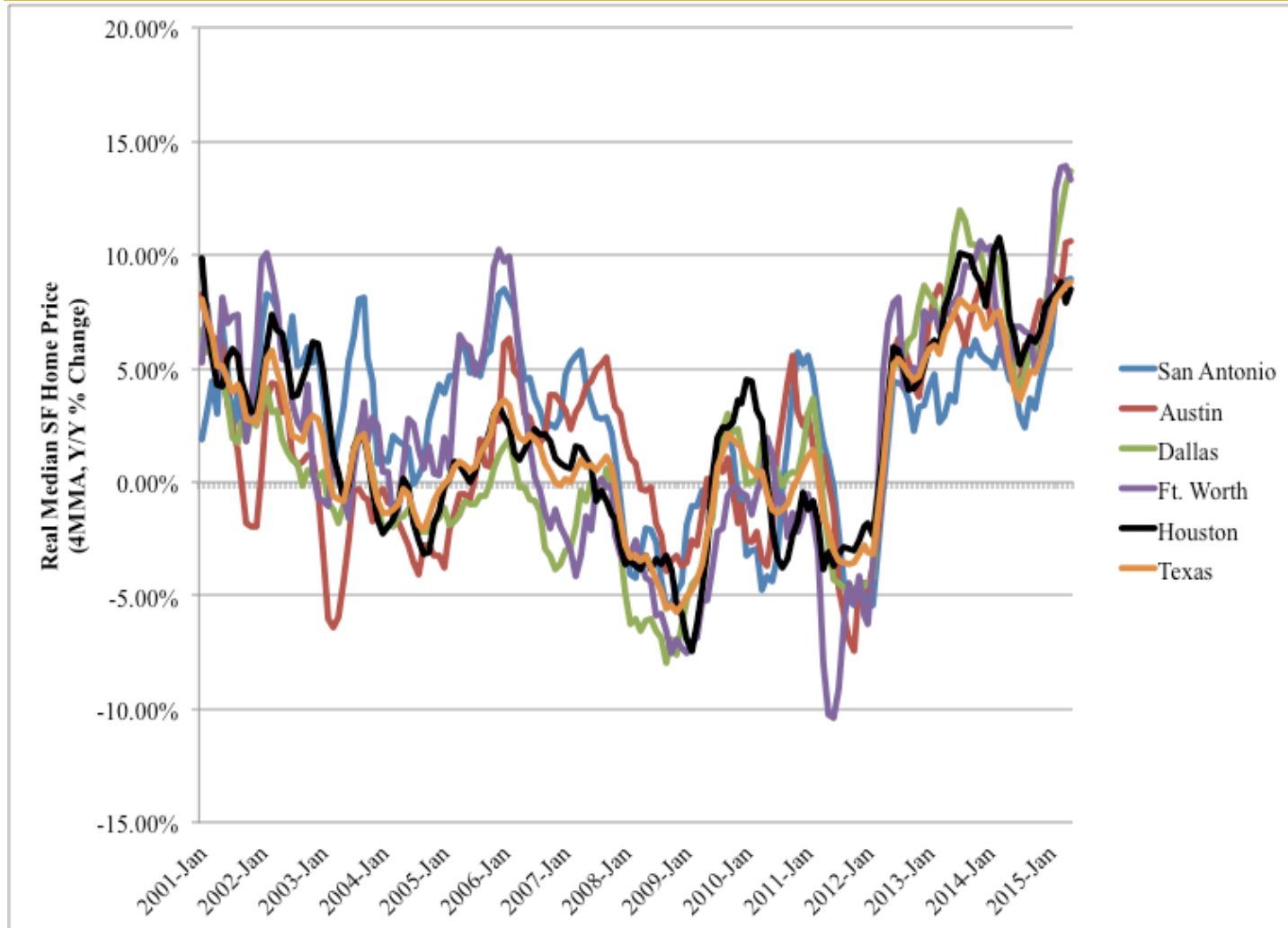


Source: Texas A&M Real Estate Center

Months in inventory measures how many months will take to sell the current inventory, based on the average number of sales per month in the previous year.

Tight market is causing an acceleration in home prices.

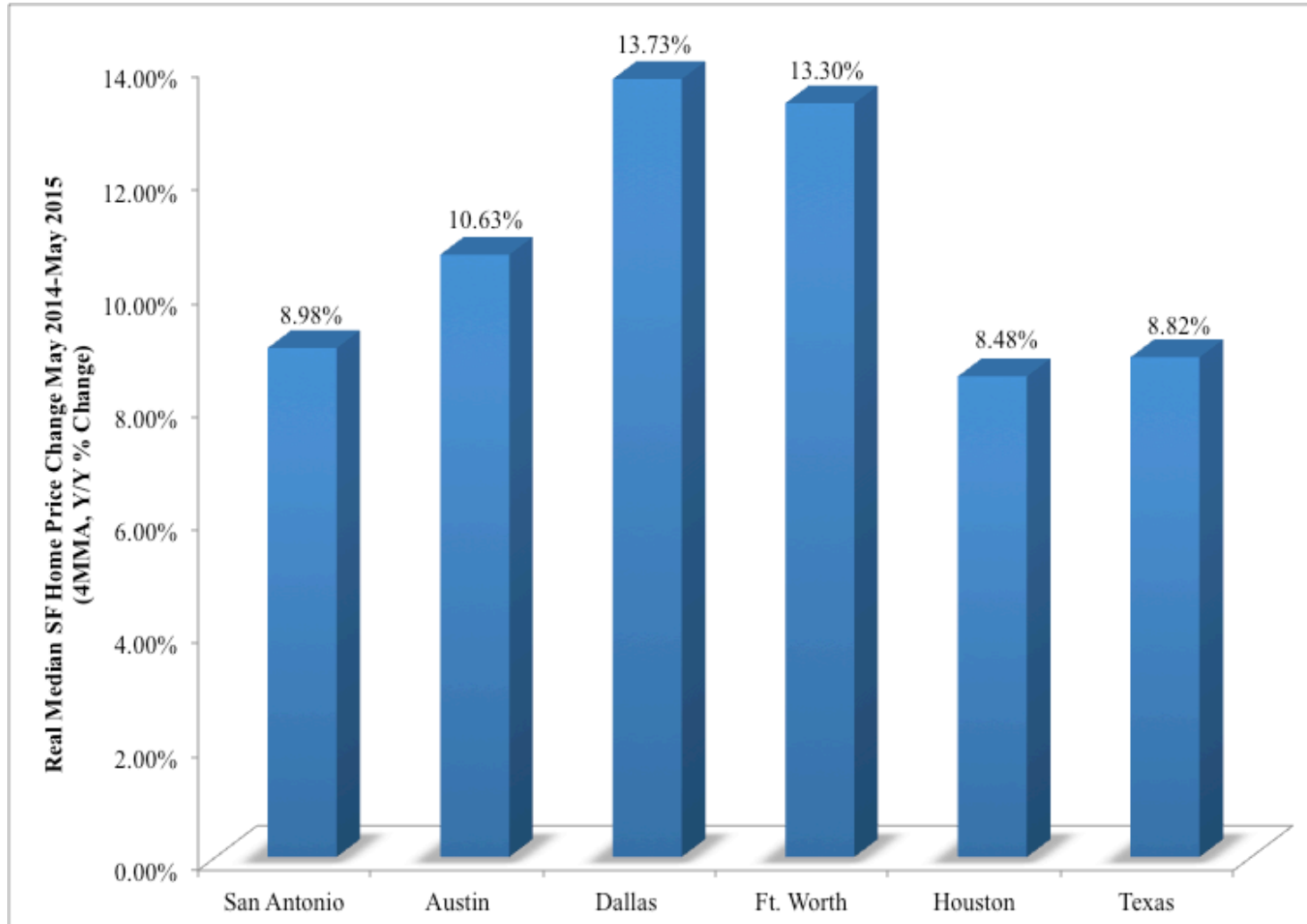
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Source: Texas A&M Real Estate Center; Calculations by Steve Nivin, Ph.D.

Increases in home prices are lower in San Antonio but still quite strong.

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Source: Texas A&M Real Estate Center; Calculations by Steve Nivin, Ph.D.

Growth could lead to a San Antonio-Austin Mega-Region.

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San Antonio-Austin Mega-Region				
County	Major City	2015	2035	Growth Rate
Bastrop	Elgin	80,780	115,997	43.60%
Caldwell	Lockhart	41,100	54,485	32.57%
Hays	San Marcos	182,893	308,142	68.48%
Travis	Austin	1,111,829	1,407,810	26.62%
Williamson	Round Rock	477,329	744,423	55.96%
Atascosa	Pleasanton	48,451	63,491	31.04%
Bandera	Lakehills	21,475	24,089	12.17%
Bexar	San Antonio	1,839,926	2,331,743	26.73%
Comal	New Braunfels	118,571	160,515	35.37%
Guadalupe	Seguin	144,847	204,763	41.37%
Kendall	Boerne	36,090	47,658	32.05%
Medina	Hondo	49,158	62,562	27.27%
Wilson	Floresville	46,488	61,693	32.71%
<i>Total</i>		<i>4,198,937</i>	<i>5,587,371</i>	<i>33.07%</i>
Dallas-Ft. Worth		6,907,216	9,059,825	31.16%

Source: Office of the Texas State Demographer; Assuming 0.5 growth scenario

San Antonio 2015 Forecast

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- Employment growth of 2.25-3.0%
 - ▣ Growth of 24,000 to 28,800 jobs
- Unemployment rate at 3.4-3.8%
- Risks to forecast
 - ▣ Low oil prices...although could be net positive to San Antonio
 - ▣ Slowing growth around the world, especially in E.U. and China
 - ▣ Strong dollar
 - ▣ Tight labor market

Thank you!!!

Questions?