



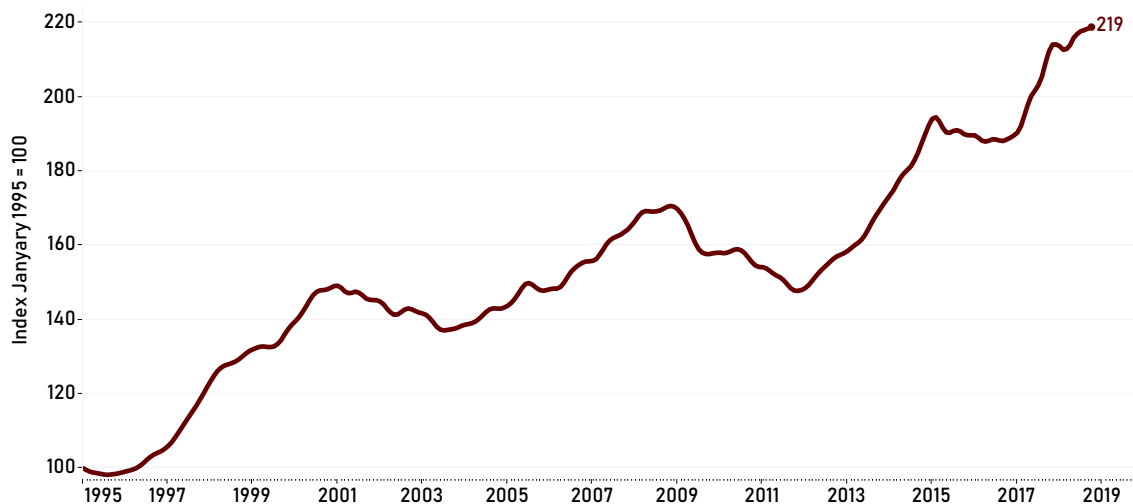
## HIGHLIGHTS

- Growth remains positive, but is slowing. The Business-Cycle Index rose at an annualized rate of 2.4%, below the long-run average growth rate, but up slightly from the growth rate for September.
- The unemployment rate decreased 0.1% in October, to 2.8%.
- Employment in October decreased at an annualized rate of 1.4% from its September figure, but is up 1.3% from last year's level in October 2017.
- In October 2018, real taxable sales were up 3.7% when compared to October 2017.
- Real wages decreased 0.6% from the first to second quarter of 2018, but displayed an increase of 4.1% over the last year.

## THE COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX

Figure 1 depicts the College Station-Bryan (CSB) Business-Cycle Index. The October estimate of the CSB Business-Cycle Index is 219, up 1 percentage point from the revised September value.

**FIGURE 1. COLLEGE STATION-BRYAN BUSINESS-CYCLE INDEX**

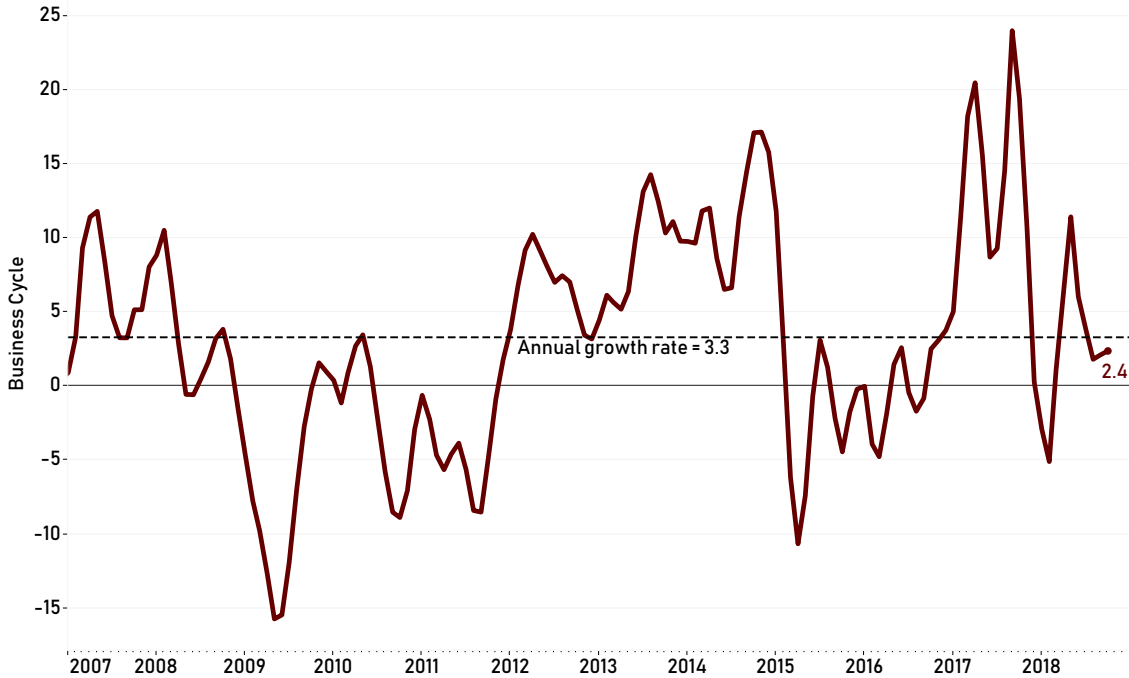


Last reported data point: October 2018 (monthly). Source: Private Enterprise Research Center.

## THE COLLEGE STATION-BRYAN BUSINESS-CYCLE

The CSB Business-Cycle Index expanded at an annualized rate of 2.4% in October. Growth continues to be positive, but is below the average long-run annual growth rate, as seen in Figure 2. Over the course of this year, the annualized growth rate has averaged 2.7%. Nonfarm employment (not graphed) decreased slightly in October relative to September by about 100 employees, or 0.1%. Real taxable sales in October 2018 (not graphed) were 3.7% higher than in October 2017. Quarterly real wages paid in the CSB MSA (not graphed) decreased 0.6% from the first to second quarter of 2018. However, second quarter real wages were 4.1%, higher than real wages in the second quarter of 2017.

**FIGURE 2. COLLEGE STATION-BRYAN BUSINESS-CYCLE**

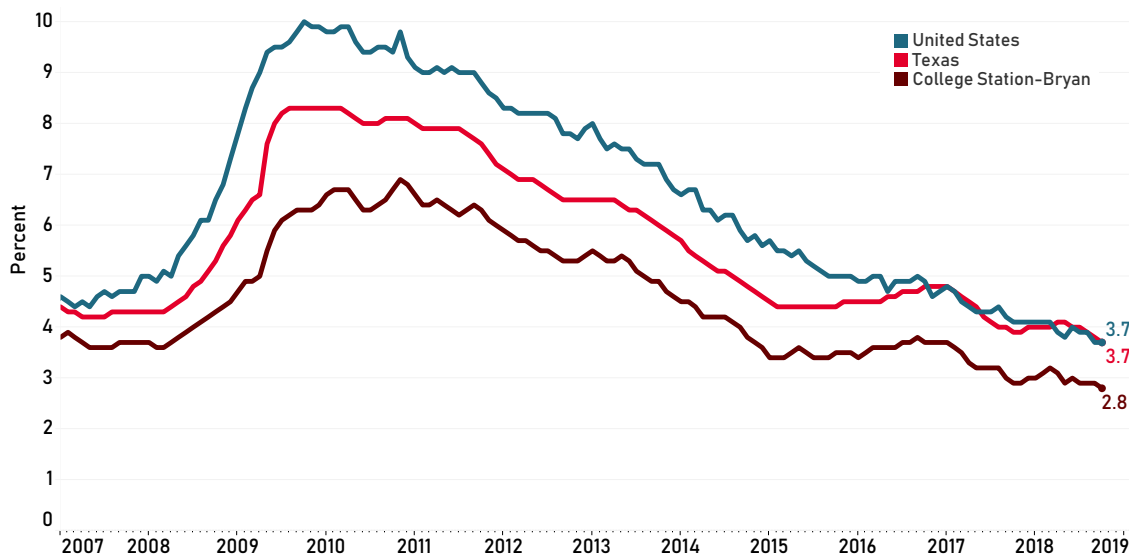


Annualized month-to-month growth rates. Last reported data point: October 2018 (monthly). Source: Private Enterprise Research Center.

### UNEMPLOYMENT RATE

Figure 3 depicts the unemployment rate in the College Station-Bryan MSA from January 2007 to October 2018, along with the rate for Texas and the U.S. In October, the CSB unemployment rate of 2.8% decreased to its lowest point since the 1990s. Between September and October, the U.S. unemployment rate remained unchanged at 3.7%, while the Texas rate continued its downward trend from 3.8% to 3.7%.

**FIGURE 3. UNEMPLOYMENT RATE**



Seasonally adjusted. Last reported data point: October 2018 (monthly). Source: Bureau of Labor Statistics.

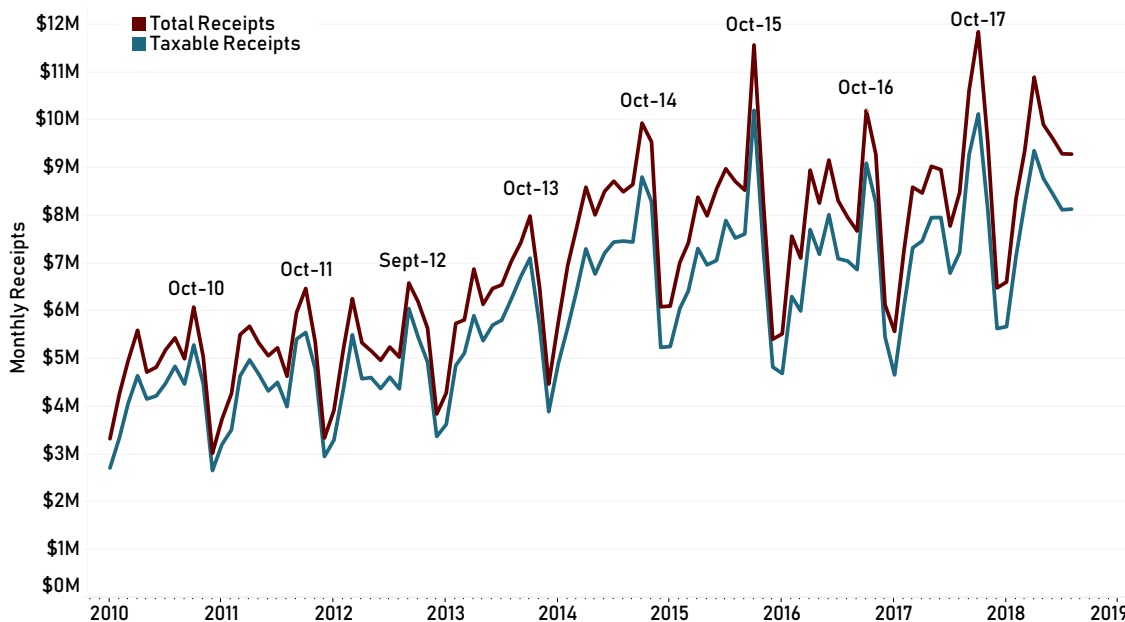
## FOCUS ON THE COLLEGE STATION-BRYAN MSA

This month, we highlight the hotel industry in College Station-Bryan. The monthly hotel statistics for Brazos County are derived from data from the Texas Comptroller of Public Accounts.<sup>1</sup>

### HOTEL RECEIPTS

Figure 4 depicts the total and taxable hotel receipts in Brazos County from January 2010 to September 2018. These have not been adjusted for inflation. Total receipts includes both taxable and nontaxable receipts. Monthly taxable receipts have averaged about 87% of total receipts. Shown below, monthly receipts tend to be highest during Texas A&M University's football season from September to November and are lowest in December and January. The highest total receipts for a single month were \$11.9 million in October of 2017. Total hotel receipts through August of 2018 were \$73.3 million, or 14.2% higher than the total receipts for the first eight months of 2017.

FIGURE 4. MONTHLY TOTAL AND TAXABLE HOTEL RECEIPTS-BRAZOS COUNTY

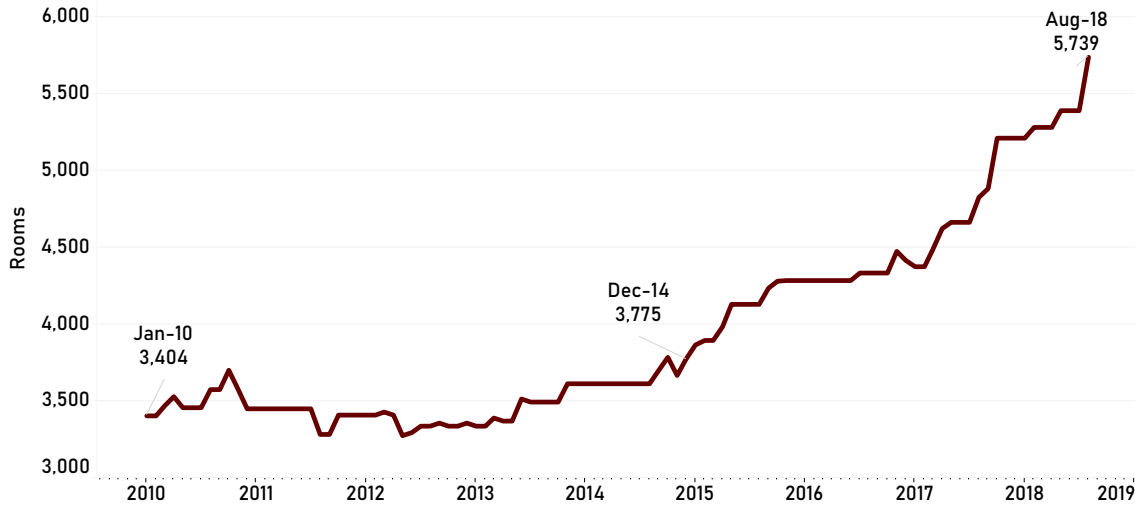


Last reported data point: August 2018 (monthly). Source: Texas Comptroller of Public Accounts; adjustments by the Private Enterprise Research Center.

### HOTEL ROOMS

Figure 5 depicts the monthly total number of hotel rooms in Brazos County for hotels with 15 or more rooms. The number of rooms were relatively constant for the first five years of the data, but lately have been on the rise. In January 2010, the number of rooms was just over 3,400 and as of August of this year the count had risen to 5,739.<sup>2</sup> The growth in the number of rooms has accelerated. The increase was 371 over the five years from the beginning of 2010 through the close of 2014, or 10.9%. In the following period of less than four years, from December of 2014 to August of 2018, the number of rooms rose by 1,964, or 52%.

**FIGURE 5. HOTEL ROOMS - COLLEGE STATION-BRYAN**

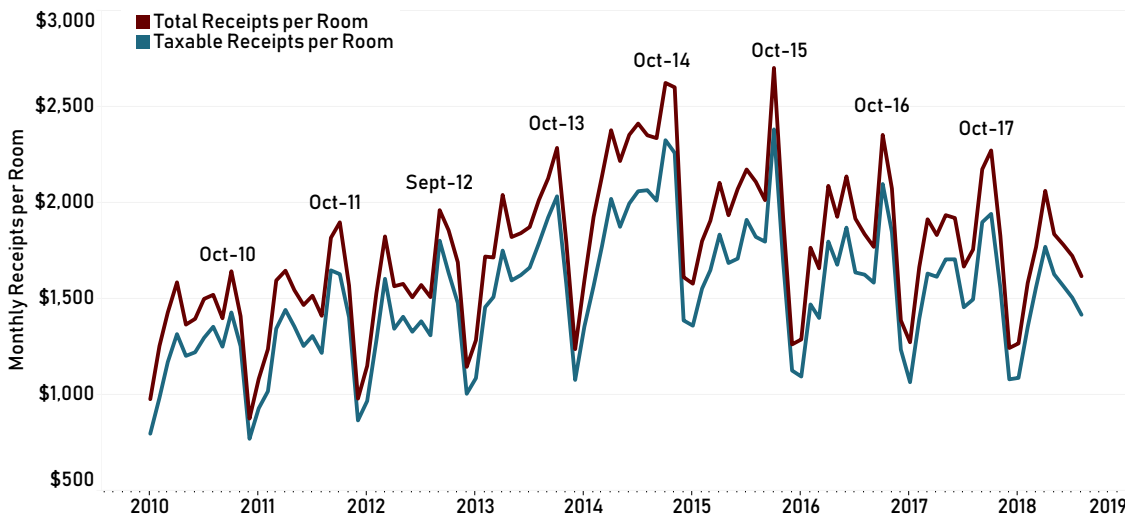


Last reported data point: August 2018 (monthly). Source: Texas Comptroller of Public Accounts; adjustments by the Private Enterprise Research Center.

**MONTHLY RECEIPTS PER ROOM**

The monthly average total and taxable receipts per hotel room in Brazos County are presented in Figure 6. These averages are the ratio of the aggregated receipts from Figure 4 to the number of rooms depicted in Figure 5. These series indicate that the monthly average total and taxable receipts per room rose between 2010 and 2014 during a period of increasing demand and a relatively stable supply of rooms. In October 2010, monthly total receipts per room were \$1,644 and by October 2014, they had risen to \$2,626.<sup>3</sup> The highest monthly revenue of \$2,703 per room occurred in October 2015. The substantial increase in the supply of rooms has resulted in lowering the average monthly revenues per room in the last few years.

**FIGURE 6. MONTHLY TOTAL AND TAXABLE RECEIPTS PER ROOM-BRAZOS COUNTY**

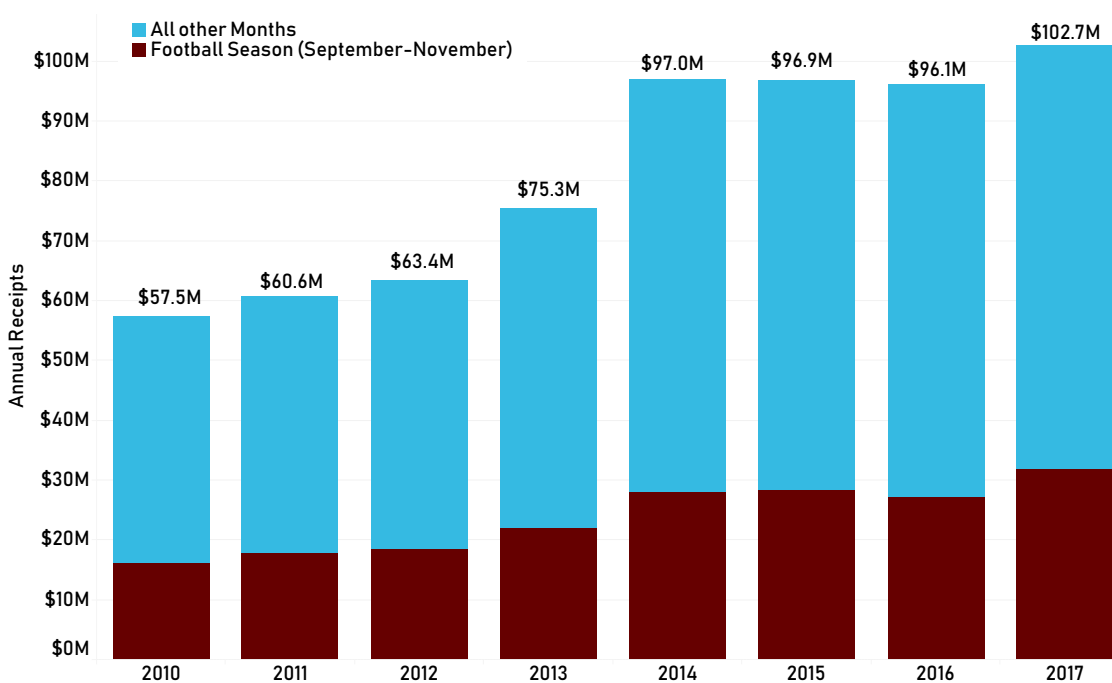


Last reported data point: August 2018 (monthly). Source: Texas Comptroller of Public Accounts; adjustments by the Private Enterprise Research Center.

## ANNUAL HOTEL RECEIPTS

Total annual hotel receipts in Brazos County for the years 2010 to 2017 are presented in Figure 7. The portions of annual receipts received during the football season and during the remaining nine months are shown separately in each column. Two things are evident in the figure: the rapid growth in total annual revenues between 2010 and 2014 and the stable share of annual revenues garnered during the football season. The rise in revenues between 2012 and 2014 coincided with Texas A&M joining the SEC. The first and second phases of the Kyle Field expansion were completed in 2014 and 2015. In 2012, total revenues were \$63.4 million and rose to \$97.0 million, or 53%, by 2014. Interestingly, however, the share of annual revenues received during the football season in these two years was stable at about 29%.<sup>4</sup> The football season's share of annual revenues has ranged from a low of 28.1% in 2010 to a high of 31.2% in 2017. Total annual revenues were highest in our last full year of data, 2017, at \$102.7 million. As noted previously, total revenues thus far for 2018 are on pace to exceed 2017 revenues.

**FIGURE 7. ANNUAL HOTEL RECEIPTS-BRAZOS COUNTY**



Last reported data point: 2017 (annual). Source: Texas Comptroller of Public Accounts; adjustments by the Private Enterprise Research Center.

## NOTES AND LINKS

The extent of the College Station-Bryan MSA is defined by the Census Bureau and includes Brazos, Burleson, and Robertson counties. The Business-Cycle Index is re-estimated each month using the most recent data for the four economic variables included in the model: the unemployment rate, nonfarm employment, real wages, and real taxable sales. The real wage series is released on a quarterly basis and the other three are released monthly. The underlying data series are subject to revision. With new monthly data and revisions of past data, each month the Index and the Business-Cycle will differ from previous estimates.

For more details about the CSB Business-Cycle Index see: *Methodology for Constructing an Economic Index for the College Station-Bryan Metropolitan Statistical Area*.

## ENDNOTES

<sup>1</sup> The Texas Comptroller of Public Accounts data reports a monthly record for each hotel including the hotel's location, total monthly receipts, taxable receipts and number of rooms. We aggregate the data for hotels in Brazos County with at least 15 rooms. Several adjustments were necessary to correct room counts and to impute total receipts for a few hotels in particular months.

<sup>2</sup> Two new hotels opened at the end of August 2018 adding 348 rooms. The Texas A&M Hotel and Conference Center added 250 rooms and Tru by Hilton added 98 rooms.

<sup>3</sup> Monthly total and taxable receipts per room vary from hotel to hotel due to differing room rates and occupancy rates. The averages in Figure 6 are calculated across all hotels based on the number of rooms at the end of the month and consequently the averages for August 2018 are temporarily lower given that the new hotels' revenues are for a partial month.

<sup>4</sup> We would expect that 25% of annual revenues would be earned during the three months of the football season if monthly revenues were stable across all months. The fact that the football season share of total annual revenues has averaged 29.2% or only 4.2 percentage points higher than the 25% indicates the importance of the other months to the health of the Brazos County hotel market.

## DATA SOURCES

### Unemployment Rate

Bureau of Labor Statistics, Unemployment by Metropolitan Area, Seasonally Adjusted, Local Area Unemployment Statistics, retrieved from Bureau of Labor Statistics, <https://www.bls.gov/lau/metrossa.htm>

### Nonfarm Employment

Federal Reserve Bank of Dallas, Texas Workforce Commission, and Bureau of Labor Statistics, Total Nonfarm Payroll Employment for College Station-Bryan, TX (MSA), two-step Seasonally Adjusted, retrieved from Federal Reserve Bank of Dallas, <https://www.dallasfed.org/research/econdata/brysa.aspx>

### Wages

Bureau of Labor Statistics, Total Quarterly Wages in College Station-Bryan, TX (MSA), retrieved from <https://www.bls.gov/cew/datatoc.htm>. Quarterly files by area. Seasonal Adjustment by Private Enterprise Research Center.

### Taxable Sales (Sales and Use Tax Allocation)

Texas Comptroller of Public Accounts, Allocation Payment Detail, Current Period Collections. Data available through Texas Comptroller of Public Accounts: <https://mycpa.cpa.state.tx.us/allocation/AllocDetail> for years 2016 to 2018. Historical data prior to 2016 from Texas Comptroller of Public Accounts. Seasonal Adjustment by Private Enterprise Research Center.

### Inflation

U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items [CPIAUCSL], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CPIAUCSL>. Wages and Taxable Sales are converted to real dollars (inflation-adjusted) using the CPI-U.

### Hotel Receipts and Rooms

Data requested from Texas Comptroller of Public Accounts, received November 19, 2018. <https://comptroller.texas.gov/transparency/open-data/hotel-receipts/>

## CONTACT



The Brazos Valley Economic Development Corporation serves Brazos County, the City of Bryan, the City of College Station, Texas A&M University, the surrounding region and private sector investors through the Invest Brazos Valley program. BVEDC helps companies launch, grow, and locate in the Brazos Valley.

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