

# Amarillo Economic Forecast 2023



**Amarillo  
National  
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# Amarillo Economic Forecast for 2023

## 2022 Recap

2022 had it all: Growth, then inflation, then flattening; booming energy, drought, then second half slowdown, plus labor and supply shortages. Job growth slowed and retail sales growth dropped from 13% to 4%. Construction was steady.

## Areas of Economic Strength

- Amarillo grew about 11% in the first half, 4% in the last.
- Housing starts, retail sales, energy prices, motel occupancy, commodity prices all peaked in the summer, then dropped off 10-30%.
- Construction and airline boardings stayed up.
- Cattle and dairy were helped by higher prices.

## Areas of Economic Weakness

- Inflation affected everyone.
- Drought
- Continued tight labor and supply chain shortages.
- Higher interest rates began to hurt housing and auto sales.

## 2023 Forecast

Loosening labor and supply chains will boost businesses. Price increases will mask slowing retail sales. Government entities are still flush with stimulus money. If drought continues, agri-business will continue to suffer. Energy should stay strong, boosting our entire area. Inflation, tight money, and higher labor costs will combine to hurt businesses and consumers by the latter half of 2023.

# Outlook for Specific Sectors

## Employment

Tight job market and Amazon’s opening pushed up wages. Many businesses had staff shortages. Major employers stayed flat, but AIG dropped 500 workers. Construction has held steady and should continue in 2023. Major employers (Pantex, Bell, Tyson, Government, and energy related) should maintain current staffing levels.

12 Month Average	Household Survey	Employers Survey	Average Unemployment
2016	126,825	119,708	3.10%
2017	129,300	123,200	2.20%
2018	129,667	121,950	2.70%
2019	129,339	121,184	2.50%
2020	122,155	116,353	4.80%
2021	127,228	120,714	4.13%
2022	130,509	124,350	2.93%
2023 (est)	131,000	126,100	2.80%

## Retail Sales

Stimulus money boosted sales in the first half, then inflation took its toll. Slower job growth in Amarillo will be partially offset by higher wages in 2023. Inflation will mask declines in units sold. Higher energy income may ameliorate lower stock market returns and less ag income from our area.

Sales Tax Collections	Amount	% Change
2016	\$ 74,412,780	- 0.00013%
2017	\$ 74,177,530	- 0.003%
2018	\$ 77,261,171	4.16%
2019	\$ 78,934,689	2.17%
2020	\$ 81,094,099	2.74%
2021	\$ 91,925,630	13.35%
2022	\$ 99,980,813	8.77%
2023 (est)	\$106,000,000	6.00%

# Consumer Price Index

Amarillo inflation was difficult to measure, as some prices jumped due to shortages, then flattened or dropped. Commodities were up 50%, then down to levels about 20% higher than one year ago. Groceries were up 13% (with a range of 5% to 100% for some items). 2023 inflation may slow to 6%; however that is still triple the level of the last decade (and represents a tax on everyone).

C.P.I. Increases:	Amarillo	National
2016	1.03%	1.70%
2017	0.97%	2.20%
2018	2.90%	2.20%
2019	2.00%	2.10%
2020	-1.23%	0.20%
2021	6.29%	6.80%
2022	9-11%	8.50%
2023 (est)	7.00%	6.00%

## Real Estate

House sales were booming the first quarter and slowed marketably by Fall. Early 2022 material and labor shortages eased and sales prices were up 8%. Meanwhile, pent-up demand left housing starts above the levels of the past decade. Commercial construction remains good, but total permits may be in the lower range of the past decade. (2022's drop was no Amazon like 2021) Over 750 septic permits in Potter and Randall County pushed our total housing starts to about 1,600 new homes.

Building Permits	2016	2017	2018	2019	2020	2021	2022	2023(est)
Housing Starts	512	477	505	520	666	746	971	700
Remodels & Roofing	2,991	5,041	3,176	5,057	4,512	4,114	1,356	2,000
Commercial Units	380	506	415	418	267	381	690	600
Total Value (mil)	\$460	\$686	\$472	\$332	\$494	\$961	\$530	\$450
Median House Value (000)	\$150	\$159	\$155	\$180	\$200	\$220	\$235	\$245

# Agri-Business

Drought cut yields just as prices rose throughout the first half. A poor wheat crop and higher irrigation costs hurt income. Much of our cotton was disas-  
tered for insurance. Midsummer rains helped Fall crops. Cattle prices rose, but  
cow and calf operators had to thin herds due to the drought and missed much  
of the upside. Dairy had a better year than expected. Lack of moisture will  
hurt farm incomes. Feedyards are moderately profitable, and dairy should have  
another good year overcoming high input costs. Farm land prices continue to  
move higher.

Yearly Average	2016	2017	2018	2019	2020	2021	2022	2023(est)
Wheat	\$ 3.63	\$ 3.68	\$ 4.73	\$ 4.30	\$ 4.71	\$ 7.00	\$ 9.55	\$ 8.00
Fed Cattle	\$121.05	\$121.50	\$116.11	\$115.71	\$109.10	\$121.29	\$143.50	\$155.00
Corn	\$ 3.59	\$ 3.67	\$ 3.89	\$ 4.07	\$ 3.85	\$ 5.66	\$ 6.91	\$ 6.30
Cotton	\$ 60.33	\$ 67.80	\$ 69.65	\$ 66.76	\$ 58.56	\$ 71.41	\$ 93.51	\$ 90.00
Milk	\$ 14.96	\$ 15.94	\$ 14.28	\$ 16.25	\$ 17.57	\$ 16.76	21.79	\$ 22.00

# Energy

Oil and gas prices peaked in the summer, and then fell back to last winter's  
levels. Drilling activity more than doubled. 2023 forecasts rising oil prices, while  
natural gas fluctuates between \$4 and \$7. All this combines to support our  
economy, but higher prices will spur inflation.

Energy	2016	2017	2018	2019	2020	2021	2022	2023(est)
Active Rigs	9	15	22	10	2	5	8	12
Oil (Panhandle)	\$38.95	\$47.50	\$64.43	\$58.17	\$39.63	\$68.43	\$94.83	\$84.00
Natural Gas	\$ 2.49	\$ 3.13	\$ 2.94	\$ 2.68	\$ 2.13	\$ 3.65	\$ 6.46	\$ 5.70

# Travel

Tourism continued to prop up our economy, as motel occupancy stayed high and airline boardings surged. Motels slipped some in the last half, but higher room rates kept the motel tax increasing. 2023 should continue holding onto the increases of this year, even though motel occupancy percentages are under pressure. More airline nonstops will boost boardings.

## Airline Boardings

2016	337,237	- 1.96%
2017	342,709	- 1.62%
2018	360,762	+ 5.26%
2019	366,640	+ 1.63%
2020	232,585	- 36.56%
2021	298,220	+ 28.00%
2022	365,983	+ 22.70%
2023 (est)	394,000	+ 8.00%

## Motel Tax

2016	6,817,762	+ 6.40%
2017	6,611,065	- 3.03%
2018	6,962,730	+ 5.31%
2019	7,193,818	+ 3.32%
2020	5,467,228	- 24.00%
2021	8,717,588	+ 59.45%
2022	9,381,000	+ 7.61%
2023 (est)	9,900,000	+ 6.00%

# Bankruptcy Filings

Stimulus money buffeted consumers for the last two years. Inflation pressures will fall on consumers, leading to increases in this category.

## Bankruptcy Filings:

2016	374
2017	426
2018	439
2019	417
2020	328
2021	297
2022	240
2023 (est)	420

# Amarillo Leading Indicators

Our index turned negative in the Fall predicting a weaker economy six months into the new year.

## Annual Average:

2016	+ 1.5%
2017	- 1.4%
2018	- 5.6%
2019	- 11.67%
2020	1.50%
2021	2.92%
2022	4.77%

2023 (est) We do not forecast this, as the formula looks six months ahead. December was slightly negative.