

Economic Forecast

2022



Photo: Angelina Grossman



Amarillo Economic Forecast for 2022

2021 Recap

2021 was not a good year to be in the forecasting business. Amarillo's economy changed quickly, and recovery exceeded most forecasts. Stimulus money propped up the consumer and public entities, while inflation ate away at disposable income. Mid-year rains were helpful, and rising commodity prices benefitted the entire Panhandle. Local retail sales, motel occupancy and employment levels showed strong gains, as did supply chain problems.

Areas of Economic Strength

- Higher disposable income (from stimulus money and higher jobs numbers), which helped retail sales to record levels.
- Rising commodity prices boosted farming and the energy businesses
- Motels boomed, as automobile transportation dominated travel

Areas of Economic Weakness

- Lack of workers, as stimulus programs proved large disincentives to work
- Drought in the 1st and 4th quarter, but summer rains were wonderful
- Inflation
- Supply chain shortages were a problem in every business

2022 Forecast

Amarillo's economy has been strong, with good momentum going into 2022. Employment levels will stay high, even though the lack of workers continues to be a problem. Building permits will return to normal levels (after 2021's boost from the Amazon Warehouse). Supply chain disruptions are forecast to continue through mid-year. Prices should increase in commodities, real estate, construction and retail; all putting a strain on consumers, as stimulus checks run out.

Outlook for Specific Sectors

Real Estate

Residential Real Estate had a fine year, as prices increased 20%, while supply of homes on the market dropped. Low interest rates and strong disposable income drove housing upward. Commercial construction was very strong, with a big boost from the Amazon warehouse. Both categories should continue in 2022, with supply of housing staying tight until mortgage rates increase. Commercial construction will drop back to normal levels, but most contractors will stay busy during the year. Housing starts are steady, but Amarillo's numbers do not include the large number of starts outside the City and in Bushland and Canyon. Construction costs are up 25% overall, with some items up 100%. 2022 prices may increase another 10%.

Building Permits	2015	2016	2017	2018	2019	2020	2021	2022(est)
Housing Starts	406	512	477	505	403	479	477	410
Remodels	1,506	1,213	1,131	1,040	879	673	4,114*	4,000
Roof Permits	2,260	1,778	3,910	2,136	4,178	3,839		
Commercial Units	378	380	506	415	418	267	381	350
Total Value (mil)	\$485	\$460	\$686	\$472	\$332	\$494	\$961	\$650
Median House Value (000)						\$200	\$220	\$240

*Roofing & Remodels were combined June 2021

Retail Sales

Retail Sales jumped to record levels due to stimulus money and consumers having more income, (as they cut out travel). Also, available goods decreased and prices increased. Part of the gain is illusionary due to inflation. 2022 should continue these trends, as disposable incomes stay strong and higher prices make total sales inflated, while actual number of goods grow slower (on a real basis) and supply chain disruptions continue through mid-year. Spring IRS refunds will be smaller because six months of Federal Child Credits were paid monthly instead of within the refund (as in the past).

Sales Tax Collections	Amount	% Change
2015	\$74,423,000	2.9%
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 (est)	\$100,171,000	9.00%

Probably 9% inflation adjusted
Probably 4% inflation adjusted

Consumer Price Index

The CPI was the biggest miss. We have been warning about inflation for the past three quarters and finally our leaders in Washington discovered it in the last quarter. Unfortunately, this is going to be a major problem in 2022, as cost-push from higher input prices, higher transportation, and shortages combine with demand-pull inflation from stimulus money and higher wages sloshing through the economy.

C.P.I. Increases:	Amarillo	National
2015	0.58%	0.50%
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 (est)	6.60%	5.70%

Agri-Business

Agri-business had a wonderful year due to higher prices and good moisture. Commodities were up sharply, with good crop yields. Dairy was profitable, although it declined during mid-year, but is back to a profitable level. Cattle made some profit at the producer level, while packers made record profits. Feed costs are up about 30%. 2022 will continue at profitable levels, with the amounts determined by moisture availability.

Yearly Average	2015	2016	2017	2018	2019	2020	2021	2022(est)
Wheat	\$ 4.90	\$ 3.63	\$ 3.68	\$ 4.73	\$ 4.30	\$ 4.71	\$ 7.00	\$ 7.50
Fed Cattle	\$148.00	\$121.05	\$121.50	\$116.11	\$115.71	\$109.10	\$121.29	\$135.00
Corn	\$ 4.04	\$ 3.59	\$ 3.67	\$ 3.89	\$ 4.07	\$ 3.85	\$ 5.66	\$ 6.75
Cotton	\$ 60.96	\$ 60.33	\$ 67.80	\$ 69.65	\$ 66.76	\$ 58.56	\$ 71.41	\$ 80.00
Milk	\$ 15.75	\$ 14.96	\$ 15.94	\$ 14.28	\$ 16.25	\$ 17.57	\$ 16.76	\$ 19.20

Employment

Amarillo employment rebounded sharply, as most businesses reopened ahead of other cities. Shortage of workers is the main problem for all employers; however, our employment numbers should increase, and average wages should jump also. Amazon Warehouse continues to push up wages at all lower paid jobs. December's unemployment rate was 3.1%, the lowest in Texas. Our actual unemployment includes workers who have left the labor force.

12 Month Average	Household Survey	Employers Survey	Average Unemployment	Actual Unemployment
2015	125,741	116,975	4.0%	
2016	126,825	119,708	3.1%	
2017	129,300	123,200	2.2%	
2018	129,667	121,950	2.7%	
2019	129,339	121,184	2.5%	
2020	122,155	116,353	4.8%	9%
2021	127,228	120,714	4.13%	6%
2022 (est)	131,000	124,000	3.20%	4.50%

Energy

Energy had a strong year, with prices rising gradually throughout the year. In the Fall there was a sharp jump in the price of oil and natural gas. Both have settled down 15% from their highs, but are still at profitable levels. This should continue through 2022, with a continued increase in drilling activity.

Energy	2015	2016	2017	2018	2019	2020	2021	2022(est)
Active Rigs	26	9	15	22	10	2	5	9
Oil (Panhandle)	\$46.04	\$38.95	\$47.50	\$64.43	\$58.17	\$39.63	\$68.43	\$80.00
Natural Gas	\$ 2.74	\$ 2.49	\$ 3.13	\$ 2.94	\$ 2.68	\$ 2.13	\$ 3.65	\$ 4.50

Travel

Airline Boardings did not recover as fast as other sectors of Amarillo's economy. There should be a gradual increase, especially with some of the new schedules. Higher fares and lack of flights will keep numbers from growing. Motel occupancy is a true bright spot, with a boom in higher revenue occupancy (while motels were able to cut costs of housekeeping and other services) and revenue per room increasing profits.

Airline Boardings

2015	343,996	- 7.50%
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 (est)	330,000	10.00%

Motel Tax

2015	6,407,488	5.00%
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 (est)	9,600,000	10.0%

Bankruptcy

Bankruptcy Filings:

2015	327
2016	374
2017	426
2018	439
2019	417
2020	328
2021	297
2022 (est)	400

Amarillo Leading Indicators

Annual Average:

2015	- 7.4%
2016	1.5%
2017	- 1.4%
2018	- 5.6%
2019	- 11.67%
2020	1.50%
2021	2.92%

2022 (est) We do not forecast this.
We let the numbers do that for us.

Thanks @Million!

We're proud to have given over \$4 Million to over 400 Local Organizations in 2021.

100 Club of the Texas Panhandle
Amarillo Area Foundation
Panhandle Gives

Amarillo Arts

Amarillo Barrio Community
Development

Amarillo Chamber of Commerce

Amarillo Children's Home

Amarillo College Foundation

Amarillo College Kids' College

Amarillo Fire Department

Amarillo Hispanic Chamber
of Commerce

Amarillo Independent School District

Amarillo March of Dimes

Amarillo Police Department

Amarillo SPCA

American Quarter Horse Association

Another Chance House

Armstrong County Jr. Livestock
Association

Bethesda Outreach

Big Brothers Big Sisters

Blankets of Love

Brothers-Sisters of Our Military

Canyon Chamber of Commerce

Canyon Independent School District

CASA

Catholic Charities of the
Texas Panhandle

Center City

Ceta Canyon

Children's Heart Lane

Children's Miracle Network

Coffee Memorial Blood Center

Colorful Closets

Don Harrington Discovery Center

Dove Creek Equine Center

Downtown Women's Center

Eastridge Mission Center

Education Foundation of Canyon

Eveline's Sunshine Cottage

Family Support Services

Fellowship of Christian Athletes

Fill with Hope

Gateway to Success

Girl Scouts of the Texas

Oklahoma Plains

Golden Spread Council Scouts
of America

Greater Amarillo Young Life

Habitat for Humanity

Harrington Cancer & Health
Foundation

Heal the City

High Plains Food Bank

Hope Lives Here

Junior Achievement of
the High Plains

Junior League of Amarillo

Karen Community

Kids Incorporated

Laura W. Bush Institute for Women

Leadership Amarillo/Canyon

Martha's Home

Meals on Wheels

Medical Center League House

Mission 2540

My Next Step

NAMI

Northside Toy Drive

Opportunity School

Our Lady of Guadalupe

Panhandle Breast Health

Panhandle Community Services

Panhandle Grain & Feed Association

Panhandle Plains Historical Museum

Panhandle Producers & Royalty
Owners Association

Potter County Jr. Livestock
Association

Prairie View A&M University
Cooperative Extension Program

Randall County Jr. Livestock
Association

Ronald McDonald House

Rope for a Cure

Salvation Army

San Jacinto Neighborhood
Association

Snack Pak 4 Kids

Special Olympics

Storybridge

Texas Cattle Feeders Association

Texas Nurses Foundation

Texas Panhandle Charities

Texas Panhandle
Heritage Foundation

Texas Panhandle War Memorial

Texas Tech University School of
Veterinary Medicine

Texas Wounded Warrior

The Bridge

The Hope & Healing Place

Turn Center

United Way of Amarillo & Canyon

Wesley Community Center

West Texas A&M University

Victory Temple Church

You have inspired us this year and we're grateful.



Amarillo Before Bank