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BRAZORIA COUNTY ECONOMIC INDICATORS

A QUARTERLY NEWSLETTER OF THE

BRAZOSPORT COLLEGE
ECONOMIC FORECASTING CENTER

BRAZORIA COUNTY ECONOMIC INDICATORS JULY 2026

GROWTH SIGNALS STRENGTHEN DESPITE SOFT SPOTS

LEADING ECONOMIC INDICATORS

The Brazoria County Index of Leading Economic Indicators decreased 2.34 percent over the past month, while increasing 8.76 percent over the past year. Designed to forecast the county's economic performance over the next three to six months, the index has outperformed the moving average for the last ten consecutive months (Figure 1). This is significant because if the leading economic index is consistently above the six-month moving average, then Brazoria County is likely entering into or currently experiencing a period of economic growth.

The increase in the Leading Economic Index is due to gains in the BC Stock Index, steady housing growth (particularly at the northern end of the county), increased new retail auto sales, and a slowing in initial unemployment claims when compared to last year. The largest increase was due to the BC Stock Index, which is up 44.50 percent over the last year. The best performing stocks were BASF and Schlumberger (Figure 2). The substantial increase in stock prices suggests renewed investor confidence and growing optimism regarding the future earnings and outlook of the largest locally based manufacturers. New single-family building permits declined 24.62 percent in May compared to last year, initially raising concern. However, higher permit activity in March and April more than offset this decrease. Additionally, construction activity has shifted from Iowa Colony to other cities within the county (Figure 3). The local auto market slowed in May; however, total new vehicle purchases over the past twelve months increased to 24,629 compared to 24,245 the prior year. This gain of 384 vehicles represents a 1.58 percent increase when compared to the same twelve-month period last year. Initial unemployment claims declined 24.62 percent compared to last year. Fewer initial unemployment claims compared to last year signals that the local labor market is beginning to stabilize.

CURRENT ECONOMIC INDICATORS

The Brazoria County Index of Current Economic Indicators increased 4.19 percent in May and 4.66 percent over the past year, reflecting an increase in overall economic activity. Hotel and motel tax receipts began the year slowly but rebounded with year over year increases of 8.86 percent in March, 4.61 percent in April, and 12.91 percent in May. This growth is largely attributable to contractors working in the southern part of the county during plant turnarounds. Brazoria County Sales Tax Receipts fell by 7.85 percent in May. However, county sales tax

FIGURE 1: Leading Economic Index

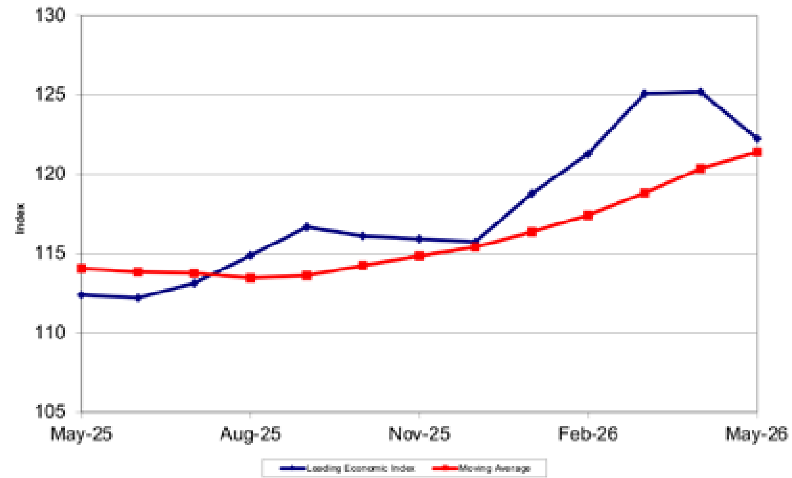


FIGURE 2: BC Stock Index – Company Performance

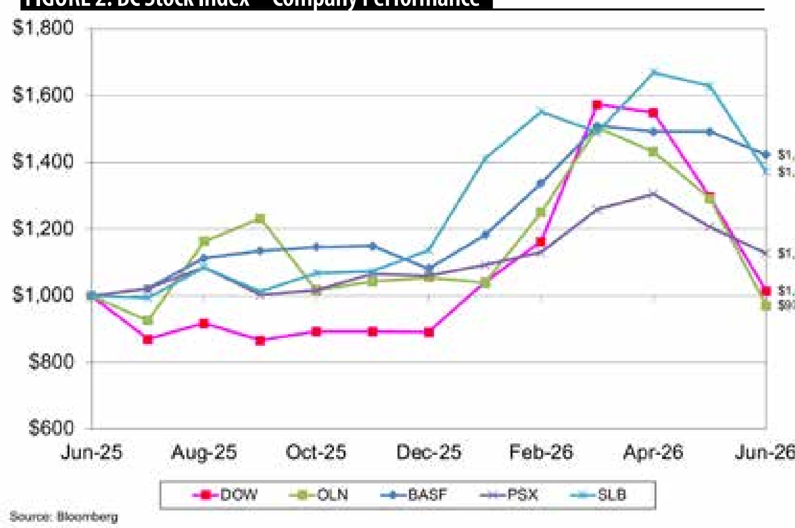
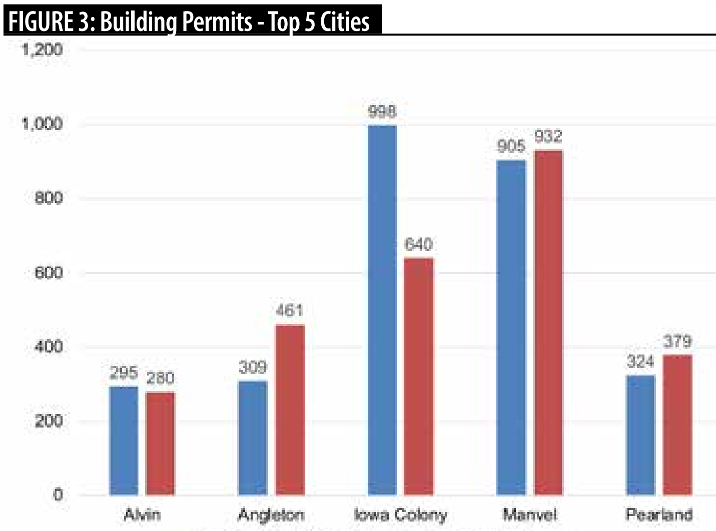


FIGURE 3: Building Permits - Top 5 Cities



receipts in the first five months of this year are still 4.63 percent higher than in the first five months of last year. The Houston–The Woodlands–Sugar Land Consumer Price Index increased 1.82 percent over the past year, providing some relief to local households and businesses. However, the recent escalation of conflict in the Middle East continues to disrupt global oil supply chains, contributing to renewed inflationary pressures. Total employment in the county increased from 191,953 to 192,865 over the past year but remains below the all-time high of 194,292 recorded in April 2025. Since the end of 2016, employment has grown from 157,563 to 192,865, an increase of 35,302 jobs over approximately nine and a half years. However, the pace of job growth slowed significantly in 2025 and turned negative during the first five months of 2026 (Figure 4). The current economic index was significantly below the six-month moving average in January and February but has remained above this threshold for the last three months, signaling that Brazoria County has begun to experience a period of economic growth (Figure 5).

LAGGING ECONOMIC INDICATORS

The Brazoria County Index of Lagging Economic Indicators is designed to confirm either growth or slowdown in the local economy. The index decreased 0.17 percent in May and 4.84 percent over the past year, signaling the local economy has been experiencing a period of economic softness. The largest negative contributor was the sharp rise in foreclosure notices, which increased 29.41 percent compared to the same period last year. In ten of the last twelve months foreclosure notices have been higher than last year reflecting growing financial strain among local households. While the prime rate dropped from 7.50 percent to 6.75 percent over the last year further interest rate cuts are more uncertain due to the increase in oil prices. Expectations are that The Federal Reserve will leave rates unchanged with the rising energy and oil prices from the conflict in the Middle East. The county's unemployment rate edged higher, rising to 4.75 percent from 4.51 percent one year ago, signaling softening labor market conditions consistent with employment declines thus far in 2026 (Figure 6). However, the recent slowdown in initial unemployment claims suggests the labor market may be beginning to level off. The lagging index has remained below the six-month moving average since end of 2024, confirming that the local economy has been experiencing a period of slow economic growth.

FIGURE 4: Brazoria County Job Growth

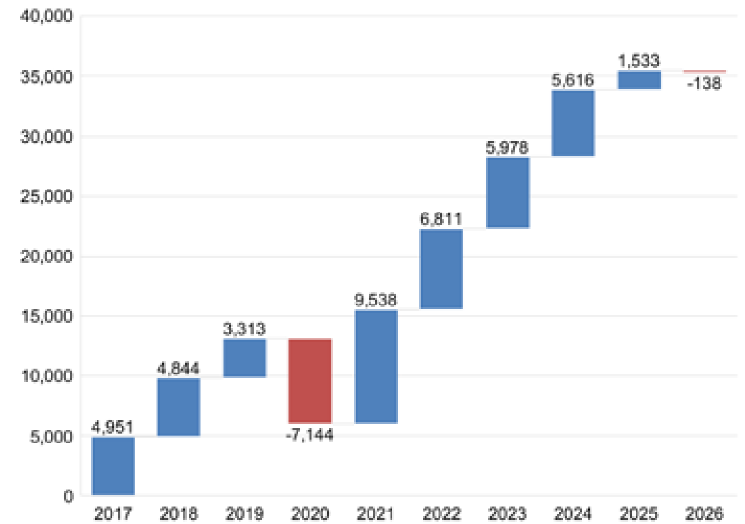


FIGURE 5: Current Economic Index

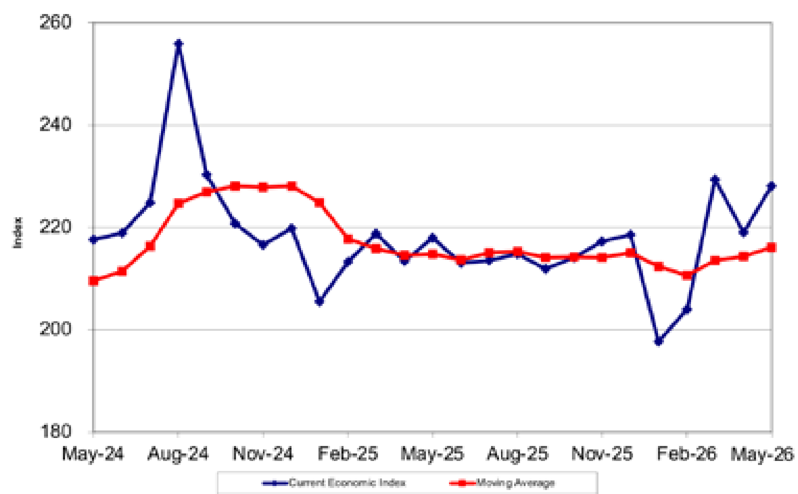
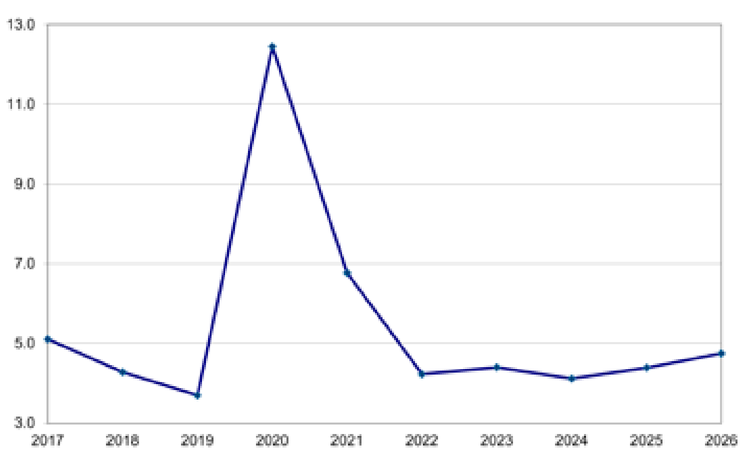


FIGURE 6: Brazoria County Unemployment Rate



BRAZORIA COUNTY TEXAS BUSINESS CYCLE INDICATORS JULY 2026

Brazoria County Economic Indices:	May 2026	Apr 2026	Mar 2026	Feb 2026	Jan 2026
Leading Economic Index (2003 = 100)	122.26	125.19	125.08	121.30	118.80
Current Economic Index (2003=100)	228.15	218.97	229.35	204.03	197.70
Lagging Economic Index (2003 = 100)	156.99	157.26	157.95	158.01	159.10

Brazoria County Leading Economic Index

	May 2026	Apr 2026	May 2025	Apr-2026 to May-2026	May-2025 to May-2026
Leading Economic Index (2003 = 100)	122.26	125.19	112.41	-2.34%	8.76%
Components:					
Brazoria County Stock Index (12/31/2003 = 100)	225.77	235.66	156.25	-4.20%	44.50%
Average Initial Unemployment Claims (Seasonally Adjusted)	270	265	260	1.93%	3.95%
Average Initial Unemployment Claims (Unadjusted)	261	254	293	2.76%	-10.92%
New Single Family Building Permits (Seasonally Adjusted)	311	316	313	-1.80%	-0.71%
New Single Family Building Permits (Unadjusted)	*245*	*392*	*325*	-37.50%	-24.62%
New Retail Auto Sales (Seasonally Adjusted)	1,903	1,736	*2,092*	*9.58%*	*-9.05%*
New Retail Auto Sales (Unadjusted)	*2,051*	*1,804*	*2,255*	*13.69%*	*-9.05%*

*(Data for the Leading Index is one month behind due to lag in obtaining building permit data.)

Brazoria County Current Economic Index

	May 2026	Apr 2026	May 2025	Apr-2026 to May-2026	May-2025 to May-2026
Current Economic Index (2003 = 100)	228.15	218.97	217.98	4.19%	4.66%
Components:					
Sales Tax Receipts (Constant 1982-1984 $'s, Seasonally Adjusted)	1,364,348	1,358,734	1,335,059	0.41%	2.19%
Sales Tax Receipts (Current $'s, Unadjusted)	*3,311,844*	*3,377,469*	*3,594,018*	*-1.94%*	*-7.85%*
Household Employment (Seasonally Adjusted)	192,291	192,121	191,034	0.09%	0.66%
Household Employment (Unadjusted)	*192,865*	*192,763*	*191,953*	*0.05%*	*0.48%*
Hotel/Motel Tax Receipts (Constant 1982-1984 $'s, Seasonally Adjusted)	2,789,314	2,504,591	2,536,009	11.37%	9.99%
Hotel/Motel Tax Receipts (Current $'s, Unadjusted)	*8,621,641*	*7,019,484*	*7,635,685*	*22.82%*	*12.91%*
Houston-The Woodlands-Sugar Land CPI	283.63	285.97	278.57	-0.82%	1.82%

Brazoria County Lagging Economic Index

	May 2026	Apr 2026	May 2025	Apr-2026 to May-2026	May-2025 to May-2026
Lagging Economic Index (2003 = 100)	156.99	157.26	164.99	-0.17%	-4.84%
Components:					
Brazoria County Foreclosure Notices (Adjusted)	76	76	67	-0.06%	13.05%
Brazoria County Foreclosure Notices (Unadjusted)	*66*	*84*	51	-21.43%	29.41%
Prime Rate Charged By Banks	6.75	6.75	7.50	0.00%	-10.00%
Unemployment Rate (Adjusted)	4.39%	4.09%	4.44%	7.33%	-1.13%
Unemployment Rate (Unadjusted)	*4.75%*	*4.49%*	*4.51%*	*5.79%*	*5.32%*

**(Data for the Current and Lagging Index is one month behind due to lag in obtaining unemployment data.)

BRAZOSPORT COLLEGE ECONOMIC FORECASTING CENTER
Donald Payne, Brazosport College, Department of Economics