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BRAZORIA COUNTY ECONOMIC INDICATORS

A QUARTERLY NEWSLETTER OF THE

BRAZOSPORT COLLEGE ECONOMIC FORECASTING CENTER

MIXED SIGNALS: CONSTRUCTION AND SALES UP, LABOR MARKET SOFTENS

LEADING ECONOMIC INDICATORS

The Brazoria County Index of Leading Economic Indicators increased 0.66 percent over the past month but decreased 0.24 percent over the past year. Designed to forecast the county's economic performance over the next three to six months, the index had fallen below the moving average for four consecutive months but has since reversed course, exceeding the moving average in August and September (Figure 1). A sustained period in which the leading index consistently exceeds the moving average typically signals that the local economy is growing or beginning a period of growth.

In September, two of Brazoria County's four leading economic indicators posted year-over-year increases. After several years of slower growth caused by higher interest rates, new single family building permits have edged higher, rising 9.81 percent over the past year. Much of this growth remains concentrated in the northern part of the county, particularly in Iowa Colony, Manvel, Alvin, Angleton, and Pearland. The local auto market also strengthened, with new auto sales increasing 6.66 percent compared to the same month last year. This marks the continuation of a positive trend, as new retail auto sales have been higher in ten of the last twelve months (Figure 2). The local labor market continues to show signs of weakness. Average initial unemployment claims rose from 185 to 343 claims per month, an increase of 85.41 percent. Meanwhile, the Brazoria County Stock Index declined 19.54 percent over the past year, with four of the five companies in the index posting decreases in stock price. Dow and Olin saw the largest losses, falling 58.04 percent and 48.46 percent respectively, while Phillips 66 was the only company to record a gain, up 3.99 percent (Figure 3). In contrast, the broader market has performed much more favorably. The Dow Jones Industrial Average gained 9.71 percent over the past twelve months, underscoring the relative weakness of Brazoria County's local stock performance compared to national trends.

CURRENT ECONOMIC INDICATORS

The Brazoria County Index of Current Economic Indicators increased by 0.61 percent in August but decreased 16.05 percent over the past year, reflecting a slowdown in overall economic activity. A large decline in Hotel/Motel Tax Receipts of 36.77 percent overshadowed increases in the other three key components of the index. It is important to note that Hotel/Motel

FIGURE 1: Leading Economic Index

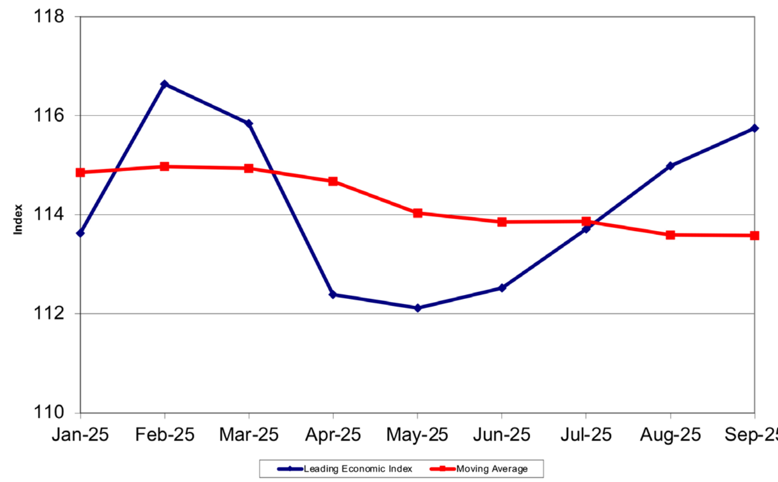
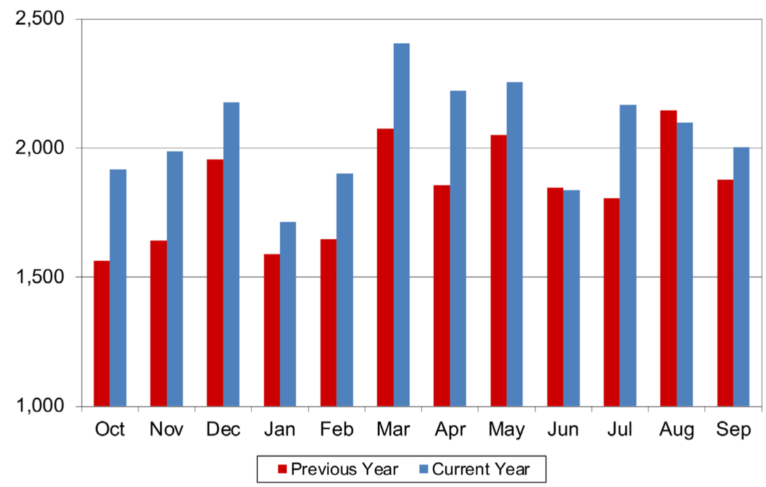
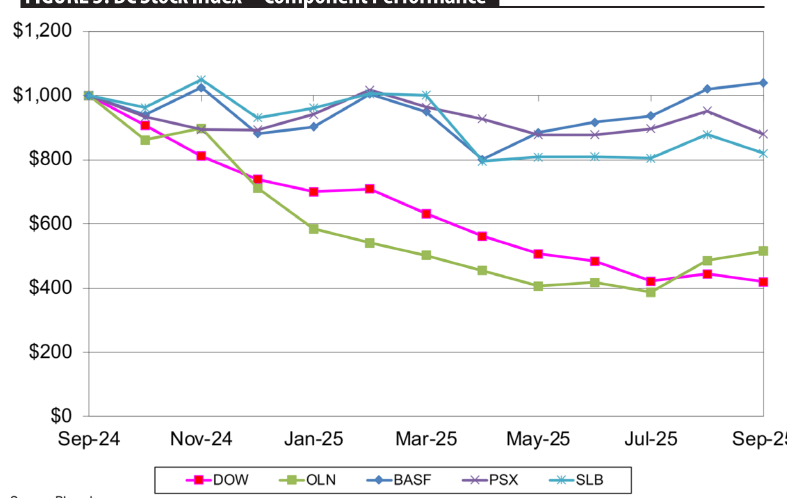


FIGURE 2: New Retail Auto Sales

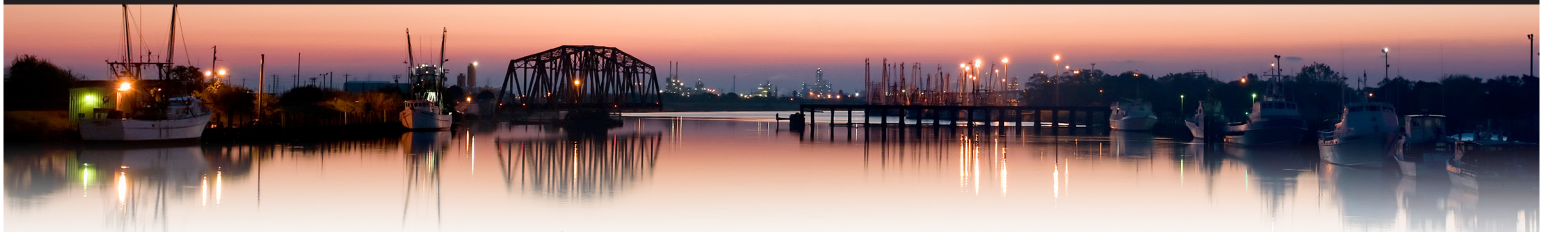


Source: Brazoria County Tax Office

FIGURE 3: BC Stock Index – Component Performance



Source: Bloomberg

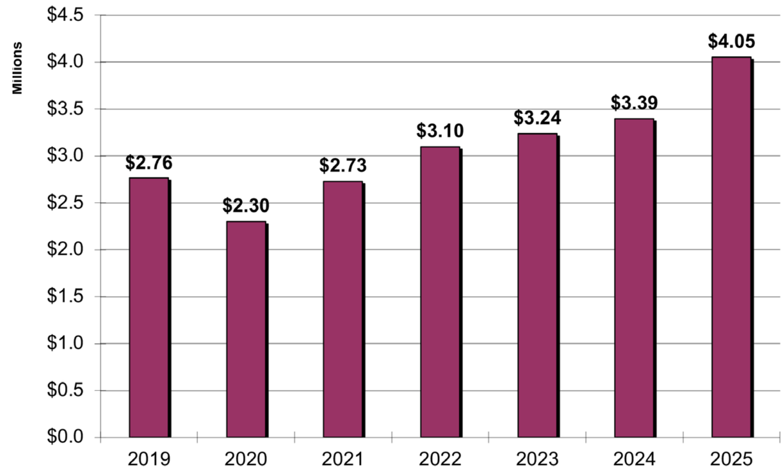


Tax Receipts were abnormally high in August of last year due to a temporary boost from homeowners displaced and contractors working in the area after Hurricane Beryl. This one-time surge in activity created an inflated comparison base, contributing to the sharp annual decline reported this year. Sales Tax Receipts posted the strongest gain, rising 19.44 percent compared to the same period last year (Figure 4). The increase suggests continued consumer spending strength in parts of the local economy despite higher borrowing costs in recent years. The Houston-The Woodlands-Sugar Land Consumer Price Index rose 1.13 percent over the past year, a sharp drop from its peak of 10.24 percent in July 2022. The moderation in inflation has provided some relief to households and businesses. Total employment within the county increased from 189,239 to 191,366, remaining below the all-time high of 194,292 reported in April 2025, according to the Bureau of Labor Statistics (Figure 5). The 2,097 jobs added so far this year represent a slower pace of growth compared to the 4,177 jobs gained during the same period last year, suggesting that the local labor market is beginning to lose momentum. After remaining below the six-month moving average since late 2024, the current index still sits just under that threshold, signaling that Brazoria County is experiencing a period of slow or modest economic growth (Figure 6).

LAGGING ECONOMIC INDICATORS

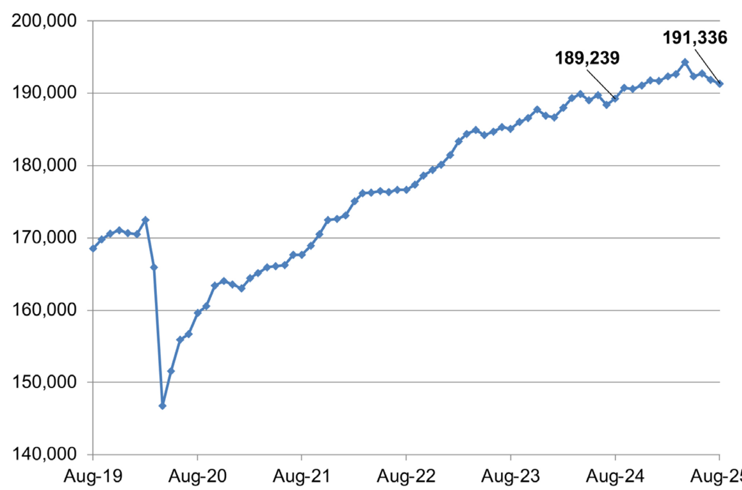
The Brazoria County Index of Lagging Economic Indicators is designed to confirm either growth or slowdown in the local economy. The index decreased 5.37 percent over the past year, signaling continued weakness in overall economic conditions. The largest negative contributor was the sharp rise in foreclosure notices, which increased 35.71 percent compared to the same period last year, reflecting financial strain among some households. The prime rate charged by banks declined from 8.50 percent to 7.50 percent over the past year. In response to the cooling inflation rate noted in the current economic indicators section above and signs of a slowing labor market, the Federal Reserve began lowering interest rates again in September as its focus shifted from controlling inflation to supporting economic growth. The county's unemployment rate also edged higher, rising to 5.20 percent from 4.80 percent one year ago. This increase suggests that local labor market conditions have softened, consistent with the slower growth in employment and increase in average initial unemployment claims. After consistently remaining above the six-month moving average for more than four years, the lagging index has now fallen below the moving average for twelve consecutive months.

FIGURE 4: Brazoria County Sales Tax Receipts



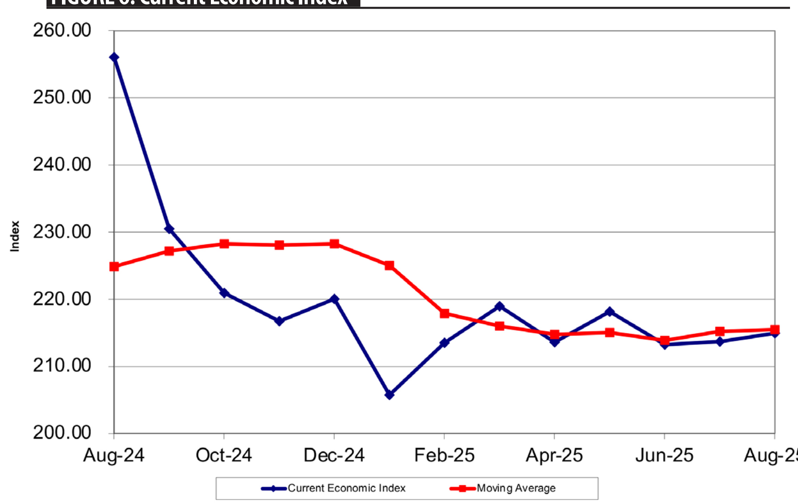
Source: Texas Comptroller Public Accounts

FIGURE 5: Brazoria County Employment



Source: Bureau of Labor Statistics

FIGURE 6: Current Economic Index



BRAZORIA COUNTY **TEXAS BUSINESS CYCLE INDICATORS** OCTOBER 2025

Brazoria County Economic Indices:	Sep 2025	Aug 2025	Jul 2025	Jun 2025	May 2025
Leading Economic Index (2003 = 100)	115.75	114.99	113.71	112.53	112.12
Current Economic Index (2003=100)	-	214.97	213.67	213.25	218.15
Lagging Economic Index (2003 = 100)	-	167.93	167.89	168.69	168.60

Brazoria County Leading Economic Index

	Sep 2025	Aug 2025	Sep 2024	Aug-2025 to Sep-2025	Sep-2024 to Sep-2025
Leading Economic Index (2003 = 100)	115.75	114.99	116.02	0.66%	-0.24%
Components:					
Brazoria County Stock Index (12/31/2003 = 100)	170.25	172.37	211.59	-1.23%	-19.54%
Average Initial Unemployment Claims (Seasonally Adjusted)	280	269	241	3.96%	16.00%
Average Initial Unemployment Claims (Unadjusted)	343	250	185	37.20%	85.41%
New Single Family Building Permits (Seasonally Adjusted)	332	330	291	0.76%	14.13%
New Single Family Building Permits (Unadjusted)	*291*	*267*	*265*	8.99%	9.81%
New Retail Auto Sales (Seasonally Adjusted)	2,085	1,983	*1,954*	*5.12%*	*6.67%*
New Retail Auto Sales (Unadjusted)	*2,003*	*2,098*	*1,878*	*-4.53%*	*6.66%*

**(Data for the Leading Index is typically one month behind due to the lag in obtaining the data for building permits at the county level.)*

Brazoria County Current Economic Index

	Aug 2025	Jul 2025	Aug 2024	Jul-2025 to Aug-2025	Aug-2024 to Aug-2025
Current Economic Index (2003 = 100)	214.97	213.67	256.06	0.61%	-16.05%
Components:					
Sales Tax Receipts (Constant 1982-1984 $'s, Seasonally Adjusted)	1,345,012	1,292,527	1,327,925	4.06%	1.29%
Sales Tax Receipts (Current $'s, Unadjusted)	*4,053,271*	*3,476,058*	*3,393,447*	*16.61%*	*19.44%*
Household Employment (Seasonally Adjusted)	191,606	191,566	187,877	0.02%	1.98%
Household Employment (Unadjusted)	*191,336*	*191,853*	*189,239*	*-0.27%*	*1.11%*
Hotel/Motel Tax Receipts (Constant 1982-1984 $'s, Seasonally Adjusted)	2,407,420	2,458,792	3,850,332	-2.09%	-37.47%
Hotel/Motel Tax Receipts (Current $'s, Unadjusted)	*6,534,993*	*7,870,950*	*10,334,570*	*-16.97%*	*-36.77%*
Houston-The Woodlands-Sugar Land CPI	278.77	278.92	275.64	-0.05%	1.13%

***(Data for the Current Index is two months behind due to the lag in obtaining the data for county employment.)*

Brazoria County Lagging Economic Index

	Aug 2025	Jul 2025	Aug 2024	Jul-2025 to Aug-2025	Aug-2024 to Aug-2025
Lagging Economic Index (2003 = 100)	167.93	167.89	177.46	0.02%	-5.37%
Components:					
Brazoria County Foreclosure Notices (Adjusted)	69	72	62	-3.86%	11.33%
Brazoria County Foreclosure Notices (Unadjusted)	*57*	*87*	42	-34.48%	35.71%
Prime Rate Charged By Banks	7.50	7.50	8.50	0.00%	-11.76%
Unemployment Rate (Adjusted)	4.46%	4.36%	4.44%	2.45%	0.41%
Unemployment Rate (Unadjusted)	*5.20%*	*4.70%*	*4.80%*	*10.64%*	*8.33%*

****(Data for the Lagging Index is two months behind due to lag in obtaining unemployment data.)*

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