

# Economic Forecast FY 2020

## 2<sup>nd</sup> Quarter\*

\*When available, more recent data from the 3<sup>rd</sup> Quarter was used in order to give as much insight as possible into the economic effects of the coronavirus pandemic

Office of  
Management  
and Budget

# What the experts are saying...

*Economic activity will remain weak in the near term. It is likely that Texas will underperform the U.S. in job and output growth this year due to the state's outsized share of vulnerable industries—such as food services and air transportation—as well as prolonged weakness in the oil and gas sector. According to the Dallas Fed estimates, employment will contract sharply through midyear, rebound in the second half of 2020 and end the year down 7.6 percent on a December-over-December basis.*

*Texas Economic Activity Sharply Falls in Wake of COVID-19,  
Federal Reserve Bank of Dallas, May 7, 2020*

<https://www.dallasfed.org/research/economics/2020/0507>

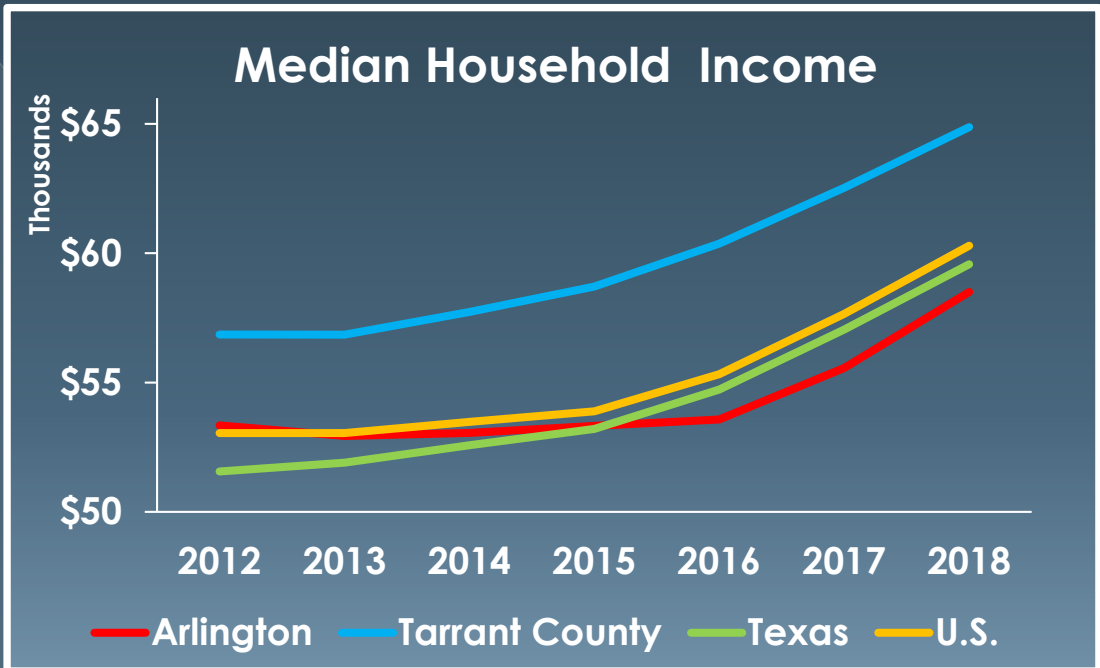
*During the Great Recession, every \$1 in state budget cuts resulted in a \$1.70 decline in economic activity, according to one study. If past is prologue, it could take several years for spending and tax receipts by state and local governments to recover to prerecession levels.*

*The Kiplinger Letter, June 5, 2020*

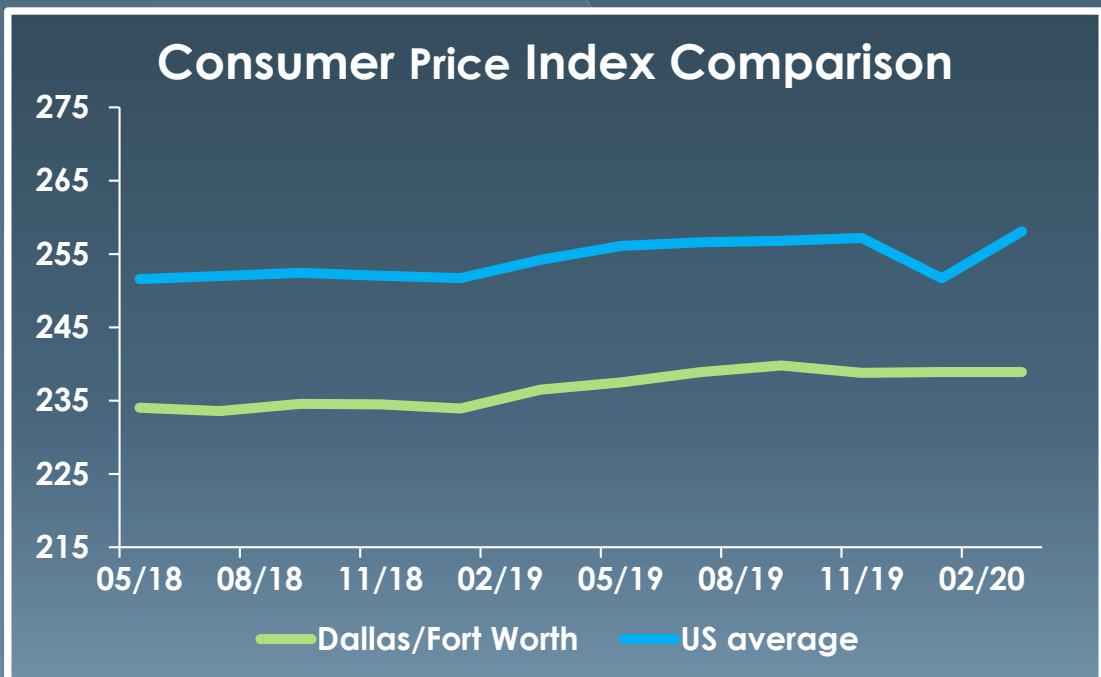
*It's official: The longest economic expansion in U.S. history ended in Feb., according to the National Bureau of Economic Research, the organization responsible for determining the official start and end dates of U.S. recessions. The current downturn will likely be short. In fact, it may already be over. But its effects will be felt for years to come, given the severity of the slump in economic activity...the worst since the Great Depression. And the road to recovery will likely be long. U.S. GDP may not return to its prerecession peak until 2022.*

*The Kiplinger Letter, June 12, 2020*

# Household Indicators

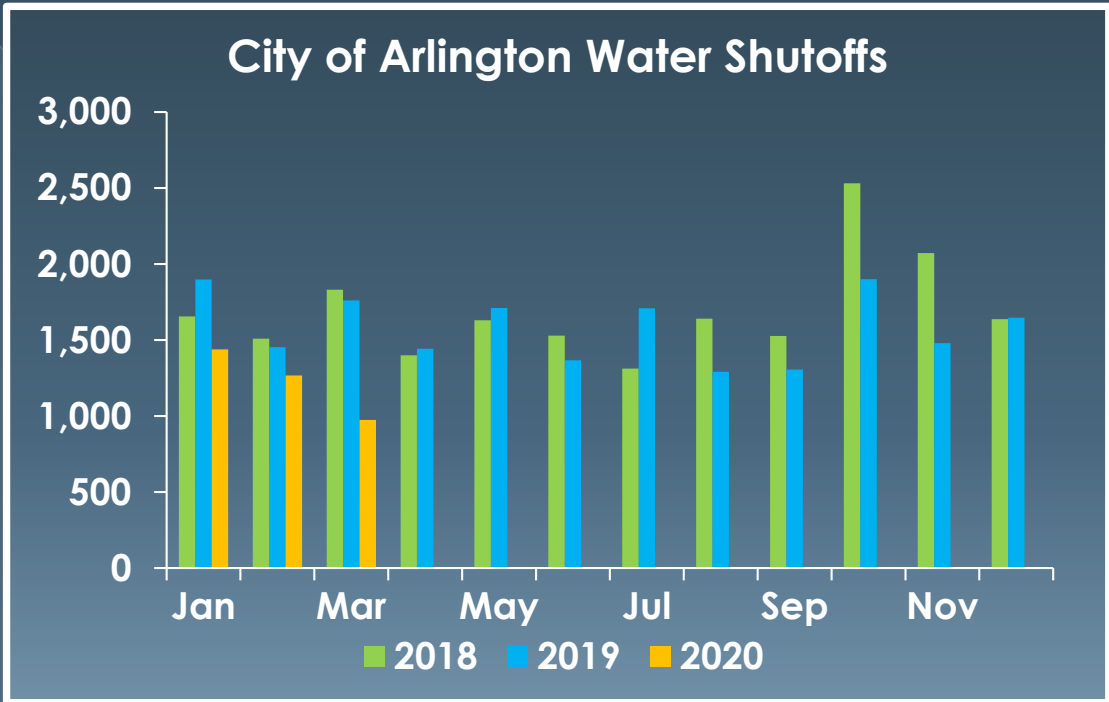


Median earnings of households in Arlington have risen from \$53,341 in 2012 to \$58,502 in 2018.

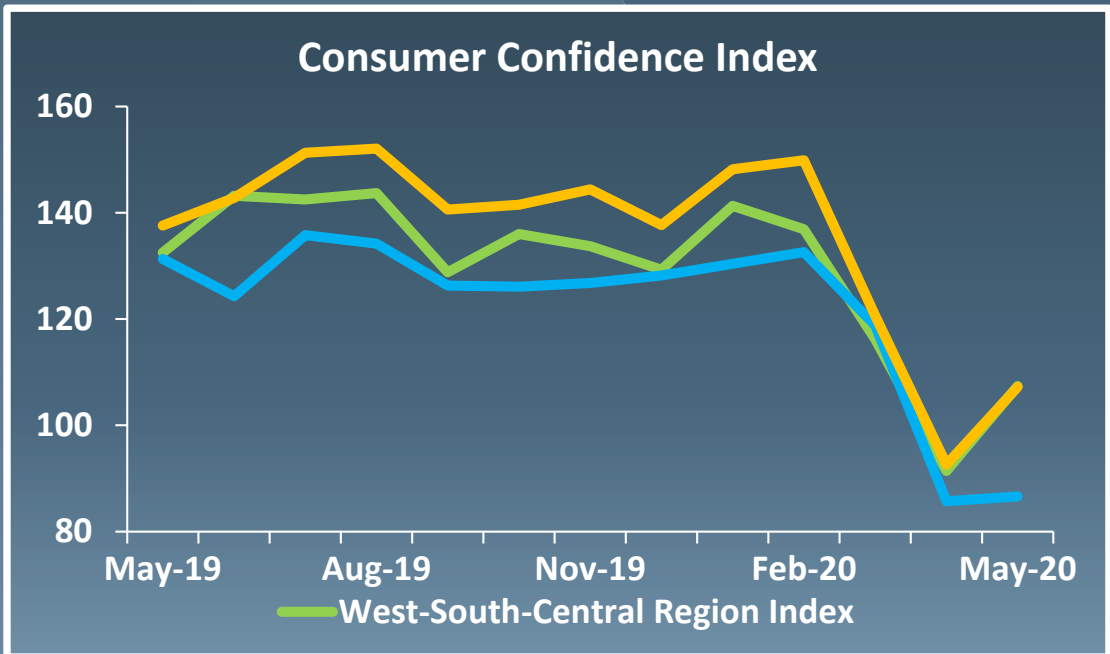


The U.S. average CPI increased from 254.2 in March 2019 to 258.1 in March 2020, while the D/FW CPI increased from 236.5 to 238.9.

# Household Indicators

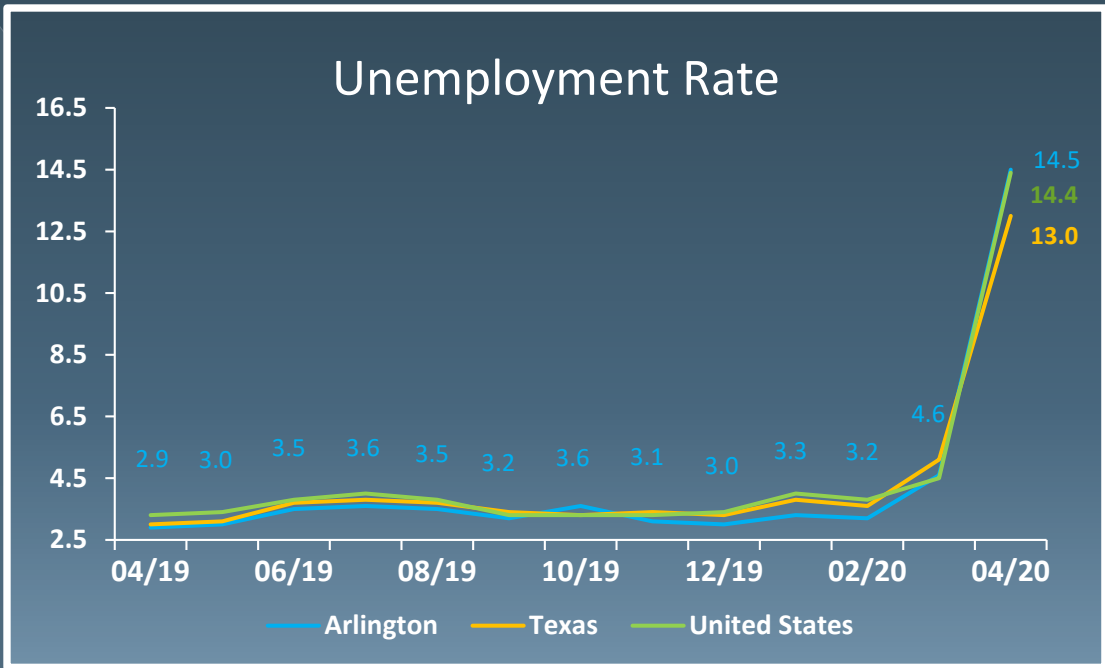


The number of monthly water shutoffs in May 2020 was 3, down from 1,711 in May 2019.

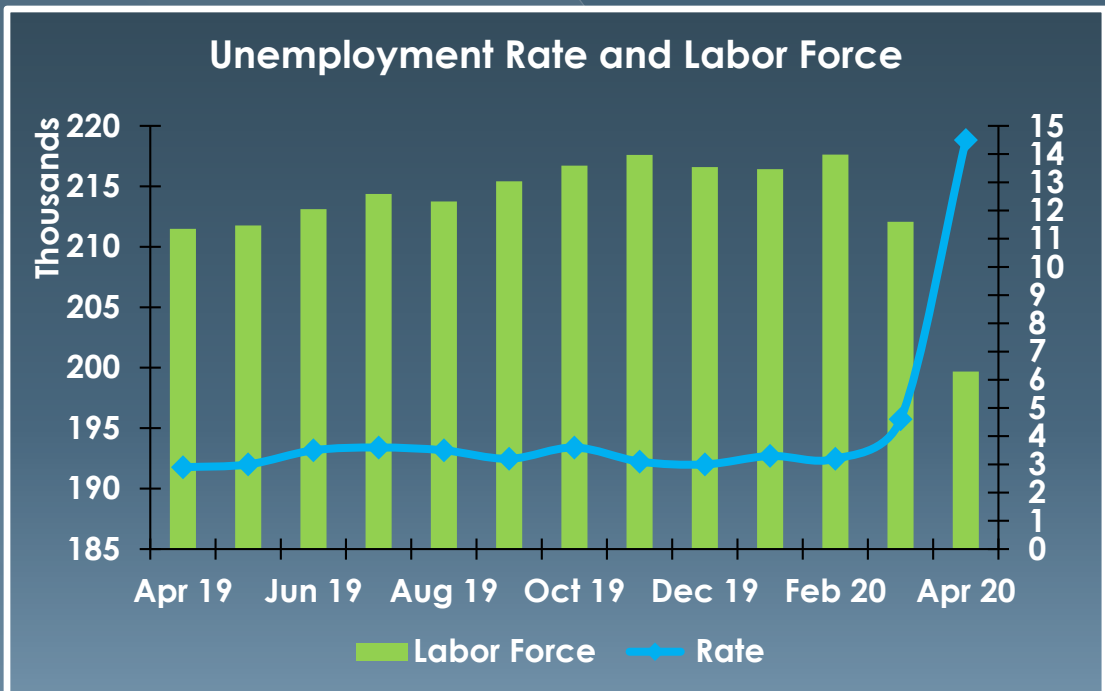


The Consumer Confidence Index for Texas for May 2020 was 107.2, down 12.4% from 137.6 in May 2019.

# Labor Indicators

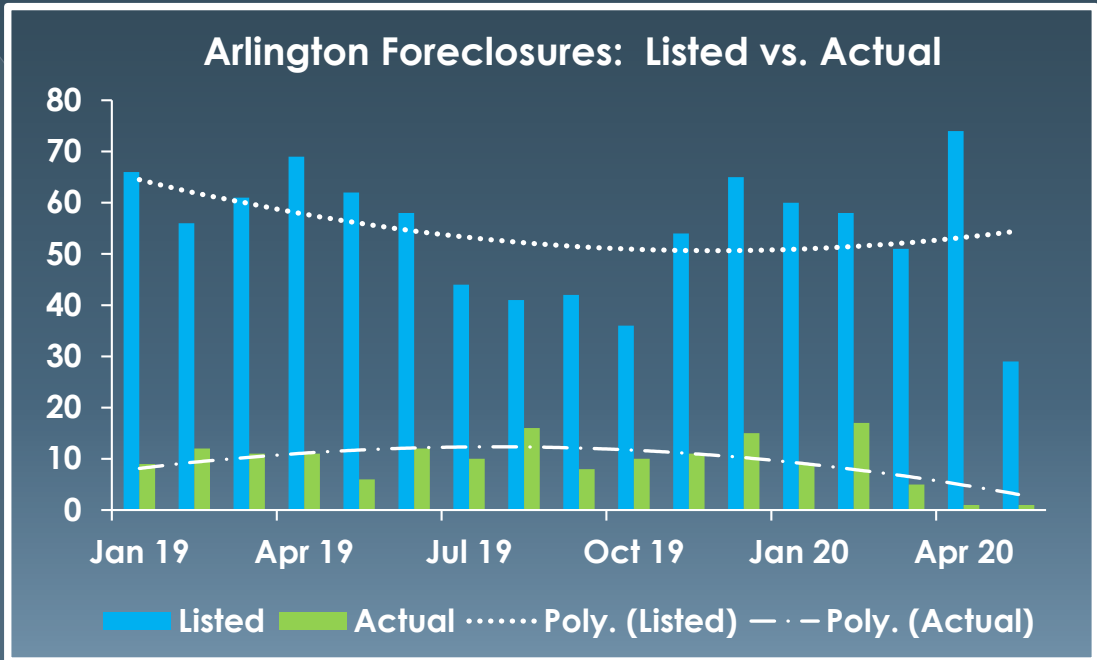


The unemployment rate in Arlington for April 2020 was 14.5%, up from 2.9% in May 2019.

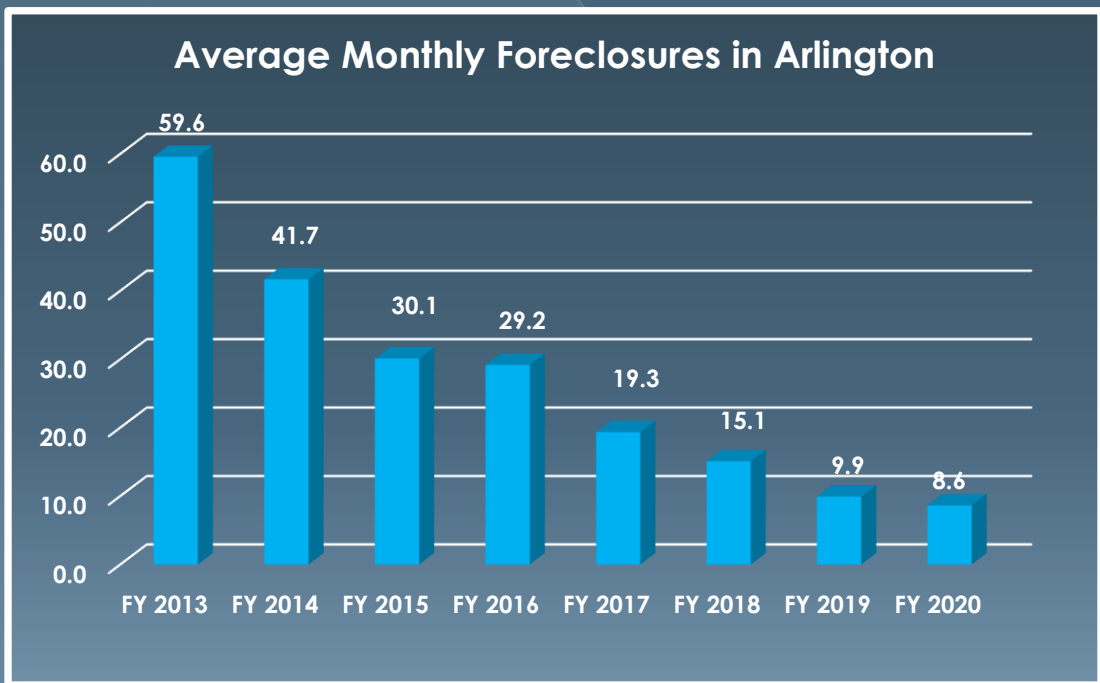


The Labor Force included 199,685 persons in Arlington in April 2020. This is down from April 2019, when the labor force was 211,486.

# Housing Indicators

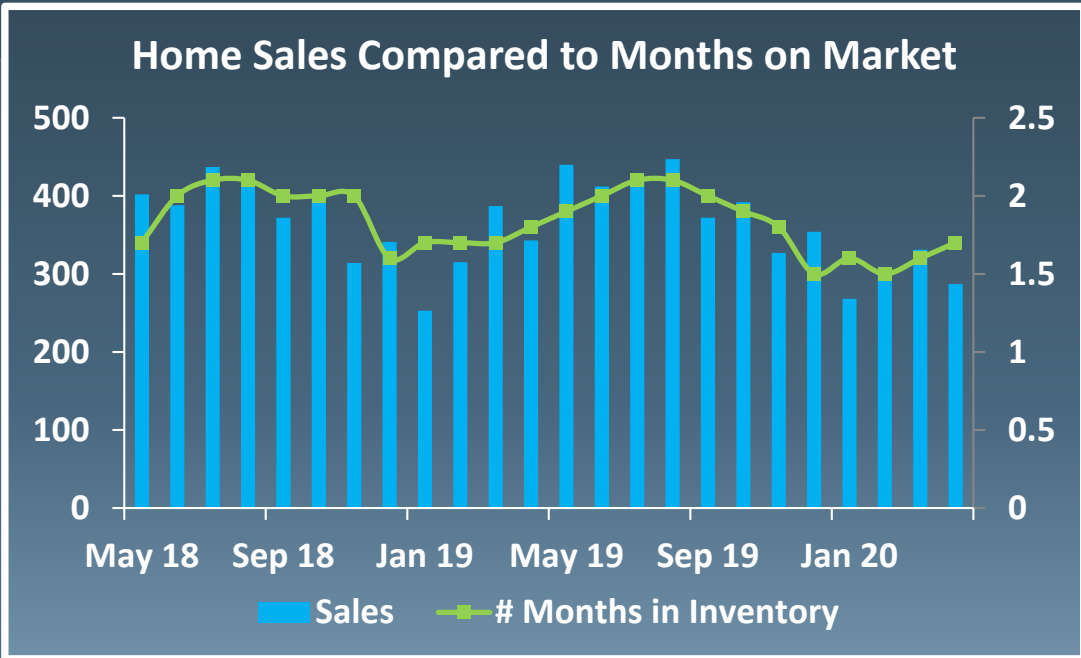


In May 2020, there were 29 foreclosures listed in Arlington, with 1 actual foreclosure.

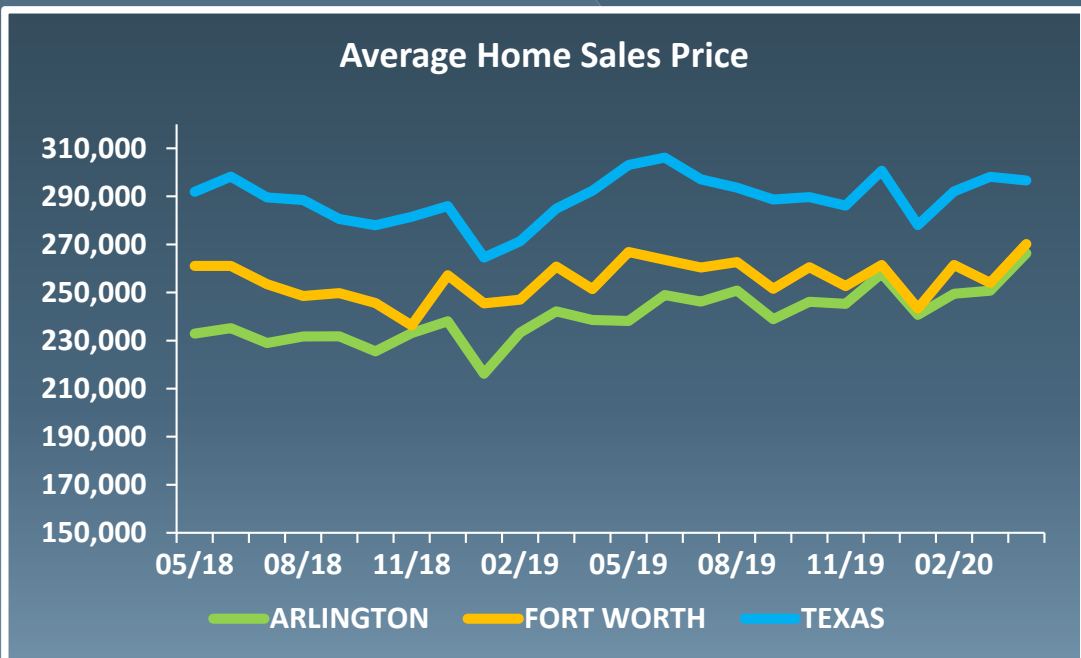


Through the first eight months of FY 2020, an average of 8.6 foreclosures per month were completed in Arlington, up from an average of 9.9 foreclosures per month in FY 2019.

# Real Estate Indicators

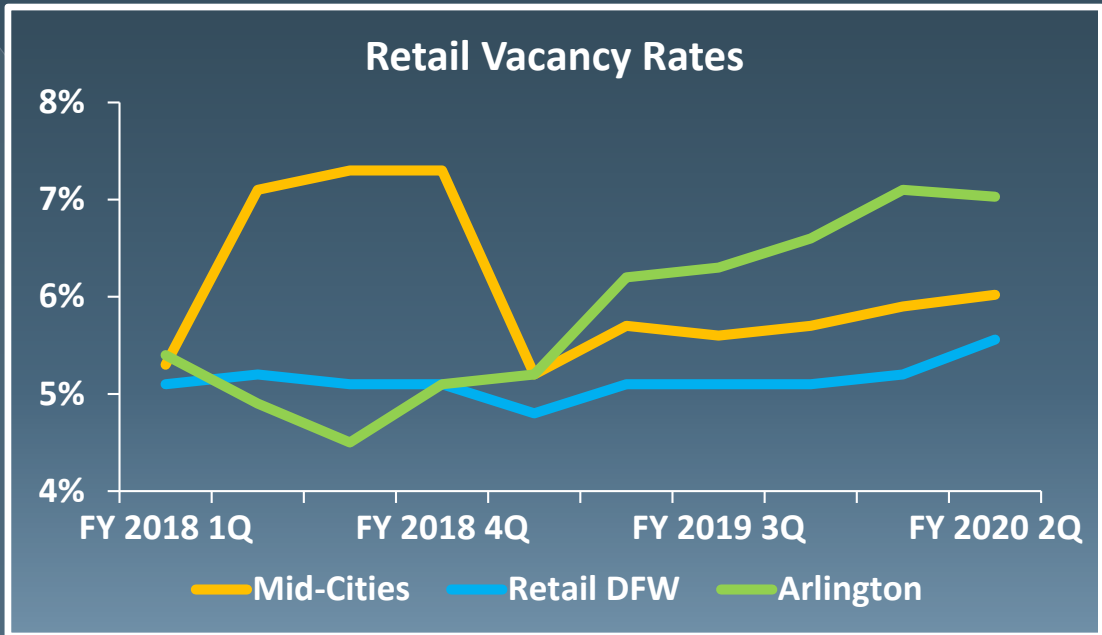


In April 2020, the average time a home in Arlington stayed on the market was 1.7 months, down from 1.8 months in April 2019.

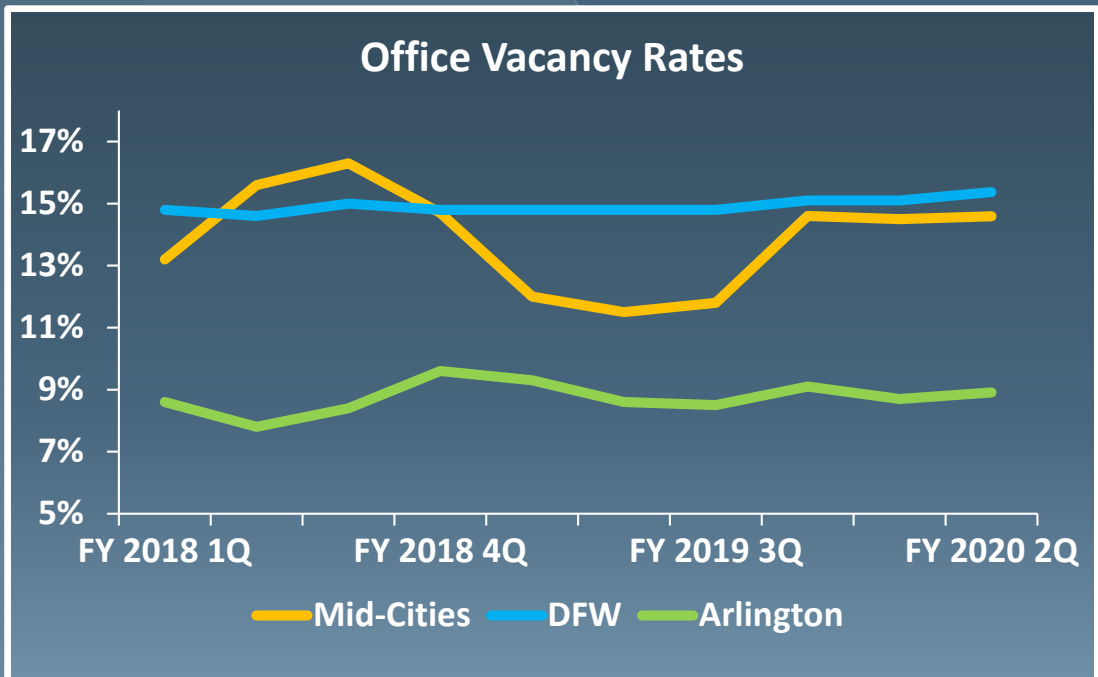


The average home sales price for Arlington in April 2020 was \$266,329. This is up from April 2019, when the average was \$238,583.

# Real Estate Indicators



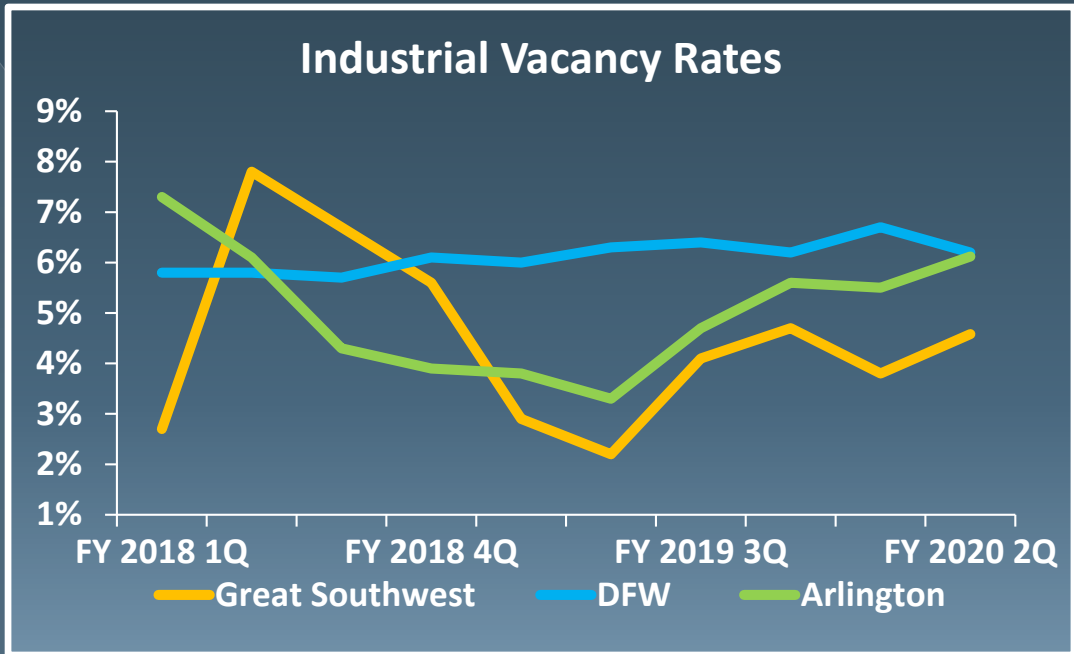
The vacancy rate for retail space in Arlington was 6.5% in the second quarter of FY 2020, up from 5.7% in the second quarter of FY 2019, and down from 6.6% in the first quarter of FY 2020



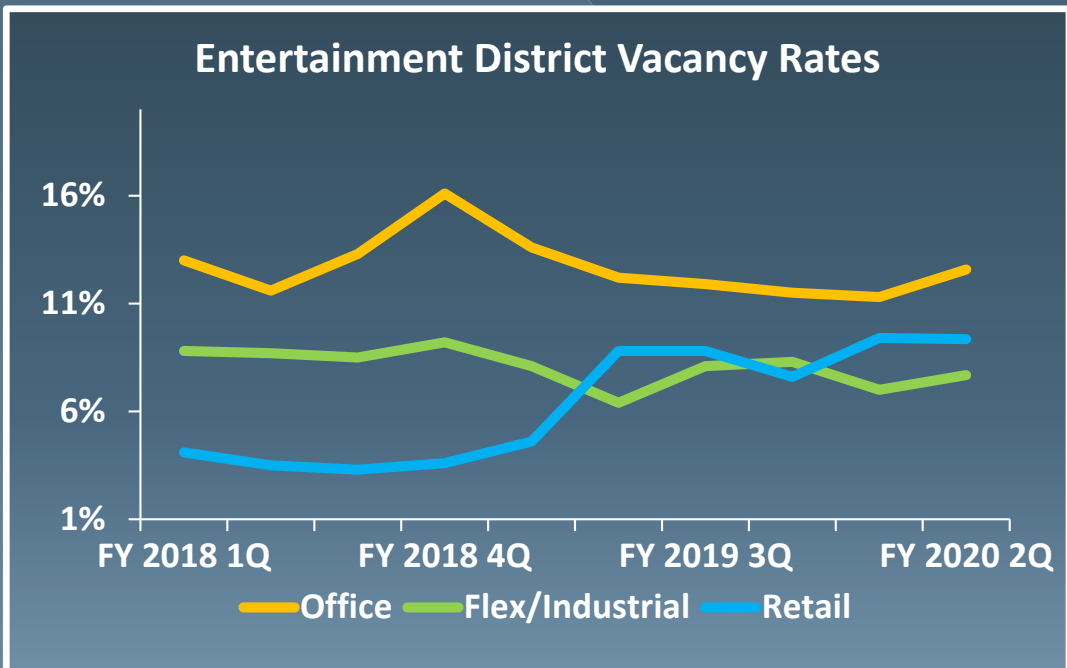
The vacancy rate for office space in Arlington was 8.9% in the second quarter of FY 2020, up from 8.6% in the second quarter of FY 2019, and up from 8.7% in the first quarter of FY 2020.



# Real Estate Indicators

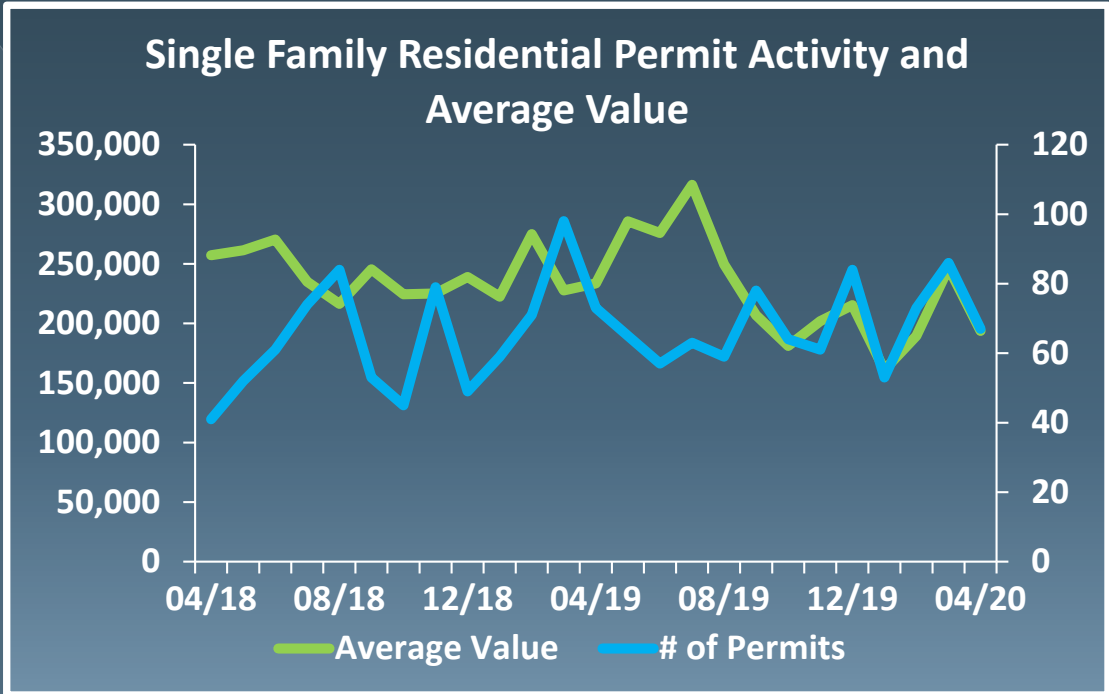


The vacancy rate for industrial space in Arlington was 6.1% in the second quarter of FY 2020, up from 3.3% in the second quarter of FY 2019, and up from 5.5% in the first quarter of FY 2020.

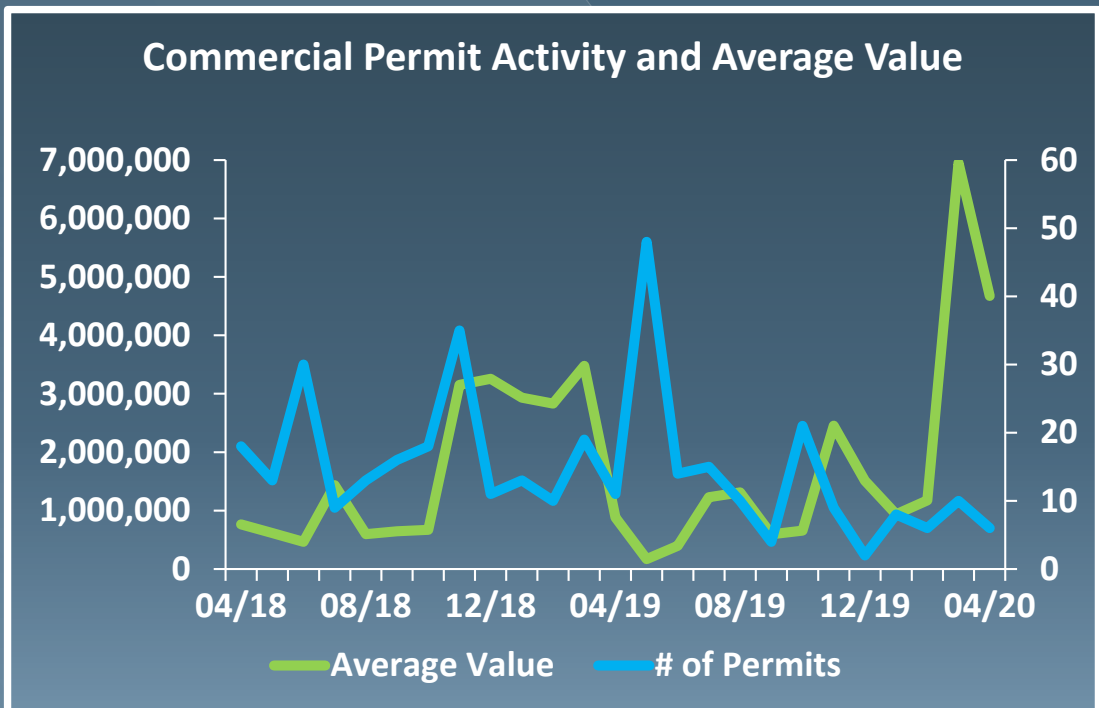


The vacancy rates for the Entertainment District in the second quarter of FY 2020 were 12.6% for office, 7.7% for industrial, and 9.4% for retail.

# Construction Indicators

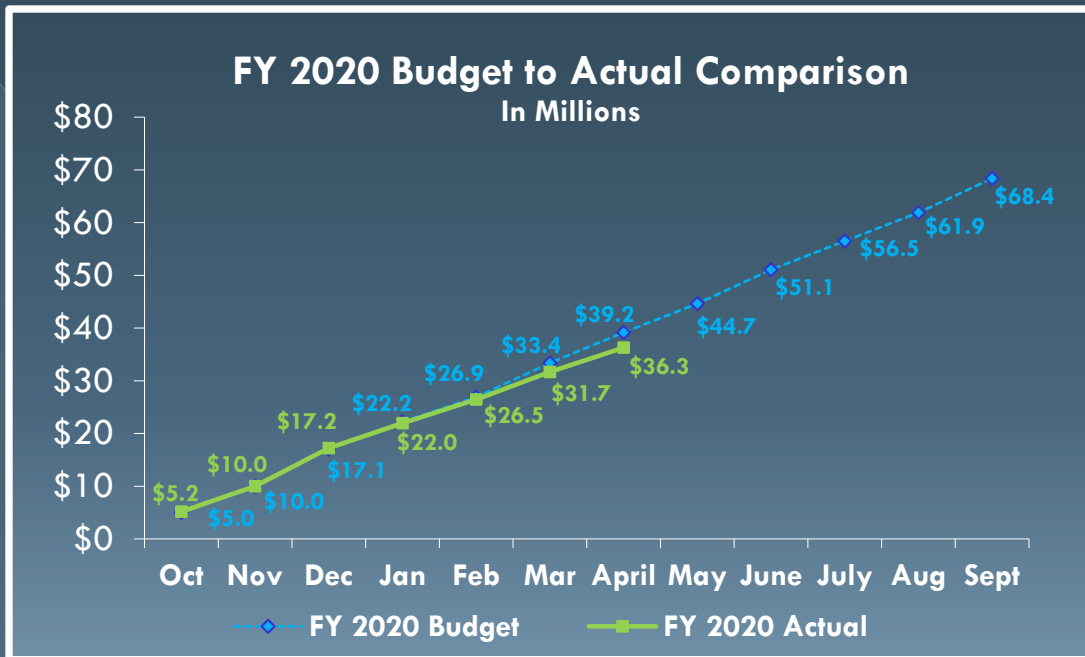


The average value of Single Family Residential Permits was \$193,646 in April 2020.

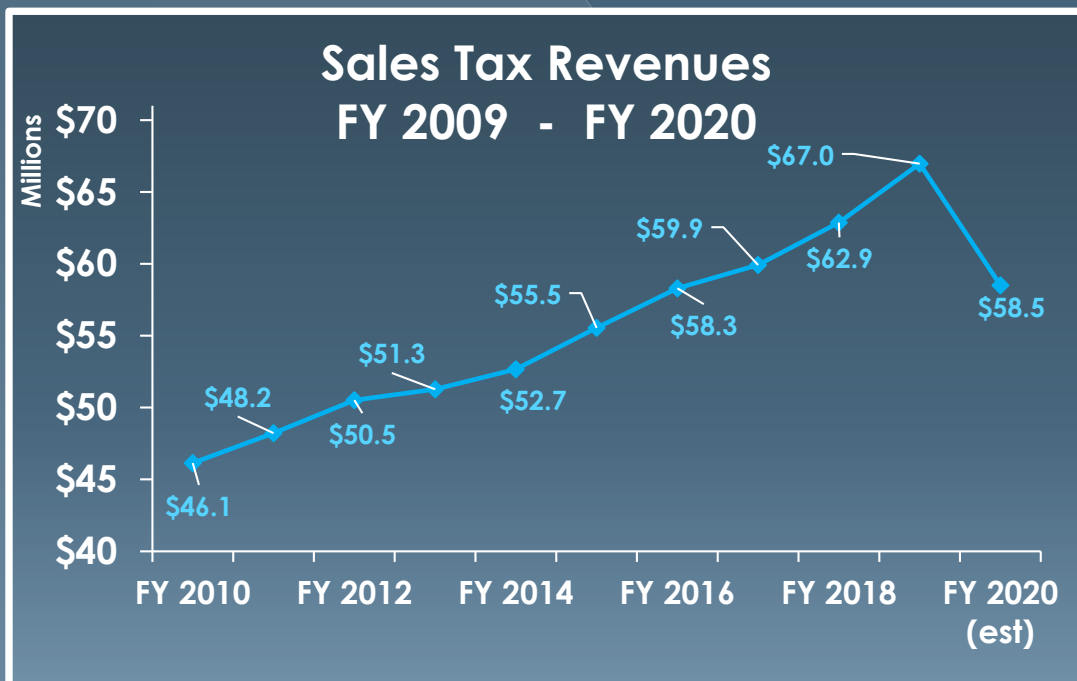


The average value of Commercial Permits was \$4,675,210 in April 2020.

# Revenue Indicators

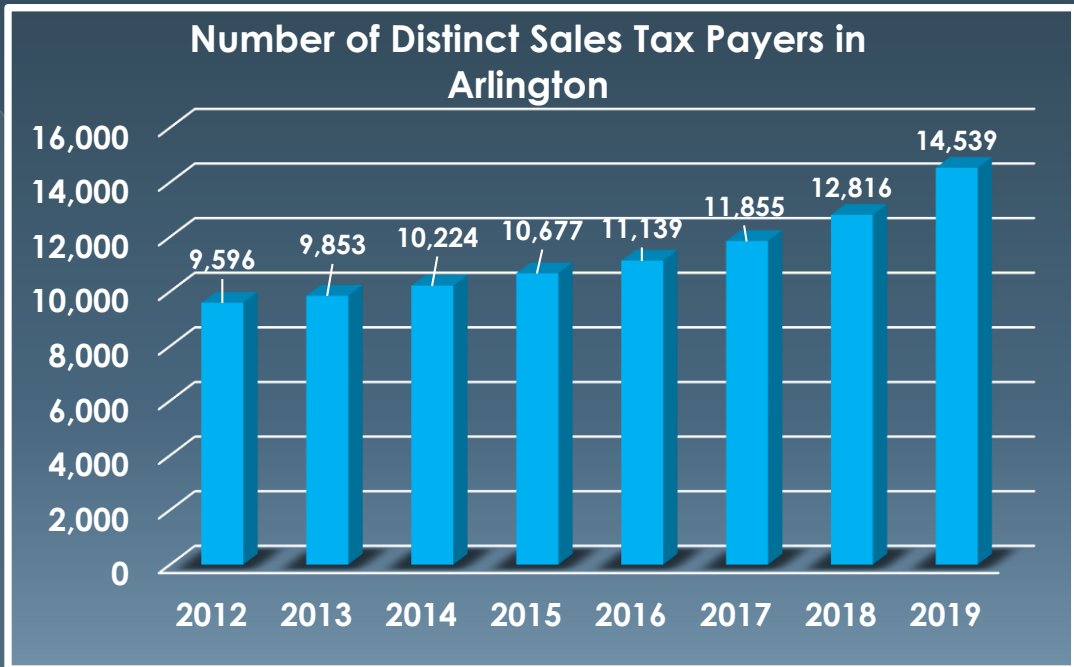


Through April 2020, Sales tax receipts totaled \$36,288,744, which is \$2,873,086 or 7.3%, below the budgeted amount of \$39,161,860.

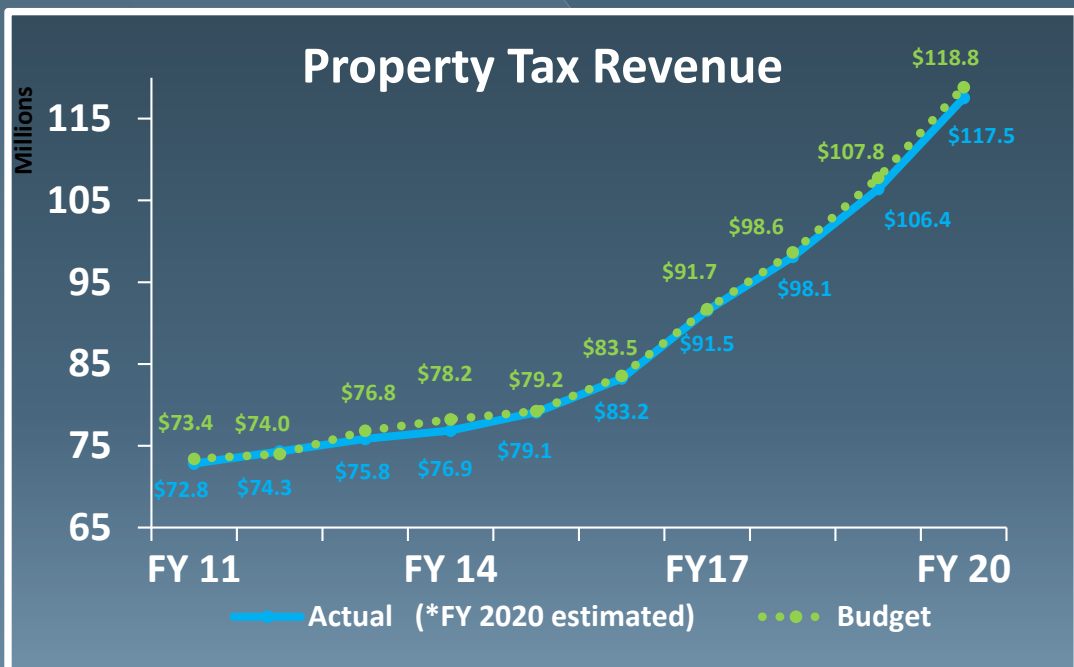


Annual sales tax receipts increased steadily each fiscal year since FY 2010. However, FY 2020 receipts are projected to reach \$58,511,261.

# Revenue Indicators

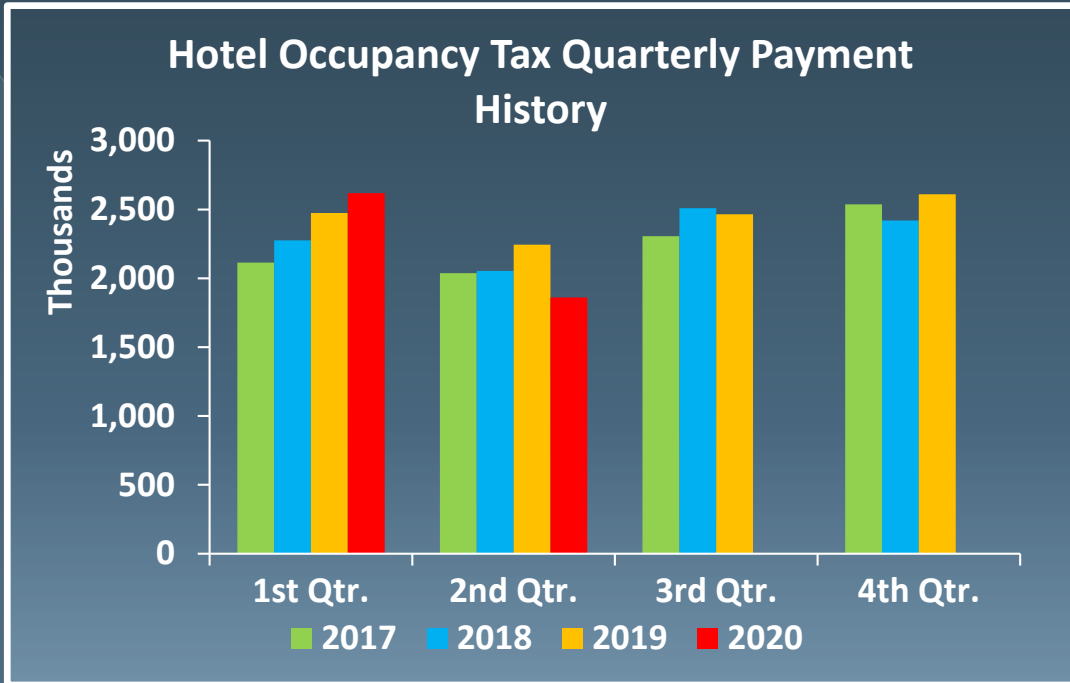


The number of distinct sales tax payers in Arlington as of December 31, 2019 was 15,539, up 13.4% over the prior year number of 12,816, and up 51.5% from 9,596 tax payers as of December 31, 2012.

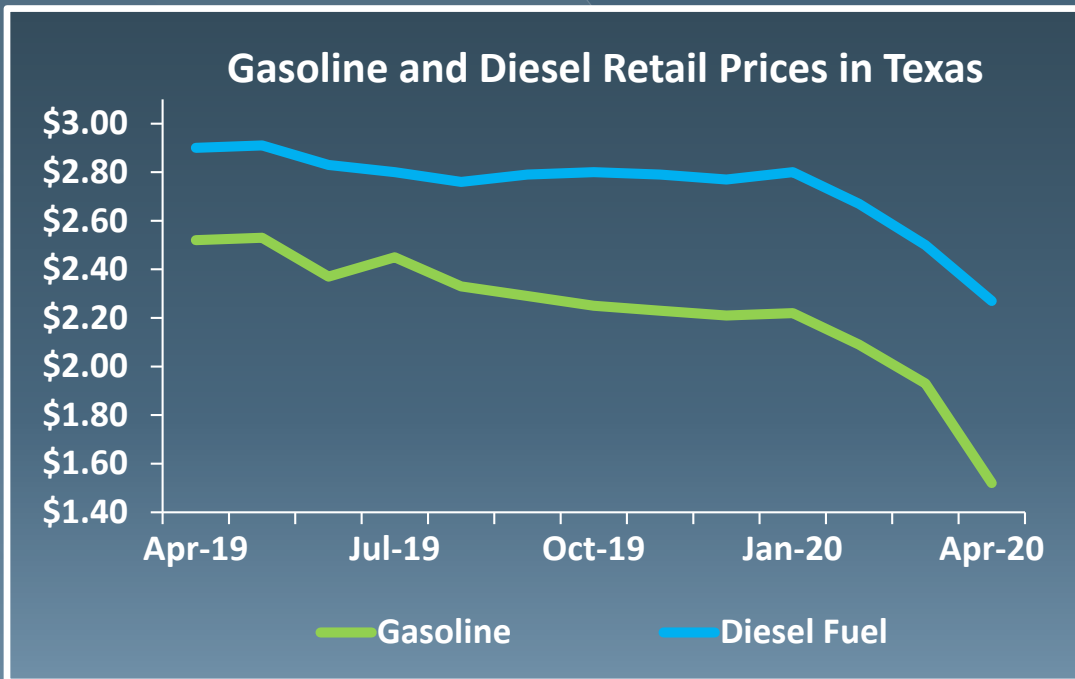


The City's property tax collections for FY 2020 are projected to reach \$117,526,425 which is 98.9% of the budgeted amount of \$118,832,717, and a 10.5% increase over FY 2019 receipts.

# Revenue Indicators



FY 2020 second quarter Hotel Occupancy Tax revenues were \$1,861,289, down 17.1% from \$2,244,813 during The second quarter of FY 2019.



The average price of gasoline in Texas during April 2020 was \$1.52 per gallon, down 39.8% from \$2.52 per gallon in April 2019.

# Notes