

# Amarillo Economic Forecast 2024



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# Amarillo Economic Forecast for 2024

## 2023 Recap

Slowing, but steady growth for Amarillo in the face of higher interest rates and inconvenient rains. Ag and oil contributed less; however, cattle had a fine year. Job growth and retail sales increases slowed to about 1.5%, while tourism was mixed.

## Areas of Economic Strength

- 2,000 more people working
- Higher wages and salaries
- Jump in airline boardings
- Higher interest rates helped savers
- Commercial construction remained robust
- Amarillo's population exceeded 200,000

## Areas of Economic Weakness

- Higher rates hurt housing and auto sales
- Tourism slowed
- Farm commodity prices and yields declined
- Even dairy had a poor year
- Housing starts declined
- Slumping prices for oil and especially natural gas

## 2024 Forecast

- Continued flattening, while avoiding a recession
- Commodity prices should hold or increase
- Lower rates will help housing, auto sales, and business expenses
- Federal government largesse will decline
- Higher insurance costs will offset lower gasoline prices
- Inflation pressures continue to ease
- Student loan payments resuming will add more pressure to consumers

# Outlook for Specific Sectors

## Employment

2023 had less job growth, but incomes increased at levels near the rate of inflation. Owens Corning had a November layoff. 2024 has no major job changes or major new employers on the horizon.

12 Month Average	Household Survey	Employers Survey	Average Unemployment
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	133,106	127,525	3.13%
2024 (est)	131,000	125,000	3.00%

## Retail Sales

2023 Retail sales increase dropped below the rate of inflation, as consumers cut back and higher interest hurt large purchases. 2024 should see increases slightly below the rate of inflation, as moderate job and wage growth generates more disposable income.

Sales Tax Collections	Amount	% Change
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	\$100,432,055	0.45%
2024 (est)	\$101,500,000	1.10%

# Consumer Price Index

C.P.I. Increases:	Amarillo	National
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	8.79%	4.39%
2024 (est)	4.00%	3.80%

## Real Estate

Pent up demand slowed the drop in housing starts caused by the doubling of mortgage rates. Home prices of new and existing increased modestly. Apartment rent softened. Meanwhile, commercial construction stayed very strong, boosting building permit totals. 2024 will have slower new home construction, since job growth is modest. Commercial projects will stay robust. Home prices should be near flat, as mortgage rates are now lower by 1% at year-end.

Building Permits	2017	2018	2019	2020	2021	2022	2023	2024(est)
Housing Starts	477	505	520	666	746	971	923	700
Remodels & Roofing	5,041	3,176	5,057	4,512	4,114	1,356	5,869	2,000
Commercial Units	506	415	418	267	381	690	874	900
<b>Total Value (mil)</b>	<b>\$686</b>	<b>\$472</b>	<b>\$332</b>	<b>\$494</b>	<b>\$961</b>	<b>\$530</b>	<b>\$392</b>	<b>\$340</b>
<b>Median House Value (000)</b>	<b>\$159</b>	<b>\$155</b>	<b>\$180</b>	<b>\$200</b>	<b>\$220</b>	<b>\$235</b>	<b>\$240</b>	<b>\$246</b>

# Agri-Business

2023 had poor moisture timing and lower commodity prices, as farmers suffered a one-two punch. Dairy had the first tough year in years. Cattle boomed, bucking the Ag Trend. High cattle prices should correct some in 2024, while dairy and farming should see stronger prices. As always, rain will determine yields. Cotton production was off 50%+ in 2023 and should improve from the low levels. Current prices are lower than 2023 YTD averages shown here.

(\$ Averages)	2017	2018	2019	2020	2021	2022	2023	2024(est)
Wheat	\$ 3.68	\$ 4.73	\$ 4.30	\$ 4.71	\$ 7.00	\$ 9.55	\$ 7.30	\$ 6.50
Fed Cattle	\$121.50	\$116.11	\$115.71	\$109.10	\$121.29	\$143.50	\$174.37	\$173.00
Corn	\$ 3.67	\$ 3.89	\$ 4.07	\$ 3.85	\$ 5.66	\$ 6.91	\$ 5.60	\$ 5.50
Cotton	\$ 67.80	\$ 69.65	\$ 66.76	\$ 58.56	\$ 71.41	\$ 93.51	\$ 78.51	\$ 80.00
Milk	\$ 15.94	\$ 14.28	\$ 16.25	\$ 17.57	\$ 16.76	\$ 21.79	\$ 17.58	\$ 16.75

# Energy

Natural gas prices plummeted during 2023, while oil was “up and down” ending the year lower. Strong production will keep 2024 prices low resulting in lower transportation costs, reducing inflation rates. Drilling rigs are more efficient, so less rigs are needed in our area both for new horizontal wells and workovers.

(Yearly Average)	2017	2018	2019	2020	2021	2022	2023	2024(est)
Active Rigs	15	22	10	2	5	8	5	4
Oil (Panhandle)	\$47.50	\$64.43	\$58.17	\$39.63	\$68.43	\$94.83	\$77.90	\$74.00
Natural Gas	\$ 3.13	\$ 2.94	\$ 2.68	\$ 2.13	\$ 3.65	\$ 6.46	\$ 2.68	\$ 2.60

# Travel

Airline boardings jumped early in 2023 and continued strong, as more local passengers traveled. Hotel occupancy rates dropped 3%, while Bed Tax declined 15% due to AirBNB and extended stays hurting tax receipts. 2024 Airline boards should be up slightly, while the Bed Tax should be up 3%, as more rooms are coming on line and room rates will be under pressure.

## Airline Boardings

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	399,299	+ 9.10%
2024 (est)	412,000	+ 3.50%

## Motel Tax

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	9,289,524	+ .975%
2024 (est)	9,100,000	+ 2.04 %

# Bankruptcy Filings

Less Covid payments should reverse the 3-year downtrend.

## Bankruptcy Filings:

2017	426
2018	439
2019	417
2020	328
2021	297
2022	240
2023	284
2024 (est)	310

# Amarillo Leading Indicators

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

## Annual Average:

2017	- 1.4%
2018	- 5.6%
2019	- 11.67%
2020	1.50%
2021	2.92%
2022	4.77%
2023	8.79%
2024 (est)	We do not forecast this, as the formula looks six months ahead. December was slightly negative.