

# ECONOMIC NEWS & TRENDS

This nonconfidential edition includes excerpts from articles, studies, and economic research. The content focuses on trends and news during the third and fourth quarters of 2016. This report may be forwarded to others in your agency, the local chamber, and in your community.

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**HIGHLIGHTS**

**U.S. GDP:** Real gross domestic product (GDP) increased at an annual rate of 1.9 percent in 4Q2016, according to the “advance” estimate released by the Bureau of Economic Analysis. In 3Q2016, real GDP increased 3.5 percent.

**CPI:** The Consumer Price Index for All Urban Consumers (CPI-U) increased 2.1 percent over the last 12 months (December 2015–December 2016) to an index level of 241.432.

**Personal income:** Personal income increased \$50.2 billion (0.3 percent) in December 2016, according to estimates released by the Bureau of Economic Analysis. Disposable personal income (DPI) increased \$43.6 billion (0.3 percent), and personal consumption expenditures (PCE) increased \$63.1 billion (0.5 percent).

**Interest rates:** The Federal Reserve raised the target federal funds rate by 25 basis points to between 0.50 percent and 0.75 percent in its December 2016 meeting.

**Inflation:** Consumer prices in the United States increased 2.1 percent year-over-year in December 2016, following a 1.7 percent rise in November and matched market expectations. The inflation rate accelerated for the fifth consecutive month to the highest since June 2014, boosted by gasoline and shelter cost.

**U.S. unemployment:** At the end of 2016, unemployment was at 4.7 percent, down from 4.8 percent in October.

**Job growth:** The economy added 156,000 jobs in September 2016.

**Employment gain:** Professional and business services added 67,000 jobs in 4Q2016. Those industries gained more than half a million jobs in 2016. Healthcare and restaurants both added more than 30,000 positions. And the energy industry stopped losing jobs.

**Housing market:** The U.S. housing market continued to improve in 3Q2016. Construction starts rose for single-family housing but declined for multifamily homes.

**U.S. homeownership rate:** The homeownership rate in the 4Q2016 was 63.7 percent and not statistically different from the 4Q2015 rate of 63.8 percent. The homeownership rate in the Northeast was lower than the 4Q2015 rate, while the rates in the Midwest, South, and West were not statistically different from the rates in the 4Q2015.

**U.S. median home sales price:** In 4Q2016, the median asking sales price for vacant-for-sale units was \$167,700. **New vehicles:** U.S. auto sales rose to 17.5 million new cars, trucks, SUVs, crossovers, and vans through December 2016.

**Used cars and trucks:** The 3Q2016 closed with 9.8 million vehicles sold in the U.S. used market, an increase of 3.3 percent over the previous year. Franchise used sales showed a 2.6 percent decrease from 2015 because of fewer trade-ins at dealerships this year. The average age of retail used vehicles sold during 3Q2016 was 4.0 years, down from 4.3 years in 3Q2015.

**Texas economy:** The Texas economy advanced from November as the number of jobs increased by more than 6,100 (seasonally adjusted). The service-providing sector carried December’s employment growth, mainly in the health, education, and leisure industries, as well as the government sector. The energy sector continued to improve as crude oil and natural gas prices reached their highest levels since 2014.

**Texas housing market:** The 2016 housing market seems to be doing the best in San Antonio, Dallas, and Austin.

**Homeownership rate:** For Texas, the homeownership rate in 4Q2016 was 62.2 percent, a decrease from 62.6 percent in 4Q2015.

**Texas median home price:** Based on the Zillow home value index, the December 2016 median home value was \$157,000. That’s \$13,000 (8.1 percent) higher than last year’s \$144,000.

**Texas employment report:** Texas employment grew 2.1 percent, annualized in November 2016, outpacing the nation’s 1.5 percent growth rate. Of the major metros, Dallas expanded at the fastest pace at 4.3 percent (annualized), and others saw moderate growth.

**Texas unemployment:** In December 2016, unemployment was at 4.6 percent.

**Retail jobs:** Retail supports 1 of 4 American jobs. Retailers directly employ 28.1 million Americans.

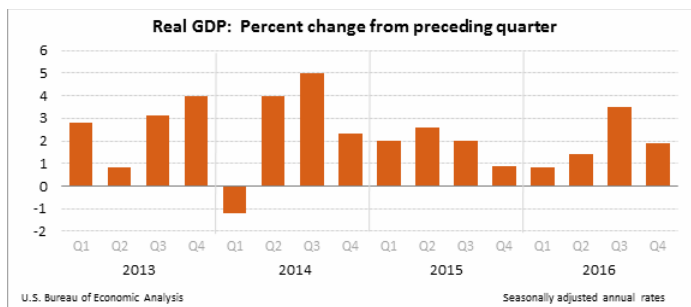
**E-commerce sales for 4Q2016:** E-commerce remains the fastest-growing retail category, rising 14.3 percent from 2015 and well above the 4.1 percent growth rate in overall retail sales in 2016.

**SECTION 1. U.S. ECONOMY AND INDICATORS**

**U.S. Economy and Indicators 2016** [https://www.bea.gov/newsreleases/national/gdp/2017/gdp4q16\\_adv.htm](https://www.bea.gov/newsreleases/national/gdp/2017/gdp4q16_adv.htm)  
<http://www.tradingeconomics.com/united-states/indicators>

**U.S. GDP:** Real gross domestic product (GDP) increased at an annual rate of 1.9 percent in the 4Q2016, according to the “advance” estimate released by the Bureau of Economic Analysis. In the 3Q2016, real GDP increased 3.5 percent (see Figure 1).

**Figure 1. GDP Changes Over Quarters (2013–2016)**



**Agriculture:** GDP from agriculture decreased to \$160.10 billion in the 3Q2016 from \$162.10 billion in the 2Q2016.

### Consumer Price Index (CPI)

<https://www.bls.gov/cpi/cpid1612.pdf>

**CPI:** The Consumer Price Index for All Urban Consumers (CPI-U) increased 2.1 percent over the last 12 months to an index level of 241.432 (see Table1).

**Energy and gasoline:** The energy index rose 1.5 percent in December 2016, its fourth straight increase. The gasoline index, which rose 2.7 percent in November, increased 3.0 percent in December. Before seasonal adjustment, gasoline prices increased 1.8 percent in December.

**Major indexes that rose in December 2016:** The index for all items except food and energy rose 0.2 percent in December 2016, the same increase as in November. Along with the shelter index, the indexes for motor vehicle insurance, medical care, education, airline fares, used cars and trucks, and new vehicles were among the indexes that increased.

The all items index rose 2.1 percent for the 12 months ending December 2016. This figure has been steadily rising since July and is the largest 12-month increase since the period ending June 2014. The index for all items except food and energy rose 2.2 percent for the 12 months ending December 2016, and the energy index increased 5.4 percent.

**Major indexes that declined in December 2016:** Recent trends continued in the food indexes, as the food at home index again declined, offsetting an increase in the index for food away from home and leaving the overall food index unchanged for the sixth consecutive month. The food at home index fell 0.2 percent, its eighth consecutive decrease. Four of the six major grocery store food group indexes fell. The fruits and vegetables index posted the largest decline, falling 1.1 percent as

GDP from agriculture averaged \$170.45 billion from 2005 to 2016, reaching an all-time high of \$235.10 billion in the 1Q2013 and a record low of \$123.30 billion in the 1Q2006.

**Construction:** GDP from construction increased to \$784.90 billion in the 3Q 2016 from \$779 billion in the 2Q 2016.

**Manufacturing:** GDP from manufacturing increased to \$2,181 billion in the 3Q 2016 from \$2,171.70 billion in the 2Q 2016.

**Services:** GDP from services increased to \$12,875.60 billion in the 3Q2016 from \$12,698 billion in the 2Q 2016.

**Utilities:** GDP from utilities rose 4.2 percent above the December 2015 estimate of \$1,133.7 billion. The value of construction in 2016 was \$1,162.4 billion, 4.5 percent above the \$1,112.4 billion spent in 2015.

**Transport:** GDP from transport increased to \$565.90 billion in the 3Q 2016 from \$561.10 billion in the 2Q 2016.

the index for fresh fruits declined 2.2 percent. The index for meats, poultry, fish, and eggs fell 0.4 percent. The beef index fell 0.8 percent, and the index for eggs decreased 3.9 percent. The index for nonalcoholic beverages fell 0.3 percent, and the cereals and bakery products index declined 0.1 percent. The index for dairy and related products increased 0.4 percent in December after falling in November, and the index for other food at home rose 0.3 percent.

**Table 1. Percent Changes in CPI for All Urban Consumers 2016**

Industry	December 2016 seasonally adjusted changes from preceding November 2016	Unadjusted 12 months ending December 2016
All items	0.3	2.1
Food	0.0	-0.2
Food at home	-0.2	-2.0
Food away from home	0.2	2.3
Energy	1.5	5.4
Gasoline	3.0	9.1
Electricity	0.0	0.7
New vehicles	0.1	0.3
Used cars and trucks	0.5	-3.5
Apparel	0.7	-0.1
Medical care services	0.1	3.9
Shelter	0.3	3.6

Source: U.S Bureau of Labor Statistics.

**U.S. Economic Reports, 2016** <https://www.bea.gov/newsreleases/glance.htm> <https://www.bea.gov/index.htm>  
<https://www.commerce.gov/economicindicators> <http://www.tradingeconomics.com/united-states>  
[https://www.census.gov/retail/marts/www/marts\\_current.pdf](https://www.census.gov/retail/marts/www/marts_current.pdf)  
<http://www.kiplinger.com/article/business/T019-C000-S010-business-spending-forecast.html>

**Interest rates:** The Federal Reserve raised the target federal funds rate by 25 basis points to between 0.50 percent and 0.75 percent during its December 2016 meeting, as widely expected.

**Personal income:** Personal income increased \$50.2 billion (0.3 percent) in December according to estimates released today by the Bureau of Economic Analysis. Disposable personal income (DPI) increased \$43.6 billion (0.3 percent), and personal consumption expenditures (PCE) increased \$63.1 billion (0.5 percent).

**Inflation:** Consumer prices in the United States increased 2.1 percent in December 2016, following a 1.7 percent rise in November and matched market expectations. The inflation rate accelerated for the fifth consecutive month to the highest since June of 2014, boosted by gasoline and shelter cost.

**Retail and food services:** Retail trade sales were up 0.2 percent from December 2016 and up 5.6 percent from last year. Gasoline stations sales were up 14.2 percent from January 2016, while nonstore retail sales were up 12.0 percent from last year.

**Travel and tourism:** Travel and tourism accelerated in the 3Q2016, increasing at an annual rate of 5.0 percent after increasing 4.5 percent (revised) in the second quarter.

**U.S. Housing Market 2016** <https://www.commerce.gov/economicindicators>  
<https://www.census.gov/housing/hvs/files/currenthvspress.pdf>  
[https://www.huduser.gov/portal/sites/default/files/pdf/NationalSummary\\_3Q16.pdf](https://www.huduser.gov/portal/sites/default/files/pdf/NationalSummary_3Q16.pdf)

**Homeownership rate:** For the U.S., the homeownership rate for the 4Q2016 of 63.7 percent was not statistically different from the 4Q2015 rate of 63.8 percent in the 4Q2015.

The homeownership rate in the 4Q2016 in the Northeast was lower than the 4Q2015 rate, while the rates in the Midwest, South and West were not statistically different from the rates in the 4Q2015 (see Table 2).

**Rental vacancy rate:** In 4Q2016, 6.9 percent was not statistically different from the 4Q2015 rate of 7.0

percent. The rental vacancy rate in the West was lower than the rate in the 4Q2015, while the rates in the Northeast, Midwest, and South were not statistically different from the rates in the 4Q2015.

**Rent:** In 4Q2016, the median asking rent for vacant-for-rent units was \$864.

**Median home sales price:** In 4Q2016, the median asking sales price for vacant-for-sale units was \$167,700.

**Housing market:** The housing market continued to improve in 3Q2016. Construction starts rose for single-family housing but declined for multifamily homes. Purchases of new single-family homes rose while purchases of previously owned (existing) homes fell, and a month's supply of homes declined for both new and existing homes.

**Table 2. U.S. Housing Market Indicators for 4Q2016**

Market Indicators	4Q2016
Homeownership rate	63.7 percent
Average rental rate	\$864
Median home sale price	\$167,700

Source: U.S Census.

## U.S. Employment

<http://www.ncsl.org/research/labor-and-employment/national-employment-monthly-update.aspx>  
<http://money.cnn.com/2016/10/07/news/economy/september-jobs-report-us-economy/>

**Unemployment:** At the end of 2016, unemployment was at 4.7 percent, down from 4.8 percent in October (see Figure 2).

**Job growth:** The economy added 156,000 jobs in September 2016.

**Employment gain:** Professional and business services added 67,000 jobs in 4Q2016. Those industries have gained more than half a million jobs in 2016. Healthcare and restaurants each added more than 30,000 positions. And the energy industry stopped losing jobs.

## Services Sector for 4Q2016 (see Table 3)

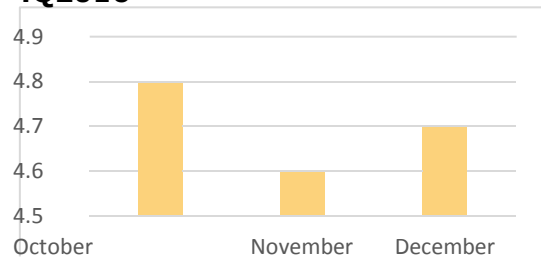
<https://www.census.gov/services/qss/qss-current.pdf>

**Total revenue:** For the U.S., total revenue for all service sectors was \$3,617.6 billion in 4Q2016, an increase of 2.4 percent from 3Q2016 and up 6.1 percent from 4Q2015.

**Utilities:** Revenue in 4Q2016, not adjusted for seasonal variation or price changes, was \$141.0 billion, a decrease of 8.6 percent from the 3Q2016 and up 5.6 percent from the 4Q2015.

**Transportation and warehousing:** Revenue for 4Q2016, not adjusted for seasonal variation or price changes, was \$224.3 billion, a decrease of 0.7 percent from the 3Q2016 and up 2.2 percent from the 4Q2015.

**Figure 2. Unemployment for 4Q2016**



Source: U.S Bureau of Labor Statistics.

**Real estate and rental and leasing:** Revenue for 4Q2016, not adjusted for seasonal variation or price changes, was \$169.4 billion, an increase of 1.4 percent from the 3Q2016 and up 8.1 percent from the 4Q2015.

**Educational services:** Revenue for 4Q2016, not adjusted for seasonal variation or price changes, was \$16.2 billion, an increase of 0.1 percent from the 3Q2016 and up 4.7 percent from the 4Q2015.

**Health care and social assistance:** Revenue for 4Q2016, not adjusted for seasonal variation or price changes, was \$630.5 billion, an increase of 4.3 percent from the 3Q2016 and up 7.0 percent from the 4Q2015.

**Arts, entertainment, and recreation:** Revenue for 4Q2016, not adjusted for seasonal variation or price changes, was \$67.7 billion, an increase of 1.3 percent from the 3Q2016 and up 10.1 percent from the 4Q2015.

**Accommodation:** Revenue for 4Q2016, not adjusted for seasonal variation or price changes, was \$58.6 billion, a decrease of 9.3 percent from the 3Q2016 and up 5.4 percent from the 4Q2015.

**Professional, scientific, and technical services:** Revenue for 4Q2016, not adjusted for seasonal variation or price changes, was \$449.5 billion, an increase of 3.8 percent from 3Q2016 and up 6.2 percent from 4Q2015.

**Administrative and support and waste management and remediation services:** Revenue for 4Q2016, not adjusted for seasonal variation or price changes, was \$226.9 billion, an increase of 2.1 percent from the 3Q2015 and up 8.6 percent from the 4Q2015.

**Other services:** Revenue for 4Q2016, not adjusted for seasonal variation or price changes, was \$151.2 billion, an increase of 13.2 percent from the 3Q2016 and up 11.9 percent from the 4Q2015.

**Table 3. Estimated Quarterly Revenue for Selected Services for Employer Firms, Not Seasonally Adjusted from 3Q2016 to 4Q2016**

Kind of Business	Total Revenue 4Q2016 (millions)	Percent change from 3Q2016 to 4Q2016 (percent)
Selected Services Total	3,615,311	2.3
Utilities	140,160	-9.2
Transportation and warehousing	223,122	-1.2
Information	390,202	7.4
Finance and insurance	1,094,191	1.1
Real estate and rental and leasing	168,616	0.9
Professional, scientific, and technical services	449,087	3.7
Administrative and support and waste management and remediation services	226,748	2.1
Educational services	16,103	-0.3
Health care and social assistance	629,952	4.2
Arts, entertainment, and recreation	67,450	0.9
Accommodation	58,239	-9.8
Other services	151,441	13.4

Source: U.S Census.



**SECTION 2. U.S. AUTO FORECAST****Auto Industry 2016**

<https://static.ed.edmunds-media.com/unversioned/img/car-news/data-center/2016/nov/used-car-report/used-car-report-q3.pdf>

<http://www.goodcarbadcar.net/2017/01/december-2016-usa-auto-sales-brand-results.html>

<http://newsroom.aaa.com/2016/06/average-u-s-gas-prices-climb-2016-high/>

[http://www.eia.gov/outlooks/steo/pdf/steo\\_full.pdf](http://www.eia.gov/outlooks/steo/pdf/steo_full.pdf)

<http://www.upi.com/Energy-News/2016/04/22/US-gasoline-demand-soars/8941461326927/>

<https://hedgescompany.com/automotive-market-research-statistics/auto-mailing-lists-and-marketing>

**New vehicles:** U.S. auto sales rose to 17.5 million new cars, trucks, SUVs, crossovers, and vans through December 2016. The average discount on a new vehicle purchase in December rose 20 percent, year-over-year, to \$3673.

**Used cars and trucks:** The 3Q2016 closed with 9.8 million vehicles sold in the used market, an increase of 3.3 percent over the previous year. Franchise used sales showed a 2.6 percent decrease from 2015, due to fewer trade-ins occurred at dealerships this year. The average age of retail used vehicles sold during 3Q2016 was 4.0 years, down from 4.3 years in Q32015.

**Franchised dealers:** In the first half of 2016, there are 16,680 franchised dealers.

**Gasoline prices:** AAA shows (June 13, 2016) the national average price of self-serve regular at \$2.38 per gallon.

- The nation's top five most expensive markets are: California (\$2.86), Michigan (\$2.74), Hawaii (\$2.73), Ohio (\$2.68) and Alaska (\$2.67).

- The nation's top five least expensive markets are: South Carolina (\$2.08), Mississippi (\$2.10), Arkansas (\$2.12), New Jersey (\$2.14) and Louisiana (\$2.15).

**Total number of vehicles in operation (VIO) 2016:** There were 261.8 million vehicles (cars & light trucks) registered (VIO) in United States, 2016

**Demand:** Total petroleum deliveries, a measure of demand, increased 0.4 percent year on year to an average 19.3 million barrels for its highest level for the month in eight years. Total motor gasoline demand increased 2.2 percent from March 2015.

**Oil consumption impact on the economy:** U.S. crude oil production averaged an estimated 8.9 million barrels per day in 2016. U.S crude oil production is forecast to average 9.0 million barrels per day in 2017 and 9.5 million barrels per day in 2018.

**SECTION 3. TEXAS ECONOMY / FISCAL FOCUS**

**Texas Economic Forecast 2016** <https://www.dallasfed.org/en/research/indicators/tei.aspx#tab1>

<https://assets.recenter.tamu.edu/Documents/Articles/2046.pdf>

**Texas Economy:** The Texas economy advanced from November 2016 as the number of jobs increased by over 6,100 (seasonally adjusted). The service-providing sector carried December's employment growth, mainly in the health, education, and leisure industries, as well as the government sector. The energy sector continued to

improve as crude oil and natural gas prices reached their highest levels since 2014.

**Retail sales:** Index retreated into negative territory to -6.6 in October 2016 from 2.0 in September, indicating falling sales.

**Franchise tax:** Texas reduced the franchise tax rate effective 2016.

**Texas Housing 2016** <https://www.dallasfed.org/en/research/indicators/tei.aspx#tab>

<https://www.census.gov/housing/hvs/data/rates.html> <http://www.housingpredictor.com/2016-texas-housing-market/>

**Texas housing report:** In 4Q2016, Texas single-family building permits expanded 2.0 percent, while the five-month moving average was flat. Existing-home sales expanded 1.6 percent in Texas, with the largest growth occurring in San Antonio at 8.8 percent in October. Inventories remained tight at 3.7 months of supply. The 2016 housing market seems to be doing the best in San Antonio, Dallas, and Austin (see Table 4).

**Table 4. Texas Housing Market Indicators for 4Q2016**

**Homeownership rate:** For Texas, the homeownership rate 4Q2016 was 62.2 percent, a decrease from 62.6 percent in 4Q2015.

**Median home price:** Based on the Zillow home value index, the December 2016 median home value was \$157,000. That's \$13,000 (8.1 percent) higher than last year's \$144,000.

Market Indicators	4Q2016
Homeownership rate	62.2 percent
Median rental price (2-bedroom home)	\$1,240
Median home sale price	\$157,000

Source: U.S. Census/Federal Reserve Bank of Dallas.

**Rents:** Rents were up from 2015 by 3.1 percent. The median rental price for a two-bedroom residence was \$1,240. **Mortgage rates:** The current APR for a mortgage in Texas is between 3.17 percent and 3.38 percent with an average of 3.32 percent. The average is on target with the national average of 3.30 percent.

**Texas Employment 2016** <https://assets.recenter.tamu.edu/Documents/Articles/2046.pdf>

<https://www.dallasfed.org/en/research/indicators/tei.aspx#tab1> <https://www.bls.gov/news.release/pdf/laus.pdf>

**Texas employment report:** Texas employment grew 2.1 percent, annualized in November 2016, outpacing the nation's 1.5 percent growth rate. Of the major metros, Dallas expanded at the fastest pace at 4.3 percent (annualized), and others saw moderate growth.

**Jobs:** Jobs continued to grow steadily in 2016 at 1.8 percent, seasonally adjusted year-over-year.

**Growth:** Texas job growth in December 2016 occurred mainly in the service-providing industry, where employment increased 5,300 (seasonally adjusted month-over-month). Most of the job creation was in the public sector or the health and education industries. Leisure and entertainment services continued to contribute to labor increases.

**Texas unemployment:** In December 2016, unemployment was at 4.6 percent.

**Employment gain:** There were significant increases over the year in nonfarm payroll employment in December 2016 (+210,200). The state's education and health services industry ranked first in contribution to job growth, followed by trade, leisure and hospitality, the government sector, professional and business services, and financial activities.

**Texas Dealership Trends 2016**

[http://www.tada.org/web/Online/About\\_TADA/FAQ\\_Fact\\_Sheet/Online/About\\_TADA/FAQ.aspx?hkey=43028320-312c-4d14-915b-f0ba10b76c90](http://www.tada.org/web/Online/About_TADA/FAQ_Fact_Sheet/Online/About_TADA/FAQ.aspx?hkey=43028320-312c-4d14-915b-f0ba10b76c90)



**Number of franchise dealerships:** There are 1,257 franchise dealerships in Texas (in 284 cities).

**Jobs:** Texas franchise dealerships employ 91,370 individuals.

**Economic impact:** State of Texas receives more than \$3.5 billion in taxes and fees collected by the dealerships. An additional billion dollars is paid by dealerships for sales and payroll, franchise, and property taxes.

#### SECTION 4. RETAIL AND E-COMMERCE SALES AND TRENDS

**E-commerce Sales for 2016** [https://www.census.gov/retail/mrts/www/data/pdf/ec\\_current.pdf](https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf)

<http://www.cbre.us/research/Pages/US-Reports.aspx>

<https://www.forbes.com/sites/shoptalk/2016/12/27/ecommerce-continues-to-be-the-bright-spot-for-holiday-sales/#39c2b4fc2780>

**E-commerce sales for 4Q2016:** E-commerce remains the fastest-growing retail category, rising 14.3 percent from 2015 and well above the 4.1 percent growth rate in overall retail sales in 2016. Total e-commerce sales for 2016 were estimated at \$394.9 billion, an increase of 15.1 percent from 2015. Total retail sales in 2016 increased 2.9 percent from 2015. E-commerce sales in 2016 accounted for 8.1 percent of total sales, whereas e-commerce sales in 2015 accounted for 7.3 percent of total sales.

**Holiday spending:** The growth rate of e-commerce during the holidays keeps outpacing growth in stores. The National Retail Federation predicted a holiday increase of 3.6 percent for stores overall in 2016 versus the double-digit gains for online retailers. Online retailers in fact saw their biggest Cyber Monday ever this year, which was calculated to be bring in more than \$3.3 billion; they said that nearly every other day following Cyber Monday has topped \$1 billion in online sales.

**Consumer Spending in 2016** <https://www.bea.gov/newsreleases/national/pi/pinewsrelease.htm>

<http://www.cnbc.com/2016/11/30/us-consumer-spending-income-increase-in-october.html>

**Personal income and outlay:** These items increased 3.6 percent in 2016 (that is, from the 2015 annual level to the 2016 annual level), compared with an increase of 4.4 percent in 2015. Disposable personal income (DPI) increased 3.9 percent in 2016, compared with an increase of 3.8 percent in 2015. In 2016, personal consumption expenditures (PCE) increased 3.8 percent, compared with an increase of 3.5 percent in 2015. Real DPI increased 2.8 percent in 2016, compared with an increase of 3.5 percent in 2015. Real PCE increased 2.7 percent, compared with an increase of 3.2 percent.

**Consumer spending:** This item accounts for about 70 percent of U.S. economic activity and increased 0.3 percent after an upwardly revised 0.7 percent gain in September 2016.

#### State of the Retail Industry 2016

<https://nrf.com/advocacy/retails-impact>

**Jobs:** Retail supports 1 of 4 American jobs. Retailers directly employ 28.1 million Americans.

**United States establishments:** 3,793,621 retail establishments; 42 million jobs supported, and \$2.6 trillion in total GDP impact.

#### Direct impact of the retail industry by subsector:

**Food and beverage stores:** Created a \$123,759 million impact on the U.S. GDP (251,779 retail establishments); **Gasoline stations:**

Created a \$49,994 million impact on the U.S. GDP (113,575 retail establishments); **Sporting goods, hobby, book, and music stores:**

Created a \$26,237 million impact on the U.S. GDP (132,138 retail establishments); and **Food services and drinking places:**

Created a \$314,572 million impact on the U.S. GDP (860,161 retail establishments).

**Texas establishments:** In this area, there are 316,748 retail establishments; 3,509,910 jobs supported, and \$223.7 billion in total GDP impact.

### Retail Trends 2016

<https://www.thebalance.com/us-retail-and-restaurant-chain-expansion-2892736>

[http://www.midamericagr.com/docs/default-source/market-reports/chainlinks\\_expansionguide\\_spring2016.pdf?sfvrsn=2](http://www.midamericagr.com/docs/default-source/market-reports/chainlinks_expansionguide_spring2016.pdf?sfvrsn=2)

<https://www.thebalance.com/all-us-store-closings-2891888>

**Retail expansions in 2016:** Expansion in both domestic and international markets is definitely in the future plans of the largest U.S.-based retail chains, and moving into U.S. markets is definitely part of the expansion plans for some of the world's largest global retailers as well.

The following stores completed major expansions in 2016:

Adidas, Aéropostale, Aldo, American Eagle, Avenue, Barnes and Noble, Burlington, Chico's, Clarks, Coach, Cole Haan, Costco, DSW, DXL XL, Family Dollar, Famous Footwear, Finish Line, Giorgio Armani, Guess, Jos. A. Bank, Journey's, Lacoste, Office Depot, Old Navy, Rainbow, Red Wing Shoes, Rue21, Shoe Carnival, The Children's Place, Tommy Hilfiger Outlet, and Zara.

The following retail stores have closed locations and/or filed for bankruptcy protection in 2016.

Aéropostale, Dillard's, Hartstrings, JC Penny, Kmart, Macy's, Radio Shack, Sears, Sport's Authority, and The Gap.

### SECTION 5. RESTAURANT AND SUPERMARKET TRENDS

#### Restaurant Trends 2016

[https://www.restaurant.org/Downloads/PDFs/News-Research/PocketFactbook2016\\_LetterSize-FINAL.pdf](https://www.restaurant.org/Downloads/PDFs/News-Research/PocketFactbook2016_LetterSize-FINAL.pdf)

[http://www.restaurant.org/Downloads/PDFs/State-Statistics/2016/TX\\_Restaurants2016](http://www.restaurant.org/Downloads/PDFs/State-Statistics/2016/TX_Restaurants2016)

<https://www.restaurant.org/Downloads/PDFs/News-Research/WhatsHot2016> <https://www.thebalance.com/us-retail-and-restaurant-chain-expansion-2892736>

<https://consumerist.com/2016/10/17/why-are-so-many-restaurant-chains-closing-locations-filing-for-bankruptcy/>

**Jobs:** The restaurant industry employed 14.4 million people in 2016—about 1 in 10 working Americans.

**United States establishments:** Over one million locations accounted for a total of \$782.7 billion in sales in 2016 and equal 4 percent of the U.S. gross domestic product.

**2016 top 10 food trends by the National Restaurant Association:** As reported by top chefs, the top 10 food trends of 2016 are locally sourced meats and seafood, chef-driven fast casual concepts, locally grown produce, hyper-local sourcing, natural ingredients/minimally processed food, environmental sustainability, healthful kids' meals, new cuts of meat, sustainable seafood, and house-made/artisan ice cream.

**Industry sales 2016:** Commercial restaurant services sold \$720.4 billion of food, noncommercial restaurant services \$59.6 billion, and military restaurant services, \$2.6 billion.

**Texas establishments:** In 2016, there were 43,670 restaurants establishments; 1,273,00 jobs supported, and \$54.1 billion in total GDP impact.

#### **Restaurant expansions and closures in 2016 (see Table 5):**

Starbucks topped the 2016 and Beyond Store Openings list, with its plans for opening 1,500 new U.S. and global restaurant locations through 2019. The following restaurants grew:

**Table 5. U.S. Restaurant Expansion 2016**

Name	Number of Stores
A&W	25
Arby's	60
Baja Fresh Mexican Grill	20
Chick-fil-A	81
Chipotle	215
Dairy Queen	65
Denny's	75
Dickey's BBQ	100
Firehouse Subs	160
Five Guys	600
IHOP	45
Jimmy Johns	275
McDonald's	175
Moe's Grill	45
Noodles and Co.	10
Panda Express	120
Panera	105
Pizza Hut	350
Popeye's	100
Steak 'n Shake	40
Subway	2,500
Taco Bell	200
Wendy's	25

Source: National Restaurant Association.

The following large restaurant chains have closed locations or filed for bankruptcy protection or both in 2016:

Bob Evans, Old Country Buffet, Ruby Tuesday, Quiznos, Starbucks, KFC, Arby's, Sbarro, Burger King, Baskin-Robbins, Church's, Long John Silver's, Cosi, Dairy Queen, and Logan's Roadhouse.

### Supermarket Trends 2016

<http://www.theverge.com/2016/12/5/13849008/amazon-go-grocery-convenience-stores-retail-expansion>

Amazon's ambitious physical retail plans extend well beyond its new cashier-less convenience store, unveiled in 2016. According to a report from *The Wall Street Journal*, Amazon hopes to ultimately operate more than 2,000 grocery and convenience stores across the U.S. in a number of different formats. The goal is for Amazon, the biggest online retailer in the U.S., is to completely control the physical flow of products from its warehouses to the end consumer, opening up the possibility for a more robust delivery network and a retail presence that rivals Target and Walmart.

### Supermarket expansions and closures in 2016

The following supermarket chains that have expanded in 2016:

ALDI, Bel Air Markets, Best Way Supermarket, Food 4 Less, Food Lion, Fresh Thyme Farmer's Market, Gardena Supermarket, Grocery Outlet, Harris Teeter, H-E-B Grocery Store, Ingles, Kroger, Lundas, Meijer, Peace Dining, Piggly Wiggly, Publix, Randall's, Sprouts, Target, The Fresh Market, Trader Joe's, Walmart, Waldbaum's, and Western Beef Supermarket.

The following supermarket chains have closed locations or filed for bankruptcy protection or both in 2016:

Albertson's, Ralph's, Randall's, Sainsbury, and The Fresh Market.

#### SECTION 6. SELECTED REGIONAL ECONOMIC FORECASTS

##### Selected Sites

**Austin:** <https://www.dallasfed.org/en/research/indicators/aus.aspx#tab2>

**Dallas:** <https://www.dallasfed.org/en/research/indicators/dfw.aspx>

**East Texas:** <http://tedc.org/news>

**Houston:** [http://www.houston.org/pdf/research/glance\\_archives/Glance\\_Dec16.pdf](http://www.houston.org/pdf/research/glance_archives/Glance_Dec16.pdf)

**Midland:** <http://midlandtxedc.com/sites/default/files/files/Economic%20Indicators/2016/December/ReportDecember2016.pdf>

**SAN ANTONIO:** <http://www.bizjournals.com/sanantonio/news>

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