





## **President's Message**

While many areas of the nation continue to struggle with the economic downturn, it is encouraging to see that San Antonio has entered another quarter of signals that show our economic engine has begun to move us forward again. This report reflects a steady come-back for our region as we face the next few months.

The fact that San Antonio and the State of Texas continue to prosper in this environment is remarkable. The protracted nationwide recession has given most Americans pause. San Antonio shows exceptional signs of vitality, however, and I believe abundant opportunities exist in the days ahead. Instead of worrying about what shoe may drop next, our businesses see opportunity and are working to get further ahead and increase our visibility as a region. Additionally, the positive rankings of the San Antonio economy has bolstered us as we work to recruit some of the nation's top firms that are seeking to relocate to a more business-friendly environment.

Key areas that are improving include jobs and retail sales, some real estate and selected construction sectors. During 2010, we saw our local businesses create 7,000 net new jobs in the region, reflecting a steady growth rate for the year. Those industries with positive job growth include transportation, financial services, government, health care and education. In 2011, our economists expect that San Antonio will move into historically significant new job numbers by early Fall this year. Retail sales are showing more positive signs with growth in restaurant sales, services and durable goods.

San Antonio and the other largest five cities in Texas have all outpaced the rest of the nation. I am fearful, however, that massive cuts to public secondary and higher education, economic development programs and social services being contemplated in Austin by our Texas Legislature could negatively impact our newly positive trends. The business community needs to take bold action in order to avoid putting at risk our currently encouraging gains. The form that this action takes could chart our City's and our State's course for the next decade.

Signals that our regional economy is on the road to recovery are undeniable and San Antonio is poised to achieve impressive momentum in 2011. This report highlights some of our recent economic activities and compares our regional performance to other large metropolitan areas in Texas. We hope that these trends, and the economic outlook in the following pages, will aid you with your business decisions, corporate endeavors and daily operations.

It is our mission to serve the businesses of the San Antonio region by providing added value for your investment. Thank you for your continued partnership.

Take care,

**Richard Perez**

President and CEO

The Greater San Antonio Chamber of Commerce

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## ECONOMIC OVERVIEW – March, 2010

- The U.S. economy diligently gains traction; after Final Global Demand (see Chart A) grew negative -3.2% last year, it currently is tracking closer to positive 3.2% year/year.
- Businesses are profitable, household finances are improving, lenders are well capitalized, and weak consumer outlook rises modestly.
- Businesses will find it necessary to expand and hire more to keep earnings growing and stock prices up.
- Multinationals are one key to faster job growth, as the gap narrows between U.S. and overseas production costs. Moreover, exports, and the outlook for future exports for both goods and services, are contributing in a major way to the top and bottom lines of businesses.
- More start-up activity is essential to improve job creation, and an improving outlook can spur entrepreneurship.

### U.S. Business Cycle Outlook - Major Factors:

The U.S. economy is gaining traction. Retail sales, vehicle sales, and even home sales have firmed in recent months; business investment remains strong, and export gains are double-digit and appear sturdy.

For context, the economy typically needs to grow consistently above 3% to generate enough jobs to bring down unemployment in a meaningful way. All the preconditions are in place for this above-trend growth to continue throughout 2011. The Chicago Fed's 85-Series Activity Index, a broad metric for the economy, confirms a steadily mending U.S. business cycle (see Chart B).

Businesses are highly profitable and their balance sheets are healthy. Households' financial profiles are improving as de-leveraging and low interest rates decrease debt service burdens. As a result, delinquency rates on credit cards, auto loans and first mortgages are falling rapidly. Banks and other creditors are well capitalized, at least in aggregate, and are increasingly profitable thanks to improving credit quality and wide lending margins. Commercial and industrial loans outstanding are on the rise, the first in more than two years.

### U.S. Final Global Demand Index

(2002=100)

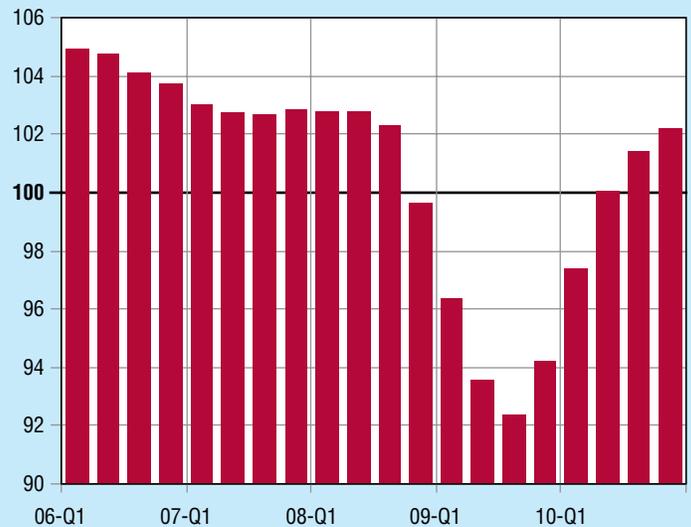


Chart A

The issue is no longer whether businesses can expand, banks can lend and consumers can spend more aggressively; rather it is their willingness to do so that is in question. Recent consumer sentiment surveys suggest the collective psyche is still fragile, but improving. The rally in financial markets is evidence of this. Credit spreads in the bond market have narrowed substantially; the difference in yield between junk corporate bonds and Treasuries has been narrower only during periods of crazed market speculation. The S&P 500 is up 85% from its low of two years ago and is within 15% of the all-time high it reached in late 2007, just before the financial panic.

Companies seem to be on the cusp of acting more aggressively. Managers realize their earnings won't grow enough to justify higher stock prices without new revenue opportunities, and that these require greater investment and hiring.

### Needed: Start-up Revival

Employment at small businesses has been slow to rise in the recovery because a swath of smaller employers were forced to close outright during the downturn. The Small Business Administration shows that a far greater number of small businesses failed during the Great Recession than in normal years. The worst impacted and closing their doors were employers of the size between 20 and 49 employees,

followed closely by those with 50 to 99, next were those between 10 and 19, and so on. Talled as a group, those hiring between 2 and 249 employees are some 32% of the employer base. An index (2002=100) of the employer base for 1993-2010 displays the manifestly erosive nature of the Great Recession (see Chart C). What the 2010 index values show is that the U.S. small employer base (those firms ranging from 2 to 249 employees) has declined severely, enough to revert to its 1996-97 level. These eroded and much smaller employer numbers present a major challenge to the task of job creation needed for full U.S. recovery.

Lost jobs because businesses have failed are harder to replace than when surviving businesses shed jobs. The SBA estimated that 5.9 people worked at the average venture that closed, compared with 5.2 in the average new business that opened in 2008. Assuming that the 2009 and 2010 numbers per business are similar to those 2008 figures, replacing the 7.8 million jobs lost from the 1.3 million employers that closed during the Great Recession would require the creation of 1.5 million new businesses that do actually employ people.

### Optimistic Script

Our script for the U.S. economic outlook is optimistic. After three very lean years—1½ of recession and another 1½ of weak recovery—a self-reinforcing expansion is expected to take hold in earnest this year.

Private-sector payroll growth is expected to more than double its pace; the diffusion index shows over 80 percent of 294 job sectors are posting gains currently. Manufacturing will add a significant number of jobs as vehicle production ramps up, and construction will grow significantly near year-end as homebuilding finally begins to stir. Payroll cuts at state and local governments will remain the principal drag on the job market.

Even following an optimistic script, the U.S. does not return to full employment until mid-2014. And that full employment will mean an unemployment rate closer to 6% than to the 5% full-employment rate that prevailed prior to the Great Recession. The U.S. economy will escalate its climb out of its recessionary hole this year, but the full recovery process will take more years to complete.

### Chicago Fed Activity Index

(2002=100)

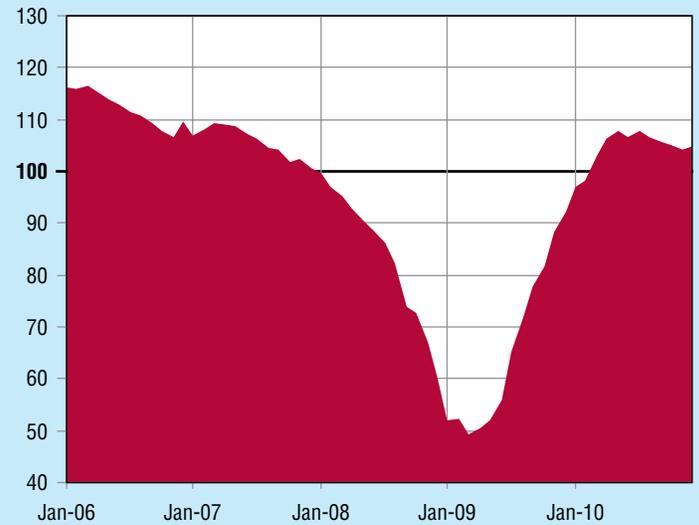


Chart B

### Index-U.S. Employers

(by size-range of 2 to 249 workers) (2002=100)

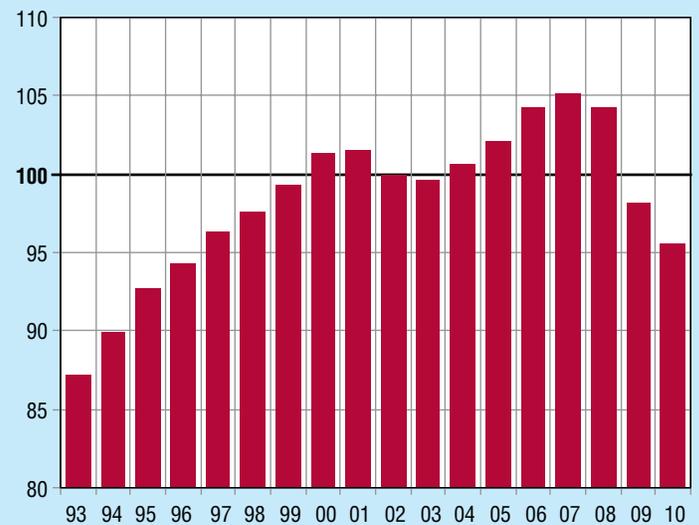
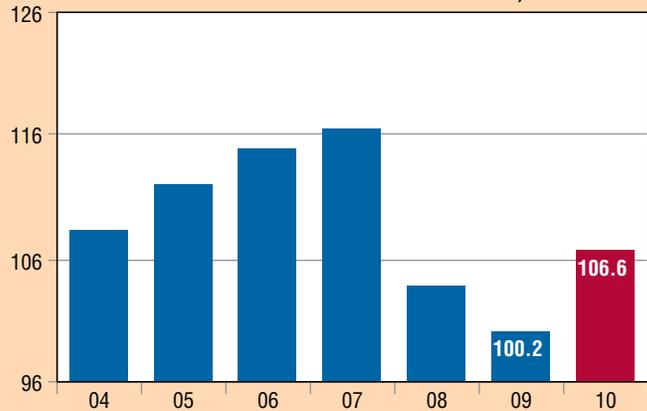


Chart C

# San Antonio Business Cycle Index Trend

## San Antonio Business Cycle Index Trend

(2002=100) Dec. Values *Healthy rebound trend*



**San Antonio Business Cycle Index Trend:** The regional December Index at 106.6 growth pace (2002=100) displays the best strength among Texas Big Five metros (see page 10). Having healthily weathered the Great Recession, the Alamo City region is well positioned for an upbeat 2011.

**Negative Indicator Trends:** Southwest Consumer Confidence Index, Jobs/Unemployed Ratio, Goods-Producers Jobs growth, Single-family Residential Permits growth, Residential Permit Valuations and Average New Home Prices growth.

**Moderate Indicator Trends:** Sales Tax Revenues Growth and Dominant Jobs Growth,

**Positive Indicator Trends:** TXP Business Cycle Leading Index.

### Sales Tax Revenues

yr/yr growth *Upbeat spending trend*



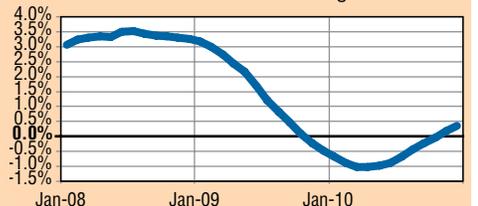
### Jobs/Unemployed Index

2002=100 *Stabilizing labor market*



### Dominant Jobs Trend

yr/yr growth *Declining trend reversal*



### Residential Permits Trend

yr/yr growth *Negative units trend*



### Net Gains-Home Permit Values

(\$ Mil) *Positive sector trend*



### New Home Prices Trend

yr/yr growth *Lackluster housing prices*



## Trend Analysis of San Antonio Metro Business Cycle Index Components

	Latest 6-mo. avgs. thru December			Percent Change			Trend	Ratings*
	2008	2009	2010	2008	2009	2010		
TXP Business Cycle Leading Index	109.6	98.4	104.8	-7.2%	-10.2%	6.5%	healthy uptrend growth	☆☆☆
Southwest Consumer Confidence Index	96.0	56.9	50.5	-31.8%	-40.7%	-11.2%	weak jobs/incomes	☆
Sales Tax Revenues (\$mil)	\$20.5	\$19.2	\$20.2	3.5%	-6.6%	5.5%	upbeat spending trend	☆☆☆
Jobs/Unemployed Ratio Index	124.2	81.0	73.3	-10.4%	-34.8%	-9.5%	weak labor market	☆☆
Goods-Producers Jobs (000s)	104.1	92.7	91.5	0.3%	-11.0%	-1.2%	stable sector trend	☆☆
Dominant Employment Jobs (000s)	520.2	516.7	518.8	3.2%	-0.7%	0.4%	improving segment trend	☆☆
Total Single-family Residential Permits	493	485	352	-27.4%	-1.7%	-27.3%	depressed sector	☆
Total Residential Permit Valuations (\$mil)	\$89.8	\$98.4	\$84.4	-27.3%	9.6%	-14.2%	depressed sector	☆
Avg SF New Home Prices	\$182,583	\$186,833	\$185,717	0.0%	2.3%	-0.6%	depressed sector	☆

Previous Qtrly. Ratings Avg. = 1.9 / Current Avg. = 2.1

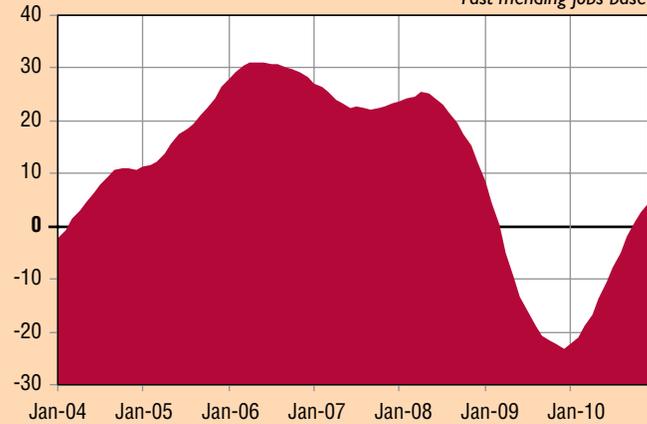
★ Ratings: 5-stars implies top, 4-stars = above average, 3-stars = average, 2-stars = below-average, and 1-star = bottom

## San Antonio Metro Jobs Growth

### San Antonio Metro-Net Job Gains to 12/10

(000s, 6-Month Yr/Yr Avgs.)

*Fast mending jobs base*



**San Antonio Metro Jobs Growth Trend:** Regional metro job gains confirm the recovery phase for the economy. Solid net year-over-year employment pickup provides impetus to area wages and salaries.

**Negative Job Sector Trends:** Natural Resources, Construction Jobs, Manufacturing Jobs, Information and Other Services.

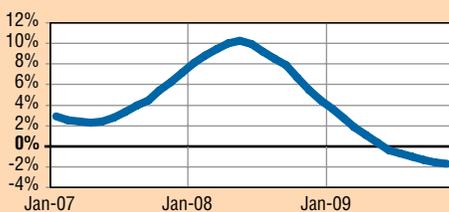
**Moderate Job Sectors Trends:** Trade, Transportation and Utilities Jobs, Financial Activities, Professional & Business Services, Education & Health Services, Leisure & Hospitality, and Government Jobs.

**Strong Job Sector Trends:** None

### Construction Jobs Growth Trend

(6-Month Avgs.)

*Depressed trend*



### Information Jobs Growth Trend

(6-Month Avgs.)

*Weakened trend*



### Financial Activities Jobs Growth

(6-Month Avgs.)

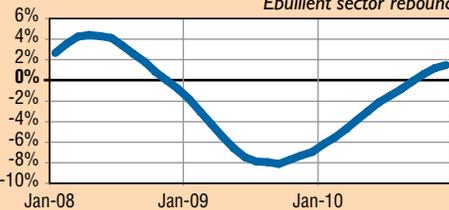
*Recessionary trend reversal*



### Professional/Business Services Jobs Growth Trend

(6-Month Avgs.)

*Ebullient sector rebound*



### Education & Health Jobs Growth Trend

(6-Month Avgs.)

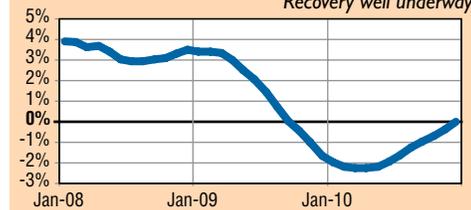
*Stalled educational services*



### Leisure & Hospitality Jobs Growth Trend

(6-Month Avgs.)

*Recovery well underway*



## Trend Analysis of San Antonio Metro Jobs Growth

Latest 6-mo. avgs. thru December

Percent Change

	2008	2009	2010	2008	2009	2010	Trend	Ratings*
Natl Resources/Mining (000s)	57.0	50.0	49.7	4.0%	-12.4%	-0.6%	improving up trend	☆☆
Construction (000s)	53.2	46.6	46.0	3.8%	-12.4%	-1.5%	improving up trend	☆☆
Manufacturing (000s)	46.2	42.1	41.8	-5.9%	-9.0%	-0.6%	improving up trend	☆☆
Trade,Transportation/Utilities (000s)	151.2	144.5	145.3	-3.2%	-4.4%	0.6%	depressed trend	☆☆
Information (000s)	20.8	19.1	18.0	-3.3%	-8.3%	-5.7%	improving up trend	☆☆
Financial Activities (000s)	66.6	65.0	65.9	1.5%	-2.5%	1.4%	rebound well underway	☆☆☆
Professional & Business Svcs (000s)	105.7	98.3	99.8	-0.8%	-7.0%	1.5%	rebound well underway	☆☆☆☆
Education & Health Svcs (000s)	119.7	123.4	124.2	4.0%	3.0%	0.7%	weak education services	☆☆
Leisure & Hospitality (000s)	101.8	100.1	100.1	3.5%	-1.7%	0.0%	improving up trend	☆☆
Other Services (000s)	31.1	30.9	30.3	4.4%	-0.7%	-2.0%	slowed momentum	☆☆
Government (000s)	154.0	157.8	160.5	3.1%	2.5%	1.8%	moderate, stable trend	☆☆
<b>Total Jobs (000s)</b>	<b>854.0</b>	<b>830.9</b>	<b>835.5</b>	<b>1.5%</b>	<b>-2.7%</b>	<b>0.6%</b>	<b>improving up trend</b>	<b>☆☆</b>

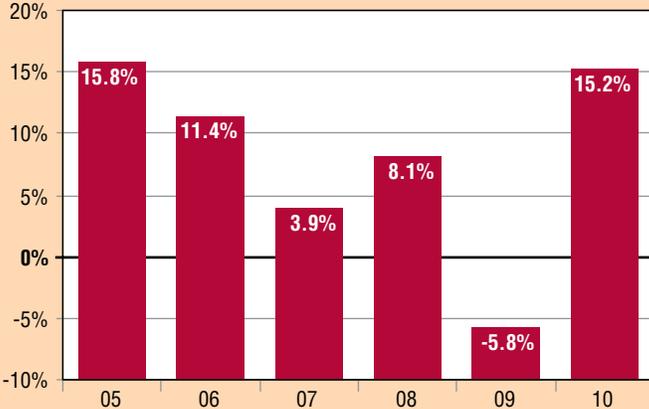
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# Convention & Visitor Tourism Market Trends

## San Antonio Region

### Tourism Index Growth Trend

(Lodging - Room Demand & Revenues)  
Yr/Yr 6-Mo. Avgs. to December



**San Antonio Regional Convention & Visitors Trend:** The pace of expansion for the last five years displays considerable confidence on the part of investors in the potential of the San Antonio regional lodging industry. While room supply has grown rapidly, marginal hotel/motel room demand has been amplified during 2010, signaling the considerable contribution of the lodging industry to the economic base. At 155.6 (2002=100), the Tourism Index has a current growth rate of +15.2% (see large chart), which clearly qualifies as an historically impressive rate. Driven primarily by the dual factors of enhanced conventioner and visitor activity, the Index is also bolstered by the corporate travel sector as the business cycle displays gradually improving evidence of more prosperous times ahead.

### Regional Lodging Room Revenues

Yr/Yr Growth, 6-Month Avgs.



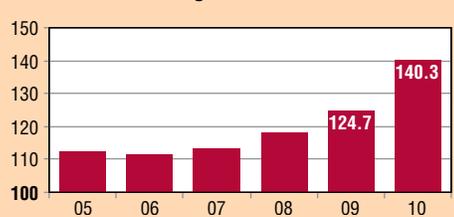
### Lodging Avg. Room Rates

(12-Month Averages)



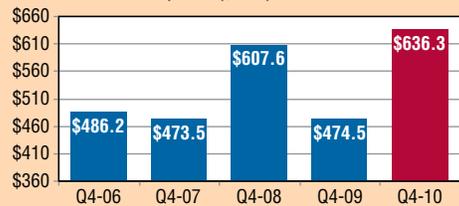
### Lodging Room Demand Index

(2002=100) 6-mo. Avgs. to December



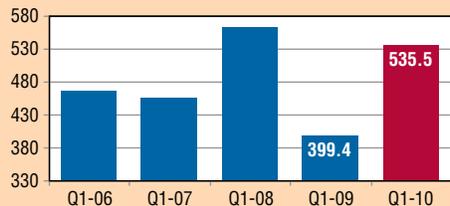
### SACVB - Delegate Spending Estimates (\$mil)

Year-To-Date thru 4th Quarter (\$ Mil)



### SACVB Actual Delegate Attendance

Year-To-Date thru 4th Quarter (Thousands)



### San Antonio Regional Room Supply

(Mils)



## Trend Analysis of Convention & Visitor Tourism Market - San Antonio Region

	Latest 6-mo. avgs. thru December			Percent Change			Trend	Ratings*
	2008	2009	2010	2008	2009	2010		
Regional Lodging Ndx (Room Revenues) (2002=100)	143.1	135.0	155.6	8.1%	-5.8%	15.2%	record-level gains	★★★★★
Regional Lodging Room Revenues (\$Mil.)	\$73.439	\$69.272	\$79.857	8.6%	-5.7%	15.3%	record-level gains	★★★★★
Regional Lodging Room Demand Ndx ('02=100)	117.9	124.7	140.3	4.3%	5.7%	12.5%	record-level gains	★★★★★
Regional Lodging Average Daily Room Rate	\$102.99	\$91.81	\$93.96	4.0%	-10.9%	2.3%	record-level gains	★★★★★
Regional Lodging Average Occupancy Rate	62.2%	55.7%	57.5%	na	na	na	expanded market	★★★
Revenues Per Available Room	\$64.18	\$51.25	\$54.21	0.6%	-20.2%	5.8%	above par gain	★★★★★
SACVB Actual Delegate Attendance	127,930	101,875	152,432	39.9%	-20.4%	49.6%	very strong trend	★★★★★
SACVB Actual Delegate Spending Estimates (\$Mils)	\$144.1	\$121.0	\$181.1	51.6%	-16.0%	49.7%	very strong trend	★★★★★
SACVB Room Supply (Millions)	1,145,481	1,227,906	1,320,372	7.4%	7.2%	7.5%	increasing capacity	★★★★★

★ Ratings: 5-stars implies top, 4-stars = above average, 3-stars = average, 2-stars = below-average, and 1-star = bottom

Sources: Smith Travel Research  
San Antonio Convention and Visitors Bureau

# San Antonio Commercial Properties Market Trends

## Total Commercial Properties

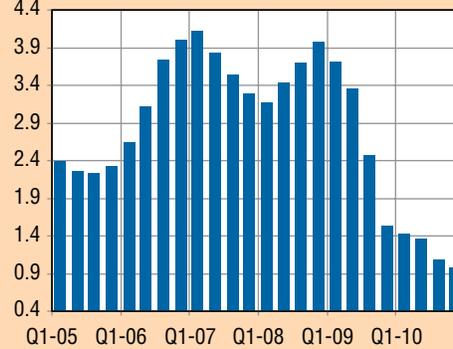
### Rental Revenues-Commercial Properties Market

to Q4-10 (Yr/Yr Growth, 6-Mo. Averages)



### Net Space Absorption-Commercial Properties Market

to Q4-10 (Yr/Yr Mils. Change, 6-Mo. Avgs.)



Nationwide commercial property markets remain hard pressed to find significant basis for strong optimism. The Architect's Billings Index which tracks potential upcoming new commercial project construction shows modest signs of improved optimism for new construction. San Antonio's regional commercial property market remains healthier than most, but subject to the restrained credit climate that has curbed the growth prospects of commercial real estate. Investors will renew interest in commercial properties during 2011 due largely to renewed job growth in the Alamo region.

## Trend Analysis of San Antonio Commercial Properties Market

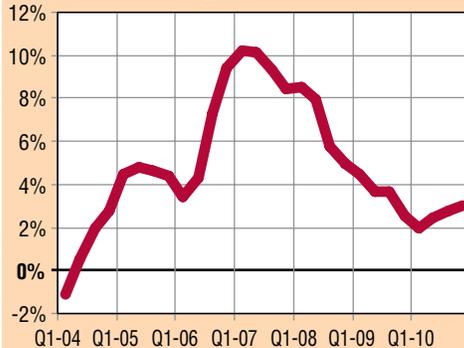
Regional Office + Industrial + Retail Properties	Latest 6-mo. avgs. thru Q4-2010			Percent Change			Trend	Ratings*
	2008	2009	2010	2008	2009	2010		
Regional Inventory (Mils of Sq. Footage)	98.578	101.859	<b>102.623</b>	6.8%	3.3%	<b>0.8%</b>	stalled expansion	☆☆
Percent Vacant	13.8%	15.1%	<b>14.8%</b>	na	na	<b>na</b>	demand increase	☆☆
Average Effective Rental Rates (Per Sq.Ft.)	\$14.13	\$14.91	<b>\$14.87</b>	2.3%	5.5%	<b>-0.3%</b>	rental rates flat	☆☆
Net Sq. Footage Absorption (Mils-Yr/Yr Change)	3.974	1.523	<b>0.980</b>	20.8%	-61.7%	<b>-35.7%</b>	stalled expansion	☆☆

Source: NAI REOC Partners

## Office Properties

### Rental Revenues-Office Properties Market

(Yr/Yr Growth, 6-Mo. Averages)



### Net Space Absorption-Office Properties Market

(Yr/Yr Mils. Change, 6-Mo. Avgs.)



The momentum that has slowly carried the San Antonio office leasing market along a path towards recovery over the past twelve months continued in the fourth quarter. Most agree that at this time last year the market was dead with a lot of uncertainty on all fronts but activity has picked up and there seems to be a new energy in the market. The healthy demand for space indicates that the San Antonio office leasing market is in a recovery cycle.

## Trend Analysis of San Antonio Office Properties Market

Regional Office Building Properties	Latest 6-mo. avgs. thru Q4-2010			Percent Change			Trend	Ratings*
	2008	2009	2010	2008	2009	2010		
Regional Inventory (Mils of Sq. Footage)	25.234	26.534	<b>27.201</b>	4.6%	5.2%	<b>2.5%</b>	slowed expansion	☆☆
Percent Vacant	15.8%	18.5%	<b>18.6%</b>	na	na	<b>na</b>	decreased demand	☆☆
Average Rental Rates (Per Sq.Ft.)	\$20.28	\$20.43	<b>\$20.54</b>	3.1%	0.7%	<b>0.5%</b>	stable rentals	☆☆
Net Sq. Footage Absorption (Mils-Yr/Yr Change)	0.379	0.386	<b>0.530</b>	-21.8%	1.8%	<b>37.3%</b>	recent modest gains	☆☆☆

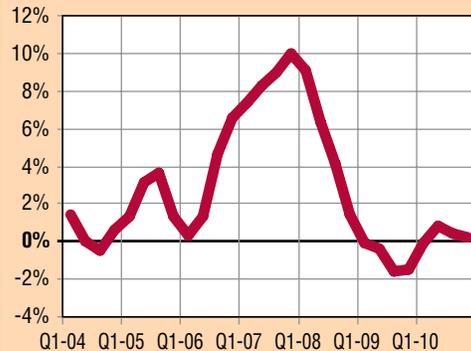
Source: NAI REOC Partners

# San Antonio Commercial Properties Market Trends

## Industrial Properties

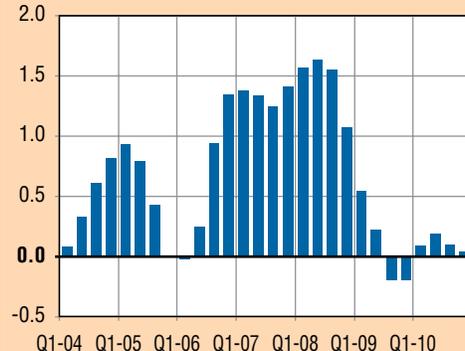
### Rental Revenues-Industrial Properties Market

(Yr/Yr Growth, 6-Mo. Averages)



### Net Space Absorption-Industrial Properties Market

(Yr/Yr Mils. Change, 6-Mo. Avgs.)



The San Antonio industrial market enjoyed an unexpected bounce in late year leasing, prompting lower vacancy rates and sustained year-over-year levels of positive but nevertheless modest absorption. The Eagle Ford Shale, a new oil and natural gas producing field located just south of San Antonio, is starting to impact the city's economy and commercial real estate market. Ideally positioned to benefit from the drilling activity, the area has already attracted some major players in the industry.

## Trend Analysis of San Antonio Industrial Properties Market

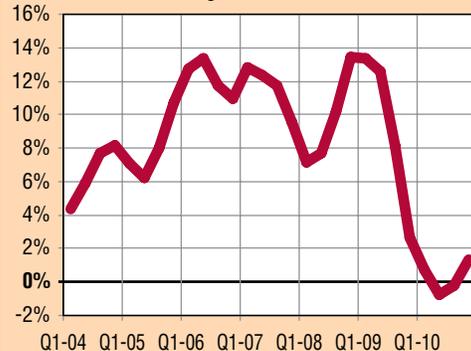
Regional Office Building Properties	Latest 6-mo. avgs. thru Q4-2010			Percent Change			Trend	Ratings
	2008	2009	2010	2008	2009	2010		
Regional Inventory (Mils of Sq. Footage)	30.653	30.642	<b>30.662</b>	4.7%	0.0%	<b>0.1%</b>	curtailed demand	☆☆
Percent Vacant	13.1%	13.7%	<b>13.6%</b>	na	na	<b>na</b>	stable market	☆☆
Average Rental Rates (Per Square Foot)	\$5.61	\$5.56	<b>\$5.57</b>	-2.7%	-0.8%	<b>0.1%</b>	stable market	☆☆
Net Sq. Footage Absorption (Mils-Yr/Yr Change)	1.070	-0.192	<b>0.048</b>	-24.3%	-117.9%	<b>125.0%</b>	recent modest gain	☆☆

Source: NAI REOC Partners

## Retail Properties

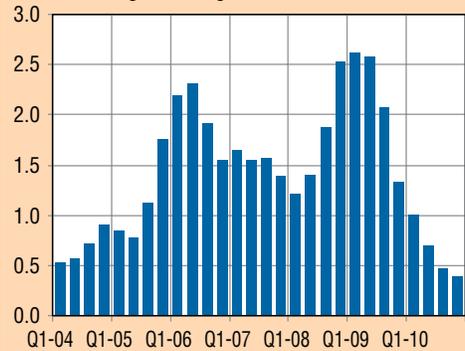
### Rental Revenues-Retail Properties Market

(Yr/Yr Growth, 6-Mo. Averages)



### Net Space Absorption-Retail Properties Market

(Yr/Yr Mils. Change, 6-Mo. Avgs.)



If context is everything, then San Antonio's retail property market is the hallmark of an evolving, strengthened economy. The current level of facility vacancy is below the 13.6% rate recorded in 2003 - which is impressive considering that the nearly 11.5 million square feet of new retail space has expanded the market by 34% since that time. The recent flow of retail leasing is a promising sign of recovery but it's early to expect a turnaround, especially in terms of rental rates.

## Trend Analysis of San Antonio Retail Properties Market

Regional Retail Building Properties	Latest 6-mo. avgs. thru Q4-2010			Percent Change			Trend	Ratings*
	2008	2009	2010	2008	2009	2010		
Regional Inventory (Mils of Sq. Footage)	42.691	44.682	<b>44.760</b>	9.7%	4.7%	<b>0.2%</b>	peaked growth	☆☆☆
Percent Vacant	13.1%	14.0%	<b>13.3%</b>	na	na	<b>na</b>	stable market	☆☆
Average Rental Rates (Per Square Foot)	\$18.05	\$17.88	<b>\$17.94</b>	5.7%	-0.9%	<b>0.3%</b>	stable market	☆☆☆
Net Sq. Footage Absorption (Mils-Yr/Yr Change)	2.525	1.329	<b>0.402</b>	81.5%	-47.4%	<b>-69.8%</b>	peaked growth	☆☆☆

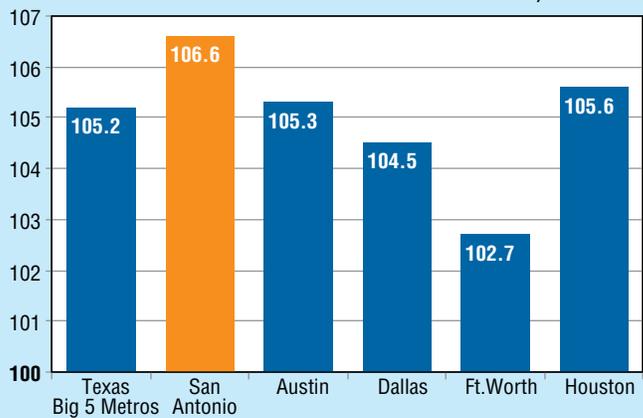
Source: NAI REOC Partners

★ Ratings: 5-stars implies top, 4-stars = above average, 3-stars = average, 2-stars = below-average, and 1-star = bottom

## Big 5 Texas Metros Business Cycle Index Trend

### Big 5 Texas Metros Business Cycle Index Trend

(2002=100) December Values *Business cycle rebound*



**Big Five Texas Metros Business Cycle Index Trend:** The December Index of 105.2 growth pace (2002=100) has cast off the bad affects of the Great Recession, showing a convincing upswing for the last half of 2010.

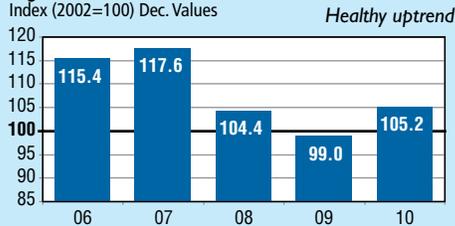
**Negative Indicator Trends:** Southwest Consumer Confidence Index, Jobs/Unemployed Ratio, Goods-Producers Jobs growth and Residential Permit Valuations.

**Moderate Indicator Trends:** Dominant Jobs growth and Single-family Residential Permits growth,

**Positive Indicator Trends:** TXP Business Cycle Leading Index, Sales Tax Revenues growth, and Average New Home Prices growth.

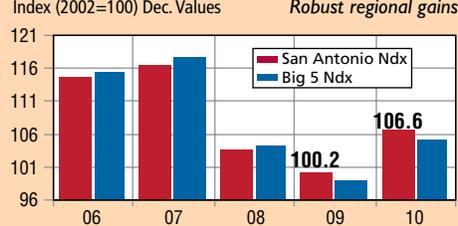
### Big 5 Texas Metros Business Cycle Index Trend

Index (2002=100) Dec. Values *Healthy uptrend*



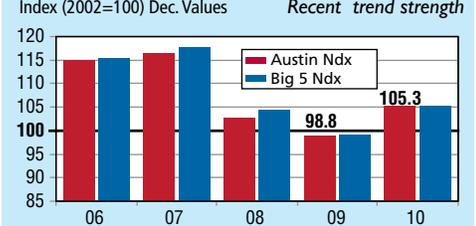
### San Antonio Business Cycle Index Trend

Index (2002=100) Dec. Values *Robust regional gains*



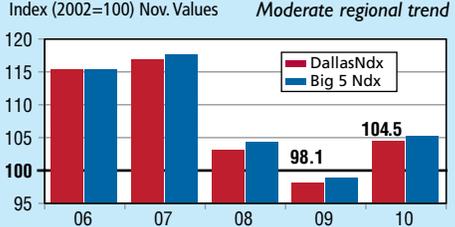
### Austin Business Cycle Index Trend

Index (2002=100) Dec. Values *Recent trend strength*



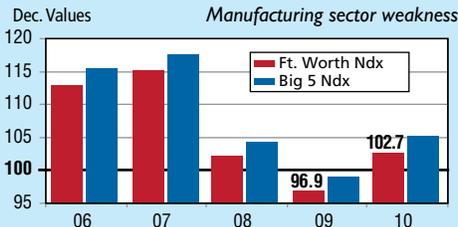
### Dallas Business Cycle Index Trend

Index (2002=100) Nov. Values *Moderate regional trend*



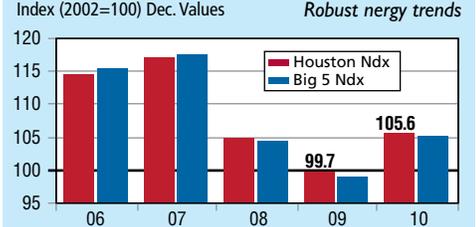
### Ft. Worth Business Cycle Index Trend

Index (2002=100) Dec. Values *Manufacturing sector weakness*



### Houston Business Cycle Index Trend

Index (2002=100) Dec. Values *Robust nergy trends*



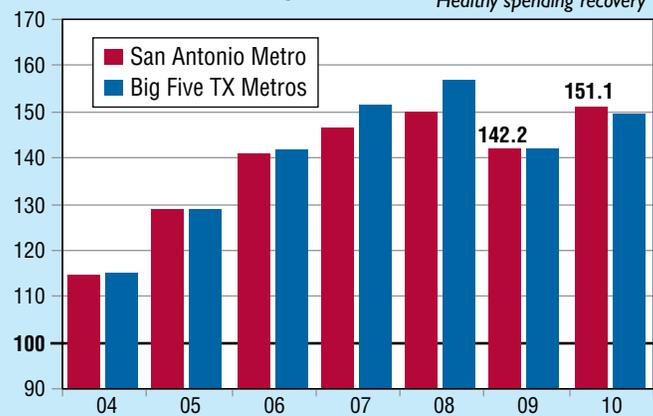
## Trend Analysis of Big 5 Texas Metros Business Cycle Index Components

	Latest 6-mo. avgs. thru December			Percent Change			Trend	Ratings*
	2008	2009	2010	2008	2009	2010		
TXP Business Cycle Leading Index	109.6	98.4	104.8	-7.2%	-10.2%	6.5%	healthy uptrend growth	☆☆☆
Southwest Consumer Confidence Index	96.0	56.9	50.5	-31.8%	-40.7%	-11.2%	weak jobs/incomes	☆
Sales Tax Revenues (\$mil)	\$197.3	\$178.3	\$187.0	4.6%	-9.6%	4.9%	hopeful, improving trend	☆☆
Jobs/Unemployed Ratio Index	137.1	83.2	70.6	-6.3%	-39.3%	-15.1%	labor market weakness	☆☆
Goods-Producers Jobs (000s)	1,231.8	1,088.8	1,080.6	0.8%	-11.6%	-0.8%	sector market weakness	☆☆
Dominant Employment Jobs (000s)	3,320.8	3,162.1	3,180.2	1.5%	-4.8%	0.6%	improving sector trend	☆☆
Single-family Residential Permits	4,268	4,186	3,243	-36.5%	-1.9%	-22.5%	recent modest gains	☆☆
Residential Permit Valuations (\$mil)	\$975.7	\$795.1	\$751.0	-33.6%	-18.5%	-5.5%	recent modest gains	☆☆
Avg SF New Home Prices	\$187,495	\$180,967	\$195,443	2.1%	-3.5%	8.0%	healthy price uptrend	☆☆☆☆

Previous Qtrly. Ratings Avg. = 1.7 / Current Avg. = 2.3

# Metro Markets Sales Tax Revenues Trend

## Metro Markets Sales Tax Revenues Index (2002=100) 6-mo. Avgs. to December



**San Antonio Sales Tax Revenues Trend:** The upwardly trending pace of San Antonio regional spending generally surpasses the more modest nationwide trend. Since major metro markets of Texas have exceeded the pace of U.S. job generation, it follows that statewide consumer purchasing power and relative income expectations translate to superior retail spending. Moreover, while regional markets may exhibit relative weakness for new construction and housing sales, the nature of sales has been very broad-based, with restaurant sales, durable goods and services displaying healthy gains.

**Texas Market Sales Tax Revenue Trends:** for relative market strengths, Fort Worth is followed by San Antonio, then Austin, while the least strong retailing venue is Houston. Dallas sits in the middle.

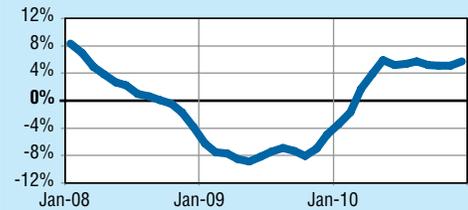
### Big Five Texas Metros Sales Tax Revenues Yr/Yr Growth



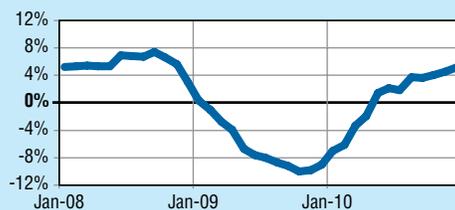
### San Antonio Metro Sales Tax Revenues Yr/Yr Growth



### Austin Metro Sales Tax Revenues Yr/Yr Growth



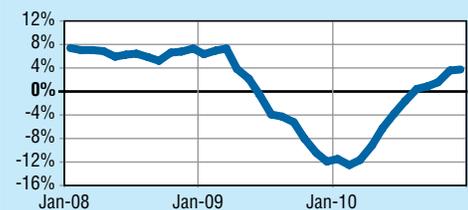
### Dallas Metro Sales Tax Revenues Yr/Yr Growth



### Fort Worth Metro Sales Tax Revenues Yr/Yr Growth



### Houston Metro Sales Tax Revenues Yr/Yr Growth



## Trend Analysis of Sales Tax Revenues - Big Five Texas Metro Markets

	Latest 6-mo. avgs. thru December			Percent Change			Trend	Ratings*
	2008	2009	2010	2008	2009	2010		
San Antonio Sales Tax Revenues Ndx ('02=100)	150.0	142.2	151.1	2.4%	-5.2%	6.2%	2010 pace above hist avg.	★★★★★
San Antonio Sales Tax Revenues (\$Mils.)	\$20.9	\$19.8	\$21.0	2.4%	-5.2%	6.2%	2010 pace above hist avg.	★★★★★
Austin Sales Tax Revenues Ndx ('02=100)	151.2	144.2	152.6	-4.2%	-4.6%	5.8%	2010 pace below hist avg.	★★★
Austin Sales Tax Revenues (\$Mils.)	\$20.9	\$19.9	\$21.1	-4.2%	-4.6%	5.8%	2010 pace below hist avg.	★★★
Dallas Sales Tax Revenues Ndx ('02=100)	141.3	137.4	133.8	2.8%	-8.6%	5.2%	2010 pace below hist avg.	★★
Dallas Sales Tax Revenues (\$Mils.)	\$57.3	\$52.4	\$55.1	2.8%	-8.6%	5.2%	2010 pace below hist avg.	★★
Fort Worth Sales Tax Revenues Ndx ('02=100)	170.3	153.0	165.6	2.1%	-10.1%	8.2%	2010 pace above hist avg.	★★★★★
Fort Worth Sales Tax Revenues (\$Mils.)	\$32.0	\$28.8	\$31.1	2.1%	-10.1%	8.2%	2010 pace above hist avg.	★★★★★
Houston Sales Tax Revenues Ndx ('02=100)	153.2	164.6	145.3	7.4%	-12.3%	3.6%	2010 pace below hist avg.	★★
Houston Sales Tax Revenues (\$Mils.)	\$70.9	\$62.2	\$64.4	7.4%	-12.3%	3.6%	2010 pace below hist avg.	★★

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### **About Texas Perspectives, Inc.**

Texas Perspectives, Inc. (TXP) is an economic analysis and public policy consulting firm based in Austin, Texas. TXP is a leading provider of economic impact, cost-benefit and revenue forecasting services to both public and private sector organizations. The firm's products and services enable community and business leaders to analyze, anticipate and better understand and respond to business cycle factors affecting their regional markets. Because every economy is different, TXP develops customized economic impact and forecasting models to meet each client's needs while providing the most up-to-date and accurate information available. The firm serves as economists-on-retainer for a number of public and private sector clients.



