

President's Message

Dear Chamber Investors,

As you read this report you will see that in the first three quarters of 2011 San Antonio has continued to outpace the nation and most of Texas because of our patience, conservative investment style and diverse economy. This report shows that our region has stayed on track and has potential for continued growth, although moderate for the rest of the year and into 2012.

Recently The Chamber hosted Harvey Rosenblum, Director of Research at the Federal Reserve Bank of Dallas who described our economy as perched on the edge of a high peak with steep drop offs on both sides. His caution was that our national and the international economy still carry some concerns. There are two areas that we continue to watch, including the rise in inflation and the international debt crisis.

However, the next year will continue to be relatively good for San Antonio. We already have strong growth opportunity in the energy industry thanks to the Eagle Ford Shale, the potential of creating many new high paying jobs in aerospace, and the consistent growth of our largest industry, health care/biosciences. I anticipate seeing a cautious growth in other areas, with everyone keeping an eye on the financial markets.

I hope you will find the analysis in this report to be helpful as you plan for your business in the coming months. Our appreciation goes to Travis Tullos, of Texas Perspectives who always provides a very valuable service to The Chamber with the Business Cycle Index and this analysis. This report is not possible without him.

Take Care,

Richard Perez

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ECONOMIC OVERVIEW – November, 2011

- A broad reading of the U.S. economy suggests a promising recovery; after the Global Final Demand Index (see Chart A) grew negative -4.8% in 2009, it is tracking closer to positive 5.8% year/year through Q3-2011. This Index tracks the key cyclical growth factors of the domestic economy but as well captures international trade in both goods and services that play an ever-expanding role in the marketing initiatives of Corporate America. Offshore markets provide well over 45% of earnings and profits generated by U.S.-based firms listed within the S&P 500.
- Moderately escalating job growth has prompted an upward revision in the employment growth forecast.
- Businesses, despite having the sales volume to hire, appear held back partly out of uncertainty regarding public fiscal and regulatory policy.
- Growth will escalate moderately into 2012, absent serious missteps by policymakers in China, Europe and, importantly, the U.S..

September's encouraging U.S. employment report boasted net job gains of 1.462 million greater than 2010, spotlighting a much-improved business cycle (see Chart C). These employment gains amount to 50% of peak job growth during 2006. Unemployment rates, reflecting combined cyclical and structural difficulties, continue to be high. Despite disproportionately idle U.S. workers, total hourly private and public workers are generating record-level payrolls.

Behind labor market statistics is an extraordinary level of skittishness among businesses. Companies decidedly remain reluctant to step up hiring. Firms as yet can't seem to shake off the nightmare of the Great Recession and clearly are flummoxed by Washington's political deadlock rooted in how to address the nation's daunting fiscal and debt challenges.

U.S. Business Cycle Outlook - Major Factors:

For context, The Chicago Fed's 85-Series Activity Index, designed to be an extremely broad metric of the U.S. economic base, confirms a steadily mending U.S. business cycle (see Chart B). This magnanimous Index alone provides a most expansive take on the momentum of the underlying

U.S. Final Global Demand Index

3rd Quarter Values (2002=100)

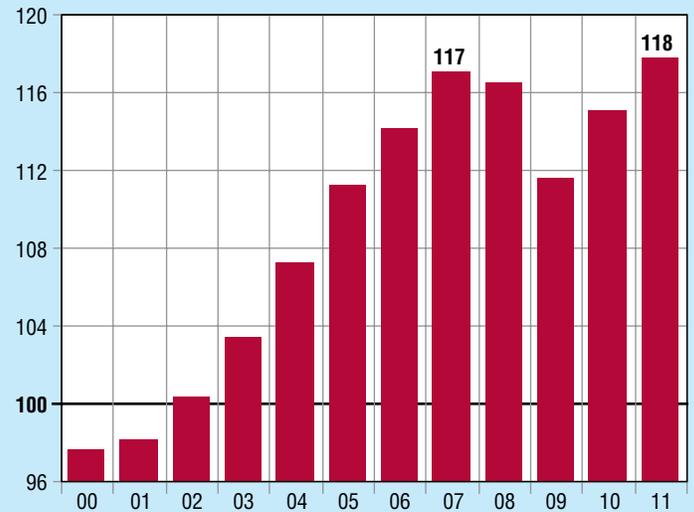


Chart A

domestic economy. Compared to 2004-07 when nationwide business was hitting on all cylinders, with financial markets, housing, nonresidential construction, and manufacturing all at full tilt, the Fed Index value for September indicates about a 99% recovery toward its earlier full momentum.

Debt Market Crisis - Specter From Across "The Pond"

The loudly announced and omnipresent "debt market crisis" is not just an EU problem, but a trans-Atlantic financial crisis. The overwhelming debt problems on either side of "the pond" are interlinked through the banking system—with the U.S. Fed potentially serving as "lender of last resort." The underlying dilemma in Europe is that governments have promised their citizens more social programs than can be financed with the tax revenue generated by the private sector. High tax rates choke off the economic growth needed to finance the promises. Economic activity, in turn, gets driven into the underground economy, where it often escapes taxation.

Nowhere is this scenario truer than in Greece, which has a long history of sovereign defaults in the 19th and 20th centuries. Greece has a bloated public sector, and competitive private enterprise is hobbled by regulation and government barriers to entry. Successive Greek governments ran

chronic budget deficits, and the Greek banks lent to the government. Banks in other EU countries, such as France, lent to the Greek banks.

In Greece and elsewhere in the EU, the banks support the government by purchasing its bonds (as do U.S. banks), and the government guarantees the banks. The banks can no longer afford to fund budget deficits, yet they cannot afford to see governments default. At this writing, governments cannot make good on their guarantees of the banks.

There are still no rules among nations for picking up the pieces after the collapse of a global financial giant. Banks have been on a roller coaster for months. And some governments, especially Greece, can no longer afford a rescue. Political fallout engendered by proposed governmental austerity responses to the crisis has thus far jeopardized parliamentary leadership in Greece and Italy and few doubt that others can follow. "Concerns about European fiscal and banking issues have contributed markedly to strains in global financial markets," said Fed chairman Ben Bernanke. Those concerns, he added, were "likely to have adverse effects on confidence and growth."----Stay tuned.

Reacceleration - Slow For Now

We project nationwide growth to escalate unassertively into first half 2012. The pace of real GDP growth should pick up to 2.4% year/year in the first half of 2012 in contrast to 1.9% for 2011. Indeed, the improving jobs data aside (see Chart C), recent stats have been brighter, showing better business sales, solid retail sales, and more stable house prices.

Corporate profitability and balance sheets are very strong. The credit spigot has begun to open up (commercial and industrial loans and corporate paper outstanding are ascendant, having shown very positive gains in the last four months). Household debt burdens are easing, foreclosures have decidedly declined, and credit quality is rapidly improving; delinquency rates among loans other than first mortgages are back to pre-recession levels. The overarching question remains: when will businesses, especially smaller ones, see the wisdom of increasing investment and hiring?

Chicago Fed Activity Index

(2001=100) September Values

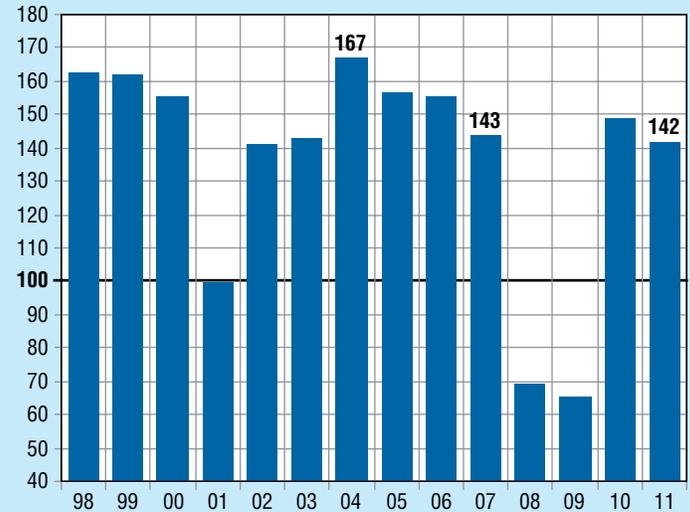


Chart B

U.S. Net New Jobs Growth (Mils)

Gains Yr/Yr to September, 2011

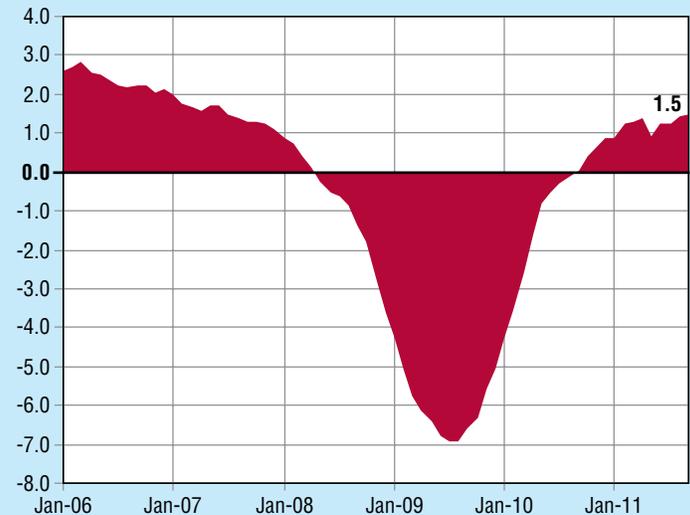
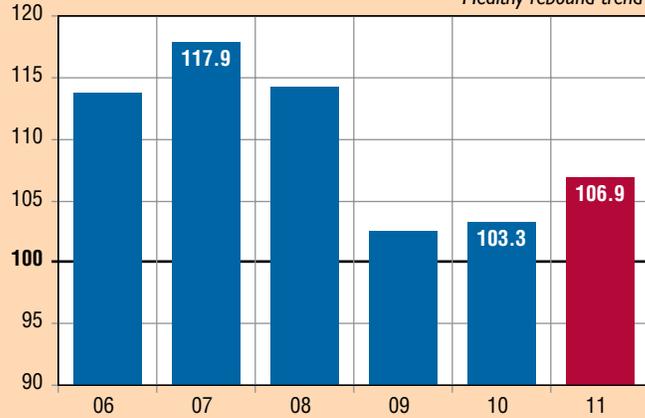


Chart C

San Antonio Business Cycle Index Trend

San Antonio Business Cycle Index Trend (2002=100) September Values

Healthy rebound trend



San Antonio Business Cycle Index Trend: The regional September Index at 106.9 growth pace (2002=100) displays the second best strength among Texas Big Five metros (see page 11). Having healthily weathered the Great Recession, the Alamo City region is well positioned for an upbeat 2011-12.

Negative Indicator Trends: Southwest Consumer Confidence Index, Jobs/Unemployed Ratio, Single-family Residential Permits growth, and Residential Permit Valuations.

Moderate Indicator Trends: Goods-Producers Jobs growth, Dominant Jobs Growth.

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

Sales Tax Revenues

Yr/Yr Growth

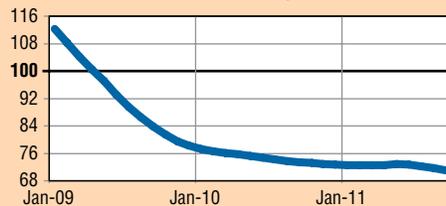
Healthy spending trend



Jobs/Unemployed Index

2002=100

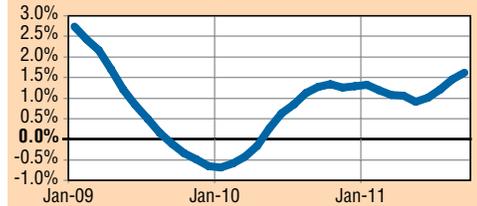
Depressed labor market



Dominant Jobs Trend

Yr/Yr Growth

Positive trend



Residential Permits Trend

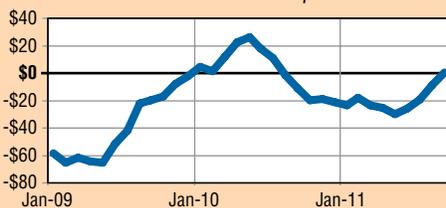
Yr/Yr Growth

Negative units trend



Net Gains-Home Permit Valuations (\$ Mil)

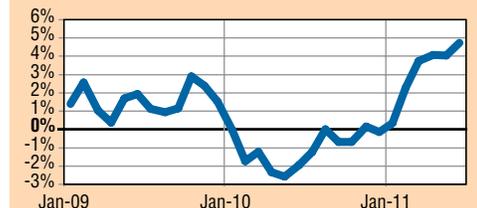
Improved sector trend



New Home Prices Trend

Yr/Yr Growth

Moderate price uptrend



Trend Analysis of San Antonio Metro Business Cycle Index Components

	Latest 6-mo. avgs. thru September			Percent Change			Trend	Ratings*
	2009	2010	2011	2009	2010	2011		
TXP Business Cycle Leading Index	112.6	113.2	120.2	-19.6%	0.5%	6.2%	healthy uptrend	☆☆☆
Southwest Consumer Confidence Index	60.4	51.1	58.3	-41.7%	-15.3%	13.9%	weak jobs/incomes	☆☆
Sales Tax Revenues (\$mil)	\$19.3	\$20.5	\$21.6	-6.2%	5.9%	5.7%	above historical avg.	☆☆☆
Jobs/Unemployed Ratio Index	91.8	74.5	72.2	-33.2%	-18.8%	-3.1%	weak labor market	☆☆
Goods-Producers Jobs (000s)	94.6	91.5	93.0	-9.8%	-3.3%	1.6%	healthy gains	☆☆☆
Dominant Employment Jobs (000s)	519.1	525.7	534.2	-0.1%	1.3%	1.6%	improving segment trend	☆☆☆
Total Single-family Residential Permits	509	422	357	-8.0%	-17.2%	-15.5%	depressed sector	☆☆
Total Residential Permit Valuations (\$mil)	\$99.4	\$88.6	\$89.1	-13.1%	-10.9%	0.6%	modest gain	☆☆
Avg SF New Home Prices	\$184,950	\$183,650	\$192,100	1.1%	-0.7%	4.6%	improved prices	☆☆☆

Previous Qtrly. Ratings Avg. = 2.8 / Current Avg. = 2.9

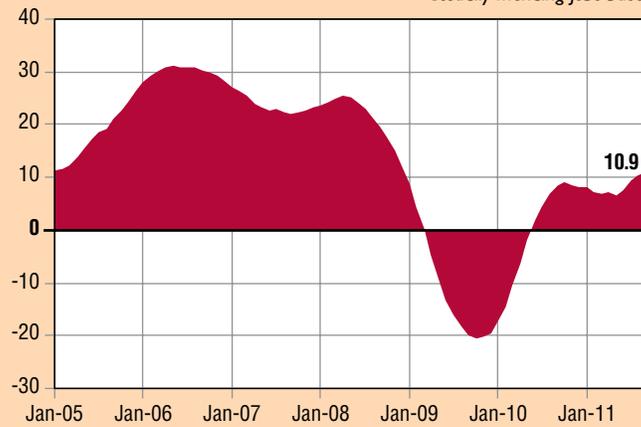
★ Ratings: 5-stars implies top, 4-stars = above average, 3-stars = average, 2-stars = below-average, and 1-star = bottom

San Antonio Metro Jobs Growth

San Antonio Metro-Net Job Gains

to 09/11 (000s, 6-Month Yr/Yr Avgs.)

Steadily mending jobs base



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

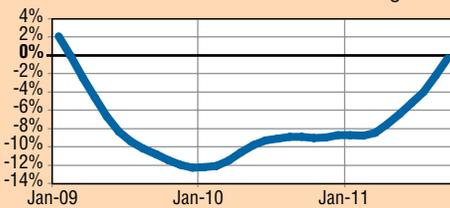
Negative Job Sector Trends: Construction Jobs, Financial Activities, Information, Professional & Business Services and Government Jobs.

Moderate Job Sectors Trends: Trade, Transportation & Utilities Jobs, and Other Services.

Strong Job Sector Trends: Natural Resources, Manufacturing Jobs, Education & Health Services, and Leisure & Hospitality Jobs.

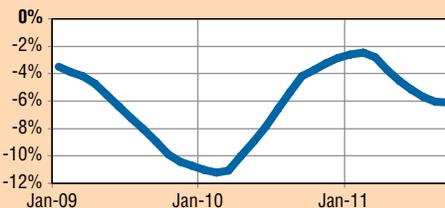
Construction Jobs Growth Trend

Rebounding sector



Information Jobs Growth Trend

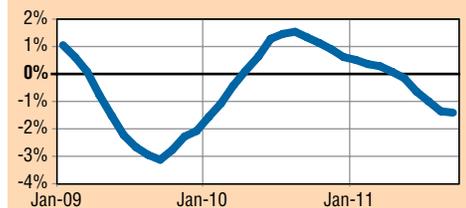
Lackluster sector trend



Financial Activities Jobs Growth

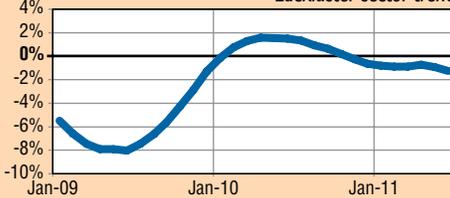
(6-Month Avgs.)

Weak sector trend



Professional/Business Services Jobs Growth Trend

Lackluster sector trend



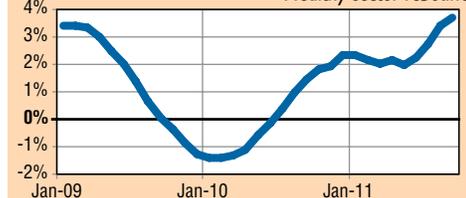
Education & Health Jobs Growth Trend

Robust services segments



Leisure & Hospitality Jobs Growth Trend

Healthy sector rebound



Trend Analysis of San Antonio Metro Jobs Growth

Latest 6-mo. avgs. thru September

Percent Change

	2009	2010	2011	2009	2010	2011	Trend	Ratings*
Natl Resources/Mining (000s)	3.4	3.4	3.8	-12.6%	1.5%	12.3%	improved trend	★★★★
Construction (000s)	48.2	43.9	43.7	-10.8%	-8.9%	-0.3%	depressed trend	★★
Manufacturing (000s)	43.1	44.3	45.5	-8.4%	2.6%	2.7%	robust uptrend	★★★★
Trade,/Transportation/Utilities (000s)	143.5	142.2	144.2	-4.4%	-0.9%	1.4%	improving trend	★★★
Information (000s)	19.4	18.5	17.4	-9.0%	-4.2%	-6.1%	lackluster trend	★
Financial Activities (000s)	65.0	65.8	64.9	-3.1%	1.3%	-1.4%	recent weakness	★★
Professional & Business Svcs (000s)	99.0	100.4	99.2	-8.0%	1.5%	-1.3%	slowing trend	★★
Education & Health Svcs (000s)	122.7	128.3	136.2	4.5%	4.6%	6.1%	superb trend	★★★★★
Leisure & Hospitality (000s)	103.5	105.0	108.9	0.0%	1.4%	3.7%	much improved trend	★★★★
Other Services (000s)	31.1	31.6	32.1	-0.8%	1.8%	1.5%	moderate trend	★★★
Government (000s)	157.1	160.7	159.3	2.9%	2.3%	-0.9%	recent weakness	★★
Total Jobs (000s)	835.8	844.2	855.1	-2.3%	1.0%	1.3%	improving trend	★★

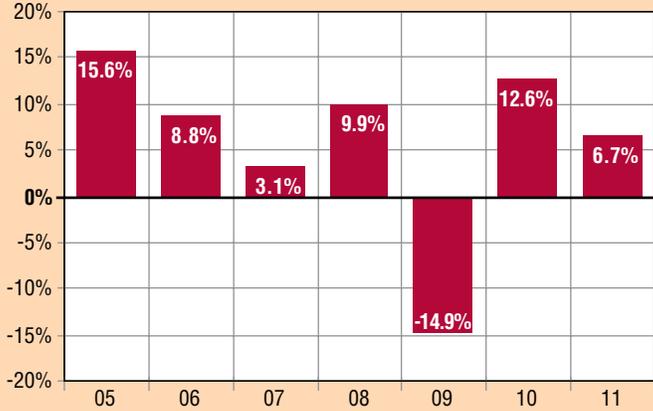
★ Ratings: 5-stars implies top, 4-stars = above average, 3-stars = average, 2-stars = below-average, and 1-star = bottom

Convention & Visitor Tourism Market Trends

San Antonio Region

Tourism Index Growth Trend

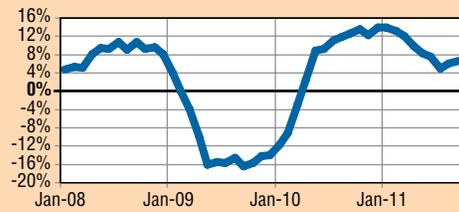
(Lodging - Room Revenues)
Yr/Yr Growth (6-Mo. Avgs. to September)



San Antonio Regional Convention & Visitors Trend: The pace of lodging expansion displays a moderating trend as new construction projects level out about even with last year's new starts for regional lodging industry. While room supply has eased, marginal hotel/motel room demand has been amplified during 2011, signaling the considerable contribution of the lodging industry to the economic base. At 142.7 (2002=100), the Tourism Index has a current growth rate of +6.7% (see large chart), which qualifies as an historically healthy 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 general business cycle shows improving signs of much better times that lie ahead.

Regional Lodging Room Revenues

Yr/Yr Growth, 6-Month Avgs. to September



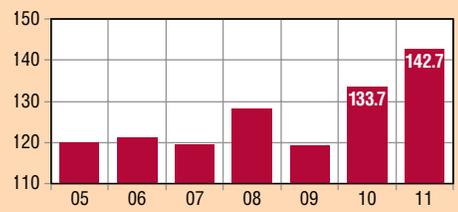
Lodging Avg. Room Rental Rates

(12-Month Averages)



Lodging Room Demand Index

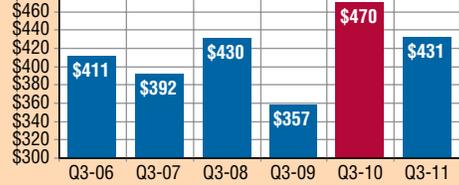
(2002=100) 6-mo. Avgs. to September



SACVB - Delegate Spending Estimates

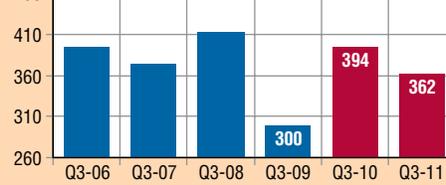
(\$Mils)

Yr-To-Date thru Q3 (\$Mils)



SACVB Actual Delegate Attendance

(Yr-To-Date thru Q3) (Thousands)



San Antonio Regional Room Supply

(Mils)



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

	Latest 6-mo. avgs. thru September			Percent Change			Trend	Ratings*
	2009	2010	2011	2009	2010	2011		
Regional Lodging Ndx (Room Revenues) (2002=100)	134.9	151.0	160.0	-16.4%	11.9%	6.0%	healthy gains	☆☆☆
Regional Lodging Room Revenues (\$Mil.)	\$69.253	\$77.498	\$82.128	-16.4%	11.9%	6.0%	healthy gains	☆☆☆
Regional Lodging Room Demand Ndx ('02=100)	119.4	133.7	142.7	-7.4%	12.0%	6.7%	robust gains	☆☆☆
Regional Lodging Average Daily Room Rate	\$95.90	\$95.92	\$95.39	-9.8%	0.0%	-0.6%	flattened trend	☆☆☆
Regional Lodging Average Occupancy Rate	60.1%	62.0%	64.8%	na	na	na	improved market	☆☆
Revenues Per Available Room	\$56.77	\$57.45	\$59.83	-22.3%	1.2%	4.1%	above historical avg.	☆☆☆☆
SACVB Actual Delegate Attendance	32,391	46,382	33,055	-28.8%	43.2%	-28.7%	slackened demand	☆☆
SACVB Actual Delegate Spending Estimates (\$Mils)	\$38.5	\$55.1	\$39.3	-28.8%	43.1%	-28.7%	slackened demand	☆☆
SACVB Room Supply (Millions)	1,197,209	1,300,950	1,328,362	6.8%	8.7%	2.1%	slowed expansion	☆☆

★ 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

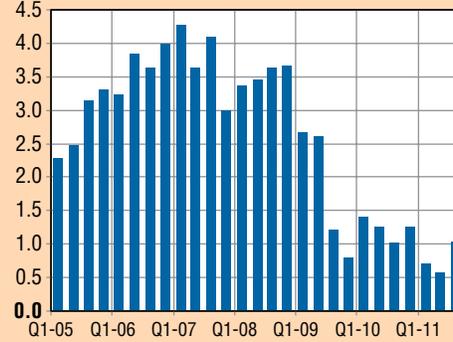
Rental Revenues-Commercial Properties Market

to Q3-11 (Yr/Yr Growth, 6-Mo. Averages)



Net Space Absorption-Commercial Properties

(12-Month Sums, Mils. of Sq.Ft.)



San Antonio's regional commercial property market remains healthier than most, and is subject to the recent increasingly favorable lender attitudes toward CRE investors. That is the nationwide trend, and it is amplified in the specific case of major Texas markets that weathered the Great Recession so well. Aggregate rental revenues are ascendant, with a surge in the last nine months, and having returned to late 2004 gains when the 2004-2007 local construction boom began. Marked improvement in the San Antonio CRE market may be thought to be underway.

Trend Analysis of San Antonio Commercial Properties Market

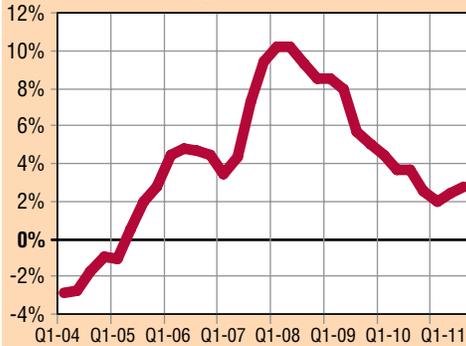
Regional Office+Industrial+Retail Properties	Latest 6-mo. avgs. thru Q3			Percent Change			Trend	Ratings
	2009	2010	2011	2009	2010	2011		
Regional Inventory (Mils of Sq. Footage)	101.874	102.512	104.185	6.1%	0.6%	1.6%	modest expansion	☆☆
Percent Vacant	15.4%	14.9%	14.8%	na	na	na	absorption gains	☆☆
Average Effective Rental Rates (Per Sq.Ft.)	\$14.87	\$14.84	\$15.03	6.0%	-0.2%	1.3%	rental rates improve	☆☆
Net Sq. Footage Absorption (Mils-Yr/Yr Change)	2.466	1.072	1.485	-33.2%	-56.5%	38.5%	modest expansion	☆☆

Source: NAI REOC Partners

Office Properties

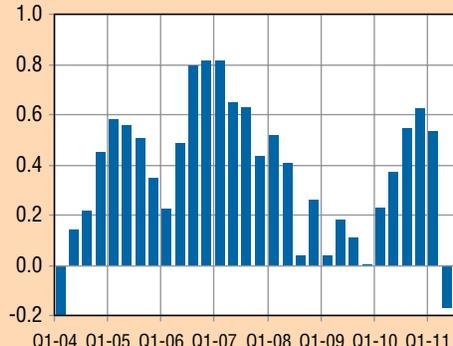
Rental Revenues-Office Properties Market

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



Net Space Absorption-Office Properties Market

(12-Month Sums, Mils. of Sq.Ft.) (Millions)



The San Antonio commercial office space market inched towards recovery over the past twelve months through Q3-2011, with the office rental revenues trend showing a mild bounce in positive growth. This market segment faces a tough 2012 due to planned tenant moves from multi-tenant space to build-to-suit projects. Market metrics will suffer as has been the case for space absorption, but, importantly, job categories that tend to require office space within the region have begun to exhibit respectable growth trends this year.

Trend Analysis of San Antonio Office Properties Market

Regional Office Building Properties	Latest 6-mo. avgs. thru Q3			Percent Change			Trend	Ratings
	2009	2010	2011	2009	2010	2011		
Regional Inventory (Mils of Sq. Footage)	26.449	27.158	27.781	7.9%	2.7%	2.3%	modest expansion	☆☆
Percent Vacant	18.2%	18.5%	19.9%	na	na	na	slackened demand	☆☆
Average Rental Rates (Per Sq.Ft.)	\$20.41	\$20.50	\$20.89	1.0%	0.3%	1.0%	modest gains	☆☆
Net Sq. Footage Absorption (Mils-Yr/Yr Change)	-0.726	-0.198	0.157	-671.9%	-72.7%	179.3%	modest gains	☆☆

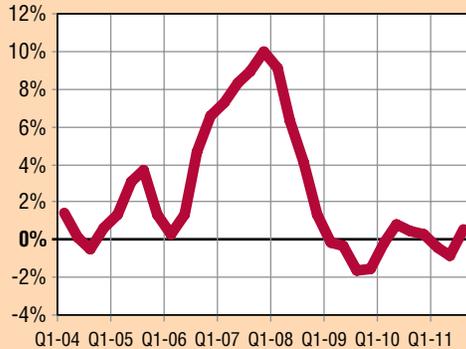
Source: NAI REOC Partners

San Antonio Commercial Properties Market Trends

Industrial Properties

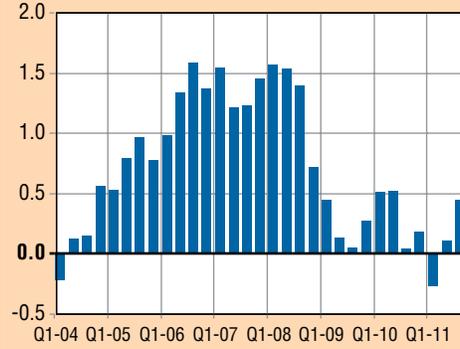
Rental Revenues-Industrial Properties Market

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



Net Space Absorption-Industrial Properties Market

(12-Month Sums, Mils. Of Sq.Ft.) (Millions)



The San Antonio industrial properties market has displayed faltering trends in rental revenues growth and space absorption since the first half of 2009. The Eagle Ford Shale, an oil and natural gas producing field located just south of San Antonio, has positively impacted the marginal industrial real estate market, but not sufficiently to fully compensate for slackness in overall demand. Expansion of this market segment desisted in 2008 and the pace of space absorption for the past two years remains flat.

Trend Analysis of San Antonio Industrial Properties Market

Regional Office Building Properties	Latest 6-mo. avgs. thru Q3			Percent Change			Trend	Ratings
	2009	2010	2011	2009	2010	2011		
Regional Inventory (Mils of Sq. Footage)	30.902	30.649	30.864	1.3%	-0.8%	0.7%	modest expansion	☆☆
Percent Vacant	14.5%	13.5%	13.2%	na	na	na	slowed expansion	☆☆
Average Rental Rates (Per Square Foot)	\$5.57	\$5.57	\$5.54	-1.2%	0.0%	-0.5%	stable market	☆
Net Sq. Footage Absorption (Mils.)	0.095	-0.138	0.217	-67.3%	-245.3%	257.2%	stable market	☆

Source: NAI REOC Partners

Retail Properties

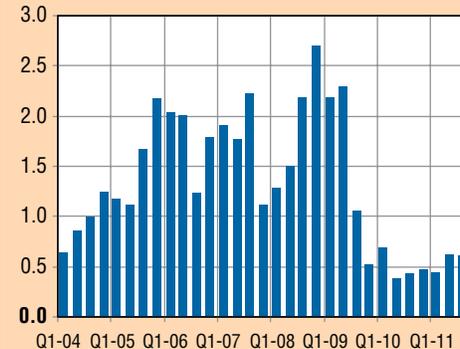
Rental Revenues-Retail Properties Market

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



Net Space Absorption-Retail Properties Market

(12-Month Sums, Mils. Of Sq.Ft.) (Millions)



San Antonio's retail property market segment is the most vibrant for the Alamo City overall commercial property marketplace. The metrics of retail sector rental revenues have reflected a rebound quality during the most recent twelve month trend. Vacancy rates have been steadily declining despite a steady-as-she-goes pace of space absorption over the last two years. Spending patterns in the Greater San Antonio region, like that of other major Texas metros, have displayed broad-based, healthy consumption trends during 2010-11. Retail-oriented investors have taken note.

Trend Analysis of San Antonio Retail Properties Market

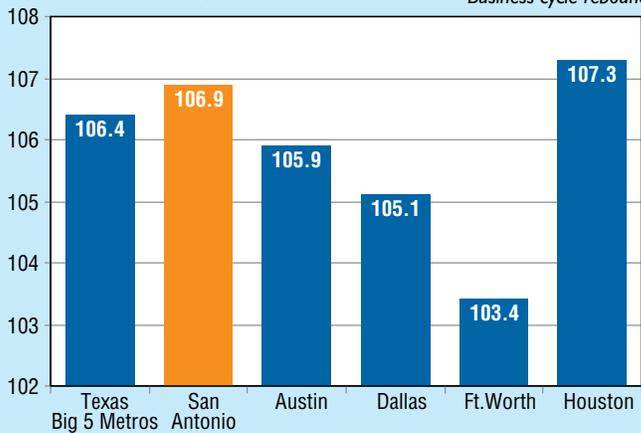
Regional Retail Building Properties	Latest 6-mo. avgs. thru Q3			Percent Change			Trend	Ratings*
	2009	2010	2011	2009	2010	2011		
Regional Inventory (Mils of Sq. Footage)	44.523	44.705	45.539	8.4%	0.4%	1.9%	slowed expansion	☆☆
Percent Vacant	14.4%	13.7%	12.9%	na	na	na	improving market	☆☆
Average Rental Rates (Per Square Foot)	\$18.12	\$17.87	\$18.19	2.2%	-1.4%	1.8%	improving market	☆☆
Net Sq. Footage Absorption (Mils.)	0.206	0.083	0.164	-73.3%	-59.7%	97.6%	improving market	☆☆

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) September Values *Business cycle rebound*



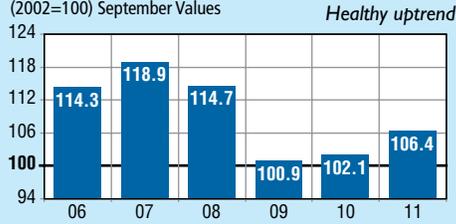
Big Five Texas Metros Business Cycle Index Trend: The September Index of 106.4 growth pace (2002=100) clearly leaves behind the bad affects of the Great Recession, showing a convincing upswing for the Fall of 2011.

Negative Indicator Trends: Southwest, Consumer Confidence Index, Jobs/Unemployed Ratio,

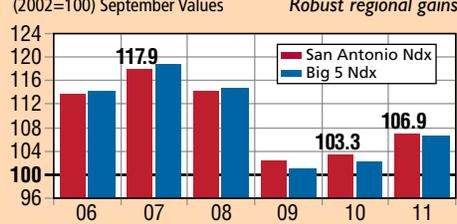
Moderate Indicator Trends: Goods-Producers Jobs growth and Dominant Jobs growth.

Positive Indicator Trends: TXP Business Cycle Leading Index, Sales Tax Revenues growth, Single-family Residential Permits growth, Residential Permit Valuations and Average New Home Prices growth.

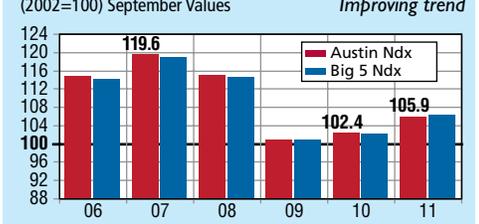
Texas Big 5 Metros Business Cycle Index Historical Trend (2002=100) September Values *Healthy uptrend*



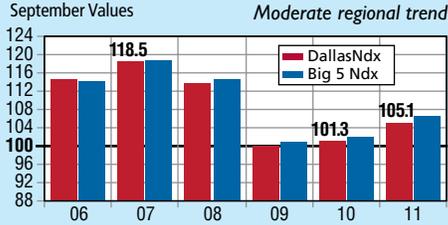
San Antonio Business Cycle Index Trend (2002=100) September Values *Robust regional gains*



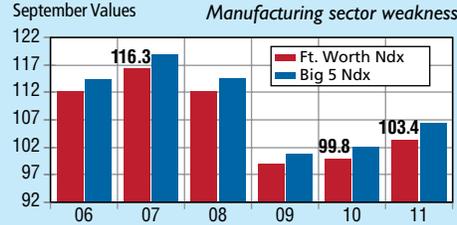
Austin Business Cycle Index Trend (2002=100) September Values *Improving trend*



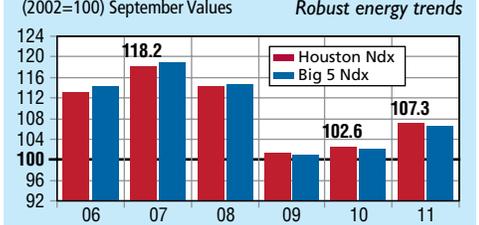
Dallas Business Cycle Index Trend (2002=100) September Values *Moderate regional trend*



Fort Worth Business Cycle Index Trend (2002=100) September Values *Manufacturing sector weakness*



Houston Business Cycle Index Trend (2002=100) September Values *Robust energy trends*



Trend Analysis of Big 5 Texas Metros Business Cycle Index Components

	Latest 6-mo. avgs. thru September			Percent Change			Trend	Ratings
	2009	2010	2011	2009	2010	2011		
TXP Business Cycle Leading Index	112.6	113.2	120.2	-19.6%	0.5%	6.2%	healthy uptrend	☆☆☆
Southwest Consumer Confidence Index	60.4	51.1	58.3	-41.7%	-15.3%	13.9%	weak jobs/incomes	☆☆
Sales Tax Revenues (\$mil)	\$181.1	\$187.1	\$202.0	-7.4%	3.3%	8.0%	strong, improving trend	☆☆☆☆
Jobs/Unemployed Ratio Index	91.0	71.0	72.4	-36.5%	-22.0%	1.9%	weak labor market	☆☆
Goods-Producers Jobs (000s)	1,098.1	1,058.1	1,090.6	-10.8%	-3.6%	3.1%	recent improvement	☆☆☆
Dominant Employment Jobs (000s)	3,170.7	3,180.3	3,270.0	-4.4%	0.3%	2.8%	improving segment trend	☆☆☆
Single-family Residential Permits	4,342	3,804	3,940	-14.9%	-12.4%	3.6%	improving segment trend	☆☆☆
Residential Permit Valuations (\$mil)	\$846.5	\$833.5	\$973.6	-30.4%	-1.5%	16.8%	improving segment trend	☆☆☆
Avg SF New Home Prices	\$177,320	\$193,382	\$204,354	-2.8%	9.1%	5.7%	healthy price uptrend	☆☆☆☆

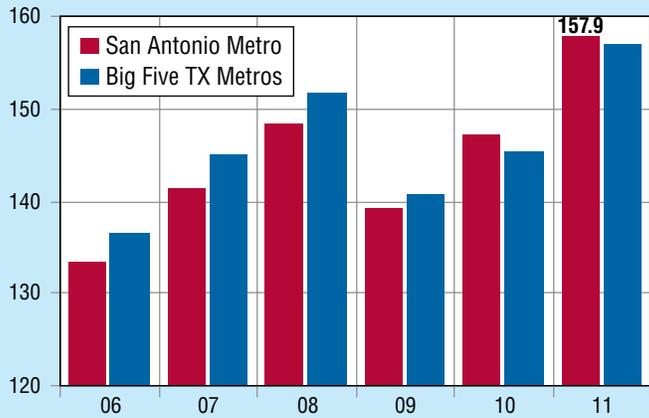
Previous Qtrly. Ratings Avg. = 2.9 / Current Avg. = 3.3

Metro Markets Sales Tax Revenues Trend

Metro Markets Sales Tax Revenues

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

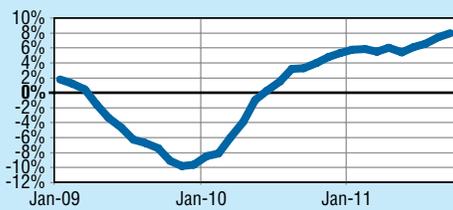
Healthy spending recovery



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. output growth, 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 current market sales growth, Dallas is followed by Houston and then Austin and San Antonio, while the least strong retailing venue is Fort Worth.

Big Five Texas Metros Sales Tax Revenues Yr/Yr Growth



San Antonio Metro Sales Tax Revenues Yr/Yr Growth



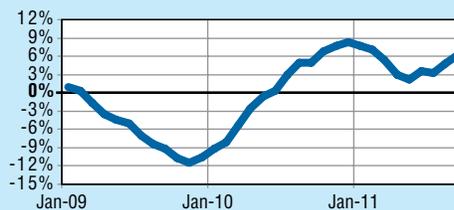
Austin Metro Sales Tax Revenues Yr/Yr Growth



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 September			Percent Change			Trend	Ratings*
	2009	2010	2011	2009	2010	2011		
San Antonio Sales Tax Revenues Ndx ('02=100)	139.1	147.3	157.9	-6.3%	5.9%	7.2%	trend above hist avg.	★★★★★
San Antonio Sales Tax Revenues (\$Mils.)	\$19.3	\$20.5	\$22.0	-6.3%	5.9%	7.2%	trend above hist avg.	★★★★★
Austin Sales Tax Revenues Ndx ('02=100)	139.4	146.5	157.1	-7.3%	5.1%	7.2%	trend below hist avg.	★★★
Austin Sales Tax Revenues (\$Mils.)	\$19.2	\$20.2	\$21.7	-7.3%	5.1%	7.2%	trend below hist avg.	★★★
Dallas Sales Tax Revenues Ndx ('02=100)	131.2	135.9	149.4	-9.1%	3.6%	10.0%	trend well above hist avg.	★★★★★
Dallas Sales Tax Revenues (\$Mils.)	\$51.7	\$53.5	\$58.9	-9.1%	3.6%	10.0%	trend well above hist avg.	★★★★★
Fort Worth Sales Tax Revenues Ndx ('02=100)	152.5	160.1	170.7	-9.2%	4.9%	6.6%	trend below hist avg.	★★★
Fort Worth Sales Tax Revenues (\$Mils.)	\$28.7	\$30.1	\$32.1	-9.2%	4.9%	6.6%	trend below hist avg.	★★★
Houston Sales Tax Revenues Ndx ('02=100)	144.9	146.3	157.1	-5.4%	0.9%	7.4%	trend above hist avg.	★★★★★
Houston Sales Tax Revenues (\$Mils.)	\$62.2	\$62.7	\$67.4	-5.4%	0.9%	7.4%	trend above hist avg.	★★★★★

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

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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.