



2011 QUARTERLY ECONOMIC TRENDS

fourth quarter

President's Message

Dear Chamber Investors,

As you read this report you will see that throughout 2011 San Antonio performed well above other large metro areas, even in Texas as far as moderately low unemployment, job outlook and our overall business cycle. We have benefited throughout the entire recession from our stability due to a diverse economy. As we enter 2012, we are very optimistic about how our city will continue to recover, perhaps at a slightly more robust rate.

For the first time since the start of the Great Recession, the national job market has just begun to realize healthy gains in employment. This helps every area, including south Texas.

The most dramatic positive impact we could continue to see will be the expansion of the energy sector and related marginal growth that it will likely spur due to the Eagle Ford Shale. We expect that this industry segment will continue to hire and spur growth in other areas such as in real estate and construction. We are very encouraged by the addition of jobs that continue to locate to San Antonio this year in aerospace and the positive news that is consistently reported in health care/biosciences. Our analysts will, however, continue to watch the effects of the cuts in funding from the public sector, which will begin to take effect this year. The overall net outlook is optimistic for San Antonio and our surrounding region.

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

President and CEO

The Greater San Antonio Chamber of Commerce

Contents

| | |
|--|----|
| Economic Overview | 3 |
| San Antonio Business Cycle Index Trend | 5 |
| San Antonio Metro Jobs Growth | 6 |
| Convention & Visitor Tourism Market Trends San Antonio Region | 7 |
| San Antonio Commercial Properties Market Trends | 8 |
| Big 5 Texas Metros Business Cycle Index Trend | 10 |
| Metro Markets Sales Tax Revenues Trend | 11 |
| 2011 Economic Analysis Team | 12 |

ECONOMIC OVERVIEW – March, 2012

- The U.S. recovery appears to be gaining traction, but still faces many threats.
- Businesses are profitable, household finances are improving, lenders are well capitalized, and weak consumer outlook is rising modestly.
- The recent year-to-year net gains for new employment is authentic and should continue at a respectable, quickened pace.
- Europe's debt problems and a coming rise in housing foreclosures could easily set the recovery back.

Global Perspective

Global markets continue to provide marginal expansion for U.S. enterprises with 60% of total revenues of S&P 500 companies generated offshore. While total trade worldwide has been slowing in dollar terms, the rate of increased country-by-country market penetration by U.S.-based firms is sufficiently aggressive to keep a steady flow of new business. The Global Final Demand Index, a broader gauge of activity than GDP that factors in the impact of trade flows, is at peak readings (see Chart A).

2012 U.S. Growth Perspective

Real GDP growth in 2012 is expected to post gains of 2.6% on a year/year basis, upping its performance pace to its best in six years. 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; also, see page 03 for the TXP EconoTrend Index including a review of sector indicators).

The U.S. economy is steadily improving. Manufacturing is growing stronger, construction has turned the corner, vehicle sales are posting healthy gains and, most importantly, the job market is gaining traction. January payrolls added 1,960,000 workers during the past twelve months, returning to the robust growth of 2007. A sustained economic expansion finally appears to be taking hold.

Yet it is premature to conclude that business cycle troubles are over. The economy was performing similarly well at this time last year, only to be derailed by a surge in commodity prices, the Japanese earthquake, the European sovereign debt crisis, and political brinksmanship over the Treasury's

U.S. Final Global Demand Index

(2002=100) 4th Quarter Values

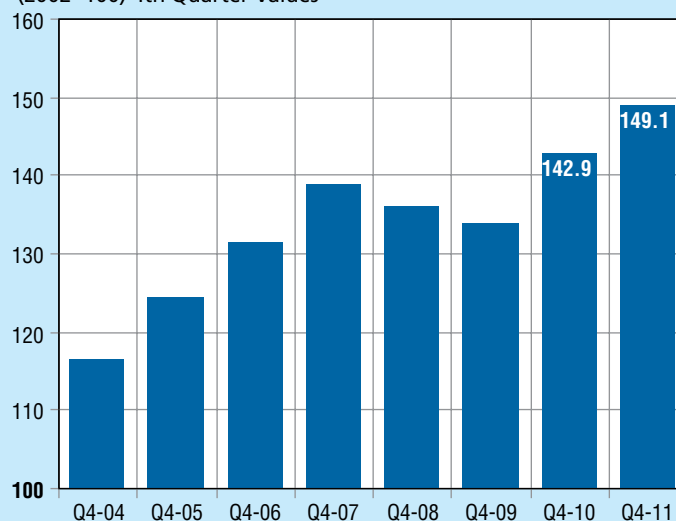


Chart A

debt ceiling. Sentiment remains improving, but fragile; it wouldn't take much to again unnerve households and businesses, thwarting the economy's revival.

The immediate threats are familiar. Europe's economic problems, while less pressing since the European Central Bank began taking aggressive action, remain significant. Despite its portentous character, the international market's vacillation in debate over how best to finesse or attack default-prone European governmental debts resembles a soap opera plot. Were the matter not so confoundingly serious, its distractive quality would demand its offhand dismissal. Meanwhile, the U.S. foreclosure crisis continues to pull house prices lower, adding pressure on stretched homeowners, on small businesses looking for credit, and on local governments struggling mightily to fund schools and other important services.

Equally, the nightmare of the Great Recession still conditions business thinking, and uncertainty about potential changes in the regulatory and legal environment hasn't helped. Decision makers guardedly worry alternately between the potential high price for being super cautious versus acting prematurely to seize potential opportunities. Moreover, the vagary of a presidential election does little or nothing toward being helpful.

Missing Link

The missing link in the current economic recovery has been businesses' reluctance to step up hiring. Firms have done an excellent job of reducing costs, increasing profitability, and restructuring their balance sheets. While larger companies are in better shape than smaller ones, the financial condition of American businesses overall is arguably as good as it has ever been. Across nearly every industry, profits are at record highs and cash has never been more abundant.

Healthy finances have enabled businesses to increase investment and curtail layoffs. Equipment and software purchases have been sturdy and layoff rates have never been lower. Unfortunately, the rate of hiring also has been moribund by post-recession standards. The pace of business formation has been exceptionally weak, and existing businesses have lacked the confidence necessary to expand and add workers. Tellingly, the overarching, sustained body blow to the nation's employer base was the number of small businesses (those employing 2 to 249) that simply went out of business during the last five years. Lost jobs because businesses have failed are grossly harder to replace than when surviving businesses shed jobs.

Current job gains are broad, occurring across industries, occupations, and regions of the country. The U.S. Jobs Sector Diffusion Index that measures job generation across 278 employment segments has risen to a record level (see Chart C).

The Real Thing

Employment measured by the household survey—the basis for the calculation of the unemployment rate—has grown even more strongly in recent months. The recent rapid drop in the unemployment rate is real, resulting primarily from more jobs and not from a shrinking labor force. It wouldn't be particularly encouraging if the unemployment rate had fallen because discouraged workers were leaving the workforce, or if those who had left the job market earlier felt conditions were still too tough to come back. Nonetheless, labor force growth is likely to remain soft in coming months, suggesting that even with only modest job growth, the unemployment rate will fall further and more quickly. An unemployment rate below 8% by the end of 2012 and just over 7% by the end of 2013 now appears possible. This is a significant change that denotes a more upbeat 2012 outlook.

Chicago Fed Activity Index

(2002=100) January Values

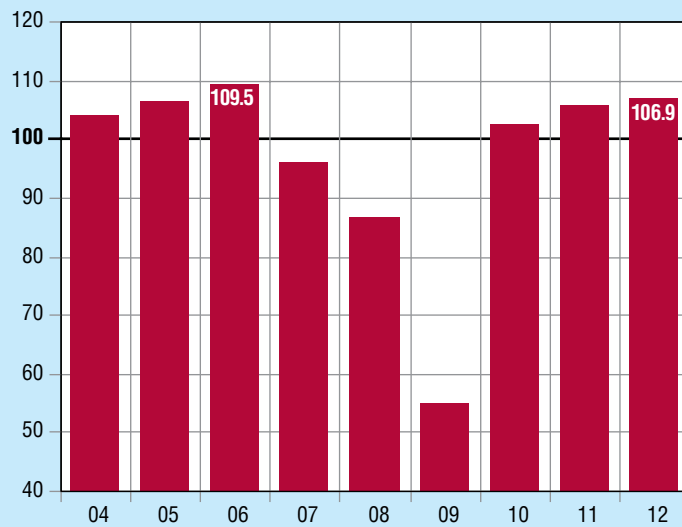


Chart B

U.S. Job Sectors Diffusion Index

(2002=100) January Values

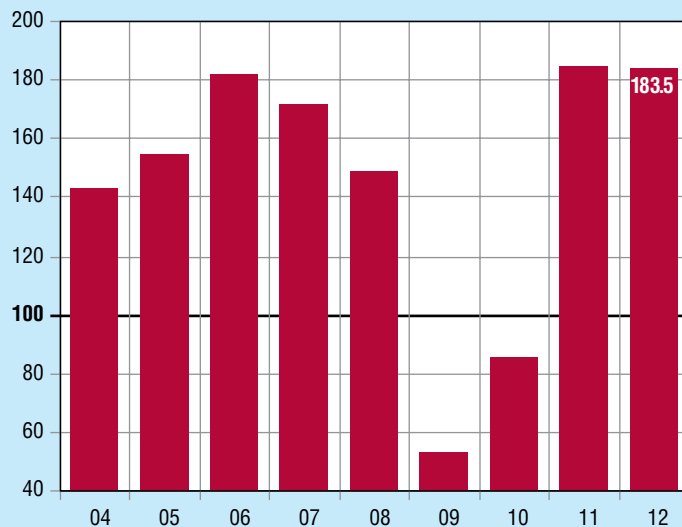
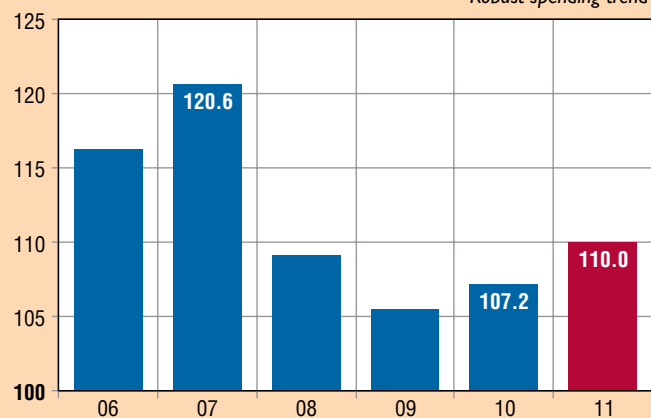


Chart C

San Antonio Business Cycle Index Trend

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

Robust spending trend



San Antonio Business Cycle Index Trend: The regional December Index at 110.0 value (2002=100) displays the second best strength among Texas Big Five metros (see page 11). Having healthily dealt with the Great Recession, the Alamo City region is well positioned for an accelerating 2012 economy.

Negative Indicator Trends: Jobs/Unemployed Ratio.

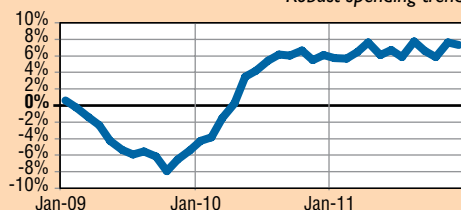
Moderate Indicator Trends: None.

Positive Indicator Trends: TXP Business Cycle Leading Index, Southwest Consumer Confidence Index, Sales Tax Revenues Growth, Goods-Producers Jobs growth, Dominant Jobs growth, Single-family Residential Permits growth, Residential Permit Valuations, and Average New Home Prices growth.

Sales Tax Revenues

Yr/Yr Growth

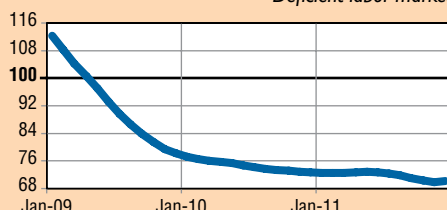
Robust spending trend



Jobs/Unemployed Index

2002=100

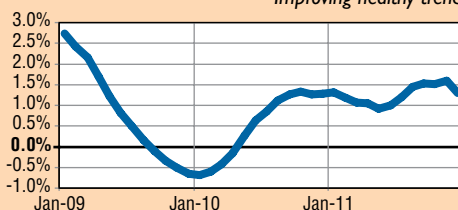
Deficient labor market



Dominant Jobs Trend

Yr/Yr Growth

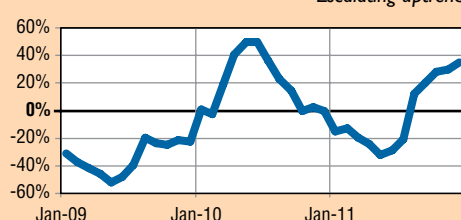
Improving healthy trend



Residential Permits Trend

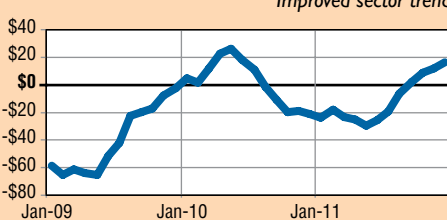
Yr/Yr Growth

Escalating uptrend



Net Gains-Home Permit Valuations (\$ Mils)

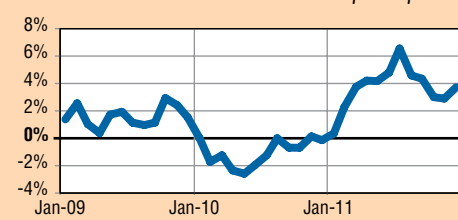
Improved sector trend



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 December | | | Percent Change | | | Trend | Ratings* |
|--|----------------------------------|-----------|-----------|----------------|--------|-------|-------------------------|----------|
| | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 | | |
| Texas Business Cycle Leading Index ('02=100) | 111.3 | 113.8 | 117.9 | -8.4% | 2.2% | 3.6% | much improved upswing | ★★★★ |
| Consumer Confidence Index ('02=100) | 60.6 | 50.9 | 57.8 | -42.7% | -16.0% | 13.5% | enhanced optimism | ★★★ |
| Sales Tax Revenues (\$mil) | \$19.8 | \$21.0 | \$22.6 | -5.4% | 6.2% | 7.4% | above historical avg. | ★★★ |
| Jobs/Unemployed Ratio Index | 83.2 | 73.4 | 70.9 | -34.5% | -11.8% | -3.4% | weak labor market | ★★ |
| Goods-Producers Jobs (000s) | 93.0 | 90.7 | 93.4 | -9.9% | -2.5% | 3.0% | strong uptrend | ★★★ |
| Dominant Employment Jobs (000s) | 516.5 | 523.1 | 529.9 | -0.7% | 1.3% | 1.3% | improving segment trend | ★★★★ |
| Total Single-family Residential Permits | 523 | 493 | 662 | -22.5% | -5.9% | 34.3% | strong rebound | ★★★★ |
| Total Residential Permit Valuations (\$mil) | \$92.567 | \$71.334 | \$87.711 | -0.8% | -22.9% | 23.0% | strong rebound | ★★★★ |
| Avg SF New Home Prices | \$187,783 | \$187,500 | \$194,300 | 1.5% | -0.2% | 3.6% | improved prices | ★★★ |

Previous Qtrly. Ratings Avg. = 2.9 / Current Avg. = 3.5

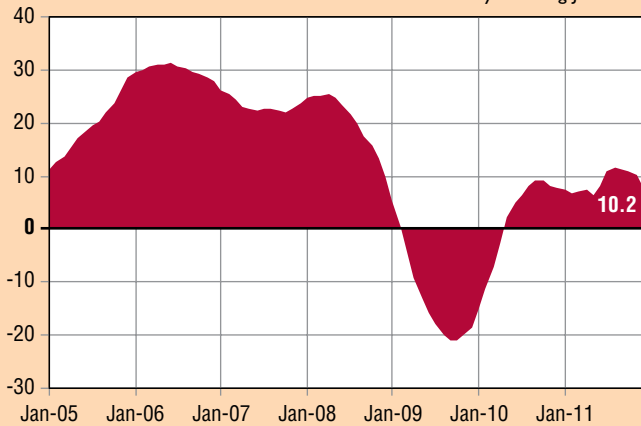
★ Ratings: 5-stars implies top, 4-stars = above average, 3-stars = average, 2-stars = below-average, and 1-star = bottom

San Antonio Metro Jobs Growth

San Antonio Metro-Net Job Gains

to 12/11 (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.

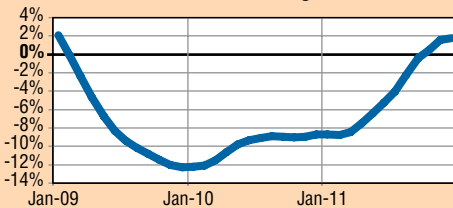
Negative Job Sector Trends: Information, Financial Activities, Professional & Business Services and Government Jobs.

Moderate Job Sectors Trends: Other Services.

Positive Job Sector Trends: Natural Resources, Construction Jobs, Manufacturing Jobs, Trade, Transportation & Utilities Jobs, Education & Health Services, and Leisure & Hospitality Jobs.

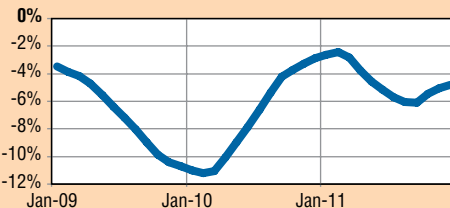
Construction Jobs Growth Trend

Rebounding investment sector



Information Jobs Growth Trend

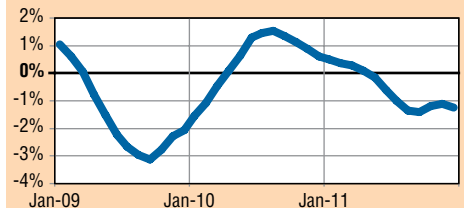
Sustained sector weakness



Financial Activities Jobs Growth

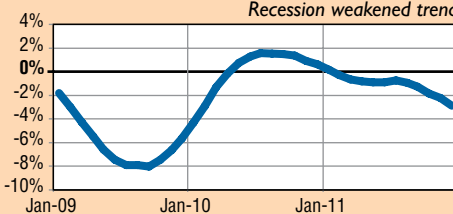
(6-Month Avgs.)

Weakened sector trend



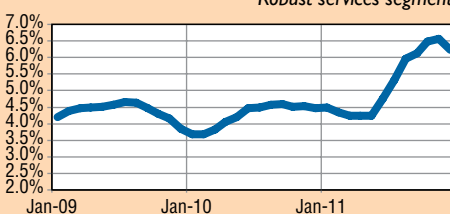
Professional/Business Services Jobs Growth Trend

Recession weakened trend



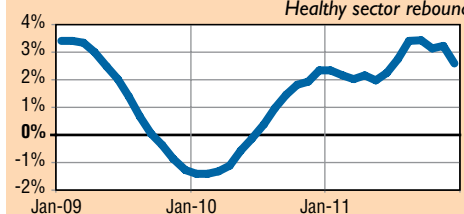
Education & Health Jobs Growth Trend

Robust services segments



Leisure & Hospitality Jobs Growth Trend

Healthy sector rebound



Trend Analysis of San Antonio Metro Jobs Growth

Latest 6-mo. avgs. thru December

Percent Change

| | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 | Trend | Ratings* |
|---------------------------------------|--------------|--------------|--------------|--------------|-------------|-------------|-----------------------|-----------|
| Natl Resources/Mining (000s) | 3.3 | 3.4 | 4.0 | -12.3% | 3.0% | 15.6% | impressive uptrend | ★★★★ |
| Construction (000s) | 46.7 | 42.6 | 43.4 | -12.3% | -8.7% | 1.7% | impressive uptrend | ★★★ |
| Manufacturing (000s) | 43.0 | 44.7 | 46.1 | -6.9% | 3.8% | 3.2% | impressive uptrend | ★★★★ |
| Trade/Transportation/Utilities (000s) | 144.3 | 143.0 | 146.9 | -4.6% | -0.9% | 2.7% | impressive uptrend | ★★★★ |
| Information (000s) | 18.6 | 18.1 | 17.2 | -10.7% | -2.9% | -4.8% | lackluster trend | ★ |
| Financial Activities (000s) | 65.2 | 65.6 | 64.8 | -2.1% | 0.6% | -1.2% | recent weakness | ★ |
| Professional & Business Svcs (000s) | 99.7 | 100.3 | 97.4 | -5.6% | 0.6% | -2.9% | recent weakness | ★ |
| Education & Health Svcs (000s) | 124.3 | 129.8 | 137.9 | 3.8% | 4.5% | 6.2% | superb trend | ★★★★★ |
| Leisure & Hospitality (000s) | 100.5 | 102.8 | 105.5 | -1.3% | 2.3% | 2.6% | improved trend | ★★★ |
| Other Services (000s) | 31.0 | 31.6 | 32.1 | -0.5% | 2.0% | 1.6% | moderate trend | ★★★★ |
| Government (000s) | 157.9 | 160.7 | 157.1 | 2.6% | 1.8% | -2.3% | recent weakness | ★★ |
| Total Jobs (000s) | 834.4 | 842.6 | 852.3 | -2.3% | 1.0% | 1.1% | improved trend | ★★ |

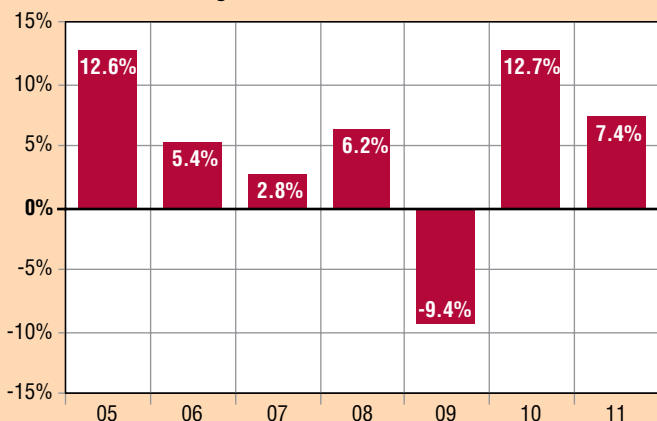
★ Ratings: 5-stars implies top, 4-stars = above average, 3-stars = average, 2-stars = below-average, and 1-star = bottom

Convention & Visitor Tourism Market Trends San Antonio Region

Tourism Index Growth Trend

(Lodging - Room Revenues)

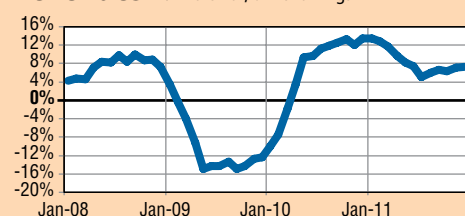
Yr/Yr Growth (6-Mo. Avgs. to Dec.)



San Antonio Regional Convention & Visitors Trend: The pace of lodging expansion displays a slowing trend as new construction projects level out below last year's new starts for the regional lodging industry. While room supply growth has eased, marginal hotel/motel room demand peaked in 2011, signaling an outsized contribution of the lodging industry to the economic base. At 141.7 (2002=100), the Tourism Index has a current growth rate of +7.4% (see large chart), which qualifies as an historically healthy rate. Despite the fact that effective average room rates have stabilized in the \$94-\$96 range, room demand by convention and visitor and business traveler has boosted overall hotel/motel regional revenues to record levels for 2011.

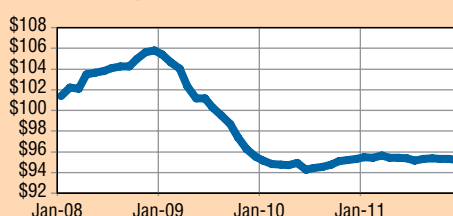
Regional Lodging Room Revenues

Yr/Yr Growth, 6-Month Avgs.



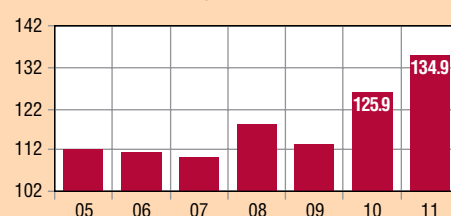
Lodging Avg. Room Rental Rates

(12-Month Averages)



Lodging Room Demand Index

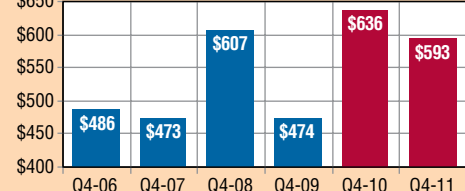
(2002=100) 6-mo. Avgs. to December



SACVB - Delegate Spending Estimates

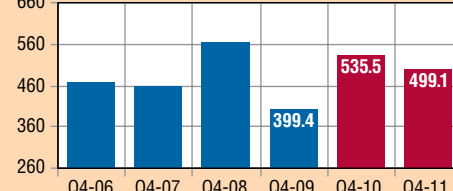
(\$Mils)

Yr-To-Date thru Q4 (\$Mils)



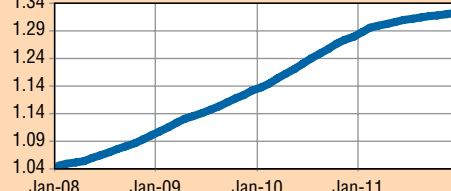
SACVB Actual Delegate Attendance

(Yr-To-Date thru Q4) (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* |
|---|----------------------------------|-----------|-----------|----------------|-------|-------|-----------------------|----------|
| | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 | | |
| Regional Lodging Ndx (Room Revenues) (2002=100) | 122.6 | 139.5 | 148.6 | -14.1% | 13.8% | 6.5% | healthy gains | ★★★★★ |
| Regional Lodging Room Revenues (\$Mil.) | \$62.922 | \$71.617 | \$76.274 | -14.1% | 13.8% | 6.5% | healthy gains | ★★★★★ |
| Regional Lodging Room Demand Ndx ('02=100) | 113.3 | 125.9 | 134.9 | -3.7% | 11.2% | 7.1% | robust gains | ★★★★★ |
| Regional Lodging Average Daily Room Rate | \$91.81 | \$93.96 | \$93.58 | -10.8% | 2.3% | -0.4% | flattened trend | ★★★☆☆ |
| Regional Lodging Average Occupancy Rate | 55.7% | 57.5% | 60.6% | na | na | na | improved market | ★★★★★ |
| Revenues Per Available Room (RevPAR) | \$51.25 | \$54.21 | \$56.80 | -19.8% | 5.8% | 4.8% | above historical avg. | ★★★★★ |
| SACVB Actual Delegate Attendance | 32,610 | 38,453 | 42,294 | -36.3% | 17.9% | 10.0% | slackened demand | ★★★☆☆ |
| SACVB Actual Delegate Spending Estimates (\$Mils) | \$38.742 | \$45.684 | \$50.247 | -27.2% | 17.9% | 10.0% | slackened demand | ★★★☆☆ |
| SACVB Room Supply (Millions) | 1,227,906 | 1,320,372 | 1,342,134 | 7.2% | 7.5% | 1.6% | slowed expansion | ★★☆☆☆ |

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

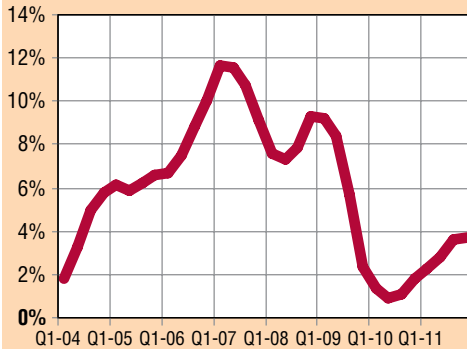
Sources: Smith Travel Research
San Antonio Convention and Visitors Bureau

San Antonio Commercial Properties Market Trends

Total Commercial Properties

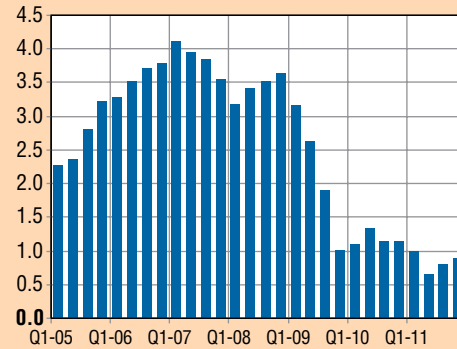
Rental Revenues-Commercial Properties Market

(to Q4-11 (Yr/Yr Growth, 6-Mo. Averages))



Net Space Absorption-Commercial Properties

(12-Mo. Sums, 6-Mo. Moving Avgs., Mils. of Sq.Ft.)



San Antonio's regional commercial property market remains healthier than most, and is subject to the recently improving 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 (3.7% year/year), with a surge in the last twelve months, and the space absorption trend is showing limited but progressive net gains. Notable improvement in San Antonio's CRE market may be thought to be underway.

Trend Analysis of San Antonio Commercial Properties Market

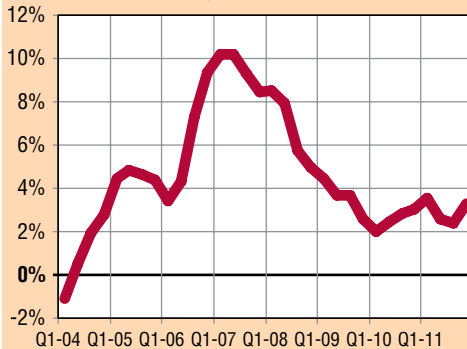
| Regional Office+Industrial+Retail Properties | Latest 6-mo. avgs. thru Q4 | | | Percent Change | | | Trend | Ratings |
|--|----------------------------|---------|----------------|----------------|-------|---------------|-----------------------|---------|
| | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 | | |
| Regional Inventory (Mils of Sq. Footage) | 101.859 | 102.623 | 104.596 | 3.3% | 0.7% | 1.9% | modest expansion | ★★ |
| Percent Vacant | 15.1% | 14.8% | 14.8% | na | na | na | improved vacancy rate | ★★ |
| Average Effective Rental Rates (Per Sq.Ft.) | \$14.84 | \$14.93 | \$15.20 | 0.6% | 0.6% | 1.8% | rental rates improve | ★★ |
| Net Sq. Footage Absorption (Mils-Yr/Yr Change) | 1.004 | 1.144 | 0.891 | -72.4% | 13.9% | -22.1% | market bottom near | ★★ |

Source: NAI REOC Partners

Office Properties

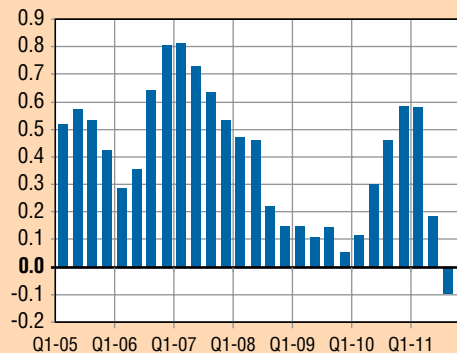
Rental Revenues-Office Properties Market

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



Net Space Absorption-Office Properties Market

(12-Mo. Sums, 6-Mo. Moving Avgs., Mils of Sq.Ft.)



The San Antonio commercial office space market inched towards recovery over the past twelve months through Q4-2011, with the trend in office rental revenues showing a mild bounce at 3.3% positive growth. This market segment displays its greatest weakness in two decades with a 20.0% vacancy rate. Market metrics will continue to 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 improving growth and should over the course of 2012.

Trend Analysis of San Antonio Office Properties Market

| Regional Office Building Properties | Latest 6-mo. avgs. thru Q4 | | | Percent Change | | | Trend | Ratings |
|--|----------------------------|---------|----------------|----------------|---------|---------------|------------------|---------|
| | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 | | |
| Regional Inventory (Mils of Sq. Footage) | 26.534 | 27.201 | 27.901 | 5.2% | 2.5% | 2.6% | modest expansion | ★★ |
| Percent Vacant | 18.5% | 18.6% | 20.0% | na | na | na | slackened demand | ★★ |
| Average Rental Rates (Per Sq.Ft.) | \$20.43 | \$20.54 | \$21.05 | 0.7% | 0.6% | 2.5% | modest gains | ★★ |
| Net Sq. Footage Absorption (Mils-Yr/Yr Change) | -0.060 | 0.064 | 0.128 | -305.3% | -206.2% | 100.2% | modest gains | ★★ |

Source: NAI REOC Partners

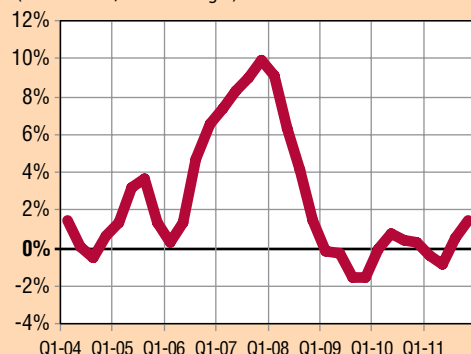


San Antonio Commercial Properties Market Trends

Industrial Properties

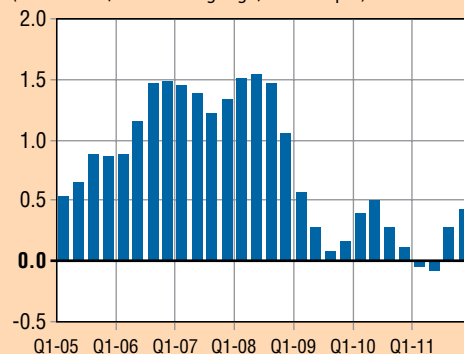
Rental Revenues-Industrial Properties Market

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



Net Space Absorption-Industrial Properties Market

(12-Mo. Sums, 6-Mo. Moving Avgs., Mils. of Sq.Ft.)



The San Antonio industrial properties market displayed its first positive rental revenues growth (1.4% year/year) since the end of 2008. The Eagle Ford Shale, an oil and natural gas producing field located just south of San Antonio, has had an outsized impact on demand in the marginal industrial real estate market, sufficiently so to buoy the overall pace of space absorption. Marginal expansion of this market segment, especially in the south side market, is well underway in 2012 by firms active in the Eagle Ford Shale.

Trend Analysis of San Antonio Industrial Properties Market

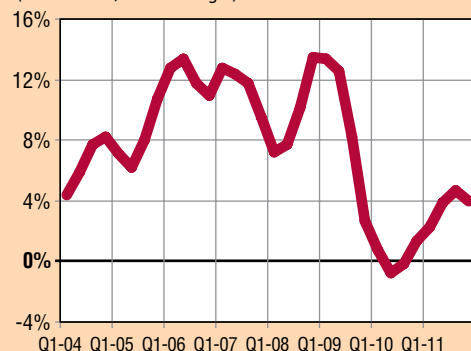
| Regional Office Building Properties | Latest 6-mo. avgs. thru Q4 | | | Percent Change | | | Trend | Ratings |
|--|----------------------------|--------|---------------|----------------|---------|---------------|-----------------------|---------|
| | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 | | |
| Regional Inventory (Mils of Sq. Footage) | 30.642 | 30.662 | 31.026 | 0.0% | 0.1% | 1.2% | modest expansion | ★★ |
| Percent Vacant | 13.7% | 13.6% | 13.2% | na | na | na | improved vacancy rate | ★★ |
| Average Rental Rates (Per Square Foot) | \$5.56 | \$5.57 | \$5.55 | -0.8% | 0.1% | -0.3% | weakened trend | ★ |
| Net Sq. Footage Absorption (Mils.) | 0.138 | -0.029 | 0.126 | 101.2% | -121.0% | 533.6% | modest absorption | ★★ |

Source: NAI REOC Partners

Retail Properties

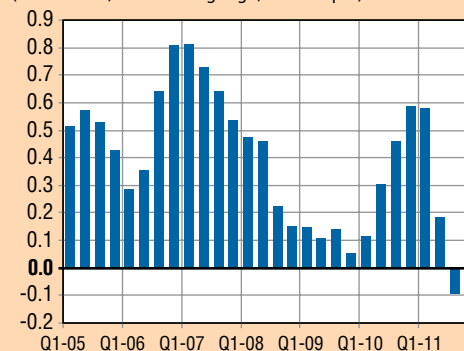
Rental Revenues-Retail Properties Market

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



Net Space Absorption-Retail Properties Market

(12-Mo. Sums, 6-Mo. Moving Avgs., Mils of Sq.Ft.)



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, with 4.0% year/year growth. Vacancy rates also have been steadily declining while the rolling 12-month space absorption trend appears to be bottoming. Spending patterns in the greater San Antonio region, like that of other major Texas metros, displayed broad-based, healthy consumption trends during 2011. Retail-oriented investors have taken note.

Trend Analysis of San Antonio Retail Properties Market

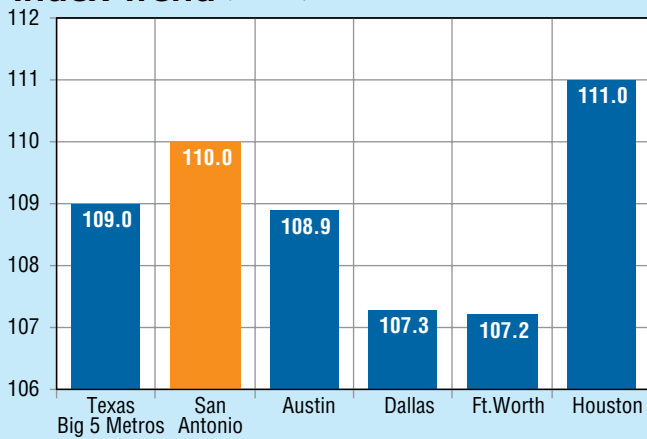
| Regional Retail Building Properties | Latest 6-mo. avgs. thru Q4 | | | Percent Change | | | Trend | Ratings* |
|--|----------------------------|---------|----------------|----------------|--------|----------------|-----------------------|----------|
| | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 | | |
| Regional Inventory (Mils of Sq. Footage) | 44.682 | 44.760 | 45.669 | 4.7% | 0.2% | 2.0% | mild expansion | ★★ |
| Percent Vacant | 14.0% | 13.3% | 12.8% | na | na | na | improved vacancy rate | ★★ |
| Average Rental Rates (Per Square Foot) | \$17.88 | \$17.94 | \$18.18 | -0.9% | 0.3% | 1.4% | improving market | ★★ |
| Net Sq. Footage Absorption (Mils.) | 0.054 | 0.584 | -0.031 | -63.5% | 974.6% | -105.3% | 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) December Values



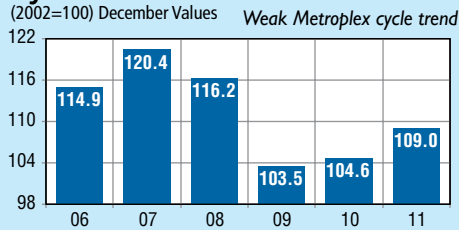
Big Five Texas Metros Business Cycle Index Trend: The December Index of 109.0 growth pace (2002=100) clearly leaves behind the bad affects of the Great Recession, showing a convincing upswing for 2011.

Negative Indicator Trends: Jobs/Unemployed Ratio.

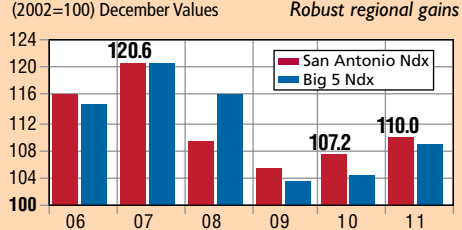
Moderate Indicator Trends: None.

Positive Indicator Trends: TXP Business Cycle Leading Index, Southwest Consumer Confidence Index, Sales Tax Revenues growth, Goods-Producers Jobs growth, Dominant Jobs growth, Single-family Residential Permits growth, Residential Permit Valuations and Average New Home Prices growth.

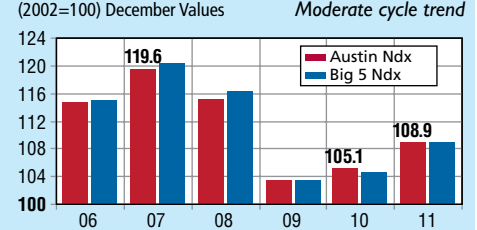
Texas Big 5 Metros Business Cycle Index Historical Trend (2002=100) December Values



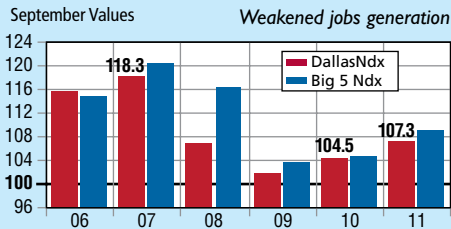
San Antonio Business Cycle Index Trend (2002=100) December Values



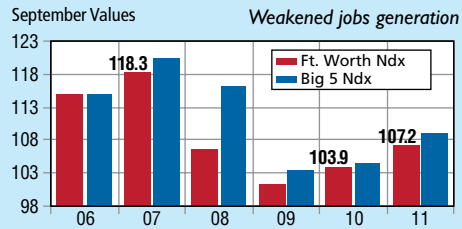
Austin Business Cycle Index Trend (2002=100) December Values



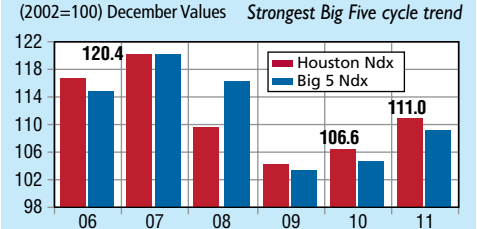
Dallas Business Cycle Index Trend (2002=100) September Values



Fort Worth Business Cycle Index Trend (2002=100) September Values



Houston Business Cycle Index Trend (2002=100) December Values



Trend Analysis of Big 5 Texas Metros Business Cycle Index Components

| | Latest 6-mo. avgs. thru December | | | Percent Change | | | Trend | Ratings |
|--|----------------------------------|-----------|-----------|----------------|--------|-------|-------------------------|---------|
| | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 | | |
| Texas Business Cycle Leading Index ('02=100) | 111.3 | 113.8 | 117.9 | -8.4% | 2.2% | 3.6% | much improved upswing | ★★★★ |
| Consumer Confidence Index ('02=100) | 60.6 | 50.9 | 57.8 | -42.7% | -16.0% | 13.5% | enhanced optimism | ★★★ |
| Sales Tax Revenues (\$mil) | \$183.1 | \$192.7 | \$208.5 | -9.6% | 5.3% | 8.2% | strong, improving trend | ★★★★ |
| Jobs/Unemployed Ratio Index | 79.5 | 71.0 | 72.1 | -40.2% | -10.7% | 1.6% | deficient labor market | ★★ |
| Goods-Producers Jobs (000s) | 1,070.6 | 1,061.9 | 1,097.2 | -13.0% | -0.8% | 3.3% | strong improvement | ★★★★ |
| Dominant Employment Jobs (000s) | 3,152.3 | 3,200.8 | 3,289.4 | -5.0% | 1.5% | 2.8% | strong improvement | ★★★★ |
| Single-family Residential Permits | 4,059 | 3,175 | 3,865 | 7.9% | -21.8% | 21.7% | marked sector gains | ★★★★ |
| Residential Permit Valuations (\$mil) | \$770.2 | \$690.5 | \$905.7 | -6.9% | -10.4% | 31.2% | marked sector gains | ★★★★ |
| Avg SF New Home Prices | \$181,854 | \$197,322 | \$208,911 | -4.1% | 8.5% | 5.9% | marked sector gains | ★★★★ |

Previous Qtrly. Ratings Avg. = 3.3 / Current Avg. = 3.9

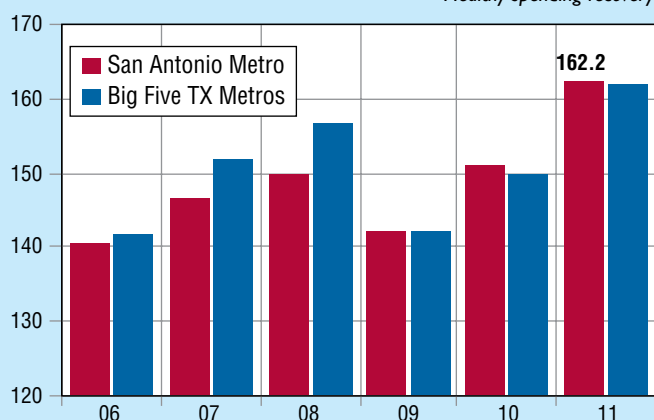


Metro Markets Sales Tax Revenues Trend

Metro Markets Sales Tax Revenues

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

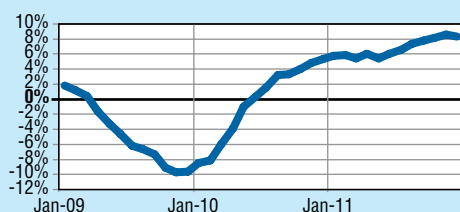
Healthy spending recovery



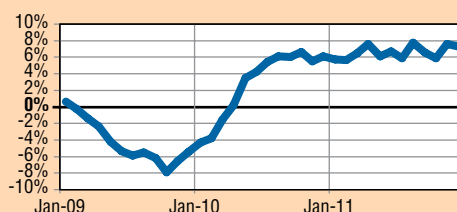
San Antonio Sales Tax Revenues Trend: The upwardly trending pace of San Antonio regional spending generally surpasses the more moderate nationwide trend. Since major metro markets of Texas have exceeded the pace of U.S. output growth, it follows that statewide consumer purchasing power and relative income 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 broad-based, with restaurant sales, durable goods and services displaying healthy gains.

Texas Market Sales Tax Revenue Trends: Per current market sales growth, Dallas is followed by Houston and then San Antonio followed by Austin, while the least strong retailing venue is Fort Worth.

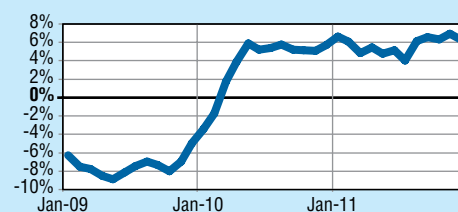
Big Five Texas Metros Sales Tax Revenues Yr/Yr Growth



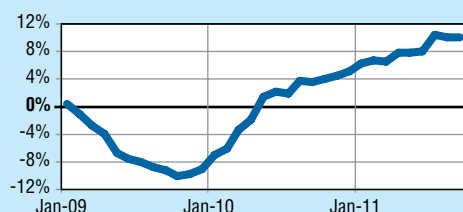
San Antonio Metro Sales Tax Revenues Yr/Yr Growth



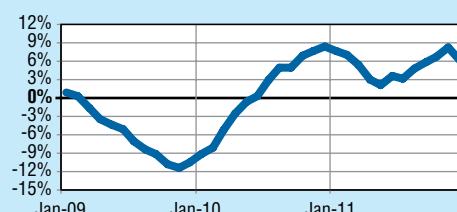
Austin Metro Sales Tax Revenues Yr/Yr Growth



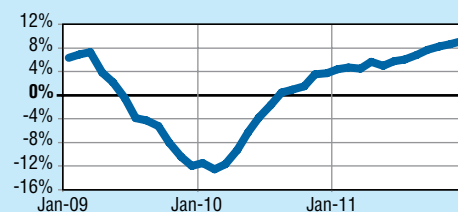
Dallas Metro Sales Tax Revenues Yr/Yr Growth



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 December | | | Percent Change | | | Trend | Ratings* |
|--|----------------------------------|--------|--------|----------------|------|------|----------------------------|----------|
| | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 | | |
| San Antonio Sales Tax Revenues Ndx ('02=100) | 142.2 | 151.1 | 162.2 | -5.4% | 6.1% | 7.3% | trend above hist avg. | ★★★★★ |
| San Antonio Sales Tax Revenues (\$Mils.) | \$19.8 | \$21.0 | \$22.6 | -5.4% | 6.1% | 7.3% | trend above hist avg. | ★★★★★ |
| Austin Sales Tax Revenues Ndx ('02=100) | 144.2 | 152.6 | 161.8 | -4.6% | 5.8% | 6.1% | trend below hist avg. | ★★★☆☆ |
| Austin Sales Tax Revenues (\$Mils.) | \$19.9 | \$21.1 | \$22.3 | -4.6% | 5.8% | 6.1% | trend below hist avg. | ★★★☆☆ |
| Dallas Sales Tax Revenues Ndx ('02=100) | 133.0 | 139.9 | 153.0 | -8.6% | 5.2% | 9.4% | trend well above hist avg. | ★★★★★ |
| Dallas Sales Tax Revenues (\$Mils.) | \$52.4 | \$55.1 | \$60.3 | -8.6% | 5.2% | 9.4% | trend well above hist avg. | ★★★★★ |
| Fort Worth Sales Tax Revenues Ndx ('02=100) | 153.0 | 165.6 | 175.3 | -10.1% | 8.2% | 5.9% | trend below hist avg. | ★★★☆☆ |
| Fort Worth Sales Tax Revenues (\$Mils.) | \$28.8 | \$31.1 | \$33.0 | -10.1% | 8.2% | 5.9% | trend below hist avg. | ★★★☆☆ |
| Houston Sales Tax Revenues Ndx ('02=100) | 145.0 | 150.2 | 164.0 | -12.3% | 3.6% | 9.1% | trend well above hist avg. | ★★★★★ |
| Houston Sales Tax Revenues (\$Mils.) | \$62.2 | \$64.4 | \$70.3 | -12.3% | 3.6% | 9.1% | trend well 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.