

FORT BEND COUNTY, TEXAS

Presented by:
Greater Fort Bend Economic Development Council
March 26, 2009

Greater Houston's Finest Address

National\Regional Leader

- National Employment Growth Rate
 - No. 1 Calendar Year 2007
 - No. 1 Last 18 months (01/01/07 - 06/30/08)
- Economic Strength Index
 - Top 10 in Nation
- Regional Leader
 - Population Growth
 - Educated Adult Population
 - High School Graduation Rate
 - Ethnic Diversity
 - Household Income
 - Owner Occupied Housing
 - Population living as Families

Source: US Bureau of Labor Statistics, Woods & Poole Economics; US Census Bureau-American Community Survey

If you have been following our story over the last 25 years you know that Fort Bend County has emerged from the mid 80's oil bust to be one of the most dynamic large counties in the nation for economic growth.

Today Fort Bend is not only a regional but a national leader. Recent accolades include fastest rate of growth in employment among all large counties in the nation as reported by the U.S. Bureau of Labor Statistics, 10th strongest county in the nation for economic strength as calculated by Woods and Poole Economics of Washington D.C. and the regional leader in population growth rate, educated adult population, high school graduation rate, ethnic diversity, household income, owner occupied housing, and population living as families.

2008 In Review

		<u>Change</u>
Labor Force	259,214	2.2%
Employment	246,006	1.0%
Unemployment	4.5%	Annual Average
Job Availability	210,240	3.4%
New Home Closings	6,647	-24.2%
Market Value	\$47.7 B	14.7%
Retail Sales	\$79.0 M	6.4%

Source: Woods & Poole 2008 State Profile; Title Data, State Comptroller; Fort Bend Tax Office

In 2008, Fort Bend's labor force increased to nearly 260,000, up 2.2%. At an average of 4.5%, Fort Bend's unemployment rate was significantly below the state's average rate of 4.9% and the national average rate of 5.8% over the same time period. Today we are at 6.1% and the nation is at 8.1%.

Job availability in Fort Bend is up to 210,240. This means that there are enough jobs in the County today to support roughly 83% of Fort Bend's employed labor force.

Title Data indicates that 6,647 new homes were sold in Fort Bend County in 2008. While this is down 24%, this is still a very healthy number especially when you consider the impacts of Hurricane Ike on the region during the 4th quarter of 2008.

At the same time, total county taxable market values went up 14.7% to \$47.7 Billion in 2008. This is a combination of market appreciation on existing property as well as new residential and commercial value added during the year.

2008 Key Demographics

Population	531,660
College Educated	38%
Household Income	\$116,768
% Owner Occupied	83%
% Families	83%

Source: Woods & Poole Economics, US Census Bureau-American Community Survey

Fort Bend continues to demonstrate World Class Demographics.

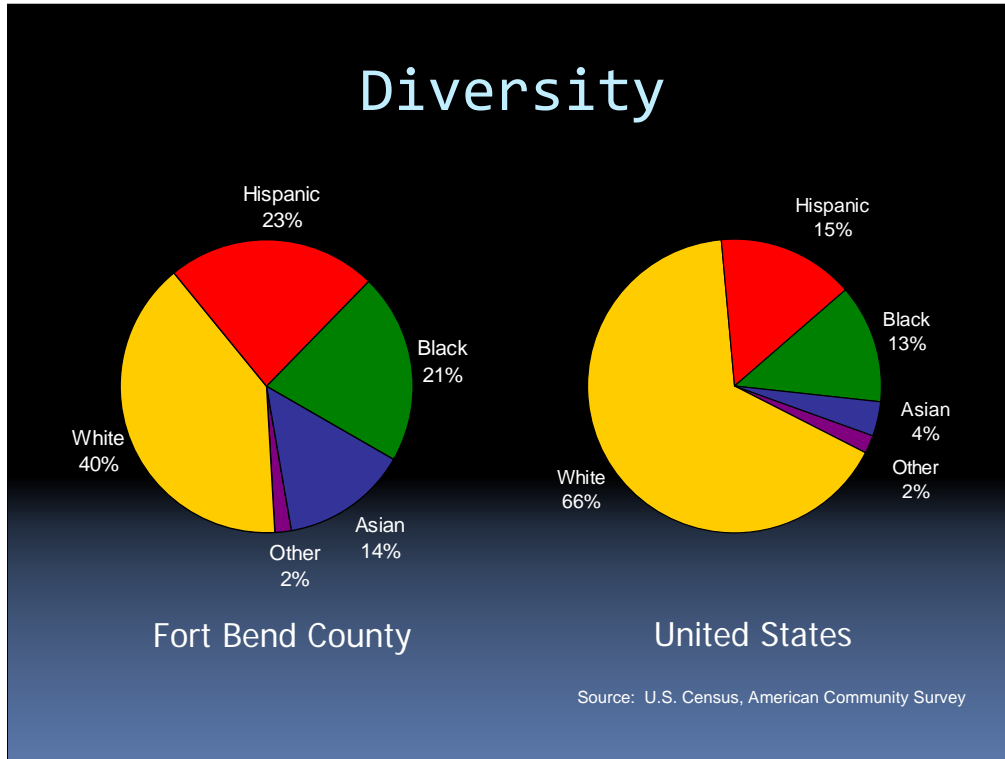
Our 2008 population grew to 531,660 which reflects a 48% increase since 2000 for an annual average growth rate of 6%.

Our adult population over the age of 25 are highly educated with 38% holding a bachelor's degree or higher. This ranks Fort Bend County's population at the highest education level of any county in the Houston region. This compares very favorably with the US average of 27%.

83% of our homes are owner occupied and 83% of our residents live as families. The national average is 67% for owner occupancy and 67% living as families.

Other Statistical comparisons:

Poverty	FBC – 8% vs. US – 13%
Dropout rate	FBC – 13% vs. US – 16%

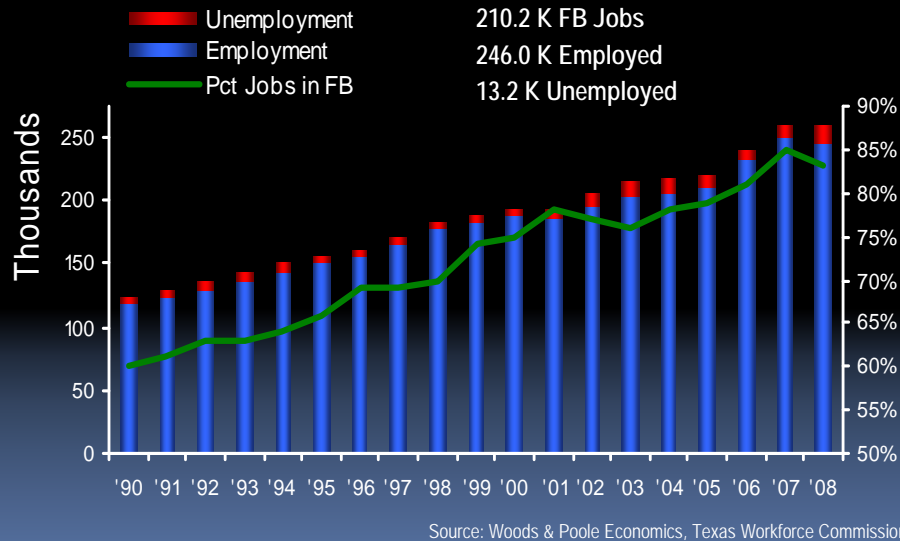


Fort Bend County is a minority-majority county which means that no one ethnicity is greater than 50% of the total. Interestingly, Fort Bend is what the United States is projected to look like in 2050.

While ethnically diverse, the people of our county are unified by the common social fabric of families, home ownership, educational excellence, and high achievement.

The excellence of our diversity is increasingly a key recruiting tool to attract international and domestic businesses to the area and create new and high paying jobs.

Labor Market & Job Creation

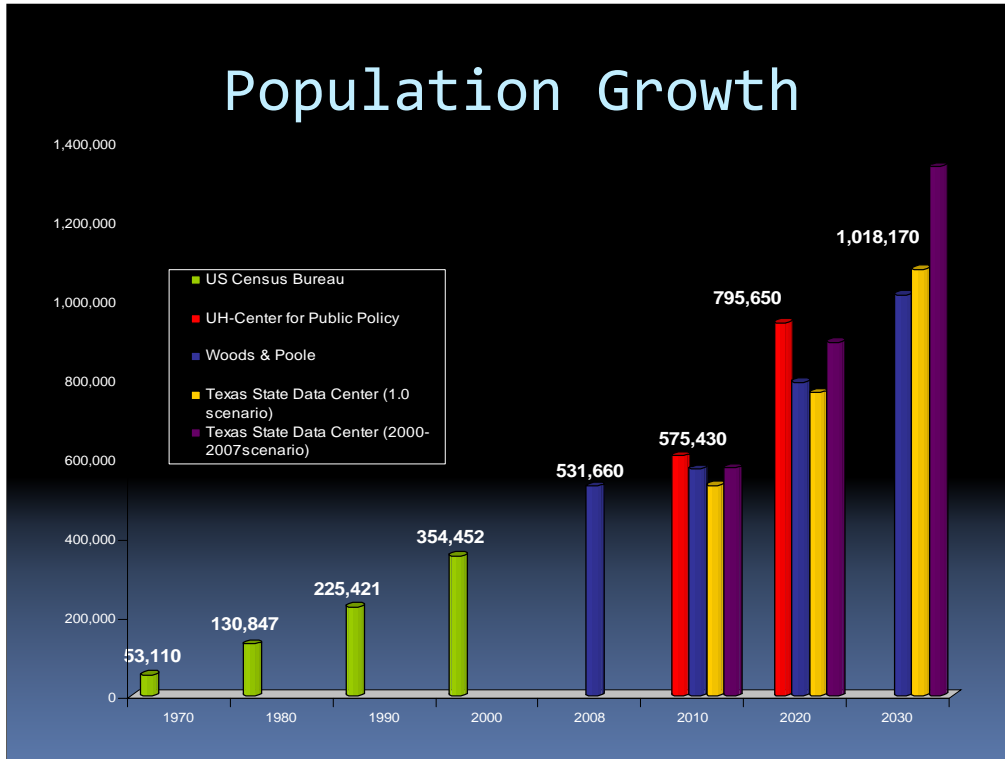


According to the Bureau of Labor Statistics, Fort Bend County ranked 1st in the nation for percentage job growth for the calendar year 2007, and for the 18 month period from Jan, 2007 through June 30, 2008 which is the most recent available statistic.

A high ratio of Fort Bend jobs to total employed labor increases the chances of our residents being able to live and work in Fort Bend.

In 1990, there was approximately one job for every two employed people that lived in Fort Bend County. Now there is roughly 4 jobs for every 5 employed people living in Fort Bend County.

Finally, this chart is the highest validation that the multi faceted public private economic development process in place in our County works!



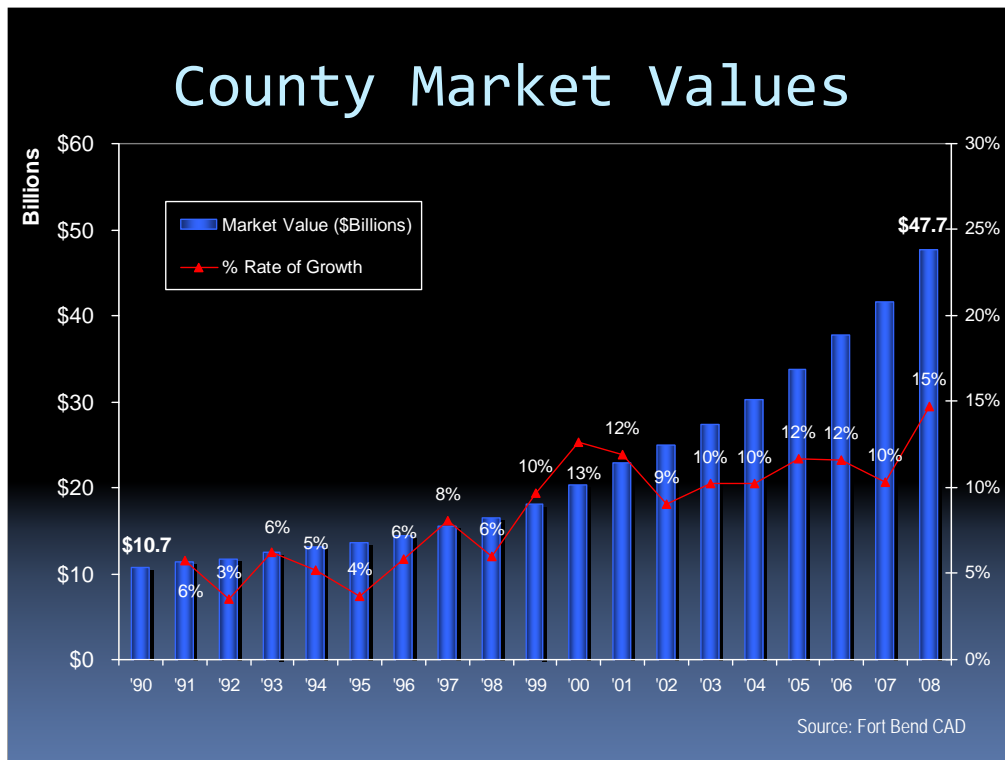
Fort Bend County's population growth has just surpassed 531,000 in 2008, giving us roughly the same number of people in our County as in the entire state of Wyoming. If trends persist, Fort Bend County's may already be ahead of Wyoming and chasing down Vermont by 2012.

Fort Bend County is a national growth leader of counties with populations over 200,000. On a regional level, no County in the Greater Houston Region has exceeded the growth rate experienced by Fort Bend County since 2000.

No one has ever predicted the rate of growth we have actually achieved. However, there is no excellence in growth alone, it is the quality of growth that is important.

Doubling our growth to a million people will likely take place in the next 20 years. This huge increase of our population will require doubling our jobs and job-producing commercial, industrial and government space just to keep pace.

A strong economic development program is critical to maintain our quality as we keep pace with the quantity of development.



This slide shows our total market values at the County level. There are two important things to note on this slide.

First, it took Fort Bend County 10+ years to double its 1990 market values. It took us less than 7 years to double 2000 market values.

Second, since 2000, the annual rate of market value growth has exceeded 10 percent every year except 2002 when it hit 9.03%. Market growth includes both appreciation on existing properties as well as new commercial and residential growth.

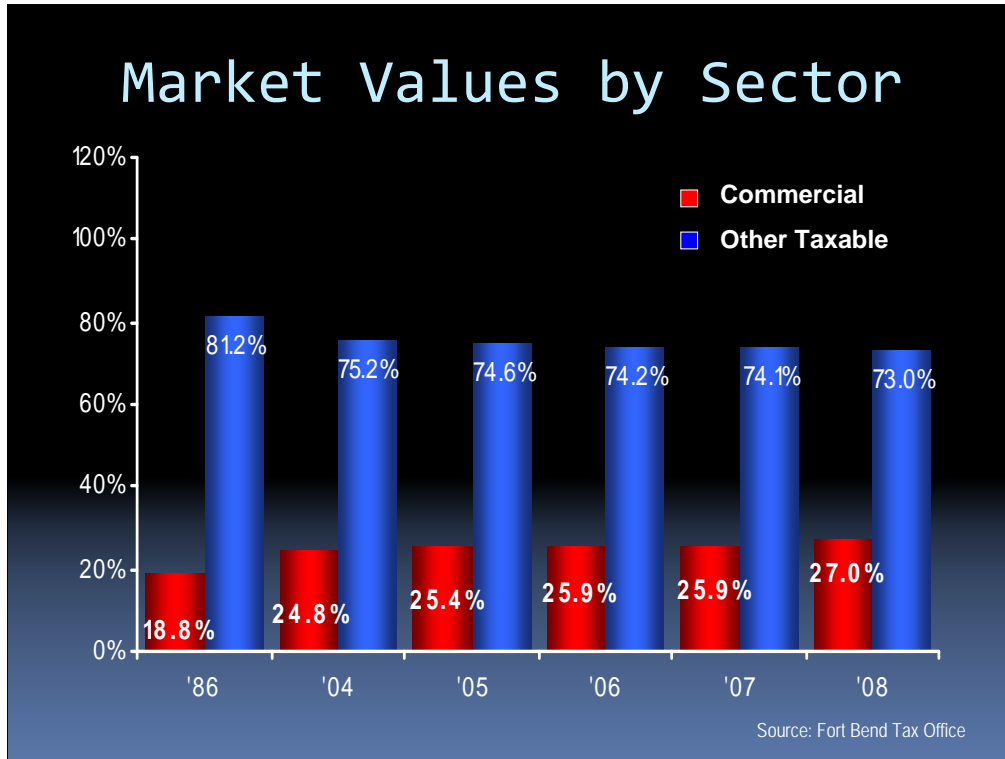
Job growth continues to be positive, housing inventories are in line with demand and our housing remains affordable relative to the rest of the country. For this reason and as a result of the new commercial development, we continue to expect market value increases in 2009 to move our total market value to over \$50 Billion.



Local Retail Sales is another indicator of the strength of our local economy.

Local receipts exceeded \$79 Million in 2008 or an increase of 6.82% over 2007. This is both a reflection of increased economic power of our residents and the ability to attract dollars from outside the County to our commercial venues. We used to be a net exporter of sales tax dollars – now we are net importer.

In terms of Fort Bend buying power, with average household incomes now over \$116,000 and an average of 7,300 new households being added annually, we have about \$847 million in new purchasing power coming to the county each and every year.

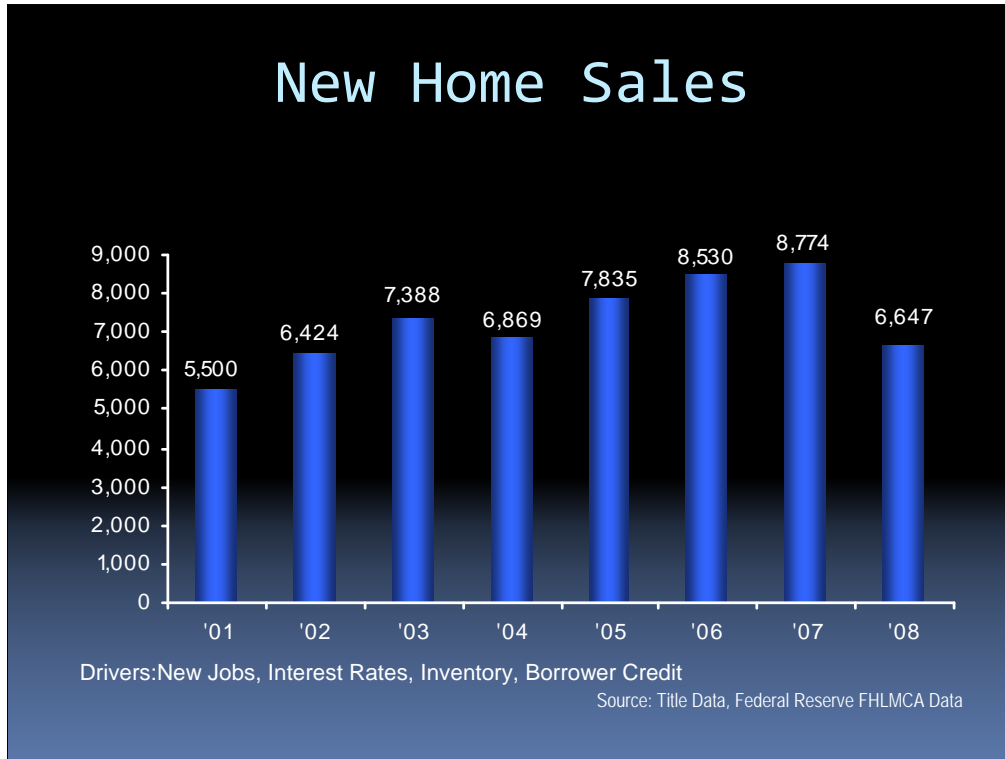


The good news about growth in taxable valuations in Fort Bend County is that it is skewed toward commercial growth.

Since 1986, the tax base for commercial and industrial markets has grown to 27% from 18.8%. As a general rule, business pays government more than it costs and households cost more to service than they pay.

Notwithstanding the significant gains in population and new housing growth, the relative percentage of commercial value has grown over time.

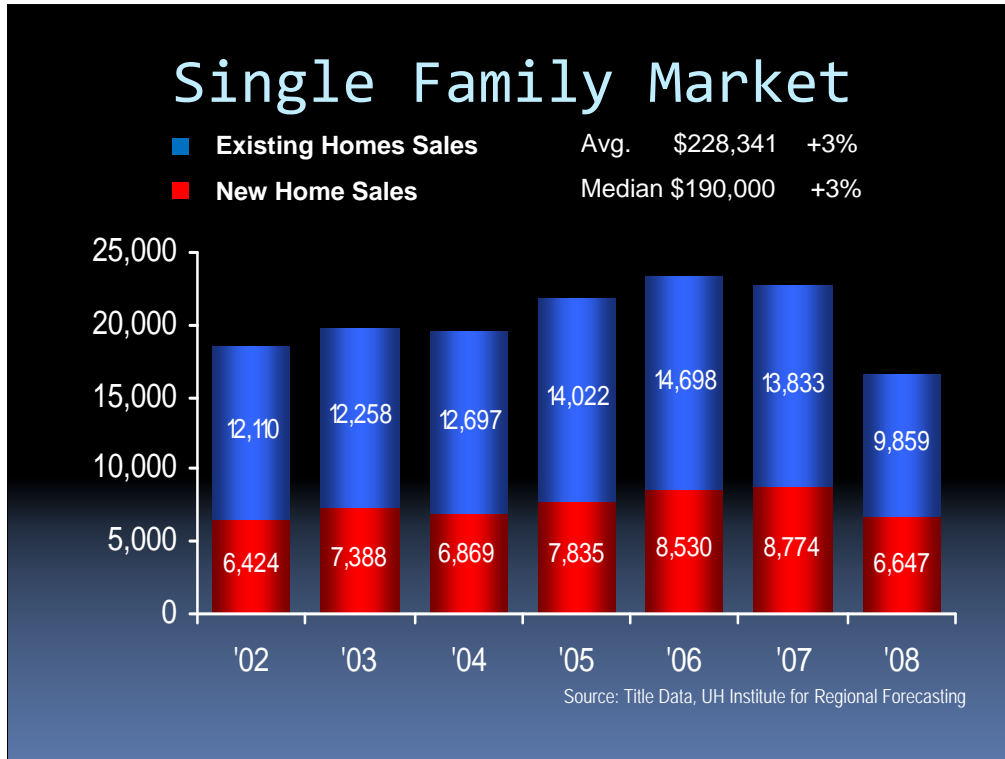
The benefits of this commercial growth are realized through tax dollars that assist local government in the provision of service to Fort Bend County residents.



We have had stable and consistent new home growth in Fort Bend over the past 8 years averaging nearly 7,300 homes annually. When looking at predictors for continued success, mortgage interest rates, net new jobs, home appreciation and supply are all relevant to the outlook.

In terms of housing supply, our recent poll of large master planned developers indicates expectations very much in line with previous growth. HAR reports that as of August 2008, 3 of the 10 hottest markets are in Fort Bend County with inventories well below 6 months. Historically anything under 6.5 months indicates a market can expect better than normal price appreciation.

At this level and with 4000+ acres of new master planned communities coming on line over the next few years, we expect new home sales **in Fort Bend** to have a solid year.



In 2008, Fort Bend's single family market weathered both the national economic downturn and Hurricane Ike. Although Fort Bend makes up about 9.0% of the region's population, Fort Bend accounted for 19.2% of the regions new home sales.

Our average sales price reported by HAR for 2008 stands at \$228,341 with median home price of \$190,000. This is up from \$222,000 and \$184,000 in 2007, a 3% gain in both areas.

Fort Bend is one of the few places on Earth experiencing home price appreciation!!

Single Family Market

- Hurricane Ike – lost 6 weeks of activity
 - Trended out – we would have been closer to 7300 new homes sold
 - Roughly equivalent of average annual sales over the past 6 years
- Hotness Index – Since August
 - Save 1 month, 4 of 5 Fort Bend markets in top 15
 - Each month we have had either No. 1 or No. 2 market
- Inventory - up from 4.8 months in '07 to 5.4 months in '08 (< 6.5 months)
 - By historical standards signals continued appreciation
- Leaders in MPC Home Sales in Houston Region 2008
 - Riverstone (Johnson Development) ↑ 24%
 - Telfair (Newland Communities) ↑ 10%
 - Cinco Ranch (Newland Communities) ↑ 7.5%

•Hurricane Ike – lost 6 weeks of activity

- Trended out - Without Ike, we would have been closer to 7300 new homes sold
- Roughly equivalent of average annual sales over the past 6 years

•Hotness Index – Since August (7 months)

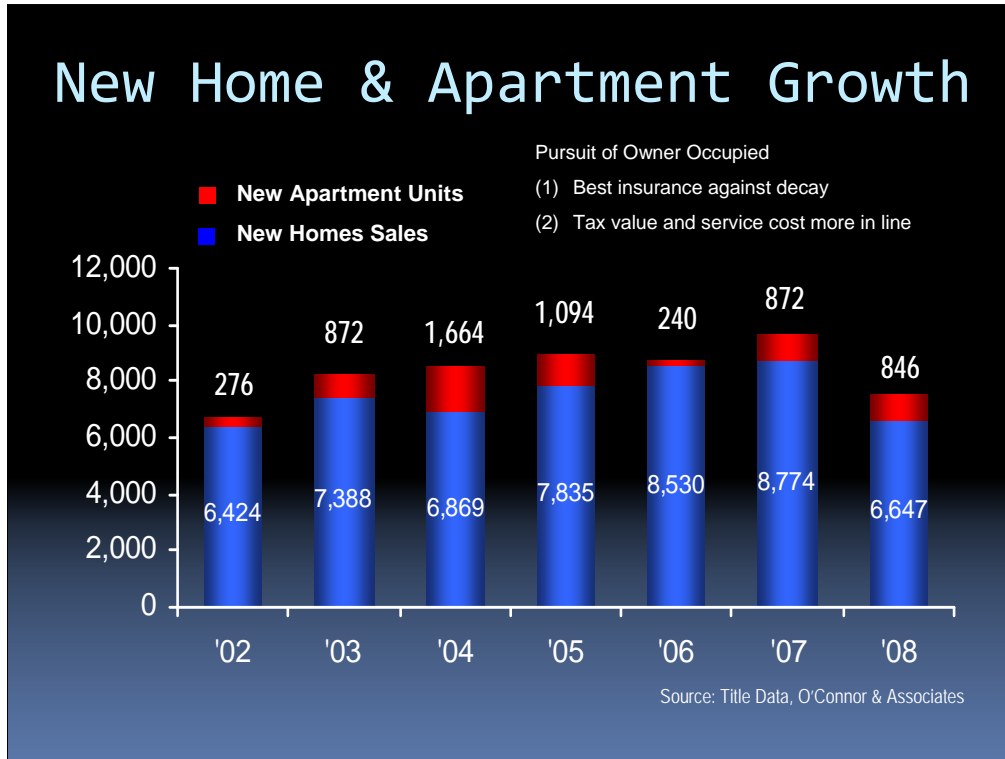
- Except for 1 month, 4 of 5 Fort Bend markets in top 15
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Inventory - up from 4.8 months in '07 to 5.4 months in '08

- less than 6.5 months by historical standards signals continued appreciation

•Leaders in MPC Home Sales in Houston Region 2008

- Riverstone (Johnson Development) +24%
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The EDC has taken a pretty strong position against uncontrolled apartment growth. That position is grounded in the following logic:

- (1.) Ownership provides more stability than renters achieve.
- (2.) Owner occupied housing provides the best insurance against neighborhood deterioration - typically its a family's largest investment and families maintain and protect this investment.
- (3.) Owner occupied housing has a higher taxable value and comes closer to paying for service needs generated by its' occupants than do apartments.

Apartments comprised about 11% of total unit growth in 2008. However, current trends are not without worry. Each year we are seeing more new units coming on line in areas where there is limited or no land controls. With the credit crunch affecting first time home buyers, demand for apartments throughout the region is expected to increase. The bottom line is that multi family unit control is a marathon not a one-lap race.

Fort Bend County – 2009

- Our economy weakens but remains the strongest in the region
- Fort Bend remains a national leader in employment growth and economic strength in a weakening national economy
- National unemployment exceeds 10%
- Fort Bend continues to attract new commercial, industrial and entertainment venues
- The strong medical community brings new high paying jobs as major facilities open

Bottom Line – 2009 will be a midrange performance year and will add positive job numbers and population growth.

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www.fortbendcounty.org