

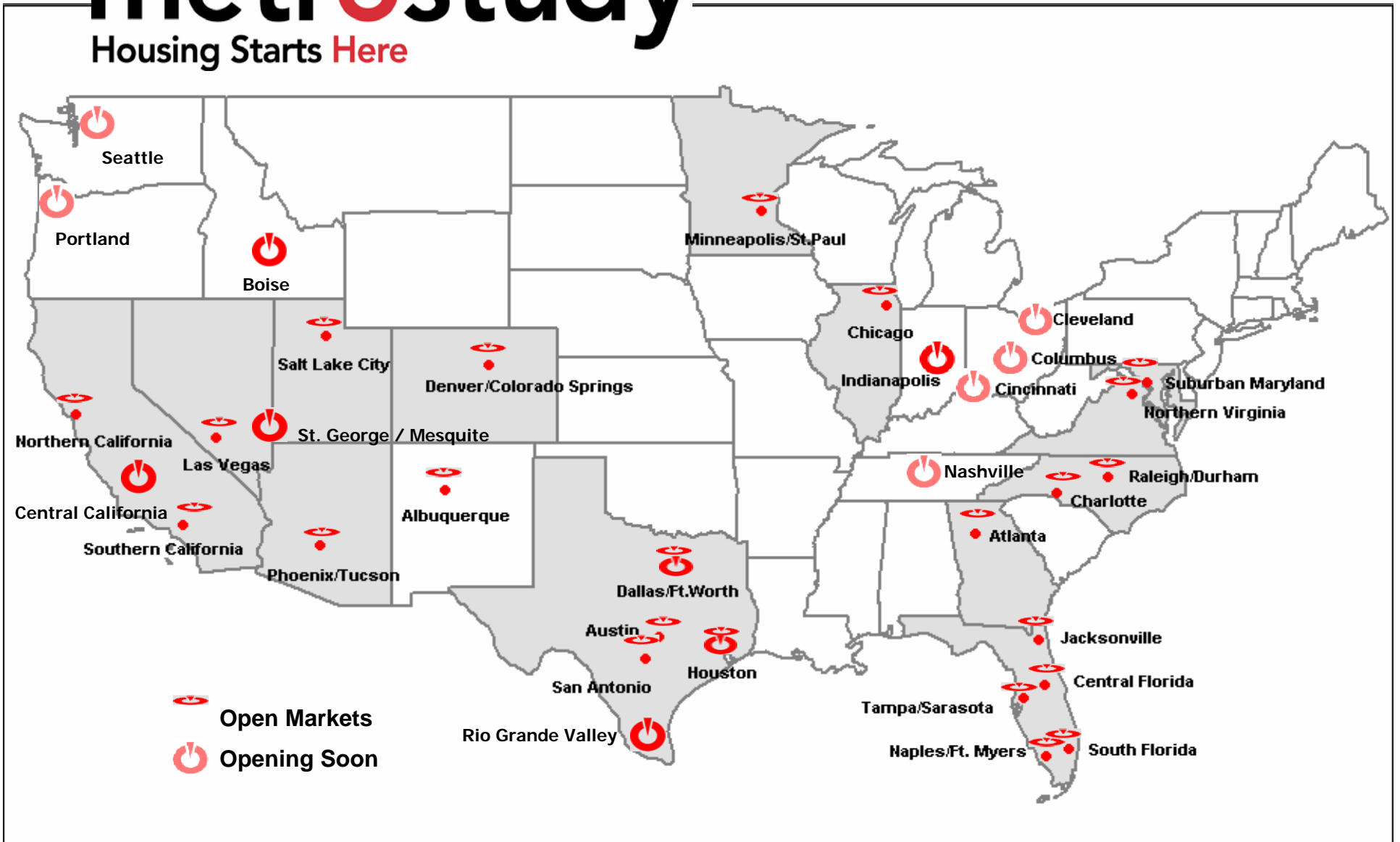


Mike Inselmann
President

Ft. Bend EDC-May 2009

metrostudy

Housing Starts **Here**



4Q08



© Copyright Metrostudy 2008

Trying to Outrun the Storm

- Sub-Prime
- Housing Bust
- Wall St. Meltdown
- Recession

CA-FLA-AZ-NV →



Texas

Georgia

Colorado

No. Carolina

UNBRIDLED. UNBROKEN. UNBEATEN

HOUSTON

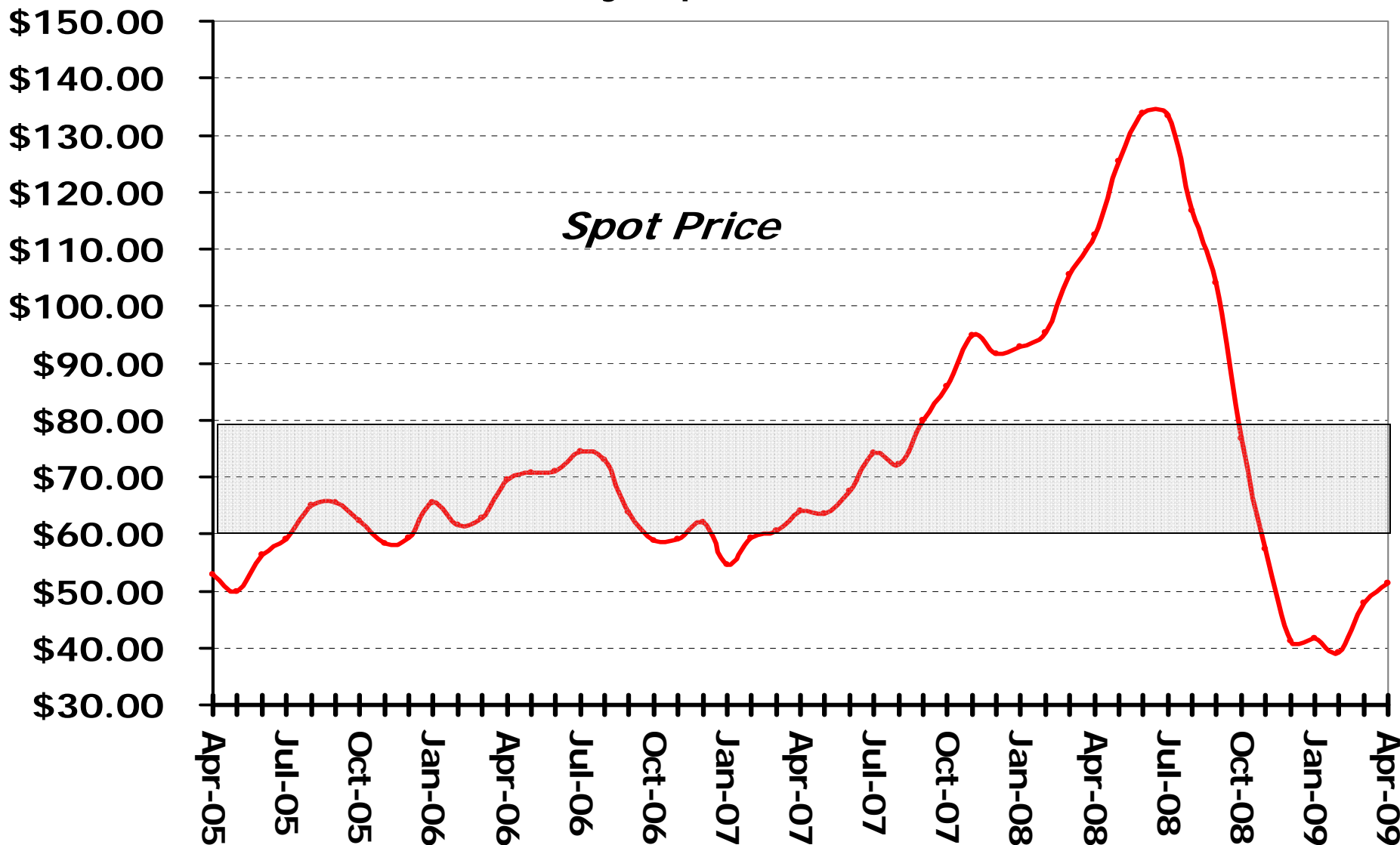
BASED ON A TRUE STORY

ENERGY INDUSTRY

The Energy Industry
Houston
2009 Q1

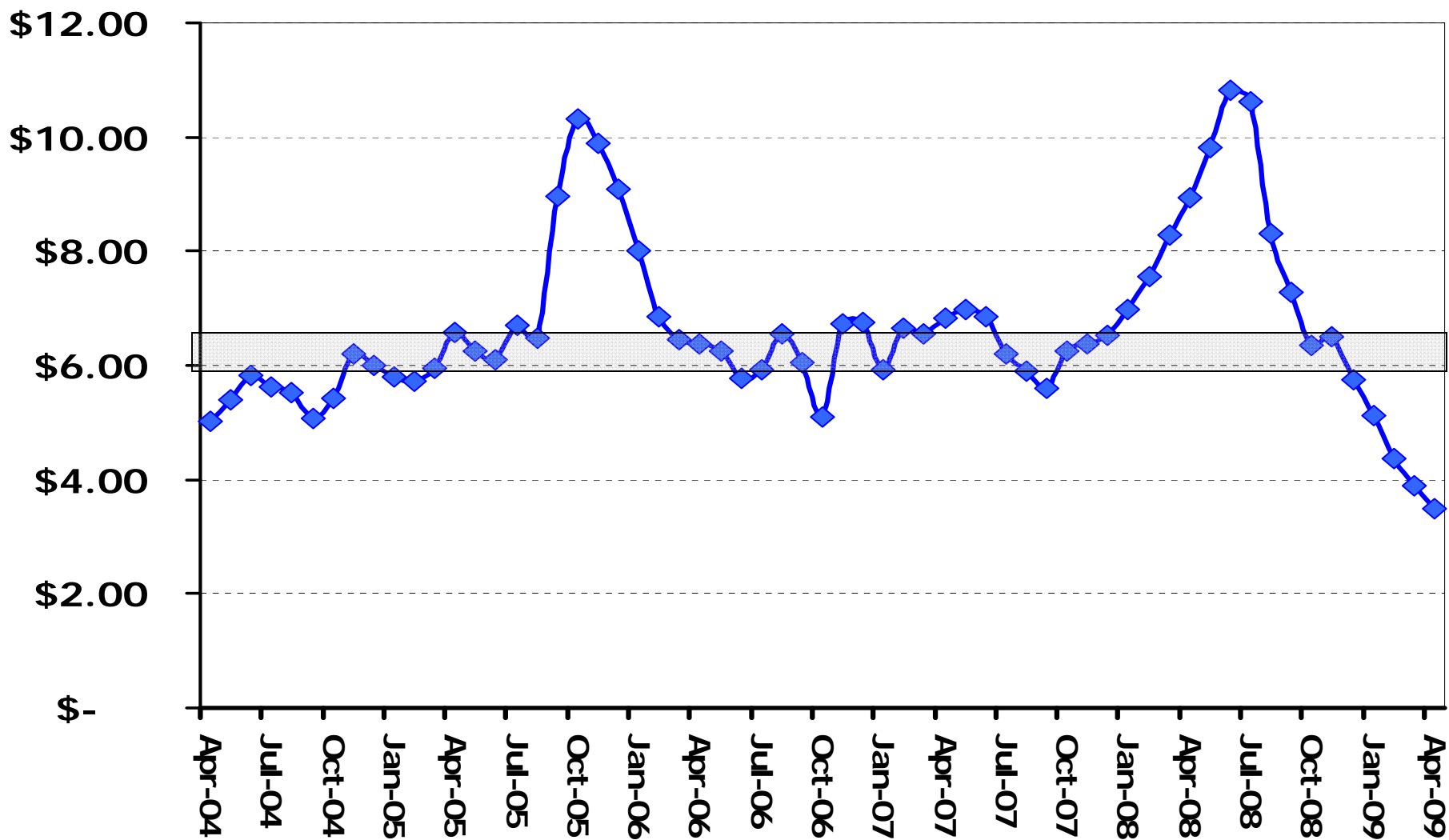
Houston

Oil Trend – Monthly Spot Price



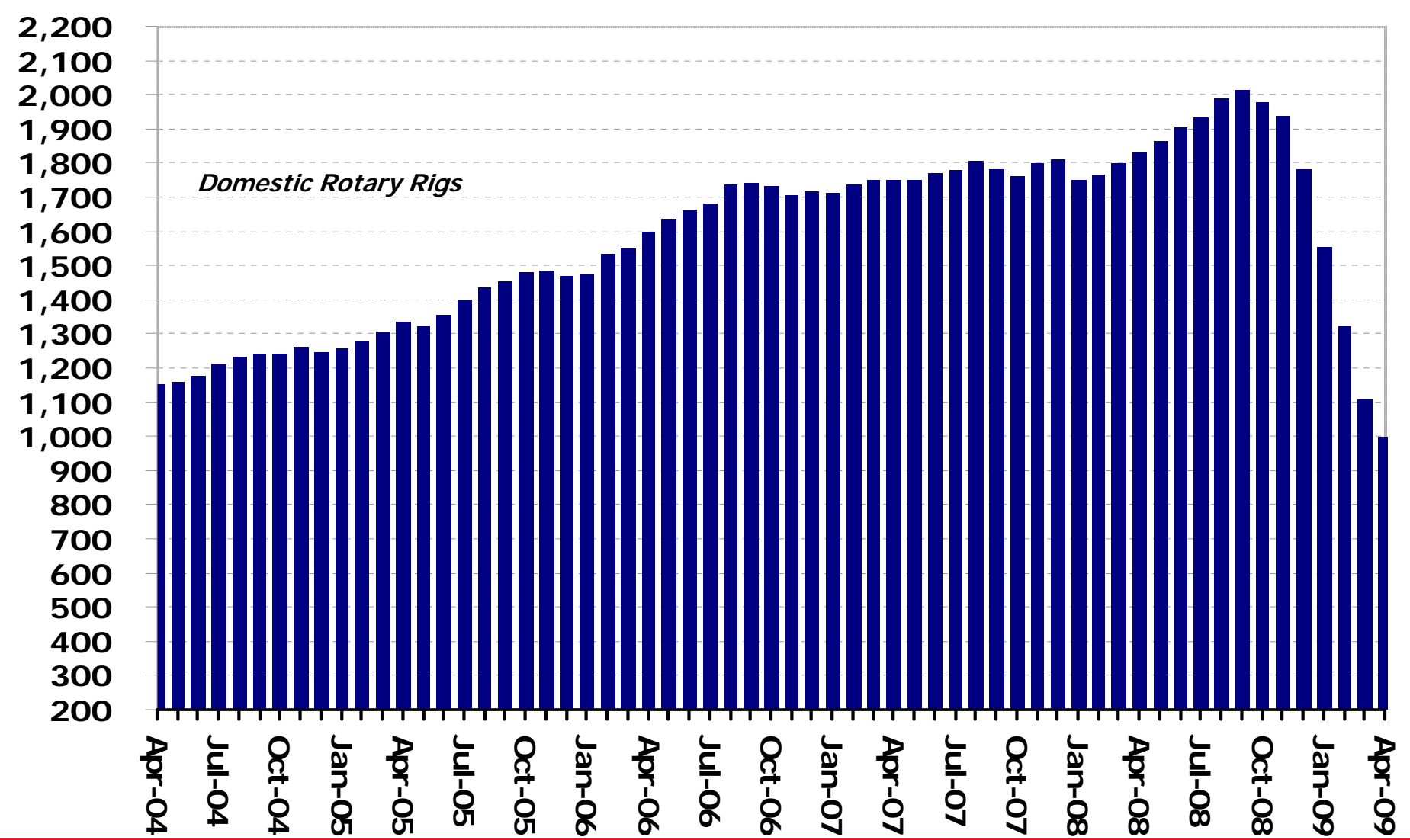
Houston

Natural Gas – Wellhead Price



Houston

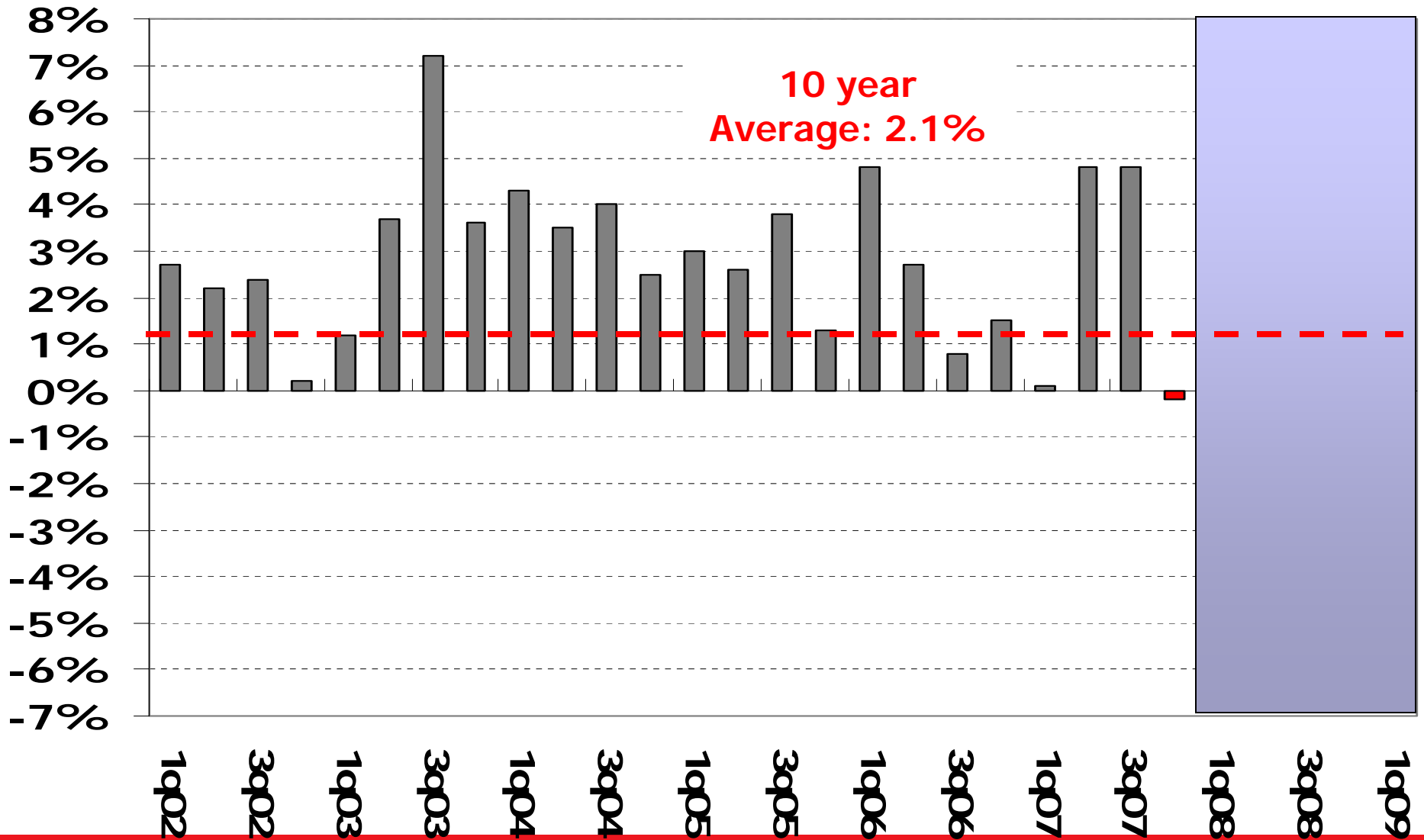
Active Domestic Drilling Rigs



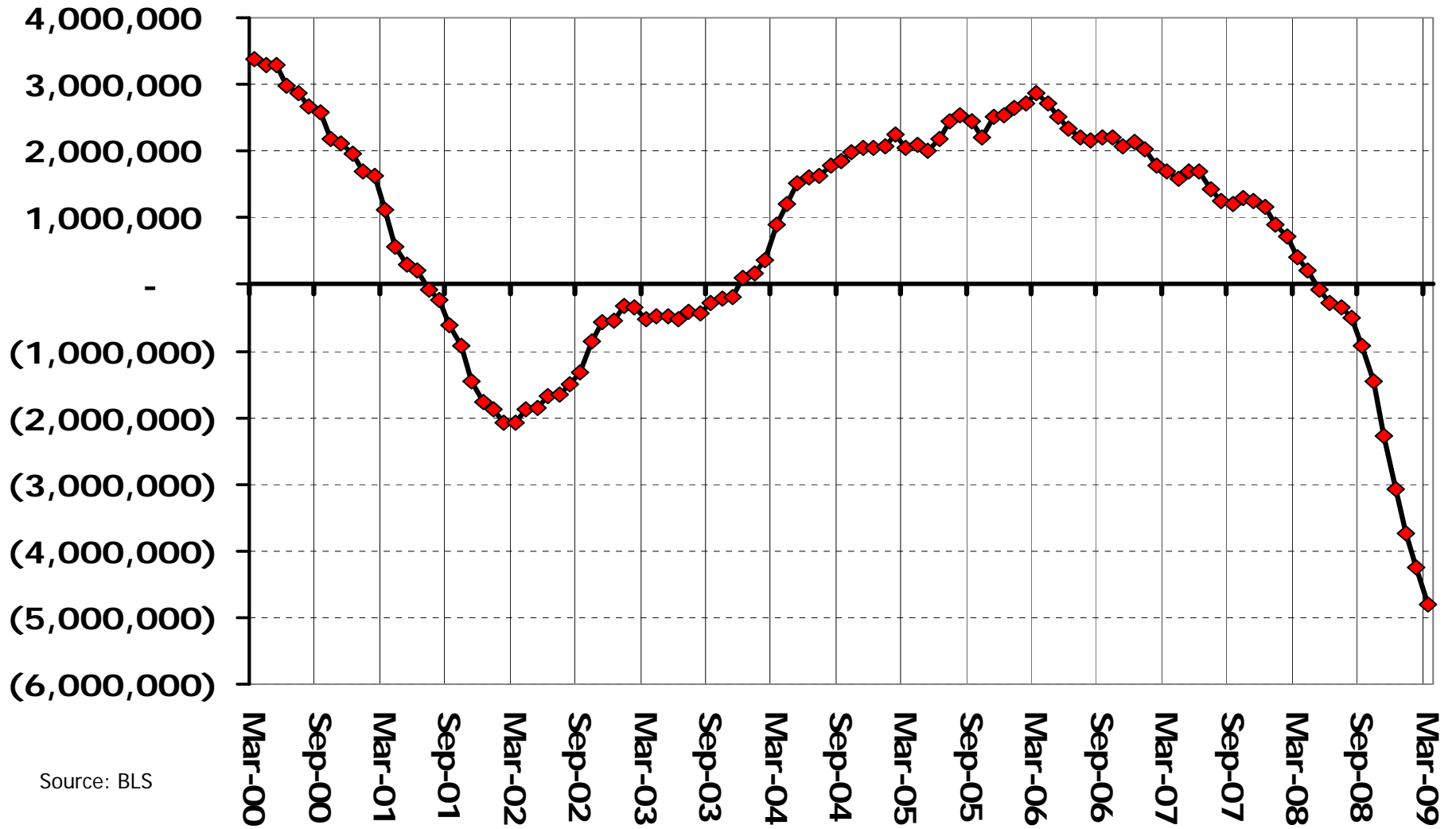


National Economy
2009 Q1

National U.S. GDP



National U.S. Employment



Source: BLS

4Q08

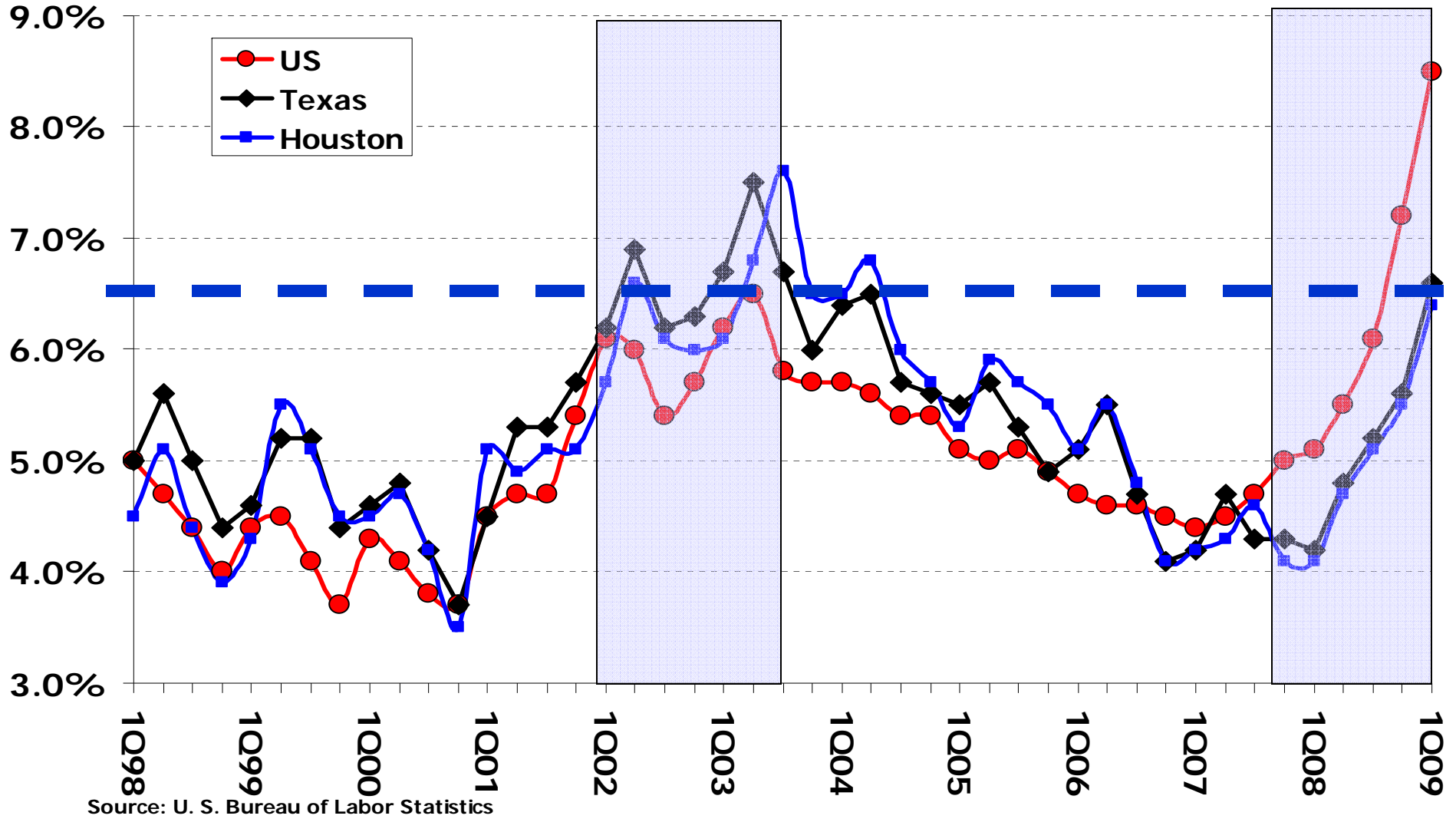


© Copyright Metrostudy 2008

Source: Bureau of Labor Statistics

National

U.S. Unemployment Rate – with Recessions



Source: U. S. Bureau of Labor Statistics





GOVERNMENT STIMULUS & INTERVENTION

- **NOT WORKING YET**
 - Had no effect in 1st Qtr
 - Hasn't added a single job yet
 - Will take 18 months to spend \$\$
 - Many programs not 'Recovery' programs
 - Cost is 'GI-Normous'
 - Planning Aggressive Sale of 30-Yr Bonds
 - May Drive Interest Rates Up



GOVERNMENT STIMULUS & INTERVENTION

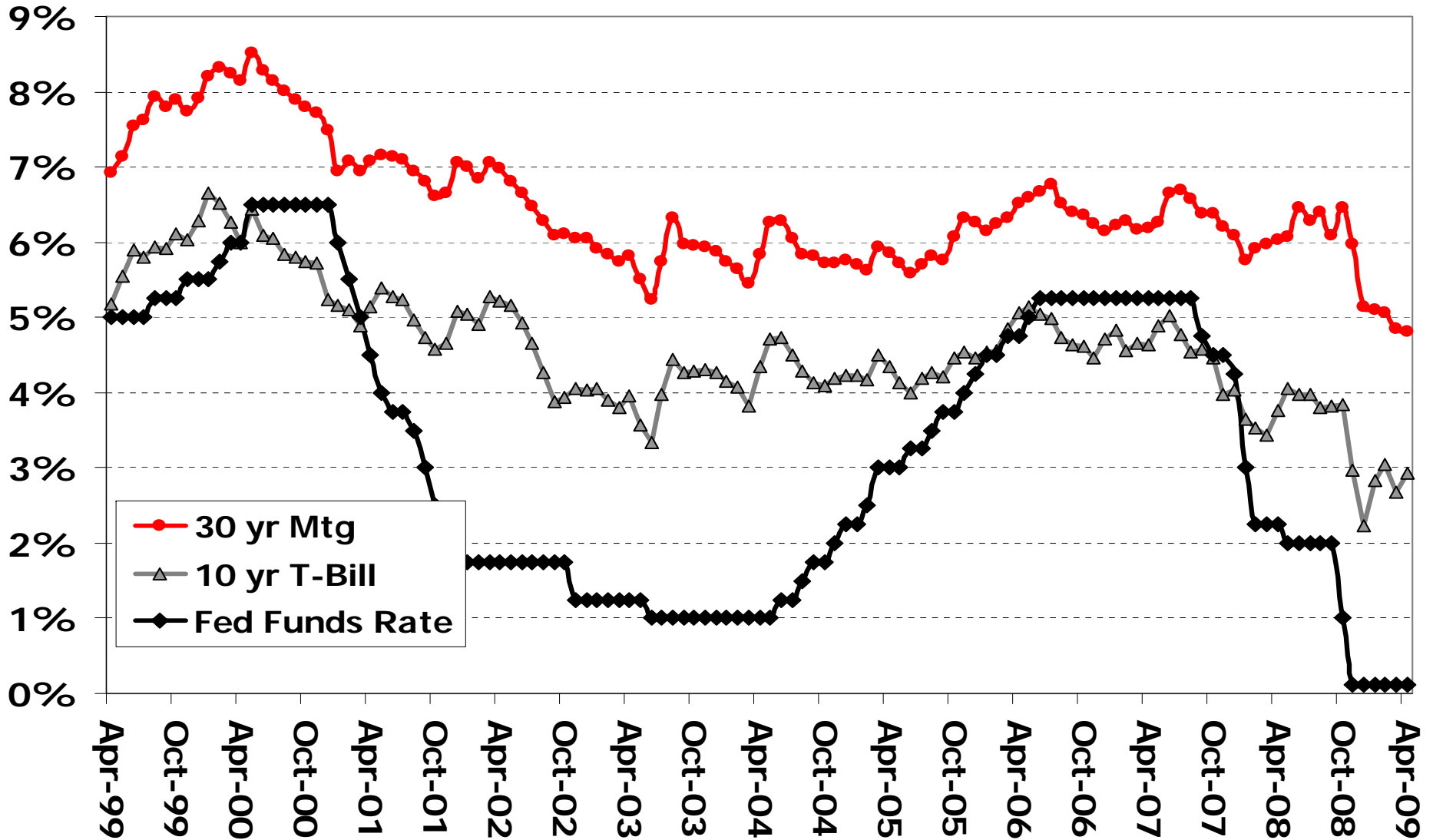
STARTED THE PROBLEM

- **Pushed Home Ownership too Hard**
 - Easy Credit
 - Low Interest Rates
 - Housing Bubble

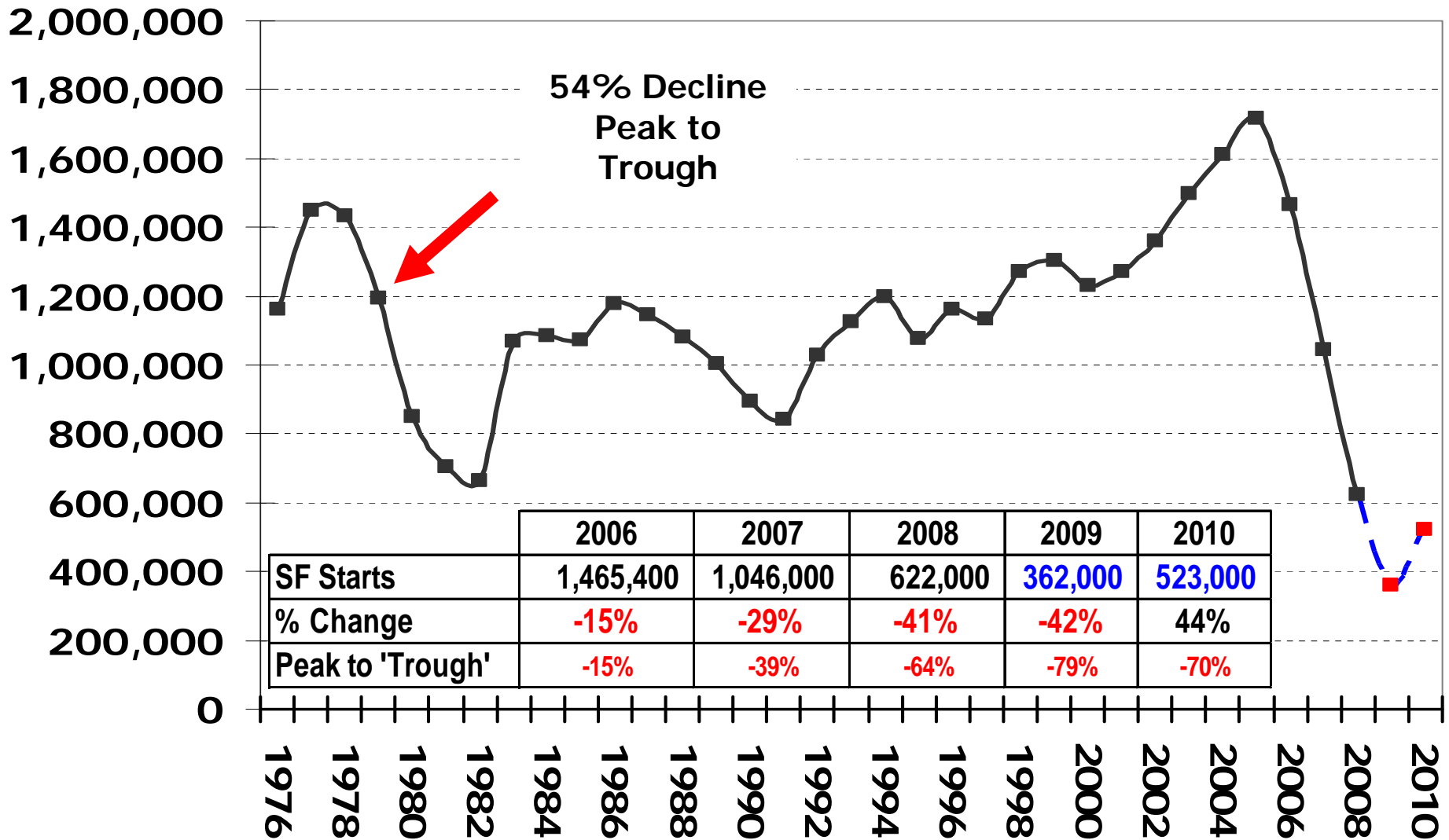
- **Pumped Too Much \$\$ Into Economy**
 - Wall Street Mis-Adventures



National Key Interest Rates



National Single Family Starts – NAHB Projections



Where are the Jobs?

National

Top States Annual Job Growth – Mar. '09

Top 10 States				
Rank	State	Current Empl	Job Growth	Ann Change
1	Louisiana	1,944	6.6	0.34%
2	New Hampshire	628	-10.4	-1.63%
3	New Mexico	831	-16.4	-1.94%
4	West Virginia	738	-16.5	-2.19%
5	Nebraska	940	-16.8	-1.76%
6	Maine	584	-17.4	-2.89%
7	Oklahoma	1,574	-18.4	-1.16%
8	Rhode Island	457	-20.8	-4.35%
9	Hawaii	609	-21.0	-3.34%
10	Kansas	1,368	-21.7	-1.56%
Top 10		9,673	-152.8	
	Share of USA Total	7%		
29	Texas	10,466	-113.6	-1.07%
USA	Total	132,072	-4,872.0	-3.56%

All figures except percentages are represented in 1,000's

Source: Bureau of Labor Statistics



National

Bottom States Annual Job Growth – Mar. '09

Bottom 10 States

Rank	State	Curent Empl	Job Growth	Ann Change
1	California	14,445	-637.0	-4.22%
2	Florida	7,499	-450.3	-5.66%
3	Michigan	3,890	-269.9	-6.49%
4	Illinois	5,672	-231.6	-3.92%
5	Ohio	5,103	-222.6	-4.18%
6	North Carolina	3,940	-213.7	-5.14%
7	Georgia	3,946	-185.9	-4.50%
8	New York	8,554	-165.9	-1.90%
9	New Jersey	3,909	-133.3	-3.30%
10	Arizona	2,581	-131.4	-4.84%

All figures except percentages are represented in 1,000's

Source: Bureau of Labor Statistics



National

MSA Rank – Job Growth Mar. '09

Top 20			
Rank	State	City	Job Growth
1	TX	Austin	3,300
2	LA	New Orleans	(1,100)
3	TX	San Antonio	(1,500)
4	NY	Rochester	(2,200)
5	OK	Oklahoma City	(2,500)
6	VA	Virginia Beach	(6,800)
7	NY	Buffalo	(11,100)
8	OH	Columbus	(14,400)
9	TX	Houston	(14,400)
10	AL	Birmingham	(16,200)
11	UT	Salt Lake City	(17,000)
12	D.C.	Washington D.C.	(18,300)
13	AZ	Tucson	(18,600)
14	NC	Raleigh	(18,600)
15	PA	Pittsburgh	(20,200)
16	VA	Richmond	(21,900)
17	FL	Ft. Meyers	(22,000)
18	FL	Jacksonville	(26,100)
19	TN	Nashville	(27,500)
20	OH	Cincinnati	(28,100)
Top 20 Total			(285,200)
United States			(4,872,000)

Bottom 20			
Rank	State	City	Job Growth
20	CA	San Diego	(44,600)
19	CA	Sacramento	(45,400)
18	CO	Denver	(46,400)
17	NV	Las Vegas	(47,900)
16	NC	Charlotte	(53,100)
15	FL	Tampa	(60,200)
14	WA	Seattle	(61,600)
13	FL	Orlando	(62,600)
12	MA	Boston	(62,900)
11	MN	Minn-St. Paul	(64,500)
10	PA	Philadelphia	(77,200)
9	CA	San Francisco	(79,600)
8	CA	Riverside	(82,800)
7	FL	Miami	(113,400)
6	GA	Atlanta	(115,900)
5	MI	Detroit	(135,300)
4	AZ	Phoenix	(136,000)
3	IL	Chicago	(157,600)
2	NY	New York	(219,700)
1	CA	Los Angeles	(221,300)
Bottom 20 Total			(1,888,000)

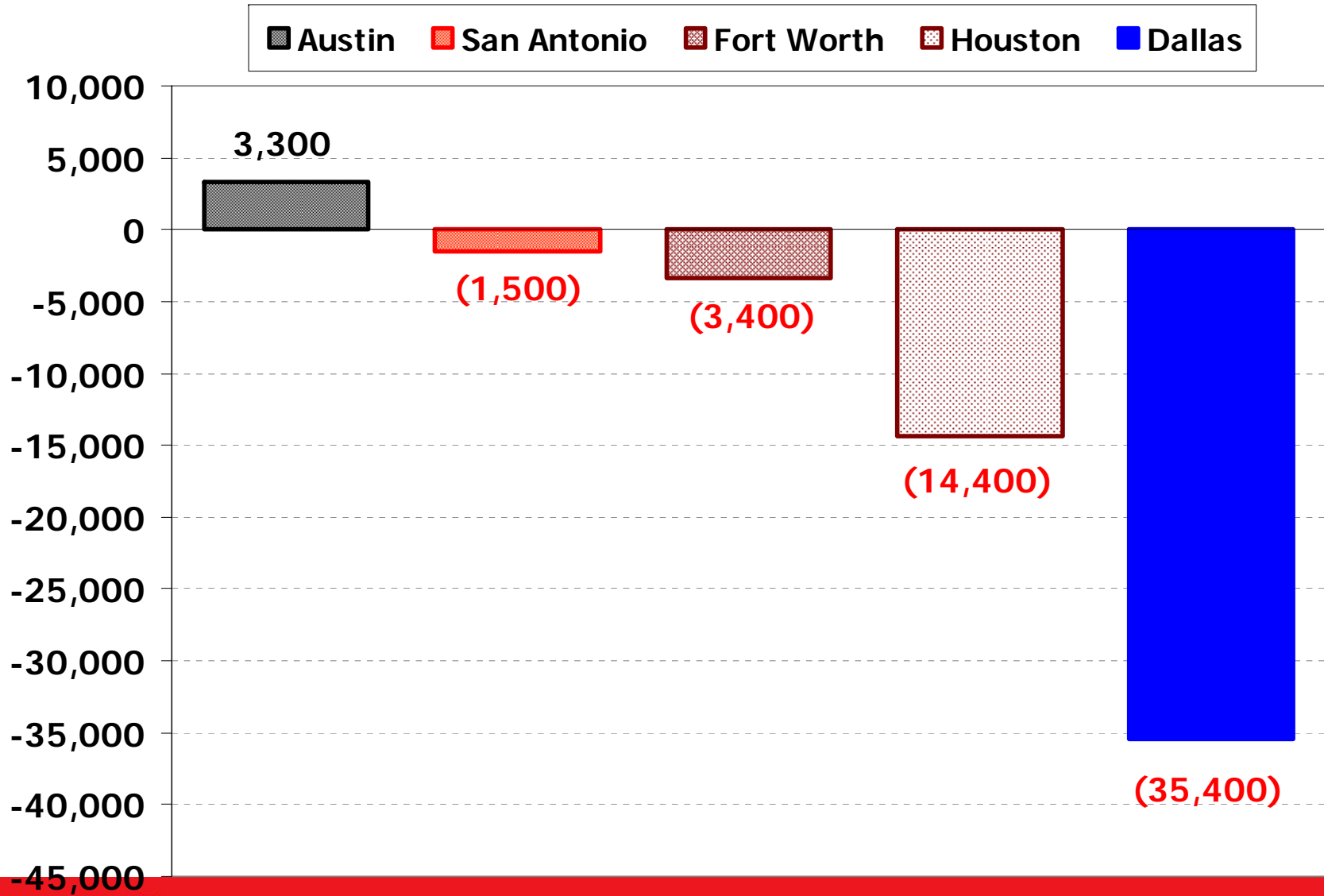




**Texas Economy
Houston
2008 Q1**

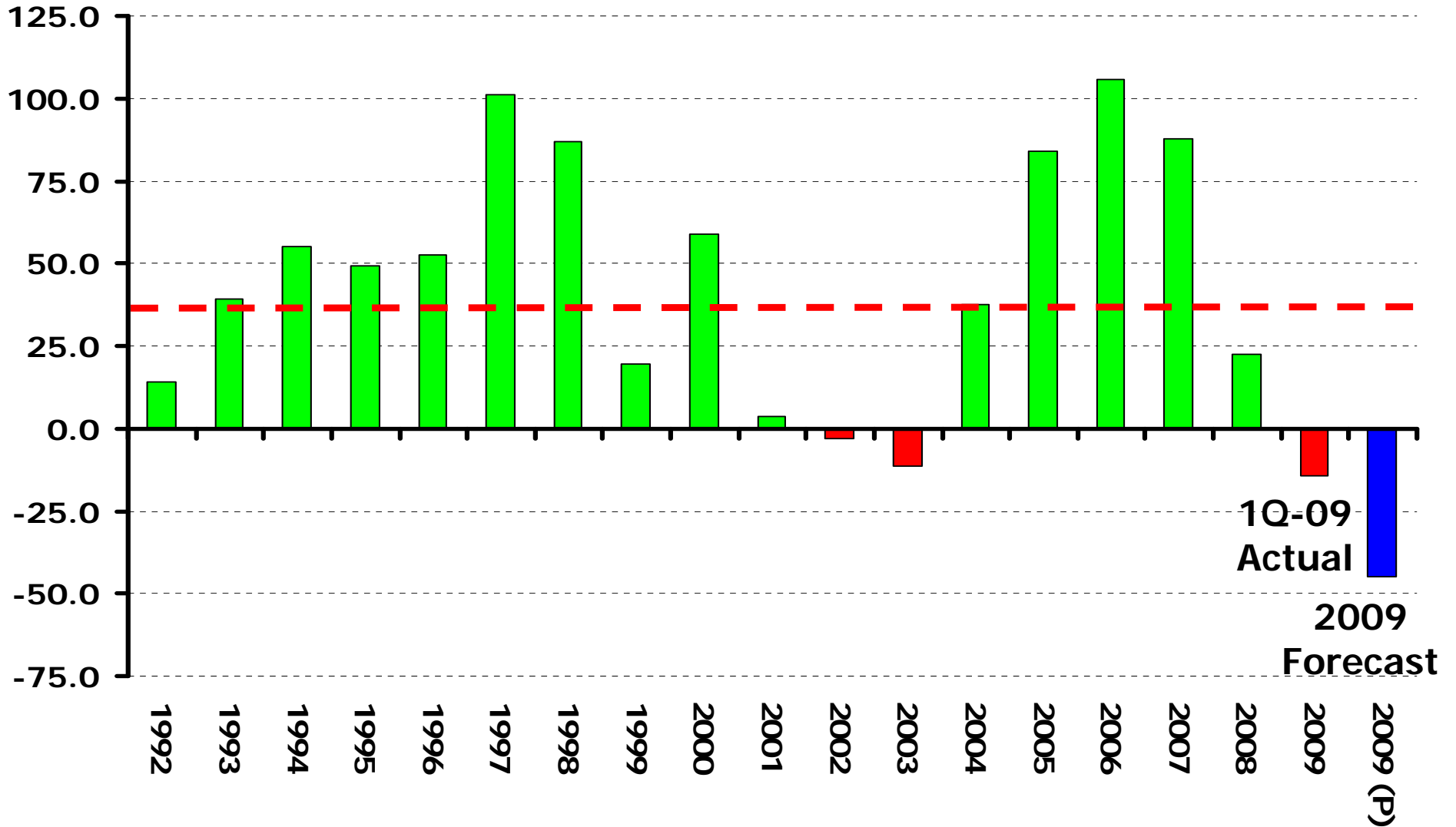
Texas

MSA – Annual Job Growth Mar. '09



Houston

Trailing 12 Month Jobs – March

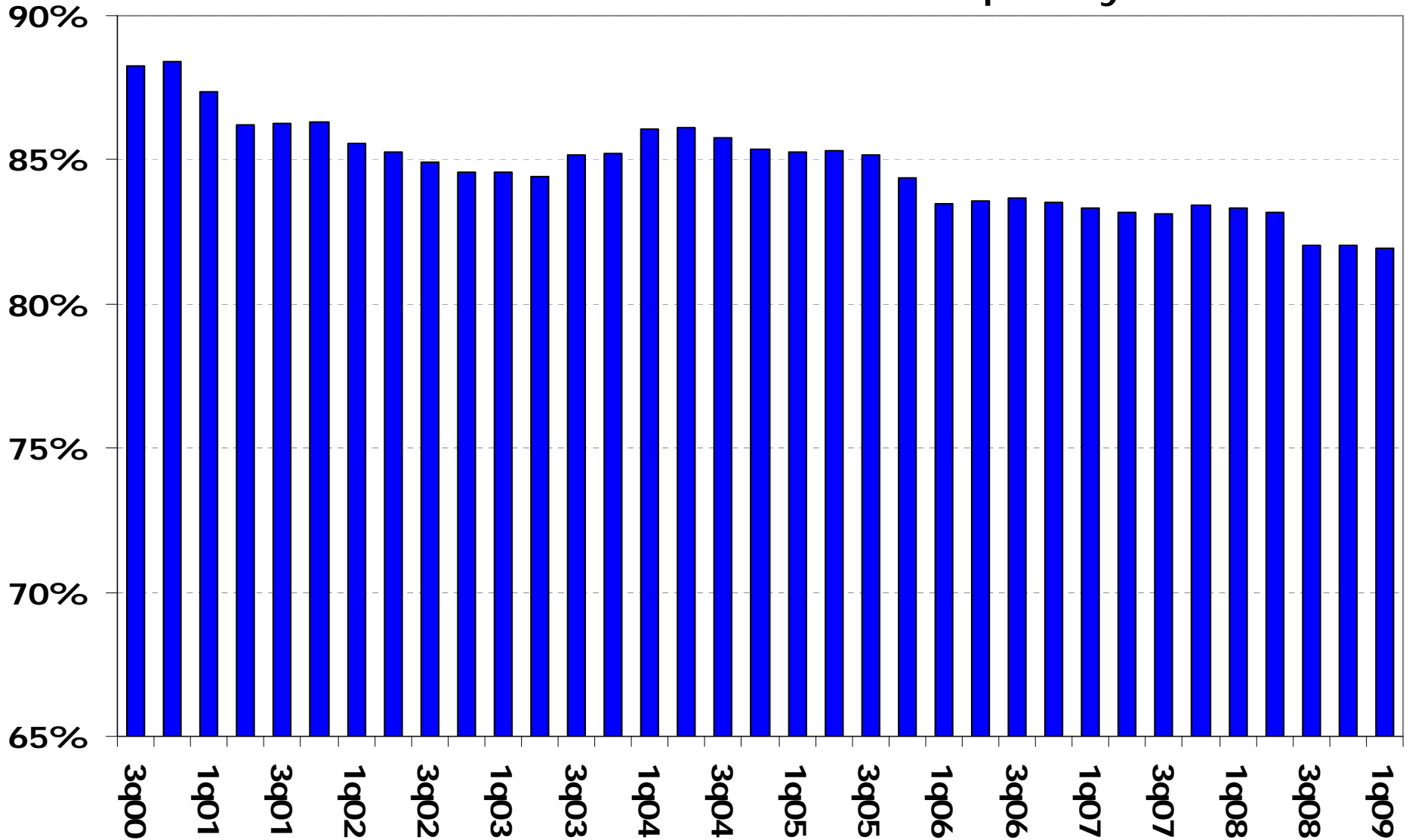




**Commercial Activity
Houston
2009 Q1**

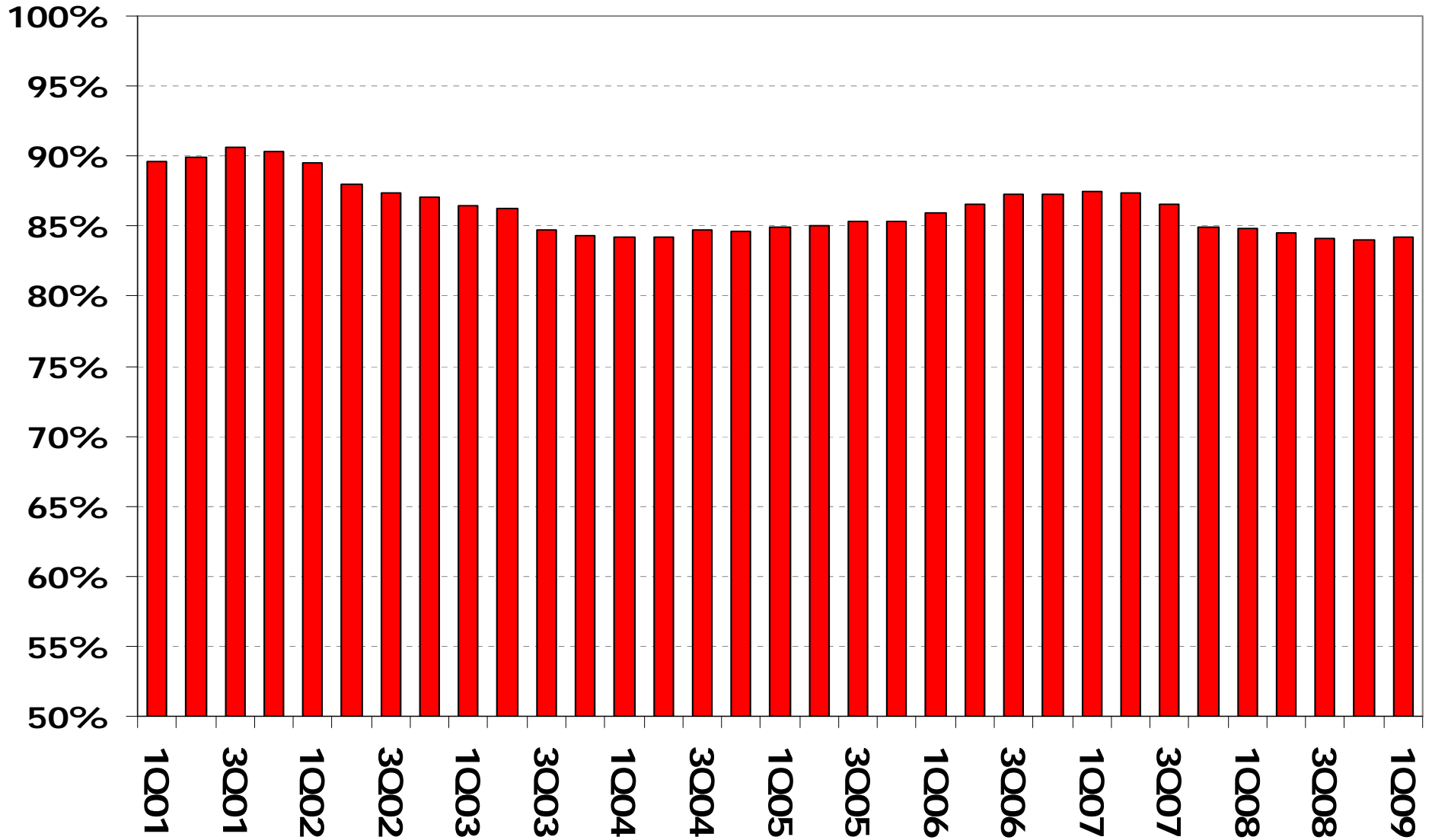
Houston

Historical Retail Multi-tenant Occupancy



Houston

Office Occupancy



4Q08

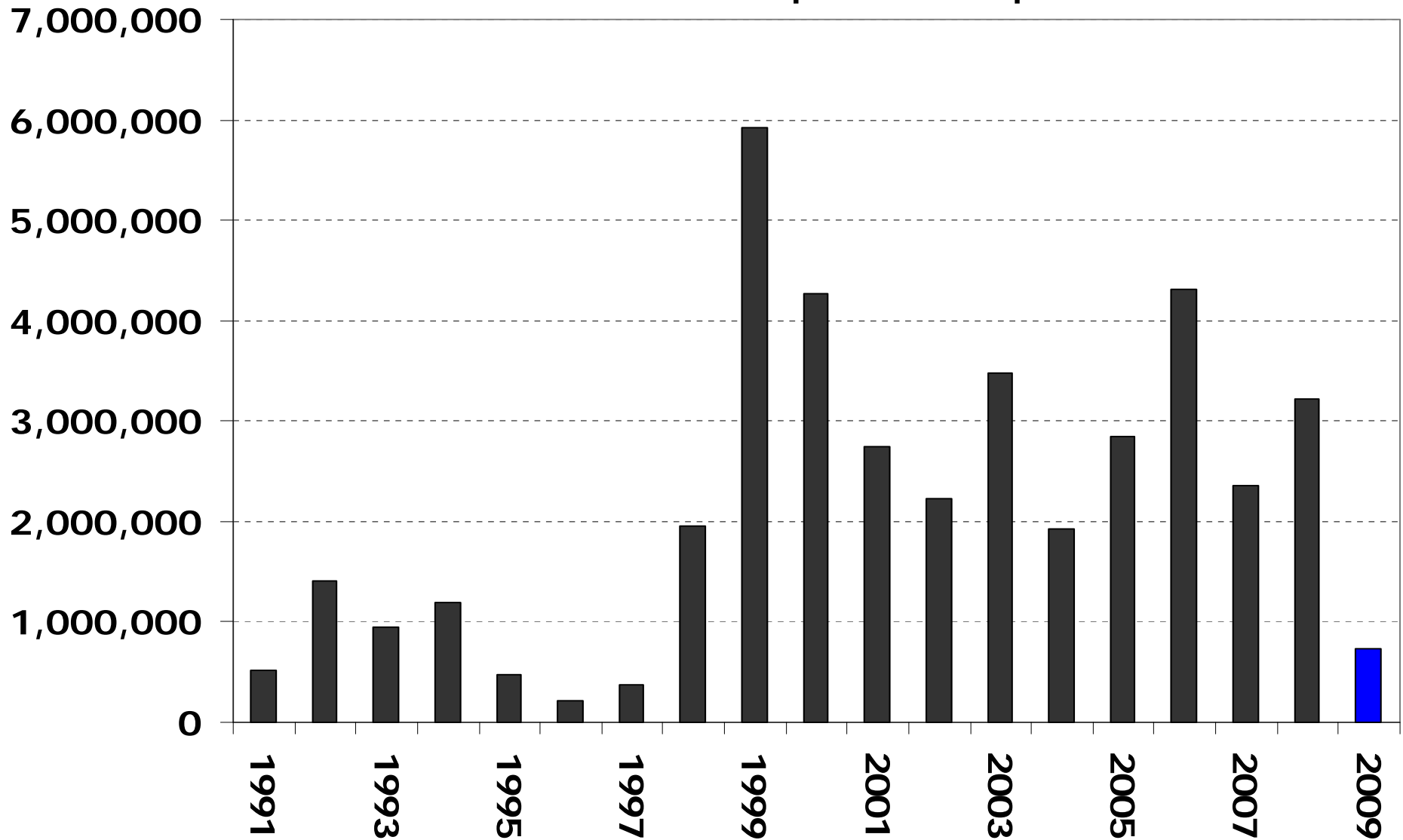


© Copyright Metrostudy 2008

Source: O'Connor & Associates

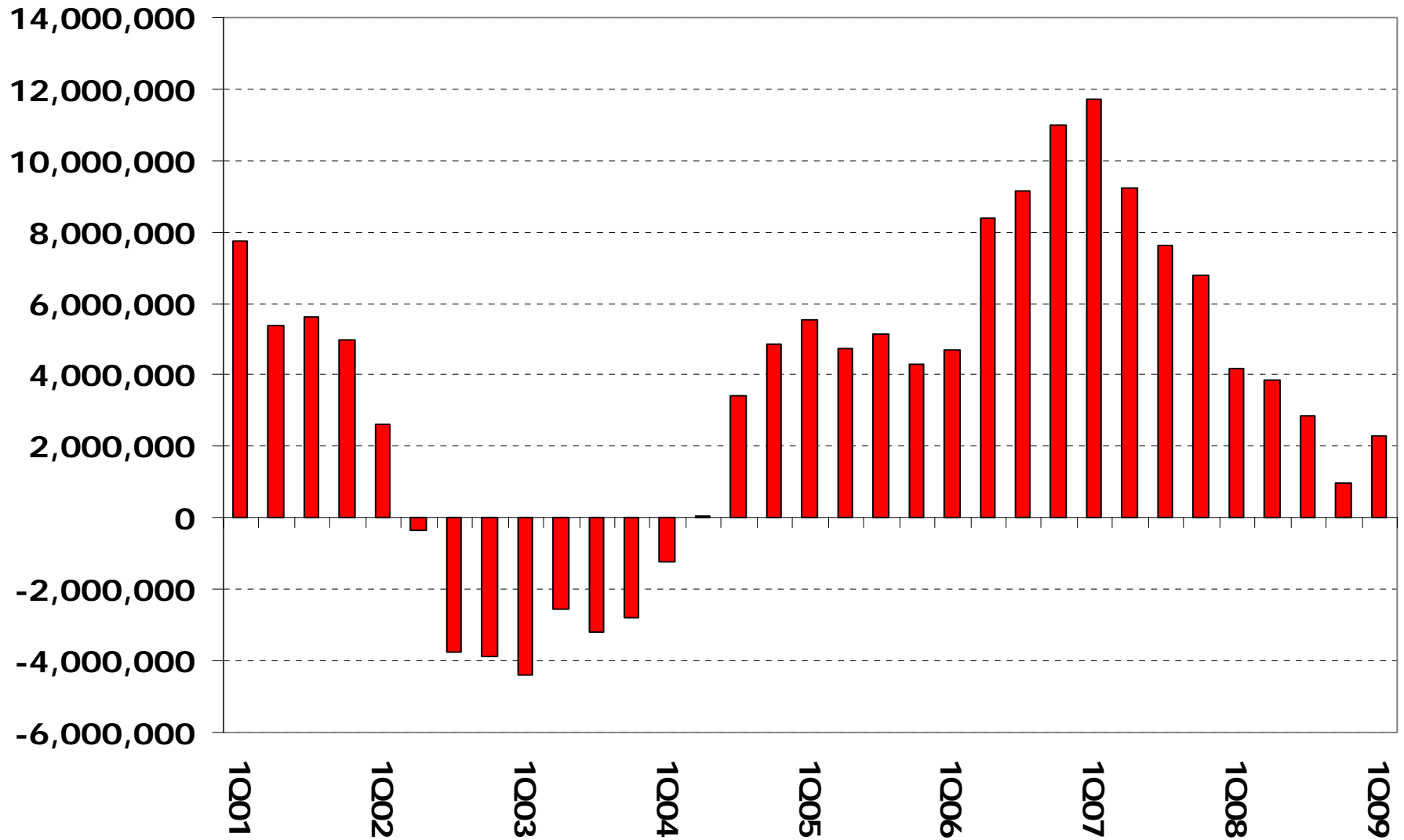
Houston

Office Construction – Completed SqFt



Houston

Annual Office Absorption





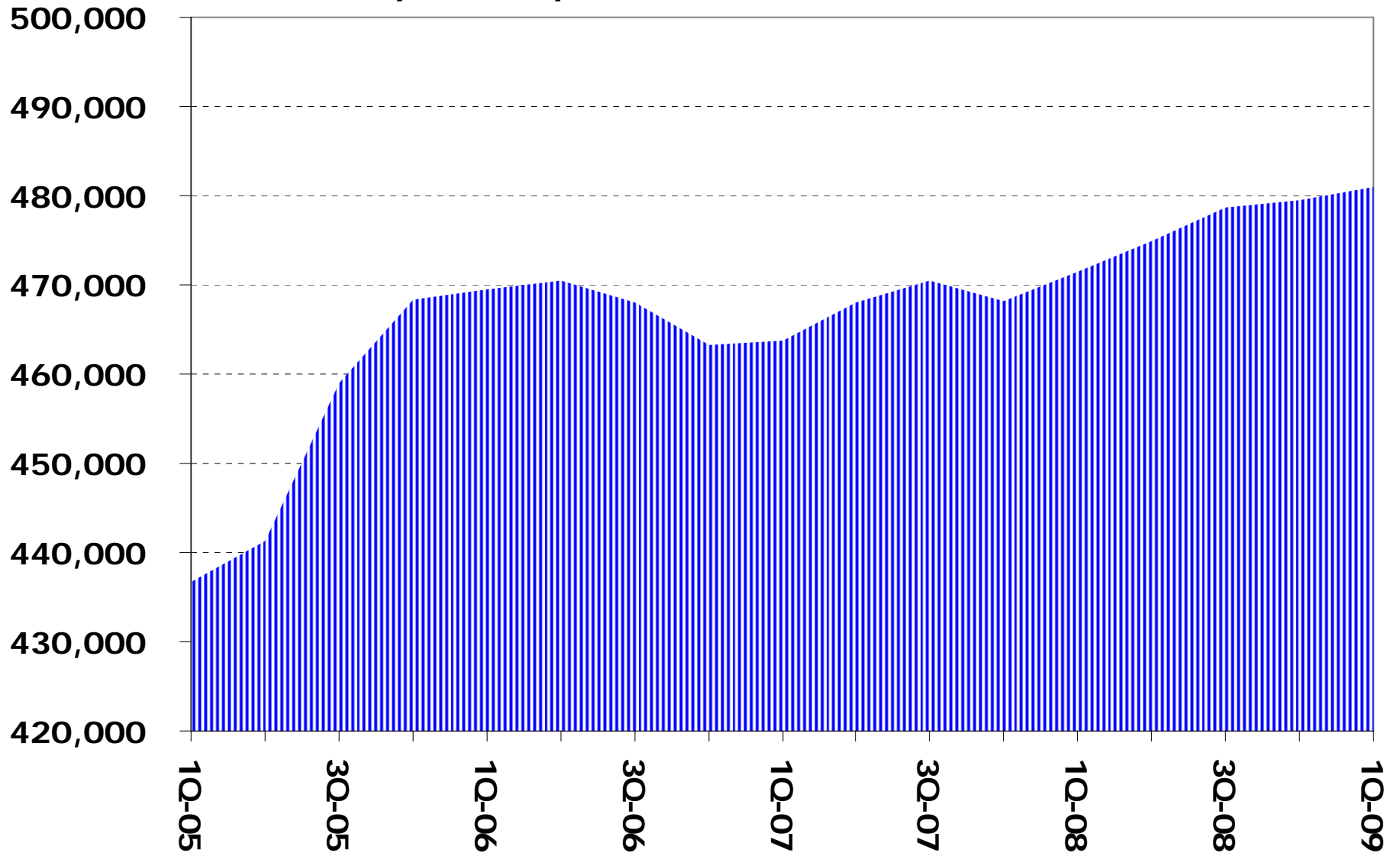
**Houston
Housing Activity
2009 Q1**



Apartment Activity 2009 Q1

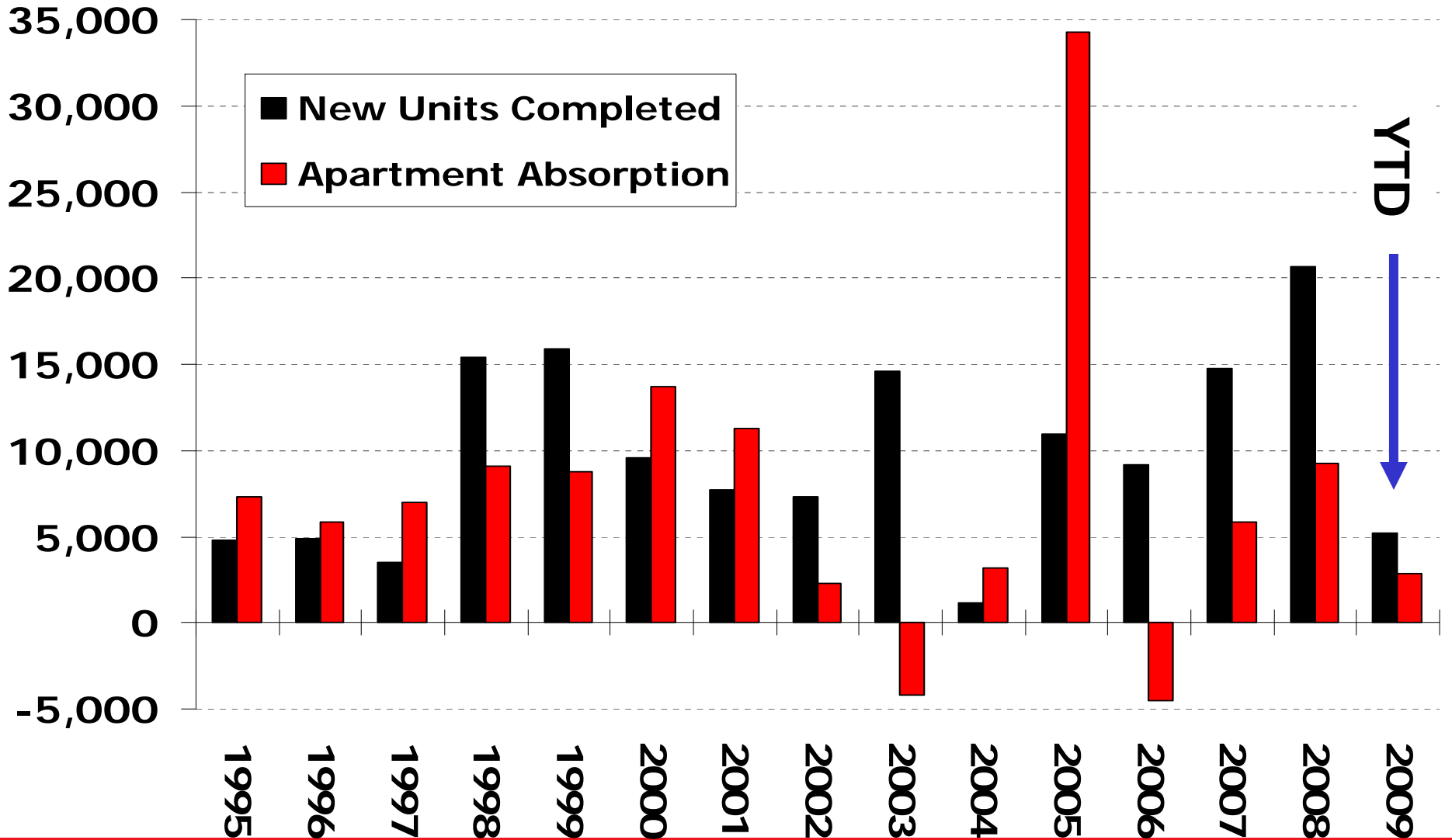
Houston

Total Occupied Apartments



Houston

Apartments – Supply v. Demand

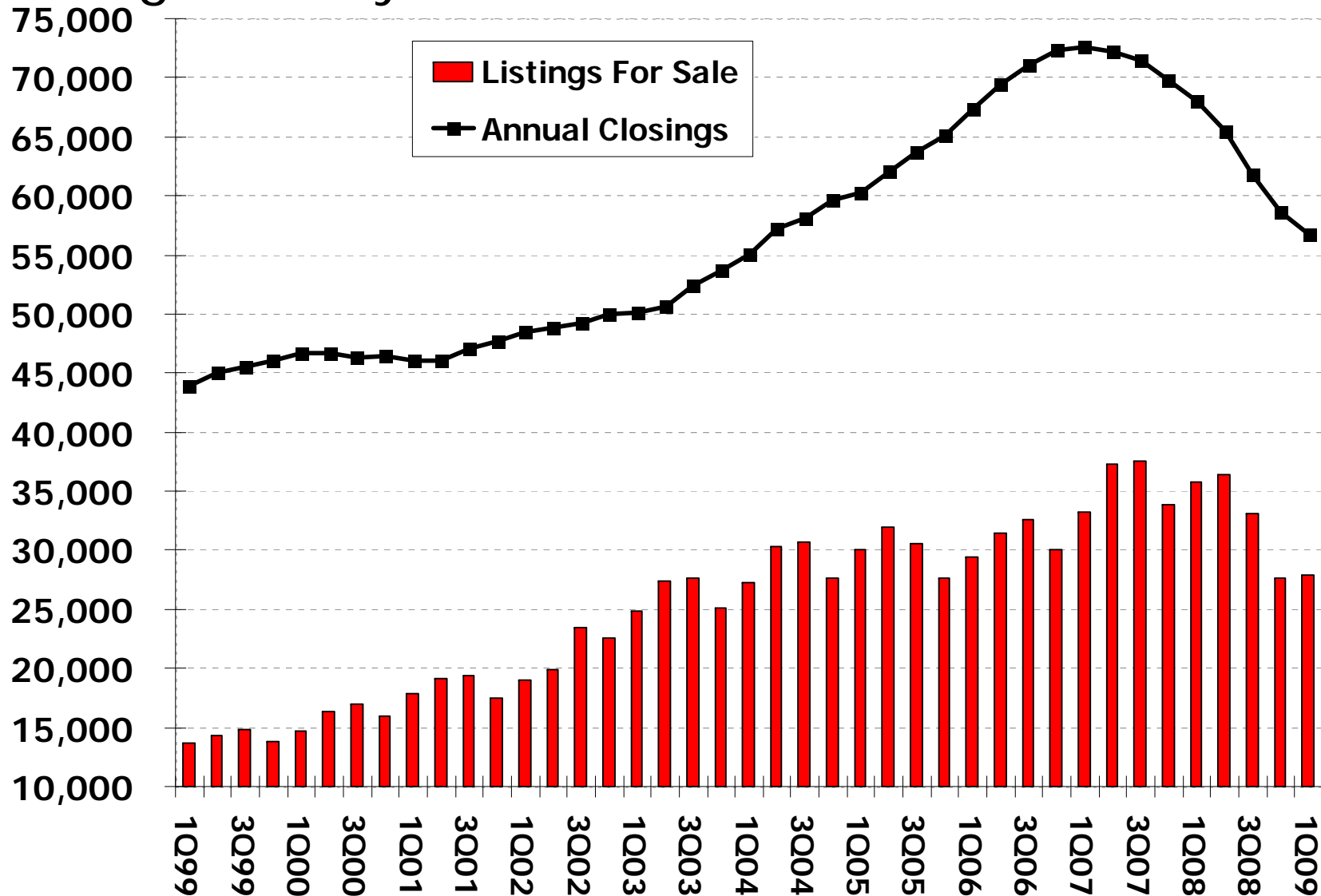




**MLS Activity
Houston
2009 Q1**

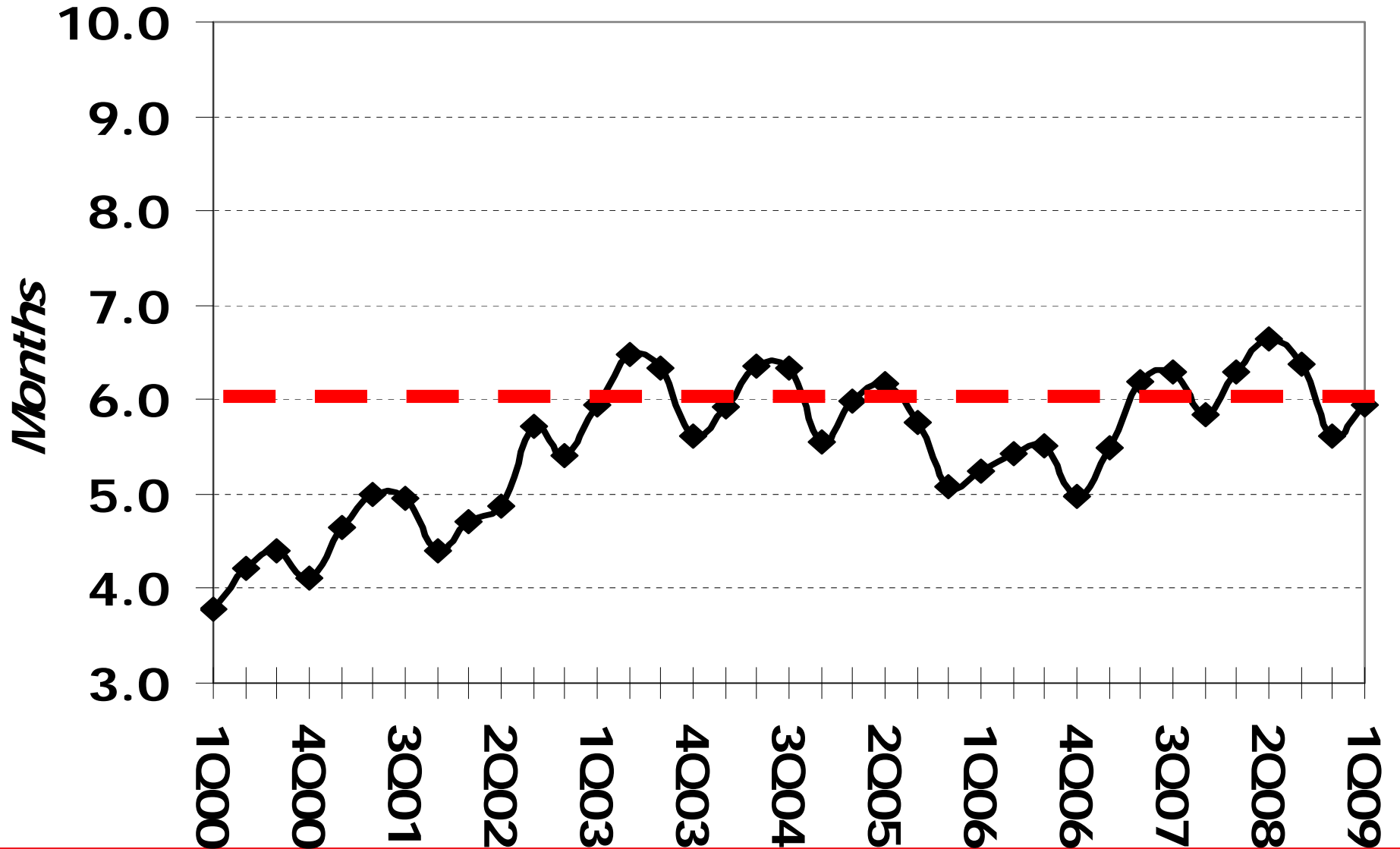
Houston

Single Family Homes - MLS



Houston

MLS Months of Supply



4Q08

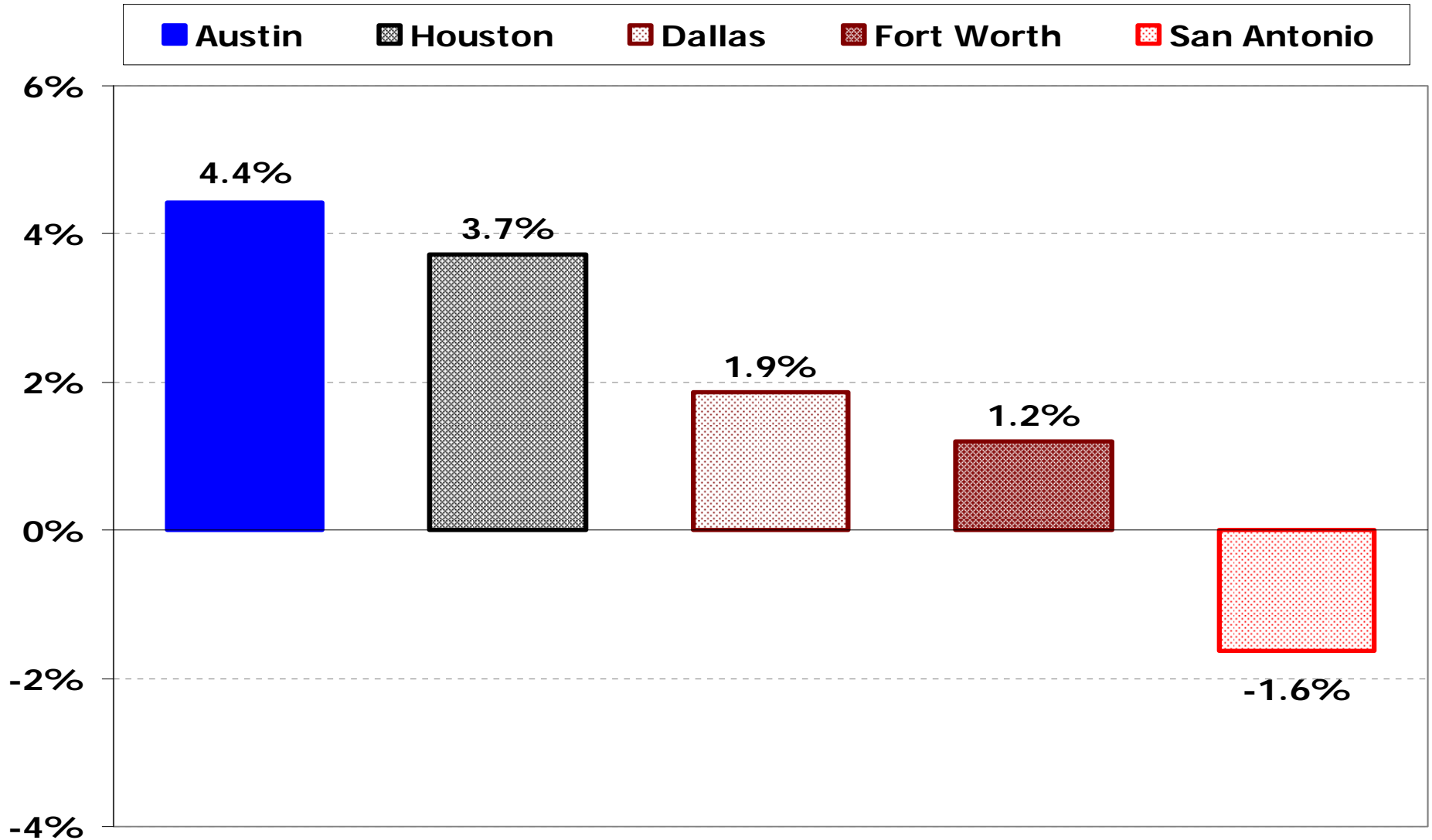


© Copyright Metrostudy 2008

Source: MLS

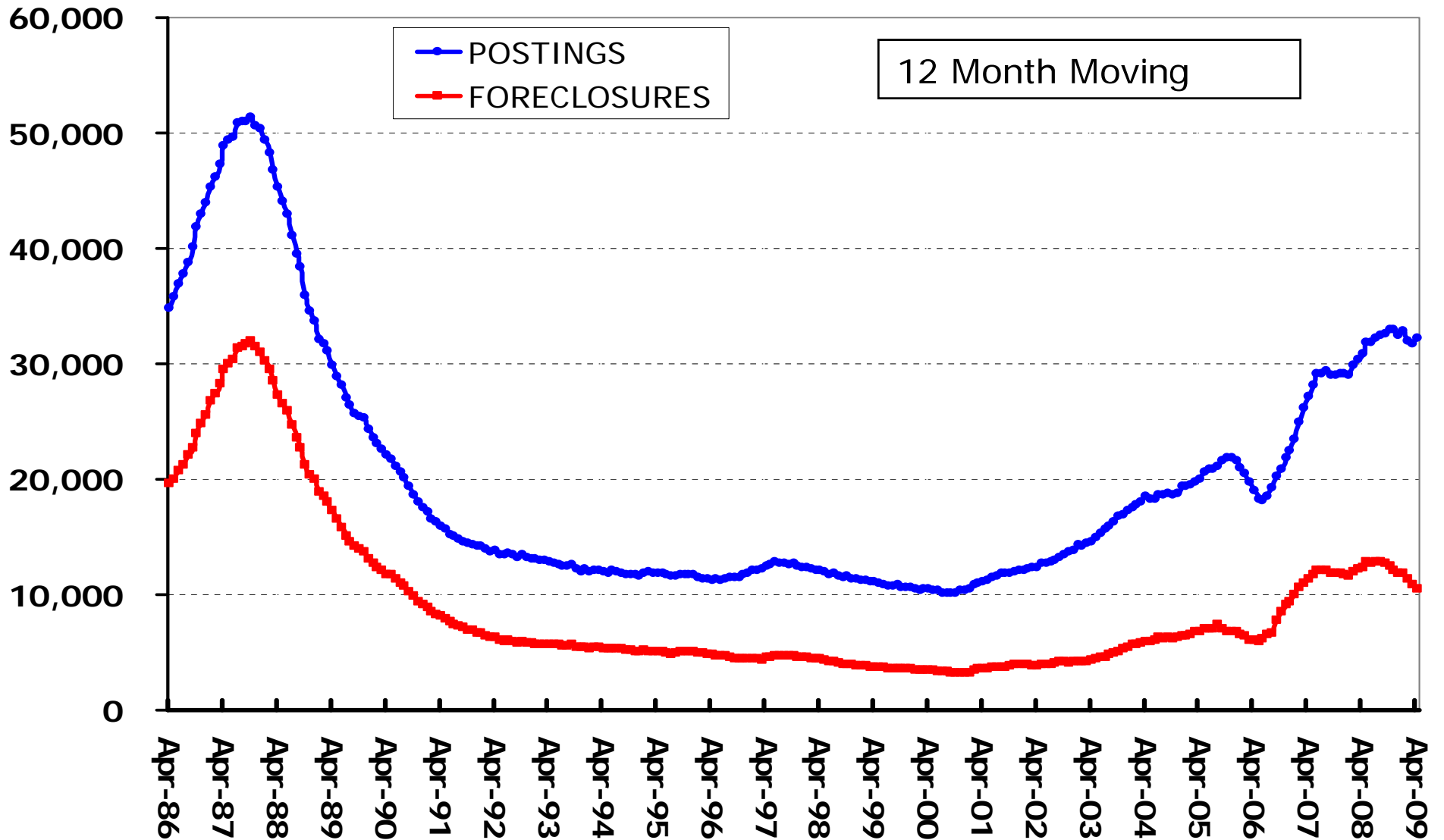
Houston

Home Appreciation – Texas Markets Calendar Year 2008



Houston

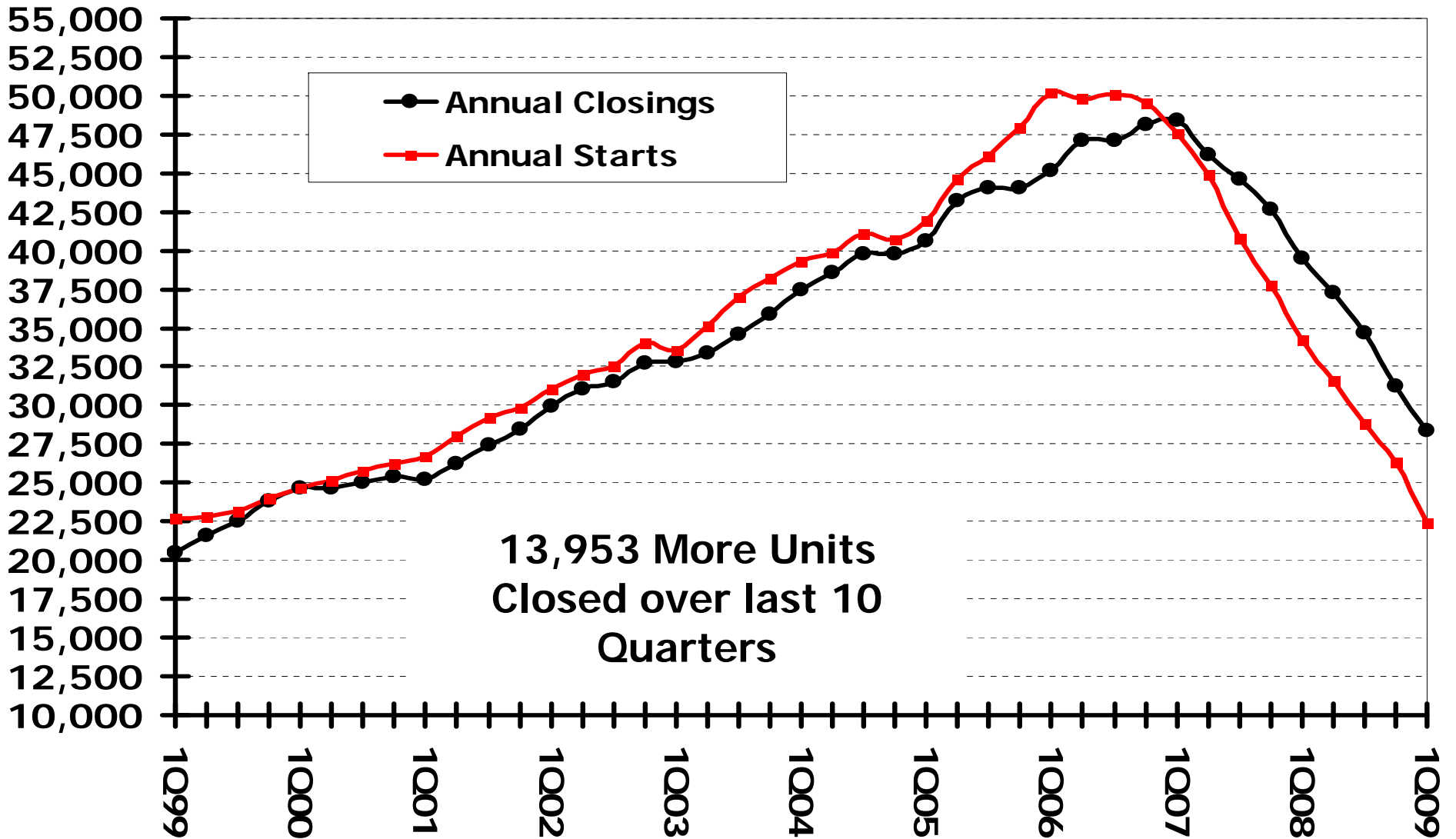
Harris County Foreclosures – Long-Term



NEW HOME CONSTRUCTION

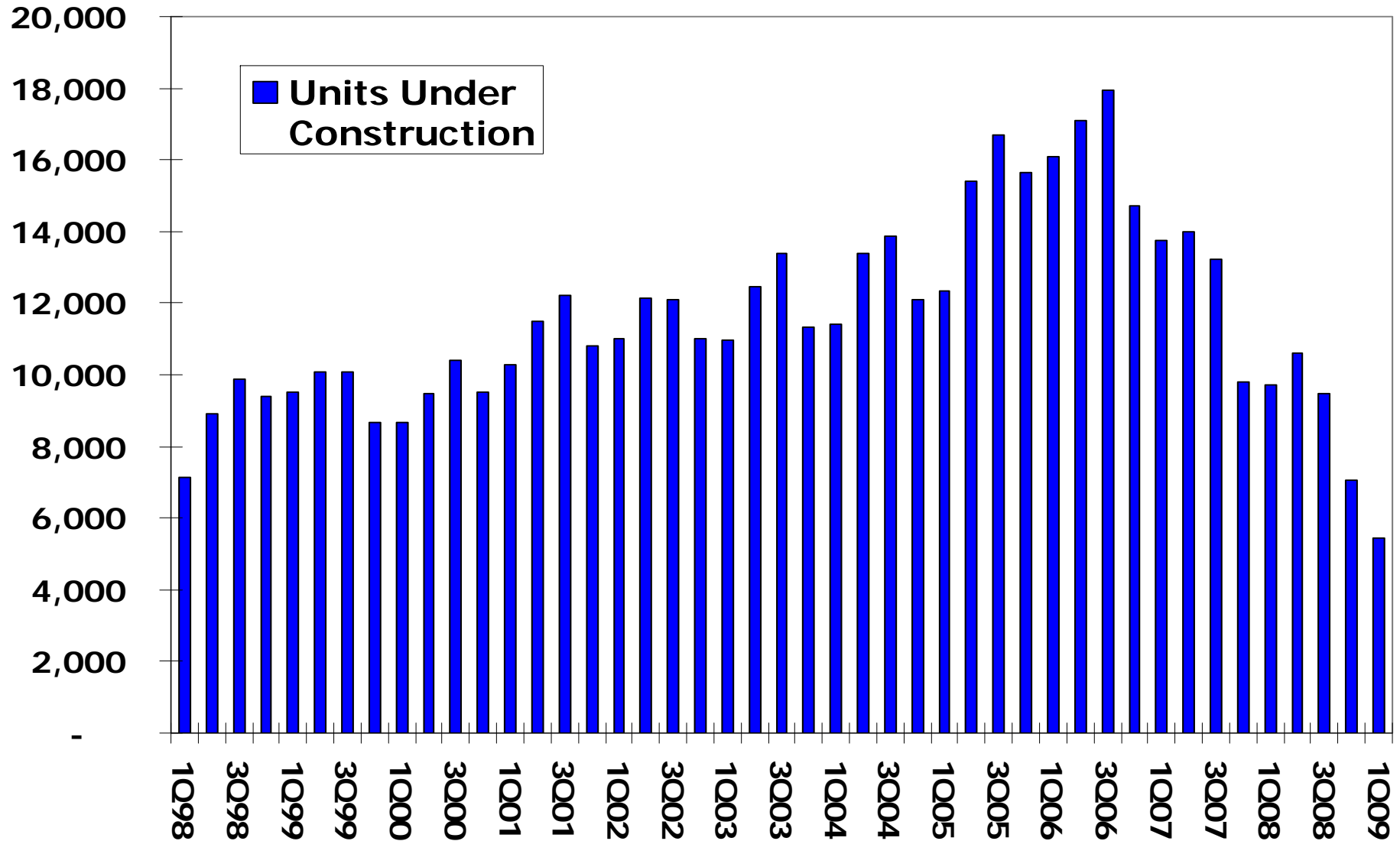
Houston

Starts and Closings Comparison



Houston

Units Under Construction



National

MSA Rank - Permits

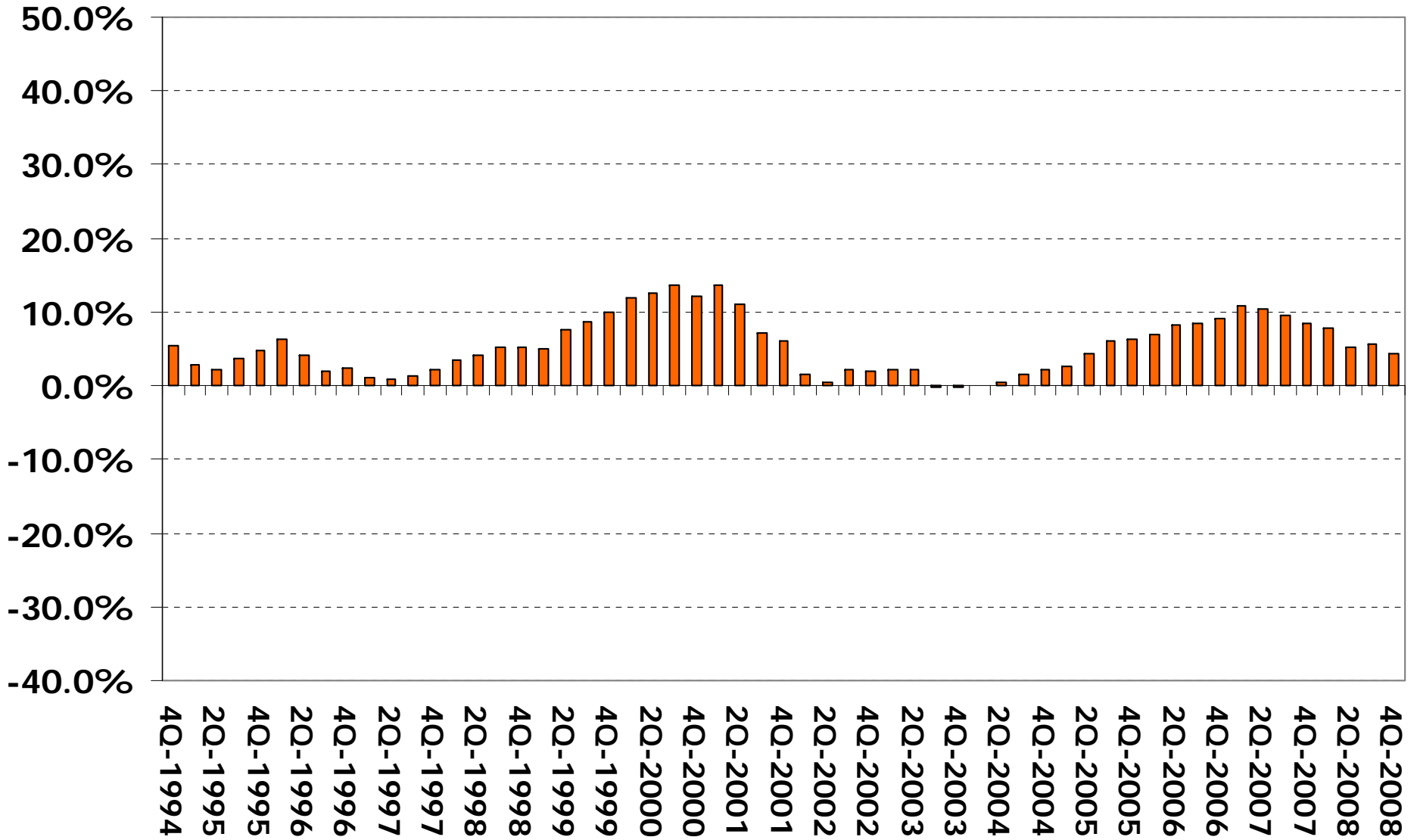
Rank	State	Market	Ann SF Starts or Permits	1 Yr Chg in Ann Starts	1 Yr %age Change
1	TX	Houston	22,502	-11,740	-34%
2	TX	Dallas/Ft. Worth	17,667	-10,736	-38%
3	FL	Orlando	12,000	-7,396	-38%
4	AZ	Phoenix	11,613	-16,126	-58%
5	GA	Atlanta	8,936	-17,018	-66%
6	DC	Washington D.C.	7,695	-3,818	-33%
7	TX	Austin	8,617	-2,945	-25%
8	NC	Charlotte	8,313	-10,031	-55%
9	TX	San Antonio	7,762	-3,653	-32%
10	NY	New York	5,781	-7,100	-55%
11	NV	Las Vegas	7,095	-9,670	-58%
12	NC	Raleigh	6,872	-6,413	-48%
13	IL	Chicago	6,197	-9,531	-61%
14	PA	Philadelphia	5,282	-8,022	-60%
15	WA	Seattle	5,192	-5,176	-50%
16	CA	Riverside	4,789	-5,611	-54%
17	FL	Jacksonville	4,378	-3,102	-41%
18	FL	Tampa	4,187	-2,200	-34%
19	MO	St. Louise	4,168	-3,057	-42%
20	CO	Denver	3,977	-5,421	-58%
Top 20			163,023		
Total		USA			



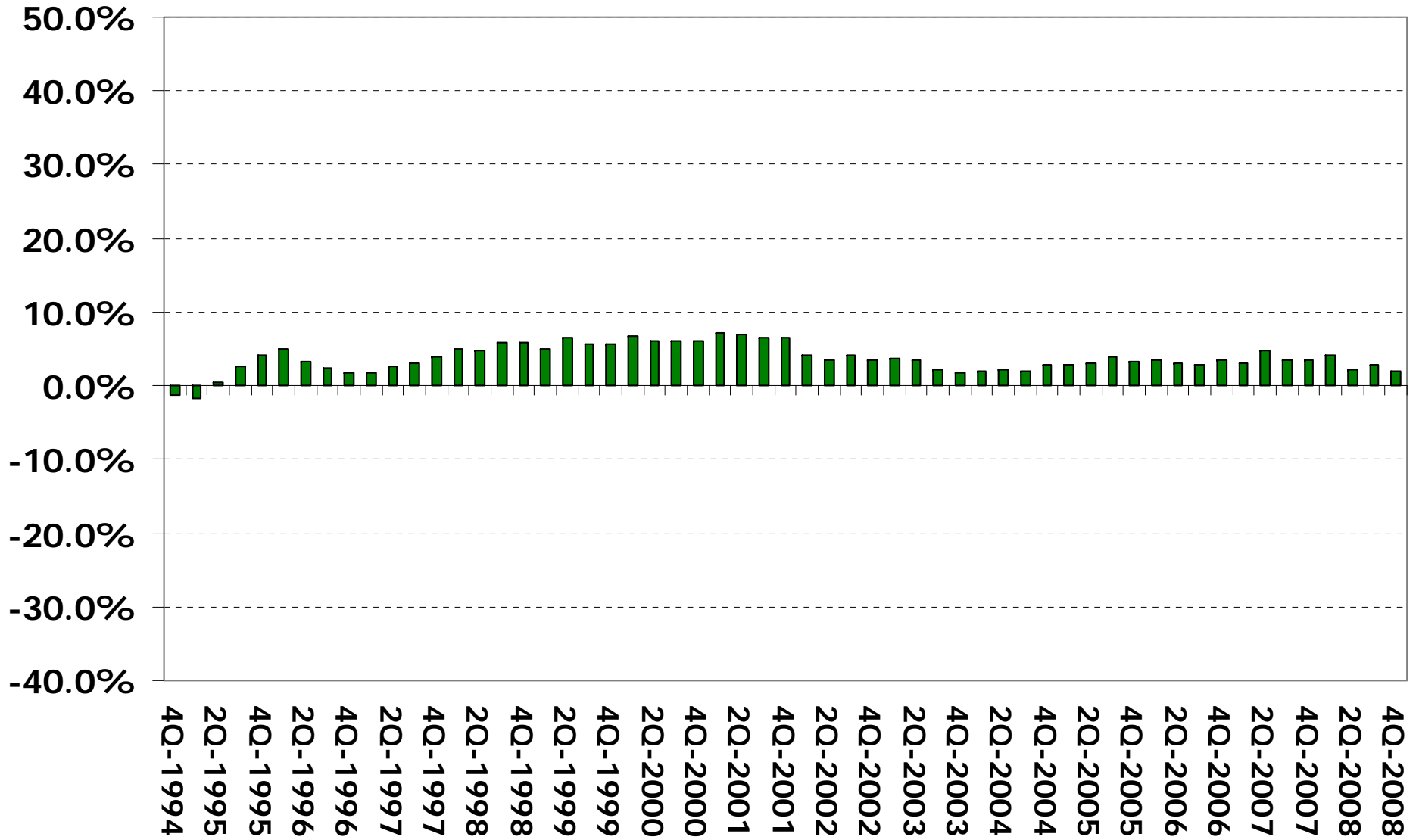
Can You Spot The (Price) Bubble?



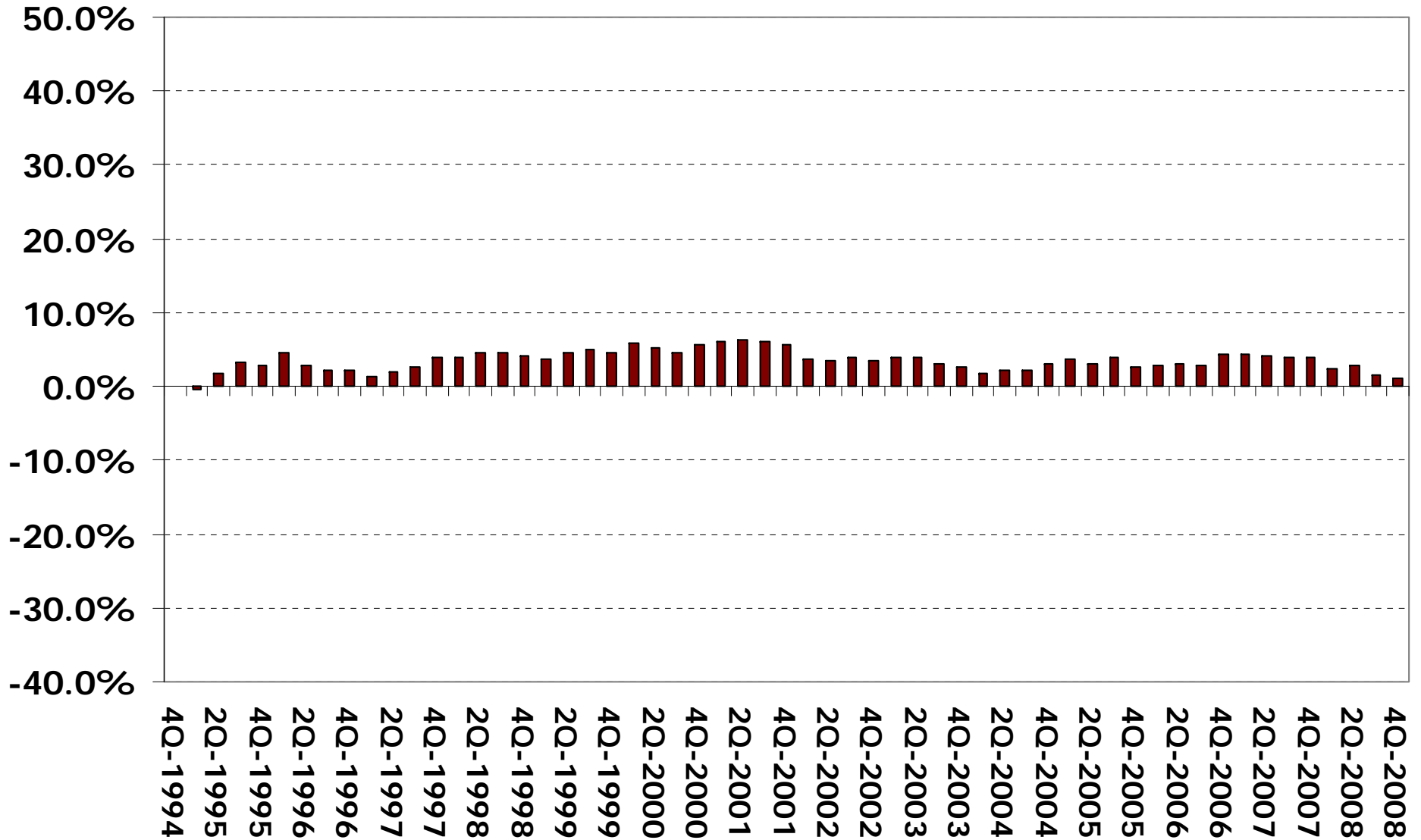
Austin-Round Rock, TX



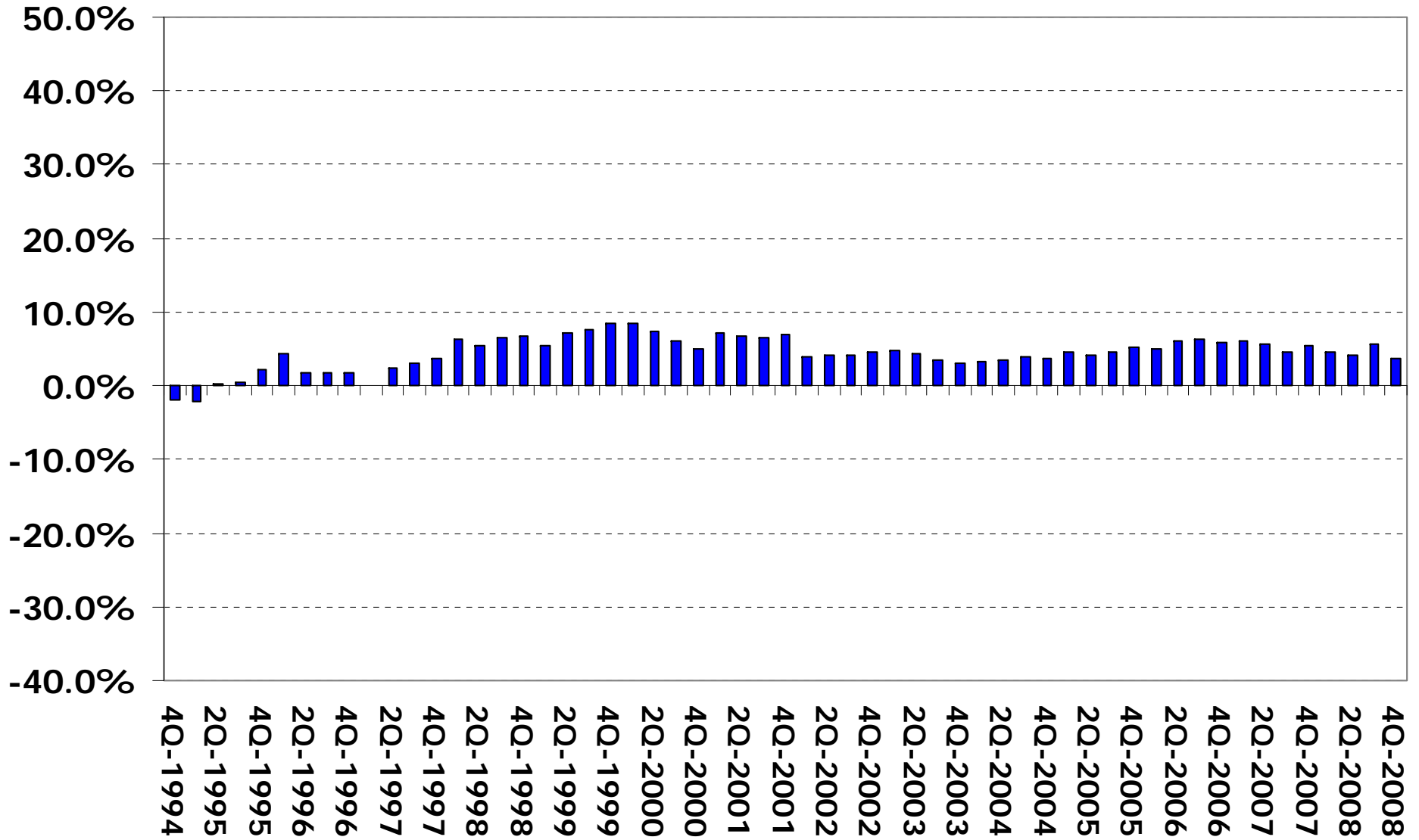
Dallas-Plano-Irving, TX (MSAD)



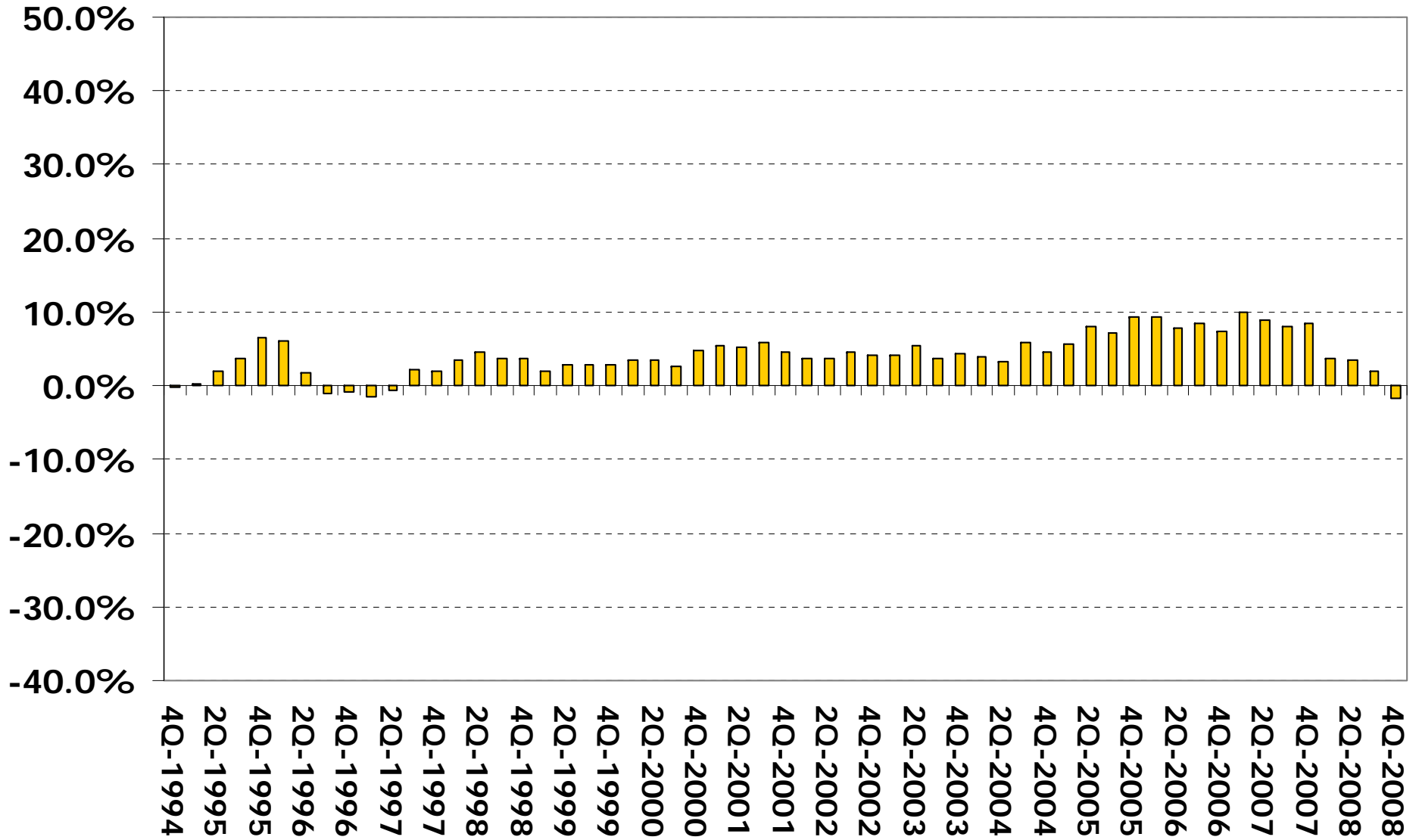
Fort Worth-Arlington, TX (MSAD)



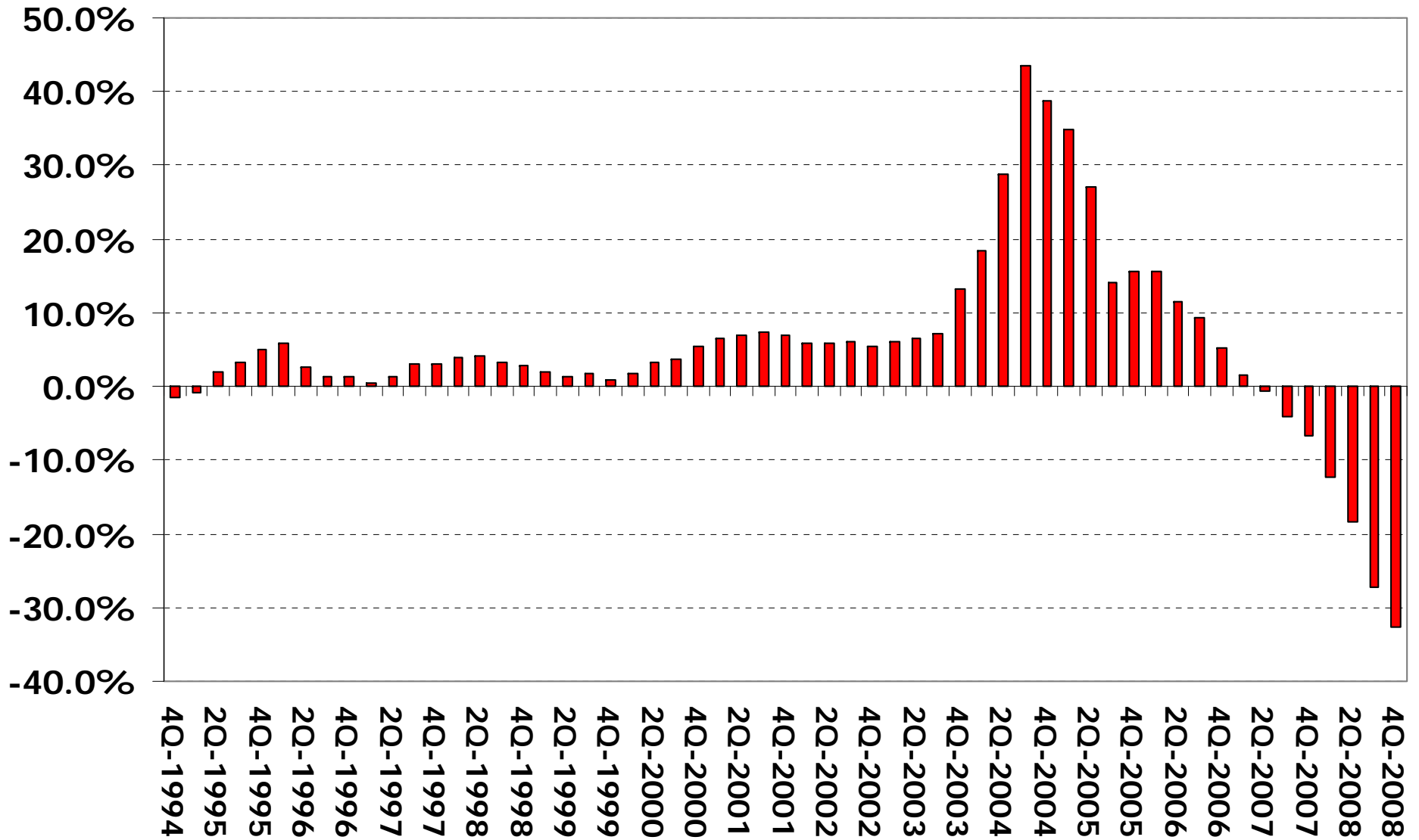
Houston-Sugar Land-Baytown, TX



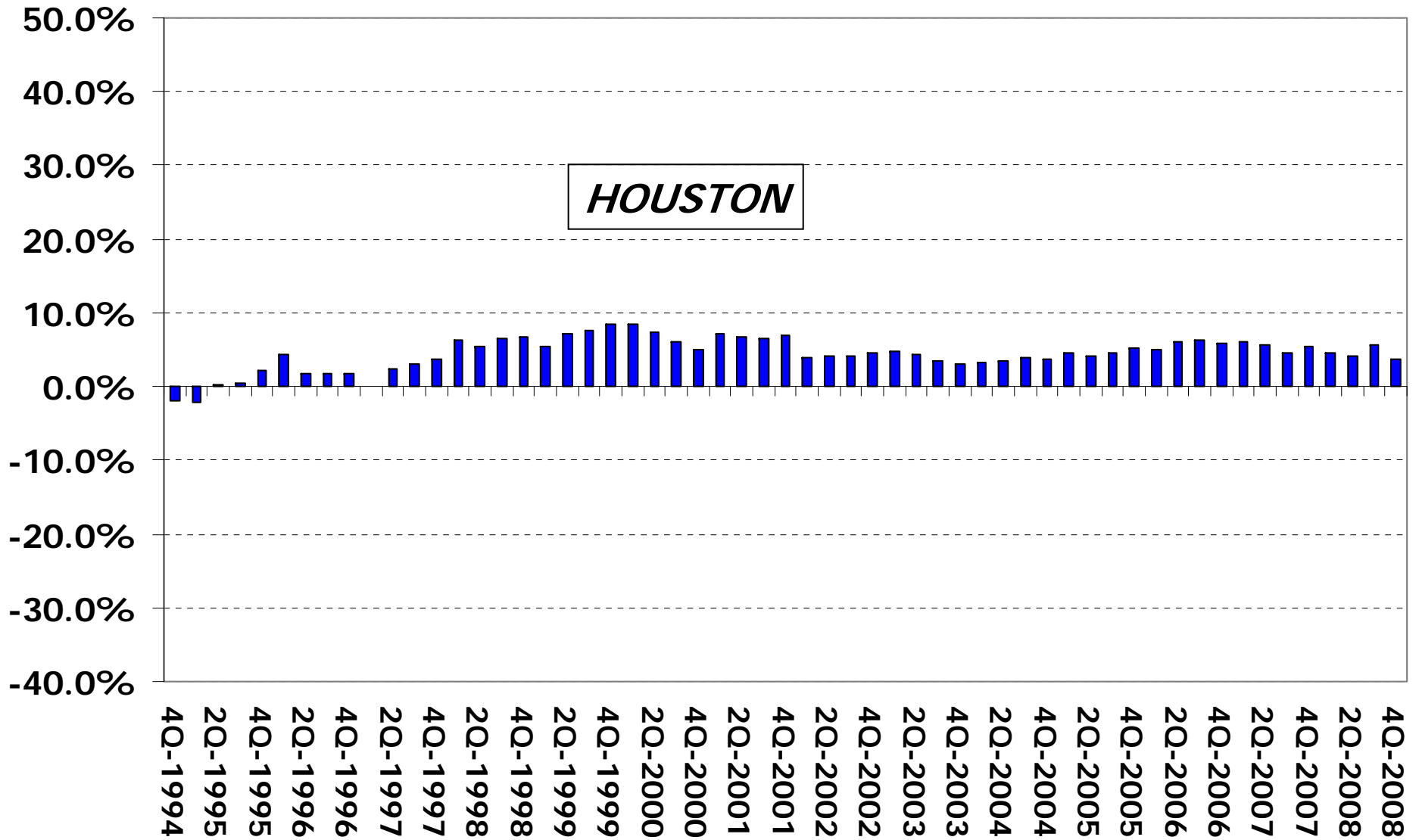
San Antonio, TX



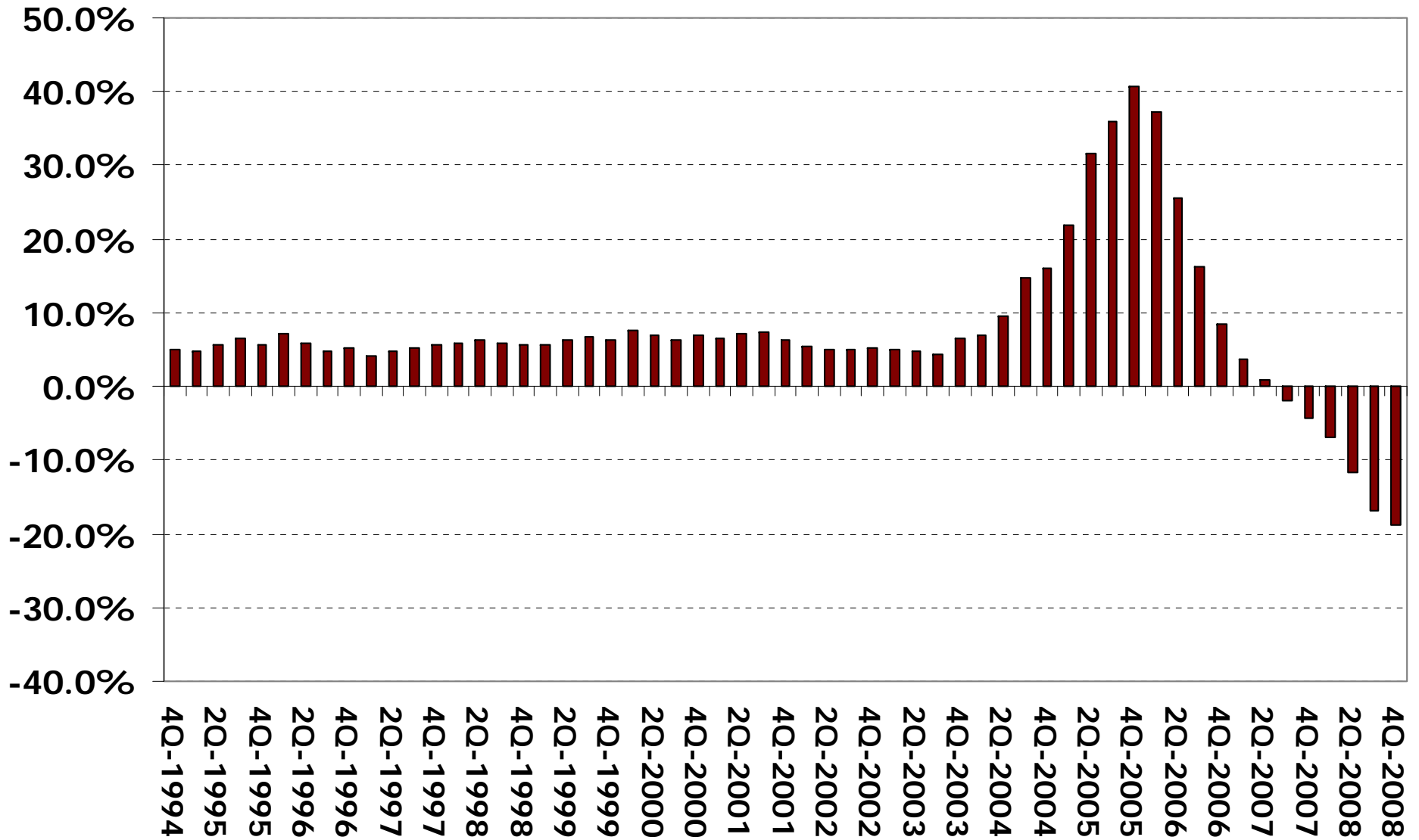
Las Vegas-Paradise, NV



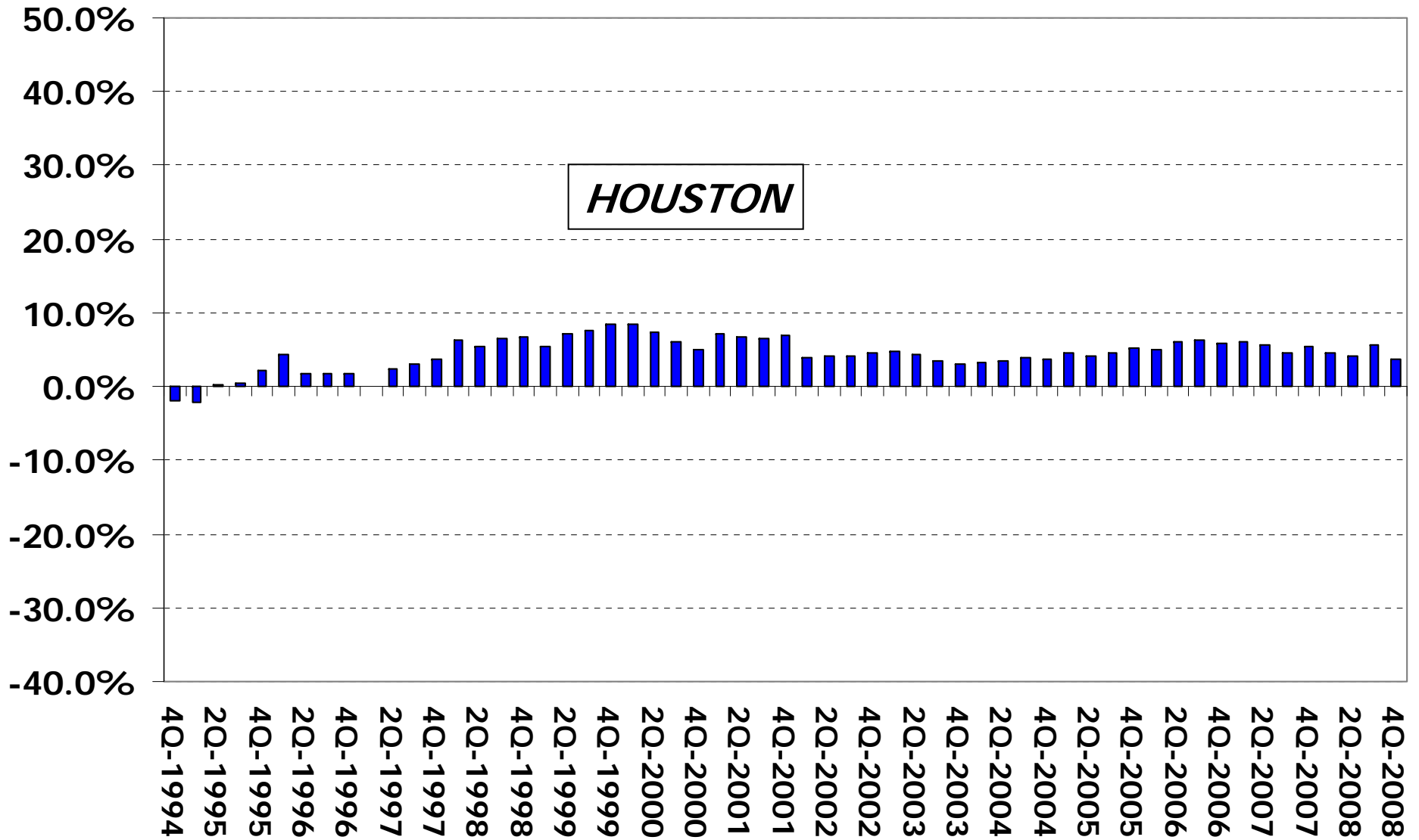
Houston-Sugar Land-Baytown, TX



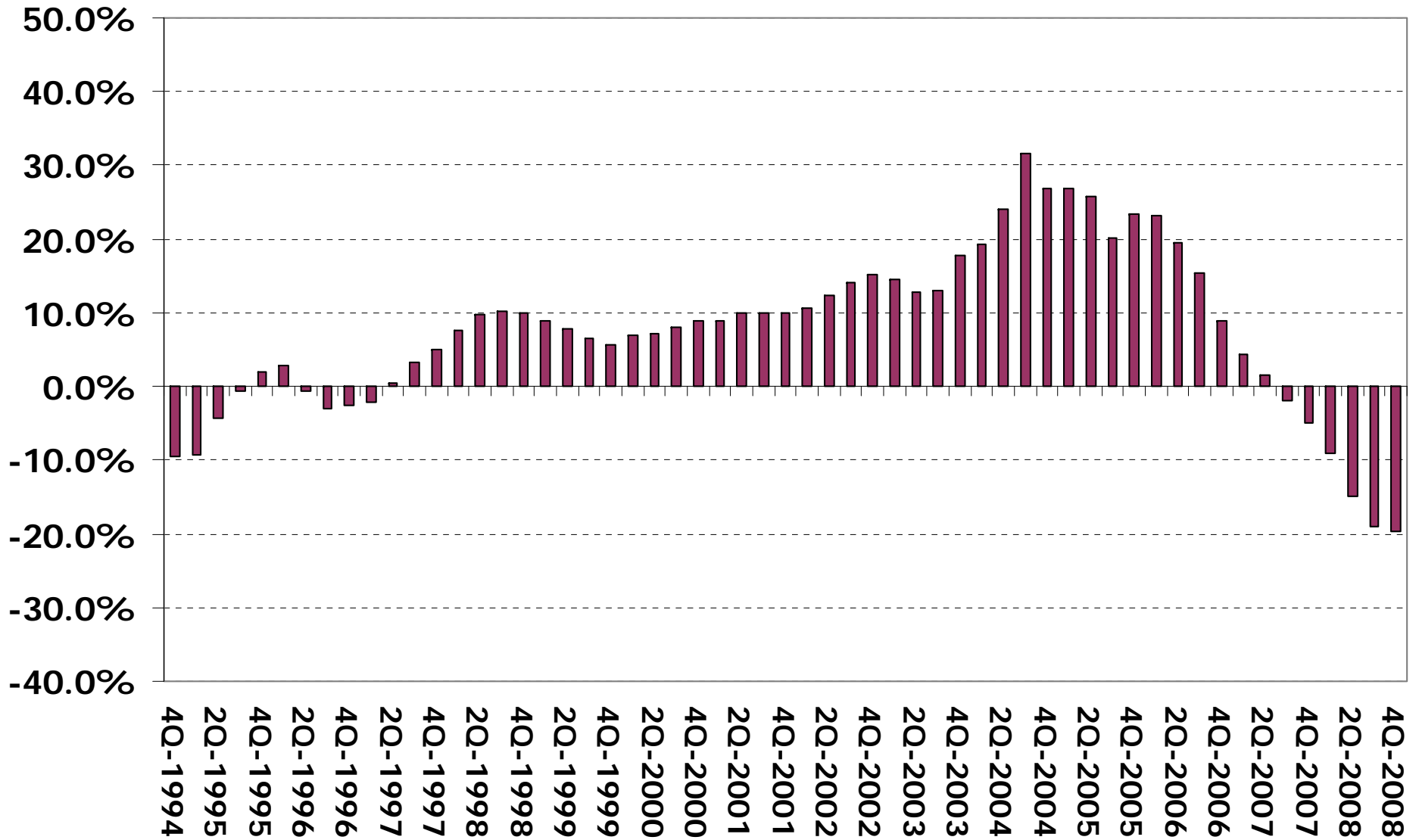
Phoenix-Mesa-Scottsdale, AZ



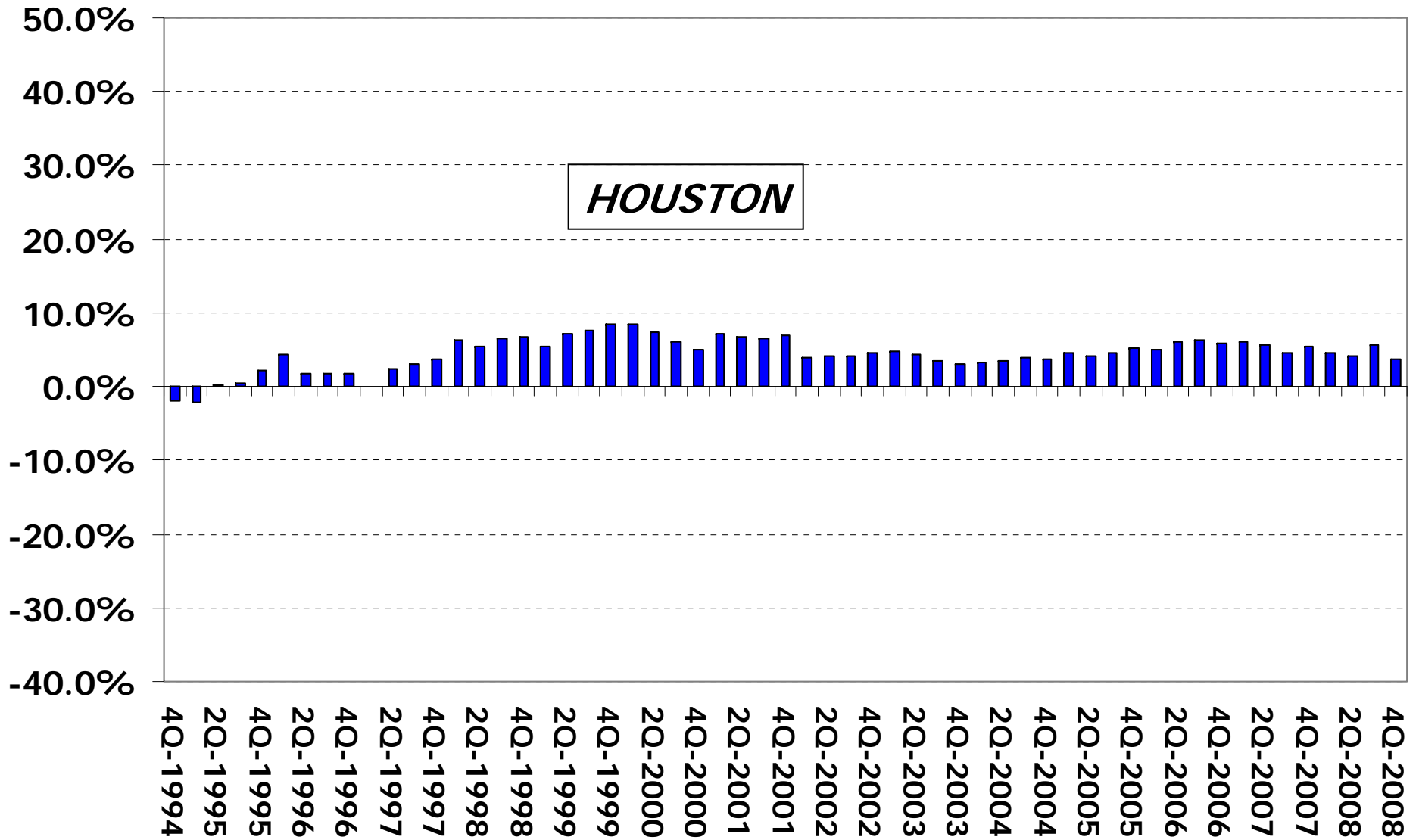
Houston-Sugar Land-Baytown, TX



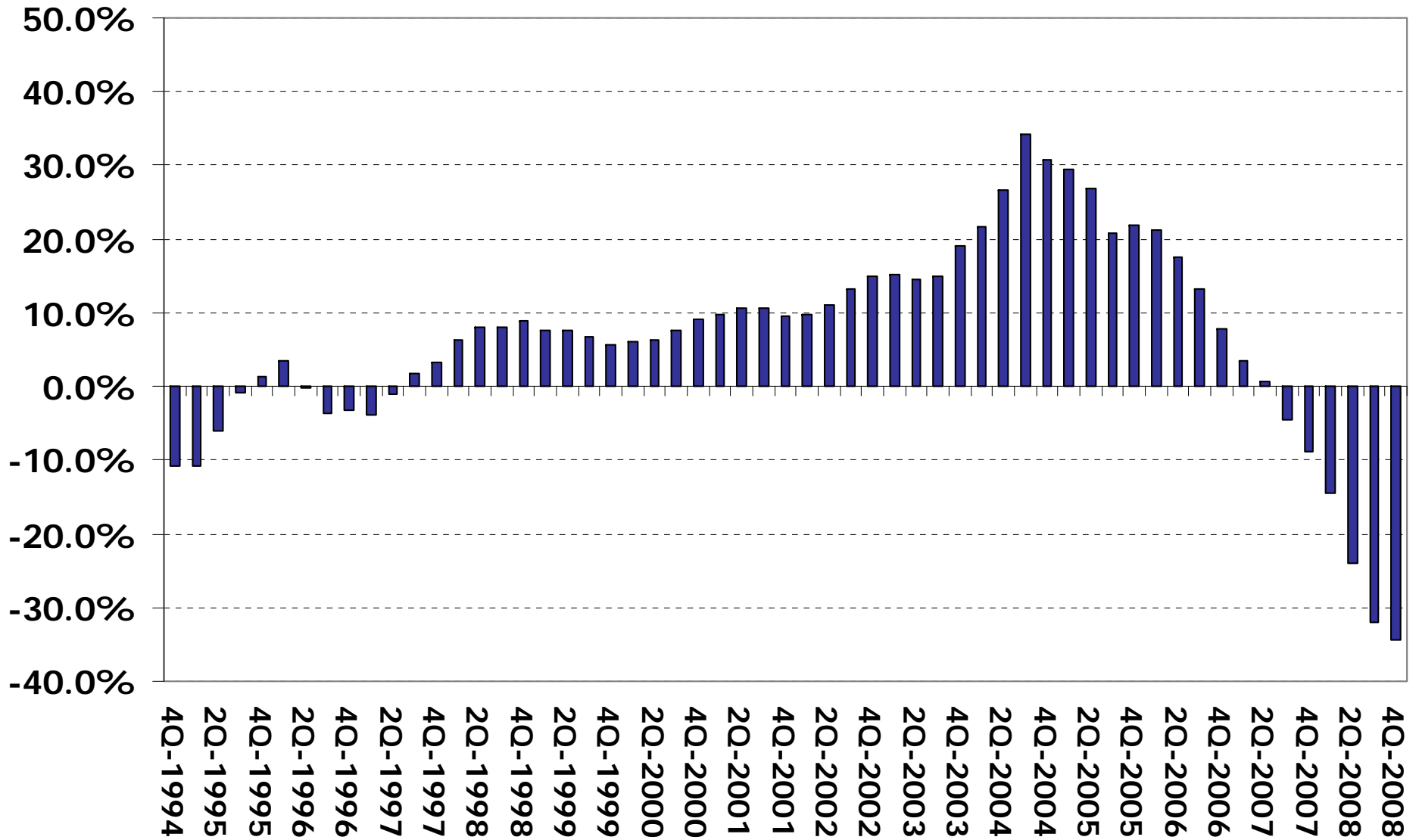
Los Angeles-Long Beach-Glendale, CA (MSAD)



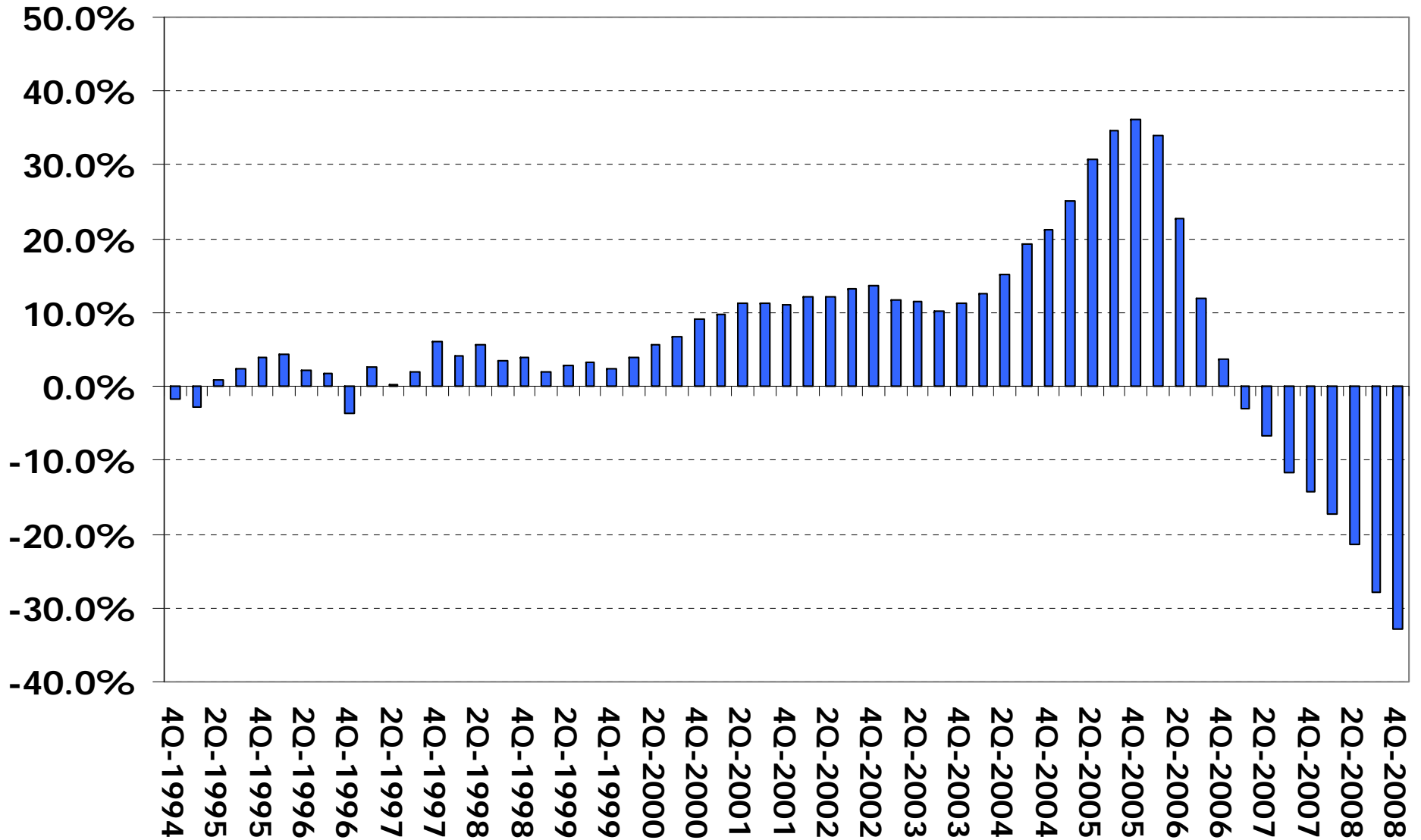
Houston-Sugar Land-Baytown, TX



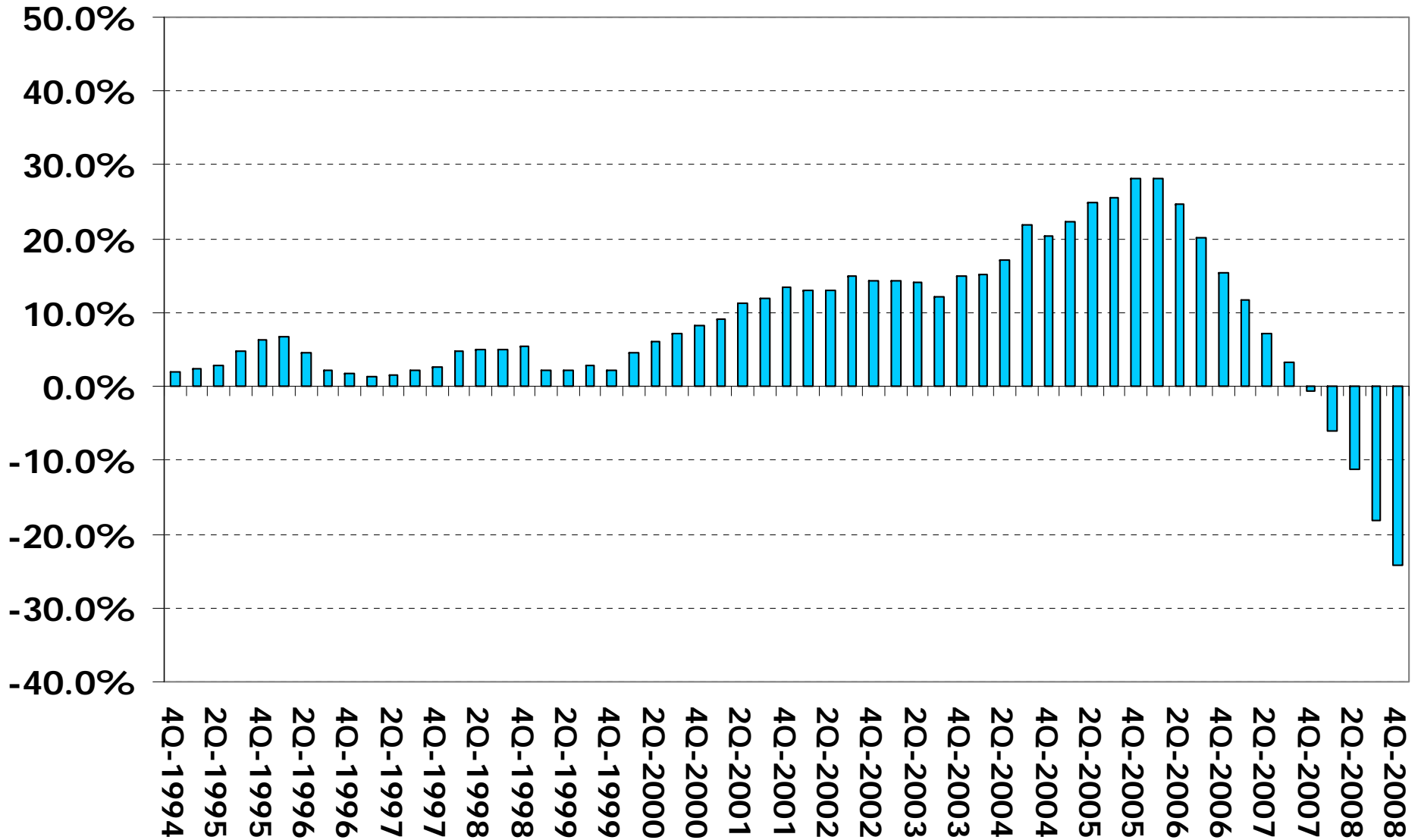
Riverside-San Bernardino-Ontario, CA



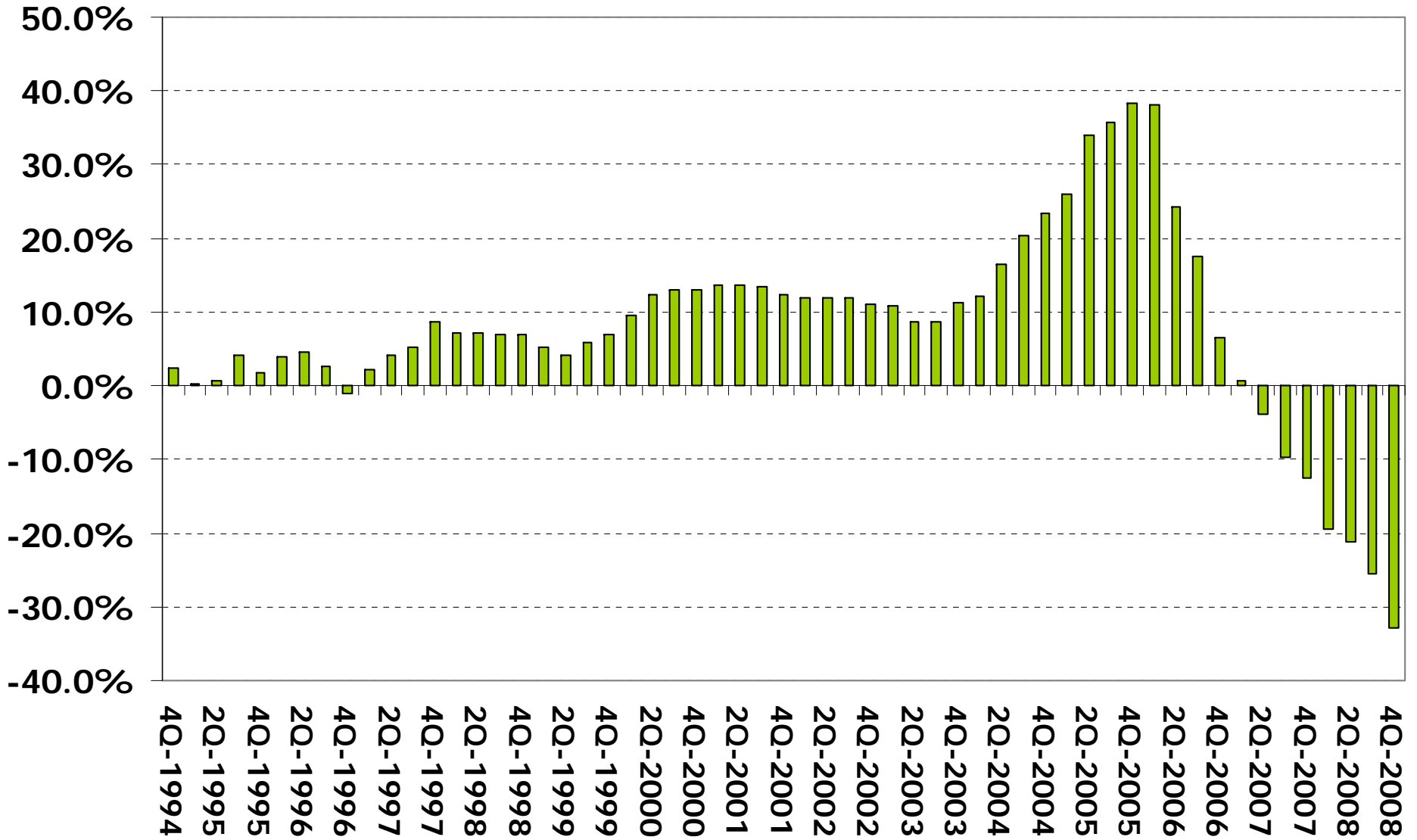
Cape Coral-Fort Myers, FL



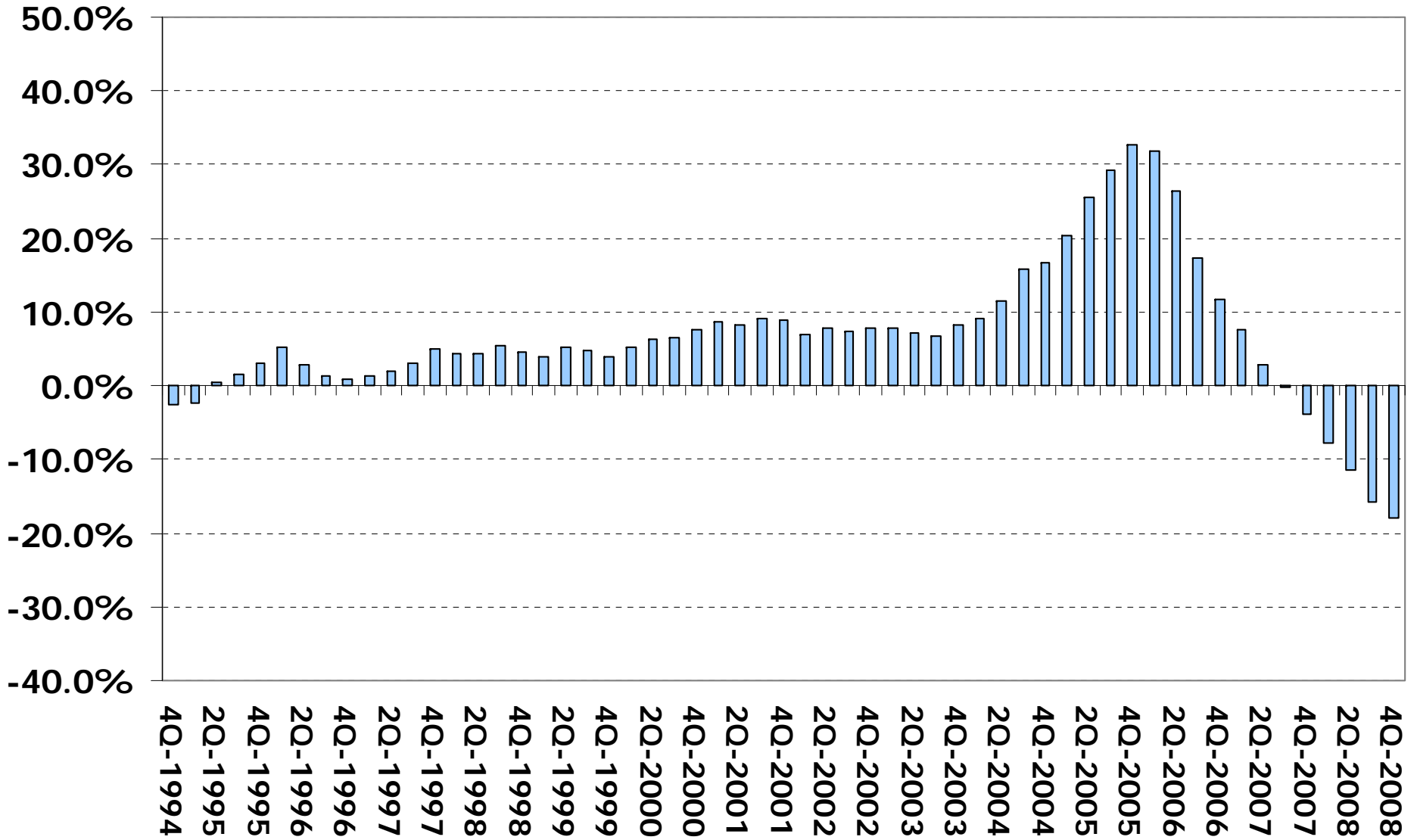
Miami-Miami Beach-Kendall, FL (MSAD)



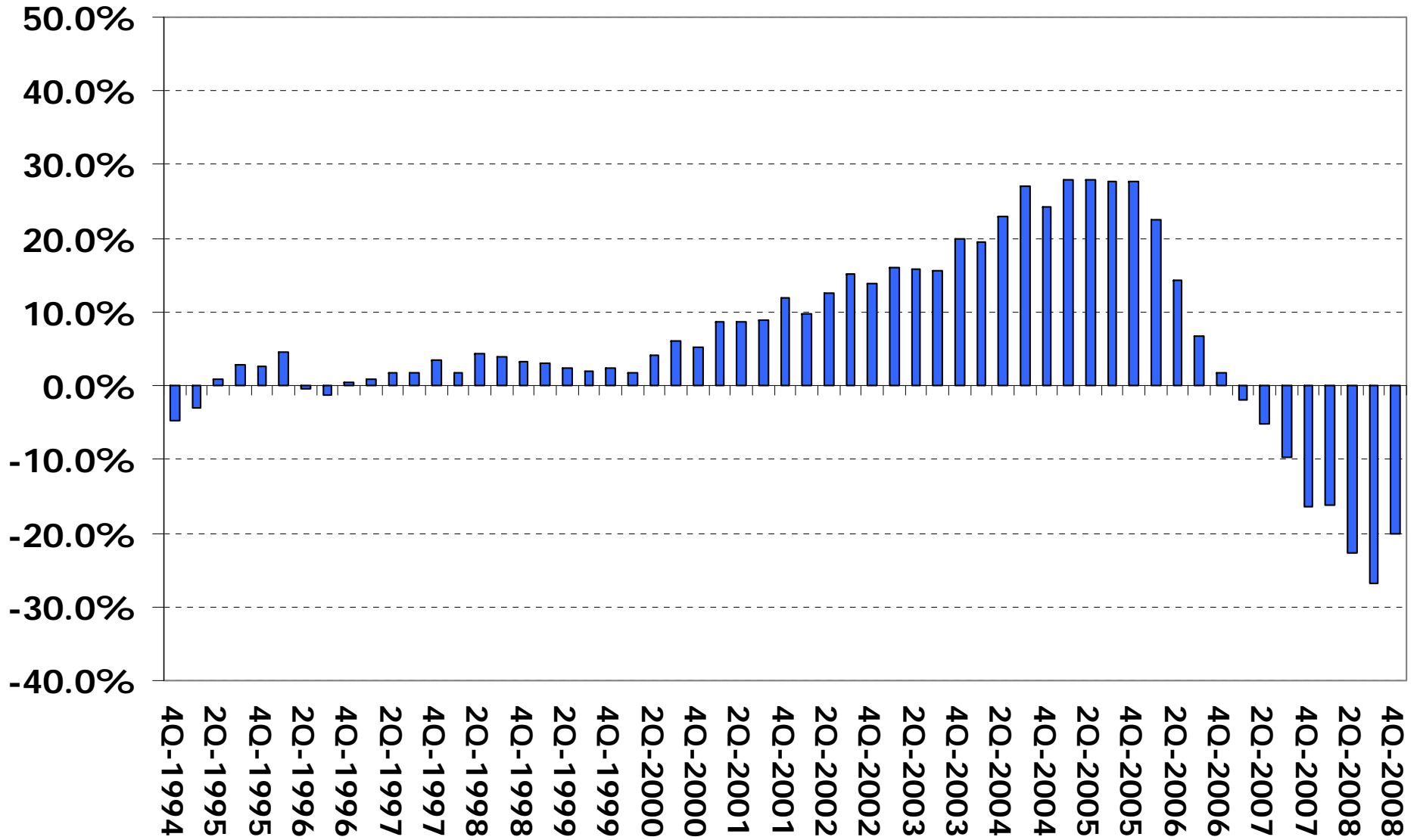
Naples-Marco Island, FL



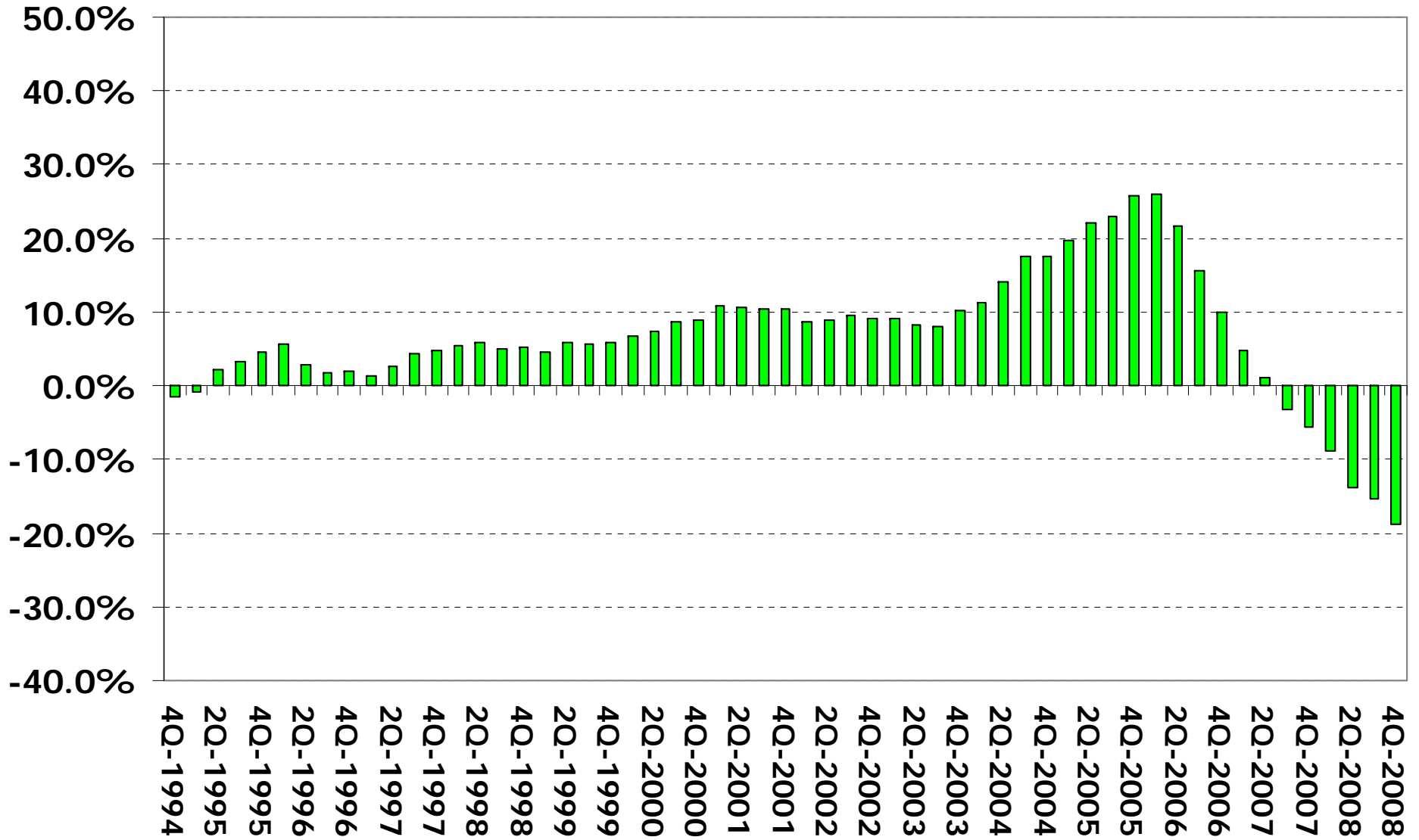
Orlando-Kissimmee, FL



Port St. Lucie, FL

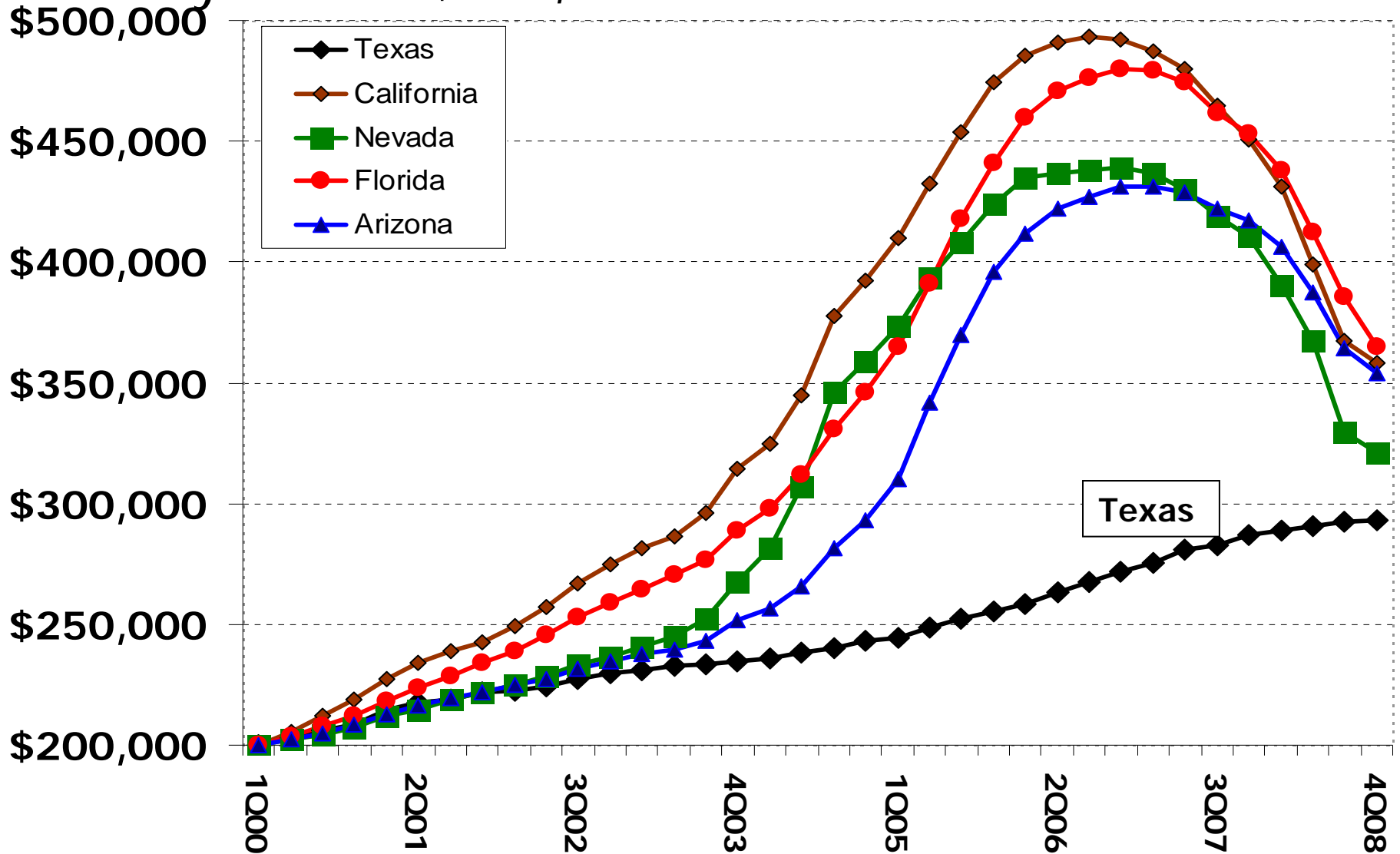


Tampa-St. Petersburg-Clearwater, FL



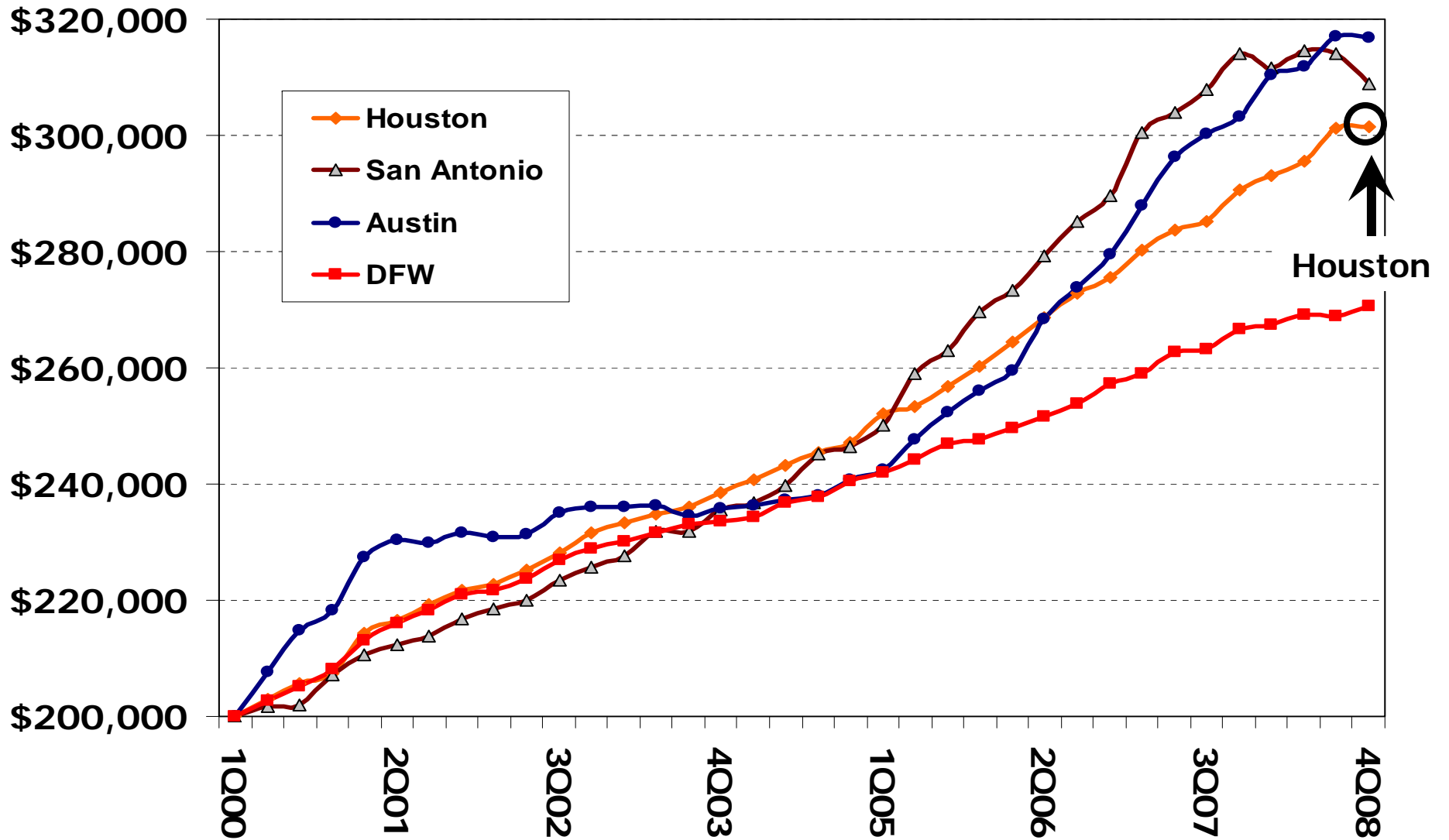
National Comparison

Key State - \$200,000 Home Scenario



Texas Comparison

Major MSAs - \$200,000 Home Scenario



Differences from 80's Slowdown

Then

- MLS was 24 Months
- Foreclosures 30k/Yr
- FCL Inventory High
- Interest Rates High
- TX Bank Failures High
- Population Declined
- Home Prices Declined
- Limited Economic Stimulus

Now

- MLS is 6 Months
- Foreclosures 12k/Yr
- FCL Inventory Low
- Interest Rates Low
- TX Bank Failures Few
- Population Rising
- Home Prices Stable
- 2 Trillion \$ of Stimulus



Outlook

When Housing Begins Recovery Houston & Texas will lead the way

- ✓ Fewer Foreclosures
- ✓ Stable Home Prices
- ✓ Good Affordability
- ✓ Fundamentally Better Economy



Kiplinger.com

TIMELY, TRUSTED PERSONAL FINANCE ADVICE & BUSINESS FORECASTS

- **Kiplinger.com's No. 1 Best City of 2008**
 - **Low Cost of Living and Job Growth Lead**

FORTUNE

- **16 Houston Companies in Fortune's Top 100 Fastest Growing Companies**
 - **5 in the Top 10**



metrostudy
Housing Starts **Here**

...Now You Know