

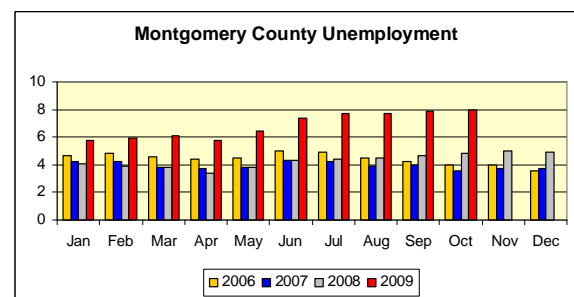
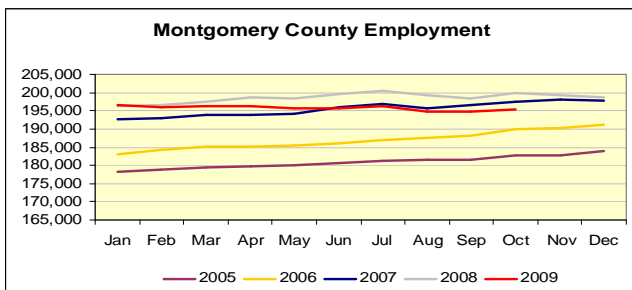
Economic Trends – November 2009

Montgomery County

An overview of the trends for the Montgomery County reveals unemployment to be the major negative indicator. Sales tax indicators vary up and down from location to location. Real estate in the county continues to defy the nation’s troubled trends.

EMPLOYMENT

The Montgomery County unemployment rate has risen steadily for the past year, finally reaching the 8% mark in October. This compares favorably with the U.S. rate of 9.5% and tracks closely with the Texas rate of 8.1% and the Houston area rate of 8.4%. Though the unemployment rate increased a tenth of a percentage point over September, the number employed increased by 547. In September 2009, the number of employed reached its lowest point since May of 2007. Employment has dropped 2.5% since its peak in July of 2008.



SALES TAX

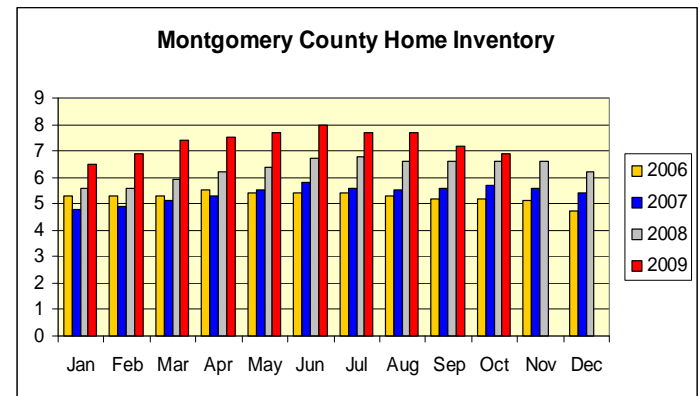
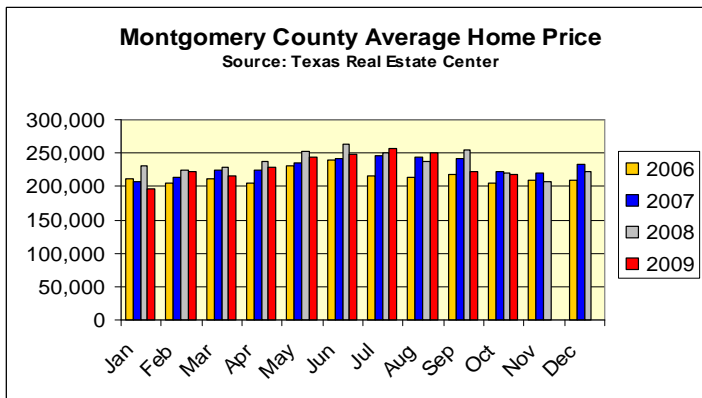
Sales tax results for September compared to one year ago are a mixed bag. Among our largest cities, one is showing increase and one is showing decrease. Note the comparison month is September 2008 which is when Hurricane Ike struck the area.

Taxing Entity	% change (Sept)	Sept-09	Sept-08
Conroe	-10.72%	2,473,511.15	2,770,360.55
The Woodlands	9.26%	2,649,653.88	2,425,097.62
Huntsville	-4.68%	602,794.59	632,357.77
Shenandoah	-5.47%	498,520.64	527,359.15
East Montgomery County	0.97%	279,674.16	276,986.66
Cleveland	4.64%	222,844.11	212,961.59
Oak Ridge North	-16.56%	214,683.58	257,303.87
Montgomery (city)	-8.39%	123,165.52	134,439.91

Source: Texas State Comptroller

REAL ESTATE

In viewing real estate statistics as compared to a year ago, it is important to remember that the September and October 2008 time frame was the storm of the bad economic news as well as the hit of and recovery from Hurricane Ike. Home inventory has been steadily dropping since June's peak. The average home price continues to hold well as compared to previous years, an anomaly in today's economy through out the US.



EARTHQUEST

A good sign that things are going well for the \$1.3 billion Earthquest project is that the first local fundraising campaign for the museum portion of the project will be held in December in East Montgomery County, where the theme park will be located. Additional campaigns will be held in the Houston market area in the future. The company has been seeking financing for the full project all over the world.

TEXAS

The Fort Worth Business Press reported that the Texas Petro Index dropped below the 200 mark for the first time since December 2005. The oil and gas industry contraction in the last year has meant a loss of \$45 billion from the Texas economy. Even though drilling activity rose last month by 50 rigs, the count is still more than 500 below last year's count of 958 rigs.

Keith Phillips, economist with the Federal Reserve Bank of Dallas, projects that Texas will see a "mild" economic recovery next year, muted by weak consumption and a weak commercial real estate market. The Texas comptroller's office has reported double-digit declines in sales taxes for five months in a row — a direct reflection of consumption. He believes that a major hindrance in keeping the economy from bouncing back strongly next year is commercial real estate.

The information in this report was prepared from publicly available sources.

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