

Economic Trends – July 2010

Montgomery County

DEVELOPMENTS

Montgomery County has agreed to launch a feasibility study on the construction of Segment G of the Grand Parkway. The 14-mile section will be connected from I-45 just south of the Harris County line to US 59 in the New Caney/Porter area of Montgomery County.

EarthQuest theme park organizers hope to have \$500 million in financing complete by year end. Engineering begins after that and will take a minimum of six months. Groundbreaking may occur sometime late next spring or summer. Hopefully, construction will be completed by 2013.

AM Restaurants, Inc. announced plans to open two new *upscale* restaurants in The Woodlands Waterway Square District overlooking the waterway. The Woodlands Waterway Marriott Hotel and Convention Center will begin an extensive \$6.2 million renovation on September 19. Completion date is set for January 12, 2011.

PURCHASING MANAGERS INDEX (PMI)

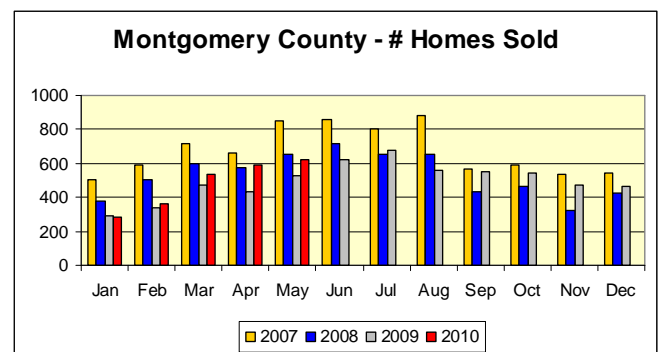
After 14 consecutive months of gains, the Houston Purchasing Managers Index (PMI) slipped slightly from 59.0 in May to 55.6 in June. This mirrors PMI trends nationwide. The moratorium on drilling is evident in the region's pullback. (Source: Greater Houston Partnership) Note: Houston's PMI is the best proxy indicator for short-term regional production in the Entergy Texas service area.

SALES TAX

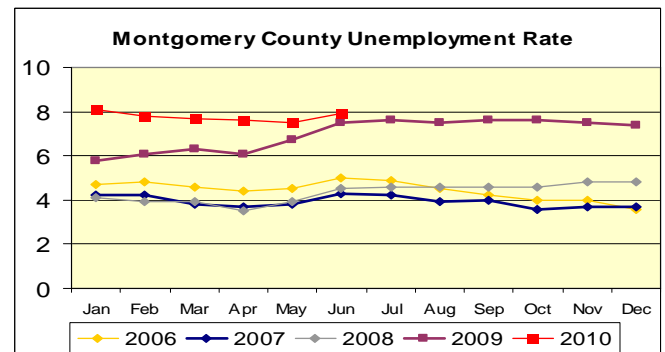
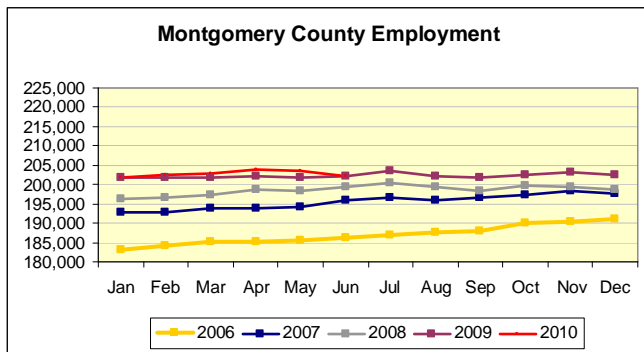
The situation continues to improve with the largest cities showing increases over May of 2009 - 9% for The Woodlands and nearly 6% for Conroe. Most of the smaller cities were showing significant decreases. At first glance EMCID shows a whopping 40% increase over May of 2009. EMCID now collects 1.5% rather than 1% in sales tax as a result of a referendum passed last November and implemented recently. Therefore, the fair analysis would reflect a 6% decrease.

REAL ESTATE

May's home sales numbers are still reflecting the stimulus tax credit for first time home buyers. Though, the home had to be under contract by April 30, the buyers did not have to close on the home until June 30. That closing date has since been extended until August 30. Home prices are holding fairly steady with May's average and median prices being only slightly less than a year ago.



EMPLOYMENT



The increase in the unemployment rate from 7.5% in May to 7.9% in June reflects the typical cyclical nature with increase in number of people seeking summer jobs as well as a loss of 739 jobs over the month. Oil and gas companies in Montgomery County are feeling the impact of the moratorium on deepwater drilling in the Gulf. One quarter of the companies in the area that employ at least 100 people are in the energy sector, but the impact will be felt even more in the service sector. For example, big companies can go other places to drill, but the boats and helicopters that service rigs in the Gulf of Mexico are limited in other opportunities.

State of Texas

A study by CNBC rated Texas as America's Top State for Business based on 40 different measures of competitiveness.

The EPA has overturned Texas' 16-year old air permitting program saying that it violates the Clean Air Act. The EPA is working directly with industry leaders to find a way to efficiently and effectively issue new air permits to the impacted plants.

In early July, Gov. Rick Perry announced the formation of the Gulf Project, a coalition of energy and environmental scientists, policy experts, academic researchers, private sector research scientists and state officials who will work in developing the next generation in offshore oil exploration safety and response. Texas' energy industry supplies 20% of the nation's oil production, 25% of the nation's natural gas production, 25% of the nation's refining capacity, and nearly 60% of the nation's chemical manufacturing. Additionally, Texas' energy industry employs 200,000 to 300,000 Texans, with \$35 billion in total wages.

According to the Texas Real Estate Center, Texas is poised for a 21st century boom for the following reasons: population and economic growth; low cost, available labor; pro growth attitude; migration into State from elsewhere; attractive retirement area; and most affordable state for land, housing and overall cost of living. The Houston MSA is expected to grow between 2 and 5 million more people between 2005 and 2030.

*Most of the information in this report was prepared from publicly available sources. Prepared by Karen Bourdier –
Energy Texas economic development group*