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March 6, 2008

As the Federal Reserve Bank of Dallas has been cautioning in recent publications, last year's monthly employment estimates by the Texas Workforce Commission failed to capture roughly 40 percent of last year's job growth in Houston. The preliminary estimates for January '08 and the revised estimate for January '07 show that the number of payroll jobs in the 10-county Houston metropolitan area grew 3.9 percent over those 12 months, adding 95,300 jobs to this economy.

Usually, the preliminary estimates for January of the current year are accompanied by revised estimates for the preceding 21 months. This year, the TWC has not yet released revised estimates for April-December '06 and February-November '07. Before today's revisions, 12-month job growth for December '07 had been estimated at 59,800, or 2.4 percent. It's likely that, when the revised December '06 estimate is released, 12-month job growth for December '07 will exceed 100,000, running about 4.0 percent. ***The key message from today's TWC estimates: Instead of slowing over the course of '07, job growth in Houston last year appears to have continued unabated, essentially matching the torrid '06 performance.***

How does Houston's 3.9 percent job growth for the 12 months ending this January stack up? As usual, Austin-Round Rock leads among the state's major metropolitan areas, up 4.2 percent with a gain of 30,500. Dallas-Fort Worth-Arlington grew 2.9 percent, adding 83,500 jobs, and San Antonio was up 3.0 percent with a gain of 24,200 jobs. Each of the four majors outperformed the state as a whole, which posted 2.8 percent job growth.

What's been going on in Houston and in Texas contrasts vividly with the experience of most other parts of the country. From January '07 to January '08, the nation as a whole managed a net gain of 977,000 jobs--a meager 0.7 percent increase. Houston alone accounted for 9.8 percent of the nation's net growth, the four large Texas metros together accounted for nearly a quarter of it (23.9 percent), and the entire state of Texas contributed 29.1 percent. Without Texas, nationwide job growth would barely have exceeded 0.5 percent.

In Houston, goods producing industries grew 4.7 percent from January '07 to January '08, with gains of 6.4 percent in natural resources and mining (oil and

gas), 6.5 percent in construction, and 2.6 percent in manufacturing. Led by 11.2 percent growth in the industry that includes oilfield equipment, durable goods manufacturing expanded 4.3 percent, more than offsetting the continued long-term decline in nondurable goods, which slipped 0.5 percent over the year.

Services providing sectors in the aggregate grew 3.6 percent, adding 72,000 jobs to this economy. Professional, scientific and technical services, up 3.9 percent, contributed 6,700 jobs, led by gains of 4,200 (7.1 percent) in architectural and engineering services and 1,400 (5.9 percent) in computer systems design. Health care and social assistance, a sector that seems impervious to changes in the business cycle, grew 5.3 percent with the addition of 12,300 jobs.

Employment estimates for February are scheduled for release on March 27. Benchmark revisions for April '06-December '06 and February '07-November '07 will be released when TWC staff in Austin complete some auditing procedures, at which time they will be posted at <http://www.tracer2.com/?PAGEID=67&SUBID=122>.

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Houston Economic Indicators

6-Mar-08

N = New Since Previous Issue

R = Revised

MONTHLY DATA**YEAR-TO-DATE****TOTAL OR AVERAGE*****A Service of the Greater Houston Partnership**

	Month	Most Recent	Year Earlier	% Change	Most Recent	Year Earlier	% Change
ENERGY							
U.S. Active Rotary Rigs	Feb '08	1,765	1,736	1.7	1,758 *	1,725 *	1.9
Spot Crude Oil Price (\$/bbl, West Texas Intermediate)	Feb '08	95.44	59.63	60.0	94.30 *	56.89 *	65.8
Spot Natural Gas (\$/MMBtu, Henry Hub)	Jan '08	7.97	6.20	28.5	7.97 *	6.20 *	28.5
UTILITIES AND PRODUCTION							
Houston Purchasing Managers Index	Jan '08	54.0	59.8	-9.7	54.0 *	59.8 *	-9.7
Nonresidential Electric Current Sales (Mwh, CNP Service Area)	Jan '08	4,027,564	3,948,953	2.0	4,027,564	3,948,953	2.0
CONSTRUCTION							
Total Building Contracts (\$, Houston MSA)	Jan '08	692,589,000	989,401,000	-30.0	692,589,000	989,401,000	-30.0
Nonresidential	Jan '08	193,528,000	267,713,000	-27.7	193,528,000	267,713,000	-27.7
Residential	Jan '08	499,061,000	721,688,000	-30.8	499,061,000	721,688,000	-30.8
Building Permits (\$, City of Houston)	Dec '07	438,351,324	342,842,276	27.9	5,520,375,107	4,712,955,534	17.1
New Nonresidential	Dec '07	182,995,610	119,542,735	53.1	1,897,694,235	1,494,015,476	27.0
Nonresidential Additions/Alterations/Conversions	Dec '07	85,764,229	68,259,403	25.6	1,435,441,300	1,109,307,649	29.4
New Residential	Dec '07	158,369,491	144,207,127	9.8	2,024,934,282	1,918,930,364	5.5
Residential Additions/Alterations/Conversions	Dec '07	11,221,994	10,833,011	3.6	162,305,290	190,702,045	-14.9
Multiple Listing Service (MLS) Activity							
Closings	Jan '08	4,353	5,105	-14.7	4,353	5,105	-14.7
Median Sales Price - SF Detached	Jan '08	139,000	143,000	-2.8	139,000 *	143,000 *	-2.8
Active Listings	Jan '08	50,709	44,685	13.5	50,709 *	44,685 *	13.5
EMPLOYMENT (Houston-Sugar Land-Baytown MSA)							
Nonfarm Payroll Employment	Jan '08 N	2,566,900	2,471,600	3.9	2,566,900 *	2,471,600 *	3.9
Goods Producing (Natural Resources/Mining/Const/Mfg)	Jan '08 N	520,600	497,300	4.7	520,600 *	497,300 *	4.7
Service Providing	Jan '08 N	2,046,300	1,974,300	3.6	2,046,300 *	1,974,300 *	3.6
Unemployment Rate (%) - Not Seasonally Adjusted							
Houston-Sugar Land-Baytown MSA	Jan '08 N	4.5	4.7		4.5 *	4.7 *	
Texas	Jan '08 N	4.6	4.8		4.6 *	4.8 *	
U.S.	Jan '08 N	5.4	5.0		5.4 *	5.0 *	
Unemployment Insurance Claims (Gulf Coast WDA)							
Initial Claims	Dec '07	10,688	10,644	0.4	12,249 *	12,225 *	0.2
Continuing Claims	Dec '07	68,464	60,470	13.2	65,093 *	88,318 *	-26.3
TRANSPORTATION							
Port of Houston Authority Shipments (Short Tons)	Jan '08	3,534,650	3,431,450	3.0	3,534,650	3,431,450	3.0
Air Passengers (Houston Airport System)	Jan '08	4,066,107	4,006,411	1.5	4,066,107	4,006,411	1.5
Domestic Passengers	Jan '08	3,411,287	3,383,117	0.8	3,411,287	3,383,117	0.8
International Passengers	Jan '08	654,820	623,294	5.1	654,820	623,294	5.1
Landings and Takeoffs	Jan '08	78,157	77,556	0.8	78,157	77,556	0.8
Air Freight (000 lb)	Jan '08	67,909	63,876	6.3	67,909	63,876	6.3
Enplaned	Jan '08	35,277	32,161	9.7	35,277	32,161	9.7
Deplaned	Jan '08	32,632	31,715	2.9	32,632	31,715	2.9
CONSUMERS							
New Car and Truck Sales (Units, Houston MSA)	Jan '08	32,621	33,085	-1.4	32,621	33,085	-1.4
Cars	Jan '08	14,064	14,740	-4.6	14,064	14,740	-4.6
Trucks, SUVs and Commercial	Jan '08	18,557	18,345	1.2	18,557	18,345	1.2
Total Retail Sales (\$000,000, Houston MSA, NAICS Basis)	2Q07	20,727.2	18,911.1	9.6	39,126.4	35,677.3	9.7
Consumer Price Index for All Urban Consumers ('82-'84=100)							
Houston-Galveston-Brazoria CMSA	Dec '07	186.246	179.2	3.9	183.838 *	180.6 *	1.8
United States	Jan '08	211.080	202.416	4.3	211.080 *	202.416 *	4.3
Hotel Performance (Harris County)							
Occupancy (%)	Dec '07	54.8	55.8		68.1 *	68.5 *	
Average Room Rate (\$)	Dec '07	106.80	99.48	7.4	112.08 *	104.24 *	7.5
Revenue Per Available Room	Dec '07	58.53	55.53	5.4	76.33 *	71.45 *	6.8
POSTINGS AND FORECLOSURES							
Postings (Harris County)	Feb '08	3,417	2,636	29.6	5,367	4,724	13.6
Foreclosures (Harris County)	Feb '08	1,462	1,015	44.0	2,219	1,915	15.9
SOURCES							
Rig Count	Baker Hughes Incorporated						
Spot WTI, Spot Natural Gas	U.S. Energy Information Agency						
Houston Purchasing Managers Index	National Association of Purchasing Management - Houston, Inc.						
Electricity	CenterPoint Energy (CNP)						
Building Construction Contracts	McGraw-Hill Construction						
City of Houston Building Permits	Building Permit Department, City of Houston						
MLS Data	Houston Association of Realtors						
Employment, Unemployment, UI Claims	Texas Workforce Commission						
Port Shipments	Port of Houston Authority, U.S. Dept. of Commerce (foreign)						
Aviation	Aviation Department, City of Houston						
New Car and Truck Sales	TexAuto Facts Report , InfoNation, Inc., Sugar Land TX						
Retail Sales	State Comptroller's Office						
Consumer Price Index	U.S. Bureau of Labor Statistics						
Hotels	PKF Consulting/Hospitality Asset Advisors International						
Postings, Foreclosures	Foreclosure Information & Listing Service, Inc.						