



Monthly Economic Digest

August 2007



Regional Economic News

Consumer Prices Up in Houston-Galveston Area

According to the Bureau of Labor Statistics, consumer prices for all items in June rose by 0.2 % in Houston-Galveston area compared with the previous month, and by 1.2 % compared with June 2006. The largest increase compared with last month was for gasoline and motor fuel (7%). The largest increase since June 2006 was for medical care (5.4%) (*HBJ¹, 07/18/07*).

Apartment Occupancy Down, Rental Rates Up

Houston apartment occupancy did not change much in June (88.51%) compared to last month, but decreased by 1.79 percentage points since this time last year. Average rent per unit increased by \$1.81 in June (\$717.73) compared to last month and by \$15.58 over the past 12 months (*O'Connor & Associates, 06/07*).

Houston Home Sales Down

According to the Houston Association of Realtors, Houston area single-family home sales fell 6.9 % in June compared to this time last year. However, the median price of a single-family home in June was \$160,000, up 2.6 % compared to June 2006 (*HBJ¹, 07/18/07*).

Houston's Job Market Strong

The Unemployment rate in the Houston-Sugar Land-Baytown increased in June to 4.4 % compared to the last month (3.8%) as spring graduates entered the job market. However, Houston area employers created 76,500 jobs over the past one year, up 3.1 % (*HC², 07/20/07*).

Governor Promotes Bioenergy Strategy

Governor Rick Perry awarded \$5 million grant from the Texas Emerging Technology Fund, to Texas A&M University to recruit faculty for Bioenergy research and marketing. The governor also recognized the Texas Bioproducts Industry Council, recently formed to plot the future of bioproducts in Texas (*HBJ¹, 07/10/07*).

Company Plans to Generate Electricity from Waves

A Minnesota-based energy company plans to install a 35 feet tall water-squirting, wave-powered pump about quarter-mile off the Flagship pier in Galveston. The company expects that a square-mile field of pumps could generate 50 to 1,500 megawatt-hours of electricity. (*The Daily News, 07/09/07*).

Possibility of Three New Nuclear Plants in Matagorda County

Exelon Nuclear has selected Matagorda County as the primary site for a federal Combined Construction and Operating License application that will allow them to build and operate a new nuclear plant. The site selected is a 1,250-acre tract of land about 10 miles south of Collegeport, north of Oyster Lake. In other development, South Texas Project is in the process of submitting the Combined Operating License Application to add two new nuclear reactors to its existing plant outside of Bay City (*Bay City Tribune, 07/1/07*).

New Gas Storage Company Expected in Matagorda County

County commissioners approved an agreement with Tres Palacios Gas Storage to create a foreign trade zone as a tax incentive for a \$145 million company. The proposed in-service date is summer 2008, and the facility will reach to its full capacity in 2010 (*Bay City Tribune, 07/18/07*).

College Receives \$3 Million Grant

San Jacinto College received \$3 million grant from the Texas Workforce Commission toward nondestructive testing and inspection program. According to the college, the grant is expected to create 357 jobs and upgrade 314 existing jobs (*HBJ¹, 07/11/07*).

Galveston, First to Receive Pre-approved Storm-Disaster Loan

Based on the legislation signed into law on June 17, Galveston became one of the first cities to seek a pre-approved storm-disaster loan. The law allows any city within 70 miles of the Gulf Coast to enter an agreement for a pre-approved credit to be used in the case governor declares a state of emergency (*North Houston Association, 07/13/07*).

WEDC Provides Incentives for a Manuf. Company

Willis Economic Development Corporation made an agreement with Bailiff Enterprise (manufacturer of molded plastics) to provide \$300,000 in incentives as long as it meets performance requirements. One of the initial requirements is to invest 1.1 million in land, buildings and improvements, furniture, fixtures and equipment. The agreement is expected to bring \$2.4 million in investments throughout 5 years and 65 jobs throughout ten years to the City of Willis (*HCN³, 07/15/07*).

County Tax Abatements Attracts Two Companies

Montgomery County approved ten-year tax abatements for two Houston-based companies. US Oncology and Petroleum Wholesale/Sun Development are moving their headquarters from Greenspoint area of North Houston and FM 1960 Champions area to The Woodlands, respectively. Companies together are expected to create 650 jobs and an annual payroll of more than \$47 million (HCN³, 07/24/07).

Stallion Considers Building a Facility in Dayton

Stallion, a Oilfield Service company located in Liberty, TX is negotiating with Dayton City Council about the possibility of locating their facility on the 6 acres they own on the east side of town (HCN³, 07/17/07).

Marquette's Hotel Project Approved

Galveston City Council Planning Commission voted 4-3 to recommend approval for a 16-story twin-tower hotel on the West End (The Daily News, 07/18/07).

TIRZ to Finance Lago Mar Project

Texas City and Galveston county commissioners agreed on the financing of \$88 million in infrastructure and other improvements for 3,500-acre Lago Mar, a mixed-use subdivision along both sides of Interstate 45. Tax Increment Reinvestment Zone (TIRZ) is the financing method under which increase in tax revenues by the project will be set aside to pay for the project costs (The Daily News, 07/19/07).

New \$60 Million Air Separation Plant in Texas City

Praxair, a supplier of atmospheric, processed and specialty gases for industries is planning to build a \$60 million air separation plant at 703 Sixth St. in Texas City. The new plant is expected to employ about 10 people with payroll exceeding \$0.5 million (The Daily News, 07/23/07).

New \$13 million Crystallizer System in Freeport

BASF Corp, is planning to build a \$13 million crystallizer system at its Freeport caprolactam plant, a joint venture with American Plant Food Corp. Construction is expected to take two years and create 40 jobs (HBJ¹, 07/24/07).

New 47-Story Office Tower in Downtown Houston

Hines is planning to build a 47-story, 900,000 sf office building in Central Business District. The tower will carry an address of 800 Main and is slated for the block bounded by Main, Rusk, Fannin and Walker. Construction will begin next march and the tower would be ready for occupancy in December 2010 (HBJ¹, 07/13/07).

Texas Children's Hospital Plans for a New West Campus

Texas Children's Hospital is planning to build a West Campus on 55 acres at Interstate 10 and Barker Cypress. The campus will include a 336,000 sf, 96-bed hospital; 100,000 sf ambulatory care center, and an 80,000 sf

medical office building. Construction will likely begin in early 2008 and the in-patient hospital is slated to be finished in 2010 (HBJ¹, 07/16/07).

Methodist Willowbrook Hospital to Undergo Expansion

The hospital will begin a \$250 million construction project in August that will make it the largest medical facility in Cy-Fair/Tomball region. Between 600 and 700 positions will be created by construction that is expected to be finished in 2009 (HCN³, 07/18/07).

Bayport Container Terminal to Expand its Wharves

The Port of Houston Authority plans to extend the Berth 3 Wharf at the Bayport Container Terminal to accommodate larger incoming ships, nearly 1,000 feet long. The Port Commission awarded \$480,891 contract to Dannenbaum Engineering Corp. (HCN³, 07/19/07).

Oil Company Plans to Expand its Assets in Houston

Magellan Midstream Partners LP plans to expand its refined petroleum products assets in Houston with a \$65 million investment. The project calls to loop its existing 12-inch diameter pipeline between its Galena Park origins and its East Houston terminal with a new 16-inch diameter line. Project also includes building 250,000 barrels of storage at the East Houston terminal and a new pump station north of Houston (HBJ¹, 07/30/07).

332,000-SF Energy Center I, Leased by a Single Tenant

Trammell Crow Co. and Principal Real Estate Investors have leased the entire spec project to Foster Wheeler USA Corp, which supplies construction services and equipment to the energy industry. Foster Wheeler is planning to use Energy Center I, located at 2020 Dairy Ashford for consolidation and expansion (GlobeSt.com, 07/20/07).

¹ HBJ: Houston Business Journal

² HC: Houston Chronicle

³ HCN: Houston Community Newspapers

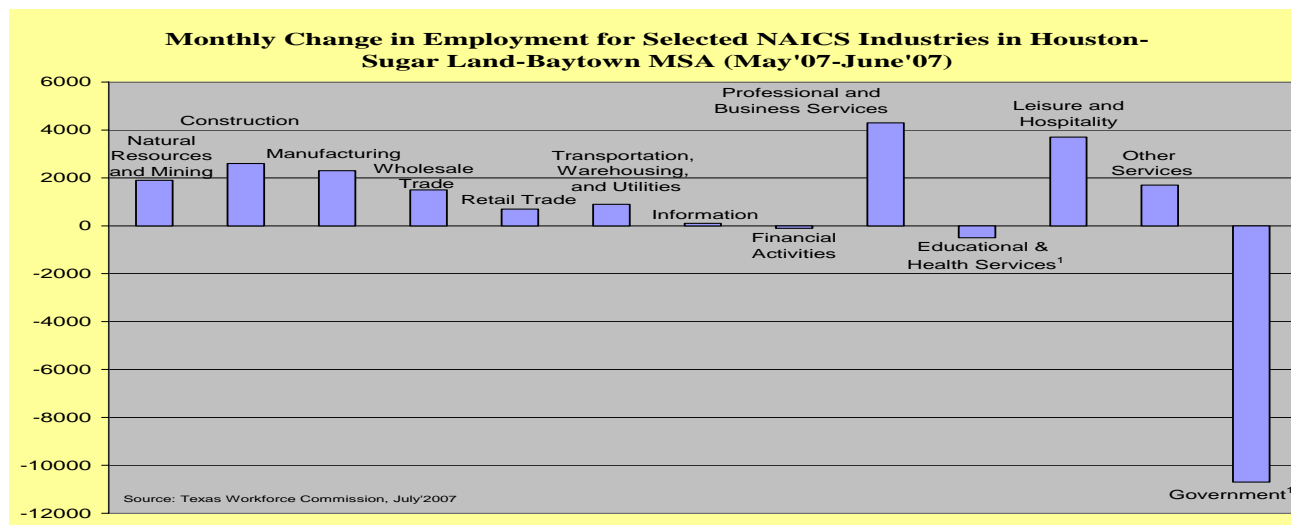
Regional Economic Trends

Change in Employment and Unemployment Rate										
Area Title	Employment (in thousands)					Unemployment Rate				
	June'07	May'07	June'06	Monthly Change	Yearly Change	June'07	May'07	June'06	Monthly Change	Yearly Change
Austin	13.0	13.0	12.7	0.1	0.3	4.0	3.2	4.8	↑0.8	↓-0.8
Brazoria	134.3	133.6	131.2	↑ 0.7	↑ 3.0	4.7	3.9	5.6	↑0.8	↓-0.9
Chambers	14.0	13.9	13.7	0.1	0.3	4.7	3.8	6.1	↑0.9	↓-1.4
Colorado	10.8	10.5	10.7	0.3	0.0	4.1	3.3	5.1	↑0.8	↓-1.0
Fort Bend	237.6	236.3	232.2	↑ 1.3	↑ 5.4	4.4	3.6	5.2	↑0.8	↓-0.8
Galveston	138.5	137.8	135.4	↑ 0.8	↑ 3.1	4.8	4.0	5.8	↑0.8	↓-1.0
Harris	1834.9	1825.0	1793.4	↑ 9.9	↑41.5	4.4	3.8	5.5	↑0.6	↓-1.1
Liberty	31.1	30.9	30.4	0.2	↑ 0.7	5.3	4.5	6.5	↑0.8	↓-1.2
Matagorda	14.9	14.9	15.3	0.0	-0.4	7.0	5.8	8.3	↑1.2	↓-1.3
Montgomery	192.1	191.1	187.8	↑ 1.0	↑ 4.3	4.1	3.6	4.9	↑0.5	↓-0.8
Walker	24.9	24.8	24.9	0.1	-0.1	5.6	4.2	6.5	↑1.4	↓-0.9
Waller	16.0	15.9	15.6	0.1	0.4	5.1	3.9	6.4	↑1.2	↓-1.3
Wharton	19.8	19.8	20.1	-0.1	-0.3	4.8	3.9	5.5	↑0.9	↓-0.7

↑ indicates employment and unemployment rate change of 0.5 and above;

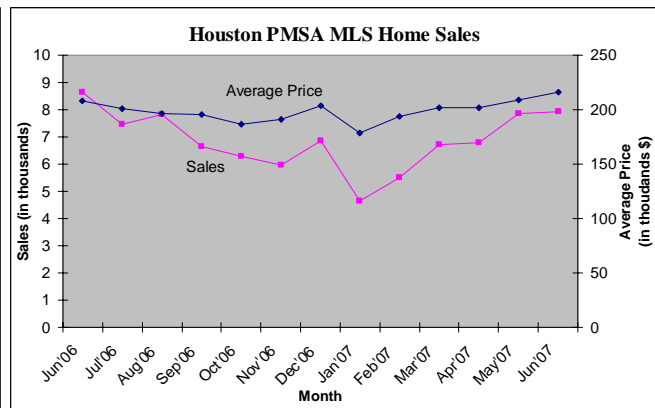
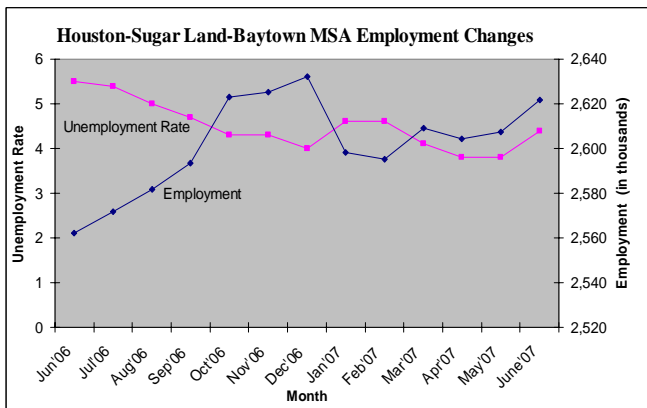
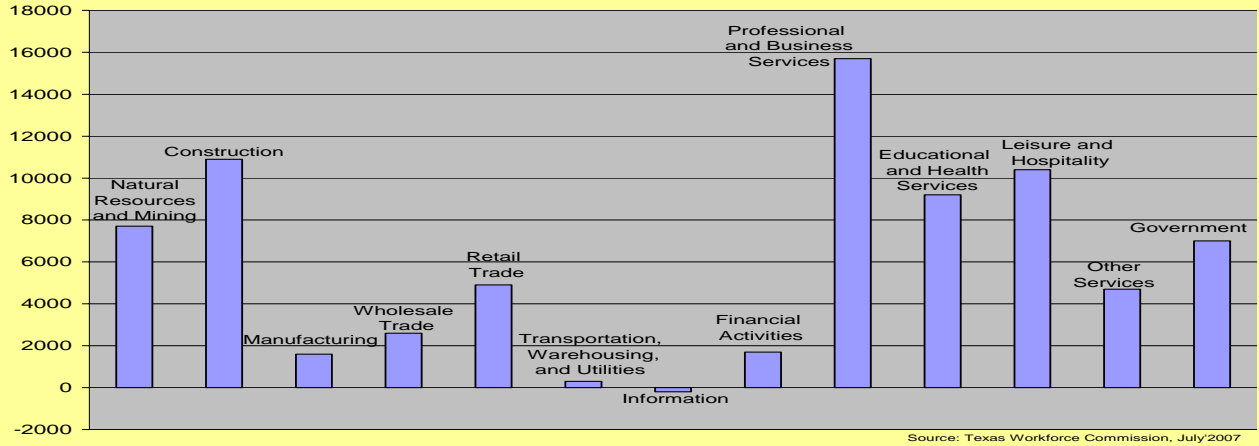
↓ indicates employment and unemployment rate change of -0.5 and below;

Source: Texas Workforce Commission, July 2007.



Note: ¹ Drop in Government and Educational and Health Services employment is because 'area schools and education related business began their summer vacation' (Texas Labor Market Review, July 2007)

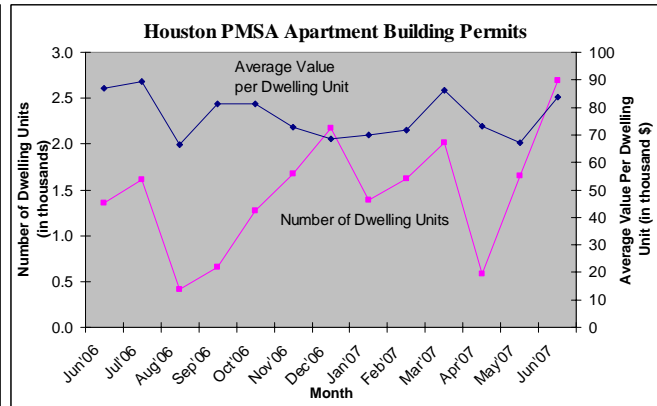
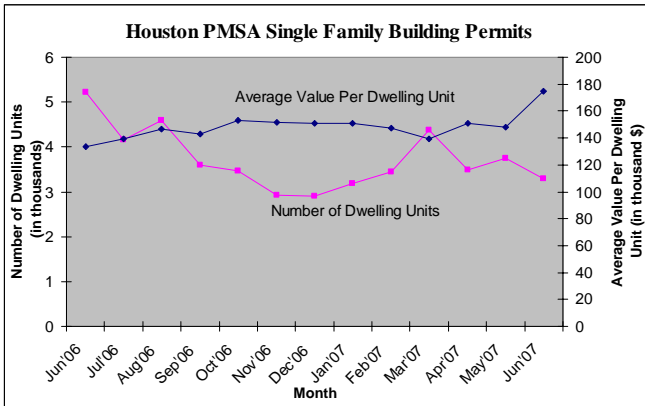
Yearly Change in Employment for Selected NAICS Industries in Houston-Sugar Land-Baytown MSA (June'06-July'07)



Houston-Sugar Land-Baytown Civilian Labor Force		
Change	Monthly	Yearly
Employment (in thousands)	↑ 14.0	↑ 59.0
Unemployment Rate	↑ 0.6	↓ -1.1

Houston MLS Residential Housing Activity		
Change	Monthly	Yearly
Home Sales (in thousands)	↑ 0.1	↓ -0.7
Avg. Price (in thousand \$)	↑ 7.0	↑ 8.1

Source: Real Estate Center at Texas A&M University, 2007.



Houston PMSA Single Family Residential Building Permits		
Change	Monthly	Yearly
Number of Dwelling Units (in thousands)	↓ -0.5	↓ -1.9
Average Value Per Dwelling Unit (in thousand \$)	↑ 26.5	↑ 41.2

Source: U.S. Bureau of Census and Real Estate Center, Texas A&M University, 2007.

Houston PMSA Apartment Building Permits		
Change	Monthly	Yearly
Number of Dwelling Units (in thousands)	↑ 1.0	↑ 1.3
Average Value Per Dwelling Unit (in thousand \$)	↑ 16.3	↓ -3.5

Gulf Coast Economic Development District

Website: www.gcedd.org

Houston-Galveston Area Council

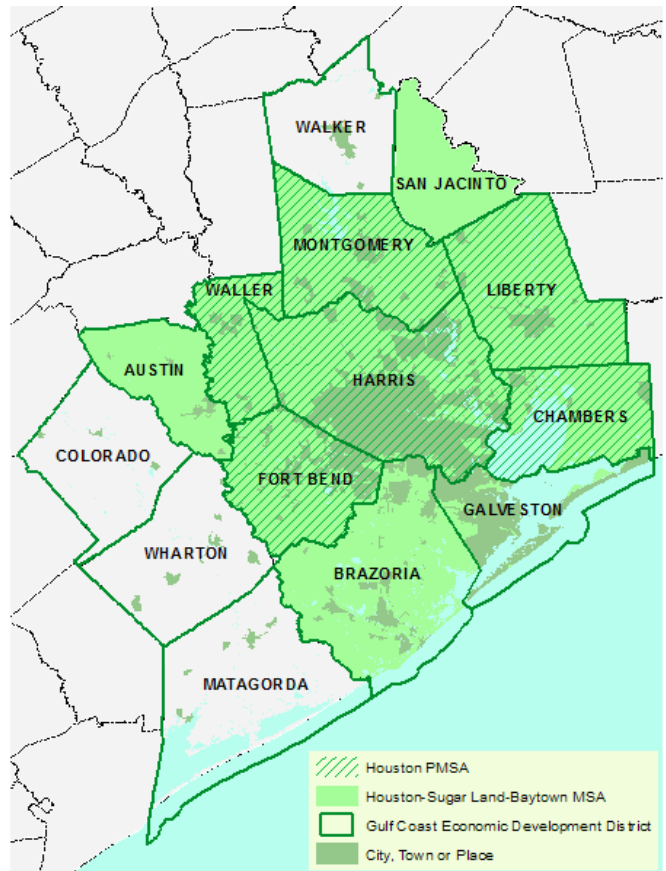
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For comments and suggestions, please contact: psambidi@h-gac.com. Please share your thoughts with us, if you think you have some information that can be included in the Economic Digest, please do not hesitate to contact us.

Thank you.