

# *2008-2009*

# *Economic & Technology Forecast*

January 24, 2008

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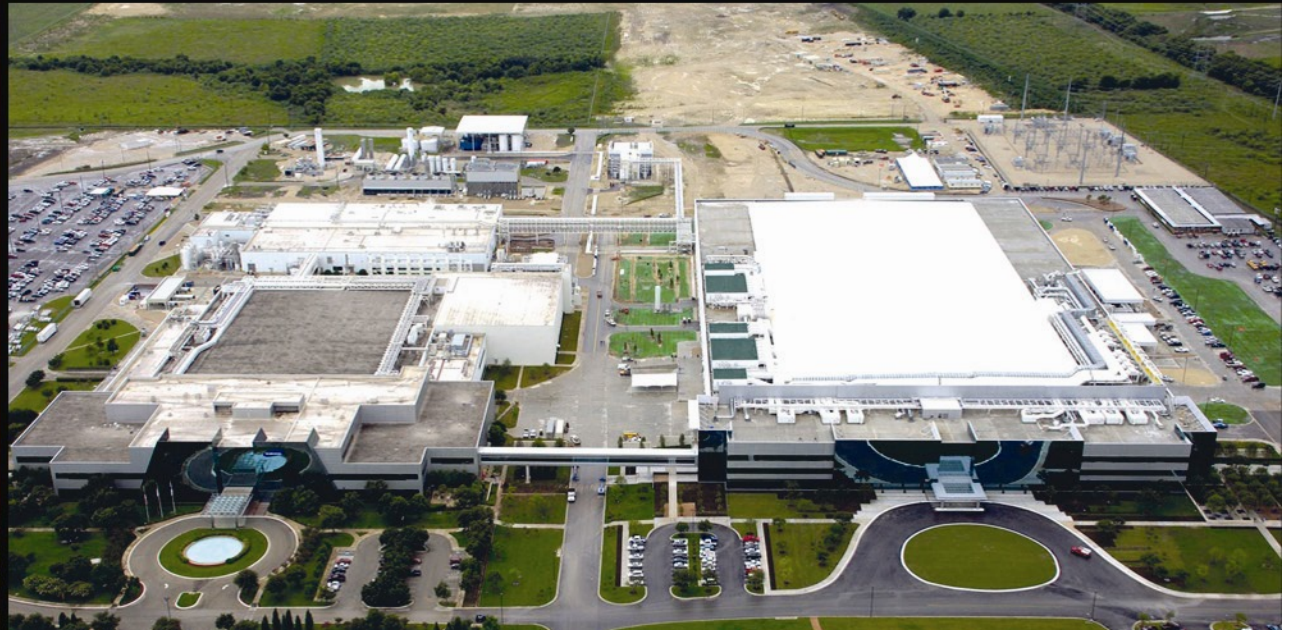


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# PROGRAM

## Historical Overview

The Economy in 2007

Forecast 2008-2009

Real Estate Outlook

Economic Development Trends

Austin in Five Years

# AUSTIN IN 1997



- “Austin: A thriving clone of the Valley”
- “Austin area flooded by... desirables”
- “In salaries, Austin lags behind”
- “Austin sees new airport as gate to development”
- “Austin will struggle to keep its identity intact”

# AUSTIN IN 2002



- “Investment in Austin companies down for 6th straight qtr”
- “Existing home sales and median house price toppled”
- “Serious crime ticks up in Austin”
- “Austin called a ‘great city of the arts’”
- “How will Austin reboot its economy?”

# AUSTIN IN 2007



- Austin Tops in Business Vitality, America's Favorite Cities
- "Construction plans hard-pressed to keep up with traffic"
- "Next big thing: a grander skyline"
- "2007: the year high-end retail discovered Austin"
- "Top city for Cleantech," "10 Greenest Cities in America"

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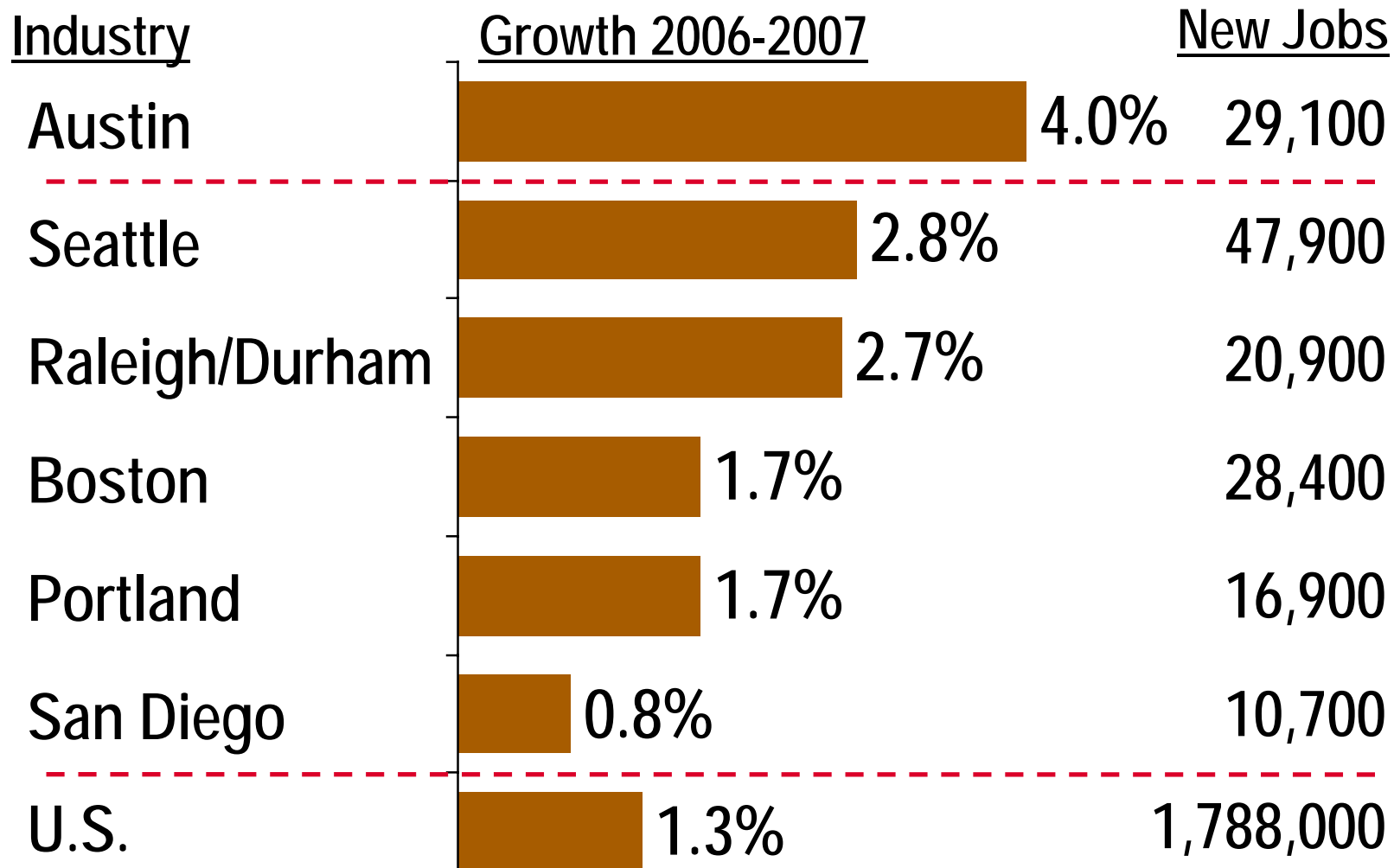
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# 2007 AT A GLANCE - US & TEXAS

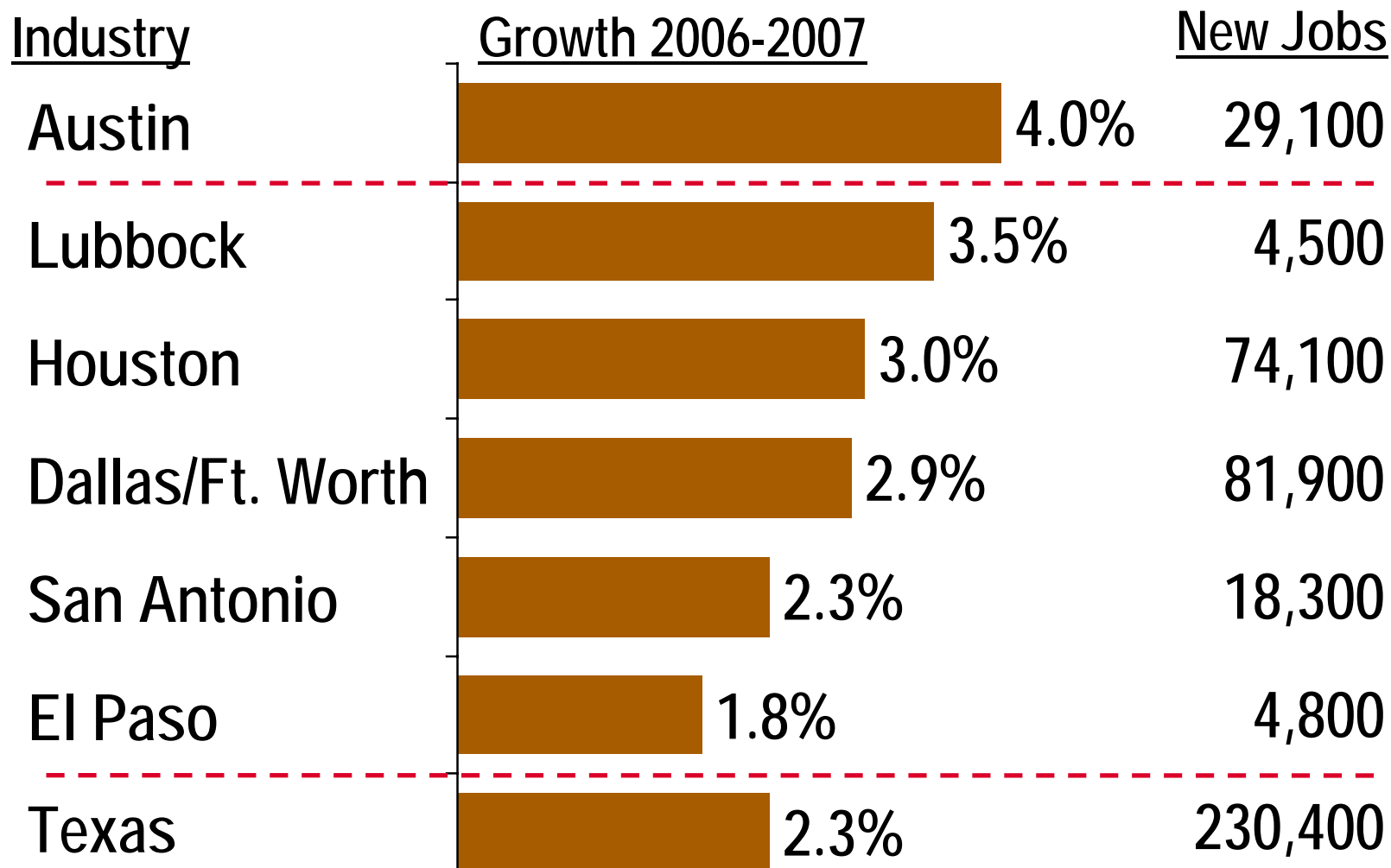
U.S.		Texas
137,930,000	Employment	10,267,000
1,788,000	New Jobs	230,400
1.3%	Annual Growth	2.3%
4.6%	Unemployment	4.3%
301,800,000	Population	24,000,000
2,860,000	New Population	497,000
\$4.53 trillion	Retail Sales	\$382 billion
\$29.4 billion	Venture Capital	\$1.41 billion
\$13.13 trillion	GDP	\$1.06 trillion

# JOB GROWTH - NATIONAL



Source: Bureau of Labor Statistics

# JOB GROWTH - TEXAS

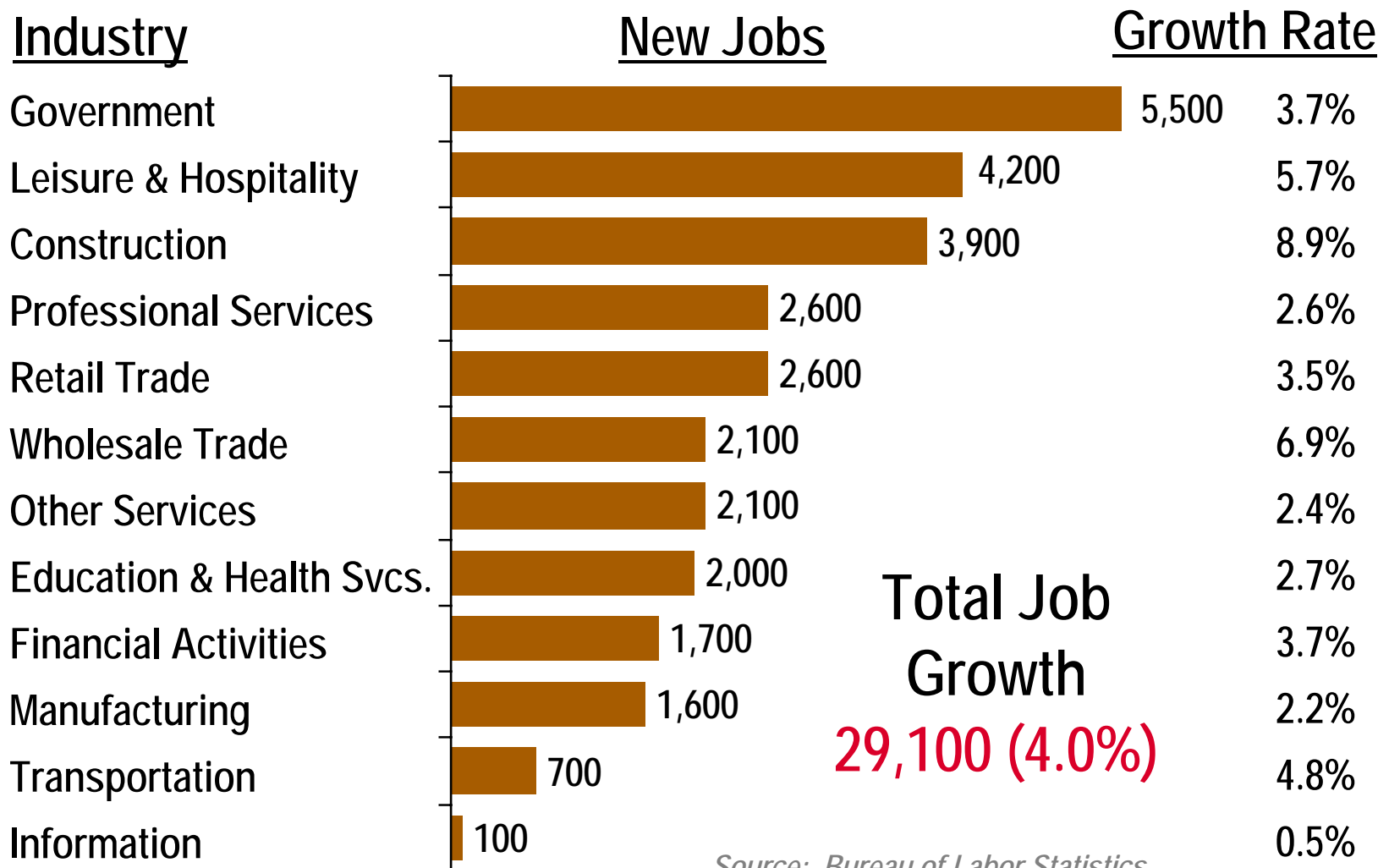


Source: Bureau of Labor Statistics

# 2007 AT A GLANCE - AUSTIN

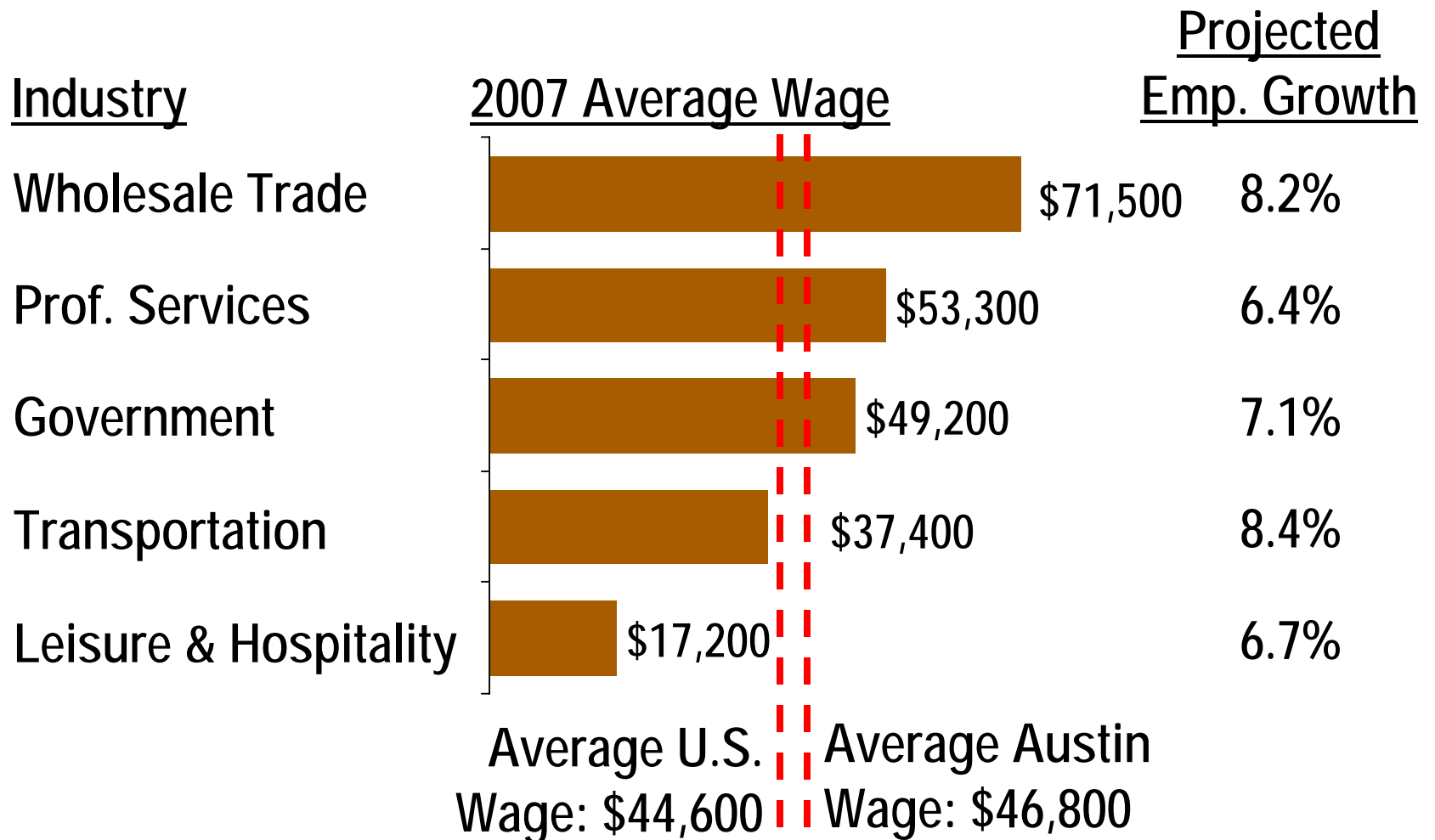
Employment	749,100
<b>New Jobs</b>	<b>29,100</b>
Annual Growth	4.0%
Unemployment	3.6%
Population	1,580,000 (42,000)
Housing Starts	12,000 (-31%)
Retail Sales	\$26.5 billion
Venture Capital	\$673 million
GDP	\$74.6 billion

# NEW JOBS BY INDUSTRY, 2007



Source: Bureau of Labor Statistics

# WAGES IN GROWTH INDUSTRIES



Source: Bureau of Labor Statistics

# VENTURE CAPITAL FUNDING

Sector	Companies	Deals	Investment(\$M)
Semiconductors	15	15	\$159.3
Software	22	22	\$139.3
Medical Devices/Equip	6	6	\$125.9
Industrial/Energy	3	3	\$101.0
Electronics/Instrument	4	4	\$67.9
Biotechnology	3	3	\$45.2
IT Services	3	4	\$31.7
Media & Entertainment	3	3	\$17.6
Other	13	13	\$40.8
<i>Total</i>	<i>72</i>	<i>73</i>	<i>\$673.1</i>

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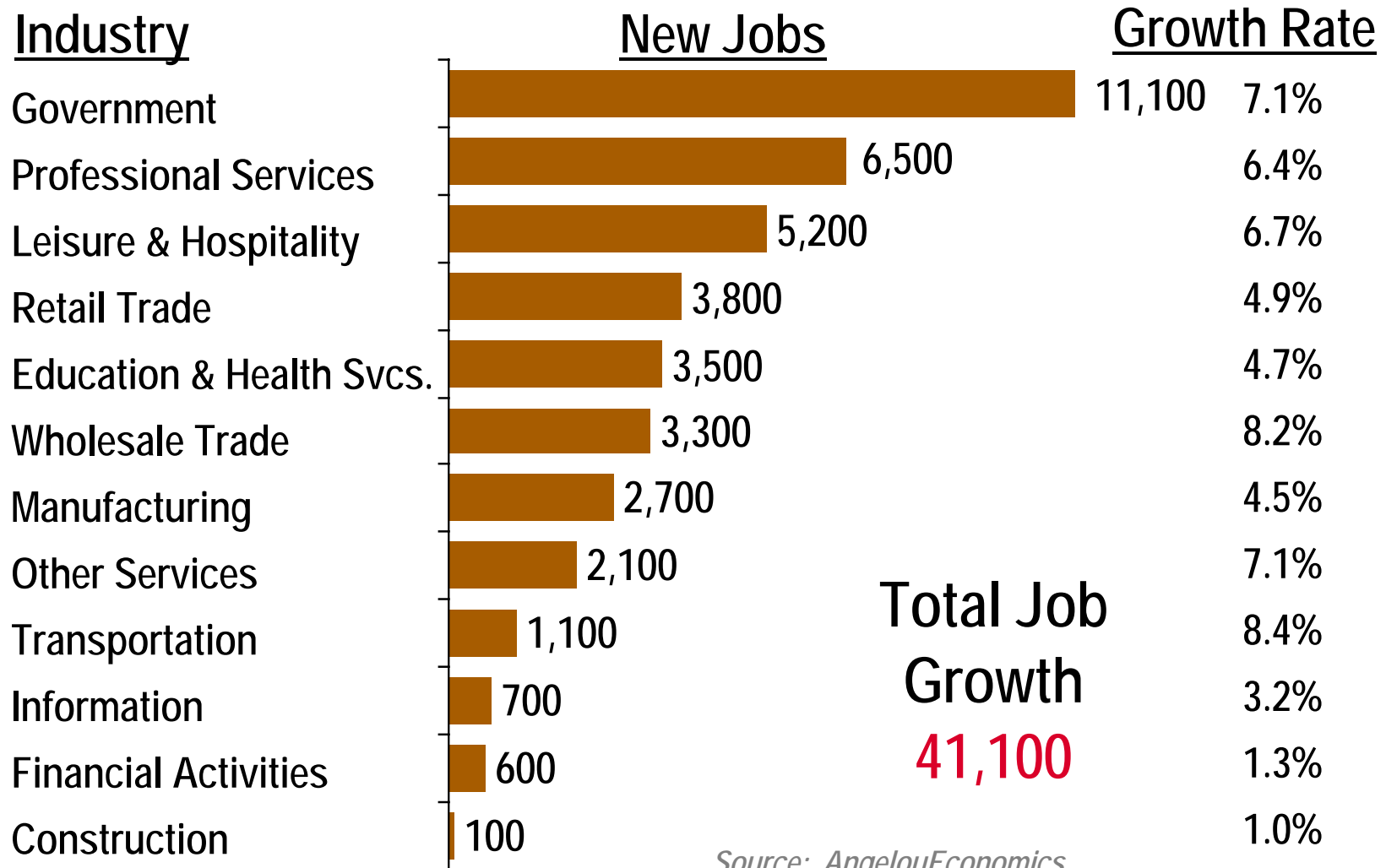
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# AUSTIN JOBS FORECAST, 2008-2009

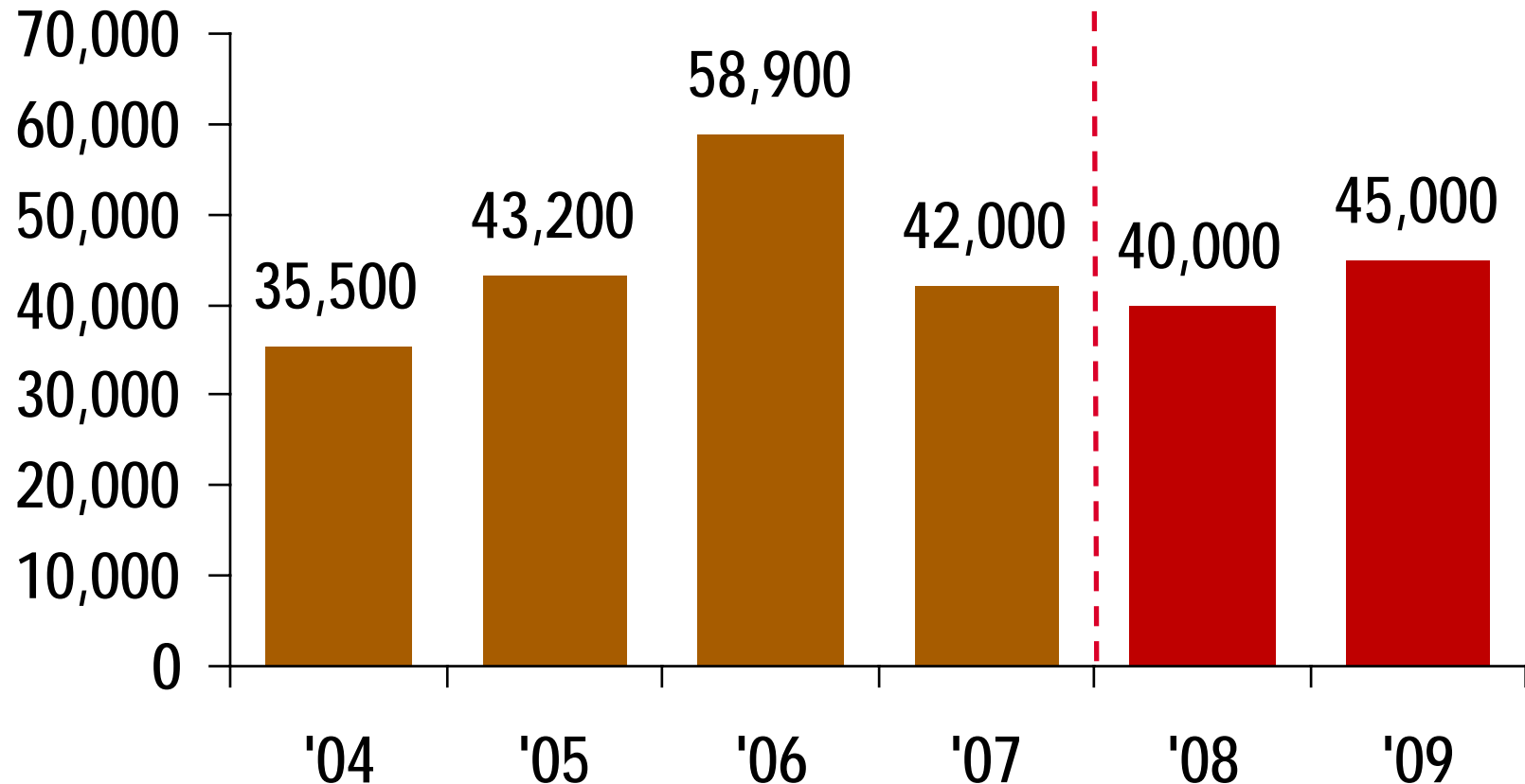


Source: AngelouEconomics

# POPULATION FORECAST

FORECAST 2008-2009

## Net New People



Source: AngelouEconomics, U.S. Census Bureau

 **AngelouEconomics**  
technology-based economic development

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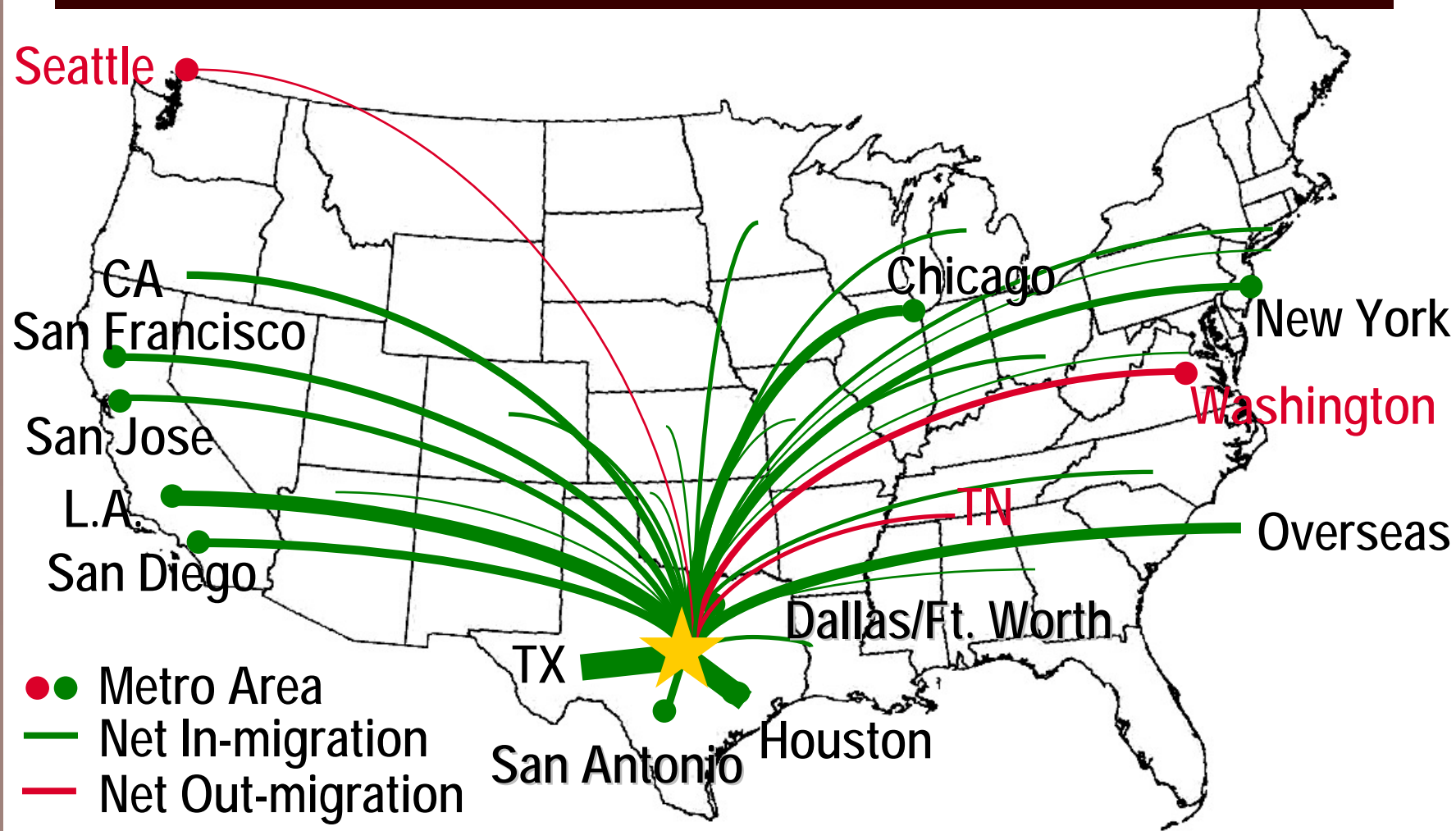


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THE 2008-2009.  
**Economic & Technology**  
FORECAST

# AUSTIN MSA MIGRATION PATTERNS

FORECAST 2008-2009



Source: IRS

# THE PEOPLE OF AUSTIN

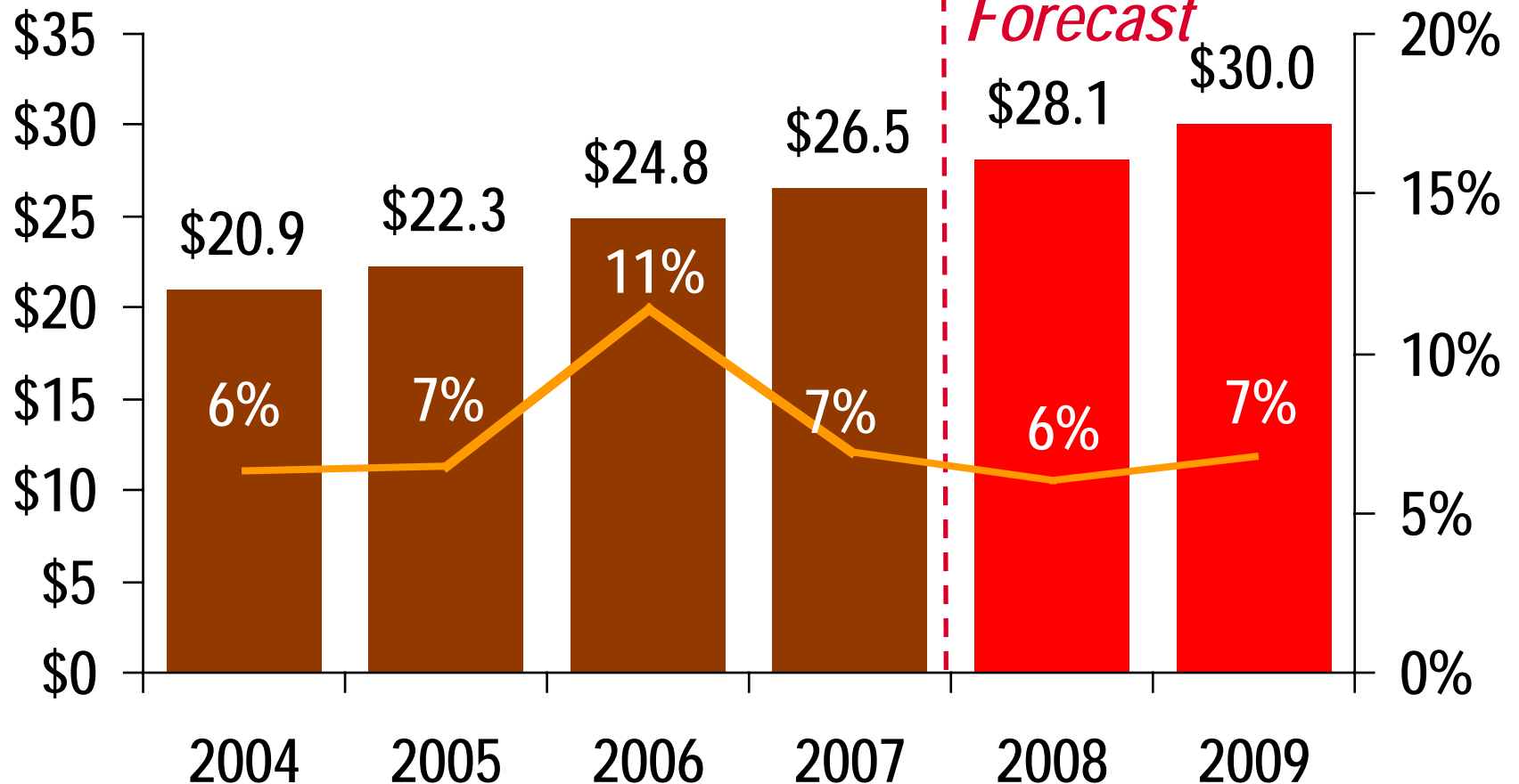


- **Diverse, well-educated, and new to town**
  - Top 10 nationally for singles, retirees, Hispanics...
- **Tech-savvy**
  - The highest percentage of DVR users in U.S. (31%)
  - Top market for reading and contributing to blogs
- **Environmentally conscious**
  - No. 2 nationally for fitness and walking
  - Top-ranked green energy program in the U.S.

# AUSTIN METRO RETAIL SALES

Billions

Growth Rate



FORECAST 2008-2009

Sources: AngelouEconomics, Office of Texas Comptroller

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# TECH INDUSTRY GROWTH

<u>Industry</u>	<u>2007</u>	<u>'07-'08</u> <u>Growth</u>	<u>'08-'09</u> <u>Growth</u>
Software	\$213 Billion Revenue	8%	8%
Semiconductor	\$265 Billion Chip Sales	5%	6%
PCs	269 Million Shipments	13%	11%
IT	\$1.5 Trillion in Spending	7%	6%

- Steady growth, with shift from desktop to laptop/mobile computing
- Majority of growth from developing world

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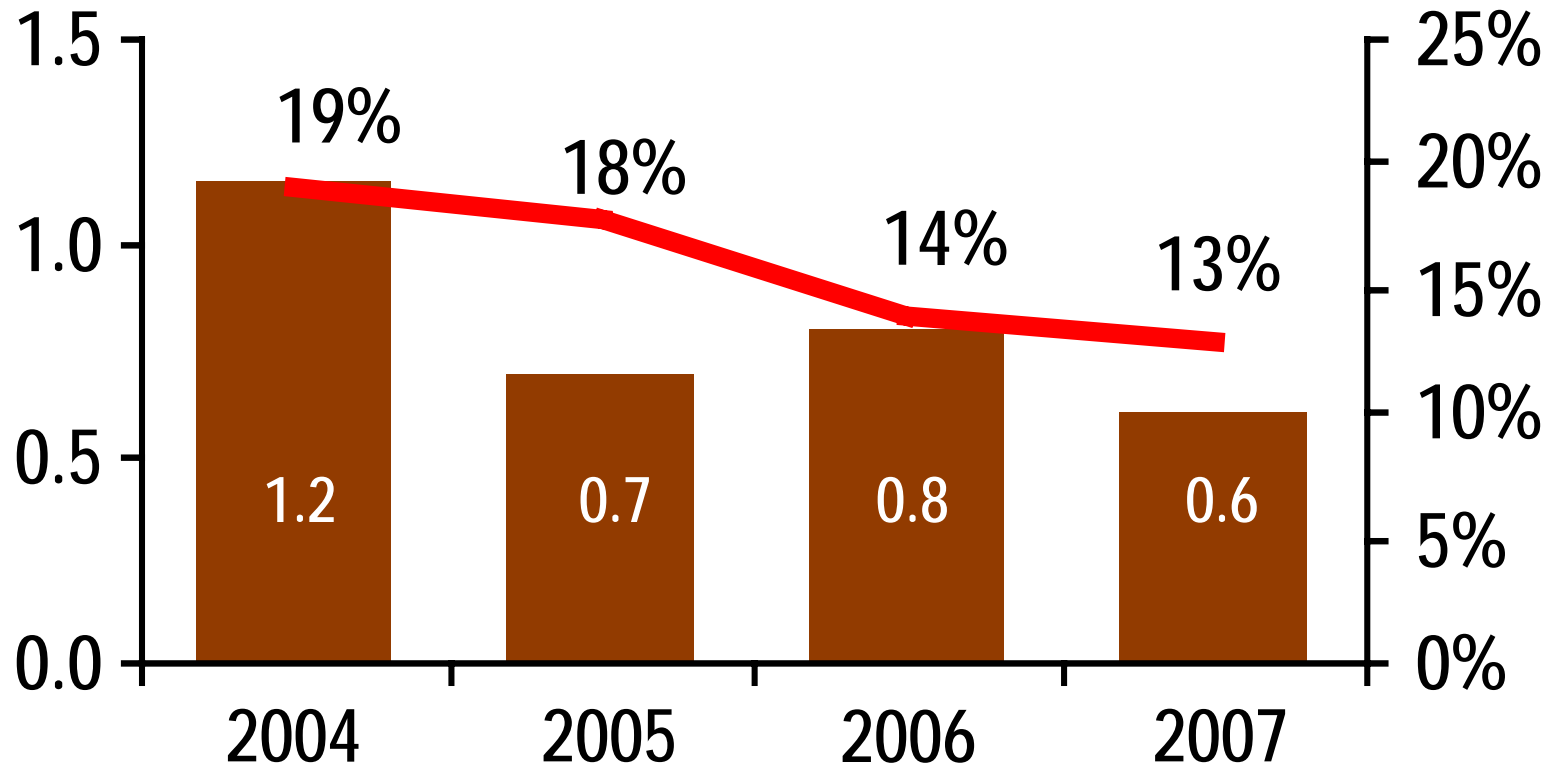
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# AUSTIN METRO OFFICE MARKET

Absorption  
(Millions of SF)

Vacancy Rate



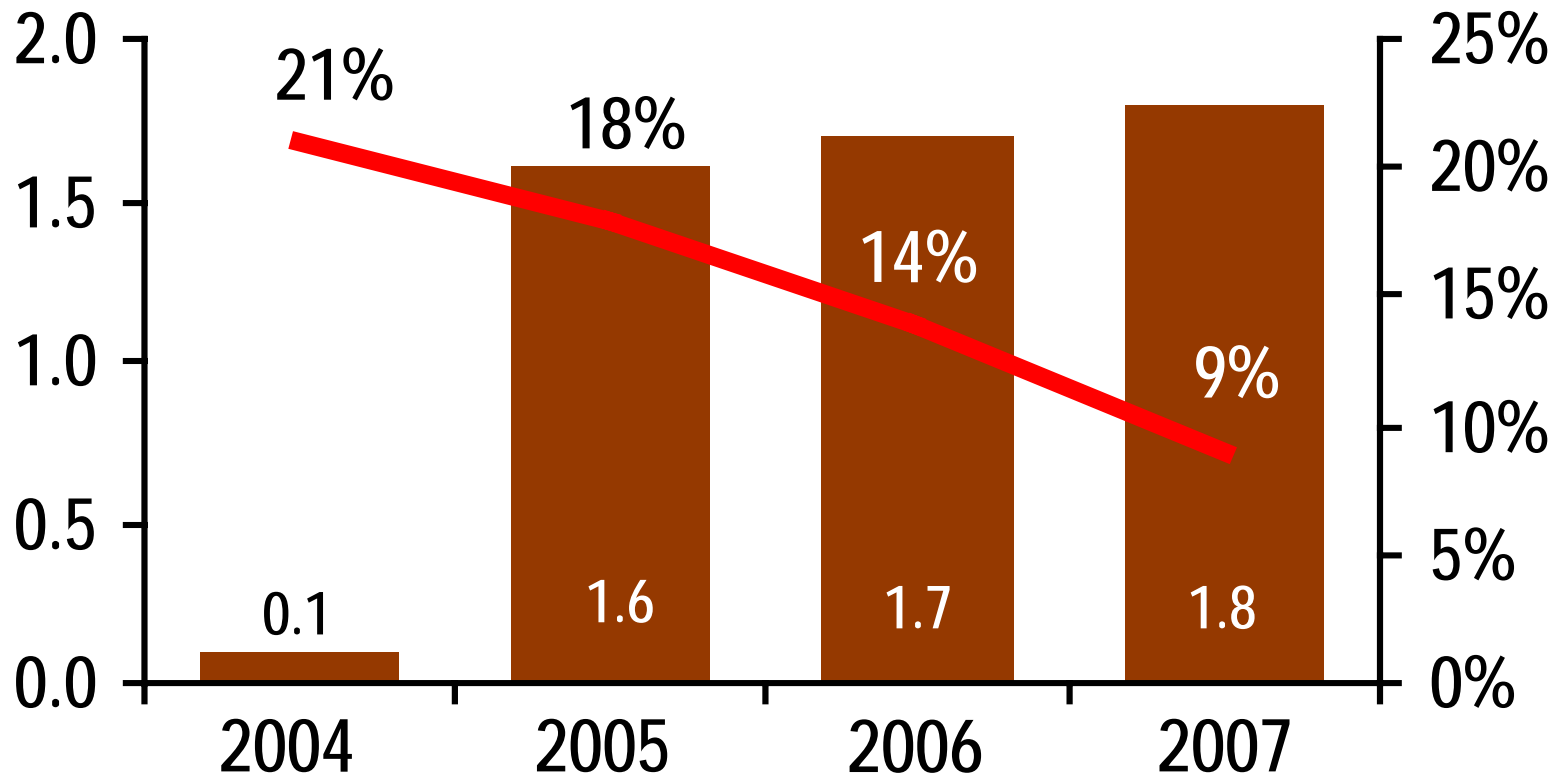
Source: AngelouEconomics, Colliers Oxford, NAI/CIP, Grubb & Ellis

# AUSTIN METRO INDUSTRIAL MARKET

Absorption

(Millions of SF)

Vacancy Rate

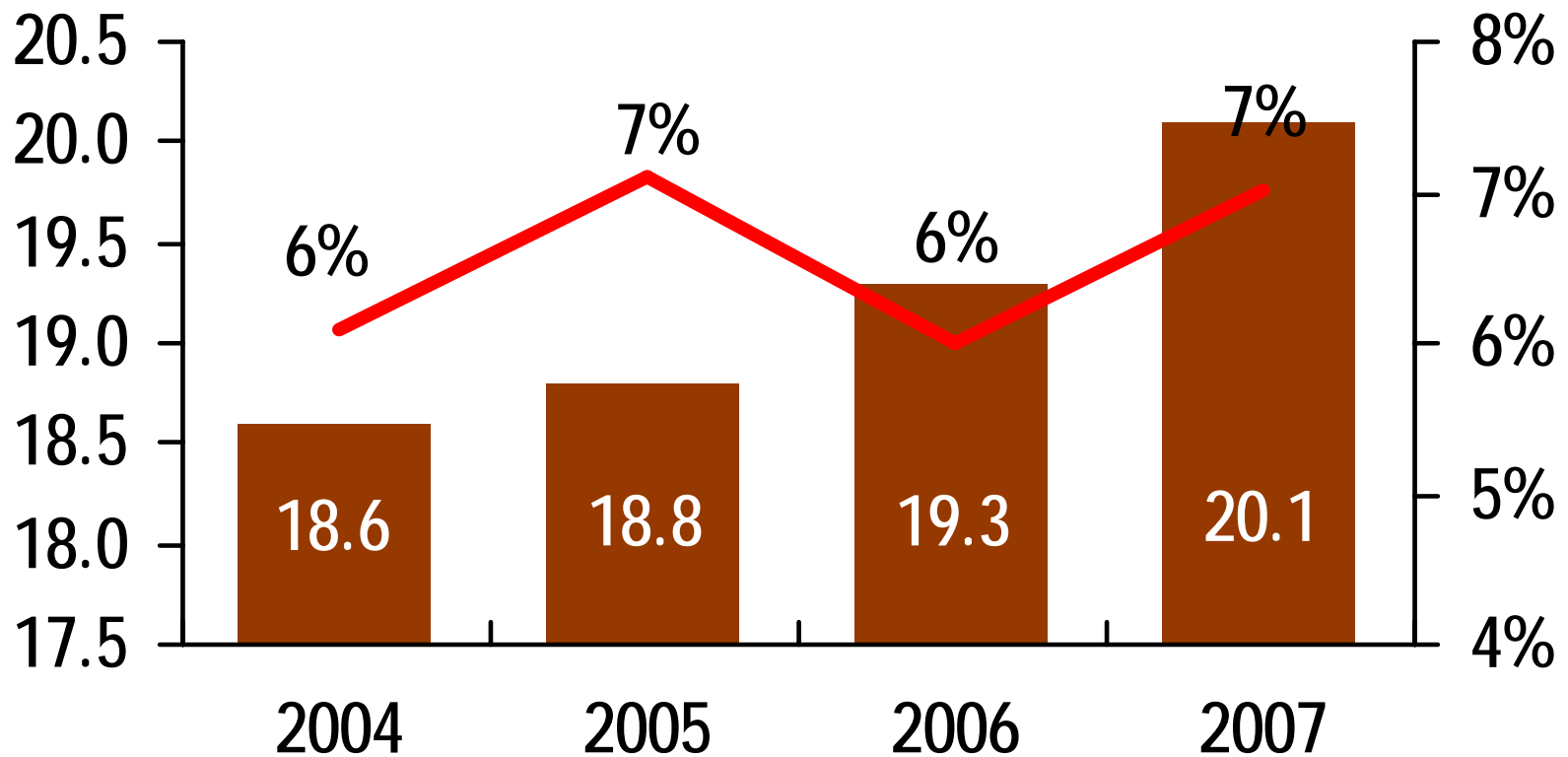


Source: AngelouEconomics, Colliers Oxford, NAI Austin, Grubb & Ellis

# AUSTIN METRO RETAIL MARKET

Total Market  
(Millions of SF)

Vacancy Rate



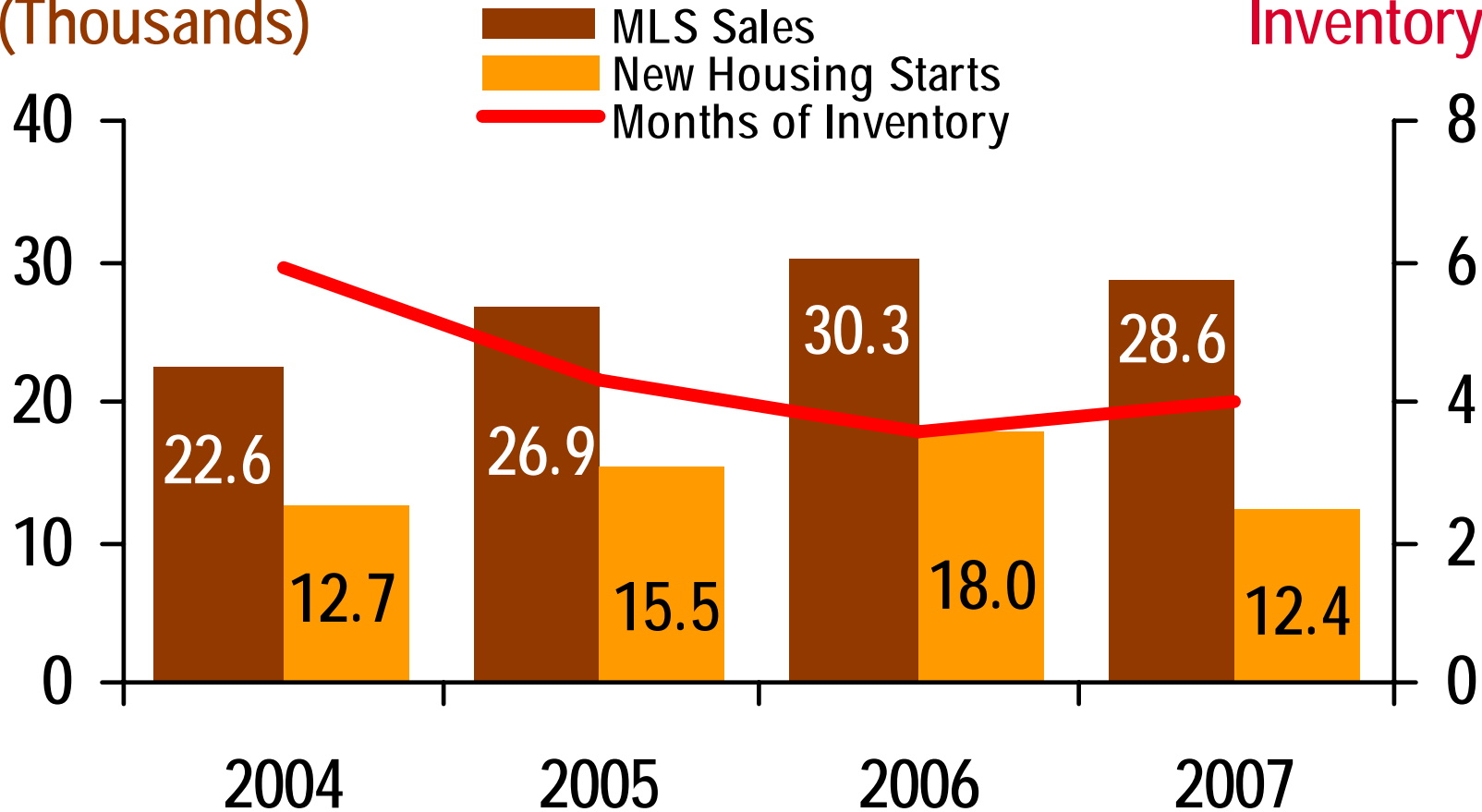
Source: AngelouEconomics, Colliers Oxford, NAI/CIP, Grubb & Ellis

# AUSTIN METRO HOUSING MARKET

Homes

(Thousands)

Months of Inventory

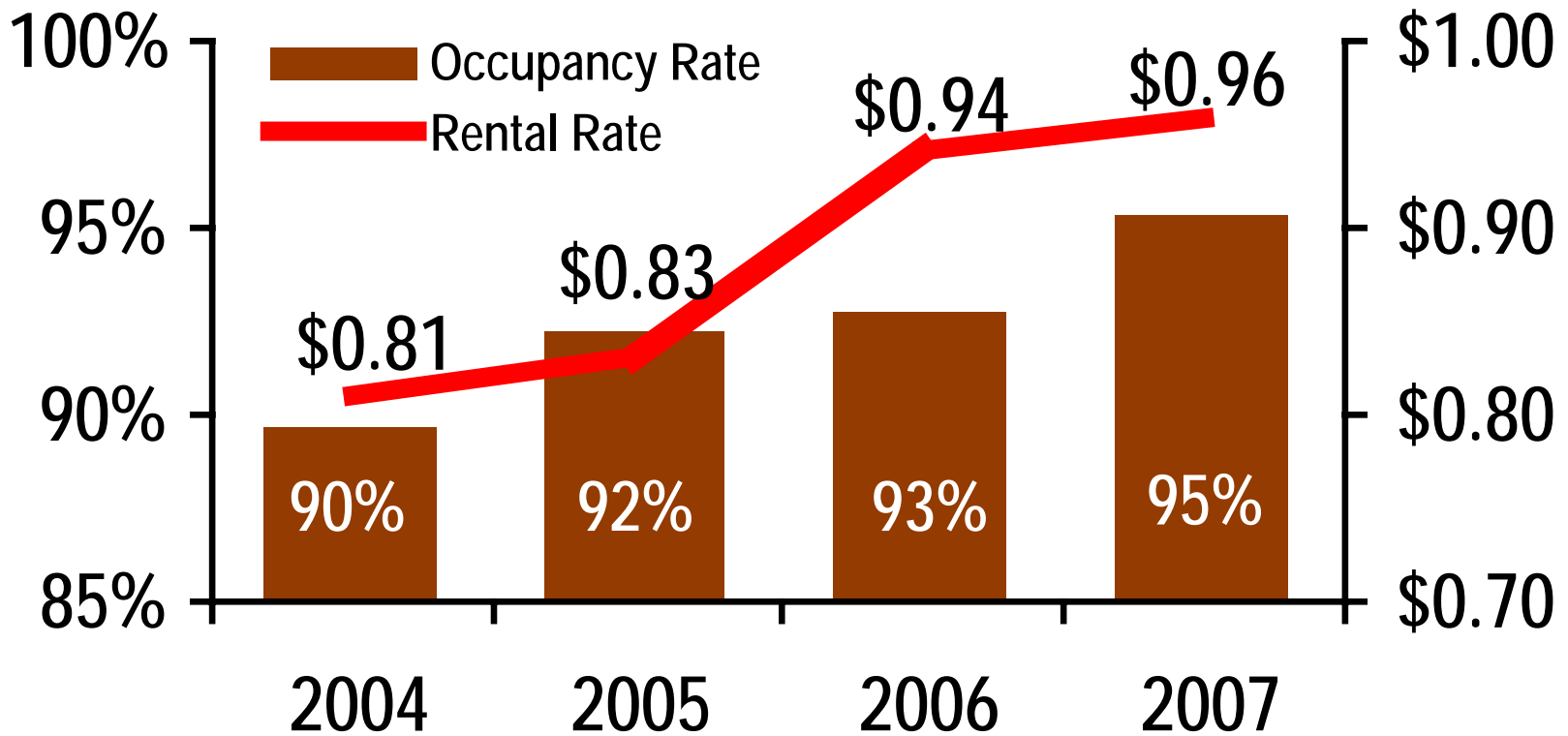


Source: Texas A&M Real Estate Center, Residential Strategies, Inc.

# AUSTIN METRO APARTMENT MARKET

Occupancy Rate

Rental Rate Per SF



Source: Austin Investor Interests, O'Connor & Associates

# REAL ESTATE FORECAST

2008-2009

<u>Market</u>	<u>Expected Absorption</u>
Office	1.6 million sq. ft.
Industrial	2.3 million sq. ft.
Retail	1.4 million sq. ft.
Single Family	25,000 units
Multi-Family	10,500 units

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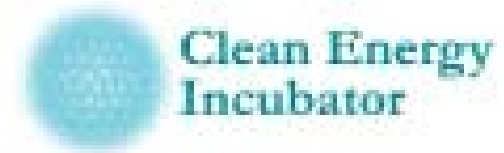
## Austin in Five Years

# ECONOMIC DEVELOPMENT OPPORTUNITIES

- Clean Energy
- IT & Software / Creative Media
- Diagnostics & Medical Devices
  - Data Centers
- Export-oriented Manufacturing
- Warehousing & Distribution

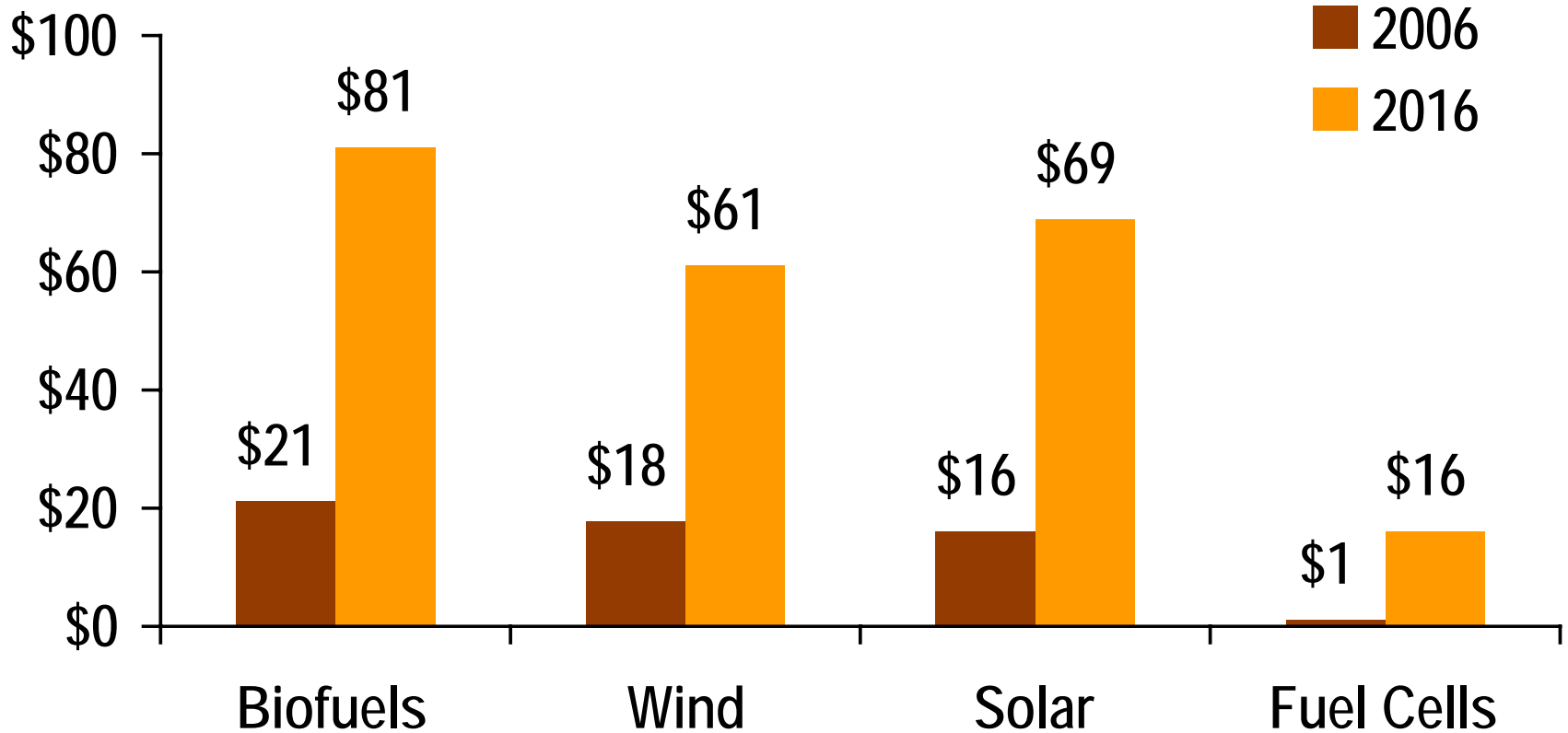
# CLEAN ENERGY

- Why target:
  - Average wage \$82,000
- Market drivers:
  - Oil: \$100/barrel
  - Upcoming climate change policies, state renewable portfolio standards
- Austin's Advantage:
  - Clean Energy Incubator, Austin VC Networks
  - Austin Energy willing to test ideas, innovate
  - Proactive public policy (City of Austin, Austin WorkSource)



# CLEAN ENERGY MARKET

## U.S. Market (Billions)



Source: CleanEdge

# SOFTWARE & CREATIVE MEDIA

- **Why Target:**
  - Average wage is \$95,000
- **Market Drivers:**
  - Geospatial technologies (Google Maps)
  - Gaming (video games, gambling)
  - Mobile devices (iPhone, smart phones)
  - Continued value in content, social networking, convergence
- **Austin's Advantage:**
  - Recognition as national technology hub
  - Creative sector continues to blur these technologies
  - South by Southwest, Austin Game Developers Conference





# DATA CENTERS

- **Why Target?**
  - Average wage is \$74,000
  - High capital investments
- **Market Drivers:**
  - Consolidation, M&A
  - Small/medium businesses
  - Sarbanes/Oxley, HIPAA
  - Increasing move to network storage
  - Website usage, search engines, ecommerce
- **Austin's Advantage:**
  - Technology-centric region with skilled labor



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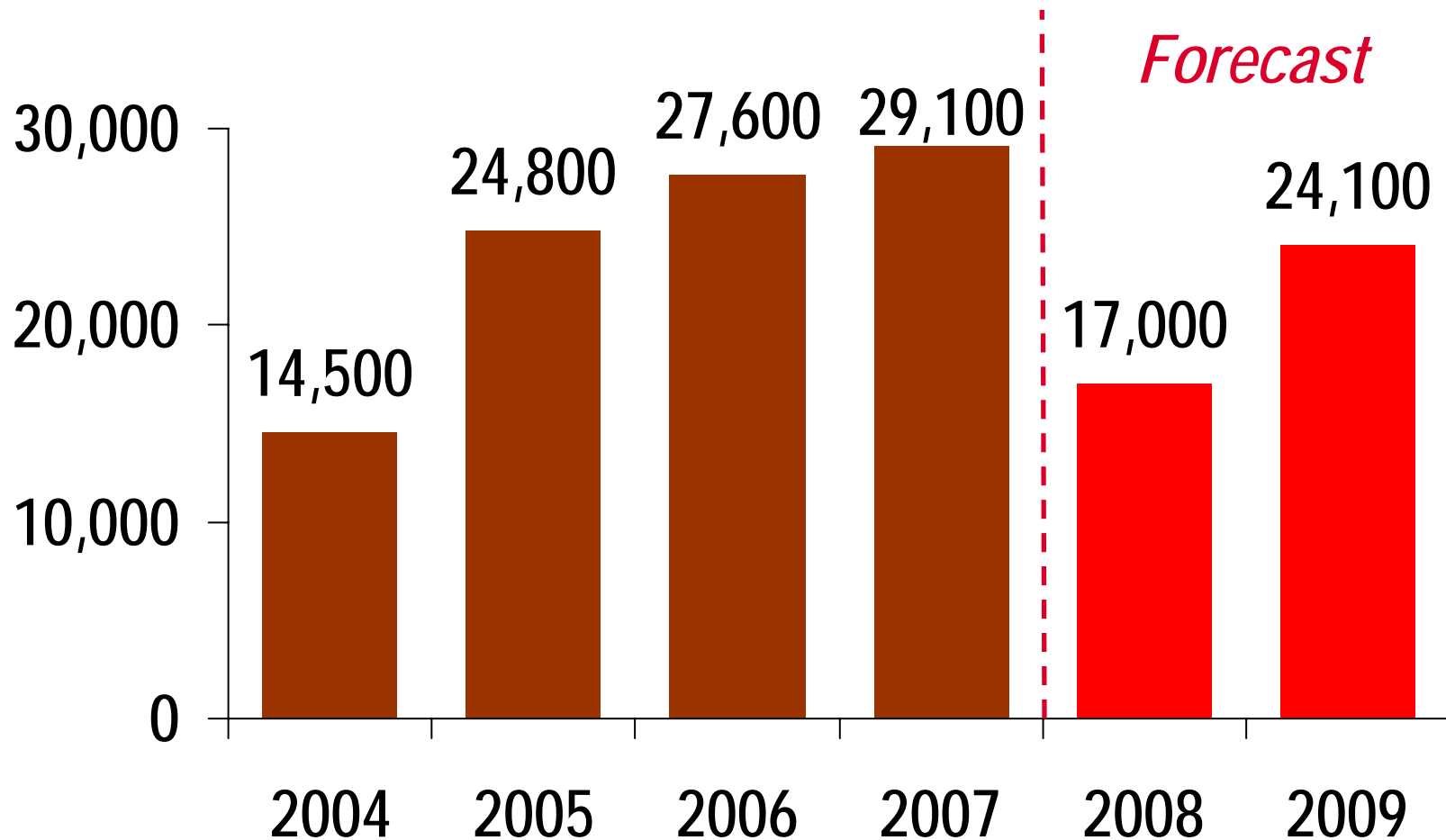
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# JOB GROWTH FORECAST, 2008-2009

AUSTIN IN FIVE YEARS



# AUSTIN IN 2012



- “Villa Muse brings significant creative capital to Austin”
- “Celebration underway for 25th Annual SXSW”
- “Construction begins on streetcar, regional rail”
- “CBD population triples from 2000”, Metro population at 1.8 M
- “Austin clean energy, technology companies power the world”



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