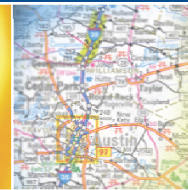
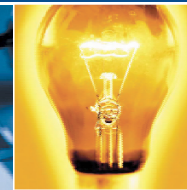




 **AngelouEconomics**  
technology-based economic development



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# *2006-2007 Economic & Technology Forecast*

Sponsored by:

 **HENSEL PHELPS  
CONSTRUCTION CO.**

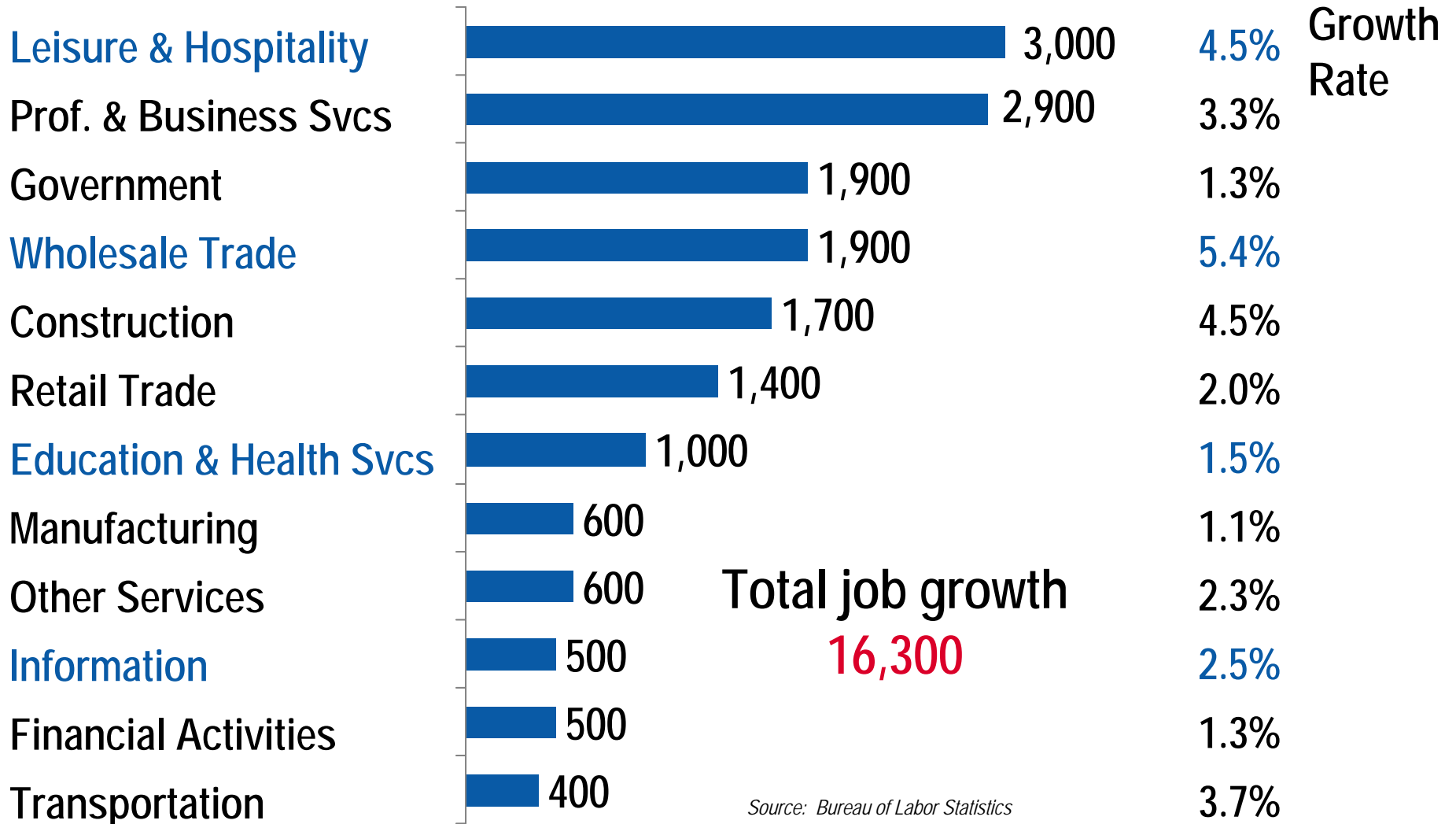
**Brown | McCarroll**  
L.L.P.

January 26, 2006

# PROGRAM

1. The Economy in 2005
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# NEW JOBS BY INDUSTRY, 2005



Source: Bureau of Labor Statistics

# AUSTIN AT A GLANCE, 2005

Employment	682,500
New Jobs	16,300 (+2.4%)
New Homes	15,500
Unemployment Rate	4.5% (Nov. 4.2%)
Population	1,453,000 (+41,000)
Retail Sales	\$21.9B (\$1 B change)
VC Funding	\$449 M*

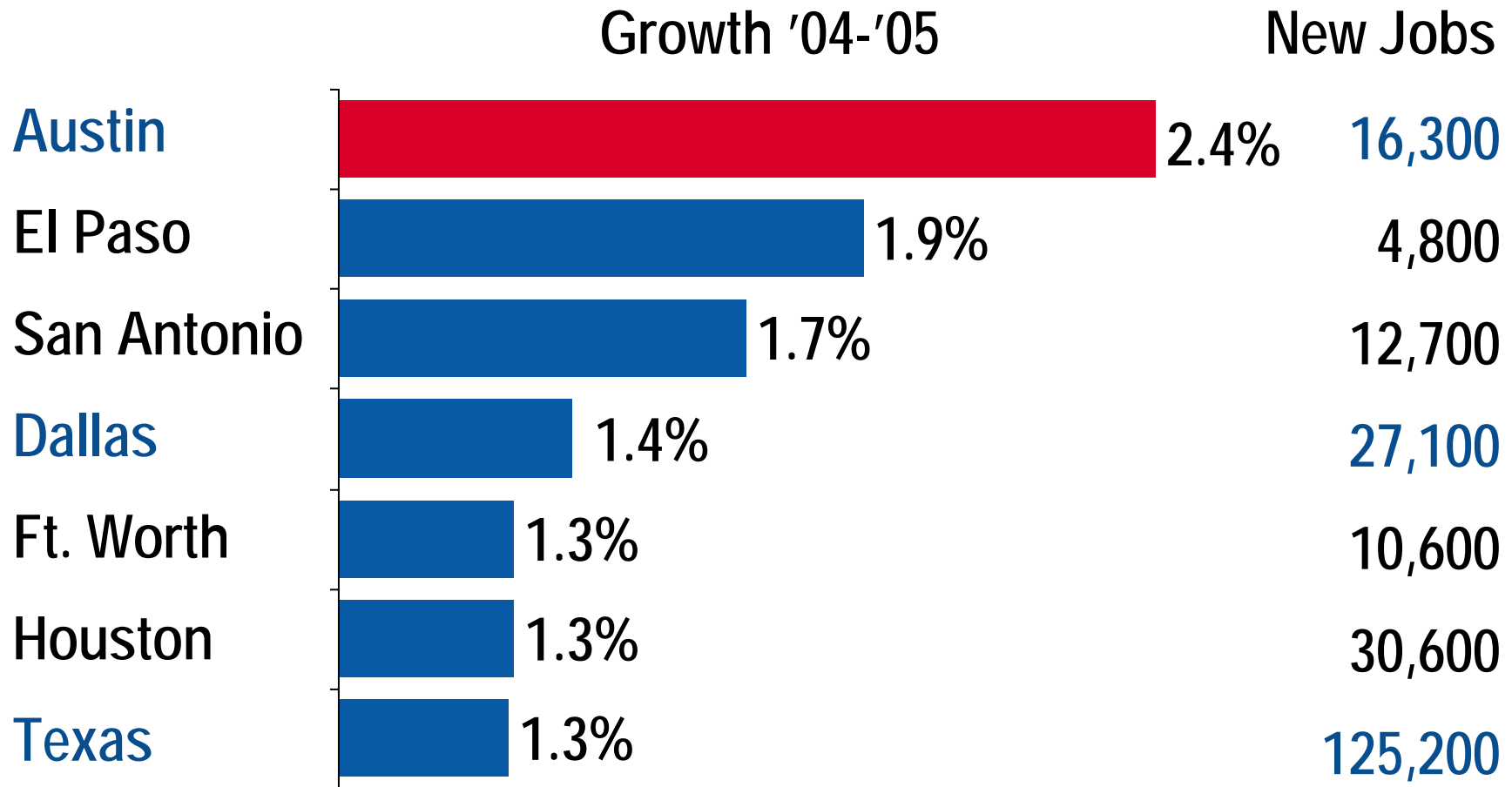
\*12 months to Q3 '05

# MERGERS & ACQUISITIONS

<u>Company</u>	<u>Buyer</u>	<u>Value</u>
TippingPoint Tech.	3Com	\$ 430
Clinical Pathology Labs.	Sonic Healthcare	\$ 300
Ambion	Applera	\$ 273
WholeSecurity	Symantec	\$ 70
NetBotz	American Power	\$ 31
ClearCommerce	Conv.	\$ 19
<i>Plus 5 Non-Disclosed Deals</i>	eFunds	

Source: Austin American Statesman

# JOB GROWTH COMPARISON

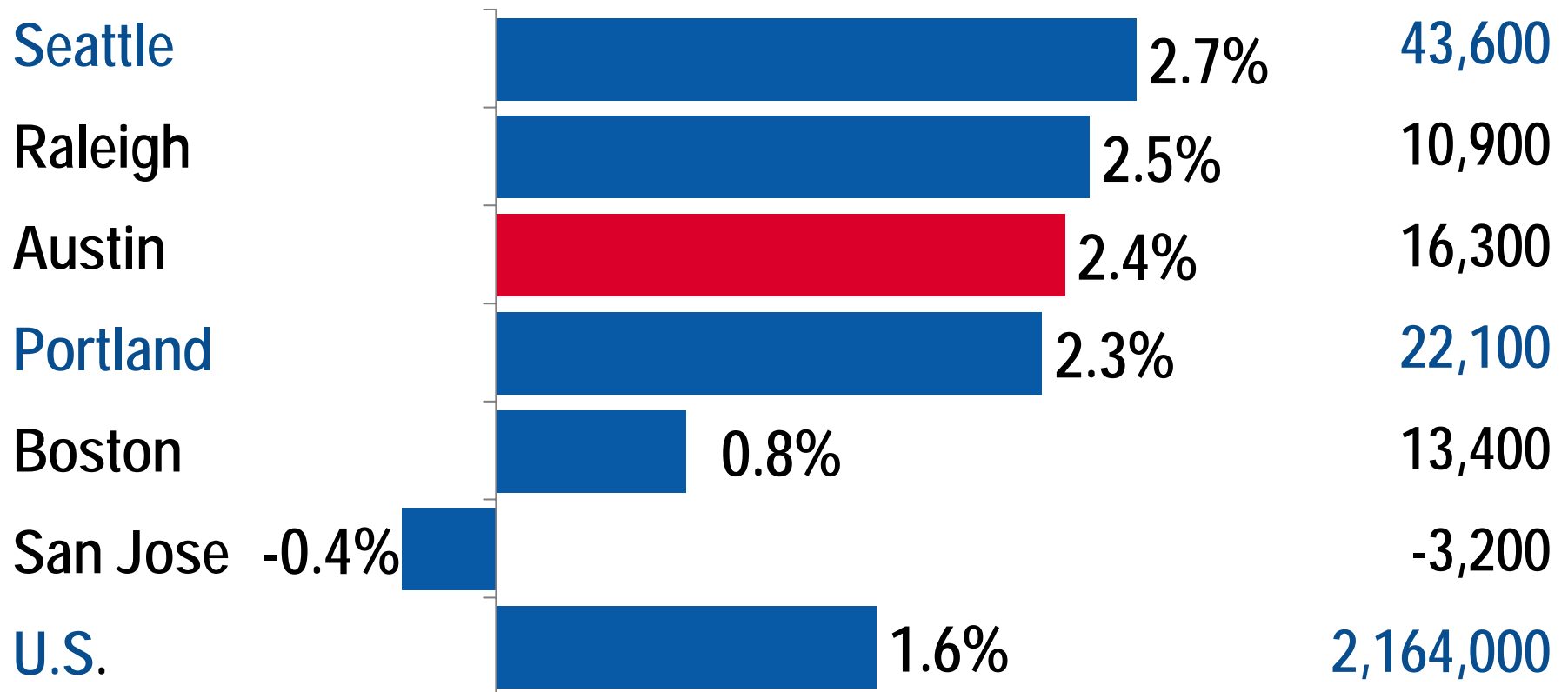


Source: Bureau of Labor Statistics

# JOB GROWTH , 2004-2005

## Major Metros

## Net New Jobs



Source: Bureau of Labor Statistics

# Average Wage Growth, 2001-05

## Metro Area

**Austin**

**0.5%**

**Boston**

**7.5%**

**Boulder**

**6.5%**

**Colorado Springs**

**4.3%**

**Dallas-Fort Worth-Arlington**

**7.9%**

**Raleigh**

**7.0%**

**San Jose**

**3.6%**

**Seattle**

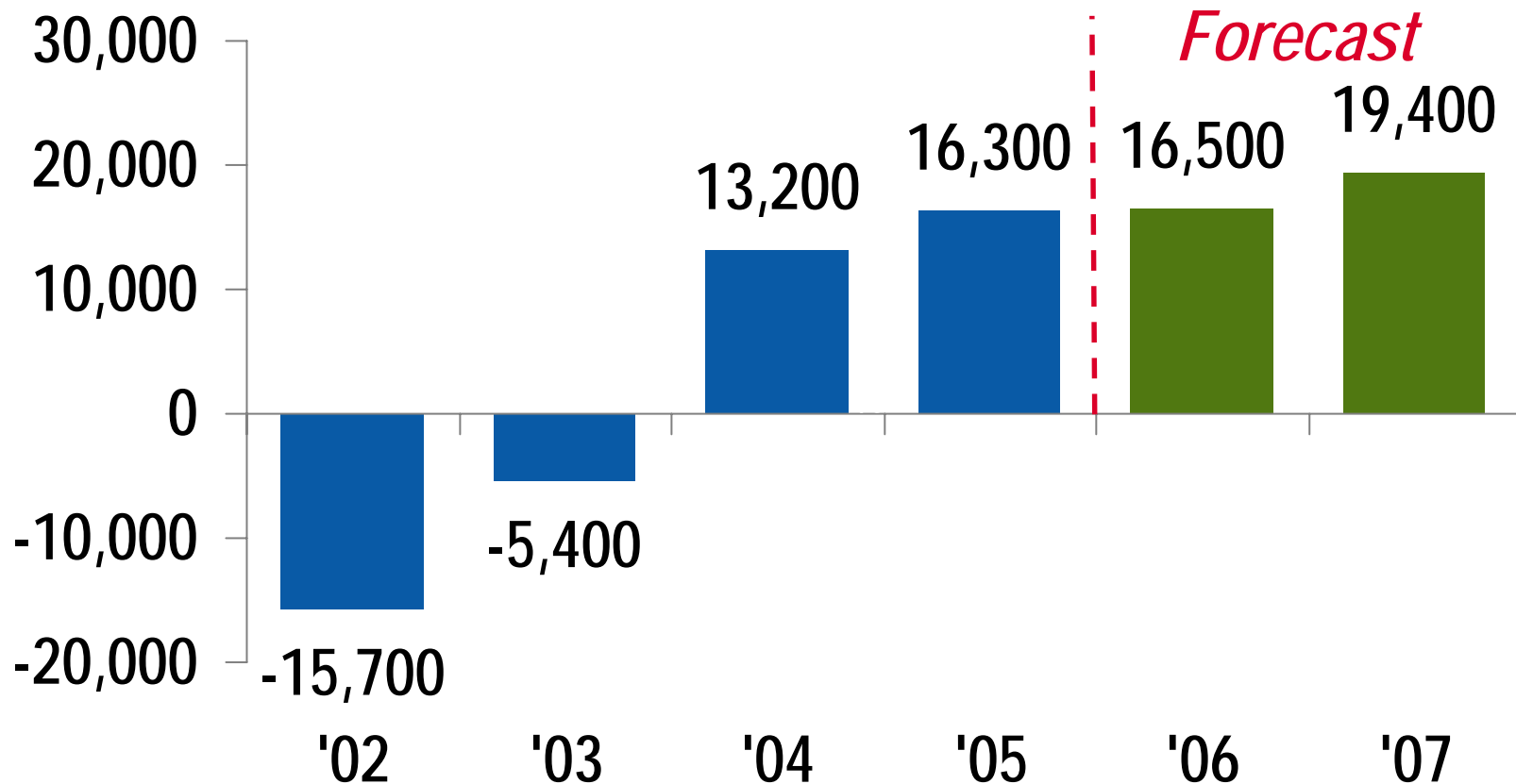
**2.0%**

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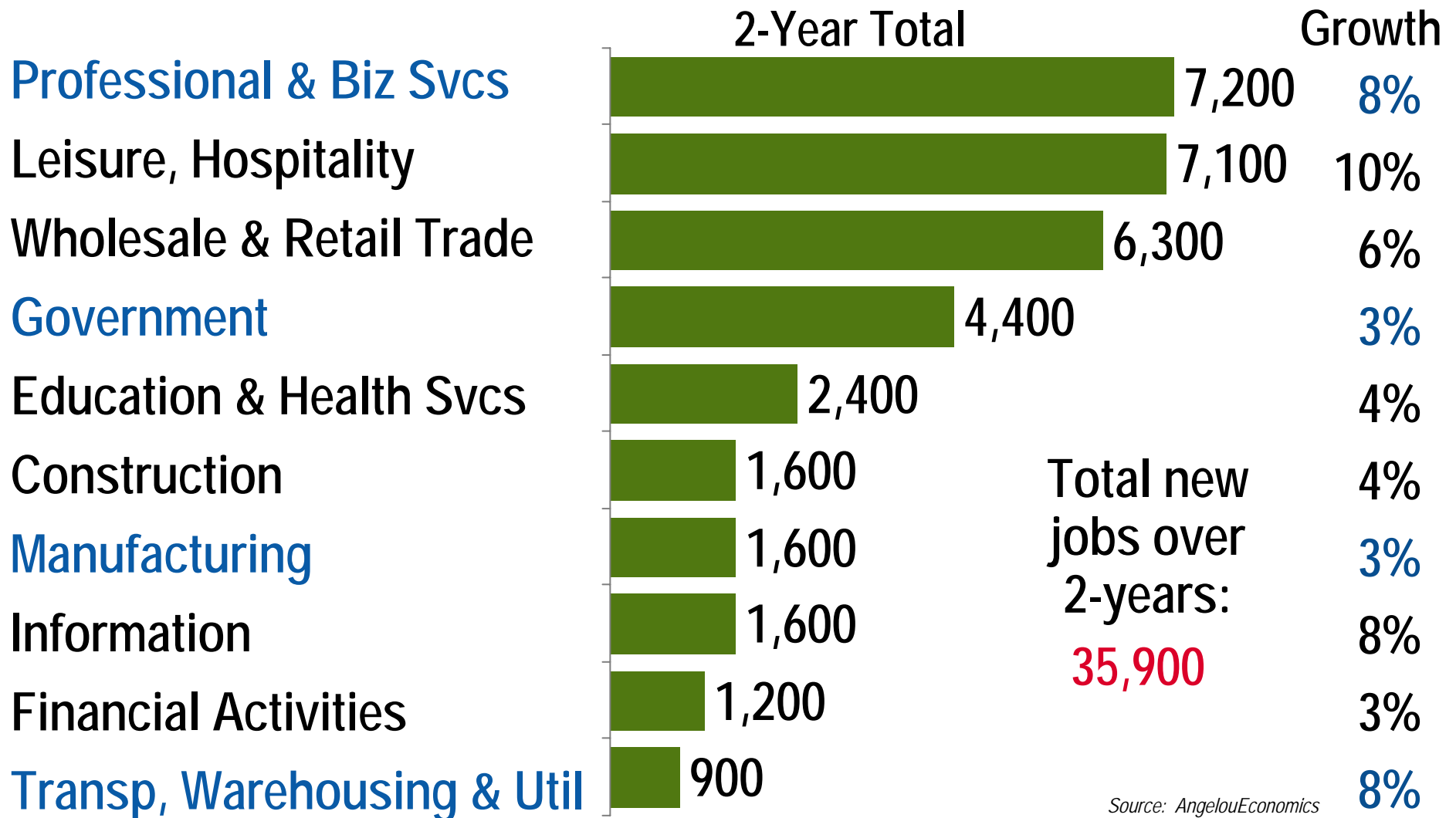
# JOB CREATION FORECAST

## Net New Jobs



Source: AngelouEconomics; Texas Workforce Commission

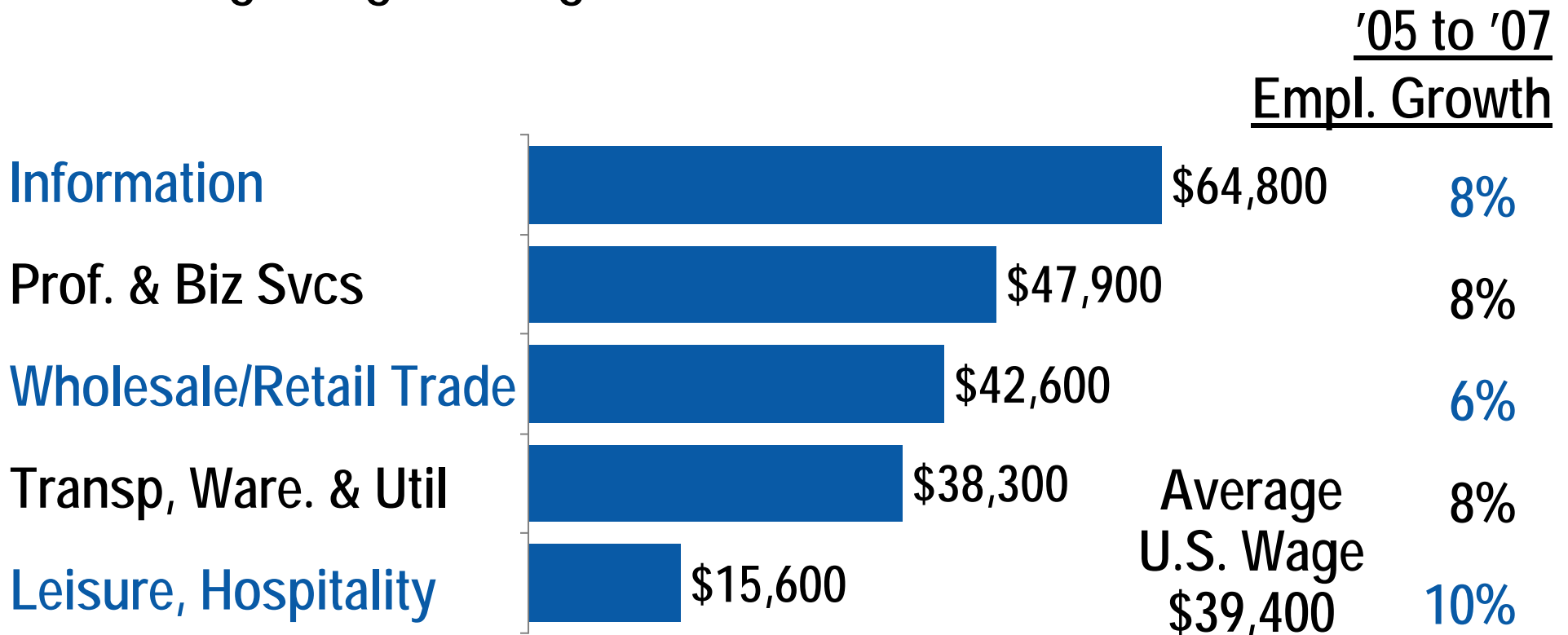
# NEW JOBS BY INDUSTRY, 2006-7



Source: AngelouEconomics

# AVERAGE WAGES

## Average Wages in High Growth Industries 2004



Source: Bureau of Labor Statistics

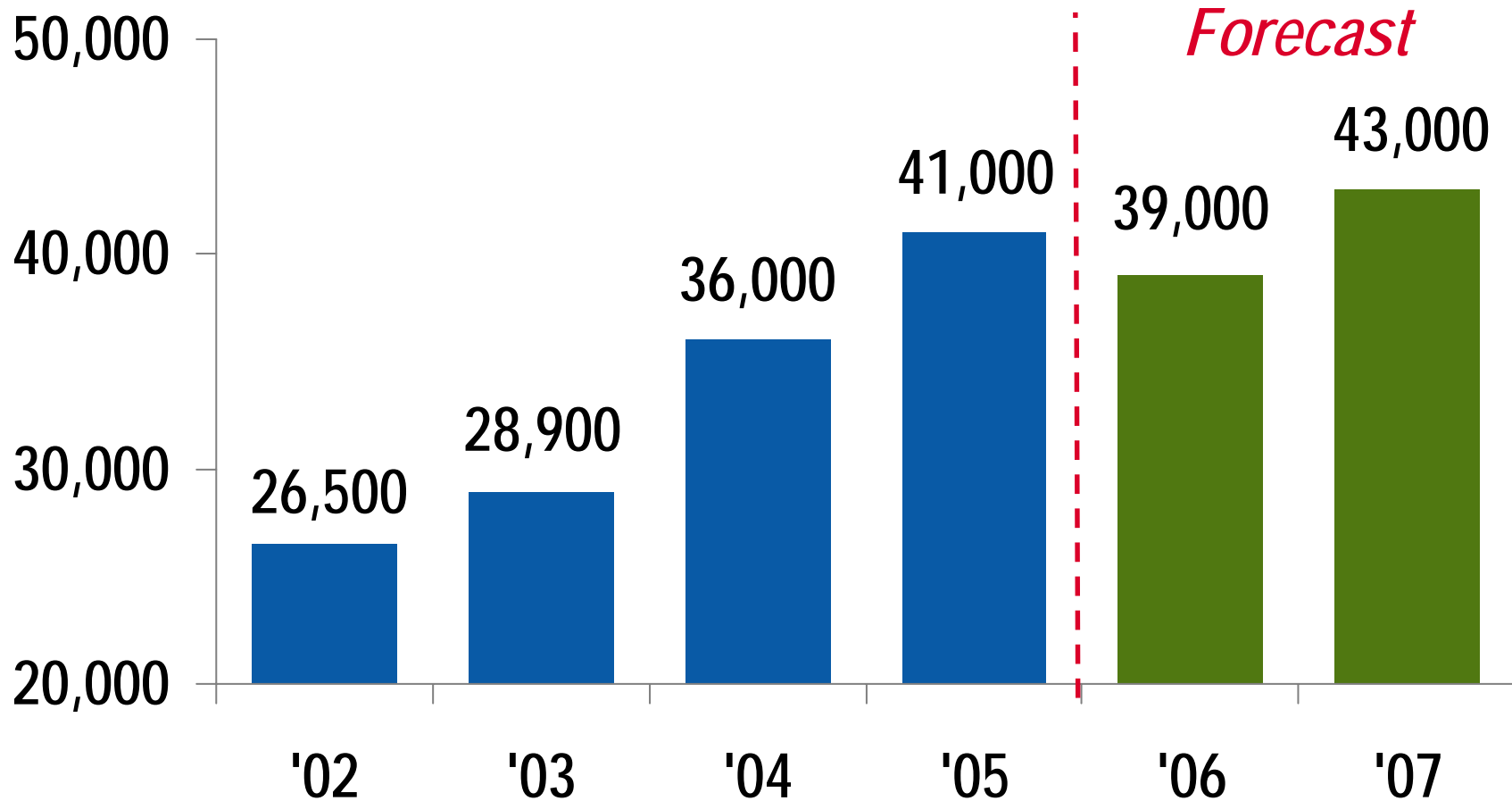
# INDUSTRY GROWTH

<u>Industry</u>	<u>2005</u>	<u>'05-'06 Growth</u>	<u>'06-'07 Growth</u>
Software	\$185 Billion Revenue	6%	7%
Semiconductor	\$227 Billion Chip Sales	8%	11%
PCs	203 Million Shipments	9%	9%
IT	\$2.6 Trillion in Spending	5%	6%

Source: Semiconductor Industry Association; Software & Information Industry Association; Gartner

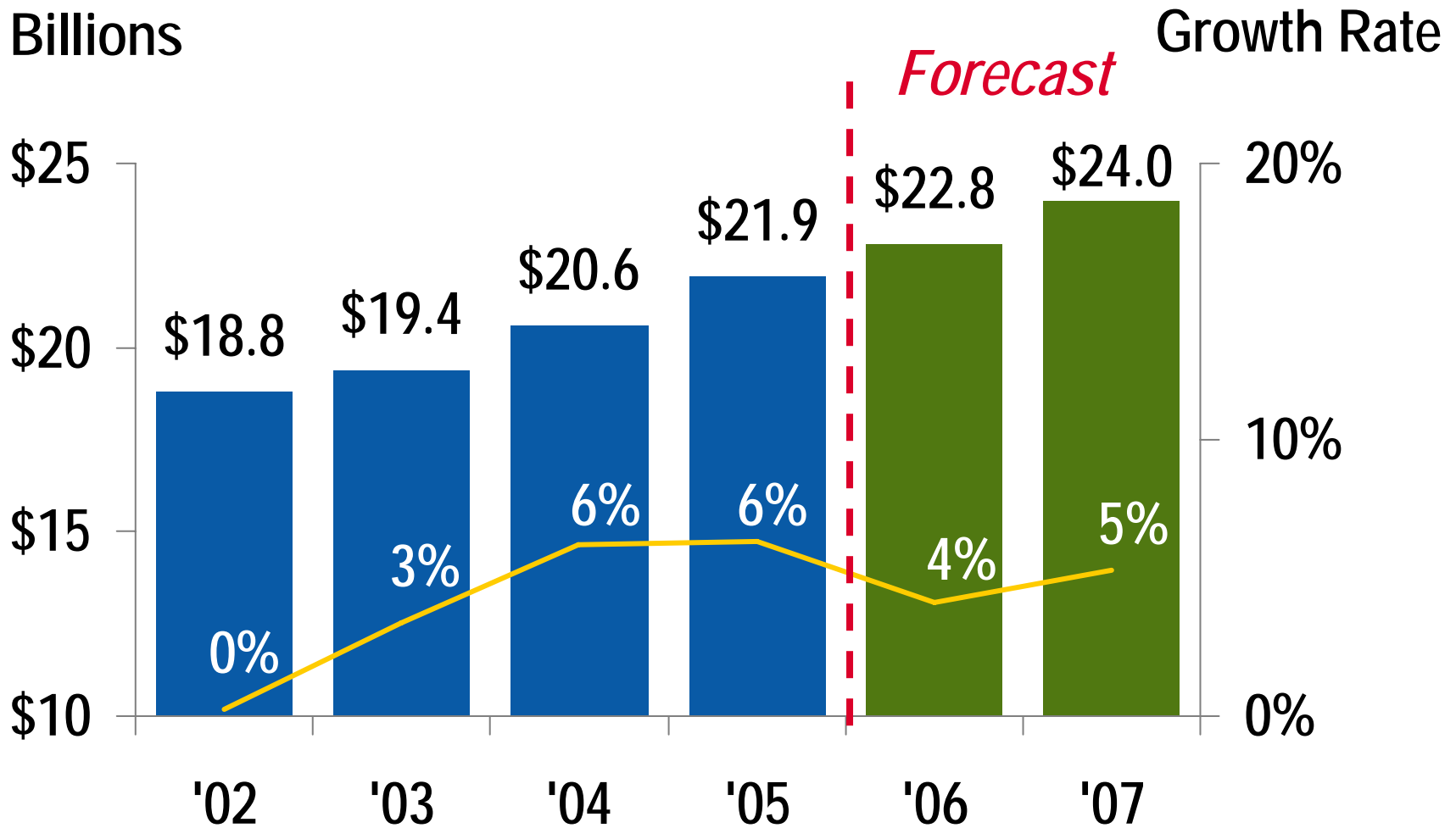
# POPULATION FORECAST

## Net New Persons



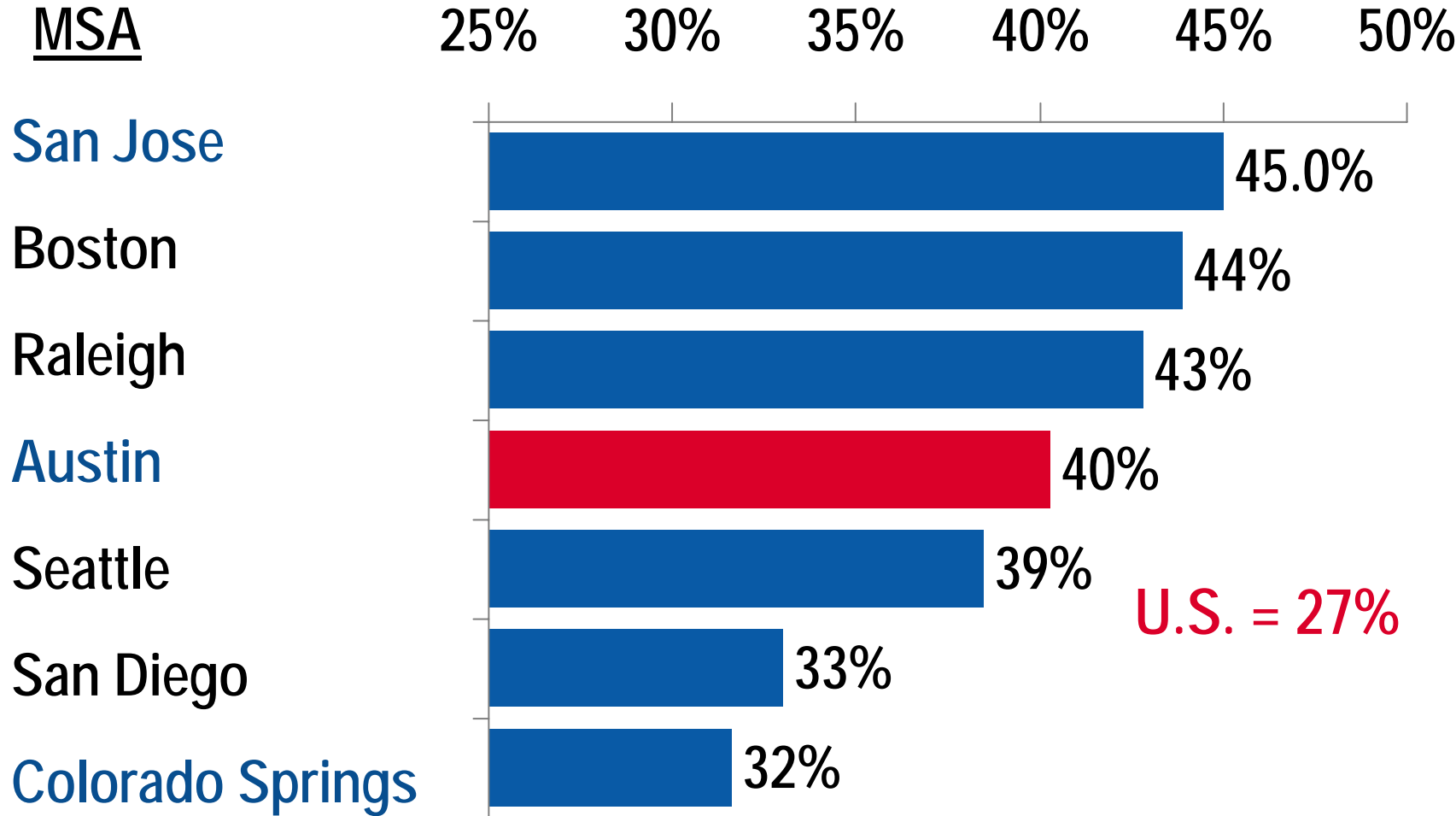
Source: AngelouEconomics; Census

# AUSTIN METRO RETAIL SALES



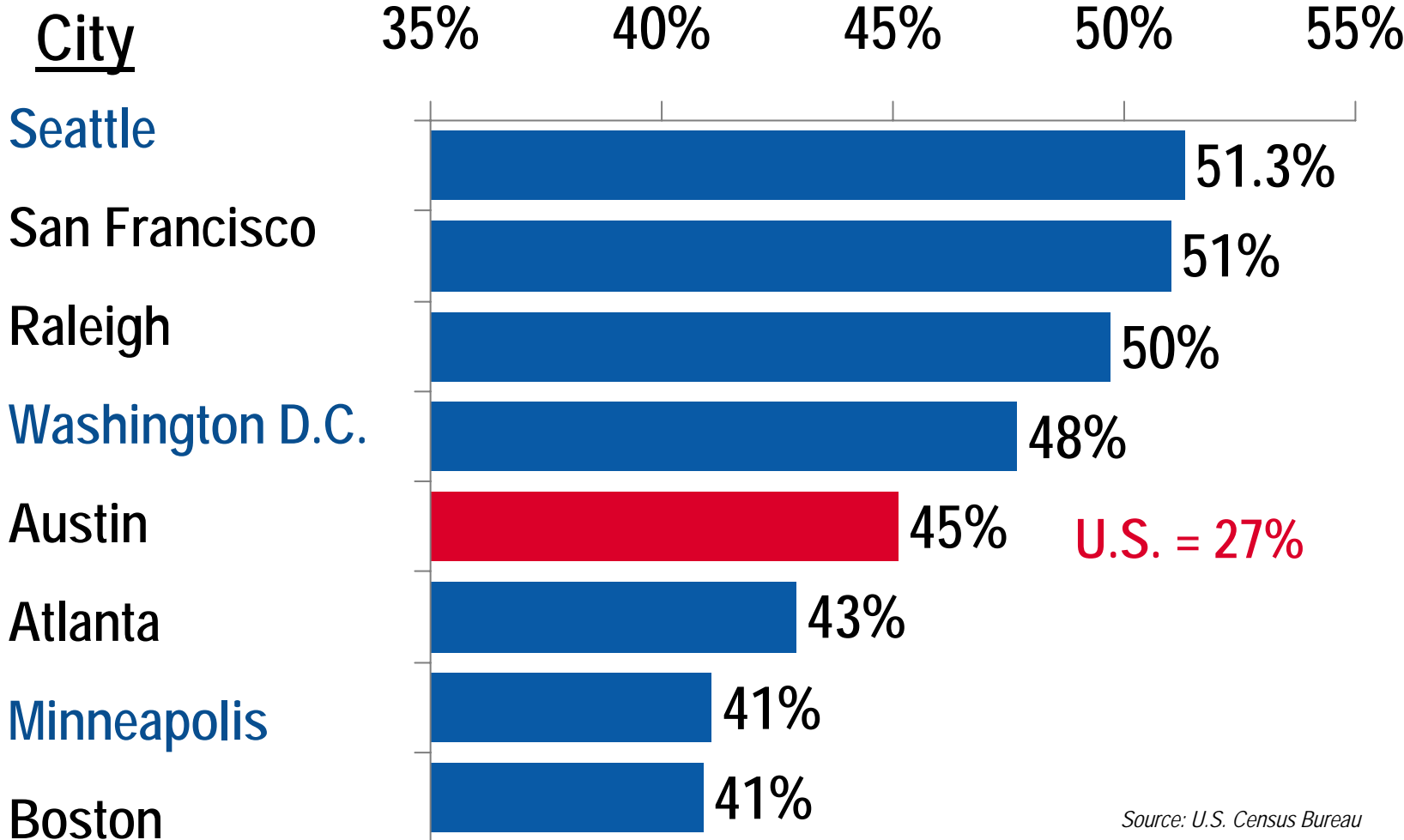
Source: AngelouEconomics; City of Austin

# % BACHELORS DEGREES +



Source: U.S. Census Bureau

# % BACHELORS DEGREES +



Source: U.S. Census Bureau

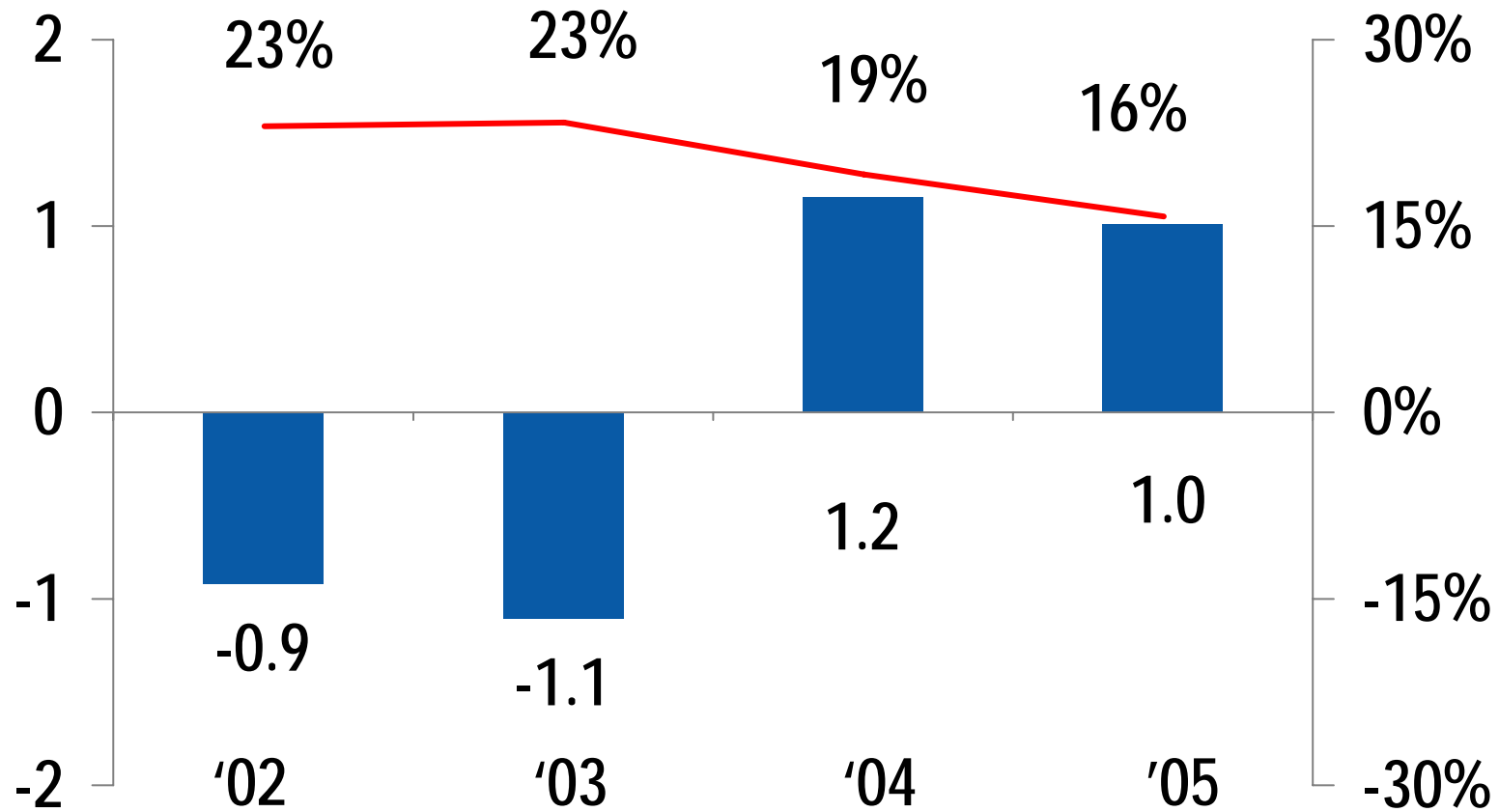
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# OFFICE MARKET

Absorption  
Millions of SF

Vacancy Rate

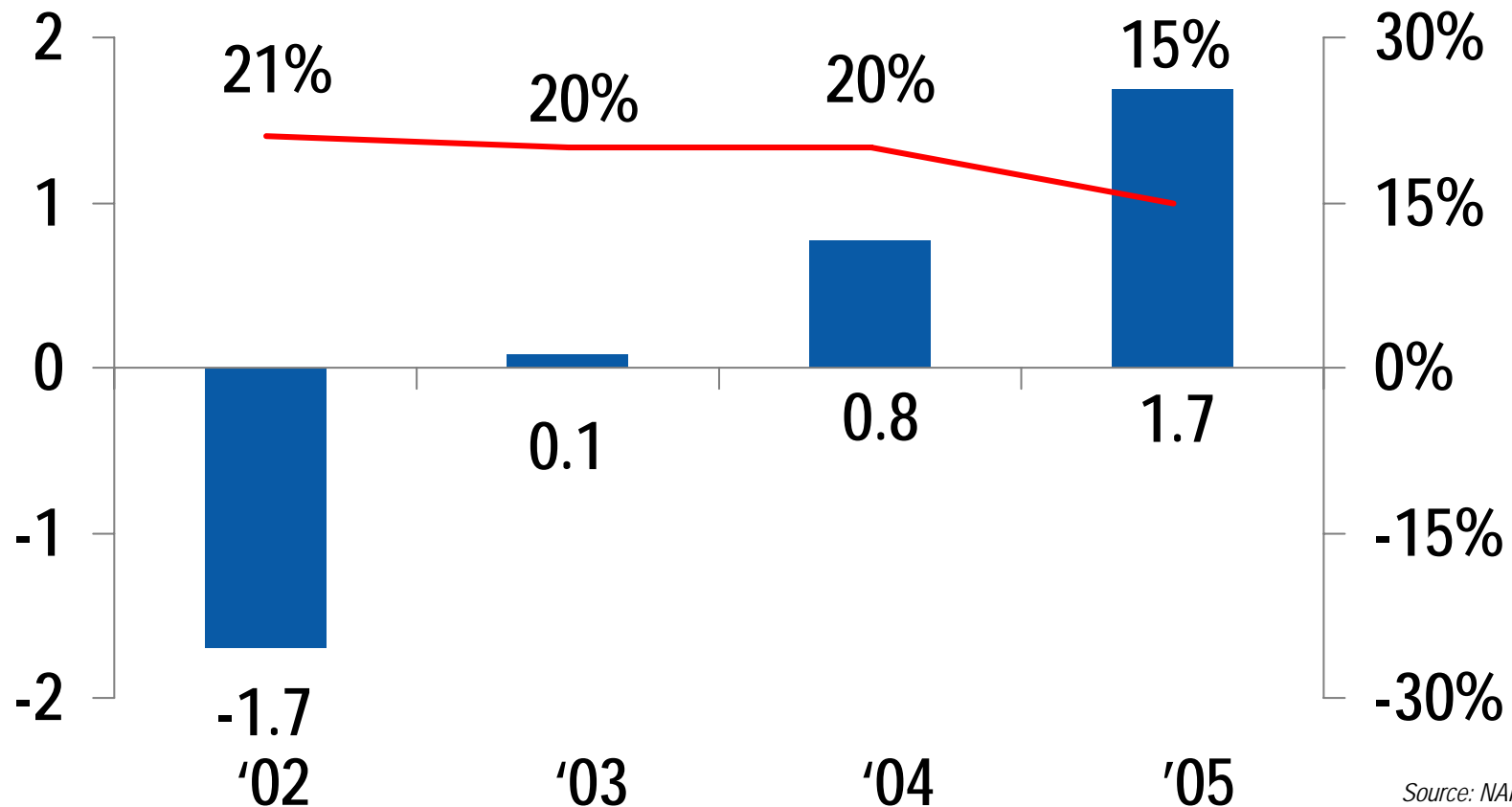


Source: Colliers Oxford

# INDUSTRIAL MARKET

Absorption  
Millions of SF

Vacancy Rate

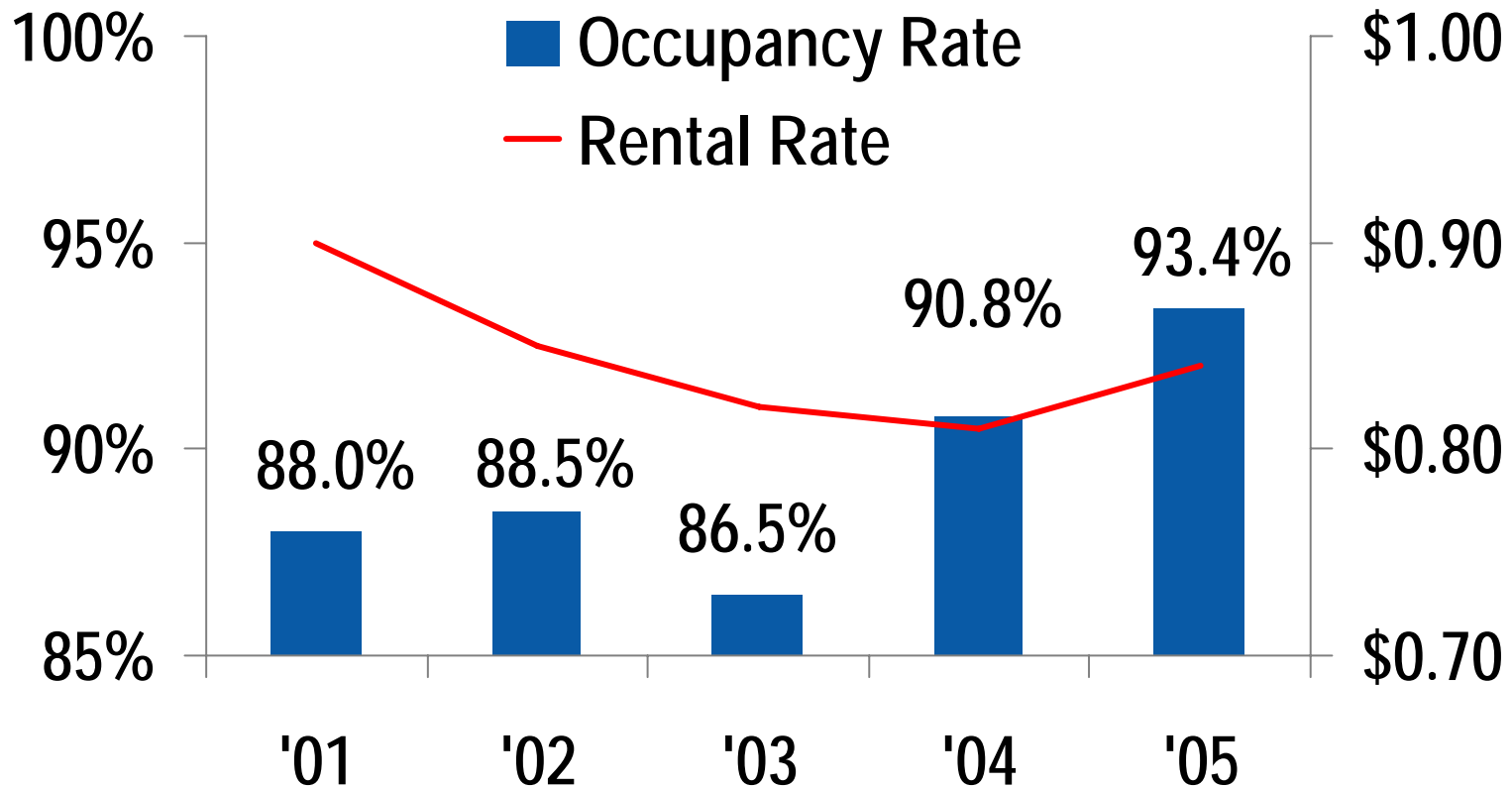


Source: NAI / CIP

# MULTI - FAMILY MARKET

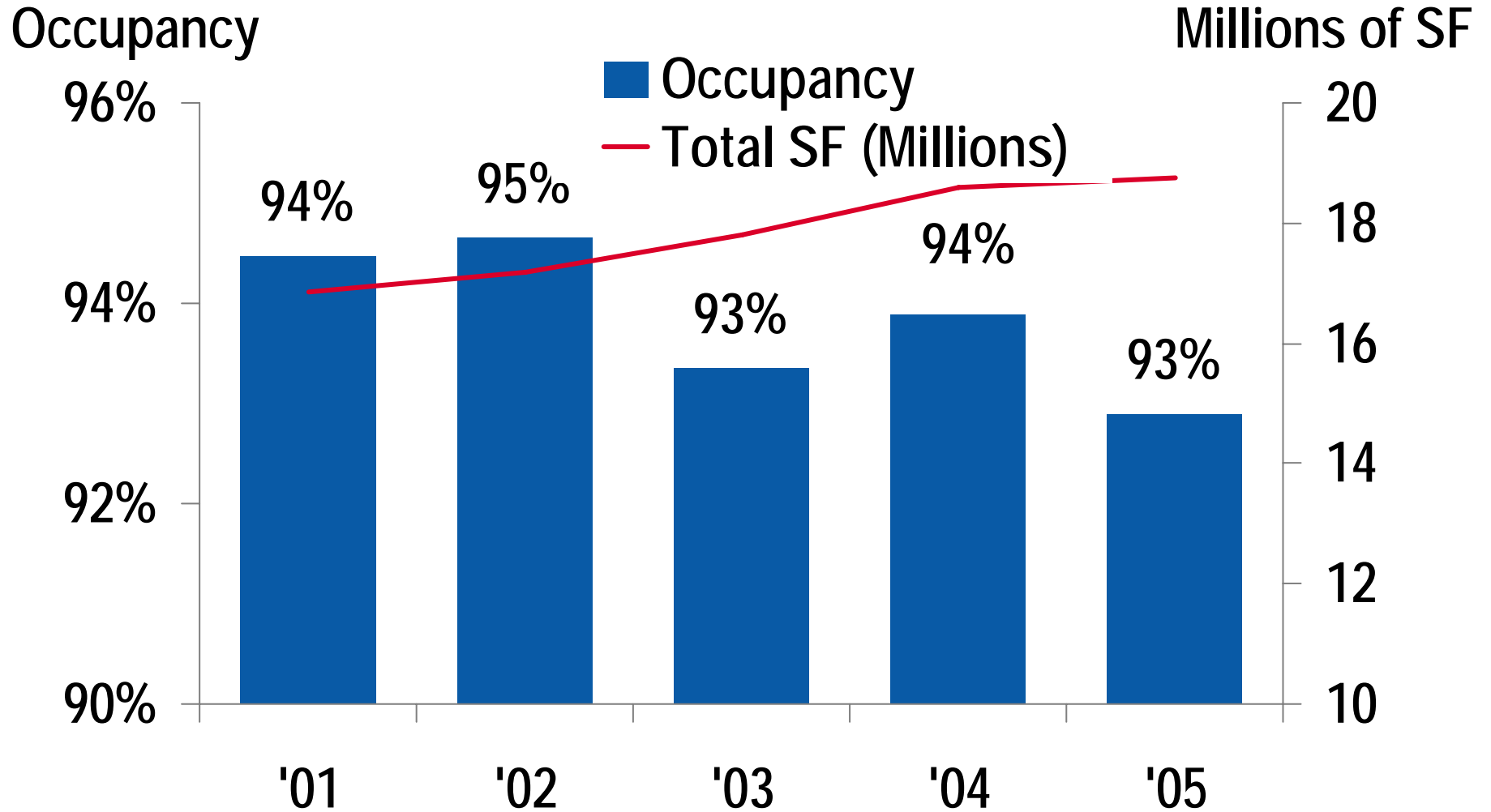
Occupancy Rate

Rental Rate Per SF



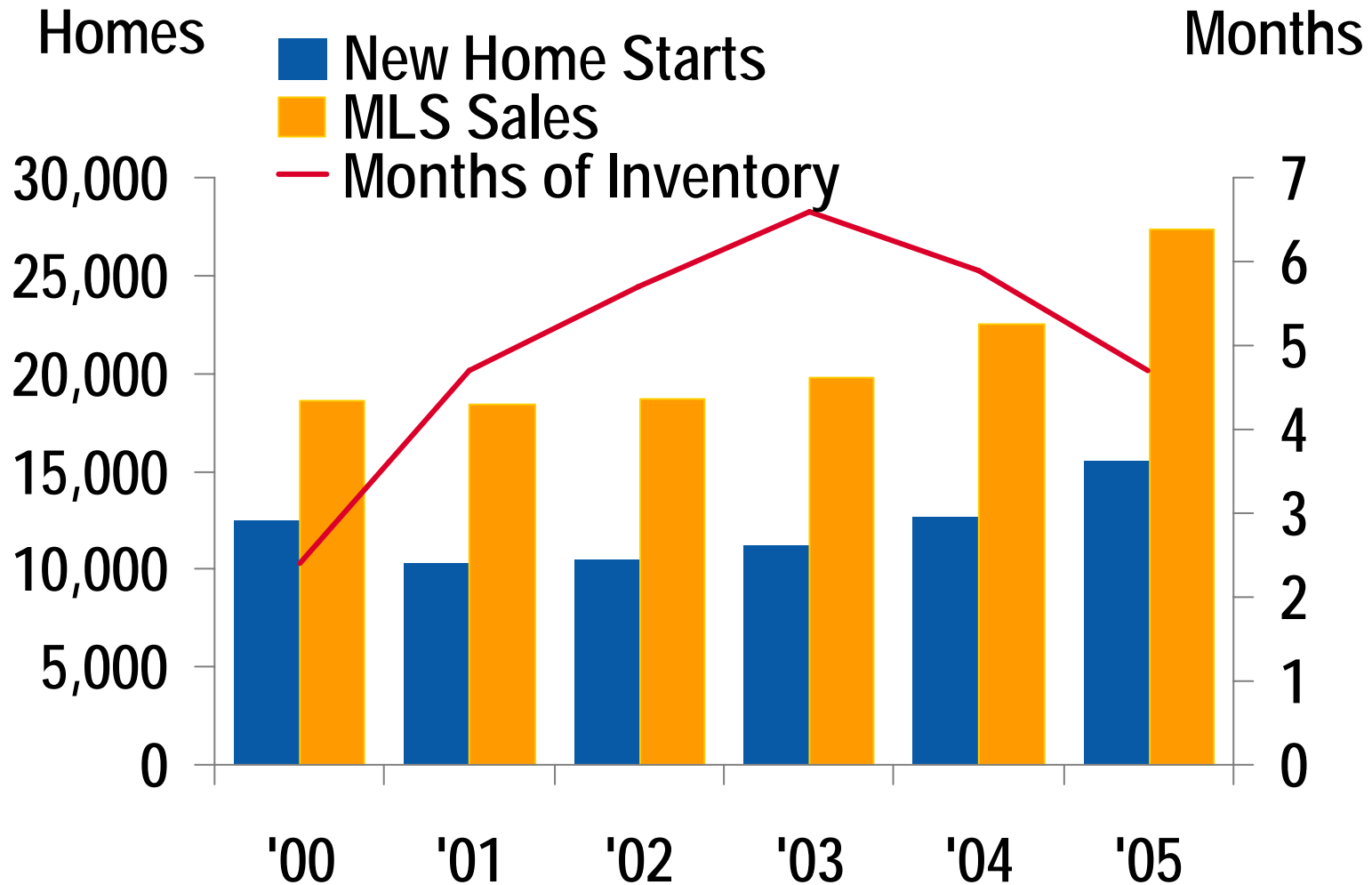
Source: Austin Investor Interests

# RETAIL MARKET



Source: NAI Commercial Industrial Properties

# SINGLE FAMILY MARKET



Source: Texas Real Estate Center; MetroStudy

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# ECONOMIC DEVELOPMENT

## *A New Era:*

- Great name recognition
- Young talent
- University of Texas
- Research & Development
- Live Music
- Entrepreneurial Resources
- Well funded E.D. efforts

# TACTICAL ADVANTAGE

- Teach entrepreneurship in high schools
- Incentives to support Technology & Innovation
- **Broadband: is an economic development strategy**
- Keep Austin “young”
- **“Early College”**: H. S. grads have technical skills
- Recruit Venture- backed businesses

# SMALL BUSINESS

Industries with a Low Cluster of Small Business Employment

	<u>% of Private Sector</u>	<u>Cluster Ratio</u>
Leisure & Hospitality	43%	0.9
Construction	59%	0.9
Manufacturing	20%	0.8
Wholesale trade	37%	0.8
Administrative & Support	18%	0.8
Real Estate	48%	0.7
<b>Austin</b>	<b>34%</b>	<b>0.9</b>

Source: AngelouEconomics

# TARGET INDUSTRIES

## Life Sciences

- Why Target:

- Average wage R&D = \$80,000
- Average wage Manufacturing = \$82,000
- Strong Employment Growth

- Market Drivers:

- Health care market continues to expand
- Population is aging globally – China is aging faster than U.S.
- Growing global health crisis / Concern of epidemics/  
Bioterrorism

# TARGET INDUSTRIES

## Security:

- Biological & chemical sensors, non-evasive & non-destructive imaging, advanced mini-computers & communications networks, real time intelligence, information processing & intelligence management

## Action:

- Establish Homeland Security Taskforce

# TARGET INDUSTRIES

## Energy

- **Why Target:**
  - Average wage = \$65,000
  - Strong Employment Growth
- **Market Drivers:**
  - Energy prices fueling clean / alternative energy research
  - Long-term market expansion - U.S. and abroad
  - Traditional energies having difficulty meeting demand
  - Clean energies are becoming price competitive

# TARGET INDUSTRIES

## Information & Electronics

- **Why Target:**
  - Average wage in Software = \$95,000
  - Average wage in Systems Design = \$77,000
  - Strong Employment Growth
- **Market Drivers:**
  - International adoption of internet / PC / gaming
  - Increasingly competitive – big media control is declining
  - Search wars highlight importance of information access
  - Value in content creation

# TARGET INDUSTRIES

## Data Centers:

- **Why Target:**
  - Average wage = \$60,000, Strong activity in data centers
- **Market Drivers:**
  - Cost Savings & Consolidation and M&A
  - Technology Refresh
  - Disaster Recovery
  - Government Regulations - Sarbanes/Oxley, Hippa
  - Increased Web site usage

# POTENTIAL INDUSTRIES

## Data Centers:

- Search Engines
- Financial Services
- Telcom, E-retailing
- Fortune 1000
- Web hosting and CoLocation providers
- Investment Bankers and VCs

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# Real Estate Absorption, 2006 - 7

## Market

## (Expected Absorption)

Office

2.2 million sq. ft.

Industrial

2.0 million sq. ft.

Retail

1.3 million sq. ft.

Single Family

27,000 units

Multifamily

9,000 units

\*12 months to Q3 '05

# FORECAST BY INDUSTRY

<u>2006 -07</u>	<u>New Jobs</u>	<u>% of New Jobs</u>
Professional & Business Svcs	7,200	20%
Leisure & Hospitality	7,100	20%
Wholesale & Retail Trade	6,300	18%
Government	4,400	12%
Other Svcs/ Fin. Act./ Trans Util.	3,700	9%
Education & Health Svcs	2,400	7%
Mining & Construction	1,600	4%
Manufacturing	1,600	4%
Information	1,600	4%
<b>Austin Total</b>	<b>35,900</b>	<b>100%</b>

thank you

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