

Economic Update



May 6, 2004

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Presentation Outline



- Key Indicators
 - National
 - Local

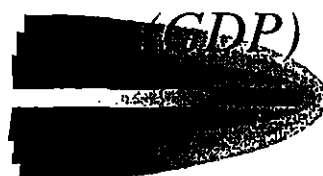
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National Indicators



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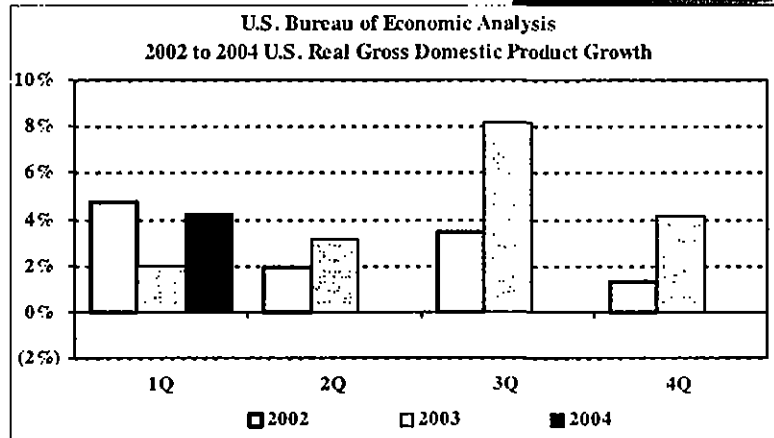
U.S. Gross Domestic Product



- 4Q 2003 GDP was 4.1%
- 1Q 2004 GDP was 4.2%
 - Below expectations of 5.0% growth
- Major contributors to increase
 - Personal consumption expenditures (PCE)
 - Federal government spending
 - Equipment & software
 - Private inventory investment

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U.S. Gross Domestic Product (GDP)



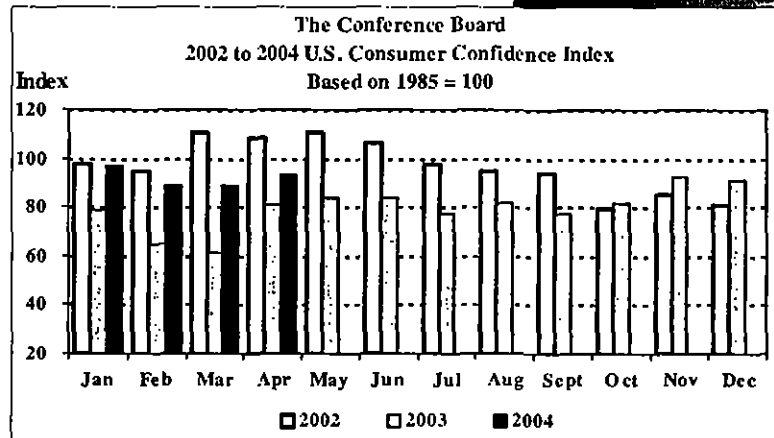
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U.S. Consumer Confidence Index

- Leading indicator – outlook of the economy for 6 to 9 months
- 2003 Ranged from a low of 61.4 in March to 92.5 in November; December index was 91.3
- April 2004 Index is 92.9; was 81.0 in April 2003
- Consistent 110 to 130 can indicate a positive movement in economy
- Index peaked in January 2000 at 144.7

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U.S. Consumer Confidence Index



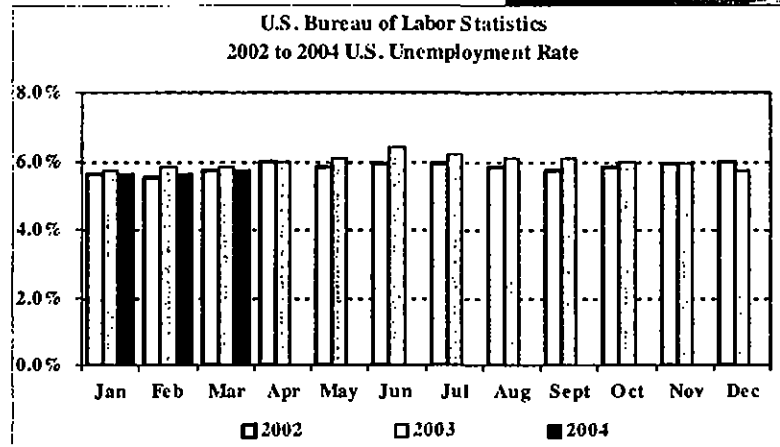
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U.S. Unemployment Rate

- Unemployment Rate
 - December 2003: 5.7%
 - March 2004: 5.7%
- Non-Farm Jobs – Change from Prior Month
 - December 2003: +8,000
 - March 2004: +308,000
- Looking Ahead
 - Nationally – 7 consecutive months of Job Growth; although only 2 months with +100,000 gains
 - Still concern in the business community

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U.S. Unemployment Rate



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Local Indicators

- Looking Back
- Looking Ahead

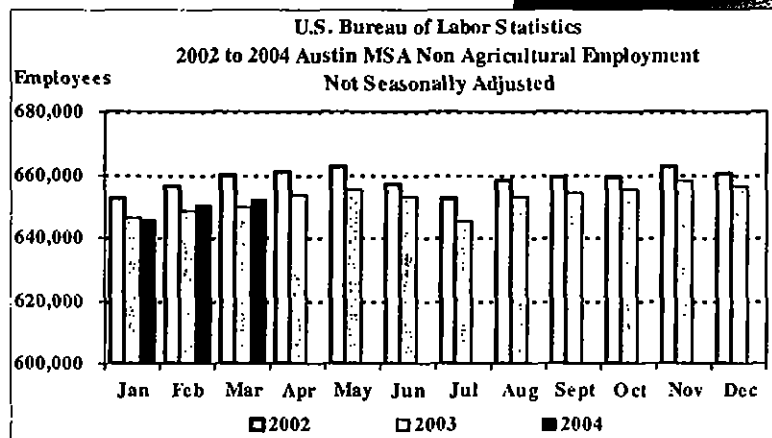
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Austin MSA Employment

- Reports total number of people working (not including the military)
- Employment Trends
 - 2002 Average Monthly Employment: 658,375
 - 2003 Average Monthly Employment: 652,250
- Monthly Data
 - March 2003 Total Employment: 652,100
 - March 2004 Total Employment: 649,400
- Austin's Boom Time Job Growth
 - November 2000: 690,300 working
- Unemployment Rate
 - December 2003: 4.5%
 - March 2004: 4.7%

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Austin MSA Employment



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Foreclosures & Bankruptcies

- Lagging Indicator
- Foreclosures – Travis County
 - 2002: 2,415
 - 2003: 3,906
 - Jan to April 2004: 1,449 Total Foreclosures, compared to 1,154 same period last year, a 26% increase
- Bankruptcies – Total Filings for Austin Region (17 Counties)
 - 2002: 5,241
 - 2003: 6,501
 - Jan to Feb 2004: 1,122 Total Filings, compared to 980 same period last year, a 15% increase

Source: Foreclosure Listing Service & U.S. Bankruptcy Court

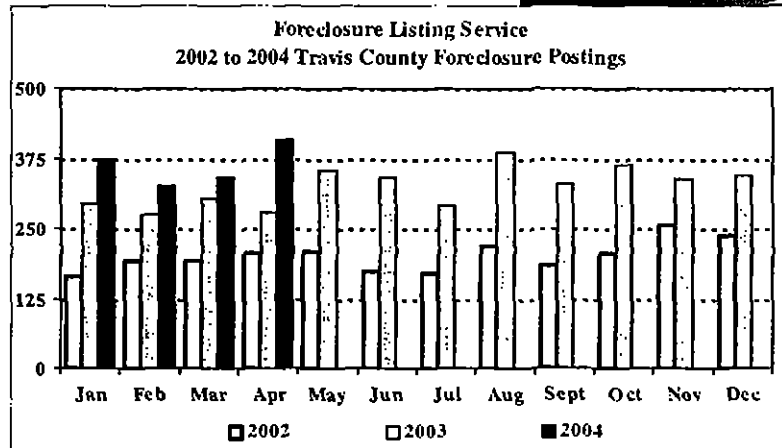
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Foreclosures

“.. until we see appreciable job growth, coupled with re-employment at livable wages instead of people accepting jobs that pay far less than their former employment, the foreclosure outlook will remain on the high side.” – *George Roddy, Foreclosure Listing Service*

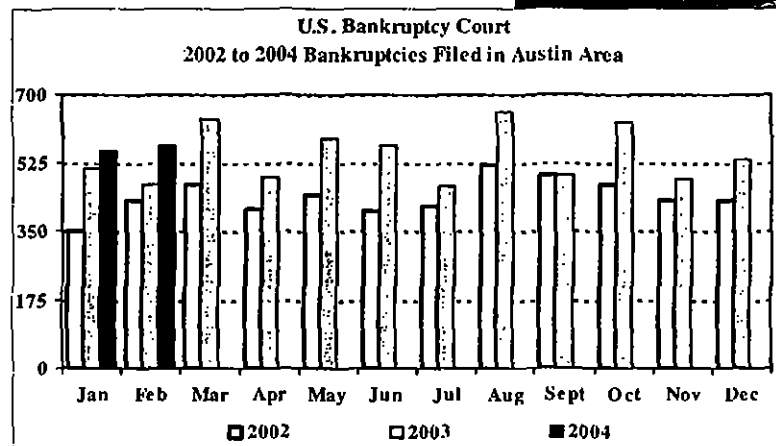
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Foreclosures



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Bankruptcies



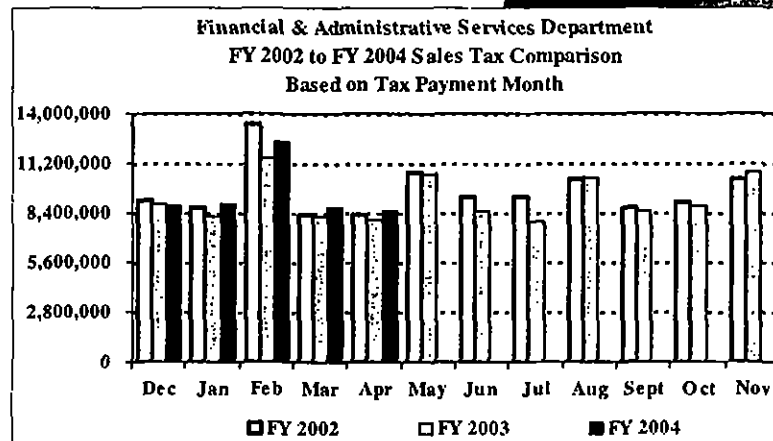
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Sales Tax Revenues

- 24% of fiscal year 2004 General Fund resources
- Budgeted annual growth:
 - Approved: 2.0%
 - Revised: 5.0%
- FY 2004 Y-T-D [five months]: +5.7% growth over same period in FY 2003
- Early signs of moderate sales tax revenue recovery

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Sales Tax Revenues



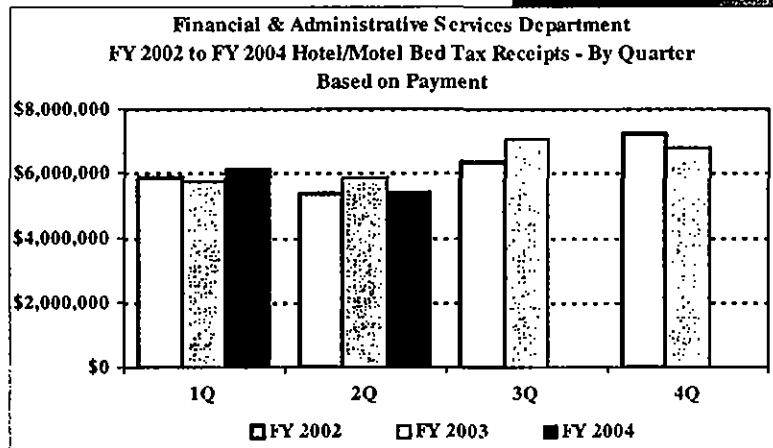
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Hotel/Motel Bed Tax

- Hotel/Motel Bed Tax Trends
 - FY 2002: \$24.7 million
 - FY 2003: \$25.5 million
 - FY 02 to FY 03: 2.9% growth
- FY 2004 Budgeted Revenue
 - Approved: \$27.4 million *or* 5.0% increase over FY 2003 Estimate
 - Revised: \$25.9 million *or* 1.9% increase over FY 2003 Actual
- Occupancy Rate
 - March 2003: 63.7%
 - March 2004: 62.7%
 - Peak Time Occupancy rate in 2000: 74.9%

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Hotel/Motel Bed Tax



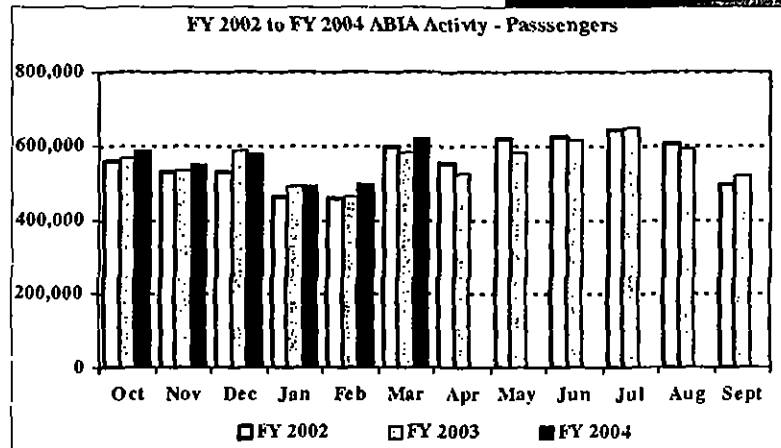
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ABIA Passengers

- Passenger Trends
 - FY 2002: 6.65 million passengers
 - FY 2003: 6.68 million passengers
- FY 2004 Projected Passengers
 - Approved: 6.78 million *or* 1.5 % growth over FY 2003
 - FY 2004 Y-T-D Activity: +96,768 *or* 3.0% growth over same period in FY 2003
 - Revised: Anticipate 3.0% Growth
- Passenger activity peaked in FY 2001 at 7.54 million

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ABIA Passengers



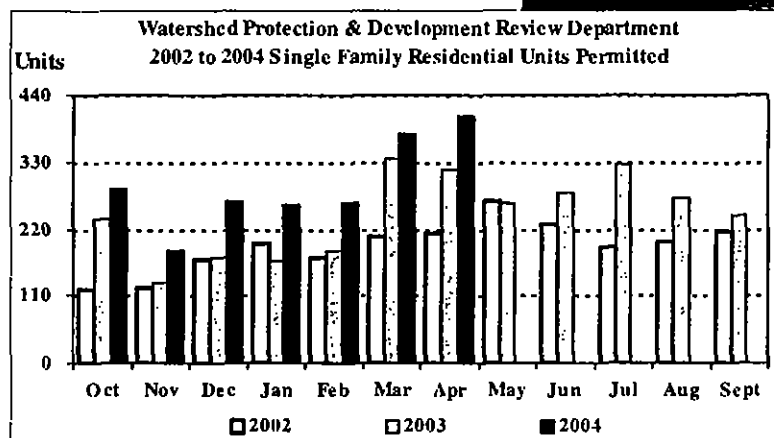
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Housing Activity Indicators

- Single Family Residential Permits
 - Indicator used when “New Housing Starts” is announced
 - FY 2002: 2,290 permits
 - FY 2003: 2,921 permits
 - FY 2004 YTD: 2,039 or 32% higher than same period in FY 2003
- Remodel & Addition Permits Permits
 - FY 2002: 2,312 permits
 - FY 2003: 2,527 permits
 - FY 2004 YTD: 1,308 or 7% lower than same period in FY 2003

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Residential Units Permitted



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