

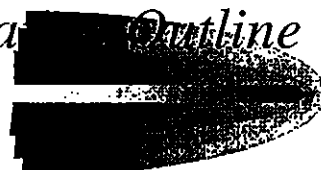
Economic Update



August 26, 2004

1

Presentation Outline



- Key Indicators
 - National
 - Local

2

National Indicators



3

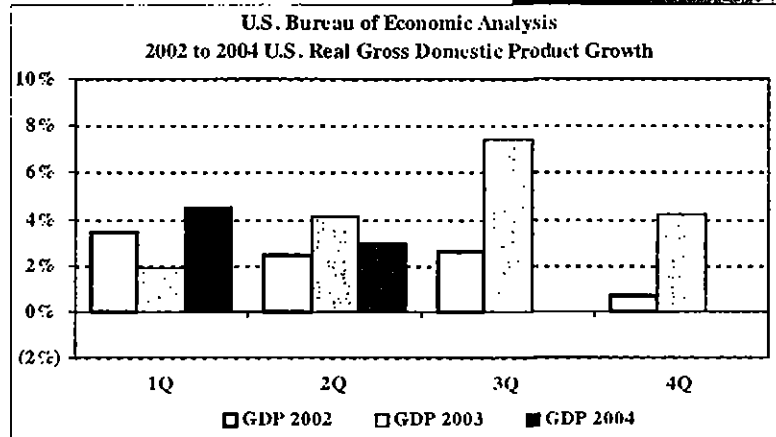
U.S. Gross Domestic Product



- 1Q 2004 GDP was 4.5%
- 2Q 2004 GDP was 3.0%
 - Below expectations of 3.7% growth
- Major contributors to slowing growth
 - Weaker Personal consumption expenditures (PCE)
 - Rising energy costs

4

U.S. Gross Domestic Product (GDP)



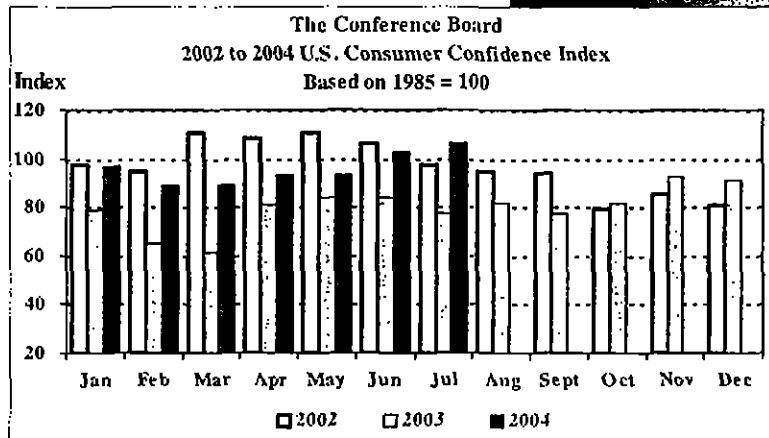
5

U.S. Consumer Confidence Index

- Leading indicator – outlook of the economy for six months
- 2003 Ranged from a low of 61.4 in March to 92.5 in November
- July 2004 Index is 106.1; was 77.0 in July 2003
- Consistent 110 to 130 can indicate a positive movement in economy
- Index peaked in January 2000 at 144.7

6

U.S. Consumer Confidence Index



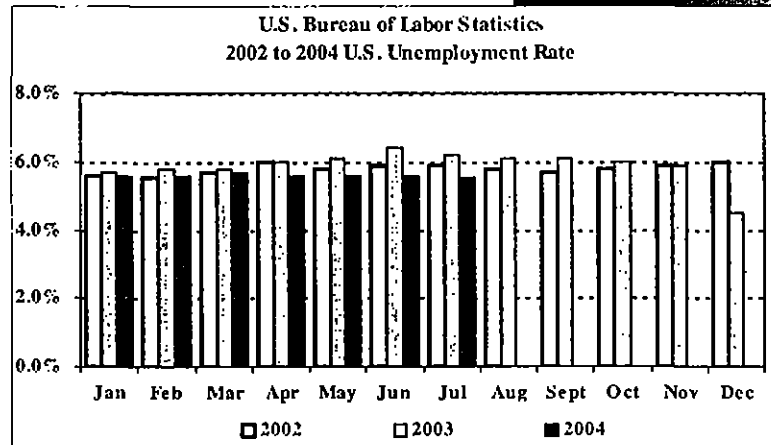
7

U.S. Unemployment Rate

- Unemployment Rate
 - Jan 2004: 5.6%
 - July 2004: 5.5%
- Non-Farm Jobs – Change from Prior Month
 - Jan 2004: +159,000
 - July 2004: +32,000
- Looking Ahead
 - Nationally – 11 consecutive months of Job Growth; although only 4 months with +100,000 gains
 - Continued uncertainty in business community

8

U.S. Unemployment Rate



9

Local Indicators

- Looking Back
- Looking Ahead

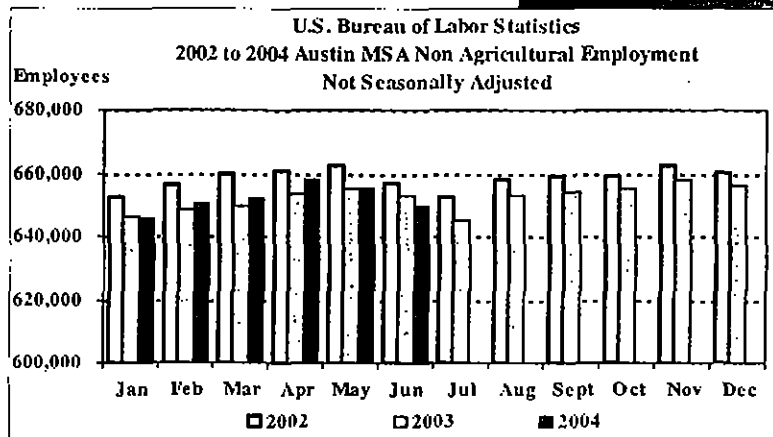
10

Austin MSA Employment

- Reports total number of people working (n
- Employment Trends
 - 2002 Average Monthly Employment: 658,375
 - 2003 Average Monthly Employment: 652,250
 - 2004 Average Monthly Employment: 651,900
- Monthly Data
 - Jan 2004 Total Employment: 645,900
 - June 2004 Total Employment: 649,800
- Austin's Boom Time Job Growth
 - November 2000: 690,300 working
- Unemployment Rate
 - January 2004: 5.3%
 - June 2004: 4.9%

11

Austin MSA Employment



12

Austin Economic Trends

“ .. modest improvement in employment growth continues, although mostly outside production sector of the economy ... some optimism returns, although worries about sustainability of the recovery .. ”

Jon Hockenyos

Texas Economic Perspectives

13

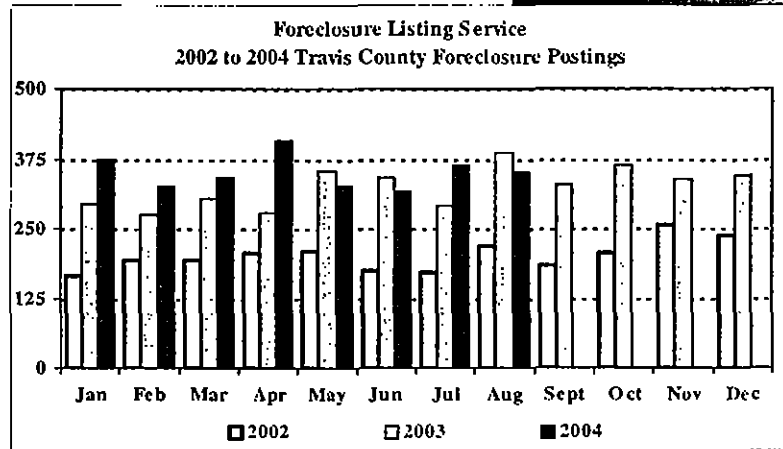
Foreclosures & Bankruptcies

- Lagging Indicator
- Foreclosures – Travis County
 - 2002: 2,415
 - 2003: 3,906
 - Jan to Aug 2004: 2,807 Total Foreclosures, compared to 2,529 same period last year, a 11% increase
- Bankruptcies – Total Filings for Austin Region (17 Counties)
 - 2002: 5,241
 - 2003: 6,501
 - Jan to June 2004: 3,424 Total Filings, compared to 3,254 same period last year, a 5% increase

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

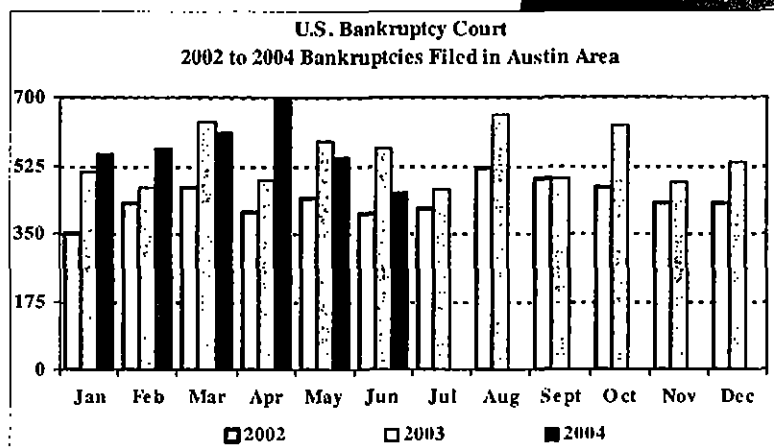
14

Foreclosures



15

Bankruptcies



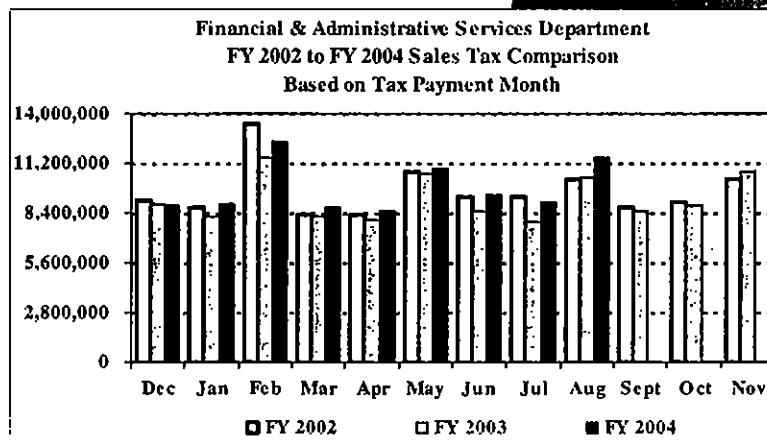
16

Sales Tax Revenues

- 24% of fiscal year 2004 General Fund Resources
- Budgeted annual growth:
 - Approved: 2.0%
 - Revised: 6.3%
- FY 2004 Y-T-D [nine months]: +7.0% growth over same period in FY 2003
- Continued signs of moderate sales tax revenue recovery

17

Sales Tax Revenues



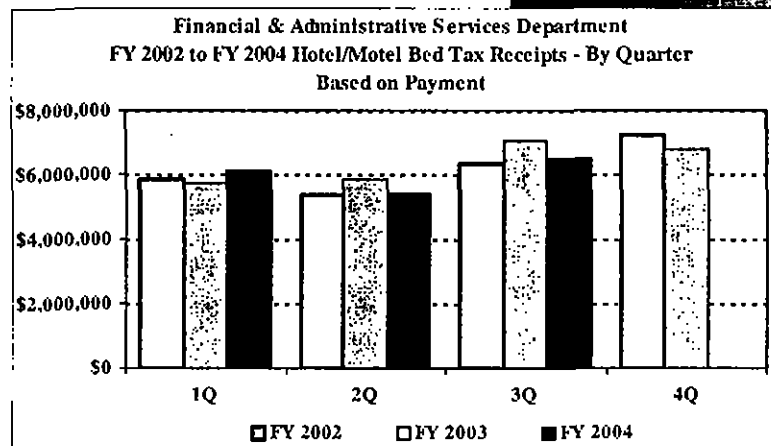
18

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
 - Revised: \$25.0 million or 1.8% decrease from FY 2003 Actual
- Occupancy Rate
 - June 2003: 58.5%
 - June 2004: 68.9%
 - Peak Time Occupancy rate in 2000: 74.9%

19

Hotel / Motel Bed Tax



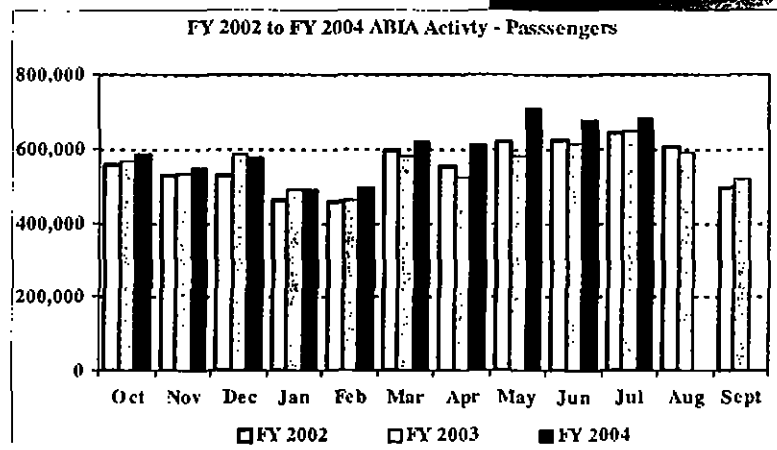
20

ABIA ~~Passengers~~

- Passenger Trends
 - FY 2002: 6.65 million passengers
 - FY 2003: 6.68 million passengers
- FY 2004 Projected Passengers
 - Revised: 6.88 million passengers, 3.0% growth over 2003
 - FY 2004 Y-T-D Activity: +409,208 or 7.3% growth over same period in FY 2003
- Passenger activity peaked in FY 2001 at 7.54 million

21

ABIA ~~Passengers~~



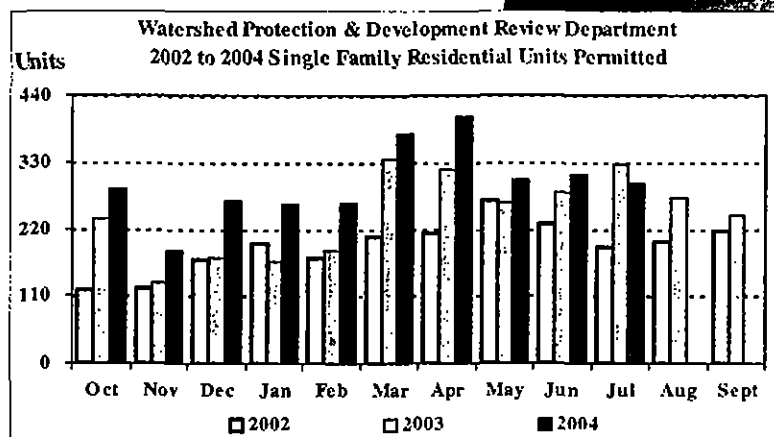
22

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: 2,941 or 22% higher than same period in FY 2003
- Remodel & Addition Permits
 - FY 2002: 2,312 permits
 - FY 2003: 2,527 permits
 - FY 2004 YTD: 1,971 or 4.3% lower than same period in FY 2003

23

Residential Units Permitted



24