

## *Economic Update*

February 10<sup>th</sup>, 2005

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## *Presentation Outline*

- Key Indicators
  - National
  - Local

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## *National Indicators*

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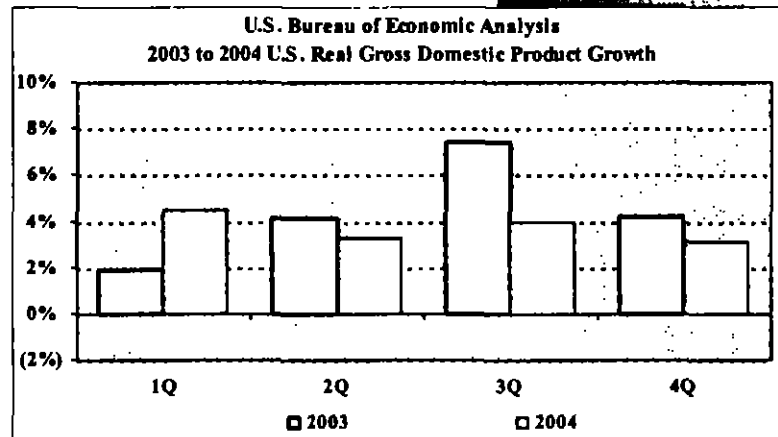
## *U.S. Gross Domestic Product*

*(GDP)*

- 3Q 2004 GDP was 4.0%
- 4Q 2004 GDP was 3.1%
  - Slightly below expectations of 3.5% growth
- 2004 Growth was 4.4%
- Major contributors to growth
  - Personal consumption expenditures (PCE)
  - Offset by trade imbalance

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## U.S. Gross Domestic Product (GDP)



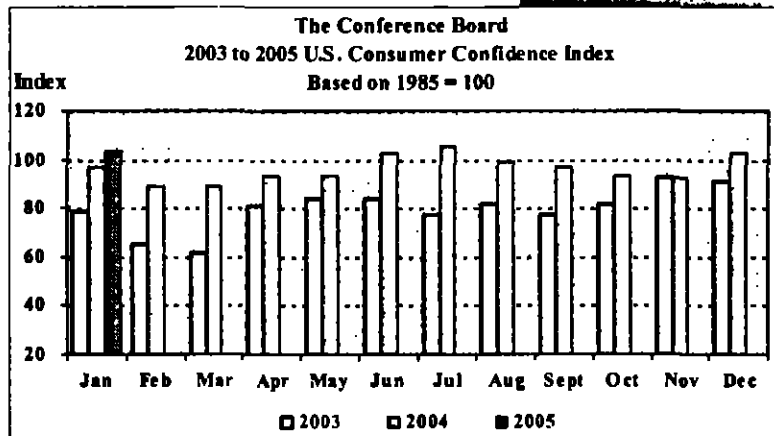
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## U.S. Consumer Confidence Index

- Leading indicator – outlook of the next six months
- 2004 Ranged from a low of 88.5 in February to a high of 105.7 in July
- January 2005 Index rose to 103.4
- Consumers somewhat upbeat about jobs
- Index peaked in January 2000 at 144.7

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## U.S. Consumer Confidence Index



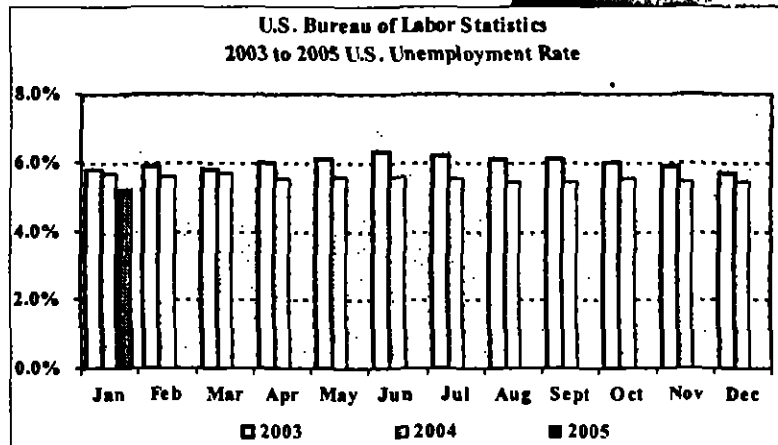
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## U.S. Unemployment Rate

- Unemployment Rate
  - Jan 2004: 5.7%
  - Jan 2005: 5.2%
- Non-Farm Jobs – Change from Prior Month
  - Jan 2004: +117,000
  - Jan 2005: +146,000
- 2.1 million jobs created in 2004
- Nationally – 20 consecutive months of Job Growth
- Labor Force Participation rate is 65.8%

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## *U.S. Unemployment Rate*



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## *Local Indicators*

- Looking Back

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## *Austin Economic Trends*

“The economy of the Austin-San Marcos MSA is projected to achieve moderate expansion over the 2004-09 timeframe ..”

Ray Perryman

*The Perryman Group*

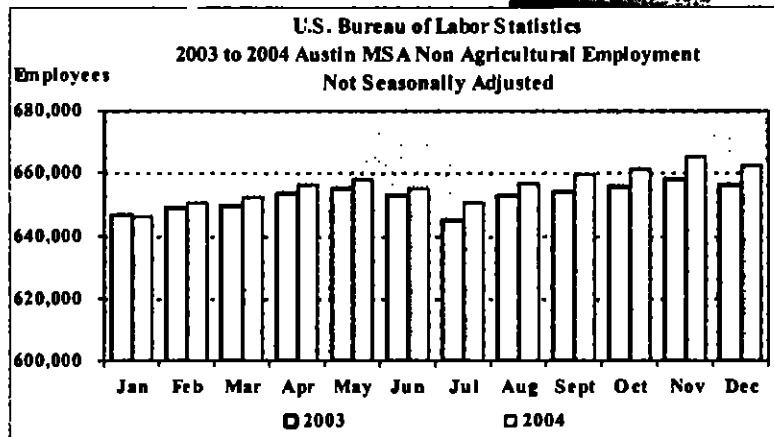
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## *Austin MSA Employment*

- Reports total number of people working (national)
- Employment trends are positive
  - 2003 Average Monthly Employment: 652,250
  - 2004 Average Monthly Employment: 656,158
- Monthly Data
  - Dec 2003 Total Employment: 656,100
  - Dec 2004 Total Employment: 662,200
- Added 6,100 Jobs in 2004
- Unemployment Rate
  - Dec 2003: 4.8%
  - Dec 2004: 4.0%

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## Austin MSA Employment



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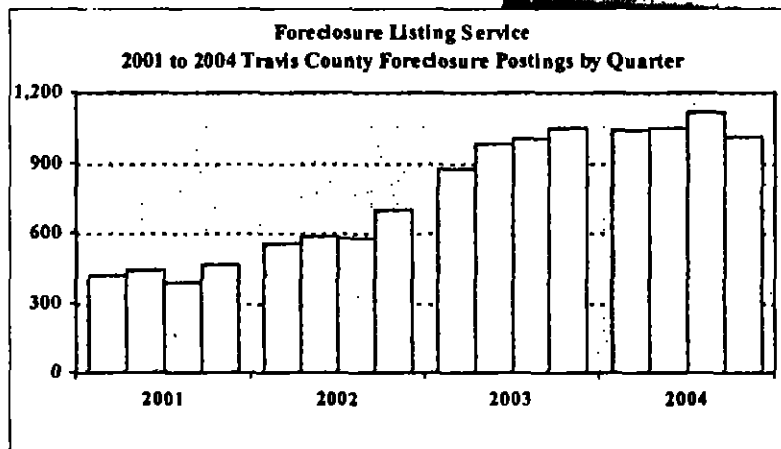
## Foreclosures & Bankruptcies

- Lagging Indicators
- Foreclosures – Travis County
  - 2003: 3,906 or a 61% increase over 2002
  - 2004: 4,217 or a 8% increase over 2003
- Bankruptcies – Total Filings for Austin Region (17 Counties)
  - 2003: 6,501 or a 24% increase over 2002
  - 2004: 6,622 or a 2% increase over 2003

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

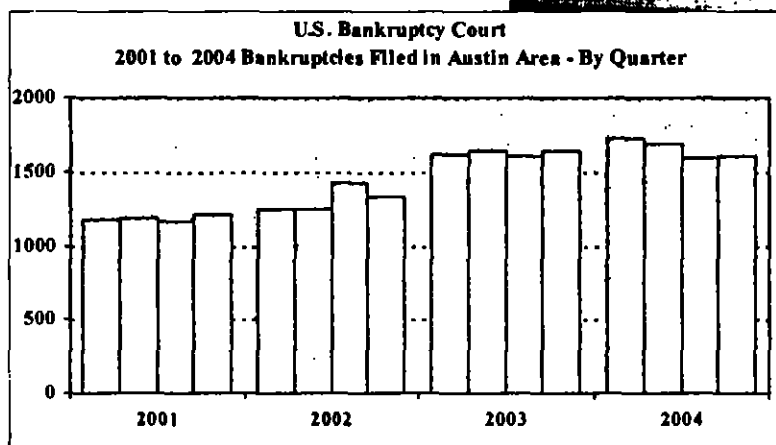
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## Foreclosures



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## Bankruptcies



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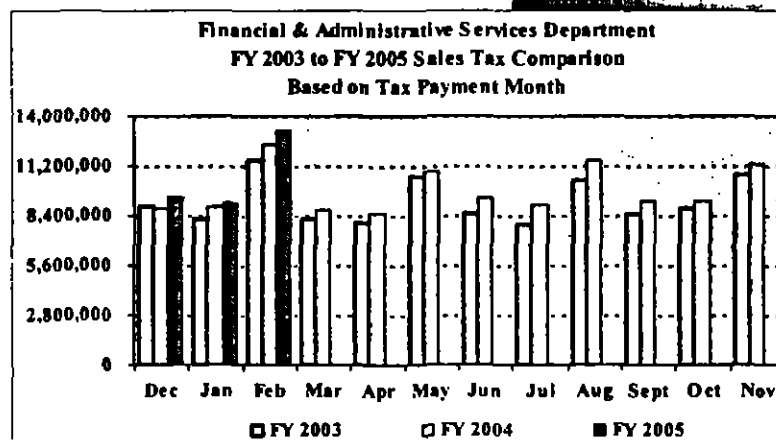


## Sales Tax Revenues

- 27% of fiscal year 2005 General Fund Resources
- FY 2004
  - \$117.7 million
  - 6.7% growth over FY 2003
- FY 2005
  - Approved: 5.1%
  - YTD (3 payments): 5.1%

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## Sales Tax Revenues



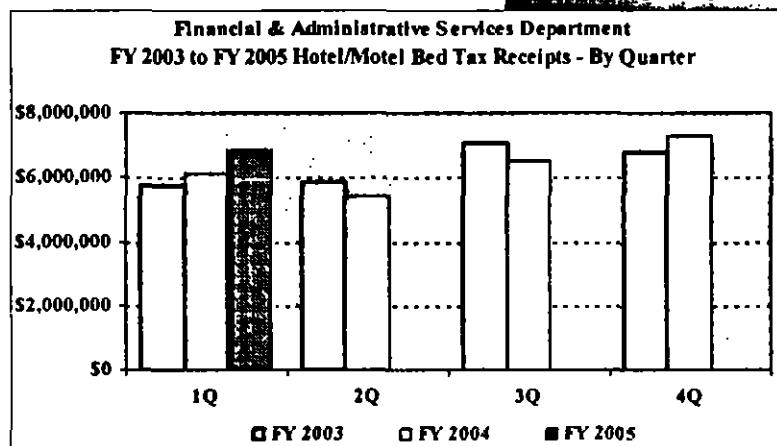
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## Hotel /Motel Bed Tax & Car Rental Tax

- Hotel/Motel Bed Tax Trends
  - FY 2004: \$25.4 million
  - FY 03 to FY 04: (0.5%)
- Hotel/Motel Bed Tax FY 2005
  - Approved: \$25.8 million, or 3% growth
  - 1Q: \$6.84 million, or 11.7% increase over FY 2004 1Q
- Car Rental Tax
  - Growth from 2003 to 2004 was flat
  - FY 2005 1Q up 13.5% compared to FY 2004 1Q

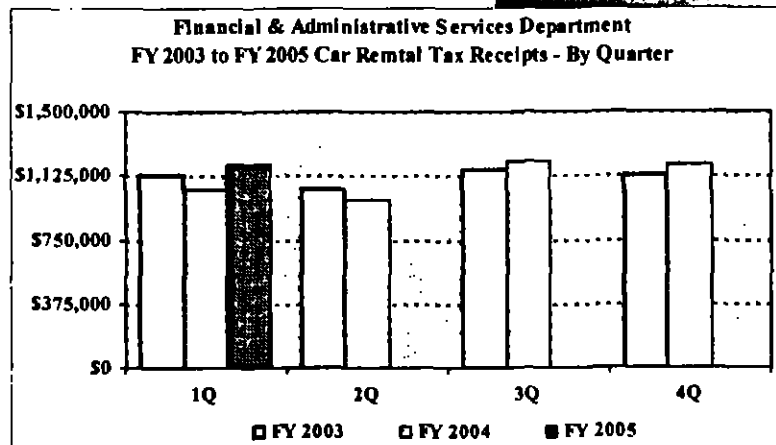
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## Hotel /Motel Bed Tax



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## Car Rental Tax



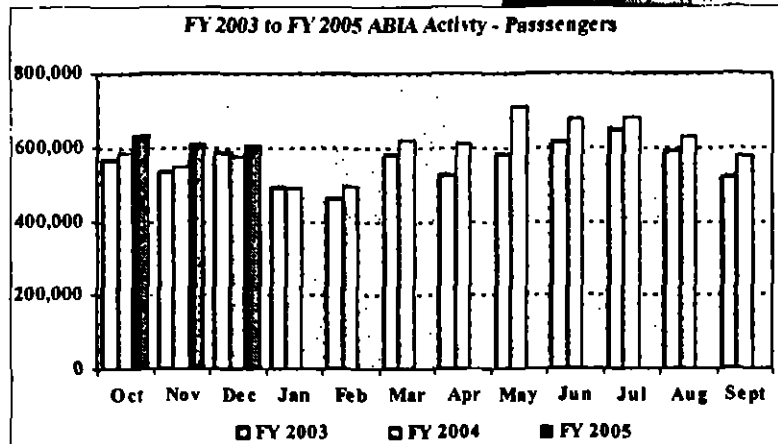
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## ABIA Passengers

- Passenger Trends
  - FY 2003: 6.68 million passengers
  - FY 2004: 7.18 million passengers
  - 7.5% growth
- FY 2005 Projections
  - Appvd: 7.09 million passengers
  - YTD (3 months) activity is up 8.3% compared to FY 2004
- Passenger activity peaked in FY 2001 at 7.54 million

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## ABIA ~~Passengers~~



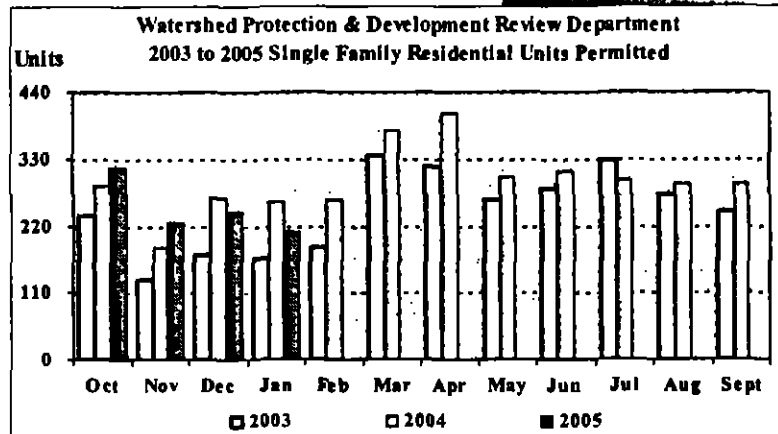
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## Housing Activity ~~Indicators~~

- Single Family Residential Permits
  - Indicator used when "New Housing Starts" is announced
  - FY 2003: 2,921 permits
  - FY 2004: 3,519 permits
  - 20% increase
- Remodel & Addition Permits
  - FY 2003: 2,527 permits
  - FY 2004: 2,350 permits
  - (7% decrease)

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## Residential Units Permitted



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## Summary

- Nationally
  - GDP growth is stronger
  - Consumer confidence is increasing
  - Employment situation has stabilized
- Locally
  - Job creation in 2004
  - Foreclosure and Bankruptcy growth has slowed
  - Hotel/Motel & Car Rental Tax up over last year
  - 2005 Sales Tax is at Budget

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