

AGENDA – WORKSHOP OF THE CITY COUNCIL OF THE CITY OF PEARLAND, TEXAS, TO BE HELD ON MONDAY, FEBRUARY 24, 2014, AT 6:30 P.M., IN THE COUNCIL CHAMBERS, CITY HALL, 3519 LIBERTY DRIVE, PEARLAND, TEXAS.

I. CALL TO ORDER

II. PURPOSE OF THE WORKSHOP:

- 1. COUNCIL INPUT AND DISCUSSION:** REGARDING THE FIRST QUARTER 2014 FINANCIAL SNAPSHOT. *Ms. Claire Bogard, Director of Finance.*

III. ADJOURNMENT

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Workshop Item No. 1

1. **COUNCIL INPUT AND DISCUSSION:** REGARDING THE FIRST QUARTER 2014 FINANCIAL SNAPSHOT. *Ms. Claire Bogard, Director of Finance.*

**AGENDA REQUEST
BUSINESS OF THE CITY COUNCIL
CITY OF PEARLAND, TEXAS**

AGENDA OF:	February 24, 2014	ITEM NO.:	Workshop Item No.1
DATE SUBMITTED:	February 14, 2014	DEPT. OF ORIGIN:	Finance
PREPARED BY:	Claire Bogard	PRESENTOR:	Claire Bogard
REVIEWED BY:	Mike Hodge	REVIEW DATE:	February 14, 2014
SUBJECT: Workshop – 1st Quarter 2014 Financial Snapshot			
EXHIBITS: PowerPoint Presentation Articles			
FUNDING:			
<input type="checkbox"/> Grant <input type="checkbox"/> Developer/Other <input type="checkbox"/> Cash <input type="checkbox"/> Bonds To Be Sold <input type="checkbox"/> Bonds- Sold <input type="checkbox"/> L/P – Sold <input type="checkbox"/> L/P – To Be Sold			
EXPENDITURE REQUIRED: N/A		AMOUNT BUDGETED: N/A	
AMOUNT AVAILABLE:		PROJECT NO.:	
ACCOUNT NO.:			
ADDITIONAL APPROPRIATION REQUIRED:			
ACCOUNT NO.:			
PROJECT NO.:			
To be completed by Department:			
<input checked="" type="checkbox"/> Finance	<input type="checkbox"/> Legal	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution

EXECUTIVE SUMMARY

BACKGROUND

One of the outcomes from the City Council retreat from 2009 to present was for Council and Citizens to receive regular updates on the City's Finances – State of the Finances Snapshot. This update is done quarterly and includes the review of financial activity for the General Fund, Water & Sewer Fund, PEDC, and Hotel/Motel Fund. The update also includes key economic indicators, update on grant activities, and major capital projects.

POLICY/GOAL CONSIDERATION

Continue to communicate through regular “State of the Finances Snapshot” Workshops. The PowerPoint presentation is also put on the City’s web-site, in order to share the information with the citizens.

Also, pursuant to Council’s goal of receiving data from external sources to understand the impact of trends on the revenue base, attached are some articles regarding the Houston area economy and forecast.

RECOMMENDED ACTION

Receive workshop on 1st Quarter, Fiscal Year 2014 (October 2013 - December 2013) Financial Snapshot.

RESPONSIVE | RESULTS-ORIENTED | TRUST-BUILDERS | ACCOUNTABLE



CITY OF PEARLAND

State of Finances Snapshot FY2013-2014

For the Quarter ending December 31, 2013



MAJOR FUND SUMMARIES

- GENERAL FUND
- WATER & SEWER FUND
- HOTEL OCCUPANCY TAX FUND
- PEDC FUND



GENERAL FUND REVENUE SUMMARY

REVENUES	FY 2014 BUDGET	FY 2014 ACTUAL-TO-DATE	FY 2014 % OF BUDGET	FY 2013 ACTUAL-T0-DATE
Property Taxes	\$11,818,335	\$6,563,723	55.5%	\$6,238,983
Sales and Use Taxes	17,428,319	4,496,251	25.8%	4,128,655
Franchise Fees	6,106,615	957,302	15.7%	921,575
Licenses & Permits	2,877,117	886,144	30.8%	600,690
Fines & Forfeitures	3,568,281	715,660	20.1%	717,241
Charges for Service	13,175,835	5,282,325	40.1%	5,141,890
Miscellaneous	575,362	144,099	25.0%	101,530
Sub-Total	\$55,549,864	\$19,045,504	34.3%	\$17,850,564
Transfers in	3,709,547	71,344	1.9%	827,451
Other Financing Sources	901,825	1,852,939	205.5%	
TOTAL REVENUES	\$60,161,236	\$20,969,787	34.9%	\$18,678,015

- Excluding Transfers In and Other Financing Sources, revenues are 34.3% of budget.
- Property Taxes – Actual collections through December for General Fund current property tax – 56.6% vs. 57.8% last year. Budget based on a 98.4% collection rate.
- Sales Tax Collection (Actual) – YTD collection totals \$4,450,325 which is 0.5% greater than the YTD adopted budget of \$4,429,539, and \$301,185 or 7.3% greater than the actual receipts from last year.
- Licenses & Permits \$886,144 and 30.8% of budget. This is \$285,454, or 47.5%, higher than last year due to increase in commercial permit activity, including HEB and HCA. Building Permits reflects a 6.6% increase in residential permits compared to last year – 209 SF permits issued through 12/31/2013 vs. 196 last year, and permitted value is higher by \$7.2M or 17.5%. Commercial permits issued are 48 vs. 12 last year, and value up \$40.6M.
- Fines & Forfeitures – Less than last year by \$1,581, or 0.2%, and are 20.1% of budget. Number of charges decreased by 22% or 1,530 and warrants cleared decreased by 5.3% or 112, and charges dismissed declined by 17.
- Charges for Services – Greater than last year by \$140K and are 40.1% of budget. Increase over last year by \$326K in TIRZ administration fees, Engineering Inspection fees are lower by \$147K due to MUD 21 inspection fees included December 2012, and Ambulance Service Fees down by \$88K due to a reduction in Medicare/Medicaid reimbursements, which are a major portion of billings.
- Miscellaneous – At 25% of budget. A \$43K increase over December 2012 mainly due to a \$77K Citibank Credit Card rebate this year.
- Other Financing Sources – Lease/Purchase Carryover for FY2013 - \$1.853M approved January 2014.

GENERAL FUND EXPENDITURE SUMMARY

EXPENDITURES	FY 2014 BUDGET	FY 2014 ACTUAL-TO-DATE	FY 2014 % OF BUDGET	FY 2013 ACTUAL-T0-DATE
General Government	\$7,433,447	\$2,293,494	30.9%	\$2,048,389
Public Safety	32,735,541	8,823,901	27.0%	7,188,437
Community Services	3,860,153	920,494	23.8%	879,510
Public Works	9,489,965	1,674,016	17.6%	1,565,580
Parks & Recreation	8,443,490	1,645,010	19.5%	1,673,676
Sub-Total	\$61,962,596	\$15,356,915	24.8%	\$13,355,592
Transfers Out	1,386,903		0.0%	436,414
TOTAL EXPENDITURES	\$63,349,499	\$15,356,915	24.2%	\$13,792,006

- Expenditures of \$15.4M are 24.2% of budget and are \$1,564,909 higher than at this same time last year. Total Expenditures Thru December 2012 were 22.6% of budget.
- General Government – 30.9% of budget. Over last year by \$245K due to the annual maintenance payment for Tenzinga and the CPM Program, operations of the West Side Library, and retirement payouts.
- Public Safety – 27.0% of budget and over last year by \$1.6M mainly due to the payment of a pumper and ladder truck and equipment for the fire trucks ordered in 2013, and the addition of Police Officers mid-year FY2013. Ambulance and staffing for additional crew underway.
- Community Services – Comprehensive Plan underway.
- Public Works – Higher than last year mainly due to purchase of materials for drainage and sidewalk replacement. ROW (sidewalk/street) Assessment budgeted at \$300K; Bid, received 3 proposals.
- Parks & Recreation – 19.5% of budget and is \$29K less than last year. Seasonal related expenditures.
- Transfers out – Transfer made in January 2014.

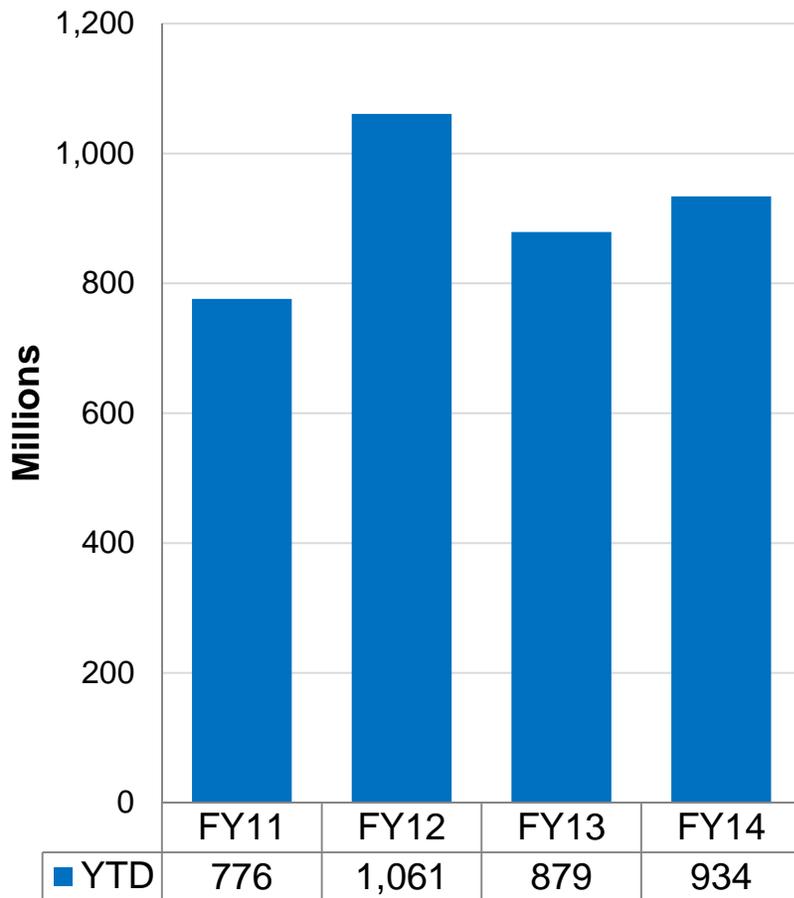
WATER SEWER FUND REVENUE SUMMARY

REVENUES	FY 2014 BUDGET	FY 2014 ACTUAL-TO-DATE	FY 2014 % OF BUDGET	FY 2013 ACTUAL-TO-DATE
Sale of Water	\$15,863,713	\$3,524,848	22.2%	\$3,833,354
Sewer Revenues	12,450,772	3,179,350	25.5%	3,016,394
Other Service Charges	1,361,586	274,624	20.2%	326,845
Interest Income	41,150	6,782	16.5%	3,790
Other Misc. Income	234,650	77,145	32.9%	210,396
Transfers In	2,428,835		0.0%	624,875
TOTAL	\$32,380,706	\$7,062,748	21.8%	\$8,015,654

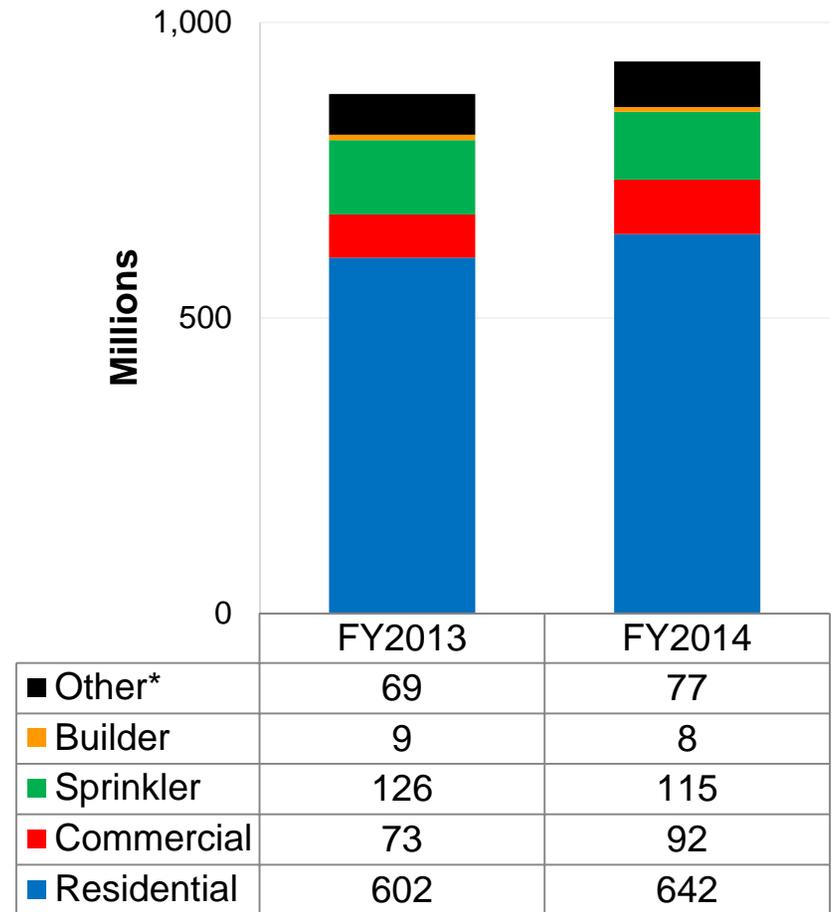
- Total revenues are \$7.1M or 21.8% of budget. Water/Sewer charges of \$6.7M make up 94.9% of revenues. Excluding transfer In, Revenues are 23.6% of budget.
- Gallons billed through December 2013 of 933.7 million is 54.4 million more than last December, with residential increasing by 40.6, due to annexation of BC MUD 4, and commercial by 18.6 million gallons. This is an increase of 6.2% over December 2012.
- There were 13.0 inches of rain YTD, 4.4 inches of additional rainfall than last YTD. A majority of rainfall, 7.4 inches, was recorded in October 2013.
- Other Miscellaneous Income – Lower than last year by \$133K due to annexation of BC MUD 4.
- Transfers In – Made in January 2014.

WATER CONSUMPTION

**YTD CONSUMPTION USE
BY FISCAL YEAR
(IN MILLIONS OF GALLONS)**



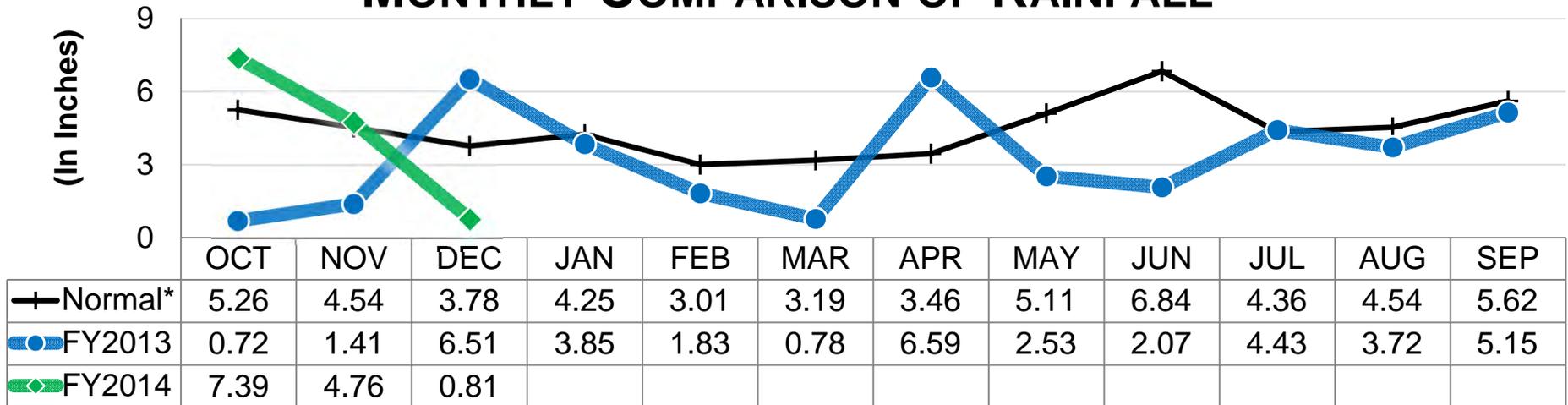
**YTD CONSUMPTION USE
FY2013 vs. FY2014
(IN MILLIONS OF GALLONS)**



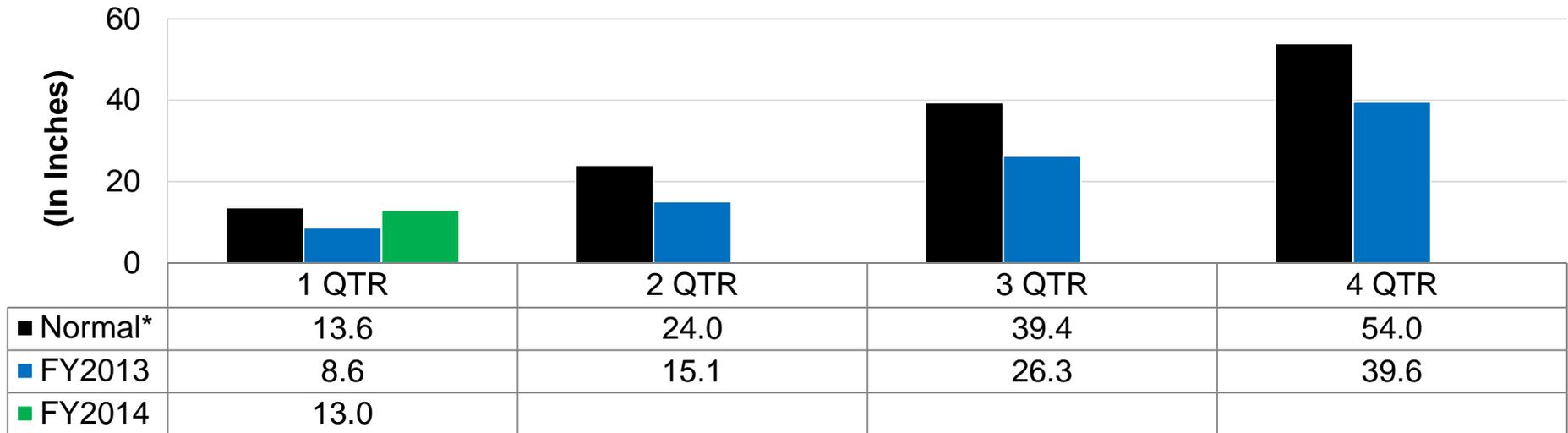
* Multi-unit residential is included in "Other."

RAINFALL COMPARISON

MONTHLY COMPARISON OF RAINFALL



CUMULATIVE RAINFALL BY QUARTER



*Normal Precipitation is recorded at Houston Hobby AP Weather Station. www.idcide.com/weather/tx/pearland.htm.
Normal is averages by month over 30 years as of January 2014.

WATER SEWER FUND EXPENSE SUMMARY

EXPENSES	FY 2014 BUDGET	FY 2014 ACTUAL-TO-DATE	FY 2014 % OF BUDGET	FY 2013 ACTUAL-TO-DATE
Lift Stations	\$1,004,736	\$198,877	19.8%	\$163,913
Wastewater Treatment	4,248,281	922,139	21.7%	665,617
Water Production	7,668,702	1,084,787	14.1%	1,086,430
Distribution & Collection	2,161,322	538,023	24.9%	597,002
Construction	1,000,074	240,445	24.0%	449,974
GIS	247,289	58,549	23.7%	58,147
W&S Revenue Collections	2,425,084	347,723	14.3%	641,526
Sub-Total	\$18,755,488	\$3,390,544	18.1%	\$3,662,608
Other Requirements	10,597,472	96,001	0.9%	119,212
Transfers	1,733,231		0.0%	788,626
TOTAL	\$31,086,191	\$3,486,545	11.2%	\$4,570,446

- Personnel Costs: \$1,653,859 (8.8%), Operations: \$1,736,685 (9.3%), are 18.1% of budget. Including Other Requirements and Transfers, expenses are 11.2% of budget.
- Carryover – \$787K requested for FY2013 carryover.
- Lift Stations – 19.8% of budget and \$35K over last year.
- Wastewater Treatment - 21.7% of budget, \$256K greater than last year. Sludge removal charges in FY14. \$95K carryover.
- Water Production – 14.1% of budget. \$579K requested for FY2013 carryover.
- Construction – 24.0% of budget. \$210K less than last year. Purchase of equipment in FY 2013; Wheel loader.
- W&S Revenue Collections – 14.3% of budget with \$294K lower than last year mainly due to register replacement and meters for development.
- Transfers – First Quarter transfers recorded in January 2014.

HOTEL TAX FUND SUMMARY

REVENUES / EXPENDITURES	FY 2014 BUDGET	FY 2014 ACTUAL-TO-DATE	FY 2014 % OF BUDGET
Occupancy Tax	\$1,148,088	\$583	0.1%
Interest Income	3,000	1,062	35.4%
Miscellaneous		1,852	
TOTAL REVENUE	\$1,151,088	\$3,497	0.3%
Operating Expenditures	761,195	91,473	12.0%
TOTAL EXPENDITURES	\$761,195	\$91,473	12.0%

- July – September HOT taxes received in November, accrued back to FY2013. \$315K. October-December taxes will be received in January. Received \$235,003.
- Expenditures total \$91,473, 12.0% of the budget. Personnel \$41,115; Marketing and Advertising \$18,351; Rental and Lease \$16,538.
- Fund balance as of December 31, 2013, is \$2,183,177. Budgeted balance at 9/30/14 is \$2,661,046.

INTERNAL SERVICE FUNDS

MEDICAL SELF INSURANCE FUND

REVENUE	FY 2014 BUDGET	FY 2014 ACTUAL-TO-DATE	FY 2014 % OF BUDGET	FY 2013 ACTUAL-TO-DATE
Interest	\$490	\$113	23.1%	\$112
Employee Contributions	5,412,972	1,251,968	23.1%	1,213,053
Retiree Contributions	86,429	26,778	31.0%	16,398
Miscellaneous		47,942		58,731
Transfers in				168,750
TOTAL REVENUES	\$5,499,891	\$1,326,800	24.1%	\$1,457,044

EXPENDITURES	FY 2014 BUDGET	FY 2014 ACTUAL-TO-DATE	FY 2014 % OF BUDGET	FY 2013 ACTUAL-TO-DATE
Administration Fees	\$900,333	\$197,723	23.5%	\$180,939
Medical Insurance Claims	4,585,452	1,200,298	26.2%	869,703
Wellness Programs	20,000	1,052	5.3%	120
TOTAL EXPENDITURES	\$5,505,785	\$1,399,073	25.4%	\$1,050,762
ENDING FUND BALANCE	\$470,200	\$403,821		\$749,564

Individual Stop Loss

\$125,000

Aggregate Stop Loss

\$6.1 million

Plans	Employee Participation	Claims
Kelsey (340)	63%	40%
HSA (12)	2%	2%
Open Access (185)	34%	42%
Open Access PPO		16%

INTERNAL SERVICE FUNDS

PROPERTY LIABILITY FUND

REVENUE	FY 2014 BUDGET	FY 2014 ACTUAL-TO-DATE	FY 2014 % OF BUDGET	FY 2013 ACTUAL-T0-DATE
Interest	\$50	\$0	0.0%	\$0
Insurance Reimbursements	90,000	50,160	55.7%	7,551
Transfers in	1,265,888	26,778	0.0%	265,003
TOTAL REVENUES	\$1,355,938	\$50,160	3.7%	\$272,554
EXPENDITURES	FY 2014 BUDGET	FY 2014 ACTUAL-TO-DATE	FY 2014 % OF BUDGET	FY 2013 ACTUAL-T0-DATE
General Liability	50,397	47,152	93.6%	37,835
Errors and Omissions Ins.	74,840	74,140	99.1%	65,456
Public Employee Dishonesty	3,225	2,010	62.3%	2,575
Animal Mortality Ins.	2,270	2,340	103.1%	2,220
Law Enforcement Liability	71,869	73,580	102.4%	67,406
Real & PP Ins.	81,578	71,152	87.2%	71,119
Windstorm Damage Ins.	641,006		0.0%	22,105
Automobile Liability Ins.	112,169	102,867	91.7%	96,836
Auto Damage	92,043	87,957	95.6%	84,758
Property XS Wind	92,793	56,517	60.9%	88,374
Mobile Equipment	12,518	12,480	99.7%	10,733
Costal Wind	15,420	14,150	91.8%	12,656
Sewage Back-up	15,760	15,820	100.4%	15,010
Other Expenses	90,000	20,063	22.3%	20,699
TOTAL EXPENDITURES	1,355,888	580,229	42.8%	597,782

P.E.D.C. FUND REVENUE SUMMARY

REVENUES	FY 2014 BUDGET	FY 2014 ACTUAL-TO-DATE	FY 2014 % OF BUDGET	FY 2013 ACTUAL-TO-DATE
Sales Tax	\$8,673,733	\$2,248,126	25.9%	\$2,064,328
Interest Income	38,500	10,345	26.9%	6,183
Miscellaneous	414,648	112,520	27.1%	110,294
TOTAL REVENUE	\$9,126,881	\$2,370,991	26.0%	\$2,180,805

Sales Tax Collection – 25.9% of PEDC Fund revenue. Oct. – December (Actual) totals \$2,225,163 which is 0.03%, or \$5,688, greater than the adopted budget of \$2,219,475 and \$150,592 or 7.3% greater than the actual receipts from last year.

Miscellaneous:

- PEDC received \$103,500 for rent for the CSI facility, per agreement.
- Interest income at \$10,345
- Reserve for Debt Pay-off
 - Setting aside 20% of sales tax so that by 2015 can call and pay-off Series 2010 bonds.
 - Reserve at 12/31/13 - \$3,491,382

P.E.D.C. FUND EXPENDITURE SUMMARY

EXPENDITURES	FY 2014 BUDGET	FY 2014 ACTUAL-TO-DATE	FY 2014 % OF BUDGET	FY 2013 ACTUAL-TO-DATE
Operating	\$1,743,407	\$313,515	18.0%	\$302,119
Capital Outlay	48,000		0.0%	
Transfers	178,782	16,247	9.1%	\$48,694
Bond Payments	2,054,024		0.0%	
Capital Transfers Out		108,731	85.7%	
Business Incentives	2,794,889	10,148	0.4%	\$41,420
TOTAL EXPENDITURES	\$6,819,102	\$448,641	6.6%	\$392,233

- Operating – \$313,515 Includes personnel costs, as well as expenditures associated with marketing and promotional programs.
- Transfers – \$16,247 to U of H Fund. Transfers for City support services are reflected in January.
- Bond Payment – Payment of principal and interest on bonds to be paid in February and August.
- Capital Transfer Out - \$108,731 for Business Center Drive. Board and Council approved carryover of \$376,274 in January 2014.
- Business Incentives – Includes Sales Tax incentives of \$10,148
- The Board also approved a maximum contribution of \$700,000 to the Max Road Sports Complex. This will be reflected during year-end projections.

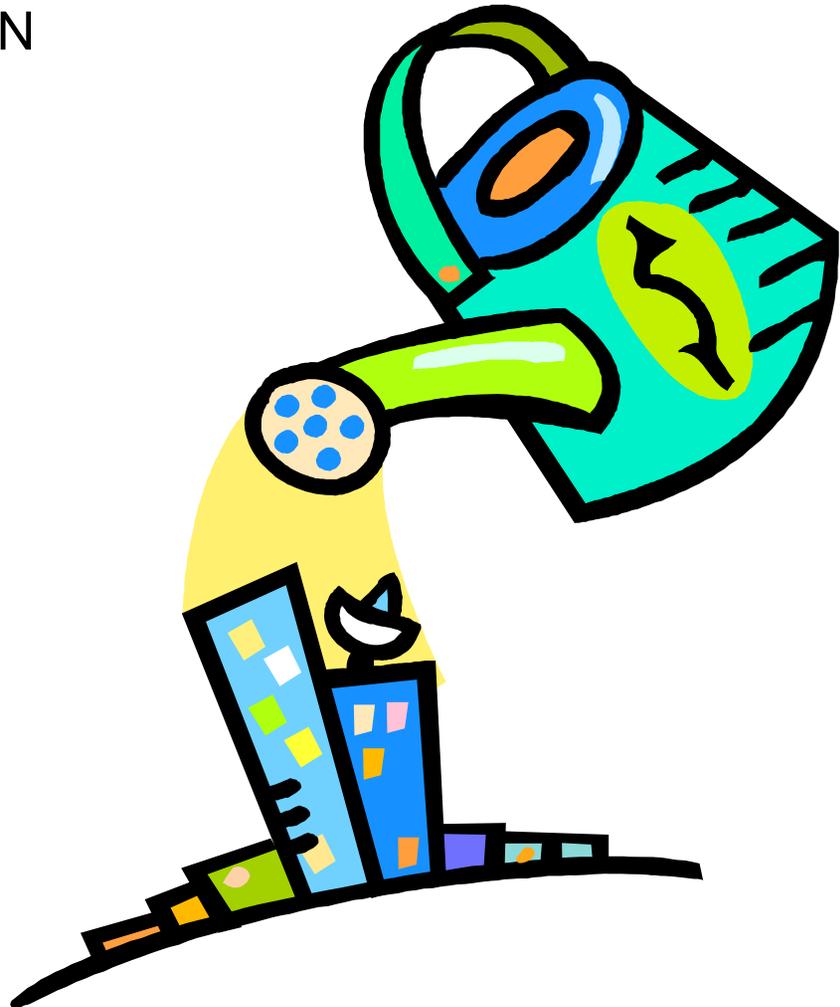
P.E.D.C. INCENTIVES

Current Incentives	Amount	Prior	FY 2014	Balance
Altus Harbor	\$87.5K	\$80K	\$0	\$7.5K
Cardiovascular Systems, Inc.	\$5.1M	\$4.1M	\$0	\$1M
KS Management	\$2.6M	\$0	\$0	\$2.6M
Merit Medical Systems, Inc.	\$888K	\$0	\$0	\$888K
SCR HH GP	\$300K	\$180K	\$0	\$120K
Shadow Creek Ranch/AmReit*	\$667K	\$482.4K	\$10.148K	\$174.452K
Zapp Precision Wire	\$60.0K	\$0	\$0	\$60.0K
Dover	\$630K	\$0	\$0	\$630K



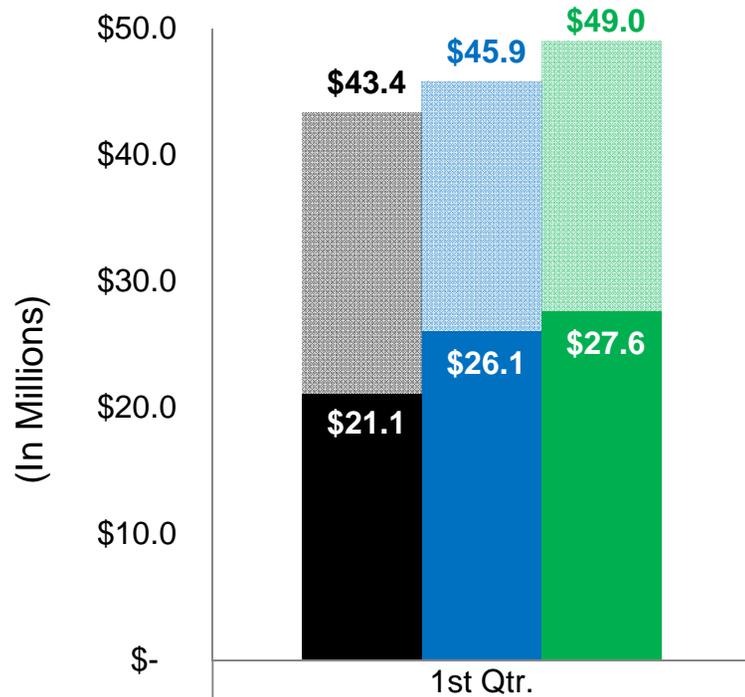
ECONOMIC INDICATORS

- PROPERTY TAX ALLOCATION
- SALES TAX COLLECTION
 - MONTH-TO-MONTH
 - QUARTER-TO-DATE
- BUILDING PERMITS
 - SINGLE FAMILY
 - COMMERCIAL
 - PERMIT REVENUE
- HOT TAXES
 - BY QUARTER
 - BY YEAR
- UNEMPLOYMENT RATE
- FORECLOSURE FILINGS



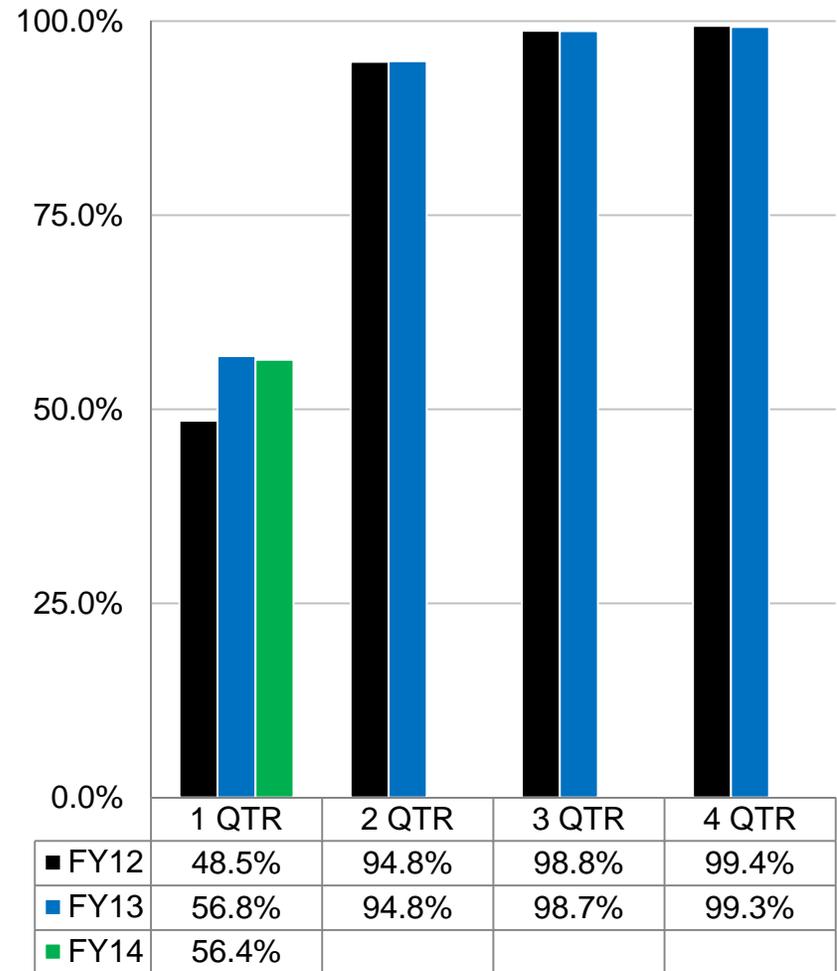
PROPERTY TAX COLLECTIONS (YEAR-TO-DATE)

\$ COLLECTED - CUMULATIVE



	1st Qtr.
FY12 Levy	\$43.4
FY13 Levy	\$45.9
FY14 Levy	\$49.0
FY12 Collections	\$21.1
FY13 Collections	\$26.1
FY14 Collections	\$27.6

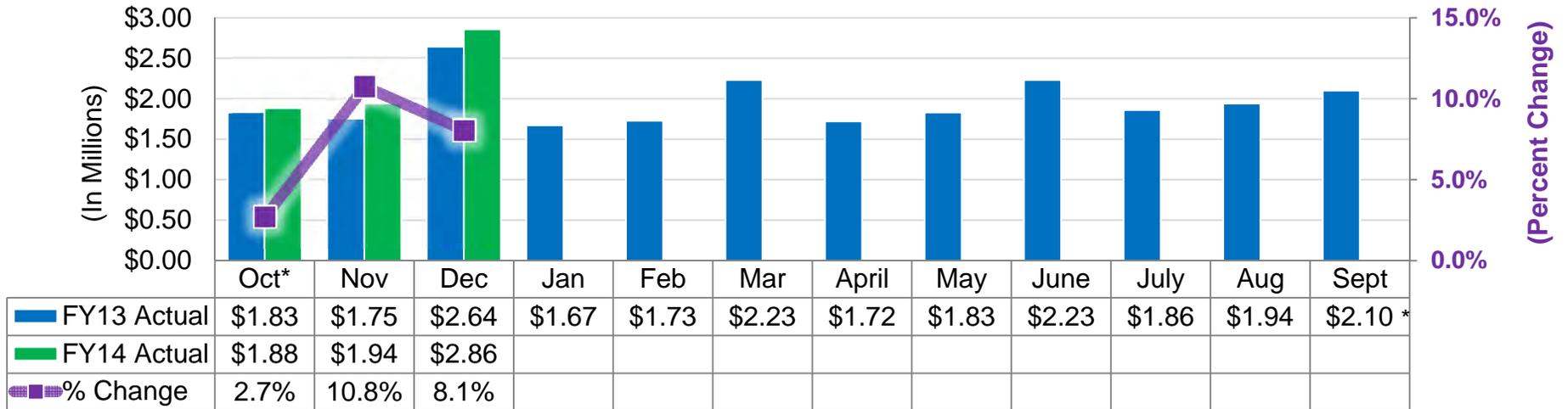
% COLLECTED - CUMULATIVE



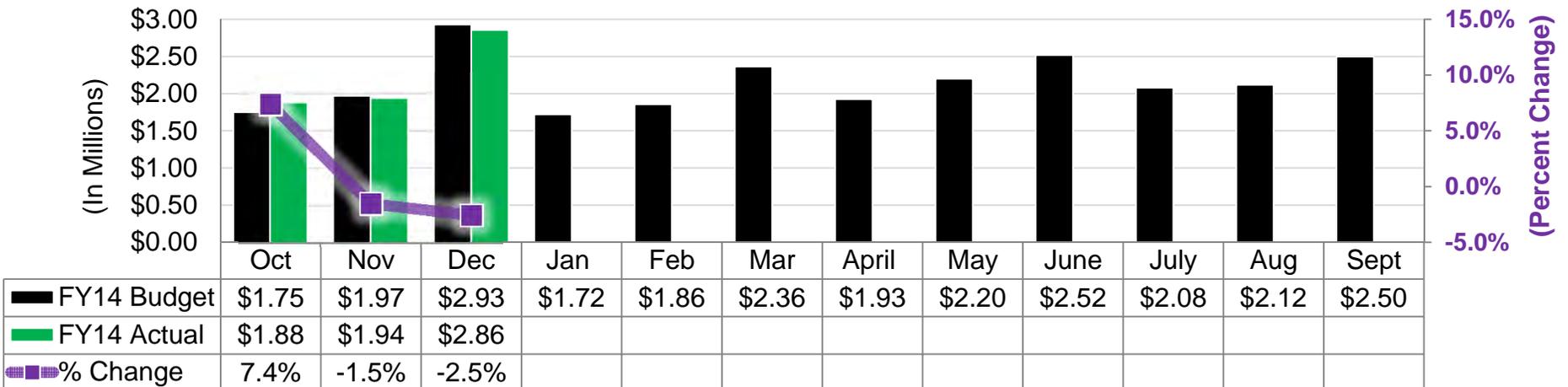
*Percent collected based on 100.0% of Levy. Budgeted at 98.4%.

SALES TAX

SALES TAX ACTUAL-TO-ACTUAL AND PERCENT CHANGE

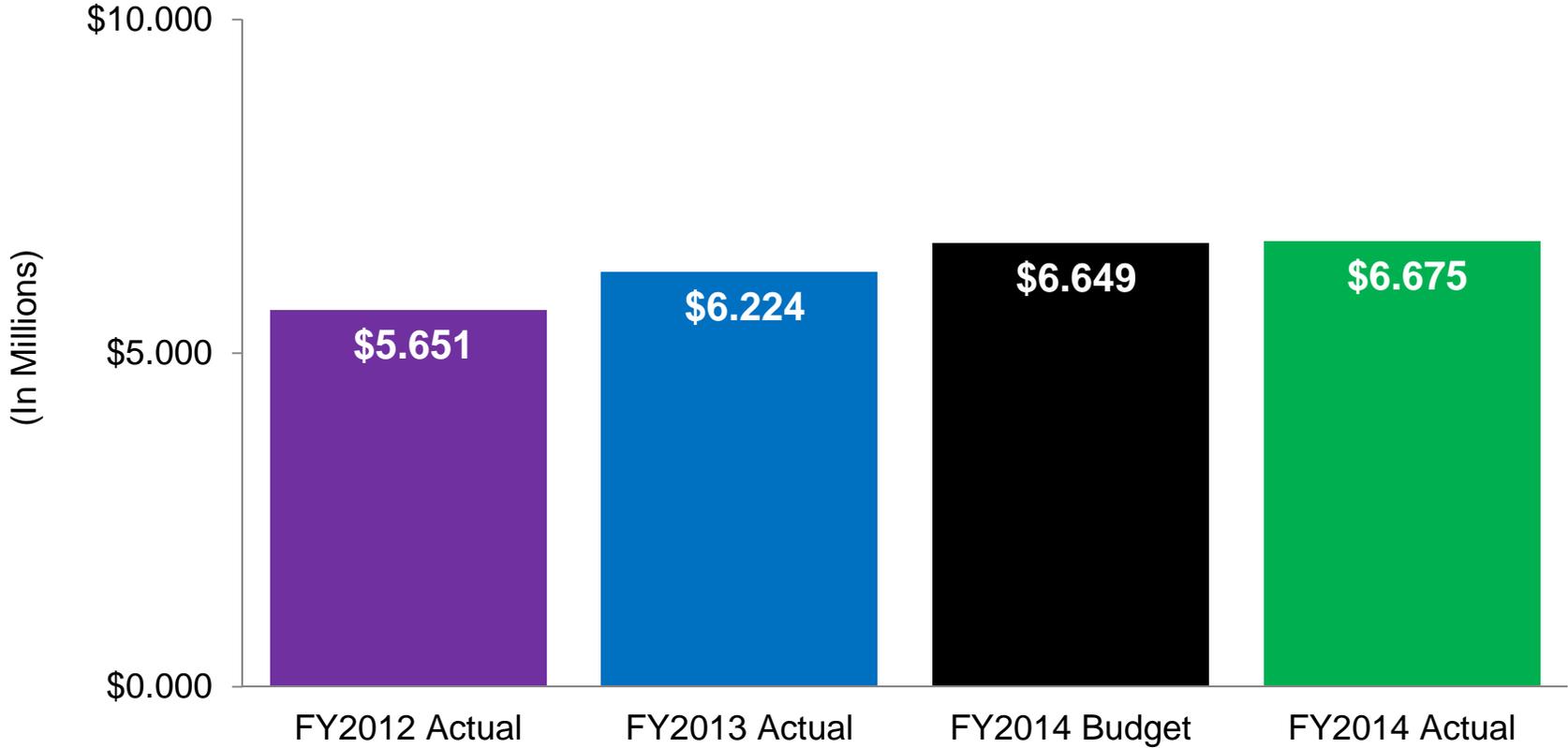


SALES TAX ORIGINAL BUDGET-TO-ACTUAL AND PERCENT CHANGE



*October FY13 Actual has payments made in advance totaling \$103K.

SALES TAX YTD COLLECTIONS



SALES TAX COMPARISONS

CITY (tax rate)	NET PAYMENT FOR DEC.*	PRIOR YEAR FOR DEC.*	% CHANGE	2013 PAYMENT TO DATE** (JAN – FEB)	2012 PAYMENT TO DATE** (JAN – FEB)	% CHANGE
BAYTOWN (1.25)	1,605,931.90	1,535,006.27	4.62%	2,762,100.43	2,584,404.98	6.87%
COLLEGE STATION (1.5)	2,408,295.47	2,316,372.07	3.96%	4,234,042.11	3,974,528.80	6.52%
FRISCO (2.0)	6,986,288.44	6,547,330.73	6.70%	11,875,782.21	10,594,475.19	12.09%
LEAGUE CITY (1.75)	1,733,102.60	1,532,900.55	13.06%	2,893,430.97	2,579,053.54	12.18%
MCKINNEY (2.0)	4,158,860.29	4,914,609.75	-15.37%	7,124,903.36	7,578,882.09	-5.99%
PASADENA (1.5)	3,406,013.90	3,002,609.95	13.43%	5,787,401.94	5,040,797.91	14.81%
PEARLAND (1.5)	2,855,704.57	2,642,611.76	8.06%	4,795,895.38	4,394,193.41	9.14%
PLANO (1.0)	8,853,590.11	7,841,240.20	12.91%	14,362,911.85	12,378,748.23	16.02%
ROUND ROCK (2.0)	6,591,104.33	6,528,898.68	0.95%	12,908,475.79	12,426,930.24	3.87%
SUGAR LAND (2.0)	5,695,894.78	5,066,630.69	12.41%	9,564,423.20	8,288,431.08	15.39%
THE WOODLANDS (1.0)***	6,090,527.03	5,677,714.20	7.27%	9,721,764.43	8,641,133.31	12.51%

* December received in February

** Source: Texas Comptroller of Public Accounts reported by calendar year (Jan. – Feb.)

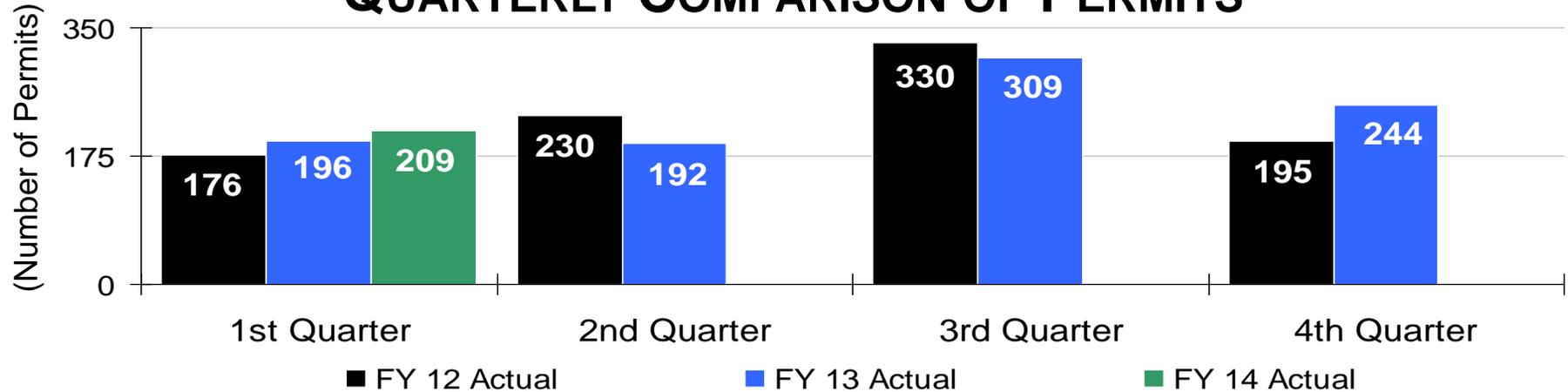
*** The Woodlands is a combination of several special purpose districts.

AMBULANCE FEES

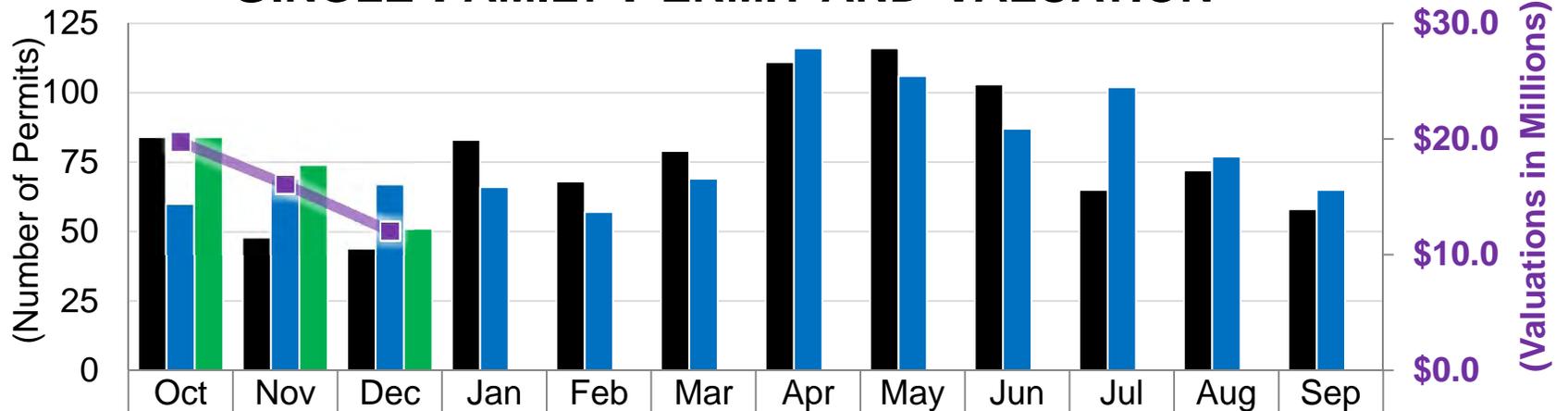
	Transportation Mix	Net Charge by Type		Payments Received	
Insurance	23.8%	\$1,011,608	30.7%	\$967,369	53.4%
Medicaid/Medicare	45.4%	\$658,941	20.0%	\$642,058	35.4%
Patient	26.9%	\$1,461,401	44.4%	\$151,669	8.4%
Other	3.9%	\$159,338	4.8%	\$51,202	2.8%
Total	100.0%	\$3,291,288	100.0%	\$1,812,298	100.0%

SINGLE FAMILY PERMITS

QUARTERLY COMPARISON OF PERMITS



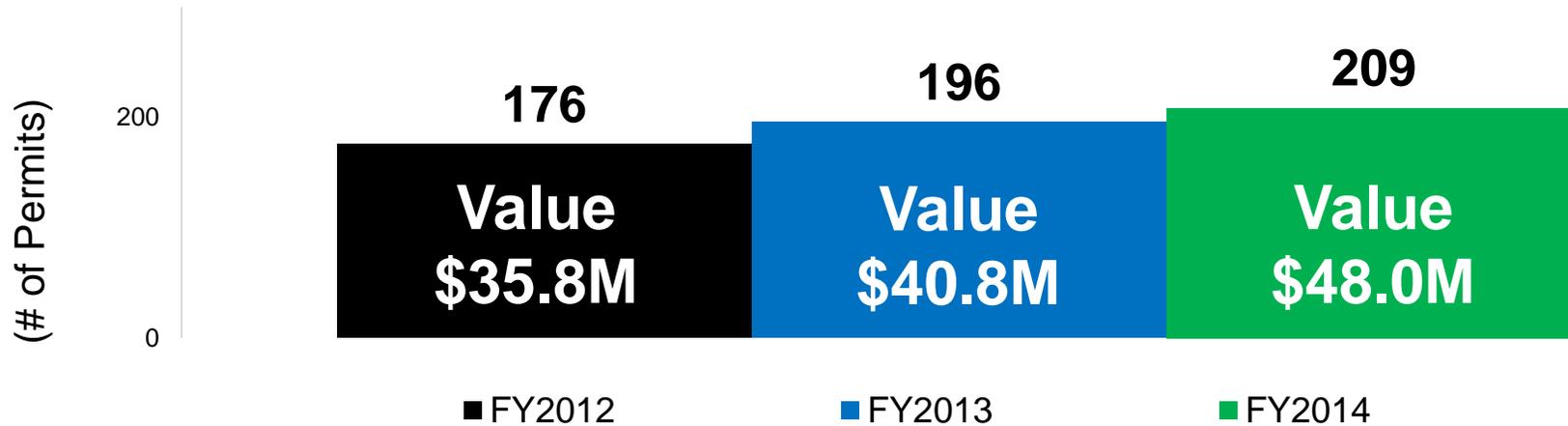
SINGLE FAMILY PERMIT AND VALUATION



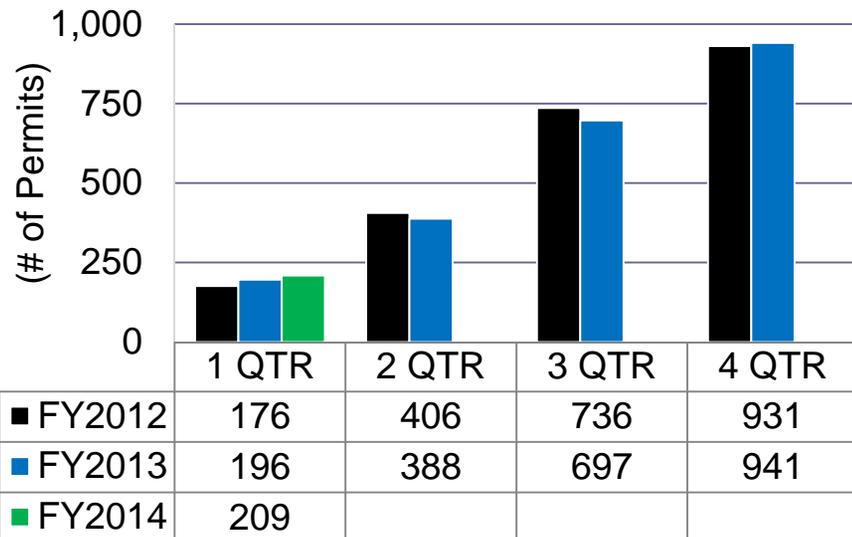
■ FY12 Permits	84	48	44	83	68	79	111	116	103	65	72	58
■ FY13 Permits	60	69	67	66	57	69	116	106	87	102	77	65
■ FY14 Permits	84	74	51									
■ FY14 \$ Val.	\$19.8	\$16.1	\$12.1									

SINGLE FAMILY PERMITS

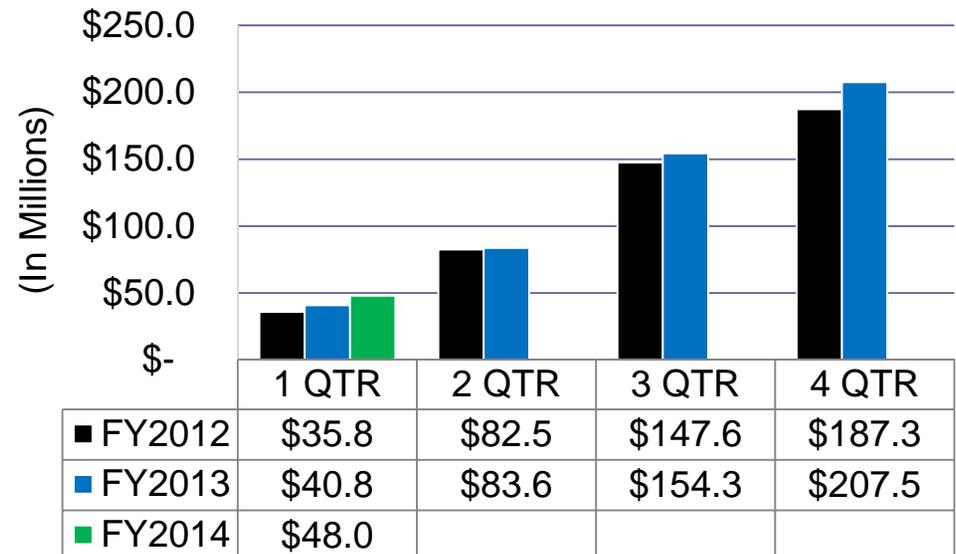
COMPARISON THRU 1ST QUARTER



CUMULATIVE PERMITS BY QUARTER

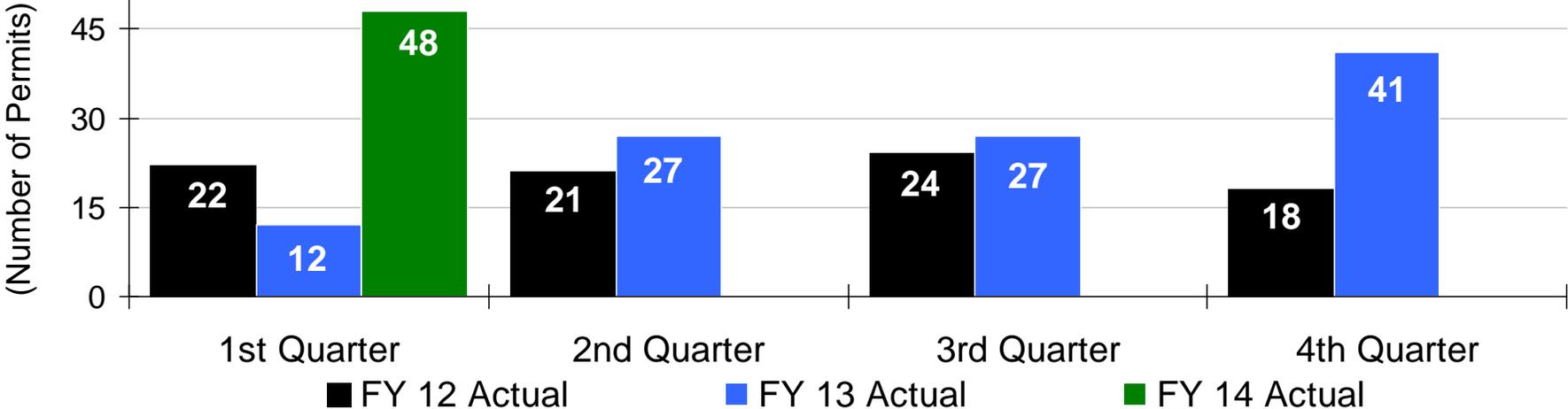


CUMULATIVE VALUE BY QUARTER

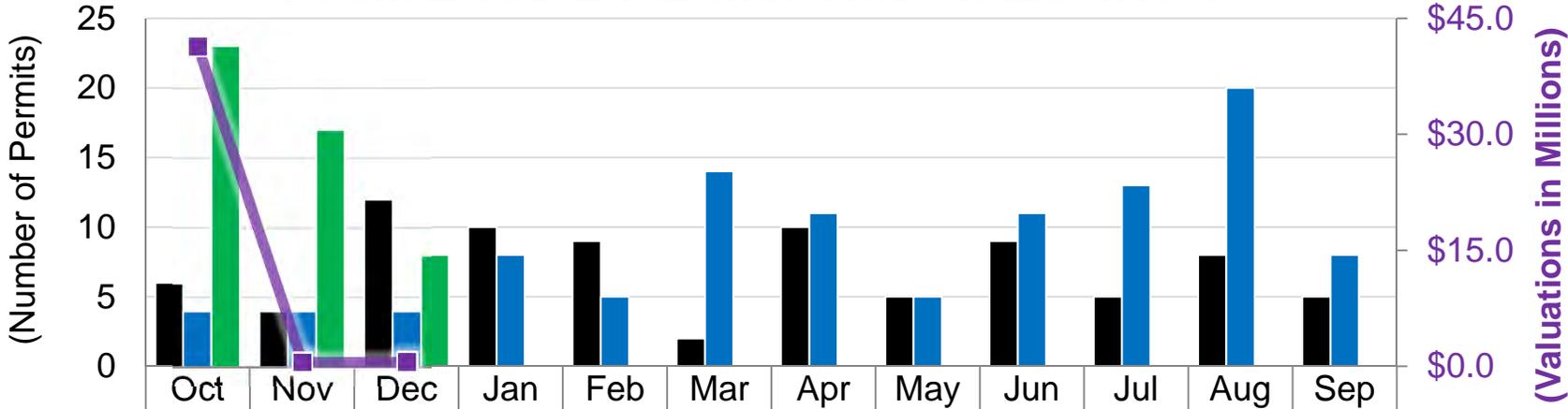


COMMERCIAL PERMITS

QUARTERLY COMPARISON OF PERMITS



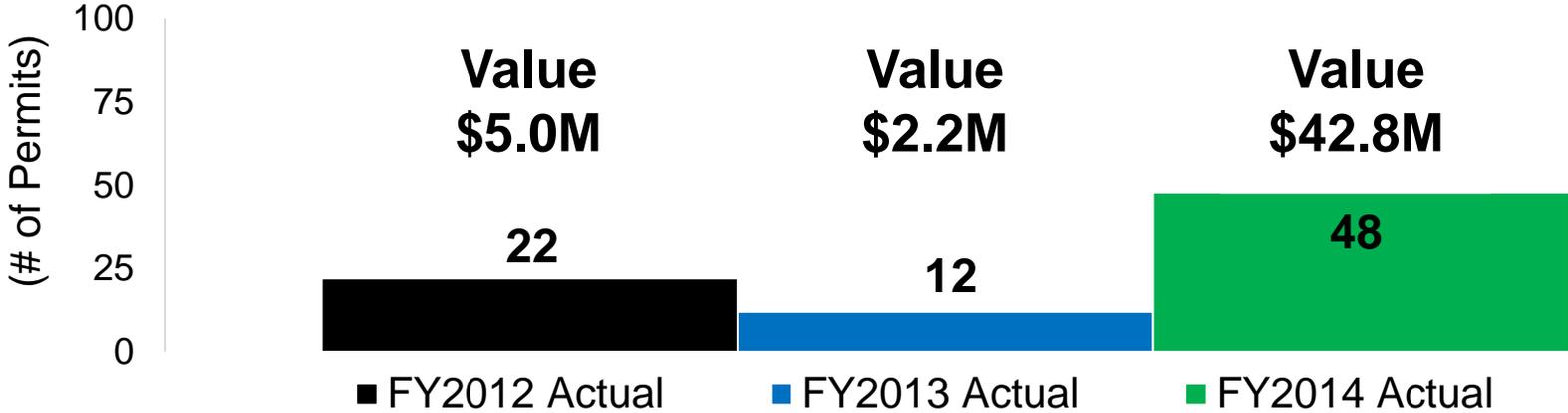
COMMERCIAL PERMIT AND VALUATION



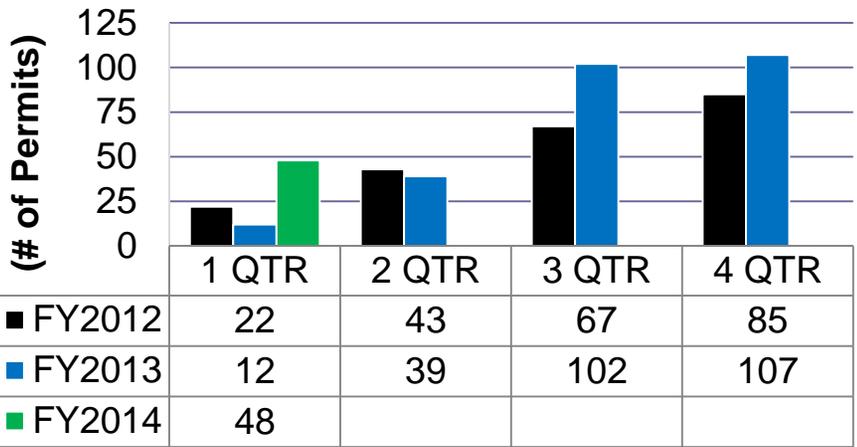
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
■ FY12 Permits	6	4	12	10	9	2	10	5	9	5	8	5
■ FY13 Permits	4	4	4	8	5	14	11	5	11	13	20	8
■ FY14 Permits	23	17	8									
■ FY14 \$ Val.	\$41.4	\$0.7	\$0.7									

COMMERCIAL PERMITS

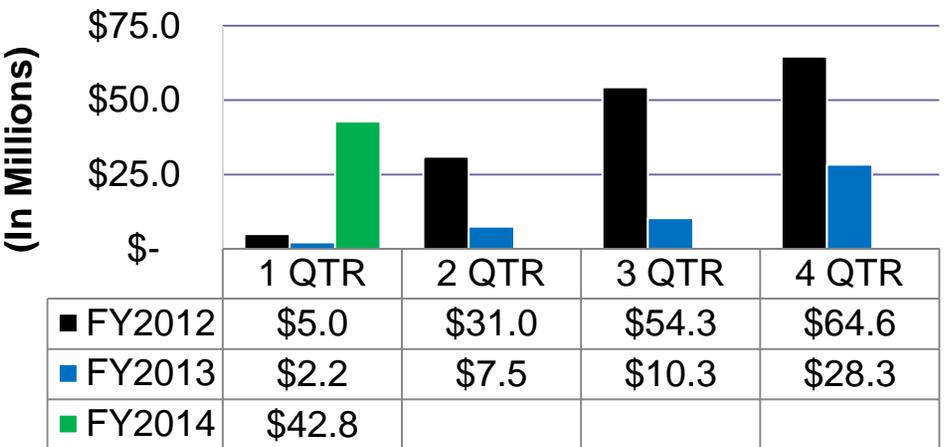
COMPARISON THRU 1ST QUARTER*



CUMULATIVE PERMITS BY QUARTER



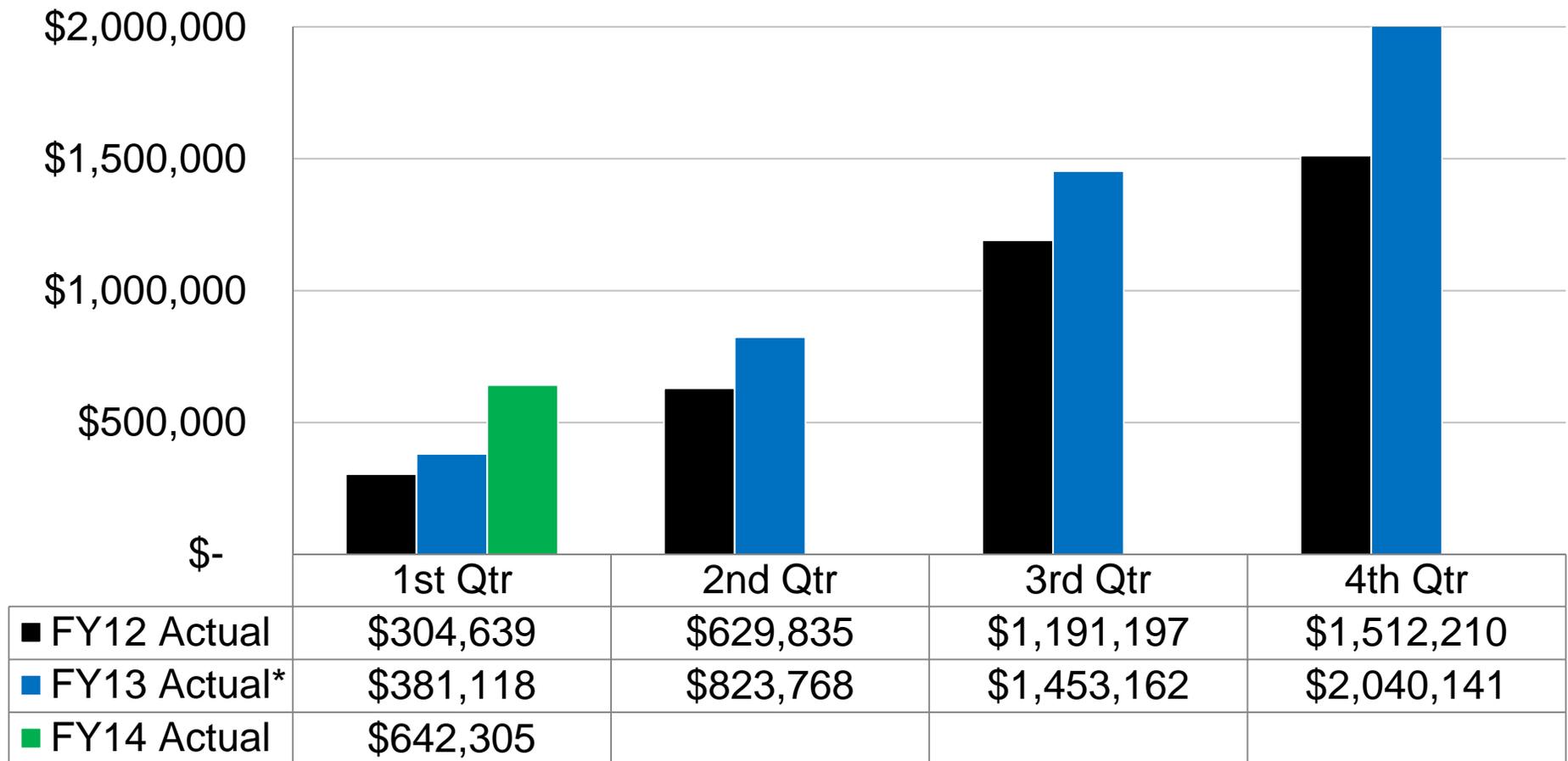
CUMULATIVE VALUE BY QUARTER



*FY14 increase in value is mainly due to HCA Hospital and HEB and does not include the Max Road Sports Complex..

TOTAL BUILDING PERMIT AND BUILDING PLAN FEE REVENUE

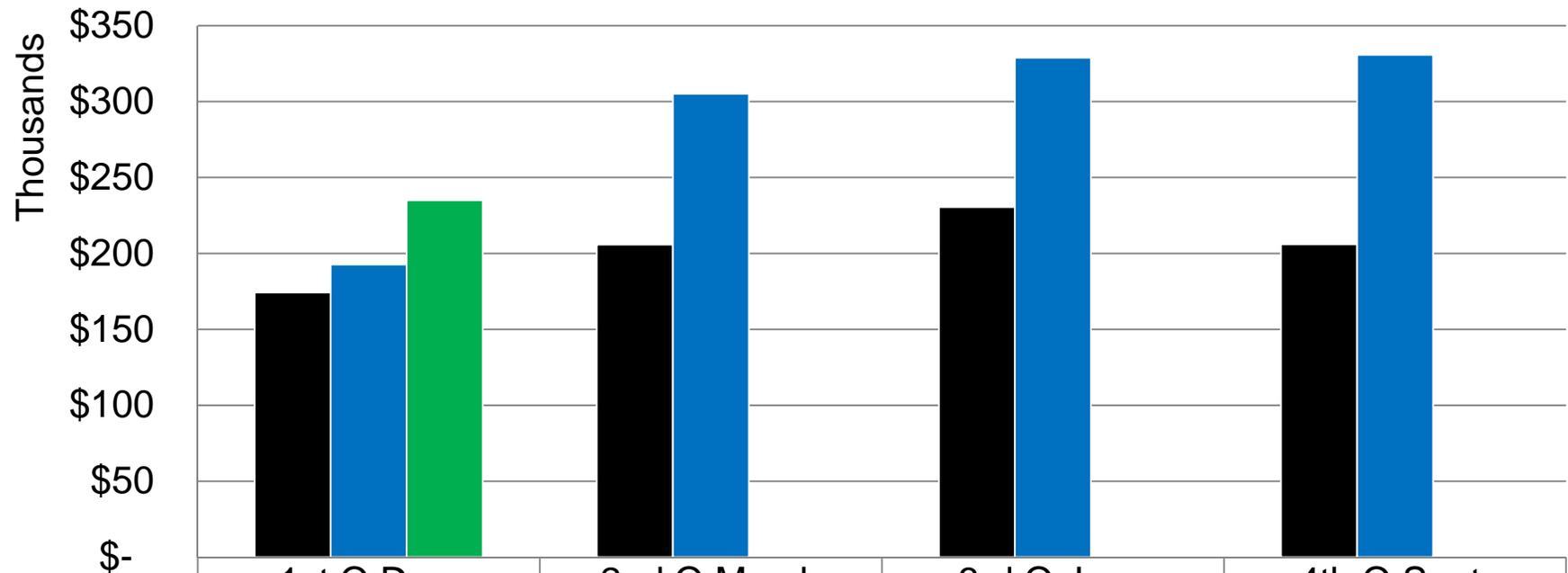
CUMULATIVE COMPARISON BY QUARTER



*New fees effective 10/01/2013.

HOTEL OCCUPANCY TAX THREE-YEAR COMPARISON BY QUARTER

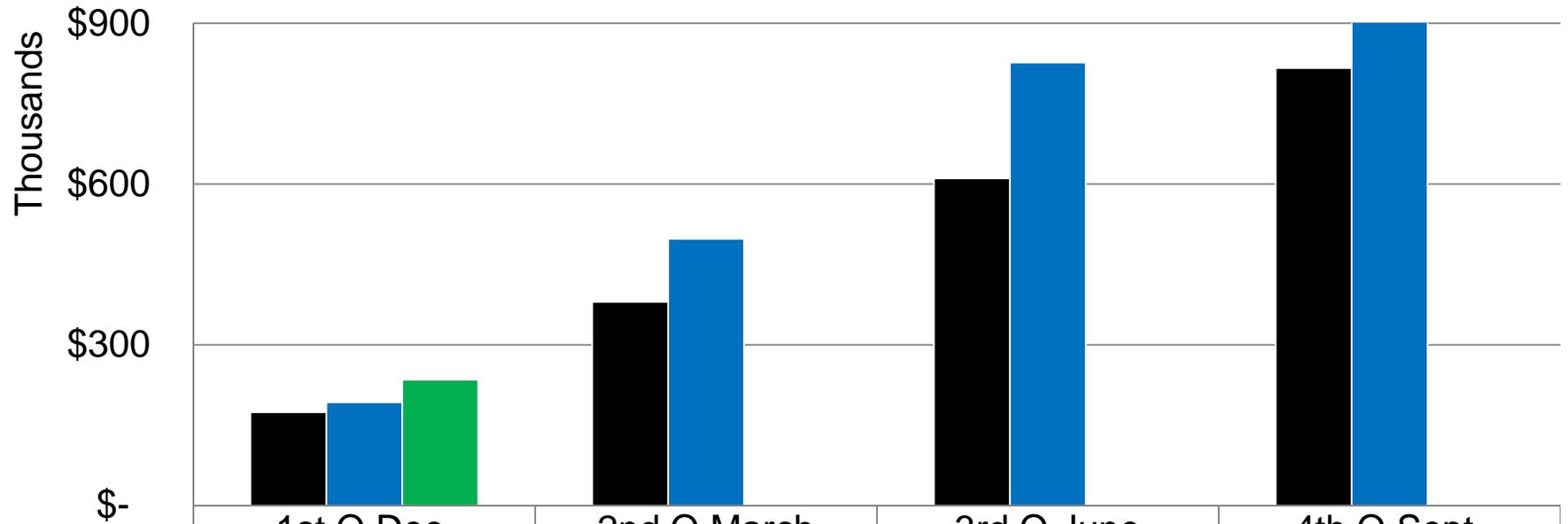
QUARTERLY OCCUPANCY TAX*



	1st Q Dec.	2nd Q March	3rd Q June	4th Q Sept.
■ FY12 Actual	\$174,281	\$205,822	\$230,540	\$205,989
■ FY13 Actual	\$192,734	\$305,120	\$328,858	\$330,738
■ FY14 Actual	\$235,003			

*Reflects amount received for each quarter. includes Spring Hill and Sleep Inn Suites, in MUD4 beginning FY2013 second quarter.

HOTEL OCCUPANCY TAX CUMULATIVE COMPARISON BY QUARTER*

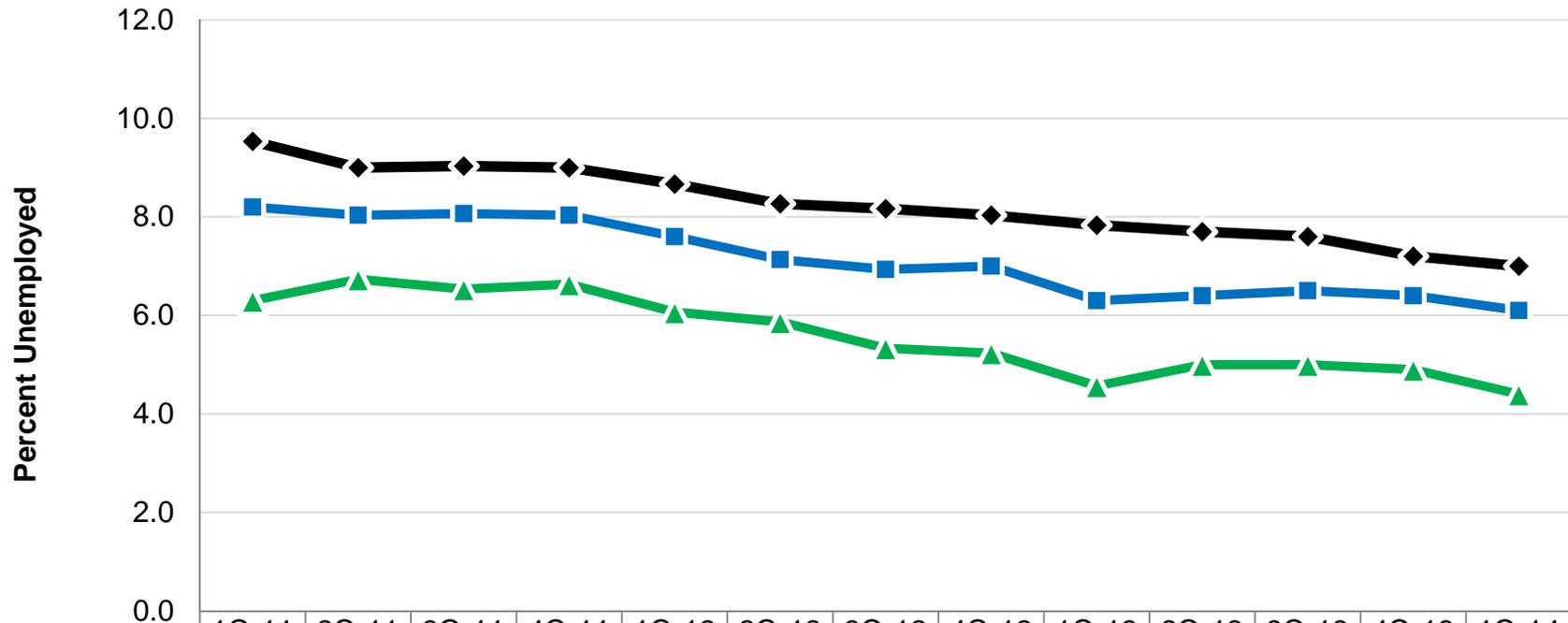


	1st Q Dec.	2nd Q March	3rd Q June	4th Q Sept.
■ FY12 Actual	\$174,281	\$380,103	\$610,643	\$816,632
■ FY13 Actual	\$192,734	\$497,854	\$826,712	\$1,157,450
■ FY14 Actual	\$235,003			

*Reflects cumulative total thru 4th Quarter.

UNEMPLOYMENT RATE

**AVERAGE RATE BY QUARTER
(PEARLAND/STATE/NATIONAL)**



	1Q-11	2Q-11	3Q-11	4Q-11	1Q-12	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13	1Q-14
◆ National	9.5	9.0	9.0	9.0	8.7	8.3	8.2	8.0	7.8	7.7	7.6	7.2	7.0
■ State	8.2	8.0	8.1	8.0	7.6	7.1	6.9	7.0	6.3	6.4	6.5	6.4	6.1
▲ Pearland	6.3	6.7	6.5	6.6	6.1	5.9	5.3	5.2	4.6	5.0	5.0	4.9	4.4

Source: Labor Market & Career Information, Texas Workforce Commission and Federal Bureau of Labor Statistics.

SUMMARY OF MAJOR CAPITAL PROJECTS

o Through 12/31/13

PROJECT	FUNDED BUDGET	ACTUAL-TO-DATE	ENCUMB-RANCE	REMAINING	ANTICIPATED SAVINGS
Max Road Sports Complex	\$4,619,881	\$1,394,655	\$3,110,060	\$115,166	\$0
Pearland Parkway Ext.	\$3,695,192	\$1,497,197	\$31,894	\$2,166,101	\$750,000 80/20
Fire Station #3	\$3,117,291	\$207,206	\$83,299	\$2,077,086	\$0
SCR Park	\$8,415,051	\$585,093	\$101,856	\$7,728,102	\$0
Centennial Park	\$1,728,153	\$27,768	\$183,584	\$1,516,801	\$0
Fite Road	\$1,100,849	\$13,596	\$529,349	\$557,905	\$0
Max Road	\$2,214,189	\$367,064	\$490,115	\$1,357,010	\$0
CR 59 Expansion	\$2,837,223	\$1,969	\$0	\$2,835,254	\$800,000

SUMMARY OF MAJOR CAPITAL PROJECTS

o Through 12/31/13

PROJECT	FUNDED BUDGET	ACTUAL-TO-DATE	ENCUMB-RANCE	REMAINING	ANTICIPATED SAVINGS
Intelligent Traffic Systems	\$3,781,666	\$1,914,998	\$1,760,671	\$105,998	\$50,000 80/20
Far NW WWTP Expansion	\$9,400,000	\$0	\$414,000	\$8,986,000	\$0
Hatfield Sewer	\$6,889,000	\$3,304,274	\$3,584,166	\$561	\$0
Old Alvin Waterline	\$3,406,718	\$3,245,508	\$156,416	\$4,794	\$0
Kirby Dr. Extension	\$1,235,000	\$9,196	\$0	\$1,225,804	\$0
Mc Hard Rd Extension	\$2,650,195	\$27,153	\$60,000	\$2,563,042	\$0
Mc Hard Waterline	\$10,011,109	\$1,009,232	\$278,456	\$8,723,421	\$0
Walnut Lift Station	\$1,111,639	\$69,764	\$37,565	\$1,004,310	\$0

GRANT UPDATE

- **HGAC/Solid Waste**
 - Request for \$116,686 approved for funding to purchase/install a glass crusher at Stella Roberts Recycling Center.
- **CDBG**
 - Westchester Circle Sidewalks/Drainage is at Substantial Completion, awaiting final approval by Eng/Capital Projects.
 - Consolidated Annual Performance Evaluation Report for Program Year 2012 (FY 2013) submitted to HUD.
 - \$333,253 CDBG Program Year 2013 (FY 2014) funds released and contracts for subrecipients executed by Finance Director.
 - \$66,650.60 – Program Administration
 - \$35,040 – Subrecipient Social Services Programs
 - \$231,562.40 – Garden/FM518 Traffic Signal Installation
- **General Land Office (former Texas Department of Rural Affairs)**
CDBG Disaster Funds – Lift Stations \$348,000
 - Installation of generator switches on lift stations completed.

GRANT UPDATE

- **Safe Routes to School - TxDOT**
 - Final SRTS Plan is complete and scheduled for COP, PISD, and AISD governing bodies to adopt the plan in Quarter 2.

- **HGAC/DWI**
 - City awarded contract for \$22,959 (\$18,719 federal funds, \$4,240 local matching funds) for the Selective Traffic Enforcement Program (STEP).
 - Funding pays overtime for officers involved in DWI enforcement activities.

Grants Summary	Number	Amount
– FY14 Grants Applied For	3	\$ 159,562
– Grants Awarded	2	\$ 139,645
– Active Grants	17	\$ 3,404,559

CITY INVESTMENTS

FIRST QUARTER

BOOK VALUE

Portfolio at Sept. 30, 2013	\$81,180,409.69
Portfolio at Dec. 31, 2013	\$89,364,730.77

PORTFOLIO

Cash	67%
CD	14%
FFCB/FHLB/FHLMC/FNMA	19%

MATURITY (Number of Days)

Weighted Average Maturity	230
Longest Maturity	1,822

YIELD TO MATURITY AT COST (Quarter Average)

City's Yield to Maturity	0.29%
1 Year T-Bill Benchmark Yield	0.12%
Agency Note Benchmark Yield	0.14%

OTHER NOTEWORTHY HIGHLIGHTS

FIRST QUARTER

- Bid lease-purchase for financing for various 2013 capital purchases with U.S. Bancorp Government Leasing and Finance, Inc.; 2.028%.
- Approved nominations and voted for Appraisal Districts Board of Directors.
- Development Authority of Pearland Bond Sale, Series 2013; \$9.1M.
- Contract for False Alarm management complete; Go live February 2014.
- Awarded contract for ERP consultant for replacement of HTE.
- Amended Waste Management contract to include cart recycling and transition of commercial garbage billing and collection to Waste Management.
- Year-end audit began; completed audit schedules.
- Finalized budget book, sent to printers, GFOA for award and placed on web-site.
- Printed and distributed Five-Year CIP; placed on web-site.

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Questions?

Fiscal Year 2013-2014
Ending December 31, 2013

HOUSTON  CHRONICLE
BUSINESS

Solid growth brightens economic outlook for 2014



Lenny Ignelzi, STF

Employees at Sheffield Platers work in San Diego. The 2014 prospects for the U.S. economy improved Thursday after the Commerce Department said growth reached a 3.2 percent annual rate last quarter.

ASSOCIATED PRESS

January 30, 2014

WASHINGTON – Consumers will spend more. Government will cut less. Businesses will invest more. And more companies will hire.

Add it up, and you can see why expectations are rising that 2014 will be the best year for the U.S. economy since the recession officially ended 4½

years ago. That's why the Federal Reserve is pressing ahead scaling back its economic stimulus.

The optimists got a boost Thursday from a government report that showed consumers fueled solid economic growth in the final quarter of 2013. The report lifted hopes that the economy will be able to withstand turmoil in emerging economies, a pullback in the Fed's stimulus and mounting risks to the stock market over the next 12 months.



Some still struggle

Americans struggling with long-term unemployment and stagnant pay might not get relief anytime soon. And areas such as manufacturing, construction and home sales remain far from full health. Still, the outlook for the economy as a whole brightened after the government said growth reached a 3.2 percent annual rate last quarter on the strength of the strongest consumer spending in three years.

Consumer spending surged in the October-December quarter at an annual rate of 3.3 percent, the best pace since 2010 and a big jump from the 2 percent growth of the previous quarter. Consumer spending accounts for 70 percent of the economy.

The news helped stocks rise sharply Thursday, with large parts of the market erasing Wednesday's losses. And the price of crude closed above \$98 a barrel for the first time in a month, as signs of the strengthening economy prompted expectations of greater demand for oil.

2013 as a whole

For 2013 as a whole, the economy grew a tepid 1.9 percent, weaker than the 2.8 percent increase in 2012, the Commerce Department said Thursday.

Growth was held back by higher taxes and federal spending cuts that kicked in early in 2013.

A budget deal Congress approved earlier this month halted tens of billions in additional spending cuts that were due to kick in this year. With that drag diminished, many economists think growth could top 3 percent in 2014. That would be the best showing since the recession ended in mid-2009.

The strength in consumer spending last quarter was driven by purchases of durable goods - products such as cars, computers and communications equipment - and nondurable goods like clothing. Spending on services also rose.

Also, businesses invested in more equipment. There was also strength from a shrinking trade deficit. Spending on home construction declined, though.

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Houston real estate market zooms into record territory

HAR Report | Posted: Saturday, February 8, 2014 11:01 pm

HOUSTON 2 The Houston real estate market ended 2013 as it began – in the fast lane. Surging home sales throughout greater Houston were largely driven by the addition of more than 86,000 jobs that drew buyers and renters from all around the country and world. December marked the 31st straight month of positive home sales and was a month in which prices again rose and housing inventory shrunk to new record lows.

According to the latest monthly data prepared by the Houston Association of Realtors, December single-family home sales increased 14.3 percent versus December 2012. Contracts closed on 5,813 homes, driving inventory down to 2.6 months supply, the lowest level of all time.

All housing segments saw gains in December except for the low end of the market – those homes priced at \$80,000 and below. Homes priced from \$250,000 and above registered the highest sales volume and accounted for another hike in prices.

“The Houston housing market had its best year on record in 2013, and those of us who work in real estate have never been busier,” said HAR Chair Chaille Ralph, with Heritage Texas Properties. “Stewart Title Chief Economist and former HAR Chairman Dr. Ted C. Jones forecasts positive sales to continue in the new year, but at a slower pace. He anticipates about a 5 percent increase in home sales and a 6 percent gain in pricing. However, all that hinges on having homes to sell, and the local inventory is running extremely low.”

The single-family home average price rose 10.3 percent year-over-year to \$265,017, while the median price – the figure at which half of the homes sold for more and half sold for less – rose 10.9 percent to \$188,500. Both figures represent historic highs for a December in Houston.

Sales of foreclosure properties continued their yearlong decline, falling 48.8 percent compared to December 2012, according to the HAR Multiple Listing Service. Foreclosures currently make up 6.5 percent of all property sales reported through the MLS, one-third of the share they comprised at the beginning of 2013. The median price of December foreclosures increased 8.3 percent to \$91,000.

December sales of all property types in Houston totaled 6,987, a 14.2 percent increase over the same month last year. Total dollar volume for properties sold in December soared 24.2 percent to \$1.8 billion versus \$1.4 billion a year earlier.

Annual Market Comparison

The Houston housing market concluded calendar year 2013 with strong gains in sales volume and pricing versus 2012. The heaviest one-month sales volume of the year was recorded in May, with 7,705 closings. By contrast, the lightest one-month sales volume of 2013 took place in January, with 3,889 closings. However, January also marked the greatest year-over-year percentage sales increase, with a 28 percent gain over January 2012.

Single-family home sales rose 17.4 percent for the year and sales of all property types increased 18.8 percent. On a year-to-date basis, the average price climbed 10.3 percent to \$248,591 while the median price increased 9.4 percent to \$180,000. Total dollar volume for full-year 2013 reached a record high, jumping 30.2 percent to nearly \$21 billion compared to \$16 billion in full-year 2012.

Monthly Market Comparison

December delivered positive results across all sales categories compared to December 2012. On a year-over-year basis, total property sales, total dollar volume and average and median pricing were all on the rise. Active listings, or the number of available properties, at the end of December declined 16.1 percent from December 2012 to 28,147.

Housing inventory in Houston has been below a four-month supply since November 2012. It fell below a three-month supply in November 2013, dropping in December to a 2.6-month supply from 3.7 months a year earlier. That is the lowest level ever recorded locally. Inventory consisting of a six-month supply is typically regarded as constituting a balanced real estate market. For perspective, the national inventory of single-family homes is 5.1 months of supply, according to the National Association of Realtors.

Broken out by housing segment, December sales performed as follows:

- \$1 to \$79,999: decreased 29.4 percent
- \$80,000 to \$149,999: decreased 7.7 percent
- \$150,000 to \$249,999: increased 19.6 percent
- \$250,000 to \$499,999: increased 40.7 percent
- \$500,000 to \$1 million and above: increased 29.8 percent

The average price of a single-family home rose 10.3 percent from last year to \$265,017, the highest level ever for a December in Houston. At \$188,500, the median sales price for single-family homes also achieved an historic high for December, up 10.9 percent year-over-year. HAR also breaks out the sales performance of existing single-family homes throughout the Houston market. In December 2013, existing home sales totaled 4,890, a 17.9 percent increase from the same month last year. The average sales price rose 11.9 percent year-over-year to \$248,072. The

median sales price increased 11.4 percent to \$171,500. Townhouse/Condominium December sales of townhouses and condominiums jumped 15.4 percent from one year earlier. A total of 533 units sold last month versus 462 properties in December 2012. The average price increased 9.4 percent to \$210,138, while the median price was flat at \$155,350. Supply of inventory plunged 39.4 percent year-over-year to 2.5 months compared to 4.2 months in December 2012. Lease Property December demand was hot for Houston's lease property market. Rentals of single-family homes rose 7.8 percent compared to December 2012, while year-over-year townhouse/condominium rentals increased 9.8 percent. The average rent among single-family lease homes remained stable throughout the year, recorded at \$1,612 in December. The December average rent for a townhouse/condominium rose 12.0 percent to \$1,476 per month.

The Economy at a Glance Houston

A publication of the Greater Houston Partnership

Volume 23, Number 2 • February 2014

Houston Wins Again —Houston led the state in job growth in '13. With 24.6 percent of the state's population, Houston accounted for 32.1 percent of the state's new jobs. The 10-county metro area added 82,000 jobs, a 3.0 percent increase over the previous year. GHP's employment forecast called for the region to create 76,000 jobs in '13, so growth was slightly better than anticipated. At year's end, total nonfarm payroll employment in Houston stood at 2.84 million.

Texas Metro Areas Ranked by Jobs Created

Metro Area	December Employment		Annual Change	
	'13	'12	Nominal	%
Houston-Sugar Land-Baytown	2,837,200	2,755,200	82,000	3.0
Dallas-Fort Worth-Arlington	3,160,000	3,092,900	67,100	2.2
Austin-Round Rock-San Marcos	865,900	842,200	23,700	2.8
Corpus Christi	194,600	187,800	6,800	3.6
San Antonio-New Braunfels	898,800	892,600	6,200	0.7
Midland	88,600	83,800	4,800	5.7
Lubbock	135,300	131,500	3,800	2.9
Longview	105,300	102,200	3,100	3.0
Odessa	77,700	74,700	3,000	4.0
Killeen-Temple-Fort Hood	133,300	130,600	2,700	2.1
McAllen-Edinburg-Mission	237,300	234,800	2,500	1.1
College Station-Bryan	101,400	99,200	2,200	2.2
Beaumont-Port Arthur	163,500	161,500	2,000	1.2
Tyler	97,200	95,300	1,900	2.0
Brownsville-Harlingen	135,200	133,400	1,800	1.3
Amarillo	115,200	113,500	1,700	1.5
Waco	109,900	108,500	1,400	1.3
Laredo	97,900	96,500	1,400	1.5
Abilene	68,800	67,500	1,300	1.9
Victoria	54,200	53,000	1,200	2.3
San Angelo	48,000	47,300	700	1.5
Wichita Falls	59,300	58,900	400	0.7
El Paso	287,700	287,700	0	0.0
Sherman-Denison	43,500	43,600	-100	-0.2
Texarkana	56,800	57,600	-800	-1.4
State of Texas	11,356,000	11,100,700	255,300	2.3

Source: Texas Workforce Commission

HOUSTON—THE ECONOMY AT A GLANCE

All but two of the supersectors—financial activities and other services—reported job gains. Several factors continue to impact financial services employment: the decline in mortgage refinancing activity, the reduction in nonperforming loans and thus the need to service them, the migration of financial services to the web, and lingering uncertainty brought on by the Dodd–Frank Wall Street Reform and Consumer Protection Act. It’s not clear why other services lost jobs. The region’s strong income, employment and population growth should be creating jobs in this sector. The true extent of Houston’s job gains and losses won’t be apparent until the Texas Workforce Commission releases its benchmark employment revisions on March 7, so the losses in financial services and other services may be less severe than is currently reported.

CHANGE IN NONFARM PAYROLL EMPLOYMENT		
Houston Metro Area		
December '12 – December '13		
	Jobs Added	% Change
Total Nonfarm	82,000	3.0
Total Private	73,800	3.1
Goods Producing	10,400	1.9
<i>Mining and Logging</i>	3,500	3.3
Oil and Gas Extraction	3,000	5.3
Support Activities for Mining	400	0.8
Construction	3,500	1.9
<i>Manufacturing</i>	3,400	1.4
Durable Goods	2,600	1.5
Nondurable Goods	800	1.0
Service Providing	71,600	3.2
<i>Trade, Transportation, and Utilities</i>	23,500	4.1
Wholesale Trade	7,800	5.4
Retail Trade	11,300	3.9
Transportation, Warehousing, Utilities	4,400	3.3
<i>Information</i>	1,400	4.4
<i>Financial Activities</i>	-800	-0.6
Finance and Insurance	-1,800	-2.0
Real Estate and Rental and Leasing	1,000	2.0
<i>Professional and Business Services</i>	20,100	4.9
<i>Educational and Health Services</i>	11,900	3.5
Educational Services	1,800	3.8
Health Care and Social Assistance	10,100	3.5
<i>Leisure and Hospitality</i>	10,300	3.9
Arts, Entertainment, and Recreation	400	1.5
Accommodation and Food Services	9,900	4.2
<i>Other Services</i>	-3,000	-3.1
Government	8,200	2.2
Source: Texas Workforce Commission		

HOUSTON—THE ECONOMY AT A GLANCE

Houston's unemployment rate fell to 5.5 percent in December '13, the lowest point since December '08, the month prior to Houston entering the Great Recession. Houston's unemployment rate peaked at 8.8 percent in June '11 and has trended downward ever since. The unemployment rate averaged 6.2 percent in '13, down from an average of 6.8 percent in '12.

Of note in the data is the shifting of job growth from Houston's economic base (primarily energy, manufacturing and engineering) to the secondary sectors (*i.e.*, everything else). Growth in the base is important because it supports growth in the secondary sectors. Once base growth slows, secondary growth follows suit. The base grew 6.5 percent in '12, but slowed to 3.0 percent in '13. Of concern, retailers and restaurateurs added 20,400 jobs in '13, or one in every four jobs created last year. We can hope they're catching up to what the region needs and not getting ahead of the curve.

Texas Tea, Houston Prosperity — The Friday closing spot market price for West Texas Intermediate (WTI)—the U.S. benchmark for light, sweet crude—averaged \$98.00 per barrel in '13, up 4.2 percent from its average of \$94.07 in '12, the U.S. Energy Information Administration (EIA) reports. The Friday closing spot market price for Henry Hub natural gas averaged \$3.71 per million British thermal units (MMBtu) in '13, up 6.0 percent from \$3.50 in '12.

EIA forecasts WTI to average \$93.33 per barrel in '14 and \$89.58 per barrel in '15. It's important that oil prices remain above \$70 to ensure continued drilling in the Eagle Ford and other shale plays. If the price falls below \$70, many prospects become uneconomic to drill. The agency forecasts the Henry Hub natural gas spot price to average \$4.01 per MMBtu in '14 and \$4.23 in '15. Natural gas needs to remain above \$5 per MMBtu for a sustained period of time to support additional gas-directed drilling.

Hammers Keep Pounding — McGraw-Hill reports that \$11.708 billion in construction contracts were awarded in the metro area in '13, a 4.1 percent increase from the \$11.243 billion awarded in '12. Residential contracts (homes and apartments) were up 14.4 percent while nonresidential (office, industrial, educational, government, religious, etc.) slipped 14.0 percent.

Readers are cautioned that McGraw Hill construction data are subject to revision. McGraw-Hill revised contract data for '13 continuously throughout the year, adding more than \$900 million in construction contracts not counted in the original reports. GHP anticipates there will be additional updates to data for '13 and that the year will prove to be stronger than originally reported.

The City of Houston issued building permits totaling \$6.15 billion in '13, a 26.6 percent increase over the \$4.86 billion issued in '12, and the highest annual total since GHP began tracking City of Houston permits in '02. Residential permits grew to a record high

HOUSTON—THE ECONOMY AT A GLANCE

\$2.3 billion in '13, a 30.7 percent increase from \$1.8 billion in '12. Nonresidential permits reached \$3.8 billion in '13, a 24.2 percent increase from \$3.1 billion in '12.

Contracts are typically issued for projects slated to break ground within three to six months. Permits are typically issued for projects where groundbreaking is expected much sooner. Kiley Advisors expects \$4.3 to \$4.7 billion nonresidential construction contracts to be awarded in '14 and residential construction to remain strong as well.

Soaking Up Space — The Houston office market closed the year having absorbed 4.8 million square feet of office space, according to CBRE. The market has enjoyed 13 consecutive quarters of positive absorption. At year's end, more than 14.2 million square feet of office space in 41 buildings was under construction, of which a healthy 70 percent was preleased, notes CBRE.

With a Q4 Class A office vacancy rate of 7.3 percent, demand for top quality office space remains tight. Jones Lang LaSalle estimates only 20 blocks of Class A space of 200,000 or more square feet were available at the end of the fourth quarter, and only 35 blocks of Class A space between 100,000 and 200,000 square feet. The firm classifies the Central Business District, Katy Freeway, Westchase and The Woodlands markets as having "landlord favorable" conditions and the Northwest, North Belt and Southwest markets as having "tenant-favorable" conditions. Those conditions are expected to remain unchanged through the end of the year, and in the case of the CBD, Katy, North Belt, Southwest and Woodlands markets, unchanged through the end of '16.

Houston Office Market		
Market Overview	'12	'13
Total Absorption ¹	4.4%	4.9%
Vacancy Rate	12.9%	11.8%
Rental Rates ²	17.15 – 48.63	9.00 – 52.12
Class A Rental Rates ²		
CBD	31.05 – 48.63	31.79 – 50.17
Suburban	17.15 – 41.00	18.00 – 52.12
Class A Vacancy		
CBD	7.6%	7.5%
Suburban	8.4%	7.3%

1) million square feet 2) \$/SF/Year
Source: CBRE

Houston's industrial market remains equally strong. CBRE Research reports the industrial market absorbed 5.8 million square feet in '13, with 7.8 million square feet under construction at the end of the year. New construction equates to 1.7 percent of the current 462.3 million square foot industrial market, so overbuilding is not a concern. As of Q4/13, the industrial market recorded 13 consecutive quarters of positive absorption. The market remains tight. CBRE pegs the industrial vacancy rate at 5.3 percent; Jones Lang LaSalle, at 4.8 percent.

Selling Like Hotcakes — Houston-area realtors sold 88,059 homes in '13, an 18.8 percent increase over the 74,116 homes sold in '12, according to the Houston Association of REALTORS® (HAR). Total sales volume topped \$20.8 billion, a 30.2 percent increase over the \$16.0 billion recorded in '12, and the highest annual sales volume on record.

HOUSTON—THE ECONOMY AT A GLANCE

Several factors drove sales—job growth, net in-migration, household formation income growth, and consumer confidence.

- The Texas Workforce Commission reports Houston gained 362,000 new jobs in the past four years, giving many would-be homeowners the income to purchase a home.
- The U.S. Census Bureau estimates 65,000 people moved to Houston in '12. Based on anecdotal evidence, the rate probably accelerated in '13. These newcomers tend to be young, well-educated, and well-compensated—all prime criteria for home ownership.
- Houston has 100,000 more households now than in '09, with the number of households with annual incomes of \$75,000 growing by 76,000. As a rule a thumb, a household can afford a home worth two to three times its annual income. The market for Houston homes priced at or above \$150,000 has been the strongest.
- According to Rice University's March '13 Houston Area Survey, 89.3 of Houstonians agree with the statement that "if you work hard in this city, eventually you will succeed." The high percent agreeing with the statement suggests a high level of consumer confidence in Houston.

Metro Houston Home Sales*

Year	Sales
'13	88,059
'12	74,682
'11	63,606
'10	61,005
'09	63,801

* Includes houses, duplexes, townhomes, condominiums

Source: Houston Association of REALTORS®

Car Talk — Houston-area auto dealers sold 347,859 new vehicles in '13, up 7.0 percent from the 325,088 in '12, according to *TexAuto Facts*, published by InfoNation, Inc. of Sugar Land. This performance represents the highest annual sales volume since '07, when 358,770 vehicles were sold, making '13 the fifth best year on record. The record was set in '01, when area dealers sold 371,160 vehicles. The low point was in '09, when only 218,710 vehicles were sold.

Truck and SUV sales continue to dominate the market, accounting for 59.9 percent of all vehicles sold in December '13. That's a 4.8 percentage point increase in market share since September '13. The construction industry and the small business sector are the primary purchasers of trucks and SUVs, notes Steve McDowell of InfoNation, and sales growth in trucks and SUVs reflects healthy growth in these sectors.

Three manufacturers accounted for half of all vehicles sold in Houston last year: Ford (18.4 percent), General Motors (17.0 percent), and Toyota (16.1 percent). The 10 most popular vehicles sold in '13, in order of popularity: Ford F150, Toyota Camry, Chevrolet Silverado

Metro Houston Vehicle Sales

Year	Units Sold
'13	347,859
'12	325,088
'11	254,996
'10	240,354
'09	218,710

Source: TexAuto Facts

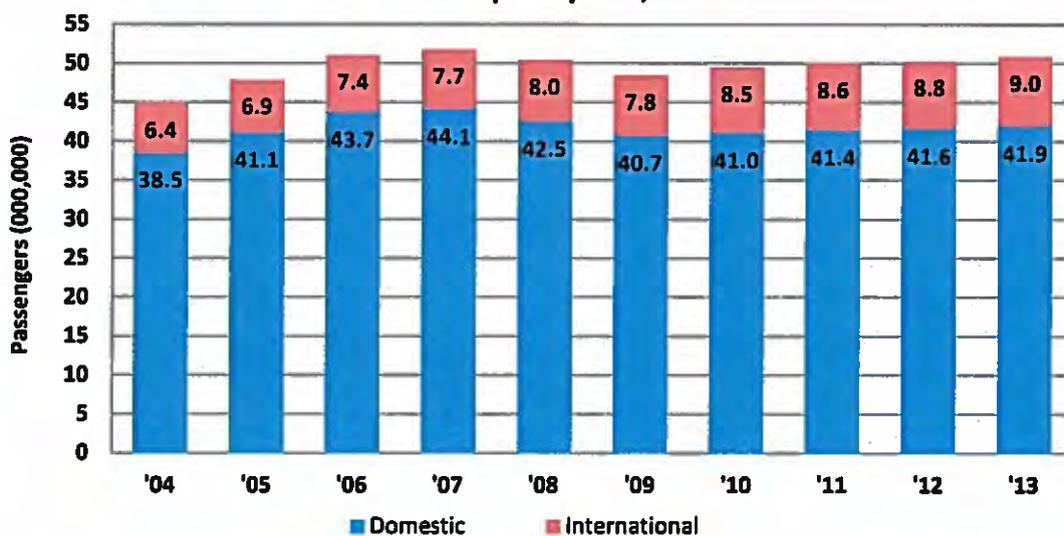
HOUSTON—THE ECONOMY AT A GLANCE

1500, Honda Accord, Toyota Corolla, Dodge Ram 1500, Nissan Altima, Ford F250, Toyota Tundra and Toyota RAV4. The average retail price per vehicle was \$35,358 in '13, up 5.6 percent from \$33,473 in '12, making last year's the highest average retail price on record.

InfoNation's forecast calls for 360,000 vehicles to be sold in '14, a 3.5 percent increase over '13. Two factors could affect the forecast, McDowell notes: rising interest rates, which would dampen consumer purchasing power, and a significant correction in the stock market, which would affect consumer confidence.

Roger That — Total traffic through the Houston Airport System (HAS) grew 1.2 percent from 50.33 million passengers in '12 to 50.91 million in '13. International traffic set a new record in '13, reaching 8.99 million travelers, an increase of 2.5 percent from 8.76 million in '12. Currently, one in every six passengers flying through Houston travels internationally.

Domestic and International Passengers
Houston Airport System, '04 -'13



Source: Houston Airport System

Travel between Houston and the Asian and African markets grew fastest, up 9.8 percent from '12. Traffic to Europe rose at a similar pace of 9.0 percent, and travel to Canada grew 8.7 percent. Central/South American passenger counts grew 3.9 percent. Traffic fell in two markets: the Middle East (2.9 percent decrease) and Mexico (4.5 percent decrease).

Nonstop flights are offered to 64 international destinations from Houston. In '13, three markets were added: Beijing, Istanbul and Montreal. Two markets were lost: Aruba and Tuxtla Gutierrez. In '14, international traffic is expected to continue its growth with the

HOUSTON—THE ECONOMY AT A GLANCE

Houston-Beijing route upgraded to daily service, daily nonstop service added to Munich and a second nonstop daily flight to Tokyo introduced.

Domestic traffic, which accounts for 82.3 percent of all HAS passengers, grew 0.9 percent from 41.56 million passengers in '12 to 41.92 million passengers in '13. Hobby Airport led the growth in domestic traffic with a 6.5 percent increase, from 10.44 million passengers in '12 to 11.11 million passengers in '13. In contrast, domestic passenger traffic through Bush Intercontinental Airport fell 0.7 percent, from 31.13 million in '12 to 30.81 million in '13.

Short-Term Looks Good — The Houston Purchasing Managers Index (PMI), a short-term indicator for regional production, registered 55.4 in December, up from 55.0 in November, according to the latest report from the Institute for Supply Management-Houston. For '13, the PMI averaged 58.4, slightly below the 58.9 registered in '12.

The PMI has a possible range from zero to 100. Readings above the neutral point of 50 indicate likely growth in production over the next three to four months; readings below 50 suggest contraction. With the December reading, the PMI has held at or above 50 for 52 consecutive months. The PMI suggests healthy growth through mid-year.



Patrick Jankowski and Jenny Phillip
contributed to this issue of
Houston: The Economy at a Glance

HOUSTON MSA NONFARM PAYROLL EMPLOYMENT (000)

	Dec '13	Nov '13	Dec '12	Change from		% Change from	
				Nov '13	Dec '12	Nov '13	Dec '12
Total Nonfarm Payroll Jobs	2,837.2	2,824.1	2,755.2	13.1	82.0	0.5	3.0
Total Private	2,454.8	2,442.2	2,381.0	12.6	73.8	0.5	3.1
Goods Producing	545.6	544.5	535.2	1.1	10.4	0.2	1.9
Service Providing	2,291.6	2,279.6	2,220.0	12.0	71.6	0.5	3.2
Private Service Providing	1,909.2	1,897.7	1,845.8	11.5	63.4	0.6	3.4
Mining and Logging	108.1	107.5	104.6	0.6	3.5	-0.6	3.3
Oil & Gas Extraction	59.2	58.5	56.2	0.7	3.0	1.2	5.3
Support Activities for Mining	47.5	47.6	47.1	-0.1	0.4	-0.2	0.8
Construction	185.0	185.3	181.5	-0.3	3.5	-0.2	1.9
Manufacturing	252.5	251.7	249.1	0.8	3.4	0.3	1.4
Durable Goods Manufacturing	171.8	171.5	169.2	0.3	2.6	0.2	1.5
Nondurable Goods Manufacturing	80.7	80.2	79.9	0.5	0.8	0.6	1.0
Wholesale Trade	153.4	154.0	145.6	-0.6	7.8	-0.4	5.4
Retail Trade	302.1	297.0	290.8	5.1	11.3	1.7	3.9
Transportation, Warehousing and Utilities	136.3	134.7	131.9	1.6	4.4	1.2	3.3
Utilities	15.9	15.8	16.2	0.1	-0.3	0.6	-1.9
Air Transportation	22.2	22.0	22.4	0.2	-0.2	0.9	-0.9
Truck Transportation	25.3	25.2	24.3	0.1	1.0	0.4	4.1
Pipeline Transportation	10.8	10.7	10.4	0.1	0.4	0.9	3.8
Information	33.3	33.1	31.9	0.2	1.4	0.6	4.4
Telecommunications	15.6	15.4	15.2	0.2	0.4	1.3	2.6
Finance & Insurance	87.9	88.8	89.7	-0.9	-1.8	-1.0	-2.0
Real Estate & Rental and Leasing	51.3	51.4	50.3	-0.1	1.0	-0.2	2.0
Professional & Business Services	428.0	428.2	407.9	-0.2	20.1	0.0	4.9
Professional, Scientific & Technical Services	203.7	200.0	196.1	3.7	7.6	1.8	3.9
Legal Services	24.4	24.1	24.2	0.3	0.2	1.2	0.8
Accounting, Tax Preparation, Bookkeeping	20.5	19.9	20.3	0.6	0.2	3.0	1.0
Architectural, Engineering & Related Services	72.9	71.6	67.1	1.3	5.8	1.8	8.6
Computer Systems Design & Related Services	28.2	27.9	27.0	0.3	1.2	1.1	4.4
Admin & Support/Waste Mgt & Remediation	200.2	204.4	188.6	-4.2	11.6	-2.1	6.2
Administrative & Support Services	189.7	194.7	179.1	-5.0	10.6	-2.6	5.9
Employment Services	78.7	80.1	75.2	-1.4	3.5	-1.7	4.7
Educational Services	48.6	48.7	46.8	-0.1	1.8	-0.2	3.8
Health Care & Social Assistance	299.6	297.7	289.5	1.9	10.1	0.6	3.5
Arts, Entertainment & Recreation	27.2	27.6	26.8	-0.4	0.4	-1.4	1.5
Accommodation & Food Services	247.8	242.7	237.9	5.1	9.9	2.1	4.2
Other Services	93.7	93.8	96.7	-0.1	-3.0	-0.1	-3.1
Government	382.4	381.9	374.2	0.5	8.2	0.1	2.2
Federal Government	27.6	27.4	27.5	0.2	0.1	0.7	0.4
State Government	72.2	72.8	71.7	-0.6	0.5	-0.8	0.7
State Government Educational Services	38.9	39.5	38.8	-0.6	0.1	-1.5	0.3
Local Government	282.6	281.7	275.0	0.9	7.6	0.3	2.8
Local Government Educational Services	198.9	198.6	193.7	0.3	5.2	0.2	2.7

SOURCE: Texas Workforce Commission

HOUSTON—THE ECONOMY AT A GLANCE

Houston Economic Indicators

A Service of the Greater Houston Partnership

	Month	MONTHLY DATA			YEAR-TO-DATE TOTAL or YTD AVERAGE*		
		Most Recent	Year Earlier	% Change	Most Recent	Year Earlier	% Change
ENERGY							
U.S. Active Rotary Rigs	Dec '13	1,769	1,789	-1.1	1,761 *	1,919 *	-8.2
Spot Crude Oil Price (\$/bbl, West Texas Intermediate)	Dec '13	97.00	87.65	10.7	98.00 *	94.07 *	4.2
Spot Natural Gas (\$/MMBtu, Henry Hub)	Dec '13	4.21	3.33	26.4	3.71 *	2.75 *	34.9
UTILITIES AND PRODUCTION							
Houston Purchasing Managers Index	Dec '13	55.4	54.6	1.5	58.4 *	58.9 *	-0.8
Nonresidential Electric Current Sales (Mwh, CNP Service Area)	Dec '13	4,204,231	3,989,149	5.4	52,238,769	51,188,914	2.1
CONSTRUCTION							
Total Building Contracts (\$, Houston MSA)	Dec '13	800,345,000	916,420,000	-12.7	11,708,477,000	11,243,480,000	4.1
Nonresidential	Dec '13	256,980,000	322,143,000	-20.2	3,502,965,000	4,072,056,000	-14.0
Residential	Dec '13	543,365,000	594,277,000	-8.6	8,205,512,000	7,171,424,000	14.4
Building Permits (\$, City of Houston)	Dec '13	631,314,374	358,109,439	76.3	6,148,950,885	4,857,134,531	26.6
Nonresidential	Dec '13	372,065,842	261,510,838	42.3	3,831,940,892	3,084,749,715	24.2
New Nonresidential	Dec '13	236,299,083	92,005,167	156.8	2,010,307,421	1,268,209,156	58.5
Nonresidential Additions/Alterations/Conversions	Dec '13	135,766,759	169,505,671	-19.9	1,821,633,471	1,816,540,559	0.3
Residential	Dec '13	259,248,532	96,598,601	168.4	2,317,009,793	1,772,384,816	30.7
New Residential	Dec '13	209,971,896	82,305,044	155.1	2,060,965,655	1,528,801,469	34.8
Residential Additions/Alterations/Conversions	Dec '13	49,276,636	14,293,557	244.7	256,044,138	243,583,347	5.1
Multiple Listing Service (MLS) Activity							
Property Sales	Dec '13	6,987	6,116	14.2	88,567	74,164	19.4
Median Sales Price - SF Detached	Dec '13	188,500	170,000	10.9	179,261 *	162,502 *	10.3
Active Listings	Dec '13	28,147	33,554	-16.1	32,101 *	40,247 *	-20.2
EMPLOYMENT (Houston-Sugar Land-Baytown MSA)							
Nonfarm Payroll Employment	Dec '13	2,837,200	2,755,200	3.0	2,786,325 *	2,691,400 *	3.5
Goods Producing (Natural Resources/Mining/Const/Mfg)	Dec '13	545,600	535,200	1.9	543,817 *	521,800 *	4.2
Service Providing	Dec '13	2,291,600	2,220,000	3.2	2,242,508 *	2,169,600 *	3.4
Unemployment Rate (%) - Not Seasonally Adjusted							
Houston-Sugar Land-Baytown MSA	Dec '13	5.5	6.0		6.2 *	6.8 *	
Texas	Dec '13	6.0	5.6		6.8 *	6.3 *	
U.S.	Dec '13	6.5	7.6		7.4 *	8.1 *	
FOREIGN TRADE (Houston-Galveston Customs District)							
Port of Houston Authority Shipments (Short Tons)	Nov '13	3,467,918	3,584,945	-3.3	41,020,870	40,335,209	1.7
Air Passengers (Houston Airport System)	Dec '13	4,526,540	4,156,790	8.9	50,908,865	50,328,403	1.2
Domestic Passengers	Dec '13	3,714,182	3,410,635	8.9	41,922,524	41,564,197	0.9
International Passengers	Dec '13	812,358	746,155	8.9	8,986,341	8,764,206	2.5
Landings and Takeoffs	Dec '13	69,227	63,405	9.2	808,364	812,237	-0.5
Air Freight (metric tons)	Dec '13	35,835	35,171	1.3	414,886	419,205	-1.1
Enplaned	Dec '13	17,866	17,239	3.6	219,476	215,875	1.7
Deplaned	Dec '13	17,769	17,932	-0.9	195,210	203,330	-4.0
CONSUMERS							
New Car and Truck Sales (Units, Houston MSA)	Dec '13	22,861	25,456	-10.2	347,859	325,088	7.0
Total Retail Sales (\$000,000, Houston MSA, NAICS Basis)	4Q12	30,882	30,792	-0.4	107,511	100,873	6.8
Consumer Price Index for All Urban Consumers ('82-'84=100)							
Houston-Galveston-Brazoria CMSA	Dec '13	209.8	202.5	3.6	207.600 *	204.200 *	1.7
United States	Dec '13	233	229.6	1.5	233.000 *	229.600 *	1.5
Hotel Performance (Houston MSA)							
Occupancy (%)	3Q13	68.0	64.4		70.1 *	66.4 *	
Average Room Rate (\$)	3Q13	98.70	89.70	10.0	101.36 *	94.02 *	7.8
Revenue Per Available Room (\$)	3Q13	67.12	57.74	16.2	71.06 *	62.50 *	13.7
POSTINGS AND FORECLOSURES							
Postings (Harris County)	Dec '13	1,310	2,061	-36.4	18,976	34,730	-45.4
Foreclosures (Harris County)	Dec '13	403	678	-40.6	5,419	9,993	-45.8

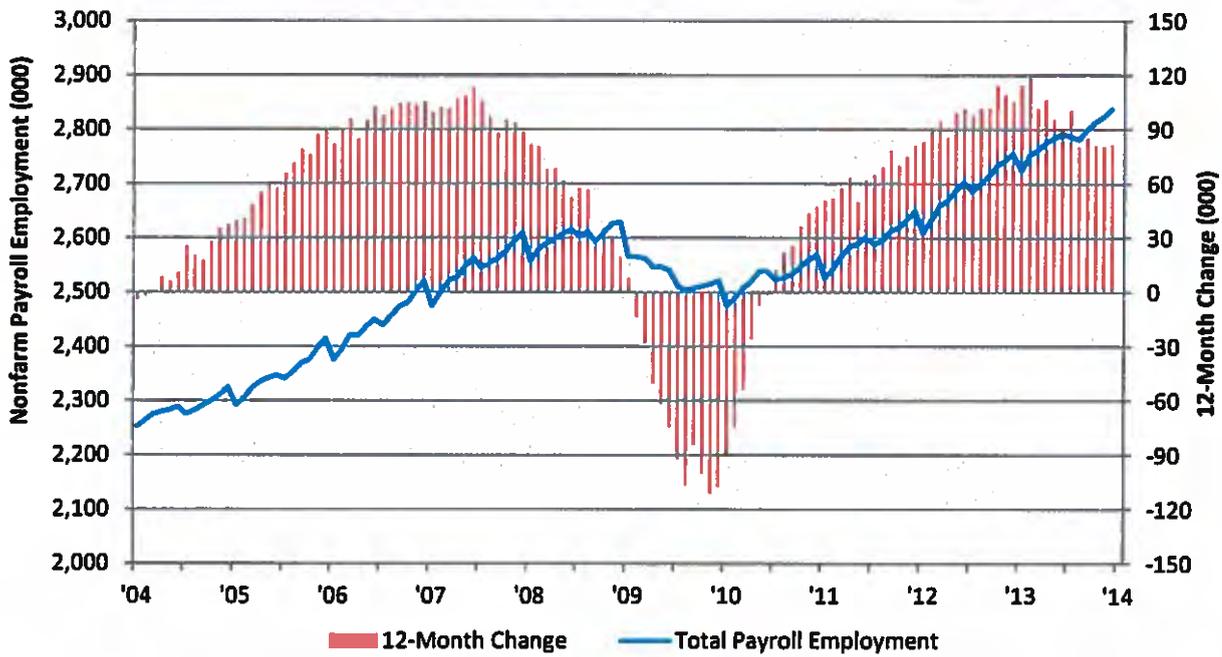
HOUSTON—THE ECONOMY AT A GLANCE

Sources

Rig Count	Baker Hughes Incorporated	Port Shipments	Port of Houston Authority
Spot WTI, Spot Natural Gas	U.S. Energy Information Admin.	Aviation	Aviation Department, City of Houston
Houston Purchasing Managers Index	National Association of Purchasing Management – Houston, Inc.	Car and Truck Sales	<i>TexAuto Facts Report</i> ,
Electricity	CenterPoint Energy	Retail Sales	InfoNation, Inc., Sugar Land TX
Building Construction Contracts	McGraw-Hill Construction	Consumer Price Index	Texas Comptroller's Office
City of Houston Building Permits	Building Permit Department, City of Houston	Hotels	U.S. Bureau of Labor Statistics
MLS Data	Houston Association of Realtors®	Postings, Foreclosures	PKF Consulting/HospitalityAsset Advisors International
Employment, Unemployment	Texas Workforce Commission		Foreclosure Information & Listing Service

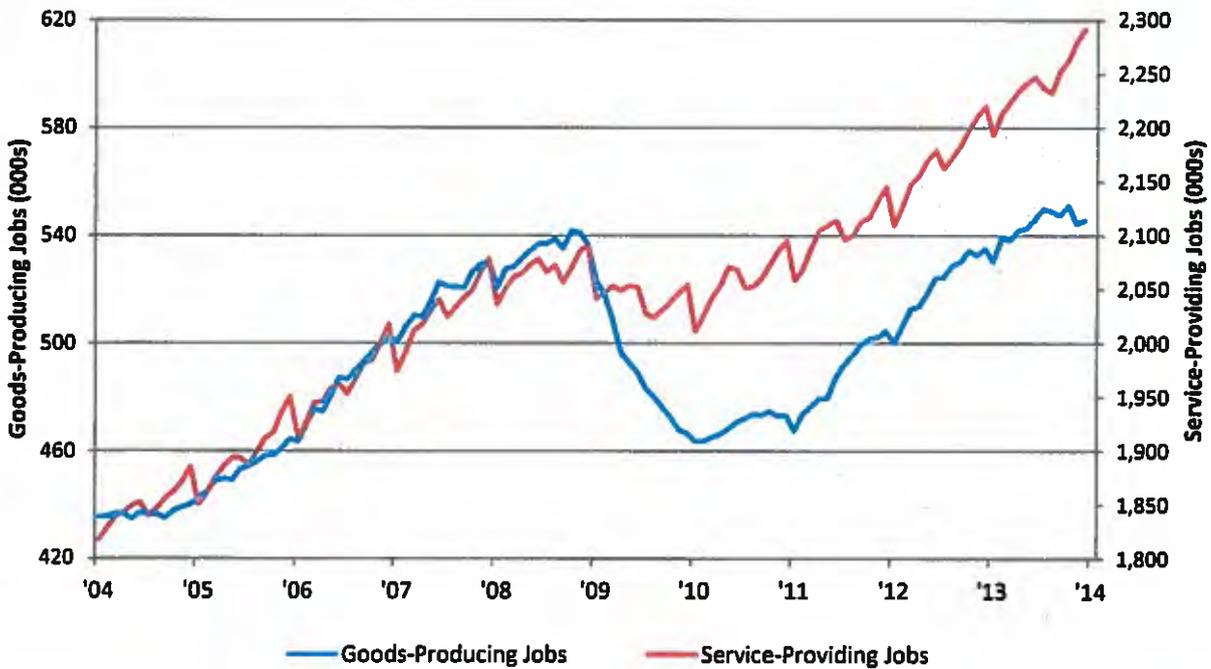
HOUSTON—THE ECONOMY AT A GLANCE

Nonfarm Payroll Employment, Houston MSA



Source: Texas Workforce Commission

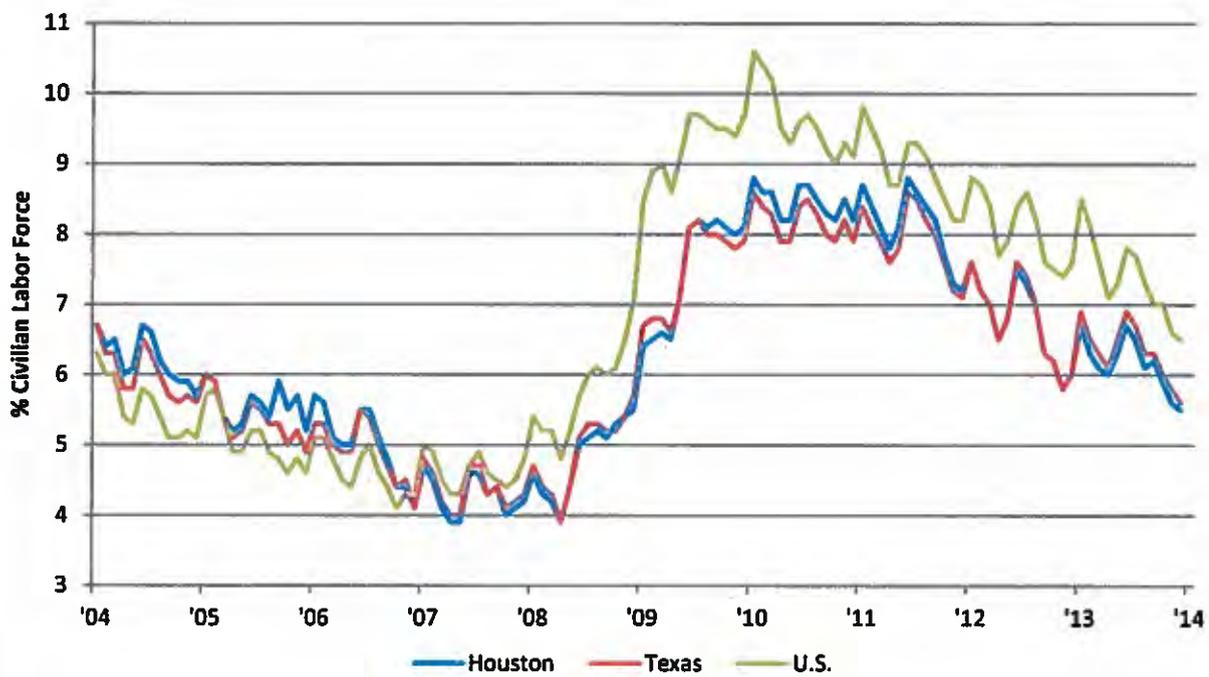
Goods-Producing and Service-Providing Employment Houston MSA



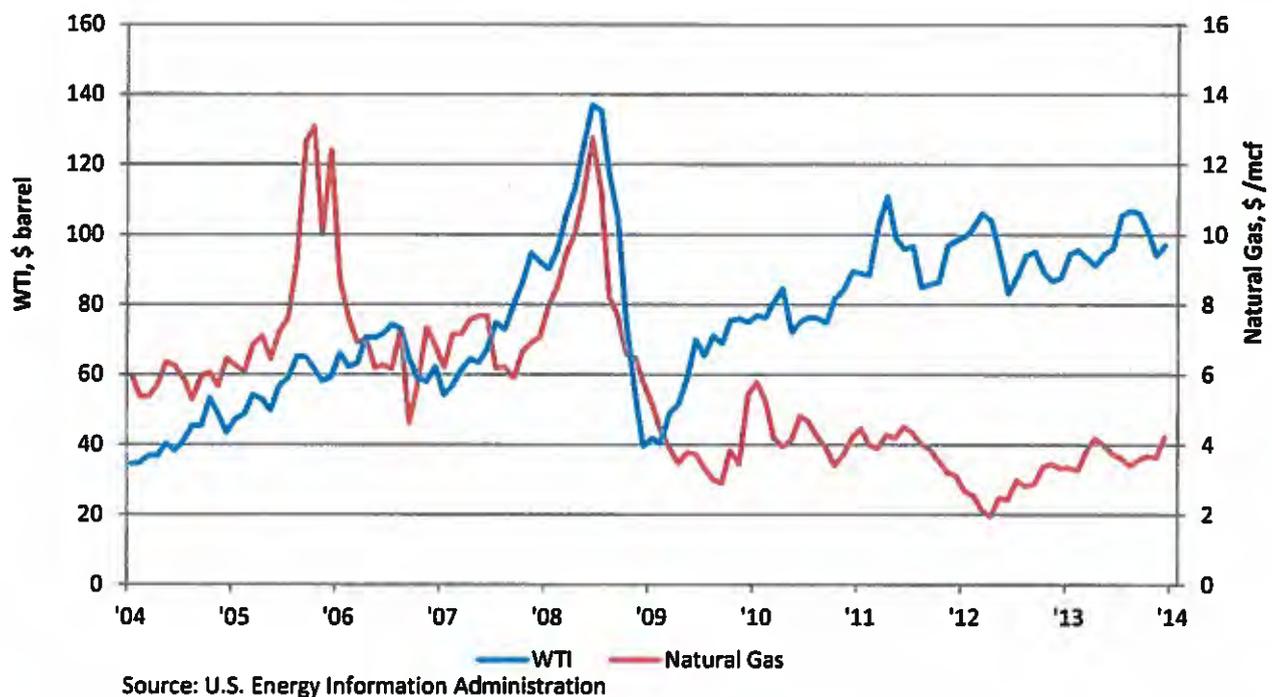
Source: Texas Workforce Commission

HOUSTON—THE ECONOMY AT A GLANCE

Unemployment Rate - Houston, Texas and U.S.



Spot Crude and Natural Gas Prices Monthly Averages



From the Houston Business Journal

[:http://www.bizjournals.com/houston/morning_call/2014/02/amerlux-to-build-new-pearland-manufacturing.html](http://www.bizjournals.com/houston/morning_call/2014/02/amerlux-to-build-new-pearland-manufacturing.html)

Feb 11, 2014, 7:27am CST Updated: Feb 11, 2014, 7:35am CST

Amerlux to build new Pearland manufacturing facility



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A New Jersey-based manufacturing company will build a new facility in Pearland to open at the end of the year.

As part of the company's major expansion program, Oakland, N.J.-based Amerlux has announced plans to build a 100,000-square-foot facility on 11 acres it recently acquired for an undisclosed amount.

Amerlux, a leading manufacturer in efficient interior and exterior lighting for retail, supermarket and commercial markets, will relocate its current operation from 5220 Shank Rd. to nearby Kirby Dr., south of Beltway 8.

The new Pearland facility is about 70 percent larger than the company's existing facility on Shank Rd., and will feature showroom displays, testing areas and classrooms for CPE lighting design programs.

"Our new Texas-based facility will include a wide array of new materials, equipment and specialists to help produce and service our extensive line of interior and exterior products for industry professionals," Amerlux CEO and president [Chuck Campagna](#) said in a release. "This expanded operation will support domestic and international supply channels while underscoring our commitment to making high-quality lighting products here in the USA. Customers will benefit from quicker lead times, additional production capabilities and increased product development."

The facility, along with its corporate headquarters and manufacturing center in New Jersey, increase the company's total capacity to nearly 300,000 square feet.

From the Houston Business Journal

[:http://www.bizjournals.com/houston/morning_call/2014/02/new-retail-center-with-mega-tenants-heads-to.html](http://www.bizjournals.com/houston/morning_call/2014/02/new-retail-center-with-mega-tenants-heads-to.html)

Feb 13, 2014, 7:48am CST

New retail center with mega tenants heads to Pearland



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A new retail center with national mega tenants is planned in Pearland, which is experiencing a boom in residential growth and development.

The 165,000-square-foot The Center at Pearland Parkway, being developed by Stream Realty Partners LP, will be anchored by [Ross](#) and TJ Maxx, according to a statement. More national retailers are expected.

The 27-acre site, next to a new H-E-B, will serve residents of east Pearland, Friendswood and Alvin. Construction is expected to begin this month.

"A combination of tremendous housing growth in the trade area, and the development of both The Center at Pearland Parkway and the new HEB store, will further solidify this intersection as the dominant retail location in east Pearland," said [Ralph Tullier](#), managing director of Stream's retail division, in a statement.

Pearland [ranked the highest in the Houston area on a recent list](#) of the best cities for homeownership in Texas. Pearland ranked No. 11, followed by Atascocita at No. 15, League City at No. 16, Missouri City at No. 19 and the Woodlands at No. 20 on the list compiled by consumer finance site NerdWallet.

Pearland [also ranked in the top 5 on a list of the most affordable](#) suburbs in the country. The south Houston suburb ranked No. 4 on the list compiled by Movoto, a real estate blog that reports on national trends.

Emily Wilkinson leads the weekly edition of the Houston Business Journal, including special publications, centerpiece stories, Focus sections and the Deal of the Week. [Follow her on Twitter for more.](#)

From the Houston Business Journal

:<http://www.bizjournals.com/houston/blog/breaking-ground/2014/02/houston-s-strong-economy-pushes-retail-vacancy.html>

Feb 7, 2014, 10:33am CST

Houston's strong economy pushes retail vacancy rates to historic lows



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Retail rents were up and vacancies were down in the fourth quarter, reports Colliers International Houston. And it's a trend that's likely to continue.

Since 2008, retail vacancy rates have steadily gone down each year, reports Colliers. In the fourth quarter of 2013, vacancy rates were 7 percent, compared with 7.3 percent in the fourth quarter of 2012.

"Retailers, including restaurants, chase markets with strong demographics and projected growth. The job and population growth in Houston has been exceptional and is projected to stay strong. Retailers looking at potential expansion targets are well aware of this trend. We will continue to see retailers flocking to Houston," said [Patrick Duffy](#), president of Colliers International Houston.

Since the fourth quarter of 2012, average rental rates have increased 2.7 percent from \$14.32 to \$14.73, reports Colliers. Houston retail rental rates vary widely from \$10 to \$70 per square foot, depending on location, property type and building class.

Houston's retail market posted 1.2 million square feet of positive net absorption in the fourth quarter, bringing the year's total to 3 million square feet.

Currently, 947,000 square feet of new construction is slated for Houston, including a 71,400 square foot **Whole Foods Market** [located in Vintage Marketplace](#) and a 53,000-square-foot Top Golf USA located at Spring Park Center Blvd, just east of I-45 N.

[Experts predict we will see new and expanded luxury retail](#) in Houston as well as in the suburbs, such as the Woodlands and Katy.

From the **Houston Business Journal**

:http://www.bizjournals.com/houston/morning_call/2014/02/dallas-developer-to-create-1-000-acre-master.html

Feb 10, 2014, 4:51pm CST Updated: Feb 10, 2014, 5:00pm CST

Dallas developer to create 1,000-acre master-planned community south of Houston



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Houston — which already has [some of the best-selling master-planned communities in the country](#)— is getting another.

Dallas-based **Hillwood Communities** this spring will break ground on its first Houston-area master-planned community, named Pomona. The 1,000-acre development will be near Highway 288 in Manvel, about 20 miles south of downtown Houston.

The \$700 million development, with Houston-based **McGuyer Homebuilders Inc.**, will have 2,100 single-family homes when complete. The first phase will include 300 homes built by Highland Homes, **David Weekley Homes**, Coventry Homes, Plantation Homes and Trendmaker Homes, Hillwood said.

The development also will include 300 acres of open space in the form of wetlands and protective waters.

Hillwood, the residential arm of real estate investor [H. Ross Perot Jr.](#)'s **Hillwood Development Co.**, [recently sold a 3,700-acre undeveloped parcel of Sienna Plantation](#) to a joint venture between Pennsylvania-based **Toll Brothers Inc.** (NYSE: TOL) and New York-based real estate private equity firm GTIS Partners. [The Wall Street Journal reported](#) that Hillwood bought the site in 2007.

Hillwood is also gearing up for a \$600 million residential development in a northern suburb of Dallas, [the Dallas Business Journal reports](#). That 787-acre community — named Union Park — will have about 2,400 homes and a 30-acre park when complete.

From the Houston Business Journal

:<http://www.bizjournals.com/houston/news/2014/02/03/houston-one-of-top-markets-for-multifamily-rental.html>

Feb 3, 2014, 2:38pm CST

Houston one of top markets for multifamily rental, occupancy growth



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A new report released by **Jones Lang LaSalle** shows that multifamily in Houston is a smart investment.

While Houston ranks third in the nation for the number of units projected to be constructed by 2017 and second in units to be absorbed in 2017, there will not be a shortage of tenants to fill those units as Houston's rental and occupancy rates lead most of the country, according to JLL.

A national study by JLL predicts 30,000 units will be constructed by 2017, ranking Houston third in multifamily construction over the next three years, just behind Atlanta, which is projected to build just more than 35,000 million, and Dallas-Fort Worth, which is projected at just 40,000.

Houston's projected unit absorption through 2017, according to JLL, is 60,000 units, ranking second only to Dallas-Fort Worth, which is projected to absorb 70,000 units through 2017.

On a year-over-year basis, the JLL report shows Seattle, Nashville, San Francisco, Houston/Denver (tied), respectively have led the country in annual rental growth averaging between 4.5 to 7 percent. Houston ranked second in occupancy growth of 1.2 percent last year, just behind Las Vegas and Jacksonville, which tied for fourth with a growth rate of 1.4 percent.

Houston ranked fifth in 2013 multifamily sales with \$5.1 billion, behind New York (\$14.1 billion), Washington-NoVa-MD (\$9.7 billion), Los Angeles (\$7.0 billion) and Dallas (\$5.6 billion).

"Houston and Dallas/Fort Worth are no longer considered secondary markets," said [Sean Clancy](#), vice president of capital markets Texas multifamily group for JLL. "Texas continues to be on nearly every investors radar."

The report also showed that since 2012, uncertainty overseas has driven demand for U.S. multifamily product back to pre-recessionary levels. While international capital has found its way to nearly all of the major metros, Houston, Dallas, New York, Chicago and South Florida each saw more than \$300 million in cross-border capital since the start of 2012.

There were 17,614 apartment units under construction in Houston during the 2013 fourth quarter, according to CBRE. And apartments are going fast. On average, Houston apartment complexes would lease up to 20 units a month. [Now they average between 20 to 40 a month](#), said [Ryan Epstein](#), senior vice president of capital market, multifamily housing for **CBRE Group** Inc's Houston office.

New apartments also translates to more jobs. According to a study by the **National Association of Home Builders**, 32 local jobs are supported for every 100 apartment units delivered to the market.

Jenny Aldridge covers real estate and construction for the Houston Business Journal.

From the Houston Business Journal

:<http://www.bizjournals.com/houston/news/2014/02/12/texas-takes-the-lead-in-technology-exports.html>

Feb 12, 2014, 9:37am CST Updated: Feb 12, 2014, 6:58pm CST

Texas takes the lead in technology exports



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Texas has surpassed California for the first time to become the largest tech exporting state in America, according to a report by **TechAmerica Foundation**.

Technology exports from Texas increased 7 percent from 2011 to 2012, the latest year that figures are available, to total of \$45 billion.

Technology exports, such as semiconductors, computer equipment and communications equipment, accounted for 17 percent of all exports from Texas in 2012, significantly higher than the national average of 13 percent.

Texas' largest trading partner by far is Mexico with \$22 billion in tech exports flowing across the border. Second is Canada with \$4 billion followed by South Korea with \$3 billion.

"The high tech industry is not only growing in Texas, but it is also yielding thousands of high paying jobs in our state," says U.S. Rep. [Joaquin Castro](#), D-San Antonio. "This report places Texas at the forefront of technology exports and highlights the encouraging and important role technology exports will continue to have in America's future economic prosperity."

Nationally, technology trade in the U.S. totaled \$204 billion in 2012, growing by 1.3 percent or \$2.7 billion. But technology imports into the U.S. from the rest of the world totaled \$355 billion in 2012, up by 3.2 percent or by \$11 billion, giving the U.S. a tech trade deficit of \$151 billion.

"By plugging into international markets, Texas now exports more high-tech products than any other state in the country," says U.S. Rep. [Kenny Marchant](#), R-Dallas. "While America stands at the cutting edge of tech trade growth, we must continue building an environment in which entrepreneurship, creativity, and open markets freely flourish."

Similarly, [Texas set a record for overall exports in 2013](#), led by the Houston metropolitan area. The Houston-Sugar Land-Baytown area has climbed the ranks and is [widely considered to be the largest export market in the country](#), according to multiple lists, including the U.S. Department of Commerce's International Trade Administration.

To see the full report from TechAmerica go to www.techamericafoundation.org.

Mike W. Thomas covers technology/telecom, military, finance, regulatory issues as well as nonprofits/education.

From the Houston Business Journal

:http://www.bizjournals.com/houston/morning_call/2014/02/texas-sets-record-for-exports-in-2013-led-by.html

Feb 11, 2014, 6:15pm CST

Texas sets record for exports in 2013, led by Houston



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Texas was one of 16 states to set a new record for exports in 2013, according to a report by U.S. Secretary of Commerce Penny Pritzker.

Texas topped the list of states, with \$279.7 billion in exports, while California and Washington followed at \$168.1 billion and \$81.9 billion, respectively. Nationwide, the value of U.S. exports reached a new high of \$2.3 trillion in 2013.

Ten other states saw growth in total merchandise exports in 2013 as well, the secretary's office reported.

Texas continues to rely on exports to drive its growth. [In another report](#), the **Department of Commerce** estimated that in 2011, over one-quarter (26.1 percent) of all manufacturing workers in Texas depended on exports for their jobs. The state's largest market was Mexico.

The Houston area was the largest metropolitan merchandise exporter in 2012 at \$110.3 billion. The Dallas-Fort Worth metroplex followed at \$27.8 billion and the San Antonio area followed at \$14 billion. The Austin area exported \$9 billion in merchandise in 2012.

An interactive map with national and state merchandise trade data is available [online at this website](#).

Government, courts and economic development