

Economic Trends – January 2010

Beaumont / Port Arthur / Orange area

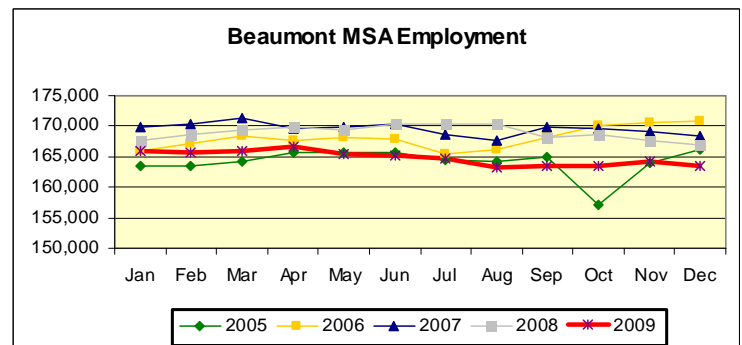
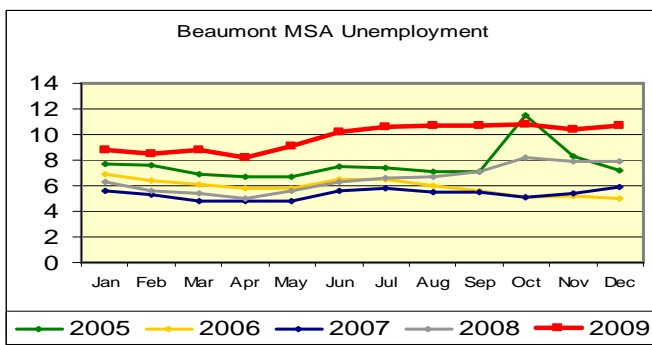
Beaumont has passed the worst of its recession; the rate of deterioration is slowing. Expectations are that the area, not unlike most of the rest of the nation, will continue to suffer from high unemployment deep into 2010. Mild improvements have been seen in the chemical and petroleum products industry – the base of the economy of the area. The gearing up of the Motiva project in mid-2010 should be a boost for the economy of the area short term, but more importantly, a commitment to long-term energy production, an engine of the area's economy.

INDUSTRIAL PROJECTS

Despite the recent cancellations of major energy projects in the Beaumont / Port Arthur area by Eastman and Valero, the area continues with significant energy infrastructure projects. After somewhat of a slowdown, the Motiva \$7.2 billion refinery expansion project is gearing up again and expecting 6500 workers in mid-2010. The project should be complete by early 2012. TOTAL's Deep Conversion Project, which never slowed down, is nearly 60% through the construction phase and should be completed by the end of 2010. AGL Resources is near completion of a \$300 million project to store natural gas in the Spindletop Salt Dome. Coastal Caverns, Inc. and Air Liquide are both building underground storage facilities, each valued at more than \$100 million, at the salt dome as well.

EMPLOYMENT

After three months of small gains in employment, the area showed a decline of 300 jobs in December. This is surprising since expectations were for an increase in December related to holiday sales. The unemployment rate increased from 10.4% in November to 10.7% in December. This is the third highest unemployment rate of the metro areas in the state. The pocket within the region with the highest unemployment rate is Port Arthur, weighing in with a rate of 15.2%. Over a twelve month period, the area lost 6100 jobs, a decrease of 3.7%. The sectors with the greatest losses were service providers, construction, and manufacturing. The State of Texas rate in December was 8.0% and the United States rate was 9.7%.



SALES TAX

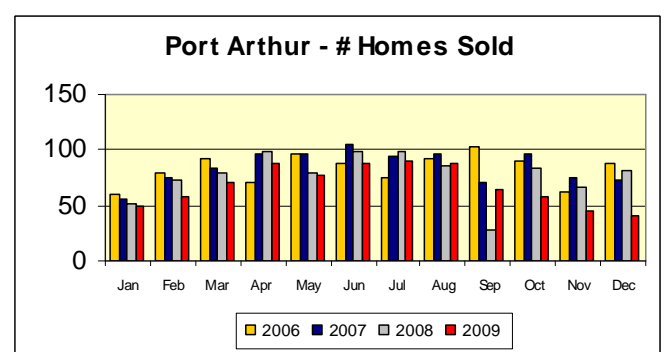
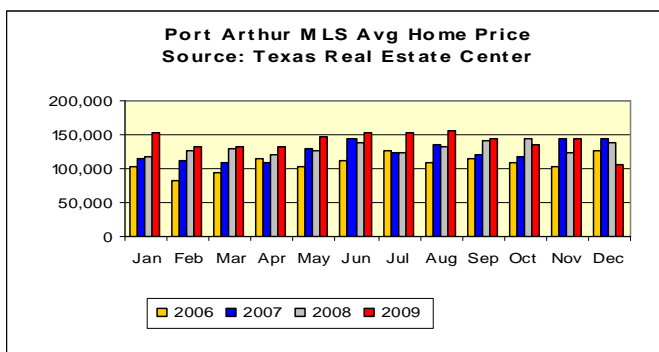
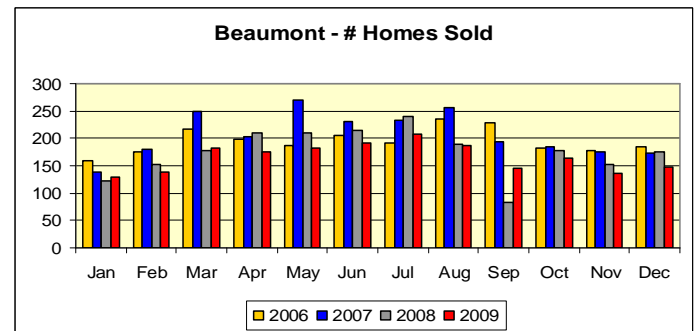
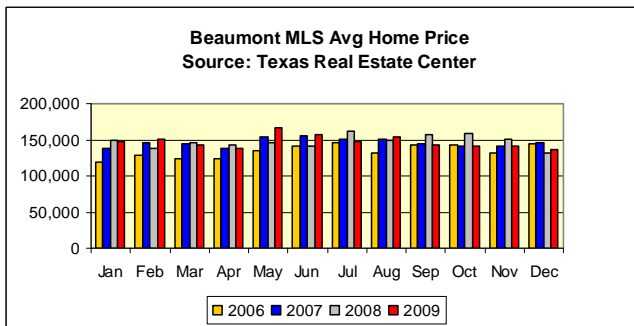
Sales tax results for November compared to one year ago continue to show drastic decreases. For comparison purposes, the chart below includes several cities in Montgomery County. For all taxing entities tallied below, the overall decrease was 19%. For the state of Texas, the decrease was 12.6%. The variance for many communities is attributed to the fact that they were recovering from Hurricane Ike in 2008 and experiencing somewhat of a bubble at that time. However, even the comparison to 2007 is showing some pretty drastic decreases for some entities.

Taxing Entity	% chg (09/08)	November 2009	November 2008	% chg (09/07)	November 2007
Beaumont	-24%	\$2,483,262	\$3,263,269	-22%	\$3,179,221
Conroe	-21%	\$2,004,168	\$2,522,743	-12%	\$2,290,424
The Woodlands	1%	\$2,338,016	\$2,313,176	NA	
Port Arthur	-30%	\$844,834	\$1,208,746	0%	\$843,077
Huntsville	-12%	\$429,362	\$488,932	17%	\$368,478
Shenandoah	-30%	\$312,462	\$448,375	-24%	\$408,629
East Montgomery County	-17%	\$217,203	\$262,558	-13%	\$249,117
Orange (city)	-29%	\$293,306	\$412,686	30%	\$226,470
Cleveland	-21%	\$186,235	\$236,914	-3%	\$191,125
Dayton	-42%	\$66,094	\$113,145	-24%	\$87,408
Bridge City	-20%	\$86,913	\$107,983	8%	\$80,801
Oak Ridge North	-14%	\$88,166	\$102,066	-24%	\$115,263
West Orange	-23%	\$81,206	\$105,532	-1%	\$82,295

Source: Texas State Comptroller

REAL ESTATE

For the entire year of 2009 the number of homes sold were 5.6% less than in 2008 in Beaumont and 12% less for Port Arthur. For five out of the twelve months of 2009, the average home price was higher in 2009 in Beaumont; in Port Arthur, ten out of the twelve months.



TEXAS

Longtime and highly respected Texas economist, Ray Perryman, described Texas as “last in, first out” among states battling the recession.

For the third year in a row, Texas ranked as the number one business climate in the nation in Site Selection’s Executive Survey of Business Climate Rankings.

Texas ranked in the top three states for small business and entrepreneurship as measured by the Small Business Survival Index 2009. The index includes comparisons of state competitiveness based on factors including regulatory costs, government spending, property rights, health care and energy costs. (Source: Small Business and Entrepreneurial Council)

Texas ranked third in percentage population growth in 2008-09. Its population grew by almost half a million and accounted for 18 percent of the nation's total population growth. Texas had above-average immigrant growth, but domestic in-migration was nearly twice as high. (Source: Politico)

In November 2009, the Texas foreclosure rate was one in every 780 mortgages. This was substantially better than Nevada’s one in 119, Florida’s one in 165, and California’s one in 180. (Source: Texas Comptroller)

The information in this report was prepared from publicly available sources.

Prepared by Karen Bourdier – Entergy Texas economic development group