

## Economic Trends – November 2009

### *Beaumont / Port Arthur / Orange area*

An overview of the trends for the Beaumont / Port Arthur / Orange area reveals unemployment to be the major negative indicator. Sales tax indicators vary up and down from location to location. Real estate in our area continues to defy the nation's troubled trends.

#### INDUSTRIAL PROJECTS

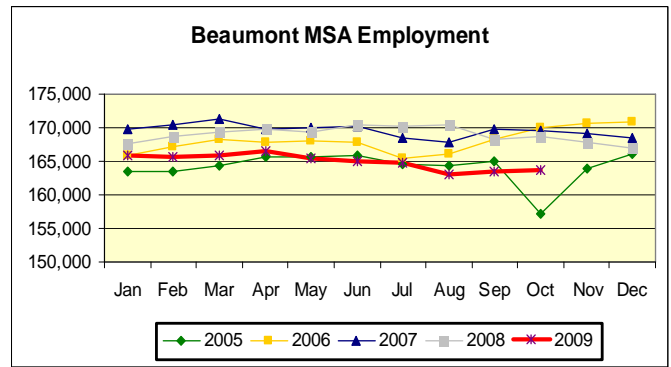
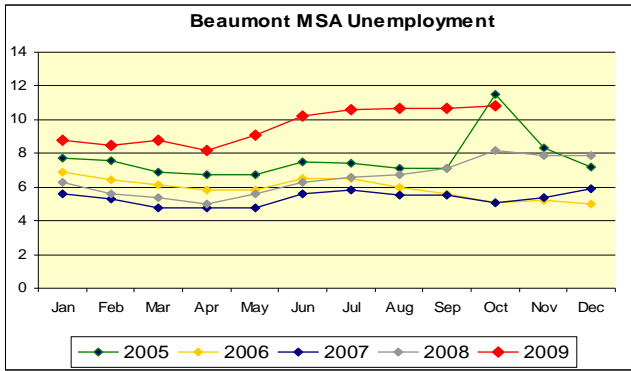
Eastman Chemical completed the front end engineering and design package for the Beaumont, Texas industrial gasification project. In the company's third quarter SEC earnings call, CEO Jim Rogers responded to the question regarding potential for government loan guarantees for the project.

*“That is still on our agenda and we think we're still in the right place in line ... Bigger issue is all the other building blocks that have to come together ... capital costs where energy prices are, how much government incentives do you get. ... if we go forward we'd like to go forward with a partner, it's a big project. There are so many things that are not in place today. The mode we're in right now is to hold those costs down to a minimal amount to keep the option alive as we continue to review how we feel about that project and the chances of it happening any time soon.”* Source: Transcript of the Q3 earnings call provided by Seeking Alpha – [www.seekingalpha.com](http://www.seekingalpha.com)

Earlier in the year, DuPont announced that it would be closing its elastomers unit – originally on June 30, 2009 and then later changed the date to late 2009. In October, Dupont announced that the unit would remain open until at least the first quarter of 2010 and that extension timing would be revisited on an ongoing basis. The reason for delay was to meet the demand from customers in need of the exact type material made by the plant. The plant makes chemical components used for automotive hoses and roof liners and employs 86 workers. DuPont's other unit in Beaumont which produces aniline will remain open.

#### EMPLOYMENT

For October, the unemployment rate for the Beaumont/Port Arthur area of 10.8% remains higher than the U.S. rate of 9.5% and the Texas rate of 8.1%. Of the 28 Workforce regions in the state, Beaumont/Port Arthur area has the third highest unemployment rate which is consistent with its rankings for several years. Between September and August, the mining, logging, and construction sector lost 200 jobs, as did the leisure and hospitality sector. Government rose by 400 jobs. Compared to October of 2008, employment decreased by 5,086 or 3%. Compared to December of 2008, employment decreased 3,626 or 2%.



## SALES TAX

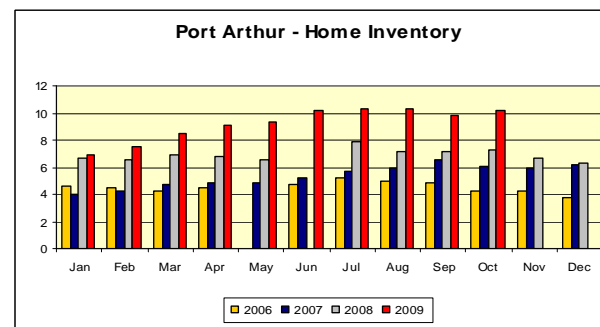
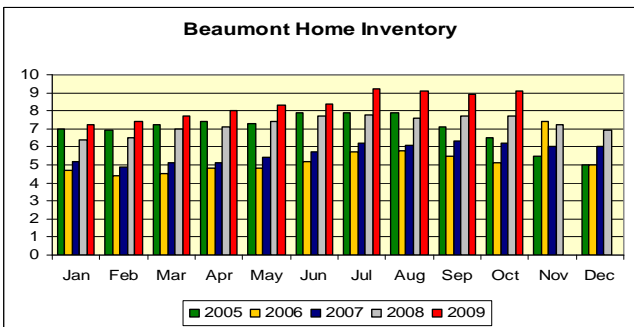
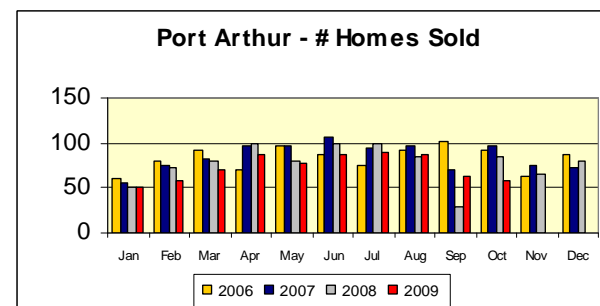
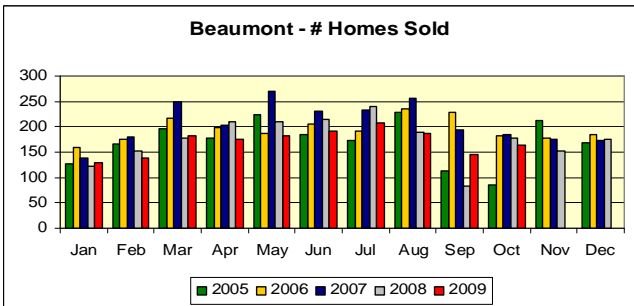
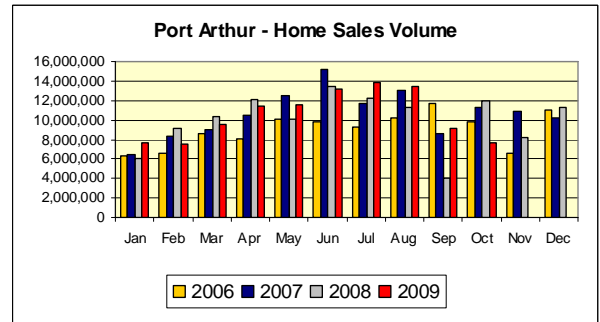
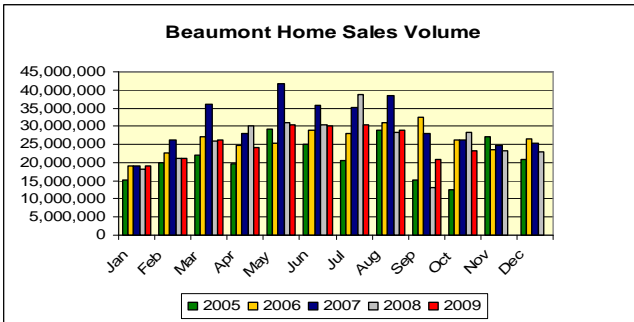
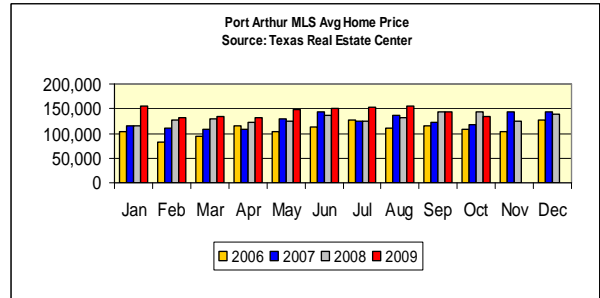
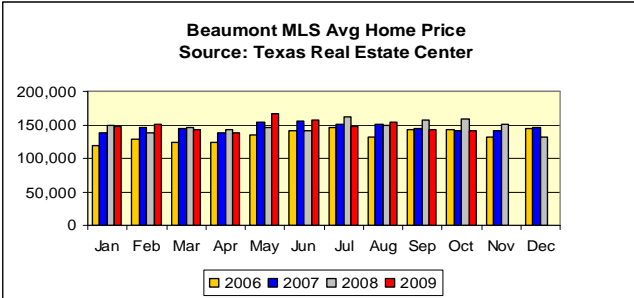
Sales tax results for September compared to one year ago are a mixed bag. Among our largest cities, one is showing increase and one is showing decrease. Note the comparison month is September 2008 which is when Hurricane Ike struck the area.

Taxing Entity	% change (Sept)	Sept-09	Sept-08
Beaumont	-6.69%	\$3,195,797	\$3,425,013
Port Arthur	11.55%	\$1,398,128	\$1,253,368
Nederland	-11.55%	\$342,839	\$387,602
Port Neches	-7.75%	\$132,306	\$143,413
Groves	2.08%	\$181,204	\$177,519
Jefferson County	-0.11%	\$2,044,167	\$2,046,452
Orange (city)	-2.13%	\$372,990	\$381,115
Cleveland	4.64%	\$222,844	\$212,962
Dayton	-22.76%	\$142,617	\$184,631
Bridge City	23.06%	\$116,634	\$94,782
West Orange	8.75%	\$81,821	\$75,240
Vidor	7.52%	\$199,511	\$185,557
Pinehurst	4.16%	\$64,686	\$62,102
Orange County	-2.85%	\$381,954	\$393,140
Lumberton	4.63%	\$215,647	\$206,098
Silsbee	17.86%	\$247,490	\$209,983
Kountze	3.23%	\$45,970	\$44,533
Sour Lake	14.92%	\$74,494	\$64,825

Source: Texas State Comptroller

# REAL ESTATE

Veros Real Estate Solutions of Santa Ana, Calif., samples real estate markets from about 900 counties across the U.S. representing 80% of the nation's population. Their latest assessment reveals Beaumont-Port Arthur at the top of the national list in predicted home value appreciation for 2010. The expected increase for 2010 is 5%.



Source: Texas Real Estate Center

The trends of the last several months in both Beaumont and Port Arthur show a drop in number of homes sold and consequently total sales volume; however, the average home price is holding fairly well.

## PORTS

The Port of Port Arthur was recently designated a "strategic seaport," meaning more military shipments and possibly more jobs for longshoremen and others associated with the shipping industry.

The Port of Orange received a \$6.5 million Economic Development Administration grant to build barge facilities. When complete in about 18 months, the terminal will provide full-time longshoreman jobs and warehouse jobs. The terminal will provide the Chemical Row plants attractive freight options and will provide for rerouting 18-wheeler loads from I-10 between Orange and Houston to the Intracoastal Canal.

## TEXAS

The Fort Worth Business Press reported that the Texas Petro Index dropped below the 200 mark for the first time since December 2005. The oil and gas industry contraction in the last year has meant a loss of \$45 billion from the Texas economy. Even though drilling activity rose last month by 50 rigs, the count is still more than 500 below last year's count of 958 rigs.

Keith Phillips, economist with the Federal Reserve Bank of Dallas, projects that Texas will see a "mild" economic recovery next year, muted by weak consumption and a weak commercial real estate market. The Texas comptroller's office has reported double-digit declines in sales taxes for five months in a row — a direct reflection of consumption. He believes that a major hindrance in keeping the economy from bouncing back strongly next year is commercial real estate.

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

*Prepared by Karen Bourdier – Entergy Texas economic development group*