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Featuring

**Economic Forecasts
for the
United States, Texas,
and the
Austin**

Metropolitan Statistical Area

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The Perryman Group

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510 North Valley Mills Drive, Suite 300
Waco, Texas 76710-6076
254.751.9595 FAX 254.751.7855
www.perrymangroup.com
info@perrymangroup.com



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Perryman Perspective

- The Perryman Group (TPG) is an economic research and analysis firm located in Waco, Texas. TPG has decades of experience in evaluating industries, economic impacts, and business activity. In particular, the firm has been actively involved in forecasting economic conditions in the US, Texas, and metropolitan areas of the state on an ongoing basis for the past 25 years.
- This forecast was compiled using the Texas Econometric Model, which was developed and is maintained by TPG. The systems within this model are formulated in an internally consistent manner and are designed to permit the integration of relevant global, national, state, and local factors into the projection process. They are the result of more than 25 years of continuing research in econometrics, economic theory, statistical methods, and key policy issues and behavioral patterns, as well as intensive, ongoing study of all aspects of the global, US, and Texas economies. The overall methodology, while certainly not ensuring perfect foresight, permits an enormous body of relevant information to impact the economic projections in a systematic manner.



US OUTLOOK



US Economy Facing Myriad Challenges

- The nation's economy has been undergoing numerous economic difficulties ranging from job losses to erratic and historic market swings and from mortgage foreclosures to financial system overhauls.
 - New home and apartment construction continues at the slowest pace since 1991. Default and delinquency rates are extremely high, though much of the damage is concentrated in a handful of states.
 - Job losses across the country have recorded substantial totals, with well over 2 million workers displaced from December 2007 to December 2008. November and December 2008 alone saw more than 1 million jobs lost.
 - Consumer confidence has fallen dramatically, with retail sales sagging (three consecutive months of negative growth for the first time since 1992).
 - Production in the nation's factories has slipped some 2.8% (largest amount in 34 years)
 - Gross domestic product (GDP) declined modestly in the third quarter and the ripple effects of the financial calamity are bringing further decline.



Financial Markets Particularly Hard Hit

- Several of the nation's oldest and largest investment banks are now under new ownership or bankrupt. Bear Stearns' problems led to its purchase by JP Morgan, 158-year-old Lehman Brothers Holdings declared bankruptcy, and Merrill Lynch was purchased by Bank of America.
- Fannie Mae and Freddie Mac losses mounted upward to some \$1.4 billion, with both entities being placed in government conservatorship. The government announced a willingness to inject as much as \$100 billion into each and promised additional monies if needed.
- Insurance giant AIG received a special federal package to stem its failure due to exposure from credit default swaps.
- Difficulties continued to spread and infect Morgan Stanley, Goldman Sachs, Washington Mutual, Wachovia, and Citigroup.



Challenges Significantly Impact Economy

- Banks, hampered by assets with plummeting values, reduced lending to each other; credit flow, which is critical to a smoothly functioning economy, essentially dried up. Without liquidity and credit availability, small businesses and consumers were not able to function effectively.
- Equities markets dropped substantially, with many Americans losing a significant portion of the value of their savings and retirement investments.
- According to the National Bureau of Economic Research, the nation has been in a recession-like mode since December 2007 with the slump expected to last until mid-2009 and be the most severe since 1981-82.



Government Institutes Rescue Plans

- To stave off mounting anxiety in the financial world, the Federal Reserve (Fed) offered direct loans to Wall Street investment banks and made more cash available to US banks; it also widened its lending window by expanding the collateral it accepted for loans.
- The Fed also lowered interest rates twice in a matter of days with an additional drop in October 2008 to reach 1%. More recently, the Federal funds rate used for interbank lending has been targeted in the 0%-0.25% range to stimulate credit flows.
- The Treasury Department recommended a massive \$700 billion rescue plan which was approved by the Senate, House, and President after various amendments and iterations.
- Approximately \$250 billion of the approved \$700 billion was used by the government to take part ownership in various selected banks. Other portions of the funds have been used for various purposes to stem the tide, including initial funds to sustain the domestic auto industry.
- The Federal Reserve is also infusing funds to the system, including efforts to ameliorate mortgage losses and jump-start consumer and business lending.



Modest Positive Signals Begin to Surface

- Oil prices have slid precipitously from the historic high in July of \$147.27 per barrel with gasoline prices also dropping at a similar pace. Lower energy prices will take time to permeate the economy, but will eventually bring relief to a number of industries. Modest increases will likely occur as the recovery begins, but the near-term costs should remain well below the historic highs.
- Although many real estate market indicators remain weak, some have shown movement in positive directions (such as increased sales in various markets).
- Certain aspects of the financial markets (including commercial paper) have improved.
- While the next few months will likely see more bad news and further retrenching, increasing stability is certainly a welcome sign.



US Economic Outlook Remains Promising Over Five-Year Horizon

- Even though the stock market remains weak and volatile and the credit crisis has not been resolved to the satisfaction of most leading financial analysts, the US economy has the resilience required to gradually rebound.
- There is little doubt that the future will be brighter, though it will take time to fully assess the implications of the credit calamity.
- The general outlook for the nation's economy is one of initial sluggishness and decline (although with positive year-over-year gains), followed by a modest and ongoing upward swing. The job market will recover more slowly than other segments.



US Key Economic Indicators

- Although the next few months are likely to be characterized by lackluster performance in the national economy, a five-year time horizon calls for moderate growth.

US ECONOMIC INDICATORS			
Key Indicator	2008 Level	2013 Level	CAGR* 2008-2013
Real Gross Domestic Product (2000\$)	\$11.68 trillion	\$13.72 trillion	3.28%
Population	304.90 million	319.75 million	0.96%
Employment**	137.42 million	145.09 million	1.09%
Real Personal Income (2000\$) (by place of residence)	\$10.00 trillion	\$11.87 trillion	3.49%
Industrial Production Index (2000=100)	106.6	126.1	3.42%
Consumer Price Index (2000=100)	123.0	140.2	2.65%
Interest Rates (Long-term, 20-yr. bonds)	4.09%	4.45%	

*Compound Annual Growth Rate; see Appendix B for further information.

**Civilian Non-Agricultural Employment.

For further detail, see the Appendices to this report.



TEXAS OUTLOOK



Texas Economic Picture

- Although the Texas economy has not been immune to the economic turbulence recently experienced across most of the nation, the state has so far dodged the worst of the economic problems plaguing the US.
- The Lone Star State has been one of the few areas of the country to achieve expansion in employment. Over the period from November 2007 to November 2008, the nation experienced a loss of about 1.9 million jobs, but Texas added more than 221,200 workers. In December 2008, the US lost another 524,000 positions; based on other information regarding recent activity, the upcoming release of the status of employment in Texas is expected to show some weakness, though not to the same extent. Moreover, a data revision in March, 2009, may result in downward adjustments.
- Approximately 7,300 jobs were created in Texas in November 2008. Industries that have made the greatest contributions to the state's workforce during the past year include: professional and business services (56,900); leisure and hospitality (38,000); government (35,300); education and health services (31,700); and trade, transportation, and utilities (30,200).
- Oil prices have continued a downward slide due to diminished demand and an overall sluggish economy, resulting in some slowing in the energy sector. In addition, there will likely be job losses in the near future as the effects of the credit crisis work their way through the economy.



Gulf Coast Hit Hard by a Hurricane

- Hurricane Ike struck the Gulf Coast this fall, causing loss of life, massive damage, and flooding.
- The cost of the storm is estimated to be upwards of \$19 billion.
- Oil and gasoline supplies temporarily declined, and gasoline prices spiked briefly due to fears of damage to production and refining infrastructure. However, problems were less than feared and supply inventories remained at satisfactory levels.
- Additional job losses are expected in the coming months due to the temporary effects of Hurricane Ike, although reconstruction will generate additional activity in 2009 and 2010.



State Economy has Positive Potential

- The Texas housing industry, facing higher costs and credit difficulties, has been trending downward since late 2006. Even so, real estate prices in the state have remained fairly stable, and the downturn has not been as severe as in most other parts of the nation. A relatively steep decline in new construction will help to absorb inventories in the coming months.
- Oil prices, although they have recently experienced significant drops, have proven beneficial to various business operations in several metropolitan areas. Natural gas output has increased substantially, buoyed sharply by the drilling in the immense Barnett Shale and other formations. This pace will moderate in light of recent reductions in natural gas prices, although some rebound is anticipated.
- Texas continues to be highly successful in competing with other states for businesses seeking new locations and expansion opportunities and remains a much sought after destination for foreign investment. Texas has surpassed New York as the state with the most Fortune 500 companies' headquarters.



Other Encouraging Signs for the State Economy

- The Lone Star State continues to be the nation's leading exporter, so far up nearly 21% over last year. Key exports include chemical manufactures, computer and electronic products, machinery manufactures, transportation equipment, and petroleum and coal products.
- The construction sector, undoubtedly impacted by the national economy, remains relatively healthy even though sales of new and existing homes are slow and potential buyers are extremely cautious. Rebuilding in areas struck by Hurricane Ike could amount to \$8 billion in the near future.
- Major trends playing vital roles in employment advancement include the growing population, workforce preparation opportunities and skill level achievements, and the overall quality of life across the state.
- Other important factors expected to enable Texas to continue to maintain its relative economic vibrancy include the state's positive business environment, low taxes, its "right to work" status, limited regulations, and infrastructure. The strength of the energy sector will also be a positive as will the progressive economic development climate.



Texas Projected to Continue to Perform Well

- Although the “twin storms” of Hurricane Ike and Wall Street disruptions will cause temporary difficulties, they should not alter to any significant degree the overall positive expectations. The Texas economy is showing some signs of weakness at present which will be reflected in various measures over the next few months, but they are not likely to significantly impact the aggregate performance over the next several years.
- While about half of the states in the US face budget shortfalls due to the national and international economic downturn, the Lone Star State’s economy (and fiscal situation) remains reasonably strong, due in part to the ongoing efforts toward economic diversity.
- Despite the current difficult circumstances, the state is in better shape than the US as a whole. The nation’s economic woes will cause some temporary lag in growth rates, but should not alter the state’s anticipated positive trend.



Texas Economic Indicators

- Texas is expected to continue to outperform the US during the next five years, adding more than 1 million jobs over the period.

TEXAS ECONOMIC INDICATORS			
Key Indicator	2008 Level	2013 Level	CAGR* 2008-2013
Real Gross Product (2000\$)	\$982.06 billion	\$1.21 trillion	4.19%
Population	24.38 million	26.75 million	1.87%
Wage & Salary Employment	11.18 million	12.16 million	1.70%
Real Personal Income (2000\$) (by place of residence)	\$795.84 billion	\$985.99 billion	4.38%
Retail Sales	\$391.52 billion	\$551.92 billion	7.11%

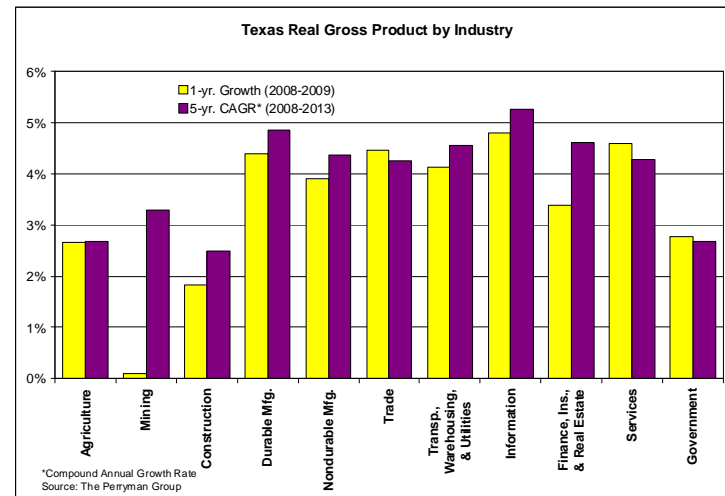
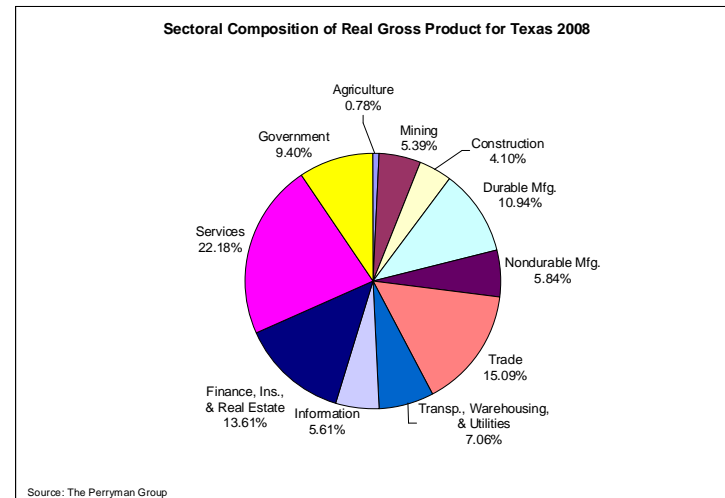
*Compound Annual Growth Rate; see Appendix B for further information.

For further detail, see the Appendices to this report.



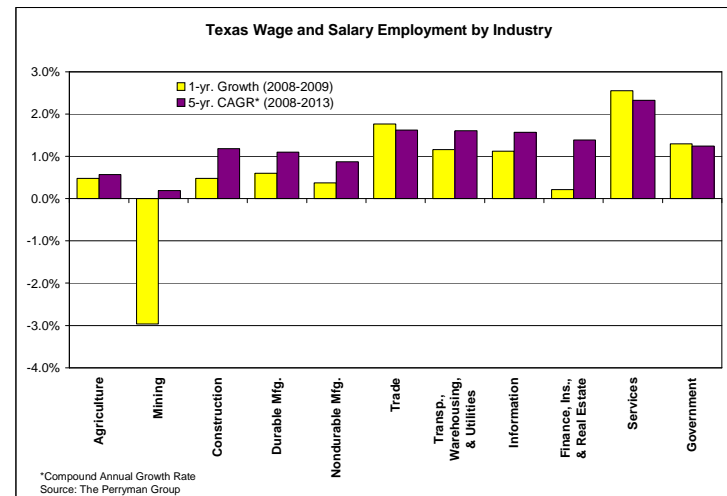
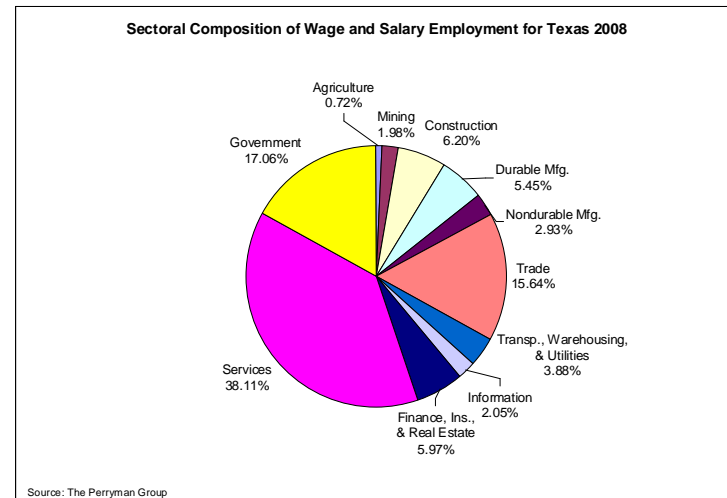
Texas Real Gross Product Trends

- Currently, the three leading economic generators in Texas include the services; trade; and finance, insurance, and real estate sectors, which together account for about 50.88% of the state's total real gross product (RGP or output). During the next five years, these three industries combined are forecast to provide some 51.31% of the state's expected overall RGP gain, reflecting expansion of approximately \$223.46 billion.
- Over the short-term horizon (2008-2013), the sectoral compound annual growth rates are anticipated to range from 2.50% (construction) to 5.26% (information).
- Seven sectors are projected to achieve per-annum growth rates of more than 4.0% during the 2008-2013 period. They include trade, 4.27%; services, 4.28%; nondurable manufacturing, 4.37%; transportation, warehousing, and utilities, 4.57%; finance, insurance, and real estate, 4.61%; durable manufacturing, 4.85%; and information, 5.26%.



Texas Employment

- Over the next five years, approximately 1 million new wage and salary jobs are expected to be created in the Lone Star State, with the services industries anticipated to account for some 52.74% of this growth. The government and trade sectors combined will likely be responsible for about 27.21% of the total employment gain.
- These percentages represent an overall increase of approximately 787,600 jobs from 2008 to 2013 (services—519,500; trade—146,200; and government—121,900).
- During the short term, employment annual growth rates are predicted to range from 0.57% (agriculture) to 2.33% (services). The overall per-annum expansion rate over this timeframe is projected to be 1.70%.



Conclusion

- Although the economy of Texas has been impacted by the economic turbulence experienced across most of the nation, the state has not suffered to the same degree.
- Oil, which has dropped dramatically in price per barrel over recent months, is forecast to continue to be an important economic generator. The pace of natural gas output, buoyed by drilling in the Barnett Shale and other formations, is expected to moderate due to the dip in natural gas prices.
- Employment is anticipated to remain strong over the next several years, though the rate of growth is predicted to be somewhat less than recent historic patterns.
- The expansion of the Texas economy will likely see some temporary lag in growth because of the myriad challenges and difficulties being faced by the nation. Still, the Lone Star State economy is projected to gain strength and achieve moderate growth over the short term and, therefore, the trend for the state's overall economic health should remain positive.

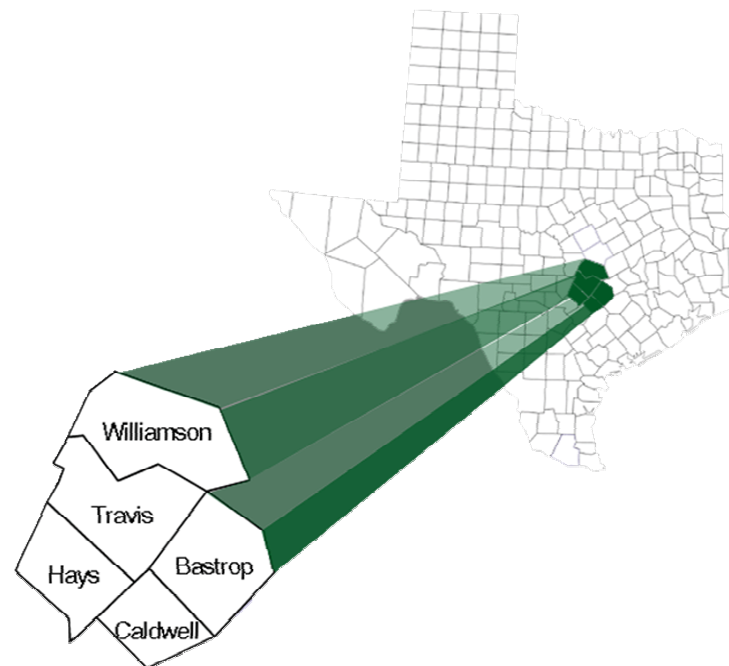


AUSTIN-ROUND ROCK METROPOLITAN STATISTICAL AREA OUTLOOK



Austin-Round Rock MSA

- The five counties of Bastrop, Caldwell, Hays, Travis, and Williamson counties comprise the Austin-Round Rock Metropolitan Statistical Area. In addition to the principle city of Austin, seven other cities in the metro area have a population of at least 10,000 people. These include Round Rock, Georgetown, San Marcos, Cedar Park, Pflugerville, Brushy Creek, and Lockhart.



Austin-Round Rock MSA Forecast Highlights

- The economy of the Austin-Round Rock Metropolitan Statistical Area is projected to experience moderate expansion over the short term. The next year or so will be slower than the later years of the forecast horizon.
- At the beginning of 2008, Austin was ranked first by *Forbes* in the magazine's list of America's Fastest Growing Metros. During the last quarter of the year, the Austin-area economy continued to outperform most other areas of the country in job creation, placing in the top four among the nation's largest metros on the Milken Institute and Greenstreet Real Estate Partners' 2008 Best Performing Cities list.
- The Austin-Round Rock metro is maintaining its leadership role in the high technology industries and is growing in importance as a commercial transportation/distribution center. Technology commercialization activities are significant contributors to the area's prosperity.
- The area also continues to gain strength as a center of government activity, primarily because of the location of the state capitol and associated offices and agencies.
- The Austin area, substantially supported and enhanced by its higher education environment, remains a highly desirable site for a variety of industries.



Austin-Round Rock MSA Economic Indicators

- The projected short-term outlook for the Austin-Round Rock Metro area economy is encouraging. In the next five years, real gross product is forecast to expand by approximately \$19.97 billion to reach \$99.08 billion in 2013. About 81,500 new wage and salary jobs are expected to be created over this 2008-2013 timeframe.

AUSTIN-ROUND ROCK MSA ECONOMIC INDICATORS			
Key Indicator	2008 Level	2013 Level	CAGR* 2008-2013
Real Gross Product (2000\$)	\$79.11 billion	\$99.08 billion	4.60%
Population	1.64 million	1.94 million	3.35%
Wage & Salary Employment	808,300	889,800	1.94%
Real Personal Income (2000\$) (by place of residence)	\$54.50 billion	\$69.80 billion	5.08%
Retail Sales (current \$)	\$45.63 billion	\$66.57 billion	7.85%
Housing Permits	14,451	19,163	5.81%

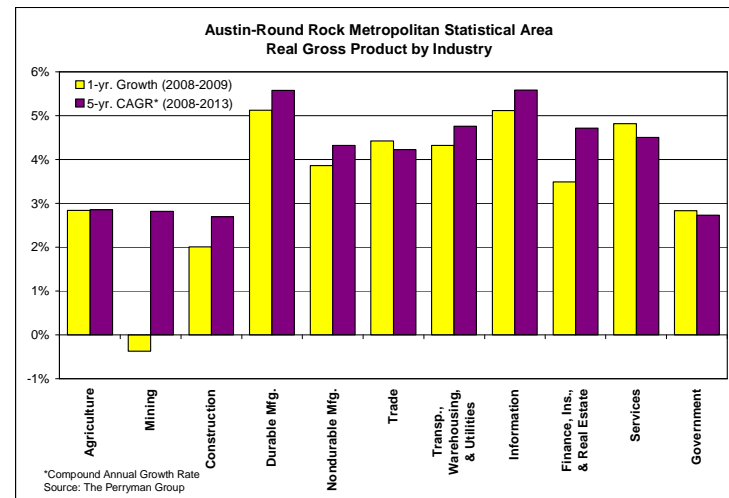
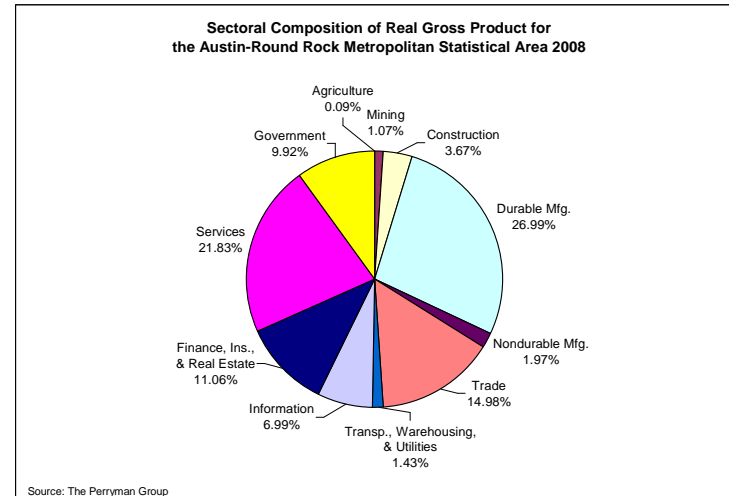
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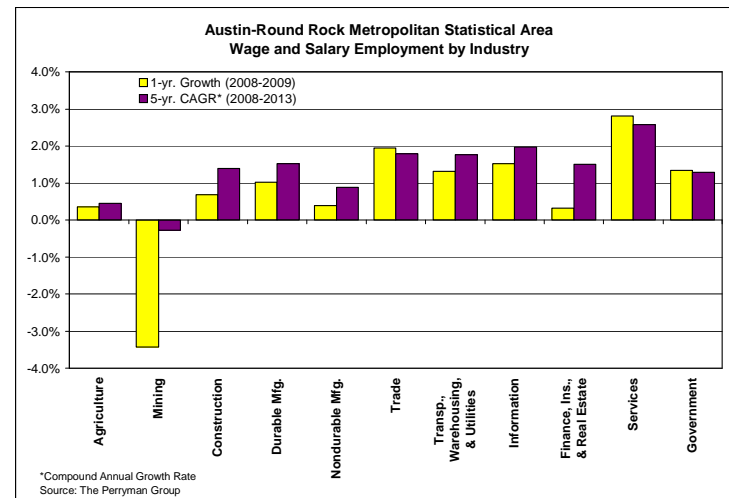
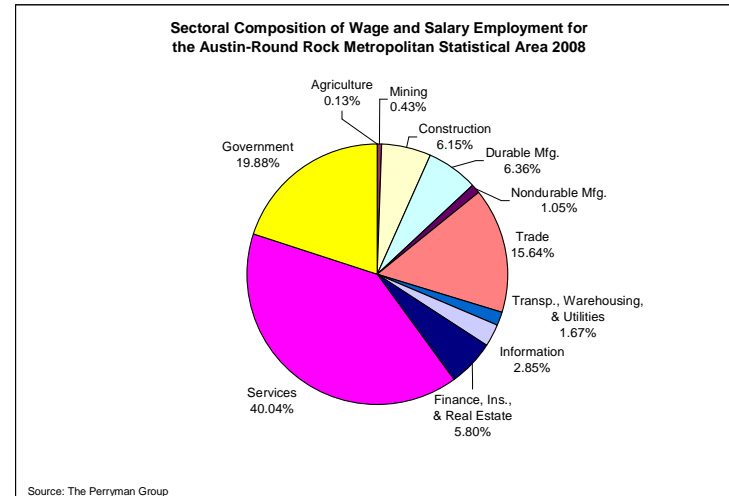
Austin-Round Rock MSA RGP

- Three industrial sectors currently account for approximately 63.80% of the Austin-Round Rock MSA's real gross product. They include durable manufacturing (26.99%); services (21.83%); and trade (14.98%). From 2008 to 2013, these sectors are projected to continue to provide similar percentages of the total output anticipated to be achieved in this urban region.
- Over the next five years, of the nearly \$19.97 billion the Austin-Round Rock metro RGP is expected to expand, the durable manufacturing industries are projected to be responsible for about \$6.66 billion, or approximately 33.35%. The percentages likely to be generated by the next three leading sectors are: services (21.31%); trade (13.63%); and finance, insurance, and real estate (11.34%).
- From 2008 to 2013, seven sectors are predicted to achieve real gross product compound annual growth rates of at least 4.00%. They include: durable manufacturing (5.58%); information (5.58%); transportation, warehousing, and utilities (4.76%); finance, insurance, and real estate (4.71%); services (4.50%); non-durable manufacturing (4.32%); and trade (4.22%).



Austin-Round Rock MSA Employment

- Approximately 40.04% of the wage and salary workers in the Austin-Round Rock MSA are in the services industries, reflecting a current employment level of some 323,700. Over the next five years, some 43,900 new jobs are projected to be added to this sector, which represents about 53.87% of the total employment gain predicted for the Austin-Round Rock metro from 2008 to 2013. The trade sector will likely account for 14.11%, or 11,500 additional workers during the short term, with the government industries responsible for 13.13% or 10,700 new jobs.
- The other sectors and numbers of new workers anticipated to be added in the 2008-2013 period are: construction (2,500); durable manufacturing (4,000); nondurable manufacturing (400); transportation, warehousing, and utilities (1,200); information (2,400); and finance, insurance, and real estate (3,600); and agriculture and mining (minimal increases).
- Over the 2008-2013 timeframe, the services sector is forecast to experience an employment compound annual growth rate of 2.58%, the highest yearly expansion rate of all sectors. The other sectors are expected to see employment growth rates ranging from -0.28% (mining) to 1.97% (information).





APPENDIX A

Table for the US

Historical and Projected Values for Key Economic Indicators for the US

Historical and Projected Values for Key Economic Indicators for the US*

Date	Gross Domestic Product	Real Gross Domestic Product	Industrial Production Index	Personal Income	Real Personal Income	Total Employment	Population	Implicit Price Deflator
2001	\$10,127.950	\$9,890.650	96.6	\$8,724.125	\$8,485.130	131.830	285.372	102.4
2002	\$10,469.600	\$10,048.850	96.5	\$8,881.900	\$8,578.355	130.340	288.215	104.2
2003	\$10,960.750	\$10,301.100	97.7	\$9,163.600	\$8,678.371	129.996	290.965	106.4
2004	\$11,685.925	\$10,675.725	100.1	\$9,727.200	\$8,974.777	131.419	293.644	109.5
2005	\$12,421.875	\$10,989.500	103.4	\$10,269.750	\$9,204.594	133.695	296.373	113.0
2006	\$13,178.350	\$11,294.875	105.7	\$10,993.900	\$9,587.425	136.092	299.199	116.7
2007	\$13,807.550	\$11,523.900	107.4	\$11,663.250	\$9,913.157	137.618	302.087	119.8
2008	\$14,237.654	\$11,678.708	106.6	\$12,146.486	\$10,002.605	137.416	304.902	121.9
2009	\$14,826.799	\$11,926.096	105.9	\$12,656.700	\$10,187.017	136.663	307.825	124.3
2010	\$15,878.872	\$12,351.254	110.3	\$13,508.373	\$10,555.519	139.007	310.853	128.6
2011	\$16,873.246	\$12,792.452	116.1	\$14,457.015	\$11,079.204	141.097	313.852	131.9
2012	\$18,098.800	\$13,251.802	121.5	\$15,414.136	\$11,469.364	143.091	316.797	136.6
2013	\$19,309.172	\$13,724.492	126.1	\$16,430.398	\$11,873.444	145.090	319.754	140.7

Date	Producer Price Index	Consumer Price Index	T-Bill 3-Month	T-Bond 10-Year	T-Bond 20-Year	Prime Rate	Moody AAA
2001	101.1	102.8	3.39	5.02	5.63	6.92	7.08
2002	98.8	104.5	1.60	4.61	5.43	4.68	6.49
2003	104.1	106.9	1.01	4.02	4.96	4.12	5.67
2004	110.5	109.7	1.37	4.27	5.05	4.34	5.63
2005	118.6	113.4	3.15	4.29	4.65	6.19	5.24
2006	124.1	117.1	4.73	4.79	4.99	7.96	5.59
2007	130.1	120.4	4.35	4.63	4.91	8.05	5.56
2008	138.1	123.0	1.31	3.55	4.09	4.77	5.88
2009	141.1	124.9	2.78	3.71	4.28	5.36	6.11
2010	145.1	128.3	3.56	3.82	4.10	6.02	6.27
2011	149.4	132.3	3.86	4.21	4.52	7.15	6.08
2012	153.8	136.3	3.82	4.16	4.47	7.28	5.82
2013	158.3	140.2	3.80	4.15	4.45	7.26	5.80

* GROSS DOMESTIC PRODUCT - Billions of Dollars; REAL GROSS DOMESTIC PRODUCT - Billions of 2000 Dollars; INDUSTRIAL PRODUCTION INDEX 2000=100; PERSONAL INCOME - Billions of Dollars; REAL PERSONAL INCOME - Billions of 2000 Dollars; EMPLOYMENT - Millions of Persons; POPULATION - Millions of Persons; DEFLATOR and INDICES - 2000=100; INTEREST RATES - Percent

Historical and Projected Values for Key Economic Indicators for the US

Historical and Projected Values for Key Economic Indicators for the US*

Date	Gross Domestic Product	Real Gross Domestic Product	Industrial Production Index	Personal Income	Real Personal Income	Total Employment	Population	Implicit Price Deflator
2002	3.4	1.6	-0.1	1.8	1.1	-1.1	1.0	1.7
2003	4.7	2.5	1.2	3.2	1.2	-0.3	1.0	2.1
2004	6.6	3.6	2.5	6.2	3.4	1.1	0.9	2.9
2005	6.3	2.9	3.3	5.6	2.6	1.7	0.9	3.3
2006	6.1	2.8	2.2	7.1	4.2	1.8	1.0	3.2
2007	4.8	2.0	1.7	6.1	3.4	1.1	1.0	2.7
2008	3.1	1.3	-0.8	4.1	0.9	-0.1	0.9	1.7
2009	4.1	2.1	-0.6	4.2	1.8	-0.5	1.0	2.0
2010	7.1	3.6	4.1	6.7	3.6	1.7	1.0	3.4
2011	6.3	3.6	5.3	7.0	5.0	1.5	1.0	2.6
2012	7.3	3.6	4.7	6.6	3.5	1.4	0.9	3.5
2013	6.7	3.6	3.8	6.6	3.5	1.4	0.9	3.0

Date	Producer Price Index	Consumer Price Index	T-Bill 3-Month	T-Bond 10-Year	T-Bond 20-Year	Prime Rate	Moody AAA
2002	1.4	-2.3	1.6	-52.7	-8.1	-3.6	-32.5
2003	2.0	5.3	2.3	-37.0	-12.9	-8.7	-11.8
2004	2.6	6.2	2.7	35.7	6.5	1.8	5.3
2005	2.9	7.3	3.4	129.4	0.4	-7.9	42.5
2006	2.8	4.7	3.2	50.2	11.7	7.5	28.6
2007	2.6	4.8	2.9	-7.9	-3.4	-1.7	1.2
2008	3.2	6.2	2.1	-69.9	-23.3	-16.6	-40.7
2009	2.3	2.2	1.6	112.2	4.4	4.6	12.3
2010	3.0	2.8	2.7	27.8	2.9	-4.1	12.4
2011	2.0	3.0	3.1	8.6	10.2	10.2	18.8
2012	3.0	2.9	3.0	-1.2	-1.1	-1.2	1.7
2013	3.0	2.9	2.9	-0.3	-0.2	-0.3	-0.2

*Percent Change

Tables for Texas

Historical and Projected Values for Key Economic Indicators for Texas

Historical and Projected Values for Key Economic Indicators for Texas*

Date	Gross Area Product	Real Gross Area Product	Personal Income (by place of residence)	Real Personal Income (by place of residence)	Personal Income (by place of work)	Real Personal Income (by place of work)	Total Employment	Wage and Salary Employment
2001	\$762,242.579	\$745,907.911	\$619,642.245	\$600,221.782	\$512,355.316	\$496,297.377	12,356.3	10,028.9
2002	\$783,483.169	\$764,214.305	\$626,603.855	\$601,843.715	\$517,543.214	\$497,092.586	12,370.5	9,955.1
2003	\$828,803.648	\$774,101.733	\$649,418.559	\$608,491.325	\$535,672.338	\$501,913.544	12,490.5	9,911.7
2004	\$909,021.742	\$819,383.522	\$694,924.950	\$635,962.830	\$577,920.049	\$528,885.414	12,656.2	10,016.5
2005	\$987,159.404	\$848,533.680	\$759,622.326	\$671,852.998	\$621,818.418	\$549,971.418	13,018.4	10,266.7
2006	\$1,076,895.429	\$903,294.600	\$823,159.415	\$722,112.391	\$673,309.138	\$590,657.001	13,514.1	10,620.4
2007	\$1,183,103.911	\$938,423.304	\$886,237.654	\$769,557.544	\$724,057.463	\$628,729.641	13,908.4	10,926.7
2008	\$1,309,650.331	\$982,064.475	\$945,463.395	\$795,844.609	\$772,404.335	\$650,172.000	14,233.9	11,178.7
2009	\$1,358,766.741	\$1,019,250.107	\$1,008,818.352	\$826,900.288	\$824,119.339	\$675,507.655	14,462.5	11,354.4
2010	\$1,456,257.895	\$1,063,674.298	\$1,083,733.461	\$865,116.823	\$885,272.069	\$706,690.148	14,724.0	11,555.9
2011	\$1,559,926.815	\$1,109,676.796	\$1,161,512.422	\$903,787.428	\$948,757.641	\$738,240.256	14,986.3	11,757.9
2012	\$1,669,735.616	\$1,156,894.765	\$1,244,612.716	\$944,044.804	\$1,016,582.921	\$771,083.095	15,249.7	11,960.5
2013	\$1,786,151.063	\$1,205,524.969	\$1,333,378.928	\$985,993.819	\$1,089,028.664	\$805,304.110	15,513.9	12,163.7

Date	Texas Consumer Price Index	Gross Product Deflator	Population	Industrial Production Index	Labor Productivity	Retail Sales	Real Retail Sales	Housing Permits
2001	103.2	102.2	21,340.5	98.0	\$74,376	\$286,003.615	\$277,039.858	150,342
2002	104.1	102.5	21,730.4	104.4	\$76,766	\$303,467.993	\$291,476.509	165,322
2003	106.7	107.1	22,086.0	104.6	\$78,100	\$319,203.499	\$299,086.864	180,574
2004	109.3	110.9	22,454.8	120.7	\$81,804	\$350,296.405	\$320,574.895	191,180
2005	113.1	116.3	22,844.0	123.4	\$82,649	\$333,583.280	\$295,039.941	210,634
2006	114.0	119.2	23,407.6	136.8	\$85,052	\$343,409.602	\$301,254.319	216,926
2007	115.2	126.1	23,905.0	145.5	\$85,884	\$367,021.195	\$318,699.987	178,908
2008	118.8	133.4	24,384.8	152.2	\$87,851	\$391,515.824	\$329,558.774	140,216
2009	122.0	133.3	24,843.1	157.4	\$89,767	\$417,716.114	\$342,390.257	153,834
2010	125.3	136.9	25,308.8	164.8	\$92,046	\$448,698.266	\$358,184.399	162,787
2011	128.5	140.6	25,782.0	172.5	\$94,377	\$480,860.852	\$374,163.878	172,813
2012	131.8	144.3	26,262.8	180.5	\$96,726	\$515,220.874	\$390,797.542	172,150
2013	135.2	148.2	26,751.3	188.7	\$99,109	\$551,920.415	\$408,128.632	171,380

* GROSS AREA PRODUCT - Millions of Dollars; REAL GROSS AREA PRODUCT - Millions of 2000 Dollars; PERSONAL INCOME (By place of residence and work) - Millions of Dollars; REAL PERSONAL INCOME (By place of residence and work) - Millions of 2000 Dollars; EMPLOYMENT - Thousands of Persons; TEXAS CONSUMER PRICE INDEX - 2000=100; GROSS PRODUCT DEFLATOR - 2000=100; POPULATION - Thousands of Persons; INDUSTRIAL PRODUCTION INDEX - 2000=100; LABOR PRODUCTIVITY - 2000 Dollars per Employee; RETAIL SALES - Millions of Dollars; REAL RETAIL SALES - Millions of 2000 Dollars; HOUSING PERMITS - Number of Single and Multi-Family Units

Historical and Projected Values for Key Economic Indicators for Texas

Historical and Projected Values for Key Economic Indicators for Texas*

Date	Gross Area Product	Real Gross Area Product	Personal Income (by place of residence)	Real Personal Income (by place of residence)	Personal Income (by place of work)	Real Personal Income (by place of work)	Total Employment	Wage and Salary Employment
2002	2.8	2.5	1.1	0.3	1.0	0.2	0.1	-0.7
2003	5.8	1.3	3.6	1.1	3.5	1.0	1.0	-0.4
2004	9.7	5.8	7.0	4.5	7.9	5.4	1.3	1.1
2005	8.6	3.6	9.3	5.6	7.6	4.0	2.9	2.5
2006	9.1	6.5	8.4	7.5	8.3	7.4	3.8	3.4
2007	9.9	3.9	7.7	6.6	7.5	6.4	2.9	2.9
2008	10.7	4.7	6.7	3.4	6.7	3.4	2.3	2.3
2009	3.8	3.8	6.7	3.9	6.7	3.9	1.6	1.6
2010	7.2	4.4	7.4	4.6	7.4	4.6	1.8	1.8
2011	7.1	4.3	7.2	4.5	7.2	4.5	1.8	1.7
2012	7.0	4.3	7.2	4.5	7.1	4.4	1.8	1.7
2013	7.0	4.2	7.1	4.4	7.1	4.4	1.7	1.7

Date	Texas Consumer Price Index	Gross Product Deflator	Population	Industrial Production Index	Labor Productivity	Retail Sales	Real Retail Sales	Housing Permits
2002	0.9	0.3	1.8	6.6	3.2	6.1	5.2	10.0
2003	2.5	4.4	1.6	0.1	1.7	5.2	2.6	9.2
2004	2.4	3.6	1.7	15.5	4.7	9.7	7.2	5.9
2005	3.5	4.9	1.7	2.2	1.0	-4.8	-8.0	10.2
2006	0.8	2.5	2.5	10.9	2.9	2.9	2.1	3.0
2007	1.0	5.7	2.1	6.4	1.0	6.9	5.8	-17.5
2008	3.2	5.8	2.0	4.6	2.3	6.7	3.4	-21.6
2009	2.7	0.0	1.9	3.4	2.2	6.7	3.9	9.7
2010	2.7	2.7	1.9	4.7	2.5	7.4	4.6	5.8
2011	2.6	2.7	1.9	4.7	2.5	7.2	4.5	6.2
2012	2.6	2.7	1.9	4.6	2.5	7.1	4.4	-0.4
2013	2.6	2.7	1.9	4.6	2.5	7.1	4.4	-0.4

*Percent Change

Historical and Projected Values for Real Gross Product by Major Industrial Classification for Texas

Historical and Projected Values for Real Gross Product by Major Industrial Classification for Texas*

Date	Agriculture	Mining	Construction	Total Mfg.	Durable Mfg.	Nondurable Mfg.	Transportation, Warehousing, and Utilities	
							Total Trade	and Utilities
2001	\$5,972.559	\$43,671.769	\$37,436.717	\$92,505.341	\$55,220.396	\$37,284.945	\$112,842.804	\$48,718.011
2002	\$7,514.127	\$45,152.171	\$37,164.969	\$100,758.876	\$58,463.330	\$42,295.546	\$113,698.261	\$51,131.249
2003	\$7,277.293	\$44,236.046	\$36,735.871	\$98,330.083	\$57,250.596	\$41,079.487	\$115,135.012	\$54,688.421
2004	\$7,573.427	\$42,240.186	\$35,585.156	\$125,496.647	\$70,731.752	\$54,764.895	\$122,608.037	\$60,047.782
2005	\$7,795.240	\$39,958.710	\$35,915.805	\$131,000.729	\$79,626.490	\$51,374.239	\$128,416.144	\$61,790.163
2006	\$7,265.133	\$41,659.960	\$35,625.870	\$152,635.321	\$99,235.258	\$53,400.063	\$134,556.749	\$63,851.883
2007	\$7,452.069	\$47,577.891	\$38,245.205	\$160,048.284	\$104,189.335	\$55,858.949	\$141,739.750	\$66,925.200
2008	\$7,636.533	\$52,948.013	\$40,313.406	\$164,815.337	\$107,464.704	\$57,350.632	\$148,153.389	\$69,314.363
2009	\$7,840.408	\$52,999.248	\$41,046.981	\$171,779.236	\$112,184.324	\$59,594.912	\$154,780.856	\$72,176.107
2010	\$8,055.792	\$55,247.057	\$42,181.602	\$180,150.502	\$117,838.004	\$62,312.499	\$161,431.315	\$75,575.848
2011	\$8,274.250	\$57,542.293	\$43,321.685	\$188,838.201	\$123,715.446	\$65,122.755	\$168,280.068	\$79,117.507
2012	\$8,495.710	\$59,882.544	\$44,466.001	\$197,848.566	\$129,821.487	\$68,027.080	\$175,328.168	\$82,813.275
2013	\$8,720.080	\$62,264.178	\$45,613.270	\$207,187.666	\$136,160.890	\$71,026.776	\$182,576.337	\$86,651.005

Date	Information	Finance, Insurance, and Real Estate	Total		Total All Industries
			Services	Government	
2001	\$37,218.935	\$122,120.538	\$164,005.352	\$81,415.885	\$745,907.911
2002	\$37,146.982	\$120,489.745	\$166,982.751	\$84,175.174	\$764,214.305
2003	\$37,163.535	\$122,341.632	\$173,894.244	\$84,299.596	\$774,101.733
2004	\$40,966.893	\$122,191.170	\$178,600.767	\$84,073.457	\$819,383.522
2005	\$45,683.726	\$126,426.587	\$186,065.872	\$85,480.704	\$848,533.680
2006	\$49,980.384	\$134,760.411	\$195,482.240	\$87,476.649	\$903,294.600
2007	\$52,821.044	\$127,646.791	\$206,050.852	\$89,916.218	\$938,423.304
2008	\$55,096.824	\$133,697.399	\$217,818.063	\$92,271.147	\$982,064.475
2009	\$57,740.715	\$138,222.382	\$227,825.597	\$94,838.577	\$1,019,250.107
2010	\$60,832.333	\$145,194.665	\$237,581.451	\$97,423.732	\$1,063,674.298
2011	\$64,278.596	\$152,393.275	\$247,606.837	\$100,024.085	\$1,109,676.796
2012	\$67,663.204	\$159,820.634	\$257,926.730	\$102,649.933	\$1,156,894.765
2013	\$71,191.182	\$167,478.902	\$268,542.664	\$105,299.686	\$1,205,524.969

*Millions of 2000 Dollars

Historical and Projected Values for Real Gross Product by Major Industrial Classification for Texas

Historical and Projected Values for Real Gross Product by Major Industrial Classification for Texas*

Date	Agriculture	Mining	Construction	Total Mfg.	Durable Mfg.	Nondurable Mfg.	Transportation, Warehousing, and Utilities	
							Total Trade	Total
2002	25.8	3.4	-0.7	8.9	5.9	13.4	0.8	5.0
2003	-3.2	-2.0	-1.2	-2.4	-2.1	-2.9	1.3	7.0
2004	4.1	-4.5	-3.1	27.6	23.5	33.3	6.5	9.8
2005	2.9	-5.4	0.9	4.4	12.6	-6.2	4.7	2.9
2006	-6.8	4.3	-0.8	16.5	24.6	3.9	4.8	3.3
2007	2.6	14.2	7.4	4.9	5.0	4.6	5.3	4.8
2008	2.5	11.3	5.4	3.0	3.1	2.7	4.5	3.6
2009	2.7	0.1	1.8	4.2	4.4	3.9	4.5	4.1
2010	2.7	4.2	2.8	4.9	5.0	4.6	4.3	4.7
2011	2.7	4.2	2.7	4.8	5.0	4.5	4.2	4.7
2012	2.7	4.1	2.6	4.8	4.9	4.5	4.2	4.7
2013	2.6	4.0	2.6	4.7	4.9	4.4	4.1	4.6

Date	Information	Finance, Insurance, and Real Estate	Total Services	Government	Total All Industries
2003	0.0	1.5	4.1	0.1	1.3
2004	10.2	-0.1	2.7	-0.3	5.8
2005	11.5	3.5	4.2	1.7	3.6
2006	9.4	6.6	5.1	2.3	6.5
2007	5.7	-5.3	5.4	2.8	3.9
2008	4.3	4.7	5.7	2.6	4.7
2009	4.8	3.4	4.6	2.8	3.8
2010	5.4	5.0	4.3	2.7	4.4
2011	5.7	5.0	4.2	2.7	4.3
2012	5.3	4.9	4.2	2.6	4.3
2013	5.2	4.8	4.1	2.6	4.2

*Percent Change

Historical and Projected Values for Wage and Salary Employment by Major Industrial Classification for Texas

Historical and Projected Values for Wage and Salary Employment by Major Industrial Classification for Texas*

Date	Agriculture	Mining	Construction	Total Mfg.	Durable Mfg.	Nondurable Mfg.	Transportation, Warehousing, and Utilities	
							Total Trade	and Utilities
2001	104.2	151.7	604.9	1,035.9	652.8	383.1	1,634.2	408.4
2002	95.9	144.3	592.2	955.6	595.2	360.3	1,612.0	395.6
2003	92.0	145.1	575.0	907.8	564.8	342.9	1,581.3	388.0
2004	86.2	151.9	567.4	896.4	564.2	332.2	1,593.6	401.3
2005	91.6	164.7	589.1	906.9	577.4	329.5	1,631.0	409.7
2006	80.2	185.2	628.4	933.5	606.3	327.2	1,676.9	423.1
2007	80.5	205.1	665.9	943.7	613.4	330.3	1,718.5	431.3
2008	80.7	221.2	692.9	937.0	609.6	327.5	1,748.4	434.1
2009	81.1	214.7	696.2	941.9	613.3	328.7	1,779.4	439.1
2010	81.5	217.0	706.1	953.0	621.0	332.0	1,808.3	446.7
2011	82.0	219.2	715.9	964.0	628.6	335.4	1,837.1	454.4
2012	82.5	221.3	725.5	974.9	636.3	338.7	1,865.9	462.2
2013	83.0	223.4	734.9	985.8	643.9	341.9	1,894.6	470.1

Date	Information	Finance, Insurance, and Real Estate	Total		Total All Industries
			Services	Government	
2001	270.0	582.7	3,499.3	1,737.6	10,028.9
2002	250.2	587.6	3,544.9	1,776.9	9,955.1
2003	236.8	596.3	3,586.2	1,803.3	9,911.7
2004	226.9	604.7	3,681.1	1,806.9	10,016.5
2005	223.9	619.8	3,803.0	1,827.1	10,266.7
2006	223.9	642.9	3,962.0	1,864.1	10,620.4
2007	228.2	658.9	4,107.4	1,887.2	10,926.7
2008	229.5	667.8	4,259.8	1,907.3	11,178.7
2009	232.1	669.2	4,368.7	1,932.0	11,354.4
2010	236.0	680.6	4,470.1	1,956.6	11,555.9
2011	240.0	692.2	4,572.3	1,980.8	11,757.9
2012	244.1	703.7	4,675.4	2,005.0	11,960.5
2013	248.1	715.3	4,779.3	2,029.2	12,163.7

*Thousands of Persons

Historical and Projected Values for Wage and Salary Employment by Major Industrial Classification for Texas

Historical and Projected Values for Wage and Salary Employment by Major Industrial Classification for Texas*

Date	Agriculture	Mining	Construction	Total Mfg.	Durable Mfg.	Nondurable Mfg.	Transportation, Warehousing, and Utilities	
							Total Trade	Total
2002	-7.9	-4.9	-2.1	-7.8	-8.8	-5.9	-1.4	-3.1
2003	-4.1	0.6	-2.9	-5.0	-5.1	-4.8	-1.9	-1.9
2004	-6.3	4.7	-1.3	-1.2	-0.1	-3.1	0.8	3.4
2005	6.3	8.4	3.8	1.2	2.3	-0.8	2.3	2.1
2006	-12.4	12.5	6.7	2.9	5.0	-0.7	2.8	3.3
2007	0.3	10.8	6.0	1.1	1.2	0.9	2.5	1.9
2008	0.2	7.8	4.0	-0.7	-0.6	-0.9	1.7	0.6
2009	0.5	-3.0	0.5	0.5	0.6	0.4	1.8	1.2
2010	0.6	1.1	1.4	1.2	1.3	1.0	1.6	1.7
2011	0.6	1.0	1.4	1.2	1.2	1.0	1.6	1.7
2012	0.6	1.0	1.3	1.1	1.2	1.0	1.6	1.7
2013	0.6	0.9	1.3	1.1	1.2	1.0	1.5	1.7

Date	Information	Finance, Insurance, and Real Estate	Total Services	Government	Total All Industries
2003	-5.4	1.5	1.2	1.5	-0.4
2004	-4.2	1.4	2.6	0.2	1.1
2005	-1.3	2.5	3.3	1.1	2.5
2006	0.0	3.7	4.2	2.0	3.4
2007	1.9	2.5	3.7	1.2	2.9
2008	0.6	1.4	3.7	1.1	2.3
2009	1.1	0.2	2.6	1.3	1.6
2010	1.7	1.7	2.3	1.3	1.8
2011	1.7	1.7	2.3	1.2	1.7
2012	1.7	1.7	2.3	1.2	1.7
2013	1.7	1.6	2.2	1.2	1.7

*Percent Change

Tables for the Austin-Round Rock MSA

Historical and Projected Values for Key Economic Indicators for the Austin-Round Rock MSA

Historical and Projected Values for Key Economic Indicators for the Austin-Round Rock Metropolitan Statistical Area*

Date	Gross Area Product	Real Gross Area Product	Real Personal Income		Real Personal Income		Total Employment	Wage and Salary Employment
			(by place of residence)	(by place of residence)	(by place of work)	(by place of work)		
2001	\$53,505.889	\$53,896.646	\$42,489.015	\$41,157.349	\$37,651.251	\$36,471.208	867.9	707.0
2002	\$53,020.338	\$52,902.248	\$41,908.425	\$40,252.421	\$36,831.570	\$35,376.177	859.7	691.9
2003	\$55,247.072	\$54,674.870	\$43,104.097	\$40,387.619	\$37,921.091	\$35,531.253	868.3	687.7
2004	\$60,453.185	\$59,971.493	\$46,134.871	\$42,220.477	\$40,273.331	\$36,856.270	885.6	699.3
2005	\$65,547.069	\$64,216.437	\$50,987.930	\$45,096.612	\$43,622.987	\$38,582.640	926.3	732.3
2006	\$71,911.940	\$72,646.775	\$55,664.599	\$48,831.485	\$47,477.730	\$41,649.596	970.9	765.7
2007	\$77,169.552	\$75,669.478	\$60,272.793	\$52,337.409	\$51,333.250	\$44,574.827	1,006.8	788.8
2008	\$83,530.101	\$79,113.524	\$64,742.811	\$54,497.316	\$55,122.864	\$46,399.717	1,037.9	808.3
2009	\$88,340.893	\$82,542.698	\$69,551.050	\$57,009.057	\$59,197.026	\$48,522.152	1,062.3	823.5
2010	\$94,519.668	\$86,453.973	\$75,212.742	\$60,040.417	\$63,994.517	\$51,085.193	1,089.3	839.9
2011	\$101,081.926	\$90,528.896	\$81,146.320	\$63,140.972	\$69,020.073	\$53,705.387	1,116.8	856.4
2012	\$108,008.091	\$94,730.985	\$87,529.716	\$66,391.716	\$74,424.786	\$56,451.563	1,144.7	873.0
2013	\$115,333.740	\$99,083.208	\$94,395.751	\$69,802.834	\$80,236.187	\$59,332.259	1,173.1	889.8

Date	Texas Consumer Price Index	Gross Product Deflator	Industrial Production Index	Labor Productivity	Retail Sales	Real Retail Sales	Housing Permits	
	2001	103.2	99.3	1,325.3	95.3	\$76,229	\$31,764.726	\$30,769.175
2002	104.1	100.2	1,355.2	98.7	\$76,454	\$33,774.596	\$32,439.999	17,232
2003	106.7	101.0	1,385.7	104.1	\$79,502	\$35,149.637	\$32,934.459	15,330
2004	109.3	100.8	1,423.2	142.2	\$85,759	\$38,848.547	\$35,552.374	18,015
2005	113.1	102.1	1,469.3	163.5	\$87,695	\$22,291.408	\$19,715.783	23,241
2006	114.0	99.0	1,532.3	225.2	\$94,879	\$23,556.940	\$20,665.205	26,096
2007	115.2	102.0	1,587.9	238.4	\$95,935	\$42,477.958	\$36,885.403	19,903
2008	118.8	105.6	1,643.5	247.9	\$97,873	\$45,630.866	\$38,409.820	14,451
2009	122.0	107.0	1,698.9	259.9	\$100,235	\$49,024.936	\$40,184.374	16,249
2010	125.3	109.3	1,756.0	274.4	\$102,934	\$53,021.897	\$42,326.030	17,622
2011	128.5	111.7	1,814.9	289.6	\$105,708	\$57,211.337	\$44,516.861	19,172
2012	131.8	114.0	1,875.6	305.5	\$108,509	\$61,718.702	\$46,813.936	19,174
2013	135.2	116.4	1,938.2	322.1	\$111,360	\$66,567.187	\$49,224.443	19,163

* GROSS AREA PRODUCT - Millions of Dollars; REAL GROSS AREA PRODUCT - Millions of 2000 Dollars; PERSONAL INCOME (By place of residence and work) - Millions of Dollars; REAL PERSONAL INCOME (By place of residence and work) - Millions of 2000 Dollars; EMPLOYMENT - Thousands of Persons; TEXAS CONSUMER PRICE INDEX - 2000=100; GROSS PRODUCT DEFLATOR - 2000=100; POPULATION - Thousands of Persons; INDUSTRIAL PRODUCTION INDEX - 2000=100; LABOR PRODUCTIVITY - 2000 Dollars per Employee; RETAIL SALES - Millions of Dollars; REAL RETAIL SALES - Millions of 2000 Dollars; HOUSING PERMITS - Number of Single and Multi-Family Units

Historical and Projected Values for Key Economic Indicators for the Austin-Round Rock MSA

Historical and Projected Values for Key Economic Indicators for the Austin-Round Rock Metropolitan Statistical Area*

Date	Gross Area Product	Real Gross Area Product	Personal Income (by place of residence)	Real Personal Income (by place of residence)	Personal Income (by place of work)	Real Personal Income (by place of work)	Total Employment	Wage and Salary Employment
2002	-0.9	-1.8	-1.4	-2.2	-2.2	-3.0	-0.9	-2.1
2003	4.2	3.4	2.9	0.3	3.0	0.4	1.0	-0.6
2004	9.4	9.7	7.0	4.5	6.2	3.7	2.0	1.7
2005	8.4	7.1	10.5	6.8	8.3	4.7	4.6	4.7
2006	9.7	13.1	9.2	8.3	8.8	7.9	4.8	4.6
2007	7.3	4.2	8.3	7.2	8.1	7.0	3.7	3.0
2008	8.2	4.6	7.4	4.1	7.4	4.1	3.1	2.5
2009	5.8	4.3	7.4	4.6	7.4	4.6	2.3	1.9
2010	7.0	4.7	8.1	5.3	8.1	5.3	2.6	2.0
2011	6.9	4.7	7.9	5.2	7.9	5.1	2.5	2.0
2012	6.9	4.6	7.9	5.1	7.8	5.1	2.5	1.9
2013	6.8	4.6	7.8	5.1	7.8	5.1	2.5	1.9

Date	Texas Consumer Price Index	Gross Product Deflator	Population	Industrial Production Index	Labor Productivity	Retail Sales	Real Retail Sales	Housing Permits
2002	0.9	1.0	2.3	3.6	0.3	6.3	5.4	-3.3
2003	2.5	0.8	2.2	5.5	4.0	4.1	1.5	-11.0
2004	2.4	-0.2	2.7	36.5	7.9	10.5	7.9	17.5
2005	3.5	1.3	3.2	15.0	2.3	-42.6	-44.5	29.0
2006	0.8	-3.0	4.3	37.7	8.2	5.7	4.8	12.3
2007	1.0	3.0	3.6	5.9	1.1	80.3	78.5	-23.7
2008	3.2	3.5	3.5	4.0	2.0	7.4	4.1	-27.4
2009	2.7	1.4	3.4	4.8	2.4	7.4	4.6	12.4
2010	2.7	2.2	3.4	5.6	2.7	8.2	5.3	8.5
2011	2.6	2.1	3.4	5.5	2.7	7.9	5.2	8.8
2012	2.6	2.1	3.3	5.5	2.6	7.9	5.2	0.0
2013	2.6	2.1	3.3	5.4	2.6	7.9	5.1	-0.1

*Percent Change

Historical and Projected Values for Real Gross Product by Major Industrial Classification for the Austin-Round Rock MSA

Historical and Projected Values for Real Gross Product by Major Industrial Classification for the Austin-Round Rock Metropolitan Statistical Area*

Date	Agriculture	Mining	Construction	Total Mfg.	Durable Mfg.	Nondurable Mfg.	Transportation, Warehousing, and Utilities	
							Total Trade	and Utilities
2001	\$33.838	\$436.323	\$2,661.139	\$8,383.795	\$7,468.355	\$915.440	\$10,716.578	\$743.907
2002	\$52.745	\$359.018	\$2,462.750	\$8,762.396	\$7,773.268	\$989.128	\$8,965.168	\$787.278
2003	\$63.731	\$432.144	\$2,444.226	\$9,228.420	\$8,216.939	\$1,011.481	\$9,318.385	\$794.313
2004	\$98.619	\$420.071	\$2,395.948	\$12,911.834	\$11,546.089	\$1,365.745	\$10,189.531	\$939.258
2005	\$62.783	\$665.143	\$2,526.038	\$14,773.768	\$13,427.903	\$1,345.865	\$10,759.305	\$978.413
2006	\$70.681	\$669.857	\$2,557.294	\$20,892.755	\$19,443.204	\$1,449.551	\$10,772.321	\$1,040.919
2007	\$72.629	\$761.462	\$2,750.538	\$22,075.072	\$20,559.442	\$1,515.630	\$11,341.266	\$1,093.013
2008	\$74.555	\$843.481	\$2,904.794	\$22,910.954	\$21,355.553	\$1,555.400	\$11,848.637	\$1,134.099
2009	\$76.672	\$840.380	\$2,963.275	\$24,065.591	\$22,450.070	\$1,615.520	\$12,373.312	\$1,183.076
2010	\$78.904	\$871.953	\$3,050.974	\$25,434.589	\$23,746.197	\$1,688.392	\$12,899.613	\$1,241.059
2011	\$81.171	\$903.959	\$3,139.389	\$26,868.102	\$25,104.404	\$1,763.698	\$13,441.298	\$1,301.583
2012	\$83.475	\$936.350	\$3,228.435	\$28,368.219	\$26,526.746	\$1,841.473	\$13,998.432	\$1,364.861
2013	\$85.814	\$969.064	\$3,318.021	\$29,937.048	\$28,015.301	\$1,921.748	\$14,571.049	\$1,430.706

Date	Information	Finance, Insurance, and Real Estate	Total		Total All Industries
			Services	Government	
2001	\$3,280.504	\$7,937.339	\$12,683.391	\$7,019.832	\$53,896.646
2002	\$3,709.519	\$7,436.608	\$12,918.390	\$7,448.376	\$52,902.248
2003	\$3,851.364	\$7,832.610	\$13,403.871	\$7,305.806	\$54,674.870
2004	\$4,344.630	\$7,768.518	\$13,840.309	\$7,062.775	\$59,971.493
2005	\$4,591.051	\$8,023.613	\$14,617.011	\$7,219.312	\$64,216.437
2006	\$4,983.394	\$8,800.201	\$15,434.449	\$7,424.904	\$72,646.775
2007	\$5,282.702	\$8,343.804	\$16,304.516	\$7,644.477	\$75,669.478
2008	\$5,527.158	\$8,747.902	\$17,273.349	\$7,848.595	\$79,113.524
2009	\$5,810.131	\$9,052.877	\$18,106.470	\$8,070.914	\$82,542.698
2010	\$6,140.001	\$9,518.905	\$18,923.080	\$8,294.896	\$86,453.973
2011	\$6,507.719	\$10,000.691	\$19,764.642	\$8,520.341	\$90,528.896
2012	\$6,871.343	\$10,498.441	\$20,633.303	\$8,748.125	\$94,730.985
2013	\$7,251.706	\$11,012.341	\$21,529.345	\$8,978.114	\$99,083.208

*Millions of 2000 Dollars

Historical and Projected Values for Real Gross Product by Major Industrial Classification for the Austin-Round Rock MSA

Historical and Projected Values for Real Gross Product by Major Industrial Classification for the Austin-Round Rock Metropolitan Statistical Area*

Date	Agriculture	Mining	Construction	Total Mfg.	Durable Mfg.	Nondurable Mfg.	Transportation, Warehousing, and Utilities	
							Total Trade	and Utilities
2002	55.9	-17.7	-7.5	4.5	4.1	8.0	-16.3	5.8
2003	20.8	20.4	-0.8	5.3	5.7	2.3	3.9	0.9
2004	54.7	-2.8	-2.0	39.9	40.5	35.0	9.3	18.2
2005	-36.3	58.3	5.4	14.4	16.3	-1.5	5.6	4.2
2006	12.6	0.7	1.2	41.4	44.8	7.7	0.1	6.4
2007	2.8	13.7	7.6	5.7	5.7	4.6	5.3	5.0
2008	2.7	10.8	5.6	3.8	3.9	2.6	4.5	3.8
2009	2.8	-0.4	2.0	5.0	5.1	3.9	4.4	4.3
2010	2.9	3.8	3.0	5.7	5.8	4.5	4.3	4.9
2011	2.9	3.7	2.9	5.6	5.7	4.5	4.2	4.9
2012	2.8	3.6	2.8	5.6	5.7	4.4	4.1	4.9
2013	2.8	3.5	2.8	5.5	5.6	4.4	4.1	4.8

Date	Information	Finance, Insurance, and Real Estate	Total Services	Government	Total All Industries
2002	13.1	-6.3	1.9	6.1	-1.8
2003	3.8	5.3	3.8	-1.9	3.4
2004	12.8	-0.8	3.3	-3.3	9.7
2005	5.7	3.3	5.6	2.2	7.1
2006	8.5	9.7	5.6	2.8	13.1
2007	6.0	-5.2	5.6	3.0	4.2
2008	4.6	4.8	5.9	2.7	4.6
2009	5.1	3.5	4.8	2.8	4.3
2010	5.7	5.1	4.5	2.8	4.7
2011	6.0	5.1	4.4	2.7	4.7
2012	5.6	5.0	4.4	2.7	4.6
2013	5.5	4.9	4.3	2.6	4.6

*Percent Change

Historical and Projected Values for Wage and Salary Employment by Major Industrial Classification for the Austin-Round Rock MSA

Historical and Projected Values for Wage and Salary Employment by Major Industrial Classification for the Austin-Round Rock Metropolitan Statistical Area*

Date	Agriculture	Mining	Construction	Total Mfg.	Durable Mfg.	Nondurable Mfg.	Transportation, Warehousing, and Utilities	
							Total Trade	and Utilities
2001	1.4	1.8	42.1	76.8	66.2	10.7	110.1	11.4
2002	1.2	1.8	38.9	63.7	54.3	9.4	106.9	11.5
2003	1.2	1.6	38.0	58.9	50.1	8.8	106.2	10.9
2004	1.1	1.8	38.4	57.8	49.1	8.6	109.2	11.5
2005	1.1	2.6	40.5	57.7	49.2	8.6	117.2	12.4
2006	1.0	3.0	44.9	59.2	50.7	8.5	120.8	13.1
2007	1.0	3.3	47.7	60.1	51.5	8.6	124.0	13.4
2008	1.0	3.5	49.7	59.9	51.4	8.5	126.4	13.5
2009	1.0	3.4	50.0	60.5	51.9	8.6	128.9	13.6
2010	1.0	3.4	50.8	61.5	52.8	8.6	131.2	13.9
2011	1.0	3.4	51.6	62.4	53.7	8.7	133.5	14.2
2012	1.0	3.4	52.4	63.4	54.6	8.8	135.8	14.4
2013	1.0	3.4	53.2	64.4	55.4	8.9	138.1	14.7

Date	Information	Finance, Insurance, and Real Estate	Total		Total All Industries
			Services	Government	
2001	23.3	37.4	259.8	143.0	707.0
2002	23.2	38.7	258.1	147.9	691.9
2003	21.5	41.2	260.3	147.9	687.7
2004	20.7	40.6	270.2	148.0	699.3
2005	22.0	42.2	286.1	150.5	732.3
2006	22.3	45.0	299.6	156.8	765.7
2007	22.8	46.2	311.3	159.0	788.8
2008	23.0	46.9	323.7	160.7	808.3
2009	23.4	47.0	332.8	162.9	823.5
2010	23.9	47.9	341.3	165.0	839.9
2011	24.4	48.8	350.0	167.1	856.4
2012	24.9	49.6	358.7	169.2	873.0
2013	25.4	50.5	367.6	171.4	889.8

*Thousands of Persons

Historical and Projected Values for Wage and Salary Employment by Major Industrial Classification for the Austin-Round Rock MSA

Historical and Projected Values for Wage and Salary Employment by Major Industrial Classification for the Austin-Round Rock Metropolitan Statistical Area*

Date	Agriculture	Mining	Construction	Total Mfg.	Durable Mfg.	Nondurable Mfg.	Transportation, Warehousing, and Utilities	
							Total Trade	
2002	-12.9	5.0	-7.5	-17.1	-17.9	-11.9	-2.9	1.1
2003	-3.8	-13.4	-2.3	-7.6	-7.8	-6.6	-0.6	-5.6
2004	-9.0	9.7	1.1	-1.9	-2.0	-1.5	2.8	5.7
2005	8.8	47.8	5.3	-0.1	0.1	-0.9	7.3	7.7
2006	-11.0	14.2	10.9	2.6	3.1	-0.5	3.1	5.7
2007	0.2	10.2	6.2	1.5	1.6	1.0	2.6	2.1
2008	0.1	7.3	4.2	-0.3	-0.2	-0.8	1.9	0.8
2009	0.4	-3.4	0.7	0.9	1.0	0.4	1.9	1.3
2010	0.5	0.6	1.6	1.6	1.7	1.0	1.8	1.9
2011	0.5	0.5	1.6	1.6	1.7	1.0	1.8	1.9
2012	0.5	0.5	1.5	1.5	1.6	1.0	1.7	1.9
2013	0.5	0.4	1.5	1.5	1.6	1.0	1.7	1.9

Date	Information	Finance, Insurance, and Real Estate	Total Services	Government	Total All Industries
2003	-7.5	6.7	0.9	0.0	-0.6
2004	-3.5	-1.6	3.8	0.0	1.7
2005	6.4	3.9	5.8	1.7	4.7
2006	1.3	6.8	4.7	4.2	4.6
2007	2.3	2.6	3.9	1.4	3.0
2008	1.0	1.5	4.0	1.1	2.5
2009	1.5	0.3	2.8	1.3	1.9
2010	2.1	1.8	2.6	1.3	2.0
2011	2.1	1.8	2.5	1.3	2.0
2012	2.1	1.8	2.5	1.3	1.9
2013	2.1	1.8	2.5	1.2	1.9

*Percent Change

APPENDIX B

Definition of Terms

- **Compound Annual Growth Rates (CAGR):** A *CAGR* differs from a simple growth rate in that it reflects changes in the size of the base used to calculate growth. The idea of compounding is routine in calculating interest; interest for the current period is calculated on the principle plus previously accrued interest.
- **Nominal and Real Values:** *Real* variables are adjusted for the effects of inflation; *nominal* values are not. Real variables are expressed in terms of dollars (or rates such as interest rates) at a particular point in time; therefore, the pattern in real variables over time removes distortions caused by changes in the value of the dollar (inflation).
- **Gross Area Product, Real Gross Area Product (RGP):** *Gross area product*, often referred to as output, is the final value of all goods and services produced in an economy during a given period of time. RGP is gross area product adjusted for inflation.
- **Productivity:** *Productivity* is real output (2000\$) per worker.
- **Personal Income (by place of residence):** *Personal income* is the total income accruing to households. “By place of residence” denotes where the income-earner resides rather than works.
- **Real Personal Income (by place of work):** *Real personal income* is total earnings expressed at the location where the earnings occur.
- **Total Employment:** *Total employment* includes wage and salary employment plus farm and non-farm proprietors.
- **Wage and Salary Employment:** *Wage and salary employment* is a measure of the number of persons in the workforce excluding proprietors, but including agricultural workers and military personnel.
- **Industrial Production Index:** The *Industrial Production Index* is a measure of output in the core production sectors of the economy. It is expressed as an index with 2000=100.
- **Gross Product Deflator:** The *gross product deflator* is the price index which allows the expression of changes in output (gross product) over time which are actual changes in production levels as opposed to inflation-driven increases in dollar production. It is expressed as an index with 2000=100.
- **Consumer Price Index:** The *Consumer Price Index* measures inflation, the escalation of prices of consumer goods. It is expressed as an index with 2000=100.
- **Population:** *Population* is the total number of persons residing in a specific area.
- **Retail Sales:** *Retail sales* is the total volume of retail goods sold, expressed in current dollars.
- **Housing Permits:** *Housing permits* reflects the total number of permits for single and multi-family housing during a given period.

Definition of Sectors

- **Mining:** This sector is composed of companies primarily involved in the extraction of minerals occurring naturally. Mining includes quarrying, oil and gas well operations, milling, and other activities which are a part of mining activity. In Texas, this sector is largely oil and gas related.
- **Construction:** Companies in this sector are primarily engaged in construction activities including new work, additions, alterations, and repairs. Construction includes buildings, water systems, highways, utility plants, and other related projects.
- **Trade:** Trade establishments are involved in wholesale and retail trade—selling items and rendering services incidental to the sale of goods. Examples include wholesale distributors, food stores, and clothing stores.
- **FIRE (Finance, Insurance, and Real Estate):** This sector includes companies in the fields of finance, insurance, and real estate such as depository institutions, credit institutions, holding companies, insurance carriers, insurance agents, real estate buyers, real estate sellers, real estate agents, and real estate developers.
- **Nondurable Manufacturing:** These companies are engaged in the mechanical or chemical transformation of materials or substances into items consumed in a short time period such as paper, bread, chemicals, and clothing.
- **Durable Manufacturing:** Companies in this sector are primarily engaged in the mechanical or chemical transformation of materials or substances into goods typically consumed over a period of several years such as automobiles, washing machines, industrial machinery, and computers.
- **Services:** This sector includes companies providing services to individuals, businesses, or government entities. Examples include medical services, business services (excluding finance, insurance, and real estate), hotels, and amusements.
- **Government:** All government establishments involved in public administration including the executive, legislative, judicial, administrative, and regulatory activities of Federal, state, local, and international governments are included in this sector. Military activity is also included.
- **Transportation, Warehousing, and Utilities:** Companies in this sector are engaged in transportation, warehousing, electric, water, and sanitary services (including all establishments of the US Postal Service).
- **Agriculture:** These establishments are engaged in farming, ranching, commercial fishing, forestry, hunting and trapping, and related services.
- **Information:** This new sector includes those establishments that create, disseminate, or provide the means to distribute information. It also includes establishments that provide data processing services. Industries included in this new sector are newspaper, book, and periodical publishers, previously included in the manufacturing sector in the SIC; software publishers, previously included in services; broadcasting and telecommunications producers and distributors, previously included with utilities and transportation; and motion picture and sound recording industries, information services, and data processing services, previously included in services.

Technical Explanation

- The models used in developing the Perryman Economic Forecast are formulated in an internally consistent manner and are designed to permit the integration of relevant global, national, state, and local factors into the projection process. They are the result of more than 20 years of continuing research in econometrics, economic theory, statistical methods, and key policy issues and behavioral patterns, as well as intensive, ongoing study of all aspects of the global, US, and Texas economies.
- The remainder of this Technical Appendix describes the forecasting process in a comprehensive manner, focusing on both the modeling and the supplemental analysis. The overall methodology, while certainly not ensuring perfect foresight, permits an enormous body of relevant information to impact the economic outlook in a systematic manner.

Model Logic and Structure

- The expanded version of the Texas Econometric Model, developed and maintained by The Perryman Group, revolves around a core system which projects output, income, and employment by industry in a simultaneous manner. For purposes of illustration, it is useful to initially consider the employment functions. Essentially, employment within the system is a derived demand relationship obtained from a neo-Classical production function. The expressions are augmented to include dynamic temporal adjustments to changes in relative factor input costs, output and (implicitly) productivity, and technological progress over time. Thus, the typical equation includes output, the relative real cost of labor and capital, dynamic lag structures, and a technological adjustment parameter. The functional form is logarithmic, thus preserving the theoretical consistency with the neo-Classical formulation.
- The income segment of the model is divided into wage and non-wage components. The wage equations, like their employment counterparts, are individually estimated at the North American Industry Classification System (NAICS) level of aggregation. Hence, income by place of work is measured for approximately 70 distinct production categories. The wage equations measure real compensation, with the form of the variable structure differing between “basic” and “non-basic.”
- The basic industries, comprised primarily of the various components of Mining, Agriculture, and Manufacturing, are export-oriented, i.e., they bring external dollars into the area and form the core of the economy. The production of these sectors typically flows into national and international markets; hence, the labor markets are influenced by conditions in areas beyond the borders of the particular region. Thus, real (inflation-adjusted) wages in the basic industry are expressed as a function of the corresponding national rates, as well as measures of local labor market conditions (the reciprocal of the unemployment rate), dynamic adjustment parameters, and ongoing trends.
- The “non-basic” sectors are somewhat different in nature, as the strength of their labor markets is linked to the health of the local export sectors. Consequently, wages in these industries are related to those in the basic segment of the economy. The relationship also includes the local labor market measures contained in the basic wage equations.

Technical Explanation (continued)

- Note that compensation rates in the export or “basic” sectors provide a key element of the interaction of the regional economies with national and international market phenomena, while the “non-basic” or local industries are strongly impacted by area production levels. Given the wage and employment equations, multiplicative identities in each industry provide expressions for total compensation; these totals may then be aggregated to determine aggregate wage and salary income. Simple linkage equations are then estimated for the calculation of personal income by place of work.
- The non-labor aspects of personal income are modeled at the regional level using straightforward empirical expressions relating to national performance, dynamic responses, and evolving temporal patterns. In some instances (such as dividends, rents, and others) national variables (for example, interest rates) directly enter the forecasting system. These factors have numerous other implicit linkages into the system resulting from their simultaneous interaction with other phenomena in national and international markets which are explicitly included in various expressions.
- The output or gross area product expressions are also developed at the NAICS level. Regional output for basic industries is linked to national performance in the relevant industries, local and national production in key related sectors, relative area and national labor costs in the industry, dynamic adjustment parameters, and ongoing changes in industrial interrelationships (driven by technological changes in production processes).
- Output in the non-basic sectors is modeled as a function of basic production levels, output in related local support industries (if applicable), dynamic temporal adjustments, and ongoing patterns. The interindustry linkages are obtained from the input-output (impact assessment) system which is part of the overall integrated modeling structure maintained by The Perryman Group. Note that the dominant component of the econometric system involves the simultaneous estimation and projection of output, income, and employment at a disaggregated industrial level.
- Several other components of the model are critical to the multi-regional forecasting process. The demographic module includes (1) a linkage equation between wage and salary (establishment) employment and household employment, (2) a labor force participation rate function, and (3) a complete age-cohort-survival population system with endogenous migration. Given household employment, labor force participation (which is a function of economic conditions and evolving patterns of worker preferences), and the working age population (from the age-cohort-survival model), the unemployment rate and level become identities.
- The population system uses Census information, fertility rates, and life tables to determine the “natural” changes in population by age group. Migration, the most difficult segment of population dynamics to track, is estimated in relation to relative regional and extra-regional economic conditions over time. Because evolving economic conditions determine migration in the system, population changes are allowed to interact simultaneously with overall economic conditions.
- Retail sales is related to income, interest rates, dynamic adjustments, and patterns in consumer behavior on a store group basis. Inflation at the state level relates to national patterns, indicators of relative economic conditions, and ongoing trends.

Technical Explanation (continued)

- A final significant segment of the forecasting system relates to real estate absorption and activity. The short-term demand for various types of property is determined by underlying economic and demographic factors, with short-term adjustments to reflect the current status of the pertinent building cycle. In some instances, this portion of the forecast requires integration with the Multi-Regional Industry-Occupation System which is maintained by The Perryman Group.
- The overall Texas Econometric Model contains numerous additional specifications, and individual expressions are modified to reflect alternative lag structures, empirical properties of the estimates, simulation requirements, and similar phenomena. Nonetheless, the above synopsis offers a basic understanding of the overall structure and underlying logic of the system.

Model Simulation and Multi-Regional Structure

- The initial phase of the simulation process is the execution of a standard non-linear algorithm for the state system and that of each of the individual sub-areas. The external assumptions are derived from scenarios developed through national and international models and extensive analysis by The Perryman Group.
- Once the initial simulations are completed, they are merged into a single system with additive constraints and interregional flows. Using information on minimum regional requirements, import needs, export potential, and locations, it becomes possible to balance the various forecasts into a mathematically consistent set of results. This process is, in effect, a disciplining exercise with regard to the individual regional (including metropolitan and rural) systems. By compelling equilibrium across all regions and sectors, the algorithm ensures that the patterns in state activity are reasonable in light of smaller area dynamics and, conversely, that the regional outlooks are within plausible performance levels for the state as a whole.
- The iterative simulation process has the additional property of imposing a global convergence criterion across the entire multi-regional system, with balance being achieved simultaneously on both a sectoral and a geographic basis. This approach is particularly critical on non-linear dynamic systems, as independent simulations of individual systems often yield unstable, non-convergent outcomes.
- It should be noted that the underlying data for the modeling and simulation process are frequently updated and revised by the various public and private entities compiling them. Whenever those modifications to the database occur, they bring corresponding changes to the structural parameter estimates of the various systems and the solutions to the simulation and forecasting system. The multi-regional version of the Texas Econometric Model is automatically re-estimated and simulated with each such data release, thus providing a constantly evolving and current assessment of state and local business activity.

Technical Explanation (continued)

The Final Forecast

- The process described above is followed to produce the preliminary forecast. Through the comprehensive multi-regional modeling and simulation process, a systematic analysis is generated which accounts for both historical patterns in economic performance and inter-relationships and best available information on the future course of pertinent external factors. While the best available techniques and data are employed in this effort, they are not capable of directly capturing “street sense,” i.e., the contemporaneous and often non-quantifiable information that can materially affect economic outcomes. In order to provide a comprehensive approach to the prediction of business conditions, it is necessary to compile and assimilate extensive material regarding “what’s happenin’” both across the state of Texas and elsewhere.
- This critical aspect of the forecasting methodology includes activities such as (1) daily review of hundreds of financial and business publications and electronic information sites; (2) review of all major newspapers in the state on a daily basis; (3) dozens of hours of direct telephone interviews with key business and political leaders in all parts of the state; (4) face-to-face discussions with representatives of major industry groups; and (5) frequent site visits to the various regions of the state. The insights arising from this “fact finding” are analyzed and evaluated for their effects on the likely course of the future activity.
- Another vital information resource stems from the firm’s ongoing interaction with key players in the international, domestic, and state economic scenes. Such activities include visiting with corporate groups on a regular basis and being regularly involved in the policy process at all levels. The firm is also an active participant in many major corporate relocations, economic development initiatives, and regulatory proceedings.
- Once organized, this information is carefully assessed and, when appropriate, independently verified. The impact on specific communities and sectors that is distinct from what is captured by the econometric system is then factored into the forecast analysis. For example, the opening or closing of a major facility, particularly in a relatively small area, can cause a sudden change in business performance that will not be accounted for by either a modeling system based on historical relationships or expected (primarily national and international) factors.
- The final step in the forecasting process is the integration of this material into the results in a logical and mathematically consistent manner. In some instances, this task is accomplished through “constant adjustment factors” which augment relevant equations. In other cases, anticipated changes in industrial structure or regulatory parameters are initially simulated within the context of the Texas Multi-Regional Impact Assessment System to estimate their ultimate effects by sector. Those findings are then factored into the simulation as constant adjustments on a distributed temporal basis. Once this scenario is formulated, the extended system is again balanced across regions and sectors through an iterative simulation algorithm analogous to that described in the preceding section.

Technical Explanation (continued)

- There are those who maintain that the best forecasts are generated by complex models that capture the interactive forces that drive economic activity. There are others who claim that the optimal approach is to rely on the informed judgment of those who are involved in the process. On this issue, I stand firmly in the middle. I have long held that well-developed models are invaluable tools. They impose logic and consistency on millions of interrelated phenomena and, when properly structured, provide key insights into the ways in which changes in part of the economy work through the entire system. On the other hand, I realize that the knowledge on the streets (both Main and Wall) is equally essential to reliable forecasting. I view my mission for my clients and subscribers as providing the best information I possibly can. I can only do that by combining the two approaches.
- As much as some of my colleagues in the quantitative world hate to admit it, there is an irrefutable rationale in statistical theory for using judgmental, non-quantitative information in the preparation of forecasts. Specifically, the desirable property of statistical efficiency (minimum variance) can only be achieved if a prior condition, known as statistical sufficiency, is satisfied. Statistical sufficiency, in turn, requires that all relevant information be used, be it an economic time series published by a government agency or the thoughts and insights of a local building contractor. It's really pretty simple: the more relevant the information, the better the forecast.

Synopsis

- No forecasting technique is perfect. There are no guarantees. Wars, assassinations, natural disasters, technological breakthroughs, and countless other factors can alter the course of the economy in a heartbeat. Subtle changes in the underlying structure of the economy may not be perceptible in the data for decades, and the future policy environment is anything but certain. Consumer and business expectations can shift with the wind, responding to things far removed from local conditions. At The Perryman Group, we don't promise perfect forecasts. To do so would be patently foolish. We do pledge, however, to use the best information and systems available to provide a reasonable, rational picture of the future course of economic activity. Our expanded modeling systems reflect this commitment which has been consistent and unyielding over the course of the past two decades.

Firm Information

The Perryman Group, Inc. (TPG) specializes in all aspects of economic analysis, research, and forecasting. Led by M. Ray Perryman, the organization enjoys a worldwide reputation for its forecasting and modeling efforts. Clients and subscribers frequently incorporate Perryman results into their own individual projects.

Forecasting and Modeling

- The firm is equipped with a full range of international, national, regional, state, metropolitan area, and small area (zip code, census tract, etc.) forecasting and modeling capabilities. A command of this data allows forecasting of energy demand and supply, real estate market absorption, retail sales, industrial performance, transportation demand, and bond feasibility. In addition, other economic analysis including labor markets, demographics, global markets and trade, and cost factors such as wage rates and capital costs are generated on a regular basis for clients and subscribers.

Impact Assessment

- Over the past two decades, The Perryman Group has developed a reputation for quality impact assessment techniques. The firm maintains a set of impact evaluation models which can be applied in numerous contexts. These systems have been employed in projects measuring economic effects of various activities around the globe. Specific industrial detail can be provided for more than 500 industries at the national, state, regional, or MSA level.
- Previous studies include the economic impact of site locations, utility rate changes, infrastructure development, new transportation facilities, tourist attractions, regulatory changes, educational investments, legislative changes, modifications of the tax structure, and insurance reform. In addition to traditional economic aggregates such as employment, income, sales, expenditures, and gross product, TPG can also provide projections of consumer spending, secondary development, and fiscal revenues.

Regulatory Analysis

- The Perryman Group has considerable experience and expertise in providing support for regulatory proceedings and initiatives. Previous projects have included analyzing the effects of utility and transportation rate changes on consumers and industrial concerns and evaluating the need for new electric facilities, water projects, transportation projects, and telecommunications investments. Substantial environmental analysis has also been completed. In addition, testimony has been provided before state and federal regulatory bodies. TPG has also provided extensive research support for numerous deregulation initiatives.

Firm Information (continued)

Economic Development and Strategic Planning

- Utilizing systems specifically geared to economic development, the firm's consultants can identify "target industries" that are likely to expand in the near future and be a complement to the local resource base. Once these targets are identified and finalized, the project team prepares a list of industrial prospects, formulates specific marketing programs, inventories existing facilities and sites, and develops overall strategic plans. The Perryman Group also works extensively with corporations seeking locations for new and expanded facilities, thus bringing an essential synergy to the economic development process.
- The Perryman team of professionals brings a wealth of resources to programs designed for creating, implementing, evaluating, and maintaining successful strategic processes. The firm's vast base of information aids in marketing initiatives, contingency assessment, internal evaluation, monitoring, and other aspects of a comprehensive planning effort.

Litigation Support and Expert Testimony

- For litigation support and expert testimony purposes, The Perryman Group investigates and testifies on a variety of issues. Providing research, deposition, and trial testimony for some of the largest law firms in the country, the Perryman team has addressed topics including security markets, intellectual property, employment, forensics, officers' and directors' liability, real estate markets, cash flow estimation, environmental and natural resource factors, lender liability valuation, taxation, damage measurement, business losses, and antitrust issues.

Publications

- The Perryman Group prepares several publications on a regular basis. The Forecast Series provides an in-depth analysis of the national, state, regional, and local economies in the State of Texas.
- *The Perryman Report & Texas Letter* is a monthly newsletter that provides analysis of local, statewide, national, and international issues, with particular attention given to how these impact the economy in Texas.
- The professionals at The Perryman Group prepare corporate analyses, economic reports, and other materials to meet any information dissemination needs. Complete research facilities and resources are available to produce all types of business reports and presentations.

Presentations

- Nationally recognized as an informative and entertaining speaker, Dr. M. Ray Perryman addresses audiences from all walks of life. Dr. Perryman has established a reputation for communicating often dry subjects in an effective and humorous fashion. Other presentations include specialized seminars on the economic outlook, industrial trends and patterns, economic development, and forecasting techniques.
- In addition, the firm often provides briefings to corporate boards of directors and senior management personnel on a variety of topics, including assessment of national and regional economic conditions, trends in specific industries, patterns in international trade, and strategic planning in an uncertain business environment.