



2010 Houston Regional Project Report



CenterPoint Energy
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The past year presented considerable challenges to the economic development community of the Houston area. The national economy struggled in fits and starts to recover from lagging productivity, unrelentingly high unemployment, weak job growth, and continued fallout from the previous crises in finance, credit and housing. Amidst this lingering lethargy of the national economy, the Houston region experienced something of a rebound from the December '09 over-the-year net job loss of 38,693 (according to revised estimates from the Texas Workforce Commission, initially estimated at a 92,500 net loss). At the close of 2010, the Houston region had actually gained 57,747 jobs. Despite the environment, Houston's economic development community persisted to work leads, land projects and bring new jobs to Houston and the surrounding region.

As a periodic exercise to help understand the region's evolving business climate, CenterPoint Energy's Economic Development Department produces this report to provide a high-level view of project activity for the past year. The ultimate purpose is to develop better insights on the industry mix and impact to job growth, with a focus on internal benchmarking and planning.

EDOs were asked to provide such project data as the industry, number of jobs created, and whether the project was a start-up, relocation or expansion. Aside from metrics, this exercise provides a window into Economic Development's involvement in the region, benefit to EDOs and their communities, and overall effectiveness as an organization. As a planning tool, this analysis sheds light on the strengths of Economic Development's practice and where the greatest impact can be made in the future.

The following summary charts tell a positive story of regional economic growth. A closer look reveals a few key findings.

- Since we began tracking the data in 2005, Economic Development has consistently contributed to regional job growth. However, the total number of jobs has trended downward—with an especially precipitous decline in 2009, when the Houston region lost 38,693 jobs. In a sharp reversal of this trend, 2010 marks the first year that Economic Development has helped produce jobs above the 10,000 mark—a range not seen since 2006. Likewise, the Houston MSA had its strongest job production year since 2006, when net new jobs reached 83,442. This falls in line with other indicators that suggest the Houston region economy, at least, is well on its way to recovering the jobs lost during the recession.
- Since 2005, the number of projects throughout the region has averaged around 106 per year. Concurrently, both the number of jobs per project and total jobs trended downward through 2009—indicating that projects were getting smaller. In 2009, the average project generated only 70 direct jobs. In 2010, this average rose to 92 jobs per project.
- Of the new projects landed by leaders in our economic development community, nearly 50 percent were concentrated in the manufacturing, petrochemicals and professional service sectors. The diverse regional economy also had sizeable contributions from corporate relocations and logistics.
- However on the basis of jobs, professional services is clearly a dominant industry, accounting for 44 percent of all jobs. Alongside manufacturing, these industries accounted for 70 percent of all jobs.
- On average, 92 jobs were created by each project. The most job-rich projects were in aerospace, manufacturing and office/professional services.
- While below average in terms of jobs per project, the petrochemical and biotechnology markets together contributed 403 highly skilled and well-compensated workers, which are very important given the high multipliers associated with these industries.
- Job creation was clearly driven by relocations, which accounted for 54 percent of the new jobs. In the last three years, the percentage of jobs from relocation projects has increased dramatically—from 9 percent in 2008 to 35 percent in 2009 to 55 percent in 2010. Meanwhile, project activity was evenly distributed among the three project types (expansion, relocation and start-up) and in line with past years.
- Despite continued tight access to credit, start-up activity was represented in all sectors except aerospace, food manufacturing and distribution, and plastics processing. Nonetheless, overall start-up activity increased from 2009—up to 34 percent from 24 percent of all projects.

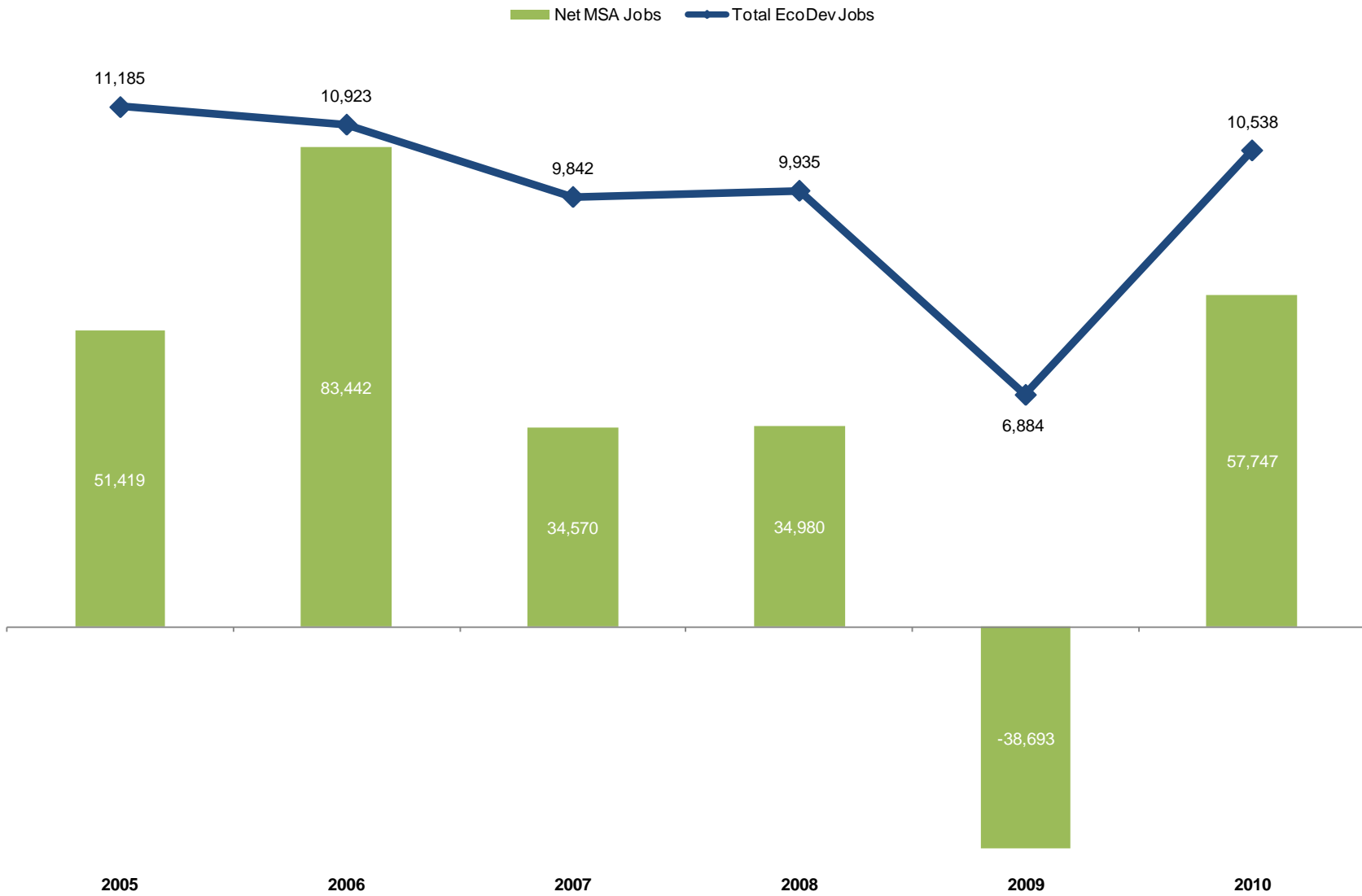
**2010 Economic Development Consolidated Project Report
Project & Job Summary**

Industry	Data	Expansion	Relocation	Start-up	Total	Jobs/Project
Aerospace	Projects		1		1	
	Jobs		300		300	300
Biotechnology	Projects			2	2	
	Jobs			90	90	45
Corporate Relocation	Projects	2	7		9	
	Jobs	85	172		257	29
Distribution & Logistics	Projects	1	4	3	8	
	Jobs	5	393	73	471	59
Food Mfg & Distribution	Projects	3	1		4	
	Jobs	150	30		180	45
Manufacturing	Projects	6	6	7	19	
	Jobs	1,630	575	549	2,754	145
Office & Prof. Svcs	Projects	8	15	6	29	
	Jobs	511	3,912	204	4,627	160
Other	Projects	6	2	19	27	
	Jobs	82	185	1,044	1,311	49
Petrochemicals	Projects	9		2	11	
	Jobs	203		110	313	28
Plastics Processing	Projects	1	3		4	
	Jobs	45	190		235	59
Total Projects		36	39	39	114	
Total Jobs		2,711	5,757	2,070	10,538	92

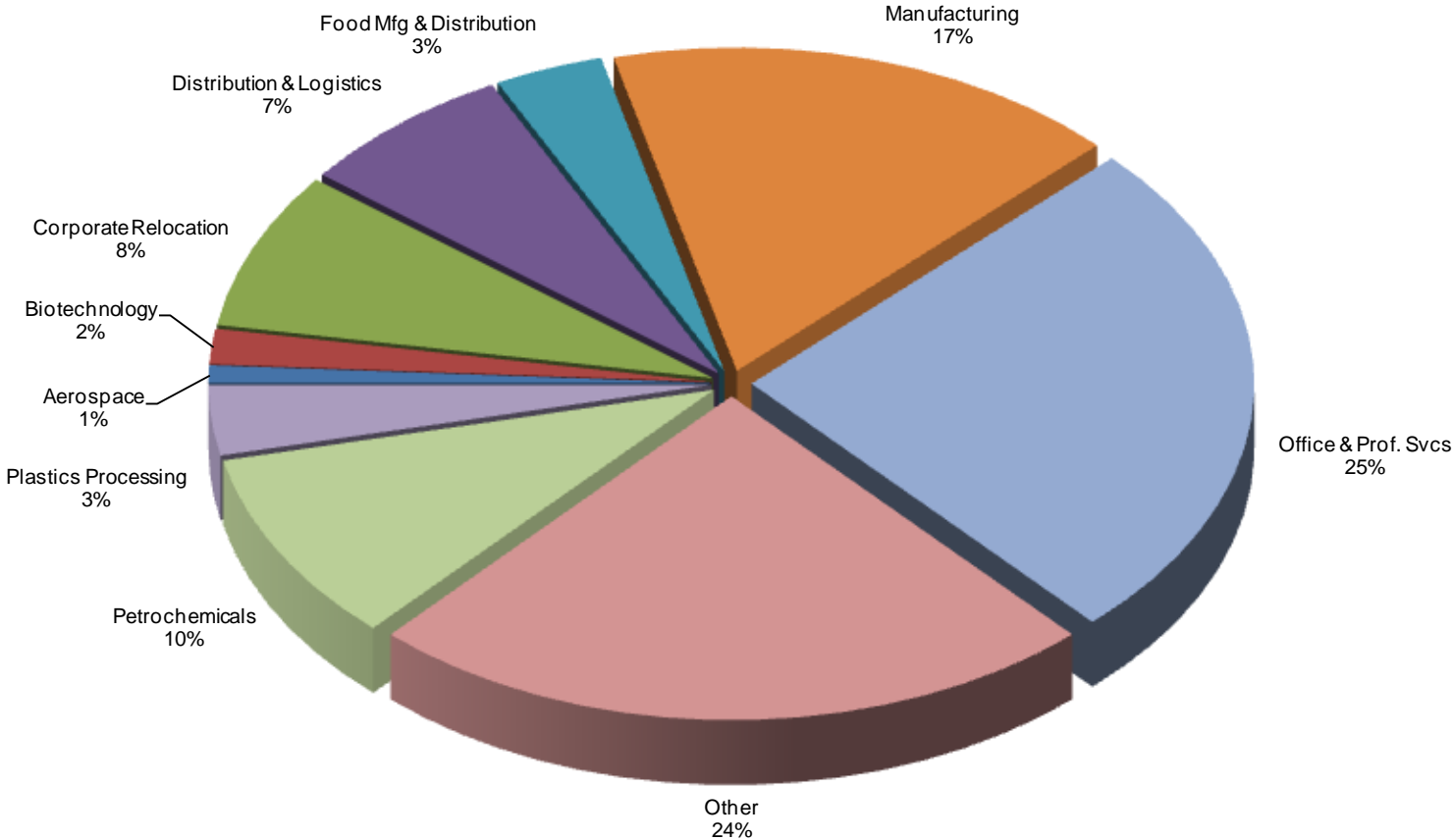
**2010 Consolidated Project Report
Project & Job Summary
Total Projects versus Total Jobs**



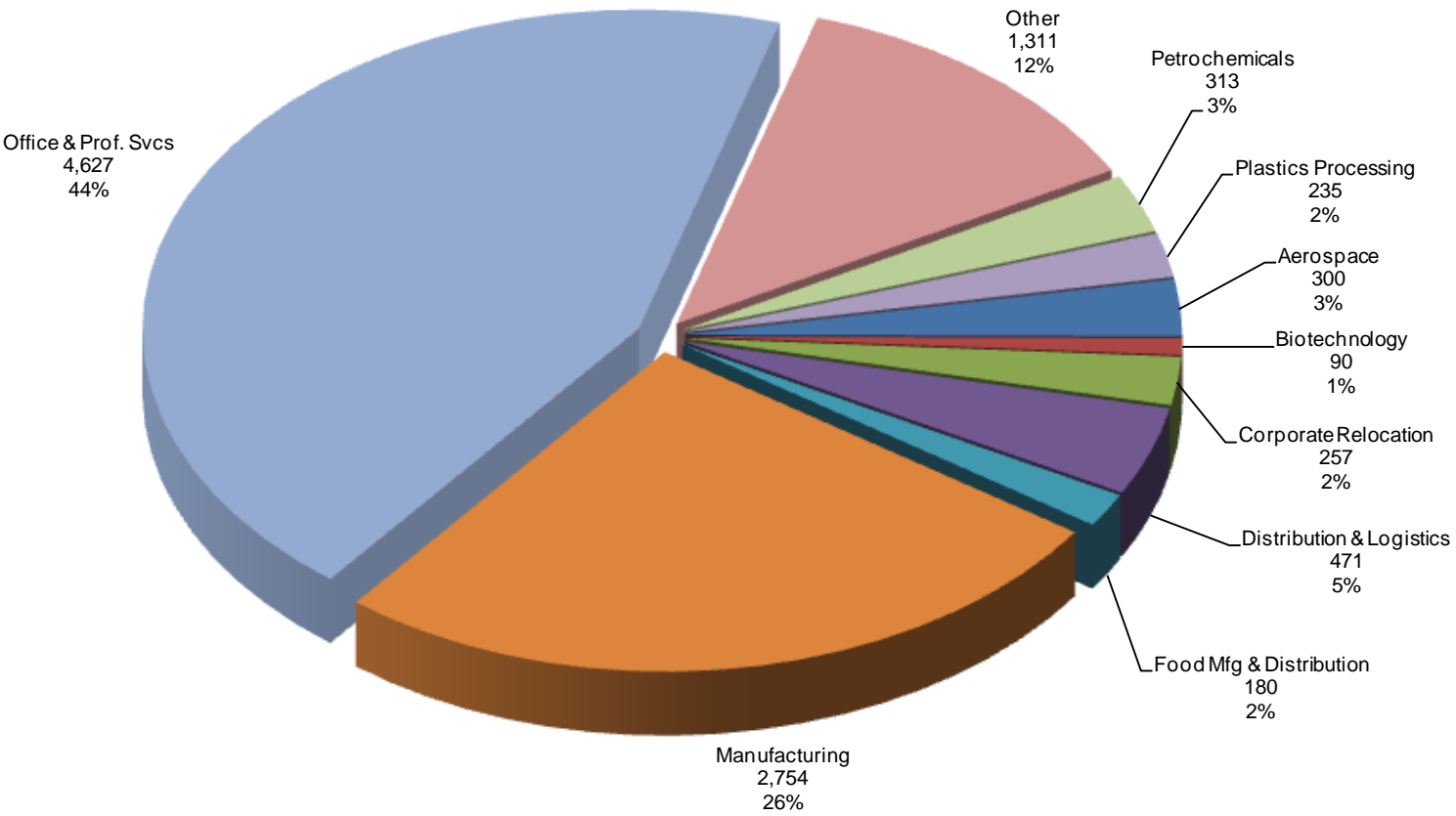
**2010 Consolidated Project Report
Project & Job Summary
Net MSA Jobs (Dec-Dec) versus Economic Development Jobs**



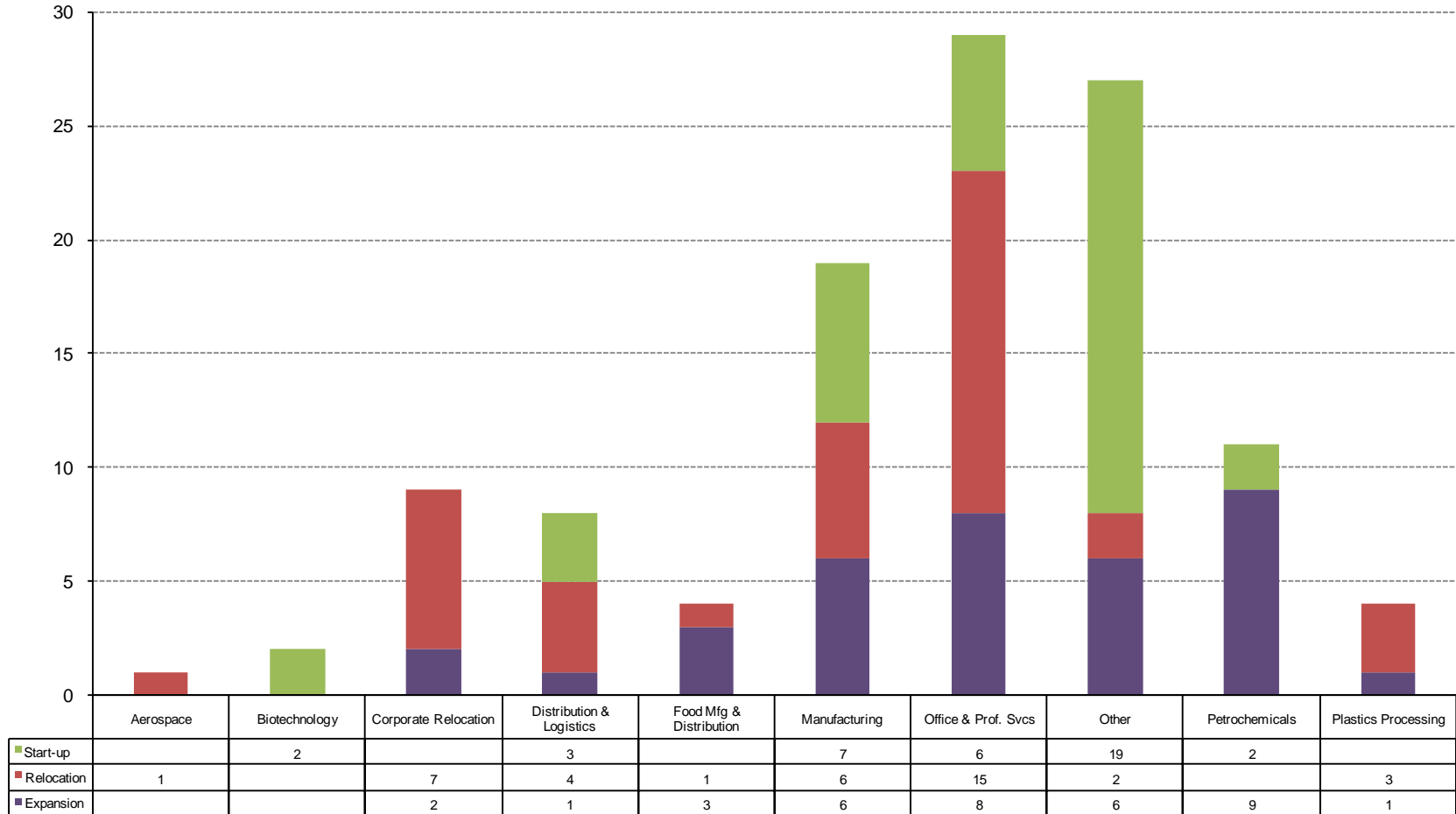
2010 Economic Development Consolidated Project Report
Exhibit 1: Projects by Industry
114 Total Projects



2010 Economic Development Consolidated Project Report
Exhibit 2: New Jobs by Industry
10,538 Total Jobs



**2010 Economic Development Consolidated Project Report
Exhibit 3: Number of Projects by Industry**



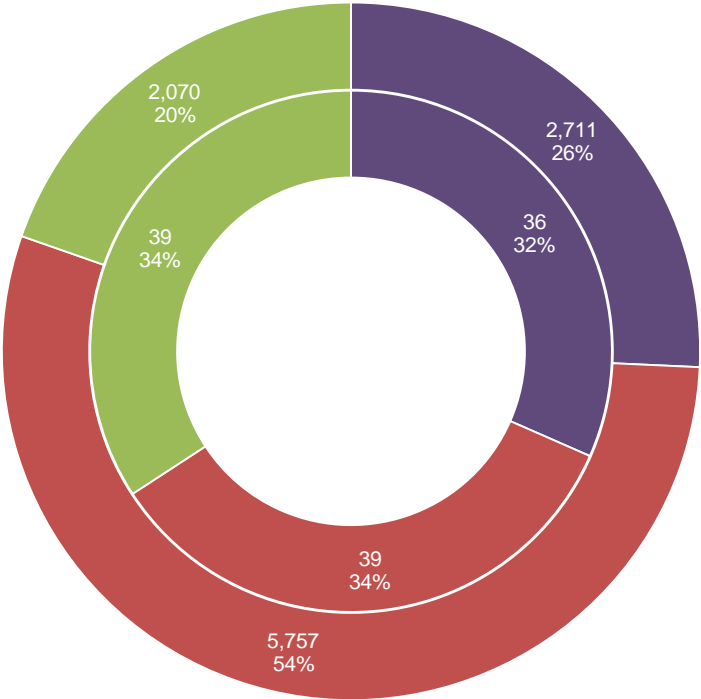
2010 Economic Development Consolidated Project Report

Exhibit 4: Projects vs. Jobs by Type

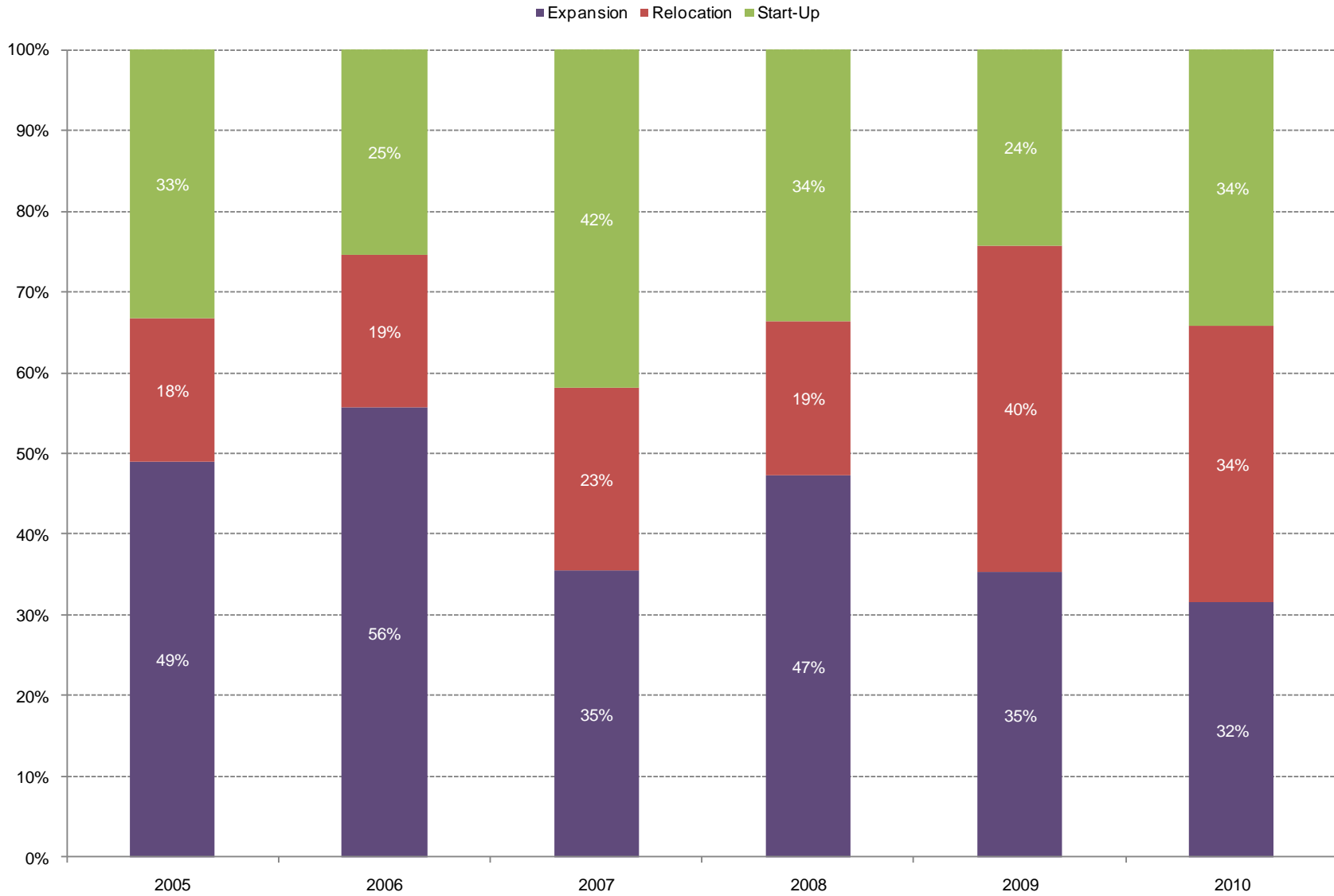
Inner Ring - Projects, 114 Total

Outer Ring - Jobs, 10,538 Total

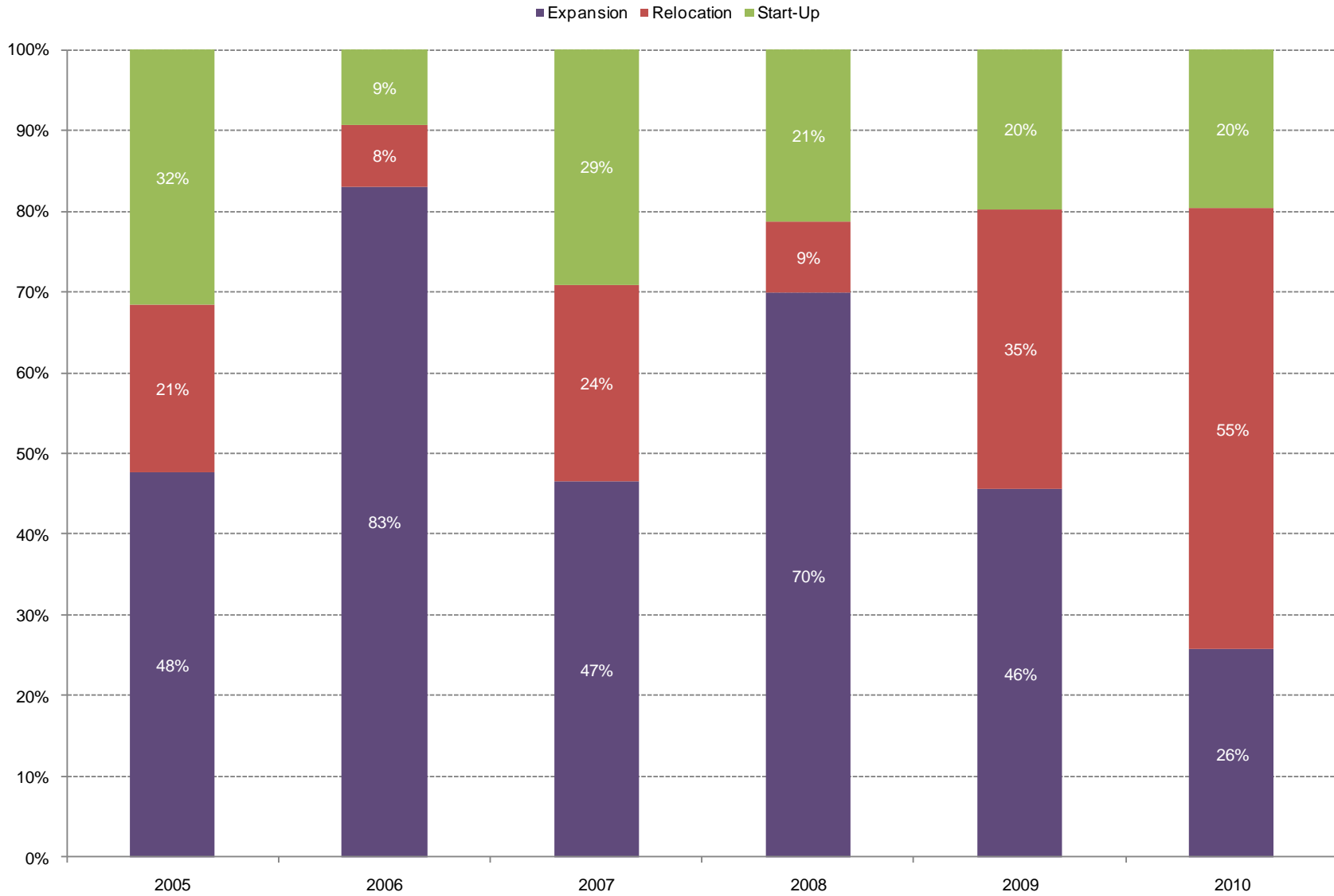
■ Expansion ■ Relocation ■ Start-up



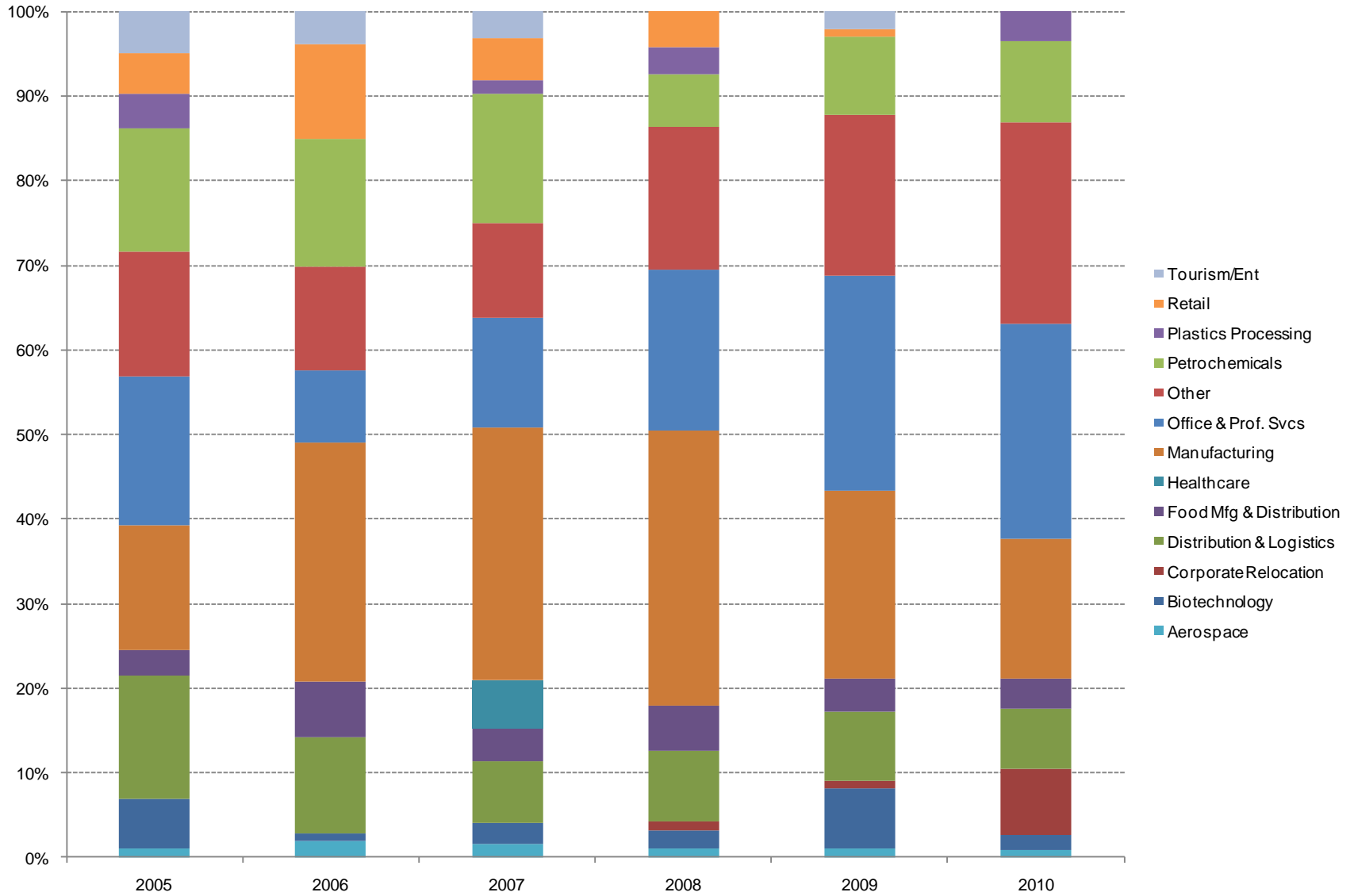
2010 Consolidated Project Report
Exhibit 5: Annual Projects by Project Type



2010 Consolidated Project Report
Exhibit 6: Annual Jobs by Project Type



**2010 Consolidated Project Report
Exhibit 7: Annual Projects by Industry**



2010 Consolidated Project Report
 Exhibit 8: Annual Jobs by Industry

