



News release

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Outlook not so bleak for the Bay Area Houston region

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BAY AREA HOUSTON, Texas—With all the recent discussions about the sub prime markets and the possibility of a recession, it was refreshing to hear nationally recognized economists report that the region is fairing well considering the slow down in the national economy.

Bay Area Houston Economic Partnership's Small Business Committee hosted an Annual State of the Economy, held Thursday evening at the NASA-Johnson Space Center's Gilruth Center, which was attended by more than 250 citizens and community leaders seeking insight in the region's economic trends.

Robert Hodgkin, Ph.D., associate professor of Economics for the University of Houston-Clear Lake, discussed how the national economy could trend downward in 2008 while Houston's economy would progress on a steady path due in large part to the weakened dollar increasing export traffic.

Hodgkin also pointed to the strong national energy sector of which Houston's energy sector accounts for more than 10 times the concentration than the U.S. as a whole—especially oil and gas extraction and pipeline transportation. In addition the Houston's net population growth of about 2 percent per year helps poise the region.

Data provided by Hodgkin's indicated that the region's unemployment rate is trending downwards and remains relatively low in comparison to the U.S. rate of 5 percent. The highest unemployment rate in the region is at 3.7 percent and the lowest at 2.9 percent.

Economist Ray Perryman, Ph.D., founder and president of the Perryman Group, said he also felt the region was positioned well and that the slow down in the national economy would not be significant enough to effect the long term growth in the region. He also pointed out the resiliency

of the national economy and how historically it has overcome more challenges than it is currently facing.

“We are going to see a slow down in Texas and here in the Houston area too, but a slowing down of a very fast pace—were not slowing down all that much,” Perryman said. “For example Houston gained over a 1,000 jobs a week for the past couple of years. What do we think is going to happen next year? We are going to get a little bit less than 1,000 jobs a week, all within 900 or so.”

Both economists discussed the Bayport Cruise Terminal, which is scheduled to begin in the fall is expected to add significantly to the local economy. The Bayport Container Terminal forecasts a steady increase in volume and value, adding an estimated 750 jobs annually in the region.

“Our view of the regional economy concurs with both Perryman and Hodgins,” said Bob Mitchell, president of Bay Area Houston Economic Partnership. “Indicators from the Federal Reserve Bank of Dallas note that Houston’s economy is decelerating, but still outperforming the nation due to a strong economic base. The organization will continue to focus on attracting, retaining and creating primary jobs for our target sectors while seeking new opportunities in supporting industries.”

Bay Area Houston is an economically and internationally diversified, high-tech region that is home to NASA Johnson Space Center and numerous industries including aerospace and specialty chemical.

Bay Area Houston Economic Partnership is a nonprofit organization that promotes the growth of the Bay Area Houston region through the retention, expansion and recruitment of target industries. Visit www.bayareahouston.com.

Space Alliance Technology Outreach Program is a NASA and State of Texas funded program which provides technical assistance to small businesses for free. Visit www.spacetechnologies.com

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