



Houston

Its Role in the Economy and a Perspective on Growth

As Presented to the
Counsel of Supply Chain Management Professionals Houston Roundtable
By

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Greater Houston Partnership

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The Sweet Spot...

- ✓ Top Metro Area
Site Selection Magazine
- ✓ Healthiest Housing Market
Builder Magazine and Hanley Wood Market Intelligence
- ✓ Best City to Earn a Living & Buy a Home
Forbes.com
- ✓ # 1 Manufacturing City
Manufacturers News
- ✓ Largest IT Service Economy
Onforce - National Technology Network

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Job Growth – A Position of Strength

- ✓ Fastest job growth in the nation – Jan. 2008 to Jan. 2009
- ✓ Added **380,000** new jobs over the last five years
- ✓ Outpaced the **total** job growth of 16 other **states**

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Houston's Strategic Location



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Houston's Strategic Location

Port of Houston

- ✓ **6th** Largest port in the world in total tonnage
- ✓ **1st** in import tonnage; **2nd** in export tonnage
- ✓ **2nd** in total tonnage among U.S. ports
- ✓ Ship channel is **45 ft. deep** and **530 ft. wide**
- ✓ Port of call for **7,700** deep-draft ships
- ✓ Serves more than **1,000** ports worldwide

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Houston's Strategic Location

Bush Intercontinental Airport

- ✓ **8th** Largest U.S. international passenger gateway
- ✓ **8th** in total passenger volume
- ✓ HAS serves **190** cities worldwide
- ✓ **7.9 million** international passengers per year
- ✓ More than **181,000** metric tons in foreign shipments
- ✓ Up **6 percent** between 2007 and 2008

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26 *Fortune* 500 Companies in the Region

- Anadarko Petroleum
- Apache
- Baker Hughes
- BJ Services
- Cameron International
- CenterPoint Energy
- ConocoPhillips
- Continental Airlines
- El Paso
- Enbridge Energy Partners
- Enterprise Products
- FMC Technologies
- Frontier Oil
- Group 1 Automotive
- Halliburton
- KBR
- Knight
- Marathon Oil
- National Oilwell Varco
- Plains All American Pipeline
- Reliant Energy
- Smith International
- Spectra
- Sysco
- Targa Resources
- Waste Management

Source: *Fortune*, April 30, 2008

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Houston Area Profile

- ✓ Metro Area – 10,062 Square Miles
- ✓ Population – 5.7 million
- ✓ Jobs – 2.6 million
- ✓ Gross Area Product - \$440.4 Billion

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If Houston were a State...

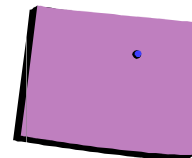
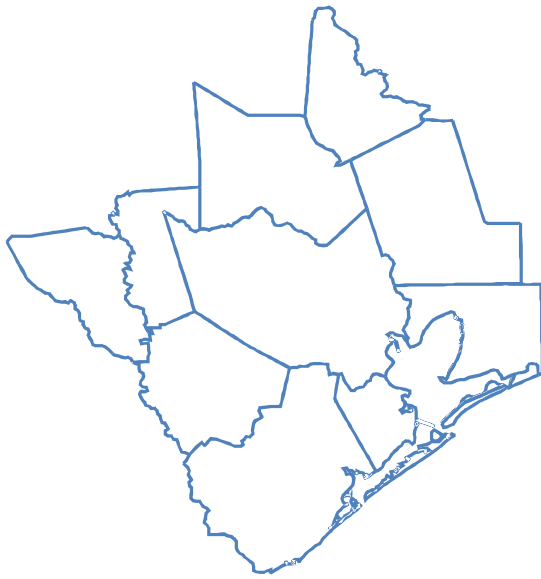
- ✓ 44th in land mass
- ✓ 19th in population
- ✓ 19th in jobs

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...it would have more jobs than...

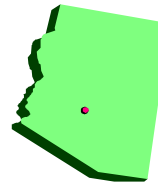
Houston MSA
2,615,000 jobs



Colorado = 2,357,300



Maryland = 2,560,100



Arizona = 2,642,300

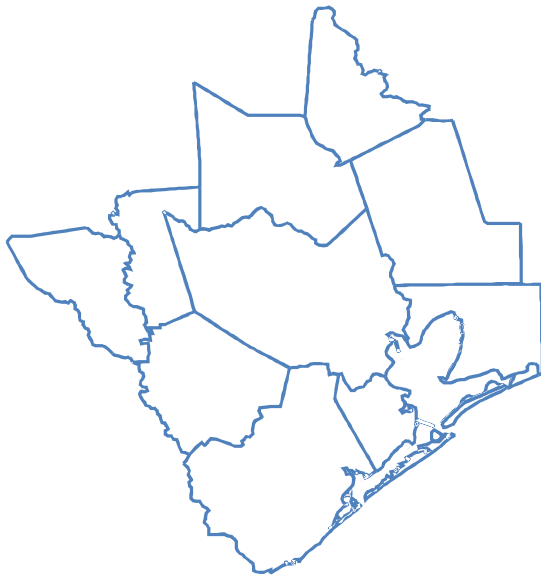
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If Houston were a sovereign nation, its GDP would be larger than...

Houston MSA

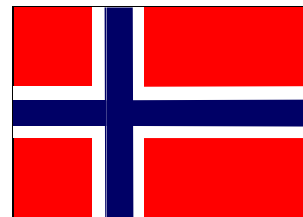
GDP = \$440.4 billion



Saudi Arabia = \$376.0 billion



Taiwan = \$383.3 billion



Norway = \$391.8 billion

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Houston-Area Industry Mix has diversified

- ✓ Energy
- ✓ Aerospace
- ✓ Health Care/Biotechnology
- ✓ Nanotechnology
- ✓ International Business

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Aerospace

- ✓ Home to NASA's Johnson Space Center
- ✓ 17,000+ employees
 - 3,000 civil
 - 14,000 contract
- ✓ Major contractors: Boeing, Lockheed, Raytheon, SPACEHAB
- ✓ Lead center for design, development and construction of Orion, the new generation crew exploration vehicle

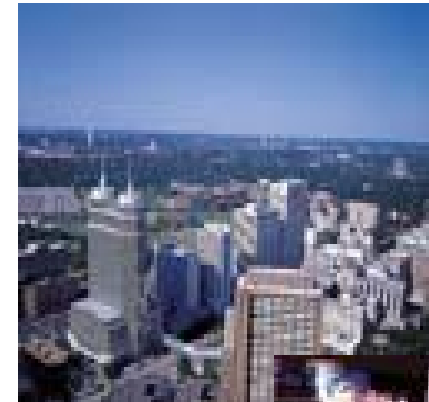


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Health Care

- ✓ Texas Medical Center - among the world's largest
 - 28.3 million gross sq ft physical space
 - 73,600 employees
- ✓ 47 member institutions, including 13 hospitals
- ✓ 11 educational institutions/33,000 full time students
- ✓ \$7.1 billion capital investment planned through 2014
- ✓ 5.5 million patient visits annually
- ✓ More than 13,000 international patients



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Nanotechnology

- ✓ One of the top 10 U.S. Metro Areas
- ✓ 4th among up-and-coming tech companies
- ✓ Baylor College of Medicine is the top institution in molecular genetics research faculty productivity ahead of the University of Massachusetts and Duke University medical schools



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International Business

- ✓ \$89.9 billion in exports (2008)
- ✓ 2,800+ companies doing business overseas
- ✓ 90 consulates
- ✓ 23 foreign banks representing 13 nations
- ✓ 61 of the 100 largest foreign corporations
- ✓ 38% of jobs tied to foreign trade

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Energy

- ✓ International center for every aspect of the oil and gas industry
- ✓ More than 3,400 establishments:
 - 28.9% of U.S. jobs in oil and gas extraction
 - 13.2% of U.S. jobs in oil field services
 - 12.7% of U.S. jobs in O&G and construction machinery manufacturing



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Alternative Energy

- ✓ Houston recognized as a Solar America City by DOE
- ✓ Largest Biodiesel plant in the U.S. – located in Houston Ship Channel
 - 105 million gallons p/yr.
 - Using animal fats and vegetable oils, edible and not edible
- ✓ EPA ranks City of Houston 2nd for top green power-purchasing local governments
 - 20% energy purchases were wind power
- ✓ Texas ranked No.1 in U.S. with installed wind power
 - 4,356 megawatts (1,238 under construction)

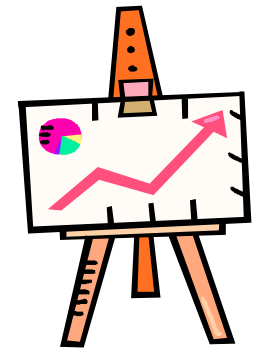


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Economic Momentum

- ✓ Metro Population Growth
 - **120,000** new residents per year
 - **1,012,736** since 2000 Census
- ✓ Infrastructure Investments
 - Doubling Bayport container capacity
 - Increased international air service



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Quality of Life

- ✓ *Houston #1! Best City to Live, Work and Play according to Kiplinger's Personal Finance*
- ✓ Lowest Cost of Living in U.S. among major metro areas
- ✓ 2nd least expensive housing in U.S. among major metro areas
- ✓ Ranked 3rd in U.S. for Green Space
- ✓ More than 200 institutions devoted to the arts, science and history

Panamax – The Expansion of the Panama Canal

- ✓ \$5 billion project to be completed in 2014
- ✓ Canal capacity
 - Current – Maximum 3,800 twenty-foot equivalent units
 - After completion – 12,000 TEUs
- ✓ Could increase container traffic to the Port of Houston by 20 percent

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Crumbling National Infrastructure

- ✓ Every major U.S. container port to double cargo capacity by 2020
- ✓ 25 percent of U.S. bridges structurally deficient or obsolete
- ✓ 2nd least expensive housing in U.S. among major metro areas
- ✓ Interstate system has changed little since 1956
 - Designed to handle 65 million vehicles traveling 600 billion miles
 - Handles 240 million vehicles traveling 3 trillion miles annually
- ✓ Airport passenger traffic to hit 1 billion annually in a decade
- ✓ Railroads need \$200 billion over the next 20 years

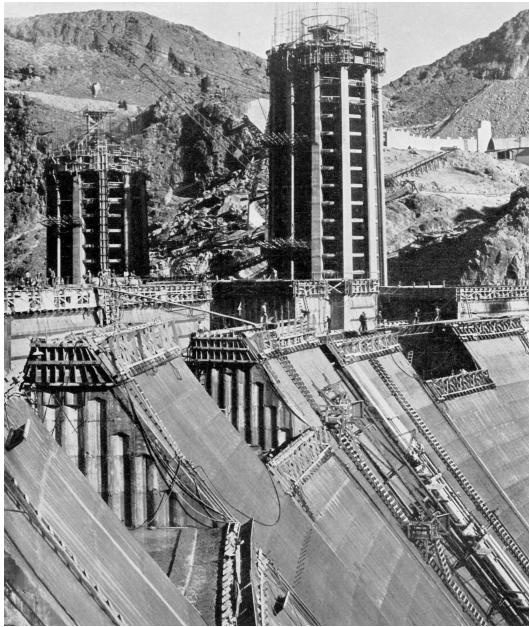


Jesse H. Jones
Chairman
Reconstruction Finance Corporation

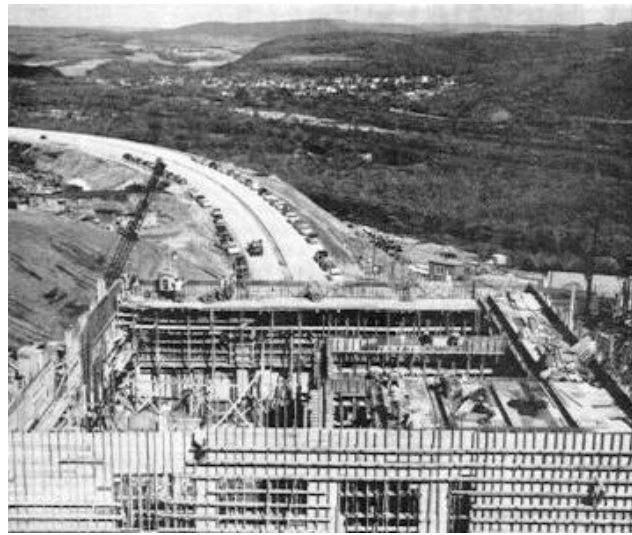
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Successes of the Reconstruction Finance Corporation



Hoover Dam



Pennsylvania Turnpike



Golden Gate Bridge

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Global Infrastructural Investment Disparity

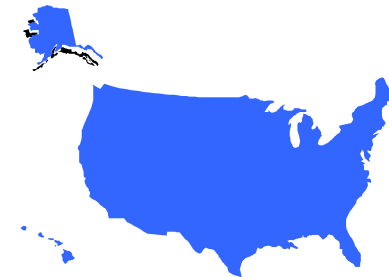
China – 9% of GDP



India – 5% of GDP



US – less than 2% of GDP



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National Crisis...Regional Shortfall

- ✓ **\$16 BILLION SHORTFALL** between now and 2025
- ✓ Will only be able to fund **40 percent** of much needed work

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Transportation Money = \$\$\$ Well Spent

- ✓ U.S. industries save **24 cents** on production and distribution costs for every **\$1** put into non-local road systems
- ✓ A \$2.75 billion public investment in freight railroad = **\$10 billion savings** on highway costs over two decades

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**As sure as the spring will follow the winter,
prosperity and economic growth will follow recession.**



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