2015 Market Forecast
Kiley Advisors LLC

August 14, 2015
Houston – The Energy Capital of the World

- 70% of Employment Base
- Average Energy Compensation $185,000
- All Others Average $64,500

Sources: GHP; Sikich
Upstream

North American shale plays (as of May 2011)

Sources: Adam Purdue, IRF; EIA
Upstream vs. Midstream vs. Downstream

• **Upstream** (Exploration and Production)
  • 4 of the 5 Major Oilfield Service Companies are Houston Based (Baker Hughes, Halliburton, Weatherford, Schlumberger)
  • Layoffs Are Not All in Houston

• **Midstream** (Pipeline and Storage) Mildly Affected

• **Downstream** (Processed and Refined) Thriving with the Low Prices

Source: GHP; Bill Gilmer, IRF
The Current Challenge

- Demand Dropping
  - Slow down in Europe and Emerging Markets
- Production and Inventory Increasing
  - Prices are dropping – and significantly
- Need 93.6 Million BPD
- Producing 95.4 Million BPD
  - US: 9.5 Million BPD
  - TX: 3.6 Million BPD

Source: GHP; EIA
The Negative Impact of Oil Prices

- “From ‘09 to ‘13, the industry outspent its cash flow by $272B”
- 3M barrels/day in Texas - $50 less per barrel means a loss of $150M/day in cash flow - for debt repayment and reinvestment

Sources: HIS Herold Research; EIA; CNN.com
Global Impact of Low Oil Prices

- Consumers and Corporations Benefits
- International Monetary Fund (IMF)
  - 0.5% to Global GDP
- Federal Reserve
  - 0.5 – 0.6% to Domestic GDP
  - $675 - $700/Household

Source: Federal Reserve
# The OPEC Dilemma

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>ESTIMATED OIL PRICE REQUIRED TO BALANCE 2015 BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norway</td>
<td>$40</td>
</tr>
<tr>
<td>Kuwait</td>
<td>$54</td>
</tr>
<tr>
<td>Abu Dhabi</td>
<td>$55</td>
</tr>
<tr>
<td>Russia</td>
<td>$105</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>$106</td>
</tr>
<tr>
<td>Nigeria</td>
<td>$122</td>
</tr>
<tr>
<td>Iran</td>
<td>$131</td>
</tr>
<tr>
<td>Algeria</td>
<td>$131</td>
</tr>
<tr>
<td>Venezuela</td>
<td>$160</td>
</tr>
</tbody>
</table>

Source: IMF, The Telegraph
Here Though is THE Concern

Four of the OPEC Countries:

- Saudi Arabia
- Qatar
- Kuwait
- United Arab Emirates (UAE)

Started **2.3 Trillion** in Surplus Funds!!

- Saudi = $664 Billion

Source: Industrial Information Resources, The Telegraph
Saudi Arabia – The OPEC Bell Cow

• Raised Production to 10,600 bbls/day – “Hydrocarbons Fading”
• Large Welfare Country – Richard Haass – CFR
• Spending 1/6 of their Reserves/Year to Finance Deficit
  • Population Continues to Grow
  • Increased Security Spending
• They Have to Change This Picture – Iran Looms

Source: Ian Bremmer, Eurasia Group
The Picture Right Now

• Rig Count Dropping Rapidly
  • Now Below 900
  • Sept 2014 – 1904
  • Too Low?

• The Picture
  • Private Companies – Many 100%
  • Public Companies 50 – 100%
  • Drilling Contractors Cutting Prices 40 - 50%
    • “Lift Cost” Much Lower
  • Cutting Employees as Well

Source: GHP; Wood Mackenzie; Federal Reserve Bank
The Reserve Evaluation Challenge

- Lending – Based on Proven Reserves
  AND
- Projected Prices
- Hedges Rolling Off

Source: GHP; Wood Mackenzie; Federal Reserve Bank
The Impact

• M&A Activity Abounds
  • Halliburton/Baker Hughes
  • Many More in Talks Now

• People Acquiring Assets – Right Time
  • PE Firms
  • Bigger Boys

Source: GHP
The New Challenges This Week

• Low 40’s Oil

• Devaluation of the Chinese Currency – The Yuan

• What Will This Mean?
  • More Cuts – People and Production
  • Cheaper Imports/More Expensive Exports
  • Low Interest Rates

Sources: Houston Chronicle
Oil prices hit 6-year low

The U.S. crude benchmark fell $1.88 Tuesday to $43.08 a barrel on the New York Mercantile Exchange. It's the lowest settlement since March 2009 in the depths of the financial crisis.
Interest Rates?

• Low Interest Rates
• How Much Longer?
  • Corporations Not Using For CAPEX to Grow
    • Stock Buy Backs
    • Enrichment of a Few
• Greenspan (8/10/15) – CAPEX Too Low to Allow Increased Productivity

Sources: Houston Chronicle
The Space Picture

- 2.7 msf Sublease since January 1\textsuperscript{st}
- Vacancy Rate Up (Still Favorable)
- Rents Up
- Office Projects Being Delayed – Some Cancelled
- Light Industrial – Might Be Impacted Over Time

Source: GHP, CBRE
Metro Office Construction – Million Sq. Ft.

- Added to Market
- Under Construction

'82 - '86

71.7

61.1%

'10 - '14

33.7

16.2

17.5

22.2%

64% Pre-leased!

Source: Houston Facts, ‘82 – ‘87 and JLL Houston

Source: GHP
Not the 80’s

Metro Home Construction and Employment

- **Housing Units Added**
  - '82 - '86: 187,575
  - '10 - '14: 189,575

- **Net Job Change**
  - '82 - '86: -221,000
  - '10 - '14: 485,000

Source: Houston Facts ‘82 – ‘87 and Texas Workforce Commission

Source: GHP
The Mid Year Picture – Less Optimistic

• Supply is Strong – Potentially Getting Stronger

• Demand \[\iff\]
  - Domestic
  - International
  \[\iff\]
  Weak

And Could Get Weaker

• US GDP 3%, now 2%+
• Europe 1.4% - O.K. (Greece!)
• China Struggling to Achieve Their 7%
  • Commodity Markets Worldwide Impacted – Brazil/Australia
  • One Belt One Road Initiative

Source: Federal Reserve; EIA; IMF
2015 Projected Texas Job Growth and by Major Metro

- Texas: +289,168
- Houston: +75,452 (GHP’s forecast is 20,000 to be added. Perryman published their forecast before oil prices plummeted.)
- Dallas: +83,292
- Austin: +23,947
- San Antonio: +22,183

2015 Projected Texas Population Growth and by Major Metro

- Texas: +445,548
- Houston: +113,652
- Dallas: +118,509
- Austin: +42,037
- San Antonio: +41,414

Sources: IRF; The Perryman Group
Current Unemployment (June)

<table>
<thead>
<tr>
<th>Location</th>
<th>Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Houston</td>
<td>4.5%</td>
</tr>
<tr>
<td>Texas</td>
<td>4.4%</td>
</tr>
<tr>
<td>United States</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

Sources: Bureau of Labor Statistics
America’s Fastest Growing Cities

1. Houston, Texas
- MSA: Houston-Sugar Land-Baytown, TX
- 2014 Population growth rate: 1.81%
- 2015 (Projected) pop. growth rate: 1.74%

Sources: GHP; Forbes
The Houston Picture

• Job Growth Sputtering (0 – 1%)
• Population Holding
• Vacancies Rising/Absorption Slowing – Sublease Space Growing
• Architects Still Getting Inquiries
• Money Still Available
• War For Talent (STE(A)M Continues)

Sources: Galleryhip.com
Sector and Segment Highlights
State Local Tax Revenue Increase

Energy Sector – Basic Jobs

2011

Office

Housing

Warehouse

Mfg.

Retail

Medical

School

Community Growth

Public Service

2-3 Years

Non-Basic Jobs

2014

Sources: David Rowe, Durotech

Energy Sector – Basic Jobs

Non-Basic Jobs

KILEY ADVISORS
Residential

- Continued Tight Market with Short Supply – 3.2 months
- June 2015 home sales are outpacing YoY 2014
- Home Prices are Rising
- 28,000 Homes Delivered by Year-End
- Potential for No Developed Lots in 2017/18
- Several New Master Planned Communities off Grand Parkway
  - Elyson, Cane Island, Woodson’s Reserve, Valley Ranch, Harvest Green
  - NorthGrove at Spring Creek – Magnolia; Tavola – New Caney; The Groves & Bridges of Lake Houston – West Lake Houston Parkway
  - Replacing the MPC build outs (Cinco/Woodlands)
- Expect a Slowdown Towards Year End
  - Lower Oil Price and Lower Job Creation
  - Back to Normal
Multi-Family (Q2)

- Occupancy 91.4% and Rents Averaging $1.10 per sf
- Over 5,600 units delivered with almost 4,900 units absorbed
- Another 23,766 units under construction
  - Estimated 24,000 units to be delivered in 2015
- Pipeline Slowing
  - Developments that have not already broken ground have been put on hold indefinitely
  - Approximately 50+ commercial sites that were slated for multifamily have fallen out of contract
- 1 Apartment for Every 5-7 Jobs
  - 2014: 122K jobs = 17,500 – 24,500
  - 2015: 50K jobs = 7,200 – 10,000
- At Risk of Overbuilding?
  - 8,000 vacant drops occupancy 1-2%
  - Residential Buoy?
# Heavy Industrial

## Ethylene Projects Proposed or Under Construction In or Near Houston

<table>
<thead>
<tr>
<th>Company</th>
<th>Scale (thousand metric tons/yr)</th>
<th>Location</th>
<th>Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>ChevronPhillips</td>
<td>1,500</td>
<td>Baytown</td>
<td>2017</td>
</tr>
<tr>
<td>ExxonMobil</td>
<td>1,500</td>
<td>Baytown</td>
<td>2017</td>
</tr>
<tr>
<td>Dow</td>
<td>1,500</td>
<td>Freeport</td>
<td>2017</td>
</tr>
<tr>
<td>Sasol</td>
<td>1,500</td>
<td>Lake Charles</td>
<td>2018</td>
</tr>
<tr>
<td>Occidental</td>
<td>500</td>
<td>Ingleside</td>
<td>2017</td>
</tr>
<tr>
<td>Formosa Plastic</td>
<td>1,200</td>
<td>Point Comfort</td>
<td>2017</td>
</tr>
<tr>
<td>LyondellBasell</td>
<td>450</td>
<td>La Porte and Channelview</td>
<td>2016</td>
</tr>
</tbody>
</table>

Source: Bill Gilmer, IRF
LNG Plants/Terminals

North American LNG Import /Export Terminals

Import Terminal

APPROVED - NOT UNDER CONSTRUCTION
U.S. - MARAD/Coast Guard
1. Gulf of Mexico: 1.0 Bcf/d (Main Pass McMoRan Exp.)
2. Offshore Florida: 1.2 Bcf/d (Hoech LNG - Port Dolphin Energy)
3. Gulf of Mexico: 1.4 Bcf/d (TORP Technology-Bienville LNG)

Export Terminal

APPROVED - UNDER CONSTRUCTION
U.S. - FERC
4. Sabine, LA: 2.76 Bcf/d (Cheniere/Sabine Pass LNG)
   (CP11-72 & CP14-12)

APPROVED - NOT UNDER CONSTRUCTION
U.S. - FERC
5. Hackberry, LA: 1.7 Bcf/d (Sempra - Cameron LNG)
   (CP13-25)
6. Freeport, TX: 1.8 Bcf/d (Freeport LNG Dev/Freeport LNG
   Expansion/LNG Liquefaction) (CP12-509)
7. Cove Point, MD: 0.82 Bcf/d (Dominion - Cove Point LNG)
   (CP13-113)

As of December 3, 2014

Office of Energy Projects

Source: Federal Energy Regulatory Commission
Highway/Civil

- TxDOT - $496 Million
  - 290 continues to be majority of work
- Rainy Day Fund Puts 1.74B in Texas
  - $278 Million in Houston
- Metro has $172.7 Million in Metro Rail Expansion
- Harris County - $188 Million

Sources: TxDOT; Metro; Texas Condemnation
Highway/Civil

- City of Houston - up 20% YOY
- AGC of Texas Survey Shows 2.2 Billion in Houston across all agencies

<table>
<thead>
<tr>
<th>Department</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storm Drainage System</td>
<td>89.2 M</td>
</tr>
<tr>
<td>Street &amp; Traffic Control</td>
<td>$146.4 M</td>
</tr>
<tr>
<td>Wastewater Treatment Facilities</td>
<td>$155.5 M</td>
</tr>
<tr>
<td>Water Utility System Facilities</td>
<td>$219.3 M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$610.4 Million</strong></td>
</tr>
</tbody>
</table>

Sources: City of Houston; Harris County
Commercial and Light Industrial Public Work
## Commercial Public Work Up

- **City of Houston**  
  flat YOY

- **Metro** – $186.8M

- **Harris County** - $10.5 Million

- **Port of Houston** - $200 Million

<table>
<thead>
<tr>
<th>COH Departments</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aviation Facilities</td>
<td>$132.7 M</td>
</tr>
<tr>
<td>Fire Protection Facilities</td>
<td>$8.8 M</td>
</tr>
<tr>
<td>General Government Facilities</td>
<td>$3.7 M</td>
</tr>
<tr>
<td>Homeless &amp; Housing Facilities</td>
<td>$36.7 M</td>
</tr>
<tr>
<td>Library Facilities</td>
<td>$9.5 M</td>
</tr>
<tr>
<td>Parks and Recreation Facilities</td>
<td>$57.3 M</td>
</tr>
<tr>
<td>Police Facilities</td>
<td>$58.1 M</td>
</tr>
<tr>
<td>Public Health Facilities</td>
<td>$3.7 M</td>
</tr>
<tr>
<td>Solid Waste Management Facilities</td>
<td>$1.1 M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>311.6 M</strong></td>
</tr>
</tbody>
</table>

Sources: City of Houston, Metro, Harris County and Port of Houston
### School Market

<table>
<thead>
<tr>
<th>District</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alief</td>
<td>$9,150,000</td>
</tr>
<tr>
<td>Alvin</td>
<td>$21,000,000</td>
</tr>
<tr>
<td>Barbers Hill</td>
<td>$9,000,000</td>
</tr>
<tr>
<td>Conroe</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>Cy-Fair</td>
<td>$192,500,000</td>
</tr>
<tr>
<td>Damon</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Dayton</td>
<td>$30,000,000</td>
</tr>
<tr>
<td>Hardin</td>
<td>$16,000,000</td>
</tr>
<tr>
<td>Houston</td>
<td>$267,200,000</td>
</tr>
<tr>
<td>Huffman</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Humble</td>
<td>$29,000,000</td>
</tr>
<tr>
<td>Katy</td>
<td>$335,500,000</td>
</tr>
<tr>
<td>Klein</td>
<td>$189,000,000</td>
</tr>
<tr>
<td>La Porte</td>
<td>$181,000,000</td>
</tr>
<tr>
<td>Pasadena</td>
<td>$6,500,000</td>
</tr>
<tr>
<td>Royal</td>
<td>$3,500,000</td>
</tr>
<tr>
<td>Spring Branch</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>Sweeny</td>
<td>$17,000,000</td>
</tr>
<tr>
<td>Texas City</td>
<td>$250,000</td>
</tr>
</tbody>
</table>

**Total** $1.365 Billion (29 Districts)

- 21 districts reported $549M last year
- Channelview, Deer Park, Dickinson, East Chambers, Goose Creek, Hull-Daisetta, Pearland, Santa Fe, Sheldon and Waller all report no work in 2015.
### School Backlog & Future

<table>
<thead>
<tr>
<th>School</th>
<th>Bond (2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazosport</td>
<td>175M</td>
</tr>
<tr>
<td>Cypress-Fairbanks</td>
<td>1.2B</td>
</tr>
<tr>
<td>Dayton</td>
<td>87.8M</td>
</tr>
<tr>
<td>Fort Bend</td>
<td>484.5M</td>
</tr>
<tr>
<td>Katy</td>
<td>748M</td>
</tr>
<tr>
<td>Dickinson</td>
<td>56M</td>
</tr>
<tr>
<td>Lamar</td>
<td>240.6M</td>
</tr>
<tr>
<td>La Porte</td>
<td>260M</td>
</tr>
<tr>
<td>Pasadena</td>
<td>175.5M</td>
</tr>
<tr>
<td>Sweeny</td>
<td>26M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3.4 Billion</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bond in 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alief - $341M</td>
</tr>
<tr>
<td>Klein – $498.1M</td>
</tr>
<tr>
<td>Montgomery - $256.75M</td>
</tr>
<tr>
<td>New Caney - $173M</td>
</tr>
<tr>
<td><strong>Total: $1.3 Billion</strong></td>
</tr>
</tbody>
</table>

Other Districts are still working off their backlogs from previous years’ bonds (HISD 2012 1.89B)

<table>
<thead>
<tr>
<th>November?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alvin</td>
</tr>
<tr>
<td>Conroe</td>
</tr>
<tr>
<td>Santa Fe</td>
</tr>
<tr>
<td>Spring Branch</td>
</tr>
<tr>
<td>Waller</td>
</tr>
</tbody>
</table>
Higher Education

University of Houston - $286 M
Sam Houston - $134.5M
Baylor University - $7M

Houston Community College - $250M
Texas Southern University – $1.5M
St. Thomas - $600K
Lone Star System – $130M ($485M Bond)
Texas A&M - $367M

Pent Up Demand but Contingent on State Budget and Revenue Bonds ($3.6B)

Sources: Texas Building Branch AGC
Churches

- Estimated $325M market
  - Archdiocese of Galveston-Houston has $25M in projects
- Grand Parkway will spur some projects
- Possible softening as fundraising can be more difficult in declining economy
Commercial and Light Industrial
Private Work
Office Buildings (Q2)

- Slowing (but Positive) Metrics
  - Absorption: 1.4 msf
  - Overall Vacancy: 13.4%
  - Sublease Market Hit High
    - 6.8 msf (2.7 msf this year)
  - Average Rental Rates: $27.57 - Up YOY
  - 11.8 msf under construction (55% preleased)
    - No spec buildings in the pipeline
Mixed Use

• 4 Large Mixed Use Projects Planned Along Grand Parkway
  • Grand Crossing
  • Verde Parc
  • Valley Ranch
  • Grand Hardy
  • Riley Crossings

• Others
  • Generation Park
  • The Ivy District
  • The Village at Palm Center
Light Industrial (Q2)

• The Metrics are Favorable
  • Absorption: Over 1.1 msf
  • Nearly 12 msf Delivered (2008 - -12.3 msf)
  • Vacancy Rate: 4.8%
  • Average Asking Rates: $0.69 - Up YOY
    • And expected to continue to rise 4.3% annually through 2017
  • 6.1 msf delivered since beginning of the year
  • 10.3 msf under construction (72 projects)
• Panama Canal Expansion Completed Next Year
  • Houston Becoming a Distribution Hub
    • (Silver Eagle - 400K sf, Aldi – 650K sf)
• Grand Parkway Offers Affordable Opportunities
• Oil Price Impact

Sources: CBRE; GHP
Retail (Q2)

- More Favorable Metrics
  - Absorption: 715 ksf– up YOY
  - Vacancy Rate: 6.3% (NR) Even tighter in Inner Loop/West Houston
  - Rental Rates: Avg. $23.46 –up YOY
  - 1.3 msf under construction
    - Strong Pipeline of Work (over 8 msf proposed; 2.5 msf to begin soon)
  - 365 Concept; HEB; Kroger
- Population and Job Growth are Drivers
  - Increased spending money of consumer
- Subdivision Activities (Springwoods, Wrights Landing, Stonebrook Estates, Laurel Park North)
- In-Fill Around Grand Parkway
- Increasing Entertainment, Luxury and Fitness Expansions

Sources: CBRE; GHP; Houston Business Journal
## Retail

<table>
<thead>
<tr>
<th>Construction Cycles</th>
<th>Deliveries (MSF)</th>
<th>Occupancy (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980 – 1989</td>
<td>35.3</td>
<td>75.9</td>
</tr>
<tr>
<td>1993 – 1996</td>
<td>17.1</td>
<td>86.9</td>
</tr>
<tr>
<td>1999 – 2002</td>
<td>21.9</td>
<td>87</td>
</tr>
<tr>
<td>2006 – 2009</td>
<td>20.2</td>
<td>86</td>
</tr>
<tr>
<td><strong>2012 -2015</strong></td>
<td><strong>5.6</strong></td>
<td><strong>93.5</strong></td>
</tr>
</tbody>
</table>

Sources: CBRE (Q1 Report)
Hospitality

- Metrics Favorable
  - Occupancy/RevPAR/Rates
- Flat in 2015
- Slow Growth in 2016
  - Final Preparations for Super Bowl
- Stronger Convention Activity Expected This Year
- Additional Cruise Lines Out of Galveston
- Additional 6,000 – 8,000 Rooms In the Next Three Years

Sources: PKF Consulting; GHP
Medical

- $2B+ in Pipeline
- ObamaCare a “known”
- Accountable Care
  - Electronic Records, Integrated Providers
  - Premium Provided to Systems
- Research Park Initiative
- Projects
  - Memorial Hermann TMC Expansion - $533M
  - Methodist North Tower - $540M
  - Texas Children’s Expansion - $506M
  - CHI St. Luke’s at Springwoods - $110M
  - Memorial Hermann in Cypress - $168M
  - UTMB Galveston Expansion - $42M
  - MDA Cancer Center - $9.5M

Sources: Houston Business Journal; GHP; Healthcare Design Magazine; Houston Chronicle
The Second Energy Corridor

290 to 59 N (38 miles) slated to open by year end 2015

Source: Houston Business Journal
Issues

• Talent
  • Craftsman – C3
  • Industrial Tug
  • Millennials
    • Culture/Engagement
  • Immigration Reform – A Must

• Prefabrication and Modularization
  • Will We Be Disrupted? (2.0)

• Disruptive Technology is Here – 3-D Printing

• Margins Remain Low – Too Low
Infrastructure Challenges

• HGAC Plan – 2035
  • Add 4,000 Miles
    • Freeways
    • Tollways
    • HOV Lanes
  • 76% of all travel in Houston is by car with a single occupant
• Plus
  • 89 Miles of Light Rail
  • 84 Miles of Commuter Rail
  • 40 Miles of Signature Express Bus Service
  • Bullet Train - Houston/Dallas

Source: HGAC
Let’s Stay Optimistic

• Exxon Forecast 2040
  • Demand will Grow 35%
  • 2 Billion More People
  • Energy Hungry Middle Class in Developing Countries

Disciplined People
Disciplined Thought
Disciplined Action
Let’s Stay Optimistic

Carlos Ghosn – current CEO of Renault and CEO of Nissan

• Car Metrics
  • =  (USA)
  • =  (Europe)
  • =  (Emerging)

• By 2025:
  • =  (Emerging)

Source: Bloomberg
Global Shale Plays

**Global shale gas basins, top reserve holders**

- **Top reserve holders 200 - Trln cubic metres**
  - Canada: 11.0
  - U.S.: 24.4
  - Mexico: 19.3
  - Argentina: 21.9
  - Poland: 5.3
  - Libya: 8.2
  - Algeria: 6.5
  - Brazil: 6.4
  - Australia: 11.2
  - South Africa: 13.7
  - China: 36.1

**Assessed basins**
- With resource estimate
- Without resource estimate

Source: EIA based on Advanced Resources International Inc data, BP

Reuters graphic/Catherine Trevethan

Source: Reuters
Summary

• Market has Slowed (except Industrial)
• Could Stay Flat for a Couple Years
• More Leadership Needed
  • Drivers, Not Drifters
• Long Range – Fantastic Market

“You might give some serious thought to thanking your lucky stars you're in Texas.”
- Jim Goode
Sources

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