The State of Business

November 15, 2016
“If you build a place people want to visit, you build a place where people want to live.”

“If you build a place where people want to live, you’ll build a place where people want to work.”

“If you build a place where people want to work, you’ll build a place where business has to be.”

“And if you build a place where business has to be, you’ll build a place where people have to visit.”
## Site Selection Factors

**Area Development Magazine**

<table>
<thead>
<tr>
<th>Site Selector Factors</th>
<th>2015 Rank</th>
<th>2014 Rank</th>
<th>2013 Rank</th>
<th>2012 Rank</th>
<th>2011 Rank</th>
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</thead>
<tbody>
<tr>
<td>Availability of skilled labor</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>3</td>
<td>2T</td>
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<tr>
<td>Highway accessibility</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
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<tr>
<td>Quality of life</td>
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<td>N/A</td>
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<td>Occupancy or construction costs</td>
<td>4</td>
<td>2</td>
<td>4</td>
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<tr>
<td>Available buildings</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>8</td>
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<tr>
<td>Labor costs</td>
<td>6</td>
<td>6</td>
<td>3</td>
<td>1</td>
<td>2T</td>
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<tr>
<td>Corporate tax rate</td>
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<td>10</td>
<td>7</td>
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<td>Proximity to major markets</td>
<td>8</td>
<td>8</td>
<td>15</td>
<td>12</td>
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<tr>
<td>State and local incentives</td>
<td>9</td>
<td>11T</td>
<td>8</td>
<td>13T</td>
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<tr>
<td>Energy availability and costs</td>
<td>10</td>
<td>9</td>
<td>10</td>
<td>6</td>
<td>7</td>
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<td>Tax exemptions</td>
<td>11</td>
<td>11T</td>
<td>11T</td>
<td>9</td>
<td>6</td>
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<td>Expedited or &quot;fast-track&quot; permitting</td>
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<td>14</td>
<td>15</td>
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<td>Available land</td>
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<td>Environmental regulations</td>
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<td>17</td>
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<td>Training programs/technical colleges</td>
<td>15</td>
<td>18</td>
<td>23</td>
<td>22</td>
<td>23</td>
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<td>Availability of long-term financing</td>
<td>16</td>
<td>17</td>
<td>16</td>
<td>17</td>
<td>18</td>
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<td>Right-to-work state</td>
<td>17</td>
<td>7</td>
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<td>Low union profile</td>
<td>18</td>
<td>14</td>
<td>9</td>
<td>10</td>
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<td>Inbound/outbound shipping costs</td>
<td>19</td>
<td>15</td>
<td>18</td>
<td>16</td>
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<td>Proximity to suppliers</td>
<td>20</td>
<td>21</td>
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<td>Accessibility of major airport</td>
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<td>21</td>
<td>21</td>
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<td>Water availability</td>
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<td>N/A</td>
<td>N/A</td>
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<td>Availability of advanced ICT services</td>
<td>23</td>
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<td>5</td>
<td>4</td>
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<td>Raw materials availability</td>
<td>24</td>
<td>22</td>
<td>20</td>
<td>23</td>
<td>22</td>
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<tr>
<td>Proximity to innovation/commercialization R&amp;D centers</td>
<td>25</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
What Others Say

• Move.org ranks Lubbock as 6th Best City for 20-Somethings in the U.S. in 2016.

• Lubbock ranks in the Top 15 for U.S. Metro Areas with Fastest Growing Creative Sectors.

• Lubbock is the 15th Best City to Start a Business in 2016 according to WalletHub.

• In 2015, Business.com ranks Lubbock No. 4 in U.S. for Best City to get a job in.

• WalletHub ranks Lubbock No. 1 in 2015 for most Recession-Recovered city.
What Others Say

• Lubbock ranks No. 1 in the top 10 U.S. cities with shortest commutes to work from SafeCo Insurance.

• WalletHub named Lubbock No. 10 best city in the U.S. for Veterans in 2015.

• In June of 2015, Fortune.com listed Lubbock as one of the top 10 cities to find a job.
Demographics
Population Growth

City of Lubbock

- 2000 - 2010
  + 15.04%

- 2010 - 2021
  + 15.10% (projected)

Source: US Census
3rd Largest MSA

between the I-35 corridor and the front range of the Rockies
Population Growth

Source: Nielsen Reports

<table>
<thead>
<tr>
<th></th>
<th>2010 Census</th>
<th>2016 Estimate</th>
<th>2021 Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lubbock City</td>
<td>229,573</td>
<td>248,754</td>
<td>264,225</td>
</tr>
<tr>
<td>Lubbock MSA</td>
<td>290,805</td>
<td>312,354</td>
<td>331,815</td>
</tr>
<tr>
<td>Texas</td>
<td>25,145,561</td>
<td>27,611,503</td>
<td>29,594,059</td>
</tr>
<tr>
<td>USA</td>
<td>308,745,538</td>
<td>322,431,073</td>
<td>334,341,965</td>
</tr>
</tbody>
</table>

Growth 2000 - 2010
- Lubbock City: 14.43%
- Lubbock MSA: 13.48%
- Texas: 8.36%
- USA: 0.00%

Growth 2010 - 2016
- Lubbock City: 9.71%
- Lubbock MSA: 9.81%
- Texas: 4.43%
- USA: 5.00%

Growth 2016 - 2021
- Lubbock City: 6.22%
- Lubbock MSA: 6.23%
- Texas: 7.18%
- USA: 3.69%

Source: Nielsen Reports
Population by Age Group - Texas

Percent to Total

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2010 Census</th>
<th>2016 Estimate</th>
<th>2021 Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 0 - 17</td>
<td>27.3%</td>
<td>26.3%</td>
<td>25.5%</td>
</tr>
<tr>
<td>Age 18 - 34</td>
<td>24.6%</td>
<td>24.3%</td>
<td>23.7%</td>
</tr>
<tr>
<td>Age 35 - 64</td>
<td>37.7%</td>
<td>37.4%</td>
<td>37.1%</td>
</tr>
<tr>
<td>Age 65 and over</td>
<td>10.3%</td>
<td>12.0%</td>
<td>13.8%</td>
</tr>
</tbody>
</table>

Source: Nielsen Reports
Population by Age Group - Lubbock MSA

Percent to Total

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2010 Census</th>
<th>2016 Estimate</th>
<th>2021 Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 0 - 17</td>
<td>24.5%</td>
<td>24.5%</td>
<td>24.2%</td>
</tr>
<tr>
<td>Age 18 - 34</td>
<td>30.9%</td>
<td>30.3%</td>
<td>29.0%</td>
</tr>
<tr>
<td>Age 35 - 64</td>
<td>33.4%</td>
<td>32.8%</td>
<td>33.1%</td>
</tr>
<tr>
<td>Age 65 and over</td>
<td>11.2%</td>
<td>12.4%</td>
<td>13.8%</td>
</tr>
</tbody>
</table>

Source: Nielsen Reports
Population by Age Group - Lubbock City

Percent to Total

2010 Census | 2016 Estimate | 2021 Projection

Age 0 - 17: 23.6% | 24.1% | 24.0%
Age 18 - 34: 34.1% | 32.6% | 30.5%
Age 35 - 64: 31.6% | 31.4% | 32.4%
Age 65 and over: 10.8% | 11.9% | 13.1%

Source: Nielsen Reports
Economic Performance
Lubbock’s Employed Labor Force

![Graph showing the change in Lubbock’s Employed Labor Force from September 2011 to September 2016.](image)

- **Labor Force**: 152,058 in September 2011, 157,272 in September 2016, with a +3.4% growth.
- **Employment**: 142,517 in September 2011, 151,483 in September 2016, with a +6.3% growth.
- **Total Jobs Added**: 8,966 from September 2011 to September 2016.

Texas Workforce Commission (LAUS)
## Job Growth Performance Since 2011

**Sept. 2011 vs Sept. 2016**

<table>
<thead>
<tr>
<th>Region</th>
<th>Job Growth</th>
<th>Labor Force</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>8.2%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Lubbock</td>
<td>6.3%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Texas</td>
<td>9.9%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>
Lubbock has maintained an unemployment rate below both the state and federal levels.
Establishments - All Private Industries

Q1 - 2011 to Q1 - 2016 Growth

Texas 11.5% Growth

Lubbock County 5.8% Growth

Source: TWC, Tracer 2, QCEW
Avg. Workforce - All Private Industries

Q1 - 2011 to Q1 – 2016 Growth

Texas 15.9% Growth

Lubbock County 9.1% Growth

Source: TWC, Tracer 2, QCEW
Total Wages - All Private Industries

Q1 - 2011 to Q1 – 2016 Growth

Texas
30.3% Growth

$106,304,612,622

$752,219,245

Lubbock County
28.7% Growth

$967,830,245

$138,492,927,073


Source: TWC, Tracer 2, QCEW
Lubbock’s Health Care and Education Sectors are some of our major economic drivers.
Industry Net Job Gains

- Retail Trade: 2200
- Local Government: 2100
- Leisure & Hospitality: 1900
- Education & Health Services: 1700
- Professional & Business Services: 1300
- Manufacturing: 1100
- Transport/Warehousing/Utilities: 1100
- Mining/Construction: 800
- State Government: 800
- Other Services: 500
- Wholesale Trade: 200
- Federal Government: -200
- Information: -500

September 2011 vs September 2016

Biggest Gainers:
- Retail Trade
- Local Government
- Leisure & Hospitality

Source: Texas Workforce Commission Employment Estimates (CES)
Job Growth by Industry

Transport/Warehousing/Utilities: 24%
Other Services: 19%
Mining/Construction: 15%
Professional & Business Services: 15%
Retail Trade: 14%
Local Government: 14%
Financial Activities: 13%
Leisure & Hospitality: 12%
Wholesale Trade: 9%
Education & Health Services: 8%
Federal Government: 8%
State Government: 3%
Manufacturing: -4%
Information: -10%

Source: Texas Workforce Commission Employment Estimates (CES)

Transportation and warehousing add value to the area’s agricultural sector.
Quarterly Gross Sales

Lubbock MSA-All Industries (Non-Ag)

- 2011-Q1: $3.5 Billion
- 2012-Q1: $3.9 Billion
- 2013-Q1: $4.4 Billion
- 2014-Q1: $4.3 Billion
- 2015-Q1: $4.0 Billion
- 2016-Q1: $4.0 Billion

Texas Comptroller
Lubbock Gross Domestic Product 2010-2015

All industry total: $10.5, $10.4, $11.2, $12.0, $12.3, $12.8
Private industries: $8.5, $8.4, $9.0, $9.7, $9.9, $10.3

22% Growth in Total Industry
21% Growth in Private Industry

Bureau of Economic Analysis
Gross Domestic Product Per Capita

Lubbock MSA Per Capita GDP

$35,415 2010
$33,924 2011
$35,318 2012
$36,622 2013
$36,534 2014
$37,359 2015

Bureau of Economic Analysis
Annual Home Sales and Median Price

1990 to 2015 Growth Rate
Lubbock MSA Home Sales 5.5%
Lubbock MSA Median Price 3.8%
Texas Median Price 7.1%

Source: TAMU Real Estate Center
Monthly Home Sales

Aug ‘14 vs Aug ‘16 Growth
Texas 12.3%
Lubbock 1.9%

Source: TAMU Real Estate Center
Permits – New Residential

City of Lubbock

Source: City of Lubbock
Permits – New Non-Residential

City of Lubbock

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Permits</th>
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<tbody>
<tr>
<td>3rd Qtr. 12-13</td>
<td>228</td>
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<tr>
<td>1st Qtr. 13-14</td>
<td>215</td>
</tr>
<tr>
<td>3rd Qtr. 13-14</td>
<td>275</td>
</tr>
<tr>
<td>1st Qtr. 14-15</td>
<td>310</td>
</tr>
<tr>
<td>3rd Qtr. 14-15</td>
<td>240</td>
</tr>
<tr>
<td>1st Qtr. 15-16</td>
<td>247</td>
</tr>
<tr>
<td>3rd Qtr. 15-16</td>
<td>268</td>
</tr>
<tr>
<td></td>
<td>228</td>
</tr>
<tr>
<td></td>
<td>249</td>
</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>

Source: City of Lubbock
## Office Space

### Lubbock MSA

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Inventory</td>
<td>1,183</td>
<td>1,190</td>
<td>1,195</td>
<td>1,212</td>
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<tr>
<td>Total SF Available</td>
<td>725,187</td>
<td>639,032</td>
<td>683,541</td>
<td>768,664</td>
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<tr>
<td>Vacancy Rate</td>
<td>6.8%</td>
<td>6.0%</td>
<td>6.3%</td>
<td>7.1%</td>
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<tr>
<td>Quoted Rates</td>
<td>$12.70</td>
<td>$14.34</td>
<td>$14.16</td>
<td>$14.10</td>
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### Downtown

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Inventory</td>
<td>141</td>
<td>144</td>
<td>145</td>
<td>145</td>
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<tr>
<td>Total SF Available</td>
<td>352,209</td>
<td>311,286</td>
<td>319,630</td>
<td>339,700</td>
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<tr>
<td>Vacancy Rate</td>
<td>17.1%</td>
<td>15.0%</td>
<td>15.3%</td>
<td>16.8%</td>
</tr>
<tr>
<td>Quoted Rates</td>
<td>$13.06</td>
<td>$13.29</td>
<td>$13.10</td>
<td>$12.90</td>
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# Industrial Space

## Lubbock MSA

<table>
<thead>
<tr>
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<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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</thead>
<tbody>
<tr>
<td>Existing Inventory</td>
<td>2,042</td>
<td>2,050</td>
<td>2,054</td>
<td>2,062</td>
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<tr>
<td>Total SF Available</td>
<td>1,123,246</td>
<td>734,347</td>
<td>607,256</td>
<td>937,864</td>
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<tr>
<td>Vacancy Rate</td>
<td>3.4%</td>
<td>2.2%</td>
<td>1.8%</td>
<td>2.8%</td>
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<tr>
<td>Quoted Rates</td>
<td>$3.62</td>
<td>$5.00</td>
<td>$4.05</td>
<td>$3.59</td>
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</table>

## Downtown

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Inventory</td>
<td>72</td>
<td>72</td>
<td>72</td>
<td>75</td>
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<tr>
<td>Total SF Available</td>
<td>9,700</td>
<td>21,500</td>
<td>9,500</td>
<td>13,375</td>
</tr>
<tr>
<td>Vacancy Rate</td>
<td>1.3%</td>
<td>2.8%</td>
<td>1.2%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Quoted Rates</td>
<td>$7.54</td>
<td>$3.25</td>
<td>$3.50</td>
<td>$4.47</td>
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</table>

Source: CoStar Group, Inc.
## Retail Space

### Lubbock MSA

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Inventory</td>
<td>2,247</td>
<td>2,243</td>
<td>2,267</td>
<td>2,291</td>
</tr>
<tr>
<td>Total SF Available</td>
<td>1,107,715</td>
<td>856,028</td>
<td>824,750</td>
<td>785,008</td>
</tr>
<tr>
<td>Vacancy Rate</td>
<td>4.8%</td>
<td>3.7%</td>
<td>3.5%</td>
<td>3.2%</td>
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<tr>
<td>Quoted Rates</td>
<td>$8.94</td>
<td>$10.40</td>
<td>$10.91</td>
<td>$13.38</td>
</tr>
</tbody>
</table>

### Downtown

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Inventory</td>
<td>178</td>
<td>175</td>
<td>176</td>
<td>177</td>
</tr>
<tr>
<td>Total SF Available</td>
<td>53,083</td>
<td>30,600</td>
<td>25,360</td>
<td>6,250</td>
</tr>
<tr>
<td>Vacancy Rate</td>
<td>3.3%</td>
<td>1.9%</td>
<td>1.5%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Quoted Rates</td>
<td>$13.27</td>
<td>$13.57</td>
<td>$13.09</td>
<td>$11.48</td>
</tr>
</tbody>
</table>

Source: CoStar Group, Inc.
Downtown Commercial Construction Permits

Seven Year Total = $65,077,623

2010: $2,207,000
2011: $4,071,732
2012: $4,474,300
2013: $3,069,750
2014: $22,095,144
2015: $21,043,264
2016: $8,116,433

Source: City of Lubbock
Downtown

Reagor Dykes Auto Group

The West Table
Exports
Lubbock MSA Exports

Ag Exports significantly impacts total exports.

73% of Exports

56% of Exports

55% of Exports

54% of Exports

International Trade Administration
Cotton is King
In 2015, the top 11 cotton-producing counties in the nation were within 80 miles of Lubbock. PCG, Inc.

Source: Plains Cotton Growers, Inc/USDA-NASS
<table>
<thead>
<tr>
<th>Crop Year</th>
<th>Bales (480lb)</th>
<th>Avg Price per/lb</th>
<th>Production Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>456,100</td>
<td>$0.82</td>
<td>$178,426,320</td>
</tr>
<tr>
<td>2011</td>
<td>117,000</td>
<td>$0.88</td>
<td>$49,589,280</td>
</tr>
<tr>
<td>2012</td>
<td>255,200</td>
<td>$0.73</td>
<td>$88,809,600</td>
</tr>
<tr>
<td>2013</td>
<td>195,300</td>
<td>$0.78</td>
<td>$73,026,576</td>
</tr>
<tr>
<td>2014</td>
<td>279,700</td>
<td>$0.61</td>
<td>$82,298,928</td>
</tr>
<tr>
<td>2015</td>
<td>358,000</td>
<td>$0.61</td>
<td>$105,166,080</td>
</tr>
</tbody>
</table>

Source: Plains Cotton Growers, Inc/USDA-NASS
Economic Activity Generated

Production Value vs Economic Activity Generated
(In Millions)

- 2010: $178
- 2011: $50
- 2012: $89
- 2013: $73
- 2014: $82
- 2015: $105

Source: Plains Cotton Growers, Inc/USDA-NASS
Oil Rig Counts

Oct. ‘15 vs Oct. ‘16
Permian Basin -5.4%
Texas -26.68%
US -25.4%

Source: Baker Hughes
Oil & Gas - Texas

2nd Q 2011 vs 2nd Q 2016
Estab. (-286 / -6.7%)  Empl. Cnt (+7,185 / 8.3%)  Avg. Wkly Wages (+$105 / 3.5%)

Source: TWC, Tracer2, QCEW
Oil & Gas – Ector/Midland Counties

2nd Q 2011 vs 2nd Q 2016
Estab. (-2 / -0.4%) Empl. Cnt (+3,042 / 41.4%) Avg. Wkly Wages ($377 / 21.1%)

Source: TWC, Tracer2, QCEW
Oil & Gas – Lubbock County

2nd Q 2011 vs 2nd Q 2016
Establishments (+3 / 16.7%)
Employee Count (+117 / 285.4%)
Avg. Weekly Wage (+$130 / 13.8%)

Source: TWC, Tracer2, QCEW
<table>
<thead>
<tr>
<th>GROWTH</th>
<th>Lubbock County</th>
<th>Ector/Midland Counties</th>
<th>Texas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishments</td>
<td>16.7%</td>
<td>-0.4%</td>
<td>-6.7%</td>
</tr>
<tr>
<td>Workforce</td>
<td>285.4%</td>
<td>41.4%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Payroll</td>
<td>334.2%</td>
<td>75.8%</td>
<td>12.0%</td>
</tr>
</tbody>
</table>

**OVER THE LAST FEW QUARTERS**

- **Lubbock County**
  - Employee Size – Q1 2016 to Q2 2016: -10.7%
  - Wages – Q1 2016 to Q2 2016: -19.9%

- **Ector/Midland Counties**
  - Employee Size – Q1 2016 to Q2 2016: -1.1%
  - Wages – Q1 2016 to Q2 2016: -17.5%
  - Establishments – Q4 2015 to Q2 2016 lost 4 establishments

Source: TWC, Tracer2, QCEW
Tourism Indicators
Traveler Segmentation

Total Number of Visitors - Lubbock MSA

Total Number of Days Visitors Spent in Lubbock MSA

- **Leisure**
- **Business**

<table>
<thead>
<tr>
<th>Year</th>
<th>Leisure</th>
<th>Business</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>3.00MM</td>
<td>4.00MM</td>
<td>7.00MM</td>
</tr>
<tr>
<td>2007</td>
<td>2.80MM</td>
<td>4.20MM</td>
<td>7.00MM</td>
</tr>
<tr>
<td>2008</td>
<td>2.60MM</td>
<td>4.40MM</td>
<td>7.00MM</td>
</tr>
<tr>
<td>2009</td>
<td>2.40MM</td>
<td>4.60MM</td>
<td>7.00MM</td>
</tr>
<tr>
<td>2010</td>
<td>2.20MM</td>
<td>4.80MM</td>
<td>7.00MM</td>
</tr>
<tr>
<td>2011</td>
<td>2.40MM</td>
<td>4.60MM</td>
<td>7.00MM</td>
</tr>
<tr>
<td>2012</td>
<td>2.60MM</td>
<td>4.40MM</td>
<td>7.00MM</td>
</tr>
<tr>
<td>2013</td>
<td>2.80MM</td>
<td>4.20MM</td>
<td>7.00MM</td>
</tr>
<tr>
<td>2014</td>
<td>3.00MM</td>
<td>4.00MM</td>
<td>7.00MM</td>
</tr>
<tr>
<td>2015</td>
<td>3.20MM</td>
<td>4.80MM</td>
<td>10.00MM</td>
</tr>
</tbody>
</table>

## Top Origin DMAs (Person-Days)

### In State DMAs

<table>
<thead>
<tr>
<th>Total Texans (Intrastate)</th>
<th>66.9%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dallas-Fort Worth</td>
<td>20.8%</td>
</tr>
<tr>
<td>Houston</td>
<td>8.3%</td>
</tr>
<tr>
<td>Austin</td>
<td>8.2%</td>
</tr>
<tr>
<td>Amarillo</td>
<td>7.0%</td>
</tr>
<tr>
<td>Odessa-Midland</td>
<td>6.8%</td>
</tr>
<tr>
<td>Lubbock</td>
<td>5.4%</td>
</tr>
<tr>
<td>El Paso</td>
<td>2.4%</td>
</tr>
<tr>
<td>Tyler-Longview</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

### Top Origin DMAs (Person-Days)

#### Out of State DMAs

<table>
<thead>
<tr>
<th>Total Non Texans</th>
<th>33.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Little Rock-Pine Bluff, AR</td>
<td>14.4%</td>
</tr>
<tr>
<td>Albuquerque-Santa Fe, NM</td>
<td>2.4%</td>
</tr>
<tr>
<td>Baton Rouge, LA</td>
<td>2.1%</td>
</tr>
<tr>
<td>Phoenix, AZ</td>
<td>2.1%</td>
</tr>
<tr>
<td>Seattle-Tacoma, WA</td>
<td>1.3%</td>
</tr>
<tr>
<td>Wichita-Hutchinson Plus, KS</td>
<td>1.3%</td>
</tr>
<tr>
<td>Odessa-Midland, TX</td>
<td>1.2%</td>
</tr>
<tr>
<td>Atlanta, GA</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

Profile of Visitors to Lubbock MSA

Average Distance Traveled:
401 miles

Profile of Visitors to Lubbock MSA

- Avg. Party Size 1.83 persons
- Avg. Length of Stay
  - 1.59 days (overnight and days)
  - 2.30 nights (overnight only)
- Mode of Transportation
  - Auto 84.5%
  - Air 13.7%
  - Other 1.8%

Profile of Visitors to Lubbock MSA

Average Age of Visitors: 49.4 years

Activities Participated In While Visiting Lubbock

- 33% Family/Life Events
- 30% General
- 20% Libation/Culinary
- 7% Attractions
- 6% Culture
- 3% Outdoor Sports
- 1% Nature

Profile of Visitors to Lubbock MSA

Average Household Income of Visitors

Visitor Spending At Destination

Lubbock Metro Area

Annual % Growth Rate:
Texas 7.3%
Lubbock MSA 5.6%

Source: Dean Runyan Associates
Profile of Visitors to Lubbock MSA

Average Spending per Visitor per Day

Travel Impact – Local Tax Receipts

Lubbock Metro Area

Annual % Growth Rate:
Texas 7.9%
Lubbock MSA 7.7%

$8.6
$10.0
$15.0
$20.0
$25.0


$22.5

Source: Dean Runyan Associates
Lubbock Hotel Occupancy

Source: STR
Hotel Occupancy Comparison

Source: STR, Texas Hotel Lodging Factbook
Lubbock Hotel Supply

Source: STR
Hotel Supply Growth in Lubbock
Average Daily Rate in Lubbock

Source: STR
Average Daily Rate Comparison

Source: STR, Texas Hotel Lodging Factbook
Revenue per Available Room in Lubbock

Source: STR
Revenue per Available Room Comparison

Source: STR, Texas Hotel Lodging Factbook
Total Lodging Revenue in Lubbock

Source: STR
Business Survey
A Special Thank You…

• …to Mike Stevens and the Action Printing team for executing this business survey
Business Survey

• Businesses in the Lubbock Trade Area
• 4,775 business surveyed
• Number of Respondents – 680
• Margin of Error – 3.4%
• 72% of respondents: $1M - $10M revenue
• 63% of respondents: 1-10 Employees

Source: Action Printing
Businesses Represented in the Survey

Hospitality  Transportation
Real  Government  Retail
Banking  Healthcare
Automotive  Insurance
Manufacturing  Wholesale
Agriculture  Non-Profits
Industrial  Financial
Legal  Construction
Engineering  Services
Restaurants  Information
Marketing
Estate
Technology
Number of Employees

Source: Action Printing

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>Oct-15</th>
<th>Oct-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 5</td>
<td>24%</td>
<td>36%</td>
</tr>
<tr>
<td>6 - 10</td>
<td>39%</td>
<td></td>
</tr>
<tr>
<td>11 - 25</td>
<td>13%</td>
<td>18%</td>
</tr>
<tr>
<td>26 - 50</td>
<td>16%</td>
<td>14%</td>
</tr>
<tr>
<td>51 - 75</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>More than 100</td>
<td>5%</td>
<td>11%</td>
</tr>
</tbody>
</table>
Employee Count Growth

<table>
<thead>
<tr>
<th>Decreased</th>
<th>Increased</th>
<th>No Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Past Year</td>
<td>Coming Year</td>
<td>Past Year</td>
</tr>
<tr>
<td>30%</td>
<td>37%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Source: Action Printing
Sales/Revenue Growth

- Past Year:
  - Decreased: 26%
  - Increased: 59%
  - No Change: 15%

- Coming Year:
  - Decreased: 19%
  - Increased: 59%
  - No Change: 22%

Source: Action Printing
On The Right Track…

...for future business growth in Lubbock and West Texas?

<table>
<thead>
<tr>
<th>Opinion Level</th>
<th>Oct-15</th>
<th>Oct-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Somewhat Agree</td>
<td>45%</td>
<td>59%</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>24%</td>
<td>17%</td>
</tr>
<tr>
<td>Not Sure</td>
<td>18%</td>
<td>14%</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td>Somewhat Disagree</td>
<td>3%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: Action Printing
Spending on Equipment/Facilities

Source: Action Printing

- Decreased: 19% Past Year, 11% Coming Year
- Increased: 46% Past Year, 37% Coming Year
- No Change: 35% Past Year, 52% Coming Year

Source: Action Printing
Spending on Health Care

Past Year
- Decreased: 2%
- Increased: 46%
- No Change: 52%

Coming Year
- Decreased: 11%
- Increased: 37%
- No Change: 52%

Source: Action Printing
Most Important Changes Made

- Personnel Changes: 35% (Oct-15), 28% (Oct-16)
- Technology: 28% (Oct-15), 34% (Oct-16)
- Equipment Upgrades: 22% (Oct-15), 23% (Oct-16)
- Moving Location/Remodel: 10% (Oct-15), 9% (Oct-16)
- Ownership Change: 5% (Oct-15), 6% (Oct-16)

Source: Action Printing
Top Workforce Skills Needed

- Advanced Math: 5% (Oct-15), 2% (Oct-16)
- Advanced Technology: 3% (Oct-15), 2% (Oct-16)
- Foreign Language: 3% (Oct-15), 3% (Oct-16)
- Social Media: 4% (Oct-15), 11% (Oct-16)
- Sales & Marketing: 18% (Oct-15), 19% (Oct-16)
- Machinery Operation: 21% (Oct-15), 20% (Oct-16)
- Basic English: 34% (Oct-15), 31% (Oct-16)
- Basic Computer: 63% (Oct-15), 63% (Oct-16)
- Basic Math: 67% (Oct-15), 65% (Oct-16)
- Basic Writing & Speaking: 72% (Oct-15), 74% (Oct-16)
- Interpersonal Skills: 71% (Oct-15), 74% (Oct-16)

Source: Action Printing
Specific Knowledge Needed

Source: Action Printing

<table>
<thead>
<tr>
<th>Knowledge</th>
<th>Oct-15</th>
<th>Oct-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microsoft Office</td>
<td>37%</td>
<td>40%</td>
</tr>
<tr>
<td>Data Input</td>
<td>26%</td>
<td>25%</td>
</tr>
<tr>
<td>Trades Skills</td>
<td>21%</td>
<td>24%</td>
</tr>
<tr>
<td>CDL</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Cross Training</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Action Printing
Difficult Skills To Find

- CDL Drivers
- General Laborers
- Cooks
- Machine Operators
  - Crane
  - Dirt Movers

Source: Action Printing
Biggest Threat Over the Next Decade

Government Regulation: 65% (Oct-15) vs. 70% (Oct-16)
Unstable Revenue / Going Out of Business: 15% (Oct-15) vs. 20% (Oct-16)
Other: 20% (Oct-15) vs. 10% (Oct-16)

Source: Action Printing
Debt and Finance

- Applied for New Credit: Oct-15 37%, Oct-16 40%
- Paid Down Debt: Oct-15 34%, Oct-16 33%
- Renewed Existing Credit: Oct-15 16%, Oct-16 21%
- Other: Oct-15 6%

Source: Action Printing
Roadblocks to Credit

- Banks Not Lending to My Type of Business: 9% (Oct-15), 8% (Oct-16)
- Weak Financial Statements: 5% (Oct-15), 9% (Oct-16)
- Uneven Cash Flow: 5% (Oct-15), 4% (Oct-16)
- Low Credit Score: 3% (Oct-15)
- Current Level of Debt: 3% (Oct-15), 3% (Oct-16)

Source: Action Printing
Professional Resources Used

Source: Action Printing

Oct-15 | Oct-16
--- | ---
Small Business Consulting | 4% | 3%
Regulatory Compliance Consulting | 13% | 16%
Real Estate | 15% | 9%
Bookkeeping | 16% | 16%
Financial | 22% | 21%
Marketing / Sales | 27% | 34%
Legal | 34% | 39%
Accounting | 67% | 71%
Insurance | 74% | 80%
Key Findings

- Most companies experiencing growth are having difficulties finding qualified and overall acceptable employees.
- Although compared to 2015, fewer companies cite employee availability as a major issue in business growth. Many companies indicated the available labor force did grow and most likely from employees coming from the oil industry.
- In addition, those responding from the oil industry cited mergers and consolidation as a popular change in their business. Oil field services companies feel that a 30% growth of drilling rigs may be in place over the next 15 months.
- Compared to 2015 agriculture remains concerned over the lack of farm program monies, crop prices and overseas competition.
- Healthcare grew in its concern of payments in the form of rebates under the affordable healthcare act. Healthcare industry grew in its concern of administrative cost combined with lack of funding for long term care. 8% of smaller companies dropped health care coverage.

Source: Action Printing
Key Findings

- Overall financing requirements of participating businesses decreased by a few percentage points and pay down of existing debt grew.
- Compared to 2015 survey specific type jobs including: Electrical, Welding and machine operation are still somewhat difficult to find but were better by 8%.
- Business sectors who feel the most optimistic about 2017 include: Marketing, advertising and some financial services - they mention a slow down due to the presidential race and see 2017 as a growth year.
- 8.5% of all businesses reported hiring in-house or consultative services for marketing, including social media.
South Plains College
$12.1M Raised For Expansion

Projected Opening: August 2017

- SPC: $4,000,000
- The Helen Jones Foundation: $3,000,000
- The CH Foundation: $2,000,000
- LEDA: $1,900,000
- The Talkington Foundation: $680,500
- US Dept. of Education: $500,000
- $1,900,000
- $680,500
- $500,000

Source: South Plains College