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# The State of Business

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November 15, 2016



# Build a Place

Maura Gast – Irving, TX CVB

“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

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

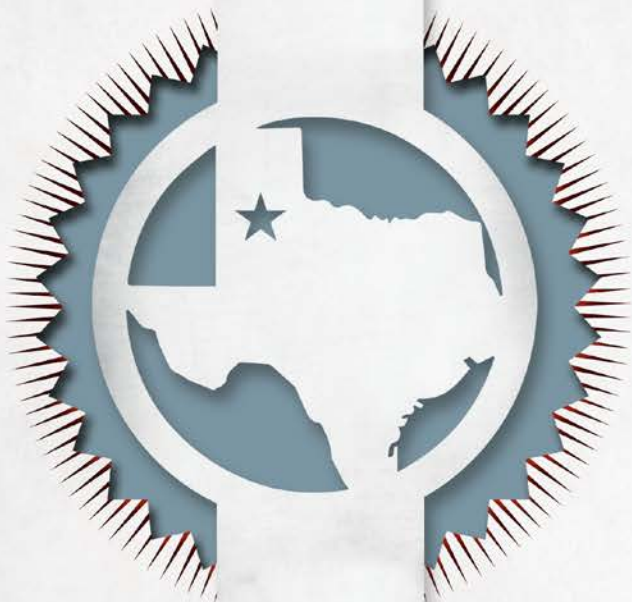
# What Others Say

- Move.org ranks Lubbock as 6<sup>th</sup> 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 15<sup>th</sup> 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.





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# Demographics

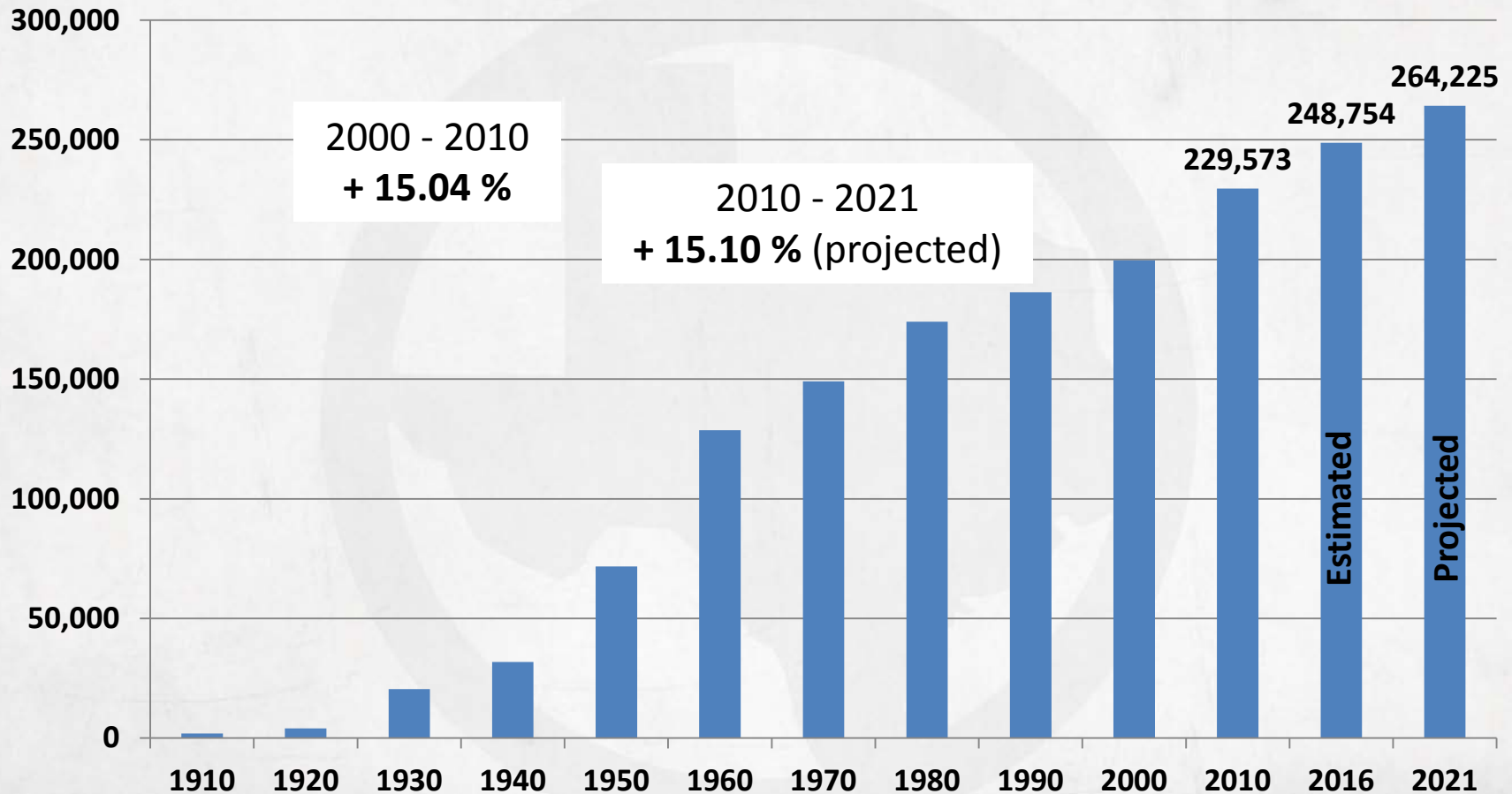
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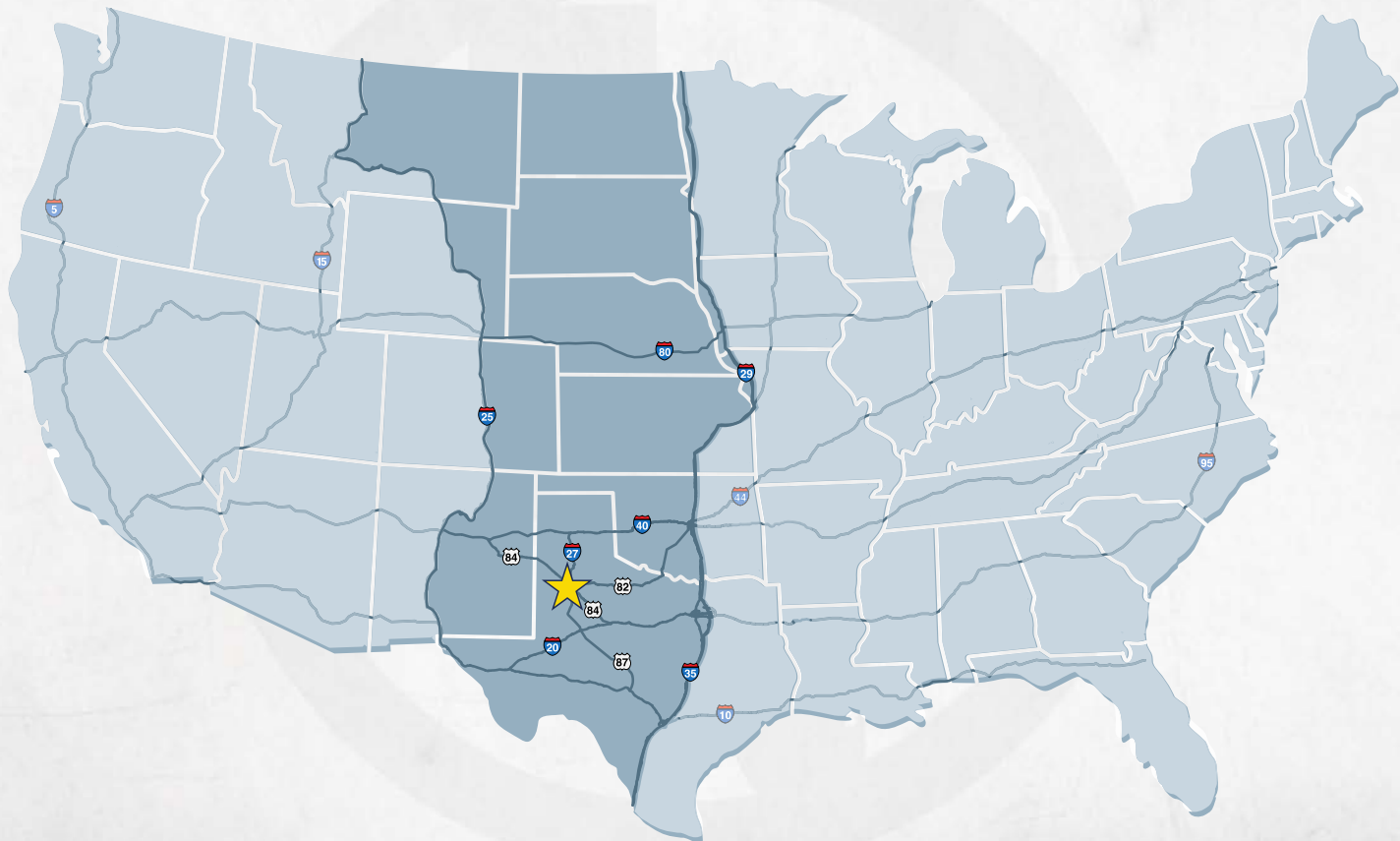
# Population Growth

## City of Lubbock



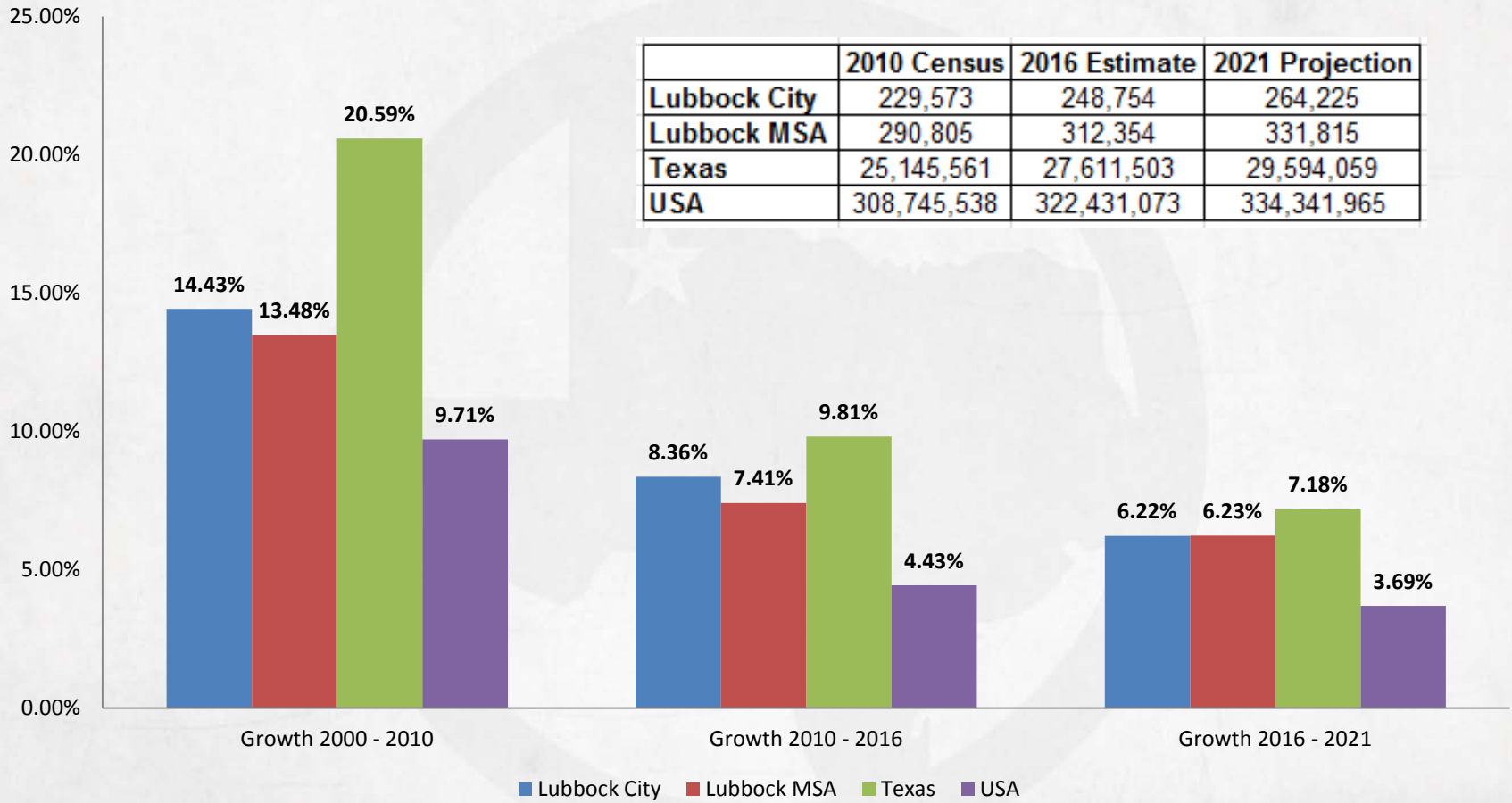
# 3<sup>rd</sup> Largest MSA

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





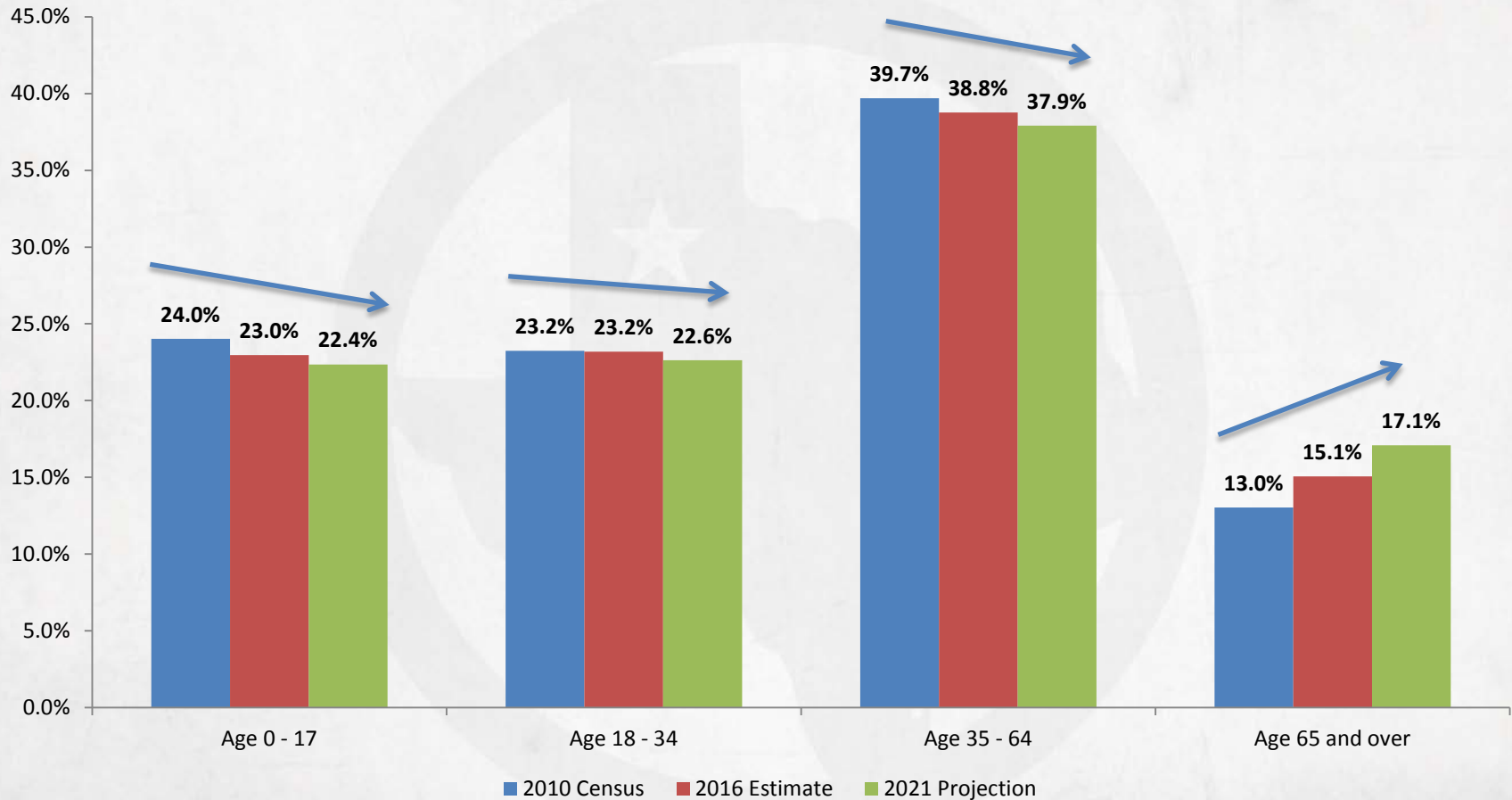
# Population Growth



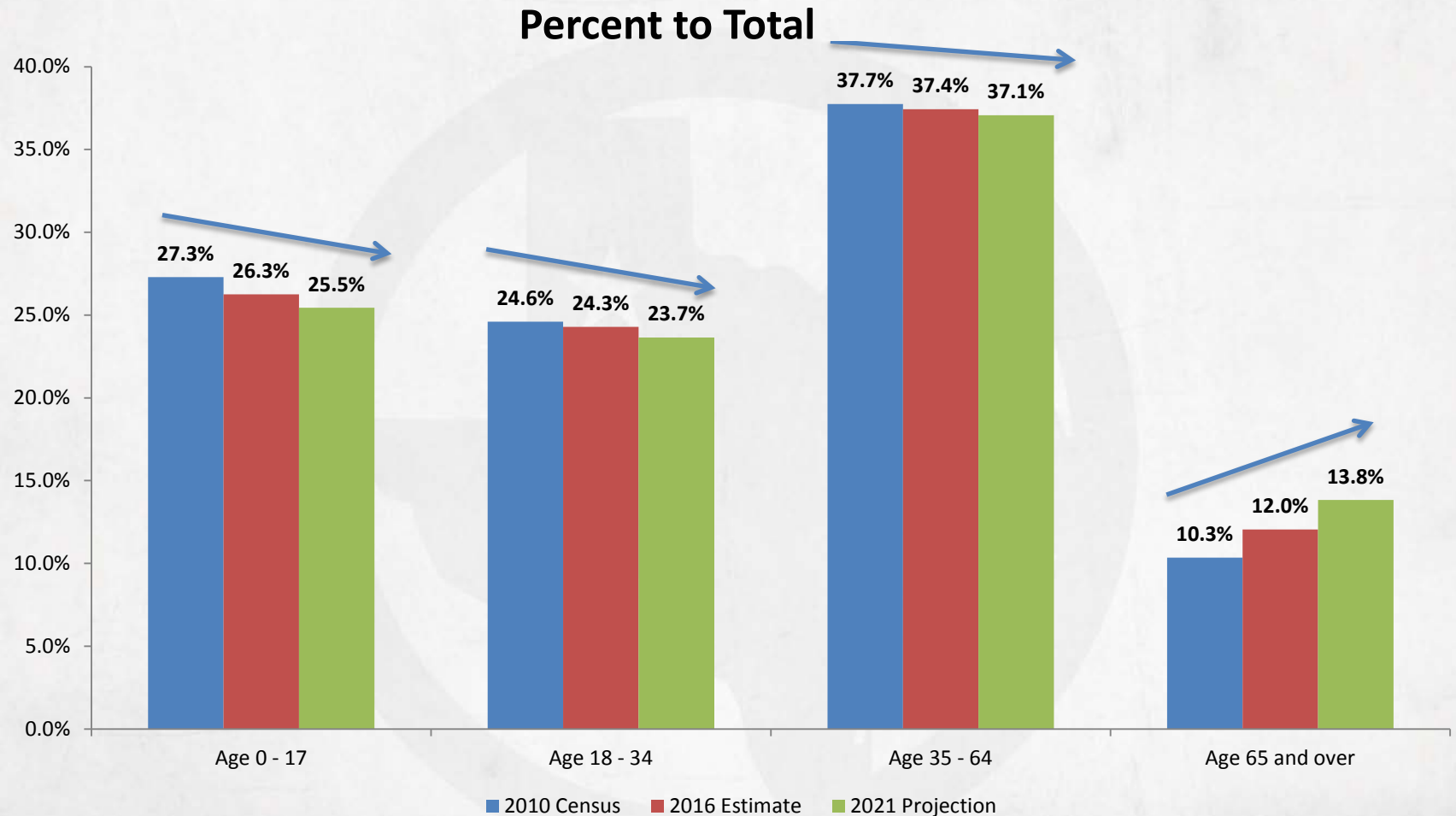
Source: Nielsen Reports

# Population by Age Group - USA

## Percent to Total

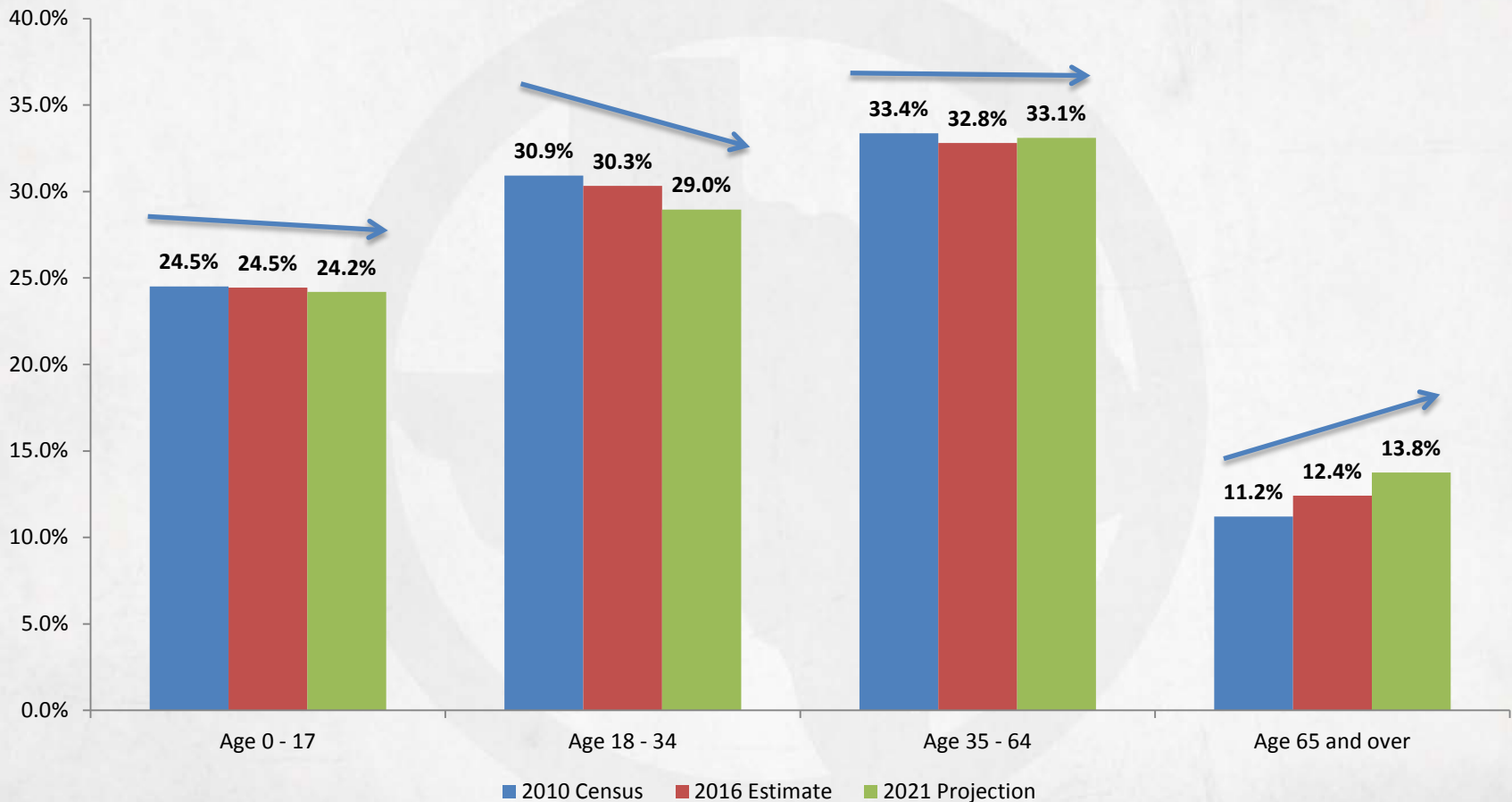


# Population by Age Group - Texas

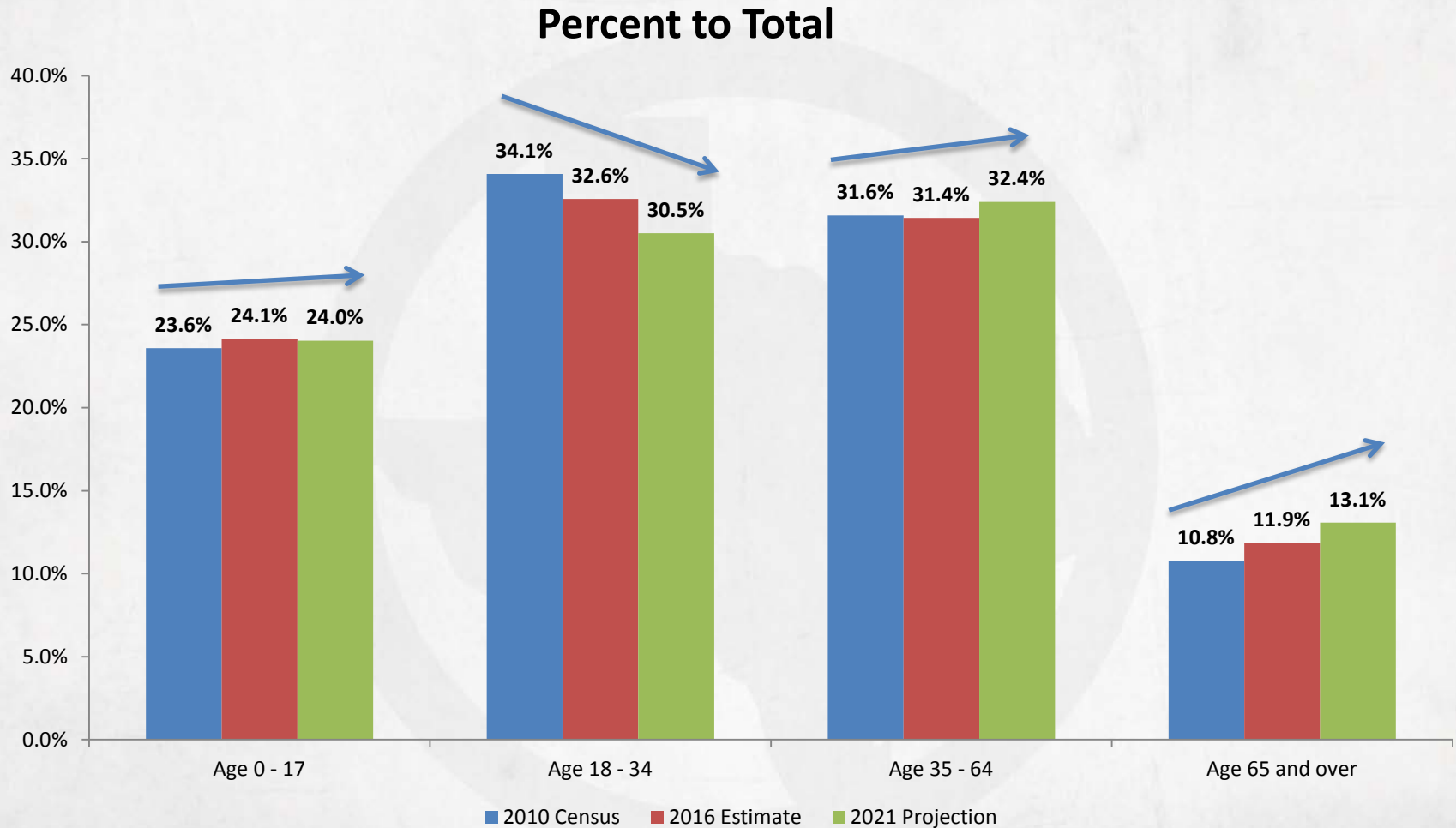


# Population by Age Group - Lubbock MSA

## Percent to Total



# Population by Age Group - Lubbock City



Source: Nielsen Reports





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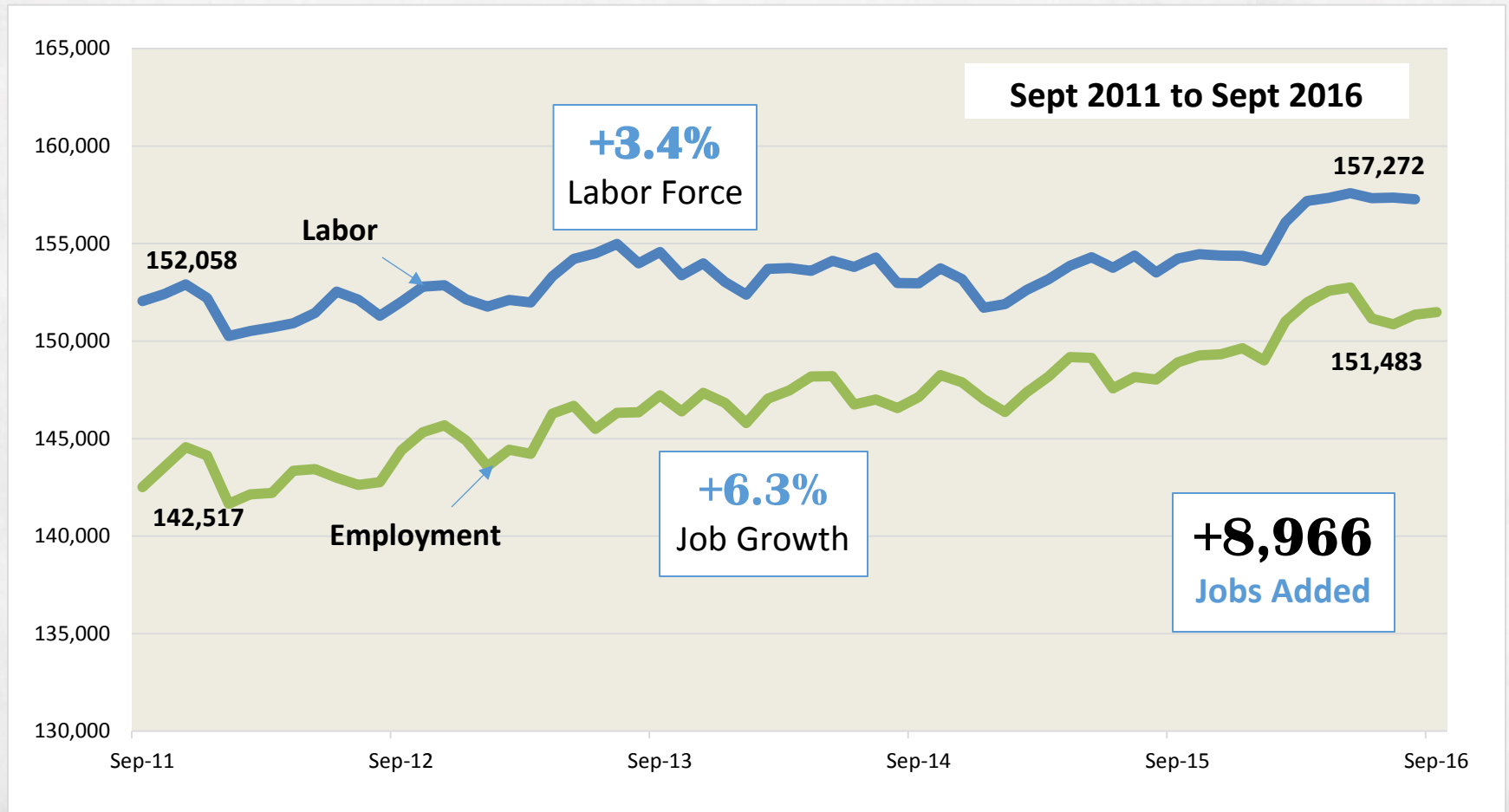
# Economic Performance

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# Lubbock's Employed Labor Force

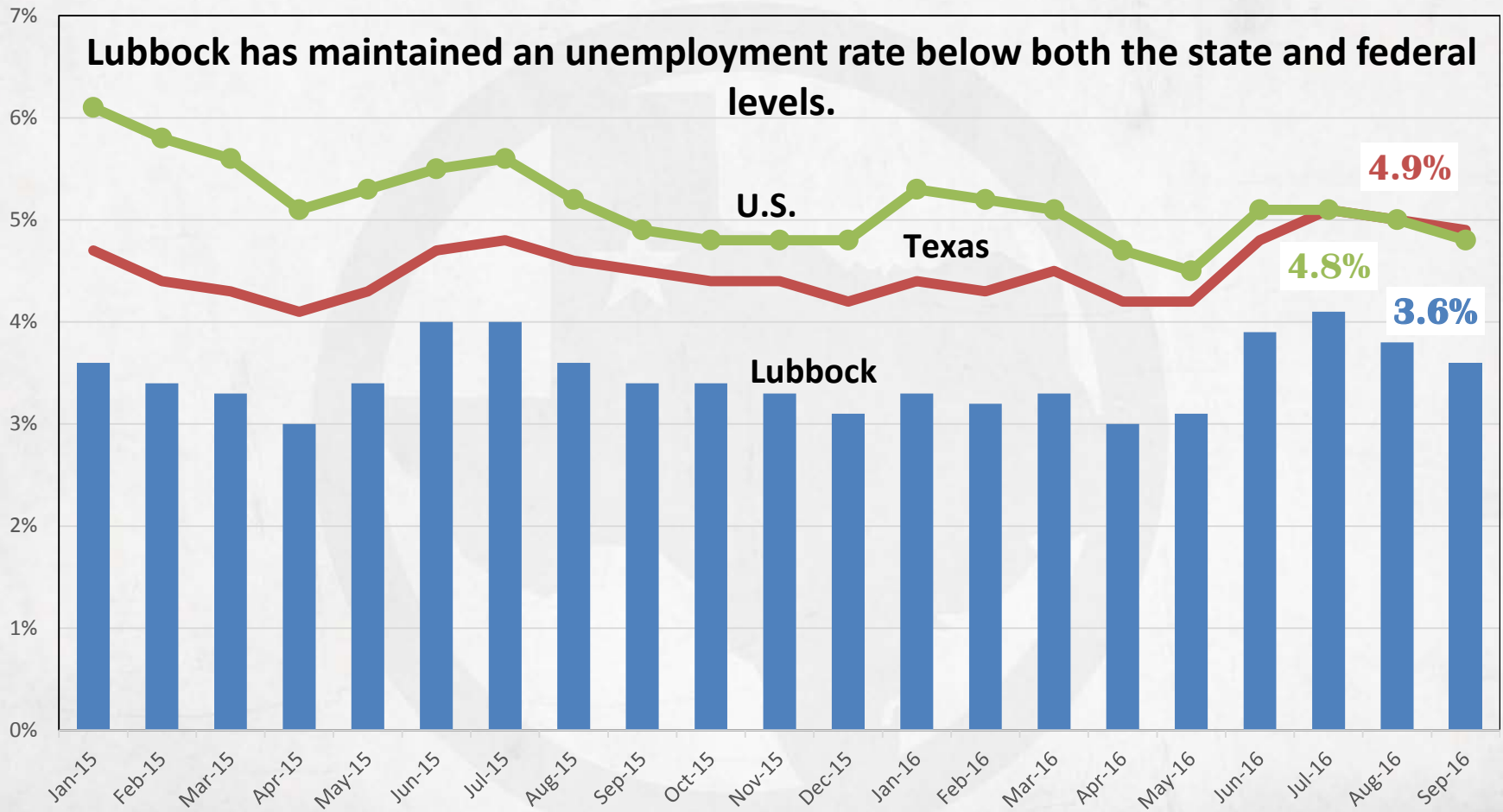


# Job Growth Performance Since 2011

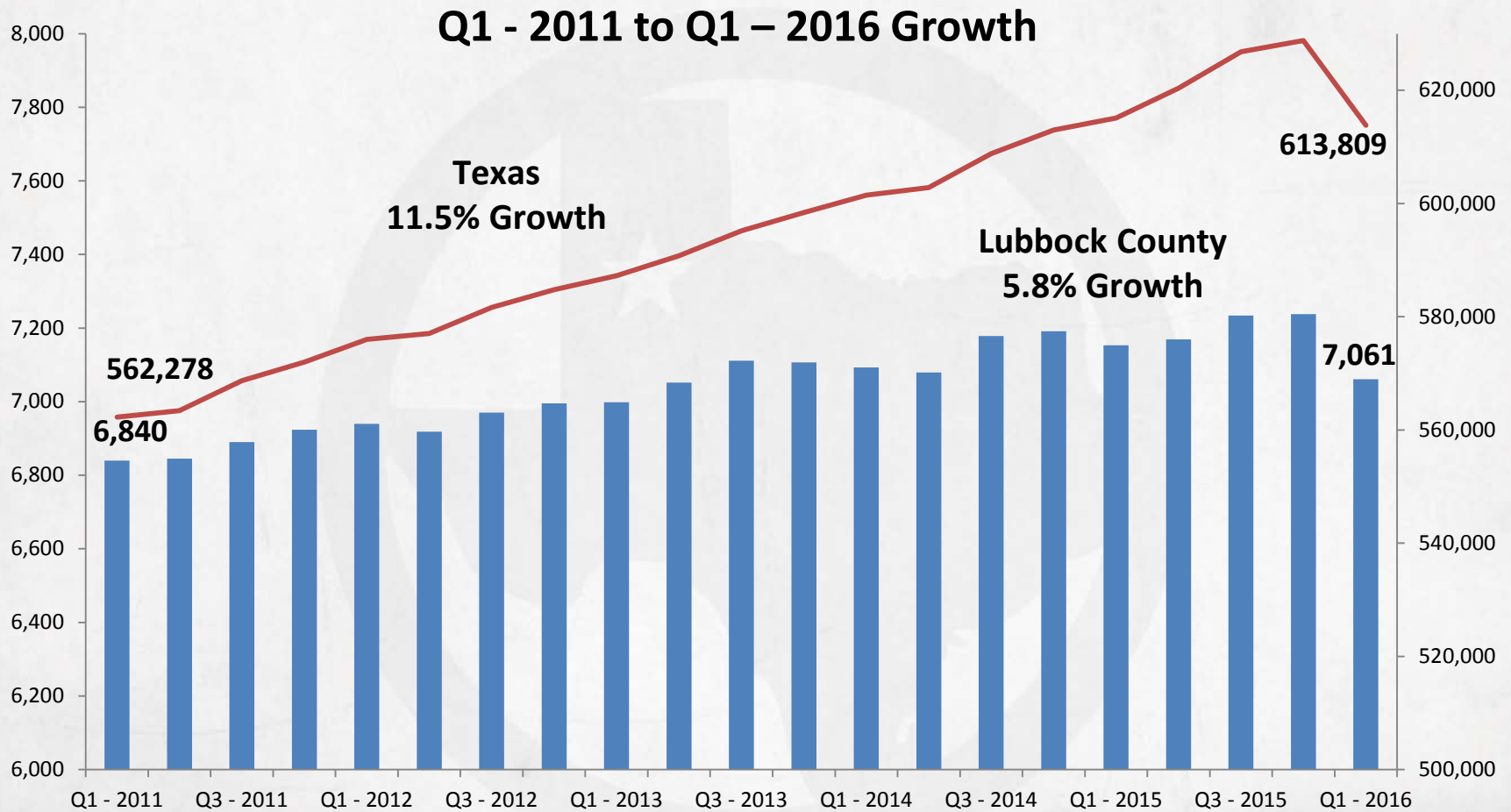
Sept. 2011 vs Sept. 2016

| Region        | Job Growth | Labor Force |
|---------------|------------|-------------|
| United States | 8.2%       | 3.6%        |
| Lubbock       | 6.3%       | 3.4%        |
| Texas         | 9.9%       | 6.5%        |

# Unemployment Rate



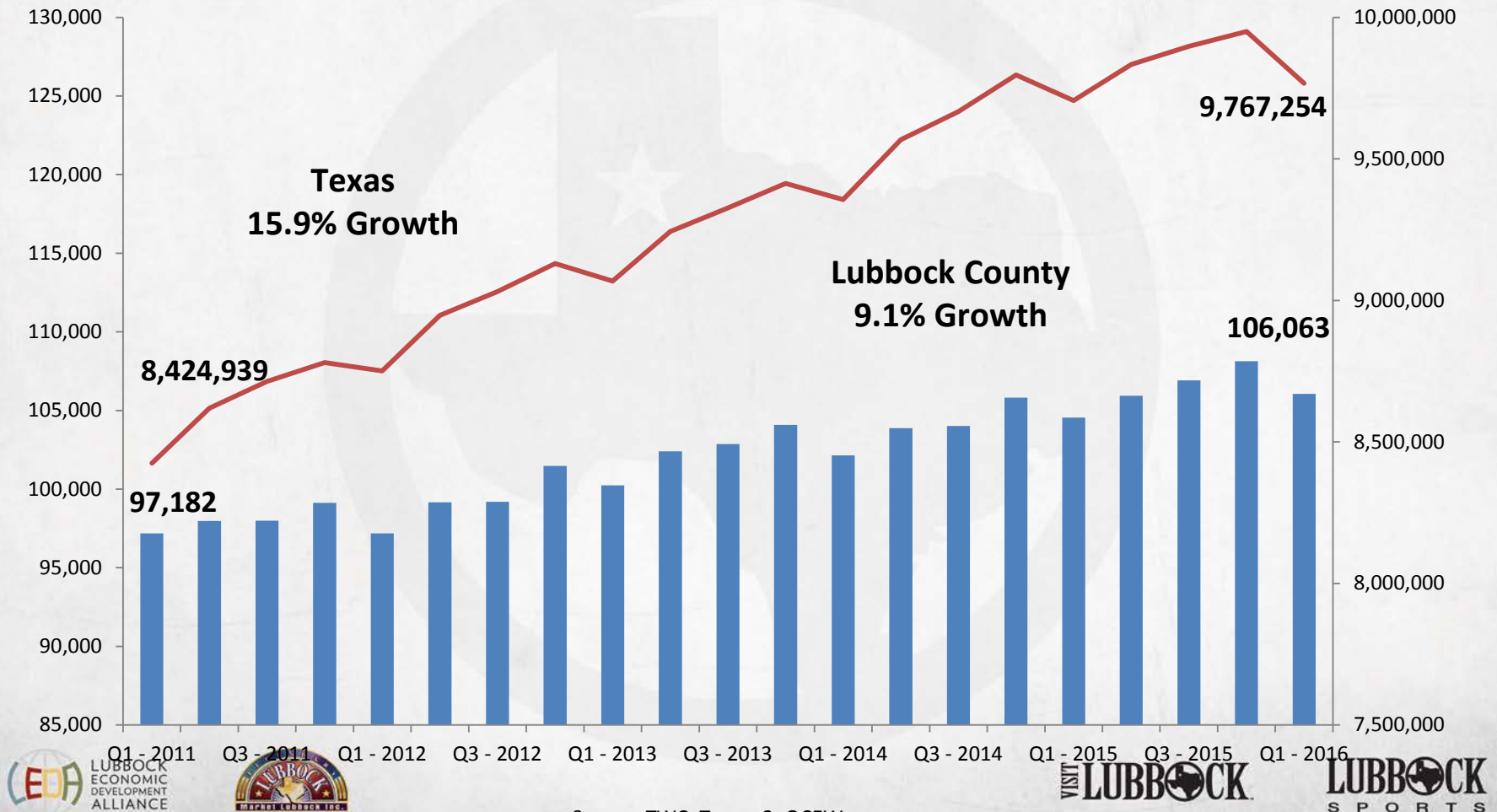
# Establishments - All Private Industries



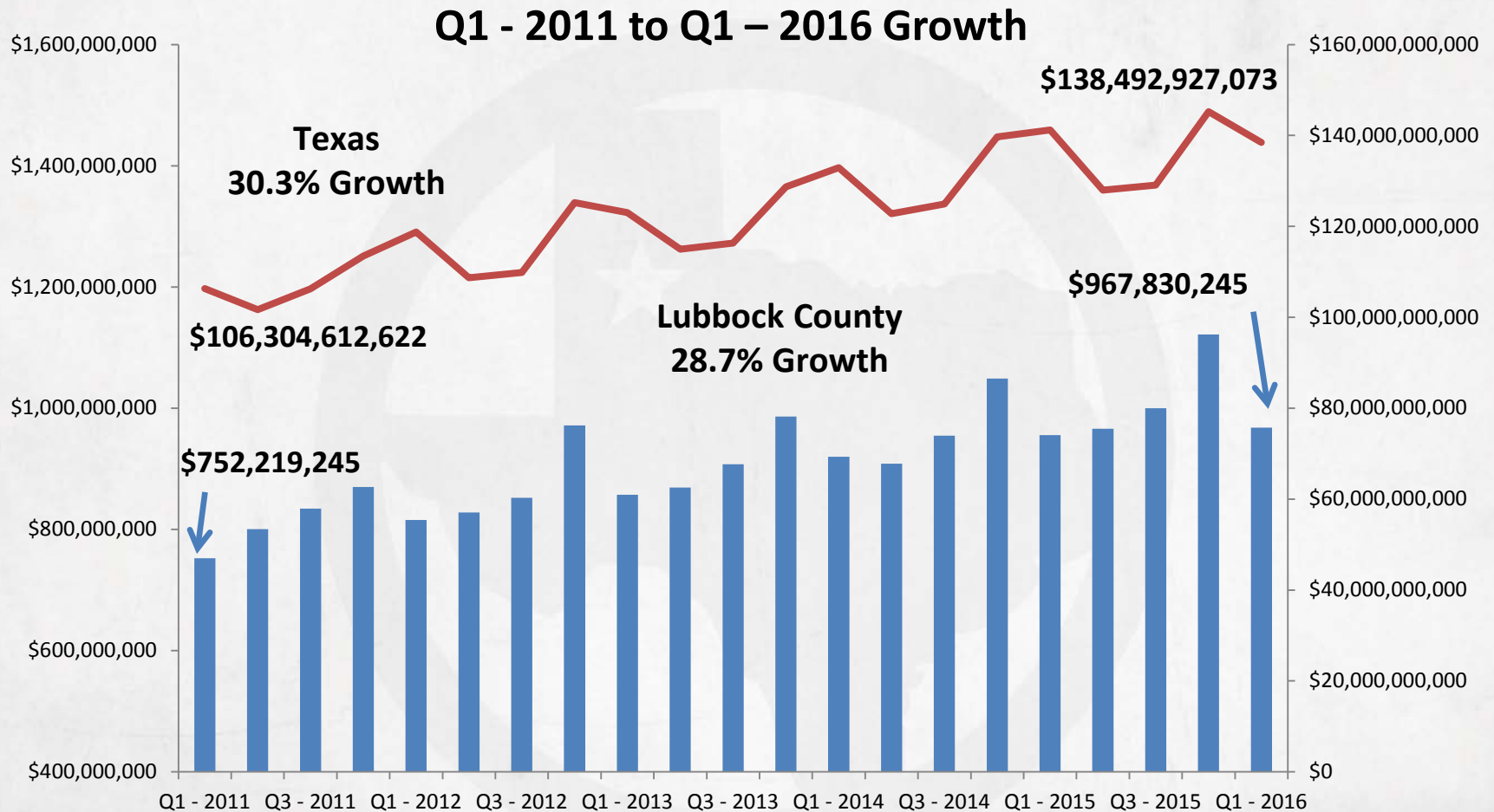


# Avg. Workforce - All Private Industries

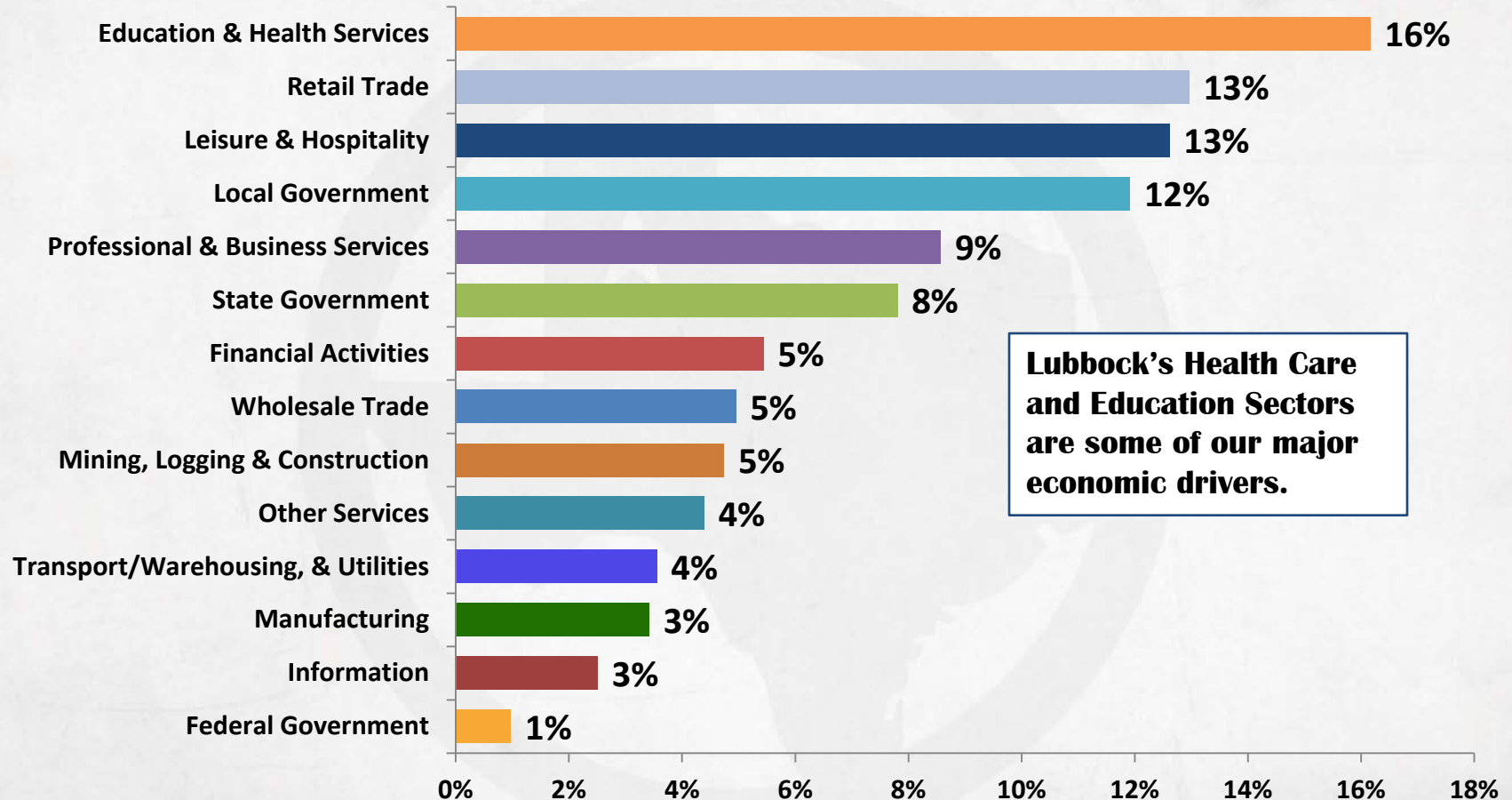
## Q1 - 2011 to Q1 - 2016 Growth



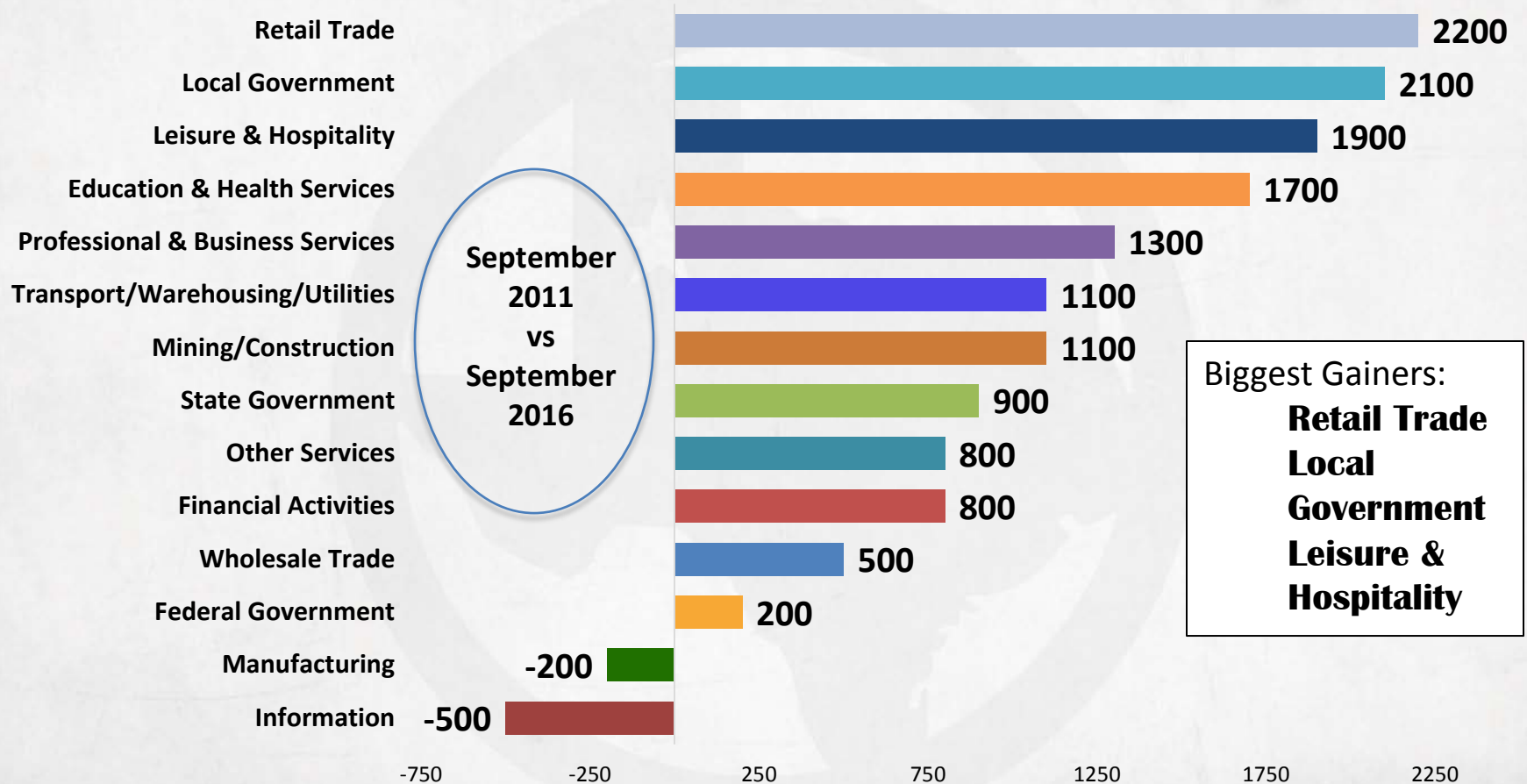
# Total Wages - All Private Industries



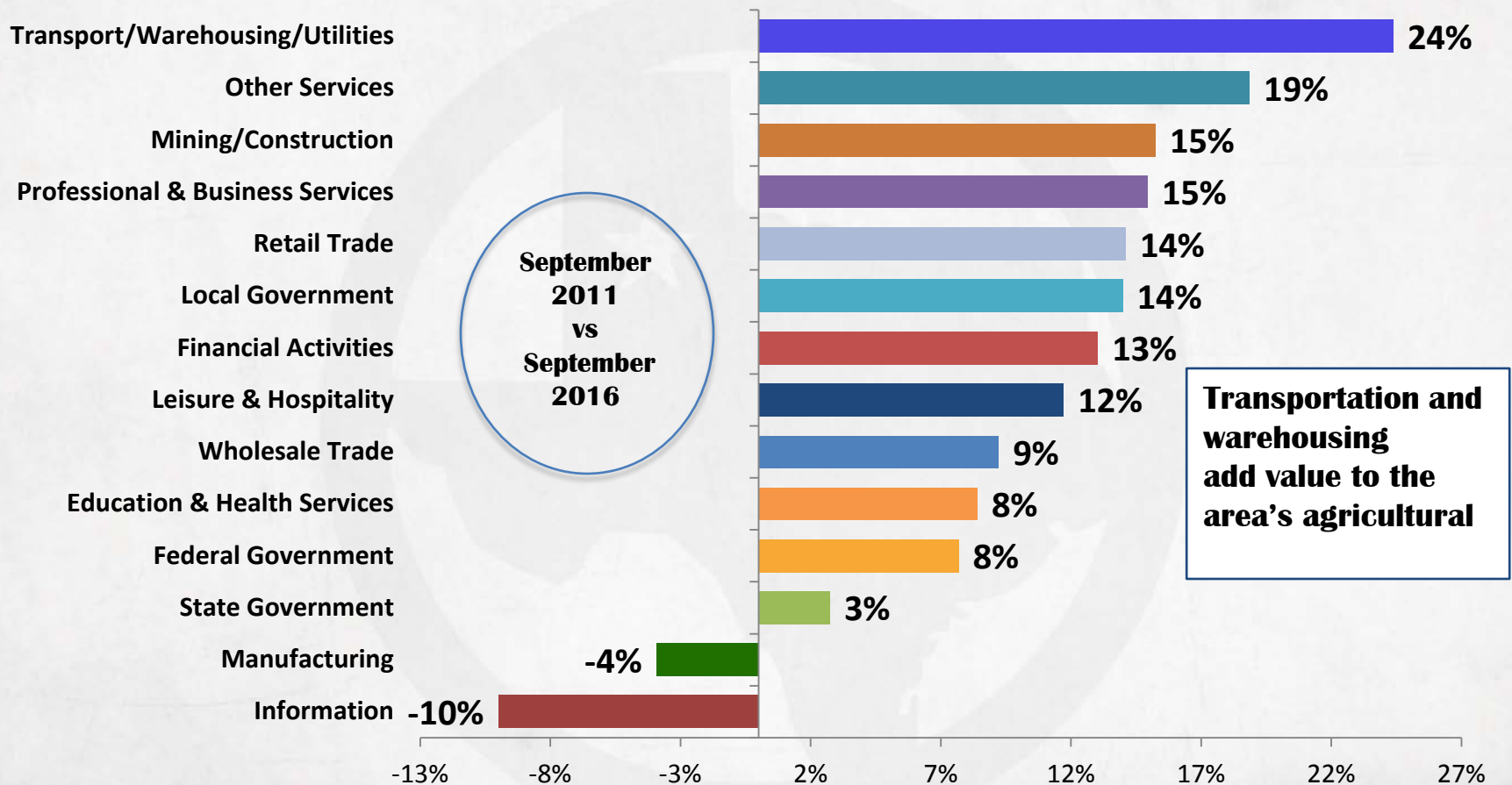
# 2016 Industry Employment Distribution



# Industry Net Job Gains

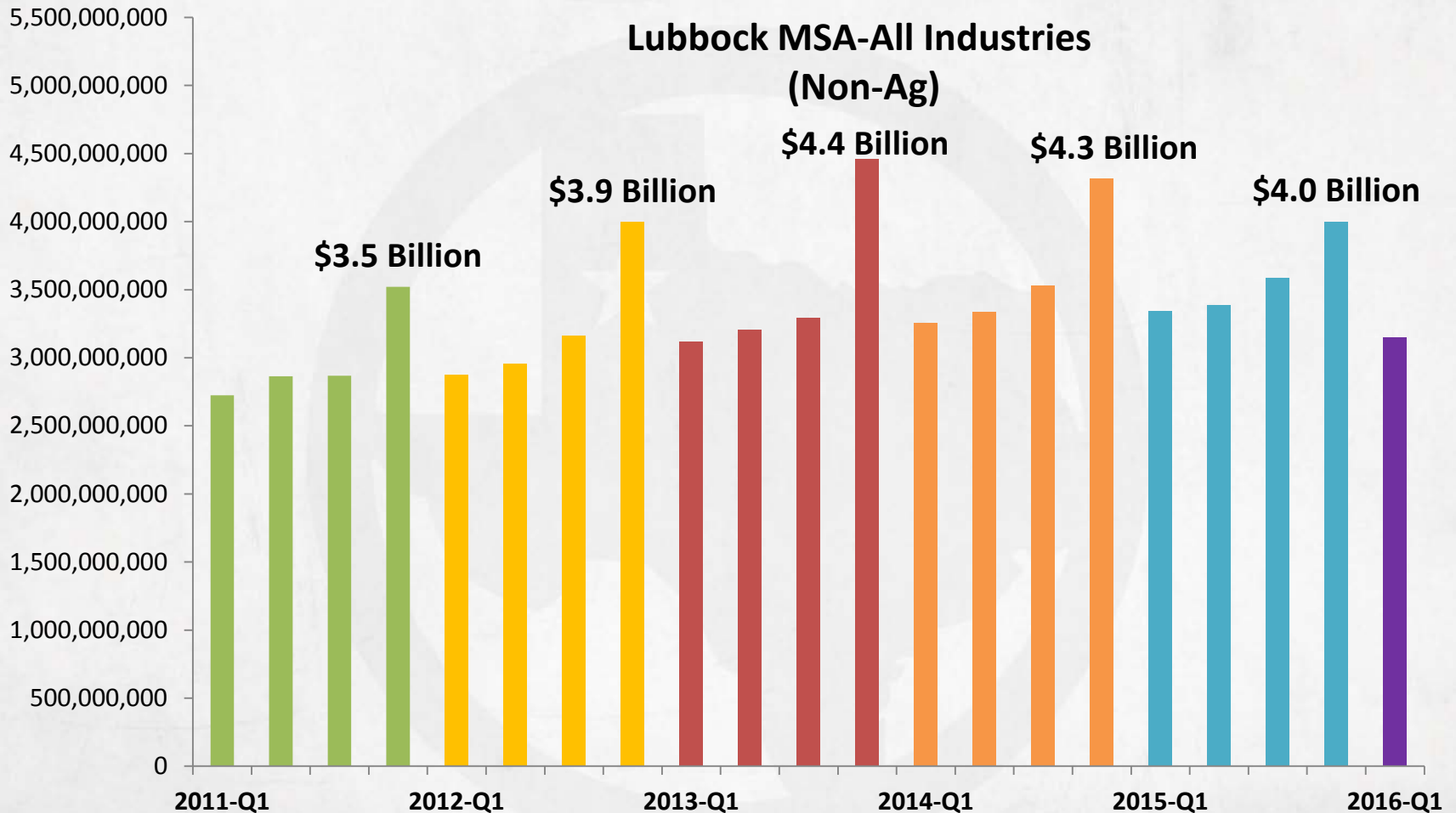


# Job Growth by Industry

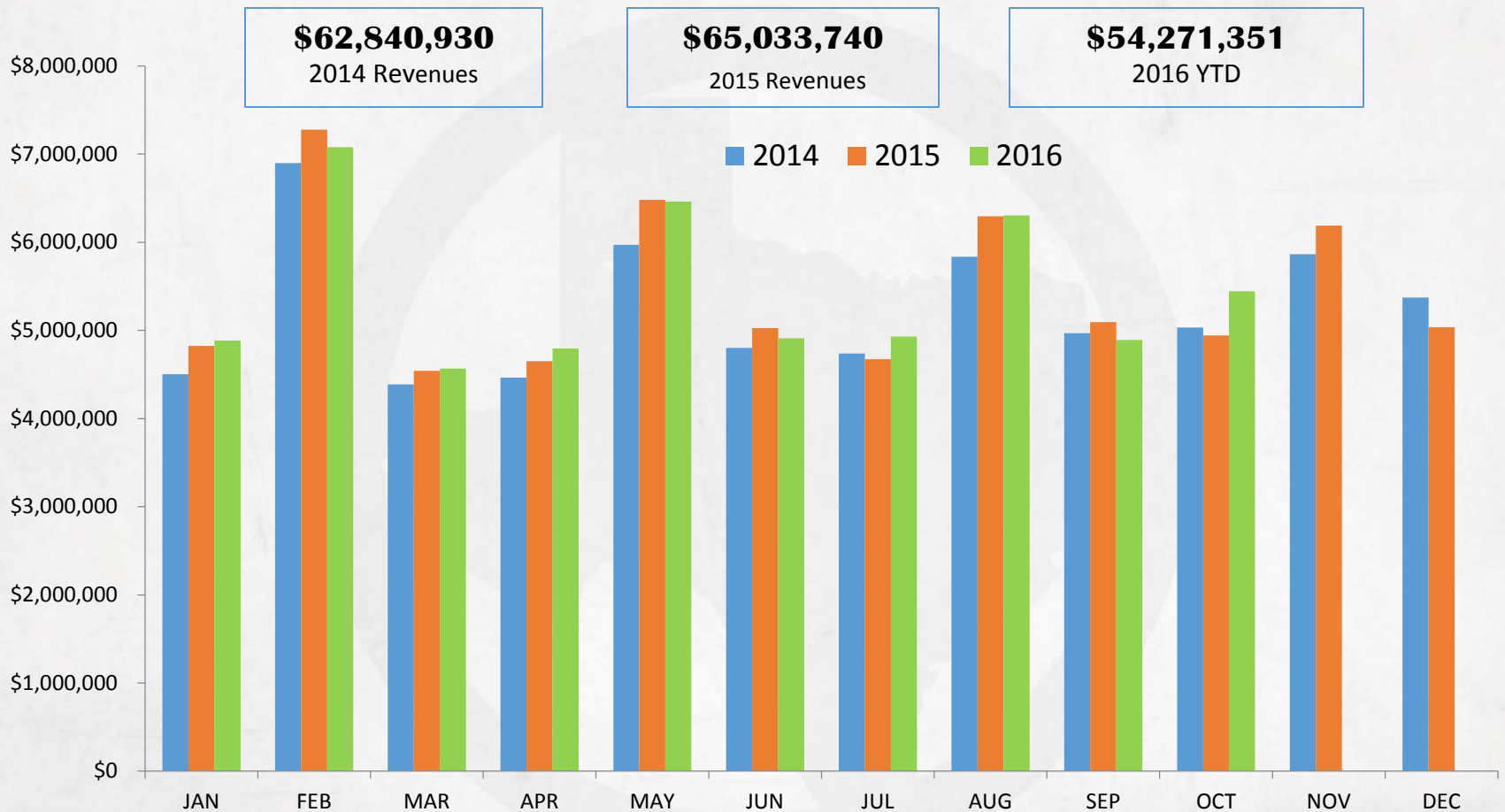




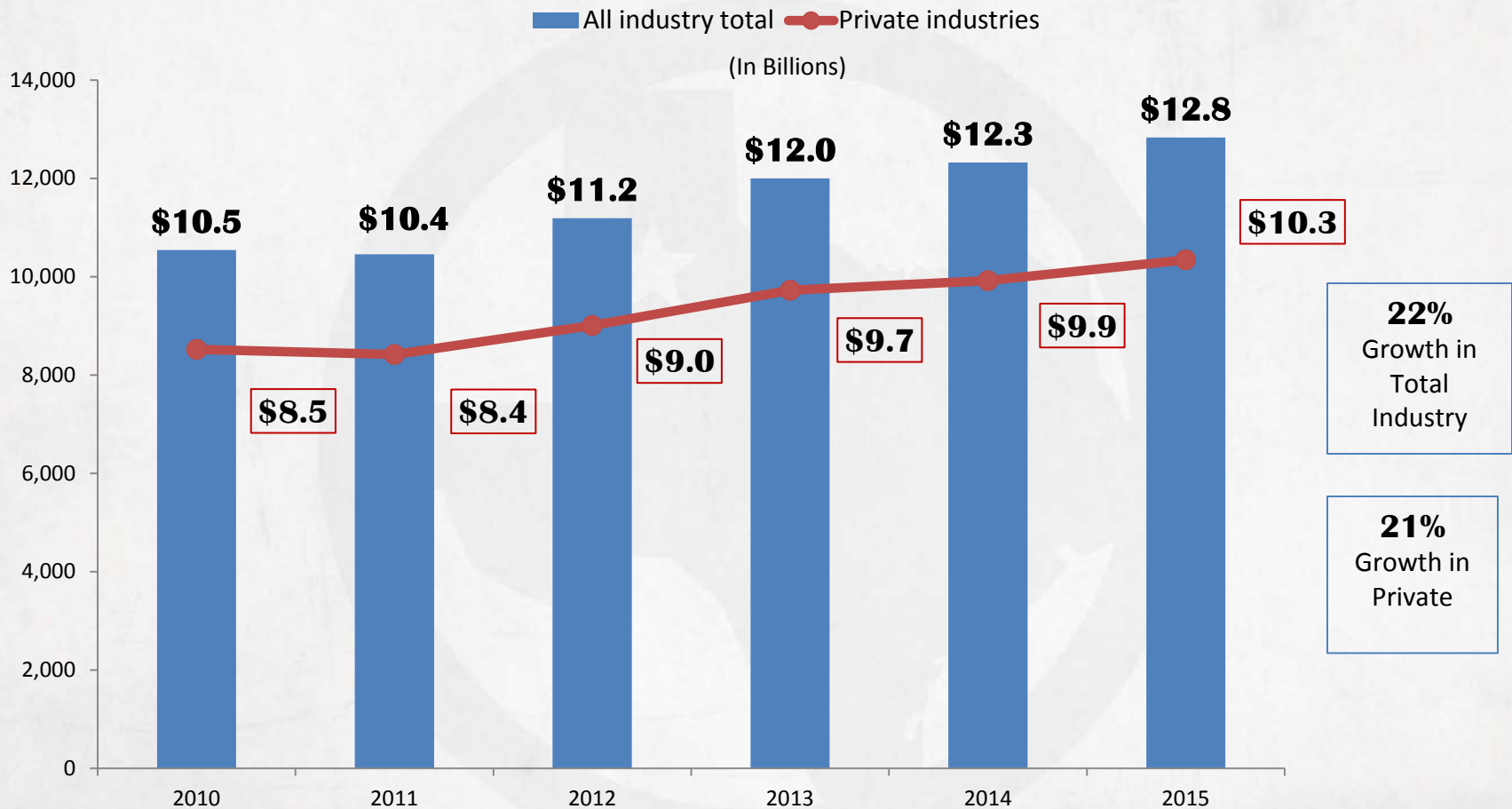
# Quarterly Gross Sales



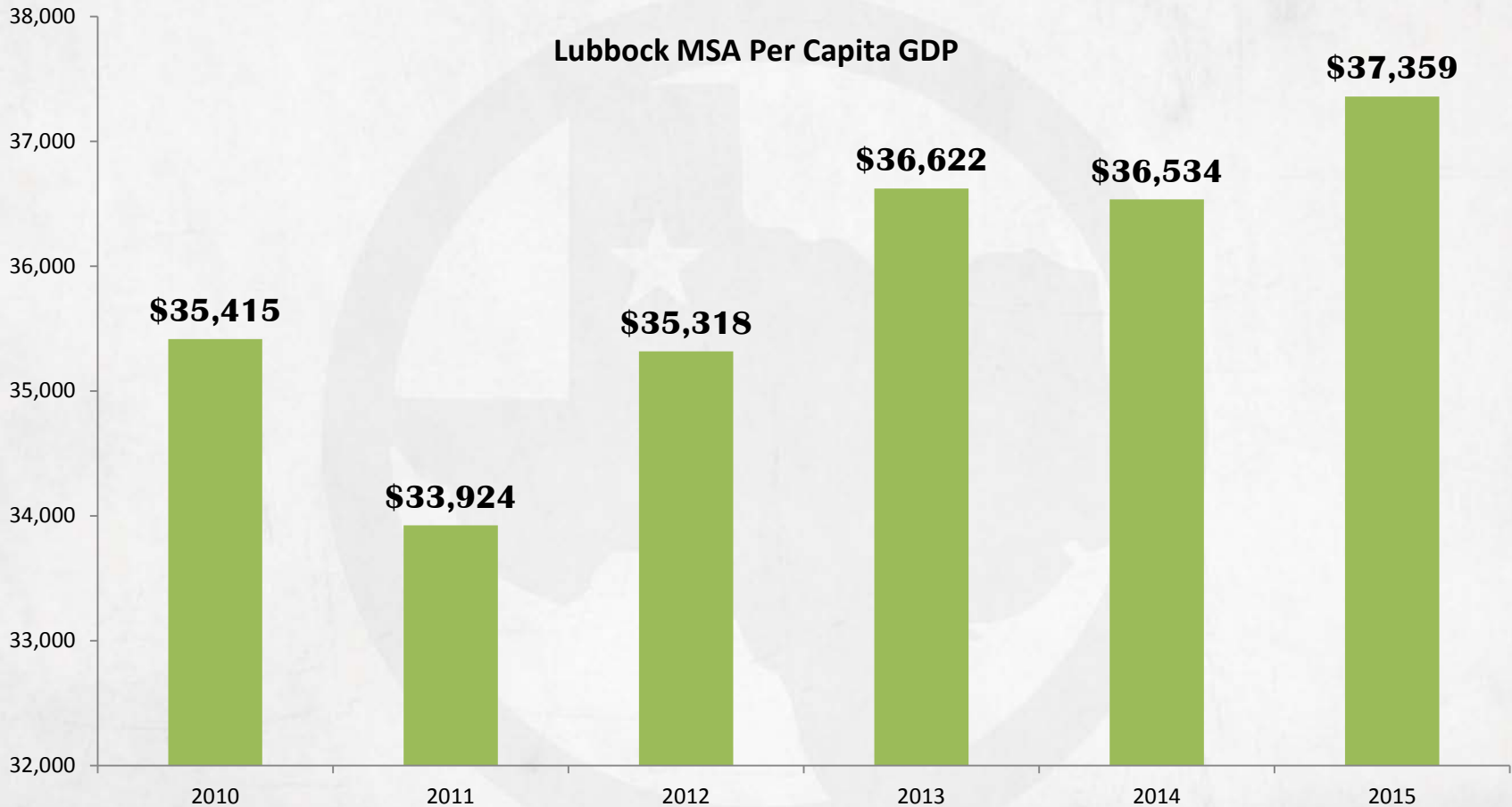
# City of Lubbock Sales Tax Allocations

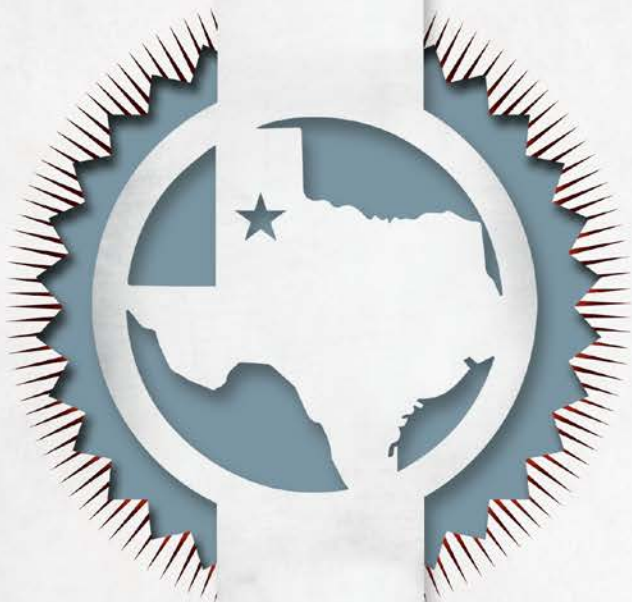


# Lubbock Gross Domestic Product 2010-2015



# Gross Domestic Product Per Capita





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# Real Estate

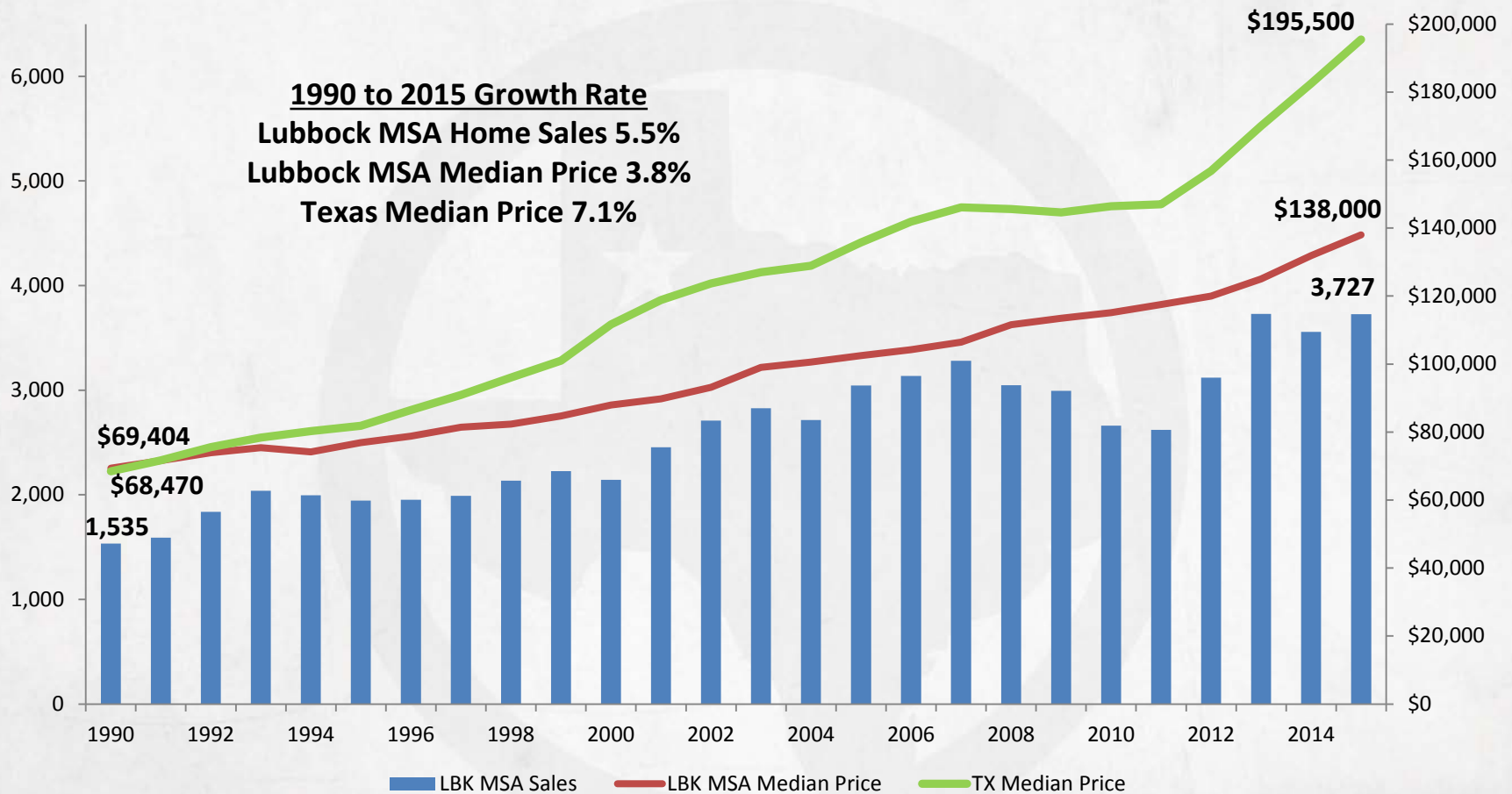
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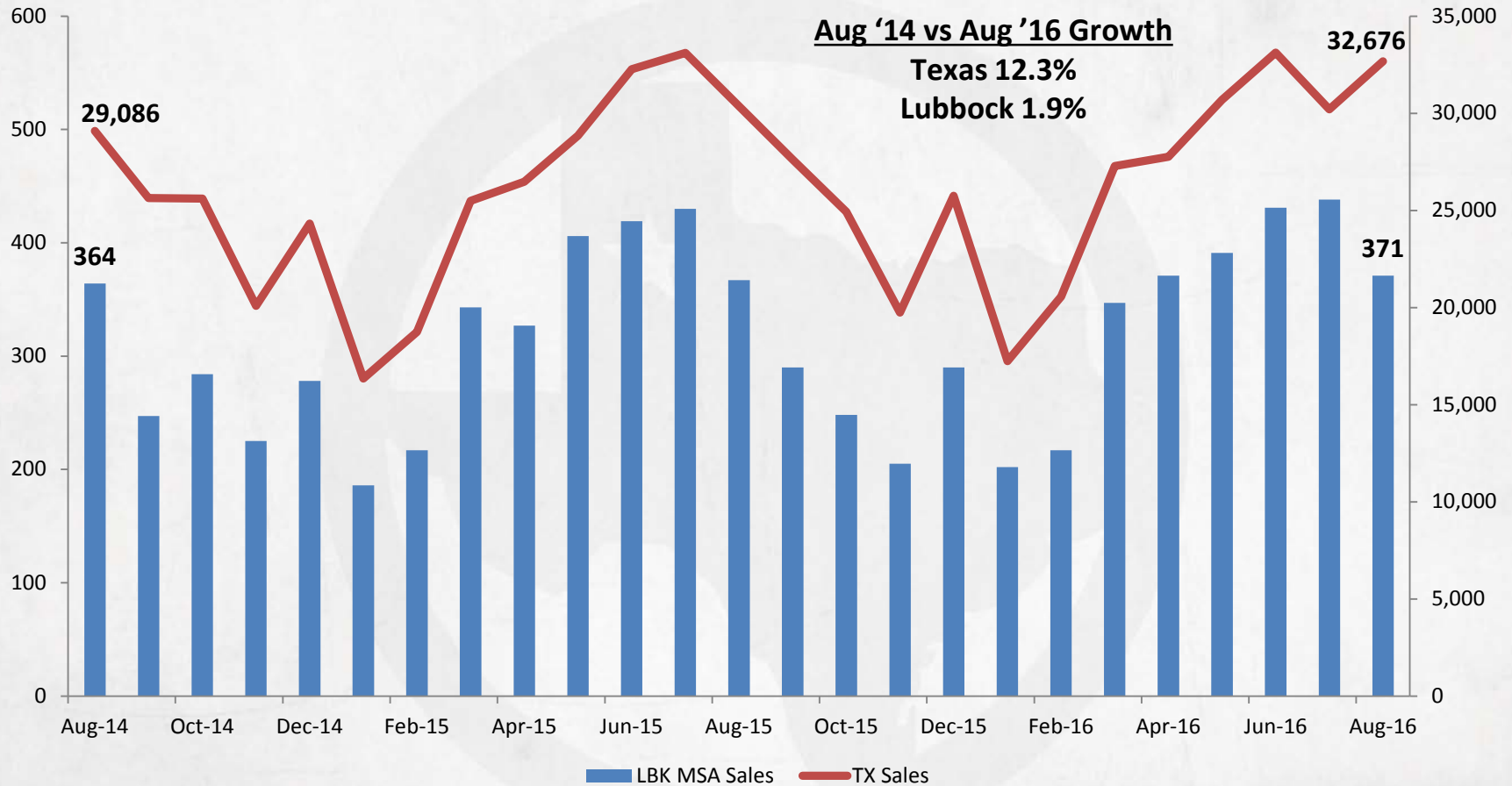




# Annual Home Sales and Median Price

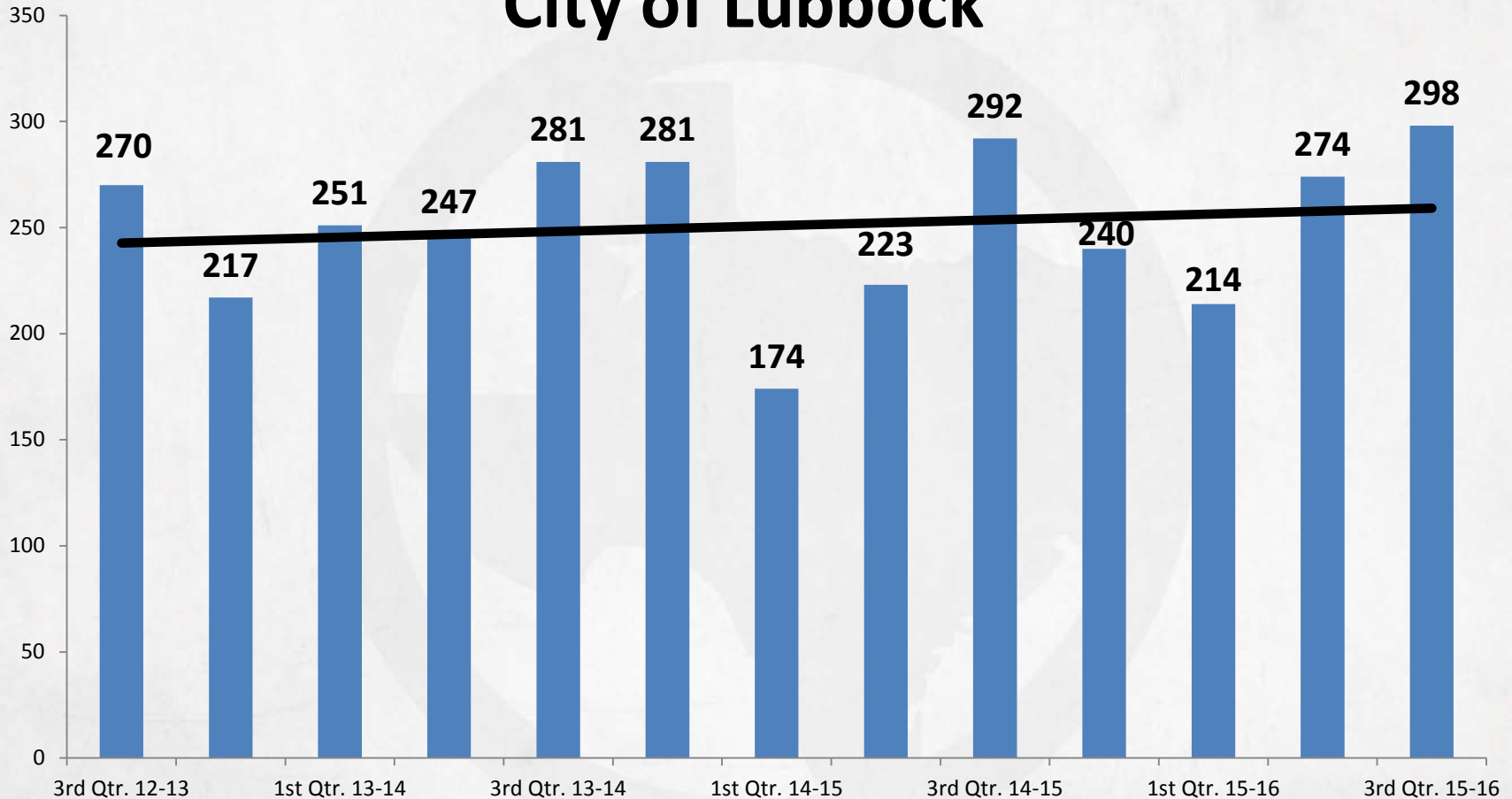


# Monthly Home Sales

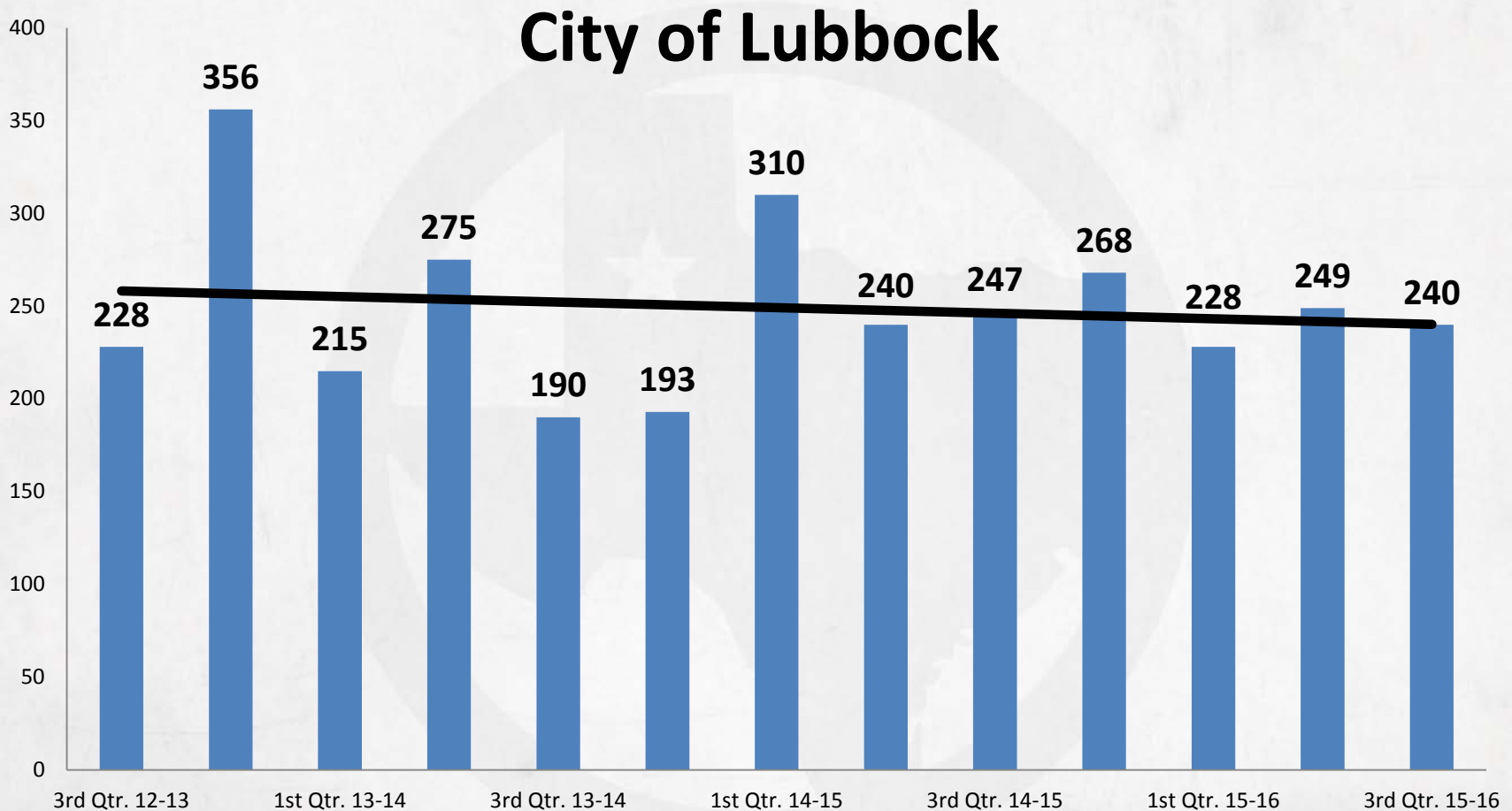


# Permits – New Residential

## City of Lubbock



# Permits – New Non-Residential



Source: City of Lubbock

# Office Space

| Lubbock MSA        |             |             |             |             |
|--------------------|-------------|-------------|-------------|-------------|
|                    | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> |
| Existing Inventory | 1,183       | 1,190       | 1,195       | 1,212       |
| Total SF Available | 725,187     | 639,032     | 683,541     | 768,664     |
| Vacancy Rate       | 6.8%        | 6.0%        | 6.3%        | 7.1%        |
| Quoted Rates       | \$12.70     | \$14.34     | \$14.16     | \$14.10     |
|                    |             |             |             |             |
| Downtown           |             |             |             |             |
|                    | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> |
| Existing Inventory | 141         | 144         | 145         | 145         |
| Total SF Available | 352,209     | 311,286     | 319,630     | 339,700     |
| Vacancy Rate       | 17.1%       | 15.0%       | 15.3%       | 16.8%       |
| Quoted Rates       | \$13.06     | \$13.29     | \$13.10     | \$12.90     |

# Industrial Space

|                    |             |             |             |             |
|--------------------|-------------|-------------|-------------|-------------|
| Lubbock MSA        |             |             |             |             |
|                    | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> |
| Existing Inventory | 2,042       | 2,050       | 2,054       | 2,062       |
| Total SF Available | 1,123,246   | 734,347     | 607,256     | 937,864     |
| Vacancy Rate       | 3.4%        | 2.2%        | 1.8%        | 2.8%        |
| Quoted Rates       | \$3.62      | \$5.00      | \$4.05      | \$3.59      |
|                    |             |             |             |             |
| Downtown           |             |             |             |             |
|                    | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> |
| Existing Inventory | 72          | 72          | 72          | 75          |
| Total SF Available | 9,700       | 21,500      | 9,500       | 13,375      |
| Vacancy Rate       | 1.3%        | 2.8%        | 1.2%        | 1.7%        |
| Quoted Rates       | \$7.54      | \$3.25      | \$3.50      | \$4.47      |

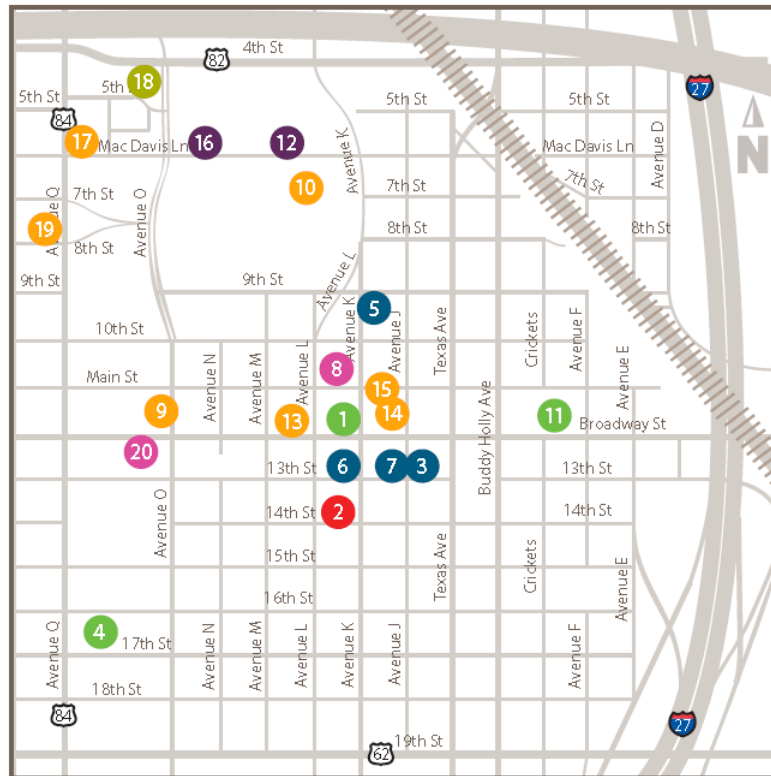


# Retail Space

| Lubbock MSA        |           |         |         |         |
|--------------------|-----------|---------|---------|---------|
|                    | 2013      | 2014    | 2015    | 2016    |
| Existing Inventory | 2,247     | 2,243   | 2,267   | 2,291   |
| Total SF Available | 1,107,715 | 856,028 | 824,750 | 785,008 |
| Vacancy Rate       | 4.8%      | 3.7%    | 3.5%    | 3.2%    |
| Quoted Rates       | \$8.94    | \$10.40 | \$10.91 | \$13.38 |
| Downtown           |           |         |         |         |
|                    | 2013      | 2014    | 2015    | 2016    |
| Existing Inventory | 178       | 175     | 176     | 177     |
| Total SF Available | 53,083    | 30,600  | 25,360  | 6,250   |
| Vacancy Rate       | 3.3%      | 1.9%    | 1.5%    | 0.4%    |
| Quoted Rates       | \$13.27   | \$13.57 | \$13.09 | \$11.48 |

# Downtown Map

## DOWNTOWN LUBBOCK



|    |                                    |                    |
|----|------------------------------------|--------------------|
| 1  | Pioneer Hotel                      | 1204 Broadway      |
| 2  | Citizen's Tower                    | 1206 14th St.      |
| 3  | Green Building                     | 1215 Ave. J        |
| 4  | Kingdom Towers                     | 1625 16th St.      |
| 5  | Primitive Social #2                | 905 Ave. K         |
| 6  | Primitive Social #1                | 1214 Ave. K        |
| 7  | Old Hester's                       | 1212 Ave. J        |
| 8  | Jim Kimmel Center                  | 1202 Main          |
| 9  | Hotel - Pending                    | 1600 Broadway      |
| 10 | Hotel - Civic Center               | 1301 Mac Davis Ln. |
| 11 | Former Federal Courthouse          | 800 Broadway       |
| 12 | Buddy Holly Performing Arts Center | 1302 Mac Davis Ln. |
| 13 | Kelly Properties                   | 1306 Broadway      |
| 14 | Kelly Properties                   | 1101-1110 Ave J    |
| 15 | Kelly Properties                   | 1101-1109 Main St. |
| 16 | College Baseball Hall of Fame      | 1500 Mac Davis Ln. |
| 17 | Old Radisson                       | 505 Ave. Q         |
| 18 | Community Health Center            | 1610 5th St.       |
| 19 | Hotel - Pending                    | 714 Ave. Q         |
| 20 | Western Bank                       | 1617 Broadway      |

|   |   |
|---|---|
| <span style="color: green;">●</span> Residential        | <span style="color: orange;">●</span> Hotel         |
| <span style="color: red;">●</span> Government           | <span style="color: purple;">●</span> Entertainment |
| <span style="color: pink;">●</span> Office              | <span style="color: blue;">●</span> Medical         |
| <span style="color: darkgreen;">●</span> Planning Stage |   |

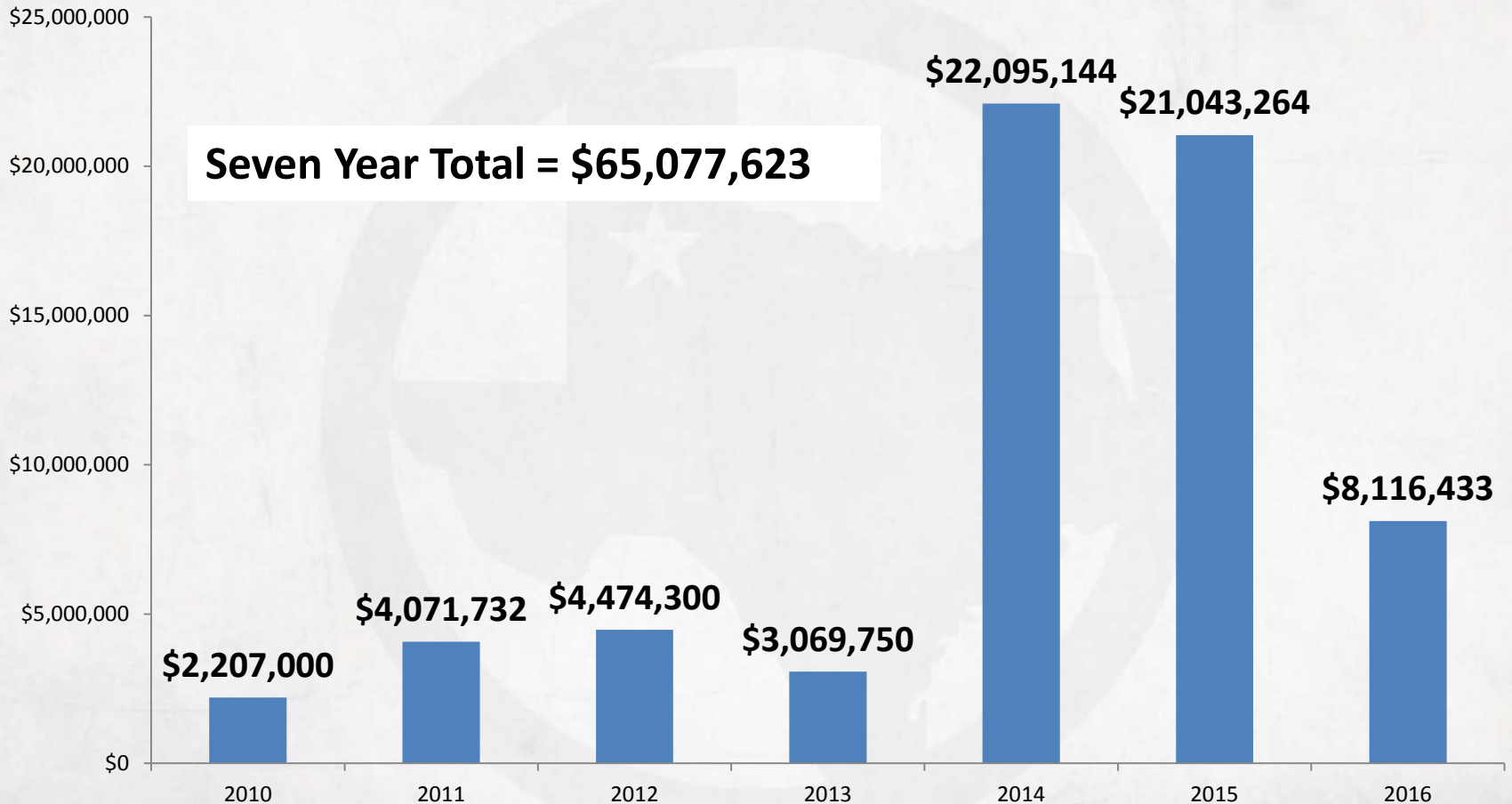
### LEGEND



LUBBOCK  
ECONOMIC  
DEVELOPMENT  
ALLIANCE



# Downtown Commercial Construction Permits



# Downtown

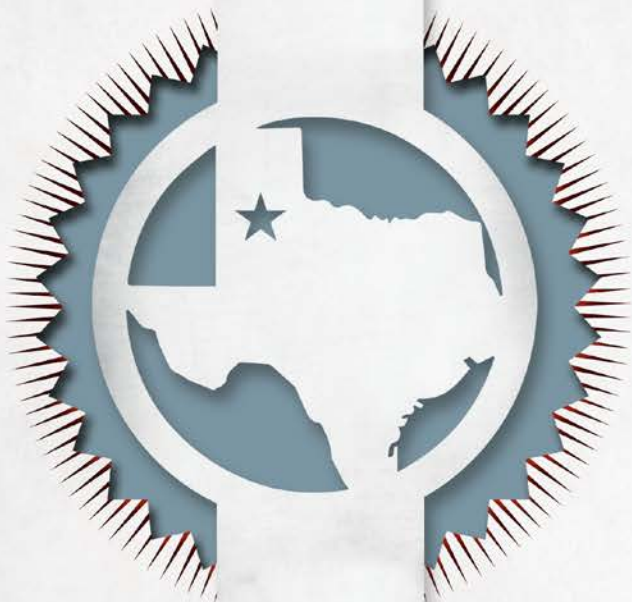
## Reagor Dykes Auto Group



## The West Table







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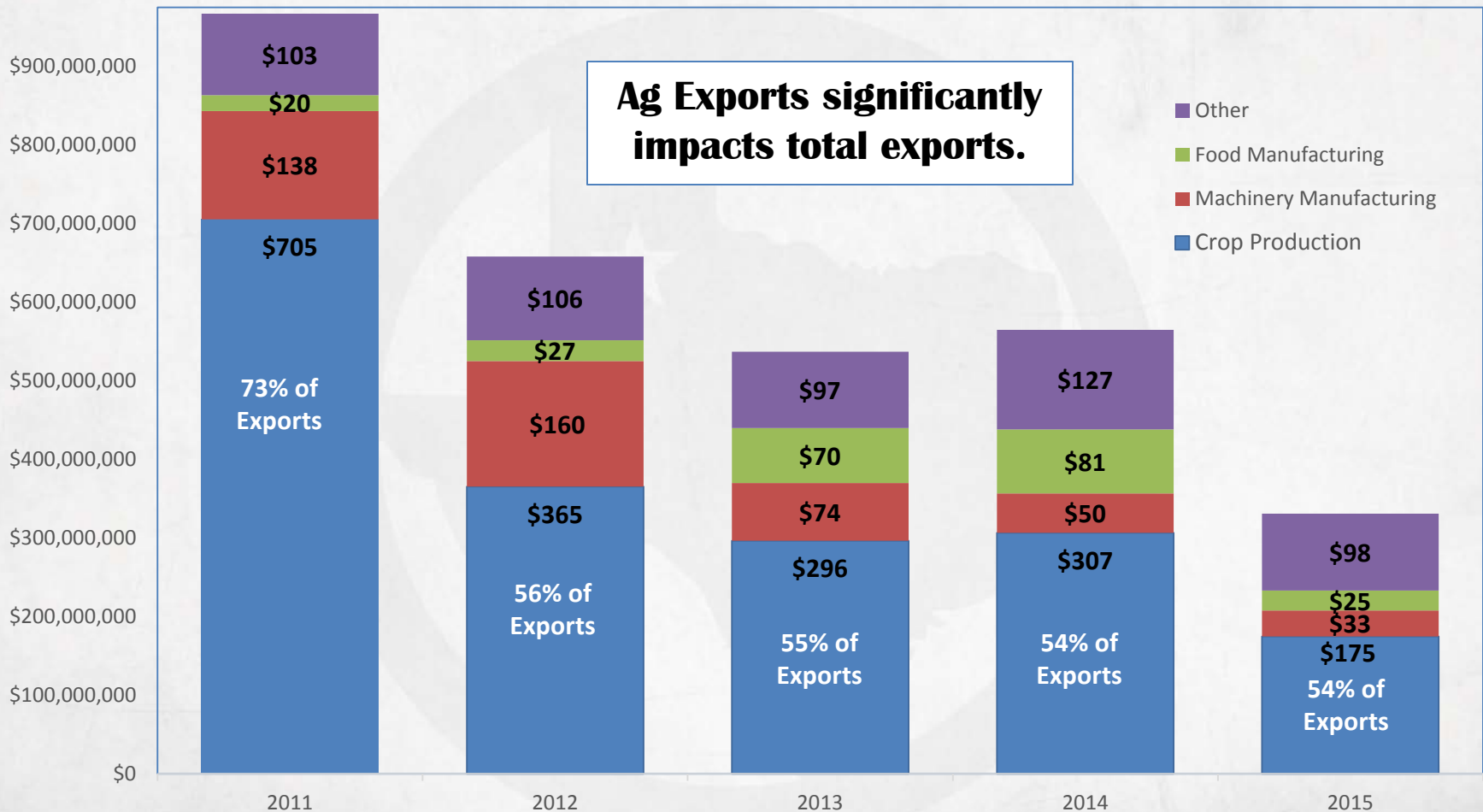
# Exports

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# Lubbock MSA Exports

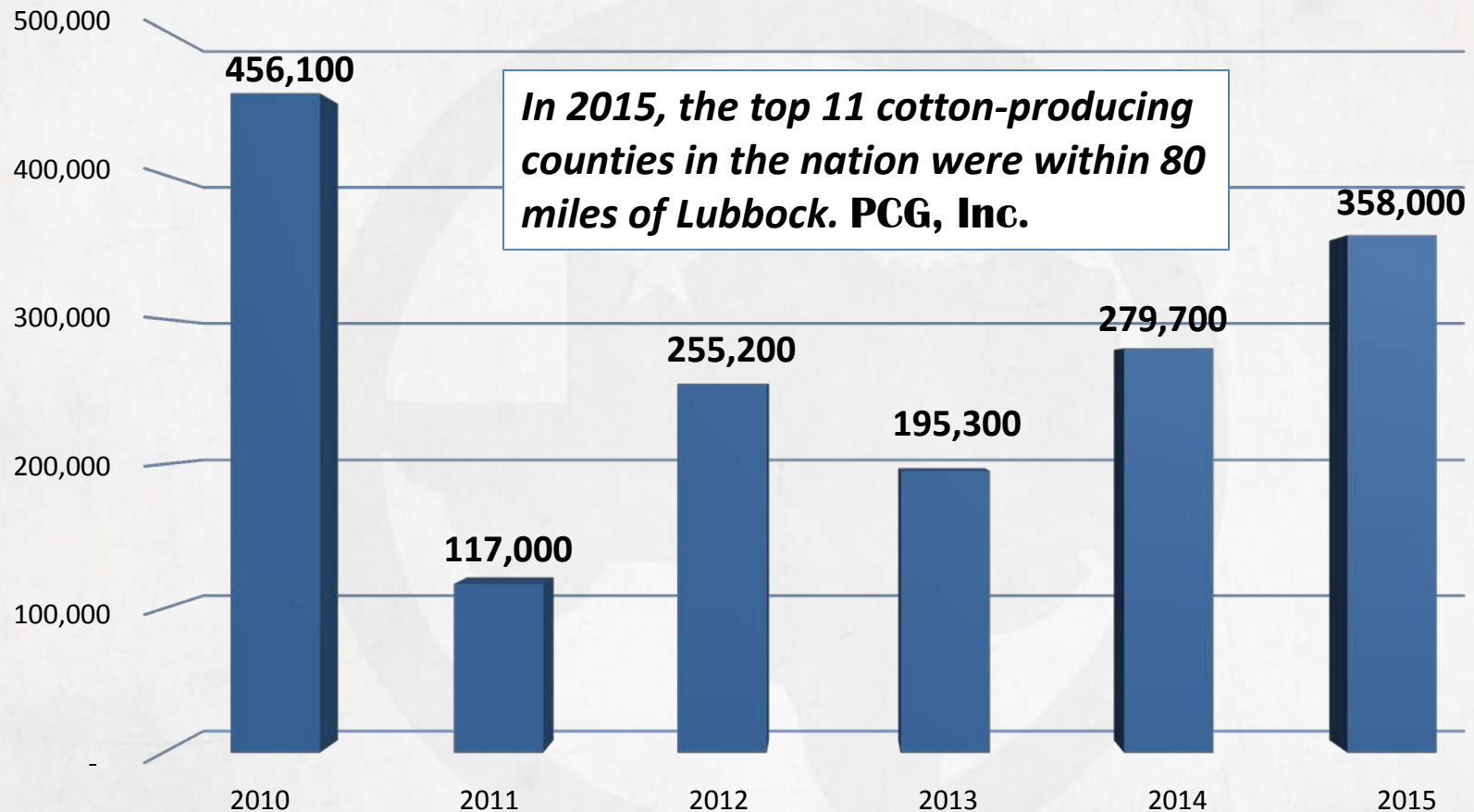




# Cotton is King



# Lubbock County Production (480lb Bales)

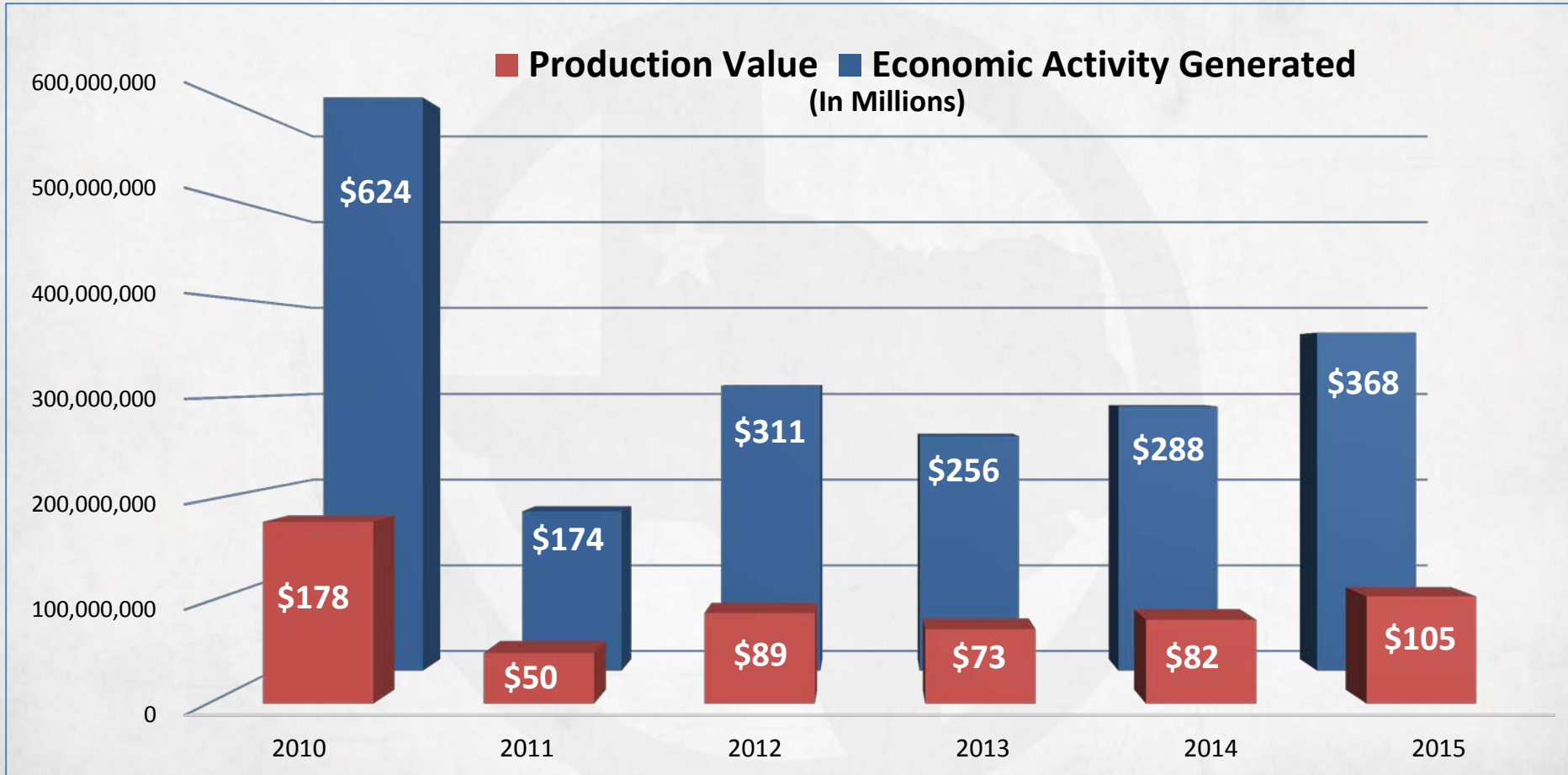


# Lubbock County Production

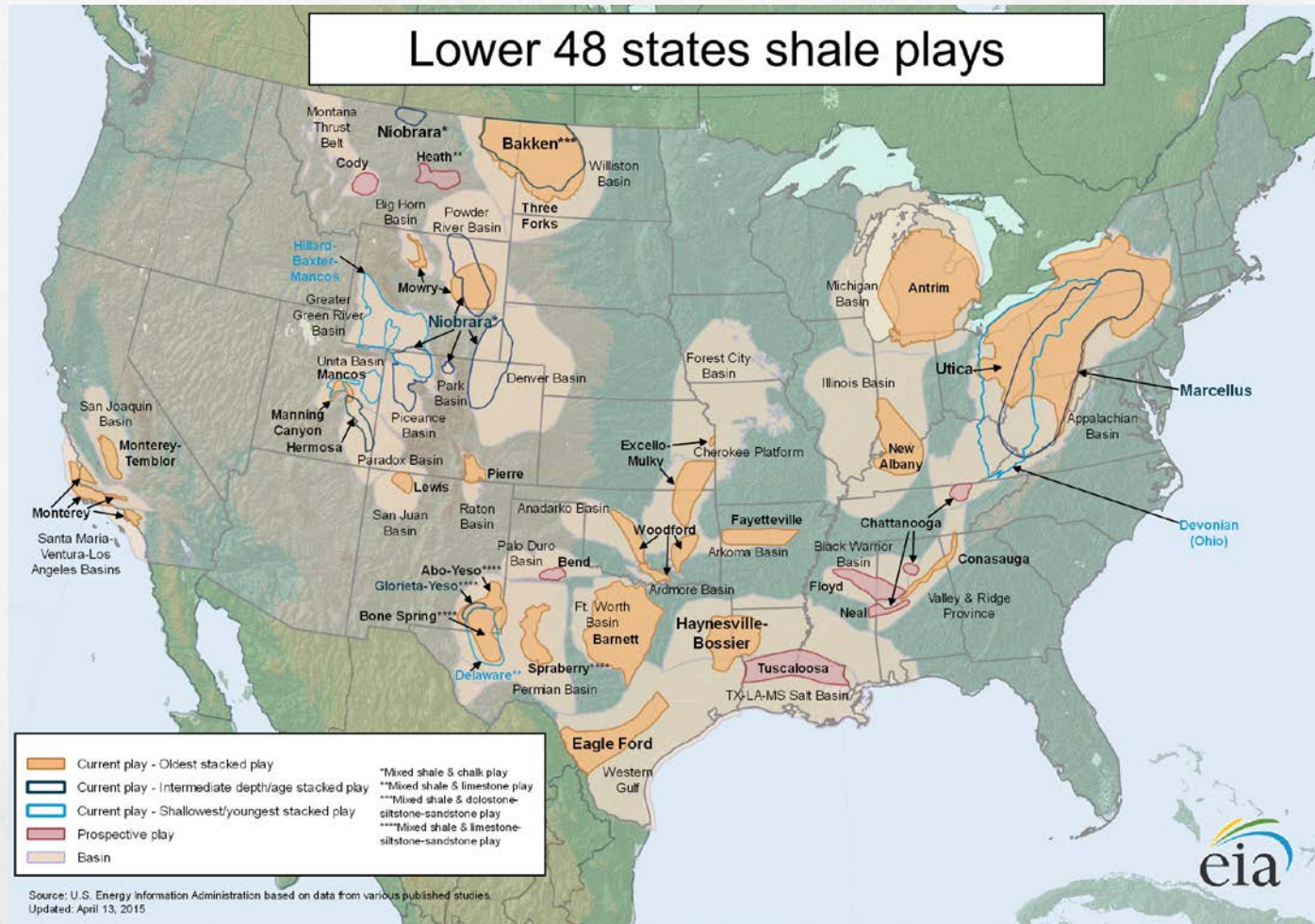
| Crop Year | Bales (480lb) | Avg Price per/lb | Production Value |
|-----------|---------------|------------------|------------------|
| 2010      | 456,100       | \$0.82           | \$178,426,320    |
| 2011      | 117,000       | \$0.88           | \$49,589,280     |
| 2012      | 255,200       | \$0.73           | \$88,809,600     |
| 2013      | 195,300       | \$0.78           | \$73,026,576     |
| 2014      | 279,700       | \$0.61           | \$82,298,928     |
| 2015      | 358,000       | \$0.61           | \$105,166,080    |



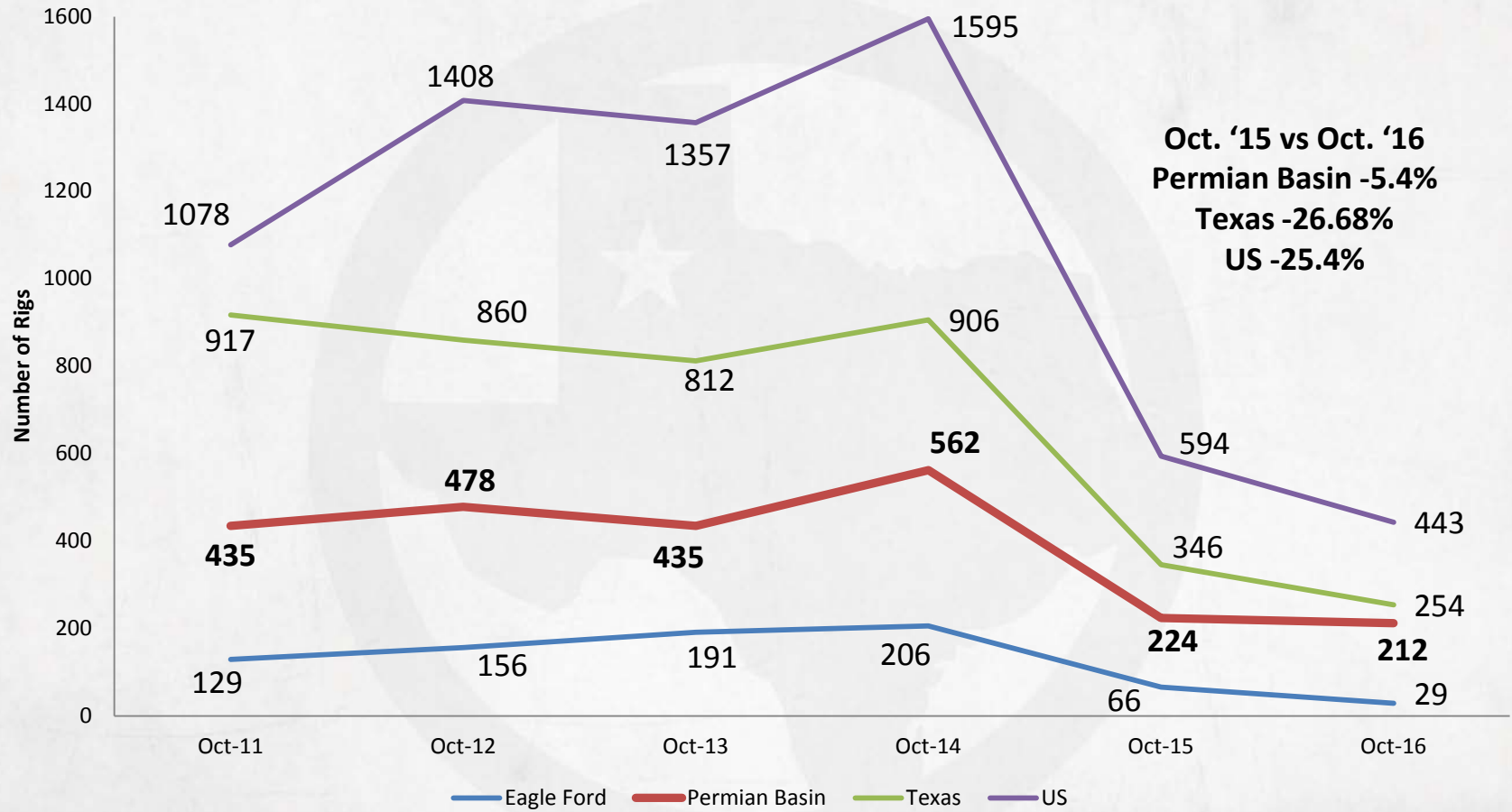
# Economic Activity Generated



# US Oil Basins



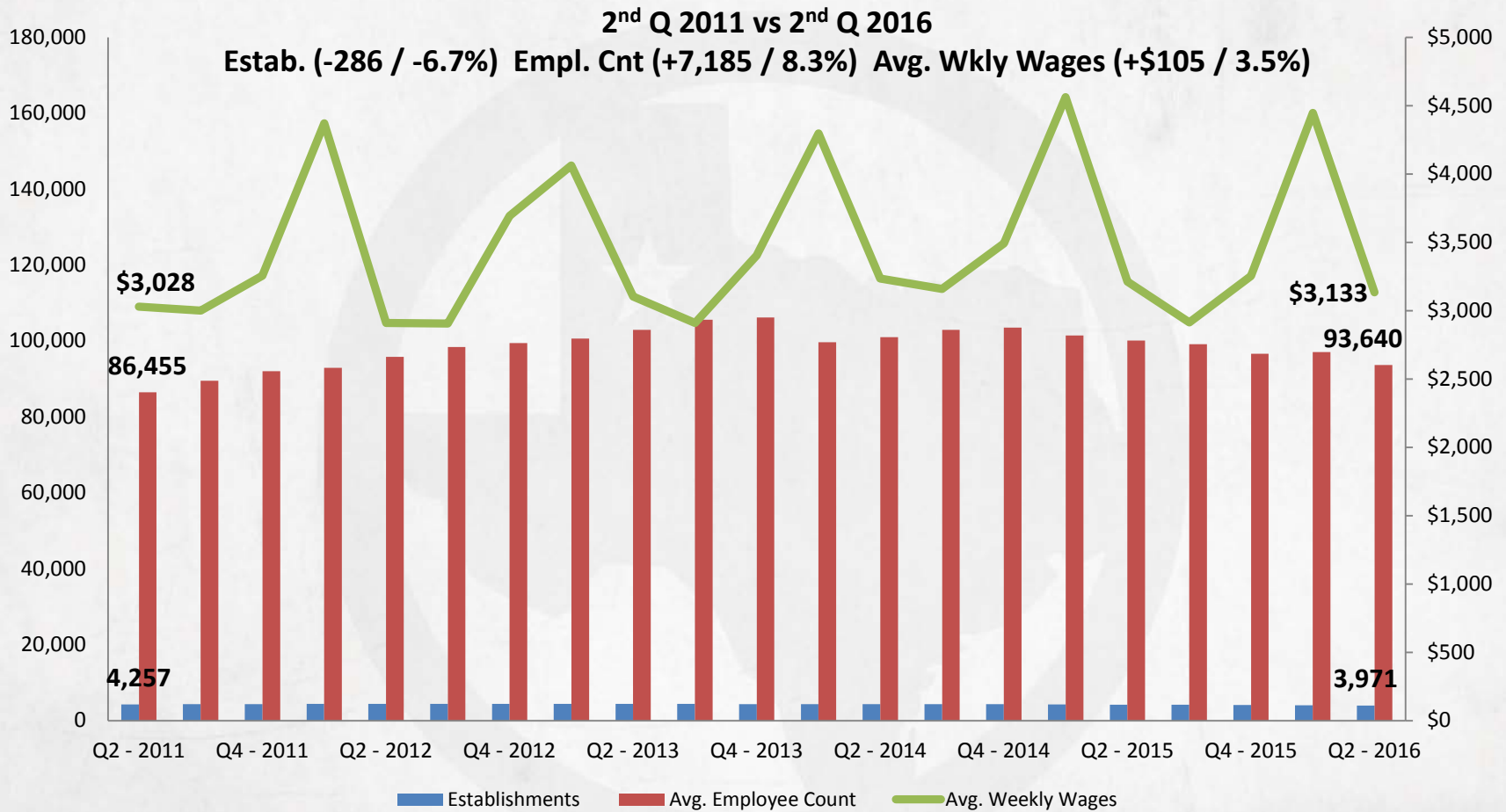
# Oil Rig Counts



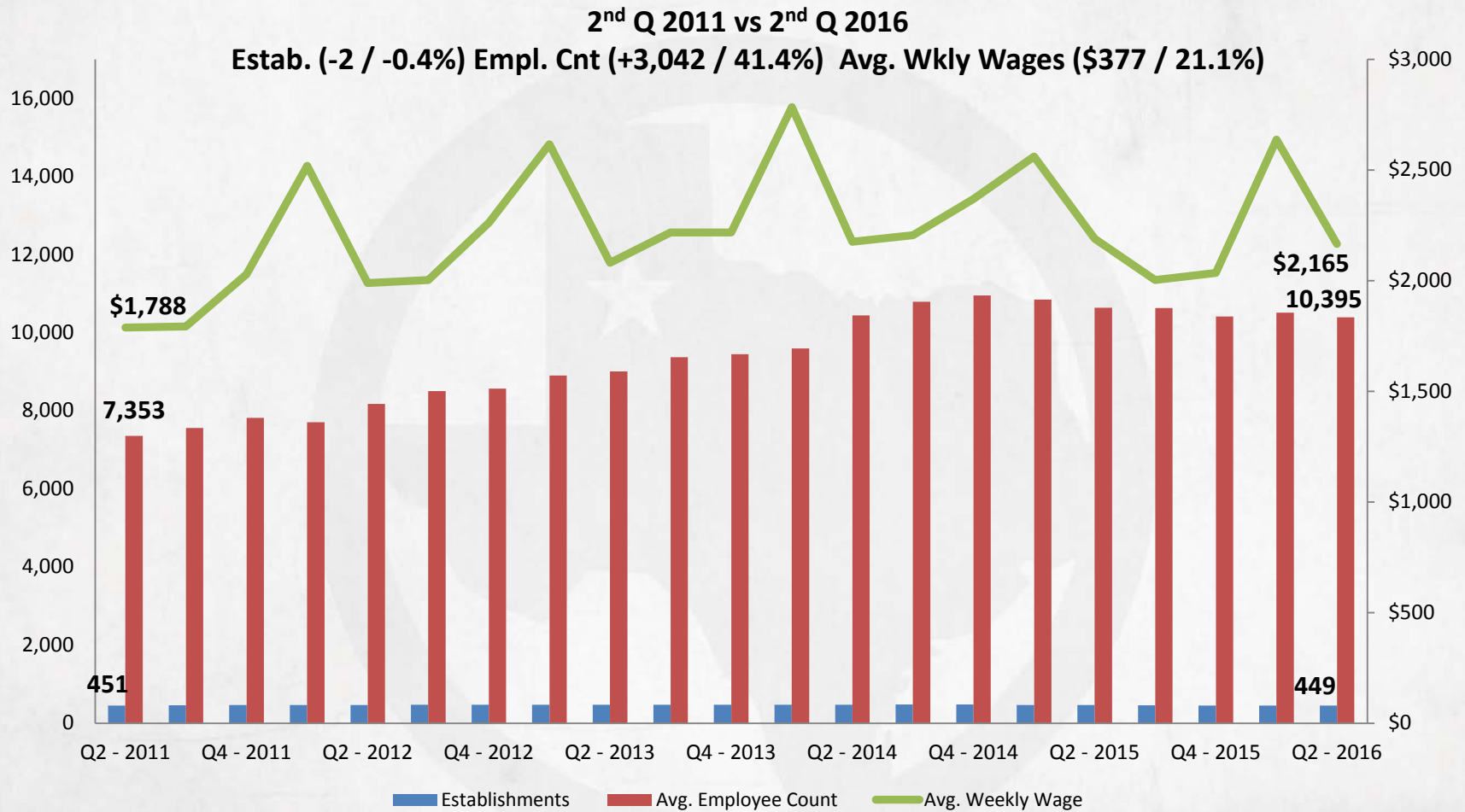
Source: Baker Hughes



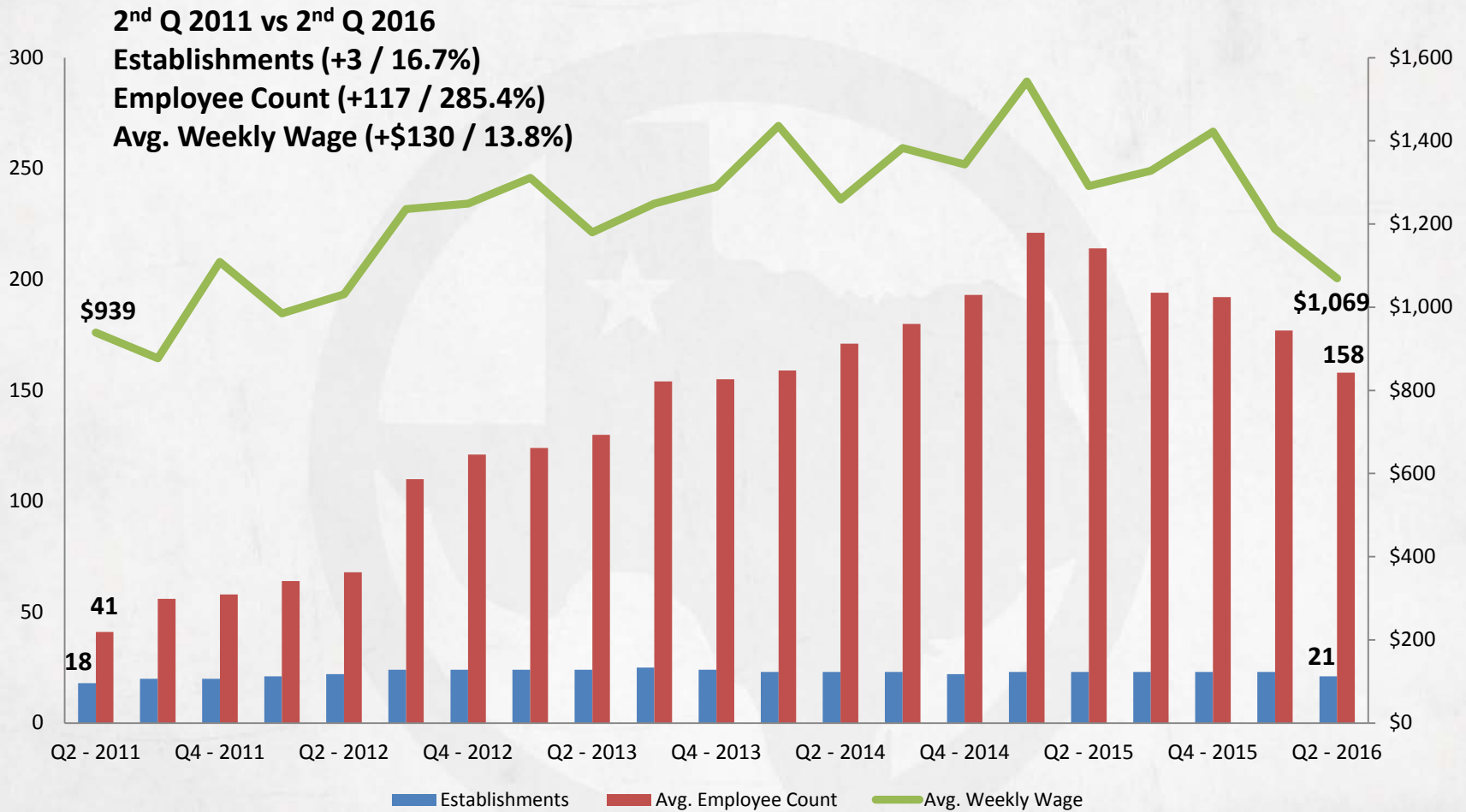
# Oil & Gas - Texas



# Oil & Gas – Ector/Midland Counties



# Oil & Gas – Lubbock County

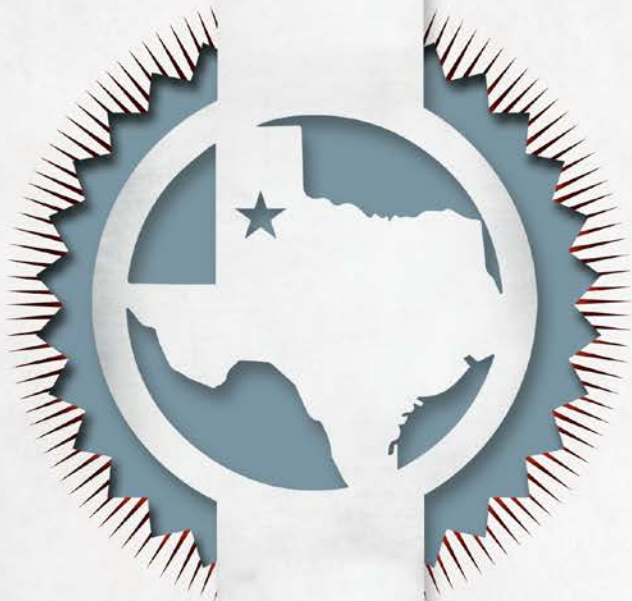


# Oil & Gas – Q2 2011 vs Q2 2016

| GROWTH         | Lubbock County | Ector/Midland Counties | Texas |
|----------------|----------------|------------------------|-------|
| Establishments | 16.7%          | -0.4%                  | -6.7% |
| Workforce      | 285.4%         | 41.4%                  | 8.3%  |
| Payroll        | 334.2%         | 75.8%                  | 12.0% |

## 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



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# Tourism Indicators

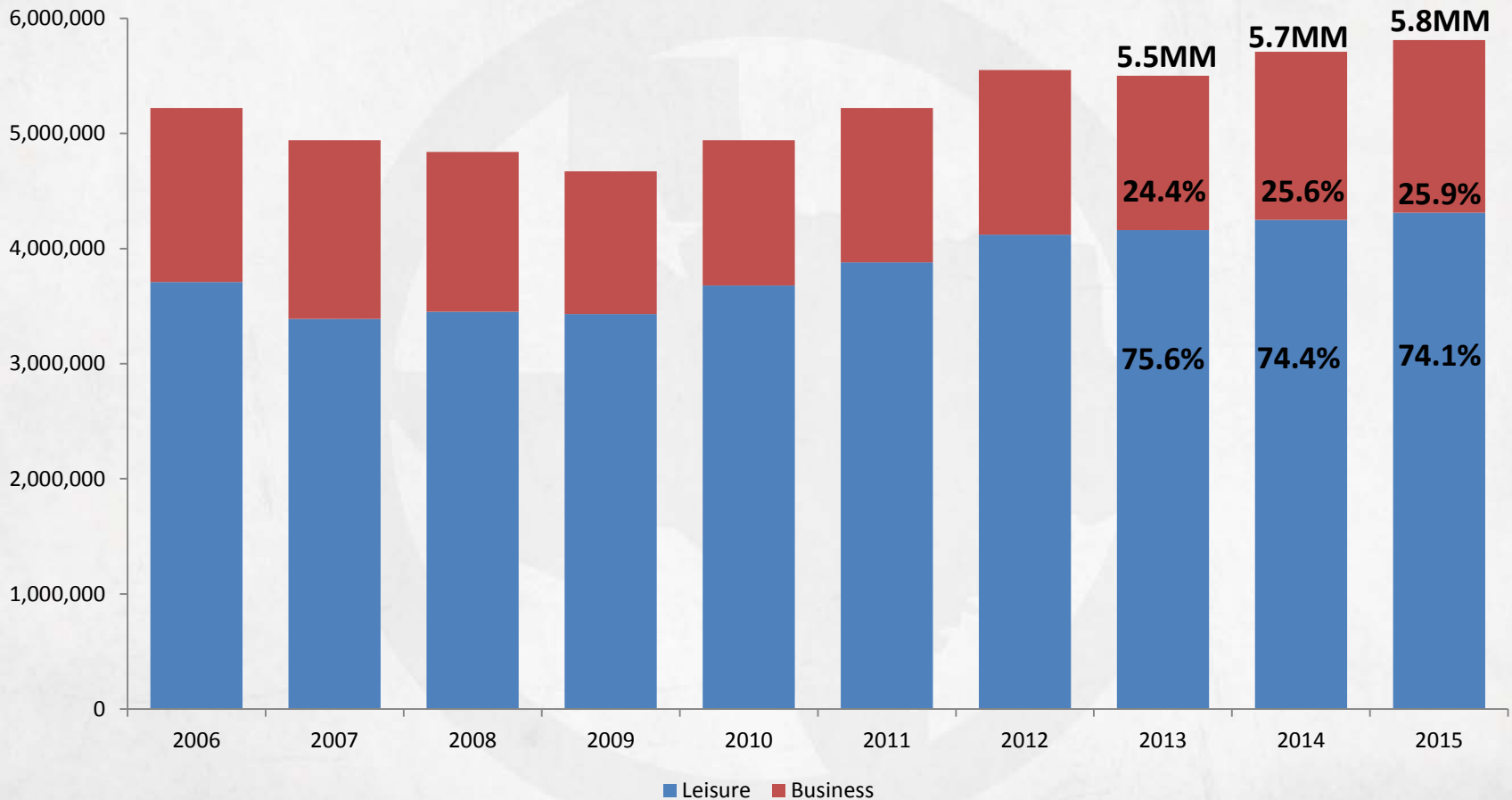
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# Traveler Segmentation

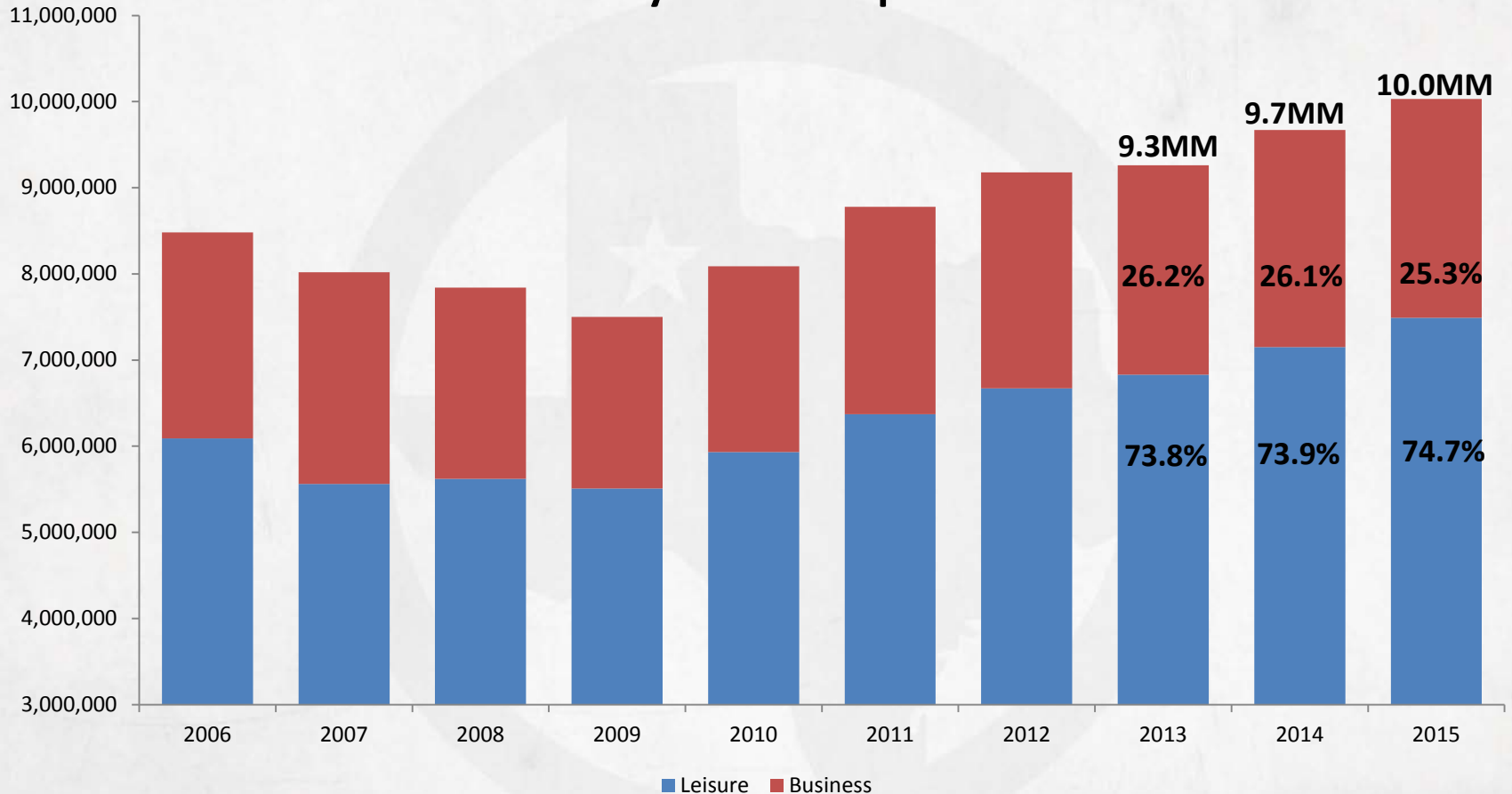
## Total Number of Visitors - Lubbock MSA





# Total Travel Volume

## Total Number of Days Visitors Spent in Lubbock MSA



# Top Origin DMAs (Person-Days)

## In State DMAs

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

# Top Origin DMAs (Person-Days)

## Out of State DMAs

| Total Non Texans            | 33.1  |
|-----------------------------|-------|
| Little Rock-Pine Bluff, AR  | 14.4% |
| Albuquerque-Santa Fe, NM    | 2.4%  |
| Baton Rouge, LA             | 2.1%  |
| Phoenix, AZ                 | 2.1%  |
| Seattle-Tacoma, WA          | 1.3%  |
| Wichita-Hutchinson Plus, KS | 1.3%  |
| Odessa-Midland, TX          | 1.2%  |
| Atlanta, GA                 | 1.1%  |

# Profile of Visitors to Lubbock MSA



## Average Distance Traveled:

# 401 miles

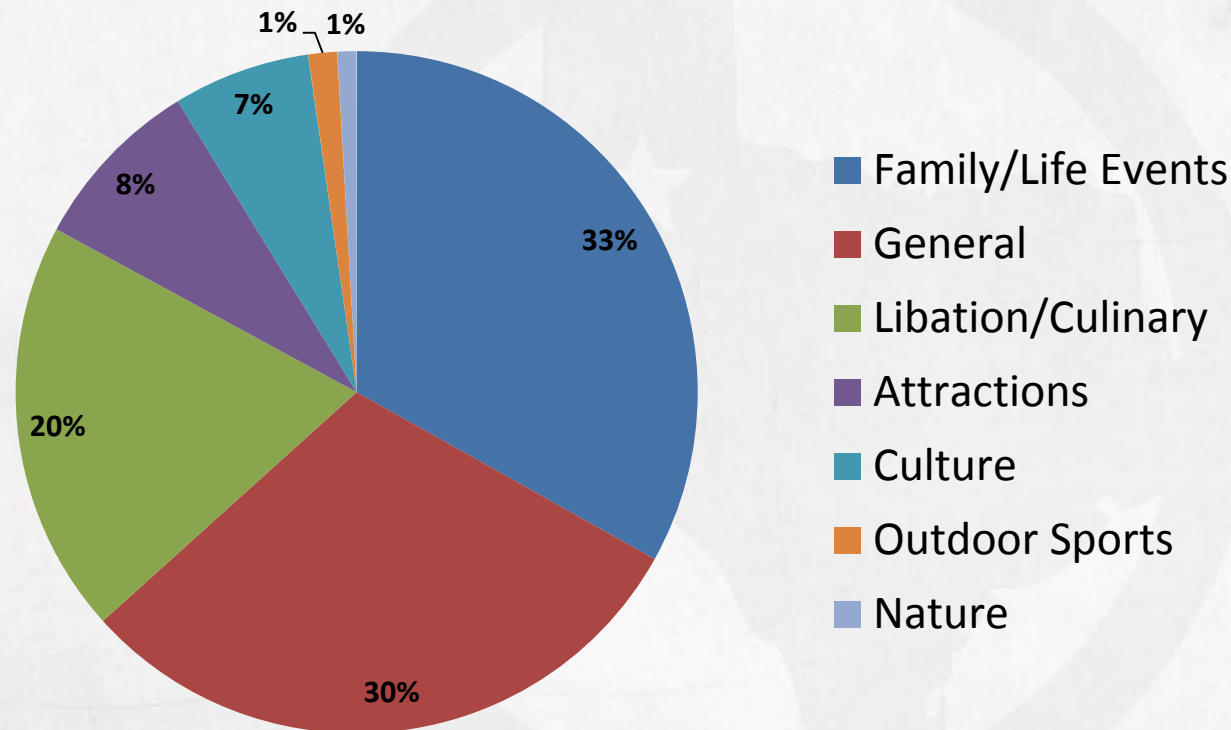
# Profile of Visitors to Lubbock MSA

- 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

## Activities Participated In While Visiting Lubbock



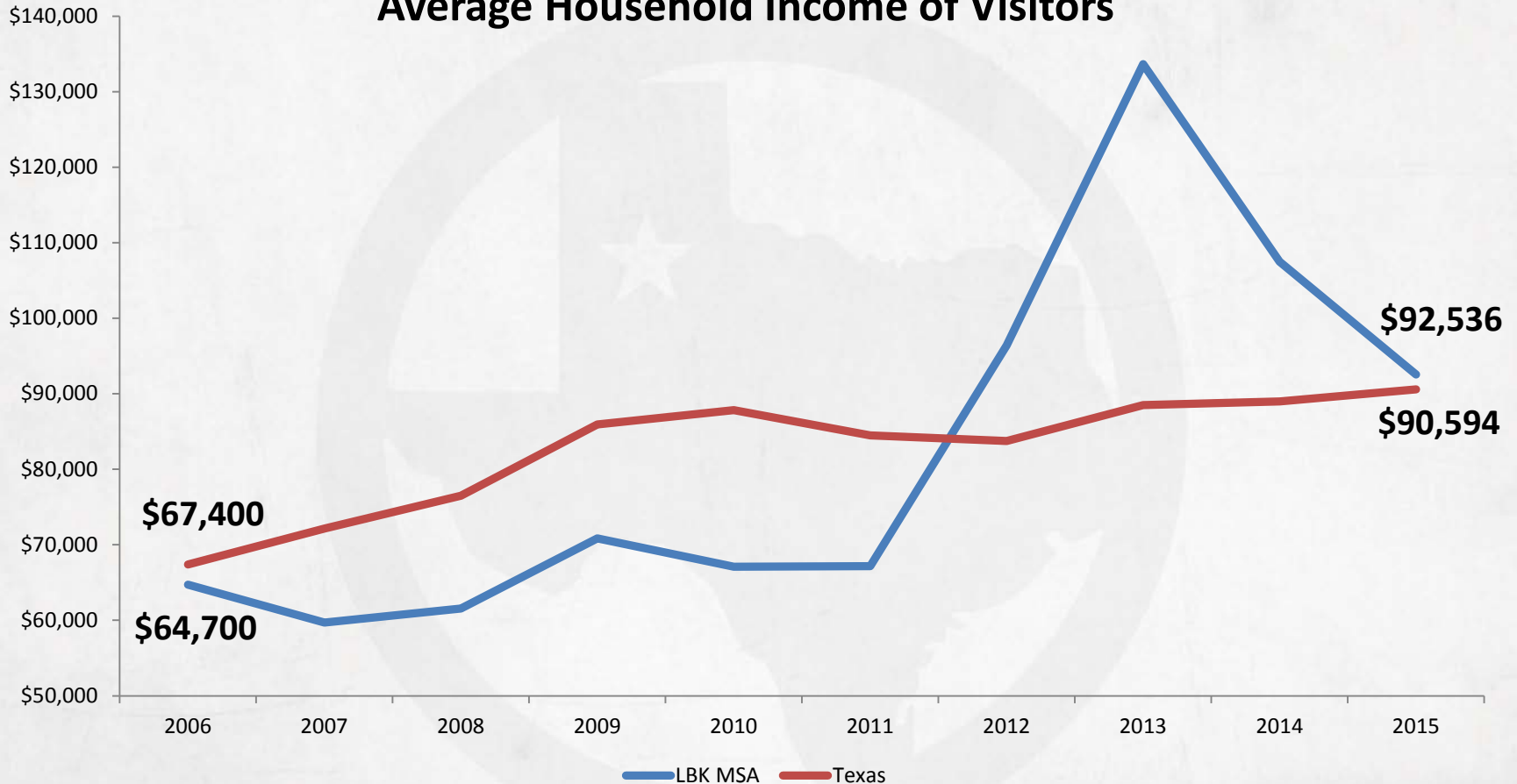
**Average Age  
of Visitors:**

**49.4 years**

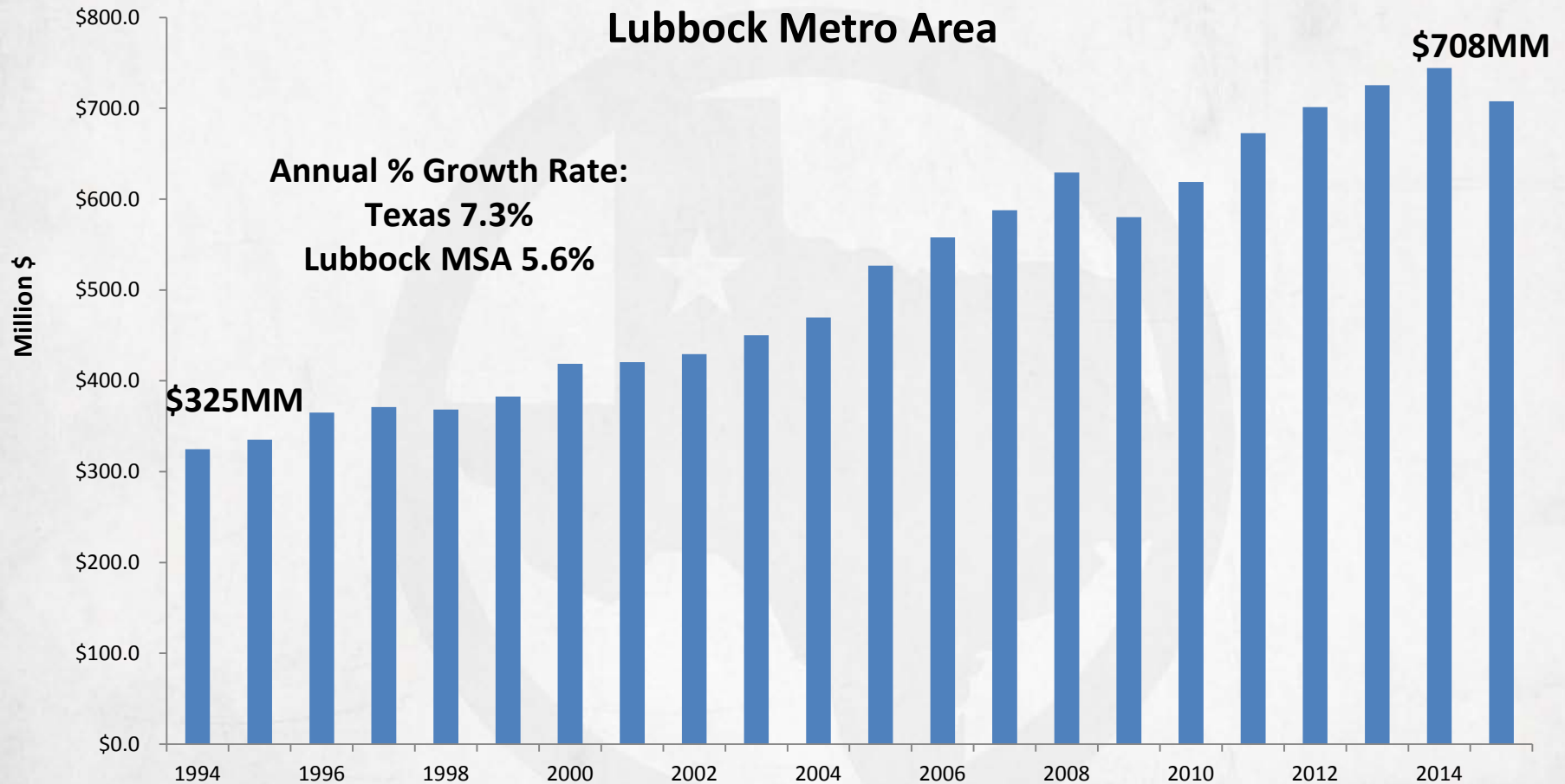


# Profile of Visitors to Lubbock MSA

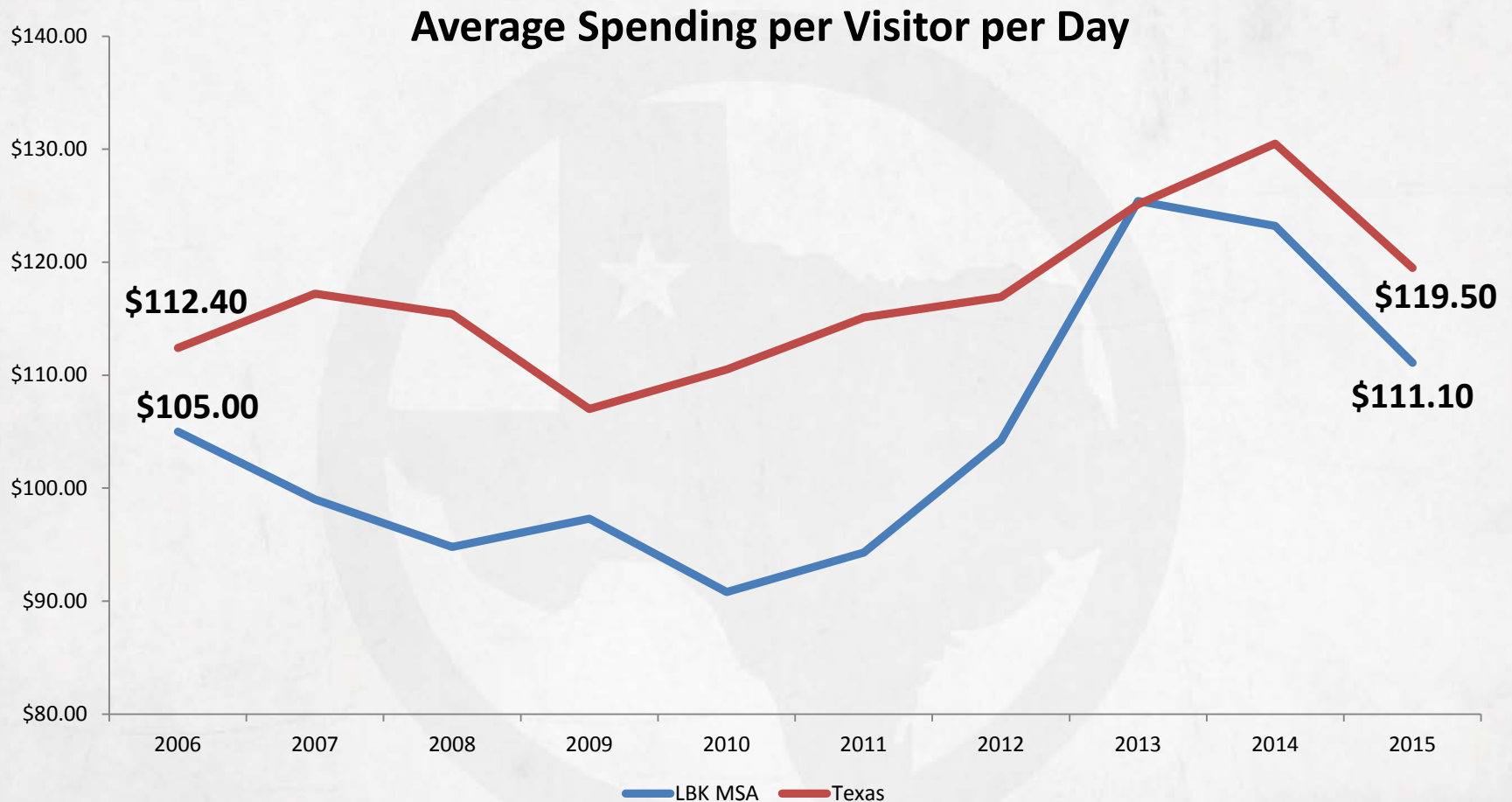
## Average Household Income of Visitors



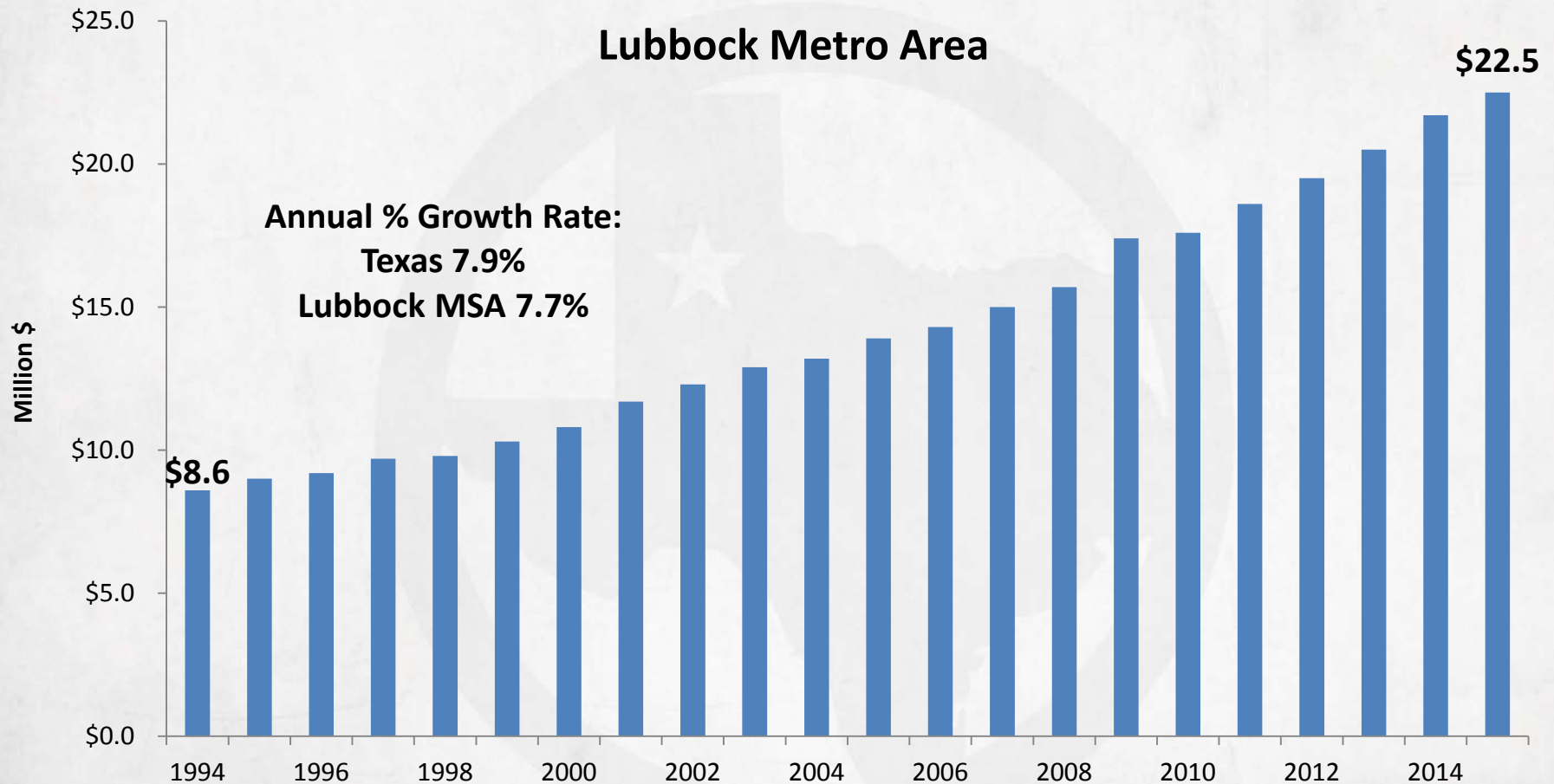
# Visitor Spending At Destination



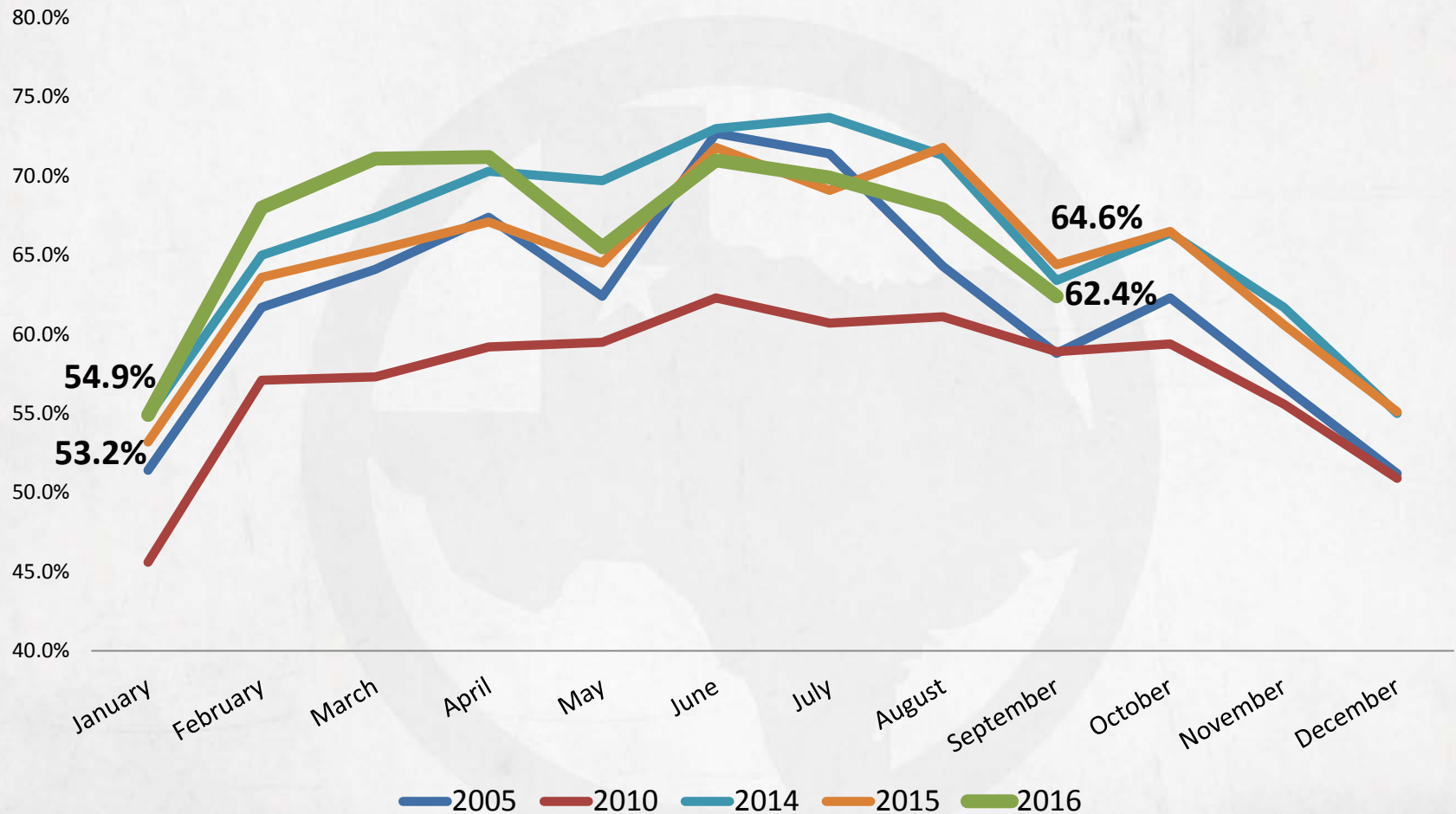
# Profile of Visitors to Lubbock MSA



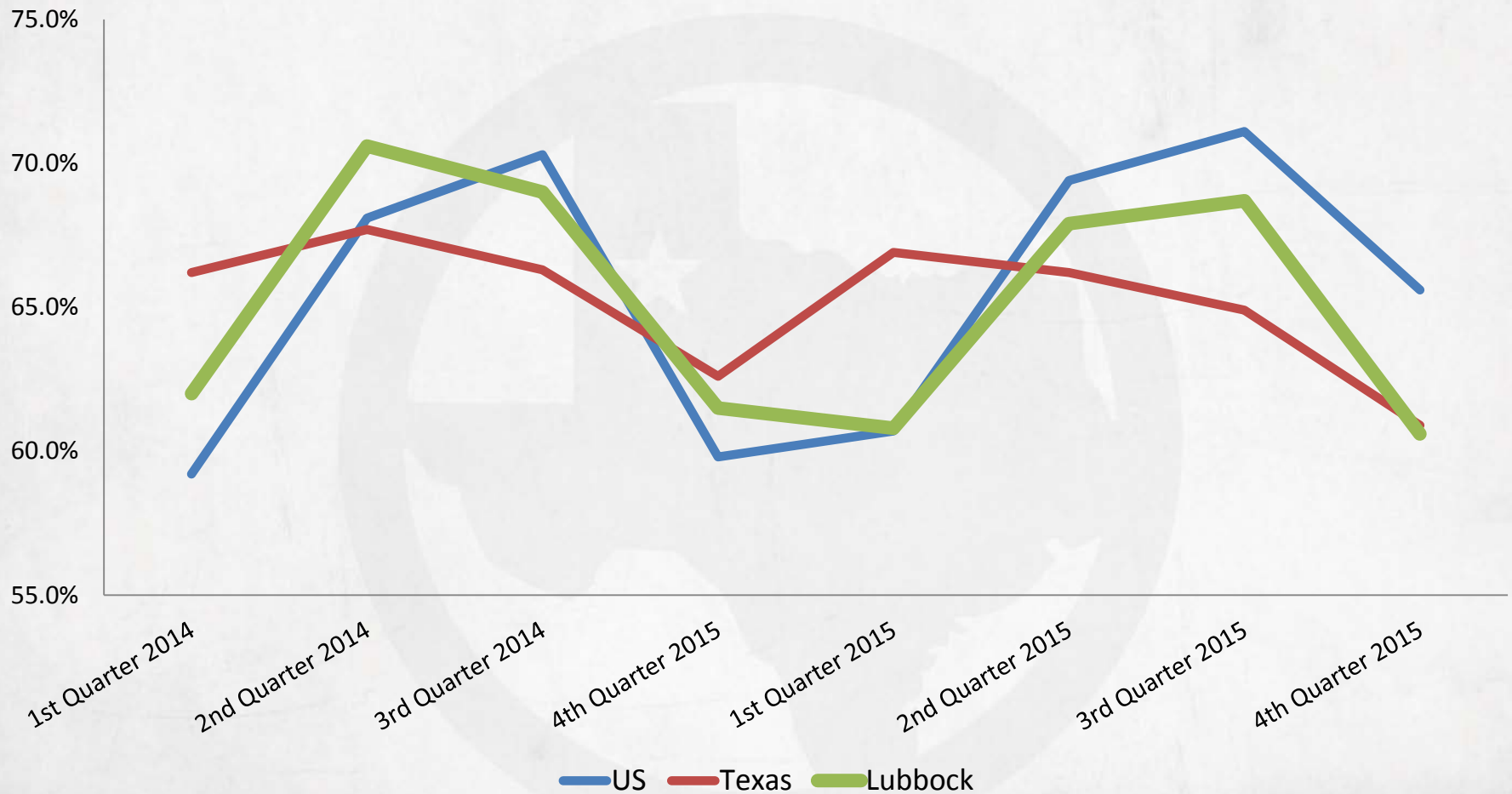
# Travel Impact – Local Tax Receipts



# Lubbock Hotel Occupancy

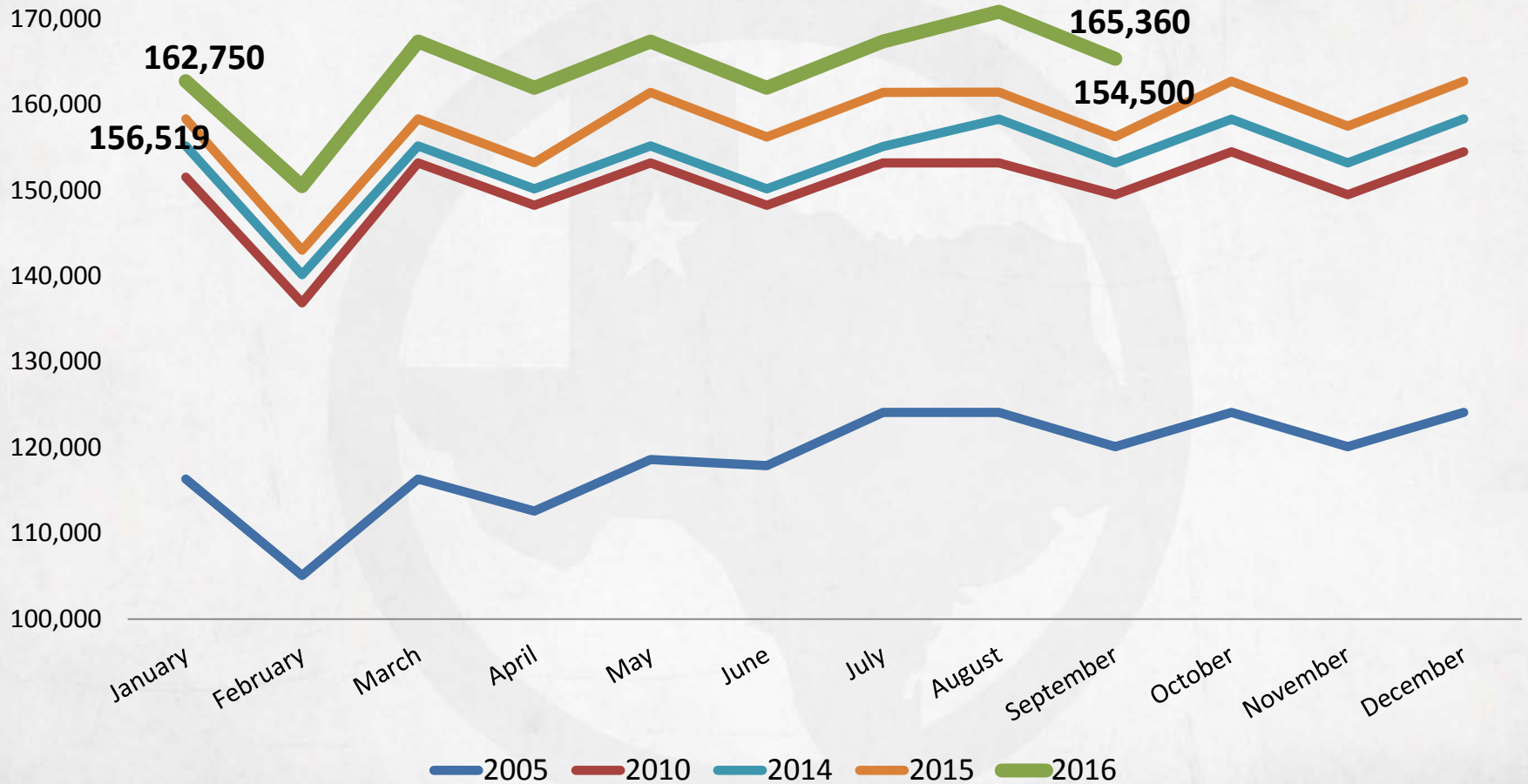


# Hotel Occupancy Comparison

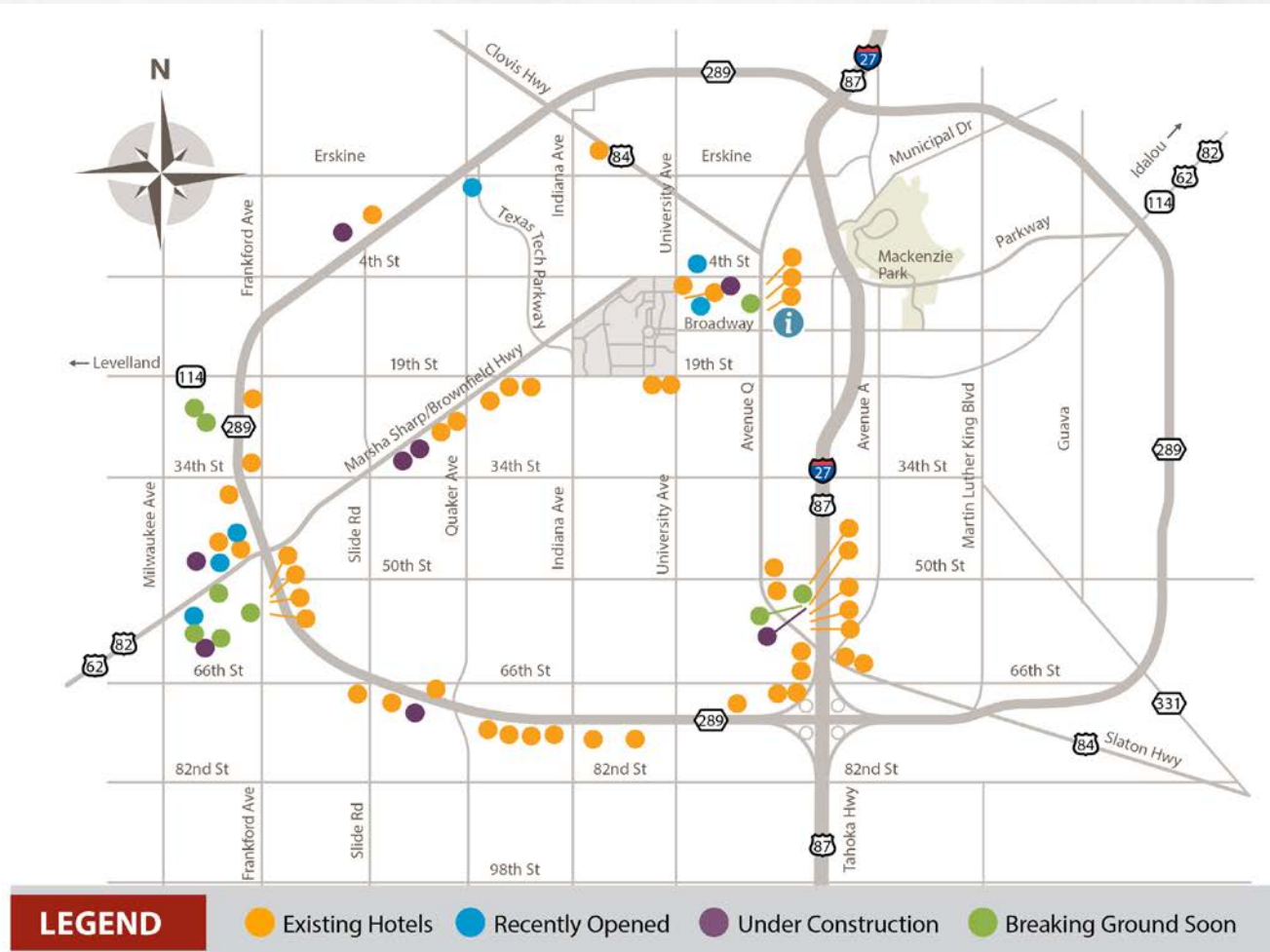




# Lubbock Hotel Supply

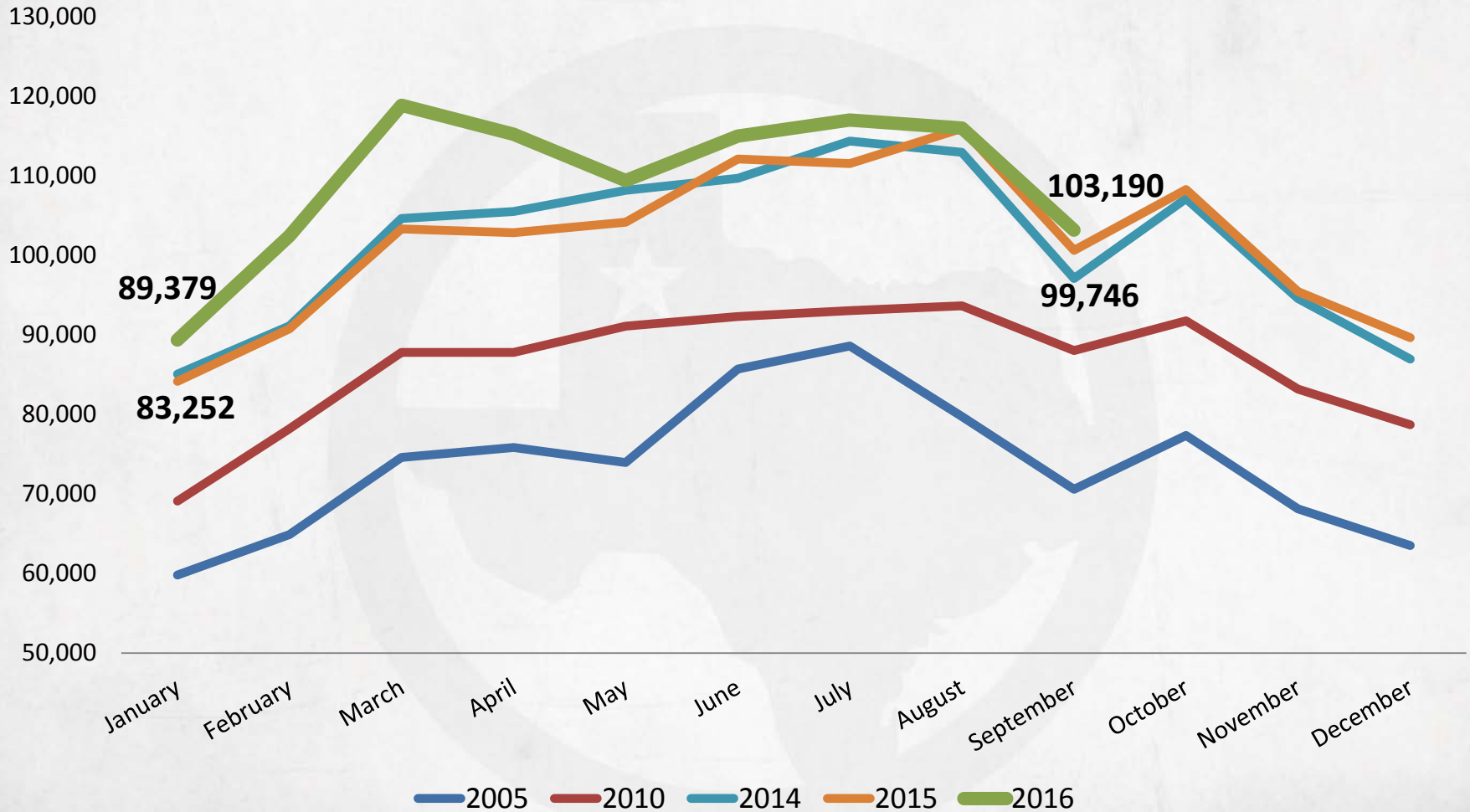


# Hotel Supply Growth in Lubbock

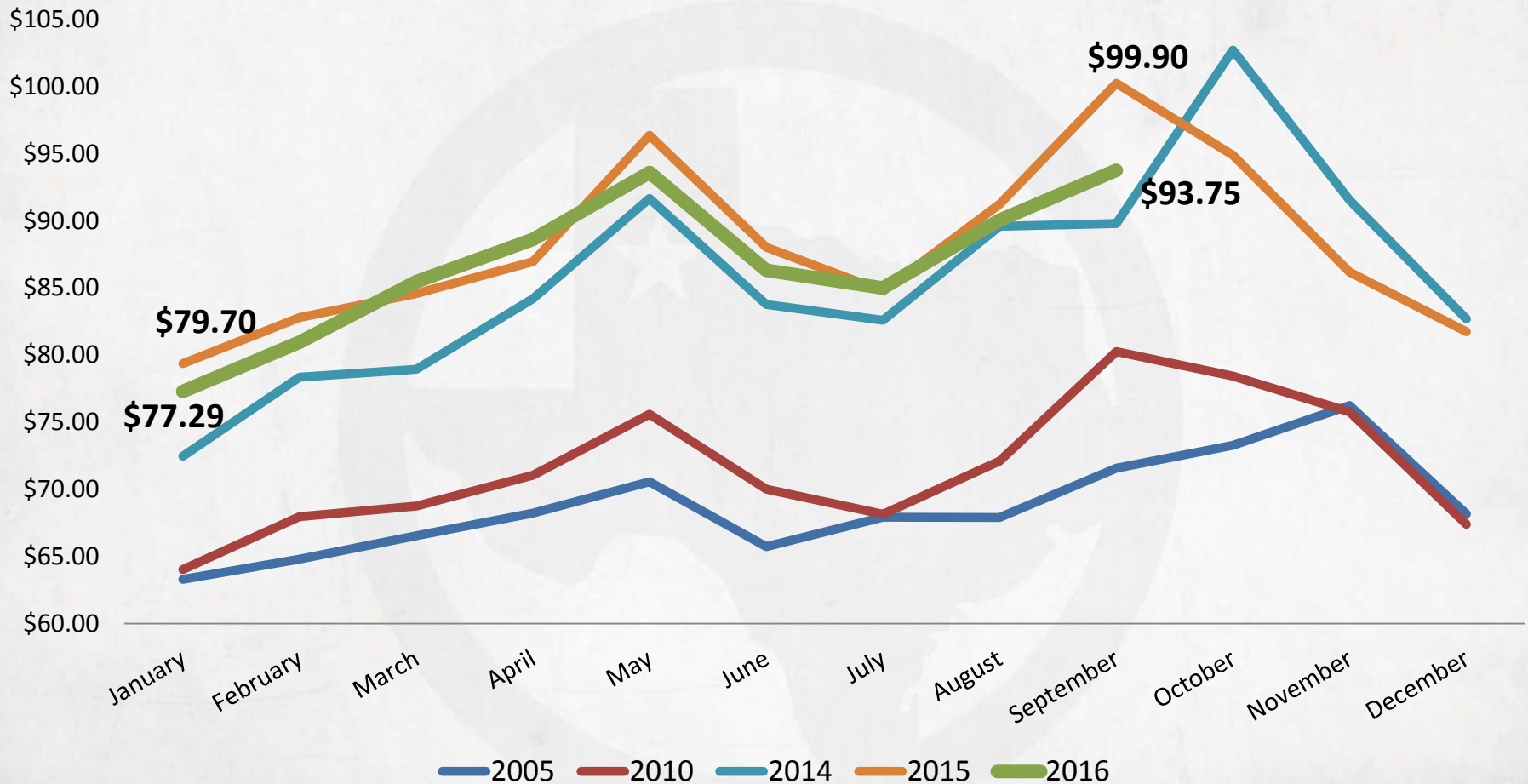


Source: Visit Lubbock

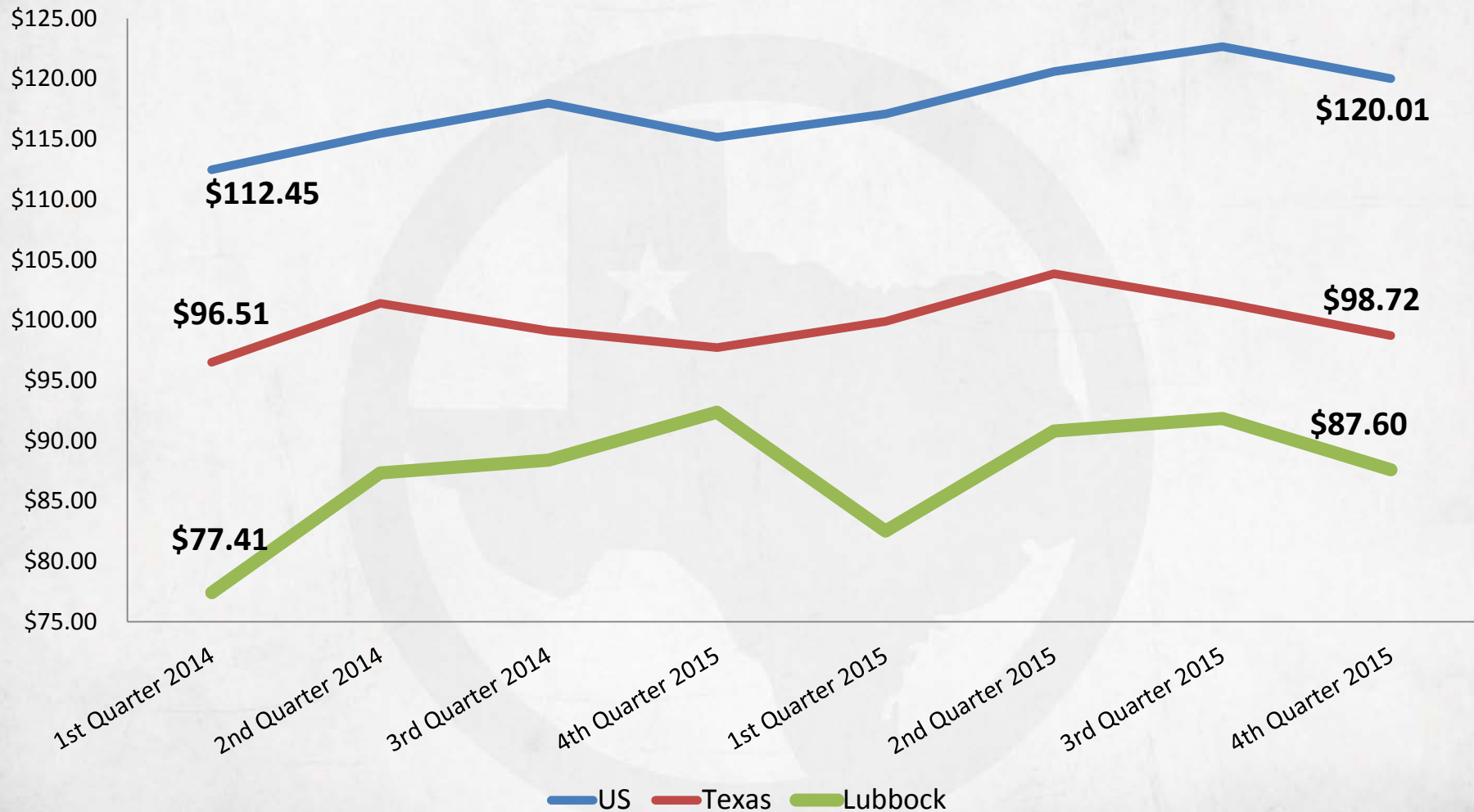
# Lubbock Hotel Demand



# Average Daily Rate in Lubbock

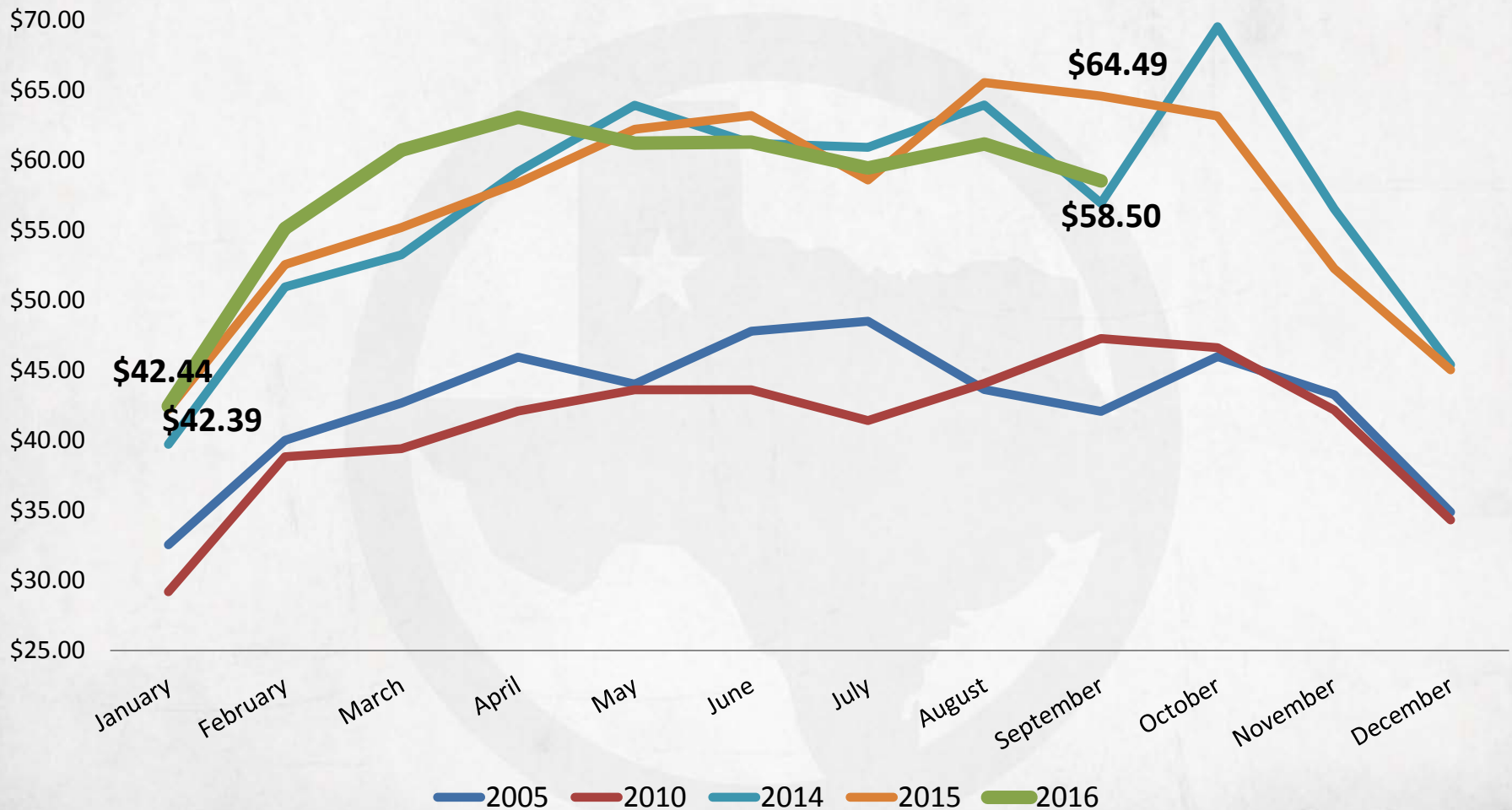


# Average Daily Rate Comparison

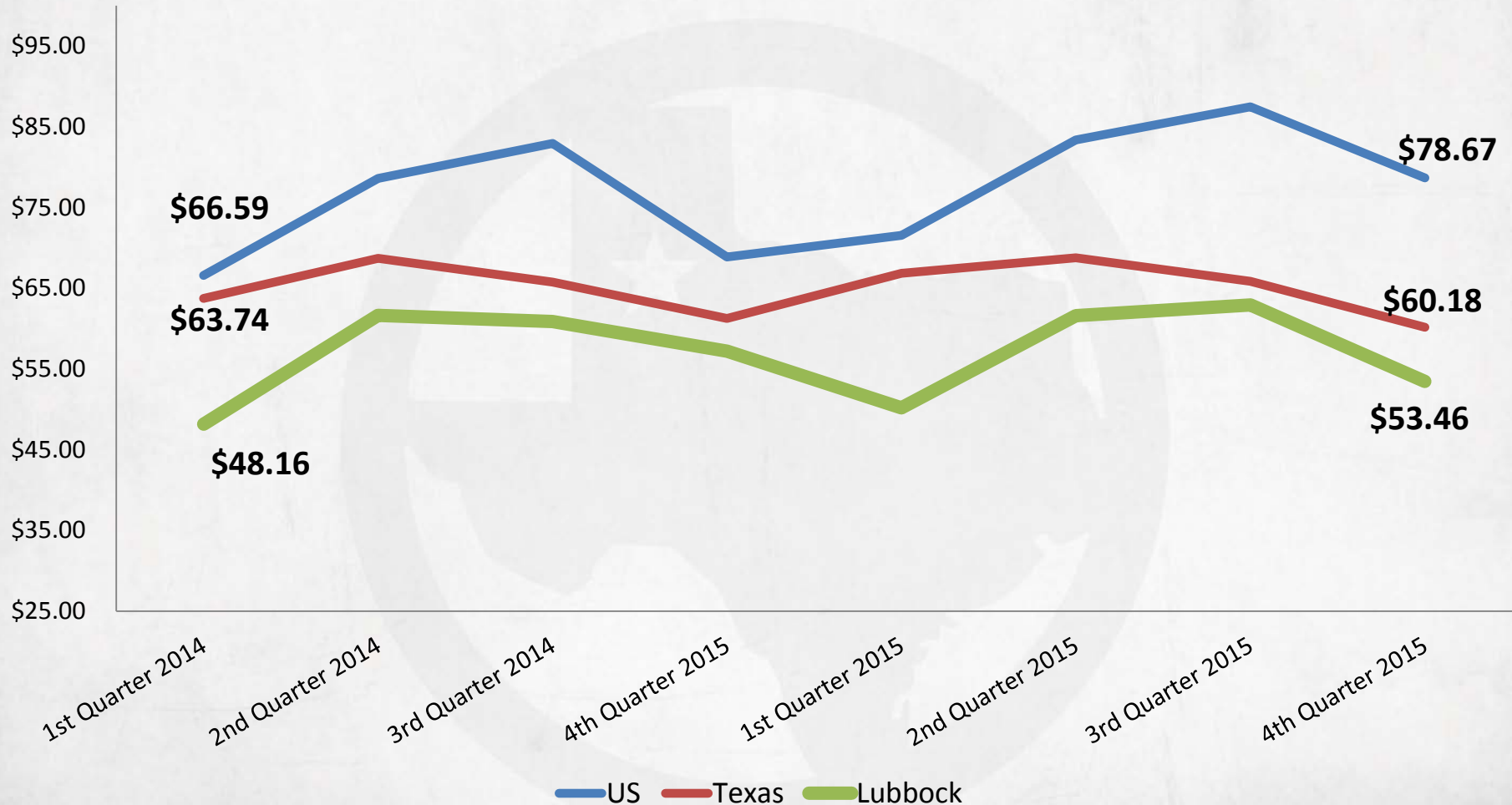




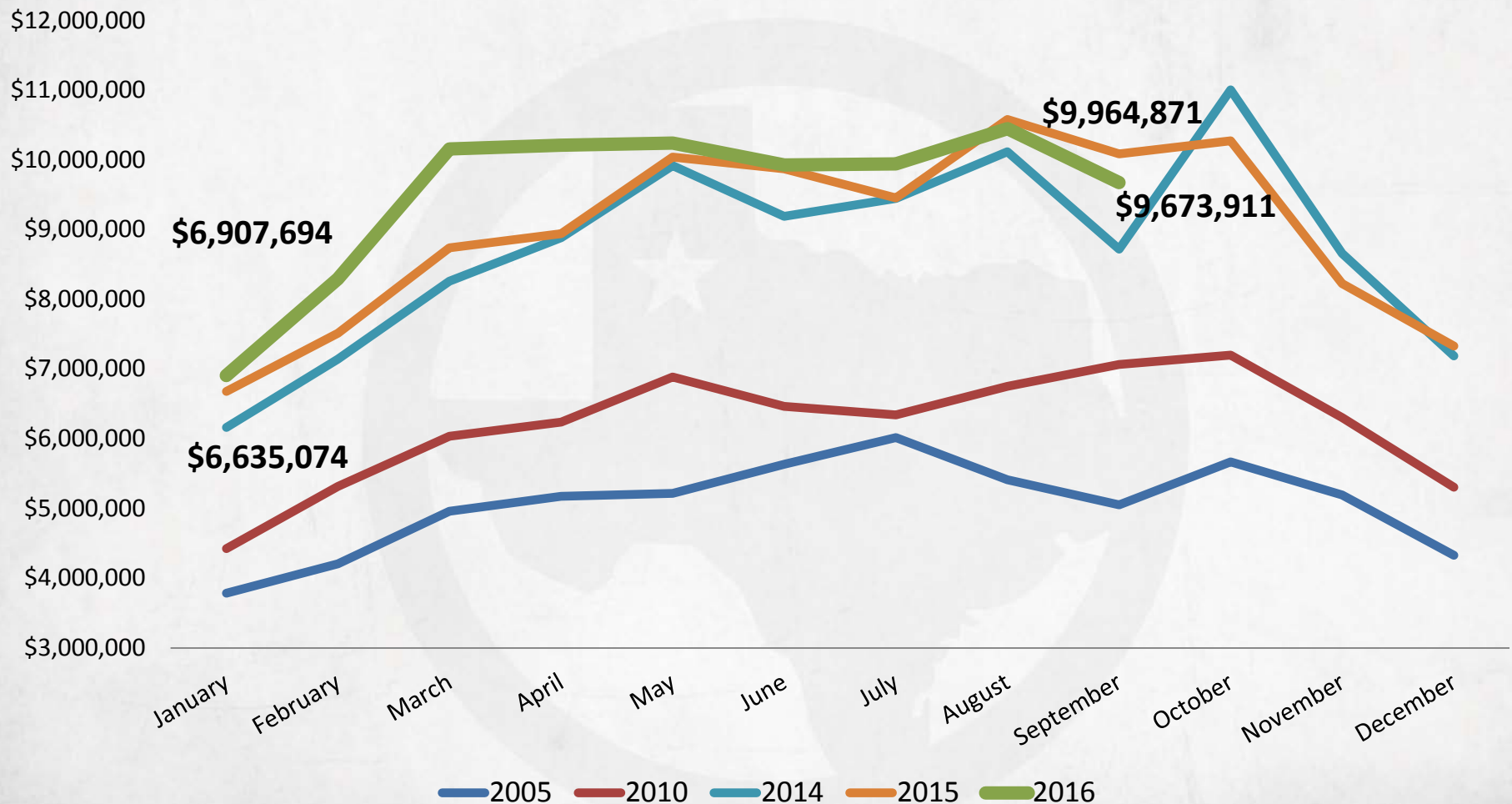
# Revenue per Available Room in Lubbock

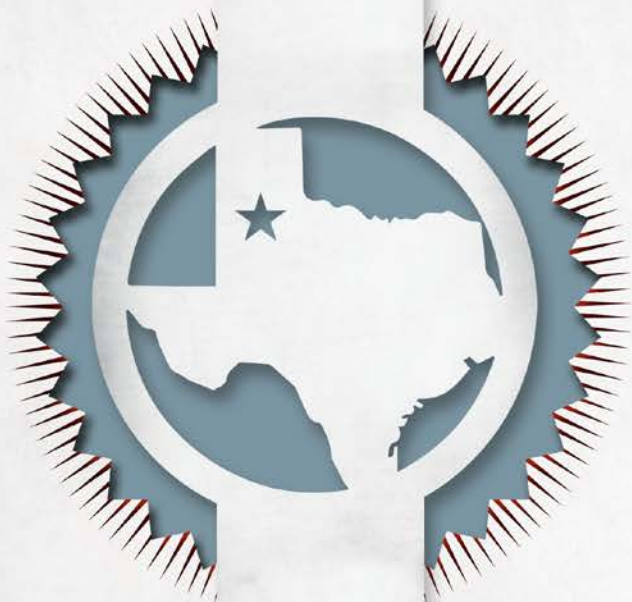


# Revenue per Available Room Comparison



# Total Lodging Revenue in Lubbock





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# Business Survey

## Oct. 21 – Oct. 28, 2016

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# A Special Thank You....

- ...to Mike Stevens and the Action Printing team for executing this business survey



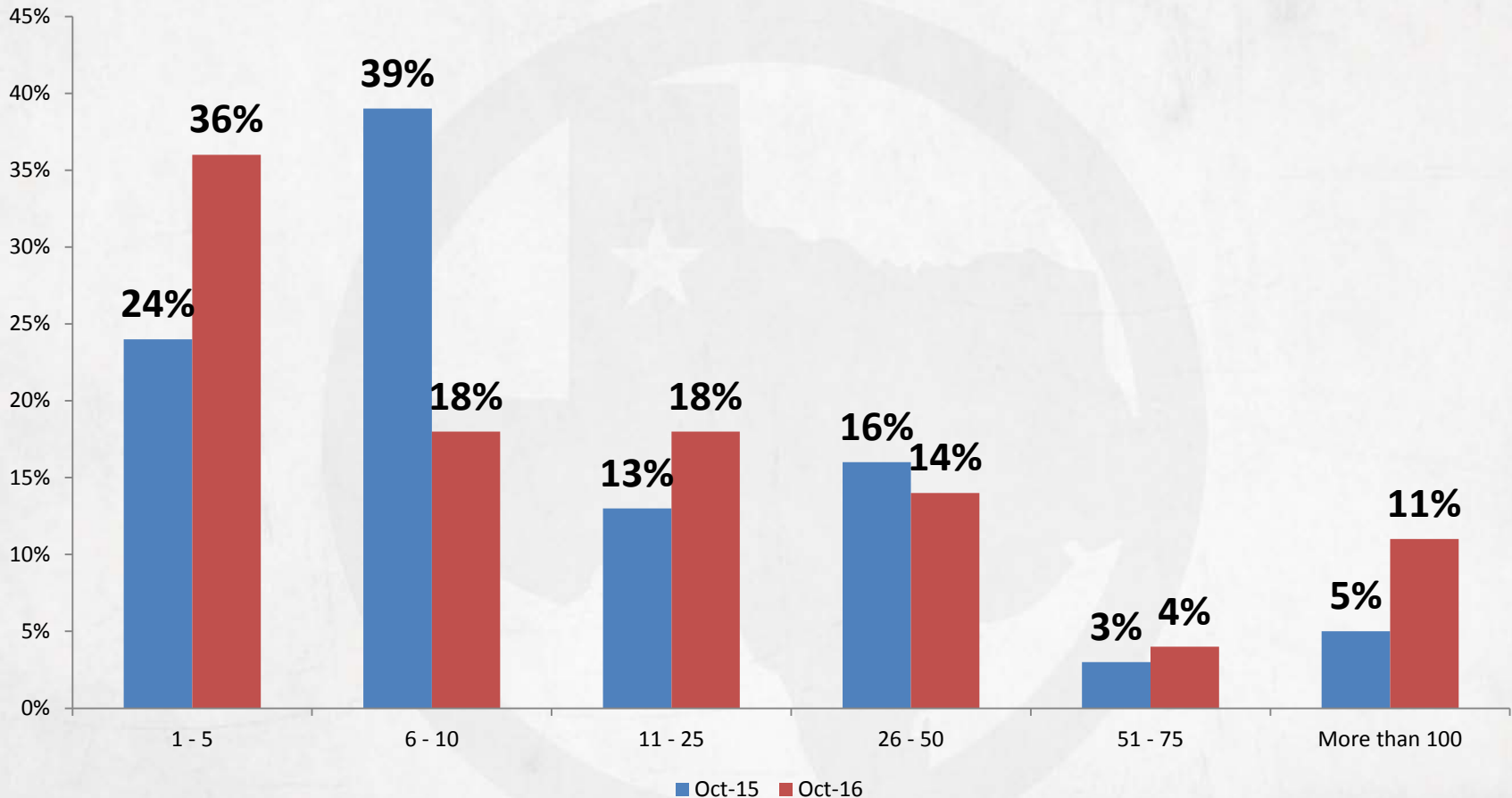
# Business Survey

- 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

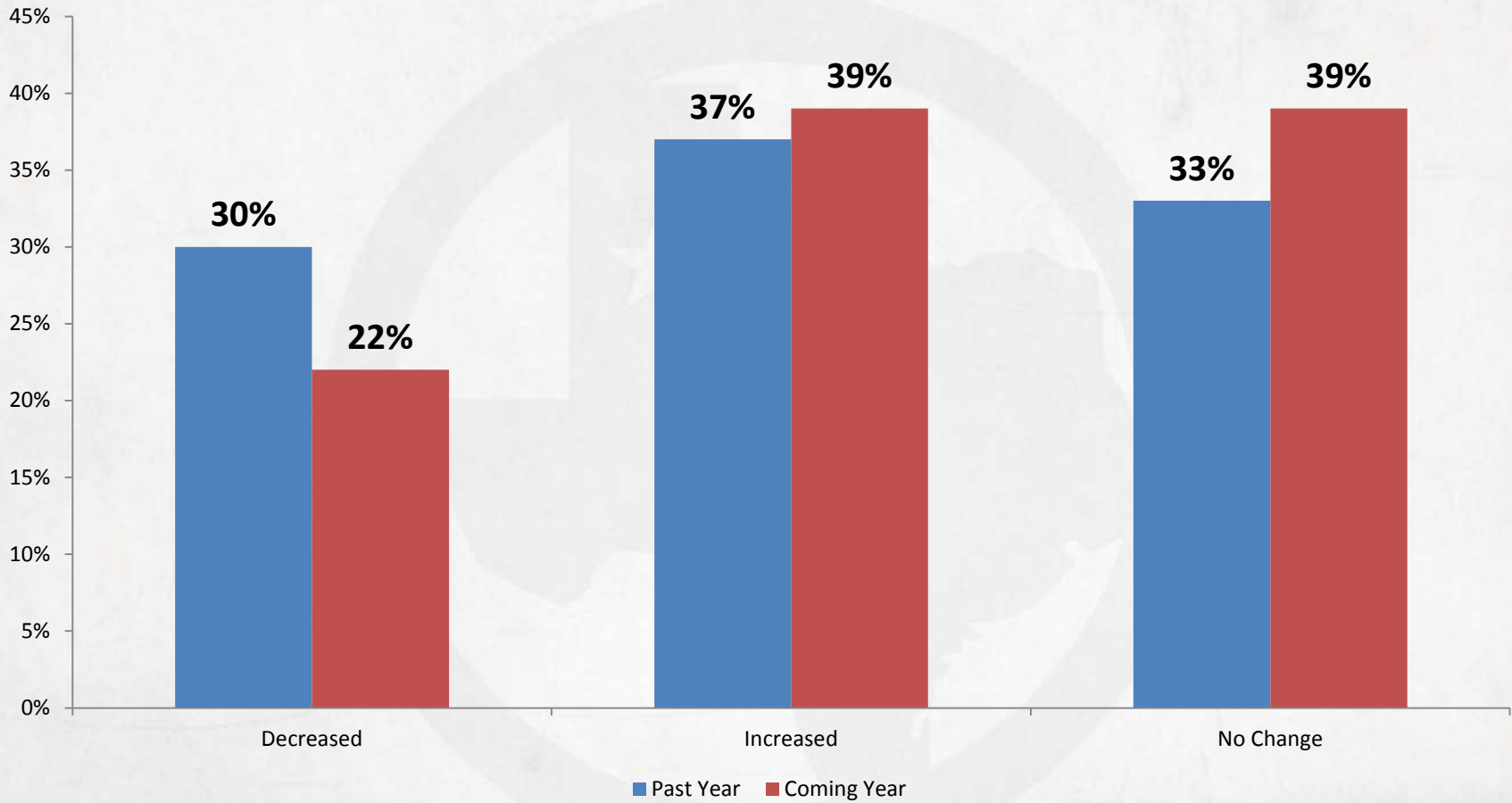
# Businesses Represented in the Survey



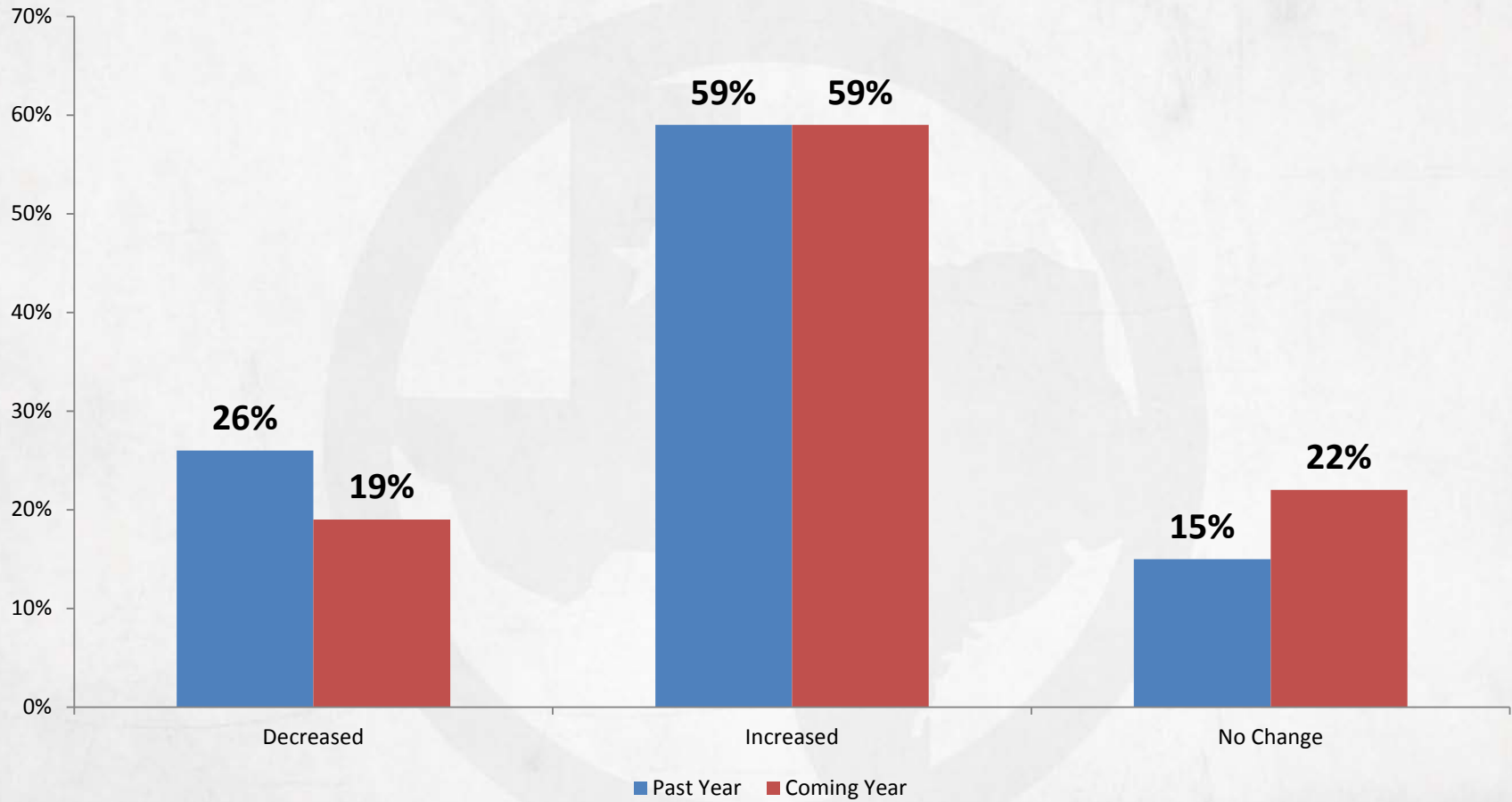
# Number of Employees



# Employee Count Growth



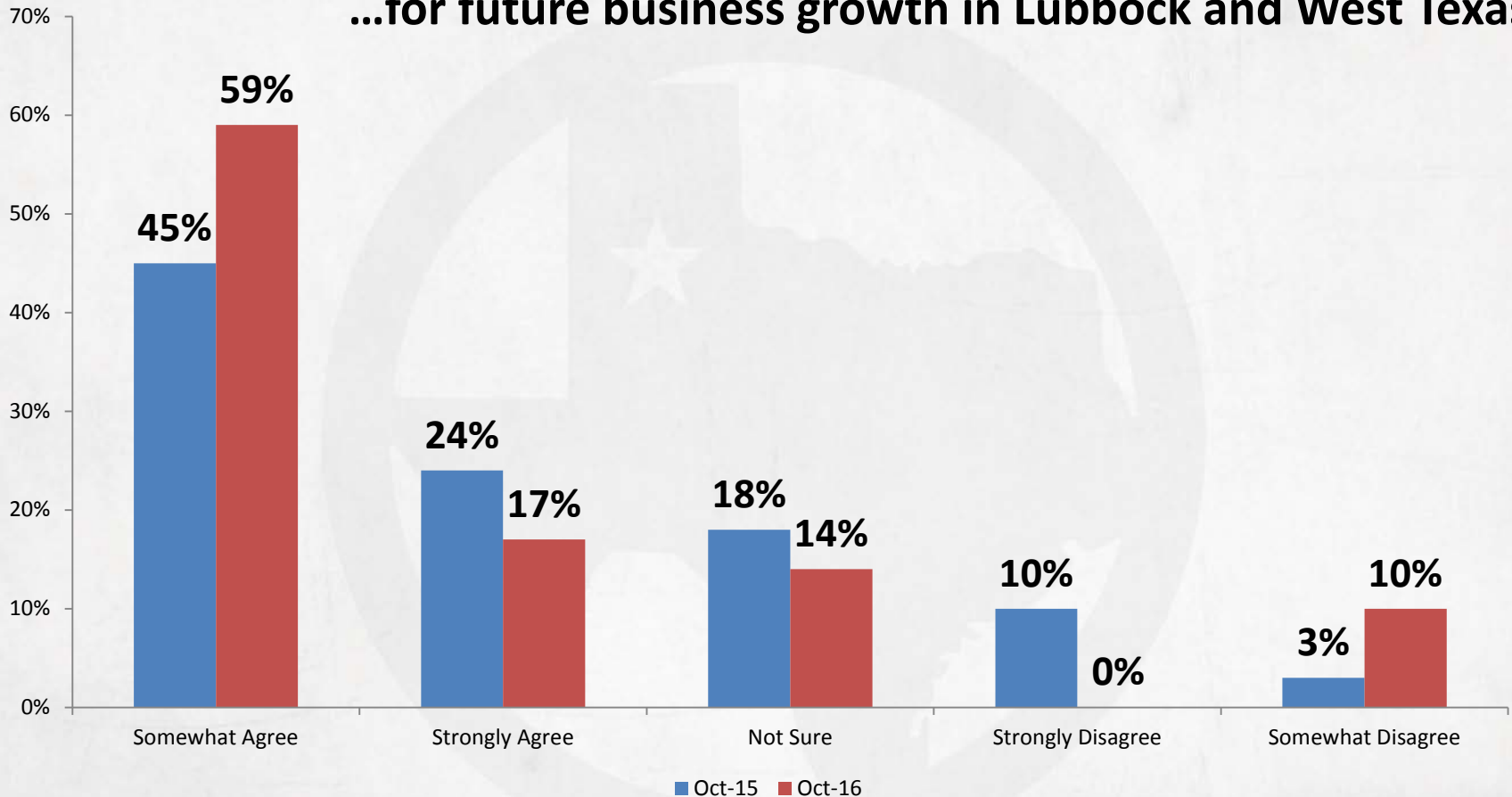
# Sales/Revenue Growth



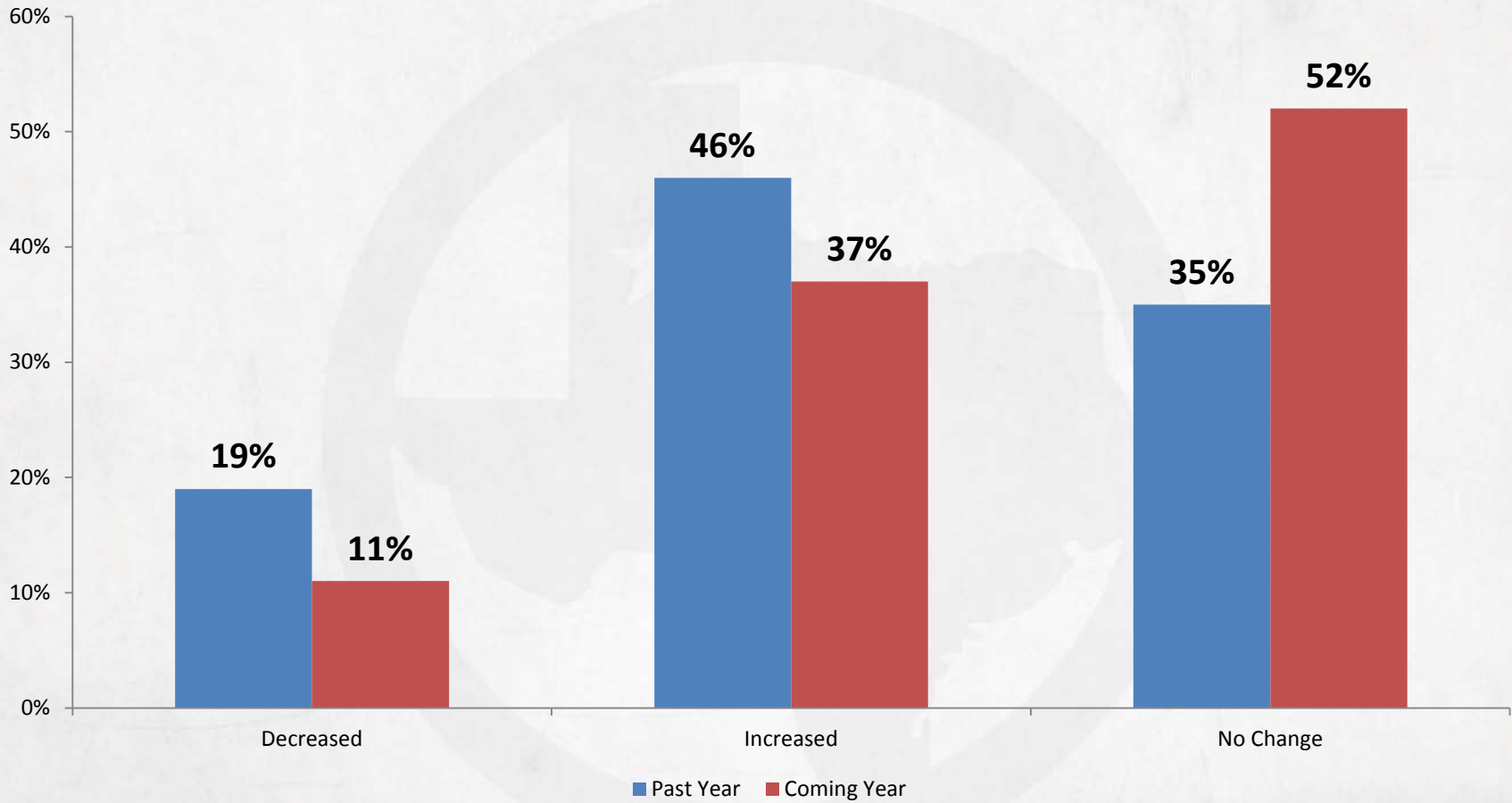


# On The Right Track...

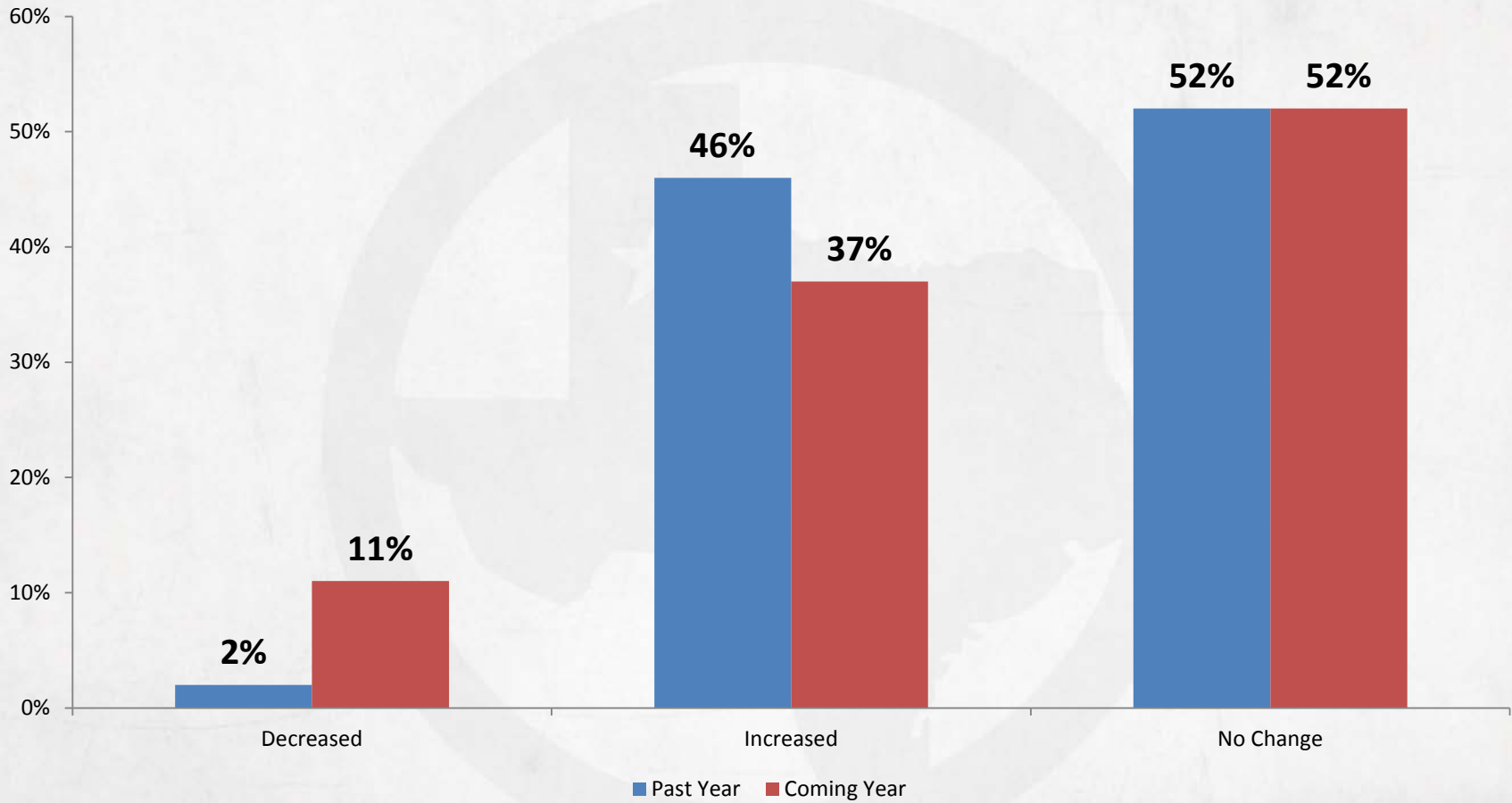
...for future business growth in Lubbock and West Texas?



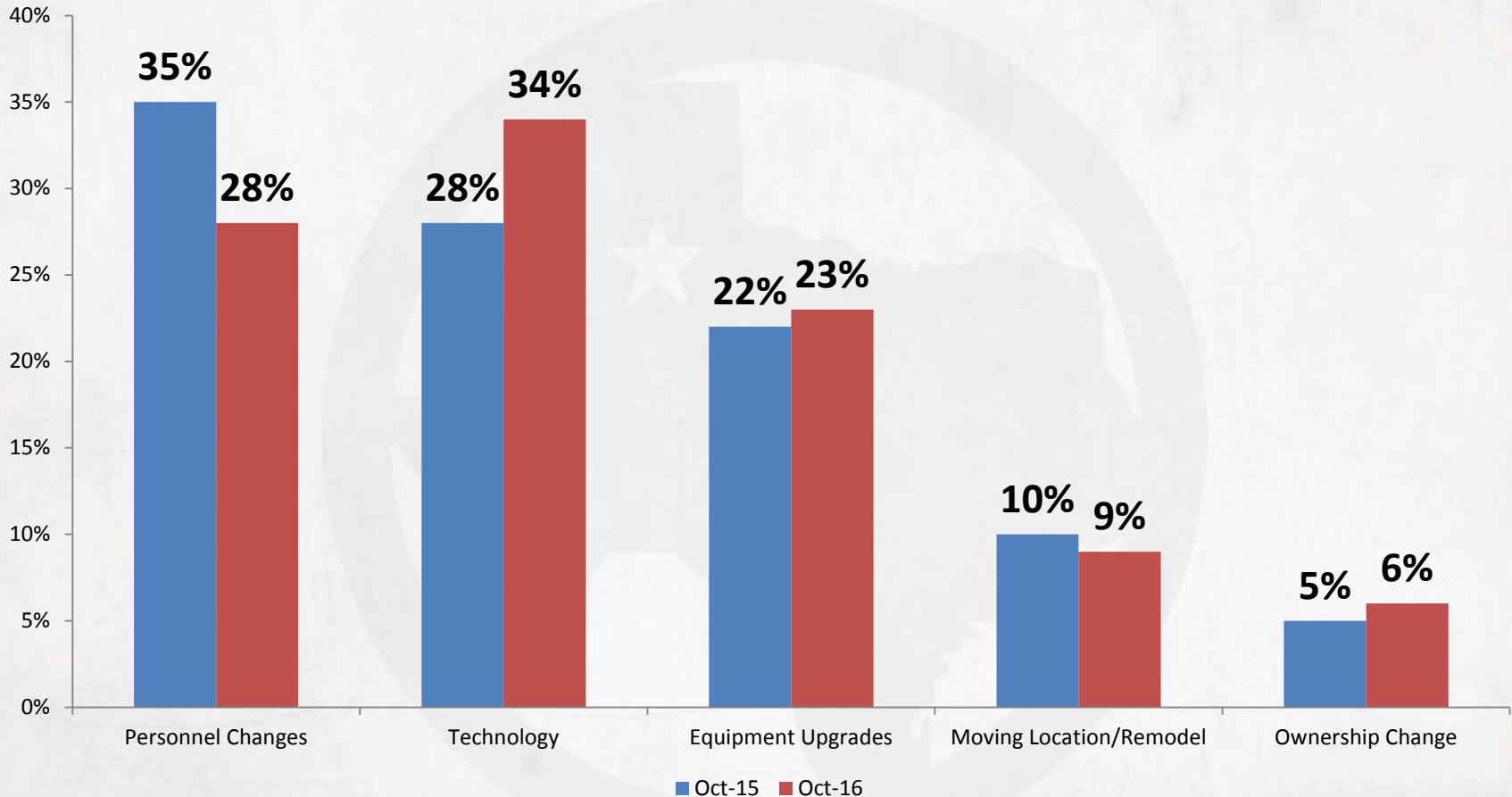
# Spending on Equipment/Facilities



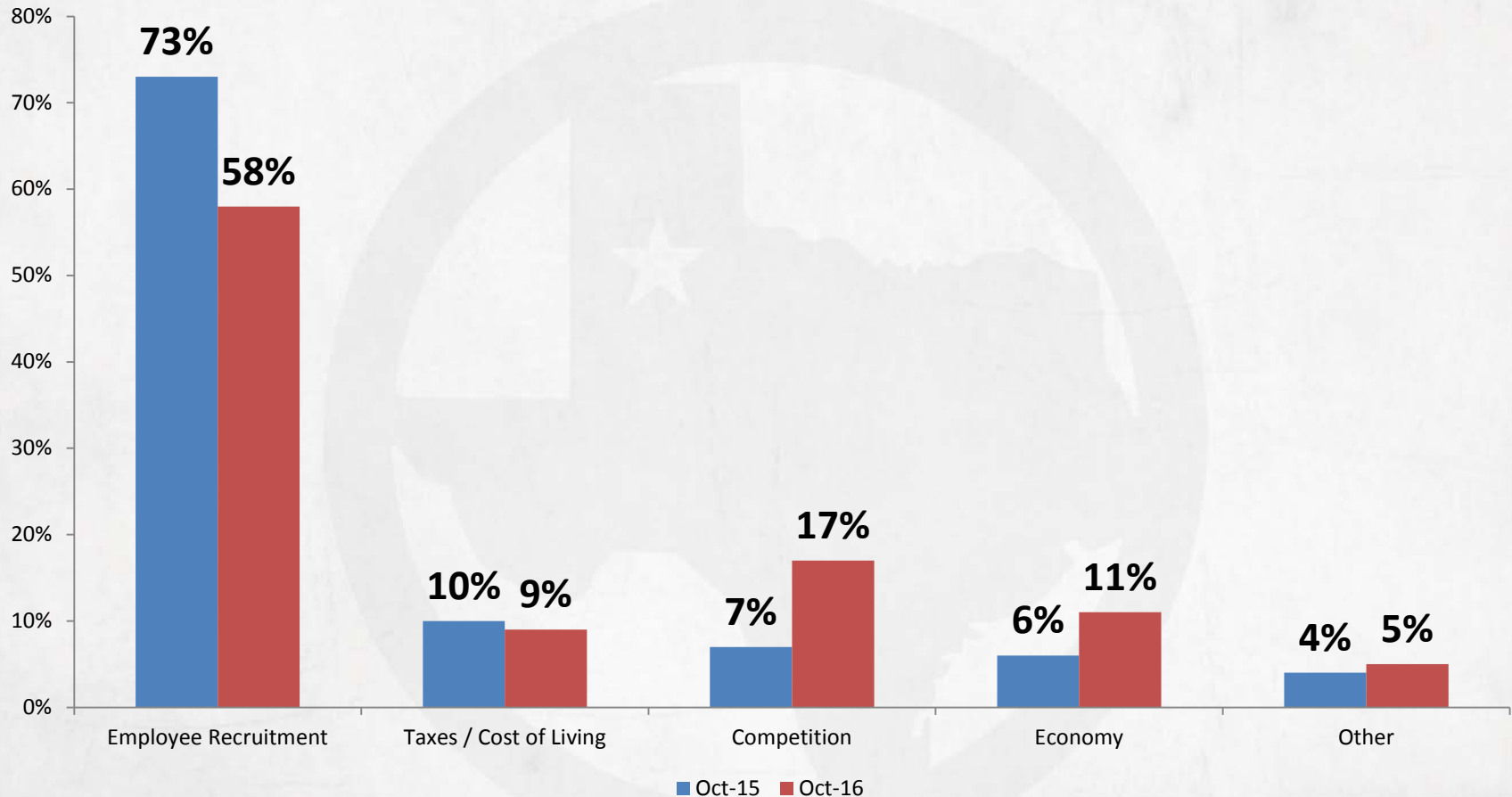
# Spending on Health Care



# Most Important Changes Made

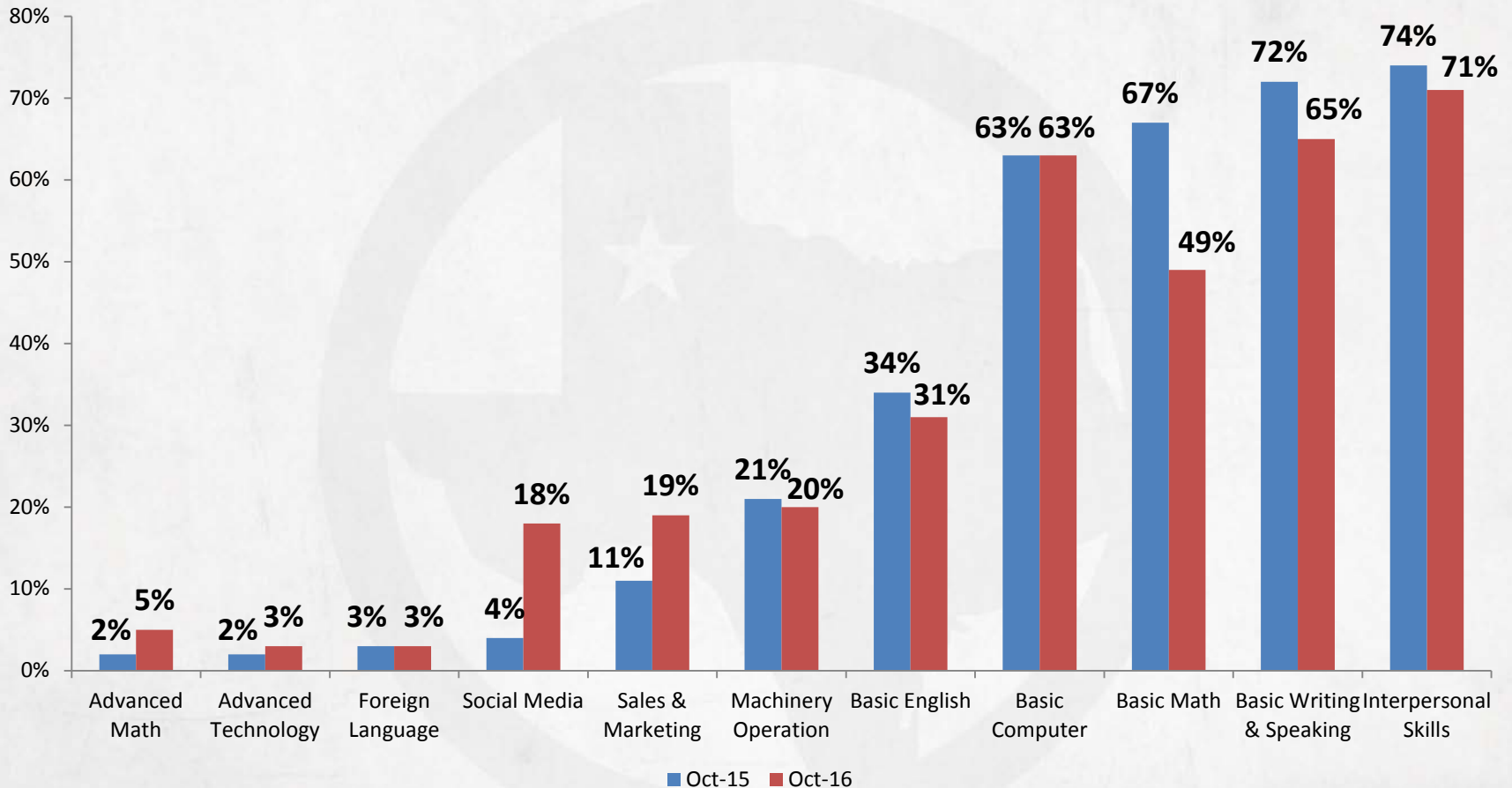


# Problems Hindering Growth

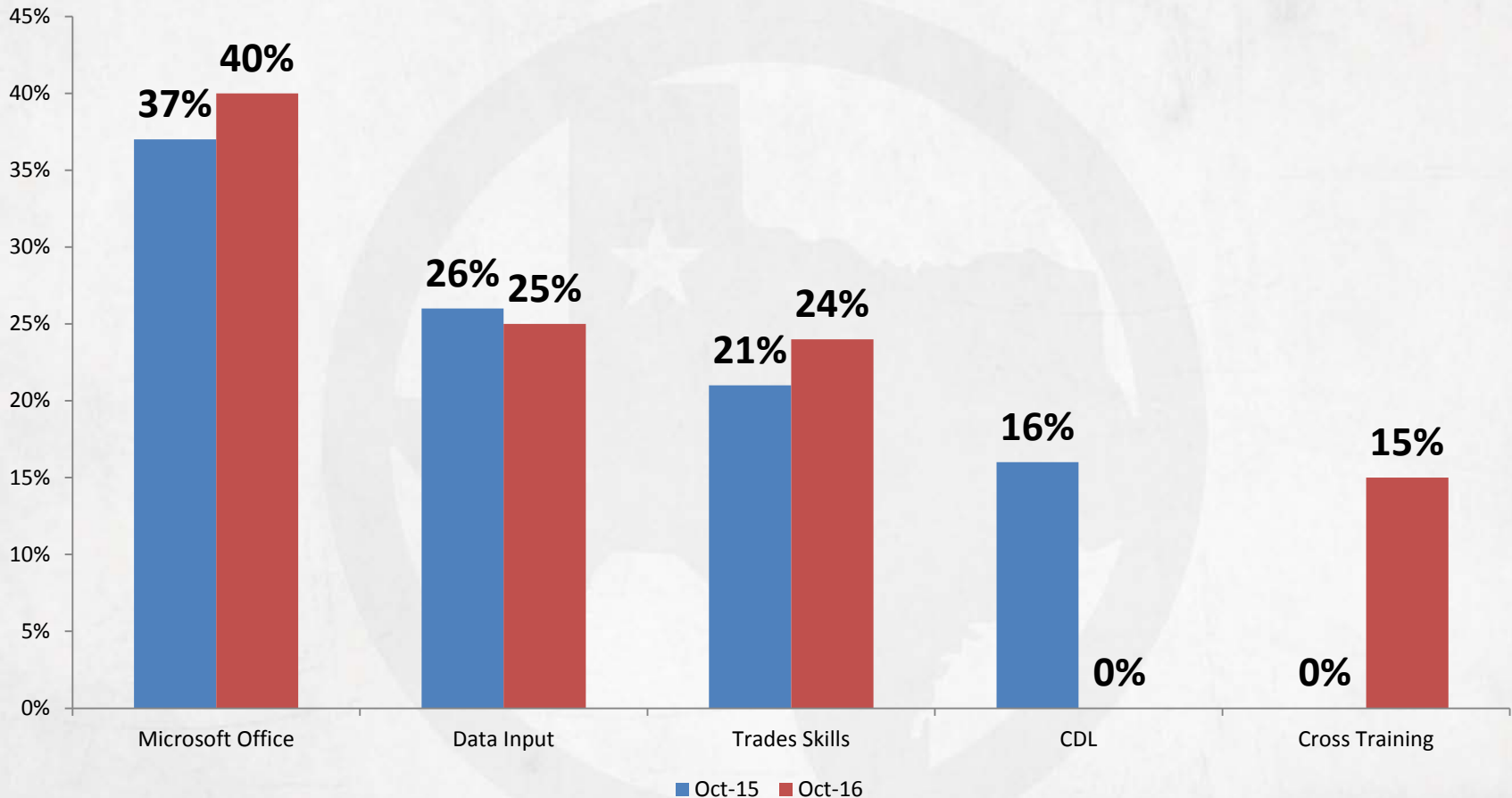




# Top Workforce Skills Needed



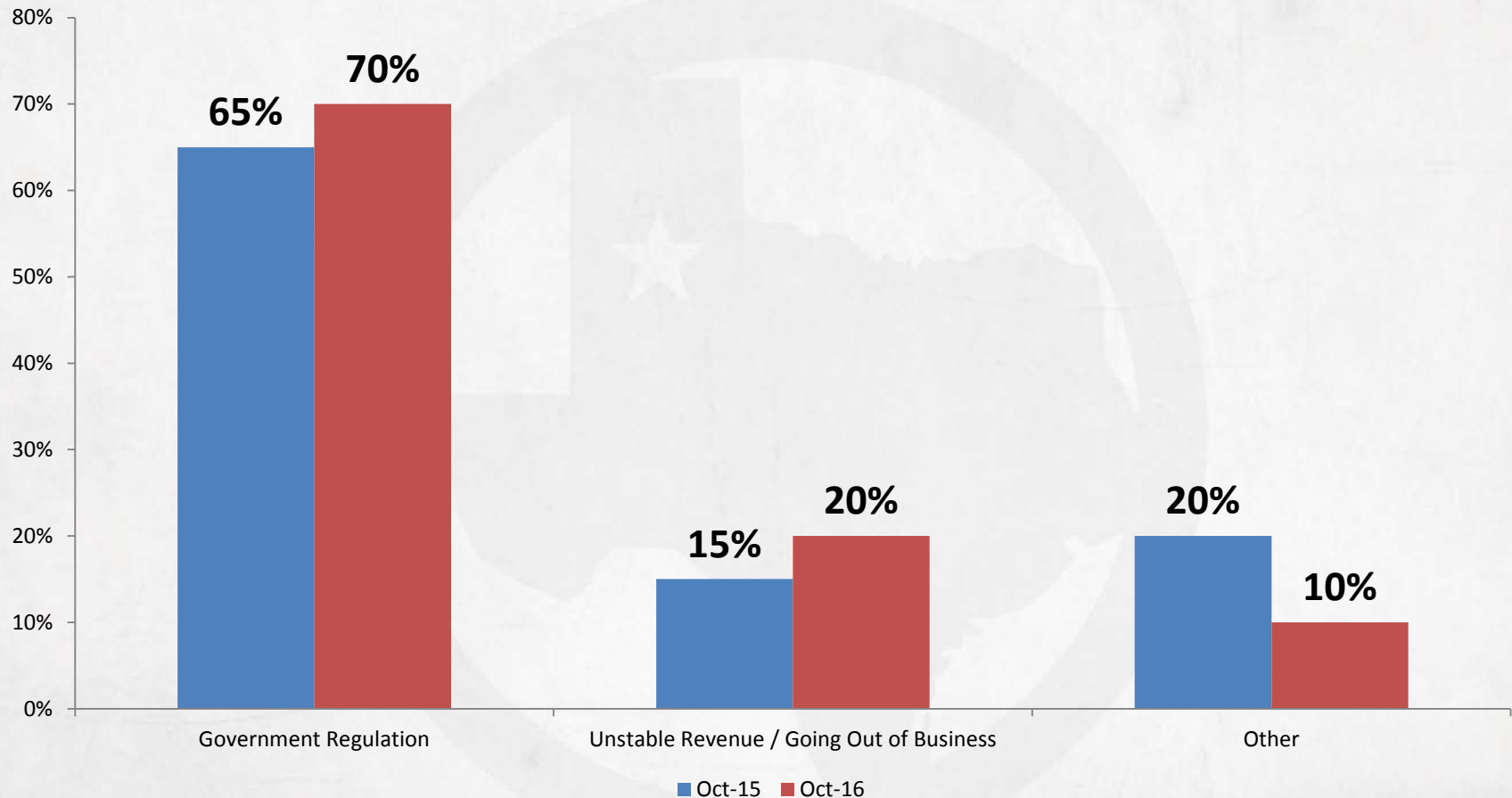
# Specific Knowledge Needed



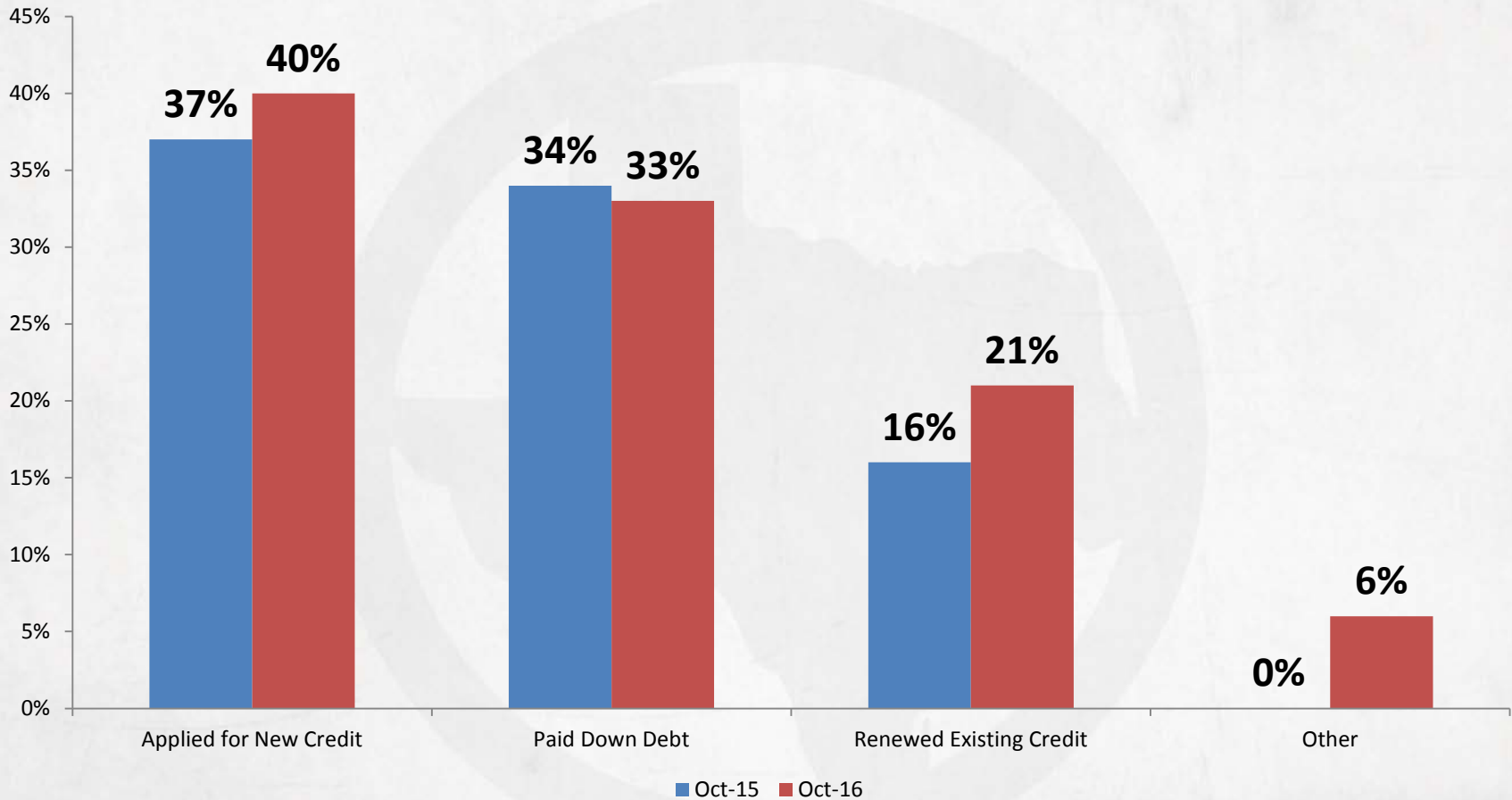
# Difficult Skills To Find

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

# Biggest Threat Over the Next Decade

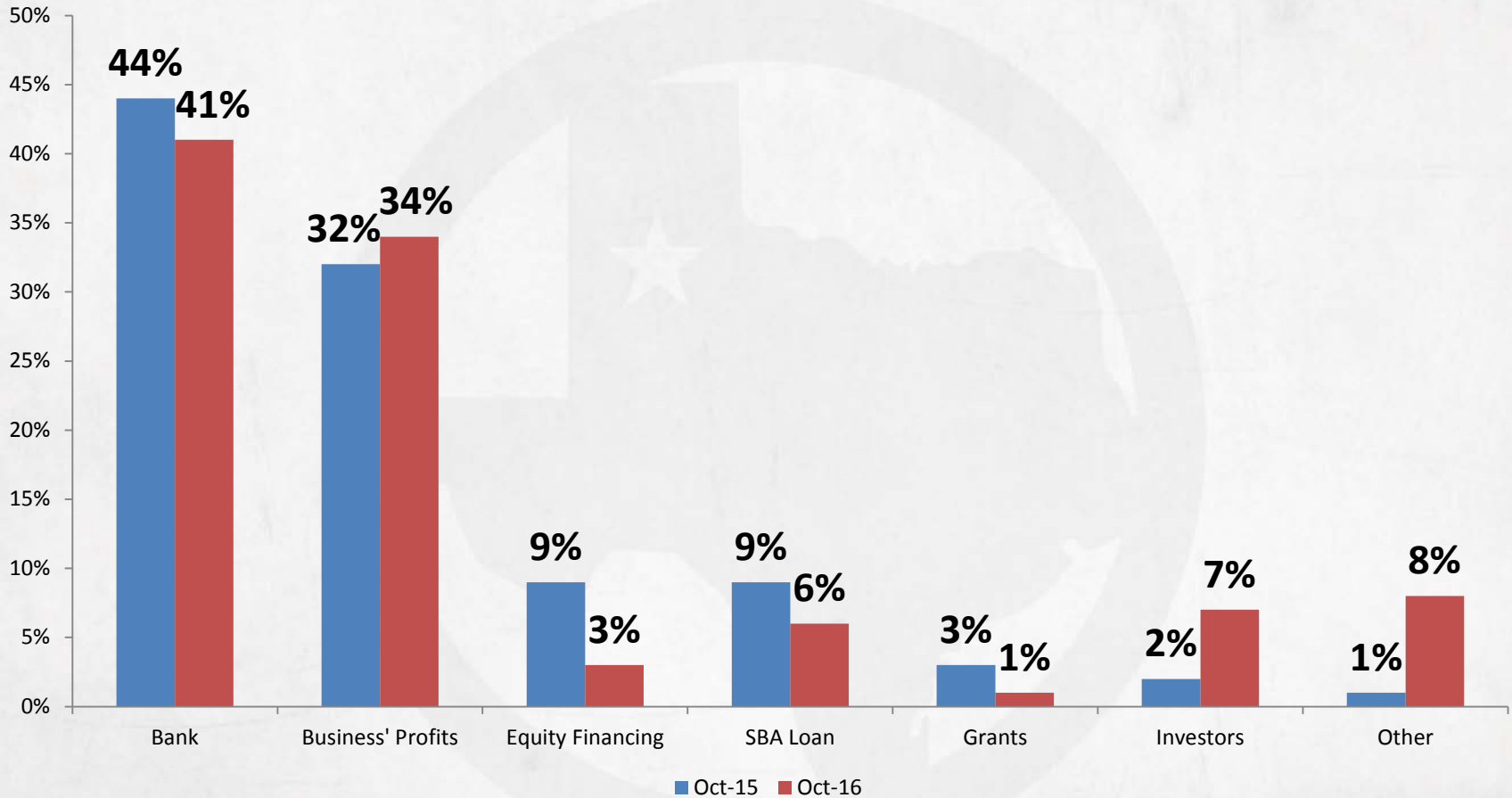


# Debt and Finance

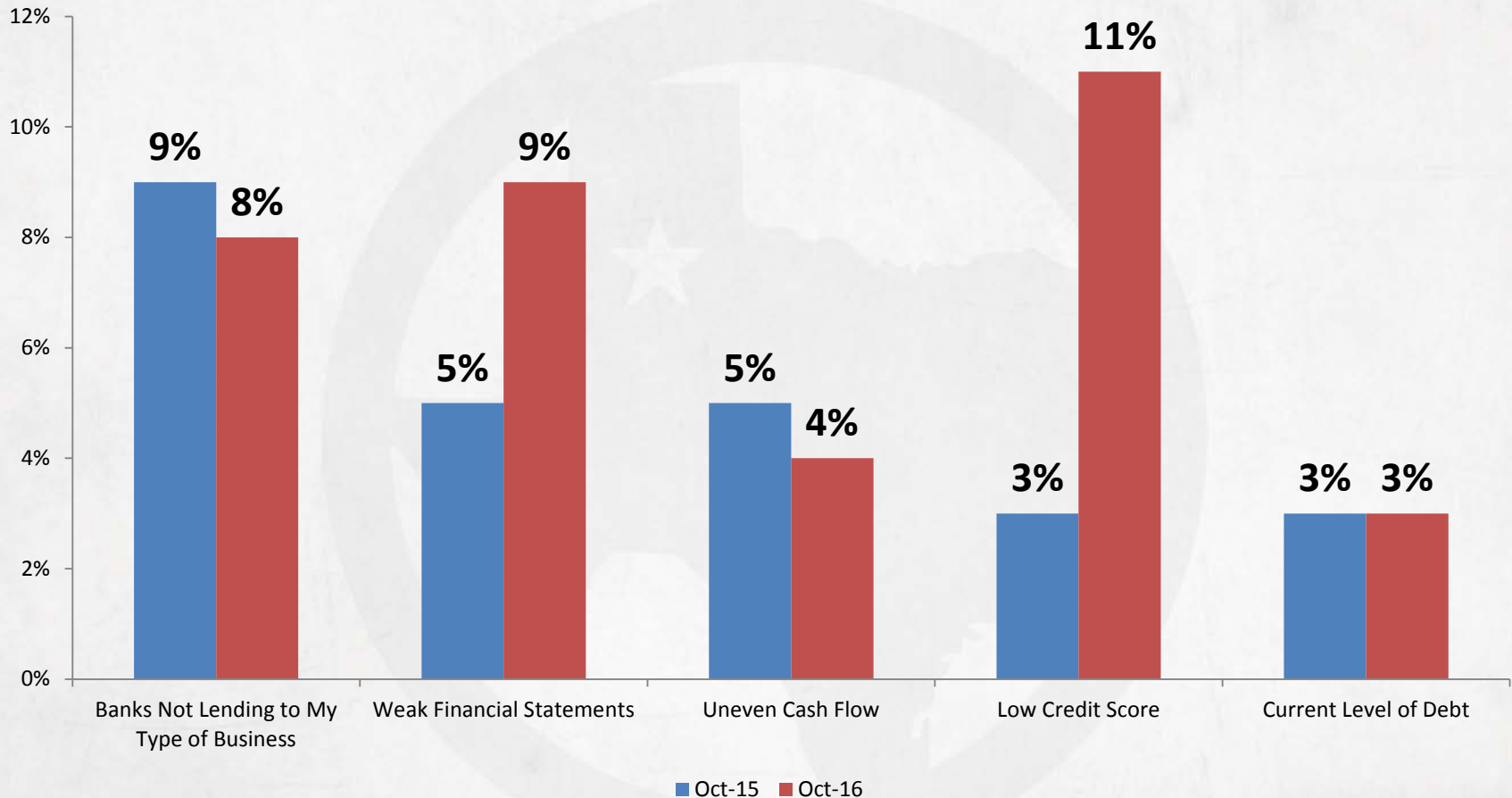




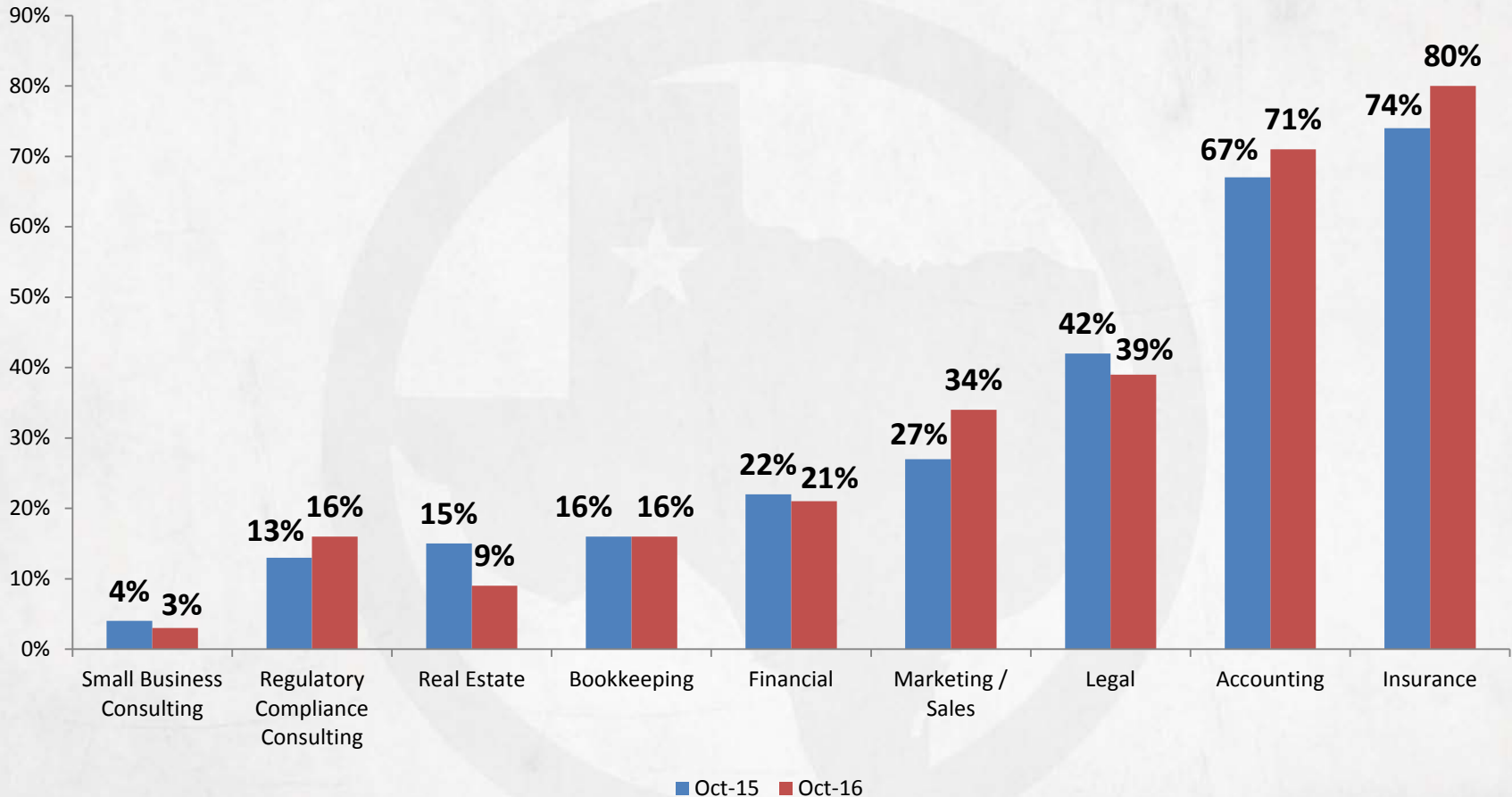
# Financing Sources



# Roadblocks to Credit



# Professional Resources Used



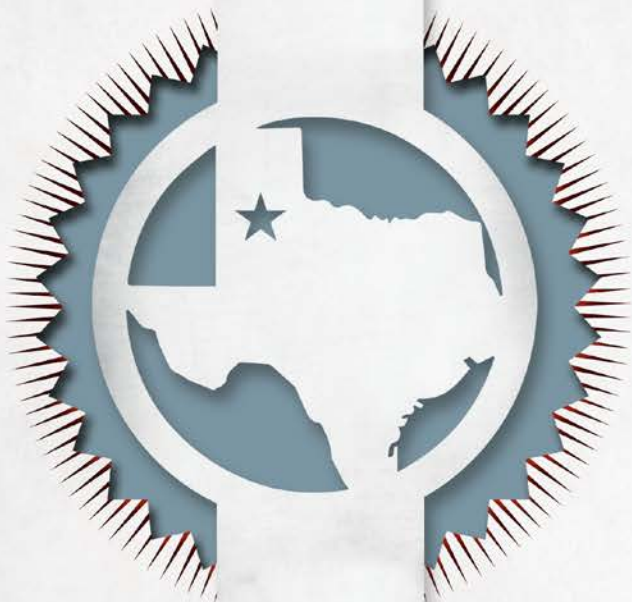
# Key Findings

- 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.

# 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.





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# South Plains College

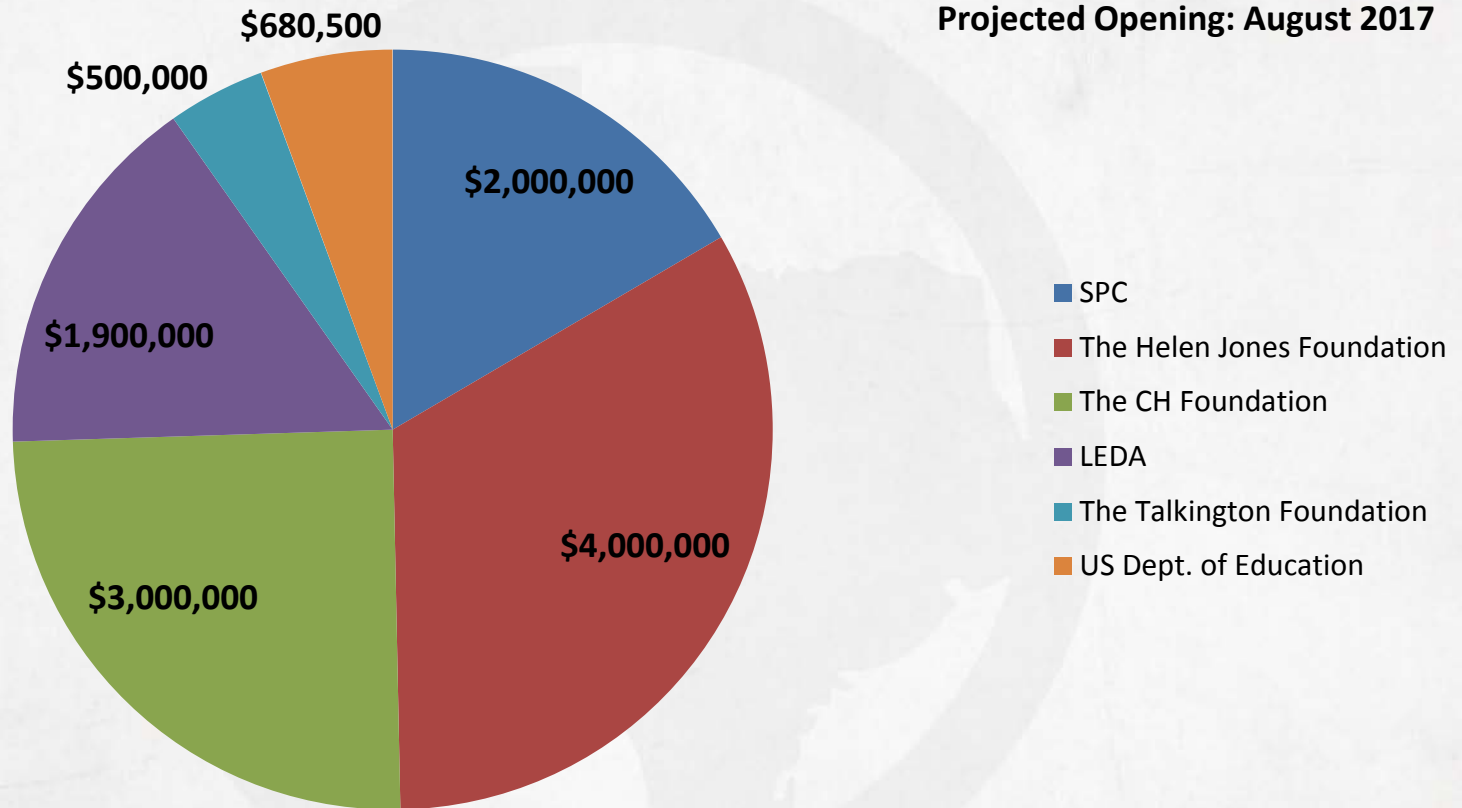
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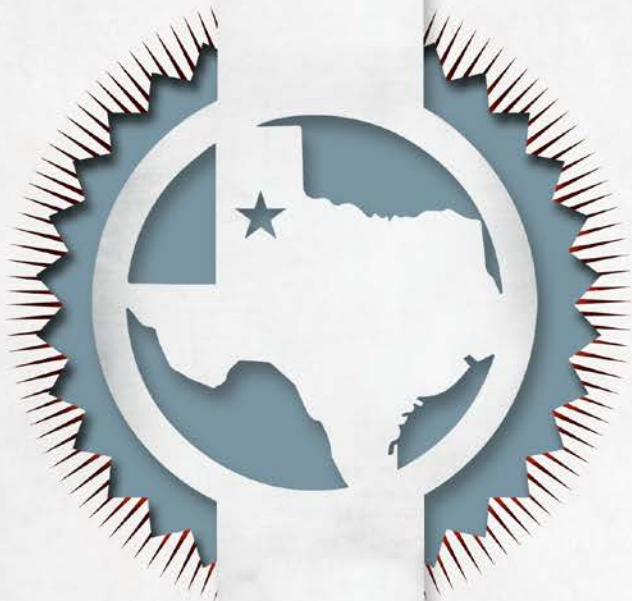
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# \$12.1M Raised For Expansion

**Projected Opening: August 2017**





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[www.lubbockeda.org](http://www.lubbockeda.org)

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