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Owasso Economic Outlook 2012

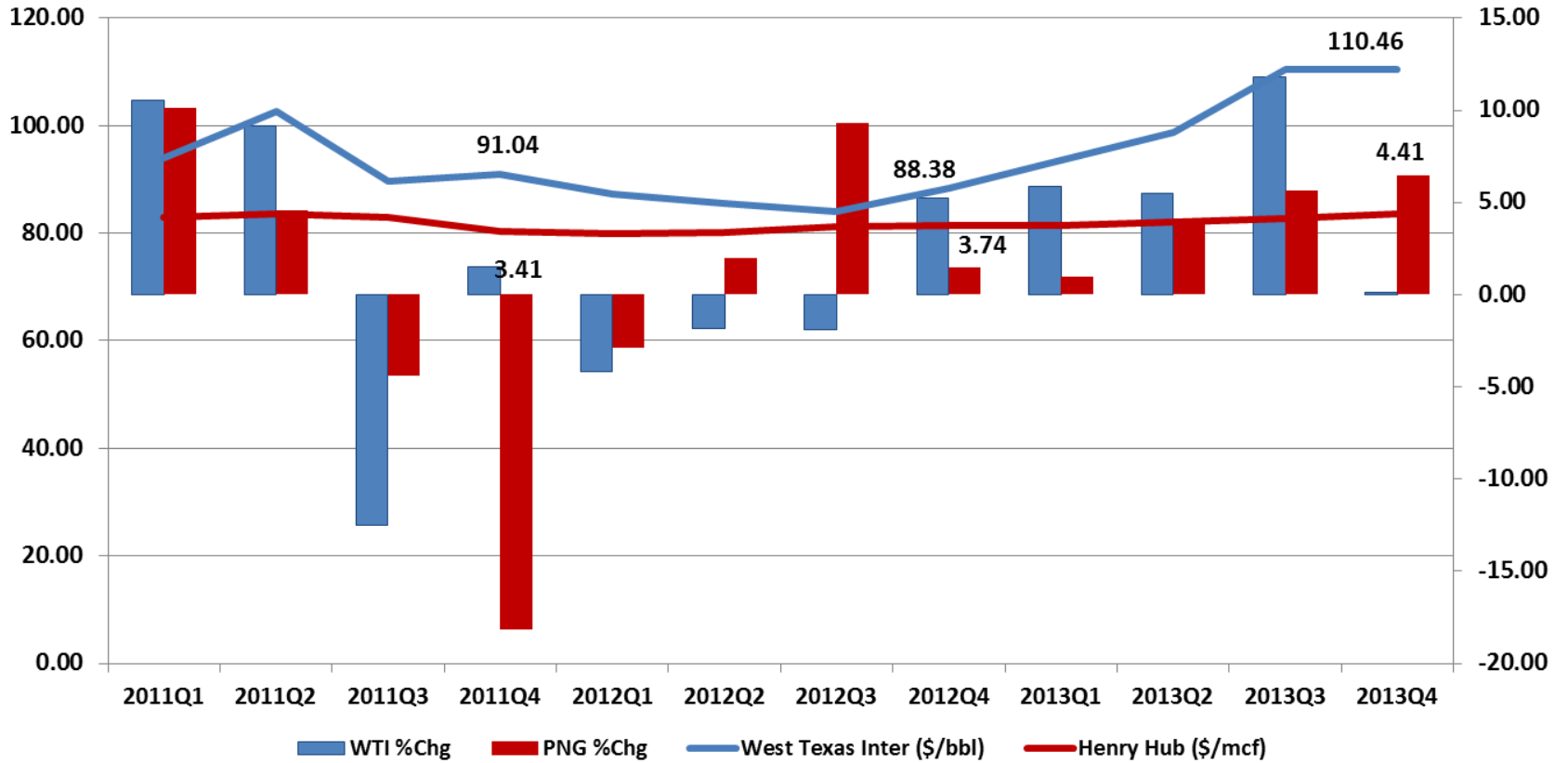
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Economic Research

Energy Price Forecasts



Oklahoma and the Energy Sector

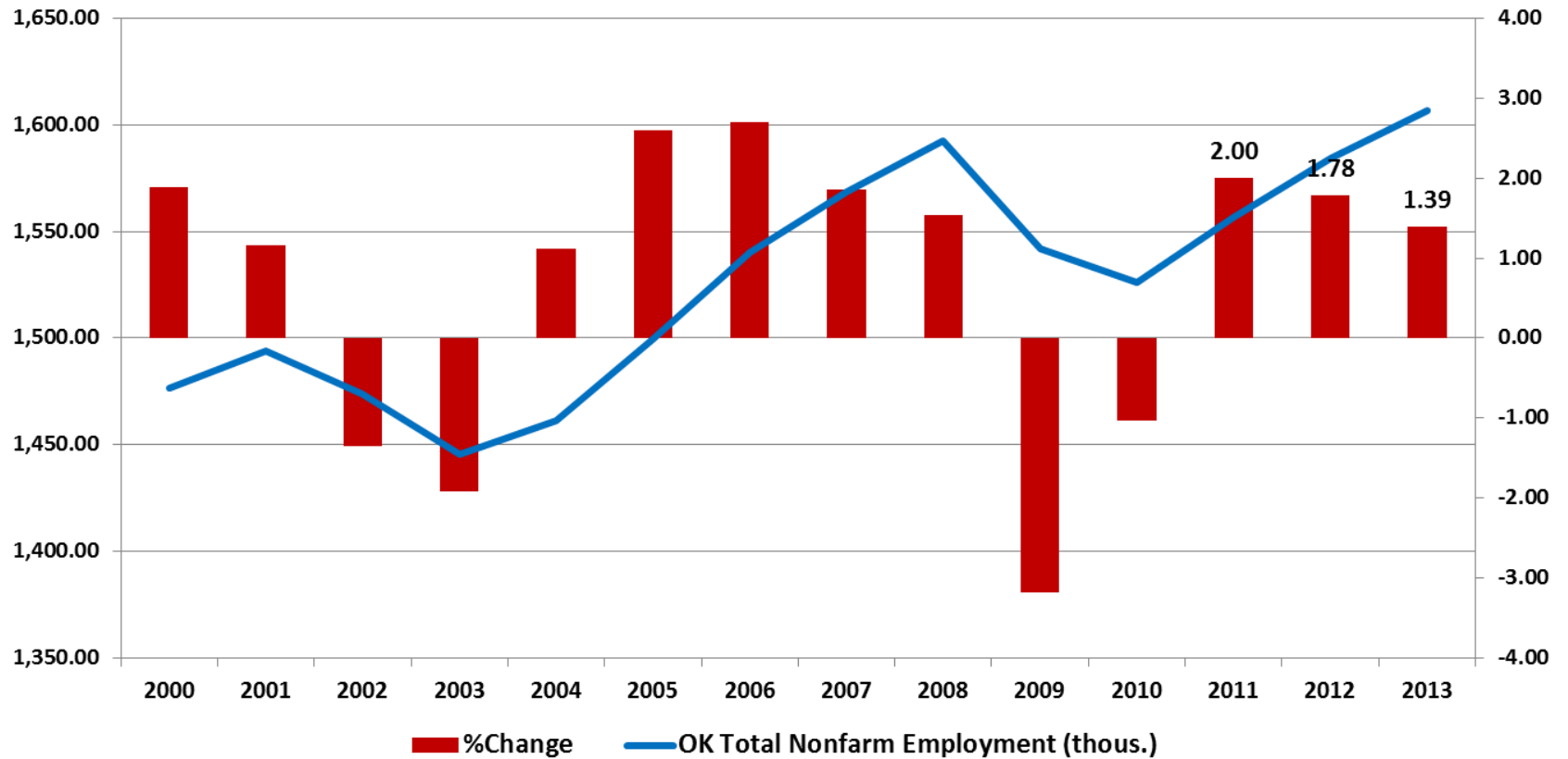
- Energy sector expected to remain strong, though with growth moderating in 2012.
- These prices affect employment in the sector and overall economy with a time lag.
- Caveats:
 - Economic growth in the country (and world)
 - Geopolitical events as evidenced by recent tensions with Iran, keeping oil prices high
 - Natural gas prices softening with warmer winter and over supply

Oklahoma's Response to the Recession

U.S. State BEA Wage and Salary Employment Growth

Rank		2001-2007 (%chg)	Rank		2007-2010 (%chg)
1	Nevada	23.3	1	North Dakota	4.6
2	Arizona	18.2	2	Alaska	1.7
3	Wyoming	16.2	3	South Dakota	0.0
4	Utah	15.9	4	Texas	-0.4
5	Idaho	14.9	5	Louisiana	-1.3
23	Oklahoma	4.6	8	Oklahoma	-2.2
46	Louisiana	0.1	46	Idaho	-8.0
47	Illinois	-0.1	47	Michigan	-9.6
48	Massachusetts	-1.5	48	Florida	-9.9
49	Ohio	-1.9	49	Arizona	-10.6
50	Michigan	-6.3	50	Nevada	-13.0

Oklahoma Total Non Farm Employment : Level and Percent Change



Oklahoma Economic Outlook

Selected Oklahoma Indicators	2010	2011	2012f	2013f
Oklahoma Nonfarm Employment (thous.)	1,526.2	1,556.7	1,584.5	1,606.5
(% Change)	(-1.03)	(2.00)	(1.78)	(1.39)
Oklahoma Population (thous.)	3,760.2	3,791.5	3,826.7	3,864.9
	(1.15)	(0.83)	(0.93)	(1.00)
Oklahoma Unemployment Rate (%)	7.05	5.85	5.83	5.56
Oklahoma Real Personal Income (Mill. \$82-84)	61,056	62,949	64,730	66,496
	(3.62)	(3.10)	(2.83)	(2.73)
Oklahoma Real GDP (Mill. \$2005)	131,666	137,855	142,186	146,365
	(0.81)	(4.70)	(3.14)	(2.94)

Tulsa's Recovery

Wage and Salary Employment Forecast	2010	2011	2012f	2013f
Oklahoma Nonfarm Employment (thous.)	1,526.2 (-1.03)	1,556.7 (2.00)	1,584.5 (1.78)	1,606.5 (1.39)
Oklahoma City Metro Employment (thous.)	556.3 (-0.64)	566.5 (1.84)	574.7 (1.44)	584.6 (1.73)
Tulsa Metro Employment (thous.)	405.6 (-1.79)	412.9 (1.78)	421.3 (2.05)	430.3 (2.12)

Owasso Forecasting Model

- Driven by available data at the city/zip level
- Wage & salary employment-by sector
- Wage and salary income (not by sector)
- Sales and use tax revenue
- Population (and school enrollments)
- Building permits(single family, construction value)

Exogenous Shock

- Recent American Airlines Job cuts which include layoffs of 2100 mechanics and related work groups at the Tulsa Maintenance & Engineering Center.
- Model does not explicitly account for this event. however it is clear that the losses will affect the forecast downward in a number of sectors as well as affect consumer expenditures.

2011 Results

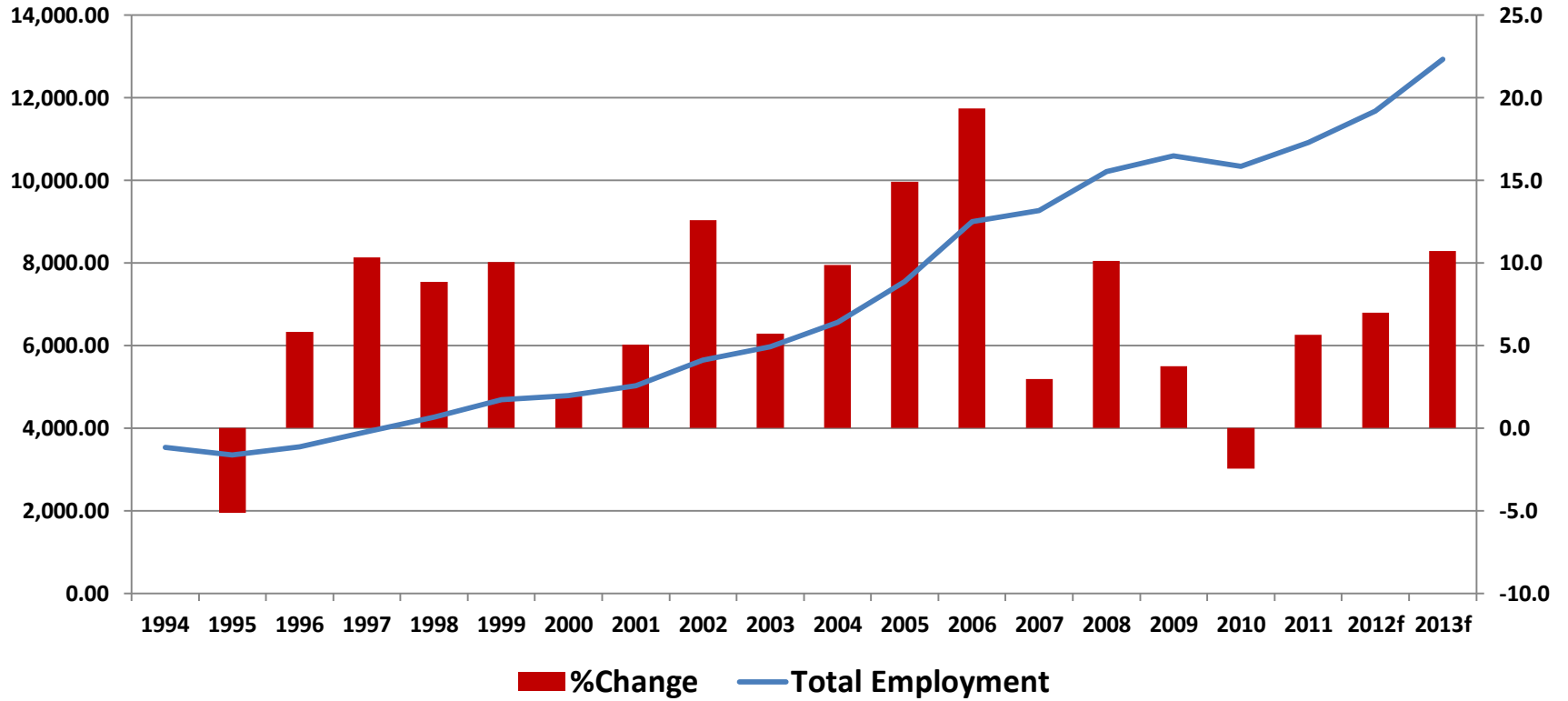
In the past year:

- Job growth exceeded 5.5%
- Population growth was about 1.5%
- Number of single family permits was up for the second time in the last four years.
- Positive payroll growth (2.5%)

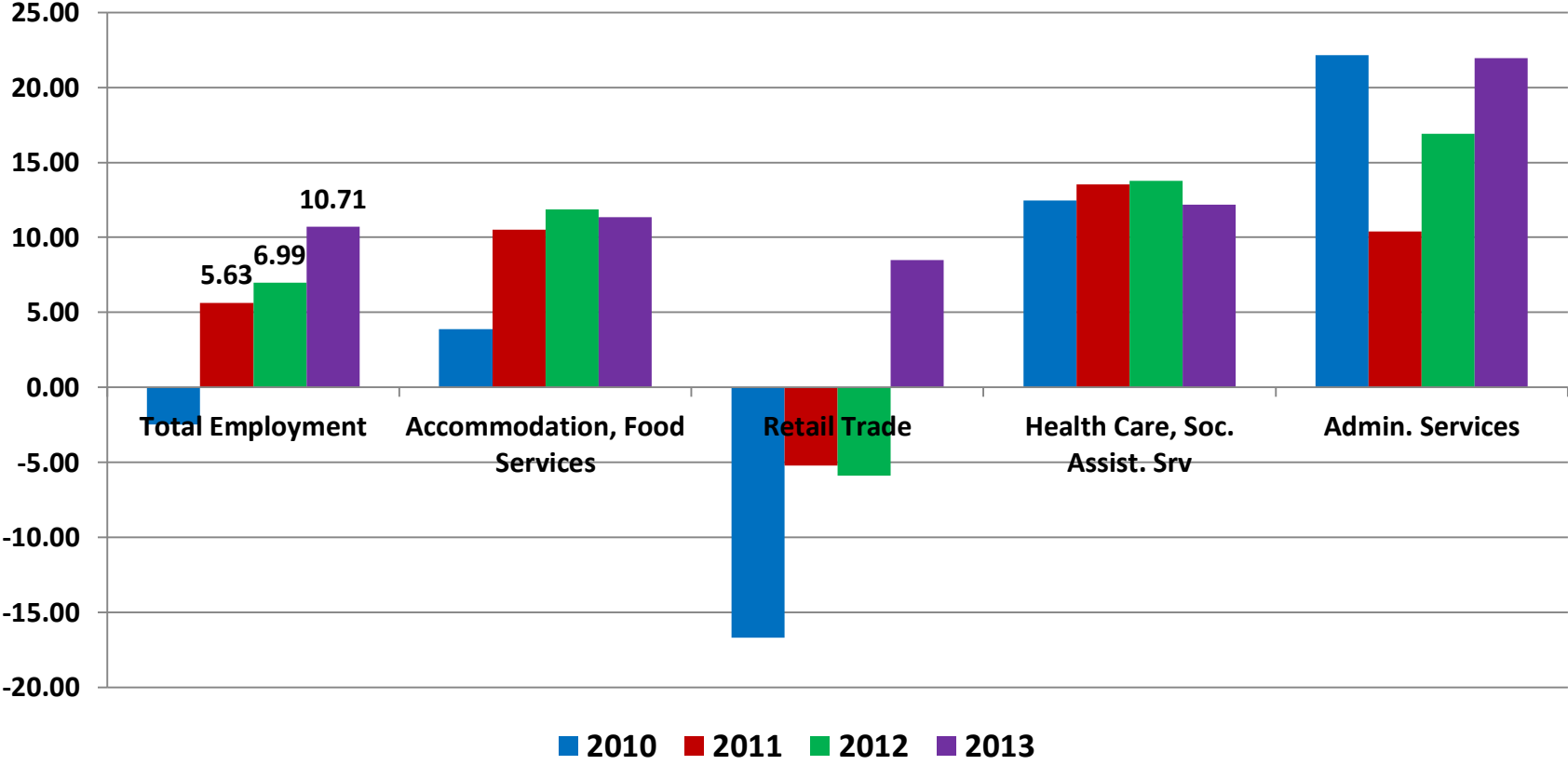
2012 Owasso Outlook Summary

Selected Owasso Economic Indicators	2010	2011	2012f	2013f
Owasso Employment % Change	10,335.28 (-2.46)	10,917.32 (5.63)	11,680.85 (6.99)	12,931.93 (10.71)
Wage & Salary Income	254,727.00 (-0.98)	261,119.80 (2.51)	286,836.20 (9.85)	323,961.50 (12.94)
Owasso Sales Tax Collections	17,393,200.41 (0.33)	17,867,995.45 (2.73)	19,646,040.00 (9.95)	22,280,520.00 (13.41)
Population	28,915.00 (3.20)	29,352.93 (1.51)	30,419.17 (3.63)	31,648.20 (4.04)

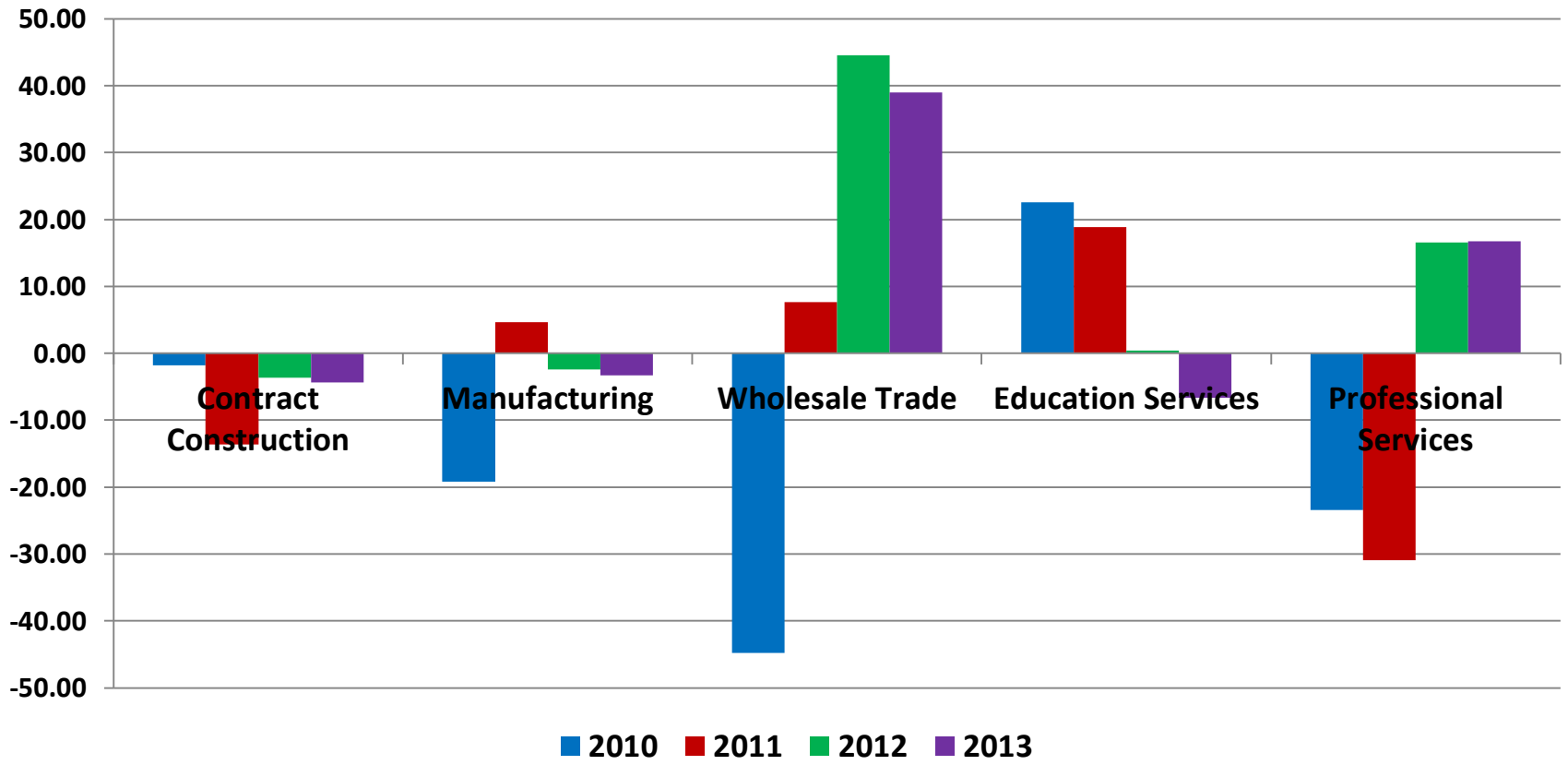
Owasso Total Wage and Salary Employment: Level and Percent Change



Owasso Employment Growth : Total and Selected Sector Forecasts



Owasso Selected Sector Forecasts



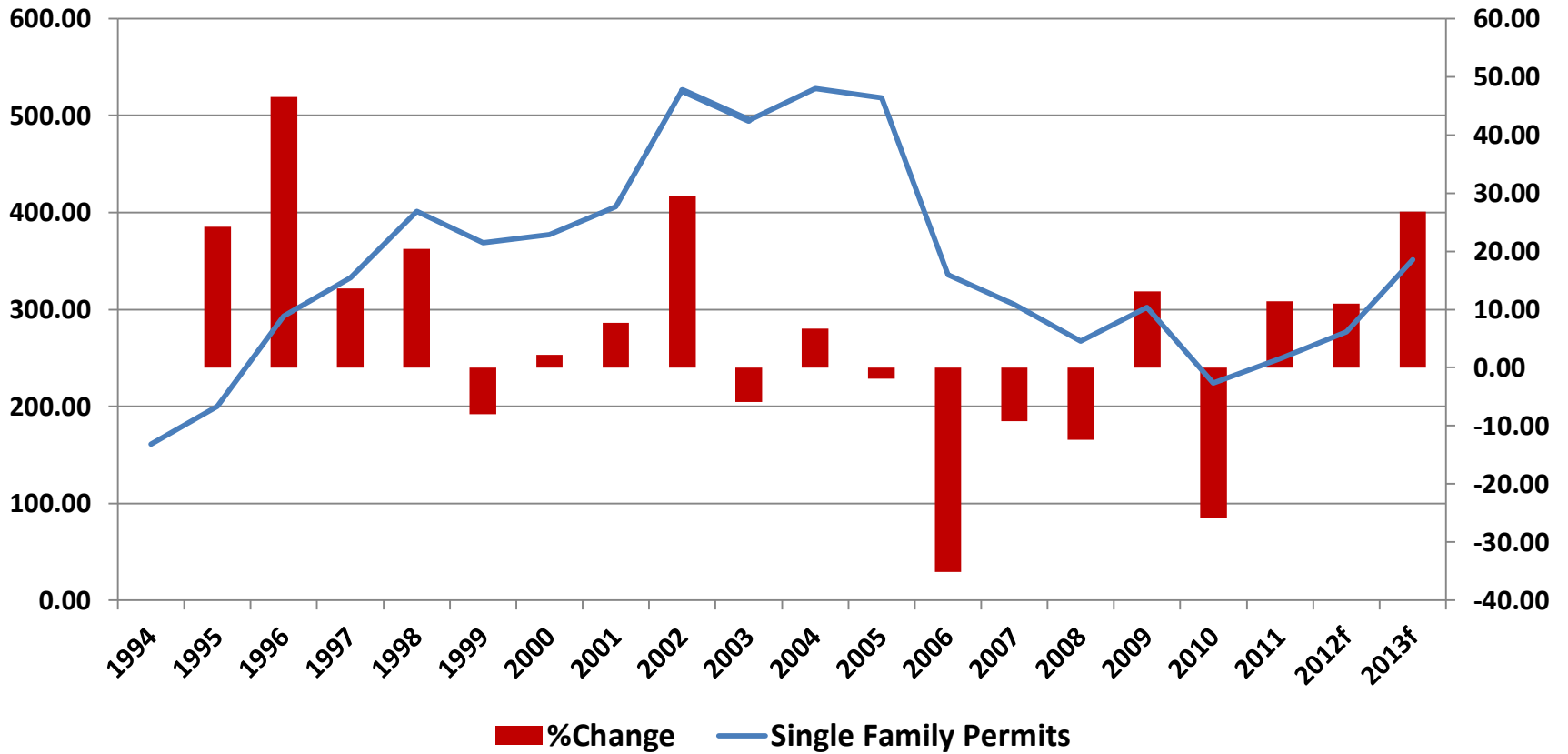
Changes by Sector (notable gains)

- Health Care and Social Assistance Services, Accommodations and Food Services, and Administrative Services are the key sectors which will be responsible for the biggest shares of job gains in 2012/2013.

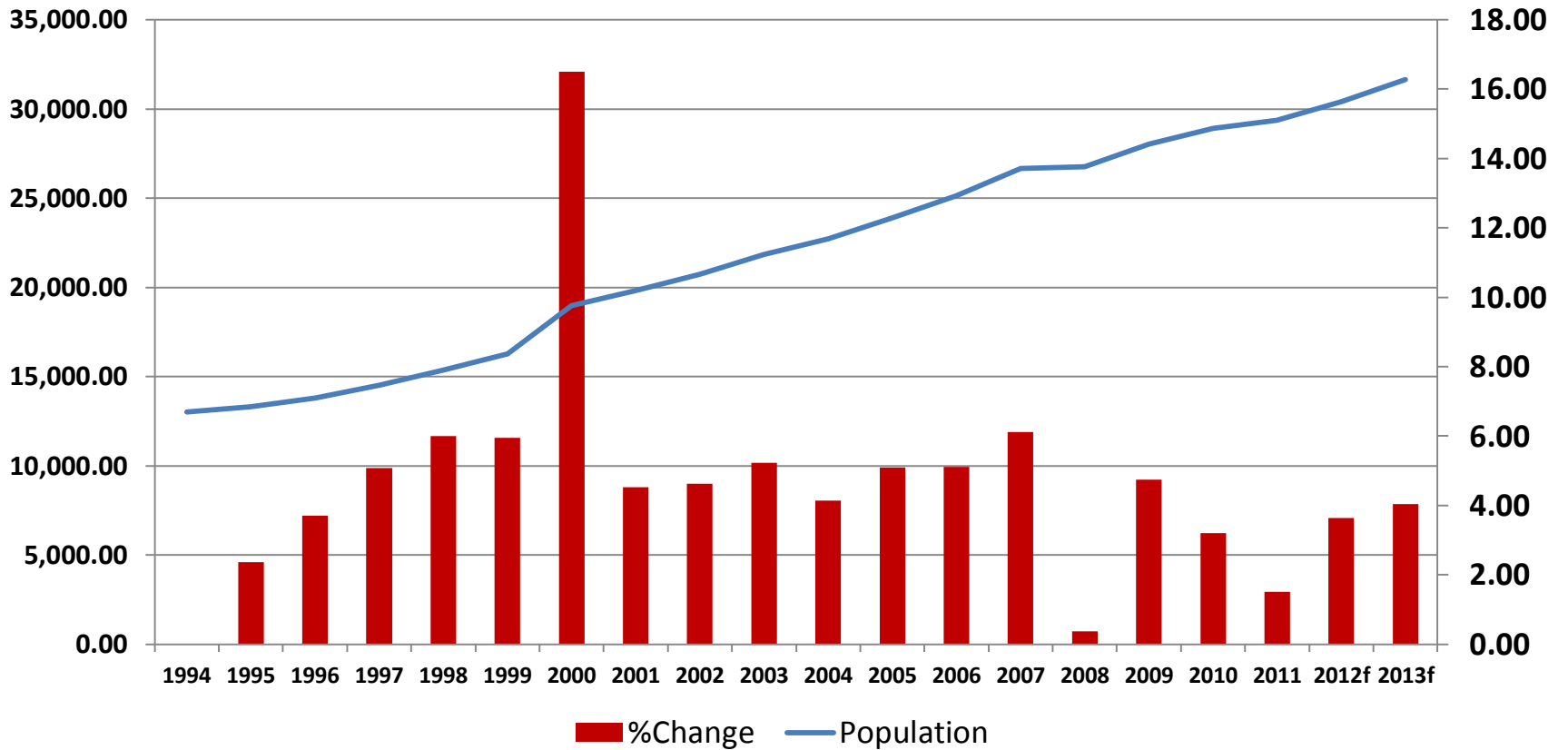
Changes by Sector(mixed results)

- Hiring in Construction and Manufacturing will remain weak in the future.
- Wholesale Trade and Professional Services have rebounded and will continue adding workers.

Single Family Home Permits: Level and Percent Change

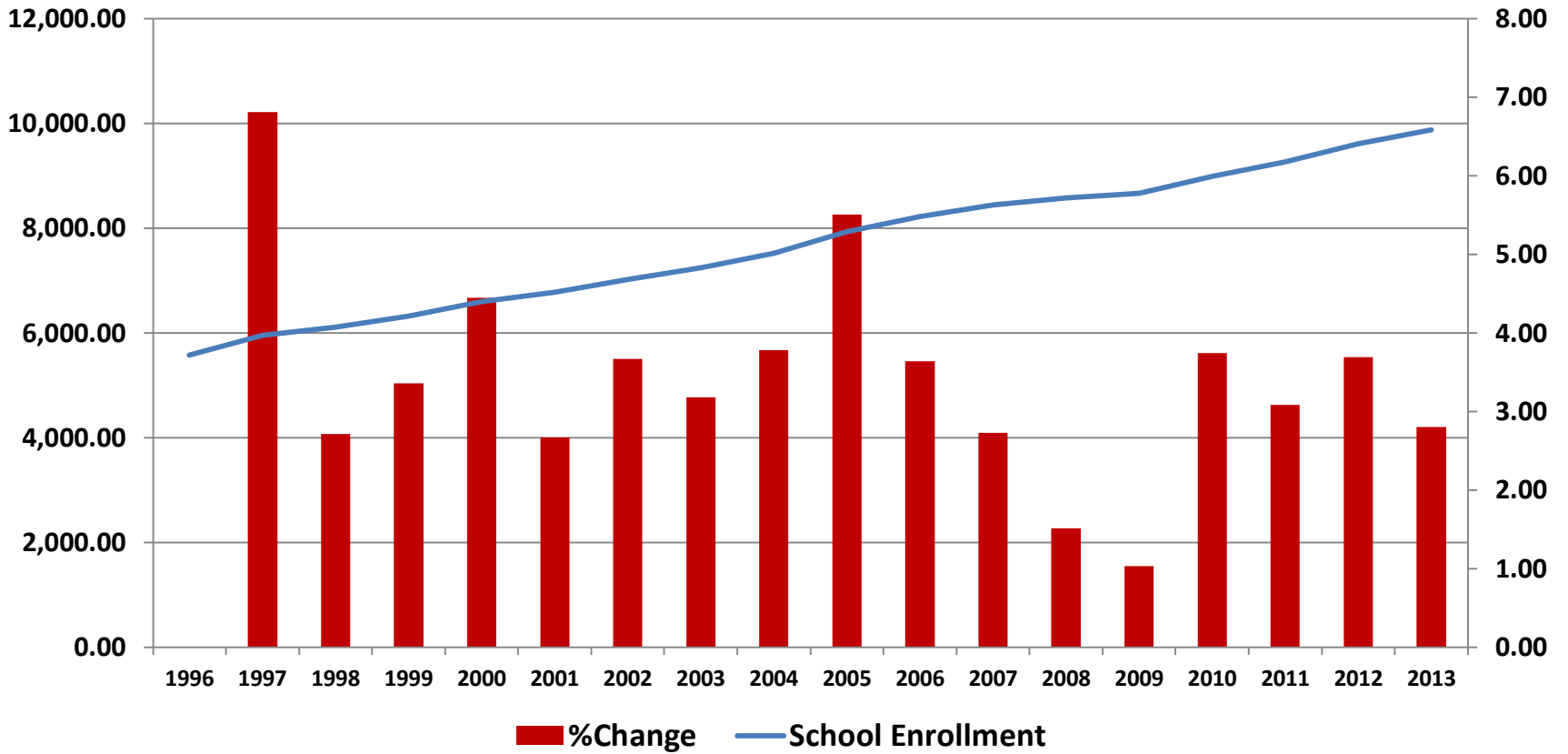


Owasso Population: Level and Percent Change

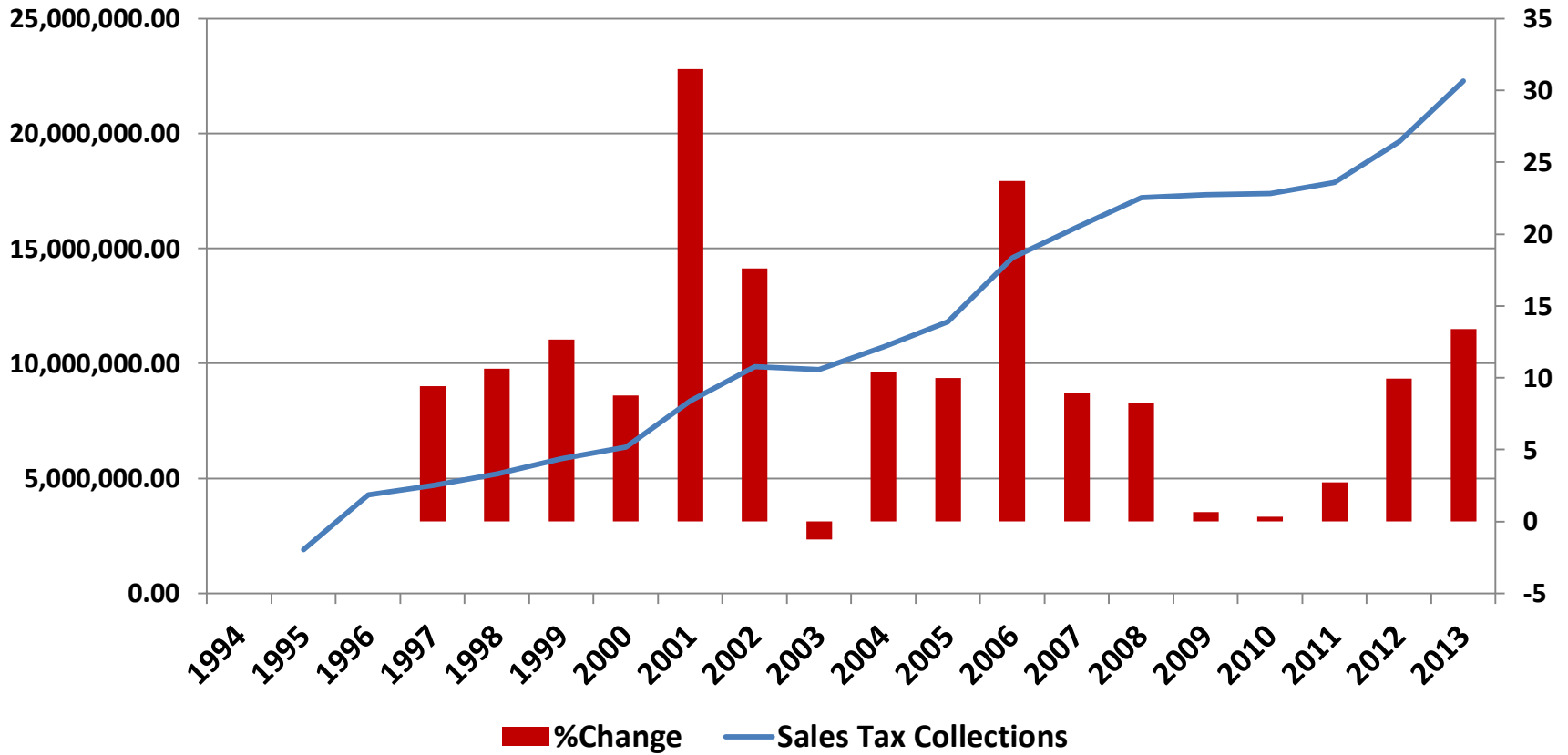


- Population growth slowed down in 2008 at the onset of the recession but is set to get back on track. It had grown at an average of 5% between 2001 and 2007.
- School enrollment grew at a slower pace between 2007 and 2009 but recovered in 2010.

School Enrollment: Level and Percent Change



Sales Tax Collections: Level and Percent Change



Thank you for your attention