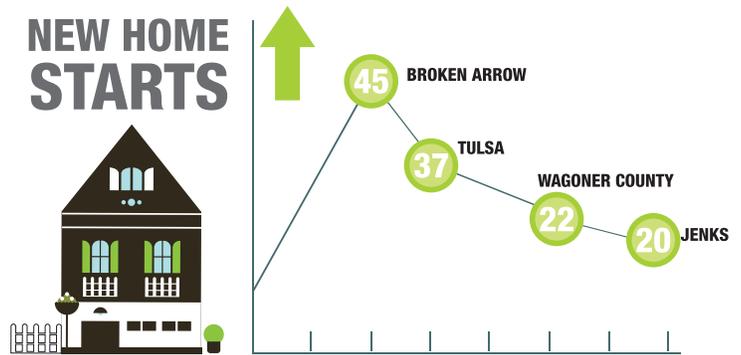


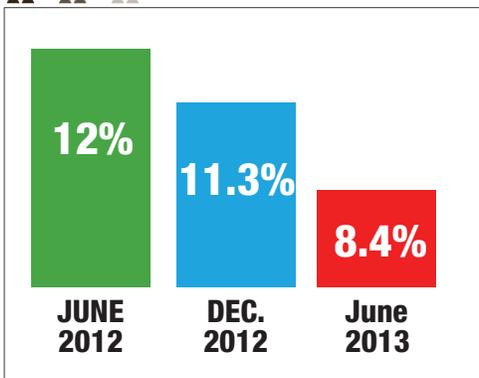
REGIONAL ECONOMIC UPDATE

HOME CONSTRUCTION TOPS 2012 LEVELS, SALES SURGE

Northeast Oklahoma home construction is beating 2012 numbers amid rising consumer confidence and positive economic indicators. The year-to-date total of 1,205 home starts in the Tulsa area is about 27 percent above last year. Broken Arrow had the most new construction in the metro area in May, recording 45 starts, followed by Tulsa at 37, Wagoner County at 22 and Jenks, with 20, the Tulsa World reported. Tulsa-region home sales have reached the highest number in five years. The Greater Tulsa Association of Realtors reports that 1,464 properties were sold in June - 16.3 percent ahead of May and 12.2 percent higher than June 2012.



INDUSTRIAL VACANCIES



INDUSTRIAL VACANCIES CONTINUE TO DECREASE

The industrial vacancy rate in Tulsa ended the first half of 2013 at a four-year low of 8.49 percent, according to a recent report by CB Richard Ellis of Oklahoma. That compares to 11.37 percent on Dec. 31 and 12.06 percent one year ago. Officials say industrial vacancy rates could soon approach all-time vacancy lows of just below 5 percent, set in 2007 and 2008.

REGIONAL ECONOMIC UPDATE

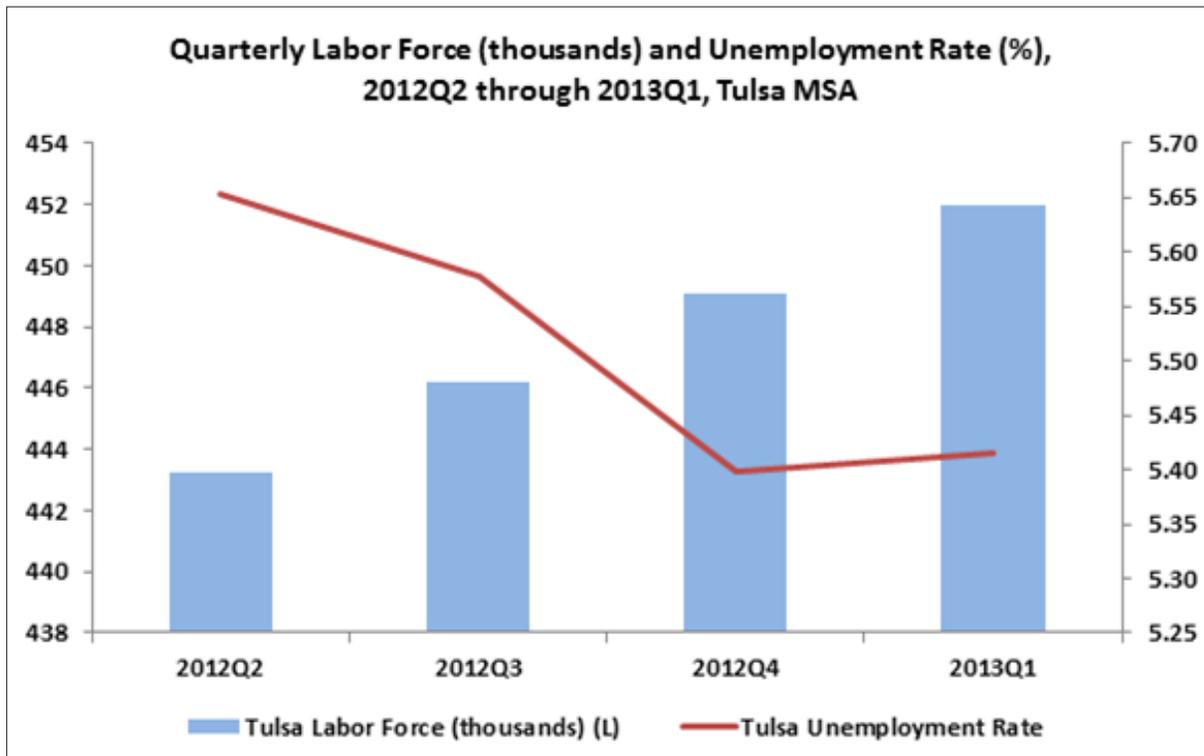
EMPLOYMENT STRONG AT MID-YEAR DESPITE FLUCTUATING UNEMPLOYMENT

The last two months of unemployment reports for Tulsa MSA have shown a drop in April to 4.7 percent from 5.3 percent in March and an increase back to 5.5 percent in May. Regardless of the direction of movement in the unemployment rate, an increase in the labor force is desirable and reflects growth in the economy.

The unemployment rate is the ratio of the number of unemployed to the labor force; the labor force is the sum of those people who are employed and those who are unemployed but looking for work. The drop in the April unemployment rate was accompanied by a decline in the labor force: 3,000 people came out of unemployment, but only 1,300 were added to employment. That is,

some people either quit looking for work or they found jobs elsewhere. Conversely, the jump in the unemployment rate to 5.5 percent in May was accompanied by a gain in labor force: employment dropped by 900 jobs, but 3,864 people entered the labor force looking for work and expecting to find it. This is a good thing.

Erratic swings in the unemployment rate occur monthly and can be attributed to seasonal activity that occurs every year. Removing seasonality and reviewing quarterly rather than monthly data result in the chart below, based on data provided by the Spears School of Business at Oklahoma State University. ■



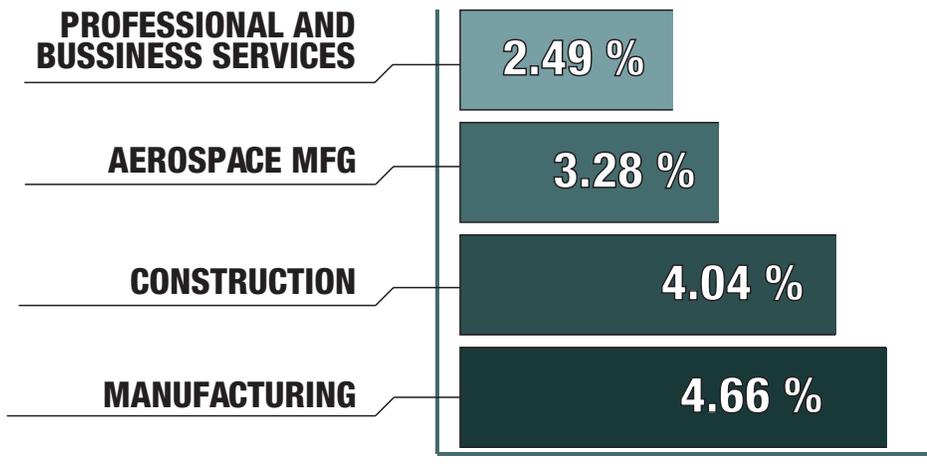
REGIONAL ECONOMIC UPDATE

LABOR FORCE RISES AS UNEMPLOYMENT DROPS

A steadily rising labor force during the last year has been accompanied primarily by a decline in the unemployment rate. That is, the labor force has increased with new jobs and the number of unemployed has declined. The slight increase in the 2013 Q1 unemployment rate and larger labor force indicate that growth has slowed from 2012 (this was expected in our February forecast), or growth is still strong and the number of people entering the market expecting to work has grown.

Non-farm employment in the Tulsa MSA is expected to grow at 1.7 percent, revised downward slightly from the February forecast of 1.8 percent. Growing beyond the 1.7 percent forecast now are construction, manufacturing, aerospace and professional & business services, as shown below.

The Regional Economic Update, published by the Tulsa Regional Chamber, is intended to offer a snapshot of northeast Oklahoma economic news and information for our Chamber members. Bob Ball will provide insight into key economic indicators and trends in each edition. We hope you find the report a useful tool that enhances your business.



TWELVE-MONTH GROSS RECEIPTS REACH ALL-TIME HIGH

Twelve-month gross receipts to the Oklahoma treasury are at an all-time high, having surpassed in July the previous record high set in December 2008, State Treasurer Ken Miller announced recently. Gross receipts for the past 12 months total \$11.3 billion and are \$12.6 million, or 0.1 percent, above the previous record high, Miller said.

REGIONAL ECONOMIC UPDATE

ASK THE ECONOMIST

Q: What is the economic impact of the health care in the Tulsa region?

Health care in most regional economies is considered a “local” industry, meaning the industry is not export-based and grows at the same rate of as population. Local industries include personal services such as hair salons and auto repair and business services such as janitorial service. If health care were a local industry in Tulsa, its average annual employment growth rate would be close to 1.2 percent. But health care in the 11-county Tulsa region is on pace to grow 2.1 percent in 2013. Employment growth that exceeds population growth is more reflective of export industries, or industries that export product and services and import dollars from outside the region. In a relatively large metropolitan area surrounded by rural areas of southeast Kansas, southwest Missouri, northwest Arkansas, and east central and southeast Oklahoma, Tulsa-area health care draws from a significantly large rural population for a sizeable part of its patient base.

Health care as defined as private and public hospitals, ambulatory services such as doctor and dental clinics, mental health services, and home-health and nursing-home care accounts for more than 10 percent of non-farm employment in the 11-county Tulsa region. The industry’s sheer size effects large impacts:

- » Every ten employees in health care supports 7.4 additional employees in the local economy, 36 percent of whom work in industries that directly supply resources to the health care industry.
- » Every dollar earned by employees in health care supports the earning of an additional \$0.55 elsewhere in the Tulsa area economy.
- » Each job in health care contributes \$59,184 to gross product of the 11-county region.
- » Each dollar of production in Tulsa-area health care supports an additional \$0.90 of production of goods and services elsewhere in the 11-county region.
- » One year’s activity in Tulsa-region health care supports total sales tax of \$158 million, \$74.5 million of which is local, and total property tax of \$86 million.



BOB BALL
Economist

Bob analyzes and forecasts the Tulsa area economy and assesses the impact of existing industries on output, income and employment for the Tulsa Regional Chamber in supporting the Chamber’s effort to grow and market clusters for development. Bob compiles, analyzes and compares Tulsa-area and competitors’ data in business recruitment efforts and writes the Chamber’s annual Economic Profile. He also conducts economic impact analysis for special events on behalf of the Tulsa Regional Chamber’s various divisions and contributes data for news releases and marketing materials.

Tulsa health care employment is eight percent more concentrated compared to health care overall in the U.S., indicating that health care in Tulsa warrants a strategic effort to recruit and grow from outside the region. Tulsa-area health care is expected to grow annually through 2013 at a rate of three percent or more.

Health Care Impact on the Tulsa Region

Impact Type	Employment	Total Economic Impact
Direct Effect	64,947	\$3,843,802,167
Indirect Effect	17,536	\$1,241,215,766
Induced Effect	30,824	\$2,219,623,497
Total Effect	113,307	\$7,304,641,430