

A Smart Investment

With agriculture as its driving force, Lubbock's diversification into manufacturing, healthcare and other industries makes it a great place to do business.

When it comes to business attraction and expansion, Lubbock is a small city with giant successes — all of which support "Lubbock, the Giant Side of Texas," a marketing campaign developed by the Chamber of Commerce. In 2004, Lubbock was ranked fourth on Forbes magazine's 2004 list of best small cities to do business in Texas. Nationally, Lubbock came in at No. 68 out of 168 small metropolitan areas, edging Amarillo (69th) and besting Abilene (101st), and Odessa (158th). Among the criteria were culture, cost of doing business, education attainment, income growth, job growth, crime, cost of living, advanced degrees, and migration.

More kudos came from Expansion Management Magazine. In June 2006, the magazine awarded Lubbock a five-star rating for highest quality of life, placing our city in the top 20% of all metro areas. The publication rates metros in comparing the kind of living and working environments that companies are likely to encounter there. Only five Texas metros received this coveted rating.

Developing Lubbock Business

The Lubbock Economic Development Alliance (LEDA) is a non-profit corporation. It was created by the Lubbock City Council to create, manage and supervise programs and activities for promoting and enhancing economic development for Lubbock.

LEDA has rigorously pursued workforce development. Its Community Workforce Partnership is made of community leaders, business professionals and others to develop the South Plains workforce. A major goal is to make sure training and education are focused toward business needs. For more information, call LEDA at 806-749-4500 or go to www.lubbockeda.org.

The City of Lubbock Business Development Office assists businesses with permitting and zoning requirements and other needs. This office maintains economic and demographic information about the city and administers enterprise zones located in Lubbock. For more information, call Cheryl Brock at 806-775-2019.

Center of the South Plains

The economic center of a 26-county region, Lubbock has maintained a rich agricultural heritage while diversifying into other industries such as manufacturing, wholesale and retail trade, government, education and health care. Low tax rates, an educated workforce and competitive wage structure have made Lubbock a business-friendly community. This has increased the stability and strength of the economy for the city and surrounding areas.

With its surging economy continuing to rely largely on agriculture, the expansion of existing businesses and industries and attraction of new ones during the last fiscal year has kept Lubbock among a handful of metro areas in Texas that had measurable job gains. The city also boasts one of the lowest unemployment rates in the state.

Cotton is the primary crop in Lubbock's \$22 billion agricultural industry. In addition to being a marketable commodity, the cotton trade supports a variety of related businesses in the area, such as gins, compresses, a denim plant, several processing plants, and the world's largest cottonseed oil mill in Lubbock. Cotton and its by-products also provide fabric for clothing, oil for food, cottonseed meal for animal feed, lint for use in upholstery and paper, and plastics from the seed.

In the 1970s, a new agribusiness emerged on the South Plains — grape growing and winemaking. Each has grown into a multimillion-dollar-a-year industry in Texas, with one-third of the grapes grown coming from the vineyards located in the Texas High Plains region. The area's climate and soil quality provide the perfect conditions for growing varieties such as Cabernet Sauvignon, Chenin Blanc, Chardonnay, Sauvignon Blanc, and Merlot. Lubbock is home to award-winning wineries and vineyards, including Cap*Rock, Llano Estacado, Pheasant Ridge and La Diosa Cellars. Lubbock

wines have been served in the White House on several occasions. Also based in Lubbock is the Texas Wine Marketing Research Institute, a part of the Restaurant, Hotel, and Institutional Management program at TTU's College of Human Sciences.

Other crops grown on the South Plains include grain sorghum, corn, wheat, sunflowers, soybeans, guar and more than 50 varieties of vegetables. There is substantial acreage of potatoes, black-eyed peas and onions, and also green peppers and chilies.

Alfalfa and other forages are big contributors to the local economy, and this probably will increase along with the current influx of large dairies into the area.

Local farmers also have diversified their operations to include peanuts in recent years. Texas ranks second in national peanut production, with the Lubbock region producing more than 70% of the state's peanut crop. Acreage on the South Plains fluctuates with markets and expense of pumping irrigation water but is normally around 150,000 acres grown annually.

And then there's cattle production. The South Plains area was initially laid out in ranch land, and ranching is still a significant enterprise within an easy drive from Lubbock in any direction.

Large-scale cattle finishing became significant in the 1950s, and big feedlots entered as an economic contributor to the area. Annually, 70% of the cattle fed in Texas are at feedlots from Lubbock northward into the High Plains. The cattle feeding industry contributes about \$14 billion annually to the High Plains economy, mostly north of Lubbock, and uses cotton crop by-products such as cottonseed hulls in cattle rations.

In addition to agricultural production, the South Plains region supports significant research. Scientists from TTU and the Texas A&M Research and Extension Center in Lubbock have made many important contributions to the world's agricultural industries. Research conducted at the USDA Agricultural Research Service Plant Stress and Soil Moisture Conservation Lab focuses on plant response to heat and water stress to reduce environmental impact on crop yields and quality.

Among other innovative projects in the region is the Lubbock Regional Bioscience Initiative. Now in its fourth year, the program hosts quarterly meetings with researchers and corporate investors to foster entrepreneurship within the bioscience industries — primarily those with a focus on plant genetic research, food and animal science, medical research and treatments, and medical device research.

LABOR FORCE

Lubbock's labor force is comprised of a diverse mix of workers ranging from electronics assembly and welding to law and medicine. Annually, the approximately 129,000-strong labor force is reinforced with more than 2,000 high school students and some 6,000 college graduates.

Government, education and health services, retail trade and leisure and hospitality account for more than 60% of Lubbock's workforce, followed by professional and business services and manufacturing. Additionally, recent data shows growth in the following sectors: construction, transportation and public utilities, financial services and information.

The Marsha Sharp Freeway project — which will cost an estimated \$131 million when complete — is sparking employment. According to the Texas Department of Transportation, nearly 6,000 new jobs will be created as a result of the largest construction contract ever awarded in the Lubbock district (based on a U.S. Department of Transportation formula in which 4,500 jobs are created for every \$100 million pumped into a local economy).

Lubbock's unemployment rate of 4% in 2005 was considerably better than the average for Texas at 5.3%. (*Source: LEDA*)

Employment trends have contributed to the current health of the Lubbock economy. Wage and salary employment for April 2006 was 127,200, up one percent over April 2005.

RETAIL/COMMERCIAL

Lubbock's stable economy is also due in part to the strong retail and wholesale trade sector, which accounts for almost 30 percent of the city's wage base. The South Plains Mall continues to be a draw for patrons in the outlying counties eastern New Mexico, as do shopping centers such as Kingsgate and The Village.

Construction of several shopping centers along 82nd and 98th streets and Spur 327, which began in 2002, will bring more retail opportunities. Long-standing retail centers along 50th and 34th streets provide high-traffic visibility and accessible parking. Recent developments in other sections of the city show promise of retail growth as well:

* A 32,000-square-foot shopping plaza thrives on the former Midnight Rodeo location at the southeast corner of South Loop 289 and University Avenue. The new University Center accommodates up to 12 retail/restaurant tenants. The 2.5-acre tract features a 24,000-square-foot strip center and a separate 6,000-square-foot restaurant.

* Shadow Hills Plaza, an 11,500-square-foot neighborhood strip center, features a UPS store, a tanning salon and a drycleaner.

Recent developments in south Lubbock have created additional rental space for businesses with more on tap in the coming years. Such additions combined with renovations in the downtown area provide multiple options for businesses. Rates for commercial space range from \$15 to \$17 per square foot for Class A office spaces compared to approximately twice that amount in Houston and Dallas for comparable space. Rental rates for industrial and retail space, as well as price per square foot on development land, are also very reasonable in Lubbock.

In comparison with other major metropolitan areas, Lubbock's commercial real estate rates are expected to remain low for the foreseeable future.

BUSINESS AND INDUSTRIAL PARKS

The Lubbock Preston Smith International Airport (LBB) Interport Trade Center is an on-site commercial/industrial development project offering sites with direct access to the region's highway, rail and air transportation systems.

The U.S. Customs Service has an office on the property, and the airport's designation as a foreign trade zone offers special incentives to businesses that locate there. FedEx and Airborne operate regional distribution centers at the airport's WestPort.

Located west of Lubbock, Reese Technology Center (RTC) is the fifth-largest research park in the nation and has been recognized as the most successful rehabilitation of a closed Air Force Base. Since conversion to a technology center in the late 1990s, Reese has created some 620+ new jobs and contributes about \$27 million to the city's economy annually.

RTC has more than \$100 million worth of infrastructure in place on 2,500 acres with over 1.4 million square feet of space, providing state-of-the art technology with underground utilities, a fiber optic/wireless network, \$6.5 million power grid, private airfield with three parallel runways, foreign trade zone and the only high performance Computing Center with a Cray II Supercomputer in this region. Timeshare capabilities for tenants are available. This combination of infrastructure and facilities, plus the 200,000 potential employees living in a 50-mile radius, make it a stellar environment for incubation of new research and technology or expansion of existing companies.

TTU is the center's premier tenant and research partner. In addition to operating The Institute of Environmental and Human Health (TIEHH), the University also has two other research programs at Reese: Wind Science and Engineering Research Center (WISE) and the Institute for Advanced Vehicle Engineering. WISE has gained national recognition as a leader in wind-effect research by studying wind-related storms and their effects on the environment and those in it. An industry leader in developing storm shelters for private residences as well as for larger facilities such as businesses and schools, WISE also operates West Texas MesoNet, a data center that collects time-specific information on soil temperature, wind speeds, humidity, pressure, rainfall and solar radiation.

In addition to its research divisions, TIEHH operates a training and response facility at Reese Center to counter chemical-biological warfare (CBW) threats. In the seven years since its inception, TIEHH has established partnerships with federal agencies and national research institutes including the National Forest Service, National Oceanic and Atmospheric Administration (NOAA), U.S. Departments of United States Department of Defense and Energy, U.S. Environmental Protection Agency, and U.S. Fish and Wildlife Service.

TTU's Mechanical and Electrical Engineering Departments researchers are working to develop alternative engines and fuels for automobiles through the Institute of Advanced Vehicle Engineering. Through student competitions that feature vehicles with alternative fuel sources, the Institute has worked on collaborative projects with vehicle manufacturing giants Ford, GM and Chrysler, as well as the State Energy Conservation Office, Texas Department of Transportation and the U.S. Department of Energy and private industry.

TRANSPORTATION & TRADE

Lubbock's well-designed transportation infrastructure ensures easy travel throughout the county and state, as well as nationally and internationally. Most notable is the logical layout of main thoroughfares. All major streets are laid out in a grid with alphabetically arranged avenues running north and south and numerical streets running east and west.

Many locations within the city are easily accessible from Loop 289, a freeway that encircles the city and connects to the main streets, highways and Interstate 27, which connects Lubbock with a pair of major east-west interstate highways, I-20 and I-40.

The 1,000-mile Ports-to-Plains Trade Corridor highway project that will link Denver to ports in Mexico includes I-27 through Lubbock. During the next 20 years, Ports-to-Plains officials plan to secure the funding necessary to develop a four-lane, uninterrupted highway. Congress said in 1998 that the route was a high priority to accommodate a potential increase in traffic as a result of the North American Free Trade Agreement.

Construction is also underway on the 13.4-mile Marsha Sharp Freeway connecting the growing retail and residential areas in southwest Lubbock with the downtown business district, medical facilities and Texas Tech University. Phase II of the project — replacing U.S. 62/82, known as the Brownfield Highway — entails construction of the main freeway lanes and frontage roads running from Salem Avenue to Avenue L and the construction of the 19th Street, Quaker Avenue, Fourth Street and Avenue Q interchanges.

Lubbock's strategic southwest location makes it easily accessible by air, as well. Dallas and Albuquerque are each one-hour plane trips away to the east and west, respectively. Lubbock Preston Smith International Airport (LBB), located 10 minutes north of the downtown business district on I-27, offers flights on major airlines including Southwest, Continental Express, and American Eagle. Southwest offers daily non-stop flights to Austin, El Paso and Love Field in Dallas, as well as cities such as Albuquerque and Las Vegas. Continental offers service to Houston Intercontinental Airport, with connecting flights to international destinations, while American Eagle offers service to Dallas-Fort Worth (DFW).

An official U.S. Customs Port of Entry, LBB services 27 commercial flights daily, with the first departure at 5:15 a.m. Owners of private aircraft can choose from a full range of services offered at LBB, including maintenance, fueling, hangaring and line services. On-demand charter and air taxi services also are available.

Three airfreight carriers--Federal Express, DHL and UPS--serve the airport. The passenger airlines--American Eagle, Southwest and Continental Express--also carry airfreight and offer counter-to-counter delivery services.

The Burlington Northern Santa Fe Railroad — one of the largest railway systems in the country — and one short-line railroad connect Lubbock to various metropolitan areas in the central and western U.S.

Citibus, professionally managed by McDonald Transit Associates, Inc. and based in Fort Worth, provides public transportation inside the city. Citibus offers three primary types of services, including a Fixed Route Service, CitiAccess (paratransit system) and Special Services. Citibus Evening Service is designed to meet the needs of both CitiAccess and fixed route passengers who are transit dependent and who would have no other means of transportation in the evenings if the Evening Service were not provided. A majority of Evening Service passengers work at night and use the service for transportation to and from job sites. Among Citibus' subscription, seasonal and other services for citizens and visitors to Lubbock are contracted day trips, trolleys and special buses for seasonal sports events. For more information, call Citibus at (806) 712-2000 or visit their website at www.citibus.com.

Texas New Mexico & Oklahoma (TNM&O) Coaches, Inc. has a fleet of buses that provide transportation to Colorado, New Mexico and Texas with connecting service to over 3,000 destinations in North America. The line offers passenger, charter and package express services. To charter a bus or for more information, call 1-866-737-8666.

Lubbock's central location and access to various transportation modes also make it a premier regional warehousing and distribution center. With Lubbock's 26 truck freight carriers providing inter- and intrastate service, the city serves as the major retail center for a 26-county region and the wholesale center for 54 counties with a combined population of more than 1.6 million people.