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Riding the West Texas Techno Wave

Midland an Island in a Sea of Oil and Gas

By Mark G. Dotzour and Chris Price

Midland is referred to locally as "Tall City." At one time, it had the tallest building between Dallas and Los Angeles. Today, Midland's economic stature stands tall, fueled by increased oil and gas-related activities in the Permian Basin. Enhanced technology in both exploration and production have lowered the cost of finding and producing oil and gas. The number of operating oil-gas rigs in Texas has increased substantially since 1995, and Midland has participated in the industry upswing.

During the past few years, the Midland economy has improved significantly, and local employment has been on the rise. The Midland-Odessa metropolitan statistical area posted an average annual 1990-97 growth rate of approximately 1.4 percent. The first-quarter 1998 Manpower survey indicates that the Midland labor market will continue growing as long as local employers are positive about hiring potential. The survey reported that 43 percent of local employers planned to hire additional workers in the second quarter, and only 3 percent planned reductions. On the national level, 30 percent of companies surveyed anticipated increases in their workforce and 5 percent expected decreases.

Approximately 5,300 more jobs exist today in the Midland-Odessa MSA than one year ago—a 5.3 percent increase. The construction sector had the largest job increase, 17.3 percent, a clear signal of increased real estate demand. Also posting significant growth numbers were oil and gas (7.1 percent) and the service industry (6.8 percent).

Population is on the rise in Midland. The current population, 98,045, is expected to top the 100,000 mark by 2000, as estimated by the city's engineering and development department. That would be an 11.8 percent increase from the 1990 census of 89,443.

Local home sales are at the highest level since 1990, and the boom should continue through 1998. Contributing to the recent upswing are low interest rates, the bullish stock market and stable oil prices. Local real estate professionals are reporting low inventories and high demand spurred from a growing

retirement community, the normal oil company transfers and an increasing number of diversified industries coming into the area. Much of the growth in new housing development is focused in the west and northwest quadrants. City officials say that water and sewer facilities are adequate to support future growth.

A large tract has been purchased in the northeast with plans to develop a 55-acre lake and build as many as 1,500 homes in an upscale waterfront development. However, a timetable for this project has not been announced.

Similar to many Texas cities, Midland had high levels of apartment construction in the early 1980s. From 1980-83, nearly 6,000 apartment unit building permits were issued in Midland County. The subsequent downturn in the oil and gas sector reduced apartment demand and absorption. Consequently, no new apartment communities have been built in Midland for nearly 15 years. However, the city council recently approved plans for a 288-unit luxury apartment development in the northwest part of the city.

Midland has had substantial retail development in recent years. Much of this activity has been in the northwest quadrant to support new growth in that area. In addition, Midland serves as a retail hub for smaller communities in the region.

The office market is concentrated in two areas: the central business district and a north central office park near the Midland Airpark. A significant amount of office space is available for lease in class A, B and C buildings. Class A rental rates are currently quoted in the \$8 - \$10 per square foot range, according to Keith Barlow of Barlow Appraisal Associates. The amount of contiguous space available at low rental rates creates an attractive opportunity for future economic development in the community.

Midland has some significant proposed and ongoing projects that will boost the area's economy. The new terminal at the Midland International Airport is scheduled for completion in early 1999. Revitalization efforts include the construction of Centennial Plaza, a new park for downtown events.

A tentative agreement reached recently between the Colorado River Municipal Water District and the Lower Colorado

Symbols of Midland's economy: the petroleum building and oil storage tanks.



River Authority will allow more water to be held in West Texas reservoirs. This will assure Midland and other area municipalities of more water security into the future.

The proposed La Entrada al Pacifico corridor is a highway linking the Mexican Pacific port city of Topolobampo and the industrial city of Chihuchua with a Texas border crossing at Presidio. If completed, it is expected to pass through Midland-Odessa and connect to major markets in the United States.

The overall economic outlook for Midland is strong. The city will always be heavily involved in the oil and gas business, but continued diversification and area development will help smooth out the local business cycle and spawn new growth. ☐

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