



## Priority Midland releases Midland Economic Impact Study

-Commissioned study defines implications of industry, population and economic expansion-

**MIDLAND, Texas, August 7, 2019** – Today, at a joint meeting of local taxing entities, Priority Midland released the Midland Economic Impact Study (the Study). The comprehensive report from economist Dr. Ray Perryman and The Perryman Group was commissioned to define the implications of Midland’s anticipated growth. The Study quantifies the magnitude of the expected industry, population and economic expansion, and identifies the challenges and opportunities that the energy sector’s surge presents to Midland and its residents.

“The rapid growth we’ve seen in Midland over the last few years is expected to continue into the foreseeable future. Ignoring that future is not an option,” said Bobby Burns, chair of Priority Midland and president and CEO of Midland Chamber of Commerce. “Priority Midland is a forum for the community to work together to meet Midland’s challenges and leverage its opportunities. We commissioned this detailed Economic Impact Study so everyone can better understand the expected scale of Midland’s growth and transformation and make well-informed, strategic decisions about how to deploy resources.”

Within the Study, summarized below, the economic forecast analysis covers both the Permian Basin and the Midland metropolitan statistical area (MSA), and the energy sector impact analysis provides separate forecasts for three energy price scenarios – baseline, low and high energy price impact.

### STATE OF THE INDUSTRY

Recent advances and developments in the energy sector have led analysts and energy companies to anticipate enormous increases in Permian Basin production over the next few years. Technological and infrastructure advances, new resource discoveries, cost reductions and global demand are widely expected to lead to more stable and less erratic industry activity. This is expected to result in:

- Less market volatility;
- Larger scale drilling programs and increased cycle times;
- More permanent workforce with high earnings; and
- Increased permanent population.

### WHAT IT MEANS FOR MIDLAND

Much of this activity will be centered in the Midland area, the headquarters for the Permian Basin energy sector and a location for substantial drilling and extraction activity. The resulting growth of the industry in the Midland area brings both potential benefits and profound implications for workforce requirements, housing, education, job training, infrastructure, healthcare capacity and other socioeconomic needs.

### POPULATION GROWTH

Midland County is the most populated county in the Permian Basin Region. From 2010 to 2018, the City of Midland, with an annual increase of 3.12 percent, greatly outpaced state (+1.62 percent) and national (+0.70 percent) population growth. This expansion is expected to continue and intensify as the area adjusts to a “new normal,” and resulting workforce demand is expected to grow in all categories.

### OPPORTUNITY GROWTH

Midland is also a magnet for the benefits of the surging Permian Basin energy sector. More than 85 percent of the regional gross product (value-added) in the Permian Basin oil and gas sector flows to the Midland MSA, and that percentage is expected to increase in the future under all the oil price scenarios.

**Housing**

Over the past few years, growth in the energy sector has contributed to rapid growth in population and, therefore, housing demand. The tight market has led to housing shortages – particularly in lower price ranges – and higher housing prices. Midland-area home values and gross rents are higher than in other areas and have been increasing.

At baseline oil price assumptions, the expected rate of population and economic expansion leads to the need for an estimated increase of 16,207 single-family residences and 9,938 multi-family residences in the MSA by 2030. This will require a sizeable net increase over the current pace of production of both multi- and single-family homes.

One critical factor that will influence Midland’s ability to provide for the increased housing demand is the availability of construction workers. Under the baseline oil price scenario, the demand for building and specialty construction workers is expected to top 6,000 over the 2019-30 time period, competing with the oil and gas industry for workers.

**Infrastructure**

The expansion of the oil and gas industry has put a major strain on roadways, with traffic counts on many of the roads in the Permian Basin increasing by 65 to 150 percent between 2016 and 2017. This increased roadway usage is due to intensified commercial traffic and personal transportation use. Additionally, a greater proportion of the Midland-area population (85.4 percent) drove themselves to work compared to the state (80.6 percent) and nation (76.4 percent), while a much lower percentage took advantage of public transportation or carpooling.

The City of Midland has been building up its water infrastructure over the past decade. It has increased the miles of storm sewer by 36.2 percent and sanitary sewer by 13.4 percent since fiscal year 2010, and expanded system capacity from 51 million gallons to 55 million gallons in fiscal year 2015. However, population and industry growth projections could put substantial pressure on reserve levels, especially under high oil prices and drought conditions.

Further, Midland's expected economic and population growth will lead to the need for additional occupied real estate (housing, industrial, warehouse, retail and office space), requiring continued expansion of roadways and water/wastewater infrastructure.

Future demand for workers in heavy and civil engineering occupations is expected to remain strong.

**Education**

Throughout the Midland MSA, the school-aged population is projected to grow by a total of more than 11,200 through 2025, and nearly 20,300 through 2030, under the baseline scenario. The majority of the growth will occur at the elementary school level (57.7 percent of growth through 2025, and 56.7 percent of growth through 2030).

The Study’s detailed forecast of demand for additional workers also indicates significant needs within the education system. When growth and replacement needs are considered, an estimated 919 additional workers in education occupations will be needed by 2025, and 2,248 by 2030, under baseline oil price assumptions, with even more needed if prices are higher. In particular, large numbers of postsecondary teachers, teacher assistants and elementary teachers will be needed.

The percentage of the population which has completed high school is higher in the Midland area than for the state but is somewhat below the U.S. A slightly higher proportion of people in the area have attained a Bachelor’s degree than the statewide rate, but the percentage lags the nation.

The Study’s detailed occupational forecasts were compared to degrees and certificates awarded by regional universities and colleges. In most categories, the projected need for workers with certain skills is larger than the number of awards. Some of the most notable projected education gaps include degrees in the categories of business, management and marketing; transportation and materials moving; engineering; computer/information sciences and support; and health services and sciences.

## PRIORITY MIDLAND

### **Health & Wellness**

While Midland County has experienced 28 percent growth in physicians over the past ten years, it falls behind the 39 percent growth experienced in the state. The county is experiencing a shortage of medical professionals, including primary care physicians, dentists and mental health professionals, compared to the rest of the state and nation.

The detailed forecast of demand for additional workers indicates strong growth in demand for healthcare occupations, especially registered nurses and licensed practical/vocational nurses. An estimated 922 additional workers across all healthcare fields will be needed by 2025, and 1,304 by 2030, under baseline oil price assumptions when growth and replacement needs are considered, with even more demand if prices are higher.

### **Quality of Place**

Quality of place is critical to workforce retention and recruitment. It includes community features like entertainment and cultural amenities, parks and green space, low crime rates, restaurants and strong university enrollment.

Midland has a variety of entertainment and cultural amenities, with even more in development. Some of these include performing arts groups and facilities, museums, world-class venues and sports facilities, a planetarium, skate and BMX parks, a wildlife preserve, and acres of neighborhood, community and regional parks.

The crime rate in the City of Midland has generally fallen since 2010, though there have been fluctuations year-to-year. In general, Midland has less violent crime per 100,000 residents than Texas, though the area reported more property crime in 2017. Compared to similarly-sized metropolitan areas and the state as a whole, Midland currently employs fewer persons in protective services occupations – firefighters, detectives and police officers. Midland’s need for additional workers in this area is projected to be led by police and sheriff’s patrol officers.

Over 25 percent of new jobs demanded through 2025 and 2030 will require at least some form of postsecondary award or degree. It is projected that the area will need 14,820 workers with a bachelor’s degree through 2030. Meeting this need will necessarily involve attracting new workers from other areas of the state and nation. Nearly 70 percent of new jobs demanded will involve short-term to moderate on-the-job training.

As a center for regional business activity, the Midland economy currently employs more food service workers per 100,000 residents than many areas. Over the next few years, thousands more food preparation workers will be required.

## **CONCLUSION**

Midland stands at the epicenter of an economic phenomenon of global importance. A unique combination of events has created an enormous opportunity for the Midland area. If harnessed properly, we can prepare for the challenges and ensure the opportunities benefit the full community.

Enhancing educational performance, healthcare delivery, infrastructure availability, housing options and amenities will enrich and invigorate the area with its own brand of energy and open new avenues for progress. A failure to act will sacrifice the potential bounty and leave conditions deteriorating despite the explosion in oil and gas production.

Midland-area leadership and organizations are working hard to manage the current challenges and prepare for future needs. The Study indicates these efforts are worthy of significant support given anticipated future growth.

This is the purpose of Priority Midland, a proactive initiative to mobilize the community’s commitment, help access new and creative resources, catalyze efforts to accommodate expected growth, and position Midland to fully capitalize on emerging opportunities.

Additional information on the Study can be found at [prioritymidland.com](http://prioritymidland.com). The complete study will be made available by mid-month.

## PRIORITY MIDLAND

**About Priority Midland:** Priority Midland is an initiative designed to bring together Midland-area taxing entities and other stakeholders into a collaborative forum to provide input into the development of a roadmap for the community, increase overall funding available for projects, and reduce timeframes in which projects are started and completed. The initiative will provide a framework and blueprint to help guide Midland's future growth and development. For more information about Priority Midland, please visit [www.prioritymidland.com](http://www.prioritymidland.com), and follow and connect with the initiative on [Facebook](#), [Instagram](#), [LinkedIn](#) and [Twitter](#).

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