

Real Estate Market Overview 2004

Houston

Houston is Texas' largest city and the fourth largest city in the United States. Houston was the fastest growing city in the United States in the 20th century, according to American City Business Journals. More than four million people live in the metropolitan area. While still a major refinery center, Houston has managed to diversify its business base so the local economy does not follow the drastic rise and fall of oil prices. The Port of Houston, one of the largest in the world, is the second busiest port in the United States in terms of annual tonnage. Houston is also the site of the battle of San Jacinto, a battle that won Texas independence from Mexico.

Quick Facts	
Land Area	5,920.11 square miles
Population Density (2000)	705.7 people per square mile
Counties	Chambers, Fort Bend, Harris, Liberty, Montgomery, Waller
Area Cities and Towns	Baytown, Bellaire, Conroe, Deer Park, Galena Park, Houston, Humble, Katy, La Porte, Missouri City, Pasadena, Richmond, Rosenberg, Stafford, Sugar Land, West University Place

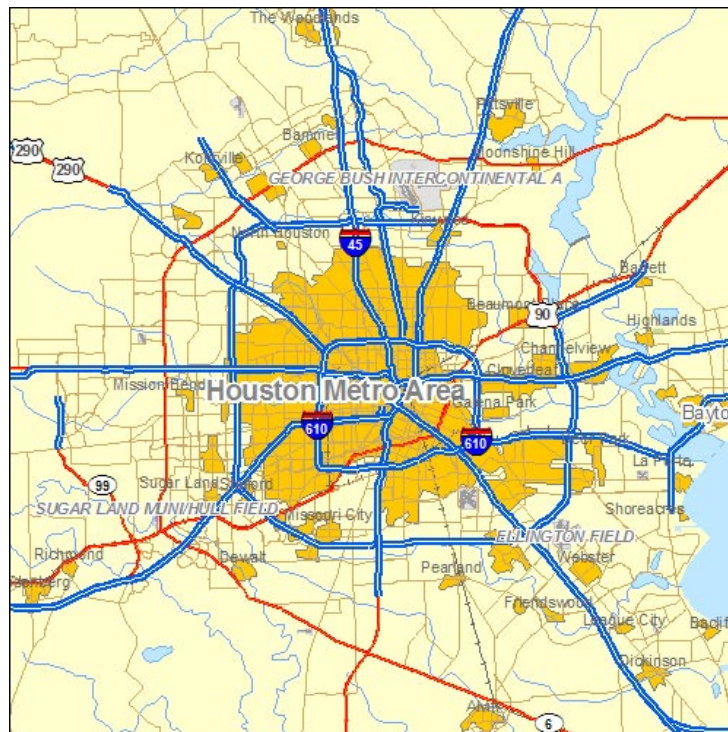


Table of Contents

Demographics 3

Education 7

Employment 8

Economy 13

Infrastructure 14

Public Facilities 15

Multifamily 21

Housing 28

Retail 32

Hotel 40

Office 41

Industrial 49

Houston Market Overview 2004 Demographics

Houston PMSA Population

Year	Population	Percent Change
1990	3,321,911	2.2
1991	3,443,141	3.6
1992	3,538,446	2.8
1993	3,614,201	2.1
1994	3,685,175	2
1995	3,752,649	1.8
1996	3,832,082	2.1
1997	3,916,777	2.2
1998	4,014,641	2.5
1999	4,113,233	2.5
2000	4,177,646	1.6
2001	4,305,711	3.1
2002	4,420,081	2.7

Source: U.S. Census Bureau

County Population Growth

County	1990 Population	2002 Population	Growth 1990 - 2002 (percent)
Chambers	20,088	27,244	35.6
Fort Bend	225,421	399,537	77.2
Harris	2,818,101	3,557,055	26.2
Liberty	52,726	73,739	39.9
Montgomery	182,201	328,499	80.3
Waller	23,374	34,057	45.7

Source: U.S. Census Bureau

Real Estate Center Market Overview 2004
Houston, Texas

Area Cities With 10,000 or More Residents

City	2000 Population	Growth 1990-2000 (percent)
Houston	1,953,631	15.1
Pasadena	141,674	18.7
Baytown	66,430	3.4
Sugar Land	63,328	43.1
Missouri City	52,913	45.9
Conroe	36,811	27
La Porte	31,880	14.3
Deer Park	28,520	3.4
Rosenberg	24,043	16.1
South Houston	15,833	10.2
Stafford	15,681	94.1
Bellaire	15,642	13.7
Humble	14,579	19.6
West University Place	14,211	10
Katy	11,775	48
Richmond	11,081	9.4
Galena Park	10,592	5.5
Jacinto City	10,302	5.5

Source: U.S. Census Bureau

Texas Metropolitan Area Population Change, 1990 - 2002

Metropolitan Area	1990 Population	2002 Population	Percent Change
McAllen-Edinburg-Mission	383,545	614,474	60.2
Austin-San Marcos	846,227	1,349,291	59.4
Laredo	133,239	207,611	55.8
Dallas	2,676,248	3,743,254	39.9
Brownsville-Harlingen-San Benito	260,120	353,561	35.9
Brazoria County	191,707	257,256	34.2
Houston	3,321,911	4,420,081	33.1
Fort Worth-Arlington	1,361,034	1,802,465	32.4
Texas	16,986,335	21,779,893	28.2
Bryan-College Station	121,862	156,099	28.1
San Antonio	1,324,749	1,660,205	25.3
Killeen-Temple	255,299	319,163	25.0
Galveston-Texas City	217,396	261,219	20.2
Tyler	151,309	181,437	19.9
Sherman-Denison	95,019	113,860	19.8
Amarillo	187,514	222,915	18.9
El Paso	591,610	697,562	17.9
Waco	189,123	217,713	15.1
Victoria	74,361	84,932	14.2
Lubbock	222,636	247,574	11.2
Longview-Marshall	193,801	212,288	9.5
Corpus Christi	349,894	382,188	9.2
Texarkana	120,132	131,027	9.1
Wichita Falls	130,351	138,960	6.6
Odessa-Midland	225,545	239,981	6.4
Beaumont-Port Arthur	361,218	382,242	5.8
Abilene	119,655	125,647	5.0
San Angelo	98,458	103,018	4.6

Source: U.S. Census Bureau

Houston PMSA Projected Population

Year	Texas State Data Center (Scenario 0.5)	Texas Water Development Board
2005	4,552,054	-
2010	4,935,298	4,910,029
2015	5,336,859	-
2020	5,760,656	5,932,219

Sources: Texas State Data Center and Texas Water Development Board

Household Composition

	Houston PMSA	Texas
Average household size (2000)	2.82	2.74
Population younger than 18 (2000, in percent)	29.2	28.2
Population 65 and older (2000, in percent)	7.4	9.9

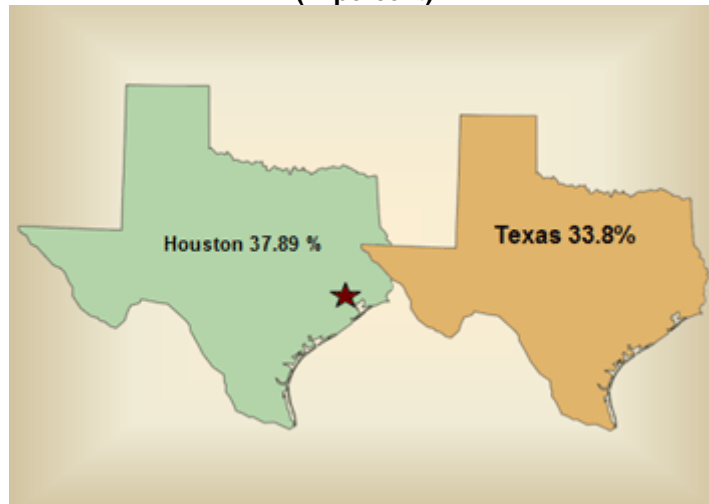
Source: U.S. Census Bureau

Distribution by Race and Hispanic or Latino Origin (in percent)

	Houston PMSA		Texas	
	1990	2000	1990	2000
White	65.6	58.7	60.8	71.0
Black	18.3	18.5	11.7	11.5
Asian	3.7	5.1	0.3	2.7
American Indian	0.3	0.4	1.8	0.6
Other	10.9	14.2	0.1	11.7
Two or more races*	-	3.0	-	2.5
Hispanic (of any race)	20.8	32.9	25.3	32.0

* For the 2000 Census, the Census Bureau changed the "race" options, allowing people to report their race as "other" or as two or more races.
Source: U.S. Census Bureau

Projected Population Growth, 2000-2020 (in percent)



Source: Texas State Data Center (Scenario 0.5)

Houston Market Overview 2004

Education

**Educational Level, Persons Age 25 and Older
2000 (in percent)**

Level of Education	Fort Bend County	Harris County	Montgomery County	Texas
High school graduate	23.0	22.5	26.8	26.3
Some college, no degree	21.3	21.3	24.8	21.7
Associate's degree	6.4	5.0	4.9	5.2
Bachelor's degree	26.3	17.4	20.7	16.1
Graduate or professional degree	10.2	8.9	8.7	7.4

Source: U.S. Census Bureau, 2000 Census

**Educational Level, Persons Age 25 and Older
2000 (in percent)**

Level of Education	Houston PMSA	Texas
Completed High School	78.7	79.2
Bachelor's Degree or More	26.0	23.9

Source: U.S. Census Bureau

Local College and University Enrollment

School	Spring 2002	Fall 2002	Spring 2003	Fall 2003
Alvin Community College	-	4,161	4,300	3,925
Kingwood College	-	5,970	-	6,259
Lee College	-	6,329	7,194	6,377
Montgomery College	-	6,258	6000	6,900
North Harris College	-	9,972	-	10,698
Prairie View A&M University	-	7,255	6,978	7,808
Rice University	4,229	4,602	4,486	4,770
Texas Southern University	8,115	9,739	9,432	10,888
U.T. Health Science Center at Houston	-	3,335	-	3,417
University of Houston	-	34,443	30,116	35,066

Sources: Educational institutions and Texas Higher Education Coordinating Board

Houston Market Overview 2004 Employment

Top Ten Employers

Employer	Sector	Employees
Houston Independent School District	Education	31,914
City of Houston	Government	23,000 (est.)
Administaff	Professional employer services	18,211
Continental Airlines	Airline	16,000
Memorial Hermann Healthcare System	Health care	15,000
Harris County	Government	14,832
M.D. Anderson Cancer Center	Health care	13,350 (est.)
Halliburton	Oil and gas	13,000
Kroger	Grocery	12,000
ARAMARK Corporation	Food, facility and support services	10,000

Source: Houston Business Journal Apr-2003 and individual employers Jan-2004

Top Ten Private Employers

Employer	Sector	Employees
Administaff	Professional employer services	18,211
Continental Airlines	Airline	16,000
Memorial Hermann Healthcare System	Health care	15,000
M.D. Anderson Cancer Center	Health care	13,350 (est.)
Halliburton	Oil and Gas	13,000
Kroger	Grocery	12,000
ARAMARK Corporation	Food, facility and support services	10,000
Reliant Energy	Energy services	9,500
HCA	Health care	9,000
HP	Electronics	9,000

Source: Houston Business Journal Apr-2003 and individual employers Jan-2004

Employment Growth by Industry - 2003

	Houston MSA	Texas
Employment growth (percent)	-0.8	-0.5
Unemployment rate (percent)	6.9	6.8
New jobs	-16,200	-49,800
Employment growth by sector (percent)		
Manufacturing	-5.2	-5.0
Construction	-3.3	-3.0
Natural Resources and Mining	3.3	0.6
Trade, Transportation and Utilities	-2.8	-1.8
Information	-5.6	-5.8
Financial Activities	0.8	0.9
Professional and Business Services	-2.7	-1.1
Educational and Health Services	2.8	3.3
Leisure and Hospitality	2.4	1.2
Government	3	1.3
Total Nonfarm	-0.8	-0.5

Source: Texas Workforce Commission and U.S. Bureau of Labor Statistics

Texas Metropolitan Area Employment Change, 1990 - 2003

Metropolitan Area	1990 Employment	2003 Employment	Percent Change
Austin-San Marcos	454,618	746,750	64.3
Laredo	48,766	77,065	58.0
McAllen-Edinburg-Mission	128,560	197,870	53.9
Brownsville-Harlingen-San Benito	90,866	131,457	44.7
Bryan-College Station	58,292	82,368	41.3
San Antonio	587,550	796,235	35.5
Killeen-Temple	87,724	117,801	34.3
Tyler	70,970	93,561	31.8
Dallas	1,467,668	1,916,607	30.6
Texas	8,071,312	10,284,203	27.4
Fort Worth-Arlington	721,875	915,919	26.9
Houston	1,720,152	2,180,719	26.8
Victoria	34,648	43,652	26.0
Amarillo	92,967	113,051	21.6
El Paso	229,358	274,926	19.9
Lubbock	107,823	128,854	19.5
Waco	86,347	102,310	18.5
Longview-Marshall	86,048	100,952	17.3
Odessa-Midland	104,401	120,374	15.3
Corpus Christi	150,142	172,705	15.0
San Angelo	43,587	49,798	14.2
Brazoria County	93,552	105,320	12.6
Abilene	52,389	58,513	11.7
Sherman-Denison	43,804	48,866	11.6
Wichita Falls	56,897	62,812	10.4
Galveston-Texas City	105,423	114,327	8.4
Texarkana	51,575	55,658	7.9
Beaumont-Port Arthur	157,435	167,915	6.7

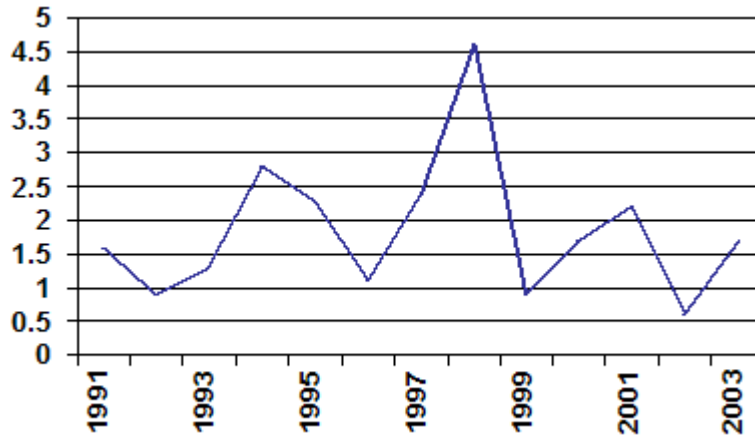
Source: U.S. Bureau of Labor Statistics and The Real Estate Center

Houston MSA Employment

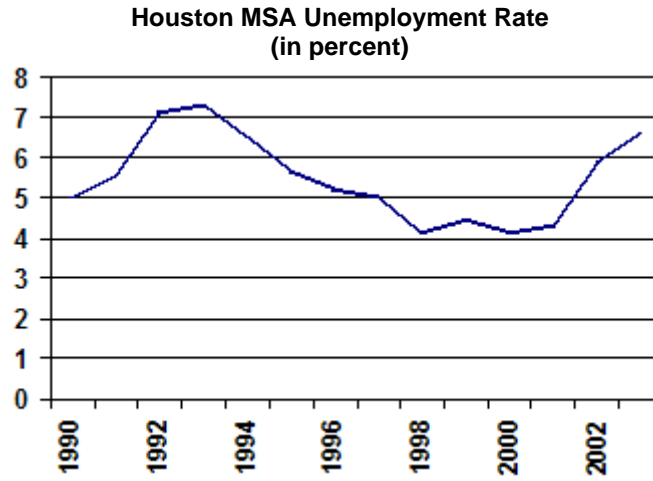
Year	Employment	Percent Change
1990	1,720,152	-
1991	1,748,519	1.6
1992	1,763,867	0.9
1993	1,787,299	1.3
1994	1,837,749	2.8
1995	1,879,482	2.3
1996	1,899,779	1.1
1997	1,946,050	2.4
1998	2,035,246	4.6
1999	2,052,980	0.9
2000	2,087,395	1.7
2001	2,132,341	2.2
2002	2,411,572	0.6
2003	2,180,719	1.7

Source: U.S. Bureau of Labor Statistics

Annual Percent Change in Houston MSA Employment



Source: U.S. Bureau of Labor Statistics



Source: U.S. Bureau of Labor Statistics

Houston Market Overview 2004 Economy

Houston MSA Gross Retail Sales

Year	Total Sales	Sales per Capita
1990	\$30,160,024,567	\$9,024
1991	29,880,910,025	8,711
1992	31,142,151,442	8,859
1993	32,923,951,144	9,196
1994	36,334,785,208	9,978
1995	38,910,856,792	10,520
1996	43,115,416,829	11,445
1997	52,042,620,313	13,546
1998	53,192,085,084	13,546
1999	52,697,029,471	13,138
2000	56,213,365,234	13,456
2001	57,374,111,397	13,325
2002	58,828,462,146	13,309
State Average 2002: \$12,143		

Source: Texas Comptroller's Office

Houston Market Overview 2004 Infrastructure

Houston Airline Boardings

Airport	1998	1999	2000	2001	2002	2003
Ellington Field (EFD)						
Enplaned (domestic)	53,446	49,776	39,809	32,064	40,471	42,114
Deplaned (domestic)	49,104	47,167	34,071	28,191	35,564	38,192
Total (domestic)	102,550	96,943	73,880	60,255	76,035	80,306
Houston Hobby (HOU)						
Enplaned (domestic)	4,377,233	4,422,032	4,552,487	4,318,209	4,019,340	3,901,871
Deplaned (domestic)	4,373,113	4,442,889	4,553,027	4,318,941	4,016,387	3,901,459
Total (domestic)	8,750,346	8,864,921	9,105,514	8,637,150	8,035,727	7,803,330
George Bush Intercontinental (IAH)						
Enplaned (int'l & domestic)	15,498,429	16,464,987	17,521,731	17,437,784	16,897,821	17,003,336
Deplaned (int'l & domestic)	15,519,375	16,586,261	17,729,641	17,365,796	17,007,026	17,148,006
Total (int'l & domestic)	31,017,804	33,051,248	35,251,372	34,803,580	33,904,847	34,151,342

Source: Houston Airport System

Houston Air Cargo (in millions of pounds)

Airport	2000	2001	2002	2003
Ellington Field (EFD)	130.0	117.2	115.3	-
William P. Hobby (HOU)	13.9	11.8	11.8	12.6
George Bush Intercontinental (IAH)	604.3	571.9	604.3	727.8

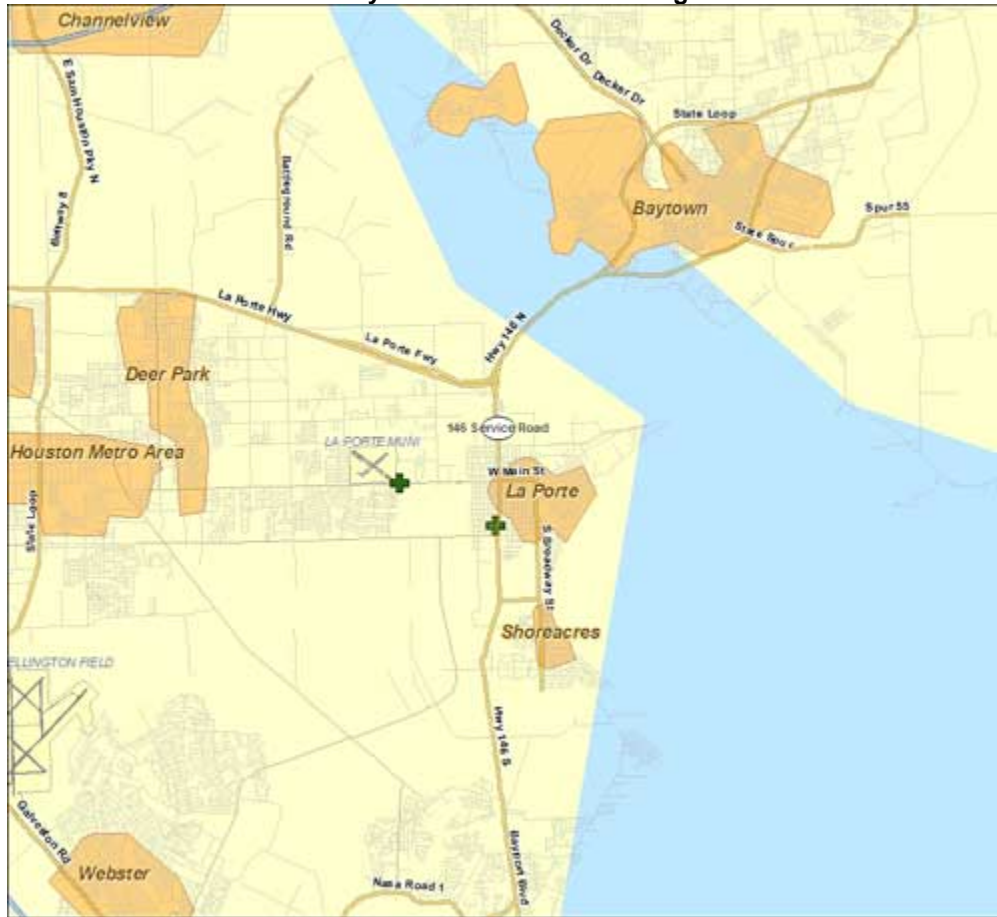
Source: Houston Airport System

Port Statistics

Port of Houston Activity	1999	2000	2001	2002	2003
Total calls	6,516	6,801	6,613	6,414	6,301
Total short tons (in millions)	169.1	191.4	185.1	177.6	-

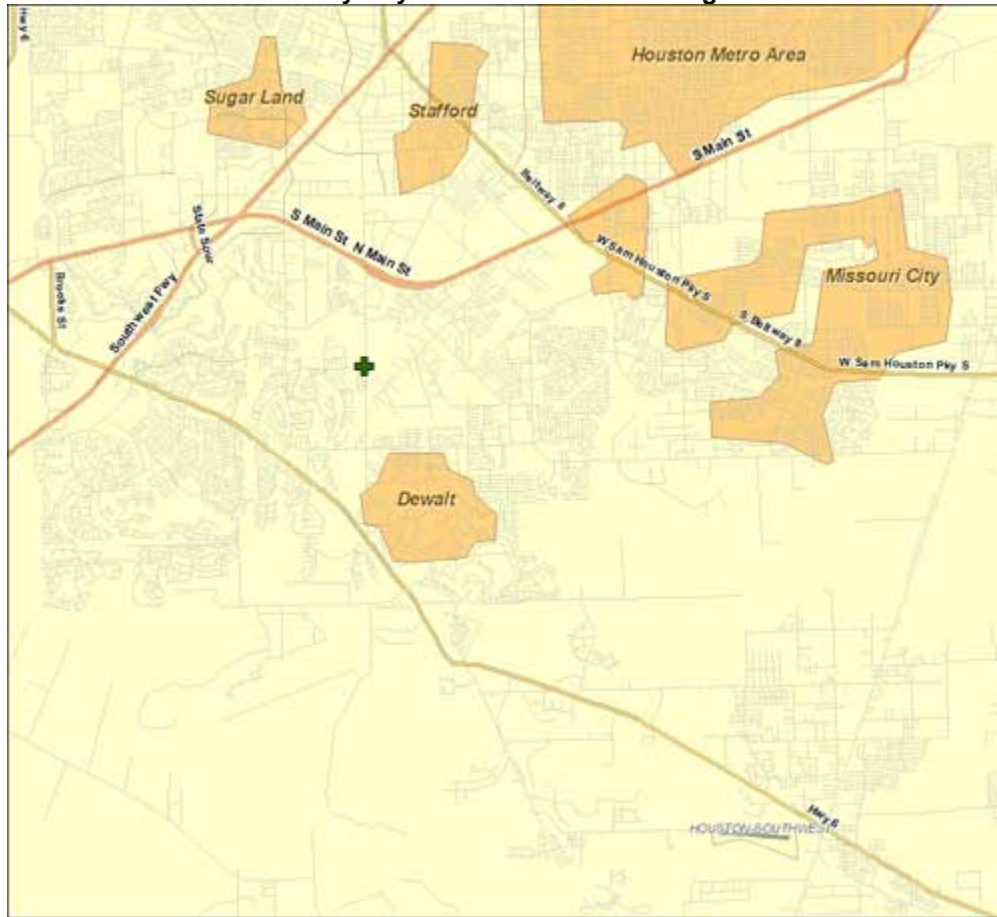
Source: Port of Houston Authority

La Porte City Public Facilities Building Permits



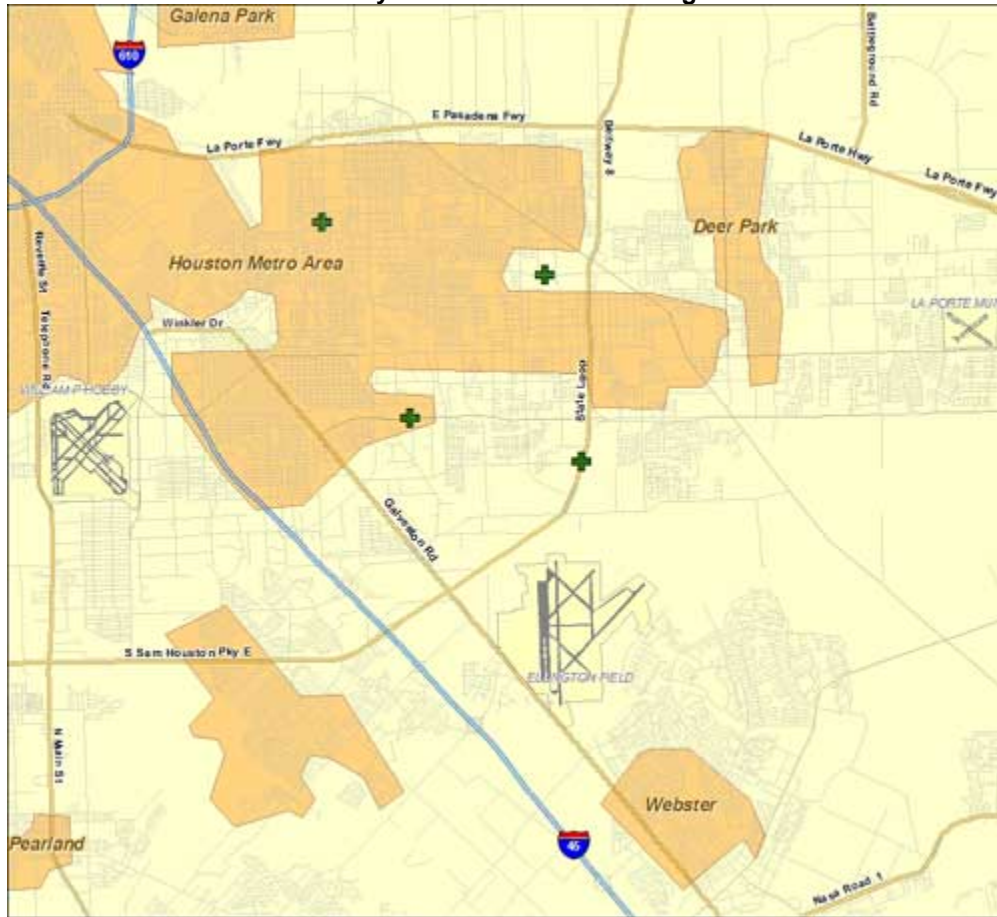
La Porte City Building Permit Office

Missouri City City Public Facilities Building Permits



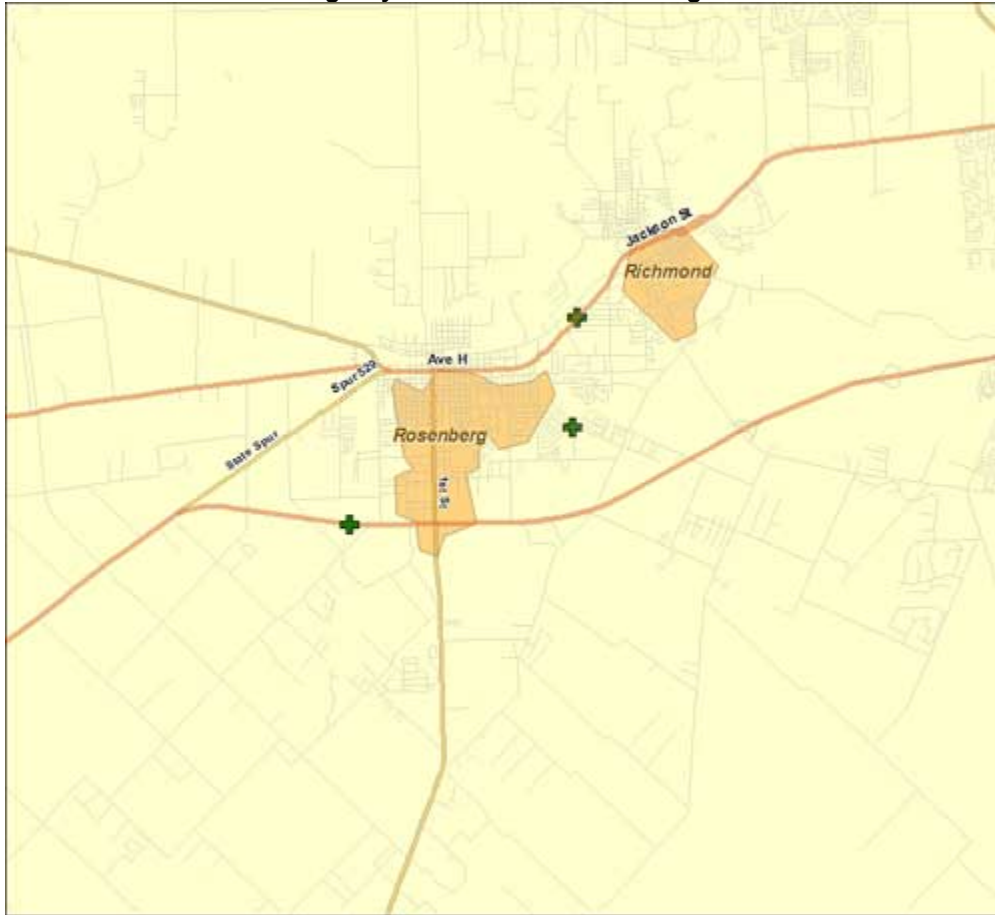
Missouri City City Building Permit Office

Pasadena City Public Facilities Building Permits



Pasadena City Building Permit Office

Rosenberg City Public Facilities Building Permits



Rosenberg City Building Permit Office

Sugar Land City Public Facilities Building Permits



Sugar Land City Building Permit Office

Houston Market Overview 2004

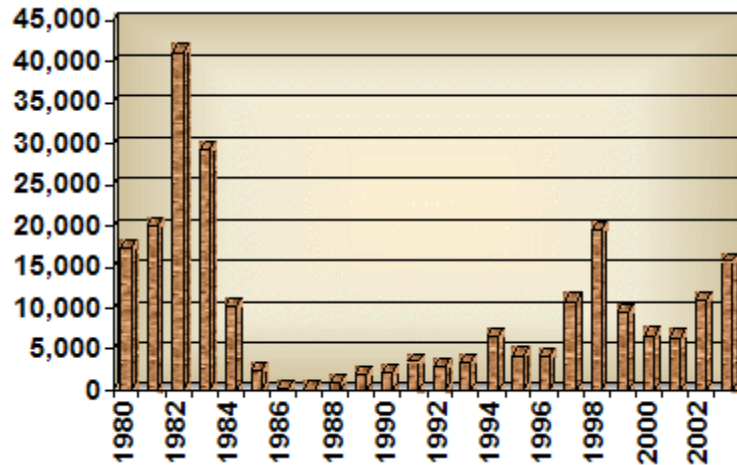
Multifamily

Houston Apartment Statistics 2003

	Houston	Texas Metro Average
Average rent per square foot	\$0.78	\$0.79
Average rent for units built since 2000	\$0.91	\$0.91
Average occupancy (percent)	91.9	92.1
Average occupancy for units built since 2000 (percent)	91.7	90.8

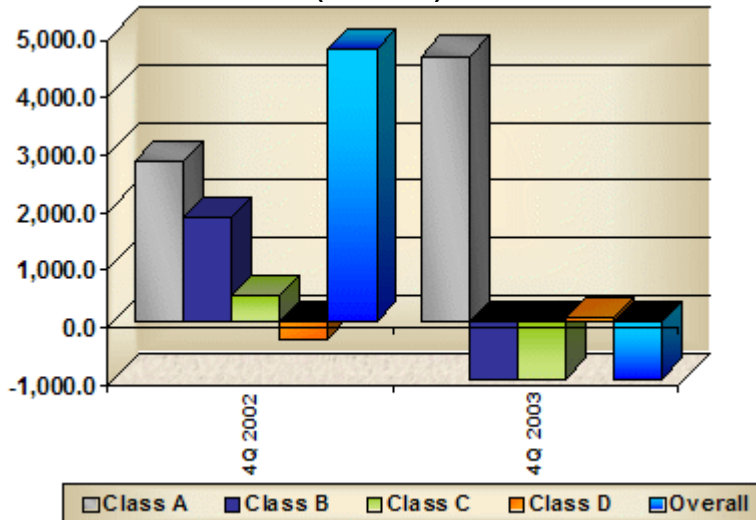
Source: Apartment MarketData Research

Houston MSA Multifamily Building Permits
(5+ Family Bldg. Permits in units)



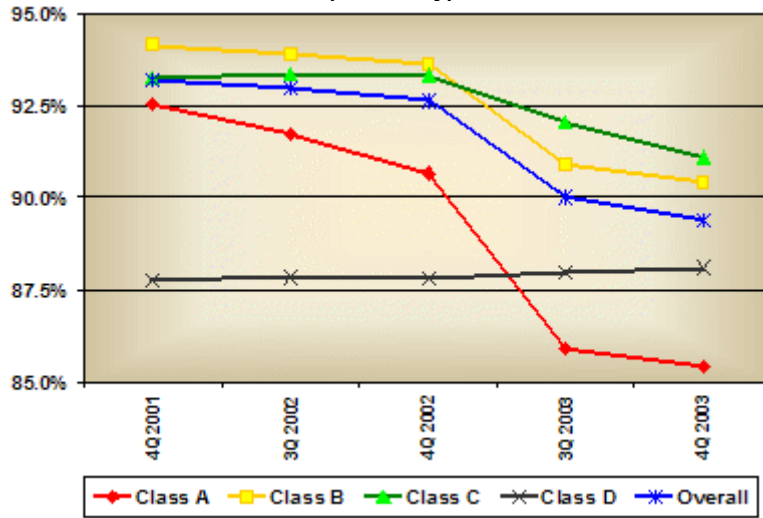
Source: U.S. Bureau of Labor Statistics

Houston Apartment Market Absorption
(Year-End)



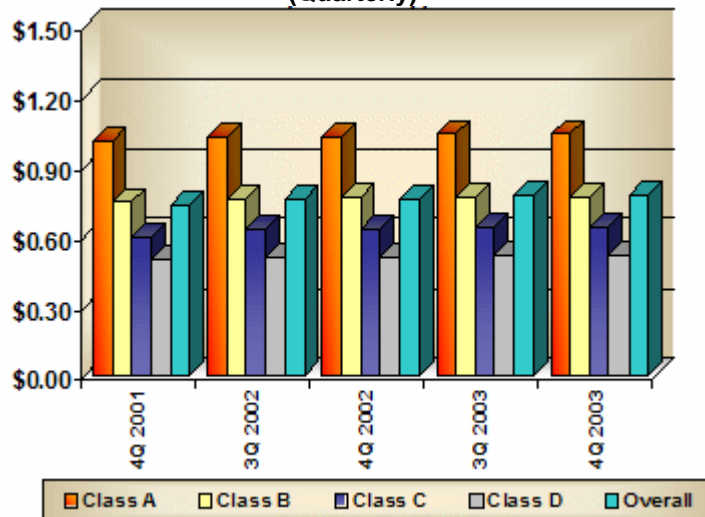
Source: O'Connor & Associates

**Houston Apartment Market
Occupancy Rate, in Percent
(Quarterly)**



Source: O'Connor & Associates

**Houston Apartment Market
Rental Rate, Per Square Foot
(Quarterly)**



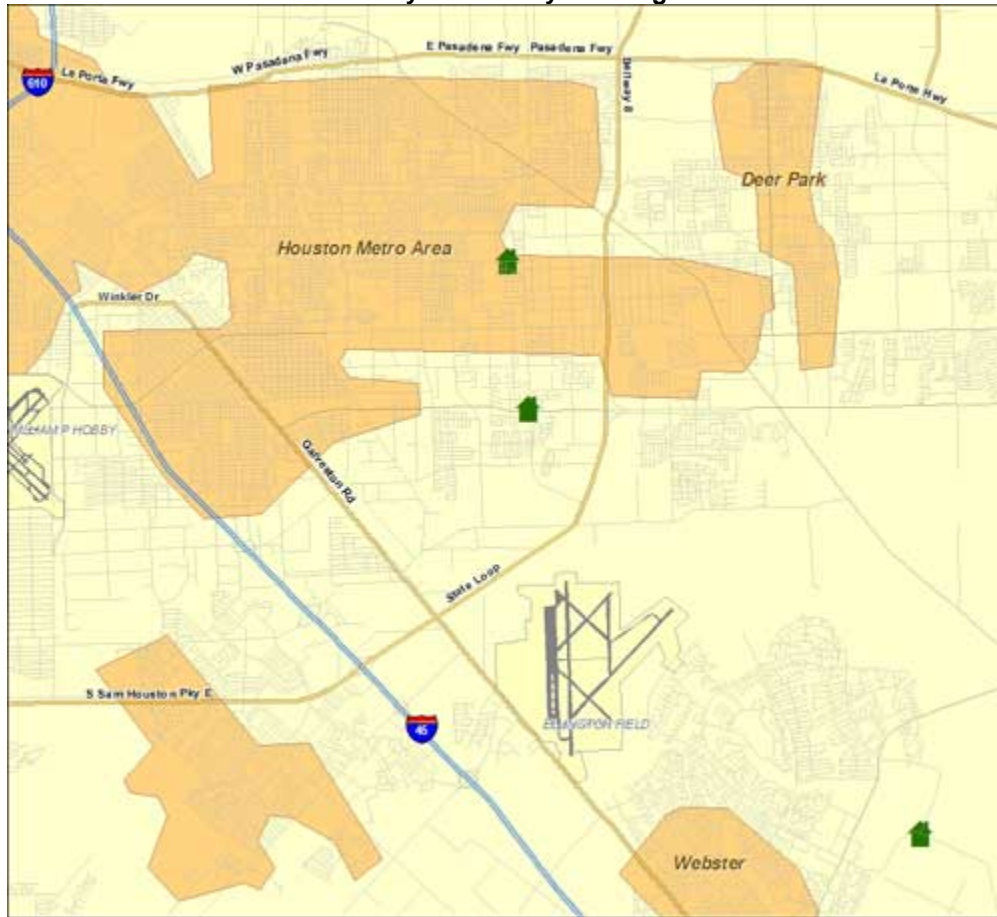
Source: O'Connor & Associates

Baytown City Multifamily Building Permits



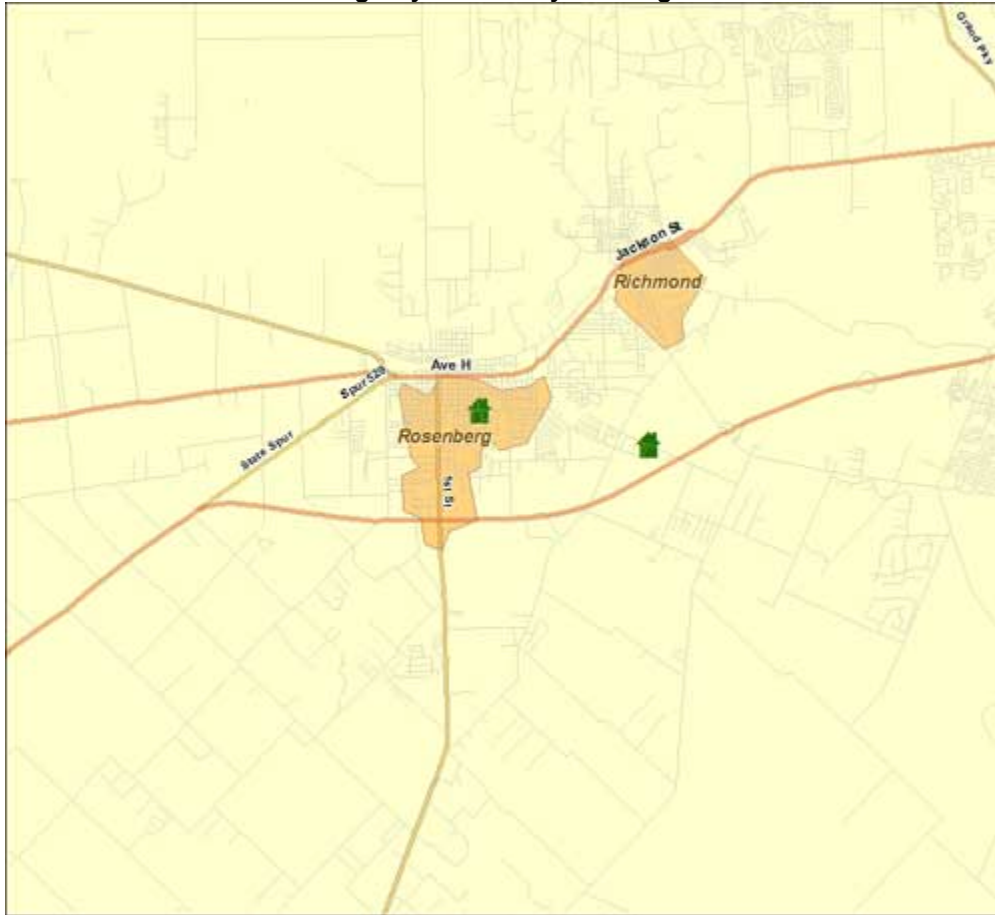
Baytown City Building Permit Office

Pasadena City Multifamily Building Permits



Pasadena City Building Permit Office

Rosenberg City Multifamily Building Permits



Rosenberg City Building Permit Office

Sugar Land City Multifamily Building Permits



Sugar Land City Building Permit Office

Houston Market Overview 2004

Housing

Housing Affordability - Fourth Quarter 2003

	Percent of Households That Can Afford Median-priced Home	THAI*	THAI for First-time Homebuyers
Fort Bend	65	1.28	0.94
Houston	55	1.05	0.95
Montgomery County	64	1.28	1.05
Texas Metros	54	1.06	0.92
U.S. Total	55	1.06	0.77

* The THAI is the ratio of median household income to the income required to buy the median priced home using currently available mortgage financing. Standard financing is a 30-year loan covering 80 percent of the cost of the home. A THAI of 1.00 indicates that the median household income is just enough to qualify for a loan sufficient to purchase the median-priced home.

Source: Real Estate Center at Texas A&M University

**Price Distribution of MLS Homes Sold, Houston Area, 2003
(in percent)**

Price Range	Houston	Fort Bend County	Montgomery County
\$29,999 or less	1.6	0.3	1.5
30,000 - 39,999	1.5	0.3	2.6
40,000 - 49,999	1.6	0.4	2.7
50,000 - 59,999	2.2	0.5	2.4
60,000 - 69,999	3.0	1.0	2.4
70,000 - 79,999	4.3	2.1	3.3
80,000 - 89,999	6.6	4.5	4.2
90,000 - 99,999	7.8	5.9	5.3
100,000 - 119,999	13.1	11.9	11.6
120,000 - 139,999	12.5	13.1	12.3
140,000 - 159,999	9.9	13.6	10.2
160,000 - 179,999	7.3	10.6	7.5
180,000 - 199,999	5.1	7.2	5.8
200,000 - 249,999	8.1	11.4	9.1
250,000 - 299,999	5.5	7.1	6.7
300,000 - 399,999	4.9	6.3	6.7
400,000 - 499,999	2.0	2.0	2.9
500,000 and more	3.0	1.8	2.7

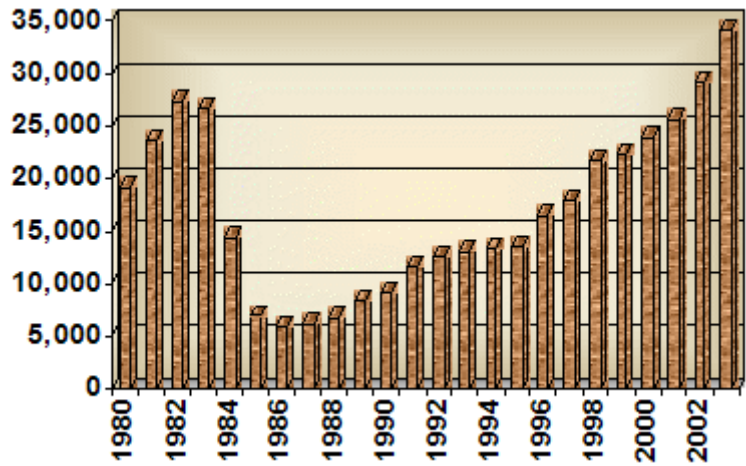
Source: Real Estate Center at Texas A&M University

Property Tax Rates, 2003

Taxing Entity	Tax Rate per \$100 Valuation
City of Houston	\$0.66
Houston ISD	1.58
Community College	0.08133
Flood Control District	0.04174
Port of Houston	0.02
Hospital District	0.19
Harris County	0.38803
Total	\$2.96

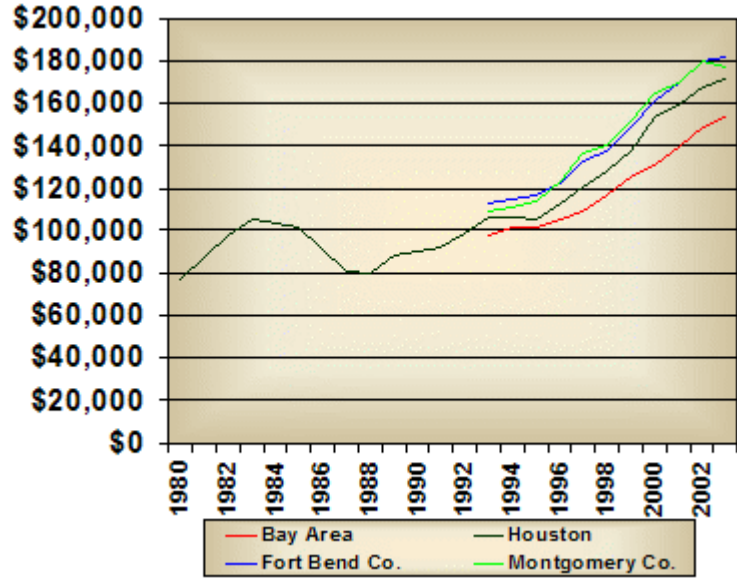
Source: Harris County Appraisal District

**Houston MSA Single-family Building Permits
(in units)**



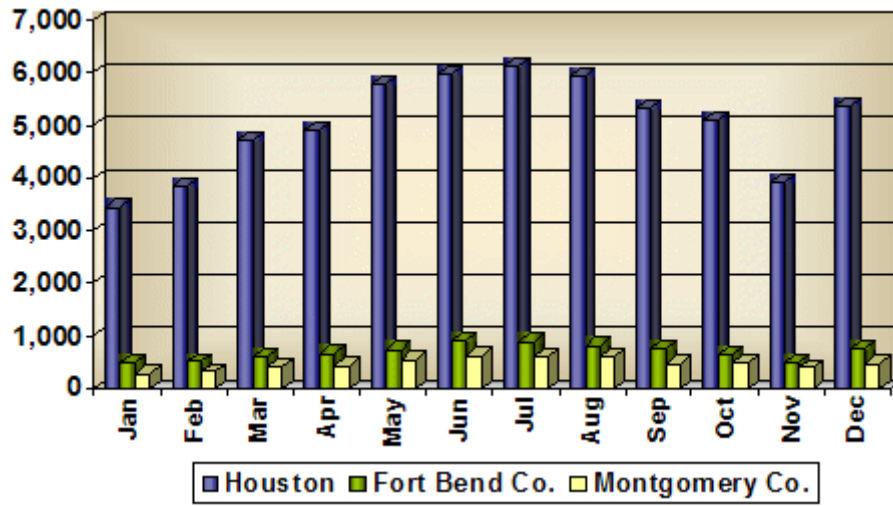
Source: U.S. Census Bureau

Average Sales Price of Single-family Home, Houston Area



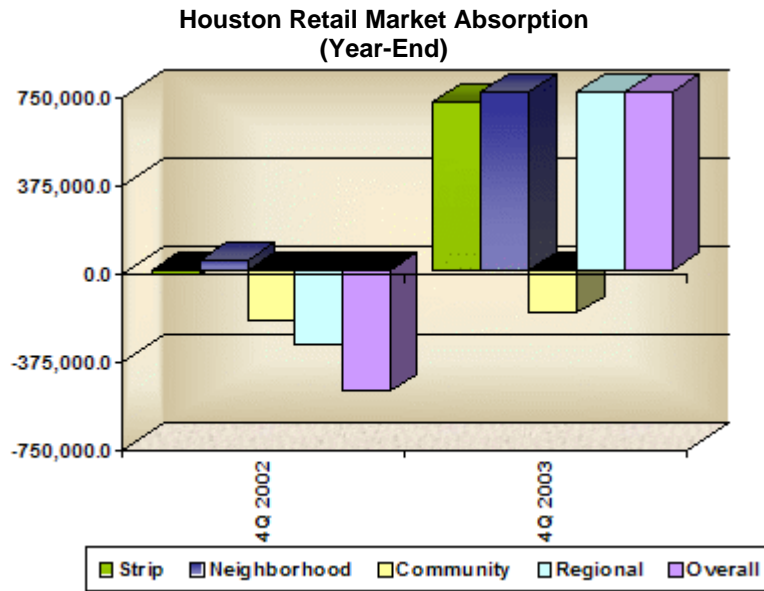
Source: Real Estate Center at Texas A&M University

**Single-Family Home Sales Volume,
Houston Area
(in units)**

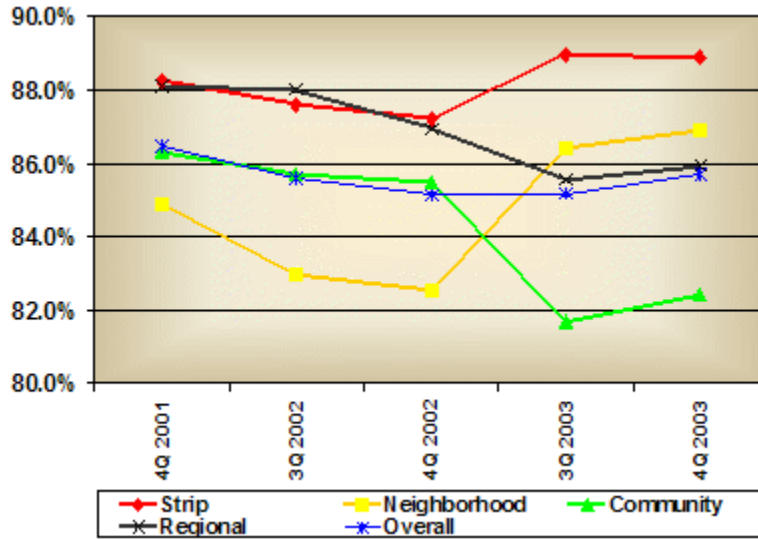


Source: Real Estate Center at Texas A&M University

Houston Market Overview 2004 Retail

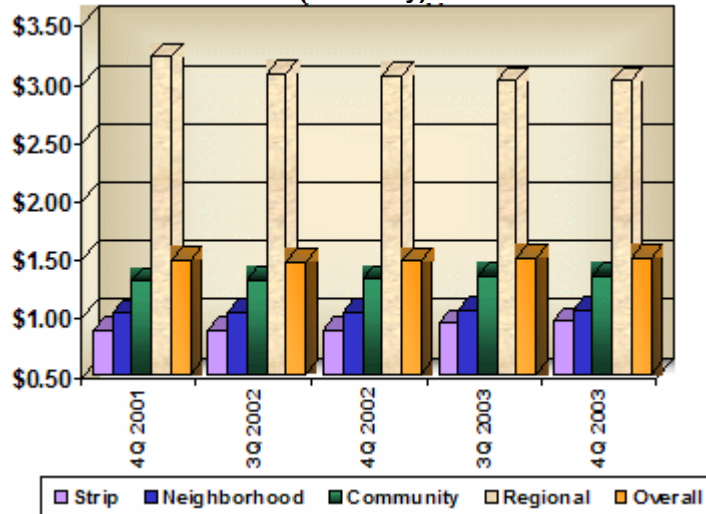


**Houston Retail Market
Occupancy Rate, in Percent
(Quarterly)**



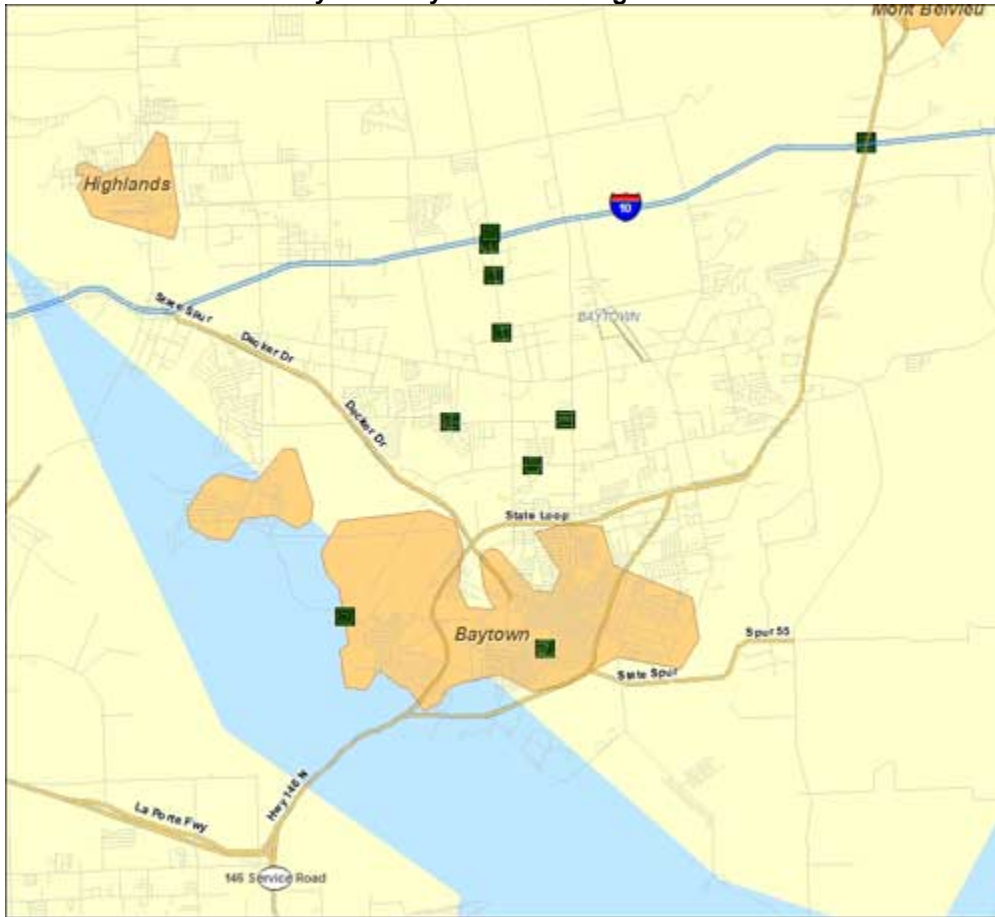
Source: O'Connor & Associates

**Houston Retail Market
Rental Rate, Per Square Foot
(Quarterly)**



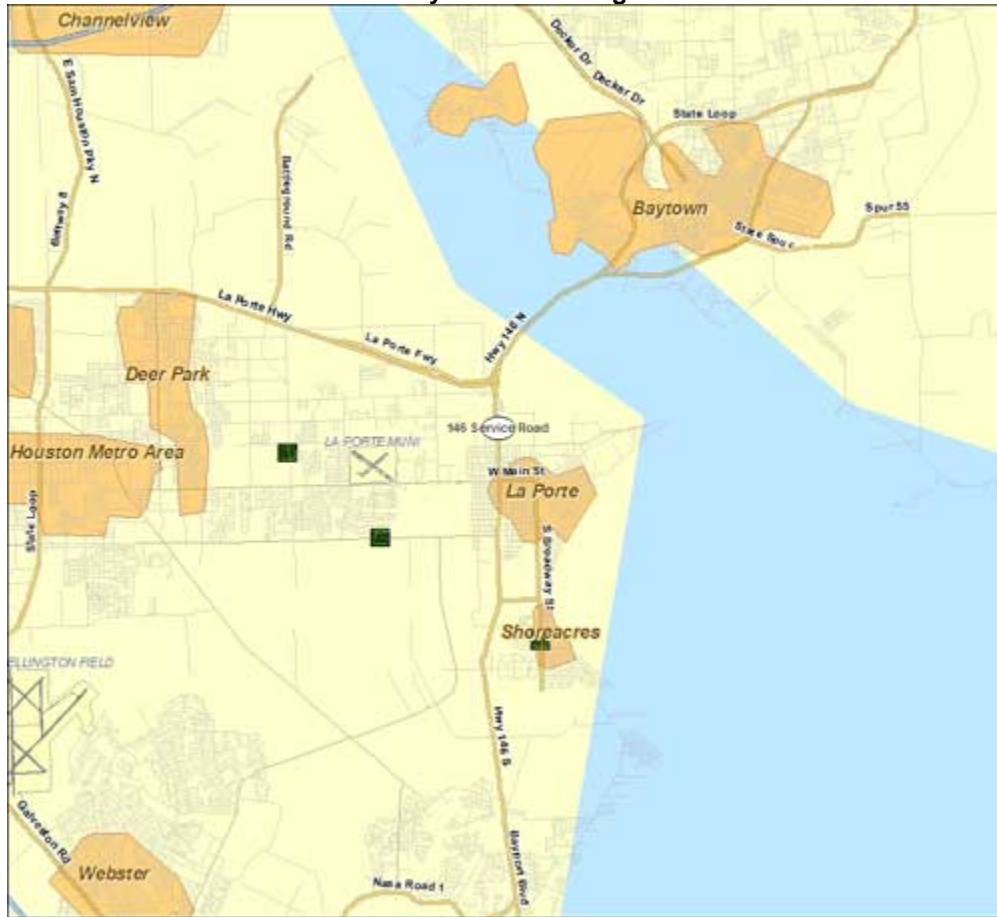
Source: O'Connor & Associates

Baytown City Retail Building Permits



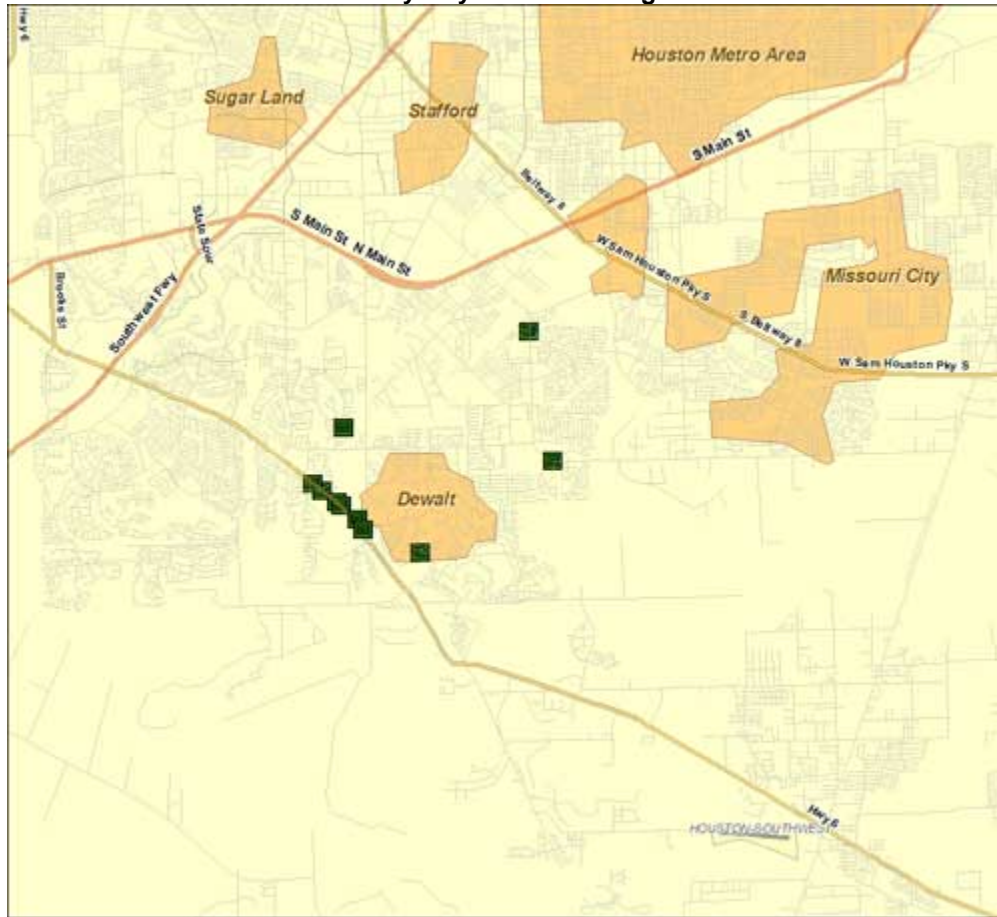
Baytown City Building Permit Office

La Porte City Retail Building Permits



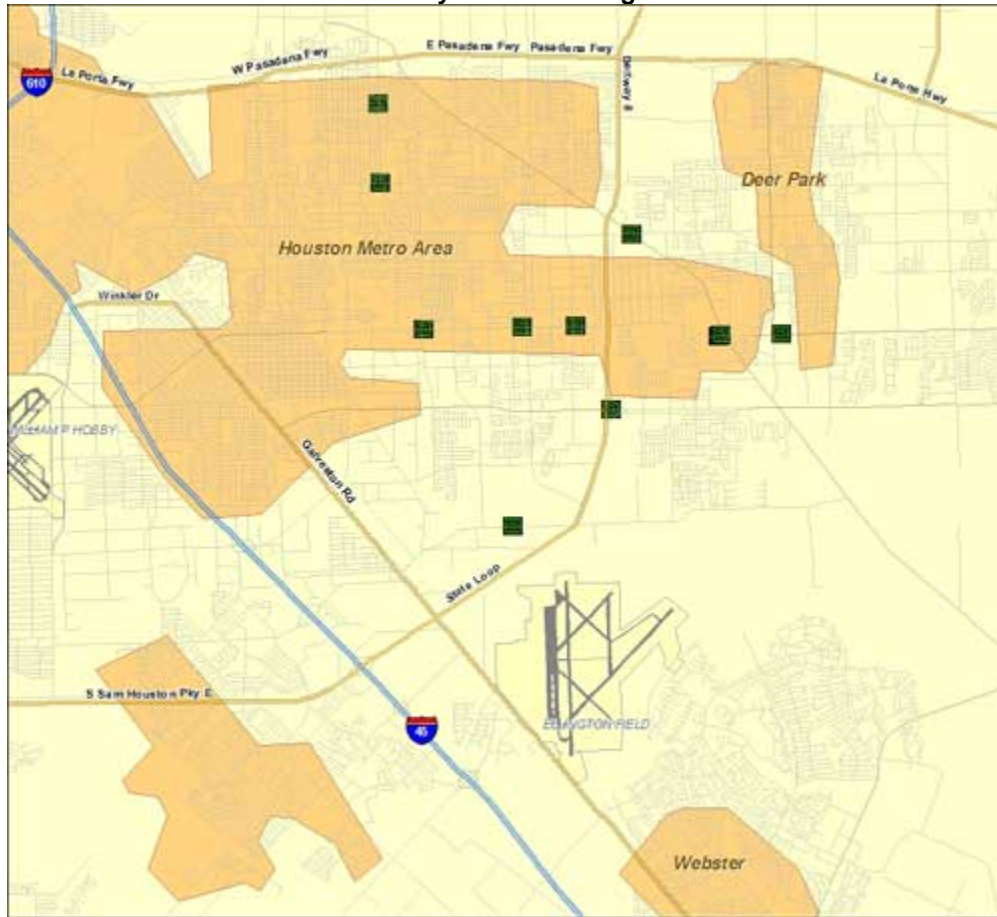
La Porte City Building Permit Office

Missouri City City Retail Building Permits



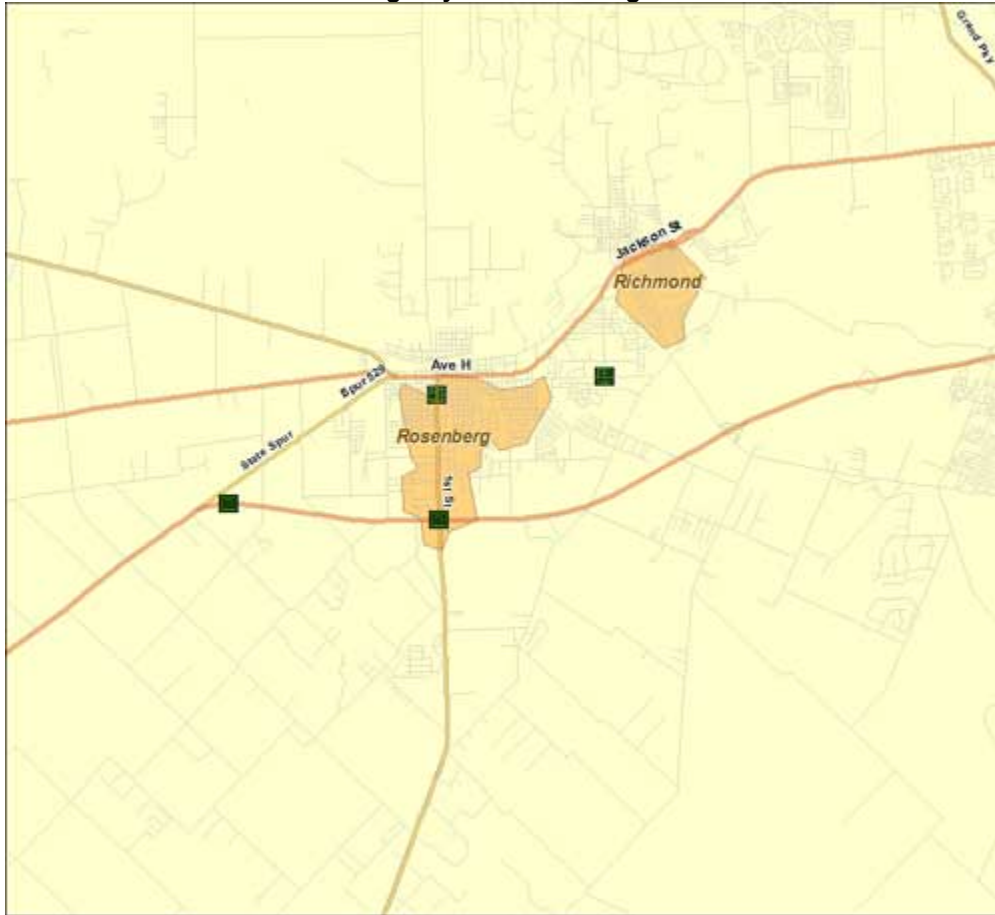
Missouri City City Building Permit Office

Pasadena City Retail Building Permits



Pasadena City Building Permit Office

Rosenberg City Retail Building Permits



Rosenberg City Building Permit Office

Houston Market Overview 2004 Hotel

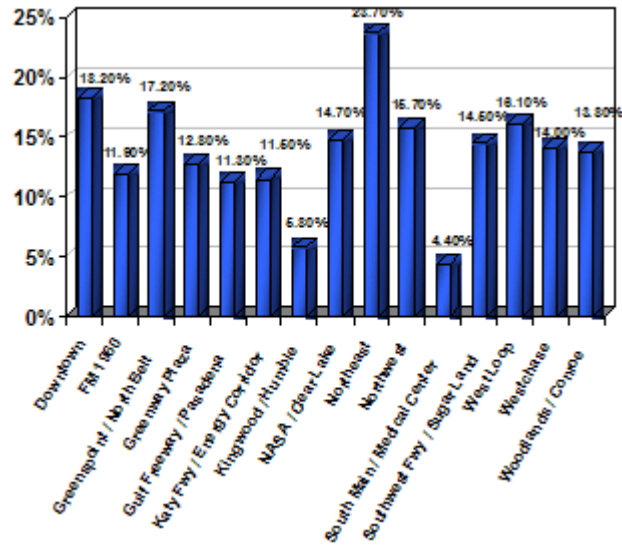
Hotel* Occupancy and Rental Rates

	Houston PMSA	Texas
2000		
Rooms (000)	52.4	296.8
Average daily rental rate	\$71.62	\$71.56
Occupancy rate (percent)	62.8	59.3
2001		
Rooms (000)	54.2	307.1
Average daily rental rate	\$71.94	\$70.27
Occupancy rate (percent)	65.2	57.3
2002		
Rooms (000)	55.7	314.3
Average daily rental rate	\$72.03	\$70.11
Occupancy rate (percent)	60.2	55.4
2003		
Rooms (000)	57.6	320.8
Average daily rental rate	\$69.88	\$68.78
Occupancy rate (percent)	57.1	54.3

Source: PKF ConsultingSource: Office of the Governor Economic Development and Tourism and Source Strategies, Inc. of San Antonio
*Only properties exceeding \$16,600 in the current quarter are included; those units below \$16,600 only result in 1.5% of the total state revenues, and have been excluded from this database.

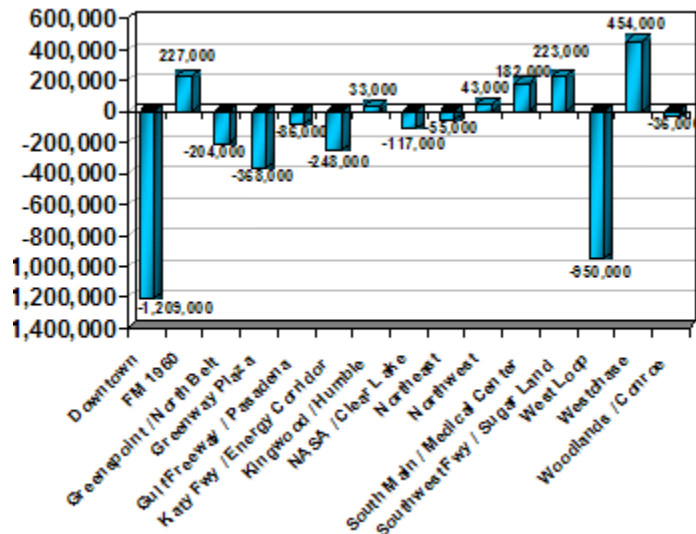
Houston Market Overview 2004 Office

**Houston Office Market
Office Vacancy Rate, Year-End 2003**

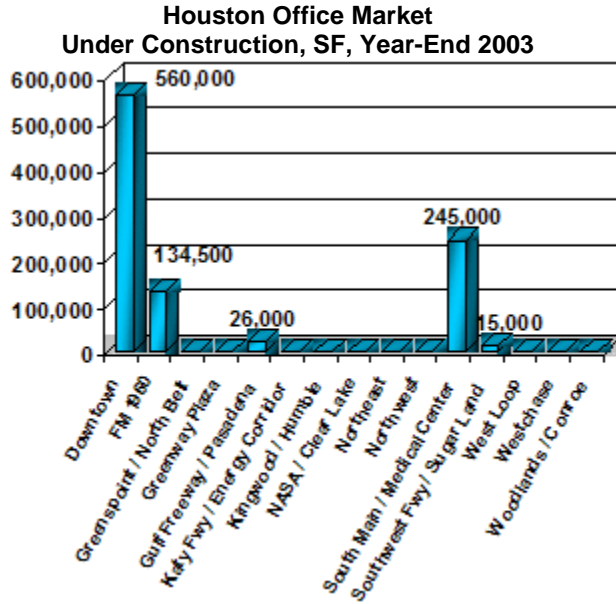


Source: CoStar Group

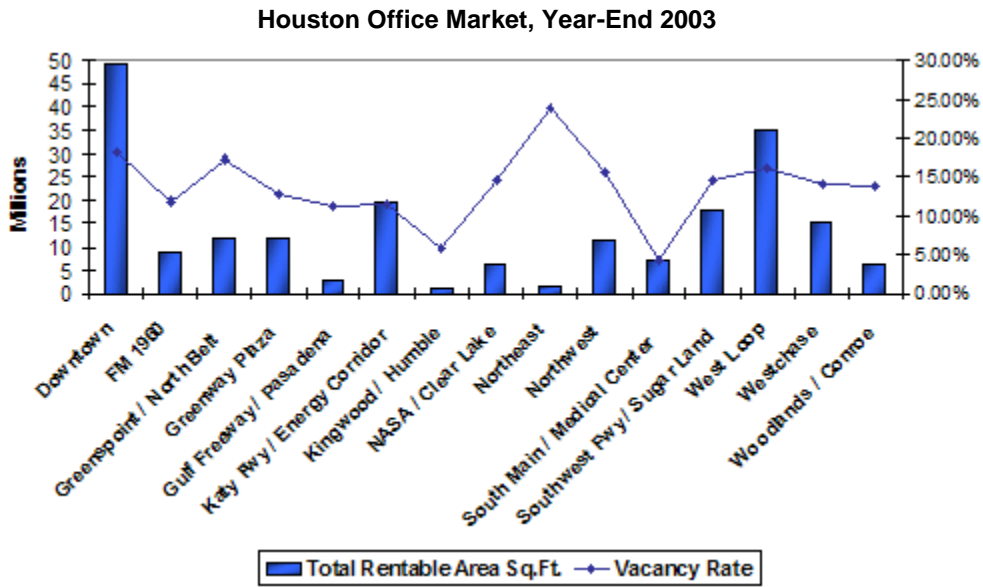
Houston Office Market Net Absorption, Year-End 2003



Source: Delta Associates



Source: Delta Associates



Source: Delta Associates

Rent Rate Analysis of Class A & B Office Buildings, Houston Area



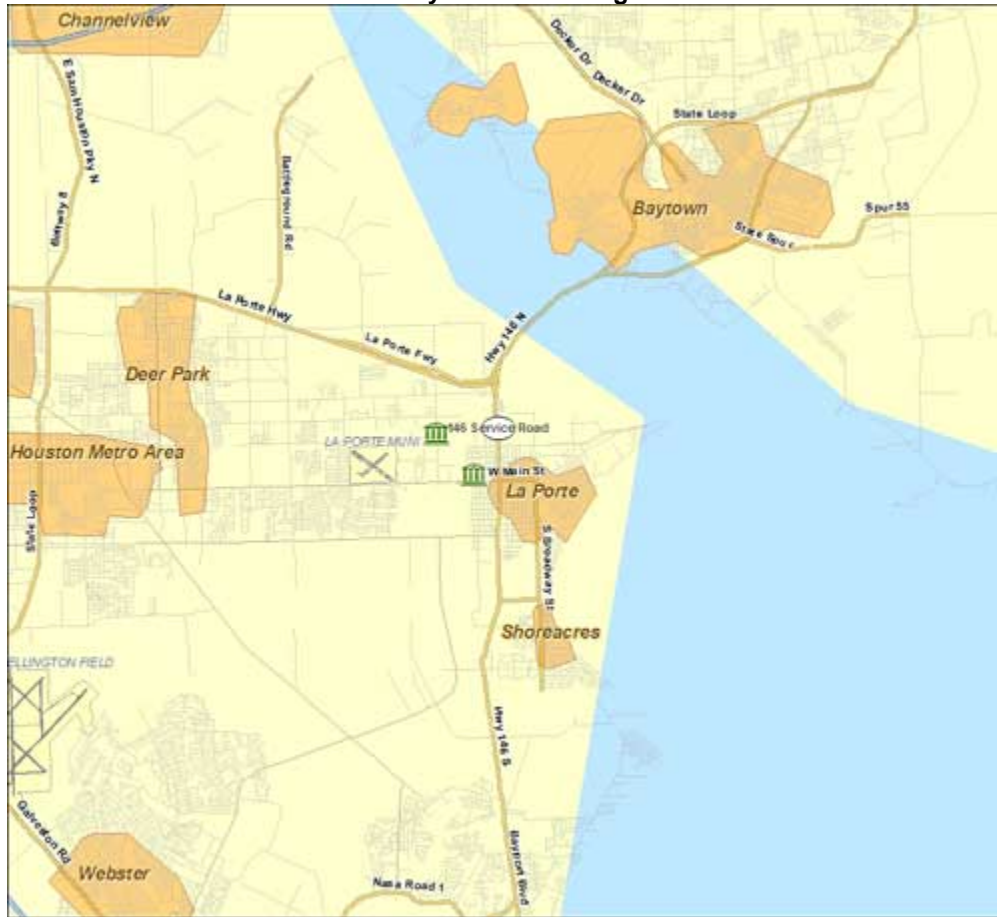
Source: Delta Associates

Baytown City Office Building Permits



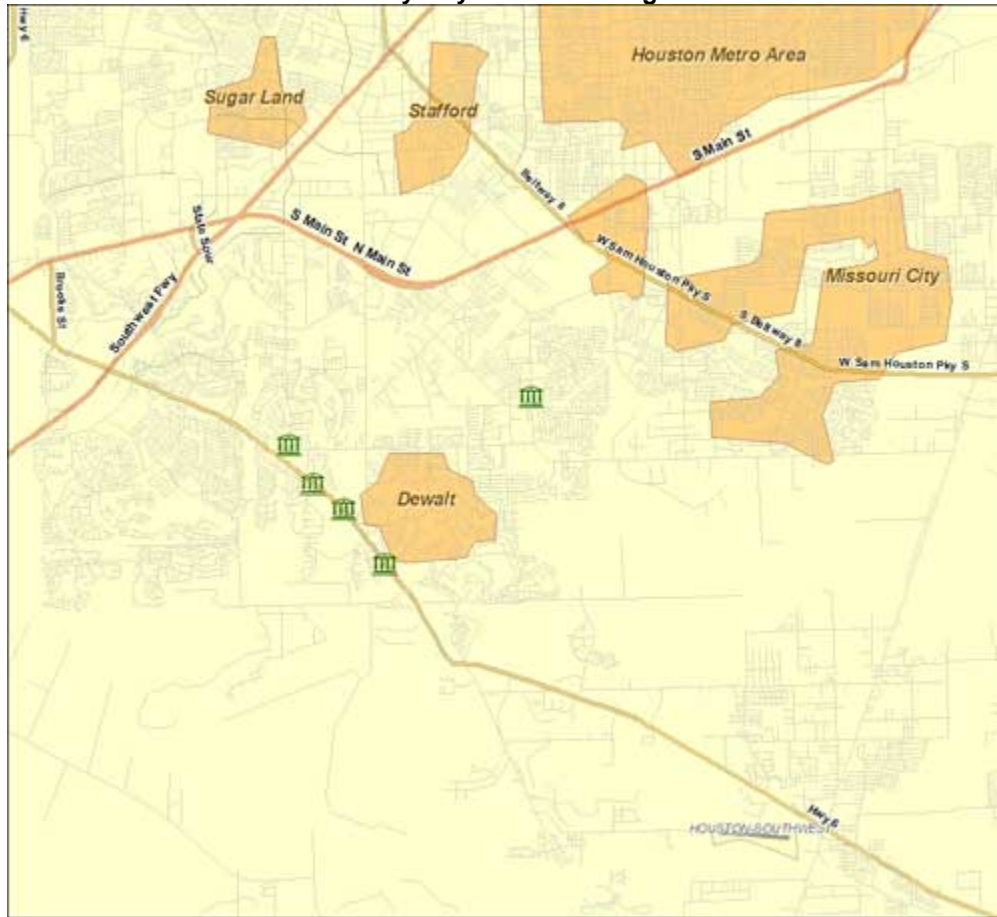
Baytown City Building Permit Office

La Porte City Office Building Permits



La Porte City Building Permit Office

Missouri City City Office Building Permits



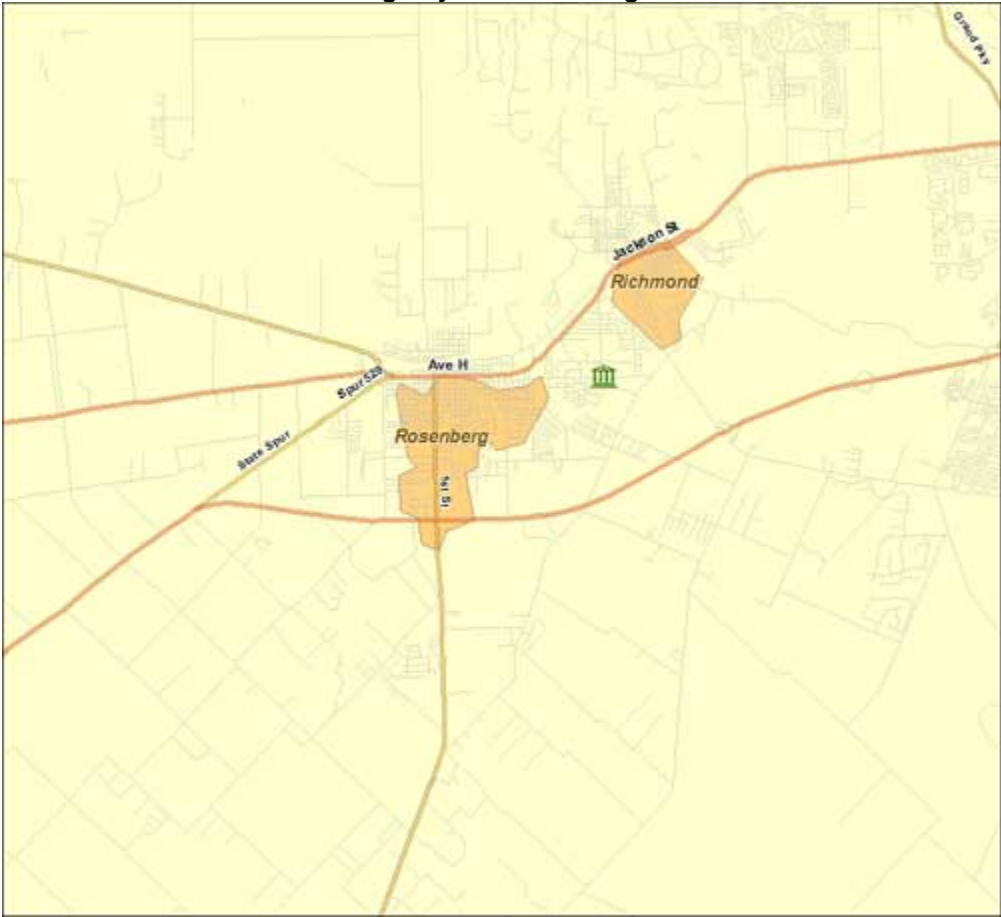
Missouri City City Building Permit Office

Pasadena City Office Building Permits



Pasadena City Building Permit Office

Rosenberg City Office Building Permits



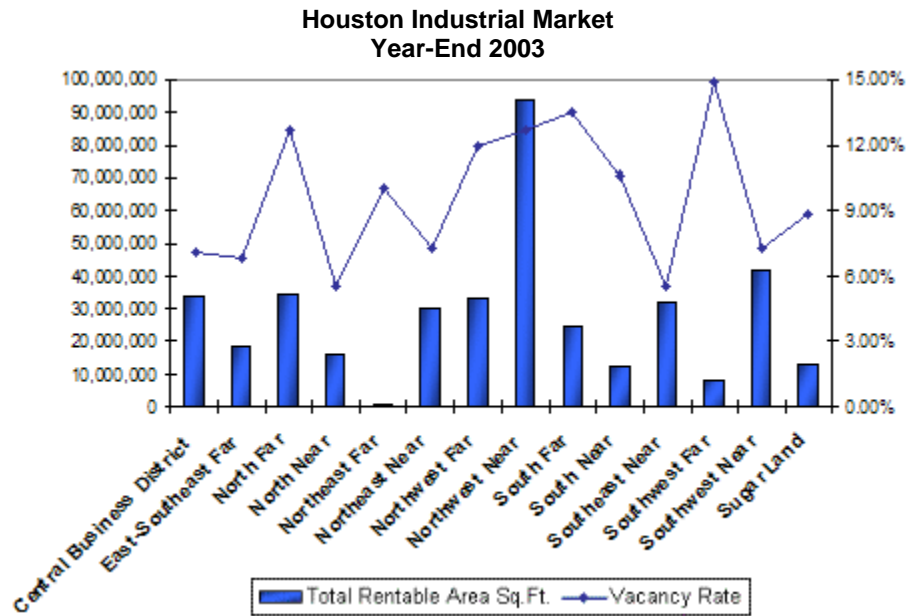
Rosenberg City Building Permit Office

Sugar Land City Office Building Permits

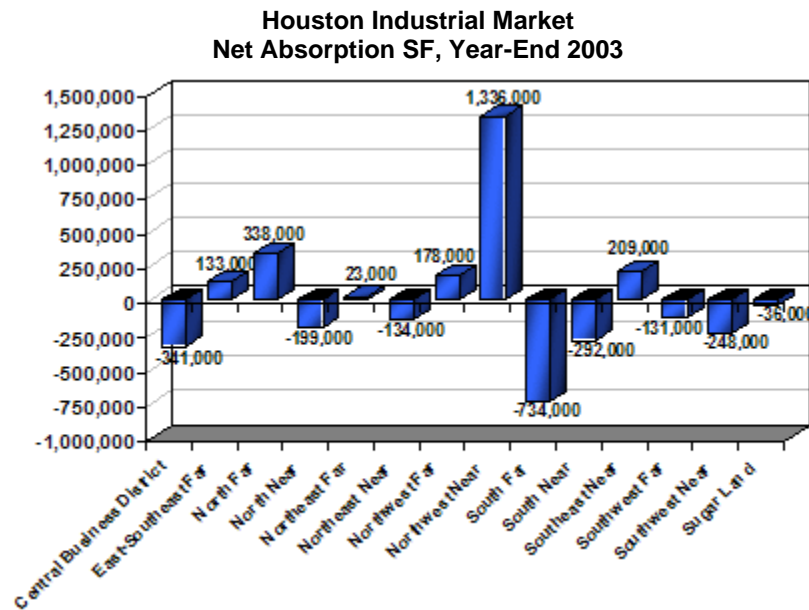


Sugar Land City Building Permit Office

Houston Market Overview 2004 Industrial



Source: Delta Associates



Source: CB Richard Ellis

Baytown City Industrial Building Permits



Baytown City Building Permit Office

Sugar Land City Industrial Building Permits



Sugar Land City Building Permit Office



This annual report is created free of charge by the Real Estate Center at Texas A&M University. We strive to provide the most accurate, up-to-date, and insightful data to paint a detailed picture of Texas' Metropolitan Statistical Area's. The Center also provides numerous publications, resources, and data on building permits, employment, population, and home sales at <http://recenter.tamu.edu>.

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