

Real Estate Market Overview 2005

El Paso

Nestled at the foot of the Franklin Mountains, the City of El Paso is bordered by Mexico on the south and New Mexico to the north. With a 2000 population of 563,622, El Paso is the fifth largest city in Texas. Across the Texas-Mexico border from El Paso is Juarez, with a population of 1.3 million. The El Paso-Juarez community comprises the largest metropolitan area on the border between the United States and Mexico. El Paso is also the home of Lee Trevino, a popular championship professional golfer.

Quick Facts	
Land Area	1,013 square miles
Population Density (2000)	670.8 people per square mile
Counties	El Paso
Area Cities and Towns	
Anthony, Canutillo, Clint, El Paso, Fabens, Horizon City, San Elizario, Socorro, Tornillo	



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El Paso Market Overview 2005 Demographics

El Paso MSA Population

Year	Population	Percent Change
1990	591,610	1.8
1991	608,206	2.8
1992	619,138	1.8
1993	634,044	2.4
1994	646,181	1.9
1995	654,250	1.2
1996	656,482	0.3
1997	665,066	1.3
1998	671,250	0.9
1999	675,397	0.6
2000	679,622	0.6
2001	687,543	1.2
2002	693,570	0.9
2003	702,609	1.3
2004	713,126	1.5

Source: U.S. Census Bureau

Area Cities With 10,000 or More Residents

City	2000 Population	Growth 1990 - 2000 (in percent)
El Paso	563,662	9.4
Socorro	27,152	18.5

Source: U.S. Census Bureau

Texas Metropolitan Area Population Change, 1990 - 2004

Metropolitan Area	1990 Population	2004 Population	Percent Change
McAllen-Edinburg-Mission	383,545	658,248	71.6
Austin-San Marcos	846,227	1,412,271	66.9
Laredo	133,239	219,464	64.7
Dallas	2,676,248	3,886,553	45.2
Brownsville-Harlingen-San Benito	260,120	371,825	42.9
Brazoria County	191,707	271,130	41.4
Houston	3,321,911	4,587,092	38.1
Fort Worth-Arlington	1,361,034	1,878,334	38.0
Texas	16,986,335	22,490,022	32.4
San Antonio	1,324,749	1,722,117	30.0
Bryan-College Station	121,862	156,275	28.2
Killeen-Temple	255,299	325,398	27.5
Galveston-Texas City	217,396	271,743	25.0
Tyler	151,309	186,414	23.2
Sherman-Denison	95,019	115,933	22.0
Amarillo	187,514	227,472	21.3
El Paso	591,610	713,126	20.5
Waco	189,123	222,439	17.6
Victoria	74,361	85,777	15.4
Lubbock	222,636	251,018	12.7
Longview-Marshall	193,801	215,159	11.0
Texarkana	120,132	132,716	10.5
Corpus Christi	349,894	385,700	10.2
Odessa-Midland	225,545	244,832	8.6
Beaumont-Port Arthur	361,218	383,443	6.2
San Angelo	98,458	103,772	5.4
Wichita Falls	130,351	136,595	4.8
Abilene	119,655	125,108	4.6

Source: U.S. Census Bureau

El Paso MSA Projected Population

Year	Texas State Data Center (Scenario 0.5)	Texas Water Development Board
2005	737,866	-
2010	799,936	921,780
2015	864,980	-
2020	926,760	1,082,445

Sources: Texas State Data Center and Texas Water Development Board

Household Composition

	El Paso MSA	Texas
Average household size (2000)	3.18	2.74
Population younger than 18 (2000, in percent)	32.0	28.2
Population 65 and older (2000, in percent)	9.7	9.9

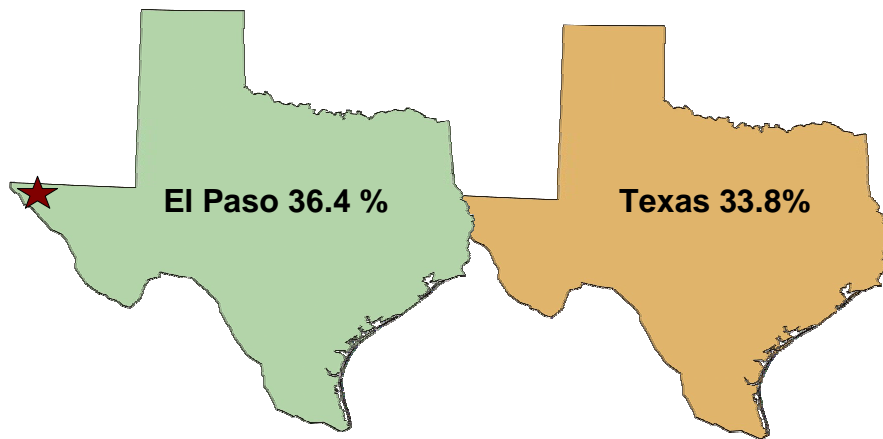
Source: U.S. Census Bureau

Distribution by Race and Hispanic or Latino Origin, 2000 (in percent)

	El Paso MSA	Texas
White	73.9	71.0
Black	3.1	11.5
Asian	1.0	2.7
American Indian	0.8	0.6
Other	17.9	11.7
Two or more races	3.2	2.5
Hispanic (of any race)	78.2	32.0

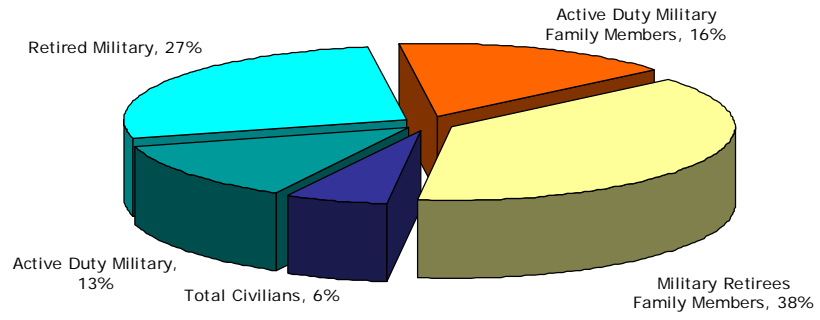
Source: U.S. Census Bureau

**Projected Population Growth, 2000 – 2020
 (in percent)**



Source: Texas State Data Center (Scenario 0.5)

**Fort Bliss Population Profile
March 2004**



Source: City of El Paso

El Paso Market Overview 2005 Education

Educational Attainment, Persons Age 25 and Older (in percent)

Level of Education	El Paso County	Texas
High school graduate	22.5	24.8
Some college, no degree	21.6	22.4
Associate's degree	5.0	5.2
Bachelor's degree	11.0	15.6
Graduate or professional degree	5.6	7.6

Source: U.S. Census Bureau, 2000

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

Level of Education	El Paso	
	MSA	Texas
High School Graduate or Higher	65.8	75.7
Bachelor's Degree or Higher	16.6	23.2

Source: U.S. Census Bureau

Local College and University Enrollment

School	Fall 2000	Fall 2001	Fall 2002	Fall 2003	Fall 2004
El Paso Community College	17,747	18,356	19,644	22,704	23,828
University of Texas at El Paso	15,224	16,220	17,232	18,542	18,918

Source: Texas Higher Education Coordinating Board

Local College and University Enrollment

School	Spring 2000	Spring 2001	Spring 2002	Spring 2003	Spring 2004
El Paso Community College	17,923	17,295	17,801	19,715	21,892
University of Texas at El Paso	13,698	14,197	15,333	16,476	17,514

Source: Texas Higher Education Coordinating Board

El Paso Market Overview 2005 Employment

Top Ten Employers

Employer	Sector	Employees
El Paso Independent School District	Education	8,663
Fort Bliss Civilian	Government	6,620
Ysleta Independent School District	Education	6,500
City of El Paso	Government	6,264
University of Texas at El Paso	Education	4,841
Socorro Independent School District	Education	3,995
Sierra Providence Health Network	Health care	3,761
El Paso Community College	Education	3,728
Wal-Mart	Retail	3,706
County of El Paso	Government	2,657

Source: El Paso Office of Economic Development Oct-2004

Top Ten Private Employers

Employer	Sector	Employees
Sierra Providence Health Network	Health care	3,761
Wal-Mart	Retail	3,706
Las Palmas and Del Sol Regional Hospital	Hospital	2,244
Echostar Satellite Corp.	Call center	2,012
MCI/GC Services	Telemarketing	1,790
West Teleservices Corp.	Telemarketing	1,500
Sahara, Inc. (Nat. Cent. for Emp. of Disabled)	Sheltered workshop	1,369
Big 8 Food Stores	Grocery	1,220
Yazaki North America (EWD & ELCOM)	Manufacturing	1,000
El Paso Electric Company	Services	986

Source: El Paso Office of Economic Development Oct-2004

Top Maquiladora's in Juarez, Mexico*

Employer	Origin	Sector
Delphi Automotive Systems	USA	Automotive
Lear Corporation	USA	Automotive
Yazaki North America	JAPAN	Automotive
Philips Electronics	NETHERLANDS	Electronics
Thomson Consumer Electronics (RCA)	USA	Electronics
Sumitomo Wiring Electric Systems	JAPAN	Electrical
A.O. Smith Corporation	USA	Electrical
Cardinal Health	USA	Medical
Honeywell, Inc.	USA	Medical
Bosch Group	USA	Electronics

*The Juarez, Mexico list is based on all Maquiladoras in Mexico

Source: Regional Economic Development Corporation Nov-2004

Employment Growth by Industry

	El Paso MSA	Texas
Employment growth 2004 (in percent)	0.1	1.3
Unemployment rate 2004 (in percent)	7.8	6.1
New jobs in 2004	300	120,600
Employment growth by sector 2004 (in percent)		
Total Nonfarm	0.1	1.3
Natural Resources, Mining, and Construction	0.9	-
Natural Resources and Mining	-	3.2
Construction	-	-1.0
Manufacturing	-8.1	-0.2
Trade, Transportation and Utilities	-0.7	1.2
Information	-9.4	-1.1
Financial Activities	-1.7	1.7
Professional and Business Services	1.8	1.7
Educational and Health Services	3.8	2.1
Leisure and Hospitality	4.7	2.1
Government	0.8	1.5

All estimates are subject to revision March-2005

Source: Bureau of Labor Statistics and Real Estate Center at Texas A&M University

Texas Metropolitan Area Employment Change, 1990-2004

Metropolitan Area	1990 Employment	2004 Employment	Percent Change
McAllen-Edinburg-Mission	128,092	231,224	80.5
Austin-Round Rock	452,961	738,706	63.1
Laredo	48,588	77,898	60.3
Killeen-Temple-Fort Hood	93,215	137,634	47.7
Brownsville-Harlingen	90,534	130,457	44.1
College Station-Bryan	69,738	97,038	39.1
San Antonio	620,868	833,331	34.2
Dallas-Fort Worth-Arlington	2,163,142	2,790,815	29.0
Texas	8,071,312	10,362,982	28.4
Amarillo	96,512	122,770	27.2
Tyler	70,712	89,186	26.1
Houston-Baytown-Sugar Land	1,926,731	2,411,653	25.2
Sherman-Denison	43,644	53,651	22.9
Lubbock	110,510	134,203	21.4
Waco	86,033	104,444	21.4
Midland	51,435	61,405	19.4
Abilene	64,278	76,330	18.7
Corpus Christi	156,681	184,573	17.8
Victoria	44,880	52,847	17.8
El Paso	228,522	267,419	17.0
Longview	80,290	93,867	16.9
Wichita Falls	61,226	70,608	15.3
San Angelo	44,183	50,604	14.5
Texarkana	51,476	57,743	12.2
Odessa	52,585	57,944	10.2
Beaumont-Port Arthur	156,860	164,663	5.0

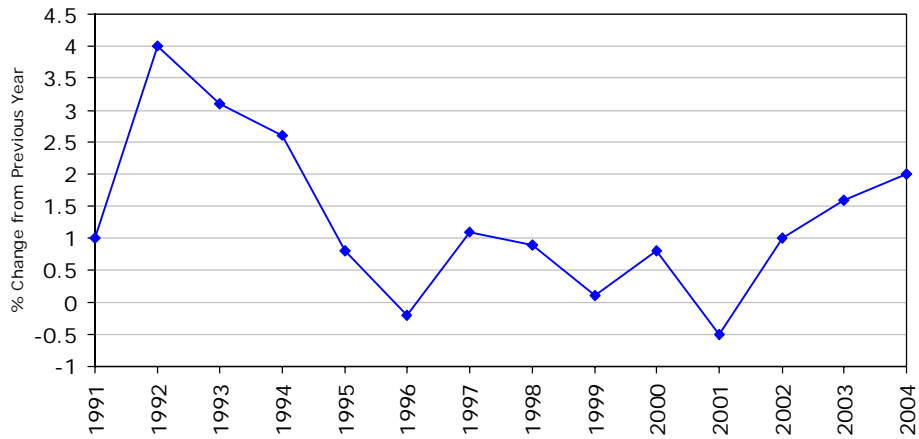
Source: Bureau of Labor Statistics and Real Estate Center at Texas A&M University

El Paso MSA Employment

Year	Employment	Percent Change Year Ago
1990	229,358	-
1991	231,681	1.0
1992	240,988	4.0
1993	248,530	3.1
1994	255,041	2.6
1995	257,100	0.8
1996	256,519	-0.2
1997	259,254	1.1
1998	261,585	0.9
1999	261,910	0.1
2000	263,922	0.8
2001	262,497	-0.5
2002	265,145	1.0
2003	269,357	1.6
2004	274,725	2.0

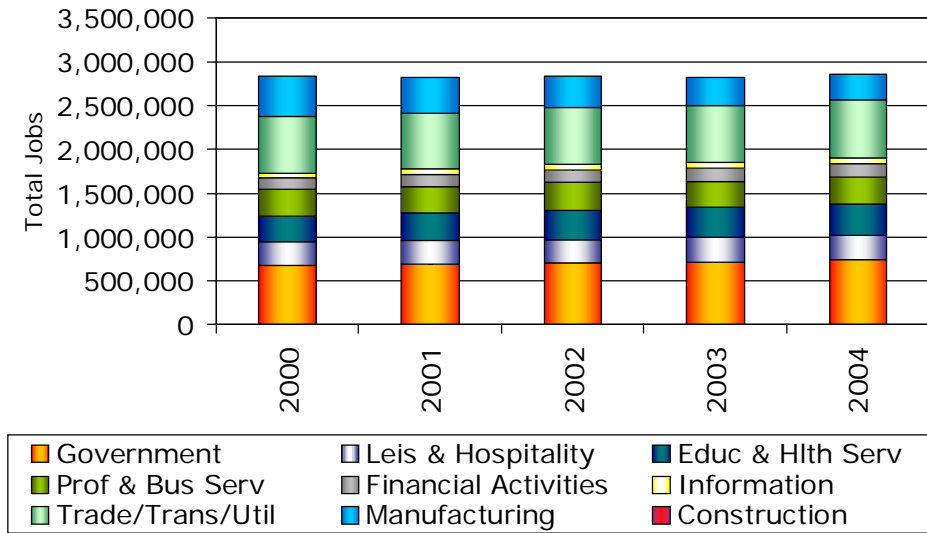
Source: U.S. Bureau of Labor Statistics

**Employment Growth
 El Paso MSA**



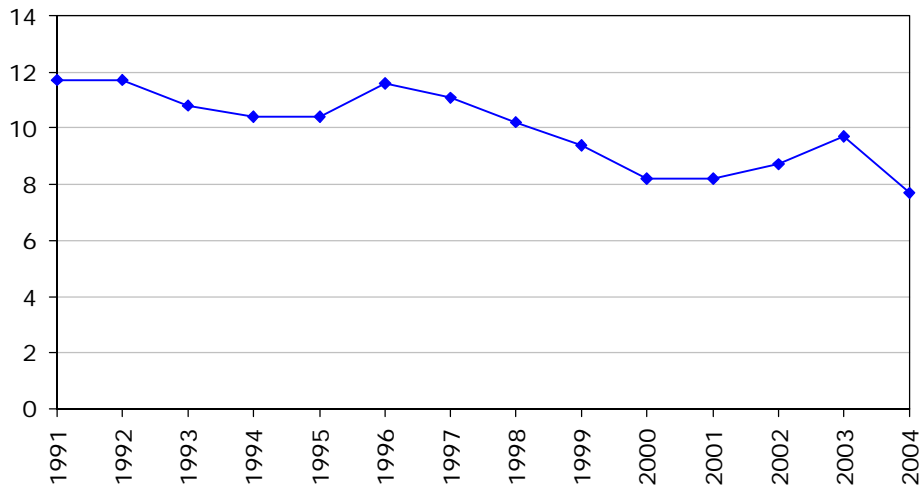
Source: U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University

Distribution of Employment in Major Categories



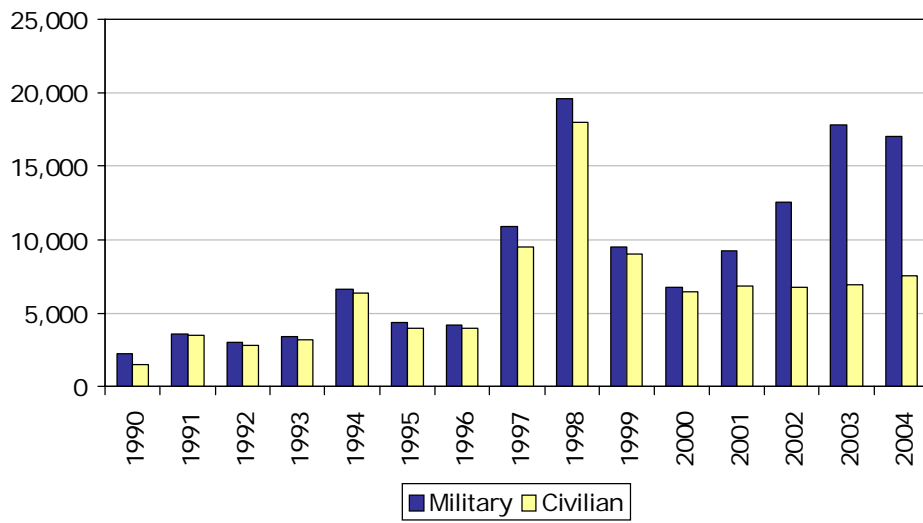
Source: Texas Workforce Commission Feb-2005

El Paso MSA Unemployment Rate (in percent)



Source: U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University

Fort Bliss Employment



Source: City of El Paso

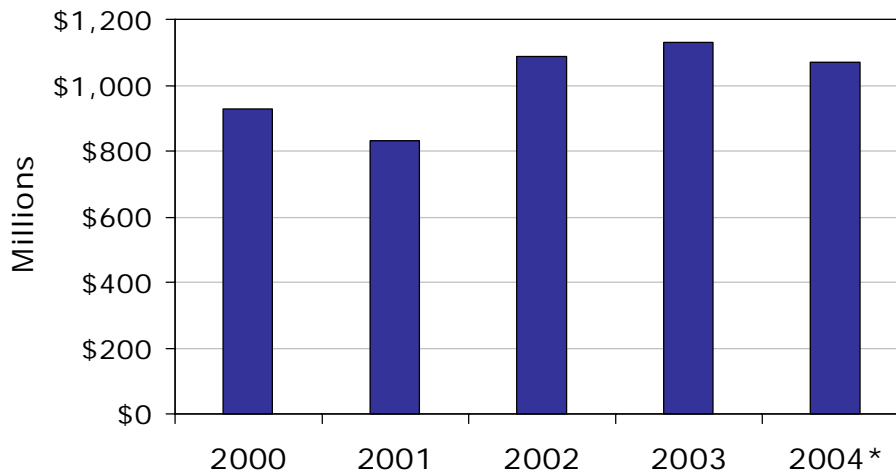
El Paso Market Overview 2005 Economy

El Paso MSA Gross Retail Sales

Year	Total Sales	Sales per Capita
1990	\$3,718,228,382	\$6,285
1991	3,887,059,277	6,391
1992	4,258,148,498	6,878
1993	4,546,082,757	7,170
1994	4,939,810,275	7,645
1995	4,871,535,643	7,446
1996	5,258,414,674	8,010
1997	5,050,367,254	7,594
1998	5,309,167,256	7,909
1999	5,884,997,029	8,713
2000	6,343,535,589	9,334
2001	6,354,119,088	9,242
2002	6,655,119,764	9,595
2003	6,904,361,795	9,827
2004	7,311,014,734	10,252
State Average 2004:		\$14,546

Source: Texas Comptroller's Office

Fort Bliss Economic Impact



*2004 Jan. – Sept.

Source: City of El Paso

El Paso Market Overview 2005 Infrastructure

El Paso International Airport Activity

Airport	1999	2000	2001	2002	2003	2004
El Paso International Airport						
Enplaned	1,657,517	1,688,134	1,564,380	1,449,965	1,463,976	1,612,606
Deplaned	1,647,984	1,624,585	1,527,328	1,425,751	1,446,687	1,591,800
Total	3,305,501	3,312,719	3,091,708	2,875,716	2,910,663	3,204,406

Source: El Paso International Airport

El Paso International Cargo (units in tons)

Airport	1998	1999	2000	2001	2002	2003	2004
El Paso International Airport							
Enplaned	35,316	39,073	41,697	33,594	35,075	36,556	35,912
Deplaned	47,396	56,131	55,204	46,016	51,668	45,366	46,747
Total	82,712	95,204	96,901	79,610	86,743	81,922	82,659

Source: El Paso International Airport

Border Crossings

	2000	2001	2002	2003	2004
Pedestrian Crossings					
Northbound	7,002,240	7,307,850	8,268,991	7,715,504	7,500,916
Southbound	5,503,418	5,504,661	6,039,402	5,411,956	5,930,117
Total	12,505,658	12,812,511	14,308,393	13,127,460	13,431,033
Vehicle Crossings					
Northbound	8,981,678	8,370,987	7,572,650	7,565,603	7,621,214
Southbound	5,678,775	4,842,525	4,316,436	4,512,110	4,439,944
Total	14,660,453	13,213,512	11,889,086	12,077,713	12,061,158
Rail Crossings					
Northbound*	-	17,310	30,437	21,045	46,547
Southbound	-	-	-	-	-
Total	-	17,310	30,437	21,045	46,547
Truck Crossings**					
Northbound*	-	666,910	704,199	659,614	607,578
Southbound	-	344,023	307,203	281,589	292,288
Total	-	1,010,933	1,011,402	941,203	899,866

* November and December figures could not be gathered for 2004, thus not included in the total number.

** Includes only 2 to 6 axle loaded and unloaded commercial vehicles.

Source: Texas A&M International University, Texas Center for Border Economic and Enterprise Development

El Paso Market Overview 2005 Public Facilities



El Paso City Building Permit Office

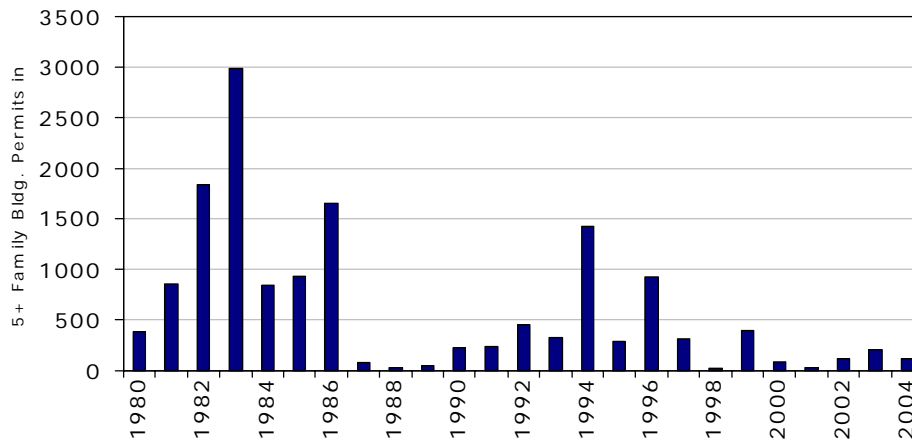
El Paso Market Overview 2005 Multifamily

El Paso Apartment Statistics 2004

	El Paso	Texas Metro Average
Average rent per square foot	\$0.61	\$0.79
Average rent for units built since 2000	\$0.69	\$0.92
Average occupancy (in percent)	94.7	91.5
Average occupancy for units built since 2000 (in percent)	95.7	92.4

Source: Apartment MarketData Research Jan-2005

El Paso MSA Multifamily Building Permits



Source: U.S. Census Bureau and Real Estate Center at Texas A&M University

El Paso Market Overview 2005 Housing

Housing Affordability - Fourth Quarter 2004

	Percent of Households That Can Afford Median- Priced Home	THAI*	THAI for First-Time Homebuyers
El Paso	59	1.18	1.01
Texas MLS Total	50	0.99	0.91
U.S. Total	49	0.99	0.72

* 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, El Paso Area, 2004 (in percent)

Price Range	1998	1999	2000	2001	2002	2003	2004
\$29,999 or less	1.6	1.4	0.9	0.9	1.0	0.8	0.7
30,000 - 39,999	2.1	1.8	1.7	1.6	1.8	1.4	1.1
40,000 - 49,999	6.4	5.4	4.6	4.4	3.2	3.1	3.0
50,000 - 59,999	12.4	14.0	12.5	8.5	7.5	6.1	5.1
60,000 - 69,999	17.7	16.6	16.4	15.3	13.6	12.1	10.1
70,000 - 79,999	13.9	13.8	13.1	11.5	13.4	12.5	14.4
80,000 - 89,999	11.9	11.2	12.4	11.1	11.2	12.1	11.6
90,000 - 99,999	5.5	8.3	7.1	7.8	8.2	8.4	8.8
100,000 - 119,999	8.7	8.8	9.2	11.6	11.3	12.2	11.7
120,000 - 139,999	6.9	4.7	6.5	9.4	9.0	10.3	10.3
140,000 - 159,999	4.2	4.2	4.3	5.2	6.0	6.3	6.6
160,000 - 179,999	2.7	3.2	3.3	3.7	4.1	3.8	4.0
180,000 - 199,999	1.4	1.7	2.2	2.6	2.6	2.9	3.4
200,000 - 249,999	2.5	2.6	3.2	3.0	3.4	4.0	4.1
250,000 - 299,999	1.0	1.1	1.3	1.5	1.7	1.7	2.0
300,000 - 399,999	0.8	0.9	0.9	1.4	1.3	1.6	2.1
400,000 - 499,999	0.3	0.2	0.2	0.3	0.4	0.6	0.5
500,000 and more	0.2	0.1	0.2	0.2	0.3	0.2	0.4

Source: Real Estate Center at Texas A&M University

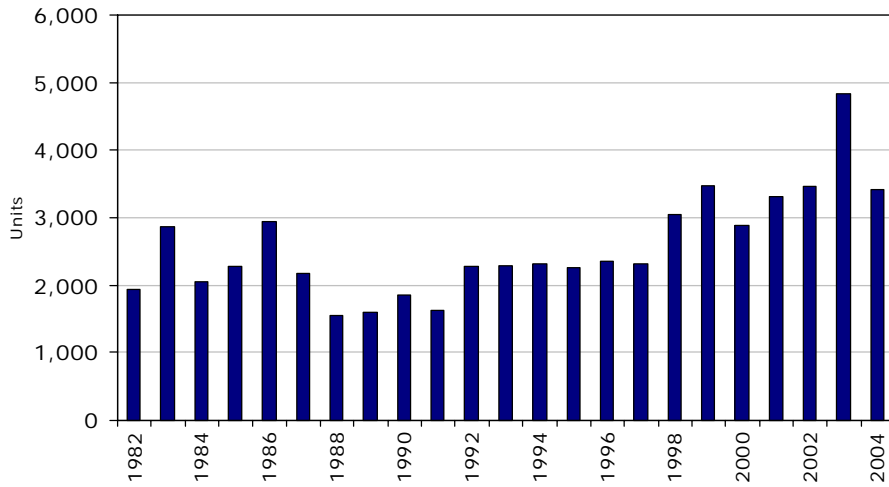
**Property Tax Rates, 2004:
 County, Major City, Major School District**

Taxing Entity*	Tax Rate per \$100 Valuation
City of El Paso	\$0.72
El Paso ISD	1.57
El Paso County	0.41
Total	\$2.70

* Only the typical taxing entities are listed. However, there are numerous numbers of taxing entities that need to be taken into account for an actual tax rate calculation.

Source: City of El Paso Tax Office

El Paso MSA Single-Family Building Permits

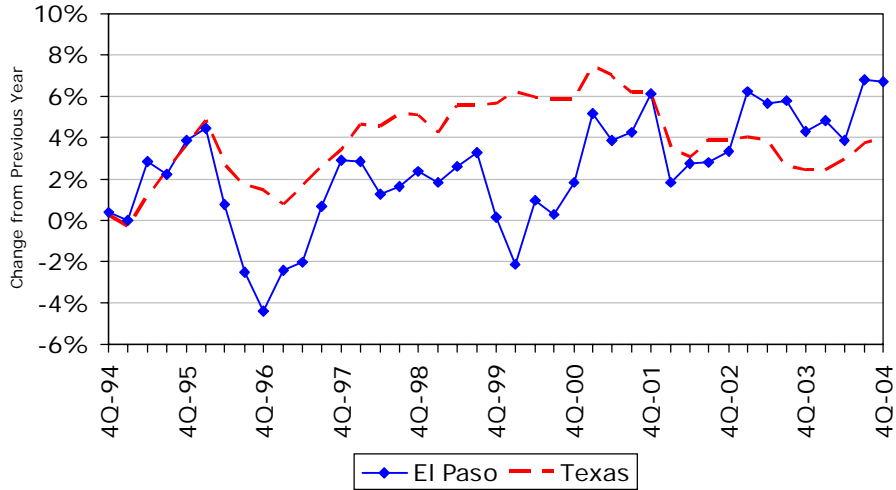


Source: U.S. Census Bureau and Real Estate Center at Texas A&M University

Home Price Appreciation El Paso MSA*

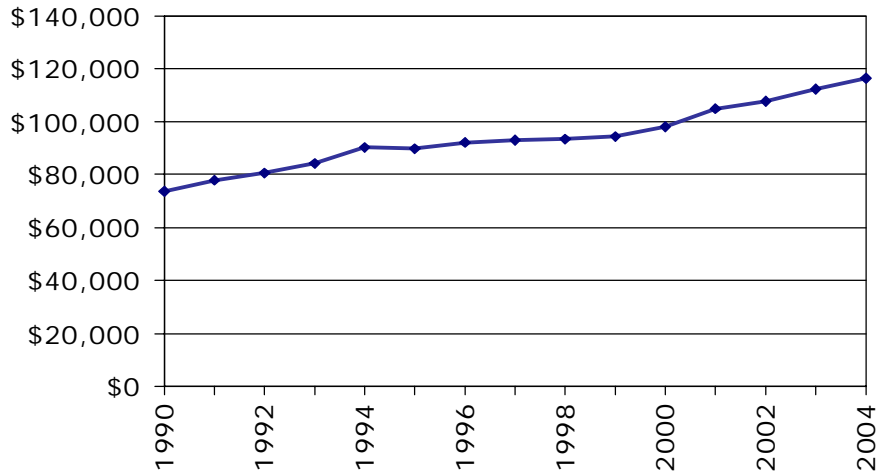
The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae since January 1975.

*According to the new 2003 MSA definition, including El Paso



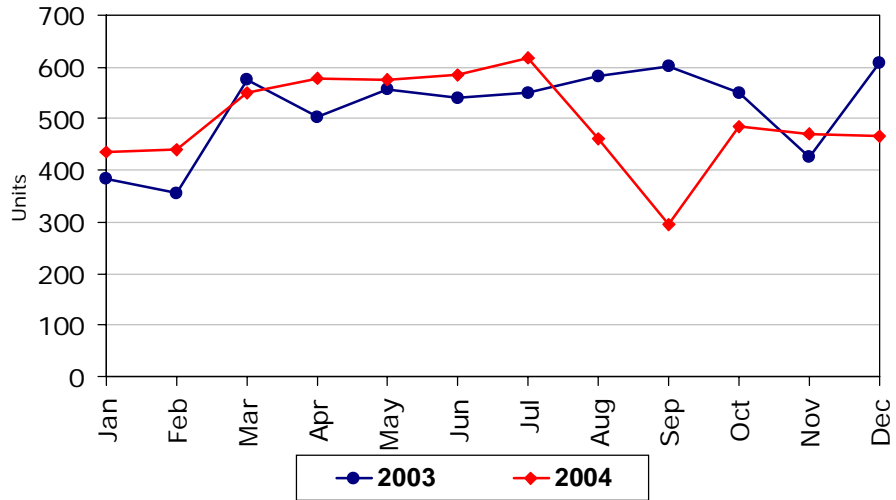
Source: Office of Federal Housing Enterprise Oversight

Average Sales Price of Single-Family Home El Paso Area



Source: Real Estate Center at Texas A&M University

Single-Family Home Sales Volume
El Paso Area



Source: Real Estate Center at Texas A&M University

El Paso Market Overview 2005

Retail



El Paso Market Overview 2005 Hotel

Hotel Occupancy and Rental Rates

	2003*		2004	
	El Paso	Texas	El Paso	Texas
# Rooms 000's	7.6	320.2	7.7	329.2
Average daily rate	\$56.03	\$68.80	\$57.83	\$70.62
Occupancy rate (in percent)	61.4	54.2	65	55.2

* 2003 and later data according to new MSA definition including El Paso County

Source: Office of the Governor Economic Development and Tourism and Source Strategies, Inc. of San Antonio

El Paso City Hotel Building Permits



El Paso City Building Permit Office

El Paso Market Overview 2005 Office

Office Property Statistics

	1999	2000	2001	2002	2003	2004
Central Business District						
Inventory	0	0	2,774,097	2,632,414	2,632,414	2,632,414
Occupancy (in percent)	0.0	0.0	65.8	62.2	57.7	58.4
Net Absorption	0	0	-312,099	-187,936	-118,519	18,003
Outside CBD						
Inventory	0	0	5,140,913	5,314,913	5,457,913	5,572,913
Occupancy (in percent)	0.0	0.0	83.9	86.4	83.8	82.5
Net Absorption	0	0	-22,178	-3,290,143	-21,637	24,917
Total						
Inventory	0	0	7,915,010	7,947,327	8,090,327	8,205,327
Occupancy (in percent)	0.0	0.0	77.6	78.4	75.3	74.8
Net Absorption	0	0	-334,277	-3,478,079	-140,156	42,920
Rental Range (per square foot)	\$9 - \$15	\$8 - \$18	\$8 - \$15	\$8 - \$18	\$8 - \$18	\$8 - \$18

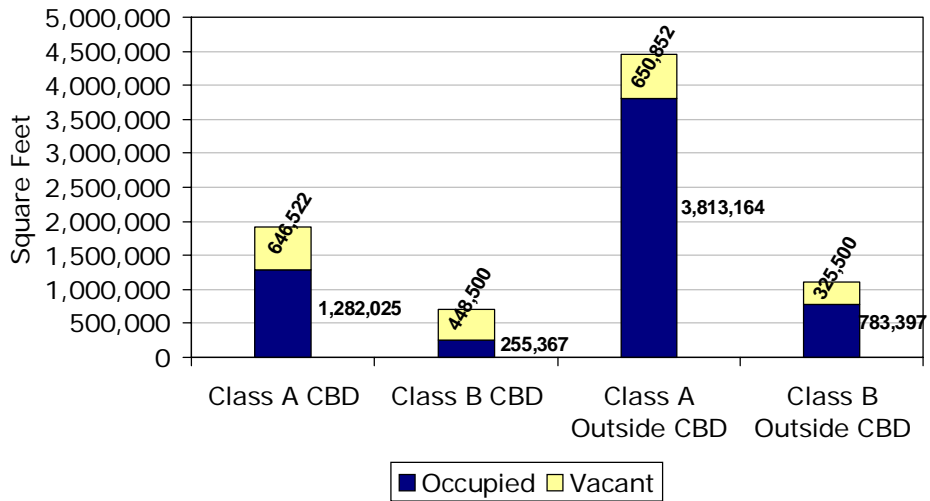
Source: Keller-Koch Realtors

Office Market Survey Year-End 2004

Inventory (sf)	CBD		Outside CBD	
	Class A	Class B	Class A	Class B
Total	1,928,547	703,867	4,464,016	1,108,897
Occupied	1,282,025	255,367	3,813,164	783,397
Vacant	646,522	448,500	650,852	325,500
Under Construction	0	0	0	0
Net Absorption	27,478	-9,484	29,520	-4,603
Vacancy Rate (in percent)	33.50	63.72	14.58	29.35
Rental Rates (\$/sf)				
Lowest	\$11.00	\$8.00	\$12.00	\$9.00
Highest	\$16.00	\$11.00	\$18.00	\$11.00
Weighted Average	\$13.00	\$9.00	\$13.50	\$10.00
Sales Prices (\$/sf)				
Lowest	\$40.00	\$25.00	\$50.00	\$30.00
Highest	\$75.00	\$40.00	\$110.00	\$50.00
Weighted Average	\$50.00	\$35.00	\$90.00	\$35.00

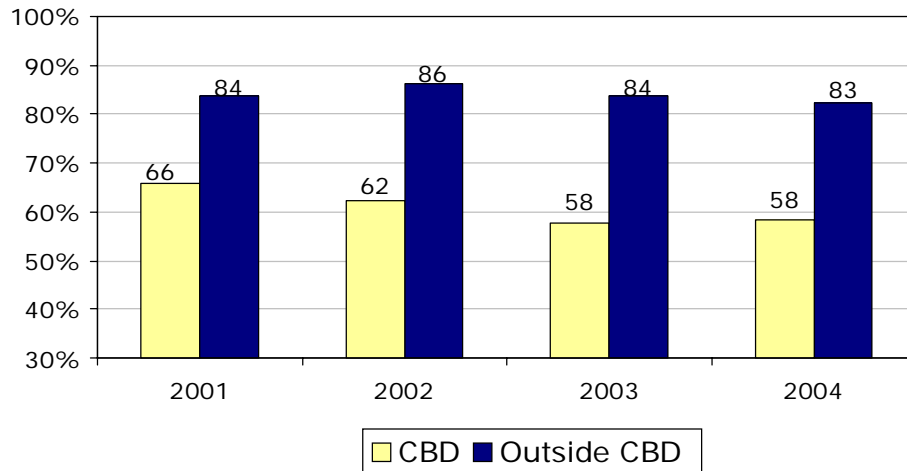
Source: Keller-Koch Realtors

**Office Property Statistics, El Paso Area
 Occupied & Vacant Inventory, Year-End 2004**



Source: Keller-Koch Realtors

Office Occupancy Rate, El Paso Area



Source: Keller-Koch Realtors

El Paso Market Overview 2005 Industrial

Industrial Property Statistics, El Paso

	2000	2001	2002	2003	2004
Inventory (square feet)	51,110,287	52,307,449	53,377,449	54,306,550	54,790,800
Occupancy (in percent)	91.9	89.6	85.6	84.6	87.5
Net Absorption	1,904,577	-99,974	-1,177,447	254,916	2,039,584
Rental Range (per square foot)	\$3.20 - \$5	\$3.30 - \$6	\$2.75 - \$6	\$2.75 - \$6	\$2.75 - \$6

Source: Keller-Koch Realtors

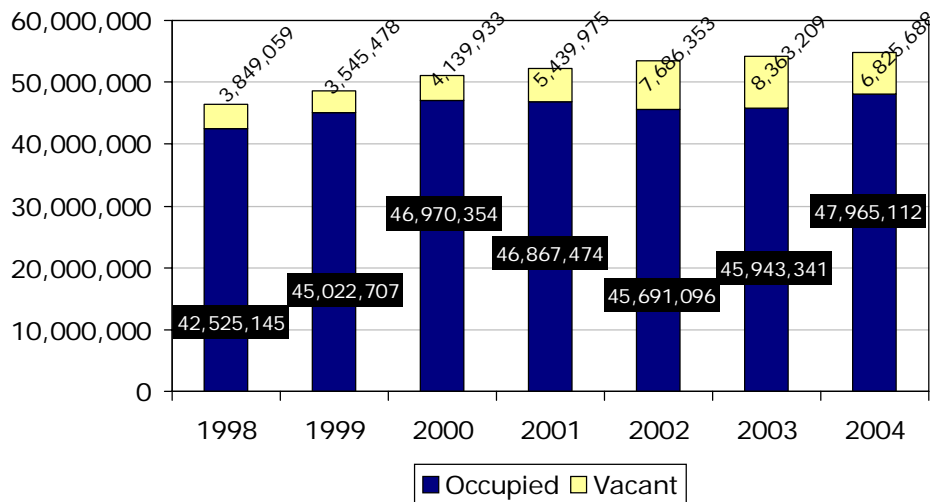
Industrial Property Statistics, Juarez, Mexico

	2002	2003	2004
Inventory (square feet)	31,999,169	48,000,000	50,014,000
Occupancy (in percent)	87.1	91.6	95.5
Net Absorption	-	571,842	4,044,317
Rental Range (per square foot)	-	\$4.25 - \$6	\$4.25 - \$6

Source: Keller-Koch Realtors

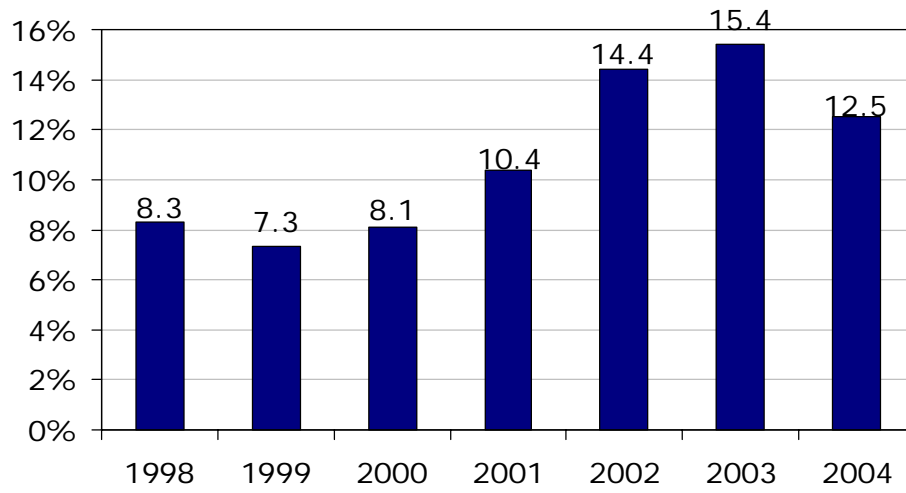
Industrial Property Statistics, El Paso Area

Occupied & Vacant Inventory



Source: Keller-Koch Realtors

Industrial Vacancy Rate, El Paso Area



Source: Keller-Koch Realtors



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