

# Real Estate Market Overview 2007

## Houston-Sugar Land-Baytown

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.

Brazoria is located southwest of Galveston and Houston and is composed of clusters of small cities and communities. The area was first populated when Stephen F. Austin selected it for his proposed settlement, and 89 of Austin's Old Three Hundred had grants in what is now Brazoria County by 1824. Brazoria County is composed of two regions, Brazosport and northeast Brazoria County. Alvin and Pearland are the two largest cities in northeast Brazoria County. Brazosport and the Alvin-Pearland areas are distinct and geographically separate. The Brazosport area is heavily dependent on the chemical industry while Alvin and Pearland are more a part of Houston's economy. Pearland is about 15 miles from downtown Houston.

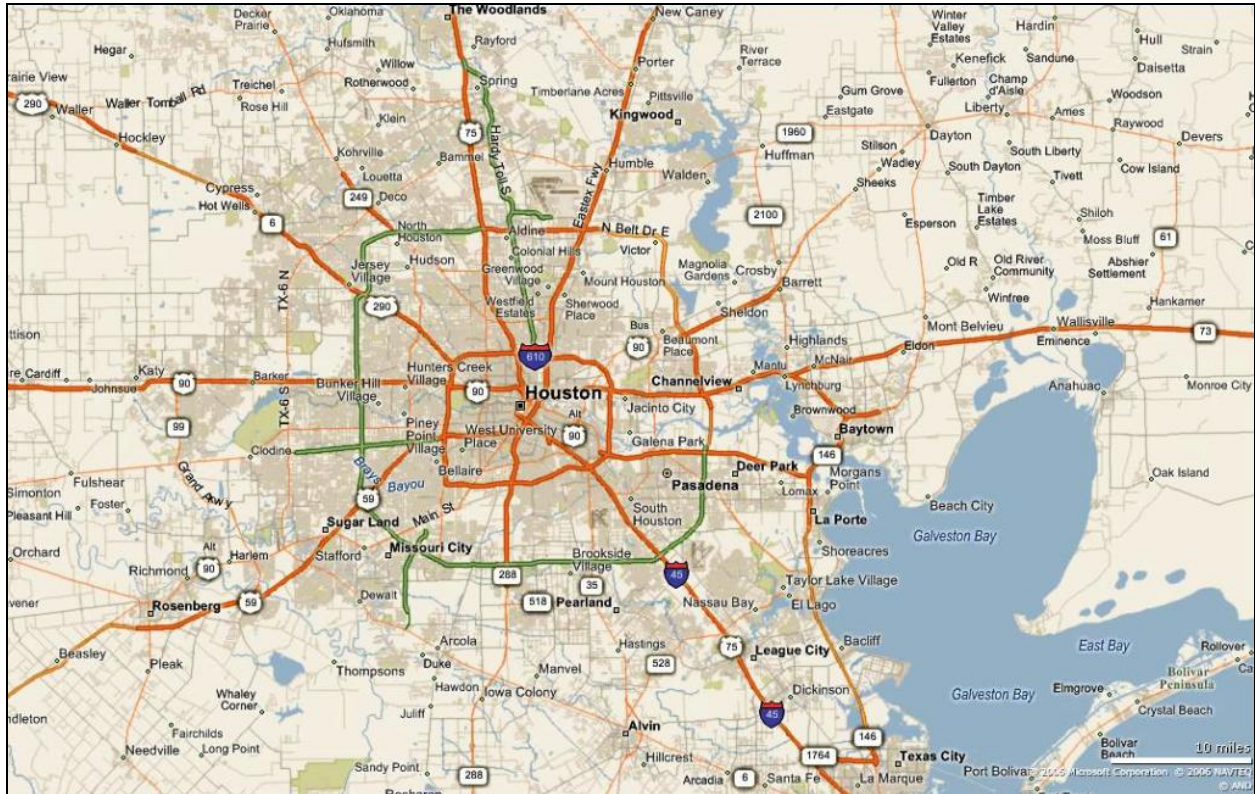
Galveston, once known as the "Wall Street of the South," was Texas' wealthiest city during the late 1800s. The city's prosperity was brought to a sudden halt when a hurricane struck the island on September 8, 1900. It still is considered the deadliest natural disaster in U.S. history, killing over 6,000 people. The Galveston-Texas City is on the Gulf of Mexico about 45 miles south-southeast of Houston. Galveston Island's beach stretches 32 miles and provides the backdrop for the area's multimillion-dollar tourism industry. Less than 50 square miles of the county (about 12 percent) are located off the mainland.

<b>Quick Facts</b>	
<b>Land Area</b>	8,926.23 square miles
<b>2006 Population Density</b>	620.6 people per square mile
<b>Counties</b>	Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, Waller
<b>Area Cities and Towns</b>	
Alvin, Algoa, Angelton, Bailey's Prairie, Bacliff, Baytown, Bellaire, Bonney-Rosharon, Brazoria, Clute, Conroe, Damon and Damon's Mound, Danbury, Danciger, Deer Park, Dickinson, East Columbia, Freeport, Friendswood, Galena Park, Galveston, Hitchcock, Houston, Humble, Jones Creek, Katy, Kemah, La Marque, La Porte, Lake Jackson, League City, Liverpool, Manvel, Iowa Colony, Missouri City, Oyster Creek, Pasadena, Pearland, Quintata, Richmond, Rosenberg, San Felipe, San Luis Pass, Santa Fe, Surfside Beach, Stafford, Sugar Land, Sweeny-Old Ocean, Texas City, West Columbia, West University Place	

\*This report's MSA data reflects either 1999 or 2003 MSA definitions based on data availability. Use of 1999 definition is noted where applicable.

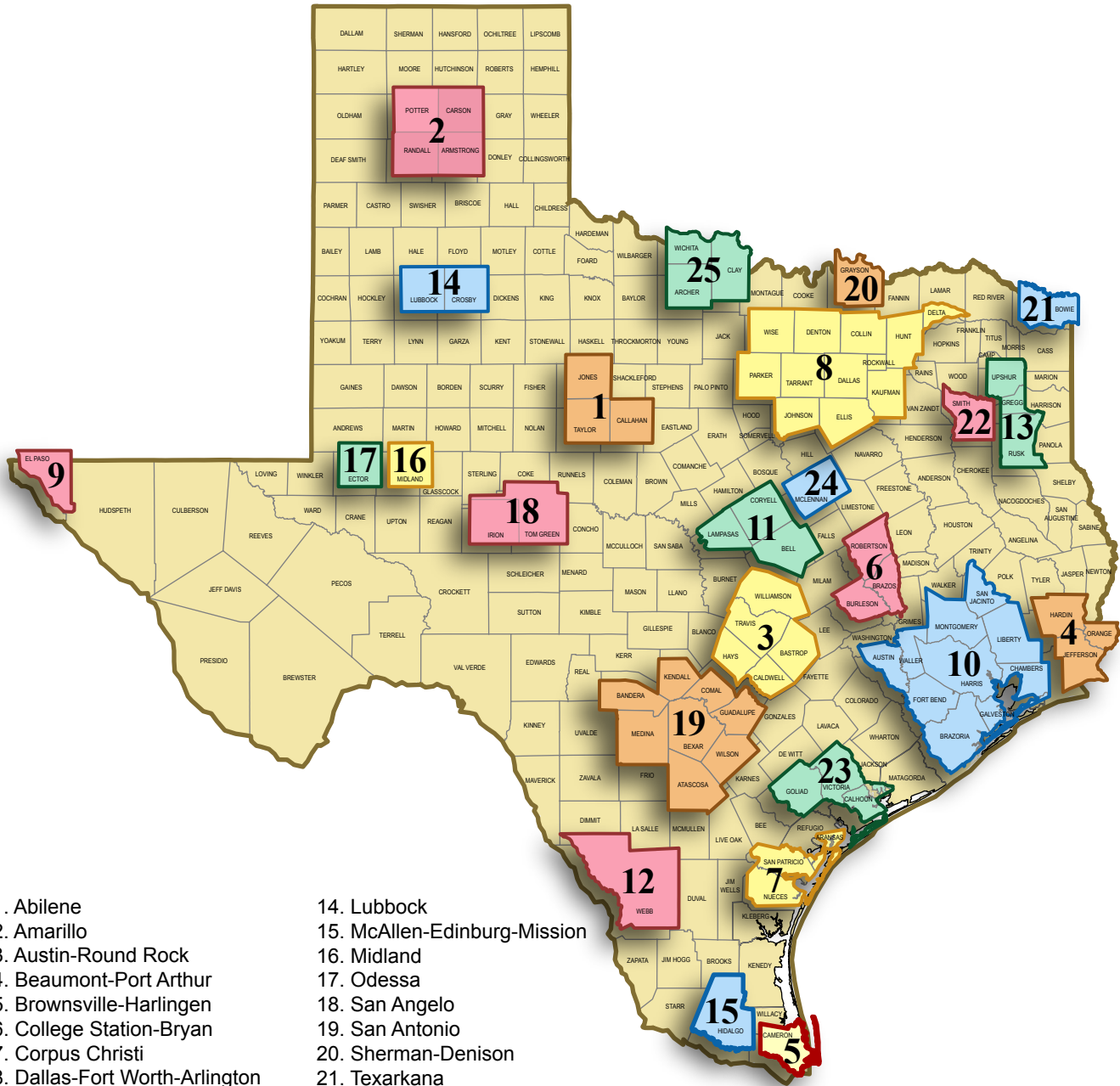
**Source: U.S. Census Bureau and Real Estate Center at Texas A&M University**

Real Estate Center Market Overview 2007  
Houston-Sugar Land-Baytown, TX



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# Metropolitan Statistical Areas (MSAs)



- |                                |                              |
|--------------------------------|------------------------------|
| 1. Abilene                     | 14. Lubbock                  |
| 2. Amarillo                    | 15. McAllen-Edinburg-Mission |
| 3. Austin-Round Rock           | 16. Midland                  |
| 4. Beaumont-Port Arthur        | 17. Odessa                   |
| 5. Brownsville-Harlingen       | 18. San Angelo               |
| 6. College Station-Bryan       | 19. San Antonio              |
| 7. Corpus Christi              | 20. Sherman-Denison          |
| 8. Dallas-Fort Worth-Arlington | 21. Texarkana                |
| 9. El Paso                     | 22. Tyler                    |
| 10. Houston-Sugar Land-Baytown | 23. Victoria                 |
| 11. Killeen-Temple-Fort Hood   | 24. Waco                     |
| 12. Laredo                     | 25. Wichita Falls            |
| 13. Longview                   |                              |

# Table of Contents

---

Demographics ..... 1

Education ..... 6

Employment ..... 7

Economy ..... 14

Infrastructure ..... 15

Public Facilities ..... 16

Multifamily ..... 17

Housing ..... 21

Retail ..... 32

Hotel ..... 35

Office ..... 36

Industrial ..... 42

## Houston-Sugar Land-Baytown Market Overview 2007 Demographics

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### Houston-Sugar Land-Baytown Population\*

Year	Population	Percent Change
1996	4,334,020	-
1997	4,427,401	2.2
1998	4,534,979	2.4
1999	4,644,526	2.4
2000	4,715,407	1.5
2001	4,845,089	2.8
2002	4,968,059	2.5
2003	5,074,184	2.1
2004	5,176,667	2.0
2005	5,280,077	2.0
2006	5,539,949	4.9

\* July 1 population estimates

Source: U.S. Census Bureau

### County Population\* Growth

County	1996	2006	Growth 1996-2006 (in percent)
Austin	22,107	26,407	19.5
Brazoria	220,274	287,898	30.7
Chambers	23,546	28,779	22.2
Fort Bend	299,863	493,187	64.5
Galveston	240,126	283,551	18.1
Harris	3,172,959	3,886,207	22.5
Liberty	63,793	75,685	18.6
Montgomery	243,221	398,290	63.8
San Jacinto	19,431	24,760	27.4
Waller	28,700	35,185	22.6

\* July 1 population estimates

Source: U.S. Census Bureau

**Area Cities With 10,000 or More Residents**

<b>City</b>	<b>1990 Population</b>	<b>2000 Population</b>	<b>Growth 1990-2000 (percent)</b>
Alvin	19,220	21,413	11.4
Angleton	17,140	18,130	5.8
Baytown	63,850	66,430	4.0
Bellaire	13,842	15,642	13.0
Conroe	27,610	36,811	33.3
Deer Park	27,652	28,520	3.1
Dickinson	9,497	17,093	80.0
Freeport	11,389	12,708	11.6
Friendswood	22,814	29,037	27.3
Galena Park	10,033	10,592	5.6
Galveston	59,070	57,247	-3.1
Houston	1,630,553	1,953,631	19.8
Humble	12,060	14,579	20.9
Jacinto City	9,343	10,302	10.3
Katy	8,005	11,775	47.1
La Marque	14,120	13,682	-3.1
La Porte	27,910	31,880	14.2
Lake Jackson	22,776	26,386	15.9
League City	30,159	45,444	50.7
Missouri City	36,176	52,913	46.3
Pasadena	119,363	141,674	18.7
Pearland	18,697	37,640	101.3
Richmond	9,801	11,081	13.1
Rosenberg	20,183	24,043	19.1
South Houston	14,207	15,833	11.4
Stafford	8,397	15,681	86.7
Sugar Land	24,529	63,328	158.2
Texas City	40,822	41,521	1.7
West University Place	12,920	14,211	10.0

Source: U.S. Census Bureau

**Texas Metropolitan Area Population\* Change**

<b>Metropolitan Area</b>	<b>1996</b>	<b>2006</b>	<b>Percent Change</b>
Austin-Round Rock	1,073,037	1,513,565	41.1
McAllen-Edinburg-Mission	503,411	700,634	39.2
Laredo	171,583	231,470	34.9
Dallas-Fort Worth-Arlington	4,627,649	6,003,967	29.7
<b>Houston-Sugar Land-Baytown</b>	<b>4,334,020</b>	<b>5,539,949</b>	<b>27.8</b>
Brownsville-Harlingen	312,086	387,717	24.2
San Antonio	1,599,427	1,942,217	21.4
<b>Texas</b>	<b>19,340,342</b>	<b>22,859,968</b>	<b>18.2</b>
Tyler	166,087	194,635	17.2
Sherman-Denison	102,993	118,478	15.0
El Paso	656,482	736,310	12.2
College Station-Bryan	172,341	192,152	11.5
Amarillo	217,579	241,515	11.0
Killeen-Temple-Fort Hood	318,613	351,322	10.3
Waco	205,894	226,189	9.9
Midland	114,412	124,380	8.7
Longview	190,556	203,367	6.7
Lubbock	247,099	261,411	5.8
Texarkana	127,694	134,510	5.3
Victoria	108,636	114,088	5.0
Odessa	121,519	127,462	4.9
Corpus Christi	398,529	415,810	4.3
San Angelo	104,574	105,752	1.1
Abilene	156,351	158,063	1.1
Beaumont-Port Arthur	380,417	379,640	-0.2
Wichita Falls	151,170	145,528	-3.7

\* July 1 population estimates

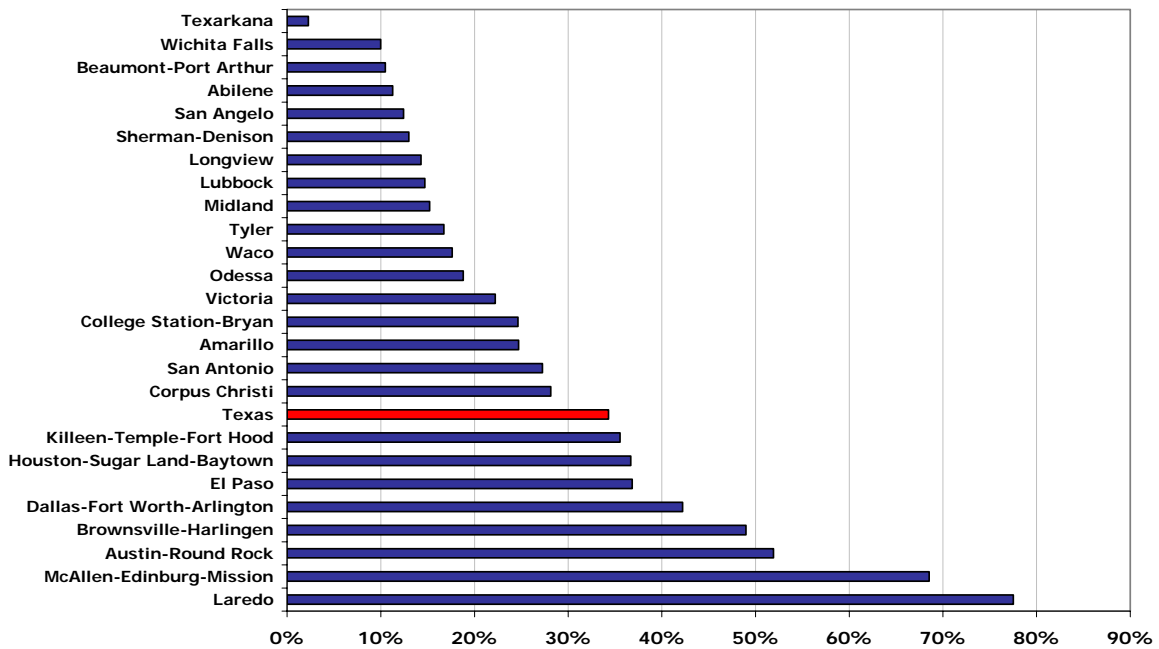
Source: U.S. Census Bureau

**Houston-Sugar Land-Baytown MSA Projected Population**

Year	Texas State Data Center (Scenario 0.5)	Texas Water Development Board
2000	4,715,407	4,715,407
2005	5,121,006	-
2010	5,545,165	5,623,068
2015	5,987,475	-
2020	6,444,638	6,538,439
2025	6,917,769	-
2030	7,402,101	7,500,923
2035	7,896,871	-
2040	8,400,148	8,472,303

Sources: Texas State Data Center (2006 projection) and Texas Water Development Board (2006 projection)

**Texas Metropolitan Area  
Population Growth Forecast, 2000 - 2020**



Source: Texas State Data Center – Scenario 0.5 (2006 projection)

**Household Composition**

	<b>Houston PMSA</b>	<b>Brazoria MSA</b>	<b>Galveston MSA</b>	<b>Texas</b>
Average household size (2000)	2.82	2.82	2.60	2.74
Population younger than 18 (2000, in percent)	29.2	28.6	26.7	28.2
Population 65 and older (2000, in percent)	7.4	8.8	11.1	9.9

Source: U.S. Census Bureau (1999 definition)

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

	<b>Houston PMSA</b>	<b>Brazoria MSA</b>	<b>Galveston- City MSA</b>	<b>Texas</b>
White	58.7	77.1	72.7	71.0
Black	18.5	8.5	15.4	11.5
Asian	5.1	2.0	2.1	2.7
American Indian	0.4	0.5	0.5	0.6
Other	14.2	9.6	7.2	11.7
Two or more races	3.0	2.2	2.1	2.5
Hispanic (of any race)	32.9	22.8	18.0	32.0

Source: U.S. Census Bureau (1999 definition)

## Houston-Sugar Land-Baytown Market Overview 2007 Education

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

County	High school graduate	Some college, no degree	Associate's degree	Bachelor's degree	Master's degree	Doctorate degree
Austin	32.3	18.9	6.0	12.6	3.1	0.5
Brazoria	27.2	25.8	6.9	13.8	3.8	0.8
Chambers	32.5	26.9	5.5	8.4	2.8	0.2
Fort Bend	19.4	21.8	6.2	25.2	8.4	1.3
Galveston	26.4	25.5	6.3	14.7	5.0	1.2
Harris	21.6	21.3	4.7	17.9	5.8	1.0
Liberty	36.2	22.1	3.2	5.3	1.8	0.3
Montgomery	27.4	24.0	4.9	17.7	5.3	0.8
San Jacinto	38.6	21.9	2.5	6.3	2.2	0.3
Waller	31.4	22.3	3.3	11.0	4.2	0.8
<b>Texas</b>	<b>24.8</b>	<b>22.4</b>	<b>5.2</b>	<b>15.6</b>	<b>5.2</b>	<b>0.8</b>

Source: U.S. Census Bureau 2000

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

Level of Education	Houston-Galveston-Brazoria CMSA	Texas
High School Graduate or Higher	76.4	79.2
Bachelor's Degree or Higher	26.5	23.9

Source: U.S. Census Bureau 2000 (1999 definition)

**Local College and University Enrollment, Fall Semester**

School	2002	2003	2004	2005	2006
Alvin Community College	4,161	4,049	3,933	3,828	3,983
Brazosport College	4,097	3,679	3,503	3,604	3,808
College of the Mainland	3,588	3,919	3,948	3,992	3,834
Lee College	6,329	6,233	5,860	4,576	5,268
NHMCCCD** Kingwood College	5,970	6,060	6,405	6,837	6,986
NHMCCCD** Montgomery College	6,258	6,712	7,180	7,971	8,155
NHMCCCD** North Harris College	10,698	10,466	10,106	10,878	10,407
NHMCCCD** Tomball College	7,891	7,420	7,342	7,600	7,749
NHMCCCD** Cy-Fair College	3,154	6,683	8,451	9,799	10,772
Prairie View A&M University	7,255	7,808	8,350	7,912	8,006
Rice University	4,784	4,959	5,112	5,114	5,119
Texas A&M University at Galveston	1,556	1,620	1,615	1,661	1,553
Texas Southern University	9,739	10,888	11,635	11,478	11,224
University of Houston	34,443	35,066	35,180	34,582	34,334
University of Houston - Clear Lake	7,753	7,776	7,785	7,826	7,706
University of Houston - Downtown	10,528	10,974	11,408	11,433	11,449
University of St. Thomas	5,116	4,826	3,562	3,627	3,524

\*\* North Harris Montgomery County

Source: Texas Higher Education Coordinating Board

## Houston-Sugar Land-Baytown Market Overview 2007 Employment

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### Houston Top Ten Employers

Employer	Sector	Employees
Wal-Mart Stores	Retail	29,554
Houston ISD	Education	28,000
City of Houston	Government	23,000
Administaff	Professional employer services	19,851
Continental Airlines	Airline	19,661
Exxon Mobil Corp.	Oil and Gas	16,732
Memorial Hermann Healthcare System	Health care	16,248
University of Texas M.D. Anderson Cancer Center	Health care	15,293
Kroger Co.	Grocery	12,803
Halliburton	Oil and Gas	11,868

Source: Houston Chronicle May 2006 and individual employers

### Houston Top Ten Private Employers

Employer	Sector	Employees
Wal-Mart Stores	Retail	29,554
Administaff	Professional employer services	19,851
Continental Airlines	Airline	19,661
Exxon Mobil Corp.	Oil and Gas	16,732
Memorial Hermann Healthcare System	Health care	16,248
Kroger Co.	Grocery	12,803
Halliburton	Oil and Gas	11,868
Shell Oil Co.	Oil and Gas	11,780
The Methodist Hospital System	Health care	10,054
Baylor College of Medicine	Health care	9,143

Source: Houston Chronicle May 2006 and individual employers

**Brazoria Top Ten Employers**

<b>Employer</b>	<b>Sector</b>	<b>Employees</b>
Dow Chemical Company	Chemicals	4,570
Texas Department of Criminal Justice	Prison System	2,440
The Infinity Group	Specialty contractor	2,413
Brazosport Independent School District	Education	2,015
Wal-Mart Associates	Retail	1,880
Pearland Independent School District	Education	1,810
Alvin Independent School District	Education	1,758
Brazoria County	Public Service	1,313
Industrial Specialists, Inc.	Specialty contractor	1,069
ConocoPhillips	Refining	900

Source: Brazoria County Partnership, Inc. Dec-2005

**Brazoria Top Ten Private Employers**

<b>Employer</b>	<b>Sector</b>	<b>Employees</b>
Dow Chemical Company	Chemical	4,570
The Infinity Group	Specialty contractor	2,413
Wal-Mart Associates	Retail	1,880
Industrial Specialists, Inc.	Specialty contractor	1,069
ConocoPhillips	Refining	900
Gulf States, Inc.	Specialty contractor	746
BP	Chemical	711
Solutia, Inc.	Petrochemical manufacturing	650
BASF Corporation	Chemical	596
Zachry Construction Co.	Specialty contractor	550

Source: Brazoria County Partnership, Inc. Dec-2005

**Galveston Top Ten Employers**

<b>Employer</b>	<b>Sector</b>	<b>Employees</b>
University of Texas Medical Branch	Education	10,081
American National Insurance Company	Insurance	1,406
Galveston Independent School District	Education	1,320
Landry's Restaurants	Restaurant	1,245
County of Galveston	Government	901
Moody Gardens	Hospitality	840
City of Galveston	Government	750
Fertitta Hospitality	Hospitality	614
Texas A&M University at Galveston	Education	429
U.S. Army Corp. of Engineers	Military	312

Source: Galveston Economic Development Partnership 2005

**Texas City - La Marque Top Ten Employers**

<b>Employer</b>	<b>Sector</b>	<b>Employees</b>
BP	Chemicals	2,000
Texas City ISD	Education	879
Mainland Medical Center	Health care	750
La Marque ISD	Education	525
Wal-Mart	Retail	500
Valero Petroleum, Inc.	Chemicals	500
Union Carbide Corporation (subsidiary of Dow)	Chemicals	450
Sterling Chemicals, Inc.	Chemicals	450
Gulf Greyhound Park	Transportation	350
College of the Mainland	Education	280

Source: Texas City - La Marque Chamber of Commerce July-2006

**Texas City - La Marque Top Ten Private Employers**

<b>Employer</b>	<b>Sector</b>	<b>Employees</b>
BP	Chemicals	2,000
Mainland Medical Center	Health care	750
Wal-Mart	Retail	500
Valero Petroleum, Inc.	Chemicals	500
Union Carbide Corporation (subsidiary of Dow)	Chemicals	450
Sterling Chemicals, Inc.	Chemicals	450
Gulf Greyhound Park	Transportation	350
Marathon-Ashland Petroleum	Chemicals	250
Macy's	Retail	203
Sam's Club	Wholesale outlet	180

Source: Texas City - La Marque Chamber of Commerce July-2006

**Houston-Sugar Land-Baytown MSA  
Nonfarm Employment**

<b>Year</b>	<b>Employment</b>	<b>Percent Change</b>
1996	1,981,700	-
1997	2,064,400	4.2
1998	2,167,400	5.0
1999	2,202,000	1.6
2000	2,254,600	2.4
2001	2,293,600	1.7
2002	2,288,500	-0.2
2003	2,274,200	-0.6
2004	2,289,800	0.7
2005	2,350,200	2.6
2006	2,446,000	4.1

Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Employment Growth by Industry**

	<b>Houston-Sugar Land-Baytown MSA</b>	<b>Texas</b>
Employment growth 2006 (Percent Change)	4.1	3.3
Unemployment Rate 2006 (Percent Change)	4.9	4.9
Net Job Change in 2006	95,800	318,300
<b>2006 Employment Growth by Sector (Percent Change)</b>		
Natural Resources and Mining and Construction	7.4	7.5
Manufacturing	4.8	3.2
Trade, Transportation, and Utilities	3.7	2.5
Information	-1.4	-0.4
Financial Activities	1.0	2.6
Professional and Business Services	6.5	6.0
Educational and Health Services	3.7	2.8
Leisure and Hospitality	5.0	3.9
Government	2.2	1.7

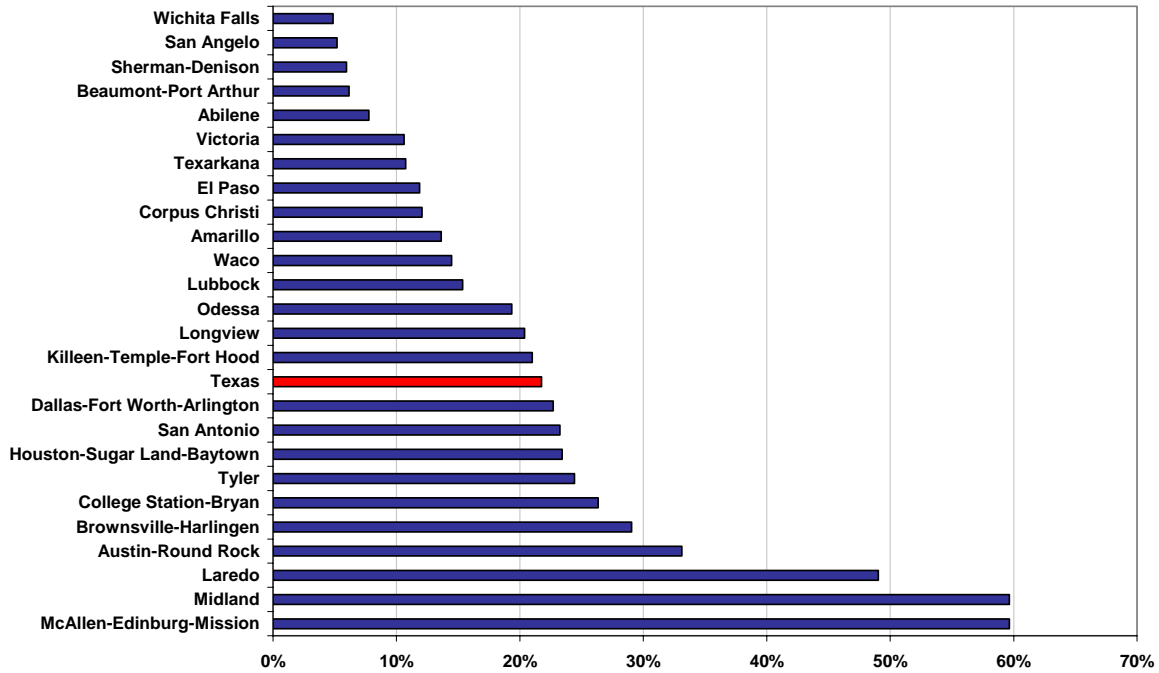
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Texas Metropolitan Area Nonfarm Employment Change**

<b>Metropolitan Area</b>	<b>1996</b>	<b>2006</b>	<b>Percent Change</b>
McAllen-Edinburg-Mission	126,900	202,600	59.7
Midland	126,900	202,600	59.7
Laredo	56,500	84,200	49.0
Austin-Round Rock	540,900	720,000	33.1
Brownsville-Harlingen	94,000	121,300	29.0
College Station-Bryan	71,400	90,200	26.3
Tyler	73,700	91,700	24.4
Killeen-Temple-Fort Hood	97,600	118,100	21.0
Dallas-Fort Worth-Arlington	2,331,600	2,860,800	22.7
San Antonio	658,300	811,300	23.2
Longview	76,100	91,600	20.4
<b>Houston-Sugar Land-Baytown</b>	<b>1,981,700</b>	<b>2,446,000</b>	<b>23.4</b>
<b>Texas</b>	<b>8,257,900</b>	<b>10,053,300</b>	<b>21.7</b>
Lubbock	111,300	128,400	15.4
Waco	92,600	106,000	14.5
Corpus Christi	155,100	173,800	12.1
Odessa	48,100	57,400	19.3
Amarillo	96,900	110,100	13.6
Victoria	45,200	50,000	10.6
El Paso	236,700	264,800	11.9
Texarkana	50,300	55,700	10.7
Sherman-Denison	42,000	44,500	6.0
Abilene	60,600	65,300	7.8
San Angelo	42,500	44,700	5.2
Wichita Falls	59,600	62,500	4.9
Beaumont-Port Arthur	151,200	160,500	6.2

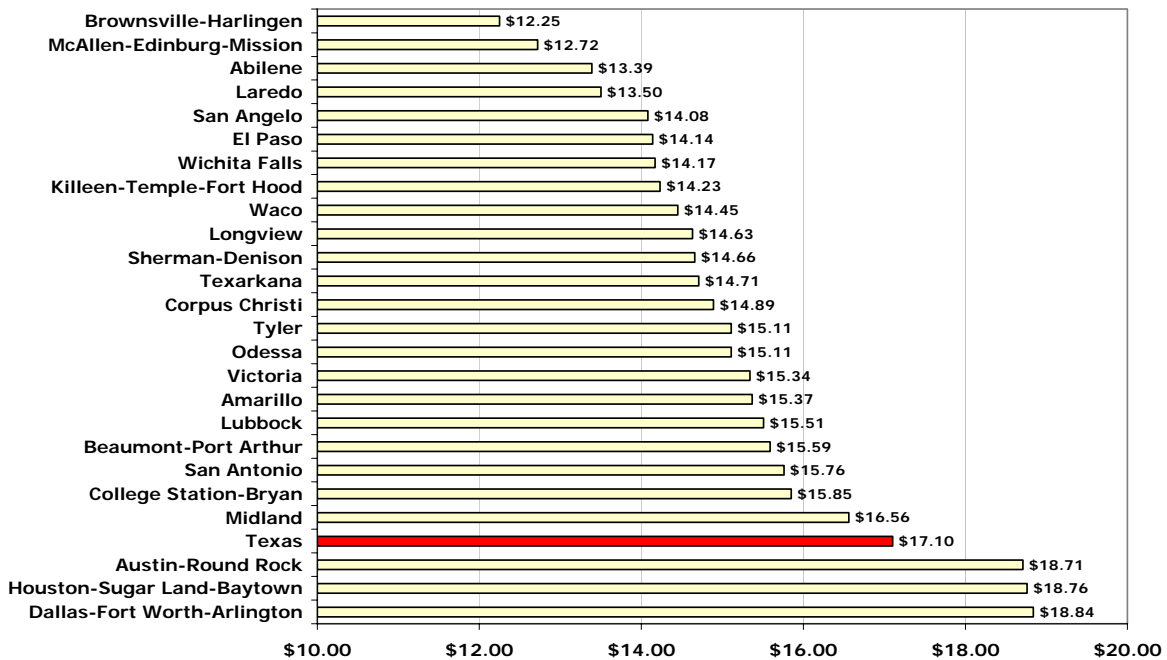
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Metropolitan Area Nonfarm Employment Change  
1996-2006**



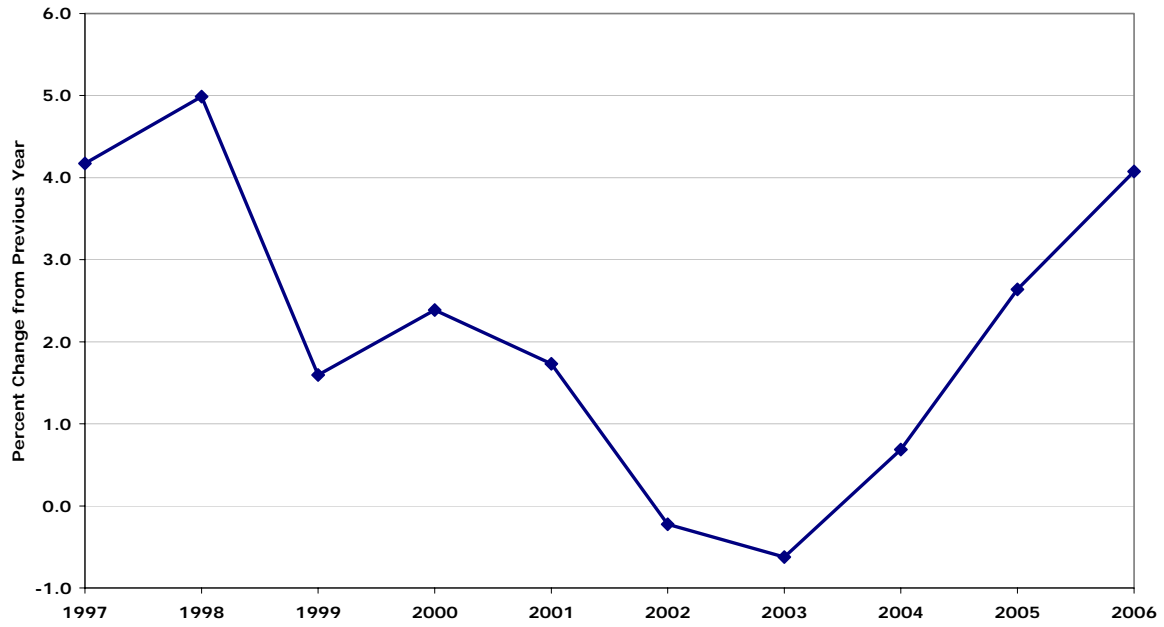
Source: Texas Workforce Commission and Real Estate Center

**Average Hourly Wage  
2005**



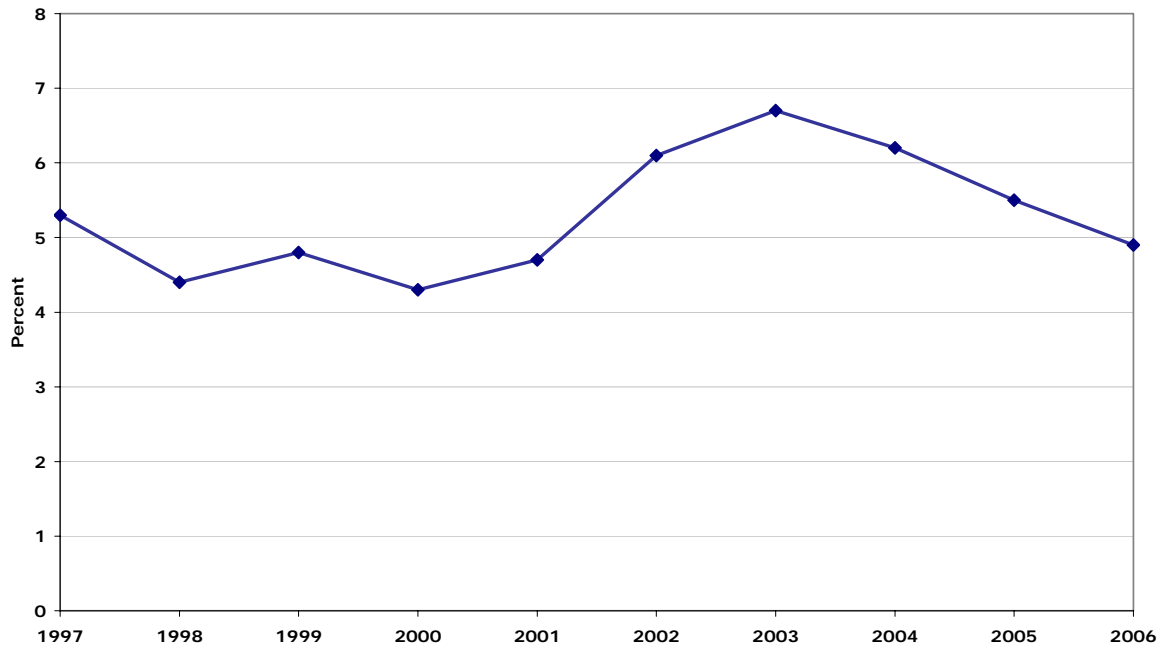
Source: Texas Workforce Commission

**Nonfarm Employment Growth  
Houston-Sugar Land-Baytown MSA**



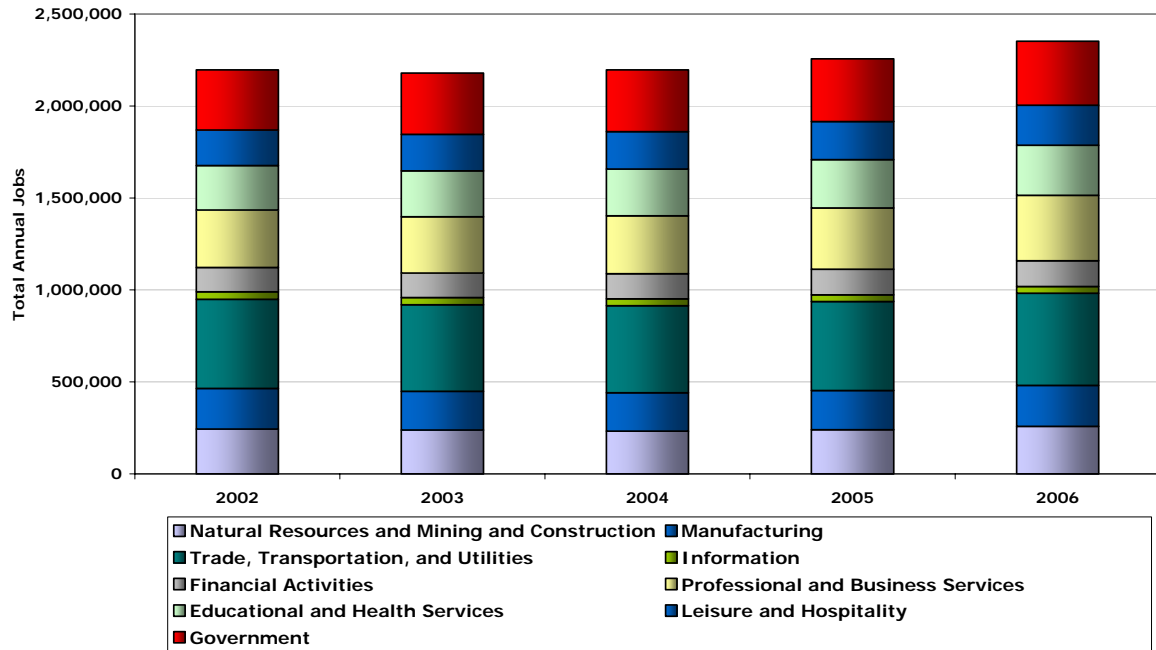
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Houston-Sugar Land-Baytown MSA  
Unemployment Rate**



Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

Distribution of Employment in Major Categories  
 Houston-Sugar Land-Baytown MSA



Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

# Houston-Sugar Land-Baytown Market Overview 2007

## Economy

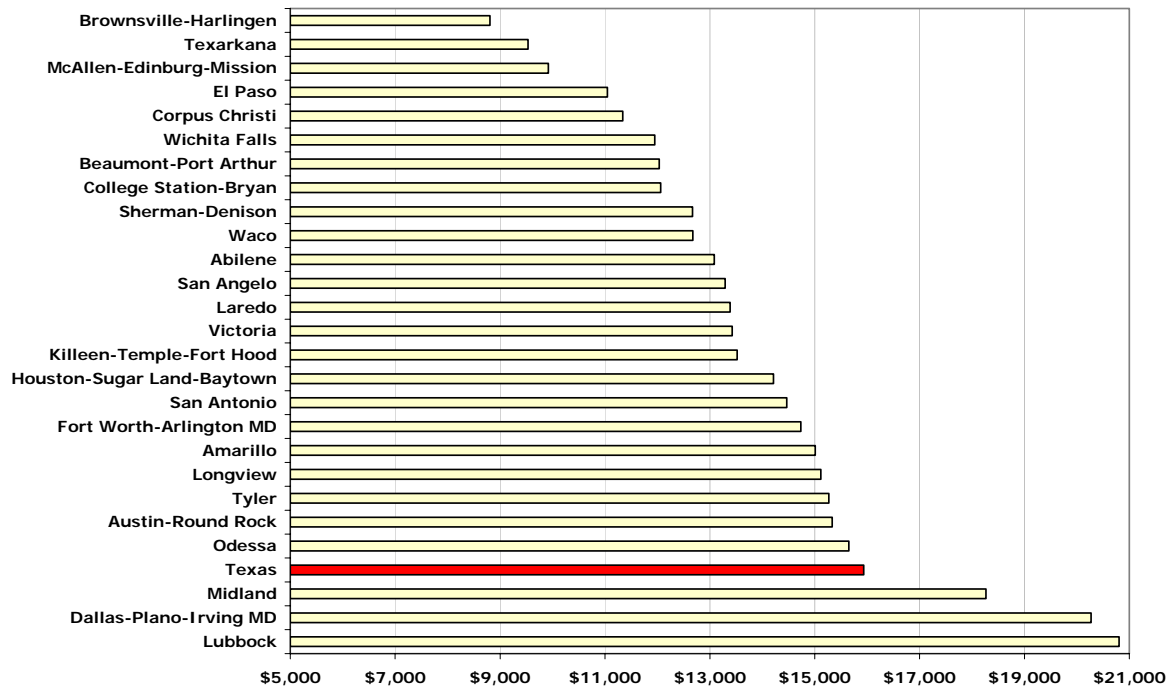
Houston-Sugar Land-Baytown MSA  
Gross Retail Sales

Year	Total Sales	Sales per Capita
1995	\$42,280,998,928	#N/A
1996	\$46,634,962,817	\$10,760
1997	\$55,622,448,573	\$12,563
1998	\$56,958,592,493	\$12,560
1999	\$56,756,722,209	\$12,220
2000	\$60,627,939,351	\$12,857
2001	\$61,924,673,890	\$12,781
2002	\$62,764,015,891	\$12,634
2003	\$63,995,847,529	\$12,612
2004	\$66,806,776,454	\$12,905
2005	\$75,052,736,138	\$14,214
<b>State Average 2005:</b>		<b>\$15,935</b>

\* 2006 data not available as of April 15, 2007.

Source: Texas Comptroller's Office

Gross Retail Sales per Capita  
2005



Source: Texas Comptroller's Office

## Houston-Sugar Land-Baytown Market Overview 2007 Infrastructure

### Houston Airline Activity

Airport	2002	2003	2004	2005	2006
<b>Ellington Field (EFD)</b>					
Enplaned (domestic)	40,471	42,114	28,015	0	0
Deplaned (domestic)	35,564	38,192	25,932	0	0
<b>Total (domestic)</b>	<b>76,035</b>	<b>80,306</b>	<b>53,947</b>	<b>0</b>	<b>0</b>
<b>George Bush Intercontinental (IAH)</b>					
Enplaned (int'l & domestic)	16,897,821	17,003,336	18,253,449	19,868,437	21,336,323
Deplaned (int'l & domestic)	17,007,026	17,148,006	18,259,649	19,846,381	21,212,695
<b>Total (int'l &amp; domestic)</b>	<b>33,904,847</b>	<b>34,151,342</b>	<b>36,513,098</b>	<b>39,714,818</b>	<b>42,549,018</b>
<b>Houston Hobby (HOU)</b>					
Enplaned (domestic)	4,019,340	3,901,871	4,159,769	4,152,111	4,301,769
Deplaned (domestic)	4,016,387	3,901,459	4,131,030	4,105,048	4,247,520
<b>Total (domestic)</b>	<b>8,035,727</b>	<b>7,803,330</b>	<b>8,290,799</b>	<b>8,257,159</b>	<b>8,549,289</b>

Source: Houston Airport System

### Houston Air Cargo (in 000 lbs.)

Airport	2002	2003	2004	2005	2006
George Bush Intercontinental (IAH)	604.3	728.0	770.0	753.3	791.6
Houston Hobby (HOU)	11.8	12.6	14.2	15.3	18.6

Source: Houston Airport System

### Port Statistics Houston

Port of Houston Activity	2003	2004	2005	2006
Total calls	6,301	6,539	7,057	7,550
Total short tons (in millions)	190.9	202.0	211.7	N/A

Source: Port of Houston Authority

### Port Statistics Galveston

Port of Galveston Activity	2003	2004	2005	2006
Total tonnage (in short tons)	3,429,084	3,384,776	4,550,035	6,217,668
Total ships/rigs	666	557	612	718
Total calls - cruise ships	208	219	233	255
Passengers embarking	373,345	434,855	532,241	616,939
Passengers disembarking	372,988	433,045	532,362	616,198

Source: Port of Galveston

### Port Statistics Texas City

Port of Texas City Activity	2003	2004	2005	2006
Total Net Tonnage	63,699,570	70,216,516	60,948,773	50,157,424
Total Vessels	7,339	7,735	6,967	6,006
Total Railroad Cars	41,760	39,575	38,619	41,499

Source: Port of Texas City and Texas City Terminal Railway

# Houston-Sugar Land-Baytown Market Overview 2007

## Public Facilities

**Baytown Public Facilities Building Permits 2005\***



Baytown City Building Permit Office  
\* 2006 data not available as of April 15, 2007.

**Houston City Public Facilities Building Permits 2005\***



Houston City Building Permit Office  
\* 2006 data not available as of April 15, 2007.

# Houston-Sugar Land-Baytown Market Overview 2007

## Multifamily

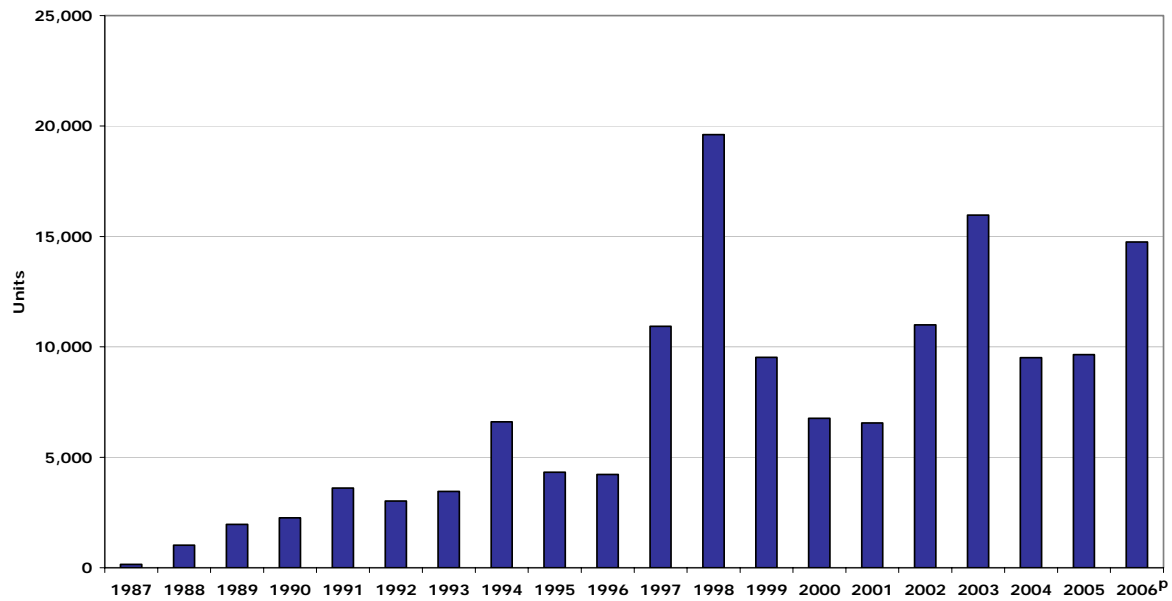
Apartment Statistics 2006

	Houston	Galveston	Texas Metro Average
Average rent per square foot	\$0.79	\$0.79	\$0.77
Average rent for units built since 2000	\$0.90	\$0.76	\$0.86
Average occupancy	92.2%	93.3%	92.8%
Average occupancy for units built since 2000	94.1%	92.8%	94.1%

Source: Apartment MarketData Research

Houston Multifamily Building Permits

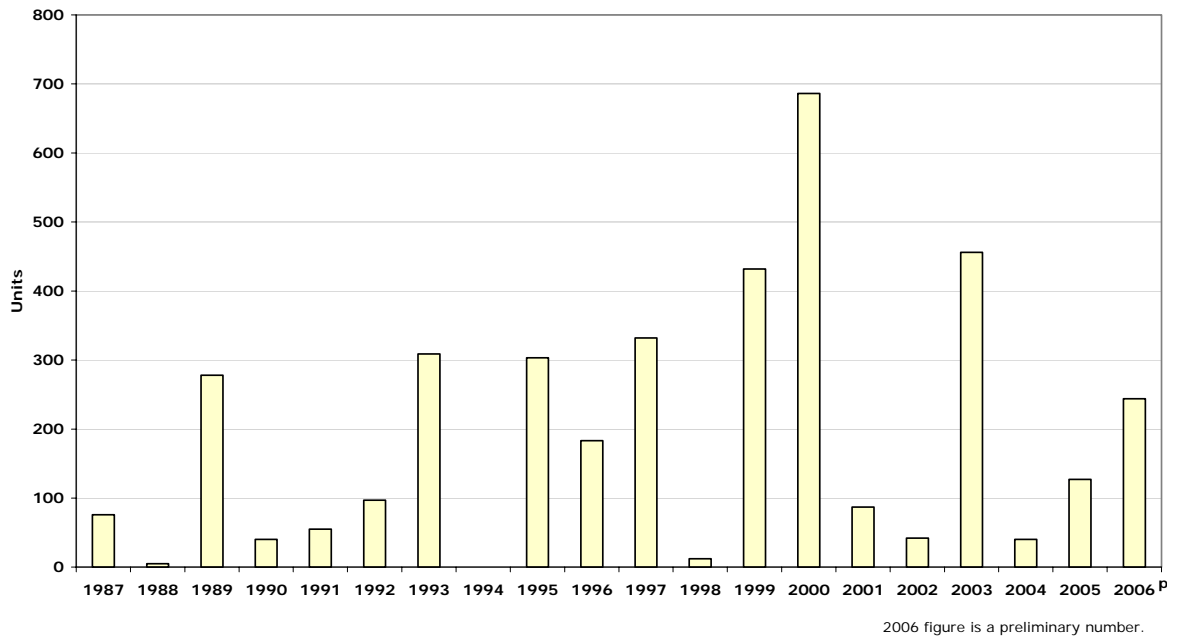
5+ Multifamily Building Permits



2006 figure is a preliminary number.

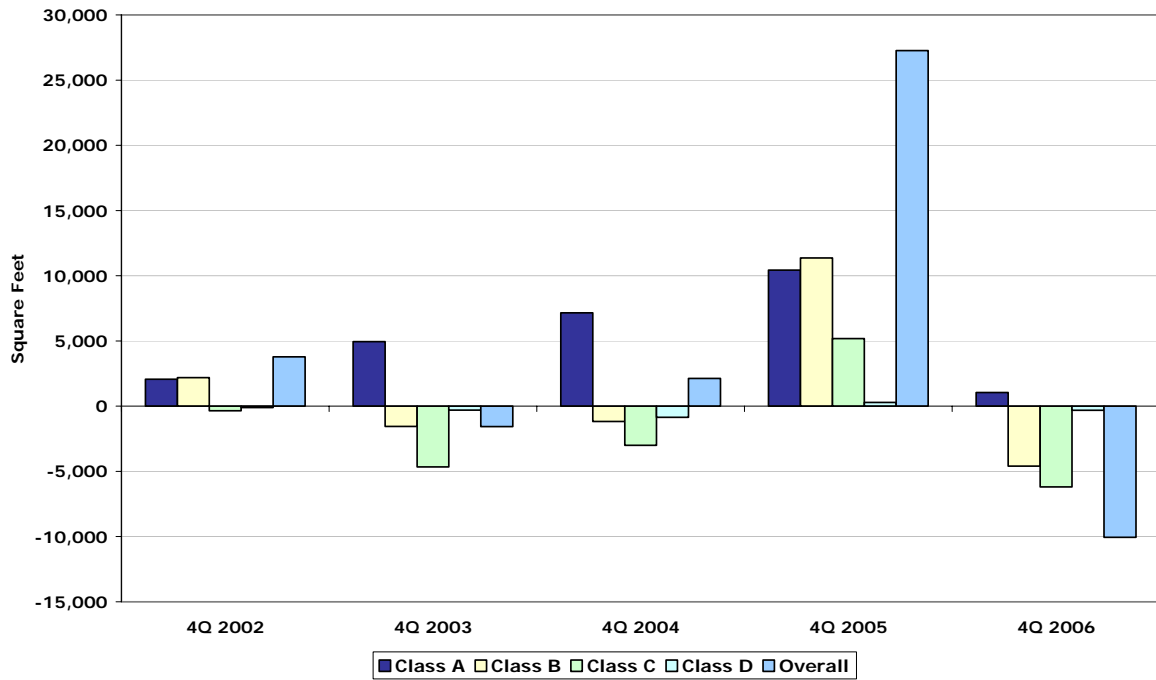
Source: U.S. Bureau of Census and Real Estate Center at Texas A&M University

**Galveston-Texas City Multifamily Building Permits**  
5+ Multifamily Building Permits



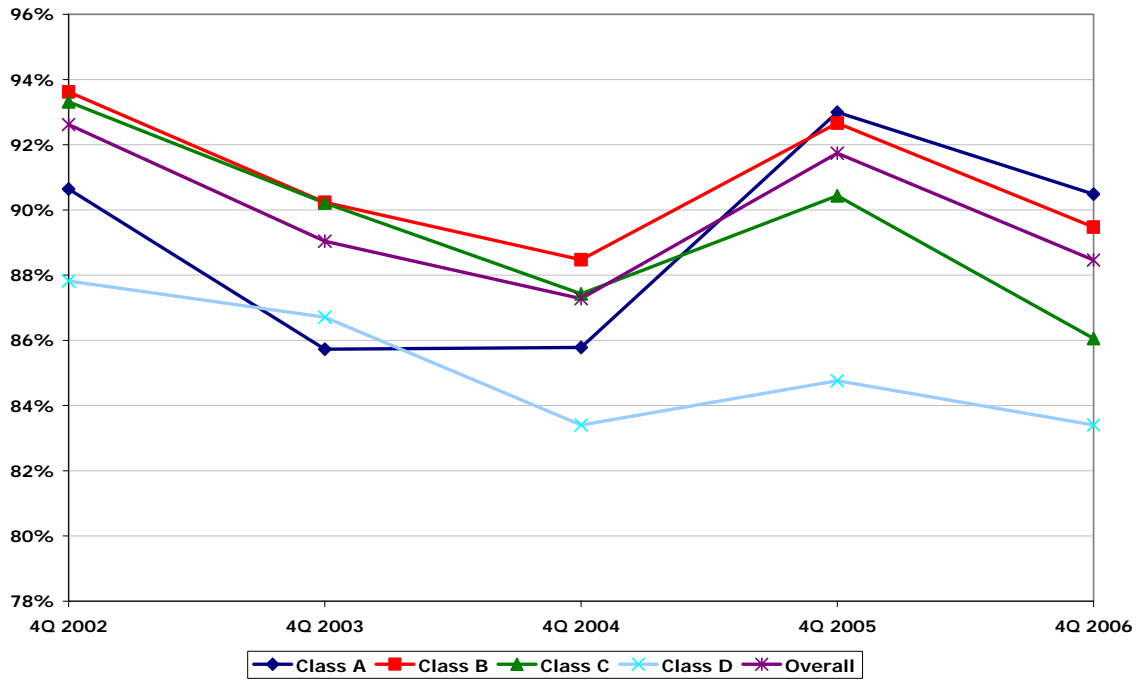
Source: U.S. Bureau of Census and Real Estate Center at Texas A&M University

**Houston Apartment Market Absorption**



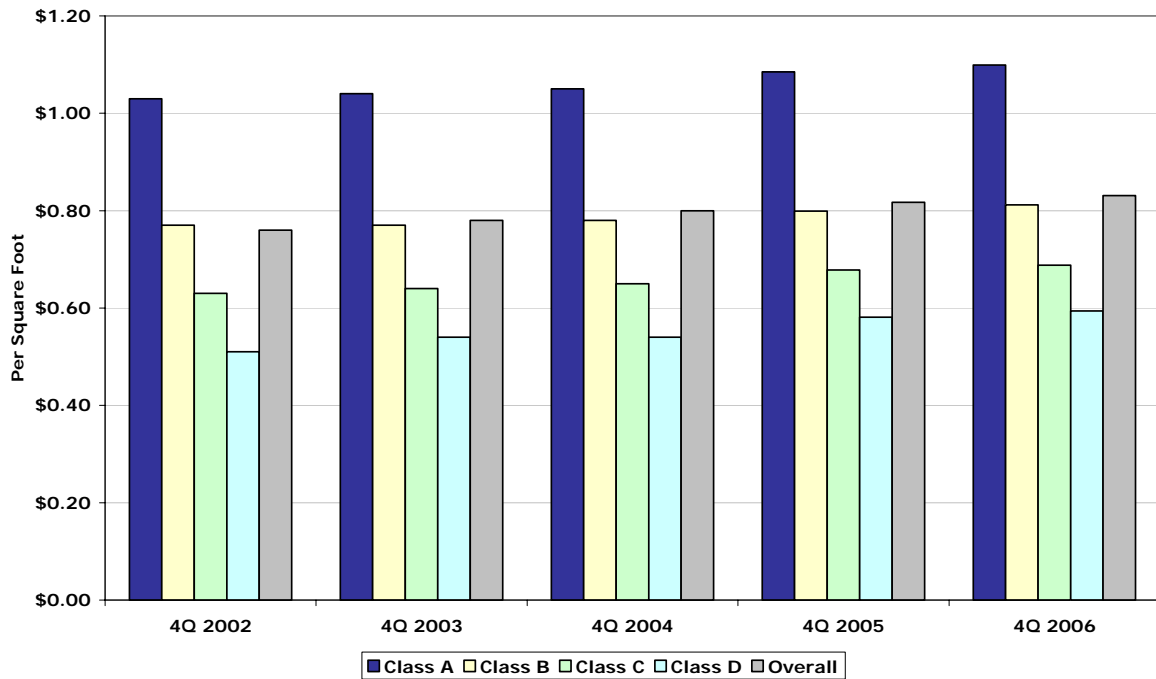
Source: O'Connor & Associates

Houston Apartment Market  
Occupancy Rate



Source: O'Connor & Associates

Houston Apartment Market  
Rental Rates



Source: O'Connor & Associates



## Houston-Sugar Land-Baytown Market Overview 2007 Housing

**2006 Housing Affordability Index**

MLS	2006 Median- Priced Home	Required Income to Qualify	Median Family Income	HAI*	HAI for First-Time Homebuyers**
Fort Bend Co.	\$170,700	\$41,907	\$79,982	1.91	1.20
Galveston	\$173,100	\$42,496	\$54,971	1.29	0.90
Houston	\$148,700	\$36,506	\$60,900	1.67	1.05
Montgomery Co.	\$163,400	\$40,114	\$68,728	1.71	1.16
State	\$143,000	\$35,179	\$54,300	1.54	1.05
US	\$221,900	\$54,139	\$59,600	1.10	0.62

\* The HAI is the ratio of the median family income to the income required to buy the median-priced house using standard mortgage financing at the current interest rate. Standard financing is a fixed-rate, 30-year loan covering 80 percent of the cost of the home. A HAI of 1.00 indicates that the median family income is exactly equal to the required income to qualify for the standard loan to purchase the median-priced house.

\*\* First-time home buyer is assumed to purchase a home equal to the first quartile home price using a 90% home loan at an interest rate 0.5 percent greater than the standard current rate.

Source: Real Estate Center at Texas A&M University

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

Price Range	2000	2001	2002	2003	2004	2005	2006
\$29,999 or less	2.0	1.8	1.7	1.6	1.4	1.2	1.0
30,000 - 39,999	2.0	1.8	1.5	1.5	1.4	1.2	1.2
40,000 - 49,999	2.9	2.3	1.9	1.6	1.6	1.4	1.3
50,000 - 59,999	4.2	3.0	2.5	2.2	2.0	1.8	1.6
60,000 - 69,999	6.6	4.5	3.7	3.1	2.8	2.4	2.1
70,000 - 79,999	9.0	7.1	5.0	4.4	4.1	3.4	3.0
80,000 - 89,999	9.0	9.4	7.9	6.6	6.0	5.3	4.1
90,000 - 99,999	6.9	7.9	8.3	7.8	7.5	6.1	5.2
100,000 - 119,999	10.6	11.4	11.9	13.1	13.8	13.2	12.3
120,000 - 139,999	10.3	11.1	11.5	12.4	13.1	13.2	13.4
140,000 - 159,999	7.3	8.4	9.4	9.8	9.8	10.5	10.9
160,000 - 179,999	5.9	6.4	7.0	7.3	7.3	8.1	8.7
180,000 - 199,999	4.1	4.4	4.8	5.0	5.2	5.7	6.1
200,000 - 249,999	6.3	7.2	7.7	8.1	8.0	8.8	9.6
250,000 - 299,999	4.1	4.7	5.2	5.5	5.3	5.8	6.1
300,000 - 399,999	4.2	4.3	4.9	4.9	5.3	5.8	6.5
400,000 - 499,999	1.6	1.8	2.0	2.0	2.0	2.3	2.7
500,000 and more	2.8	2.7	3.0	3.0	3.4	3.8	4.3

Source: Real Estate Center at Texas A&M University

**Price Distribution of MLS Homes Sold, Fort Bend County Area  
(in percent)**

<b>Price Range</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
\$29,999 or less	0.2	0.2	0.2	0.3	0.2	0.1	0.1
30,000 - 39,999	0.5	0.3	0.5	0.3	0.2	0.2	0.1
40,000 - 49,999	0.8	0.4	0.5	0.4	0.4	0.4	0.2
50,000 - 59,999	1.7	1.1	0.6	0.5	0.6	0.4	0.3
60,000 - 69,999	3.7	2.0	1.4	1.0	1.0	0.8	0.7
70,000 - 79,999	8.6	5.2	2.8	2.1	2.2	1.5	1.1
80,000 - 89,999	8.4	8.0	6.2	4.5	3.7	3.3	2.2
90,000 - 99,999	6.3	7.0	7.4	5.9	5.8	4.3	3.8
100,000 - 119,999	11.4	10.8	10.8	12.0	12.6	11.7	9.6
120,000 - 139,999	12.4	12.7	12.5	13.1	14.1	12.7	12.6
140,000 - 159,999	9.4	11.4	12.2	13.5	12.6	13.3	12.7
160,000 - 179,999	9.0	8.7	9.9	10.6	10.0	10.9	12.4
180,000 - 199,999	6.0	6.7	6.8	7.1	7.4	7.9	8.4
200,000 - 249,999	9.0	10.6	11.1	11.4	11.5	12.7	12.4
250,000 - 299,999	4.9	6.4	7.0	7.0	7.0	7.6	8.3
300,000 - 399,999	4.4	5.1	6.1	6.4	6.8	7.2	8.7
400,000 - 499,999	1.3	1.7	1.7	2.0	1.9	2.7	3.6
500,000 and more	2.0	1.7	2.2	1.8	2.1	2.4	2.9

Source: Real Estate Center at Texas A&M University

**Price Distribution of MLS Homes Sold, Montgomery County Area  
(in percent)**

<b>Price Range</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
\$29,999 or less	1.5	1.5	1.5	1.5	2.2	2.0	1.1
30,000 - 39,999	1.5	1.5	1.4	2.6	3.0	3.0	2.2
40,000 - 49,999	2.6	2.1	2.4	2.7	2.4	2.1	1.9
50,000 - 59,999	3.3	2.9	2.8	2.4	1.9	1.7	1.8
60,000 - 69,999	4.6	3.3	2.7	2.4	2.0	1.8	1.9
70,000 - 79,999	5.3	4.8	4.4	3.3	3.1	2.2	2.0
80,000 - 89,999	6.1	5.4	5.4	4.2	4.2	3.2	2.7
90,000 - 99,999	6.4	6.6	5.7	5.2	4.9	3.8	2.9
100,000 - 119,999	11.9	11.5	11.9	11.7	12.0	9.7	9.3
120,000 - 139,999	12.2	12.9	12.1	12.3	12.7	11.7	12.2
140,000 - 159,999	8.0	9.6	9.8	10.2	10.2	10.0	10.5
160,000 - 179,999	6.1	7.2	6.9	7.5	7.4	8.6	8.2
180,000 - 199,999	5.6	5.4	4.6	5.8	5.3	6.3	6.3
200,000 - 249,999	8.1	8.1	9.1	9.1	8.4	9.8	10.5
250,000 - 299,999	5.8	6.1	6.2	6.7	6.5	6.9	7.2
300,000 - 399,999	6.8	6.5	7.3	6.7	7.2	7.9	9.2
400,000 - 499,999	2.1	2.2	2.9	2.9	3.0	3.8	4.2
500,000 and more	2.2	2.4	2.8	2.7	3.7	5.6	5.8

Source: Real Estate Center at Texas A&M University

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

Price Range	2000	2001	2002	2003	2004	2005	2006
\$29,999 or less	4.7	4.1	3.1	-	2.6	3.0	2.7
30,000 - 39,999	4.4	3.7	4.0	-	2.8	2.5	2.8
40,000 - 49,999	5.0	6.0	4.4	-	4.0	2.8	2.7
50,000 - 59,999	11.6	8.4	6.9	-	5.7	5.1	4.6
60,000 - 69,999	9.5	9.6	9.0	-	7.6	6.8	4.8
70,000 - 79,999	11.4	10.4	9.6	-	9.8	8.0	7.7
80,000 - 89,999	9.7	11.1	10.5	-	9.9	8.3	7.4
90,000 - 99,999	5.8	6.9	7.9	-	8.4	8.3	8.0
100,000 - 119,999	9.6	8.3	10.7	-	11.3	11.6	13.3
120,000 - 139,999	8.4	10.2	10.4	-	13.5	11.5	10.3
140,000 - 159,999	3.8	6.7	7.0	-	6.4	9.6	8.5
160,000 - 179,999	4.7	4.5	4.1	-	4.2	5.9	7.6
180,000 - 199,999	2.5	1.9	3.5	-	3.5	4.5	4.7
200,000 - 249,999	3.9	3.9	4.2	-	3.4	5.5	6.3
250,000 - 299,999	2.5	2.7	2.0	-	3.9	3.3	4.5
300,000 - 399,999	1.7	0.9	2.3	-	2.6	2.9	3.5
400,000 - 499,999	0.7	0.4	0.4	-	0.2	0.2	0.4
500,000 and more	0.0	0.2	0.1	-	0.2	0.1	0.3

"-" represents unreported data or nonparticipation in Real Estate Center's survey.

Source: Real Estate Center at Texas A&M University

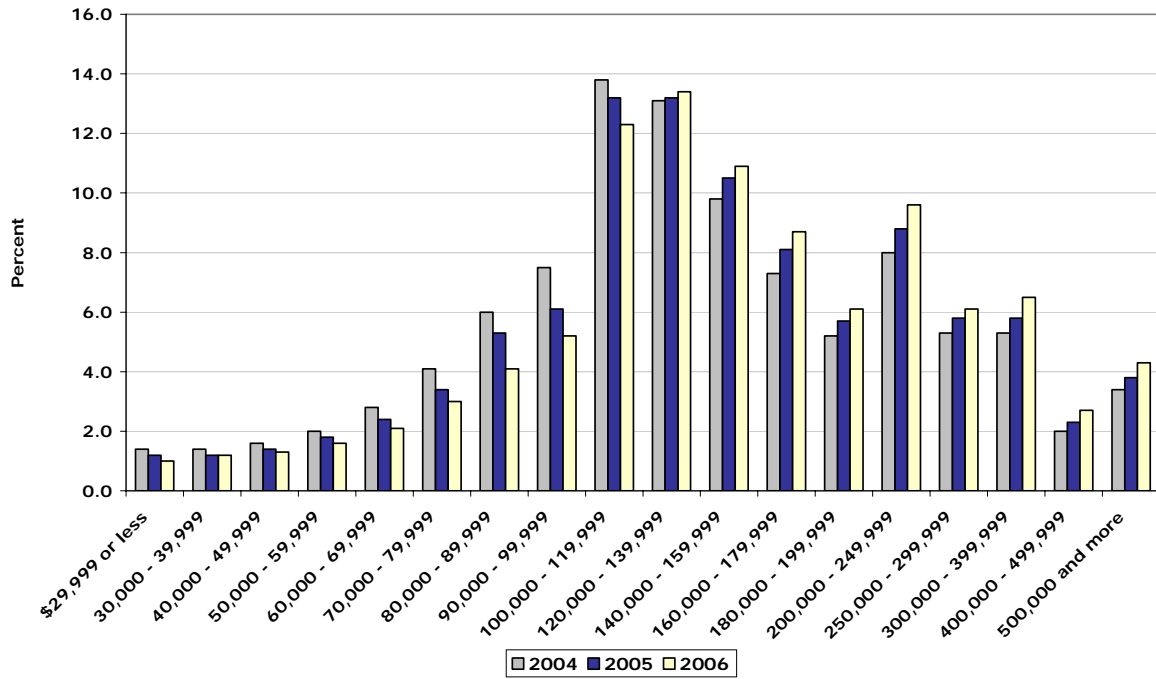
**Price Distribution of MLS Homes Sold, Galveston Area**  
(in percent)

Price Range	2000	2001	2002	2003	2004	2005	2006
\$29,999 or less	5.7	-	-	4.6	1.8	0.4	0.8
30,000 - 39,999	4.5	-	-	3.3	4.2	1.4	0.6
40,000 - 49,999	6.1	-	-	3.0	3.0	2.3	1.5
50,000 - 59,999	8.1	-	-	6.5	4.4	2.8	1.7
60,000 - 69,999	6.4	-	-	6.2	5.4	4.7	2.3
70,000 - 79,999	5.9	-	-	5.9	5.6	5.5	3.6
80,000 - 89,999	6.8	-	-	6.4	6.2	5.2	4.5
90,000 - 99,999	6.6	-	-	5.9	5.4	4.6	3.9
100,000 - 119,999	7.9	-	-	6.8	6.5	7.2	8.6
120,000 - 139,999	8.8	-	-	8.5	8.5	7.9	9.2
140,000 - 159,999	5.2	-	-	7.9	7.1	7.0	7.5
160,000 - 179,999	4.5	-	-	6.5	6.0	9.6	8.9
180,000 - 199,999	4.4	-	-	5.7	5.2	5.1	5.8
200,000 - 249,999	8.3	-	-	6.2	9.9	10.0	10.7
250,000 - 299,999	4.9	-	-	5.8	6.8	7.5	6.2
300,000 - 399,999	4.3	-	-	5.7	7.7	9.1	12.1
400,000 - 499,999	0.6	-	-	3.1	2.7	4.3	5.3
500,000 and more	1.0	-	-	2.1	3.5	5.6	6.8

"-" represents unreported data or nonparticipation in Real Estate Center's survey.

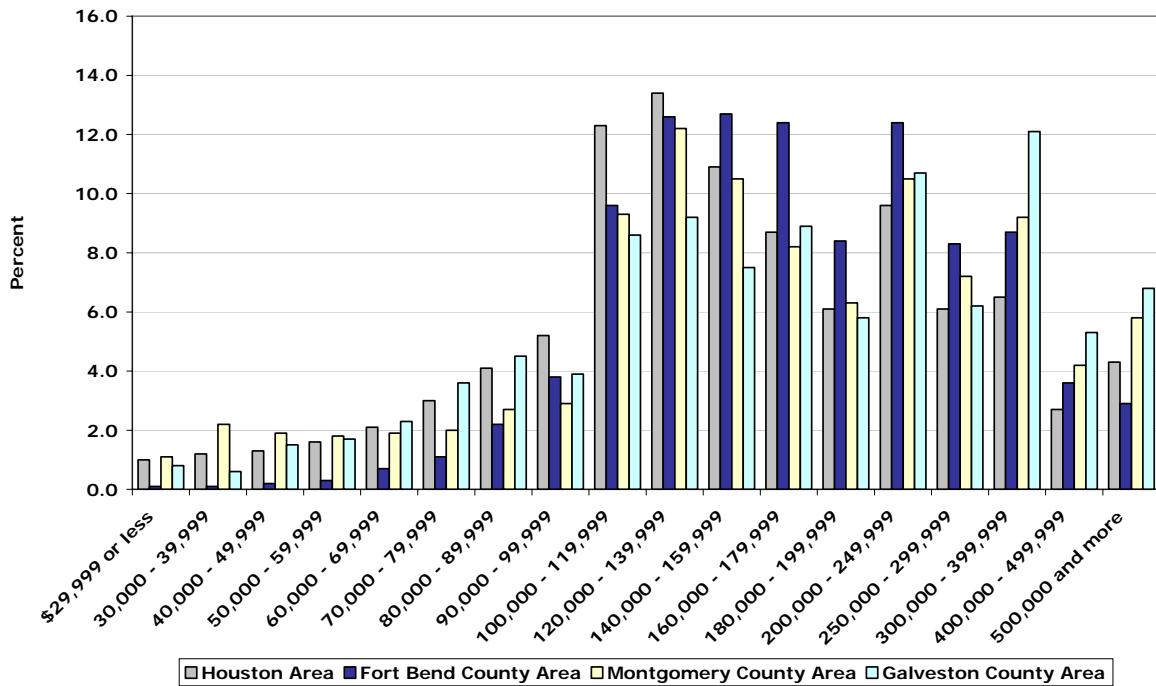
Source: Real Estate Center at Texas A&M University

Price Distribution of MLS Homes Sold  
Houston Area



Source: Real Estate Center at Texas A&M University

Price Distribution of MLS Homes Sold, 2006



Source: Real Estate Center at Texas A&M University

**Property Tax Rates, 2006**

<b>Taxing Entity*</b>	<b>Tax Rate per \$100 Valuation</b>
<b>Houston</b>	
Harris County	0.40239
City of Houston	0.645
Houston ISD	1.4757
<b>Total</b>	<b>\$2.52</b>
<b>Galveston</b>	
Galveston County	0.5874
City of Galveston	0.4940
Galveston ISD	1.5250
<b>Total</b>	<b>\$2.61</b>
<b>Pearland</b>	
Brazoria County	0.3217
Pearland City	0.6527
Pearland ISD	1.6622
<b>Total</b>	<b>\$2.64</b>
<b>Sugar Land</b>	
Fort Bend County	0.5167
City of Sugar Land	0.3066
Fort Bend ISD	1.5400
<b>Total</b>	<b>\$2.36</b>
<b>Texas City</b>	
Galveston County	0.5874
City of Texas City	0.4562
Texas City ISD	1.4484
<b>Total</b>	<b>\$2.49</b>

\* There are numerous numbers of taxing entities that need to be taken into account for an actual tax rate calculation. See following links for more complete lists:

<http://www.hcad.org/resources/jurlist.asp>

[http://www.brazoriacad.org/05\\_Tax\\_Rates.htm](http://www.brazoriacad.org/05_Tax_Rates.htm)

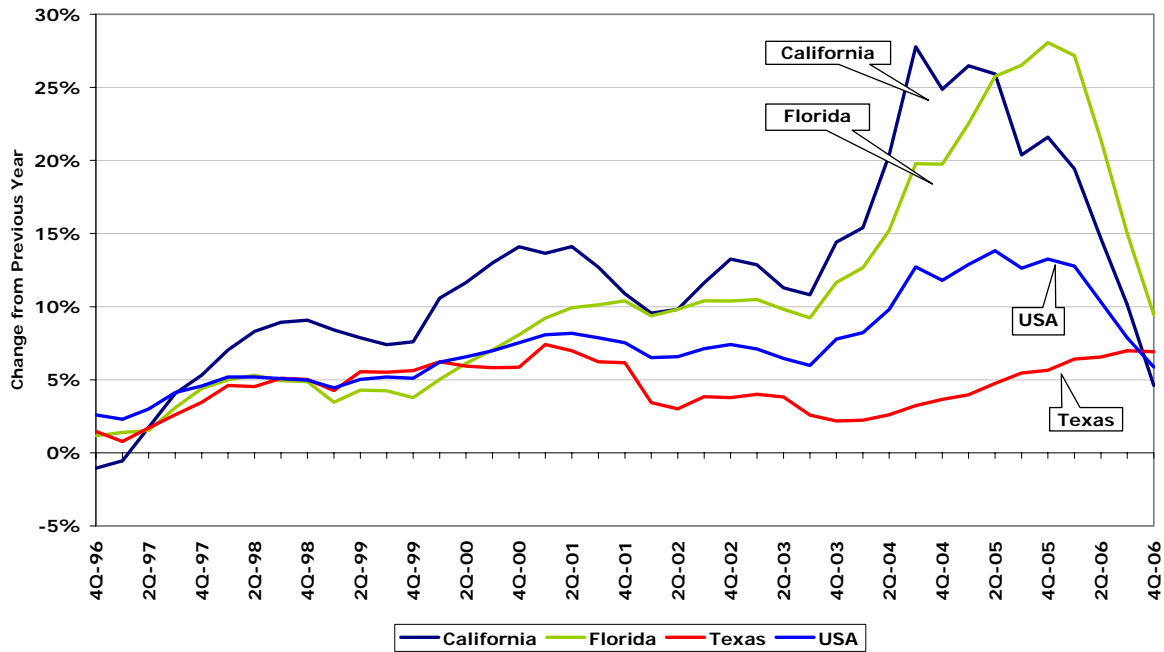
**Source: Brazoria, Harris, Fort Bend, and Galveston**

**Appraisal Districts**

Real Estate Center Market Overview 2007  
Houston-Sugar Land-Baytown, TX

**National Home Price Appreciation**

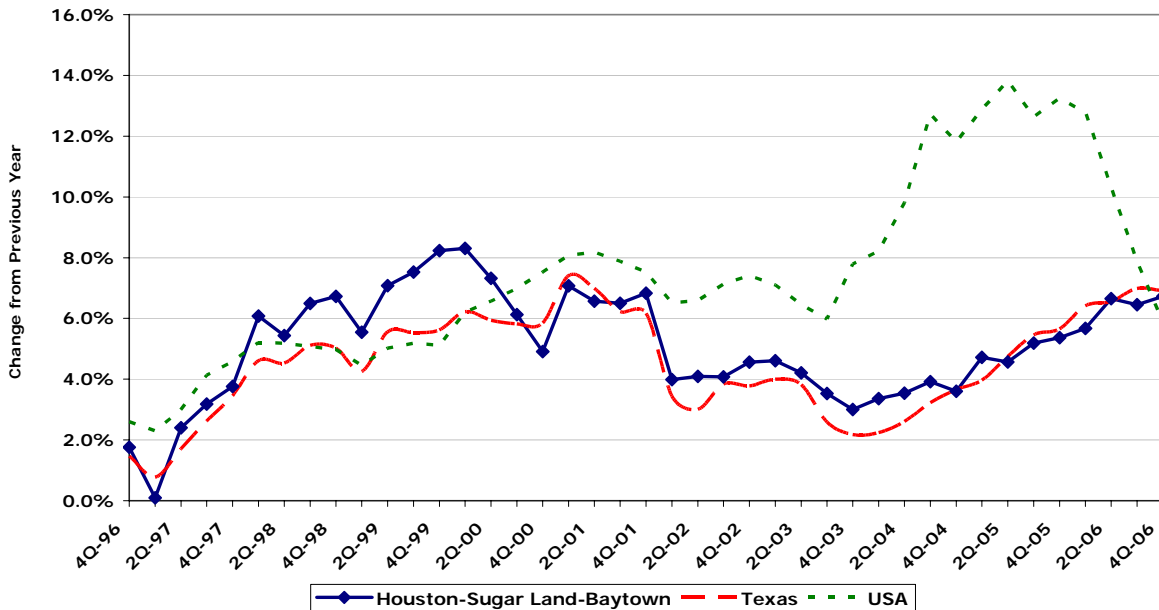
The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae.



Source: Office of Federal Housing Enterprise Oversight

**Home Price Appreciation  
Houston-Sugar Land-Baytown 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.



Source: Office of Federal Housing Enterprise Oversight

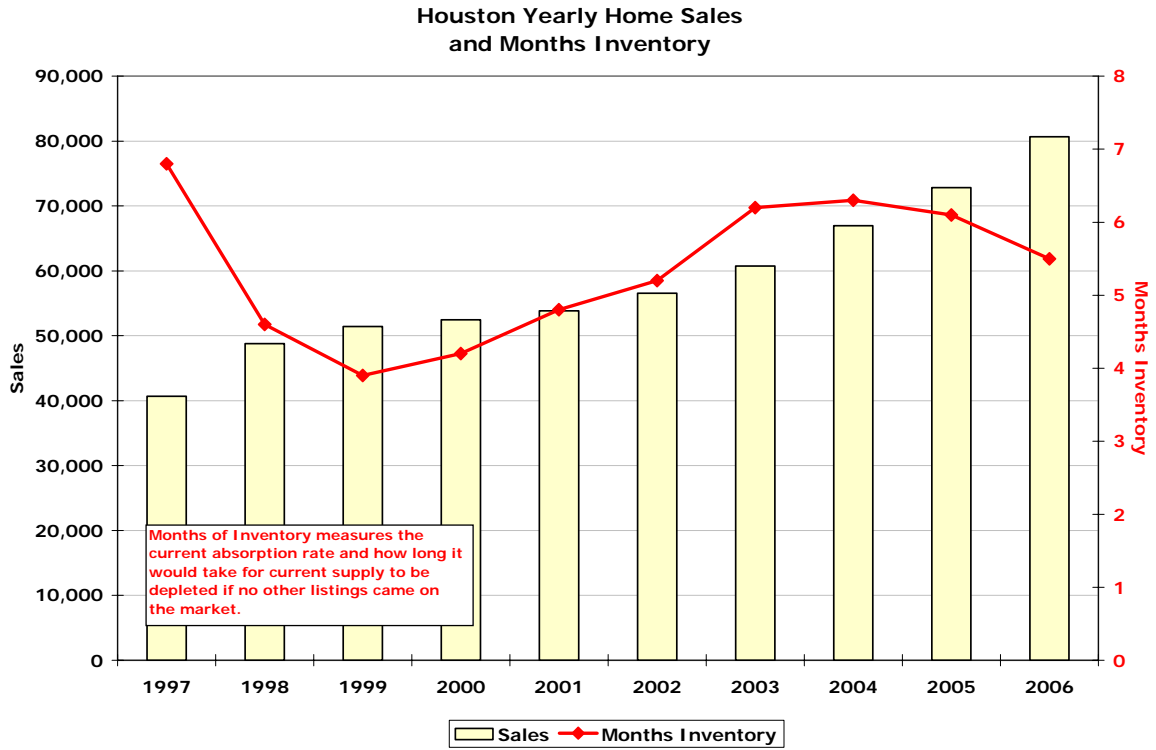
Real Estate Center Market Overview 2007  
Houston-Sugar Land-Baytown, TX

2005 Occupied Housing Unit Characteristics

Housing Unit Characteristics	Houston - Sugar Land - Baytown MSA			Texas		
	Owner-occupied housing units	Renter-occupied housing units	Total occupied housing units	Owner-occupied housing units	Renter-occupied housing units	Total occupied housing units
Occupied housing units	1,146,283	674,668	1,820,951	5,162,604	2,815,491	7,978,095
<b>Household Size</b>						
1-person household	18.7%	34.4%	24.5%	19.1%	35.0%	24.7%
2-person household	31.9%	24.7%	29.2%	34.2%	25.8%	31.2%
3-person household	18.0%	16.3%	17.4%	17.2%	16.0%	16.8%
4-or-more-person household	31.5%	24.6%	28.9%	29.5%	23.2%	27.3%
<b>Race and Hispanic or Latino Origin of Householder</b>						
<b>One Race</b>						
White	73.1%	60.3%	68.4%	79.0%	66.2%	74.5%
Black or African American	12.3%	25.1%	17.0%	8.2%	17.9%	11.6%
American Indian and Alaska Native	0.5%	0.3%	0.4%	0.5%	0.6%	0.6%
Asian	5.8%	3.9%	5.1%	2.9%	3.1%	3.0%
Native Hawaiian and Other Pacific Islander	0.0%	0.1%	0.1%	0.0%	0.1%	0.0%
Some other race	7.3%	9.1%	8.0%	8.3%	10.8%	9.2%
Two or more races	0.9%	1.2%	1.0%	1.0%	1.4%	1.2%
<b>Age of Householder</b>						
Under 35 years	14.1%	44.4%	25.3%	14.4%	46.3%	25.6%
35 to 44 years	23.2%	22.7%	23.0%	21.9%	21.4%	21.7%
45 to 54 years	26.4%	16.6%	22.7%	24.1%	15.4%	21.0%
55 to 64 years	19.0%	9.1%	15.3%	18.1%	8.3%	14.7%
65 to 74 years	10.3%	3.7%	7.8%	11.9%	4.2%	9.2%
75 to 84 years	5.9%	2.8%	4.7%	7.6%	3.1%	6.1%
85 years and over	1.3%	0.8%	1.1%	2.0%	1.3%	1.8%
<b>Units in Structure</b>						
1, detached	87.7%	21.9%	63.3%	87.5%	28.3%	66.6%
1, attached	3.8%	2.3%	3.2%	2.3%	3.6%	2.8%
2 apartments	0.2%	2.5%	1.1%	0.3%	4.9%	1.9%
3 or 4 apartments	0.4%	6.5%	2.6%	0.4%	8.8%	3.3%
5 to 9 apartments	0.7%	12.7%	5.1%	0.3%	13.8%	5.1%
10 or more apartments	1.4%	49.5%	19.2%	0.7%	35.1%	12.9%
Mobile home or other type of housing	5.9%	4.5%	5.4%	8.5%	5.6%	7.5%
<b>Year Structure Built</b>						
2000 or later	16.4%	11.6%	14.6%	13.7%	10.9%	12.7%
1990 to 1999	18.3%	13.0%	16.3%	18.6%	14.8%	17.2%
1980 to 1989	18.1%	20.5%	19.0%	18.7%	22.5%	20.1%
1960 to 1979	31.3%	41.5%	35.1%	28.7%	35.0%	30.9%
1940 to 1959	12.9%	9.5%	11.6%	15.4%	12.4%	14.3%
1939 or earlier	3.1%	4.0%	3.4%	4.9%	4.5%	4.8%
<b>Bedrooms</b>						
No bedroom	0.2%	1.3%	0.6%	0.2%	1.5%	0.6%
1 bedroom	1.8%	37.5%	15.1%	2.1%	32.6%	12.9%
2 or 3 bedrooms	63.6%	57.2%	61.3%	70.8%	61.7%	67.6%
4 or more bedrooms	34.3%	4.0%	23.1%	26.8%	4.2%	18.9%
<b>Annual Household Income and Housing Costs*</b>						
Median household income (dollars)	\$63,452	\$27,543	\$46,705	\$54,610	\$26,782	\$42,139
Annual Median Housing Costs (dollars)	\$13,152	\$8,424	\$10,368	\$10,536	\$8,052	\$9,108
Housing Costs as a percentage of household income	20.7%	30.6%	22.2%	19.3%	30.1%	21.6%

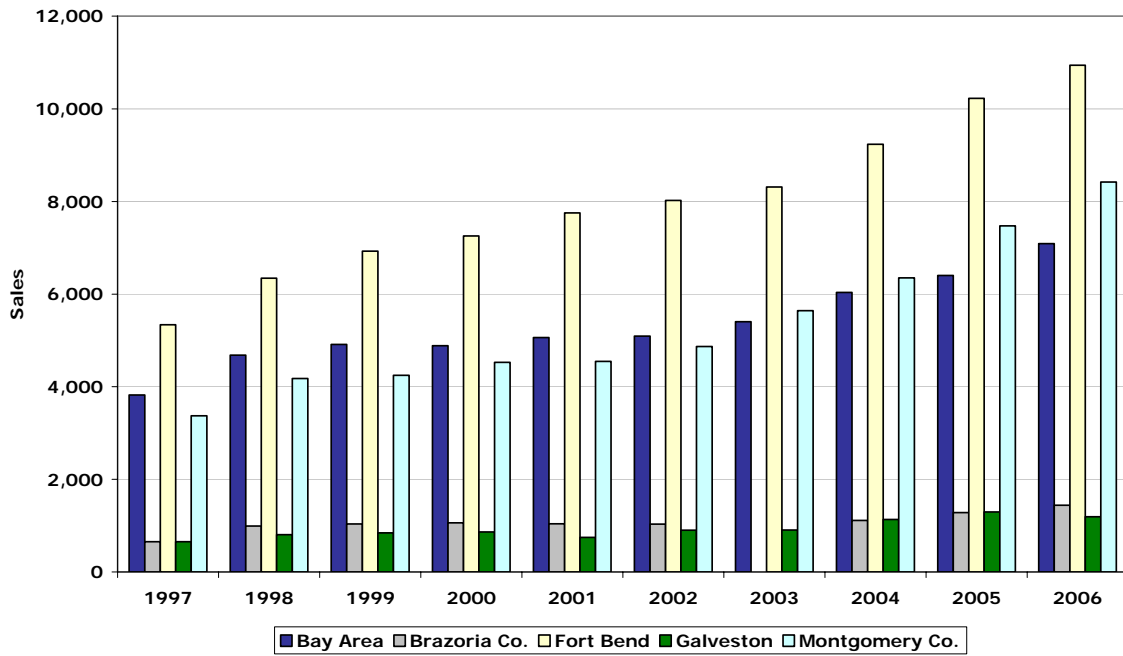
\* in 2005 inflation-adjusted dollars

Source: U.S. Census Bureau 2005 and Real Estate Center at Texas A&M University



Source: Real Estate Center at Texas A&M University

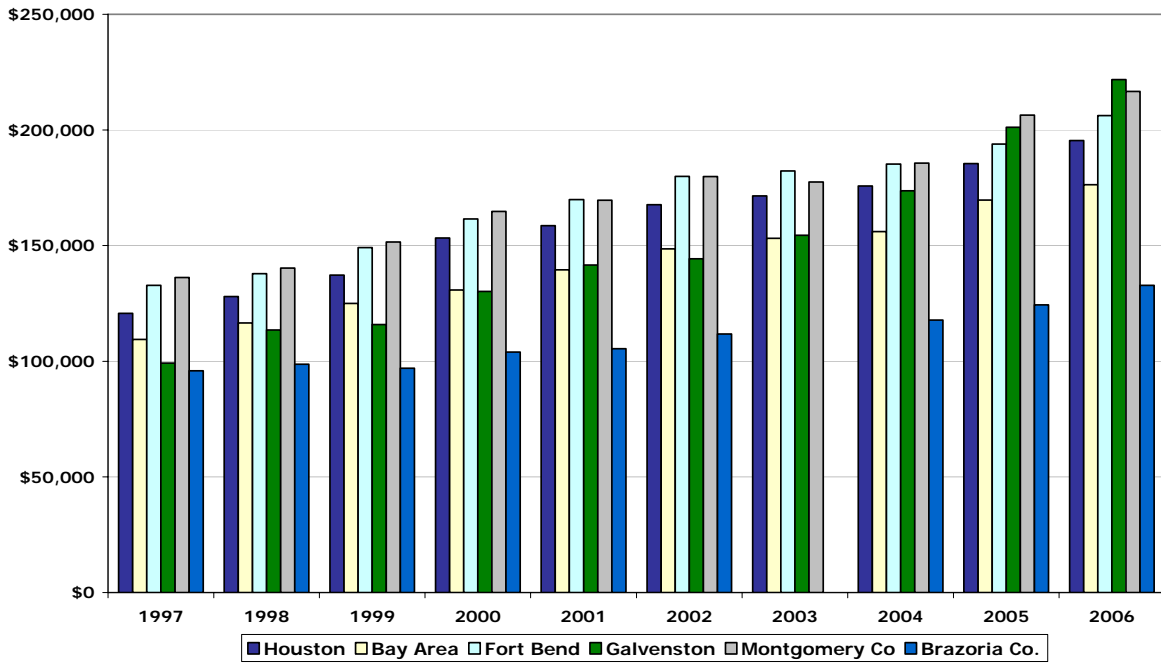
### Yearly Homes Sales



Source: Real Estate Center at Texas A&M University

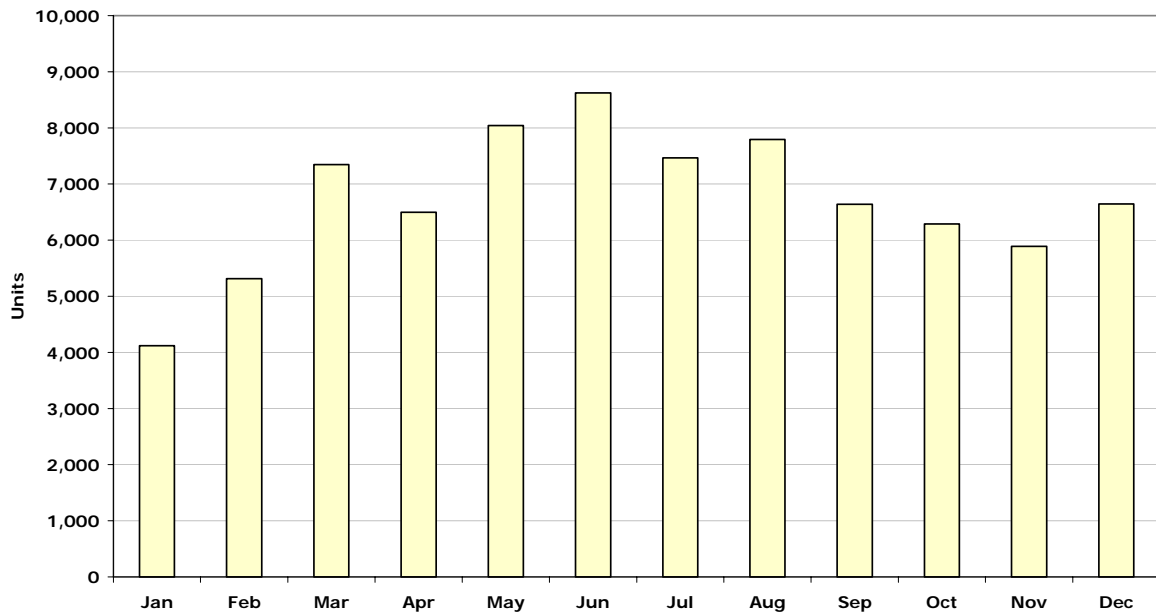
Real Estate Center Market Overview 2007  
Houston-Sugar Land-Baytown, TX

Average Sales Price



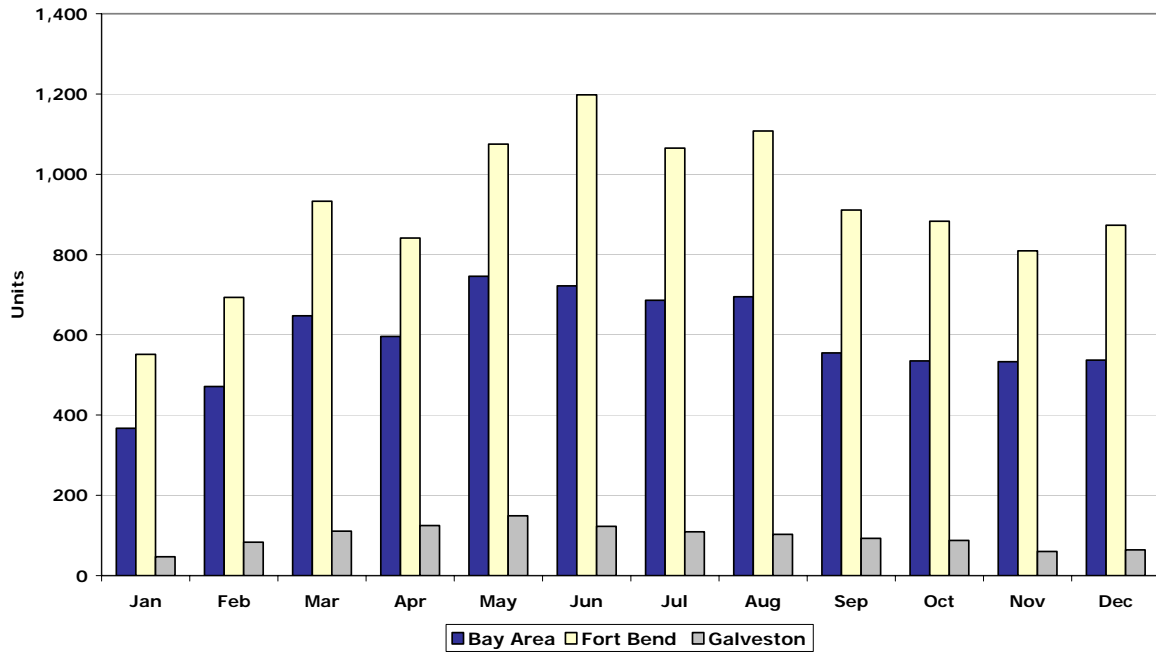
Source: Real Estate Center at Texas A&M University

Single-Family Homes Sales Volume  
Houston, 2006



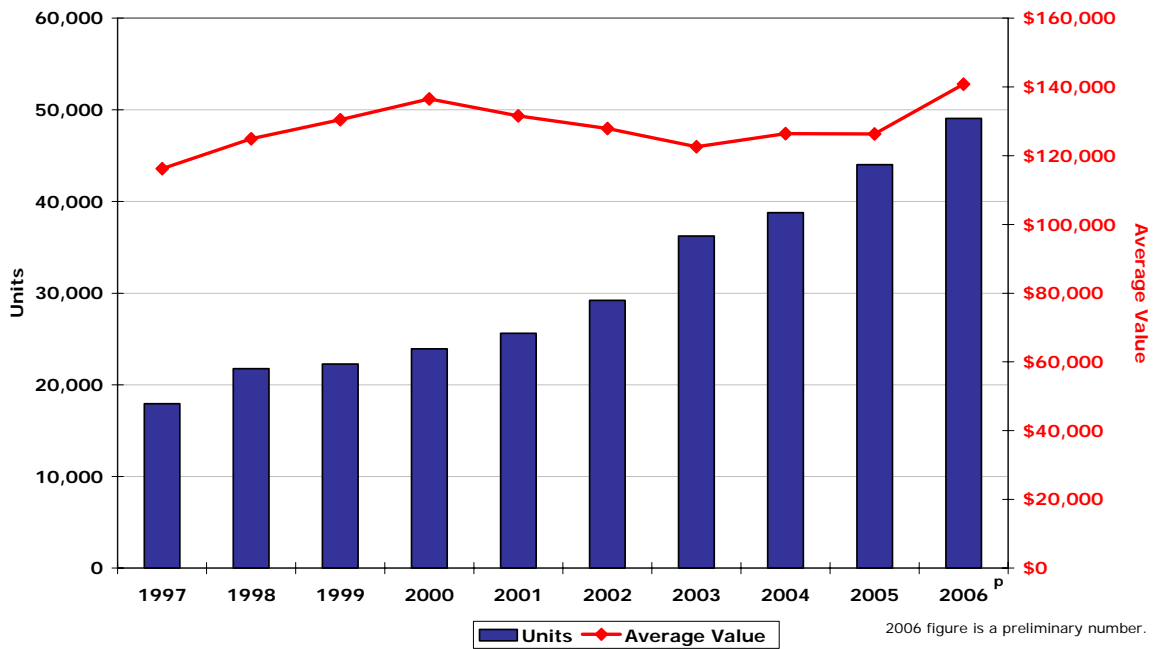
Source: Real Estate Center at Texas A&M University

**Single-Family Homes Sales Volume  
Bay Area, Fort Bend, Galveston, 2006**



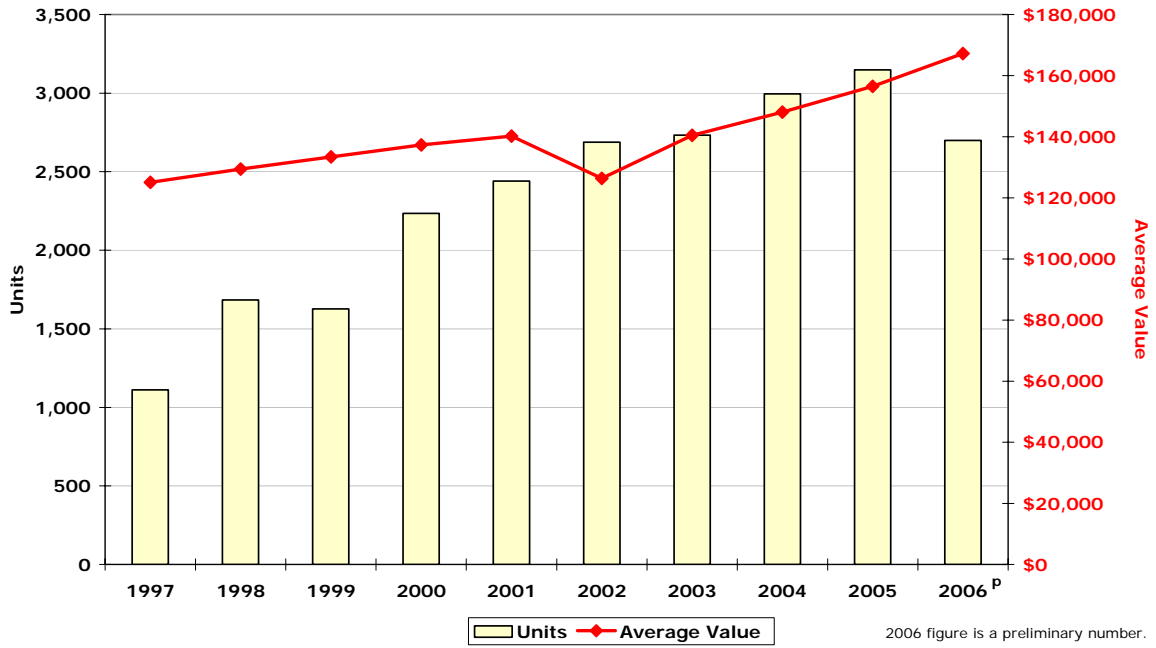
Source: Real Estate Center at Texas A&M University

**Single-Family Building Permits and Average Value  
Houston**



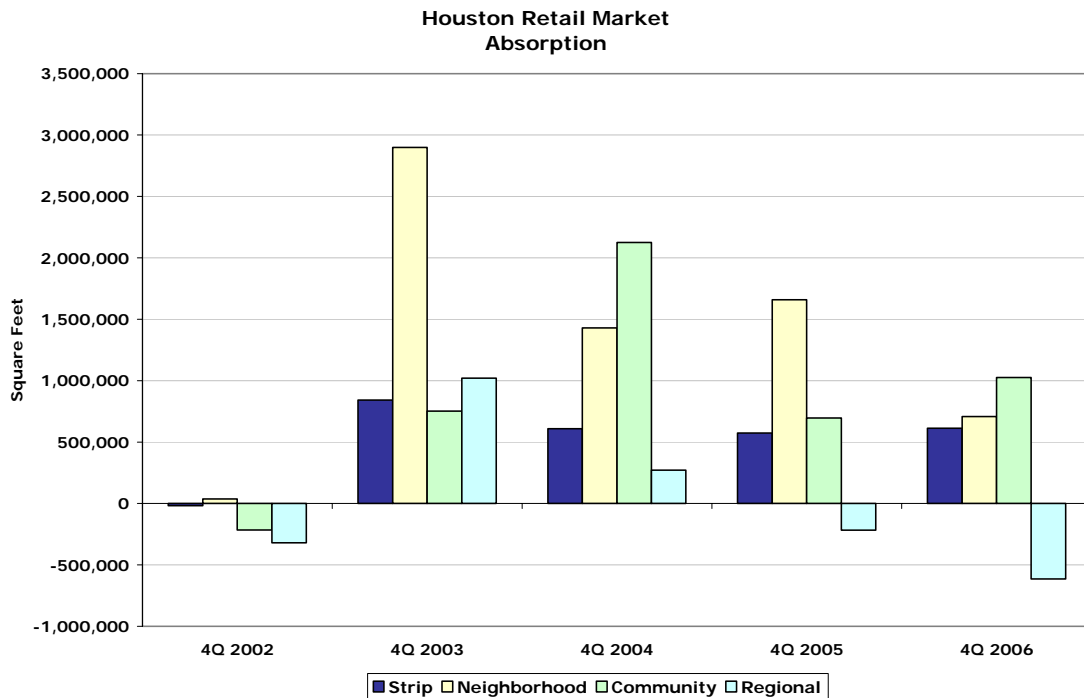
Source: U.S. Bureau of Census and Real Estate Center at Texas A&M University

Single-Family Building Permits and Average Value  
Galveston-Texas City

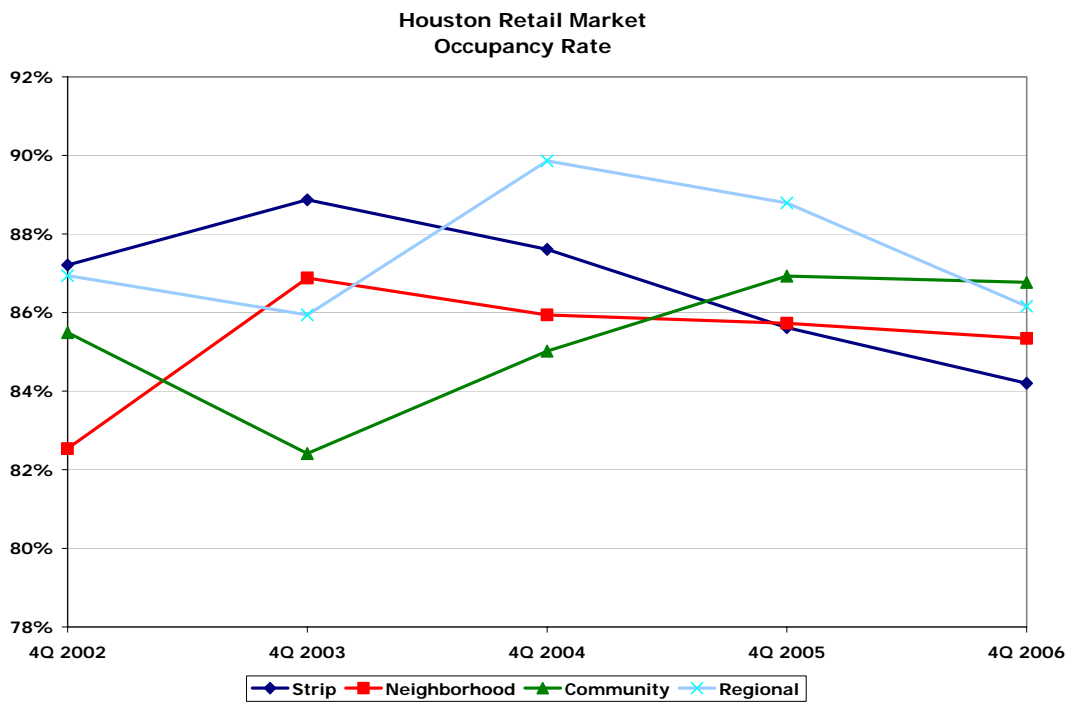


Source: U.S. Bureau of Census and Real Estate Center at Texas A&M University

# Houston-Sugar Land-Baytown Market Overview 2007 Retail

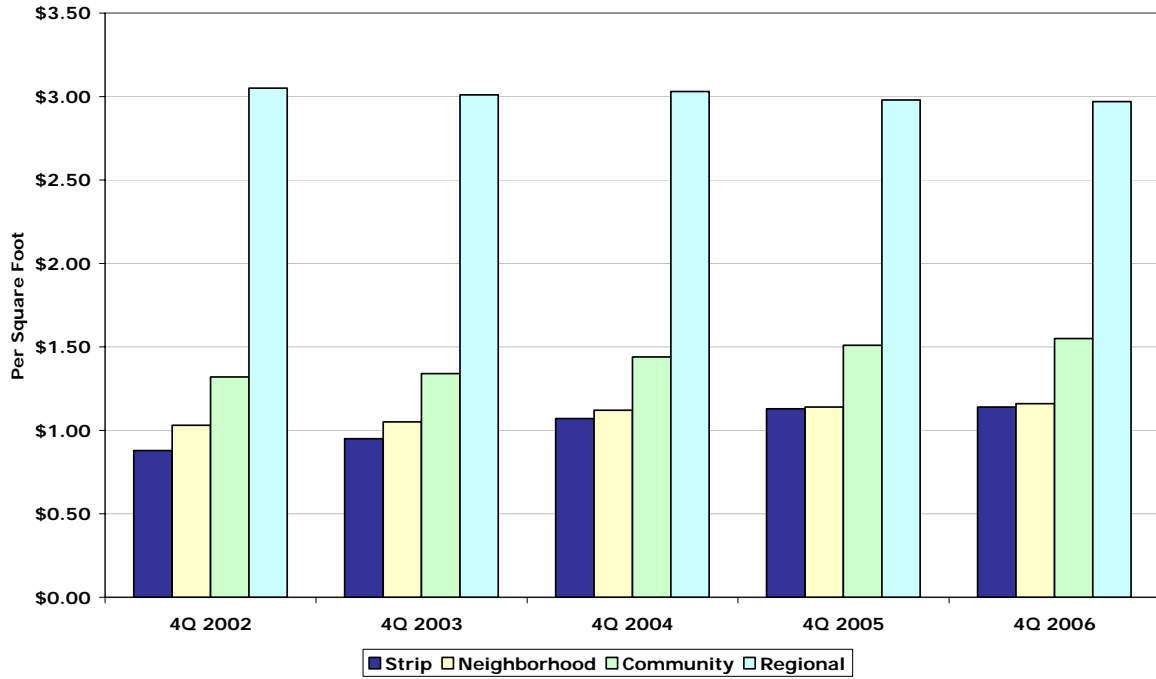


Source: O'Connor & Associates



Source: O'Connor & Associates

**Houston Retail Market  
Rental Rates**



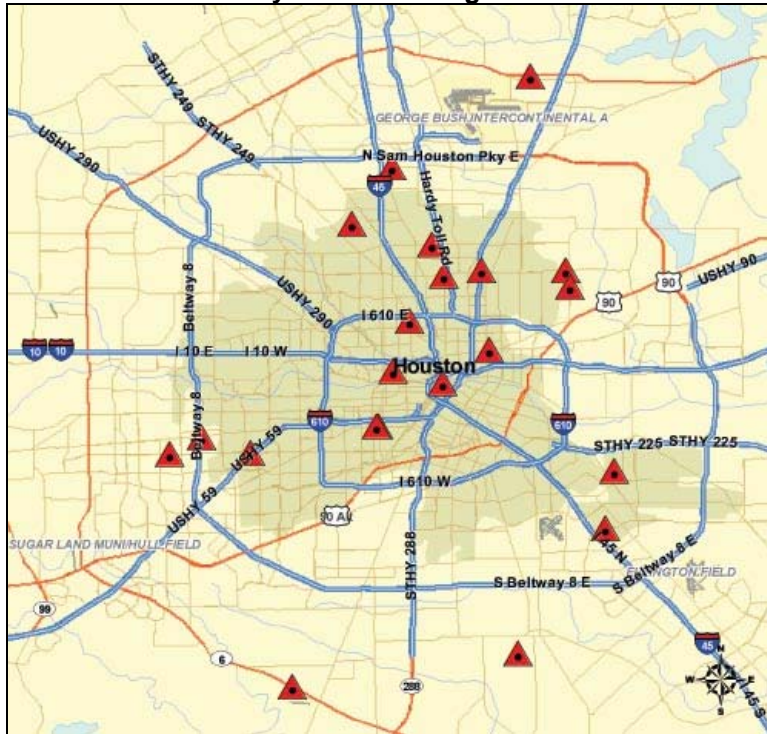
Source: O'Connor & Associates

**Baytown Retail Building Permits 2005\***



Baytown City Building Permit Office  
\* 2006 data not available as of April 15, 2007.

### Houston City Retail Building Permits 2005\*



Houston City Building Permit Office  
\* 2006 data not available as of April 15, 2007.

### Sugar Land City Retail Building Permits 2005\*



Sugar Land City Building Permit Office  
\* 2006 data not available as of April 15, 2007.

# Houston-Sugar Land-Baytown Market Overview 2007 Hotel

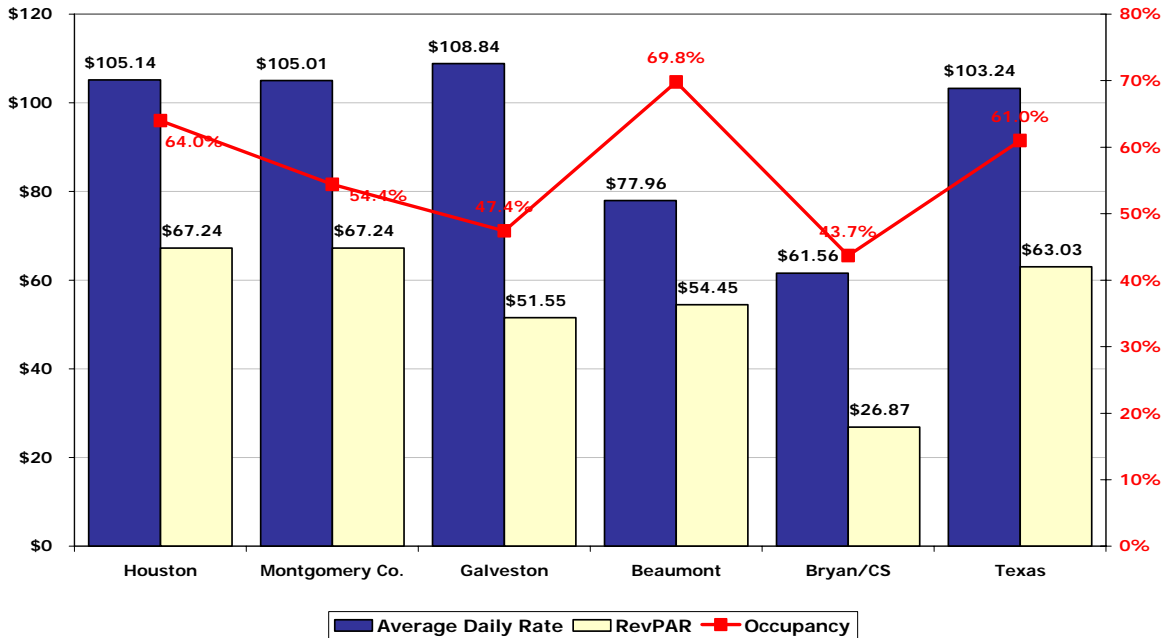
Hotel\* Occupancy and Rates

	2005		2006	
	Houston - Sugar Land - Baytown	Texas	Houston - Sugar Land - Baytown	Texas
# Rooms 000's	69.5	333.6	70.4	341
Average daily rate	\$76.66	\$74.38	\$84.44	\$80.82
Occupancy rate (in percent)	64.4	59.9	63.2	61.1

\*Only properties exceeding \$18,000 in the current quarter are included; those units below \$18,000 only result in 1.5% of the total state revenues, and have been excluded from this database.

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

Trends in the Hotel Industry  
For the Month of January 2007



Source: PKF Consulting

## Houston-Sugar Land-Baytown Market Overview 2007 Office

Summary of Office Market Indicators - All Space - Year-End 2006

Submarket	Total	Total	SF Avail.	Direct	SF Under	Net
	Total Bldgs	Rentable SF All Bldgs <sup>1</sup>	Immediately All Bldgs <sup>2</sup>	Vacancy Rate (in percent)	Constr. or Renovation	Absorption (SF)
Downtown	211	51,012,967	5,330,291	10.4	55,000	2,907,000
FM 1960	160	9,909,197	1,502,457	15.2	468,135	172,000
Greenspoint / North Belt	102	11,971,475	1,315,890	11.0	135,000	212,000
Greenway Plaza	98	12,034,231	1,383,937	11.5	-	349,000
Gulf Freeway / Pasadena	71	3,009,767	460,494	15.3	60,000	48,000
Katy Fwy / Energy Corridor	213	21,575,502	1,520,150	7.0	754,868	352,000
Kingwood / Humble	36	1,844,484	125,425	6.8	68,000	50,000
NASA / Clear Lake <sup>3</sup>	105	7,198,992	799,088	11.1	98,100	304,000
Northeast	26	1,463,217	232,652	15.9	-	(11,000)
Northwest	157	11,729,709	1,989,828	17.0	279,942	(19,000)
South Main / Medical Center	79	8,424,405	446,493	5.3	586,381	9,000
Southwest Fwy / Sugar Land	228	19,087,608	2,573,572	13.5	627,671	245,000
West Loop	240	35,385,155	3,844,020	10.9	-	1,465,000
Westchase	123	15,770,067	1,445,356	9.2	-	518,000
Woodlands / Conroe	114	7,680,174	533,730	6.9	465,010	447,000
<b>Total - Houston</b>	<b>1,963</b>	<b>218,096,950</b>	<b>23,503,383</b>	<b>10.8</b>	<b>3,598,107</b>	<b>7,048,000</b>

<sup>1</sup> Includes buildings 15,000 SF Rentable (RBA) and greater. Does not include buildings under construction or buildings owned by the government.

<sup>2</sup> Does not include sublet space.

<sup>3</sup> Inventory amended per CoStar.

Source: Delta Associates

**Summary of Office Market Indicators - Class Space A<sup>1</sup> - Year-End 2006**

Submarket	Total Bldgs	Total	SF Avail.	Vacancy	SF Under	Net
		Rentable SF All Bldgs <sup>1</sup>	Immediately All Bldgs <sup>2</sup>	Rate <sup>2</sup> (in percent)	Constr. or Renovation <sup>3</sup>	Absorption (SF)
Downtown	33	30,683,151	2,046,801	6.7	-	3,214,000
FM 1960	14	2,951,731	239,385	8.1	385,175	187,000
Greenspoint / North Belt	17	4,388,082	220,671	5.0	135,000	(31,000)
Greenway Plaza	16	6,065,963	758,245	12.5	-	352,000
Gulf Freeway / Pasadena	0	-	-	-	-	-
Katy Fwy / Energy Corridor	54	10,170,431	453,588	4.5	754,868	213,000
Kingwood / Humble	1	59,863	-	25.7	-	(15,000)
NASA / Clear Lake	9	1,282,130	56,414	4.4	48,000	96,000
Northeast	1	85,471	15,983	18.7	-	(101,000)
Northwest	14	2,412,570	539,700	22.4	279,942	125,000
South Main / Medical Center	9	2,221,445	151,058	6.8	511,381	(11,000)
Southwest Fwy / Sugar Land	14	3,420,702	276,447	8.0	519,675	91,000
West Loop	47	19,001,480	1,592,084	8.4	-	1,510,000
Westchase	23	7,201,603	552,525	7.7	-	175,000
Woodlands / Conroe	13	2,519,502	35,273	1.4	393,206	97,000
<b>Total - Houston</b>	<b>265</b>	<b>92,464,124</b>	<b>6,938,174</b>	<b>7.5</b>	<b>3,027,247</b>	<b>5,902,000</b>

<sup>1</sup> Class A per CoStar and greater than 50,000 SF. Does not include buildings under construction or buildings owned by the government.

<sup>2</sup> Does not include sublet space.

<sup>3</sup> Includes only buildings of 50,000 SF or greater.

Source: Delta Associates

**Summary of Office Market Indicators - Class Space B<sup>1</sup> - Year-End 2006**

Submarket	Total Bldgs	Total	SF Avail.	Vacancy	SF Under	Net
		Rentable SF All	Immediately All Bldgs <sup>2</sup>	Rate <sup>2</sup>	Constr. or Renovation <sup>3</sup>	Absorption (SF)
Downtown	74	14,317,233	1,819,569	12.7	55,000	(205,000)
FM 1960	88	4,763,417	947,011	19.9	82,960	113,000
Greenspoint / North Belt	54	5,827,176	800,552	13.7	-	202,000
Greenway Plaza	35	4,143,389	385,335	9.3	-	99,000
Gulf Freeway / Pasadena	24	1,585,649	332,986	21.0	60,000	(84,000)
Katy Fwy / Energy Corridor	91	8,766,552	781,278	8.9	-	235,000
Kingwood / Humble	23	1,463,012	109,726	7.5	68,000	60,000
NASA / Clear Lake	47	4,043,191	359,844	8.9	50,100	49,000
Northeast	12	907,023	199,545	22.0	-	(10,000)
Northwest	66	6,274,060	1,081,283	17.2	-	(168,000)
South Main / Medical Center	26	2,945,304	120,757	4.1	75,000	12,000
Southwest Fwy / Sugar Land	105	10,581,040	1,637,917	15.5	107,996	72,000
West Loop	121	13,521,217	2,096,406	15.8	-	(125,000)
Westchase	58	6,026,064	617,877	10.3	-	265,000
Woodlands / Conroe	69	3,765,491	407,260	10.8	71,804	358,000
<b>Total - Houston</b>	<b>893</b>	<b>88,929,818</b>	<b>11,697,346</b>	<b>13.2</b>	<b>570,860</b>	<b>873,000</b>

<sup>1</sup> Class B per CoStar and greater than 50,000 SF. Does not include buildings under construction or buildings owned by the government.

<sup>2</sup> Does not include sublet space.

<sup>3</sup> Includes only buildings of 50,000 SF or greater.

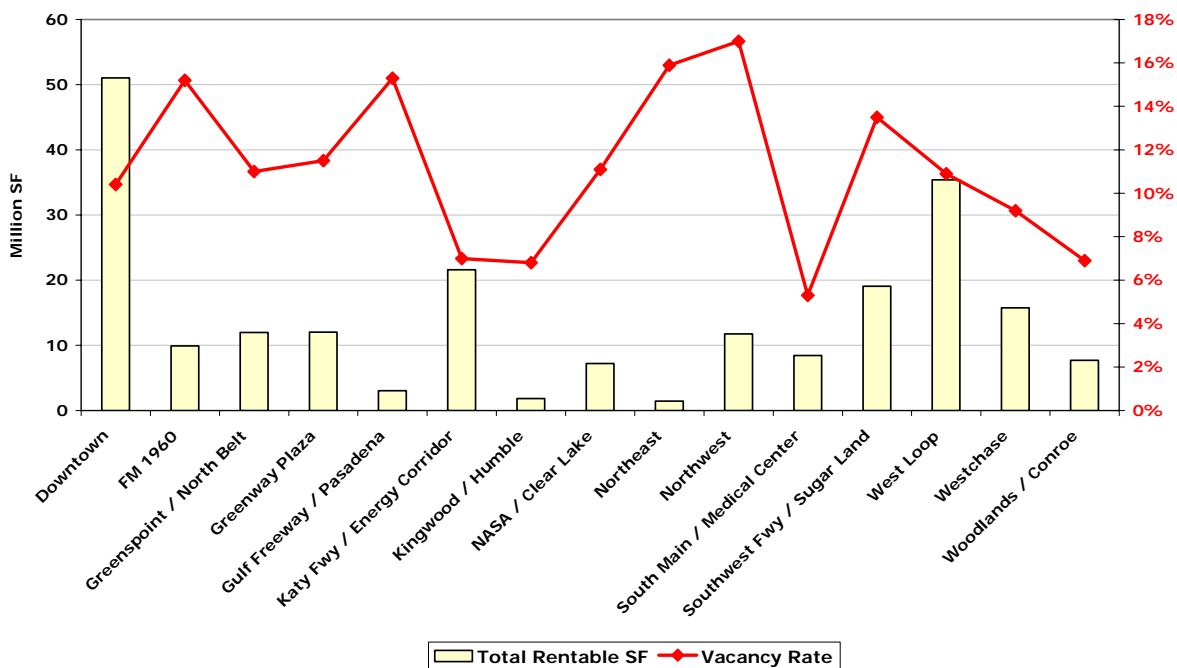
Source: Delta Associates

**Rent Rate Analysis of Class A & B Office Buildings - Year-End 2006**

Submarket	Average Asking Rent (\$'s/SF, GSF) at end of:				Annualized % Change (in percent)	
	2005		2006		2005-2006	
	Class A	Class B	Class A	Class B	Class A	Class B
Downtown	\$21.15	\$18.21	\$23.20	\$19.33	9.7%	6.2%
FM 1960	\$20.70	\$15.15	\$21.36	\$15.85	3.2%	4.6%
Greenspoint / North Belt	\$19.31	\$15.55	\$19.82	\$15.86	2.6%	2.0%
Greenway Plaza	\$20.35	\$17.43	\$20.72	\$17.81	1.8%	2.2%
Gulf Freeway / Pasadena	-	\$14.53	-	\$15.98	-	10.0%
Katy Fwy / Energy Corridor	\$21.31	\$16.31	\$23.12	\$17.01	8.5%	4.3%
Kingwood / Humble	-	\$16.98	-	\$17.20	-	1.3%
NASA / Clear Lake	\$19.90	\$16.37	\$20.12	\$16.66	1.1%	1.8%
Northeast	-	\$13.60	-	\$13.77	-	1.3%
Northwest	\$18.77	\$15.16	\$18.97	\$15.40	1.1%	1.6%
South Main / Medical Center	\$24.50	\$21.50	\$24.34	\$22.15	-0.7%	3.0%
Southwest Fwy / Sugar Land	\$19.21	\$14.47	\$19.44	\$15.01	1.2%	3.7%
West Loop	\$19.60	\$16.37	\$21.08	\$16.97	7.6%	3.6%
Westchase	\$21.50	\$16.80	\$22.12	\$17.36	2.9%	3.4%
Woodlands / Conroe	\$23.20	\$18.50	\$23.82	\$19.73	2.7%	6.7%
<b>Total - Houston</b>	<b>\$20.30</b>	<b>\$16.40</b>	<b>\$21.71</b>	<b>\$16.85</b>	<b>6.9%</b>	<b>2.7%</b>

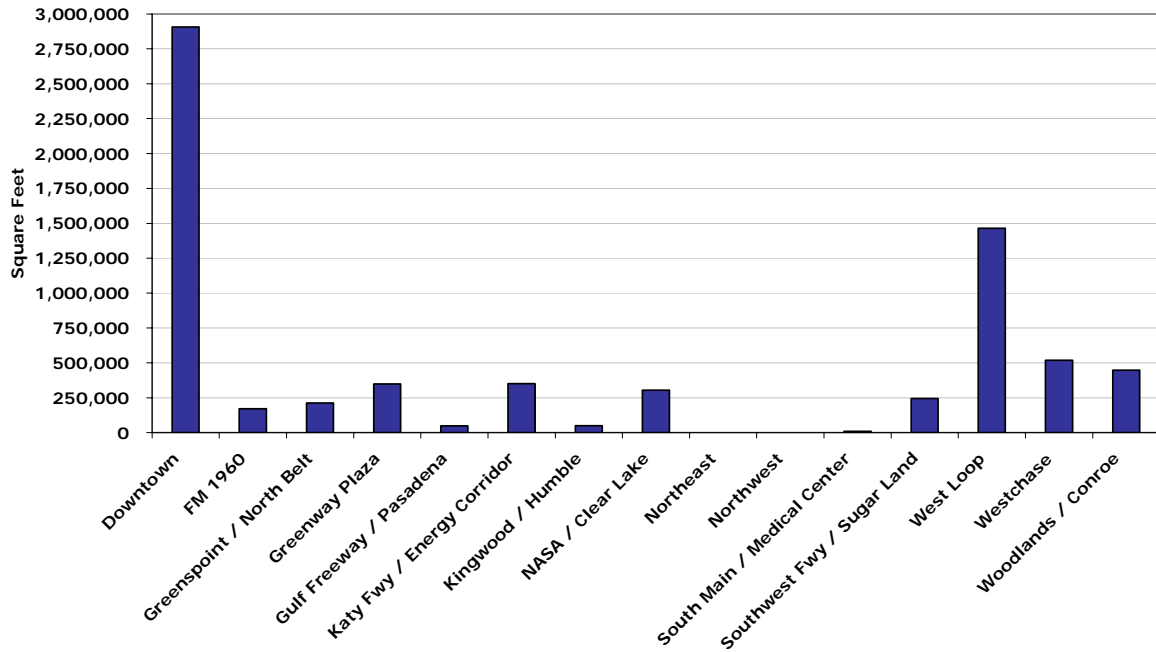
Source: Delta Associates

**Houston Office Market  
Year-End 2006**



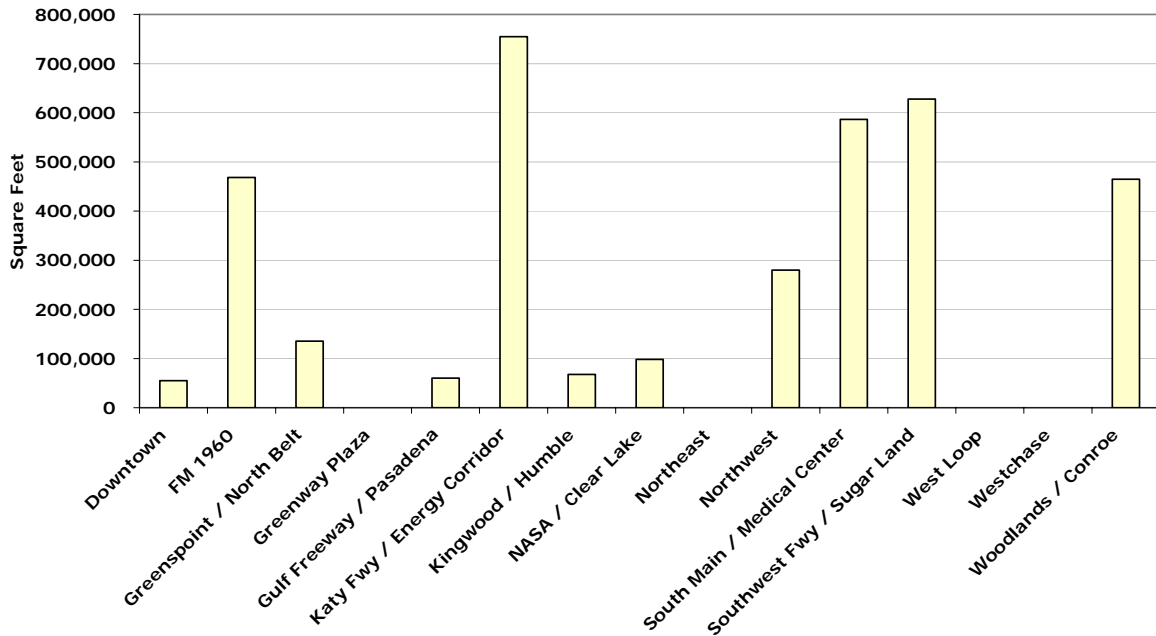
Source: Delta Associates

**Houston Office Market  
Net Absorption, Year-End 2006**



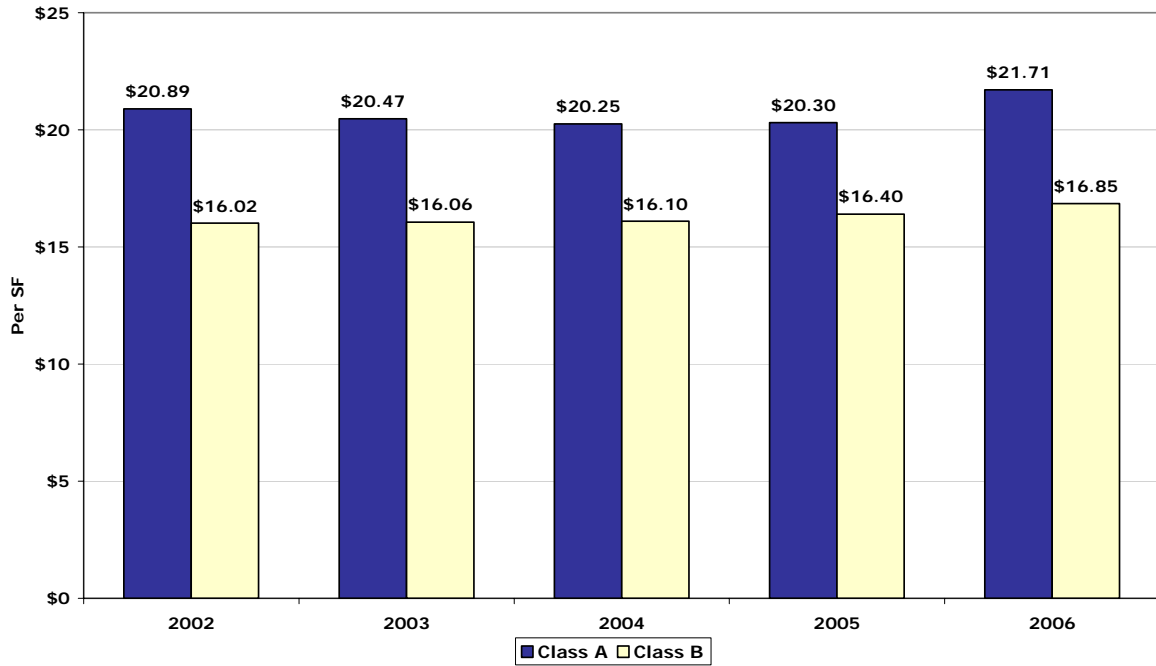
Source: Delta Associates

**Houston Office Market  
Under Construction, Year-End 2006**



Source: Delta Associates

**Rent Rate Analysis for Class A & B Office Buildings  
Houston Area**



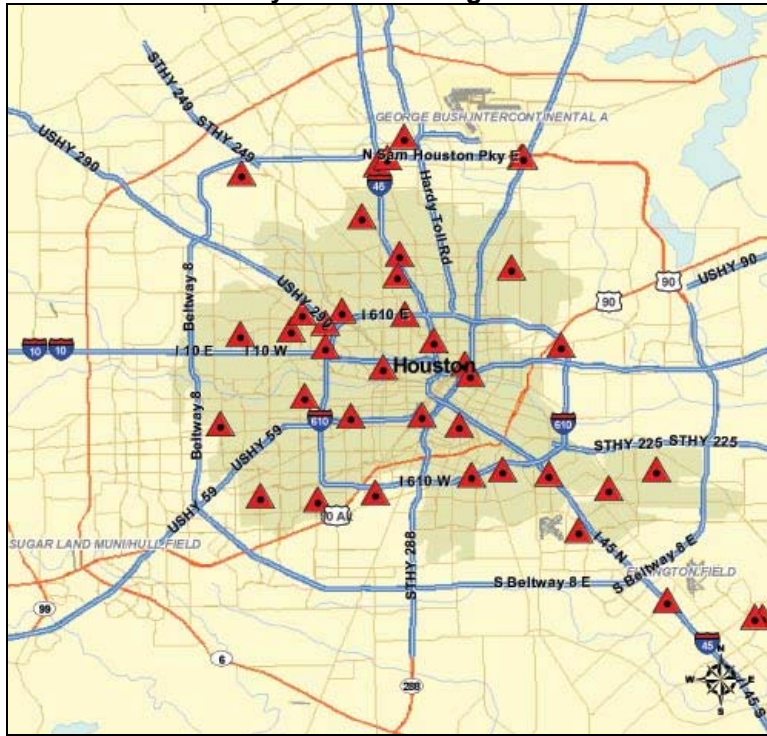
Source: Delta Associates

**Baytown Office Building Permits 2005\***



Baytown City Building Permit Office  
\* 2006 data not available as of April 15, 2007.

### Houston City Office Building Permits 2005\*



Houston City Building Permit Office  
\* 2006 data not available as of April 15, 2007.

### Sugar Land City Office Building Permits 2005\*



Sugar Land City Building Permit Office  
\* 2006 data not available as of April 15, 2007.

# Houston-Sugar Land-Baytown Market Overview 2007 Industrial

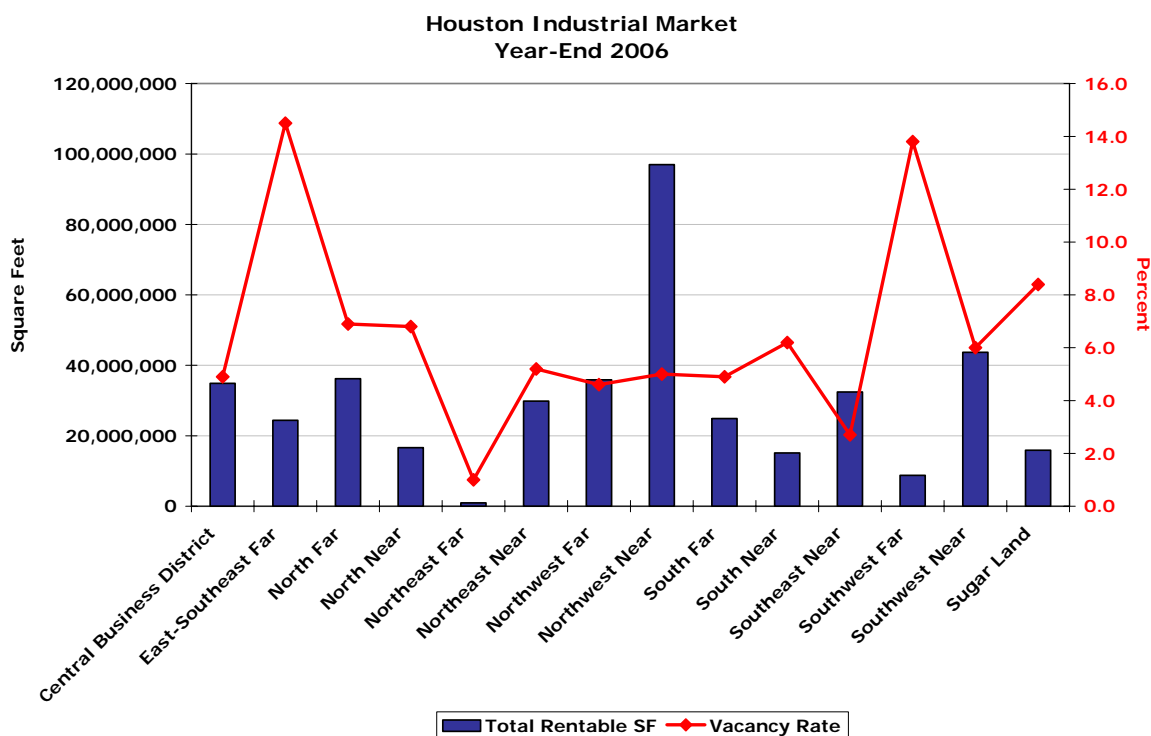
Summary of Industrial Market Indicators - All Space - Year-End 2006

Submarket	Total Rentable SF All Bldgs. <sup>1</sup>	SF Avail. Immediately All Bldgs. <sup>2</sup>	Direct Vacancy Rate (in percent)	Vacancy Rate w/Sublet (in percent)	SF Under Constr. or Renovation	Net Absorption (SF)
Central Business District	34,858,607	1,711,053	4.9	4.9	-	(493,000)
East-Southeast Far	24,412,454	3,541,640	14.5	14.5	905,373	(421,000)
North Far	36,213,168	2,510,231	6.9	6.9	1,341,669	1,440,000
North Near	16,590,796	1,136,369	6.8	7.0	64,974	(47,000)
Northeast Far	969,994	9,978	1.0	1.0	-	(10,000)
Northeast Near	29,837,417	1,541,950	5.2	5.4	60,000	(206,000)
Northwest Far	35,890,668	1,580,394	4.6	6.3	229,602	733,000
Northwest Near	96,964,824	4,842,174	5.0	5.3	277,580	2,602,000
South Far	24,905,919	1,223,430	4.9	10.1	291,274	692,000
South Near	15,124,194	932,504	6.2	6.2	-	(131,000)
Southeast Near	32,437,670	881,247	2.7	2.8	-	902,000
Southwest Far	8,773,155	1,209,741	13.8	13.8	72,000	(135,000)
Southwest Near	43,665,390	2,627,398	6.0	6.0	261,617	712,000
Sugar Land	15,911,074	1,331,578	8.4	9.0	-	(184,000)
<b>Total Houston</b>	<b>416,555,330</b>	<b>25,079,687</b>	<b>6.0</b>	<b>6.6</b>	<b>3,504,089</b>	<b>5,454,000</b>

<sup>1</sup> Does not include buildings under construction or buildings owned by the government.

<sup>2</sup> Does not include sublet space.

Source: Delta Associates



Source: Delta Associates





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