

Real Estate Market Overview 2007

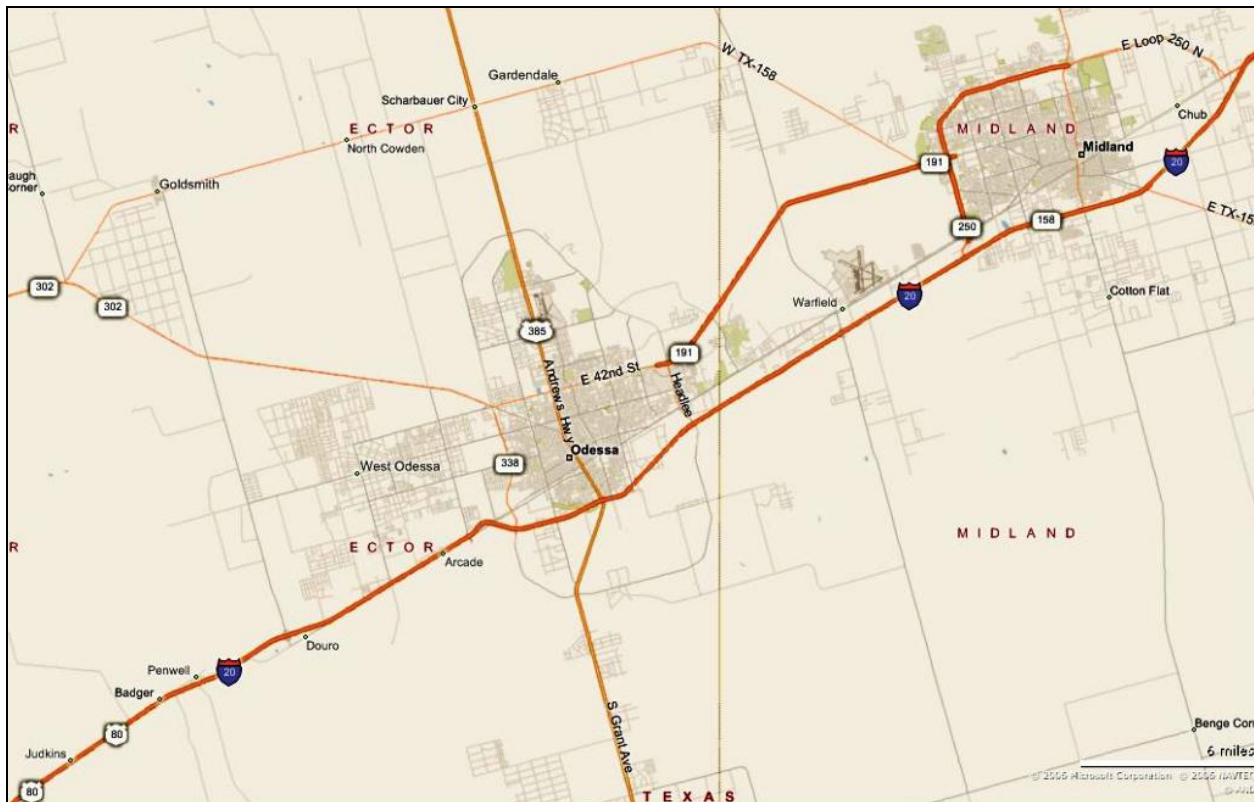
Odessa

The Odessa Metropolitan Statistical Area (MSA) consists of Ector County. The metropolitan area is located in the heart of the largest single source of oil and gas deposits in the United States and is heavily dependent on the oil and gas industry. Ector County has produced more than two billion barrels of oil since 1926. High school football fans will know that the book "Friday Night Lights" was about Odessa.

Quick Facts	
Land Area	901.06 square miles
2006 Population Density	141.5 people per square mile
Counties	Ector
Area Cities and Towns	
Gardendale, Goldsmith, Greenwood, Odessa, Notrees, Penwell, Pleasant Farms	

* 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



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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 | |

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Odessa Market Overview 2007 Demographics

Odessa MSA Population*

Year	Population	Percent Change
1996	121,519	-
1997	121,749	0.2
1998	123,544	1.5
1999	122,450	-0.9
2000	121,123	-1.1
2001	120,866	-0.2
2002	122,361	1.2
2003	122,948	0.5
2004	124,293	1.1
2005	125,339	0.8
2006	127,462	1.7

* July 1 population estimates

Source: U.S. Census Bureau

Area Cities With 10,000 or More Residents

City	1990 Population	2000 Population	Growth 1990 - 2000 (in percent)
Odessa	89,699	90,943	1.4

Source: U.S. Census Bureau

Texas Metropolitan Area Population* Change

Metropolitan Area	1996	2006	Percent Change
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
Houston-Sugar Land-Baytown	4,334,020	5,539,949	27.8
Brownsville-Harlingen	312,086	387,717	24.2
San Antonio	1,599,427	1,942,217	21.4
Texas	19,340,342	22,859,968	18.2
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

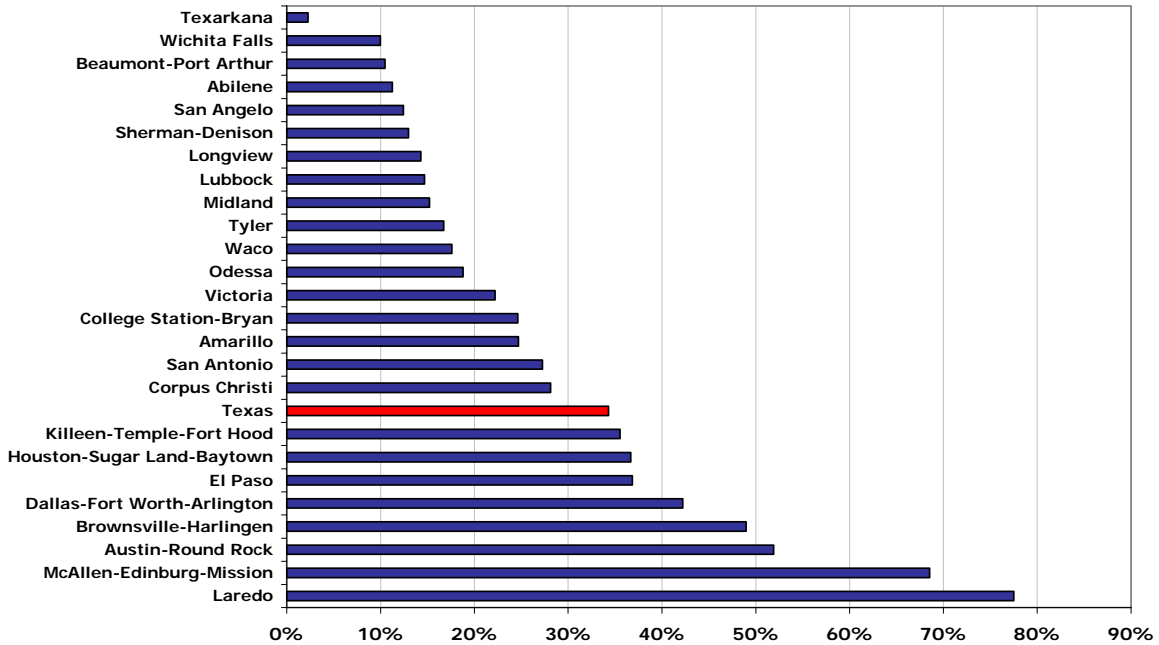
Source: U.S. Census Bureau

Odessa MSA Projected Population

Year	Texas State Data Center (Scenario 0.5)	Texas Water Development Board
2000	121,123	121,123
2005	126,619	-
2010	132,773	132,759
2015	138,705	-
2020	143,904	144,073
2025	148,864	-
2030	153,887	154,160
2035	158,779	-
2040	163,099	163,141

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

	Ector County	Texas
Average household size (2000)	2.72	2.74
Population younger than 18 (2000, in percent)	30.4	28.2
Population 65 and older (2000, in percent)	10.9	9.9

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

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

	Ector County	Texas
White	73.7	71.0
Black	4.6	11.5
Asian	0.6	2.7
American Indian	0.8	0.6
Other	17.4	11.7
Two or more races*	2.8	2.5
Hispanic (of any race)	42.4	32.0

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

Odessa Market Overview 2007 Education

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

County	High school graduate	Some college, no degree	Associate's degree	Bachelor's degree	Master's degree	Doctorate degree
Ector	26.8	23.8	5.4	8.6	2.3	0.2
Texas	24.8	22.4	5.2	15.6	5.2	0.8

Source: U.S. Census Bureau

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

Level of Education	Odessa-Midland	
	MSA	Texas
High School Graduate or Higher	73.5	79.2
Bachelor's Degree or Higher	18.4	23.9

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

Local College and University Enrollment, Fall Semester

School	2002	2003	2004	2005	2006
Odessa College	4,935	4,783	4,569	4,788	4,571
University of Texas of the Permian Basin	2,672	3,028	3,291	3,406	3,462

Source: Texas Higher Education Coordinating Board

Odessa Market Overview 2007 Employment

Odessa Top Ten Employers

Employer	Sector	Employees
Ector County I.S.D.	Public education	3,398
Medical Center Hospital	Health care	1,610
Wal-Mart SuperCenter	Retail	980
City of Odessa	Government	870
Odessa College	Education	650
Halliburton Services	Oil & Gas	640
Ector County	Government	625
Telvista, Inc.	Customer service	575
Holloman Construction	Oil field construction	550
Saulsbury Companies	Electrical, computers & construction	545

Source: Odessa Development Corporation Aug-2006

Odessa MSA Nonfarm Employment

Year	Employment	Percent Change
1996	48,100	-
1997	50,000	4.0
1998	53,300	6.6
1999	49,000	-8.1
2000	49,900	1.8
2001	51,100	2.4
2002	51,100	0.0
2003	51,300	0.4
2004	52,000	1.4
2005	53,400	2.7
2006	57,400	7.5

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

Employment Growth by Industry

	Odessa MSA	Texas
Employment Growth 2006 (Percent Change)	7.5	3.3
Unemployment Rate 2006 (Percent Change)	3.9	4.9
Net Job Change in 2006	4,000	318,300
<u>2006 Employment Growth by Sector (Percent Change)</u>		
Natural Resources and Mining and Construction	25.6	7.5
Manufacturing	8.3	3.2
Trade, Transportation, and Utilities	4.8	2.5
Information	14.3	-0.4
Financial Activities	4.3	2.6
Professional and Business Services	2.6	6.0
Educational and Health Services	1.9	2.8
Leisure and Hospitality	5.5	3.9
Government	1.1	1.7

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

Texas Metropolitan Area Nonfarm Employment Change

Metropolitan Area	1996	2006	Percent Change
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
Houston-Sugar Land-Baytown	1,981,700	2,446,000	23.4
Texas	8,257,900	10,053,300	21.7
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

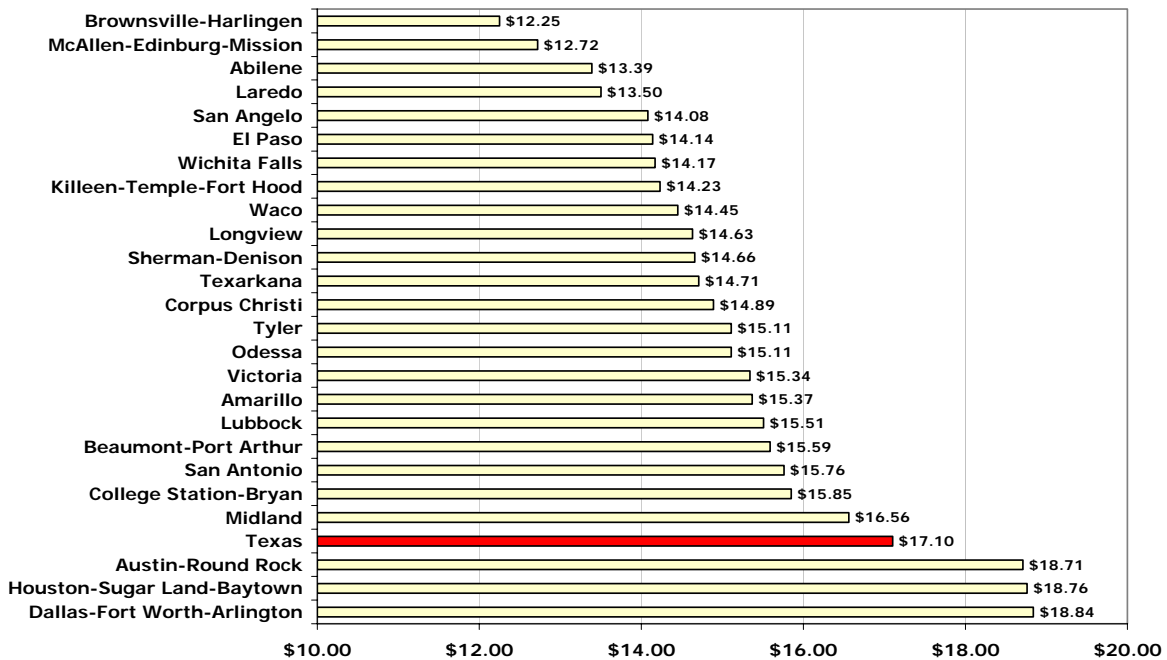
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

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



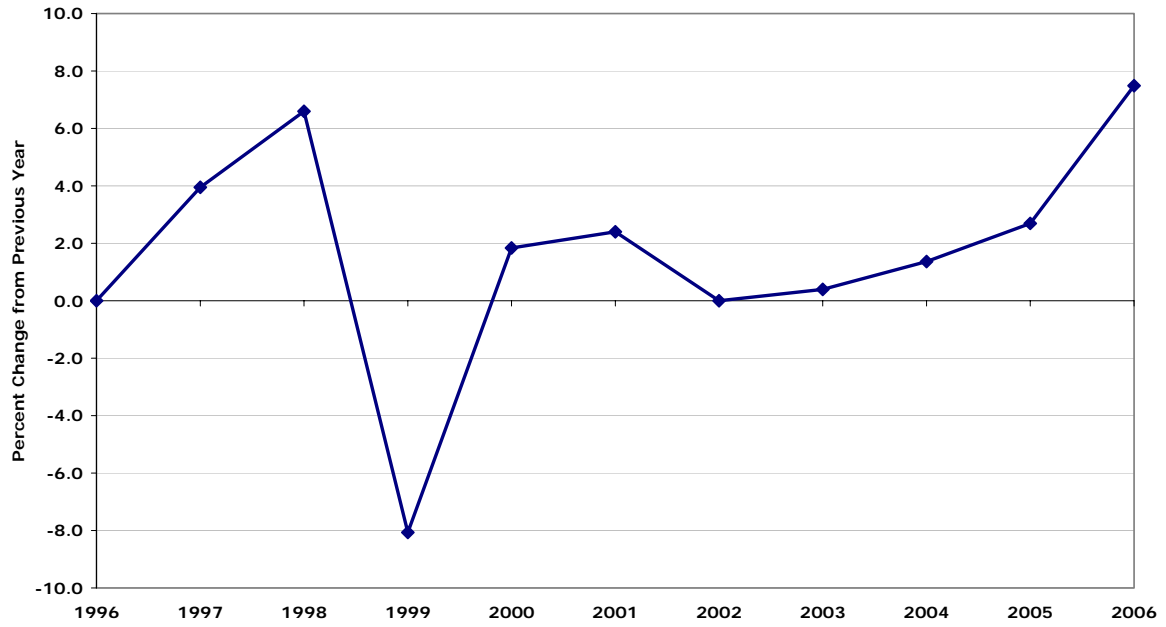
Source: Texas Workforce Commission and Real Estate Center

**Average Hourly Wage
2005**



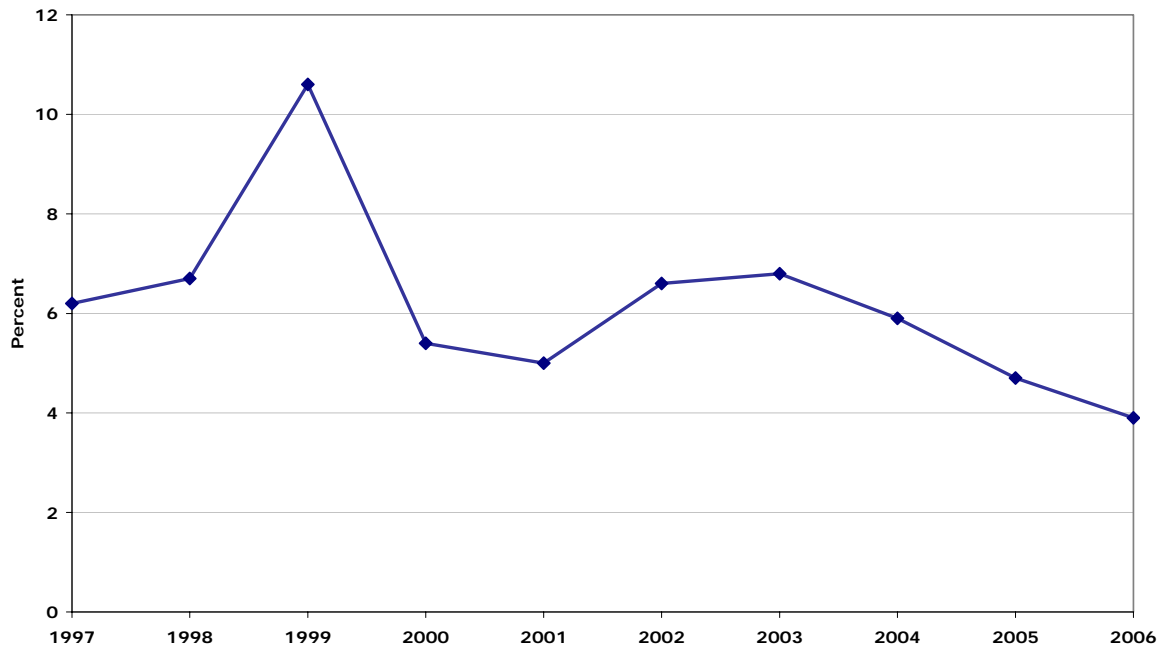
Source: Texas Workforce Commission

**Nonfarm Employment Growth
Odessa MSA**



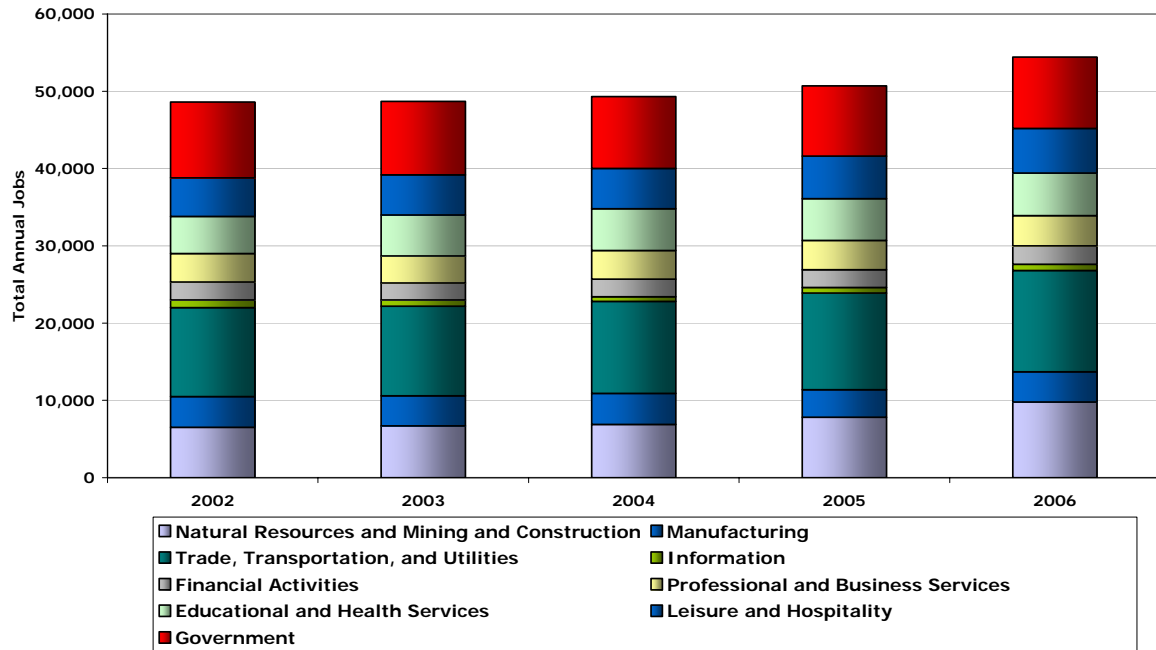
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Odessa MSA
Unemployment Rate**



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

Distribution of Employment in Major Categories
 Odessa MSA



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

Odessa Market Overview 2007 Economy

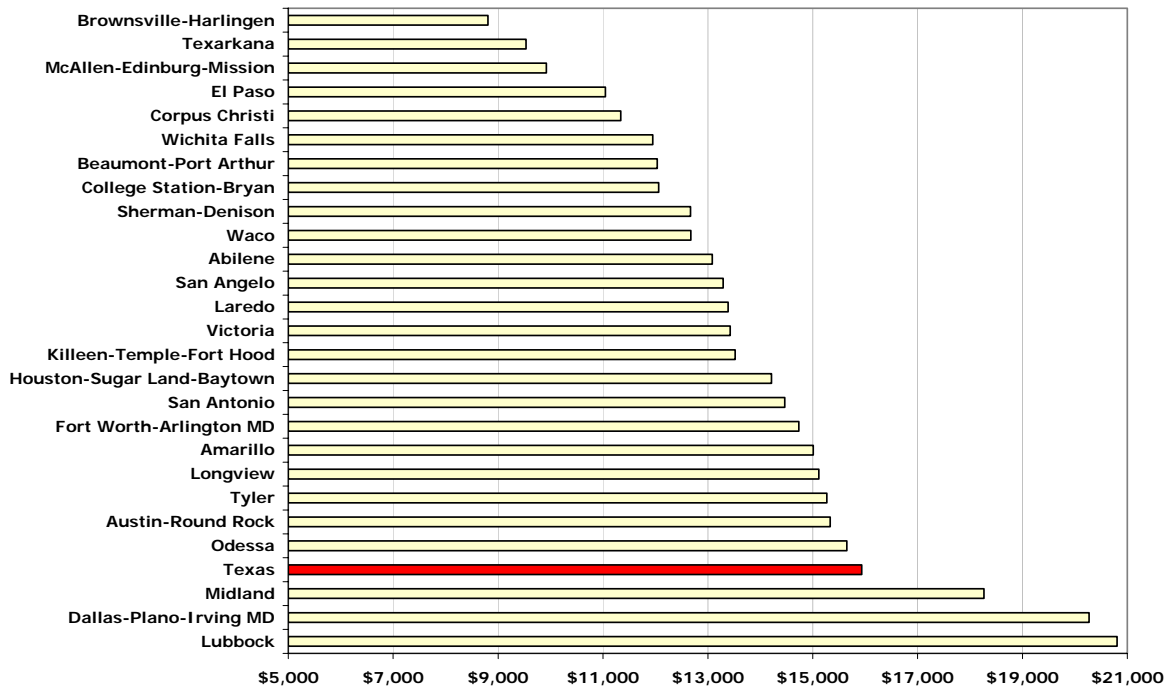
Odessa MSA Gross Retail Sales

Year	Total Sales	Sales per Capita
1995	\$1,165,519,524	#N/A
1996	\$1,210,790,323	\$9,964
1997	\$1,324,726,377	\$10,881
1998	\$1,335,075,505	\$10,806
1999	\$1,305,096,621	\$10,658
2000	\$1,425,344,239	\$11,768
2001	\$1,576,728,511	\$13,045
2002	\$1,490,069,454	\$12,178
2003	\$1,600,295,326	\$13,016
2004	\$1,689,738,390	\$13,595
2005	\$1,961,628,636	\$15,651
State Average 2005:		\$15,935

* 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

Odessa Market Overview 2007 Infrastructure

Midland Airline Boardings

Midland International Airport	2002	2003	2004	2005	2006
Enplaned	406,406	394,367	414,522	446,937	473,851
Deplaned	403,766	392,746	415,965	445,893	469,207
Total	810,172	787,113	830,487	892,830	943,058

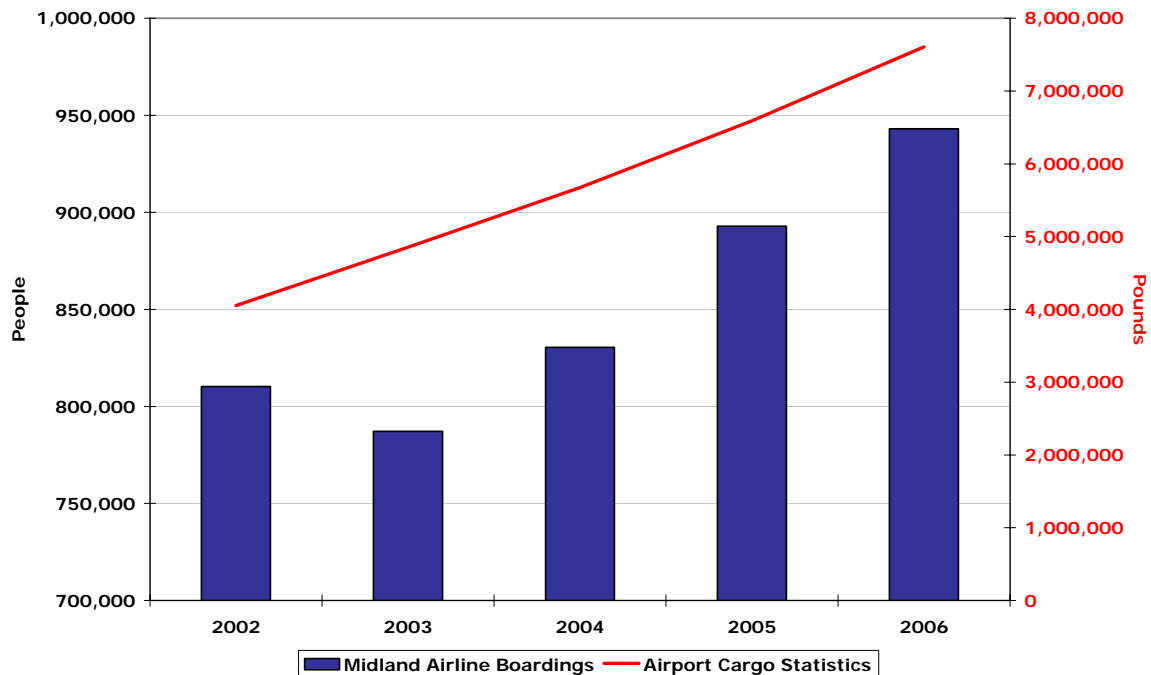
Source: Midland International Airport

Airport Cargo Statistics (in pounds)

Midland International Airport	2002	2003	2004	2005	2006
Enplaned	1,612,250	2,047,900	2,453,540	2,757,216	3,122,293
Deplaned	2,440,892	2,805,301	3,221,278	3,834,982	4,484,639
Total	4,053,142	4,853,201	5,674,818	6,592,198	7,606,932

Source: Midland International Airport

Midland Airline Boardings and Cargo Statistics Totals



Source: Midland International Airport

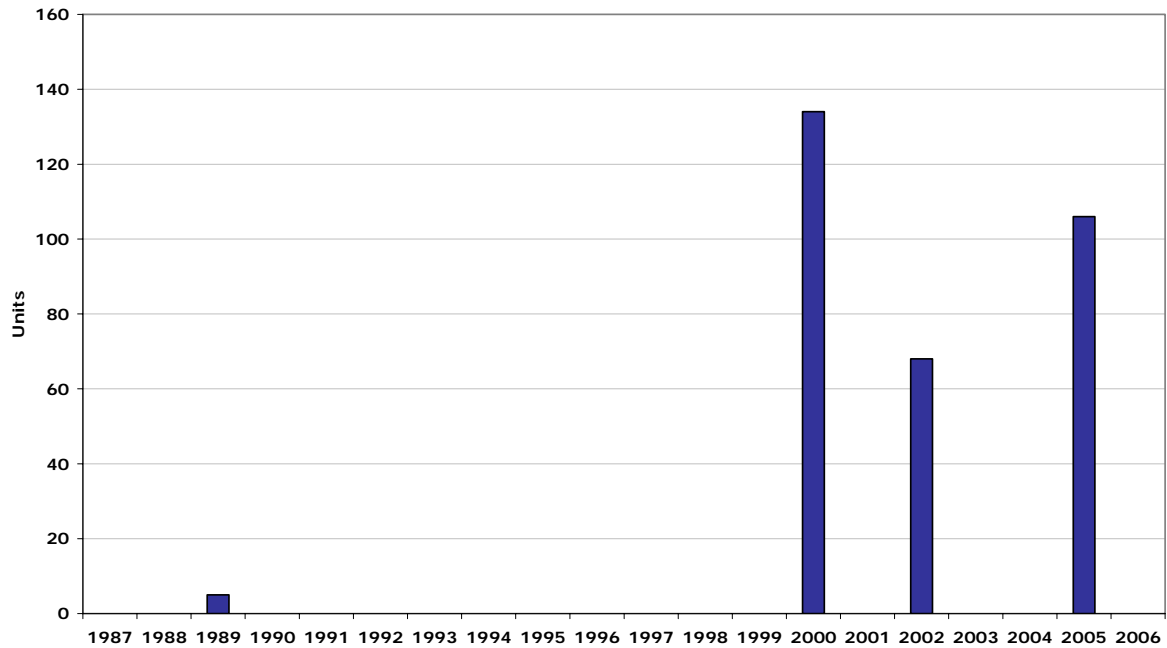
Odessa Market Overview 2007 Multifamily

Odessa/Permian Basin Apartment Statistics 2006

	Odessa/ Permian Basin	Texas Metro Average
Average rent per square foot	\$0.55	\$0.77
Average rent for units built since 2000	\$0.49	\$0.86
Average occupancy	96.7%	92.8%
Average occupancy for units built since 2000	91.0%	94.1%

Source: Apartment MarketData Research

**Odessa-Midland
Multifamily Building Permits
5+ Multifamily Building Permits**



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

Odessa 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**
Odessa-Midland	\$108,400	\$26,667	\$0	0.00	0.00
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.

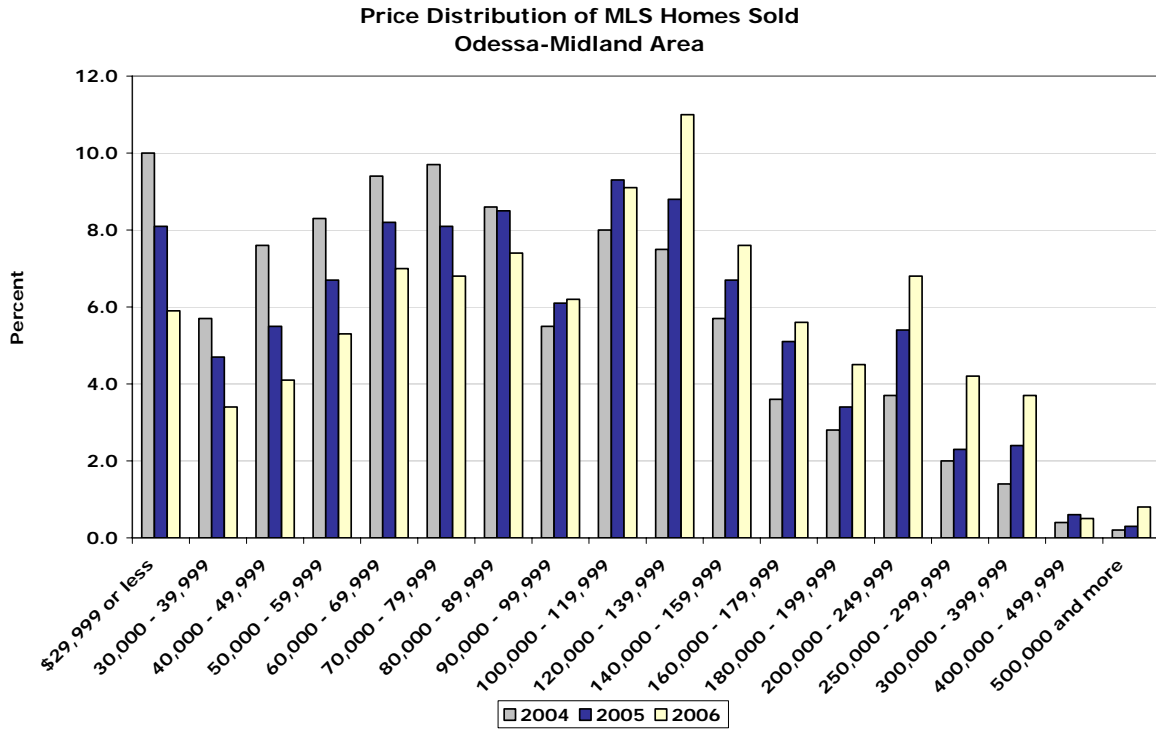
Source: Real Estate Center at Texas A&M University

Price Distribution of MLS Homes Sold, Odessa-Midland Area (in percent)

Price Range	2000	2001	2002	2003	2004	2005	2006
\$29,999 or less	14.6	12.9	13.9	12.9	10.0	8.1	5.9
30,000 - 39,999	9.0	7.7	8.1	6.1	5.7	4.7	3.4
40,000 - 49,999	9.2	9.2	8.1	7.3	7.6	5.5	4.1
50,000 - 59,999	8.7	9.3	9.1	8.0	8.3	6.7	5.3
60,000 - 69,999	9.6	9.5	9.4	9.2	9.4	8.2	7.0
70,000 - 79,999	9.7	10.2	9.0	9.2	9.7	8.1	6.8
80,000 - 89,999	7.0	7.0	8.7	8.1	8.6	8.5	7.4
90,000 - 99,999	4.7	5.4	4.7	5.9	5.5	6.1	6.2
100,000 - 119,999	7.3	7.8	7.8	8.4	8.0	9.3	9.1
120,000 - 139,999	6.9	6.6	6.5	6.7	7.5	8.8	11.0
140,000 - 159,999	4.1	4.0	4.0	4.9	5.7	6.7	7.6
160,000 - 179,999	2.8	2.3	2.3	3.1	3.6	5.1	5.6
180,000 - 199,999	1.8	2.3	2.2	2.4	2.8	3.4	4.5
200,000 - 249,999	2.6	2.6	3.2	3.9	3.7	5.4	6.8
250,000 - 299,999	1.0	1.5	1.7	2.0	2.0	2.3	4.2
300,000 - 399,999	0.5	1.3	1.0	1.1	1.4	2.4	3.7
400,000 - 499,999	0.2	0.3	0.1	0.4	0.4	0.6	0.5
500,000 and more	0.2	0.1	0.1	0.3	0.2	0.3	0.8

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

Source: Real Estate Center at Texas A&M University



Source: Real Estate Center at Texas A&M University

**Property Tax Rate, 2006
County, Major City, Major School District**

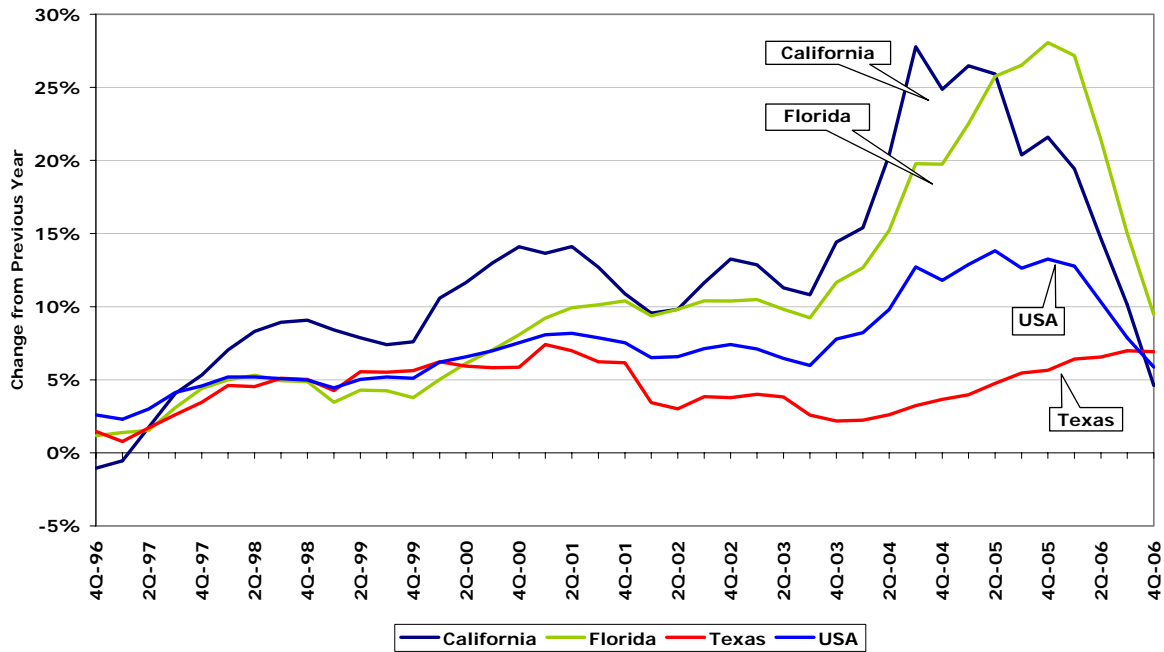
Taxing Entity*	Tax Rate per \$100 Valuation
City of Odessa	0.63
Ector County ISD	1.36
Ector County	0.42
Total	\$2.41

* 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. See following link for a more complete list:
<http://www.ectorcad.org/taxrates.html>

Source: Ector County Appraisal District

National Home Price Appreciation

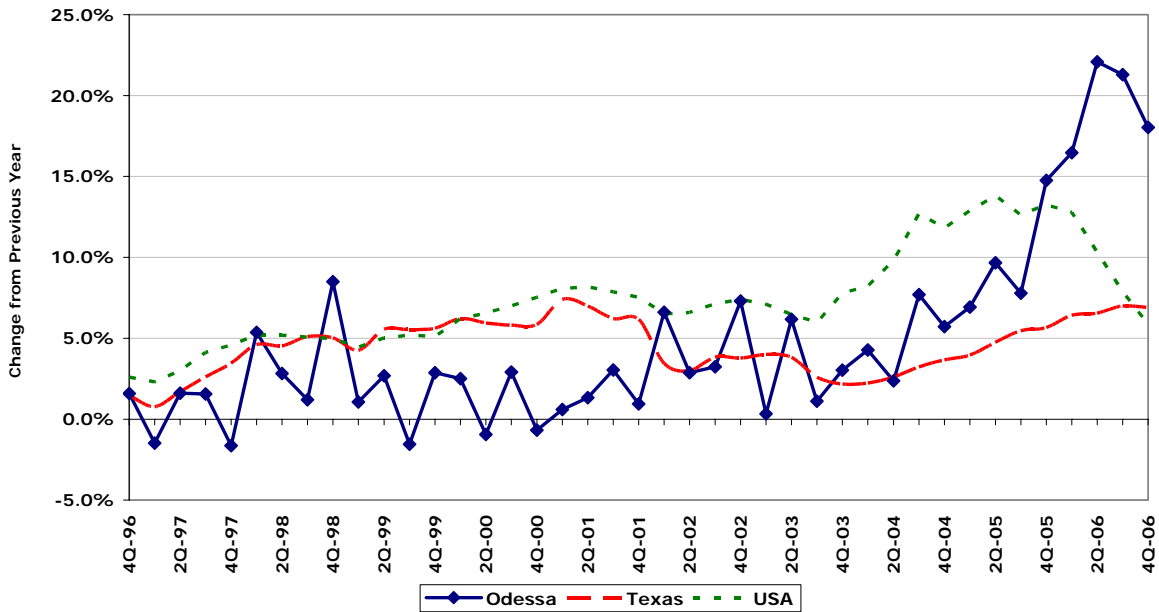
The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae.



Source: Office of Federal Housing Enterprise Oversight

Home Price Appreciation Odessa 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
Odessa, TX

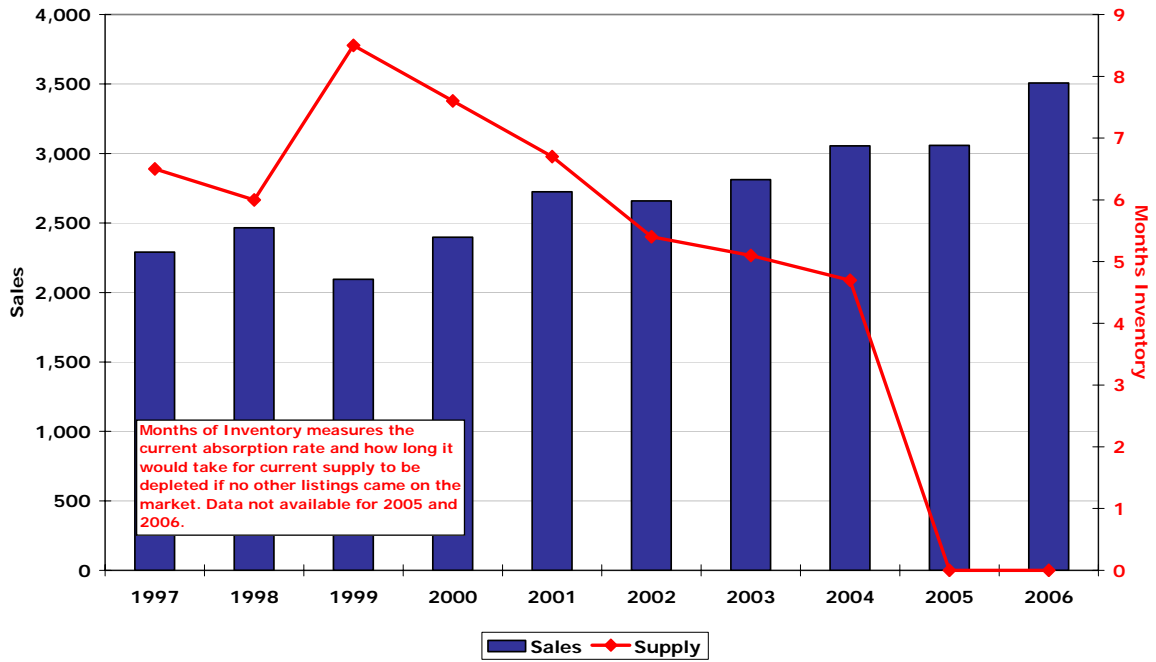
2005 Occupied Housing Unit Characteristics

Housing Unit Characteristics	Odessa 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	32,951	12,117	45,068	5,162,604	2,815,491	7,978,095
Household Size						
1-person household	20.7%	37.8%	25.3%	19.1%	35.0%	24.7%
2-person household	30.8%	26.5%	29.6%	34.2%	25.8%	31.2%
3-person household	17.0%	16.5%	16.8%	17.2%	16.0%	16.8%
4-or-more-person household	31.5%	19.3%	28.2%	29.5%	23.2%	27.3%
Race and Hispanic or Latino Origin of Householder						
One Race						
White	81.5%	81.3%	81.4%	79.0%	66.2%	74.5%
Black or African American	3.1%	7.8%	4.3%	8.2%	17.9%	11.6%
American Indian and Alaska Native	0.9%	0.5%	0.8%	0.5%	0.6%	0.6%
Asian	-	-	0.4%	2.9%	3.1%	3.0%
Native Hawaiian and Other Pacific Islander	-	-	0.0%	0.0%	0.1%	0.0%
Some other race	12.9%	10.0%	12.1%	8.3%	10.8%	9.2%
Two or more races	-	-	1.0%	1.0%	1.4%	1.2%
Age of Householder						
Under 35 years	20.2%	42.0%	26.1%	14.4%	46.3%	25.6%
35 to 44 years	18.8%	23.2%	20.0%	21.9%	21.4%	21.7%
45 to 54 years	23.8%	14.4%	21.3%	24.1%	15.4%	21.0%
55 to 64 years	16.0%	11.1%	14.7%	18.1%	8.3%	14.7%
65 to 74 years	12.4%	2.8%	9.8%	11.9%	4.2%	9.2%
75 to 84 years	6.1%	3.5%	5.4%	7.6%	3.1%	6.1%
85 years and over	2.6%	3.0%	2.7%	2.0%	1.3%	1.8%
Units in Structure						
1, detached	79.5%	34.1%	67.3%	87.5%	28.3%	66.6%
1, attached	1.3%	0.8%	1.1%	2.3%	3.6%	2.8%
2 apartments	0.6%	4.7%	1.7%	0.3%	4.9%	1.9%
3 or 4 apartments	0.0%	5.6%	1.5%	0.4%	8.8%	3.3%
5 to 9 apartments	0.0%	22.4%	6.0%	0.3%	13.8%	5.1%
10 or more apartments	0.5%	25.6%	7.2%	0.7%	35.1%	12.9%
Mobile home or other type of housing	18.1%	6.7%	15.0%	8.5%	5.6%	7.5%
Year Structure Built						
2000 or later	3.9%	5.2%	4.2%	13.7%	10.9%	12.7%
1990 to 1999	9.2%	3.7%	7.8%	18.6%	14.8%	17.2%
1980 to 1989	16.8%	29.9%	20.3%	18.7%	22.5%	20.1%
1960 to 1979	33.0%	34.3%	33.3%	28.7%	35.0%	30.9%
1940 to 1959	35.0%	22.2%	31.6%	15.4%	12.4%	14.3%
1939 or earlier	2.1%	4.6%	2.8%	4.9%	4.5%	4.8%
Bedrooms						
No bedroom	0.3%	1.3%	0.5%	0.2%	1.5%	0.6%
1 bedroom	2.7%	36.7%	11.9%	2.1%	32.6%	12.9%
2 or 3 bedrooms	81.4%	61.4%	76.0%	70.8%	61.7%	67.6%
4 or more bedrooms	15.6%	0.6%	11.5%	26.8%	4.2%	18.9%
Annual Household Income and Housing Costs*						
Median household income (dollars)	\$41,892	\$22,237	\$35,978	\$54,610	\$26,782	\$42,139
Annual Median Housing Costs (dollars)	\$6,252	\$6,264	\$6,288	\$10,536	\$8,052	\$9,108
Housing Costs as a percentage of household income	14.9%	28.2%	17.5%	19.3%	30.1%	21.6%

* in 2005 inflation-adjusted dollars

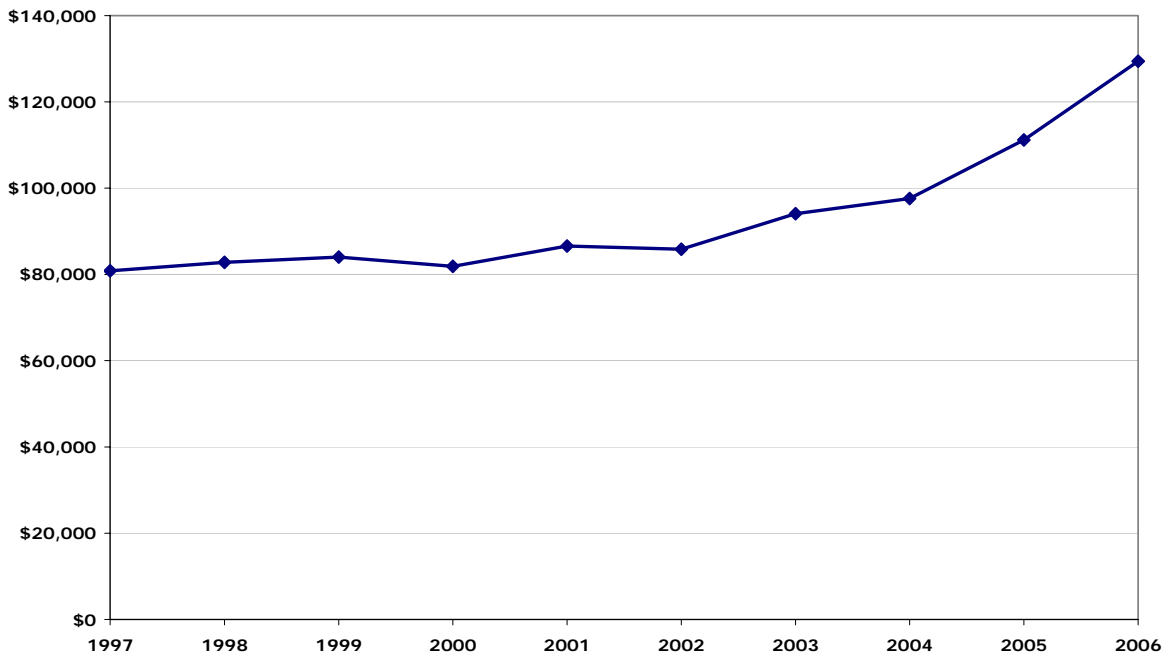
Source: U.S. Census Bureau 2005 and Real Estate Center at Texas A&M University

Yearly Homes Sales and Months Inventory
Odessa-Midland MLS



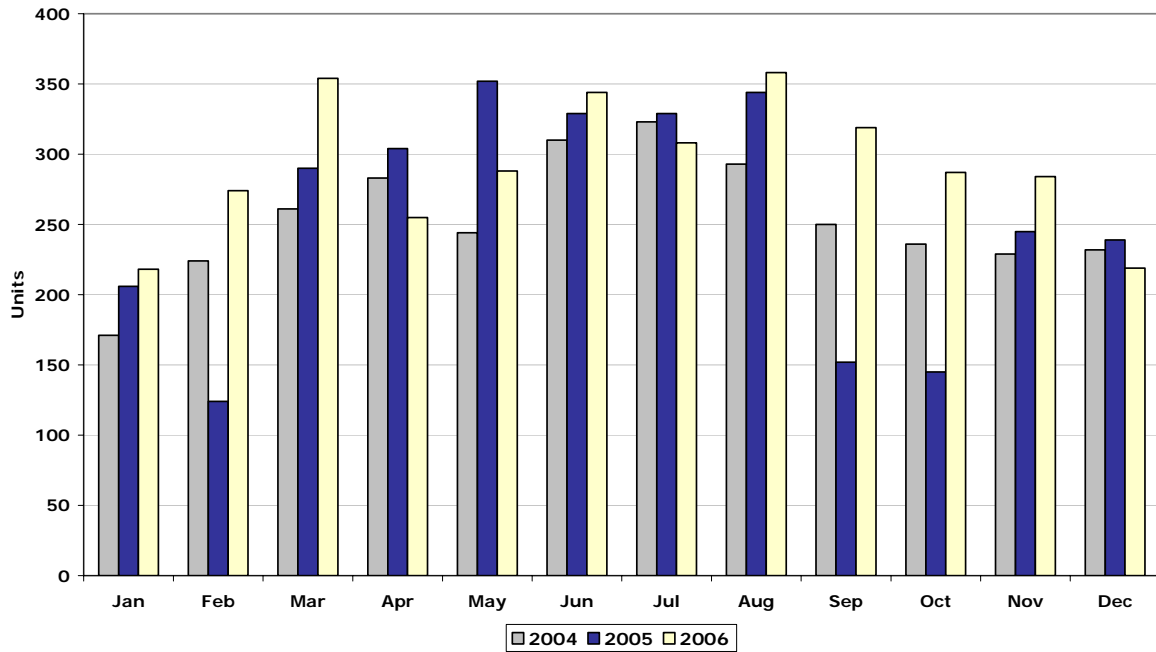
Source: Real Estate Center at Texas A&M University

Average Sales Price
Odessa-Midland MLS



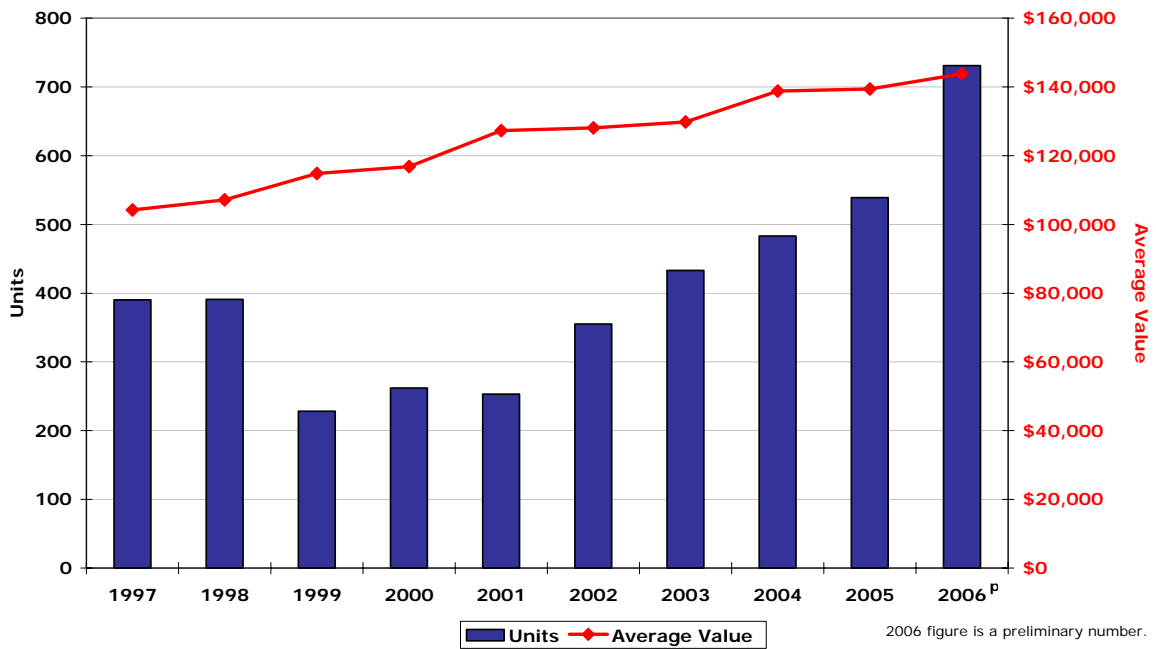
Source: Real Estate Center at Texas A&M University

Single-Family Homes Sales Volume
Odessa-Midland



Source: Real Estate Center at Texas A&M University

Single-Family Building Permits and Average Value
Odessa-Midland



2006 figure is a preliminary number.

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

Odessa Market Overview 2007 Hotel

Hotel* Occupancy and Rental Rates

	2005		2006	
	Odessa	Texas	Odessa	Texas
# Rooms 000's	1.6	333.6	1.7	341
Average daily rate	\$57.04	\$74.38	\$63.47	\$80.82
Occupancy rate (in percent)	59.3	59.9	69.3	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



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