

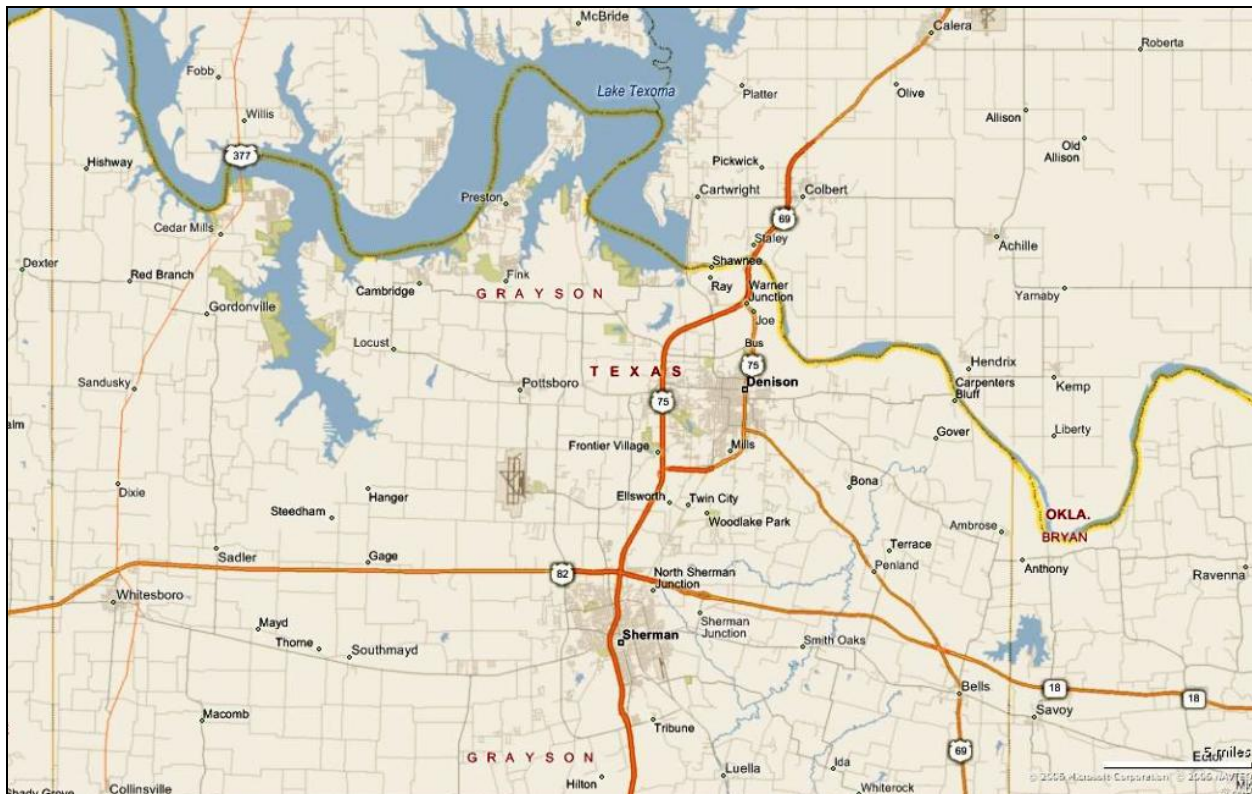
Real Estate Market Overview 2007

Sherman - Denison

The Sherman-Denison Metropolitan Statistical Area (MSA) is located on U.S. 75 along the Texas-Oklahoma border. Sherman, 30 miles from the Oklahoma border and 66 miles from Dallas, is named after General Sidney Sherman, commander of the Republic of Texas cavalry at the Battle of San Jacinto, who was credited with first saying, "Remember the Alamo!" Denison is four miles from the Oklahoma border and 75 miles north of Dallas. The city has been designated a Texas Main Street City by the Texas Historical Commission and is the birthplace of President Dwight D. Eisenhower.

Quick Facts	
Land Area	933.51 square miles
2006 Population Density	126.9 people per square mile
Counties	Grayson
Area Cities and Towns	
Ambrose, Denison, Luella, Pottsboro, Sherman, Southmayd, Tom Bean, Whitesboro, Whitewright	

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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Sherman-Denison Market Overview 2007 Demographics

Sherman-Denison MSA Population*

Year	Population	Percent Change
1996	102,993	-
1997	105,122	2.1
1998	107,020	1.8
1999	109,173	2.0
2000	110,595	1.3
2001	112,537	1.8
2002	113,642	1.0
2003	114,984	1.2
2004	115,855	0.8
2005	116,834	0.8
2006	118,478	1.4

* 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)
Denison	21,505	22,773	5.9
Sherman	31,601	35,082	11.0

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

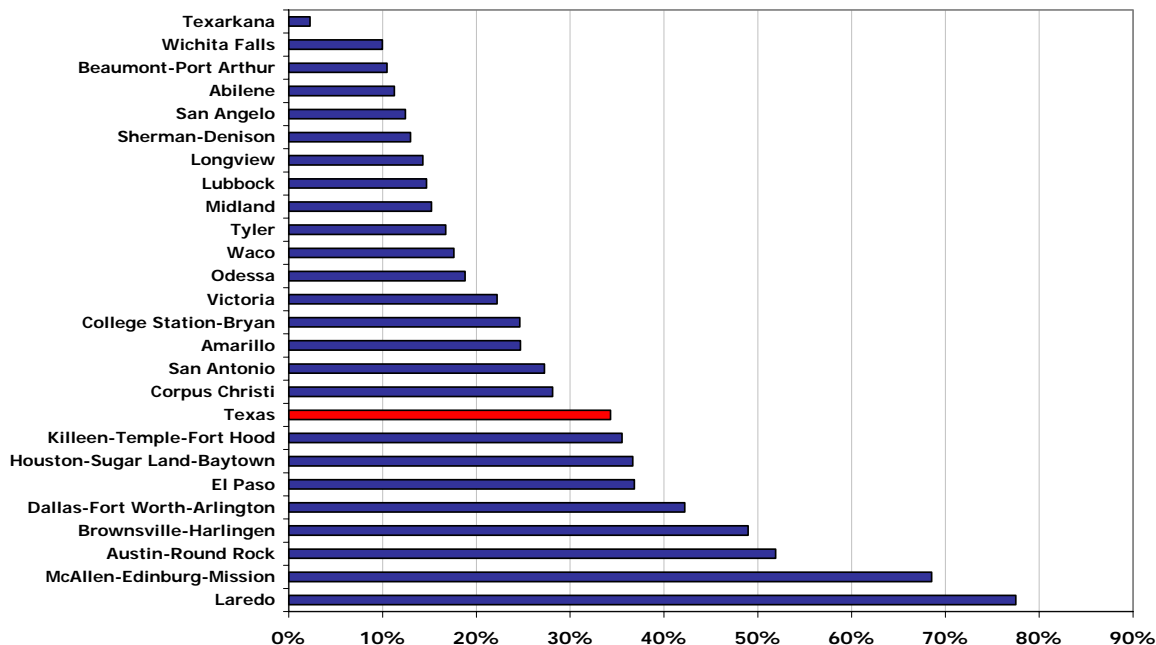
Source: U.S. Census Bureau

Sherman-Denison MSA Projected Population

Year	Texas State Data Center (Scenario 0.5)	Texas Water Development Board
2000	110,595	110,595
2005	114,129	-
2010	117,995	133,913
2015	121,782	-
2020	124,968	163,711
2025	127,578	-
2030	129,795	188,537
2035	131,716	-
2040	133,317	208,936

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

	Sherman-Denison MSA	Texas
Average household size (2000)	2.51	2.74
Population younger than 18 (2000, in percent)	25.3	28.2
Population 65 and older (2000, in percent)	15.1	9.9

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

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

	Sherman-Denison MSA	Texas
White	87.2	71.0
Black	5.9	11.5
Asian	0.6	2.7
American Indian	1.3	0.6
Other	2.9	11.7
Two or more races*	2.1	2.5
Hispanic (of any race)	6.8	32.0

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

Sherman-Denison 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
Grayson	30.0	25.4	7.6	11.3	4.1	0.7
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	Sherman-Denison MSA	Texas
High School Graduate or Higher	80.2	79.2
Bachelor's Degree or Higher	17.2	23.9

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

Local College and University Enrollment, Fall Semester

School	2002	2003	2004	2005	2006
Austin College	1,323	1,361	1,366	1,370	1,354
Grayson County College	3,498	3,837	3,869	3,715	3,775

Source: Texas Higher Education Coordinating Board

Sherman-Denison Market Overview 2007 Employment

Top Ten Employers

Employer	Sector	Employees
Tyson Foods	Meat processing and distribution	1,600
Wilson N. Jones Regional Health System	Health care services	1,200
Texoma Health Care System	Health care services	1,163
Texas Instruments	Semiconductors and defense electronics	1,100
Sherman Independent School District	Public schools	945
Connect General, A Cigna Co.	Insurance claims processing	940
Denison Independent School District	Public schools	605
Kwikset Corporation	Door Locks	530
Trailblazer Healthcare Enterprises	Insurance claims processing	485
Grayson County	Government agency	450

Source: Denison Development Alliance and Grayson Manufactures Nov-2006

Top Private Employers

Employer	Sector	Employees
Tyson Foods	Meat processing and distribution	1,600
Wilson N. Jones Regional Health System	Health care services	1,200
Texoma Health Care System	Health care services	1,163
Texas Instruments	Semiconductors and defense electronics	1,100
Connect General, A Cigna Co.	Insurance claims processing	940
Kwikset Corporation	Door Locks	530
Trailblazer Healthcare Enterprises	Insurance claims processing	485
Ruiz Foods	EI Monterey frozen foods	423
B-Line Systems	Cable trays and electrical enclosures	380
MEMC Southwest	Silicon wafer products	375

Source: Denison Development Alliance and Grayson Manufactures Nov-2006

Sherman-Denison MSA Nonfarm Employment

Year	Employment	Percent Change
1996	42,000	-
1997	43,900	4.5
1998	44,300	0.9
1999	45,100	1.8
2000	45,900	1.8
2001	44,800	-2.4
2002	44,100	-1.6
2003	43,600	-1.1
2004	43,600	0.0
2005	43,800	0.5
2006	44,500	1.6

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

Employment Growth by Industry

	Sherman - Denison MSA	Texas
Employment Growth 2006 (Percent Change)	1.6	3.3
Unemployment Rate 2006 (Percent Change)	4.9	4.9
Net Job Change in 2006	700	318,300
2006 Employment Growth by Sector (Percent Change)		
Natural Resources and Mining and Construction	0.0	7.5
Manufacturing	1.6	3.2
Trade, Transportation, and Utilities	4.8	2.5
Information	0.0	-0.4
Financial Activities	-3.7	2.6
Professional and Business Services	-3.7	6.0
Educational and Health Services	-3.6	2.8
Leisure and Hospitality	4.8	3.9
Government	6.5	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

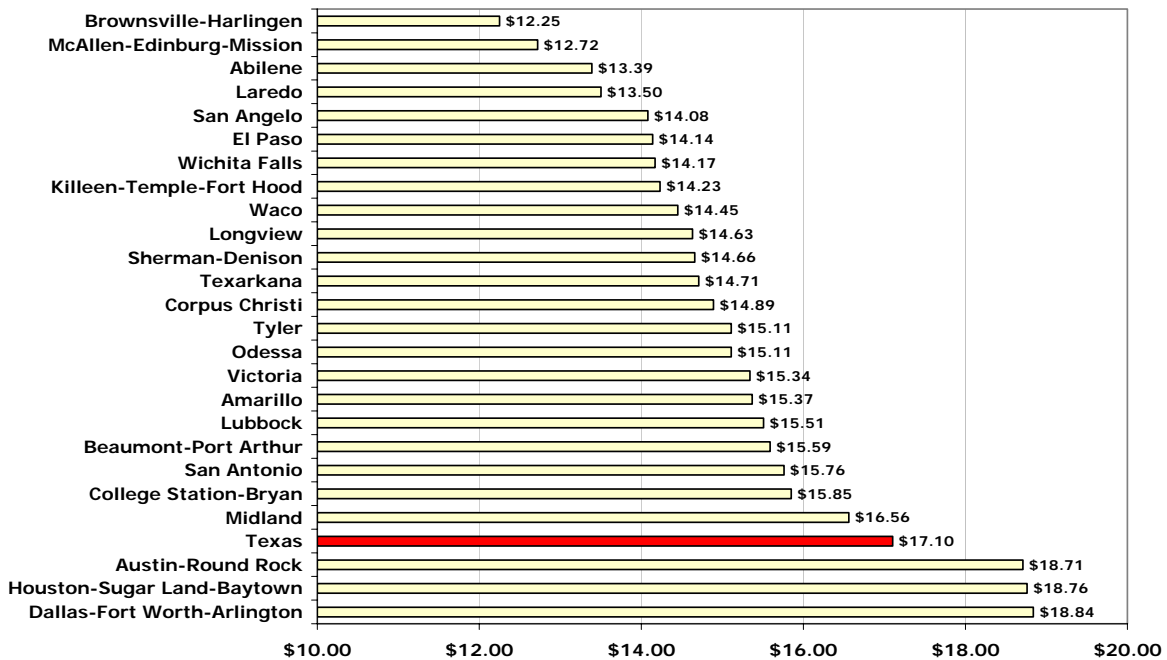
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

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



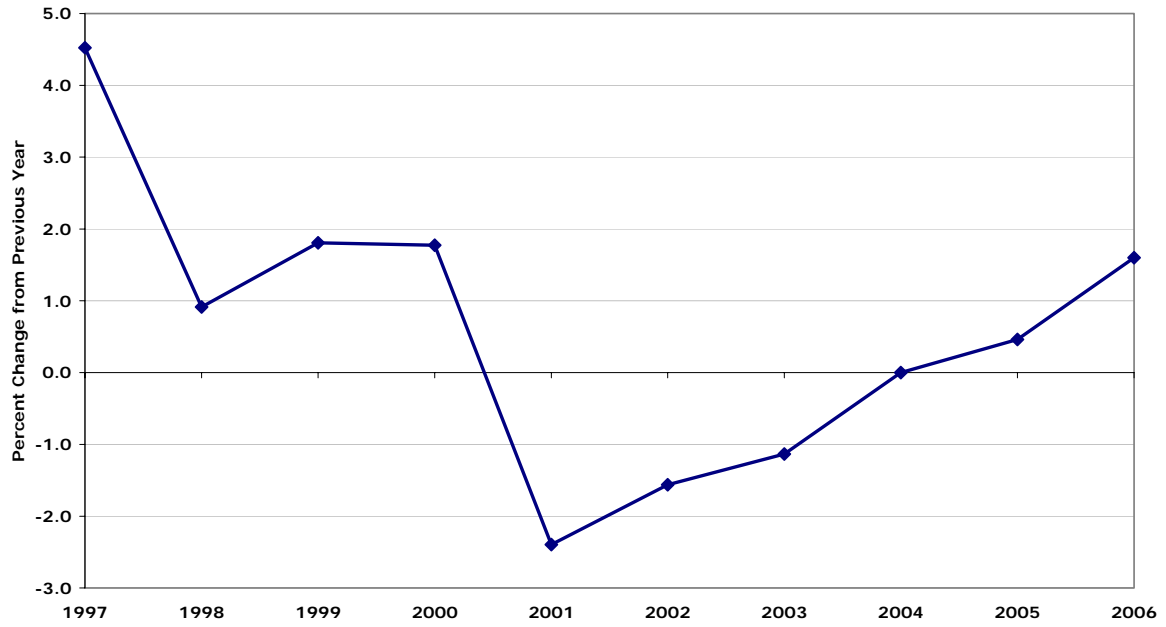
Source: Texas Workforce Commission and Real Estate Center

**Average Hourly Wage
 2005**



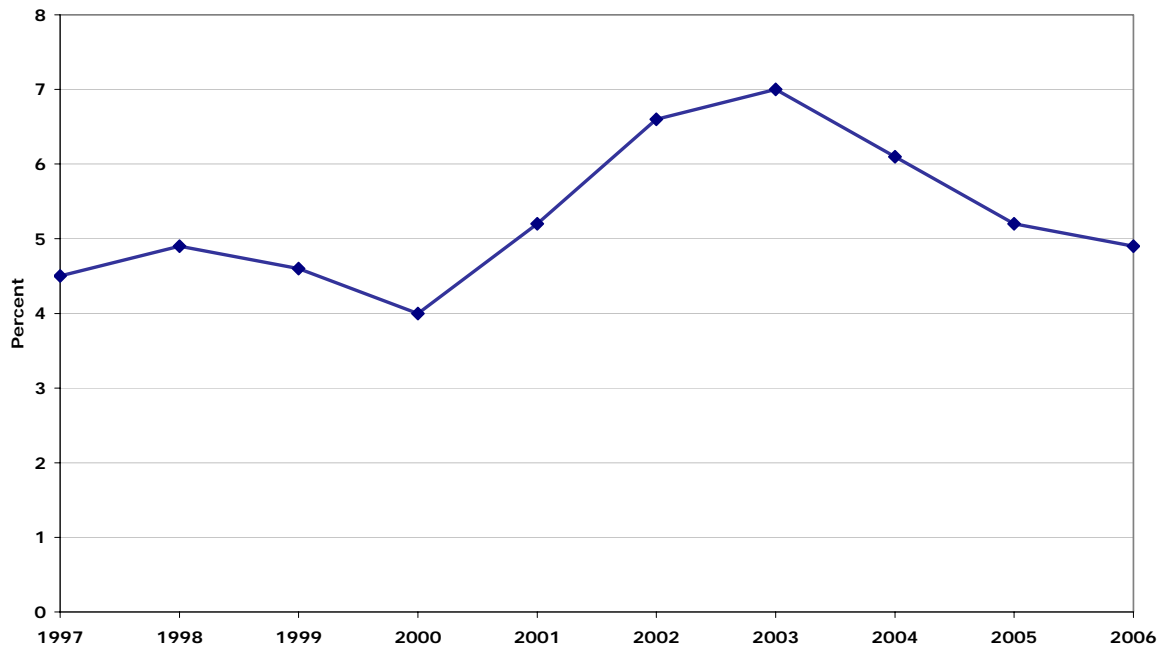
Source: Texas Workforce Commission

Nonfarm Employment Growth Sherman-Denison MSA



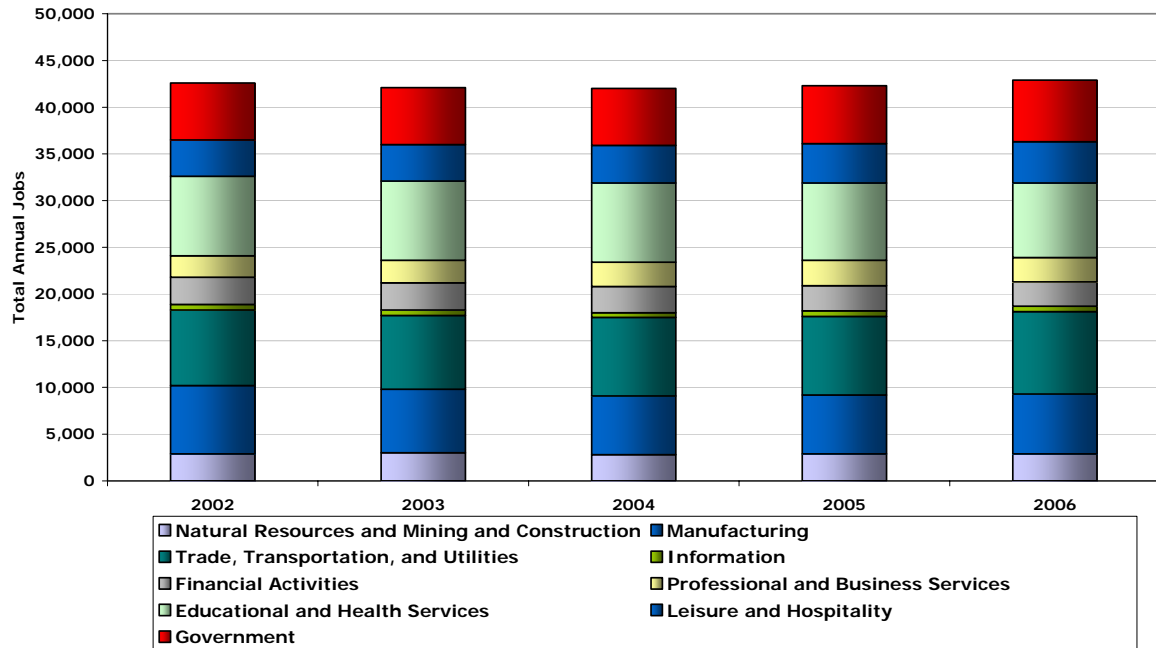
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

Sherman-Denison MSA Unemployment Rate



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

**Distribution of Employment in Major Categories
 Sherman-Denison MSA**



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

Sherman-Denison Market Overview 2007 Economy

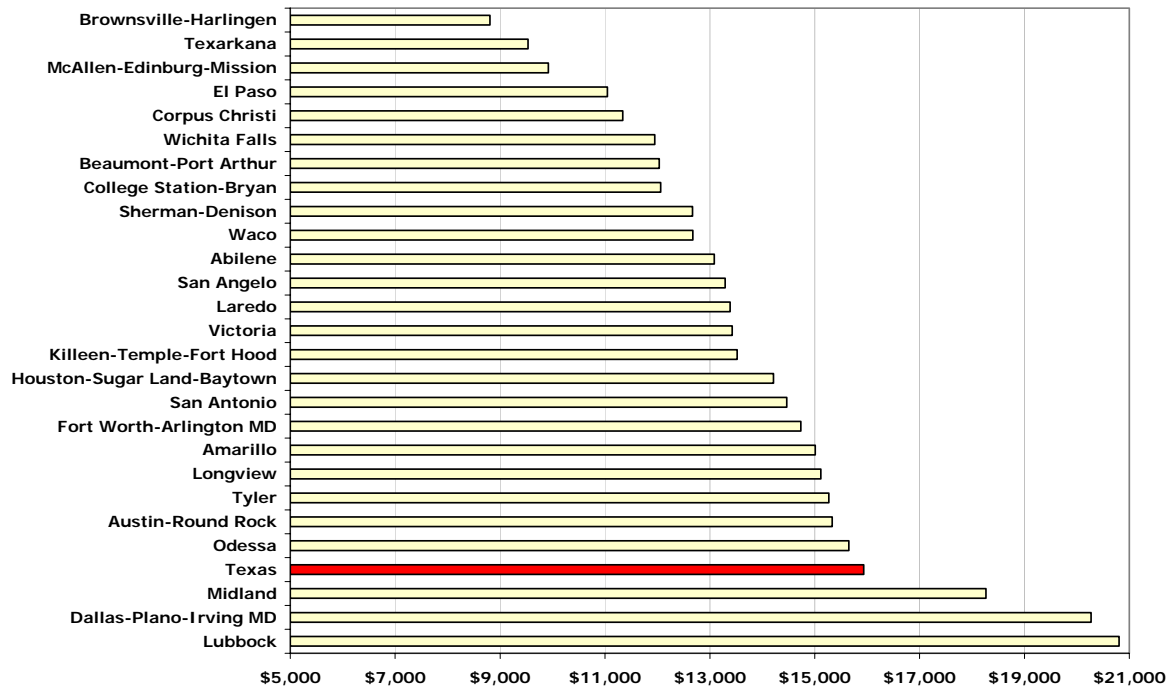
Sherman-Denison MSA Gross Retail Sales

Year	Total Sales	Sales per Capita
1995	\$989,137,091	#N/A
1996	\$1,076,989,508	\$10,457
1997	\$1,017,073,074	\$9,675
1998	\$1,015,053,912	\$9,485
1999	\$1,145,649,031	\$10,494
2000	\$1,256,021,683	\$11,357
2001	\$1,315,319,485	\$11,688
2002	\$1,286,962,817	\$11,325
2003	\$1,317,667,098	\$11,460
2004	\$1,420,226,094	\$12,259
2005	\$1,480,045,273	\$12,668
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

Sherman-Denison Market Overview 2007

Public Facilities

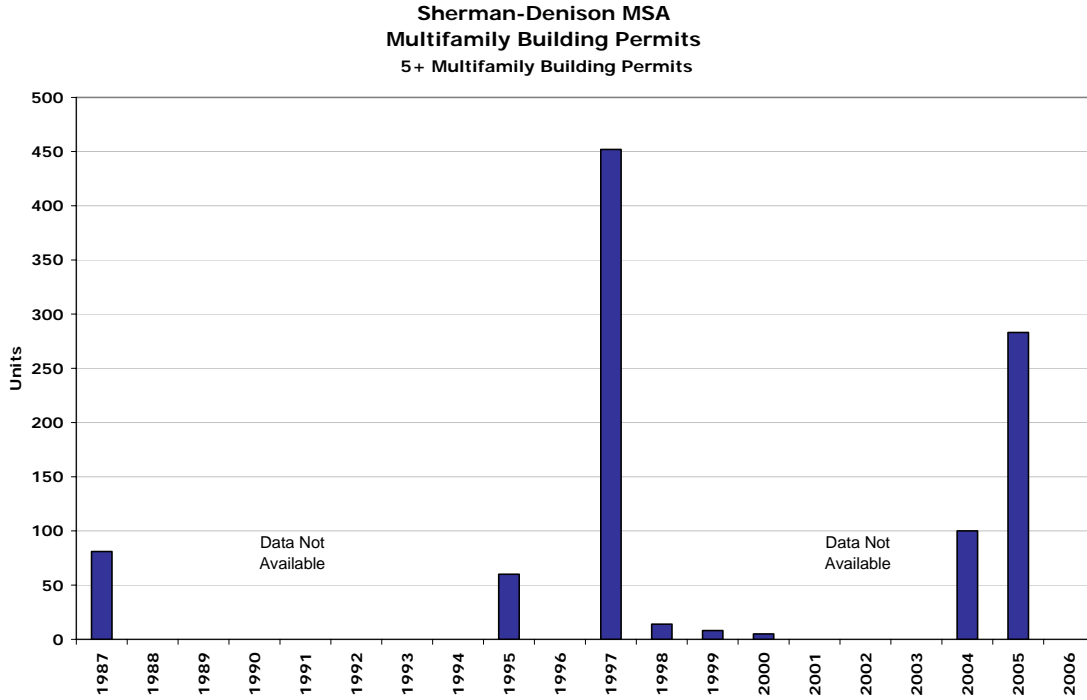
Sherman City Public Facilities Building Permits 2005*



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

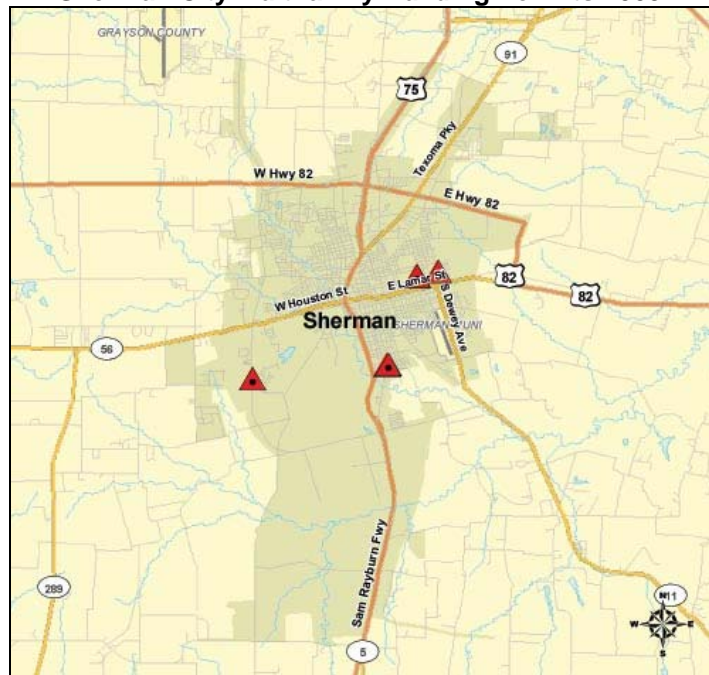
Sherman-Denison Market Overview 2007

Multifamily



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

Sherman City Multifamily Building Permits 2005*



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

Sherman-Denison 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**
Sherman-Denison	\$97,400	\$23,665	\$53,100	2.24	1.66
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, Sherman-Denison Area (in percent)

Price Range	2000	2001	2002	2003	2004	2005	2006
\$29,999 or less	11.3	10.2	8.2	9.5	8.4	8.1	6.3
30,000 - 39,999	8.2	5.9	5.4	5.9	5.7	4.0	4.2
40,000 - 49,999	8.4	7.3	6.6	6.4	5.6	4.7	6.6
50,000 - 59,999	8.9	7.2	6.7	6.5	6.7	7.5	6.1
60,000 - 69,999	8.0	8.6	10.7	7.6	6.6	8.4	7.3
70,000 - 79,999	8.4	8.7	6.6	8.6	6.8	7.3	6.5
80,000 - 89,999	6.2	7.4	7.9	7.7	10.3	7.3	8.3
90,000 - 99,999	8.0	6.5	7.3	5.9	6.9	6.3	6.3
100,000 - 119,999	11.2	10.1	10.6	10.8	11.5	10.3	10.0
120,000 - 139,999	6.8	11.0	8.6	9.9	9.7	10.8	10.4
140,000 - 159,999	4.5	5.9	7.1	6.2	6.3	6.0	6.5
160,000 - 179,999	4.1	3.3	5.1	5.4	4.0	5.8	5.3
180,000 - 199,999	2.0	2.6	2.4	2.8	2.7	3.2	3.9
200,000 - 249,999	1.9	3.0	3.5	2.6	4.3	4.6	5.4
250,000 - 299,999	0.9	0.9	1.3	2.0	1.8	2.5	2.4
300,000 - 399,999	0.9	0.8	1.0	1.2	1.6	1.9	2.9
400,000 - 499,999	0.1	0.4	0.4	0.7	0.6	0.6	0.7
500,000 and more	0.1	0.4	0.6	0.4	0.5	0.5	0.8

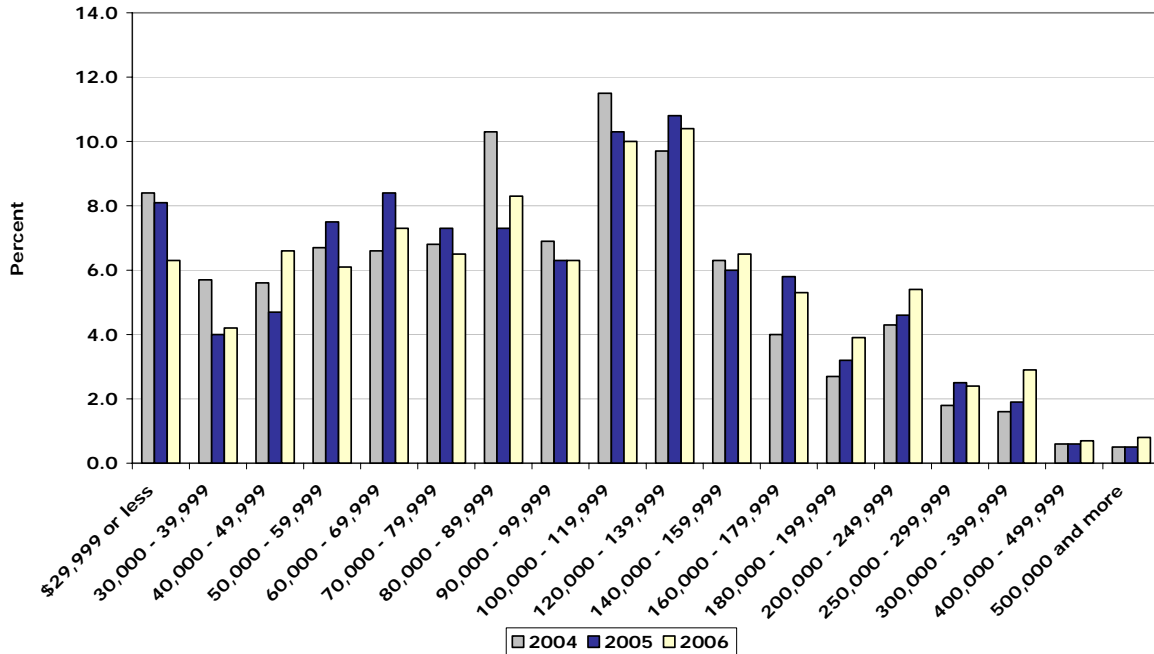
Source: Real Estate Center at Texas A&M University

Existing Home Sales, 2006

Grayson County	Q3	Q4
Total Sales	412	327
Average Sales Price	\$134,800	\$115,300
Days on Market	95	98

Source: North Texas Real Estate Information System

**Price Distribution of MLS Homes Sold
 Sherman-Denison Area**



Source: Real Estate Center at Texas A&M University

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

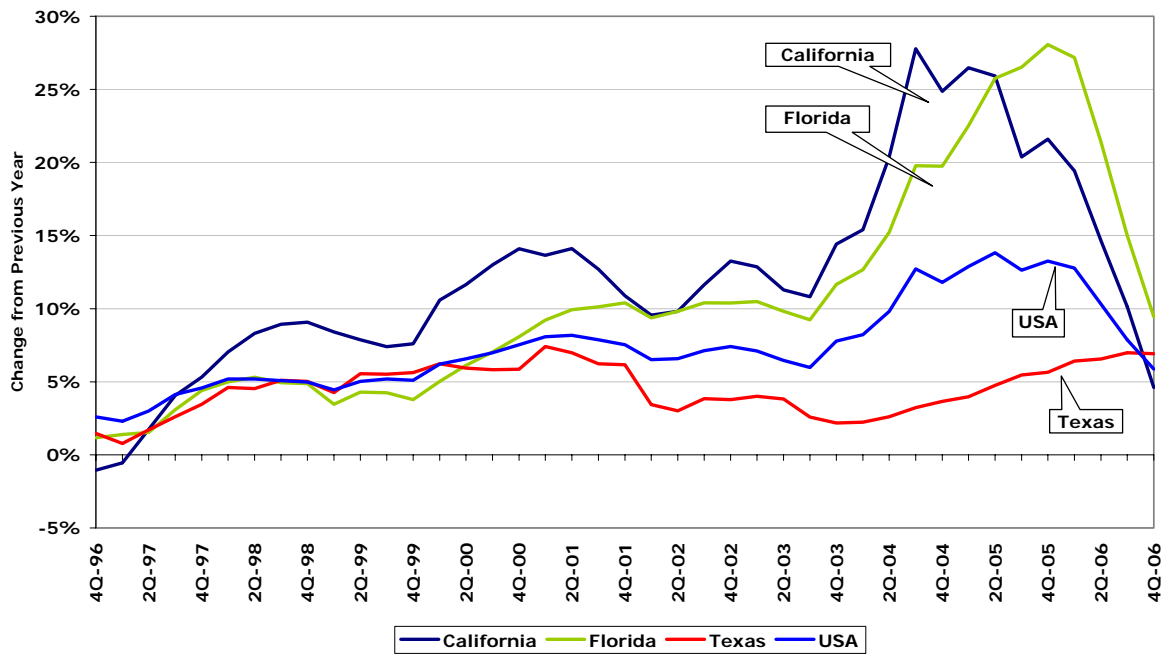
Tax Rate per \$100 Valuation	
Taxing Entity*	Valuation
City of Sherman	0.4000
Sherman ISD	1.6300
Grayson County	0.4909
Total	\$2.5209
Tax Rate per \$100 Valuation	
Taxing Entity*	Valuation
City of Denison	0.5804
Denison ISD	1.4671
Grayson County	0.4909
Total	\$2.5384

* 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://co.grayson.tx.us/gad/GADTaxRate00-05.pdf>

Source: Grayson County Appraisal District

National Home Price Appreciation

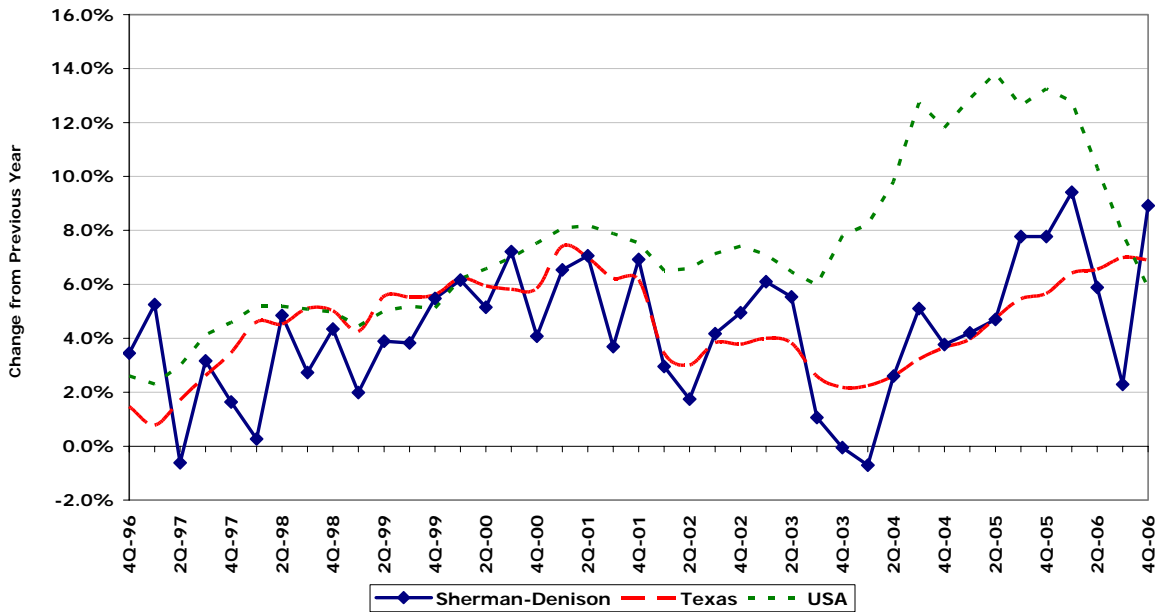
The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae.



Source: Office of Federal Housing Enterprise Oversight

Home Price Appreciation Sherman-Denison 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
 Sherman-Denison, TX

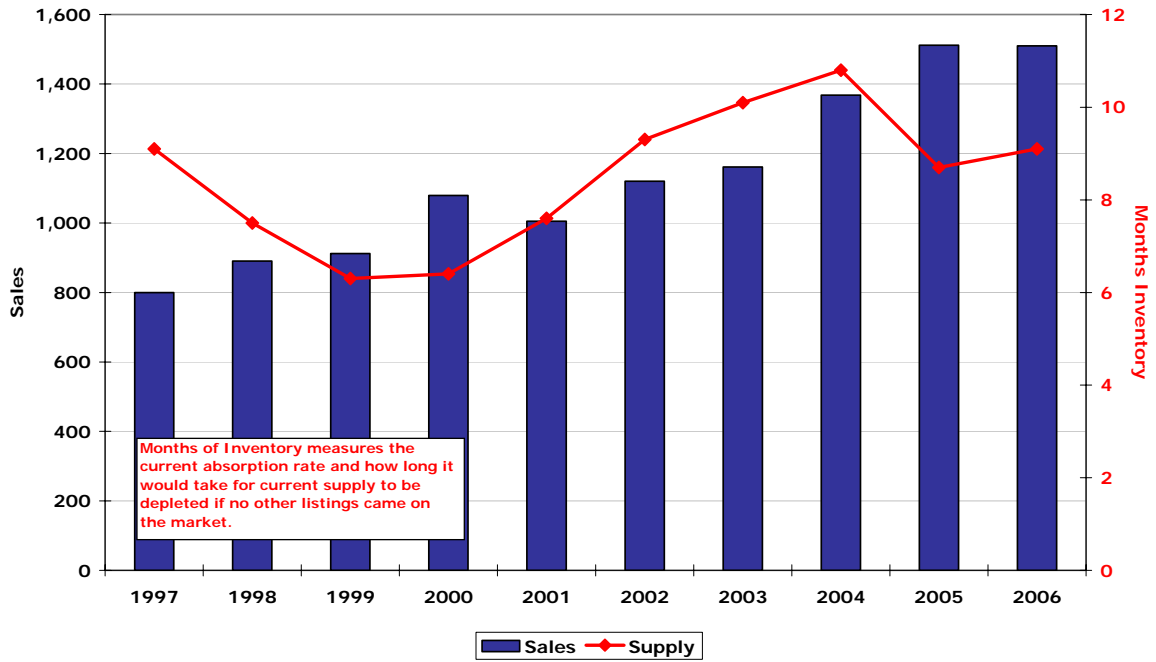
2005 Occupied Housing Unit Characteristics

Housing Unit Characteristics	Sherman - Denison 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	29,671	13,442	43,113	5,162,604	2,815,491	7,978,095
Household Size						
1-person household	18.9%	35.3%	24.0%	19.1%	35.0%	24.7%
2-person household	39.8%	32.1%	37.4%	34.2%	25.8%	31.2%
3-person household	16.7%	18.0%	17.1%	17.2%	16.0%	16.8%
4-or-more-person household	24.6%	14.6%	21.5%	29.5%	23.2%	27.3%
Race and Hispanic or Latino Origin of Householder						
One Race						
White	90.3%	78.0%	86.4%	79.0%	66.2%	74.5%
Black or African American	3.7%	14.6%	7.1%	8.2%	17.9%	11.6%
American Indian and Alaska Native	0.7%	4.5%	1.9%	0.5%	0.6%	0.6%
Asian	-	-	0.0%	2.9%	3.1%	3.0%
Native Hawaiian and Other Pacific Islander	-	-	0.3%	0.0%	0.1%	0.0%
Some other race	4.0%	1.7%	3.3%	8.3%	10.8%	9.2%
Two or more races	-	-	0.9%	1.0%	1.4%	1.2%
Age of Householder						
Under 35 years	14.9%	31.3%	20.0%	14.4%	46.3%	25.6%
35 to 44 years	20.1%	19.7%	19.9%	21.9%	21.4%	21.7%
45 to 54 years	21.8%	22.4%	22.0%	24.1%	15.4%	21.0%
55 to 64 years	16.5%	11.4%	14.9%	18.1%	8.3%	14.7%
65 to 74 years	13.4%	6.1%	11.1%	11.9%	4.2%	9.2%
75 to 84 years	10.7%	5.8%	9.2%	7.6%	3.1%	6.1%
85 years and over	2.7%	3.2%	2.8%	2.0%	1.3%	1.8%
Units in Structure						
1, detached	91.5%	38.7%	75.1%	87.5%	28.3%	66.6%
1, attached	0.1%	3.3%	1.1%	2.3%	3.6%	2.8%
2 apartments	0.0%	10.1%	3.1%	0.3%	4.9%	1.9%
3 or 4 apartments	0.0%	15.3%	4.8%	0.4%	8.8%	3.3%
5 to 9 apartments	0.0%	6.3%	2.0%	0.3%	13.8%	5.1%
10 or more apartments	0.0%	15.0%	4.7%	0.7%	35.1%	12.9%
Mobile home or other type of housing	8.4%	11.3%	9.3%	8.5%	5.6%	7.5%
Year Structure Built						
2000 or later	9.5%	4.4%	7.9%	13.7%	10.9%	12.7%
1990 to 1999	15.1%	16.0%	15.4%	18.6%	14.8%	17.2%
1980 to 1989	14.4%	11.3%	13.4%	18.7%	22.5%	20.1%
1960 to 1979	33.2%	39.6%	35.2%	28.7%	35.0%	30.9%
1940 to 1959	20.6%	18.0%	19.8%	15.4%	12.4%	14.3%
1939 or earlier	7.2%	10.6%	8.2%	4.9%	4.5%	4.8%
Bedrooms						
No bedroom	0.0%	0.9%	0.3%	0.2%	1.5%	0.6%
1 bedroom	0.9%	17.9%	6.2%	2.1%	32.6%	12.9%
2 or 3 bedrooms	82.9%	77.5%	81.2%	70.8%	61.7%	67.6%
4 or more bedrooms	16.1%	3.7%	12.2%	26.8%	4.2%	18.9%
Annual Household Income and Housing Costs*						
Median household income (dollars)	\$50,124	\$25,393	\$38,877	\$54,610	\$26,782	\$42,139
Annual Median Housing Costs (dollars)	\$8,436	\$7,092	\$7,992	\$10,536	\$8,052	\$9,108
Housing Costs as a percentage of household income	16.8%	27.9%	20.6%	19.3%	30.1%	21.6%

* in 2005 inflation-adjusted dollars

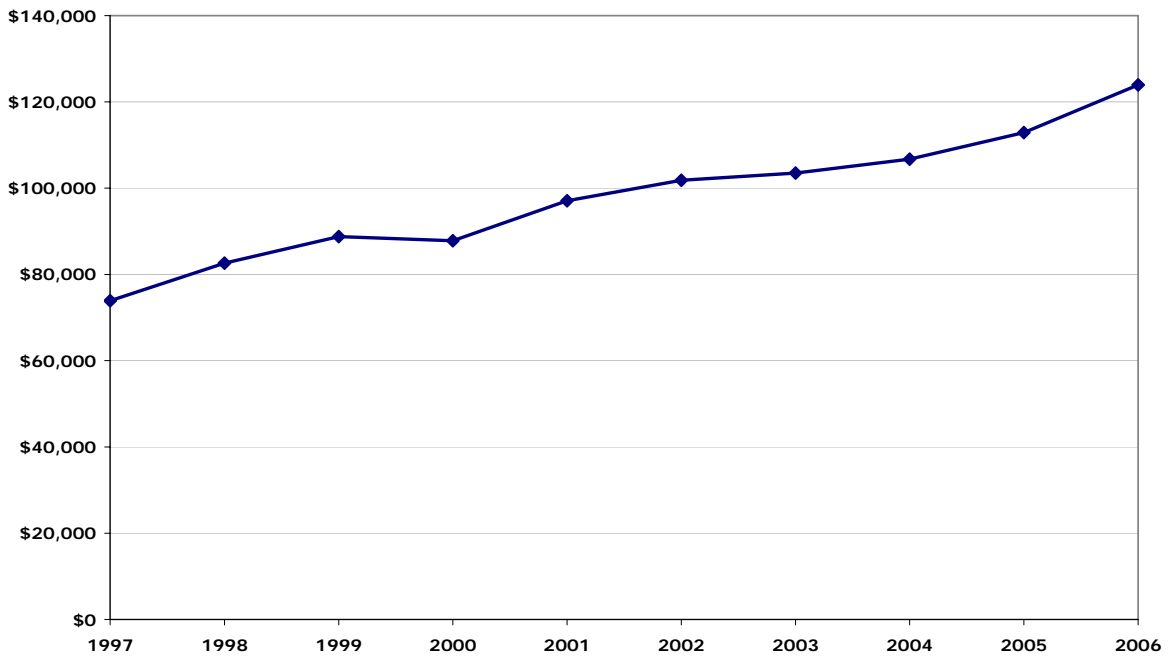
Source: U.S. Census Bureau 2005 and Real Estate Center at Texas A&M University

**Yearly Homes Sales and Months Inventory
 Sherman-Denison MLS**



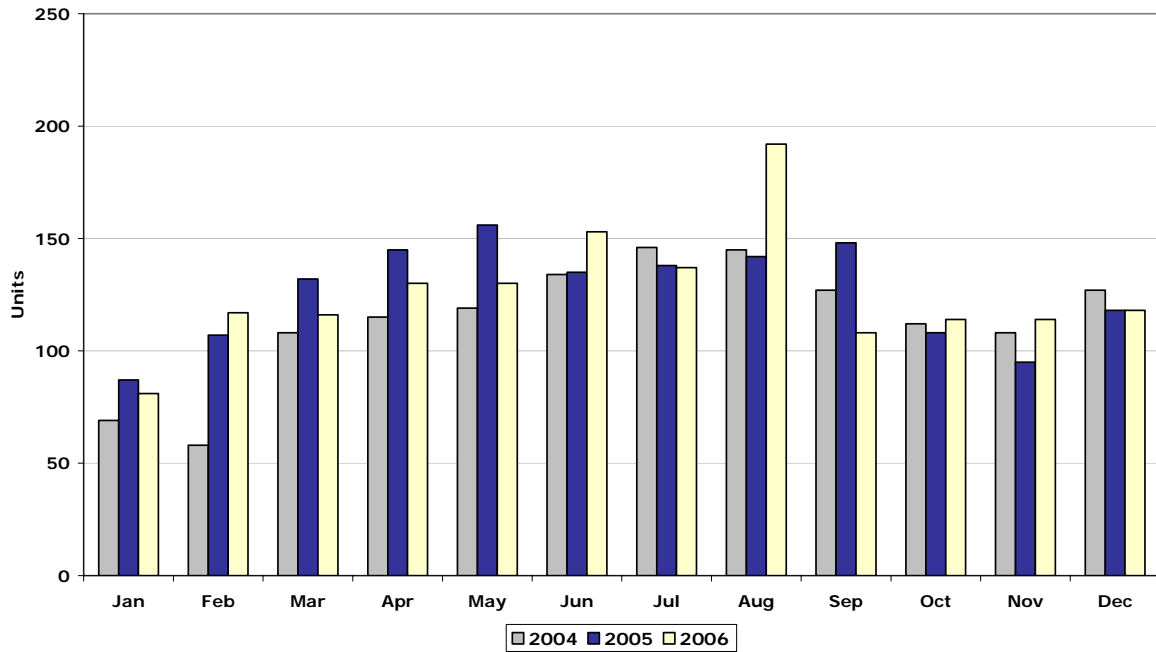
Source: Real Estate Center at Texas A&M University

**Average Sales Price
 Sherman-Denison MLS**



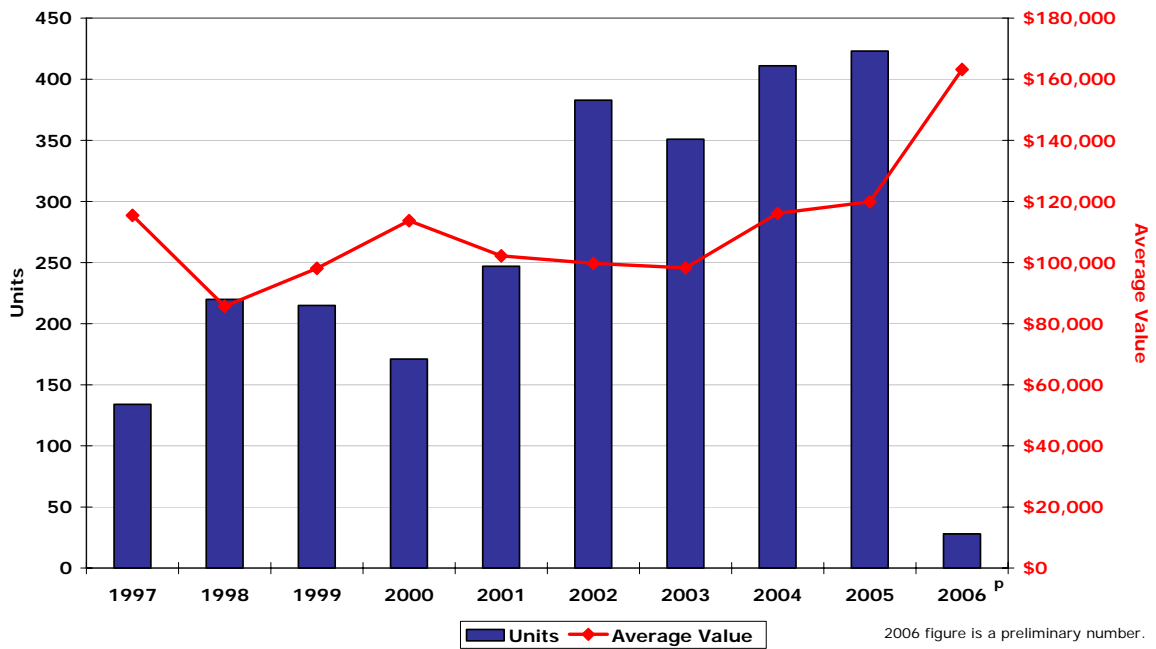
Source: Real Estate Center at Texas A&M University

**Single-Family Homes Sales Volume
 Sherman-Denison MSA**



Source: Real Estate Center at Texas A&M University

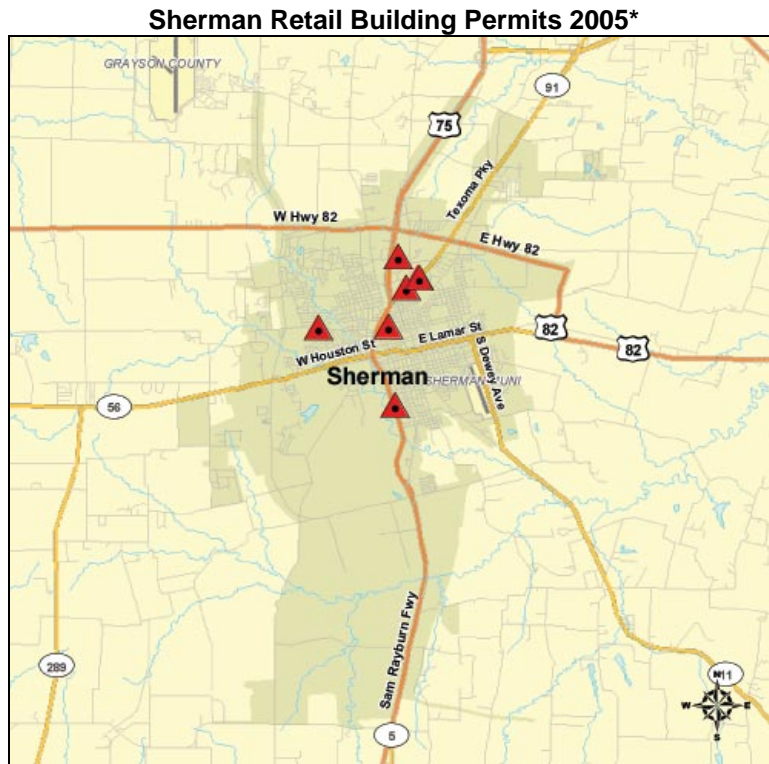
**Single-Family Building Permits and Average Value
 Sherman-Denison MSA**



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

Sherman-Denison Market Overview 2007

Retail



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

Sherman-Denison Market Overview 2007 Hotel

Hotel* Occupancy and Rental Rates

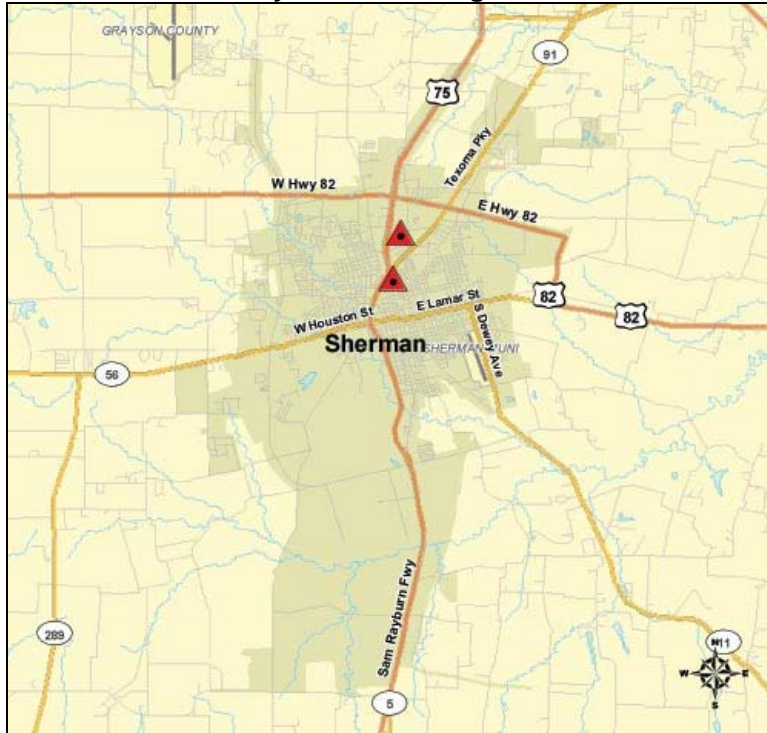
	2005		2006	
	Sherman - Denison	Texas	Sherman - Denison	Texas
# Rooms 000's	1.3	333.6	1.3	341
Average daily rate	\$56.94	\$74.38	\$60.30	\$80.82
Occupancy rate (in percent)	54.3	59.9	56.4	61.1

*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

Sherman-Denison Market Overview 2007 Office

Sherman City Office Building Permits 2005*



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

Sherman-Denison Market Overview 2007

Industrial

Sherman City Industrial Building Permits 2005*



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



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