

Real Estate Market Overview 2008

Midland

Midland was named for its location halfway between Fort Worth and El Paso. 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. Midland is also the hometown of President George W Bush. The Bush family has a history in Midland dating back to the 1950s. Midland is nicknamed "The Tall City" because of the large office buildings built in the downtown area in the 1980's.

Quick Facts	
Land Area	900.25 square miles
2007 Population Density	140.4 people per square mile
Counties	Midland
Area Cities and Towns	Midland

* 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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Midland Market Overview 2008 Demographics

Midland MSA Population*

Year	Population	Percent Change
1996	114,412	-
1997	116,826	2.1
1998	118,321	1.3
1999	117,621	-0.6
2000	116,009	-1.4
2001	116,043	0.0
2002	117,401	1.2
2003	118,757	1.2
2004	120,014	1.1
2005	121,371	1.1
2006	124,380	2.5
2007	126,408	1.6

* 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)
Midland	89,443	94,996	6.2

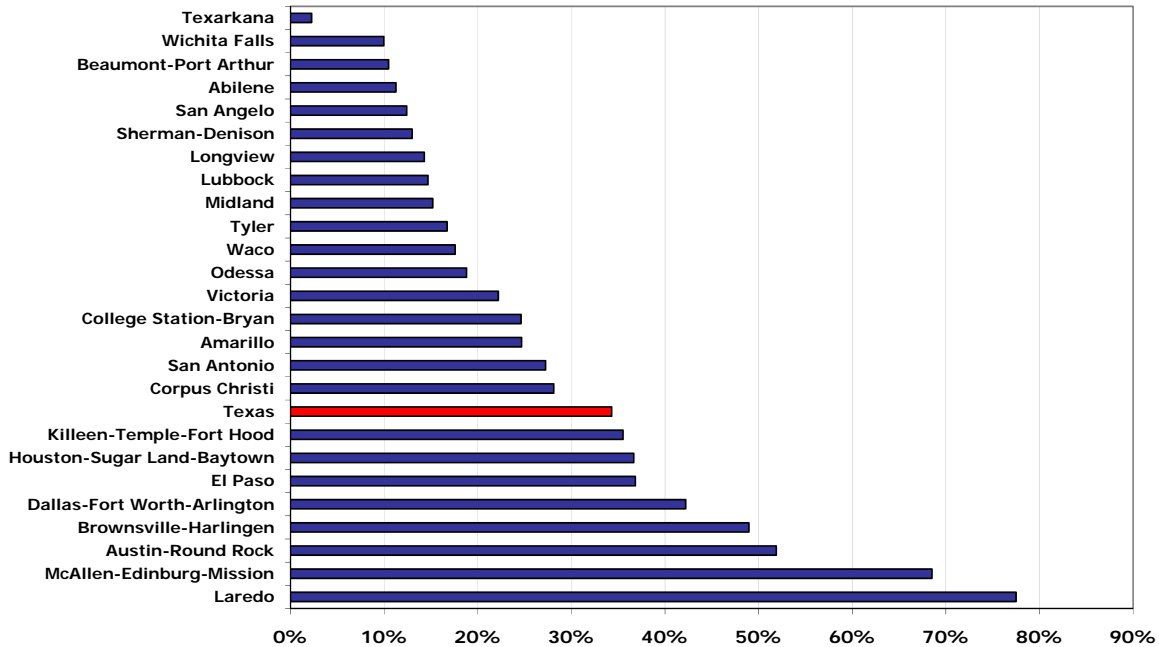
Source: U.S. Census Bureau

Midland MSA Projected Population

Year	Texas State Data Center (Scenario 0.5)	Texas Water Development Board
2000	116,009	116,009
2005	119,812	-
2010	124,570	124,710
2015	129,436	-
2020	133,641	134,022
2025	137,108	-
2030	140,150	140,659
2035	142,880	-
2040	145,150	145,595

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)

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

	Midland County	Texas
White	77.3	71.0
Black	7.0	11.5
Asian	0.9	2.7
American Indian	0.6	0.6
Other	12.2	11.7
Two or more races*	1.9	2.5
Hispanic (of any race)	29.0	32.0

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

Household Composition

	Midland County	Texas
Average household size (2000)	2.68	2.74
Population younger than 18 (2000, in percent)	30.2	28.2
Population 65 and older (2000, in percent)	11.6	9.9

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

Texas Metropolitan Area Population* Change

Metropolitan Area	1997	2007	Percent Change
Austin-Round Rock	1,111,264	1,598,161	43.8
McAllen-Edinburg-Mission	519,903	710,514	36.7
Laredo	177,140	233,152	31.6
Dallas-Fort Worth-Arlington	4,770,420	6,145,037	28.8
Houston-Sugar Land-Baytown	4,427,401	5,628,101	27.1
Brownsville-Harlingen	318,281	387,210	21.7
San Antonio	1,628,676	1,990,675	22.2
Texas	19,740,317	23,904,380	21.1
Tyler	168,531	198,705	17.9
Sherman-Denison	105,122	118,675	12.9
El Paso	665,066	734,669	10.5
College Station-Bryan	176,098	203,371	15.5
Amarillo	219,752	242,240	10.2
Killeen-Temple-Fort Hood	321,821	370,008	15.0
Waco	207,991	228,123	9.7
Midland	116,826	126,408	8.2
Longview	192,139	203,611	6.0
Lubbock	247,658	267,211	7.9
Texarkana	128,258	134,215	4.6
Victoria	109,417	113,797	4.0
Odessa	121,749	129,570	6.4
Corpus Christi	402,504	414,376	2.9
San Angelo	105,261	108,085	2.7
Abilene	157,405	159,343	1.2
Beaumont-Port Arthur	381,675	376,241	-1.4
Wichita Falls	151,480	148,148	-2.2

* July 1 population estimates

Source: U.S. Census Bureau

Texas Migration Patterns 2007

Data is based on Atlas Van Lines Interstate and Cross-Border Household Goods Moves per calendar year. Atlas analyzes data in January on the origins and destinations of the company's interstate moves during the prior 12 months.

Year	Inbound / Outbound	
■ 2007	8,831	6,665
■ 2006	9,714	6,812
■ 2005	9,525	7,210
■ 2004	8,644	7,442
■ 2003	8,075	6,920
■ 2002	7,723	6,778
■ 2001	9,030	7,584
■ 2000	10,063	8,659
■ 1999	8,718	7,945
■ 1998	10,075	7,965

Source: Atlas Van Lines Jan-2008

<http://www.atlasworldgroup.com/migration/>

Midland Market Overview 2008 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
Midland	22.9	25.3	6.1	18.4	4.4	0.5
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	2003	2004	2005	2006	2007
Midland College	5,392	5,531	5,584	5,798	5,720

Source: Texas Higher Education Coordinating Board

Midland Market Overview 2008 Employment

Midland Top Ten Employers

Employer	Sector	Employees
Midland Independent School District	Education	2,826
Warren Equipment Companies	Holding company - manufacturing	1,920
Midland Memorial Hospital	Medical	1,500
Dawson Geophysical	Oil and gas	1,200
Midland College	Education	1,200
City of Midland	Government	962
Patterson-UTI Drilling Co.	Oil and gas	750
Cingular Wireless	Telecommunications	600
Midland County	Government	583
Key Energy Services, Inc.	Oil and gas	500
		*3,100

*Permian Basin Employees

Source: Midland Economic Development Corporation Summer-2007

Midland Top Ten Private Employers

Employer	Sector	Employees
Warren Equipment Companies	Holding company - manufacturing	1,920
Midland Memorial Hospital	Medical	1,500
Dawson Geophysical	Oil and gas	1,200
Patterson-UTI Drilling Co.	Oil and gas	750
Cingular Wireless	Telecommunications	600
Key Energy Services, Inc.	Oil and gas	500
		*3,100
Schlumberger Oil Field Services	Oil and gas	450
		*1,000
Semperian Inc.	Call center	375
Halliburton Energy Services, Inc.	Oil and gas	300
Pioneer Natural Gas Resources USA, Inc.	Oil and gas	300
		*70

*Permian Basin Employees

Source: Midland Economic Development Corporation Summer-2007

**Midland MSA
Nonfarm Employment**

Year	Employment	Percent Change
1997	54,800	-
1998	56,000	2.2
1999	52,400	-6.4
2000	53,400	1.9
2001	55,100	3.2
2002	54,800	-0.5
2003	55,500	1.3
2004	56,600	2.0
2005	59,400	4.9
2006	63,000	6.1
2007	65,800	4.4

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

Employment Growth by Industry

	Midland MSA	Texas
Employment Growth 2007 (Percent Change)	4.4	3.0
Unemployment Rate 2007 (Percent Change)	2.9	4.3
Net Job Change in 2007	2,800	305,900
<u>2007 Employment Growth by Sector (Percent Change)</u>		
Natural Resources and Mining and Construction	9.8	7.5
Manufacturing	7.4	0.9
Trade, Transportation, and Utilities	5.8	2.9
Information	-11.8	-0.7
Financial Activities	0.0	3.0
Professional and Business Services	5.6	5.3
Educational and Health Services	3.2	3.1
Leisure and Hospitality	5.1	3.9
Government	0.0	0.9

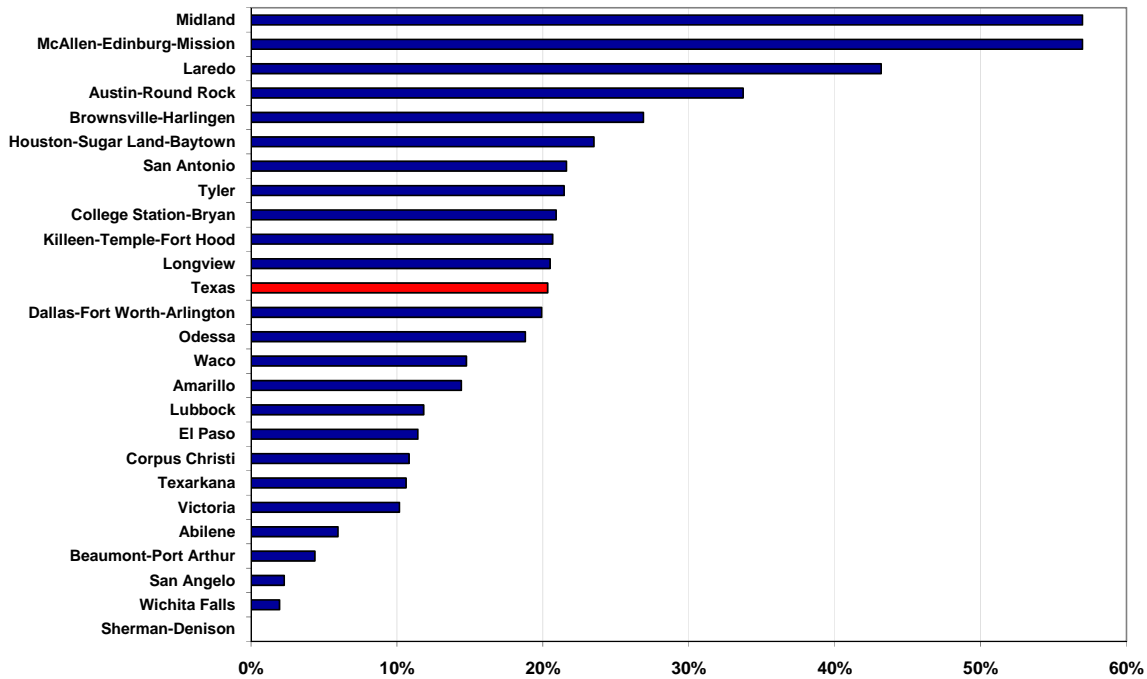
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

Texas Metropolitan Area Nonfarm Employment Change

Metropolitan Area	1997	2007	Percent Change
Sherman-Denison	43,900	43,800	-0.2
Wichita Falls	61,300	62,500	2.0
San Angelo	43,900	44,900	2.3
Beaumont-Port Arthur	157,400	164,300	4.4
Abilene	62,000	65,700	6.0
Victoria	46,200	50,900	10.2
Texarkana	50,800	56,200	10.6
Corpus Christi	158,800	176,000	10.8
El Paso	243,100	270,900	11.4
Lubbock	114,900	128,500	11.8
Amarillo	97,800	111,900	14.4
Waco	94,800	108,800	14.8
Odessa	50,000	59,400	18.8
Dallas-Fort Worth-Arlington	2,452,900	2,941,700	19.9
Texas	8,608,500	10,359,200	20.3
Longview	79,500	95,800	20.5
Killeen-Temple-Fort Hood	100,600	121,400	20.7
College Station-Bryan	74,600	90,200	20.9
Tyler	76,900	93,400	21.5
San Antonio	684,400	832,400	21.6
Houston-Sugar Land-Baytown	2,064,400	2,549,600	23.5
Brownsville-Harlingen	97,400	123,600	26.9
Austin-Round Rock	566,300	757,300	33.7
Laredo	60,200	86,200	43.2
McAllen-Edinburg-Mission	133,900	210,200	57.0
Midland	133,900	210,200	57.0

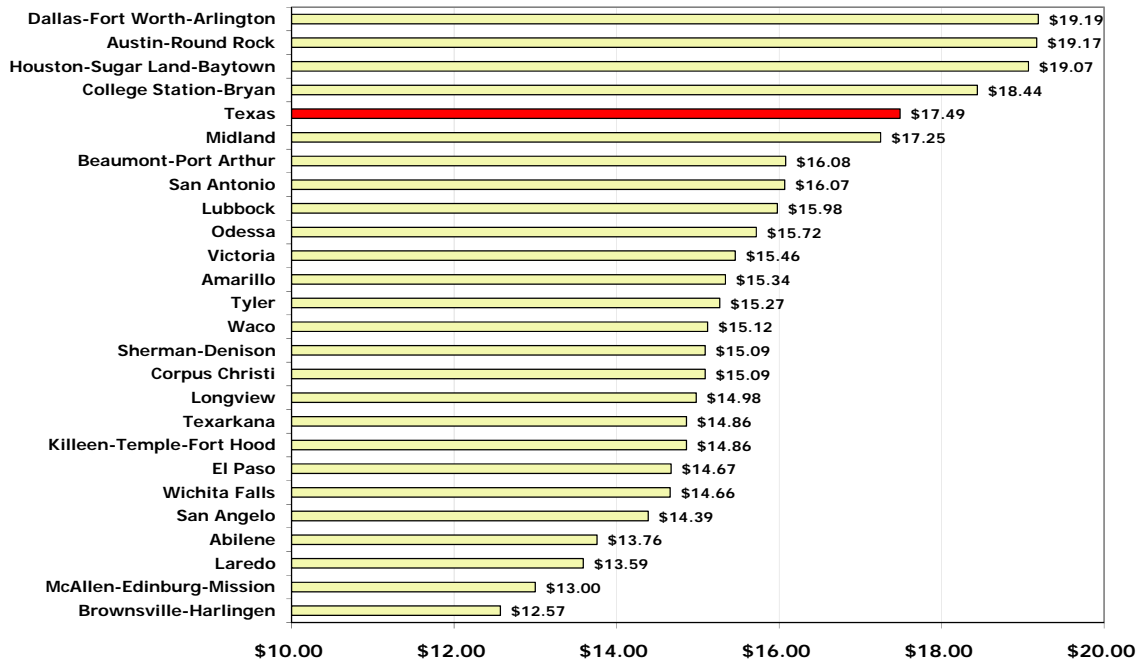
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

Metropolitan Area Nonfarm Employment Change
1997-2007



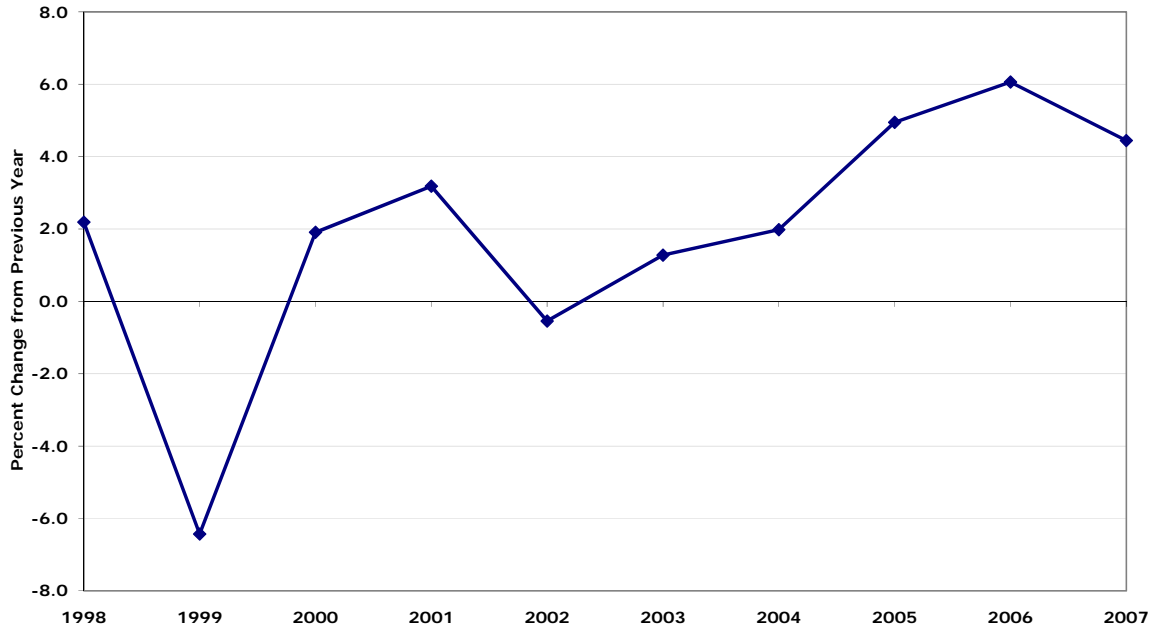
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

Average Hourly Wage
2006



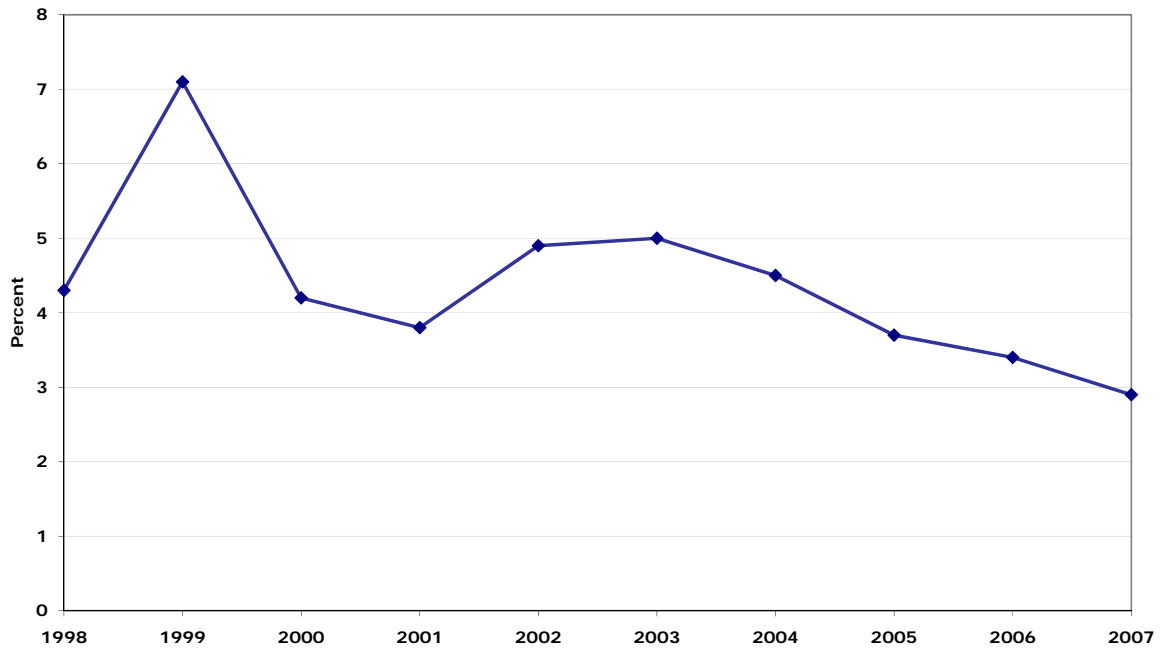
Source: Texas Workforce Commission

Nonfarm Employment Growth
Midland MSA



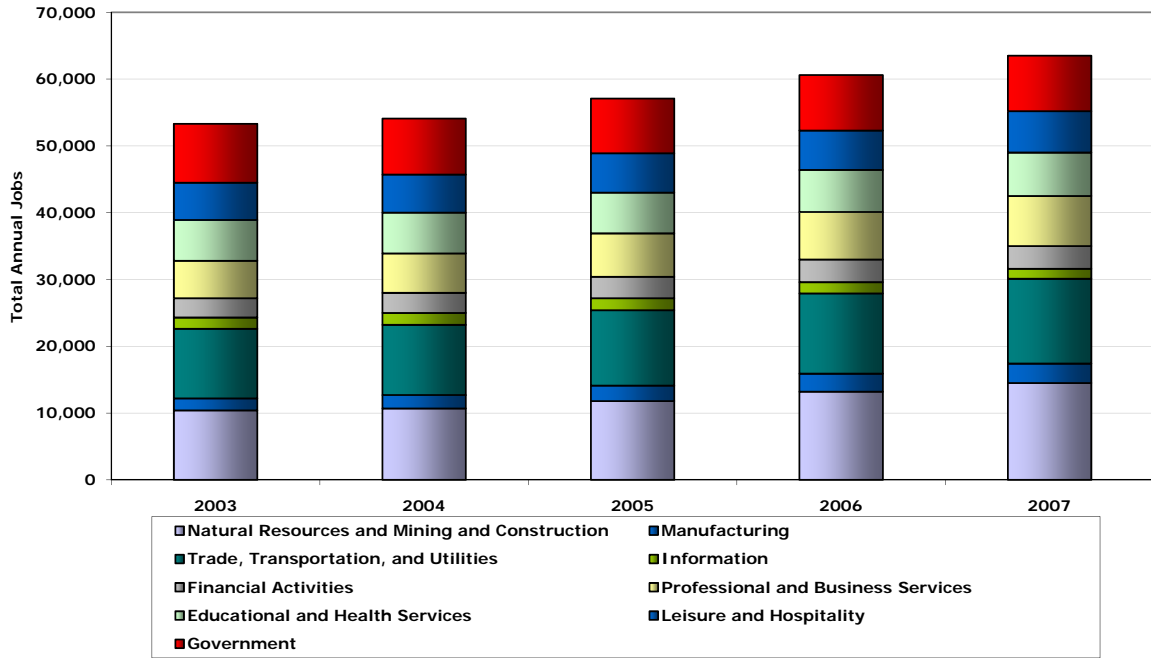
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

Midland MSA
Unemployment Rate



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

Distribution of Employment in Major Categories
Midland MSA



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

Midland Market Overview 2008

Economy

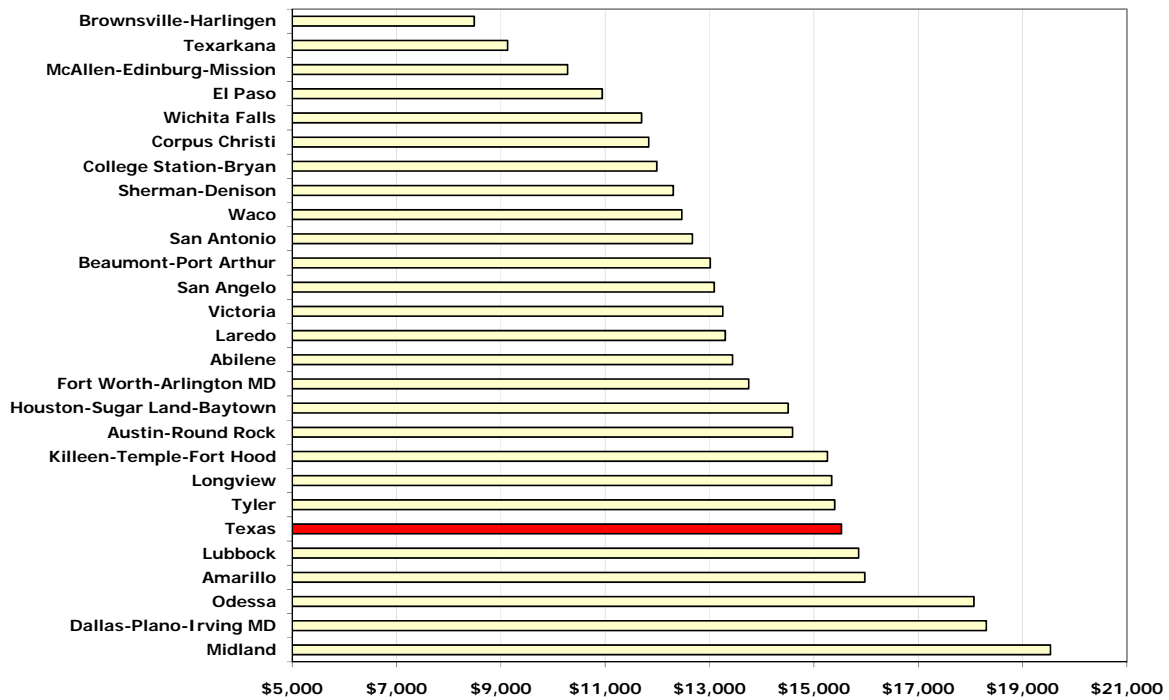
Midland MSA Gross Retail Sales

Year	Total Sales	Sales per Capita
1996	\$1,326,089,075	\$11,590
1997	\$1,492,139,599	\$12,772
1998	\$1,410,153,084	\$11,918
1999	\$1,356,398,760	\$11,532
2000	\$1,573,441,439	\$13,563
2001	\$1,721,809,010	\$14,838
2002	\$1,414,205,587	\$12,046
2003	\$1,713,503,115	\$14,429
2004	\$1,960,136,049	\$16,333
2005	\$2,228,129,141	\$18,358
2006	\$2,429,747,806	\$19,535
State Average 2006:		\$15,527

* 2007 data not available as of January 2008.

Source: Texas Comptroller's Office

**Gross Retail Sales per Capita
2006**



Source: Texas Comptroller's Office

Midland Market Overview 2008 Infrastructure

Midland Airline Boardings

Midland International Airport	2003	2004	2005	2006	2007
Enplaned	394,367	414,522	446,937	473,851	491,321
Deplaned	392,746	415,965	445,893	469,207	486,010
Total	787,113	830,487	892,830	943,058	977,331

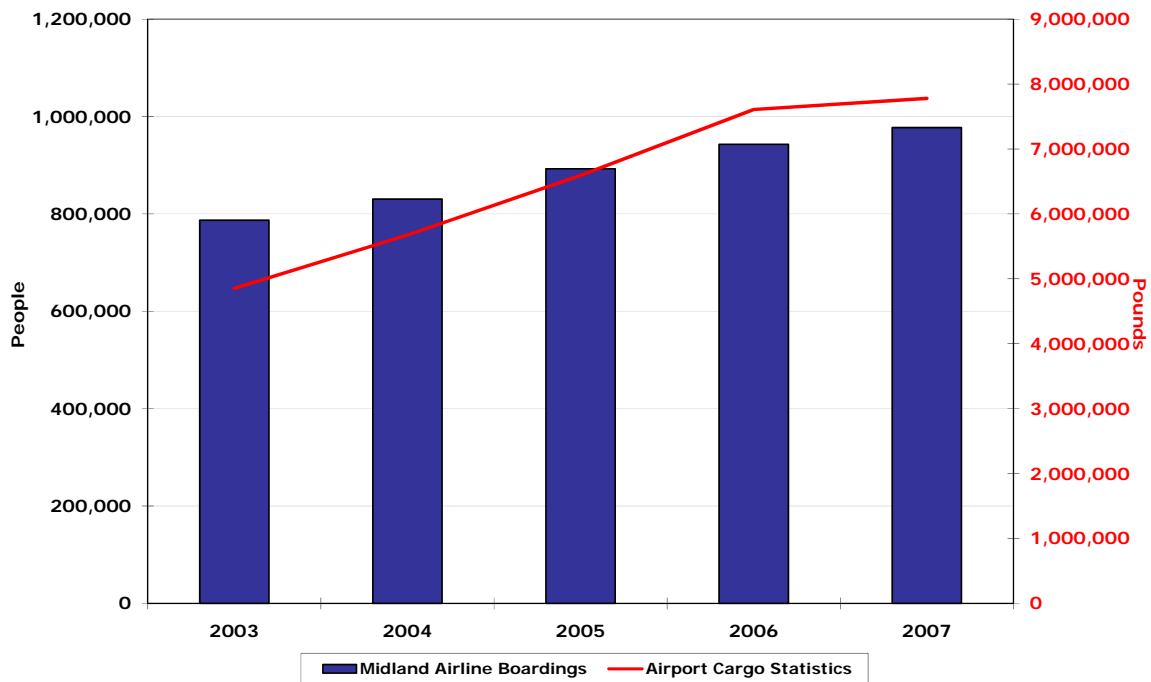
Source: Midland International Airport

**Airport Cargo Statistics
(in pounds)**

Midland International Airport	2003	2004	2005	2006	2007
Enplaned	2,047,900	2,453,540	2,757,216	3,122,293	3,181,692
Deplaned	2,805,301	3,221,278	3,834,982	4,484,639	4,596,756
Total	4,853,201	5,674,818	6,592,198	7,606,932	7,778,448

Source: Midland International Airport

Midland Airline Boardings and Cargo Statistics Totals



Source: Midland International Airport

Midland Market Overview 2008

Multifamily

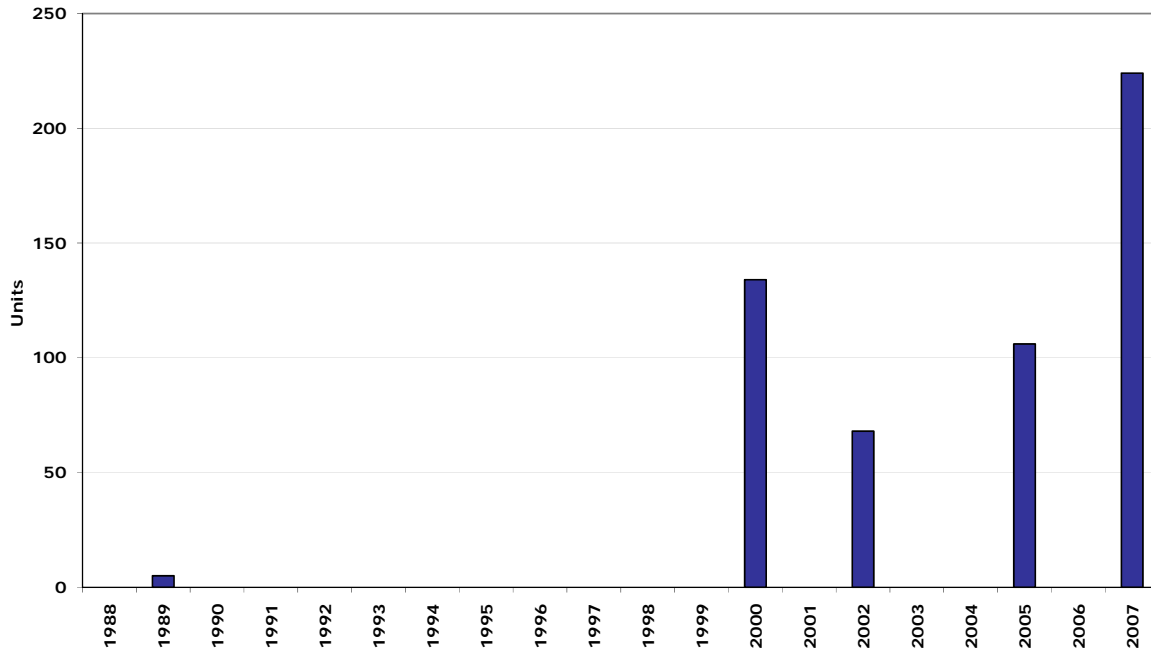
Midland Apartment Statistics 2007

	Midland	Texas Metro Average
Average rent per square foot	\$0.66	\$0.80
Average rent for units built since 2000	\$0.50	\$0.89
Average occupancy	97.3%	92.8%
Average occupancy for units built since 2000	99.1%	93.8%

Source: Apartment MarketData Research

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

1999 MSA definition



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

2007 figure is a preliminary number.

Market Overview 2008 Housing

2007 Housing Affordability Index

MLS	2007 Median- Priced Home	Required Income to Qualify	Median Family Income	HAI*	HAI for First-Time Homebuyers**
Odessa-Midland	\$133,900	\$32,940	\$0	0.00	-
TEXAS	\$147,500	\$36,286	\$52,600	1.45	1.03
United States	\$217,800	\$53,138	\$59,000	1.11	0.63

* 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.

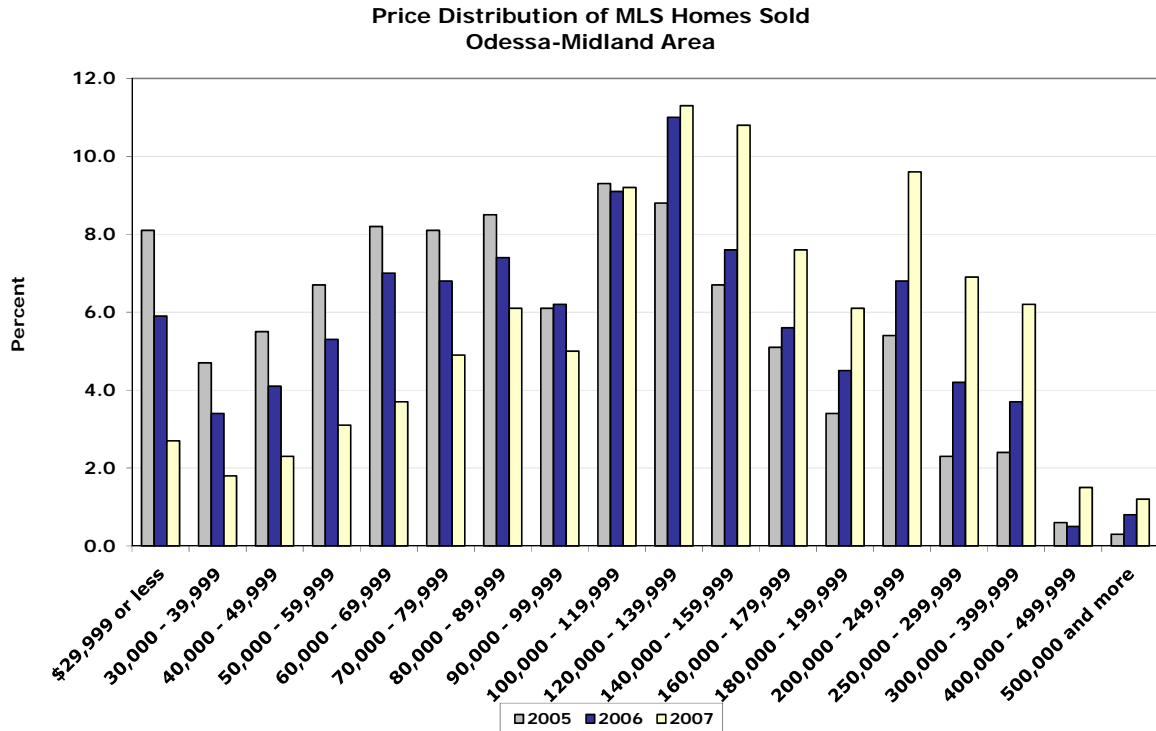
Source: Real Estate Center at Texas A&M University

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

Price Range	2001	2002	2003	2004	2005	2006	2007
\$29,999 or less	12.9	13.9	12.9	10.0	8.1	5.9	2.7
30,000 - 39,999	7.7	8.1	6.1	5.7	4.7	3.4	1.8
40,000 - 49,999	9.2	8.1	7.3	7.6	5.5	4.1	2.3
50,000 - 59,999	9.3	9.1	8.0	8.3	6.7	5.3	3.1
60,000 - 69,999	9.5	9.4	9.2	9.4	8.2	7.0	3.7
70,000 - 79,999	10.2	9.0	9.2	9.7	8.1	6.8	4.9
80,000 - 89,999	7.0	8.7	8.1	8.6	8.5	7.4	6.1
90,000 - 99,999	5.4	4.7	5.9	5.5	6.1	6.2	5.0
100,000 - 119,999	7.8	7.8	8.4	8.0	9.3	9.1	9.2
120,000 - 139,999	6.6	6.5	6.7	7.5	8.8	11.0	11.3
140,000 - 159,999	4.0	4.0	4.9	5.7	6.7	7.6	10.8
160,000 - 179,999	2.3	2.3	3.1	3.6	5.1	5.6	7.6
180,000 - 199,999	2.3	2.2	2.4	2.8	3.4	4.5	6.1
200,000 - 249,999	2.6	3.2	3.9	3.7	5.4	6.8	9.6
250,000 - 299,999	1.5	1.7	2.0	2.0	2.3	4.2	6.9
300,000 - 399,999	1.3	1.0	1.1	1.4	2.4	3.7	6.2
400,000 - 499,999	0.3	0.1	0.4	0.4	0.6	0.5	1.5
500,000 and more	0.1	0.1	0.3	0.2	0.3	0.8	1.2

"-" 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, 2007 County, Major City, Major School District

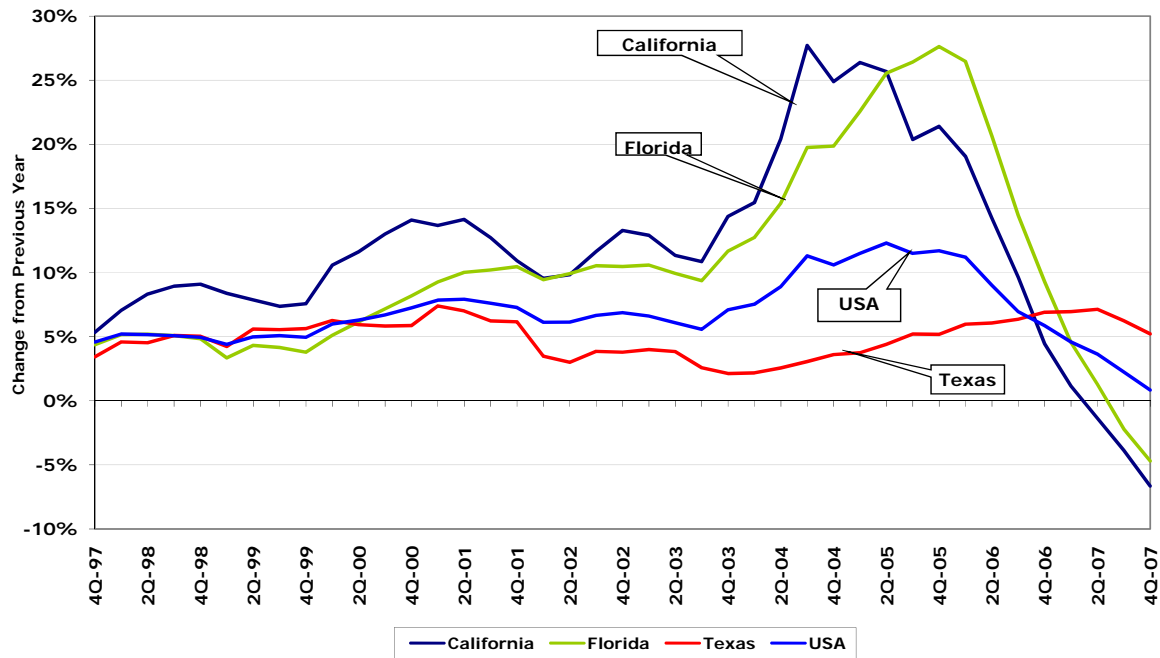
Taxing Entity*	Tax Rate per \$100 Valuation
City of Midland	0.5386
Midland ISD	1.1681
Midland County	0.2305
Total	\$1.94

* 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: Midland County Appraisal District

National Home Price Appreciation

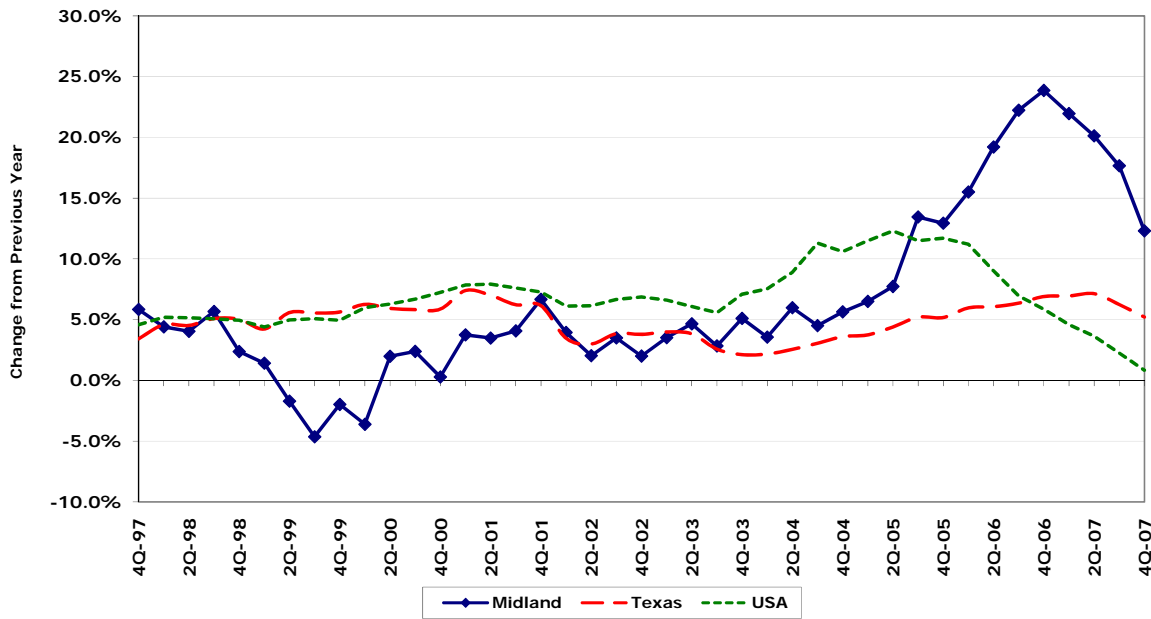
The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae.



Source: Office of Federal Housing Enterprise Oversight

Home Price Appreciation Midland 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

2005 Occupied Housing Unit Characteristics

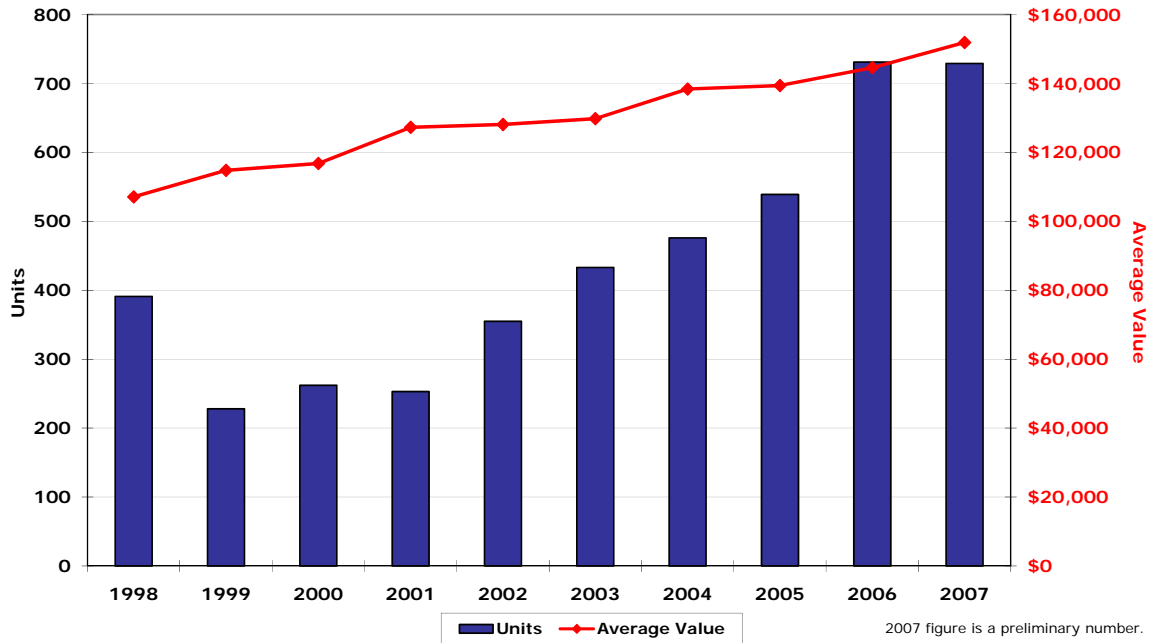
Housing Unit Characteristics	Midland MSA			Texas		
	Owner-occupied housing units	Renter-occupied housing units	Total occupied housing units	Owner-occupied housing units	Renter-occupied housing units	Total occupied housing units
Occupied housing units	29,548	15,952	45,500	5,162,604	2,815,491	7,978,095
Household Size						
1-person household	18.8%	38.7%	25.8%	19.1%	35.0%	24.7%
2-person household	34.7%	25.9%	31.6%	34.2%	25.8%	31.2%
3-person household	20.6%	18.0%	19.7%	17.2%	16.0%	16.8%
4-or-more-person household	25.9%	17.3%	22.9%	29.5%	23.2%	27.3%
Race and Hispanic or Latino Origin of Householder						
One Race						
White	84.0%	81.5%	83.2%	79.0%	66.2%	74.5%
Black or African American	5.5%	9.7%	7.0%	8.2%	17.9%	11.6%
American Indian and Alaska Native	-	-	0.3%	0.5%	0.6%	0.6%
Asian	0.7%	0.4%	0.6%	2.9%	3.1%	3.0%
Native Hawaiian and Other Pacific Islander	-	-	0.0%	0.0%	0.1%	0.0%
Some other race	8.5%	5.4%	7.4%	8.3%	10.8%	9.2%
Two or more races	1.0%	2.5%	1.5%	1.0%	1.4%	1.2%
Age of Householder						
Under 35 years	13.2%	40.2%	22.7%	14.4%	46.3%	25.6%
35 to 44 years	18.1%	27.5%	21.4%	21.9%	21.4%	21.7%
45 to 54 years	26.1%	14.4%	22.0%	24.1%	15.4%	21.0%
55 to 64 years	15.4%	5.8%	12.1%	18.1%	8.3%	14.7%
65 to 74 years	15.8%	5.7%	12.3%	11.9%	4.2%	9.2%
75 to 84 years	9.6%	4.6%	7.8%	7.6%	3.1%	6.1%
85 years and over	1.7%	1.7%	1.7%	2.0%	1.3%	1.8%
Units in Structure						
1, detached	91.6%	27.2%	69.0%	87.5%	28.3%	66.6%
1, attached	1.9%	2.8%	2.2%	2.3%	3.6%	2.8%
2 apartments	0.2%	5.4%	2.1%	0.3%	4.9%	1.9%
3 or 4 apartments	0.2%	13.0%	4.7%	0.4%	8.8%	3.3%
5 to 9 apartments	0.1%	19.1%	6.8%	0.3%	13.8%	5.1%
10 or more apartments	0.2%	21.7%	7.7%	0.7%	35.1%	12.9%
Mobile home or other type of housing	5.7%	10.8%	7.5%	8.5%	5.6%	7.5%
Year Structure Built						
2000 or later	4.1%	2.4%	3.5%	13.7%	10.9%	12.7%
1990 to 1999	11.3%	10.9%	11.2%	18.6%	14.8%	17.2%
1980 to 1989	22.7%	33.8%	26.6%	18.7%	22.5%	20.1%
1960 to 1979	30.0%	33.7%	31.3%	28.7%	35.0%	30.9%
1940 to 1959	30.3%	18.9%	26.3%	15.4%	12.4%	14.3%
1939 or earlier	1.6%	0.3%	1.2%	4.9%	4.5%	4.8%
Bedrooms						
No bedroom	0.3%	3.5%	1.4%	0.2%	1.5%	0.6%
1 bedroom	1.5%	25.5%	9.9%	2.1%	32.6%	12.9%
2 or 3 bedrooms	70.1%	69.0%	69.7%	70.8%	61.7%	67.6%
4 or more bedrooms	28.1%	2.0%	19.0%	26.8%	4.2%	18.9%
Annual Household Income and Housing Costs*						
Median household income (dollars)	\$53,091	\$26,299	\$41,455	\$54,610	\$26,782	\$42,139
Annual Median Housing Costs (dollars)	\$9,096	\$6,876	\$7,896	\$10,536	\$8,052	\$9,108
Housing Costs as a percentage of household income	17.1%	26.1%	19.0%	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

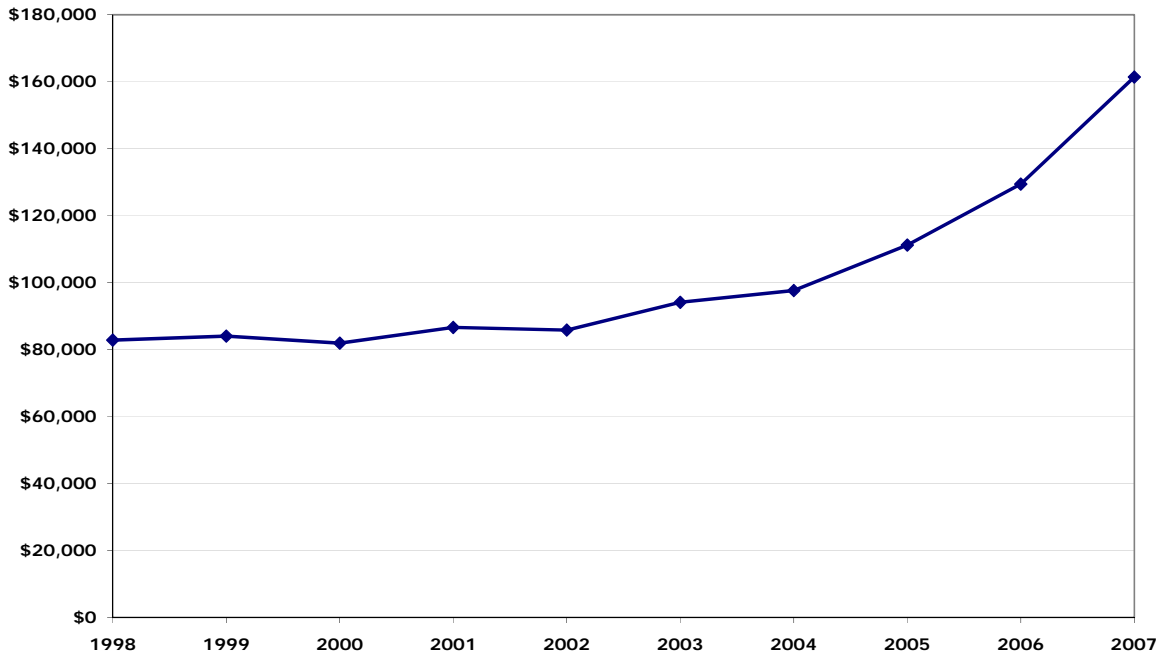
Single-Family Building Permits and Average Value
Odessa-Midland

1999 MSA



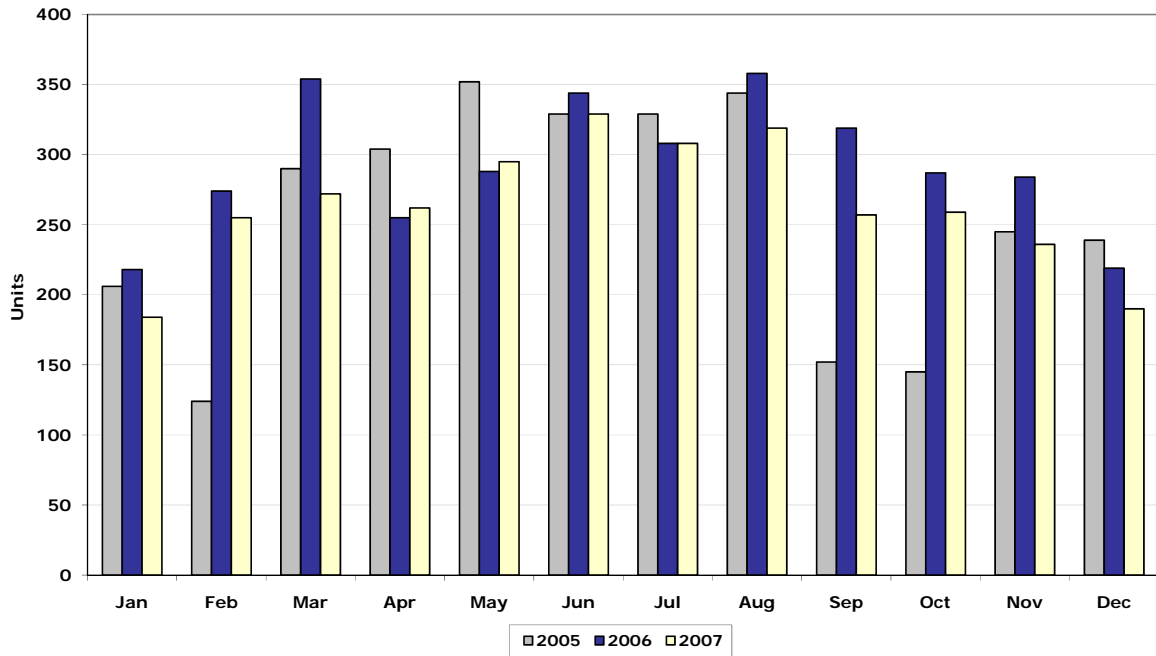
Source: U.S. Bureau of Census and Real Estate Center at Texas A&M University

Average Sales Price
Odessa-Midland MLS



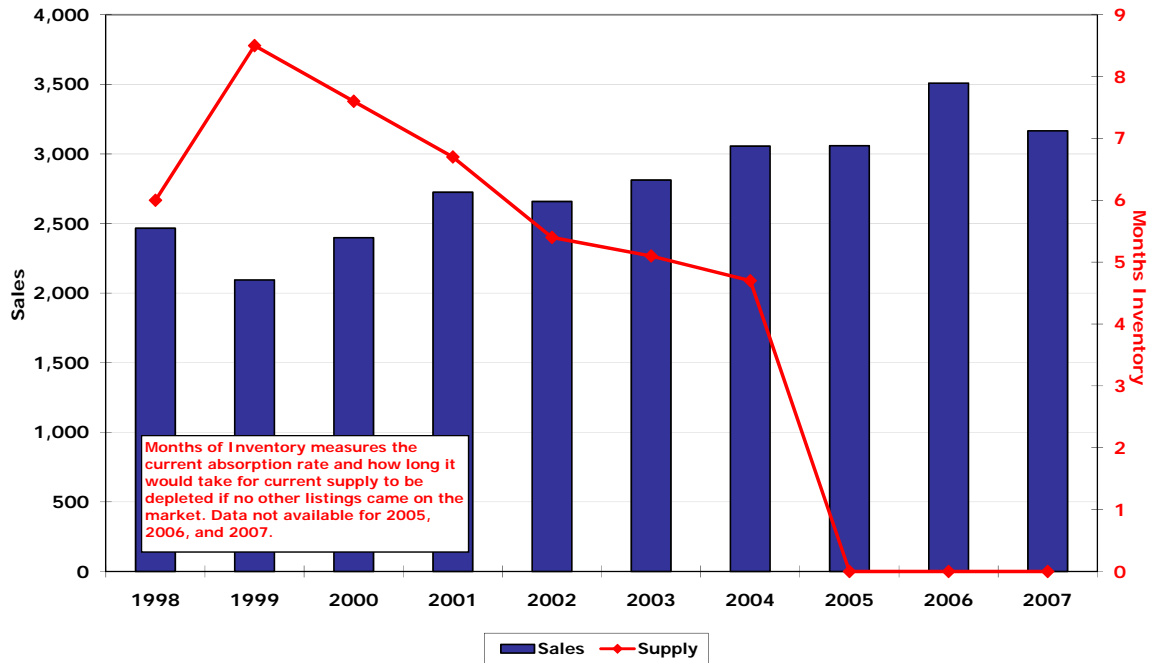
Source: Real Estate Center at Texas A&M University

Single-Family Homes Sales Volume
Odessa-Midland MLS



Source: 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

Midland Market Overview 2008 Hotel

Hotel* Occupancy and Rental Rates

	2006		2007	
	Midland	Texas	Midland	Texas
# Rooms 000's	1.9	339.9	2	349.7
Average daily rate	\$60.09	\$80.74	\$69.04	\$85.28
Occupancy rate (in percent)	67.3	61.3	67.1	61.4

*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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