

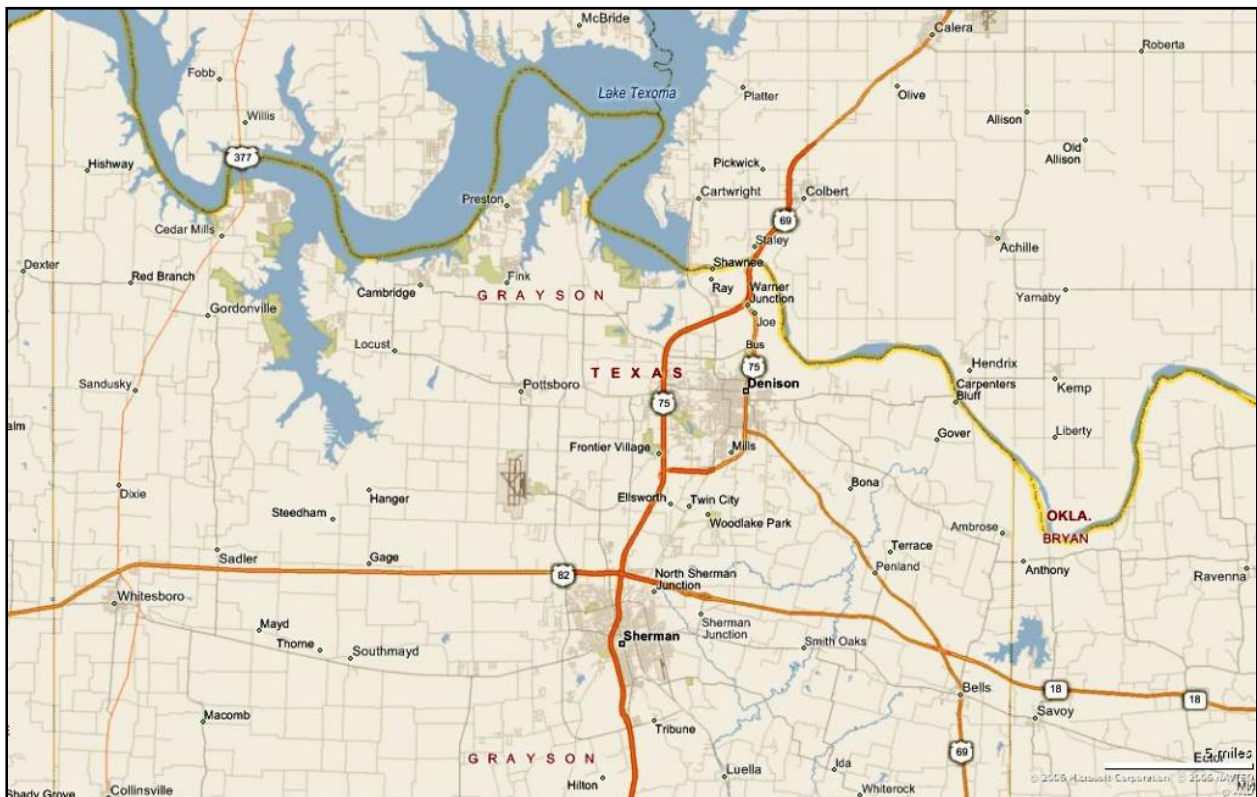
# Real Estate Market Overview 2008

## 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	
<b>Land Area</b>	933.51 square miles
<b>2007 Population Density</b>	127.1 people per square mile
<b>Counties</b>	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 2008 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
2007	118,675	0.2

\* 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	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
<b>Texas</b>	<b>19,740,317</b>	<b>23,904,380</b>	<b>21.1</b>
Tyler	168,531	198,705	17.9
<b>Sherman-Denison</b>	<b>105,122</b>	<b>118,675</b>	<b>12.9</b>
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

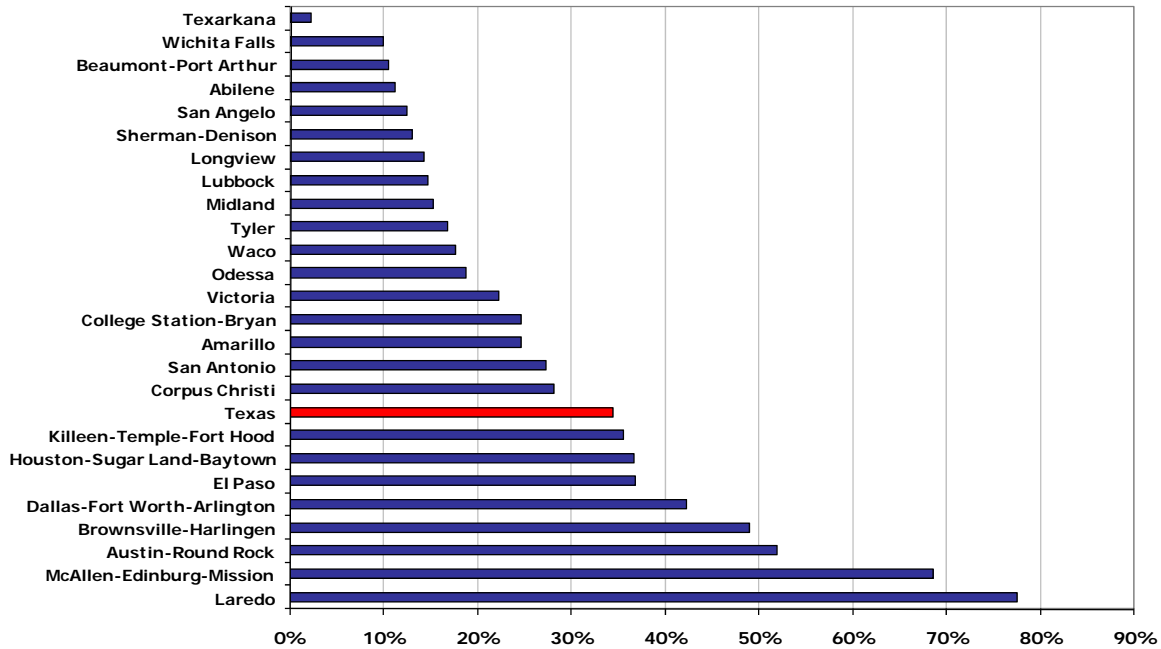
Source: U.S. Census Bureau

## 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)



## 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/>

## Sherman-Denison 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
Grayson	30.0	25.4	7.6	11.3	4.1	0.7
<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

**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	2003	2004	2005	2006	2007
Austin College	1,361	1,366	1,370	1,354	1,339
Grayson County College	3,837	3,869	3,715	3,775	3,717

Source: Texas Higher Education Coordinating Board

## Sherman-Denison Market Overview 2008 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
Connecticut General, A Cigna Co.	Insurance claims processing	1,050
Sherman Independent School District	Public schools	945
Ruiz Foods	EI Monterey frozen foods	650
Denison Independent School District	Public schools	605
Trailblazer Healthcare Enterprises	Insurance claims processing	485
Grayson County	Government agency	450

Source: Denison Development Alliance Jan-2008

### 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
Connecticut General, A Cigna Co.	Insurance claims processing	1,050
Ruiz Foods	EI Monterey frozen foods	650
Trailblazer Healthcare Enterprises	Insurance claims processing	485
B-Line Systems	Cable trays and electrical enclosures	380
MEMC Southwest	Silicon wafer products	375
Attention, LLC	Collections center	350

Source: Denison Development Alliance Jan-2008

### Sherman-Denison MSA Nonfarm Employment

Year	Employment	Percent Change
1997	43,900	-
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
2007	43,800	-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 2007 (Percent Change)	-1.6	3.0
Unemployment Rate 2007 (Percent Change)	4.7	4.3
Net Job Change in 2007	-700	305,900
<b>2007 Employment Growth by Sector (Percent Change)</b>		
Natural Resources and Mining and Construction	-10.7	7.5
Manufacturing	-6.5	0.9
Trade, Transportation, and Utilities	5.6	2.9
Information	0.0	-0.7
Financial Activities	0.0	3.0
Professional and Business Services	-3.8	5.3
Educational and Health Services	0.0	3.1
Leisure and Hospitality	2.3	3.9
Government	-1.6	0.9

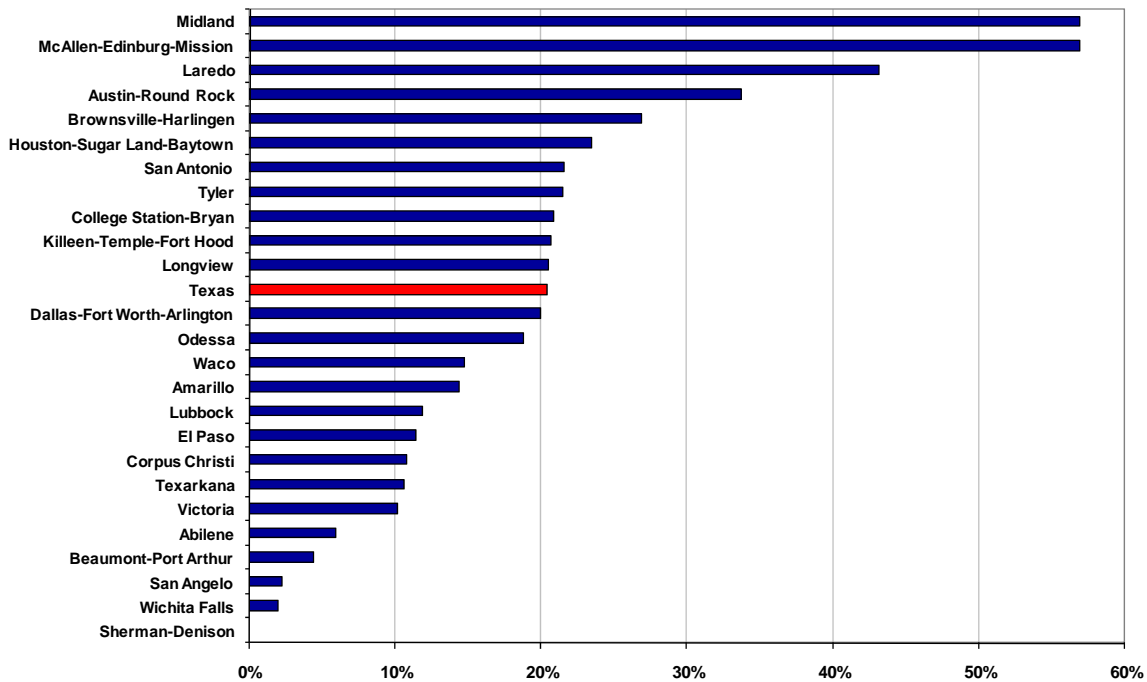
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

## Texas Metropolitan Area Nonfarm Employment Change

Metropolitan Area	1997	2007	Percent Change
<b>Sherman-Denison</b>	<b>43,900</b>	<b>43,800</b>	<b>-0.2</b>
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
<b>Texas</b>	<b>8,608,500</b>	<b>10,359,200</b>	<b>20.3</b>
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

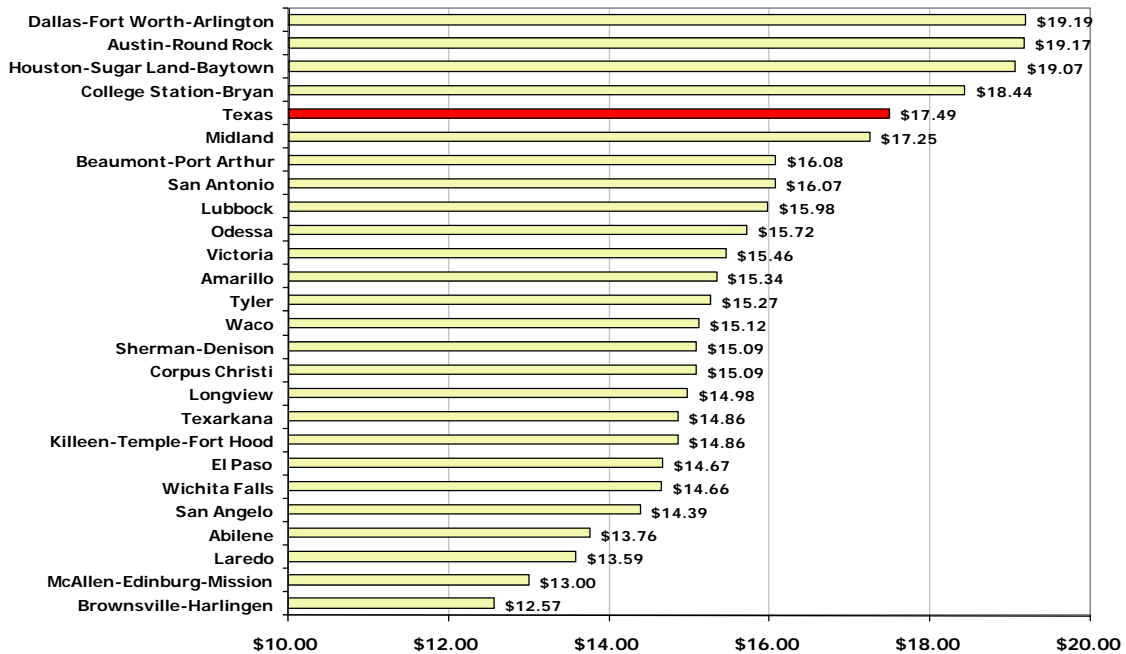
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

Metropolitan Area Nonfarm Employment Change  
1997-2007



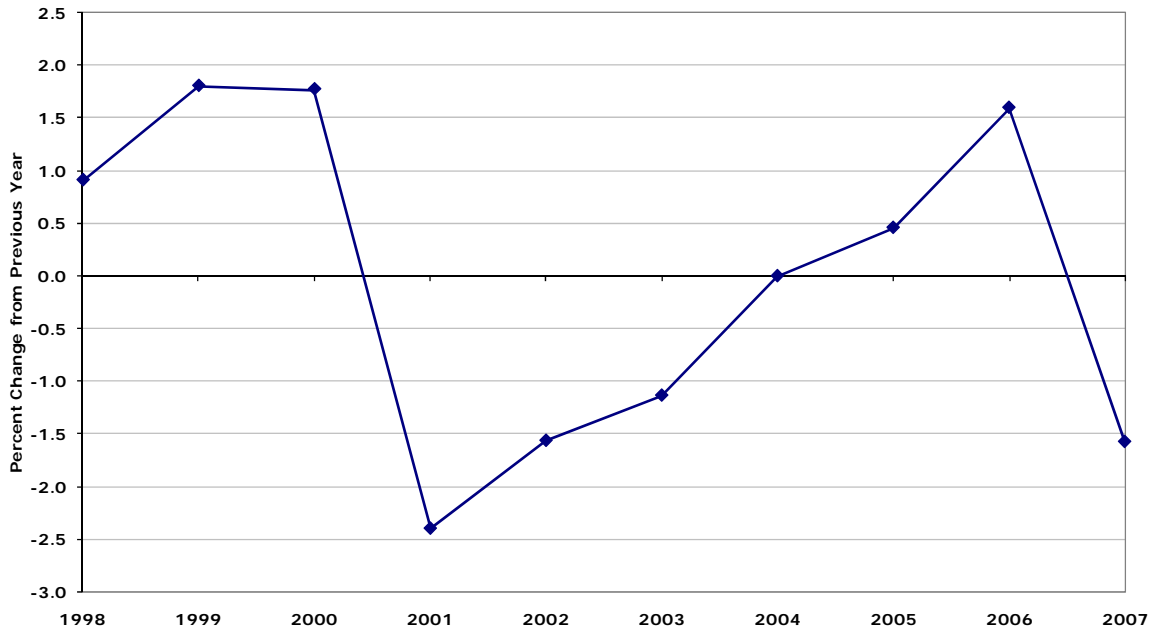
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

Average Hourly Wage  
2006



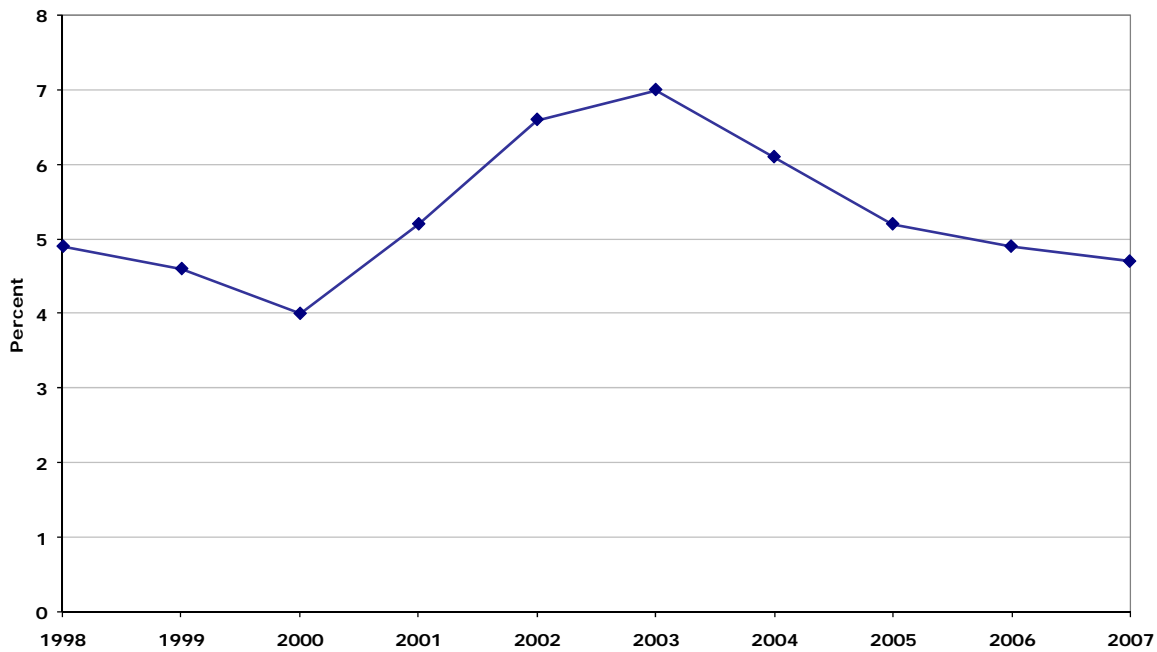
Source: Texas Workforce Commission

**Nonfarm Employment Growth  
Sherman-Denison MSA**



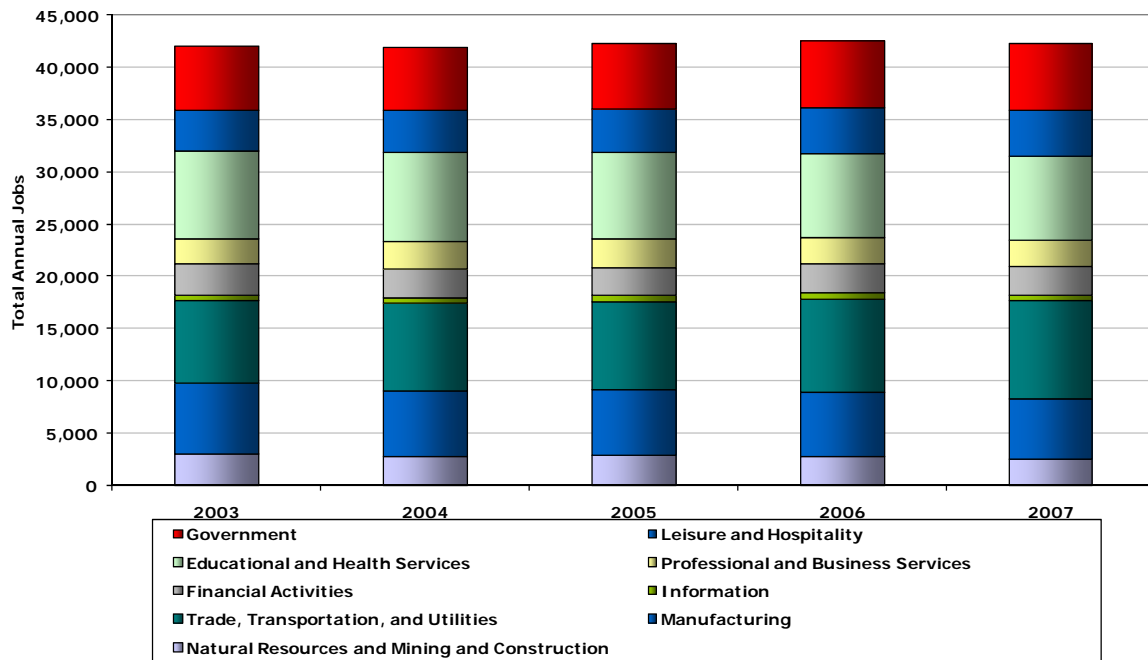
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

**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 2008 Economy

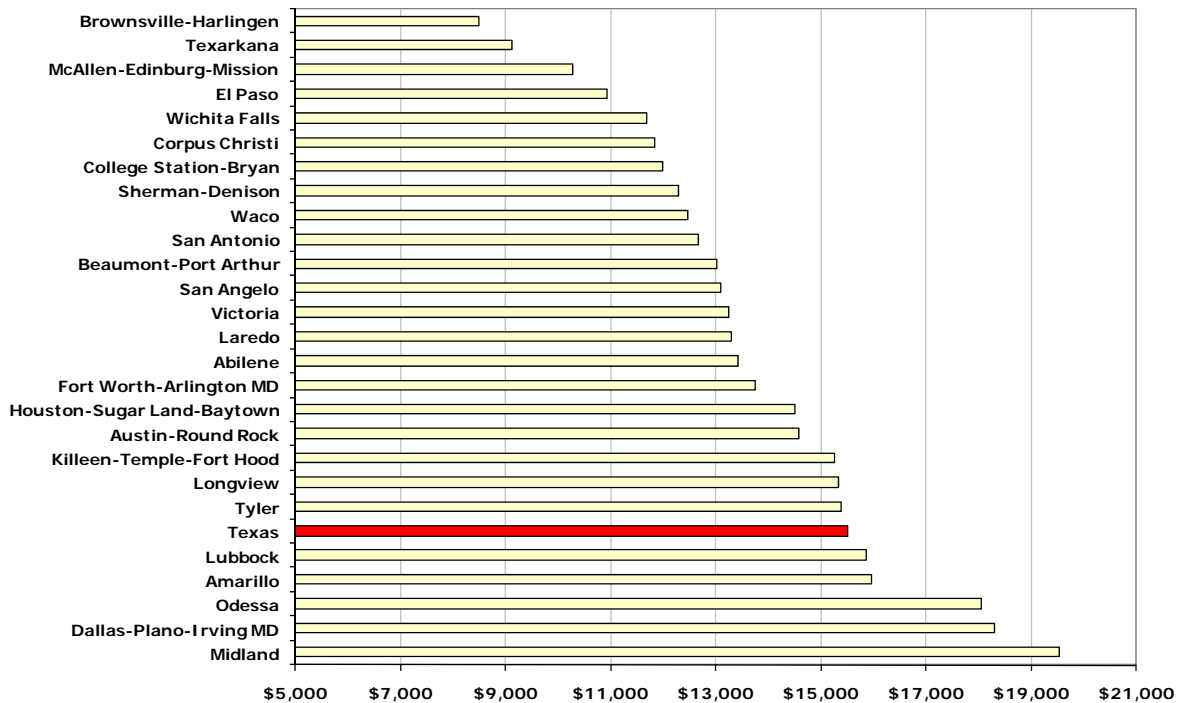
**Sherman-Denison MSA  
Gross Retail Sales**

Year	Total Sales	Sales per Capita
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	\$1,156,994,696	\$10,181
2003	\$1,168,499,842	\$10,162
2004	\$1,262,203,191	\$10,895
2005	\$1,341,291,166	\$11,480
2006	\$1,457,892,276	\$12,305
State Average 2006:		\$15,527

\* 2007 data not available as of January 2008.

Source: Texas Comptroller's Office

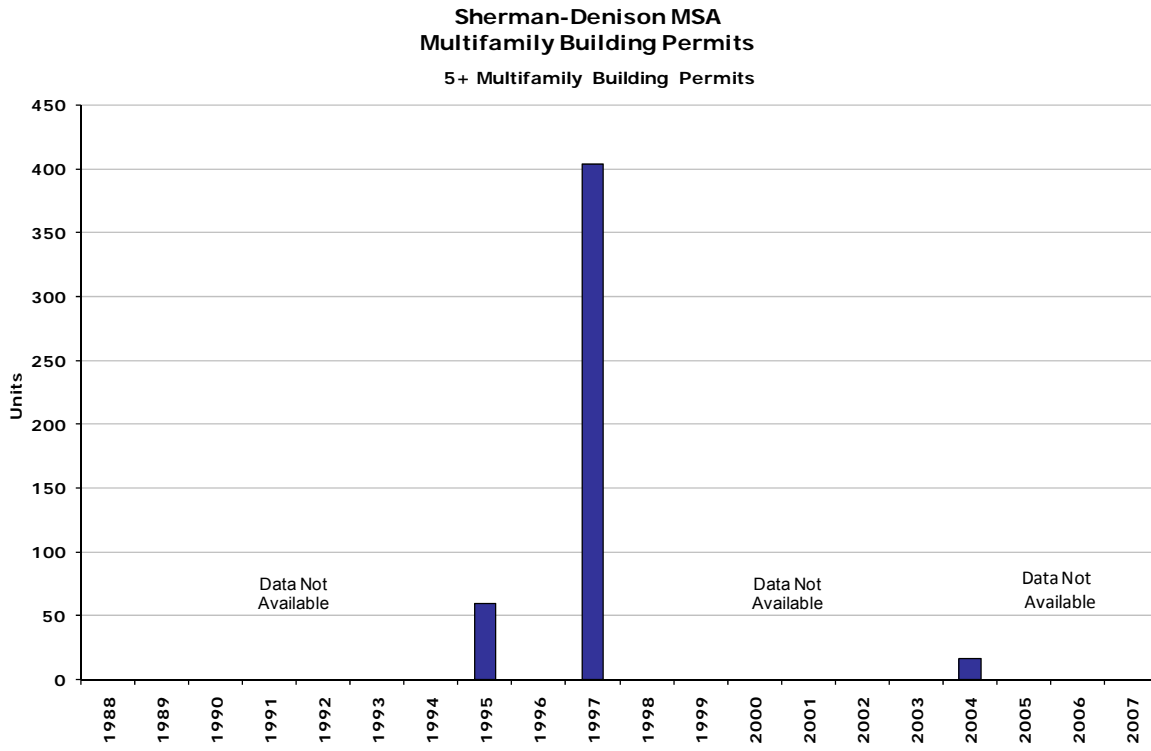
**Gross Retail Sales per Capita  
2006**



Source: Texas Comptroller's Office

# Sherman-Denison Market Overview 2008

## Multifamily



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

2007 figure is a preliminary number.

## Sherman-Denison 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**
Sherman-Denison	\$97,000	\$23,568	\$52,700	2.24	1.70
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, Sherman-Denison Area (in percent)

Price Range	2001	2002	2003	2004	2005	2006	2007
\$29,999 or less	10.2	8.2	9.5	8.4	8.1	6.3	6.6
30,000 - 39,999	5.9	5.4	5.9	5.7	4.0	4.2	4.6
40,000 - 49,999	7.3	6.6	6.4	5.6	4.7	6.6	4.6
50,000 - 59,999	7.2	6.7	6.5	6.7	7.5	6.1	5.4
60,000 - 69,999	8.6	10.7	7.6	6.6	8.4	7.3	7.1
70,000 - 79,999	8.7	6.6	8.6	6.8	7.3	6.5	8.6
80,000 - 89,999	7.4	7.9	7.7	10.3	7.3	8.3	7.8
90,000 - 99,999	6.5	7.3	5.9	6.9	6.3	6.4	7.5
100,000 - 119,999	10.1	10.6	10.8	11.5	10.3	10.0	10.1
120,000 - 139,999	11.0	8.6	9.9	9.7	10.8	10.4	9.3
140,000 - 159,999	5.9	7.1	6.2	6.3	6.0	6.5	7.6
160,000 - 179,999	3.3	5.1	5.4	4.0	5.8	5.3	5.9
180,000 - 199,999	2.6	2.4	2.8	2.7	3.2	3.9	2.7
200,000 - 249,999	3.0	3.5	2.6	4.3	4.6	5.4	4.6
250,000 - 299,999	0.9	1.3	2.0	1.8	2.5	2.4	3.3
300,000 - 399,999	0.8	1.0	1.2	1.6	1.9	2.9	2.6
400,000 - 499,999	0.4	0.4	0.7	0.6	0.6	0.7	0.8
500,000 and more	0.4	0.6	0.4	0.5	0.5	0.8	0.8

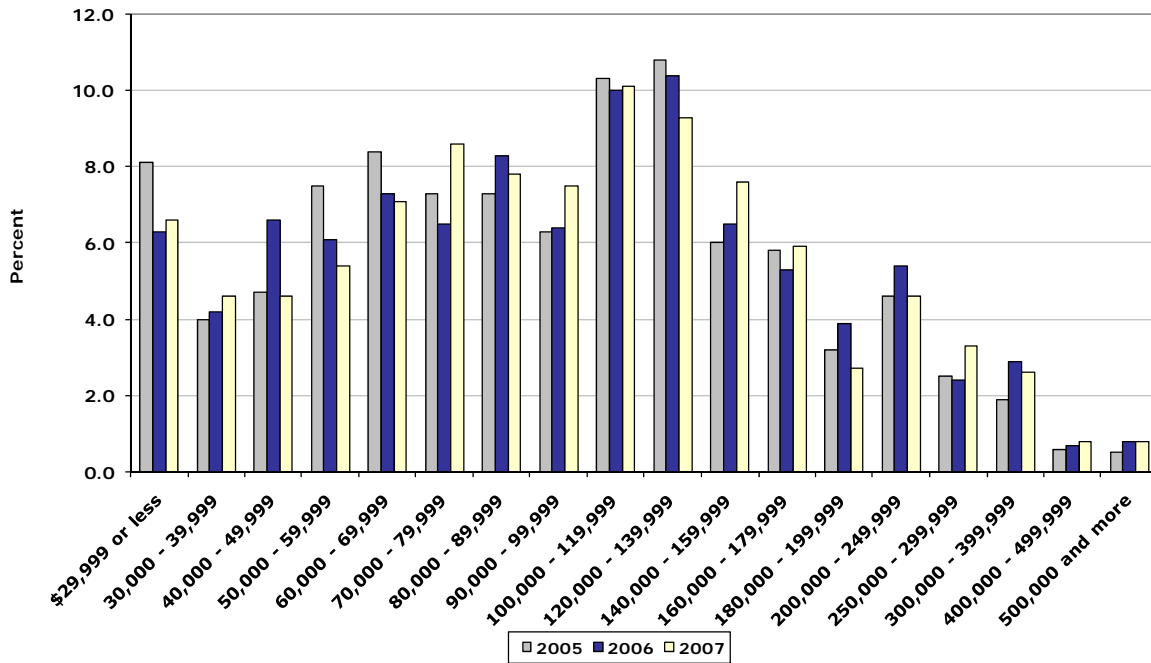
Source: Real Estate Center at Texas A&M University

Existing Home Sales, 2007

Grayson County	Q3	Q4
Total Sales	355	280
Average Sales Price	\$134,700	\$119,700
Days on Market	105	115

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, 2007**

**County, Major City, Major School District**

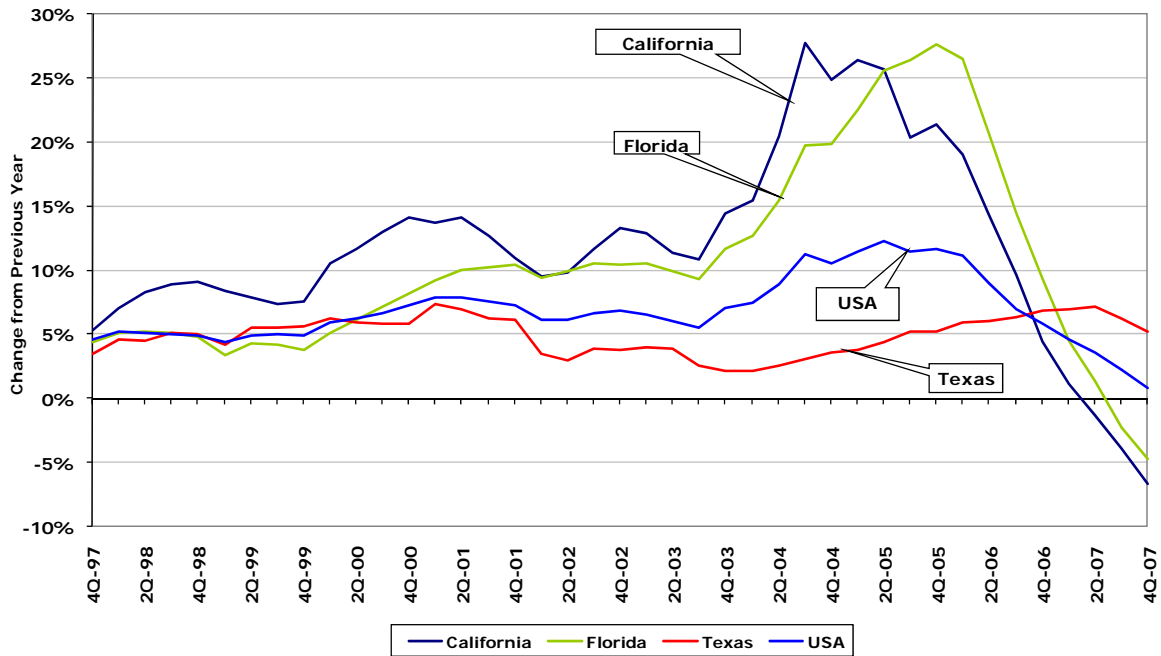
<b>Taxing Entity*</b>	<b>Tax Rate per \$100 Valuation</b>
City of Sherman	0.4000
Sherman ISD	1.3700
Grayson County	0.4909
<b>Total</b>	<b>\$2.2609</b>
<b>Taxing Entity*</b>	<b>Tax Rate per \$100 Valuation</b>
City of Denison	0.5626
Denison ISD	1.1471
Grayson County	0.4909
<b>Total</b>	<b>\$2.2006</b>

\* 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

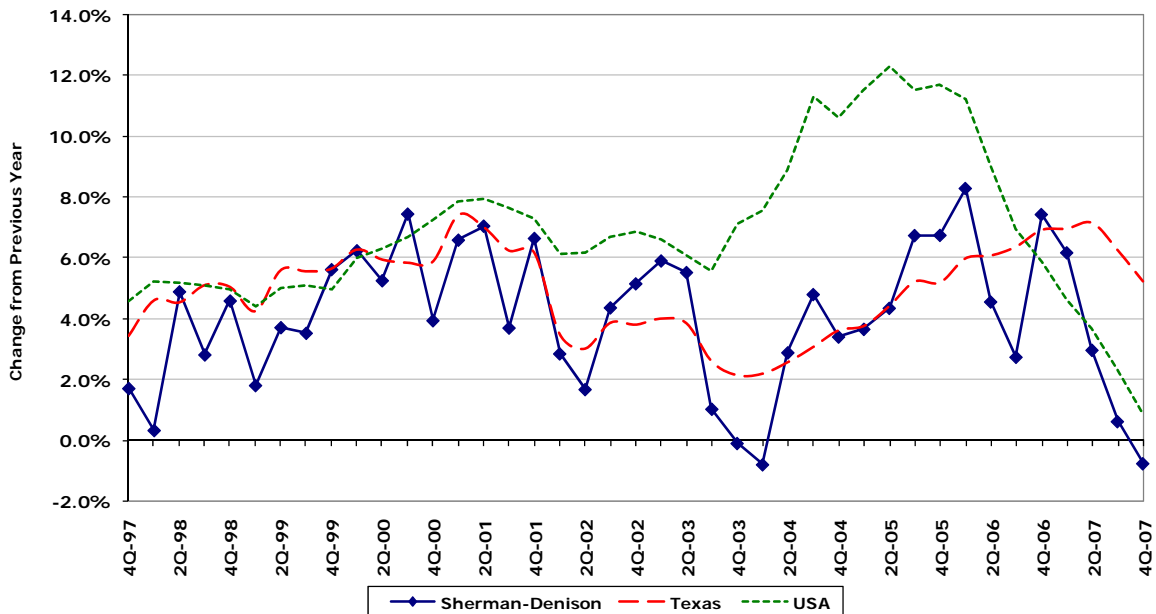
The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae.



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.



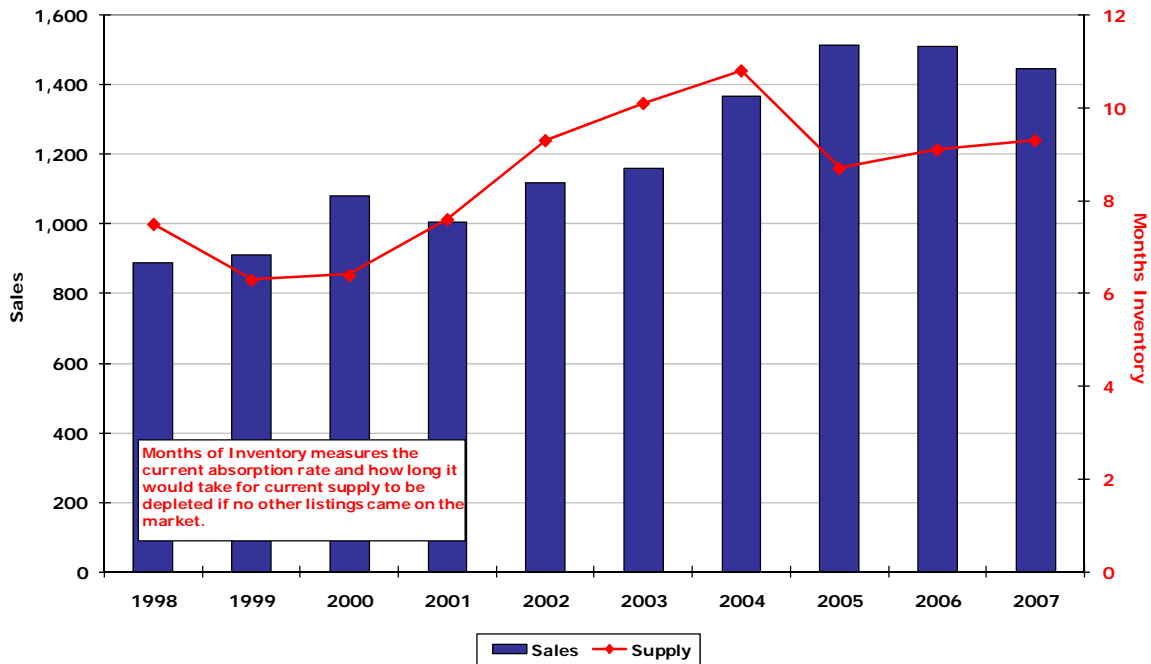
Source: Office of Federal Housing Enterprise Oversight

## 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
<b>Household Size</b>						
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%
<b>Race and Hispanic or Latino Origin of Householder</b>						
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%
<b>Age of Householder</b>						
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%
<b>Units in Structure</b>						
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%
<b>Year Structure Built</b>						
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%
<b>Bedrooms</b>						
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%
<b>Annual Household Income and Housing Costs*</b>						
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%

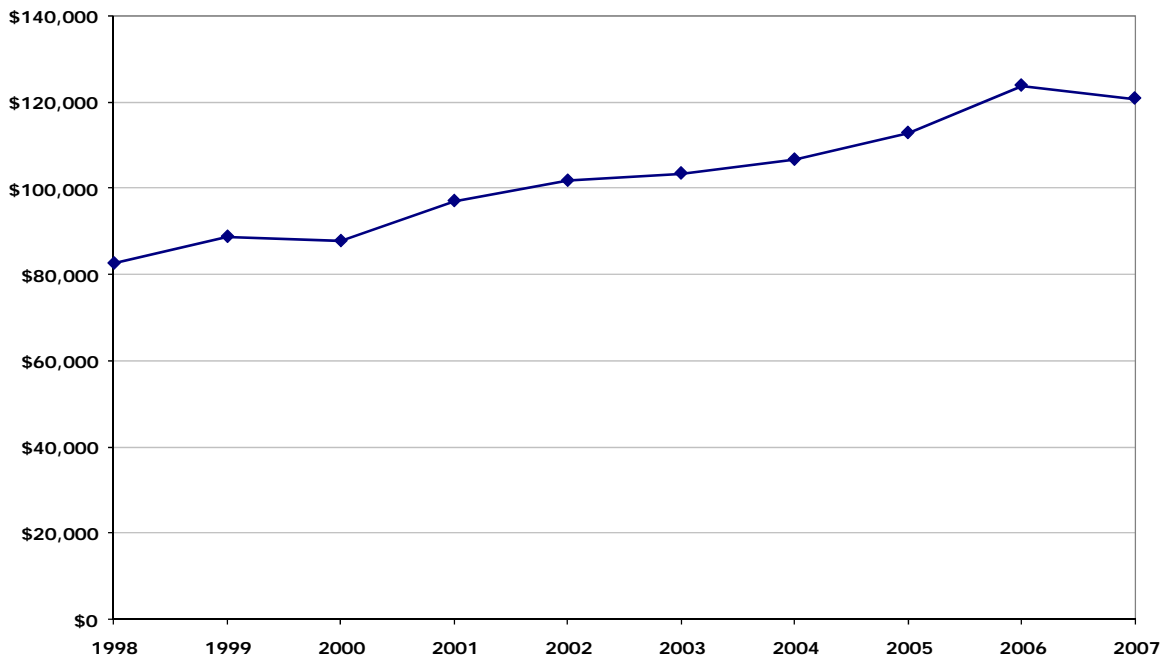
\* in 2005 inflation-adjusted dollars

Yearly Homes Sales and Months Inventory  
Sherman-Denison MLS



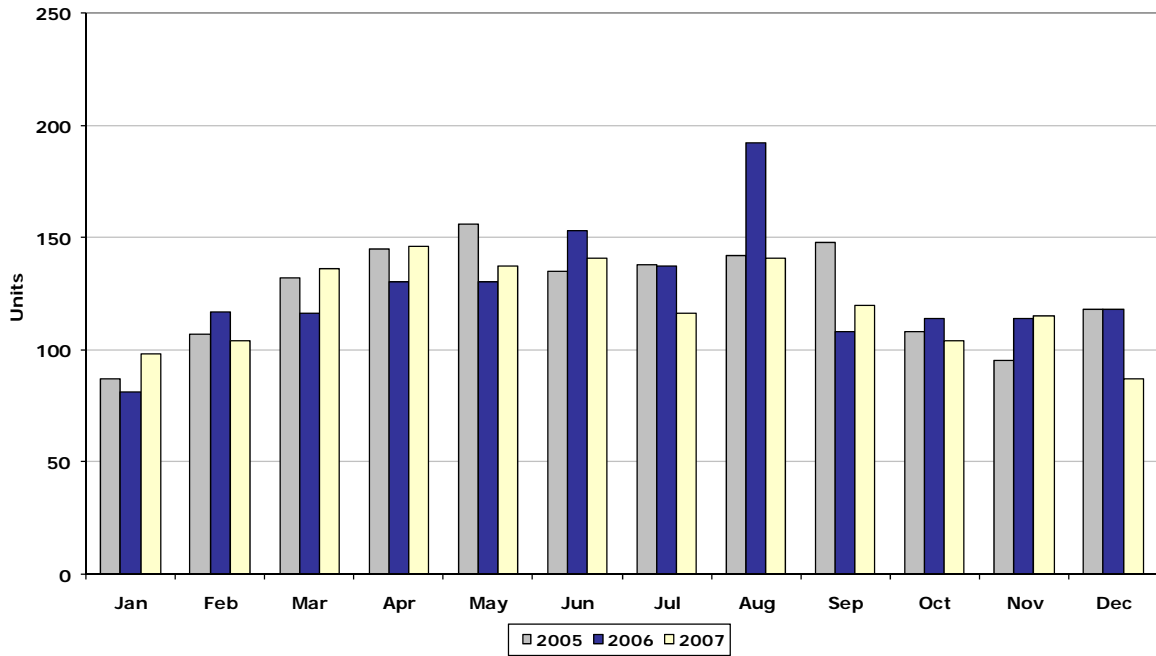
Source: Real Estate Center at Texas A&M University

Average Sales Price  
Sherman-Denison MLS



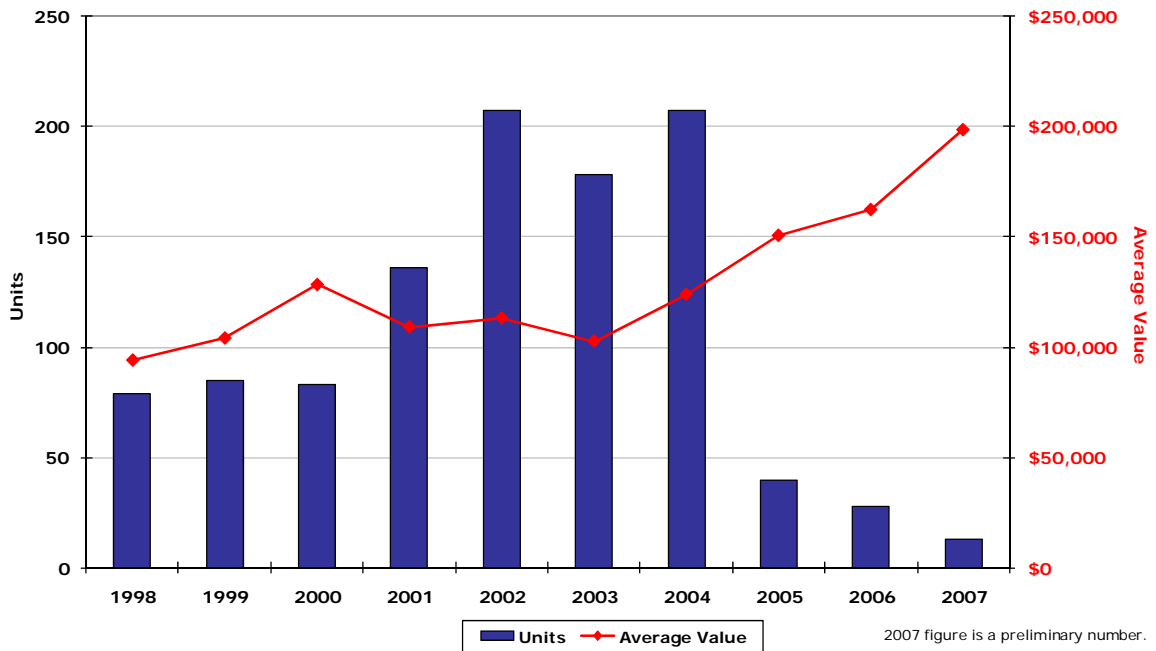
Source: Real Estate Center at Texas A&M University

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 2008 Hotel

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**Hotel\* Occupancy and Rental Rates**

	2006		2007	
	Sherman - Denison	Texas	Sherman - Denison	Texas
# Rooms 000's	1.3	339.9	1.4	349.7
Average daily rate	\$60.63	\$80.74	\$62.14	\$85.28
Occupancy rate (in percent)	55	61.3	51.9	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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