

Table of Contents

Demographics 3

Education 6

Employment 7

Economy 12

Infrastructure 13

Multifamily 14

Housing 15

Retail 19

Hotel 20

Office 21

McAllen-Edinburg-Mission Market Overview 2005 Demographics

McAllen-Edinburg-Mission MSA Population

| Year | Population | Percent Change |
|------|------------|----------------|
| 1990 | 383,545 | 1.7 |
| 1991 | 403,571 | 5.2 |
| 1992 | 424,312 | 5.1 |
| 1993 | 447,508 | 5.5 |
| 1994 | 468,906 | 4.8 |
| 1995 | 487,593 | 4.0 |
| 1996 | 503,411 | 3.2 |
| 1997 | 519,903 | 3.3 |
| 1998 | 537,929 | 3.5 |
| 1999 | 555,875 | 3.3 |
| 2000 | 569,463 | 2.4 |
| 2001 | 591,289 | 3.8 |
| 2002 | 612,791 | 3.6 |
| 2003 | 635,389 | 3.7 |
| 2004 | 658,248 | 3.6 |

Source: U.S. Census Bureau

Area Cities With 10,000 or More Residents

| City | 2000 Population | Growth 1990 - 2000 (in percent) |
|----------|--------------------|------------------------------------|
| McAllen | 106,414 | 24.3 |
| Edinburg | 48,465 | 40.1 |
| Pharr | 46,660 | 33.5 |
| Mission | 45,408 | 47.2 |
| Weslaco | 26,935 | 5.93 |
| San Juan | 26,229 | 76.8 |
| Donna | 14,768 | 11.8 |
| Alamo | 14,760 | 56.8 |
| Mercedes | 13,649 | 1.8 |

Source: U.S. Census Bureau

Texas Metropolitan Area Population Change, 1990 - 2004

| Metropolitan Area | 1990 Population | 2004 Population | Percent Change |
|----------------------------------|----------------------------|----------------------------|---------------------------|
| McAllen-Edinburg-Mission | 383,545 | 658,248 | 71.6 |
| Austin-San Marcos | 846,227 | 1,412,271 | 66.9 |
| Laredo | 133,239 | 219,464 | 64.7 |
| Dallas | 2,676,248 | 3,886,553 | 45.2 |
| Brownsville-Harlingen-San Benito | 260,120 | 371,825 | 42.9 |
| Brazoria County | 191,707 | 271,130 | 41.4 |
| Houston | 3,321,911 | 4,587,092 | 38.1 |
| Fort Worth-Arlington | 1,361,034 | 1,878,334 | 38.0 |
| Texas | 16,986,335 | 22,490,022 | 32.4 |
| San Antonio | 1,324,749 | 1,722,117 | 30.0 |
| Bryan-College Station | 121,862 | 156,275 | 28.2 |
| Killeen-Temple | 255,299 | 325,398 | 27.5 |
| Galveston-Texas City | 217,396 | 271,743 | 25.0 |
| Tyler | 151,309 | 186,414 | 23.2 |
| Sherman-Denison | 95,019 | 115,933 | 22.0 |
| Amarillo | 187,514 | 227,472 | 21.3 |
| El Paso | 591,610 | 713,126 | 20.5 |
| Waco | 189,123 | 222,439 | 17.6 |
| Victoria | 74,361 | 85,777 | 15.4 |
| Lubbock | 222,636 | 251,018 | 12.7 |
| Longview-Marshall | 193,801 | 215,159 | 11.0 |
| Texarkana | 120,132 | 132,716 | 10.5 |
| Corpus Christi | 349,894 | 385,700 | 10.2 |
| Odessa-Midland | 225,545 | 244,832 | 8.6 |
| Beaumont-Port Arthur | 361,218 | 383,443 | 6.2 |
| San Angelo | 98,458 | 103,772 | 5.4 |
| Wichita Falls | 130,351 | 136,595 | 4.8 |
| Abilene | 119,655 | 125,108 | 4.6 |

Source: U.S. Census Bureau

McAllen-Edinburg-Mission MSA Projected Population

| Year | Texas State Data Center (Scenario 0.5) | Texas Water Development Board |
|-------------|---|--|
| 2005 | 653,688 | - |
| 2010 | 744,258 | 712,383 |
| 2015 | 844,022 | - |
| 2020 | 948,488 | 879,381 |

Sources: Texas State Data Center and Texas Water Development Board

Household Composition

| | McAllen-Edinburg- Mission MSA | Texas |
|--|--|--------------|
| Average household size (2000) | 3.60 | 2.74 |
| Population younger than 18 (2000, in percent) | 35.3 | 28.2 |
| Population 65 and older (2000, in percent) | 9.7 | 9.9 |

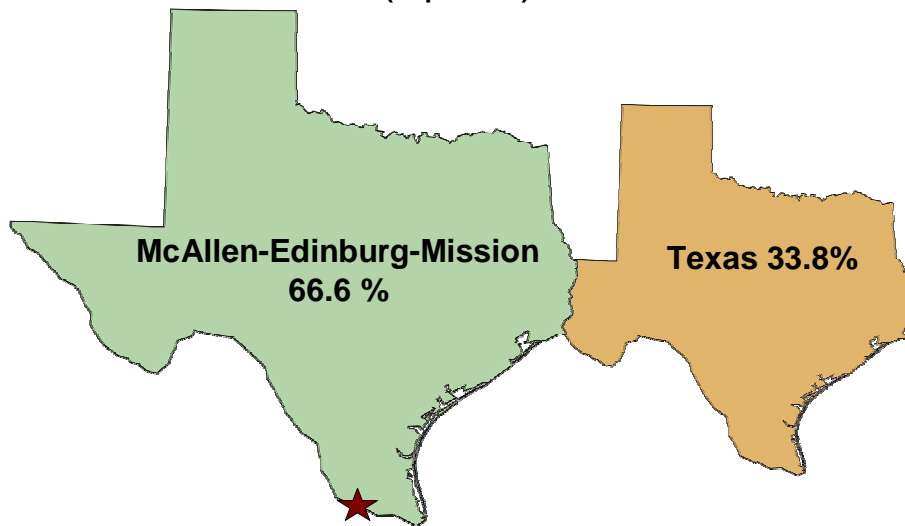
Source: U.S. Census Bureau

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

| | McAllen-Edinburg- Mission MSA | Texas |
|------------------------|--|--------------|
| White | 77.7 | 71.0 |
| Black | 0.5 | 11.5 |
| Asian | 0.6 | 2.7 |
| American Indian | 0.4 | 0.6 |
| Other | 18.6 | 11.7 |
| Two or more races | 2.1 | 2.5 |
| Hispanic (of any race) | 88.3 | 32.0 |

Source: U.S. Census Bureau

**Projected Population Growth, 2000 – 2020
(in percent)**



Source: Texas State Data Center (Scenario 0.5)

McAllen-Edinburg-Mission Market Overview 2005 Education

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

| Level of Education | Hidalgo | |
|---------------------------------|---------|-------|
| | County | Texas |
| High school graduate | 20.2 | 24.8 |
| Some college, no degree | 14.5 | 22.4 |
| Associate's degree | 2.9 | 5.2 |
| Bachelor's degree | 8.4 | 15.6 |
| Graduate or professional degree | 4.5 | 7.6 |

Source: U.S. Census Bureau

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

| Level of Education | McAllen-Edinburg- | |
|--------------------------------|-------------------|-------|
| | Mission MSA | Texas |
| High School Graduate or Higher | 50.5 | 79.2 |
| Bachelor's Degree or Higher | 12.9 | 23.9 |

Source: U.S. Census Bureau

Local College and University Enrollment

| School | Fall 1999 | Fall 2000 | Fall 2001 | Fall 2002 | Fall 2003 | Fall 2004 |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| South Texas Community College | 10,364 | 11,183 | 12,443 | 13,691 | 15,228 | 17,035 |
| University of Texas - Pan American | 12,570 | 12,760 | 13,640 | 14,392 | 15,915 | 17,030 |

Source: Texas Higher Education Coordinating Board

Local College and University Enrollment

| School | Spring 1999 | Spring 2000 | Spring 2001 | Spring 2002 | Spring 2003 | Spring 2004 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| South Texas Community College | - | 10,195 | 11,203 | 12,705 | 14,374 | 15,315 |
| University of Texas - Pan American | - | 11,964 | 12,210 | 12,884 | 14,174 | 15,157 |

Source: Texas Higher Education Coordinating Board

McAllen-Edinburg-Mission Market Overview 2005 Employment

McAllen Top Ten Employers

| Employer | Sector | Employees |
|---------------------------------------|-------------|-----------|
| McAllen Independent School District | Education | 3,595 |
| McAllen Medical Center | Health care | 2,800 |
| City of McAllen | Government | 1,489 |
| Columbia Rio Grande Regional Hospital | Health care | 975 |
| South Texas Community College | Education | 811 |
| Vanity Fair Intimates | Apparel | 400 |
| Dillard's | Retail | 354 |
| Foley's | Retail | 350 |
| McDonald's | Food | 350 |
| Sam's Club Discount Store | Retail | 350 |

Source: McAllen Chamber of Commerce Mar-2005

Edinburg Top Ten Employers

| Employer | Sector | Employees |
|----------------------------------|-------------------|-----------|
| Edinburg Consolidated I.S.D. | Education | 3,600 |
| Edinburg Regional Medical Center | Medical care | 3,000 |
| University of Texas Pan American | Education | 2,842 |
| Hidalgo County | County government | 2,211 |
| City of Edinburg | Government | 505 |
| Wal-Mart Discount Store | Retail | 480 |
| Tropical Texas MHMR | State agency | 361 |
| Merkafon | Call center | 320 |
| Lopez Unit | State prison | 300 |
| Texas Youth Commission | State agency | 266 |

Source: Edinburg Chamber of Commerce Mar-2005

Mission Top Ten Employers

| Employer | Sector | Employees |
|-----------------------|----------------|-----------|
| Mission CISD | Education | 1,955 |
| Mission Hospital | Health care | 740 |
| T-Mobile | Communications | 720 |
| Sharyland ISD | Education | 650 |
| Wal-Mart | Retail | 400+ |
| H-E-B | Grocery | 380+ |
| Vanity Fair | Apparel | 195 |
| Texas Citrus Exchange | Produce | 190 |
| Frito-Lay, Inc. | Food | 157 |
| Mission Paving | Roads | 130 |

Source: Mission Economic Development Authority Dec-2004

Employment Growth by Industry

| | McAllen-Edinburg- Pharr MSA | Texas |
|--|--|--------------|
| Employment growth 2004 (in percent) | 4.3 | 1.3 |
| Unemployment rate 2004 (in percent) | 9.1 | 6.1 |
| New jobs in 2004 | 7900 | 120,600 |
| Employment growth by sector 2004 (in percent) | | |
| Total Nonfarm | 4.3 | 1.3 |
| Natural Resources, Mining, and Construction | -3.6 | - |
| Natural Resources and Mining | - | 3.2 |
| Construction | - | -1.0 |
| Manufacturing | -8.8 | -0.2 |
| Trade, Transportation and Utilities | 3.3 | 1.2 |
| Information | 20.8 | -1.1 |
| Financial Activities | 8.1 | 1.7 |
| Professional and Business Services | 5.2 | 1.7 |
| Educational and Health Services | 10.3 | 2.1 |
| Leisure and Hospitality | -1.2 | 2.1 |
| Government | 4.3 | 1.5 |

All estimates are subject to revision March-2005

Source: Bureau of Labor Statistics and Real Estate Center at Texas A&M University

Texas Metropolitan Area Employment Change, 1990-2004

| Metropolitan Area | 1990 Employment | 2004 Employment | Percent Change |
|---------------------------------|----------------------------|----------------------------|---------------------------|
| McAllen-Edinburg-Mission | 128,092 | 231,224 | 80.5 |
| Austin-Round Rock | 452,961 | 738,706 | 63.1 |
| Laredo | 48,588 | 77,898 | 60.3 |
| Killeen-Temple-Fort Hood | 93,215 | 137,634 | 47.7 |
| Brownsville-Harlingen | 90,534 | 130,457 | 44.1 |
| College Station-Bryan | 69,738 | 97,038 | 39.1 |
| San Antonio | 620,868 | 833,331 | 34.2 |
| Dallas-Fort Worth-Arlington | 2,163,142 | 2,790,815 | 29.0 |
| Texas | 8,071,312 | 10,362,982 | 28.4 |
| Amarillo | 96,512 | 122,770 | 27.2 |
| Tyler | 70,712 | 89,186 | 26.1 |
| Houston-Baytown-Sugar Land | 1,926,731 | 2,411,653 | 25.2 |
| Sherman-Denison | 43,644 | 53,651 | 22.9 |
| Lubbock | 110,510 | 134,203 | 21.4 |
| Waco | 86,033 | 104,444 | 21.4 |
| Midland | 51,435 | 61,405 | 19.4 |
| Abilene | 64,278 | 76,330 | 18.7 |
| Corpus Christi | 156,681 | 184,573 | 17.8 |
| Victoria | 44,880 | 52,847 | 17.8 |
| El Paso | 228,522 | 267,419 | 17.0 |
| Longview | 80,290 | 93,867 | 16.9 |
| Wichita Falls | 61,226 | 70,608 | 15.3 |
| San Angelo | 44,183 | 50,604 | 14.5 |
| Texarkana | 51,476 | 57,743 | 12.2 |
| Odessa | 52,585 | 57,944 | 10.2 |
| Beaumont-Port Arthur | 156,860 | 164,663 | 5.0 |

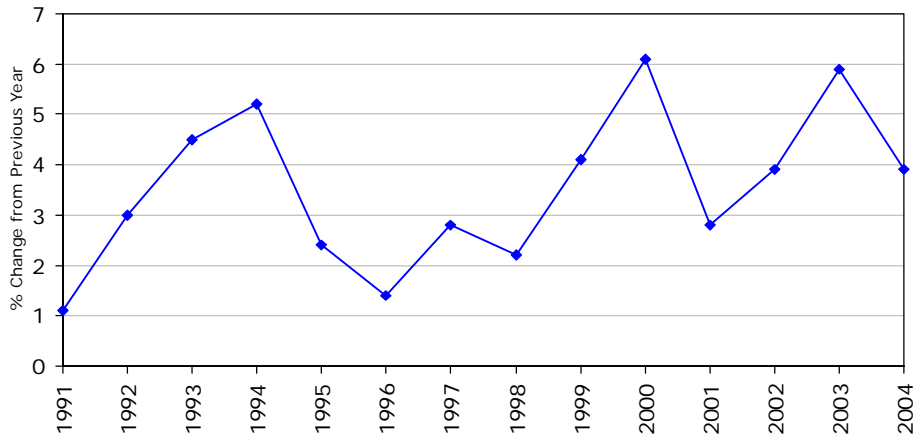
Source: Bureau of Labor Statistics and Real Estate Center at Texas A&M University

McAllen-Edinburg MSA Employment

| Year | Employment | Percent Change |
|-------------|-------------------|-----------------------|
| 1990 | 128,560 | - |
| 1991 | 129,927 | 1.1 |
| 1992 | 133,823 | 3.0 |
| 1993 | 139,860 | 4.5 |
| 1994 | 147,176 | 5.2 |
| 1995 | 150,722 | 2.4 |
| 1996 | 152,825 | 1.4 |
| 1997 | 157,151 | 2.8 |
| 1998 | 160,532 | 2.2 |
| 1999 | 167,156 | 4.1 |
| 2000 | 177,405 | 6.1 |
| 2001 | 182,396 | 2.8 |
| 2002 | 189,543 | 3.9 |
| 2003 | 200,778 | 5.9 |
| 2004 | 208,674 | 3.9 |

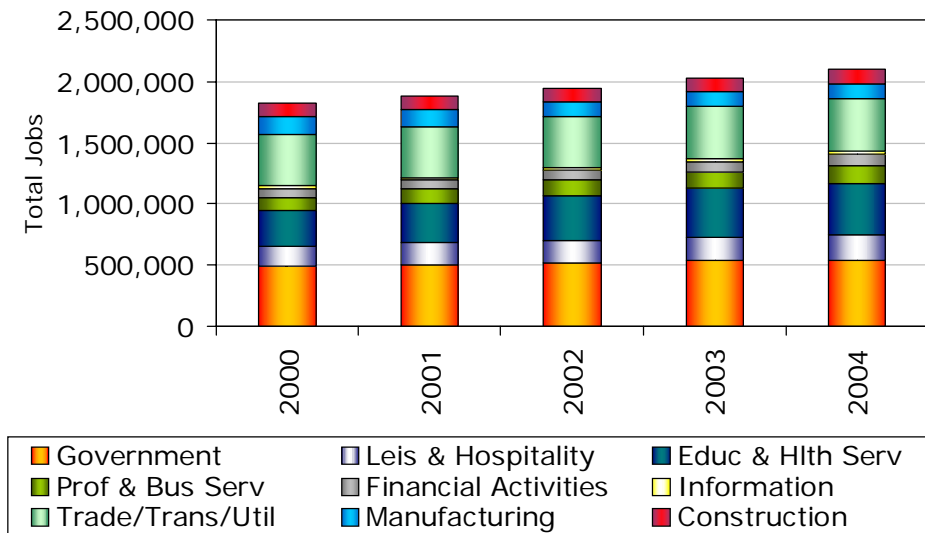
Source: U.S. Bureau of Labor Statistics

**Employment Growth
 McAllen-Edinburg-Mission MSA**



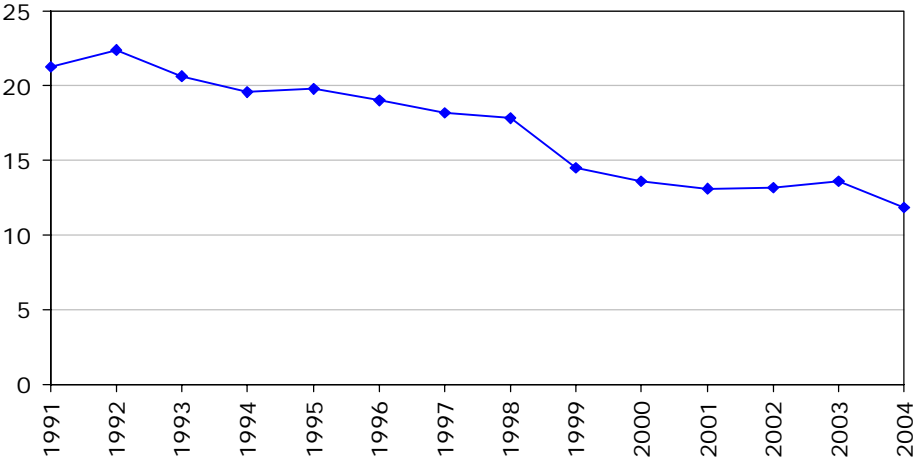
Source: U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University

Distribution of Employment in Major Categories



Source: Texas Workforce Commission Feb-2005

McAllen-Edinburg-Mission MSA Unemployment Rate
(in percent)



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

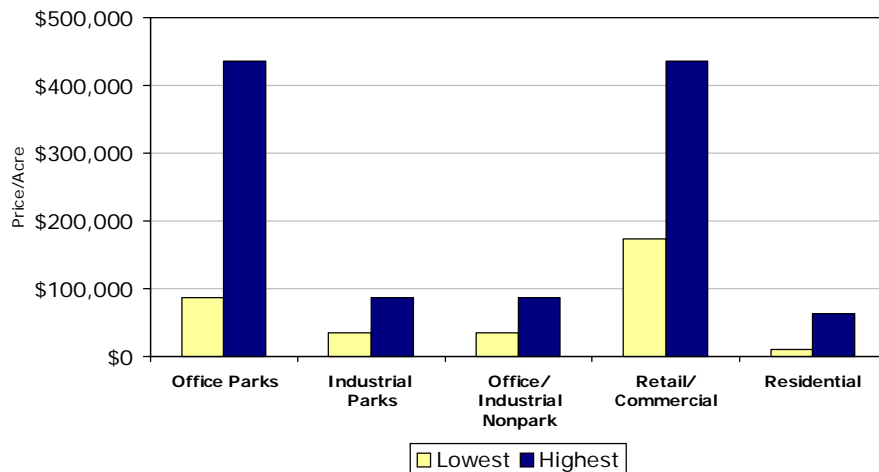
McAllen-Edinburg-Mission Market Overview 2005 Economy

**McAllen-Edinburg-Mission MSA
 Gross Retail Sales**

| Year | Total Sales | Sales per Capita |
|-------------------------------------|-----------------|------------------|
| 1990 | \$2,577,469,993 | \$6,720 |
| 1991 | 2,851,790,735 | 7,066 |
| 1992 | 3,066,256,440 | 7,226 |
| 1993 | 3,281,201,544 | 7,332 |
| 1994 | 3,493,790,943 | 7,451 |
| 1995 | 3,155,659,635 | 6,472 |
| 1996 | 3,446,623,401 | 6,847 |
| 1997 | 3,595,914,796 | 6,917 |
| 1998 | 3,848,590,916 | 7,154 |
| 1999 | 4,445,761,386 | 7,998 |
| 2000 | 4,961,009,854 | 8,712 |
| 2001 | 5,310,783,628 | 8,982 |
| 2002 | 5,748,413,597 | 9,381 |
| 2003 | 5,958,780,640 | 9,378 |
| 2004 | 6,331,684,985 | 9,619 |
| State Average 2004: \$14,546 | | |

Source: Texas Comptroller's Office

**McAllen/Edinburg/Mission,
 Development Land**



Source: NAI Rio Grande Valley

McAllen-Edinburg-Mission Market Overview 2005 Infrastructure

McAllen Airline Activity

| McAllen-Miller International Airport | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|
| Enplaned passengers | 327,688 | 328,061 | 298,298 | 278,697 | 284,567 | 317,806 |

Source: McAllen-Miller International Airport

Border Crossings*

| | 2000 | 2001 | 2002 | 2003 | 2004 |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Vehicle Crossings** | | | | | |
| Northbound | 9,275,453 | 9,086,594 | 9,700,601 | 8,716,430 | 8,782,304 |
| Southbound | 9,163,063 | 9,028,815 | 9,340,846 | 8,400,718 | 8,347,306 |
| Total | 18,438,516 | 18,115,409 | 19,041,447 | 17,117,148 | 17,129,610 |
| Pedestrian Crossings | | | | | |
| Northbound | - | 4,766,041 | 2,931,510 | 2,944,263 | 2,868,457 |
| Southbound | - | 2,611,609 | 2,547,111 | 2,575,248 | 2,653,897 |
| Total | - | 7,377,650 | 5,478,621 | 5,519,511 | 5,522,354 |
| Truck Crossings*** | | | | | |
| Northbound | 386,151 | 388,239 | 414,168 | 425,635 | 477,414 |
| Southbound | 329,483 | 321,354 | 328,193 | 354,031 | 416,190 |
| Total | 715,634 | 709,593 | 742,361 | 779,666 | 893,604 |

* Includes McAllen, Pharr and Progreso bridges where applicable

** Does not include 2 to 6 axle commercial trucks

*** Includes only 2 to 6 axle loaded and unloaded commercial vehicles.

Source: Texas A&M International University, Texas Center for Border Economic and Enterprise Development

McAllen-Edinburg-Mission Market Overview 2005

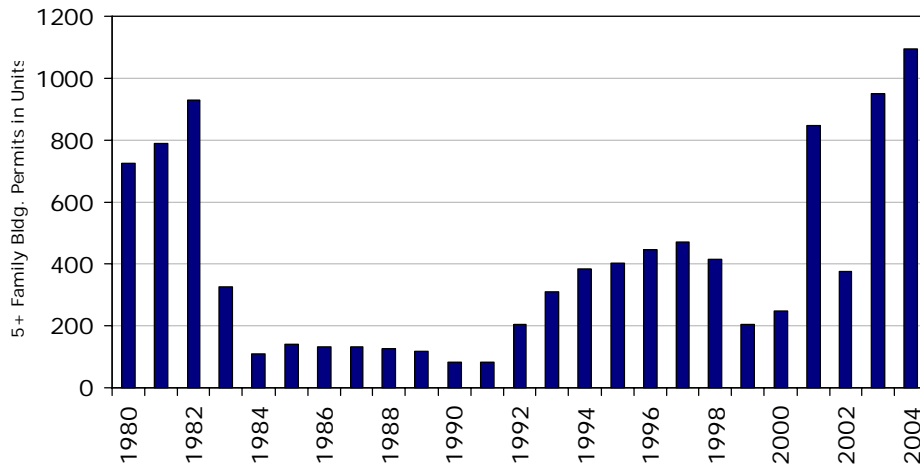
Multifamily

Rio Grande Valley Apartment Statistics 2004

| | Rio Grande Valley | Texas Metro Average |
|---|-------------------|---------------------|
| Average rent per square foot | \$0.61 | \$0.79 |
| Average rent for units built since 2000 | \$0.64 | \$0.92 |
| Average occupancy (in percent) | 94.7 | 91.5 |
| Average occupancy for units built since 2000 (in percent) | 95.6 | 92.4 |

Source: Apartment MarketData Research Jan-2005

McAllen-Edinburg-Mission MSA Multifamily Building Permits



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

McAllen-Edinburg-Mission Market Overview 2005 Housing

Housing Affordability - Third Quarter 2004

| | Percent of Households That Can Afford Median-priced Home | THAI* | THAI for First-time Homebuyers |
|-----------------|--|-------|-----------------------------------|
| McAllen | 46 | 0.91 | 0.76 |
| Texas MLS Total | 0.49 | 0.98 | 0.89 |
| U.S. Total | 0.48 | 0.96 | 0.7 |

* The THAI is the ratio of median household income to the income required to buy the median-priced home using currently available mortgage financing. Standard financing is a 30-year loan covering 80 percent of the cost of the home. A THAI of 1.00 indicates that the median household income is just enough to qualify for a loan sufficient to purchase the median-priced home.

Source: Real Estate Center at Texas A&M University

Price Distribution of MLS Homes Sold, McAllen Area, 2004 (in percent)

| Price Range | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|-------------------|------|------|------|------|------|------|------|
| \$29,999 or less | 4.7 | 6.1 | 6.8 | - | - | - | 4.2 |
| 30,000 - 39,999 | 6.3 | 6.2 | 5.8 | - | - | - | 4.9 |
| 40,000 - 49,999 | 7.8 | 8.3 | 6.5 | - | - | - | 7.1 |
| 50,000 - 59,999 | 10.0 | 7.4 | 8.1 | - | - | - | 7.2 |
| 60,000 - 69,999 | 11.7 | 11.5 | 9.9 | - | - | - | 6.7 |
| 70,000 - 79,999 | 12.0 | 13.3 | 13.0 | - | - | - | 7.4 |
| 80,000 - 89,999 | 10.9 | 10.1 | 11.9 | - | - | - | 8.3 |
| 90,000 - 99,999 | 5.4 | 5.6 | 6.8 | - | - | - | 8.5 |
| 100,000 - 119,999 | 8.1 | 8.1 | 7.1 | - | - | - | 10.9 |
| 120,000 - 139,999 | 7.1 | 7.1 | 6.5 | - | - | - | 8.7 |
| 140,000 - 159,999 | 4.0 | 4.3 | 4.1 | - | - | - | 6.6 |
| 160,000 - 179,999 | 3.5 | 3.8 | 4.0 | - | - | - | 5.3 |
| 180,000 - 199,999 | 3.0 | 2.6 | 2.4 | - | - | - | 3.6 |
| 200,000 - 249,999 | 3.2 | 2.4 | 3.6 | - | - | - | 4 |
| 250,000 - 299,999 | 1.0 | 1.5 | 1.6 | - | - | - | 3.5 |
| 300,000 - 399,999 | 0.7 | 1.0 | 0.9 | - | - | - | 1.9 |
| 400,000 - 499,999 | 0.2 | 0.1 | 0.3 | - | - | - | 0.9 |
| 500,000 and more | 0.4 | 0.4 | 0.8 | - | - | - | 0.5 |

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

Source: Real Estate Center at Texas A&M University

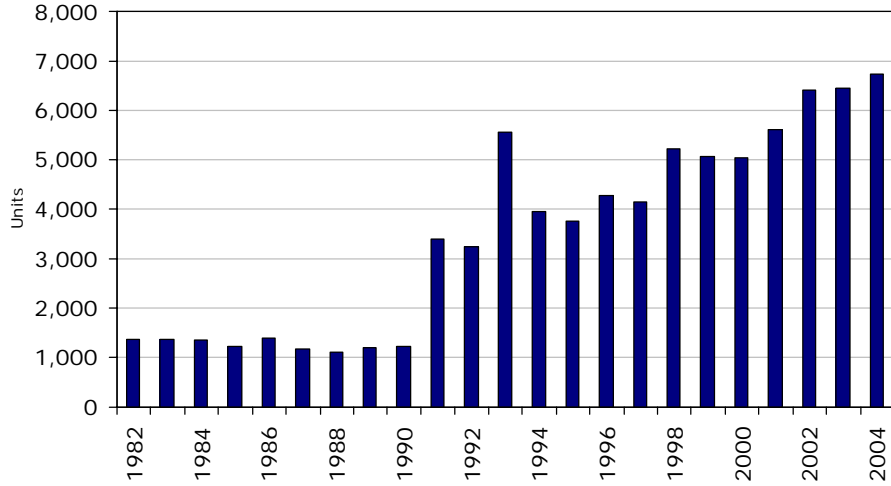
Property Tax Rates, 2004
County, Major City, Major School District

| McAllen | |
|-----------------------|-------------------------------------|
| Taxing Entity* | Tax Rate per \$100 Valuation |
| Hidalgo County | 0.59 |
| City of McAllen | 0.42 |
| McAllen ISD | 1.54 |
| Total | \$2.55 |
| Edinburg | |
| Taxing Entity* | Tax Rate per \$100 Valuation |
| Hidalgo County | 0.59 |
| City of Edinburg | 0.64 |
| Edinburg ISD | 1.60 |
| Total | \$2.82 |
| Mission | |
| Taxing Entity* | Tax Rate per \$100 Valuation |
| Hidalgo County | 0.59 |
| City of Mission | 0.54 |
| Mission ISD | 1.57 |
| Total | \$2.70 |
| Pharr | |
| Taxing Entity* | Tax Rate per \$100 Valuation |
| Hidalgo County | 0.59 |
| City of Pharr | 0.68 |
| Pharr ISD | 1.61 |
| Total | \$2.89 |

* 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: Hidalgo County Appraisal District

McAllen-Edinburg-Mission MSA Single-Family Building Permits

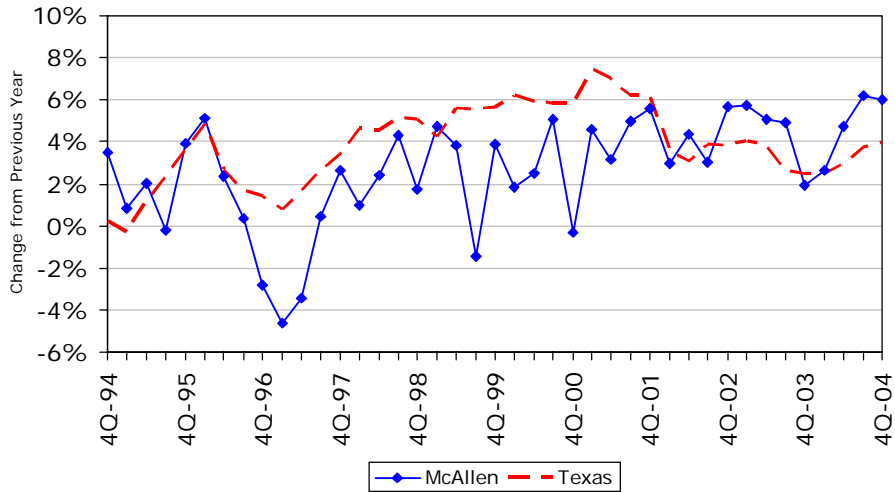


Source: U.S. Census Bureau and Real Estate Center at Texas A&M University

**Home Price Appreciation
 McAllen-Edinburg-Mission MSA***

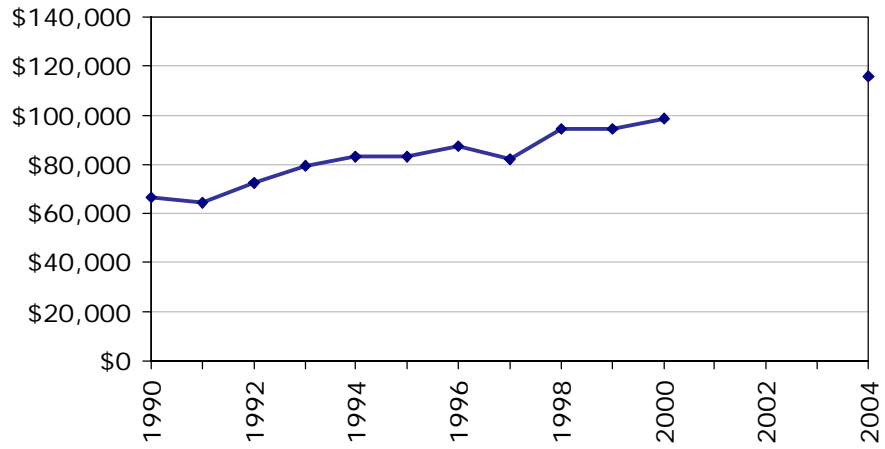
The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae since January 1975.

*According to new 2003 MSA definition, including Hidalgo County



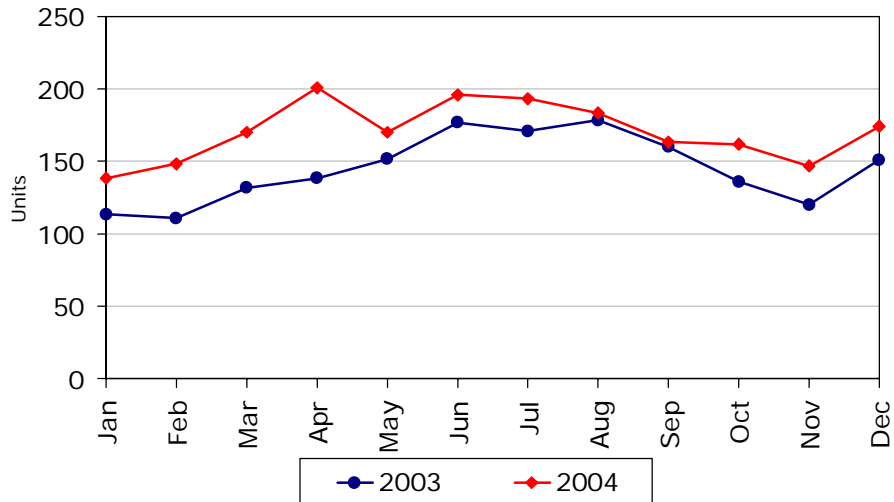
Source: Office of Federal Housing Enterprise Oversight

**Average Sales Price of Single-Family Home
 McAllen MLS**



Source: Real Estate Center at Texas A&M University

**Single-Family Home Sales Volume
 McAllen MLS**



Source: Real Estate Center at Texas A&M University

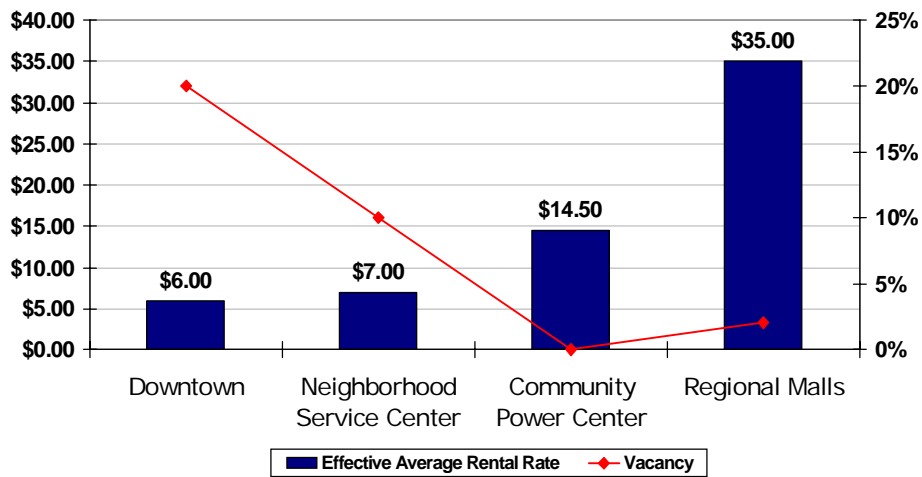
McAllen-Edinburg-Mission Market Overview 2005 Retail

Summary of Retail Market Indicators (McAllen/Edinburg/Mission) - Year-End 2004
 (Rent/Square foot/ Year)

| Retail | Low | High | Effective Avg. | Vacancy |
|-----------------------------|--------|---------|----------------|---------|
| Downtown | \$6.00 | \$12.00 | \$6.00 | 20% |
| Neighborhood Service Center | 5.00 | 18.00 | 7.00 | 10 |
| Community Power Center | 7.50 | 18.00 | 14.50 | 0 |
| Regional Malls | 25.00 | 50.00 | 35.00 | 2 |

Source: NAI Rio Grande Valley

McAllen/Edinburg/Mission,
 Retail Market, Year-End 2004



Source: NAI Rio Grande Valley

McAllen-Edinburg-Mission Market Overview 2005 Hotel

Hotel Occupancy and Rental Rates

| | 2003* | | 2004 | |
|-----------------------------|--------------------------------|---------|--------------------------------|---------|
| | McAllen/ Edinburg/ Pharr | Texas | McAllen/ Edinburg/ Pharr | Texas |
| # Rooms 000's | 5.8 | 320.2 | 6.1 | 329.2 |
| Average daily rate | \$57.99 | \$68.80 | \$60.38 | \$70.62 |
| Occupancy rate (in percent) | 57.1 | 54.2 | 56.2 | 55.2 |

* 2003 and later data according to new MSA definition including Hidalgo County

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

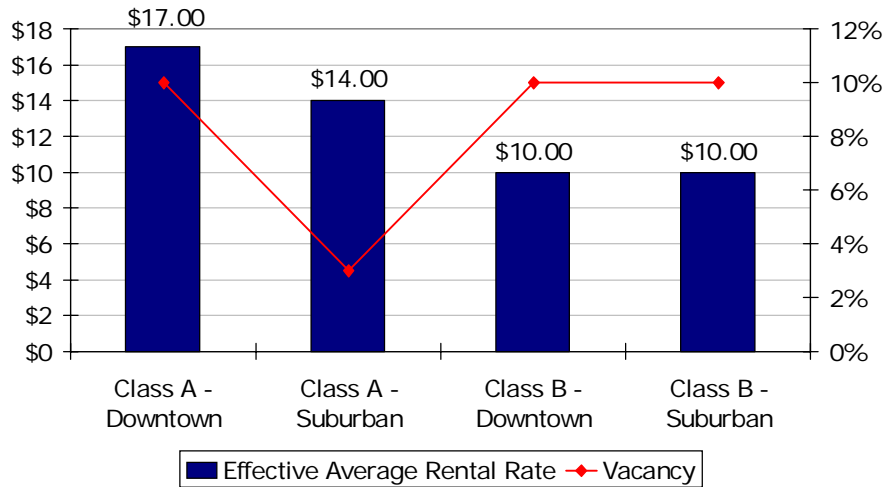
McAllen-Edinburg-Mission Market Overview 2005 Office

**Summary of Office Market Indicators (McAllen/Edinburg/Mission) - Year-End 2004
 (Rent/Square Foot/Year)**

| Office Market | Low | High | Effective Avg. | Vacancy |
|-------------------------------|---------|---------|----------------|---------|
| <i>Downtown Office</i> | | | | |
| New Construction | N/A | N/A | N/A | N/A |
| Class A | \$13.00 | \$20.00 | \$17.00 | 10% |
| Class B | \$9.60 | \$12.00 | \$10.00 | 10% |
| <i>Suburban Office</i> | | | | |
| New Construction | \$13.00 | \$20.00 | \$17.00 | 10% |
| Class A | \$12.00 | \$15.00 | \$14.00 | 3% |
| Class B | \$9.60 | \$12.00 | \$10.00 | 10% |

Source: NAI Rio Grande Valley

**McAllen/Edinburg/Mission,
 Office Market, Year-End 2004**



Source: NAI Rio Grande Valley

McAllen-Edinburg-Mission Market Overview 2005 Industrial

Summary of Industrial Market Indicators (McAllen/Edinburg/Mission) - Year-End 2004
 (Rent/Square foot/Year)

| Industrial | Low | High | Effective Avg. | Vacancy |
|----------------|--------|--------|----------------|---------|
| Bulk Warehouse | \$3.25 | \$5.25 | \$4.00 | 5% |
| Manufacturing | 4.50 | 6.00 | 5.00 | 3% |
| High Tech/R&D | 4.50 | 12.00 | 6.00 | 5% |

Source: NAI Rio Grande Valley

2004 Year-End

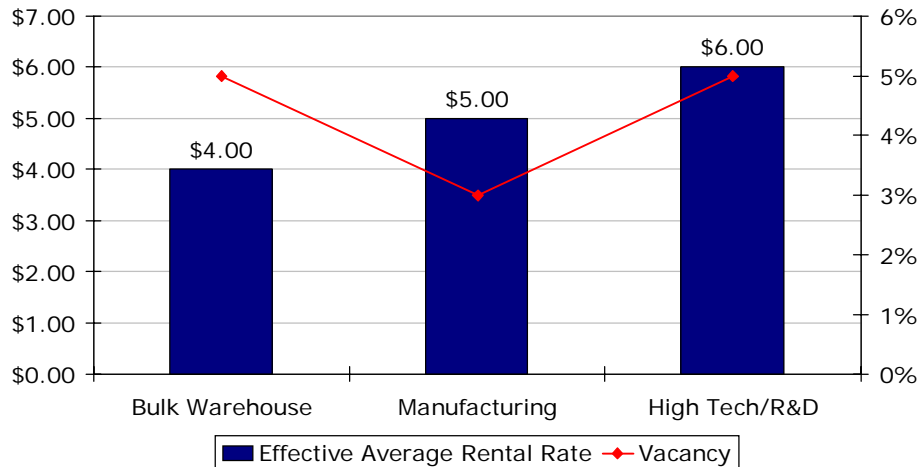
| | Standard Industrial | Total |
|---------------------|---------------------|--------|
| Total* | 12,800 | 12,800 |
| Vacant* | 520 | 520 |
| Vacancy Rate | 4.1% | 4.1% |
| Absorbed* | 700 | 700 |
| Under Construction* | 210 | 210 |
| Rental Rate** | \$3.72 | \$3.84 |

* Square feet in thousands; includes owner-occupied

** Weighted average asking rent/SF/year Triple Net

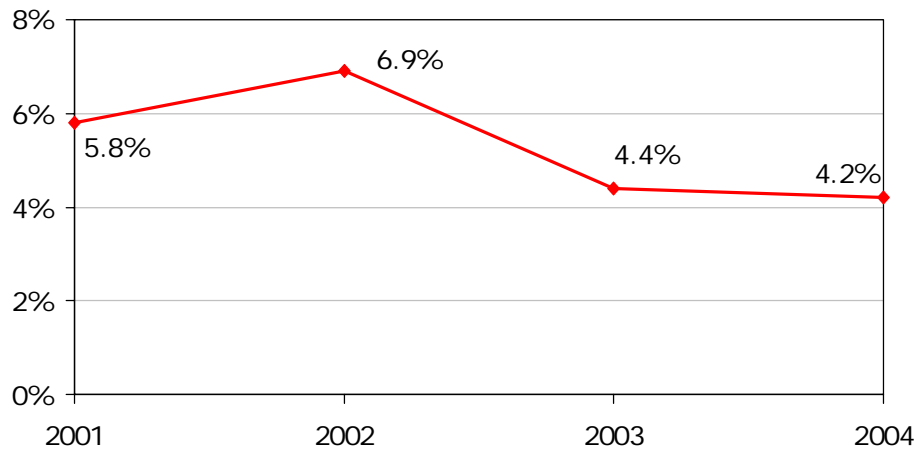
Source: Grubb & Ellis 2005

**McAllen/Edinburg/Mission,
 Industrial Market, Year-End 2004**



Source: NAI Rio Grande Valley

**McAllen Market Overview 2004
Industrial Vacancy Rate Year-End**



Source: Grubb & Ellis Forecast 2004



This annual report is created free of charge by the Real Estate Center at Texas A&M University. We strive to provide the most accurate, up-to-date, and insightful data to paint a detailed picture of Texas' Metropolitan Statistical Area's. The Center also provides numerous publications, resources, and data on building permits, employment, population, and home sales at <http://recenter.tamu.edu>.

Report compiled by:

Administrative Coordinator

Edith Craig

Research Analysts

Isilay Civan

Blake Lacy

Real Estate Center, 2115 TAMU, College Station, TX 77843-2115
Phone: 979.845.2031 | Fax: 979.845.0460