

Real Estate Market Overview 2006

Laredo

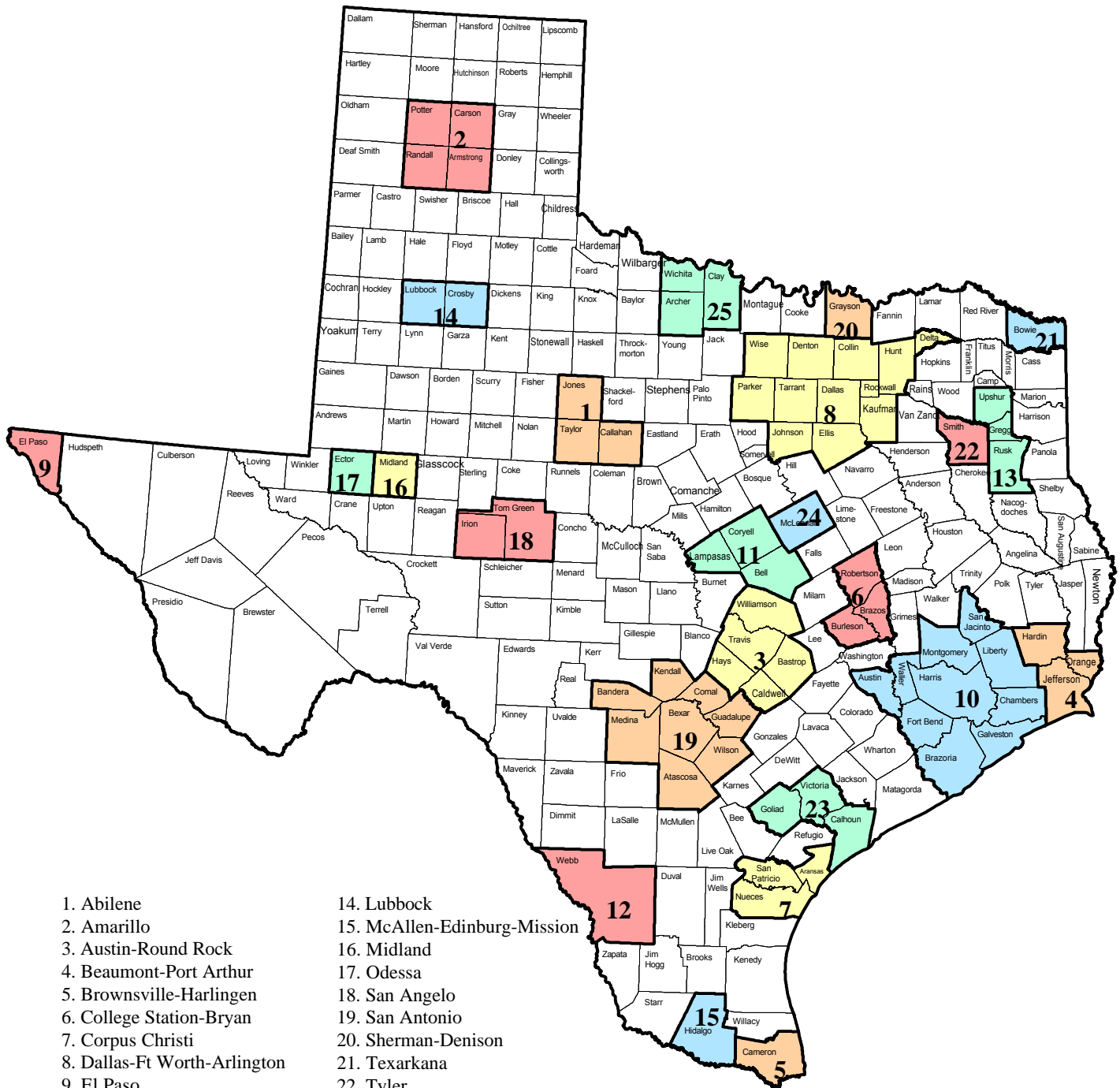
Mid-Year Update

Laredo, the principal port of entry into Mexico, is often called the "Gateway to Mexico" and "the city under seven flags." Located in South Texas along the Rio Grande, Laredo's importance as an integral part of international trade has increased as a result of the North American Free Trade Agreement (NAFTA). The Laredo Metropolitan Statistical Area (MSA) has a population of almost 200,000, while Nuevo Laredo on Mexico's side of the border has a population of more than 660,000. According to the U.S. Census Bureau, the Laredo MSA was one of the fastest growing areas in the nation during the 1990s. Laredo has approximately 91 percent of Webb County's population. Laredo's land area, however, accounts for only 0.6 percent of Webb County's 3,377 square miles.

Quick Facts	
Land Area	3,356.83 square miles
Population Density (2000)	57.5 people per square mile
Counties	Webb
Area Cities and Towns	
Bruni, Laredo, Mirando City, Oilton	



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-Ft Worth-Arlington | 21. Texarkana |
| 9. El Paso | 22. Tyler |
| 10. Houston-Sugar Land-Baytown | 23. Victoria |
| 11. Killeen-Temple-Ft Hood | 24. Waco |
| 12. Laredo | 25. Wichita Falls |
| 13. Longview | |

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Laredo Market Overview 2006 Demographics

Laredo MSA Population

Year	Population	Percent Change
1995	167,466	-
1996	171,583	2.4%
1997	177,140	3.1%
1998	182,994	3.2%
1999	189,014	3.2%
2000	193,117	2.1%
2001	200,824	3.8%
2002	206,729	2.9%
2003	212,706	2.8%
2004	219,464	3.1%
2005*	224,695	2.3%

* July 1, 2005 population estimates

Source: U.S. Census Bureau

Household Composition

	Laredo MSA	Texas
Average household size (2000)	3.75	2.74
Population younger than 18 (2000, in percent)	36.2	28.2
Population 65 and older (2000, in percent)	7.6	9.9

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

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

	Laredo MSA	Texas
White	82.2	71.0
Black	0.4	11.5
Asian	0.4	2.7
American Indian	0.5	0.6
Other	14.0	11.7
Two or more races	2.5	2.5
Hispanic (of any race)	94.3	32.0

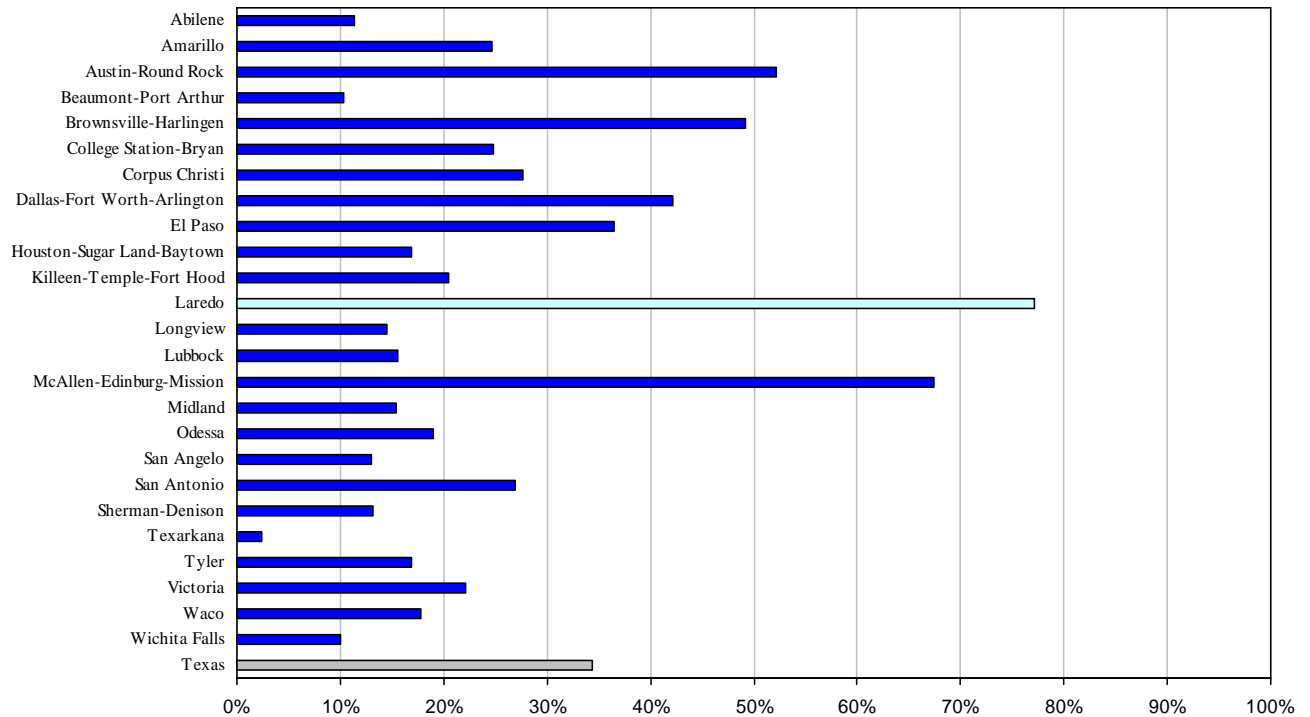
Source: U.S. Census Bureau (1999 definition)

Laredo MSA Projected Population

Year	Texas State Data Center (Scenario 0.5)	Texas Water Development Board
2000	193,117	193,117
2005	226,847	-
2010	262,823	257,647
2015	301,411	-
2020	342,130	333,451
2025	386,123	-
2030	434,782	418,332
2035	486,925	-
2040	541,090	511,710

Sources: Texas State Data Center (2004 projection) and Texas Water Development Board (2006 projection)

**Texas Metropolitan Area
Population Growth Forecast, 2000 – 2020
(in percent)**



Source: Texas State Data Center – Scenario 0.5 (2004 projection)

Texas Metropolitan Area Population Change, 1995 - 2005*

Metropolitan Area	1995 Population	2005* Population	Percent Change
Austin-Round Rock	1,031,557	1,452,529	40.8
McAllen-Edinburg-Mission	487,593	678,275	39.1
Laredo	167,466	224,695	34.2
Dallas-Fort Worth-Arlington	4,501,154	5,819,475	29.3
Houston-Sugar Land-Baytown	4,246,398	5,280,077	24.3
Brownsville-Harlingen	304,928	378,311	24.1
San Antonio	1,570,083	1,889,797	20.4
Texas	16,986,335	19,874,977	17.0
Tyler	163,440	190,594	16.6
Sherman-Denison	100,342	116,834	16.4
Killeen-Temple-Fort Hood	313,222	351,528	12.2
College Station-Bryan	170,608	189,735	11.2
Amarillo	215,176	238,664	10.9
Waco	202,692	224,668	10.8
El Paso	654,250	721,598	10.3
Midland	113,627	121,371	6.8
Longview	188,646	201,501	6.8
Texarkana	126,220	133,805	6.0
Victoria	107,413	113,356	5.5
Lubbock	245,759	258,970	5.4
Corpus Christi	394,701	413,553	4.8
Odessa	121,017	125,339	3.6
San Angelo	103,639	105,367	1.7
Abilene	156,097	158,291	1.4
Beaumont-Port Arthur	380,888	383,530	0.7
Wichita Falls	147,740	146,276	-1.0

* July 1, 2005 population estimates

Source: U.S. Census Bureau

In-Migration for Laredo MSA, 2003

To	From			Non-Migrants
	US - Same State	US - Different State	Foreign Country	
Webb County	3,090	1,792	249	170,267

Source: Internal Revenue Service and Real Estate Center at Texas A&M University, Feb 2006

Out-Migration for Laredo MSA, 2003

From	To			Non-Migrants
	US - Same State	US - Different State	Foreign Country	
Webb County	3,575	1,601	105	170,267

Source: Internal Revenue Service and Real Estate Center at Texas A&M University, Feb 2006

Top Five In-Migration Destinations, Laredo MSA, 2003

From US - Same State		From US - Different State	
To Webb County			
Bexar County	546	Cook County, IL	113
Harris County	419	Los Angeles County, CA	44
Dallas County	286	Wayne County, MI	41
Hidalgo County	227	San Diego County, CA	38
Travis County	138	Miami Dade County, FL	32

Source: Internal Revenue Service and Real Estate Center at Texas A&M University, Feb 2006

Top Five Out-Migration Destinations, Laredo MSA, 2003

To US - Same State		To US - Different State	
From Webb County			
Bexar County	923	San Diego County, CA	128
Harris County	376	Cook County, IL	47
Dallas County	246	Wayne County, MI	35
Hidalgo County	221	Los Angeles County, CA	34
Cameron County	167	Maricopa County, AZ	27

Source: Internal Revenue Service and Real Estate Center at Texas A&M University, Feb 2006

Laredo Market Overview 2006 Education

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

Level of Education	Webb County	Texas
High school graduate	17.9	24.8
Some college, no degree	15.9	22.4
Associate's degree	5.2	5.2
Bachelor's degree	8.6	15.6
Graduate or professional degree	5.3	7.6

Source: U.S. Census Bureau, 2000 Census

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

Level of Education	Laredo MSA	Texas
High School Graduate or Higher	53.0	79.2
Bachelor's Degree or Higher	13.9	23.9

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

Local College and University Enrollment, Fall Semester

School	2000	2001	2002	2003	2004	2005*
Laredo Community College	7,284	7,469	7,748	7,906	8,328	8,309
Texas A&M International University	3,038	3,372	3,724	4,078	4,269	4,508

* Preliminary

Source: Texas Higher Education Coordinating Board

Laredo Market Overview 2006 Employment

Top Ten Employers

Employer	Sector	Employees
United Independent School District	Education	4,876
Laredo Independent School District	Education	3,990
City of Laredo	Government	2,238
McDonald's Restaurant	Fast food	1,425
Webb County	County government	1,400
Laredo Medical Center	Medical services	1,377
The Laredo National Bank	Financial services	1,275
H-E-B Grocery Company	Grocery store	1,245
Texas A&M International University	Education	969
Wal-Mart (2 locations)	Retail sales	917

Source: Laredo Development Foundation Feb-2006

Top Ten Private Employers

Employer	Sector	Employees
McDonald's Restaurant	Fast food	1,425
Laredo Medical Center	Medical services	1,377
The Laredo National Bank	Financial services	1,275
H-E-B Grocery Company	Grocery store	1,245
Wal-Mart (2 locations)	Retail sales	917
Convergys	Call center	700
Doctor's Hospital	Health care	697
International Bank of Commerce	Financial services	688
Target-Greatland (2 locations)	Retail sales	607
Laredo Candle	Candles	560

Source: Laredo Development Foundation Feb-2006

Employment Growth by Industry

	Laredo MSA	Texas
Employment growth 2005 (in percent)	4.3	2.5
Unemployment rate 2005 (in percent)	5.9	5.3
Net job change in 2005	3,300	237,900
Employment growth by sector 2005 (in percent)		
Natural Resources, Mining, and Construction	2.6	4.9
Manufacturing	6.2	0.9
Trade, Transportation, and Utilities	2.4	2.4
Information	0.0	-0.7
Financial Activities	6.1	2.3
Professional and Business Services	-2.4	5.3
Educational and Health Services	7.5	2.9
Leisure and Hospitality	2.5	2.5
Government	7.1	1.7

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

Texas Metropolitan Area Employment Change, 1995-2005

Metropolitan Area	1995 Employment	2005 Employment	Percent Change
McAllen-Edinburg-Mission	150,234	242,422	61.4
Laredo	59,598	80,665	35.3
Austin-Round Rock	591,102	764,194	29.3
Killeen-Temple-Fort Hood	111,747	142,121	27.2
Brownsville-Harlingen	106,945	134,952	26.2
College Station-Bryan	80,047	99,326	24.1
Sherman-Denison	45,577	55,413	21.6
Dallas-Fort Worth-Arlington	2,384,710	2,860,998	20.0
Texas	8,985,635	10,617,319	18.2
Houston-Sugar Land-Baytown	2,106,968	2,470,473	17.3
San Antonio	732,775	855,644	16.8
Lubbock	118,211	136,968	15.9
Tyler	80,110	91,675	14.4
Texarkana	52,507	59,811	13.9
Waco	94,605	106,979	13.1
Amarillo	111,610	125,811	12.7
Longview	86,975	97,417	12.0
Corpus Christi	167,087	186,305	11.5
Midland	56,680	62,686	10.6
Abilene	72,440	79,420	9.6
Wichita Falls	66,582	72,221	8.5
El Paso	256,259	275,889	7.7
Victoria	50,417	54,216	7.5
San Angelo	48,906	52,282	6.9
Odessa	55,517	58,969	6.2
Beaumont-Port Arthur	164,661	166,236	1.0

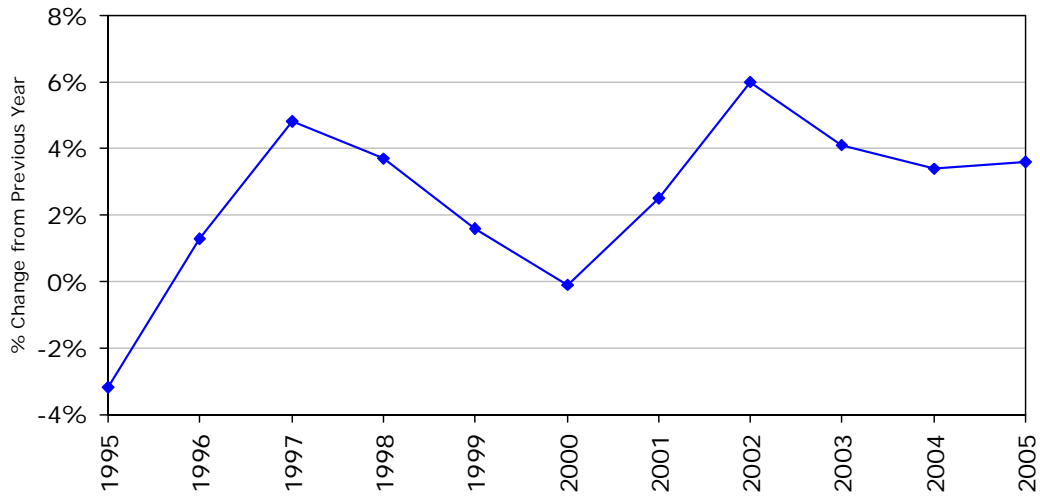
Source: Bureau of Labor Statistics and Real Estate Center at Texas A&M University

Laredo MSA Employment

Year	Employment	Percent Change
1995	59,598	-3.2
1996	60,381	1.3
1997	63,255	4.8
1998	65,613	3.7
1999	66,636	1.6
2000	66,595	-0.1
2001	68,291	2.5
2002	72,359	6.0
2003	75,327	4.1
2004	77,898	3.4
2005	80,665	3.6

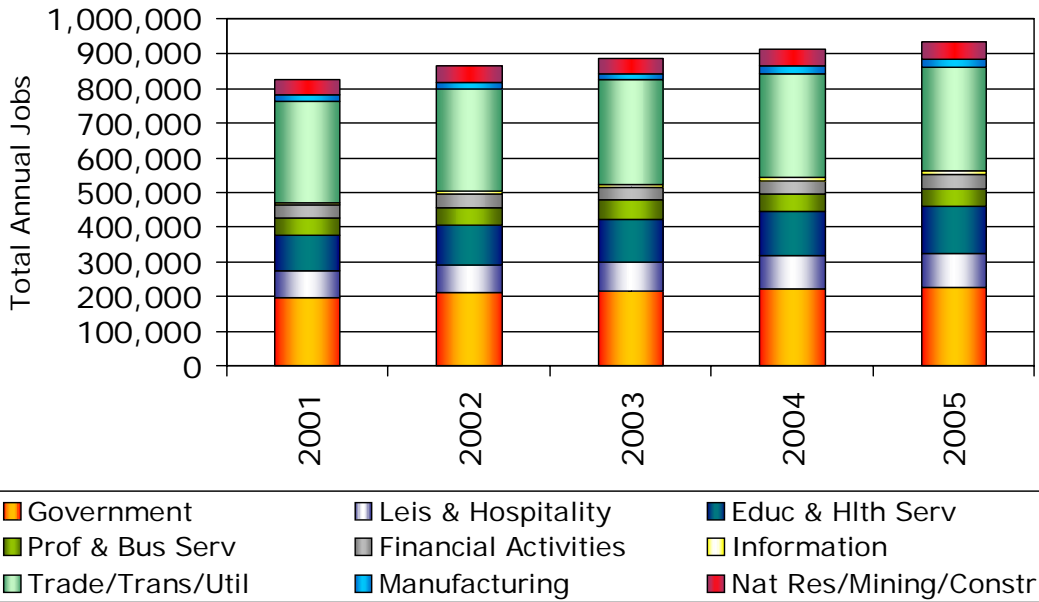
Source: U.S. Bureau of Labor Statistics

**Laredo MSA
 Employment Growth**



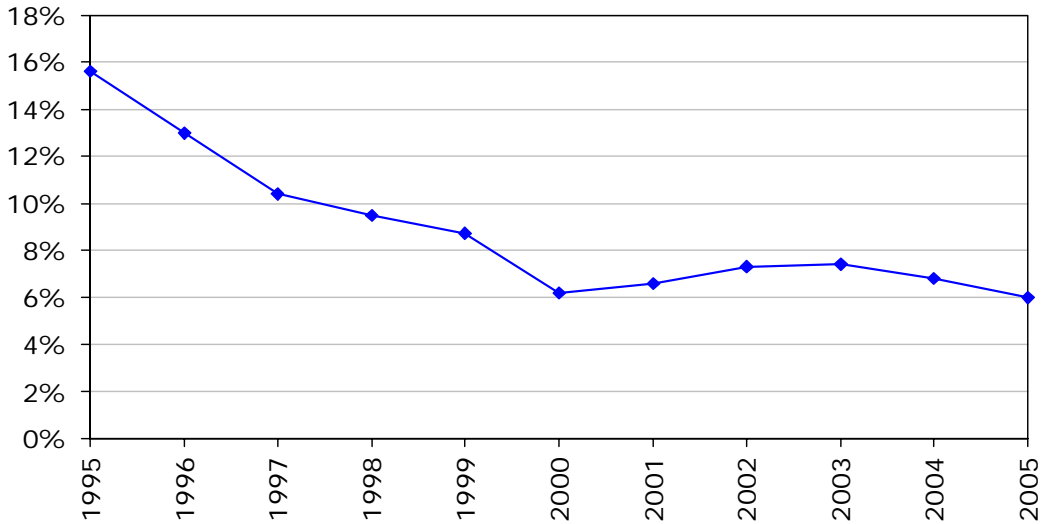
Source: U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University

**Laredo MSA
Distribution of Employment in Major Categories**



Source: Texas Workforce Commission and Real Estate Center at Texas A&M University Jan-2006

**Laredo MSA
Unemployment Rate**



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

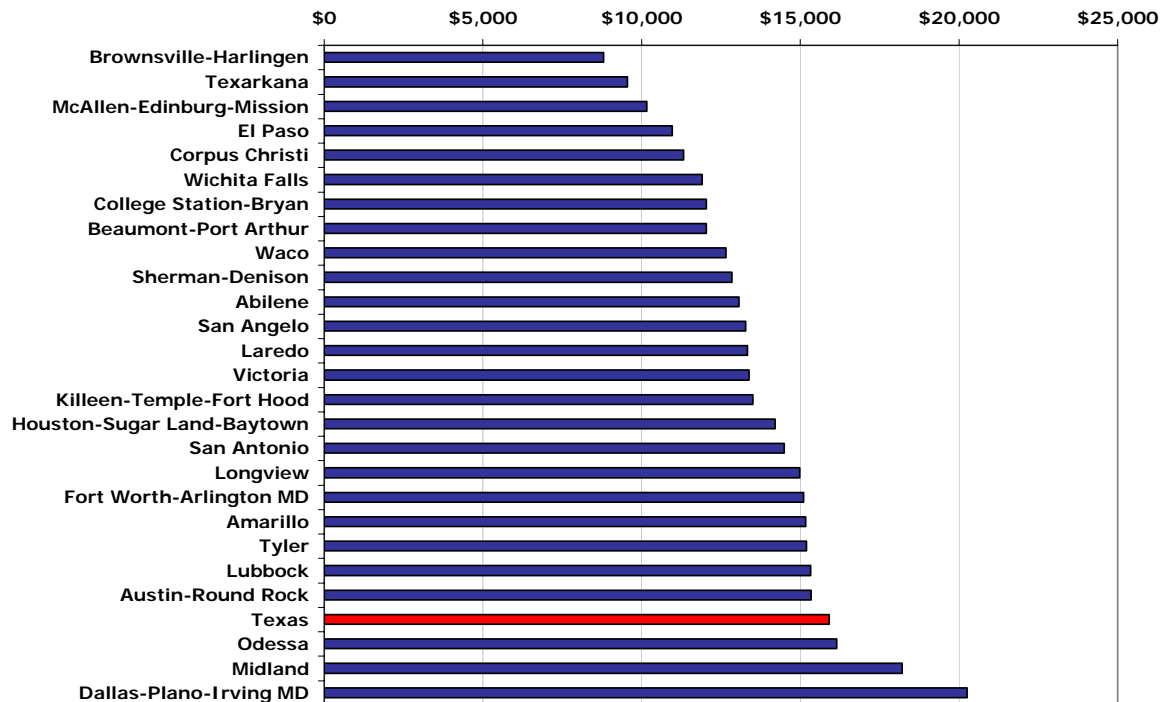
Laredo Market Overview 2006 Economy

Laredo MSA Gross Retail Sales

Year	Total Sales	Sales per Capita
1995	\$1,343,559,781	\$8,023
1996	\$1,492,846,694	\$8,700
1997	\$1,690,101,553	\$9,541
1998	\$1,843,080,774	\$10,072
1999	\$2,031,944,614	\$10,750
2000	\$2,443,795,677	\$12,654
2001	\$2,440,331,477	\$12,152
2002	\$2,604,967,985	\$12,601
2003	\$2,641,755,028	\$12,420
2004	\$2,792,968,325	\$12,726
2005	\$2,995,889,321	\$13,333
State Average 2005:		\$15,903

Source: Texas Comptroller's Office

Gross Retail Sales per Capita 2005



Source: Texas Comptroller's Office

Sales Tax Rebates*

	2000	2001	2002	2003	2004
City of Laredo	\$16,518,698	\$20,075,474	\$21,471,228	\$22,863,574	\$24,572,481
Percent change	18%	22%	7%	7%	7%

* 2005 data not available

Source: City Finance Department

Trade Trends

	2001	2002	2003	2004	2005
U.S.-Mexico Total Trade (Billions)	\$232.9	\$232.2	\$235.5	\$266.6	\$290.3
Commercial Trucks	1,659,992	1,725,011	1,632,746	1,918,896	960,698
Rail (loaded)	350,620	365,736	394,199	408,514	1,053,577
Air Cargo (GLW lbs.)	226,136,780	262,475,560	272,367,959	364,198,175	374,492,780
Airline Passengers	139,531	147,425	145,983	163,266	183,585

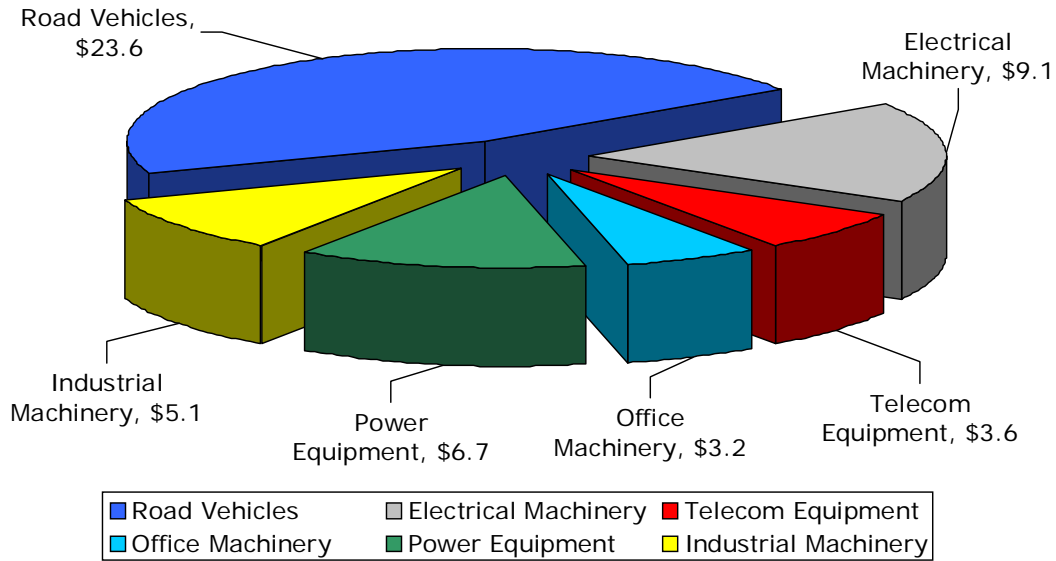
Source: Laredo Development Foundation & Laredo International Airport Feb-2006

Top Six Products Processed at the Port of Laredo

Products	Total Value in \$ Billions				
	2001	2002	2003	2004	2005
Road Vehicles	35.1	25.3	23.4	24.2	23.6
Electrical Machinery	32.3	7.5	7.9	8.8	9.1
Power Equipment	-	-	4.9	6.3	6.7
Industrial Machinery	8.5	3.7	3.9	4.5	5.1
Telecom Equipment	14.6	3.0	3.1	4.1	3.6
Office Machinery	11.2	4.2	2.9	3.2	3.2
Apparel & Clothing	9.1	2.7	-	-	-

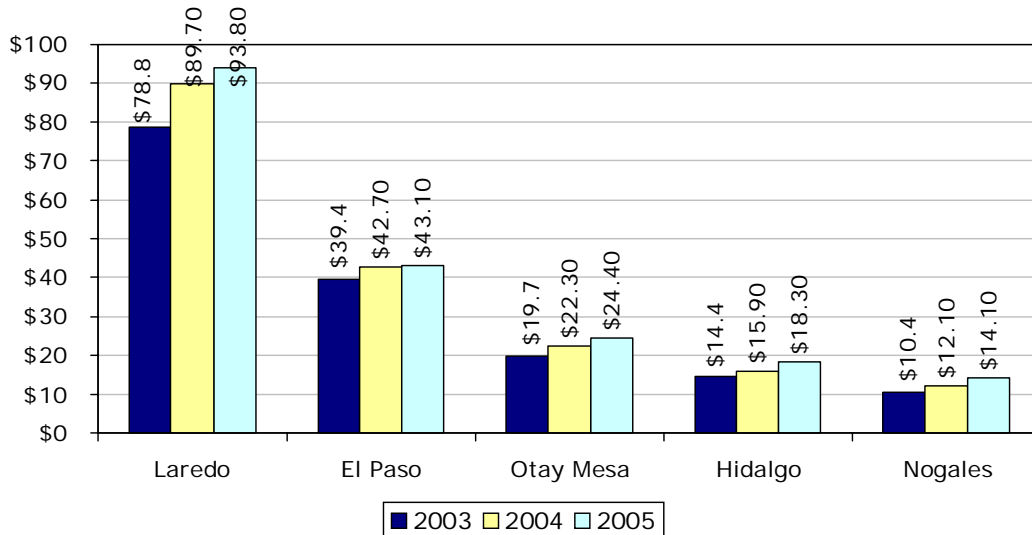
Source: Laredo Development Foundation Feb-2006

**Top Six Products Processed at
the Port of Laredo – 2005
Total Value \$ Billions**



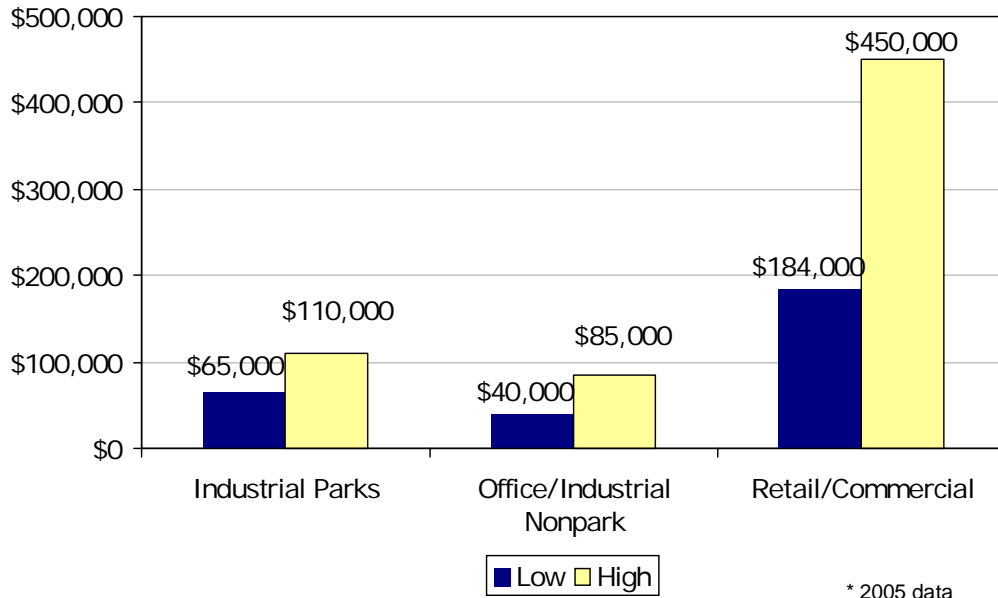
Source: Laredo Development Foundation

**Total Import-Exports in Billions of Dollars
Goods shipped via Laredo to over 60 nations**



Source: Laredo Development Foundation

**Development Land, Laredo
(Price/Acre), Year-End 2004***



Source: NAI Rio Grande Valley

* 2005 data
not available

Laredo Market Overview 2006 Infrastructure

Laredo Airline Activity

Airport	2001	2002	2003	2004	2005
Laredo International Airport					
Enplaned				81,342	90,653
Deplaned				81,924	92,932
Total	139,531	147,425	145,983	163,266	183,585

Source: Laredo International Airport

Laredo Air Cargo* (in pounds)

Airport	2002	2003	2004	2005
Laredo International Airport	258,533,100	272,367,959	366,161,425	374,434,576

*Based on maximum gross-landed weight

Source: Laredo International Airport

Border Crossings

	2000	2001	2002	2003	2004	2005
Rail Crossings						
Northbound	151,110	167,376	174,862	174,837	170,248	166,894
Southbound	184,498	182,244	190,974	219,362	238,266	241,074
Total	335,608	349,620	365,836	394,199	408,514	407,968
Vehicle Crossings*						
Northbound	8,036,434	7,657,231	7,488,576	7,104,801	6,968,532	5,385,554
Southbound	8,805,944	7,449,811	7,188,388	7,025,241	6,967,107	6,460,361
Total	16,842,378	15,107,042	14,676,964	14,130,042	13,935,639	11,845,915
Pedestrian Crossings						
Northbound	-	4,596,023	4,756,757	4,466,739	4,642,340	3,527,620
Southbound	-	4,159,473	4,225,008	4,037,398	4,152,408	3,990,423
Total	-	8,755,496	8,981,765	8,504,137	8,794,748	7,518,043
Truck Crossings**						
Northbound	-	1,403,914	1,441,653	1,354,229	1,380,414	1,200,138
Southbound	-	1,403,096	1,460,841	1,386,217	1,464,908	1,543,379
Total	-	2,807,010	2,902,494	2,740,446	2,845,322	2,743,517

*Vehicle Bridge Crossings figures do not include 2-6 axle commercial trucks

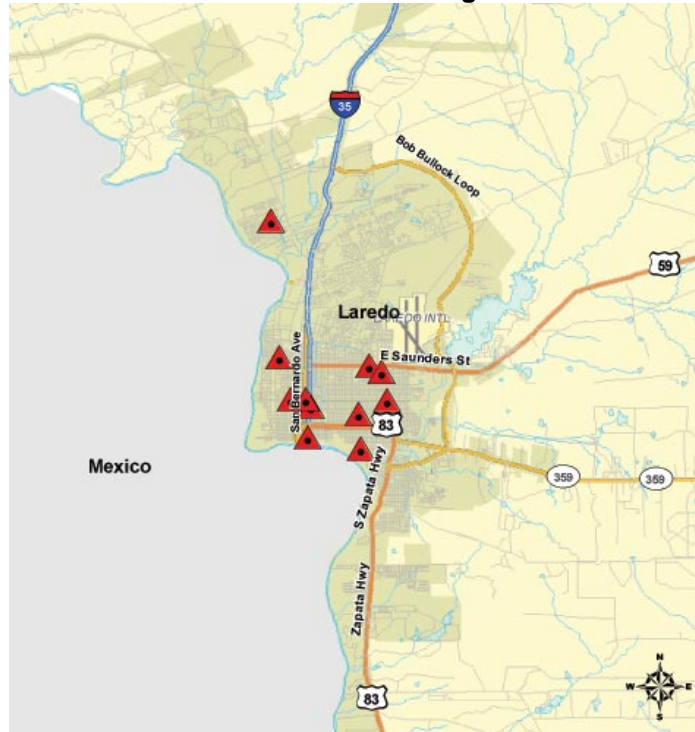
**Includes only 2 to 6 axle loaded and unloaded commercial vehicles.

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

Laredo Market Overview 2006

Public Facilities

Laredo Public Facilities Building Permits 2005

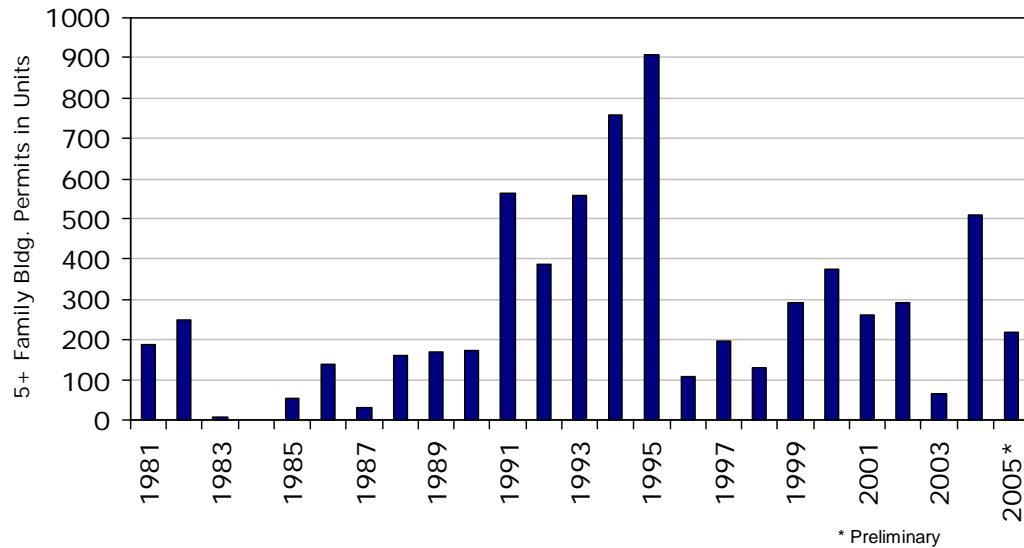


Laredo City Building Permit Office

Laredo Market Overview 2006

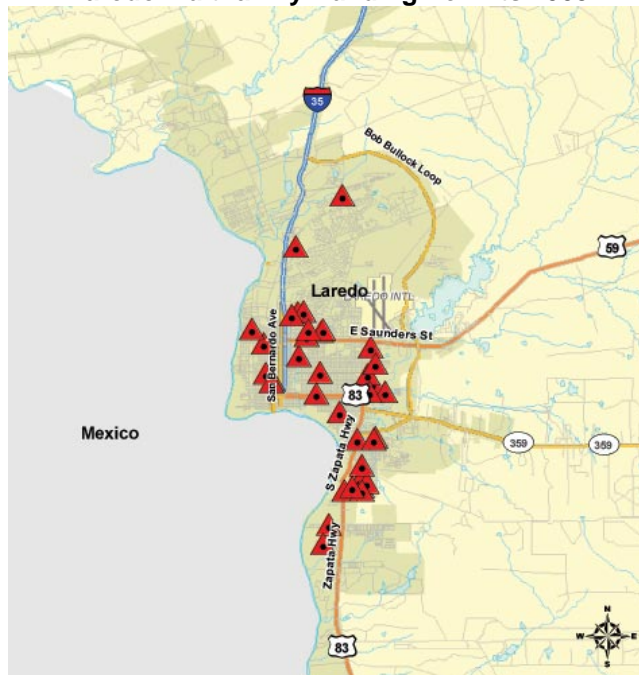
Multifamily

Laredo MSA Multifamily Building Permits



Source: U.S. Census Bureau and Real Estate Center at Texas A&M University (1999 definition)

Laredo Multifamily Building Permits 2005



Laredo City Building Permit Office

Laredo Market Overview 2006 Housing

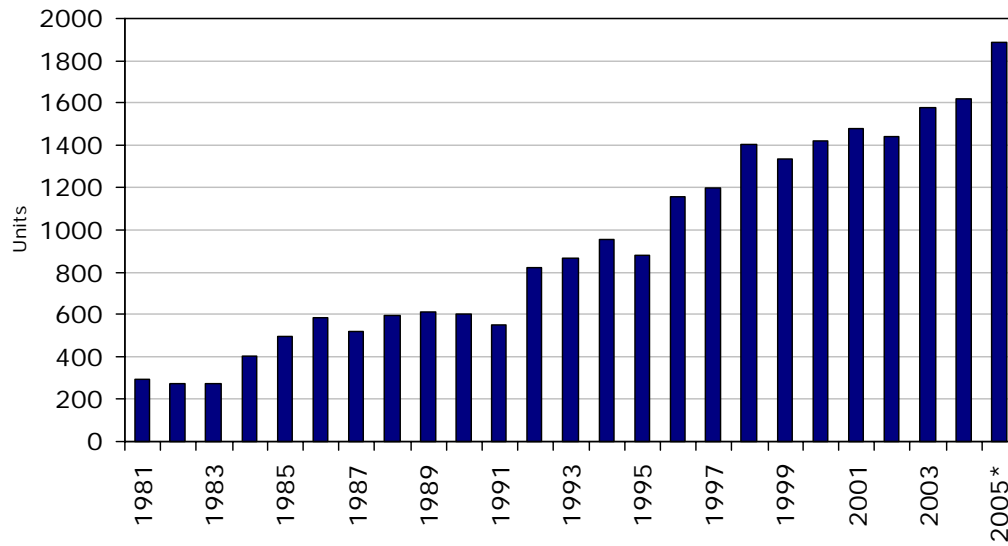
Property Tax Rates, 2005
County, Major City, Major School District

Taxing Entity*	Tax Rate per \$100 Valuation
Laredo	0.64
Laredo ISD	1.55
Webb County	0.43
Total	\$2.62

* 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: Webb County Appraisal District

Laredo MSA Single-Family Building Permits

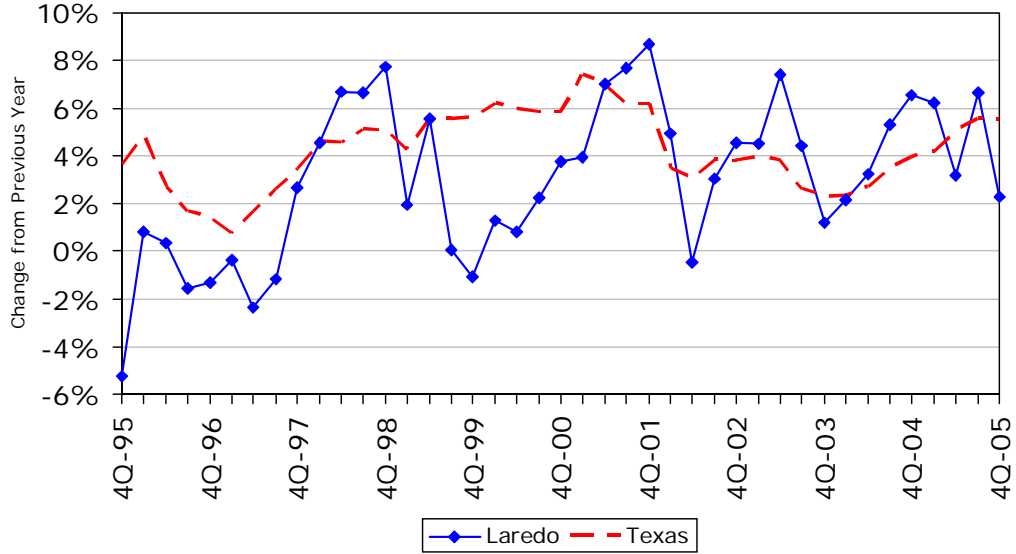


* Preliminary

Source: U.S. Census Bureau and Real Estate Center at Texas A&M University (1999 definition)

Home Price Appreciation Laredo 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.



Source: Office of Federal Housing Enterprise Oversight

Laredo Market Overview 2006 Retail

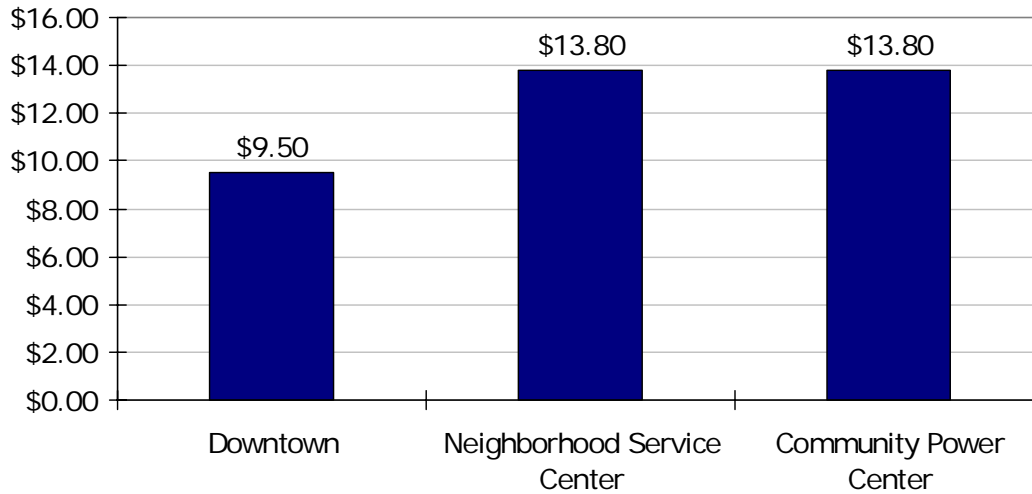
Summary of Retail Market Indicators (Laredo) - Year-End 2004*
(Rent/Square foot/Year)

Retail	Low	High	Effective Avg.	Vacancy
Downtown	\$5.00	\$12.50	\$9.50	-
Neighborhood Service Center	11.80	16.80	13.80	-
Community Power Center	11.80	16.80	13.80	-
Regional Malls	-	-	-	-

* 2005 data not available

Source: NAI Rio Grande Valley

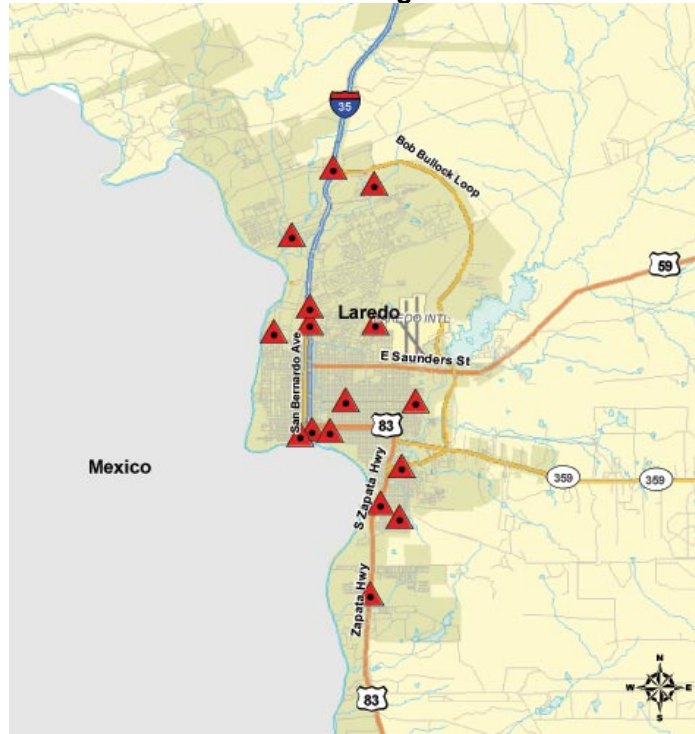
**Laredo Retail Market, Effective Average
Rental Rate per SF, Year-End 2004***



Source: NAI Rio Grande Valley

* 2005 data not available

Laredo Retail Building Permits 2005



Laredo City Building Permit Office

Laredo Market Overview 2006 Hotel

Hotel* Occupancy and Rental Rates

	2004		2005	
	Laredo	Texas	Laredo	Texas
# Rooms 000's	3.0	328.1	3.1	334.7
Average daily rate	\$58.37	\$70.39	\$60.00	\$74.26
Occupancy rate (in percent)	69.1	55.9	65.9	59.7

*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

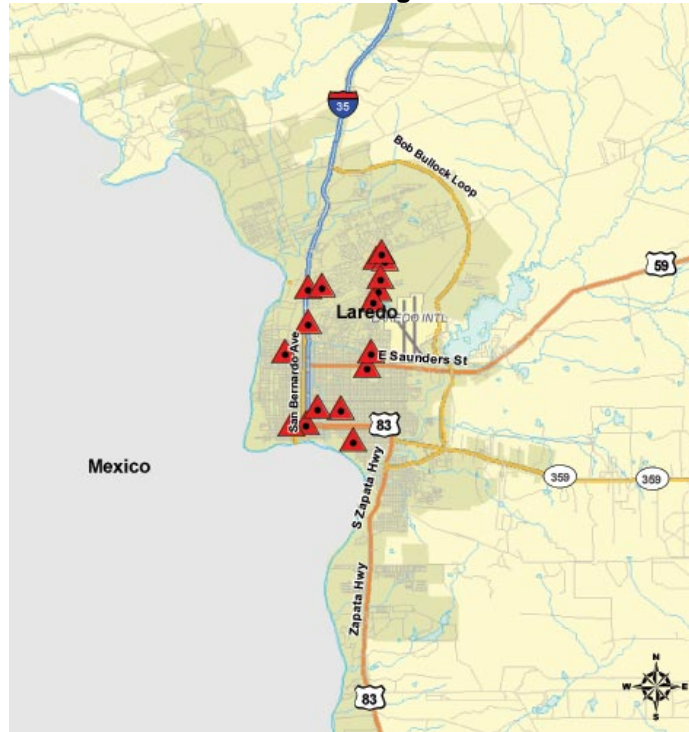
Laredo Hotel Building Permits 2005



Laredo City Building Permit Office

Laredo Market Overview 2006 Office

Laredo Office Building Permits 2005



Laredo City Building Permit Office

Laredo Market Overview 2006 Industrial

Summary of Industrial Market Indicators (Laredo) - Year-End 2004* (Rent/Square foot/Year)

Industrial	Low	High	Effective Avg.	Vacancy
Bulk Warehouse	\$3.60	\$4.68	\$3.96	-
Manufacturing	3.60	5.00	4.15	-
High Tech/R&D	3.80	10.00	-	-

* 2005 data not available

Source: NAI Rio Grande Valley

Industrial Statistics, Year-End 2005

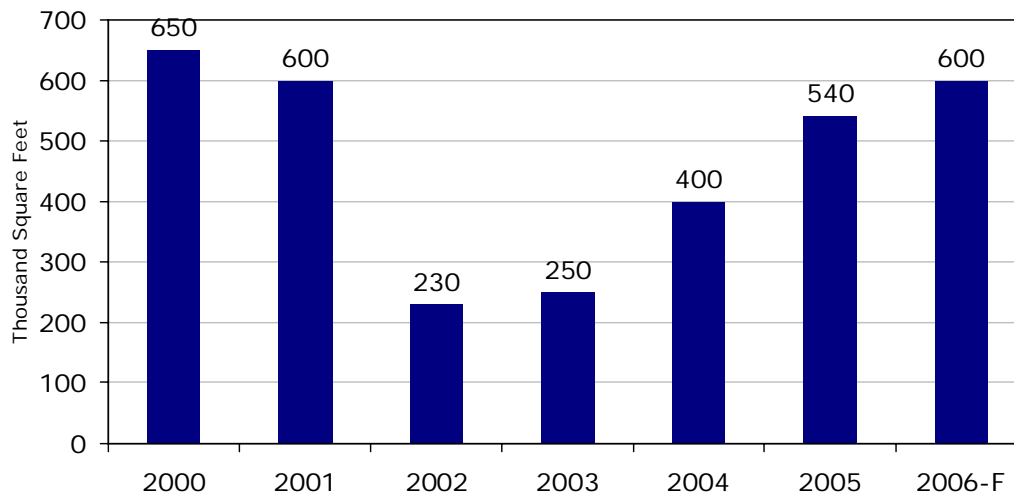
	Total
Vacancy Rate	6.9%
Absorbed*	885
Under Construction*	540
Rental Rate**	\$3.66

* Square feet in thousands; includes owner-occupied

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

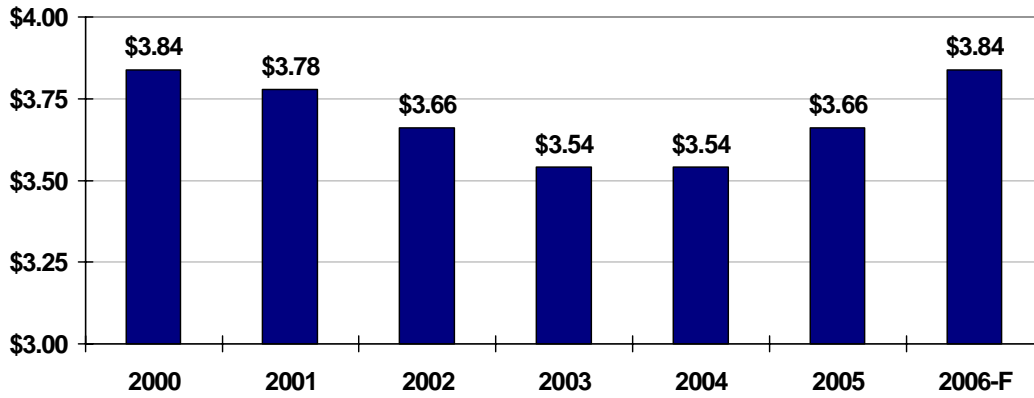
Source: Grubb & Ellis 2005 and Best/White, LLC

Laredo Industrial Market Overview SF Under Construction Forecast



Source: Grubb & Ellis and Best/White, LLC

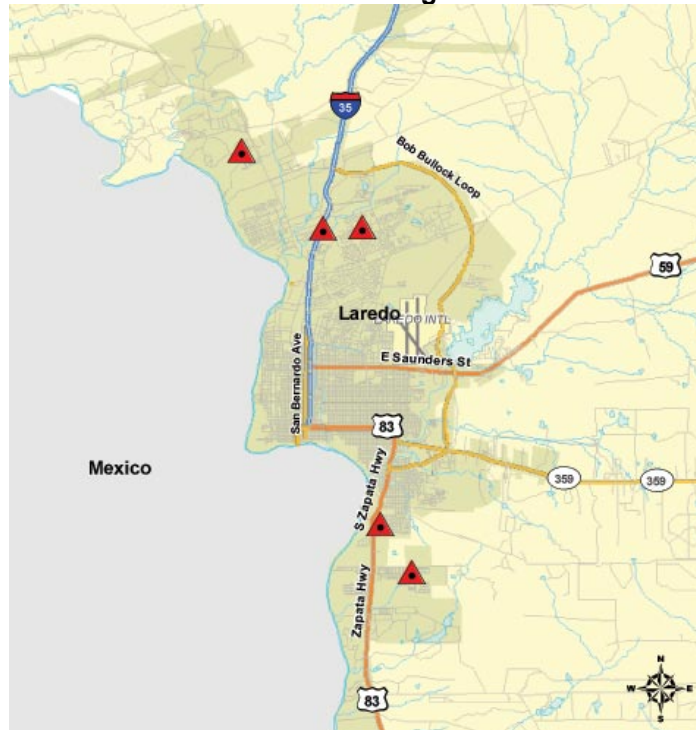
Laredo Industrial Market Overview Asking Rental Rates* Forecast, \$/SF/Yr. NNN, Year End



Source: Grubb & Ellis and Best/White, LLC

* Warehouse-distribution space

Laredo Industrial Building Permits 2005



Laredo City Building Permit Office



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 Areas. The Center also provides numerous publications, resources, and data on building permits, employment, population, and home sales at <http://recenter.tamu.edu>.

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