

Real Estate Market Overview 2006

Midland

Mid-Year Update

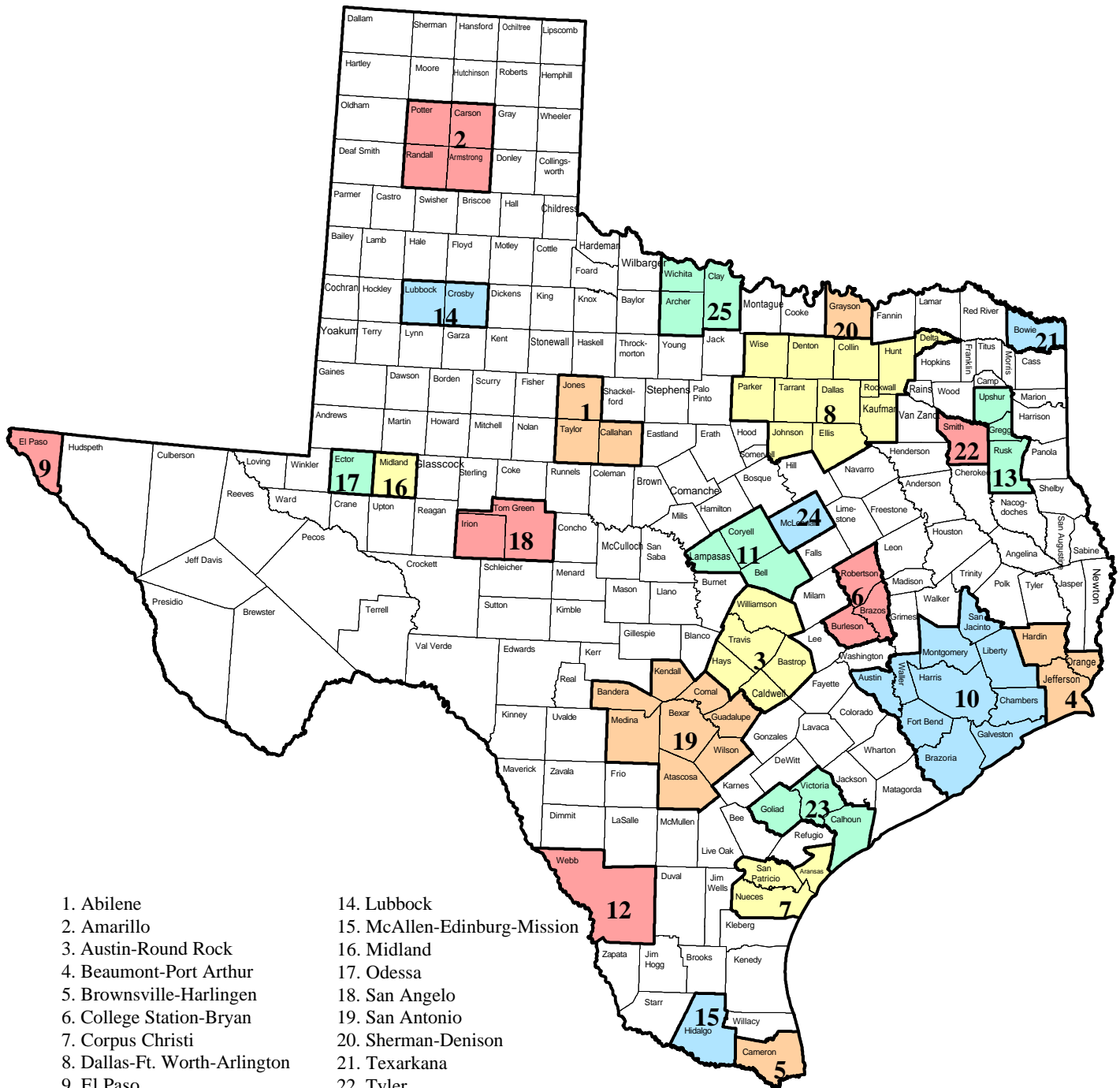
Midland was named for its location halfway between Fort Worth and El Paso. The metropolitan area is located in the heart of the largest single source of oil and gas deposits in the United States and is heavily dependent on the oil and gas industry. Midland is also the hometown of President George W Bush. 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
Population Density (2000)	128.9 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.



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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Midland Market Overview 2006 Demographics

Midland MSA Population

Year	Population	Percent change
1995	113,627	-
1996	114,412	0.7%
1997	116,826	2.1%
1998	118,321	1.3%
1999	117,621	-0.6%
2000	116,009	-1.4%
2001	116,086	0.1%
2002	117,448	1.2%
2003	118,866	1.2%
2004	120,344	1.2%
2005*	121,371	0.8%

* July 1, 2005 population estimates

Source: U.S. Census Bureau

Area Cities With 10,000 or More Residents

City	2000 Population	Growth 1990 - 2000 (in percent)
Midland	94,996	6.3

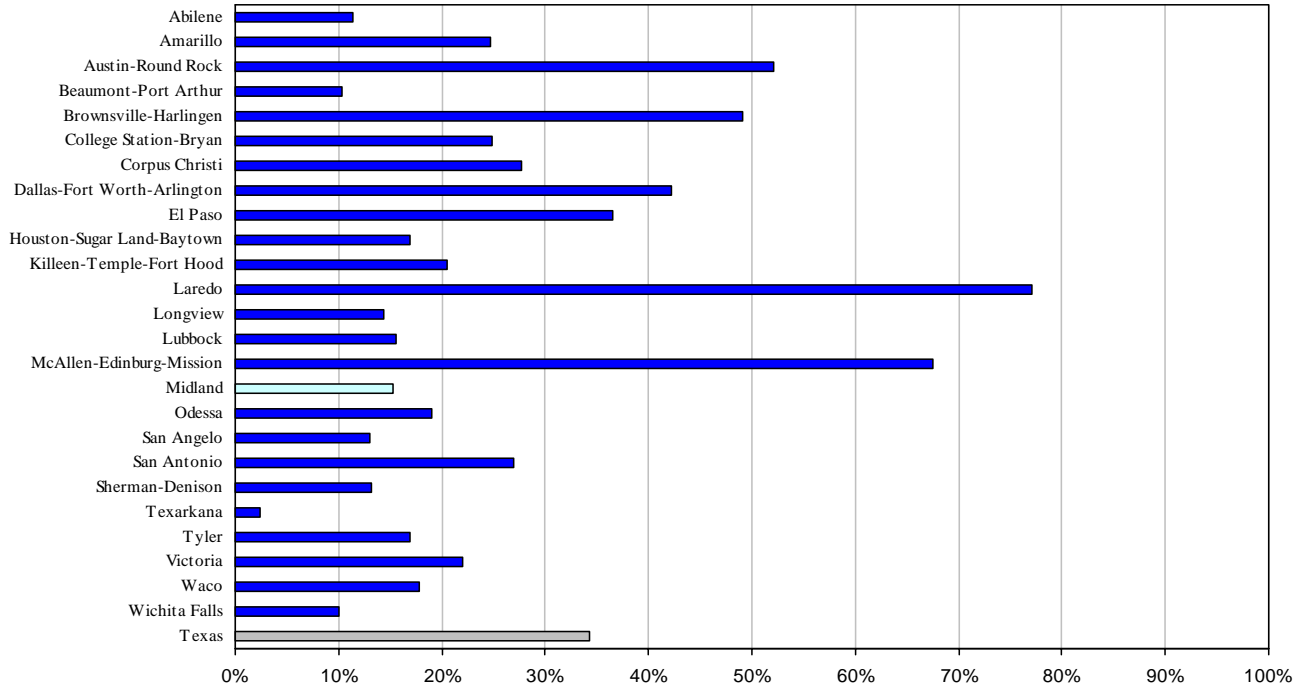
Source: U.S. Census Bureau

Midland MSA Projected Population

Year	Texas State Data Center (Scenario 0.5)	Texas Water Development Board
2000	116,009	116,009
2005	119,829	-
2010	124,658	124,710
2015	129,574	-
2020	133,791	134,022
2025	137,265	-
2030	140,326	140,659
2035	143,068	-
2040	145,355	145,595

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

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)

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)

In-Migration for Midland MSA, 2003

To	From			Non-Migrants
	US - Same State	US - Different State	Foreign Country	
Midland County	4,458	1,647	21	89,673

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

Out-Migration for Midland MSA, 2003

From	To			Non-Migrants
	US - Same State	US - Different State	Foreign Country	
Midland County	4,305	1,474	46	89,673

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

Top Five In-Migration Destinations, Odessa MSA, 2003

From US - Same State		From US - Different State	
To Midland County			
Ector County	946	Lea County, NM	135
Lubbock County	279	Maricopa County, AZ	52
Harris County	195	Eddy County, NM	50
Tarrant County	162	Bernalillo County, NM	41
Howard County	162	Tulsa County, OK	38

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

Top Five Out-Migration Destinations, Midland MSA, 2003

To US - Same State		To US - Different State	
From Midland County			
Ector County	757	Lea County, NM	93
Harris County	263	Maricopa County, AZ	50
Lubbock County	255	Oklahoma County, OK	48
Tarrant County	172	Eddy County, NM	45
Travis County	150	Bernalillo County, NM	38

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

Midland Market Overview 2006 Education

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

Level of Education	Midland County	Texas
High school graduate	22.9	24.8
Some college, no degree	25.3	22.4
Associate's degree	6.1	5.2
Bachelor's degree	18.4	15.6
Graduate or professional degree	6.4	7.6

Source: U.S. Census Bureau, 2000 Census

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	2000	2001	2002	2003	2004	2005*
Midland College	4,841	5,060	5,041	5,392	5,531	5,597

* Preliminary

Source: Texas Higher Education Coordinating Board

Midland Market Overview 2006 Employment

Midland Top Ten Employers

Employer	Sector	Employees
Midland Independent School District	Education	2,847
Key Energy Services, Inc.	Oil and Gas	2,200
Basic Energy Services	Oil and Gas	1,500
Warren Equipment Companies	Holding company - manufacturing	1,493
Midland Memorial Hospital	Medical	1,382
Key Energy Pressure Pumping Services	Oil and Gas	1,200
Midland College	Education	1,200
Cingular Wireless LLC	Telecommunications	1,100
City of Midland	Government	897
Oxy Permian USA, Inc.	Oil and gas	800

Source: Midland Economic Development Corporation Feb-2005

Midland Top Ten Private Employers

Employer	Sector	Employees
Key Energy Services, Inc.	Oil and Gas	2,200
Basic Energy Services	Oil and Gas	1,500
Warren Equipment Companies	Holding company - manufacturing	1,493
Midland Memorial Hospital	Medical	1,382
Key Energy Pressure Pumping Services	Oil and gas	1,200
Cingular Wireless LLC	Telecommunications	1,100
Oxy Permian USA, Inc.	Oil and gas	800
Dawson Geophysical	Oil and Gas	609
BJ Services	Construction	580
Baker Hughes Companies	Oil and Gas	419

Source: Midland Economic Development Corporation Feb-2005

Employment Growth by Industry

	Midland MSA	Texas
Employment growth 2005 (in percent)	4.9	2.5
Unemployment rate 2005 (in percent)	3.7	5.3
Net job change in 2005	2,800	237,900
Employment growth by sector 2005 (in percent)		
Natural Resources, Mining, and Construction	10.3	4.9
Manufacturing	15.0	0.9
Trade, Transportation, and Utilities	7.6	2.4
Information	0.0	-0.7
Financial Activities	6.7	2.3
Professional and Business Services	10.2	5.3
Educational and Health Services	0.0	2.9
Leisure and Hospitality	3.5	2.5
Government	-2.4	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

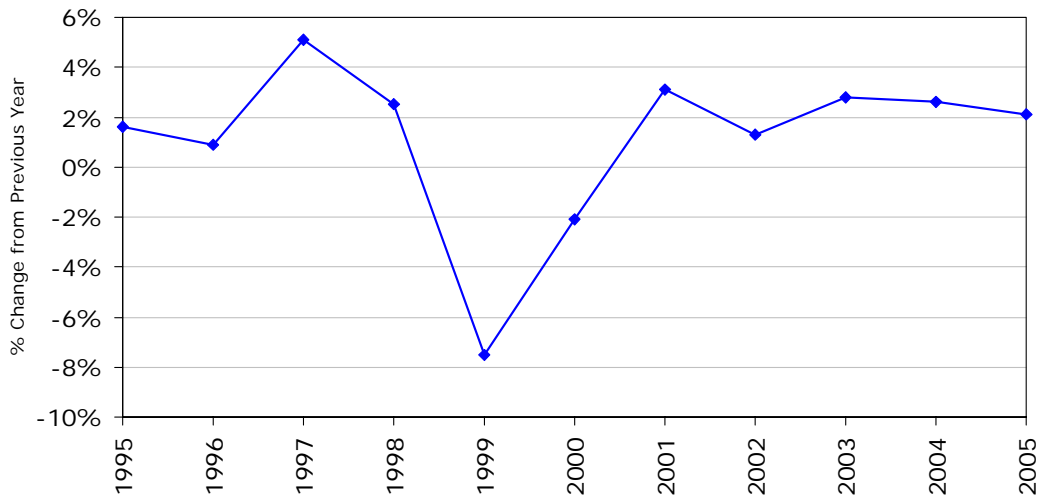
Source: Bureau of Labor Statistics and Real Estate Center at Texas A&M University

Midland MSA Employment

Year	Employment	Percent Change
1995	56,680	1.6
1996	57,172	0.9
1997	60,108	5.1
1998	61,585	2.5
1999	56,984	-7.5
2000	55,770	-2.1
2001	57,525	3.1
2002	58,260	1.3
2003	59,864	2.8
2004	61,405	2.6
2005	62,686	2.1

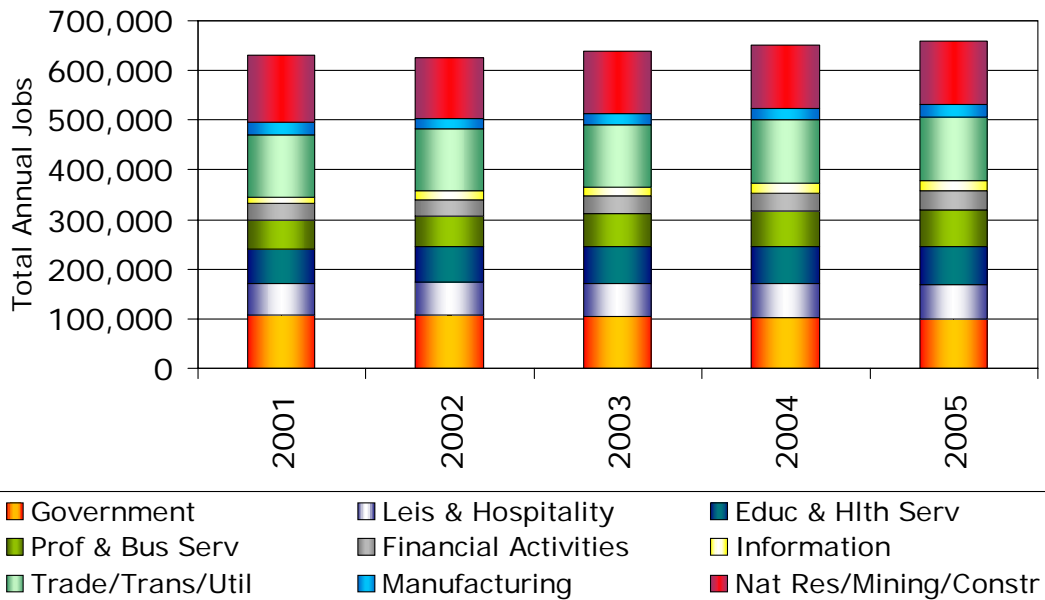
Source: U.S. Bureau of Labor Statistics

**Midland MSA
 Employment Growth**



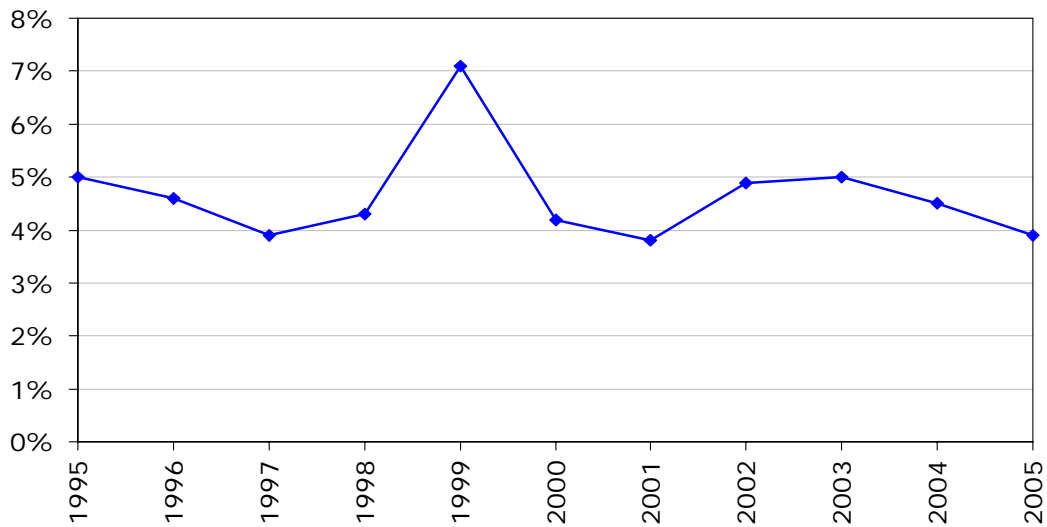
Source: U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University

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



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

**Midland MSA
Unemployment Rate**



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

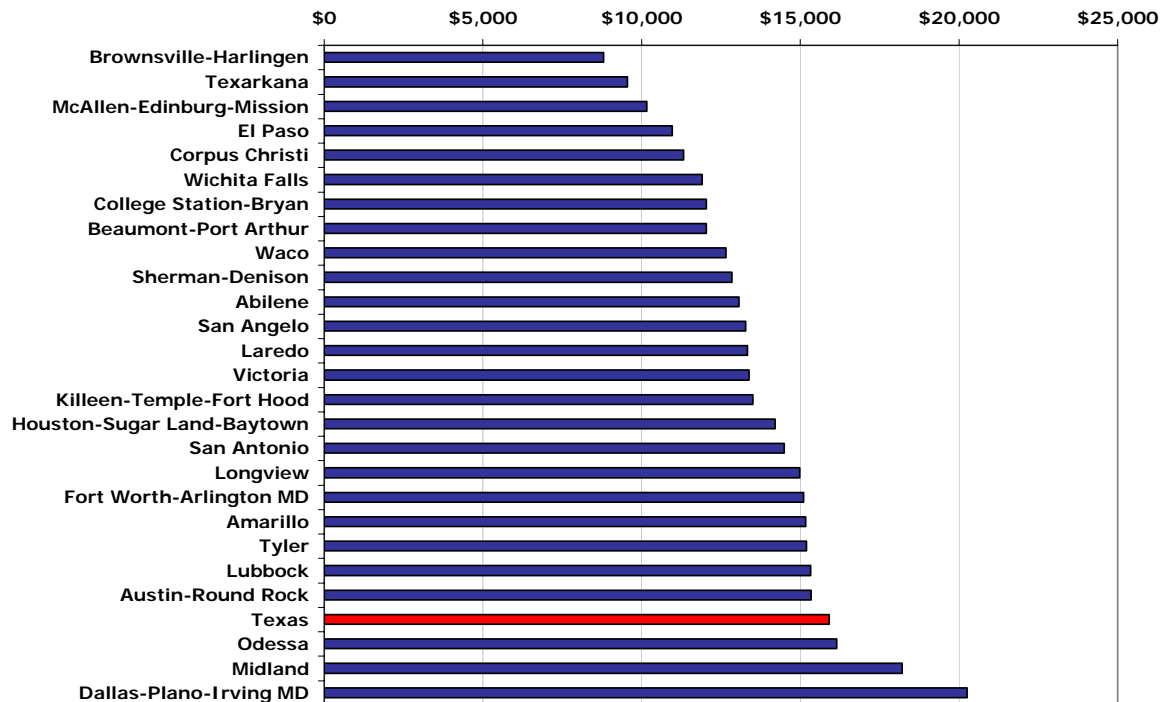
Midland Market Overview 2006 Economy

Midland MSA Gross Retail Sales

Year	Total Sales	Sales per Capita
1995	\$1,129,512,188	\$9,941
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	\$14,832
2002	\$1,628,066,921	\$13,862
2003	\$1,694,455,992	\$14,255
2004	\$1,879,002,220	\$15,614
2005	\$2,209,223,130	\$18,202
State Average 2005:		\$15,903

Source: Texas Comptroller's Office

Gross Retail Sales per Capita 2005



Source: Texas Comptroller's Office

Midland Market Overview 2006 Infrastructure

Midland Airline Boardings

Midland International Airport	2000	2001	2002	2003	2004	2005
Enplaned	470,204	440,014	406,406	394,367	414,522	446,937
Deplaned	464,729	435,675	403,766	392,746	415,965	445,893
Total	934,933	875,689	810,172	787,113	830,487	892,830

Source: Midland International Airport

Airport Cargo Statistics (in pounds)

Midland International Airport	2000	2001	2002	2003	2004	2005
Enplaned	1,951,423	2,139,416	1,612,250	2,047,900	2,453,540	2,757,216
Deplaned	2,934,234	2,961,703	2,440,892	2,805,301	3,221,278	3,834,982
Total	4,885,657	5,101,119	4,053,142	4,853,201	5,674,818	6,592,198

Source: Midland International Airport

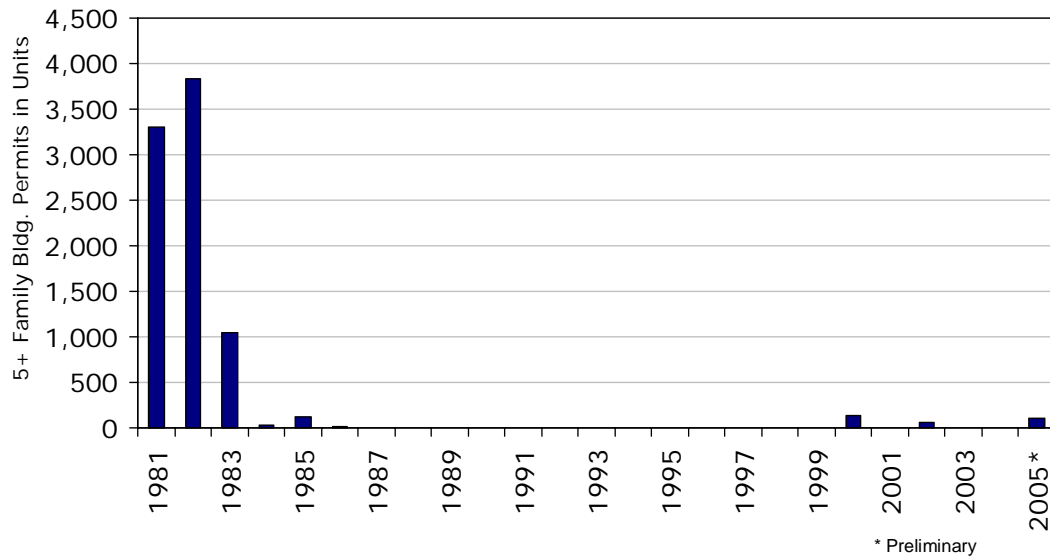
Midland Market Overview 2006 Multifamily

Midland Apartment Statistics 2005

	Midland	Texas Metro Average
Average rent per square foot	\$0.52	\$0.78
Average rent for units built since 2000	\$0.46	\$0.89
Average occupancy (in percent)	94.5	91.4
Average occupancy for units built since 2000 (in percent)	93.0	93.1

Source: Apartment MarketData Research Jan-2006

Odessa-Midland Multifamily Building Permits



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

Market Overview 2006 Housing

2005 Housing Affordability Index

MLS	2005 Median- Priced Home	Required Income to Qualify	Median Family Income	HAI*	HAI for First- Time Homebuyers**
Odessa-Midland	\$88,700	\$20,509	\$48,500	2.36	1.73
Texas Total	\$136,500	\$31,561	\$53,000	1.68	1.14
U.S. Total	\$206,600	\$47,132	\$58,000	1.23	0.68

* 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	1999	2000	2001	2002	2003	2004	2005
\$29,999 or less	12.9	14.6	12.9	13.9	12.9	10.5	-
30,000 - 39,999	8.2	9.0	7.7	8.1	6.1	5.2	-
40,000 - 49,999	9.4	9.2	9.2	8.1	7.3	7.3	-
50,000 - 59,999	10.1	8.7	9.3	9.1	8.0	7.9	-
60,000 - 69,999	9.2	9.6	9.5	9.4	9.2	9.1	-
70,000 - 79,999	9.7	9.7	10.2	9.0	9.2	10.4	-
80,000 - 89,999	7.5	7.0	7.0	8.7	8.1	8.7	-
90,000 - 99,999	5.0	4.7	5.4	4.7	5.9	5.3	-
100,000 - 119,999	7.2	7.3	7.8	7.8	8.4	8.2	-
120,000 - 139,999	5.8	6.9	6.6	6.5	6.7	7.3	-
140,000 - 159,999	4.7	4.1	4.0	4.0	4.9	6.0	-
160,000 - 179,999	4.0	2.8	2.3	2.3	3.1	3.6	-
180,000 - 199,999	1.7	1.8	2.3	2.2	2.4	2.7	-
200,000 - 249,999	2.7	2.6	2.6	3.2	3.9	3.5	-
250,000 - 299,999	1.1	1.0	1.5	1.7	2.0	2.1	-
300,000 - 399,999	0.8	0.5	1.3	1.0	1.1	1.4	-
400,000 - 499,999	0.2	0.2	0.3	0.1	0.4	0.5	-
500,000 and more	0.0	0.2	0.1	0.1	0.3	0.3	-

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

Source: Real Estate Center at Texas A&M University

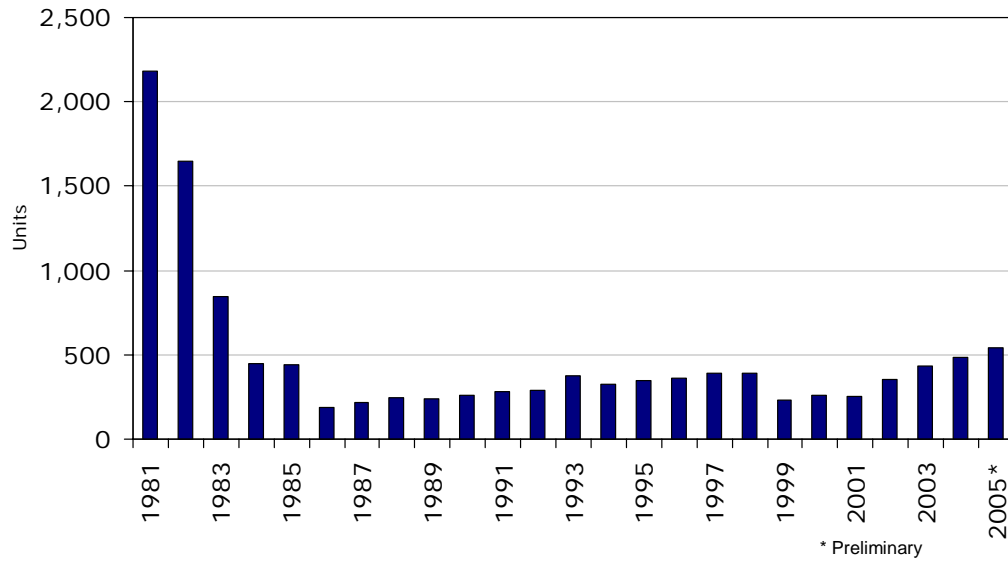
Property Tax Rate, 2005
County, Major City, Major School District

Taxing Entity*	Tax Rate per \$100 Valuation
City of Midland	0.64
Midland ISD	1.63
Midland County	0.29
Total	\$2.56

* 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

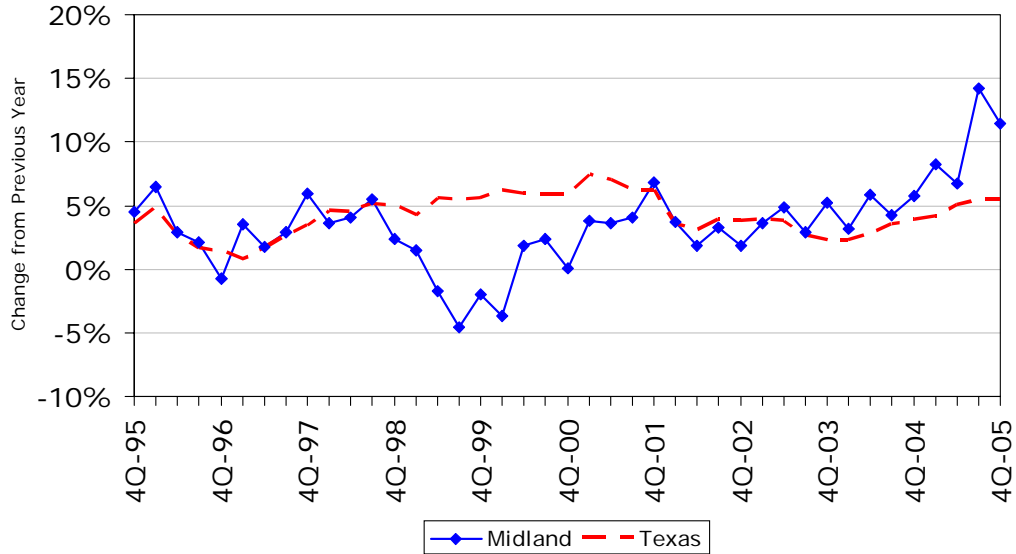
Odessa-Midland Single-Family Building Permits



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

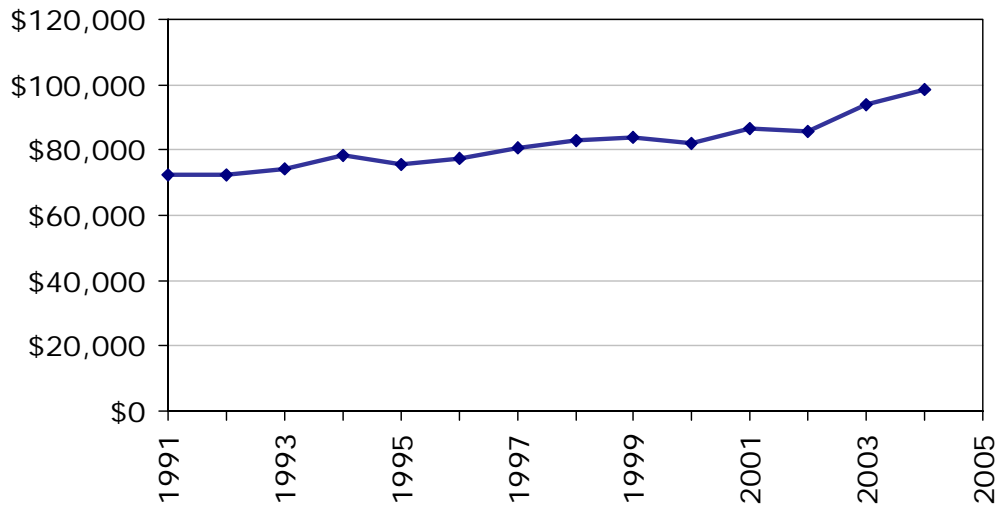
Home Price Appreciation Midland MSA

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 since January 1975.



Source: Office of Federal Housing Enterprise Oversight

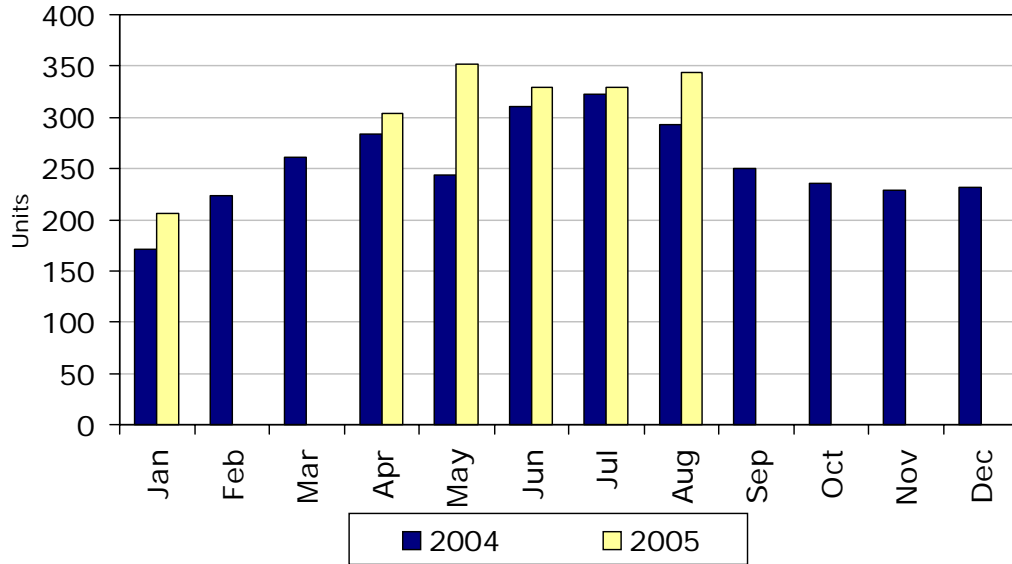
Average Sales Price of Single-Family Home Odessa-Midland Area



2005 Data not available

Source: Real Estate Center at Texas A&M University

Single-Family Home Sales Volume Odessa-Midland Area



Source: Real Estate Center at Texas A&M University

Midland Market Overview 2006 Hotel

Hotel* Occupancy and Rental Rates

	2004		2005	
	Midland	Texas	Midland	Texas
# Rooms 000's	1.9	328.1	1.9	334.7
Average daily rate	\$48.86	\$70.39	\$51.12	\$74.26
Occupancy rate (in percent)	53.3	55.9	57.7	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



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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