

Real Estate Market Overview 2006

Waco

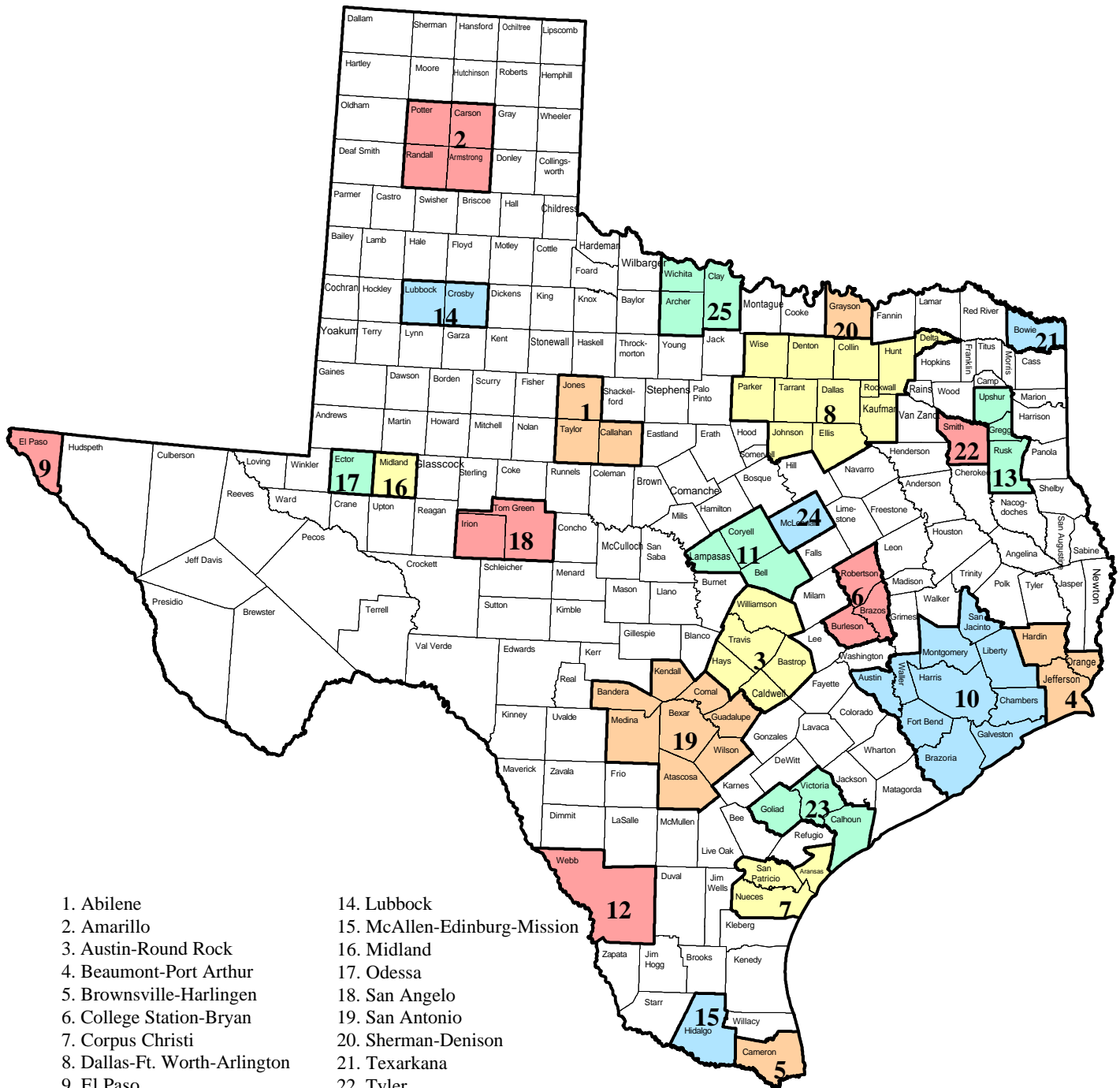
Mid-Year Update

Waco is located on the I-35 corridor between Dallas and Austin. Settlers who wanted to locate along the Brazos River founded the city in 1849. In 1870, a 474-foot suspension bridge was built over the Brazos River. The toll bridge was open to cattle and foot traffic and was the longest single span bridge in the world at that time. Waco is also home to one of Texas' largest urban lakes, Lake Waco, which features 60 miles of shoreline. Today, the Waco Metropolitan Statistical Area (MSA) is a growing area with a population of more than 200,000.

Quick Facts	
Land Area	1,041.88 square miles
Population Density (2000)	204.9 people per square mile
Counties	McLennan
Area Cities and Towns	
Bellmead, Bruceville, China Spring, Crawford, Eddy, Elm Mott, Gholson, Hewitt, Lacy-Lakeview, Lorena, Leroy, Mart, McGregor, Moody, Riesel, Robinson, Valley Mills, Waco, West, Woodway	



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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Waco Market Overview 2006 Demographics

Waco MSA Population

Year	Population	Percent Change
1995	202,692	-
1996	205,894	1.6%
1997	207,991	1.0%
1998	209,800	0.9%
1999	211,548	0.8%
2000	213,517	0.9%
2001	215,539	0.9%
2002	217,241	0.8%
2003	219,563	1.1%
2004	222,439	1.3%
2005*	224,668	1.0%

* 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)
Waco	113,726	9.8
Hewitt	11,085	23.4

Source: U.S. Census Bureau

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

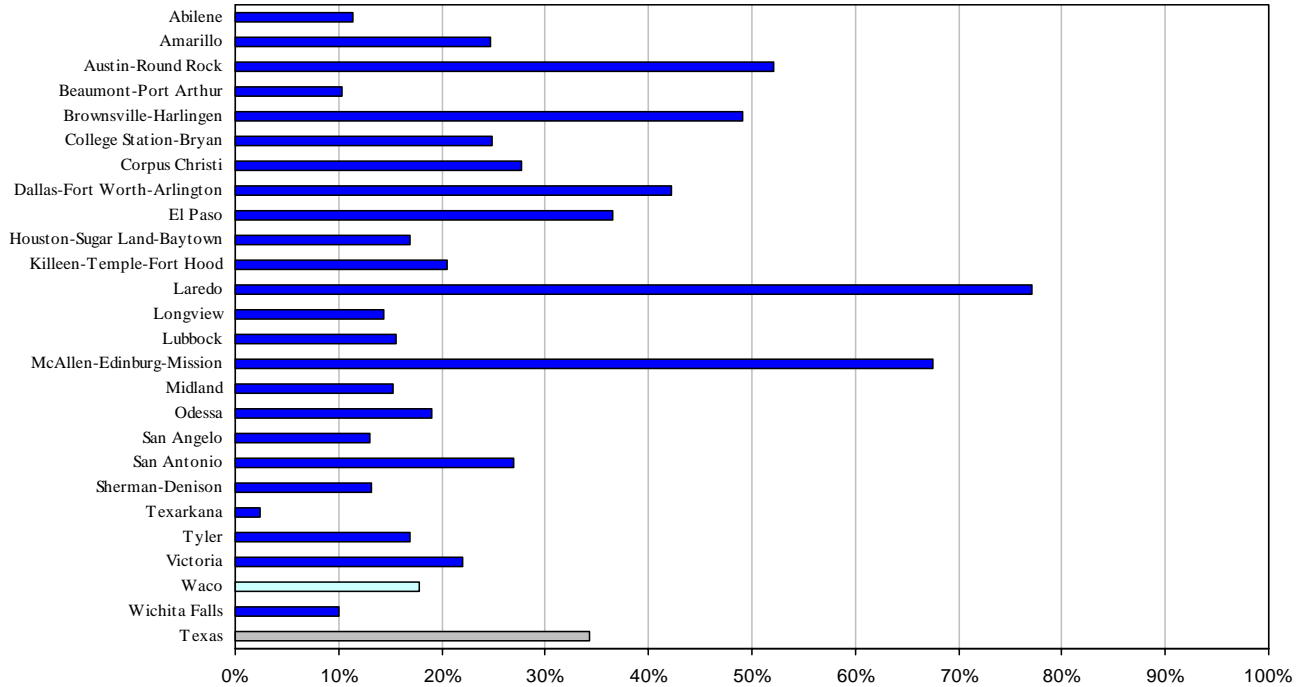
Source: U.S. Census Bureau

Waco MSA Projected Population

Year	Texas State Data Center (Scenario 0.5)	Texas Water Development Board
2000	213,517	213,517
2005	221,410	-
2010	231,711	231,882
2015	241,913	-
2020	251,434	250,398
2025	260,208	-
2030	268,886	266,002
2035	277,502	-
2040	285,971	282,177

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)

Household Composition

	Waco MSA	Texas
Average household size (2000)	2.59	2.74
Population younger than 18 (2000, in percent)	26.6	28.2
Population 65 and older (2000, in percent)	12.9	9.9

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

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

	Waco MSA	Texas
White	72.2	71.0
Black	15.2	11.5
Asian	1.1	2.7
American Indian	0.5	0.6
Other	9.2	11.7
Two or more races	1.8	2.5
Hispanic (of any race)	17.9	32.0

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

In-Migration for Waco MSA, 2003

To	From			Non-Migrants
	US - Same State	US - Different State	Foreign Country	
McLennan County	6,008	2,447	156	151,970

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

Out-Migration for Waco MSA, 2003

From	To			Non-Migrants
	US - Same State	US - Different State	Foreign Country	
McLennan County	5,745	2,189	58	151,970

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

Top Five In-Migration Destinations, Waco MSA, 2003

From US - Same State		From US - Different State	
To McLennan County			
Bell County	677	San Diego County, CA	59
Tarrant County	423	Los Angeles County, CA	52
Dallas County	407	Clark County, NV	52
Harris County	355	-	-
Travis County	315	-	-

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

Top Five Out-Migration Destinations, Waco, 2003

To US - Same State		To US - Different State	
From McLennan County			
Bell County	529	San Diego County, CA	46
Tarrant County	509	Los Angeles County, CA	35
Dallas County	428	Clark County, NV	32
Travis County	304	Oklahoma County, OK	25
Harris County	294	El Paso County, CO	24

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

Waco Market Overview 2006 Education

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

Level of Education	McLennan County	Texas
High school graduate	27.9	24.8
Some college, no degree	22.5	22.4
Associate's degree	7.1	5.2
Bachelor's degree	11.8	15.6
Graduate or professional degree	7.3	7.6

Source: U.S. Census Bureau, 2000 Census

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

Level of Education	Waco MSA	Texas
High School Graduate or Higher	76.6	79.2
Bachelor's Degree or Higher	19.1	23.9

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

Local College and University Enrollment, Fall Semester

School	2000	2001	2002	2003	2004	2005*
Baylor University	13,719	14,221	14,159	13,937	13,798	13,958
McLennan Community College	5,721	6,110	6,532	7,052	7,522	7,642

* Preliminary

Sources: Texas Higher Education Coordinating Board

Waco Market Overview 2006 Employment

Top Ten Employers

Employer	Sector	Employees
Baylor University	Education	1,000+
City of Waco	Government	1,000+
H-E-B Grocery	Grocery	1,000+
Hillcrest Baptist Medical Center	Medical care	1,000+
L-3 Communications Integrated Systems	Aircraft modification	1,000+
Providence Health Center	Medical care	1,000+
Waco Independent School District	Education	1,000+
Wal-Mart	Retail	1000+
Cargil Foods, Inc.	Dressed/packed turkey products	700+
Dealers Electric Supply	Electric equipment and supplies	700+

Source: Waco Chamber of Commerce Feb-2005

Top Ten Private Employers

Employer	Sector	Employees
Baylor University	Education	1,000+
H-E-B Grocery	Grocery	1,000+
Hillcrest Baptist Medical Center	Medical care	1,000+
L-3 Communications Integrated Systems	Aircraft modification	1,000+
Providence Health Center	Medical care	1,000+
Wal-Mart	Retail	1,000+
Cargil Foods, Inc.	Dressed/packed turkey products	700+
Dealers Electric Supply	Electric equipment and supplies	700+
Examination Management Services, Inc.	Insurance inspection audit	700+
MasterfoodsUSA, A Mars, Inc. Company	Confectionery products	700+

Source: Waco Chamber of Commerce Feb-2005

Employment Growth by Industry

	Waco MSA	Texas
Employment growth 2005 (in percent)	2.6	2.5
Unemployment rate 2005 (in percent)	4.8	5.3
Net job change in 2005	2,700	237,900
Employment growth by sector 2005 (in percent)		
Natural Resources, Mining, and Construction	0.0	4.9
Manufacturing	17.8	0.9
Trade, Transportation, and Utilities	2.2	2.4
Information	0.0	-0.7
Financial Activities	0.0	2.3
Professional and Business Services	-7.2	5.3
Educational and Health Services	1.1	2.9
Leisure and Hospitality	3.2	2.5
Government	0.6	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

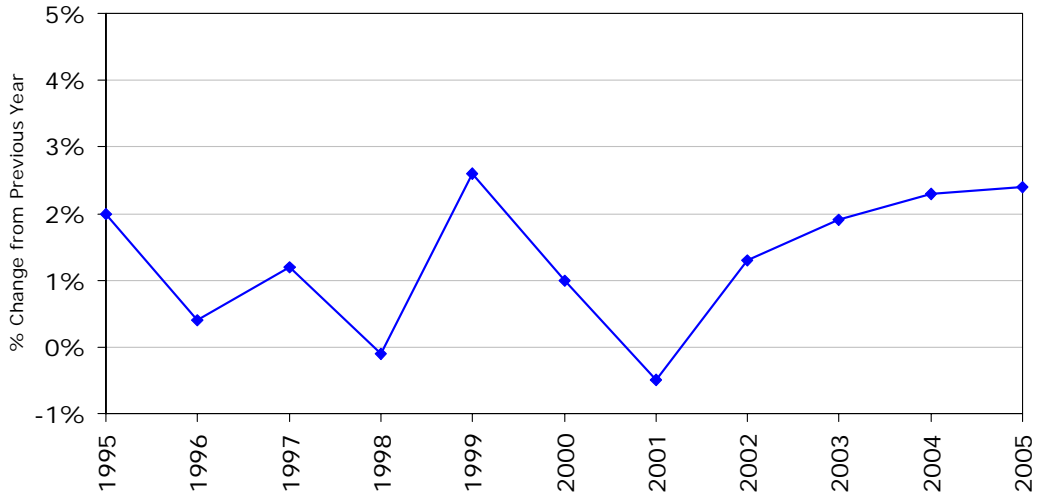
Source: Bureau of Labor Statistics and Real Estate Center at Texas A&M University

Waco MSA Employment

Year	Employment	Percent Change
1995	94,605	2.0
1996	95,011	0.4
1997	96,115	1.2
1998	96,046	-0.1
1999	98,546	2.6
2000	99,496	1.0
2001	98,961	-0.5
2002	100,219	1.3
2003	102,113	1.9
2004	104,444	2.3
2005	106,979	2.4

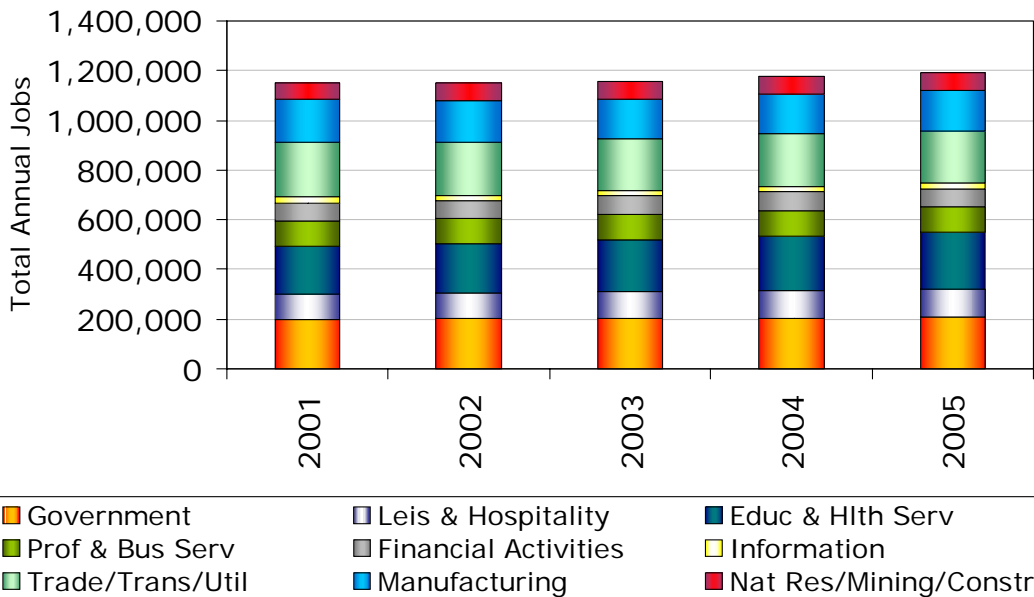
Source: U.S. Bureau of Labor Statistics

Waco MSA Employment Growth



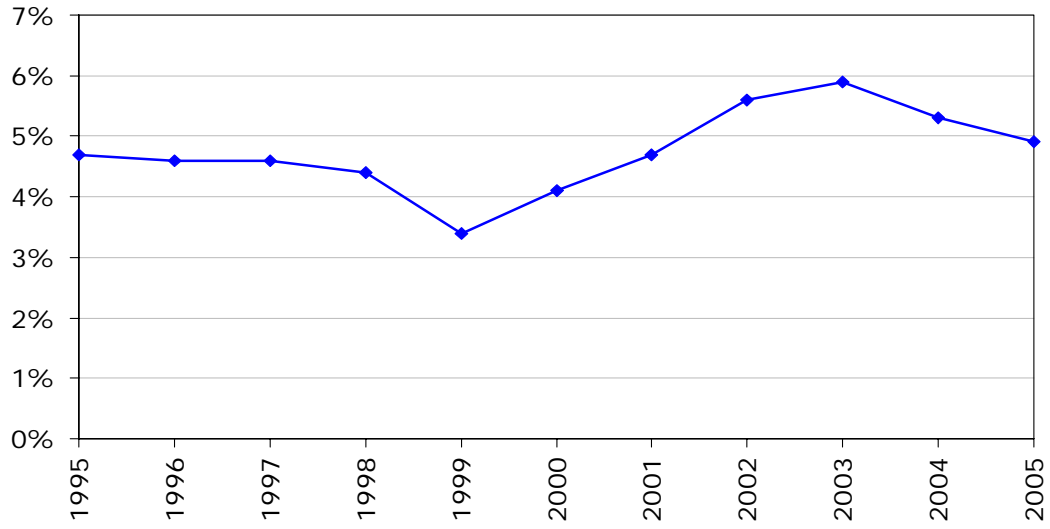
Source: U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University

Waco MSA Distribution of Employment in Major Categories



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

Waco MSA Unemployment Rate



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

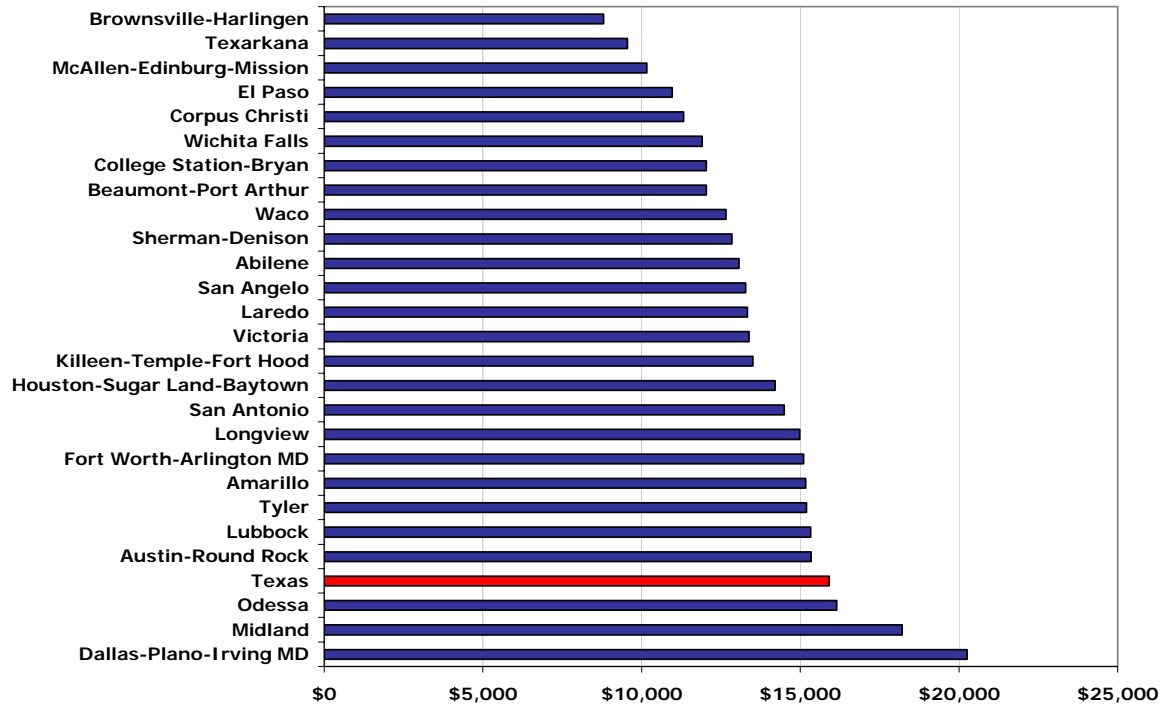
Waco Market Overview 2006 Economy

Waco MSA Gross Retail Sales

Year	Total Sales	Sales per Capita
1995	\$2,030,098,684	\$10,016
1996	\$2,080,949,139	\$10,107
1997	\$2,150,987,297	\$10,342
1998	\$2,214,286,560	\$10,554
1999	\$2,310,075,586	\$10,920
2000	\$2,467,140,564	\$11,555
2001	\$2,516,139,442	\$11,674
2002	\$2,535,226,240	\$11,670
2003	\$2,629,053,899	\$11,974
2004	\$2,736,725,641	\$12,303
2005	\$2,842,926,995	\$12,654
State Average 2005:		\$15,903

Source: Texas Comptroller's Office

Gross Retail Sales per Capita 2005



Source: Texas Comptroller's Office

Waco Market Overview 2006 Infrastructure

Waco Airline Boardings

Waco Regional Airport	2000	2001	2002	2003	2004	2005
Enplaned	62,119	60,557	50,278	56,482	64,035	71,474
Deplaned	-	-	49,037	54,536	62,497	70,159
Total	-	-	99,315	111,018	126,532	141,633

Source: Waco Regional Airport

Waco Market Overview 2006

Public Facilities

Waco City Public Facilities Building Permits 2005



Waco City Building Permit Office

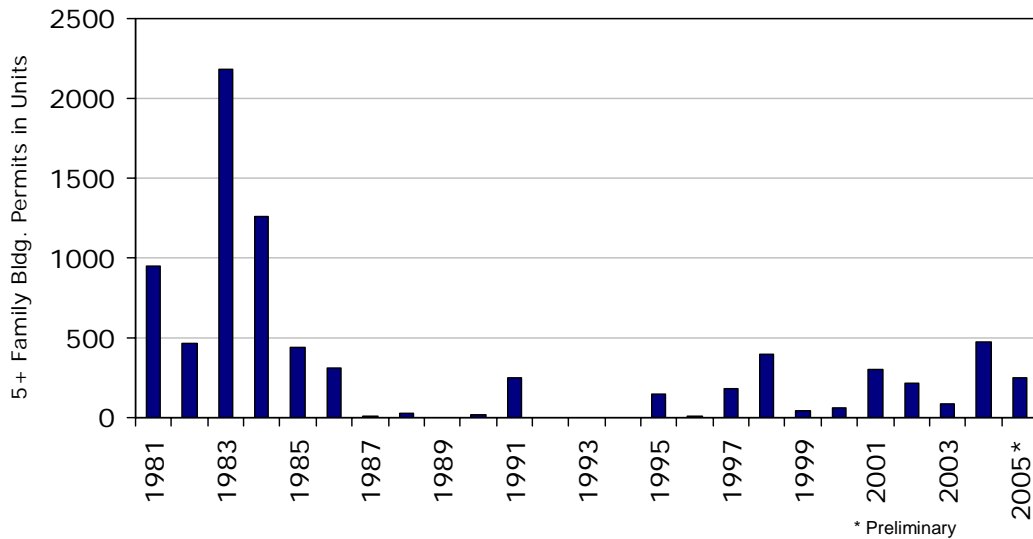
Waco Market Overview 2006 Multifamily

Waco Apartment Statistics 2005

	Waco	Texas Metro Average
Average rent per square foot	\$0.69	\$0.78
Average rent for units built since 2000	\$0.74	\$0.89
Average occupancy (in percent)	94.0	91.4
Average occupancy for units built since 2000 (in percent)	92.0	93.1

Source: Apartment MarketData Research Jan-2006

Waco MSA Multifamily Building Permits



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

Waco City Multifamily Building Permits 2005



Waco City Building Permit Office

Waco 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**
Waco	\$108,400	\$25,064	\$47,350	1.89	-
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, Waco Area (in percent)

Price Range	1999	2000	2001	2002	2003	2004	2005
\$29,999 or less	-	-	-	-	6.0	-	-
30,000 - 39,999	-	-	-	-	3.7	-	-
40,000 - 49,999	-	-	-	-	4.2	-	-
50,000 - 59,999	-	-	-	-	6.1	-	-
60,000 - 69,999	-	-	-	-	8.1	-	-
70,000 - 79,999	-	-	-	-	6.8	-	-
80,000 - 89,999	-	-	-	-	7.7	-	-
90,000 - 99,999	-	-	-	-	8.1	-	-
100,000 - 119,999	-	-	-	-	12.9	-	-
120,000 - 139,999	-	-	-	-	10.7	-	-
140,000 - 159,999	-	-	-	-	8.1	-	-
160,000 - 179,999	-	-	-	-	6.1	-	-
180,000 - 199,999	-	-	-	-	3.7	-	-
200,000 - 249,999	-	-	-	-	3.9	-	-
250,000 - 299,999	-	-	-	-	1.2	-	-
300,000 - 399,999	-	-	-	-	2.0	-	-
400,000 - 499,999	-	-	-	-	0.5	-	-
500,000 and more	-	-	-	-	0.4	-	-

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

Source: Real Estate Center at Texas A&M University

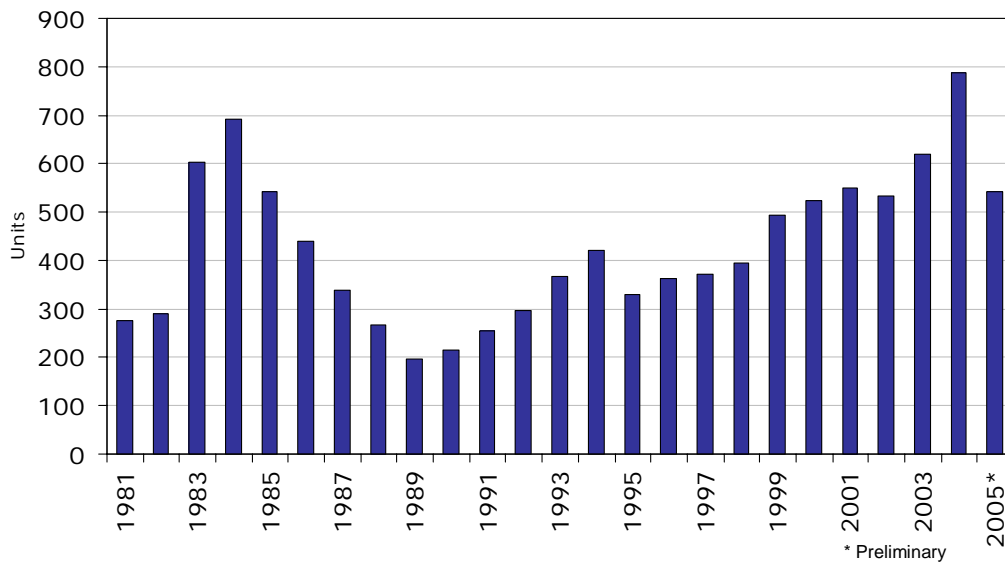
Property Tax Rates, 2005
County, Major City, Major School District

Taxing Entity*	Tax Rate per \$100 Valuation
City of Waco	0.70
Waco ISD	1.56
McLennan County	0.45
Total	\$2.71

* 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://www.co.mclennan.tx.us/tax/rates.html>

Source: McLennan County Appraisal District

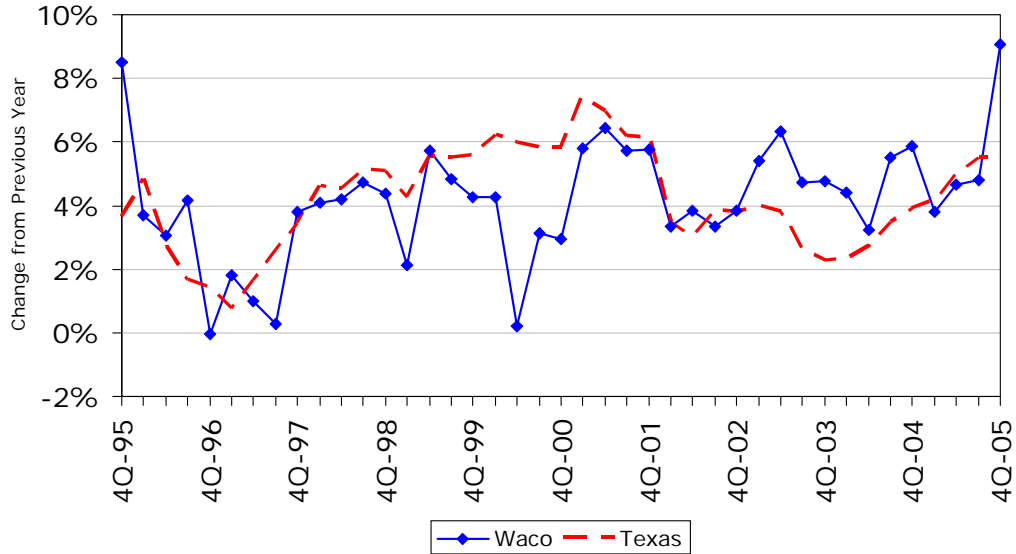
Waco MSA Single-Family Building Permits



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

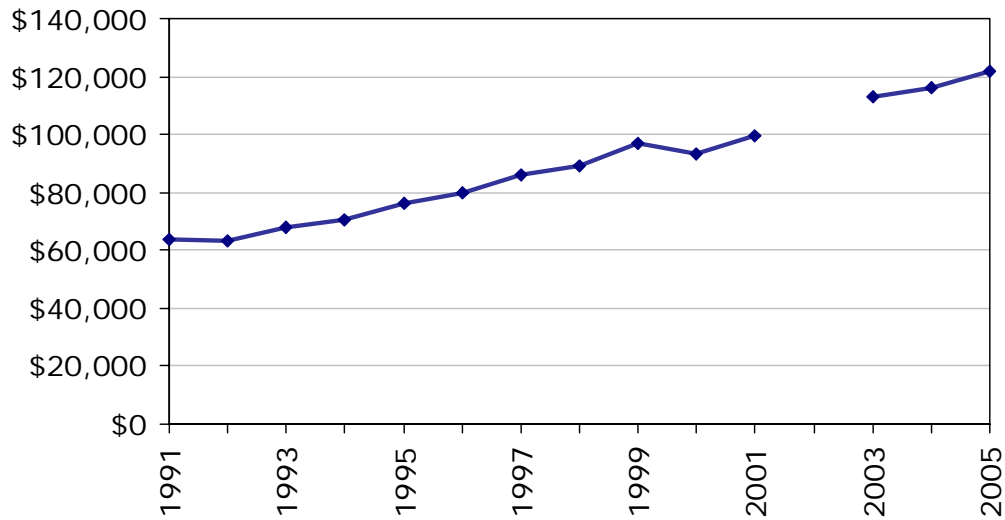
Home Price Appreciation Waco MSA

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

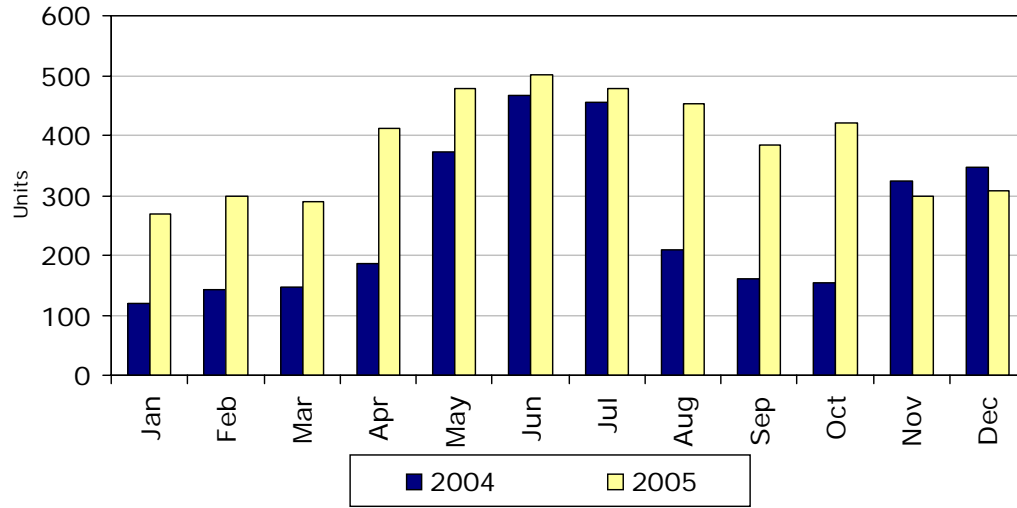
Average Sales Price of Single-Family Home Waco Area



Data not available: 2002

Source: Real Estate Center at Texas A&M University

Single-Family Home Sales Volume*
Waco Area

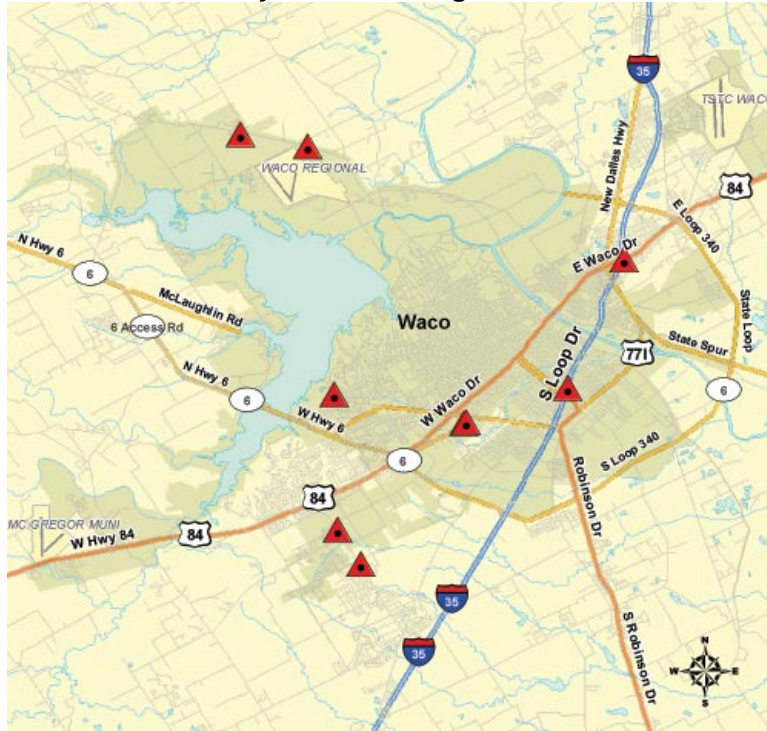


Source: Real Estate Center at Texas A&M University

Waco Market Overview 2006

Retail

Waco City Retail Building Permits 2005



Waco City Building Permit Office

Waco Market Overview 2006

Hotel

Hotel* Occupancy and Rental Rates

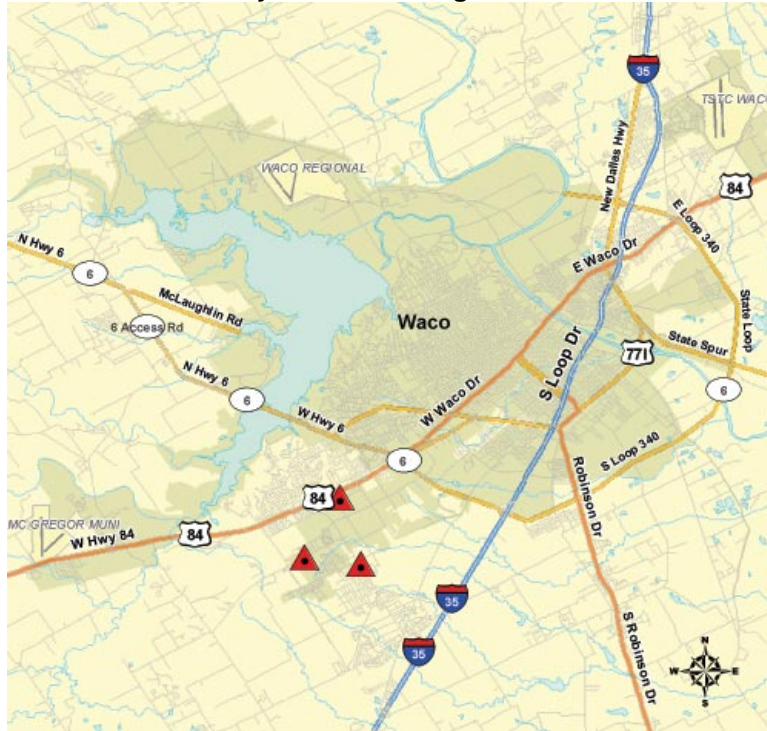
	2004		2005	
	Waco	Texas	Waco	Texas
# Rooms 000's	2.9	328.1	3	334.7
Average daily rate	\$56.76	\$70.39	\$60.37	\$74.26
Occupancy rate (in percent)	62.9	55.9	65	59.7

*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

Waco Market Overview 2006 Office

Waco City Office Building Permits 2005



Waco 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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