

# Real Estate Market Overview 2007

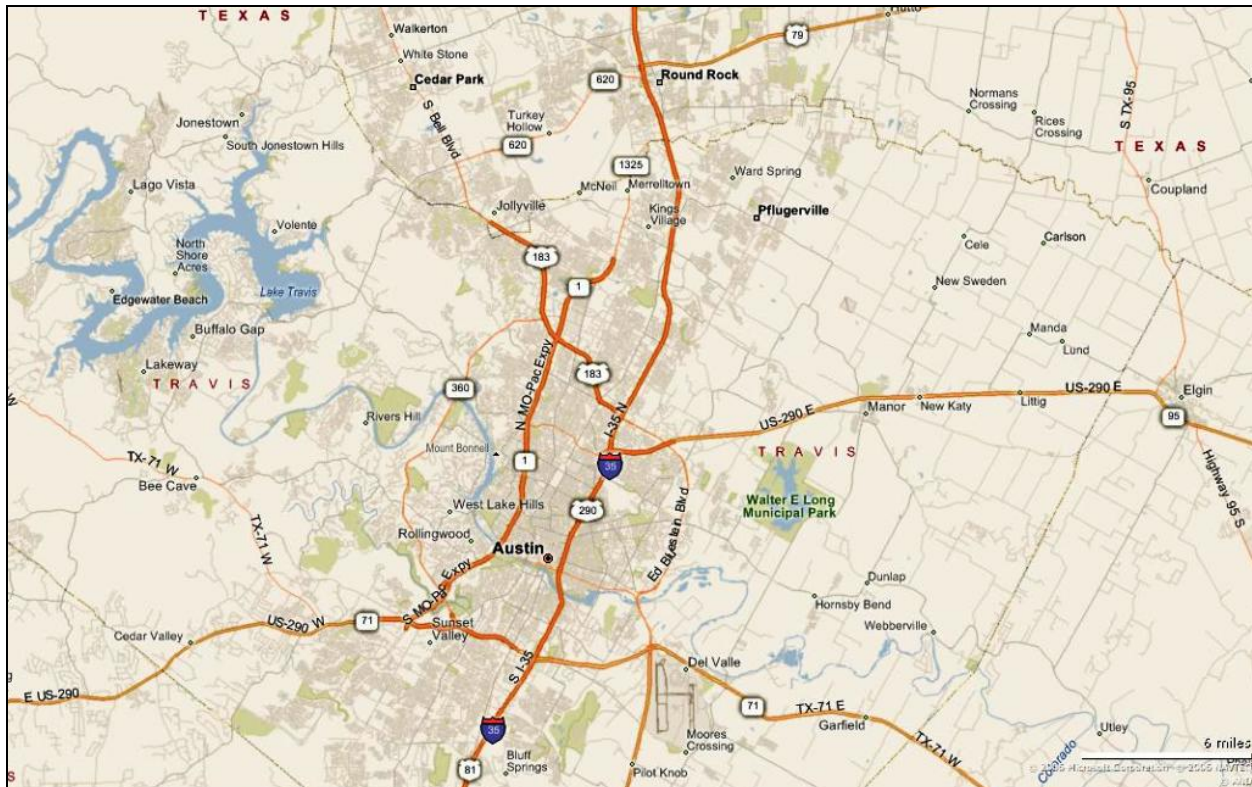
## Austin - Round Rock

Originally a buffalo-hunting ground favored by Tonkawa Indians, Austin was permanently settled in 1838 as a trading post. The Austin-Round Rock Metropolitan Statistical Area (MSA) is now part of the I-35 growth corridor in the heart of Texas. According to the U.S. Census Bureau, the Austin MSA experienced the largest increase in income in the state and was one of the country's fastest-growing cities during the 1990s, growing by nearly 48 percent. Austin, the capital of Texas, is home to the University of Texas, the largest university in the nation. The city supports a politically charged and culturally rich environment.

Quick Facts	
Land Area	4,224 square miles
2006 Population Density	358.3 people per square mile
Counties	Bastrop, Caldwell, Hays, Travis, Williamson
Area Cities and Towns	
Austin, Cedar Park, Georgetown, Leander, Lockhart, Pflugerville, Round Rock, San Marcos, Taylor	

\* This report's MSA data reflects either 1999 or 2003 MSA definitions based on data availability. Use of 1999 definition is noted where applicable.

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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## Austin-Round Rock Market Overview 2007 Demographics

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**Austin MSA Population**

Year	Population	Percent Change
1996	1,073,037	-
1997	1,111,264	3.6
1998	1,155,579	4.0
1999	1,205,898	4.4
2000	1,249,763	3.6
2001	1,319,000	5.5
2002	1,346,332	2.1
2003	1,376,005	2.2
2004	1,411,199	2.6
2005	1,452,529	2.9
2006	1,513,565	4.2

\* July 1 population estimates

Source: U.S. Census Bureau

**County Population\* Growth**

County	Growth 1996-2006		
	1996	2006	(in percent)
Bastrop	48,739	71,684	47.1
Caldwell	29,546	36,720	24.3
Hays	82,010	130,325	58.9
Travis	717,194	921,006	28.4
Williamson	195,548	353,830	80.9

\* July 1 population estimates

Source: U.S. Census Bureau

**Area Cities With 10,000 or More Residents**

City	Population		Growth 1990 - 2000 (in percent)
	1990	2000	
Austin	465,622	656,562	41.0
Cedar Park	5,161	26,049	404.7
Georgetown	14,842	28,339	90.9
Lockhart	9,205	11,615	26.2
Pflugerville	4,444	16,335	267.6
Round Rock	30,923	61,136	97.7
San Marcos	28,743	34,733	20.8
Taylor	11,472	13,575	18.3

Source: U.S. Census Bureau

**Texas Metropolitan Area Population\* Change**

<b>Metropolitan Area</b>	<b>1996</b>	<b>2006</b>	<b>Percent Change</b>
<b>Austin-Round Rock</b>	<b>1,073,037</b>	<b>1,513,565</b>	<b>41.1</b>
McAllen-Edinburg-Mission	503,411	700,634	39.2
Laredo	171,583	231,470	34.9
Dallas-Fort Worth-Arlington	4,627,649	6,003,967	29.7
Houston-Sugar Land-Baytown	4,334,020	5,539,949	27.8
Brownsville-Harlingen	312,086	387,717	24.2
San Antonio	1,599,427	1,942,217	21.4
<b>Texas</b>	<b>19,340,342</b>	<b>22,859,968</b>	<b>18.2</b>
Tyler	166,087	194,635	17.2
Sherman-Denison	102,993	118,478	15.0
El Paso	656,482	736,310	12.2
College Station-Bryan	172,341	192,152	11.5
Amarillo	217,579	241,515	11.0
Killeen-Temple-Fort Hood	318,613	351,322	10.3
Waco	205,894	226,189	9.9
Midland	114,412	124,380	8.7
Longview	190,556	203,367	6.7
Lubbock	247,099	261,411	5.8
Texarkana	127,694	134,510	5.3
Victoria	108,636	114,088	5.0
Odessa	121,519	127,462	4.9
Corpus Christi	398,529	415,810	4.3
San Angelo	104,574	105,752	1.1
Abilene	156,351	158,063	1.1
Beaumont-Port Arthur	380,417	379,640	-0.2
Wichita Falls	151,170	145,528	-3.7

\* July 1 population estimates

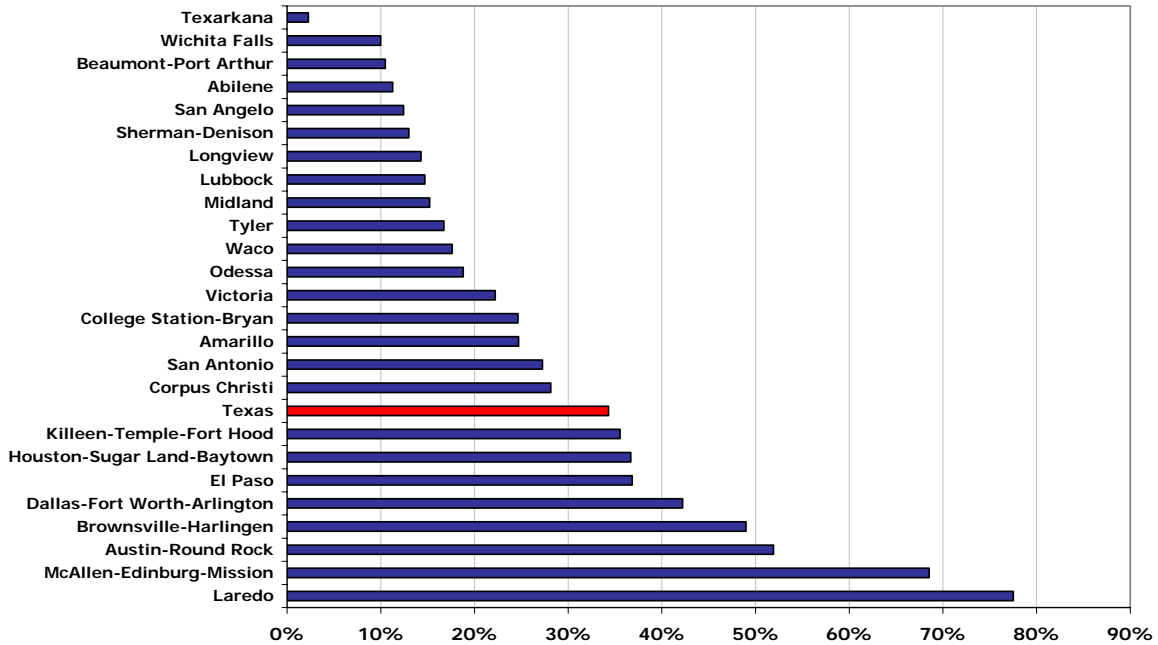
Source: U.S. Census Bureau

**Austin-Round Rock MSA Projected Population**

<b>Year</b>	<b>Texas State Data Center (Scenario 0.5)</b>	<b>Texas Water Development Board</b>
2000	1,249,763	1,249,763
2005	1,405,638	-
2010	1,563,179	1,610,452
2015	1,727,413	-
2020	1,898,404	2,061,706
2025	2,079,470	-
2030	2,269,254	2,508,413
2035	2,463,056	-
2040	2,658,510	2,937,897

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**

	Austin MSA	Texas
Average household size (2000)	2.57	2.74
Population younger than 18 (2000, in percent)	25.4	28.2
Population 65 and older (2000, in percent)	7.3	9.9

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

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

	Austin MSA	Texas
White	72.5	71.0
Black	8.0	11.5
Asian	3.5	2.7
American Indian	0.6	0.6
Other	12.8	11.7
Two or more races	2.6	2.5
Hispanic (of any race)	26.2	32.0

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

## Austin-Round Rock Market Overview 2007 Education

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**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
Bastrop	31.7	22.9	5.3	12.4	3.1	0.5
Caldwell	34.8	20.2	3.1	10.0	2.6	0.2
Hays	22.9	25.6	4.8	20.4	7.4	1.9
Travis	17.3	21.5	5.2	26.1	9.6	2.1
Williamson	22.2	26.4	6.6	24.4	6.8	1.1
<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, 2000**  
 (in percent)

Level of Education	Austin	
	MSA	Texas
High School Graduate or Higher	84.8	75.7
Bachelor's Degree or Higher	36.7	23.2

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

**Local College and University Enrollment, Fall Semester**

School	2002	2003	2004	2005	2006
Austin Community College	29,156	28,862	29,004	30,499	31,610
Concordia University	1,045	1,061	1,114	1,193	1,239
Huston-Tillotson University	642	666	685	706	742
St. Edward's University	4,266	4,441	4,648	4,928	5,218
Texas State University - San Marcos	25,025	26,306	26,783	27,129	27,485
University of Texas	52,261	51,426	50,377	49,233	49,697

Source: Texas Higher Education Coordinating Board

## Austin-Round Rock Market Overview 2007 Employment

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### Top Ten Employers

Employer	Sector	Employees
Local Government	Government	69,700
State Government	Government	65,900
University of Texas at Austin	Higher education	20,249
Dell Inc.	Personal computer systems	16,000
Federal Government	Government	10,800
Austin School District	Public education	10,408
Seton Family of Hospitals	Medical care	7,500
Freescale Semiconductor Inc.	Microprocessors	6,600
H.E. Butt Grocery Co. (Austin regional office)	Retail	6,200
IBM Corporation	Circuit cards, hardware and software	6,200

Source: Texas Workforce Commission July 2006

### Top Ten Private Employers

Employer	Sector	Employees
Dell Inc.	Personal computer systems	16,000
Seton Family of Hospitals	Medical care	7,500
Freescale Semiconductor Inc.	Microprocessors	6,600
H.E. Butt Grocery Co. (Austin regional office)	Retail	6,200
IBM Corporation	Circuit cards, hardware and software	6,200
St. David's Healthcare	Healthcare	5,048
Wal-Mart	Retail	4,700
Advanced Micro Devices, Inc. (AMD)	Semiconductors	3,000
Applied Materials	Semiconductors	2,200
National Instruments	Computer software developer	2,000

Source: Texas Workforce Commission July 2006

**Employment Growth by Industry**

	<b>Austin-Round Rock MSA</b>	<b>Texas</b>
Employment Growth 2006 (Percent Change)	3.9	3.3
Unemployment Rate 2006 (Percent Change)	4.1	4.9
Net Job Change in 2006	26,700	318,300
<b>2006 Employment Growth by Sector (Percent Change)</b>		
Natural Resources and Mining and Construction	11.0	7.5
Manufacturing	2.4	3.2
Trade, Transportation, and Utilities	4.1	2.5
Information	0.9	-0.4
Financial Activities	5.1	2.6
Professional and Business Services	5.1	6.0
Educational and Health Services	2.2	2.8
Leisure and Hospitality	6.3	3.9
Government	1.3	1.7

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

**Texas Metropolitan Area Nonfarm Employment Change**

<b>Metropolitan Area</b>	<b>1996</b>	<b>2006</b>	<b>Percent Change</b>
McAllen-Edinburg-Mission	126,900	202,600	59.7
Midland	126,900	202,600	59.7
Laredo	56,500	84,200	49.0
<b>Austin-Round Rock</b>	<b>540,900</b>	<b>720,000</b>	<b>33.1</b>
Brownsville-Harlingen	94,000	121,300	29.0
College Station-Bryan	71,400	90,200	26.3
Tyler	73,700	91,700	24.4
Killeen-Temple-Fort Hood	97,600	118,100	21.0
Dallas-Fort Worth-Arlington	2,331,600	2,860,800	22.7
San Antonio	658,300	811,300	23.2
Longview	76,100	91,600	20.4
Houston-Sugar Land-Baytown	1,981,700	2,446,000	23.4
<b>Texas</b>	<b>8,257,900</b>	<b>10,053,300</b>	<b>21.7</b>
Lubbock	111,300	128,400	15.4
Waco	92,600	106,000	14.5
Corpus Christi	155,100	173,800	12.1
Odessa	48,100	57,400	19.3
Amarillo	96,900	110,100	13.6
Victoria	45,200	50,000	10.6
El Paso	236,700	264,800	11.9
Texarkana	50,300	55,700	10.7
Sherman-Denison	42,000	44,500	6.0
Abilene	60,600	65,300	7.8
San Angelo	42,500	44,700	5.2
Wichita Falls	59,600	62,500	4.9
Beaumont-Port Arthur	151,200	160,500	6.2

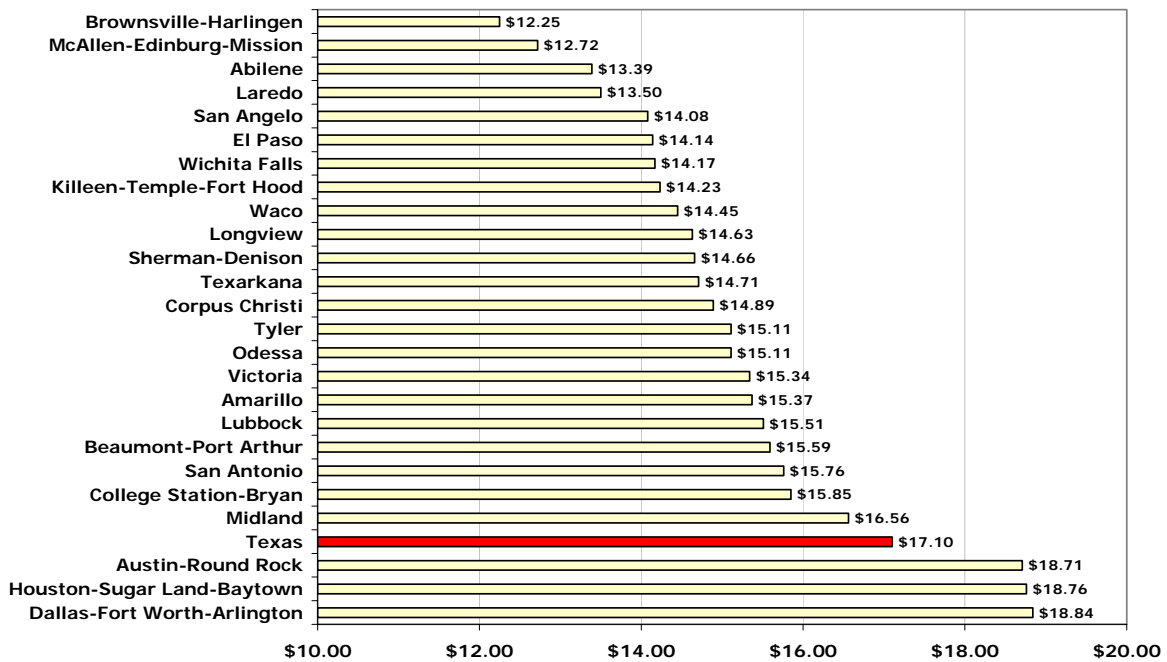
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Metropolitan Area Nonfarm Employment Change  
 1996-2006**



Source: Texas Workforce Commission and Real Estate Center

**Average Hourly Wage  
 2005**



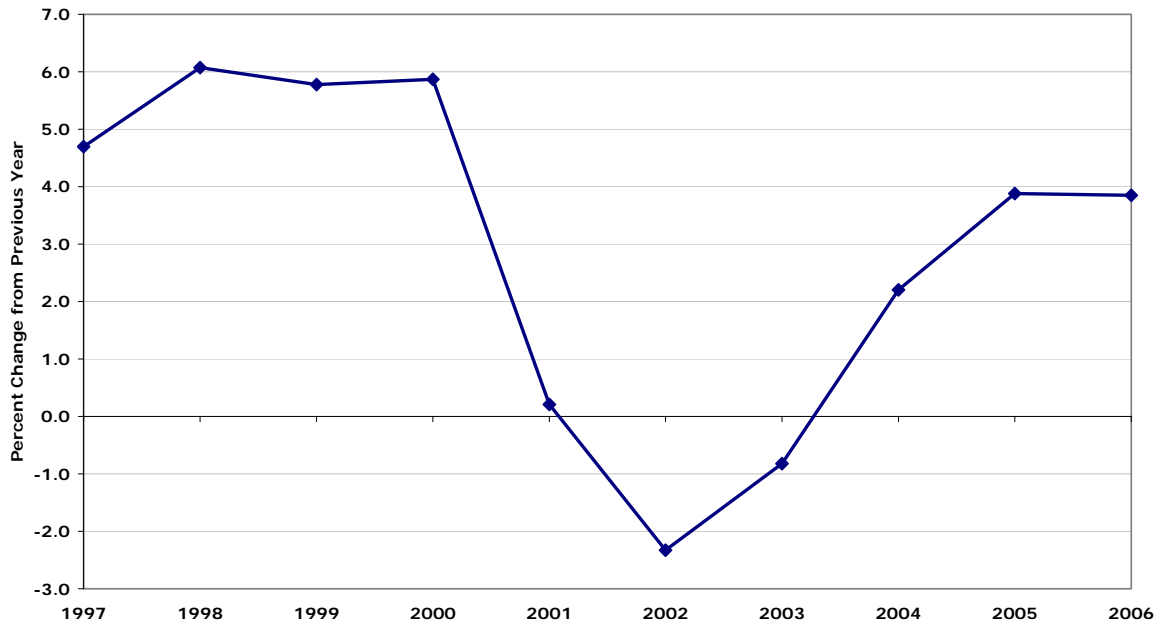
Source: Texas Workforce Commission

**Austin-Round Rock MSA  
 Nonfarm Employment**

Year	Employment	Percent Change
1996	540,900	-
1997	566,300	4.7
1998	600,700	6.1
1999	635,400	5.8
2000	672,700	5.9
2001	674,100	0.2
2002	658,400	-2.3
2003	653,000	-0.8
2004	667,400	2.2
2005	693,300	3.9
2006	720,000	3.9

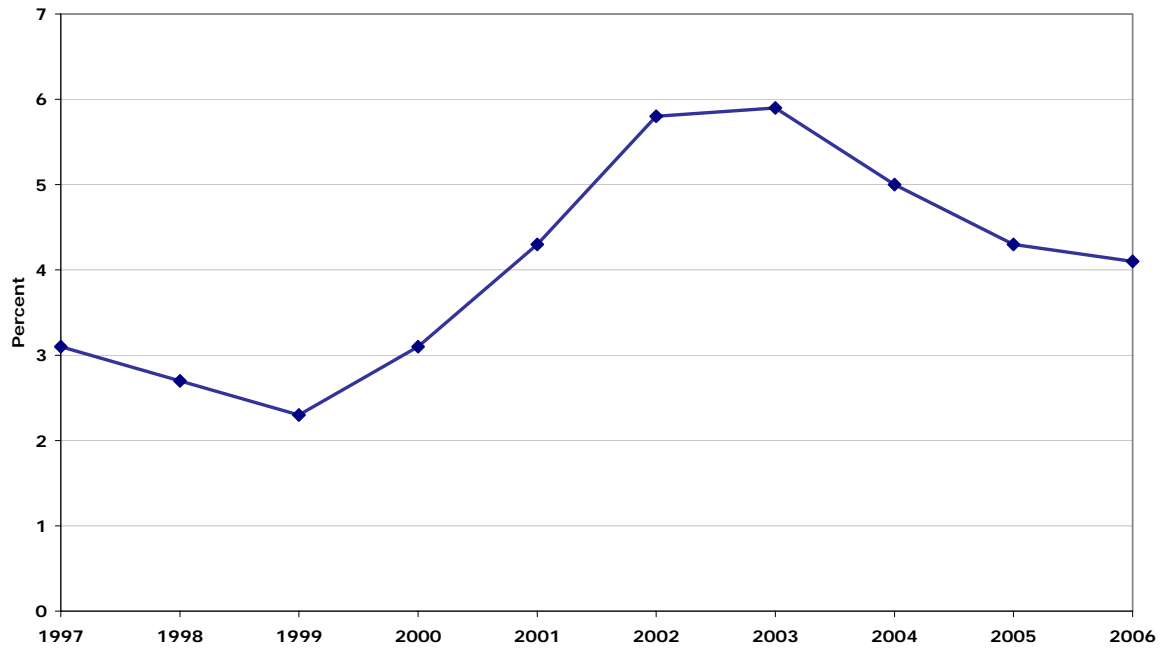
Source: Texas Workforce Commission and  
 Real Estate Center at Texas A&M University

**Nonfarm Employment Growth  
 Austin-Round Rock MSA**



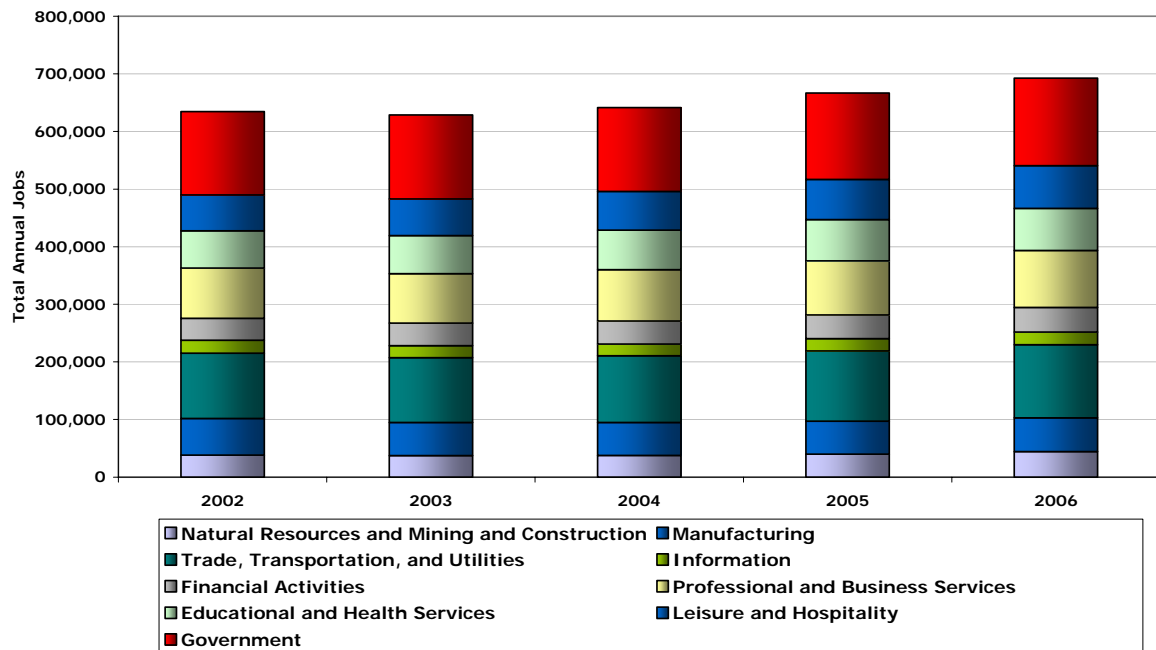
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Austin-Round Rock MSA  
 Unemployment Rate**



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

**Distribution of Employment in Major Categories  
 Austin-Round Rock MSA**



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

# Austin-Round Rock Market Overview 2007

## Economy

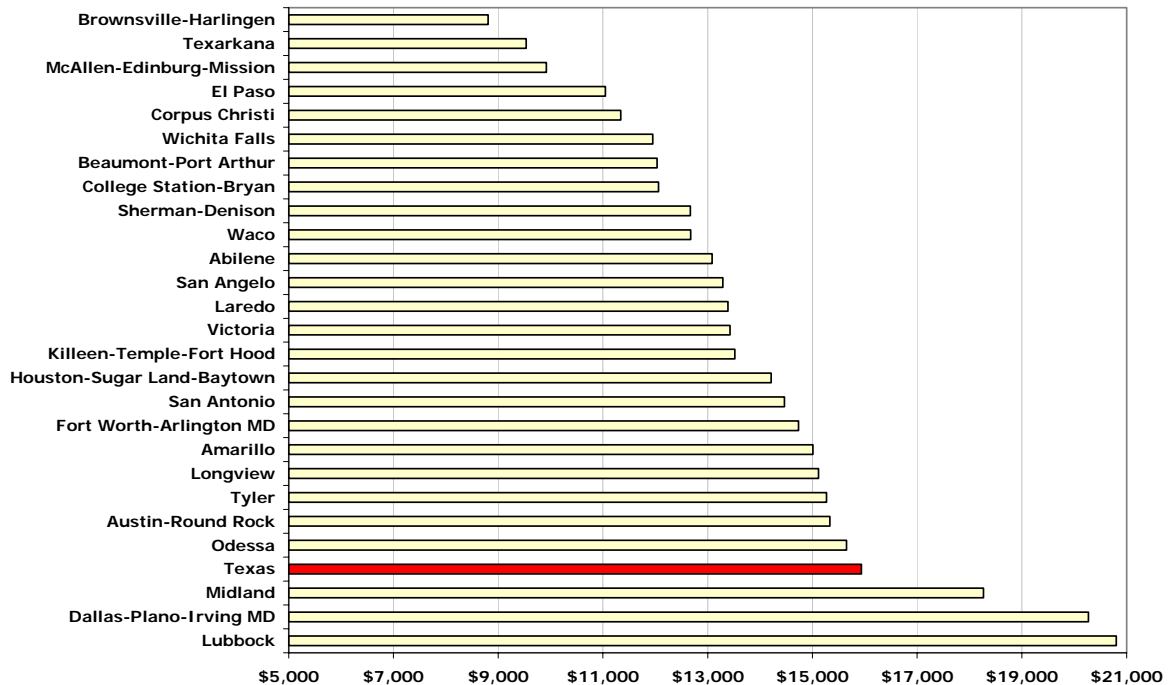
**Austin-Round Rock Gross Retail Sales**

Year	Total Sales	Sales per Capita
1995	\$10,910,789,589	#N/A
1996	\$11,856,282,020	\$11,049
1997	\$13,041,622,170	\$11,736
1998	\$13,938,050,757	\$12,062
1999	\$15,595,121,628	\$12,932
2000	\$18,067,257,543	\$14,457
2001	\$18,727,357,098	\$14,198
2002	\$18,767,884,229	\$13,940
2003	\$19,688,227,806	\$14,308
2004	\$20,927,995,264	\$14,830
2005	\$22,271,899,450	\$15,333
State Average 2005:		\$15,935

\* 2006 data not available as of April 15, 2007.

Source: Texas Comptroller's Office

**Gross Retail Sales per Capita  
2005**



Source: Texas Comptroller's Office

## Austin-Round Rock Market Overview 2007 Infrastructure

### Austin Airline Activity

	2002	2003	2004	2005	2006
<b>Austin-Bergstrom International Airport</b>					
Enplaned (int'l & national)	3,439,302	3,306,357	3,707,864	3,922,203	4,211,309
Deplaned (int'l & national)	3,281,366	3,400,724	3,530,781	3,761,342	4,050,001
Total (int'l & national)	6,720,668	6,707,081	7,238,645	7,683,545	8,261,310

Source: Austin-Bergstrom International Airport

### Austin Cargo Statistics

	2002	2003	2004	2005	2006
Austin-Bergstrom International Airport	285,896,271	252,276,024	254,419,495	241,814,505	229,750,544

Source: Austin-Bergstrom International Airport

# Austin-Round Rock Market Overview 2007

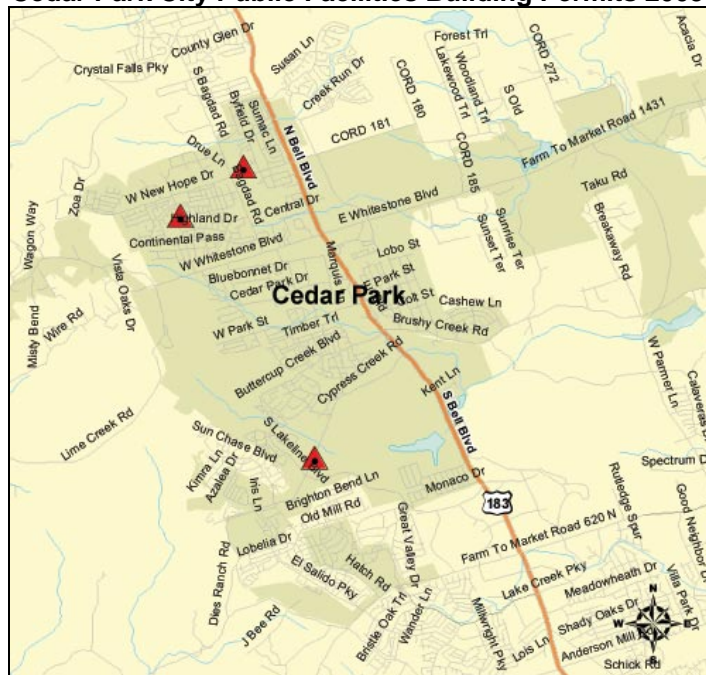
## Public Facilities

**Austin City Public Facilities Building Permits 2005\***



Austin City Building Permit Office  
\* 2006 data not available as of April 15, 2007.

**Cedar Park City Public Facilities Building Permits 2005\***



Cedar Park City Building Permits Building Permits  
\* 2006 data not available as of April 15, 2007.

**Round Rock Public Facilities Building Permits 2005\***



Round Rock City Building Permit Office  
\* 2006 data not available as of April 15, 2007.

# Austin-Round Rock Market Overview 2007

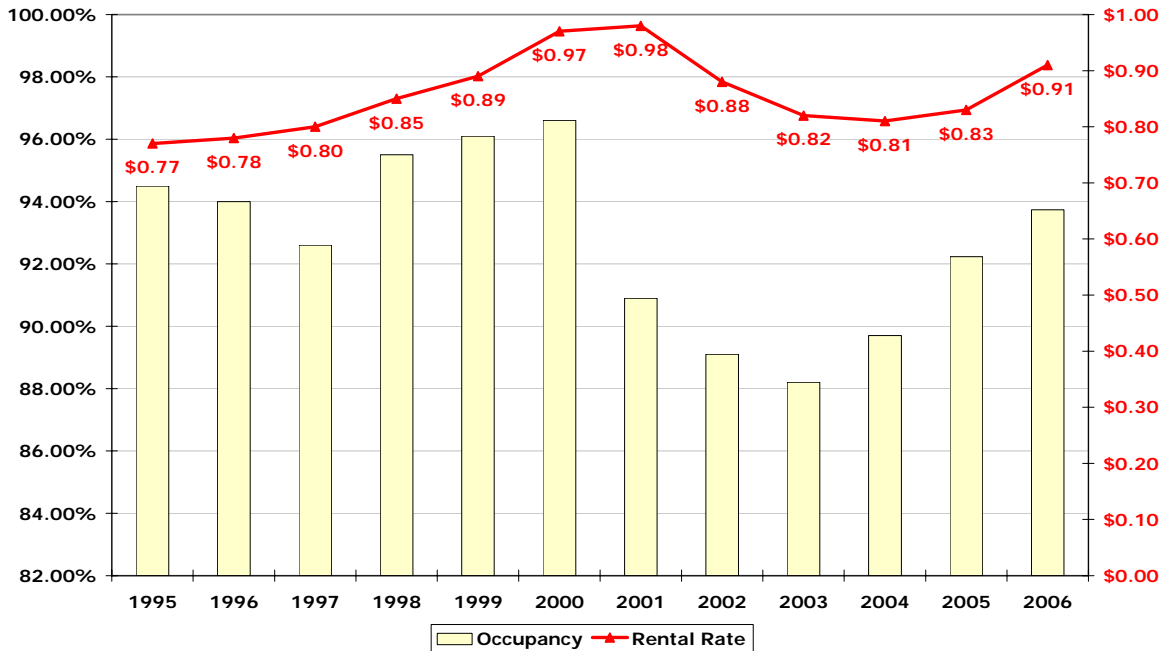
## Multifamily

**Austin Apartment Statistics 2006**

	Austin	San Marcos	Texas Metro Area
Average rent per square foot	\$0.85	\$0.86	\$0.77
Average rent for units built since 2000	\$0.86	\$0.95	\$0.86
Average occupancy	94.6%	93.5%	92.8%
Average occupancy for units built since 2000	94.2%	92.2%	94.1%

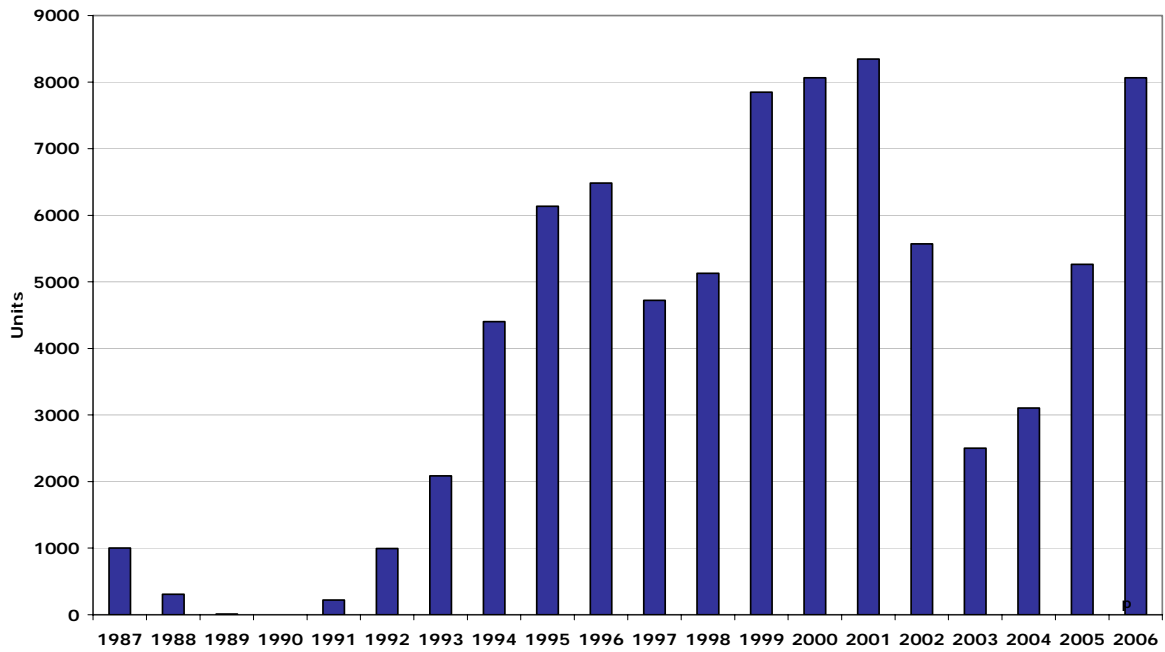
Source: Apartment MarketData Research

**Austin MSA Multifamily Market  
 Historical Rent and Occupancy**



Source: Austin Investor Interests [www.apartmenttrends.com](http://www.apartmenttrends.com)

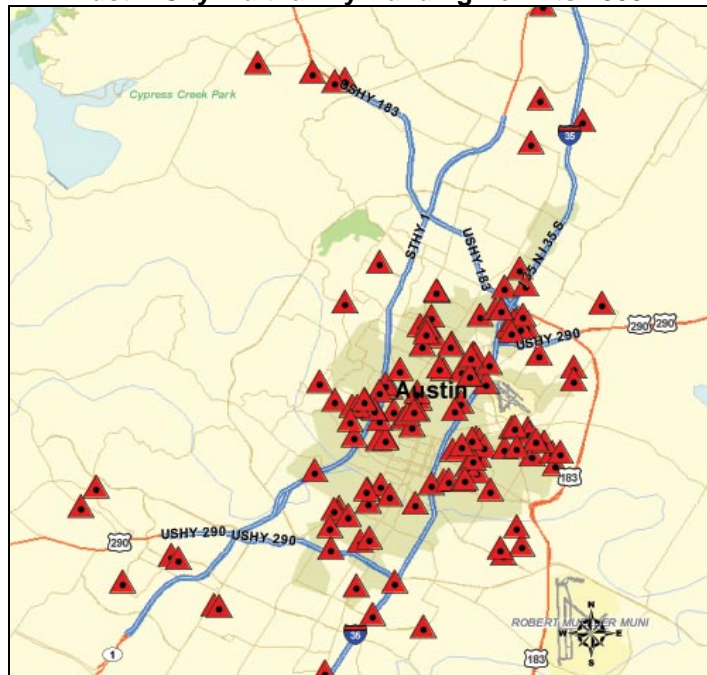
**Austin-San Marcos  
 Multifamily Building Permits  
 5+ Multifamily Building Permits**



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

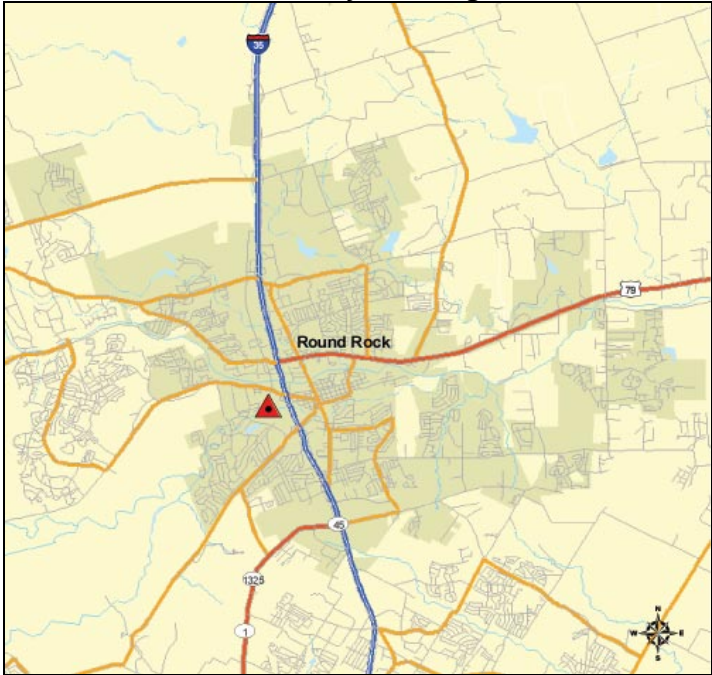
2006 figure is a preliminary number.

**Austin City Multifamily Building Permits 2005\***



Austin City Building Permit Office  
 \* 2006 data not available as of April 15, 2007.

**Round Rock Multifamily Building Permits 2005\***



Round Rock City Building Permit Office  
\* 2006 data not available as of April 15, 2007.

## Austin-Round Rock Market Overview 2007 Housing

**2006 Housing Affordability Index**

MLS	2006 Median- Priced Home	Required Income to Qualify	Median Family Income	HAI*	HAI for First- Time Homebuyers**
Austin	\$172,000	\$42,313	\$69,600	1.64	1.09
State	\$143,000	\$35,179	\$54,300	1.54	1.05
US	\$221,900	\$54,139	\$59,600	1.10	0.62

\* 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.

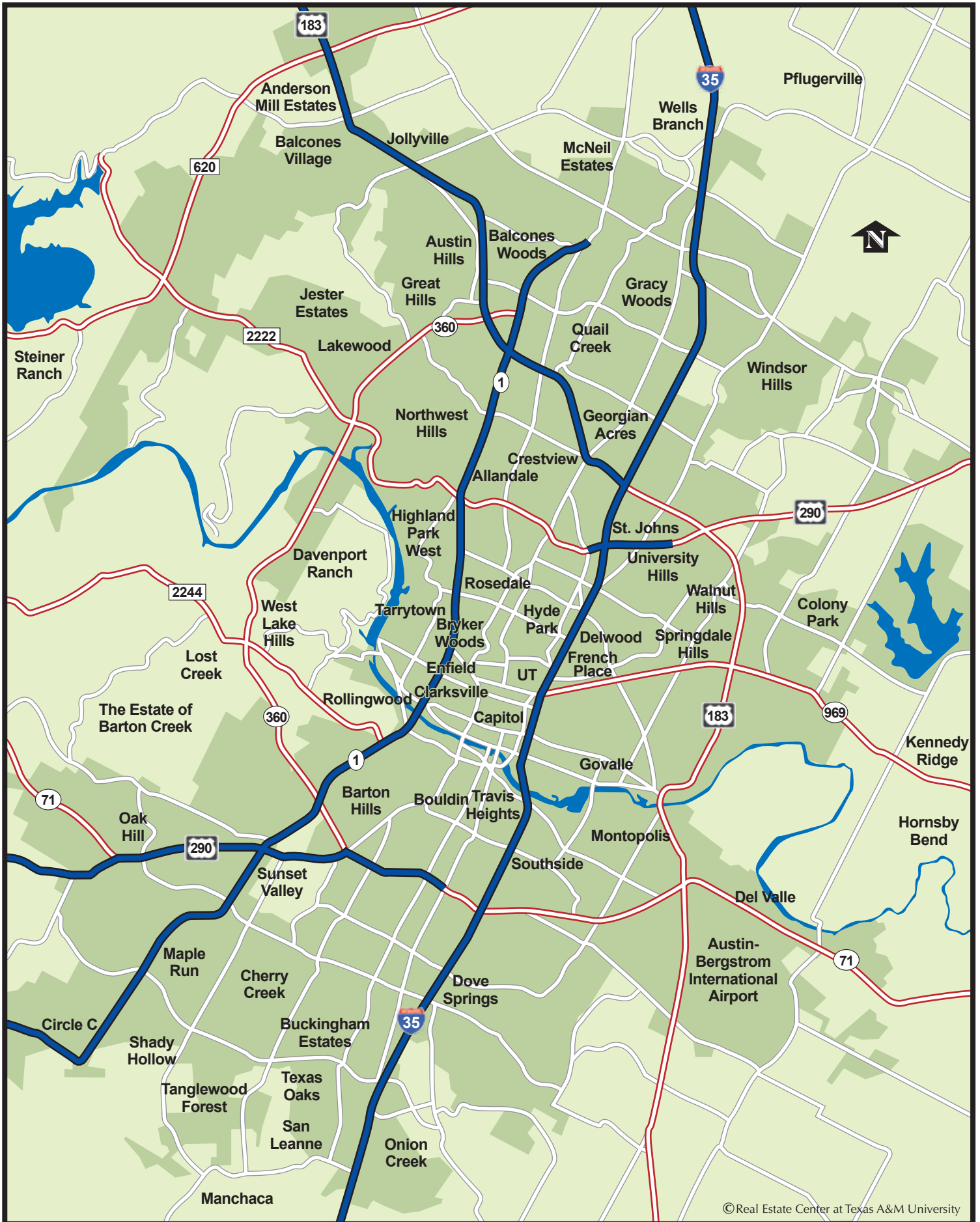
Source: Real Estate Center at Texas A&M University

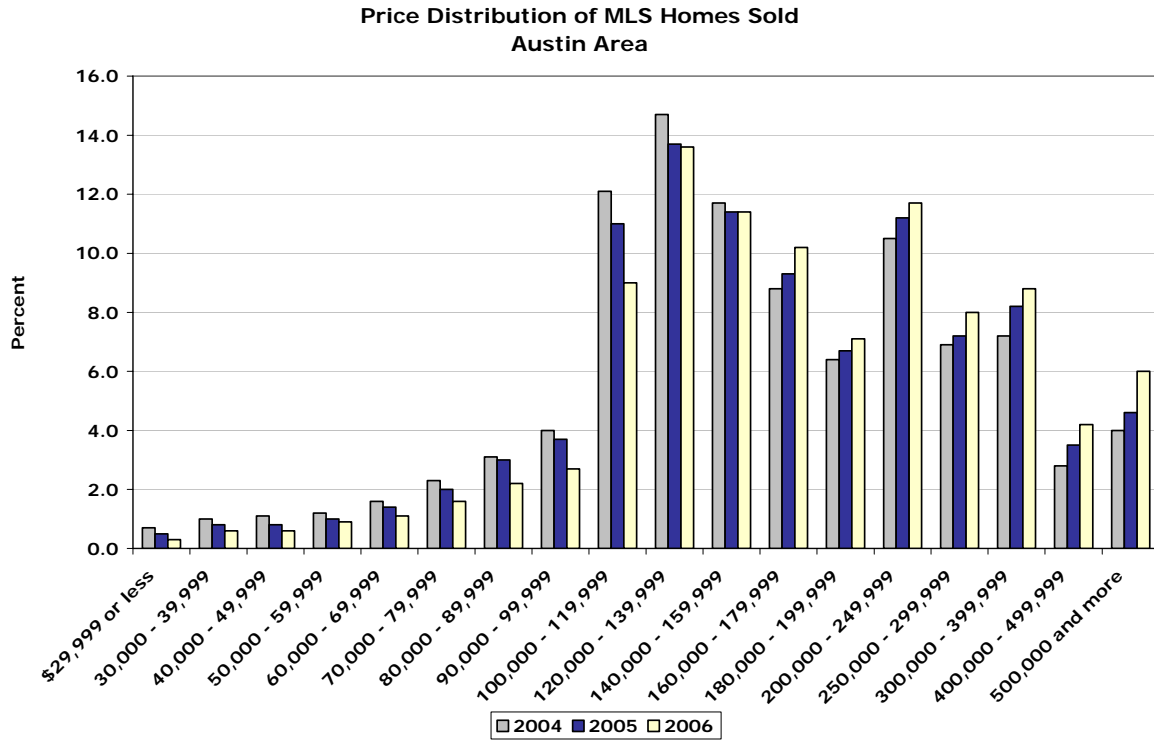
**Price Distribution of MLS Homes Sold, Austin Area  
 (in percent)**

Price Range	2000	2001	2002	2003	2004	2005	2006
\$29,999 or less	0.3	0.3	0.3	0.4	0.7	0.5	0.3
30,000 - 39,999	0.4	0.4	0.3	0.6	1.0	0.8	0.6
40,000 - 49,999	0.8	0.6	0.6	0.8	1.1	0.8	0.6
50,000 - 59,999	1.3	0.9	0.9	1.1	1.2	1.0	0.9
60,000 - 69,999	2.1	1.3	1.2	1.4	1.6	1.4	1.1
70,000 - 79,999	2.7	1.8	1.6	1.6	2.3	2.0	1.6
80,000 - 89,999	4.9	3.2	2.5	2.9	3.1	3.0	2.2
90,000 - 99,999	7.3	4.5	3.9	3.9	4.0	3.7	2.7
100,000 - 119,999	14.9	14.6	13.3	12.6	12.1	11.0	9.0
120,000 - 139,999	13.0	16.2	16.5	15.6	14.7	13.7	13.6
140,000 - 159,999	10.1	11.7	12.5	12.1	11.7	11.4	11.4
160,000 - 179,999	7.8	9.4	9.4	9.4	8.8	9.3	10.2
180,000 - 199,999	5.9	6.4	6.6	6.5	6.4	6.7	7.1
200,000 - 249,999	9.9	10.2	10.8	10.7	10.5	11.2	11.7
250,000 - 299,999	6.2	6.5	7.4	7.4	6.9	7.2	8.0
300,000 - 399,999	5.8	6.2	6.5	6.5	7.2	8.2	8.8
400,000 - 499,999	2.7	2.2	2.4	2.6	2.8	3.5	4.2
500,000 and more	4.0	3.6	3.5	3.7	4.0	4.6	6.0

Source: Real Estate Center at Texas A&M University

# AUSTIN NEIGHBORHOODS





Source: Real Estate Center at Texas A&M University

**Property Tax Rates, 2006  
County, Major City, Major School District**

Taxing Entity*	Tax Rate per \$100 Valuation
Travis County	0.4499
City of Austin	0.4126
Austin ISD	1.4930
<b>Total</b>	<b>\$2.36</b>
Taxing Entity*	Tax Rate per \$100 Valuation
Williamson County	0.4675
City of Round Rock	0.3711
Round Rock ISD	1.6406
<b>Total</b>	<b>\$2.48</b>
Taxing Entity*	Tax Rate per \$100 Valuation
Hays County	0.3790
City of San Marcos	0.4702
San Marcos ISD	1.7000
<b>Total</b>	<b>\$2.55</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 links for more complete lists:

<http://www.traviscad.org/06rates.pdf>

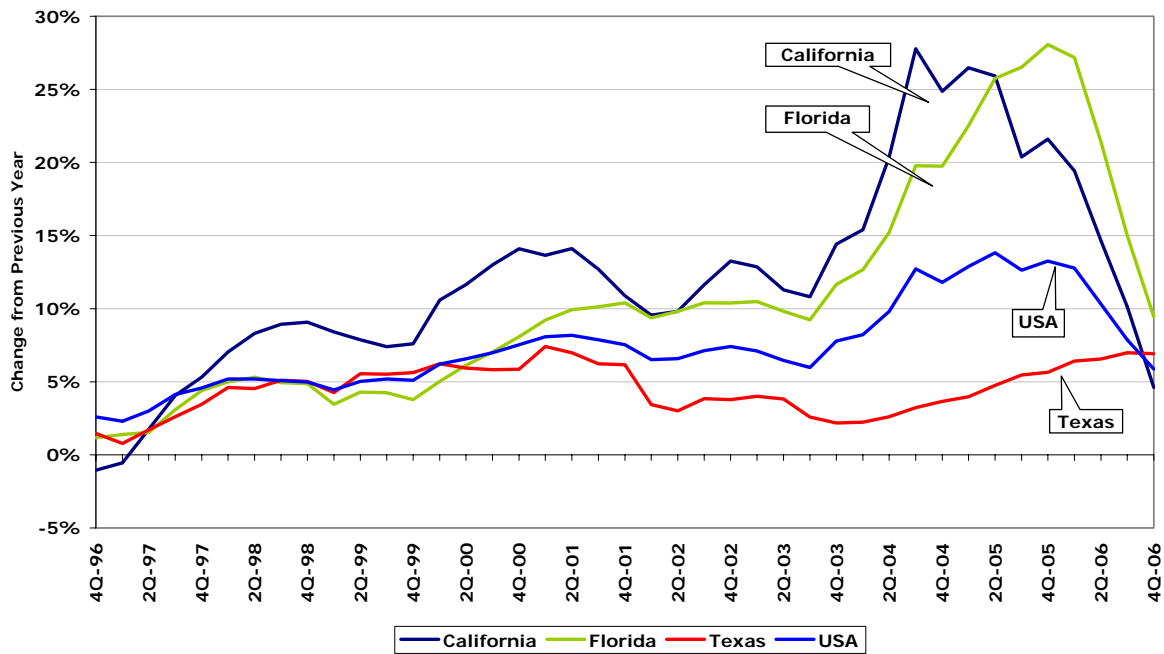
<http://www.hayscad.com/PA/haysweb/taxrates.htm>

<http://www.wcad.org/> (tax rates)

Source: Travis, Williamson, and Hays County Appraisal District

### National Home Price Appreciation

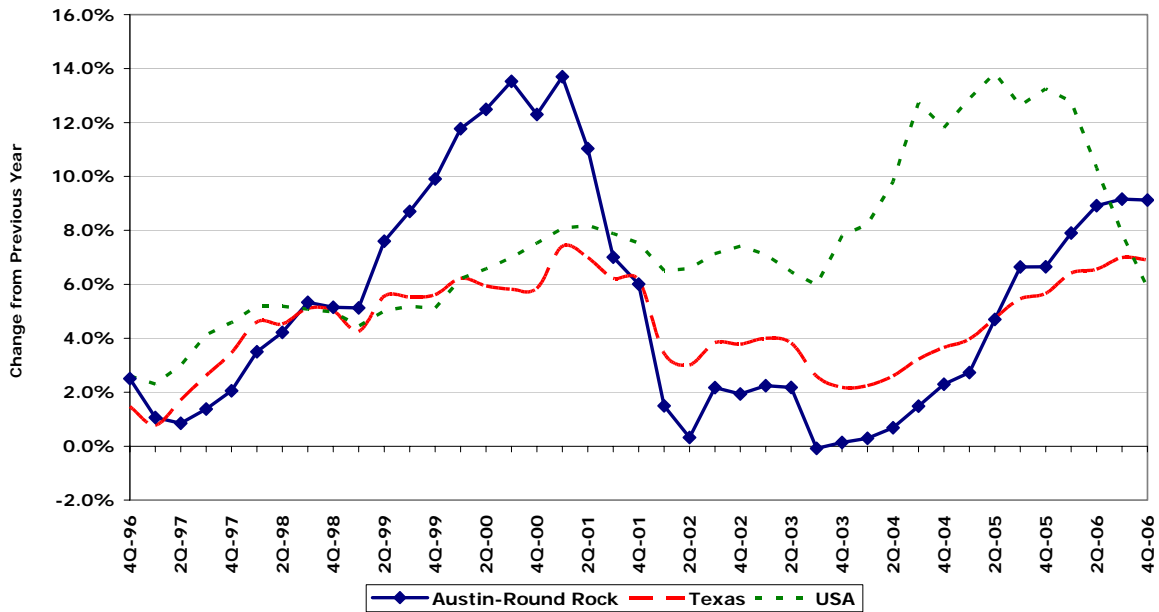
The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae.



Source: Office of Federal Housing Enterprise Oversight

### Home Price Appreciation Austin-Round Rock 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

Real Estate Center Market Overview 2007  
Austin-Round Rock, TX

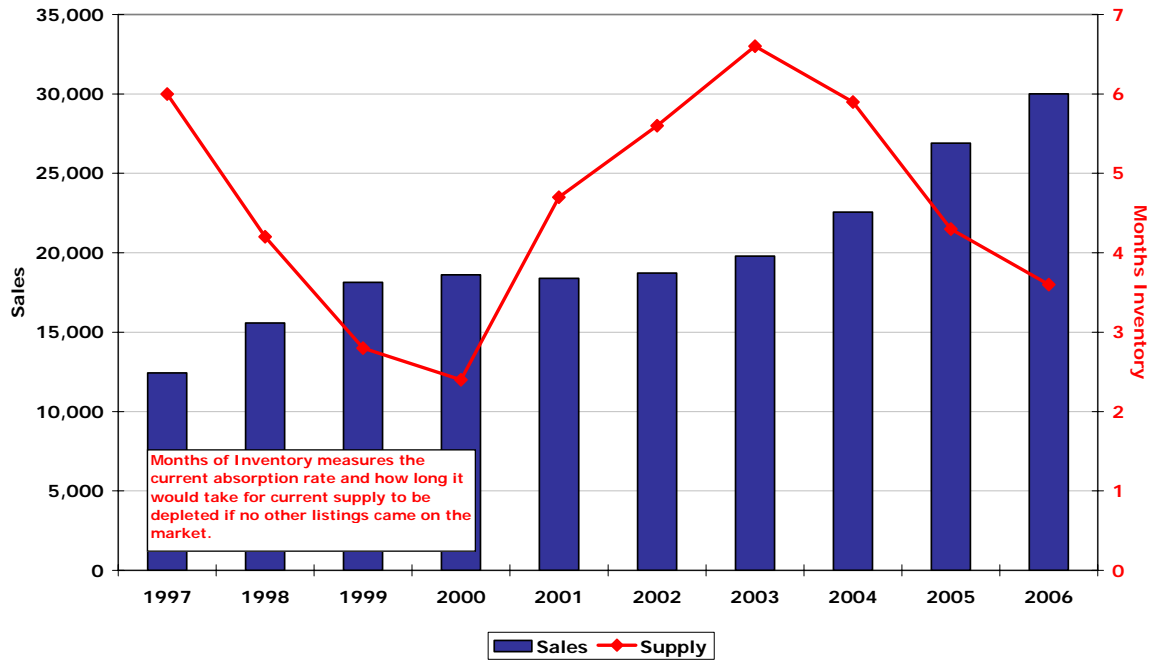
2005 Occupied Housing Unit Characteristics

Housing Unit Characteristics	Austin-Round Rock 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	326,484	214,201	540,685	5,162,604	2,815,491	7,978,095
<b>Household Size</b>						
1-person household	20.0%	42.6%	29.0%	19.1%	35.0%	24.7%
2-person household	35.9%	28.2%	32.9%	34.2%	25.8%	31.2%
3-person household	16.9%	12.6%	15.2%	17.2%	16.0%	16.8%
4-or-more-person household	27.2%	16.5%	23.0%	29.5%	23.2%	27.3%
<b>Race and Hispanic or Latino Origin of Householder</b>						
<b>One Race</b>						
White	81.3%	69.7%	76.7%	79.0%	66.2%	74.5%
Black or African American	5.3%	9.9%	7.1%	8.2%	17.9%	11.6%
American Indian and Alaska Native	0.7%	0.3%	0.6%	0.5%	0.6%	0.6%
Asian	3.5%	5.0%	4.1%	2.9%	3.1%	3.0%
Native Hawaiian and Other Pacific Islander	-	-	0.0%	0.0%	0.1%	0.0%
Some other race	8.0%	13.6%	10.2%	8.3%	10.8%	9.2%
Two or more races	1.2%	1.5%	1.3%	1.0%	1.4%	1.2%
<b>Age of Householder</b>						
Under 35 years	18.0%	55.6%	32.9%	14.4%	46.3%	25.6%
35 to 44 years	25.3%	19.6%	23.0%	21.9%	21.4%	21.7%
45 to 54 years	24.8%	13.7%	20.4%	24.1%	15.4%	21.0%
55 to 64 years	16.1%	5.9%	12.1%	18.1%	8.3%	14.7%
65 to 74 years	9.3%	2.5%	6.6%	11.9%	4.2%	9.2%
75 to 84 years	4.9%	1.8%	3.7%	7.6%	3.1%	6.1%
85 years and over	1.6%	0.9%	1.3%	2.0%	1.3%	1.8%
<b>Units in Structure</b>						
1, detached	87.7%	18.1%	60.1%	87.5%	28.3%	66.6%
1, attached	2.7%	4.5%	3.4%	2.3%	3.6%	2.8%
2 apartments	0.7%	7.4%	3.3%	0.3%	4.9%	1.9%
3 or 4 apartments	0.4%	6.4%	2.8%	0.4%	8.8%	3.3%
5 to 9 apartments	0.2%	10.8%	4.4%	0.3%	13.8%	5.1%
10 or more apartments	1.4%	49.4%	20.4%	0.7%	35.1%	12.9%
Mobile home or other type of housing	6.9%	3.4%	5.5%	8.5%	5.6%	7.5%
<b>Year Structure Built</b>						
2000 or later	19.6%	17.7%	18.9%	13.7%	10.9%	12.7%
1990 to 1999	25.7%	19.1%	23.1%	18.6%	14.8%	17.2%
1980 to 1989	21.4%	23.6%	22.2%	18.7%	22.5%	20.1%
1960 to 1979	20.4%	30.5%	24.4%	28.7%	35.0%	30.9%
1940 to 1959	9.0%	7.0%	8.2%	15.4%	12.4%	14.3%
1939 or earlier	3.9%	2.0%	3.2%	4.9%	4.5%	4.8%
<b>Bedrooms</b>						
No bedroom	0.2%	2.0%	0.9%	0.2%	1.5%	0.6%
1 bedroom	2.0%	38.1%	16.3%	2.1%	32.6%	12.9%
2 or 3 bedrooms	65.8%	56.3%	62.0%	70.8%	61.7%	67.6%
4 or more bedrooms	32.0%	3.6%	20.8%	26.8%	4.2%	18.9%
<b>Annual Household Income and Housing Costs*</b>						
Median household income (dollars)	\$71,389	\$30,992	\$50,484	\$54,610	\$26,782	\$42,139
Annual Median Housing Costs (dollars)	\$15,336	\$8,964	\$11,664	\$10,536	\$8,052	\$9,108
Housing Costs as a percentage of household income	21.5%	28.9%	23.1%	19.3%	30.1%	21.6%

\* in 2005 inflation-adjusted dollars

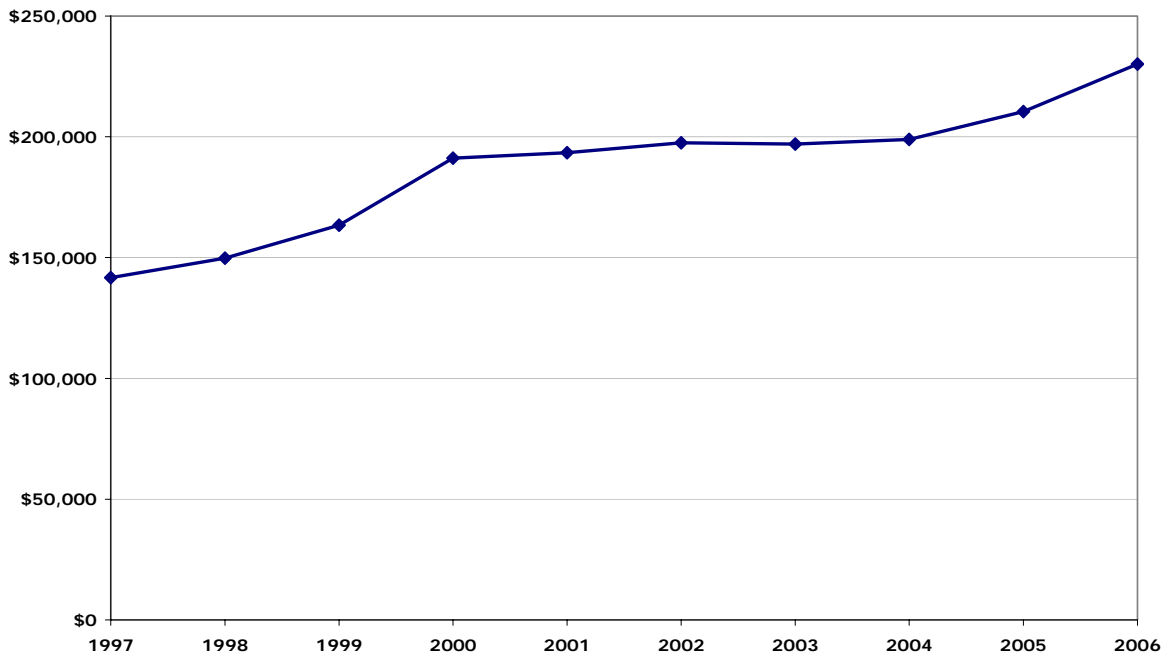
Source: U.S. Census Bureau 2005 and Real Estate Center at Texas A&M University

**Yearly Homes Sales and Months Inventory  
 Austin MLS**



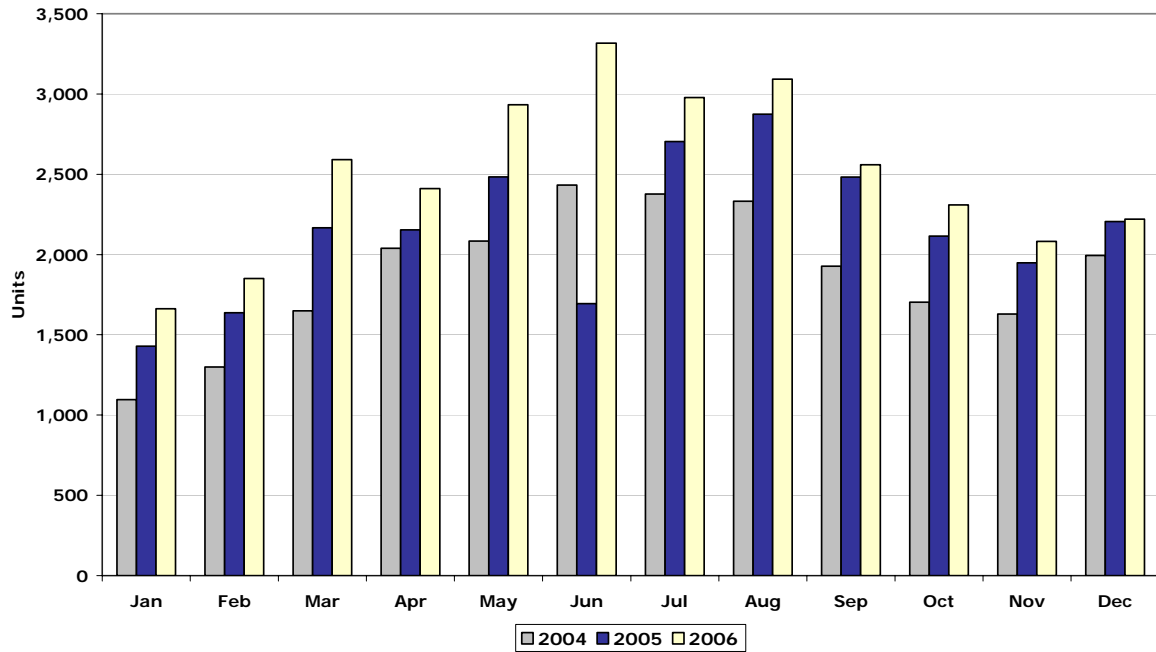
Source: Real Estate Center at Texas A&M University

**Average Sales Price  
 Austin MLS**



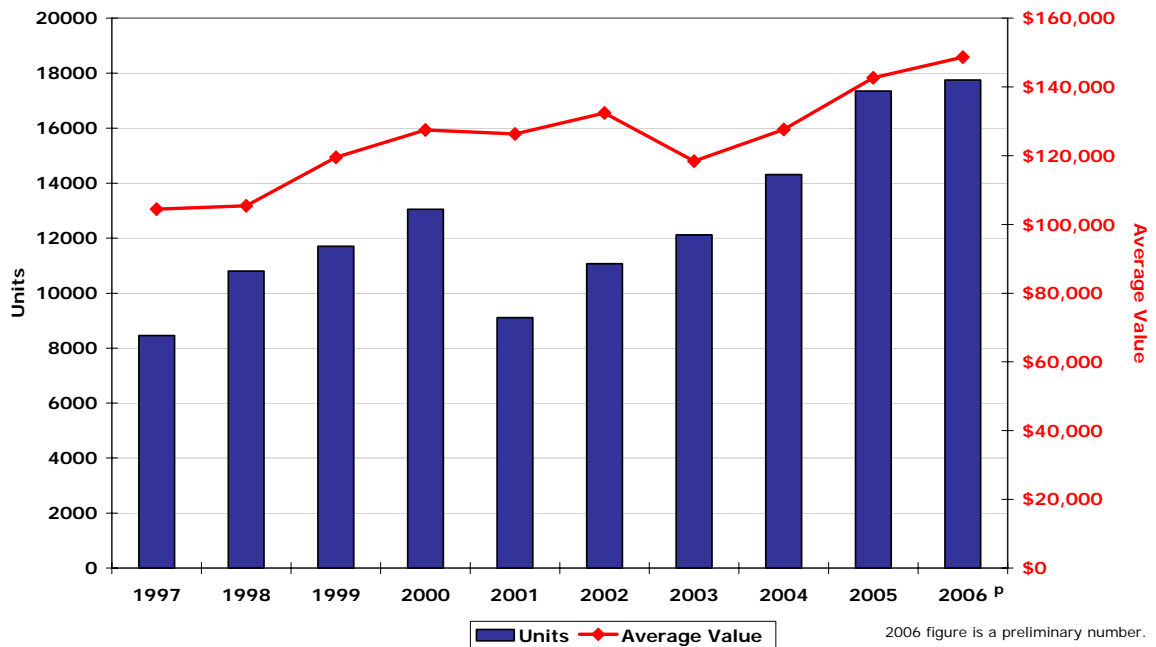
Source: Real Estate Center at Texas A&M University

Single-Family Homes Sales Volume  
 Austin MLS



Source: Real Estate Center at Texas A&M University

Single-Family Building Permits and Average Value  
 Austin-San Marcos



2006 figure is a preliminary number.

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

## Austin-Round Rock Market Overview 2007 Retail

### Austin Retail Market

Year-End	Total Sq. Ft. Tracked	Average Monthly Base Rental Rate 50,000-100,000 Sq. Ft.	Average Monthly Base Rental Rate 100,000 Sq. Ft. and Up	Overall Occupancy (in percent)
1996	12,535,813	\$1.07	\$1.26	91.03
1997	13,287,479	\$1.15	\$1.32	92.77
1998	13,958,132	\$1.21	\$1.40	93.49
1999	14,563,469	\$1.25	\$1.44	94.83
2000	15,878,458	\$1.36	\$1.57	95.77
2001	16,850,866	\$1.39	\$1.62	94.47
2002	17,179,470	\$1.41	\$1.64	94.65
2003	17,814,319	\$1.43	\$1.66	93.35
2004	18,619,585	\$1.45	\$1.75	93.89
2005	18,763,591	\$1.41	\$1.82	92.89
2006	18,608,587	\$1.54	\$1.81	93.30

Source: NAI Commercial Industrial Properties Co. The Source

### Current Six Month Retail Absorption

Sector	Total Sq. Ft.	Sq. Ft. Absorbed <sup>(1)</sup>	Sq. Ft. Absorbed <sup>(2)</sup>	Percent Occupied
Arboretum	1,583,866	(9,553)	(28,457)	93.54
Cedar Park	354,928	3,774	0	94.14
Central	593,563	4,964	(4,350)	96.37
East	1,043,578	(15,000)	(25,872)	90.94
Far North	1,035,134	23,680	(4,902)	91.07
Far Northwest	3,195,534	(6,878)	(9,873)	92.76
Georgetown	474,820	(3,908)	(53,687)	77.12
North	1,926,492	8,635	15,662	92.55
Northeast	692,120	23,436	(6,148)	97.21
Northwest	60,600	0	0	100.00
Pflugerville	184,431	(4,739)	0	92.43
Round Rock	2,681,747	0	2,744	94.25
Southcentral	2,035,746	197	19,221	97.22
Southeast	272,029	1,440	(3,350)	97.23
Southwest	1,531,020	0	(5,208)	97.33
West	942,979	4,588	(6,117)	88.57
<b>Total</b>	<b>18,608,587</b>	<b>30,636</b>	<b>(110,337)</b>	<b>93.47</b>

<sup>(1)</sup> Centers 50,000 to 100,000 sq. ft.

<sup>(2)</sup> Centers over 100,000 sq. ft.

Source: NAI Commercial Industrial Properties Co. The Source, Dec-2006

**Retail Centers 50,000 to 100,000 Square Feet, Year-End 2006**

<b>Sector</b>	<b>Total Sq. Ft.</b>	<b>Occupied Sq. Ft.</b>	<b>Percent Occupied</b>	<b>Avg. Monthly Rate</b>
Arboretum	163,543	153,990	94	\$2.29
Cedar Park	240,928	220,112	91	\$1.75
Central	62,895	46,695	74	\$1.75
East	240,406	225,406	94	\$1.04
Far North	391,560	330,438	84	\$1.35
Far Northwest	751,369	675,465	90	\$1.46
Georgetown	170,362	142,609	84	\$1.18
North	407,345	386,290	95	\$1.41
Northeast	162,730	153,416	94	\$1.77
Northwest	60,600	60,600	100	\$1.25
Pflugerville	184,431	170,477	92	\$1.25
Round Rock	132,883	126,806	95	\$1.48
Southcentral	408,406	390,576	96	\$1.39
Southeast	170,854	170,854	100	\$1.14
Southwest	148,086	148,086	100	\$2.41
West	250,717	197,805	79	\$2.35
<b>Total</b>	<b>3,947,115</b>	<b>3,599,625</b>	<b>91</b>	<b>\$1.54</b>

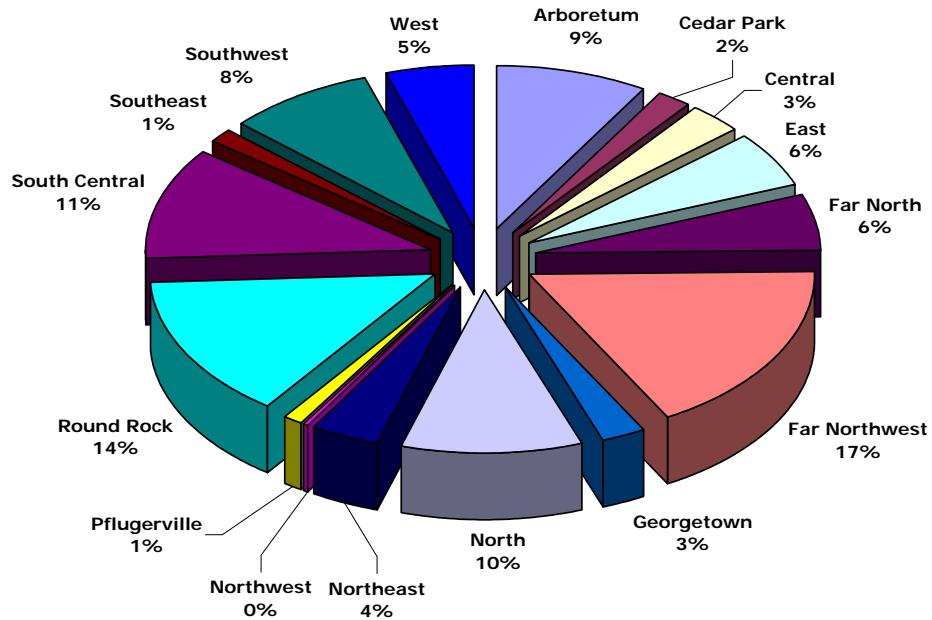
Source: NAI Commercial Industrial Properties Co. The Source

**Retail Centers Larger Than 100,000 Square Feet, Year-End 2006**

<b>Sector</b>	<b>Total Sq. Ft.</b>	<b>Occupied Sq. Ft.</b>	<b>Percent Occupied</b>	<b>Avg. Monthly Rate</b>
Arboretum	1,420,323	1,327,574	93	\$2.34
Cedar Park	114,000	114,000	100	\$1.96
Central	530,668	525,318	99	\$2.30
East	803,172	723,654	90	\$1.50
Far North	643,574	612,285	95	\$1.47
Far Northwest	2,444,165	2,288,581	94	\$1.76
Georgetown	304,458	223,589	73	\$1.83
North	1,519,147	1,396,688	92	\$1.24
Northeast	529,390	519,427	98	\$1.67
Northwest	0	0	0	\$0.00
Pflugerville	0	0	0	\$0.00
Round Rock	2,548,864	2,400,762	94	\$1.89
Southcentral	1,627,340	1,588,604	98	\$1.58
Southeast	101,175	93,628	93	\$1.25
Southwest	1,382,934	1,342,059	97	\$2.12
West	692,262	637,371	92	\$2.37
<b>Total</b>	<b>14,661,472</b>	<b>13,793,540</b>	<b>94</b>	<b>\$1.81</b>

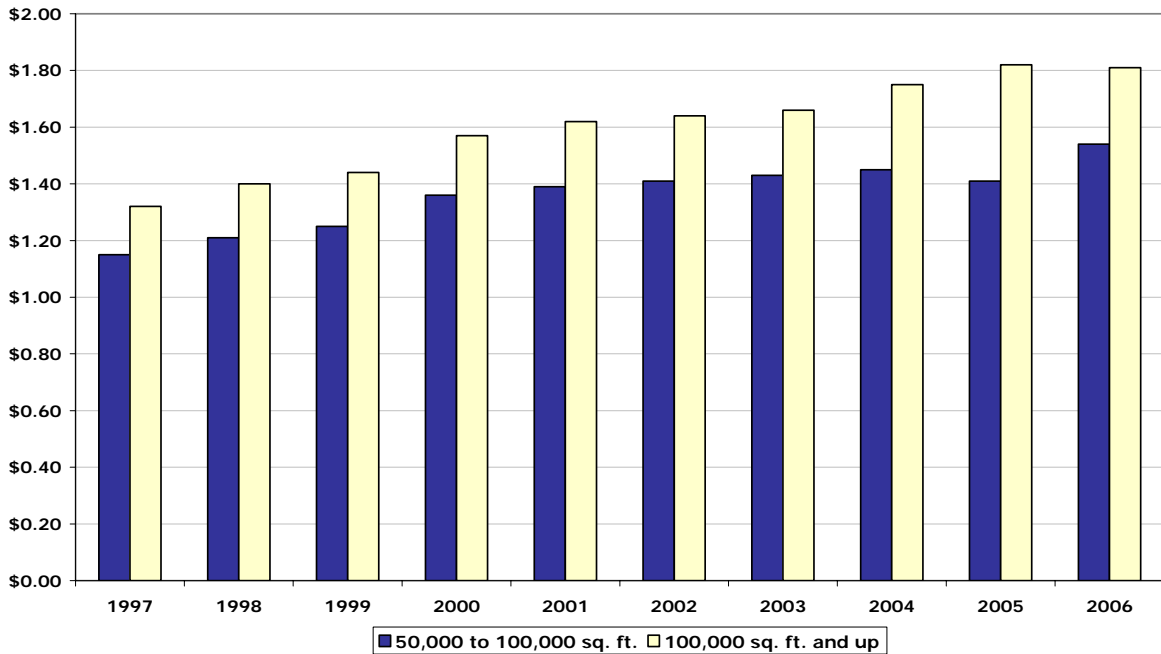
Source: NAI Commercial Industrial Properties Co. The Source

Retail Market Space by Sector  
 Year-End 2006



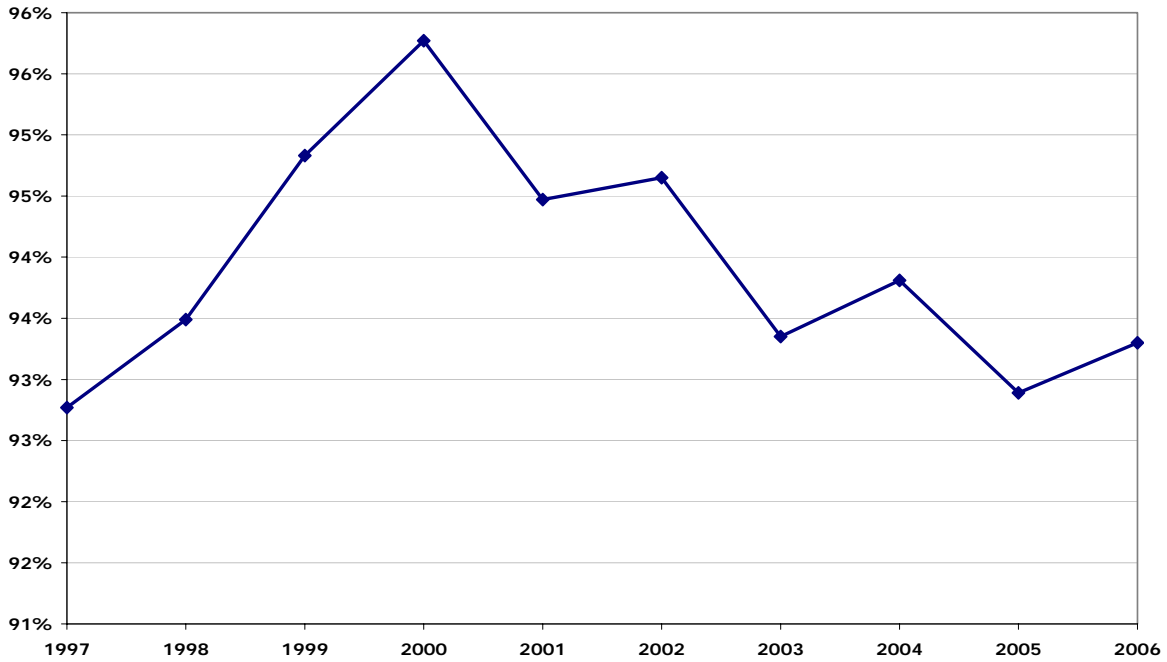
Source: NAI CIP The Source

Retail Market  
 Average Monthly Base Rental Rates



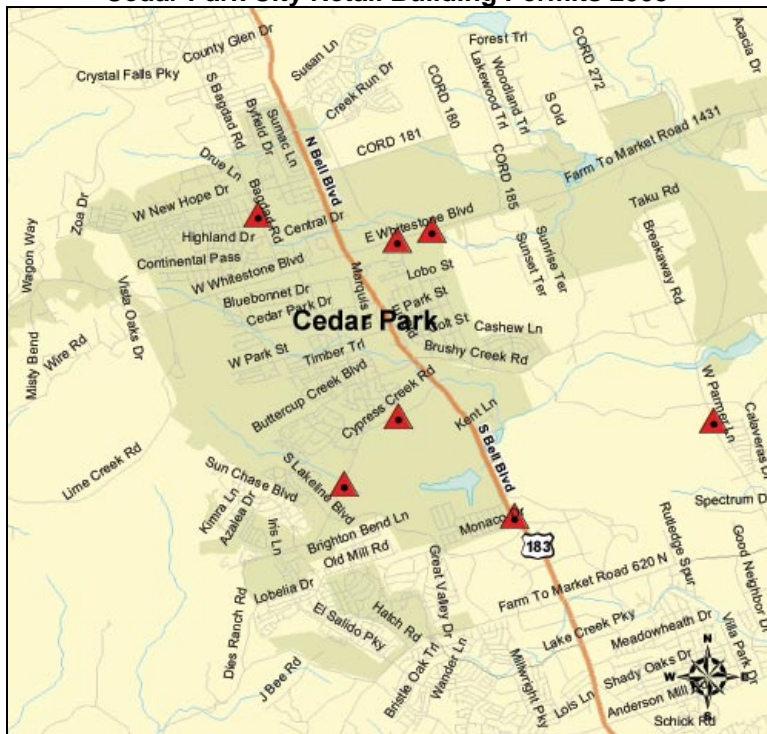
Source: NAI CIP The Source

**Retail Market  
 Overall Occupancy Rate**



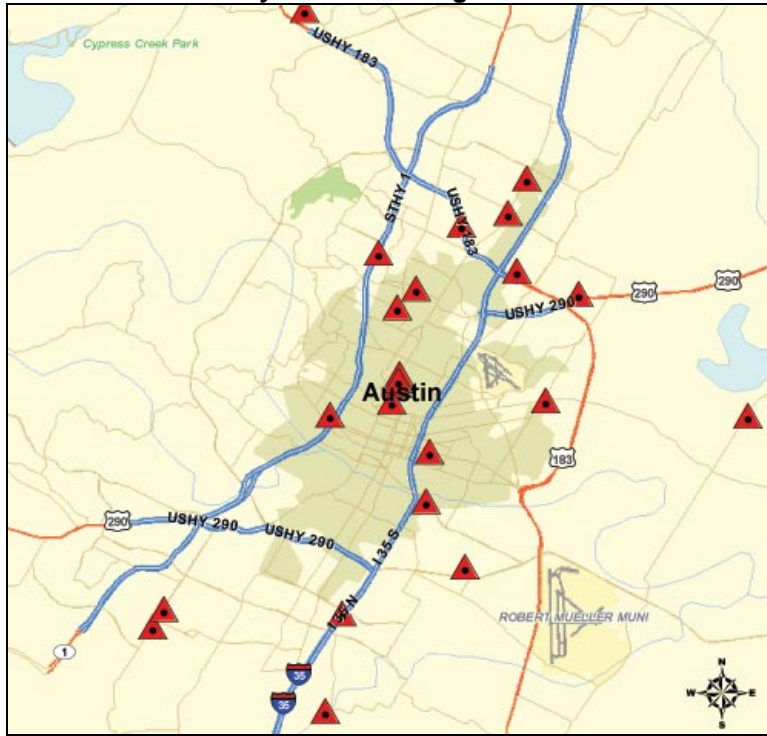
Source: NAI CIP The Source

**Cedar Park City Retail Building Permits 2005\***



Cedar Park City Building Permit Office  
 \* 2006 data not available as of April 15, 2007.

**Austin City Retail Building Permits 2005\***



Austin City Building Permit Office  
\* 2006 data not available as of April 15, 2007.

# Austin-Round Rock Market Overview 2007 Hotel

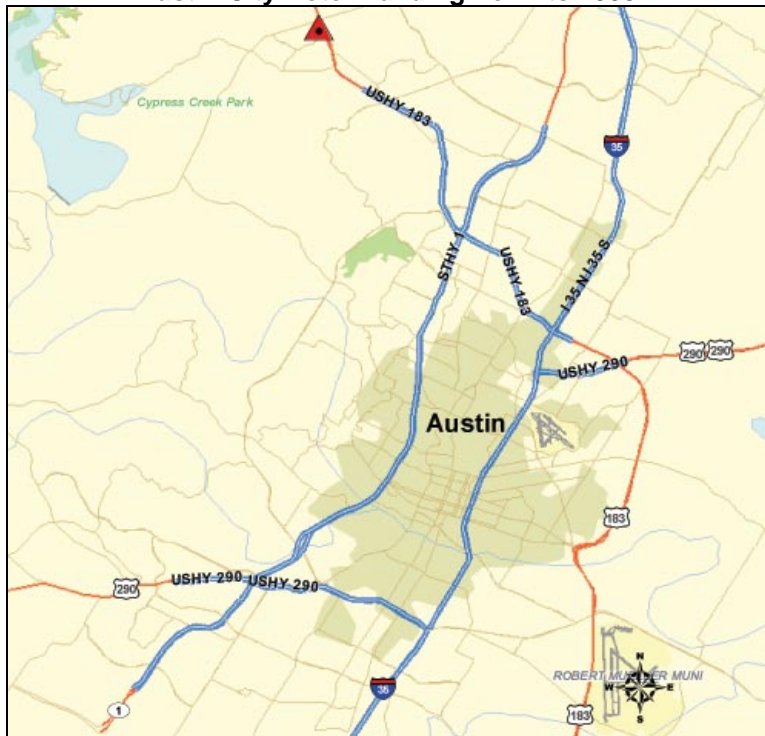
**Hotel\* Occupancy and Rental Rates**

	2005		2006	
	Austin - Round Rock	Texas	Austin - Round Rock	Texas
# Rooms 000's	25.1	333.6	25.4	341
Average daily rate	\$86.34	\$74.38	\$96.05	\$80.82
Occupancy rate (in percent)	62.4	59.9	66.4	61.1

\*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.

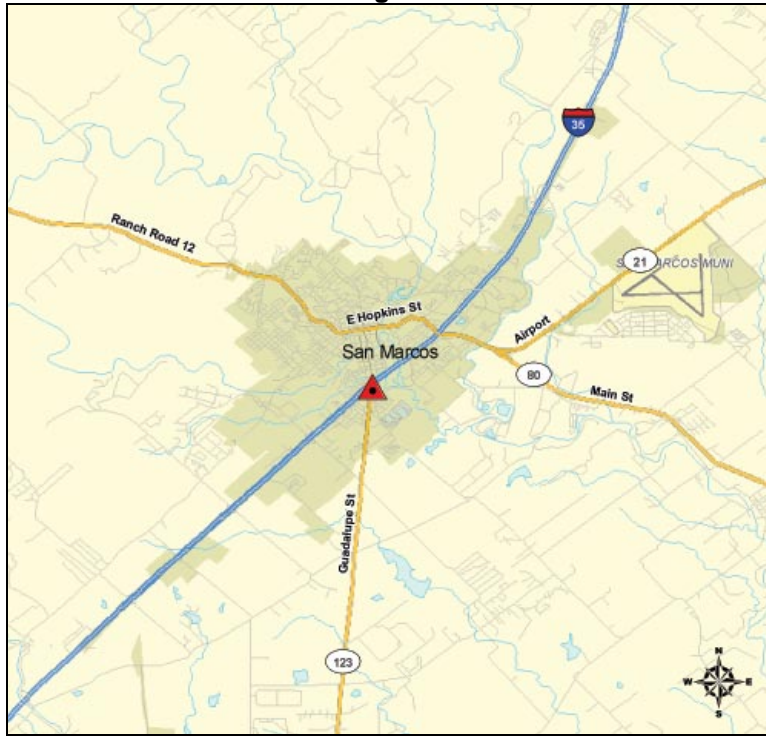
**Source: Office of the Governor Economic Development and Tourism and Source Strategies, Inc. of San Antonio**

**Austin City Hotel Building Permits 2005\***



Austin City Building Permit Office  
 \* 2006 data not available as of April 15, 2007.

**Hotel Building Permits 2005\***



San Marcos City Building Permit Office  
\* 2006 data not available as of April 15, 2007.

## Austin-Round Rock Market Overview 2007 Office

### 2006 Year-End Market Summary

Sector	Total Sq. Ft.	Vacant Sq. Ft.	Sq. Ft. Absorbed	Occupied (in percent)	Weighted Rental Rates		
					Class B	Class A	Avg.
CBD	8,558,129	1,607,743	277,416	81%	\$24.27	\$29.67	\$27.74
North	2,701,438	523,566	(43,613)	81%	\$21.00	\$24.49	\$21.74
Northwest	13,680,125	1,091,702	649,415	92%	\$20.79	\$24.49	\$23.25
Northeast	1,801,783	587,292	(153,875)	67%	\$17.20	\$15.00	\$17.11
South	1,395,948	171,722	13,508	88%	\$19.19	\$25.35	\$19.99
Southwest	6,218,997	465,633	85,395	93%	\$23.17	\$25.79	\$24.90
Southeast	236,708	56,556	(1,247)	76%	\$15.00	\$21.39	\$20.75
<b>Total</b>	<b>34,593,128</b>	<b>4,504,214</b>	<b>826,999</b>	<b>83%</b>	<b>\$21.40</b>	<b>\$26.18</b>	<b>\$24.16</b>

Source: NAI Commercial Industrial Properties Co. The Source

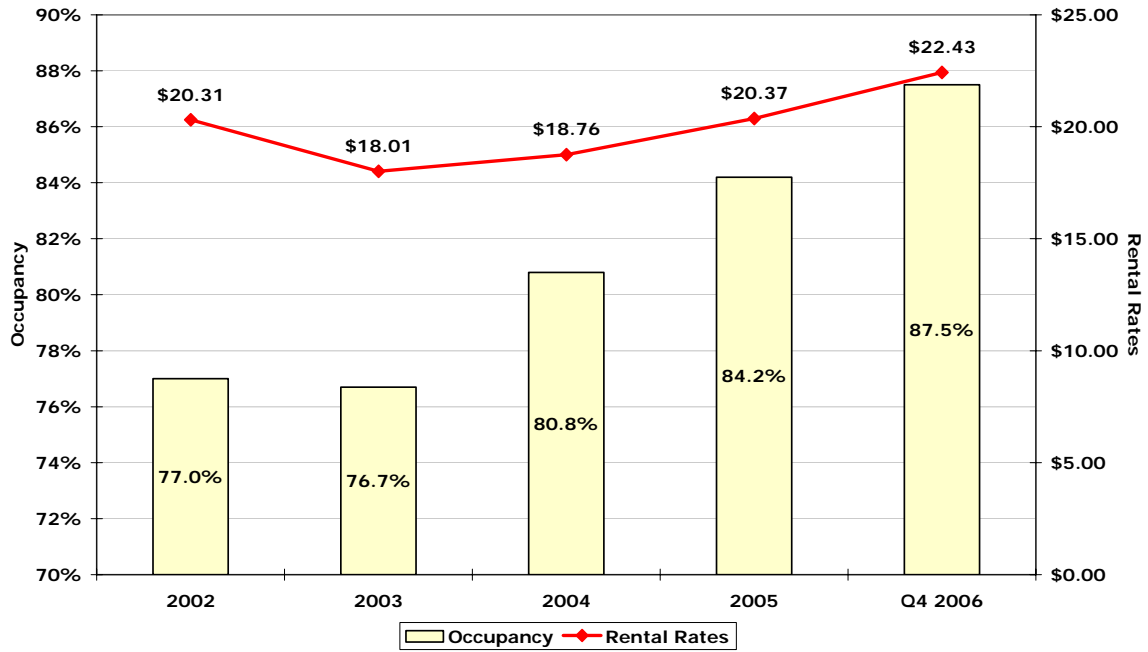
### 2005 Year-End Sublease Market Summary\*

Sector	Sublease Sq. Ft.	Average Rental Rate	Average Term (months)	Sublease Vacancy (in percent)	Effective Market Vacancy (in percent)
CBD	86,532	\$17.26	20	1%	24%
North	20,996	\$19.91	85	1%	19%
Northwest	445,902	\$22.21	85	3%	16%
Northeast	10,673	\$20.50	11	1%	24%
South	22,094	\$14.15	107	2%	17%
Southwest	97,550	\$18.57	41	2%	10%
Southeast	10,802	\$18.22	18	5%	27%
<b>City-Wide Totals</b>	<b>694,549</b>	<b>\$20.67</b>	<b>69</b>	<b>2%</b>	<b>18%</b>

\* 2006 data is not yet available.

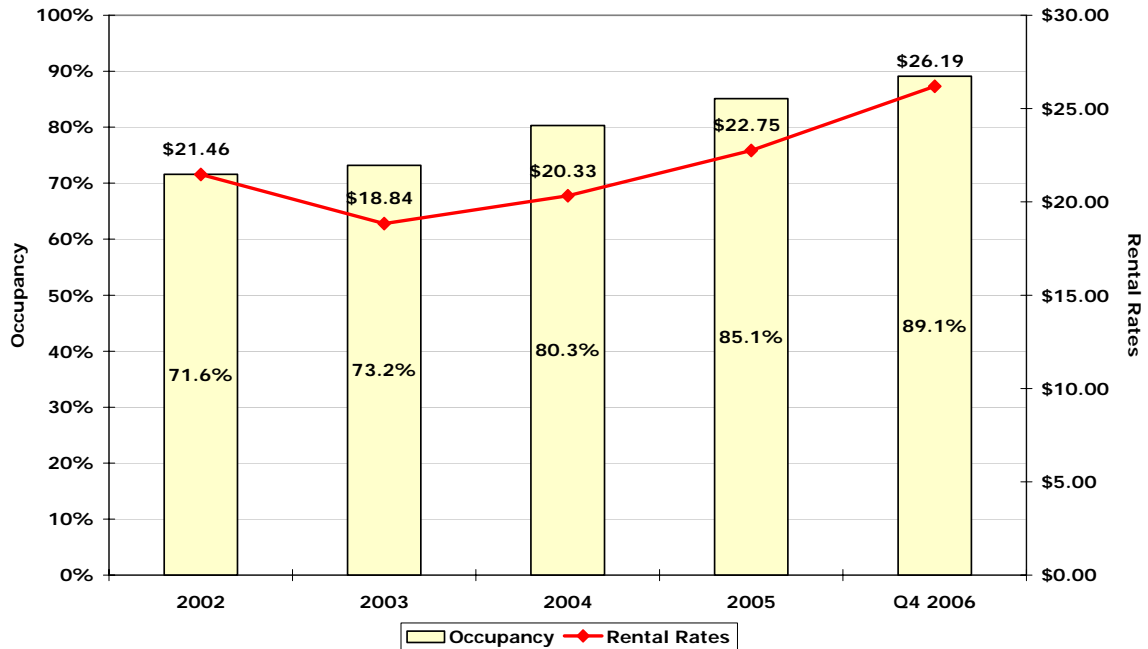
Source: NAI Commercial Industrial Properties Co. The Source

Overall Office Rental Rates Against Occupancy  
 (All Classes)



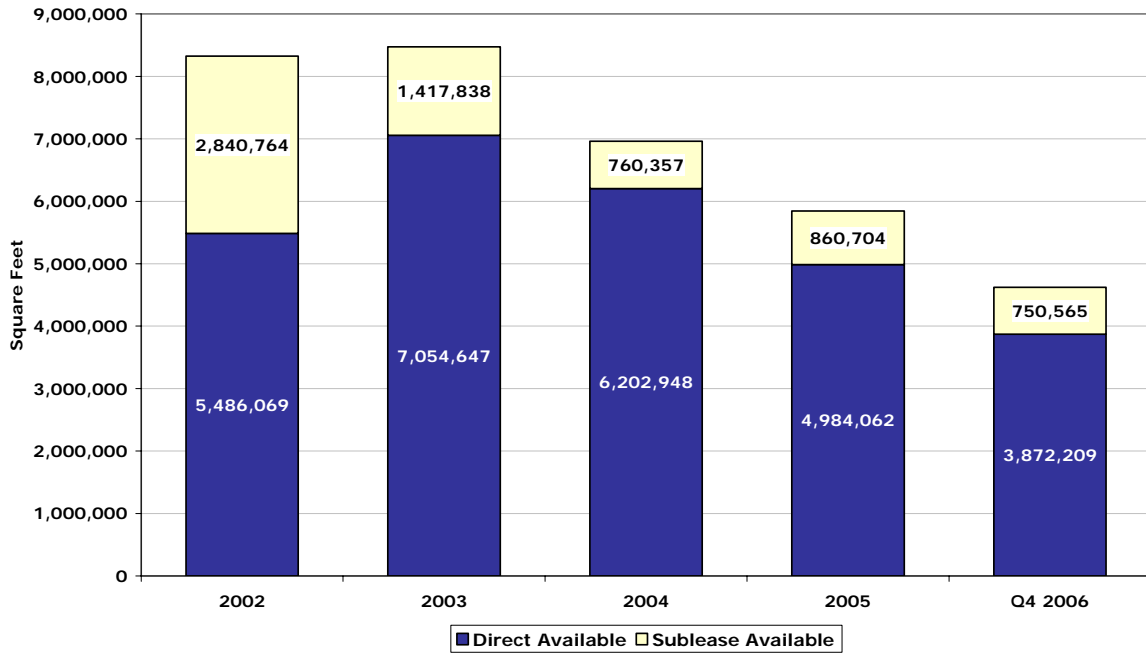
Source: Colliers Oxford Commercial

Overall Office Rental Rates Against Occupancy  
 (Class A)



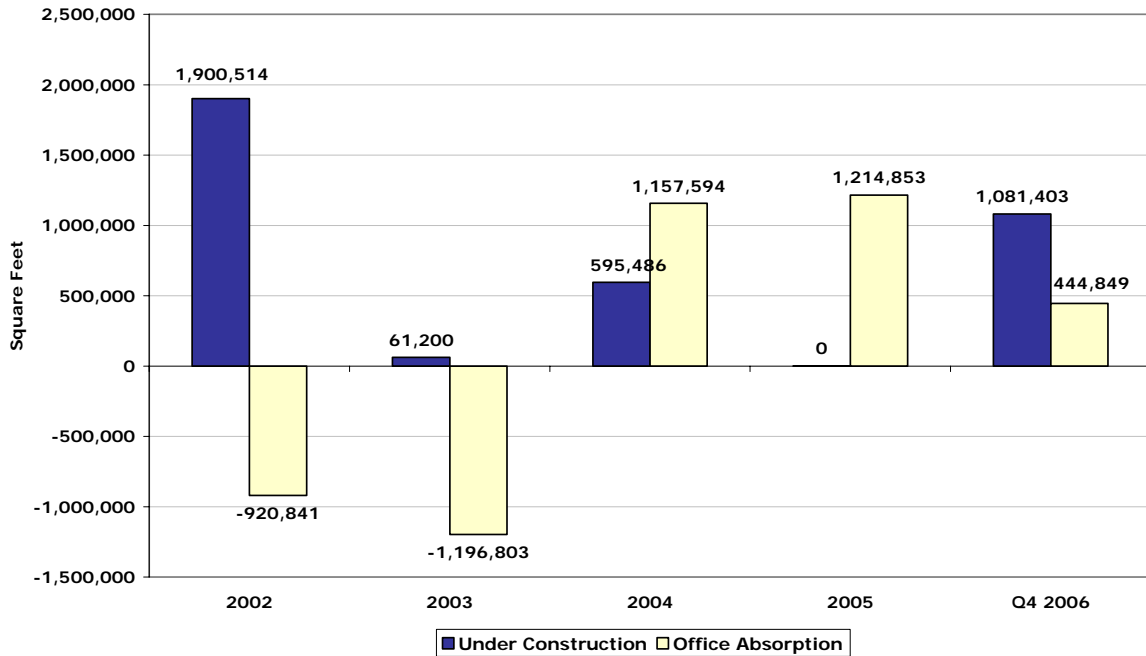
Source: Colliers Oxford Commercial

**Overall Office Vacancy  
 (All Classes)**



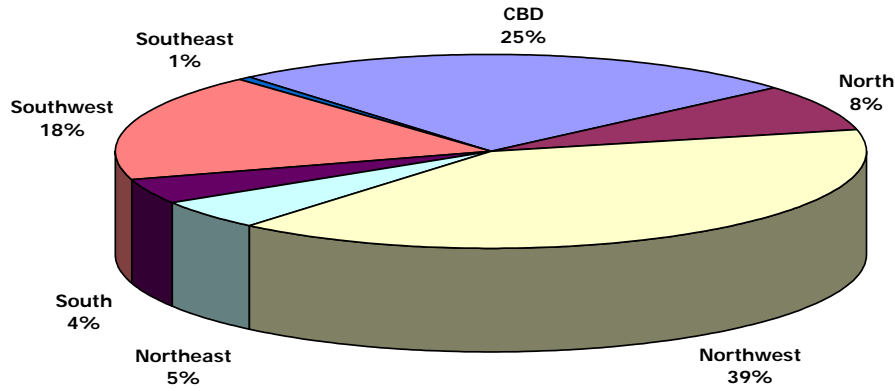
Source: Colliers Oxford Commercial

**Overall Office Construction Against Absorption  
 (All Classes)**



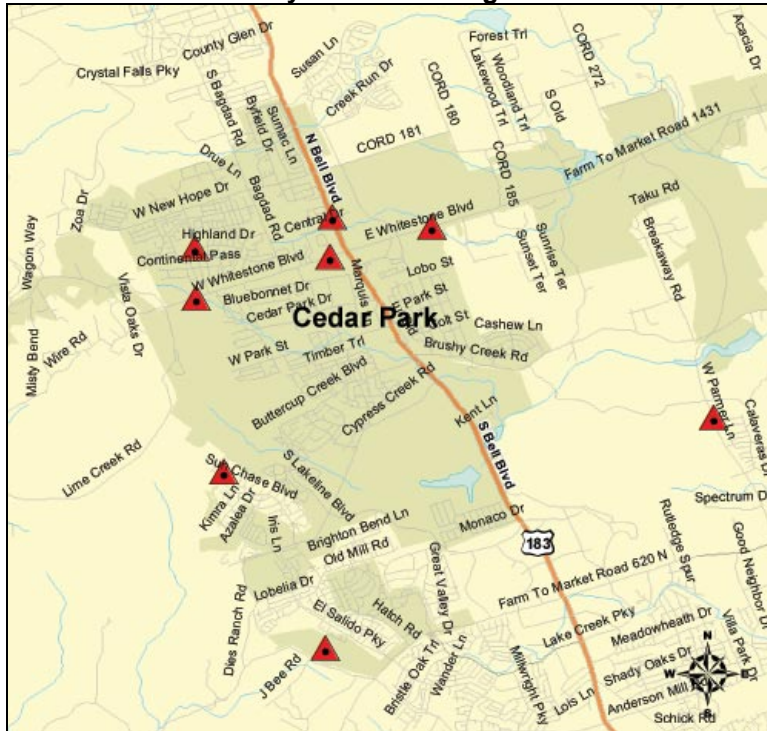
Source: Colliers Oxford Commercial

Office Market Overview  
 Concentration, Year-End 2006



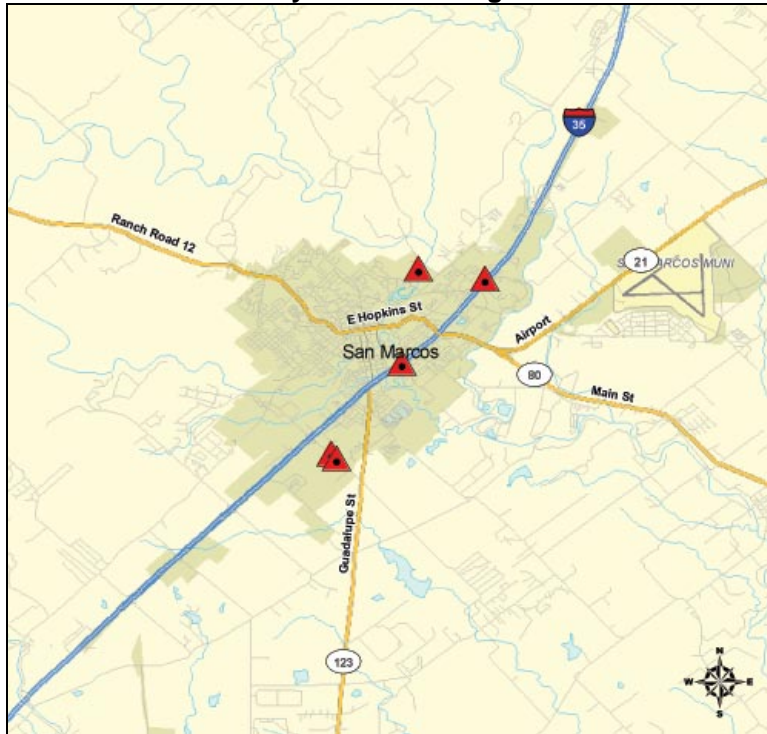
Source: NAI Commercial Industrial Properties, The Source

Cedar Park City Office Building Permits 2005\*



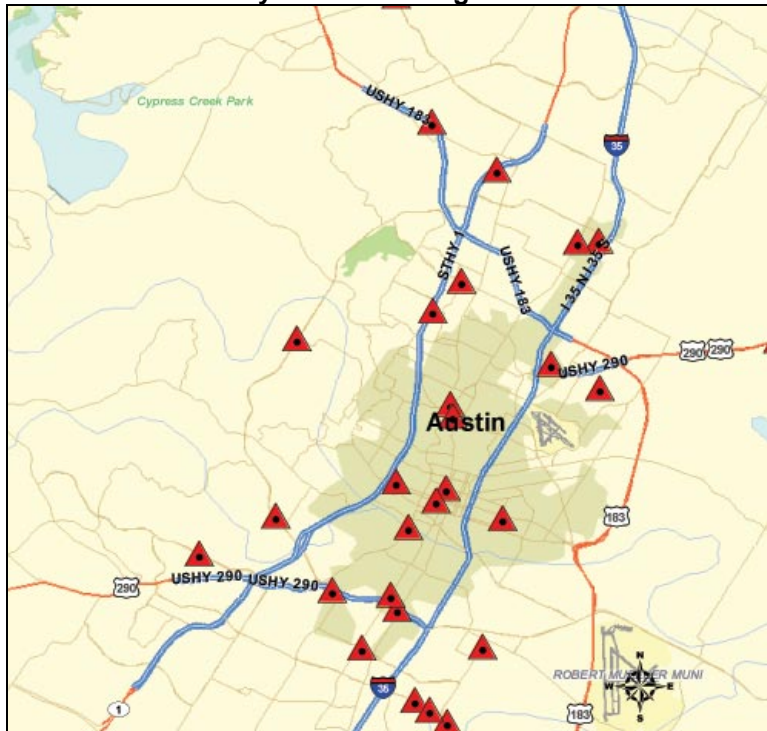
Cedar Park City Building Permit Office  
 \* 2006 data not available as of April 15, 2007.

**San Marcos City Office Building Permits 2005\***



San Marcos City Building Permit Office  
\* 2006 data not available as of April 15, 2007.

**Austin City Office Building Permits 2005\***



Austin City Building Permit Office  
\* 2006 data not available as of April 15, 2007.

## Austin-Round Rock Market Overview 2007 Industrial

**2006 Year-End Industrial Geographical Sector & Building Use**

Submarket	Office/Bulk/Manufacturing/Warehouse			Flex/R&D		
	Existing Sq. Ft.	Current Vacancy (in percent)	Under Constr.*	Existing Sq. Ft.	Current Vacancy (in percent)	Under Constr.*
Round Rock	2,019,277	13	124,500	691,264	48	56,000
North	8,100,221	12	0	5,849,752	13	0
Northeast	3,556,058	3	56,700	2,315,943	14	0
East	1,357,320	8	0	0	0	0
Southeast	3,582,829	7	226,400	3,665,598	18	0
South	1,869,334	11	0	188,277	3	15,400
<b>Total</b>	<b>20,485,039</b>	<b>9</b>	<b>407,600</b>	<b>12,710,834</b>	<b>16</b>	<b>71,400</b>

\*Scheduled or under construction

Source: NAI Commercial Industrial Properties Co. The Source

**Current Six-Month Industrial Absorption**

Submarket	Flex/R&D	Manuf/Warehouse	Total
Round Rock	37,941	(8,931)	29,010
North	443,821	79,112	522,933
Northeast	77,380	347,292	424,672
East	0	(7,479)	(7,479)
Southeast	49,102	40,925	90,027
South	(2,048)	43,046	40,998
<b>Total</b>	<b>606,196</b>	<b>493,965</b>	<b>1,100,161</b>

Source: NAI Commercial Industrial Properties Co. The Source, Dec-2006

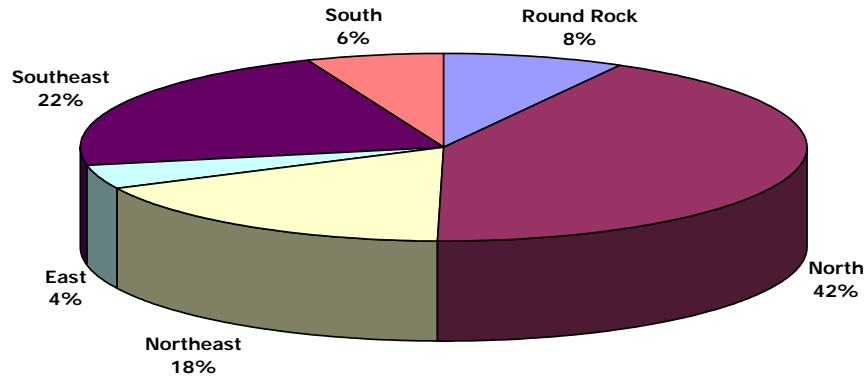
**Average Industrial Rental Rates per Sq. Ft.\***

	Annual	Monthly
Flex / R&D	\$7.80 - \$10.20	\$0.65 - \$0.85
Bulk Warehouse	\$4.32 - \$6.24	\$0.36 - \$0.52
Office Warehouse	\$5.04 - \$6.96	\$0.42 - \$0.58
Manufacturing Whse.	\$5.04 - \$7.44	\$0.42 - \$0.62

\*Based on direct lease rates. Rates quoted on a triple net basis.

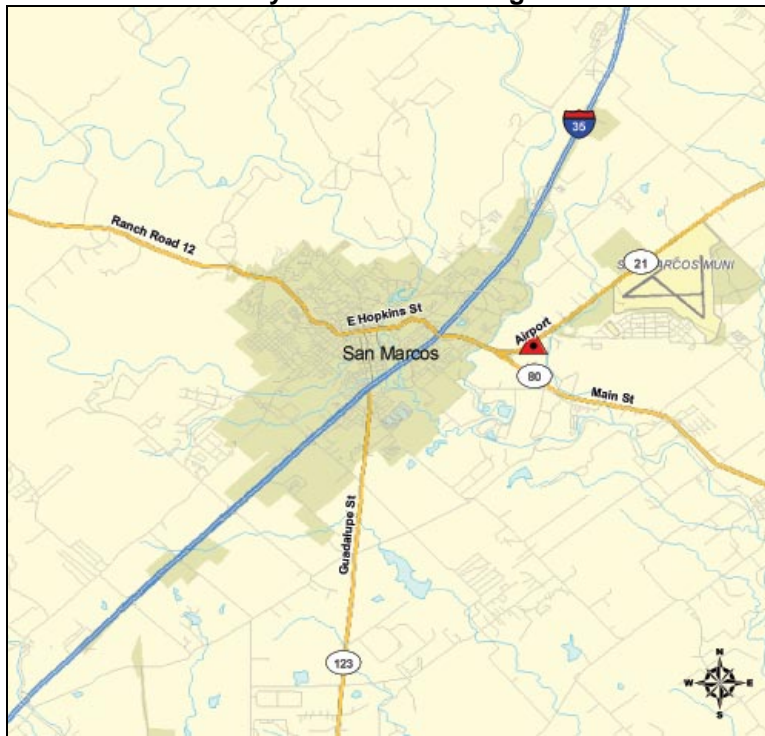
Source: NAI Commercial Industrial Properties Co. The Source

**Industrial Market  
Concentration of Space, Year-End 2006**



Source: NAI Commercial Industrial Properties, The Source

**San Marcos City Industrial Building Permits 2005\***



San Marcos City Building Permit Office  
\* 2006 data not available as of April 15, 2007.



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