

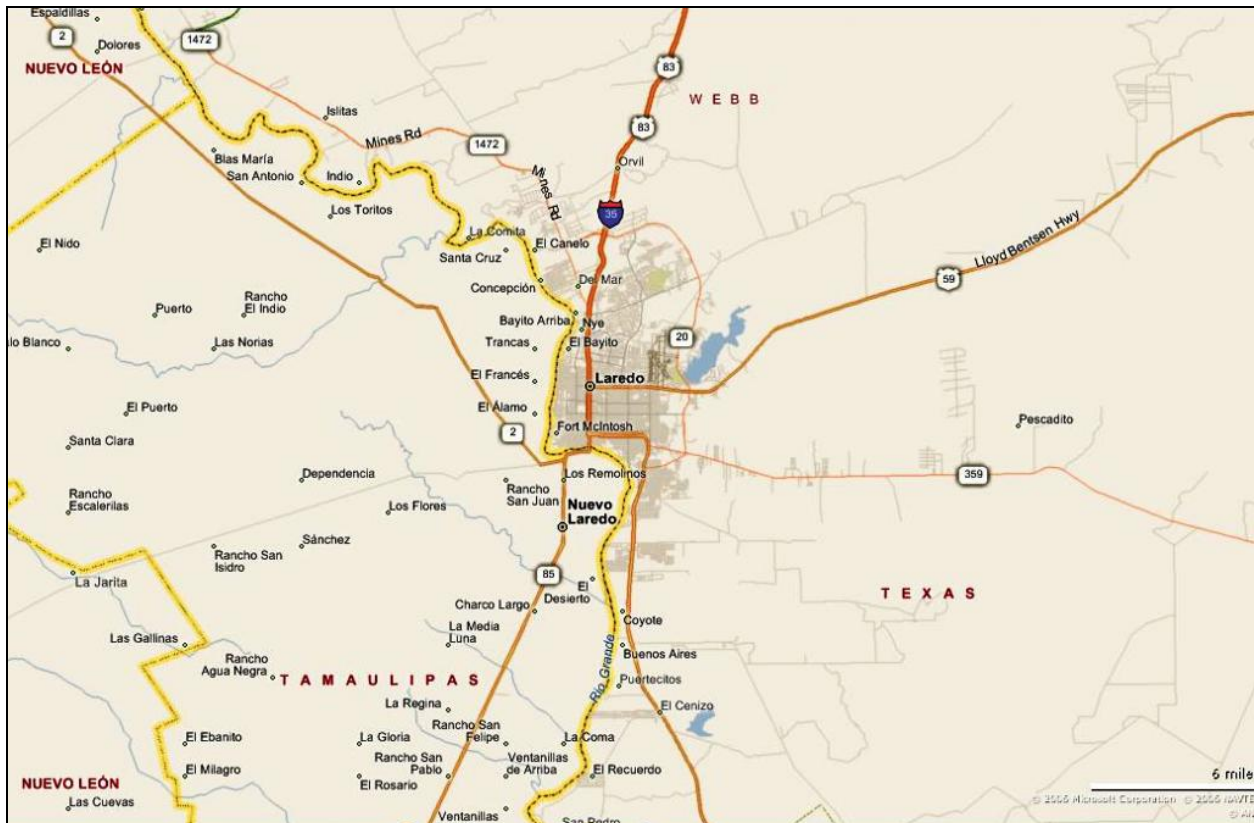
Real Estate Market Overview 2007

Laredo

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
2006 Population Density	69 people per square mile
Counties	Webb
Area Cities and Towns	
Bruni, Laredo, Mirando City, Oilton	

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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Laredo Market Overview 2007 Demographics

Laredo MSA Population*

Year	Population	Percent Change
1996	171,583	-
1997	177,140	3.2
1998	182,994	3.3
1999	189,014	3.3
2000	193,117	2.2
2001	200,805	4.0
2002	206,772	3.0
2003	212,675	2.9
2004	218,806	2.9
2005	224,695	2.7
2006	231,470	3.0

* July 1 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

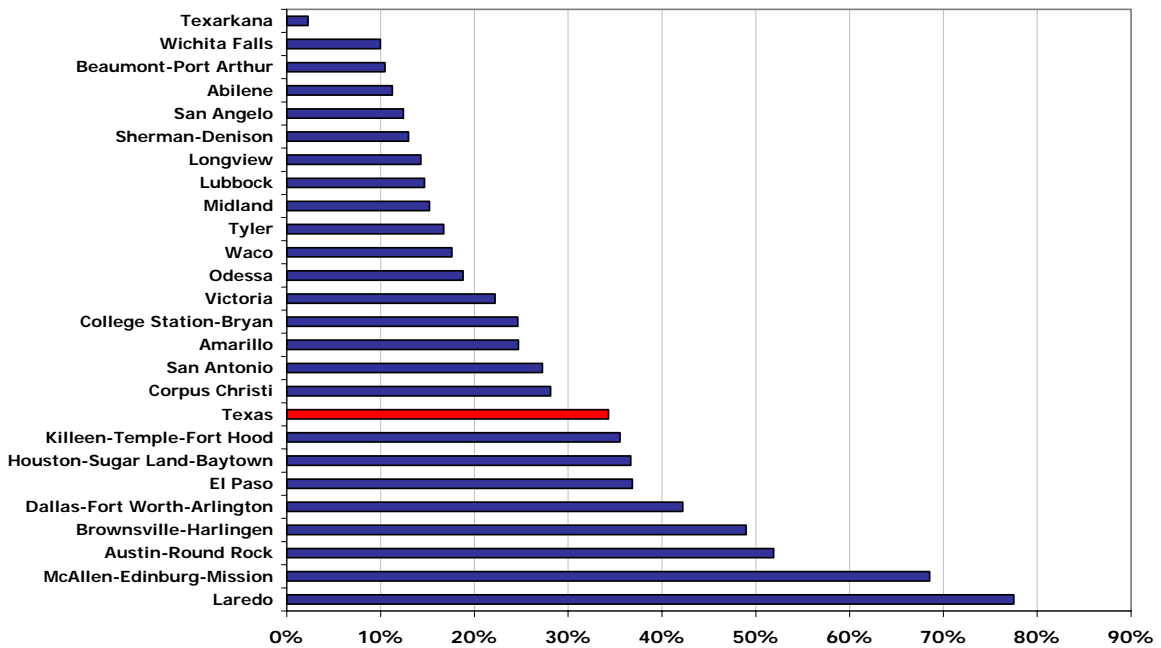
Source: U.S. Census Bureau (1999 definition)

Laredo MSA Projected Population

Year	Texas State Data Center (Scenario 0.5)	Texas Water Development Board
2000	193,117	193,117
2005	227,105	-
2010	263,286	257,647
2015	301,988	-
2020	342,789	333,451
2025	386,990	-
2030	435,776	418,332
2035	488,062	-
2040	542,584	511,710

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)

Texas Metropolitan Area Population* Change

Metropolitan Area	1996	2006	Percent Change
Austin-Round Rock	1,073,037	1,513,565	41.1
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
Texas	19,340,342	22,859,968	18.2
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

Laredo Market Overview 2007 Education

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

County	High school graduate	Some college, no degree	Associate's degree	Bachelor's degree	Master's degree	Doctorate degree
Webb	17.9	15.9	5.2	8.6	2.9	0.4
Texas	24.8	22.4	5.2	15.6	5.2	0.8

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	2002	2003	2004	2005	2006
Laredo Community College	7,748	7,906	8,328	8,169	8,033
Texas A&M International University	3,724	4,078	4,269	4,298	4,917

Source: Texas Higher Education Coordinating Board

Laredo Market Overview 2007 Employment

Top Ten Employers

Employer	Sector	Employees
United Independent School District	Education	5,341
Laredo Independent School District	Education	4,649
City of Laredo	Government	2,786
U.S. Dept of Customs and Border Protection	Immigration	1,730
McDonald's Restaurant	Fast food	1,500
Laredo Medical Center	Medical services	1,406
H-E-B Grocery Company	Grocery store	1,360
Webb County	County government	1,297
Wal-Mart (3 locations)	Retail sales	1,234
The Laredo National Bank	Financial services	1,229

Source: Laredo Development Foundation Feb-2007

Top Ten Private Employers

Employer	Sector	Employees
McDonald's Restaurant	Fast food	1,500
Laredo Medical Center	Medical services	1,406
H-E-B Grocery Company	Grocery store	1,360
Wal-Mart (3 locations)	Retail sales	1,234
The Laredo National Bank	Financial services	1,229
Convergys	Call center	1,200
Doctor's Hospital	Health care	708
International Bank of Commerce	Financial services	628
Target-Greatland (2 locations)	Retail sales	607
Laredo Candle	Candles	560

Source: Laredo Development Foundation Feb-2007

Laredo MSA Nonfarm Employment

Year	Employment	Percent Change
1996	56,500	-
1997	60,200	6.5
1998	63,500	5.5
1999	65,500	3.1
2000	68,800	5.0
2001	70,600	2.6
2002	73,800	4.5
2003	75,600	2.4
2004	77,500	2.5
2005	80,800	4.3
2006	84,200	4.2

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

Employment Growth by Industry

	Laredo MSA	Texas
Employment Growth 2006 (Percent Change)	4.2	3.3
Unemployment Rate 2006 (Percent Change)	5.4	4.9
Net Job Change in 2006	3,400	318,300
2006 Employment Growth by Sector (Percent Change)		
Natural Resources and Mining and Construction	7.5	7.5
Manufacturing	-11.8	3.2
Trade, Transportation, and Utilities	3.5	2.5
Information	-14.3	-0.4
Financial Activities	14.3	2.6
Professional and Business Services	22.5	6.0
Educational and Health Services	3.5	2.8
Leisure and Hospitality	0.0	3.9
Government	2.0	1.7

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

Texas Metropolitan Area Nonfarm Employment Change

Metropolitan Area	1996	2006	Percent Change
McAllen-Edinburg-Mission	126,900	202,600	59.7
Midland	126,900	202,600	59.7
Laredo	56,500	84,200	49.0
Austin-Round Rock	540,900	720,000	33.1
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
Texas	8,257,900	10,053,300	21.7
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

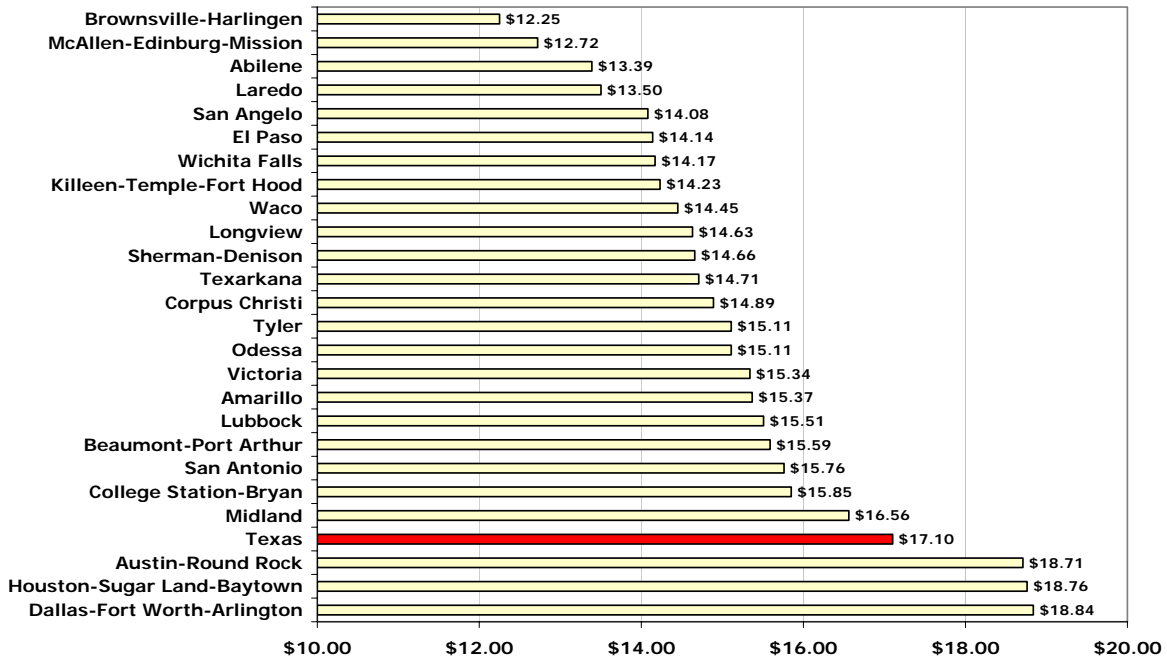
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

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



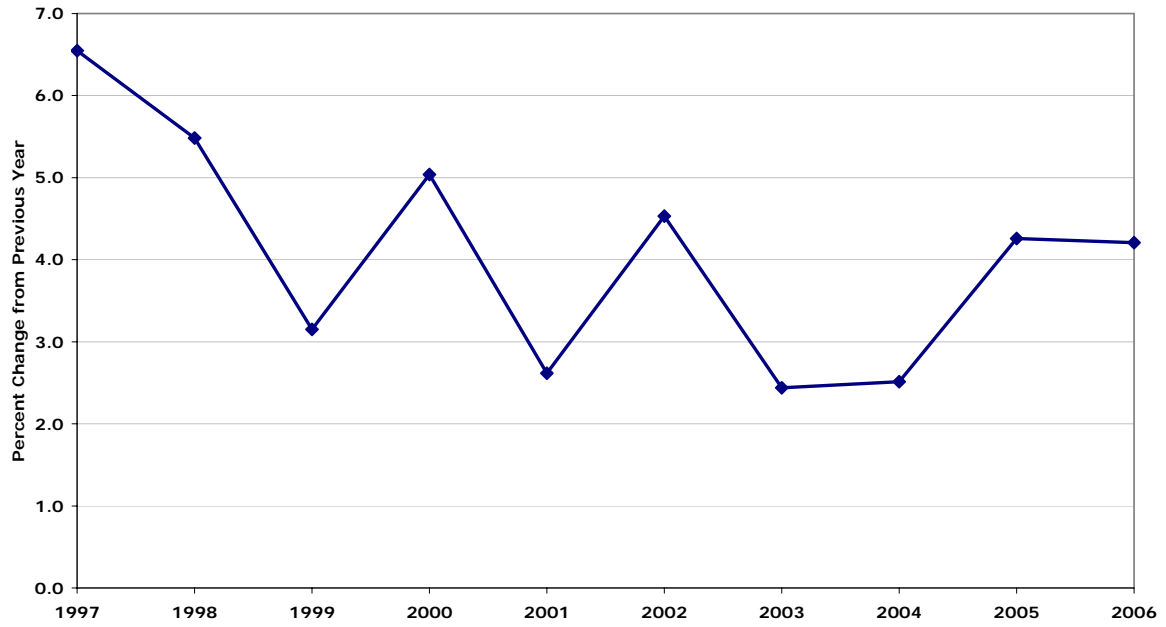
Source: Texas Workforce Commission and Real Estate Center

**Average Hourly Wage
2005**



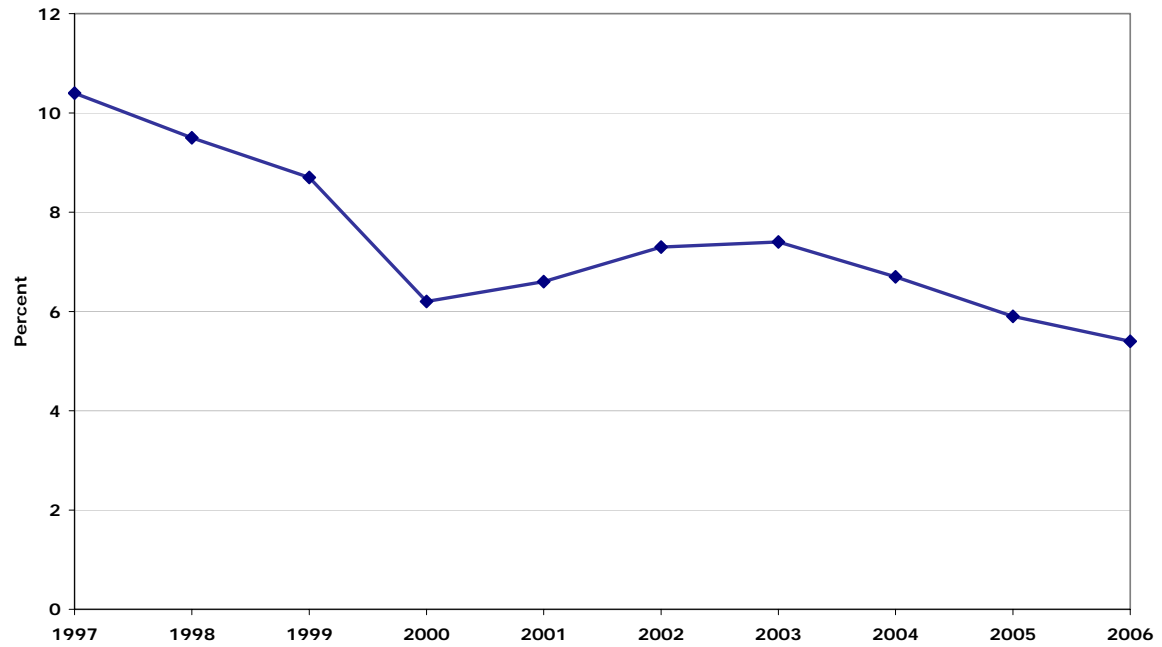
Source: Texas Workforce Commission

**Nonfarm Employment Growth
Laredo MSA**



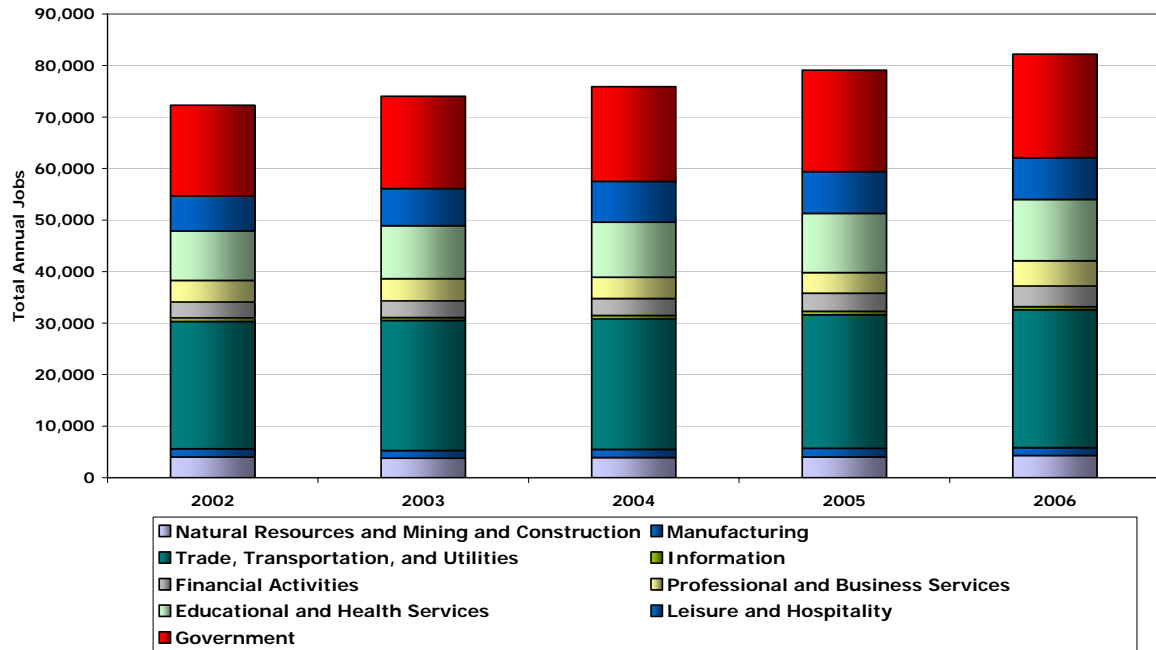
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Laredo MSA
Unemployment Rate**



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

Distribution of Employment in Major Categories
 Laredo MSA



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

Laredo Market Overview 2007 Economy

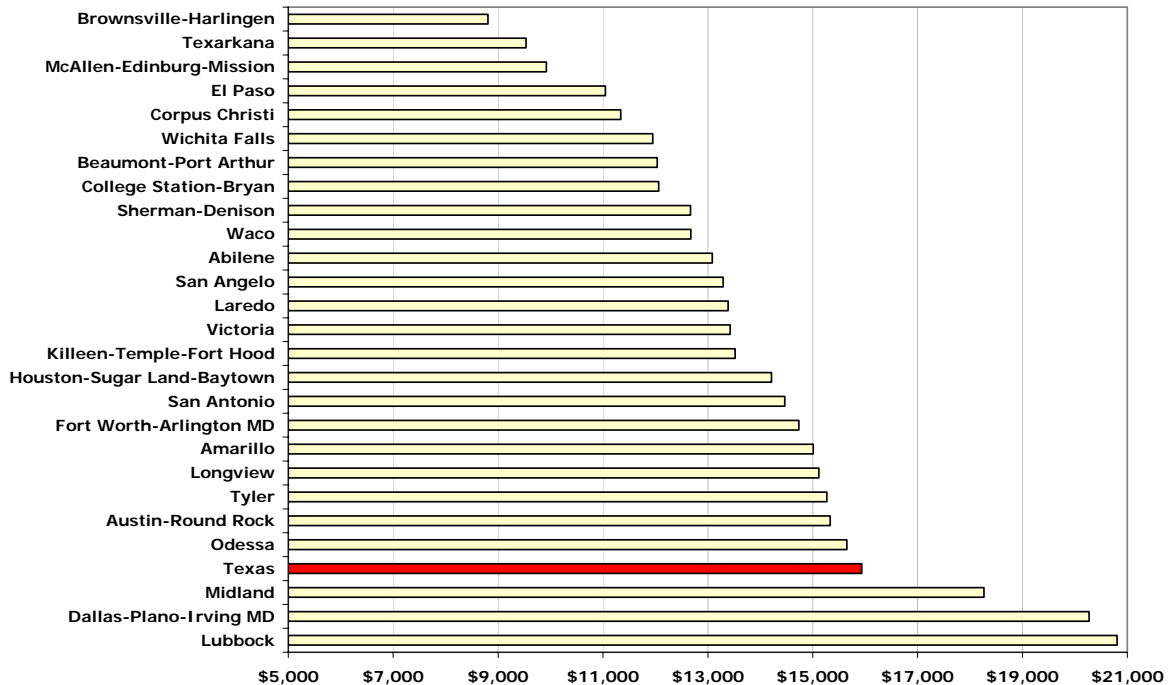
Laredo MSA Gross Retail Sales

Year	Total Sales	Sales per Capita
1995	\$1,343,559,781	#N/A
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	\$12,153
2002	\$2,604,967,985	\$12,598
2003	\$2,641,755,028	\$12,422
2004	\$2,792,968,325	\$12,765
2005	\$3,007,713,083	\$13,386
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

Trade Trends

	2002	2003	2004	2005	2006
U.S.-Mexico Total Trade (Billions)	\$232.2	\$235.5	\$266.6	\$290.3	\$307.3
Commercial Trucks	1,725,011	1,625,821	1,918,896	2,014,275	1,917,890
Rail (loaded)	365,736	394,199	408,534	407,968	401,569
Air Cargo (GLW lbs.)	258,503,100	272,367,959	366,161,425	378,535,792	365,329,748
Airline Passengers	147,425	145,487	162,461	183,585	197,604

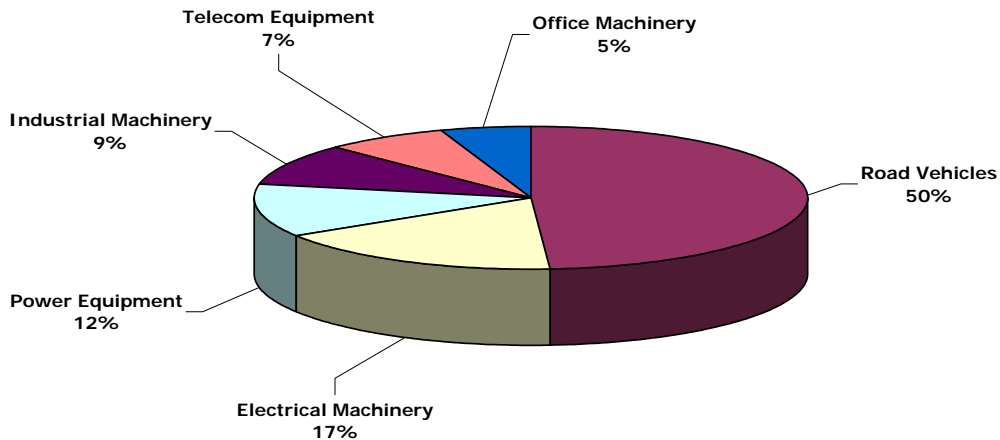
Source: Laredo Development Foundation & Laredo International Airport Dec-2006

Top Six Products Processed at the Port of Laredo

Products	Total Value in \$ Billions				
	2002	2003	2004	2005	2006
Apparel & Clothing	2.7	-	-	-	-
Road Vehicles	25.3	23.4	24.2	23.6	27.7
Electrical Machinery	7.5	7.9	8.8	9.1	9.9
Power Equipment	-	4.9	6.3	6.7	6.8
Industrial Machinery	3.7	3.9	4.5	5.1	5.3
Telecom Equipment	3.0	3.1	4.1	3.6	4.1
Office Machinery	4.2	2.9	3.2	3.2	3.0

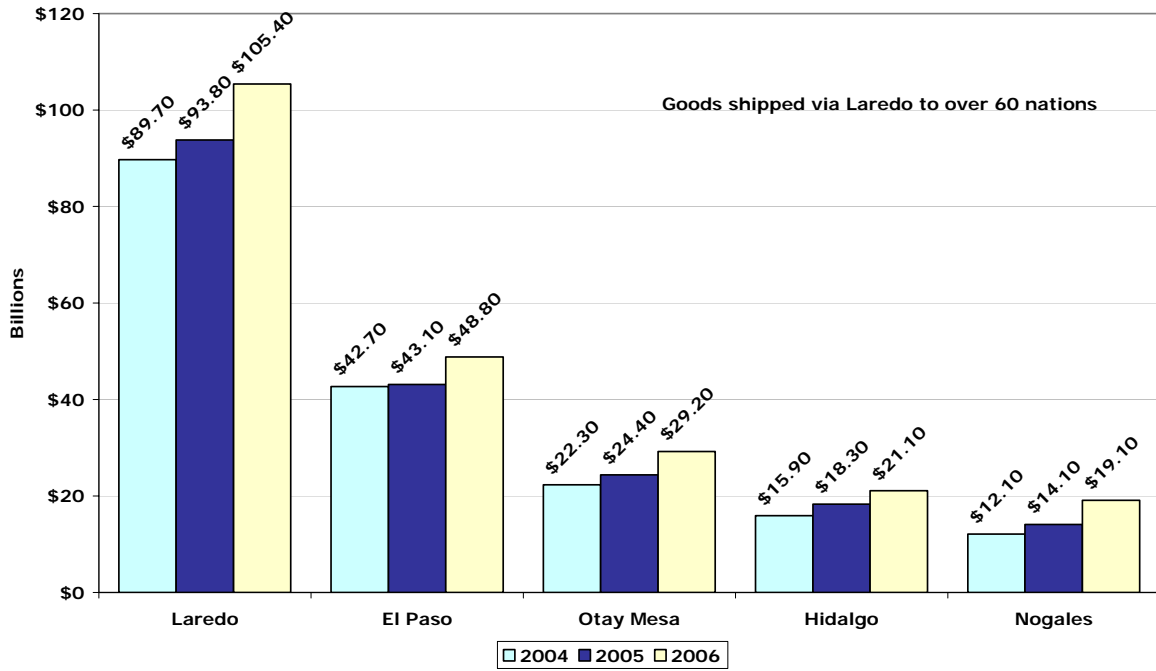
Source: Laredo Development Foundation

Top 6 Products Processed at the Port of Laredo, 2006



Source: Laredo Development Foundation

Total Import-Exports



Source: Laredo Development Foundation

Laredo Market Overview 2007 Infrastructure

Laredo Airline Activity

Airport	2002	2003	2004	2005	2006
Laredo International Airport					
Enplaned	-	-	81,342	89,223	97,799
Deplaned	-	-	81,924	91,759	99,805
Total	147,425	145,983	163,266	180,982	197,604

Source: Laredo International Airport

Laredo Air Cargo* (in pounds)

Airport	2003	2004	2005	2006
Laredo International Airport	272,367,959	366,161,425	378,535,792	365,319,748

*Based on maximum gross-landed weight

Source: Laredo International Airport

Border Crossings*

	2002	2003	2004	2005	2006
Rail Crossings					
Northbound	174,862	174,837	170,248	167,106	163,015
Southbound	190,974	219,362	238,266	242,300	238,594
Total	365,836	394,199	408,514	409,406	401,609
Vehicle Crossings					
Northbound	7,488,576	7,104,801	6,968,532	6,486,987	4,583,052
Southbound	7,188,388	7,025,241	6,967,107	6,460,368	5,990,047
Total	14,676,964	14,130,042	13,935,639	12,947,355	10,573,099
Pedestrian Crossings					
Northbound	4,756,757	4,466,739	4,642,340	4,413,531	3,335,842
Southbound	4,225,008	4,037,398	4,152,408	3,990,423	4,159,935
Total	8,981,765	8,504,137	8,794,748	8,403,954	7,495,777
Truck Crossings**					
Northbound	1,441,653	1,354,229	1,380,414	1,455,607	1,518,989
Southbound	1,460,841	1,386,217	1,464,908	1,543,388	1,704,727
Total	2,902,494	2,740,446	2,845,322	2,998,995	3,223,716

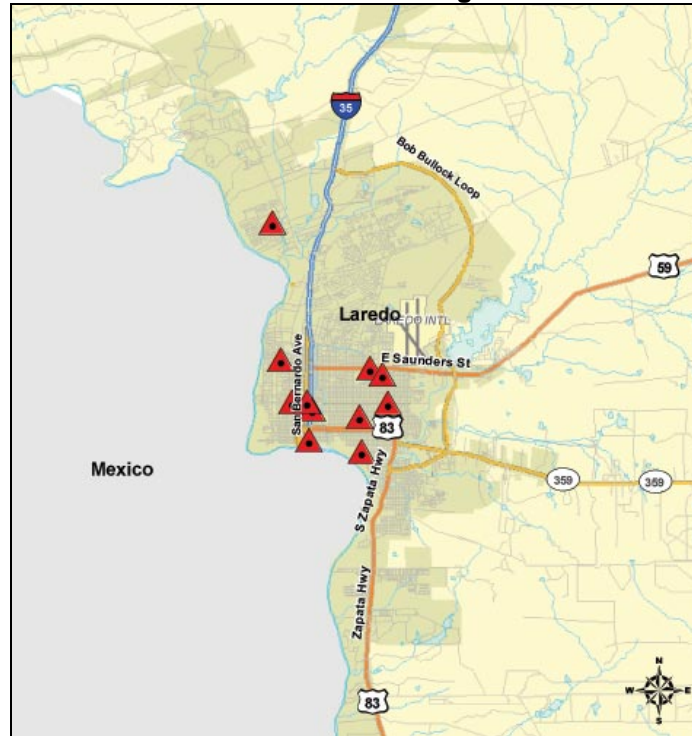
* Due to the different data gathering procedures that each bridge system follows, 2006 year-to-end data may not reflect all twelve months and may be subject to change till the following year.

** 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 2007 Public Facilities

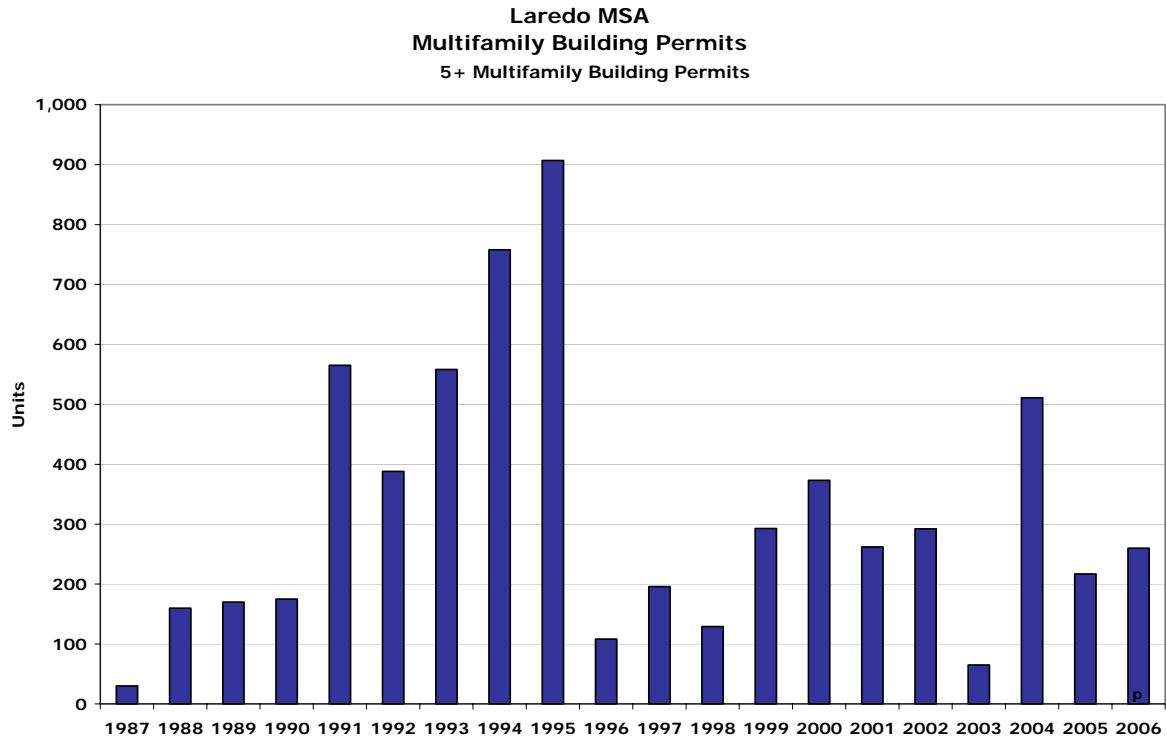
Laredo Public Facilities Building Permits 2005*



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

Laredo Market Overview 2007

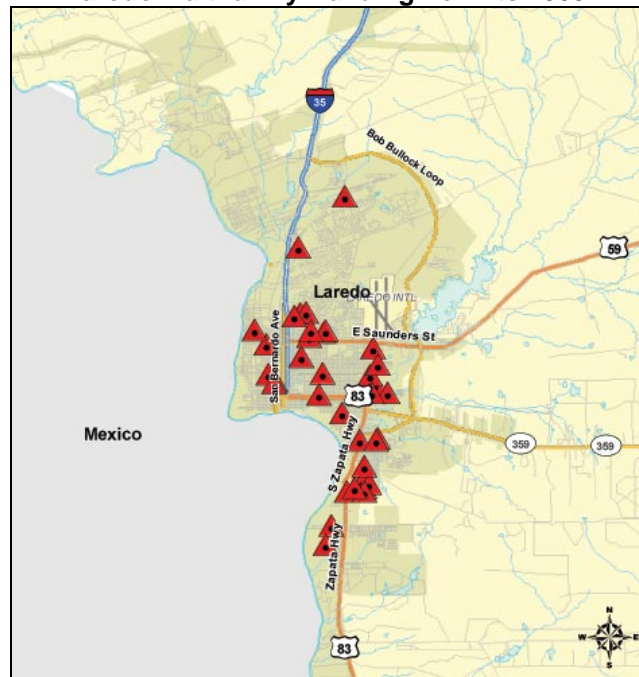
Multifamily



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

2006 figure is a preliminary number.

Laredo Multifamily Building Permits 2005*



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

Laredo Market Overview 2007

Housing

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

Taxing Entity*	Tax Rate per \$100 Valuation
Laredo	0.6370
Laredo ISD	1.4955
Webb County	0.4125
Total	\$2.54

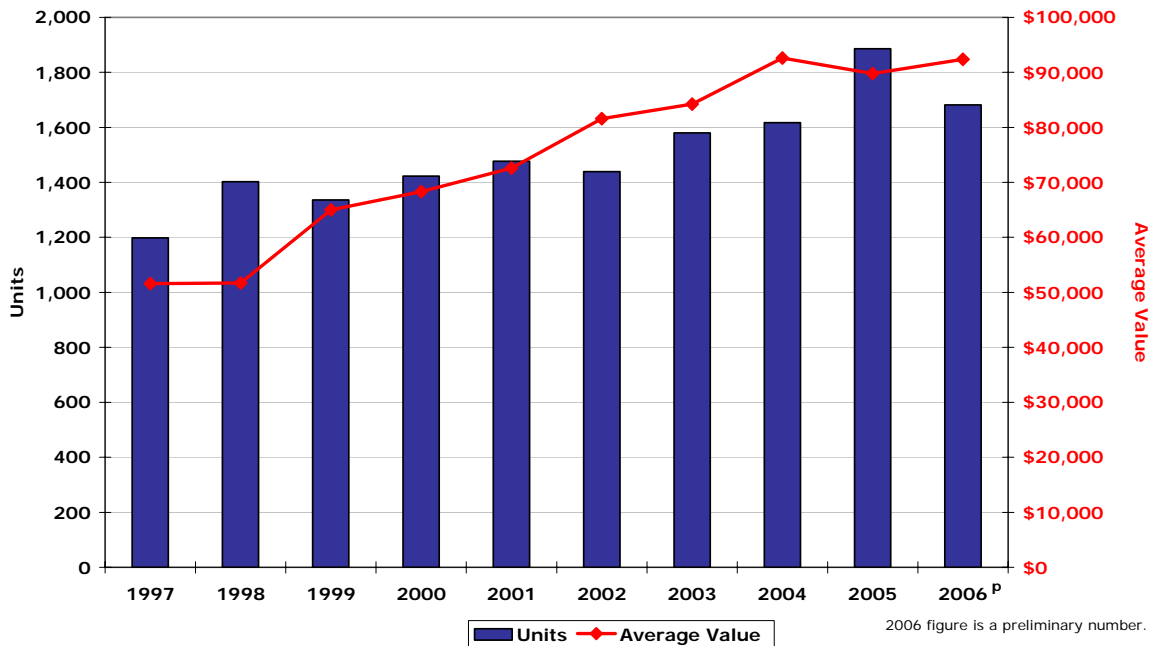
* There are numerous numbers of taxing entities that need to be taken into account for an actual tax rate calculation.

For complete list taxing entities and years see:

<http://www.webbcad.org/Appraisal%20information/appraisalinfo.html>

Source: Webb County Appraisal District

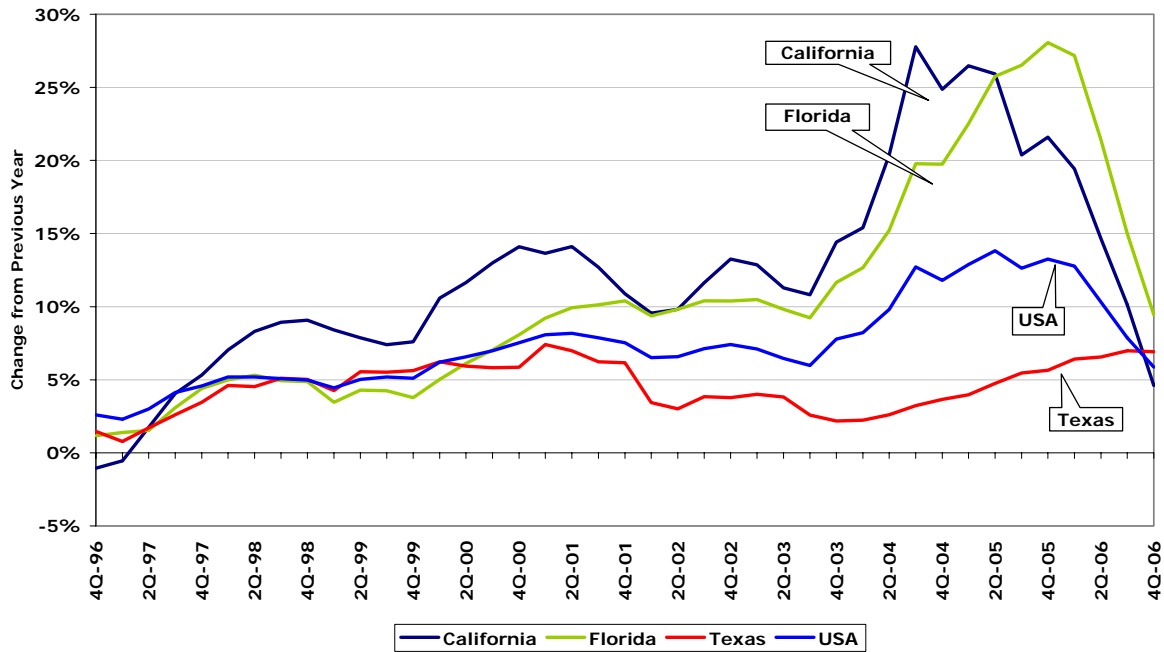
Single-Family Building Permits and Average Value
Laredo MSA



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

National Home Price Appreciation

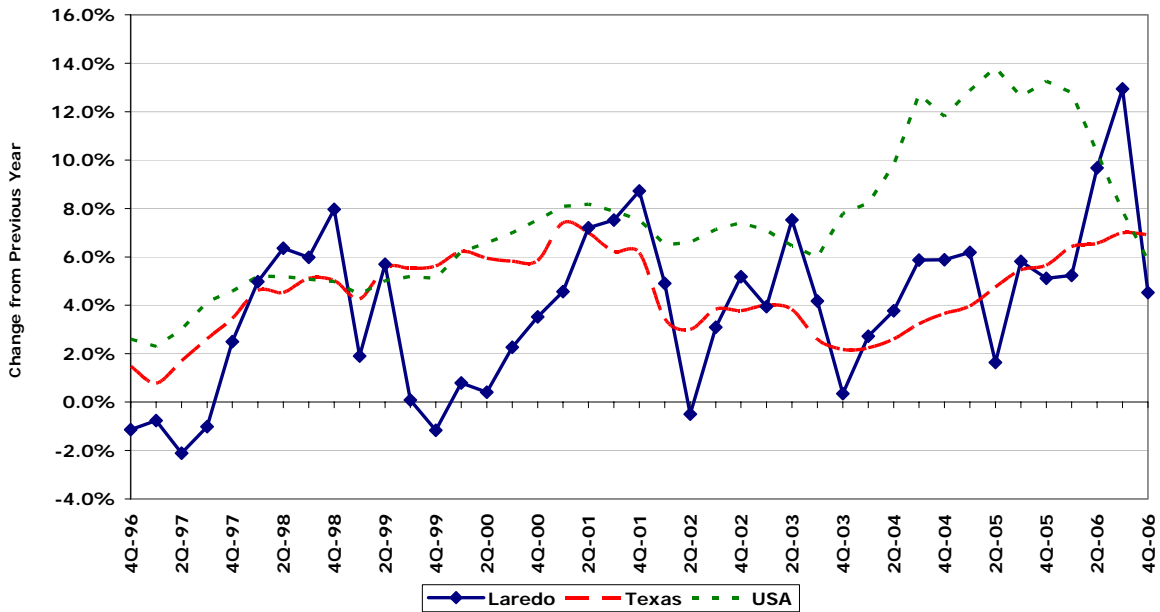
The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae.



Source: Office of Federal Housing Enterprise Oversight

Home Price Appreciation 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.



Source: Office of Federal Housing Enterprise Oversight

Real Estate Center Market Overview 2007
Laredo, TX

2005 Occupied Housing Unit Characteristics

Housing Unit Characteristics	Laredo 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	36,409	23,338	59,747	5,162,604	2,815,491	7,978,095
Household Size						
1-person household	12.4%	19.5%	15.2%	19.1%	35.0%	24.7%
2-person household	18.9%	24.7%	21.2%	34.2%	25.8%	31.2%
3-person household	21.8%	19.2%	20.8%	17.2%	16.0%	16.8%
4-or-more-person household	46.9%	36.6%	42.9%	29.5%	23.2%	27.3%
Race and Hispanic or Latino Origin of Householder						
One Race						
White	84.2%	89.1%	86.1%	79.0%	66.2%	74.5%
Black or African American	-	-	0.7%	8.2%	17.9%	11.6%
American Indian and Alaska Native	-	-	0.2%	0.5%	0.6%	0.6%
Asian	-	-	0.8%	2.9%	3.1%	3.0%
Native Hawaiian and Other Pacific Islander	-	-	0.0%	0.0%	0.1%	0.0%
Some other race	13.2%	8.5%	11.3%	8.3%	10.8%	9.2%
Two or more races	0.8%	1.1%	0.9%	1.0%	1.4%	1.2%
Age of Householder						
Under 35 years	16.9%	38.2%	25.2%	14.4%	46.3%	25.6%
35 to 44 years	23.9%	29.6%	26.2%	21.9%	21.4%	21.7%
45 to 54 years	24.2%	8.9%	18.2%	24.1%	15.4%	21.0%
55 to 64 years	16.6%	11.1%	14.4%	18.1%	8.3%	14.7%
65 to 74 years	11.0%	6.5%	9.3%	11.9%	4.2%	9.2%
75 to 84 years	6.4%	5.4%	6.0%	7.6%	3.1%	6.1%
85 years and over	1.0%	0.3%	0.7%	2.0%	1.3%	1.8%
Units in Structure						
1, detached	84.2%	34.5%	64.8%	87.5%	28.3%	66.6%
1, attached	2.8%	4.6%	3.5%	2.3%	3.6%	2.8%
2 apartments	0.1%	5.5%	2.2%	0.3%	4.9%	1.9%
3 or 4 apartments	0.4%	17.2%	7.0%	0.4%	8.8%	3.3%
5 to 9 apartments	0.9%	10.8%	4.8%	0.3%	13.8%	5.1%
10 or more apartments	0.1%	20.4%	8.0%	0.7%	35.1%	12.9%
Mobile home or other type of housing	11.4%	7.0%	9.7%	8.5%	5.6%	7.5%
Year Structure Built						
2000 or later	18.1%	14.7%	16.8%	13.7%	10.9%	12.7%
1990 to 1999	31.1%	28.3%	30.0%	18.6%	14.8%	17.2%
1980 to 1989	19.3%	16.2%	18.1%	18.7%	22.5%	20.1%
1960 to 1979	18.5%	18.1%	18.4%	28.7%	35.0%	30.9%
1940 to 1959	9.3%	16.1%	12.0%	15.4%	12.4%	14.3%
1939 or earlier	3.6%	6.6%	4.8%	4.9%	4.5%	4.8%
Bedrooms						
No bedroom	0.5%	0.4%	0.5%	0.2%	1.5%	0.6%
1 bedroom	4.6%	23.5%	12.0%	2.1%	32.6%	12.9%
2 or 3 bedrooms	73.3%	73.7%	73.5%	70.8%	61.7%	67.6%
4 or more bedrooms	21.5%	2.3%	14.0%	26.8%	4.2%	18.9%
Annual Household Income and Housing Costs*						
Median household income (dollars)	\$41,481	\$18,489	\$31,763	\$54,610	\$26,782	\$42,139
Annual Median Housing Costs (dollars)	\$9,300	\$6,936	\$7,680	\$10,536	\$8,052	\$9,108
Housing Costs as a percentage of household income	22.4%	37.5%	24.2%	19.3%	30.1%	21.6%

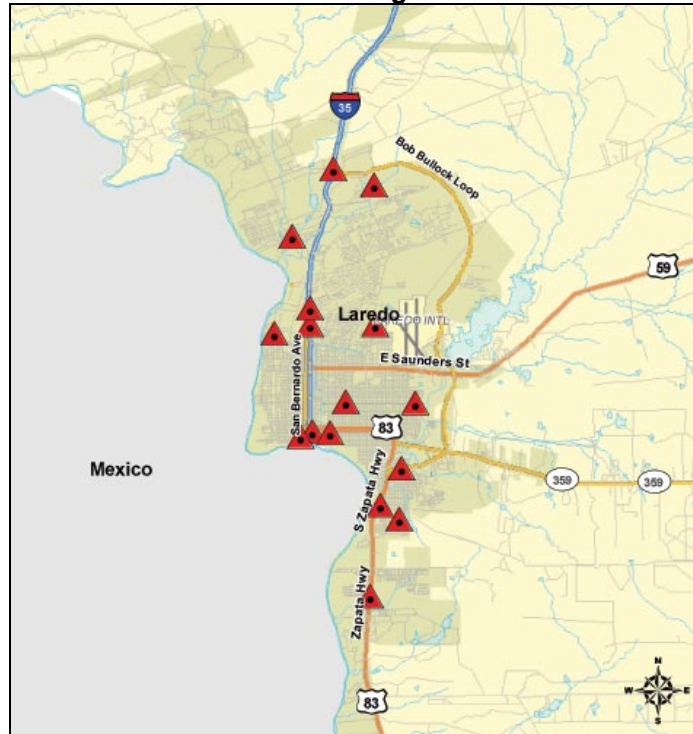
* in 2005 inflation-adjusted dollars

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

Laredo Market Overview 2007

Retail

Laredo Retail Building Permits 2005*



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

Laredo Market Overview 2007 Hotel

Hotel* Occupancy and Rental Rates

	2005		2006	
	Laredo	Texas	Laredo	Texas
# Rooms 000's	3.2	333.6	3.5	341
Average daily rate	\$60.79	\$74.38	\$63.66	\$80.82
Occupancy rate (in percent)	64	59.9	63.6	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

Laredo Hotel Building Permits 2005*

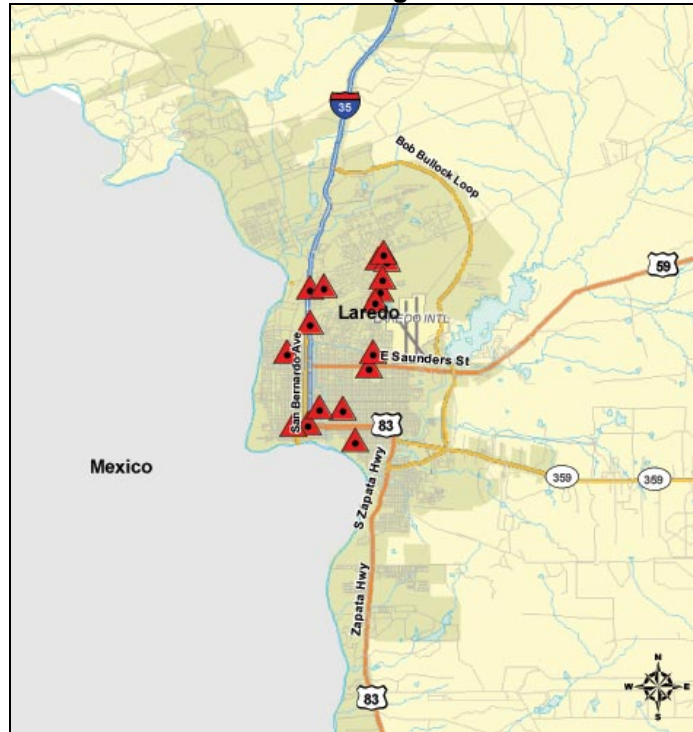


Laredo City Building Permit Office

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

Laredo Market Overview 2007 Office

Laredo Office Building Permits 2005*



Laredo City Building Permit Office

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

Laredo Market Overview 2007 Industrial

Industrial Statistics, Year-End 2006

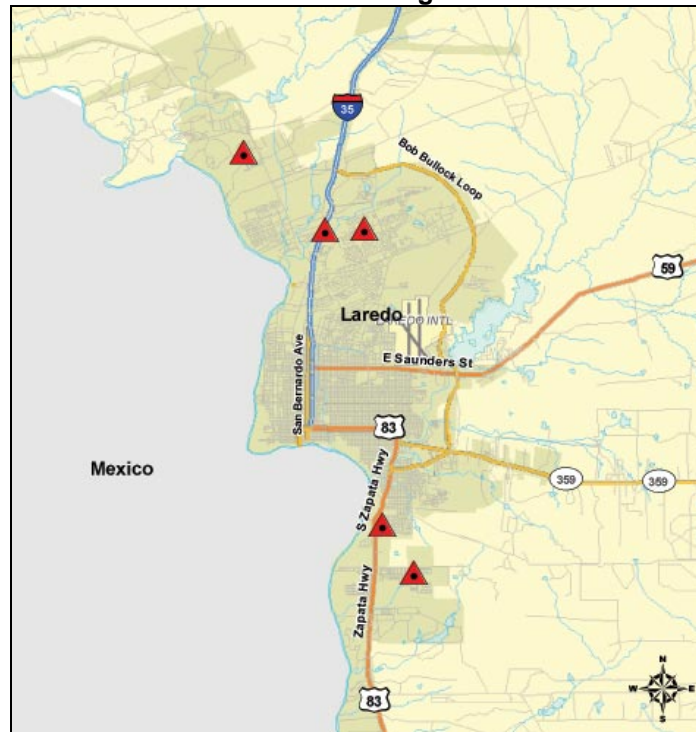
	Total
Vacancy Rate	2.8%
Absorbed*	2,000
Under Construction*	650
Rental Rate**	\$3.96

* Square feet in thousands; includes owner-occupied

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

Source: Grubb & Ellis 2006 and Best/White, LLC

Laredo Industrial Building Permits 2005*



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



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Report compiled by:

Administrative Coordinator

Edith Craig

Real Estate / Market Research Analyst

Dr. Isilay Civan

Database Support

Blake Lacy

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