

Real Estate Market Overview 2007

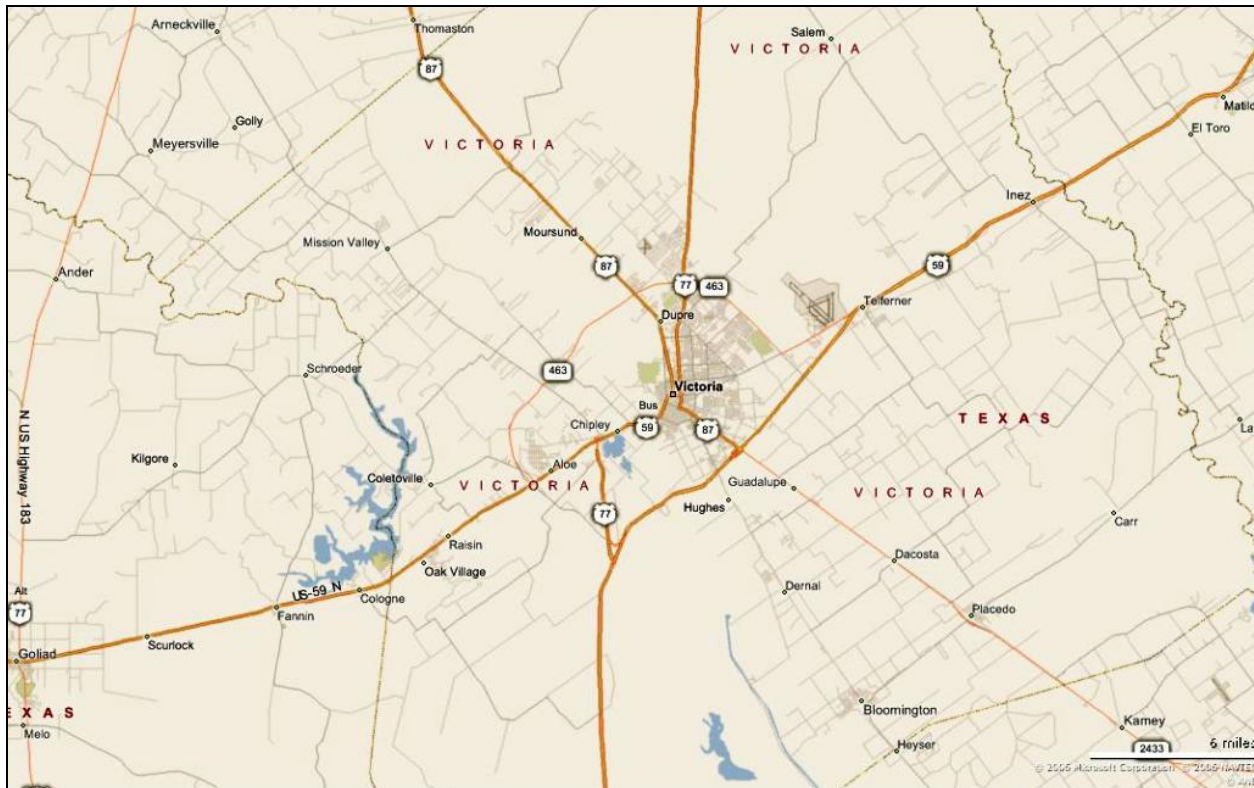
Victoria

Victoria, the second oldest incorporated city in Texas, celebrated its 178th birthday in October 2002. More than 182,000 people live in the seven-county region known as the "Golden Crescent," which surrounds the Victoria Metropolitan Statistical Area (MSA). Calhoun, DeWitt, Lavaca, Gonzales, Jackson, Victoria and Goliad Counties are in this region. Victoria is known as the "Crossroads of the Coastal Bend" because of its proximity to major areas such as Austin, San Antonio, Corpus Christi, Port Lavaca and Houston, most of which are within 120 miles. More than seven million people live within a 150-mile radius of Victoria, which is 25 miles from the Gulf of Mexico.

Quick Facts	
Land Area	2,248.33 square miles
2006 Population Density	50.7 people per square mile
Counties	Calhoun, Goliad, Victoria
Area Cities and Towns	
Bloomington, Dacosta, Goliad, Inez, McFaddin, Mission Valley, Nursery, Placedo, Point Comfort, Port Lavaca, Port O'Connor, Seadrift, Telferner, Victoria	

*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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Victoria Market Overview 2007 Demographics

Victoria MSA Population*

Year	Population	Percent Change
1996	108,636	-
1997	109,417	0.7
1998	110,758	1.2
1999	111,409	0.6
2000	111,663	0.2
2001	112,485	0.7
2002	112,610	0.1
2003	112,963	0.3
2004	113,251	0.3
2005	113,356	0.1
2006	114,088	0.6

* July 1 population estimates

Source: U.S. Census Bureau

County Population* Growth

County	1996	2006	Growth 1996-2006 (in percent)
Calhoun	20,745	20,705	-0.2
Goliad	6,318	7,192	13.8
Victoria	81,573	86,191	5.7

* July 1 population estimates

Source: U.S. Census Bureau

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

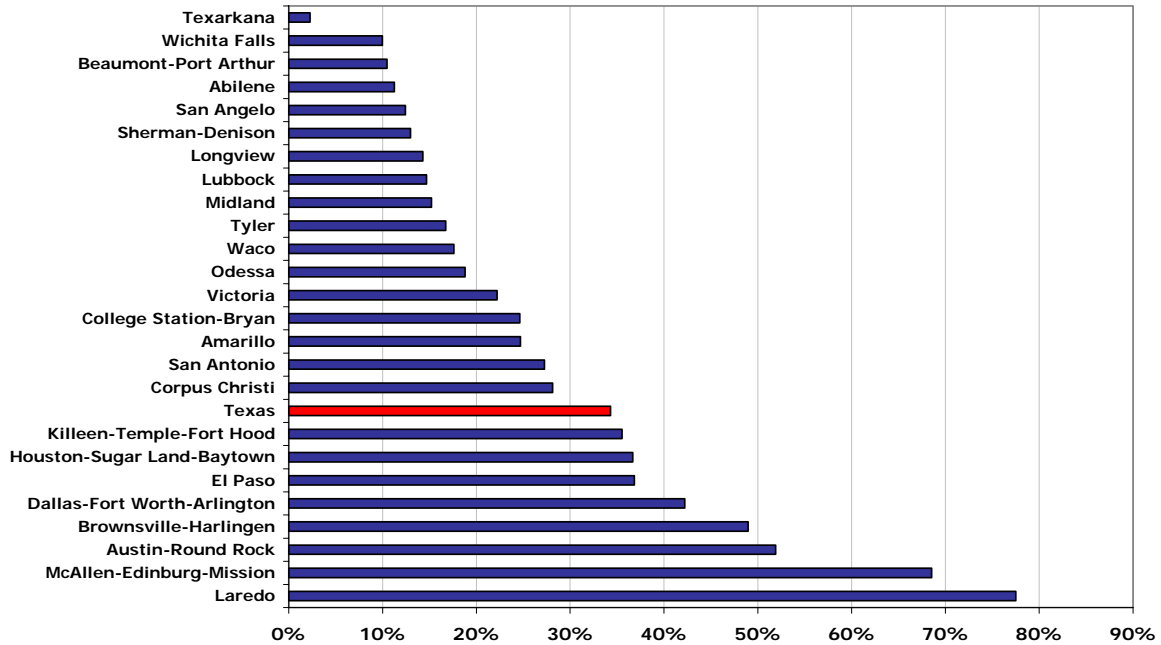
Source: U.S. Census Bureau

Victoria MSA Projected Population

Year	Texas State Data Center (Scenario 0.5)	Texas Water Development Board
2000	111,663	111,663
2005	117,982	-
2010	124,293	124,716
2015	130,690	-
2020	136,461	138,605
2025	141,536	-
2030	146,075	150,833
2035	150,145	-
2040	153,768	160,809

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

	Victoria MSA	Texas
Average household size (2000)	2.75	2.74
Population younger than 18 (2000, in percent)	29.1	28.2
Population 65 and older (2000, in percent)	12.0	9.9

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

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

	Victoria MSA	Texas
White	74.2	71.0
Black	6.3	11.5
Asian	0.8	2.7
American Indian	0.5	0.6
Other	15.9	11.7
Two or more races	2.2	2.5
Hispanic (of any race)	39.2	32.0

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

Victoria Market Overview 2007 Education

**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
Calhoun	33.1	19.3	4.6	8.1	2.3	0.7
Goliad	29.6	25.0	5.5	8.4	2.5	0.9
Victoria	29.1	24.6	6.3	11.0	3.4	0.4
Texas	24.8	22.4	5.2	15.6	5.2	0.8

Source: U.S. Census Bureau

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

Level of Education	Victoria MSA	Texas
High School Graduate or Higher	76.2	79.2
Bachelor's Degree or Higher	16.2	23.9

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

Local College and University Enrollment, Fall Semester

School	2002	2003	2004	2005	2006
University of Houston-Victoria	2,183	2,411	2,418	2,491	2,652
Victoria College	4,028	4,241	4,034	3,980	4,031

Sources: Texas Higher Education Coordinating Board

Victoria Market Overview 2007 Employment

Top Ten Employers

Employer	Sector	Employees
Victoria Independent School District	Education	2,114
The Inteplast Group	Plastic products	1,700
Formosa Plastic	Petrochemical-plastics	1,500
Citizens Medical Center	Hospital	1,400
DeTar Healthcare System	Hospital	1,000
Dow - Seadrift Operations	Petrochemical	660
Alcoa	Aluminum/Alumina	630
Victoria County	Government	616
Calhoun ISD	Education	613
Invista	Petrochemical	610

Source: Victoria Economic Development Corporation Feb-2007

Top Ten Private Employers

Employer	Sector	Employees
The Inteplast Group	Plastic products	1,700
Formosa Plastic	Petrochemical-plastics	1,500
Citizens Medical Center	Hospital	1,400
DeTar Healthcare System	Hospital	1,000
Dow - Seadrift Operations	Petrochemical	660
Alcoa	Aluminum/Alumina	630
Invista	Petrochemical	610
Kaspar Wireworks	Metalworks	565
Wal-Mart SuperCenter	Retail	468
University of Houston - Victoria	Education	436

Source: Victoria Economic Development Corporation Feb-2007

Victoria MSA Nonfarm Employment

Year	Employment	Percent Change
1996	45,200	-
1997	46,200	2.2
1998	47,700	3.2
1999	48,400	1.5
2000	49,800	2.9
2001	49,300	-1.0
2002	48,100	-2.4
2003	47,100	-2.1
2004	47,200	0.2
2005	48,800	3.4
2006	50,000	2.5

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

Employment Growth by Industry

	Victoria MSA	Texas
Employment Growth 2006 (Percent Change)	2.5	3.3
Unemployment Rate 2006 (Percent Change)	4.3	4.9
Net Job Change in 2006	1,200	318,300
2006 Employment Growth by Sector (Percent Change)		
Natural Resources and Mining and Construction	14.1	7.5
Manufacturing	3.5	3.2
Trade, Transportation, and Utilities	2.1	2.5
Information	0.0	-0.4
Financial Activities	4.8	2.6
Professional and Business Services	-2.9	6.0
Educational and Health Services	-1.5	2.8
Leisure and Hospitality	0.0	3.9
Government	-1.1	1.7

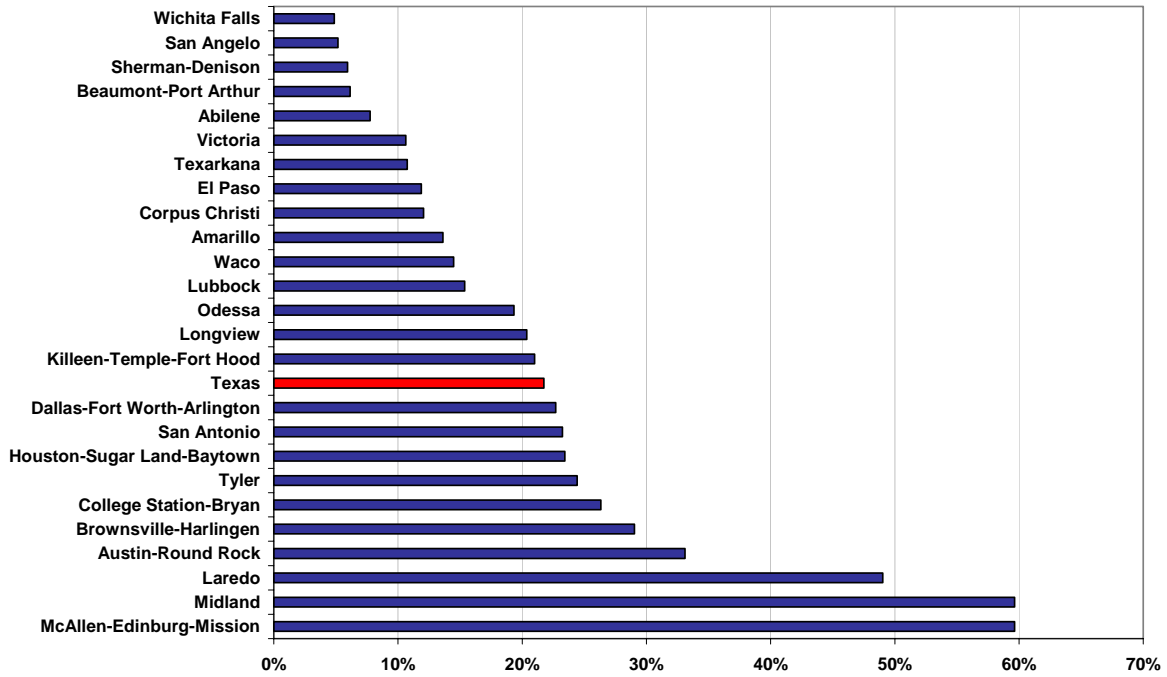
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

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

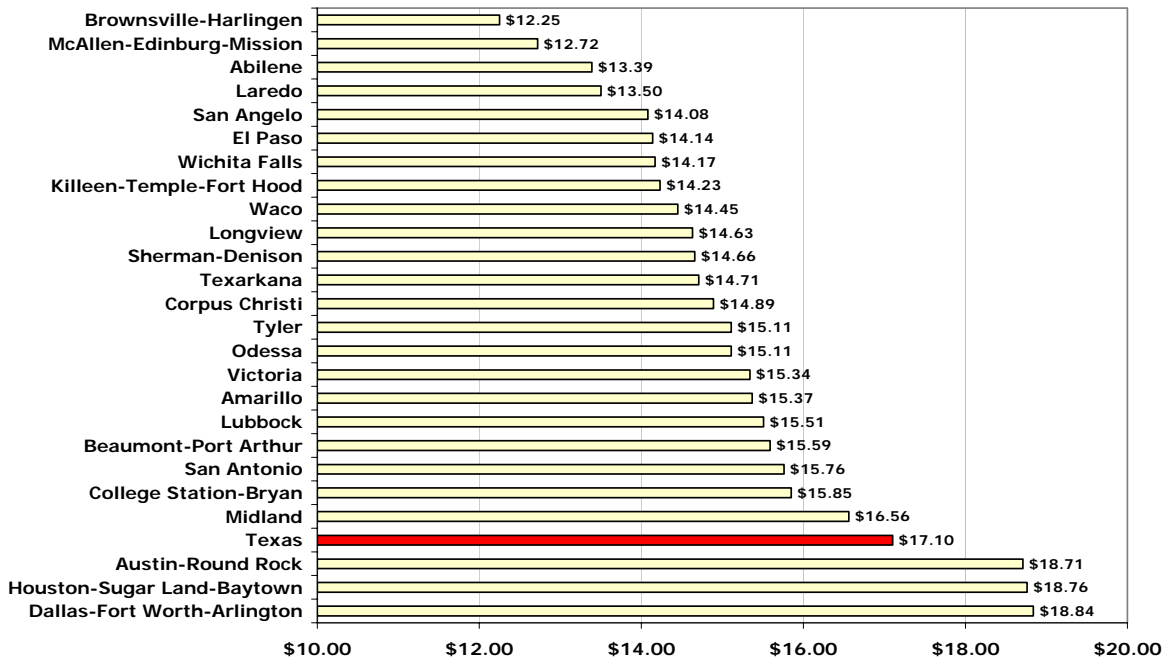
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

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



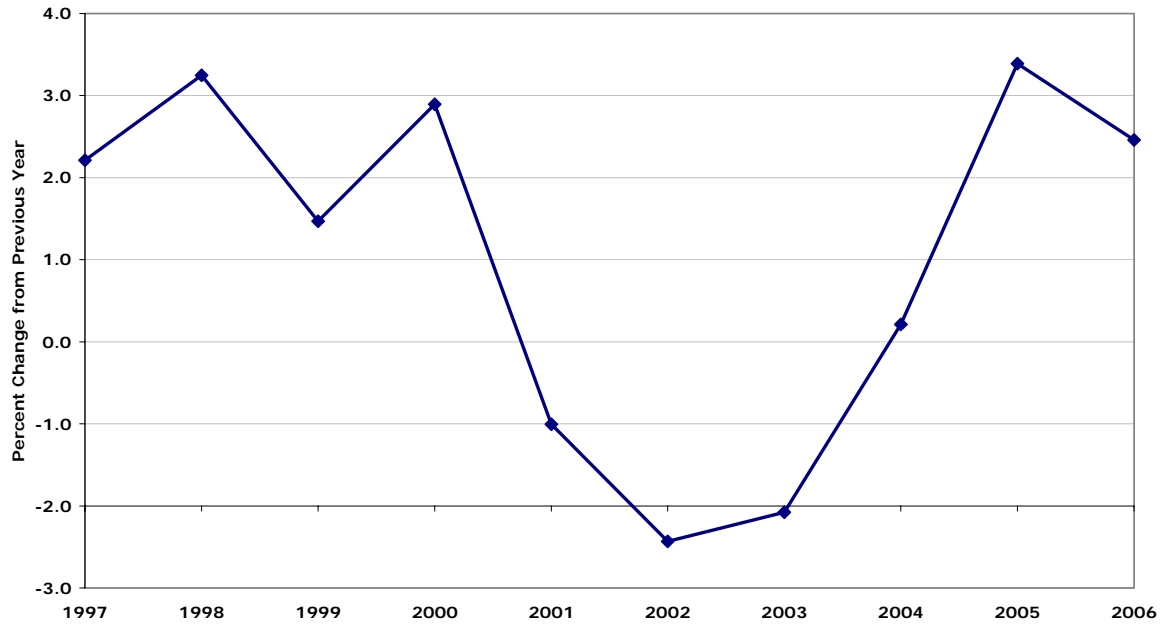
Source: Texas Workforce Commission and Real Estate Center

**Average Hourly Wage
2005**



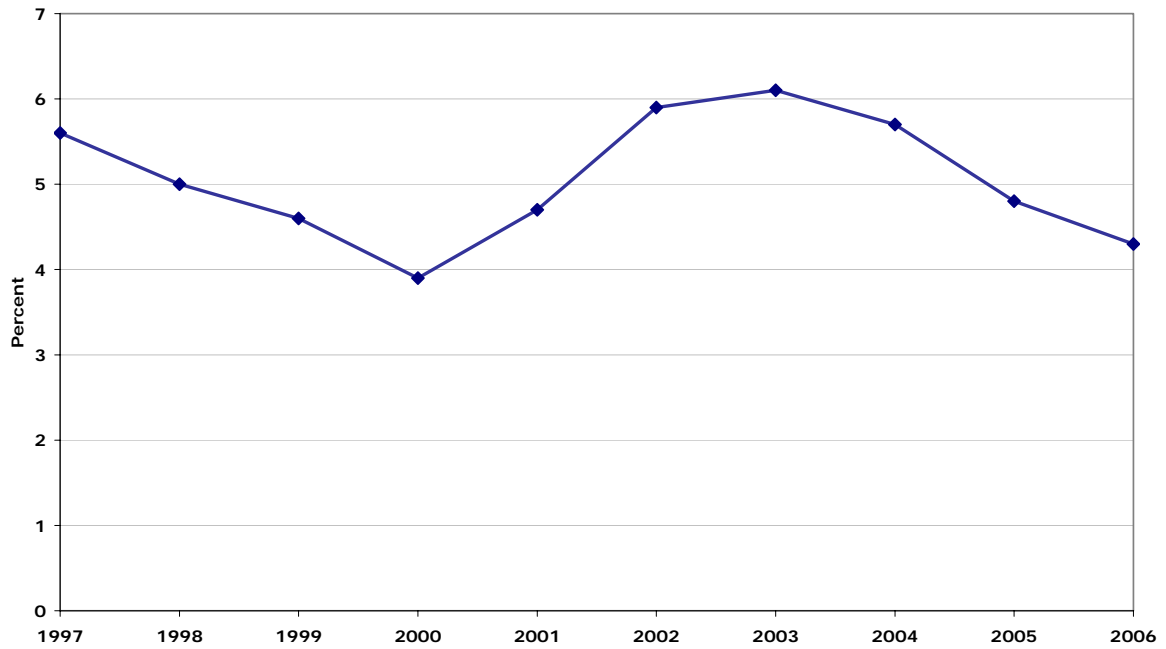
Source: Texas Workforce Commission

**Nonfarm Employment Growth
Victoria MSA**



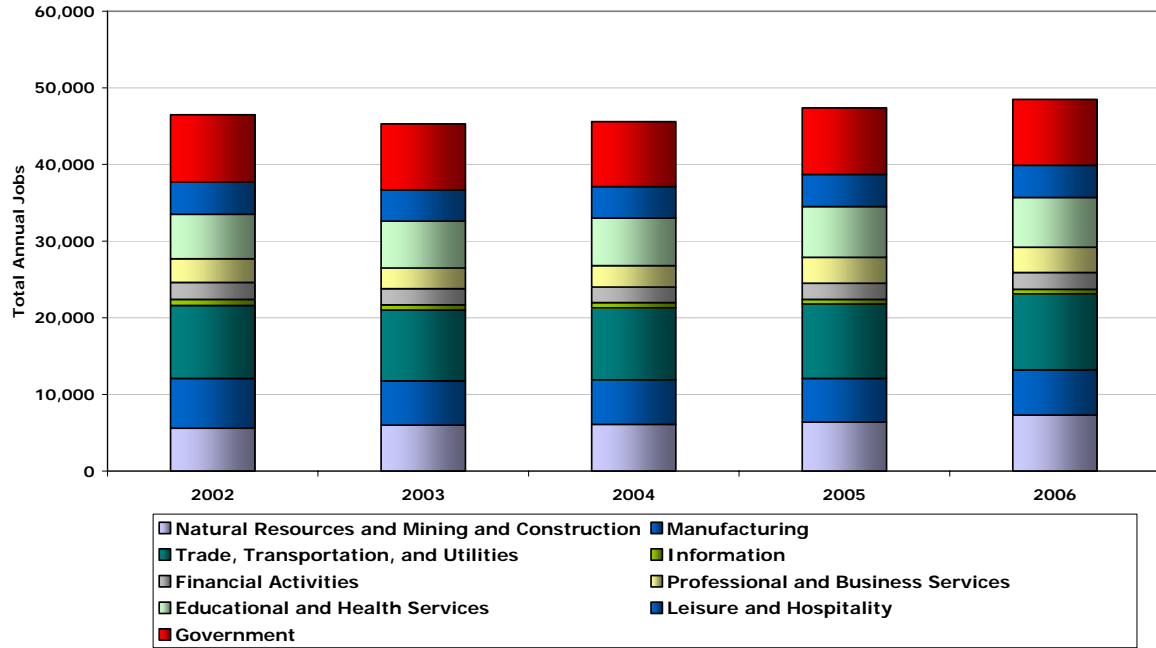
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Victoria MSA
Unemployment Rate**



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

Distribution of Employment in Major Categories
 Victoria MSA



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

Victoria Market Overview 2007 Economy

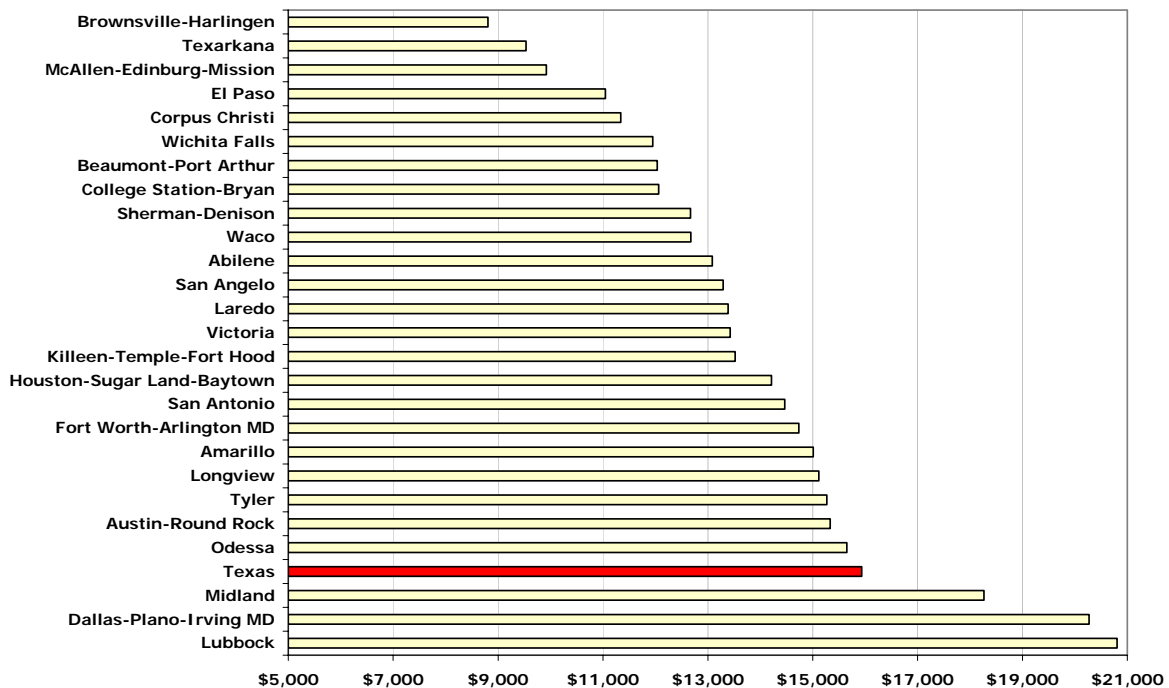
Victoria MSA Gross Retail Sales

Year	Total Sales	Sales per Capita
1995	\$997,964,489	#N/A
1996	\$1,066,953,655	\$9,821
1997	\$1,080,546,894	\$9,875
1998	\$1,131,779,115	\$10,218
1999	\$1,193,153,857	\$10,710
2000	\$1,271,156,242	\$11,384
2001	\$1,306,455,929	\$11,614
2002	\$1,272,962,785	\$11,304
2003	\$1,326,510,567	\$11,743
2004	\$1,436,776,660	\$12,687
2005	\$1,521,864,881	\$13,426
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

Victoria Market Overview 2007 Infrastructure

Victoria Airline Boardings

Victoria Regional Airport	2002	2003	2004	2005	2006
Enplaned	14,505	12,256	11,529	11,314	9,416

Source: Victoria Regional Airport

Airport Cargo Statistics (pounds)

Airport	2002	2003	2004	2005	2006
Victoria Regional Airport	396,737	392,590	497,576	541,497	289,824

Source: Victoria Regional Airport

Port of Port Lavaca/Point Comfort Port Arrivals*

	2002	2003	2004	2005	2006
Barge and ship arrivals	795	1,049	998	1,180	828

*Fiscal year

Source: Calhoun County Navigation District

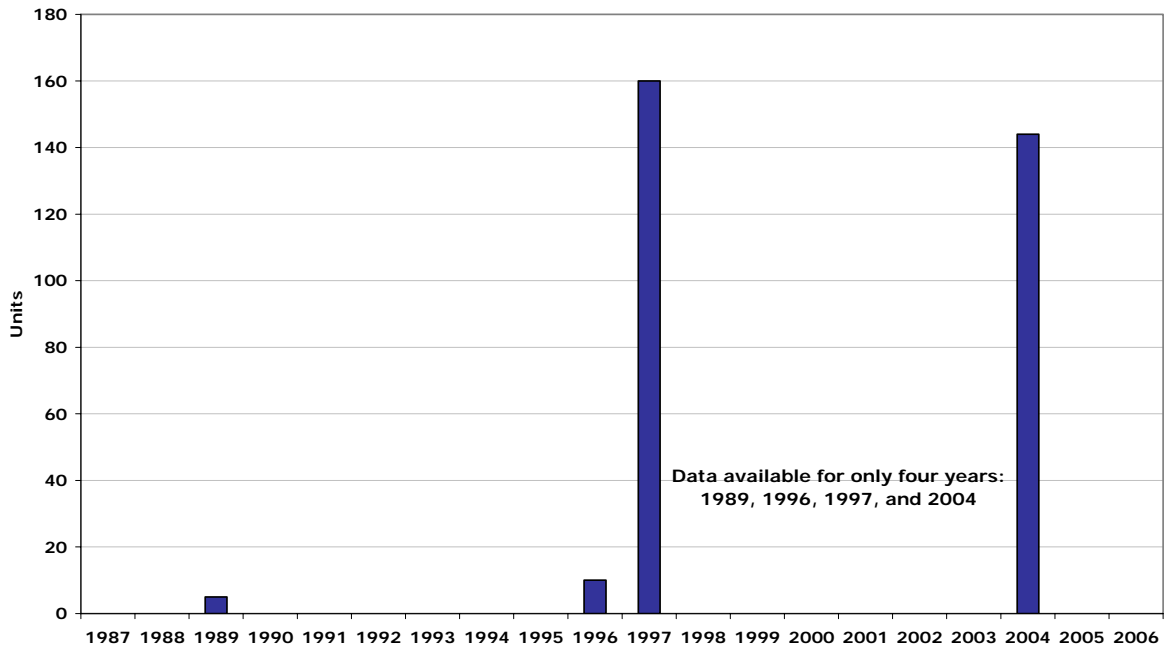
Victoria Market Overview 2007 Multifamily

Victoria Apartment Statistics 2006

	Victoria	Texas Metro Average
Average rent per square foot	\$0.59	\$0.77
Average rent for units built since 2000	\$0.56	\$0.86
Average occupancy	92.7%	92.8%
Average occupancy for units built since 2000	93.1%	94.1%

Source: Apartment MarketData Research

**Victoria MSA
 Multifamily Building Permits
 5+ Multifamily Building Permits**



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

Victoria 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**
Victoria	\$109,500	\$26,938	\$51,200	1.90	1.25
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.

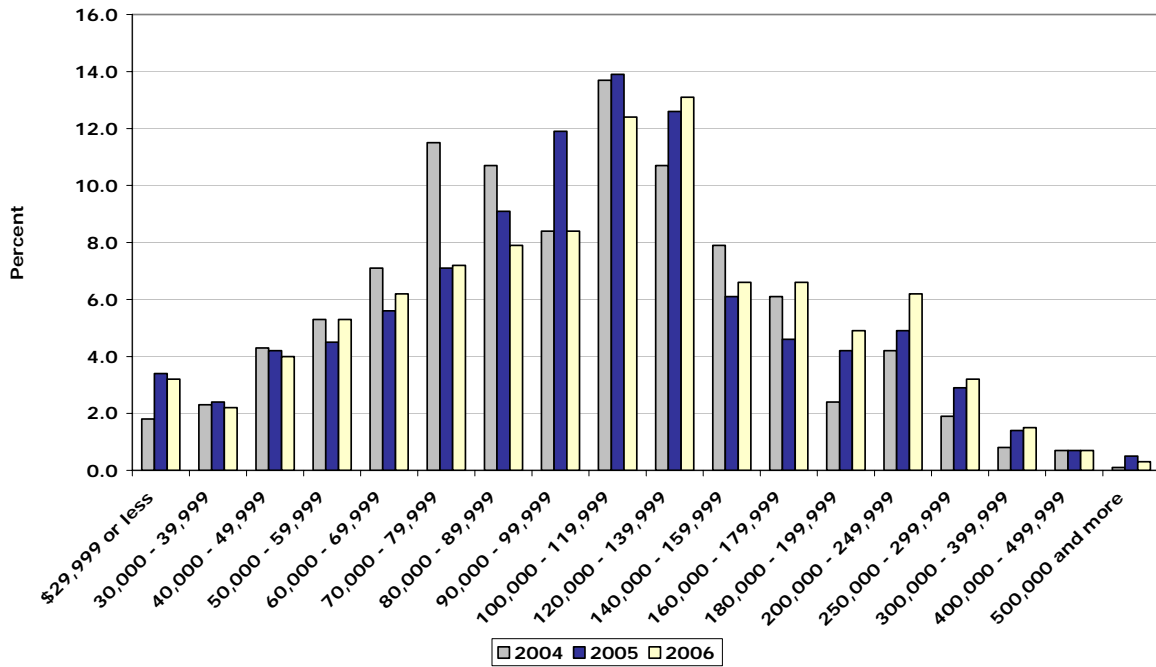
Source: Real Estate Center at Texas A&M University

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

Price Range	2000	2001	2002	2003	2004	2005	2006
\$29,999 or less	4.4	3.7	3.8	3.6	1.8	3.4	3.2
30,000 - 39,999	5.7	4.6	5.4	3.8	2.3	2.4	2.2
40,000 - 49,999	6.4	6.1	7.1	4.5	4.3	4.2	4.0
50,000 - 59,999	7.2	5.6	8.8	7.5	5.3	4.5	5.3
60,000 - 69,999	9.4	11.2	8.3	7.7	7.1	5.6	6.2
70,000 - 79,999	11.8	13.1	9.4	9.3	11.5	7.1	7.2
80,000 - 89,999	12.2	11.1	8.9	11.6	10.7	9.1	7.9
90,000 - 99,999	9.4	9.4	8.3	7.8	8.4	11.9	8.4
100,000 - 119,999	11.5	9.6	11.5	12.2	13.7	13.9	12.4
120,000 - 139,999	7.1	7.9	7.9	10.3	10.7	12.6	13.1
140,000 - 159,999	3.8	6.6	6.9	6.2	7.9	6.1	6.6
160,000 - 179,999	4.1	4.5	2.7	4.4	6.1	4.6	6.6
180,000 - 199,999	2.3	2.2	3.3	3.3	2.4	4.2	4.9
200,000 - 249,999	2.4	2.2	4.5	4.8	4.2	4.9	6.2
250,000 - 299,999	1.4	1.4	1.7	1.8	1.9	2.9	3.2
300,000 - 399,999	1.0	0.4	1.2	1.2	0.8	1.4	1.5
400,000 - 499,999	0.0	0.4	0.3	0.0	0.7	0.7	0.7
500,000 and more	0.0	0.0	0.2	0.0	0.1	0.5	0.3

Source: Real Estate Center at Texas A&M University

**Price Distribution of MLS Homes Sold
Victoria Area**



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
City of Victoria	0.6900
Victoria ISD	1.4285
Victoria County	0.3436
Total	\$2.46

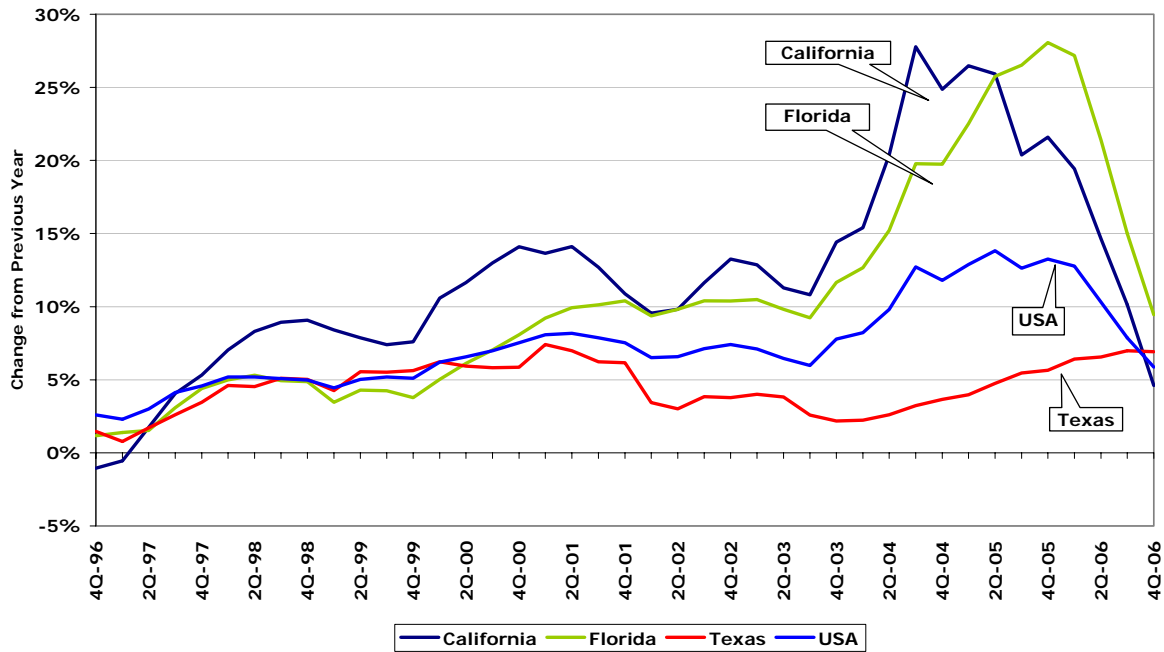
* Only the typical taxing entities are listed. However, there are numerous numbers of taxing entities that need to be taken into account for an actual tax rate calculation. See following link for a more complete list:

<http://www.victoriacountytexas.org/departments/tax/rates.htm>

Source: Victoria County Appraisal District

National Home Price Appreciation

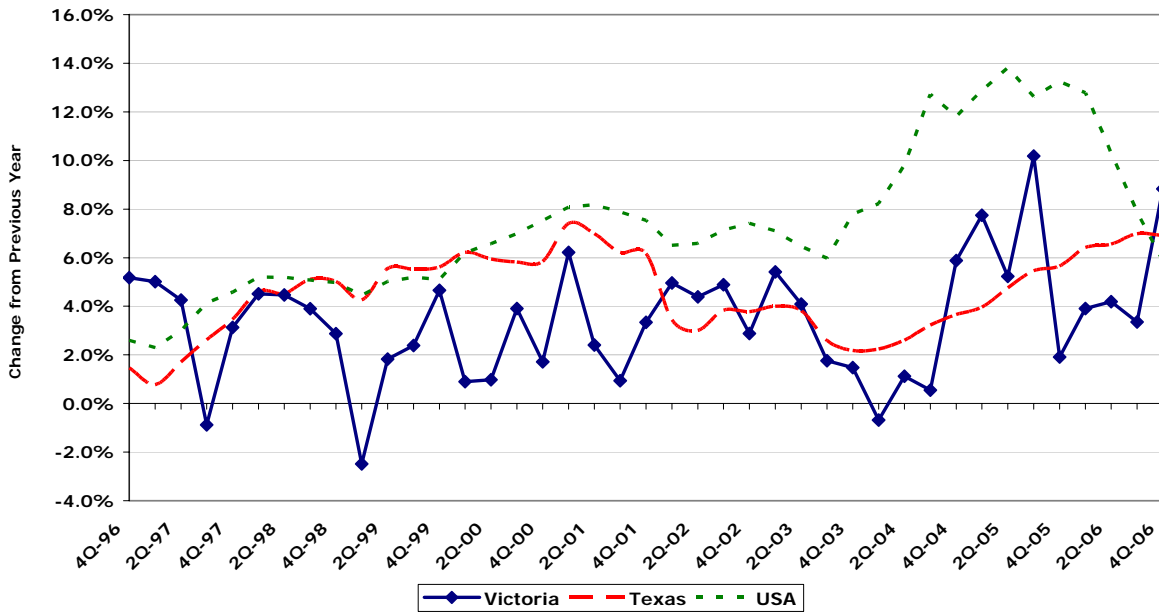
The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae.



Source: Office of Federal Housing Enterprise Oversight

Home Price Appreciation Victoria 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
Victoria, TX

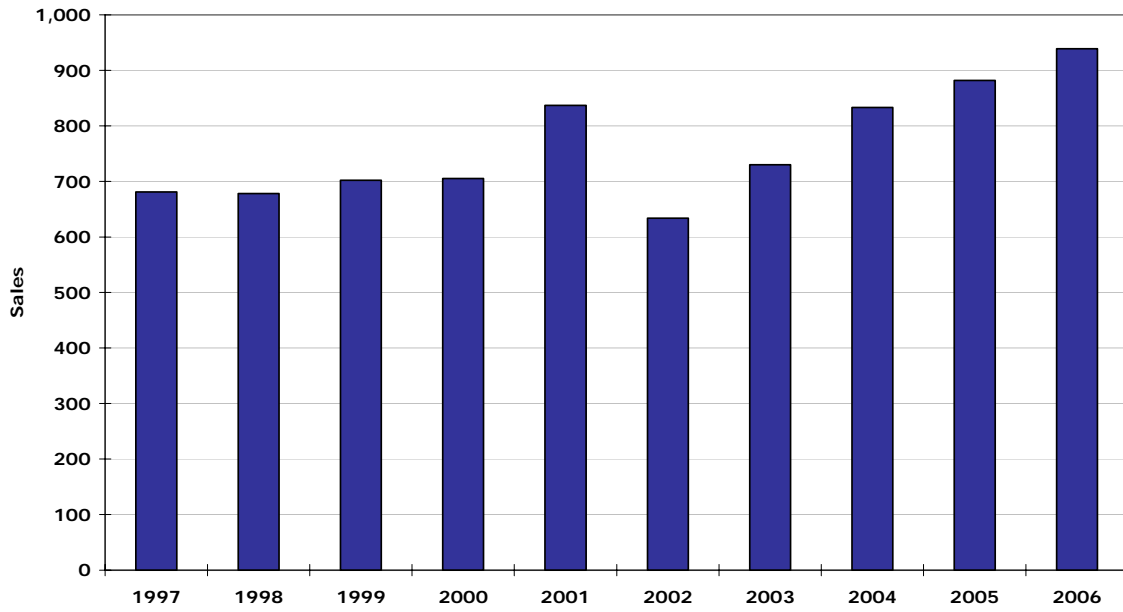
2005 Occupied Housing Unit Characteristics

Housing Unit Characteristics	Victoria 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	30,600	12,431	43,031	5,162,604	2,815,491	7,978,095
Household Size						
1-person household	21.9%	28.1%	23.7%	19.1%	35.0%	24.7%
2-person household	34.1%	25.8%	31.7%	34.2%	25.8%	31.2%
3-person household	14.0%	23.0%	16.6%	17.2%	16.0%	16.8%
4-or-more-person household	30.0%	23.1%	28.0%	29.5%	23.2%	27.3%
Race and Hispanic or Latino Origin of Householder						
One Race						
White	76.2%	64.6%	72.8%	79.0%	66.2%	74.5%
Black or African American	2.8%	13.6%	5.9%	8.2%	17.9%	11.6%
American Indian and Alaska Native	-	-	1.8%	0.5%	0.6%	0.6%
Asian	1.1%	0.0%	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	16.1%	19.8%	17.2%	8.3%	10.8%	9.2%
Two or more races	1.7%	0.9%	1.5%	1.0%	1.4%	1.2%
Age of Householder						
Under 35 years	11.2%	44.5%	20.8%	14.4%	46.3%	25.6%
35 to 44 years	20.3%	10.4%	17.4%	21.9%	21.4%	21.7%
45 to 54 years	25.0%	18.0%	23.0%	24.1%	15.4%	21.0%
55 to 64 years	17.4%	16.9%	17.3%	18.1%	8.3%	14.7%
65 to 74 years	12.8%	2.9%	10.0%	11.9%	4.2%	9.2%
75 to 84 years	10.5%	3.7%	8.5%	7.6%	3.1%	6.1%
85 years and over	2.8%	3.6%	3.0%	2.0%	1.3%	1.8%
Units in Structure						
1, detached	84.3%	52.3%	75.0%	87.5%	28.3%	66.6%
1, attached	1.5%	0.0%	1.1%	2.3%	3.6%	2.8%
2 apartments	0.0%	9.0%	2.6%	0.3%	4.9%	1.9%
3 or 4 apartments	0.3%	12.1%	3.7%	0.4%	8.8%	3.3%
5 to 9 apartments	0.0%	6.7%	1.9%	0.3%	13.8%	5.1%
10 or more apartments	0.2%	12.6%	3.8%	0.7%	35.1%	12.9%
Mobile home or other type of housing	13.7%	7.2%	11.8%	8.5%	5.6%	7.5%
Year Structure Built						
2000 or later	8.0%	1.8%	6.2%	13.7%	10.9%	12.7%
1990 to 1999	14.7%	17.7%	15.6%	18.6%	14.8%	17.2%
1980 to 1989	21.6%	9.5%	18.1%	18.7%	22.5%	20.1%
1960 to 1979	30.8%	40.1%	33.5%	28.7%	35.0%	30.9%
1940 to 1959	20.5%	22.2%	21.0%	15.4%	12.4%	14.3%
1939 or earlier	4.4%	8.7%	5.7%	4.9%	4.5%	4.8%
Bedrooms						
No bedroom	0.3%	1.2%	0.6%	0.2%	1.5%	0.6%
1 bedroom	2.2%	16.6%	6.3%	2.1%	32.6%	12.9%
2 or 3 bedrooms	77.9%	78.7%	78.1%	70.8%	61.7%	67.6%
4 or more bedrooms	19.7%	3.5%	15.0%	26.8%	4.2%	18.9%
Annual Household Income and Housing Costs*						
Median household income (dollars)	\$45,177	\$24,154	\$36,547	\$54,610	\$26,782	\$42,139
Annual Median Housing Costs (dollars)	\$6,516	\$7,380	\$7,032	\$10,536	\$8,052	\$9,108
Housing Costs as a percentage of household income	14.4%	30.6%	19.2%	19.3%	30.1%	21.6%

* in 2005 inflation-adjusted dollars

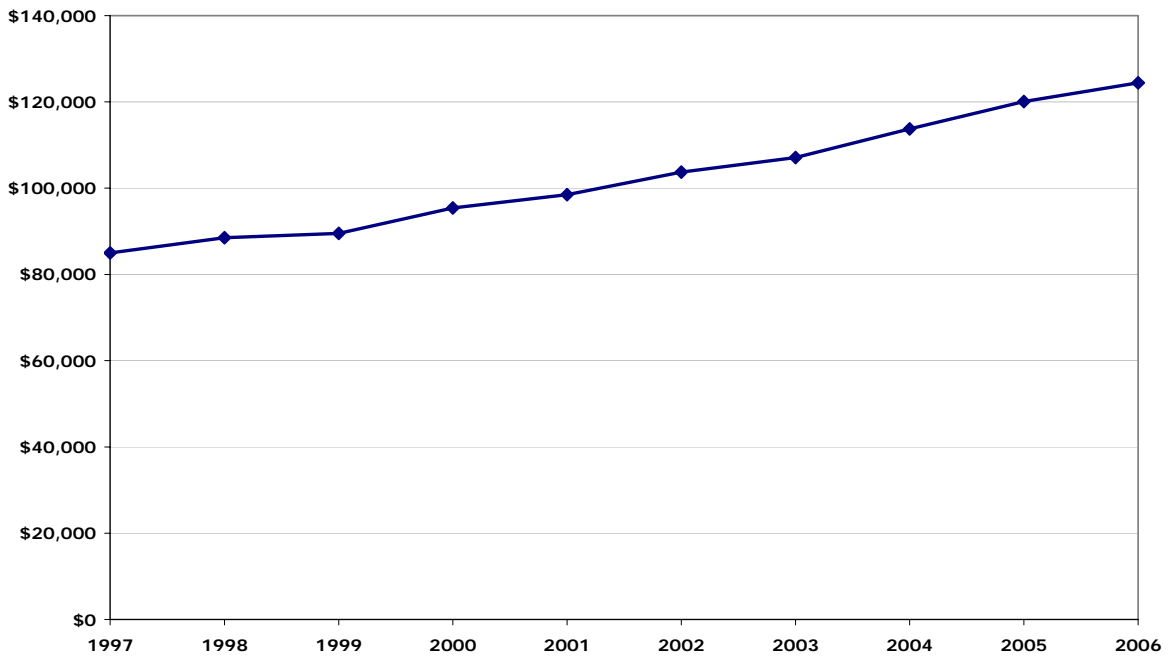
Source: U.S. Census Bureau 2005 and Real Estate Center at Texas A&M University

Yearly Homes Sales
Victoria MLS



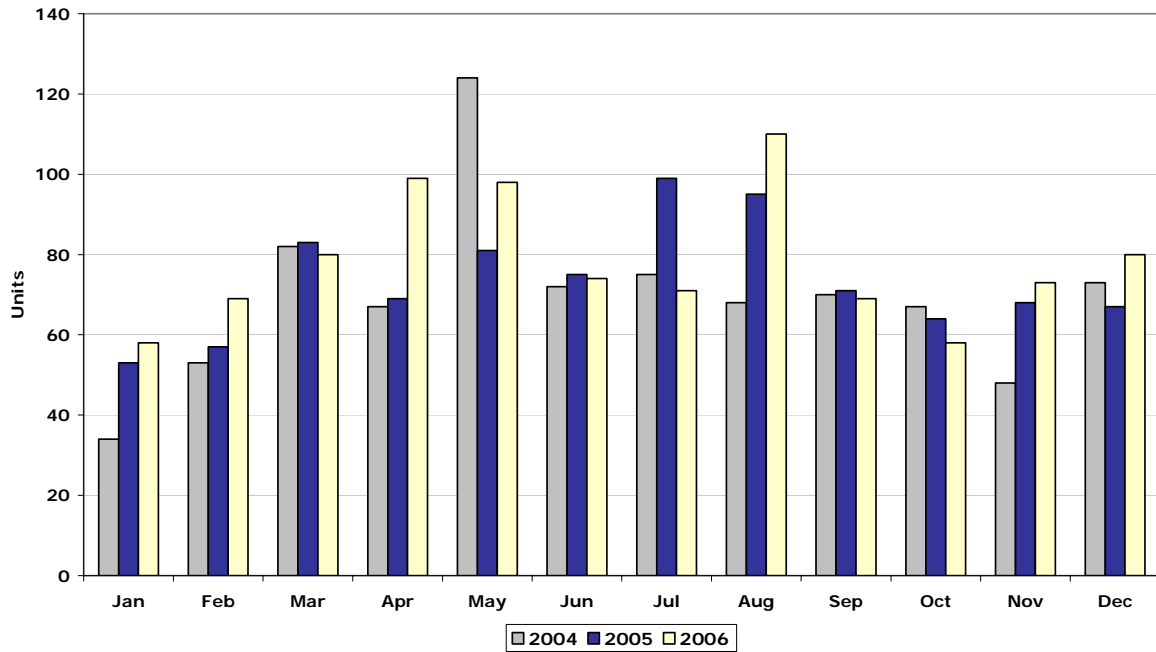
Source: Real Estate Center at Texas A&M University

Average Sales Price
Victoria MLS



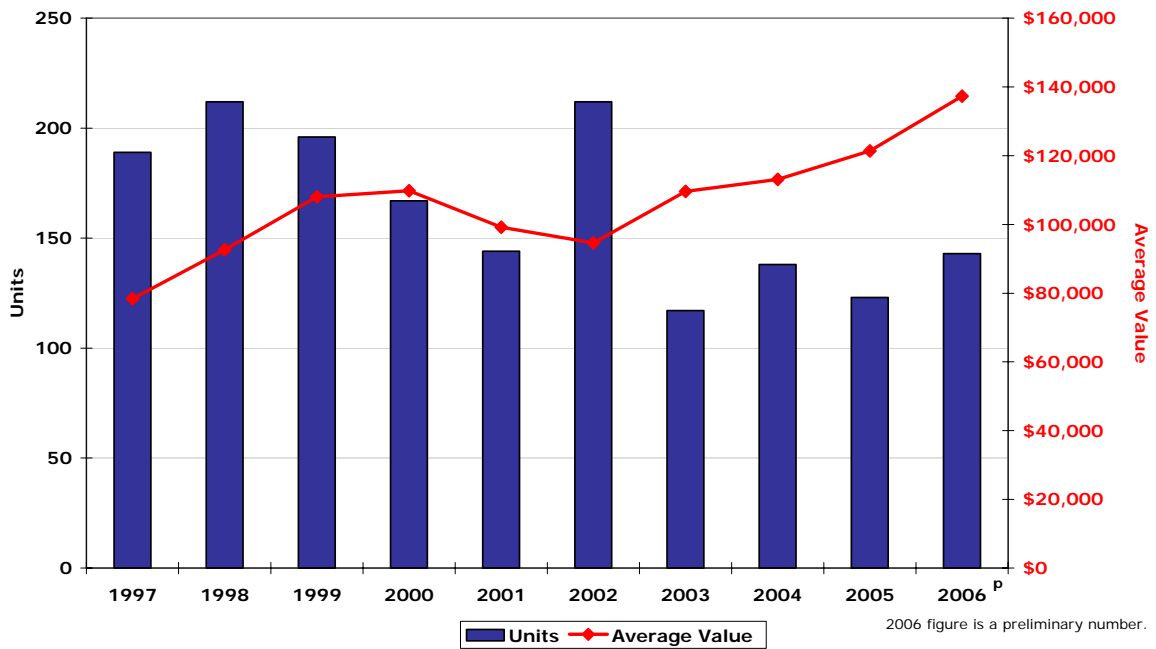
Source: Real Estate Center at Texas A&M University

Single-Family Homes Sales Volume
Victoria MSA



Source: Real Estate Center at Texas A&M University

Single-Family Building Permits and Average Value
Victoria MSA



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

Victoria Market Overview 2007 Hotel

Hotel* Occupancy and Rental Rates

	2005		2006	
	Victoria	Texas	Victoria	Texas
# Rooms 000's	1.7	333.6	1.8	341
Average daily rate	\$53.40	\$74.38	\$57.13	\$80.82
Occupancy rate (in percent)	54.4	59.9	53.2	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



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