

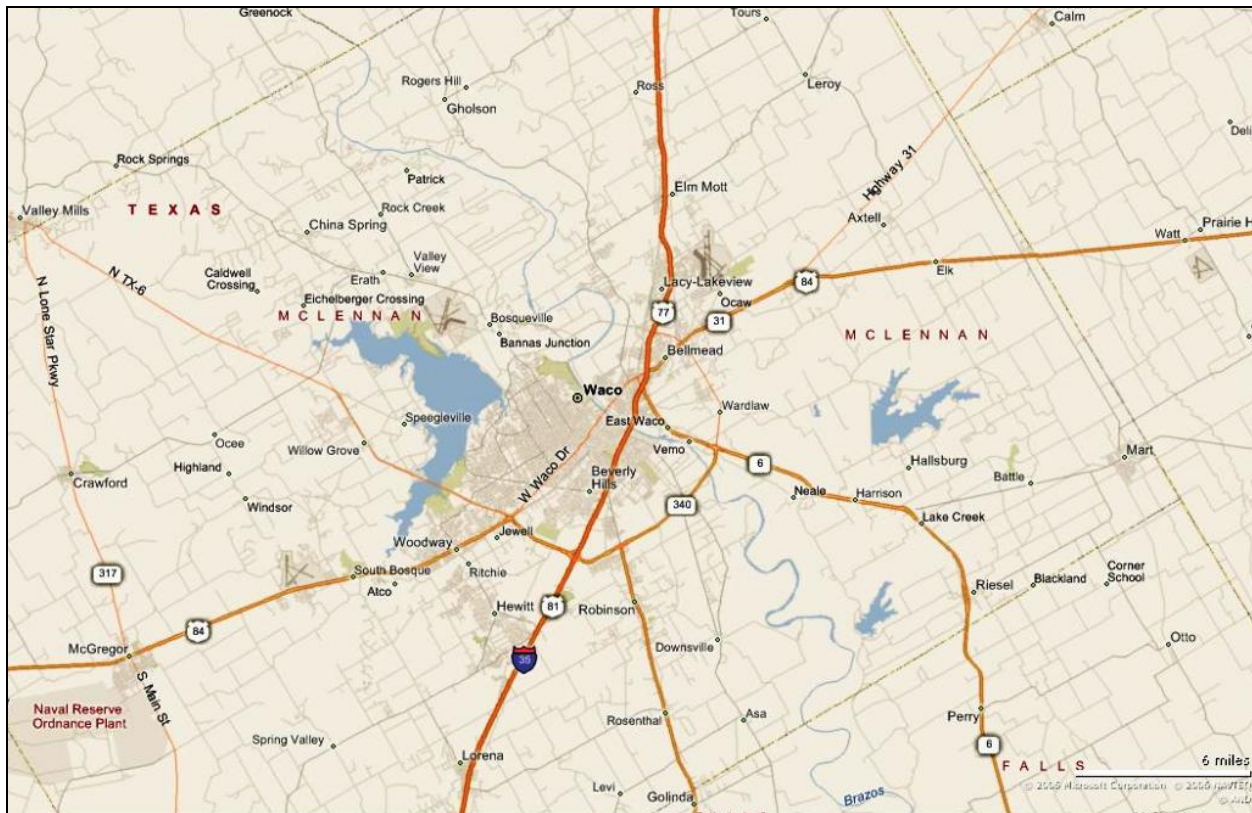
Real Estate Market Overview 2007

Waco

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
2006 Population Density	217.1 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	

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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Waco Market Overview 2007 Demographics

Waco MSA Population*

Year	Population	Percent Change
1996	205,894	-
1997	207,991	1.0
1998	209,800	0.9
1999	211,548	0.8
2000	213,517	0.9
2001	215,496	0.9
2002	217,170	0.8
2003	219,652	1.1
2004	222,765	1.4
2005	224,668	0.9
2006	226,189	0.7

* July 1 population estimates

Source: U.S. Census Bureau

Area Cities With 10,000 or More Residents

City	1990 Population	2000 Population	Growth 1990 - 2000 (in percent)
Hewitt	8,983	11,085	23.4
Waco	103,590	113,726	9.8

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

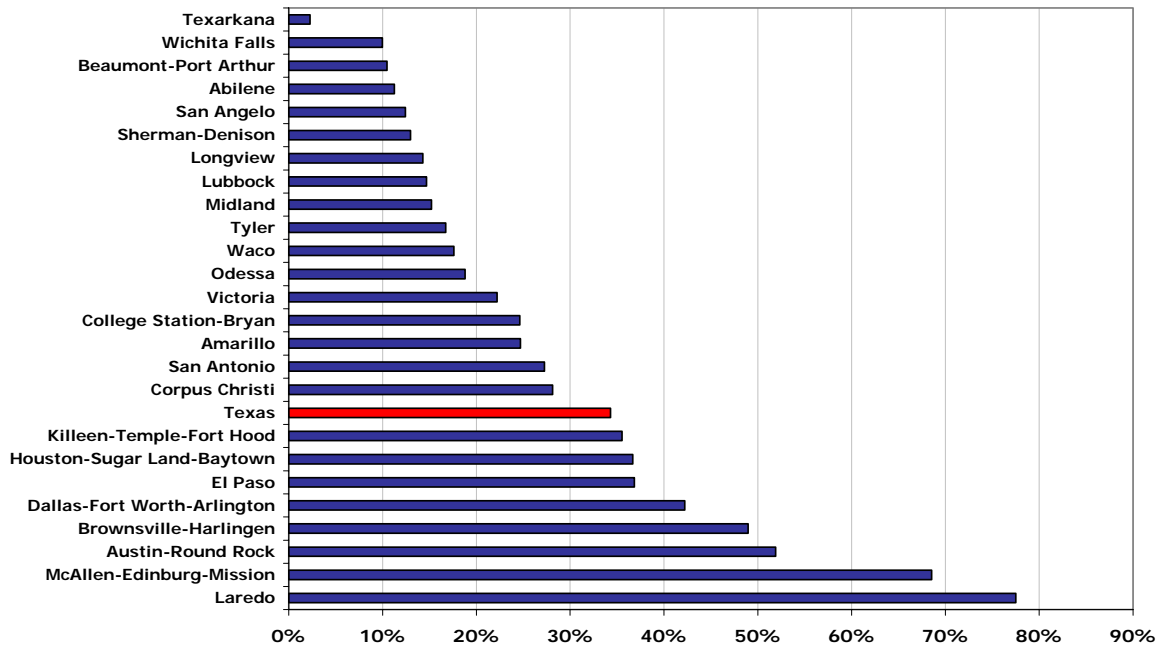
Source: U.S. Census Bureau

Waco MSA Projected Population

Year	Texas State Data Center (Scenario 0.5)	Texas Water Development Board
2000	213,517	213,517
2005	221,368	-
2010	231,484	231,882
2015	241,622	-
2020	251,104	250,398
2025	259,857	-
2030	268,500	266,002
2035	276,987	-
2040	285,517	282,177

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

	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)

Waco 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
McLennan	27.9	22.5	7.1	11.8	4.7	1.0
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	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	2002	2003	2004	2005	2006
Baylor University	14,159	13,937	13,798	13,975	14,040
McLennan Community College	6,532	7,052	7,522	7,638	7,746

Sources: Texas Higher Education Coordinating Board

Waco Market Overview 2007 Employment

Top Ten Employers

Employer	Sector	Employees
Veterans Administration Medical Center	Medical care	3,000
Baylor University	Education	2,300
Waco ISD	Education	2,300
Hillcrest Baptist Medical Center	Medical care	1,836
L-3 Communications Integrated Systems	Aircraft modification	1,706
Providence Health Center	Medical care	1,565
City of Waco	Government	1,460
Midway ISD	Education	885
McLennan County	Government	880
Masterfoods USA, A Mars, Inc. company	Confectionary products	750

Source: Waco Chamber of Commerce Oct-2006

Top Ten Private Employers

Employer	Sector	Employees
Baylor University	Education	2,300
Hillcrest Baptist Medical Center	Medical care	1,836
L-3 Communications Integrated Systems	Aircraft modification	1,706
Providence Health Center	Medical care	1,565
Masterfoods USA, A Mars, Inc. company	Confectionary products	750
Pilgrim's Pride	Processed chicken products	688
Cargil Foods, Inc.	Dressed/packed turkey products	685
Examination Management Services, Inc.	Insurance inspection audit	600
ALCOA Fastening Systems	Industrial fasteners	532
Allergan	Optical products / Drugs	480

Source: Waco Chamber of Commerce Oct-2006

Waco MSA

Nonfarm Employment

Year	Employment	Percent Change
1996	92,600	-
1997	94,800	2.4
1998	97,000	2.3
1999	100,400	3.5
2000	101,100	0.7
2001	100,600	-0.5
2002	100,300	-0.3
2003	100,600	0.3
2004	102,200	1.6
2005	104,900	2.6
2006	106,000	1.0

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

Employment Growth by Industry

	Waco MSA	Texas
Employment Growth 2006 (Percent Change)	1.0	3.3
Unemployment Rate 2006 (Percent Change)	4.8	4.9
Net Job Change in 2006	1,100	318,300
2006 Employment Growth by Sector (Percent Change)		
Natural Resources and Mining and Construction	-1.8	7.5
Manufacturing	-1.9	3.2
Trade, Transportation, and Utilities	1.1	2.5
Information	0.0	-0.4
Financial Activities	-1.6	2.6
Professional and Business Services	6.5	6.0
Educational and Health Services	4.3	2.8
Leisure and Hospitality	0.0	3.9
Government	-0.6	1.7

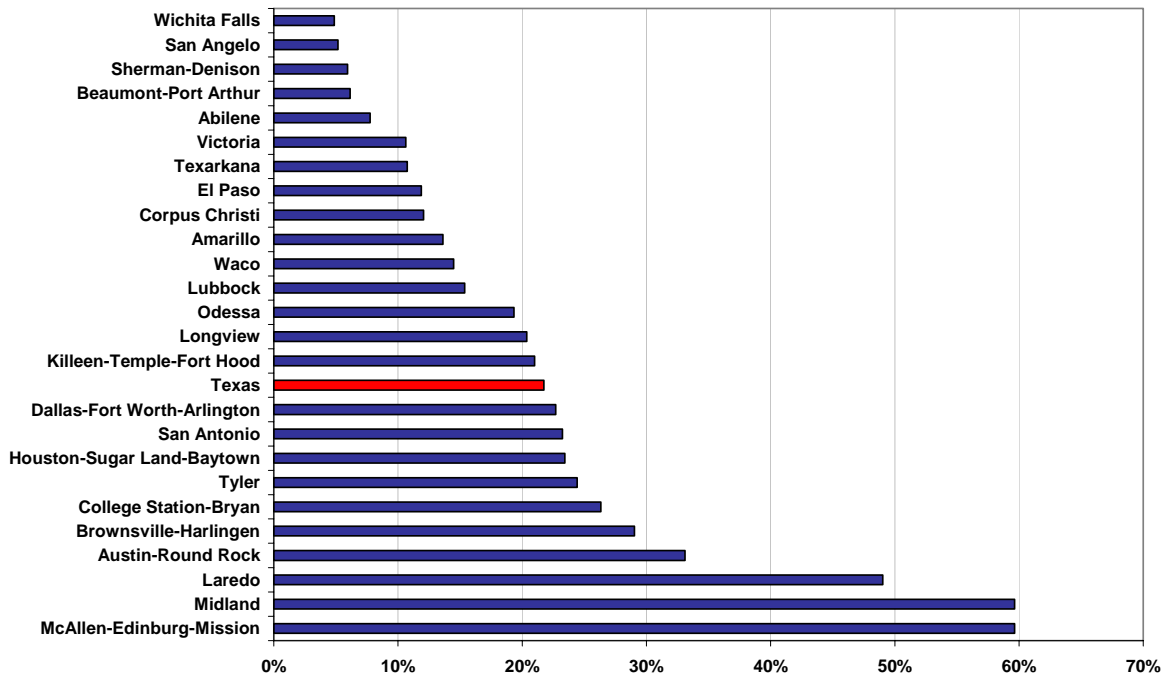
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

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

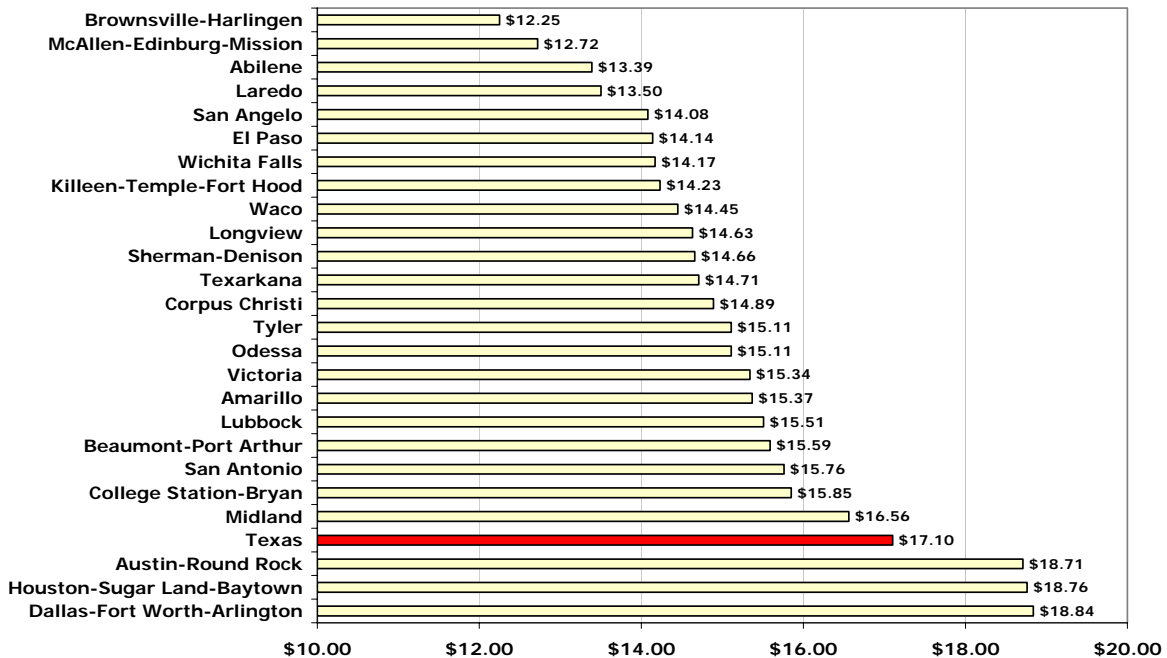
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

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



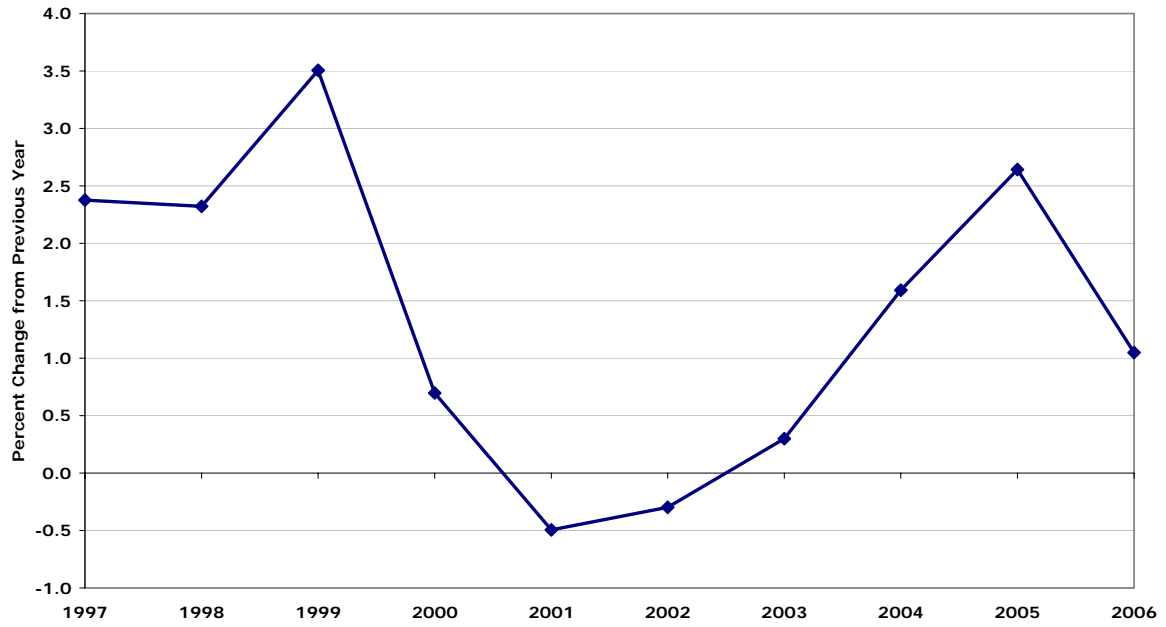
Source: Texas Workforce Commission and Real Estate Center

**Average Hourly Wage
2005**



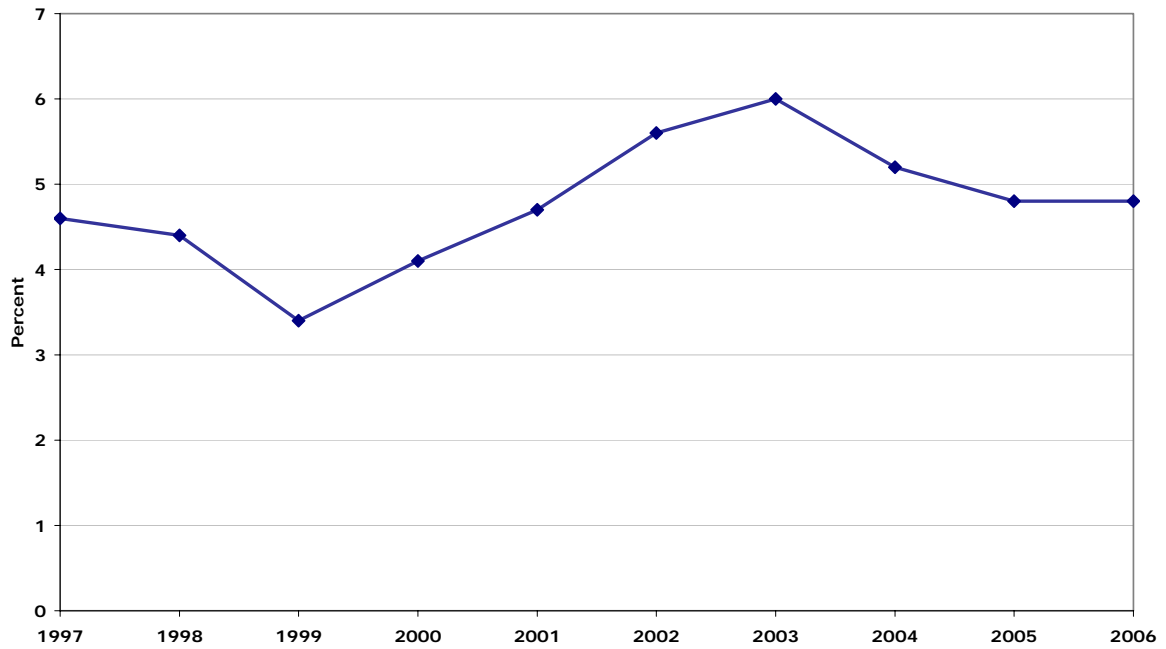
Source: Texas Workforce Commission

**Nonfarm Employment Growth
Waco MSA**



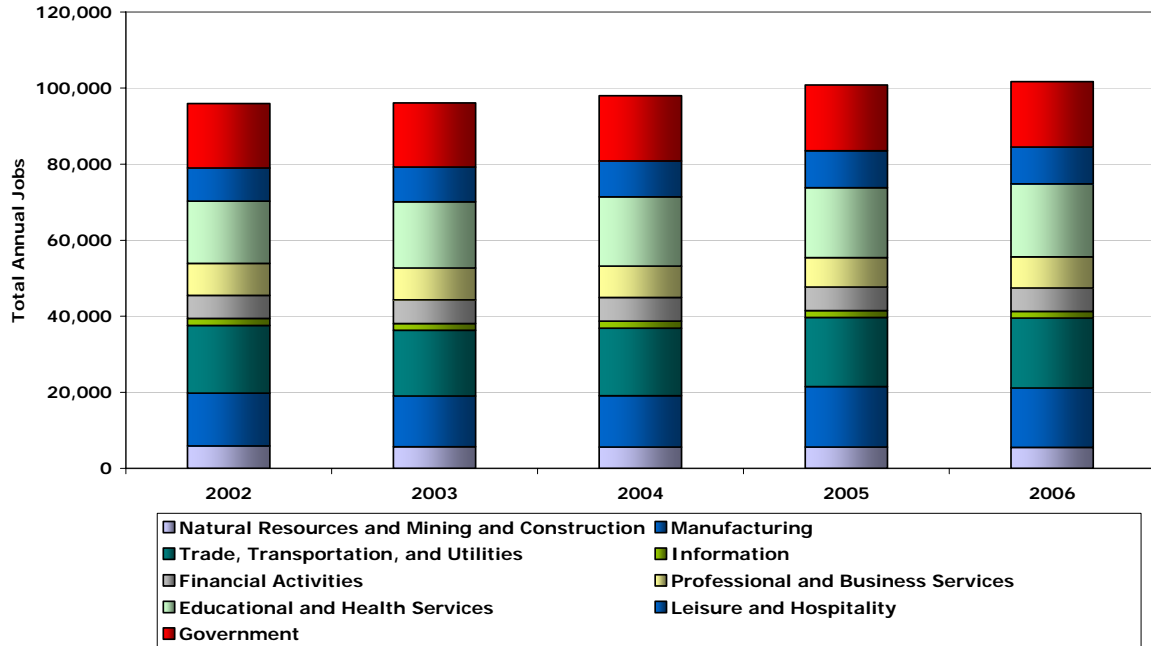
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Waco MSA
Unemployment Rate**



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

Distribution of Employment in Major Categories
 Waco MSA



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

Waco Market Overview 2007 Economy

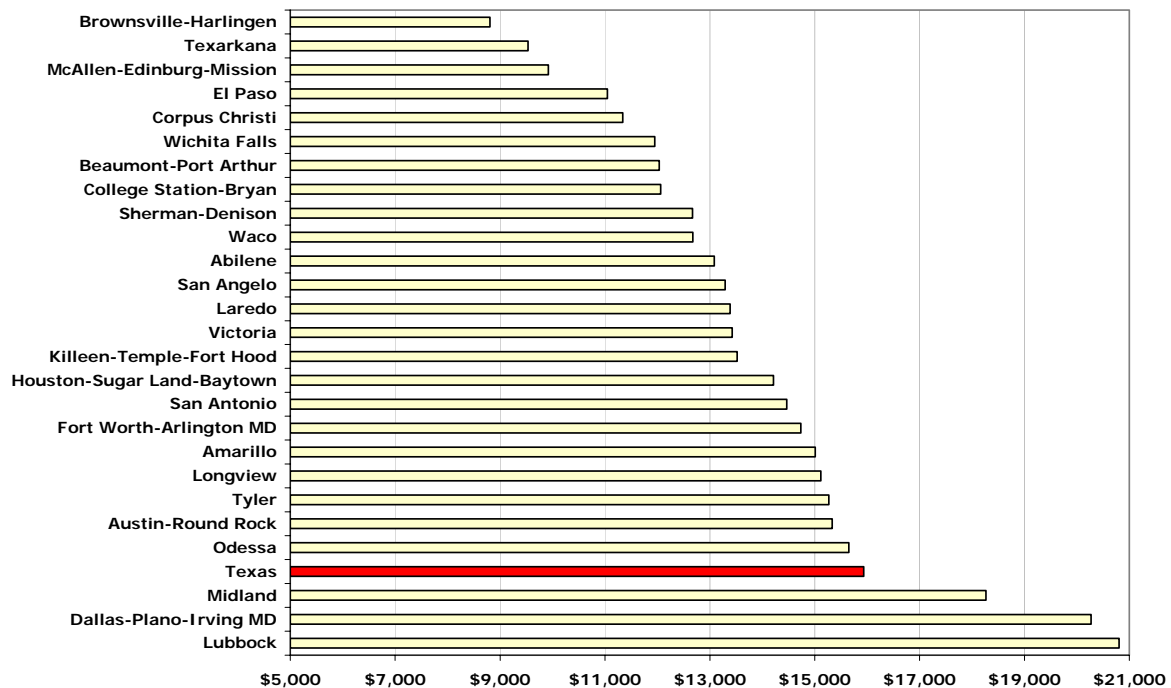
Waco MSA Gross Retail Sales

Year	Total Sales	Sales per Capita
1995	\$2,030,098,684	#N/A
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	\$11,676
2002	\$2,535,226,240	\$11,674
2003	\$2,629,053,899	\$11,969
2004	\$2,736,725,641	\$12,285
2005	\$2,847,936,150	\$12,676
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

Waco Market Overview 2007 Infrastructure

Waco Airline Boardings

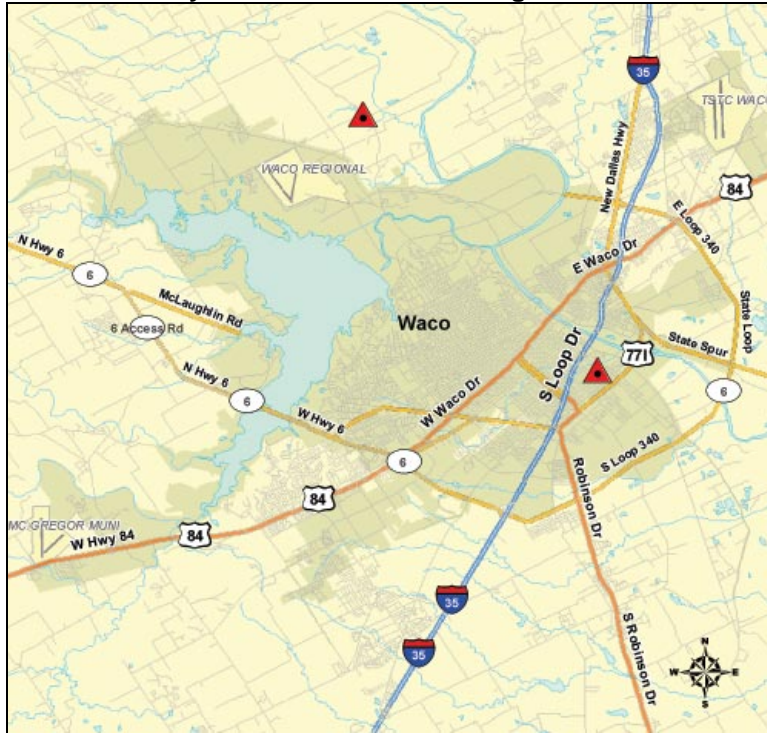
Waco Regional Airport	2002	2003	2004	2005	2006
Enplaned	50,278	56,482	64,035	71,474	75,878
Deplaned	49,037	54,536	62,497	70,159	73,762
Total	99,315	111,018	126,532	141,633	149,640

Source: Waco Regional Airport

Waco Market Overview 2007

Public Facilities

Waco City Public Facilities Building Permits 2005*



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

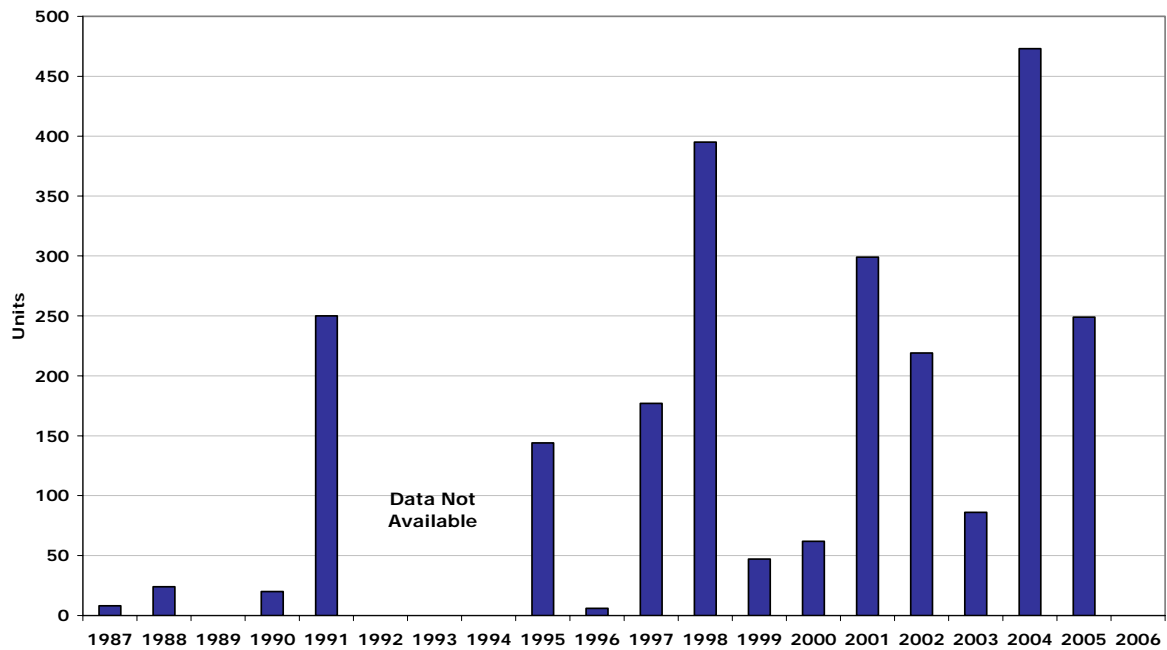
Waco Market Overview 2007 Multifamily

Waco Apartment Statistics 2006

	Waco	Texas Metro Average
Average rent per square foot	\$0.68	\$0.77
Average rent for units built since 2000	\$0.71	\$0.86
Average occupancy	93.4%	92.8%
Average occupancy for units built since 2000	93.2%	94.1%

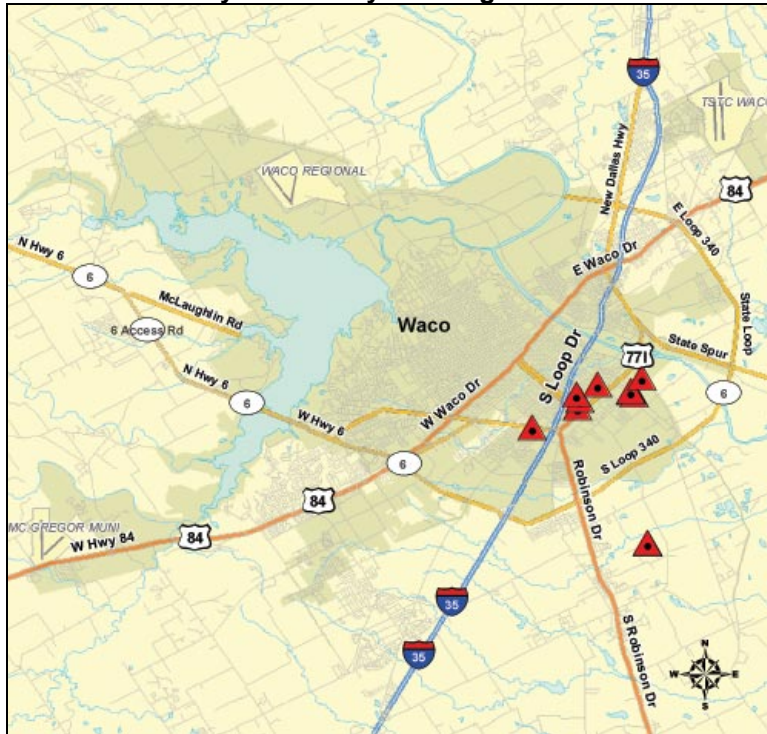
Source: Apartment MarketData Research

**Waco MSA
 Multifamily Building Permits
 5+ Multifamily Building Permits**



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

Waco City Multifamily Building Permits 2005*



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

Waco 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**
Waco	\$95,500	\$23,494	\$49,100	2.09	1.32
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, Waco Area (in percent)

Price Range	2000	2001	2002	2003	2004	2005	2006
\$29,999 or less	-	-	-	5.7	4.9	4.7	4.8
30,000 - 39,999	-	-	-	3.9	4.0	4.2	3.7
40,000 - 49,999	-	-	-	4.4	4.2	3.8	4.0
50,000 - 59,999	-	-	-	5.9	5.6	5.0	5.1
60,000 - 69,999	-	-	-	8.2	7.3	5.8	5.6
70,000 - 79,999	-	-	-	6.8	7.4	6.5	7.2
80,000 - 89,999	-	-	-	8.2	9.0	6.4	7.1
90,000 - 99,999	-	-	-	7.9	7.7	7.7	6.7
100,000 - 119,999	-	-	-	12.6	12.5	13.2	12.4
120,000 - 139,999	-	-	-	11.3	11.4	13.1	11.6
140,000 - 159,999	-	-	-	7.8	7.5	8.6	9.7
160,000 - 179,999	-	-	-	5.7	6.0	6.1	6.4
180,000 - 199,999	-	-	-	3.6	3.2	4.3	4.2
200,000 - 249,999	-	-	-	3.6	4.8	5.0	5.0
250,000 - 299,999	-	-	-	1.4	2.0	2.8	3.2
300,000 - 399,999	-	-	-	2.0	1.9	1.7	2.3
400,000 - 499,999	-	-	-	0.7	0.2	1.0	0.7
500,000 and more	-	-	-	0.4	0.3	0.3	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, 2006
County, Major City, Major School District

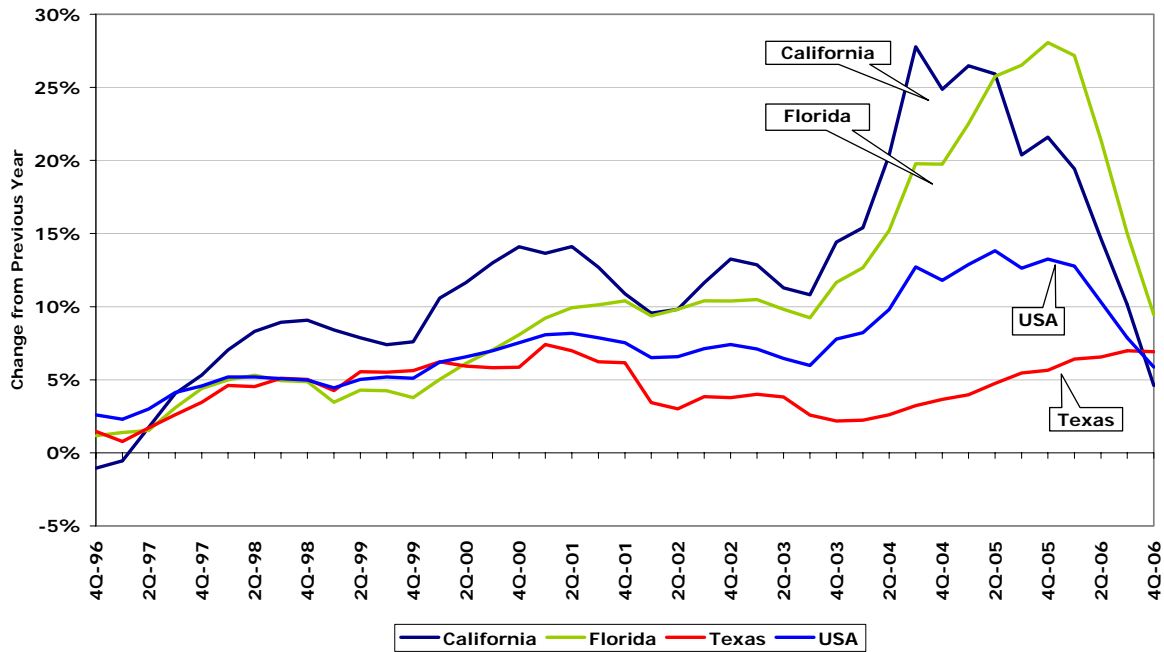
Taxing Entity*	Tax Rate per \$100 Valuation
City of Waco	0.6997
Waco ISD	1.4438
McLennan County	0.4400
Total	\$2.58

* 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

National Home Price Appreciation

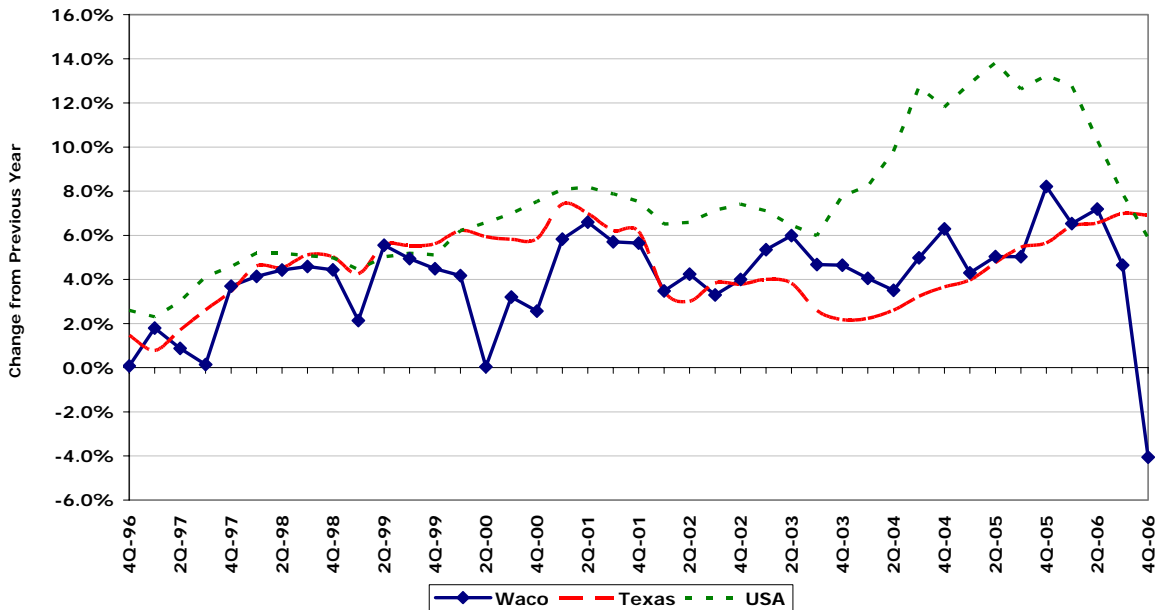
The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae.



Source: Office of Federal Housing Enterprise Oversight

Home Price Appreciation 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.



Source: Office of Federal Housing Enterprise Oversight

Real Estate Center Market Overview 2007
Waco, Texas

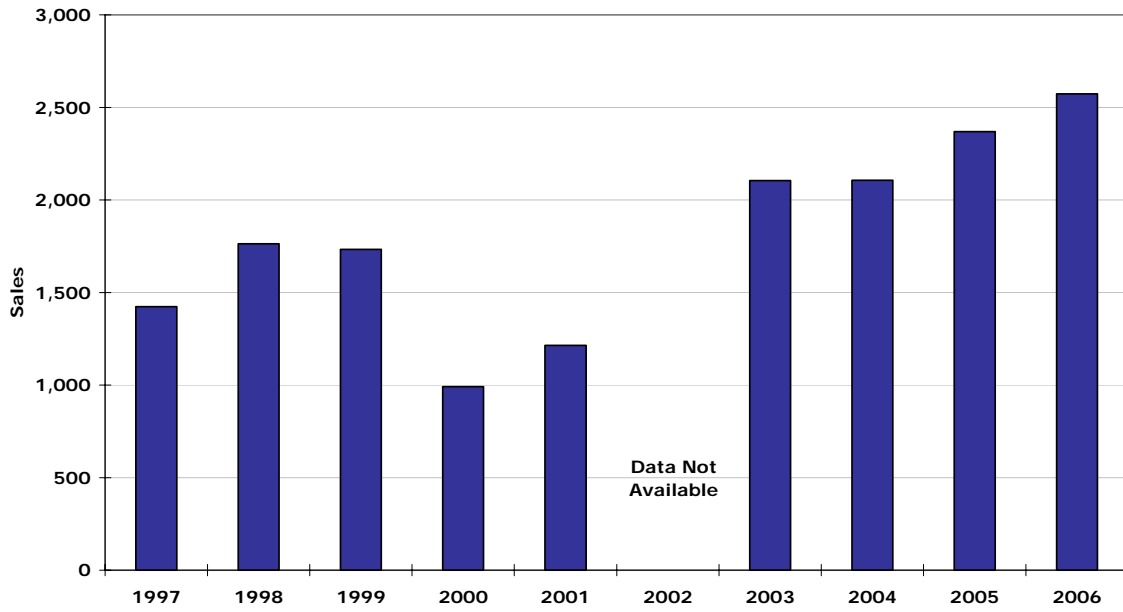
2005 Occupied Housing Unit Characteristics

Housing Unit Characteristics	Waco 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	49,048	31,498	80,546	5,162,604	2,815,491	7,978,095
Household Size						
1-person household	21.6%	39.5%	28.6%	19.1%	35.0%	24.7%
2-person household	33.5%	29.1%	31.8%	34.2%	25.8%	31.2%
3-person household	17.6%	11.6%	15.2%	17.2%	16.0%	16.8%
4-or-more-person household	27.4%	19.8%	24.4%	29.5%	23.2%	27.3%
Race and Hispanic or Latino Origin of Householder						
One Race						
White	84.1%	72.0%	79.4%	79.0%	66.2%	74.5%
Black or African American	9.2%	21.9%	14.2%	8.2%	17.9%	11.6%
American Indian and Alaska Native	-	-	0.5%	0.5%	0.6%	0.6%
Asian	0.4%	3.2%	1.5%	2.9%	3.1%	3.0%
Native Hawaiian and Other Pacific Islander	-	-	0.0%	0.0%	0.1%	0.0%
Some other race	4.8%	1.9%	3.7%	8.3%	10.8%	9.2%
Two or more races	0.7%	0.7%	0.7%	1.0%	1.4%	1.2%
Age of Householder						
Under 35 years	14.3%	53.2%	29.5%	14.4%	46.3%	25.6%
35 to 44 years	19.5%	13.3%	17.0%	21.9%	21.4%	21.7%
45 to 54 years	23.6%	13.9%	19.8%	24.1%	15.4%	21.0%
55 to 64 years	16.7%	11.0%	14.5%	18.1%	8.3%	14.7%
65 to 74 years	12.4%	3.2%	8.8%	11.9%	4.2%	9.2%
75 to 84 years	10.7%	3.0%	7.7%	7.6%	3.1%	6.1%
85 years and over	2.8%	2.5%	2.7%	2.0%	1.3%	1.8%
Units in Structure						
1, detached	89.8%	31.8%	67.2%	87.5%	28.3%	66.6%
1, attached	1.8%	9.8%	4.9%	2.3%	3.6%	2.8%
2 apartments	0.1%	6.3%	2.5%	0.3%	4.9%	1.9%
3 or 4 apartments	0.0%	6.9%	2.7%	0.4%	8.8%	3.3%
5 to 9 apartments	0.2%	14.4%	5.7%	0.3%	13.8%	5.1%
10 or more apartments	0.1%	25.8%	10.2%	0.7%	35.1%	12.9%
Mobile home or other type of housing	8.0%	5.0%	6.8%	8.5%	5.6%	7.5%
Year Structure Built						
2000 or later	8.3%	4.7%	6.9%	13.7%	10.9%	12.7%
1990 to 1999	15.5%	14.3%	15.0%	18.6%	14.8%	17.2%
1980 to 1989	18.4%	22.0%	19.8%	18.7%	22.5%	20.1%
1960 to 1979	29.0%	34.6%	31.2%	28.7%	35.0%	30.9%
1940 to 1959	21.5%	14.8%	18.9%	15.4%	12.4%	14.3%
1939 or earlier	7.3%	9.5%	8.2%	4.9%	4.5%	4.8%
Bedrooms						
No bedroom	0.2%	2.0%	0.9%	0.2%	1.5%	0.6%
1 bedroom	1.8%	28.1%	12.1%	2.1%	32.6%	12.9%
2 or 3 bedrooms	75.7%	66.5%	72.1%	70.8%	61.7%	67.6%
4 or more bedrooms	22.3%	3.4%	14.9%	26.8%	4.2%	18.9%
Annual Household Income and Housing Costs*						
Median household income (dollars)	\$49,949	\$20,315	\$36,135	\$54,610	\$26,782	\$42,139
Annual Median Housing Costs (dollars)	\$8,544	\$7,404	\$7,968	\$10,536	\$8,052	\$9,108
Housing Costs as a percentage of household income	17.1%	36.4%	22.1%	19.3%	30.1%	21.6%

* in 2005 inflation-adjusted dollars

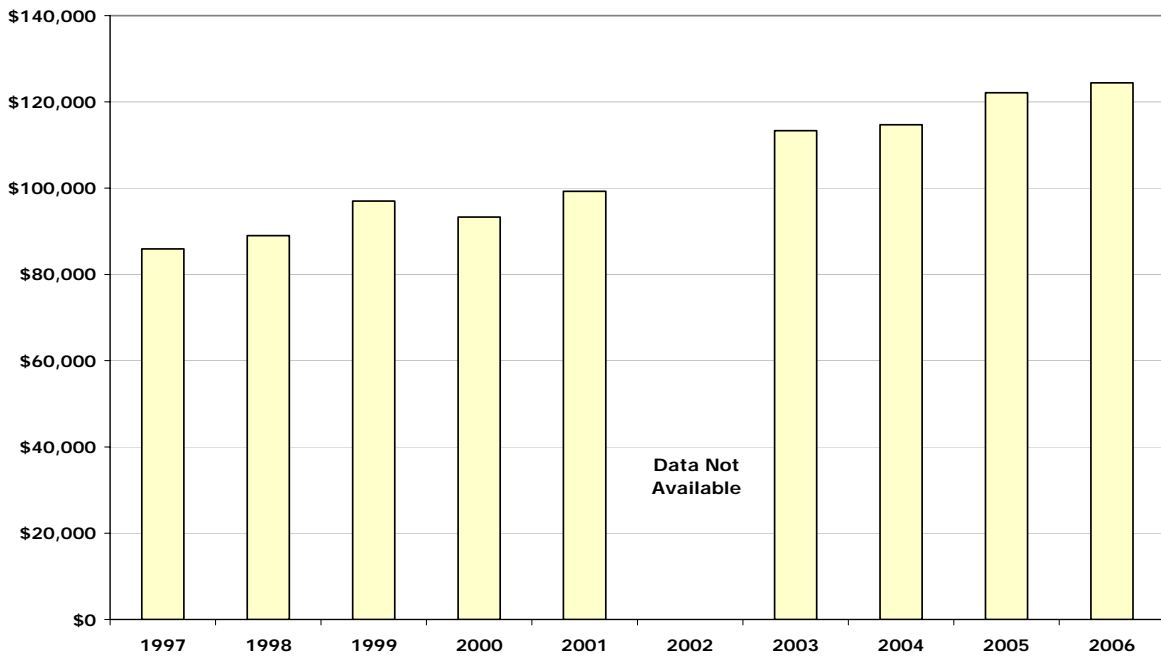
Source: U.S. Census Bureau 2005 and Real Estate Center at Texas A&M University

Yearly Homes Sales
Waco MLS



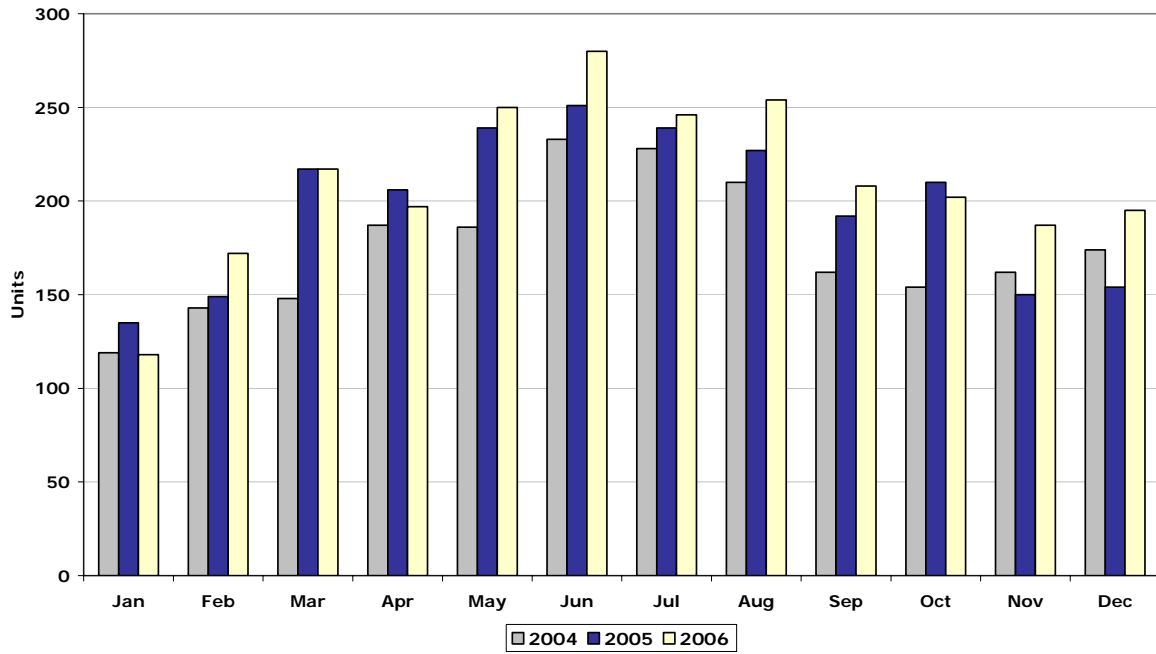
Source: Real Estate Center at Texas A&M University

Average Sales Price
Waco MLS



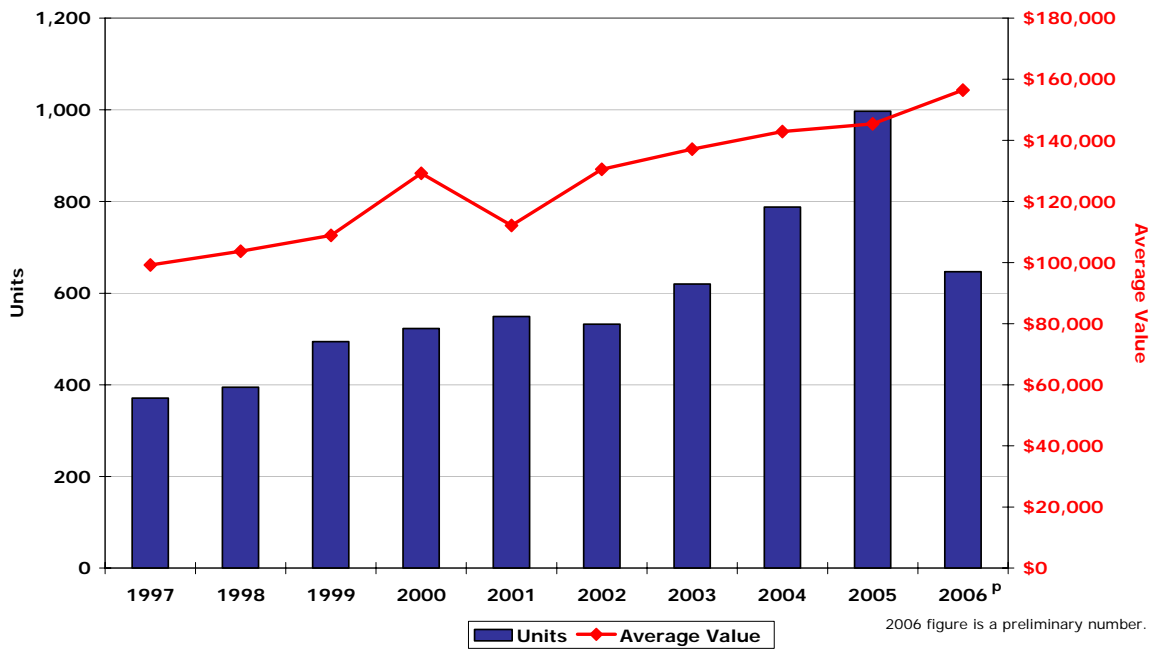
Source: Real Estate Center at Texas A&M University

**Single-Family Homes Sales Volume
Waco MSA**



Source: Real Estate Center at Texas A&M University

**Single-Family Building Permits and Average Value
Waco MSA**



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

Waco Market Overview 2007

Retail

Waco City Retail Building Permits 2005*



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

Waco Market Overview 2007

Hotel

Hotel* Occupancy and Rental Rates

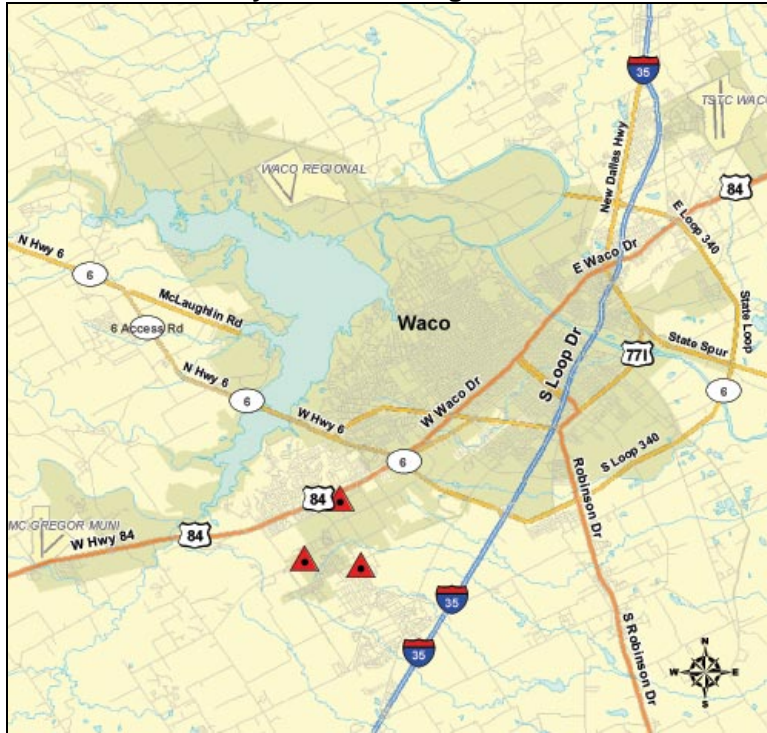
	2005		2006	
	Waco	Texas	Waco	Texas
# Rooms 000's	3	333.6	3.1	341
Average daily rate	\$60.47	\$74.38	\$62.19	\$80.82
Occupancy rate (in percent)	64.9	59.9	60.6	61.1

*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

Waco Market Overview 2007 Office

Waco City Office Building Permits 2005*



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



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