

Real Estate Market Overview 2007

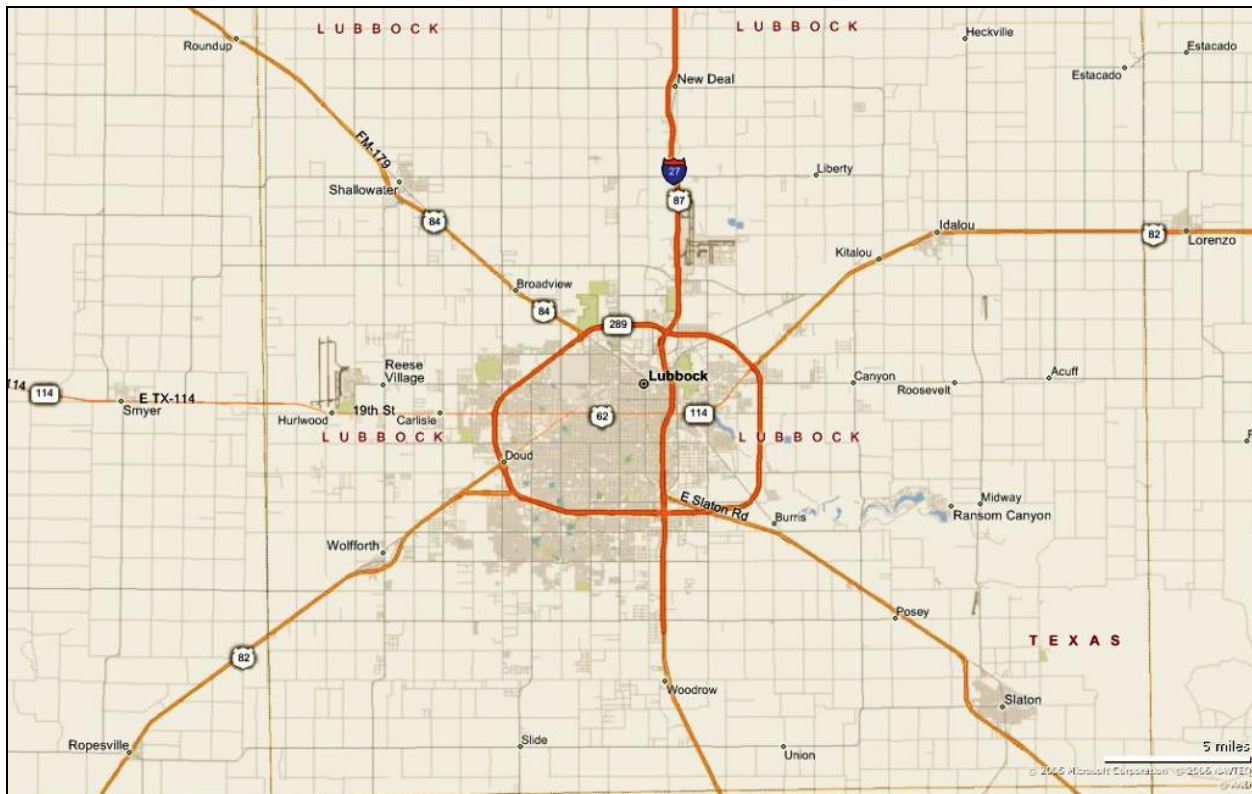
Lubbock

Located in the Texas Panhandle, Lubbock is the center of a 26-county trading area in the South Plains. The agricultural industry is the center of Lubbock's economy, with cotton as the primary crop. The state's ninth largest city proclaims itself the Chrysanthemum Capital of the World and prides itself on the beautiful October blooms. Lubbock is also the home of Buddy Holly, one of the greatest legends of rock music. The City of Lubbock's land area encompasses 115 square miles; Lubbock County spans more than 900 square miles. Texas Tech University is a key driver in the local economy.

Quick Facts	
Land Area	1,799 square miles
2006 Population Density	145.3 people per square mile
Counties	Crosby, Lubbock
Area Cities and Towns	
Abernathy, Broadway, Cap Rock, Crosbyton, Hurlwood, Idalou, Lubbock, Posey, New Deal, Ransom Canyon, Shallowater, Slaton, Wolfforth	

*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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Lubbock Market Overview 2007 Demographics

Lubbock MSA Population*

Year	Population	Percent Change
1996	247,099	-
1997	247,658	0.2
1998	246,865	-0.3
1999	247,882	0.4
2000	249,700	0.7
2001	252,635	1.2
2002	254,194	0.6
2003	256,880	1.1
2004	257,835	0.4
2005	258,970	0.4
2006	261,411	0.9

* July 1 population estimates

Source: U.S. Census Bureau

County Population* Growth

County	1996	2006	Growth 1996-2006 (in percent)
Crosby	7,359	6,549	-11.0
Lubbock	239,740	254,862	6.3

* 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

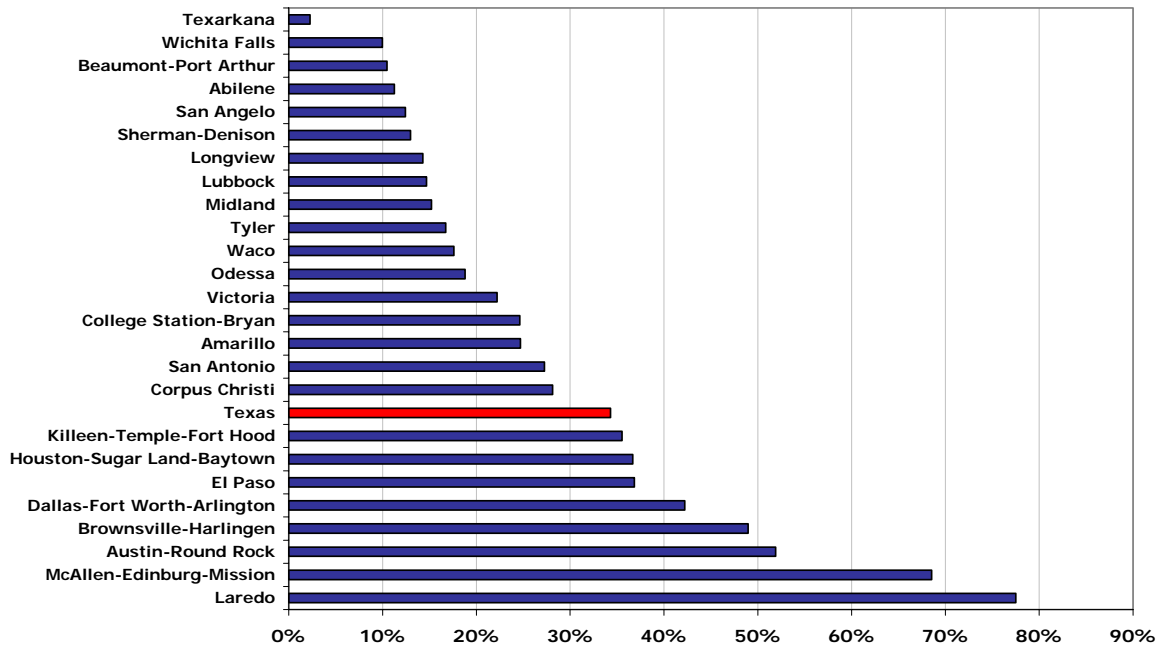
Source: U.S. Census Bureau

Lubbock MSA Projected Population

Year	Texas State Data Center (Scenario 0.5)	Texas Water Development Board
2000	249,700	249,700
2005	262,825	-
2010	272,495	266,909
2015	279,844	-
2020	286,389	279,098
2025	291,559	-
2030	295,621	285,737
2035	298,720	-
2040	300,290	287,111

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

	Lubbock MSA	Texas
Average household size (2000)	2.52	2.74
Population younger than 18 (2000, in percent)	25.7	28.2
Population 65 and older (2000, in percent)	11.0	9.9

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

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

	Lubbock MSA	Texas
White	74.3	71.0
Black	7.7	11.5
Asian	1.3	2.7
American Indian	0.6	0.6
Other	14.1	11.7
Two or more races	2.0	2.5
Hispanic (of any race)	27.5	32.0

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

Lubbock 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
Crosby	30.5	18.4	2.3	7.4	2.1	0.2
Lubbock	25.3	24.2	4.6	16.0	5.1	1.5
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
2000 (in percent)

Level of Education	Lubbock MSA	Texas
High School Graduate or Higher	78.4	79.2
Bachelor's Degree or Higher	24.4	23.9

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

Local College and University Enrollment, Fall Semester

School	2002	2003	2004	2005	2006
Texas Tech University	27,569	28,549	28,325	27,940	27,996
Wayland Baptist University*	5,773	6,205	6,185	4,064	3,805
Lubbock Christian University	1,847	1,933	1,973	2,075	1,999

* Prior to fall 2005, WBU included students enrolled on its out-of-state campuses.

Source: Texas Higher Education Coordinating Board

Lubbock Market Overview 2007 Employment

Top Ten Employers

Employer	Sector	Employees
Texas Tech University	Education	10,233
Covenant Medical Hospital	Health care	4,769
Lubbock Independent School District	Education	3,625
Texas Tech Health Sciences Center	Health care and education	3,006
University Medical Center	Hospital	2,677
United Supermarkets	Supermarkets	2,623
AT&T / Cingular	Communication / Video	2,500
City of Lubbock	Government	2,064
Lubbock County	Government	1,800
Convergys*	Call center	1,450

Source: Individual Employers April-2007 & *City of Lubbock/Business Development Jan-2005

Top Ten Private Employers

Employer	Sector	Employees
Covenant Medical Hospital	Health care	4,769
University Medical Center	Hospital	2,677
United Supermarkets	Supermarkets	2,623
AT&T / Cingular	Communication / Video	2,500
Convergys*	Call center	1,450
Wal-Mart (3 locations out of 4)	Retail	1,235
G Boren Services*	Consulting	800
State National Bank of West Texas	Banking	600
Tyco Fire Protection*	Manufacturing	540
Gene Messer Ford Inc.*	Vehicle sales and service	449

Source: Individual Employers April-2007 & *City of Lubbock/Business Development Jan-2005

Lubbock MSA Nonfarm Employment

Year	Employment	Percent Change
1996	111,300	-
1997	114,900	3.2
1998	117,100	1.9
1999	119,300	1.9
2000	121,700	2.0
2001	124,300	2.1
2002	123,100	-1.0
2003	122,700	-0.3
2004	124,000	1.1
2005	126,000	1.6
2006	128,400	1.9

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

Employment Growth by Industry

	Lubbock MSA	Texas
Employment Growth 2006 (Percent Change)	1.9	3.3
Unemployment Rate 2006 (Percent Change)	4.0	4.9
Net Job Change in 2006	2,400	318,300
2006 Employment Growth by Sector (Percent Change)		
Natural Resources and Mining and Construction	1.9	7.5
Manufacturing	3.8	3.2
Trade, Transportation, and Utilities	2.0	2.5
Information	0.0	-0.4
Financial Activities	2.9	2.6
Professional and Business Services	2.9	6.0
Educational and Health Services	2.7	2.8
Leisure and Hospitality	2.1	3.9
Government	1.7	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

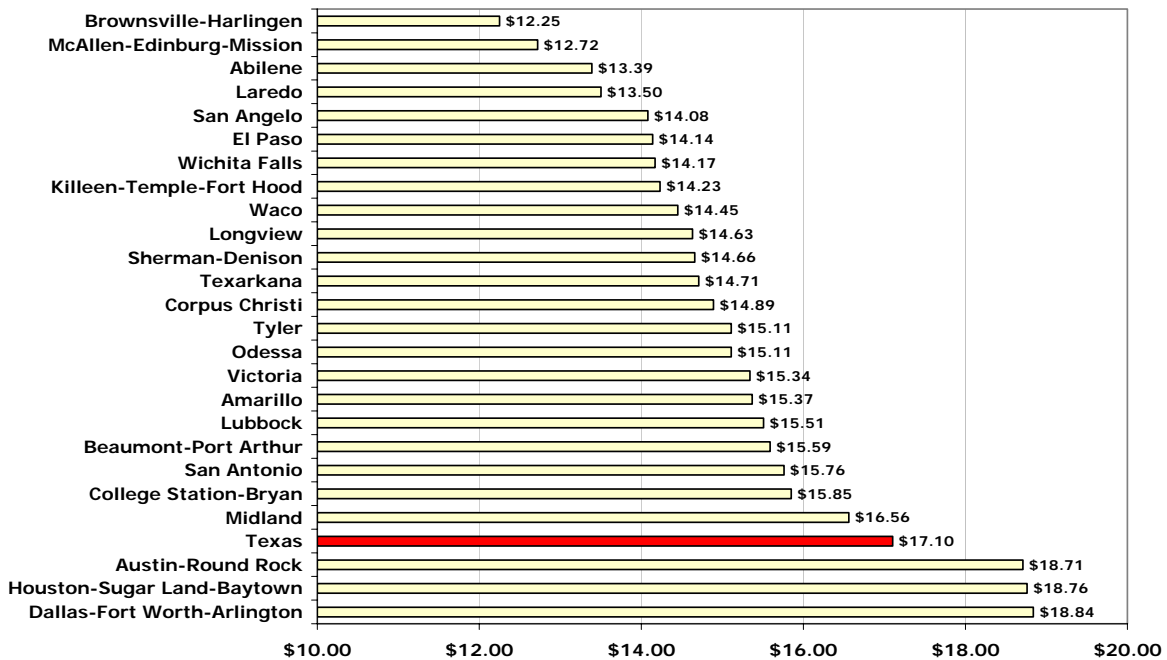
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

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



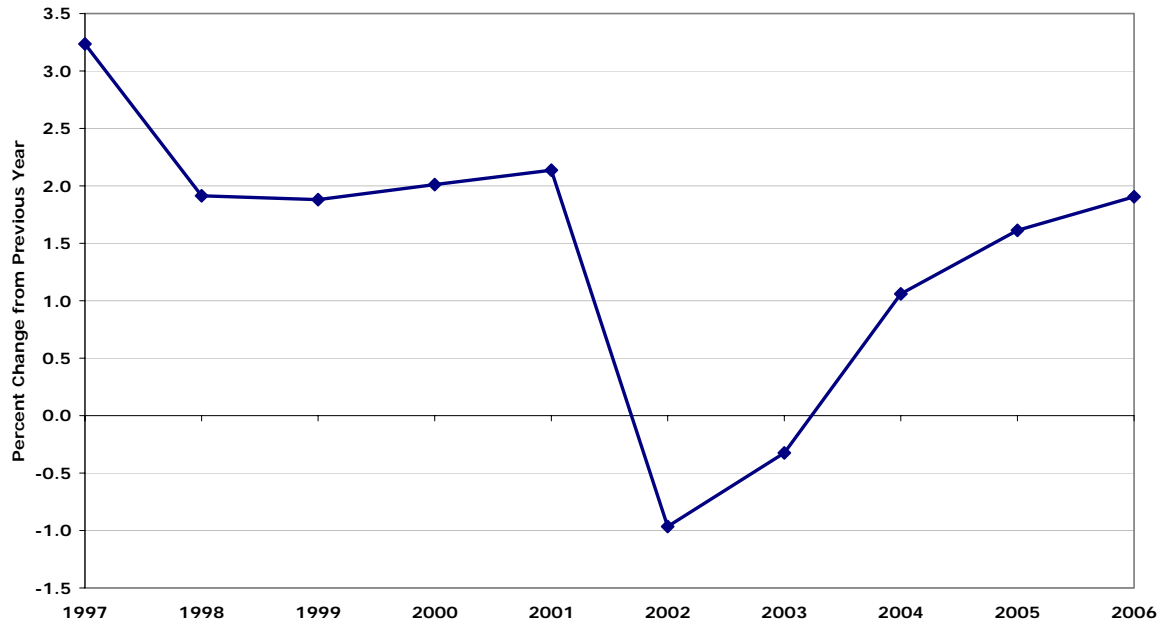
Source: Texas Workforce Commission and Real Estate Center

**Average Hourly Wage
2005**



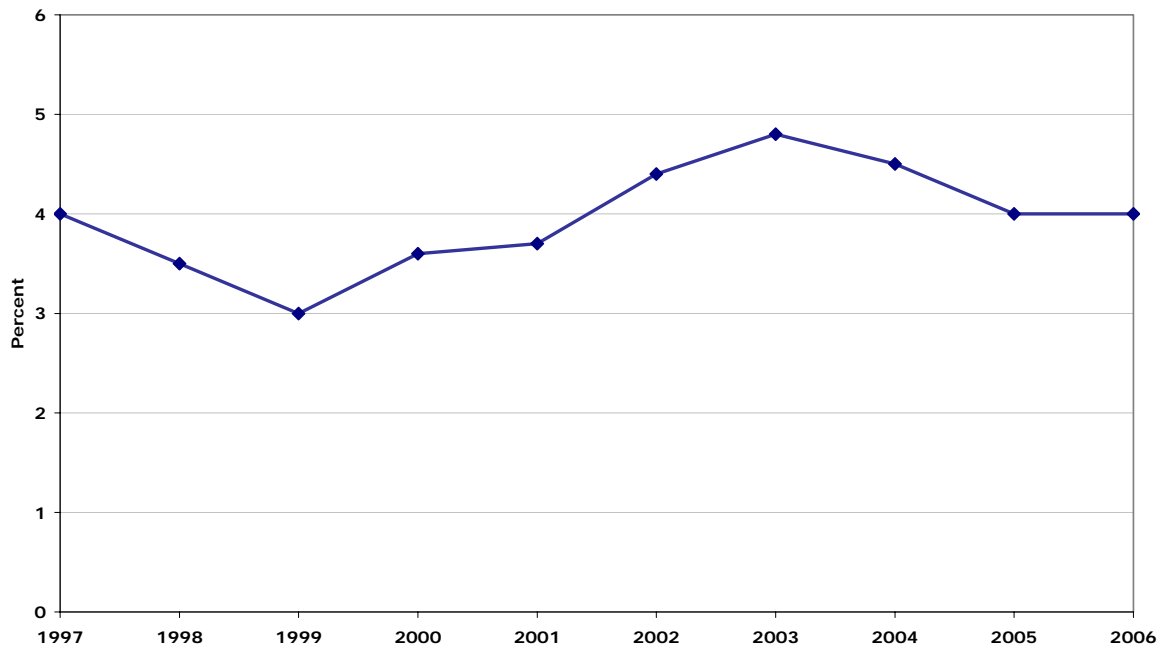
Source: Texas Workforce Commission

**Nonfarm Employment Growth
Lubbock MSA**



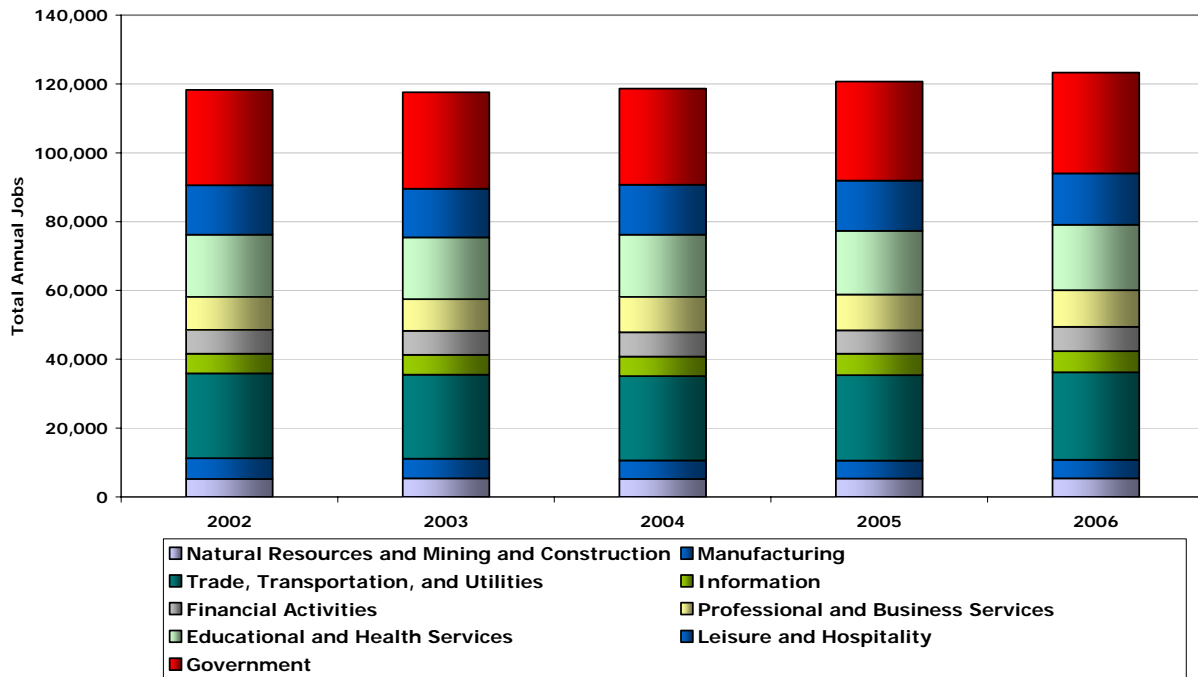
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Lubbock MSA
Unemployment Rate**



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

**Distribution of Employment in Major Categories
Lubbock MSA**



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

Lubbock Market Overview 2007 Economy

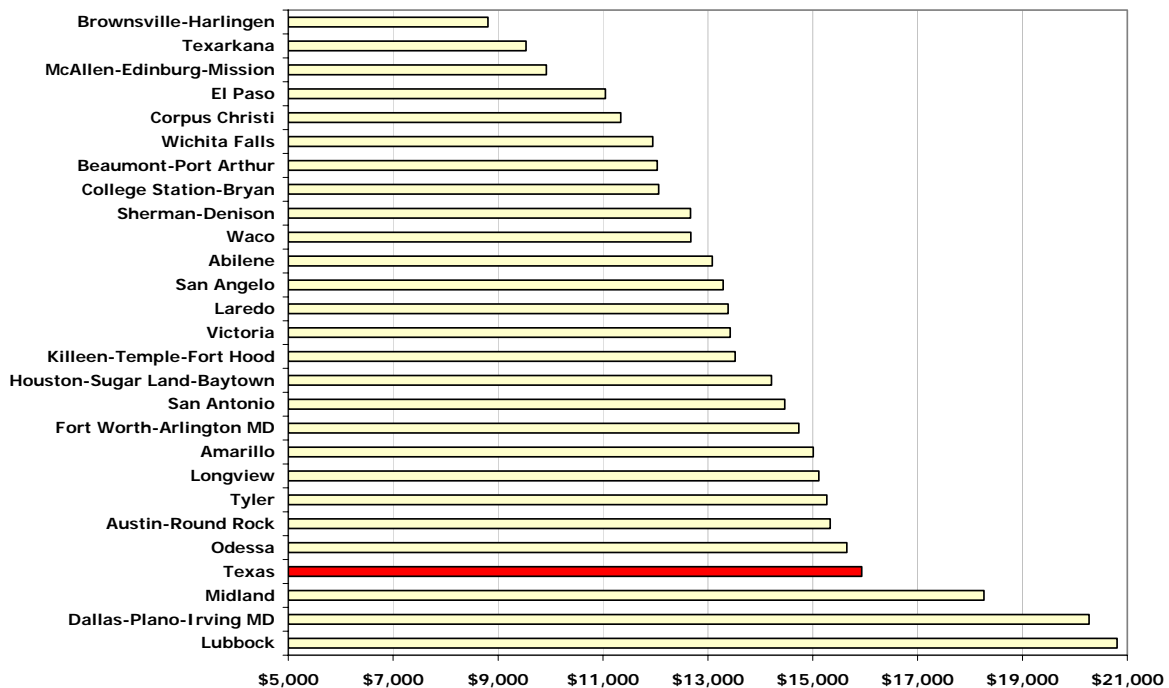
Lubbock MSA Gross Retail Sales

Year	Total Sales	Sales per Capita
1995	\$2,655,081,861	#N/A
1996	\$2,943,715,573	\$11,913
1997	\$2,989,735,667	\$12,072
1998	\$3,175,985,149	\$12,865
1999	\$3,301,532,498	\$13,319
2000	\$3,399,187,607	\$13,613
2001	\$3,446,131,261	\$13,641
2002	\$3,545,343,572	\$13,947
2003	\$3,595,663,070	\$13,997
2004	\$3,777,859,104	\$14,652
2005	\$5,387,311,331	\$20,803
State Average 2005:		\$15,935

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

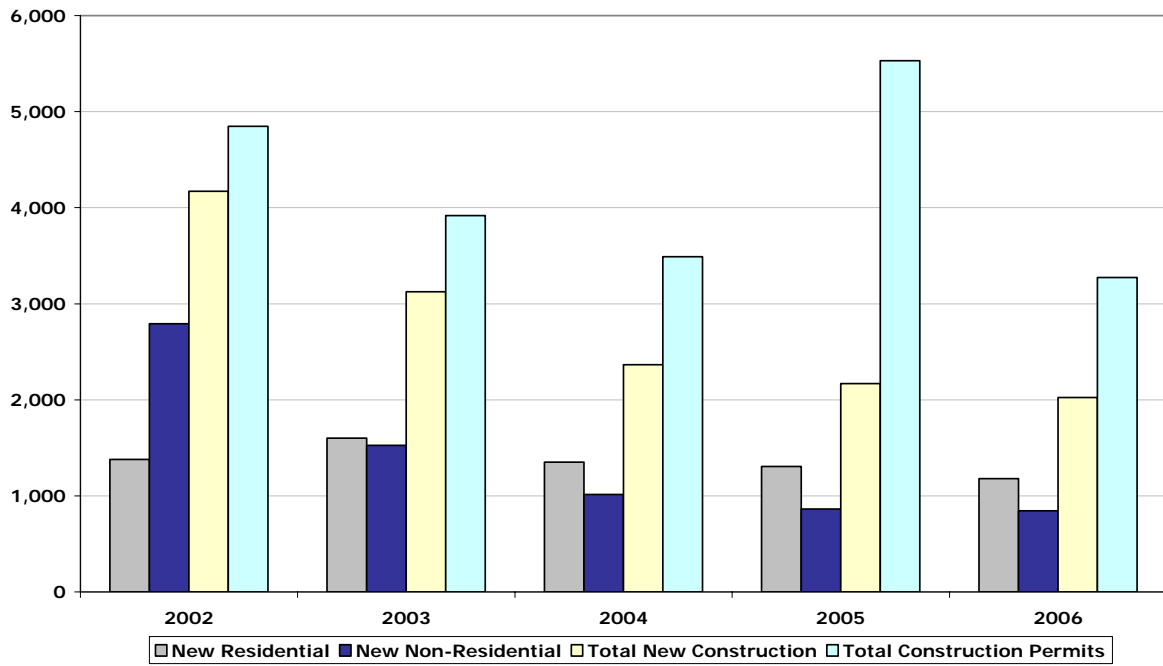
Source: Texas Comptroller's Office

**Gross Retail Sales per Capita
2005**



Source: Texas Comptroller's Office

Lubbock Building Permits



Source: City of Lubbock, Building Inspection Department

Lubbock Market Overview 2007 Infrastructure

Lubbock Airline Boardings

Airport	2002	2003	2004	2005	2006
Lubbock International Airport					
Enplaned	513,096	514,250	541,549	553,688	568,918
Deplaned	505,136	509,725	534,782	545,191	563,354
Total	1,018,232	1,023,975	1,076,331	1,098,879	1,132,272

Source: Lubbock International Airport

Lubbock Market Overview 2007

Public Facilities



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

Lubbock Market Overview 2007

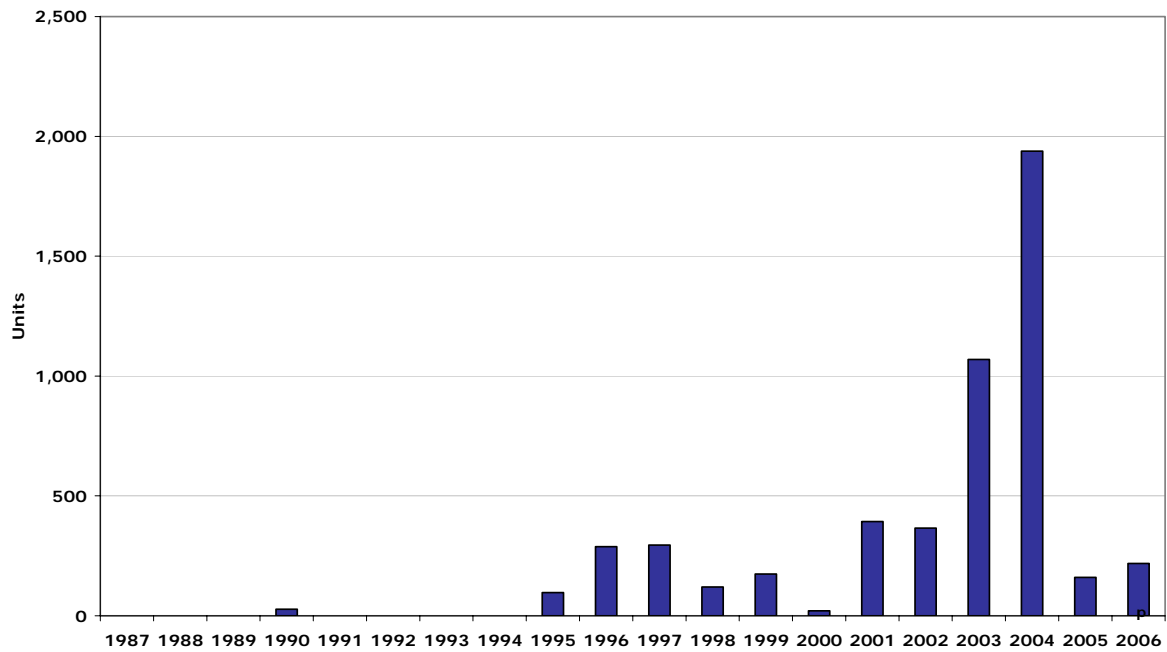
Multifamily

Lubbock Apartment Statistics 2006

	Lubbock	Texas Metro Average
Average rent per square foot	\$0.67	\$0.77
Average rent for units built since 2000	\$0.75	\$0.86
Average occupancy	90.0%	92.8%
Average occupancy for units built since 2000	94.3%	94.1%

Source: Apartment MarketData Research

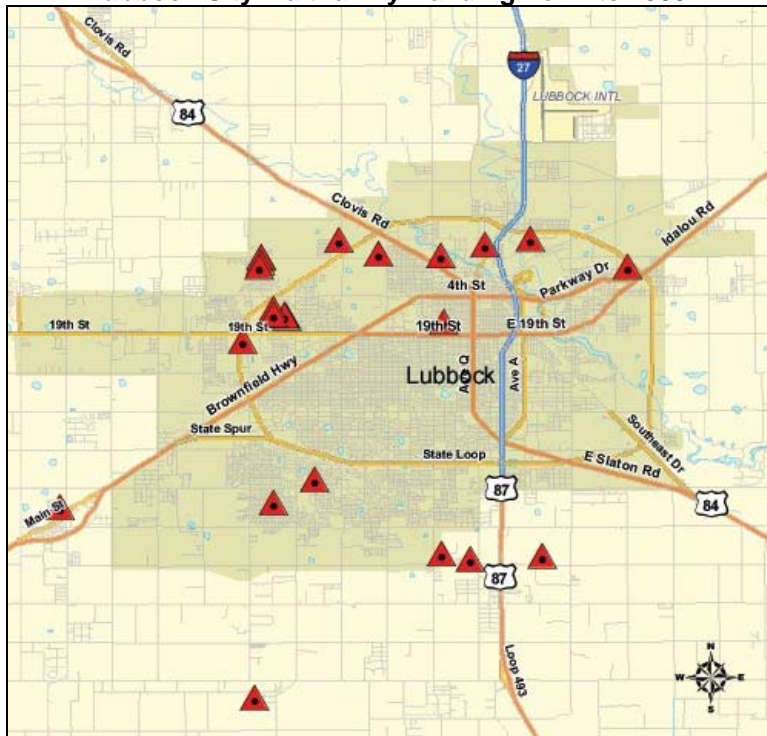
**Lubbock MSA
Multifamily Building Permits
5+ Multifamily Building Permits**



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

2006 figure is a preliminary number.

Lubbock City Multifamily Building Permits 2005*



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

Lubbock 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**
Lubbock	\$100,900	\$24,822	\$48,500	1.95	1.34
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, Lubbock
(in percent)**

Price Range	2000	2001	2002	2003	2004	2005	2006
\$29,999 or less	3.6	3.2	4.0	2.6	-	3.0	2.6
30,000 - 39,999	4.4	3.6	3.4	2.8	-	2.0	2.7
40,000 - 49,999	7.5	6.8	5.7	4.1	-	3.4	3.1
50,000 - 59,999	8.9	9.6	8.0	6.1	-	5.7	5.0
60,000 - 69,999	12.0	11.3	9.2	8.2	-	7.1	7.3
70,000 - 79,999	11.2	10.9	11.2	10.6	-	8.4	8.7
80,000 - 89,999	11.1	11.7	10.5	10.6	-	10.9	11.4
90,000 - 99,999	6.6	8.1	8.4	9.5	-	10.7	8.6
100,000 - 119,999	9.1	8.4	8.2	11.4	-	13.4	13.8
120,000 - 139,999	7.4	7.8	8.3	8.1	-	8.2	8.7
140,000 - 159,999	4.7	5.2	5.5	6.8	-	6.9	7.0
160,000 - 179,999	3.3	3.3	4.6	4.1	-	4.8	5.2
180,000 - 199,999	2.7	2.5	3.1	3.8	-	3.2	3.0
200,000 - 249,999	3.3	3.6	4.3	4.5	-	5.5	5.0
250,000 - 299,999	2.5	2.1	2.4	3.0	-	2.8	3.0
300,000 - 399,999	1.2	1.2	2.2	2.7	-	2.7	3.1
400,000 - 499,999	0.2	0.4	0.6	0.7	-	0.8	0.9
500,000 and more	0.4	0.4	0.3	0.3	-	0.6	0.9

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

Source: Real Estate Center at Texas A&M University



Source: Real Estate Center at Texas A&M University

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

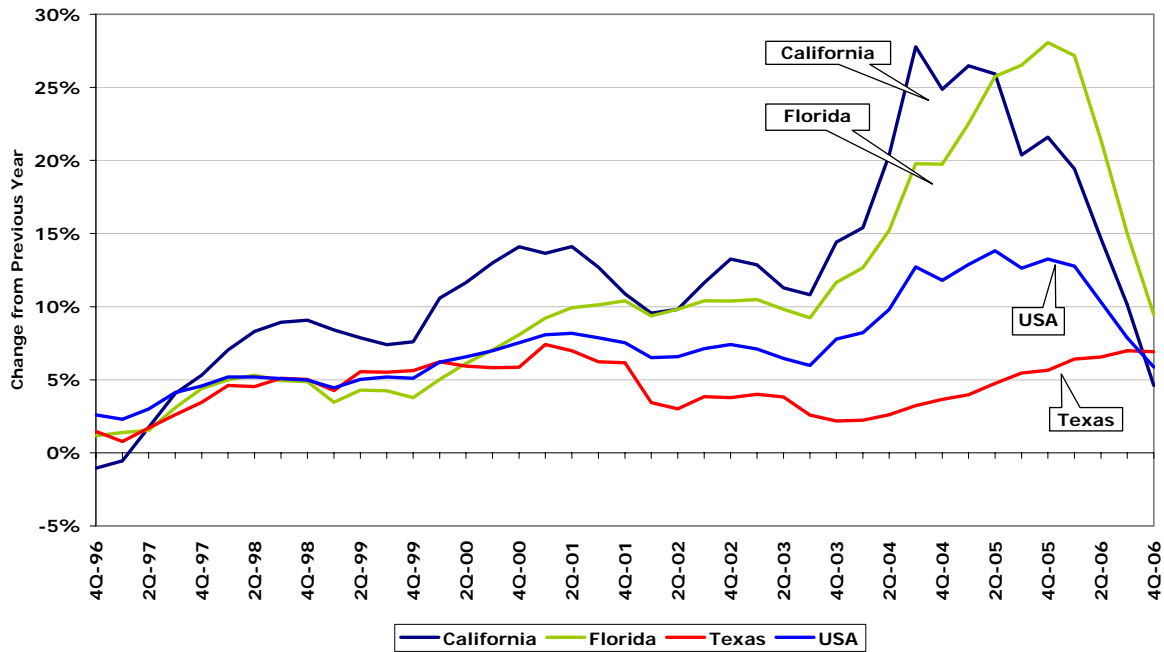
Taxing Entity*	Tax Rate per \$100 Valuation
City of Lubbock	0.4620
Lubbock County	0.2858
Lubbock ISD	1.5650
Total	\$2.31

* 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.lubbockcad.org/Appraisal/PublicAccess/forms/Tax%20Rate%2006.pdf>

Source: Lubbock Central Appraisal District

National Home Price Appreciation

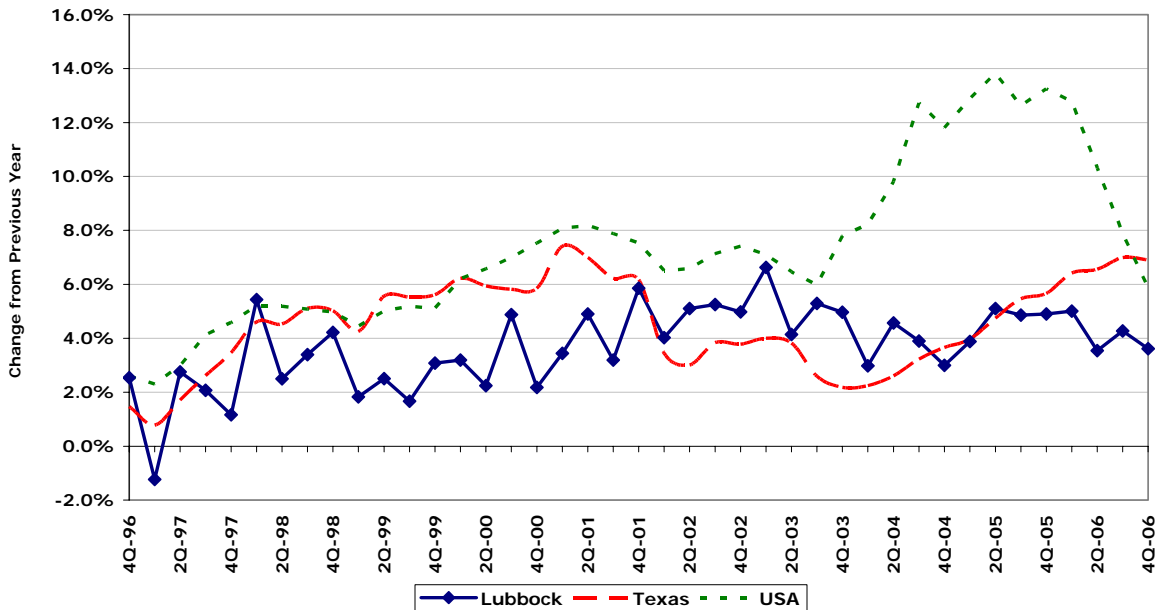
The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae.



Source: Office of Federal Housing Enterprise Oversight

Home Price Appreciation Lubbock 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
Lubbock, TX

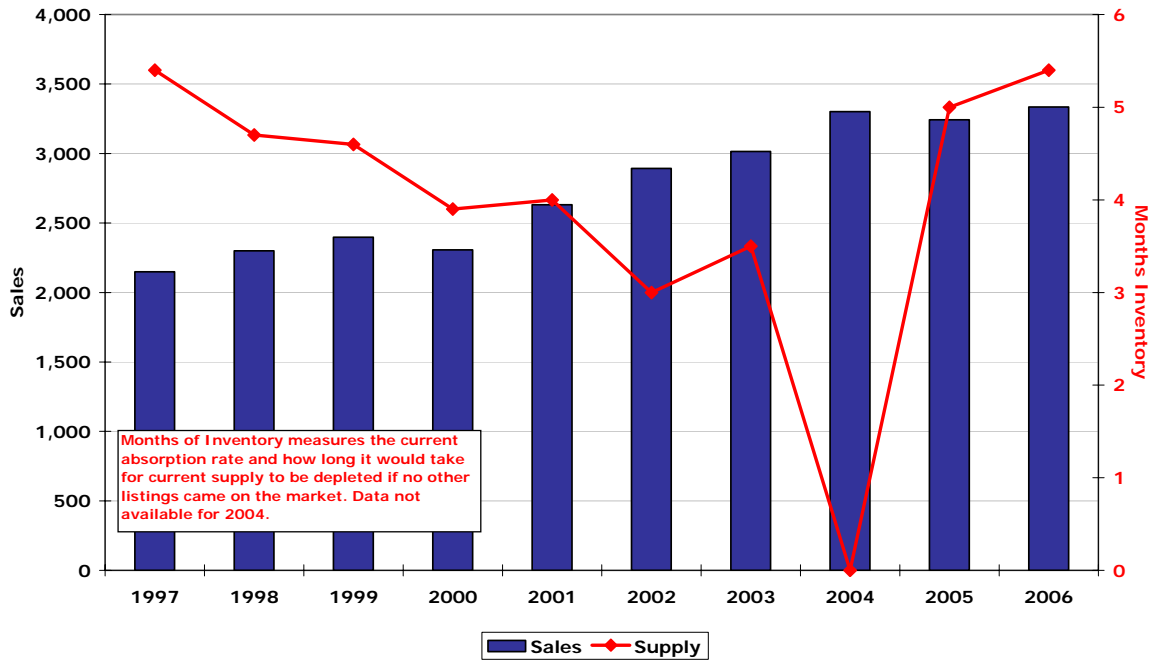
2005 Occupied Housing Unit Characteristics

Housing Unit Characteristics	Lubbock 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	60,011	40,907	100,918	5,162,604	2,815,491	7,978,095
Household Size						
1-person household	24.1%	33.0%	27.7%	19.1%	35.0%	24.7%
2-person household	35.1%	28.5%	32.4%	34.2%	25.8%	31.2%
3-person household	18.3%	18.0%	18.2%	17.2%	16.0%	16.8%
4-or-more-person household	22.6%	20.4%	21.7%	29.5%	23.2%	27.3%
Race and Hispanic or Latino Origin of Householder						
One Race						
White	86.1%	79.5%	83.4%	79.0%	66.2%	74.5%
Black or African American	3.9%	9.4%	6.1%	8.2%	17.9%	11.6%
American Indian and Alaska Native	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%
Asian	1.2%	1.6%	1.4%	2.9%	3.1%	3.0%
Native Hawaiian and Other Pacific Islander	-	-	0.0%	0.0%	0.1%	0.0%
Some other race	7.6%	7.7%	7.6%	8.3%	10.8%	9.2%
Two or more races	0.8%	1.2%	1.0%	1.0%	1.4%	1.2%
Age of Householder						
Under 35 years	16.2%	58.7%	33.4%	14.4%	46.3%	25.6%
35 to 44 years	15.8%	16.9%	16.2%	21.9%	21.4%	21.7%
45 to 54 years	22.8%	13.5%	19.0%	24.1%	15.4%	21.0%
55 to 64 years	18.0%	5.1%	12.8%	18.1%	8.3%	14.7%
65 to 74 years	14.2%	2.3%	9.3%	11.9%	4.2%	9.2%
75 to 84 years	11.2%	2.8%	7.8%	7.6%	3.1%	6.1%
85 years and over	1.9%	0.7%	1.4%	2.0%	1.3%	1.8%
Units in Structure						
1, detached	87.5%	42.8%	69.4%	87.5%	28.3%	66.6%
1, attached	2.2%	3.8%	2.8%	2.3%	3.6%	2.8%
2 apartments	0.3%	10.8%	4.6%	0.3%	4.9%	1.9%
3 or 4 apartments	0.0%	9.0%	3.7%	0.4%	8.8%	3.3%
5 to 9 apartments	0.0%	5.1%	2.1%	0.3%	13.8%	5.1%
10 or more apartments	0.1%	23.9%	9.7%	0.7%	35.1%	12.9%
Mobile home or other type of housing	9.9%	4.6%	7.7%	8.5%	5.6%	7.5%
Year Structure Built						
2000 or later	10.1%	13.3%	11.4%	13.7%	10.9%	12.7%
1990 to 1999	12.3%	10.2%	11.5%	18.6%	14.8%	17.2%
1980 to 1989	15.0%	19.8%	17.0%	18.7%	22.5%	20.1%
1960 to 1979	34.7%	37.1%	35.6%	28.7%	35.0%	30.9%
1940 to 1959	22.1%	15.7%	19.5%	15.4%	12.4%	14.3%
1939 or earlier	5.8%	3.8%	5.0%	4.9%	4.5%	4.8%
Bedrooms						
No bedroom	0.3%	3.2%	1.5%	0.2%	1.5%	0.6%
1 bedroom	1.0%	22.0%	9.5%	2.1%	32.6%	12.9%
2 or 3 bedrooms	82.0%	70.3%	77.2%	70.8%	61.7%	67.6%
4 or more bedrooms	16.7%	4.4%	11.8%	26.8%	4.2%	18.9%
Annual Household Income and Housing Costs*						
Median household income (dollars)	\$49,456	\$22,492	\$34,823	\$54,610	\$26,782	\$42,139
Annual Median Housing Costs (dollars)	\$8,244	\$7,788	\$7,968	\$10,536	\$8,052	\$9,108
Housing Costs as a percentage of household income	16.7%	34.6%	22.9%	19.3%	30.1%	21.6%

* in 2005 inflation-adjusted dollars

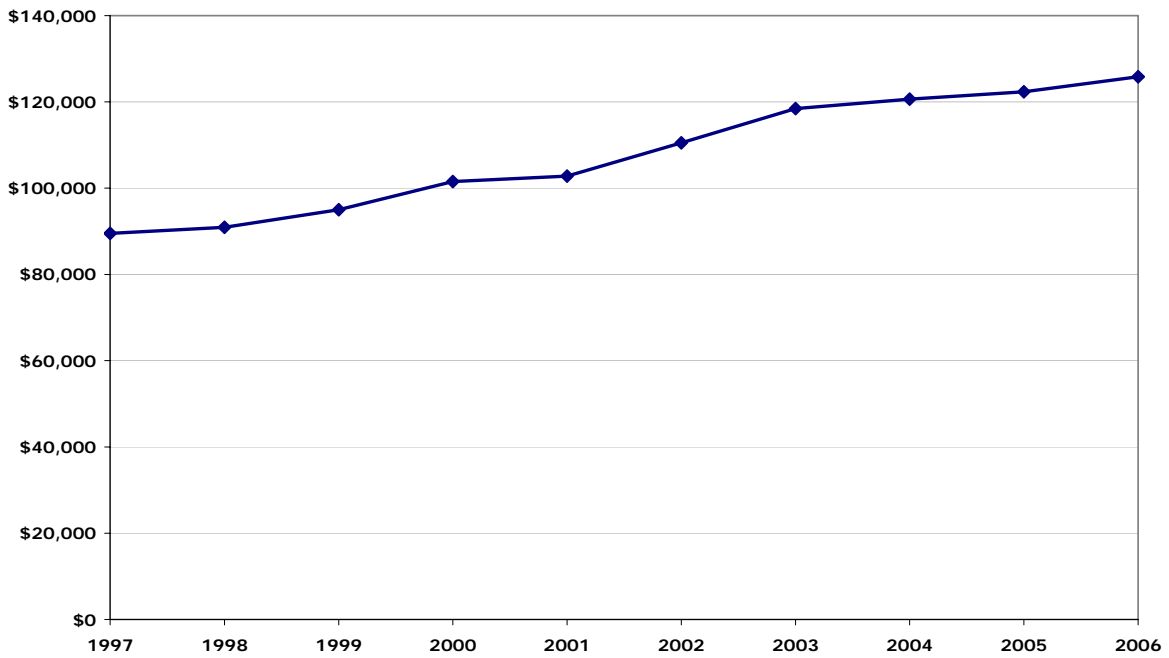
Source: U.S. Census Bureau 2005 and Real Estate Center at Texas A&M University

Yearly Homes Sales and Months Inventory
Lubbock MLS



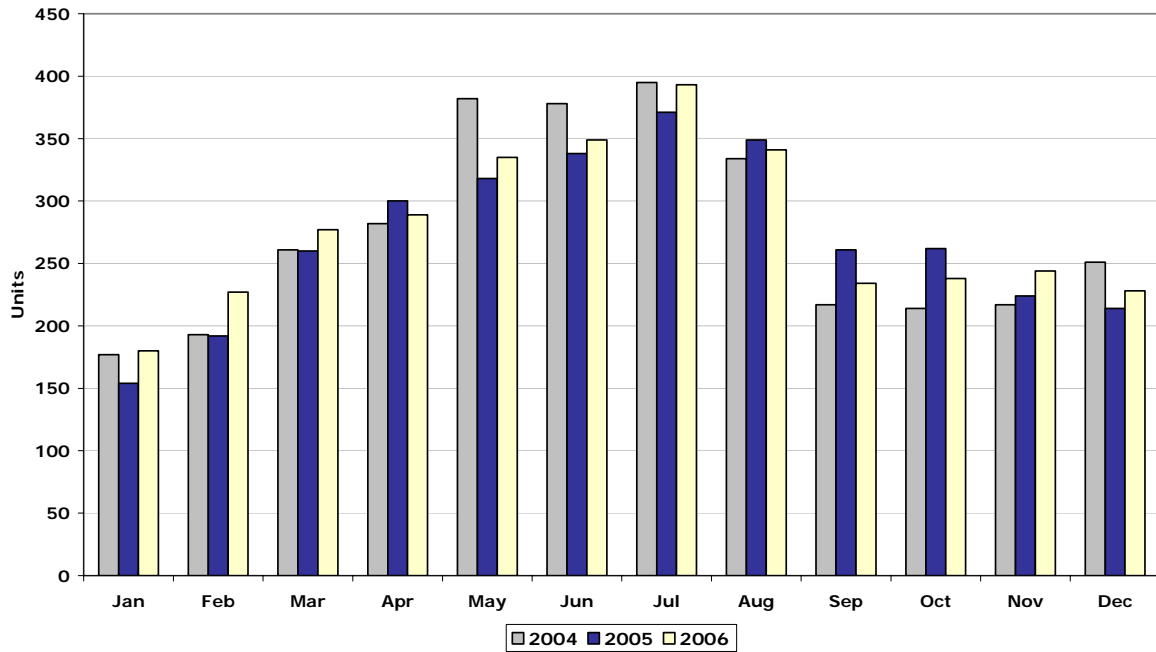
Source: Real Estate Center at Texas A&M University

Average Sales Price
Lubbock MLS



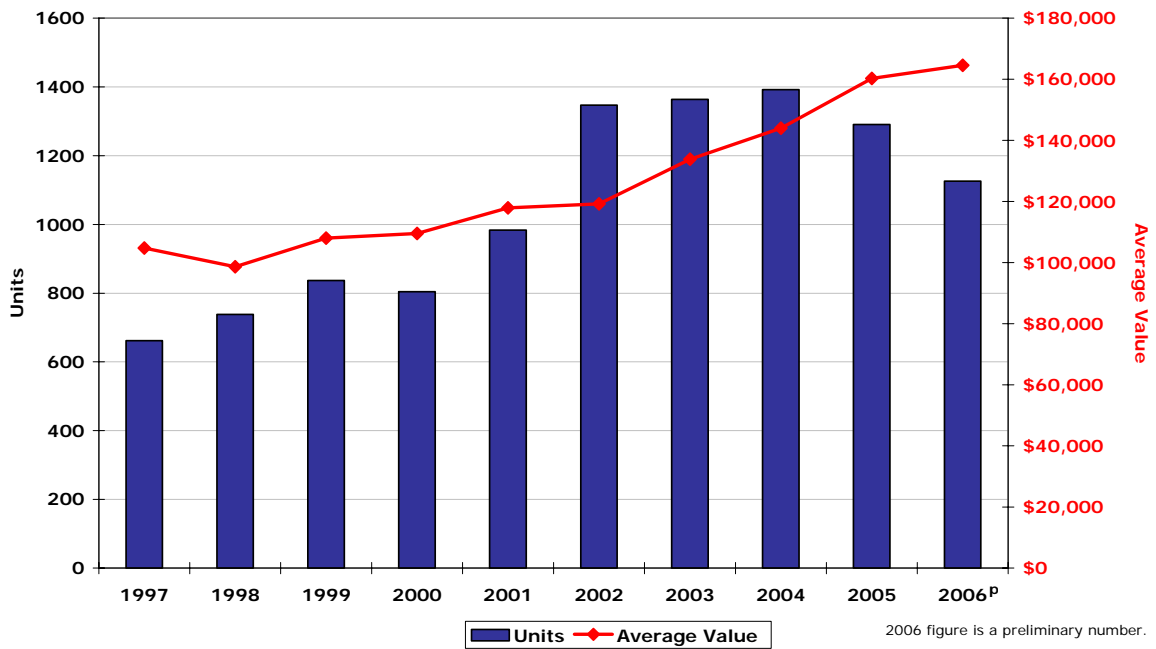
Source: Real Estate Center at Texas A&M University

Single-Family Homes Sales Volume
Lubbock MSA



Source: Real Estate Center at Texas A&M University

Single-Family Building Permits and Average Value
Lubbock MSA

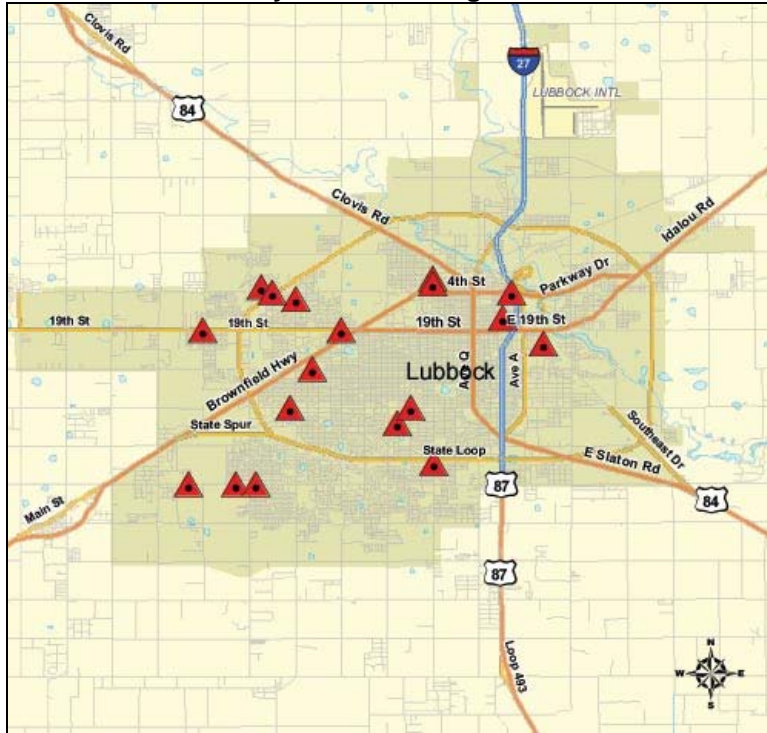


Source: U.S. Bureau of Census and Real Estate Center at Texas A&M University

Lubbock Market Overview 2007

Retail

Lubbock City Retail Building Permits 2005*



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

Lubbock Market Overview 2007

Hotel

Hotel* Occupancy and Rental Rates

	2005		2006	
	Lubbock	Texas	Lubbock	Texas
# Rooms 000's	3.7	333.6	3.9	341
Average daily rate	\$61.40	\$74.38	\$64.02	\$80.82
Occupancy rate (in percent)	62.6	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

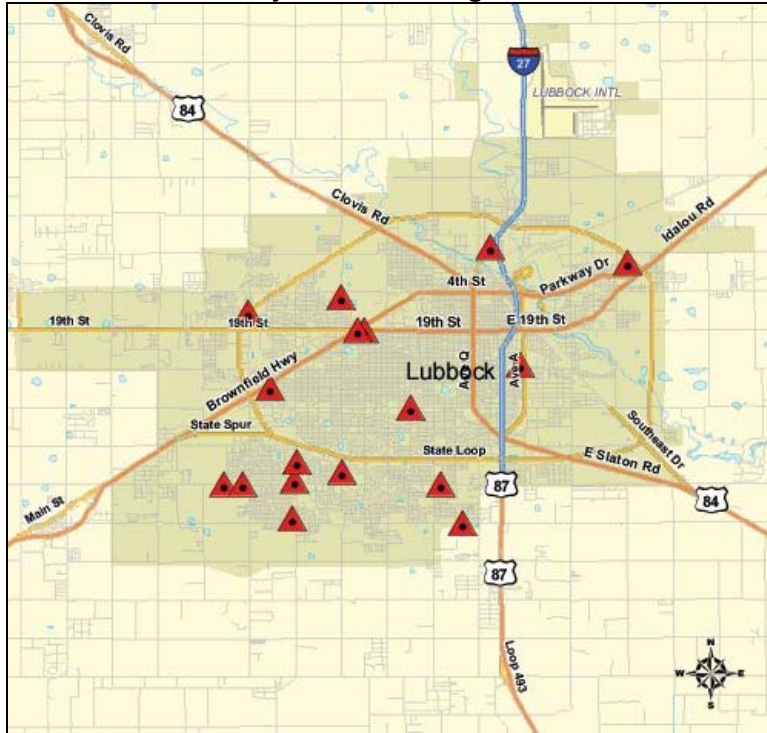
Lubbock City Hotel Building Permits 2005*



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

Lubbock Market Overview 2007 Office

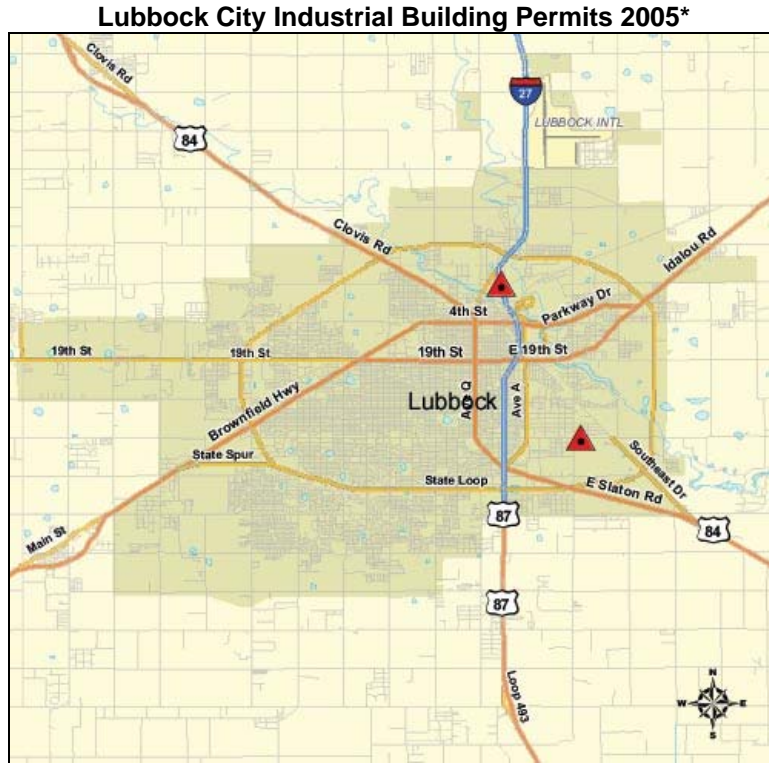
Lubbock City Office Building Permits 2005*



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

Lubbock Market Overview 2007

Industrial



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



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