

Real Estate Market Overview 2007

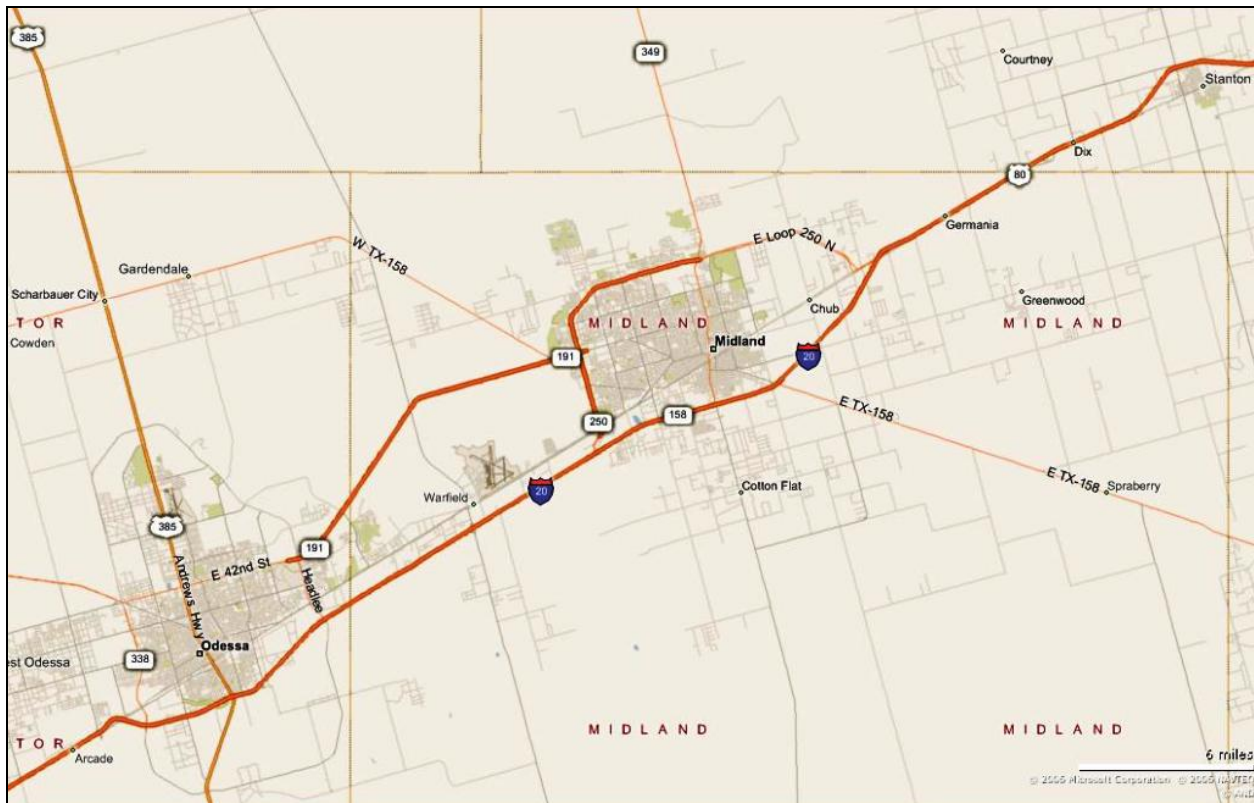
Midland

Midland was named for its location halfway between Fort Worth and El Paso. The metropolitan area is located in the heart of the largest single source of oil and gas deposits in the United States and is heavily dependent on the oil and gas industry. Midland is also the hometown of President George W Bush. The Bush family has a history in Midland dating back to the 1950s. Midland is nicknamed "The Tall City" because of the large office buildings built in the downtown area in the 1980's.

Quick Facts	
Land Area	900.25 square miles
2006 Population Density	138.2 people per square mile
Counties	Midland
Area Cities and Towns	Midland

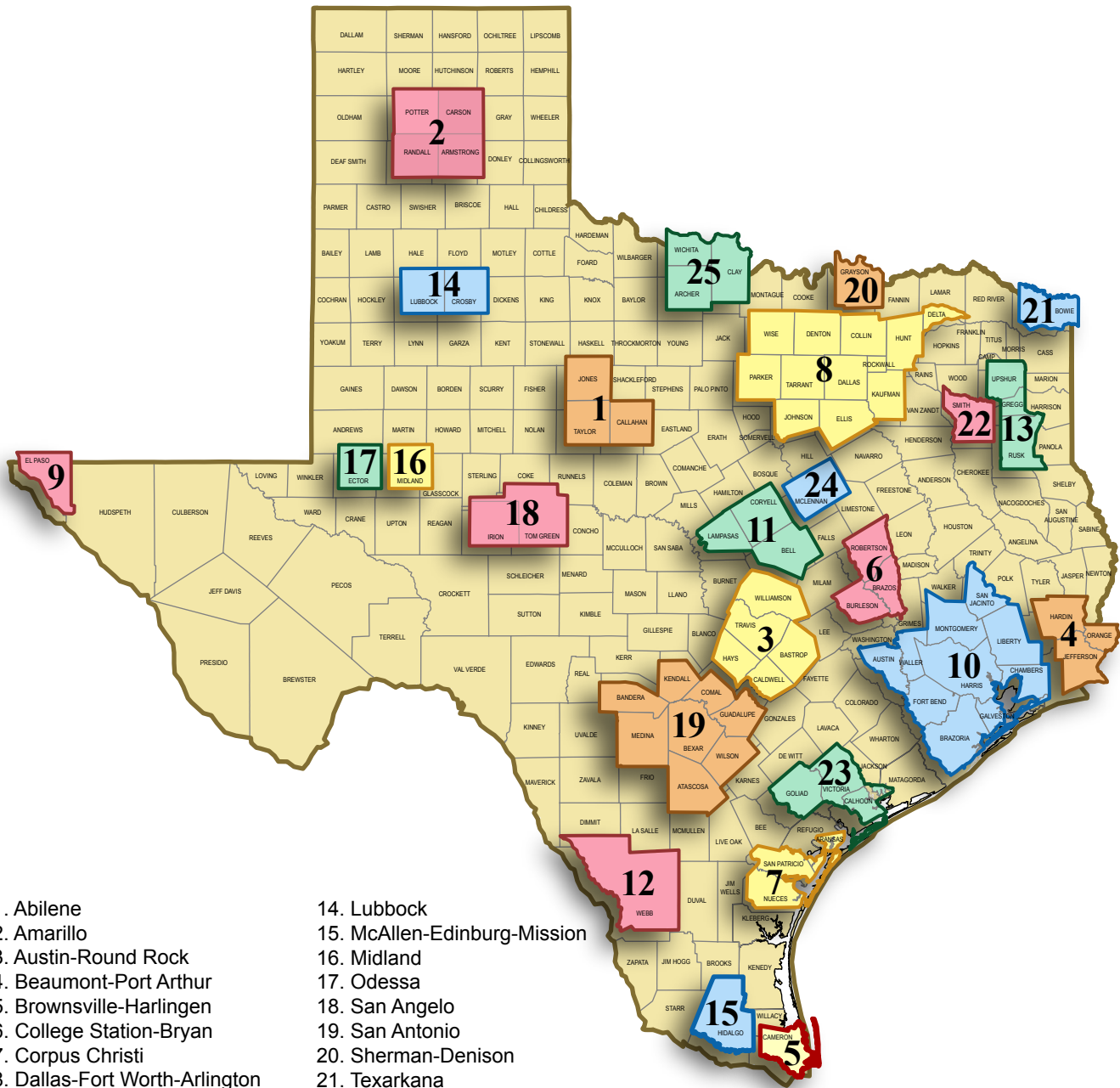
* This report's MSA data reflects either 1999 or 2003 MSA definitions based on data availability. Use of 1999 definition is noted where applicable.

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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Midland Market Overview 2007 Demographics

Midland MSA Population*

Year	Population	Percent Change
1996	114,412	-
1997	116,826	2.1
1998	118,321	1.3
1999	117,621	-0.6
2000	116,009	-1.4
2001	116,043	0.0
2002	117,401	1.2
2003	118,757	1.2
2004	120,014	1.1
2005	121,371	1.1
2006	124,380	2.5

* 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)
Midland	89,443	94,996	6.2

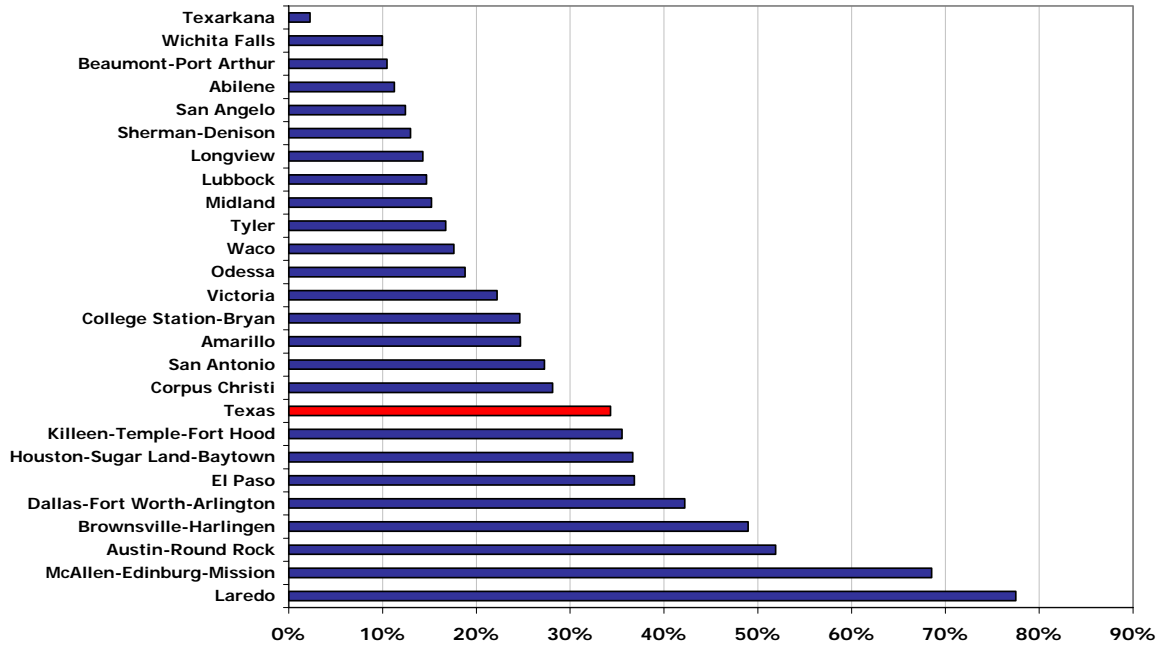
Source: U.S. Census Bureau

Midland MSA Projected Population

Year	Texas State Data Center (Scenario 0.5)	Texas Water Development Board
2000	116,009	116,009
2005	119,812	-
2010	124,570	124,710
2015	129,436	-
2020	133,641	134,022
2025	137,108	-
2030	140,150	140,659
2035	142,880	-
2040	145,150	145,595

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)

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

	Midland County	Texas
White	77.3	71.0
Black	7.0	11.5
Asian	0.9	2.7
American Indian	0.6	0.6
Other	12.2	11.7
Two or more races*	1.9	2.5
Hispanic (of any race)	29.0	32.0

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

Household Composition

	Midland County	Texas
Average household size (2000)	2.68	2.74
Population younger than 18 (2000, in percent)	30.2	28.2
Population 65 and older (2000, in percent)	11.6	9.9

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

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

Midland 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
Midland	22.9	25.3	6.1	18.4	4.4	0.5
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	Odessa-Midland	
	MSA	Texas
High School Graduate or Higher	73.5	79.2
Bachelor's Degree or Higher	18.4	23.9

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

Local College and University Enrollment, Fall Semester

School	2002	2003	2004	2005	2006
Midland College	5,041	5,392	5,531	5,584	5,798

Source: Texas Higher Education Coordinating Board

Midland Market Overview 2007 Employment

Midland Top Ten Employers

Employer	Sector	Employees
Midland Independent School District	Education	2,847
Basic Energy Services	Oil and Gas	2,676
Key Energy Services, Inc.	Oil and Gas	2,200
Warren Equipment Companies	Holding company - manufacturing	1,493
Midland Memorial Hospital	Medical	1,382
Key Energy Pressure Pumping Services	Oil and Gas	1,200
Midland College	Education	1,200
Cingular Wireless LLC	Telecommunications	1,100
City of Midland	Government	881
Oxy Permian USA, Inc.	Oil and gas	800

Source: Midland Economic Development Corporation Feb-2006

Midland Top Ten Private Employers

Employer	Sector	Employees
Basic Energy Services	Oil and Gas	2,676
Key Energy Services, Inc.	Oil and Gas	2,200
Warren Equipment Companies	Holding company - manufacturing	1,493
Midland Memorial Hospital	Medical	1,382
Key Energy Pressure Pumping Services	Oil and gas	1,200
Cingular Wireless LLC	Telecommunications	1,100
Dawson Geophysical	Oil and Gas	809
Oxy Permian USA, Inc.	Oil and gas	800
BJ Services	Construction	627
Baker Hughes Companies	Oil and Gas	419

Source: Midland Economic Development Corporation Feb-2006

Midland MSA Nonfarm Employment

Year	Employment	Percent Change
1996	51,300	-
1997	54,800	6.8
1998	56,000	2.2
1999	52,400	-6.4
2000	53,400	1.9
2001	55,100	3.2
2002	54,800	-0.5
2003	55,500	1.3
2004	56,600	2.0
2005	59,400	4.9
2006	63,000	6.1

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

Employment Growth by Industry

	Midland MSA	Texas
Employment Growth 2006 (Percent Change)	6.1	3.3
Unemployment Rate 2006 (Percent Change)	3.4	4.9
Net Job Change in 2006	3,600	318,300
2006 Employment Growth by Sector (Percent Change)		
Natural Resources and Mining and Construction	11.9	7.5
Manufacturing	17.4	3.2
Trade, Transportation, and Utilities	5.3	2.5
Information	-5.6	-0.4
Financial Activities	6.3	2.6
Professional and Business Services	9.2	6.0
Educational and Health Services	3.3	2.8
Leisure and Hospitality	0.0	3.9
Government	2.4	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

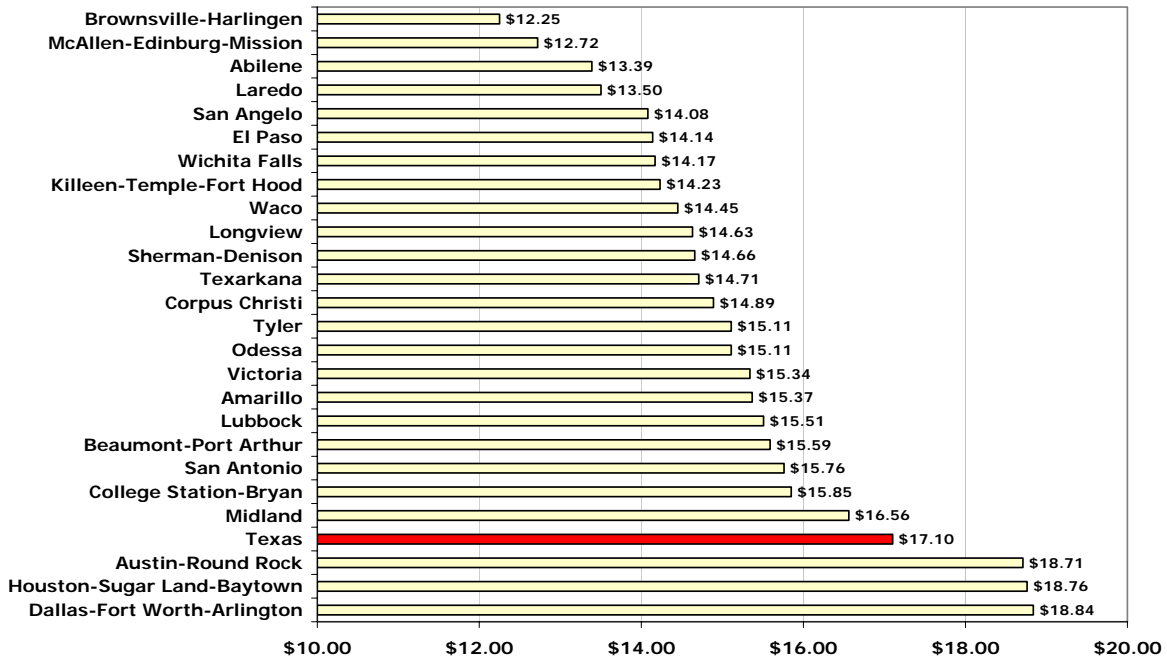
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

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



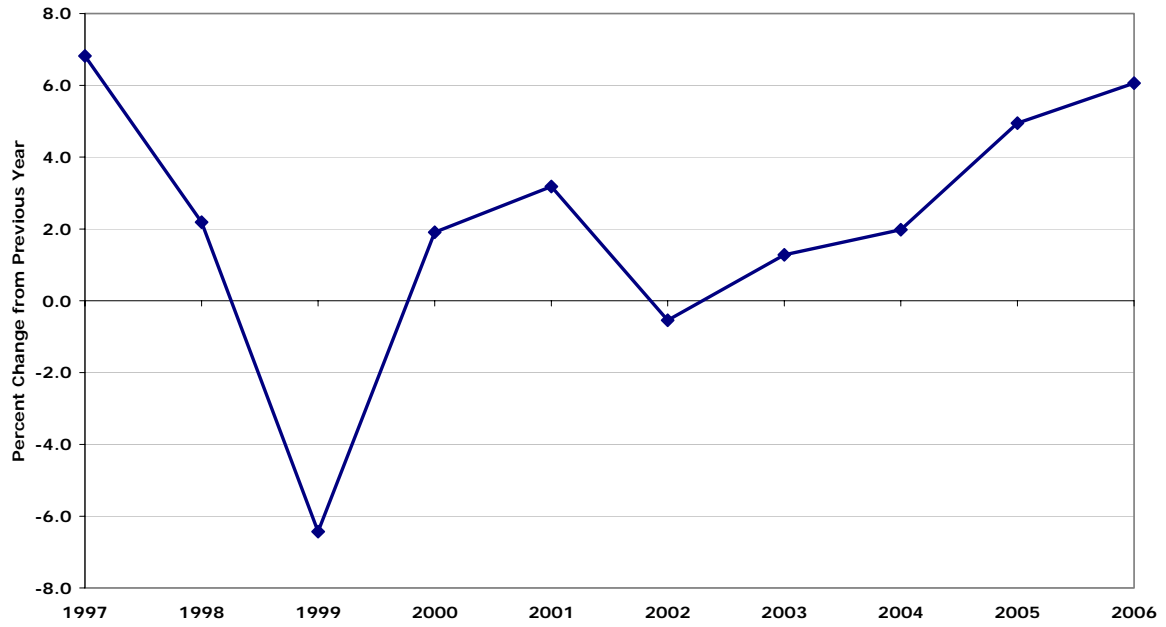
Source: Texas Workforce Commission and Real Estate Center

**Average Hourly Wage
2005**



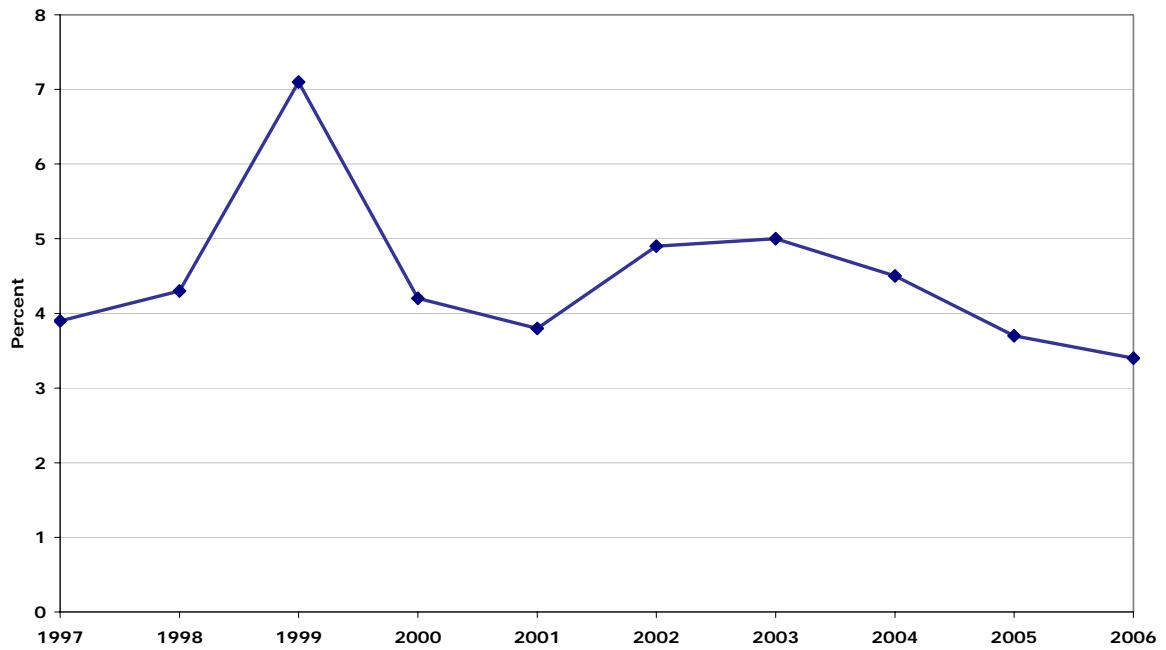
Source: Texas Workforce Commission

**Nonfarm Employment Growth
Midland MSA**



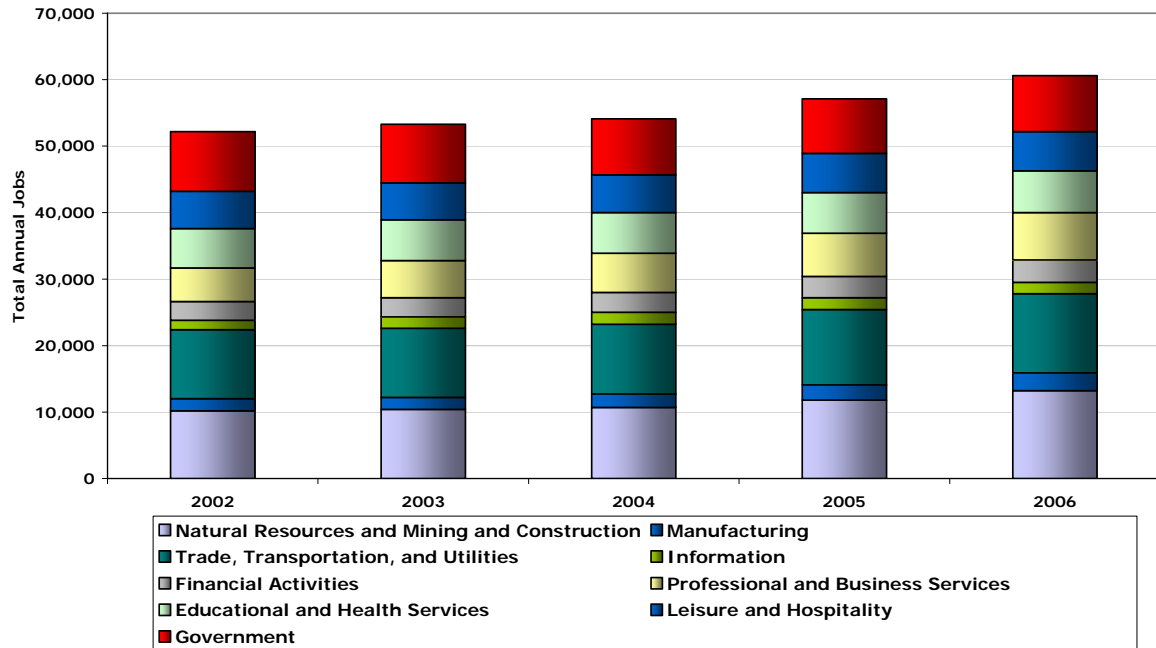
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Midland MSA
Unemployment Rate**



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

Distribution of Employment in Major Categories
 Midland MSA



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

Midland Market Overview 2007 Economy

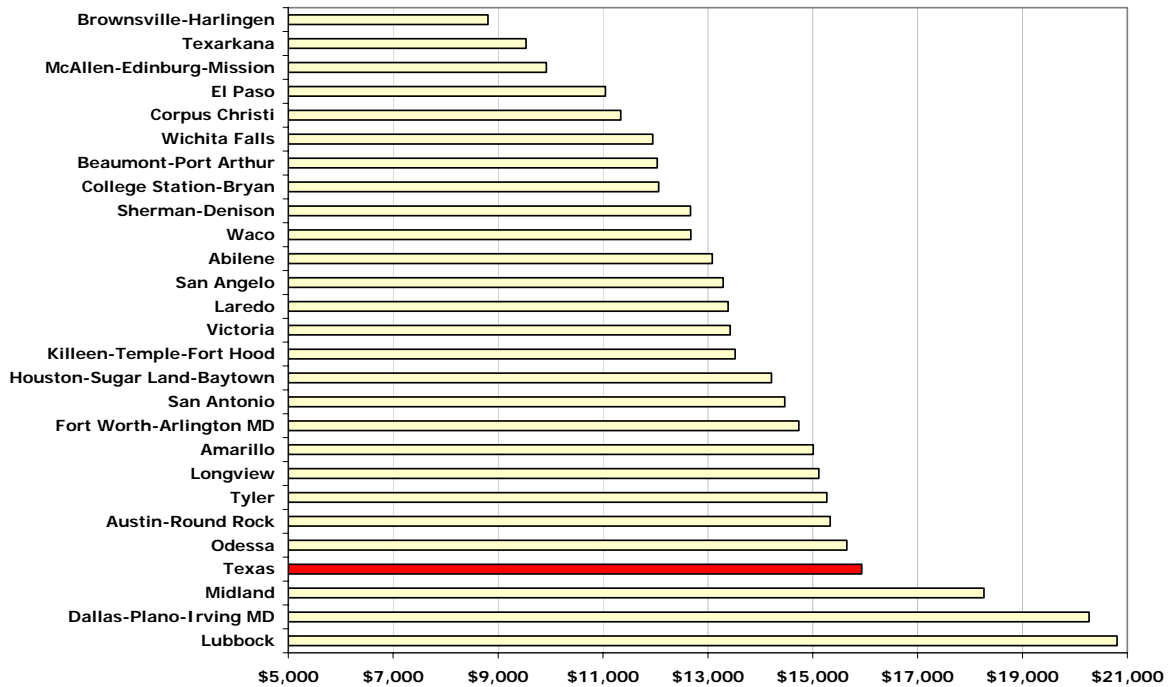
Midland MSA Gross Retail Sales

Year	Total Sales	Sales per Capita
1995	\$1,129,512,188	#N/A
1996	\$1,326,089,075	\$11,590
1997	\$1,492,139,599	\$12,772
1998	\$1,410,153,084	\$11,918
1999	\$1,356,398,760	\$11,532
2000	\$1,573,441,439	\$13,563
2001	\$1,721,809,010	\$14,838
2002	\$1,628,066,921	\$13,868
2003	\$1,694,455,992	\$14,268
2004	\$1,879,002,220	\$15,657
2005	\$2,217,331,811	\$18,269
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

Midland Market Overview 2007 Infrastructure

Midland Airline Boardings

Midland International Airport	2002	2003	2004	2005	2006
Enplaned	406,406	394,367	414,522	446,937	473,851
Deplaned	403,766	392,746	415,965	445,893	469,207
Total	810,172	787,113	830,487	892,830	943,058

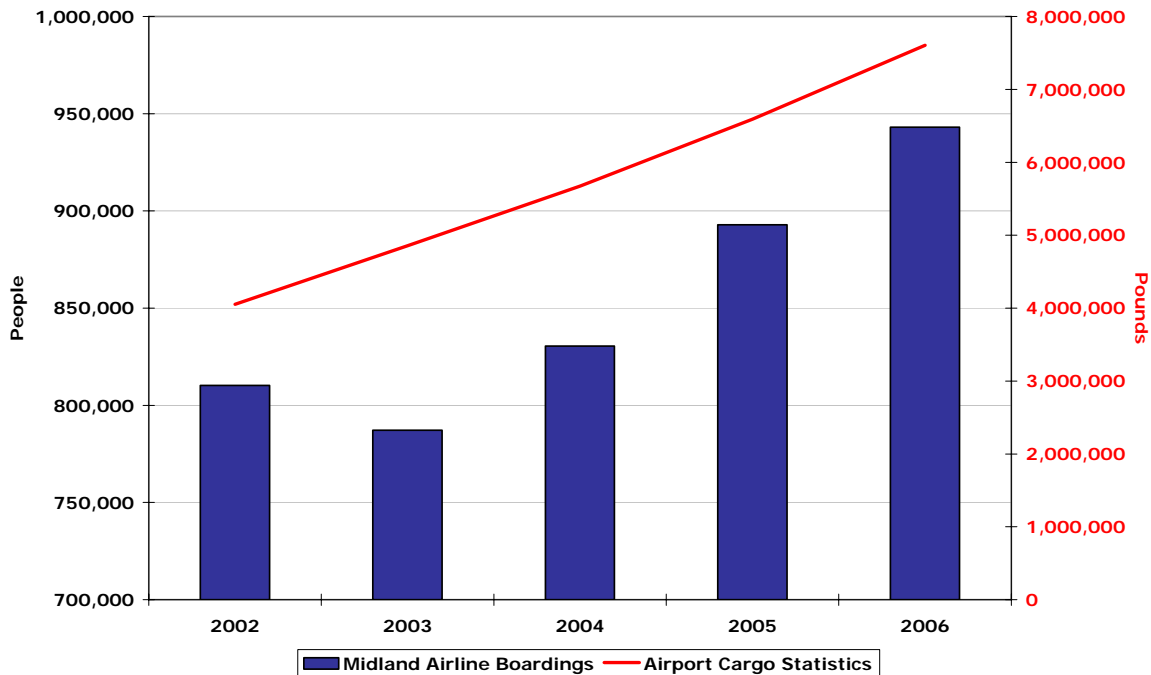
Source: Midland International Airport

**Airport Cargo Statistics
(in pounds)**

Midland International Airport	2002	2003	2004	2005	2006
Enplaned	1,612,250	2,047,900	2,453,540	2,757,216	3,122,293
Deplaned	2,440,892	2,805,301	3,221,278	3,834,982	4,484,639
Total	4,053,142	4,853,201	5,674,818	6,592,198	7,606,932

Source: Midland International Airport

Midland Airline Boardings and Cargo Statistics Totals



Source: Midland International Airport

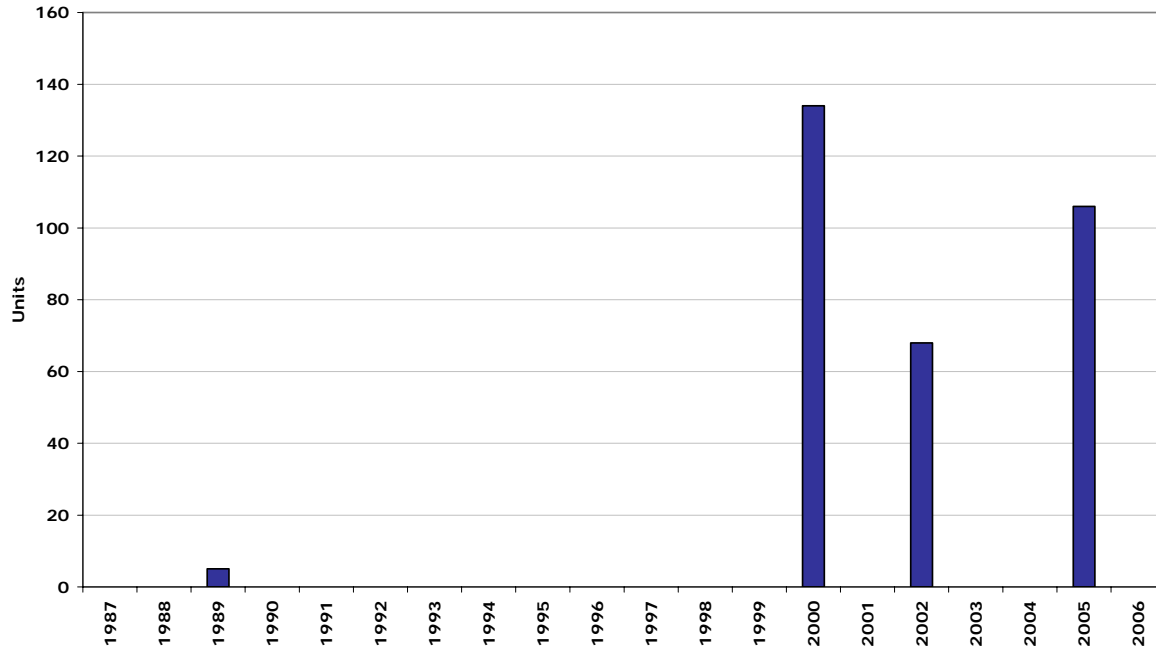
Midland Market Overview 2007 Multifamily

Midland Apartment Statistics 2006

	Midland	Texas Metro Average
Average rent per square foot	\$0.57	\$0.77
Average rent for units built since 2000	\$0.52	\$0.86
Average occupancy	97.4%	92.8%
Average occupancy for units built since 2000	96.8%	94.1%

Source: Apartment MarketData Research

**Odessa-Midland
Multifamily Building Permits
5+ Multifamily Building Permits**



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

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**
Odessa-Midland	\$108,400	\$26,667	\$0	0.00	0.00
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.

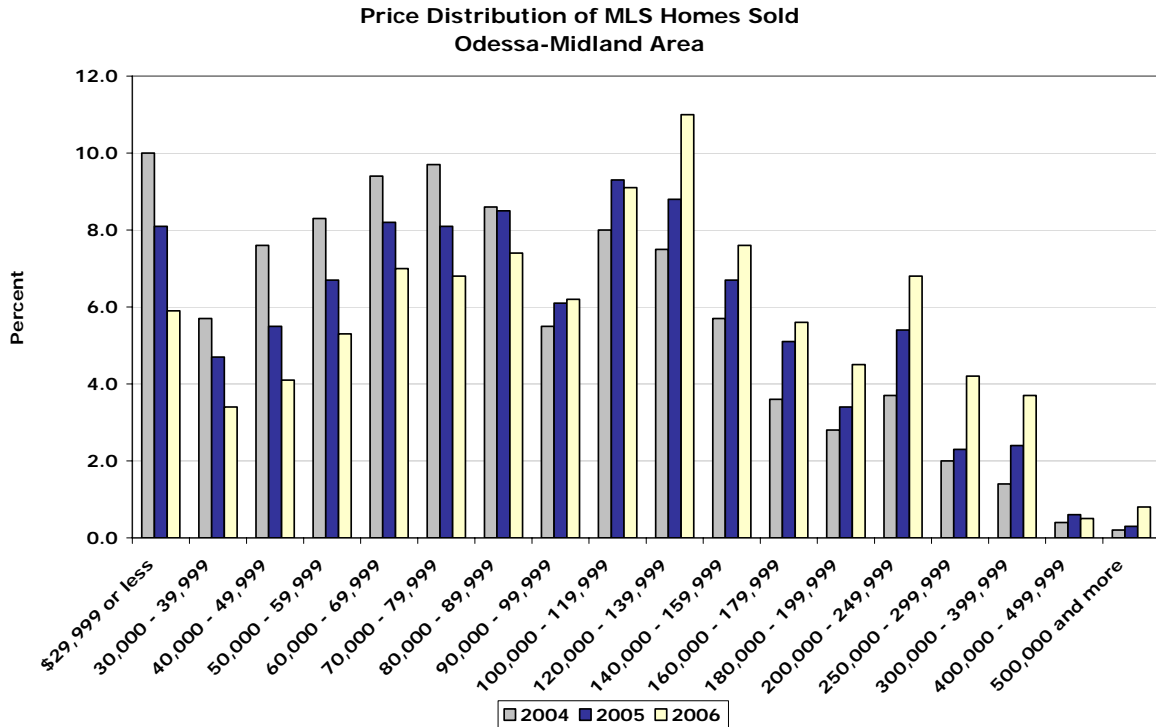
Source: Real Estate Center at Texas A&M University

Price Distribution of MLS Homes Sold, Odessa-Midland Area (in percent)

Price Range	2000	2001	2002	2003	2004	2005	2006
\$29,999 or less	14.6	12.9	13.9	12.9	10.0	8.1	5.9
30,000 - 39,999	9.0	7.7	8.1	6.1	5.7	4.7	3.4
40,000 - 49,999	9.2	9.2	8.1	7.3	7.6	5.5	4.1
50,000 - 59,999	8.7	9.3	9.1	8.0	8.3	6.7	5.3
60,000 - 69,999	9.6	9.5	9.4	9.2	9.4	8.2	7.0
70,000 - 79,999	9.7	10.2	9.0	9.2	9.7	8.1	6.8
80,000 - 89,999	7.0	7.0	8.7	8.1	8.6	8.5	7.4
90,000 - 99,999	4.7	5.4	4.7	5.9	5.5	6.1	6.2
100,000 - 119,999	7.3	7.8	7.8	8.4	8.0	9.3	9.1
120,000 - 139,999	6.9	6.6	6.5	6.7	7.5	8.8	11.0
140,000 - 159,999	4.1	4.0	4.0	4.9	5.7	6.7	7.6
160,000 - 179,999	2.8	2.3	2.3	3.1	3.6	5.1	5.6
180,000 - 199,999	1.8	2.3	2.2	2.4	2.8	3.4	4.5
200,000 - 249,999	2.6	2.6	3.2	3.9	3.7	5.4	6.8
250,000 - 299,999	1.0	1.5	1.7	2.0	2.0	2.3	4.2
300,000 - 399,999	0.5	1.3	1.0	1.1	1.4	2.4	3.7
400,000 - 499,999	0.2	0.3	0.1	0.4	0.4	0.6	0.5
500,000 and more	0.2	0.1	0.1	0.3	0.2	0.3	0.8

"-" 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 Rate, 2006
County, Major City, Major School District**

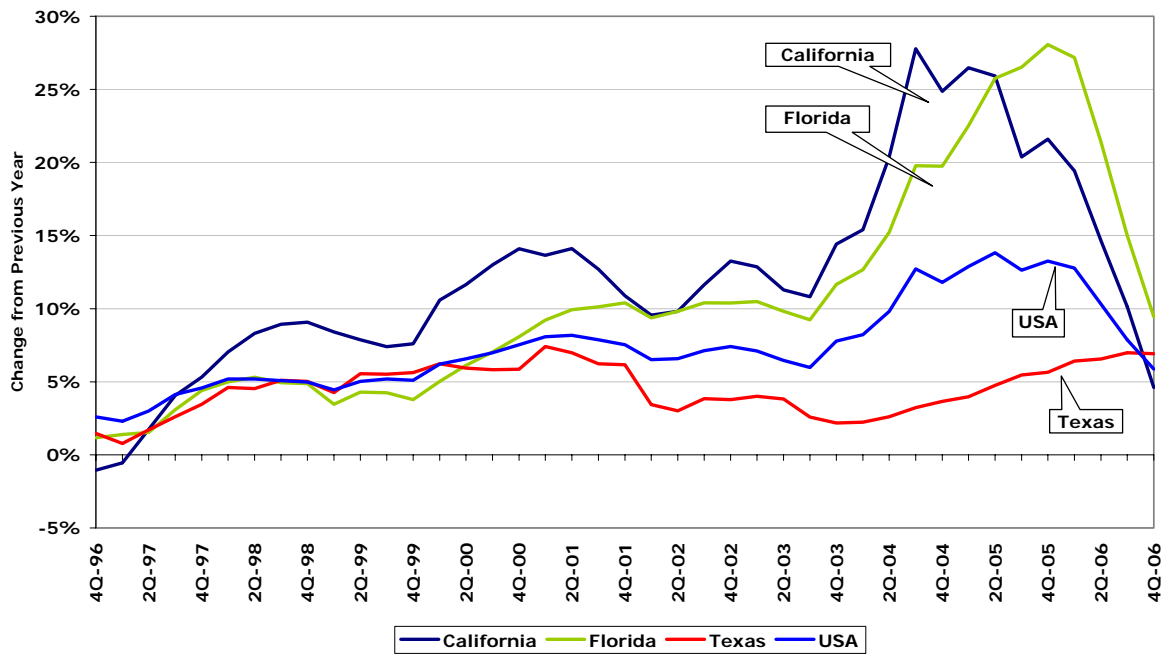
Taxing Entity*	Tax Rate per \$100 Valuation
City of Midland	0.5870
Midland ISD	1.4575
Midland County	0.2489
Total	\$2.29

* 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.

Source: Midland County Appraisal District

National Home Price Appreciation

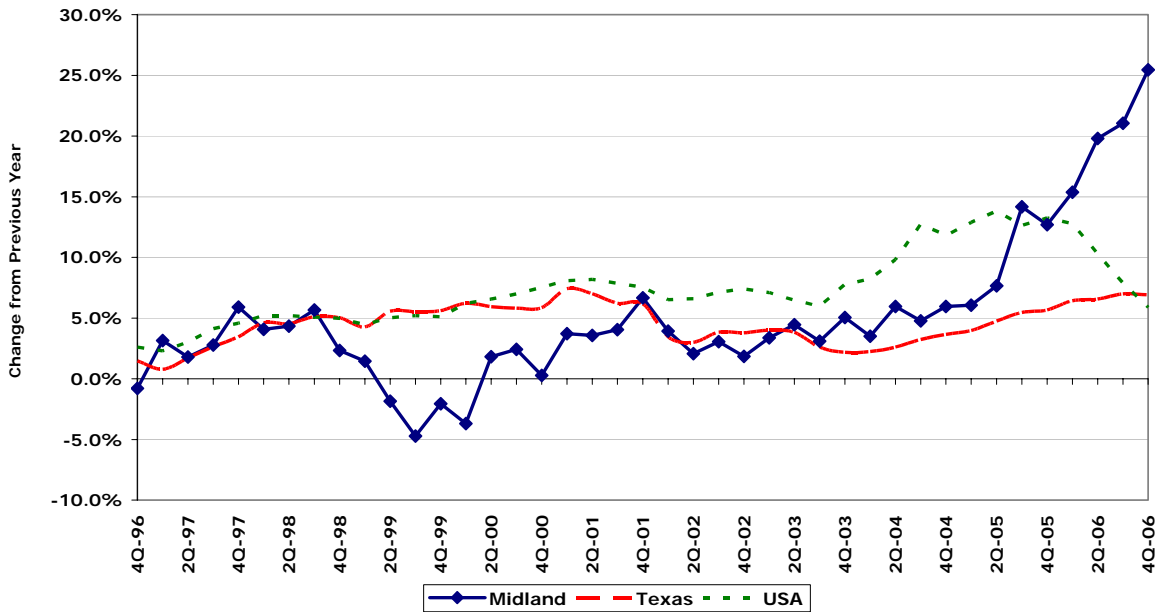
The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae.



Source: Office of Federal Housing Enterprise Oversight

Home Price Appreciation Midland 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
Midland, TX

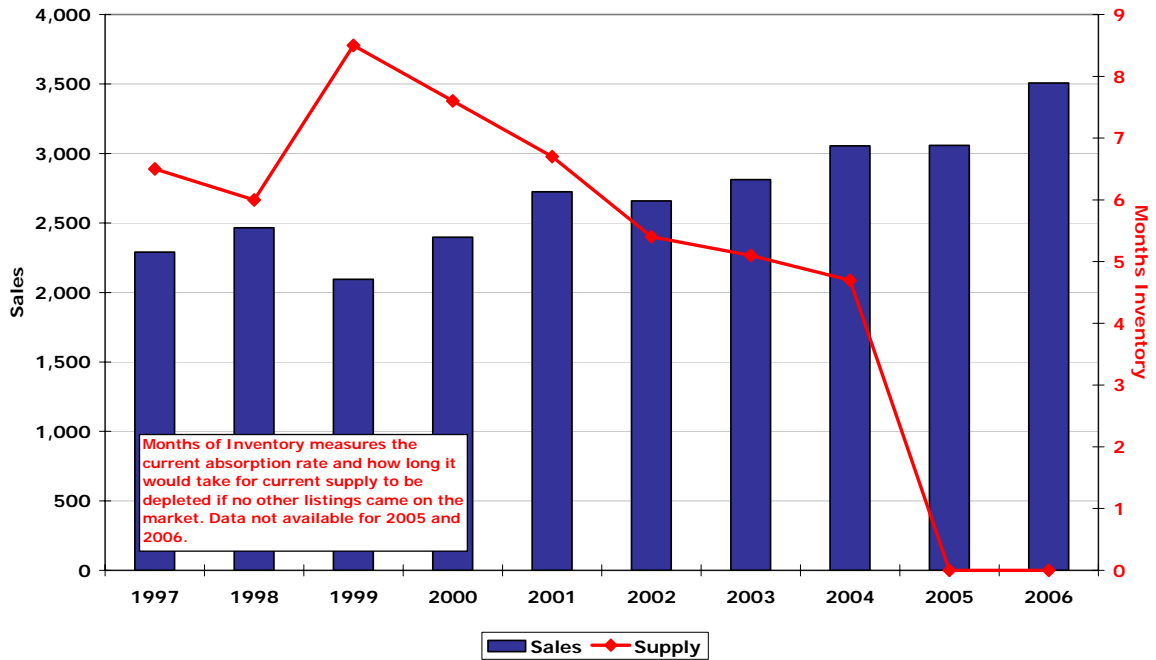
2005 Occupied Housing Unit Characteristics

Housing Unit Characteristics	Midland 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	29,548	15,952	45,500	5,162,604	2,815,491	7,978,095
Household Size						
1-person household	18.8%	38.7%	25.8%	19.1%	35.0%	24.7%
2-person household	34.7%	25.9%	31.6%	34.2%	25.8%	31.2%
3-person household	20.6%	18.0%	19.7%	17.2%	16.0%	16.8%
4-or-more-person household	25.9%	17.3%	22.9%	29.5%	23.2%	27.3%
Race and Hispanic or Latino Origin of Householder						
One Race						
White	84.0%	81.5%	83.2%	79.0%	66.2%	74.5%
Black or African American	5.5%	9.7%	7.0%	8.2%	17.9%	11.6%
American Indian and Alaska Native	-	-	0.3%	0.5%	0.6%	0.6%
Asian	0.7%	0.4%	0.6%	2.9%	3.1%	3.0%
Native Hawaiian and Other Pacific Islander	-	-	0.0%	0.0%	0.1%	0.0%
Some other race	8.5%	5.4%	7.4%	8.3%	10.8%	9.2%
Two or more races	1.0%	2.5%	1.5%	1.0%	1.4%	1.2%
Age of Householder						
Under 35 years	13.2%	40.2%	22.7%	14.4%	46.3%	25.6%
35 to 44 years	18.1%	27.5%	21.4%	21.9%	21.4%	21.7%
45 to 54 years	26.1%	14.4%	22.0%	24.1%	15.4%	21.0%
55 to 64 years	15.4%	5.8%	12.1%	18.1%	8.3%	14.7%
65 to 74 years	15.8%	5.7%	12.3%	11.9%	4.2%	9.2%
75 to 84 years	9.6%	4.6%	7.8%	7.6%	3.1%	6.1%
85 years and over	1.7%	1.7%	1.7%	2.0%	1.3%	1.8%
Units in Structure						
1, detached	91.6%	27.2%	69.0%	87.5%	28.3%	66.6%
1, attached	1.9%	2.8%	2.2%	2.3%	3.6%	2.8%
2 apartments	0.2%	5.4%	2.1%	0.3%	4.9%	1.9%
3 or 4 apartments	0.2%	13.0%	4.7%	0.4%	8.8%	3.3%
5 to 9 apartments	0.1%	19.1%	6.8%	0.3%	13.8%	5.1%
10 or more apartments	0.2%	21.7%	7.7%	0.7%	35.1%	12.9%
Mobile home or other type of housing	5.7%	10.8%	7.5%	8.5%	5.6%	7.5%
Year Structure Built						
2000 or later	4.1%	2.4%	3.5%	13.7%	10.9%	12.7%
1990 to 1999	11.3%	10.9%	11.2%	18.6%	14.8%	17.2%
1980 to 1989	22.7%	33.8%	26.6%	18.7%	22.5%	20.1%
1960 to 1979	30.0%	33.7%	31.3%	28.7%	35.0%	30.9%
1940 to 1959	30.3%	18.9%	26.3%	15.4%	12.4%	14.3%
1939 or earlier	1.6%	0.3%	1.2%	4.9%	4.5%	4.8%
Bedrooms						
No bedroom	0.3%	3.5%	1.4%	0.2%	1.5%	0.6%
1 bedroom	1.5%	25.5%	9.9%	2.1%	32.6%	12.9%
2 or 3 bedrooms	70.1%	69.0%	69.7%	70.8%	61.7%	67.6%
4 or more bedrooms	28.1%	2.0%	19.0%	26.8%	4.2%	18.9%
Annual Household Income and Housing Costs*						
Median household income (dollars)	\$53,091	\$26,299	\$41,455	\$54,610	\$26,782	\$42,139
Annual Median Housing Costs (dollars)	\$9,096	\$6,876	\$7,896	\$10,536	\$8,052	\$9,108
Housing Costs as a percentage of household income	17.1%	26.1%	19.0%	19.3%	30.1%	21.6%

* in 2005 inflation-adjusted dollars

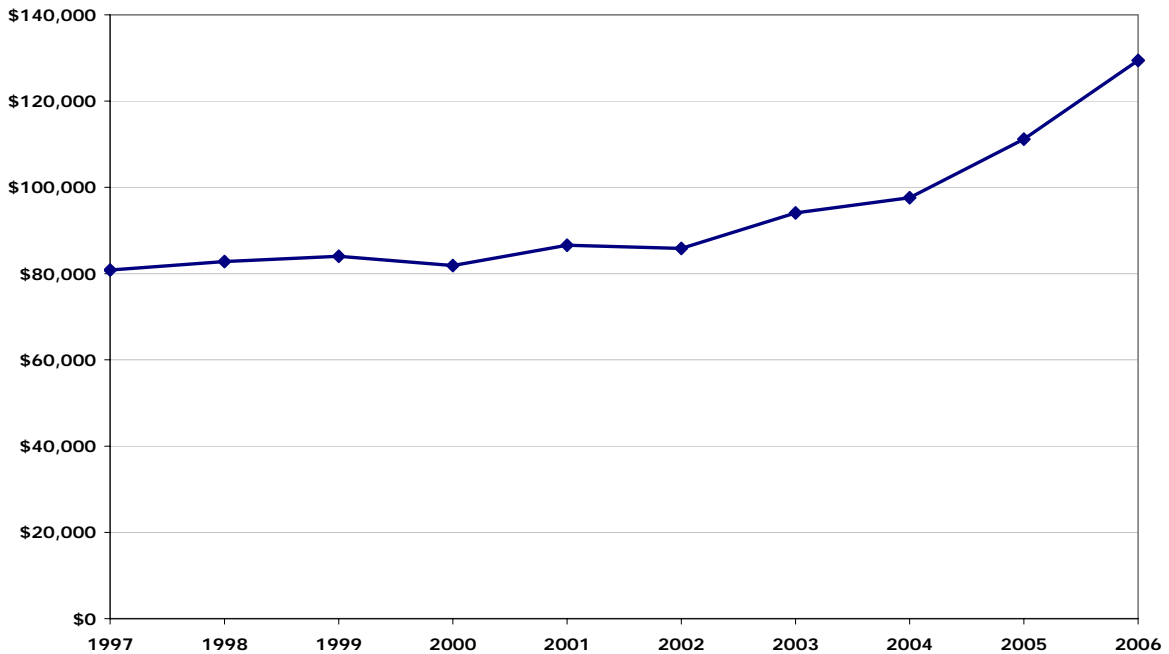
Source: U.S. Census Bureau 2005 and Real Estate Center at Texas A&M University

Yearly Homes Sales and Months Inventory
 Odessa-Midland MLS



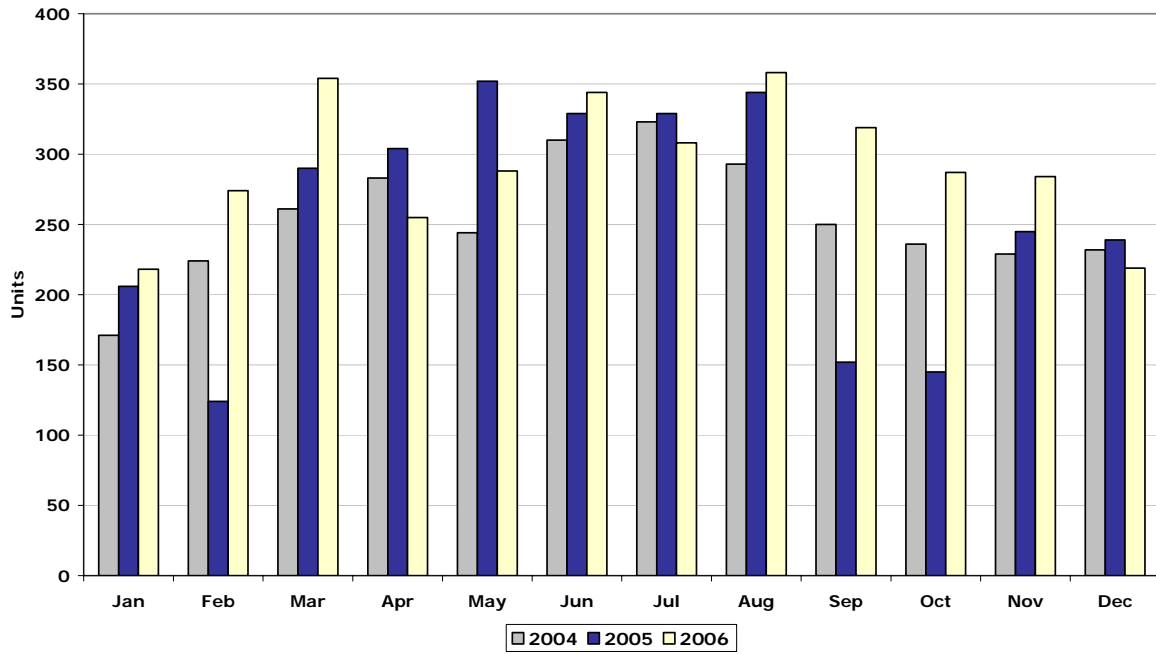
Source: Real Estate Center at Texas A&M University

Average Sales Price
 Odessa-Midland MLS



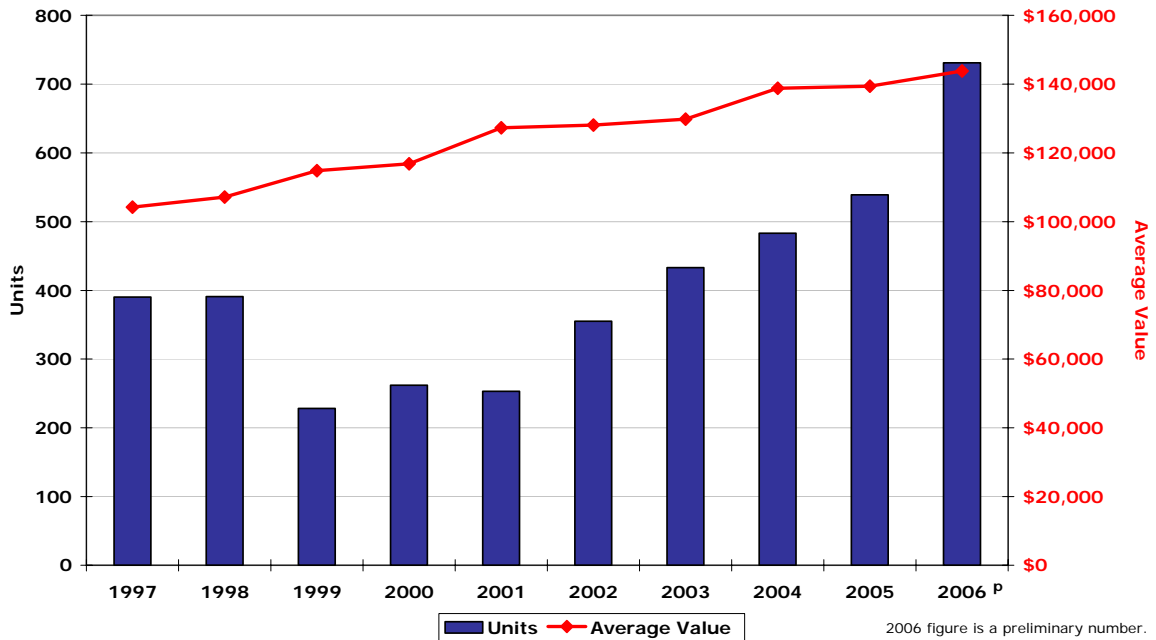
Source: Real Estate Center at Texas A&M University

Single-Family Homes Sales Volume
Odessa-Midland MLS



Source: Real Estate Center at Texas A&M University

Single-Family Building Permits and Average Value
Odessa-Midland



2006 figure is a preliminary number.

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

Midland Market Overview 2007 Hotel

Hotel* Occupancy and Rental Rates

	2005		2006	
	Midland	Texas	Midland	Texas
# Rooms 000's	1.9	333.6	1.9	341
Average daily rate	\$51.54	\$74.38	\$59.18	\$80.82
Occupancy rate (in percent)	57.3	59.9	69.5	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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