

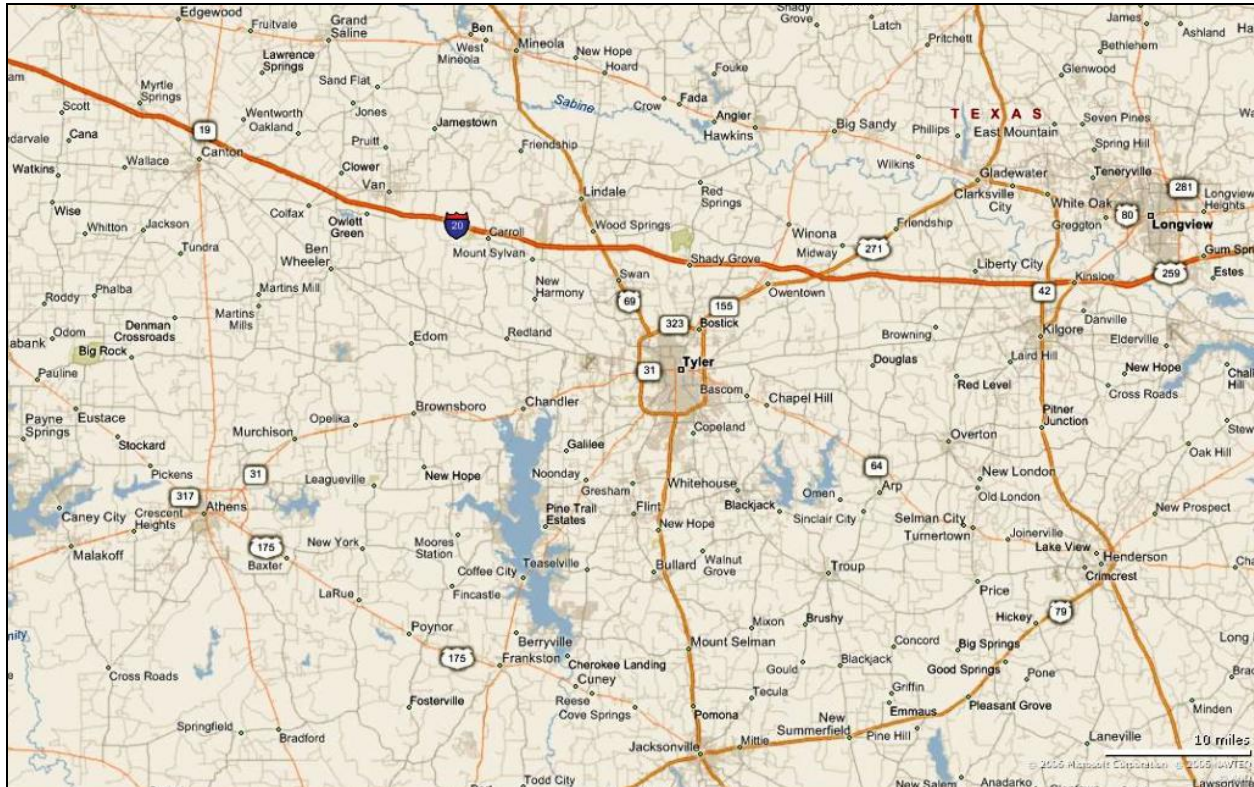
Real Estate Market Overview 2007

Tyler

The Tyler Metropolitan Statistical Area (MSA), located between Dallas and Shreveport along I-20, is a manufacturing, health care, education and retail center for East Texas. Tyler ranked third nationally on a list of "Best small places for Businesses and Careers" published by Forbes magazine and the Milken Institute in 2002. Tyler is also considered "The Rose Capital of America" and sponsors an annual Azalea and Spring Flower Trail in March and April that draws thousands of tourists.

Quick Facts	
Land Area	928.38 square miles
2006 Population Density	209.7 people per square mile
Counties	Smith
Area Cities and Towns	
Arp, Big Sandy, Garden Valley, Lindale, Mount Sylvan, Tyler, Whitehouse, Winona	

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



Microsoft product screen shot reprinted with permission from Microsoft Corporation.

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 | |

Table of Contents

Demographics 1

Education 4

Employment 5

Economy 10

Infrastructure 11

Multifamily 12

Housing 13

Retail 18

Hotel 19

Office 20

Tyler Market Overview 2007 Demographics

Tyler MSA Population*

Year	Population	Percent Change
1996	166,087	-
1997	168,531	1.5
1998	171,033	1.5
1999	172,758	1.0
2000	174,706	1.1
2001	177,609	1.7
2002	180,781	1.8
2003	183,875	1.7
2004	186,822	1.6
2005	190,594	2.0
2006	194,635	2.1

* July 1 population estimates

Source: U.S. Census Bureau

Tyler MSA Projected Population

Year	Texas State Data Center (Scenario 0.5)	Texas Water Development Board
2000	174,706	174,706
2005	181,181	-
2010	188,488	194,223
2015	196,140	-
2020	203,949	208,737
2025	211,963	-
2030	220,526	223,251
2035	229,866	-
2040	240,273	237,766

Sources: Texas State Data Center (2006 projection) and Texas Water Development Board (2006 projection)

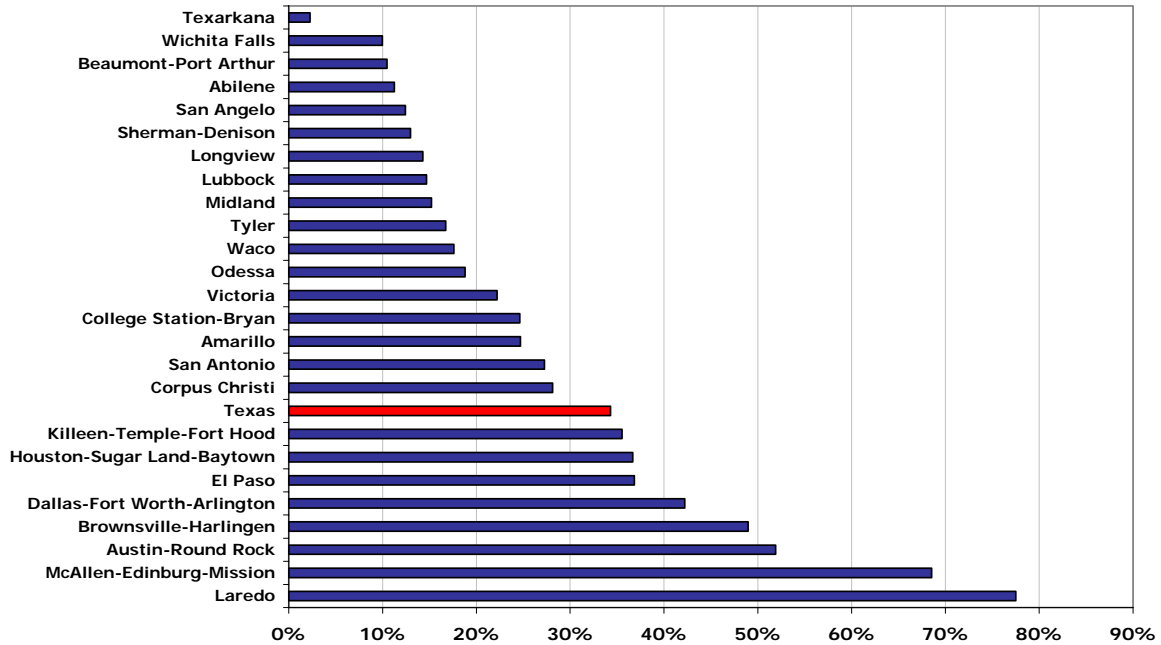
Texas Metropolitan Area Population* Change

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

**Texas Metropolitan Area
Population Growth Forecast, 2000 - 2020**



Source: Texas State Data Center – Scenario 0.5 (2006 projection)

Household Composition

	Tyler 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)	14.1	9.9

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

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

	Tyler MSA	Texas
White	72.6	71.0
Black	19.1	11.5
Asian	0.7	2.7
American Indian	0.4	0.6
Other	5.7	11.7
Two or more races	1.4	2.5
Hispanic (of any race)	11.2	32.0

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

Tyler 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
Smith	24.8	25.4	7.4	15.3	4.8	0.7
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	Tyler MSA	Texas
High School Graduate or Higher	80.2	79.2
Bachelor's Degree or Higher	22.5	23.9

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

Local College and University Enrollment, Fall Semester

School	2002	2003	2004	2005	2006
Tyler Junior College	8,977	9,591	9,430	9,265	9,422
U.T. Tyler	4,254	4,769	5,326	5,746	5,926

Sources: Texas Higher Education Coordinating Board

Tyler Market Overview 2007 Employment

Top Ten Employers

Employer	Sector	Employees
Trinity-Mother Frances Hospital	Health care	3,657
East Texas Medical Center	Health care	3,217
Brookshire Grocery Company	Grocery distribution	2,591
Tyler Independent School District	Education	2,424
The Trane Company	Heating-cooling unit manufacturing	2,169
Wal-Mart	Retail	1,795
Carrier Corporation	Commercial air conditioners	1,300
The University of Texas Health Center at Tyler	Health care & research	1,100
Good Year Tire & Rubber Company	Passenger tires	1,053
CB&I Howe-Baker	Engineering contracting	1,000

Source: Tyler Economic Development Council 2006

Top Ten Private Employers

Employer	Sector	Employees
Trinity-Mother Frances Hospital	Health care	3,657
East Texas Medical Center	Health care	3,217
Brookshire Grocery Company	Grocery distribution	2,591
The Trane Company	Heating-cooling unit manufacturing	2,169
Wal-Mart	Retail	1,795
Carrier Corporation	Commercial air conditioners	1,300
Good Year Tire & Rubber Company	Passenger tires	1,053
CB&I Howe-Baker	Engineering contracting	1,000
Tyler Pipe	Cast iron pipe, iron fittings	914
Target Distribution Center	Retail distribution	751

Source: Tyler Economic Development Council 2006

Tyler MSA Nonfarm Employment

Year	Employment	Percent Change
1996	73,700	-
1997	76,900	4.3
1998	79,500	3.4
1999	81,200	2.1
2000	83,900	3.3
2001	84,400	0.6
2002	85,200	0.9
2003	85,800	0.7
2004	87,900	2.4
2005	90,500	3.0
2006	91,700	1.3

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

Employment Growth by Industry

	Tyler MSA	Texas
Employment Growth 2006 (Percent Change)	1.3	3.3
Unemployment Rate 2006 (Percent Change)	4.7	4.9
Net Job Change in 2006	1,200	318,300
2006 Employment Growth by Sector (Percent Change)		
Natural Resources and Mining and Construction	20.0	7.5
Manufacturing	-4.2	3.2
Trade, Transportation, and Utilities	-1.0	2.5
Information	-4.8	-0.4
Financial Activities	0.0	2.6
Professional and Business Services	5.4	6.0
Educational and Health Services	0.6	2.8
Leisure and Hospitality	7.0	3.9
Government	-0.8	1.7

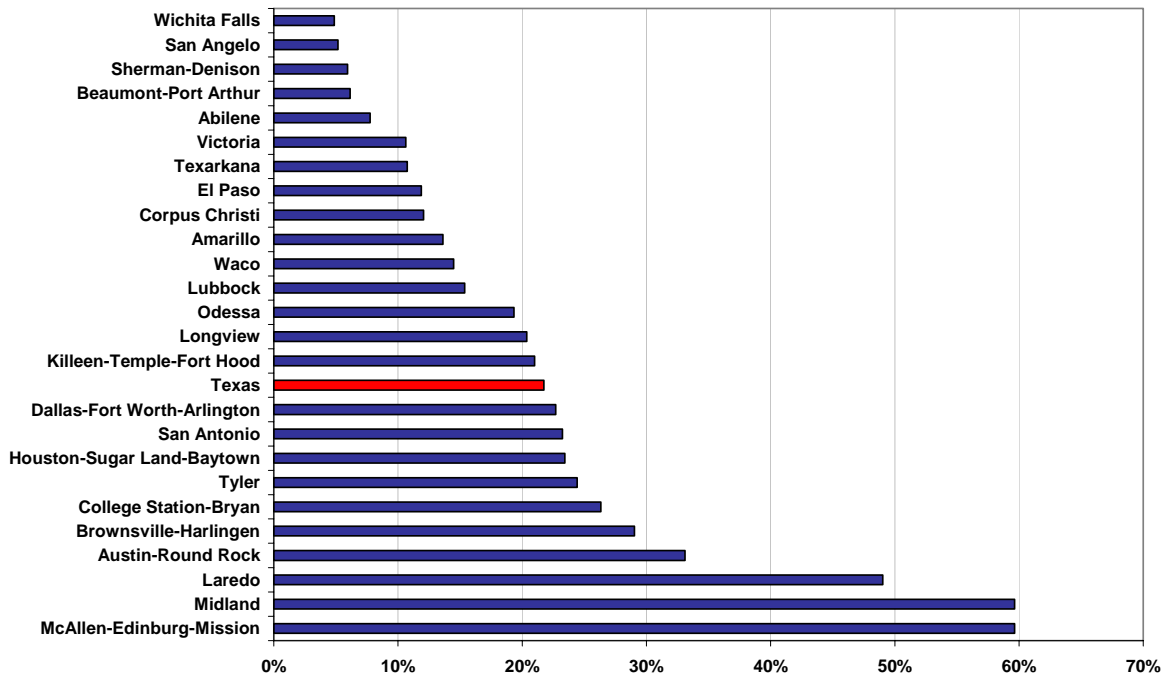
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

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

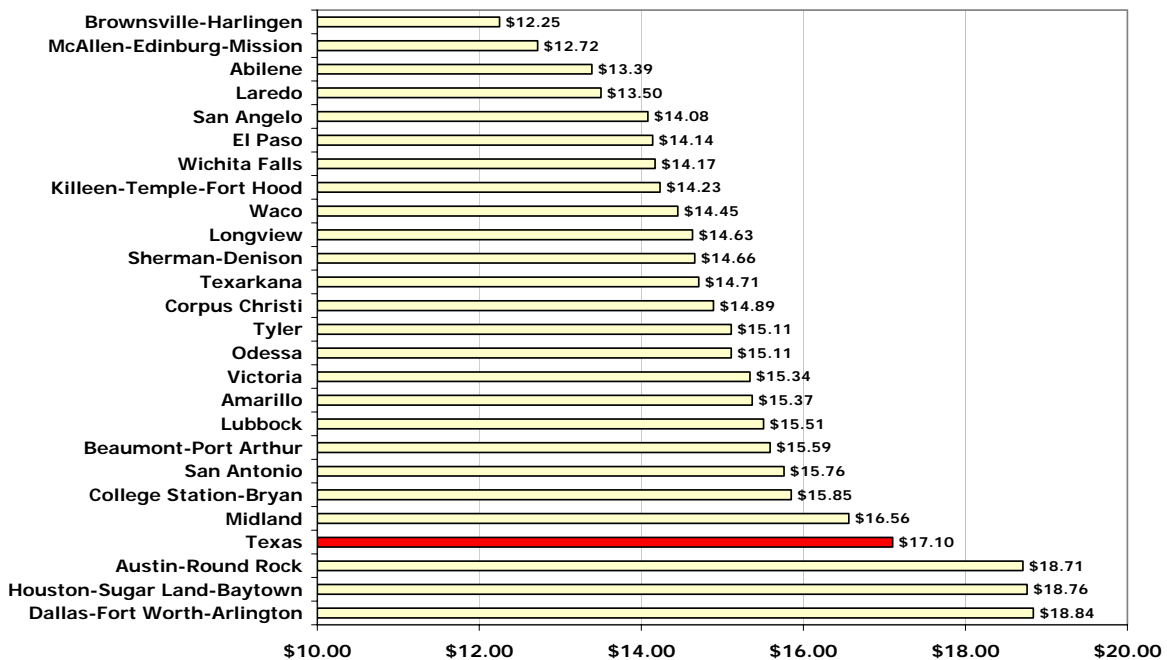
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

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



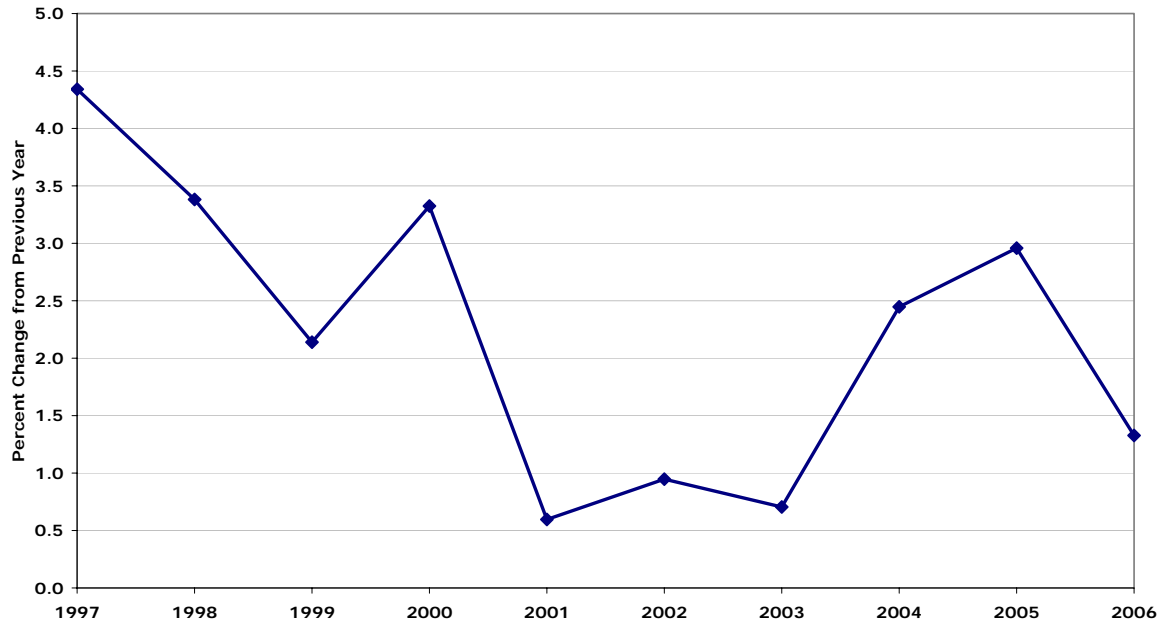
Source: Texas Workforce Commission and Real Estate Center

**Average Hourly Wage
2005**



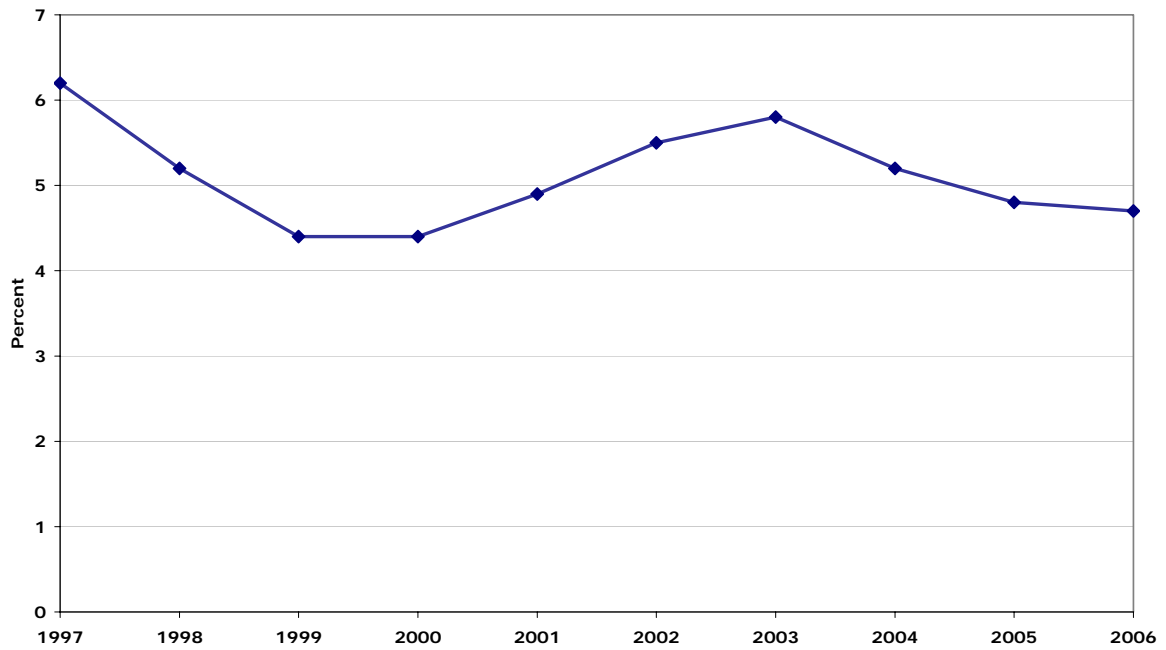
Source: Texas Workforce Commission

**Nonfarm Employment Growth
Tyler MSA**



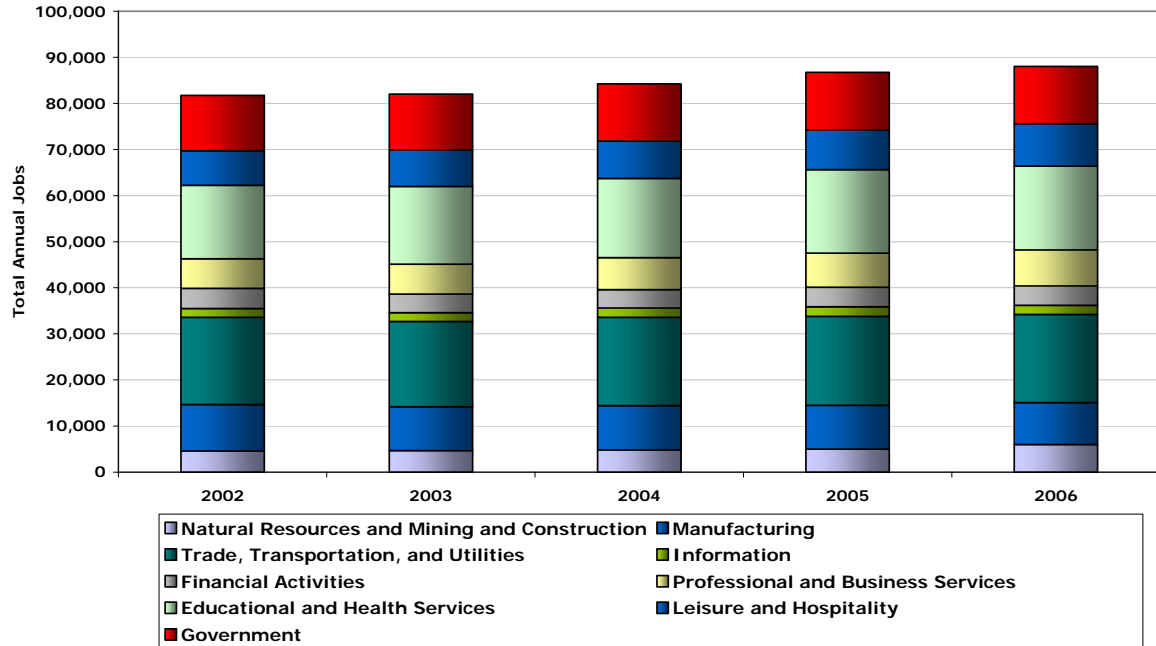
Source: Texas Workforce Commission and Real Estate Center at Texas A&M University

**Tyler MSA
Unemployment Rate**



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

Distribution of Employment in Major Categories
 Tyler MSA



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

Tyler Market Overview 2007 Economy

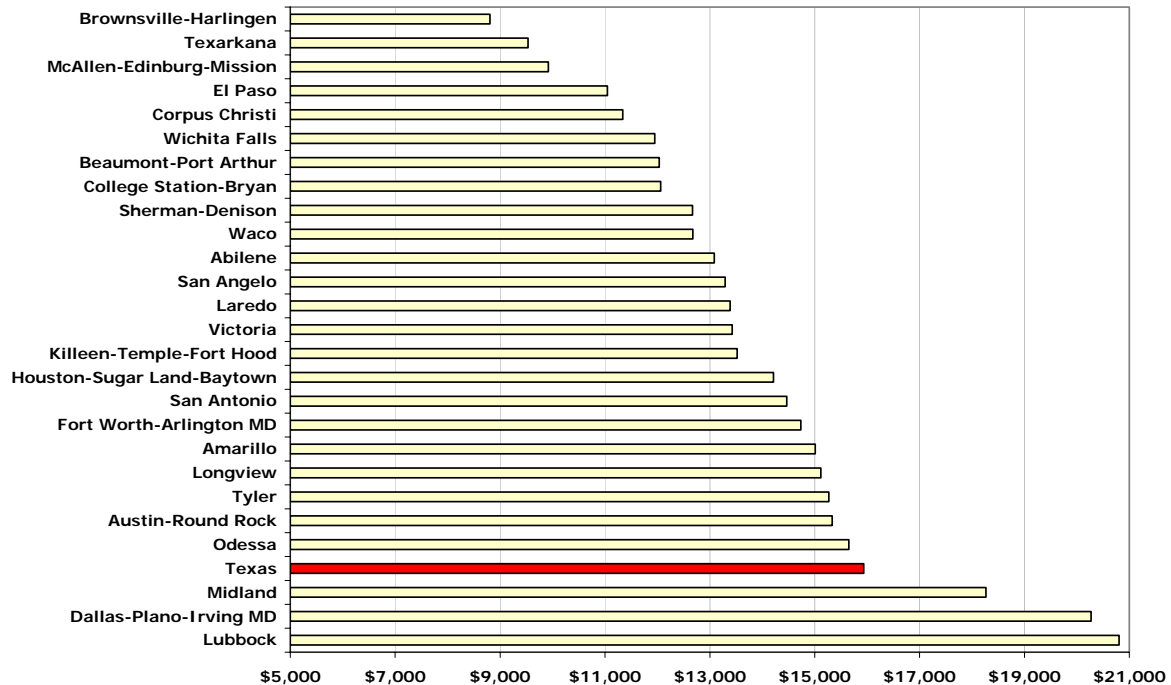
Tyler MSA Gross Retail Sales

Year	Total Sales	Sales per Capita
1995	\$1,910,000,610	#N/A
1996	\$1,979,648,405	\$11,919
1997	\$2,036,581,314	\$12,084
1998	\$2,214,711,557	\$12,949
1999	\$2,511,976,041	\$14,540
2000	\$2,586,577,685	\$14,805
2001	\$2,479,095,532	\$13,958
2002	\$2,503,866,572	\$13,850
2003	\$2,560,118,898	\$13,923
2004	\$2,757,582,919	\$14,760
2005	\$2,909,985,496	\$15,268
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

Tyler Market Overview 2007 Infrastructure

Tyler Airline Boardings

Airport	2002	2003	2004	2005	2006
Tyler Pounds Regional Airport					
Enplaned	55,578	60,284	70,549	84,461	78,971
Deplaned	54,530	58,773	68,741	80,708	75,016
Total	110,108	119,057	139,290	165,169	153,987

Source: Tyler Pounds Field Airport

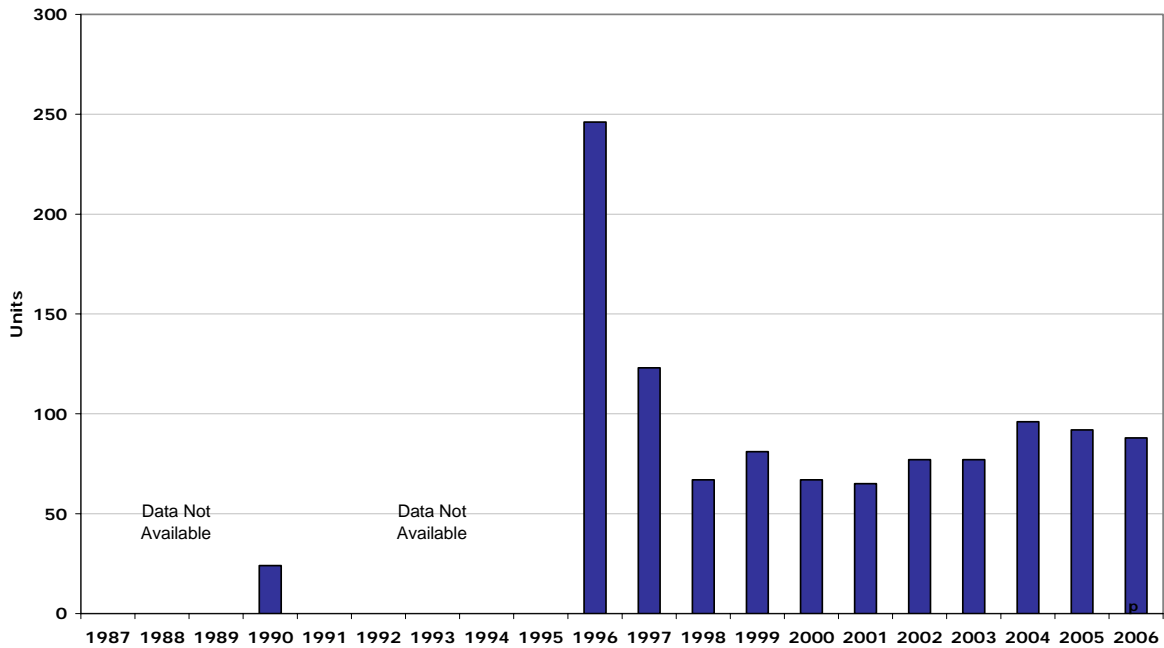
Tyler Market Overview 2007 Multifamily

Tyler Apartment Statistics 2006

	Tyler	Texas Metro Average
Average rent per square foot	\$0.65	\$0.77
Average rent for units built since 2000	\$0.61	\$0.86
Average occupancy	96.8%	92.8%
Average occupancy for units built since 2000	97.6%	94.1%

Source: Apartment MarketData Research

**Tyler 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.

Tyler 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**
Tyler	\$108,900	\$26,790	\$52,700	1.97	1.17
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.

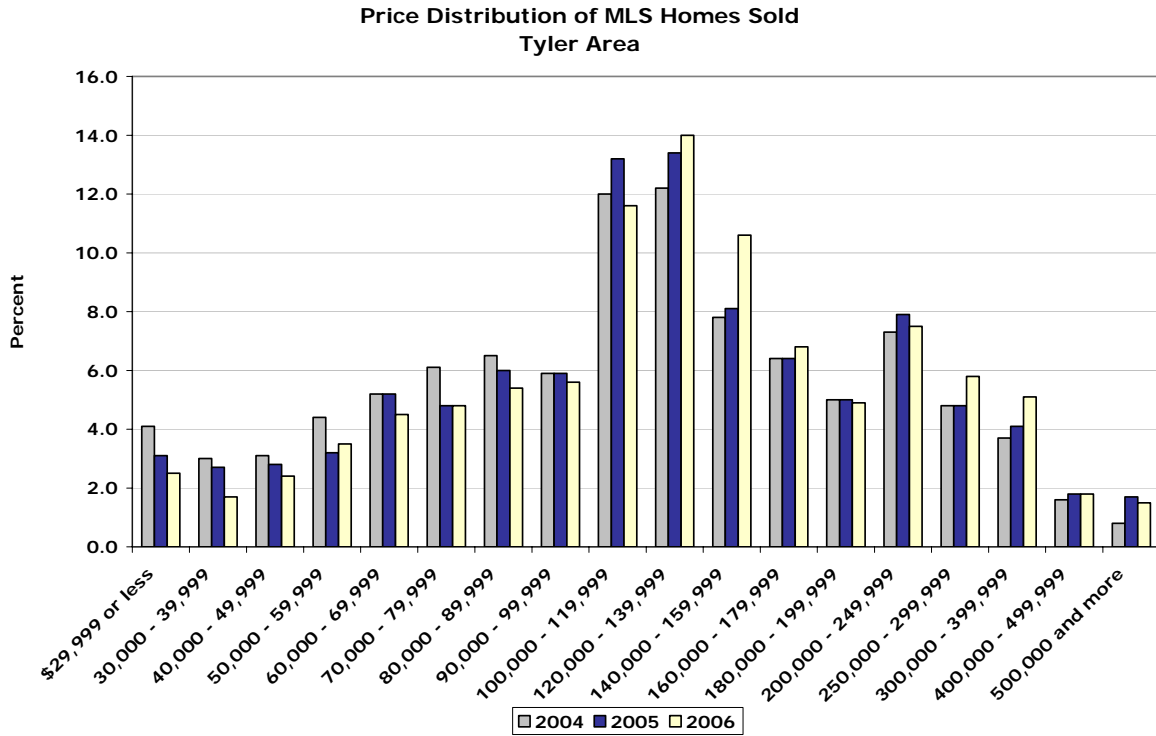
** First-time home buyer is assumed to purchase a home equal to the first quartile home price using a 90% home loan at an interest rate 0.5 percent greater than the standard current rate.

Source: Real Estate Center at Texas A&M University

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

Price Range	2000	2001	2002	2003	2004	2005	2006
\$29,999 or less	5.2	3.8	3.9	3.2	4.1	3.1	2.5
30,000 - 39,999	4.3	2.8	3.1	3.5	3.0	2.7	1.7
40,000 - 49,999	6.1	5.5	4.6	3.0	3.1	2.8	2.4
50,000 - 59,999	6.7	5.4	6.0	4.4	4.4	3.2	3.5
60,000 - 69,999	8.8	7.1	7.5	5.6	5.2	5.2	4.5
70,000 - 79,999	8.6	8.6	7.8	6.6	6.1	4.8	4.8
80,000 - 89,999	8.0	8.3	8.3	7.5	6.5	6.0	5.4
90,000 - 99,999	7.3	7.3	7.1	7.6	5.9	5.9	5.6
100,000 - 119,999	10.7	12.0	12.1	13.4	12.0	13.2	11.6
120,000 - 139,999	9.0	10.4	10.2	11.2	12.2	13.4	14.0
140,000 - 159,999	5.7	7.2	6.9	8.4	7.8	8.1	10.6
160,000 - 179,999	5.5	5.5	5.3	6.1	6.4	6.4	6.8
180,000 - 199,999	3.8	3.7	4.4	4.8	5.0	5.0	4.9
200,000 - 249,999	5.3	5.3	4.8	5.9	7.3	7.9	7.5
250,000 - 299,999	2.2	3.2	3.2	3.3	4.8	4.8	5.8
300,000 - 399,999	2.1	2.6	3.4	3.8	3.7	4.1	5.1
400,000 - 499,999	0.5	0.9	1.3	1.1	1.6	1.8	1.8
500,000 and more	0.5	0.5	0.2	0.6	0.8	1.7	1.5

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**

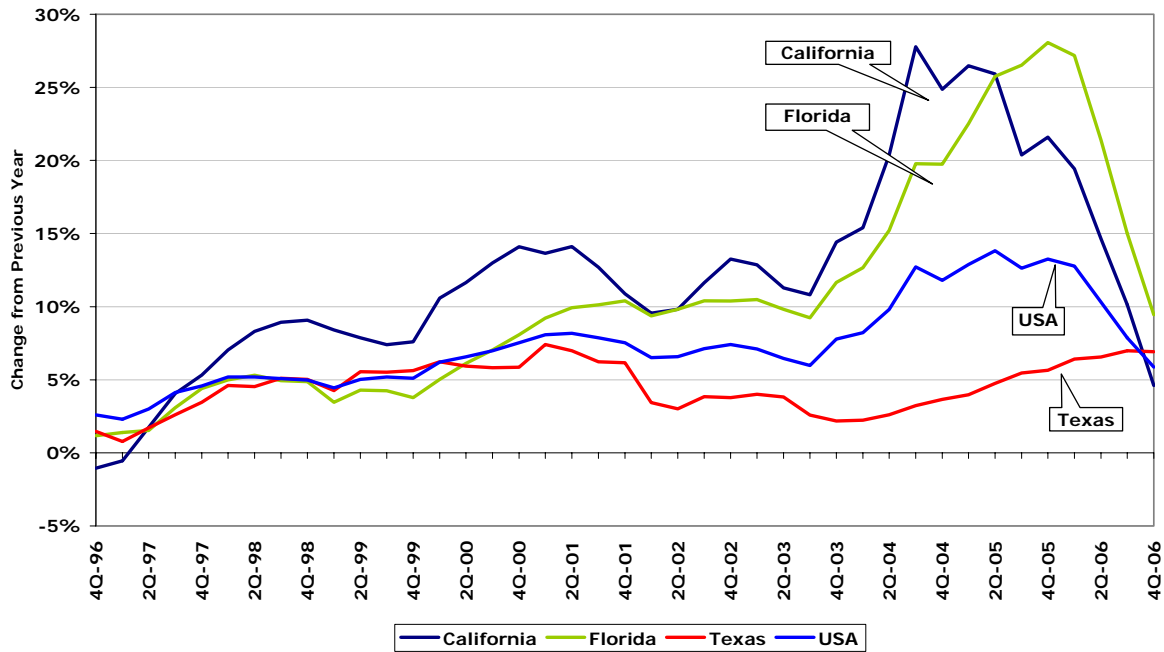
Taxing Entity*	Tax Rate per \$100 Valuation
City of Tyler	0.2237
Smith County	0.2683
Tyler Independent School District	1.4880
Total	\$1.98

* 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: Smith County Appraisal District

National Home Price Appreciation

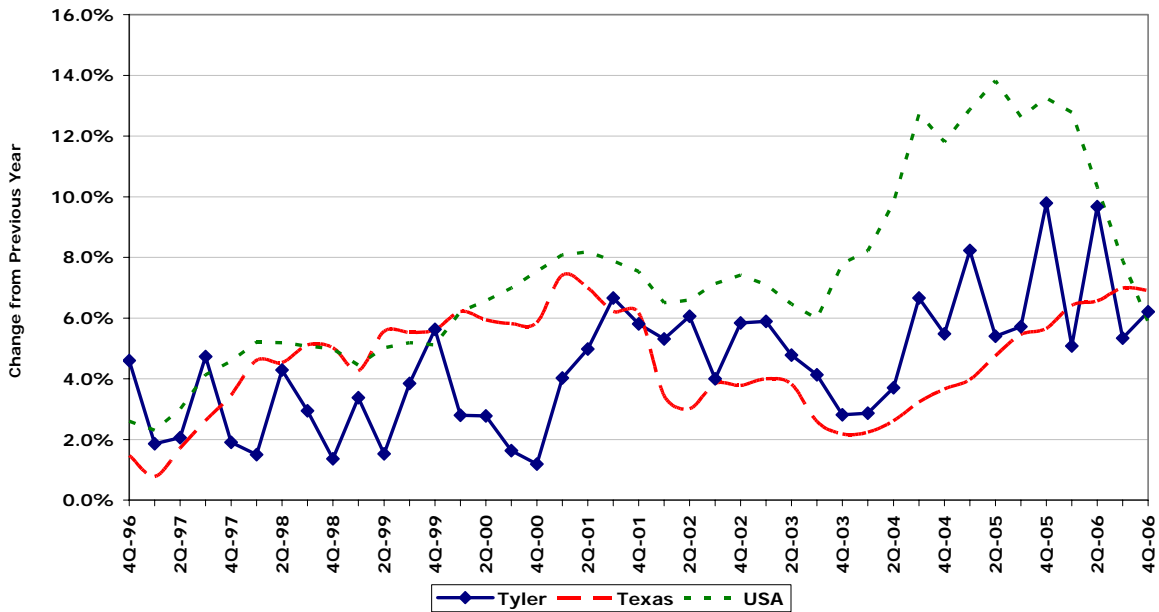
The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae.



Source: Office of Federal Housing Enterprise Oversight

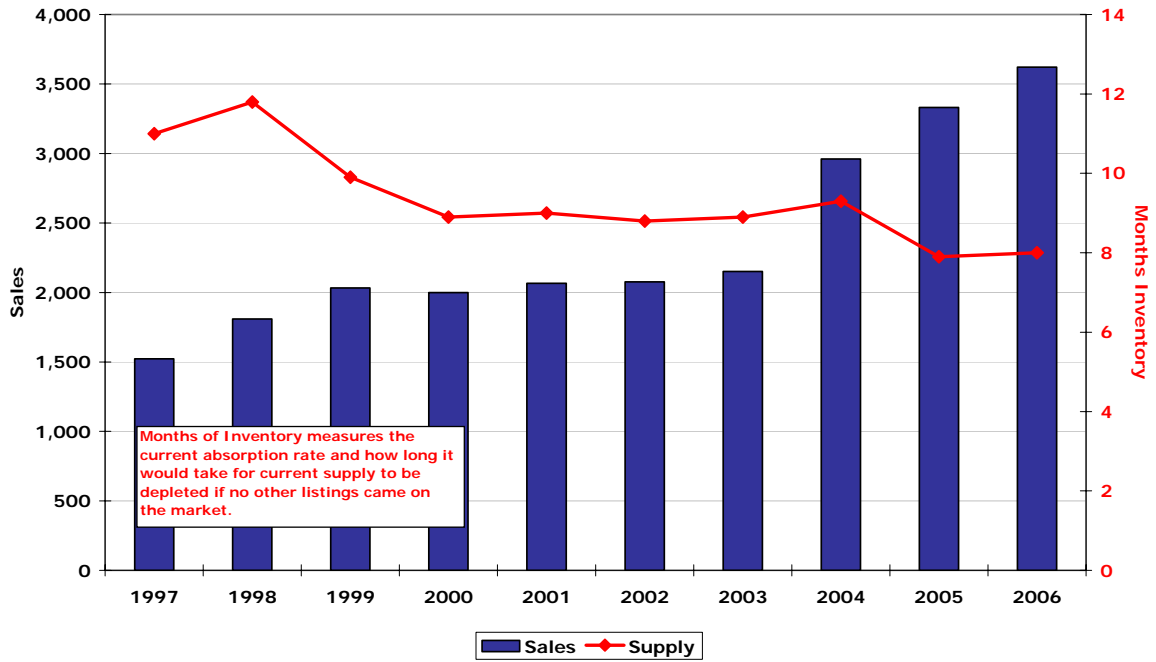
Home Price Appreciation Tyler MSA

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.



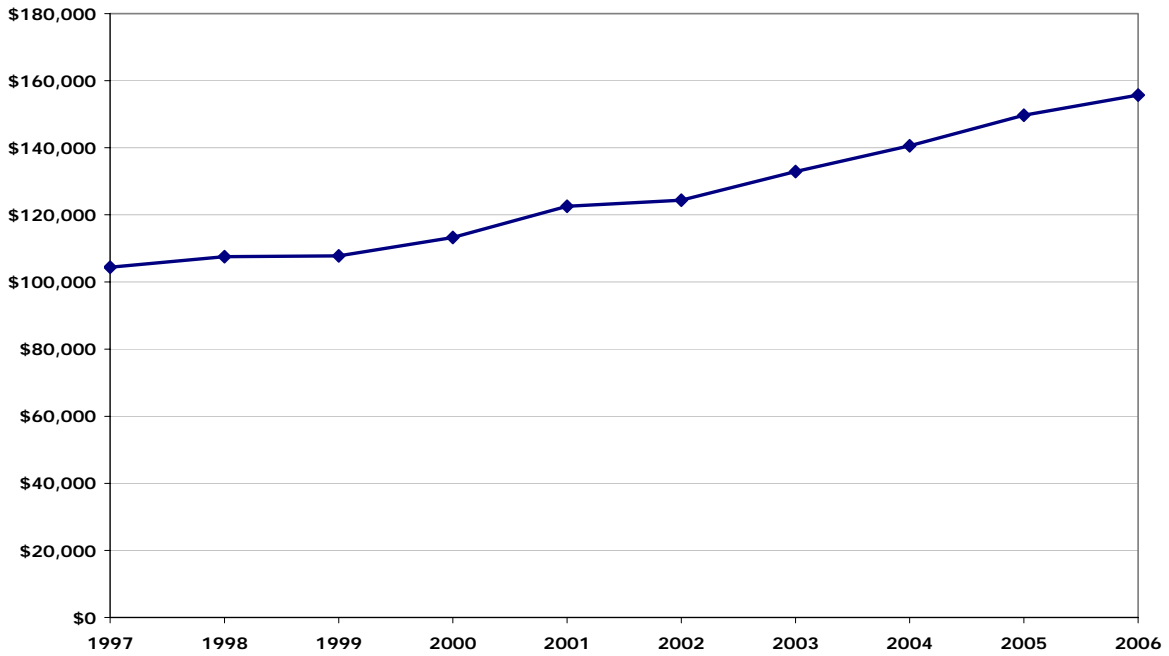
Source: Office of Federal Housing Enterprise Oversight

Yearly Homes Sales and Months Inventory
Tyler MLS



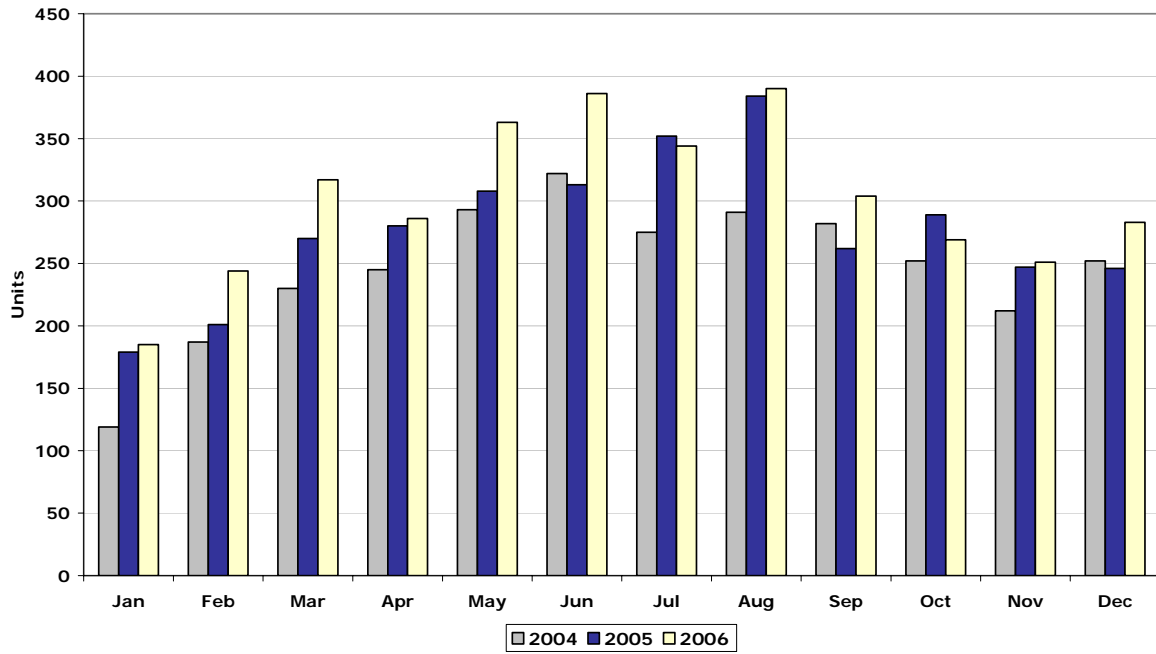
Source: Real Estate Center at Texas A&M University

Average Sales Price
Tyler MLS



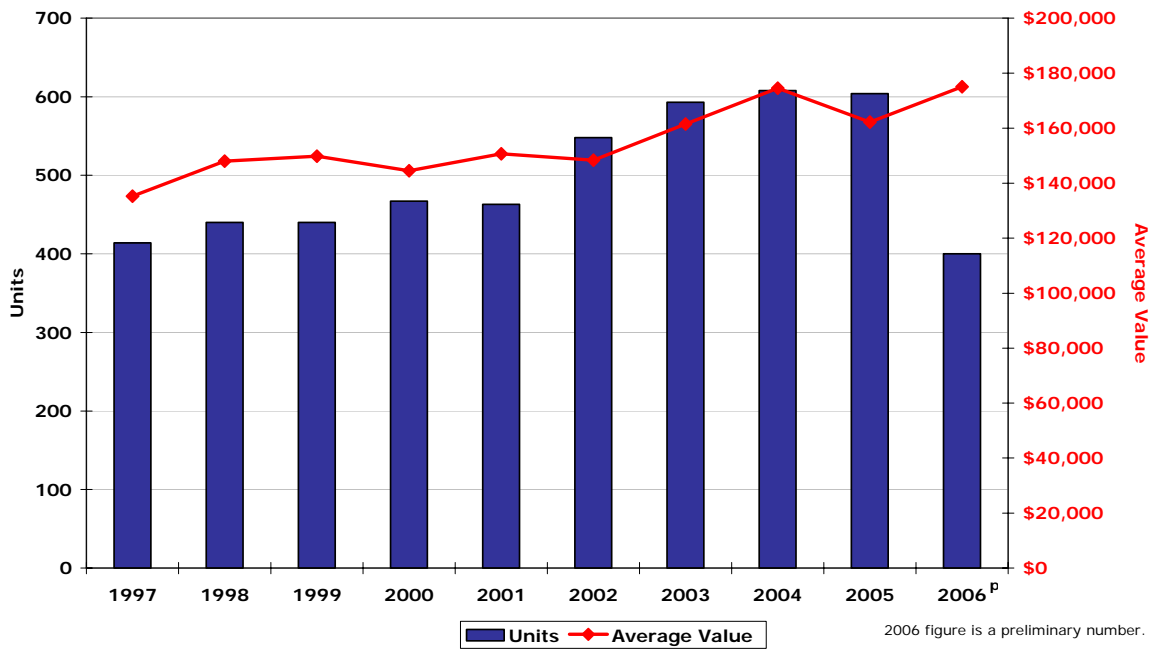
Source: Real Estate Center at Texas A&M University

Single-Family Homes Sales Volume
Tyler MSA



Source: Real Estate Center at Texas A&M University

Single-Family Building Permits and Average Value
Tyler MSA



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

Tyler Market Overview 2007

Retail

Retail Statistics

	Sep-05	Apr-06
Total Space (SF)	2,354,624	2,470,199
Occupancy Rate (%)	92.3%	91.8%
Average Rent (\$/SF)	\$11.61	\$11.72
Total Available Space (SF)	182,212	201,738

Source: Burns & Noble

Tyler Market Overview 2007

Hotel

Hotel* Occupancy and Rental Rates

	2005		2006	
	Tyler	Texas	Tyler	Texas
# Rooms 000's	2.2	333.6	2.2	341
Average daily rate	\$58.89	\$74.38	\$62.02	\$80.82
Occupancy rate (in percent)	63	59.9	64.7	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

Tyler Market Overview 2007 Office

Tyler Office Market, September 2006

	Total Market Statistics	CBD/Downtown Market	Suburban/South Tyler Market
Number of buildings	49	17	32
Total square feet	2,052,795	823,640	1,229,155
Total vacant square feet	238,661	118,890	119,771
Overall occupancy rate	88.3%	85.5%	90.2%
Average annual rental rate per sq. ft.	\$12.26	\$11.44	\$12.71

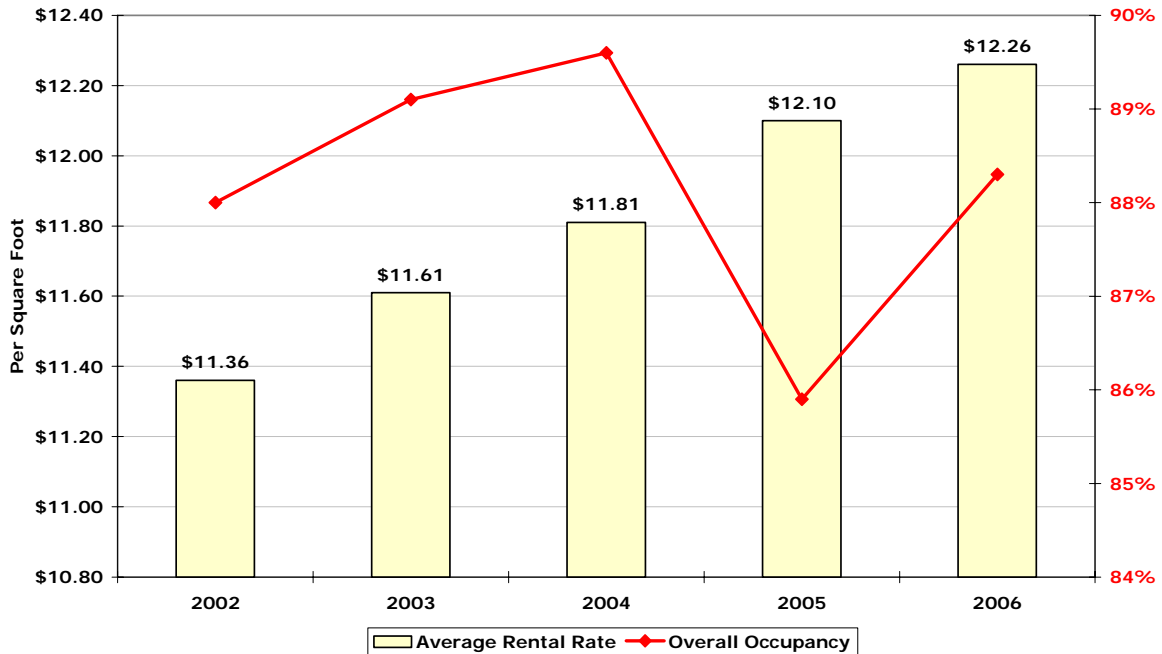
Source: Burns & Noble

Tyler Office Market Survey, September 2006

	Class A	Class B	Class C
Number of buildings	8	28	13
Total square feet	827,340	910,267	315,188
Total vacant square feet	57,468	139,595	41,598
Occupancy rate	93.0%	84.6%	86.2%
Average annual rental rate per sq. ft.	\$15.19	\$12.20	\$10.45

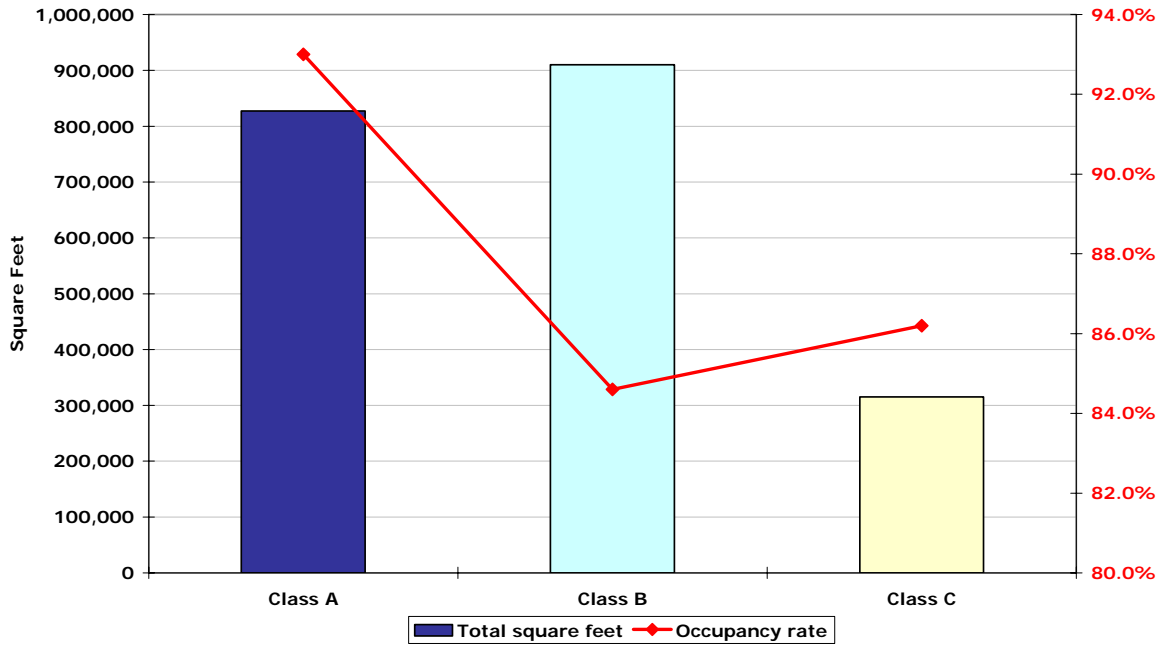
Source: Burns & Noble

**Office Market Trends
Rates and Occupancy**



Source: Burns & Noble

Tyler Office Market Survey
September 2006



Source: Burns & Noble



This annual report is created free of charge by the Real Estate Center at Texas A&M University. We strive to provide the most accurate, up-to-date, and insightful data to paint a detailed picture of Texas' Metropolitan Statistical Areas. However, links contained in this report may change in time and become obsolete. The Real Estate Center advises to contact the original source if any of the links are found to be broken. The Center also provides numerous publications, resources, and data on building permits, employment, population, and home sales at <http://recenter.tamu.edu>. For the latest daily news visit <http://recenter.tamu.edu/mnews/mnsearch.asp?AID=22>.

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