

METROPOLITAN AREA ECONOMIC OVERVIEW

POPULATION		EMPLOYMENT	
Total Est. 2003	382,802	Total Est. 2003	167,310
Est. Growth Rate--2008	0.27%	Office Index	0.99
Income Index	0.78	Health Services Index	0.42
Affordability Index	1.42	Government Index	1.20
Education Index	0.87	Retail Services Index	0.97
Age Index	0.96	Wholesale Index	0.71

The Corpus Christi economy continues along a moderate growth path. Many public projects have been completed or are nearing completion, including the new multi-purpose sports arena next to the Convention Center, the remodeling and upgrade of the Corpus Christi International Airport, and the repairs to the seawall. These public projects will alter property values and traffic patterns across the region.

Reid Ryan, son of Nolan Ryan, has negotiated with the city to bring a professional baseball team if the city will build a stadium. The new arena will be located next to the multi-purpose sports arena and should be ready for the 2005 season; most investors expect this to bring added prospects for higher growth.

The Crosstown Expressway (State Highway 286) extension that connects downtown to the Southside is one year from completion. Numerous businesses have been scouting locations along the new corridor, leading to higher prices along the route.

Corpus Christi should benefit from the new Toyota plant under construction just south of San Antonio. The port of Corpus Christi will serve this new plant for deliveries, driving lower vacancy in the surrounding warehouse market.

The office market is still suffering, however. It is a tenants' market as deals are being offered in all types of office properties. Class A downtown buildings still have the best occupancy with Southside Class A right behind. Flex-type office is not doing very well except for highly visible

spaces, which can be used for retail. Tower II, a 17-story 29,000 square foot downtown office building, was recently purchased by a Houston investment group, and a new 50,000 square foot medical office building is under construction on Shoreline on the site of a former car dealership. Overall, vacancy is stable, but not expected to decline in the near future.

Large warehouse space is slowly being absorbed. There are currently only three warehouses with more than 30,000 square feet for lease. Admiral Linen recently purchased the former Sanitary Supply warehouse, which should add an additional 150 jobs. Again, in the area surrounding the port, warehouse space has been rapidly absorbed.

Retail is still leading new construction. Lowe's Home Improvement has a site under contract at the corner of Airline and South Padre Island Drive. Kohl's has just opened at the corner of South Staples and Saratoga Boulevard. Wal-Mart announced a new store in the bedroom community of Portland, and they are looking for another south of downtown. New, smaller retail outlets, such as Krispy Kreme, Quizno's and Starbuck's, have been opening rapidly near and between the big box properties.

The multifamily market in Corpus Christi has rebounded from the pronounced dip of the last two years. Although vacancy continues to edge lower, landlords indicate that they are offering myriad concessions and prerequisites to attract viable tenants.

CORPUS CHRISTI AT-A-GLANCE

<i>(Rent/Square foot/year)</i>				
Downtown Office	Low	High	Effective Avg.	Vacancy
Premium (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$13.00	\$15.00	\$14.00	12.0%
Class B (Secondary)	\$9.00	\$12.00	\$10.50	45.0%
Suburban Office				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$13.00	\$15.00	\$14.00	15.0%
Class B (Secondary)	\$6.00	\$12.00	\$9.00	14.0%
Industrial				
Bulk Warehouse	\$1.80	\$4.20	\$3.00	3.0%
Manufacturing	N/A	N/A	N/A	N/A
High Tech/R&D	\$5.40	\$10.00	\$7.70	15.0%
Retail				
Downtown	\$6.00	\$13.00	\$9.50	35.0%
Neighborhood Service Centers	\$5.40	\$22.00	\$13.70	10.0%
Sub Regional Centers	\$9.00	\$19.00	\$14.00	5.0%
Regional Malls	\$9.00	\$21.00	\$15.00	22.0%
Solus Food Stores	N/A	N/A	N/A	N/A
Development Land	Low (Price/Acre)		High (Price/Acre)	
Office in CBD (per buildable SF)	\$217,800		\$435,600	
Land in Office Parks	\$28,314		\$196,000	
Land in Industrial Parks	\$28,314		\$196,000	
Office/Industrial Land - Non-park	\$26,136		\$87,120	
Retail/Commercial Land	\$196,020		\$958,320	
Residential	\$10,000		\$35,000	

Source: NAI Cravey Real Estate Services, Inc.