

METROPOLITAN AREA ECONOMIC OVERVIEW

POPULATION		EMPLOYMENT	
Total Est. 2002	385,472	Total Est. 2002	175,236
Est. Growth Rate-2007	3.40%	Office Using Index	0.98
Income Index	0.73	Health Services Index	1.17
Affordability Index	1.27	Government Index	1.20
Education Index	0.96	Retail Services Index	1.07
Age Index	0.93	Wholesale Index	0.91

MARKET OVERVIEW

The Corpus Christi economy is on an upward swing. Numerous public projects approved last year have started or are about to start. A new multi-purpose sports arena will be built next to the Convention Center, which is also being expanded and upgraded for about \$65 million for both. The airport terminal has been completely rebuilt, along with a new control tower at a cost of \$36 million.

A new baseball stadium and county fairgrounds are under construction in Robstown and Nolan Ryan is proposing to bring a baseball team to the downtown area if the City of Corpus Christi will build the complex.

Landry's has proposed to build a \$37 million marina and entertainment project that would be similar to their development in Kemah, Texas.

There are plans to deepen and widen the ship channel at an estimated cost of \$140 million.

Flint Hills Resources, formerly known as Koch Petroleum announced the construction of a \$145 million multi-processing unit at the company's west plant. Citgo is planning on spending more than \$60 million for capital improvements and maintenance. Valero Energy acquired former Coastal Corporation Refinery and Ultramar Diamond Shamrock. Valero will spend \$52 million in the next three years to upgrade those facilities.

Corpus Christi is one of the larger offshore rig manufacturing areas in the nation, employment in this area is predicted to grow

almost 18%.

The office market is still suffering. Recent mergers and downsizings are slowly eroding occupancy levels. Sublease space is growing rapidly and it is predicted that this space will not be filled in the near term and vacancy rates will increase over the next several years.

The completion of the new Andrews Distributing facility is the only new significant warehouse. Several large warehouses are still vacant. Rental rates are still too low to justify new speculative construction. Many of the old warehouses along the port are being torn down, making room for containers or future buildings. Oil field exploration is making a small comeback and is causing some of the small 5,000 to 10,000 square foot service buildings to be filled.

Retail is a bright spot with a new Lowe's, Kohl's, and Bed Bath & Beyond. A third Home Depot is under construction. The closed Albertson's at South Padre Island Drive and Everhart Road was quickly filled with Conn's Appliance and Electronics. The City's first Starbucks and Quizno's Subs will go in at South Padre Island Drive and South Staples Street.

Service Merchandise, Fifty Off, Solo Serve, K-Mart and Albertson's are still vacant.

South Staples Street and Saratoga Boulevard, Greenwood Road and South Padre Island Drive, Five Points, and South Padre Island Drive between Rodd Field Road and Weber Road are the hot retail corridors.

CORPUS CHRISTI AT-A-GLANCE

<i>(Rent/square foot/year)</i>	Low	High	Effective Avg.	Vacancy
DOWNTOWN OFFICE				
New Construction	N/A	N/A	N/A	N/A
Class A	\$ 13.00	\$ 17.50	\$ 15.25	18.0%
Class B	\$ 9.00	\$ 12.00	\$ 10.50	45.0%
SUBURBAN OFFICE				
New Construction	N/A	N/A	N/A	N/A
Class A	\$ 11.75	\$ 13.00	\$ 12.38	11.0%
Class B	\$ 6.00	\$ 11.00	\$ 8.50	14.0%
INDUSTRIAL				
Bulk Warehouse	\$ 1.80	\$ 4.20	\$ 3.00	2.8%
Manufacturing	N/A	N/A	N/A	N/A
Flex	\$ 6.00	\$ 10.00	\$ 8.00	10.0%
RETAIL				
Downtown	\$ 6.00	\$ 12.00	\$ 9.00	42.0%
Neighborhood Service Center	\$ 5.40	\$ 16.20	\$ 10.80	10.0%
Community Power Center	\$ 6.50	\$ 19.00	\$ 12.75	9.0%
Regional Malls	\$ 9.75	\$ 21.00	\$ 15.38	22.0%
DEVELOPMENT LAND				
	Low <i>(Price/Acre)</i>	High <i>(Price/Acre)</i>		
Office in CBD (Per buildable foot)	\$ 217,800*	\$ 435,600*		
In Office Park	\$ 28,314	\$ 196,000		
In Industrial Park	\$ 28,314	\$ 196,000		
Office/Industrial - Non-park	\$ 26,136	\$ 87,120		
Retail/Commercial	\$ 196,020	\$ 958,320		
Residential	\$ 3,500	\$ 35,000		

Source: NAI Cravey Real Estate Services, Inc.

* Price per acre