

Corpus Christi, Texas

NAI Cravey Real Estate Services, Inc.

361 289 5168

Metropolitan Area Economic Overview

POPULATION:

Total Est. 2004	393,597
Est. Growth Rate - 2009	4.45%
Income Index	0.78
Affordability Index	1.57
Education Index	0.92
Age Index	0.92

EMPLOYMENT:

Total Est. 2004	163,634
Office Index	0.88
Health Services Index	1.06
Government Index	1.42
Retail Services Index	0.94
Wholesale Index	0.96

Market Overview

The Corpus Christi economy continued to improve in 2004, partially fueled by public projects including a new multi-purpose sports arena, new airport terminal, new professional baseball stadium, and the seawall along Shoreline Boulevard. In addition, the State of Texas has financed major highway expansions for Crosstown Expressway (SH 286) and S.P.I.D. (SH 358) and raising the JFK Causeway to help with the continued growth of Padre Island. The growth on Padre Island has been helped by very affordable land prices and the dredging of Packery Channel which should be complete by August 2005. Land prices have risen 8.7% in the area.

The downtown area, which is home to mostly night clubs and restaurants, may see apartment and retail development with the new tax incentives. The City has negotiated with the Federal Government for property owners and employers to receive Federal Tax Credits for purchase and renovation of properties in certain areas of the City.

The office market is still suffering with low occupancy levels and rental rates. The first major casualty was the recent foreclosure of One Shoreline Plaza, the CBD's largest and most prominent office building. Most of the other office buildings in the downtown area are adjusting their rents to meet this stagnant office market. The south side office market is holding at 90% occupancy levels. There are only six major

office buildings with the balance of the buildings smaller and one and two-story buildings.

The Port of Corpus Christi has several new projects such as the new four-lane loop road tying Highway 181 to IH-37 on the north side of the port. The new \$400 million LaQuinta Container Terminal has cleared the first hurdle. Cheniere, Exxon/Mobil and Occidental are proposing to build LNG terminals near the LaQuinta project. New cold storage facilities will be built near the LNG terminals to take advantage of the extreme cold generated by the tenants. Port cargo is up 11% through late 2004.

Housing starts were up 20% in 2004 mostly on the city's south side. This has fueled new retail growth as well. Lowes built the only big boxes added to the market in 2004, a new 116,000 square foot store. Strip and big box centers are doing well but the two regional malls have lackluster occupancy. Many of the large stores that have been vacant, such as Service Merchandise, Albertsons, Solo Serv, have been filled with dollar stores or Gattitown.

Dock high warehouse has slowly been filled or sold off. Most new warehouses being built are small oil field related type service buildings. The major industrial announcements have been from the refinery or Port industry. There is an ample supply of service type warehouses scattered throughout the city to meet current demand.

Corpus Christi At-A-Glance

<i>(Rent/Square foot/Year)</i>	Low	High	Effective Avg.	Vacancy
DOWNTOWN OFFICE				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$ 13.00	\$ 17.00	\$ 15.00	19.0%
Class B (Secondary)	\$ 9.00	\$ 12.00	\$ 10.50	42.0%
SUBURBAN OFFICE				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$ 11.50	\$ 13.50	\$ 12.50	12.0%
Class B (Secondary)	\$ 6.00	\$ 11.00	\$ 8.50	13.0%
INDUSTRIAL				
Bulk Warehouse	\$ 2.25	\$ 4.20	\$ 3.23	2.0%
Manufacturing	N/A	N/A	N/A	N/A
High Tech/R&D	\$ 6.00	\$ 10.00	\$ 8.00	9.0%
RETAIL				
Downtown	\$ 6.00	\$ 12.00	\$ 9.00	45.0%
Neighborhood Service Centers	\$ 7.20	\$ 22.00	\$ 14.60	9.0%
Community Power Center	\$ 6.50	\$ 19.00	\$ 12.75	8.0%
Regional Malls	\$ 9.75	\$ 21.00	\$ 15.38	25.0%
Solus Food Stores	N/A	N/A	N/A	N/A
DEVELOPMENT LAND				
	Low <i>(Price/Acre)</i>	High <i>(Price/Acre)</i>		
Office in CBD <i>(per buildable SF)</i>	\$ 217,800*	\$ 435,600*		
Land in Office Parks	\$ 43,560	\$ 196,000		
Land in Industrial Parks	\$ 43,560	\$ 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.

*Price per acre