

Metropolitan Area Economic Overview

Population		Employment	
Total Est. 2005	392,425	Total Est. 2005	166,776
Population Growth Index – 2010	0.47	Office Index	0.19
Income Index	0.80	Health Services Index	1.05
Affordability Index	1.64	Government Index	1.34
Education Index	0.95	Retail Services Index	0.92
Age Index	0.92	Wholesale Index	0.78

Market Overview

In 2005 the Corpus Christi economy continued a strong growth trend. Many of the public works projects are complete or will be completed by the end of 2005. The new professional baseball stadium, which is located downtown, attracted record crowds and has now spurred interest from hospitality and retail users. The extension of Crosstown Expressway (SH 286) is nearing completion and will result in opening a new retail corridor. Developers, tenants and users are showing a strong interest in potential sites. Many distribution companies have moved or are moving to this new corridor. The most active residential areas are the south side, Flour Bluff, Padre Island and the northwest area.

The downtown area is seeing interest from developers who are taking old office buildings and converting them to loft or apartment buildings. This is further enhanced by Federal tax credits that are available for purchase and renovation of properties in certain areas of the city, including downtown. In addition, many of the downtown buildings qualify for a historical designation.

The office market in 2005 was still suffering with low to average occupancy and rental rates. Downtown occupancy was close to 90% for Class A buildings with the exception of One Shoreline Plaza which has recently been purchased by investors from the lender who foreclosed earlier this year. The south side office

market is stable for the better quality buildings with an average occupancy of 90%. The 90% occupancies in the downtown and south side are deceiving, however, as the rental rates are far below what they should be. Many of the buildings are barely breaking even.

The Port of Corpus Christi continued to add new business and the future looks bright for the new Liquid Natural Gas terminals and cold storage areas. A new loop road tying Highway 181 to I-37 on the north side of the port was under construction in 2005 and should open up new land for port development.

Housing starts are steady on the Island, Flour Bluff, south side and northwest area of the city. This has helped retail developers, especially the smaller 10,000-20,000 square foot local retail center developers. The new H.E.B. Plus recently opened at Staples and Saratoga containing over 165,000 square feet. Academy Sporting Goods moved from their 52,000 square foot building on South Padre Island Drive to a sub-lease at a former K-Mart expanding to 82,000 square feet.

Bulk warehouse space is slowly filling and we are seeing more build to suit proposals. Rents are still too low to justify speculative building but as space gets tight, it is expected to see some new building starts. The typical structural steel building with a fenced yard which is used by the petroleum service companies are also filling up.

Corpus Christi At-A-Glance

(Rent/Square foot/Year)	Low	High	Effective Avg.	Vacancy
DOWNTOWN OFFICE				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$ 12.00	\$ 17.00	\$ 14.50	18.0%
Class B (Secondary)	\$ 7.80	\$ 12.00	\$ 9.90	38.0%
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	\$ 3.00	\$ 4.20	\$ 3.60	2.0%
Manufacturing	N/A	N/A	N/A	N/A
High Tech/R&D	\$ 5.40	\$ 10.00	\$ 7.70	10.0%
RETAIL				
Downtown	\$ 6.00	\$ 12.00	\$ 9.00	50.0%
Neighborhood Service Centers	\$ 7.20	\$ 25.00	\$ 16.10	9.0%
Community Power Center	\$ 6.50	\$ 19.00	\$ 12.75	8.0%
Regional Malls	\$ 9.75	\$ 21.00	\$ 15.38	28.0%

DEVELOPMENT LAND	Low (Price/Acre)	High (Price/Acre)
Office in CBD	\$ 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.