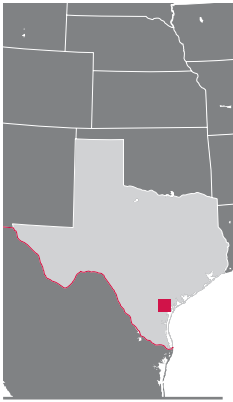


## Corpus Christi, Texas



The Corpus Christi economy has not suffered significantly from the credit crisis. In *Business Week Magazine*, Corpus Christi was one of only two Texas cities listed in the recent article titled "Where to Live in Hard Times."

The office market continues to remain stagnant. Downtown occupancy of Class A office space has dropped slightly to 88%. Landlords are concerned about operating costs driving down profits. This may be the start of a drop in occupancy as rents will increase to offset operating costs.

The south side office market is starting to soften. Texas Champion Bank is completing their new headquarter building on Staples Street. They will be consolidating their offices, leaving vacant spaces in three buildings. One building, the Stewart Title Building, will lose a whole floor. There is a strong demand for medical related buildings. Out of town developers are filling new buildings with doctors and testing laboratories. Most have been built around the hospitals on the south side.

The industrial sector continues to lead the way for the other sectors. Vacancy is at a record low of 2% with industrial warehousing being leased at abnormally high rates. There will continue to be speculative building for 5,000 to 10,000 SF of service type buildings. There should also be a quality stock of high and grade-level tilt wall warehouses announced soon. The majority of industrial development has been related to the petrochemical industry, either refining or exploration. Calixas, a manufacturer of luxury yachts, is scouting the area for a suitable site to develop a manufacturing facility. All the refineries are either expanding or upgrading with the cost exceeding several billion dollars.

The overbuilding of smaller strip type centers containing 5,000 to 15,000 SF are filling slowly. There are three major redevelopment projects that are nearing completion or are about to start. The former H.E.B. Grocery property in Flour Bluff has been redeveloped with new tenants including Beall's Department Store, Dollar Tree and Gamestop. Padre Staples Mall, now La Palmera, was purchased recently and will undergo a \$50 million upgrade.

A third redevelopment project is Parkdale Plaza. A portion will be torn down and replaced with a Wal-Mart Super Center and 44,000 SF of retail space. A 700,000 SF outlet mall is planned at the Nueces County Fairgrounds in Robstown, a small community at Highways 77 and 44.

### Contact

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### Metropolitan Area Economic Overview

2008 Population	419,084
2013 Estimated Population	429,279
Employment Population	188,866
Household Average Income	\$59,384
Median Household Income	\$44,899
Total Population	
Median Age	35

### Corpus Christi At A Glance

(Rent/SF/YR)	Low	High	Effective Avg.	Vacancy
<b>DOWNTOWN OFFICE</b>				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$ 15.00	\$ 28.00	\$ 21.50	15.0%
Class B (Secondary)	\$ 9.00	\$ 15.00	\$ 12.00	28.0%
<b>SUBURBAN OFFICE</b>				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$ 13.00	\$ 25.00	\$ 19.00	12.0%
Class B (Secondary)	\$ 9.00	\$ 13.00	\$ 11.00	15.0%
<b>INDUSTRIAL</b>				
Bulk Warehouse	\$ 4.80	\$ 6.00	\$ 5.40	2.0%
Manufacturing	N/A	N/A	N/A	N/A
High Tech/R&D	\$ 6.00	\$ 10.20	\$ 8.10	5.0%
<b>RETAIL</b>				
Downtown	\$ 6.00	\$ 12.00	\$ 9.00	50.0%
Neighborhood Service Centers	\$ 9.00	\$ 25.00	\$ 17.00	12.0%
Sub Regional Centers	\$ 9.00	\$ 24.00	\$ 16.50	10.0%
Regional Malls	\$ 9.75	\$ 21.00	\$ 5.38	55.0%
<b>DEVELOPMENT LAND</b>				
	Low/Acre	High/Acre		
Office in CBD	\$ 217,800.00	\$ 522,720.00		
Land in Office Parks	\$ 65,340.00	\$ 196,000.00		
Land in Industrial Parks	\$ 43,560.00	\$ 196,000.00		
Office/Industrial Land - Non-park	\$ 15,000.00	\$ 108,900.00		
Retail/Commercial Land	\$ 196,020.00	\$ 958,320.00		
Residential	\$ 15,000.00	\$ 35,000.00		

## Dallas, Texas



Dallas continues to outpace much of the country due to its central location and its role as the transportation hub of one of the busiest airports in the world. Dallas has plenty of land, limited barriers to entry and an extremely competitive commercial development market. This has helped keep real estate lease rates competitive and makes Dallas a favorite spot for corporate headquarter relocations. Even in these trying times, the horizon looks bright as economic indicators point to another optimistic forecast for 2009 where employment gains are projected to continue to increase. The *Financial Times* of London recently ranked Texas the top US state in terms of its ability to weather the current economic storm.

The DFW area is outperforming the majority of the nation with continued gains in employment; the positive numbers are reflected in what appears to be, at least for now, a healthy office market. According to the US Bureau of Labor Statistics, Texas employers added 230,440 jobs over the past year, for an annual job growth rate of 2.2%. DFW office absorption totaled 661,000 SF at the end of 3Q 2008. Vacancy increased slightly to 16.6%. Market rents continue to decrease. The average quoted asking rental rate, across all classes, is \$20.75 per SF, net of electric. The largest lease signings in 2008 included: the 287,529 SF lease signed by Pioneer Natural Resources Company at Williams Square - West Tower in the Las Colinas market; the 220,000 SF lease signed by Pier 1 Imports, Inc. at Chesapeake Plaza in the South Ft Worth market; and the 165,045 SF lease signed by Tenet Healthcare at Fountain Place in the Dallas CBD market.

The Dallas industrial market continues to be active, though slower than previous years. There is a large supply of product greater than 50,000 SF but space of less than 50,000 SF is still hard to find. There are also many large (500,000 SF) facilities on the ground and ready for immediate occupancy. Market lease rates are flat and incentives (free rent, etc.) have declined in many submarkets. Vacancy is the same as last year, just under 9.8%. New speculative developments remain active in most submarkets.

The Dallas retail market continues to show strong activity and increased occupancy. The Far North submarkets are active and continue to grow. Vacancy rates are close to an all-time low at approximately 10%. The overall retail market in Dallas remains positive and should bring further new construction.

### Contact

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### Metropolitan Area Economic Overview

2008 Population	6,267,509
2013 Estimated Population	6,935,688
Employment Population	3,036,452
Household Average Income	\$78,445
Median Household Income	\$62,338
Total Population	
Median Age	34

### Dallas At A Glance

(Rent/SF/YR)	Low	High	Effective Avg.	Vacancy
<b>DOWNTOWN OFFICE</b>				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$ 14.00	\$ 50.00	\$ 20.12	21.7%
Class B (Secondary)	\$ 12.00	\$ 21.00	\$ 15.97	24.2%
<b>SUBURBAN OFFICE</b>				
New Construction (AAA)	\$ 16.00	\$ 45.00	\$ 28.54	53.0%
Class A (Prime)	\$ 13.50	\$ 44.00	\$ 22.69	18.5%
Class B (Secondary)	\$ 11.00	\$ 27.00	\$ 17.26	26.1%
<b>INDUSTRIAL</b>				
Bulk Warehouse	\$ 1.50	\$ 3.90	\$ 3.05	9.5%
Manufacturing	\$ 1.75	\$ 6.00	\$ 3.50	10.0%
High Tech/R&D	\$ 5.00	\$ 12.50	\$ 7.25	14.0%
<b>RETAIL</b>				
Downtown	\$ 10.00	\$ 30.00	\$ 20.00	8.0%
Neighborhood Service Centers	\$ 5.50	\$ 22.00	\$ 14.00	13.0%
Sub Regional Centers	\$ 13.00	\$ 29.00	\$ 21.00	7.0%
Regional Malls	\$ 26.00	\$ 42.00	\$ 34.00	6.0%
<b>DEVELOPMENT LAND</b>				
	Low/Acre	High/Acre		
Office in CBD	N/A	N/A		
Land in Office Parks	N/A	N/A		
Land in Industrial Parks	\$ 87,000.00	\$ 218,000.00		
Office/Industrial Land - Non-park	\$ 70,000.00	\$ 280,000.00		
Retail/Commercial Land	N/A	N/A		
Residential	N/A	N/A		