

Beaumont, Texas



Contact

NAI Fidelis
+1 409 899 3300

Southeast Texas is in the midst of an industrial expansion totaling an estimated \$15 billion in the petrochemical industry. The industrial and multifamily sectors have benefited most from this expansion. Retail space is flat. Office space has not benefited as vacancy continues to climb. Land is not moving well due to financing issues. Investment property continues to do well but has also slowed. The medical office market is doing well as SETX's medical community continues to grow.

In 2009, there was an increase in new hotels and apartment complexes built to house workers from the expansion of several industrial plants. However, this has slowed with some projects pulling back toward the close of the year. We expect a drastic increase in the number of construction jobs during Q1 2010 as things ramp back up on the almost \$8 billion Motiva project.

The retail markets are flat as sales have dropped, but many of the bargain retailers have positioned themselves for expansion in 2010. Port Arthur is still hot for retail growth while Beaumont and Orange are slow, with Beaumont having significant vacant space and others having gone dark altogether.

The industrial market benefited from industrial expansion and, unfortunately, from recent hurricanes that destroyed older inventory. This has brought some speculative building to the market. Cardinal Drive in Beaumont and South are the hottest areas for this market. Land deals have dried up as lenders are requiring upwards of 50% down. Once those rates return to more realistic numbers, activity undoubtedly will pick up. Despite this situation, prices have remained stable.

The office market remains flat. Some of this can be attributed to larger users downsizing and subleasing space available at lower rates than what landlords are offering. Jobs have not been created in this area of the market and new job growth is not predicted in the near future. Some office users are moving into retail centers, thus having a further negative impact on the market.

Larger deals in 2009 included the HydroTex industrial build to suit as well as several retail lease transactions. Many large transactions never closed due to lending difficulties. Leasing activity has picked up based on the lending climate and we suspect it will continue until lenders resume loaning money again.

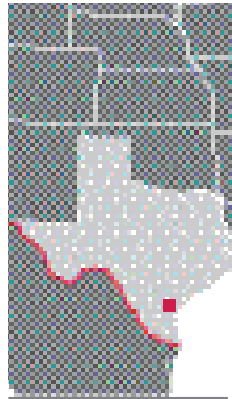
Metropolitan Area Economic Overview

2009 Population	370,113
2014 Estimated Population	355,016
Employment Population	174,485
Household Average Income	\$57,364
Median Household Income	\$44,664
Total Population	37
Median Age	

Beaumont At A Glance

(Rent/SF/YR)	Low	High	Effective Avg.	Vacancy
DOWNTOWN OFFICE				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$ 10.00	\$ 12.00	\$ 11.00	14.0%
Class B (Secondary)	\$ 8.00	\$ 11.00	\$ 9.50	15.0%
SUBURBAN OFFICE				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$ 12.00	\$ 15.00	\$ 13.50	10.0%
Class B (Secondary)	\$ 8.00	\$ 12.00	\$ 10.00	12.0%
INDUSTRIAL				
Bulk Warehouse	\$ 2.16	\$ 3.00	\$ 2.40	15.0%
Manufacturing	\$ 4.80	\$ 7.00	\$ 6.30	6.0%
High Tech/R&D	\$ 7.80	\$ 10.00	\$ 9.00	5.0%
RETAIL				
Downtown	N/A	N/A	N/A	N/A
Neighborhood Service Centers	\$ 6.50	\$ 12.00	\$ 10.00	10.0%
Sub Regional Centers	\$ 14.00	\$ 22.00	\$ 18.50	12.0%
Regional Malls	\$ 12.00	\$ 18.00	\$ 14.00	6.0%
DEVELOPMENT LAND				
	Low/Acre	High/Acre		
Office in CBD	N/A	N/A		
Land in Office Parks	\$ 196,000.00	\$ 348,480.00		
Land in Industrial Parks	\$ 32,670.00	\$ 108,900.00		
Office/Industrial Land - Non-park	\$ 34,000.00	\$ 43,560.00		
Retail/Commercial Land	\$ 130,680.00	\$ 700,000.00		
Residential	N/A	N/A		

Corpus Christi, Texas



Contact

NAI Cravey Real Estate Services, Inc.
+1 361 289 5168

The Corpus Christi economy suffered slightly from the economic downturn. The petrochemical industry is down, resulting in a decline in the local economy. However, the refineries and related industries are expanding and upgrading in anticipation of the pending increase in oil and gas exploration. The Port of Corpus Christi is doubling in size to meet future demand.

The office market continues to lag behind the rest of the real estate market. Numerous national and regional companies have closed their offices and/or are downsizing. Office rents in Class A buildings have dropped enough to cause tenants from Class B and C buildings to consider moving up. It is anticipated that occupancies in Class A buildings will remain the same while B and C will suffer from this migration.

The industrial market is down as a result of the decline in the petrochemical industry. Exploration and refining have slowed significantly over the last year and as a result, many service type buildings with yards came on the market. Large warehouse buildings are remaining vacant, especially the older dock high buildings.

Freestanding retail and strip centers are doing well. Large buildings have been filled with only two, large, vacant buildings remaining on the market; the former Mervyn's and the space next to Academy. Steinmart is filling the former Circuit City location and Hobby Lobby is expanding in Moore Plaza, the city's power center. The old Parkdale Plaza is finally being torn down and replaced with a Super Wal-Mart, a small shadow center and some pad sites. The redevelopment of LaPalmera Mall (formerly Padre Staples Mall) is under way at a cost of roughly \$50 million. Every part of the mall is being upgraded, including the anchor tenants. The only negative in the retail market was the foreclosure of Sunrise Mall.

The future of Corpus Christi looks bright thanks to expansion at the port and the anticipation of the \$3 billion dollar Las Brisas Power Plant and \$1 billion dollar Chinese pipe plant.

Metropolitan Area Economic Overview

2009 Population	410,741
2014 Estimated Population	402,092
Employment Population	189,098
Household Average Income	\$57,608
Median Household Income	\$45,527
Total Population	35
Median Age	

Corpus Christi At A Glance

(Rent/SF/YR)	Low	High	Effective Avg.	Vacancy
DOWNTOWN OFFICE				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$ 17.00	\$22.00	\$ 19.50	17.0%
Class B (Secondary)	\$ 9.00	\$14.00	\$ 11.50	29.0%
SUBURBAN OFFICE				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$ 13.00	\$ 22.00	\$ 17.50	13.0%
Class B (Secondary)	\$ 9.00	\$ 13.00	\$ 11.00	14.0%
INDUSTRIAL				
Bulk Warehouse	\$ 3.60	\$ 6.00	\$ 4.80	4.0%
Manufacturing	N/A	N/A	N/A	N/A
High Tech/R&D	\$ 6.00	\$ 12.00	\$ 9.00	6.0%
RETAIL				
Downtown	\$ 6.00	\$ 11.00	\$ 8.50	60.0%
Neighborhood Service Centers	\$ 10.00	\$ 28.00	\$ 19.00	14.0%
Sub Regional Centers	\$ 9.00	\$ 28.00	\$ 18.50	12.0%
Regional Malls	\$ 9.75	\$ 28.00	\$ 18.88	52.0%
DEVELOPMENT LAND				
	Low/Acre	High/Acre		
Office in CBD	\$ 348,480.00	\$ 522,720.00		
Land in Office Parks	\$ 76,230.00	\$ 196,000.00		
Land in Industrial Parks	\$ 76,230.00	\$ 196,000.00		
Office/Industrial Land - Non-park	\$ 15,000.00	\$ 108,900.00		
Retail/Commercial Land	\$ 196,020.00	\$ 784,080.00		
Residential	\$ 15,000.00	\$ 35,000.00		