

REAL ESTATE MARKET OVERVIEW

# Victoria

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2001



REAL ESTATE CENTER

Market Report 1475

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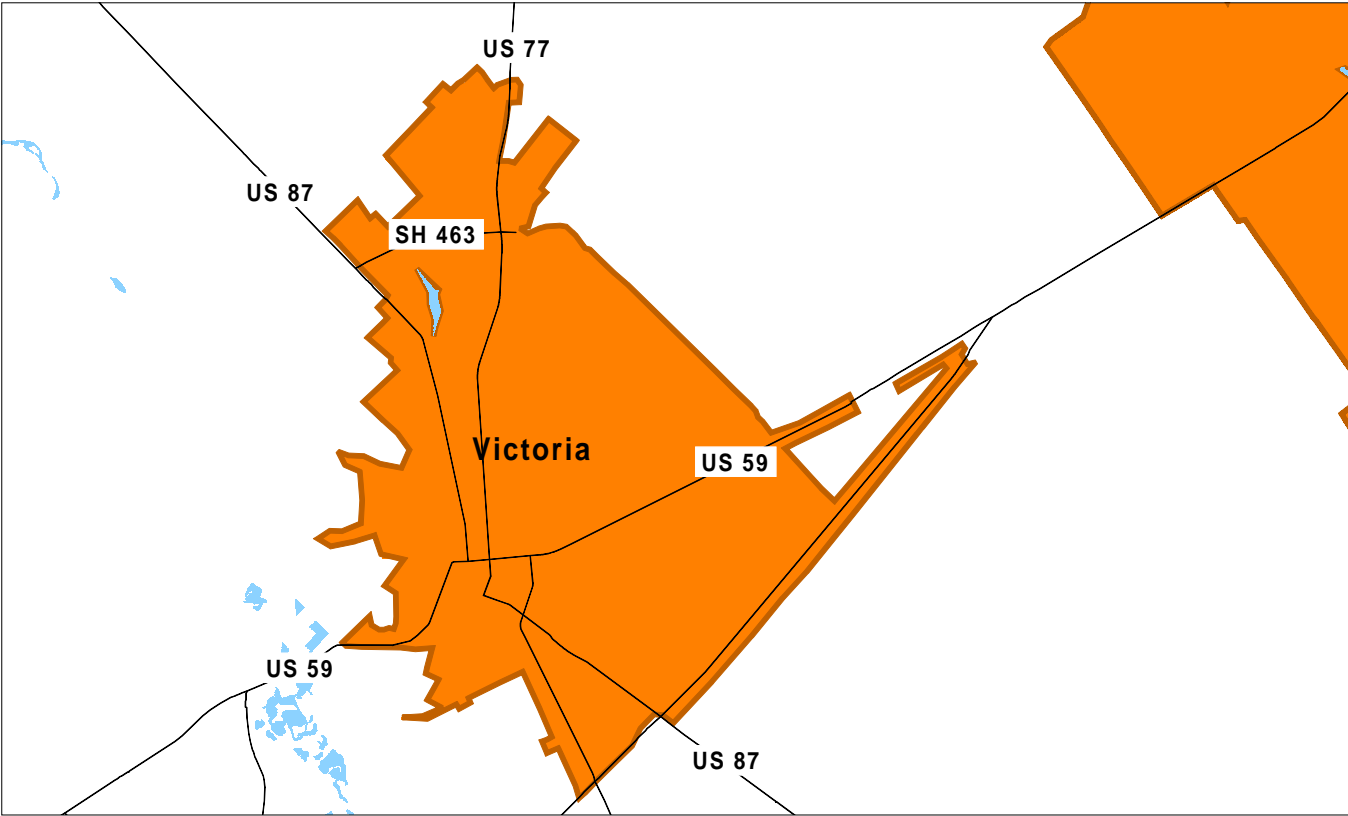
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# Real Estate Market Overview

# Victoria

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**Area Cities and Towns**

- Bloomington
- Dacosta
- Inez
- McFaddin
- Mission Valley
- Nursery
- Placedo
- Telferner
- Victoria

**County**

Victoria

**Land Area of Victoria MSA**

887 square miles

**Population Density (2000)**

95 people per square mile

Victoria, the second oldest incorporated city in Texas, celebrated its 176<sup>th</sup> birthday in October 2000. The total population of the Victoria MSA was 84,088 in 2000. More than 182,000 people live in the seven-county region known as the "Golden Crescent," which surrounds

the Victoria MSA. Calhoun, DeWitt, Lavaca, Gonzales, Jackson, Victoria and Goliad Counties are in this region.

Victoria is known as the "Crossroads of the Coastal Bend" because of its proximity to major areas such as Austin, San Antonio, Corpus Christi, Port Lavaca and Houston, most of

which are within 120 miles. More than seven million people live within a 150-mile radius of Victoria, which is 25 miles from the Gulf of Mexico. The Victoria metropolitan area is expected to grow about 16 percent between 2000 and 2010; between 1990 and 2000, Victoria grew 13.1 percent.

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## POPULATION

### Victoria MSA Population

Year	Population
1990	74,563
1991	75,585
1992	76,923
1993	78,013
1994	79,153
1995	79,616
1996	80,340
1997	80,649
1998	81,672
1999	82,087
2000	84,088

Source: U.S. Census Bureau, May 2001

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Victoria grew at a rate slower than the state as a whole over the past decade. Growth in the Victoria MSA from 2000 to 2010 is

projected to be 16 percent, according to the Texas State Data Center. The Texas Water Development Board predicts a slower rate of 6.5 percent.

The Victoria MSA experienced steady growth in the past, and the rate is expected to remain steady for the next several years.

## Texas Metropolitan Area Population Change, 1990–2000 (in percent)

McAllen-Edinburg-Mission	48.5	Galveston-Texas City	15.1
Austin-San Marcos	48.2	Tyler	15.5
Laredo	44.9	El Paso	14.9
Dallas	31.5	Corpus Christi	14.3
Brownsville-Harlingen-San Benito	28.9	<b>Victoria</b>	<b>13.1</b>
Brazoria County	26.1	Waco	12.9
Houston	25.8	Texarkana	9.4
Fort Worth-Arlington	25.1	Lubbock	9.0
Bryan-College Station	25.1	Wichita Falls	7.8
<b>Texas</b>	<b>22.8</b>	Longview-Marshall	7.7
Killeen-Temple	22.6	Beaumont-Port Arthur	6.6
San Antonio	20.2	Abilene	5.8
Sherman-Denison	16.4	San Angelo	5.6
Amarillo	16.2	Odessa-Midland	5.1

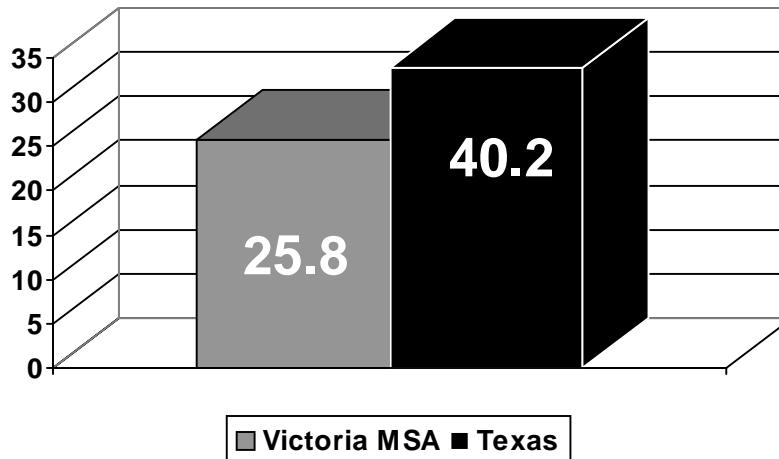
Source: U.S. Census Bureau

## Victoria MSA Projected Population

Year	Texas State Data Center	Texas Water Development Board
2005	91,945	—
2010	97,875	89,539
2015	102,175	—
2020	105,760	96,977

Sources: Texas State Data Center and Texas Water Development Board

## Projected Population Growth, 2000–2020 (in percent)



Source: Texas State Data Center

## Household Composition

	Victoria MSA	Texas
Median household size (1990)	2.8	2.79
Median age	31	33
Population younger than 18 (1999, in percent)	30.0	28.5
Population 65 and older (1999, in percent)	11.9	10.1

Source: U.S. Census Bureau

## Ethnic Distribution (in percent)

Ethnicity	Victoria MSA		Texas	
	1990	2000	1990	2000
White	53.9	52.9	60.8	52.4
Hispanic	37.9	39.2	25.3	32.0
Black	7.5	6.1	11.7	11.3
Asian	0.3	0.8	0.3	2.7
American Indian	0.2	0.2	1.8	0.3
Other	0.2	0.0	0.1	0.2
Two or more races*	—	0.7	—	1.1

\*For the 2000 Census, the Census Bureau changed the "race" options, allowing people to report their race as "other" or as two or more races.

Source: U.S. Census Bureau

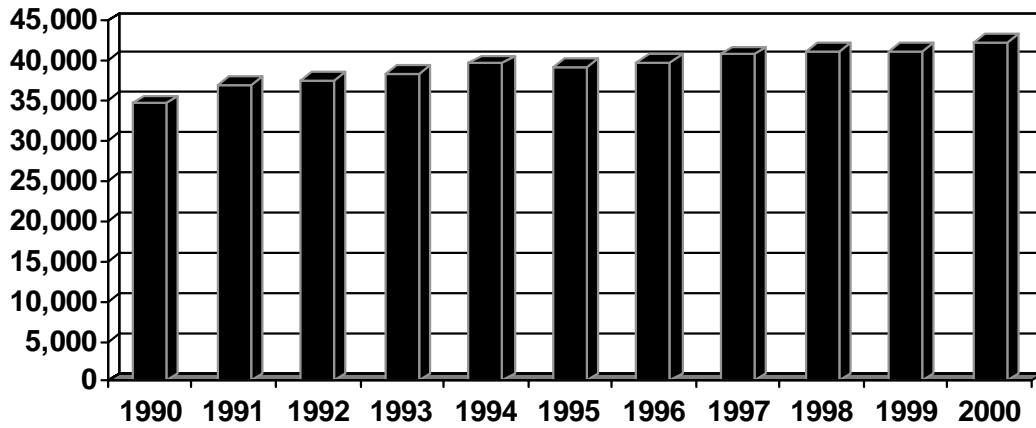
Victoria County's per capita income for 1999 was \$25,273. The state average per capita income for 1999 was \$26,834, accord-

ing to the U.S. Bureau of Economic Analysis. Minimal changes occurred in the MSA's ethnicity makeup between 1990 and 2000. The biggest percentage

change was in the Hispanic population, which grew by 1.3 percentage points during this time.

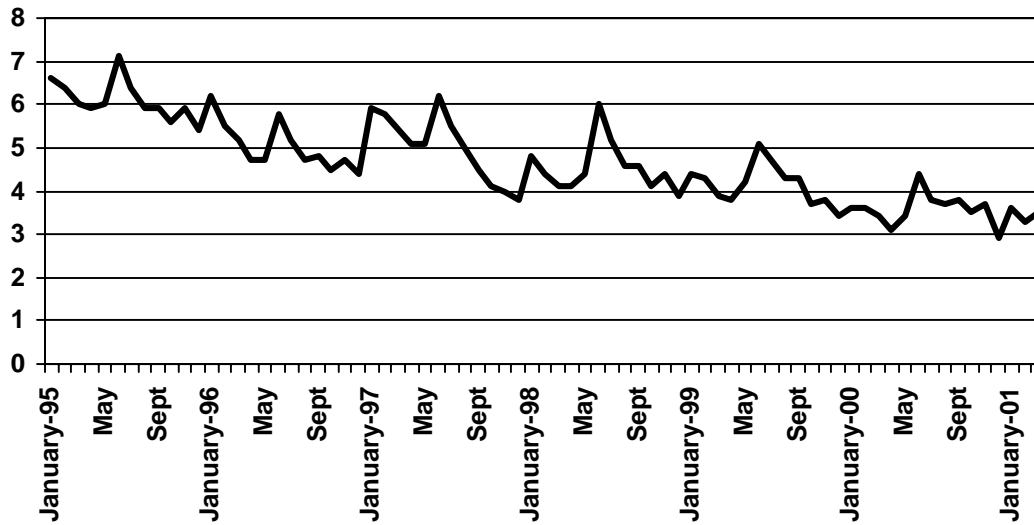
# EMPLOYMENT

## Victoria MSA Employment



Source: U.S. Bureau of Labor Statistics

## Victoria MSA Unemployment Rate (in percent)



Source: U.S. Bureau of Labor Statistics



<b>Top Ten Employers</b>	<b>Top Ten Private Employers</b>
<b>Victoria Independent School District</b> Education 2,000 employees	<b>Inteplast Group</b> Plastic products 1,900 employees
<b>Inteplast Group</b> Plastic products 1,900 employees	<b>Formosa Plastics</b> Petrochemical-plastics 1,646 employees
<b>Formosa Plastics</b> Petrochemical-plastics 1,646 employees	<b>E. I. Dupont de Nemours</b> Petrochemicals 1,151 employees
<b>E. I. Dupont de Nemours</b> Petrochemicals 1,151 employees	<b>Dow Union Carbide Corp.</b> Petrochemicals 1,047 employees
<b>Dow Union Carbide Corp.</b> Petrochemicals 1,047 employees	<b>Alcoa</b> Aluminum-alumina 963 employees
<b>Alcoa</b> Aluminum-alumina 963 employees	<b>Kaspar Wire Works</b> Metal works-plating 809 employees
<b>Citizens Medical Center</b> Hospital 904 employees	<b>H. B. Zachary Company</b> Construction 759 employees
<b>Kaspar Wire Works</b> Metal works-plating 809 employees	<b>Brown &amp; Root</b> Construction 718 employees
<b>H. B. Zachary Company</b> Construction 759 employees	<b>Columbia-DeTar Hospital</b> Hospital 650 employees
<b>Brown &amp; Root</b> Construction 718 employees	<b>H-E-B</b> Grocery Stores 500 employees

Source: Victoria Economic Development Corporation 2/01

<b>Employment Growth by Industry</b>	<b>Victoria MSA</b>	<b>Texas</b>
Employment growth, 2000 (in percent)	2.4	3.2
Unemployment rate (in percent)	3.5	4.3
New jobs in 2000	900	288,900
Employment growth by sector, 2000 (in percent)		
Services	2.9	4.7
Trade	0.0	3.1
Manufacturing	0.0	0.1
Mining	20.0	2.3
Finance, insurance and real estate	0.0	1.3
Construction	4.2	6.2
Government	3.0	1.7
Transportation, communications and public utilities	11.1	5.1

Sources: Texas Workforce Commission

## Texas Metropolitan Area Employment Change, 1990–2000 (in percent)

Austin-San Marcos	58.8	El Paso	15.4
Laredo	40.3	Waco	14.3
McAllen-Edinburg-Mission	35.8	Lubbock	14.0
Dallas	30.4	Sherman-Denison	12.5
Brownsville-Harlingen-San Benito	30.1	Longview-Marshall	12.2
Bryan-College Station	29.2	Abilene	11.4
Killeen-Temple	28.7	San Angelo	10.7
San Antonio	28.6	Corpus Christi	10.3
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<b>Texas</b>	<b>23.3</b>	Wichita Falls	7.8
Tyler	22.9	Odessa-Midland	6.5
<b>Victoria</b>	<b>22.4</b>	Texarkana	4.5
Houston	22.1	Beaumont-Port Arthur	3.5
Amarillo	18.6	Brazoria County	2.3

Source: U.S. Bureau of Labor Statistics

Job growth in the area has been occurring at a rate similar to the state's rate. Four of the MSA's ten largest private employers are petrochemical and plastics plants. The second largest employer, Inteplast Group, is located in nearby Jackson County, and the third largest private employer is in Point Comfort. The fifth largest employer, Dow Union Carbide, is in Calhoun County. Other significant Victoria area employers include Dupont, Alcoa, Victoria Regional

Medical Center, Victoria College, Central Power and Light, City of Victoria, County of Victoria, H-E-B, Super Kmart and Super Wal-Mart.

The Victoria Economic Development Corporation anticipates the addition of 26,000 jobs by 2025. Employment increased nearly 2.6 percent from 1999 to 2000 to 42,421. According to the U.S. Bureau of Labor Statistics, civilian employment has increased an average of 2.2 percent per year since 1990. The Texas

Workforce Commission estimates nonagricultural employment increased 2.4 percent from 1999 to 2000 to 37,300.

Unemployment has steadily declined since 1997 in the Victoria MSA. In 2000, the average unemployment rate was 3.5 percent, down from 4.2 percent in 1999. Victoria reached its lowest unemployment rate of the 1990s with a 3.4 percent unemployment rate in December 1999.

## JOB MARKET

The Port of Victoria Industrial Park, located along the Victoria Barge Canal, has 250 acres of lease property for the development. The infrastructure is being developed for this park that will bring more jobs to the area.

AT&T purchased SmarTalk Teleservices, formerly NorCross Teleservices, and hoped to fill 35 of the 45 terminated positions during 2000. The company is now owned by Interim and is working towards aggregate employment of 350.

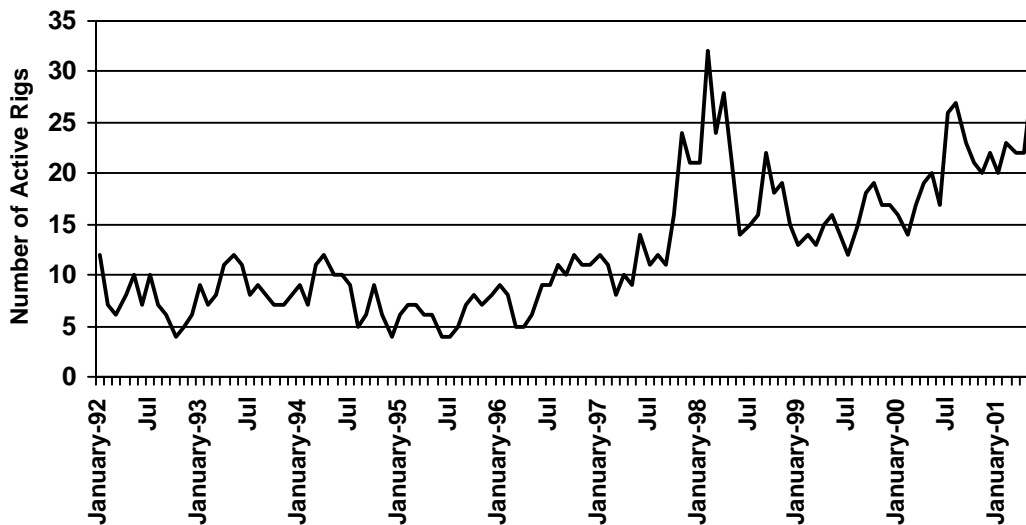
Victoria was a new U.S. Census Bureau field office site. The office, located in One O'Connor Plaza Building, temporarily employed about 200 people between October 1999 and November 2000. Several new restaurants opened in Victoria in 2000.

Prescott's Orthotics/Prosthetics Company, located at 116 Imperial Drive, opened in Victoria in July of 2000. The store is one of four across the state for the San Antonio chain. The new Albertson's shopping center will bring hundreds of jobs to the area.

Mid Texas Coast Commerce and Development Inc., a non-profit corporation, was formed in May 2000. The corporation will manage a fast-response program created to attract businesses to the Victoria Regional Airport. New buildings for companies wanting to locate near the airport could be built in a matter of months on an undeveloped 80-acre site.

## MAJOR INDUSTRIES

Running Rotary Rigs, Victoria Area



Source: Baker Hughes

Service, trade, government services and manufacturing now dominate the Victoria market, which has traditionally been based in agriculture and oil and gas production.

The service sector makes up 29 percent of total nonagricultural employment; trade makes up 26 percent and local government makes up 15 percent. Victoria companies

draw employees from within an estimated 50-mile radius.

Mining grew by 20 percent between 1999 and 2000, adding 400 jobs in 2000 alone. This increase was largely

because of the increase in oil prices. Although the overall Texas economy has experienced a 5 percent decline in the mining sector, Victoria's mining employment (primarily through oil and gas production) rose 20 percent between 1999 and 2000 and represents 4 percent of Victoria's employment. Victoria ranks second among the 27 Texas MSAs in mining employment, behind Midland-Odessa. The oil industry, though not the giant producer it once was, currently provides about 2,000 area jobs.

The services sector added 300 jobs in 2000. Medical centers are major service employers in the area. Three local hospitals, De Tar Hospital, Victoria Regional Medical Center and Citizen's Medical Center, support the health service industry. De Tar Hospital, a privately owned, 211-bed hospital that has serviced the area since 1925, employs more than 650 people. Victoria Regional Medical Center, the area's newest healthcare facility, has 156 beds and employs about 450 people. Citizen's Medical Center is a not-for-profit, 368-bed hospital with a staff of 900. Victoria has the highest number of family

doctors per capita in Texas and ranks sixth nationally.

Wholesale and retail trade represents 26 percent of nonagricultural employment in the Victoria area; the government sector is the third largest employer. Federal, state, county and city governments employ 15 percent of the area's nonagricultural workforce. Employers in this sector include Victoria College, University of Houston at Victoria, Victoria County Jail and the county's juvenile detention center.

Manufacturing and construction are other sectors in the economy. Eight percent of nonagricultural employment is in the manufacturing and construction sectors, making them the fourth and fifth largest employers. Local manufacturers include Texas Concrete and CMC Steel Fabricators. Recent restorations of the Victoria County Courthouse and other business construction and expansions have added to this sector. Construction had a 4.2 percent growth rate between 1999 and 2000.

Several area construction projects involve churches. The Mid-Town

Church of Christ is building on Main Street. The Family Worship center broke ground on Sam Houston Drive in February 2000. The Islamic Center completed a new mosque on Airline near Main Street in 2000. Our Lady of Sorrows Catholic Church is building a new facility, and the Holy Family Catholic Church is expanding its activity center.

Area agriculture consists primarily of feed crops and beef production, according to the County Extension Program Councils. Feed crops accounted for 24 percent of the area's total 1997-2000 agricultural receipts. The projected 2001 total value for feed crops will be \$6.8 million. Corn and cotton are Victoria County's two dominant crops. Corn represented 11.1 percent of agricultural receipts, while cotton accounted for 20.2 percent. Rice, soybeans and cotton also are grown in the area. Beef production accounts for 39.7 percent of total agricultural receipts. For 2001, agricultural receipts are expected to total \$35 million, up 12.8 percent from 2000.

## BUSINESS CLIMATE

### Tax Rates, 2000

Taxing Entity	Tax Rate per \$100 Valuation
City of Victoria	\$0.70
Victoria ISD	1.53
Victoria College	0.14
Victoria County	0.29
Total	\$2.66

Source: Victoria County Appraisal District

## Victoria MSA Retail Sales

Year	Total Sales	Sales per Capita
1990	\$604,519,641	\$8,107
1991	625,355,812	8,274
1992	654,514,912	8,509
1993	718,879,878	9,215
1994	798,917,517	10,093
1995	851,079,068	10,690
1996	910,154,545	11,329
1997	935,134,142	11,595
1998	982,749,815	12,033
1999	1,070,924,218	13,046
2000*	767,862,686	—
	State Average 1999	\$12,332

\*Through third quarter 2000

Source: Texas Comptroller's Office

Victoria is a regional shopping and medical center. According to the Victoria Chamber of Commerce, the average retail sales per household figure for 2003 will be \$38,366. This figure is a 23 percent increase over the 1998 average retail sales per household figure of \$31,233. The sales tax rate in Victoria is 8.25 percent.

The Victoria Convention and Visitors Bureau tracks the area's major events and conventions and calculates the daily expenditure rates for convention delegates, overnight tourists and daytime tourists. The average daily expenditure for a convention participant is \$114.65; for an overnight tourist, \$97.10; and for a daytime tourist, \$49. Victoria has more than 68,000 square feet of convention and exhibit space and more than 1,068 hotel and motel rooms to accommodate visitors. Currently, the area has the Community Center Dome that accommodates about 1,200 people. The hotel-motel tax rate in Victoria is

13 percent, generating over \$715,000 in annual revenue.

The foreign trade zone (FTZ) in Victoria County works as an economic development tool, assisting area businesses and eliminating customs duty or excise taxes. The City of Victoria also is in a state-designated 8.7-square-mile Texas Enterprise Zone. The University of Houston Small Business Development Center works with new and start-up companies. The Victoria Chamber of Commerce and the Victoria Economic Development Corporation promote the area's low-cost transportation, human resources, educational resources, technological diversity, urban amenities, small-town friendliness and business development.

Other incentives available in the Victoria area include selected use of sales tax revenues dedicated to economic development, permit assistance, regional revolving loan funds, state sales tax and use tax exemptions and tax abatement. The

area offers several programs to assist businesses, including the Texas Capital Fund Real Estate Program, the Texas Capital Fund Infrastructure Program, the Skills Development Fund and the Smart Jobs program.

Several museums and sites draw visitors to Victoria. The McNamara-O'Connor Historical and Fine Arts Museum has a collection of documents and artifacts from the Spanish, Mexican and Texan cultures and features an 1876 Victorian homestead. The Nave Museum is named after Royston Nave, a Victoria painter in the 1920s who achieved fame in New York art circles. Additional attractions include the St. Louis Fort and bass tournaments by Coletto Creek. The first Children's Festival was held in October 2000. Organizers hope it will become an annual event. The Chamber of Commerce is planning to bring back the popular Armadillo Festival in 2002.

# EDUCATION

## Educational Level, Persons Age 25 and Older (in percent)

Level of Education	Victoria MSA	Texas
High school graduate	28.1	25.6
Some college, no degree	21.6	21.1
Associate's degree	6.3	5.2
Bachelor's degree	10.0	13.9
Graduate or professional degree	4.1	6.5

Source: U.S. Census Bureau, 1990

## Local College and University Enrollment

School	Fall 2000	2005 (estimated)	2010 (estimated)	2015 (estimated)
Victoria College	3,805	4,098	4,073	4,107
University of Houston at Victoria	1,700	1,878	2,014	2,129
Texas Vocational Schools	160	N/A	N/A	N/A

Sources: Educational institutions and the Texas Higher Education Coordinating Board, January 2001

The Victoria area is home to three institutions of higher education – Victoria College, the University of Houston at Victoria and the Texas Vocational Schools. Victoria College, a two-year community college, was established in 1925 and offers a one-year certificate, certificate of general studies, associate of arts, associate of science and associate of applied science degrees. The College Services Building, a 24,000-square-foot structure, will replace the soon-to-be-demolished General Services Building. The new building consists of a combination of maintenance shops, central receiving and storage, media services, HVAC and classrooms. The project was completed in April 2001.

Victoria College also plans to build a 34,000-square-foot Technology Center with classrooms, faculty offices and

computer labs. The center will house all technology-related classes. The Administration I building is being renovated and will become the Museum of the Coastal Bend. The office of the president, the development office and the recruiting and marketing offices will move to the renovated Administration Annex Building. In conjunction with the new construction, interior roadways on campus are being redirected and many parking lots are being expanded.

The University of Houston-Victoria offers junior- and senior-level undergraduate and graduate programs in business administration, education, arts and sciences. In 2000, the university remodeled portions of the University West Building for approximately \$200,000 and the Center for Community Initiatives for \$50,000. No new

construction is planned for 2001. The Texas Higher Education Coordinating Board expects enrollment at University of Houston-Victoria to increase by nearly 6 percent to more than 1,650 students by 2005.

Texas Vocational Schools, founded in 1967, offers day and night classes in business, electronics and welding. Enrollment for the school averages from 180 to 240 students per year. The business and electronics programs are located on the main campus in a 13,144-square-foot building. The Texas Vocational Schools extension facility, specializing in welding, is located near downtown in a 3,300-square-foot building.

# TRANSPORTATION AND INFRASTRUCTURE ISSUES

## Victoria Airline Boardings

	1997	1998	1999	2000
Victoria Regional Airport	22,482	24,181	20,962	19,467

Source: Victoria Regional Airport

## Port Activity

	1997	1998	1999	2000
Number of barges Public deep water port	588	543	493	595

Source: Port of Port Lavaca-Port Comfort

Victoria has two wastewater treatment plants with a sewer system capacity of approximately 11.6 million gallons per day. Victoria recently removed a 500,000-gallon elevated water storage tower and is replacing it with a one-million gallon tower. This project was expected to be completed in April 2001. The new tower is on the northwest side of town on Highway 87. This project cost approximately \$1.2 million.

The City of Victoria implemented a six-part sewer line expansion project in early 1999. This project added a line from the regional sewage plant on U.S. Highway 59 North extending past the intersection of Mockingbird Lane to Loop 463 on the north side of town. The sewer rehabilitation project is completed, and the sewer replacement project was to be completed by April 2001. Phase one of the remaining four is currently under construction. The additional phases should be completed by October 2003. The expansion will accommodate an additional 25,000 people in the area and will help the city prepare for growth.

A water treatment plant for Victoria is nearing completion and may be completed by June 2001. The entire project is expected to cost \$36 million and will include a water treatment plant, water tower, two pump stations and three transmission mains.

The Gulf Coast Aquifer is currently Victoria's primary water source. After completion of the project, the Gulf Coast Aquifer will become the secondary source, and the primary source will be the Guadalupe River. The City of Victoria has gained run-of-the-river rights to 20,000 acre-feet of water from the Guadalupe, which will be blended with groundwater to meet the city's demands. It is expected that the city will meet its water demands through 2040 with its use of groundwater, surface water from the Guadalupe River and an effective water conservation program.

More than \$6.5 million in sales tax funds was allocated for street, drainage and sewer projects in 2000. This budget, set in late 1999, was \$700,000 higher than the previous year's budget. The new projects include a Vine Street sewer project (\$2 million), Whispering Creek construction project (\$1.7 million), business development projects (\$300,000), workforce education projects (\$300,000) and the Alan Miller Drive construction project (\$200,000). The Guy Grant Road construction project cost \$2 million and was completed in early 2001.

A \$30 million bond issue was passed in 2000 and will be used for the Sam Houston Drive project; Mayfair subdivision water, sewer, and drainage improvements; Northcrest Estate

improvements; West outfall Woodlawn area drainage improvements; Lonetree drainage; and Ben Jordan street improvements. The \$50 million in improvements will be financed by the bond money, the half-cent sales tax and general funds.

In Victoria County, \$1 million will be spent over the next five years to stop erosion and flooding along 13 miles of Mercado Creek.

Victoria is served by U.S. highways 87, 59 and 77. The proposed highway I-69, which would run from Mexico to Canada, would run through or near the city.

According to the Victoria Economic Development Corporation, several projects are planned by the Texas Department of Transportation. The department is constructing a left turn lane for Loop 463 to Nursery that will cost an estimated \$1.8 million and should be completed by summer 2001. The department also plans to renovate the rest area southwest of Inez on U.S. 59.

Scheduled future construction includes the \$21.9 million expansion of Loop 463 from U.S. 87 to FM 1315 and upgrading the road to a full access control freeway. U.S. 59 from Spur 91 to Loop 463 will be upgraded to a four-lane divided highway with an overpass at U.S. 77 at a cost of \$7.1 million. The area from Loop 463 to FM 237 on FM

236 will have shoulders and a left-turn lane added at a cost of \$4.5 million. U.S. 77 from Spur 91 to Refugio will have highway safety improvements added at a cost of \$290,000. These projects are scheduled to be completed by 2006.

Victoria Regional Airport provides direct service to Houston's Bush Intercontinental Airport via Continental Express. The Victoria airport had a record year in 1998, but the 2000 enplanement figure of 19,467 was 8 percent fewer than 1999. Continental Express reduced its night flights, and the airport canceled the evening flight that departed around 7 p.m.

Victoria Airport purchased fire-fighting equipment after receiving a \$250,000 grant in 1999. The airport has undergone a \$300,000 cleanup, primarily the demolition of old buildings, by the U.S. Army Corps of Engineers. For the past two years, the county has also been cleaning up the airport.

In November 1999, the Victoria County Commissioners Court approved a project to spur economic development around the airport. The fast-response program was created to attract new businesses and industries to the airport by speeding up the building process. The plan allows new buildings ranging in size from 60,000 to 120,000 square feet to be built in as few as 120 days and creates a new governmental entity that issues bonds for development projects. In response to this new program, JTJ Limited has plans to build a new facility at the airport.

Nearly \$36 million will be spent to deepen the Victoria Barge Canal. The canal, a man-made sea-level canal, is a vital component connecting Victoria to the Gulf Intracoastal Waterway. Equalizer Inc., DuPont, Equistar Chemicals, Fordyce Co., BP Chemicals, Seadrift Coke and Dow Union Carbide use the barge canal to receive gases, chemicals and other products, according to the Victoria Economic Development Corporation. The canal will be widened from 100 to 125 feet and deepened from nine to 12 feet. The project will be completed in 2002.

The Fordyce Company owns and operates two canal locations in Victoria County at Old Bloomington Highway and FM 1432. These two locations ship sand and gravel and moor barges. The Union Carbide Seadrift Plant slip and Airco Carbon Seadrift Plant coke dock are located on the Victoria Barge Canal extending into neighboring Calhoun County.

According to the Victoria Economic Development Corporation and the Victoria Navigation District, canal activity increased nearly 10 percent between 1999 and 2000. The total number of barges for 2000 was approximately 4,400. During 2000, 5.24 million short tons of transfer cargo traveled through the canal. Canal activity in 2000 was 18 barges per day, up from ten barges a day in 1998. The navigation district plans to levy a property tax for maintenance and repairs of the canal turning basin, docks, roads, lift bridge and the district's 400 acres. The tax will be 4.18 cents per \$100 in property

valuation. A total of \$40 million has been appropriated for improvements to the Port of Victoria and the channel.

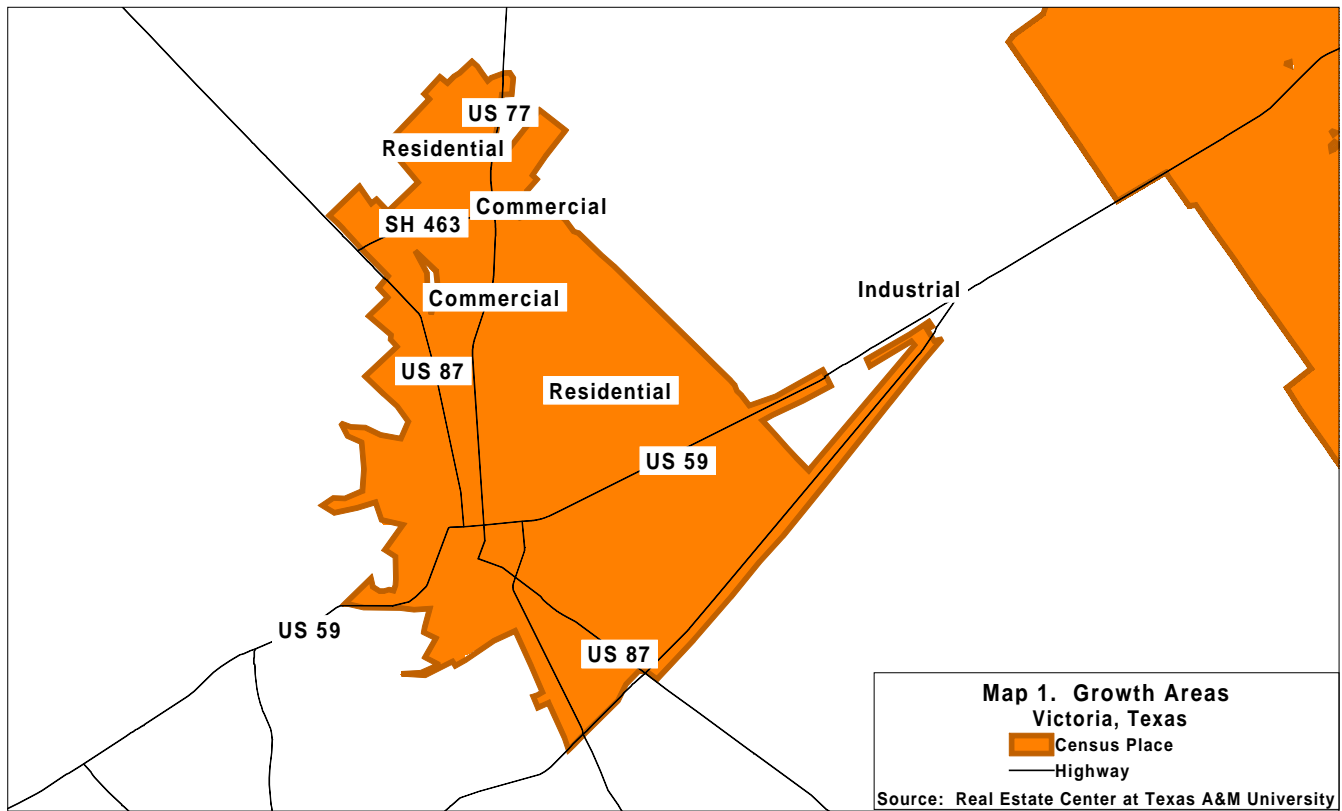
The canal gives the Victoria area access to the Port of Port Lavaca-Point Comfort, the fifth largest public port facility on the Texas Gulf Coast, located 30 miles from Victoria. The port recently completed a \$65 million expansion and offers a 1,000-foot liquid cargo shipping pier, liquid barge terminal facilities and a 506-foot heavy lift dock. A \$30 million terminal tank farm and terminal project was completed in July 2000. The project provides an onsite tank farm allowing for storage and shipment of liquids. Point Comfort operates in Lavaca Bay. It is owned and operated by Alcoa, which receives bauxite, fluorspar, liquid caustic soda and limestone through the port.

Port Lavaca has two major port owners, H. B. Zachry Marine, Inc. and the City of Port Lavaca. The H. B. Zachry Marine Mooring Basin moors miscellaneous vessels and barges for storage and repair. The Lavaca Shrimp Company also operates in the port, receiving seafood and mooring fishing vessels. A seafood processing plant is located at the rear of the Port Lavaca Municipal Harbor. The Port of Port Lavaca-Point Comfort has grown considerably. The port estimates it will grow an additional 50 percent by 2005.

Companies located along the Victoria Barge Canal have access to rail service provided by Union Pacific-Southern Pacific and Burlington Northern-Santa Fe.



## URBAN GROWTH PATTERNS



Residential development has been occurring mostly in the northern portion of Victoria (Map 1). Most retail development is

occurring along the Navarro corridor. Overall, new development is occurring in the north and northeast portions

of Victoria, along U.S. Highway 77 and is a combination of residential and commercial growth.

## PUBLIC FACILITIES

The Old Victoria County Courthouse has been an ongoing downtown restoration project. The courthouse was dedicated in March 2001. The cost of the six-year restoration reached more than \$5.5 million. The courthouse entrances were remodeled, and the war monuments refurbished and reinstalled in front of the courthouse. A \$250,000 Veterans Plaza was dedicated in November with a flag-raising ceremony

around Veterans Day. A tunnel connects the new and old courthouses. At the corner of Main and Goodwin, a new Victoria Performing Arts Center will be built by early 2002. The new center will be in the former Dunlap's Department Store building. Built in 1958, the building will take on an art deco look and will be equipped with a 500-seat theater and adjoining rehearsal hall. Located next door to the Performing Arts Center will be a new

Children's Discovery Museum. The museum will be designed for elementary-school-aged children and will teach children about six areas of commerce, including education, medicine, ranching, finance, construction and petrochemicals. The Performing Arts Center will lease the building from the Junior League, which will provide volunteers and financial support.

Riverside Park, with 400 acres of woodland near the Guadalupe River, offers picnic and playground areas, a golf course and a rose garden. The garden has more than 1,000 roses of 105 varieties. The Texas Zoo in Victoria,

established in 1976, features native Texas species in their natural habitat. In 1984, the Texas Zoo was named the "National Zoo of Texas" by the Texas Legislature. Victoria Memorial Square is a historical site featuring an old

gristmill brought from Germany before 1860, which residents once used to grind corn for their livestock and families. The park also has a Southern Pacific oil-burning locomotive.

# HOUSING

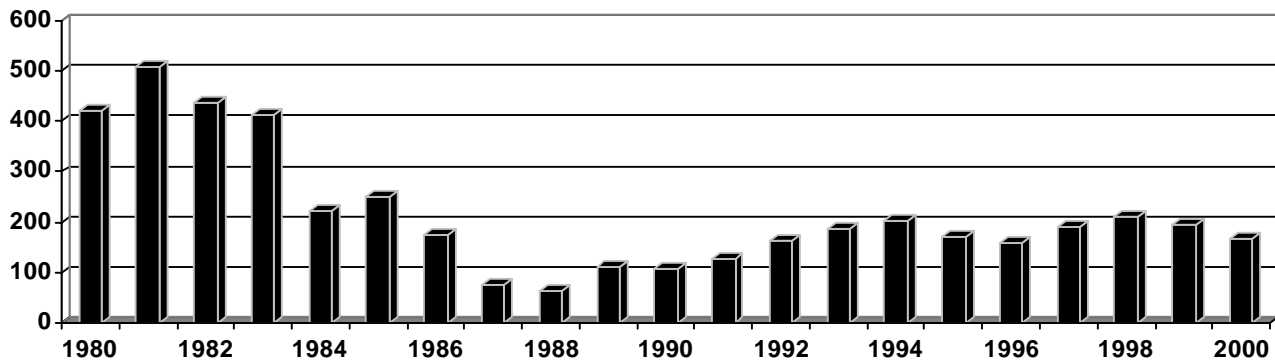
## Housing Affordability – Fourth Quarter 2000

	Percent of Households That Can Afford Median-priced Home	THAI*	THAI for First-time Homebuyers
Victoria MSA	69	1.66	1.32

\*The THAI is the ratio of median household income to the income required to buy the median-priced home using currently available mortgage financing. Standard financing is a 30-year loan covering 80 percent of the cost of the home. A THAI of 1.00 indicates that the median household income is just enough to qualify for a loan sufficient to purchase the median-priced home.

Source: Real Estate Center at Texas A&M University

## Victoria MSA Single-family Permits



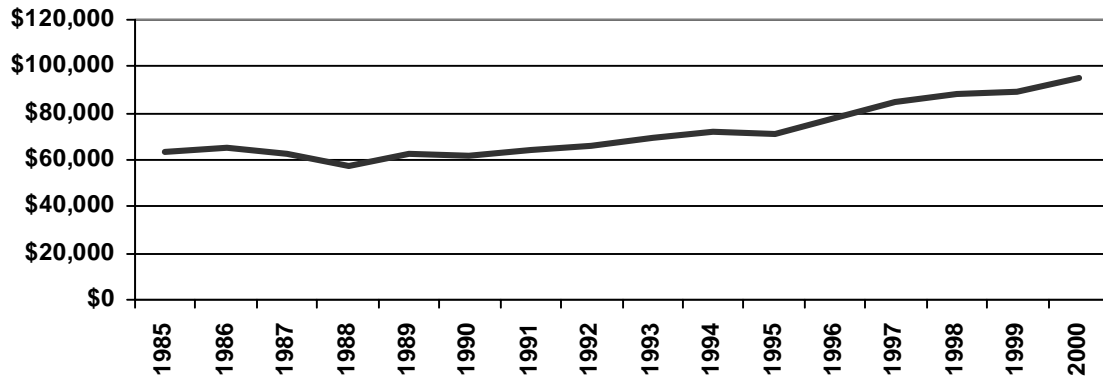
Source: U.S. Census Bureau

## Victoria Major Plats Approved, 2000

Subdivision name	Address	Number of lots
Deer Chase	Sam Houston and Airline	98
Saddlebrook	Navarro and Northside Road	52
Eagle Creek Phase II	Miori Lane and John Stockbauer	41
Bridle Ridge VI	Navarro and Northside Road	21
Bridle Ridge V	Navarro and Northside Road	17
Arroyo Park Subdivision	Mesquite Lane and Arroyo Drive	12
Nelson Avenue Subdivision	North Street and Nelson Avenue	12

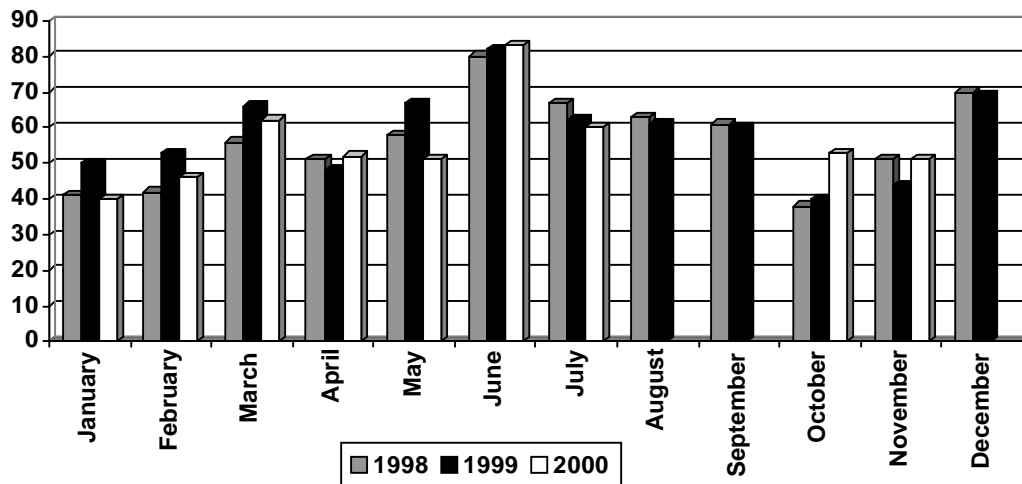
Source: City of Victoria Planning Department

## Average Sales Price of Single-family Home, Victoria Area



Source: Real Estate Center at Texas A&M University

## Single-family Home Sales Volume, Victoria Area (in units)



Source: Real Estate Center at Texas A&M University

## Price Distribution of MLS Homes Sold, Victoria Area (in percent)

	1997	1998	1999	2000
Less than \$60,000	32.3	29.6	23.4	23.0
60,000–79,999	25.5	23.8	26.1	21.9
80,000–99,999	16.4	18.0	20.6	20.4
100,000–119,999	7.9	9.9	11.8	12.3
120,000–139,999	5.1	5.2	6.8	7.3
140,000–159,999	3.5	5.2	4.0	3.9
160,000–179,999	4.4	2.7	2.8	4.2
180,000–199,999	1.5	2.4	1.0	2.1
200,000–249,999	1.8	1.9	2.3	2.7
250,000–299,999	1.2	0.9	0.9	1.6
300,000 or more	0.3	0.5	0.3	0.6

Source: Real Estate Center at Texas A&M University

The average sales price of homes in 1999 as reported through the local Multiple Listing Service (MLS) was \$89,500, while the price jumped to \$95,300 in 2000. The number of sales decreased from 702 in 1999 to 667 in 2000. Months of inventory increased from 4.7 months in 1999 to 5.2 months in 2000. Total listings rose from 276 in 1999 to 295 in 2000.

Almost 85 percent of homes sold in Victoria in 2000 were priced at less than \$139,000. The largest percentage of homes sold in 2000 were less than \$60,000. The Victoria area is quite affordable; 69 percent of households can afford the median-priced home.

In 2000, 167 single-family home permits were issued in the metropolitan area, down slightly from the 196 permits in 1999. According to the City of Victoria's planning department, residential permit values decreased from \$27.2 million in 1999 to \$17.9 million in 2000. Part of this decrease is

a result of the slowdown in population growth. In the last quarter of 2000, 36 new homes were permitted. In first quarter 2001, 35 new single-family permits were issued.

The majority of new lots and single-family construction are in the northern sections of the city. New homes are being constructed along John Stockbauer Drive and in the Bridle Ridge Subdivision near Northside Road and Navarro Street. In 2000, construction continued on many large residential projects, including Deer Chase, Saddlebrook, Bridle Ridge, Eagle Creek, Arroyo Park and the Nelson Avenue Subdivision. Saddlebrook has homes priced from \$80,000 to \$89,000 while Bridle Ridge's homes are priced from \$100,000 to \$175,000. Deer Chase, located at Sam Houston and Airline behind the high school, has homes priced from \$100,000 to \$200,000.

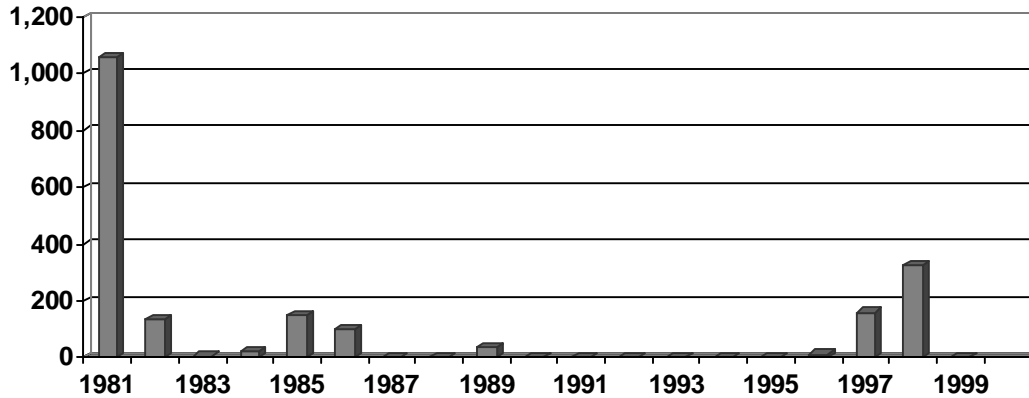
The infrastructure for the 57-lot Phase I of the Lake Forest Subdivision

near U.S. 87 on Nursery Drive is currently underway. Parkstone Subdivision received approval to begin construction in March 2000. The subdivision will have 193 lots with patio homes, duplexes and single-family homes.

Victoria received funding from the federal government to help buy flood-prone land along the Guadalupe River. Phase I consisted of approximately \$1.26 million plus an additional \$338,000 in funding. Funding was available for 109 tracts of land, but only 75 landowners accepted the offers. With \$485,679 in funds for Phase II, 30 offers were made, but only 18 were accepted. The funding was granted throughout 2000, and Victoria is still working on asbestos abatement and acquisition before demolition of the houses affected in the October 1998 flood.

# MULTIFAMILY

## Victoria MSA Multifamily Building Permits



Source: U.S. Census Bureau

## Victoria Apartment Statistics, December 2000

	Victoria	Texas Metro Average
Average rent per square foot	\$0.60	\$0.75
Average rent for units built since 1990	\$0.61	\$0.96
Average occupancy (in percent)	95.2	95.7
Average occupancy for units built since 1990 (in percent)	98.4	95.4

Source: Apartment MarketData Research

Victoria was one of many Texas cities affected by apartment overbuilding in the 1980s. Heavy construction occurred in 1981, with permits for approximately 1,300 multifamily units issued that year. Between 1983 and 1986, the number of permits trailed off significantly, signaling an oversupply in the market. From 1987 to 1995, only 39 multifamily units were permitted. During 1999, two units were permitted. In 2000, no new multifamily projects were

permitted. In first quarter 2001, no new permits were issued.

Three new apartment complexes have opened in the Victoria area since 1997. Creekstone Ranch Apartments, Mockingbird Plaza Apartments and The Whittington Apartments each built 160 units. Both Creekstone Ranch Apartments and Mockingbird Plaza Apartments are low-income, tax-credit projects. Mockingbird Plaza is a \$12 million project offering two-, three- and four-bedroom units. Creekstone

Ranch Apartments is located at 5609 John Stockbauer Drive; rents range from \$436 to \$717 per month.

The average multifamily housing occupancy rate in the Victoria MSA increased from 92.9 percent in January 2000 to 95.2 percent in December 2000.

The 1990 Census concluded that about 11,488 housing units in Victoria were owner-occupied, while about 8,282 units, or 42 percent of all units, were renter-occupied.

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## MANUFACTURED HOUSING

### Victoria MSA Manufactured Home Sales

	Manufactured Homes Sold	Proportion of New Single-family Homes (in percent)
1997	236	54.6
1998	258	54.9
1999	197	50.1
2000*	152	53.7

\*Through third quarter 2000

Source: Texas Manufactured Housing Association

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**M**anufactured housing represents a substantial portion of the new single-family home

market in Victoria. After existing and planned manufactured home dealers are in place, the high-demand market

will have 11 manufactured home dealers servicing the area and the surrounding counties.

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## SENIORS HOUSING

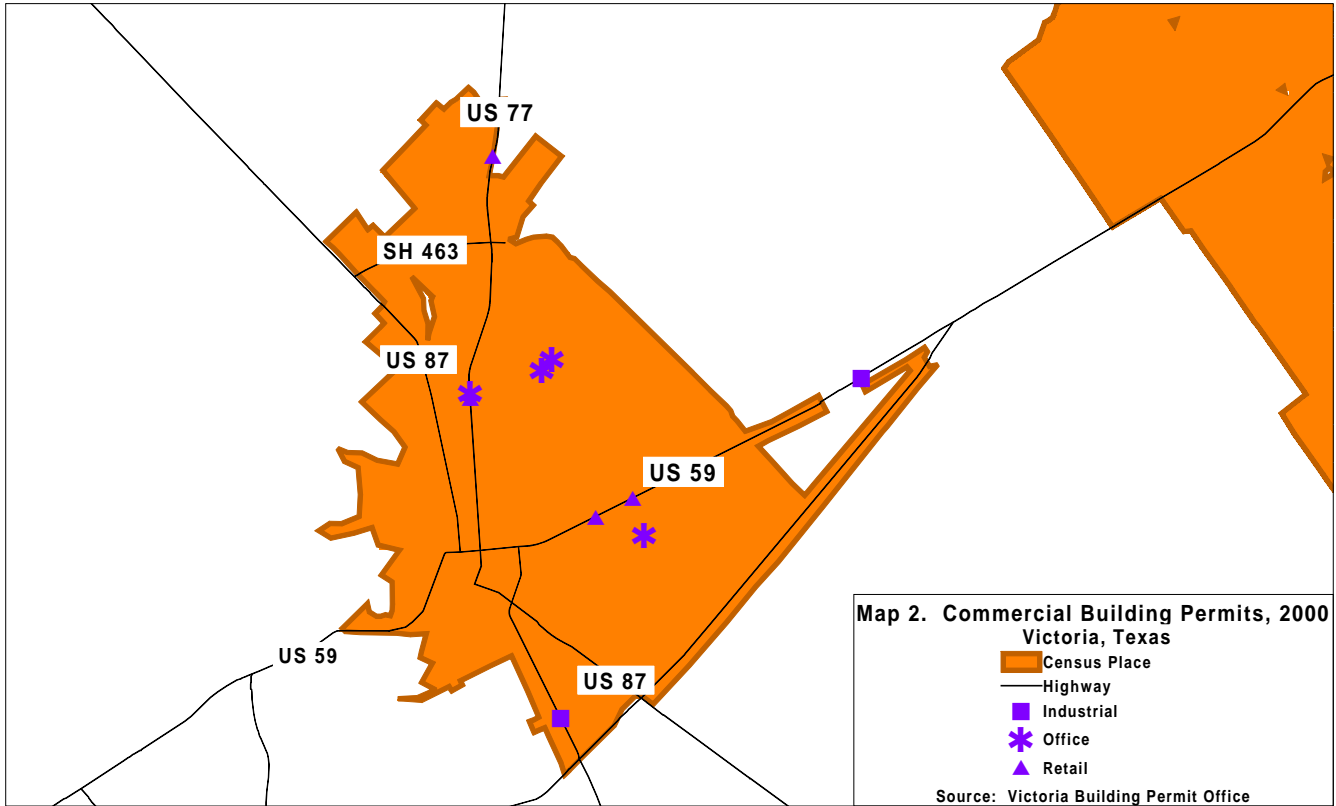
**T**he planned \$50 million Bluff Bay Golf Course and Resort in the Port Lavaca area never made it to construction. The project was to be targeted to seniors.

The Victoria Housing Authority proposed a project to create 95 new,

low-rent apartments. The project, Victoria Seniors Community, was not approved, and another application has not been issued. The project was supposed to be a low-income, tax-

credit project. Five houses were constructed on the location; four of the homes were for senior citizens who lost their homes during the 1998 flood.

# RETAIL MARKET



Map 2 shows the locations of new retail and restaurant permits issued. Commercial permit values decreased from \$63.9 million in 1999 to \$35.2 million in 2000. Total building permit value in 2000 was more than \$58.7 million, a large decrease from the 1999 total of more than \$95.4 million.

Restaurant sales are expected to increase 3.11 percent in 2001,

reaching \$92.5 million, according to the Texas Restaurant Association. Across the state, restaurant sales are expected to increase 7 percent in 2001. During February 2000, the Salt and Pepper Grill moved into Victoria on North Main near the Victoria Regional Hospital. Chili's and Johnny Carino's opened on Navarro Street between Airline and Mockingbird. Applebee's closed in October 2000.

In April 2001, construction was scheduled to begin on an Albertson's, the anchor of a shopping center on Highway 77, a former elementary school site. A 12-screen Cinemark movie theater is under construction behind the Victoria Mall. New additions to the mall include a Gap and an Old Navy store.

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## OFFICE MARKET

In Victoria's medical sector, Citizens Medical Center added an \$11 million healthplex to be completed in April 2001. The 72,000-square-foot wellness center will add 18 full-time jobs. The Healthplex includes a health club, kitchen, medical lab and x-ray services. The

expansion of Citizens Medical Center added 56 beds to the facility. Total cost of the project was about \$2.6 million, including construction of the fifth and sixth floors. A new 3,600-square-foot medical center clinic for nonemergency patients created 20 new jobs.

The Golden Crescent Workforce Center relocated to an 18,000-square-foot site at 120 Main Place. The center houses more than 25 employment-related services. This new location is the center's third location in Victoria.

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## INDUSTRIAL MARKET

Established industrial leaders in the Victoria area include DuPont, BP Chemicals, Carbide-Graphite Group, Airliquide, OxyChem, Dow Union Carbide, Seadrift Coke, Alcoa and Formosa Plastics Corporation. Less than 2 percent of the Victoria workforce is unionized.

DuPont was chosen as a charter member of Clean Industries Plus, a pollution prevention program, in 1999.

The company made environmental improvements by installing a state of the art biological treatment area costing \$180 million.

The new DeWitt Community Development Foundation's 126-acre industrial park in north Cuero has received about \$49,000 in grant money from the Lower Colorado River Authority (LCRA). The LCRA's Community Development Partnership

Program will help complete infrastructure work within the park.

Johnson Manufacturing located at the Port of Victoria Industrial Park in December 2000, creating 100 jobs over a two-year period beginning in 2000. Johnson is expected to have a \$25 million impact on the local economy. Hanover spent \$550,000 expanding their facilities near the airport with a net gain of 25 new jobs.



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## CONCLUSION

Victoria is the regional hub for the seven-county Golden Crescent area. Victoria's top three employment sectors are services, trade and local government. Unemployment has fallen while the number of jobs has risen steadily. Local agricultural products include corn, sorghum, rice and cotton. Tourist

attractions include the Texas Zoo and Nave Museum.

Victoria is strategically located with access to nearly seven million people within a 150-mile radius. The area's industrial base includes large international companies such as DuPont, BP Chemicals, Dow Union Carbide,

Alcoa and Formosa Plastics Corporation. These companies rely on the Victoria Barge Canal and the Port of Port Lavaca-Point Comfort. The area also supports a medical industry offering several large health-care providers and other smaller medical facilities.